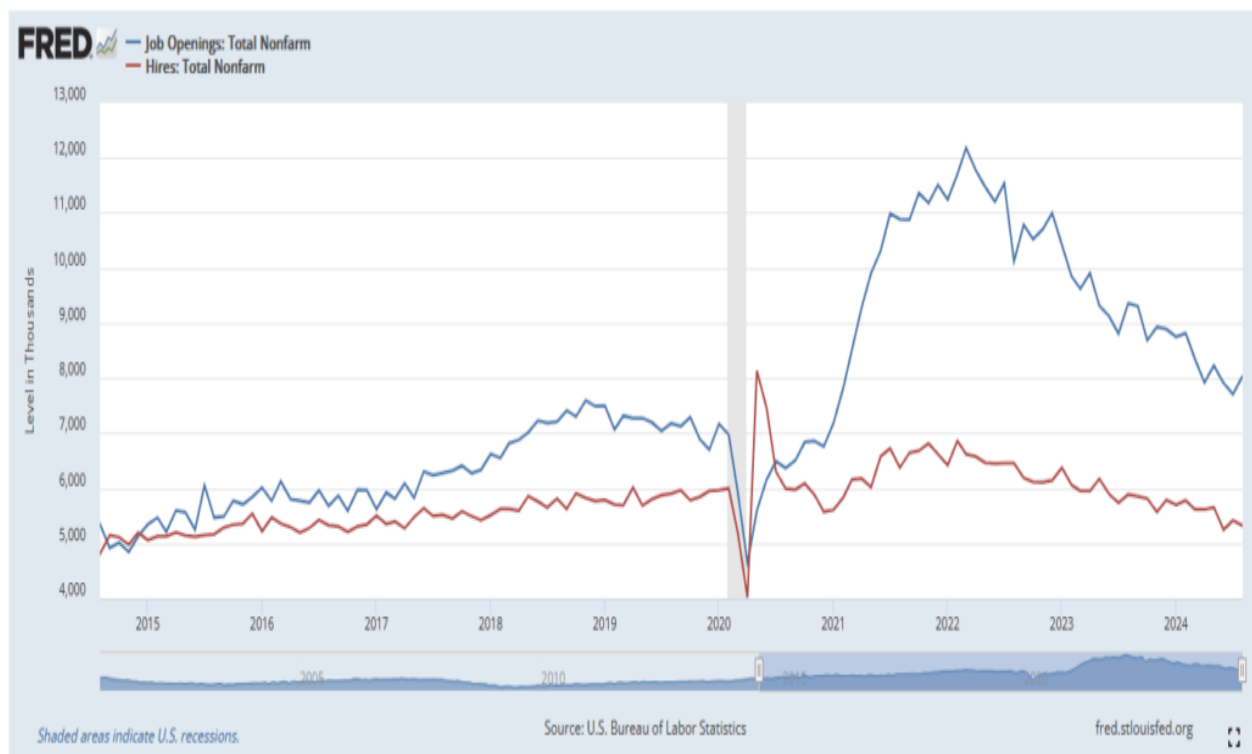


Amazon Is Challenging The Work From Home Trend

Starting in January, Amazon workers will be expected to work in the office five days a week. While most other companies are adapting to work-from-home schedules and even offering them as a benefit, Amazon is bucking the trend. From a macroeconomic standpoint, the question that is most important is whether Amazon successfully gets its entire workforce back into the office full time.

The job market remains robust. However, as we share below, job openings have steadily declined for two years, and the hiring rate is now at ten-year lows. Regarding Amazon employees, the trends indicate that they may not have an easy time saying no to Amazon. A recent survey by Blind, in which 2,585 Amazon employees were asked their sentiment regarding the full-time office plans, shows significant discontent. 91% of those questioned said they were dissatisfied with the coming office-only schedule. Moreover, 73% said they are considering another job because of the in-office policy.

Due to the trends we graph below, Amazon will likely retain most of its employees in January. But will they be as productive if their morale is lower? Amazon's plan will be an interesting data point for the labor markets and corporate employers.



