

Just When Will The Dip Stop Dipping?

The **market carnage extended for a fourth straight week**, dragged down by investors wrestling with a flip-flopping tariffs policy and intensifying recession fears. This week, the S&P 500 tumbled 2.3% and the Nasdaq Composite fell 2.4%. Both **sharply rebounded Friday** but **failed to exit correction territory**—defined as a drop of 10% or more from a recent high.

While there is pain, Fundstrat Head of Technical Strategy Mark Newton reminded investors that the declines are **in line with what is historically noted** during the first quarter of any new administration. Besides, it was a mere 17 trading days ago that the **S&P 500 set a fresh all-time high**, he pointed out.

“The economy arguably is still in very good shape, the **earnings picture is good**—even as fear levels are higher,” Newton said during the weekly huddle. “I don’t think we can jump to conclusions and talk ‘recession’ just based on these declines.”

Stocks’ “dire” situation is not shared by bonds, Head of Research Tom Lee said. Sure, Treasury Secretary Scott Bessent said that there is no Trump put for stocks, but **“there may be one on the economy,”** meaning that the White House could be forced to turn around its policies if it sees the economy deteriorate too much, Lee highlighted.

The **bond market is also pricing in odds of 3.4 interest-rate cuts** from the Federal Reserve this year, up from 1.5 previously, he said. The divergence between stocks and bonds has historically been a **“pretty good entry point for stocks,”** said Lee, citing data from Renaissance Macro Research.

On the technical side, Newton has been encouraged to see **stocks down to the same levels of oversold territory** as the ones that coincided with bottoms seen in August and April of 2024. “People are disgruntled, but we’re certainly not seeing evidence of true fear,” he said.



He expects that lows to this sell-off could be **“achieved within the next two weeks from a timing perspective**, and prices are nearing possible support.”

▶ Live Webinar and Q&A

Super Grannies & Market Update Webinar

Tom Lee's Top Stock Ideas



Tom Lee, CFA
Head of Research



Mark Newton, CMT
Head of Technical Strategy



March 19 2025 at 2pm ET

Chart of the Week



Fastest Market Correction
Since 1950

6 of 6

Fastest 10% Correction				S&P 500 Forward Return				
	52W High	10% Decline	# Days	Cause	1M	3M	6M	12M
1	2/19/2020	2/27/2020	8	COVID	-14.7%	1.9%	15.6%	27.9%
2	1/26/2018	2/8/2018	13	Trade War 1.0	8.0%	4.5%	10.7%	4.9%
3	9/23/1955	10/11/1955	18	Eisenhower heart attack	9.6%	9.1%	19.7%	14.8%
4	6/12/1950	6/29/1950	17	Korean War	1.4%	11.3%	14.2%	20.2%
5	10/5/1979	10/25/1979	20	Volcker Shock	4.7%	13.4%	3.4%	29.9%
6	10/7/1997	10/27/1997	20	Asian Financial Crisis	8.5%	9.2%	26.3%	21.5%
Average			16		2.9%	8.2%	15.0%	19.9%
Median			18		6.3%	9.1%	14.9%	20.8%
Win Ratio					83%	100%	100%	100%
Current			20					+20.8%

19	9/20/2018	11/23/2018	64	12/24/2018	31	-10.7%	-19.8%	4/23/2019	120
20	7/16/1999	9/29/1999	75	10/15/1999	16	-1.7%	-12.1%	11/16/1999	32
Current	2/19/2025	3/11/2025	20						

Source: Fundstrat, Bloomberg

Putting the recent declines into perspective, Fundstrat Head of Research Tom Lee said that the 10% correction noted in the S&P 500 is the fifth-fastest in the past three quarters of a century, taking 20 days. The median gain from all prior declines was 21% over the next 12 months. The quickest was from the Covid decline, prompting Lee to say, "Is this worse than the global pandemic? I don't think so."

