

Orange Juice And Egg Prices Provide Welcome Relief

As we have mentioned numerous times, consumer sentiment greatly impacts economic activity. Accordingly, the price activity of particular goods can have an outsized influence on consumer inflation views. For example, orange juice and egg prices have been leading some consumers to have flashbacks of the recent high inflation. Based on the recent price trends of orange juice and eggs, consumer sentiment may be improving.

The graph on the left shows that orange juice prices have plummeted by nearly 50% over the last few months. The citrus greening disease ravaging Florida's orange crop seems contained. Moreover, there is more supply as Florida recovers from two strong hurricanes over the last two years. More recently, egg prices have started to decline. As the graph on the right shows, the cost of a dozen eggs is now \$5, well below where it was weeks ago. The devastating impact of the avian flu is fading.

While it's great that orange juice and egg prices are declining, they will have little impact on inflation data. However, they may improve consumer outlooks on prices, which can boost consumer sentiment.



What To Watch Today

Earnings

- *No notable releases today.*

Economy

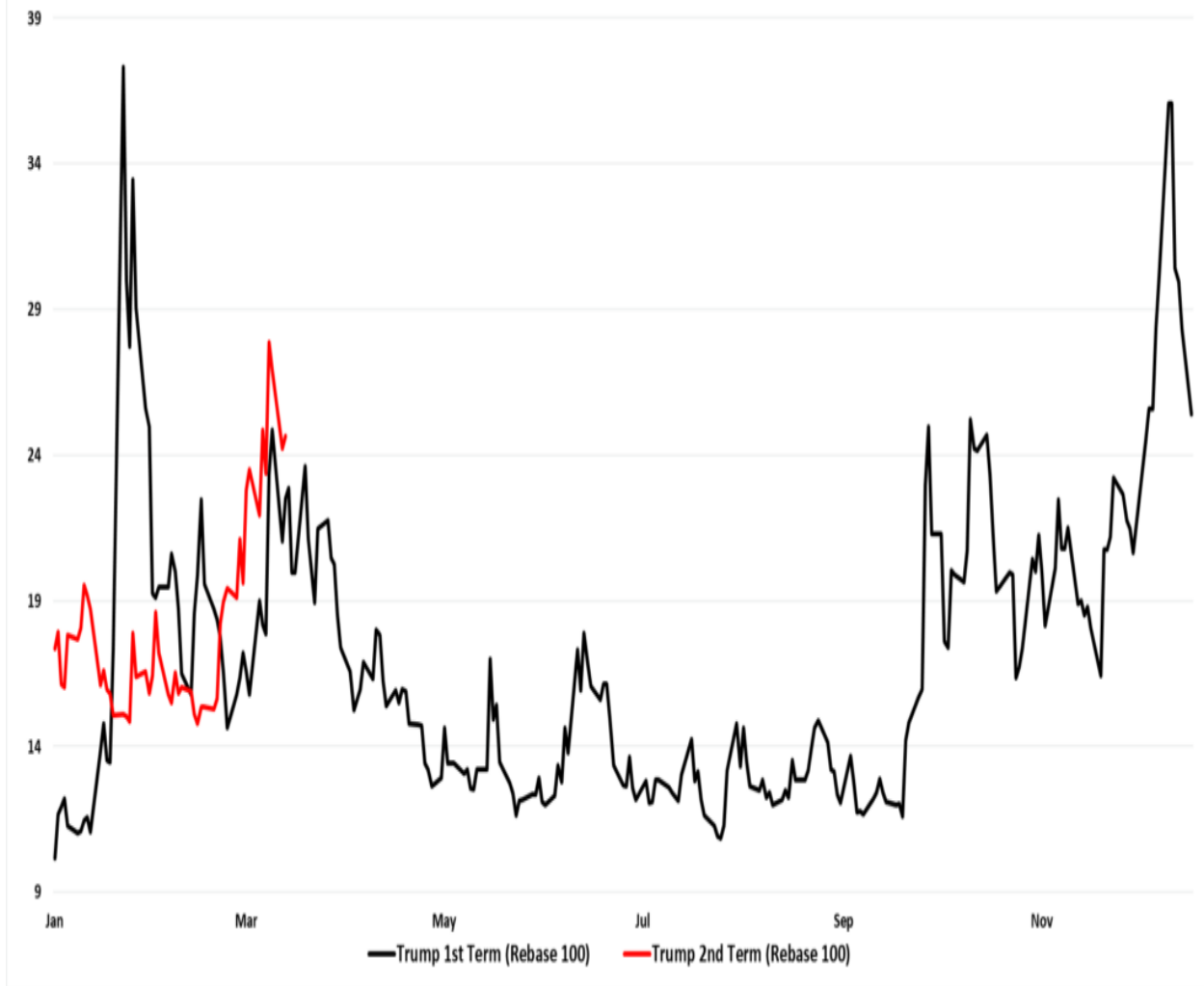
Monday March 17 2025			Actual	Previous	Consensus	Forecast	
06:30 AM	US	Retail Sales MoM FEB	-0.9%		0.7%	0.5%	
06:30 AM	US	NY Empire State Manufacturing Index MAR		5.7	-1.9	6	
06:30 AM	US	Retail Sales Control Group MoM FEB	-0.8%			0.3%	
06:30 AM	US	Retail Sales Ex Autos MoM FEB	-0.4%		0.5%	0.2%	
06:30 AM	US	Retail Sales Ex Gas/Autos MoM FEB	-0.5%			0.2%	
06:30 AM	US	Retail Sales YoY FEB	4.2%			3.5%	
08:00 AM	US	Business Inventories MoM JAN	-0.2%		0.3%	-0.1%	
08:00 AM	US	NAHB Housing Market Index MAR		42	43	44	
08:00 AM	US	Retail Inventories Ex Autos MoM JAN	-0.1%		0.4%	0.4%	

