

Weight Loss Drugs Power Eli Lilly Earnings

Eli Lilly (LLY) shares have risen significantly as the company is proving to be a leader in a new class of drugs that help with weight loss and diabetes. For the quarter, its total revenue was \$8.77 billion, which is 26% higher than the first quarter of 2023. Revenues for their four drugs that help with weight loss and diabetes are as follows: Trulicity (\$1.46bn), Mounjaro (\$1.81bn), Zepbound (\$515mm), and Humalog (\$538mm). These drugs single-handedly account for almost half of Lilly's revenue.

Bloomberg estimates that by the year 2030, annual sales of weight-loss medications will reach \$80bn, making them among the largest class of drugs in history, as measured by sales. Further, they expect Eli Lilly and Novo Nordisk to garner more than 90% of the market. The revenue from these weight loss and diabetes drugs is snowballing, and plenty of potential remains. First, consider that 83% of Mounjaro's sales are domestic, and Novo Nordisk reports that 90% of Ozempic sales are domestic. Rapid revenue growth can continue as sales in the U.S. and worldwide increase. Further driving growth, Medicare's decision to subsidize Wegovy for heart disease patients and similar actions by the insurance companies provide another impetus for growth.

The graph below shows the tremendous growth in Eli Lilly (LLY) and Novo Nordisk (NVO) shares as compared to the broader healthcare sector (XLV).



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*
🌞	MA	Mastercard Incorporated	\$426,424,704,650	Mar/2024	\$3.22	12	4/27/2023	\$2.80
😊	QCOM	QUALCOMM Incorporated	\$188,827,200,000	Mar/2024	\$1.82	7	5/03/2023	\$1.69
🌞	PFE	Pfizer, Inc.	\$144,783,398,817	Mar/2024	\$0.56	8	5/02/2023	\$1.23
🌞	ADP	Automatic Data Processing, Inc.	\$100,212,358,819	Mar/2024	\$2.76	8	4/26/2023	\$2.52
🌞	GSK	GSK plc	\$85,654,880,677	Mar/2024	\$0.94	4	4/26/2023	\$0.90
🌞	CVS	CVS Health Corporation	\$84,882,422,349	Mar/2024	\$1.69	11	5/03/2023	\$2.20
🌞	KKR	KKR & Co. Inc.	\$84,323,626,649	Mar/2024	\$0.80	4	5/08/2023	\$0.63
☹️	MELI	MercadoLibre, Inc.	\$72,921,172,675	Mar/2024	\$6.64	4	5/03/2023	\$3.97
🌞	MAR	Marriott International	\$69,618,328,935	Mar/2024	\$2.17	8	5/02/2023	\$2.09
☹️	EQIX	Equinix, Inc.	\$68,727,343,266	Mar/2024	\$7.68	7	5/03/2023	\$8.59
😊	DASH	DoorDash, Inc.	\$53,377,036,357	Mar/2024	(\$0.07)	12	5/04/2023	(\$0.41)
🌞	EL	Estee Lauder Companies, Inc. (The)	\$52,620,311,707	Mar/2024	\$0.48	12	5/03/2023	\$0.47
