



MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: **July 26, 2024**

601 California Street, Suite 200, San Francisco, CA 94108

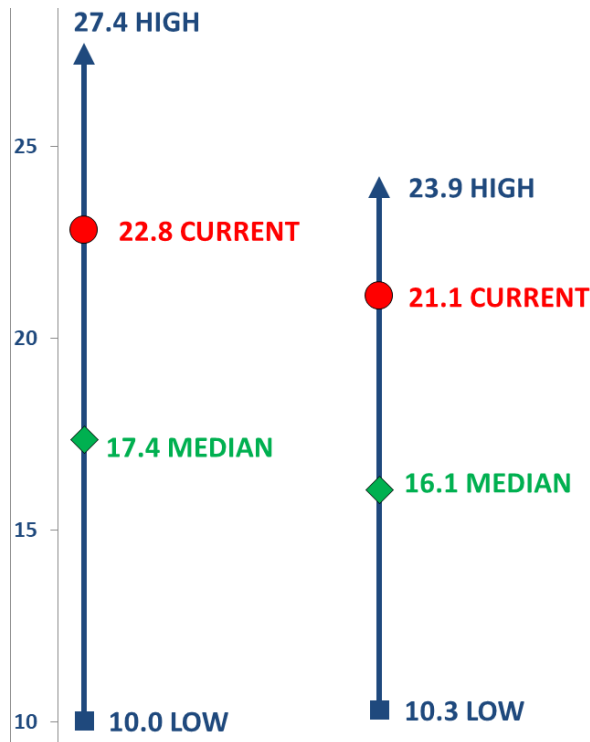
Phone: 415-217-5800 | Fax: 415-217-5809 | www.mainmgt.com

EXECUTIVE SUMMARY

S&P 500 P/E RATIO

TRAILING
1/00 – 6/24

FORWARD
9/99 – 6/24



Core PCE came in above forecasts at +0.2% M/M. It inched up to +2.63% Y/Y, but that's still basically at the recent lows. Incomes rose +0.2% M/M as well, missing forecasts for 0.4%, while Consumer Spending was in line at +0.3% M/M.



The 1st estimate of Q2 2024 U.S. GDP came in at 2.8% annualized, solidly above forecasts for a 2% rise. It was driven by Consumer Spending, which rose +2.3%, accelerating from Q1's +1.5% pace.



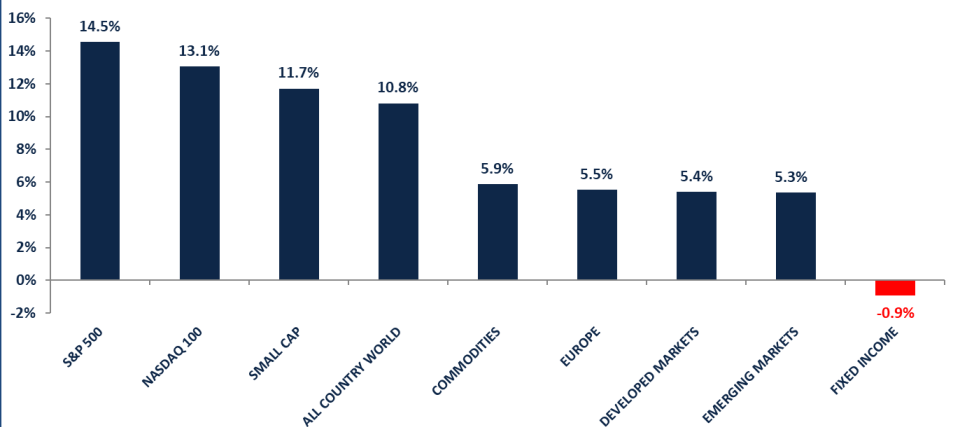
Existing Home Sales fell -5.4% M/M in June to 3.89mil units, below forecasts and the slowest since Dec. 2023. New Home Sales declined to 617k units, the slowest since Nov. 2023. Supply is increasing as sales are slowing.

CONTENTS

Performance, Recession, Inflation & Valuations.....	4
Of Note This Week.....	8
Income & Spending.....	9
Q2 2024 U.S. GDP.....	13
Housing Market.....	17
Earnings Estimates & Yield Curve.....	21

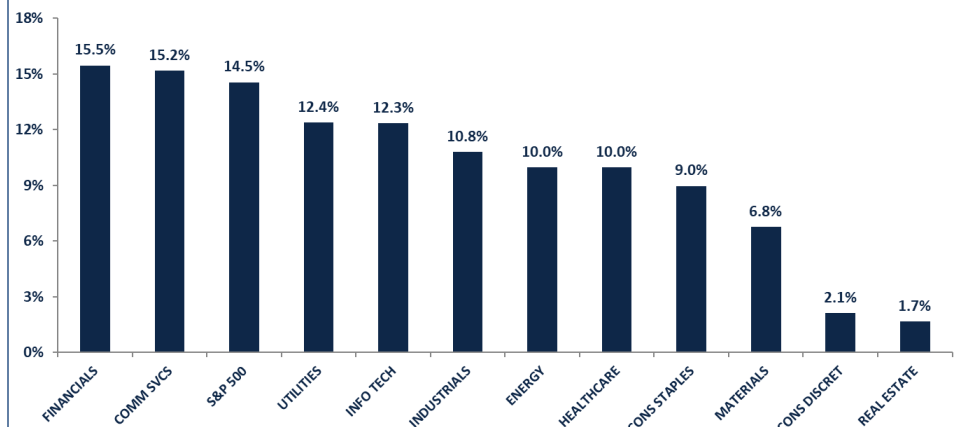
PERFORMANCE

YTD 2024 ETF BROAD INDEX PRICE PERFORMANCE THROUGH JULY 26



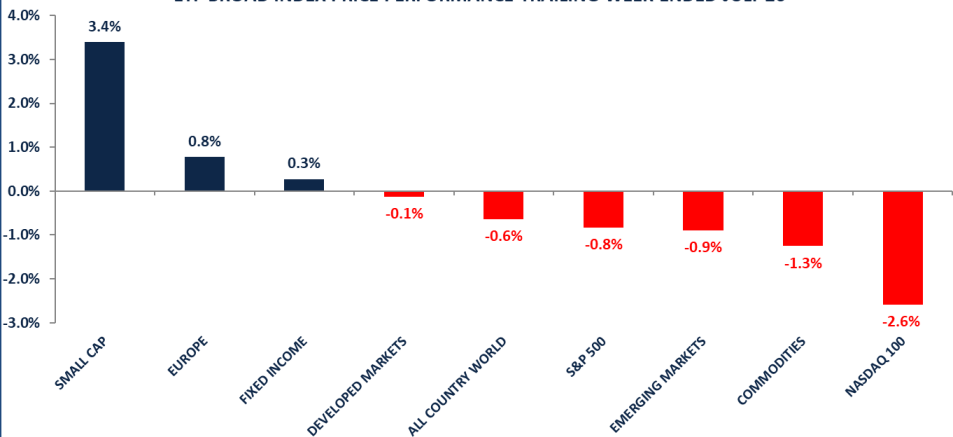
FactSet financial data and analytics MAIN

YTD 2024 ETF SECTOR PRICE PERFORMANCE THROUGH JULY 26



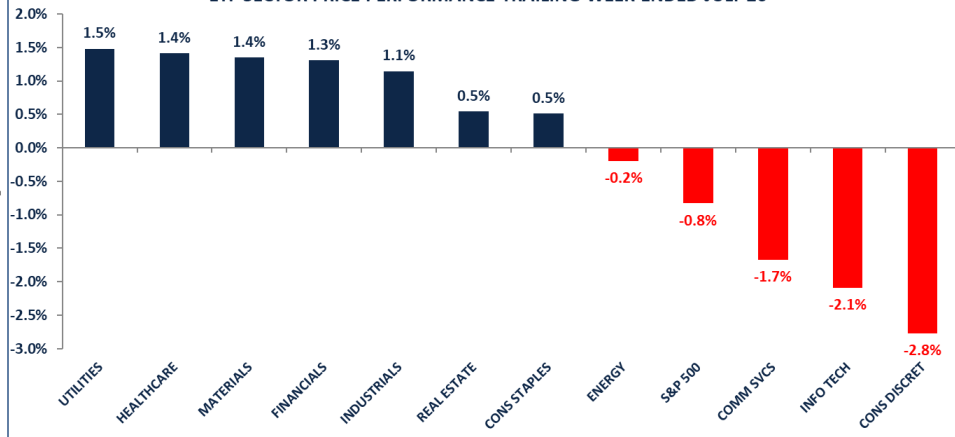
FactSet financial data and analytics MAIN

ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED JULY 26



FactSet financial data and analytics MAIN

ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED JULY 26



FactSet financial data and analytics MAIN

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	↑	↑	↔	↔	↑	↔	↑	↔	↔
JULY 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

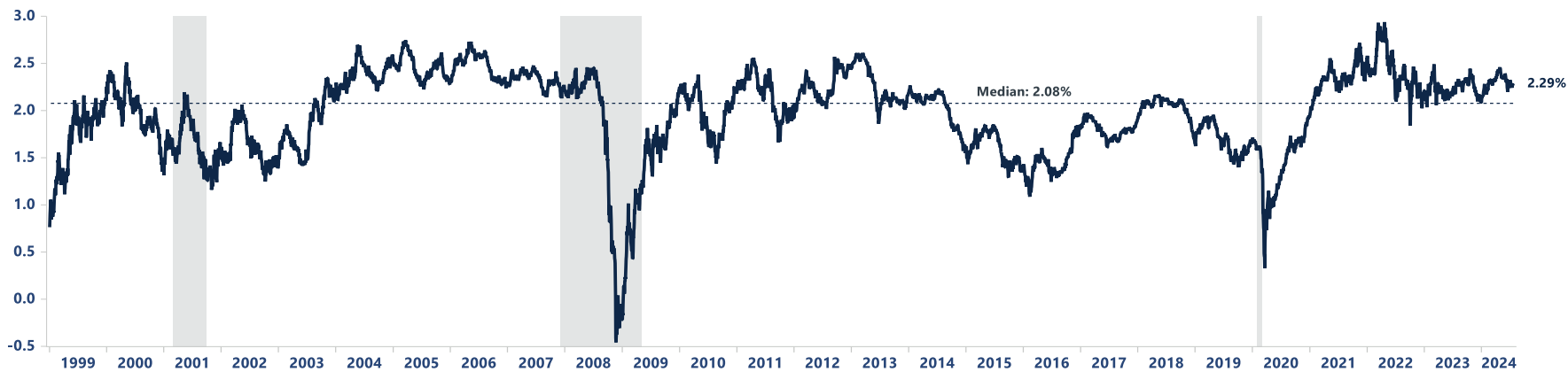
↑ Positive
↔ Neutral
↓ Negative

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

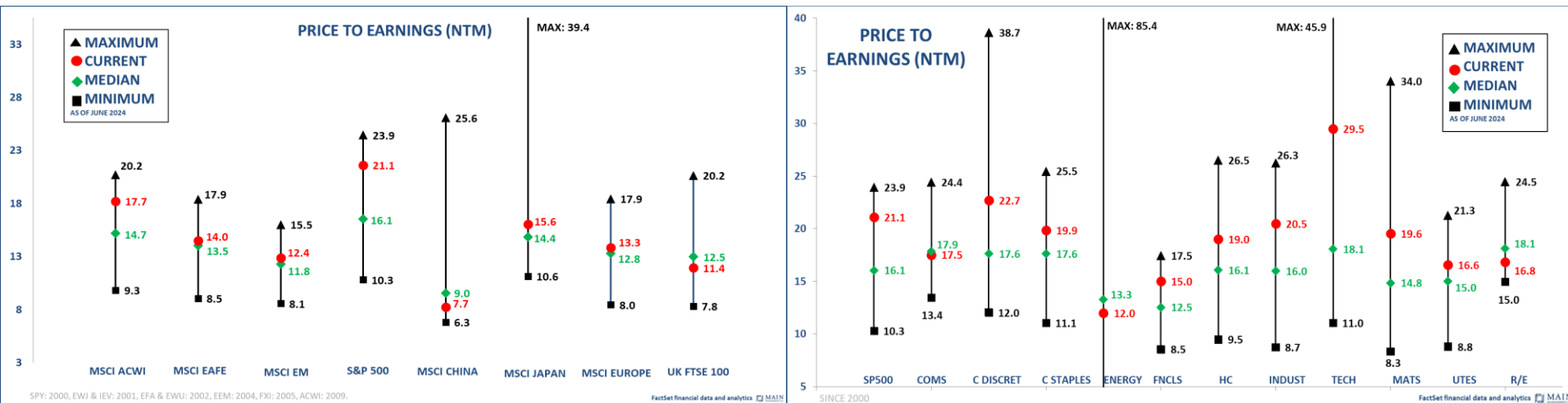
Source: Main Management, U.S. Treasury, Fed, Macrobond. Data last updated: 7/26/2024

Commodity	1 Month	3 Months	YTD ↓	1 Year
Bitcoin	9.1%	2.3%	56.2%	125.4%
Coffee	-1.4	2.7	24.6	44.0
Gasoline	-1.7	-9.8	17.4	-14.8
Silver	-5.7	1.8	16.6	13.8
Gold	1.3	2.1	14.6	21.0
Crude Oil	-3.6	-4.9	10.3	0.4
S&P GSCI	-3.6	-4.4	7.8	2.1
Copper	-5.4	-6.7	6.5	6.2
US Dollar (DXY)	-1.1	-1.4	2.9	3.0
BBG Commodity Index	-5.6	-5.8	-1.9	-10.1
Lumber	9.9	1.1	-7.1	-6.5
Soybeans	-5.0	-4.3	-13.7	-26.7
Corn	-6.3	-7.3	-13.8	-27.6
Cotton	-5.7	-15.5	-17.0	-21.5
Natural Gas	-27.4	23.5	-18.8	-24.0

