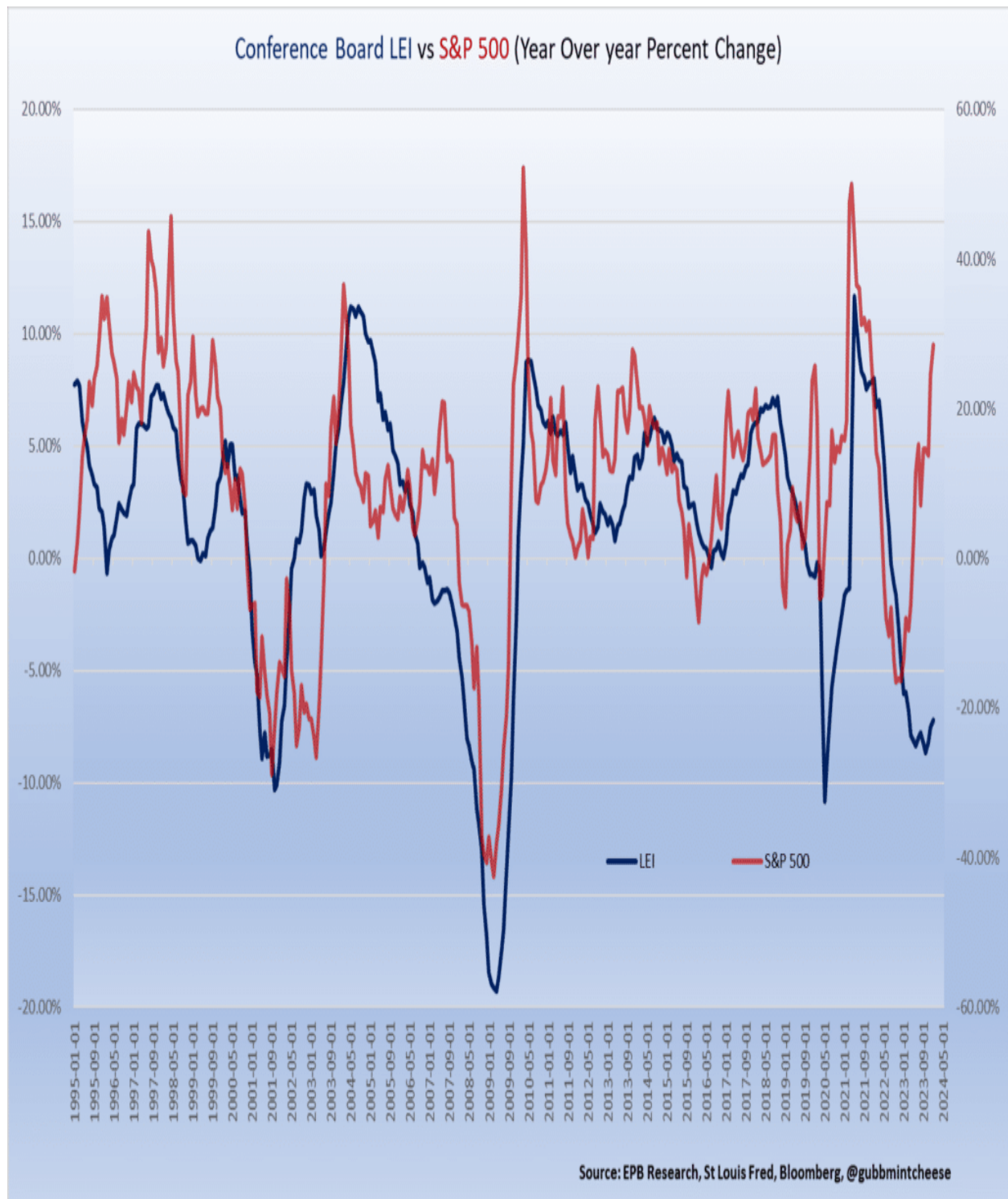


## The Conference Board Says Smooth Sailing Ahead, But....

As we noted in our current [Weekly Newsletter](#), *Conference Board Scraps Its Recession Call*, the Conference Board, publisher of the well-followed leading economic indicators (LEI), has rescinded its recession prediction. As we wrote: *“According to the Conference Board, the reason for the retraction of the recession call was the improvement in underlying indicators.”* While it’s tempting to think we are out of the woods on the economic front, the graph below, courtesy of [@gubbmi](#) ntcheese, warns of a significant divergence between LEI and the S&P 500.

