



Target And Walmart: Same Business But Different Trends

Yesterday's [Commentary](#) shared Walmart's outstanding earnings report and reviewed its surging share price from a technical basis. Despite being a head-to-head competitor of Walmart, Target is heading down a completely different path. Walmart beat EPS and revenue expectations easily, while Target was short. Target reported EPS of \$1.85, well below estimates of \$2.30. Unlike Walmart, which raised forward guidance, Target lowered its annual EPS outlook by approximately \$1 per share. Target blamed their weak earnings on discretionary products like apparel and home goods. Walmart credited market share gains and grocery items for their earnings beat.

As we noted yesterday, Walmart shares are up nearly 100% this year. Conversely, Target shares, including yesterday's drawdropping 20+% decline, are down 15%. Moreover, they have gone nowhere in the last five years. Target is much cheaper than Walmart, with a P/E of 12 and a P/S of .53. The charts on the left below show the SimpleVisor average fair value for both stocks. Walmart trades about 40% above its fair value, while Target is about 5% below. Purely from a valuation perspective, Target appears to be much cheaper. However, Wall Street is certainly voting that Walmart is the better of the two stocks.

Target



Walmart



What To Watch Today

Earnings

Thursday Nov 21	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Intuit INTU.US	2.36	2.47		3.14B	3B		\$179.93B	Q1	PM ★
PDD Holdings PDD.US	19.58	11.61		102.87B	68.84B		\$155.19B	Q3	AM ★
Deere & Company DE.US	3.89	8.26		9.23B	15.41B		\$111.52B	Q4	AM ★
Copart CPRT.US	0.37	0.34		1.09B	1.02B		\$54.21B	Q1	PM ★
Ross Stores ROST.US	1.40	1.33		5.16B	4.9B		\$46.5B	Q3	PM ★
Baidu BIDU.US	17.59	20.40		33.61B	34.4B		\$29.92B	Q3	AM ★
Halma HLMA.LN							\$11.94B	H1	AM ★
BJ's Wholesale Club Holdings	0.93	0.98		5.12B	4.92B		\$11.54B	Q3	PM ★
Gap GPS.US	0.58	0.59		3.81B	3.8B		\$7.8B	Q3	PM ★

Economy

Thursday November 21 2024			Actual	Previous	Consensus	Forecast		
07:30 AM	US	Initial Jobless Claims NOV16		217K	220K	224.0K		
07:30 AM	US	Philadelphia Fed Manufacturing Index NOV		10.3	8	11		
07:30 AM	US	Continuing Jobless Claims NOV09		1873K	1870K	1875.0K		
07:30 AM	US	Jobless Claims 4-week Average NOV16		221K		222.0K		
07:30 AM	US	Philly Fed Business Conditions NOV		36.7				
07:30 AM	US	Philly Fed CAPEX Index NOV		23.50				
07:30 AM	US	Philly Fed Employment NOV		-2.2				
07:30 AM	US	Philly Fed New Orders NOV		14.2				
07:30 AM	US	Philly Fed Prices Paid NOV		29.70				
09:00 AM	US	Existing Home Sales OCT		3.84M	3.93M	3.87M		
09:00 AM	US	Existing Home Sales MoM OCT		-1%		0.8%		
09:00 AM	US	CB Leading Index MoM OCT		-0.5%	-0.3%	-0.1%		
09:30 AM	US	EIA Natural Gas Stocks Change NOV15		42Bcf				
10:00 AM	US	Kansas Fed Composite Index NOV		-4		-2		
10:00 AM	US	Kansas Fed Manufacturing Index NOV		0		3		
10:30 AM	US	4-Week Bill Auction		4.510%				
10:30 AM	US	8-Week Bill Auction		4.460%				
11:00 AM	US	15-Year Mortgage Rate NOV20		5.99%				
11:00 AM	US	30-Year Mortgage Rate NOV20		6.78%				
11:25 AM	US	Fed Goolsbee Speech						
11:30 AM	US	Fed Hammack Speech						
12:00 PM	US	10-Year TIPS Auction		1.592%				
03:30 PM	US	Fed Balance Sheet NOV20		\$6.96T				

Market Trading Update

Earlier this year, the Technology/Artificial Intelligence chase was on, with the largest names in the technology-heavy Nasdaq surging higher. Over the last few months, stocks like Microsoft, Nvidia, and others have cooled their heels, working off the more extreme overbought conditions. While we usually focus on the S&P 500 in our [daily market trading update](#), I thought looking at the Nasdaq, using the ETF as a proxy (QQQ), would be a change of pace.

Like the S&P 500, the Nasdaq is currently on a short-term MACD sell signal, suggesting that price momentum is under pressure in the near term. While not oversold, the index is holding support at the 20-DMA, with the 50-DMA just below. Notably, the money flow index is trying to turn positive, which should give the index life into year-end if that occurs. While the Nasdaq did break out to a new all-time high following the election, the index again holds resistance at the previous highs from July. The rising trend line from the August lows has continued to be strong support, so a move above the July highs should catalyze a move higher into year-end. However, a break below that rising trend line will suggest a larger corrective move towards the 100-DMA.

