

# Q1 2024 Overview

March 31, 2024

# The Letter

**Current macro situation for investors (as of last week, pass auf, prices are moving fast):**

1. Long Bonds are DOWN A LOT

2. Gold is UP A LOT, Bitcoin is UP A LOT

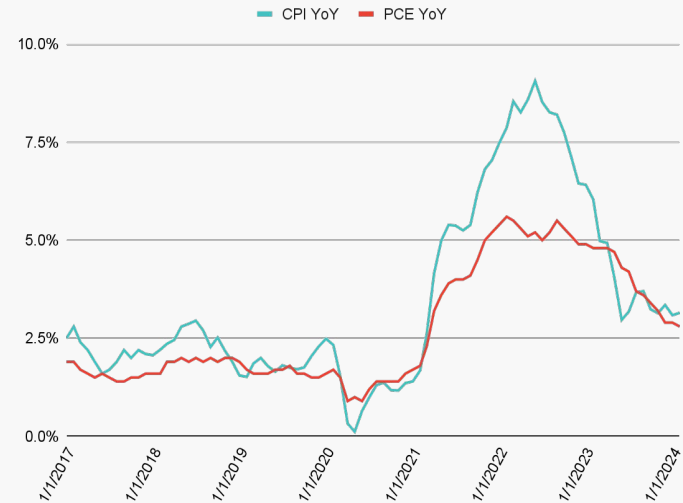
3. US/Japan Large Stocks are UP A LOT, Everything else is UP A LITTLE or DOWN

4. Oil is UP A LOT

5. Housing prices are UP, mostly. US homeowners are unwilling to move for fear of having a higher mortgage rate. Plus, owners are seeing considerable increases in the price of home insurance...if they are even able to get home insurance as many insurance carriers leave certain markets. See [Global warming is coming for your home](#) and [If US Inflation Reflected Rising Home Insurance Costs It'd Be Even Higher](#)

6. Inflation remains TOO HIGH, but is falling? The Fed's preferred PCE measure has fallen in 14 out of the last 24 months from 6.6% to 2.5%. All commentators are flummoxed about the divergence between CPI and PCE. CPI is the loud headline that captures the public's attention. PCE is the more reserved, less ostentatious number that the Fed allegedly follows more closely. Because the PCE allows for the realistic scenario where consumers opt into less expensive goods and services, it tends to consistently be lower than the CPI. Our friends at the Economist have a succinct summary of the current divergence [here](#).

**CPI vs PCE YoY % Change**



# The Letter

## The Federal Reserve's Interest Rate Conundrum

The question is now shifting from WILL the Fed cut rates to WHEN does the Fed cut rates? ~~January. March. May. June. July?~~ September? November? December? The market keeps getting pushed back by the Fed.

Fed Chair Powell has done a rad job guiding US markets through a soft landing without cutting short-term rates. The market continues rally as it waits for a rate cut. Meanwhile, the Fed continues to articulate the data does not yet support a rate cut - the "higher for longer" scenario holds. Or does it? This is the great debate facing markets in Q2 and ultimately the remainder of 2024. RPG's mantra: Don't Fight the Fed..

Within the data remains the spillover effect from COVID and its stimulative reaction by Central Bankers around the globe. The data we present in our Q1 charts below highlight the challenging backdrop for investors and Central Bankers. The potential for the 5%+ risk-free returns are seductive to the "T-bill and chill" investors.

Outside the US, investors remain similarly focused on growth, inflation, and rates with much of the western economies on a footing close to the US - Central bank policy rates remain notably higher than annual inflation, which inhibits the growth potential in those underlying economies.

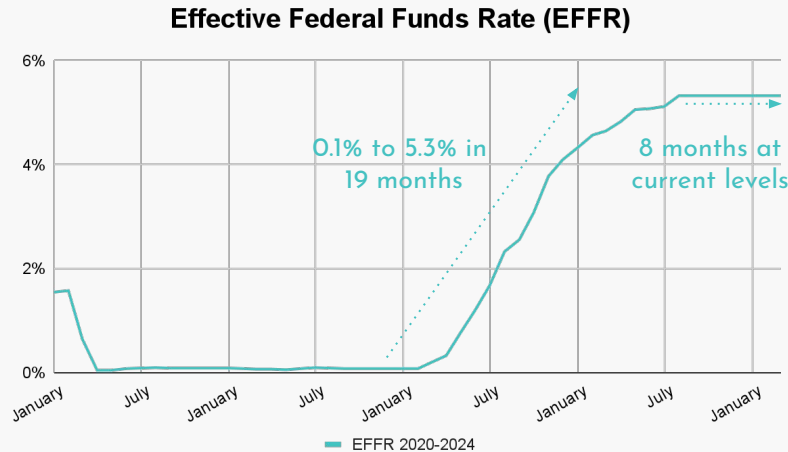
At this point the US Federal Reserve's target rate has been high for surprisingly long time. It has not cooled the economy as anticipated. That leads us to wonder if the economy was just so hot that it defies the Fed's actions? Or are the Fed's actions wrongly targeted? Or is it something else? Surely, none of the Fed staff expected to be where we are today. It could be that rules of macroeconomics are broken. It could be that the "rules" were not statistically correct "rules."

## RPG Firm Update

In late 2023, we proudly launched our seed-stage AI investment platform RAISE AI. For readers wishing to learn more, please let us know. Readers may RSVP [here](#) for our next AI dinner discussion event in Boston on April 30th and New York City on May 2nd.

# 2024 MACROECONOMIC ENVIRONMENT

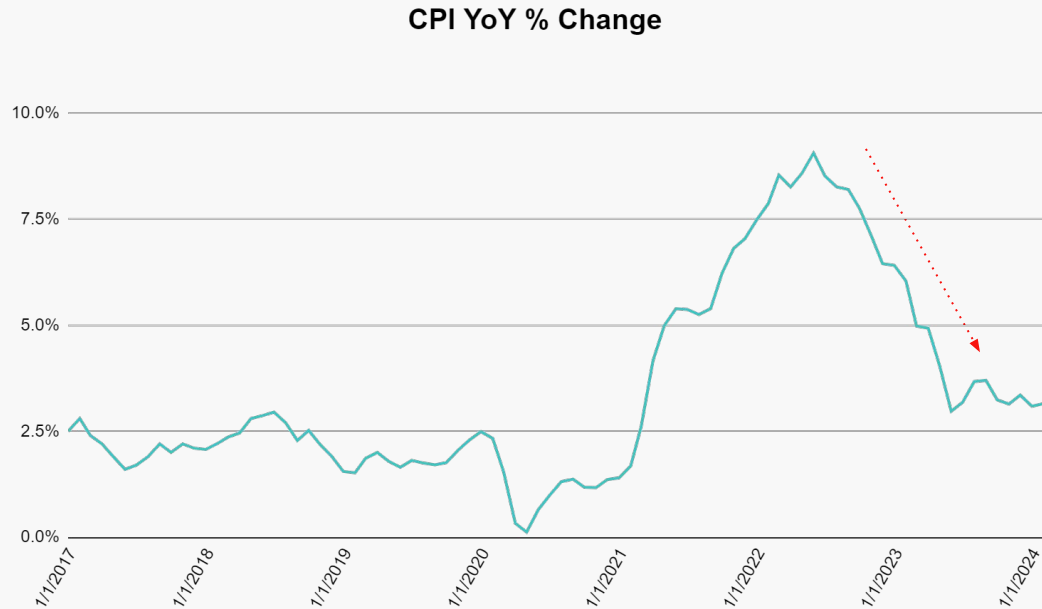
Geopolitical tensions and fluctuating economic indicators highlight the start to 2024's confusing economic environment.



# Where does the Fed go from here?

Discussions around rate cuts slowly shifted from “when” to “if”. Conflicting economic data has made the Fed’s decision on when to start rate cuts difficult. In the next section, we explore indicators telling the Fed it has room to cut rates and indicators telling the Fed to maintain its higher for longer mantra.