What To Watch Today

Earnings

TICKER	HKT CAP	EPS ESTIMATE	REPORTED EPS	SURPRISE	SURPRISE %	REVENUE FORECAST	REVENUE ACTUAL	DATE	PERIOD ENDING	TIME
GE ^Q GE AEROSPACE	208.697B USD	1.13 USD	-	-	-	9.022B USD	-	2024-10-22	2024-09-30	✱
DHR ^Q DANHEIM CORPORATION	195.395B USD	1.57 USD	-	-	-	5.587B USD	-	2024-10-22	2024-09-30	✱
PH ^Q PHILIP MORRIS INTERNATIONAL INC	185.255B USD	1.82 USD	-	-	-	9.676B USD	-	2024-10-22	2024-09-30	✱
YZ ^Q VERIZON COMMUNICATIONS INC.	184.167B USD	1.18 USD	-	-	-	33.42B USD	-	2024-10-22	2024-09-30	✱
TXN ^Q TEXAS INSTRUMENTS INCORPORATED	177.574B USD	1.38 USD	-	-	-	4.12B USD	-	2024-10-22	2024-09-30	🔄
RTX ^Q RTX CORPORATION	166.2B USD	1.34 USD	-	-	-	19.843B USD	-	2024-10-22	2024-09-30	✱
LMT ^Q LOCKHEED MARTIN CORPORATION	145.881B USD	6.50 USD	-	-	-	17.379B USD	-	2024-10-22	2024-09-30	✱
FI ^Q FIBER, INC.	112.907B USD	2.26 USD	-	-	-	4.905B USD	-	2024-10-22	2024-09-30	✱
SHW ^Q SHERWIN-WILLIAMS COMPANY (THE)	96.895B USD	3.55 USD	-	-	-	6.2B USD	-	2024-10-22	2024-09-30	✱
WCO ^Q WOODY'S CORPORATION	88.226B USD	2.87 USD	-	-	-	1.707B USD	-	2024-10-22	2024-09-30	✱
SCCO ^Q SOUTHERN COPPER CORPORATION	87.556B USD	1.11 USD	-	-	-	2.945B USD	-	2024-10-22	2024-09-30	-
MMC ^Q 3M COMPANY	73.624B USD	1.90 USD	-	-	-	6.06B USD	-	2024-10-22	2024-09-30	✱
FCX ^Q FREEPORT-MCMORAN, INC.	68.675B USD	0.37 USD	-	-	-	6.447B USD	-	2024-10-22	2024-09-30	✱
PCAR ^Q PACCAR INC.	57.491B USD	1.82 USD	-	-	-	7.659B USD	-	2024-10-22	2024-09-30	✱
HSC ^Q HORNBY SOUTHERN CORPORATION	56.126B USD	3.11 USD	-	-	-	3.086B USD	-	2024-10-22	2024-09-30	-
GM ^Q GENERAL MOTORS COMPANY	54.853B USD	2.38 USD	-	-	-	44.671B USD	-	2024-10-22	2024-09-30	✱
KMB ^Q KIMBERLY-CLARK CORPORATION	48.638B USD	1.70 USD	-	-	-	5.059B USD	-	2024-10-22	2024-09-30	✱
BKR ^Q BAKER HUGHES COMPANY	36.091B USD	0.61 USD	-	-	-	7.211B USD	-	2024-10-22	2024-09-30	🔄
CSGP ^Q COSTAR GROUP, INC.	31.691B USD	0.16 USD	-	-	-	695.909M USD	-	2024-10-22	2024-09-30	🔄
PHM ^Q PULTEGROUP, INC.	30.158B USD	3.11 USD	-	-	-	4.264B USD	-	2024-10-22	2024-09-30	✱
HVR ^Q HVR, INC.	29.972B USD	131.00 USD	-	-	-	2.71B USD	-	2024-10-22	2024-09-30	-
ADH ^Q ARCHER-DANIELS-MIDLAND COMPANY	26.905B USD	1.27 USD	-	-	-	21.531B USD	-	2024-10-22	2024-09-30	-
STX ^Q SEAGATE TECHNOLOGY HOLDINGS PLC	23.503B USD	1.47 USD	-	-	-	2.127B USD	-	2024-10-22	2024-09-30	🔄
GPC ^Q GENUINE PARTS COMPANY	19.885B USD	2.42 USD	-	-	-	5.941B USD	-	2024-10-22	2024-09-30	✱
PKG ^Q PACKAGING CORPORATION OF AMERICA	19.642B USD	2.49 USD	-	-	-	2.091B USD	-	2024-10-22	2024-09-30	🔄
MANH ^Q MANHATTAN ASSOCIATES, INC.	17.986B USD	1.06 USD	-	-	-	263.12M USD	-	2024-10-22	2024-09-30	🔄
DGX ^Q QUEST DIAGNOSTICS INCORPORATED	16.484B USD	2.26 USD	-	-	-	2.425B USD	-	2024-10-22	2024-09-30	✱
PNR ^Q PENTAIR PLC	16.275B USD	1.07 USD	-	-	-	988.534M USD	-	2024-10-22	2024-09-30	✱
AGR ^Q ARVORIO, INC.	13.797B USD	0.37 USD	-	-	-	2.037B USD	-	2024-10-22	2024-09-30	-
EWBC ^Q EAST WEST BANCORP, INC.	12.393B USD	2.06 USD	-	-	-	642.2M USD	-	2024-10-22	2024-09-30	🔄
ENPH ^Q ENPHASE ENERGY, INC.	12.113B USD	0.78 USD	-	-	-	392.198M USD	-	2024-10-22	2024-09-30	🔄
IPG ^Q INTERPUBLIC GROUP OF COMPANIES, INC. (THE)	11.983B USD	0.70 USD	-	-	-	2.303B USD	-	2024-10-22	2024-09-30	✱
IVZ ^Q INVESCO LTD	8.255B USD	0.43 USD	-	-	-	1.11B USD	-	2024-10-22	2024-09-30	✱

TICKER	HKT CAP	EPS ESTIMATE	REPORTED EPS	SURPRISE	SURPRISE %	REVENUE FORECAST	REVENUE ACTUAL	DATE	PERIOD ENDING	TIME
GE ^Q GE AEROSPACE	208.697B USD	1.13 USD	-	-	-	9.022B USD	-	2024-10-22	2024-09-30	✱
DHR ^Q DANHEIM CORPORATION	195.395B USD	1.57 USD	-	-	-	5.587B USD	-	2024-10-22	2024-09-30	✱
PH ^Q PHILIP MORRIS INTERNATIONAL INC	185.255B USD	1.82 USD	-	-	-	9.676B USD	-	2024-10-22	2024-09-30	✱
YZ ^Q VERIZON COMMUNICATIONS INC.	184.167B USD	1.18 USD	-	-	-	33.42B USD	-	2024-10-22	2024-09-30	✱
TXN ^Q TEXAS INSTRUMENTS INCORPORATED	177.574B USD	1.38 USD	-	-	-	4.12B USD	-	2024-10-22	2024-09-30	🔄