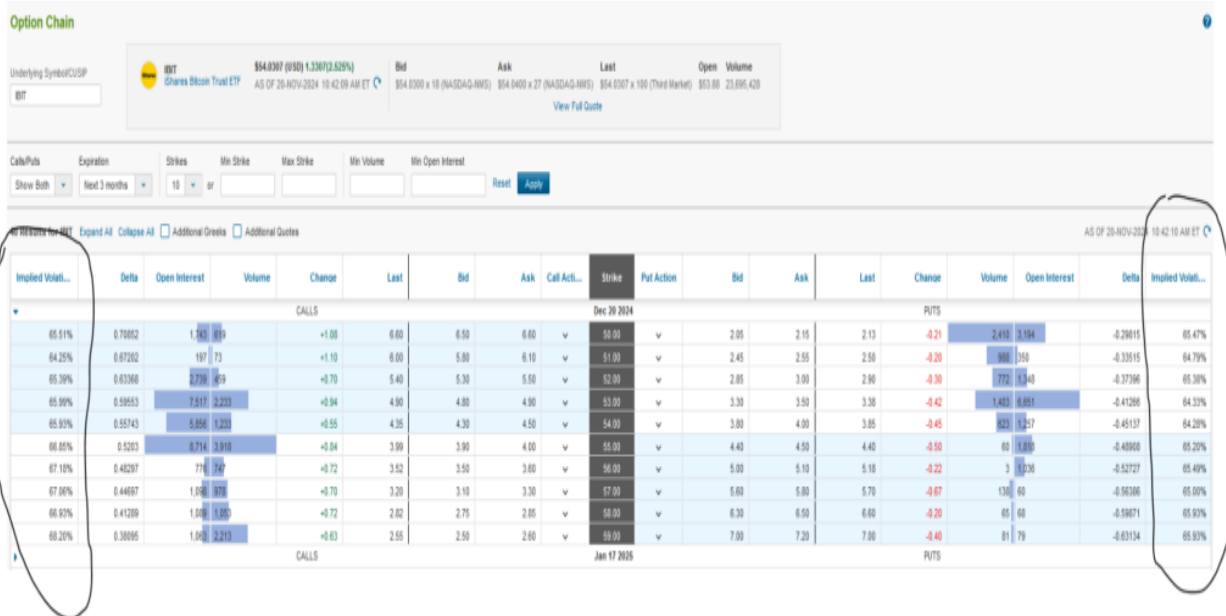


The risk/reward seems evenly balanced, so adding additional risk exposure does not seem prudent until we see a confirmed break of the current trend channel, either above or below. Continue to manage risk, and look for a technical confirmation before making your next move.



Options On Bitcoin ETFs

On Tuesday, the Nasdaq started trading options on BlackRock's iShares Bitcoin ETF (IBIT). According to Bloomberg, 350,000 contracts were traded, with about 80% of them being bullish options. Options already existed for Bitcoin via the futures market traded on the CME. However, most futures traders are institutional-based. The options on IBIT will certainly introduce many more retail traders to the options markets. The new Bitcoin options are likely to boost Bitcoin's volatility further. As shown below, the implied volatility on IBIT puts and calls is around 65. In other words, options traders think IBIT will move by +/- 65% over the next year, with 68% certainty. Compare that to the S&P 500, which is around 15%



Trump Tariffs Are Inflationary, They Claim

- *Mark Cuban Says Trump's Tariff Proposals Will Ramp Up Prices- Business Insider*
- *Fed's Kashkari Says Trump Tariffs Could Reheat Inflation If They Provoke Global Trade War- CNBC*
- *Blanket Tariffs Would Be Incredibly Inflationary, Says Strategist- CNBC*
- *Treasury Secretary Janet Yellen Warns 'Sweeping Untargeted Tariffs' Would Reaccelerate Inflation- CBS News*
- *Trump Tariffs Expected To Spike Inflation, Interest Rates- Business Insider*

The headlines regarding Trump's proposed tariffs and their inflationary consequences are undoubtedly worrying, but will they prove correct?

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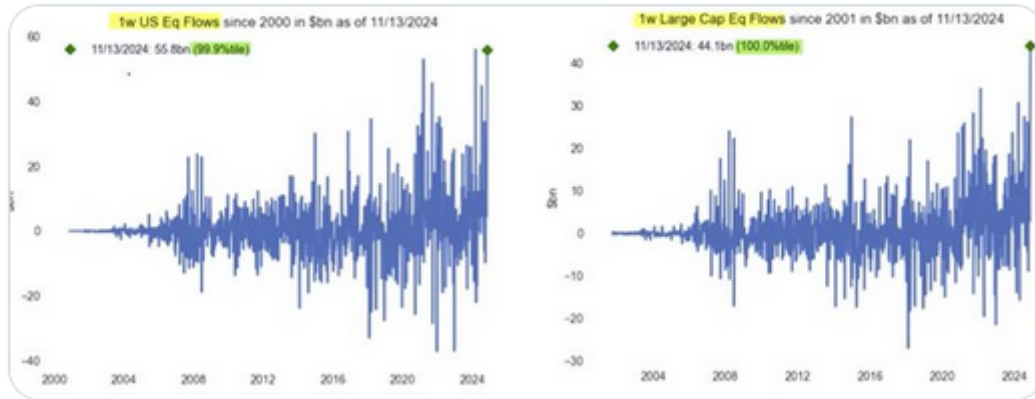
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