The Fed will officially end the latest round of QE on Wednesday. The schedule below shows that on March 9th, the Fed will make its last QE purchase of about $4 billion of shorter-term Treasury notes. Since March 2020, the Fed's balance sheet has risen by nearly $5 trillion due to QE. The Fed will still purchase bonds but only to offset maturing bonds and keep its balance sheet stable. Given the new monetary policy regime, we must focus beyond the Russian conflict. This entails better risk management as a key source of liquidity is now officially ending. **Have no fear; however, QE will be back.**

PURCHASE PERIOD DETAILS | CURRENT SCHEDULE

OPERATION DATE	OPERATION TIME (EST)	SETTLEMENT DATE	OPERATION TYPE	SECURITY TYPE AND MATURITY	MATURITY RANGE	MAXIMUM PURCHASE SIZE
2/15/2022	10:10 - 10:30 a.m.	2/16/2022	Outright Purchase	Treasury Coupons 4.5 to 7	8/16/2026 - 2/15/2029	$3.225 billion
2/17/2022	10:10 - 10:30 a.m.	2/18/2022	Outright Purchase	Treasury Coupons 10 to 22.5	2/18/2032 - 8/17/2044	$1.625 billion
2/22/2022	10:10 - 10:30 a.m.	2/23/2022	Outright Purchase	TIPS 1 to 7.5	2/23/2023 - 8/22/2029	$1.025 billion
2/25/2022	10:10 - 10:30 a.m.	2/28/2022	Outright Purchase	Treasury Coupons 0* to 2.25	2/28/2022 - 5/25/2024	$6.225 billion
3/1/2022	11:00 - 11:20 a.m.	3/2/2022	Outright Purchase	TIPS 7.5 to 30	9/2/2029 - 3/1/2052	$0.625 billion
3/3/2022	11:00 - 11:20 a.m.	3/4/2022	Outright Purchase	Treasury Coupons 7 to 10	3/4/2029 - 3/3/2032	$1.625 billion
3/8/2022	10:10 - 10:30 a.m.	3/9/2022	Outright Purchase	Treasury Coupons 22.5 to 30	9/9/2044 - 3/8/2052	$1.825 billion
3/9/2022	10:10 - 10:30 a.m.	3/10/2022	Outright Purchase	Treasury Coupons 2.25 to 4.5	6/10/2024 - 9/9/2026	$4.025 billion

[dmc]

What To Watch Today

Economy

- 6:00 a.m. ET: **NFIB Small Business Optimism**, February (97.3 expected, 97.1 in January)
- 8:30 a.m. ET: **Trade balance**, January (-$87.3 billion expected, -$80.7 billion in December)
- 10:00 a.m. ET: **Wholesale inventories**, month-over-month, January final (0.8% expected, 0.8% in prior print)

- 10:00 a.m. ET: **Wholesale trade sales**, month-over-month, January (1.0% expected, 0.8% in prior print)

Earnings

Pre-market

- **Dick's Sporting Goods** (DKS) to report adjusted earnings of $3.55 on revenue of $3.31 billion
- **Olaplex** (OLPX) to report adjusted earnings of $0.10 on revenue of $157.11 million

Post-market

- **Bumble** (BMBL) to report an adjusted loss of $0.02 on revenue of $209.64 million
- **StitchFix** (SFIX) to report an adjusted loss of $0.25 on revenue of $514.81 million
- **MongoDB** (MDB) to report an adjusted loss of $0.21 on revenue of $243.25 million