# REASONS TO CUT INFLATION IS CONTRACTING



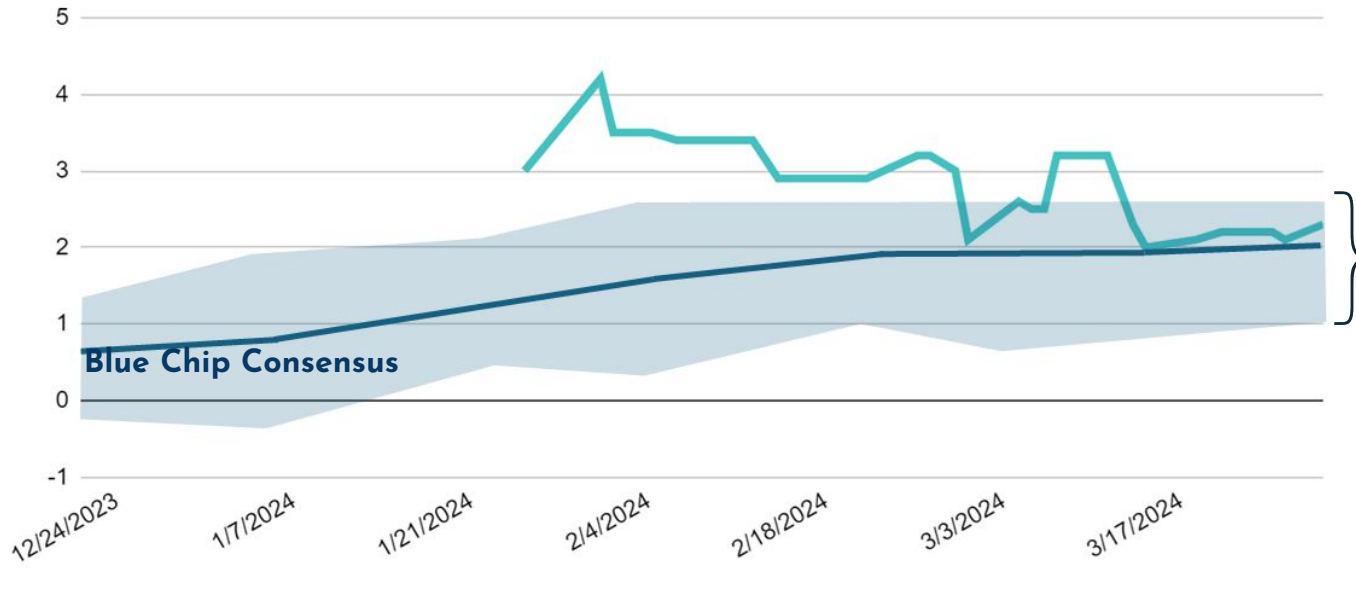
If you were President seeking a second term, you'd point to this chart as a reason to cut rates (and hopefully lift markets in your favor). The year-over-year change in CPI has contracted significantly from its 2022 highs.

# REASONS TO CUT

## GDP EXPECTATIONS ARE CONTRACTING

### Evolution of Atlanta Fed GDPNow real GDP Estimate for 2024: Q1

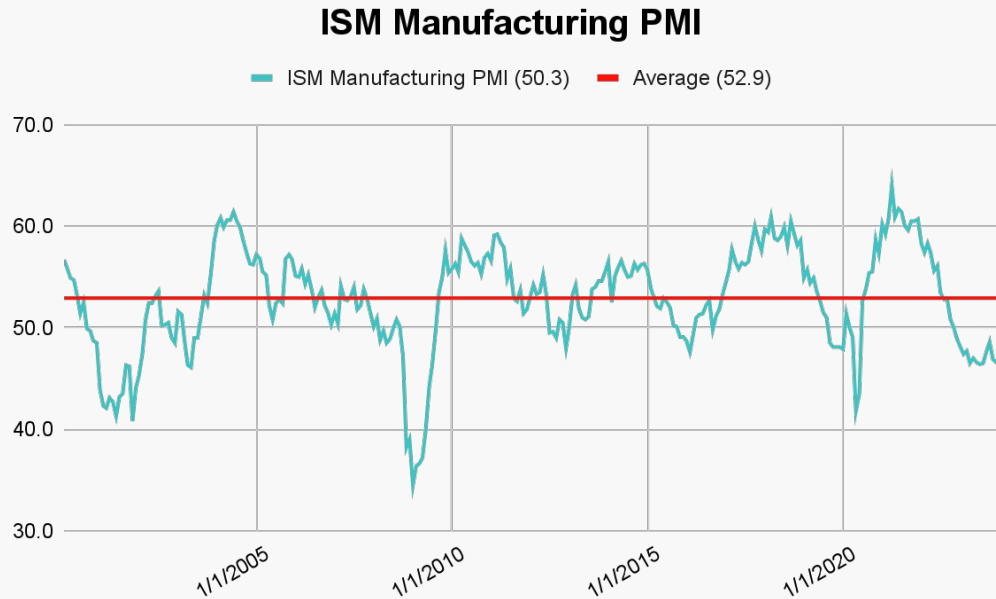
Quarterly Percent Change (SAAR)



The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2024 is 2.3%. Declines in the estimate were driven by deteriorating manufacturing and personal expenditure indicators.

Range of top 10 and bottom 10 average forecasts

# REASONS TO CUT PMI BELOW AVERAGE



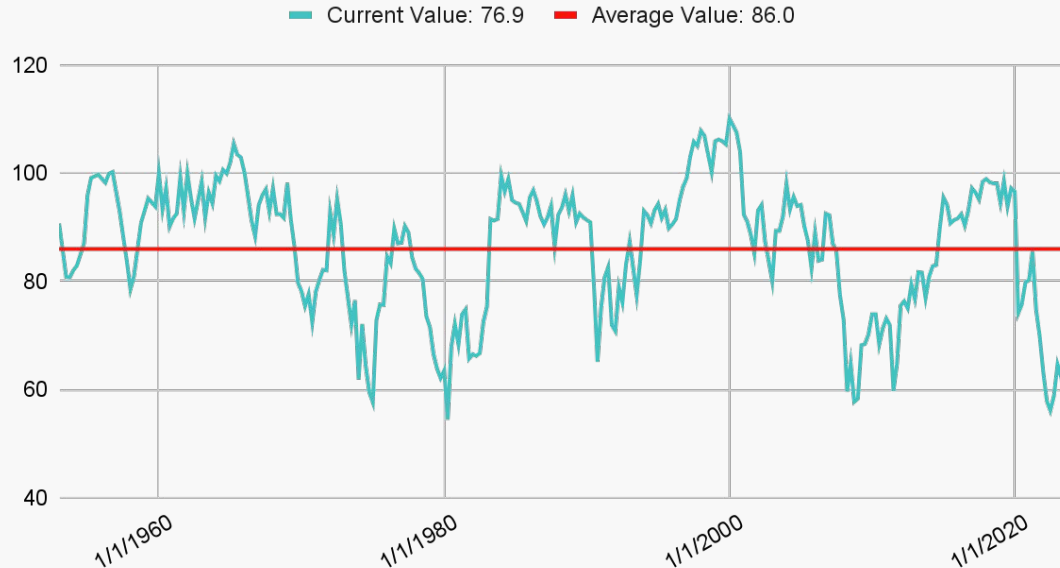
ISM manufacturing PMI, a monthly survey of purchasing managers at US manufacturing firms, spent all of 2023 and much of Q1 2024 under 50. A PMI below 50 indicates manufacturing contraction, a PMI above 50 indicates manufacturing expansion, and a PMI reading of 50 indicates no change.



# REASONS TO CUT

## CONSUMERS ARE UNEASY

### University of Michigan: Consumer Sentiment Index

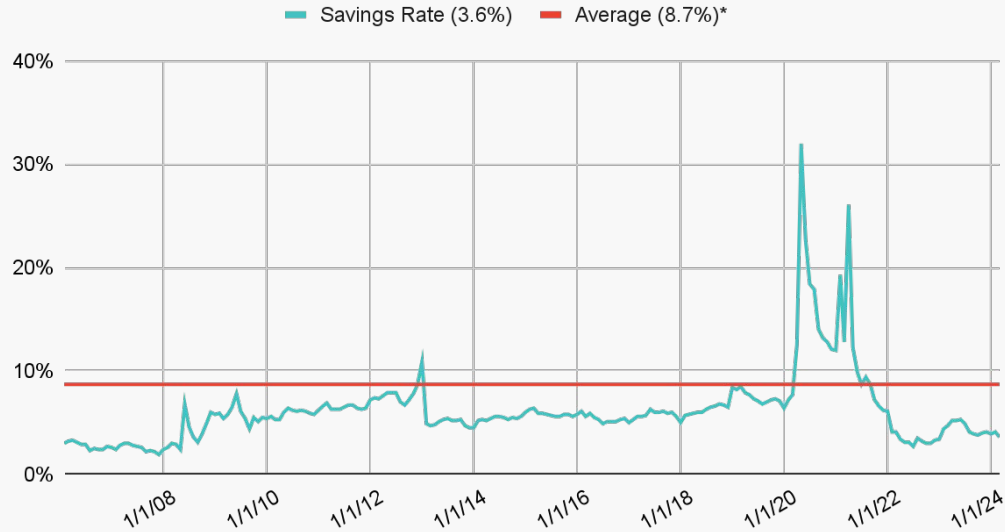


The University of Michigan's Consumer Sentiment Index has yet to recover from its pre-COVID reading of 96.6 in January 2020 and remains well below the historical average.

