

MARKET WATCH

Market Index	Close	Week	Y-T-D
DJIA	34,299.12	+1.25%	+3.48%
NASDAQ	13,689.57	+3.25%	+30.79%
MSCI-EAFE	2,161.49	+2.42%	+11.19%
S&P 500	4,409.59	+2.58%	+14.85%

Today's Topics

Market Outlook - Key Market Topics to Know This Week

Key Market Levels

Checklist: When a Loved One Passes

Powell Testimony This Week - Federal Reserve Chairman Jerome Powell will appear before both House and Senate committees starting on Wednesday to offer his twice-yearly report on monetary policy and the economy to the House Financial Services Committee and then again to the Senate Banking Committee on Thursday. Investors will watch for any additional clarity on how the path of interest rates will look the rest of the year. The market is still digesting the Fed's hawkish dot plot from last week that projected two more rate increases this year.

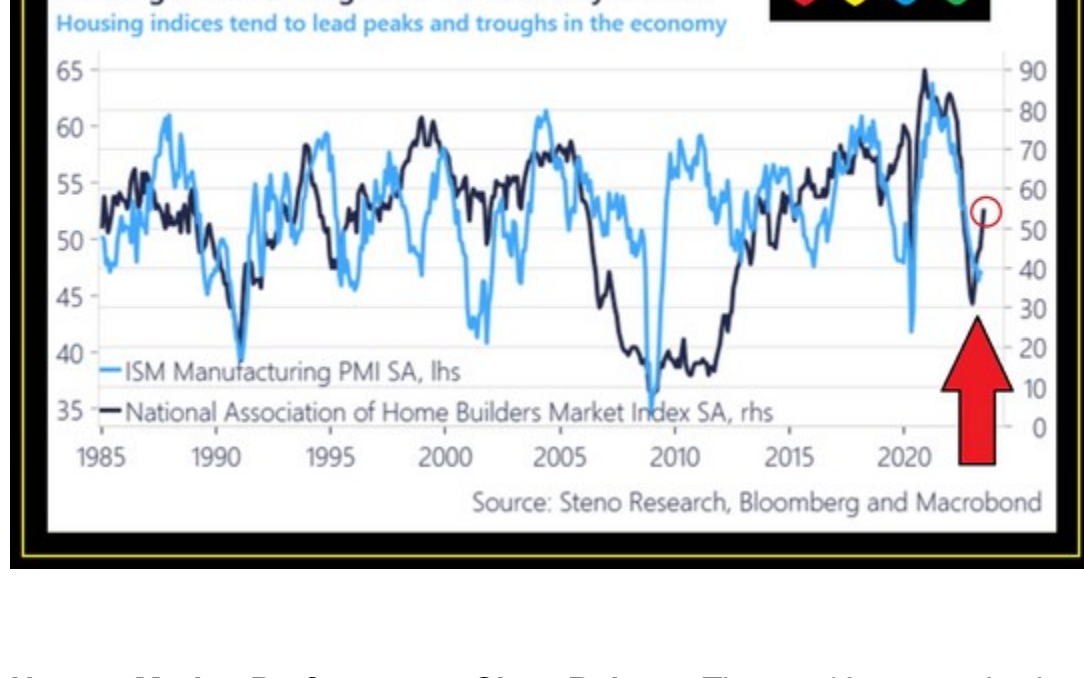
Earnings Season Right Around the Corner – Q2 earnings season is set to begin in about 3-4 weeks and could help decide the market's next move after a strong start to the year. According to FactSet, estimated Q2 earnings are expected to decline -6.4%. If -6.4% is the actual decline for the quarter, it will mark the largest earnings decline reported by the index since Q2 2020 (-31.6%). The forward 12-month P/E ratio for the S&P 500 is 18.5x. This P/E ratio is below the 5-year average (18.6x) but above the 10-year average (17.3x).

Has the Housing Market Bottomed? – There are more and more signs that the US residential housing market has already bottomed. Housing market data this week came in stronger than anticipated and is adding more fuel to the thesis that the worst of the recent housing market struggles may be behind us. High mortgage rates are clearly still a headwind though with the average 30-yr mortgage currently sitting at 6.70%.

