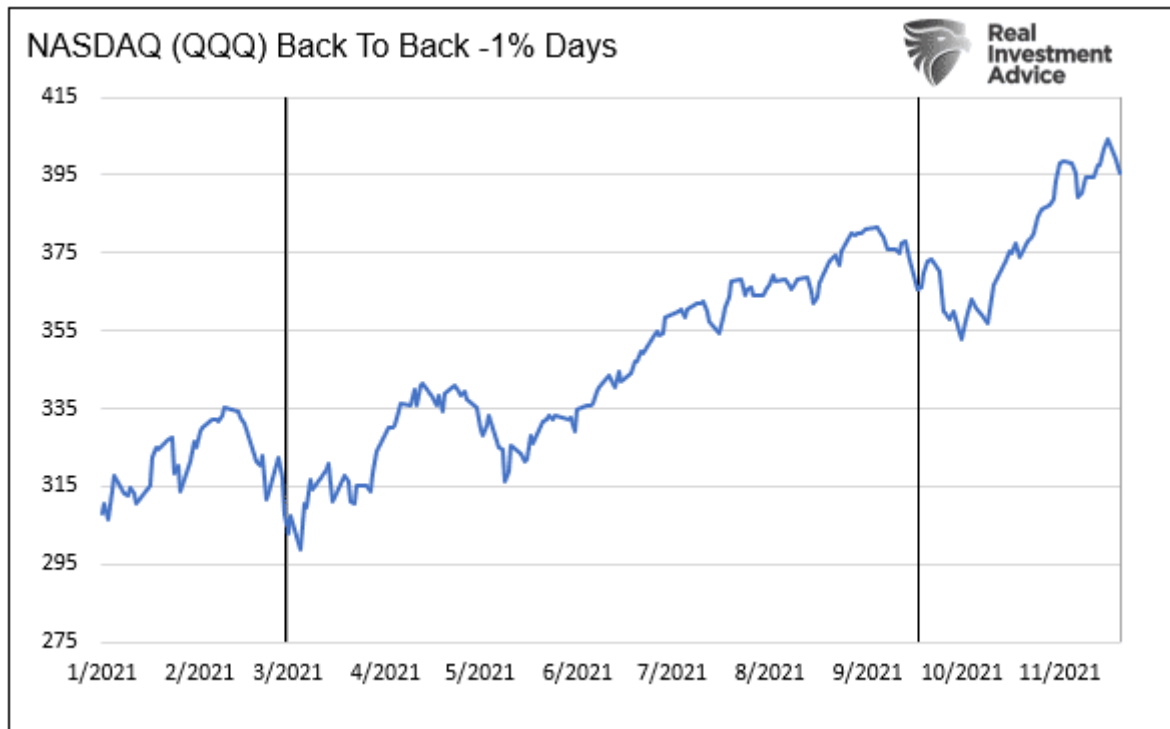


The NASDAQ Is On A Losing Streak

The NASDAQ was lower by over one percent at lunchtime but cut its losses in half toward the end of Tuesday's trading. Had it held on to its losses, mimicking Monday's 1% decline, it would be only the third time such a losing streak occurred in 2021. The black vertical lines below show the two times the NASDAQ fell by more than 1% in two consecutive days. The technology bull market of 2021 is a force to be reckoned with.

The NASDAQ and technology stocks are putting pressure on the S&P 500, yet most other stocks kept the S&P 500 in the green. Sound familiar? Last week the S&P was higher with a large majority of stocks lower, except the technology sector.



