

ENGINEERING THE MARKETS:

PRECISION, PATTERNS, & PROFITABILITY

Spring is Almost Here!

March 19, 2025



POWERED BY:



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Spring is Almost Here!

Just as the Chicago River was dyed green for the St. Patrick's Day celebrations, the markets, which had recently fallen into technical correction territory, received a much-needed boost on Monday, with all three major indices and all eleven sectors finishing in the green. The positive performance across the board has raised hopes that the market downturn may finally be over, signaling a potential end to the winter doldrums.

| Code | Last | %Chg |
|------|-----------|-------|
| SPX | 5,675.12 | 0.64% |
| NDY | 19,812.24 | 0.55% |
| IWM | 205.45 | 1.26% |

| Code | Last | %Chg |
|------|--------|-------|
| XLRE | 42.18 | 1.76% |
| XLE | 91.19 | 1.59% |
| XLP | 80.67 | 1.46% |
| XLI | 132.94 | 1.38% |
| XLV | 146.77 | 1.27% |
| XLB | 87.06 | 1.26% |
| XLF | 49.09 | 1.17% |
| XLC | 97.27 | 0.71% |
| XLK | 215.43 | 0.70% |
| XLU | 79.20 | 0.42% |
| XLY | 197.01 | 0.16% |

The current market correction has seen a rotation out of Growth stocks and into Value stocks. While opportunities may exist in the Value Sectors in the short term, it's important to remember that the Communications sector, formerly part of the Technology sector, has continued to outperform. The XLC Communications sector remains in the Leading Quadrant of the Weekly Relative Rotation Graphs. So we're not giving up on all Growth, just being more selective.

The current market environment presents ambiguity regarding its future direction. Investors are advised to exercise caution and adopt a measured approach when initiating long positions.

Key Strategies for the Current Market:














- ✔ **Building Watchlists and Identifying Leaders:** Prioritize the creation of new watchlists and actively seek out high-quality stocks that are demonstrating strong performance and assuming leadership positions within their respective sectors. This may necessitate expanding your research to include companies that are not yet familiar to you.
- ✔ **Sector Rotation:** Begin exploring the concept of sector rotation as a potential strategy for capitalizing on shifting market dynamics. However, it's crucial to avoid making substantial commitments to any particular sector at this nascent stage.

🟢 **Cash Reinvestment:** As you trim existing positions, it's essential to have a plan in place for reinvesting the proceeds from those sales. This will ensure that you're prepared to capitalize on emerging opportunities as new leaders emerge and supplant those that are currently consolidating

Overall, the prevailing market conditions call for a cautious and discerning approach. By focusing on building watchlists, identifying emerging leaders, and gradually exploring sector rotation, investors can position themselves to navigate the uncertainties of the market and capitalize on new opportunities as they arise.

Economic Calendar

This week's Economic **Calendar highlights** began with **Retail Sales** with a mixed reading between Core and overall forecasts. Core Retail Sales met the 0.3% month-over-month forecast however overall Retail Sales fell below expectations in February with a 0.2% gain vs a 0.6% expectation

| Time | Cur. | Imp. | Event | Actual | Forecast | Previous |
|----------------------------------|---|-------|---|-------------|----------|--------------|
| Monday, March 17, 2025 | | | | | | |
| 07:30 |  USD | ★ ★ ★ | Core Retail Sales (MoM) (Feb) | 0.3% | 0.3% | <u>-0.6%</u> |
| 07:30 |  USD | ★ ★ ★ | Retail Sales (MoM) (Feb) | 0.2% | 0.6% | <u>-1.2%</u> |
| Wednesday, March 19, 2025 | | | | | | |
| 56 min |  USD | ★ ★ ★ | Crude Oil Inventories | | 0.800M | 1.448M |
| 13:00 |  USD | ★ ★ ★ | FOMC Economic Projections  | | | |
| 13:00 |  USD | ★ ★ ★ | FOMC Statement  | | | |
| 13:00 |  USD | ★ ★ ★ | Fed Interest Rate Decision | | 4.50% | 4.50% |
| 13:30 |  USD | ★ ★ ★ | FOMC Press Conference  | | | |
| Thursday, March 20, 2025 | | | | | | |
| 07:30 |  USD | ★ ★ ★ | Initial Jobless Claims | | 224K | 220K |
| 07:30 |  USD | ★ ★ ★ | Philadelphia Fed Manufacturing Index (Mar) | | 8.8 | 18.1 |
| 09:00 |  USD | ★ ★ ★ | Existing Home Sales (Feb) | | 3.95M | 4.08M |

The **FOMC Statement** and **Interest Rate Decision** are on Wednesday, with generally no expectation of a rate increase this month. No doubt, investors will still be looking to read between the lines in the statement for additional hints of future Fed policy.