The obvious takeaway from the graph is that the Conference Board’s LEI and S&P 500 are historically well correlated. Such makes a lot of sense. Corporate earnings tend to grow when the economy is doing well; thus, their stock prices rise. While the correlation is strong, there are periods where the S&P 500 leads LEI, such as 2020, 2013, and 2017. There are other times when LEI led the S&P 500, such as the lead-up to the 2008 financial crisis. Who’s leading who is a very important question today. As the graph shows, the divergence between the LEI and the S&P 500 is among the largest since 1995. Is LEI set to turn significantly positive, as the Conference Board must believe, or will the market catch down to LEI?



## What To Watch Today

### Earnings

Time	Symbol	Company Name	Market Cap▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
☀	LOW	Lowe's Companies, Inc.	\$133,748,186,256	Jan/2024	\$1.68	15	3/01/2023	\$2.28
☀	AMT	American Tower Corporation (REIT)	\$88,538,740,861	Dec/2023	\$2.10	7	2/23/2023	\$2.34
☀	BMO	Bank Of Montreal	\$68,428,697,562	Jan/2024	\$2.24	4	2/28/2023	\$2.39
🌙	RSG	Republic Services, Inc.	\$58,201,460,324	Dec/2023	\$1.28	10	2/15/2023	\$1.13
☀	BNS	Bank of Nova Scotia (The)	\$57,776,373,947	Jan/2024	\$1.19	4	2/28/2023	\$1.37
☀	AZO	AutoZone, Inc.	\$47,662,366,671	Feb/2024	\$26.08	12	2/28/2023	\$24.64
☀	SRE	Sempra	\$45,292,740,334	Dec/2023	\$1.13	3	2/28/2023	\$1.17
☀	AEP	American Electric Power Company, Inc.	\$43,358,445,940	Dec/2023	\$1.27	4	2/23/2023	\$1.05
☀	CEG	Constellation Energy Corporation	\$42,793,951,839	Dec/2023	\$1.70	2	2/16/2023	\$0.10
🌙	ALC	Alcon Inc.	\$40,005,982,000	Dec/2023	\$0.68	7	2/27/2023	\$0.42
🌙	A	Agilent Technologies, Inc.	\$38,690,032,515	Jan/2024	\$1.21	8	2/28/2023	\$1.37
🌙	EXR	Extra Space Storage Inc	\$29,591,571,749	Dec/2023	\$2.03	10	2/22/2023	\$2.09
🌙	CPNG	Coupang, Inc.	\$29,319,714,983	Dec/2023	\$0.05	2	2/28/2023	\$0.06
🌙	DVN	Devon Energy Corporation	\$28,113,916,000	Dec/2023	\$1.39	9	2/14/2023	\$1.66
🌙	SPLK	Splunk Inc.	\$26,210,175,000	Jan/2024	\$1.05	2	3/01/2023	\$1.25
🌙	EBAY	eBay Inc.	\$22,841,190,000	Dec/2023	\$0.80	8	2/22/2023	\$0.87
🌙	AXON	Axon Enterprise, Inc.	\$20,279,342,683	Dec/2023	\$0.48	5	2/28/2023	\$0.36
☀	BSY	Bentley Systems, Incorporated	\$15,441,218,830	Dec/2023	\$0.15	4	2/28/2023	\$0.13
🌙	FSLR	First Solar, Inc.	\$15,266,969,452	Dec/2023	\$3.19	18	2/28/2023	(\$0.07)
🌙	TKO	TKO Group Holdings, Inc.	\$14,844,236,717	Dec/2023	\$0.50	11	N/A	\$0.52
🌙	XP	XP Inc.	\$13,469,264,361	Dec/2023	\$0.36	1	2/16/2023	\$0.26
☀	SJM	The J.M. Smucker Company	\$13,365,628,303	Jan/2024	\$2.27	8	2/28/2023	\$2.21
☀	SNN	Smith & Nephew SNATS, Inc.	\$12,611,879,971	Dec/2023		11	N/A	N/A
🌙	OVV	Ovintiv Inc.	\$12,545,213,000	Dec/2023	\$1.94	8	2/27/2023	\$0.91
🌙	RYAN	Ryan Specialty Holdings, Inc.	\$12,242,187,894	Dec/2023	\$0.35	2	2/28/2023	\$0.27
🌙	GLPI	Gaming and Leisure Properties, Inc.	\$12,133,194,771	Dec/2023	\$0.91	10	2/23/2023	\$0.89
🌙	PR	Permian Resources Corporation	\$11,645,190,686	Dec/2023	\$0.33	7	2/22/2023	\$0.43
🌙	UHS	Universal Health Services, Inc.	\$11,215,587,654	Dec/2023	\$3.02	6	2/27/2023	\$3.02
☀	HSIC	Henry Schein, Inc.	\$10,376,875,912	Dec/2023	\$0.71	9	2/16/2023	\$1.21
Time	Symbol	Company Name	Market Cap▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
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		American Tower						

## Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, FEBRUARY 27						
13:30	<b>USD</b> Durable Goods Orders ex Transportation(Jan)	<div><div></div></div>	-	-	0.2% 0.5%	
13:30	<b>USD</b> Durable Goods Orders ex Defense(Jan)	<div><div></div></div>	-	-	- 0.5%	
13:30	<b>USD</b> Nondefense Capital Goods Orders ex Aircraft(Jan)	<div><div></div></div>	-	-	0.1% 0.2%	
13:30	<b>USD</b> Durable Goods Orders(Jan)	<div><div></div></div>	-	-	-4.8% 0%	
13:55	<b>USD</b> Redbook Index (YoY)(Feb 23)	<div><div></div></div>	-	-	- 3%	
14:00	<b>USD</b> S&P/Case-Shiller Home Price Indices (YoY)(Dec)	<div><div></div></div>	-	-	6% 5.4%	
14:00	<b>USD</b> Housing Price Index (MoM)(Dec)	<div><div></div></div>	-	-	0.3% 0.3%	
14:05	<b>USD</b> Fed's Barr speech	<div><div></div></div>			<b>SPEECH</b>	
15:00	<b>USD</b> Consumer Confidence(Feb)	<div><div></div></div>	-	-	- -	
15:00	<b>USD</b> Richmond Fed Manufacturing Index(Feb)	<div><div></div></div>	-	-	-4 -15	
15:30	<b>USD</b> Dallas Fed Manufacturing Business Index(Feb)	<div><div></div></div>	-	-	- -27.4	
Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, FEBRUARY 27						
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13:30	<b>USD</b> Durable Goods Orders ex Defense(Jan)	<div><div></div></div>	-	-	- 0.5%	
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15:00	<b>USD</b> Consumer Confidence(Feb)	<div><div></div></div>	-	-	- -	
15:00	<b>USD</b> Richmond Fed Manufacturing Index(Feb)	<div><div></div></div>	-	-	-4 -15	
15:30	<b>USD</b> Dallas Fed Manufacturing Business Index(Feb)	<div><div></div></div>	-	-	- -27.4	

## Market Trading Update

The market remains confined to a very defined trading range. With support at the 20-DMA and a clear channel that began in November. The market failed at the top of that range yesterday, and with a slew of economic data out this week, a retest of the 20-DMA is possible. The negative divergence of the MACD and RSI indicators suggests risk to the current market trend. The good news is that we are seeing some rotation in the market from the previous leaders to other sectors of the market on a relative basis. That rotation could sustain this rally a while longer. However, the rally that began in November is getting very long in terms of duration. [\*As noted yesterday\*](#), we suspect the next big move for the market will be lower, therefore, continue to manage risk according



