

Crude Oil Prices Are Sitting On Big Support

As the FINVIZ graph below shows, crude oil prices are on a significant support level. In technical analysis, the more a price bounces off a line, the more critical that trend line becomes. Furthermore, the blue trend line, which has supported crude oil prices since 2021, was a resistance line in 2019. The bottom line is that those long crude oil will have their work cut out for them defending the \$65 price per barrel.

Fundamentally, crude oil longs will have a tough time defending the price. First, consider that Donald Trump's "drill baby drill" policy approach will allow for more drilling and, thus, greater supply. Further, a probable peace treaty between Russia and Ukraine will likely make it easier for Russian oil to hit the free market. Also, on Monday, OPEC members and OPEC allies (OPEC+) agreed to increase output gradually.

In addition to what could be an increased supply of oil from several sources, oil demand appears to be weakening. Most of Europe is experiencing slow growth, and some countries, like Germany, are in a recession. China's economy is slowing rapidly and well off the growth pace of only a few years ago. Lastly, slowing growth in the US is becoming a real possibility. It's also worth adding that lower oil prices are part of Trump's plan to fight inflation.



What To Watch Today

Earnings

Thursday Mar 6	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
Broadcom AVGO.US		1.51	10.99		14.62B	11.96B	\$975.67B	Q1	PM	★	🔔
Costco Wholesale COST.US		4.08	3.92		62.91B	57.33B	\$458.71B	Q2	PM	★	🔔
Kroger KR.US		1.11	1.34		34.75B	37.06B	\$46.22B	Q4	AM	★	🔔
Hewlett Packard HPE.US		0.50	0.48		7.84B	6.76B	\$26.2B	Q1	PM	★	🔔
Cooper Companies COO.US		0.92	0.41		979.71M		\$18.06B	Q1	PM	★	🔔
Guidewire Software GWRE.US		0.52	0.46		285.54M	240.9M	\$16.78B	Q2	PM	★	🔔
DocuSign DOCU.US		0.84	0.76		760.99M	712.4M	\$16.67B	Q4	AM	★	🔔
Burlington Stores BURL.US		3.76	3.69		3.28B	3.12B	\$15.41B	Q4	AM	★	🔔
BJs Wholesale Club Holdings		0.86	1.11		5.28B	5.35B	\$13.25B	Q4	AM	★	🔔
Gap GPS.US		0.36	0.49		4.07B	4.3B	\$8.54B	Q4	PM	★	🔔
Toro TTC.US		0.63	0.64		1B	1B	\$8.35B	Q1	AM	★	🔔
Macy's M.US		1.55	2.45		7.8B	8.1B	\$3.87B	Q4	AM	★	🔔

