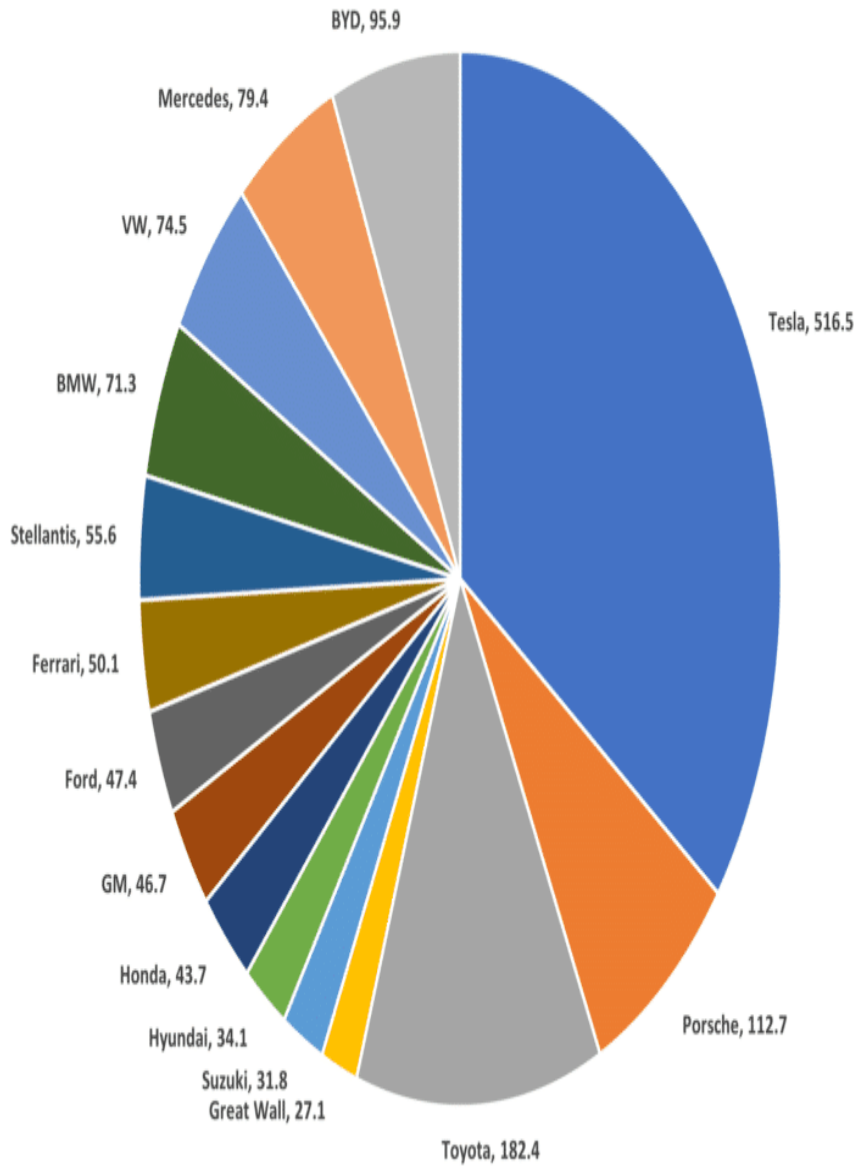


Cathie Wood Thinks Tesla Shares Hit \$2000

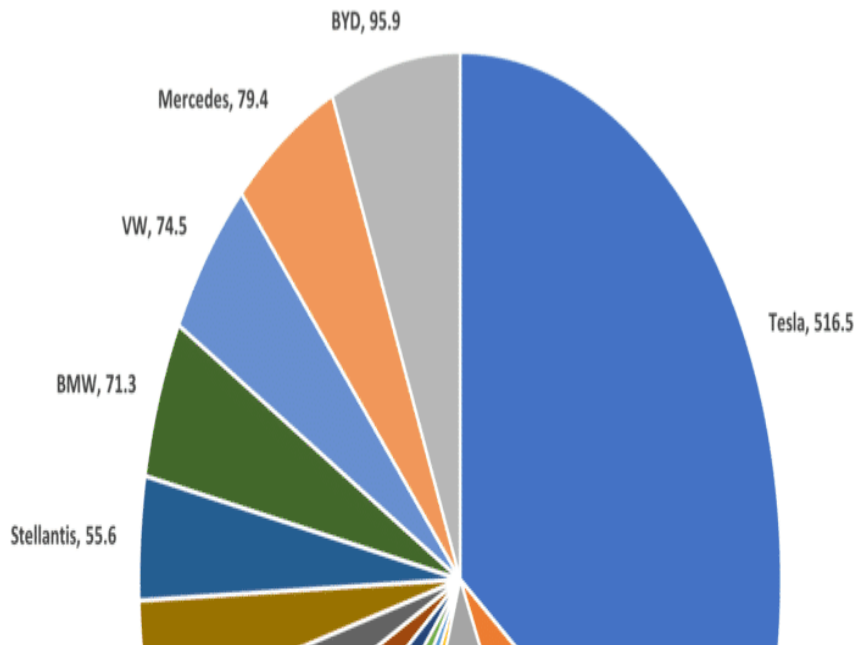
Cathie Wood of ARK Invest put a 2027 price target on Tesla shares at \$2000. Such implies that Tesla will climb by 1135% over the next five years. Even more stunning, its market cap at a \$2000 valuation would be \$5 trillion. The entire auto industry, including Tesla, has a market cap below \$2 trillion. The top fifteen auto manufacturers, shown below, have a combined market cap of \$1.47 billion. Therefore, for Cathie Wood to be correct, Tesla's market cap will be over three times the current size of the auto industry. Even if every car sold in 2027 is a Tesla, such a forecast seems highly unlikely.

