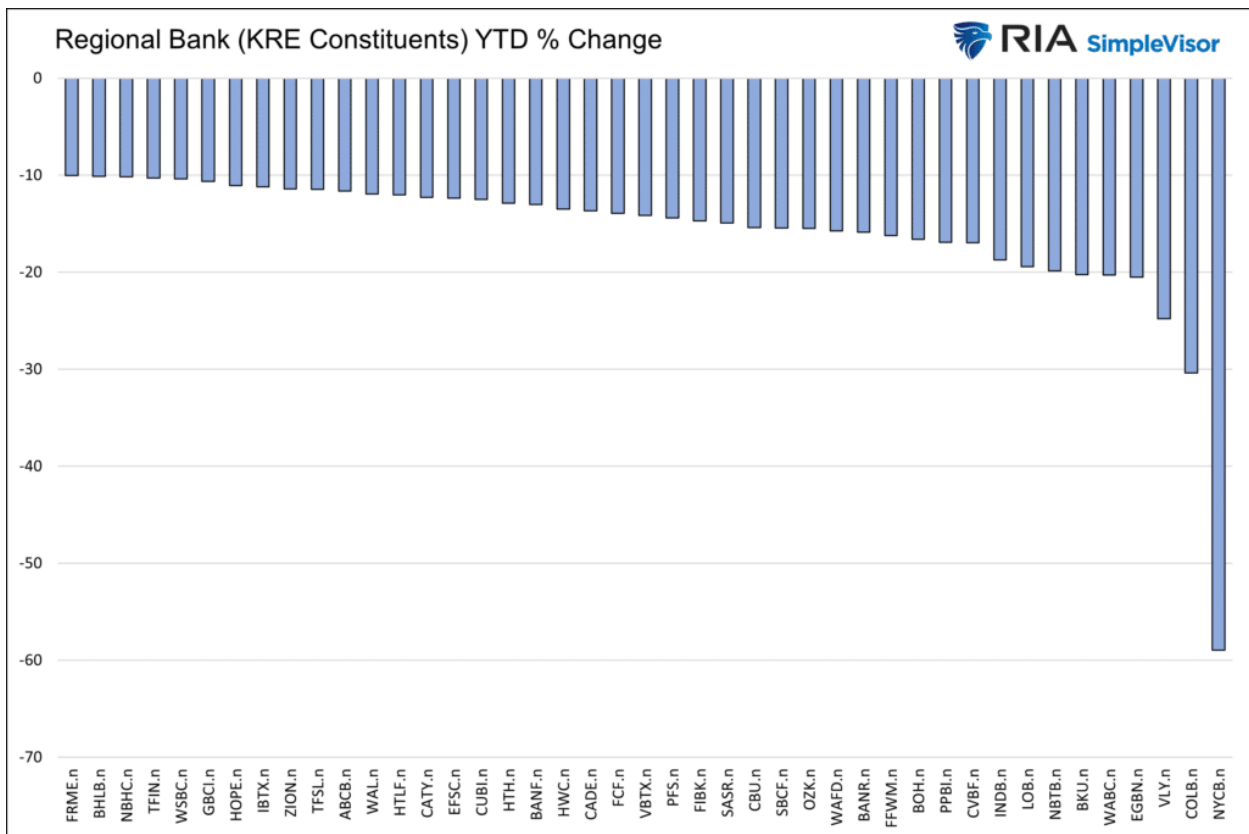


Late Tuesday night, Moody's downgraded NYCB's credit rating to BB, putting it in junk bond status. The action occurred after NYCB stock had fallen 60% year to date. The lesson from 2008 and, more recently, in March 2023 is that stock investors can seal the fate of a bank. Panic selling by stock investors crushes stocks, as we are witnessing with NYCB. Lower share prices further raise concerns among bond investors, increasing borrowing costs significantly. At the same time, depositors withdraw money, forcing a bank to raise capital when it is expensive and hard to come by. Most importantly, other banks fear lending to the bank. The bank then must go to the Fed, the lender of last resort. Another consideration is contagion.