Recent *Flash Insights*



Tom Lee, CFA, CFA_{AC}

Head of Research

To me, the silence (or lack of bashing) of Trump on China and Mexico is telling

- I would put >50% probability that a deal with one of those 2 countries is announced within the next 2 weeks

This would end talk of “White House wants a recession” Stay the course

- With the tariffs set to go into effect on 4/2, one might be tempted to argue that going away for the next 3 weeks makes sense. However, this is premised on the notion that April 2nd is the date of resolution. That is:
 - the tariff negotiations could see a breakthrough before 4/2
 - in 2018, stocks bottomed well before the July 2018 tariff deadlines
 - notably, we think it is interesting that there is little “bashing” of China & Mexico
 - is it possible progress is being made on those fronts?

Mar 14 • 12:09 PM



Tom Lee, CFA, CFA^{AC}

Head of Research

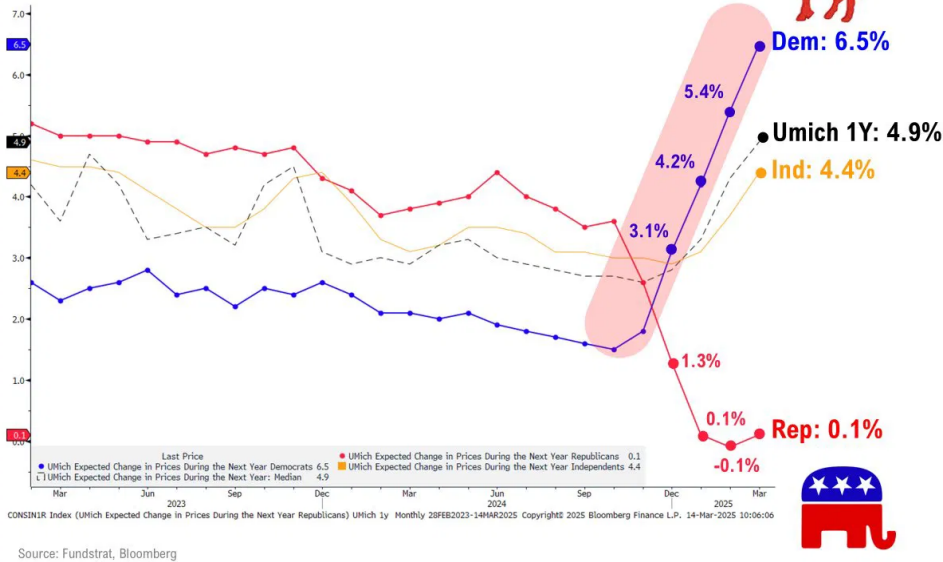
If one needed evidence that U Mich survey is polluted by political leanings, see the latest survey results of 1-yr inflation – Dems now +6.5% – Republicans +0.1% Feb Core CPI showed inflation tanking



INFLATION: Primarily “problem” for opposing voters

Median 1-year inflation by party
Since 2023

Macro Research



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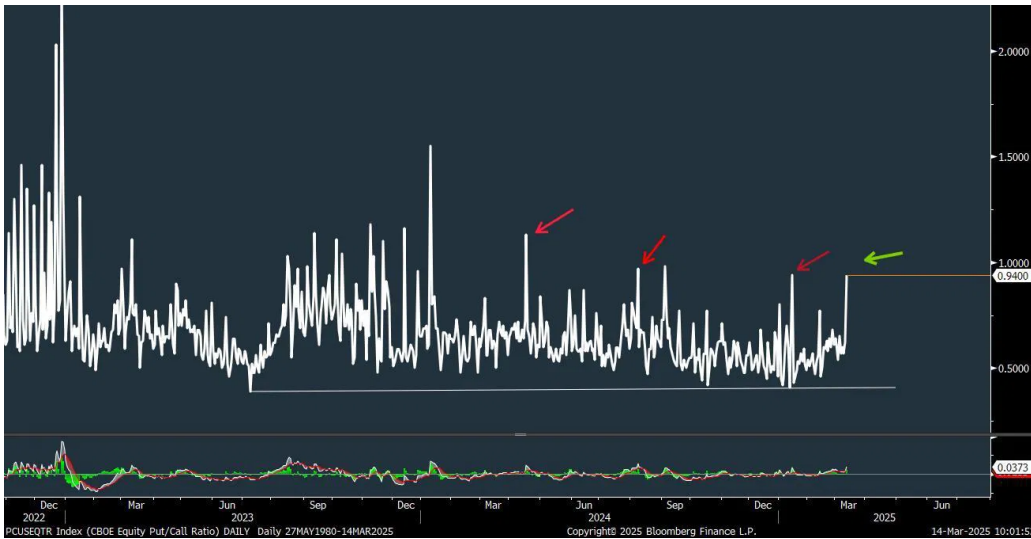
Mar 14 • 11:26 AM