Cathie Wood has such a high projection due to the expected robotaxi boom. Per Cathie Wood- *?It is one of the most important investment opportunities of our lifetimes.?* Her point is fair that robotaxi revenue could certainly help Tesla. However, consider that Uber and Lyft have a combined market cap of \$65 billion. Allied Market Research valued the entire global taxi market at \$69 billion and projects it could grow to \$120.9 billion by 2027. While her prediction seems like pie in the sky, in 2018, she said Tesla (pre-stock splits) would hit \$4000 within five years. It rose above that level two years after her bold call. It's worth disclosing that Wood's ARKK fund has a 10% weighting toward Tesla. ARKK is down 5% over the last five years and 75% from 2021 highs.

Market Cap Top 15 Auto Producers



Market Cap Top 15 Auto Producers



What To Watch Today

Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous	
MONDAY, APRIL 24							
12:30	USD Chicago Fed National Activity Index (Mar)		-	-	-0.02	-0.19	
14:30	USD Dallas Fed Manufacturing Business Index(Apr)		-	-	-14.6	-15.7	
15:30	USD 3-Month Bill Auction		-	-	-	5.08%	
15:30	USD 6-Month Bill Auction		-	-	-	4.87%	

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Earnings

	Company	Time	Estimate		Growth	Surprise	
					Show only confirmed?		
✓	KO	Coca-Cola Company	6:55 AM ET	\$0.65	\$10.80 B	2.9%	+ = -
✓	CLF	Cleveland-Cliffs Inc	AMC	(\$0.21)	\$5.21 B	-12.5%	+ = -
✓	CS	Credit Suisse Group	BMO	-	\$16.41 B	192.2%	+ = -
✓	WHR	Whirlpool Corp.	4:05 PM ET	\$2.14	\$4.48 B	-8.9%	+ = -
✓	PHG	Royal Philips	5:00 AM ET	\$0.19	\$3.89 B	-9.4%	+ = -
✓	AMP	Ameriprise Financial Inc	4:10 PM ET	\$7.13	\$3.69 B	1.0%	+ = -
✓	CCK	Crown Holdings, Inc.	5:10 PM ET	\$1.04	\$3.07 B	-2.9%	+ = -
✓	CNI	Canadian National R...	4:00 PM ET	\$1.27	\$3.17 B	8.3%	+ = -
✓	PKG	Packaging Corporatio...	4:30 PM ET	\$2.27	\$2.08 B	-2.6%	+ = -
✓	FRC	First Republic Bank	AMC	\$0.72	\$1.22 B	-15.3%	+ = -
✓	BRO	Brown & Brown Inc.	5:25 PM ET	\$0.81	\$1.07 B	18.3%	+ = -
✓	CDNS	Cadence Design Syst...	4:05 PM ET	\$1.25	\$1.01 B	12.0%	+ = -
✓	GTX	Garret Motion	6:55 AM ET	\$0.21	\$922.00 M	2.3%	+ = -
✓	CHX	ChampionX Corporati...	4:30 PM ET	\$0.36	\$968.84 M	11.9%	+ = -
✓	ARE	Alexandria Real Estat...	4:10 PM ET	\$2.15	\$609.85 M	-0.8%	+ = -
✓	NBR	Nabors Industries Ltd.	4:15 PM ET	\$1.06	\$776.21 M	36.5%	+ = -
✓	SSD	Simpson Manufacturi...	4:15 PM ET	\$1.46	\$483.74 M	-2.0%	+ = -