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 7/25/2024

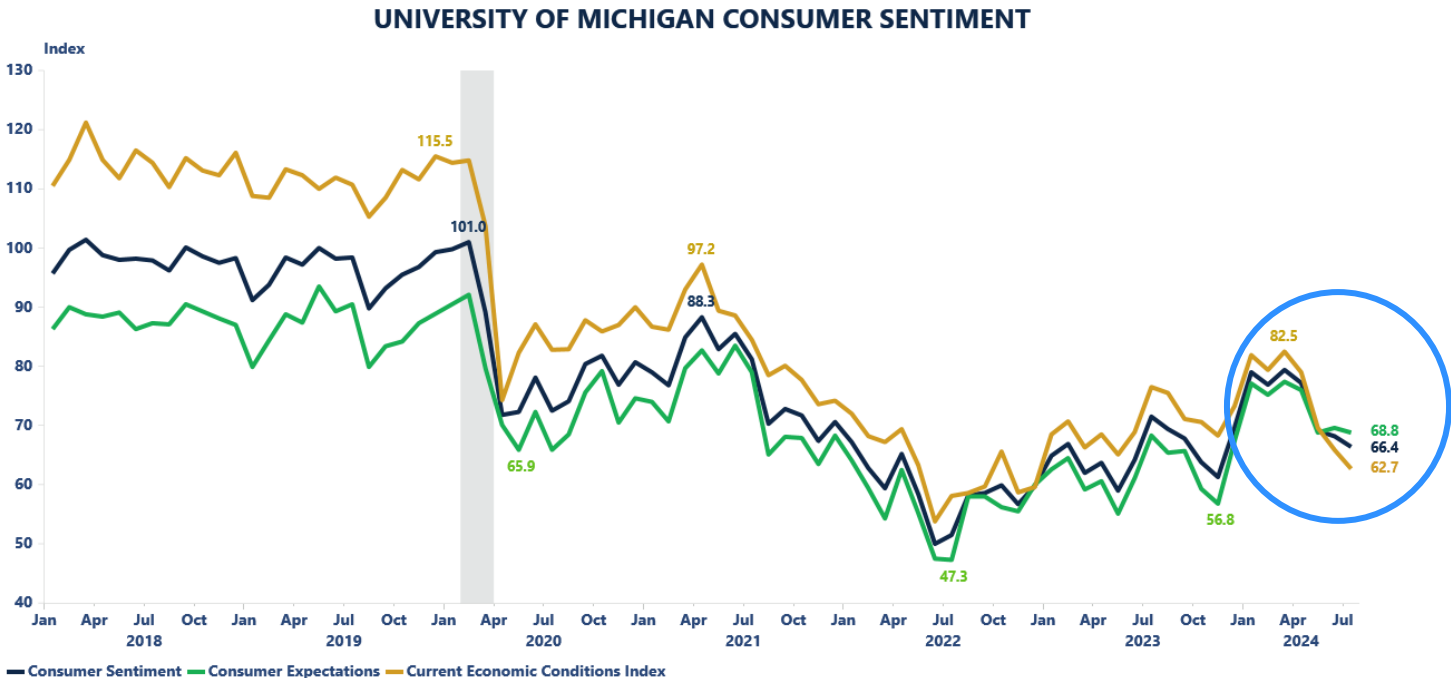
VALUATIONS

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

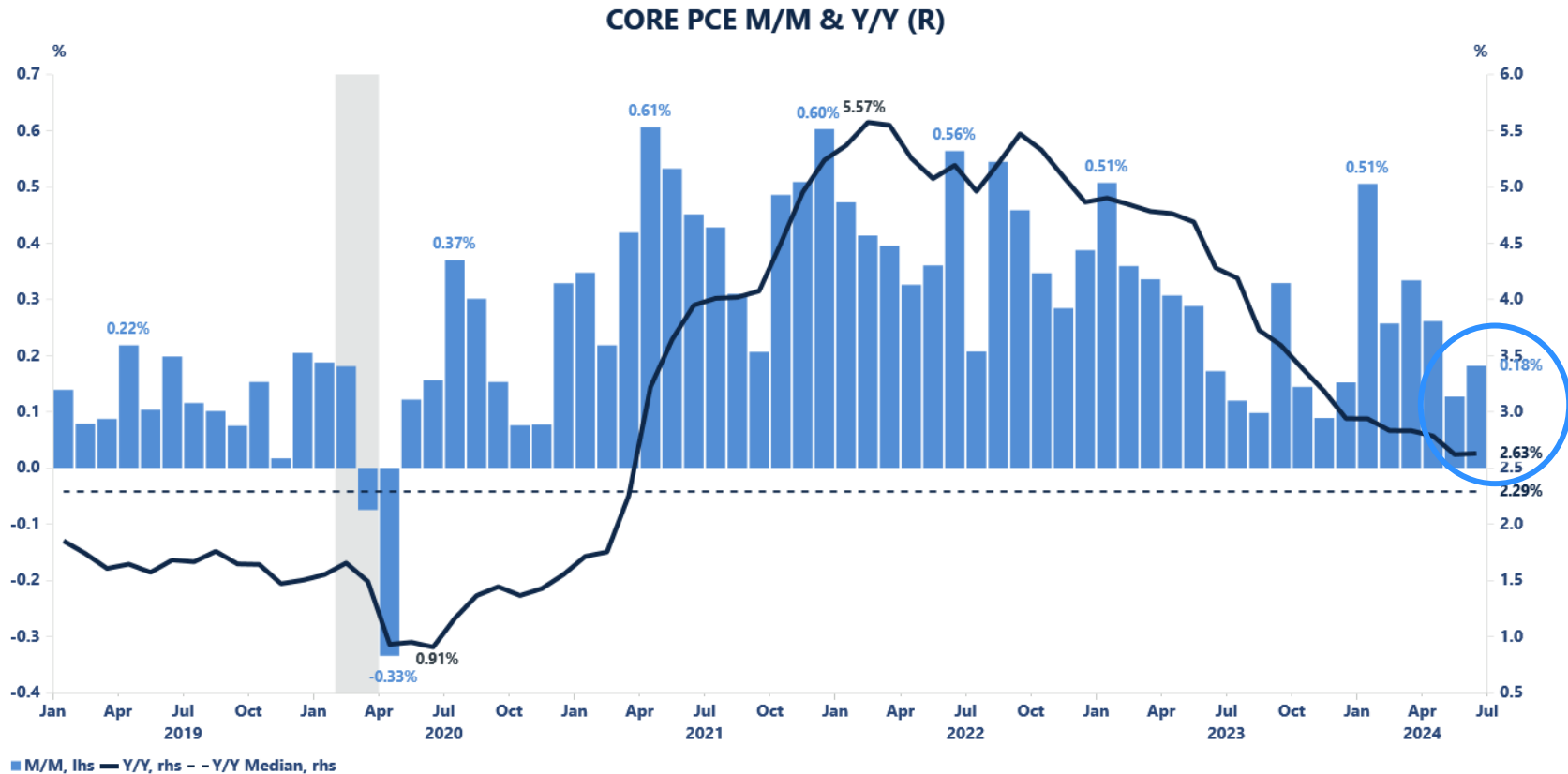
The final reading of University of Michigan Consumer Sentiment came in at 66.4 for the headline index, an upward revision from the preliminary reading of 66.0 but still the lowest in 8 months. Consumer Expectations were revised up to 68.8 from 67.2 while Current Economic Conditions were revised lower to 62.7, the lowest since December 2022. Sentiment continues to be depressed.



Source: Main Management, University of Michigan, Macrobond

INCOME & SPENDING

The Fed's preferred inflation measure, Core PCE, accelerated to +0.18% M/M in June, above forecasts for a +0.1% reading. The Y/Y figure ticked up slightly to +2.63% but that's still basically at the lowest level since March 2021!



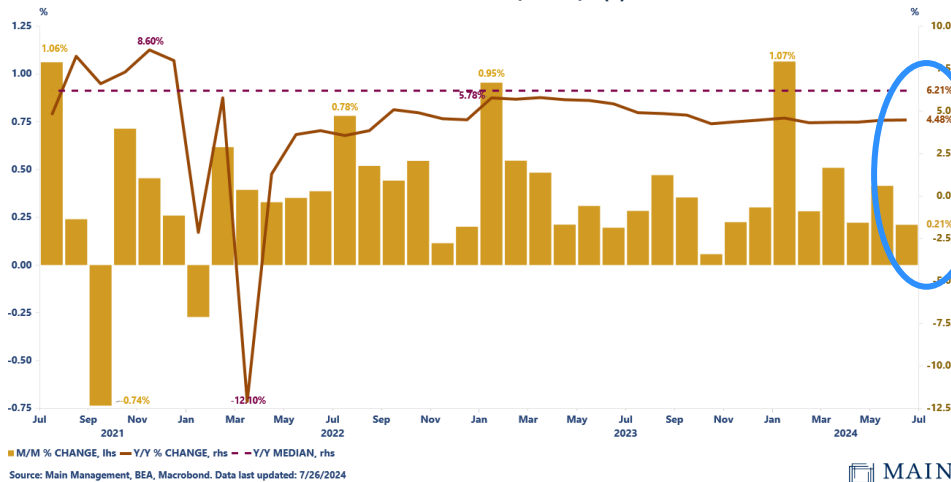
Source: Main Management, BEA, Macrobond. Data last updated: 7/26/2024

INCOME & SPENDING

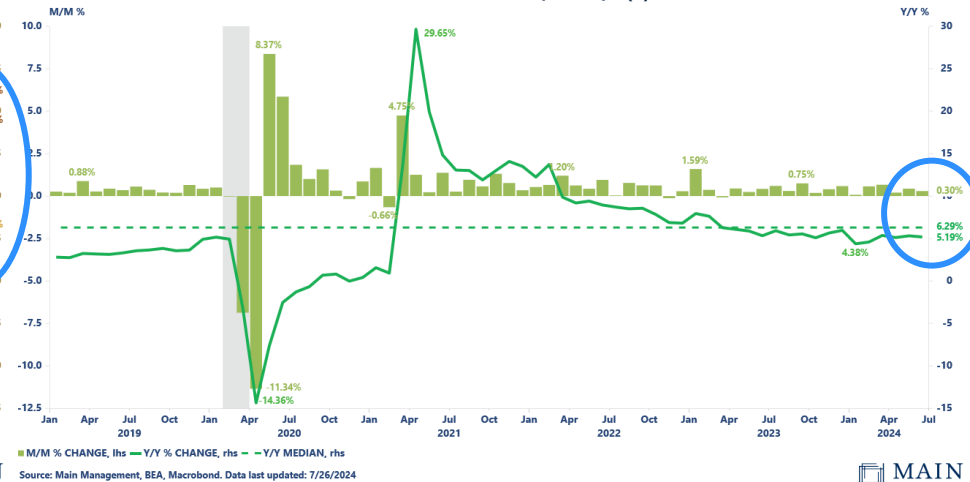
Personal Income (left) posted a +0.21% M/M rise, half of forecasts for a +0.4% gain. They were basically unchanged on a Y/Y basis at +4.48%. The Y/Y figure hasn't been above the long-term median of 6.21% since Dec. 2021.