Housing Data continued, Chart below – On Monday of this week, the NAHB Home Builders Index for June came in at 55, marking the sixth straight month rise in home builders' confidence. This index has long been used as a leading indicator for the US housing market and broad US economic activity in general (see chart below).



In addition, on Tuesday, data showed US Housing Starts climbed to the highest level in more than a year, the latest sign that demand has strengthened while the supply of previously owned homes remains tight.



Narrow Market Performance, Chart Below – The top 10 companies in the S&P 500 accounted for 11.1% of the 11.30% price return this year according to JPMorgan (see chart below). With that said, encouraging signs have emerged during the last couple of weeks with broader market participation improving. We'll need to see continued outperformance from the 490 stocks going forward though before calling it a trend, but still a positive, nonetheless.

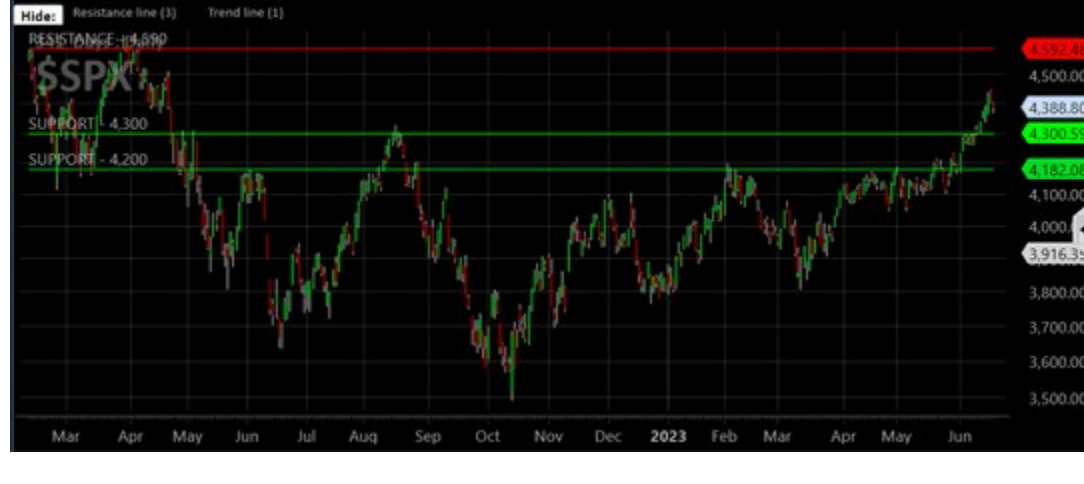
The largest names in the S&P 500 have dominated the index this year

Exhibit 7: YTD, indexed to 100, price return



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Top 10 stocks include: AAPL, MSFT, AMZN, NVDA, GOOGL, BRKB, GOOG, META, XOM, UNH and TSLA. Data are as of June 5, 2023.

MARKET SUPPORT



The next level of resistance to watch for the S&P 500 on the upside is at 4,590.

The next levels of support to watch for the S&P 500 on the downside are at around 4,300 and 4,200.

These are key technical levels we look for the market to either hold or push through when look at the potential for future moves. Common support levels can be the 50- and 200-day moving averages as well as other technical levels such as previous market highs or lows.

WHAT WE ARE WATCHING

The following economic data is slated to be released this week:

Monday: Markets closed for Juneteenth National Independence Day, NAHB Home Builders Index (June)

Tuesday: Housing Starts (May)

Wednesday: Fed Chair Powell testifies to House Panel

Thursday: Weekly Initial Jobless Claims, Existing Home Sales (May), US Leading Economic Index (May)

Friday: --

CHECKLIST



An overview of some fundamental steps when a loved one passes.

[Learn More](#)

Craig Johlfs, CFP®, MBA

craig.johlfs@jpl.com

303-626-2446

Johlfs Financial Group

President

<http://www.johlfsfg.com/>