✓	CADE	Cadence Bancorpora...	4:30 PM ET	\$0.66	\$467.17 M	1.5%	+ = -
✓	AAN	Aaron's, Inc.	4:30 PM ET	\$0.28	\$564.91 M	23.9%	+ = -
✓	AGNC	AGNC Investment Co...	4:00 PM ET	\$0.61	\$408.99 M	-8.7%	+ = -
✓	PCH	PotlatchDeltic Corpor...	4:10 PM ET	\$0.12	\$246.84 M	-40.0%	+ = -
✓	HXL	Hexcel Corp.	4:15 PM ET	\$0.39	\$429.04 M	9.8%	+ = -
✓	MEDP	Medpace Holdings Inc.	4:15 PM ET	\$1.76	\$401.80 M	21.4%	+ = -
✓	HSII	Heidrick & Struggles I...	4:00 PM ET	\$0.57	\$245.14 M	-14.1%	+ = -
✓	WSFS	WSFS Financial Corp...	4:10 PM ET	\$1.30	\$187.88 M	-8.2%	+ = -
✓	RRC	Range Resources Co...	4:30 PM ET	\$0.70	\$788.16 M	336.1%	+ = -
✓	HTLF	Heartland Financial U...	4:00 PM ET	\$1.33	\$193.44 M	10.0%	+ = -
✓	BOH	Bank of Hawaii Corp.	6:45 AM ET	\$1.23	\$179.42 M	3.0%	+ = -
✓	TENB	Tenable Holdings, Inc.	4:05 PM ET	\$0.03	\$187.09 M	17.4%	+ = -
✓	HOPE	Hope Bancorp, Inc.	4:15 PM ET	\$0.38	\$152.82 M	-3.3%	+ = -
✓	IBTX	Independent Bank Gr...	5:00 PM ET	\$1.10	\$150.83 M	-1.9%	+ = -
✓	HLX	Helix Energy Solution...	6:25 PM ET	(\$0.01)	\$235.06 M	56.6%	+ = -
✓	WSBC	WesBanco Inc.	4:20 PM ET	\$0.79	\$129.32 M	-9.3%	+ = -
✓	NTB	Bank of N.T. Butterfiel...	4:30 PM ET	\$1.16	\$145.25 M	9.7%	+ = -
✓	NBTB	NBT Bancorp Inc.	4:15 PM ET	\$0.87	\$134.12 M	5.7%	+ = -
✓	EFSC	Enterprise Financial ...	4:00 PM ET	\$1.37	\$154.44 M	23.3%	+ = -
✓	SIFY	Sify Technologies Lim...	7:50 AM ET	\$0.01	\$138.40 M	52.9%	+ = -
✓	HMST	HomeStreet, Inc.	4:05 PM ET	\$0.42	\$63.24 M	-15.5%	+ = -
✓	KREF	KKR Real Estate Fin...	4:15 PM ET	\$0.51	\$47.82 M	-34.7%	+ = -
✓	HSTM	HealthStream, Inc.	4:30 PM ET	\$0.07	\$68.33 M	4.5%	+ = -
✓	WASH	Washington Trust Ba...	BMO	\$0.90	\$40.27 M	-27.7%	+ = -
✓	TRST	TrustCo Bank Corp NY	4:00 PM ET	\$1.02	\$53.34 M	14.8%	+ = -
✓	RBB	RBB Bancorp	4:10 PM ET	\$0.72	\$37.74 M	-11.2%	+ = -

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Market Trading Update

As noted last week:

The bull market is officially back, with the 50-DMA now well above the 200-DMA and BOTH moving averages trending higher. Notably, the MACD buy signals remain intact, which suggests that investors maintain increased equity exposures.

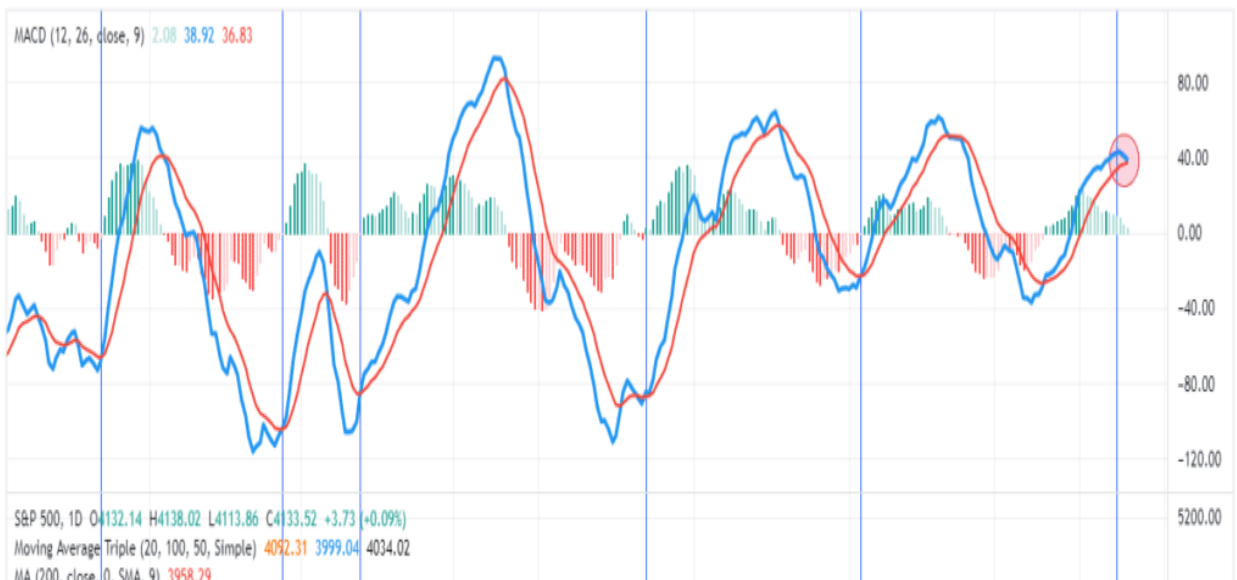
However, even with all of the bullish signals confirming a move higher in the market is likely, such does NOT mean there won't be 5 to 10% corrections along the way that can be used to increase equity exposure.

