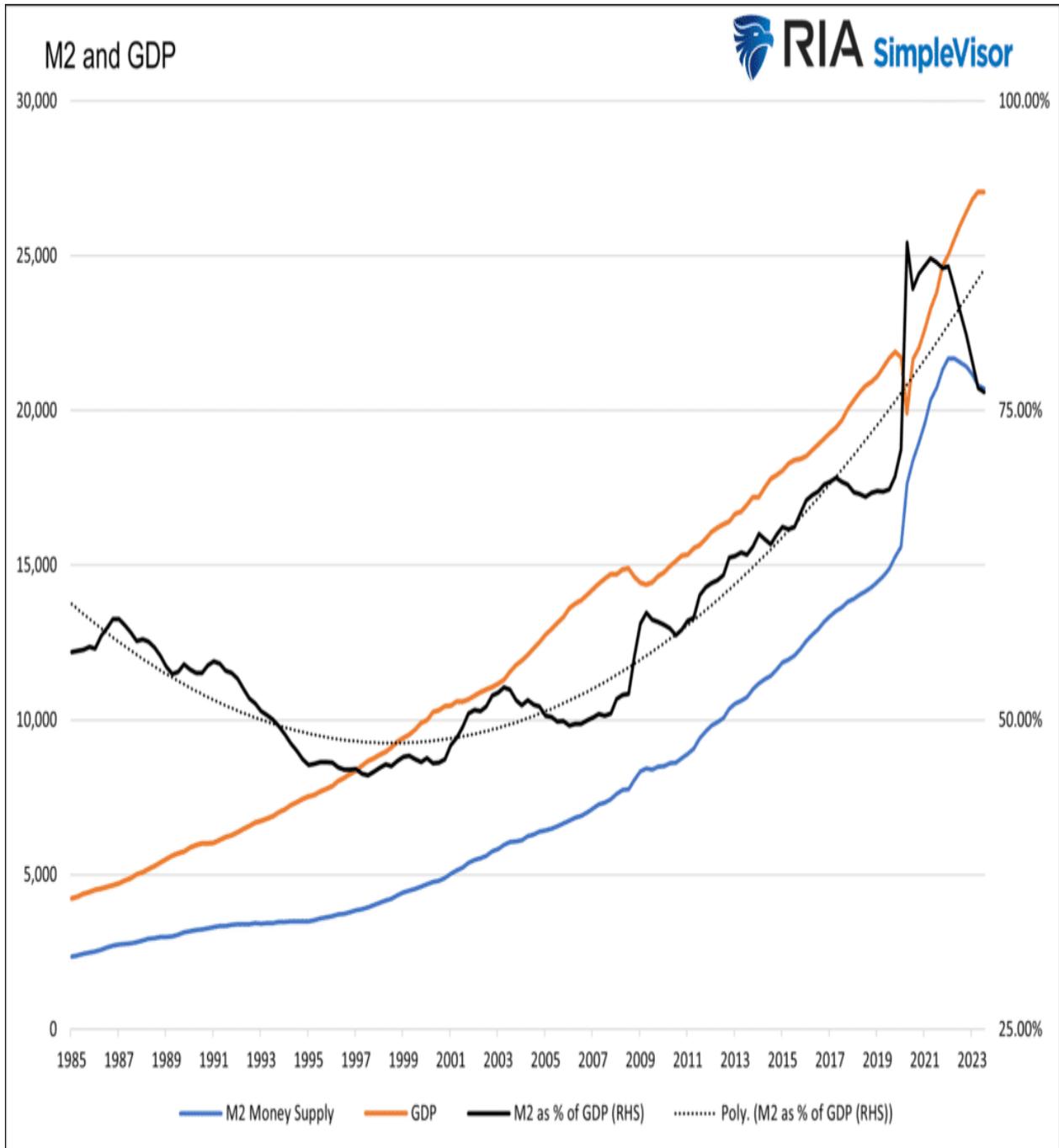




The Money Supply Is Down 10 Straight Months

As shown below, the U.S. M2 money supply (blue) has declined for ten straight months. Such is the longest streak since 1933! Because the historical reference to the Depression era is daunting, it's worth putting the recent money supply decline into proper perspective. Such allows us to appreciate the relationship between the money supply and economic activity. Banks have been significantly tightening lending standards as the Fed removes reserves from the banking system via QT, and the inverted yield curve disincentivizes lending. Consequently, the amount of money in the financial system has declined. We remind you that all money creation is the result of new debt.