Last March, many regional bank stocks were struggling mightily in the wake of the Silicon Valley Bank and Signature Bank defaults. At the time, deposits were fleeing the banks, forcing underwater loans and asset losses to be recognized. To stem the problem, the Fed introduced the BTFP funding facility. The program calmed investors' nerves. However, the BTFP ends on March 11. Given what is occurring with NYCB and the potential problems facing other regional banks, we suspect there is a decent likelihood that, barring a new Fed program, regional bank stocks will stay under pressure. The table below shows the year-to-date losses of the worst-performing stocks within the KRE Regional Bank ETF.



## 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+
☀	SPGI	S&P Global Inc.	\$143,602,272,000	Dec/2023	\$3.15	9	2/09/2023	\$2.54
☀	PM	Philip Morris International Inc	\$142,293,533,135	Dec/2023	\$1.44	7	2/09/2023	\$1.39
☀	COP	ConocoPhillips	\$132,419,733,691	Dec/2023	\$2.08	8	2/02/2023	\$2.71
☹	UL	Unilever PLC	\$125,423,050,000	Dec/2023		2	N/A	N/A
☀	AZN	Astrazeneca PLC	\$103,844,960,000	Dec/2023	\$0.74	5	2/09/2023	\$0.69
☀	DUK	Duke Energy Corporation	\$73,263,856,863	Dec/2023	\$1.54	5	2/09/2023	\$1.11
☀	ICE	Intercontinental Exchange Inc.	\$72,306,732,244	Dec/2023	\$1.29	8	2/02/2023	\$1.25
☀	TRI	Thomson Reuters Corp	\$70,619,865,383	Dec/2023	\$0.92	4	2/09/2023	\$0.76
☀	TDG	Transdigm Group Incorporated	\$63,410,796,987	Dec/2023	\$5.73	7	2/07/2023	\$4.15
☀	BN	Brookfield Corporation	\$61,798,833,091	Dec/2023	\$0.69	1	2/09/2023	(\$0.23)
☹	BTI	British American Tobacco p.l.c.	\$59,992,191,384	Dec/2023		2	N/A	N/A
☀	APO	Apollo Global Management, Inc.	\$59,214,552,213	Dec/2023	\$1.64	5	2/09/2023	\$1.29
😊	MSI	Motorola Solutions, Inc.	\$54,002,825,974	Dec/2023	\$3.41	7	2/09/2023	\$3.38
😊	DXCM	DexCom, Inc.	\$48,265,831,960	Dec/2023	\$0.43	12	2/09/2023	\$0.34
☀	HSY	Hershey Company (The)	\$39,832,156,279	Dec/2023	\$1.95	10	2/02/2023	\$2.02
