



Continuing Jobless Claims Diverge From Initial Claims

Along with this week's BLS, JOLTs, and ADP labor market reports are the weekly initial and continuing jobless claims data from the BLS. While the market doesn't seem to focus on the continuing and initial jobless claims data as much as the monthly data, it is constructive. It helps us affirm the divergences we see in the monthly data. Furthermore, it is much closer to real-time, so it quickly alerts us to potential changes.

Initial and continuing claims affirm the stale jobs market, whereas few employers are hiring and few are firing. The graph below from ZeroHedge shows continuing claims (red) are at a 3-year high and have been trending higher over the last couple of months after being rangebound for 2023 and early 2024. Furthermore, excluding the pandemic-related period of 2020 and 2021, continuing claims are above 2018 and 2019 levels. The divergence between initial and continued claims portends that the pace of layoffs is not increasing, but those laid off are finding it hard to find a new job. This data jibes with the JOLTs data, showing the hires rate is at the lowest level in 10 years.

This week, we might get further confirmation between JOLTs and the continuing claims data. Such a signal can be a leading indicator of broad-based labor market weakness in the pipeline. However, take the data with a grain of salt as it may be employer consternation leading into the election.



What To Watch Today

Earnings

Tuesday Oct 29	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Alphabet <small>GOOG.US</small>		1.84	1.55		86.37B	76.69B	\$946.09B	Q3	PM
Visa <small>V.US</small>		2.58	2.33		9.49B	8.6B	\$568.84B	Q4	AM
Advanced Micro Devices <small>AMD</small>		0.92	0.70		6.71B	5.8B	\$253.96B	Q3	AM
McDonald's <small>MCD.US</small>		3.20	3.17		6.82B	6.69B	\$214.48B	Q3	PM
Pfizer <small>PFE.US</small>		0.62	-0.17		14.92B	13.2B	\$162.46B	Q3	PM
Stryker <small>SYK.US</small>		2.77	2.46		5.37B	4.9B	\$135.61B	Q3	PM
Chubb <small>CB.US</small>		4.98	4.95		14.16B	13.1B	\$117.59B	Q3	PM
American Tower <small>AMT.US</small>		1.58	1.26		2.78B	2.82B	\$104.77B	Q3	PM
Mondelez International <small>MDLZ</small>		0.85	0.82		9.11B	9.03B	\$93.86B	Q3	PM
PayPal <small>PYPL.US</small>		1.07	1.30		7.88B	7.42B	\$88.04B	Q3	AM
Chipotle Mexican Grill <small>CMG.US</small>		0.25	11.36		2.82B	2.5B	\$81.84B	Q3	PM
Welltower <small>WELL.US</small>		0.38	0.24		1.95B	1.66B	\$75.11B	Q3	AM
Ecolab <small>ECL.US</small>		1.82	1.54		4.03B	3.96B	\$73.18B	Q3	PM
Republic Services <small>RSG.US</small>		1.61	1.54		4.12B	3.83B	\$63.35B	Q3	PM
Enterprise Products Partner		0.67	0.60		13.9B	11.99B	\$63.03B	Q3	PM
DR Horton <small>DHI.US</small>		4.18	4.45		10.21B	10.05B	\$60.34B	Q4	PM
Royal Caribbean Cruises <small>RCL</small>		5.04	3.85		4.89B	4.16B	\$57.52B	Q3	PM
ONEOK <small>ONE.US</small>		1.23	0.99		5.61B	5.33B	\$56.67B	Q3	PM
Phillips 66 <small>PSX.US</small>		1.68	4.63		36.46B	39.24B	\$55.42B	Q3	PM
Msci <small>MSCI.US</small>		3.76	3.45		714.59M	625.4M	\$46.89B	Q3	AM
Corning <small>GLW.US</small>		0.53	0.45		3.72B	3.46B	\$40.01B	Q3	AM
Electronic Arts <small>EA.US</small>		2.02	1.47		2.04B	1.91B	\$39.16B	Q2	PM
Sysco <small>SYYS.US</small>		1.13	1.07		20.48B	19.6B	\$36.92B	Q1	AM
Extra Space Storage <small>EXR.US</small>		1.11	0.96		826.93M	748.03M	\$35.55B	Q3	PM
Edison International <small>EIX.US</small>		1.40	1.38		5.01B	4.71B	\$32.76B	Q3	PM
FirstEnergy <small>FE.US</small>		0.90	0.88		3.96B	3.5B	\$25.25B	Q3	AM
Hubbell <small>HUBB.US</small>		4.46	3.95		1.48B	1.38B	\$24.17B	Q3	PM
Leidos <small>LDOS.US</small>		2.01	2.03		4.07B	3.9B	\$22.97B	Q3	AM
First Solar <small>FSLR.US</small>		3.11	2.50		1.07B	801M	\$21.35B	Q3	PM
Essex Property <small>ESS.US</small>		1.35	1.36		444.39M	417.08M	\$19.3B	Q3	AM
Zebra Technologies <small>ZBRA.US</small>		3.23	0.87		1.22B	956M	\$18.73B	Q3	PM
Masco <small>MAS.US</small>		1.08	1.00		2B	1.98B	\$18.11B	Q3	AM
Snap <small>SNAP.US</small>		-0.13	0.02		1.36B	1.19B	\$17.33B	Q3	AM
EQT <small>EQT.US</small>		0.08	0.30		1.32B	1.18B	\$16.34B	Q3	AM
Stanley Black & Decker <small>SWK.US</small>		1.05	1.05		3.8B	4B	\$15.89B	Q3	PM

