

Strategic Crypto Stockpile And Political Uncertainty

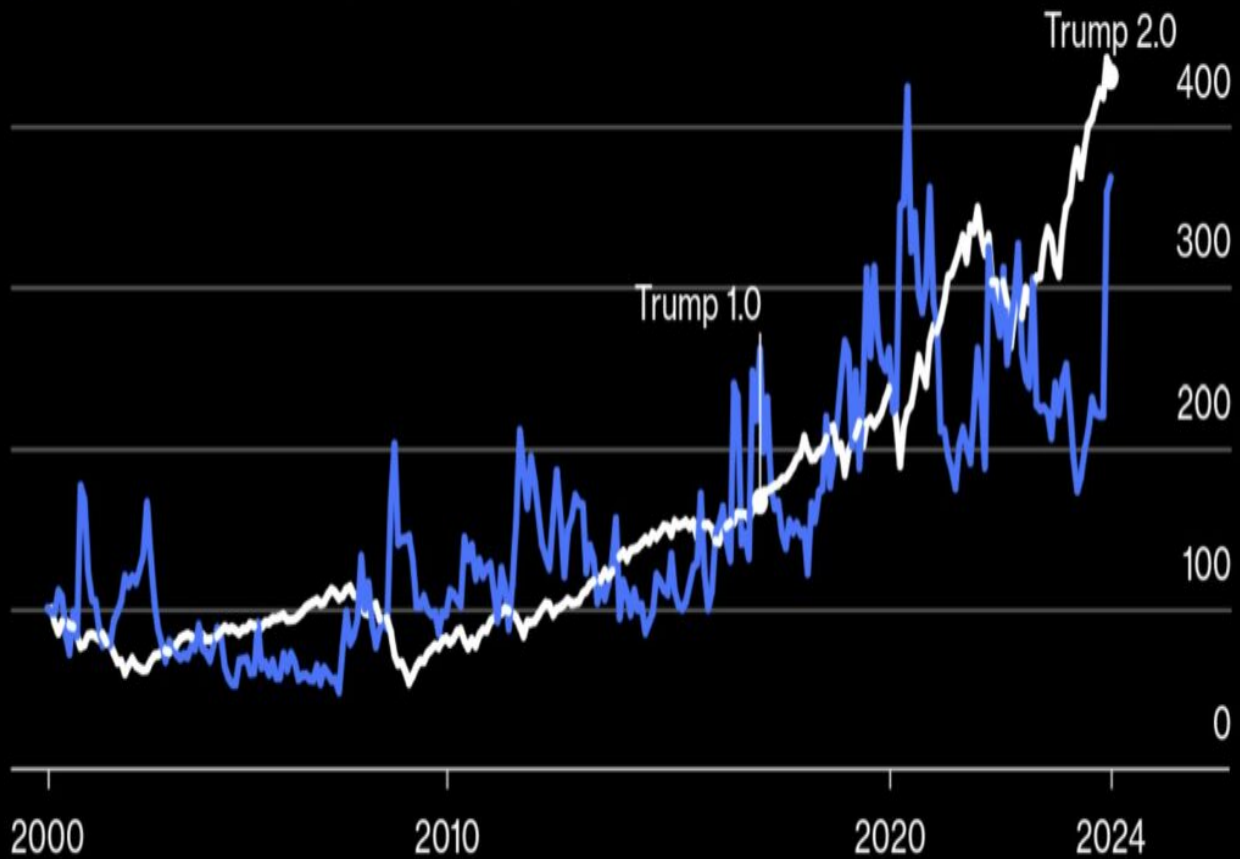
Bitcoin and other cryptocurrencies are hitting record highs partly due to Donald Trump's pro-crypto policies. One such anticipated policy proposal was the establishment of a strategic crypto reserve. Presumably, this would be similar to currency strategic reserves the US holds but would hold cryptocurrencies. The plan, announced Thursday night, calls the strategic crypto holdings a stockpile, not a reserve. The stockpile will be comprised of crypto seized by law enforcement. Currently, the US is the second largest sovereign holder of Bitcoin, with nearly 200k coins. All of it was seized, not bought. Accordingly, as the policy reads today, the stockpile is the same policy the government has been running.

