

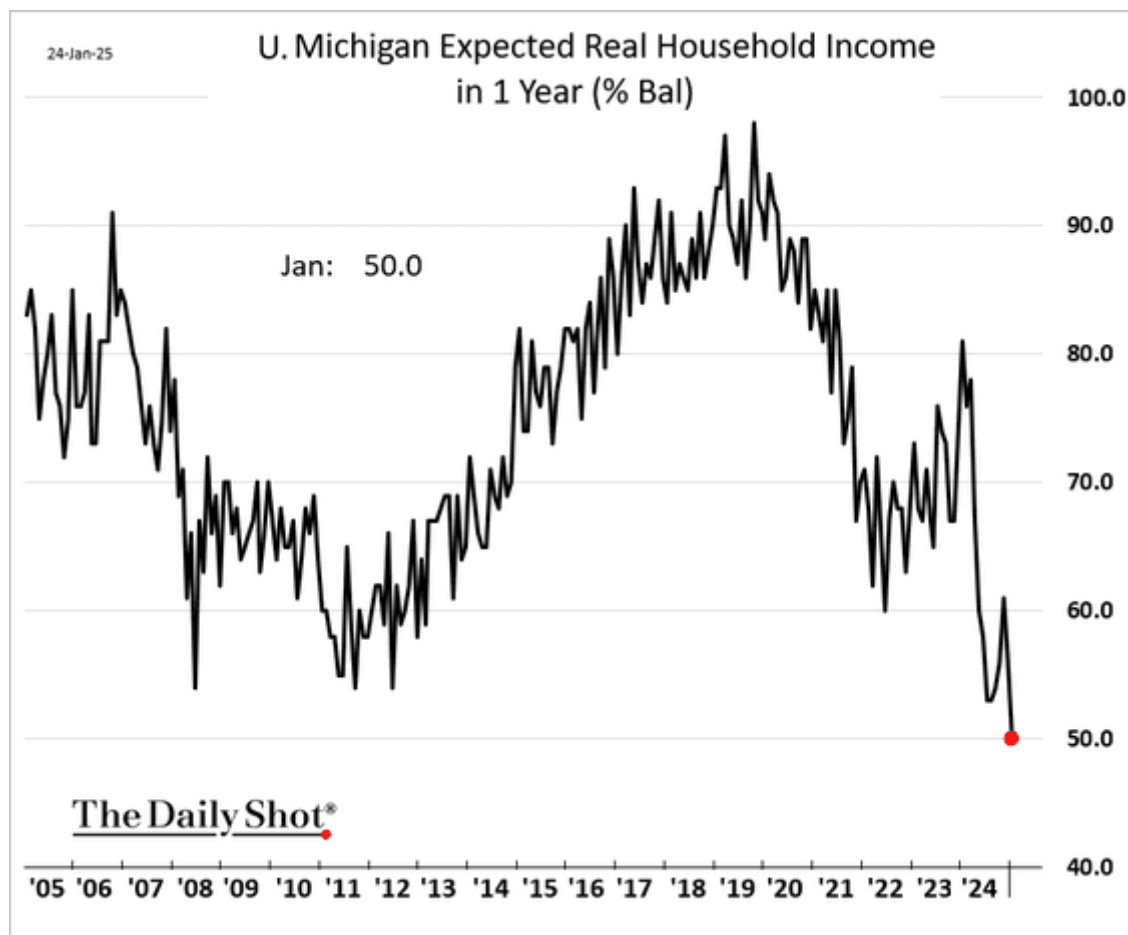


## The Chart That Should Worry The Fed

Personal consumption represents over two-thirds of economic activity. Therefore, consumers' ability to spend, i.e., income, is vital to the economy. Taking it one more step, confidence in the security of our jobs and wages drives the marginal consumption behaviors of most citizens. With that, we share a chart that should worry the Fed. The chart below, courtesy of The Daily Shot, shows that the University of Michigan survey of real household income expectations is plummeting. Moreover, the index is at its lowest since at least 2005.






