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Economy

Tuesday October 29 2024			Actual	Previous	Consensus	Forecast		
07:30 AM	US	Goods Trade Balance Adv <small>SEP</small>		\$-94.26B	\$-96.1B	\$-93.0B		
07:30 AM	US	Retail Inventories Ex Autos MoM Adv <small>SEP</small>		0.5%		0.3%		
07:30 AM	US	Wholesale Inventories MoM Adv <small>SEP</small>		0.1%	0.2%	0.2%		
07:55 AM	US	Redbook YoY <small>OCT/26</small>		4.6%				
08:00 AM	US	S&P/Case-Shiller Home Price MoM <small>AUG</small>		0%		-0.1%		
08:00 AM	US	S&P/Case-Shiller Home Price YoY <small>AUG</small>		5.9%	5%	5.4%		
08:00 AM	US	House Price Index <small>AUG</small>		425.2		425.2		
08:00 AM	US	House Price Index MoM <small>AUG</small>		0.1%	0.1%	0%		
08:00 AM	US	House Price Index YoY <small>AUG</small>		4.5%		4.0%		
09:00 AM	US	JOLTs Job Openings <small>SEP</small>		8.04M	7.99M	7.8M		
09:00 AM	US	CB Consumer Confidence <small>OCT</small>		98.7	99.3	98.5		
09:00 AM	US	JOLTs Job Quits <small>SEP</small>		3.084M		3M		
09:30 AM	US	Dallas Fed Services Index <small>OCT</small>		-2.6		-2.5		
09:30 AM	US	Dallas Fed Services Revenues Index <small>OCT</small>		10.1		10		
10:30 AM	US	42-Day Bill Auction		4.650%				
10:30 AM	US	52-Week Bill Auction		3.780%				
12:00 PM	US	2-Year FRN Auction		0.261%				
12:00 PM	US	7-Year Note Auction		3.668%				
03:30 PM	US	API Crude Oil Stock Change <small>OCT/25</small>		1.643M				

