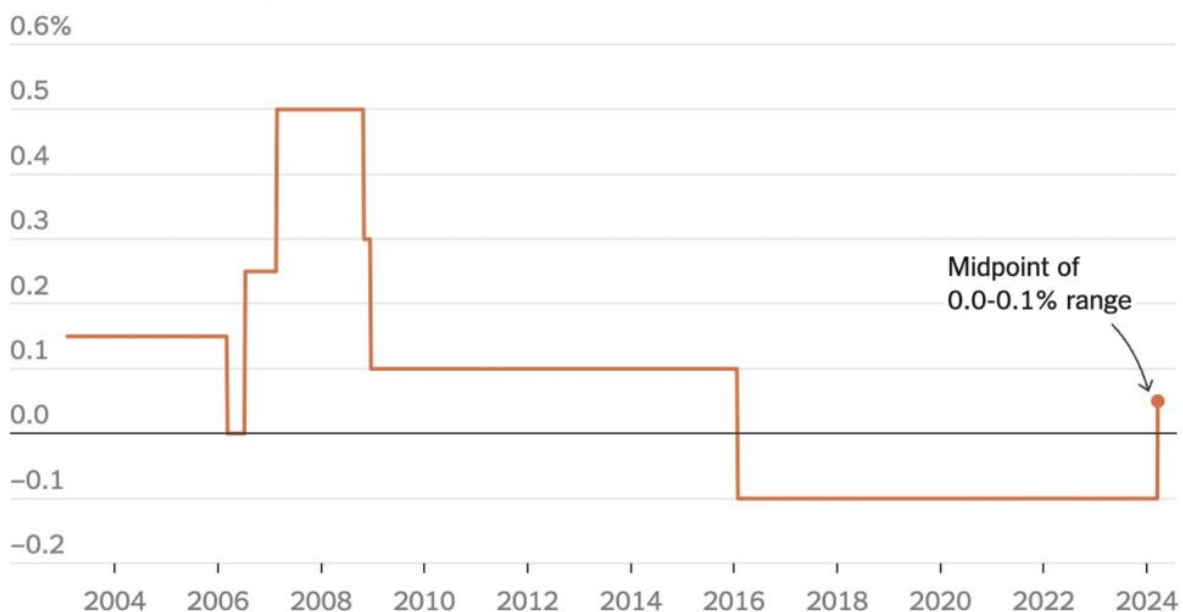


The Bank of Japan (BOJ) has finally ended its eight-year run of negative interest rates. On Tuesday morning, the BOJ boosted their overnight rate from -.10% to a range of 0% to 0.10%. Furthermore, the BOJ discontinued its Yield Curve Control (YCC) operations and stopped purchasing equity and corporate bond ETFs and REITs. However, their QE program will continue, although they are not explicitly targeting longer-term maturities via YCC. Longer-term Japanese yields are slightly lower on the news.

The BOJ policy shift has implications for global markets. For starters, Japan is one of the world's largest exporters of capital. Low and negative interest rates have incentivized individuals, corporations, and pension funds to convert their yen to other currencies and buy much higher-yielding assets in other countries. Secondly, the so-called yen carry trade allows non-Japanese investors to borrow in yen, convert the yen to other currencies, and invest in other countries. This trade, estimated at \$20 trillion, bolsters asset prices in the United States and around the world. Unless the BOJ continues to raise rates or the yen rallies versus the dollar, we are not concerned that capital flows from Japan will reverse. However, it is a risk worth watching.

