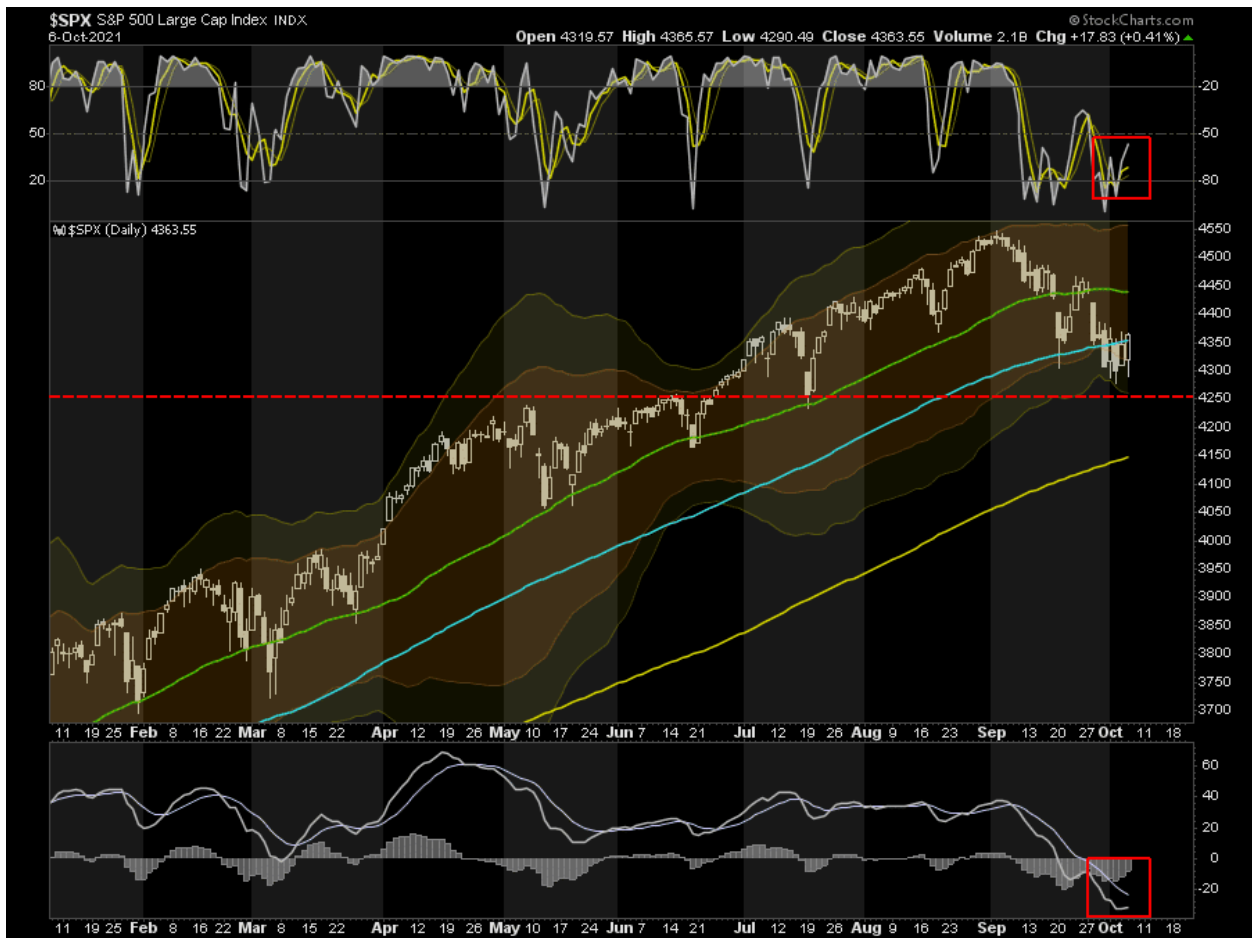


Futures Higher On Short-Term Debt Ceiling Resolution

Futures are rising again this morning after a short-term resolution to the debt-ceiling got offered by Senate Minority Leader, Mitch McConnell. Investors have been on a roller coaster since last Friday with the market swinging between support and the 100-dma. The wild-ride on Wednesday, not only retested recent support level lows, but took out the 100-dma by the close. A follow-through rally today could put the market on track to retest the 50-dma.