Economy

Tuesday October 22 2024			Actual	Previous	Consensus	Forecast		
07:55 AM	US	Redbook YoY <small>OCT/19</small>		5.6%				
09:00 AM	US	Fed Harker Speech						
09:00 AM	US	Richmond Fed Manufacturing Index <small>OCT</small>		-21	-18	-20		
09:00 AM	US	Richmond Fed Manufacturing Shipments Index <small>OCT</small>		-18		-17		
09:00 AM	US	Richmond Fed Services Revenues Index <small>OCT</small>		-1		-2		
10:30 AM	US	42-Day Bill Auction		4.720%				
12:00 PM	US	Money Supply <small>SEP</small>		\$21.18T				
03:30 PM	US	API Crude Oil Stock Change <small>OCT/18</small>		-1.58M				
Tuesday October 22 2024			Actual	Previous	Consensus	Forecast		
07:55 AM	US	Redbook YoY <small>OCT/19</small>		5.6%				
09:00 AM	US	Fed Harker Speech						
09:00 AM	US	Richmond Fed Manufacturing Index <small>OCT</small>		-21	-18	-20		
09:00 AM	US	Richmond Fed Manufacturing Shipments Index <small>OCT</small>		-18		-17		
09:00 AM	US	Richmond Fed Services Revenues Index <small>OCT</small>		-1		-2		
10:30 AM	US	42-Day Bill Auction		4.720%				
12:00 PM	US	Money Supply <small>SEP</small>		\$21.18T				
03:30 PM	US	API Crude Oil Stock Change <small>OCT/18</small>		-1.58M				

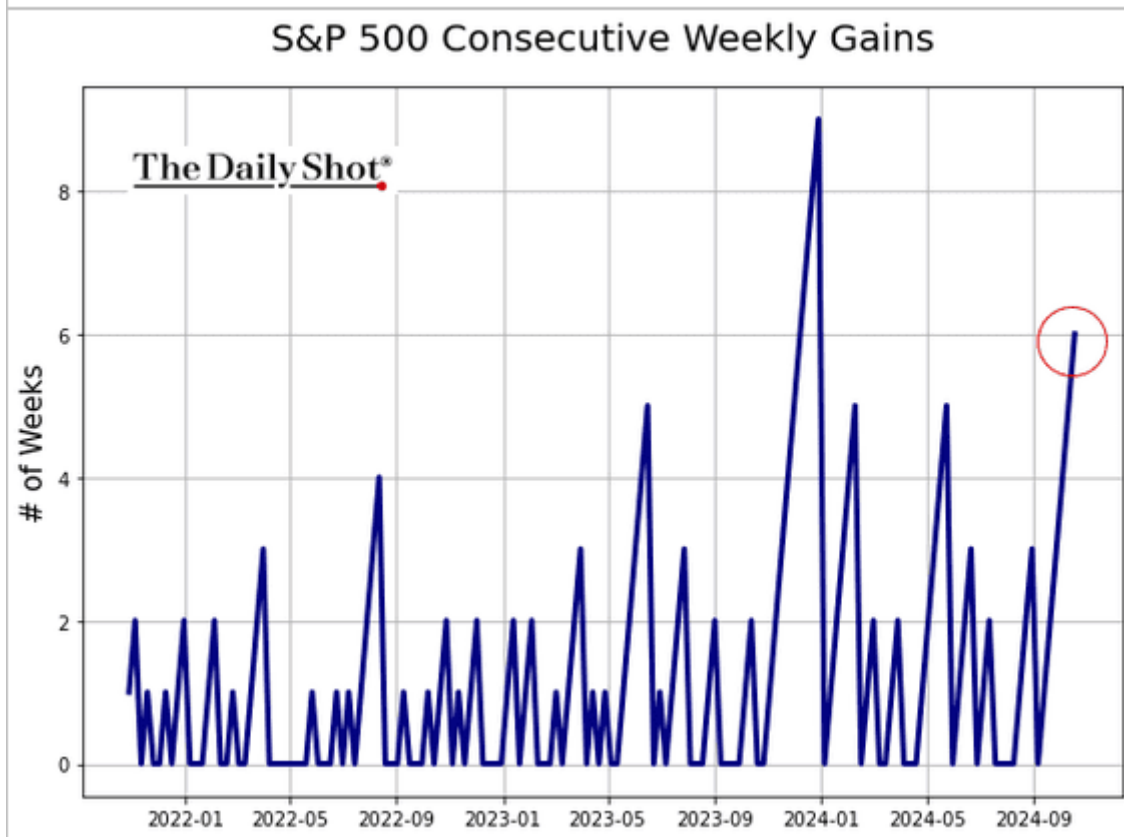
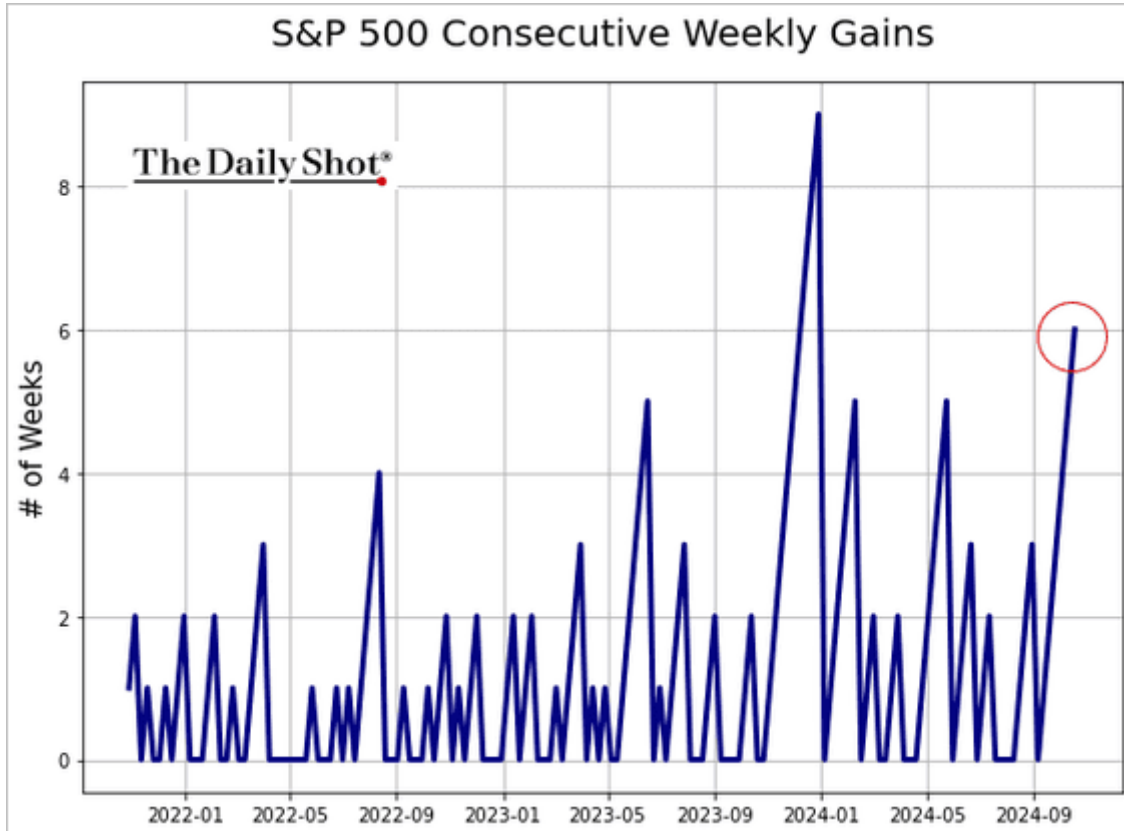
Market Trading Update