😊	MET	MetLife, Inc.	\$51,840,556,442	Mar/2024	\$1.83	7	5/03/2023	\$1.52
😊	AIG	American International Group, Inc.	\$51,575,429,602	Mar/2024	\$1.66	8	5/04/2023	\$1.63
😊	AFL	Aflac Incorporated	\$48,780,284,049	Mar/2024	\$1.58	7	4/26/2023	\$1.55
🌞	COR	Cencora, Inc.	\$47,861,714,580	Mar/2024	\$3.65	6	N/A	\$3.50
🌞	KHC	The Kraft Heinz Company	\$46,886,306,767	Mar/2024	\$0.68	9	5/03/2023	\$0.68
😊	ALL	Allstate Corporation (The)	\$44,610,972,235	Mar/2024	\$4	9	5/03/2023	(\$1.30)
🌞	JCI	Johnson Controls International plc	\$44,507,265,874	Mar/2024	\$0.75	7	5/05/2023	\$0.75
🌞	IDXX	IDEXX Laboratories, Inc.	\$41,988,387,794	Mar/2024	\$2.68	6	5/02/2023	\$2.55
🌞	YUM	Yum! Brands, Inc.	\$40,284,541,933	Mar/2024	\$1.20	10	5/03/2023	\$1.06
🌞	CVE	Cenovus Energy Inc	\$40,204,188,654	Mar/2024	\$0.35	3	4/26/2023	\$0.24
😊	CTVA	Corteva, Inc.	\$38,948,956,500	Mar/2024	\$0.79	5	5/03/2023	\$1.16
☹️	HLN	Haleon plc	\$38,675,295,175	Mar/2024	\$0.11	1	5/03/2023	\$0.10
😊	DVN	Devon Energy Corporation	\$33,705,800,000	Mar/2024	\$1.10	8	5/08/2023	\$1.46
😊	CTSH	Cognizant Technology Solutions Corporation	\$33,121,430,388	Mar/2024	\$1.11	8	5/03/2023	\$1.11
😊	MPWR	Monolithic Power Systems, Inc.	\$33,074,881,700	Mar/2024	\$1.95	7	5/04/2023	\$2.27
🌞	CDW	CDW Corporation	\$33,008,866,366	Mar/2024	\$2.04	6	5/03/2023	\$1.99
🌞	GPN	Global Payments Inc.	\$32,165,568,054	Mar/2024	\$2.41	11	5/01/2023	\$2.13
🌞	VRSK	Verisk Analytics, Inc.	\$31,811,045,765	Mar/2024	\$1.52	8	5/03/2023	\$1.29
🌞	DD	DuPont de Nemours, Inc.	\$30,859,373,649	Mar/2024	\$0.65	4	5/02/2023	\$0.84
🌞	GOLD	Barrick Gold Corporation	\$30,406,464,675	Mar/2024	\$0.16	6	5/03/2023	\$0.14
😊	VICI	VICI Properties Inc.	\$30,289,840,201	Mar/2024	\$0.56	10	5/01/2023	\$0.53
😊	ANSS	ANSYS, Inc.	\$28,704,563,995	Mar/2024	\$1.54	2	5/03/2023	\$1.45
🌞	GRMN	Garmin Ltd.	\$27,842,245,400	Mar/2024	\$1	3	5/03/2023	\$1.02
😊	EBAY	eBay Inc.	\$27,324,500,000	Mar/2024	\$0.97	8	4/26/2023	\$0.87
🌞	WEC	WEC Energy Group, Inc.	\$26,128,493,028	Mar/2024	\$1.88	2	5/01/2023	\$1.61
😊	AWK	American Water Works	\$23,814,680,529	Mar/2024	\$0.99	3	4/26/2023	\$0.91
🌞	GIB	CGI Inc.	\$23,777,880,779	Mar/2024	\$1.43	5	4/26/2023	\$1.35
😊	FNV	Franco-Nevada Corporation	\$23,708,634,931	Mar/2024	\$0.68	4	5/02/2023	\$0.79
😊	PTC	PTC Inc.	\$21,600,728,535	Mar/2024	\$0.87	6	4/26/2023	\$0.79
🌞	ENTG	Entegris, Inc.	\$20,462,907,924	Mar/2024	\$0.61	1	5/11/2023	\$0.65
🌞	PPL	PPL Corporation	\$20,306,221,822	Mar/2024	\$0.53	3	5/04/2023	\$0.48