Friday brings **Initial Jobless Claims**, with unemployment and **Existing Home Sales**.

Earnings Calendar

The flow of Q4 earnings reports continues, but the number of stocks I find noteworthy is dwindling. Most of the remaining companies of interest will report later this week, primarily on Thursday. The majority of these are **Consumer Discretionary** stocks, with the exception of Micron, which is a semiconductor stock.

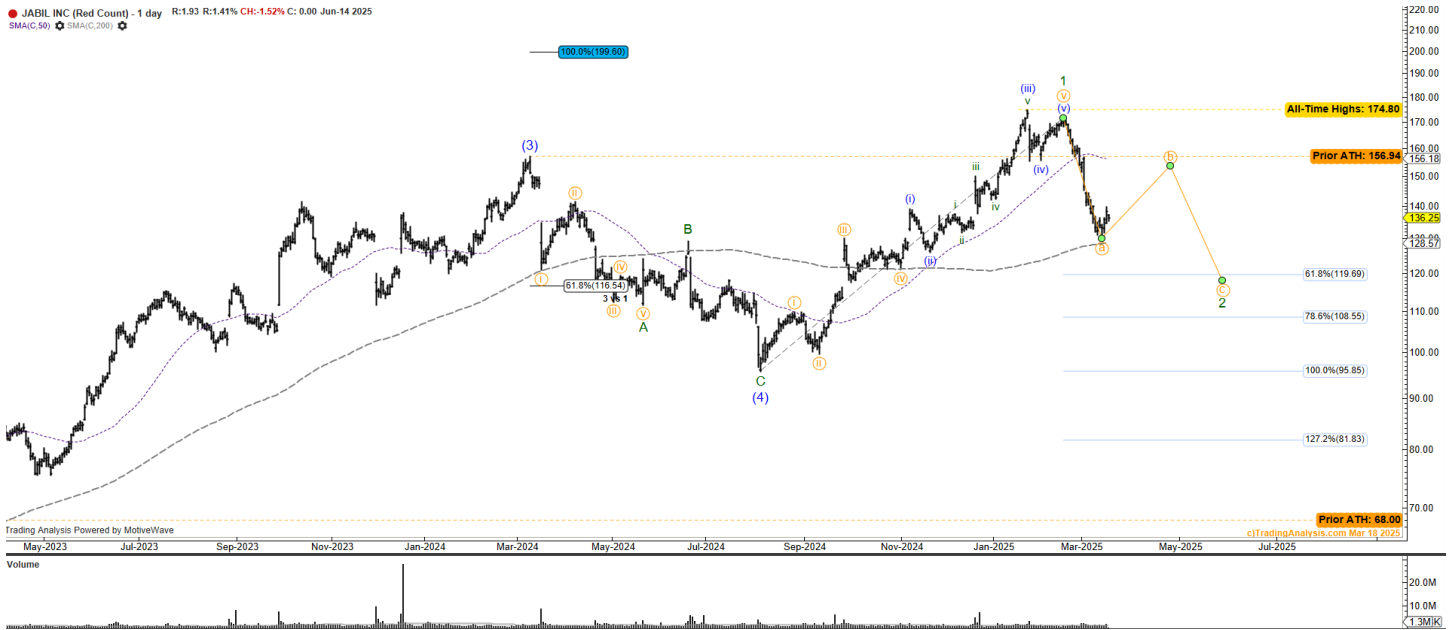


Source: <https://earningswhispers.com/calendar>

PDD - Pinduoduo

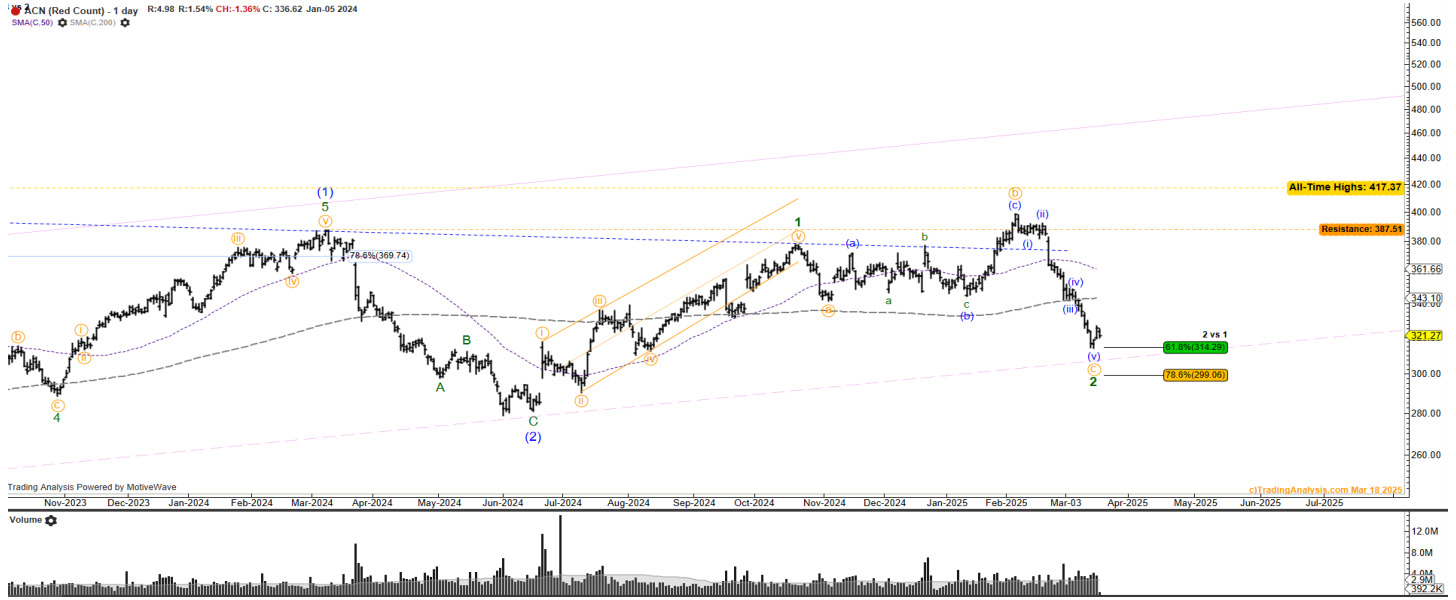


JBL - Jabil Inc



ACN - Accenture

ACN (Red Count) - 1 day R:4.98 R:1.54% CH:-1.36% C: 336.62 Jan-05 2024
 SMA(C,50) SMA(C,200)



