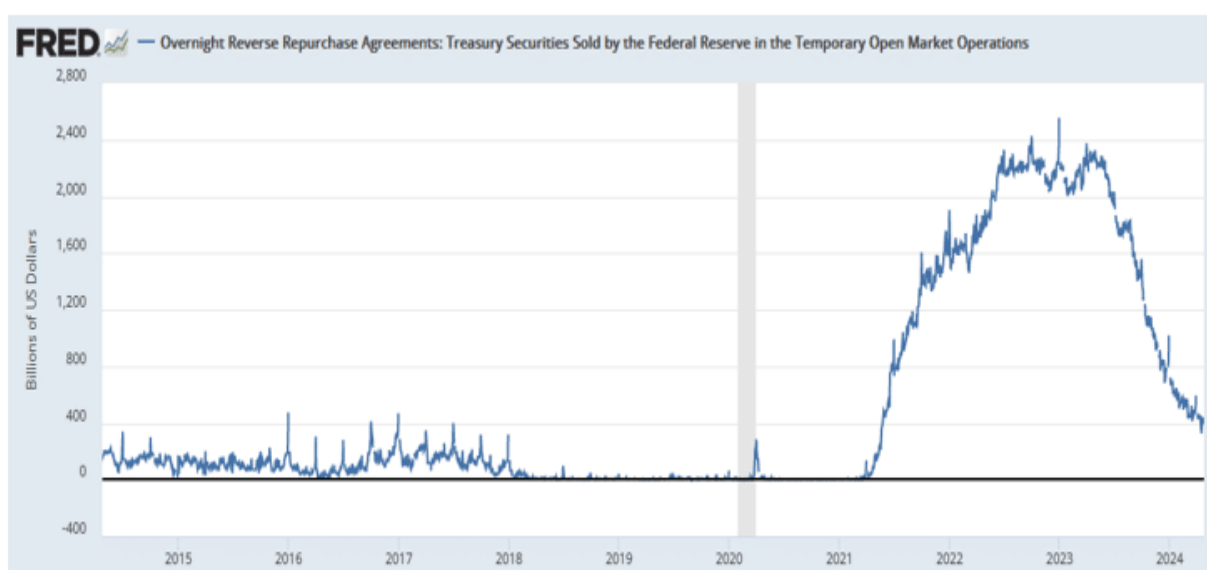
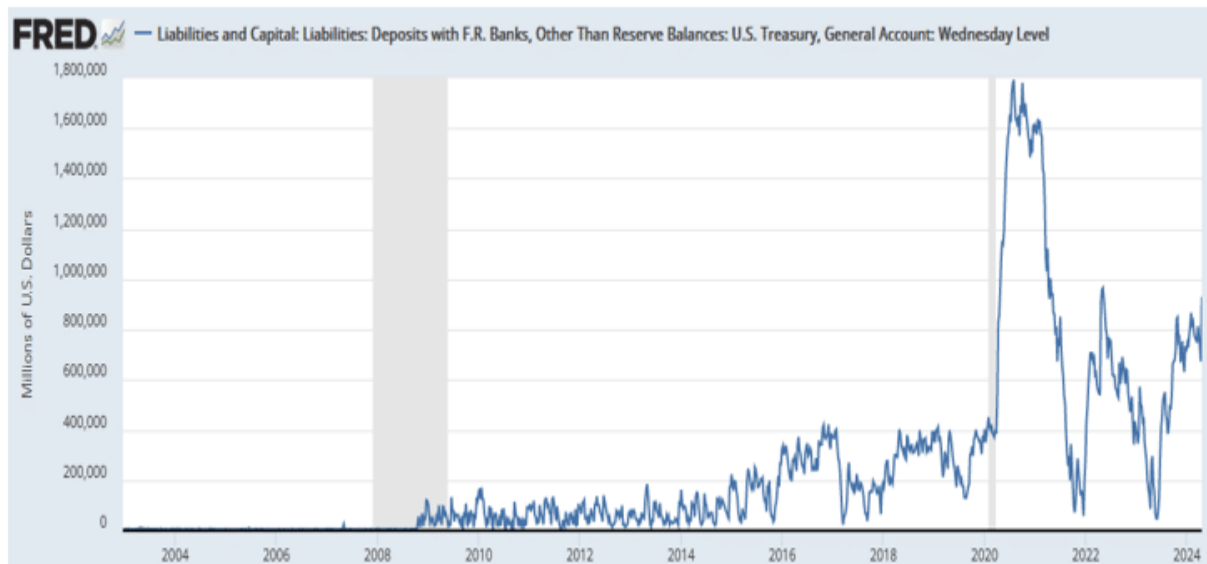