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Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous	
WEDNESDAY, MAY 1							
11:00	USD MBA Mortgage Applications(Apr 26)		-	-	-	-2.7%	
12:15	USD ADP Employment Change(Apr)		-	-	175K	184K	...
13:45	USD S&P Global Manufacturing PMI(Apr)		-	-	49.9	49.9	
14:00	USD Construction Spending (MoM)(Mar)		-	-	0.3%	-0.3%	
14:00	USD ISM Manufacturing Employment Index(Apr)		-	-	-	47.4	
14:00	USD ISM Manufacturing New Orders Index(Apr)		-	-	-	51.4	
14:00	USD ISM Manufacturing PMI(Apr)		-	-	50	50.3	
14:00	USD ISM Manufacturing Prices Paid(Apr)		-	-	55	55.8	
14:00	USD JOLTS Job Openings(Mar)		-	-	8.69M	8.756M	
14:30	USD EIA Crude Oil Stocks Change(Apr 26)		-	-	-	-6.368M	
18:00	USD Fed Interest Rate Decision		-	-	5.5%	5.5%	
18:00	USD Fed Monetary Policy Statement				REPORT		
18:30	USD FOMC Press Conference				SPEECH		
19:30	USD Total Vehicle Sales(Apr)		-	-	-	15.5M	
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Market Trading Update

As [*discussed yesterday*](#), the market failed at the test initial resistance at the 50-DMA. While that failure is unsurprising, given the recent rally from the lows, it is now paramount the market holds crucial support at the 100-DMA. This correction continues to be a low volatility event, which suggests it is unlikely to devolve into a deeper decline. However, it is always important to never discount a possibility entirely. The outcome of the FOMC meeting today is expected to be a non-event, with Fed Chair Powell continuing to hold the line on economic data and rate cuts later this year. Of course, going into the meeting, it is unsurprising traders took some of the recent gains just in case the Fed comes out more *hawkish* than expected.