The change in direction from strategic crypto reserve to stockpile is an excellent example of the uncertainty regarding Trump's potential policies. Campaign rhetoric and actual policy often differ substantially. However, while Trump is no different than other Presidents in this regard, the amount of economic uncertainty is the most significant in 25 years, excluding the early days of the pandemic. Thus far, the bond market seems perturbed by the uncertainty. However, stock investors seem to think it is *no big deal* to quote Bloomberg. While forecasting stock or bond market direction based on policy is extremely difficult, we are confident that if policy uncertainty continues, we should expect volatility in all markets to run higher than usual.

Economic Policy Uncertainty No Big Deal

Markets not bothered by the lack of clarity in Trump's key policies

Global Economic Policy Uncertainty Index / S&P 500



Source: Bloomberg

Data is normalized with factor 100 as of December 31, 2000.

Bloomberg Opinion

What To Watch Today

Earnings

Monday Jan 27	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
AT&T T:US	0.49	0.54		32.07B	32B		\$162.01B	Q4	PM ★ 🔔
Brown & Brown BRO:US	0.77	0.58		1.12B	1.03B		\$30.26B	Q4	AM ★ 🔔
Nucor NUE:US	0.77	3.16		6.81B	7.7B		\$29.26B	Q4	PM ★ 🔔
Alexandria Real Estate Equitie	0.92	-0.54		778.72M	757.2M		\$17.6B	Q4	PM ★ 🔔
W.R. Berkley WRB:US	0.99	1.45		2.98B	2.72B		\$14.67B	Q4	AM ★ 🔔
Graco GGG:US	0.77	0.80		551.75M	566.6M		\$14.44B	Q4	PM ★ 🔔