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Market Trading Update

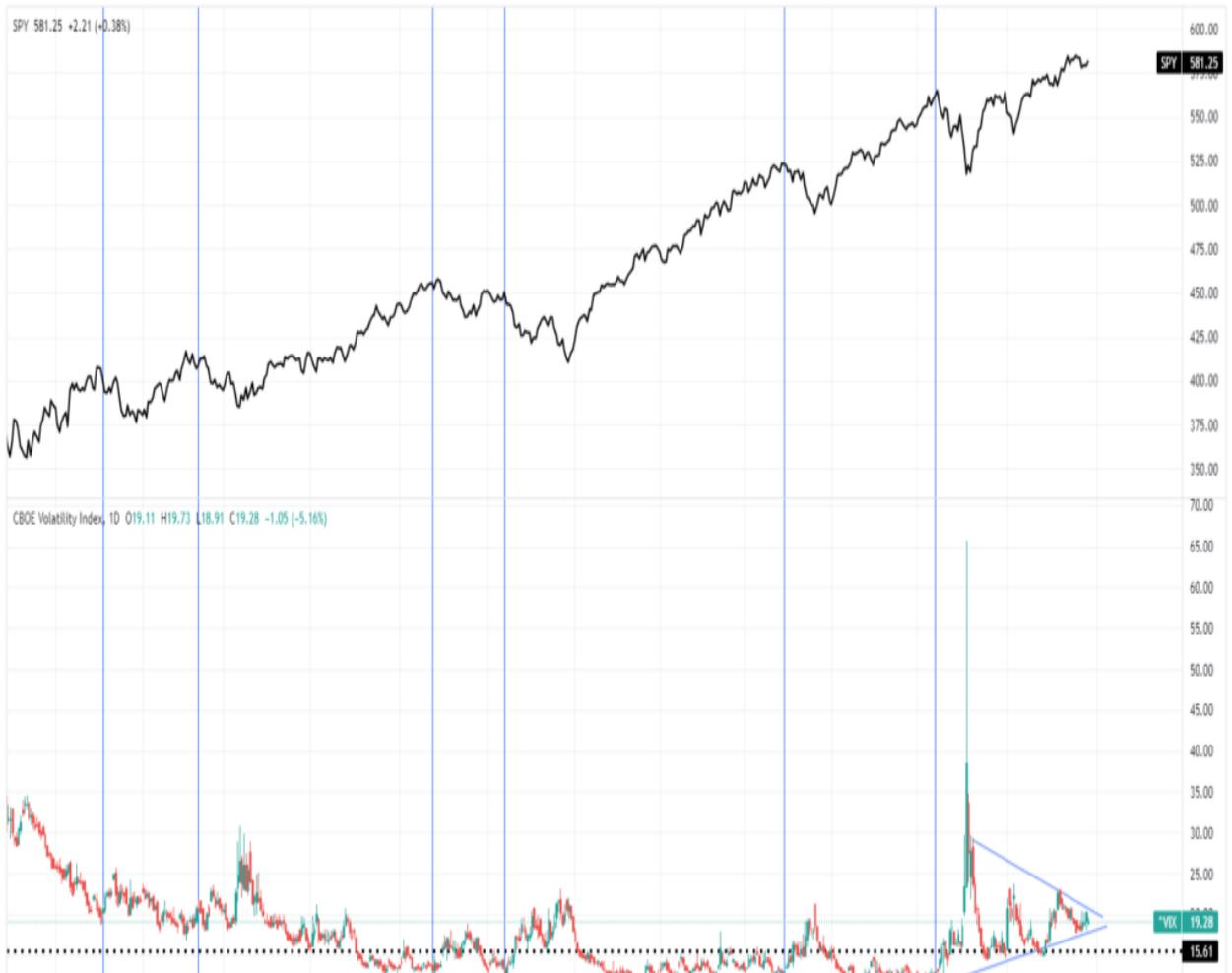
As [*discussed yesterday*](#), the market has taken a breather over the last several trading days after a long and uninterrupted six-week advance. Notably, volatility remains somewhat elevated but subdued within a tight trading range. That compression, as noted previously concerning the stock market, indicates that a fairly substantial move in volatility is likely when it breaks out of that range.

We guess that the market is not hedged enough for an election outcome that favors Kamala Harris, which could send volatility sharper higher for a day or two as Wall Street repositions from their recent *?Trump trade?* bets. If Donald Trump wins the election, we could see volatility break to the downside into year-end as professional managers chase stock returns for year-end reporting.

To us, the volatility index suggests some short-term risk to the market. Unfortunately, we have no idea what that means. As we saw in 2016, it was assumed that if Donald Trump won, the market would crash. It did on election night, but by the time the markets opened the next day it was flat and ended up 500 points by the end of the day. That kind of overnight swing is impossible to hedge for and any potential thing you do has an opportunity to turn out wrong.



TradingView



As such, we will likely stay the course for now?wait for the election and then adjust for the outcome. Furthermore, a lot of critical economic data this week, from PCE to Employment, will weigh on the Federal Reserve and their meeting next week. We also have earnings from MSFT, GOOG, AMZN, AAPL, and LLY, which will move markets.

As you can see, there are many moving pieces this week. Remain nimble and be prepared to adjust if necessary.



