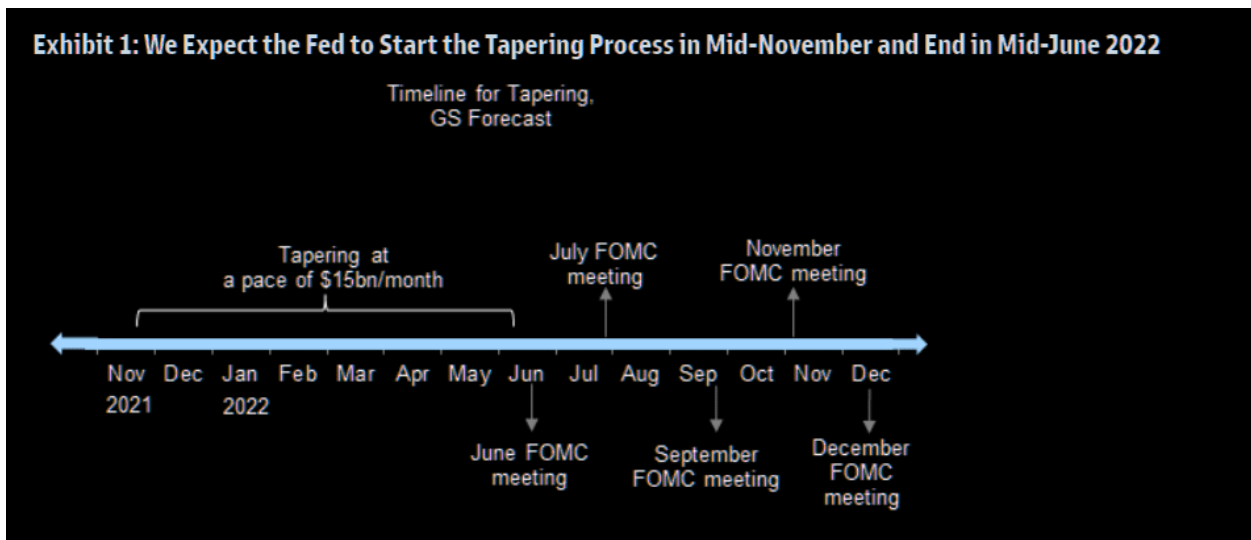


Crypto Punk Sets The NFT World On Fire

"Crypto Punk", a Non-Fungible Token (NFT), sold for a stunning \$532 million, setting yet another high water mark for this odd asset class. From a traditional investor's point of view, the NFT sale helps illustrate the wild amount of speculation affecting crypto markets as well as most other asset classes.

Buckle up, this will be another volatile week with the Fed meeting on Wednesday and the BLS unemployment report on Friday. Furthermore, it's another very busy earnings week as well. Currently, Investors seem to be on the same page, expecting the Fed to start tapering QE in November.



The risk occurs if the Fed surprises with a quicker pace of taper than expected and or a heightened concern for inflation.

[dmc]

What To Watch Today

Economy

- 9:45 a.m. ET: **Markit U.S. Manufacturing PMI**, Oct. final (59.2 expected, 59.2 in September)
- 10:00 a.m. ET: **Constructing spending**, month-over-month, September (0.4% expected, 0.0% in August)
- 10:00 a.m. ET: **ISM Manufacturing Index**, Oct. (60.5 expected, 61.1 in September)