Bank of Japan policy rate



Source: FactSet, Bank of Japan • By The New York Times

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*
☀	PDD	PDD Holdings Inc.	\$169,911,250,233	Dec/2023	\$1.44	2	3/20/2023	\$0.97
🌙	MU	Micron Technology, Inc.	\$102,939,503,060	Feb/2024	(\$0.42)	7	3/28/2023	(\$2.03)
☀	GIS	General Mills, Inc.	\$37,912,343,076	Feb/2024	\$1.04	8	3/23/2023	\$0.97
☀	PUK	Prudential Public Limited Company	\$28,234,228,459	Dec/2023		4	N/A	N/A
☀	BNTX	BioNTech SE	\$22,287,124,935	Dec/2023	\$2.64	6	3/27/2023	\$9.46
☀	HTHT	H World Group Limited	\$12,166,425,270	Dec/2023	\$0.31	2	3/27/2023	(\$0.06)
🌙	FIVE	Five Below, Inc.	\$11,125,206,245	Jan/2024	\$3.78	10	3/15/2023	\$3.07
☹	CERE	Cerevel Therapeutics Holdings, Inc.	\$7,686,132,483	Dec/2023	(\$0.56)	6	2/22/2023	(\$0.59)
🌙	CHWY	Chewy, Inc.	\$7,502,149,366	Jan/2024	(\$0.05)	6	3/22/2023	\$0.04
☹	KT	KT Corporation	\$7,286,974,615	Dec/2023		N/A	3/08/2023	\$0.34
🌙	KBH	KB Home	\$5,151,371,201	Feb/2024	\$1.56	7	3/22/2023	\$1.45

Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
WEDNESDAY, MARCH 20						
11:00	🇺🇸 USD MBA Mortgage Applications(Mar 15)	🟡	-	-	-	7.1% 🔔
14:30	🇺🇸 USD EIA Crude Oil Stocks Change(Mar 15)	🟡	-	-	-0.025M	-1.536M 🔔
17:00	🇺🇸 USD 20-Year Bond Auction	🟡	-	-	-	4.595% 🔔
18:00	🇺🇸 USD Fed Monetary Policy Statement	🔴			REPORT	🔔
18:00	🇺🇸 USD FOMC Economic Projections	🔴			REPORT	🔔
18:00	🇺🇸 USD Interest Rate Projections - Longer	🔴	-	-	-	2.5% 🔔
18:00	🇺🇸 USD Interest Rate Projections - 2nd year	🔴	-	-	-	3.6% 🔔
18:00	🇺🇸 USD Interest Rate Projections - Current	🔴	-	-	-	5.4% 🔔
18:00	🇺🇸 USD Fed Interest Rate Decision	🔴	-	-	5.5%	5.5% 🔔
18:00	🇺🇸 USD Interest Rate Projections - 1st year	🔴	-	-	-	4.6% 🔔
18:30	🇺🇸 USD FOMC Press Conference	🔴			SPEECH	🔔