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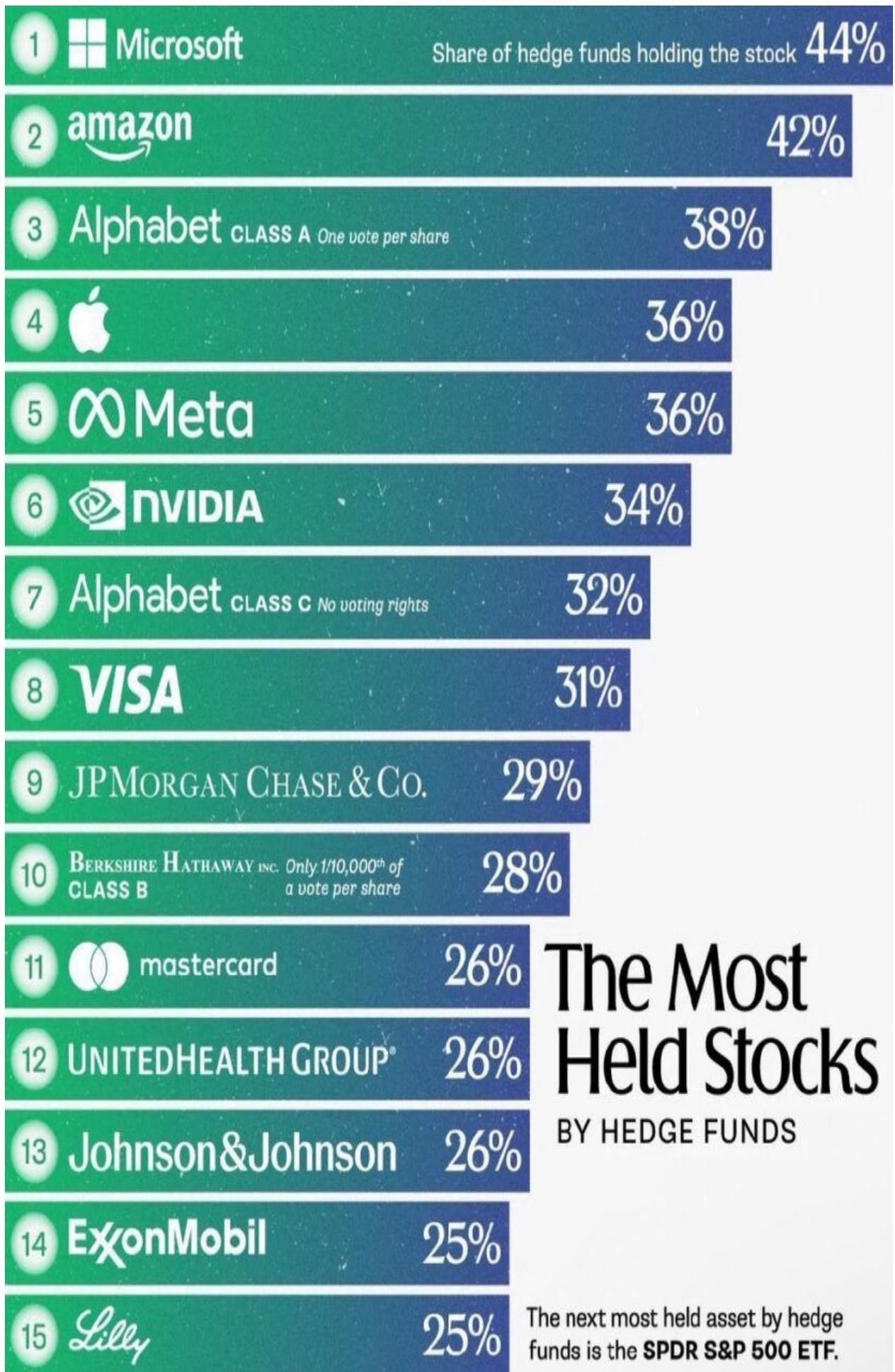
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Hedge Funds Own The Largest Stocks

With earnings releases from some of the largest companies this week, we know hedge funds will be paying close attention. The chart below shows that the five most popular hedge fund holdings will present earnings this week. Given hedge funds' general trading and positioning aggressiveness, the earnings reports will generate significant volatility if they over- or underperform expectations or present guidance different from market expectations. Nvidia will report its earnings in a month, but any commentary on AI from the technology companies shown below will likely influence Nvidia's shares.



The Most Held Stocks

BY HEDGE FUNDS

The next most held asset by hedge funds is the **SPDR S&P 500 ETF**.

As of Q1 2024

Source: 13F filings via WhaleWisdom



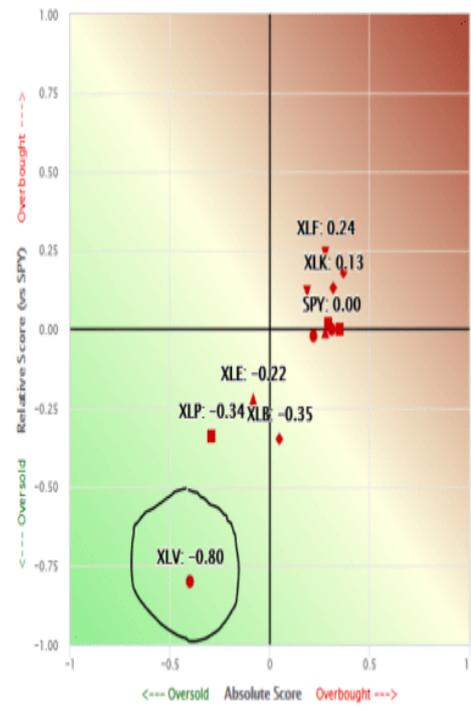
The Healthcare Sector Lags On Election Jitters

The coming election is taking a toll on healthcare stocks. The first [SimpleVisor](#) screenshot shows that the healthcare sector is grossly oversold relative to the broader market and other sectors. Moreover, the graph on the right shows that healthcare appears to be the only sector trading poorly going into the election. While the sector is ripe to outperform the market, we caution that it could be rough until the election is over and the market processes the results.

