

Alien Technology: Are ETFs Getting Too Creative?

The ETF industry has undoubtedly gotten creative over the last few years. However, nothing tops the latest ETF proposed by Tuttle Capital. Per its SEC registration, the Tuttle Capital UFO Disclosure AI Powered ETF (UFOD) will purportedly invest over 80% of the fund's assets in companies that they believe *?have potential exposure to advanced or ?reverse-engineered? alien technology, spurred by disclosures about UFOs and alleged advanced technologies.?*

In all likelihood, assuming the SEC approves the offering, Tuttle will invest the fund's assets in defense and aerospace companies that are most likely to have access to alien technology. The one big problem with launching an alien technology ETF is the most fundamental question of whether aliens exist. Tuttle appreciates the potential roadblock. In a statement to the Financial Times, its CEO Matthew Tuttle states:

UFOD's launch is not a sure thing, however, according to Tuttle. Without sufficient information sourced from government disclosures on UFOs, the product might not go to market.

Moreover, an ETF based on an unknown technology is fraught with risk. Per the FT article:

Government confirmation or denial of advanced alien tech is uncertain, and rumoured breakthroughs might never materialise. This entire theme is highly speculative and subject to rumour cycles



What To Watch Today

Earnings

Friday Feb 21	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Air Liquide <small>AI.FP</small>		2.86	2.6		6.87B	13.6B	\$105.01B	H2	★ 🔔
Trip.com <small>TCOM.US</small>		3.89	4.00		12.31B	10.3B	\$44.75B	Q4	AM ★ 🔔
Standard Chartered <small>STAN.LN</small>		0.27	0.30		4.46B	4.02B	\$37.62B	Q4	AM ★ 🔔

Economy

Friday February 21 2025			Actual	Previous	Consensus	Forecast		
08:45 AM	US	S&P Global Composite PMI Flash FEB		52.7		52.7		
08:45 AM	US	S&P Global Manufacturing PMI Flash FEB		51.2	51.5	51.3		
08:45 AM	US	S&P Global Services PMI Flash FEB		52.9	53	52.7		
09:00 AM	US	Existing Home Sales JAN		4.24M	4.12M	4.16M		
09:00 AM	US	Existing Home Sales MoM JAN		2.2%		-1.7%		
09:00 AM	US	Michigan Consumer Sentiment Final FEB		71.1	67.8	67.8		
09:00 AM	US	Michigan 5 Year Inflation Expectations Final FEB		3.2%	3.3%	3.3%		
09:00 AM	US	Michigan Consumer Expectations Final FEB		69.3	67.3	67.3		
09:00 AM	US	Michigan Current Conditions Final FEB		74	68.7	68.7		
09:00 AM	US	Michigan Inflation Expectations Final FEB		3.3%	4.3%	4.3%		
10:30 AM	US	Fed Jefferson Speech						

Market Trading Update

Yesterday, we discussed that the markets were breaking out to all-time highs as investors became more exuberant on the markets with increasing leverage. It is interesting, however, that investor sentiment, at least according to the AAI survey, shows investors becoming more bearish. In other words, while they are *saying* they are more bearish on the markets, they continue to increase equity exposure for *fear of missing out*.

Nonetheless, the market did sell off some yesterday following a weak report from Walmart. Given Walmart's size, it is a good proxy for the state of the average consumer. As we have discussed recently, there are tell-tale signs that the consumer is coming under more pressure as the economy slows, wages decline, and employment becomes more tenuous. GAAP earnings fell by over 12%, even as total revenue rose. The more concerning issue was the decline in forward guidance which fell well short of Wall Street estimates. Much of what Walmart sells is grown or made in the U.S. However, CFO John David Rainey told CNBC that the company was *not going to be completely immune* from tariffs, especially those placed on Mexico and Canada. That uncertainty and growing concern over inflation led Walmart to forecast sales growth of just 3% to 4% in the next year, below the expected 4% from Wall Street.

We hold Walmart in our portfolios but trimmed our position in November and last week. That reduction was due to the significant run-up in the stock price. However, despite the weak guidance, we are looking at adding to our position once this correction runs its course. As shown, Walmart is on a MACD sell signal from a reasonably high level and is approaching support at the 50-DMA. However, yesterday's deep sell-off reversed most of the overbought conditions, and money flows remain positive. We want to see Walmart build a base around the 50-DMA and maintain that support before adding to our holdings.