[dmc]

What To Watch Today

Economy

- 7:00. a.m. ET: **MBA Mortgage Application**, week ended Nov. 19 (-2.8% during prior week)
- 8:30 a.m. ET: [Initial jobless claims](#), week ended Nov. 20 (260,000 during prior week)
- 8:30 a.m. ET: [Continuing claims](#), week ended Nov. 13 (2.033 expected, 2.080 million during prior week)
- 8:30 a.m. ET: **Advance Goods Trade Balance**, October (-\$95 billion expected, -\$96.3 billion during prior week)

- 8:30 a.m. ET: **Wholesale Inventories**, month-over-month, October preliminary (1% expected, 1.4% expected)
- 8:30 a.m. ET: **GDP annualized**, quarter-over-quarter, 3Q second estimate (2.2% expected, 2.0% in 2Q)
- 8:30 a.m. ET: **Personal consumption**, 3Q second estimate (1.6% expected, 1.6% in 2Q)
- 8:30 a.m. ET: **Core PCE, quarter-over-quarter**, 3Q second estimate (4.5% expected, 4.5% in 2Q)
- 8:30 a.m. ET: **Durable goods orders**, October preliminary (0.2% expected, -0.3% in September)
- 8:30 a.m. ET: **Durable goods orders excluding transportation** (0.5% expected, 0.5% in September)
- 8:30 a.m. ET: **Capital goods orders, non-defense excluding aircraft**, October preliminary (0.5% expected, 0.8% in prior print)
- 8:30 a.m. ET: **Capital goods shipments, non-defense excluding aircraft**, October preliminary (0.5% expected, 1.4% in prior print)
- 8:30 a.m. ET: **Personal income**, October (0.2% expected, -1.0% in September)
- 8:30 a.m. ET: **Personal spending**, October (1.0% expected, 0.6% in September)
- 8:30 a.m. ET: **PCE Deflator, month-over-month**, October (0.7% expected, 0.3% in September)
- 8:30 a.m. ET: **PCE Deflator, year-over-year**, October (5.1% expected, 4.4% in September)
- 8:30 a.m. ET: **PCE Core Deflator, month-over-month**, October (0.4% expected, 0.2% in September)
- 8:30 a.m. ET: **PCE Core Deflator, year-over-year**, October (4.1% expected, 3.6% in September)
- 10:00 a.m. ET: **University of Michigan Sentiment**, November final (67 expected, 66.8 in October)
- 10:00 a.m. ET: **New home sales**, October (800,000 expected, 800,000 in September)
- 2:00 p.m. ET: **FOMC meeting minutes**, November meeting

