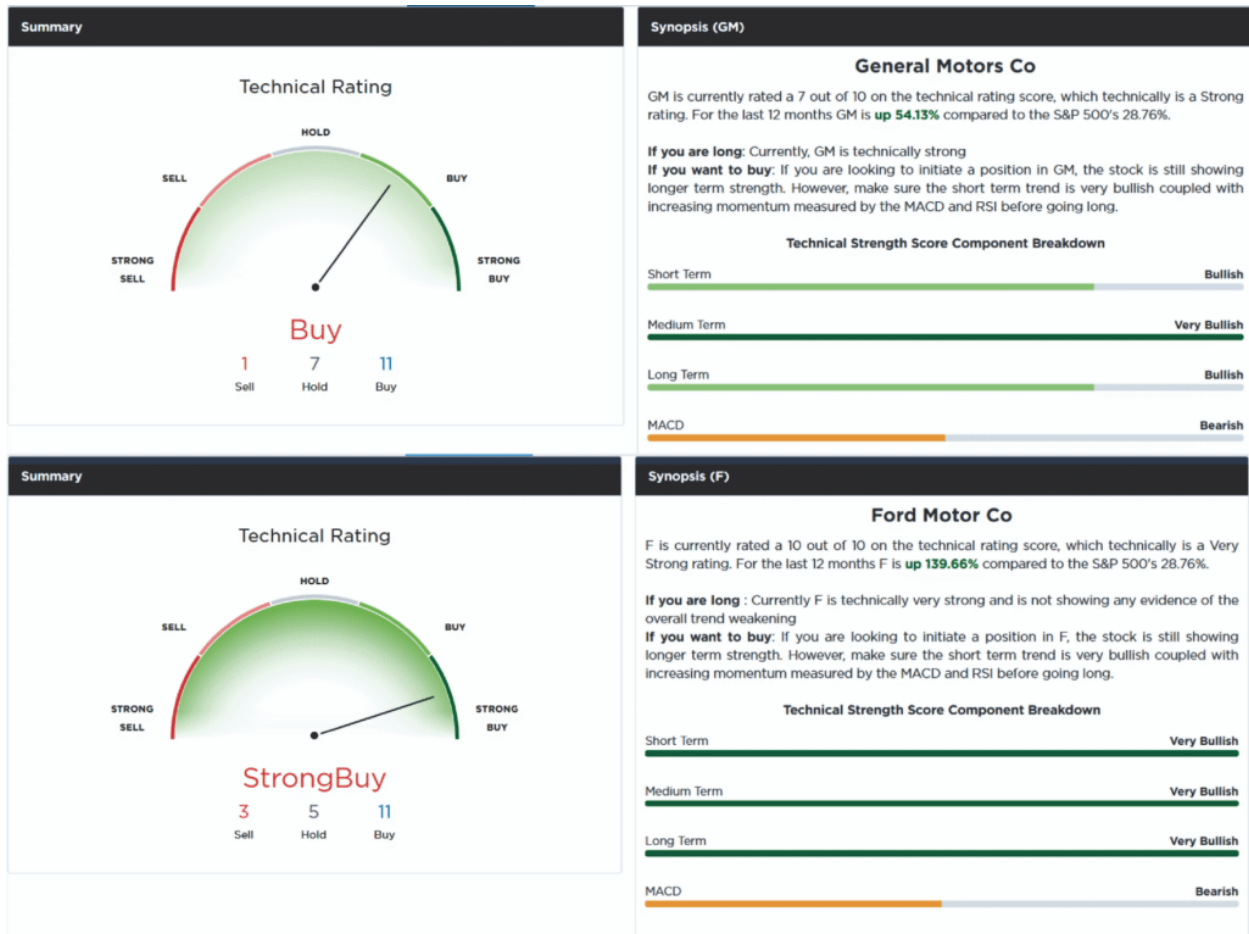


GM And Ford Are Gunning For Tesla

GM is now shipping Hummer EV pickup trucks. Ford is halting reservations on its electric F-150 with over 200,000 orders in its queue. GM and Ford have Tesla's domestic market share in their sights. With a combined market cap of about 1/8th the size of Tesla, GM and Ford see tremendous upside in leading the domestic EV market.



Analysis Courtesy of SimpleVisor.com

On the heels of Elon Musk's continued selling program, TSLA stock has lost almost 25% from November highs. TSLA is lumped into the meme stock craze and is the largest holding in Cathy Wood's ARKK fund. The recent selling pressure on these types of stocks is further weighing on TSLA shares.

