

Bitcoin Is Off The Leaderboard: Whats Next?

On many recent occasions, we have noted that the market breadth is poor and appears to be worsening. By worsening, we mean that the number of market leaders is declining, and a growing number of stocks, stock factors, sectors, and asset classes are lagging. Currently, the small list of stock factors showing up in [SimpleVisor's Performance Analysis](#) as overbought relative to the market is S&P 500 Growth (IVW), Mega Cap Growth (MGK), High Beta (SPHB), and Disruptive Technology (ARKK). As the breadth has narrowed, one notable asset class has dropped off the leaderboard. Bitcoin and other cryptocurrencies have significantly underperformed the S&P 500 over the past four to six weeks.

The graph below compares the recent performance of Bitcoin, Mega Cap Growth (MGK), and the Equal Weight S&P 500 (RSP). As it shows, Mega Cap stocks continue to trend higher, up almost 50% since the Liberation Day trough. Bitcoin accelerated even faster from the April lows, rising 60% in early October. However, over the past month, Bitcoin and other cryptocurrencies have fallen sharply, giving up about half of the April-to-October gains. It now stands about 20% below MGK since April. For context, we show RSP representing all of the stock sectors and factors that have been lagging. While its 19% gain since April is nice, its underperformance is striking.

Bitcoin is another victim of the narrowing of market leadership. The thinning of the leadership as speculative assets like Bitcoin fall by the wayside ultimately points to a rotation to the large majority of stocks that have not kept up with the broader indexes and the high-flying tech stocks.





What To Watch Today

Earnings

Thursday Nov 6	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
ConocoPhillips COP.US		1.42	1.78		14.8B	13.6B	\$112.29B	Q3	AM	★	🔔
Parker-Hannifin PH.US		6.62	6.20		4.94B	4.9B	\$93.25B	Q1	AM	★	🔔
Vistra Corp VST.US		3.57	1.24		6.6B	6.29B	\$90.42B	Q3	AM	★	🔔
Airbnb ABNB.US		2.3	2.13		4.08B	3.7B	\$76.59B	Q3	PM	★	🔔
TransDigm TDG.US		10.31	9.83		2.4B	2.19B	\$69.48B	Q4	AM	★	🔔
Monster Beverage MNST.US		0.48	0.40		2.1B	1.88B	\$69.34B	Q3	PM	★	🔔
EOG Resources EOG.US		2.34	2.89		6B	5.97B	\$60.32B	Q3	PM	★	🔔
Cummins CMI.US		4.88	5.86		7.99B	8.5B	\$57.74B	Q3	AM	★	🔔
Air Products & Chemicals		3.39	3.56		3.18B	3.19B	\$56.33B	Q4	AM	★	🔔
Becton, Dickinson and Co		3.92	3.81		5.91B	5.4B	\$53.69B	Q4	AM	★	🔔
Datadog DDOG.US		0.45	0.46		851.65M	690M	\$53.59B	Q3	AM	★	🔔
Warner Bros Discovery DIS		-0.09	0.05		9.1B	9.62B	\$44.62B	Q3	AM	★	🔔
Take Two Interactive Softw		0.94	-2.08		1.72B	1.47B	\$44.03B	Q2	PM	★	🔔
Rockwell Automation ROKU		2.94	2.47		2.2B	2.04B	\$39.88B	Q4	AM	★	🔔
NRG Energy NRG.US		1.84	1.90		7.53B	7.22B	\$36.49B	Q3	AM	★	🔔
Microchip Technology MCH		0.34	0.46		1.14B	1.16B	\$35.33B	Q2	PM	★	🔔

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Consolidated Edison ED.US	1.72	1.68		4.26B	4.08B		\$34.66B	Q3	PM	★	🔔
Dupont De Nemours DD.US	1.16	1.18		3.31B	3.2B		\$32.6B	Q3	AM	★	🔔
Mettler Toledo International	10.66	10.21		997.32M	954.54M		\$29.2B	Q3	PM	★	🔔
Ameren AEE.US	2.04	1.87		2.51B	2.17B		\$28.06B	Q3	AM	★	🔔
Expedia EXPE.US	6.94	6.13		4.27B	4.06B		\$27.13B	Q3	PM	★	🔔
Tapestry TPR.US	1.25	1.02		1.63B	1.51B		\$26.69B	Q1	AM	★	🔔
Insulet PODD.US	1.14	0.90		675.68M	543.9M		\$22.12B	Q3	AM	★	🔔
Ralph Lauren RL.US	3.43	2.54		1.89B	1.7B		\$20.66B	Q2	AM	★	🔔
EchoStar SATS.US	-1.22	-0.52		3.73B	3.89B		\$19.64B	Q3	AM	★	🔔
Evergy EVRG.US	2.07	2.02		2.24B	1.81B		\$17.92B	Q3	AM	★	🔔

