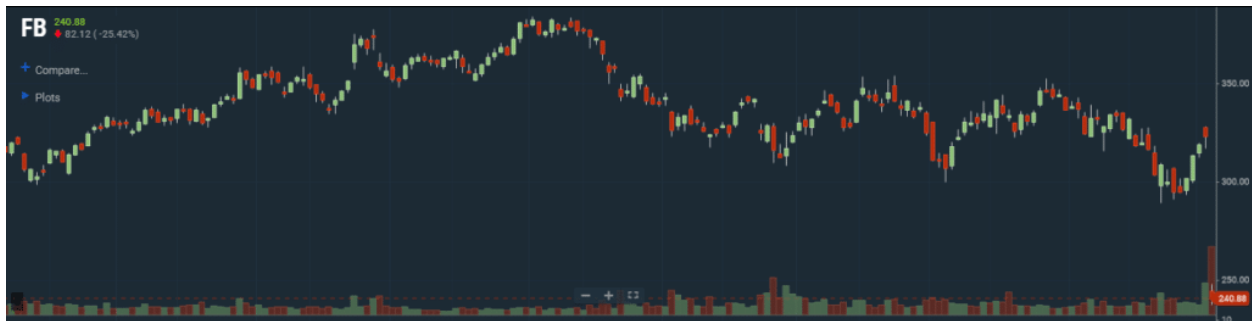


Meta And The BOE Lead Markets Lower

Stocks traded lower Thursday in large part due to Meta (Facebook) and the Bank of England (BOE). Meta fell short on earnings while losing subscribers, and the BOE raised interest rates by 0.25%. Losing a quarter of its value on Thursday, Meta is yet another company being severely punished for weak earnings and guidance. The market appears anxious about the BOE rate hike because four of the nine members dissented, preferring to hike rates by 0.50%. Inflation is to blame as the BOE raised its one-year forecast from 3.4% to 5.2%. The risk to U.S. investors is that some Fed members may now feel emboldened to vote for a 0.50% hike in March. As Meta and the BOE remind us, the combination of high inflation and stocks priced for perfection pose significant risks.



[SimpleVisor](#)

{dmc}

What To Watch Today

Economy

- 8:30 a.m. ET: [Change in Non-farm Payrolls](#), January (150,000 expected, 211,000 prior month)
- 8:30 a.m. ET: [Change in Manufacturing Payrolls](#), January (20,000 expected, 27,000 prior month)
- 8:30 a.m. ET: [Unemployment Rate](#), January (3.9% expected, 3.9% prior)
- 8:30 a.m. ET: **Average Hourly Earnings**, month over month, January (0.5% expected, 0.6% prior month)
- 8:30 a.m. ET: **Average Hourly Earnings**, year over year, January (5.2% expected, 4.7% prior month)
- 8:30 a.m. ET: **Labor Force Participation Rate**, January (61.9% expected, 61.9% prior month)
- 8:30 a.m. ET: **Underemployment Rate**, January (7.3% prior month)

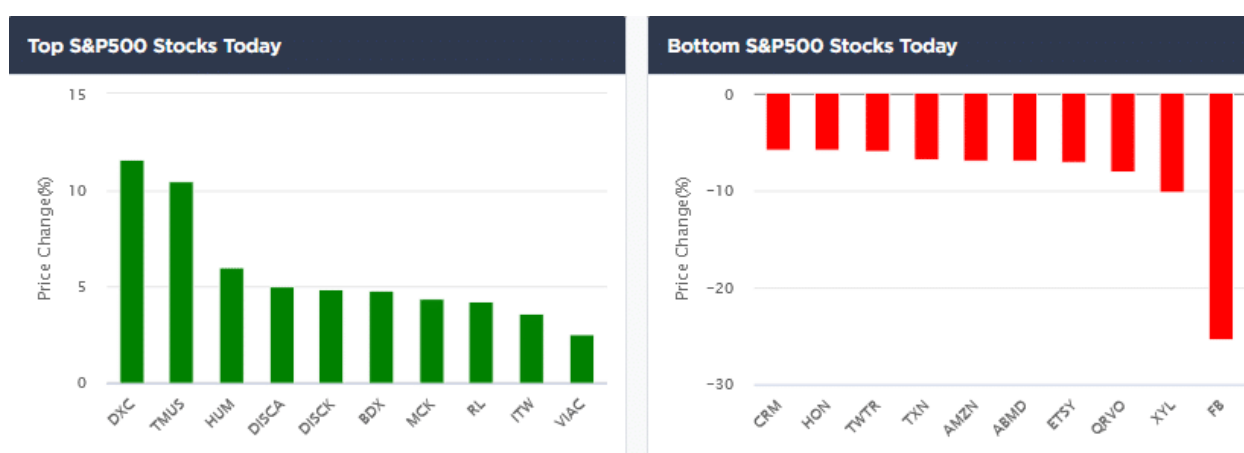
Earnings

- 6:30 a.m. ET: **Regeneron** ([REGN](#)) to report adjusted earnings of \$19.76 on revenue of \$4.51 billion