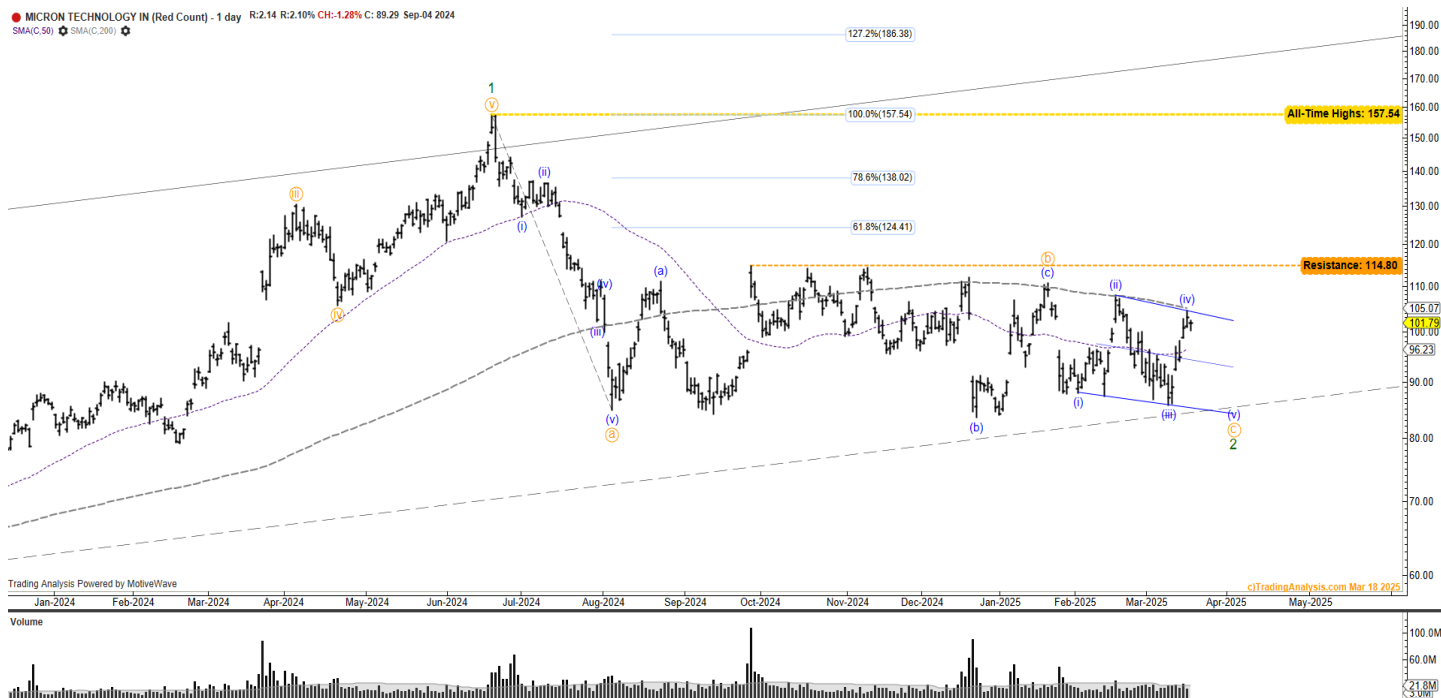
DRI - Darden Restaurants, Inc.

DRI (Red Count) - 1 day R:2.38 R:1.28% CH:0.12% C: 