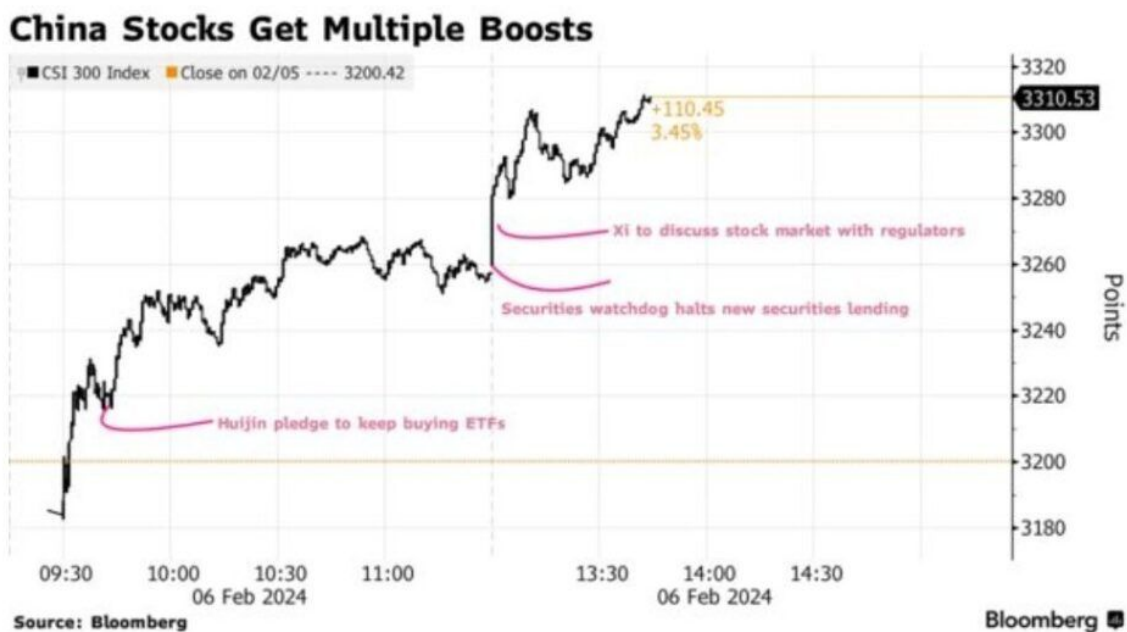


In early 2021, China's CSI 300 Index, representing the top 300 stocks traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange, peaked at 5800. Today, three years later, the index sits at 3300, down over 40%. China's key stock market index rout is not surprising, given China's economy has been sluggish, its property sectors are highly distressed, and its local governments are fiscally constrained. Declining confidence in China's economic reform is also not helping matters. Accordingly, President Xi has been under growing pressure to stimulate the economy and boost its stock markets. It appears the plan to stop the stock market decline is coming into focus.

The graph below shows China's CSI 300 stock index rose over 3% on Tuesday following numerous announcements from the government. As an example, Central Huijin Investment Ltd. committed to buying more ETFs. Furthermore, there is hope that other large institutional investors will as well. Earlier in the day, a government agency limited new security lending, which short sellers must have. Most importantly, President Xi is talking publicly about the problem and vowing to fix it. The graph below, courtesy of Bloomberg, shows the multiple news events boosting China stocks on Tuesday. Bloomberg characterizes the situation: *"While it's unclear whether any new support measures will come out of the Xi meeting, traders are hoping this time will be different."*