If the market can muster a couple of days of a rally, and clear the 50-dma, we will likely trigger the all-important MACD "seasonal buy" signal. Such would confirm the official start of the seasonally strong period. While it is very possible we have seen the highs for this year, the markets are oversold enough now for a 3-4% rally into the end of the year.

[dmc]

What To Watch Today

Economy

- 7:30 a.m. ET: **Challenger Job Cuts, year-over-year**, September (-86.4% in August)
- 8:30 a.m. ET: [Initial jobless claims](#), week ended October 2 (348,000 expected, 362,000 during prior week)
- 8:30 a.m. ET: [Continuing claims](#), week ended September 25 (2.802 million during prior week)
- 3:00 p.m. ET: **Consumer credit**, August (\$17.500 billion expected, \$17.004 billion in July)

Earnings

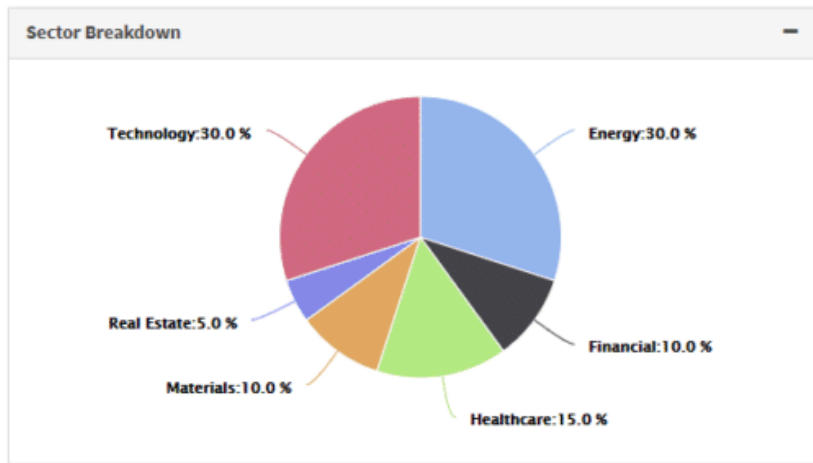
- 7:00 a.m. ET: **Tilray (TLRY)** is expected to report adjusted losses of 6 cents per share on revenue of \$173.58 million
- 7:30 a.m. ET: **Conagra Brands (CAG)** is expected to report adjusted earnings of 49 cents per share on revenue of \$2.54 billion

Politics

- The U.S. Senate will continue to debate the debt ceiling. Yesterday **Senate Minority Leader Mitch McConnell (R-Kentucky)** offered [a debt ceiling extension until December that Senate Democrats seem to be receptive to](#).

Looking For Opportunities To Buy

If markets can hold the 100-dma through Friday, we will start looking to increase exposure to our equity portfolios. This morning, I ran a quick scan on the stocks with the strongest relative strength to start finding some candidates.



