

## Price Gouging For Food: Reality Or Campaign Rhetoric?

Recently, Kamala Harris proposed that if elected, she would implement a ban on price gouging for food and groceries. Her goal is to lower inflation, as food prices have risen by about 20% over the last four years. The Harris campaign says the price gouging measure sets *clear rules of the road to make clear that big corporations can't unfairly exploit consumers to run up **excessive corporate profits** on food and groceries.*

Currently, many states have rules banning companies from unduly profiting when a sudden change in the supply or demand of goods occurs. For instance, during hurricane preparation, states try to prevent hardware stores from increasing the price of plywood. While such rules make perfect sense, Harris' price gouging proposal is flawed.

The graph below shows Krogers's profit margin of 3.50%. Their grocery store competition has similar profit margins. Walmart and Costco, also competitors, although they sell non-food items, have profit margins of 4.00% and 3.50%, respectively. The point is that many grocery stores and other food sellers are not making excessive profits. For context, the S&P 500 has an aggregate profit margin of about 12%.

If grocers had to reduce their prices, their already slim margins would force them to reduce their expenses. Such would result in layoffs and store closures, both of which would harm the economy. The food inflation problem is not due to price gouging but excessive fiscal and monetary stimulus during the pandemic.

# KROGER (KR)

Overview Key Stats Style Scorecard Quant Models Estimates Surprise Analysis Financials Charting Peers Co vs Sec/Ind Events Commentary/News

## KROGER (KR): EBIT Margin Chart

Zoom 1m 3m 6m YTD 1y 2y 3y 5y 10y 20y Max From To Data Format: Raw Value Options



## What To Watch Today

### Earnings

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, AUGUST 20						
12:55	 USD Redbook Index (YoY) (Aug 16)		.	.	.	4.7% 
17:35	 USD Fed's Bostic speech				SPEECH	
17:45	 USD Fed's Barr speech				SPEECH	

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, AUGUST 20						
12:55	 USD Redbook Index (YoY) (Aug 16)		.	.	.	4.7% 
17:35	 USD Fed's Bostic speech				SPEECH	
17:45	 USD Fed's Barr speech				SPEECH	

## Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, AUGUST 20						
12:55	USD Redbook Index (YoY) (Aug 16)		-	-	-	4.7%
17:35	USD Fed's Bostic speech				SPEECH	
17:45	USD Fed's Barr speech				SPEECH	
Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, AUGUST 20						
12:55	USD Redbook Index (YoY) (Aug 16)		-	-	-	4.7%
17:35	USD Fed's Bostic speech				SPEECH	
17:45	USD Fed's Barr speech				SPEECH	

## Market Trading Update

***As noted yesterday***, the recovery from the recent lows has been rapid, and the momentum continued again yesterday as the markets are now focused on all-time highs as the next resistance level. Currently, there is little to stop the rally as corporate share buybacks continue, and trading programs must accumulate roughly \$10 billion daily through the end of the month.

However, once we get into September, things should cool down following the Jackson Hole Summit (Powell speaks on Friday), and the election will begin to take center stage. While we didn't get an opportunity to add to exposures, small dips can be used to rebalance portfolios. It is worth noting that the oversold condition has been primarily reversed in the short term, so the upside will likely become more challenging. Trade accordingly.



TradingView



TradingView



THE **Bull Bear** REPORT  
BY SimpleVisor™

The most important things you need to know about the markets.  
> **Subscribe today**

THE **Bull Bear** REPORT  
BY SimpleVisor™

The most important things you need to know about the markets.  
> **Subscribe today**

## Bankruptcies On The Rise

The Bloomberg graph below shows that new Chapter 11 bankruptcy cases are rising. Bankruptcies tend to fall during economic expansion. Conversely, they increase sharply during or after the recession. The recent increase puts the number of bankruptcies above the rate in the pre-pandemic era.

Let's hope this time is different!

BANKT11 2576 As Of 06/30/24

US New Bankruptcy Cases Chapter 11 Total Filings - Mid Price Administrative Office of US Co...