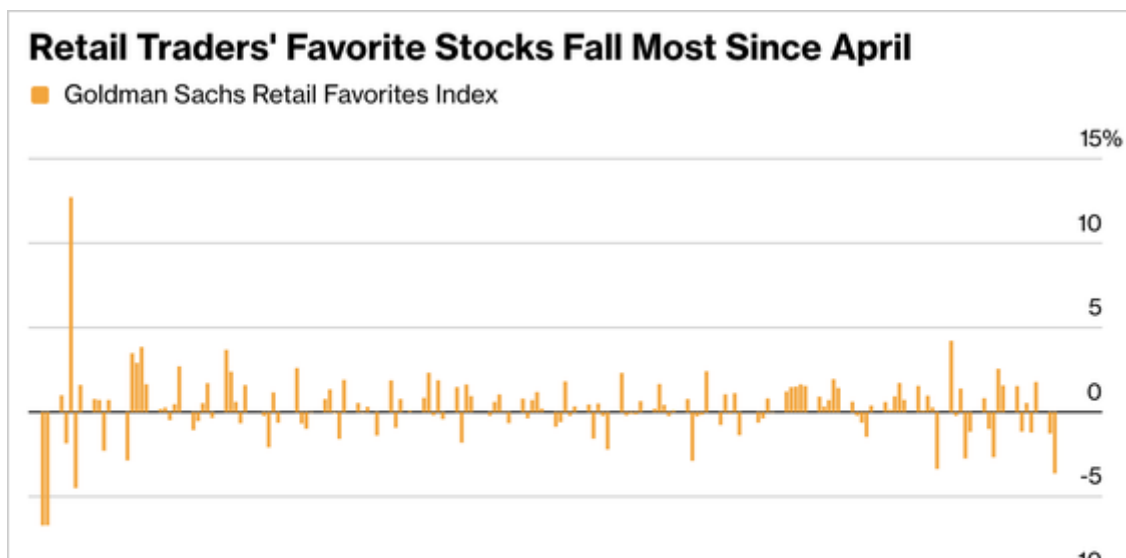
Economy

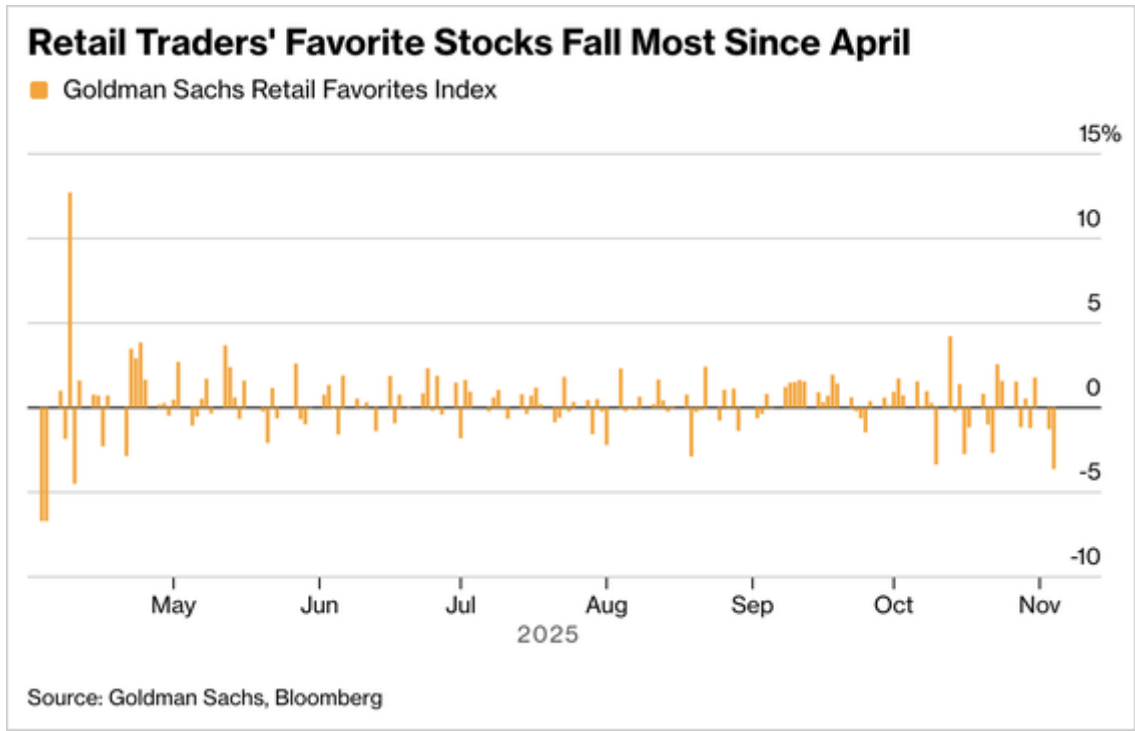
Thursday November 06 2025				Actual	Previous	Consensus	Forecast		
07:30 AM		US	Challenger Job Cuts OCT		54.064K		73.0K		🔔
10:30 AM		US	EIA Natural Gas Stocks Change OCT/31		74Bcf				🔔
11:00 AM		US	Fed Barr Speech						
11:00 AM		US	Fed Williams Speech						
11:30 AM		US	4-Week Bill Auction		3.910%				🔔
11:30 AM		US	8-Week Bill Auction		3.890%				🔔
12:00 PM		US	Fed Hammack Speech						
12:00 PM		US	15-Year Mortgage Rate NOV/06		5.41%				🔔
12:00 PM		US	30-Year Mortgage Rate NOV/06		6.17%				🔔