Earnings

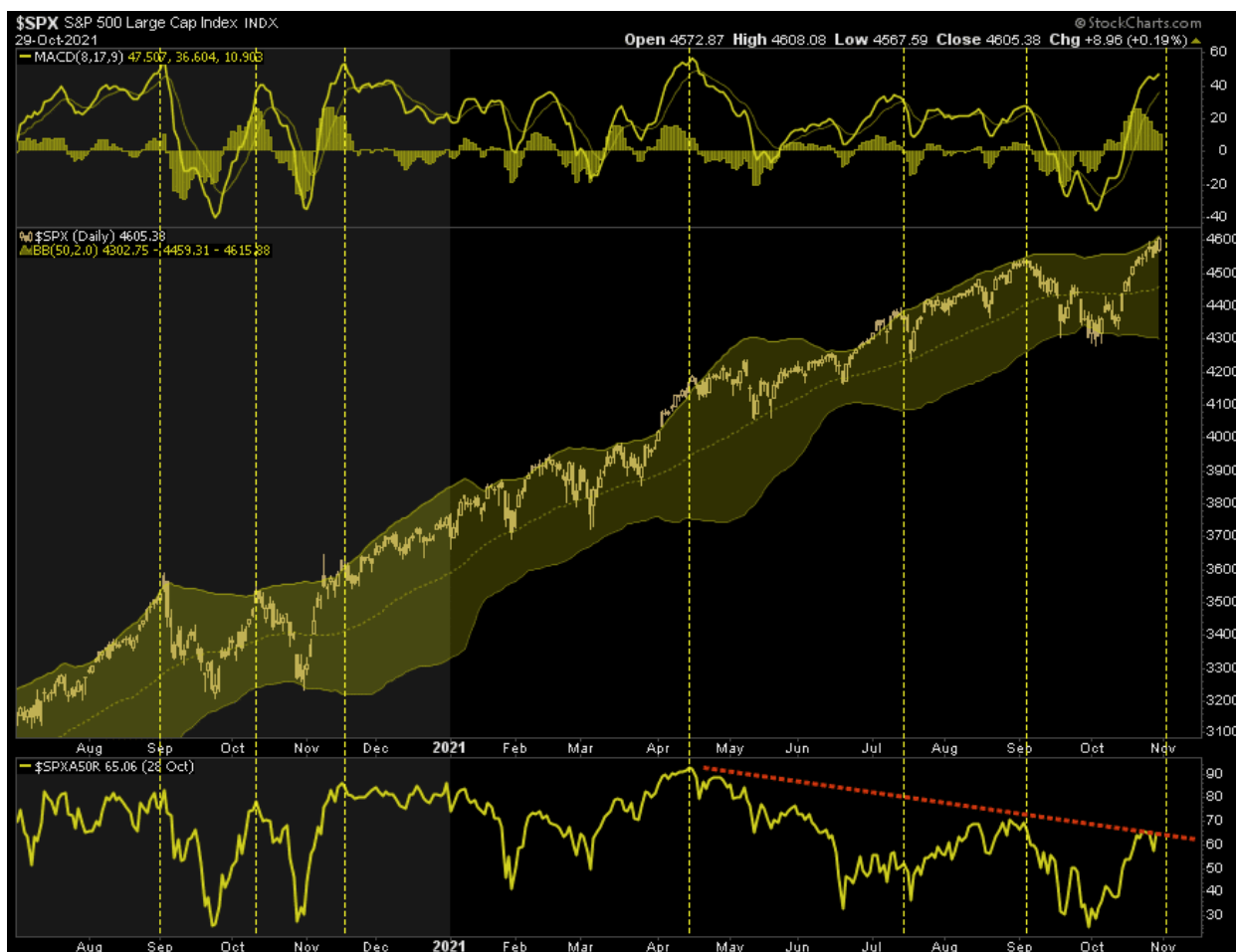
- 4:00 p.m. ET: **Diamondback Energy (FANG)** to report adjusted earnings of \$2.79 per share on revenue of \$1.54 billion

- 4:05 p.m. ET: **Avis Budget Group (CAR)**; to report adjusted earnings of \$7.24 per share on revenue of \$2.73 billion
- 4:05 p.m. ET: **Chegg Inc. (CHGG)**; to report adjusted earnings of 19 cents per share on revenue of \$174 million
- 4:05 p.m. ET: **ZoomInfo Technologies (ZI)**; to report adjusted earnings of 12 cents per share on revenue of \$183.47 million
- 4:10 p.m. ET: **The Simon Property Group (SPG)**; to report adjusted earnings of \$2.53 per share on revenue of \$1.21 billion
- 4:15 p.m. ET: **Clorox (CLX)**; to report adjusted earnings of \$1.03 per share on revenue of \$1.70 billion