Symbol	Last	Today's Change	MTD %	YTD %	52 Week Range (Low - High)	RSI	20 SMA	50 SMA	100 SMA	200 SMA	Trend Analysis	Mohanram Score	Piotroski Score
ALB	222.37	-0.02 (-0.01)%	1.59%	51.72%	90.07 - 253.10	48.78	225.03	225.31	198.09	177.84	10 out of 10	5	6
AMD	103.64	1.83 (1.8)%	1.16%	13.01%	72.50 - 122.49	48.94	103.97	106.49	95.56	90.15	9 out of 10	4	8
CF	59.85	-0.58 (-0.96)%	-2.11%	57.54%	25.30 - 62.06	76.05	52.48	48.58	49.88	47.38	10 out of 10		7
COG	22.25	0.49 (2.25)%	2.25%	39.24%	14.28 - 23.64	71.82	19.24	17.06	16.94	17.28	10 out of 10		
COP	71.81	0.08 (0.11)%	2.44%	84.03%	27.53 - 72.86	81.14	63.31	58.68	58.37	53.52	10 out of 10	3	5
DVN	38.68	-1.4 (-3.49)%	5.08%	154.98%	7.73 - 40.24	73.25	32.62	29.31	28.33	24.30	10 out of 10		6
DXCM	541.83	1.44 (0.27)%	-1.47%	46.55%	305.63 - 579.00	50.41	550.85	528.85	468.40	422.06	10 out of 10		5
FANG	104.11	-0.05 (-0.05)%	5.31%	118.67%	23.63 - 107.55	77.30	88.01	80.51	82.75	75.90	10 out of 10	5	6
FTNT	301.80	3.28 (1.1)%	1.28%	103.19%	106.75 - 322.00	51.78	300.05	301.04	269.28	221.66	10 out of 10	7	8
INTU	534.61	1.26 (0.24)%	-1.72%	41.33%	312.05 - 582.96	41.00	556.56	549.56	512.97	451.75	9 out of 10	8	6
IT	304.20	-7.26 (-2.33)%	-0.65%	89.90%	115.86 - 327.20	46.70	311.75	303.44	272.69	227.17	10 out of 10	6	8
MAA	192.10	2.43 (1.28)%	1.52%	54.81%	110.53 - 197.50	54.84	190.01	190.16	179.98	159.17	9 out of 10	5	7
MRNA	302.42	-29.69 (-8.94)%	-11.34%	189.48%	65.49 - 497.49	30.08	404.95	399.37	312.30	229.81	10 out of 10	4	5
MRO	15.09	-0.29 (-1.89)%	5.97%	128.64%	3.73 - 15.70	71.36	12.91	12.13	12.44	11.11	10 out of 10	3	

Delaying the Debt Cap Limit

As we stated all week, it was only a function of time until the debt ceiling got raised. Yesterday, Senator McConnell told a closed-door meeting of Senate Republicans that he would offer a short-term debt ceiling extension today. Stocks recovered from their morning losses on the rumor.

Democrats, Republicans agree to short-term debt limit increase

Proposal would allow more time to work out longer-term solution;
Democrats remain wary of reconciliation

"Senate leaders reached a bipartisan agreement Wednesday to defuse the impending debt limit crisis by allowing for a short-term increase in the statutory borrowing cap while lawmakers negotiate a longer-term solution.

Democrats said they would agree to an offer from Minority Leader Mitch McConnell that would pave the way for an increase in the debt limit into December. But the two parties still disagreed on any long-term strategy.? - Roll Call

While raising the debt ceiling may look like a victory for the Democrats, it may not be.

*"While raising the debt ceiling just once is proving to be a challenge, **the only thing worse would be having to vote to raise it twice***

'From a political perspective, the only thing less attractive than voting to raise the debt limit to \$31 trillion is voting to raise it to \$29 trillion and then voting a second time to raise it to \$31 trillion'? - Zerohedge

However, as [we stated would happen](#), yields dropped on the news.

ADP Jobs Report

The [ADP Employment](#) report shows strength in the jobs market during September. Per ADP, there was a net pick-up of 568k jobs in September versus 374k in August. The services sector accounted for about 80% of the gains with leisure/hospitality accounting for 226k jobs.