Market Breaks Key Support

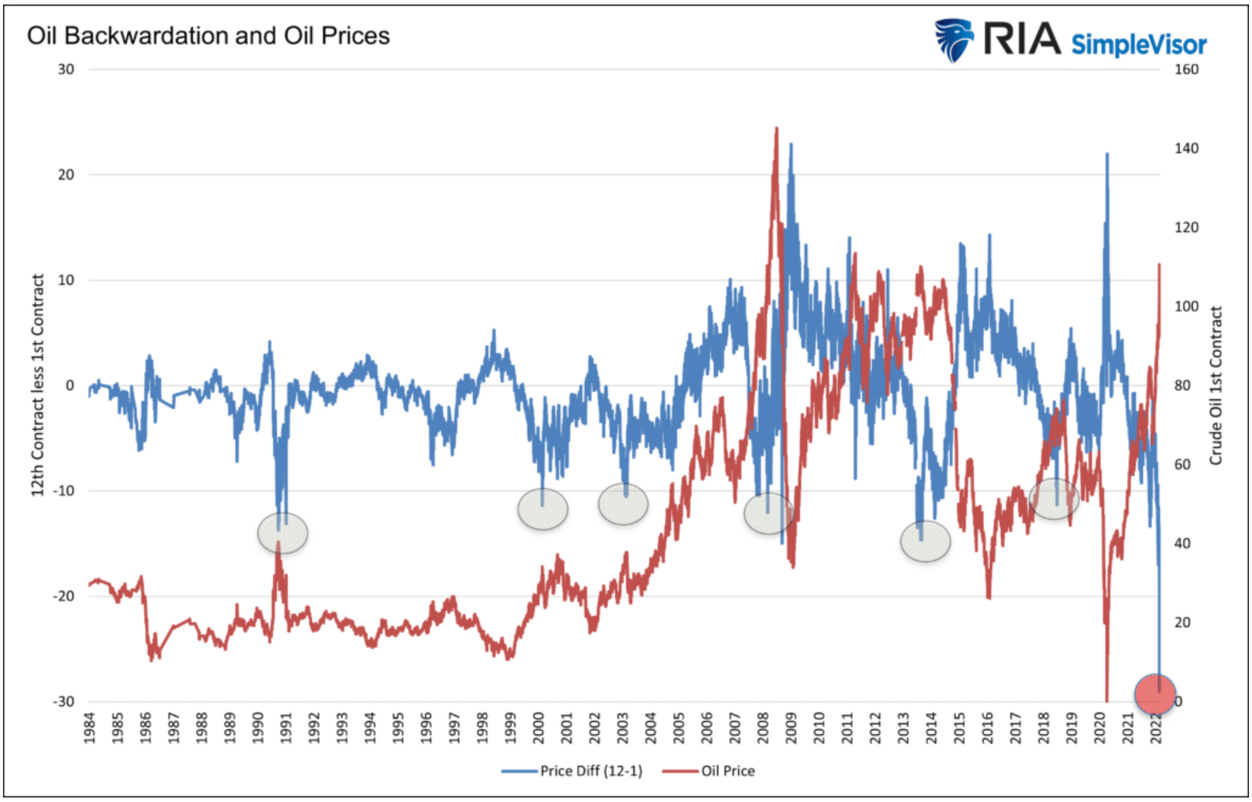
Not a lot of good news from yesterday's market. The S&P slid and closed at the lows of the day and well below its September support levels. While the market is now 2-standard deviations below the 50-dma, the market is not oversold and is triggering a short-term sell signal. Such does not mean we won't see a reflexive bounce, but any bounce over the next day or two should be sold into.

We are looking to further reduce our equity risk and will likely reinstate our short-position on the rally failure. There is way more bad news particularly with analysts now starting to slash their previously over-bullish estimates for the S&P 500.

How Extended Are Oil Prices?

Several readers have asked how much of the increase in oil prices is due to the Russian conflict. To help answer the question, we share the graph below. The graph charts the price difference between the oil futures contract expiring 12 months from now and the front-month contract. The front contract is susceptible to changes in the immediate supply and demand for oil. Therefore it is heavily impacted by the Russian invasion. As you move in time, the forward contracts are less swayed by current events and focused on macro fundamentals.