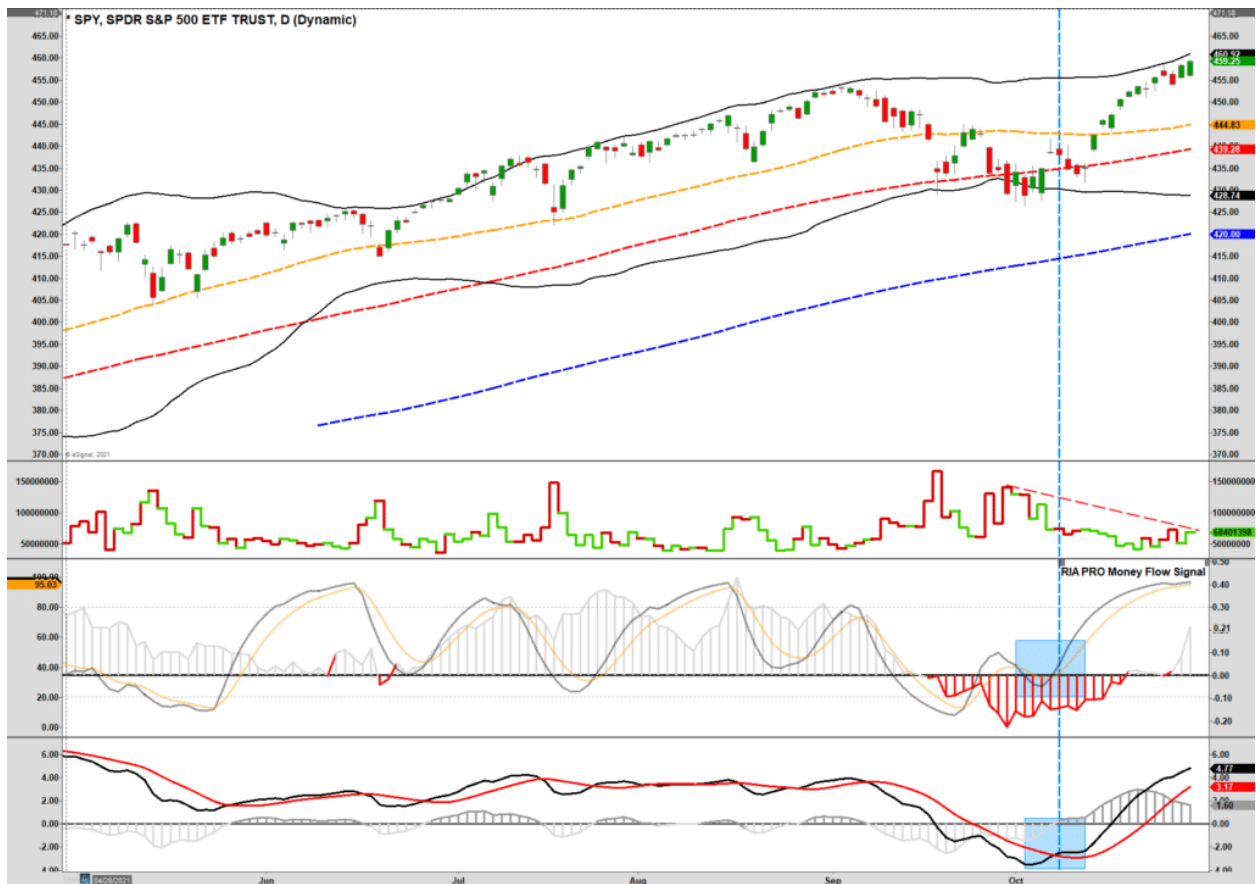
Market Very Overbought

A significant concern for investors remains the underlying technical condition of the market. While the rally has been impressive, rising almost 6% from the recent lows, the market is now back to more extreme overbought levels, trading 2-standard deviations above the 50-dma, and breadth remains troubling.

Chart updated through Friday.



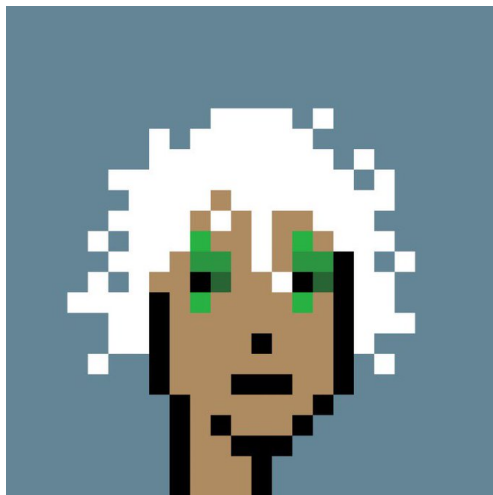
As noted last week, our *money flow buy signal* is near a peak and is close to triggering a *sell signal*. **With the MACD still positive, the signal suggests more consolidation than correction.** However, a confirming MACD often aligns with short-term corrections at a minimum. Also, as shown, this entire rally from the recent lows has been on very weak volume, which suggests a lack of commitment.