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12:00 PM	US	30-Year Mortgage Rate NOV/06		6.17%				
03:30 PM	US	Fed Waller Speech						
04:30 PM	US	Fed Paulson Speech						
04:30 PM	US	Fed Balance Sheet NOV/05		\$6.59T				
05:30 PM	US	Fed Musalem Speech						
	US	Initial Jobless Claims OCT/04			227K	235.0K		
	US	Initial Jobless Claims OCT/11				249.0K		
	US	Initial Jobless Claims OCT/18			223K	254.0K		
	US	Initial Jobless Claims OCT/25				257.0K		
	US	Initial Jobless Claims NOV/01				259.0K		
	US	Initial Jobless Claims SEP/27		218K	223K	223.0K		
	US	Nonfarm Productivity QoQ Prel Q3		3.3%		1.0%		
	US	Unit Labour Costs QoQ Prel Q3		1%		0.8%		
	US	Continuing Jobless Claims SEP/20		1926K	1930K	1929.0K		

Market Trading Update

Yesterday, we discussed the technical market backdrop. The recent market weakness, although minor at the index level, has caused significant damage to the retail favorites? basket of stocks. Those have been hit substantially harder than the broader market, which is something we previously warned could be a potential outcome.





A notable example is Bitcoin, which has declined 20% from its September highs versus the S&P 500 index which is only down a bit more than 2% from its peak.





Small-cap stocks have also been under more pressure than large caps, with that index down nearly 5% from its peak.





For a proxy for retail speculation, I like to look at the ARK Innovation Fund (ARKK). That ETF is down nearly 10% from its peak as well.





The point here is to be aware of the risk you are taking on in your portfolio. Leverage and speculation work great on the way higher, but they hurt you more when they reverse. While the broader market is holding up, the deterioration below the surface is significant. The question is whether that deterioration eventually spreads into the rest of the S&P 500.

Consider balancing your exposures a bit with some defensive holdings to lower your risk profile for now.

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ISM Manufacturing

With the government shutdown over a month old, the market has been starved of economic data. We have noted occasionally that, despite the government shutdown and missing data, there are other sources for essential data. One of these is the Institute for Supply Management (ISM) survey of manufacturing and service sector companies. On Monday, the manufacturing survey was released.

