

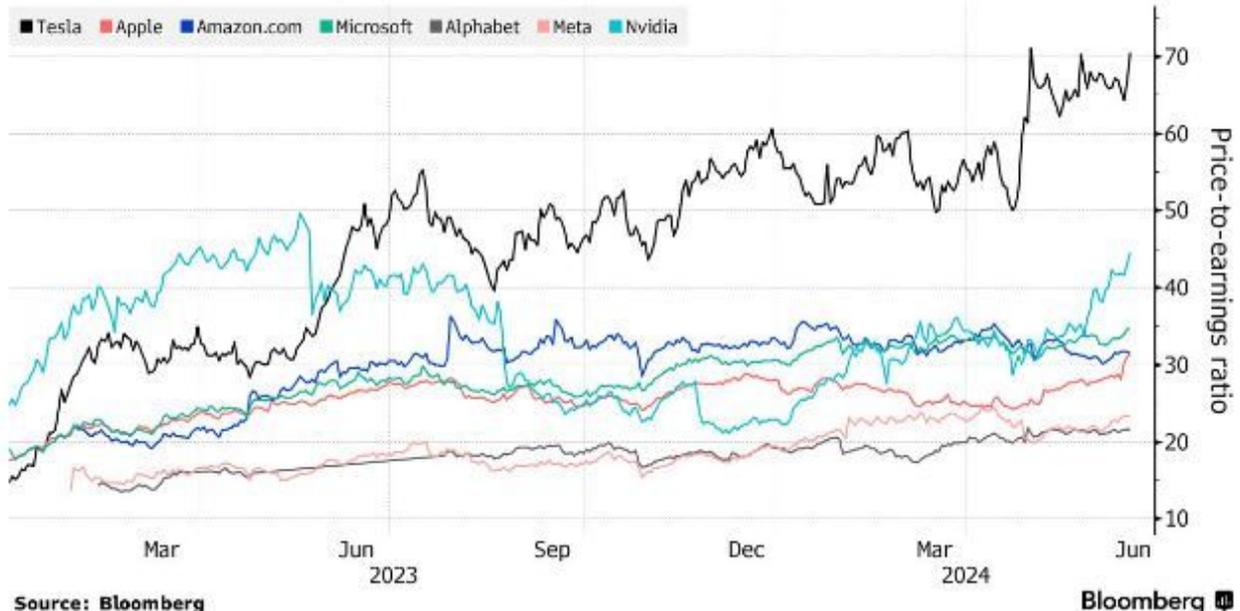
Mega Cap Valuations are Dwarfed by Tesla

Tesla investors are betting on the EV maker's path to tech-caliber profitability. However, the manifestation of that investment thesis is still a pretty long way off, as shown by the degree to which Tesla dwarfs other mega cap valuations in the chart below, courtesy of [Bloomberg](#).

Increasing competition amid a declining consumer appetite for EV purchases is culminating in price cuts and declining margins this year. At a valuation that towers over other mega cap peers, it's increasingly evident that the investment thesis entirely relies on Tesla's ability to develop AI capabilities into Full Self-Driving Software. If Tesla can execute its transformation into a software-first robotaxi business, then these valuations may not be all that crazy. Yet, this is a bold assumption to make, as was noted by [JP Morgan analysts](#).

J.P. Morgan warned that consensus expectations and valuation demands around the robotaxi business imply it will be a home run, which is considered far from certain. Notably, the firm thinks the timeframe for any company to generate material revenue from robotaxi operations is years out. That plays into its view that investors in Tesla ([TSLA](#)) may have gotten ahead of themselves in terms of baking in a robotaxi premium.

