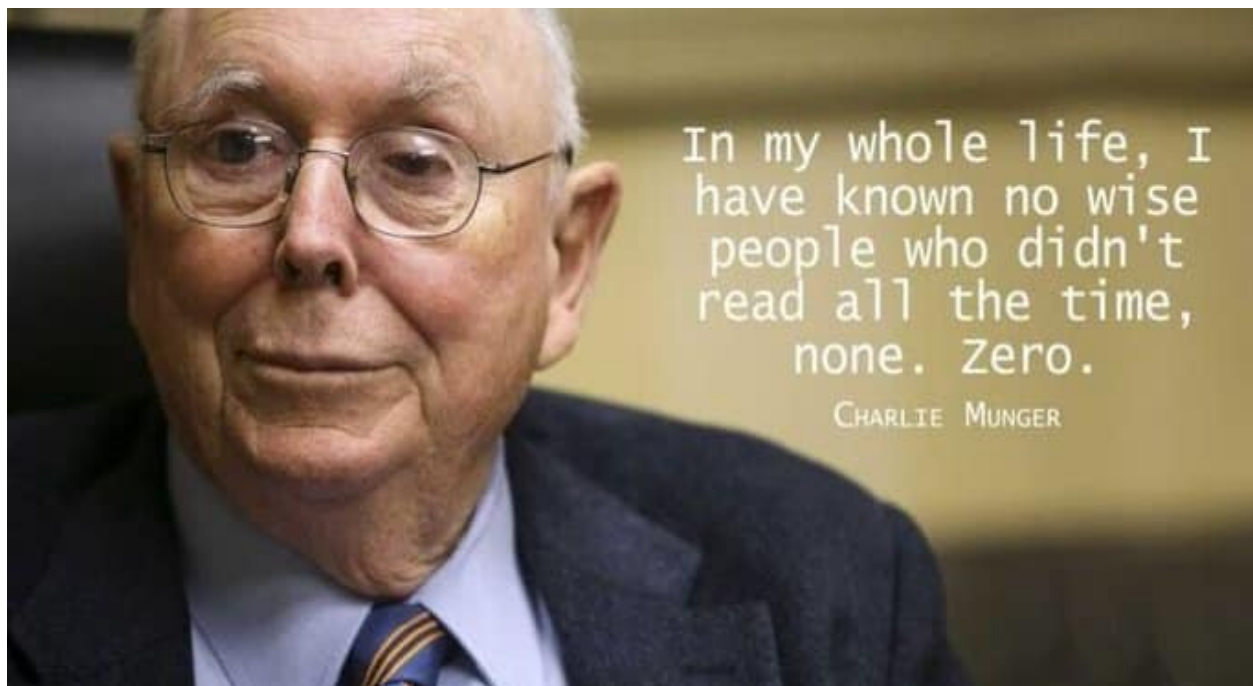


Charlie Munger Passes But His Wisdom Lives On

Warren Buffett's partner, Charlie Munger, passed away on Tuesday at the ripe age of 99. Charlie Munger and Warren Buffett founded Berkshire Hathaway in 1975. In the nearly fifty years of value investing, the simple genius of both founders has made them billionaires and many Berkshire investors millionaires. Berkshire Hathaway has a market cap of nearly \$800 billion, ranking it as the 9th largest public company in America by market cap. While Buffett is often in the media and tends to get most of the credit for Berkshire's success, Charlie Munger is equally smart and responsible for what they built.

Berkshire investors and others will be watching closely to see who his successor may be. Warren Buffett is 93 years old. Consequently, the successor may have a dominant role at Berkshire for years to come. In his 99 years, Charlie Munger has become known to be one of the greatest investors ever. Further, he has been quite open about what has led to his wild success. In a section below, we share just a small bit of the knowledge and wisdom that made him the legend he is.