The U.S. economy's growth and the financial system's health are highly dependent on debt growth. Credit drives our economy. While the money supply is falling, it is still moderately above pre-pandemic levels. However, for the economy to grow, money supply growth must keep up with economic growth. This aspect makes the graph below concerning. The solid black line is the ratio of M2 to nominal GDP. The dotted line shows its trend. While the ratio is still above pre-pandemic levels, it's well below the trend. Since 2000, when the ratio was below trend, a recession ultimately occurred. Barring renewed growth in M2, which entails lower rates, a steeper yield curve, and the cessation of QT, a recession is likely. The only question is how soon.



What To Watch Today

Economics

Time	Event	Impact	Actual	Dev	Consensus	Previous	
THURSDAY, OCTOBER 26							
12:30	USD Continuing Jobless Claims(Oct 13)		-	-	1.743M	1.734M	
12:30	USD Core Personal Consumption Expenditures (QoQ)(Q3) PREL		-	-	2.5%	3.7%	
12:30	USD Durable Goods Orders(Sep)		-	-	1.5%	0.1%	
12:30	USD Durable Goods Orders ex Defense(Sep)		-	-	-	-0.7%	
12:30	USD Durable Goods Orders ex Transportation(Sep)		-	-	0.2%	0.4%	
12:30	USD Goods Trade Balance(Sep) PREL		-	-	\$-85.5B	\$-84.5B	
12:30	USD Gross Domestic Product Annualized(Q3) PREL		-	-	4.2%	2.1%	
12:30	USD Gross Domestic Product Price Index(Q3) PREL		-	-	2.5%	1.7%	
12:30	USD Initial Jobless Claims(Oct 20)		-	-	208K	198K	
12:30	USD Initial Jobless Claims 4-week average(Oct 20)		-	-	-	205.75K	
12:30	USD Nondefense Capital Goods Orders ex Aircraft(Sep)		-	-	0.2%	0.9%	
12:30	USD Personal Consumption Expenditures Prices (QoQ)(Q3) PREL		-	-	-	2.5%	
12:30	USD Wholesale Inventories(Sep) PREL		-	-	-	-0.1%	
13:00	USD Fed's Waller speech				SPEECH		
14:00	USD Pending Home Sales (MoM)(Sep)		-	-	-1.5%	-7.1%	
14:00	USD Pending Home Sales (YoY)(Sep)		-	-	-	-18.3%	
14:30	USD EIA Natural Gas Storage Change(Oct 20)		-	-	-	97B	
15:00	USD Kansas Fed Manufacturing Activity(Oct)		-	-	-	-13	
15:30	USD 4-Week Bill Auction		-	-	-	5.305%	
17:00	USD 7-Year Note Auction		-	-	-	4.673%	