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

Last night’s data on Equity Put/call did in fact get back into the zone of fear, reaching 0.94, the highest reading since January. I had discussed last night that seeing a spike in Equity Put/call ratio was important in showing some evidence of capitulation which henceforth had been lacking despite the chronic bearishness. While the volume readings haven’t yet produced abnormally high readings on the downside via the TRIN, or Arms index, seeing nearly an Equal level of Put options being traded as Calls is an important piece of the sentiment puzzle that suggests that market lows are growing close.



Mar 14 • 10:58 AM

FS Insight Video: Weekly Highlight





Key incoming data

- ~~3/3 9:45 AM ET: Feb F S&P Global Manufacturing PMI~~ **Tame**
- ~~3/3 10:00 AM ET: Feb ISM Manufacturing PMI~~ **Tame**
- ~~3/5 9:45 AM ET: Feb F S&P Global Services PMI~~ **Tame**
- ~~3/5 10:00 AM ET: Feb ISM Services PMI~~ **Tame**
- ~~3/5 10:00 AM ET: Jan F Durable Goods Orders~~ **Tame**
- ~~3/5 2:00 PM ET: Mar Fed Releases Beige Book~~ **Tame**
- ~~3/6 8:30 AM ET: 4Q F Non-Farm Productivity~~ **Tame**
- ~~3/6 8:30 AM ET: Jan Trade Balance~~ **Tame**
- ~~3/6 8:30 AM ET: 4Q F Unit Labor Costs~~ **Tame**
- ~~3/7 8:30 AM ET: Feb Non-Farm Payrolls~~ **Tame**
- ~~3/7 9:00 AM ET: Feb F Manheim Used Vehicle index~~ **Tame**
- ~~3/10 11:00 AM ET: Feb NY Fed 1yr Inf Exp~~ **Tame**
- ~~3/11 6:00 AM ET: Feb Small Business Optimism Survey~~ **Tame**
- ~~3/11 10:00 AM ET: Jan JOLTS Job Openings~~ **Tame**
- ~~3/12 8:30 AM ET: Feb CPI~~ **Tame**
- ~~3/13 8:30 AM ET: Feb PPI~~ **Tame**
- ~~3/14 10:00 AM ET: Mar P U. Mich. Sentiment and Inflation Expectation~~ **Hot**
- 3/17 8:30 AM ET: Feb Retail Sales Data
- 3/17 8:30 AM ET: Mar Empire Manufacturing Survey
- 3/17 10:00 AM ET: Mar NAHB Housing Market Index
- 3/19 9:00 AM ET: Mar M Manheim Used Vehicle index
- 3/19 2:00 PM ET: Mar FOMC Decision
- 3/19 4:00 PM ET: Jan Net TIC Flows



- 3/20 8:30 AM ET: Mar Philly Fed Business Outlook
- 3/20 10:00 AM ET: Feb Existing Home Sales
- 3/24 8:30 AM ET: Feb Chicago Fed Nat Activity Index
- 3/24 9:45 AM ET: Mar P S&P Global Manufacturing PMI
- 3/24 9:45 AM ET: Mar P S&P Global Services PMI
- 3/25 9:00 AM ET: Jan S&P CoreLogic CS home price
- 3/25 10:00 AM ET: Mar Conference Board Consumer Confidence
- 3/25 10:00 AM ET: Feb New Home Sales
- 3/26 10:00 AM ET: Feb p Durable Goods Orders
- 3/27 8:30 AM ET: 4Q T GDP
- 3/28 8:30 AM ET: Feb PCE Deflator
- 3/28 10:00 AM ET: Mar F U. Mich. Sentiment and Inflation Expectation
- 3/31 10:30 AM ET: Mar Dallas Fed Manuf. Activity Survey

