



## OPEC Does The Unthinkable - RIA

This past weekend, OPEC, led by Saudi Arabia, announced it would increase production by 411k barrels per day. The action follows a 250k increase last month. The decision is different from OPEC's decision-making in the past. OPEC typically would use production quotas to manage oil prices. For example, in the current environment, with oil prices at their lowest levels since 2021, as shown below, OPEC would typically cut production quotas.


























As OPEC's driving force, Saudi Arabia appears to have a two-fold rationale. First, Saudi Arabia has recently been frustrated with some OPEC members, like Iraq and Kazakhstan, who have been exceeding quotas. The new round of increased production quotas will possibly cheapen oil prices, thus reducing profits for all oil producers. It should also help Saudi Arabia maintain its market share, as countries are less likely to overproduce with lower prices. Second, some energy analysts believe the action likely has a political motive. Donald Trump has made it clear he would like to see crude oil trading at \$40 a barrel. Helping Trump meet his oil price goal may provide Saudi Arabia with favored nation status regarding tariffs, especially on oil. Further, given tensions between the US and Iran are heating up, the gesture may bolster the US-Saudi friendship.

It's worth noting that, per the Dallas Fed, the current oil price is below the average break-even profitability for new wells. Thus, US shale production growth may be temporarily limited, giving Saudi Arabia more market share. Hence, Saudi Arabia may be ok with sacrificing profitability for market share, at least for now.




## What To Watch Today

### Earnings

Wednesday May 7		EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
	<b>Uber</b> UBER.US		0.51	-0.32		11.62B	10.13B	\$156.07B	Q1	AM	★	👤
	<b>Walt Disney</b> DIS.US		1.21	1.21		23.16B	22.08B	\$152.41B	Q2	AM	★	👤
	<b>Fortinet</b> FTNT.US		0.53	0.43		1.53B	1.35B	\$74.09B	Q1	PM	★	👤
	<b>Emerson Electric</b> EMR.US		1.41	1.36		4.4B	4.38B	\$56.87B	Q2	AM	★	👤
	<b>Johnson Controls</b> JCI.US		0.79	0.78		5.64B	6.70B	\$52.9B	Q2	AM	★	👤
	<b>Vistra Corp</b> VST.US		1.32	0.62		4.28B	3.05B	\$49.12B	Q1	AM	★	👤
	<b>Axon Enterprise</b> AAXN.US		1.30	1.15		585.67M	460.74M	\$43.78B	Q1	PM	★	👤
	<b>Verisk Analytics</b> VRSK.US		1.73	1.63		755.91M	704M	\$41.84B	Q1	AM	★	👤
	<b>Corteva</b> CTVA.US		0.87	0.89		4.53B	4.58B	\$40.69B	Q1	PM	★	👤
	<b>Occidental Petroleum</b> OXY.US		0.72	0.63		6.7B	5.98B	\$35.05B	Q1	PM	★	👤
	<b>Texas Pacific Land</b> TPL.US		5.27	4.97		228M	174.1M	\$29.39B	Q1	PM	★	👤
	<b>Rockwell Automation</b> ROK.US		2.06	2.50		1.99B	2.13B	\$28.45B	Q2	AM	★	👤
	<b>Atmos Energy</b> ATO.US		2.92	4.93		1.81B	1.76B	\$24.64B	Q2	PM	★	👤
	<b>CDW</b> CDW.US		1.96	1.92		4.93B	4.87B	\$20.08B	Q1	AM	★	👤
	<b>NiSource</b> NI.US		0.91	0.85		2.23B	2.1B	\$17.77B	Q1	AM	★	👤
	<b>Fidelity National Financial</b> FNF.		1.11	0.76		3.21B	3.3B	\$16.97B	Q1	PM	★	👤
	<b>Western Gas Partners</b> WES.US		0.86	1.47		925.69M	887.73M	\$14.52B	Q1	PM	★	👤
	<b>Trimble Navigation</b> TRMB.US		0.58	0.64		811.4M	953.3M	\$14.3B	Q1	AM	★	👤
	<b>CF Industries</b> CF.US		1.49	1.03		1.52B	1.47B	\$13.02B	Q1	PM	★	👤
	<b>Primo Brands Corporation (US)</b>		0.16	0.12		464.55M	452M	\$12.78B	Q1	AM	★	👤
	<b>Paycom Software</b> PAYC.US		2.60	2.59		529.2M	499.9M	\$12.46B	Q1	PM	★	👤
	<b>Curtiss-Wright</b> CW.US		2.43	1.99		764.19M	713M	\$12.11B	Q1	PM	★	👤
	<b>Royal Gold Usa</b> RGLD.US		1.37	0.91		163.01M	156.21M	\$12.07B	Q1	PM	★	👤
	<b>Owens Corning</b> OC.US		3.53	3.59		2.88B	2.3B	\$12.02B	Q1	AM	★	👤
	<b>Zillow</b> Z.US		0.37	0.35		587.39M	529M	\$10.81B	Q1	PM	★	👤