Market Trading Update

[Last week](#), we discussed that the market continues to track Trump's first Presidential term as he launched a trade war with China.

?However, despite the deep levels of negativity, the current correction is well within the context of the volatility seen during Trump's first term as he engaged in a trade with China.?

Market Volatility - Trump's Trade War First Term vs. Second



Overall market performance is also tracking closely to President Trump's first term as Wall Street tries to assess the impact of tariffs on earnings. The markets will complete that assessment soon, and they will rally once the outlook becomes firmer.

Market Performance - Trump's Trade War First Term vs. Second



While Trump's tariffs and bearish headlines currently dominate investors' psychology, we must remember that corrections are a normal market function. Yes, the market is down roughly 9% from the peak, but we have seen these corrections repeatedly in the past. **That does NOT mean a more extensive corrective process is not potentially in process.** It only implies that markets are likely in a position for a technical rally to reverse the more extreme oversold conditions. As shown, the MACD and relative strength are currently at levels not seen since the October 2022 lows. Furthermore, the market has completed a 23.6% retracement of the rally from those lows, providing the support needed for a rally.



Let me be clear. I am not saying the markets have bottomed, and the next move is back to all-time highs. While that could be the case, other technical warnings suggest we could be in for a longer corrective/consolidative process. As such, we recommend using rallies to rebalance portfolios, reduce risk and leverage, and increase cash levels slightly until the markets confirm the bullish trend is re-established.

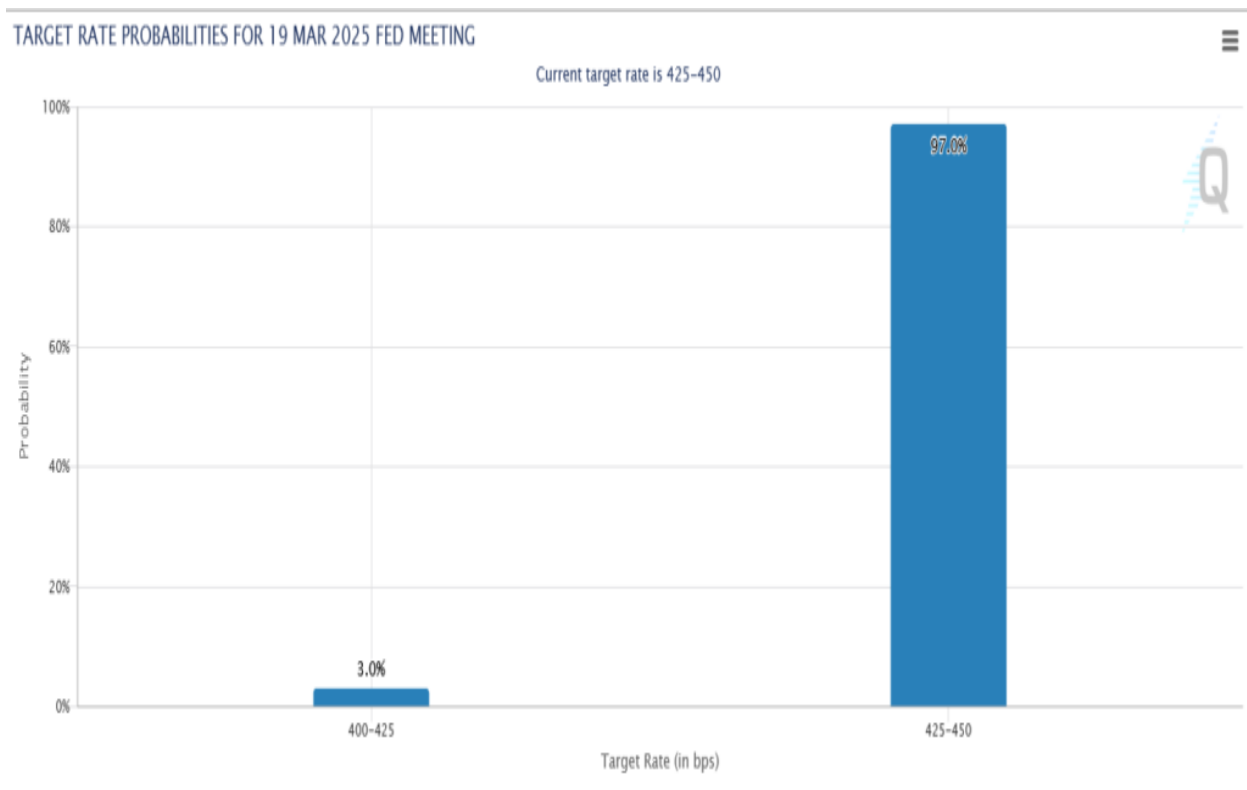
This correction process has been painful. However, it is crucial to remember how you felt during previous corrections and what actions you took. Were they the correct actions? If they weren't, then avoid potentially repeating past mistakes.