Tesla Most Expensive Mega-Cap By a Long Shot Its forward 12-month price-to-earnings ratio towers over the rest



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*
⊖	WDS	Woodside Energy Group Limited	\$34,196,483,375	Mar/2024		1	N/A	N/A
🔄	KBH	KB Home	\$5,192,600,022	May/2024	\$1.78	6	6/21/2023	\$1.94

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Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, JUNE 18						
01:00	🇺🇸 USD Fed's Cook speech				SPEECH	🔔 ...
12:30	🇺🇸 USD Retail Sales (MoM)(May)		-	-	0.2%	0% 🔔
12:30	🇺🇸 USD Retail Sales Control Group(May)		-	-	-	-0.3% 🔔
12:30	🇺🇸 USD Retail Sales ex Autos (MoM)(May)		-	-	0.2%	0.2% 🔔
12:55	🇺🇸 USD Redbook Index (YoY)(Jun 14)		-	-	-	5.5% 🔔
13:15	🇺🇸 USD Capacity Utilization(May)		-	-	78.6%	78.4% 🔔
13:15	🇺🇸 USD Industrial Production (MoM)(May)		-	-	0.3%	0% 🔔
14:00	🇺🇸 USD Business Inventories(Apr)		-	-	0.3%	-0.1% 🔔
14:00	🇺🇸 USD Fed's Barkin speech				SPEECH	🔔
17:00	🇺🇸 USD 20-Year Bond Auction		-	-	-	4.635% 🔔
17:00	🇺🇸 USD Fed's Kugler speech				SPEECH	🔔
17:00	🇺🇸 USD Fed's Logan speech				SPEECH	🔔
17:20	🇺🇸 USD Fed's Musalem speech				SPEECH	🔔
18:00	🇺🇸 USD Fed's Goolsbee speech				SPEECH	🔔

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Market Trading Update

As [noted yesterday](#), the market breadth has become very narrow. Combined with near-term overbought conditions and a decent deviation from the 50-DMA, the market needs a catalyst for a short-term correction. Today, there are five speeches from Federal Reserve members and retail sales. The markets will be parsing the speeches and retail sales data for further clues as to the Fed's next actions of cutting rates. A very weak retail sales report will lift expectations for cuts sooner rather than later. A strong retail sales number could see a fairly negative market reaction given the current overbought conditions.

This is likely a good time if you haven't taken any actions to rebalance portfolio risk. While the downside risk isn't significant, it would take a 4% decline to reconnect with the 50-DMA. Such would provide a much better point to add exposure if needed.





TradingView



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Market Breadth is Narrowing Further

Breadth has narrowed even further over the past week. Technology remains the only overbought sector versus the index, notching its highest relative score in the past year. The sector is also highly overbought in absolute terms- reaching its highest absolute score since the beginning of this year. Such narrow performance argues for a minor correction given the short-term overbought condition in the market mentioned above.

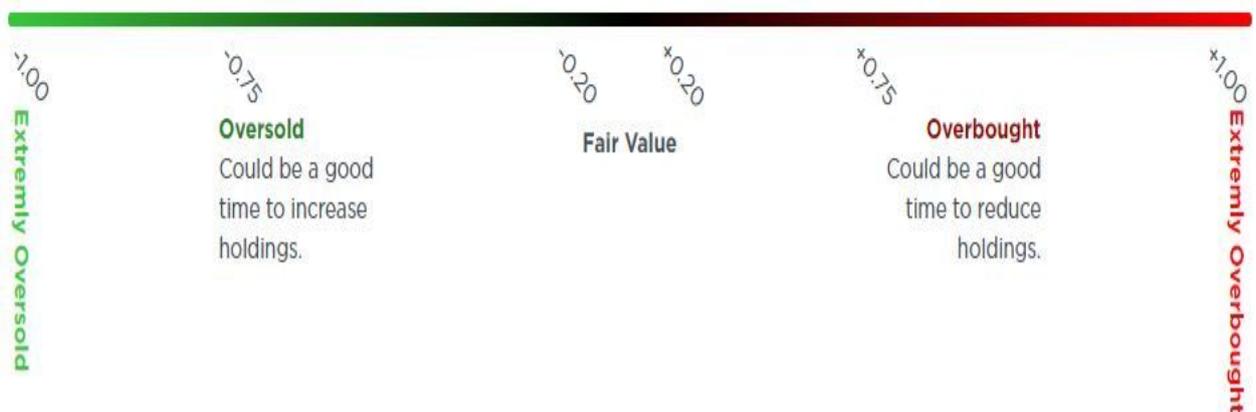
The usual mega cap suspects (Apple, Microsoft, and Nvidia) drove the action last week as the market advanced 1.9%. The second chart below highlights the ten largest stocks in the technology

