MARKET WRAP MINUTE

WEEK OF NOVEMBER 13, 2023

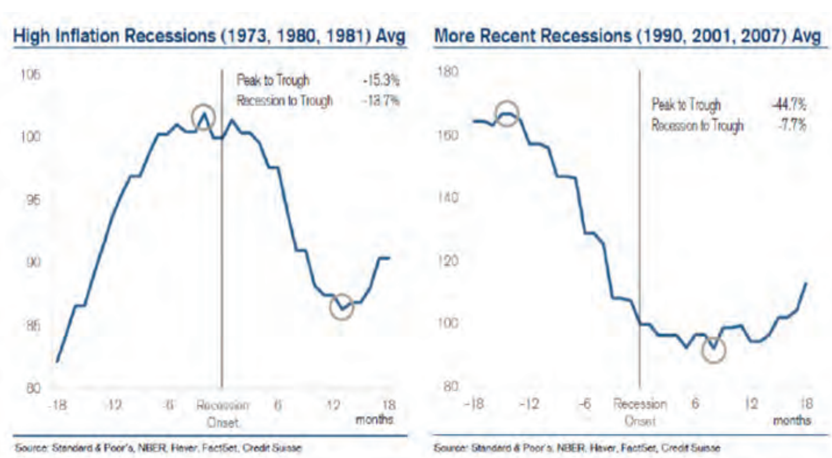
MARKET MENTIONS

- With almost 90% of market cap having been reported, S&P 500 operating earnings are on track to finish 3Q23 +4.5% y/y. While results have fared well this quarter, we are beginning to see a slowdown on a sequential basis. We are currently tracking a q/q operating EPS decline of 3.8%, with many companies also downgrading guidance for 4Q23 and 2024.
- The weaker-than-expected guidance falls in line with our view of 2024 earnings expectations as being overly optimistic. The current consensus estimate is for operating EPS to grow ~12% in 2024; we see operating EPS growing in the low-single digits, with the possibility of further downside dependent on economic activity and the dynamic between revenues and costs.
- Labor market data over the coming months will be key, as they will help determine, in part, the path for earnings ahead.
- Looking at the technical charts, we are back above the 50-day moving average on the S&P 500, so the short term has recovered. We filled the 4,375 and 4,401 gaps discussed in last week's market minute; thus, we think the upside is rather limited from these price levels going forward. The next upside gaps are at 4,505 and 4,514, but unfortunately, we think those are out of reach for the time being.

CHART OF THE WEEK

Continuing our discussion on forward earnings expectations in 2024, we look at past earnings declines during previous recessions in our chart to the week. Earnings declines tend to be milder in high inflationary recessions which is how we could characterize this upcoming recession if it were to take place. The big questions for 2024 is whether the consumer can keep up their level of consumption in 2024. With household savings near cycle lows, credit card balances increasing along with delinquencies as well as tight bank lending standards, we think they muddle through.

The silver lining is that this slowdown is exactly what the Fed ordered in terms of cooling inflation, so monetary policy could possibly turn dovish in the 2nd half of 2024 to support consumption going forward.



Source: Fidelity Weekly Market Update – Fall 2023. 2023 FMR LLC.

UPCOMING EVENTS - REGISTER AT COMPAK.COM/SEMINARS

November 14 COMPAK YEAR END CHECKLIST WEBINAR

Watch!

MOE EVERY WEEK @ www.COMPAK.com/YouTube

Listen!

TO MOE EVERY WEEK @ www.COMPAK.com/Media

CONTACT
COMPAK ASSET MANAGEMENT
TO SCHEDULE A STRATEGY SESSION

1801 Dove Street
Newport Beach, CA 92660
(800) 388-9700
www.Compak.com

Moe Ansari is the President, Chief Investment Officer, and founder of Compak Asset Management. With over 35 years of investment experience, Moeez evaluates the markets using industry-leading technical and fundamental analysis.

His professional experience includes options trading, portfolio optimization, futures trading, mutual fund selection modeling and financial risk management. He is a nationally sought speaker and has conducted numerous financial seminars since the 1980s.

This document contains the current views and opinions of Moeez Ansari, Chief Investment Officer of Compak Asset Management, a registered investment adviser. The views expressed are current only as of the date of this document and are subject to change. While the information above is obtained from reliable sources, we do not guarantee its accuracy. Nothing in this document should be considered investment advice, and nothing is personalized to any investor's individual circumstances.

We use terminology associated with technical analysis, and provide charts to illustrate some of the concepts discussed. Technical analysis is a security analysis method with the goal of forecasting the direction of prices of securities or market indices, through the study of past market data, primarily price and volume. In no event is past performance a guarantee of future performance.

We make no assurance that past performance or the use of technical analysis will accurately predict future prices. Further, a risk of technical analysis is that over-focus on historical patterns could lead to ignoring or down-playing security-specific concerns, overall market or sector concerns, or other factors, because we assume inaccurately the historical patterns will repeat themselves.

Compak Asset Management offers investment advice only after entering into an investment advisory agreement and gathering client-specific information about goals, objectives, financial status, and risk tolerance. Please visit www.compak.com/formcrs for more information.