[dmc]

What To Watch Today

Economy

- 10:00 a.m. ET: **Leading Index**, November (0.9% expected, 0.9% in October)

Earnings

Pre-market

- **Carnival Corp. (CCL)** to report adjusted losses of \$1.46 on revenue of \$1.54 billion

Post-market

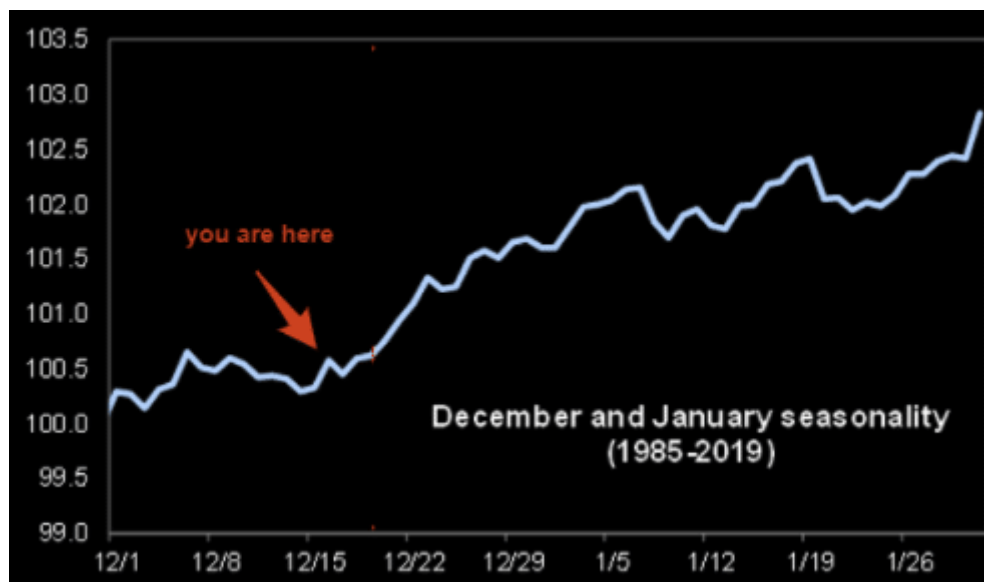
- 4:00 p.m. ET: **Micron (MU)** to report adjusted earnings of \$2.12 on revenue of \$7.68 billion
- 4:15 p.m. ET: **Nike (NKE)** to report adjusted earnings of 63 cents on revenue of \$11.26 billion

The 50-dma Under Attack

Pre-market this morning, futures are below the 50 day, currently trading around the big 4550 level. Note there is a short term trend line coming in here. Next big support to watch is the 4500/4520 area. Note the 100 day around these levels. We are still above the post Thanksgiving lows, but momentum isn't the greatest and liquidity from now on will be very poor.



Of course, it is "now or never" for the seasonality to kick into gear.



The Week Ahead

In this holiday-shortened week, investors will likely key on Fed speakers. The Fed shifted to a decidedly more hawkish policy at last week's meeting. Some in the media, and a few ex-Fed members, as we have noted, think the Fed is not doing enough to fight inflation. We are interested to see if Fed members are on the same page with Jerome Powell or if they agree with others that they are failing to adequately stop inflation.

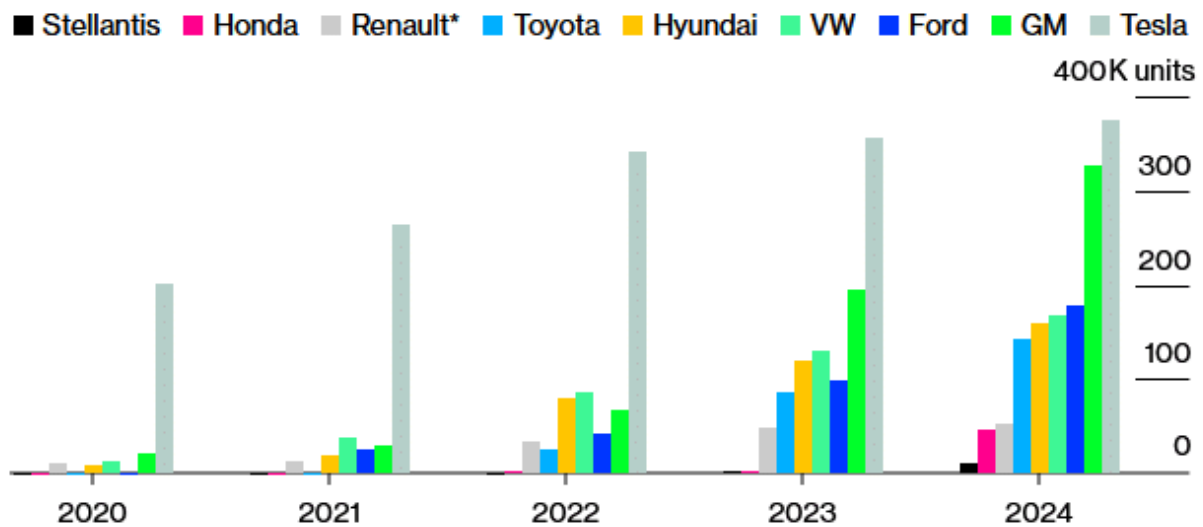
On the economic front, Thursday will be the only day of note. Personal Income and Spending, along with Durable Goods, Jobless Claims, University of Michigan Sentiment, and the PCE price index round out a busy morning. Given the Fed's shift toward inflation-centric policy, the PCE price index and Michigan inflation outlook will be most important. The PCE price index is expected to rise to 5.5% from 5.0%. The Fed believes the PCE price index is the best broad measure of inflation. The University of Michigan's 5-year inflation expectations were 3% last month. We suspect it will increase in Thursday's update.