At the moment, the bulls control the market, and downside risk is somewhat limited. However, that positioning is getting very aggressive.

NFT Mania

The Non-Fungible Token (NFT) market continues to amaze. Crypto Punks, shown below, sold for \$532,414,877.01. It is also now for sale at \$1.11 billion.

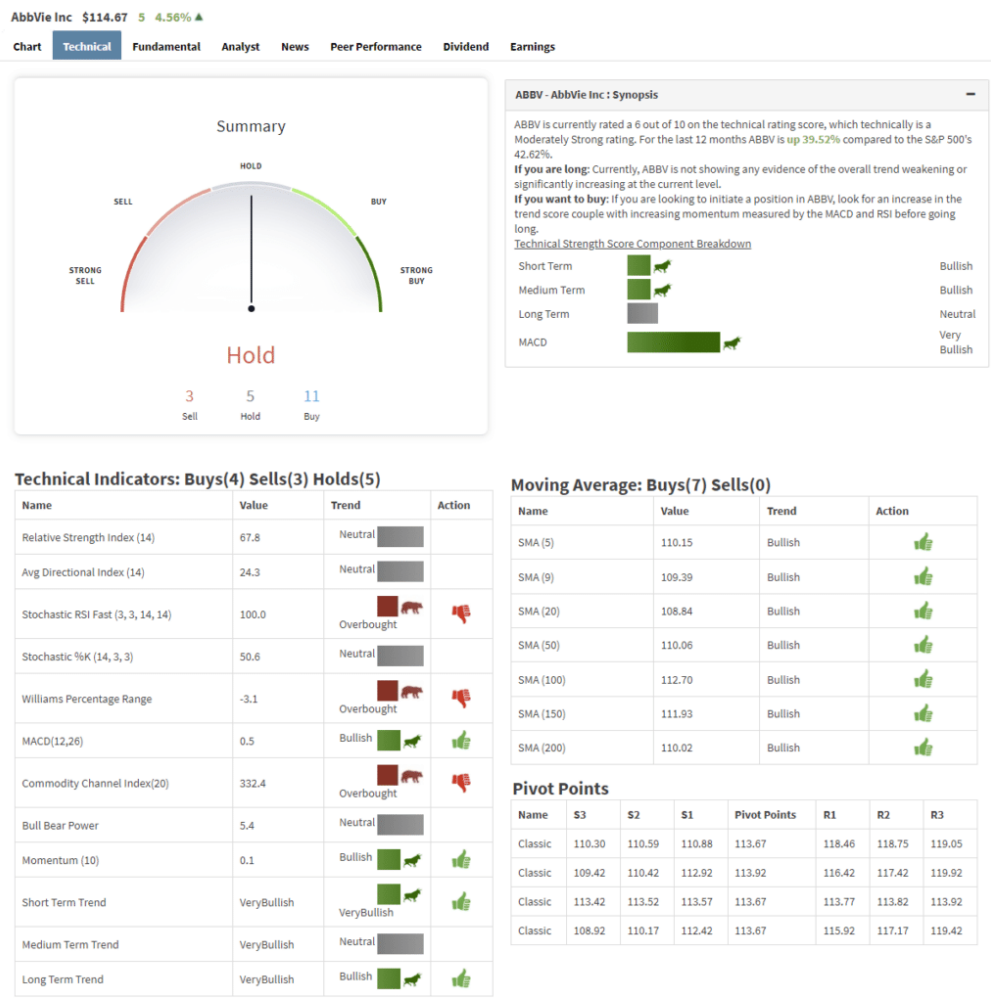


AbbVie ([ABBV](#)) Earnings

[ABBV](#) reported third-quarter earnings this morning before the open. GAAP EPS of \$1.78 came in below expectations of \$2.00, but adjusted EPS of \$3.33 beat expectations of \$3.22. Revenue of \$14.34B (+11.2% YoY) inched above expectations of \$14.30B, driven by strength across the board.