This past week, the market began showing signs of exhaustion after the recent advance from the March lows. While the market holds important support, more selling pressure appeared late in the week, even amid earnings season, where many companies were beating, albeit drastically lowered, estimates.

As shown, the MACD buy signal remains intact but is very close to triggering a sell signal which could occur next week. As such, we removed our major market index trading positions from our portfolios yesterday. With some additional cash on hand to hedge a pullback, we will look for an opportunity to increase exposures again later.



TradingView



While the market could pull back some, there is no risk of a major decline. There are numerous levels of support directly beneath the current levels, with the 20-DMA providing immediate support. More importantly, the rising bullish trend line from the lows suggests the maximum pullback currently will be 4000 on the index.

The Week Ahead

GDP on Thursday and PCE inflation on Friday will be the headline economic calendar this week. Economists estimate GDP grew by 2.3%, following last quarter's 2.6%. The PCE price index is expected to rise by 0.4%, 0.1% more than last month.

The Fed enters its blackout period before the May 4th FOMC meeting. Consequently, no voting members will be speaking.

A barrage of first-quarter earnings hits this week. Google, Microsoft, Amazon, Meta, Coca-Cola, Visa, McDonald's, and Exxon are leading the list. The most interesting next week maybe First Republic (FRC). Like Silicon Valley Bank, FRC, had a significant loss of deposits and is reeling.

If you subscribe to [SimpleVisor](#), you can find a list of earnings dates for the SimpleVisor portfolios and your portfolios, as shown below.

Upcoming Earnings			
Symbol	Earning Date	Estimate	Reported
MSFT	2023-04-24	2.22	--
GOOG	2023-04-24	1.06	--
NEE	2023-04-24	0.80	--
RTX	2023-04-24	1.11	--
AMZN	2023-04-26	0.20	--
ABBV	2023-04-26	2.46	--
MO	2023-04-26	1.19	--

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Wolf Street on 1-month Yields

We wrote about the strange divergence between one and three-month Treasury bill yields a few days ago. Per the [Commentary](#),

Since the end of the quarter, the yield on the 1-month Treasury bill fell from 4.70% to a low of 3.82% and back to 4.28%. Yet, Fed Funds futures are pricing in an 85% chance the Fed hikes rates on May 3rd and a 20% chance they hike again at the June meeting.

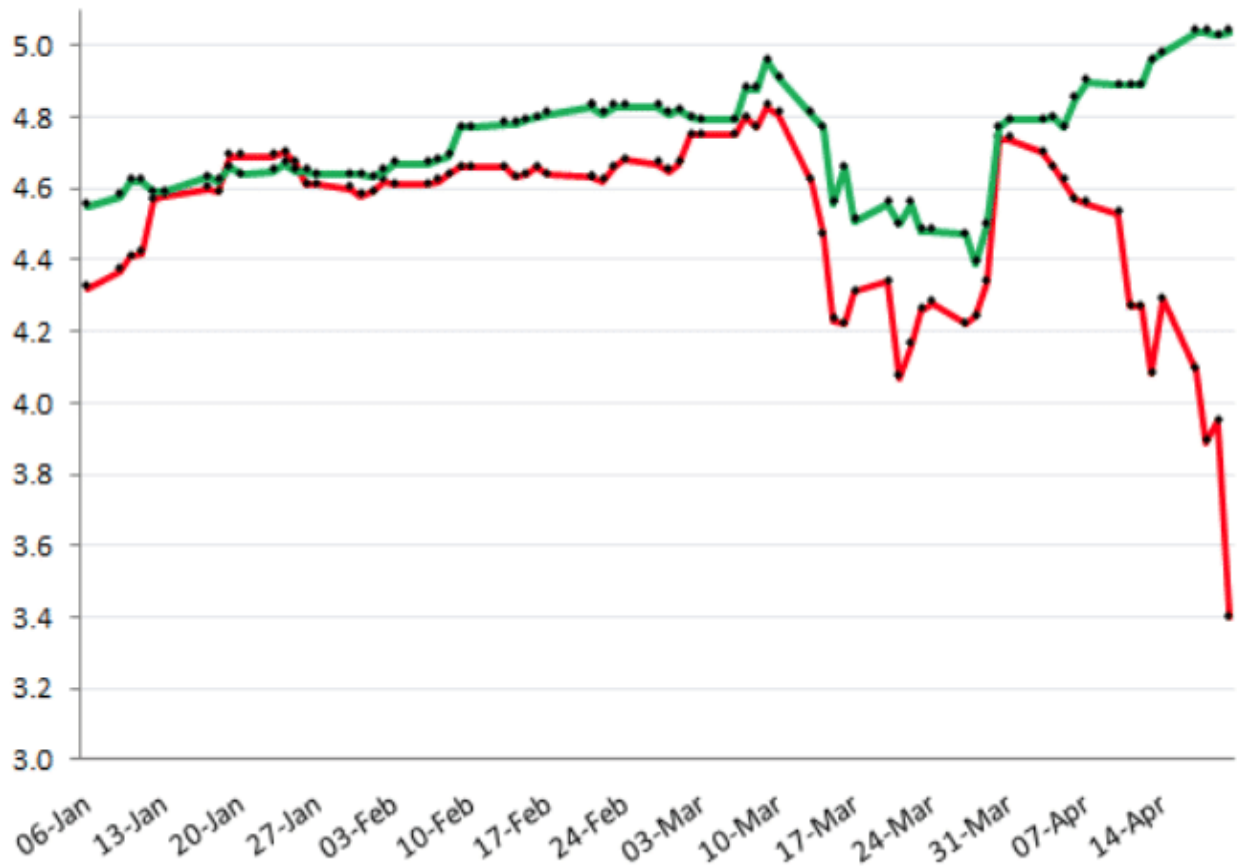
At the time, we attributed the problem to a collateral shortage. We are now learning that the strong demand is occurring because banks are demanding Treasury bill collateral that matures before the U.S. potentially fails to pay its debts if the cap is not resolved. The quotes and graph below are courtesy of [Wolf Street](#).