GM and Ford are Aiming for Tesla

Ford has its sights on GM, but ultimately Tesla. Per [Bloomberg](#)- "*Ford Motor Co. Chief Executive Officer Jim Farley says he has ambitions of eventually topping Tesla Inc. in electric-vehicle sales in America, but first is looking to overtake General Motors Co.*" The graph below from LMC Automotive shows GM and Ford making large inroads into EV market share in the coming few years.

Closing the Gap

GM and Ford are expected to narrow Tesla's lead in U.S. electric-vehicle sales over the next several years



Source: LMC Automotive estimates, forecasts
*Renault-Nissan-Mitsubishi

GM and Ford have market caps of around \$80 billion each. Tesla stands at \$950 billion. If GM, Ford, and other competitors continue to take Tesla's EV market share, the share prices of all auto companies are due for sharp adjustments. *We own a 3% position of Ford in our equity model.*

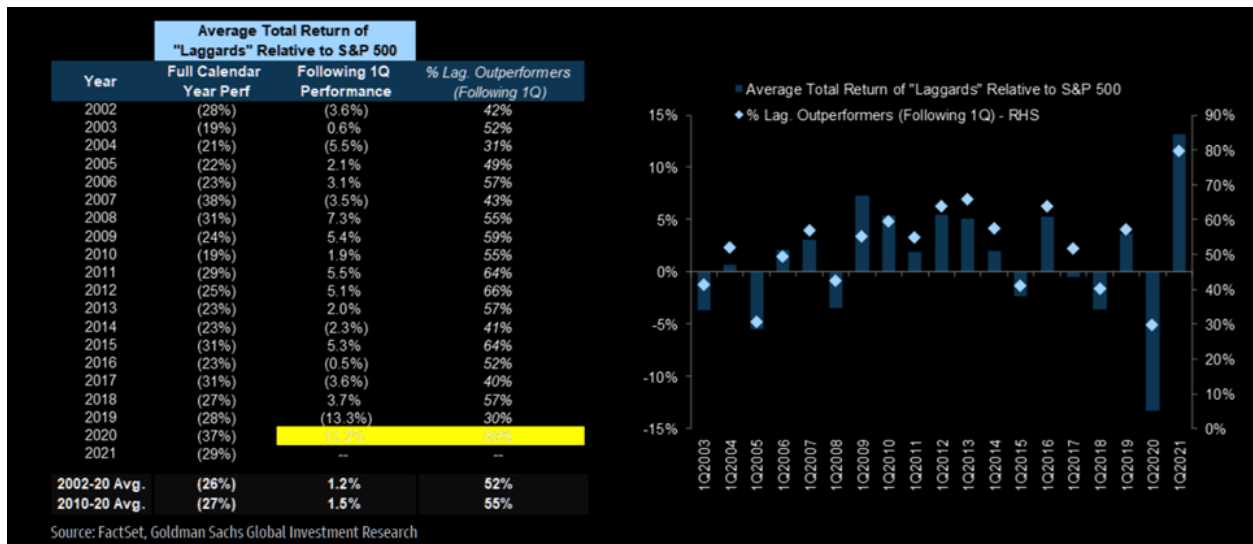
The following table from [SimpleVisor](https://www.simplevisor.com) compares the fundamental attributes of F, GM, and Tesla. Subscribers can find this page by typing TSLA in the Research/Peer Fundamentals tab.