# REASONS TO CUT

## AMERICAN SAVINGS PLATEAU BELOW AVERAGE

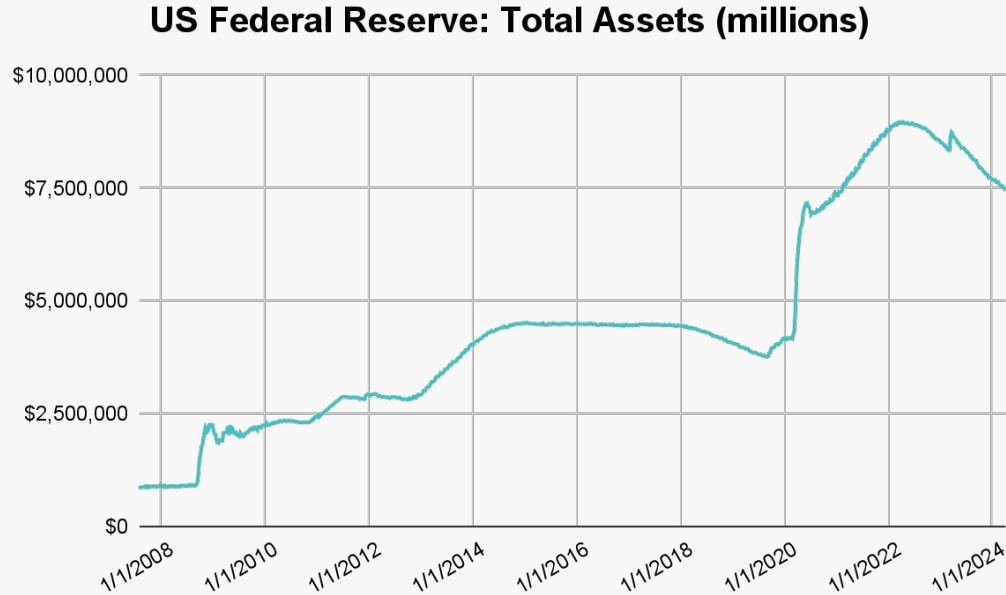
### US Personal Savings as a % of Disposable Income



Last quarter, US personal savings rates appeared to be normalizing towards the average. Further data shows that US savings are plateauing both below average and below pre COVID levels.

# REASONS TO CUT

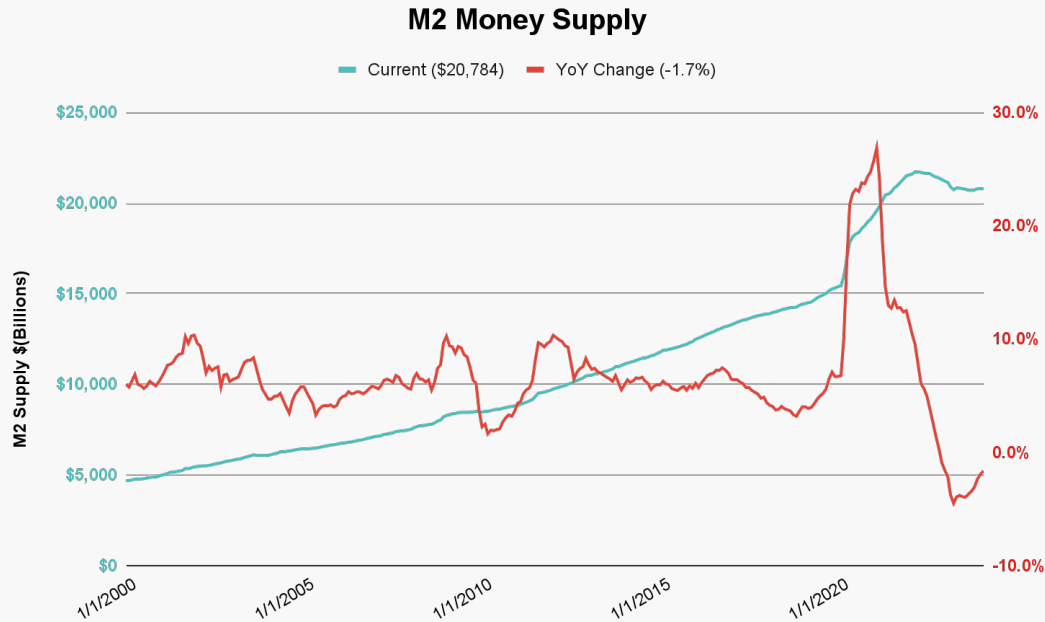
## FEDERAL RESERVE BALANCE SHEET CONTINUES TO CONTRACT



The US Federal Reserve has indicated that it will continue to run off its balance sheet which has a natural tightening effect on monetary policy, i.e. they can start using other tools in the Fed's toolkit

# REASONS TO CUT

## M2 SHOWING SIGNS OF CONTRACTION



In addition to the Fed balance sheet runoff, M2\* is showing signs of contraction.

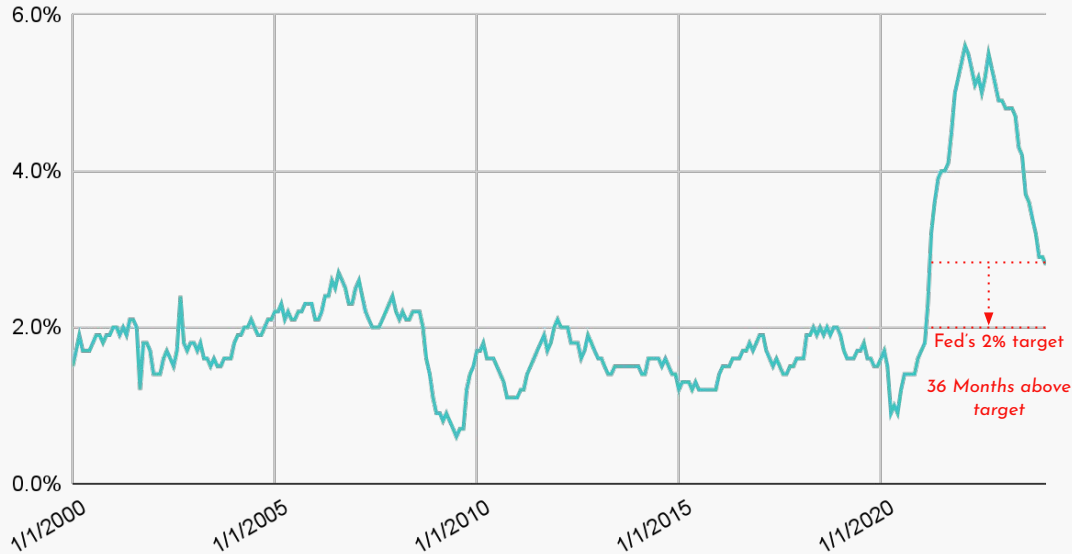
\*M2 is the U.S. Federal Reserve's estimate of the total money supply, including all the cash people have on hand, plus all the money deposited in checking accounts, savings accounts, and other short-term saving vehicles such as certificates of deposit (CDs). Retirement account balances and time deposits above \$100,000 are omitted from M2.

Source | Federal Reserve as of 3/31/2024

# REASONS NOT TO CUT

## INFLATION IS STICKY

### Core PCE YoY Change (%)

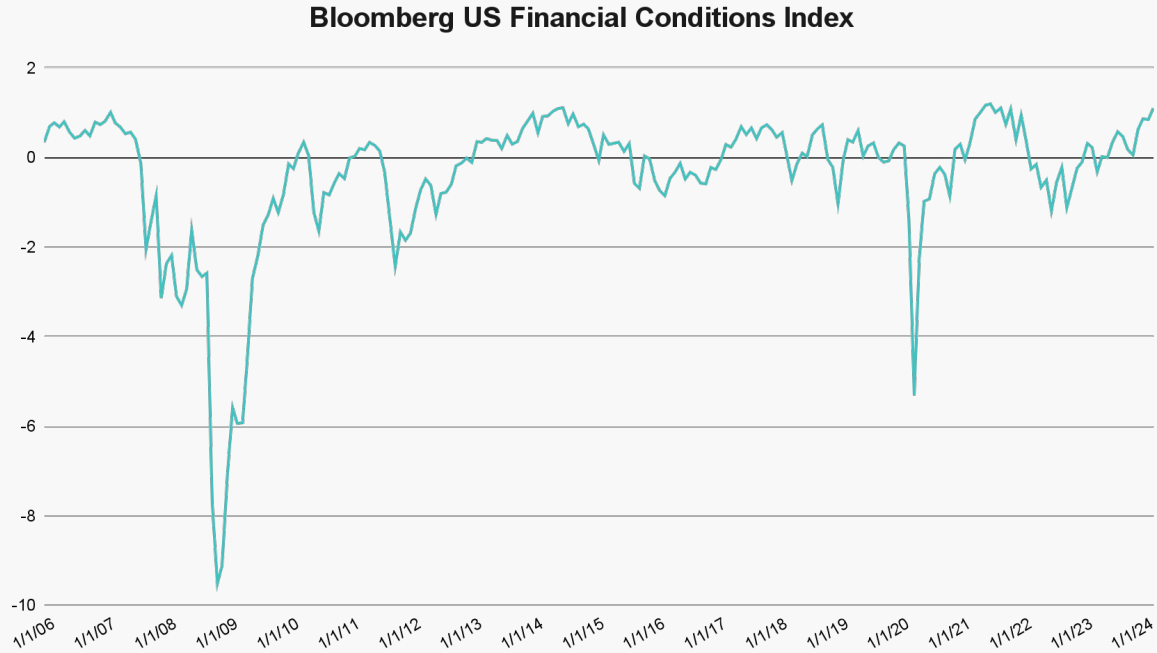


Earlier, we highlighted that inflation growth had contracted significantly. However, inflation (here measured by the Fed's preferred metric of Core PCE) has persisted above the Fed's 2% target for 36 months.