There is now an unspeakably crazy spread of 164 basis points between the one-month yield and the two-month yield ? a sign that some people are panicking and piling into whatever they will be out of at face value in about one month.

Along the same lines, the cost of insuring against a U.S. default has steadily risen. The second graph shows that one-year CDS protection has risen to over 1%. While relatively low, it is now higher than previous times a debt-cap default concerned investors and the financial crisis. In regards to a default, Wolf Street and ourselves are on the same page.

Obviously, this isn't going to happen, knock on wood. The good folks in Congress are surely too worried about their financial wealth, and surely, sheer greed will force them to agree on a deal. But the bet today was that maybe, just maybe, this calculus could be wrong. And it infused a little bit of suspense ? as they usually try to do ? into the farce so that not everyone will fall asleep, and so that they'll get a little more political traction with it.

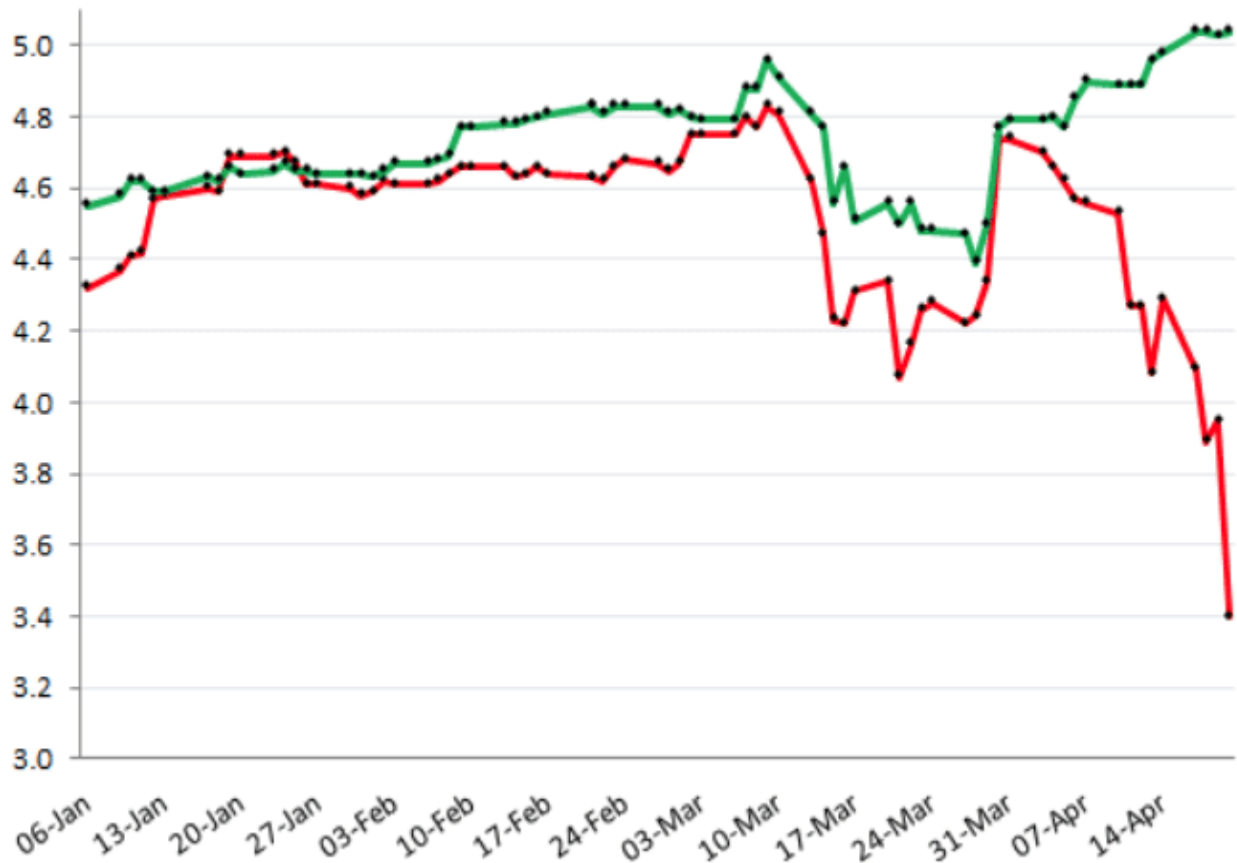
US Treasury 1-Month Yield & 2-Month Yield, %