As [noted yesterday](#), the market has triggered a *seasonal buy signal*. While that is certainly bullish and the subject of today's blog post, there are risks to seasonality.

Despite the historical reliability of seasonality and the MACD buy signal, investors must still be aware of risks.

- **Monetary Policy:** Inflation, interest rates, and global economic uncertainty could weigh on stock performance, even during a seasonally strong period. Given the recent bout of strong data, if the Federal Reserve slows the pace of rate cuts, this could disappoint markets. A good example is 2018, where the Federal Reserve's more hawkish stance preceded a 20% correction in November and December.
- **Geopolitical Risks:** Ongoing geopolitical tensions, whether in Eastern Europe, the Middle East, or relations between major economic powers, can quickly disrupt financial markets. Unexpected events, such as escalating conflicts or trade wars, could derail the seasonal trends.
- **Market Volatility:** Volatility can spike unexpectedly, leading to sharp market corrections. Even during strong periods like the *Best Six Months*, short-term market corrections are always possible. Investors should be prepared for heightened volatility, especially if other risk factors, like earnings surprises or economic data, create uncertainty.
- **Historical Trends Are Not Guarantees:** Past performance, while instructive, does not guarantee future results. Although the MACD buy signal has been a reliable indicator in the past, external factors could reduce its predictive power. Investors must be cautious and not rely solely on seasonality and technical signals.

Most crucially, the market has been up six weeks in a row, which historically is a very long stretch without a correction.



From a purely technical view, with the markets deviating well above MONTHLY moving averages and overbought, a correction or consolidation is becoming increasingly likely before the year-end advance can take shape.