Earnings continue to be okay, with Apple (AAPL) reporting tomorrow and the employment report on Friday. However, there is plenty of room for additional volatility until next week.



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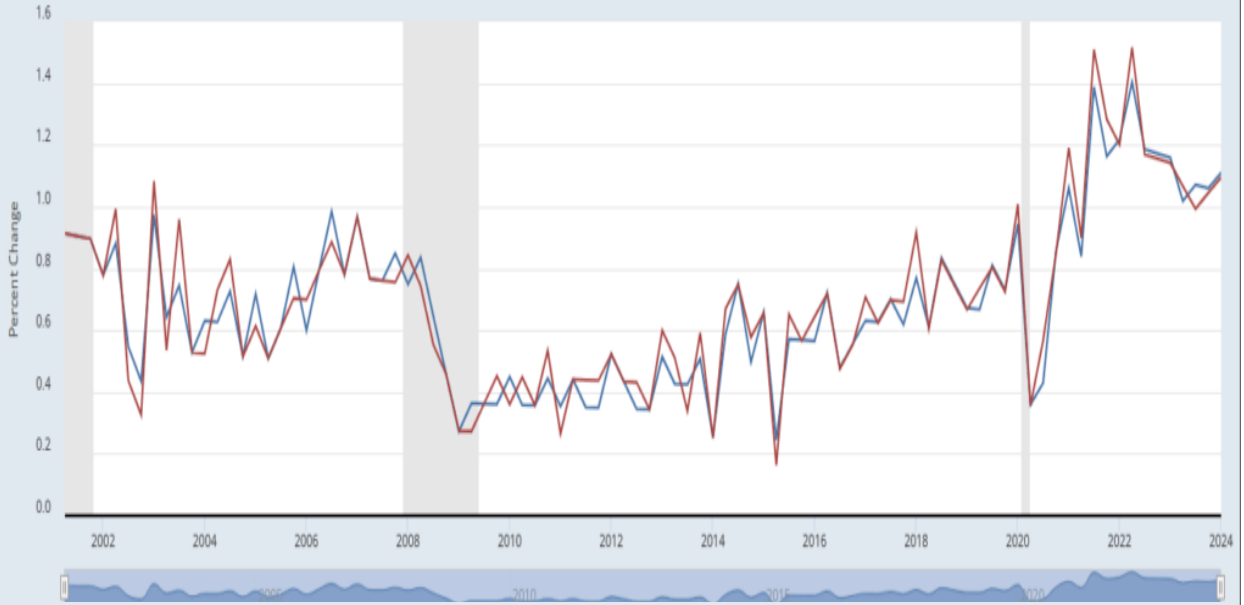
The employment cost index (ECI) rose more than expected, prompting concern that the Fed may further delay rate cuts. The ECI for the quarter was up 1.1%, above estimates of 0.9% and last quarter's 0.9% reading. The graph below shows that the private and civilian sectors are closely aligned.

For the last few years, the Fed has been worried that higher wages will feed more inflation. Such a feedback loop is known as a price-wage spiral. Per Nick Timiraos of the Wall Street Journal, *"The ECI is seen inside the Fed as the highest-quality measure of compensation growth."* While ECI adds to concerns that inflation could stay sticky, Nick caveats the increase, saying that the higher-than-expected increase in wages may be a function of cost-of-living increases and minimum wage adjustments given at the start of the year. Again, this is a quarterly number, so the data encompasses January, February, and March.

Thus far, the monthly BLS labor report has not confirmed the latest ECI data. The second graph shows average hourly earnings continue to decline. The monthly changes in hourly earnings also do not show a recent upward bias, as we see in ECI. This Friday's BLS will provide an update on wages.