There is a robust correlation between the unemployment rate and economic activity. This relationship is logical. When consumers are confident in their job security and the ability of wages to keep up or exceed inflation, they are more willing to spend. Conversely, if they fear the possibility of a layoff or a wage that doesn't keep up with inflation, they tend to save. While labor market data is generally good, there are signs the labor market is at a standstill. Continuing jobless claims are steadily rising and at their highest level in over three years. The JOLTS hires rate is at ten-year lows. While the number of layoffs remains low, employers aren't hiring either. Accordingly, the broad labor market data may seem good, but the chart below and other data should give the Fed pause that consumers may start to spend less and save more.

Check out the Tweet of the Day as if the chart below wasn't concerning. It shows employment expectations are also plummeting. Similar changes in expectations have led to a higher unemployment rate previously.





























































## What To Watch Today

### Earnings

Wednesday Jan 29				EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
	Microsoft	MSFT	US		3.13	2.93		68.92B	62B	\$3.17T	Q2	PM	★	🔔
	Meta	FB	US		6.73	5.33		47.03B	40.11B	\$1.61T	Q4	PM	★	🔔
	Tesla	TSLA	US		0.76	0.71		27.23B	25.17B	\$1.28T	Q4	AM	★	🔔
	T-Mobile Us	TMUS	US		2.28	1.67		21.37B	20.48B	\$262.13B	Q4	PM	★	🔔
	ServiceNow	NOW	US		3.65	3.11		2.96B	2.44B	\$232.9B	Q4	PM	★	🔔
	IBM	IBM	US		3.80	3.87		17.62B	17.38B	\$203.31B	Q4	AM	★	🔔
	Danaher	DHR	US		2.15	2.09		6.39B	6.4B	\$178.55B	Q4	PM	★	🔔
	Progressive	PGR	US		3.53	3.37		18.14B	15.77B	\$141.61B	Q4	PM	★	🔔
	ADP	ADP	US		2.30	2.13		4.97B	4.7B	\$121.36B	Q2	PM	★	🔔
	Chubb	CB	US		5.34	8.30		12.26B	11.9B	\$109.05B	Q4	PM	★	🔔
	Waste Management	WM	US		1.82	1.74		5.67B	5.22B	\$85.08B	Q4	PM	★	🔔
	General Dynamics	GD	US		4.30	3.64		13.22B	11.67B	\$73.91B	Q4	AM	★	🔔
	Norfolk Southern	NSC	US		3.01	2.83		3.04B	3.1B	\$58.22B	Q4	AM	★	🔔
	Ameriprise Financial	AMP	US		9.17	7.75		4.5B	3.99B	\$54.6B	Q4	AM	★	🔔
	Howmet Aerospace	HWM	US		0.72	0.53		1.88B	1.73B	\$52.12B	Q4	PM	★	🔔
	United Rentals	URI	US		11.75	11.26		3.93B	3.73B	\$51.41B	Q4	PM	★	🔔
	Msci	MSCI	US		3.96	3.68		746.56M	690.11M	\$48.94B	Q4	PM	★	🔔
	NASDAQ	NDAQ	US		0.74	0.72		1.22B	1.1B	\$46.37B	Q4	AM	★	🔔
	Hess	HES	US		1.65	1.63		2.96B	3.01B	\$44.74B	Q4	PM	★	🔔
	Corning	GLW	US		0.56	0.39		3.75B	3.27B	\$43.18B	Q4	PM	★	🔔
	Crown Castle International	C			0.45	0.83		1.64B	1.67B	\$39.77B	Q4	AM	★	🔔
	Otis Worldwide	OTIS	US		0.95	0.87		3.67B	3.62B	\$39.2B	Q4	PM	★	🔔
	Raymond James Financial	R			2.62	2.4		3.46B	3.01B	\$35.37B	Q1	PM	★	🔔
	Rockwell Automation	ROK	US		1.57	2.04		1.89B	2.05B	\$33.01B	Q1	AM	★	🔔
	Las Vegas Sands	LVS	US		0.58	0.57		2.91B	2.92B	\$32.72B	Q4	AM	★	🔔
	Markel	MKL	US		18.97	56.48		3B	4.64B	\$23.86B	Q4	AM	★	🔔
	Lennox International	LII	US		4.15	3.63		1.23B	1.2B	\$23.58B	Q4	AM	★	🔔
	Western Digital	WDC	US		1.88	-0.69		4.28B	3.03B	\$21.1B	Q2	PM	★	🔔
	Teradyne	TFR	US		0.91	0.79		740.47M	671M	\$18.97B	Q4	AM	★	🔔

