

CLUB

# The market is in a sweet spot between Fed rate hikes and cuts, and a lot can happen

PUBLISHED MON, FEB 12 2024 • 3:02 PM EST | UPDATED 18 MIN AGO



Jeff Marks

@JEFFMARKSCNBC

## In this article

ARM +32.65 (+28.34%)

NVDA +5.46 (+0.76%)

F +0.35 (+2.72%)

PANW -5.72 (-1.52%)

CRM -3.27 (-1.12%)

LLY -5.84 (-0.79%)

*Every weekday, the CNBC Investing Club with Jim Cramer releases the Homestretch — an actionable afternoon update, just in time for the last hour of trading on Wall Street. We're no longer recording the audio, so we can get this new written feature to members as quickly as possible. Here's Monday's edition.*

**If history is any guide:** “We are starting to see some bulls turn into bears because we are up 14 out of 15 weeks. I think you need to focus on individual stocks which indicate that things are quite good,” Jim Cramer said Monday. Economic data has



A strong economy has given the Federal Reserve more time to ensure that inflation is squashed out before cutting interest rates. “Everyone seems to focus that the market has too much animal spirits, but the period between the Fed ending rate hikes to before they start cutting can be a bountiful period,” Cramer added. An “exhausted” rally is something to be mindful of, but at the same time, it is hard to argue against the sweet spot the market is in. Either way, our large cash position gives us the flexibility to swoop in and buy high-quality stocks should we see some broader decline.

**What bears tell us:** Short squeezes can be a sign that animal spirits have made their way into the markets. One of the more notable ones we’ve seen over the past couple of days is in the semiconductor design company [Arm Holdings](#). “Arm is a short squeeze but it wouldn’t be able to go up like this if it weren’t for so much interest in semis,” said Jim. From last Tuesday’s close to this Monday, the stock has nearly doubled. “I think that [Broadcom](#) has lagged,” he added.

**Stocks on the move:** The AI trade always gets a lot of attention because [Nvidia](#) seemingly trades up every day, but the “broadening out” rally is what’s in favor on Monday.

- [Energy](#) is the surprise outperformer even though energy prices are lower. People are buying the group looking for the next win-win deal after [Diamondback Energy](#) and Endeavor Energy agreed to merge. But Cramer thinks there’s a better way to play increased oil activity without necessarily buying an oil



- [Ford](#) is having a good day despite more downbeat views about the electric vehicle market. But if we learned anything from [Ford's fourth quarter](#), it's that the company wants to go back to being known as an ICE and hybrid first company. "Ford is front and center when it comes to hybrids and the EVs will not drag down profits as much as \$5.5 billion," said Cramer. That would be the high end of management's \$5 to \$5.5 billion 2024 EBIT loss outlook for its Model e business.
- Home improvement chain [Lowe's](#) caught an upgrade at JPMorgan, even as the analysts said management's 2024 guide will be lighter than expectations. We're taking note of the call because Lowe's has much more exposure to the do-it-yourself customer than [Home Depot](#), which caters more to pros. "Lowe's being pushed by JPMorgan tells me that the DIY person might be back and that's exceptional for [Stanley Black & Decker](#)," said Jim. "I think it will work."

**What's down:** A bunch of stocks that made new 52-week highs last week are seeing some profit taking on no new information. [Eaton](#), [Palo Alto Networks](#), [Eli Lilly](#), and [Salesforce](#) all fit this description. [Starbucks](#) is a little lower but still higher from when it [missed the quarter](#), a sign that the stock is cheap in the low \$90s.

**Earnings season rolls on:** A lot of quarterly results on deck this week. After the bell, we'll see the quarters from a couple more AI winners: [Arista Networks](#) and [Cadence Design Systems](#). [Waste Management](#) is another good one because when the economy's humming, especially construction, it produces a ton of trash.



SHARE



Tuesday before the opening bell. Don't forget, it is CPI (consumer price index) day too. The index is expected to show an increase of 2.9% year over year and 3.7% when excluding food and energy.

(See [here](#) for a full list of the stocks in Jim Cramer's Charitable Trust.)

*As a subscriber to the CNBC Investing Club with Jim Cramer, you will receive a trade alert before Jim makes a trade. Jim waits 45 minutes after sending a trade alert before buying or selling a stock in his charitable trust's portfolio. If Jim has talked about a stock on CNBC TV, he waits 72 hours after issuing the trade alert before executing the trade.*

THE ABOVE INVESTING CLUB INFORMATION IS SUBJECT TO OUR [TERMS AND CONDITIONS](#) AND [PRIVACY POLICY](#), TOGETHER WITH OUR [DISCLAIMER](#). NO FIDUCIARY OBLIGATION OR DUTY EXISTS, OR IS CREATED, BY VIRTUE OF YOUR RECEIPT OF ANY INFORMATION PROVIDED IN CONNECTION WITH THE INVESTING CLUB. NO SPECIFIC OUTCOME OR PROFIT IS GUARANTEED.

---

## MORE IN INVESTING CLUB



**Wall Street changes its tune on this healthcare stock. Why we were always bullish**



SHARE



**5 things next week that could determine if Wall Street's winning streak continues**



**Sitting on gains in Eli Lilly, Nvidia? Ask these questions before your next move**



**Inventory problems at Children's Place could benefit our red-hot off-price retail stock**

---

## MORE IN HOMESTRETCH



SHARE



**CLUB** Inventory problems at Children's Place could benefit our red-hot off-price retail stock

Jeff Marks



**CLUB** We're watching 6 of our stocks making moves Thursday and considering buying more of another

Jeff Marks



**CLUB** Cramer says Palo Alto is a buy, plus what we want from Disney and Wynn earnings

Jeff Marks



SHARE



Subscribe to CNBC PRO  
CNBC Councils  
Join the CNBC Panel  
Closed Captioning  
Internships  
Ad Choices  
Careers

Subscribe to Investing Club  
Select Personal Finance  
Supply Chain Values  
Digital Products  
Corrections  
Site Map  
Help

Licensing & Reprints  
CNBC on Peacock  
Select Shopping  
News Releases  
About CNBC  
Podcasts  
Contact

News Tips

Got a confidential news tip? We want to hear from you.



CNBC Newsletters

Sign up for free newsletters and get more CNBC delivered to your inbox

GET IN TOUCH

SIGN UP NOW

Advertise With Us

Get this delivered to your inbox, and more info about our products and services.

PLEASE CONTACT US

Privacy Policy | Cookie Notice | CA Notice | Terms of Service



SHARE



Market Data Terms of Use and Disclaimers

Data also provided by