INDX

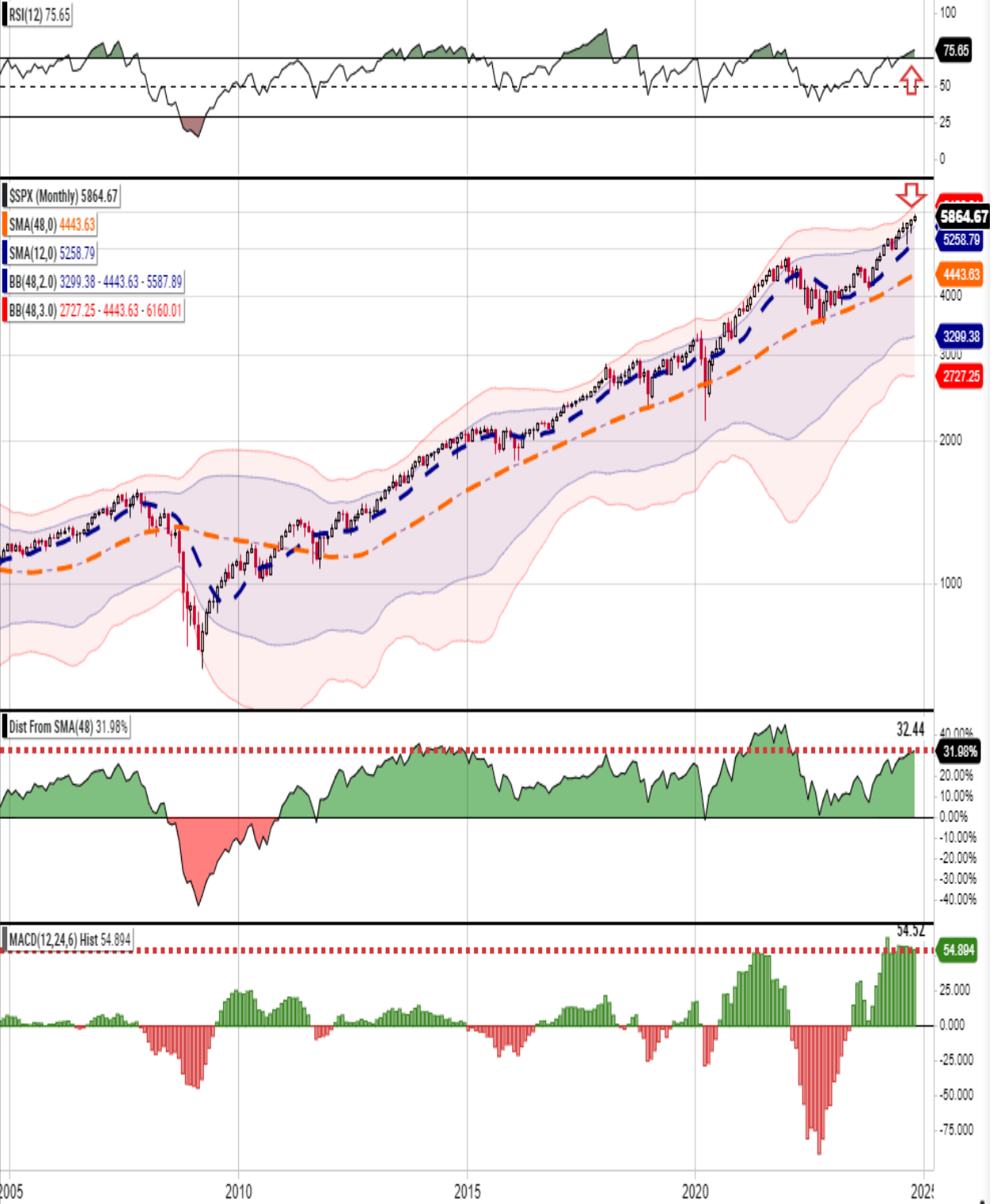
© StockCharts.com

SPX - S&P 500 Large Cap Index

5,864.67 ▲

31-Oct-2024

O: 5,757.73 H: 5,878.46 L: 5,674.00 V: 32.313b +102.19(+1.77%)



INDX

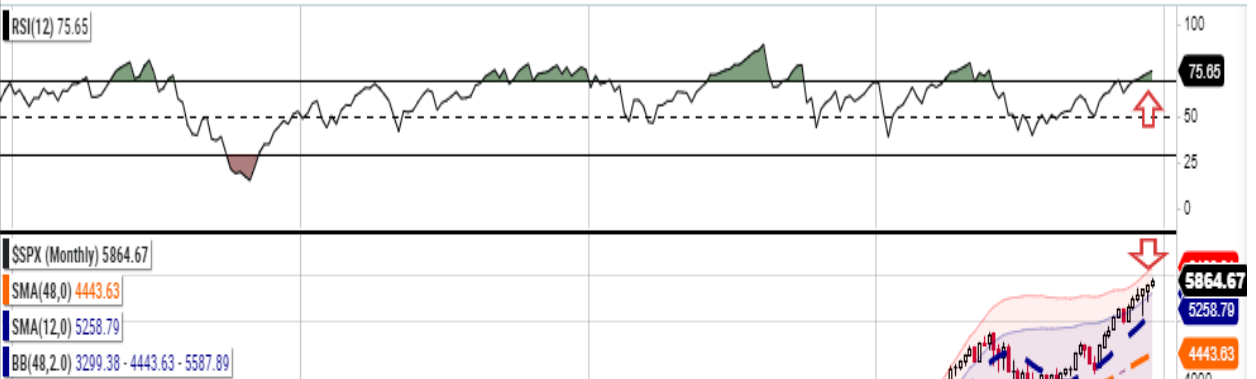
© StockCharts.com

SPX - S&P 500 Large Cap Index

5,864.67 ▲

31-Oct-2024

O: 5,757.73 H: 5,878.46 L: 5,674.00 V: 32.313b +102.19(+1.77%)



Navigating Into Year-End

With the S&P 500 now in a seasonally strong period, bolstered by the weekly MACD buy signal, investors may want to consider several strategies:

1. **Increase Equity Exposure:** *Large-cap stocks historically perform well during this period. You could consider increasing exposure to diversified index funds or sector ETFs that align with historical trends.*
2. **Review Portfolio Risk:** *While the MACD buy signal is a positive indicator, you should assess your portfolio's risk tolerance and ensure it aligns with your long-term goals.*
3. **Rebalance Allocations:** *Now may be a good time to rebalance by reducing positions in riskier assets or diversifying across asset classes.*
4. **Use Stop-Loss Orders:** *To manage downside risk, consider using stop-loss orders.*

Yale Hirsch's research on market seasonality, paired with the power of the MACD signal, offers a disciplined approach to navigating historical market trends. The recent MACD buy signal for the S&P 500 provides investors with a potentially advantageous entry point into the market as we head into the historically strong "Best Six Months" period. However, it's crucial to remain aware of the risks, including macroeconomic headwinds and market volatility.

Trade accordingly.



THE Bull Bear REPORT
BY SimpleVisor™

The most important things you need to know about the markets.
> [Subscribe today](#)

Groceries Are Getting Cheaper

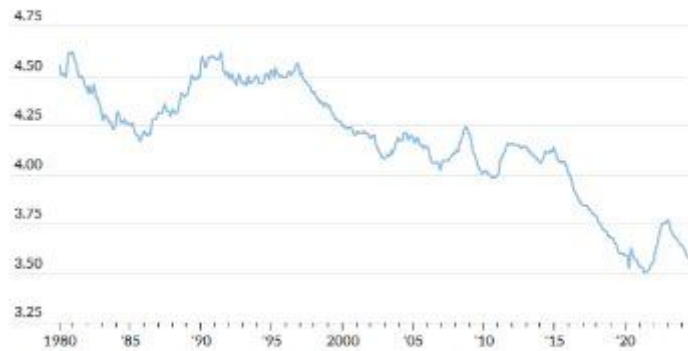
Not surprisingly, most people are very sensitive to the recent bout of inflation. However, we also find that they do not consider inflation on a relative basis. Double-digit inflation can be crippling, especially for the lower and middle classes. However, if wages keep up with inflation, the effect is minimal. For example, the graph below shows that it now takes about 3.5 hours of work to afford a week of groceries. That is down an hour from 1990 despite the price of groceries being up significantly.