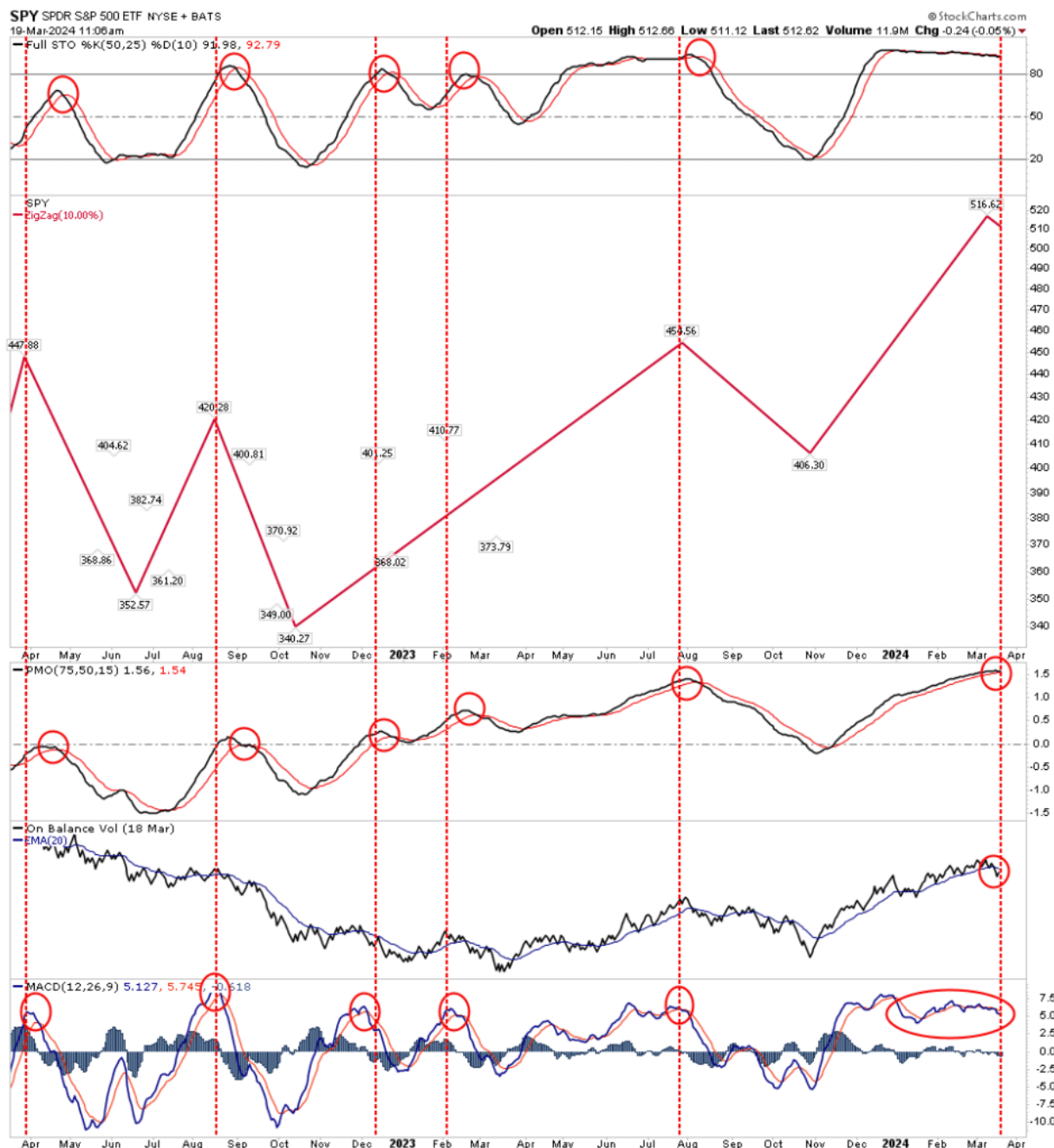
Market Trading Update

In [yesterday's commentary](#), I posted a chart of the S&P 500 showing several technical indicators suggesting a short-term correction may be near. I received a few questions about the S&P chart overlay on an indicator called a "ZigZag." I will explain what it is and why I like it.

*"The ZigZag indicator is not an indicator per se, but rather a means to filter out smaller price movements. A ZigZag set at 10 would ignore all price movements less than 10%; only price movements greater than 10% would be shown. Filtering out smaller movements gives investors the ability to see the forest instead of just trees. **It is important to remember that the ZigZag feature has no predictive power because it draws lines based on hindsight.** Any predictive power will come from applications such as Elliott Wave, price pattern analysis, or indicators. However, the ZigZag can be used with a retracements feature to identify Fibonacci retracements and projections." - Stockcharts.com*

As noted, the "ZigZag" indicator smooths out daily volatility and helps to reduce emotional biases that can interfere with portfolio management over time. In the chart below, I have set the ZigZag to filter out all price movements of less than 10% and removed the index. Notably, the lows in ZigZag

were in June and October of 2022, which preceded decent market rallies. It also turned in late July last year as the market topped and bottomed in October. The indicator appears to have topped this past week. It will take about a week to confirm if the current "ZigZag" indication is denoting the start of a bigger correction process. Given the prevalence of deterioration in other leading technical indicators, we suspect that may be the case.



MicroStrategy Insiders Are Selling

Last [Friday's Commentary](#) gave readers a worrying analysis of MicroStrategy (MSTR). MSTR is a technology company with no growth in its sales or earnings over the last ten years. Its share price surged despite the lack of fundamental justification for owning the stock. The reason for the investor optimism is that MSTR has been accumulating bitcoin. With the recent pop in bitcoin

prices, it makes sense that the value of MSTR would follow. However, as noted, *?We constructed the table below to show how MicroStrategy investors are paying a 43% premium to own Bitcoin.?*

Given the massive premium to buy bitcoin and the ease of purchasing bitcoin via the new ETFs, MSTR's price was at significant risk. Two days after writing the article, it appears investors are waking up. Since peaking at 1815 last week, its stock is down 25%. The excessive premium versus bitcoin was warning enough in our minds, but maybe the fact that insiders consistently sell shares should be another strong deterrent to owning the stock. The table below, courtesy of [SimpleVisor](#), shows that Michael Saylor, who has been very outspoken about Bitcoin, has sold over \$5 million worth of stock over the last few weeks. On February 27th, its CEO, Phong Le, sold over \$8 million worth of shares.