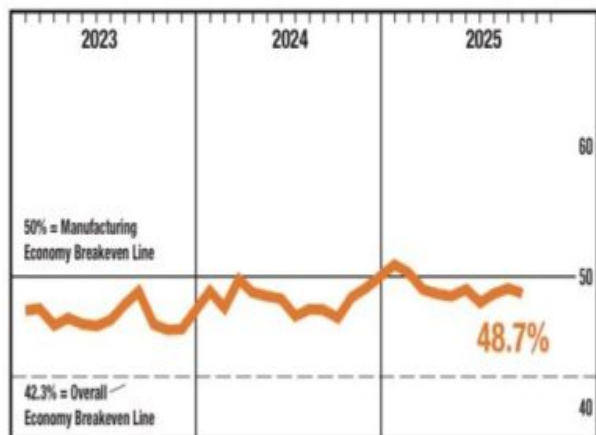
Survey results differ from most other economic data reports. In the ISM, for instance, the survey questions generally ask whether a particular facet of the business is better, worse, or the same. It doesn't account for the absolute change in conditions. For instance, someone may answer that prices were higher this month than last month. But the answer doesn't inform us how much higher. With that in mind, we share a few details from the ISM Manufacturing survey:

- ISM- 48.7 vs 49.1 last month.
- New Orders- These are a good forward-looking indicator. For October, the new orders index rose by 0.5 to 49.4. A reading below 50 signals that more companies surveyed expect new orders to shrink than to rise. While still in contraction, the increase is promising.
- Employment- At 46.0, employment is also contracting. While a pickup from last month, the index signals that a majority of those surveyed are laying off employees rather than net hiring.
- Prices- The good news is that the prices index fell 3.9 to 58. While still rising, the number of respondents reporting higher prices versus lower prices is settling back toward a neutral 50.

Generally, the report points to economic contraction, as it has for three years, but shows some internal signs of improvement. It's worth noting that the service sector accounts for a much larger share of the economy than manufacturing.

MANUFACTURING PMI® at 48.7%

The U.S. manufacturing sector contracted in October for the eighth consecutive month after two months of expansion preceded by 26 months of contraction. The Manufacturing PMI® registered 48.7 percent in October, a 0.4-percentage point decrease compared to the 49.1 percent recorded in September. Of the five subindexes that directly factor into the Manufacturing PMI®, one (Supplier Deliveries) is in expansion territory, one fewer than in September.

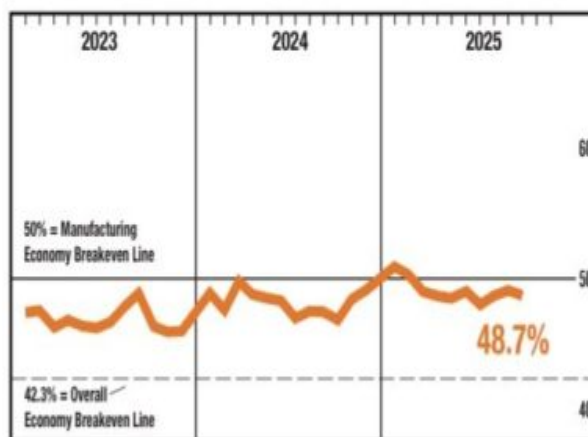


Manufacturing at a Glance

INDEX	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
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INDEX	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	48.7	49.1	-0.4	Contracting	Faster	8
New Orders	49.4	48.9	+0.5	Contracting	Slower	2
Production	48.2	51.0	-2.8	Contracting	From Growing	1
Employment	46.0	45.3	+0.7	Contracting	Slower	9
Supplier Deliveries	54.2	52.6	+1.6	Slowing	Faster	3
Inventories	45.8	47.7	-1.9	Contracting	Faster	6
Customers' Inventories	43.9	43.7	+0.2	Too Low	Slower	13
Prices	58.0	61.9	-3.9	Increasing	Slower	13
Backlog of Orders	47.9	46.2	+1.7	Contracting	Slower	37
New Export Orders	44.5	43.0	+1.5	Contracting	Slower	8
Imports	45.4	44.7	+0.7	Contracting	Slower	7
Overall Economy				Growing	Slower	66
Manufacturing Sector				Contracting	Faster	8

*Number of months moving in current direction. ISM® Manufacturing PMI® Report data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