That said, the graph has potential flaws. For starters, it uses average salary versus median. Furthermore, it doesn't address the quality of food or the types of food people buy. We also presume it doesn't fully capture "shrinkflation." Lastly, how has the basket of groceries the BLS uses changed over time, and does that accurately reflect what the average consumer buys?

Groceries are getting more affordable

When you factor in rising wages, groceries cost about as much today as they did in the pre-pandemic years.

Hours of work to afford a week's worth of groceries:



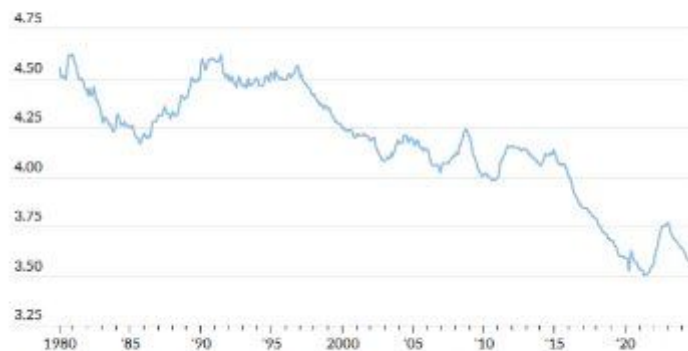
Note: Based on the average wage for production and non-supervisory employees and the 2019 annual spending of a middle-quintile household on food at home, adjusted for inflation.

Source: Bureau of Labor Statistics

Groceries are getting more affordable

When you factor in rising wages, groceries cost about as much today as they did in the pre-pandemic years.

Hours of work to afford a week's worth of groceries:



Note: Based on the average wage for production and non-supervisory employees and the 2019 annual spending of a middle-quintile household on food at home, adjusted for inflation.

Source: Bureau of Labor Statistics

SimpleVisor Excess Return Analysis

On Tuesdays, we typically review the [SimpleVisor](#) sector and absolute technical scores to see which sectors or factors are overbought and oversold. This analysis allows us to forecast better which sectors or factors may lead or lag the broader market going forward. Today, we take that analysis a step further.

The first graphic shows that the healthcare sector is very oversold relative to the S&P 500. Moreover, it has an absolute score near zero despite the market hitting record highs. Note that many other sectors have absolute scores of moderately to highly overbought. If we wanted to shift our holdings toward healthcare and away from another sector, which sectors would likely give us the biggest bang for the buck doing this?

The second page below shows the correlation of excess returns for each sector. Remember, the excess return is the performance versus the S&P 500. Accordingly, the page compares the correlation of the two sector's excess returns. So, if we scan down the healthcare sector (XLV) correlations, we find that XLV has a strong positive correlation with staples and a strong negative correlation with technology. Therefore, if one wants to add to healthcare and is looking for a sector to reduce, technology would be a likely choice. Moreover, staples could be a reasonable substitute if one wants to add to healthcare but worries about the political climate surrounding the sector heading into the election.

The third graphic helps us appreciate the current excess return relationship compared to the prior 21 and 63 days. One can argue that XLV is due for a bounce versus technology on a short-term basis. Still, over the more extended 63-day period, technology may likely continue to do better than healthcare.



Sectors Analysis - Absolute and Relative Score (vs SPY)

Symbol	Name	Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↓≡
XTN	Transportation		0.61 ↗	0.36 ↗
XLF	Financial		0.79 ↗	0.28 ↗
XLU	Utilities		0.59 ↗	0.23 ↗
XLI	Industrials		0.63 ↗	0.14 ↗
XLB	Materials		0.69 ↗	0.06 ↗
XLK	Technology		0.56 ↗	0.03 ↗
SPY			0.54 ↗	0.00 ↗
XLRE	Real Estate		0.42 ↗	-0.02 ↗
XLY	Consumer Discretionary		0.46 ↗	-0.04 ↗
XLC	Communication Services		0.35 ↗	-0.06 ↗
XLE	Energy		-0.01 ↘	-0.42 ↘
XLP	Consumer Staples		0.32 ↗	-0.45 ↘
XLV	Health Care		-0.02 ↘	-0.74 ↘



Sectors Analysis - Absolute and Relative Score (vs SPY)

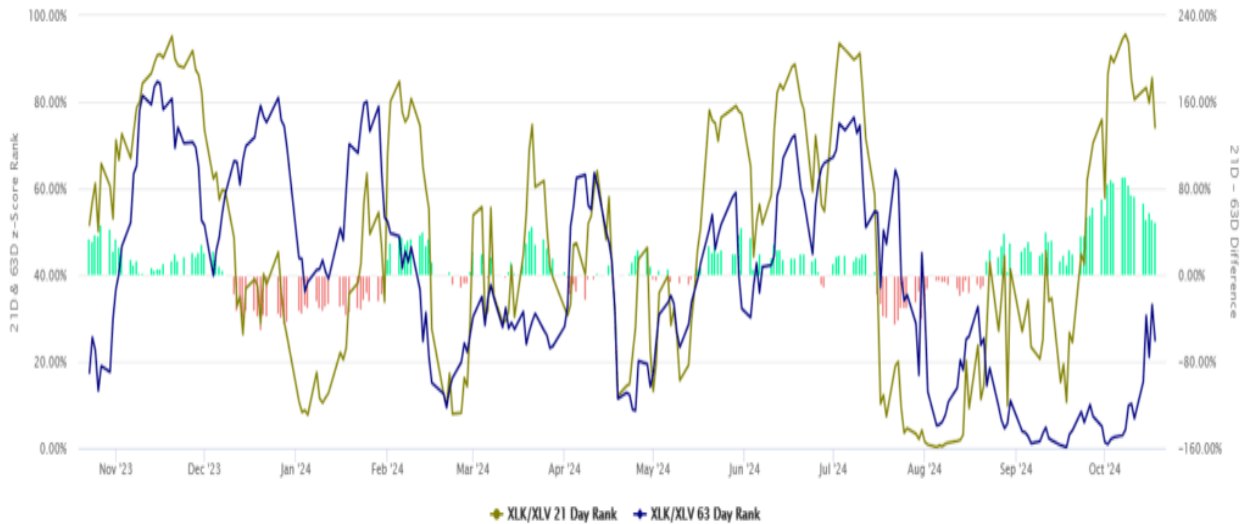
Symbol	Name	Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↓≡
XTN	Transportation		0.61 ↗	0.36 ↗
XLF	Financial		0.79 ↗	0.28 ↗
XLU	Utilities		0.59 ↗	0.23 ↗
XLI	Industrials		0.63 ↗	0.14 ↗