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
☀	RY	Royal Bank Of Canada	\$121,029,939,720	Oct/2023	\$1.90	3	11/30/2022	\$2.09
☀	TD	Toronto Dominion Bank (The)	\$111,477,500,000	Oct/2023	\$1.37	4	12/01/2022	\$1.64
🌙	DELL	Dell Technologies Inc.	\$53,866,347,837	Oct/2023	\$1.23	5	11/21/2022	\$2.01
🌙	MRVL	Marvell Technology, Inc.	\$48,230,520,000	Oct/2023	\$0.24	13	12/01/2022	\$0.41
☀	CM	Canadian Imperial Bank of Commerce	\$35,880,237,696	Oct/2023	\$1.13	4	12/01/2022	\$1.08
☹	JCI	Johnson Controls International plc	\$35,669,179,382	Sep/2023	\$1.09	7	11/03/2022	\$0.99
☀	KR	Kroger Company (The)	\$31,714,632,652	Oct/2023	\$0.90	8	12/01/2022	\$0.88
🌙	ULTA	Ulta Beauty, Inc.	\$20,417,582,172	Oct/2023	\$4.96	14	12/01/2022	\$5.34
🌙	IOT	Samsara Inc.	\$14,331,365,607	Oct/2023	(\$0.10)	5	12/01/2022	(\$0.11)
☹	AEG	Aegon Ltd.	\$14,260,713,279	Sep/2023		N/A	11/10/2022	(\$0.10)
🌙	PATH	UiPath, Inc.	\$10,484,654,720	Oct/2023	(\$0.10)	4	12/01/2022	(\$0.09)
🌙	ESTC	Elastic N.V.	\$7,493,628,142	Oct/2023	(\$0.34)	8	11/30/2022	(\$0.50)
☀	DOOO	BRP Inc.	\$5,410,321,122	Oct/2023	\$2.19	4	11/30/2022	\$2.73
☀	FRO	Frontline Plc	\$4,944,390,200	Sep/2023	\$0.46	2	11/30/2022	\$0.37
☀	ASO	Academy Sports and Outdoors, Inc.	\$3,659,658,385	Oct/2023	\$1.57	7	12/07/2022	\$1.63

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Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
THURSDAY, NOVEMBER 30						
08:00	USD OPEC Meeting				SPEECH	
13:30	USD Continuing Jobless Claims(Nov 17)		-	-	- 1.84M	
13:30	USD Core Personal Consumption Expenditures - Price Index (MoM)(Oct)		-	-	0.2% 0.3%	
13:30	USD Core Personal Consumption Expenditures - Price Index (YoY)(Oct)		-	-	3.5% 3.7%	
13:30	USD Initial Jobless Claims(Nov 24)		-	-	220K 209K	
13:30	USD Initial Jobless Claims 4-week average(Nov 24)		-	-	- 220K	
13:30	USD Personal Consumption Expenditures - Price Index (MoM)(Oct)		-	-	0.1% 0.4%	
13:30	USD Personal Consumption Expenditures - Price Index (YoY)(Oct)		-	-	3% 3.4%	
13:30	USD Personal Income (MoM)(Oct)		-	-	0.2% 0.3%	
13:30	USD Personal Spending(Oct)		-	-	0.2% 0.7%	
14:05	USD Fed's Williams speech				SPEECH	
14:45	USD Chicago Purchasing Managers' Index(Nov)		-	-	45.4 44	
15:00	USD Pending Home Sales (MoM)(Oct)		-	-	-2% 1.1%	
15:00	USD Pending Home Sales (YoY)(Oct)		-	-	- -11%	
15:30	USD EIA Natural Gas Storage Change(Nov 24)		-	-	-8B -7B	
16:30	USD 4-Week Bill Auction		-	-	- 5.3%	
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Market Trading Update

Another day of market sloppiness as get ready to close out the month today. The market started off strong yesterday morning but faded into the afternoon, even as bond yields fell below 4.3%. Speaking of bonds, the recent move has gotten ahead of itself, so if you are trading bonds, this would be an ideal time to take some profits and look for a yield reversal for the next buy. I suspect that between now and the Fed meeting in December, we will get either some economic news or comments from the Fed that reinforce their inflationary concerns. Such would reverse the recent

selloff in bonds, providing a better entry point to increase exposure heading into 2024.

From a technical perspective, bonds have cleared the important 50 and 100-DMA, with a bullish cross of the 20-DMA above the 50-DMA. If bonds can hold the current level, the next major target will be the 200-DMA. As noted, expect a pullback with the MACD and RSI levels reaching more overbought short-term levels. Any correction that holds the 20-DMA will be a bullish setup for another rally to ensue. There is a lot of overhead resistance between 100 and 110 on the iShares 20+ Year Treasury Bond ETF chart below. However, a move above those levels will be great for bondholders but most likely will occur consistent with the onset of a recession.