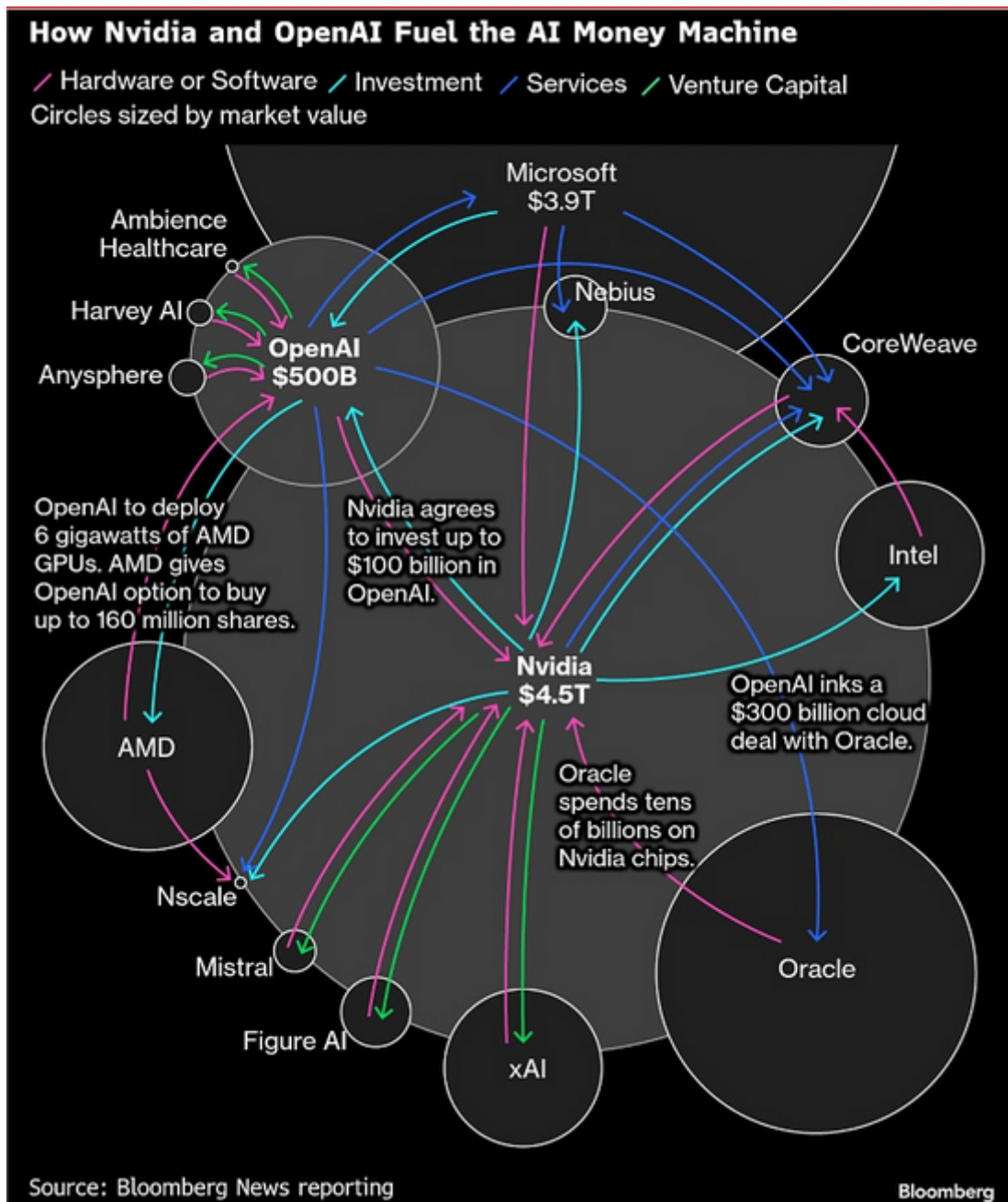
Nvidia Deals: Round-Tripping Or Vendor Financing?

There is a thin line between the definitions of round-tripping and vendor financing. Round-tripping is generally viewed as a financial gimmick—a pseudo-fraud—used to boost sales. Vendor financing, on the other hand, is a commonly accepted practice, albeit with the same result: increasing sales.

We are not accusing Nvidia, OpenAI, and other large tech companies of the round-tripping that Global Crossing and Qwest participated in. However, the experiences of Lucent and Nortel illustrate the risks of using equity and financing to promote sales. Essentially, these companies are tethering their financial prospects to those of their customers.