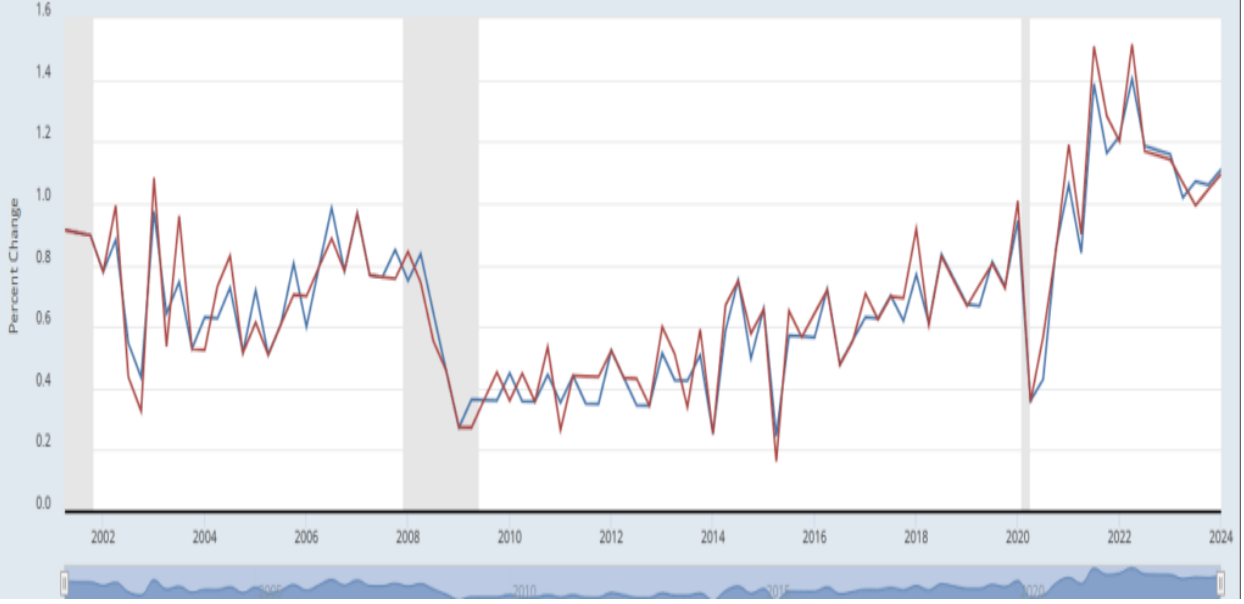
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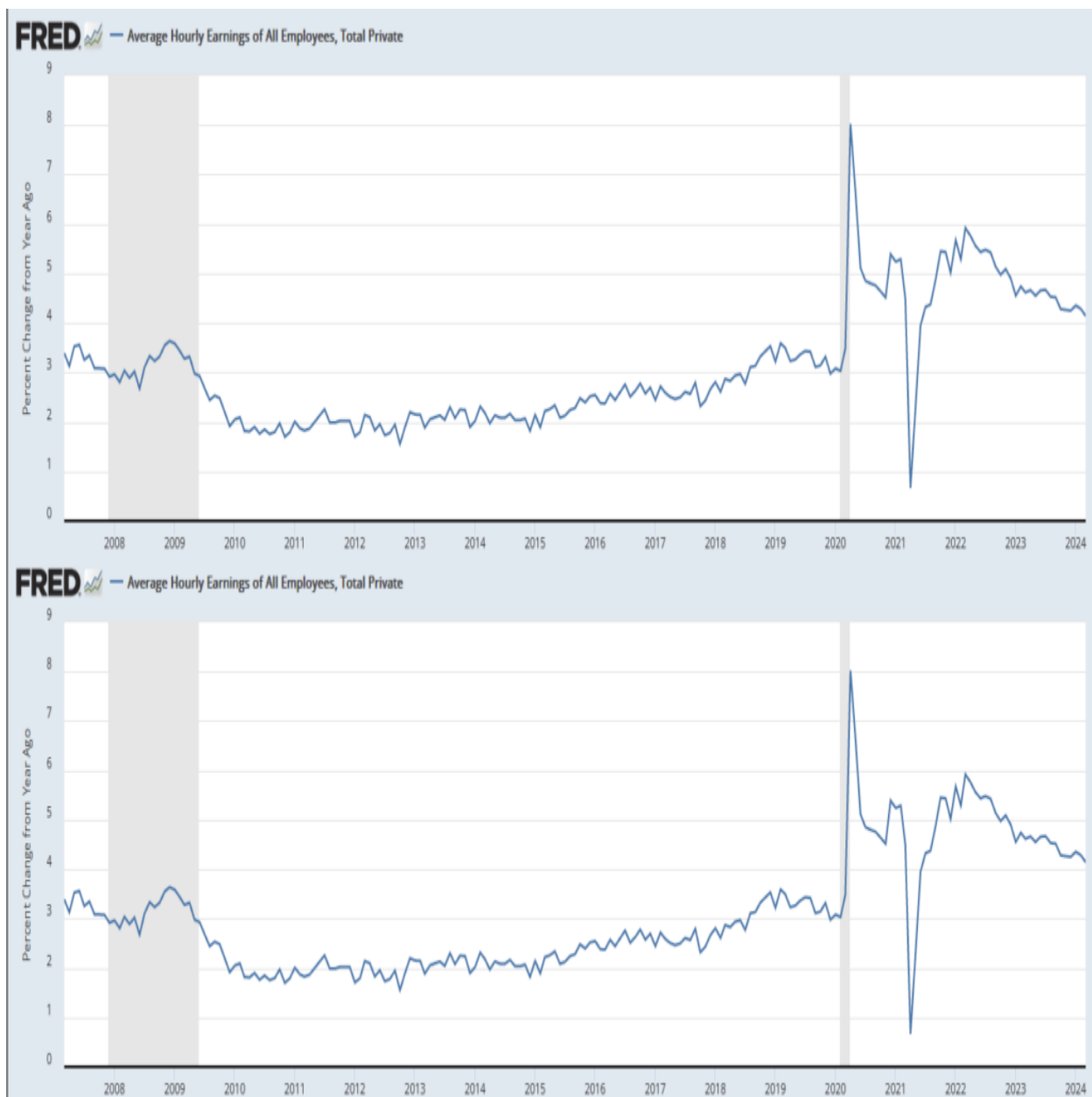
— Employment Cost Index: Wages and salaries for All Civilian workers in All industries and occupations
— Employment Cost Index: Wages and Salaries: Private Industry Workers