Consumer Spending (right) came in at +0.30% M/M, in line with expectations. It too was basically unchanged on a Y/Y basis at 5.19%, also below its long-term median. Consumer Spending has continued to plod ahead and hasn't posted a negative monthly reading since March 2023.

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



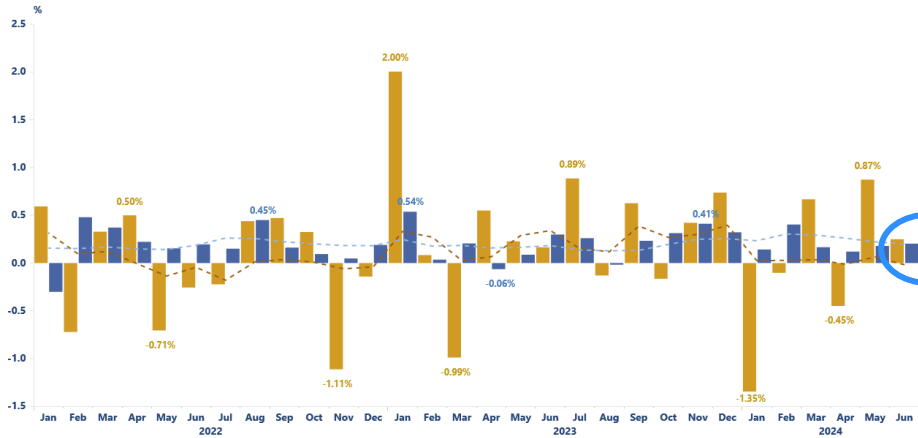
CONSUMER SPENDING M/M & Y/Y (R)



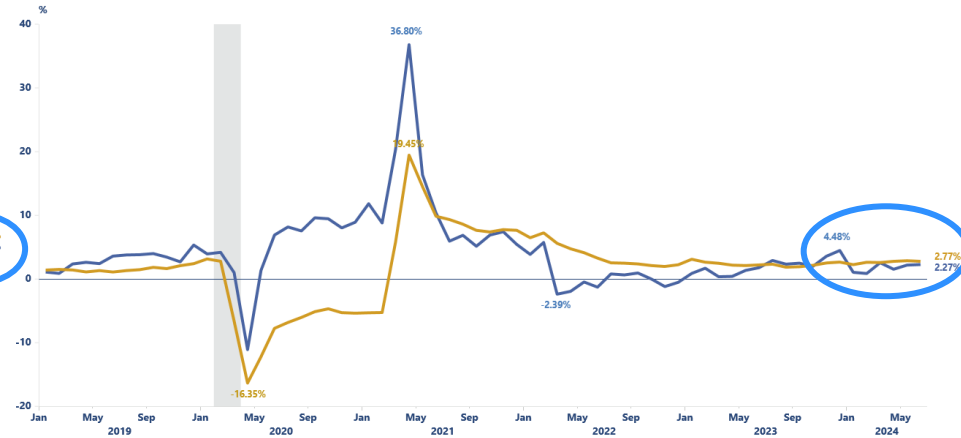
INCOME & SPENDING

Personal Consumption Expenditures for Goods rose +0.25% M/M, down from May's big +0.87% rise. Services PCE accelerated to +0.20% M/M from +0.18% in May. On a year-over-year basis (right), Goods are up +2.27% and Services are up +2.77%, both trending sideways for quite a while now.

PCE: GOODS & SERVICES M/M



PCE: GOODS & SERVICES Y/Y



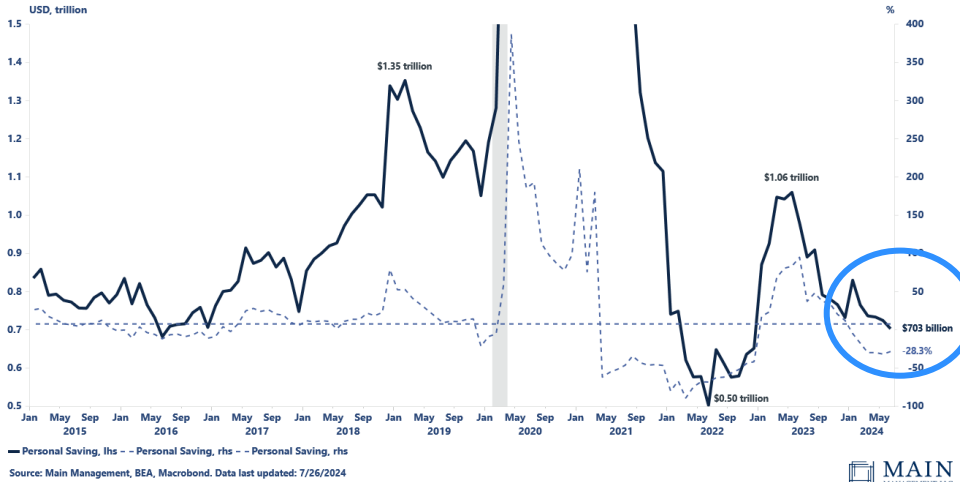
Source: Main Management, BEA, Macrobond. Data last updated: 7/26/2024

Source: Main Management, BEA, Macrobond. Data last updated: 7/26/2024

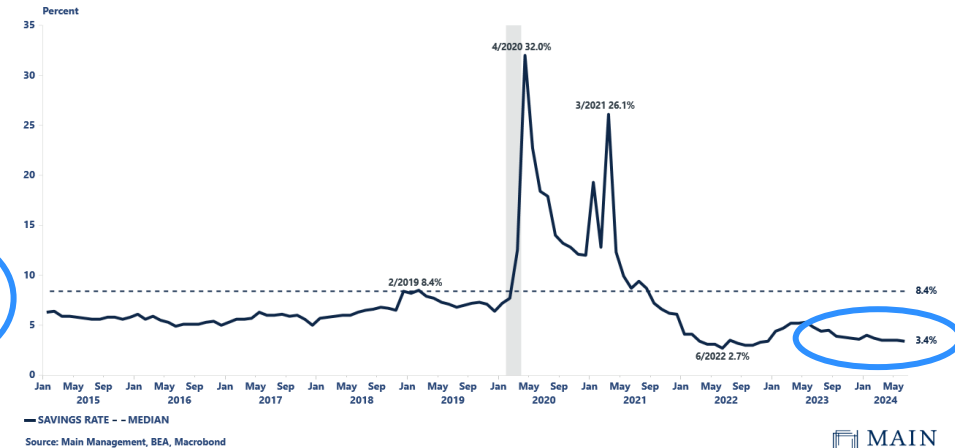
INCOME & SPENDING

Personal Savings (left) declined to \$703b, the lowest level since December 2022. Savings are down -28.3% from a year ago but that Y/Y figure might be bottoming out. The \$ decline will fuel the rhetoric that the consumer is burning through savings to fund spending, but that's been the story for quite a while now and has yet to really materialize. The Savings Rate (right) ticked down to 3.4% in June, the lowest since December 2022 as well and less than half the median of 8.4%.