Source: Treasury Dept.

WOLFSTREET.com

US Treasury 1-Month Yield & 2-Month Yield, %

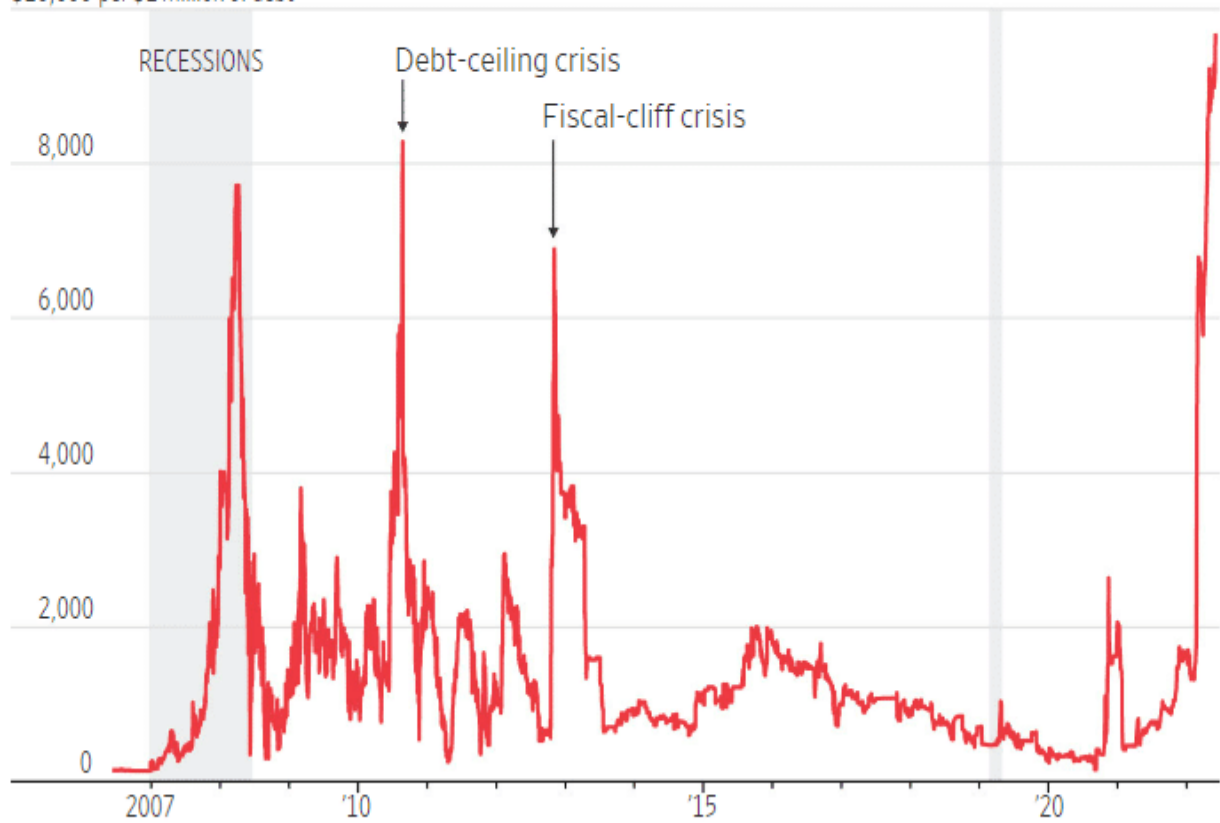


Source: Treasury Dept.

WOLFSTREET.com

The cost of insuring U.S. debt for one year via credit-default swaps has soared to the highest on record as the debt-ceiling debate has heated up.