Peer Fundamentals Data Comparison	Company	Value	Peer Average	Peer Median	Peer Range
Balance Sheet	Assets	73.4	7		100
	Total Debt	10.0	100.0	100.0	100.0
	Equity	0.00%	0.00%		
	Current Ratio	1.00	1.00		1.00
	Debt to Equity	0.00	0.00		0.00
	Quick Ratio	1.00	1.00		1.00
	Dividend Yield	0.00%	0.00%		0.00%
	Dividend Payout	0.00%	0.00%		0.00%
	Dividend Growth	0.00%	0.00%		0.00%
	Dividend Yield	0.00%	0.00%		0.00%
Income Statement	Total Revenue	40.00	100.00	100.00	100.00
	EPS	0.00	0.00		0.00
	Operating Profit	0.00	0.00		0.00
	EBITDA	0.00	0.00		0.00
	Operating Margin	0.00%	0.00%		0.00%
	Net Income	0.00	0.00		0.00
	Operating Margin	0.00%	0.00%		0.00%
	EBITDA Margin	0.00%	0.00%		0.00%
	Operating Margin	0.00%	0.00%		0.00%
	Operating Margin	0.00%	0.00%		0.00%
Other History	Market Cap	100.00	100.00	100.00	100.00
	Enterprise Value	100.00	100.00	100.00	100.00
	EV to EBITDA	100.00	100.00	100.00	100.00
	EV to Earnings	100.00	100.00	100.00	100.00
	EV to Sales	100.00	100.00	100.00	100.00
	EV to Book Value	100.00	100.00	100.00	100.00
	EV to Cash	100.00	100.00	100.00	100.00
	EV to Free Cash Flow	100.00	100.00	100.00	100.00
	EV to Operating Profit	100.00	100.00	100.00	100.00
	EV to EBITDA	100.00	100.00	100.00	100.00

Will Laggards Return In 2022?

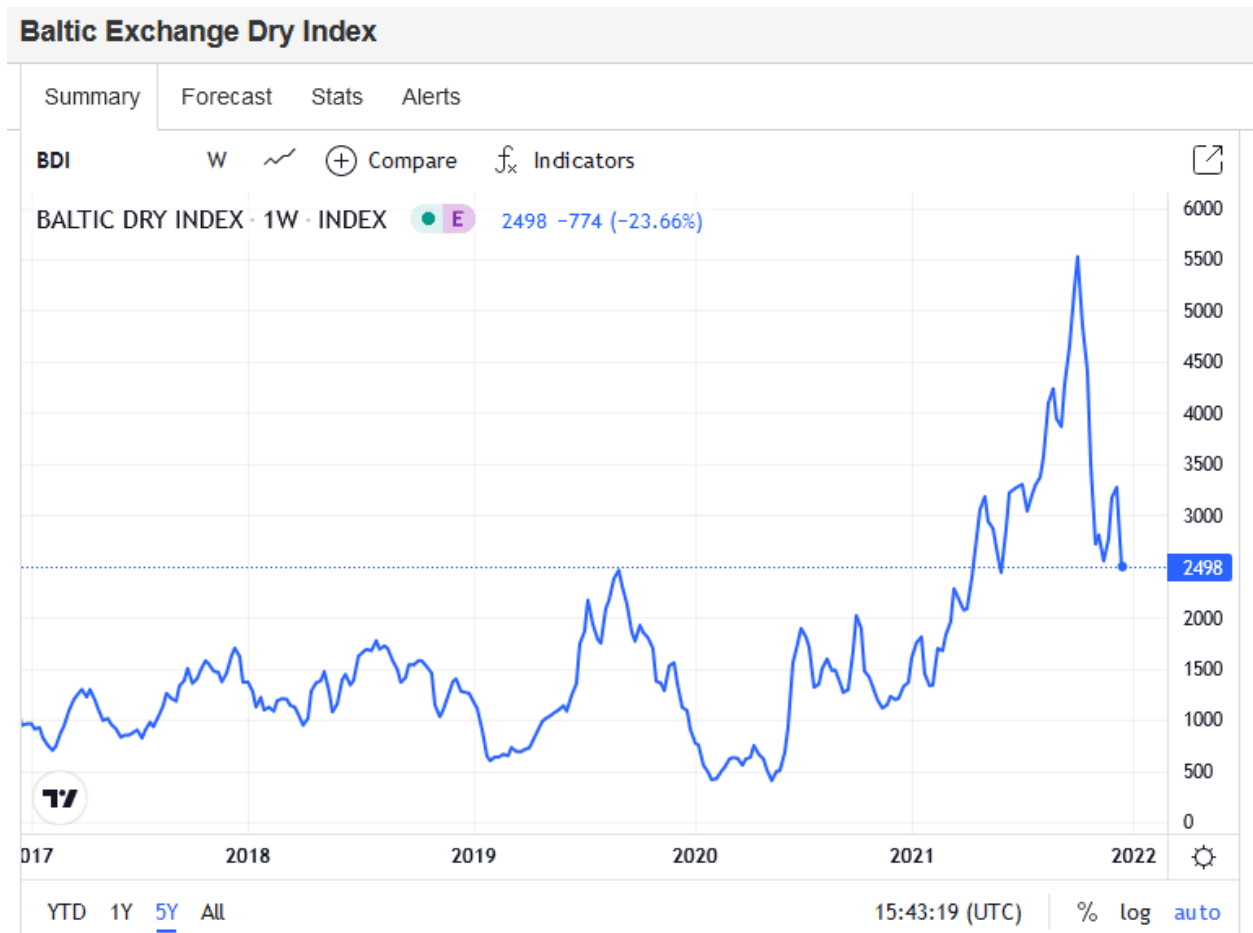
Prior year's laggards have a tendency to become leaders in Q1 of the following year. In 1Q of 2021, laggards outperformed the SPX by +13% (with an 80% 'hit rate') - the best performance on record, and a sharp reversal from 1Q20 (-13%). GS: "Looking towards laggards of 2021, we note that these have underperformed the S&P 500 by -29% YTD (slightly worse than the long-term average of -27%), with Tech, Industrials and