☀	KVUE	Kenvue Inc.	\$39,448,898,751	Dec/2023	\$0.28	2	N/A	N/A
☀	ARES	Ares Management Corporation	\$39,012,650,092	Dec/2023	\$1.10	5	2/09/2023	\$1.21
☀	BCE	BCE, Inc.	\$36,153,429,082	Dec/2023	\$0.54	7	2/02/2023	\$0.53
☹	ADM	Archer-Daniels-Midland Company	\$28,466,557,579	Dec/2023	\$1.45	7	1/26/2023	\$1.93
😊	TTWO	Take-Two Interactive Software, Inc.	\$28,345,170,225	Dec/2023	\$0.32	11	2/06/2023	\$0.51
😊	PINS	Pinterest, Inc.	\$27,682,417,697	Dec/2023	\$0.25	9	2/06/2023	\$0.05
😊	NET	Cloudflare, Inc.	\$27,395,623,364	Dec/2023	(\$0.07)	9	2/09/2023	(\$0.09)
☀	ZBH	Zimmer Biomet Holdings, Inc.	\$26,665,938,723	Dec/2023	\$2.15	13	2/03/2023	\$1.88
😊	MTD	Mettler-Toledo International, Inc.	\$26,282,936,404	Dec/2023	\$10.32	5	2/09/2023	\$12.10
☹	TU	TELUS Corporation	\$25,317,000,000	Dec/2023	\$0.17	6	2/09/2023	\$0.17
☀	TROW	T. Rowe Price Group, Inc.	\$24,353,795,909	Dec/2023	\$1.60	7	1/26/2023	\$1.74
😊	ILMN	Illumina, Inc.	\$23,008,532,000	Dec/2023	(\$0.05)	5	2/07/2023	\$0.14
☀	MT	ArcelorMittal	\$22,050,152,496	Dec/2023	(\$2.08)	3	2/09/2023	\$1.37
☀	DTE	DTE Energy Company	\$21,494,221,940	Dec/2023	\$1.97	5	2/23/2023	\$1.31
😊	EXPE	Expedia Group, Inc.	\$21,340,973,258	Dec/2023	\$1.08	8	2/09/2023	\$0.78
☀	CCJ	Cameco Corporation	\$20,660,672,109	Dec/2023	\$0.21	2	2/09/2023	\$0.07
😊	FE	FirstEnergy Corp.	\$20,548,308,811	Dec/2023	\$0.60	5	2/13/2023	\$0.50
😊	VRSN	VeriSign, Inc.	\$20,288,291,000	Dec/2023	\$1.83	1	2/09/2023	\$1.70
☀	BAX	Baxter International Inc.	\$20,145,816,542	Dec/2023	\$0.86	9	2/09/2023	\$0.88
☀	WMG	Warner Music Group Corp.	\$18,850,128,533	Dec/2023	\$0.43	5	2/09/2023	\$0.23
☀	K	Kellanova	\$18,643,349,611	Dec/2023	\$0.74	7	2/09/2023	\$0.94
☀	DT	Dynatrace, Inc.	\$17,540,023,237	Dec/2023	\$0.15	7	2/01/2023	\$0.15
☀	SNA	Snap-On Incorporated	\$15,486,695,569	Dec/2023	\$4.63	7	2/02/2023	\$4.42
☀	MAS	Masco Corporation	\$15,441,172,658	Dec/2023	\$0.66	8	2/09/2023	\$0.65
😊	AFRM	Affirm Holdings, Inc.	\$13,104,289,118	Dec/2023	(\$0.29)	4	2/08/2023	(\$1.10)

## Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
<b>THURSDAY, FEBRUARY 8</b>						
13:30	<b>USD</b> Initial Jobless Claims 4-week average(Feb 2)		-	-	- 207.75K	
13:30	<b>USD</b> Continuing Jobless Claims(Jan 26)		-	-	1.878M 1.898M	...
13:30	<b>USD</b> Initial Jobless Claims(Feb 2)		-	-	220K 224K	
15:00	<b>USD</b> Wholesale Inventories(Dec)		-	-	0.4% 0.4%	
15:30	<b>USD</b> EIA Natural Gas Storage Change(Feb 2)		-	-	-76B -197B	
16:30	<b>USD</b> 4-Week Bill Auction		-	-	- 5.28%	
17:00	<b>USD</b> USDA WASDE Report				<b>REPORT</b>	
17:05	<b>USD</b> Fed's Barkin speech				<b>SPEECH</b>	
18:00	<b>USD</b> 30-Year Bond Auction		-	-	- 4.229%	

## Market Trading Update

CLOSE. but no cigar. On Tuesday, we discussed the market reaching the psychological round number of 5000. Yesterday, the market closed at 4995.06 and almost touched 5000 intraday. As we [noted in that article](#):

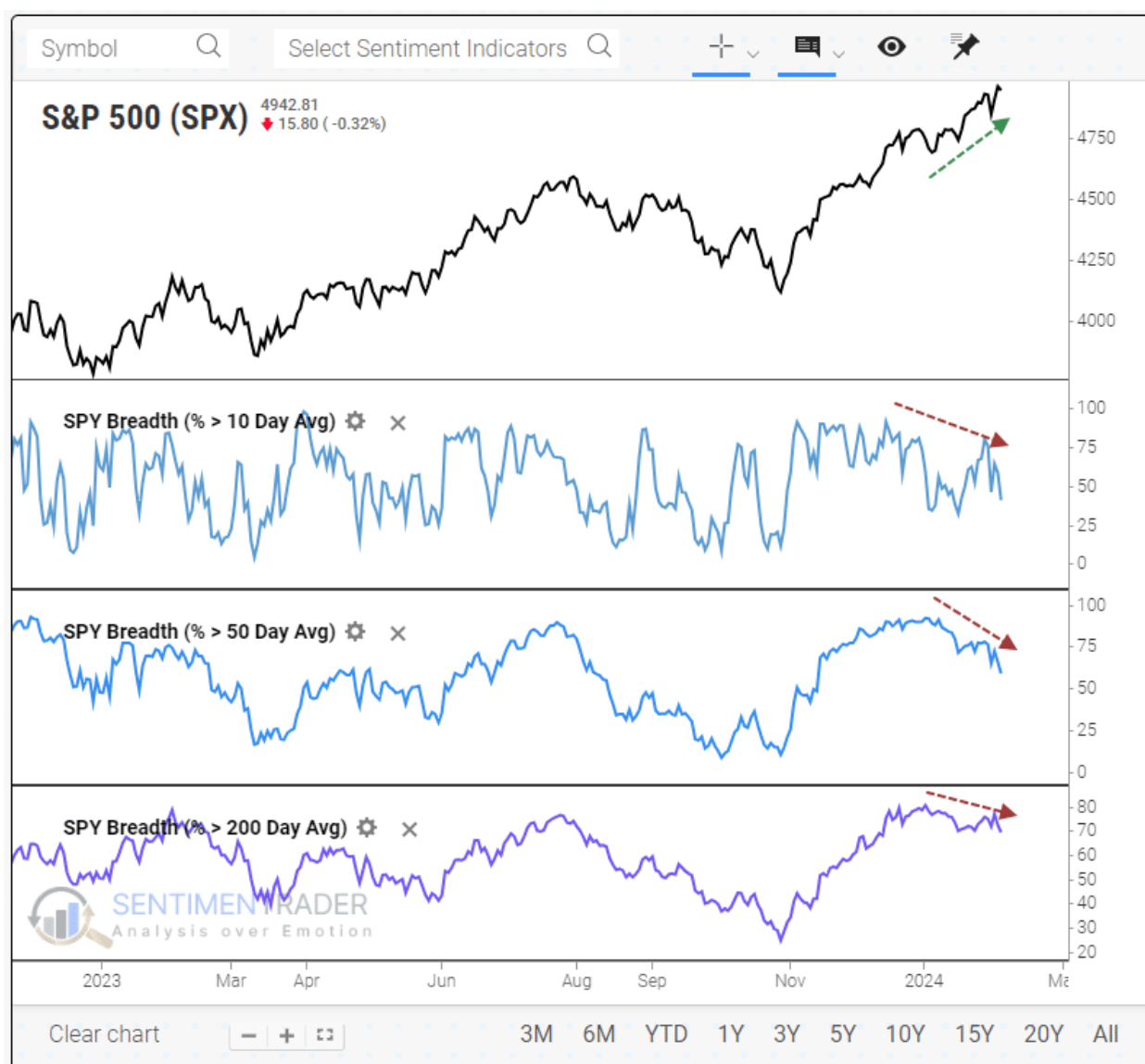
*Nonetheless, with the market surging higher since the beginning of the year, bullish investors are drooling over the next significant milestone for the market ? S&P Index 5000. These milestones have a gravitational pull as investors become fixated on them. Interestingly, the time to reach these milestones continues to shrink, particularly after the Federal Reserve became hyperactive with monetary policy changes.*