146.66 Feb-15 2023
 SMA(C,50) SMA(C,200)



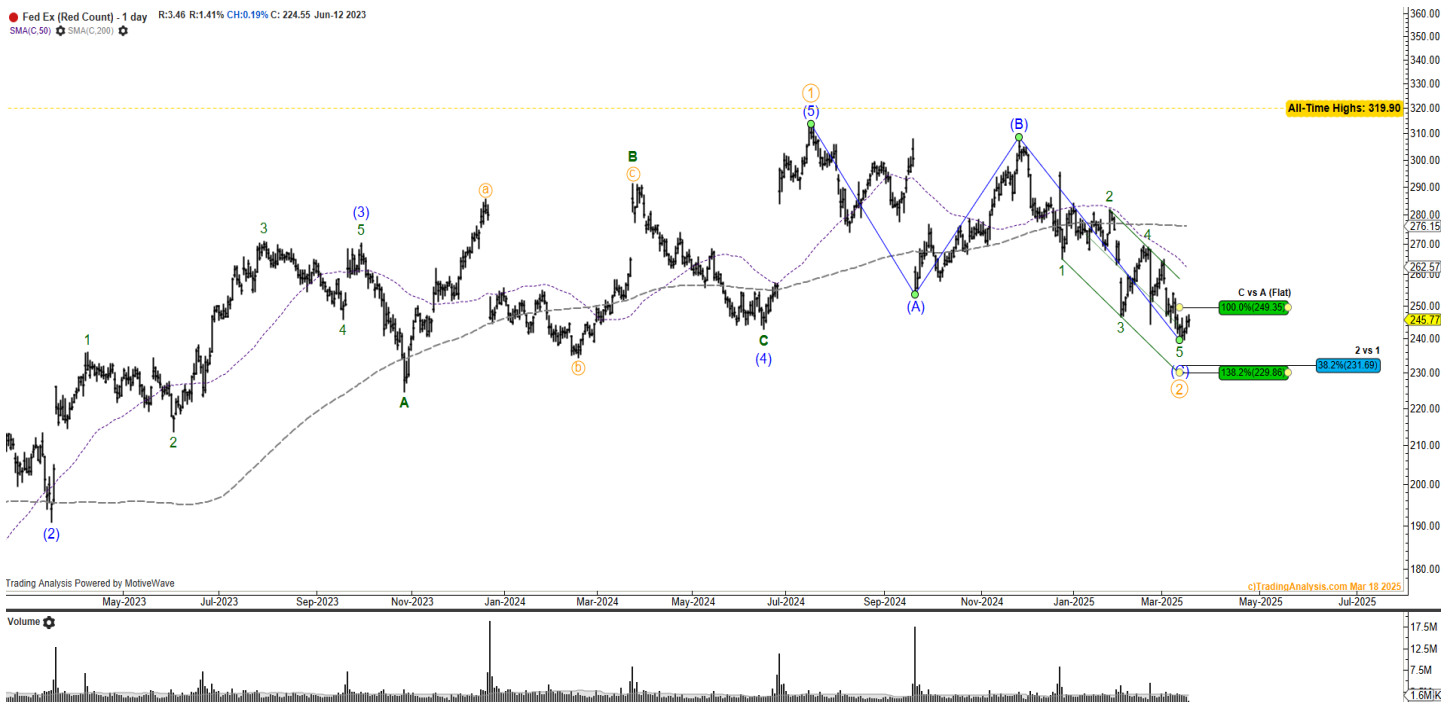
MU - Micron Technology, Inc.

