

## Stocks Could Benefit from 'Growth Scare'

**Investor sentiment has been battered** of late, and it shows. Despite a Friday afternoon bounce, the S&P 500 closed last week down nearly 1%. We saw selling that Fundstrat's Head of Research Tom Lee called "**broad-based (and indiscriminate)**, reflective of **an abrupt shift to 'risk off'** coupled with likely margin calls."

Lee further attributed this souring market mood to a "**growth scare.**" This week, the Conference Board Consumer Confidence Survey added to **worries that the economy might be approaching "stall speed."** The survey showed that **headline sentiment fell to 98.3, down seven points from last month's reading.** It also showed that the 1-yr forward inflation expectations rose to 6%, compared to 5.2% in December. Lee noted that "the commentary shows consumers are increasingly reacting to comments from the White House." However, in his view, "**while there are merits to these concerns,** we also believe these concerns are **likely only 'flesh wounds'** that do not affect the long-term view for stocks this year."

But getting back to investor sentiment: As Head of Technical Strategy Mark Newton noted during our weekly huddle, "If we look at AAI [the American Association of Individual Investors sentiment survey], we see that the percentage of bears was at 60% as of this past week. That's extraordinary." Head of Data Science "Tireless" Ken Xuan noted that **we last saw similar bearish levels of sentiment** in September 2022 – **shortly before the market emerged from its decline** to start its present ascent.

To Lee, the **worries could ultimately have positive implications for equity investors.** With President Donald Trump's planned tariffs adding to concerns about a growth scare and the economy potentially hitting stall speed, the Fed might be forced to become dovish, he suggested.



In the meantime, Newton adds a **cautionary note**: “To me, there’s really **a lot of reasons to be optimistic** about trying to buy stocks when really the broader technical structure has not been broken. **But looking at Presidential cycles** going back the last 100 years, historically, when you change administrations, **the first quarter of the first year tends to be very choppy.**”

▶ Live Webinar and Q&A

# Mark Newton's Live Technical Analysis

March 4 2025 at 2pm ET

 Mark Newton, CMT  
Head of Technical Strategy

## *Chart of the Week*

*Fed officials continued to speak about the need to be inflation vigilant this week, but “the bond market is pricing in a more dovish take,” Lee noted, with trading implying that due to this week’s “growth scare,” investors see higher odds of a rate cut in May and more cuts for 2025. “The potential reintroduction of a dovish stance by the Fed could bolster stocks in the event of lackluster macro trends” – thus activating the “Fed put” that Lee has previously written about. We see this in our Chart of the Week.*