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— Employment Cost Index: Wages and salaries for All Civilian workers in All industries and occupations
— Employment Cost Index: Wages and Salaries: Private Industry Workers





Chicago PMI And Consumer Confidence

Manufacturing in the midwest, as evidenced by the well-followed Chicago PMI index, may not be recovering. While only one month of data, if the national ISM survey follows the Chicago PMI, the recent optimism that the manufacturing sector may exit an 18-month recession may fade quickly. Other than 2020, when Chicago PMI plunged for just two months during Covid and spiked back, the Chicago PMI hasn't been this low since 2009.

Moods are not only dour in the manufacturing sector. As the second graph shows, Tuesday's consumer confidence survey is heading lower. Like the Chicago PMI report, consumer confidence was worse than expected. The index fell to 97.0 from a downwardly revised 103.1. The estimate was 104. Both the present situation and expectations indexes were lower. Changes in consumer sentiment often precede changes in consumer spending. Again, one month does not make a trend, but given that consumers account for two-thirds of the economy, this reading, like the Chicago PMI, cautions that the economy may slow in the coming months.



—ISM

—Chicago PMI - RHS

—Chicago PMI 3-Months M.A.



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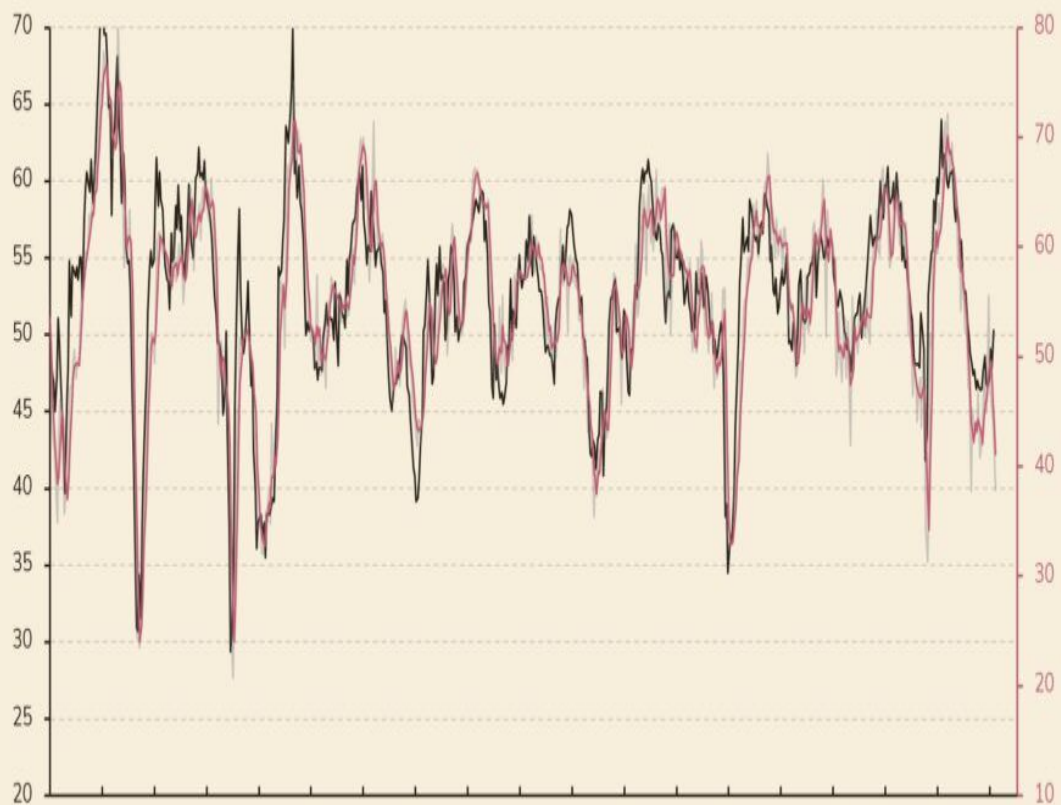
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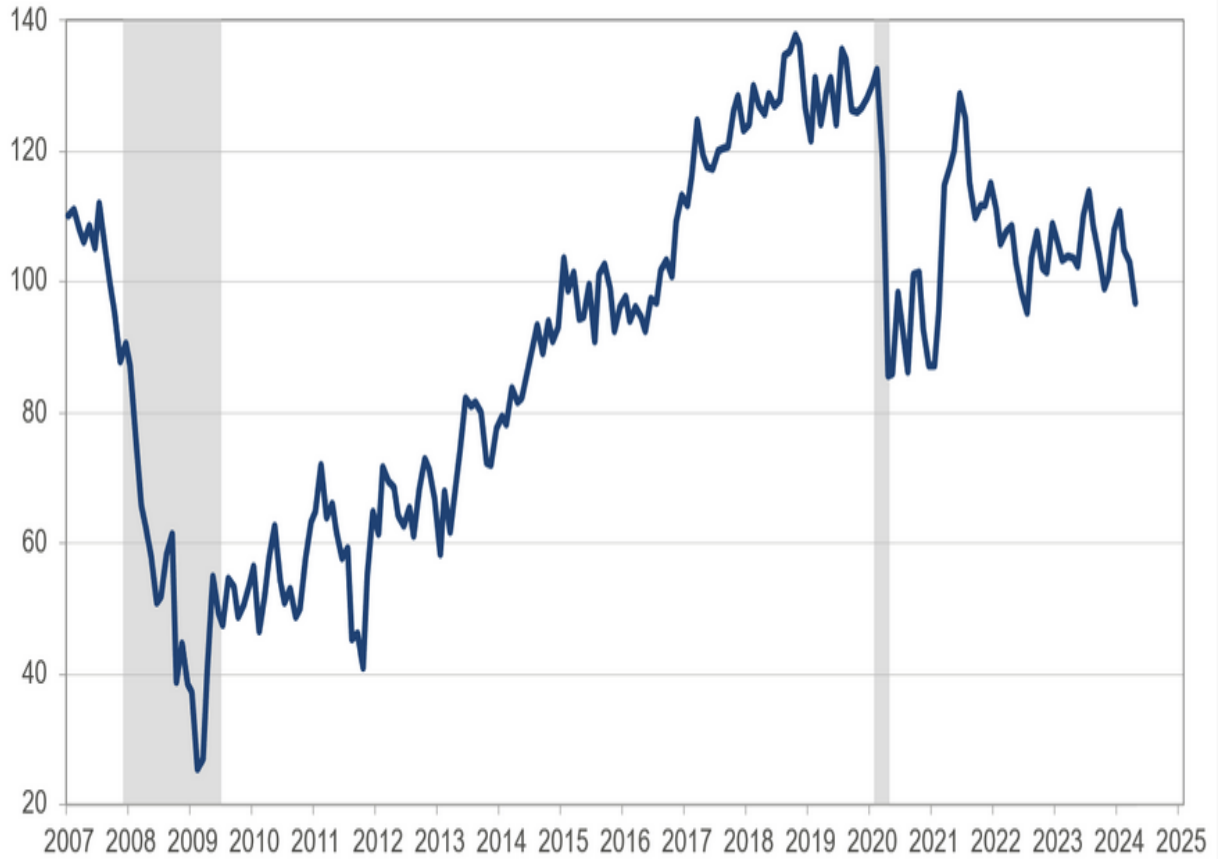
—Chicago PMI - RHS

—Chicago PMI 3-Months M.A.