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Munger's Wisdom

There are hundreds of quotes attributable to Charlie Munger. While he often spoke about his investments and the fundamental and market traits he seeks in companies when investing, he also shared a lot of wisdom on life. Accordingly, we share just a tiny handful of his quotes. If you want more, Google Charlie Munger, and you will be overwhelmed with the amount of accessible knowledge he has shared in his lifetime.

- *There is no better teacher than history in determining the future? There are answers worth billions of dollars in a history book.*
- *There are three ways to go broke: ?liquor, ladies, and leverage?*
- *In my whole life, I have known no wise people who didn't read all the time ? none, zero.*
- *A great business at a fair price is superior to a fair business at a great price*
- *I think that every time you see the word EBITDA, you should substitute the words ?bullshit earnings?*
- *All intelligent investing is value investing, acquiring more than you are paying for*
- *Mimicking the herd invites regression to the mean*
- *You must force yourself to consider opposing arguments. Especially when they challenge your best-loved ideas*
- *You need patience, discipline, and agility to take losses and adversity without going crazy*
- *Most people are too fretful, they worry too much. Success means being very patient, but aggressive when it's time*
- *Live within your income and save so that you can invest. Learn what you need t*

Government Spending Drives GDP

Third quarter GDP was revised higher by 0.3% to 5.2%. Such is the strongest quarterly growth in almost two years. Making the revision interesting is that personal consumption, which accounts for two-thirds of GDP on average, was revised 0.4% lower to +3.6%. However, making up for the revision is government spending, which grew at 5.5%. Within that, defense spending surged 8.2%. While the Fed may not like such strong economic growth, the data is old. Recent economic data point to much slower growth. For example, the Atlanta Fed GDPNOW forecasts 2.1% growth for Q4. The Fed should like the revision to the core price component. It now stands at +2.3%. Consequently, as graphed below, it is near the Fed's 2% target and in the pre-pandemic range.

Real GDI was reported at +1.5%, well below +5.2% for GDP. The third graph below shows this is the widest gap in at least 50 years. We discussed this divergence after the second quarter GDP report. It has widened further in the latest quarter. As we wrote in [GDI or GDP](#):

