



**MAIN**  
MANAGEMENT, LLC

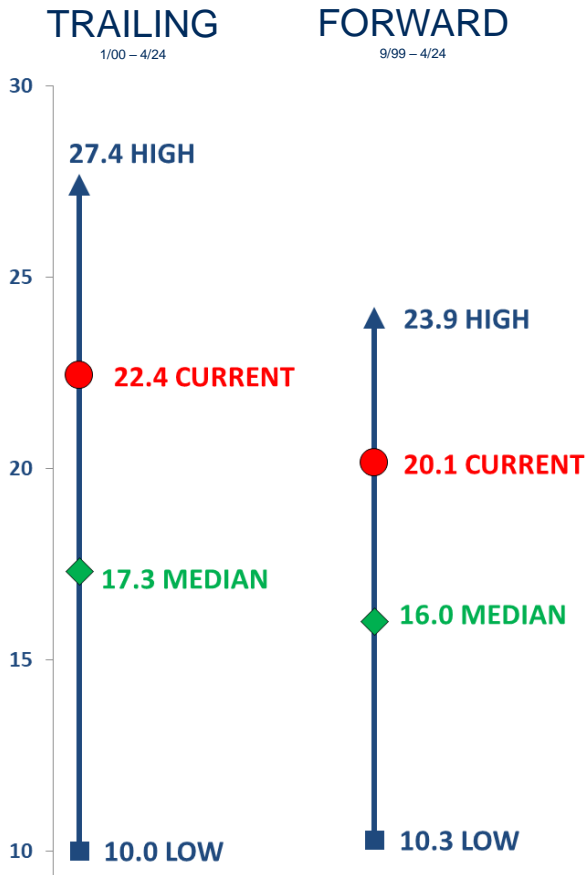
# MAIN MANAGEMENT MARKET NOTE: **May 31, 2024**

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# EXECUTIVE SUMMARY

## S&P 500 P/E RATIO



- Core PCE came in at +0.25% M/M, slightly above forecasts. On a Y/Y basis, it slowed to 2.75%, the lowest since March 2021!
- Consumer Spending rose +0.20% M/M while Incomes were up +0.27% M/M.

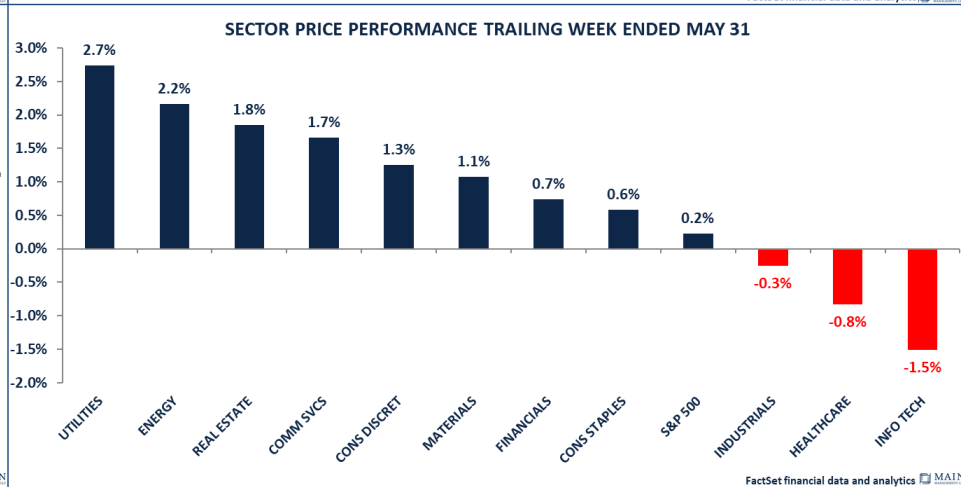
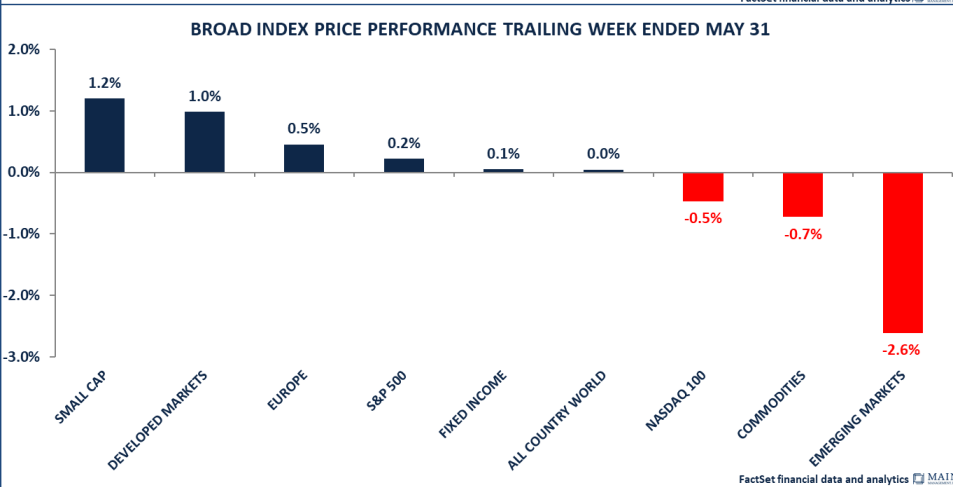
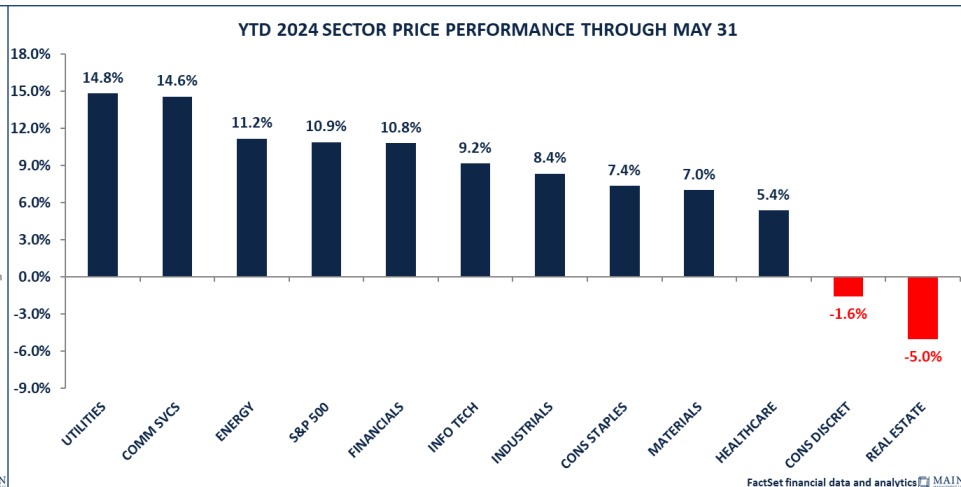
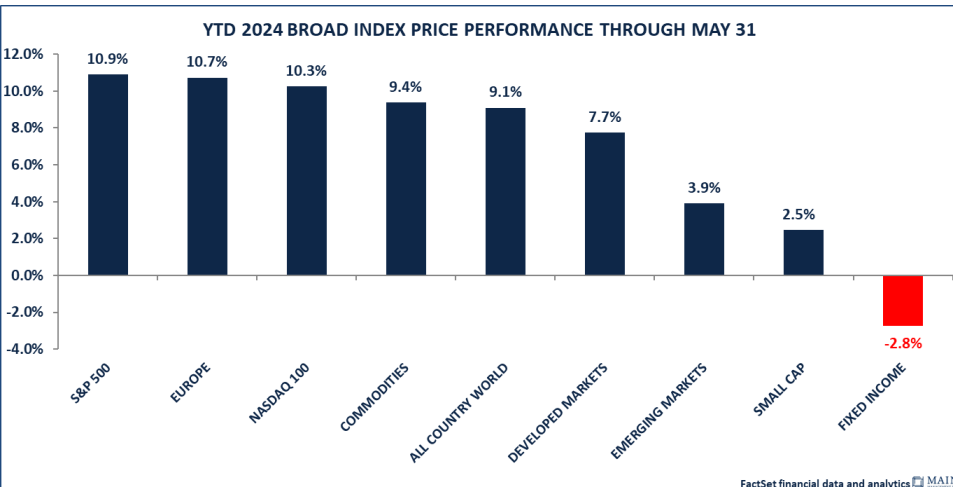
- The 2<sup>nd</sup> estimate for Q1 2024 U.S. GDP was revised down to 1.25% from 1.59% in the 1<sup>st</sup> estimate. This revision was expected and was due primarily to Consumer Spending being revised lower to 1.99% from 2.51%.

- The Conference Board's Consumer Confidence reading for May rose to 102, moving back above the long-term median. The Present Situation and Expectations Indices also improved, but all 3 remain rangebound below pre-covid levels.

