



# CAPITAL GROUP

## THE WEEK AHEAD

June 5th-9th, 2023

### Weekly insights from Strategic Partner Jeff Kilburg -

**Markets are relieved that President Biden signed the compromise debt ceiling bill into law over the weekend, averting a default. The economic calendar is light this week as investors await the Federal Reserve's highly anticipated announcement on June 14. Less than 10 days away, the CME FedWatch tool predicts a 75% chance that Fed Chairman Powell hits the "Pause" button.**

U.S. equity markets were mixed before the House debt-ceiling vote but rallied as the Senate took default off the table. A record \$8.5 billion flowed into tech stocks in the latest week, data from BofA Global Research showed, as investors piled in. The benchmark S&P 500 has risen 11.5% this year and stands at a 10-month high, who would have thunkit? On a shortened Holiday week, the Dow Jones Industrial Average popped 2%, to 33,762; the S&P 500 index broke through 4200 and was up by 1.8%, to 4282; and the Nasdaq gained another 2%, to 13240.77.

**Apple of My Eye:** The \$2.85 trillion dollar tech company is set to reveal a virtual and augmented reality headset next week (\$3k price tag), marking the tech giant's first entry into a new major product category in nearly a decade. Apple stock is back near its all-time highs, +39% YTD. "AI" (Artificial intelligence) is an undercurrent, which has helped power the Nasdaq 100 more than 33% higher so far in 2023. Stronger-than-expected sales for Apple's iPhone unit in its latest quarter and the company's new multiyear, multibillion-dollar agreement with Broadcom (AVGO) have also helped lift shares.

**Quiet Please:** The Fed's talking heads will thankfully be muted this week as the Federal Reserve enters its traditional blackout period ahead of its June 13-14 meeting. There will be no officials discussing the monetary policy outlook or gracing us with their presence on CNBC's airwaves.

**Bear Crunch:** Market experts that were looking for the October lows to be retested and a new 3400 or 3200 low to be established in the S&P 500 have been carted off the investment field and some of these "experts" are now hilariously bullish. The fact remains that after the Federal Reserve began rapidly raising interest rates to tame inflation in January 2022, the hallmarks of a widely expected recession remain elusive. The Jobs data of +339k last Friday revealed that employers are still hiring while the stock market is recovering in this post-mid-term election year.

## Calendar

### Monday

- 9:45 a.m.: S&P Global Services PMI (May)
- 10 a.m.: Durable goods and factory orders (April)
- 10 a.m.: ISM services PMI (May)

### Tuesday

- Earnings: J.M. Smucker, Cracker Barrel, Calavo Growers, Ciena

### Wednesday

- Wednesday
- 8:30 a.m.: Trade balance (April)
- Earnings: Campbell Soup, Brown-Forman, GameStop, Semtech

### Thursday

- 8:30 a.m.: Initial jobless claims (week ending May 27)
- 10 a.m.: Wholesale inventories (April)

### Friday

4300 nearly traded in the S&P 500 as investors celebrated our dysfunctional D.C. representatives not taking us over the debt ceiling debacle wall. Although the VIX tucked under 15 for the first time since Feb 2020, Volatility should pick up as the divide between the Bears and the Bulls grows further. This statistic has materialized as traders have increased their short positions in U.S. Equity Futures contracts (E-mini S&P 500). Bulls have the Bears on the ropes, and we are in the midst of a breakout with 4450 as my target in the S&P 500. Be nimble.

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