Source | St. Louis Federal Reserve (FRED) as of 2/29/2024

A measure of prices that people living in the United States, or those buying on their behalf, pay for goods and services. It's sometimes called the core PCE price index, because two categories that can have price swings - food and energy - are left out to make underlying inflation easier to see.

# REASONS NOT TO CUT FINANCIAL CONDITIONS

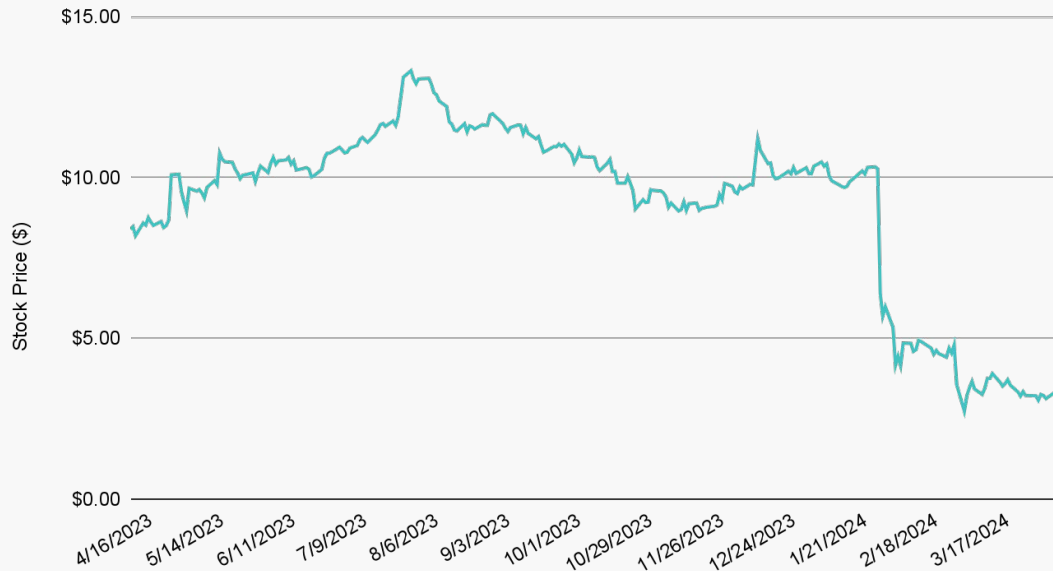


The Bloomberg US Financial Conditions Index indicates that there is little stress in US financial markets. This gives the Fed more leeway to keep rates higher for longer.

# REASONS NOT TO CUT

## REGIONAL BANKS CONTINUE TO STUMBLE

New York Community Bancorp (NYCB) 1YR Stock Performance

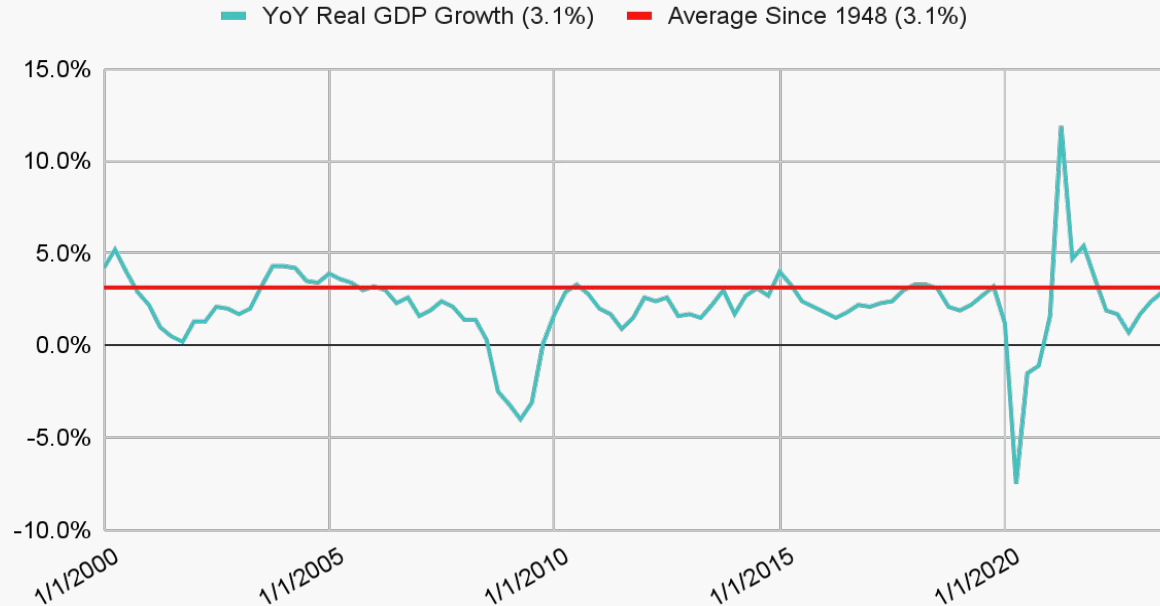


While stress appears low across the entirety of the financial system, there are still pockets of pain. Regional banks, especially those with significant exposure to real estate, such as NYCB above, continue to struggle long after Silicon Valley Bank and First Republic's respective struggles.

# INCONCLUSIVE

## GDP HAS NORMALIZED

### YoY Real GDP Growth



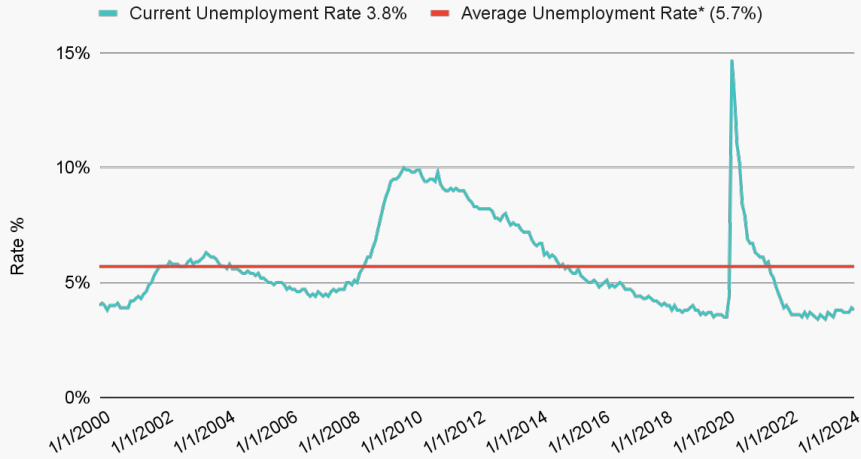
Despite contractions in Real GDP estimates, historical Real GDP growth has normalized in the United States.



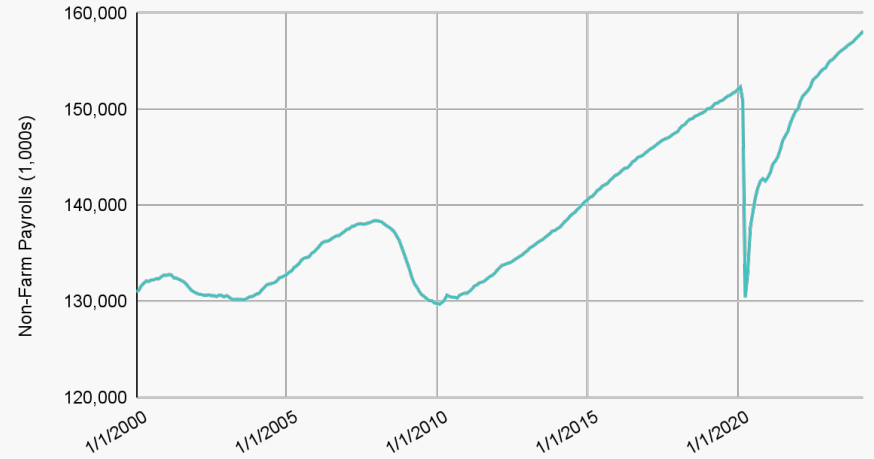
# INCONCLUSIVE

## LABOR MARKET IS STRONG?

### Unemployment Rate



### Nonfarm Payrolls

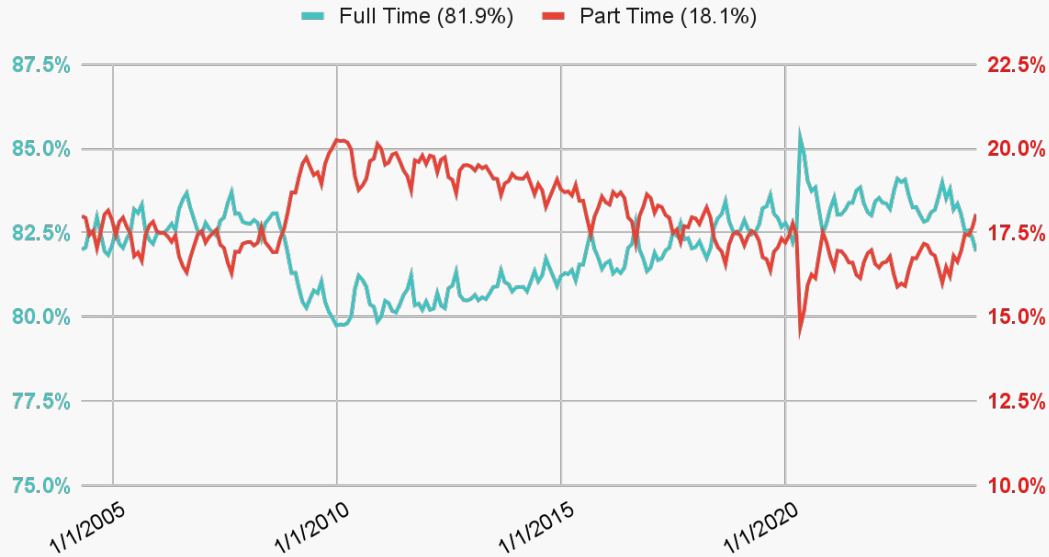


The US employment market remains strong. However, increased participation in the 25-54 year-old segment and strong immigration have bolstered labor supply and eased concerns of a tight labor market pushing up inflation. Unemployment remains at historical lows. Nonfarm payrolls have long since recovered from COVID and continue to push higher. The labor market has room to give if rates need to stay higher for longer.