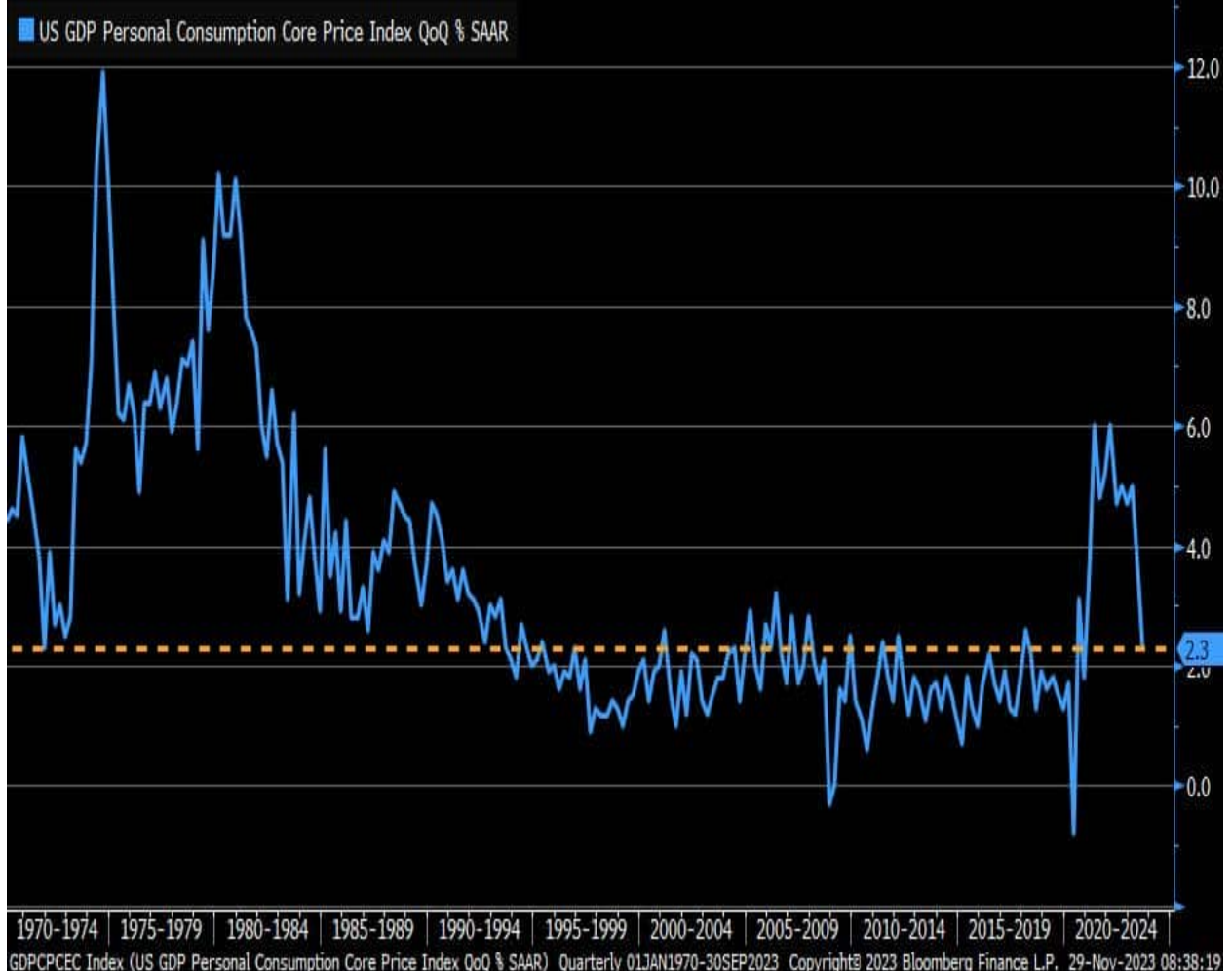
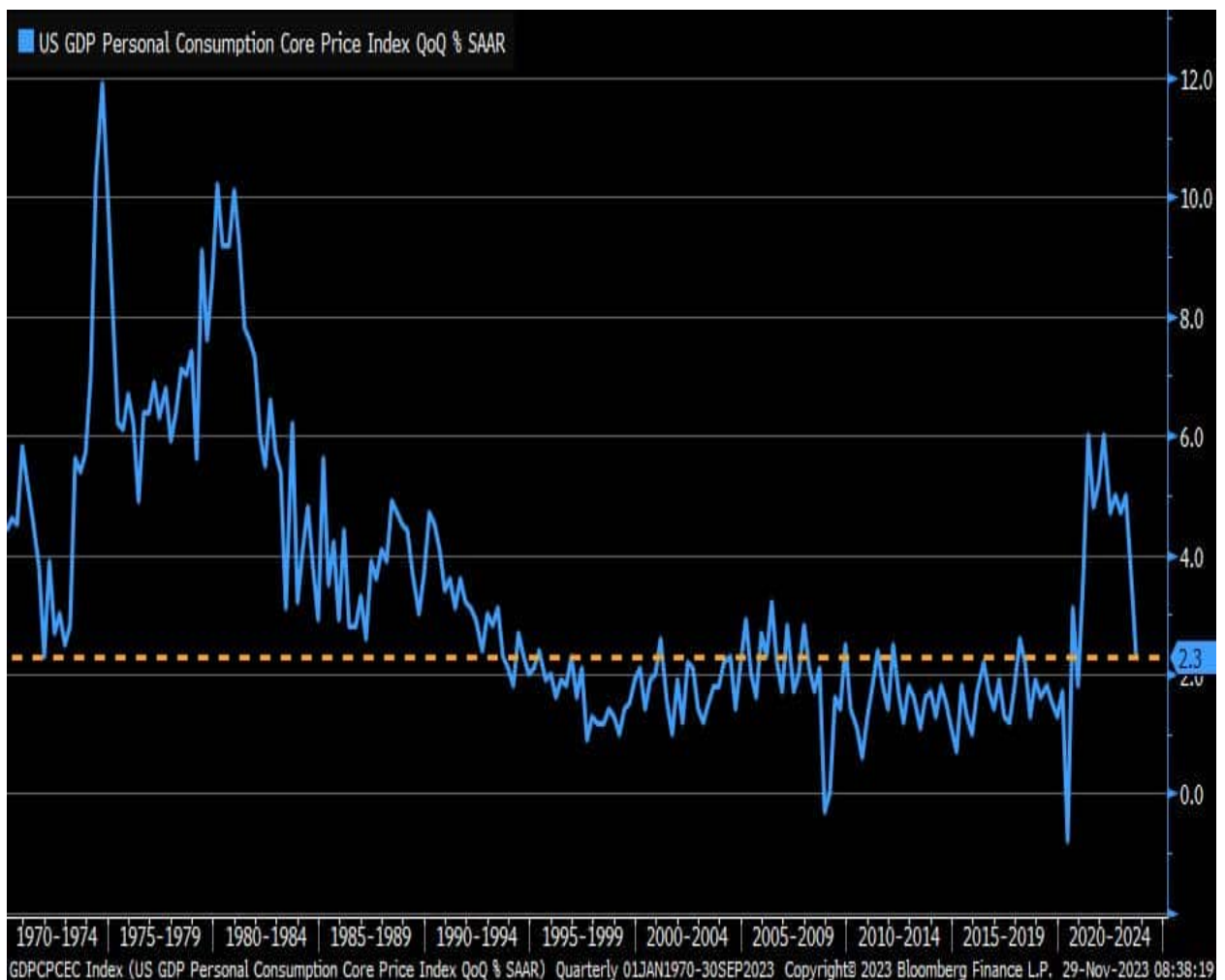
We are concerned that significant differences between GDP and GDI tend to occur before recessions