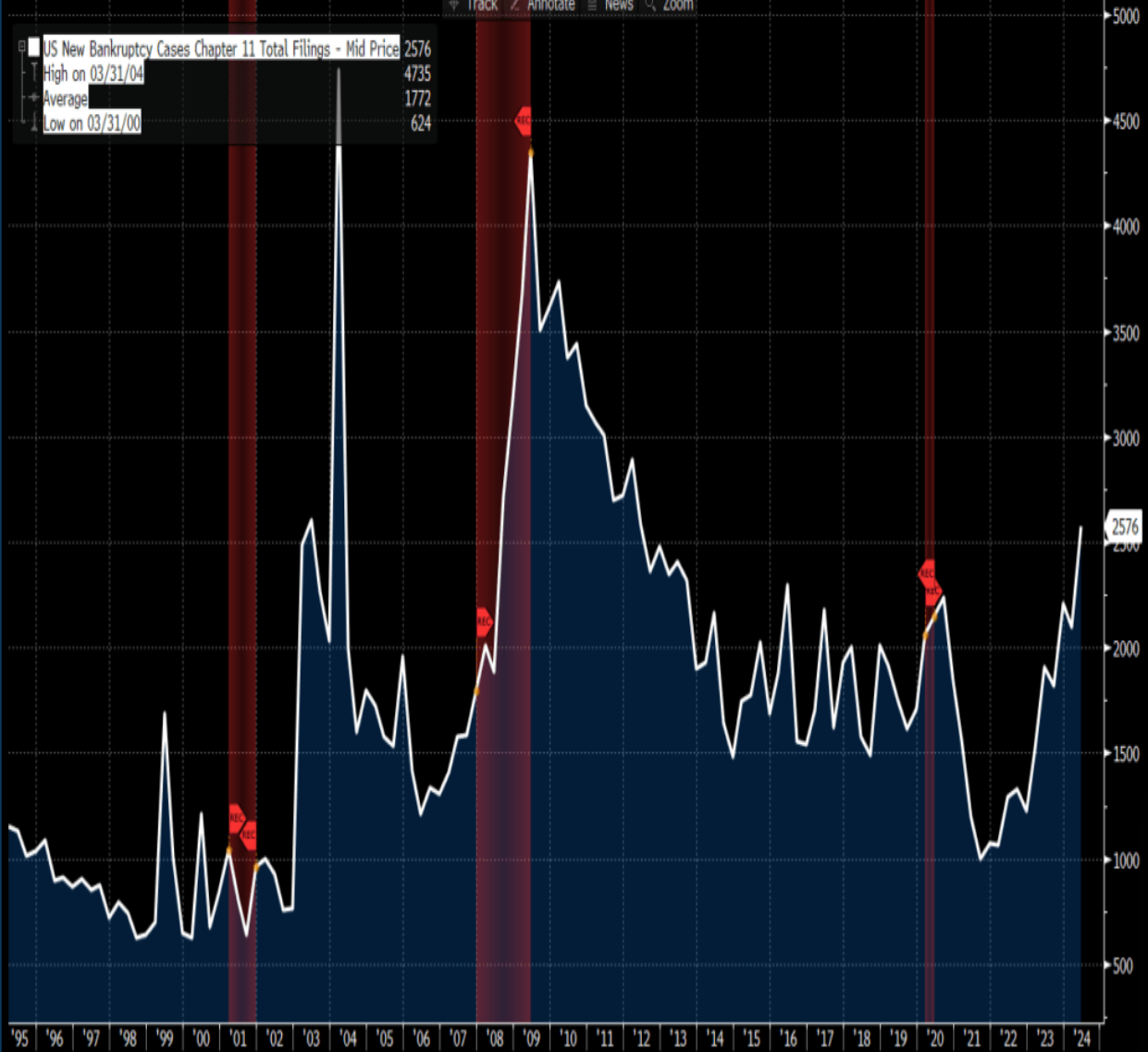
BANKT11 Index 94 Suggested Charts 96 Actions 97 Edit Line Chart

01/01/1994 - 06/30/2024 Mid Px Local CCY Mov Avgs Key Events

1D 3D 1M 6M YTD 1Y 5Y Max Quarterly Table + Related Dat Add Data Edit Chart

Track Annotate News Zoom

US New Bankruptcy Cases Chapter 11 Total Filings - Mid Price 2576  
High on 03/31/04 4735  
Average 1772  
Low on 03/31/00 624



BANKT11 2576 As Of 06/30/24

US New Bankruptcy Cases Chapter 11 Total Filings - Mid Price Administrative Office of US Co...