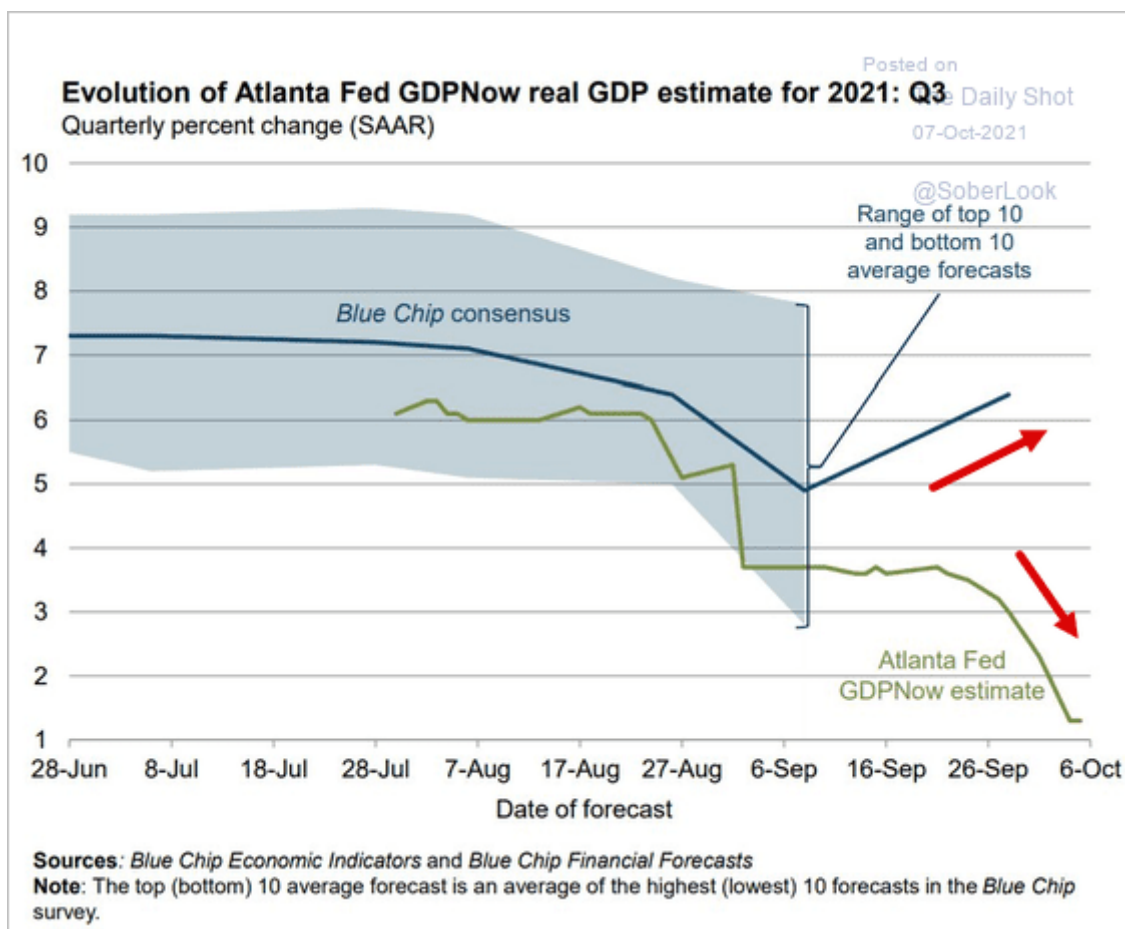
?Leisure and hospitality remain one of the biggest beneficiaries to the recovery, yet hiring is still heavily impacted by the trajectory of the pandemic, especially for small firms. Current bottlenecks in hiring should fade as the health conditions tied to the COVID-19 variant continue to improve, setting the stage for solid job gains in the coming months.? - Nela Richardson, chief economist, ADP.