We followed up in [Economic Data Points Diverge](#) as follows:

Therefore, given that GDI measures the income side of the equation (derived from production), it is logical that GDI should track pretty closely to GDP over time. Furthermore, it should be logical that deviations between production and consumption should indicate a shift in the economic underpinnings.

Therefore, robust economic activity will continue and show up in GDI in the coming quarters. Conversely, as is typical, GDI tends to lead the way and signals weak economic growth ahead.

Our take: the bulls will say, *?What recession??* while the realists will point out that GDP is a lagging indicator.



GDP components					
	% of GDP	3Q23	2Q23	1Q23	4Q22
• Consumer spending	68.8%	3.6%	0.8%	3.8%	1.2%
• Government spending	17.1%	5.5%	3.3%	4.8%	5.3%
Federal: 6.6%		7.0%	1.1%	5.2%	9.8%
State/local: 10.4%		4.6%	4.7%	4.6%	2.8%
• Net exports of goods and services*	-4.2%	0.0	0.0	0.6	0.26
Exports: 11.1%		6.0%	-9.3%	6.8%	-3.5%
Imports: -15.3%		5.2%	-7.6%	1.3%	-4.3%
• Fixed investment	17.7%	2.4%	5.2%	3.1%	-5.4%
Nonresidential: 14.6%		1.3%	7.4%	5.7%	1.7%
Residential: 3.3%		6.2%	-2.2%	-5.3%	-24.9%
• Change in private inventories*	--	1.4	0.0	-2.2	1.6
	Real GDP	5.2%	2.1%	2.2%	2.6%

Source: Charles Schwab, Bureau of Economic Analysis, as of 3Q2023. Components based on real GDP annualized q/q % change.

