

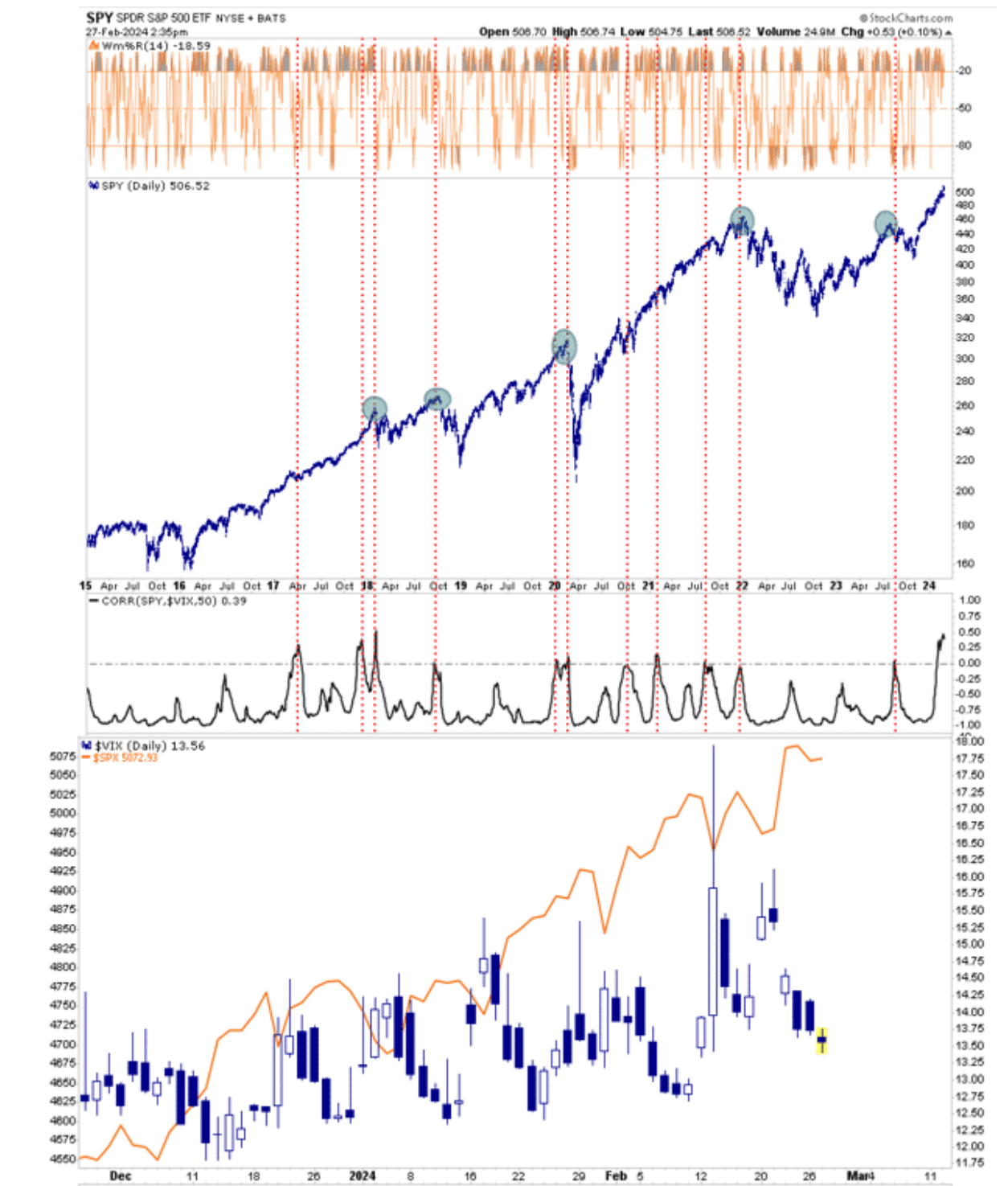


Stocks And VIX Flash A Warning

The implied volatility index (VIX) calculates the future volatility that option traders expect. The VIX tends to rise as stocks decline. At such times, investors are often more aggressive in hedging their stocks with options. Conversely, when markets are increasing, the demand for insurance tends to wane. Further, imparting downward pressure on the VIX, some investors short volatility in stable, upward-trending markets to juice their returns. Therefore, as shown in the lower graph within the top graph, the correlation of stocks and the VIX is often near -1.0.