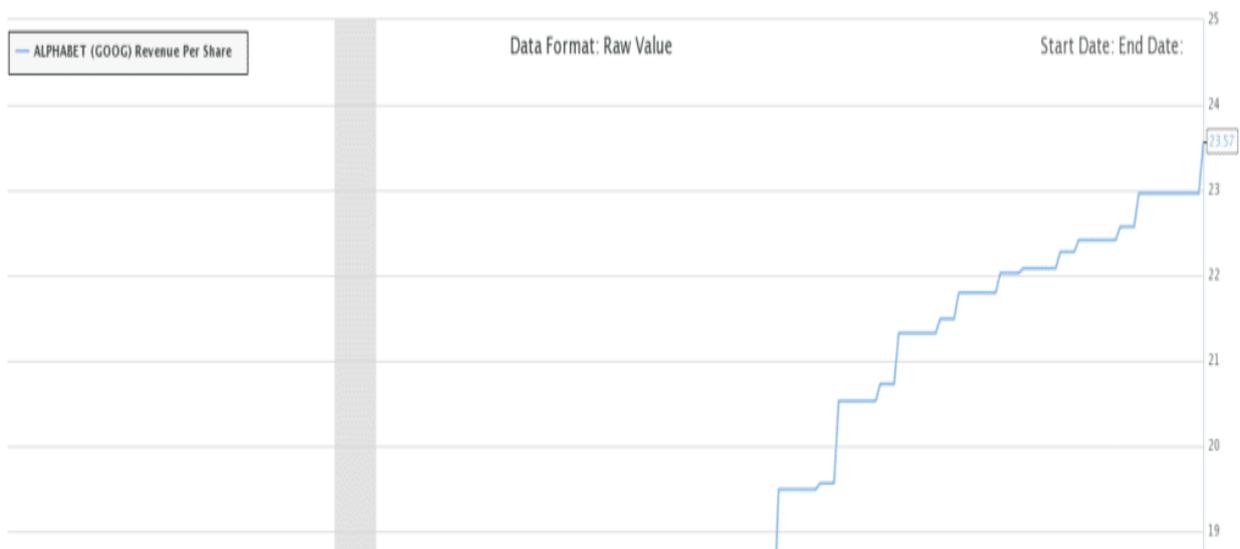
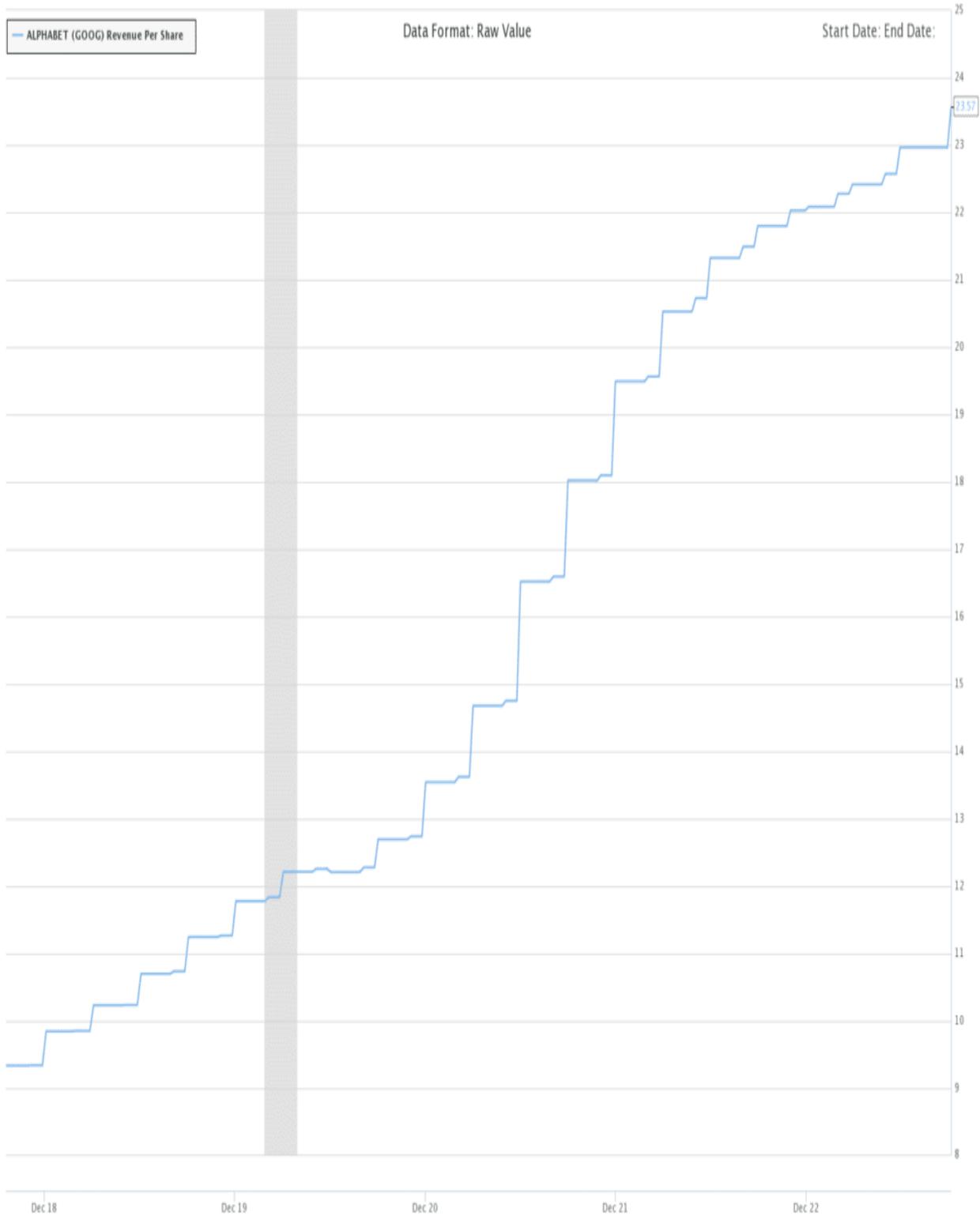
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Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS+ Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS+
🕒	AMZN	Amazon.com, Inc.	\$1,326,450,042,333	Sep/2023	\$0.58	13	10/27/2022	\$0.20
🌞	MA	Mastercard Incorporated	\$364,551,377,630	Sep/2023	\$3.21	14	10/27/2022	\$2.68
🌞	MRK	Merck & Company, Inc.	\$261,440,806,042	Sep/2023	\$1.94	8	10/27/2022	\$1.85
🌞	CMCSA	Comcast Corporation	\$179,278,276,877	Sep/2023	\$0.94	8	10/27/2022	\$0.96
🌞	LIN	Linde plc	\$179,202,998,012	Sep/2023	\$3.57	7	10/27/2022	\$3.10
🌞	TTE	TotalEnergies SE	\$170,767,359,782	Sep/2023	\$2.46	4	10/27/2022	\$3.83
🕒	INTC	Intel Corporation	\$144,862,920,000	Sep/2023	\$0.03	14	10/27/2022	\$0.59
☹️	LYG	Lloyds Banking Group Plc	\$128,478,440,000	Sep/2023		N/A	10/27/2022	\$0.08
🌞	UPS	United Parcel Service, Inc.	\$127,586,457,425	Sep/2023	\$1.53	9	10/25/2022	\$2.99
🌞	HON	Honeywell International Inc.	\$120,482,441,632	Sep/2023	\$2.22	7	10/27/2022	\$2.25
🌞	BMJ	Bristol-Myers Squibb Company	\$117,240,455,926	Sep/2023	\$1.76	10	10/25/2022	\$1.99
🌞	AMT	American Tower Corporation (REIT)	\$76,090,565,692	Sep/2023	\$2.27	7	10/27/2022	\$2.36
🌞	MO	Altria Group	\$75,491,908,761	Sep/2023	\$1.29	6	10/27/2022	\$1.28
🌞	BSX	Boston Scientific Corporation	\$74,616,817,482	Sep/2023	\$0.48	13	10/26/2022	\$0.43
🌞	NOC	Northrop Grumman Corporation	\$72,387,826,554	Sep/2023	\$5.81	8	10/27/2022	\$5.89
🕒	VALE	VALE S.A.	\$61,360,938,136	Sep/2023	\$0.64	4	10/27/2022	\$0.98
☹️	PXD	Pioneer Natural Resources Company	\$57,107,925,427	Sep/2023	\$5.51	9	10/27/2022	\$7.48
🕒	CMG	Chipotle Mexican Grill, Inc.	\$51,177,505,000	Sep/2023	\$10.46	15	10/25/2022	\$9.51
🕒	AJG	Arthur J. Gallagher & Co.	\$49,827,142,260	Sep/2023	\$1.94	7	10/27/2022	\$1.72
🌞	PCG	Pacific Gas & Electric Co.	\$45,872,094,142	Sep/2023	\$0.28	3	10/27/2022	\$0.29
🕒	F	Ford Motor Company	\$45,585,349,606	Sep/2023	\$0.40	5	10/26/2022	\$0.30
