

Transition Is Worrying The Markets

In an interview on Fox this past weekend, Donald Trump was asked if he was expecting a recession. He replied: *‘I hate to predict things like that. There is a period of transition because what we’re doing is very big.’* Alongside his comments regarding *‘a period of transition,’* Treasury Secretary Scott Bessent states, *‘We’re seeing the hangover from the excess spending in the Biden 4 years. In 6 to 12 months, it becomes Trump’s economy.’* Kevin Hassett, Director of the National Economic Council, said he expects a negative first quarter QDP. However, Hassett thinks the economy will *‘take off’* in the second quarter after tax cuts.

Based on these comments and others from the administration, the markets are considering that an economic transition, aka a period of weak economic growth or a recession, is becoming increasingly likely. Trump’s use of the word transition refers to the period where reduced fiscal spending, including layoffs, negatively impact the economy. However, before, the benefits of fewer regulations and tax cuts will positively affect the economy. Consequently, as shown below, the December Fed Funds futures contract has risen 50bps since mid-February, thus pricing in two more 25bps rate cuts by year end.



What To Watch Today

Earnings

Tuesday Mar 11	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Dick's Sporting Goods <small>DKS:US</small>	3.48	3.85		3.76B	3.88B		\$17.41B	Q4	AM
Casey's General Stores <small>CASY:L</small>	2.03	2.33		3.76B	3.33B		\$14.63B	Q3	PM
Ciena <small>CEN:US</small>	0.42	0.66		1.05B	1.04B		\$9.25B	Q1	AM
Korn Ferry International <small>KFY:US</small>	1.13	1.07		650.45M	668.7M		\$3.38B	Q3	AM
Kohl's <small>KSS:US</small>	0.76	1.67		5.15B	5.71B		\$1.35B	Q4	AM

Economy

Tuesday March 11 2025	Actual	Previous	Consensus	Forecast
05:00 AM US NFIB Business Optimism Index <small>FEB</small>		102.8		102
08:55 AM US Redbook YoY <small>MAR/08</small>		6.6%		
09:00 AM US JOLTs Job Openings <small>JAN</small>		7.6M		7.5M
09:00 AM US JOLTs Job Quits <small>JAN</small>		3.197M		3.21M
11:00 AM US WASDE Report				

Market Trading Update

Yesterday, we noted that markets were holding support at the 200-DMA and had reached oversold levels. However, as we stated:

*?Yes, the market is down roughly 7% 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.?*

Yesterday, support gave way at the 200-DMA, triggering significant selling in the markets. While the S&P 500 fell 2.7% yesterday, it is worth noting that the market is still well within the context of an annual corrective event. As shown below, the market is now pushing well into 3-standard deviations below the 50-DMA, and relative strength is below 30.

The last time the market was this oversold and 3 standard deviations below the mean was in August of last year during the 10% correction as the *?Yen Carry Trade?* erupted across markets.



TradingView

While yesterday's sell-off certainly brought attention to the markets as the media scrambled to find reasons behind the decline, the reality was that it was mainly a technically driven event, as algorithms flipped the sell switch. With the *establishes* likely complete, we should see some stabilization over the next few days. Notably, we are not in a *'buy the dip'* event, but a *'sell the rally'* mode for now. Use rallies to rebalance risk and positioning until the market establishes a firm bottom and builds off of it.

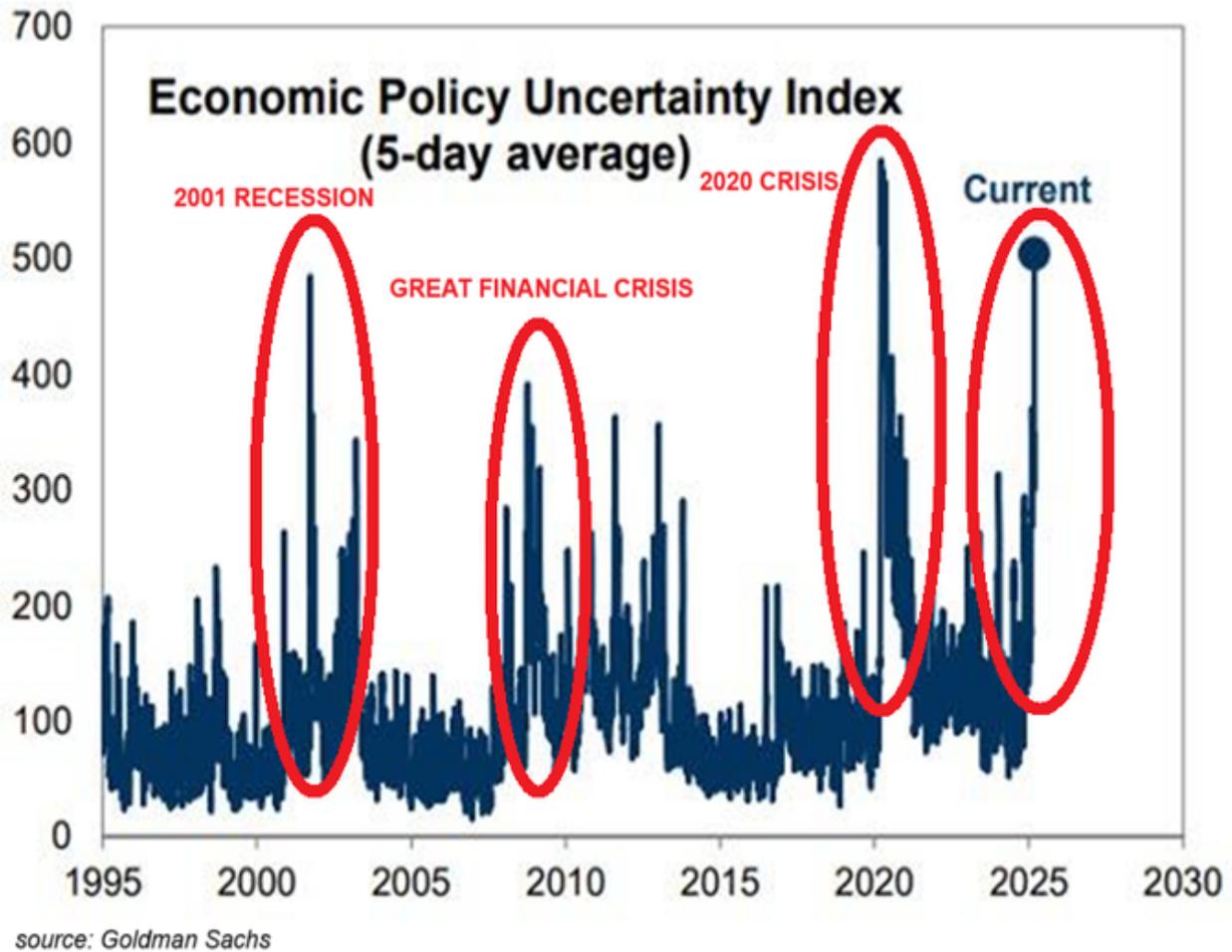
THE **Bull Bear** REPORT
 BY SimpleVisor™