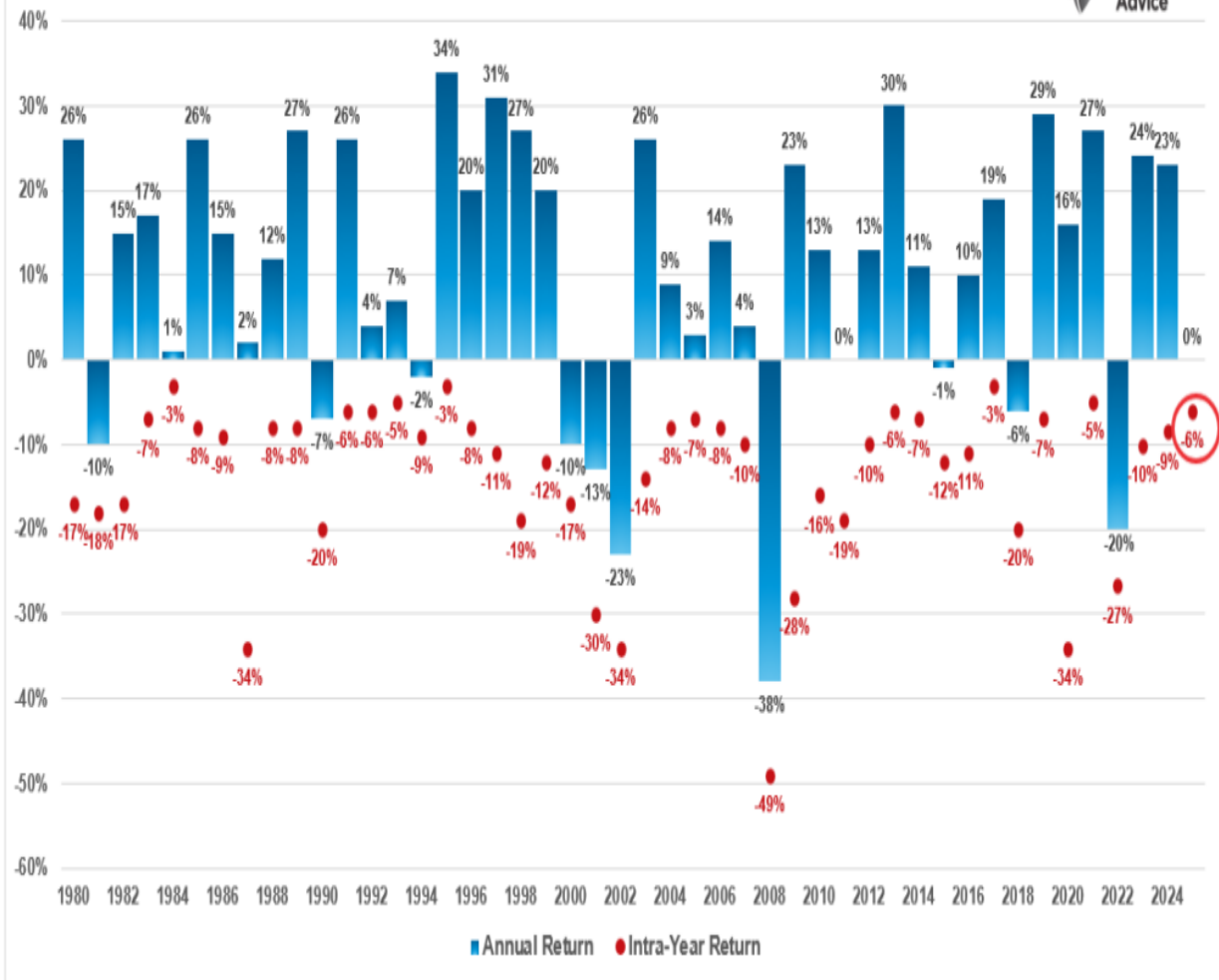
Economy

Thursday March 06 2025			Actual	Previous	Consensus	Forecast		
06:30 AM		US	Challenger Job Cuts FEB	49.795K		56.0K		🔔
07:30 AM		US	Balance of Trade JAN	\$-98.4B		\$-103B		🔔
07:30 AM		US	Exports JAN	\$266.5B		\$273.0B		🔔
07:30 AM		US	Imports JAN	\$364.9B		\$376.0B		🔔
07:30 AM		US	Initial Jobless Claims MAR/01	242K		250.0K		🔔
07:30 AM		US	Continuing Jobless Claims FEB/22	1862K		1870.0K		🔔
07:30 AM		US	Jobless Claims 4-week Average MAR/01	224K		226.0K		🔔
07:30 AM		US	Nonfarm Productivity QoQ Final Q4	2.3%	1.2%	1.2%		🔔
07:30 AM		US	Unit Labour Costs QoQ Final Q4	0.5%	3%	3.0%		🔔
09:00 AM		US	Wholesale Inventories MoM JAN	-0.5%				🔔

Market Trading Update

Yesterday, we touched on the volatility induced by tariffs. This week, we also discussed investors' more extreme bearishness, given only the relatively mild correction from all-time highs. The market is down roughly 6% year-to-date, well within the historical norms of intra-year market corrections.

Annual Vs. Intra-Year Returns



Currently, the market is very oversold on a relative strength and momentum basis, providing a reasonable entry point to add to some existing positions. It is worth remembering that the recent market decline is factoring in the expected impact of tariffs on earnings and valuations. As such, while some *mega-cap* stocks have certainly been impacted after their significant gains last year, the recent decline has reduced valuations on expectations of slower earnings growth. As shown in the heat map below from Finviz.com, the current valuations of companies like NVDA, GOOG, and MSFT currently trade at lower P/E ratios than the market as a whole. Notably, those stocks also trade more cheaply than companies like WMT, COST, V, and others that are considered more *safe* bets in portfolio allocations.