Treasury Cash Soars Providing A Liquidity Reprieve

The U.S. Treasury now has \$930 billion in cash in its Treasury General Account (TGA) held at the Federal Reserve. The influx of cash into the Treasury account at the Fed is the result of April 15 tax payments. As shown in the top graph, this is the third highest level it has been and is still increasing. So you are probably asking why I should care. For starters, the surplus of cash means the Treasury can draw from the funds in its Fed account and, therefore, issue fewer Treasury bills, notes, and bonds. For context, in its latest borrowing estimate, the Treasury expects to borrow \$202 billion between April and June. That is well below their expectations of \$760 billion for the first quarter.

The importance of issuing fewer securities is that it should provide a temporary boost to liquidity. Our best gauge of excess liquidity is the Fed's Reverse Repurchase Program (RRP), shown in the lower graph. At its peak, RRP was over \$2.4 trillion. However, it dipped below \$400 million as the excess liquidity is rapidly leaving the system. Further, excess liquidity fell at a quicker pace into the April 15 tax payment date as investors withdrew cash from money markets to pay their taxes. Now, the money sits in the TGA, and the liquidity will essentially return as the Treasury issues fewer securities. Consequently, this should stall the decline in the RRP for a couple of months. However, come June or July, the RRP will likely start declining, and with it, we should be on alert for new liquidity problems, barring any actions from the Fed between now and then.































































































