

April 18, 2024



ST. JOHNS PREP INVESTMENT CLUB

SPRING MARKET REPORT Q1 | 2024

Uncovering the markets of Quarter 1

****Not Financial Advice ; All Research is for informational use only & is all performed by HS Students grade 9-12****

Overall Performance

Q1 [1/1 -> 03/31]

Highlighting the Q1 return of the three major United States indices against our fund.

- NASDAQ-100 Composite Index | +10.9%
- S&P-500 Index | +10.8%
- The Dow Jones Industrial Average | +5.6%
- **St. John's Prep Investment Club | +4.4%**

Purchases: MA and BMY

Sales (trimmed positions): AMD, AAPL, ADBE, COST

Underperformed due to low exposure in Energy as well as Tesla's weak quarter

What Moved Markets?

Overall the focus of Q1'24 continued to be on the federal reserve with future interest rate decisions. Quarter 1 inflation data slightly improved which helped strengthen the market.

- Less signs of higher inflation has continued to push large-cap stocks up.
- Job data remains strong, even as inflation slowly cools.
- The EV sector along with Boeing saw significant drawdowns parallel with negative headlines.
- Little volatility remained in Q1'24 with very little selloff during any stretch of the quarter.



Breaking Down the Move

The large-cap stocks appeared to dominate throughout Q1'24 continuing the pattern of 2023. The Russel 2000 returned around 5% indicating continued fear and weakness within the broader market.

Top Performing Sector

Throughout Q1'24 the top performing sector in the S&P-500 has been Communication Services(NYSE: XLC). Closely followed by Energy(NYSE:XLE). Communication Services sector gained 15.09% in Quarter 1.

Why?

- Communication services continue rally into 2024 with a strong economic conditions. A.I also is still boosting a majority of the tech sector.
- Energy's rally can be attributed to Middle Eastern conflicts between Israel and Palestine with the price of oil starting 2024 off strong.

Weakest Performing Sector

The weakest sector in Q1'24 has been Real Estate.
Real Estate Stocks have returned -2% over the first quarter.

Why?

- Returning worry of higher rates for longer have made investors look elsewhere.
- Steady higher inflation resuming worries of few rate cuts in 2024.



GROWTH VS VALUE

[As measured with ishares Growth & Value ETFs] :

- Continued from 2023, a larger inflow of money is pouring into Growth stocks over Value.
- Growth stocks may be seeing better returns due to market optimism on overall resilient U.S economy with strong earnings growth, GDP growth, and strong job numbers. Growth in A.I will also continue to further rally in majority of growth stock names.



BOEING 737 MAX-9 INVEST

Global Events

- **Gaza War (Israel & Palestine)** 🇮🇱 🇵🇸
 - ▶ Continued threat of escalation in war is showing in the U.S financial markets.
 - ▶ USA involvement and further global escalation could trigger market shakeup.
- **China Trade** 🇨🇳
 - ▶ Restrictions on trade with private U.S companies and China have been in talks and put in place this quarter.
 - ▶ Apple iPhone sales, and U.S semiconductor sales have been effected.
- **Taiwan** 🇹🇼
 - ▶ Current election to possibly hinder U.S, China, Taiwan relations and trade.
- **U.S Politics** 🇺🇸
 - ▶ Election in the near future could bring market uncertainty.
 - ▶ Federal Reserve likely to limit interest rate fluctuations through the election to stay 'independent' with the presidential race.
 - ▶ Debt Ceiling still rising rapidly with no real slowdown in sight to date.

Corporate Earnings

- Q1'24 -

- S&P 500 total Earnings per Share year-over-year growth is slowing down but remains positive, expected 0.9% for Q1'24 (YoY).
- Majority of S&P 500 companies issued negative earnings guidance for Quarter 1.
- Q1'24 Earnings to publish throughout mid-late April. 2023 earnings data showed



FX : US Dollar

- The DXY [TradingView \$ INDEX] shows a 3.10% increase for Quarter 1 against the global exchange.
- Future interest rate projections have increased relatively higher than other global economies as the U.S is seeing a slight re-uptick in inflation.
- Dollar may see continued inflow and rise if inflation stays elevated compared to other



EUROPEAN ECONOMIC TRENDS

Great Britain is seeing better inflation data compared to the US. While US inflation's decline became stagnant in Q1, the United Kingdom has seen continued fall to 3.2% YoY inflation rate. United Kingdom's interest rate lies with the US Fed Funds Rate near 5.25%. Bonds have moved in similar fashion, with the U.K 10y yield rising around 13% pricing in future inflationary risks. Equities-wise, the S&P 500 outperformed the FTSE 100 by 7%.

FTSE 100 Index: +2.99% in Q1'24

What's up next?



Technical Analysis can help be a guide for the market's direction. Above is the weekly chart to the S&P-500.

- The recent moves after Q1'24 but before release of this report indicate some fear and volatility entering the market. From various domestic and global economic pressures.
- S&P 500 did break and reach its all time high in Quarter 1, and is just now reversing course with a selloff.
- Green box highlights a demand zone where the index could see some strong buying, but it can also act as a magnet for the price to come down and 'retest' the zone.

Upcoming Events

January

- 4/25 : USA GDP Growth Rate (Q1 2024)
- 5/03 : Unemployment Rate (April)

Very Important

- 5/15: Inflation data (April)
- 5/22 : FOMC Minutes
- 5/31 : PCE Index data (April)

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