The negative relationship between the VIX and stocks is the norm, but any deviations in the correlation and, therefore, irregular behaviors of some investors can provide market signals. For example, the red dotted lines in the top graph line up with 11 instances where the VIX/SPY correlation approached zero or became slightly positive. The highlighted circles show that each market peak over the last six years was accompanied by a correlation reading near or greater than zero.

Currently, the correlation is nearing +.50, the highest since early 2018. The second graph shows SPY and VIX have been trending higher in unison over the last few months. This analysis provides a reason for caution, but like any indicator, it is imperfect. This warning has been triggered 11 times since 2017, of which two were early, five occurred very close to the peak, and four were false alarms.

























































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*
☀	BUD	Anheuser-Busch Inbev SA	\$109,547,282,305	Dec/2023	\$0.76	4	3/02/2023	\$0.98
☀	TD	Toronto Dominion Bank (The)	\$106,815,255,000	Jan/2024	\$1.42	4	3/02/2023	\$1.64
☀	NTES	NetEase, Inc.	\$72,944,154,707	Dec/2023	\$1.62	2	2/23/2023	\$0.88
☀	CNQ	Canadian Natural Resources Limited	\$71,883,121,860	Dec/2023	\$1.53	5	3/02/2023	\$1.44
🌙	DELL	Dell Technologies Inc.	\$65,154,197,723	Jan/2024	\$1.48	4	3/02/2023	\$1.55
🌙	ADSK	Autodesk, Inc.	\$54,965,542,758	Jan/2024	\$1.30	10	2/23/2023	\$1.26
☀	CRH	CRH PLC	\$54,222,830,584	Dec/2023		1	N/A	N/A
☀	CM	Canadian Imperial Bank of Commerce	\$43,265,765,661	Jan/2024	\$1.24	4	2/24/2023	\$1.44
☀	ABEV	Ambev S.A.	\$41,895,576,823	Dec/2023	\$0.05	1	3/02/2023	\$0.06
🌙	ZS	Zscaler, Inc.	\$35,969,377,078	Jan/2024	(\$0.24)	10	3/02/2023	(\$0.35)
🌙	VEEV	Veeva Systems Inc.	\$35,893,608,475	Jan/2024	\$0.81	12	3/01/2023	\$0.68
☹	ADM	Archer-Daniels-Midland Company	\$28,157,196,451	Dec/2023	\$1.42	6	1/26/2023	\$1.93
🌙	EC	Ecopetrol S.A.	\$24,628,900,125	Dec/2023	\$0.52	2	3/29/2023	\$0.69
☀	ARGX	argenx SE	\$22,778,775,987	Dec/2023	(\$1.23)	13	3/02/2023	(\$0.70)
🌙	HPE	Hewlett Packard Enterprise Company	\$19,354,372,659	Jan/2024	\$0.31	4	3/02/2023	\$0.38
🌙	COO	The Cooper Companies, Inc.	\$18,629,992,588	Jan/2024	\$0.79	10	3/02/2023	\$0.73
🌙	NTAP	NetApp, Inc.	\$17,959,726,366	Jan/2024	\$1.36	8	2/22/2023	\$1.02
☀	BBY	Best Buy Co., Inc.	\$17,029,205,388	Jan/2024	\$2.51	13	3/02/2023	\$2.61
☀	HRL	Hormel Foods Corporation	\$16,897,357,730	Jan/2024	\$0.34	5	3/02/2023	\$0.40
☀	CELH	Celsius Holdings, Inc.	\$15,642,713,082	Dec/2023	\$0.16	9	3/01/2023	\$0.01
🌙	ESTC	Elastic N.V.	\$13,072,517,380	Jan/2024	(\$0.28)	8	3/02/2023	(\$0.39)
☀	EVRG	Evergy, Inc.	\$11,531,982,001	Dec/2023	\$0.30	2	2/24/2023	\$0.30
☀	BBWI	Bath & Body Works, Inc.	\$10,711,843,466	Jan/2024	\$1.85	9	2/23/2023	\$1.86
🌙	CUBE	CubeSmart	\$9,680,264,586	Dec/2023	\$0.68	8	2/23/2023	\$0.67
☀	BIRK	Birkenstock Holding plc	\$9,401,014,435	Dec/2023	\$0.10	1	N/A	N/A