## 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*
☀	BABA	Alibaba Group Holding Limited	\$191,482,087,730	Dec/2023	\$2.40	4	2/23/2023	\$2.44
🌙	DIS	Walt Disney Company (The)	\$176,900,033,764	Dec/2023	\$0.97	8	2/08/2023	\$0.99
☀	TTE	TotalEnergies SE	\$167,283,915,172	Dec/2023	\$2.43	4	2/08/2023	\$2.97
☀	UBER	Uber Technologies, Inc.	\$141,971,639,287	Dec/2023	\$0.15	15	2/08/2023	\$0.29
☀	CVS	CVS Health Corporation	\$93,222,788,400	Dec/2023	\$2	9	2/08/2023	\$1.99
🌙	ARM	Arm Holdings plc	\$75,118,895,180	Dec/2023	\$0.25	2	N/A	N/A
🌙	MCK	McKesson Corporation	\$67,587,758,630	Dec/2023	\$7.05	7	2/01/2023	\$6.90
🌙	PYPL	PayPal Holdings, Inc.	\$66,348,749,384	Dec/2023	\$1.05	14	2/09/2023	\$1.01
🌙	ORLY	O'Reilly Automotive, Inc.	\$62,452,775,173	Dec/2023	\$9.07	12	2/08/2023	\$8.37
☀	EMR	Emerson Electric Company	\$53,247,340,000	Dec/2023	\$1.04	7	2/08/2023	\$0.78
☀	HLT	Hilton Worldwide Holdings Inc.	\$49,664,793,869	Dec/2023	\$1.56	7	2/09/2023	\$1.59
🌙	ALL	Allstate Corporation (The)	\$41,040,382,247	Dec/2023	\$3.87	10	2/01/2023	(\$1.36)
☀	YUM	Yum! Brands, Inc.	\$35,411,337,306	Dec/2023	\$1.39	11	2/08/2023	\$1.31
☀	BBD	Banco Bradesco Sa	\$33,309,992,813	Dec/2023	\$0.10	2	2/09/2023	\$0.02
🌙	MPWR	Monolithic Power Systems, Inc.	\$30,961,213,520	Dec/2023	\$2.21	7	2/08/2023	\$2.45
☀	CDW	CDW Corporation	\$30,908,675,939	Dec/2023	\$2.43	6	2/08/2023	\$2.40
🌙	EFX	Equifax, Inc.	\$30,168,395,435	Dec/2023	\$1.74	16	2/08/2023	\$1.52
☀	BBDO	Banco Bradesco Sa	\$29,904,498,340	Dec/2023		2	N/A	\$0.02
🌙	SLF	Sun Life Financial Inc.	\$29,834,123,124	Dec/2023	\$1.17	4	2/08/2023	\$1.25
☀	RBLX	Roblox Corporation	\$24,544,050,871	Dec/2023	(\$0.57)	9	2/15/2023	(\$0.48)
🌙	IX	Orix Corp Ads	\$23,807,895,275	Dec/2023		N/A	2/06/2023	\$2.70
🌙	STE	STERIS plc	\$21,726,155,403	Dec/2023	\$2.16	3	2/08/2023	\$2.02
🌙	FLT	FleetCor Technologies, Inc.	\$21,053,279,350	Dec/2023	\$4.16	8	2/08/2023	\$3.83
🌙	MOH	Molina Healthcare Inc	\$20,469,130,000	Dec/2023	\$4.31	6	2/08/2023	\$4.10
🌙	KB	KB Financial Group Inc	\$18,429,704,045	Dec/2023	\$0.64	1	3/02/2023	\$0.60
🌙	EG	Everest Group, Ltd.	\$16,566,897,787	Dec/2023	\$14.63	6	2/08/2023	\$12.21
☀	BAM	Brookfield Asset Management	\$15,485,571,249	Dec/2023	\$0.34	3	2/08/2023	\$0.31
☀	FOXA	Fox Corporation	\$15,164,985,648	Dec/2023	\$0.09	8	2/08/2023	\$0.48
🌙	MAA	Mid-America Apartment Communities, Inc.	\$14,567,267,624	Dec/2023	\$2.30	11	2/01/2023	\$2.32
☀	CG	The Carlyle Group Inc.	\$14,543,672,570	Dec/2023	\$0.75	8	2/07/2023	\$1.01
☀	FOX	Fox Corporation	\$14,088,324,775	Dec/2023		2	N/A	\$0.48
☀	NBIX	Neurocrine Biosciences, Inc.	\$13,918,367,412	Dec/2023	\$1.13	12	2/06/2023	\$0.88
🌙	UHAL	U-Haul Holding Company	\$12,948,983,195	Dec/2023	\$0.82	1	2/08/2023	\$0.98
☀	BG	Bunge Global SA	\$12,930,630,042	Dec/2023	\$2.79	3	2/08/2023	\$3.24
🌙	UHALB	U-Haul Holding Company	\$12,523,494,195	Dec/2023		2	N/A	\$0.98
🌙	PAYC	Paycom Software, Inc.	\$11,698,116,487	Dec/2023	\$1.40	9	2/07/2023	\$1.38
☀	PFGC	Performance Food Group Company	\$11,394,657,055	Dec/2023	\$0.92	6	2/08/2023	\$0.83
☀	ARCC	Ares Capital Corporation	\$11,371,649,700	Dec/2023	\$0.59	9	2/07/2023	\$0.63
🌙	GL	Globe Life Inc.	\$11,319,660,859	Dec/2023	\$2.74	6	2/01/2023	\$2.24
☀	XPO	XPO, Inc.	\$11,073,118,271	Dec/2023	\$0.61	8	2/08/2023	\$0.98
🌙	WYNN	Wynn Resorts, Limited	\$11,011,104,857	Dec/2023	\$1.12	6	2/08/2023	(\$1.23)
🌙	COTY	Coty Inc.	\$10,905,136,843	Dec/2023	\$0.20	10	2/08/2023	\$0.22

## Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous	
WEDNESDAY, FEBRUARY 7							
12:00	<b>USD</b> MBA Mortgage Applications(Feb 2)		-	-	-	-7.2%	
13:30	<b>USD</b> Goods and Services Trade Balance(Dec)		-	-	\$-62.2B	\$-63.2B	
13:30	<b>USD</b> Goods Trade Balance(Dec)		-	-	- \$-88.5B		
15:30	<b>USD</b> EIA Crude Oil Stocks Change(Feb 2)		-	-	1.895M	1.234M	
16:00	<b>USD</b> Fed's Kugler speech				<b>SPEECH</b>		
17:30	<b>USD</b> Fed's Barkin speech				<b>SPEECH</b>		
18:00	<b>USD</b> 10-Year Note Auction		-	-	-	4.024%	
19:00	<b>USD</b> Fed's Bowman speech				<b>SPEECH</b>		
20:00	<b>USD</b> Consumer Credit Change(Dec)		-	-	\$16B	\$23.75B	

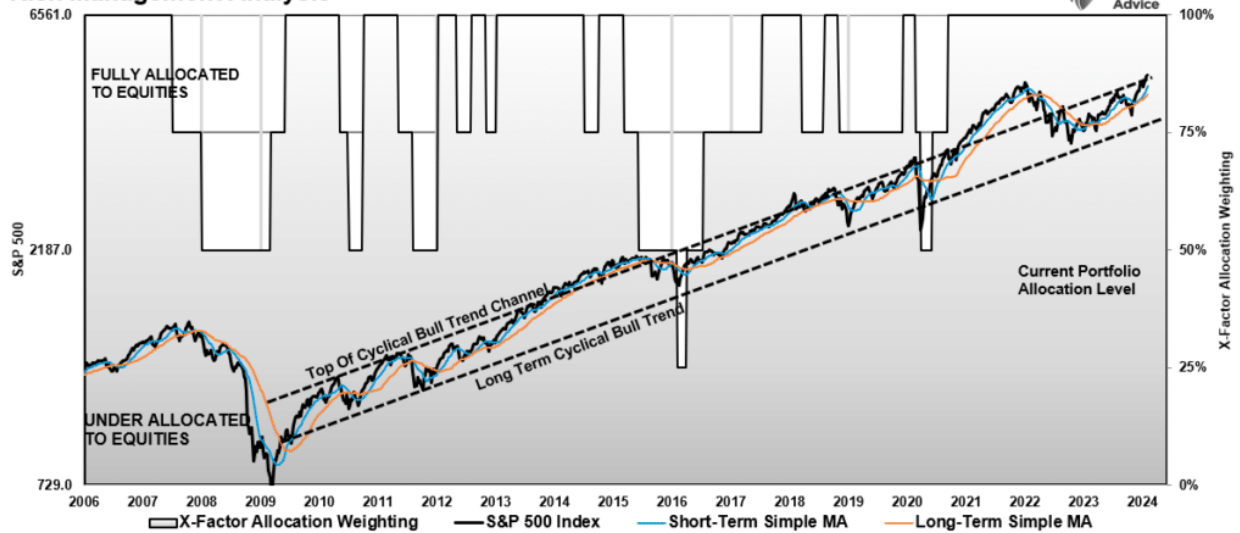
## Market Trading Update

A correction is coming. I don't know when, but a 5-10% decline before the election is a very high probability. Our weekly S&P 500 risk control chart suggests such is highly likely. The chart is broken down into 3-components. In the top panel is the running bullish trend channel from 2009. Currently, the market is trading at the top of that trend channel, which has previously preceded declines like last summer. The only exception was the stimulus-fueled rally in 2021, which exceeded the top of that channel, but the subsequent correction resolved that excess.