MICRON TECHNOLOGY IN (Red Count) - 1 day R:2.14 R:2.10% CH:1.28% C: 89.29 Sep-04 2024
 SMA(C:50) SMA(C:200)



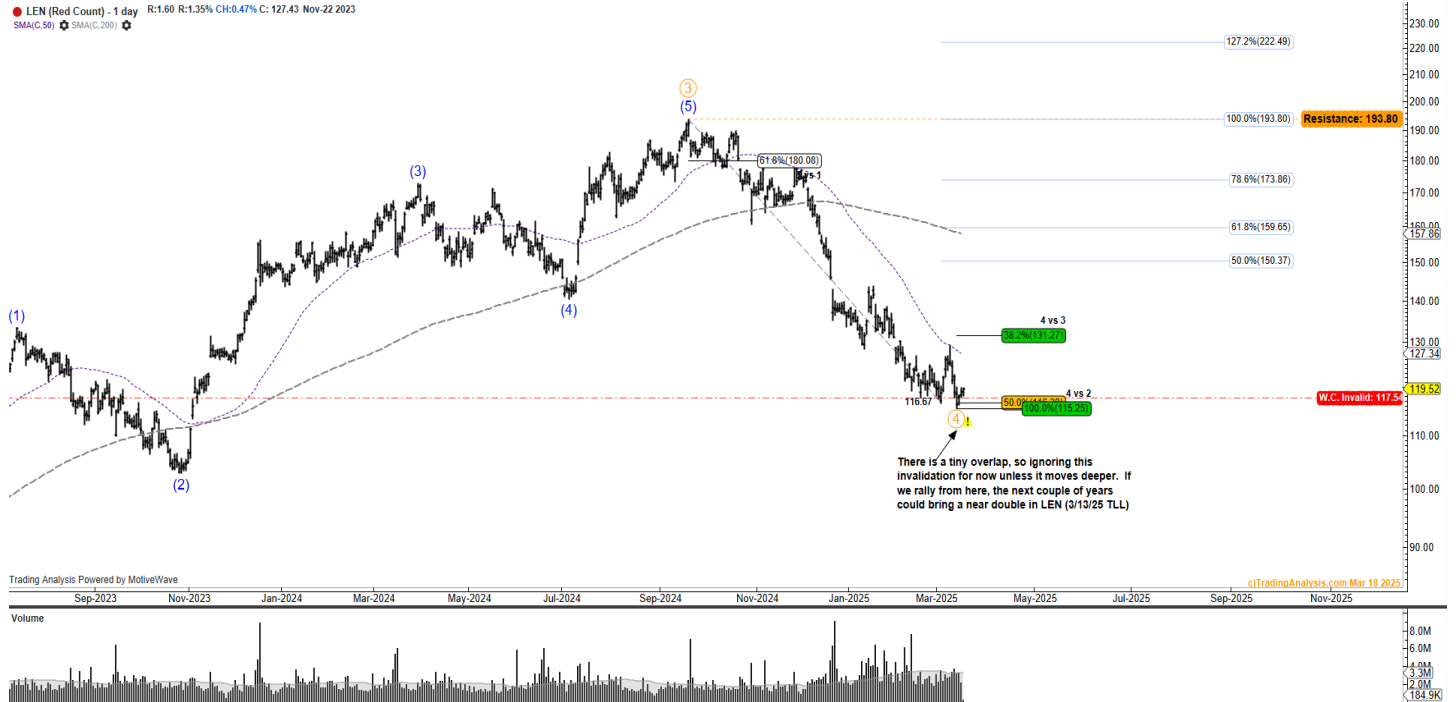
FDX - FedEx Corporation

Fed Ex (Red Count) - 1 day R:3.46 R:1.41% CH:0.19% C: 224.55 Jun-12 2023