- 7:00 a.m. ET: **Bristol-Myers (BMY)** to report adjusted earnings of \$1.79 on revenue of \$12.05 billion
- 7:30 a.m. ET: **CBOE Markets (CBOE)** to report adjusted earnings of \$1.54 on revenue of \$338.60 million
- 8:00 a.m. ET: **Royal Caribbean (RCL)** to report adjusted losses of \$3.77 on revenue of \$1.12 billion

The Jekyll and Hyde Communications Sector

The [SimpleVisor](#) graph below shows the ten best and worst-performing stocks in the S&P 500. FB is the largest holding in the communications sector accounting for 22% of the sector. It was the worst-performing stock in the S&P 500 on Thursday. TWTR, another large communications stock, is also in the bottom ten for the day. Of the top ten performing stocks, four are in the communications sector, including TMUS, DISCA, DISCK, and VIAC. TMUS (T-Mobile) is up over 10% on good earnings. XLC, the communications ETF is down over 5% today, but as the graphs show, looks can be deceiving, there are plenty of winners within the sector.

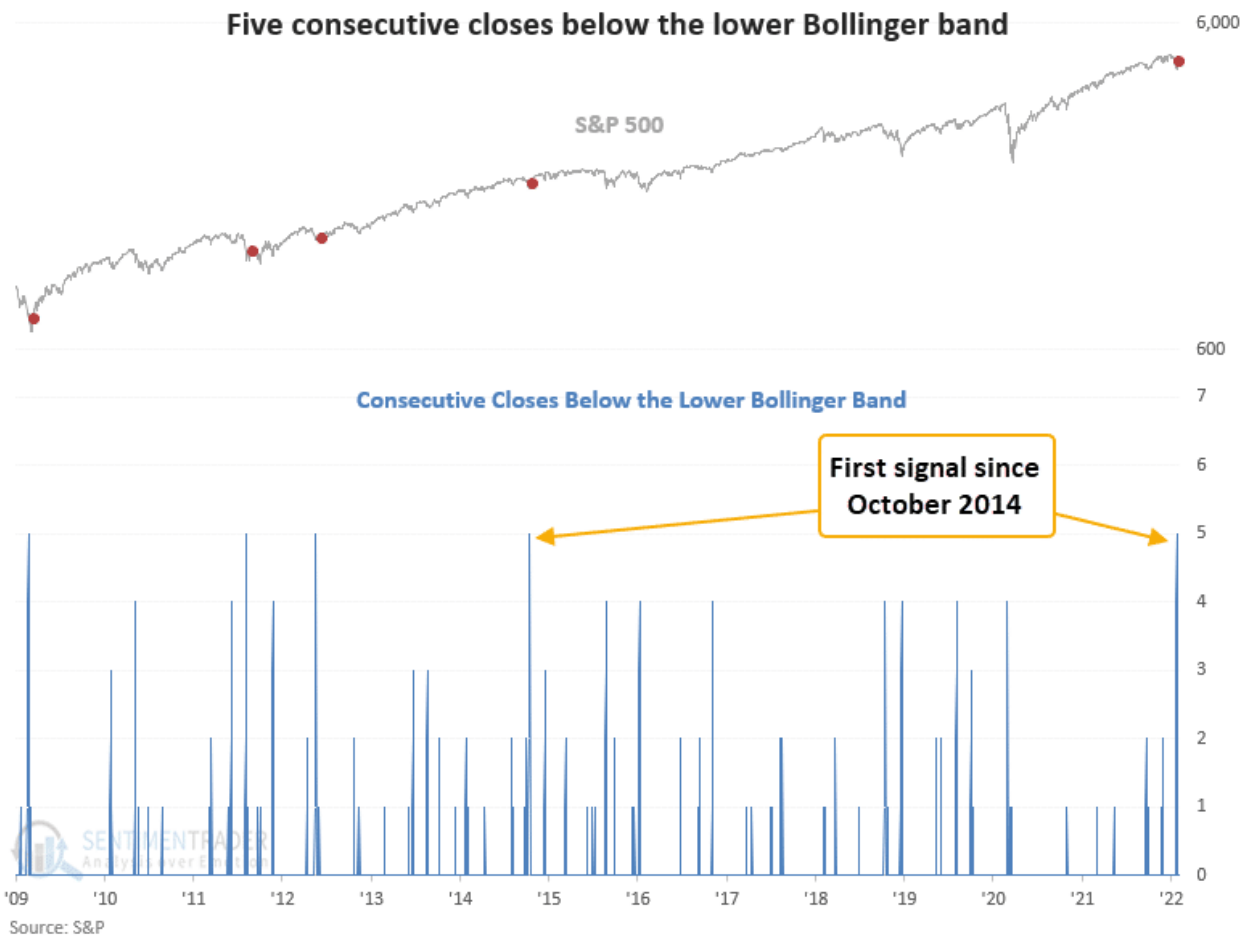


Bollinger Band Model Suggests Higher Prices

While Meta and the BOE roiled the markets yesterday, [Sentiment Trader](#) had a bullish note out with a signal from their Bollinger Band model. To wit:

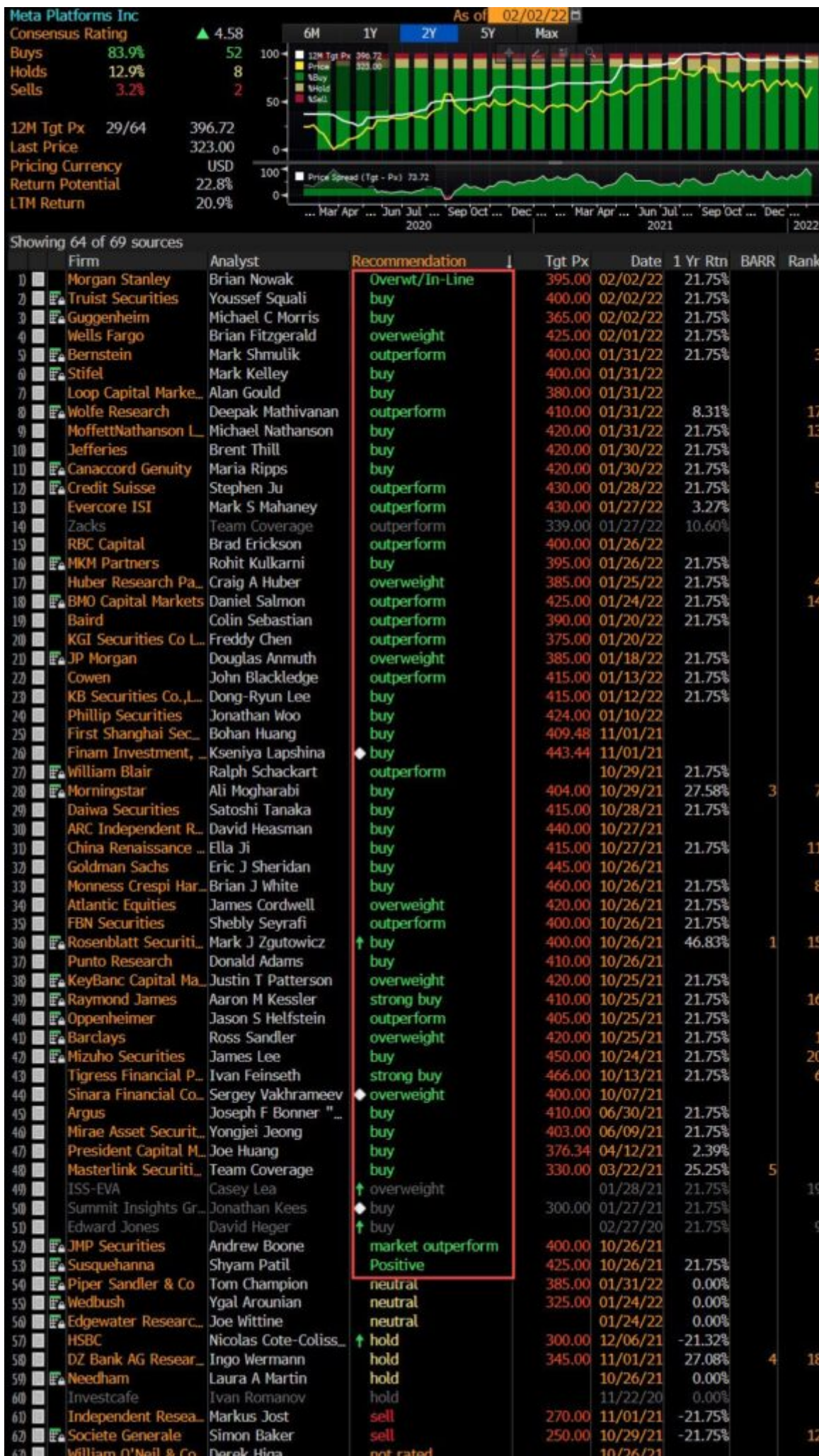
The Bollinger Band signal identifies when the price of a stock, index, or ETF closes below the lower Bollinger band for five consecutive days and reverses higher to close above the midline. Signals can only occur if the percentage spread between the upper and lower Bollinger band is below a user-defined level.