# INCONCLUSIVE

## WHERE THE LABOR MARKET STRENGTH IS COMING FROM

### Full Time vs Part Time Employment



Digging deeper into the “strength” in the labor market we see that while employment numbers remain strong, full time employment is on the decline vs part time employment.



## 2024 MARKETS

Fantastic four? Triumphant trio?  
 Dynamic duo? 2023's "Magnificent 7"  
 stocks diverged in performance in Q1.



# 2024 MARKETS

## SELECT INDEX PERFORMANCE

Equity markets had a strong start to 2024 with the S&P 500 leading at +10.56% through the first quarter.

Fixed income returns were mixed as investors struggled to predict the speed and direction of rate changes.

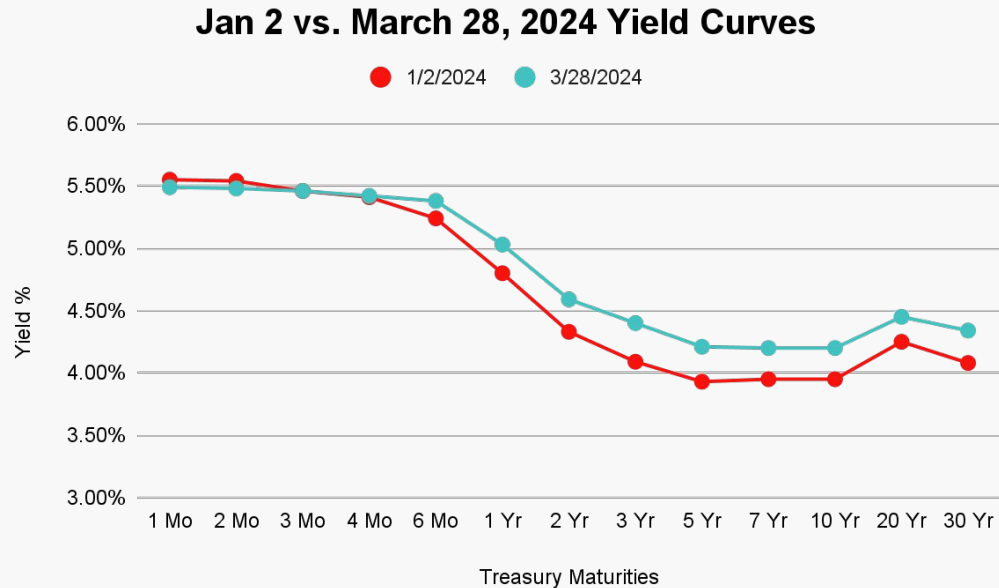
The “Magnificent 7” produced both magnificent and un-magnificent returns. NVIDIA (+82.46%) lead the S&P 500 for the quarter while Tesla (-29.25%) was the index’s worst performer.

Index	Trailing 1 Year	Q1 2024
<b>Fixed Income</b>		
Barclays Muni 1-10 Year (Total Return)	2.18%	-0.37%
Bloomberg US Aggregate (Total Return)	1.70%	0.78%
Bloomberg Global Aggregate (Total Return)	0.49%	-2.08%
<b>US Equities</b>		
S&P 500 (Total Return)	29.88%	10.56%
S&P 500 Growth (Total Return)	33.73%	12.75%
S&P 500 Value (Total Return)	25.58%	8.05%
NASDAQ (Total Return)	35.08%	9.31%
NASDAQ 100 (Total Return)	39.65%	8.72%
Russell 2000 (Total Return)	19.71%	5.18%
Dow Jones Industrial Average (Total Return)	22.18%	6.14%
<b>Non-US Equities</b>		
MSCI ACWI ex-US (Total Return)	13.83%	4.81%
MSCI Emerging Markets (Total Return)	8.59%	2.44%
MSCI Europe (USD) (Net Return)	14.11%	5.23%
MSCI Japan (USD) (Net Return)	25.78%	11.01%
Hang Seng (HKD) (Total Return)	-15.68%	-2.53%
MSCI AC Asia Pacific (Total Return)	12.11%	5.13%
<b>Commodities</b>		
Crude Oil - WTI Spot	10.96%	16.79%
Bloomberg Commodity Index	-0.56%	2.19%

# US TREASURY YIELD CURVE

## JANUARY 2024 VERSUS MARCH 2024

Expectations for potential delays to rate cuts pushed rates across the mid to end of the yield curve upwards.

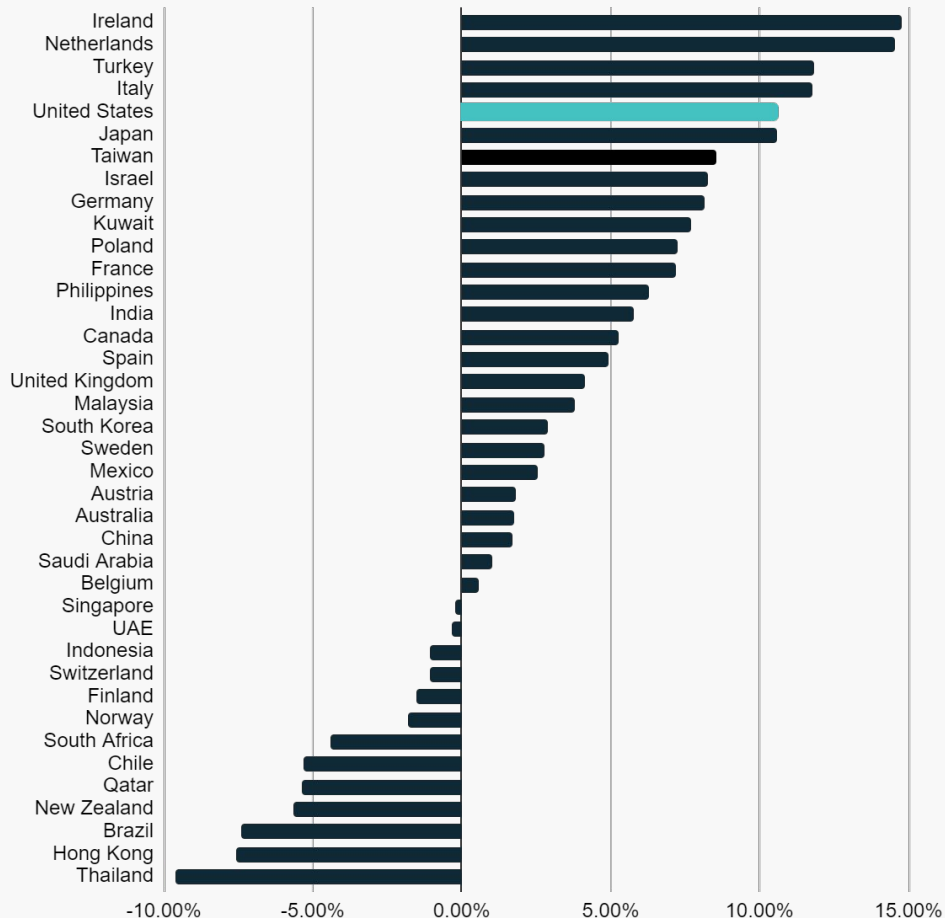


# 2024 MARKETS

## GLOBAL EQUITY MARKETS

Ireland was the global equity market leader in Q1 2024 at +14.80%, followed by strong performances from the Netherlands and Turkey, up +14.57% and +11.82%, respectively.