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Time	Event	Impact	Actual	Dev 	Consensus	Previous
THURSDAY, FEBRUARY 29						
13:30	 USD Initial Jobless Claims 4-week average(Feb 23)	<div><div></div></div>	-	-	- 215.25K	
13:30	 USD Initial Jobless Claims(Feb 23)	<div><div></div></div>	-	-	210K 201K	
13:30	 USD Personal Spending(Jan)	<div><div></div></div>	-	-	0.2% 0.7%	
13:30	 USD Core Personal Consumption Expenditures - Price Index (YoY)(Jan)	<div><div></div></div>	-	-	2.8% 2.9%	
13:30	 USD Personal Income (MoM)(Jan)	<div><div></div></div>	-	-	0.4% 0.3%	
13:30	 USD Personal Consumption Expenditures - Price Index (MoM)(Jan)	<div><div></div></div>	-	-	0.3% 0.2%	
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13:30	 USD Personal Consumption Expenditures - Price Index (YoY)(Jan)	<div><div></div></div>	-	-	2.4% 2.6%	
13:30	 USD Continuing Jobless Claims(Feb 16)	<div><div></div></div>	-	-	1.874M 1.862M	
14:45	 USD Chicago Purchasing Managers' Index(Feb)	<div><div></div></div>	-	-	48 46	
15:00	 USD Pending Home Sales (MoM)(Jan)	<div><div></div></div>	-	-	1% 8.3%	
15:00	 USD Pending Home Sales (YoY)(Jan)	<div><div></div></div>	-	-	- 1.3%	
15:30	 USD EIA Natural Gas Storage Change(Feb 23)	<div><div></div></div>	-	-	- -60B	
15:50	 USD Fed's Bostic speech	<div><div></div></div>		<div>SPEECH</div>		
16:00	 USD Fed's Goolsbee speech	<div><div></div></div>		<div>SPEECH</div>		
16:00	 USD Kansas Fed Manufacturing Activity(Feb)	<div><div></div></div>	-	-	- -17	
16:30	 USD 4-Week Bill Auction	<div><div></div></div>	-	-	- 5.285%	
18:15	 USD Fed's Mester speech	<div><div></div></div>		<div>SPEECH</div>		
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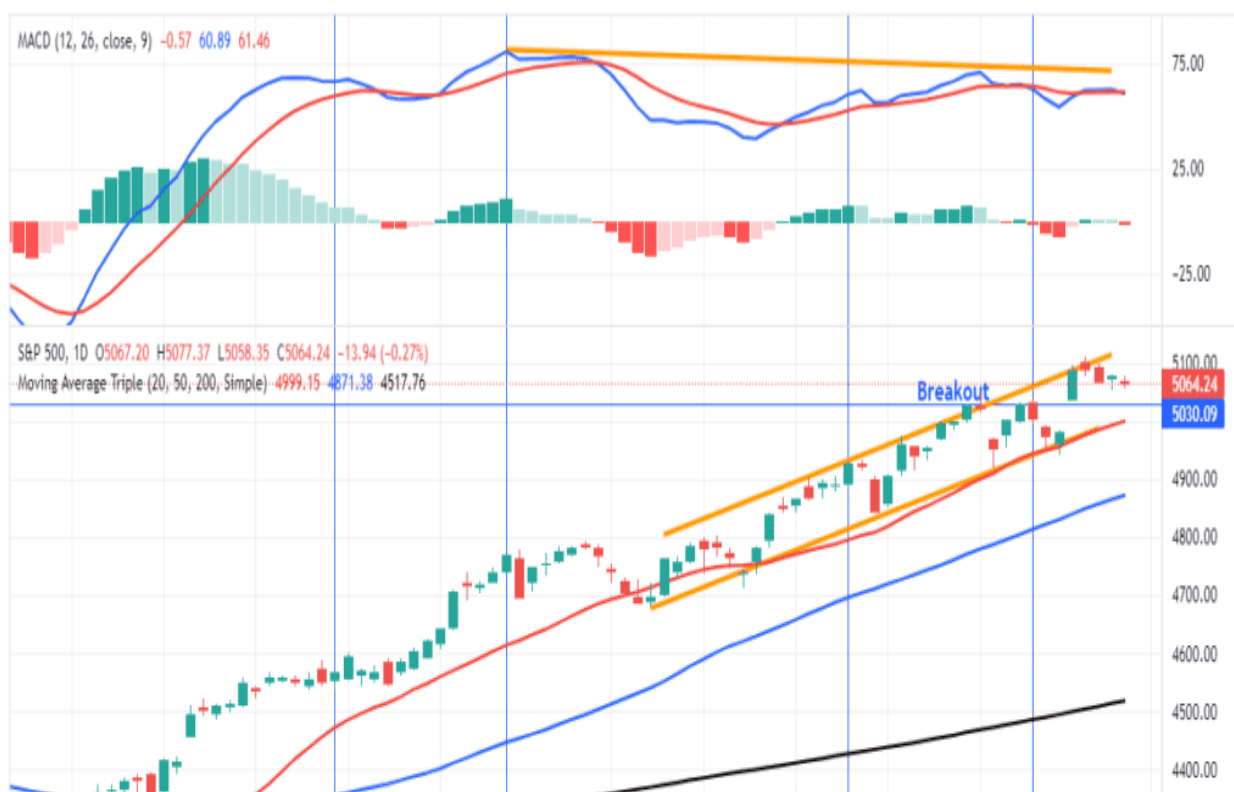
Market Trading Update