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*
🌙	MSFT	Microsoft Corporation	\$3,028,422,893,853	Mar/2024	\$2.81	15	4/25/2023	\$2.45
🌙	GOOG	Alphabet Inc.	\$1,988,285,360,000	Mar/2024	\$1.49	16	4/25/2023	\$1.17
🌙	GOOGL	Alphabet Inc.	\$1,967,646,580,000	Mar/2024	\$1.49	16	4/25/2023	\$1.17
☀️	MRK	Merck & Company, Inc.	\$321,341,854,479	Mar/2024	\$1.94	8	4/27/2023	\$1.40
☀️	AZN	Astrazeneca PLC	\$219,661,829,194	Mar/2024	\$0.95	5	4/27/2023	\$0.96
🌙	TMUS	T-Mobile US, Inc.	\$193,756,131,618	Mar/2024	\$1.89	8	4/27/2023	\$1.58
☀️	CAT	Caterpillar, Inc.	\$181,398,792,964	Mar/2024	\$5.12	12	4/27/2023	\$4.91
☹️	TTE	TotalEnergies SE	\$173,842,093,763	Mar/2024	\$1.96	3	4/27/2023	\$2.61
☀️	CMCSA	Comcast Corporation	\$160,304,162,202	Mar/2024	\$0.98	7	4/27/2023	\$0.92
🌙	INTC	Intel Corporation	\$144,935,840,000	Mar/2024	(\$0.03)	13	4/27/2023	(\$0.21)
☀️	UNP	Union Pacific Corporation	\$144,084,423,299	Mar/2024	\$2.50	9	4/20/2023	\$2.67
☀️	SPGI	S&P Global Inc.	\$129,804,966,000	Mar/2024	\$3.68	10	4/27/2023	\$3.15
☀️	HON	Honeywell International Inc.	\$127,931,984,241	Mar/2024	\$2.18	7	4/27/2023	\$2.07
☀️	SNY	Sanofi	\$120,636,621,043	Mar/2024	\$0.96	4	4/27/2023	\$1.16
☀️	BMJ	Bristol-Myers Squibb Company	\$99,067,255,204	Mar/2024	\$1.53	5	4/27/2023	\$2.05
🌙	KLAC	KLA Corporation	\$87,659,804,914	Mar/2024	\$4.94	8	4/26/2023	\$5.49
☹️	SCCO	Southern Copper Corporation	\$84,764,138,813	Mar/2024	\$0.78	2	4/27/2023	\$1.05
🌙	GILD	Gilead Sciences, Inc.	\$83,504,272,510	Mar/2024	(\$0.23)	12	4/27/2023	\$1.37
☀️	MO	Altria Group	\$75,599,606,294	Mar/2024	\$1.15	4	4/27/2023	\$1.18
☀️	NOC	Northrop Grumman Corporation	\$71,218,948,449	Mar/2024	\$5.83	7	4/27/2023	\$5.50
🌙	COF	Capital One Financial Corporation	\$56,233,387,338	Mar/2024	\$3.34	14	4/27/2023	\$2.31
☀️	VLO	Valero Energy Corporation	\$55,704,018,866	Mar/2024	\$3.18	5	4/27/2023	\$8.27
🌙	EW	Edwards Lifesciences Corporation	\$52,764,075,000	Mar/2024	\$0.64	13	4/26/2023	\$0.62
🌙	TEAM	Atlassian Corporation	\$51,736,091,793	Mar/2024	(\$0.13)	9	5/04/2023	(\$0.40)
🌙	DXCM	DexCom, Inc.	\$51,659,066,414	Mar/2024	\$0.27	11	4/27/2023	\$0.17
🌙	AJG	Arthur J. Gallagher & Co.	\$51,570,216,000	Mar/2024	\$3.40	8	4/27/2023	\$3.03
☀️	CARR	Carrier Global Corporation	\$49,535,793,551	Mar/2024	\$0.50	6	4/25/2023	\$0.52
☀️	PCG	Pacific Gas & Electric Co.	\$48,772,575,416	Mar/2024	\$0.35	3	5/04/2023	\$0.29
☀️	HES	Hess Corporation	\$48,204,444,924	Mar/2024	\$1.75	5	4/26/2023	\$1.13
☀️	GWW	W.W. Grainger, Inc.	\$46,999,402,887	Mar/2024	\$9.57	6	4/27/2023	\$9.61
☀️	KDP	Keurig Dr Pepper Inc.	\$44,069,890,477	Mar/2024	\$0.34	8	4/27/2023	\$0.34
☀️	NEM	Newmont Corporation	\$43,462,721,099	Mar/2024	\$0.35	4	4/27/2023	\$0.40
☀️	GEV	GE Vernova Inc.	\$40,518,062,865	Mar/2024	(\$0.19)	9	N/A	N/A
☀️	DOW	Dow Inc.	\$39,848,129,388	Mar/2024	\$0.47	7	4/25/2023	\$0.58
🌙	LHX	L3Harris Technologies, Inc.	\$39,481,599,534	Mar/2024	\$2.89	9	4/27/2023	\$2.86
☀️	BCS	Barclays PLC	\$36,541,118,737	Mar/2024	\$0.45	1	4/27/2023	\$0.55

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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Time	Event	Impact	Actual	Dev 	Consensus	Previous	
THURSDAY, APRIL 25							
12:30	 USD Continuing Jobless Claims(Apr 12)		-	-	- 1.812M		***
12:30	 USD Core Personal Consumption Expenditures (QoQ)(Q1) PREL		-	-	3.4%	2%	
12:30	 USD Goods Trade Balance(Mar) PREL		-	-	\$-91.2B	\$-91.4B	
12:30	 USD Gross Domestic Product Annualized(Q1) PREL		-	-	2.5%	3.4%	
12:30	 USD Gross Domestic Product Price Index(Q1) PREL		-	-	-	1.7%	
12:30	 USD Initial Jobless Claims(Apr 19)		-	-	214K	212K	
12:30	 USD Initial Jobless Claims 4-week average(Apr 19)		-	-	-	214.5K	
12:30	 USD Personal Consumption Expenditures Prices (QoQ)(Q1) PREL		-	-	-	1.8%	
12:30	 USD Wholesale Inventories(Mar) PREL		-	-	0.2%	0.5%	
14:00	 USD Pending Home Sales (MoM)(Mar)		-	-	0.3%	1.6%	
14:00	 USD Pending Home Sales (YoY)(Mar)		-	-	-	-7%	
14:30	 USD EIA Natural Gas Storage Change(Apr 19)		-	-	87B	50B	
15:00	 USD Kansas Fed Manufacturing Activity(Apr)		-	-	-	-9	
15:30	 USD 4-Week Bill Auction		-	-	-	5.28%	
17:00	 USD 7-Year Note Auction		-	-	-	4.185%	