We will be watching our other holding (COST) in this space for further evidence of slowing consumption or weaker economic data. The latest retail sales report overshadows the *economy is strong?* narrative, but one report doesn't provide a trend. However, as noted yesterday, the risk is that investors are very long equity exposure, and any reductions to forward earnings expectations will result in a sharp repricing of the market. It is a risk worth watching.

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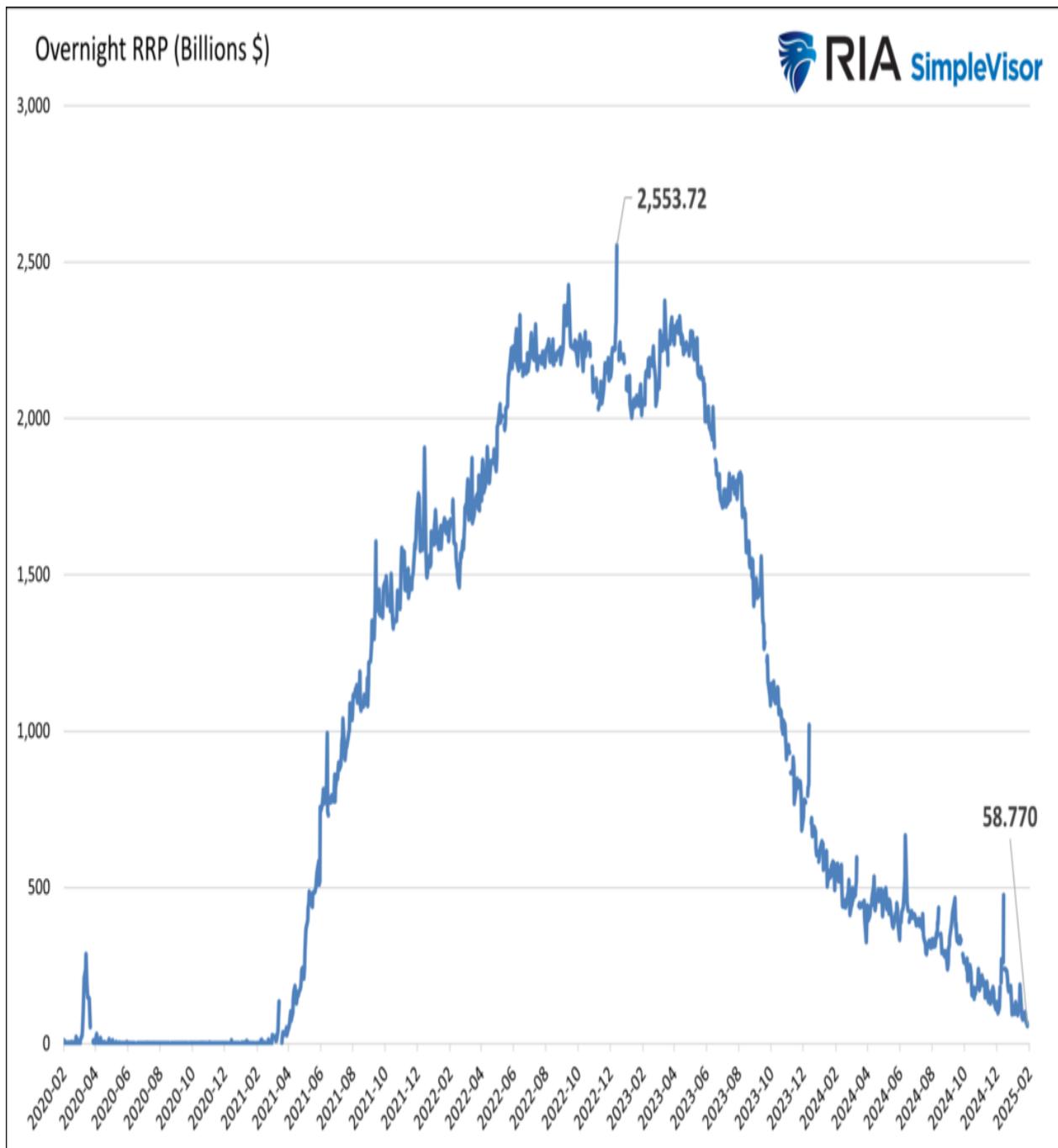
The Fed May Stop Or Slow QT