The most important things you need to know about the markets.
 > **Subscribe today**

Economic Uncertainty Surges

The Goldman Sachs Economic Policy Uncertainty Index is now at its second-highest level in 30 years. Similar levels as we have today were only witnessed in the 2020 COVID Crisis, the Great

Financial Crisis, and the 2001 dot-com bust recession. As we led today's commentary, this period of transition is roiling economic confidence and markets. We suspect that weakening confidence will further weigh on the economy. The question reporters should ask Donald Trump is how long should we expect this economic transition to last.



Sectors Shift Left

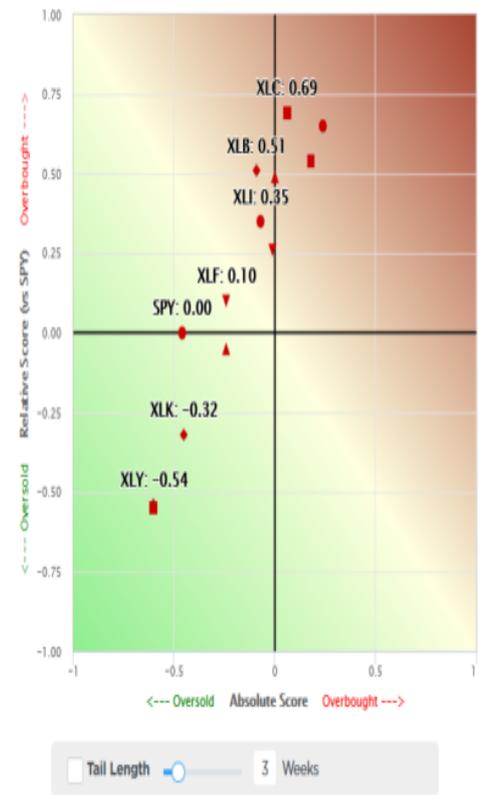
With the broad market sell-off, the sectors are shifting left in the [SimpleVisor](#) graph below. This signifies that their absolute technical scores are deteriorating. However, while many sectors are declining, they are outperforming the S&P 500. Thus, most sectors are in the upper half of the graph. As shown, transportation, discretionary, and technology are the only sectors oversold versus the S&P 500. Given the significant contribution that technology and discretionary shares make, the performance variation versus the market is not surprising.

Factors like foreign markets, value, and low beta are leading the way on a relative basis. Similarly, like the sector analysis, high beta, disruptive technology, and small, mid, and large cap growth stocks are the most oversold.

Sectors Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)	Chart
XLC	Communication Services	0.06	0.69	<input checked="" type="checkbox"/>
XLV	Health Care	0.24	0.65	<input checked="" type="checkbox"/>
XLP	Consumer Staples	0.18	0.54	<input checked="" type="checkbox"/>
XLB	Materials	-0.09	0.51	<input checked="" type="checkbox"/>
XLRE	Real Estate	0.00	0.49	<input checked="" type="checkbox"/>
XLI	Industrials	-0.07	0.35	<input checked="" type="checkbox"/>
XLU	Utilities	-0.01	0.26	<input checked="" type="checkbox"/>
XLF	Financial	-0.24	0.10	<input checked="" type="checkbox"/>
SPY		-0.46	0.00	<input checked="" type="checkbox"/>
XLE	Energy	-0.24	-0.05	<input checked="" type="checkbox"/>
XLK	Technology	-0.45	-0.32	<input checked="" type="checkbox"/>
XLY	Consumer Discretionary	-0.60	-0.54	<input checked="" type="checkbox"/>
XTN	Transportation	-0.60	-0.55	<input checked="" type="checkbox"/>

How it works



Tweet of the Day



Bitcoin Magazine  @BitcoinMagazine · 2h



JUST IN: Michael Saylor's Strategy to raise up to \$21 billion to buy more bitcoin 



Michael Saylor  and Strategy

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

Please [subscribe to the daily commentary](#) to receive these updates every morning before the opening bell.

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.