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# PERFORMANCE



# RECESSION DASHBOARD

RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
MAY 2024	↑	↔	↔*	↑	↔	↓	↓	↑	↔
LAST CHANGE	BLUE MAR '23	RED JAN '23	RED MAR '23	BLUE JUN '23	RED JUN '22	BLUE SEP '23	BLUE SEP '22	BLUE JUN '23	RED SEP '23

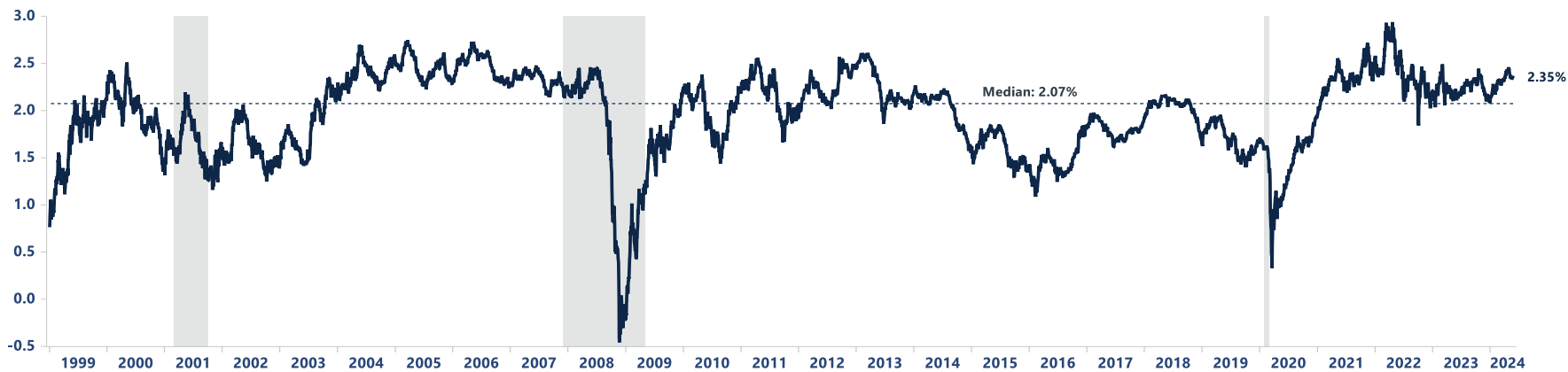
↑ Positive
↔ Neutral
↓ Negative

**Inflation:** Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAll **Autos:** Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. \* 10 year – 3 month Treasury spread inverted on 11/2/22.

# INFLATION WATCH

## Expected Inflation Rate

10Y Treasury - 10Y TIPS Yield



— United States 10 Year Yield - United States 10 Year TIPS (Index-Linked) Yield --- Median

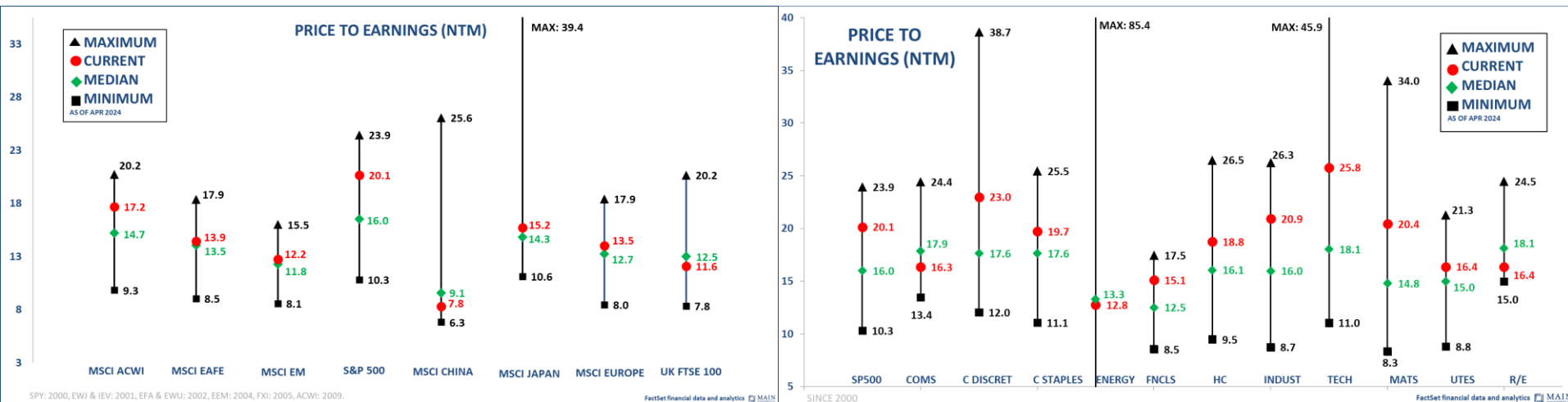
Source: Main Management, U.S. Treasury, Fed, Macrobond. Data last updated: 5/30/2024

Commodity	1 Month	3 Months	YTD ↓	1 Year
Bitcoin	7.1%	9.4%	62.4%	155.9%
Silver	14.7	40.1	31.6	35.1
Coffee	-0.2	20.5	23.7	28.3
Copper	-0.2	19.7	18.3	23.6
Gasoline	-12.5	5.9	14.4	-11.1
Gold	0.3	15.1	13.6	20.4
S&P GSCI	-2.1	4.9	10.5	15.4
Crude Oil	-6.0	-0.6	8.9	6.6
BBG Commodity Index	0.6	7.6	5.5	4.0
US Dollar (DXY)	-0.8	0.8	3.4	0.5
Natural Gas	26.7	36.4	2.3	17.9
Cotton	-2.8	-24.6	-4.0	-6.7
Lumber	2.7	-8.1	-4.7	6.4
Corn	2.1	8.6	-4.8	-25.7
Soybeans	4.2	6.7	-6.5	-9.5

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 5/30/2024

# VALUATIONS

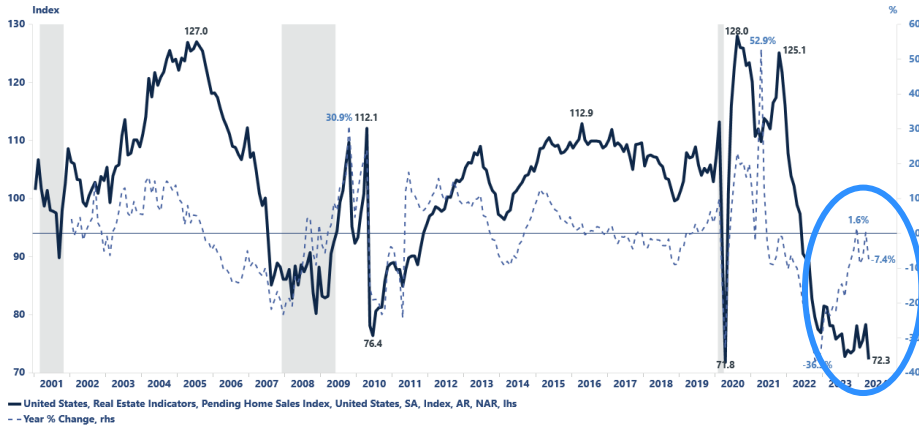
Below is a chart showing the current, median, and high/low values for the Price-to-Earnings value of several major global indices and the S&P 500 Sectors. These are just a few of the data points we look at for our valuation work.



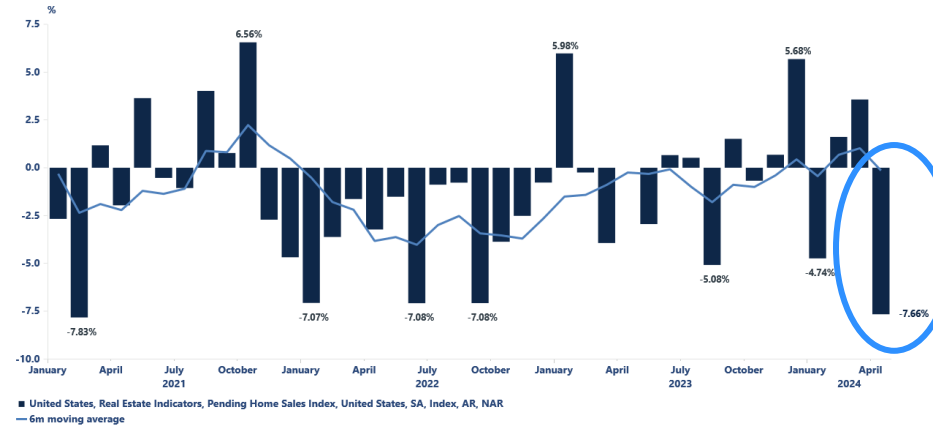
# OF NOTE THIS WEEK

Pending Home Sales plummeted by -7.66% M/M in April, the biggest drop since February 2021 (!! ) and well below expectations for a -0.6% dip. The Index itself fell to 72.3, lowest since covid and 2<sup>nd</sup> lowest all-time, and decelerated to -7.4% Y/Y.