🌞	VLO	Valero Energy Corporation	\$45,483,514,944	Sep/2023	\$7.36	6	10/25/2022	\$7.14
🕒	RSG	Republic Services, Inc.	\$45,329,511,930	Sep/2023	\$1.41	10	10/27/2022	\$1.34
🌞	TAK	Takeda Pharmaceutical Company Limited	\$45,208,520,315	Sep/2023		N/A	10/27/2022	\$0.52
🌞	KDP	Keurig Dr Pepper Inc.	\$40,674,220,668	Sep/2023	\$0.47	8	10/27/2022	\$0.46
🌞	CARR	Carrier Global Corporation	\$40,331,784,636	Sep/2023	\$0.78	8	10/27/2022	\$0.70
🌞	HSY	Hershey Company (The)	\$38,908,195,739	Sep/2023	\$2.47	9	11/04/2022	\$2.17
🌞	KVUE	Kenvue Inc.	\$38,259,590,991	Sep/2023	\$0.30	2	N/A	N/A
🕒	DLR	Digital Realty Trust, Inc.	\$36,164,679,473	Sep/2023	\$1.61	7	10/26/2022	\$1.67
🌞	STM	STMicroelectronics N.V.	\$35,964,818,709	Sep/2023	\$1.08	4	10/27/2022	\$1.16
🌞	GWW	W.W. Grainger, Inc.	\$34,336,106,364	Sep/2023	\$8.85	7	10/28/2022	\$8.27
🕒	COF	Capital One Financial Corporation	\$34,024,577,250	Sep/2023	\$3.23	13	10/27/2022	\$4.20
🕒	DXCM	DexCom, Inc.	\$33,492,729,584	Sep/2023	\$0.34	11	10/27/2022	\$0.28
🕒	LHX	L3Harris Technologies, Inc.	\$32,723,738,542	Sep/2023	\$3.06	9	10/27/2022	\$3.26
🌞	NEM	Newmont Corporation	\$30,557,462,433	Sep/2023	\$0.42	4	11/01/2022	\$0.27
🌞	WST	West Pharmaceutical Services, Inc.	\$27,307,967,300	Sep/2023	\$1.86	6	10/27/2022	\$2.03
🌞	VMC	Vulcan Materials Company	\$27,257,494,775	Sep/2023	\$2.22	7	11/02/2022	\$1.78
🌞	WTW	Willis Towers Watson Public Limited Company	\$21,791,632,265	Sep/2023	\$2.07	10	10/27/2022	\$2.20
🌞	TSCO	Tractor Supply Company	\$21,567,895,594	Sep/2023	\$2.27	14	10/20/2022	\$2.10
🕒	HIG	Hartford Financial Services Group, Inc. (The)	\$21,526,427,658	Sep/2023	\$1.95	9	10/27/2022	\$1.44
🕒	VRSN	VeriSign, Inc.	\$21,335,281,965	Sep/2023	\$1.74	1	10/27/2022	\$1.58
🕒	WY	Weyerhaeuser Company	\$21,147,847,120	Sep/2023	\$0.33	5	10/27/2022	\$0.42
Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS+ Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS+
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Market Trading Update