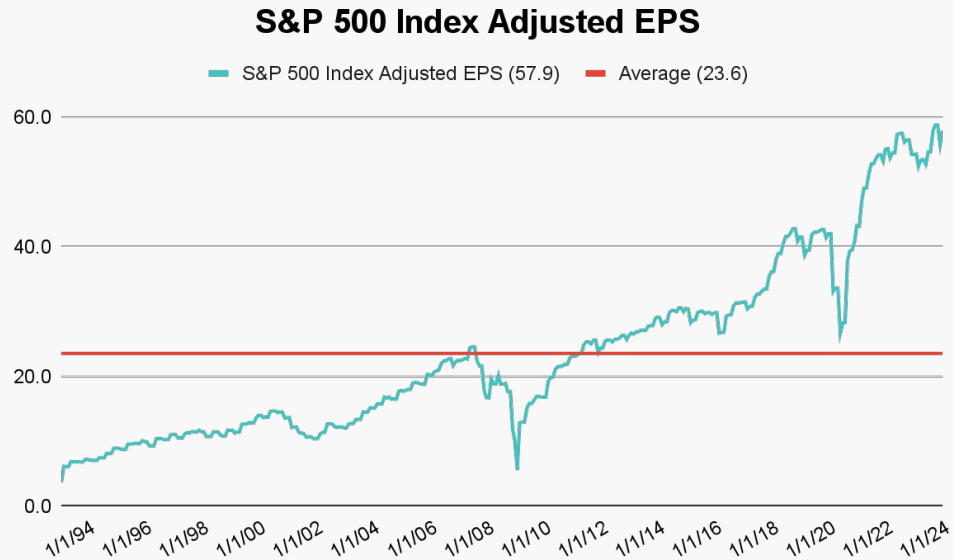
Hong Kong and Thailand performed the worst within the cohort at -7.56% and -9.62% respectively



# 2024 MARKETS

## EARNINGS STAY TRUE

S&P 500 earnings maintained close to record highs for Q1.



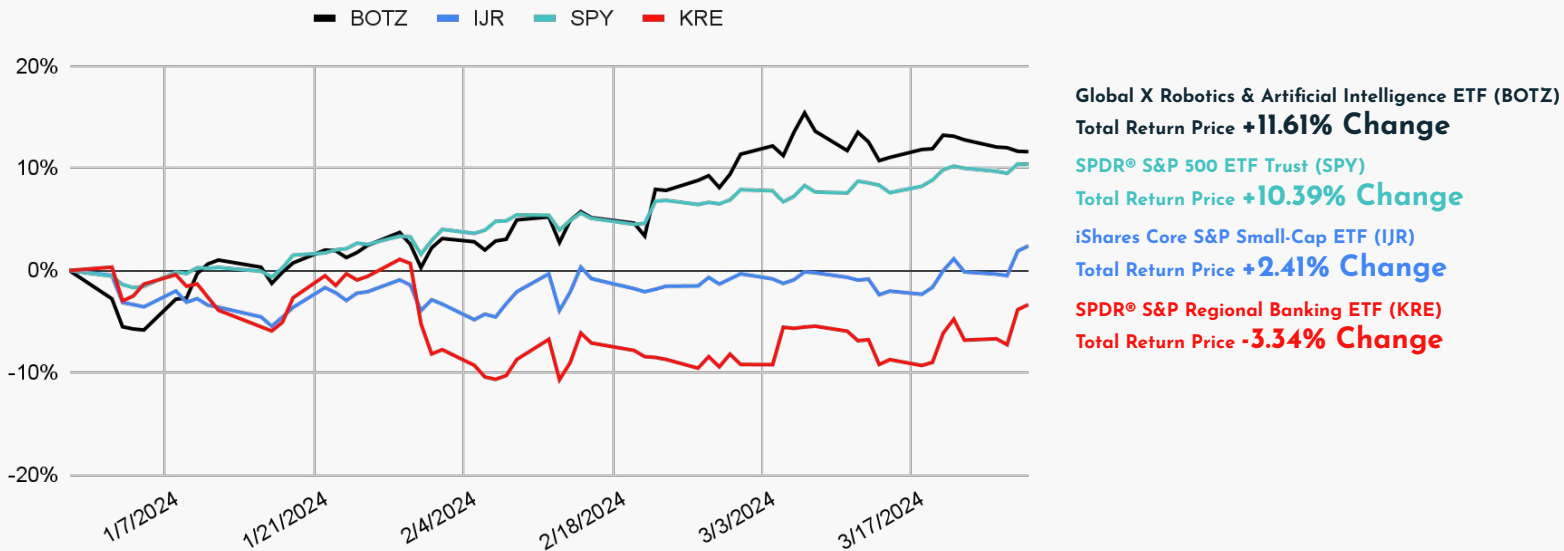
Bloomberg S&P 500 Index Adjusted EPS: This index measures the S&P 500 company earnings as a whole. It is based on income from continuing operations excluding gains, charges and one-time items.

# 2024 MARKETS

## AI BOOMLET V. FINANCIAL CRISIS

For Q1 2024, the AI Boom led to outperformance of large cap over small cap equities. US regional banks remained negative stemming from New York Community Bank (NYCB) debacle. AI remains the dominant return driver in the stock market.

### Select ETF Q1 2024 Performance

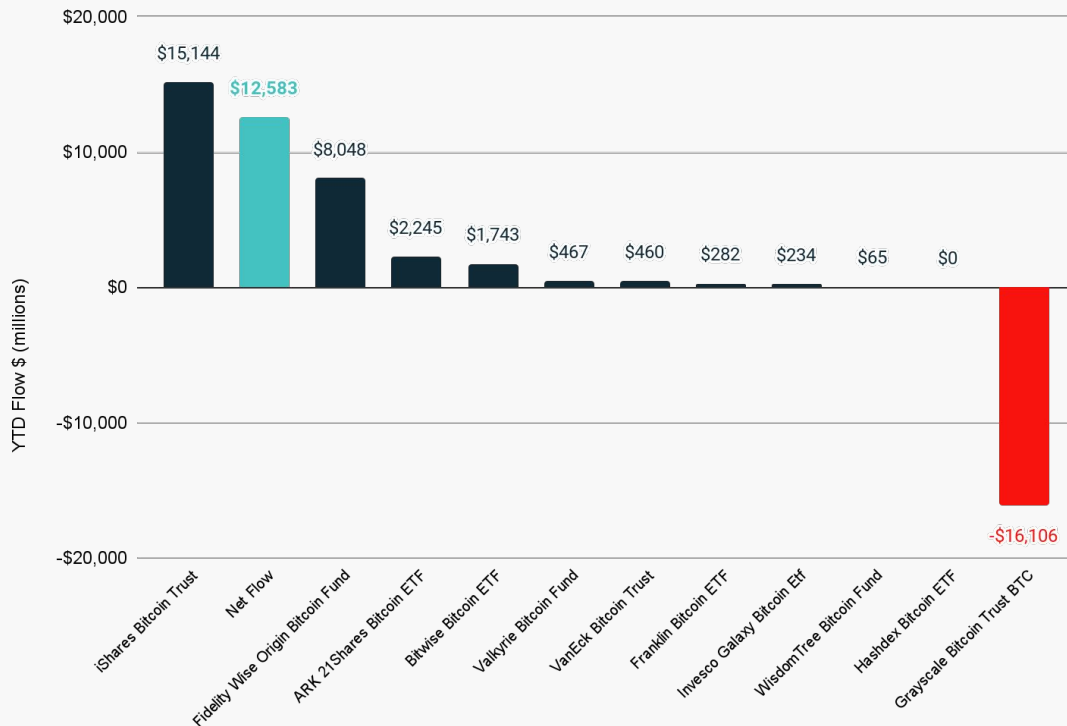




# 2024 MARKETS

## INTRODUCING BITCOIN ETFs

### Year to Date Bitcoin ETF Flows



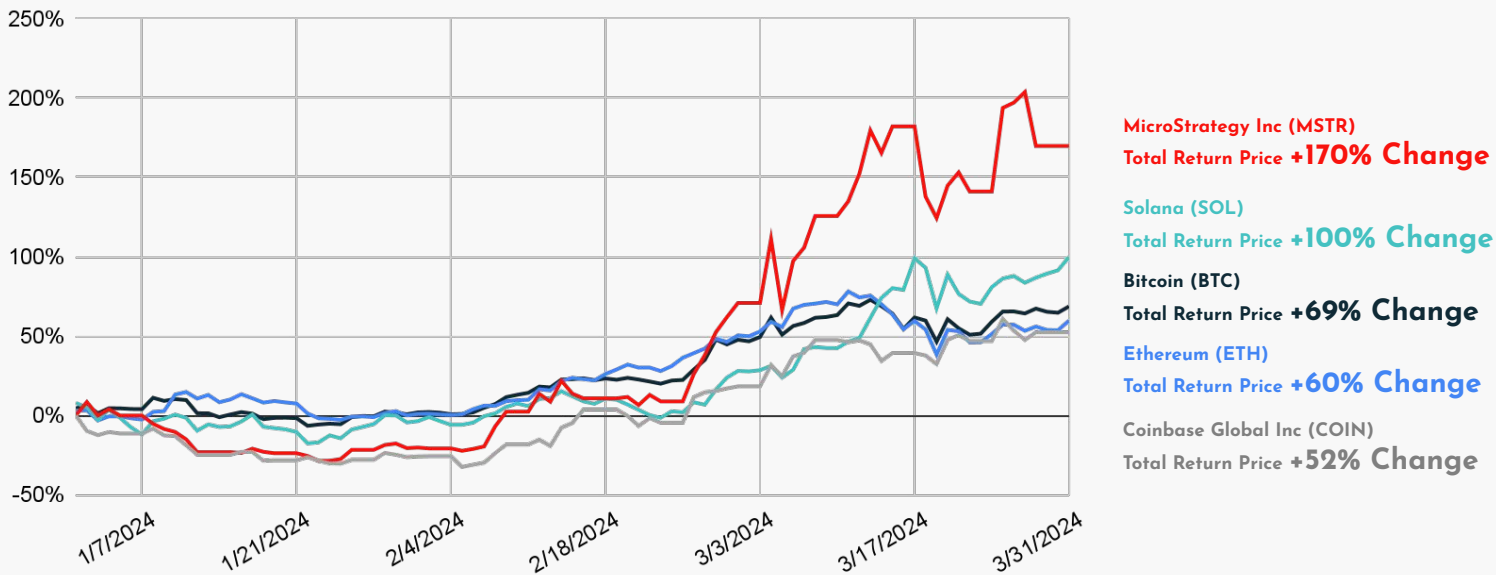
Bitcoin ETFs saw \$12.58bn of net inflows to start the year. BlackRock's IBIT ETF saw over \$15bn of inflows, while Grayscale's pioneer GBTC product felt the heat of fee competition for the first time. Next up...options!