PENDING HOME SALES INDEX & Y/Y



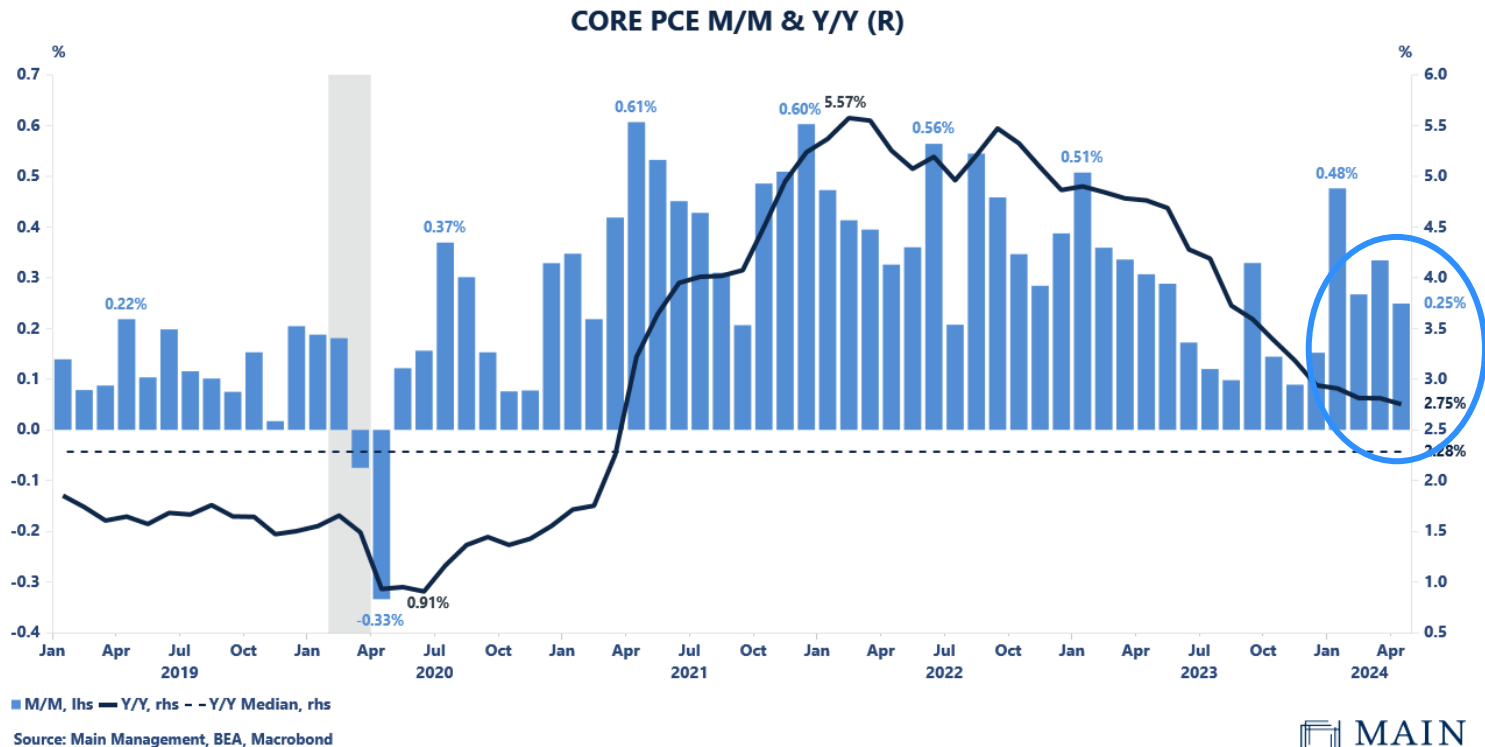
PENDING HOME SALES M/M





# CORE PCE

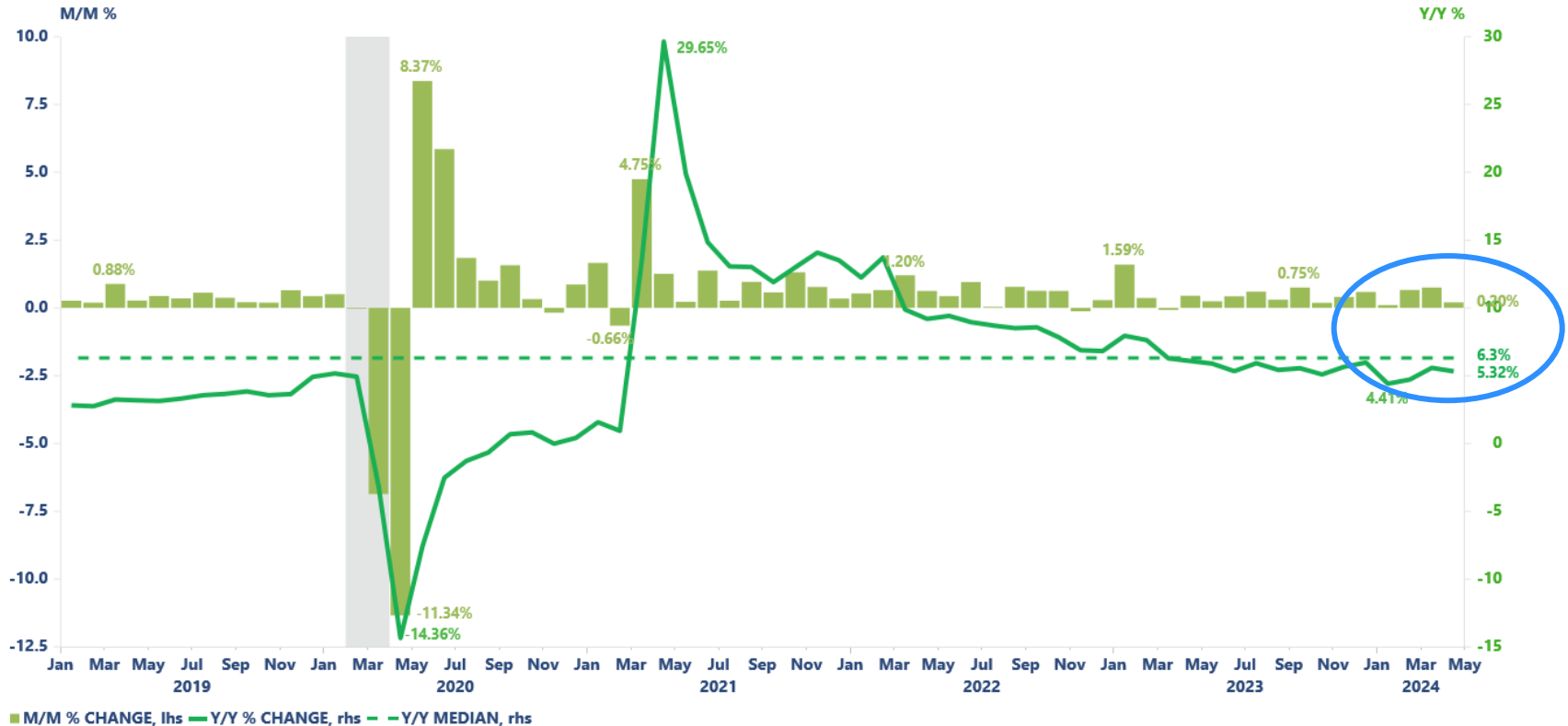
Core Personal Consumption Expenditures decelerated to +0.25% M/M in April, slightly above forecasts for a +0.20% rise but the slowest gain in 4 months. This reading is the Fed's preferred inflation measure. The Y/Y figure slowed to +2.75%, which is the lowest since March 2021! This deceleration will support the Fed's rhetoric that they are slowly winning the war on inflation.



# CORE PCE

Consumer Spending posted a meager +0.20% M/M gain, one of the smaller readings in recent memory but also the 13<sup>th</sup> straight positive reading. On a Y/Y basis, Spending is up +5.32%, gradually decelerating but still above pre-covid levels.

CONSUMER SPENDING M/M & Y/Y (R)

