

## Rate Cuts Put On Hold

As expected, the Federal Reserve put further rate cuts on hold. After cutting rates three times in the latter half of 2024 for a total of 1%, the Fed is taking a break. While the Fed is still forecasting that inflation will trend lower by year-end, it is concerned that the trend has been stalling recently above its 2% target. The Fed hopes that its relatively high level of Fed Funds and the recent outbreak of higher long-term interest rates will put downward pressure on the economy, causing inflation to fall. As shown below, the Fed removed prior references that inflation is progressing toward its goal. Despite the language change, Powell alluded that the Fed remains upbeat that inflation is still heading lower. He called that change a "language cleanup." All members voted for no cuts in the Fed Funds rate.

At his press conference, Jerome Powell stressed that the labor market is "in balance." Accordingly, "it's not a source of inflationary pressure." He mentioned the Fed is not on a set course. They are willing to maintain the current policy but are willing to ease if the labor market weakens and or inflation declines further. The press tried to goad Powell into responding to Trump's demand for rate cuts and other proposed policies. He shed no light on the questions.

While removing the statement on progress on inflation may appear bearish for bonds, they were little changed on the day. Bond investors appear pleased the Fed is focusing on inflation.

Recent indicators suggest that economic activity has continued to expand at a solid pace. ~~Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but stabilized at a low level in recent months, and labor market conditions remain solid. Inflation~~ remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to ~~lower~~maintain the target range for the federal funds rate ~~by 1/4 percentage point to~~ 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; ~~Thomas I. Barkin;~~ Michael S. Barr; ~~Raphael W. Bostic;~~ Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; ~~Mary C. Daly~~ Austan D. Goolsbee; Philip N. Jefferson; Adriana D. Kugler; ~~and Christopher J. Waller.~~ Voting against the action was ~~Beth M. Hammack, who preferred to maintain the target range for the federal funds rate at 4-1/2 to 4-3/4 percent~~ Alberto G. Musalem; Jeffrey R. Schmid; and Christopher J. Waller.