Another sloppy day in the market yesterday, ahead of today's all-important inflation report, keeps the market trapped within its current trading range. Over the last few days, Google has been a big drag on the market following its AI image-generation debacle, which shows you that *?Artificial Intelligence?* is only as good as the data it is fed. Or, as the old saying goes, *?garbage in, garbage out.?* United Healthcare was also hit yesterday by a DOJ anti-trust probe, which is interesting they picked on Healthcare heading into an election. However, let's not worry about Amazon's impact on the overall economy through its monopolistic positioning.

Regardless, the market continues to hold its positioning for now, but we are beginning to see the cracks of a more significant correction beginning. [As noted yesterday,](#) the 20-DMA remains critical support for now. Our suggestion to take profits and rebalance risks should have somewhat shielded portfolios, but if trend support is broken, further actions will be required. Today's economic reports and Fed speeches will likely move markets. We will update our analysis again in the morning.



TradingView





Greg Valliere's Thoughts On Another Government Shutdown

At 12:01 am on Saturday, the government will partially shut down if they do not agree on a funding extension. The closure would force many arms of the government to cease operations. Both sides remain optimistic that a deal, or at least a CR extension deal, can be reached to avert a shutdown. Both sides generally agree that the government should spend \$1.7 trillion on discretionary items this fiscal year. They are also mostly in agreement on the allocation of said funds. The problem is that politics is getting in the way of a deal. Particularly, funding for border security and Ukraine is causing some politicians to hold out in hopes of a better deal.

Greg Valliere is a fixture in Washington, covering and advising investors and politicians on government affairs for the last thirty years. He is currently the Chief Political Strategist at AGF Investments. Greg publishes his daily insights, sharing thoughts on current political events. Not surprisingly, his recent missives have discussed the possibility of a government shutdown. Greg generously allows us to share a few snippets from his latest commentary.

***WE THOUGHT YESTERDAY THAT AN EXTENSION** was the most likely option, and sure enough ? there were reports last night that House Speaker Mike Johnson is suggesting a CR to extend the first deadline from March 1 to March 8, and for the second deadline to move from March 8 to March 22. Those dates also could slip, of course.*

***JOHNSON AND HOUSE CONSERVATIVES** can read the polls, which show the public overwhelmingly opposes a shutdown. But voters increasingly support a border wall and aid to Ukraine, so the seeds of a compromise are apparent.�*

THUS BIDEN AND THE DEMOCRATS still have a chance to prevail on foreign aid, while Johnson and the Republicans may get completion of a wall and asylum reform. All of this will take time; final deals may not come until later in March.

The following cartoon is courtesy of Ed Wexler and the Denver Post.



Rate Hikes?

The Fed has conditioned markets to think they are done hiking interest rates and may lower them later in 2024. While the threat of rate hikes is always out there, the Fed has not used this stick to tame market expectations. Could that be changing? Fed Member Michelle Bowman stated the following recently:

I remain willing to raise the Federal Funds Rate at a future meeting should the incoming data indicate that progress on inflation has stalled or reversed.

While rate hikes are unlikely, it may be possible the Fed is growing concerned that speculative behaviors in the stock market are feeding economic activity and, ultimately, inflation. Remember, in a Washington Post op-ed in 2010, Ben Bernanke said the following:

And higher stock prices will boost consumer wealth and help increase confidence, which can also spur spending. Increased spending will lead to higher incomes and profits that, in a virtuous circle, will further support economic expansion.

While we do not want to read too much into Bowman's comments, it may be an early indication the Fed is trying to cool the stock market. Keep an eye out for further comments on rate hikes or even Greenspan-like comments about *irrational exuberance*.

The table below shows that the market expects the Fed to cut rates 3-4 times this year. While slightly above the Fed's expectation, it is down from the 7-8 rate cuts expected early this year.