Management raised FY21 GAAP EPS guidance to \$6.29-\$6.33 from a previous range of \$6.04-\$6.14. Management also raised guidance for adjusted EPS to \$12.63-\$12.67, which tops the consensus of \$12.57. Finally, ABBV raised its quarterly dividend by 8.5% to \$1.41/share, implying a forward yield of 5.14%. The stock is trading +4.1% higher mid-morning following the release. **We hold a 4% position in the Equity Model.**

Technical Summary Chart Courtesy Of [RIAPRO.NET](https://riapro.net)



Exxon Mobil ([XOM](https://www.exxonmobil.com)) Earnings

[XOM](https://www.exxonmobil.com) reported third-quarter earnings this morning before the open. GAAP EPS came in above estimates at \$1.57 versus the consensus of \$1.50. Revenue of \$73.8B (+59% YoY) also beat the consensus estimate of \$72.1B thanks to surging oil & gas prices.

Management expects future capital investments of \$20B-\$25B annually with a four-fold increase in low-carbon spending. In addition, the board authorized a share repurchase plan to start in 2022 with a ceiling of \$10B in buybacks over the next one to two years. The market's reaction is muted amidst a slight pullback in crude prices, as XOM is trading 0.6% higher mid-morning. **We hold a 2% position in the Equity Model.**



XOM - Exxon Mobil Corp : Synopsis

XOM is currently rated a 8 out of 10 on the technical rating score, which technically is a Strong rating. For the last 12 months XOM is up 112.0% compared to the S&P 500's 42.62%.

If you are long: Currently, XOM is technically strong and the price action is not signaling any negative events reflective in the stock

If you want to buy: If you are looking to initiate a position in XOM, the stock is still showing longer term strength. However, make sure the short term trend is very bullish coupled with increasing momentum measured by the MACD and RSI before going long.

Technical Strength Score Component Breakdown

Short Term		Bullish
Medium Term		Very Bullish
Long Term		Very Bullish
MACD		Very Bullish

Technical Indicators: Buys(3) Sells(4) Holds(5)

Name	Value	Trend	Action
Relative Strength Index (14)	63.4	Neutral	
Avg Directional Index (14)	32.3	Neutral	
Stochastic RSI Fast (3, 3, 14, 14)	100.0	Overbought	
Stochastic %K (14, 3, 3)	79.7	Neutral	
Williams Percentage Range	-25.7	Neutral	
MACD(12,26)	1.7	Bearish	
Commodity Channel Index(20)	120.0	Overbought	
Bull Bear Power	1.9	Neutral	
Momentum (10)	0.0	Bearish	
Short Term Trend	VeryBullish	VeryBullish	
Medium Term Trend	VeryBullish	VeryBullish	
Long Term Trend	VeryBullish	VeryBullish	

Moving Average: Buys(6) Sells(1)

Name	Value	Trend	Action
SMA (5)	64.62	Bearish	
SMA (9)	64.03	Bullish	
SMA (20)	62.70	Bullish	
SMA (50)	58.53	Bullish	
SMA (100)	58.69	Bullish	
SMA (150)	58.19	Bullish	
SMA (200)	56.55	Bullish	

Pivot Points

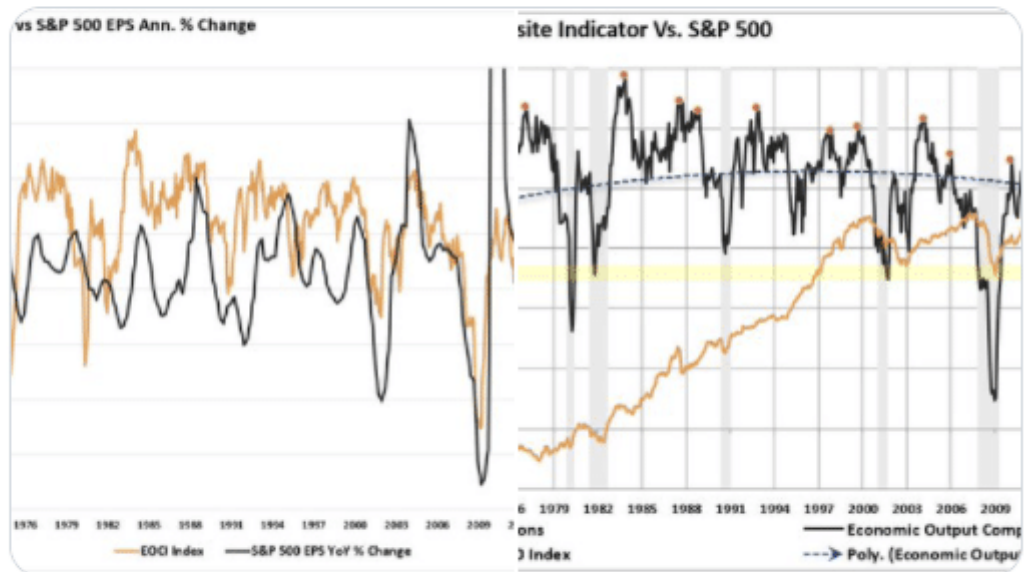
Name	S3	S2	S1	Pivot Points	R1	R2	R3
Classic	63.18	63.27	63.35	64.72	65.59	65.67	65.76
Classic	62.93	63.63	63.96	64.66	64.99	65.69	66.02
Classic	63.83	64.17	64.38	64.72	65.06	65.27	65.61
Classic	63.05	63.69	64.08	64.72	65.11	65.75	66.14