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## What To Watch Today

### Earnings

Thursday Jan 30	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
<b>Apple</b> AAPL.US		2.36	2.18		124.99B	119.58B	\$3.56T	Q1	AM	★	👤
<b>Visa</b> V.US		2.66	2.41		9.35B	8.6B	\$673.1B	Q1	PM	★	👤
<b>Mastercard</b> MA.US		3.70	3.18		7.4B	6.5B	\$509.37B	Q4	PM	★	👤
<b>Blackstone</b> BX.US		1.43	1.11		3.78B	1.29B	\$222.07B	Q4	PM	★	👤
<b>Thermo Fisher Scientific</b> TMO		5.95	5.67		11.29B	10.89B	\$221.7B	Q4	PM	★	👤
<b>Caterpillar</b> CAT.US		5.06	5.23		16.64B	17.1B	\$189.24B	Q4	AM	★	👤
<b>Comcast</b> CMCSA.US		0.86	0.84		31.61B	31.25B	\$145.22B	Q4	AM	★	👤
<b>United Parcel Service</b> UPS.US		2.52	2.47		25.41B	24.9B	\$116.15B	Q4	PM	★	👤
<b>Marsh &amp; McLennan Compan</b>		1.77	1.68		5.93B	5.6B	\$109.87B	Q4	AM	★	👤
<b>Altria</b> MO.US		1.29	1.18		5.04B	5.02B	\$95.52B	Q4	AM	★	👤
<b>KLA-Tencor</b> KLAC.US		7.75	6.16		2.94B	2.49B	\$94.47B	Q2	AM	★	👤
<b>Sherwin-Williams</b> SHW.US		2.07	1.81		5.33B	5.25B	\$91.8B	Q4	AM	★	👤
<b>Parker-Hannifin</b> PH.US		6.23	6.15		4.81B	4.8B	\$84.98B	Q2	PM	★	👤
<b>Cigna</b> CI.US		7.79	6.79		63.16B	51.15B	\$84.86B	Q4	AM	★	👤
<b>Intel</b> INTC.US		0.12	0.54		13.83B	15.4B	\$84.71B	Q4	AM	★	👤
<b>Arthur J. Gallagher</b> AJG.US		2.06	1.85		2.71B	2.39B	\$73.83B	Q4	AM	★	👤
<b>Northrop Grumman</b> NOC.US		6.34	-1.45		10.96B	10.6B	\$73.32B	Q4	PM	★	👤
<b>Atlassian</b> TEAM.US		0.62	0.73		1.02B	1.06M	\$71.45B	Q2	PM	★	👤
<b>Southern Copper</b> SCCO.US		1.12	0.58		2.9B	2.3B	\$70.89B	Q4	AM	★	👤
<b>Roper Industries</b> ROP.US		4.73	4.37		1.84B	1.61B	\$58.25B	Q4	AM	★	👤
<b>Valero Energy</b> VLO.US		0.43	3.55		30.36B	35.41B	\$46.41B	Q4	AM	★	👤
<b>Baker Hughes</b> BKR.US		0.63	0.51		7.08B	6.84B	\$43.09B	Q4	PM	★	👤
<b>L3Harris Technologies</b> LHX.US		3.44	3.35		5.5B	5.34B	\$42.26B	Q4	AM	★	👤
<b>Edwards Lifesciences</b> EW.US		0.55	0.64		1.36B	1.53B	\$40.94B	Q4	AM	★	👤
<b>ResMed</b> RMD.US		2.32	1.88		1.27B	1.2B	\$36.88B	Q2	AM	★	👤
<b>Hartford Financial Services</b> HIC		2.67	3.06		6.91B	6.4B	\$33.96B	Q4	AM	★	👤
<b>Deckers Outdoor</b> DECK.US		2.46	15.11		1.7B	1.56B	\$32.19B	Q3	PM	★	👤
<b>Tractor Supply</b> TSCO.US		0.45	2.28		3.79B	3.66B	\$31.82B	Q4	PM	★	👤
<b>Cardinal Health</b> CAH.US		1.77	1.82		54.56B	57.4B	\$31.46B	Q2	PM	★	👤
<b>Dow</b> DOW.US		0.29	0.43		10.58B	10.62B	\$29.34B	Q4	PM	★	👤
<b>PPG Industries</b> PPG.US		1.65	1.53		4.07B	4.4B	\$29.17B	Q4	AM	★	👤
<b>Dover</b> DOV.US		2.08	2.45		1.96B	2.11B	\$26.82B	Q4	PM	★	👤
<b>LPL Financial</b> LPLA.US		3.96	3.51		3.27B	2.64B	\$26.35B	Q4	PM	★	👤
<b>PulteGroup</b> PHM.US		3.27	3.28		4.65B	4.29B	\$24.51B	Q4	AM	★	👤
<b>Weyerhaeuser</b> WY.US		0.05	0.16		1.72B	1.77B	\$22.25B	Q4	AM	★	👤
<b>Biogen</b> BIIB.US		3.41	2.95		2.41B	2.4B	\$21.52B	Q4	AM	★	👤
<b>International Paper</b> IP.US		-0.07	0.41		4.73B	4.6B	\$20.28B	Q4	AM	★	👤
<b>Southwest Airlines</b> LUV.US		0.39	0.37		6.91B	6.82B	\$19.24B	Q4	AM	★	👤
<b>Quest Diagnostics</b> DGX.US		2.19	2.15		2.58B	2.29B	\$17.79B	Q4	PM	★	👤