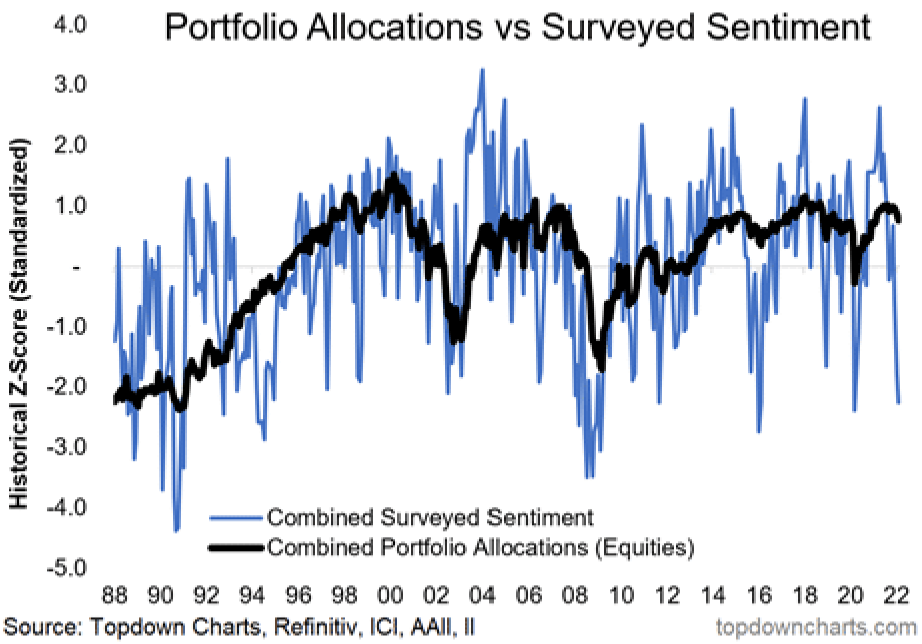
Before this episode, the most the 12th contract traded below the current contract was -$10-$15 (blue circles). On Monday, the difference nearly hit -$30 (red circle). In 2008 oil approached $150 a barrel. At the time, the difference was only -$12. At the start of the Gulf War invasion of Iraq, where Iraqi oil fields were set ablaze, the differential also dipped to -$12. While hard to answer the question about current prices, it is fair to say the current price of oil could be overpriced by $20-40 a barrel.



Bearish Market Sentiment Yet Bullish Actions

Over the last few weeks, we have shared graphs pointing out that investor sentiment is historically bearish. The following note from Callum Thomas points out that sentiment may be bearish, but investors are not positioning in a bearish manner. "***Investors might be saying they are extremely bearish, but their portfolios say they are wildly bullish."***

3. Surveyed Sentiment vs Portfolio Allocations: On the topic of investor sentiment, check out the chart below — *surveyed* sentiment (close to historical lows) vs *actual* portfolio allocations (close to historical highs). Investors might be saying they are extremely bearish, but their portfolios say they are still wildly bullish.



Definition of Perma-Bull

The Tweet below, from @RobinWigg, points out the amazingly bullish posture of BCA Research. The note bemoans the rising risk of the Russian invasion turning into a "nuclear apocalypse." Despite the scary forecast, the piece concludes as circled, "*The risk of Armageddon has risen dramatically. Stay bullish on stocks over a 12-month horizon*."