Tweet Of The Day



Lance Roberts @LanceRoberts · Oct 30

The #EOCI index comprises the CFNAI, Chicago PMI, ISM Composite, the Fed surveys, Markit Economic Index, Markit PMI, NFIB, TIPP Confidence, and the LEI. It has a high correlation to #GDP and #Earnings growth. realinvestmentadvice.com/market-melts-u...



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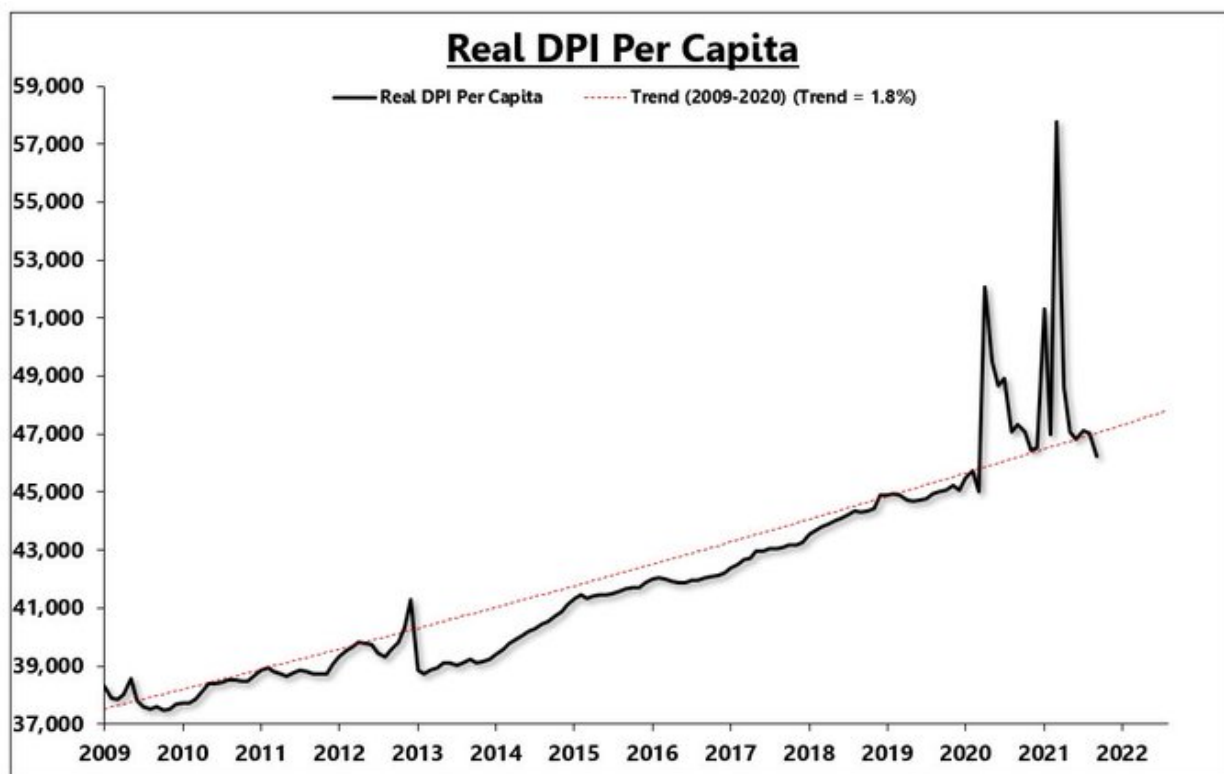
Consumers Are In An Inflationary Bind

The quarterly Employment Cost Index rose 1.3% versus expectations for a gain of 0.9%. On a year-over-year basis, the index is up 3.7%. While the data is a little old, it points to profit margin pressures for corporations.