Yesterday was a rough day in the market, with the Mega-Caps taking the brunt of the beating following Google's (GOOG) earnings release. While the cloud revenue was indeed a bit light, revenue growth remains strong, as shown. Yesterday's sell-off seems a bit over-exaggerated, but this is where money has been hiding during the bulk of the sell-off over the last 3-months.



Nonetheless, given the weight of the top 7 stocks in the market capitalization weighted index, the selling pressure in those stocks took the market back below the 200-DMA. As noted previously, the break, retest, and failure of support at the 200-DMA is important as it suggests we could see lower market prices in the week ahead. The one caveat is that the market is oversold on multiple levels after a long period of selling over the last 3-months. As such, downside risk is somewhat limited. I suspect that as we get into November, we will likely see a decent bounce back to 4300, which can be used to reduce risk and raise cash until the technical picture improves.



TradingView



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Bitcoin Surges As A Bitcoin ETF Appears Imminent

Since bottoming in late 2022, the price of Bitcoin has been steadily rising. However, over the last six months or so, the price of bitcoin has been consolidating. That ended as the price has risen nearly 25% in less than two weeks. The culprit appears to be the imminent introduction of a Blackrock Bitcoin ETF. Such a new product could vastly increase the number of Bitcoin holders, including institutional and retail money managers and individual investors.

While rumors of a Bitcoin ETF have been around for a while, this rumor appears to have substance. Per Bitcoin.com:

Blackrock is moving forward with the process of bringing its spot bitcoin exchange-traded fund (ETF) to market. The world's largest asset manager has secured a ticker symbol and a CUSIP number for its forthcoming spot bitcoin ETF, which is now listed on the Depository Trust and Clearing Corporation (DTCC), the entity responsible for clearing Nasdaq trades. Additionally, Blackrock's spot bitcoin ETF filing signals the firm's intention to buy bitcoin to seed its upcoming ETF this month.