The Fed's FOMC minutes were largely as expected, except for the following headline:

*SEVERAL PARTICIPANTS SUGGEST HALTING OR SLOWING BALANCE SHEET
REDUCTION PENDING DEBT CEILING RESOLUTION*

The Fed is contemplating stopping or slowing QT if the government shuts down and the Treasury can't issue debt. The statement makes little sense. If the government stops issuing debt, the markets will have excess liquidity. The extra liquidity would come from the money that would have otherwise been allocated to new debt. In such a case, one would think the Fed would want to drain the liquidity, which is what QT does.

Might there be an alternative motive? We think so. The graph below shows the balances of the Fed's overnight Reverse Repurchase Program (RRP). This program was enacted in 2020 to absorb excess liquidity coming from massive monetary stimulus at the time. We think of the RRP balances as a store of liquidity. In fact, despite QT, the amount of liquidity has been stable. That is because the RRP program was declining, thus replacing the liquidity being extracted by QT. With no more RRP, might the Fed be concerned that QT will become a net liquidity drain? If so, the debt limit may be a convenient excuse for stopping QT.



How To Maximize Social Security Benefits In Retirement

Social Security benefits are a cornerstone of retirement income for many Americans, but the amount you receive can vary significantly based on when and how you claim. Understanding the factors that affect your benefits and implementing strategies to maximize them is essential for [optimizing retirement income](#) and securing financial stability during your golden years.

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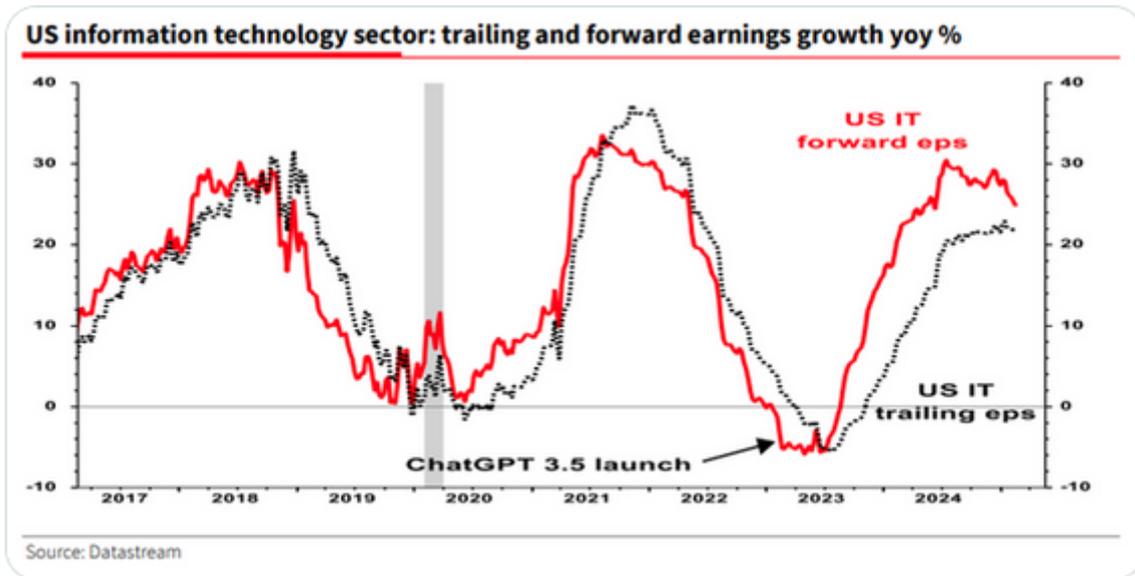
Tweet of the Day



Lance Roberts ✓
@LanceRoberts



"We can see that since the end-2022 introduction of #ChatGPT 3.5, both #trailing and especially #forward #earnings for the US Technology sector have surged. We have written about the 'enthusiasm' gap between the two series before, but what I want to stress here is that both series seem to have topped out and have begun turning downwards." - @albertedwards99



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