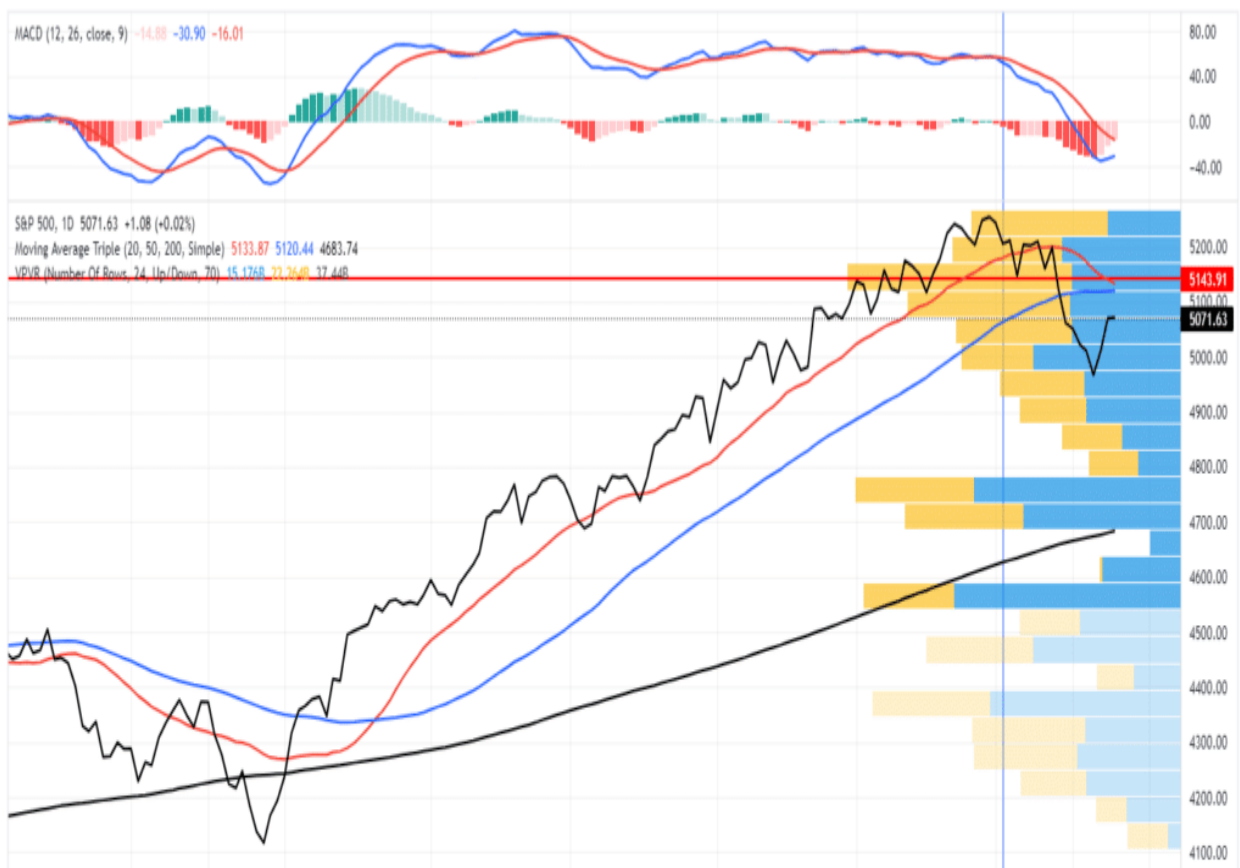
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Market Trading Update