For more detail, the second graphic zooms into the top ten underlying healthcare stocks. ISRG is the lone outperformer. That was almost solely the function of an excellent earnings report on October 18th. Thermo Fisher, Danaher, and Merck are trading the poorest of the group.

Sectors Analysis - Absolute and Relative Score (vs SPY)

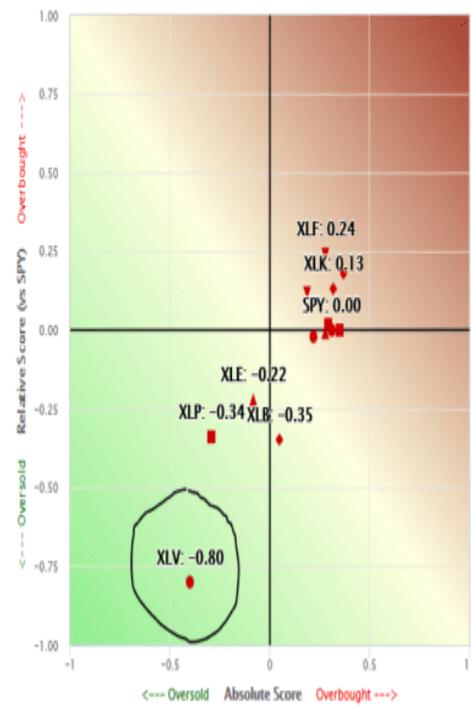
Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)	Chart
XLF Financial		0.28	0.24	<input checked="" type="checkbox"/>
XLY Consumer Discretionary		0.37	0.18	<input checked="" type="checkbox"/>
XLK Technology		0.32	0.13	<input checked="" type="checkbox"/>
XLU Utilities		0.19	0.12	<input checked="" type="checkbox"/>
XTN Transportation		0.29	0.02	<input checked="" type="checkbox"/>
SPY		0.31	0.00	<input checked="" type="checkbox"/>
XLC Communication Services		0.35	0.00	<input checked="" type="checkbox"/>
XLRE Real Estate		0.28	-0.01	<input checked="" type="checkbox"/>
XLI Industrials		0.22	-0.02	<input checked="" type="checkbox"/>
XLE Energy		-0.08	-0.22	<input checked="" type="checkbox"/>
XLP Consumer Staples		-0.29	-0.34	<input checked="" type="checkbox"/>
XLB Materials		0.05	-0.35	<input checked="" type="checkbox"/>
XLV Health Care		-0.40	-0.80	<input checked="" type="checkbox"/>



How it works

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How it works

[Sectors](#) [Factors](#)
[Health Care](#) X

Health Care Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Holding	Absolute Score	Relative Score (vs SPY)	Chart
ISRG Intuitive Surgical Inc	3.08%	0.56	0.41	<input type="checkbox"/>
AMGN Amgen Inc	3.06%	-0.30	-0.30	<input type="checkbox"/>
JNJ Johnson & Johnson	6.90%	-0.03	-0.31	<input type="checkbox"/>
LLY Eli Lilly and Co	12.36%	-0.19	-0.40	<input type="checkbox"/>
UNH UnitedHealth Group Inc	9.55%	-0.26	-0.41	<input type="checkbox"/>
ABBV AbbVie Inc	6.17%	-0.22	-0.45	<input checked="" type="checkbox"/>
ABT Abbott Laboratories	3.51%	0.01	-0.46	<input checked="" type="checkbox"/>
MRK Merck & Co Inc	5.09%	-0.83	-0.75	<input type="checkbox"/>
DHR Danaher Corp	3.16%	-0.64	-0.84	<input type="checkbox"/>
TMO Thermo Fisher Scientific Inc	4.18%	-0.60	-0.85	<input type="checkbox"/>

[Sectors](#) [Factors](#)
[Health Care](#) X

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Tweet of the Day



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Preview of earnings season this week 😊



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Preview of earnings season this week 😊



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