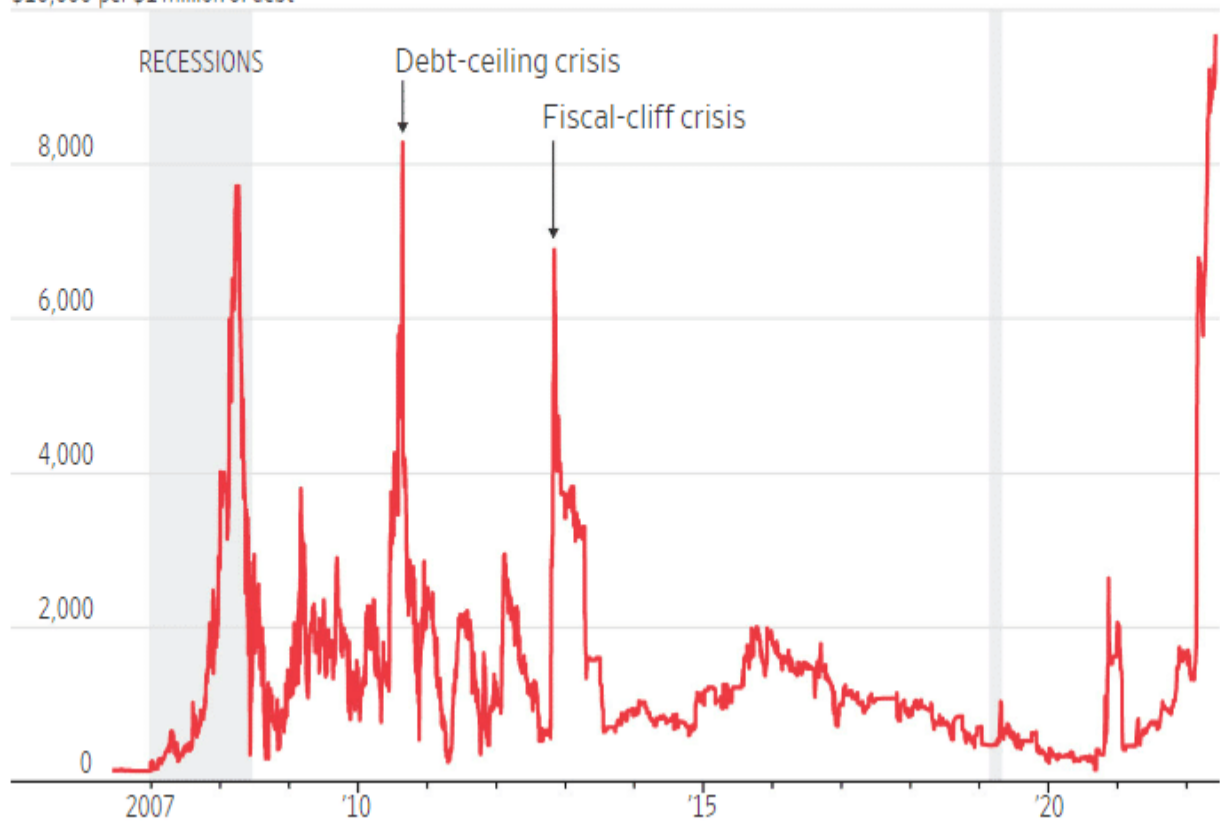
\$10,000 per \$1 million of debt



Source: S&P Global Market Intelligence

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Source: S&P Global Market Intelligence

Global Rice Shortage

On the heels of ?egg-flation? we are now learning of a significant global rice shortage. The war in Ukraine, monsoonal flooding in Pakistan, and draught conditions in China are leading to the most extensive supply deficit in over twenty years. [CNBC](#) quotes commodities analyst Charles Hart, Fitch Solutions:

Given that rice is the staple food commodity across multiple markets in Asia, prices are a major determinant of food price inflation and food security, particularly for the poorest households.

Food prices account for 13.51% of the CPI figure, but rice only contributes .16% within the food category. Countries like the Philipines (25%), Indonesia (14.9%), and Sri Lanka (11.3%) will see a significant uptick in their inflation figures due to rice prices. According to Fitch, the situation will be temporary. They believe rice stocks will return to a surplus in 2024, and with it, the price could drop by 10%. The graph below shows the price of rice futures is around 15-year highs.