▶ Fireside Chat with Fundstrat & REX Shares:

Convertible Debt & the BTC Treasury Strategy

3/18 at 2pm ET



Greg King
CEO
REX



Sean Farrell
Head of Crypto
Fundstrat



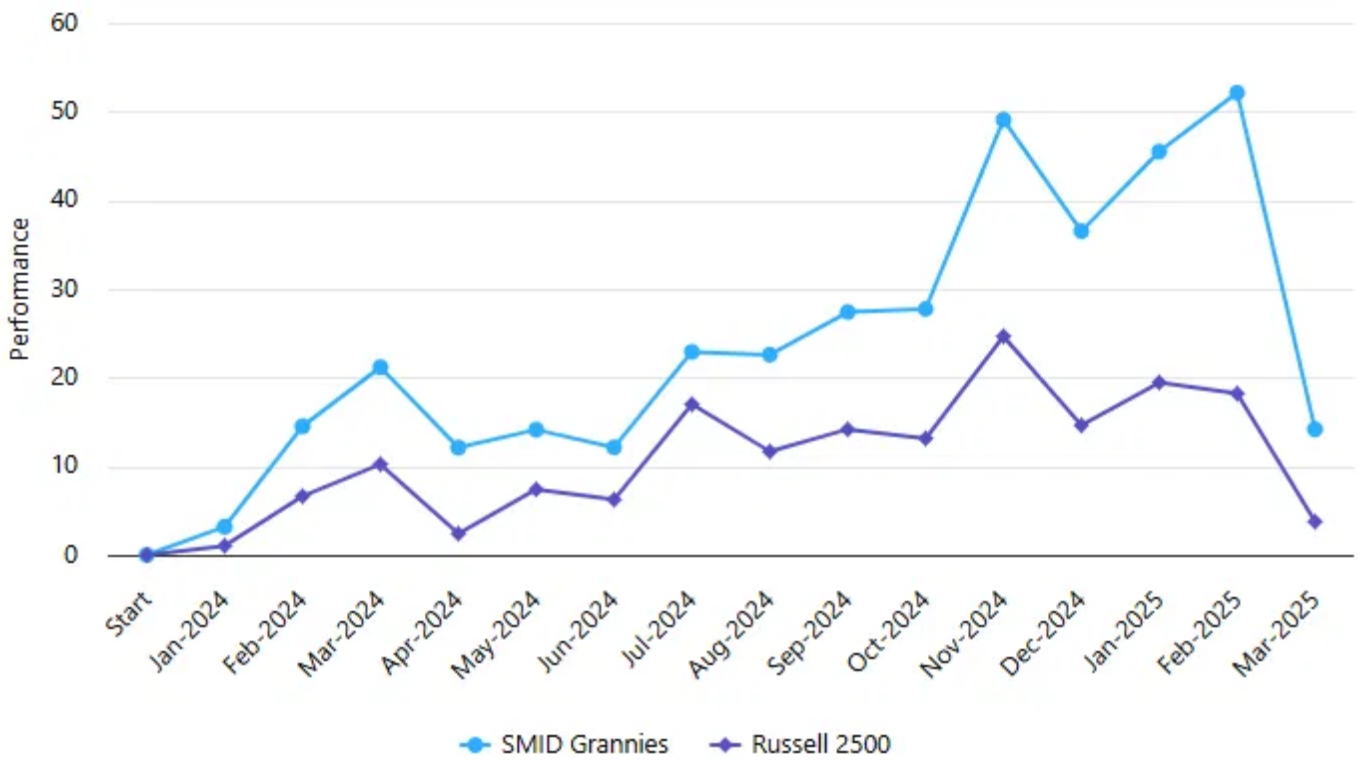
Tom Lee
Head of Research
Fundstrat





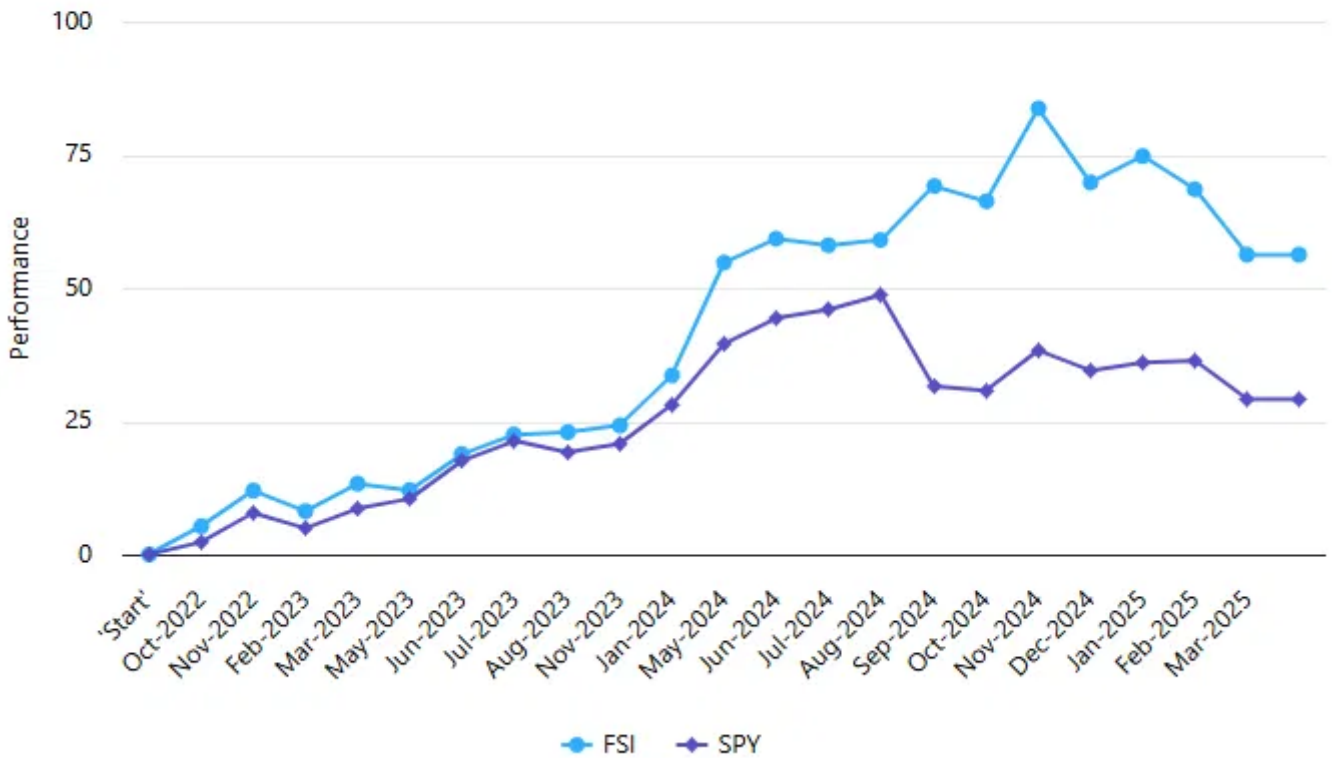
Stock List Performance

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



Highcharts.com

Upticks Against the SPY (Inception to Date)



Highcharts.com

In the News



Tom Lee to the Rescue | TCAF 181

Mar 7, 2025



The spring could have huge rallying months, says Fundstrat's Tom Lee

Mar 5, 2025



Expect bitcoin to do better than \$150,000 this year,



says Fundstrat's Tom Lee

Mar 3, 2025



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