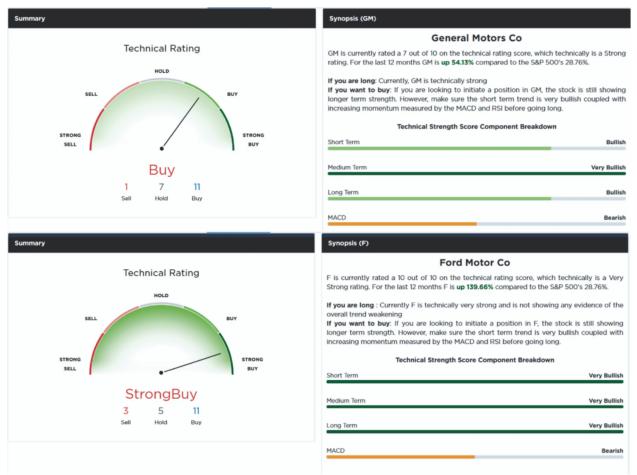


GM And Ford Are Gunning For Tesla

GM is now shipping Hummer EV pickup trucks. Ford is halting reservations on its electric F-150 with over 200,000 orders in its queue. GM and Ford have Tesla's domestic market share in their sights. With a combined market cap of about 1/8th the size of Tesla, GM and Ford see tremendous upside in leading the domestic EV market.



Analysis Courtesy of SimpleVisor.com

On the heels of Elon Musk's continued selling program, TSLA stock has lost almost 25% from November highs. TSLA is lumped into the meme stock craze and is the largest holding in Cathy Wood's ARKK fund. The recent selling pressure on these types of stocks is further weighing on TSLA shares.

[dmc]

What To Watch Today

Economy

• 10:00 a.m. ET: Leading Index, November (0.9% expected, 0.9% in October)

Earnings

Pre-market

Carnival Corp. (CCL)� to report adjusted losses of \$1.46 on revenue of \$1.54 billion

Post-market

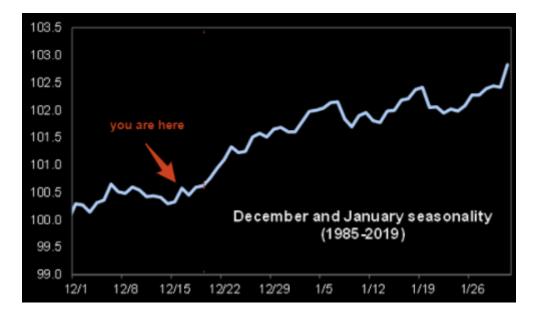
- 4:00 p.m. ET: Micron (MU)�to report adjusted earnings of \$2.12 on revenue of \$7.68 billion
- 4:15 p.m. ET:�Nike (NKE)�to report adjusted earnings of 63 cents on revenue of \$11.26 billion

The 50-dma Under Attack

Pre-market this morning, futures are below the 50 day, currently trading around the big 4550 level. Note there is a short term trend line coming in here. Next big support to watch is the 4500/4520 area. Note the 100 day around these levels. We are still above the post Thanksgiving lows, but momentum isn't the greatest and liquidity from now on will be very poor.



Of course, it is "now or never" for the seasonality to kick into gear.



The Week Ahead

In this holiday-shortened week, investors will likely key on Fed speakers. The Fed shifted to a decidedly more hawkish policy at last week's meeting. Some in the media, and a few ex-Fed members, as we have noted, think the Fed is not doing enough to fight inflation. We are interested to see if Fed members are on the same page with Jerome Powell or if they agree with others that they are failing to adequately stop inflation.

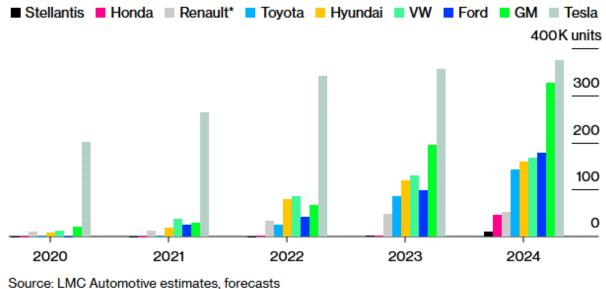
On the economic front, Thursday will be the only day of note. Personal Income and Spending, along with Durable Goods, Jobless Claims, University of Michigan Sentiment, and the PCE price index round out a busy morning. Given the Fed's shift toward inflation-centric policy, the PCE price index and Michigan inflation outlook will be most important. The PCE price index is expected to rise to 5.5% from 5.0%. The Fed believes the PCE price index is the best broad measure of inflation. The University of Michigan's 5-year inflation expectations were 3% last month. We suspect it will increase in Thursday's update.