Volatility is the price we pay to invest. The hard part is avoiding volatility's behavioral impacts on our investing outcomes.

The Week Ahead

The Fed meeting on Wednesday will be the most interesting item to the market this week. While no rate change is expected, as shown below, the market will be on guard for any signals that they are weakening their economic outlook. Furthermore, QT may be mentioned as the Fed's overnight reverse repurchase program (RRP), which is nearing a zero balance. This is a good gauge of the excess liquidity in the financial system.

On the economic front, retail sales on Monday will inform on consumer consumption, accounting for about 70% of GDP. Will the recent market skittishness and political uncertainty weigh on retail sales? Following last month's much worse-than-expected 0.9% decline, the market is expecting a rebound of 0.7%. Remember that January and February retail data are challenging to interpret due to the holiday spending echo effect and winter storms.



Stupidity And The Five Laws Not To Follow

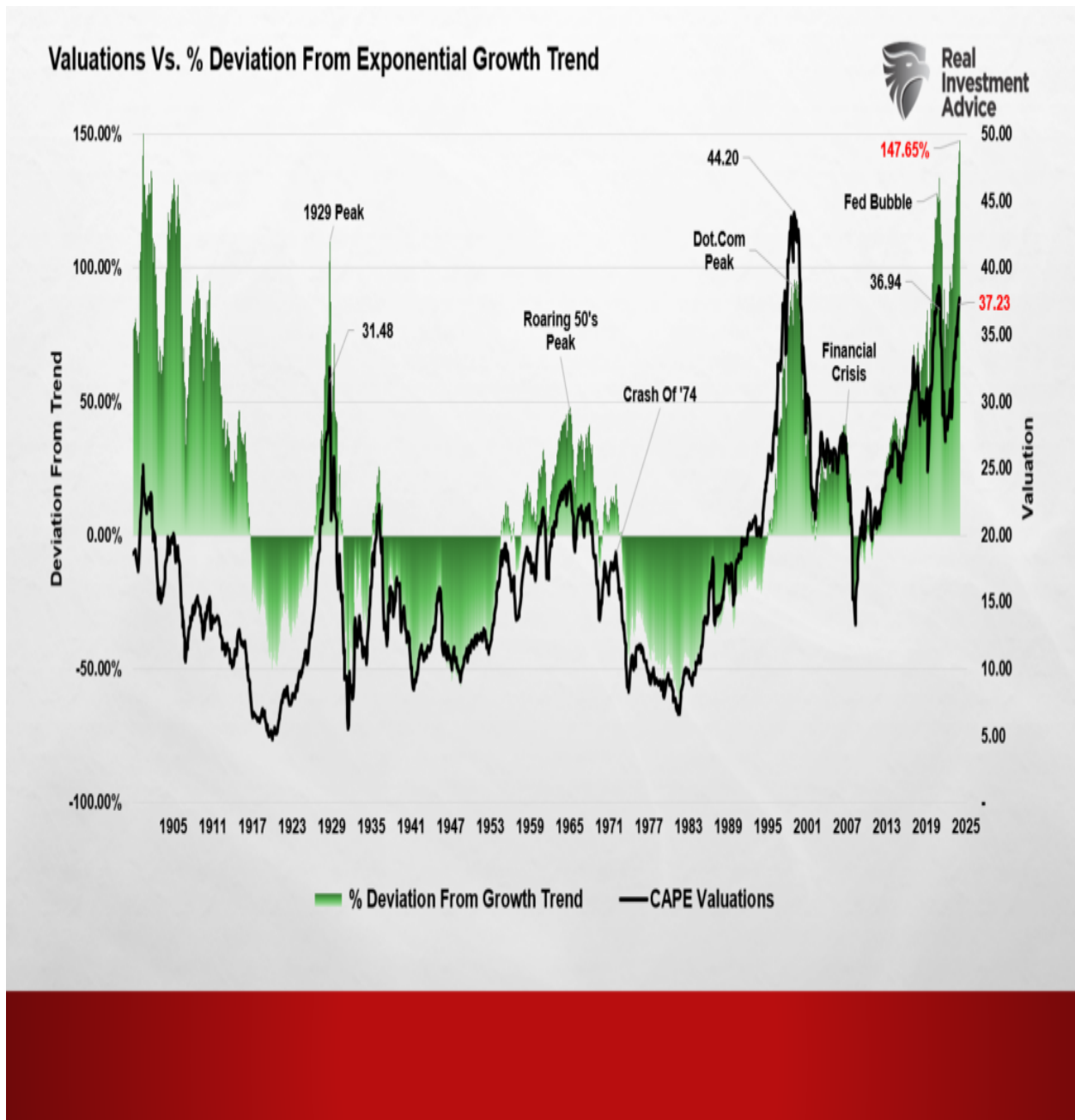
Human stupidity is the one thing you can rely on in financial markets. I recently read a great piece by Joe Wiggins at Behavioral Investment discussing why [?Investing is hard.?](#) The entire article is worth reading, but here are the five key reasons investors often fail at investing:

