

MARKET WATCH

Market Index	Close	Week	Y-T-D
DJIA	33,762.76	+2.02%	+1.86%
NASDAQ	13,240.77	+2.04%	+26.51%
MSCI-EAFE	2,070.06	-0.52%	+6.49%
S&P 500	4,282.37	+1.83%	+11.53%

Today's Topics

Market Outlook - Key Market Topics to Know This Week

Key Market Levels

This Week / What We Are Watching

Estate Spotlight + Videos

Back to a June Fed “Pause” – Fed Funds futures markets can’t make up their mind about what the Fed will do at its June 14th FOMC meeting regarding interest rate hikes. Late last week, the futures market again flipped to now *not* expecting a rate hike at the June meeting. The flip came after a Wall Street Journal article that said the future pending Fed Vice Chairmain, Philip Jefferson, would prefer a June rate hike “skip” to see how past hikes are flowing through the financial system. The use of the word “skip” is signaling to markets that a rate hike will likely then come in July if not the June meeting.

S&P Index Target levels and Comments from LPL Research – LPL’s Research Team made a couple of important market calls as of late so I thought I would include them in this week’s newsletter:

- (June 7th 2023): “The elephant in the room is that recession still appears more likely than not to us in the next 6 to 12 months. If we assume recession is forthcoming, though it will likely be short and shallow, history suggests stocks are unlikely to make much headway over the balance of 2023. As shown in the chart below, stocks tend not to gain much, if at all, in the months leading up to an official recession.”

Lackluster Stock Market Performance Ahead of Recessions

S&P 500 Index Gains/Losses Before Start of Recessions (since 1973)				
Recession Start Date	Recession End Date	12 Months Before	6 Months Before	3 Months Before
11/30/1973	3/31/1975	-17.8	-8.6	-8.0
1/31/1980	7/31/1980	14.2	10.0	12.1
7/31/1981	11/30/1982	7.6	1.1	-1.4
7/31/1990	3/31/1991	2.9	8.2	7.7
3/31/2001	11/30/2001	-22.6	-19.2	-12.1
12/31/2007	6/30/2009	3.5	-2.3	-3.8
2/29/2020	4/30/2020	6.1	1.0	-6.0
Mean:		-0.9	-1.4	-1.6
Median:		3.5	1.0	-3.8

Source: LPL Research, Ned Davis Research 06/06/23
Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

- (June 2nd 2023): “At a forward price-to-earnings ratio (P/E) of 18, S&P 500 valuations are no higher than they were at the August 2022 or February 2023 highs. But an 18 P/E is about 2 points higher than the long-term average. Take out the six biggest market cap companies in the index (mega-cap tech) and that P/E drops to a more reasonable number at roughly 14.”

Commercial Real Estate Outlook Cloudy - Moody’s reported that US commercial real estate prices fell for the first time in more than a decade during the first quarter, though the fall was less than 1%. The decline was led by drops in multifamily residences and office buildings. (Source: Hartford Funds, Bloomberg: 6/4/23)

2023 Earnings Estimates - For the first quarter of 2023, the S&P 500 Index had an earnings decline of -2.2% year-over-year, the second consecutive quarter of decline. Despite the drop, analysts are still projecting positive earnings growth of 1.3% for the full calendar year. (Source: Hartford Funds, FactSet: 6/4/23)

MARKET SUPPORT



The next level of resistance to watch for the S&P 500 on the upside is at 4,300.

The next levels of support to watch for the S&P 500 on the downside are at around 4,200 and 4,100.

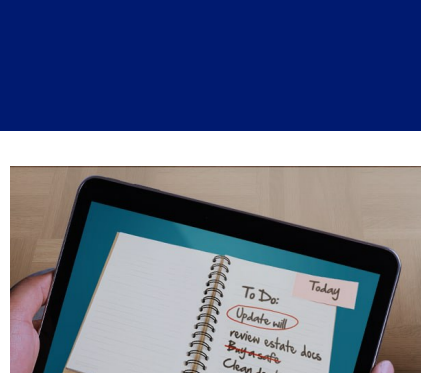
These are key technical levels we look for the market to either hold or push through when look at the potential for future moves. Common support levels can be the 50- and 200-day moving averages as well as other technical levels such as previous market highs or lows.

WHAT WE ARE WATCHING

The following economic data is slated to be released during the week ahead:

- Monday:** ISM Services Index (May)
- Tuesday:** --
- Wednesday:** Consumer Credit (May)
- Thursday:** Weekly Initial Jobless Claims
- Friday:** --

ESTATE SPOTLIGHT



Estate Management 101

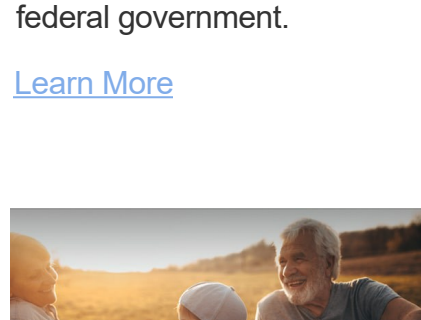
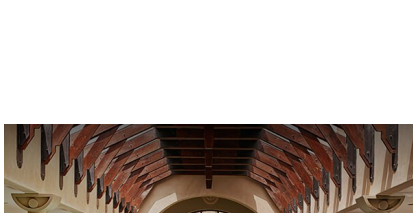
A will may be only one of the documents you need—and one factor to consider—when it comes to managing your estate.

[Learn More](#)

A Brief History of Estate Taxes

Federal estate taxes have long since been a lucrative source of funding for the federal government.

[Learn More](#)



Are You Prepared for an Estate Tax Sunset?

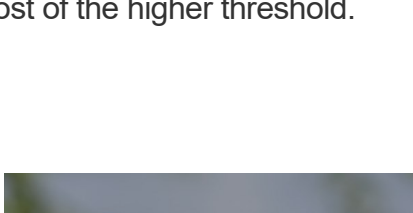
The federal estate tax exemption sunsets in 2025. Learn more about what to do to make the most of the higher threshold.

[Learn More](#)

Leaving Your Lasting Legacy

Want to do more with your wealth? You might want to consider creating a charitable foundation.

[Learn More](#)



Craig Johlfs, CFP®, MBA
craig.johlfs@lpl.com
303-626-2446

Johlfs Financial Group
President

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