# 2024 MARKETS

## IS CRYPTO BACK?

Digital assets, and their corresponding stock counterparts had a monster start to the year.

### Select Crypto Q1 2024 Performance



# 2024 MARKETS

## S&P 500 LEADERS & LAGGARDS

NVIDIA continued its meteoric climb in Q1. Investors apparently have a better appetite for airplanes falling apart mid-air than Tesla.

Best Performing Companies in the S&P 500

Company	Ticker	% Change	Points Contribution
NVIDIA Corp	NVDA	82.46%	120.15
Constellation Energy Corp	CEG	58.45%	2.60
Micron Technology Inc	MU	38.27%	4.29
General Electric Co	GE	37.53%	6.21
Meta Platforms Inc	META	37.33%	34.93
Marathon Petroleum Corp	MPC	36.48%	2.43
Walt Disney Co	DIS	35.52%	7.00
Eli Lilly And Co	LLY	33.69%	18.63
Valero Energy Corporation	VLO	32.30%	1.69
NRG Energy Inc	NRG	31.92%	0.44

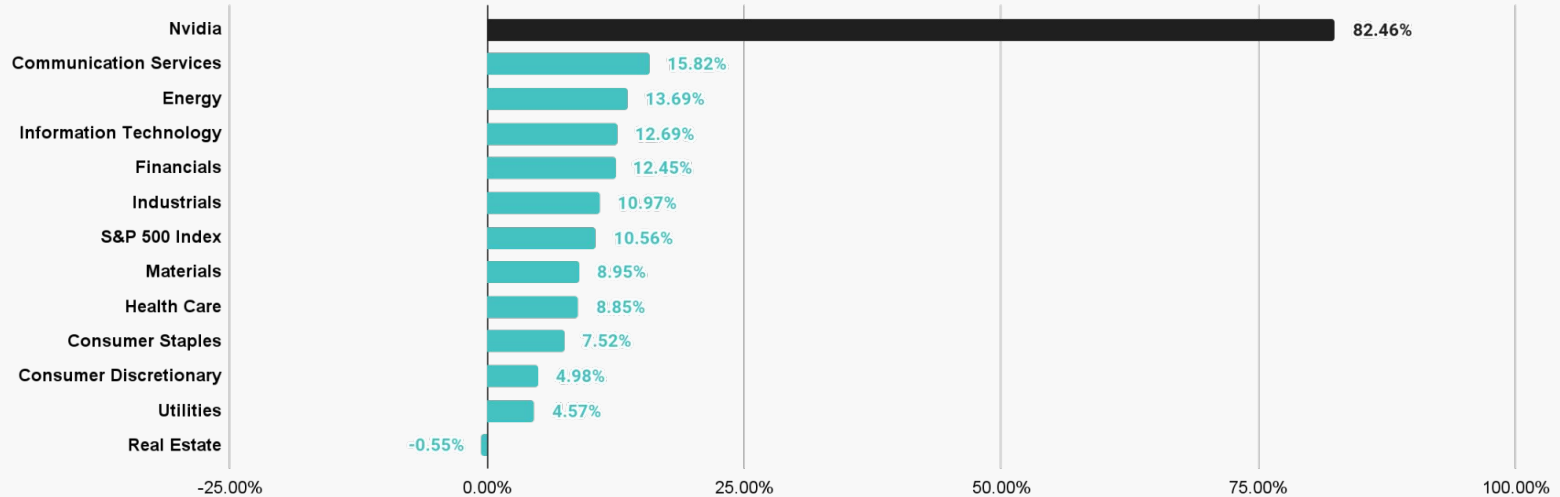
Worst Performing Companies in the S&P 500

Company	Ticker	% Change	Points Contribution
Tesla Inc	TSLA	-29.25%	-23.94
Boeing Co	BA	-25.96%	-4.58
Charter Communications Inc	CHTR	-25.23%	-1.17
Marketaxess Holdings Inc	MKTX	-24.89%	-0.33
Humana Inc	HUM	-24.07%	-1.62
Lululemon Athletica Inc	LULU	-23.60%	-1.65
Warner Bros Discovery Inc	WBD	-23.29%	-0.70
Insulet Corp	PODD	-21.01%	-0.38
Paramount Global Class B	PARA	-20.08%	-0.17
VF Corp	VFC	-17.95%	-0.13

# 2024 MARKETS

## S&P 500 SECTOR PERFORMANCE vs NVDA

Once again, NVIDIA dominates every S&P 500 sector.



Source | Bloomberg, S&P Global data as of 3/31/2024

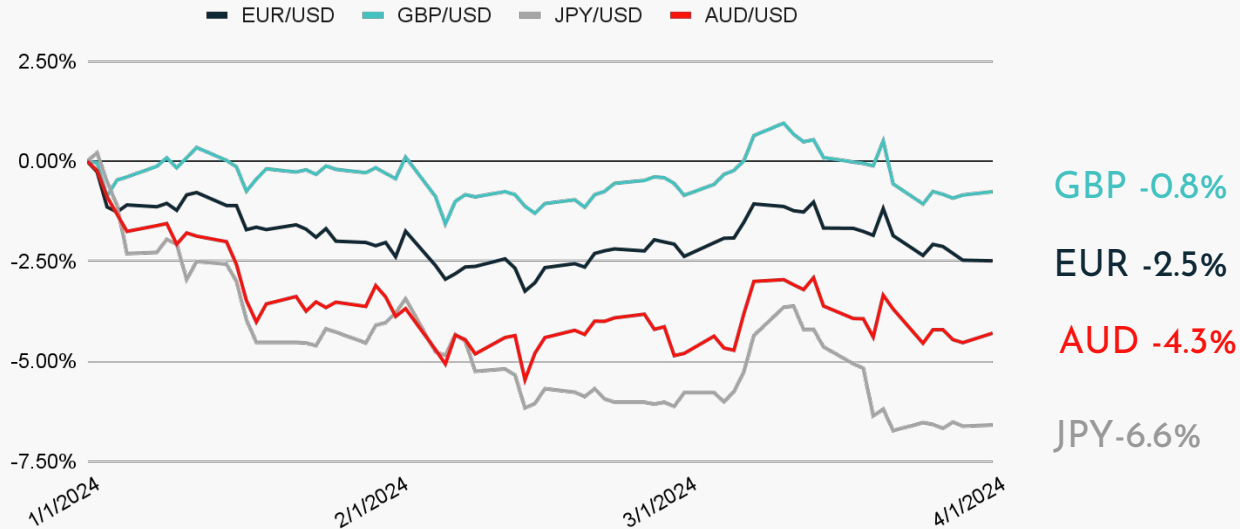
Note | Index performance represents net total return in USD

# 2024 MARKETS

## CURRENCY PERFORMANCE Q4 - MORE BIG MOVES ON RATES

The major non-US currencies lost against the US dollar in Q1 2024 as the Fed maintained its hawkish stance against rates. The yen notably gave back its gains from the prior quarter. Since its 2011 peak, the yen has lost approximately 50% to the dollar.

### Select Q1 Currency Performance vs USD



# LOOKING FORWARD

## MUTED EXPECTATIONS FROM WALL STREET → S&P AT ALL-TIME HIGH TO END Q1

If Q1 2024 returns hold through year-end every S&P 500 forecast noted below will have been invalidated before the end of Q1. The median return expectation among banks original forecast is now -10.6%. For context, the S&P 500 closed Q1 2024 at 5254, 20% higher than JPM's forecast at the start of the year.

