

Tactical Market Update

US Economy Sends Mixed Signals

A look at potential catalysts for movement in the coming week

With the focus on the US GDP growth outlook heightened, the economic releases ahead promise to be particularly significant. This week, investors are looking ahead to the services PMI on Wednesday and the employment report on Friday. Our macro analysis points to a high probability of negative surprises compared to current consensus forecasts, so we advise caution. Also of considerable interest is Jerome Powell's speech on the economic outlook scheduled for Friday.

Tariffs will be a major focus, with plans to impose 25% tariffs on goods from Canada and Mexico after a month-long hiatus, and possibly an additional 10% tariff on China, in addition to the 10% tariff already imposed.

In addition to macroeconomic events, market participants are interested in reports from leading chip makers Broadcom (AVGO) and Marvell (MRVL), as well as major retailers Costco (COST) and Target (TGT). Investors should keep an eye on Broadcom's earnings, as strong results could trigger a return of capital to the semiconductor segment, which has had a weak start to the year. The company remains one of the main beneficiaries of the AI trend.

The S&P500 may move in the range of 5800–6100 points. The medium-term trend remains upward, but we do not rule out a continuation of the correction in the short term. The average 30-year dynamics of the S&P500 indicate possible local weakness in the period from mid-February to mid-March.

Monday - March 3

- **ISM Manufacturing Business Activity Index.** Forecast: 50.5 points. A negative surprise is unlikely.
- Quarterly results: OKTA, GTLB, ASTS, SMR, DAVE, PLUG.

Tuesday - March 4

- Quarterly results: CRWD, CRDO, TGT, SE, BBY, AZO.

Wednesday - March 5th

- **ISM Services PMI.** The market expects the services PMI to be 53.0, down from 52.8 in January, which does not reflect the negative sentiment surrounding import tariffs. We view these estimates as somewhat optimistic and do not rule out a decline to 51.5. These data are important for assessing the nature of the slowdown in GDP growth in the first quarter.
- **S&P's Final PMI Assessment Global.** We do not rule out an upward correction of the abnormally low preliminary value (49.7 points).
- **The Federal Reserve's Beige Book.**
- Quarterly results: MRVL, ZS, VEEV, MDB, RGTI, VSCO, ANF.

Thursday – March 6

Quarterly results: AVGO, COST, HPE, IOT, JD, M, VG, BBAI.

Friday - March 7

Employment report. The consensus forecast for the change in non-farm payrolls is 160,000, while we expect a value in the range of 130,000–150,000, which represents a decrease compared to the average of 178,000 over the past six months. The unemployment rate could be 4.0%. No significant surprises are expected after the January adjustments.

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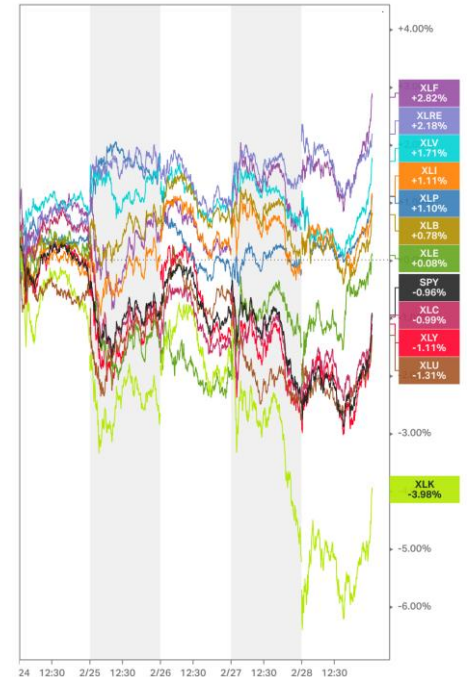
Events overview

- Key stock indexes were on the correction trail last week, as weakness in the tech sector slid 4%. The S&P500 ended the week down 1% and the Nasdaq 3.5%. However, most stocks ended the day higher, as seen by the positive performance of the equal-weighted S&P500 (RSP ETF : +0.2%). The yield on 10-year Treasuries fell from 4.43% to 4.2%. Lower Treasury yields and continued interest in buying stocks on dips create a positive backdrop. At the same time, serious concerns remain about the possible consequences of a second Donald Trump term for inflation and economic growth. By the end of the week, the Fed rate futures curve began to point to the likelihood of three cuts in 2025, while at the beginning of the week only two cuts were expected.
- The main corporate event was Nvidia's (NVDA) earnings report.** The chipmaker presented a strong report and noted "astonishingly high" demand for its new Blackwell chips. However, Jensen Huang's comments failed to support Nvidia shares, which responded to the news with a sell-off. Investors' fears related to the consequences of DeepSeek's success did not come true, but one of the important factors that attracted the attention of the investment community was the reduction in the size of the positive surprise. The earnings forecast beat the consensus forecast by the smallest margin since February 2023, and revenue expectations by the smallest margin since November 2022.
- The consumer confidence index unexpectedly fell to its lowest since June 2024 in February (to 98.3 points, with a consensus of 103).** The data confirmed the negative trend noted earlier in a report by the University of Michigan. Inflation expectations increased due to the impact of rising food prices and uncertainty about the White House's plans for import tariffs.
- The weakening consumer confidence observed since the beginning of the year may lead to a temporary weakening of consumer spending, but the overall health of consumer finances looks "healthy".** The January PCE report unexpectedly showed a contraction of nominal spending by 0.2% m/m, while the real change (adjusted for inflation) was -0.5% m/m. The January spending decline probably contains a significant residual seasonality effect (stronger spending in December than usual), so we tend to discount the significance of the released data. Our estimate of real consumer spending growth for Q1 2025 is 1.4% y/y q /q. Notably, personal income increased significantly in January, and the monthly savings rate jumped from 3.5% in December to 4.6%. In other words, the consumer has room to restore the previous pace of spending growth. The core PCE deflator, which rose by 0.3% m/m and 2.6% y/y in line with expectations, eased concerns about renewed inflationary pressures.
- The sharp rise in stocks on Friday before the close was due to the end of the month and a major pension fund rebalancing.** In February, stock indices suffered losses (S&P500: -1.4%), while Treasuries rose (TLT : +5.3%), leading to pressure to rebalance the equity weighting in regulated portfolios.