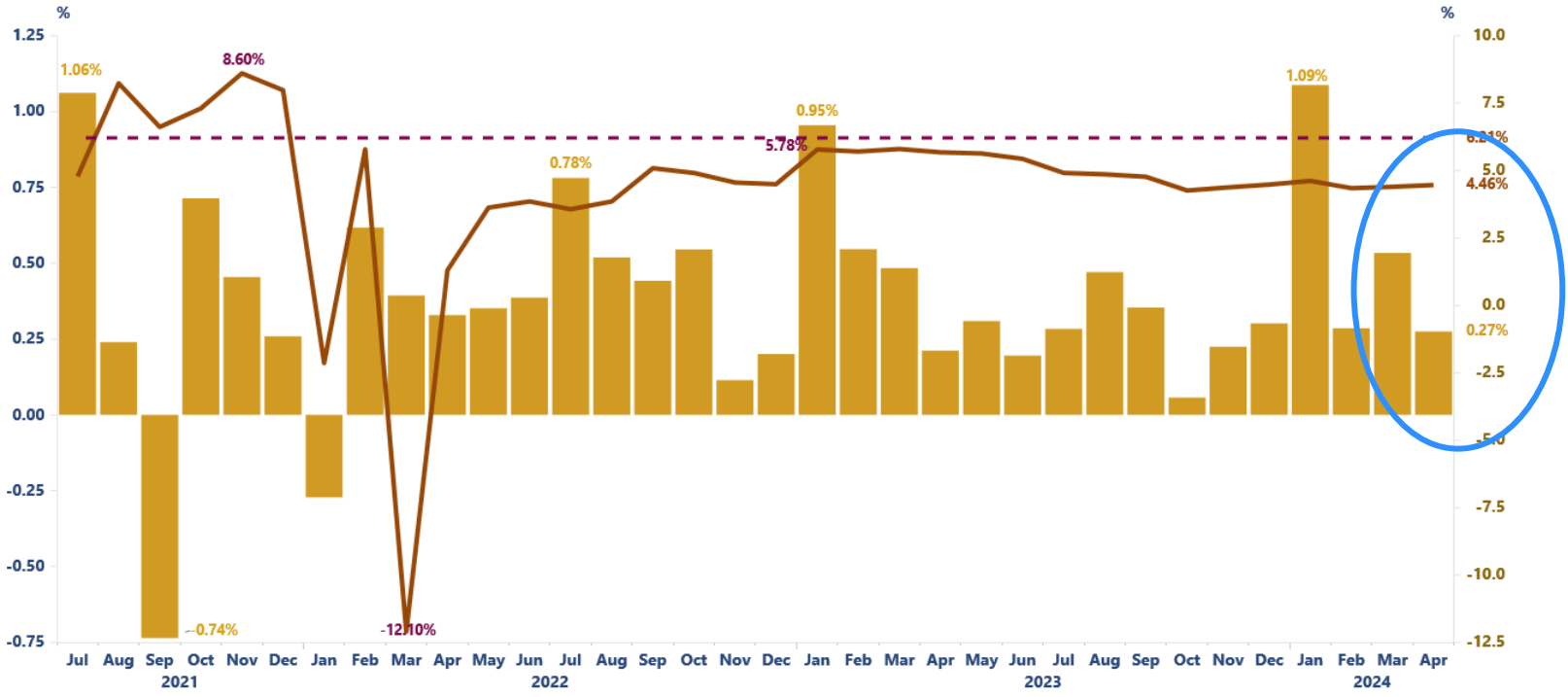


Source: Main Management, BEA, Macrobond. Data last updated: 5/31/2024

# CORE PCE

Incomes rose +0.27% M/M in April, in line with forecasts but the smallest since November 2023. On a year-over-year basis, they've been holding steady around 4.5%, currently at 4.46%. It's good to see incomes continue to post Y/Y gains above the Y/Y inflation figures, which translates to real purchasing power.

PERSONAL INCOME M/M & Y/Y (R)

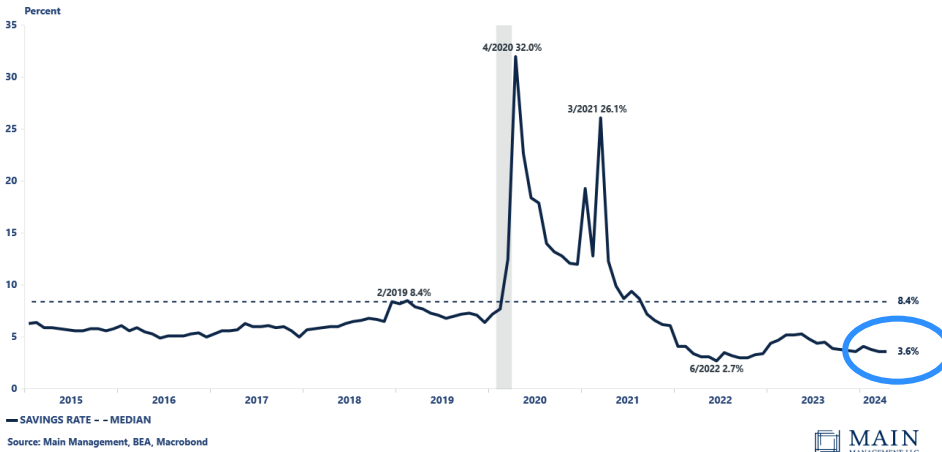


Source: Main Management, BEA, Macrobond. Data last updated: 5/31/2024

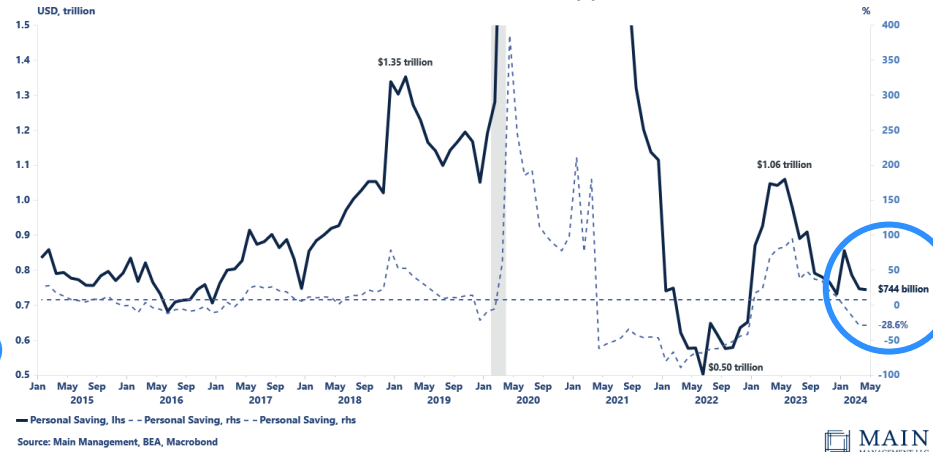
# CORE PCE

The Personal Savings Rate was unchanged at 3.6% in April, pretty low relative to historical standards and less than half of the long-term median rate of 8.4%. On a Dollar basis, savings inched down to \$744 billion, which is down -28.6% from a year ago! This reading will continue the narrative that consumers are foregoing saving in favor of spending.

US PERSONAL SAVINGS RATE



PERSONAL SAVINGS & Y/Y (R)

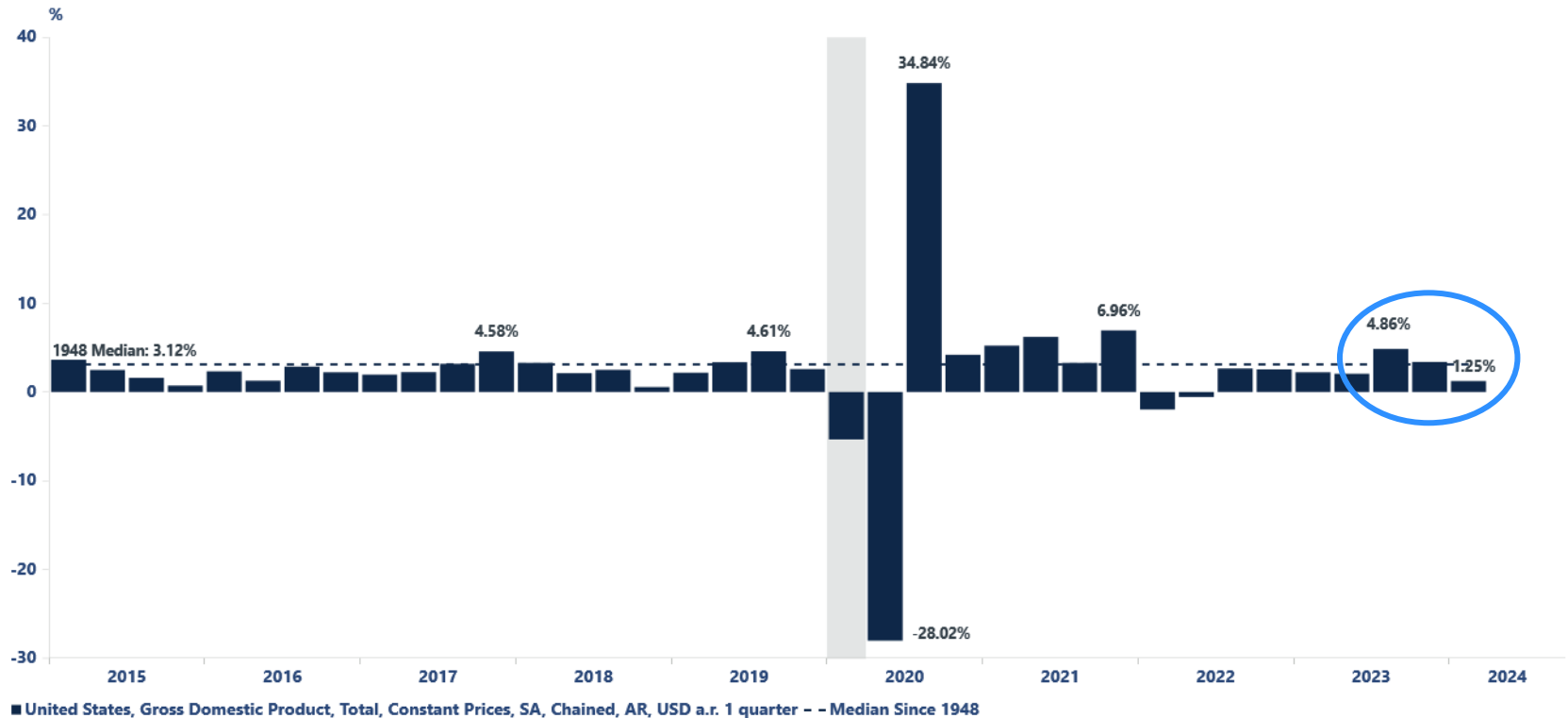


# Q1 2024 U.S. GDP

The 2<sup>nd</sup> estimate of Q1 2024 U.S. GDP was revised down to 1.25% from 1.59% in the preliminary estimate. This downward revision was expected and primarily due to Consumer Spending, which accounts for roughly 70% of GDP, being revised lower.