CME FEDWATCH TOOL - MEETING PROBABILITIES									
MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
3/20/2024				0.0%	0.0%	0.0%	0.0%	2.5%	97.5%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	17.0%	82.7%
6/12/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	9.5%	53.0%	37.3%
7/31/2024	0.0%	0.0%	0.0%	0.0%	0.1%	5.6%	34.7%	43.9%	15.7%
9/18/2024	0.0%	0.0%	0.0%	0.1%	4.0%	26.2%	41.2%	23.9%	4.6%
11/7/2024	0.0%	0.0%	0.0%	2.2%	15.8%	34.2%	32.1%	13.7%	2.1%
12/18/2024	0.0%	0.0%	1.5%	11.2%	28.0%	32.8%	19.8%	6.0%	0.7%
1/29/2025	0.0%	0.8%	7.0%	20.7%	30.7%	25.4%	12.0%	3.0%	0.3%
3/12/2025	0.3%	2.9%	11.7%	24.1%	28.9%	20.9%	8.9%	2.1%	0.2%

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MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
3/20/2024				0.0%	0.0%	0.0%	0.0%	2.5%	97.5%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	17.0%	82.7%
6/12/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	9.5%	53.0%	37.3%
7/31/2024	0.0%	0.0%	0.0%	0.0%	0.1%	5.6%	34.7%	43.9%	15.7%
9/18/2024	0.0%	0.0%	0.0%	0.1%	4.0%	26.2%	41.2%	23.9%	4.6%
11/7/2024	0.0%	0.0%	0.0%	2.2%	15.8%	34.2%	32.1%	13.7%	2.1%
12/18/2024	0.0%	0.0%	1.5%	11.2%	28.0%	32.8%	19.8%	6.0%	0.7%
1/29/2025	0.0%	0.8%	7.0%	20.7%	30.7%	25.4%	12.0%	3.0%	0.3%
3/12/2025	0.3%	2.9%	11.7%	24.1%	28.9%	20.9%	8.9%	2.1%	0.2%

Tweet of the Day



Markets & Mayhem @Mayhem4Markets · 51m

Amazing! **\$NVDA** now accounts for over a fifth of single stock options trading premium over the past month.

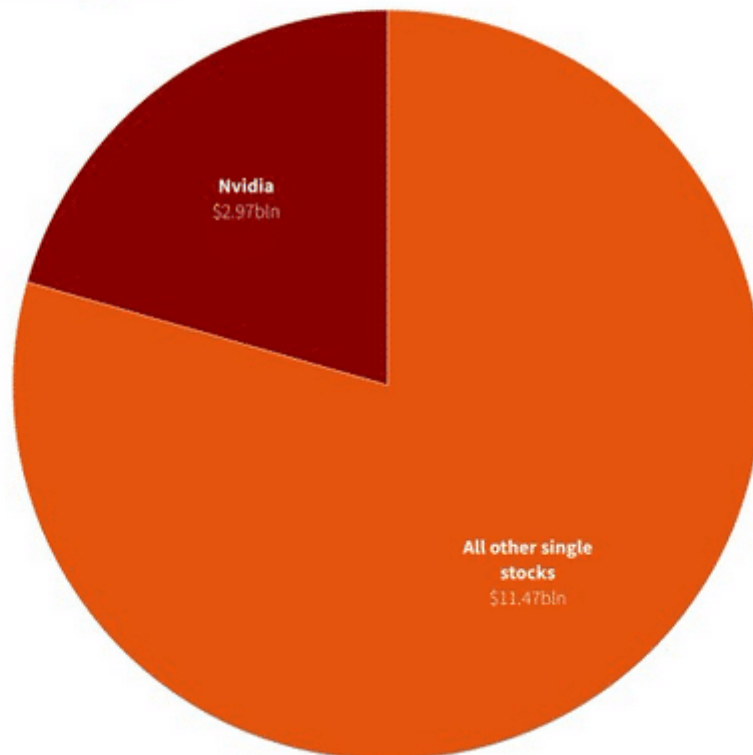
There was a time not so long ago when **\$TSLA** was the company that commanded the attention of single stock options traders to this extent.

That time seems to have passed now.

Nvidia and the options market

Options on AI-darling Nvidia accounted for 25 cents of every dollar of premium traded in U.S. single stock options over the past month

● All other single stocks ● Nvidia



Note: One-month daily average premium traded in individual stocks' options
Source: Trade Alert| Reuters graphic/Saqib Ahmed

Traderade



Markets & Mayhem @Mayhem4Markets · 51m

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2024/02/29

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