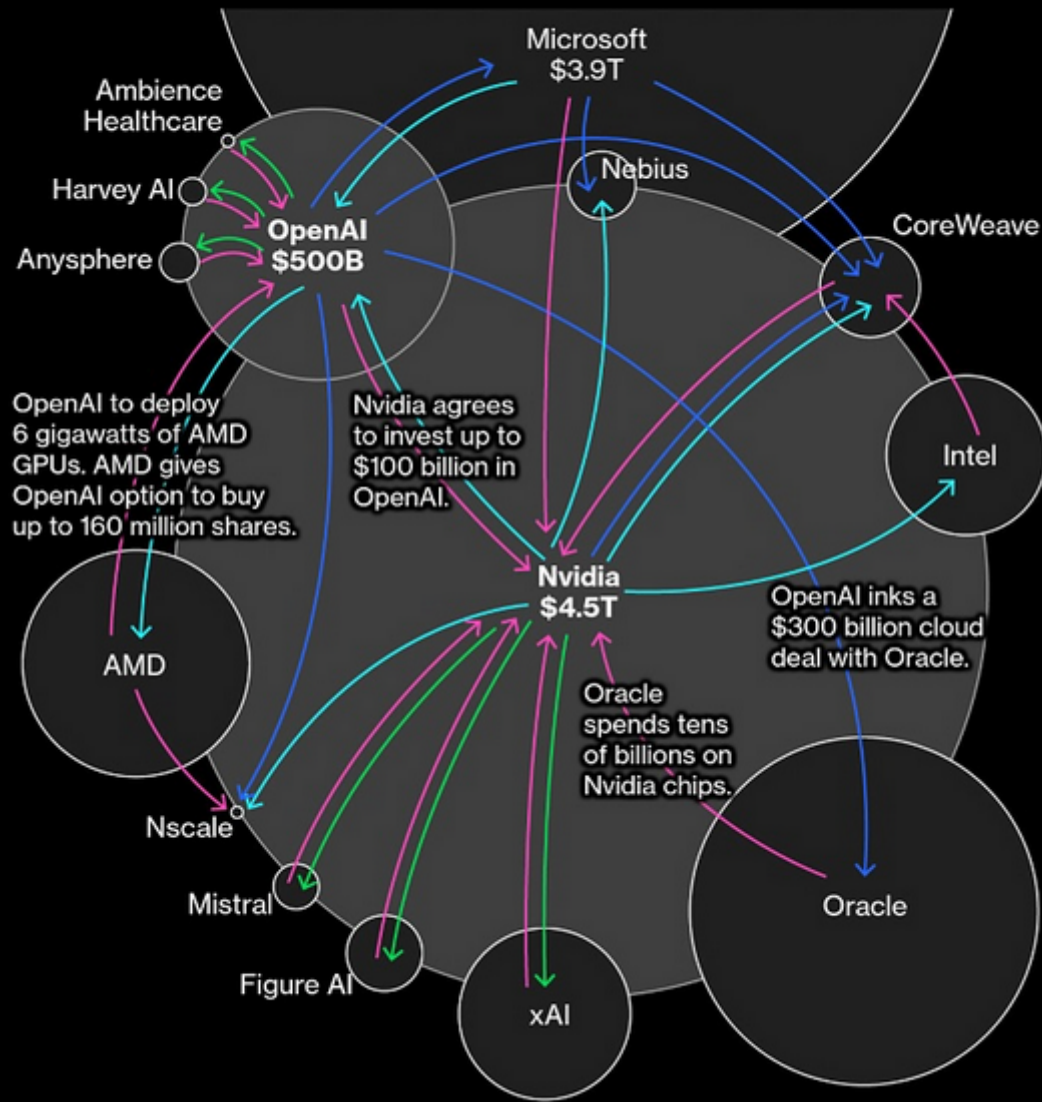
As we saw in 1999, the hype surrounding fast-moving technological advances blinded many executives and investors. Massive errors of judgment were made.

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How Nvidia and OpenAI Fuel the AI Money Machine

Hardware or Software / Investment / Services / Venture Capital
Circles sized by market value