 SMA(C:50) SMA(C:200)



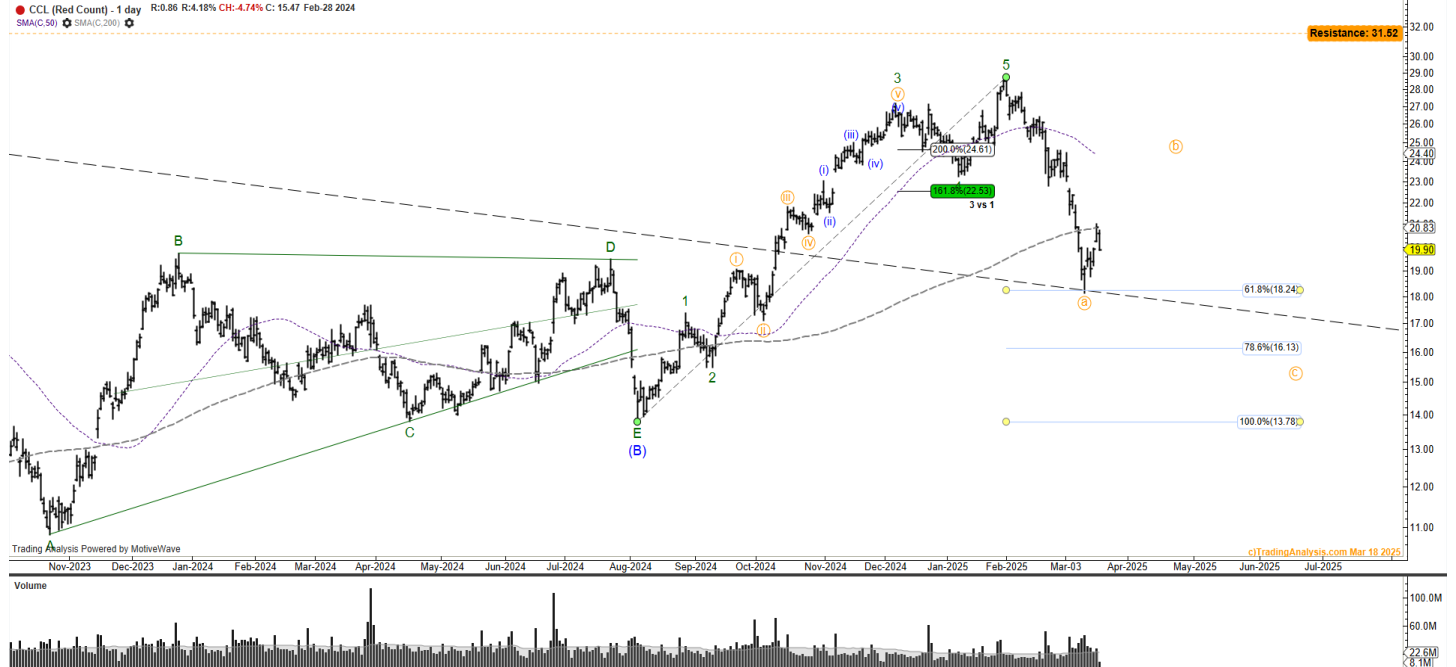
LEN - Lennar Corporation

● LEN (Red Count) - 1 day R:1.60 R:1.35% CH:0.47% C:127.43 Nov-22 2023
 SMA(C,50) SMA(C,200)