As [noted yesterday](#), the market is in a reflexive rally, likely limited to initial resistance at the 50-DMA. However, as noted, there isn't significant buying volume until between 4700-4800, which coincides with a retest of the 200-DMA. While the market did sell off some yesterday morning, we saw buying in the late afternoon to bring the market back to even. However, Meta (META) missed earnings after the close and will likely add some selling pressure to the market today. If the market can shrug off the impact of META and rally, then this rally likely still has some life left in it. However, I suspect we are getting closer to the end of this initial reflex, and we will likely see some further liquidation before the next buying opportunity arrives. Tread cautiously for the moment.



TradingView





Tonight's NFL Draft Speaks Teaches Us About Investor Behaviors

Tonight, the NFL will hold its annual draft. Especially notable in this draft is that four quarterbacks are likely to go in the top five picks. The GMs selecting these quarterbacks must be very confident they have the ability to draft a top-ten NFL quarterback. While many experts say this quarterback class is a sure thing, history shows that first-round quarterbacks are often busts. Not only are GMs overconfident in their selection abilities, but they suffer from groupthink. It turns out first first-round quarterbacks selected since 2011 have produced a sub-500 win/loss record.

As we share in our latest article, [Overconfidence in NFL Drafts: A Lesson For Investors](#), investor traits are similar to those of NFL GMs. Per the article:

We quantified the odds of GMs picking above-average quarterbacks earlier. Per DFA Funds, the odds of an investor outperforming the market are even more daunting.

*We saw from the data above that an investor has about a 75% chance of underperforming the market in any given year, which means you have a **25%** chance of beating the market in any given year.*

The message to take away from that statistic is to leave your confidence at the door!

In addition to pointing out similar traits to help you appreciate your investment biases, we also share some tools to combat as follows:

- Zig, while others zag
- Take profits
- You have options
- Let winners run
- *?Most importantly, remember that you are only human. The Patrick Mahomes of the investment world are few and far between. At times, overconfidence is a good trait, but it can also be a critical flaw.?*

Overconfidence Bias in Investing



Overconfidence Bias in Investing



Costco's Biggest Loss Leader Is A Winner

In 2023, Costco sold 137 million rotisserie chickens and 156 million hot dog combos. The prices, \$4.99 for the chicken and \$1.50 for the hot dog combo have remained the same for over 25 years. Therefore, you might be asking how they profited from this. They don't. In fact, last year, they lost over \$50 million on rotisserie chickens.

Costco uses chickens and hot dogs as loss leaders. In addition, the company spends significant effort and dollars quantifying its sales, margins, and returns. In the case of chickens, they can determine how receipts containing a chicken led to other sales and contributed to its return on investment. The chart below shows Costco's (COST) stock, handily beating the top two grocery chains (Krogers and Albertsons) and Walmart.