## Economy

Wednesday May 07 2025			Actual	Previous	Consensus	Forecast		
06:00 AM	US	MBA 30-Year Mortgage Rate <small>MAY/02</small>		6.89%				
06:00 AM	US	MBA Mortgage Applications <small>MAY/02</small>		-4.2%				
06:00 AM	US	MBA Mortgage Market Index <small>MAY/02</small>		223.7				
06:00 AM	US	MBA Mortgage Refinance Index <small>MAY/02</small>		649.0				
06:00 AM	US	MBA Purchase Index <small>MAY/02</small>		146.6				
09:30 AM	US	EIA Crude Oil Stocks Change <small>MAY/02</small>		-2.696M				
09:30 AM	US	EIA Gasoline Stocks Change <small>MAY/02</small>		-4.002M				
09:30 AM	US	EIA Crude Oil Imports Change <small>MAY/02</small>		-0.663M				
09:30 AM	US	EIA Cushing Crude Oil Stocks Change <small>MAY/02</small>		0.682M				
09:30 AM	US	EIA Distillate Fuel Production Change <small>MAY/02</small>		-0.017M				
09:30 AM	US	EIA Distillate Stocks Change <small>MAY/02</small>		0.937M				
09:30 AM	US	EIA Gasoline Production Change <small>MAY/02</small>		-0.616M				
09:30 AM	US	EIA Heating Oil Stocks Change <small>MAY/02</small>		0.252M				
09:30 AM	US	EIA Refinery Crude Runs Change <small>MAY/02</small>		0.189M				
10:30 AM	US	17-Week Bill Auction		4.190%				
01:00 PM	US	Fed Interest Rate Decision		4.5%	4.5%	4.5%		
01:30 PM	US	Fed Press Conference						
02:00 PM	US	Consumer Credit Change <small>MAR</small>		-\$0.81B	\$10.9B	\$7.0B		
	US	Used Car Prices MoM <small>APR</small>		-0.7%				
	US	Used Car Prices YoY <small>APR</small>		-0.2%				

## Market Trading Update

As noted yesterday, the market ended its longest win streak in 24 years. Such isn't as overbought conditions generally precede short-term corrections. The question for investors is where the support is and the next entry point for equities. Looking at the chart below, we can make some reasonable assumptions where support will likely be found and where hedges can be reduced and equity risk increased.

- The market bounced off the 50-DMA yesterday, which is bullish, but with relative strength overbought, it will likely be tested again and potentially broken.
- If that occurs, the next level of decent support becomes the 20-DMA, which has turned up and is bullish. This provides a decent entry point, assuming the short-term overbought conditions are reduced and a technical sell signal does not occur. Such a test of the 20-DMA would also encompass a 38.2% retracement of the previous advance.
- If the market takes out the 20-DMA, risk becomes higher, although there is support at 50% and 61.8% retracement levels. However, if the market corrects this much, sell signals will have been triggered, and a retest of the April lows becomes more probable.



With share buybacks back in play and much of the tariff concerns tabled for next month, it is quite likely the market will continue to consolidate within a broader trading range. However, the risk for investors comes later this summer as economic and monetary policy uncertainty threatens to return. As such, while it is okay to trade markets for now, we suggest remaining cautious until the market confirms a more bullish setup.

Oil and the dollar will be good clues for a return to risk asset exposure.

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## The Death Of The Dollar Has Deep Roots