*These milestones have very little meaning other than being psychological markers or having the ability to put on an ?S&P 5000? hat if you?re in the media. Nonetheless, the bullish backdrop suggests the market will likely hit that psychological level soon, if not already.*



As has been the case all year, this remains a market driven by narrowing breadth. As discussed in this upcoming weekend's newsletter, breadth has narrowed rather than expanded during this rally, suggesting that a more significant correction process will likely ensue in the weeks ahead.

"While investors' sentiment remains bullish, it continues to be driven by a narrower participation in the market overall. Within the S&P 500, fewer and fewer stocks have been participating in its most recent gains. The percentage of stocks within the index holding above their 10-day, 50-day, and 200-day moving averages has decreased for weeks. Such declines eventually lead to corrective events in the market."



[As stated in yesterday's commentary](#), a correction is coming. I don't know when, but a 5-10% decline before the election is very likely. While the bulls are clearly in control of this market, it is worth continuing to manage your risks accordingly.



## Market Breadth At Odds With Record Highs

Andrei Sota shares the graph below, which shows that market breadth is weakening despite record highs. Note that prior market peaks were accompanied by peaks in the percentage of stocks above their 20, 50, and 200-day moving averages. Despite setting record highs, the number of stocks above their respective key moving averages has been falling. As we have been writing about, the

fortunes of a select few stocks are driving major market indexes higher. All the while, a large number of stocks are not keeping up with the broad indexes.

To further hammer home this point, consider the following Tweet from Jason Goepfert of Sentimentrader:

*Man, this is weird. The S&P 500 is within .35% of a 3-year high. Fewer than 40% of its stocks are above their 10-day avg, fewer than 60% above their 50-day, and fewer than 70% above their 200-day. Since 1928, that's only happened once before: August 8, 1929.*