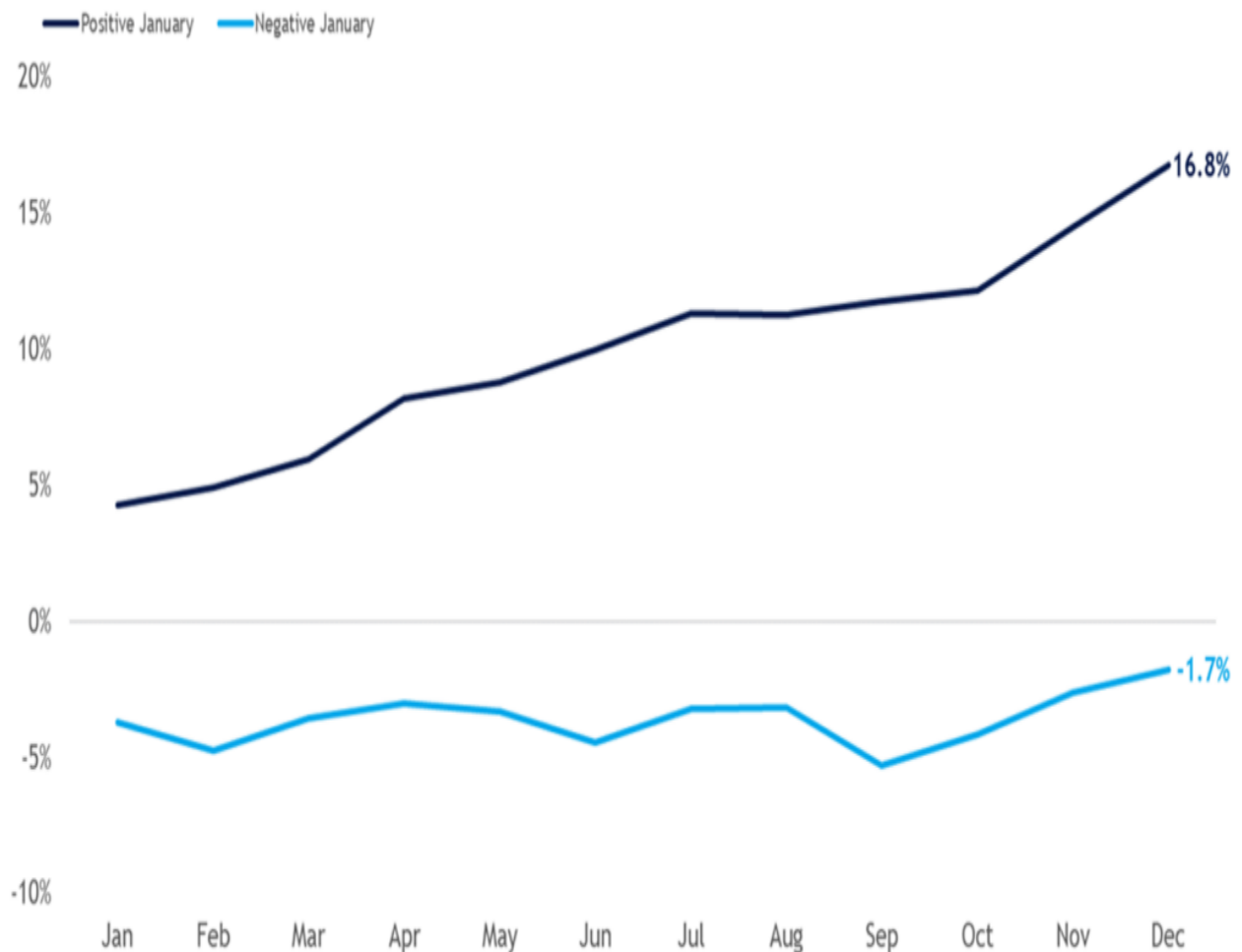
Economy

Monday January 27 2025			Actual	Previous	Consensus	Forecast		
07:30 AM	US	Chicago Fed National Activity Index DEC		-0.12		0.1		
09:00 AM	US	New Home Sales DEC		0.664M	0.67M	0.64M		
09:00 AM	US	New Home Sales MoM DEC		5.9%		-3.5%		
09:30 AM	US	Dallas Fed Manufacturing Index JAN		3.4		4		
10:30 AM	US	2-Year Note Auction		4.335%				
10:30 AM	US	6-Month Bill Auction		4.165%				
12:00 PM	US	3-Month Bill Auction		4.215%				
12:00 PM	US	5-Year Note Auction		4.478%				
	US	Building Permits Final DEC		1.493M	1.483M	1.6M		
	US	Building Permits MoM Final DEC		5.2%	-0.7%	-0.7%		

Market Trading Update

Last week, we noted that with the first five days of January making a positive return, such set the *January Barometer* in motion. If you missed our previous discussions, we reviewed the historical precedents of **So goes January, so goes the month.**