[Markets Rocky Start to Q4](#)



Atlanta Fed GDPNow Tumbles, Again

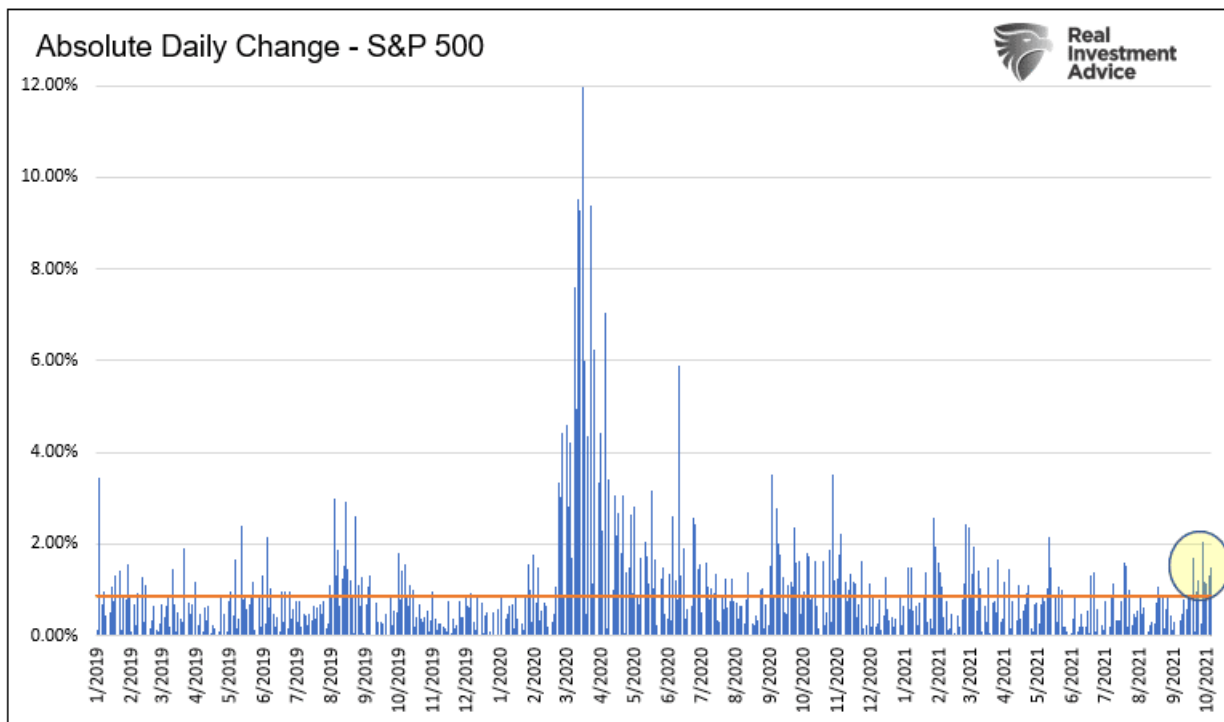
The Atlanta Fed's forecast for Q3 GDP growth fell again from 2.3% to 1.3%. The forecast was over 5% in early September. The worsening trade deficit and weaker than expected ISM Services Index are to blame for the latest revision.



Volatility Is Not Living Up To Hype

Watch a few minutes of CNBC and you would think recent daily market gyrations are extreme. In prior commentaries, we note that volatility and the put/call ratio are not signaling much concern.

The reason is that the roller coaster the market has been on over the last week or two or is not that daunting. Dare we say it's a kiddie ride. The graph below charts the absolute daily price change of the S&P 500. As circled, daily changes are running above 1% a day. While above-average, there is nothing too unusual about it.



Utilities vs. Energy

The bar chart below, courtesy of Charles Schwab, shows 100% of energy stocks in the S&P Energy sector are above their 50dma. Conversely, not one utility is above its 50dma. XLU, the utility sector ETF, is sitting on its 200dma while XLE (energy) is about 15% above its 200dma. The second graph shows XLU is resting on important support in both the 200dma (red) and a support line (lime) going back to June 2020. We added utilities to both RIA Pro portfolios over the last week, as we believe support will hold and a bounce is probable. However, caution is warranted as higher natural gas and coal prices may weigh on the sector, forcing it to break support.