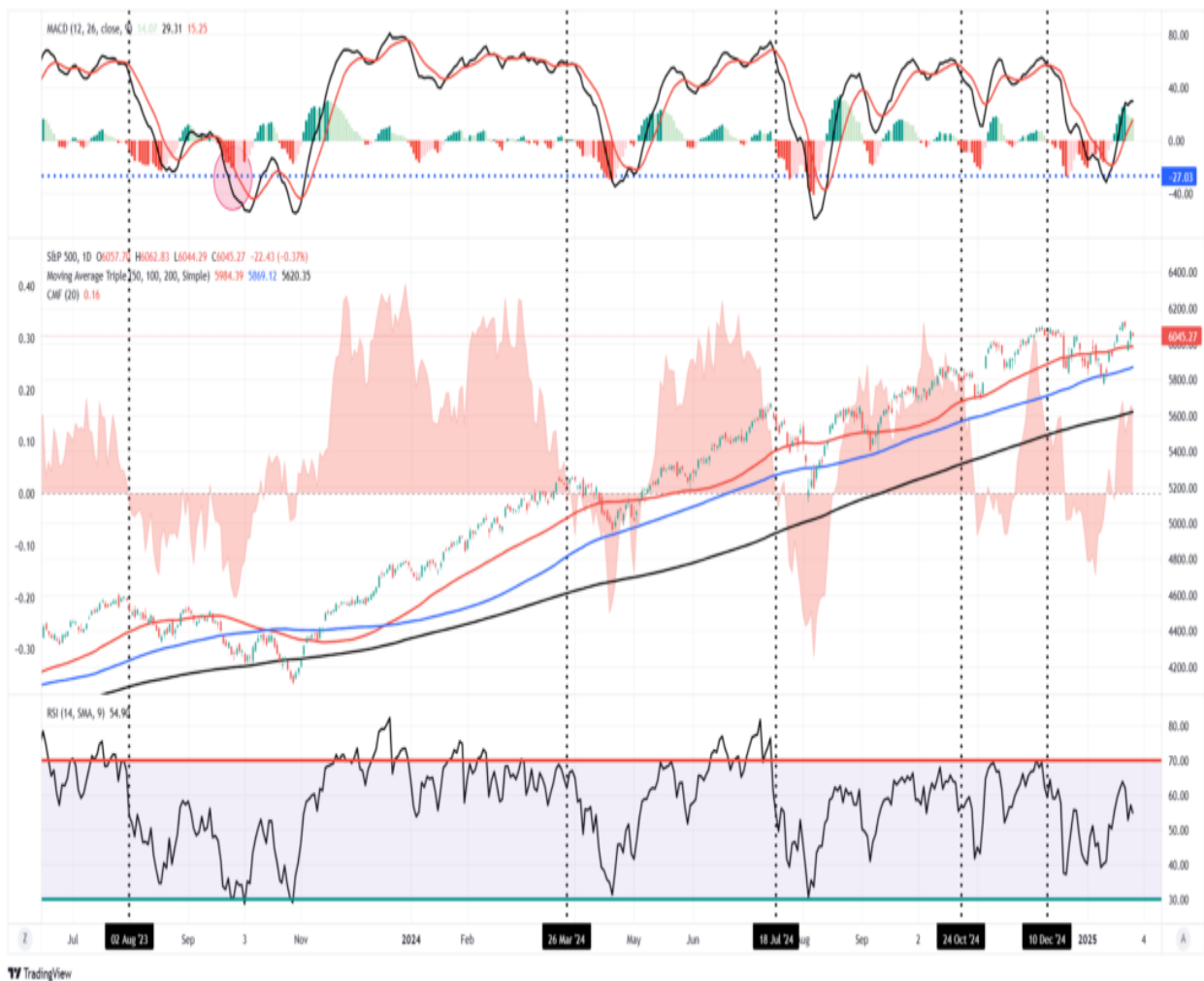
## Economy

Wednesday January 29 2025			Actual	Previous	Consensus	Forecast		
07:30 AM	US	GDP Growth Rate QoQ Adv Q4		3.1%	2.8%	3%		
07:30 AM	US	GDP Price Index QoQ Adv Q4		1.9%	2.5%	2.3%		
07:30 AM	US	Initial Jobless Claims JAN/25		223K	220K	228.0K		
07:30 AM	US	Continuing Jobless Claims JAN/18		1899K	1890K	1885.0K		
07:30 AM	US	Core PCE Prices QoQ Adv Q4		2.2%	2.5%	2.3%		
07:30 AM	US	GDP Sales QoQ Adv Q4		3.3%		2.9%		
07:30 AM	US	Jobless Claims 4-week Average JAN/25		213.5K		214.0K		
07:30 AM	US	PCE Prices QoQ Adv Q4		1.5%		1.1%		
07:30 AM	US	Real Consumer Spending QoQ Adv Q4		3.7%		2.9%		
09:00 AM	US	Pending Home Sales MoM DEC		2.2%	0%	-0.3%		
09:00 AM	US	Pending Home Sales YoY DEC		6.9%		4.0%		
09:30 AM	US	EIA Natural Gas Stocks Change JAN/24		-233Bcf				

## Market Trading Update

As [discussed yesterday](#), the market has been rotating sharply over the last few days. The sharp selloff in some stocks on Monday was met by sharp buying on Tuesday, while Monday's winners were sold off the next day. This type of rapid rotation sometimes makes it difficult to navigate markets. Thus we suggested on Monday not to *do anything* and let the market calm down somewhat. One important facet is that despite Monday's selloff, money flows remain positive.

As shown in the chart below, money flows can reasonably signal when investors should consider increasing or reducing risk-based exposures. The vertical black lines denote when the MACD issues a *sell signal*, relative strength is overbought, and money flows are declining or turning negative. This isn't meant to be used as a *timing* indicator to get all in or out of the market, but rather a warning signal that markets are likely to enter into a period of increased volatility.



The important point is that despite Monday's sharp selloff in some stocks, money flows remain positive, the *buy signal* is intact, and relative strength is not overbought yet. This suggests that the near-term risk is to the upside, and being overly defensive may impair performance. While this does not mean certain individual companies are immune to further risks, the broader market remains stable. When money flows turn negative, we will certainly apprise you.