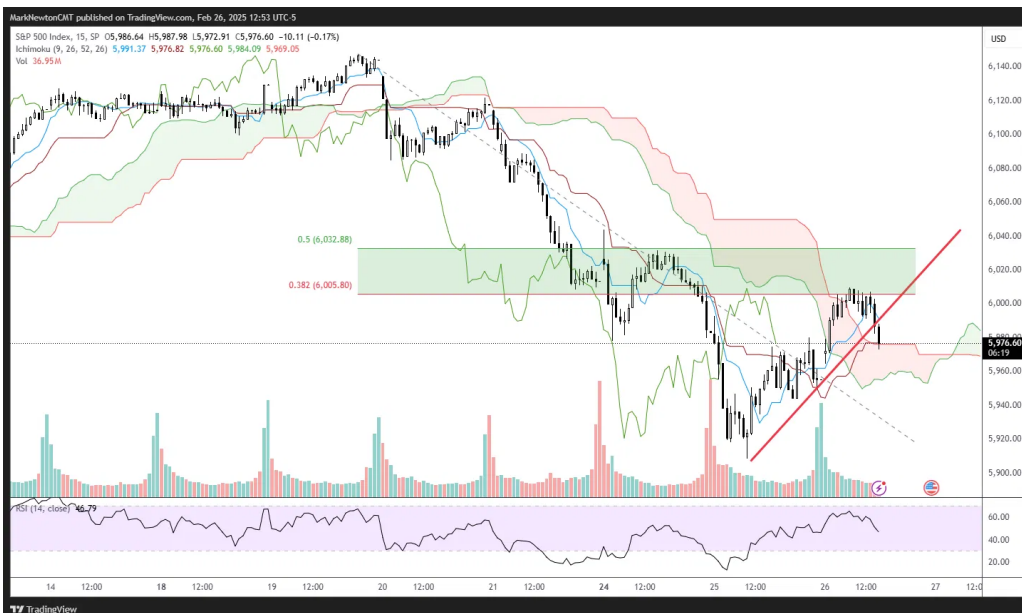
## Recent *FlashInsights*



**Mark L. Newton, CMT<sub>AC</sub>**

Head of Technical Strategy

Just ahead of 1pm EST, Equity indices have been slowly backing off of the initial rally which began around this time yesterday mid-day on Tuesday. As charts show, SPX made a 5-wave decline from 2/19 into yesterday and now have been able to recoup about 38.2% of the prior decline into 11 am EST today. Breadth is fractionally positive but 5 sectors are lower today out of 11, with Consumer Staples lagging the most, while Technology is the largest gainer. Additional losses might be possible into today's close, but the market looks to be bottoming out, and i feel that the risk/reward is very good to position for a rally which looks to have started in SPX. Equal-weighted S&P 500 and DJIA might show some divergence and most to minor new lows under yesterday, but i feel the SPX likely has bottomed and all should be positioned to begin a rally into March.



Feb 26 • 1:19 PM



**Mark L. Newton, CMT<sub>AC</sub>**

Head of Technical Strategy

Interestingly enough, the degree of negative skew is greater for implied volatility in **NVDA ▲3.91%** options than has been seen going back since 2023. This would seem to indicate more concern about potential disappointment and/or sustainability of the AI theme. However, it does lower the bar for a substantially positive surprise and Squeeze in the event of an earnings beat. The table below shows the 1 week “At the Money” (ATM) volatility along with 1 week 5% and 10% “Out of the Money” (OTM) Risk reversals. The move implied by NVDA’s options suggests an 8.5% move after earnings. I stated last night that i felt resistance lies at \$140 as resistance and \$112 on the downside, which equates to a 6% advance, and 15% decline. Despite the sideways range since last June, i suspect that NVDA can move higher after earnings given the uptick of recent momentum in the stock, along with Technology as a sector starting to stabilize near key support. Finally, as i showed last night, the cycle composite points higher for NVDA from now until early October with a brief pullback potentially in April. (Chart from Bloomberg)

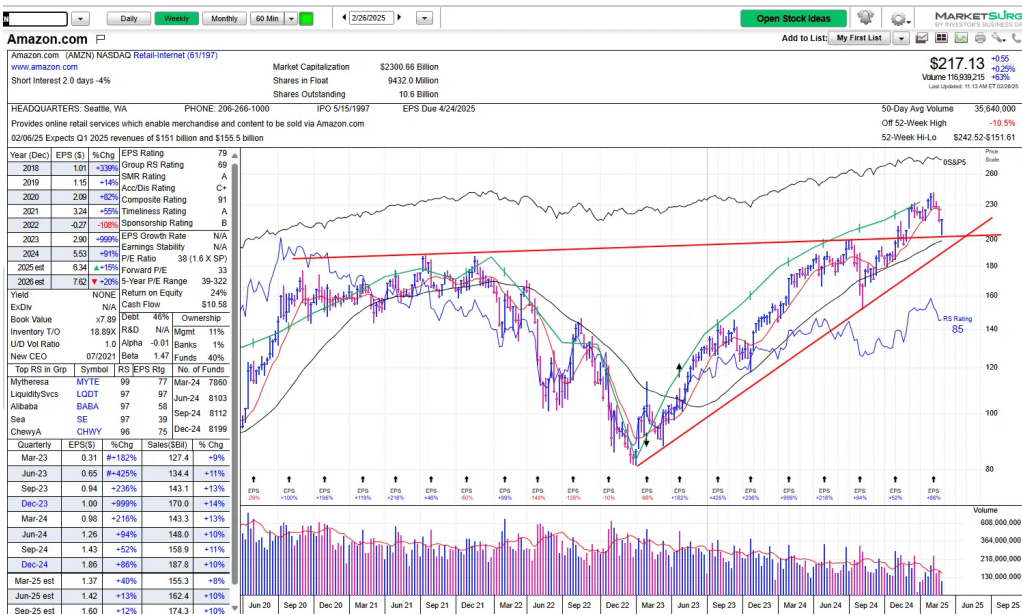
RELEASE	1W 110%/90% RR	1W 105%/95% RR	1W ATM VOL
2/22/2023	-3.5	-2.4	79.8
5/24/2023	-0.4	0.0	68.0
8/23/2023	1.7	-0.1	108.9
11/21/2023	2.2	0.4	73.4
2/21/2024	-0.6	6.2	106.5
5/22/2024	2.0	-0.1	80.3
8/28/2024	-3.7	-3.9	106.4
11/20/2024	-0.8	0.2	81.6
2/26/2025	-10.9	-6.0	108.1