Consumer Confidence Index®

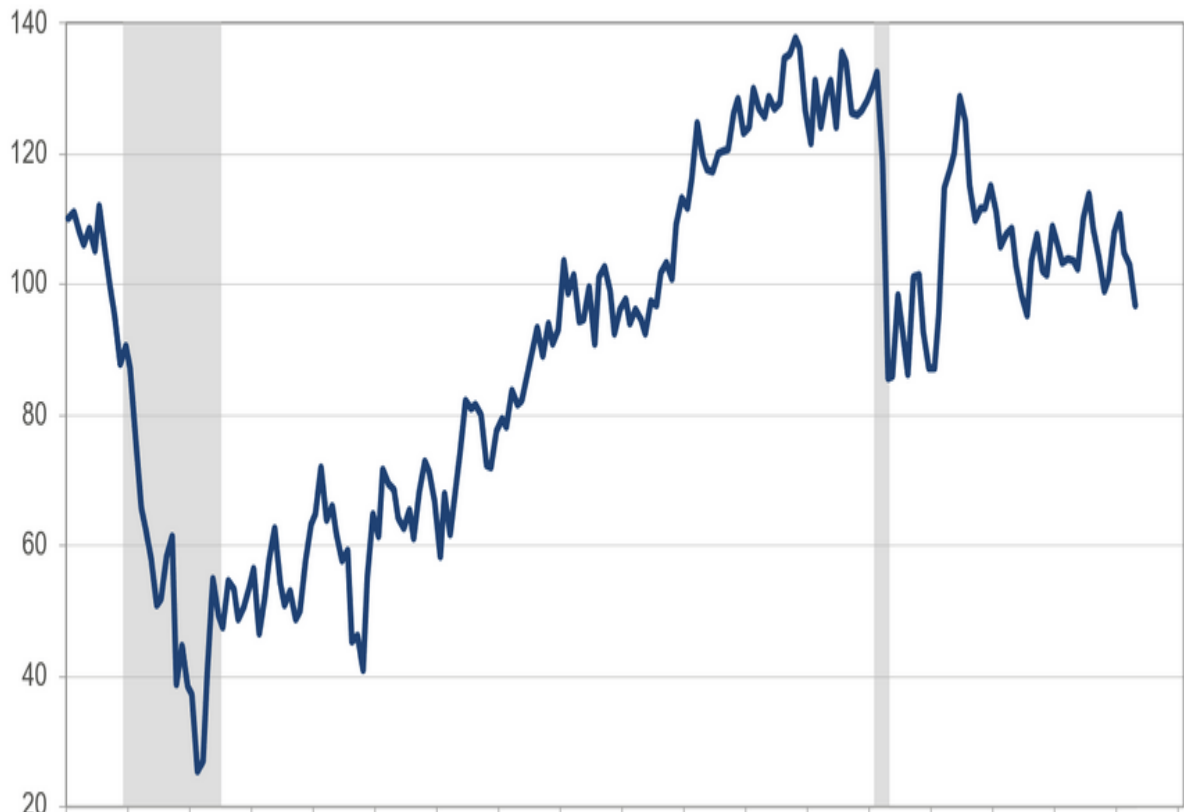
Index, 1985 = 100



*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
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Consumer Confidence Index®