Insider Transactions

Insider Name	Title	Transaction Date	Bought/Sold	# Shares	Transaction Price	Transaction Value
Michael J. Saylor	Chairman	2024-03-12	SELL	1,693	\$1,558.03	\$2,637,745
Michael J. Saylor	Chairman	2024-03-05	SELL	2,063	\$1,259.56	\$2,598,472
Phong Le	CEO	2024-02-27	SELL	10,000	\$861.24	\$8,612,400
Wei-Ming Shao	EVP	2024-02-27	SELL	3,000	\$852.74	\$2,558,220
Andrew Kang	CFO	2024-02-27	SELL	3,750	\$870.31	\$3,263,663
Stephen X Graham	Director	2024-02-26	SELL	4,000	\$770.00	\$3,080,000
Michael J. Saylor	Chairman	2024-02-23	SELL	5,000	\$691.51	\$3,457,550
Jarrod M. Patten	Director	2024-02-16	SELL	275	\$722.34	\$198,644
Michael J. Saylor	Chairman	2024-02-13	SELL	5,000	\$683.33	\$3,416,650
Jarrod M. Patten	Director	2024-02-12	SELL	1,250	\$707.22	\$884,025

MSTR Microstrategy Inc.

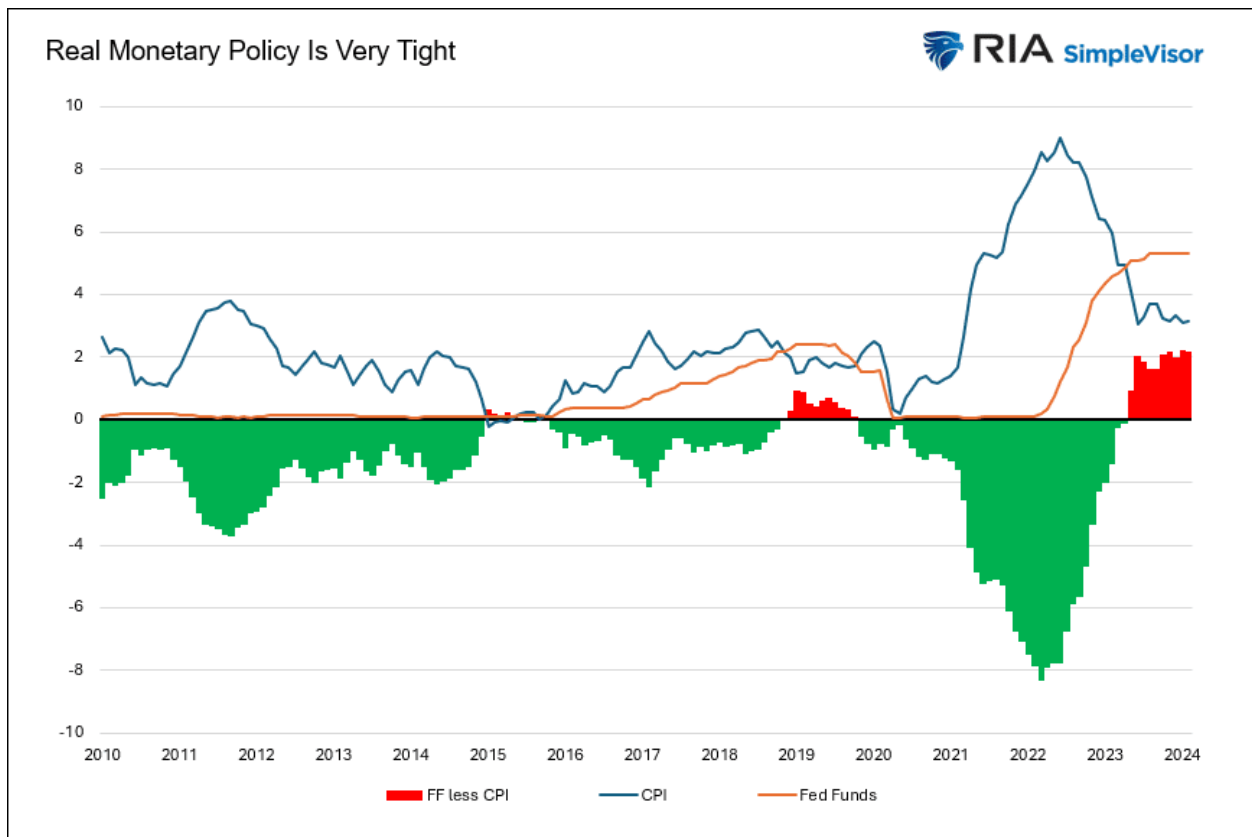
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Warren And Sanders Warn The Fed