Feb 26 • 12:46 PM



**Mark L. Newton, CMT<sup>AC</sup>**  
Head of Technical Strategy

**AMZN ▲1.76%** has declined 15% since early February just a few weeks ago, but as this weekly chart shows, the short-term decline has not done any damage to the intermediate-term chart technically speaking, and this remains a very attractive stock here as a risk/reward after recent weakness. I expect AMZN should be beginning a bottoming process and expect this pushes back to highs in the months ahead.



Feb 26 • 11:39 AM

## FSI Video: Weekly Highlight




### *Key incoming data*

- ~~2/24 8:30 AM ET: Jan Chicago Fed Nat Activity Index~~ **Tame**
- ~~2/24 10:30 AM ET: Feb Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~2/25 9:00 AM ET: Dec S&P CoreLogic CS home price~~ **Mixed**
- ~~2/25 10:00 AM ET: Feb Conference Board Consumer Confidence~~ **Tame**
- ~~2/26 10:00 AM ET: Jan New Home Sales~~ **Tame**
- ~~2/27 8:30 AM ET: 4Q S-GDP~~ **Tame**
- ~~2/27 10:00 AM ET: Jan P Durable Goods Orders~~ **Tame**
- ~~2/28 8:30 AM ET: Jan PCE Deflator~~ **Tame**
- 3/3 9:45 AM ET: Feb F S&P Global Manufacturing PMI
- 3/3 10:00 AM ET: Feb ISM Manufacturing PMI
- 3/5 9:45 AM ET: Feb F S&P Global Services PMI





- 3/5 10:00 AM ET: Feb ISM Services PMI
- 3/5 10:00 AM ET: Jan F Durable Goods Orders
- 3/5 2:00 PM ET: Mar Fed Releases Beige Book
- 3/6 8:30 AM ET: 4Q F Non-Farm Productivity
- 3/6 8:30 AM ET: Jan Trade Balance
- 3/6 8:30 AM ET: 4Q F Unit Labor Costs
- 3/7 8:30 AM ET: Feb Non-Farm Payrolls
- 3/7 9:00 AM ET: Feb F Manheim Used Vehicle index ~~2/18 8:30 AM ET: Feb Empire Manufacturing Survey~~ **Tame**


 Replay Now Available

## Fireside Chat with Tom Lee & Anthony Scaramucci

[WATCH NOW](#)