Name	Symbol	XLB	XLC	XLE	XLF	XLI	XLK	XLP	XLRE	XLU	XLV	XLY	XTN
Materials	XLB		0.01	0.37	0.41	0.62	-0.50	0.41	0.44	0.43	0.41	0.12	0.44
Communication Services	XLC	0.01		-0.05	0.09	-0.10	-0.33	0.23	0.16	0.16	0.15	-0.01	-0.14
Energy	XLE	0.37	-0.05		0.49	0.47	-0.48	0.23	0.23	0.33	0.23	-0.13	0.35
Financial	XLF	0.41	0.09	0.49		0.55	-0.72	0.51	0.48	0.43	0.51	-0.09	0.41
Industrials	XLI	0.62	-0.10	0.47	0.55		-0.45	0.23	0.39	0.29	0.33	0.05	0.71
Technology	XLK	-0.50	-0.33	-0.48	-0.72	-0.45		-0.75	-0.67	-0.65	-0.72	0.06	-0.29
Consumer Staples	XLP	0.41	0.23	0.23	0.51	0.23	-0.75		0.67	0.66	0.74	-0.14	0.05
Real Estate	XLRE	0.44	0.16	0.23	0.48	0.39	-0.67	0.67		0.67	0.66	-0.05	0.25
Utilities	XLU	0.43	0.16	0.33	0.43	0.29	-0.65	0.66	0.67		0.58	-0.13	0.08
Health Care	XLV	0.41	0.15	0.23	0.51	0.33	-0.72	0.74	0.66	0.58		-0.32	0.16
Consumer Discretionary	XLY	0.12	-0.01	-0.13	-0.09	0.05	0.06	-0.14	-0.05	-0.13	-0.32		0.21
Transportation	XTN	0.44	-0.14	0.35	0.41	0.71	-0.29	0.05	0.25	0.08	0.16	0.21	

Name	Symbol	XLB	XLC	XLE	XLF	XLI	XLK	XLP	XLRE	XLU	XLV	XLY	XTN
Materials	XLB		0.01	0.37	0.41	0.62	-0.50	0.41	0.44	0.43	0.41	0.12	0.44
Communication Services	XLC	0.01		-0.05	0.09	-0.10	-0.33	0.23	0.16	0.16	0.15	-0.01	-0.14
Energy	XLE	0.37	-0.05		0.49	0.47	-0.48	0.23	0.23	0.33	0.23	-0.13	0.35
Financial	XLF	0.41	0.09	0.49		0.55	-0.72	0.51	0.48	0.43	0.51	-0.09	0.41
Industrials	XLI	0.62	-0.10	0.47	0.55		-0.45	0.23	0.39	0.29	0.33	0.05	0.71
Technology	XLK	-0.50	-0.33	-0.48	-0.72	-0.45		-0.75	-0.67	-0.65	-0.72	0.06	-0.29
Consumer Staples	XLP	0.41	0.23	0.23	0.51	0.23	-0.75		0.67	0.66	0.74	-0.14	0.05
Real Estate	XLRE	0.44	0.16	0.23	0.48	0.39	-0.67	0.67		0.67	0.66	-0.05	0.25
Utilities	XLU	0.43	0.16	0.33	0.43	0.29	-0.65	0.66	0.67		0.58	-0.13	0.08
Health Care	XLV	0.41	0.15	0.23	0.51	0.33	-0.72	0.74	0.66	0.58		-0.32	0.16
Consumer Discretionary	XLY	0.12	-0.01	-0.13	-0.09	0.05	0.06	-0.14	-0.05	-0.13	-0.32		0.21
Transportation	XTN	0.44	-0.14	0.35	0.41	0.71	-0.29	0.05	0.25	0.08	0.16	0.21	