CCL - Carnival Cruise Lines

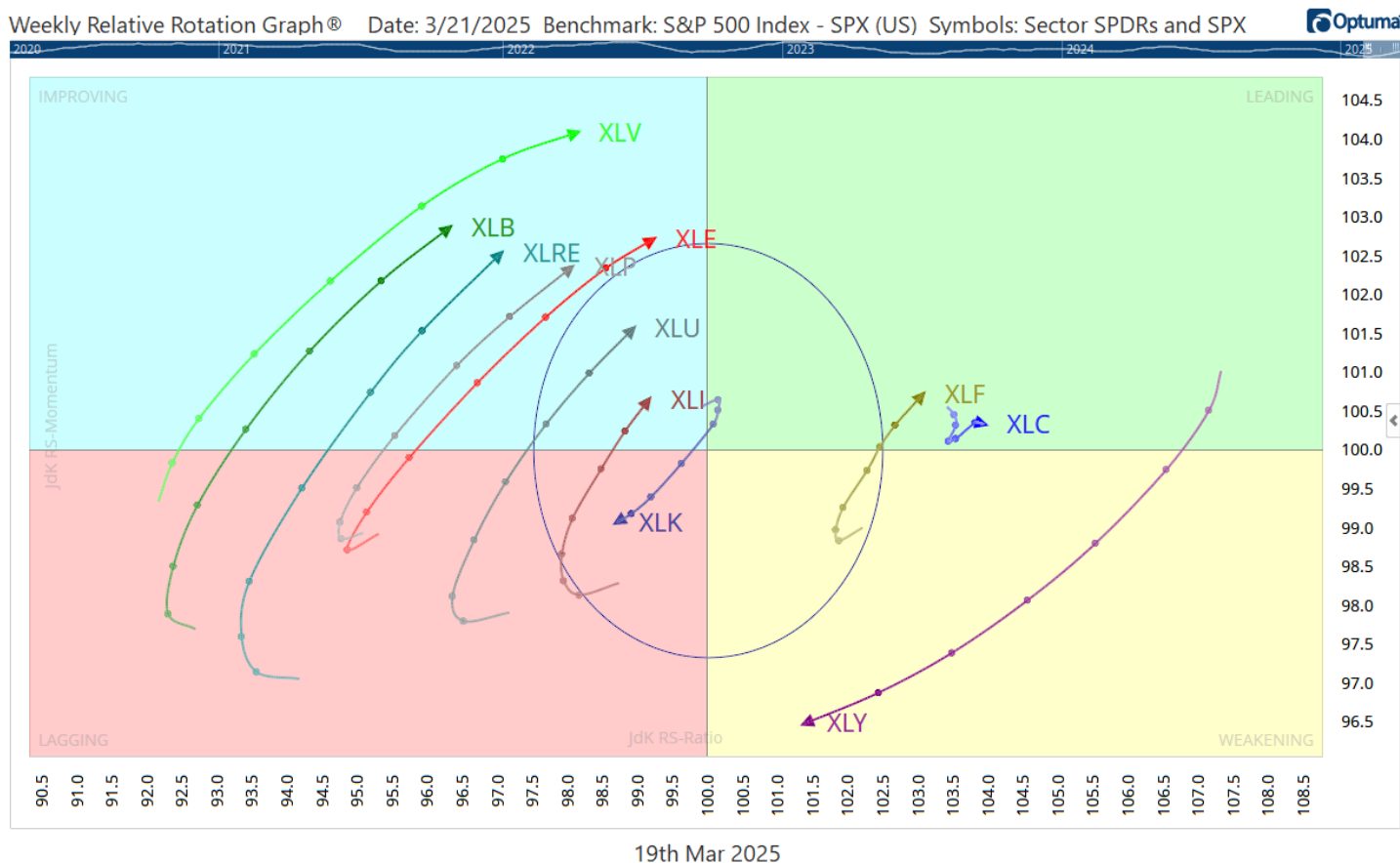
● CCL (Red Count) - 1 day R:0.86 R:4.18% CH:-4.74% C:15.47 Feb-28 2024
 SMA(C,50) SMA(C,200)