sector. Given their recent performance, it wouldn't be surprising to see a short-term pullback in NVDA, AAPL, and AVGO. On the other hand, AMD and CRM could be the beneficiaries of a rotation out of those stocks and into the second-string AI trade.

Sectors Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↓≡	Chart <input checked="" type="checkbox"/>
XLK Technology		0.80 ⬇	0.83 ⬇	<input checked="" type="checkbox"/>
XLC Communication Services		0.24 ⬇	-0.32 ⬇	<input checked="" type="checkbox"/>
XLU Utilities		0.08 ⬇	-0.43 ⬇	<input checked="" type="checkbox"/>
XLY Consumer Discretionary		0.39 ⬇	-0.48 ⬇	<input checked="" type="checkbox"/>
XLRE Real Estate		0.29 ⬇	-0.54 ⬇	<input checked="" type="checkbox"/>
XLP Consumer Staples		0.18 ⬇	-0.55 ⬇	<input checked="" type="checkbox"/>
XLF Financial		-0.10 ⬇	-0.64 ⬇	<input checked="" type="checkbox"/>
XLV Health Care		0.19 ⬇	-0.65 ⬇	<input checked="" type="checkbox"/>
XLI Industrials		-0.24 ⬇	-0.72 ⬇	<input checked="" type="checkbox"/>
XTN Transportation		-0.68 ⬇	-0.83 ⬇	<input checked="" type="checkbox"/>
XLE Energy		-0.65 ⬇	-0.86 ⬇	<input checked="" type="checkbox"/>
XLB Materials		-0.23 ⬇	-0.88 ⬇	<input checked="" type="checkbox"/>

How it works



Sectors Analysis - Absolute and Relative Score (vs SPY)