  
Tom Lee, CFA  
Head of Research,  
Fundstrat

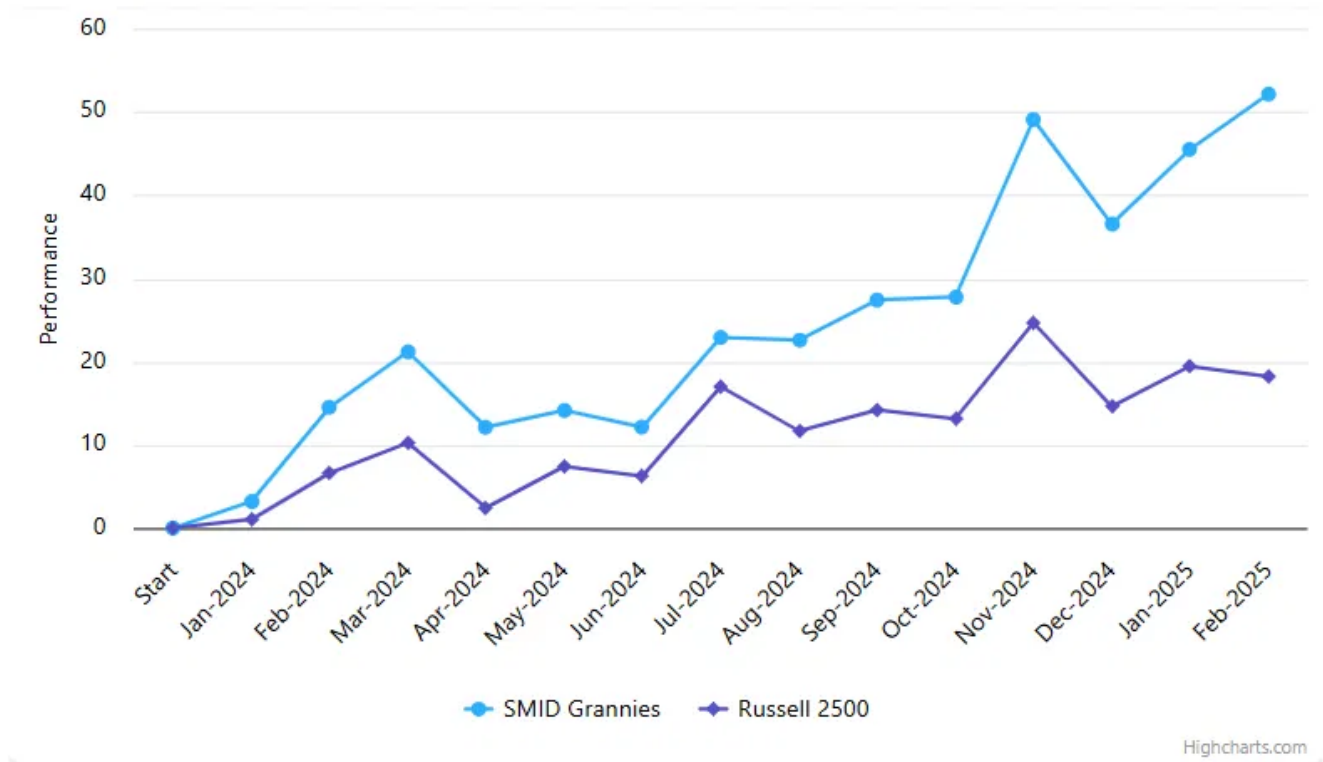
  
Anthony Scaramucci  
Founder & Managing Partner,  
SkyBridge Capital



## Stock List Performance



## Inception to Date SMID Granny Shots Performance ( January 16, 2024 )

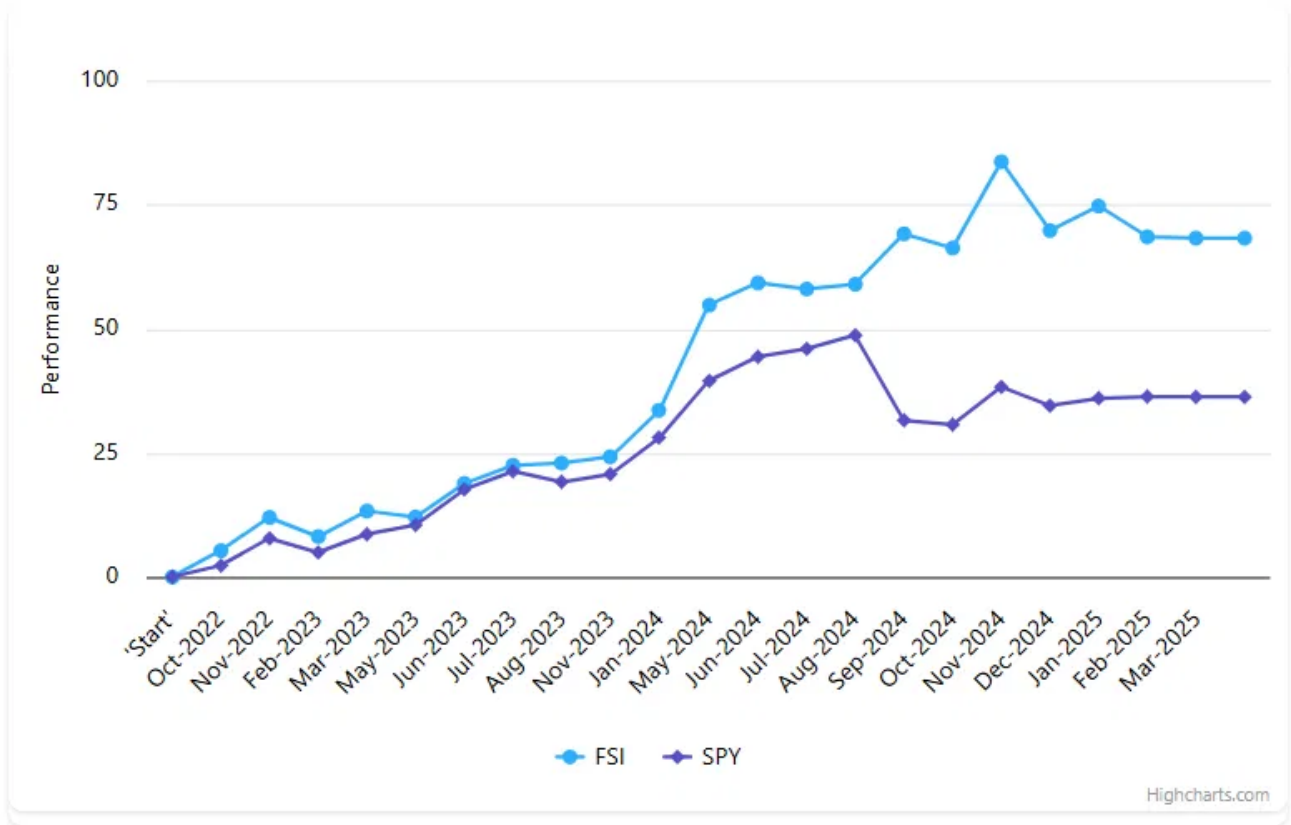


Performance period: January 16, 2024 through February 13, 2025





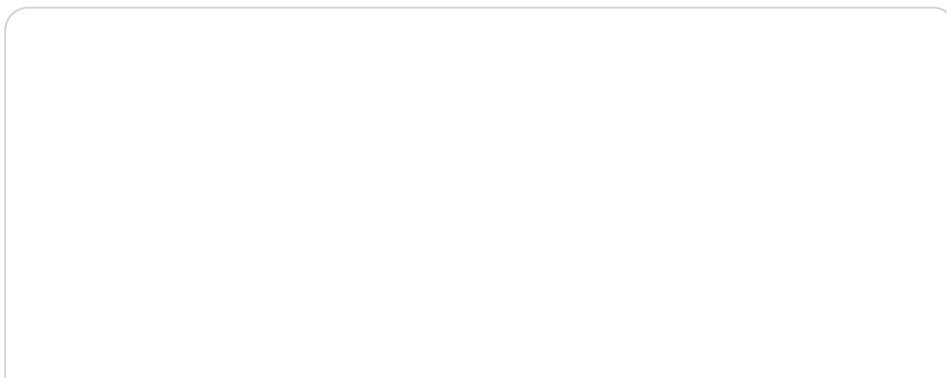
## Upticks Against the SPY ( Inception to Date )



- Upticks
- SPY

Performance period: October 5, 2022 through March 01, 2025

## In the News





Market sell-off a buying opportunity, says Fundstrat's Tom Lee

Feb 21, 2025



Tariffs have had more bark than bite, says Fundstrat's Tom Lee

Feb 7, 2025





Fundstrat's Tom Lee on Pres. Trump's tariffs:  
There's downside protection to the markets

Feb 3, 2025



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