Tweet of the Day



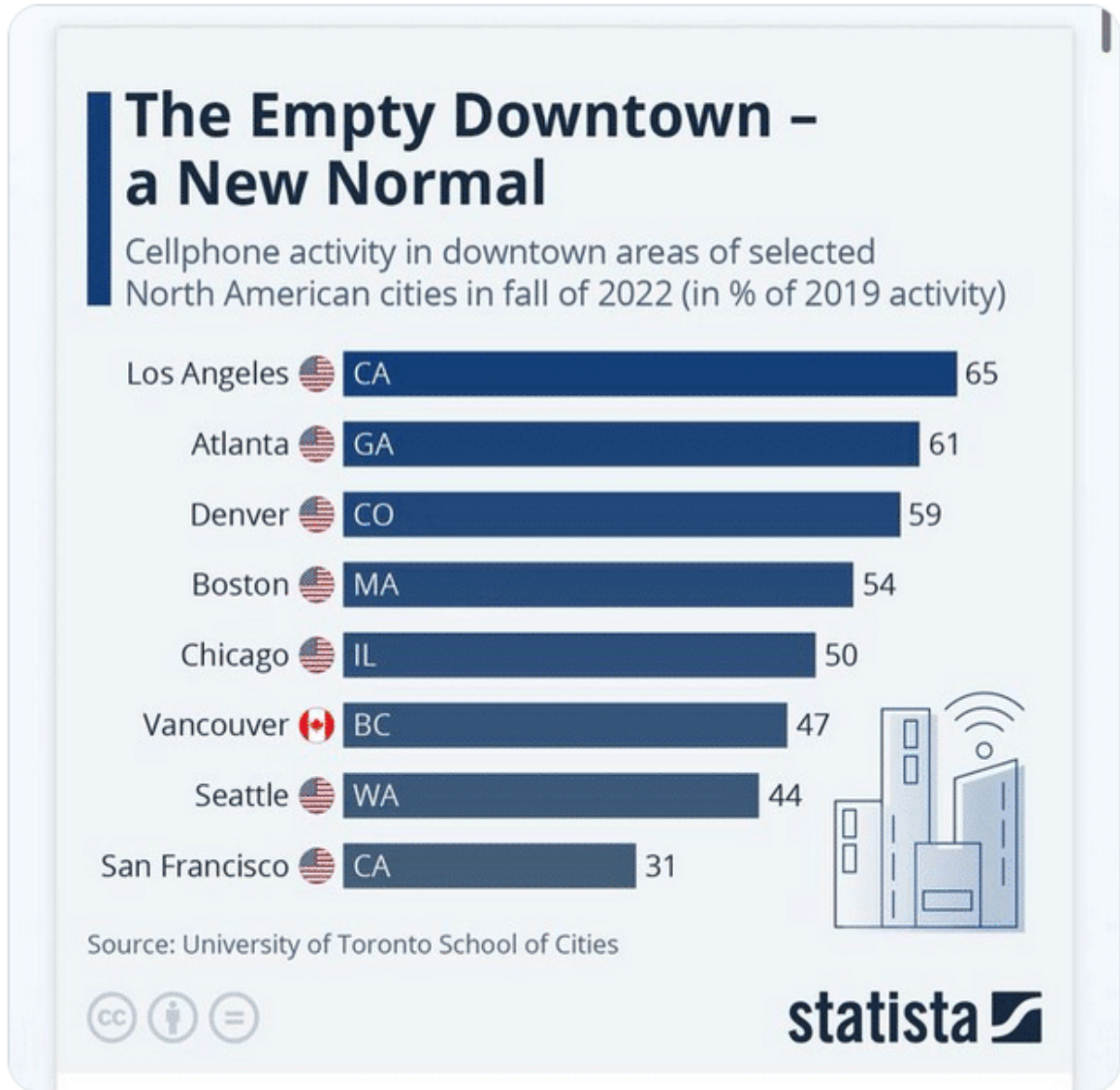
AndreasStenoLarsen ✓

@AndreasSteno



The Remote trend in one chart. Wow!

h/t to [@biancoresearch](#) for highlighting it 🙏



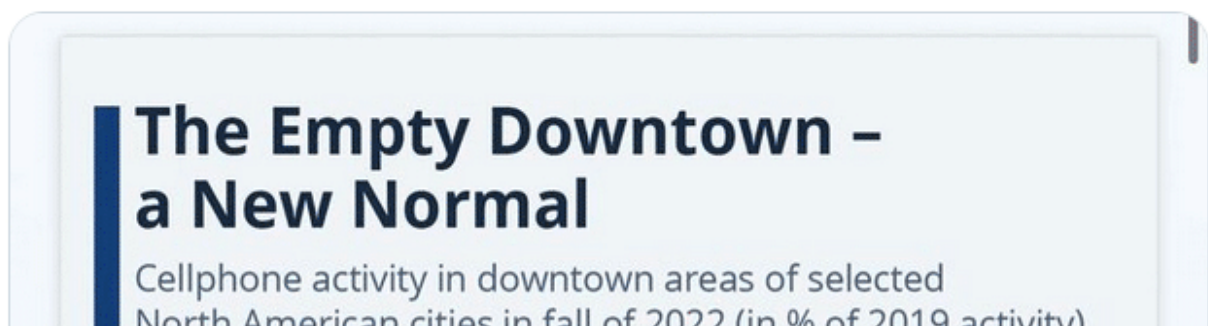
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2023/04/24

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