TradingView







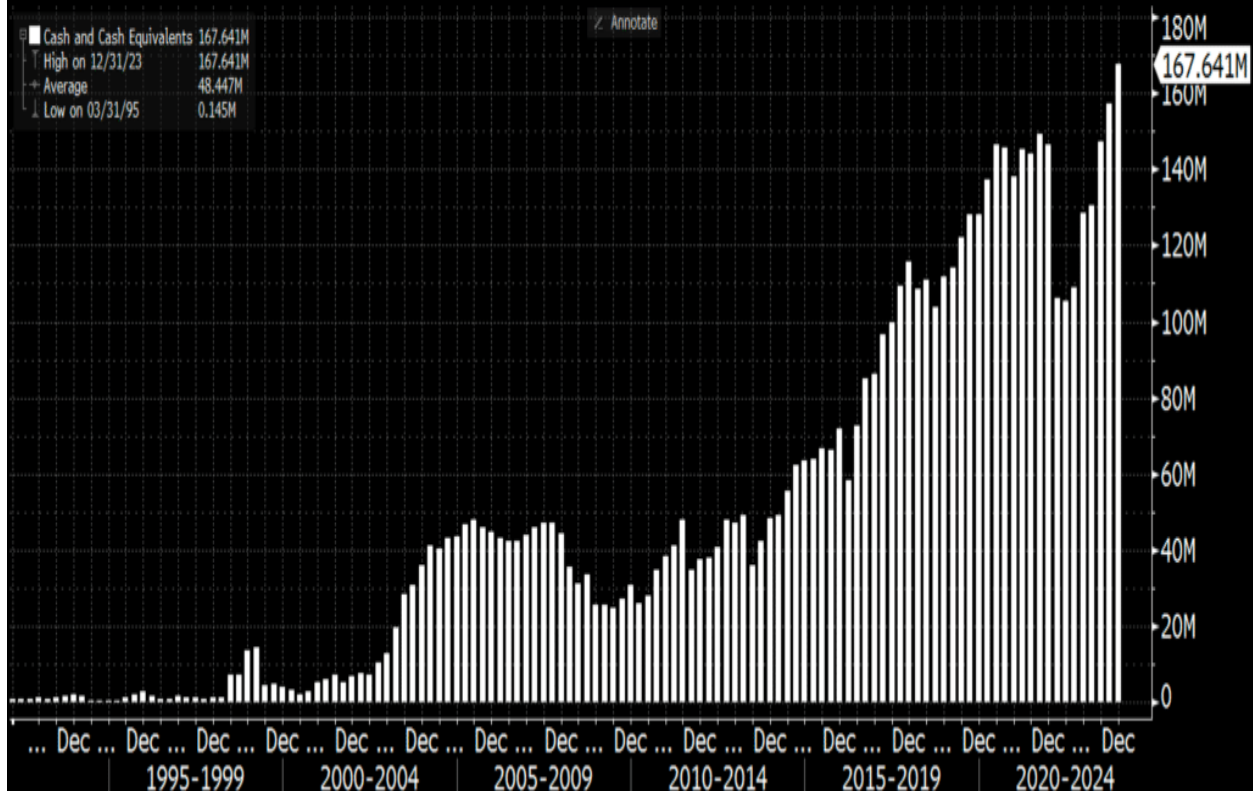
## Warren Buffett Is Accumulating Cash

This past weekend at the Berkshire Hathaway annual meeting, Warren Buffett offered concern about high valuations in the equity markets. Consequently, as the Bloomberg graph below shows, Berkshire's cash balance is at a new record high of \$167 billion. As Warren Buffet shares in the quote below, he cannot find stocks that are both attractive and large enough for their portfolio.

*?There remain only a handful of companies in this country capable of truly moving the needle at Berkshire, and they have been endlessly picked over by us and by others. Outside the US, there are essentially no candidates that are meaningful options for capital deployment at Berkshire. All in all, we have no possibility of eye-popping performance,?? Warren Buffett.*

