PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

September 3, 2024

Market Commentary

Last Week's Highlights: Mag 7 gives up ground while the rest of the market inches forward. The Dow was up 0.94% last week, while the S&P 500 gained 0.24%, the Nasdaq was lower by 0.92%, while the Russell 2000 was off by 0.05%. Bond yields were mixed across the yield curve last week as the curve continues to steepen. The BBgBarc Agg Bond Index was down 0.53% for the week and short-term bonds gained 0.02%. The US dollar was higher last week, causing international equities to be mixed. The MSCI EAFE Index gained 0.63%, but the MSCI Emerging Markets Index was down 1.53%. **Economic Data:** The jobs report will be critiqued this week as the Fed's new so-called "rate barometer." The key economic data releases this week are Redbook Sales (YoY), S&P Manufacturing PMI, ISM Manufacturing PMI, Total Vehicle Sales, Factory Orders, JOLTs Job Openings, Beige Book, ADP Private Payrolls, Initial Jobless Claims, Continuing Claims, S&P Services PMI, ISM Non-manufacturing PMI, Average Hourly Earnings, Nonfarm Payrolls, & Unemployment Rate. **Earnings Releases:** More lower-end retailers report this week. The key earnings releases this week are DKS, HPE, GME, CIEN, PLAY, JILL, AVGO, DOCU, SCVL, KIRK, KR, & BIG. **Takeaways:** While the Mag 7 was up more than 78% from the market bottom in late 2023 to early July of this year, it would appear momentum is running out. Over the last several trading sessions, other asset classes have moved to the front in terms of returns, while Mag7 is under-performing. Hedge funds are now cutting exposure to AI-related industries, such as Semiconductors and Semiconductor equipment. Nvidia reported Q2 earnings last week that beat market expectations yet, the stock was down last week. The expectations for AI-related names is so high that the companies can no longer match said enthusiasm with results that are outsized or large enough. Money managers are already beginning to position their portfolios ahead of the shift in momentum. Relative to historical positioning, money managers have allocated more to Bonds, Utilities, and Healthcare in August in an effort to get more defensive ahead of an economic slowdown. While the rate on a 30-year mortgage has dropped more than 85 basis points over the last 3 months, mortgage applications haven't picked up. The Fed has possible waited too long to begin cutting rates, as the consumer is stretched. There are no Fed speakers until after Friday's jobs report, so data will reign this week.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-1.05%	25.86%
Industrials	1.38%	15.37%
Energy	0.85%	10.72%
Communication Svcs	-0.68%	21.86%
Basic Materials	1.31%	8.67%
Consumer Cyclical	-0.39%	6.44%
Financial Svcs	2.63%	22.25%
Real Estate	0.49%	10.53%
Consumer Defensive	0.54%	16.42%
Healthcare	1.00%	15.86%
Utilities	1.42%	22.64%

Key Indices	1 Week Return	YTD Return
S&P 500	0.24%	18.42%
Dow Jones Industrial Average	0.94%	10.28%
Russell 2000	-0.05%	9.40%
Nasdaq	-0.92%	18.00%
MSCI EAFE	0.63%	9.72%
BBgBarc Agg Bond	-0.53%	3.17%
60% S&P / 40% BB Agg Bond	-0.04%	12.32%

Key Rates—as of 8/30/2024	
3mth T-bills	5.12%
2yr U.S. Treasury	3.91%
10yr U.S. Treasury	3.90%
Fed Funds	5.25%-5.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	1.69%	1.01%	0.20%
Mid	0.91%	0.84%	-0.19%
Small	0.36%	0.18%	-0.30%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	17.23%	20.27%	14.04%
Mid	13.78%	12.79%	9.31%
Small	7.41%	9.92%	8.64%

See important disclosures on last page.

Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator declined 1 point last week. It stands at a level of 20. NAAIM, ANCFI, and the Financial Stress Index are at a positive levels. GDP, CPI (inflation), and the Savings Rate are at moderate levels. The Yield Curve, Consumer Sentiment, Unemployment, Housing Starts, & the Savings Rate are at levels that are typically associated with recessions. The indicator has shown the first major movement since the end of 2023.

Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

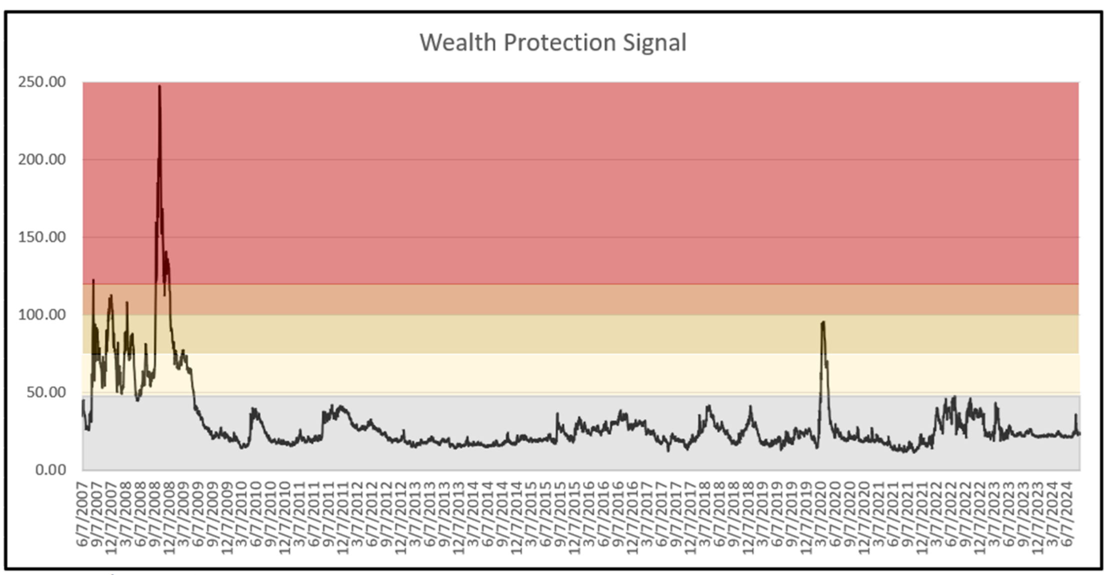
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 23.06 as of Friday's close on August 30th, 2024. The Signal decreased 2.0% last week. Volatility declined last week, but that may be temporary as we enter more volatile months leading up to the election. The Signal would need to increase 95% to reach the 1st trigger point. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Cash Raise Level
40%
30%
20%
10%
0%

Current Level
23.06
8/30/2024

Source: Eudaimonia Asset Management

See important disclosures on last page.

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.