## 2nd Estimate for Q1 2024 GDP Revised Lower

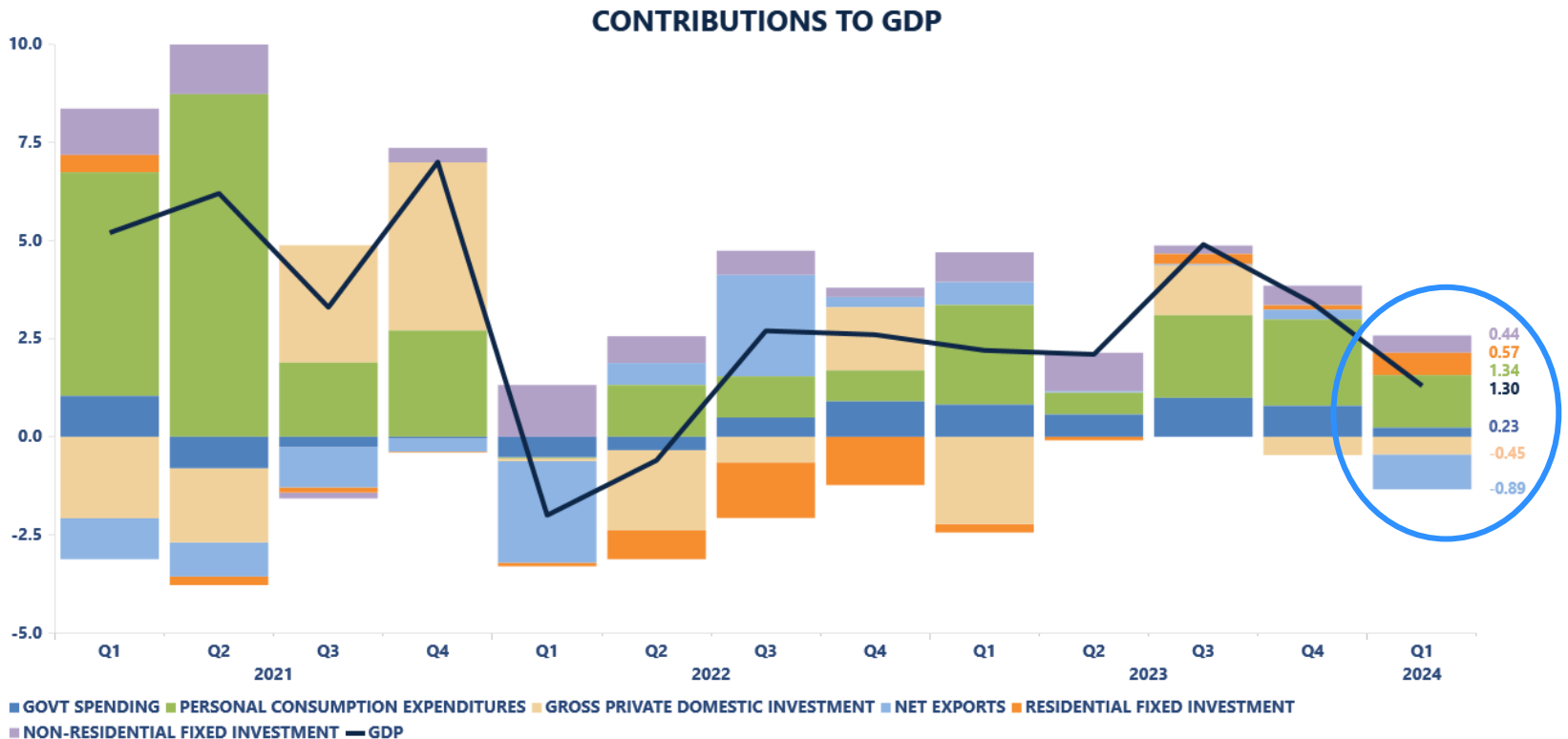
U.S. Real GDP Q/Q Annualized



Source: Main Management, BEA, Macrobond. Data last updated: 5/30/2024

# Q1 2024 U.S. GDP

For the components, Imports were revised up to 7.65% from 7.19%. Private Domestic Investment was revised up to 3.25% from 3.18%. Consumer Spending was revised lower to 1.99% from 2.51%, the main reason for the top line downward revision. Exports were revised up to 1.16% from 0.91% and Final Sales down to 1.71% from 1.95%. Here we show their contributions to the headline GDP figure.

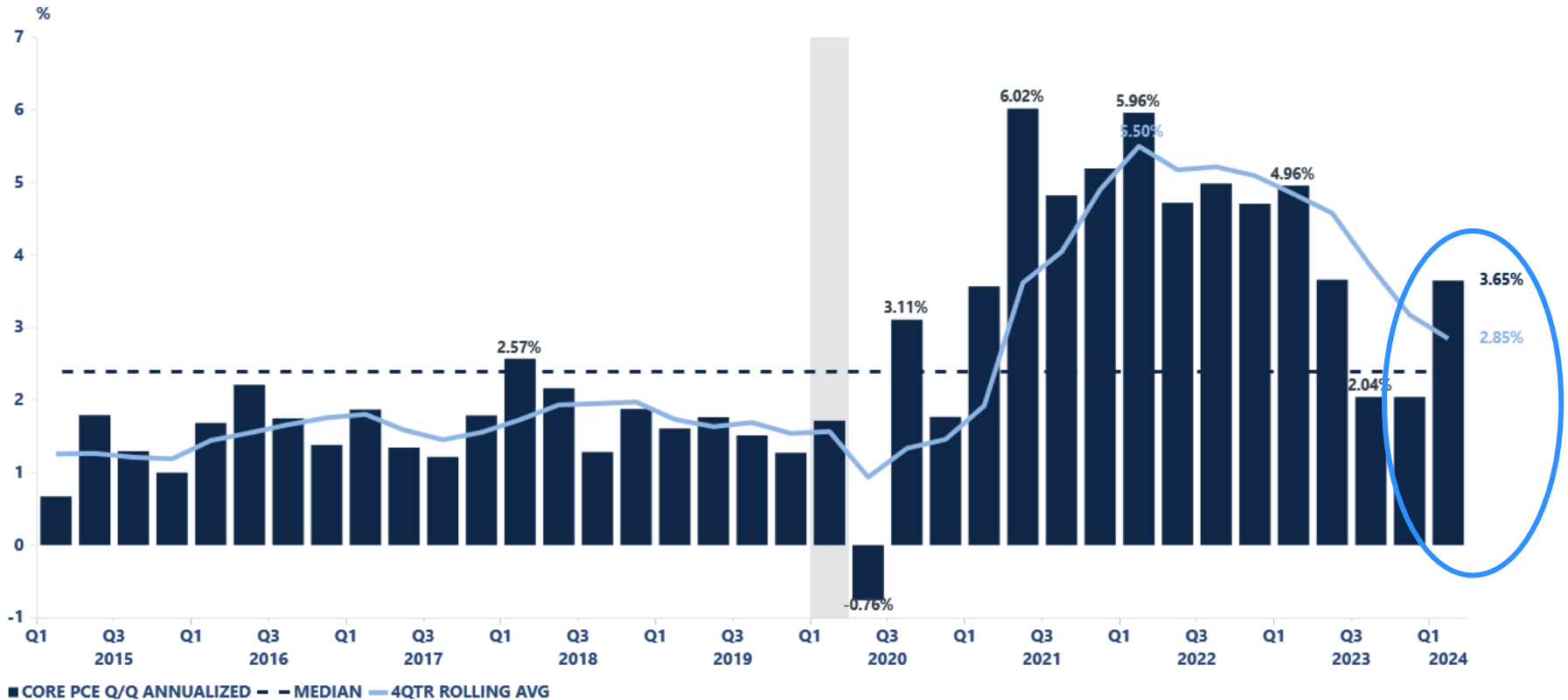


Source: Main Management, BEA, Macrobond

# Q1 2024 U.S. GDP

Inflation, as measured by quarterly Core PCE, was revised down to 3.65% from 3.73% and the 4qtr average came down to 2.85% from 2.87%, lowest since Q1 2021!