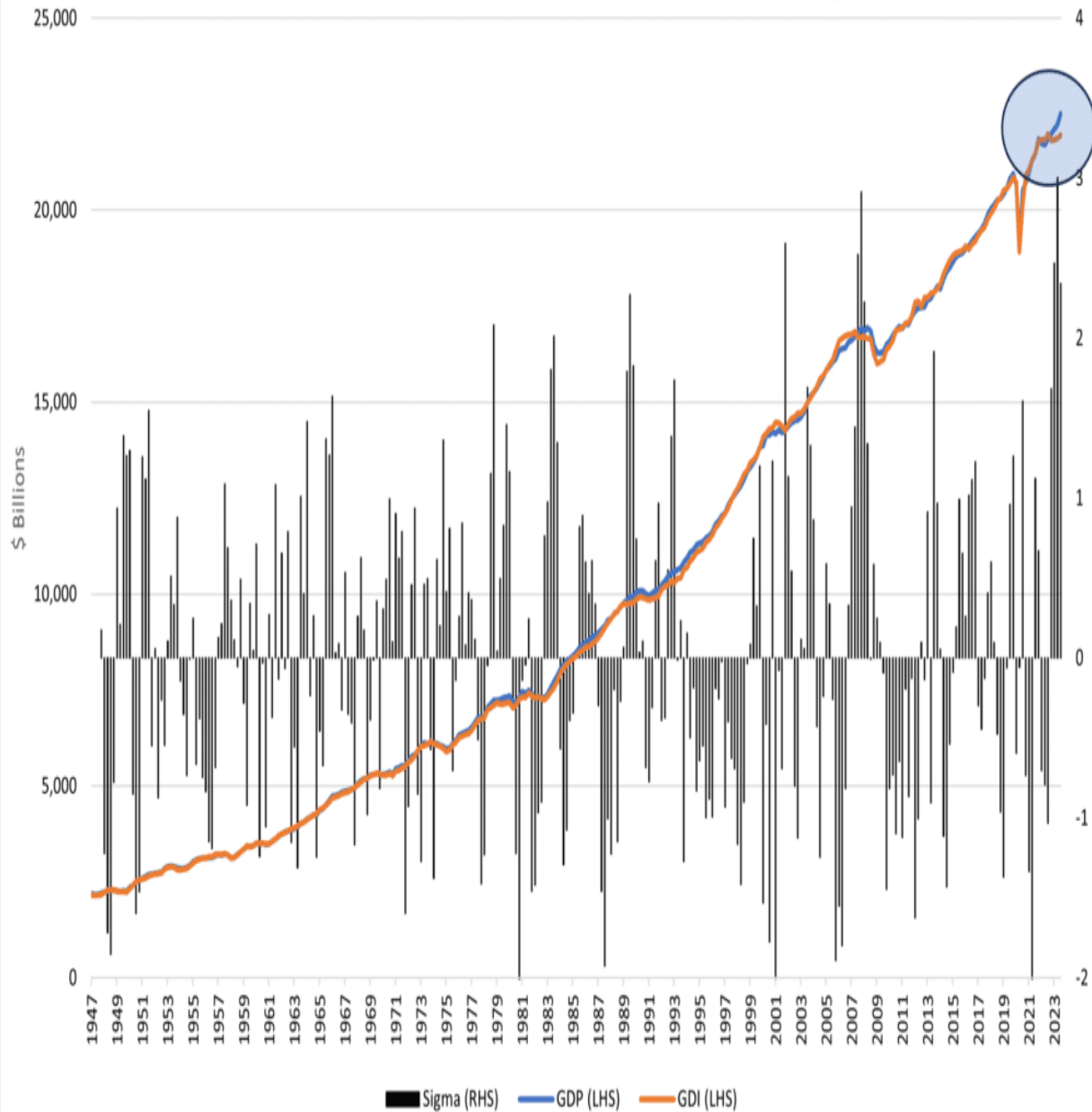
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State/local: 10.4%		4.6%	4.7%	4.6%	2.8%
• Net exports of goods and services*	-4.2%	0.0	0.0	0.6	0.26
Exports: 11.1%		6.0%	-9.3%	6.8%	-3.5%
Imports: -15.3%		5.2%	-7.6%	1.3%	-4.3%
• Fixed investment	17.7%	2.4%	5.2%	3.1%	-5.4%
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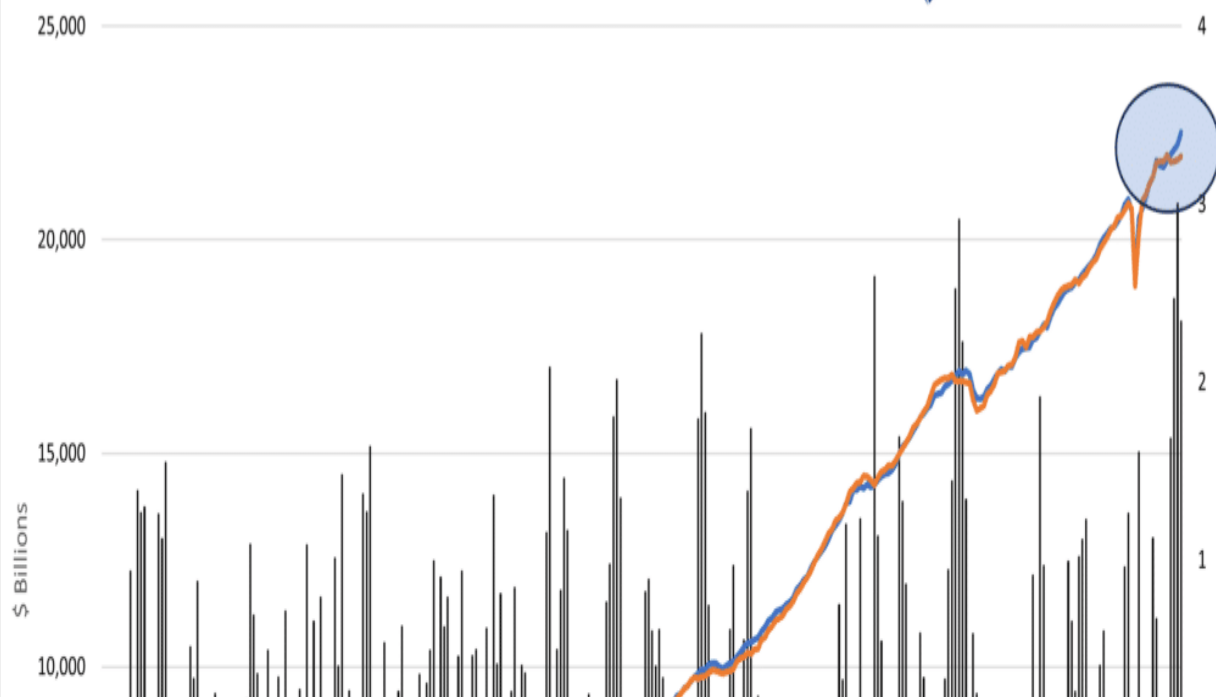
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GDP and GDI - Record Deviation