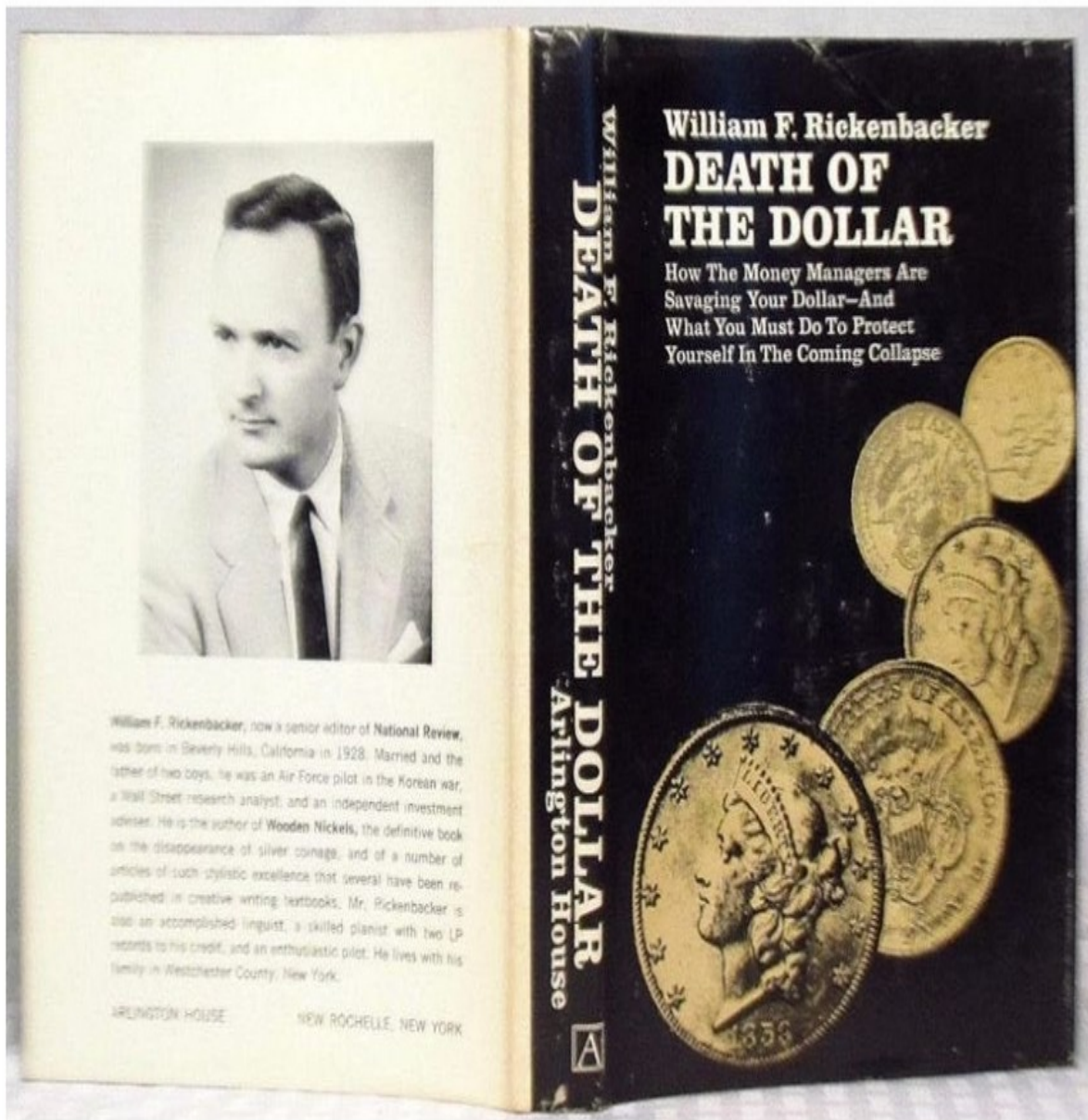
Recently, as tariff wars have heated up and the dollar has fallen, more and more pundits are claiming that the death of the dollar is nearing. In [Four Reasons The Dollar Is Here To Stay](#), we summarize our case against the prediction as follows:

*While the case for a new global reserve currency is strong, the replacement options pale in comparison. There are four important reasons why finding a replacement will prove difficult.*

***The four reasons, the rule of law, liquid financial markets, and economic and military might, all but guarantee the death of the dollar will not occur anytime soon.***

Given that the dollar demise crowd is getting increasingly louder, we thought providing a little history of the movement might be helpful. Fifty-seven years ago, William F. Rickenbacker wrote *Death of the Dollar*. The book was a best seller but has since faded into obscurity. However, while the book is sparsely read these days, the dire threats that Rickenbacker warns of live on.

Rickenbacker's book predicted a catastrophic collapse of the U.S. dollar due to inflationary policies and the abandonment of the gold standard. Despite very high inflation in the 1970s, the abandonment of the gold standard, and more recently loose monetary policy and overleverage, the US economy remains resilient, and the dollar remains the world's reserve currency. The disaster predicted in the book and those discussed today seem eternal. However, the reality is that there is no viable, scalable alternative to the dollar.



## The Impact Of Rising Interest Rates On Investments

Rising interest rates are a powerful force in the financial world, capable of reshaping markets and shifting investment dynamics. As the Federal Reserve raises rates to combat inflation or stabilize economic growth, the ripple effect is felt across stocks, bonds, and real estate. While these rate hikes may be out of investors' control, [adapting your investment strategy](#) can help you manage risks and even uncover new opportunities.

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"Who you associate with is just enormously important. Don't expect that you'll make every decision right on that, but you are going to have your life progress in the general direction of the people that you work with, that you admire, that become your friends."

"You get a few breaks in life in terms of people you meet who just change your life dramatically. If you've had a handful of those, you treasure them. We've had them on this board of Berkshire – Tom Murphy, Sandy Gottesman, Walter Scott, Bill Scott – we've made lifelong assets out of people that are the right sort, with incredible talent, who are lots of fun to work with, always doing more than their share. To get a chance to talk to Lorimer Davidson on a Saturday afternoon, you just listen carefully. That comes in the category of "turn every page." You just get lucky in life, and you want to take advantage of your luck." - Warren Buffett



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