Personal Income fell 1% in September. Personal Consumption Expenditures rose 0.6%. It appears expenditures are rising because of inflation, not because consumers are buying more goods. This data also helps explain the recent uptick in credit card spending.

The Fed's preferred method for gauging inflation, the PCE Price Index, rose 4.4% over the last year, the highest rate of inflation since the early 90s.

The graph below courtesy of Eric Basmajian shows Real Disposable Income per Capita is back below the 1.8% trendline growth of 2009-2020. Simply, the stimulus is gone.



The BOC Shocks The Market

The Bank of Canada (BOC) surprised markets by ending QE abruptly and predicting they might increase interest rates as soon as April. [LINK to the press release](#). Further, they expect a total of four rate hikes next year. Their rationale appears to be a concern that price pressures *now appear to be stronger and more persistent than expected.*

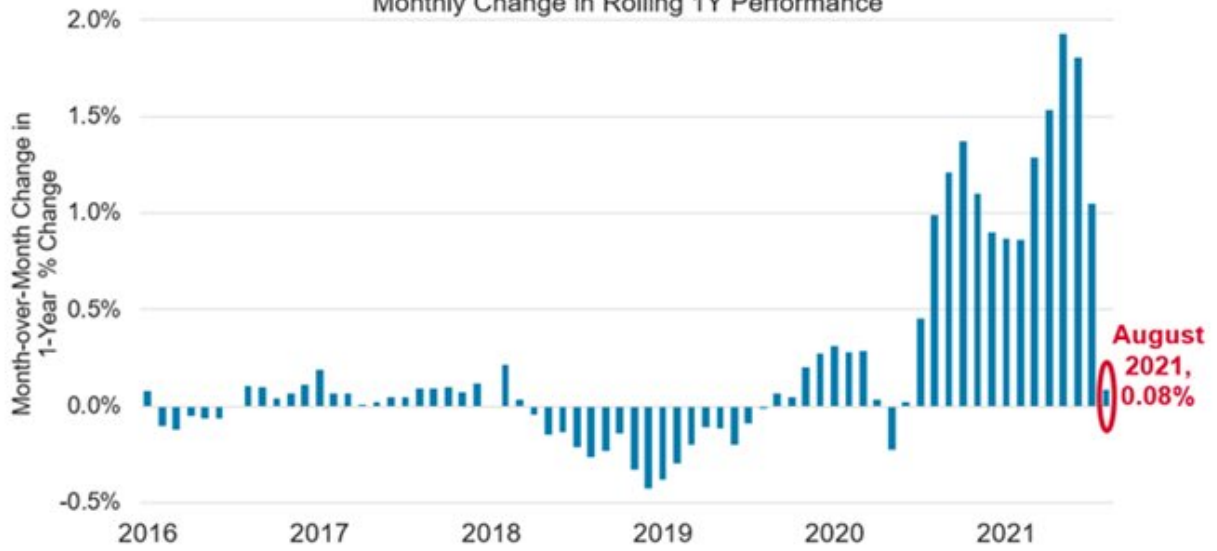
Since the announcement, Canada's 2-year notes are up 20bps, while its 10-year notes are slightly lower in yield. The Canadian 2/10 yield curve is now 50bps, down from nearly 100bps a month ago. The BOC's actions and large effect on its yields and yield curves seem to be partially responsible for similar trading with U.S. Treasury yields and curves. On October 8th, the UST 2/10 yield curve was 130bps. Today it stands at 108bps. Both the U.S. and Canadian yield curves appear to be warning the respective central banks may be tightening policy right into an economic slowdown. With the Fed meeting next week, equities investors should be prepared for a statement that is more hawkish than expected. This may include a quicker taper timetable and or a more specific discussion on raising rates.

House Price Increases Are Slowing

According to Case-Shiller Home Price Index, the surge in house prices may finally be slowing down. As shown below, the monthly gain in the index was only 0.08%. That compares to the last 12 months which saw gains of around 1% or higher each month. The annual gain in the index is 19.8%.

S&P CoreLogic Case-Shiller U.S. National Home Price Index

Monthly Change in Rolling 1Y Performance



Sources: S&P Dow Jones Indices, CoreLogic. Data as of August 2021. Chart is provided for illustrative purposes only. Past performance is no guarantee of future results.