Source: Bloomberg News reporting

Bloomberg

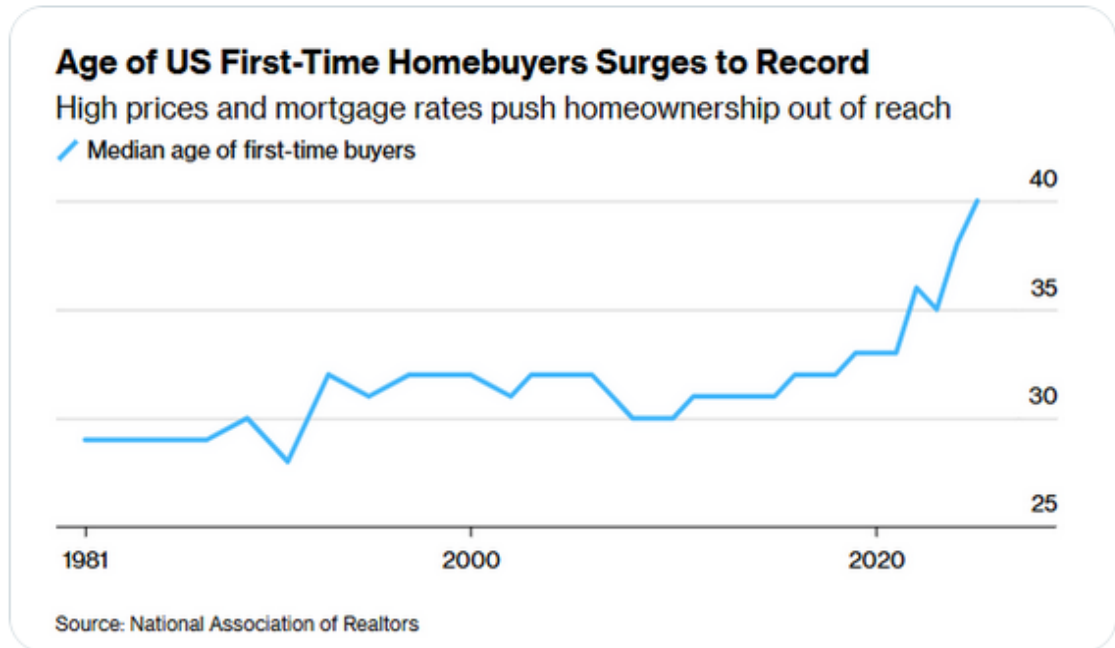
Tweet of the Day



Christophe Barraud @C_Barraud · 2h



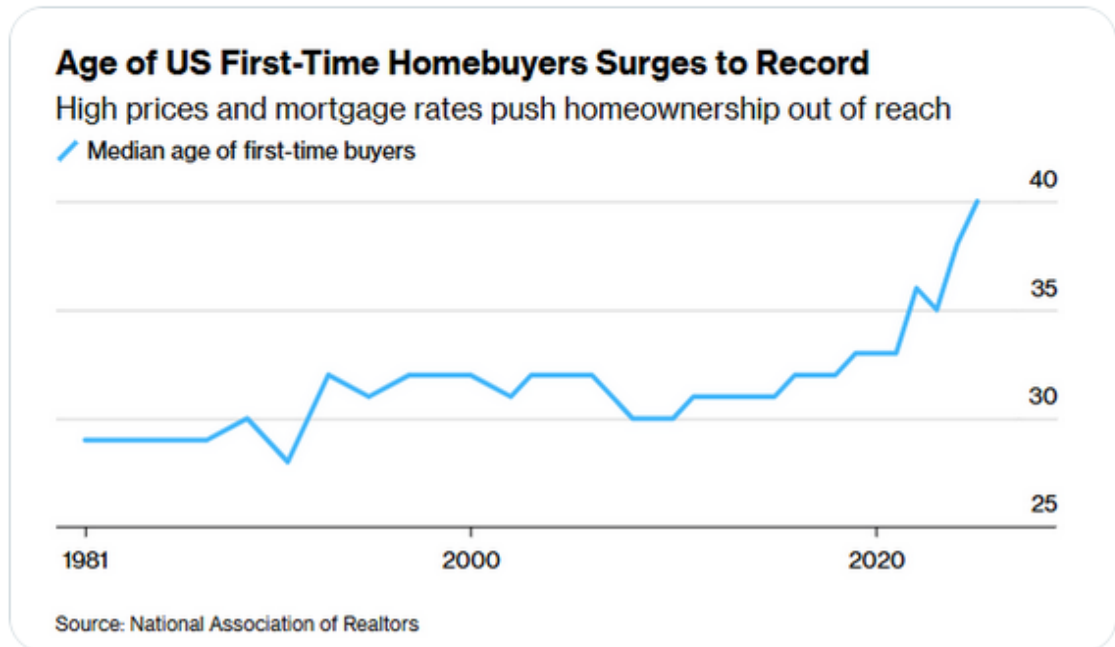
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