### REAL CORE PERSONAL CONSUMPTION EXPENDITURES

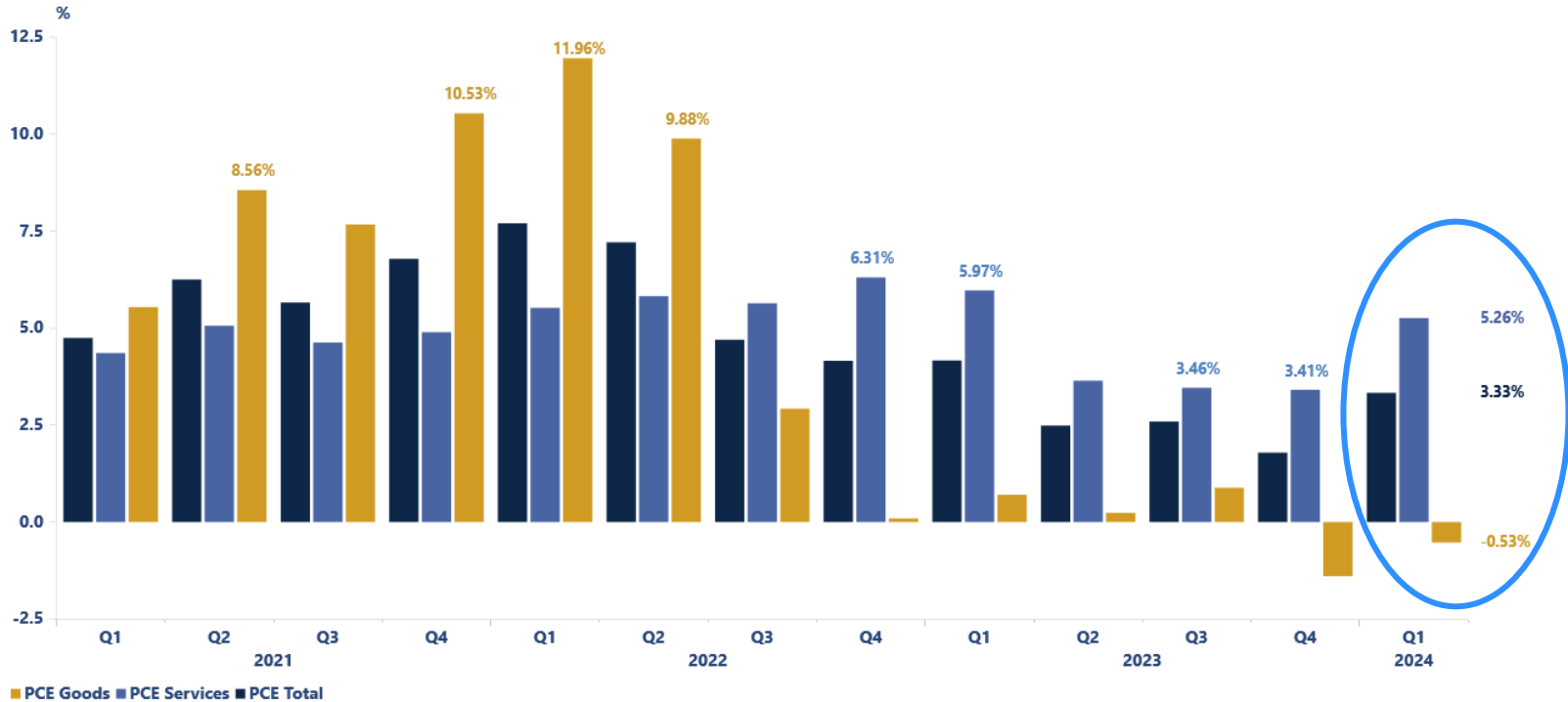


Source: Main Management, BEA, Macrobond

# Q1 2024 U.S. GDP

On the inflation side, there's been a marked shift in what's driving inflation. As you can see below, prior to Q3 2022 Goods (gold) were the primary driver but since then, Services (lighter blue) have taken over as the main driver of inflation. Goods have actually been deflationary the last 2 quarters.

PCE PRICE DEFLATOR: TOTAL, GOODS & SERVICES



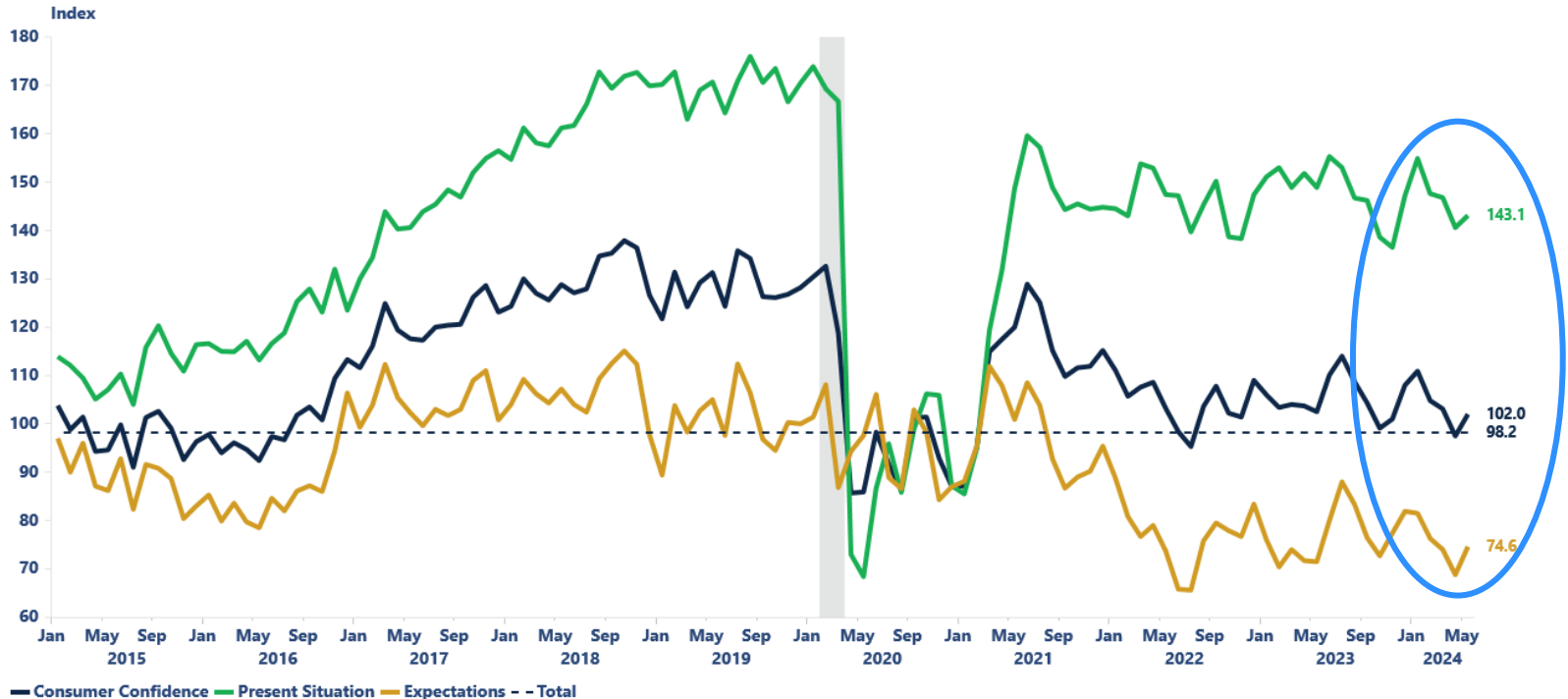
Source: Main Management, BEA, Macrobond



# CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index rose to 102 in May, up from an upwardly revised 97.5 in April. It's now back above the long-term median of 98.2. The Present Situation Index ticked up to 143.1 and Expectations improved to 74.6. Still, all 3 indices have been range-bound below pre-covid levels for a while now.