## Economy

Wednesday January 29 2025			Actual	Previous	Consensus	Forecast		
06:00 AM	 US	MBA 30-Year Mortgage Rate <small>JAN/24</small>		7.02%				
06:00 AM	 US	MBA Mortgage Applications <small>JAN/24</small>		0.1%				
06:00 AM	 US	MBA Mortgage Market Index <small>JAN/24</small>		224.6				
06:00 AM	 US	MBA Mortgage Refinance Index <small>JAN/24</small>		558.8				
06:00 AM	 US	MBA Purchase Index <small>JAN/24</small>		163.0				
07:30 AM	 US	Goods Trade Balance Adv <small>DEC</small>		<span style="color: red;">\$-102.86B</span>	\$-105.7B	\$-106B		
07:30 AM	 US	Retail Inventories Ex Autos MoM Adv <small>DEC</small>		0.5%		0.4%		
07:30 AM	 US	Wholesale Inventories MoM Adv <small>DEC</small>		<span style="color: red;">-0.2%</span>	0.1%	0.2%		
09:30 AM	 US	EIA Crude Oil Stocks Change <small>JAN/24</small>		<span style="color: red;">-1.017M</span>	3.7M			
09:30 AM	 US	EIA Gasoline Stocks Change <small>JAN/24</small>		2.332M	2M			
09:30 AM	 US	EIA Crude Oil Imports Change <small>JAN/24</small>		0.184M				
09:30 AM	 US	EIA Cushing Crude Oil Stocks Change <small>JAN/24</small>		<span style="color: red;">-0.148M</span>				
09:30 AM	 US	EIA Distillate Fuel Production Change <small>JAN/24</small>		<span style="color: red;">-0.473M</span>				
09:30 AM	 US	EIA Distillate Stocks Change <small>JAN/24</small>		<span style="color: red;">-3.07M</span>	-2.75M			
09:30 AM	 US	EIA Gasoline Production Change <small>JAN/24</small>		<span style="color: red;">-0.043M</span>				
09:30 AM	 US	EIA Heating Oil Stocks Change <small>JAN/24</small>		0.068M				
09:30 AM	 US	EIA Refinery Crude Runs Change <small>JAN/24</small>		<span style="color: red;">-1.125M</span>				
10:30 AM	 US	17-Week Bill Auction		4.205%				
<span style="background-color: red; color: white;">01:00 PM</span>	 US	Fed Interest Rate Decision		4.5%	4.5%	4.5%		
<span style="background-color: red; color: white;">01:30 PM</span>	 US	Fed Press Conference						

## Market Trading Update

In [yesterday's post](#), we discussed the *DeepSeek* market selloff. Money ran out of the high-flying stocks yesterday and into defensive names, improving the overall breadth of the market. We noted that investors should be patient and wait for the market to digest the news before taking action, particularly in selling A.I.-related names.

Yesterday, the market rallied after holding support at the 50 and 20-DMA as money rotated immediately out of the *safety* names and back into the *risk* names. The biggest winners yesterday were losers, and vice-versa.



This type of market turmoil is very difficult to navigate, so we suggest managing risk and rebalancing allocations regularly but avoiding making sweeping changes based on media headlines.

As noted, the market continues to hold technical support, breadth is improving, and the bullish trend remains intact. However, there is a risk of further disruptions this week with today's Federal Reserve meeting, plenty of economic data, and the *Mega-Cap* earnings parade starting this afternoon.