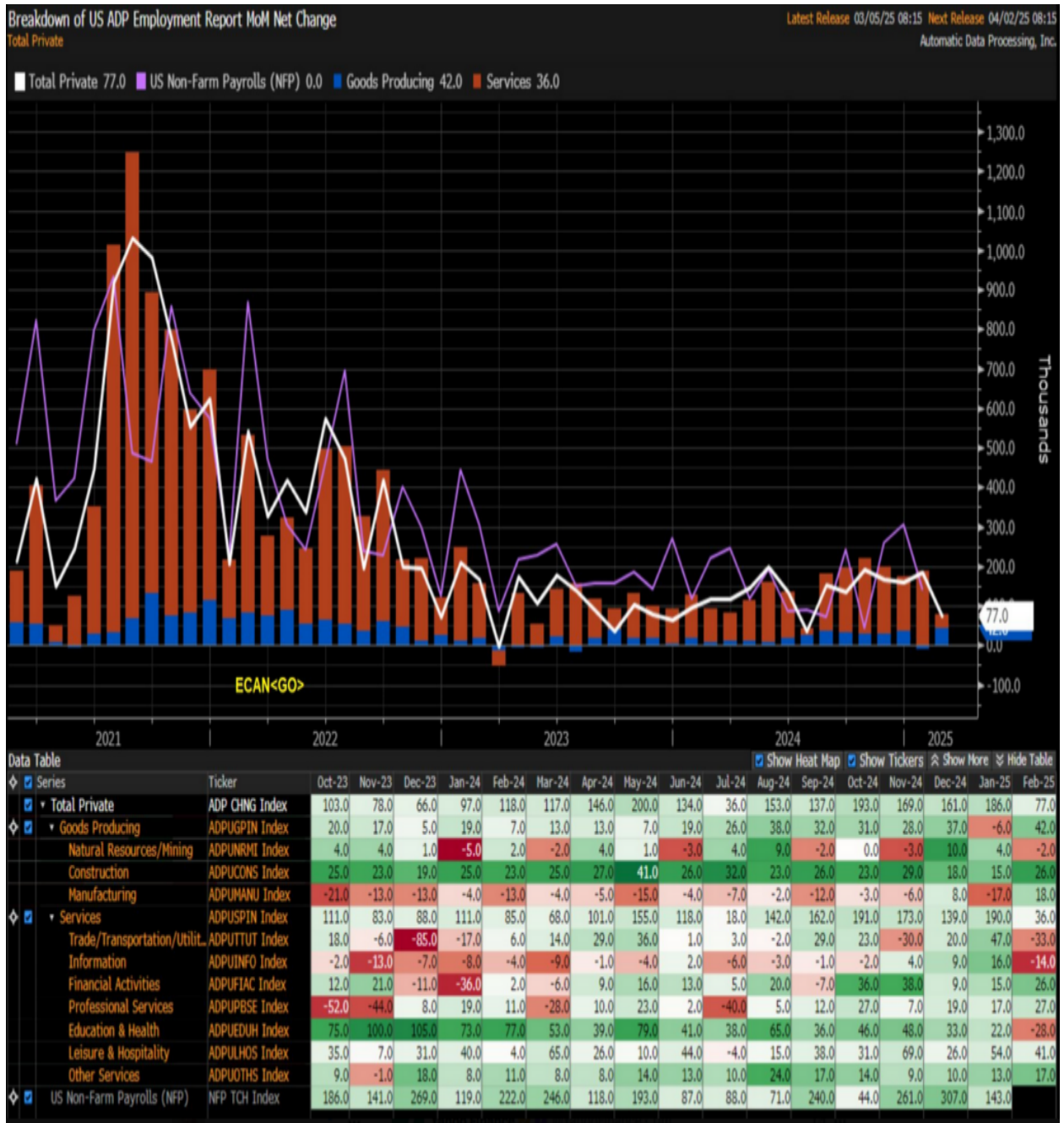


We are using this current setup to rebalance risk in our portfolios and add to the growth side of our portfolio mix for an opportunistic trade.

ADP Hints At A Weak BLS Report This Friday

ADP reported that the economy only added 77k jobs in February. That is down from 186k last month and expectations of 145k. The graph below shows that the monthly gain was among the weakest in years. Furthermore, the table below the graph breaks down the data by industry. As shown, goods-producing industries saw their most vigorous job growth since at least 2023. However, the services sector only grew by 36k jobs, the weakest since April 2023. Trade and transportation, information, and education and health saw job losses. On a regional basis, the south and west lost jobs while the northeast and midwest gained jobs. Moreover, the number of employees at small businesses fell, while it rose slightly for medium and large companies.

The ADP report only covers private employment. Thus, any government job losses are not factored into this data.