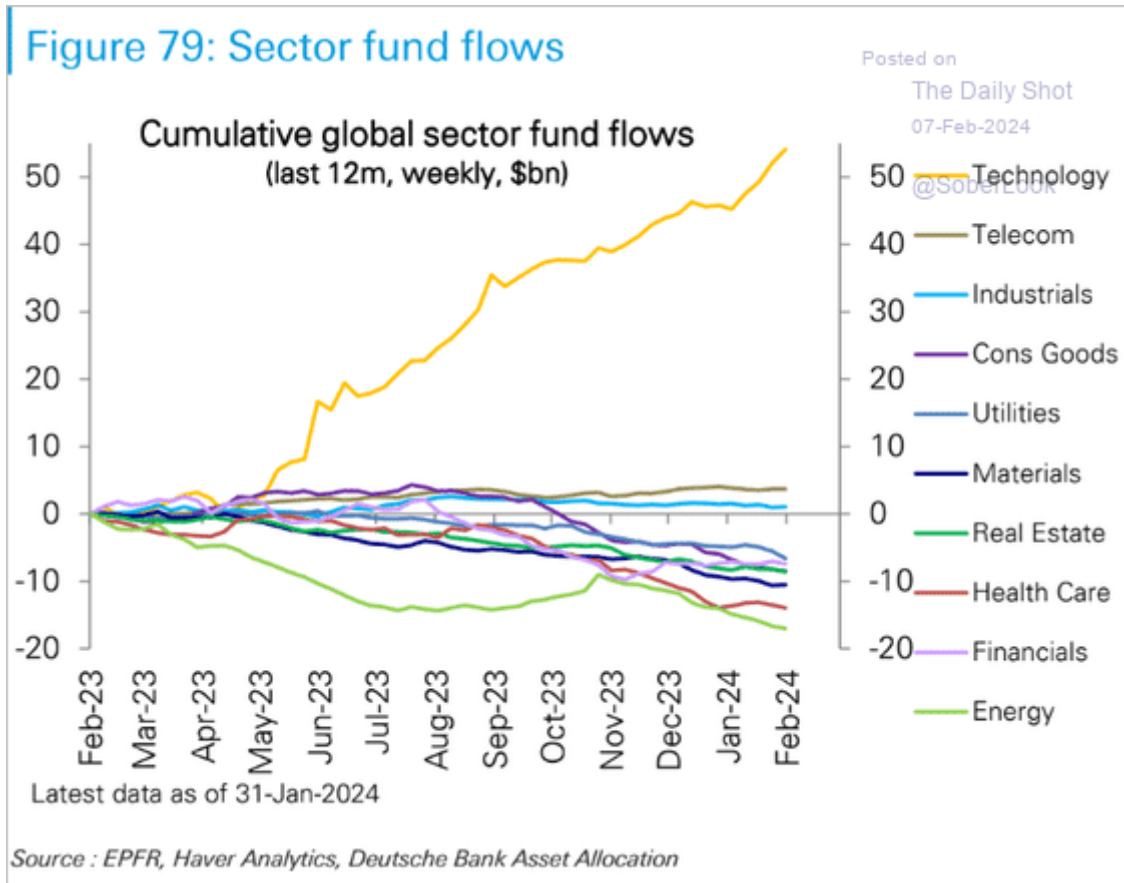


## Technology or Bust

The chart below, courtesy of The Daily Shot, shows that ETF sector investors are overwhelmingly pouring money into the technology sector while, in the aggregate, pulling it out of just about every other sector. Communications and Industrials are the only two other sectors with positive fund inflows over the past year. Energy and Healthcare have seen the largest outflows.



Figure 79: Sector fund flows

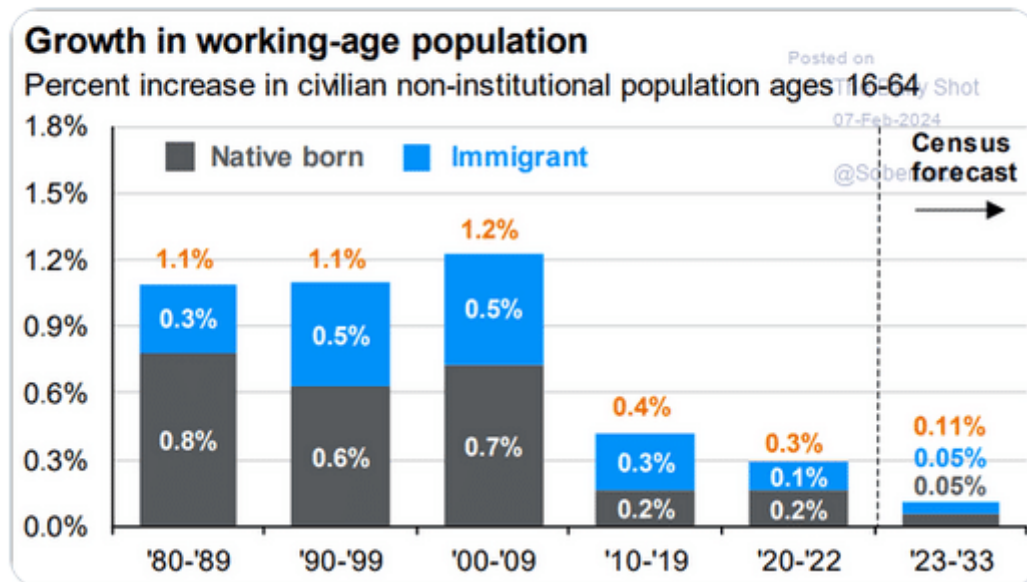


Tweet of the Day



Lance Roberts @LanceRoberts · 1h

This does not bode well for stronger #economic prosperity in the future. Population Growth = Economic Growth



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

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*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.*