BANKT11 Index 94 Suggested Charts 96 Actions 97 Edit Line Chart

01/01/1994 - 06/30/2024 Mid Px Local CCY Mov Avgs Key Events

1D 3D 1M 6M YTD 1Y 5Y Max Quarterly Table + Related Dat Add Data Edit Chart

Track Annotate News Zoom

US New Bankruptcy Cases Chapter 11 Total Filings - Mid Price 2576  
High on 03/31/04 4735  
Average 1772  
Low on 03/31/00 624



## SimpleVisor Shows Market Breadth Has Improved

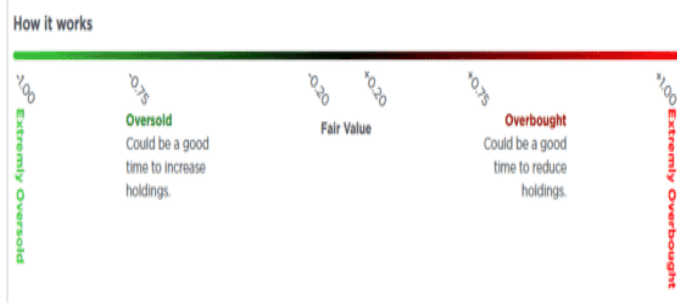
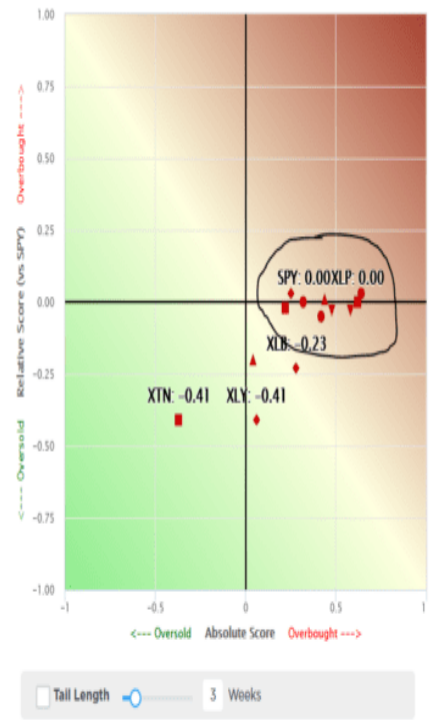
The first graphic from [SimpleVisor?s](#) proprietary sector and factor relative and absolute analysis tool shows that eight of the twelve sectors have relative scores near zero. The second graphic highlights that many factors have similar relative scores. Both graphics tell us that much of the market has been trading in line with the S&P 500. Therefore, market breadth is back to a more normal state. Over the last five years or so, in which we have run this analysis, we have never seen such even breadth. So, what comes next?

The third graphic can provide some hints. The SimpleVisor 2 Symbol Money Flow Daily graphs the price ratio of securities. Furthermore, the SimpleVisor propriety momentum model is shown beneath the price ratio graph. We ran the equal-weighted S&P 500 (RSP) to the S&P 500 (SPY). This pair is a good indication of market breadth. The graph shows the recent outperformance of RSP vs SPY. In addition, the SV momentum model is turning into a sell indicator. This indicates that SPY may likely outperform RSP in the coming days.