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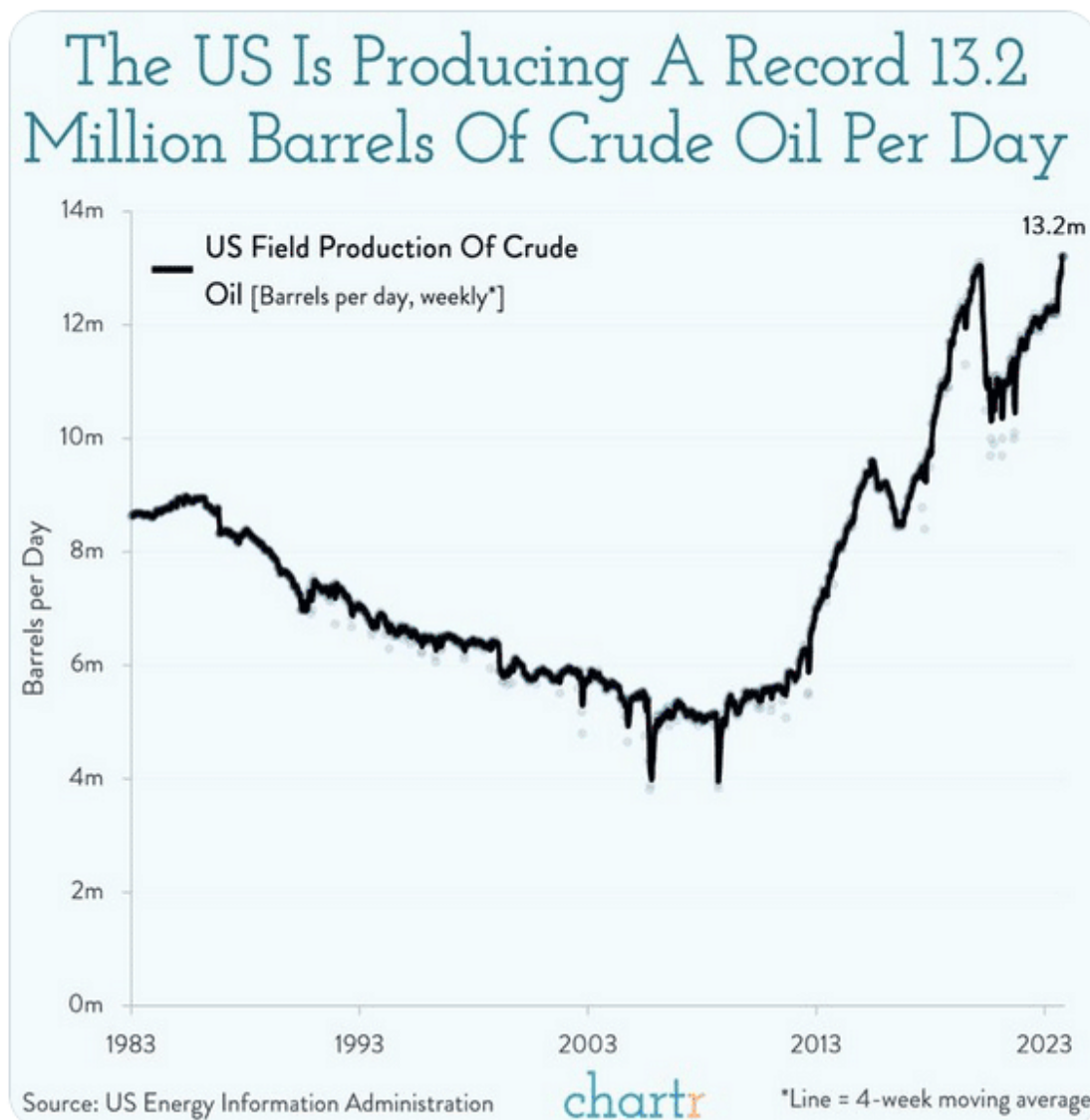
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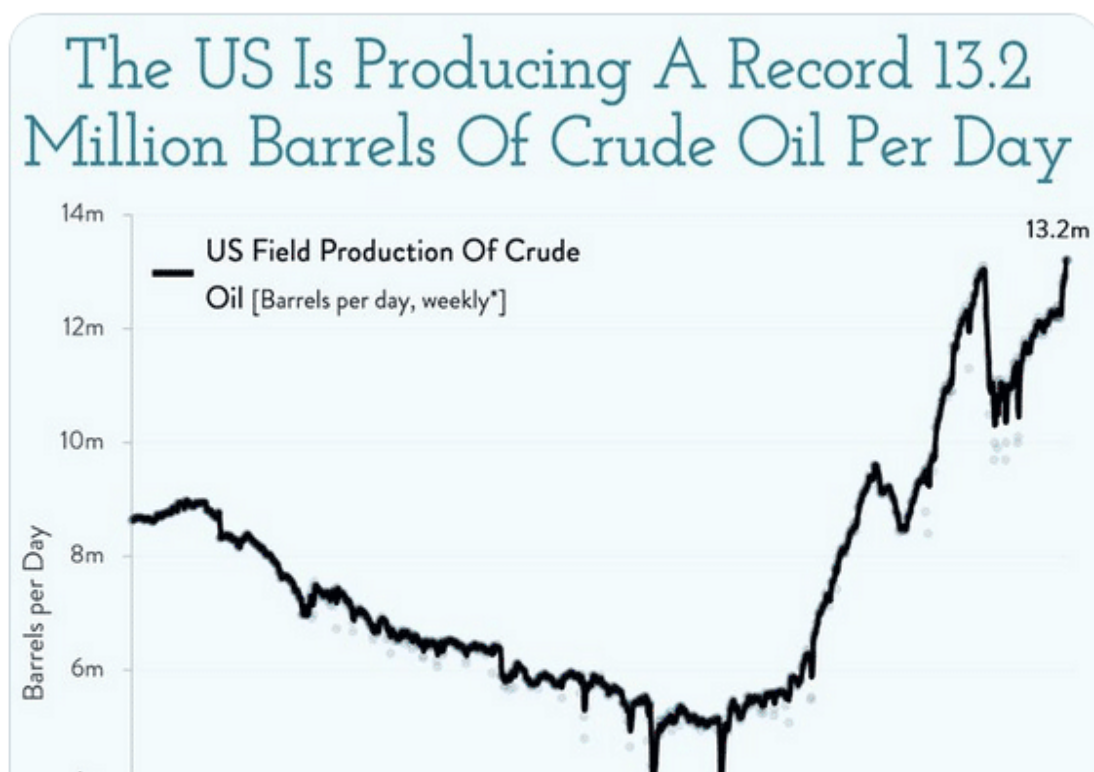
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...

US is producing a record amount of crude oil per day:



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