Key Corporate Stories

- Salesforce (CRM)** shares fell after reporting mixed fourth-quarter results, with the company's weak fiscal 2026 guidance weighing on the stock.
- Snowflake (SNOW)** posted results that beat analysts' expectations, sending its shares higher. The company announced an expanded partnership with Microsoft (MSFT) to integrate OpenAI models directly into Snowflake. Cortex AI.
- Dell (DELL)** reported mixed quarterly results, sending shares lower. Management forecasts lower profitability for the current fiscal year due to higher spending on AI servers and slower growth in the PC segment amid weak demand.
- Tesla (TSLA)** shares came under pressure on news of weak electric vehicle sales in Europe.

Sector Dynamics Last Week



Source: Koyfin

Technical analysis

The S&P500 continued its downward movement and broke out of the ascending equidistant channel that began to form in August 2024. Despite a noticeable rebound from the 5840 level, the short-term risk balance still looks bearish, as the RSI indicator is below 50 points and trading is taking place below the 50-day moving average. The 5780 level seems critical for bulls to hold, as its potential breakout could coincide with a test of the 200-day moving average.



Technical Signals

Signal	Ticker
Long MA Breakout	ORCL, PARA, SCHW, GM, SBUX, DIS, WDC, TSCO, PM, BAX, ICE, IVZ, AMGN, BX, EMR, CTSH, WELL, VTR, NDAQ, ETN, LOW, LIN, MMC, PPG, TEL, BLDR, SWK, FMC, COO, MAR, ADSK, AME, TT, XYL, NSC, PFG, AON, CHRW, NOC, DOV, MSI, VMC, URI, ROK, NWS, PH, EPAM, STE, HUBB, ORLY
Short MA Breakout	OXY
Three White Soldiers	ICE
Three Black Crows	-
Top-10 High RSI	JBL, MMM, STX, BSX, TPR, EQT, GLW, TDY, C, CEG
Top-10 Low RSI	EA, EIX, STZ, MNST, LVS, VTRS, HSY, FICO, AAPL, PCG

All tickers in the rows are sorted by average trading volume in descending order, except for the Top-10 High RSI and Top-10 Low RSI rows, where the ranking is in descending and ascending order of the RSI indicator value(respectively).

Source: FactSet, Freedom Broker calculations.

The signals and indicators provided in the material should not be regarded as a call to action or an investment idea, and it is also not recommended to use them in trading in isolation from other factors that have developed in the economy, on the market and in the dynamics of the stock.

Description of Technical Signals

- **MA Breakout(long/short):** A buy signal is generated when a stock's price crosses above its 50-day moving average(50MA) from below, while a shorter moving average(20MA) remains below the 50MA. For short positions, the opposite scenario is considered. Stocks in this category are suitable for short-term trading, provided that the broader technical picture and investment context are favorable. Common moving average strategies like the Golden Cross are more suited for medium- to long-term trading, whereas this signal is designed to identify local wave, corrective, or reversal movements. If the price crossed the moving average earlier in the week, and this is the first signal in the past 20 trading days, the stock will only be included in the list if it remains above the 50MA at the time of publication.
- **Three White Soldiers/Three Black Crows.** This technical signal is based on a wellknown pattern. Three White Soldiers(3WS) is formed when three consecutive trading days show green, full-bodied candles(the delta between open and close is at least 70% of the delta between high and low) with positive closing dynamics. The opposite situation defines the Three Black Crows(3BC) signal. This pattern is used to identify potential reversal points in a trend, and it's recommended to combine it with other indicators like the RSI or volume profile for confirmation.
- **Top-10 High RSI\Low RSI.** These indicators are built on the Relative Strength Index(RSI)—a momentum oscillator used to measure the speed and direction of price movements. The RSI ranges from 0 to 100. The Top-10 High RSI group includes 10 tickers from the S&P 500 with the highest RSI values(14-period), while the Top-10 Low RSI group includes those with the lowest RSI values.

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