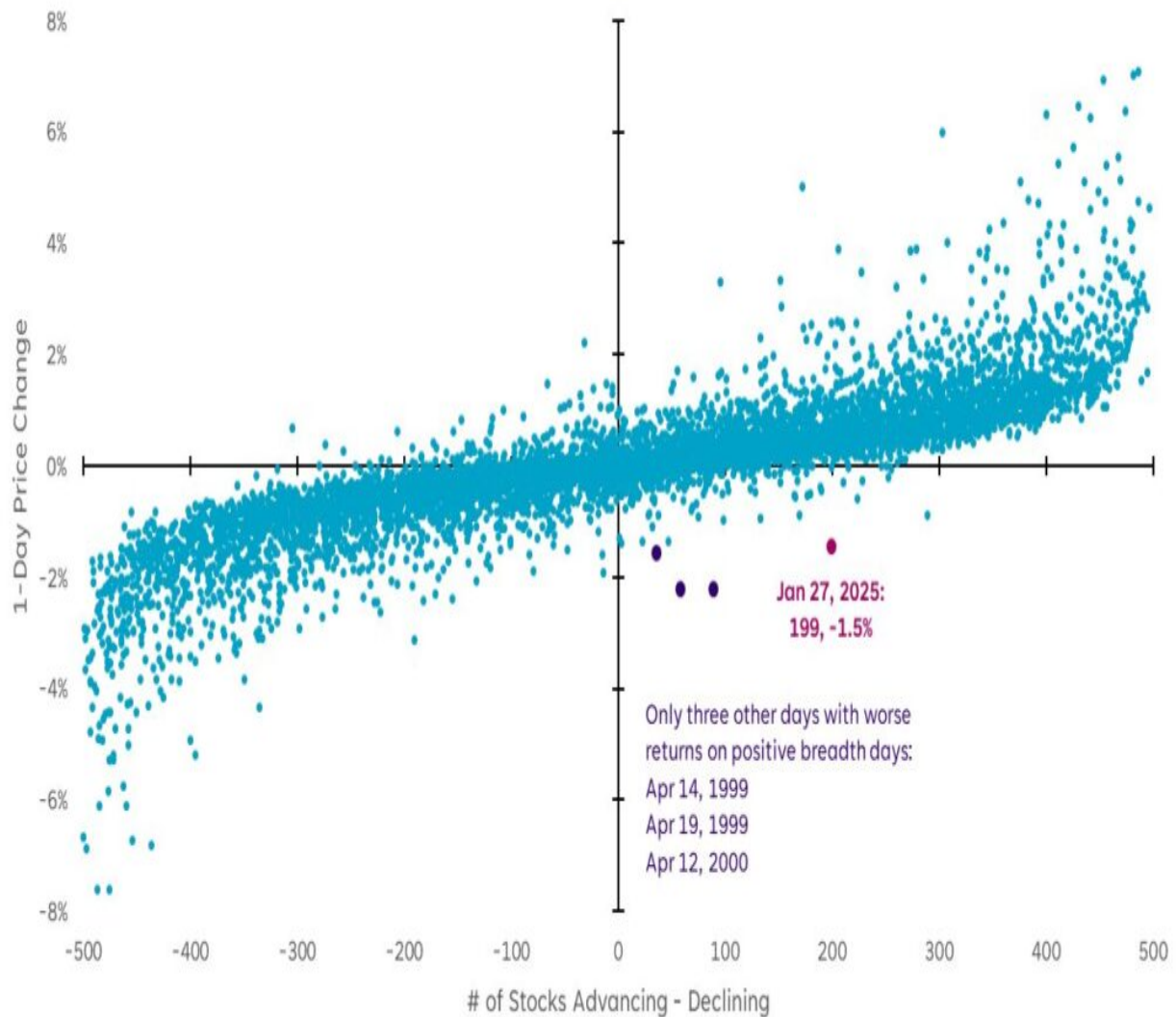
## Monday's AI Shock Was Very Unusual

Nvidia led AI-related stocks in a sharp decline on Monday, pulling the S&P 500 and Nasdaq lower as well. However, the Dow Jones Industrial Average was higher on the day. Moreover, the equal-weighted S&P 500 (RSP) was flat on the day. While some of the largest-cap stocks fell significantly, most others were fine. Stocks from the recently underperforming sectors had quite a good day.

The graph below, courtesy of SOFI, highlights the historical divergence. Despite the S&P 500 falling by about 1.5%, 199 more stocks closed higher than those that fell. Since 1996, we have only had three similar instances. All three occurred in the pre-dot-com bust surge. In hindsight, those three divergences were a warning of sorts. Might Monday's rare breadth be another?



## S&P 500: 1-Day Price Returns & Breadth



Source: SoFi, Bloomberg. Data since Oct 23, 1996. Y-axis is truncated for ease of interpretation and omits some outlier values.



















## Meme Coins Do Not Create Wealth

The latest craze in cryptocurrency is the release of the \$TRUMP and \$MELANIA meme coins. Immediately upon issuance, the cryptocurrency coins surged in value, turning worthless 0s and 1s of computer code into tens of billions of dollars.

Many in the financial media, alongside crypto devotees, claim these meme coins, and others like Fart Coin, DOGE Coin, and the aptly named Shit Coin, create wealth. While they have made sizable profits for countless coin issuers and traders, the amount of dollars in the financial system remains unchanged. **The coins do not create wealth; they transfer it from buyers to sellers.**

More importantly and not advertised by the pro-crypto bandwagon, our potential national wealth suffers as the valuations of most cryptocurrencies grow. Instead of focusing on the glamor of instant millionaires that meme coins create, we take a different direction: their impact on the economy and the citizens' aggregate wealth. &#2013266080;