Earnings

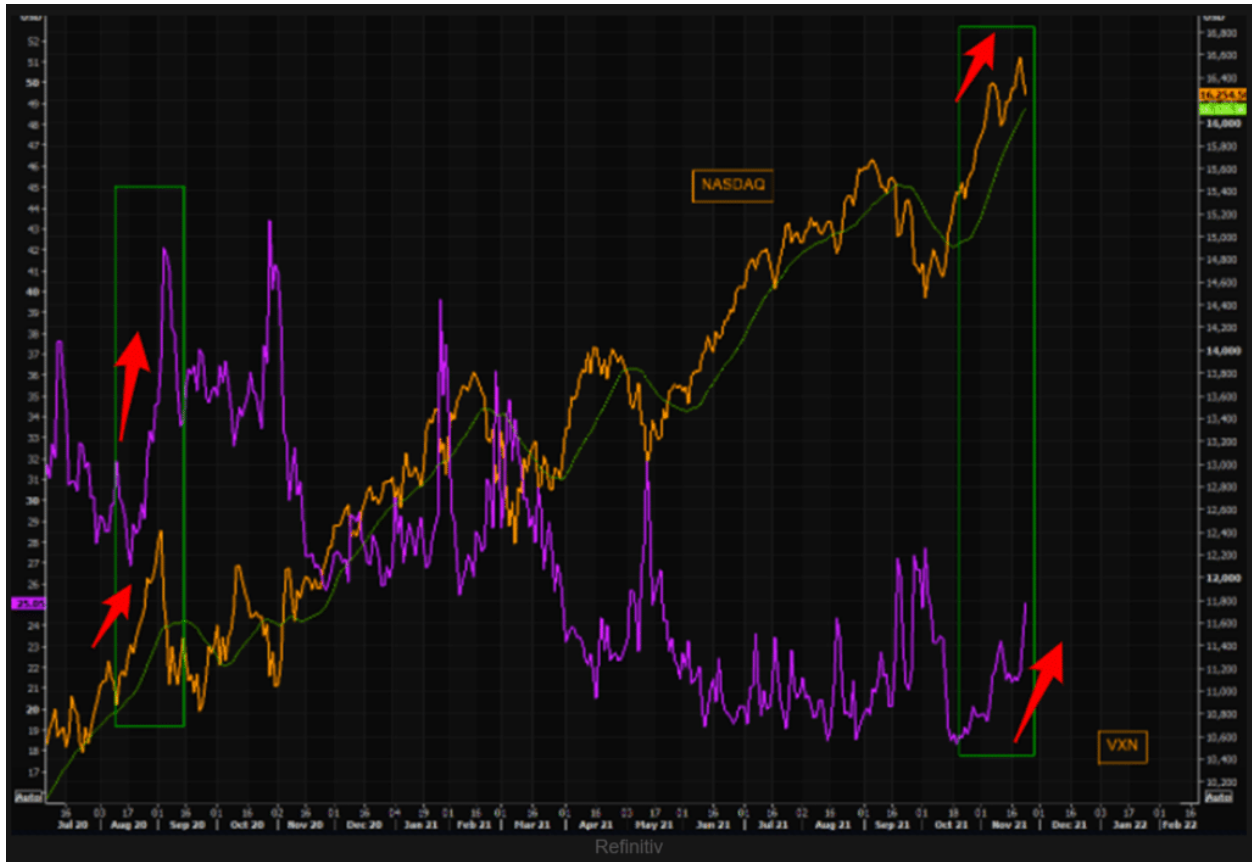
- 6:45 a.m. ET: **Deere & Co. (DE)** to report adjusted earnings of \$3.88 on revenue of \$10.48 billion

[Is A Jerome Powell Second Term A Bad Thing For Markets?](#)



Nasdaq Correction In Progress

We discussed over the last week or so that while investors were exceedingly bullish on the potential for a year-end "Santa Claus" rally, a correction was likely first. That correction is likely starting in the Nasdaq. As shown, with Nasdaq volatility rising, there is a risk of a deeper correction in Technology stocks near term as mutual funds sell to distribute large gains for the year.