Index, 1985 = 100



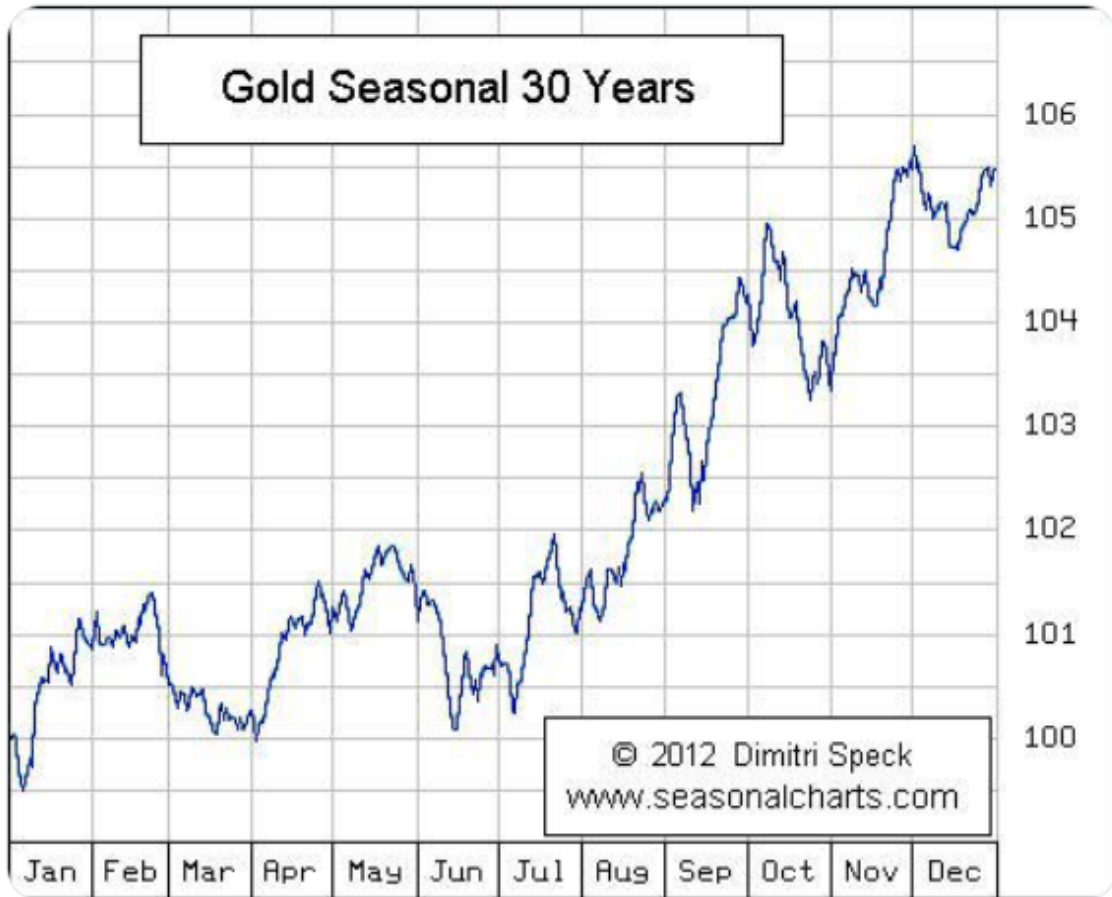
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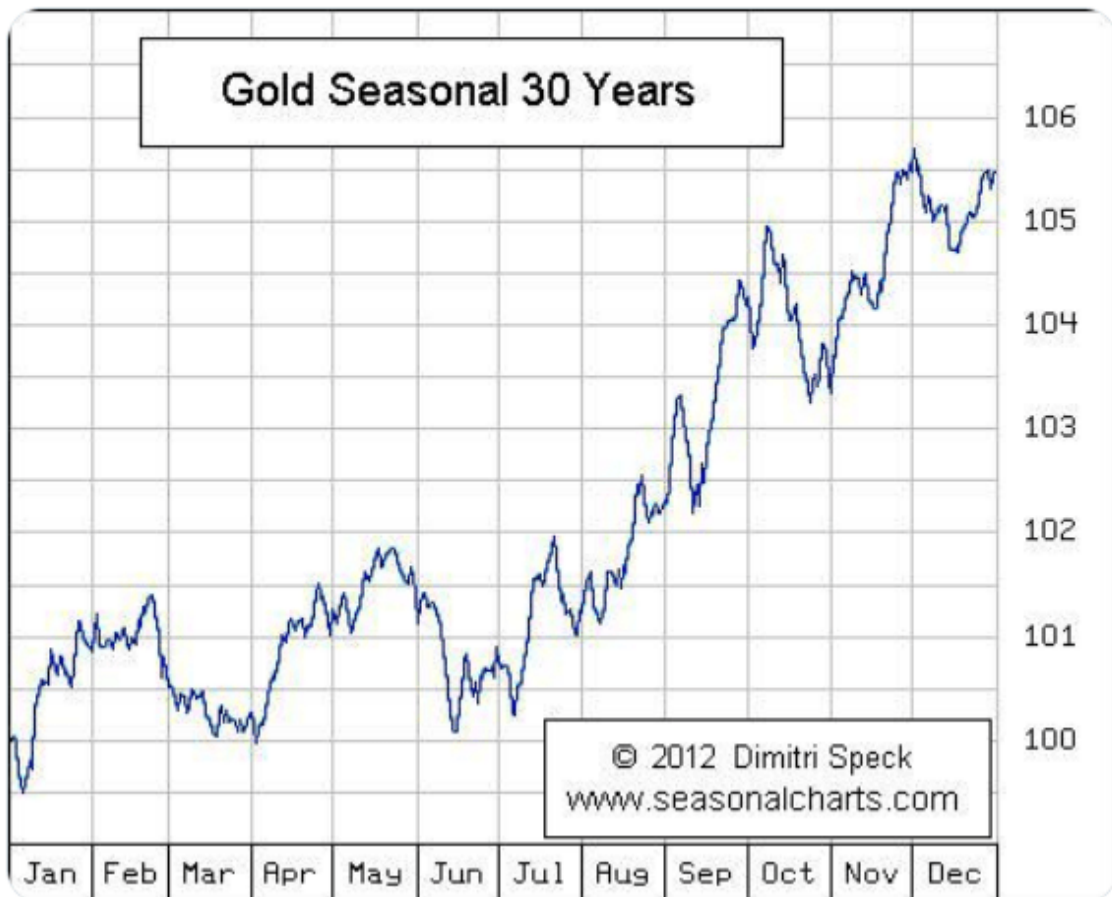
Seasonality. Nothing ever goes straight up.



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