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Coin	Price	1h	24h	7d	24h Volume	Market Cap	Last 7 Days
 Dogecoin DOGE	\$0.3687	▼ 2.4%	▼ 1.1%	▲ 5.0%	\$10,189,790,372	\$54,494,900,005	
 Shiba Inu SHIB	\$0.00002067	▼ 0.3%	▼ 1.7%	▼ 3.9%	\$857,335,744	\$12,186,573,973	
 Official Trump TRUMP	\$37.87	▲ 1.7%	▼ 23.0%	-	\$17,291,068,691	\$7,608,537,915	
 Pepe PEPE	\$0.00001549	▲ 0.1%	▼ 4.8%	▼ 10.7%	\$2,005,131,474	\$6,514,702,533	
 Bonk BONK	\$0.00003062	▲ 3.9%	▼ 7.0%	▲ 12.5%	\$587,775,045	\$2,339,013,070	
 Fartcoin FARTCOIN	\$1.66	▲ 4.1%	▼ 13.6%	▲ 49.9%	\$585,548,266	\$1,667,006,519	
 Pudgy Penguins PENGU	\$0.02351	▼ 1.6%	▼ 5.5%	▼ 28.5%	\$398,217,022	\$1,494,035,155	
 dogwifhat WIF	\$1.41	▲ 0.2%	▼ 4.3%	▼ 7.0%	\$605,188,670	\$1,412,186,816	
 FLOKI FLOKI	\$0.0001418	▲ 0.2%	▼ 4.1%	▼ 11.4%	\$438,794,588	\$1,372,181,891	

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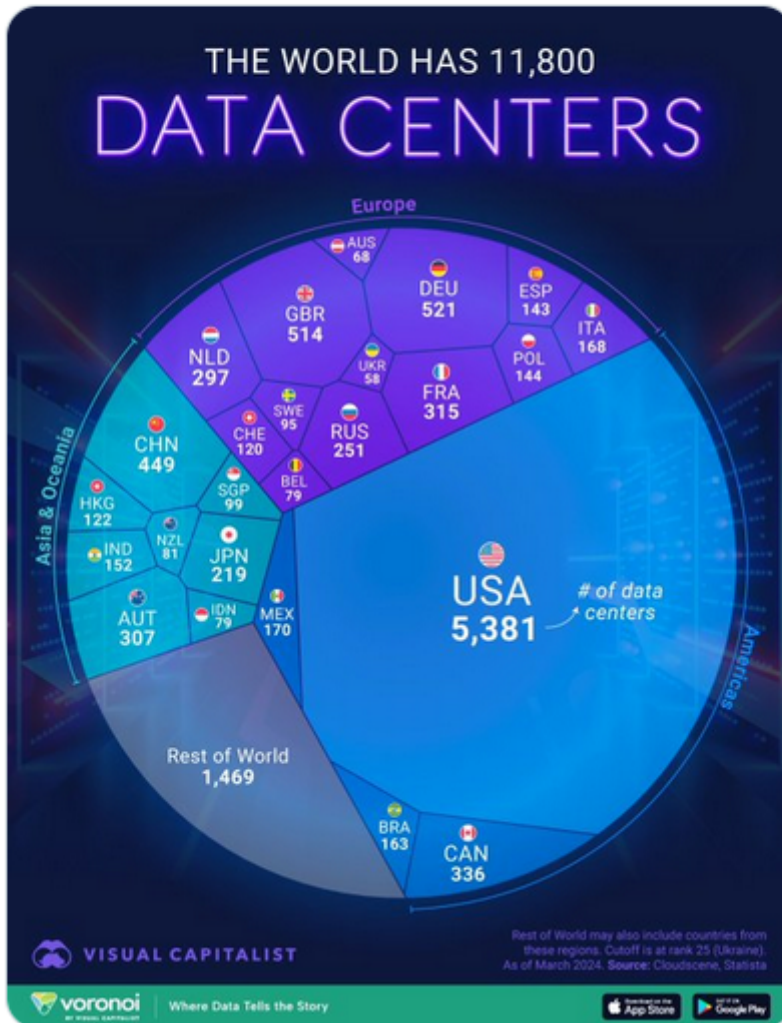
## Tweet of the Day



**Liz Ann Sonders**  @LizAnnSonders · Jan 22



Data centers are often considered the backbone of the digital world, powering everything from social media to cloud computing; this [@VisualCap](#) graphic visualizes how many each country has, as of March 2024, using data from [@CloudsceneMedia](#) (accessed via [@StatistaCharts](#))



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