The bottom two panels are intermediate and long-term MACD indicators. Currently, both indicators are trading above their long-term peaks. Again, the exception is the 2021 rally, but the monetary stimulus for a similar surge is not present. While still on buy-signals currently, given the market's overbought condition, the deviations from longer-term trends, and more speculative bullishness, the ingredients for a correction into the summer are present. [As noted yesterday](#), these conditions exist in conjunction with the short-term overbought and bullish conditions that generally precede weaker periods in the market. While nothing is ever guaranteed, the combination of these conditions suggests a correction is more likely than not. The "*timing*" and "*cause*" of that correction are hard.

The point here is that as investors, we should be aware of the risk of a larger correction sometime this year and act accordingly when it begins.

## Risk Management Analysis



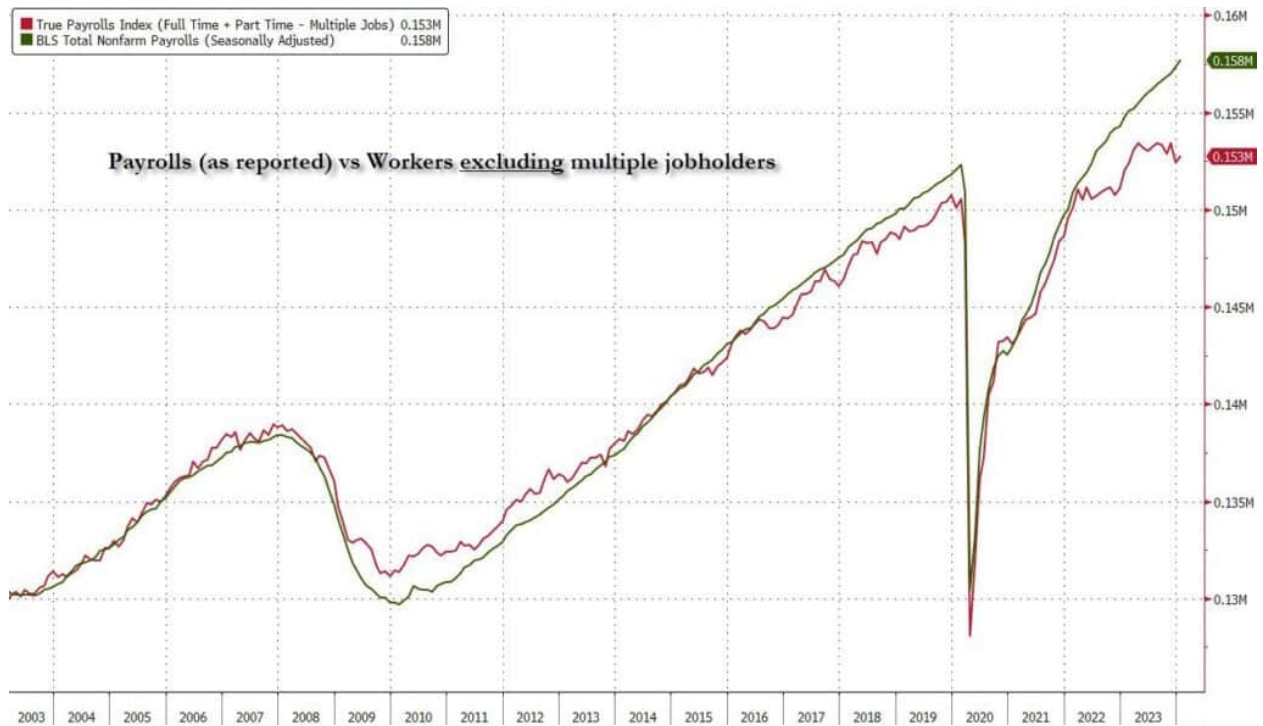
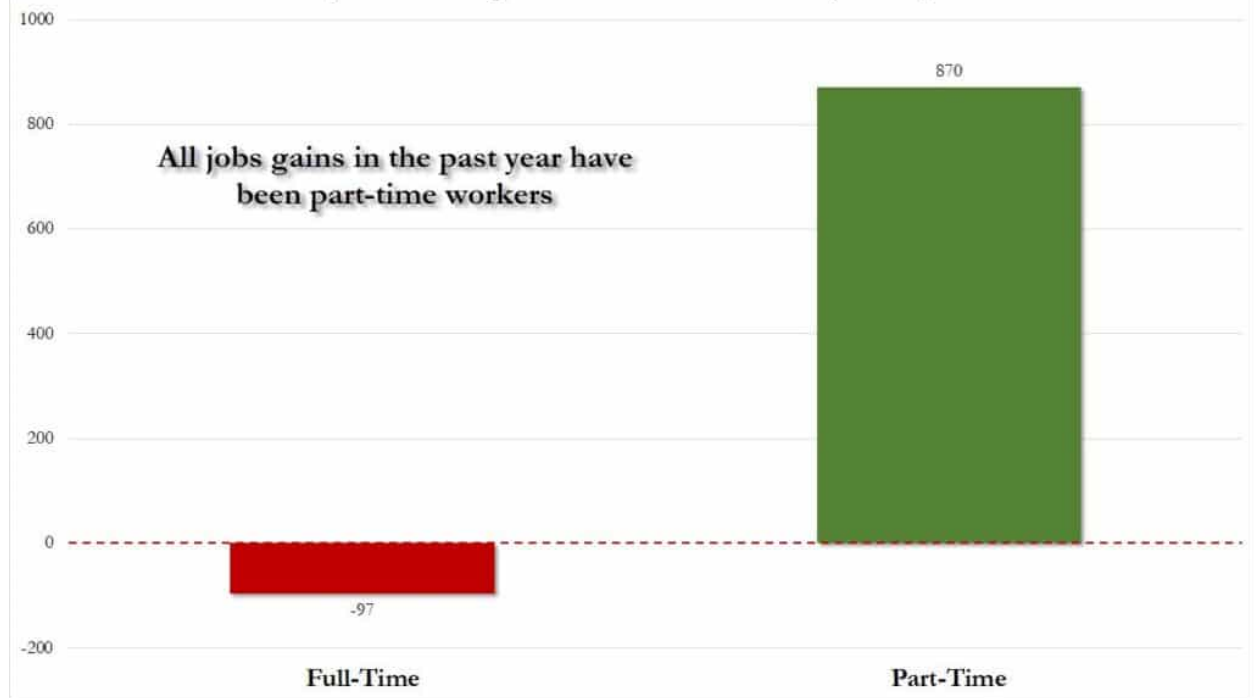
## More On The BLS Jobs Oddities