PERSONAL SAVINGS & Y/Y (R)



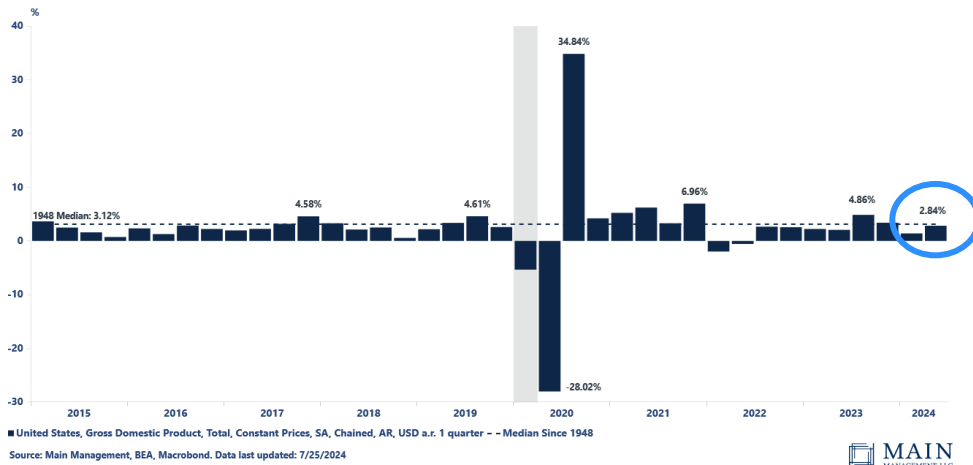
US PERSONAL SAVINGS RATE



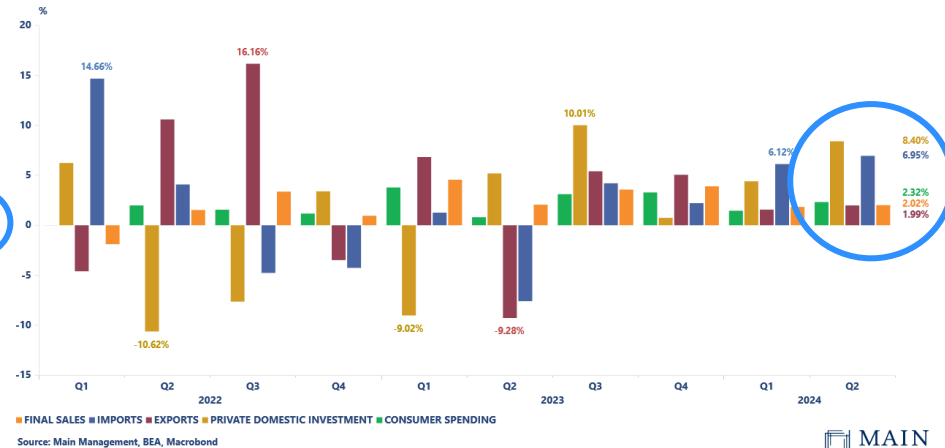
Q2 2024 U.S. GDP

The 1st estimate of Q1 2024 U.S. GDP came in at 2.84% Q/Q annualized (left), well above forecasts for a 2% reading. Looking through at the components, Private Domestic Investment led the way posting a solid +8.40% gain, followed by Imports at +6.95%. Consumer Spending came in at 2.32%, accelerating from 1.5% in Q1, then Final Sales at 2.02%, and lastly Exports +1.99%. This is the 4th quarter in a row where all of these components have been positive.

Q2 2024 U.S. GDP Advance Estimate
U.S. Real GDP Q/Q Annualized



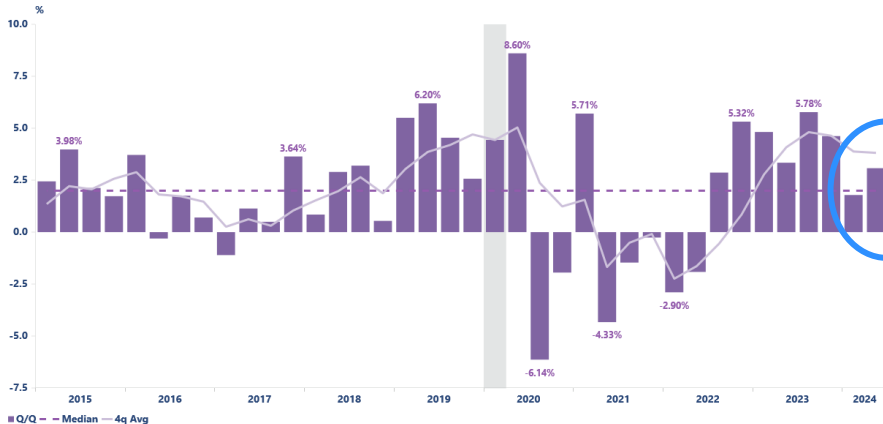
GDP COMPONENTS Q/Q ANNUALIZED



Q2 2024 U.S. GDP

Government Spending (left) continues to be robust, posting a +3.08% Q/Q rise in Q2, accelerating from Q1's +1.79% rise. That marks 8 straight gains for Government Spending and 7 out of the last 8 have been above the long-term Q/Q median of 2.0%. Consumer Spending on Goods rebounded to +2.52% in Q2, reversing Q1's -2.26% decline. Spending on Services slowed slightly to +2.23%.

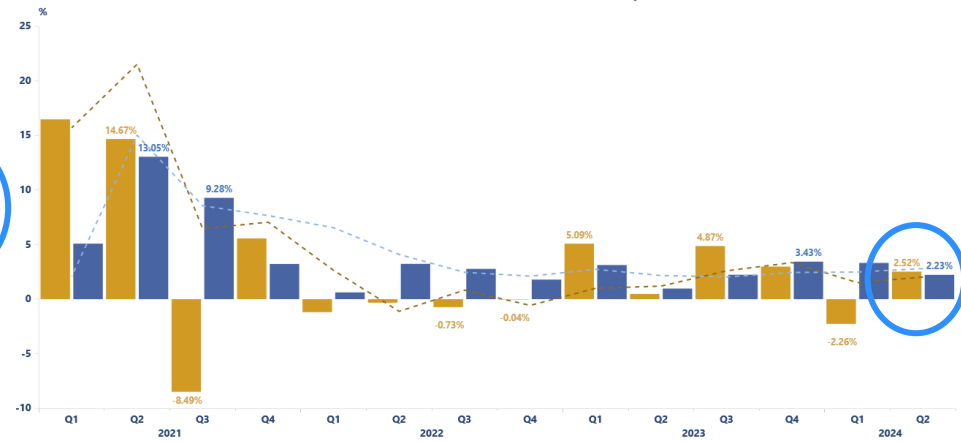
GOVERNMENT SPENDING Q/Q ANNUALIZED



Source: Main Management, BEA, Macrobond



REAL CONSUMER SPENDING: GOODS & SERVICES Q/Q ANNUALIZED



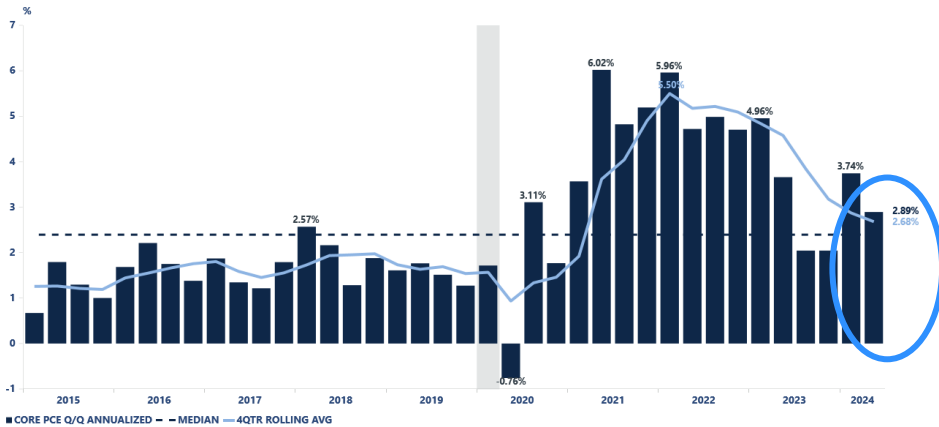
Source: Main Management, BEA, Macrobond. Data last updated: 7/25/2024