Sectors

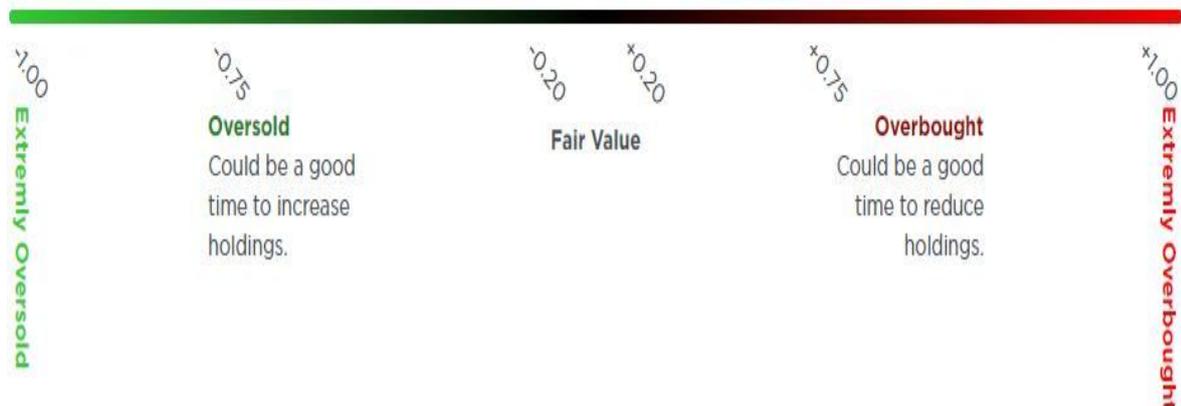
Factors

Technology X

Technology Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Holding	Absolute Score	Relative Score (vs SPY)	Chart <input type="checkbox"/>
NVDA NVIDIA Corp	5.43%	0.93	0.83	<input type="checkbox"/>
AAPL Apple Inc	21.52%	0.89	0.64	<input type="checkbox"/>
AVGO Broadcom Inc	4.51%	0.87	0.90	<input type="checkbox"/>
ORCL Oracle Corp	1.96%	0.76	0.60	<input type="checkbox"/>
MSFT Microsoft Corp	22.49%	0.75	0.49	<input type="checkbox"/>
QCOM Qualcomm Inc	2.39%	0.63	0.48	<input type="checkbox"/>
ADBE Adobe Inc	2.11%	0.37	0.13	<input type="checkbox"/>
AMD Advanced Micro Devices Inc	2.83%	0.03	-0.33	<input type="checkbox"/>
CRM Salesforce Inc	2.38%	-0.52	-0.74	<input type="checkbox"/>
CSCO Cisco Systems Inc	1.98%	-0.60	-0.72	<input type="checkbox"/>

How it works



Sectors

Factors

Technology X

Technology Analysis - Absolute and Relative Score (vs SPY)

Freeport McMoran Looks to Innovation to Expand Production

The Copper mining industry has faced a troubling problem for years. It faces a looming Copper shortage related to the electrification demands from the energy transition. Supply is tight, and new mines are hard to find and getting more expensive to build. Luckily, there's a potential [solution](#) to the conundrum. A type of copper ore that's in large supply but has been too difficult and costly to extract copper from in the past. Instead, it ended up either not being extracted from mines or sitting in waste piles. However, Freeport McMoran may be able to circumvent these challenges with complex new mining technology. The technology will allow the company to further exploit its existing mines in addition to waste piles that have built up over the years, which still hold viable copper. It could allow the company to grow its copper production by the equivalent of a large new mine.

During the next three to five years, Quirk said the company hopes to generate annual production of as much as 800 million pounds of copper through that kind of processing technology ? equal to one-fifth of its current total production.

Freeport has already extracted an additional 200 million pounds of copper through the recovery process, and is targeting another 200 million pounds in the next two years. Developing the complex technology has stalled the firm's push to hit 800 million pounds, but Quirk said the company is making progress.

?We think we're going to get there ? it's just a matter of time,? said Quirk, who stepped into the top job Tuesday to become the only female CEO of a major mining company.

Tweet of the Day



Bob Elliott ✓
@BobEUnlimited



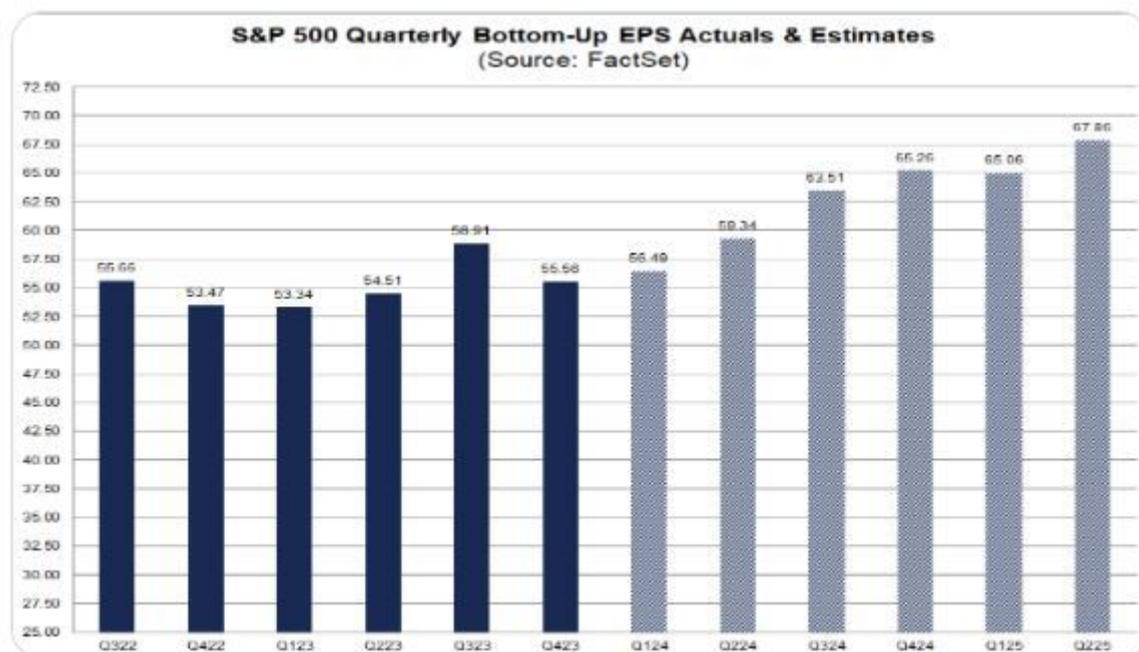
Stocks are going up b/c of strong forward earnings.