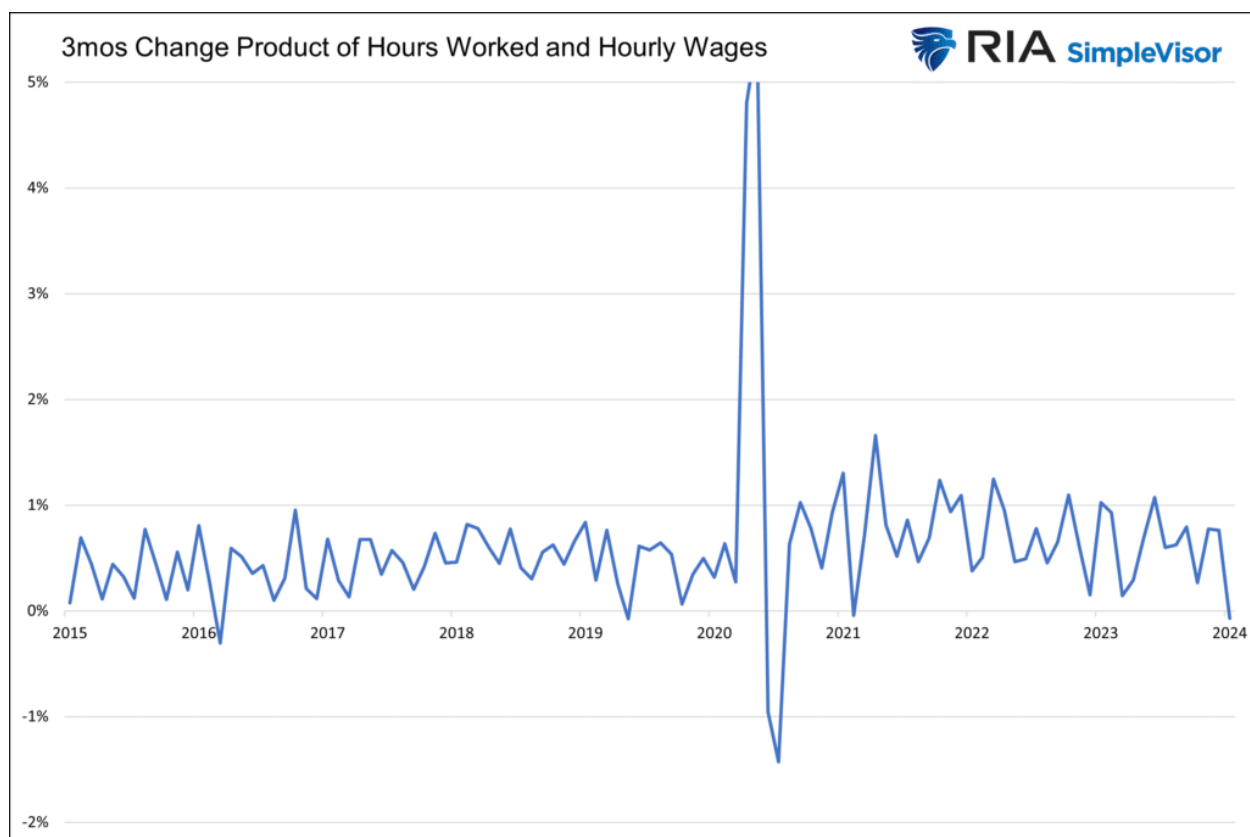
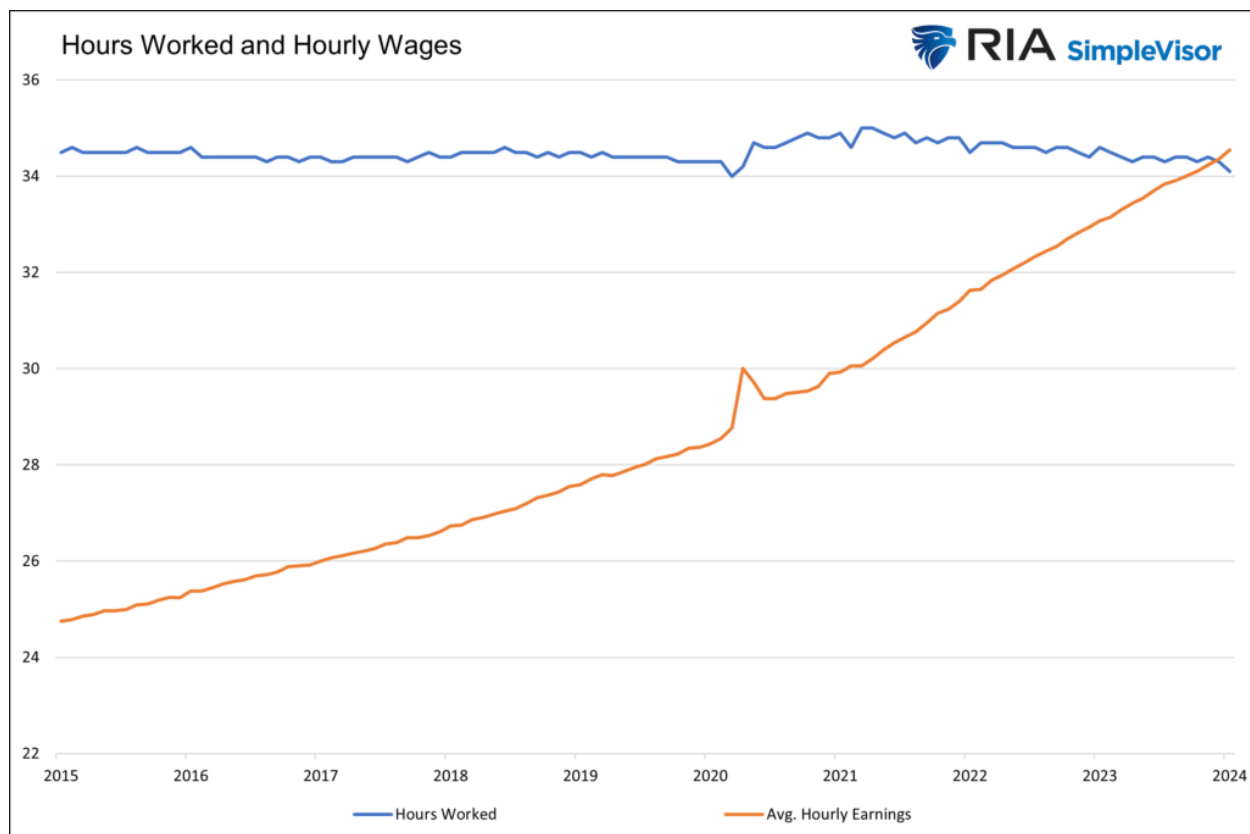
We are still digesting last Friday's BLS report, as there are many inconsistencies worth mentioning. Our Commentaries on [Monday](#) and [Tuesday](#) discuss the wide gap between the BLS household survey and the establishment survey. Similarly, today, we address a few more charts that call into question the notion that the job market is robust.