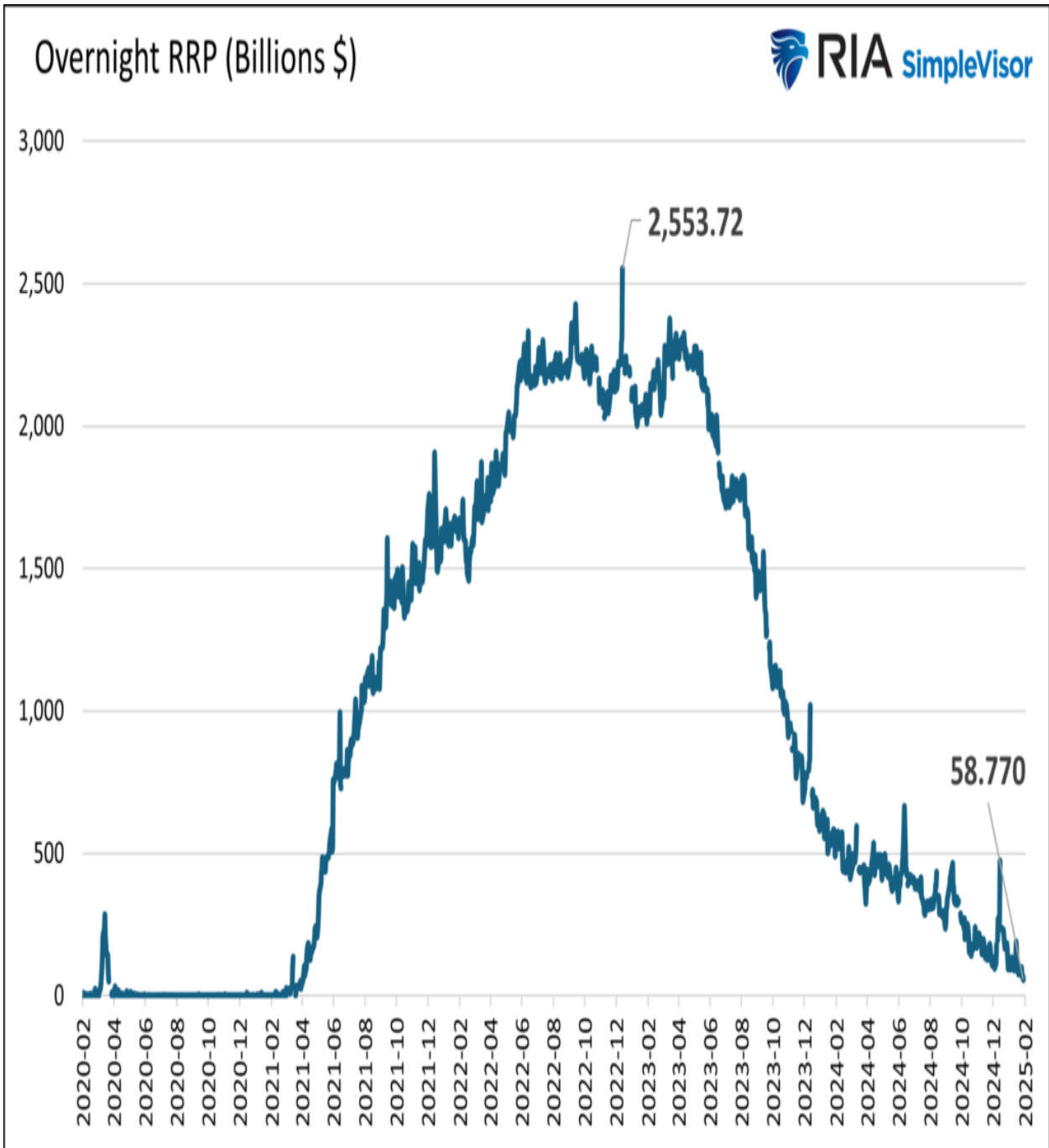


Never Let A Crisis Go To Waste

Many believe Winston Churchill coined the phrase: *?Never let a good crisis go to waste.?* Others think it was President Obama's Chief of Staff, Rahm Emanuel, who said, *?You never want to let a serious crisis go to waste?* during the financial crisis. Regardless of who first spoke those words and whether the crisis is *?good?* or *?serious,?* the Fed may be planning on heeding their crisis advice.

On February 19, 2025, the Fed made a confounding statement about QT, aka balance sheet reduction. Per its latest FOMC minutes: ***?several participants suggest halting or slowing balance sheet reduction pending debt ceiling resolution.?***

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Yesterday, the #maket tested the 200-DMA. With RSI oversold, and the MACD at very low levels, there is a decent setup for a tradeable rally over the next couple of weeks. Money flows remain positive which is encouraging as buyers stepped in yesterday.



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