CONFERENCE BOARD CONSUMER CONFIDENCE

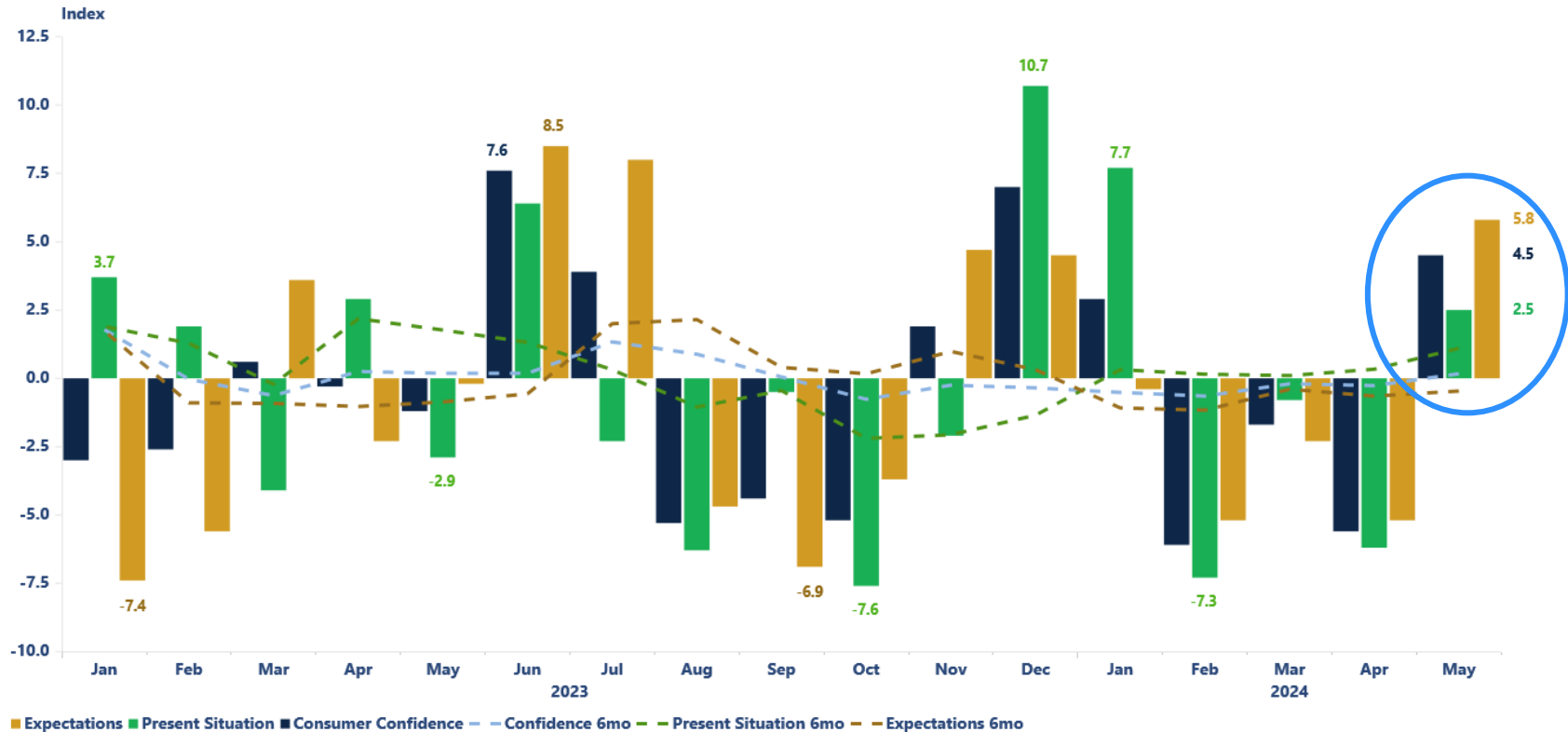


Source: Main Management, TCB, Macrobond

# CONSUMER CONFIDENCE

Here are the month-over-month moves for the 3 indices. As you can see, the +5.8-point jump in the Expectations Index was the biggest since July 2023! The May increases reversed a few months of declines.

CONFERENCE BOARD CONSUMER CONFIDENCE M/M

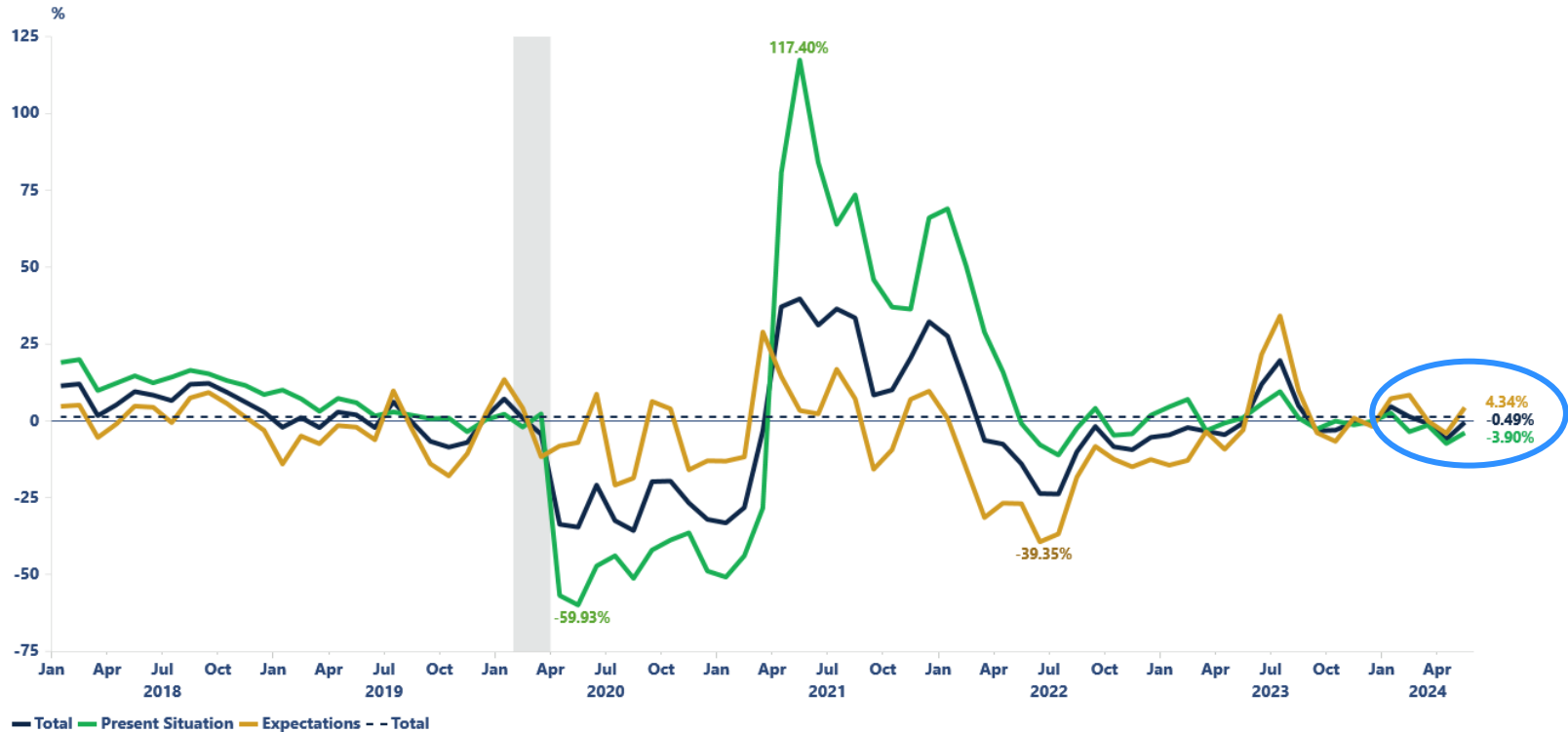


Source: Main Management, TCB, Macrobond. Data last updated: 5/28/2024

# CONSUMER CONFIDENCE

All 3 indices improved on a year-over-year basis but remain basically in line with where they were a year ago. The Present Situation Index is up the most at +4.34%, while the Headline and Expectations Indices are slightly down at -0.49% and -3.90%, respectively.

CONFERENCE BOARD CONSUMER CONFIDENCE Y/Y

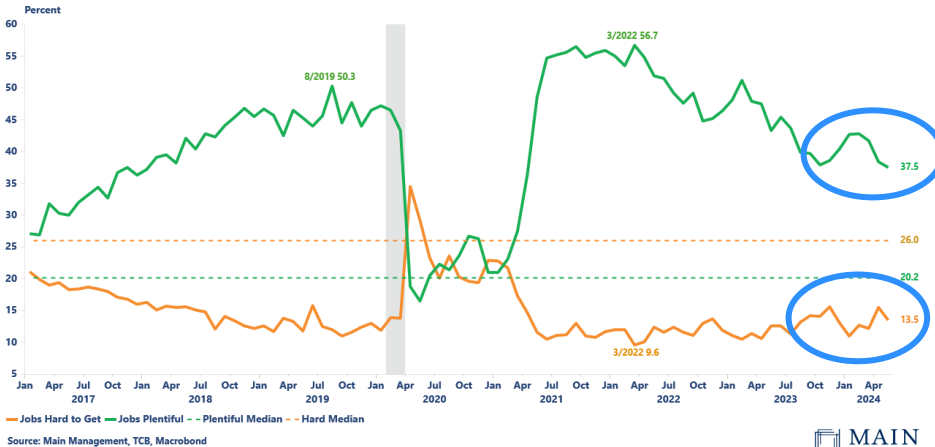


Source: Main Management, TCB, Macrobond. Data last updated: 5/28/2024

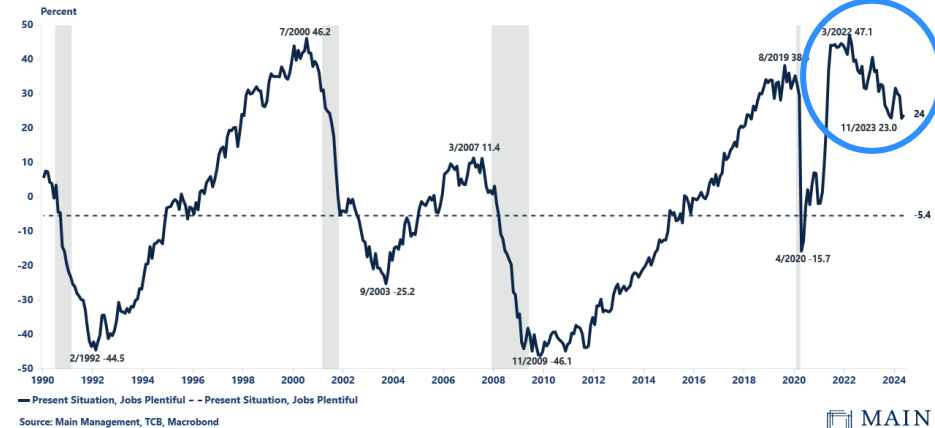
# CONSUMER CONFIDENCE

We also got a little insight into the labor market in the May Consumer Confidence release. The percentage of people saying that jobs are hard to get declined to 13.5%, down from 15.5% in April. However, May's responses also showed that Jobs Plentiful slid to 37.5%, the lowest since April 2021. The spread (right) between Jobs Plentiful and Jobs Hard to Get stands at 24% and has been narrowing steadily.