The first two graphs below, courtesy of Zero Hedge, show that the breadth of the gains in the labor market has much to be desired. Over 100% of the job gains over the past 12 months are from part-time workers. In fact, full-time employment has actually shrunk. As the second graph shows, many part-time workers may also be multiple job holders. If we strip out those with multiple jobs, payroll growth will not be as great as advertised.

The third and fourth graphs show that the recent spike in hourly wages was more than offset by declining hours worked. For the first time in three years, the product of wages and hours worked declined on a three-month running basis. Ergo, aggregate wages paid actually shrunk slightly.

## Job Changes: Since Feb 2023 ('000s)





## Worker Confidence In Their Employers Falter

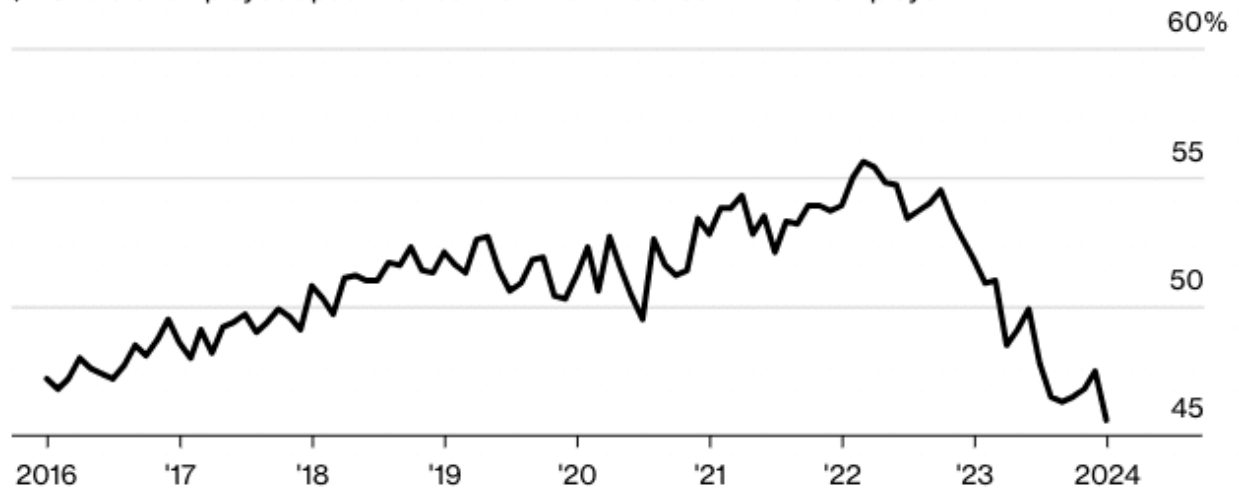
Per the Glassdoor survey results shown below, courtesy of Bloomberg, U.S. workers are more downbeat about the prospects for their employment than at any time in nearly a decade. Presuming workers are less confident, this survey helps explain why the JOLTS quit rate has been falling. However, it doesn't explain rising consumer confidence.



## Workers' Confidence in Their Firms' Prospects Hits New Low

Layoffs, slower hiring and return-to-office battles have employees on edge

✍ Share of employees positive about six-month outlook at their employer



Source: Glassdoor

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### Tweet of the Day



**BREAKING:** China's CSI 1000 index surges 7% after Chinese President Xi discusses stabilizing markets with regulators.

The CSI 1000 index is on track for its biggest single day gain in history.

This comes after nearly \$7 trillion of value has been wiped out of China's stock market.

Not even short selling bans and various stimulus measures were able to stop the crash.

Did President Xi just set the bottom?



?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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