

Cash Flow and Carey



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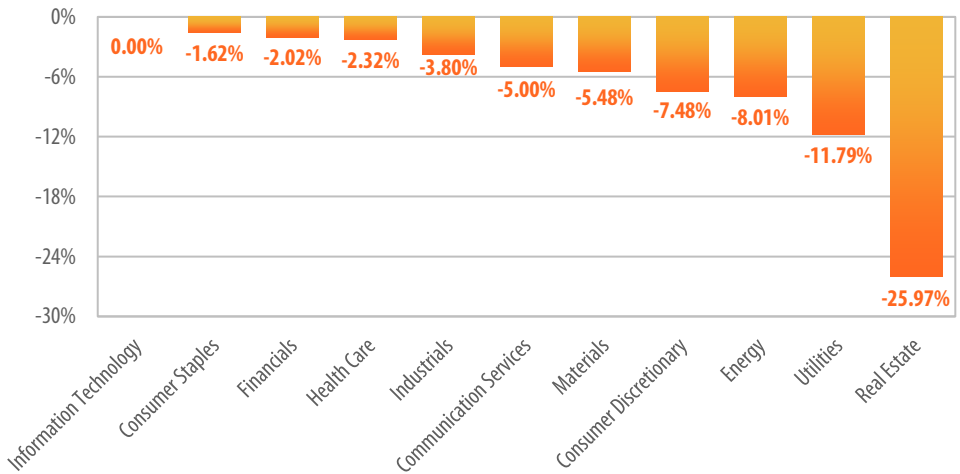


This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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S&P 500 Stock Prices Relative To Their All-Time Highs

S&P 500 Index Sectors (Average Stock % From All-Time High)



Source: Bloomberg. As of 7/5/24. Past Performance is no guarantee of future results.

View from the Observation Deck

A myriad of factors, including strong earnings growth, developments in Artificial Intelligence (AI), and expectations regarding the direction of U.S. monetary policy, sent the S&P 500 Index ("Index") surging by 17.57% on a total return basis year-to-date (YTD) through 7/5/24. Ten of the eleven sectors that comprise the Index are positive over the same period. The Index closed at a record 5,567.19 on 7/5/24, notching its 34th record high of the calendar year so far. This begs the question: where do each of the eleven sectors stand with regard to their respective all-time highs?

As revealed by the chart above, nine of the 11 sectors that comprise the Index were within ten percentage points of their all-time highs as of 7/5/24. Six of those nine sectors (Energy, Financials, Health Care, Industrials, Information Technology, and Materials) set new all-time highs in 2024.

- Excluding the Information Technology sector, which set its all-time high on the day we pulled this dataset, the Consumer Staples sector was closest to its all-time high (-1.62%), which was set on 4/20/22. At -25.97%, Real Estate was furthest from its all-time high which was set on 12/31/21. Communication Services and Financials, the second-and-third best performing sectors in the Index YTD, stood -5.00% and -2.02%, respectively, below their all-time highs.
- As of 7/5/24, 298 stocks in the S&P 500 Index (currently 503) had positive returns on a price-only basis in 2024, down from a total of 332 when we last posted on this topic on 3/21/24, according to data from Bloomberg. For comparison, 329 stocks had positive price returns in 2023, up from 146 in 2022.
- A Bloomberg survey of 20 equity strategists found that their average year-end price target for the S&P 500 Index was 5,312 as of 6/18/24, up from 4,962 as of 3/19/24. The highest current estimate was 6,000, while the lowest was 4,200.

Takeaway

The S&P 500 Index has risen to a new all-time high on 34 separate occasions so far this year (thru 7/5/24). In total, six of the 11 sectors that comprise the Index set record highs in 2024. In our view, persistent earnings and revenue growth combined with rapid implementation of new technologies (AI) catapulted equity valuations to new heights. Strategists are scrambling to update their targets. In a recent survey, 20 equity strategists forecast an average year-end price target of 5,312 for the S&P 500 Index (up from 4,962 in March 2024). That said, the Index closed at 5,567.19 on 7/5/24, 4.58% higher than these recent estimates. We'll leave it to the pundits to debate the day-to-day direction of equity markets. From our perspective, investors with a long-term view should take comfort in the fact that given enough time, equity markets have never failed to produce new highs.