Tweet of the Day

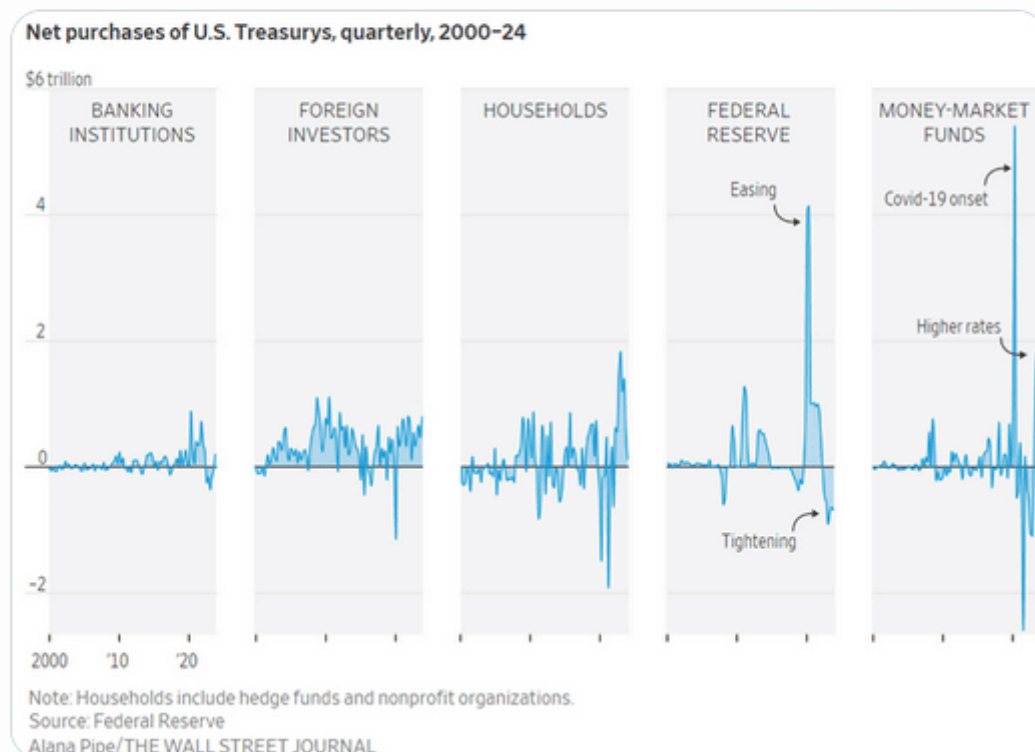


Eric Wallerstein @ericwallerstein · Mar 25

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Who's buying all the bonds?

Hedge funds (households) stepped in to fill the gap left by the Fed--now they're pulling back. Money-market funds can only buy bills. Banks are constrained by regulations, and a strong USD threatens foreign investment

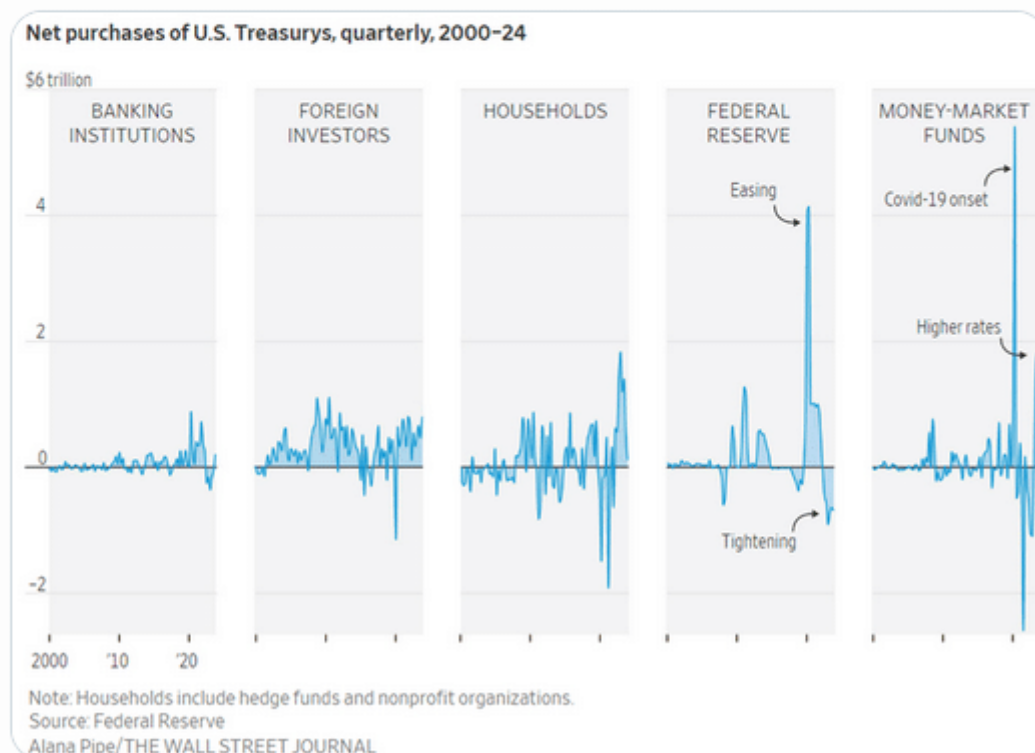


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?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks](#).?

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.

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