GM and Ford are Aiming for Tesla

Ford has its sights on GM, but ultimately Tesla. Per <u>Bloomberg</u>- "Ford Motor Co. Chief Executive Officer Jim Farley says he has ambitions of eventually topping Tesla Inc. in electric-vehicle sales in America, but first is looking to overtake General Motors Co." The graph below from LMC Automotive shows GM and Ford making large inroads into EV market share in the coming few years.

Closing the Gap

GM and Ford are expected to narrow Tesla's lead in U.S. electric-vehicle sales over the next several years



*Renault-Nissan-Mitsubishi

GM and Ford have market caps of around \$80 billion each. Tesla stands at \$950 billion. If GM, Ford, and other competitors continue to take Tesla's EV market share, the share prices of all auto companies are due for sharp adjustments. *We own a 3% position of Ford in our equity model.*

The following table from <u>SimpleVisor</u> compares the fundamental attributes of F, GM, and Tesla. Subscribers can find this page by typing TSLA in the Research/Peer Fundamentals tab.

-							
TBLA						Add to Watch	Nat Add to Portfolio Une
-	Charl Analysis Kay Sals	Analysi	Technical	Peer Fundamentals	Poer Performance	Nows Devilored	tarange
-	r Fundamantalis Data Comparison						
Gree	10	Rame			TSLA		
		Total Debt			10.605	345.878	
		PayoufRatio			0.00%	0.00%	
Taka	ance Sheet	Current Ratio			1.00	120	
		DebtTotropaty			53.45	397.45	
		Gaaruk Tastoo			100	601	
		Dividend Itala			~	0.40	
ONS	time!	Dividiand Wald			~	1.97%	
		Last Dividend				6.0	
		Fix Devidend Date			-	2029-19-08	
		Toluli Tervenue			46.858	154,428	
		D/W Hatto			87830	28.08	
		Gross Profiles			6.638	6.176	
		EBETGA.			7278	8.978	
inco.	one Statement	nevenued for talvano			48,27	38.77	
		InorCashflore			4,648	3.00	
		125			5.06	6.71	
		Nat Income			1478	2.878	
		Hovenus Growth			54.80%	-4.80%	
		Gross Harges			26.79%	10.09%	
Harp	- The second sec	Profit Margine			2.40%	233%	
		Operating Harges			9.79%	239%	
		ESETTAMargens			1.5%	6.0%	
Ope	enality Metrics	Hoture On Equity HotureCinAcusts			1.64%	8.15% C.77%	
Operang		Avg Volume			25.02%	0.776	
		52 Week range			539.49 - 1342.49	8.41 - 21.49	
		Volume			14.704	42.004	
Phu	a History	flota			204	1.09	
		Today's Hango		8.41 - 7.49			
		Average/Volume Yodays			23,264	NOL HERM	
		Propioliteck			25.17	2.09	
		Price/lotiales			20.5	6.59	
		Entergettes Value			976,380	125,839	
Value	adom	Entergrate To EEETCA			127.48	2083	
		Harlet Cap			953,728	805	
		Shares Outstanding			-	1.950	

Will Laggards Return In 2022?

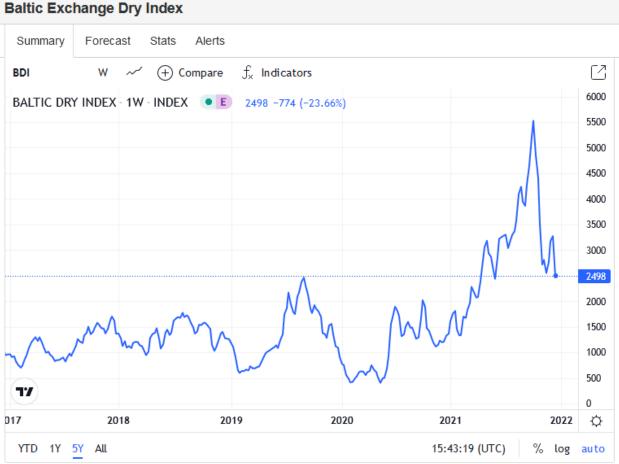
Prior year's laggards have a tendency to become leaders in Q1 of the following year. In 1Q of 2021, laggards outperformed the SPX by +13% (with an 80% 'hit rate') - the best performance on record, and a sharp reversal from 1Q20 (-13%). GS: "Looking towards laggards of 2021, we note that these have underperformed the S&P 500 by -29% YTD (slightly worse than the long-term average of -27%), with Tech, Industrials and