Mortgage Buydowns Buoy New Home Sales

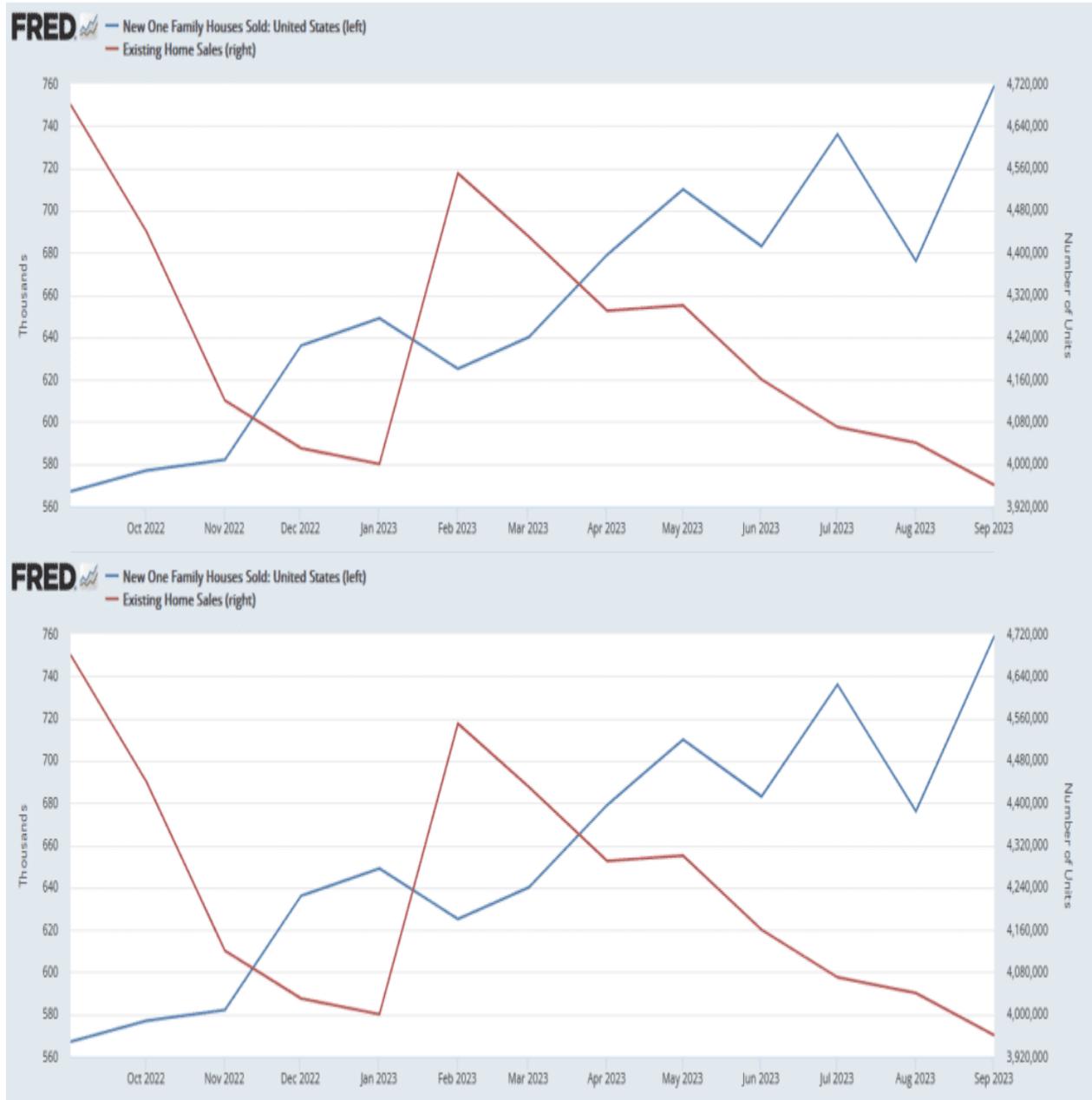
The graph below shows that despite sharply rising mortgage rates, new home sales have been surging. At the same time, existing home sales have been falling. Yesterday, it was reported that new home sales grew by 12.3% month-over-month in September, the largest jump since August 2022. What gives?

For starters, the supply of existing homes is limited as few potential sellers are willing to sell, get out of their low mortgage rate, and assume a new house with a much higher mortgage rate. Secondly, and probably more importantly, new home builders are offering discounts in the form of

reduced mortgage rates. For instance, consider the following from PulteGroup CEO Ryan Marshall:

?We?ve redirected the incentives we?re offering to the things that matter most.. Historically offered those incentives on things like countertop and cabinet upgrades today the consumer needs those incentives towards mortgage rate buydowns.? ?Our most powerful incentive is the 30-year fixed mortgage rate buydown, down to 5.7%.

Pulte estimates that 80% to 85% of new home buyers are getting reduced-rate mortgages.



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"As we also announced this morning, our Board has approved a \$10 billion accelerated share repurchase program or ASR, which we will be initiating tomorrow. Simply put, we see a significant discount between the intrinsic value of RTX and our current stock price."

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