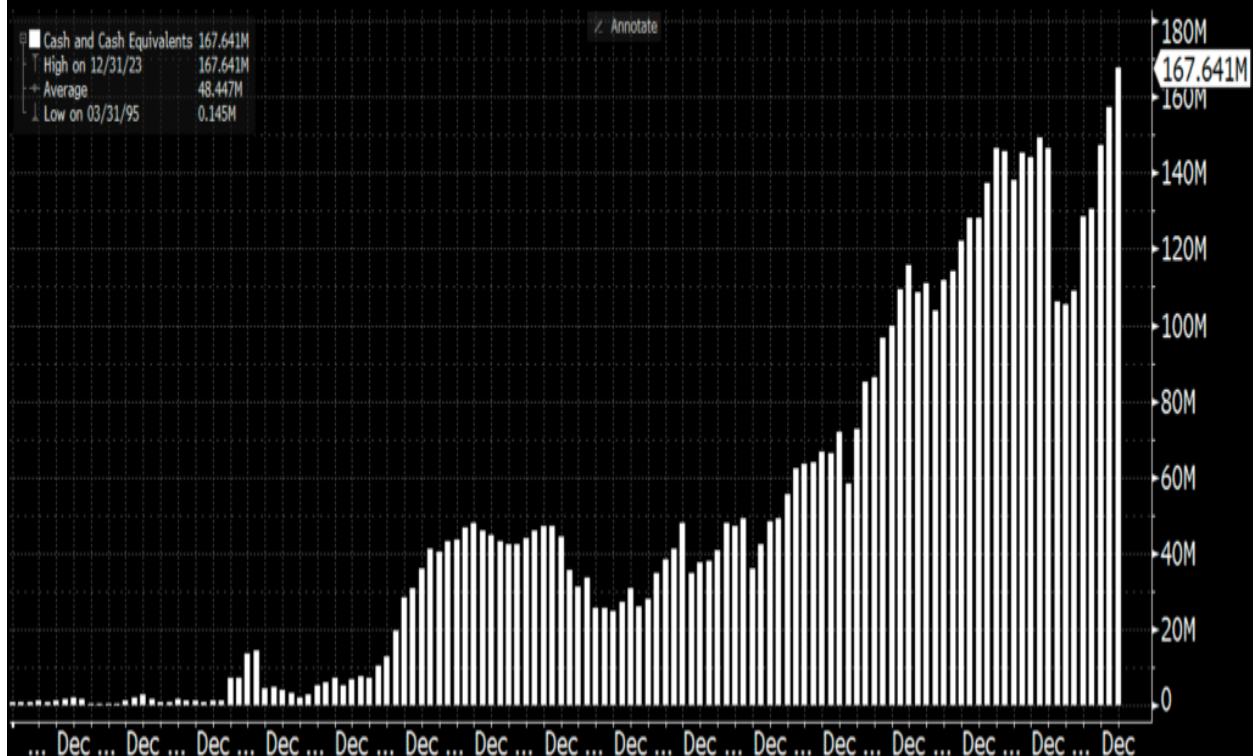
BRK/A US \$ C 628930 +3420 K627870 / 628795K 1x2  
On 23 Feb d Vol 14,237 O 629210D H 632820D L 626900D Val 8.984B  
BRK/A US Equity 94 Suggested Charts 96 Actions 97 Edit G 2349: Berkshire Cash & Equival  
12/31/1991 - 02/26/2024 Local CCY  
1D 3D 1M 6M YTD 1Y 5Y Max Daily Table Add Data Edit Chart

## Berkshire Cash & Cash Equivalents



BRK/A US \$ C 628930 +3420 K627870 / 628795K 1x2  
On 23 Feb d Vol 14,237 O 629210D H 632820D L 626900D Val 8.984B  
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12/31/1991 - 02/26/2024 Local CCY  
1D 3D 1M 6M YTD 1Y 5Y Max Daily Table Add Data Edit Chart

## Berkshire Cash & Cash Equivalents





## **Jim Coquitt's Bullish And Bearish Bond Takes**

Jim Colquitt of Skillman Grove Research recently published a technical outlook for Treasury bond yields to his Substack subscribers. He leads with the following long-term graph, highlighting critical technical levels. As he shows, the recent high yield of 5% matches two prior highs in 2006 and 2007, as well as a period of consolidation in 2001 and 2002.



His bullish takeaway is as follows:

*The Bull Case (i.e., UST 10-year yields decline) would suggest that the 5.021% we saw in October 2023 is probably the current cycle top. If so, we could be in the process of forming a Head & Shoulders topping pattern.*

*If we are forming a Head & Shoulders pattern, it is possible that we could see the UST 10-year trade down to the neckline (3.25%), then move higher to form the right shoulder before breaking down and through the neckline towards the target of 1.479%.*

*I find it fascinating how perfectly the target value matches up with other historical turning/pivot points (see green circles) thus giving further validity to the target we have computed.*

*The ?bullish? case (i.e., one where we reach the target of 1.479%) for the UST 10-year, likely happens as a result of a recessionary environment for the US economy and US equities.*



Jim warns, however, that if the left shoulder is broken, *?I would suggest that if we clear the high side of the left shoulder (4.335%) and sustain it, you probably want to have your antenna up for a*

*further move higher in yields.?* A break above the head argues for higher yields, in his opinion. Per Jim-

*?If we break above 5.021%, the following levels are possibilities: 5.522%, 6.06%, 6.79%, and 8.033%.?*

Jim favors the bullish case, but his technical road map is worth appreciating as no one can be assured of what the future holds. You can follow Jim's work at [Skilman Grove Research](#) on Substack.

## **Tweet of the Day**





**Bill** @wabuffo · 2h

There's no "second round" of inflation coming.... commodities are telling you this.



**Lisa Abramowicz** @lisaabramowicz1 · 3h

The Bloomberg Commodities index has fallen to the lowest since 2021.



**Bill** @wabuffo · 2h

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