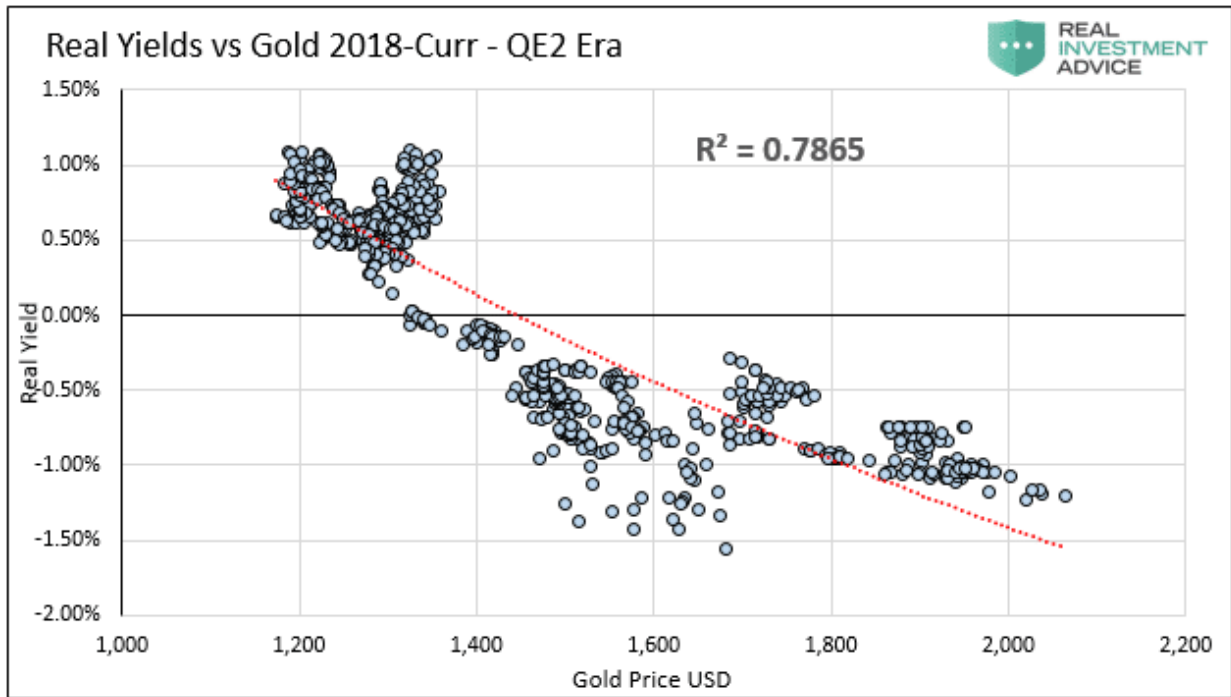
The War on Oil Prices

[President Biden is ordering](#) the Department of Energy to release 50 million barrels of oil from the Strategic Petroleum Reserve. The action is in unison with China, India, Japan, Korea, and the U.K. Per the announcement:

"The President stands ready to take additional action, if needed, and is prepared to use his full authorities working in coordination with the rest of the world to maintain adequate supply as we exit the pandemic."

What's Wrong With Gold?

A reader asked us why gold fell over \$40 an ounce on Monday. While some media outlets ascribe it to Powell's nomination, the real answer lies in the two charts below. The first chart, from our article [The Fed's Ever-Growing Footprint](#), shows the strong correlation between the price of gold and real interest rates (nominal interest rates less the implied inflation rate). Gold prices often rise when real rates fall and vice versa. The second graph, courtesy of Zero Hedge, shows real rates (green) have risen about 20bps (from -1.20% to -1.00%) from midday Friday through Monday. The sharp increase is due to the 10-year break-even inflation rate (red) falling and bond yields rising.



Will Bond Bears Be Proven Wrong, Again?

Short interest in bond futures is currently at or near record highs. Given the inflation outlook and the Fed's lethargic response to combatting inflation, shorting bonds may seem like a nice trade. It may be, but context is valuable in this case. The graph below from Jim Bianco shows professional forecasters have been consistently wrong in predicting the path of bond yields. Those short bond futures better hope this time is different.

Survey of Professional Forecasters
10-Year Treasury Yield
 Philadelphia Federal Reserve



Source: Federal Reserve Bank of Philadelphia
<https://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/data-files>

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Reminiscent of 1999

We stumbled upon the table below highlighting market performance by sector in the months leading to the NASDAQ crash in 2000. It looks awfully familiar to the poor breadth of the last few days of trading.

Group	Return
S&P 500 ECO SECTORS IDX	-2.10%
All Groups	
1) S&P 500 INFO TECH INDEX	33.29%
2) S&P 500 REAL ESTATE IDX	--
3) S&P 500 UTILITIES INDEX	-3.50%
4) S&P 500 COMM SVC	-3.63%
5) S&P 500 ENERGY INDEX	-8.22%
6) S&P 500 INDUSTRIALS IDX	-9.08%
7) S&P 500 CONS DISCRET IDX	-9.26%
8) S&P 500 HEALTH CARE IDX	-14.09%
9) S&P 500 MATERIALS INDEX	-18.32%
10) S&P 500 FINANCIALS INDEX	-22.64%
11) S&P 500 CONS STAPLES IDX	-29.58%

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