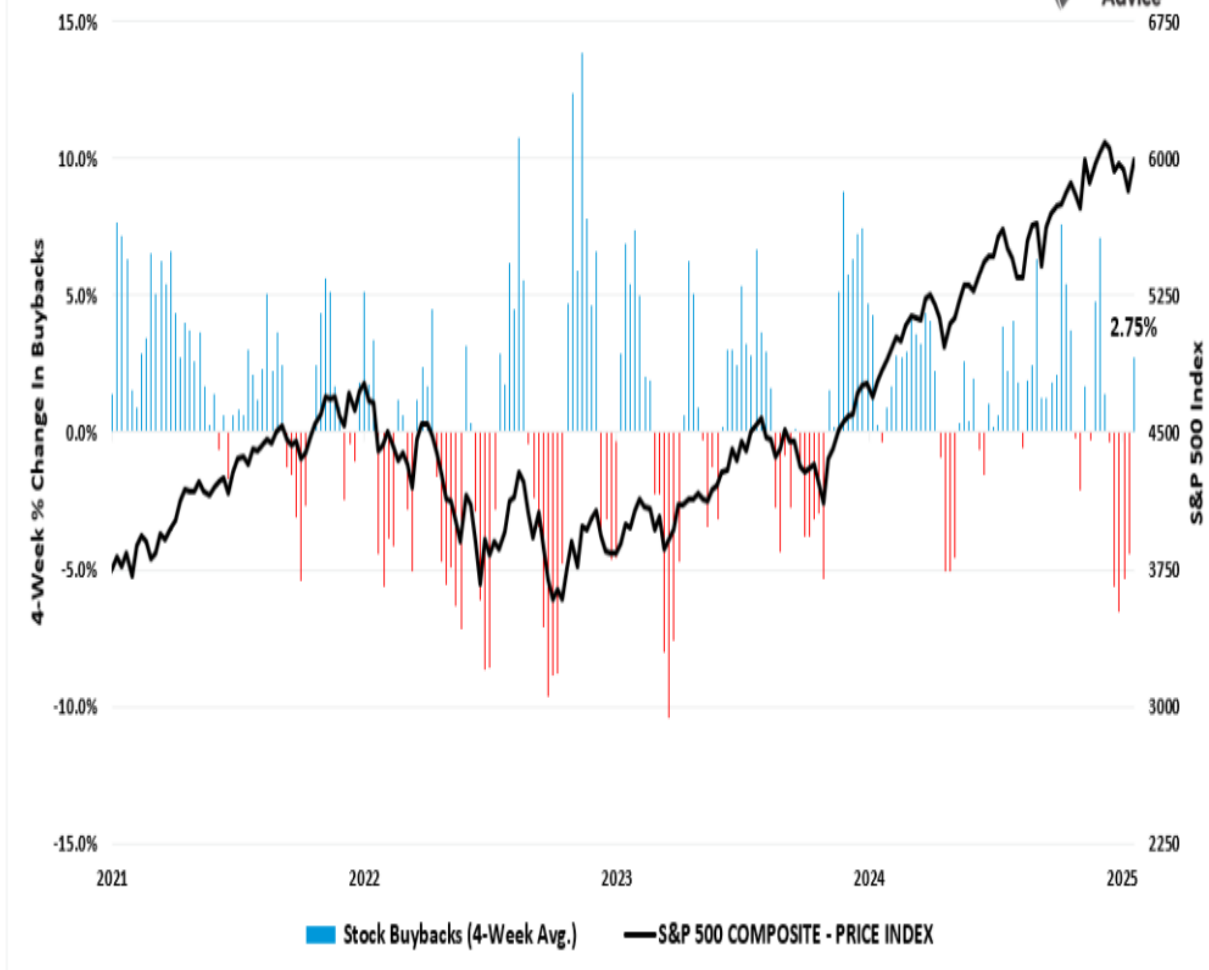
*However, even with a failed Santa rally, the **January barometer** holds the key for the year. Historically, a positive January has been a bullish sign for stocks. The chart below highlights that the popular Wall Street maxim has stood the test of time. Since 1950, the S&P 500 has posted an average annual return of 16.8% during years that included a positive January. Furthermore, the index generated positive returns in 89% of these years. In contrast, when the index traded lower in January, annual returns dropped to -1.7%, with only 50% of occurrences yielding positive results.*



The rally leading up to and following the inauguration pushed markets back to the December highs. While the month is not over yet, the return of bullish sentiment bodes well for the market to finish the month in positive territory. Furthermore, the current rally is being supported by positive earnings announcements, improvement in sentiment, and, most importantly, a return of share buybacks. Such was a previous point [I made on ?X.?](#)

?Speaking of share buybacks, in today?s trading update I published the following two charts showing the correlation between the ebbs and flows of buybacks vs the market. Given we have been in a blackout period over the last few weeks, the market weakness was unsurprising. In 2025, the market is expected to set a record of \$1 Trillion in repurchases.?

4-Week Average In Share Buybacks Vs S&P 500



Technically speaking, the market has triggered a MACD *buy signal*, which supports the current rally. However, the markets are back to decently overbought levels in the short term. Furthermore, the deviation from the 50-DMA is getting rather large, which may limit some near-term upside. Therefore, as always, do not negate managing risk and allocations accordingly.





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The Week Ahead

Earnings, the FOMC meeting, GDP, and inflation data will set the market tone this week. The table below, courtesy of Earnings Whispers, shows that many large companies report earnings this week. To that end, Apple, Microsoft, Tesla, Meta, Visa, and Exxon lead the charge.

The Fed meets on Wednesday, and it's almost certain they will not cut rates. Moreover, they are not likely to hint at rate cuts in the next few meetings. Of interest will be the recent rent data which should push CPI expectations lower and Trump's demands for lower interest rates. This meeting has the potential to be relatively dull. In other words, the Fed may repeat much of what they said at the last meeting.