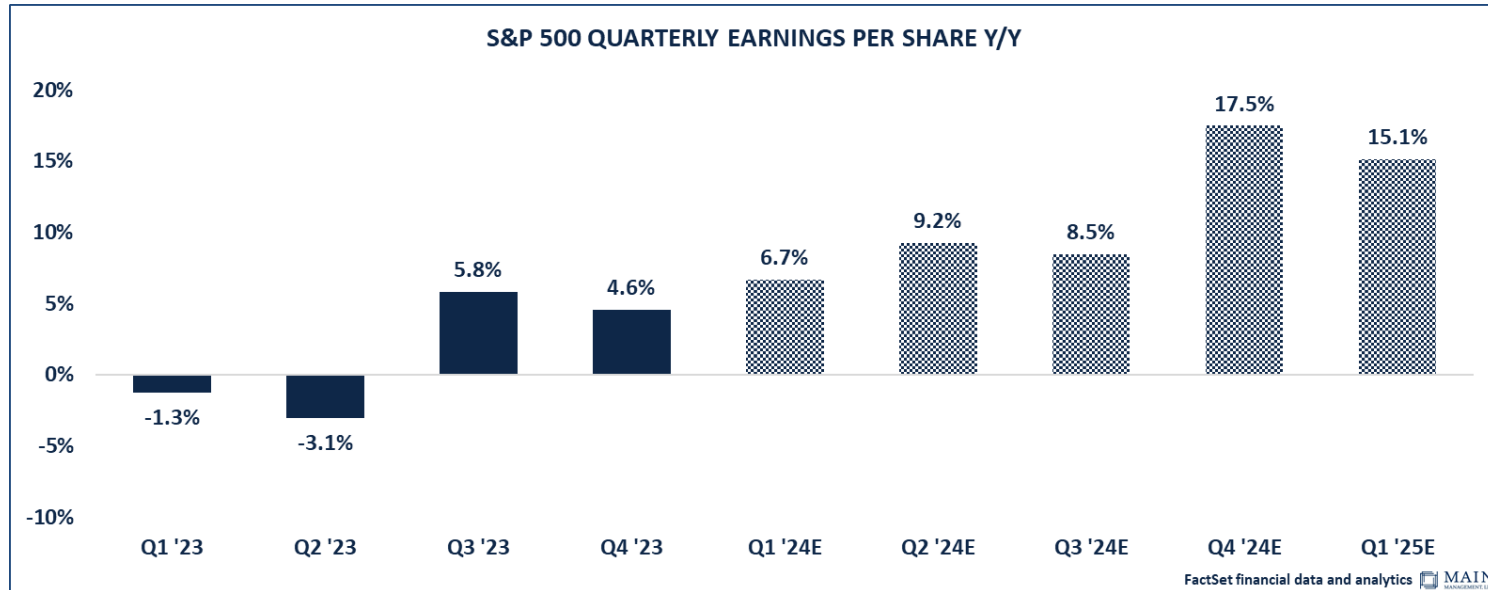
CONFERENCE BOARD EMPLOYMENT SITUATION: JOBS PLENTIFUL vs HARD TO GET



CONFERENCE BOARD: JOBS PLENTIFUL LESS JOBS HARD TO GET  
LABOR MARKET DIFFERENTIAL



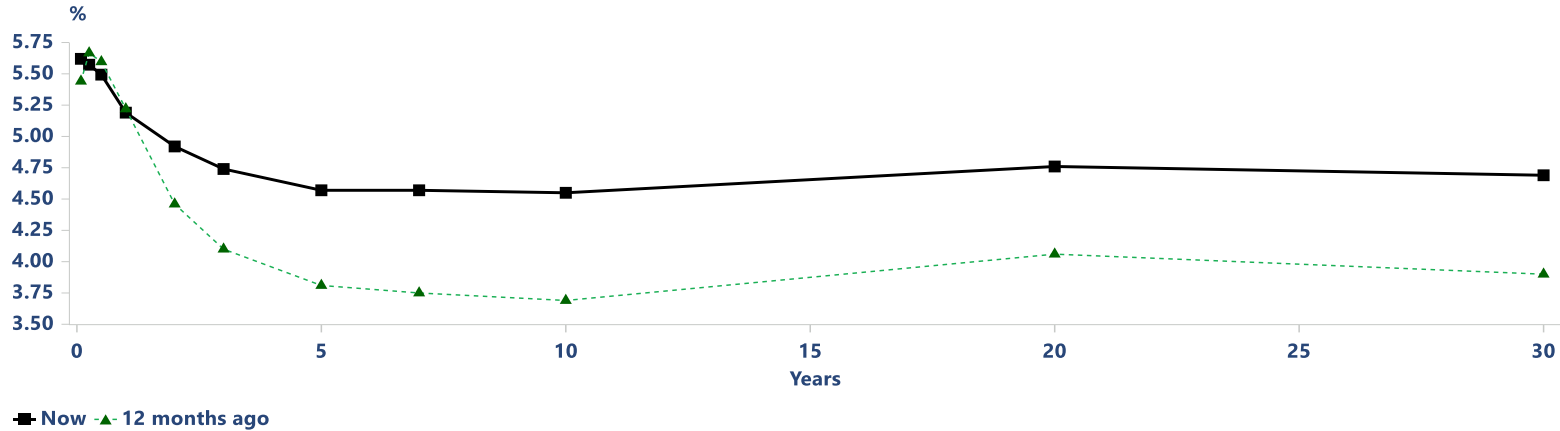
# S&P EARNINGS ESTIMATES



S&P 500 EARNINGS ESTIMATES				CHANGE			
PERIOD	5/31/24	1WK AGO	1MO AGO	1WK %Δ	1WK \$Δ	1MO %Δ	1MO \$Δ
1Q23	\$52.64	--	--	--	--	--	--
2Q23	\$54.09	--	--	--	--	--	--
3Q23	\$58.18	--	--	--	--	--	--
4Q23	\$55.28	--	--	--	--	--	--
1Q24E	\$56.16	\$56.14	\$55.53	0.04%	\$0.02	1.13%	\$0.63
2Q24E	\$59.09	\$59.13	\$59.19	-0.07%	-\$0.04	-0.17%	-\$0.10
3Q24E	\$63.11	\$63.11	\$63.17	0.00%	\$0.00	-0.09%	-\$0.06
4Q24E	\$64.94	\$64.93	\$64.82	0.02%	\$0.01	0.19%	\$0.12
2023	\$218.50	--	--	--	--	--	--
2024E	\$243.32	\$243.37	\$242.70	-0.02%	-\$0.05	0.26%	\$0.62
2025E	\$277.63	\$277.62	\$276.45	0.00%	\$0.01	0.43%	\$1.18

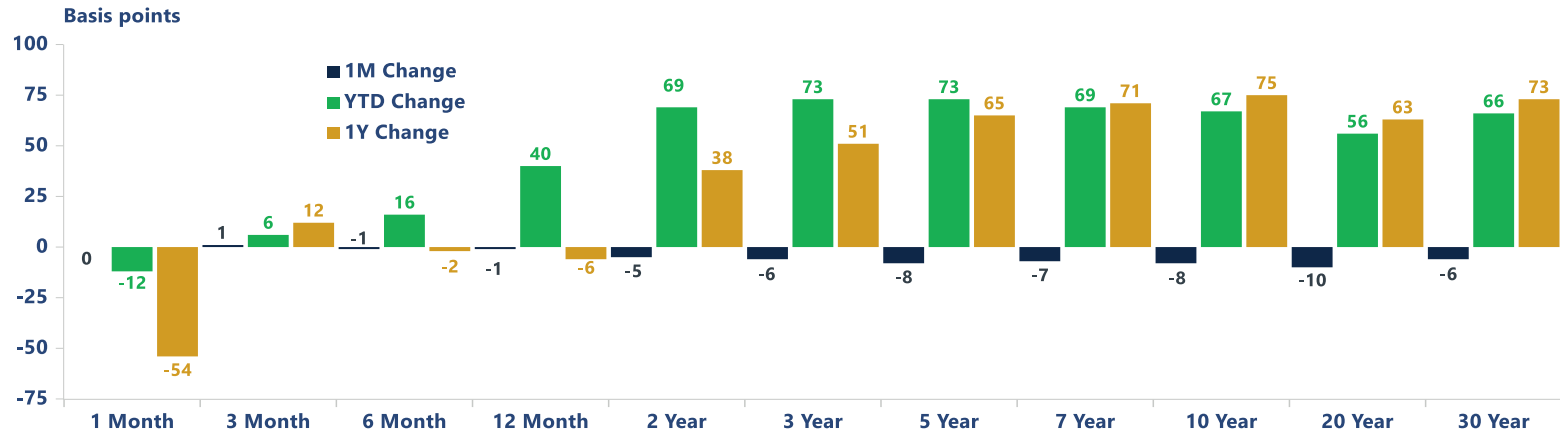
# YIELDS

## US Treasury yield curve



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 5/30/2024

## Yield Curve Shifts



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 5/30/2024

# DISCLOSURES

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