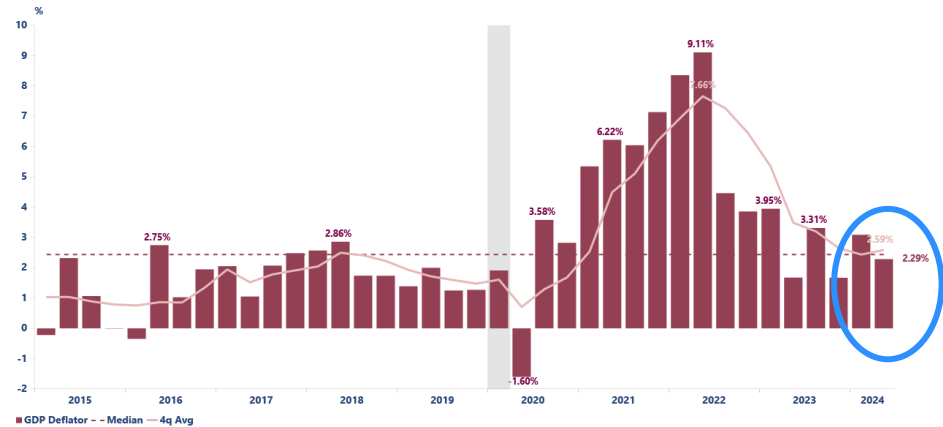
Q2 2024 U.S. GDP

While GDP growth came in above forecasts, so did inflation. Real Core PCE decelerated to +2.89% Q/Q annualized, above forecasts for a 2.7% reading. The 4qtr average continued lower to 2.68%, its lowest since Q1 2021. In the same breath, the GDP Deflator slowed to 2.29% Q/Q annualized but its 4qtr average accelerated slightly to 2.59%.

REAL CORE PERSONAL CONSUMPTION EXPENDITURES



GDP DEFLATOR Q/Q ANNUALIZED



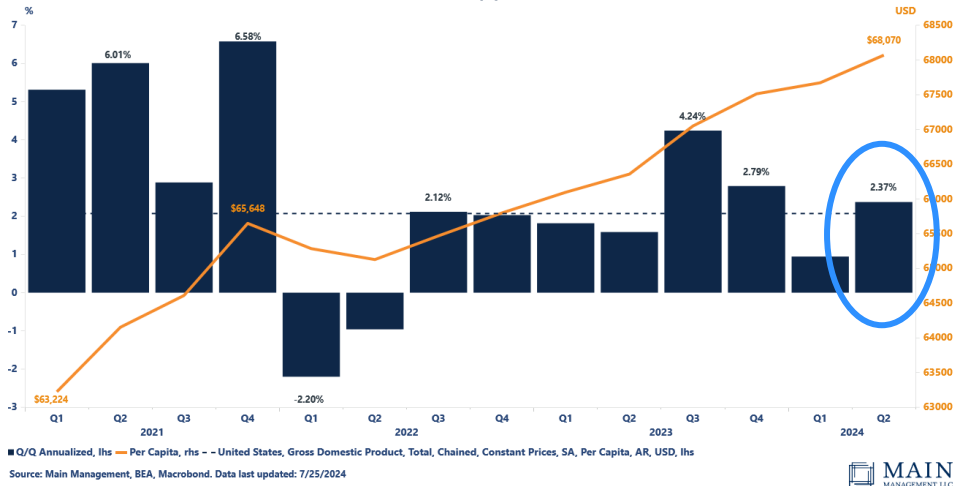
Source: Main Management, BEA, Macrobond

Source: Main Management, BEA, Macrobond

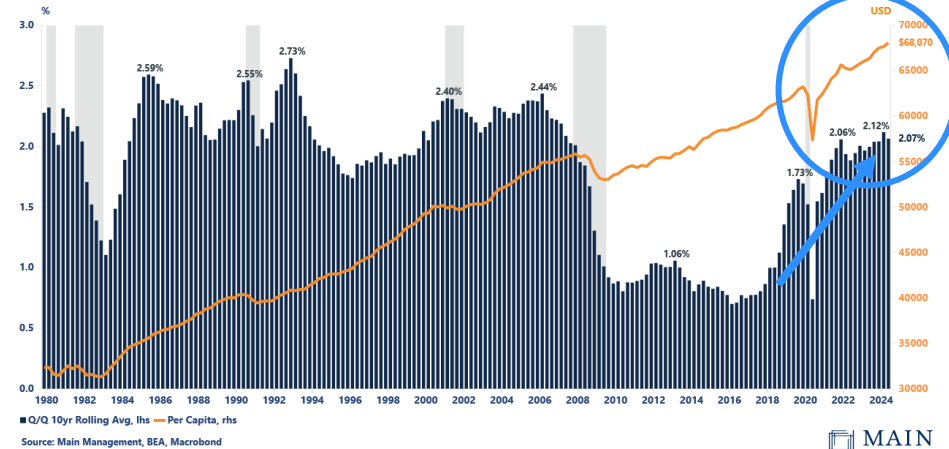
Q2 2024 U.S. GDP

On the left, we show GDP per Capita which accelerated to +2.37% Q/Q annualized and rose to a new all-time high at \$68,070. On the right, we show the 10-year rolling average of that Q/Q figure, which slowed slightly to 2.07% from 2.12% in Q1, but remains in the uptrend we've been in since covid and is still the 2nd highest reading since Q2 2007!