As my Dad used to say, just before something terrifying would happen, *?Buckle Up, Buttercup.?*

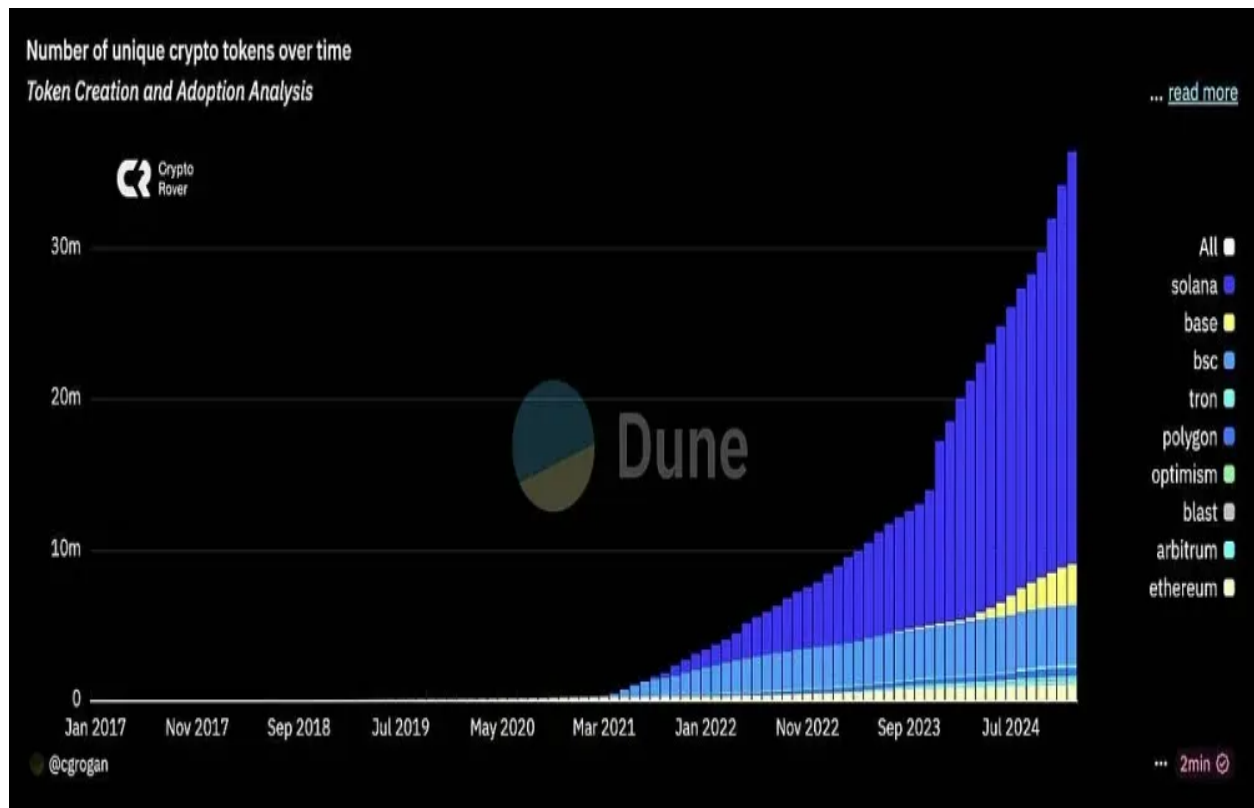


## Crypto Has A Supply Problem

One of the benefits touted by cryptocurrency traders and investors, including coins and tokens, is their limited supply. The President and co-founder of one of the largest crypto exchanges, Coinbase, should give crypto investors pause. Per Brian Armstrong, Co-Founder and CEO of Coinbase:

*We need to rethink our listing process at @coinbase, given there are ~1m tokens a week being created now and growing. High quality problem to have, but evaluating each one by one is no longer feasible. And regulators need to understand that applying for approval for each one is totally infeasible at this point as well (they can?t do 1m a week). It needs to move from a an allow list to a block list, and utilize customer reviews/automated scans of onchain data etc to help customers sift through.*

One million coins hitting the market a week is a problem but not one we would deem a ?high-quality problem.? So much for the idea of ?limited supply. The supply of each coin or token may be limited, but the supply of all coins and tokens is limitless.