PCE price data on Friday and GDP on Thursday will be closely followed. The current market expectation is for PCE prices to rise by .3% and GDP to grow by 3%. The Atlanta Fed also forecasts 3% GDP growth.

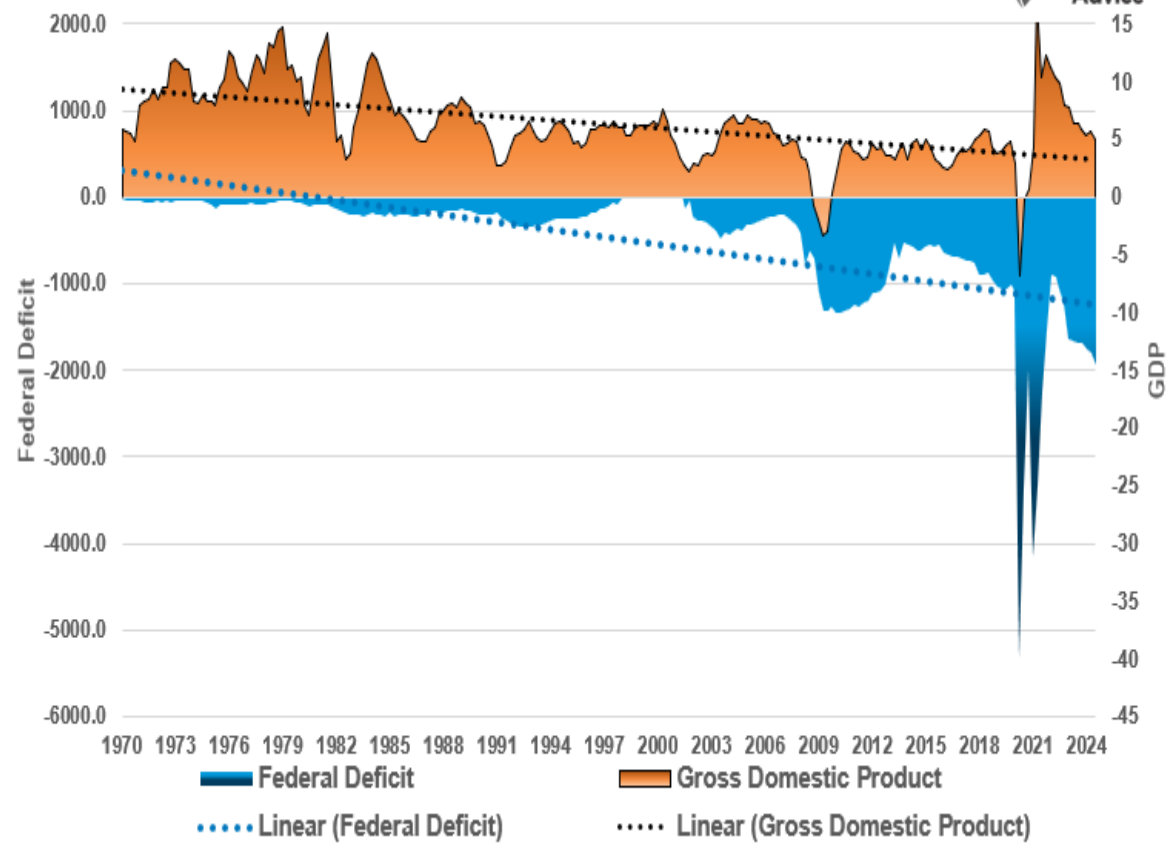
E EARNINGS WHISPERS		Most Anticipated Earnings Releases									
		for the week beginning									
		January 27, 2025									
Monday		Tuesday		Wednesday		Thursday		Friday			
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open			
 SOFT	 NUE	 BA	 SBUX	 ASML	 TSLA	 UPS	 AAPL	 XOM			
 T	 ARE	 GM	 SAP	 PGR	 META	 MA	 INTC	 CVX			
 BAC	 WRB	 LMT	 LC	 TMUS	 MSFT	 DOW	 V	 ABBV			
 BOH	 HBCP	 RCL	 LOGI	 ADP	 IBM	 BX	 KLAC	 CL			
 DYX	 EFSC	 RTX	 LBN	 DHR	 LMR	 NOK	 CHP	 BAH			
 HCFE	 CR	 SYF	 NXT	 TEVA	 HTI	 LOV	 TEAM	 LYB			
 OKLC	 SANM	 JBLU	 PKG	 GO	 CLB	 ALGM	 BKR	 PSX			
 WAL	 CR	 SYF	 CB	 VFC	 CLS	 CAT	 DECK	 BBP			
 AGNC	 CVLT	 JBLU	 FFIV	 NDQA	 WOLF	 CMCSA	 X	 ALV			
 AGNC	 KMB	 SYK	 EAT	 WDC	 MBLY	 SKYW	 CHTR				
 BRO											
http://eps.sh/cal						© 2025 Earnings Whispers					