US REAL GDP PER CAPITA (R) AND Q/Q ANNUALIZED

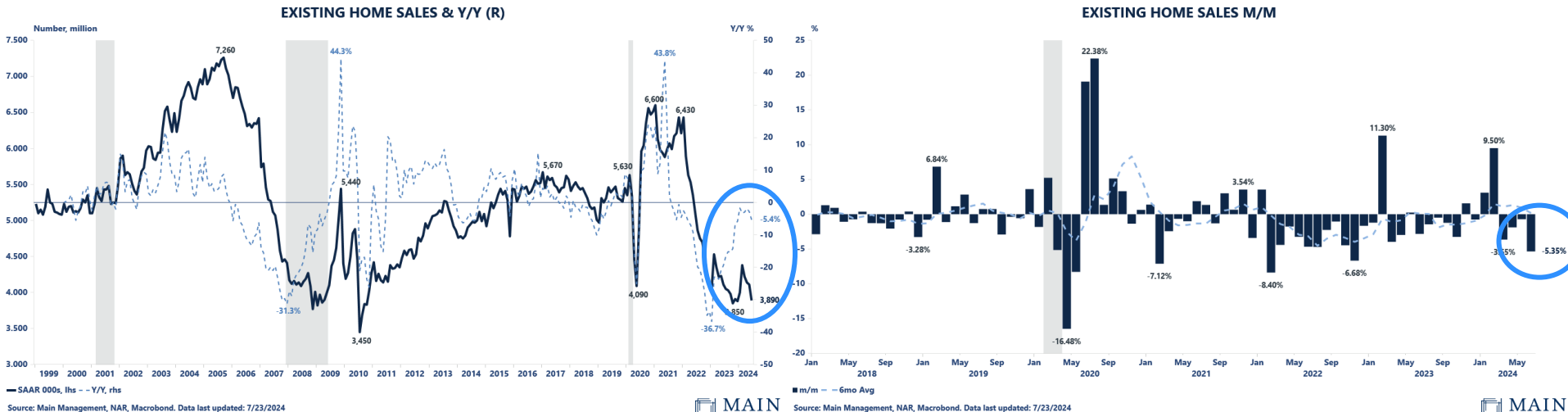


US REAL GDP PER CAPITA - 10YR ROLLING AVERAGE Q/Q ANNUALIZED



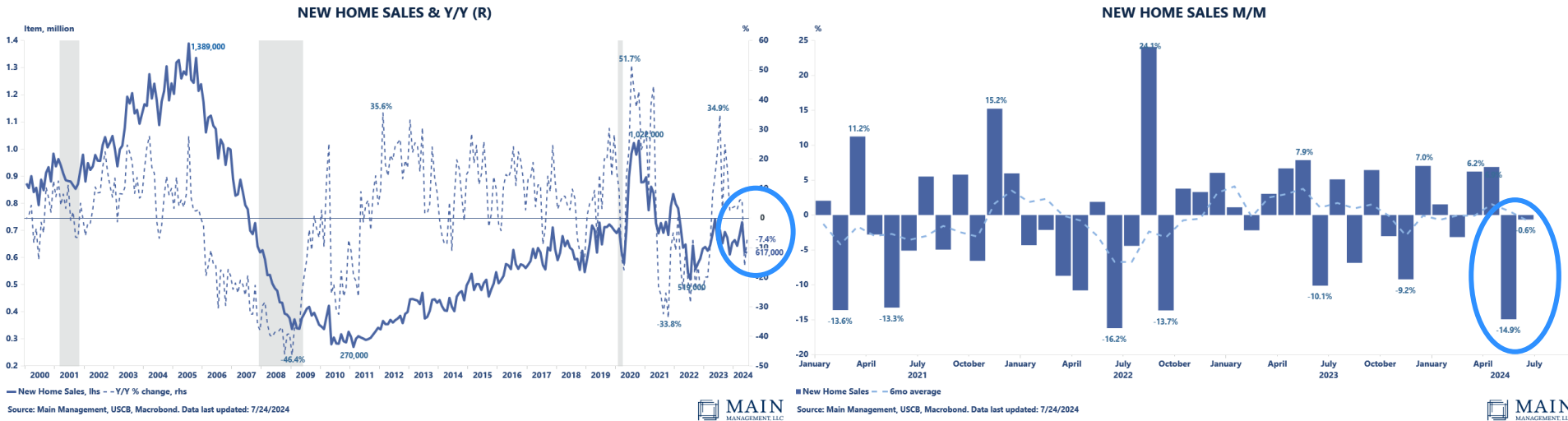
HOUSING MARKET

Existing Home Sales slowed to 3.89mil units SAAR (left) in June, the slowest rate since December 2023. On a Y/Y basis, they decelerated to -5.4%. Month-over-month, they dropped -5.35%, the biggest monthly decline since November 2022!



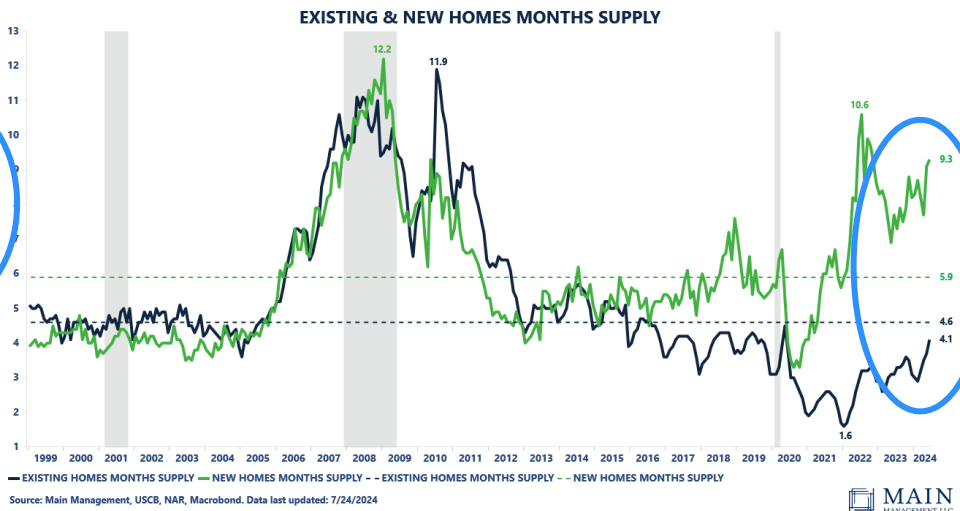
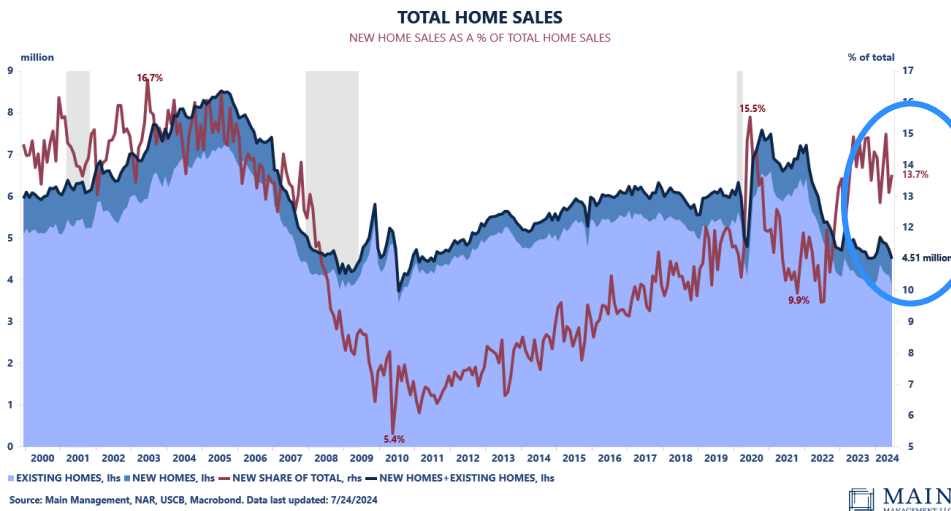
HOUSING MARKET

New Home Sales also slowed in June, to 617k units SAAR, the lowest since Nov 2023. On a Y/Y basis, they're down -7.4%. On a M/M basis, they were down -0.6% in June, following May's massive -14.9% drop. The 6-month average is back into the red at -0.7%.