Healthcare accounting for 45% of these names." - @themarketear



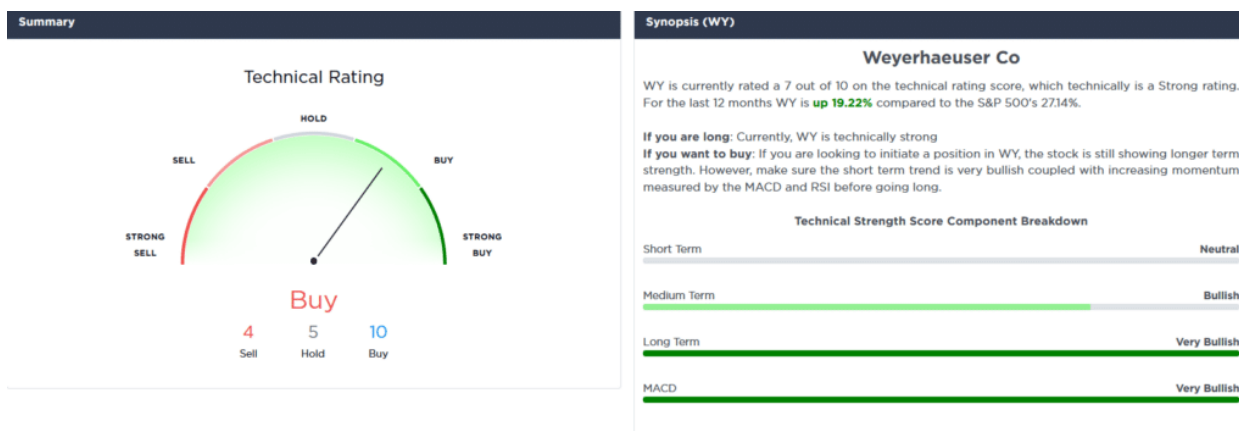
Baltic Dry Index

The recent sharp decline of the Baltic Dry Index, measuring shipping costs for various raw materials such as iron ore and coal, signals a weakening of demand for raw commodities. Shipping prices are still at the highest levels compared to the prior 4 years. That said, the recent decline might be a warning global economic activity is weakening.



Weyerhaeuser (WY) - A Bet on Lumber Prices

In early 2021, lumber prices quadrupled from their November 2020 lows. In May, lumber prices fell rapidly, giving back 100% of the gains. Since August, lumber has been on a tear, up nearly 250%. The graph below compares Weyerhaeuser (WY) stock (orange) to the price of Lumber (blue). While not perfectly correlated, they do tend to move in the same direction. WY has impressive gains from its 2020 lows but, unlike lumber, only gave back a small portion of it. It has since regained its prior high despite lumber trading well below April 2020 highs. The second graph from [SimpleVisor](#) shows WY currently has a buy technical rating. Also, Home Builder sentiment is slightly off the lows of last year and well above pre-pandemic levels. If you think lumber is heading back to recent highs and homebuilding remains strong, WY may provide an alternative to the more volatile lumber futures.



Please [subscribe to the daily commentary](#) to receive these updates every morning before the opening bell.