1. *Sensible decisions will frequently make us look stupid,*
2. *Crystal balls aren't enough,*
3. *Sentiment can overwhelm everything,*
4. *A longer time horizon doesn't guarantee success, and;*
5. *Extremes matter.*

These are great points, particularly now that there is ample evidence that investors' *crystal balls* have failed, with markets continuing to trade at extremes. Last week's [#BullBearReport made such a point.](#)

At our 2025 Economic and Investment Summit, we discussed the exceedingly high valuations investors pay to own assets. The chart below shows the S&P 500's current deviation from its long-term, exponential growth trend. At 147%, that deviation is among the highest levels on record and surpasses that of both the [Dot.com](#) and [Financial Crisis](#) peaks. Unsurprisingly, investors' overpayment of future earnings has also pushed current valuations to some of the highest levels on record.

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Tweet of the Day

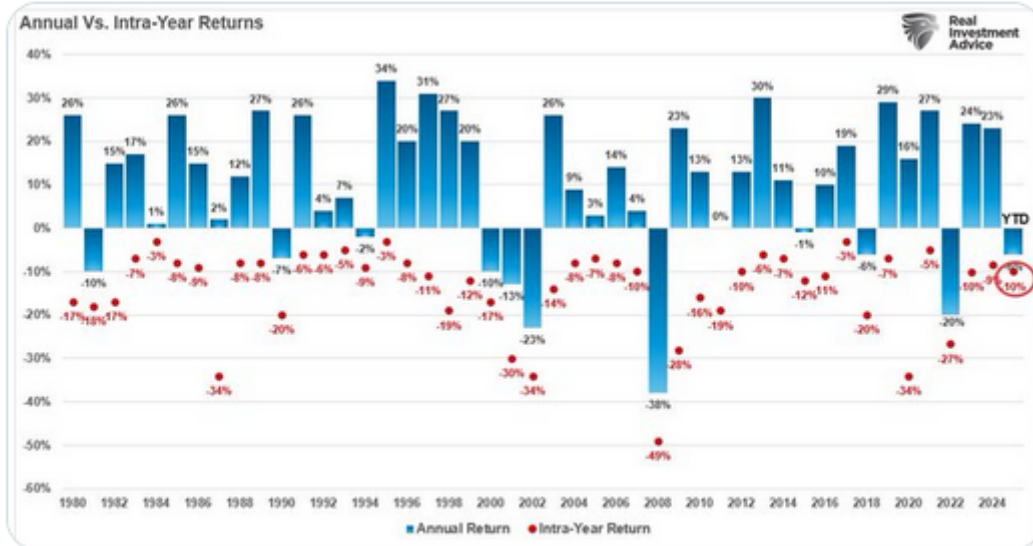


Lance Roberts ✓ @LanceRoberts · 26m



The [#correction](#) so far this year is entirely normal and healthy for investors. What should you be doing now?

- 1) Don't panic sell
- 2) Review risk and leverage.
- 3) Rebalance portfolios to realign with target weightings.
- 4) If your drawdown was more than the market...you are doing it wrong. Review strategy and adjust.



?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks?](#)

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