21D & 63D z-Score Percentile Chart: XLK/XLV

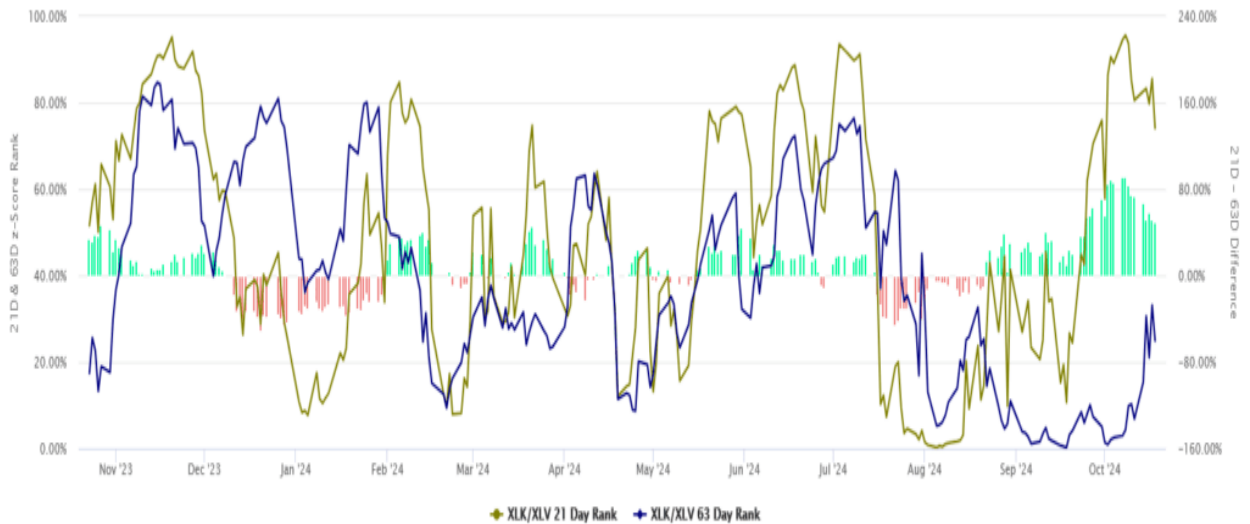
Correlation: -0.652



Close

21D & 63D z-Score Percentile Chart: XLK/XLV

Correlation: -0.652



Close

Tweet of the Day

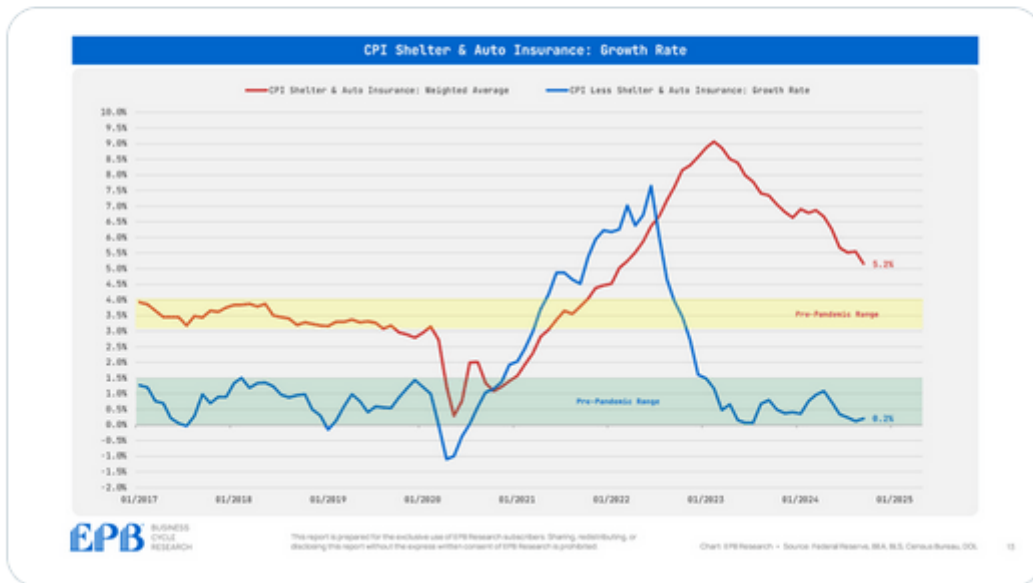


Eric Basmajian @EPBResearch · Oct 12

...

The stickiness of inflation is concentrated in shelter and auto insurance.

If shelter and auto insurance normalize to the pre-pandemic range, that would shave ~70bps off headline CPI.

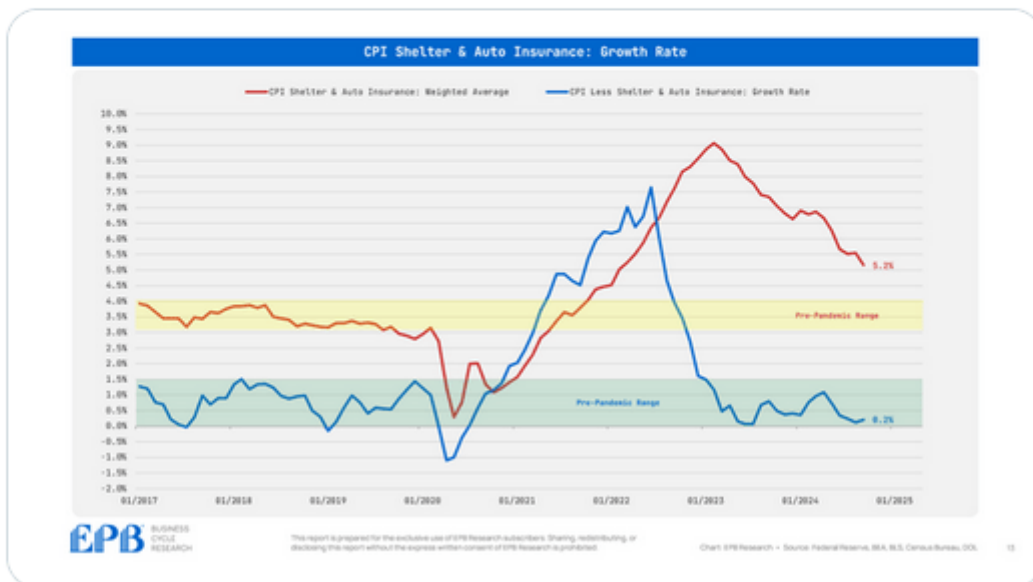


Eric Basmajian @EPBResearch · Oct 12

...

The stickiness of inflation is concentrated in shelter and auto insurance.

If shelter and auto insurance normalize to the pre-pandemic range, that would shave ~70bps off headline CPI.



?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.](#)?

Please [subscribe to the daily commentary](#) to receive these updates every morning before the opening bell.

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.

Post Views: 0

2024/10/22

[> Back to All Posts](#)