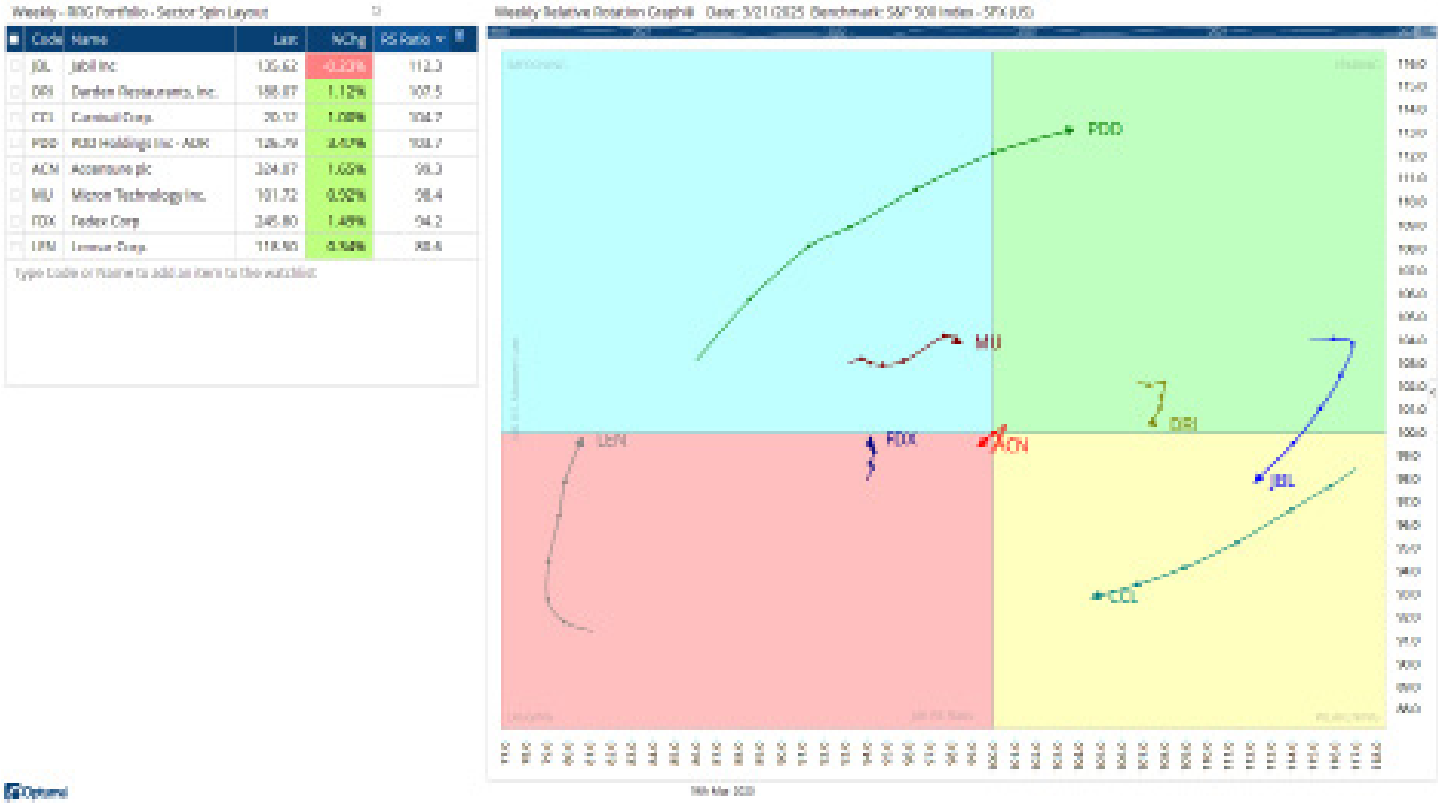
Sector Rotation

There's a very subtle difference between last week's Weekly RRG and this week's. Most vectors continue to push in the same direction, but notice how short the last week's segment was in the XLK. A slowing of Relative Strength decline is apparent. It is too early to call a hook formation, but this is one of the earliest signals. Keep your eye on Technology.

The vectors in the Value Sectors are mostly continuing in the same path and will likely continue to gain additional Relative Strength over the next few weeks. We don't have any signs of roll-over in them yet, though XLV Healthcare's upside Relative Momentum is leveling off.



Here's the current Weekly



- ✔ **PDD** has moved into the Leading Quadrant with an accelerating vector.
- ✔ **LEN** is rising out of the Lagging Quadrant with upside Relative Momentum gains and now an easterly move, starting to gain Relative Strength.

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Disclaimer: This analysis is for informational purposes only and not investment advice. Past performance does not guarantee future results. Please conduct your own research before making any investment decisions.