Do Money Supply, Deficit, and QE Create Inflation?

The reality is that despite mainstream thinking that inflation will resurge due to rising debts, deficits, or Federal Reserve interventions, the historical evidence does not support such claims. The negative impact of debt on the economy is evident. Furthermore, the negative correlation between the size of the government and economic growth suggests the most likely outcome in the future is deflation.

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Federal Surplus / Deficit Vs. Economic Growth



Tweet of the Day

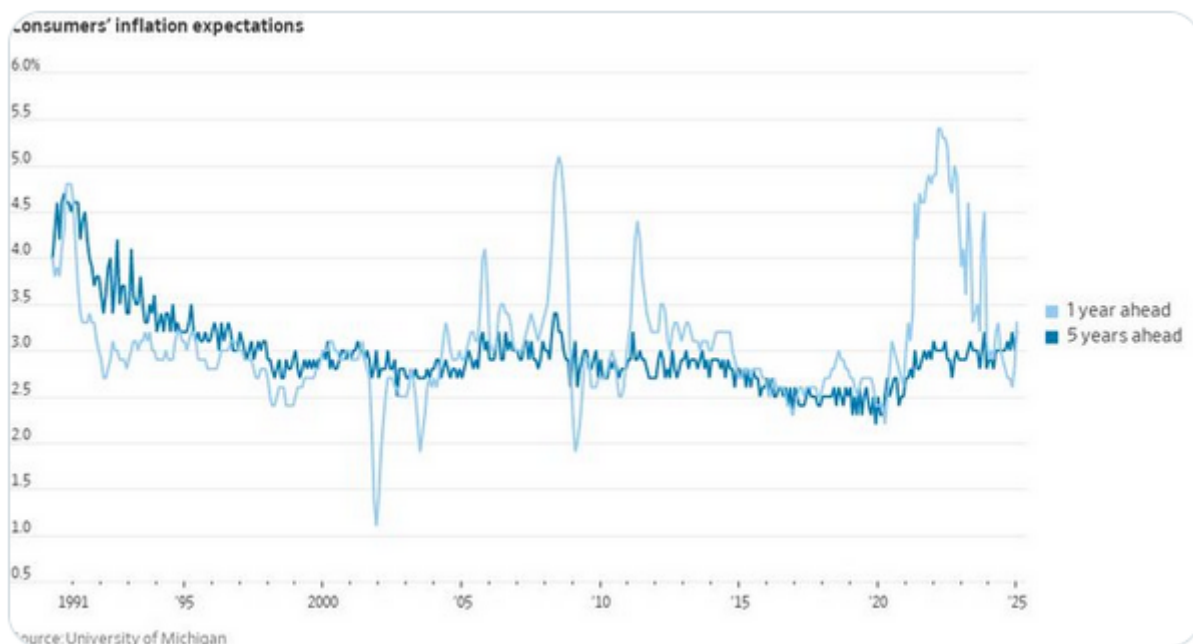


Nick Timiraos ✓
@NickTimiraos

x1 ...

One-year-ahead and five-year-ahead inflation expectations rose in the University of Michigan consumer survey to 3.3% and 3.2%, respectively.

"Concerns over the future trajectory of inflation were visible throughout the interviews and were tied to beliefs about anticipated policies like tariffs. Consumers continued to spontaneously express motives for buying-in-advance to avoid future price increases, and robust auto and retail sales data suggest that consumers are indeed acting on these views."



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