2024 S&P 500 Forecasts		
Bank	S&P 500 Target Level for 2024	Implied Return
Deutsche Bank	5,100	-2.94%
Bank of America	5,000	-4.84%
Royal Bank of Canada	5,000	-4.84%
Societe Generale	4,750	-9.60%
Goldman Sachs	4,700	-10.55%
UBS	4,700	-10.55%
Wells Fargo*	4,700	-10.55%
Morgan Stanley	4,500	-14.36%
JP Morgan	4,200	-20.07%
<b>Mean</b>	<b>4,739</b>	<b>-9.81%</b>
<b>Median</b>	<b>4,700</b>	<b>-10.55%</b>
<b>March 31 Value (All Time High Close)</b>	<b>5,254</b>	<b>+10.16% YTD**</b>

As of 3/31/2024

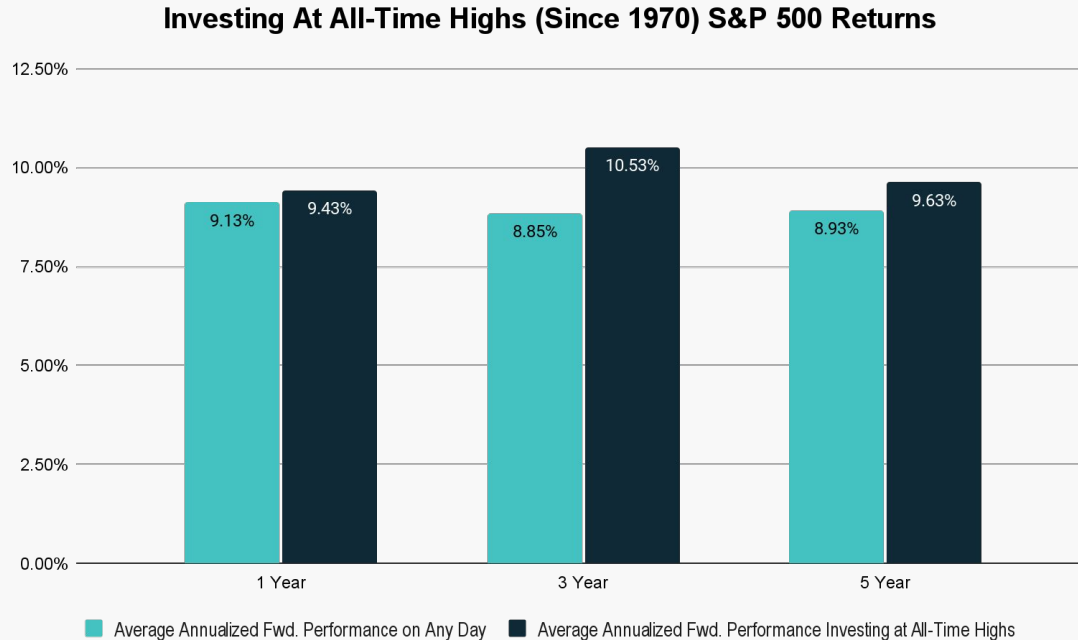
\*Wells Fargo target level represents the midpoint of its target level range. \*\*Price return only.

Source | Clocktower, Banks' Research Reports, Bloomberg

# LOOKING FORWARD

## INVESTING AT THE APEX

Investing at all-time highs is typically a hard thing for investors to overcome as they feel they are buying at the peak (it is true in some cases), but average forward returns suggest the trend is the investor's friend.



# Exciting Meme Trends!

## America's Newest Gold Rush Is at Your Neighborhood Costco

By admin  
Published 7 months ago on September 27, 2023



It's not just US Senator Bob Menendez, analysts at Wells Fargo, estimate that goldbugs are buying \$100M-200M worth of gold each month from Costco!



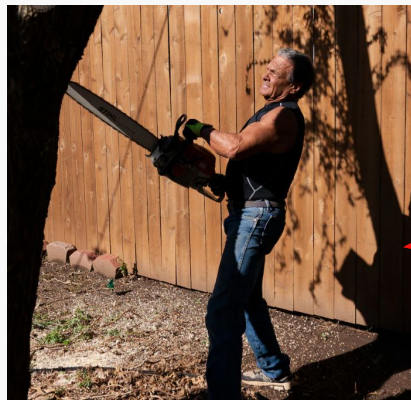
Caitlin Clark, 1st draft in the WNBA, signs with Indiana for \$76,535/yr. and with Nike for \$20M.



New student loan forgiveness proposals released by the Biden administration



Truth Social recently de-SPAC'd. Its trading as all the markings of a Meme-trader's delight!



Photograph of a Truth Social investor in his (her/their) native habitat according to *The Washington Post*.

Source: [The Washington Post](#).



# IMPORTANT DISCLOSURES

Past performance may not be indicative of future results. Please remember that past performance is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Resolute Partners Group ["RPG"]), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from RPG. No amount of prior experience or success should not be construed that a certain level of results or satisfaction if RPG is engaged, or continues to be engaged, to provide investment advisory services. RPG is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the RPG's current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at [www.resolutepg.com](http://www.resolutepg.com).

Certain information herein has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed. No representation is made with respect to the accuracy, completeness or timeliness of this document. There can be no assurance that current investments will be profitable. Actual realized returns will depend on, among other factors, the value of assets and market conditions at the time of disposition, any related transaction costs, and the timing of the purchase.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your RPG account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your RPG accounts; and, (3) a description of each comparative benchmark/index is available upon request.

ANY QUESTIONS: Resolute Partners Group's Chief Compliance Officer remains available to address any questions regarding this Report.

Please Remember: If you are a RPG client, please contact RPG, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. Please Also Remember to advise us if you have not been receiving account statements (at least quarterly) from the account custodian.

**Affiliated Funds.** RPG Animoca Ventures, LP and Raise.ai Ventures, LP ("The Fund(s)") Affiliated Fund Disclosure to RPG Clients. (1) the Fund is an investment product that is affiliated with Resolute Partners Group ("RPG") and/or certain of its individual principals (collectively "RPG"), thereby creating a conflict of interest; (2) investment in the Fund involves various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency of the underlying Fund investments, as more fully discussed in the Fund offering documents, copies of which you have received and represent to RPG that you have reviewed prior to reaching a decision to purchase an interest in the Fund; (3) You fully understand the fees, risks and potential adverse consequences pertaining to an investment in the Fund as disclosed in the Fund offering documents; (4) Unlike liquid investments that a client/investor may maintain, private investment funds, including the Fund, do not provide daily liquidity or pricing; (5) Unless otherwise expressly indicated by RPG, in writing, the value of the Fund shall NOT be included for purposes of RPG determining its investment advisory fee., only the Fund's fees will apply to a client's investment in the Fund; (6) Because RPG's total compensation (i.e., fund related fees, including incentive potential incentive compensation) could substantially exceed the fee that RPG would earn under its standard asset-based fee schedule referenced at Item 5 of Part 2A of its Form ADV, the recommendation that a client become a Fund investor presents a conflict of interest; (7) Given the conflict of interest, you have been advised that you are free to discuss the Fund investment and corresponding Fund offering documents with unaffiliated professionals (i.e., attorney, CPA, etc.) of you choosing prior to becoming a Fund investor; and, (8) you are fully prepared to accept any and all adverse consequences resulting from my/our decision to invest in the Fund. Accordingly, unless otherwise prohibited by applicable securities laws, you hereby release and hold RPG, its officers, directors, members, owners, employees, and agents harmless with respect to any and all claims, losses, and/or damages that could result from your purchase of the Fund.

# IMPORTANT DISCLOSURES

Certain information herein has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed. No representation is made with respect to the accuracy, completeness or timeliness of this document.

There can be no assurance that current investments will be profitable. Actual realized returns will depend on, among other factors, the value of assets and market conditions at the time of disposition, any related transaction costs, and the timing of the purchase.

This presentation contains certain "forward" looking statements", which maybe identified by the use of such words as "believe", "expect", "anticipate", "should", "planned", "estimated", "potential", and other similar terms. Examples of forward looking statements include, but are not limited to estimates with respect to financial conditions, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including but not limited to, general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic conditions, operations, and success of any particular strategy. All are subject to governmental, regulatory and technical factors affecting a portfolio's operations that could cause actual results to differ materially from projected results.

All investment strategies have the potential for profit or loss; changes in investment strategies, contributions or withdrawals may materially alter the performance and results of a portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. Certain information herein has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed. No representation is made with respect to the accuracy, completeness or timeliness of this document.

This document should not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any securities. It does not involve the rendering of personalized investment advice. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for an investor's portfolio.

Neither Resolute Partners Group (RPG) or RPG's third-party vendors and data providers make any representations or warranties of any kind with respect to the subject matter herein, whether express or implied. The foregoing parties expressly disclaim any warranties of merchantability, fitness for a particular purpose, accuracy, completeness or non-infringement with respect to the subject matter herein.

The information contained in this investment summary is not the official record of your account(s) and investments. It has been prepared to assist you with your investment planning and is for informational purposes only and is not a solicitation for a purchase or sale of any securities or other financial instrument.

To comply with IRS requirements, please be advised that, unless otherwise stated by the sender, any tax advice contained in this report is not intended or written to be used, and cannot be used, by the recipient to avoid any federal tax penalty that may be imposed on the recipient, or to promote, market or recommend to another any referenced entity, investment plan or arrangement.

All information is based on sources deemed to be reliable, but no warranty or guarantee is made as to its accuracy or completeness. Please contact us immediately if you have any questions, or there is a discrepancy between this report and your brokerage statement. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance of your portfolio.

Any reproduction or distribution of this presentation, as a whole or in part, or the disclosure of the contents hereof, without the prior consent of the Resolute Advisors, LLC, is prohibited.