BCα Research
| Global Investment Strategy

March 4, 2022

Strategy Report

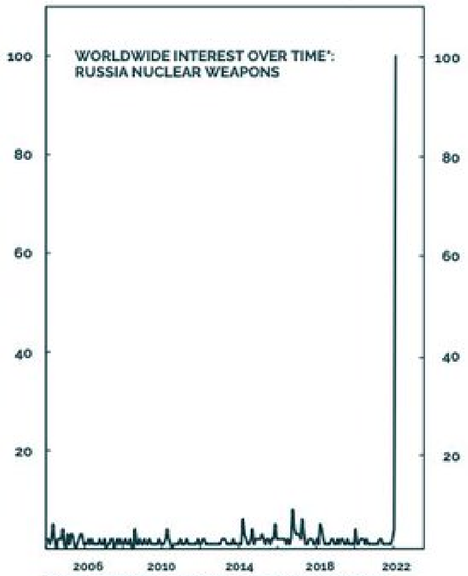
Rising Risk Of A Nuclear Apocalypse

In this Issue

Executive Summary

- Vladimir Putin has now committed himself to orchestrating a regime change in Kyiv. Anything less would be seen as a defeat for him.
- Assuming he succeeds, and it is far from obvious that he will, the resulting insurgency will drain Russian resources. Along with continued sanctions, this will lead to a further deterioration in Russian living standards and growing domestic discontent.
- If Putin concludes that he has no future, the risk is that he will decide that no one else should have a future either.
- Although there is a huge margin of error around any estimate, subjectively, we would assign an uncomfortably high 10% chance of a civilization-ending global nuclear war over the next 12 months. These odds place some credence on Brandon Carter's highly controversial Doomsday Argument.
- Even if World War III is ultimately averted, markets could experience a freak-out moment over the next few weeks, similar to what happened at the outset of the pandemic. Google searches for nuclear war are already spiking.
- Despite the risk of nuclear war, it makes sense to stay constructive on stocks over the next 12 months. If an ICBM is heading your way, the size and composition of your portfolio becomes irrelevant. Thus, from a purely financial perspective, you should largely ignore existential risk, even if you do care about it greatly from a personal perspective.

Nuclear Worries Take Center Stage



* NUMBERS REPRESENT SEARCH INTEREST RELATIVE TO THE HIGHEST POINT ON THE CHART FOR THE GIVEN REGION AND TIME. SOURCE: GOOGLE TRENDS, (HTTPS://WWW.GOOGLE.COM/TRENDS).
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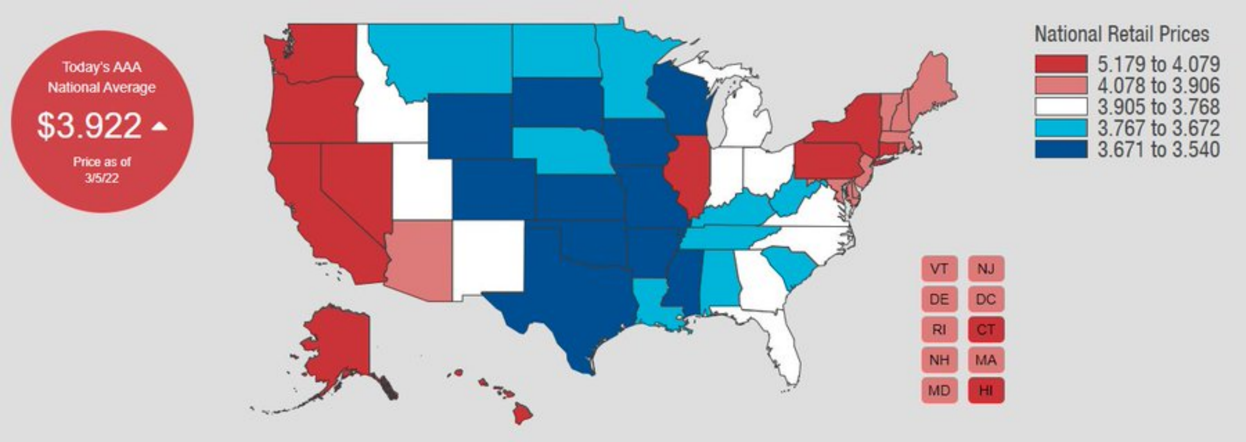
Bottom Line: The risk of Armageddon has risen dramatically. Stay bullish on stocks over a 12-month horizon.

$4 Gasoline Coming To You

As if prices at the pump were not shocking enough this past weekend, prices are likely to be even higher over the coming week. Gasoline futures traded as high as $3.89 Sunday night. The average markup nationwide between gasoline futures and gas at the pump is about .75 cents. The graph below shows the national average is creeping up on $4 gallon, and many northeast and west coast locations have already surpassed that and, in some cases seeing $5.



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