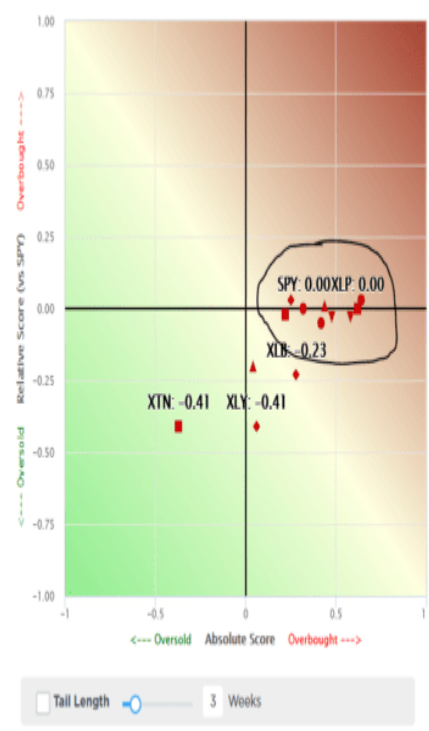
If the large-cap stocks again dominate performance, then SPY will beat out RSP, and the price ratio will decline further. However, this may be a rest before RSP gains further versus SPY. Lastly, the ratio may start to flatline, and the SV indicator may oscillate around zero. If that happens, breadth is likely to remain healthy.



Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)	Chart
XLK	Technology	0.25	0.03	✓
XLV	Health Care	0.64	0.03	✓
XLRE	Real Estate	0.44	0.01	✓
SPY		0.32	0.00	✓
XLP	Consumer Staples	0.62	0.00	✓
XLC	Communication Services	0.22	-0.02	✓
XLF	Financial	0.48	-0.03	✓
XLU	Utilities	0.58	-0.03	✓
XLI	Industrials	0.42	-0.05	✓
XLE	Energy	0.04	-0.20	✓
XLB	Materials	0.28	-0.23	✓
XLY	Consumer Discretionary	0.06	-0.41	✓
XTN	Transportation	-0.37	-0.41	✓



Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)	Chart
XLK	Technology	0.25	0.03	✓
XLV	Health Care	0.64	0.03	✓
XLRE	Real Estate	0.44	0.01	✓
SPY		0.32	0.00	✓
XLP	Consumer Staples	0.62	0.00	✓
XLC	Communication Services	0.22	-0.02	✓
XLF	Financial	0.48	-0.03	✓
XLU	Utilities	0.58	-0.03	✓
XLI	Industrials	0.42	-0.05	✓
XLE	Energy	0.04	-0.20	✓
XLB	Materials	0.28	-0.23	✓
XLY	Consumer Discretionary	0.06	-0.41	✓
XTN	Transportation	-0.37	-0.41	✓



Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)
ARKK Disruptive Tech		-0.11	-0.30
SPHB High Beta		0.07	-0.27
MDYG Mid Cap Growth		0.08	-0.24
IWM Small Caps		0.12	-0.20
MDY Mid Cap 400		0.31	-0.18
VBK Small Cap Growth		0.17	-0.16
VBR Small Cap Value		0.19	-0.15
VEA Developed Markets		0.27	-0.06
EEM Emerging Markets		0.30	-0.05
MDYV Mid Cap Value		0.37	-0.05
MGK Mega Cap Growth		0.26	-0.01
IVE S&P 500 Value		0.47	0.00
SPLV Low Beta [Low Vol.]		0.66	0.00
SPY		0.32	0.00
PKW Buyback Achievers		0.41	0.01
RSP Equal Weight S&P 500		0.44	0.01
VYM High Dividend Yield		0.45	0.02
EFA EAFE		0.26	0.08
IVW S&P 500 Growth		0.27	0.08
IVV Core S&P 500		0.32	0.11
MTUM Momentum		0.31	0.15
GDX Gold Miners		0.66	0.47

Symbol Name	Top 10 Holdings	Absolute Score	Relative Score (vs SPY)
ARKK Disruptive Tech		-0.11	-0.30
SPHB High Beta		0.07	-0.27
MDYG Mid Cap Growth		0.08	-0.24



## Tweet of the Day



**Lance Roberts** @LanceRoberts · 4h

"Maybe the JPY does not matter for equities post the washout, but these types of moves in the world's 3rd biggest #currency should not be dismissed. The gap between #SPX and the #JPY is once again huge." - @themarketear



**Lance Roberts** @LanceRoberts · 4h

"Maybe the JPY does not matter for equities post the washout, but these types of moves in the world's 3rd biggest #currency should not be dismissed. The gap between #SPX and the #JPY is once again huge." - @themarketear



?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.](#)?

---

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

*If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.*

Post Views: 0

2024/08/20

[> Back to All Posts](#)