

Weekly Update – May 13, 2024

Market Returns Ending 5/10/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	1.9%	-0.5%	10.0%
Mid Cap	2.0%	-2.1%	6.3%
Small Cap	1.2%	-2.9%	2.1%
International			
Developed	1.2%	0.0%	6.0%
Emerging	0.2%	2.2%	4.7%
Bonds			
Aggregate	0.3%	-1.0%	-1.7%
High Yield	0.0%	0.0%	1.5%
US Equity Style Returns			
<u>Weekly</u>			
	Value	Core	Growth
Large	2.2	1.9	1.6
Mid	2.2	2.0	1.4
Small	1.2	1.2	1.2
<u>YTD</u>			
	Value	Core	Growth
Large	7.6	9.6	11.3
Mid	6.5	6.3	5.9
Small	1.0	2.1	3.2

Source: Bloomberg

Key Events: Inflation dampens consumers' outlook

The University of Michigan Consumer Sentiment Survey showed an surprisingly large drop in sentiment, driven by heightened inflation concerns.ⁱ

S&P 500 earnings grew at 5.4% during the first quarter,ⁱ driven by the top companies; S&P 500 earnings would have actually *declined* 2.4% without the top 5 stocks.

Market review: Earnings overcome inflation worries

Positive earnings results supported stock returns for the week, despite inflation-induced volatility. Equities are trading on hopes for continued positive earnings for 2024.

International stocks and high yield bonds gained as the market rewarded riskier assets.

Outlook: Staying anchored to what matters

Despite the outsized influence of the top 5 companies in Q1, analysts remain optimistic, expecting S&P 500 earnings to grow 11.1% in 2024 with double digit growth from the rest of the index - the "other" 495 stocks. This broadening of earnings growth is crucial for success in 2024.

Volatility in the short-term data—good earnings but bad inflation—reminds us we need an anchor. Despite the short-term noise, the most important thing about investing is **staying invested**. Long-term discipline is the key to wealth accumulation.

The Berkshire Hathaway annual meeting was held last weekend; 99% of Warren Buffet's net worth has been accumulated after he made his first billion dollars at age 56. **Time in the market matters** to the most successful investors – those with discipline.

Our long-term discipline helps investors remain invested through whatever may come in the short term: soft landing, inflation, or recession.



"The biggest thing about making money is time.

You don't have to be particularly smart, you just have to be patient."ⁱⁱ



OneAscent Navigator Outlook: May 2024

VALUATION

- The shift from 7 expected 2024 rate cuts to just 1 has led to a decline in valuations.
- International stocks are a compelling value, trading at a greater discount than normal.
- Corporate bond premiums have narrowed, but bond yields remain attractive relative.

SENTIMENT

- Investor sentiment, a contrarian indicator, has been bullish for several months, despite a brief decline during April's volatility.
- The Conference Board Consumer Confidence survey dropped to levels last seen during the 2022 bear market.



ECONOMY

- US leading indicators remain in negative territory but are recovering from their lows.
- Core PCE – The Fed's preferred inflation gauge – is trending down despite some higher monthly readings in 1Q 2024.
- Profit margins are forecast to continue their recovery from 2022 lows.

TECHNICAL

- Despite short term volatility, technicals remain healthy; the number of 52-week highs and lows suggest April's pullback was normal.
- The pullback we have experienced so far is both normal and less than average – intra-year decline have averaged 14%.

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ⁱ Source: FactSet Research Systems [sp-500-earnings-growth](#) outside of top 5 contributors NVIDIA(Still to report), Alphabet, Amazon.com, Meta Platforms, and Microsoft growth would have declined 2.4%

ⁱⁱ Source: Finmasters.com <https://finmasters.com/warren-buffett-net-worth/> Source: [Warren Buffett- you Just Have To Be Patient \(yahoo.com\)](#)

ⁱⁱⁱ Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield