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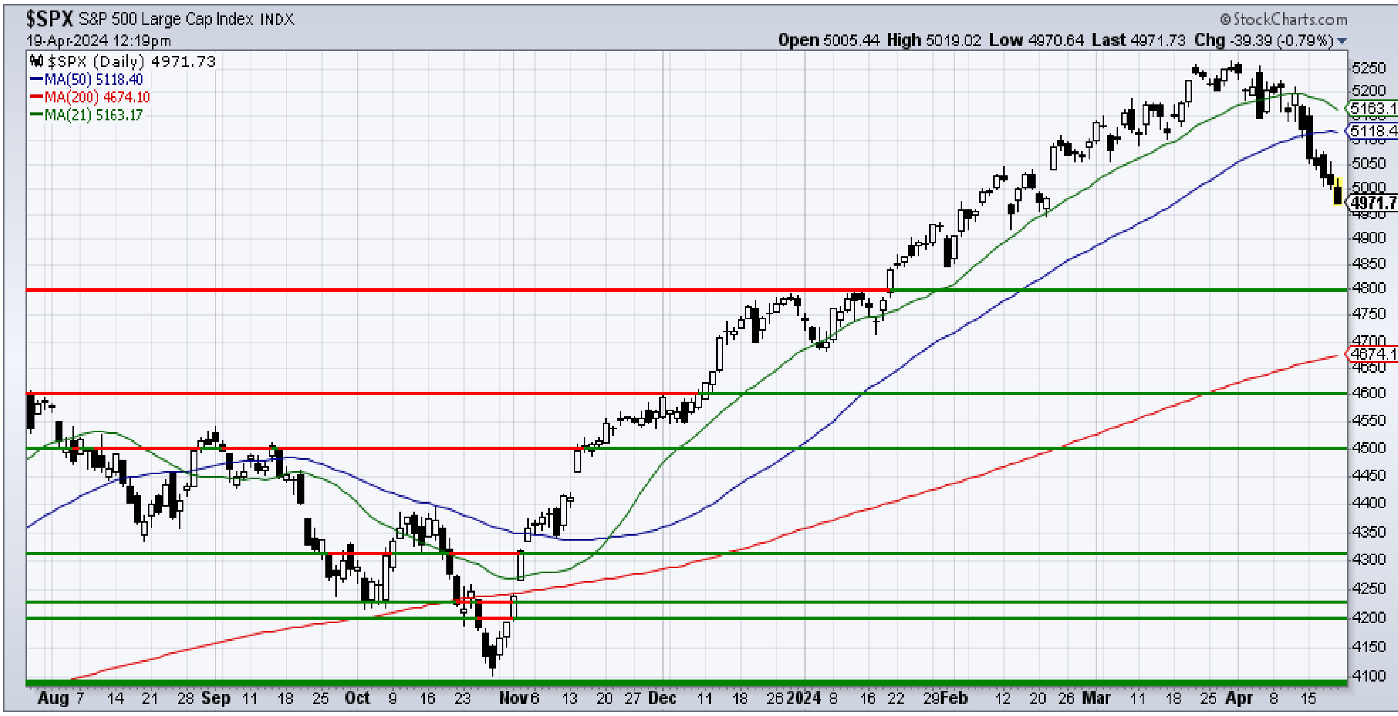
BAM MARKET NOTE

APRIL 19, 2024



Our Point

The correction continued this week as the 50-day moving average failed to hold support. It is the first time this important support has been broken since late last year before the market bottomed and the rally started. The S&P has now fallen 5% and is at the lower end of the correction we have been writing about for the last few weeks. The markets are a little oversold so a reflexive bounce would not be unexpected. The nature of that bounce will give many clues as to whether or not the correction is over or if we are heading back down to the higher end of the expected correction (10%). Key levels now are 5100 (the 50-day moving average) on the upside and 4800 (a 10% correction and important support) on the downside. With a fresh look at inflation in the PCE release next week and an earnings season that kicks into high gear, we will soon know if the correction is over or has more downside to come. We'll get earnings from the likes of Meta, Google, Microsoft, Tesla and many others next week. The PCE inflation report comes out next Friday. A rising PCE (the Fed's favored inflation indicator) will put more pressure on the Fed to continue to delay any rate cuts. In fact, more and more "experts" are entertaining the idea of rate hikes. It should be a full week of data to parse. We remain bullish for the year and do believe that this is a normal and expected bout of weakness. The pause that refreshes. As mentioned a number of times in past issues, election years have a great propensity to move up as the incumbent president will do anything they can to buoy the markets and have as many people as possible feel good about the economy and their 401k accounts. We don't believe this year will be any different. Aggressive investors may want to begin putting some of that excess cash to work. Headline risk out of the Middle East continues to move the market and increase volatility. However, headline risk is usually very temporary and will only have lasting effects to the extent it has the potential to affect the US and world economies. At present, the situation between Israel and Iran looks to be a regional issue and not one that will have any long-lasting or outsized effects on markets around the world. We didn't make any portfolio adjustments this week but continue to look for opportunities to buy at lower prices. With little in the way of sports this weekend, it will be time to get out my honey-do list. I will make some time to watch the Predators as they begin what I hope is a deep playoff run. Have a great weekend!