Healthcare accounting for 45% of these names." - @themarketear

Average Total Return of																								
	"Laggards" Re	lative to S&P 500																						
Year	Full Calendar	Following 1Q	% Lag. Outperformers																					
	Year Perf	Performance	(Following 1Q)				Ave	rage	To	tal R	etur	n of	"La	ggai	rds"	Reli	ative	e to 3	S&P	500				
2002	(28%)	(3.6%)	42%	15%		•	% L	.ag. (Dutr	berfo	rme	rs (i	Follo	owin	a 10	2) - I	RHS	3						g
2003	(19%)	0.6%	52%					- J							9									
2004	(21%)	(5.5%)	31%																					- 8
2005	(22%)	2.1%	49%	10%																				
2006	(23%)	3.1%	57%																				ŀ	- 7
2007	(38%)	(3.5%)	43%											٠	٠			٠						
2008	(31%)	7.3%	55%	5%								٠											ŀ	- 6
2009	(24%)	5.4%	59%						•		٠		٠								•			
2010	(19%)	1.9%	55%			•		٠											•					
2011	(29%)	5.5%	64%	0%		-		-	-			-												
2012	(25%)	5.1%	66%														٠			٠				4
2013	(23%)	2.0%	57%																					
2014	(23%)	(2.3%)	41%	-5%			•															•		
2015	(31%)	5.3%	64%																					
2016	(23%)	(0.5%)	52%																					1
2017	(31%)	(3.6%)	40%	-10%																				
2018	(27%)	3.7%	57%																					
2019	(28%)	(13.3%)	30%	-15%																				- (
2020	(37%)	13.2%	80%	-15%	3	4	5	9	7	80	6	0		2	3	4	5	9	7	80	9	0.	_	
2021	(29%)				Q2003	Q2004	Q2005	Q2006	Q2007	Q2008	Q2009	Q2011	Q201	Q201:	Q201:	Q2014	Q201	Q201(Q201	Q201	Q2019	Q2020	202	
2002-20 Avg.	(26%)	1.2%	52%		10	10	10	10	0	10	10	10	0	0	10	10	10	10	10	10	10	ġ ġ	Ĵ,	
2010-20 Avg.	(27%)	1.5%	55%																					

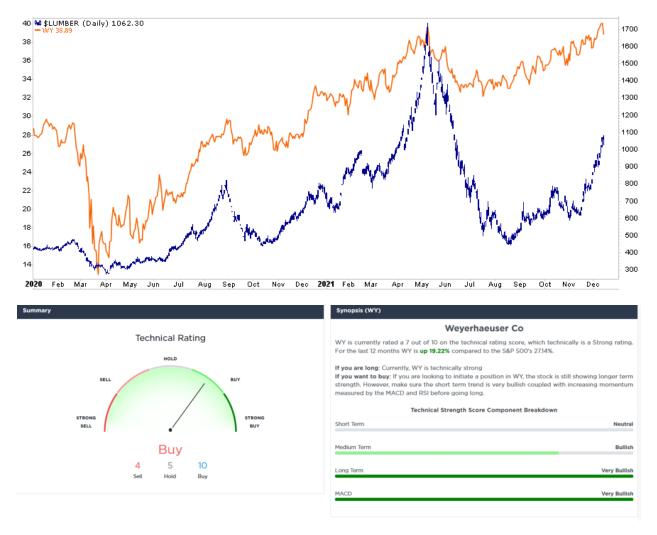
Baltic Dry Index

The recent sharp decline of the Baltic Dry Index, measuring shipping costs for various raw materials such as iron ore and coal, signals a weakening of demand for raw commodities. Shipping prices are still at the highest levels compared to the prior 4 years. That said, the recent decline might be a warning global economic activity is weakening.



Weyerhaeuser (WY) - A Bet on Lumber Prices

In early 2021, lumber prices quadrupled from their November 2020 lows. In May, lumber prices fell rapidly, giving back 100% of the gains. Since August, lumber has been on a tear, up nearly 250%. The graph below compares Weyerhaeuser (WY) stock (orange) to the price of Lumber (blue). While not perfectly correlated, they do tend to move in the same direction. WY has impressive gains from its 2020 lows but, unlike lumber, only gave back a small portion of it. It has since regained its prior high despite lumber trading well below April 2020 highs. The second graph from SimpleVisor shows WY currently has a buy technical rating. Also, Home Builder sentiment is slightly off the lows of last year and well above pre-pandemic levels. If you think lumber is heading back to recent highs and homebuilding remains strong, WY may provide an alternative to the more volatile lumber futures.



Please <u>subscribe to the daily commentary</u> to receive these updates every morning before the opening bell.