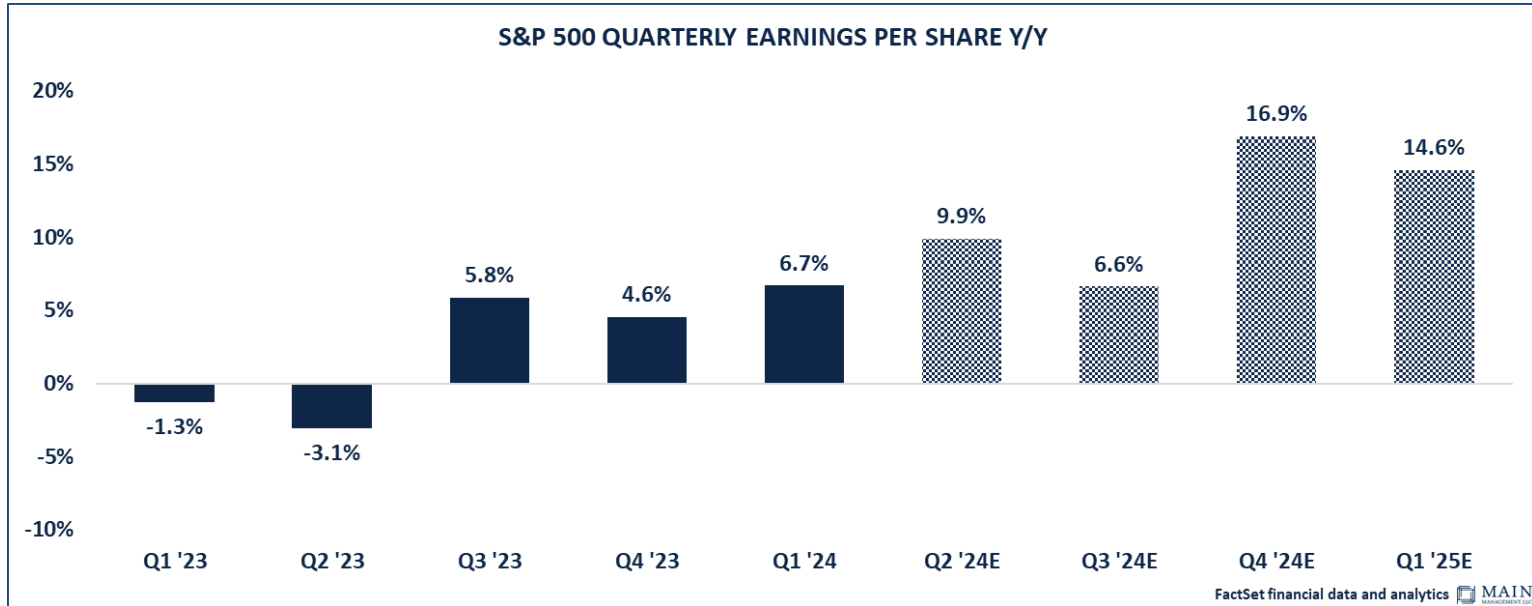


HOUSING MARKET

It's worth being reminded that Existing Home Sales make up roughly 86% of Total Home Sales, with New Home Sales only accounting for 14% (left). The Months Supply of Existing Homes (right) rose to 4.1, its highest level since May 2020! Months Supply of New Homes rose to 9.3, the highest since Oct. 2022. The supply levels are rising as more homes are sitting on the market for longer periods of time, affected by high prices which are likely scaring buyers away.



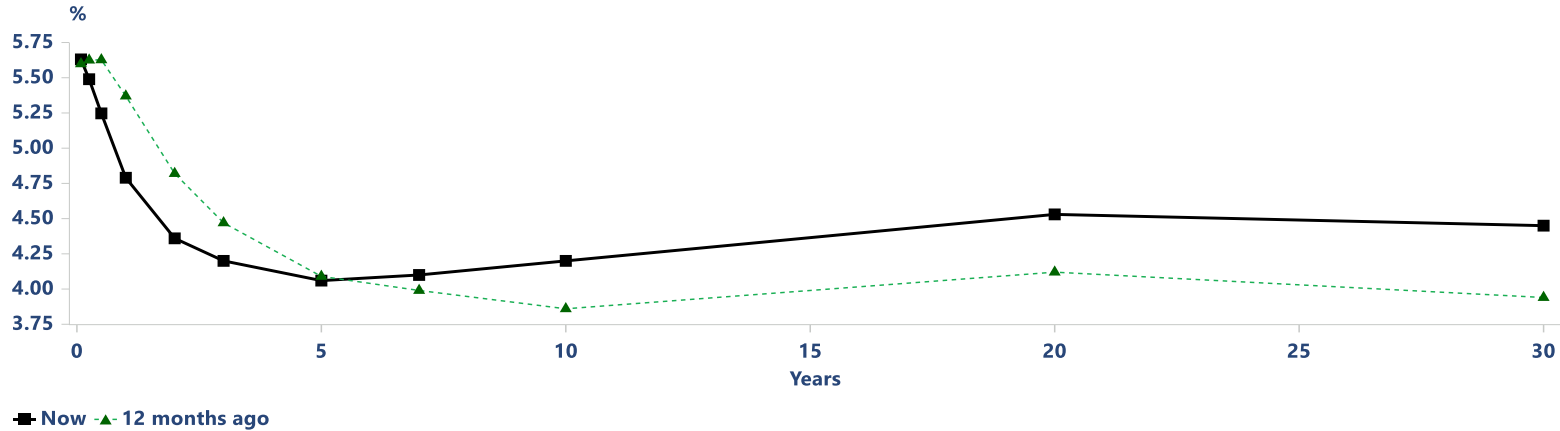
S&P EARNINGS ESTIMATES



PERIOD	S&P 500 EARNINGS ESTIMATES			CHANGE			
	7/26/24	1WK AGO	1MO AGO	1WK %Δ	1WK \$Δ	1MO %Δ	1MO \$Δ
1Q23	\$52.64	--	--	--	--	--	--
2Q23	\$54.09	--	--	--	--	--	--
3Q23	\$58.18	--	--	--	--	--	--
4Q23	\$55.28	--	--	--	--	--	--
1Q24	\$56.16	--	--	--	--	--	--
2Q24E	\$59.43	\$59.13	\$58.64	0.51%	\$0.30	1.35%	\$0.79
3Q24E	\$62.03	\$62.15	\$62.81	-0.19%	-\$0.12	-1.24%	-\$0.78
4Q24E	\$64.63	\$64.67	\$64.79	-0.06%	-\$0.04	-0.25%	-\$0.16
2023	\$218.50	--	--	--	--	--	--
2024E	\$242.17	\$242.09	\$242.58	0.03%	\$0.08	-0.17%	-\$0.41
2025E	\$277.50	\$277.49	\$277.58	0.00%	\$0.01	-0.03%	-\$0.08

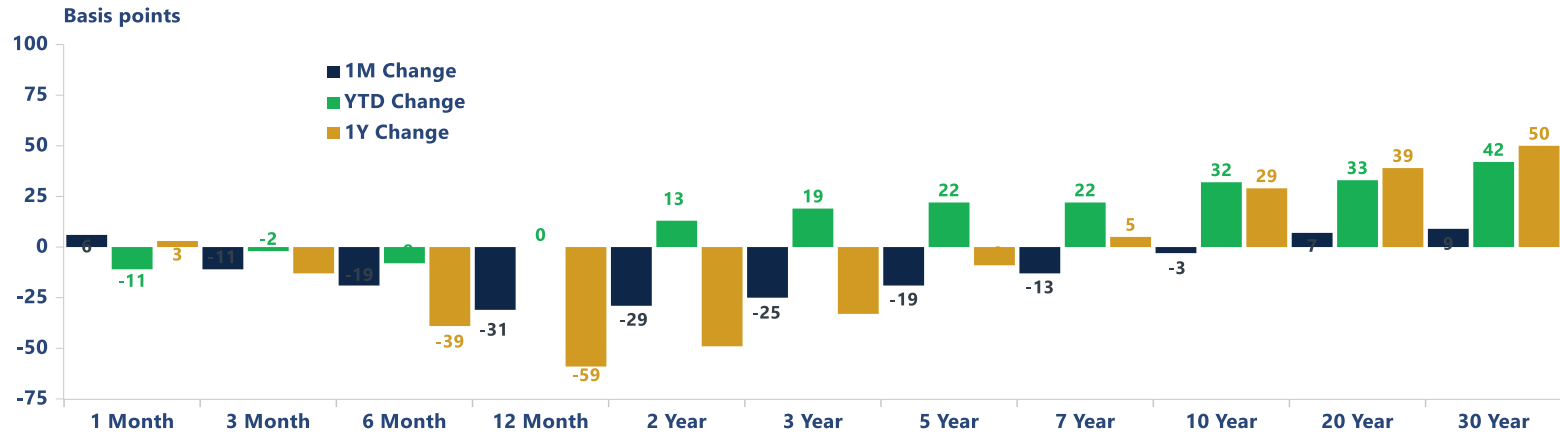
YIELDS

US Treasury yield curve



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 7/26/2024

Yield Curve Shifts



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 7/26/2024

DISCLOSURES

Main Management, LLC (“Main Management”, or the “Firm”) is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The Firm was founded in 2002 and provides investment management services primarily to high net worth, family groups, foundations/endowments, and serves as a sub-adviser to third-party investment advisers & broker-dealers.

The information contained herein was prepared using sources that the Firm believes are reliable, but the Firm does not guarantee its accuracy. The information reflects subjective judgments, assumptions and the Firm’s opinion on the date made and may change without notice. The Firm is not obligated to update this information. Nothing herein should be construed as investment advice or a recommendation to purchase or sell securities. The information is not intended as an offer to provide advisory services in any state or jurisdiction where such offer would not be permitted under applicable registration requirements. All equity investing entails risk of loss.

In preparing this material, Main Management has not taken into account the investment objectives, financial situation or particular needs of any individual investor. Many securities transactions are risky and are not suitable for all investors. All securities investments carry risk, including a risk of loss of principal.

601 California Street, Suite 200, San Francisco, CA 94108

Phone: 415-217-5800 | Fax: 415-217-5809 | www.mainmgt.com