As we ponder what the Fed may or may not do or say today, we must consider the political pressure on the Fed. Earlier this week, Senators Elizabeth Warren and Bernie Sanders urged Fed Chairman Jerome Powell to lower interest rates. In a letter to Chairman Powell, they said they want a *?a clear and rapid timetable for reducing interest rates, ideally beginning at the May FOMC meeting.?* A similar sentiment from both sides of the aisle was given to Chairman Powell during his testimony to Congress two weeks ago. Given the coming election, such an argument for a rapid timetable seems politically motivated. However, Fed Funds are about 2% above the rate of inflation. Such is the tightest monetary policy in about 15 years and is weighing on smaller businesses.

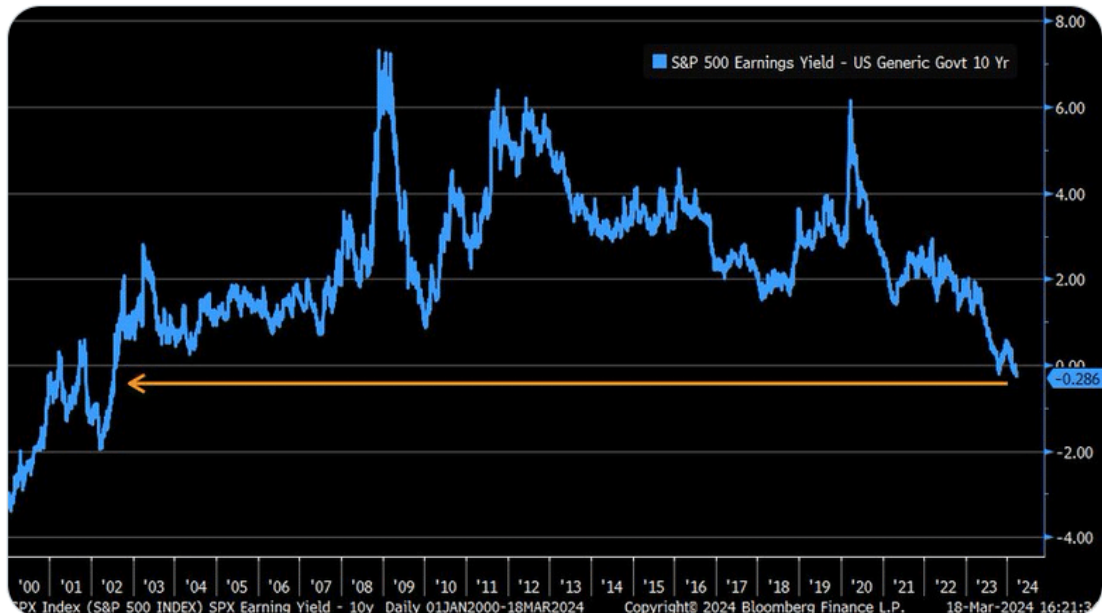


Tweet of the Day



Liz Ann Sonders @LizAnnSonders · 14m

Spread between S&P 500's earnings yield and 10y U.S. Treasury yield has fallen to lowest since July 2002



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