Market Commentary Blog

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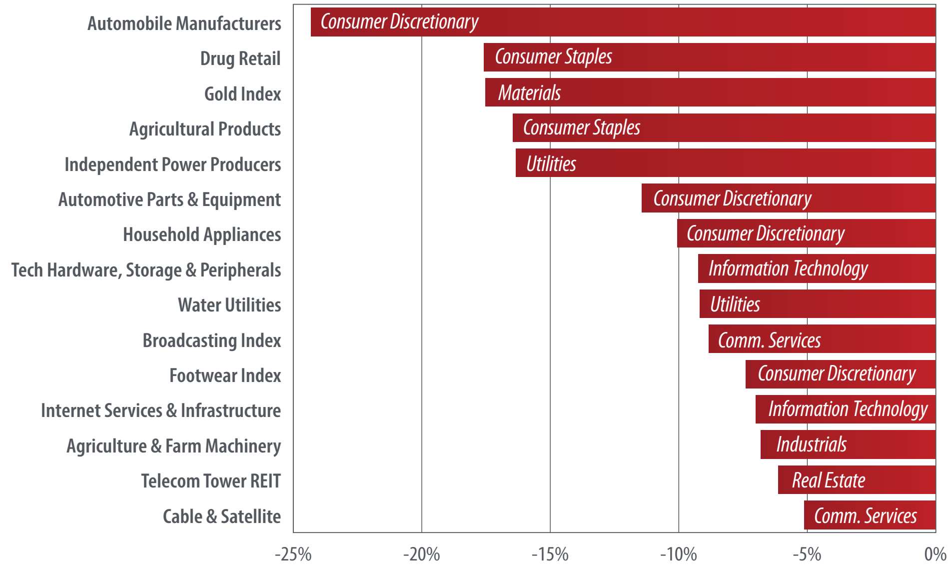
Worst-Performing S&P 500 Index Subsectors YTD (Thru 3/12)

Bottom 15 S&P 500 Index Subsector Total Returns (12/29/23 – 3/12/24)



Source: Bloomberg. **Past Performance is no guarantee of future results.**

View from the Observation Deck

Today's blog post is for those investors who want to drill down below the sector level to see what is not performing well in the stock market. The S&P 500 Index was comprised of 11 sectors and 126 subsectors as of 3/8/24, according to S&P Dow Jones Indices. The 15 worst-performing subsectors in today's chart posted total returns ranging from -5.12% (Cable & Satellite) to -24.31% (Automobile Manufacturers) over the period. Click here to view our last post on the worst performing subsectors.

- **As indicated in the chart above, four of the 15 worst-performing subsectors came from the S&P 500 Index Consumer Discretionary sector, followed by two subsectors from the Communication Services, Consumer Staples, Information Technology, and Utilities sectors. Automobile Manufacturers, a subsector of the Consumer Discretionary sector was the worst performer, posting a total return of -24.31% for the period.**
- **Ten of the 11 sectors that comprise the S&P 500 Index were positive on a year-to-date (YTD) basis through 3/12/24. Real Estate was the only sector with a negative total return (-0.48%). The second and third-worst performers were the Utilities and Consumer Discretionary sectors, with total returns of 0.16% and 3.13%, respectively. For comparison, the S&P 500 Index posted a total return of 8.82% for the period.**
- **The price of one troy ounce of gold increased by 4.55% on a YTD basis through 3/12/24, according to data from Bloomberg. Even so, the Gold Index has been third-worst performing subsector over the same time frame. In our view, this highlights the potential disconnect between commodity prices and the price of the companies that make up the underlying industry.**
- **The most heavily weighted sector in the S&P 500 Index was Information Technology at 29.84% as of 3/8/24, according to S&P Dow Jones Indices. For comparison, the Financials sector was second highest with a weighting of 12.99%.**
- **Using 2024 consensus earnings estimates, the Information Technology and Energy sectors had the highest and lowest price-to-earnings (P/E) ratios at 29.12 and 12.30, respectively, as of 3/11/24. For comparison, the S&P 500 Index had a P/E ratio of 21.28 when calculated using its 2024 consensus earnings estimates as of the same date.**

Takeaway

The Consumer Discretionary sector accounts for four of the fifteen worst-performing subsectors in today's chart. That said, the sector has enjoyed a total return of 3.13% on a YTD basis through 3/12/24. In fact, Real Estate is the only sector with a negative total return over the period, down just 0.48%. For comparison, the S&P 500 Index boasts a YTD total return of 8.82%, led by Information Technology and Communication Services stocks, with total returns of 13.67% and 11.91%, respectively, over the time frame. As always, there are no guarantees, but there could be some potential deep value opportunities in this group of subsectors. For those investors who have interest, there are a growing number of packaged products, such as exchange-traded funds, that feature S&P 500 Index subsectors.