Forward earnings are strong, because analysts expect them to grow fast.

Forward earnings are expected to grow fast b/c of a strong economy supported by higher stocks.

...

Actual earnings basically flat for 6 quarters...





Bob Elliott ✓
@BobEUnlimited



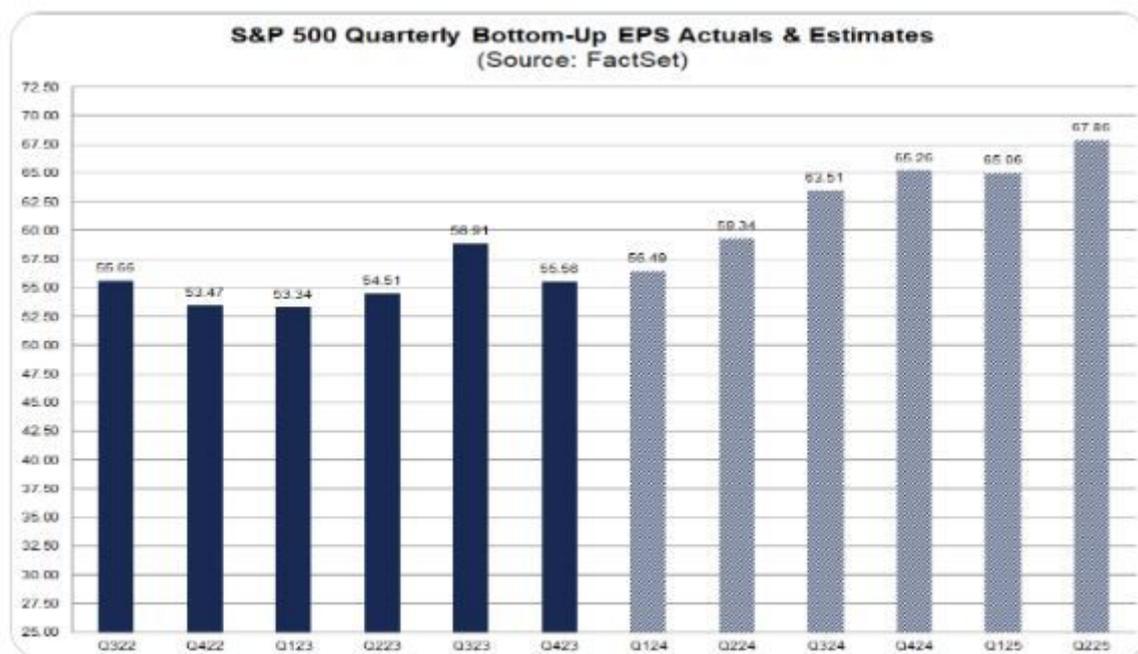
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2024/06/18

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