## DeepSeek DeepSinks Bullish Exuberance

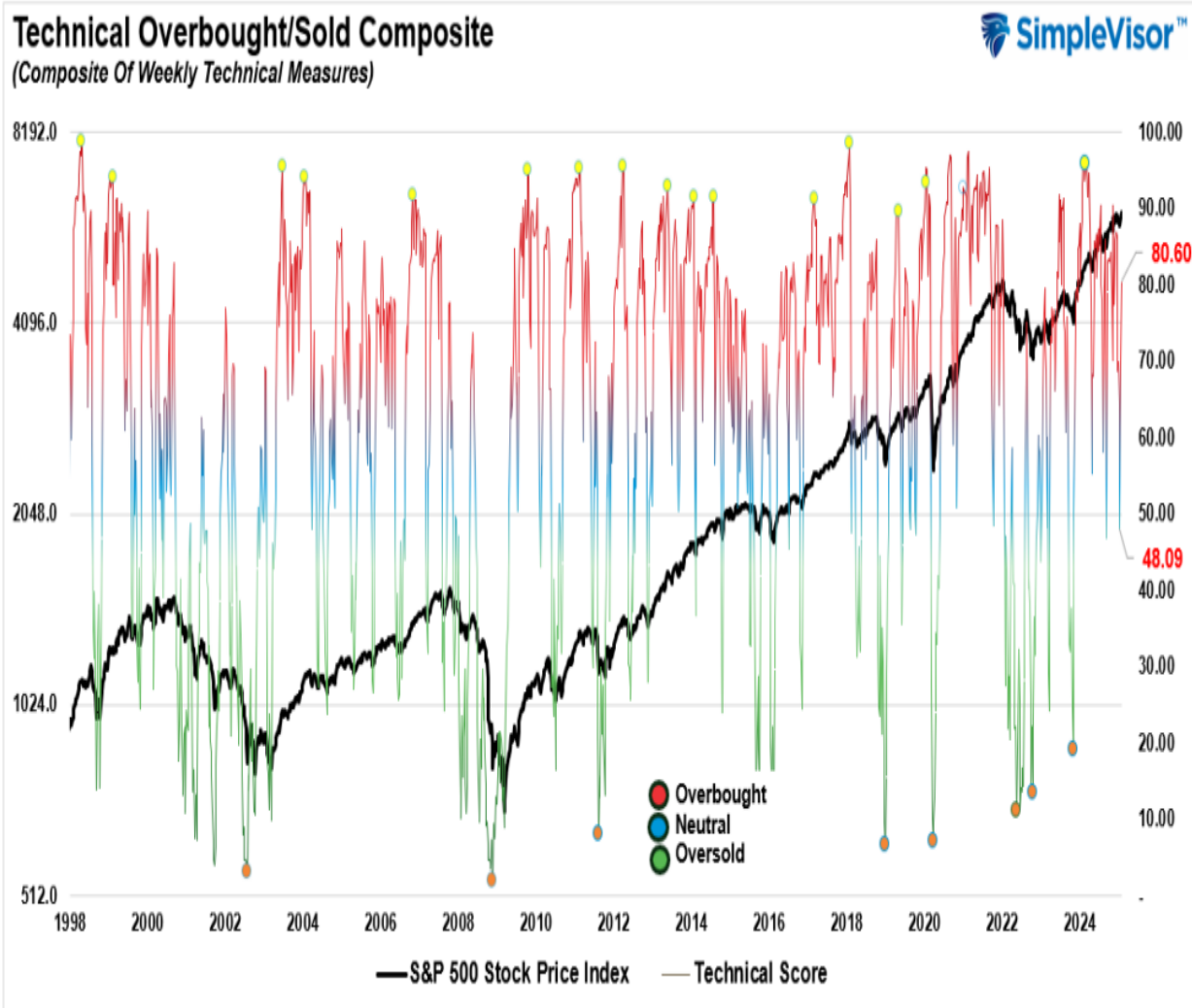
There are two important points that investors should consider:

First, everyone is suddenly an expert on DeepSeek and AI in general. Yes, there are certainly potential consequences to an AI that can potentially run more efficiently than other large-language models (LLMs). There are also many benefits that will come from increased competition. The latter was a point we discussed on Monday's [Real Investment Show](#): DeepSeek just started the *CyberSpace Race*.

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## Tweet of the Day



**Randy Woodward** @TheBondFreak · Jan 10

Univ. of Michigan employment expectations over the next year vs. the Unemployment Rate. Kind of looks like UoM empl. exp. leads the unemployment rate. Nice catch @pboockvar



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