This signal triggered 34 other times over the past 92 years. After the others, S&P 500 future returns and win rates were solid across almost all time frames, especially the 2-month window. The 1946 and 1966 signals are the only instances that showed negative returns across all time frames when looking forward by 3 months. Because the Bollinger band model attempts to identify extreme downside price action near a low, one should expect choppy conditions in the near term.



Wall Street Was Wrong On FaceBook (META)

The Bloomberg table below shares 69 forecasts and buy/sell/hold recommendations for Facebook from Wall Streets' leading banks. Heading into the earnings announcement on Wednesday night, nine had a hold recommendation, and two had a sell recommendation. The remaining 58 had buy/overweight or outperform. Facebooks stock is now in the mid-200s; compare that to the target prices below. The purpose of showing this is to remind you that Wall Street tends to have a bias toward buy ratings on most stocks. This is partly based on their bullish market forecasts and partly on their need to placate companies to win their capital markets business. This is a good example of why reliance on banks and brokers can lead to undesired results.



Amazon Earnings Bail Out The Meta And The BOE Reversal

On Thursday AMZN said revenue climbed 9% in the fourth quarter and reported a gain of almost \$12 billion from its investment in electric vehicle company Rivian.

Amazon shares popped as much as 14% in extended trading. Should the stock sustain this rally on Friday, it would be the biggest one-day gain since 2012.

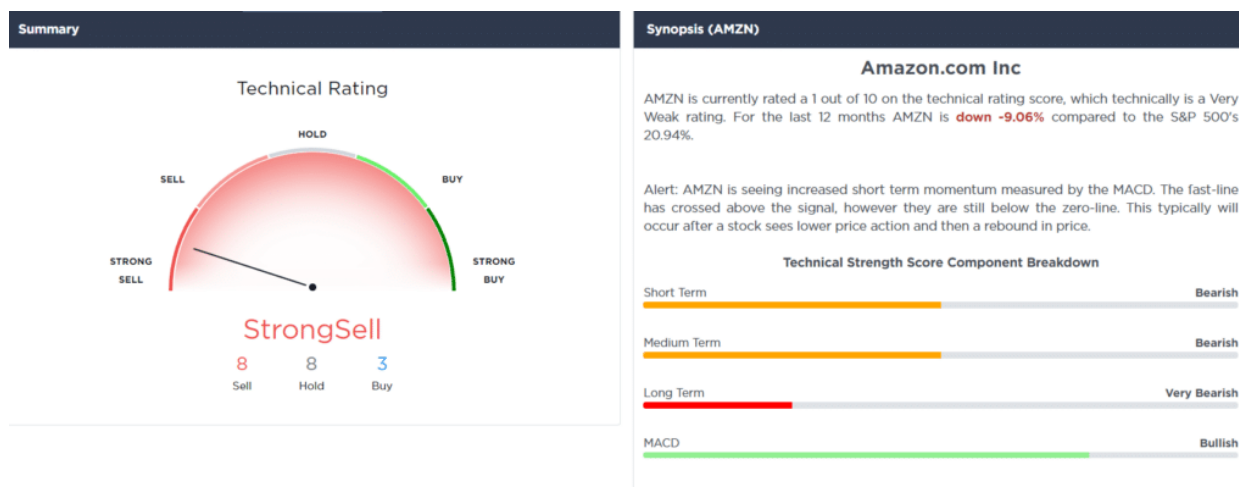
Amazon guided for first-quarter revenue of between \$112 billion and \$117 billion, below the average estimate of \$120 billion, according to Refinitiv. Operating profit in the fourth quarter will be in the range of \$3 billion to \$6 billion.

Fourth-quarter sales grew 9.4% to \$137.4 billion. That's Amazon's first period of single-digit growth since 2017." - CNBC

Here are the key numbers:

- **Earnings per share (adjusted):** \$5.80 vs \$3.57 expected, according to a Refinitiv survey of analysts
- **Revenue:** \$137.4 billion vs \$137.6 billion expected, according to a Refinitiv survey of analysts
- **AWS revenue:** \$17.8 billion vs \$17.37 billion expected, according to StreetAccount

We currently own a 4.5% stake in AMZN in the equity model. We are selling 1/2 of that position on the open this morning. Charts courtesy of [SimpleVisor.com](https://www.simplevisor.com) (Try free for 30-days)



31 Analyst Consensus

100%

Overall Rating
Strong Buy

Buy

Hold

Sell

31

0

0

Offering Target Price

High Estimate

Low Estimate

\$4,207.23 (51.51%)

\$5,000.00

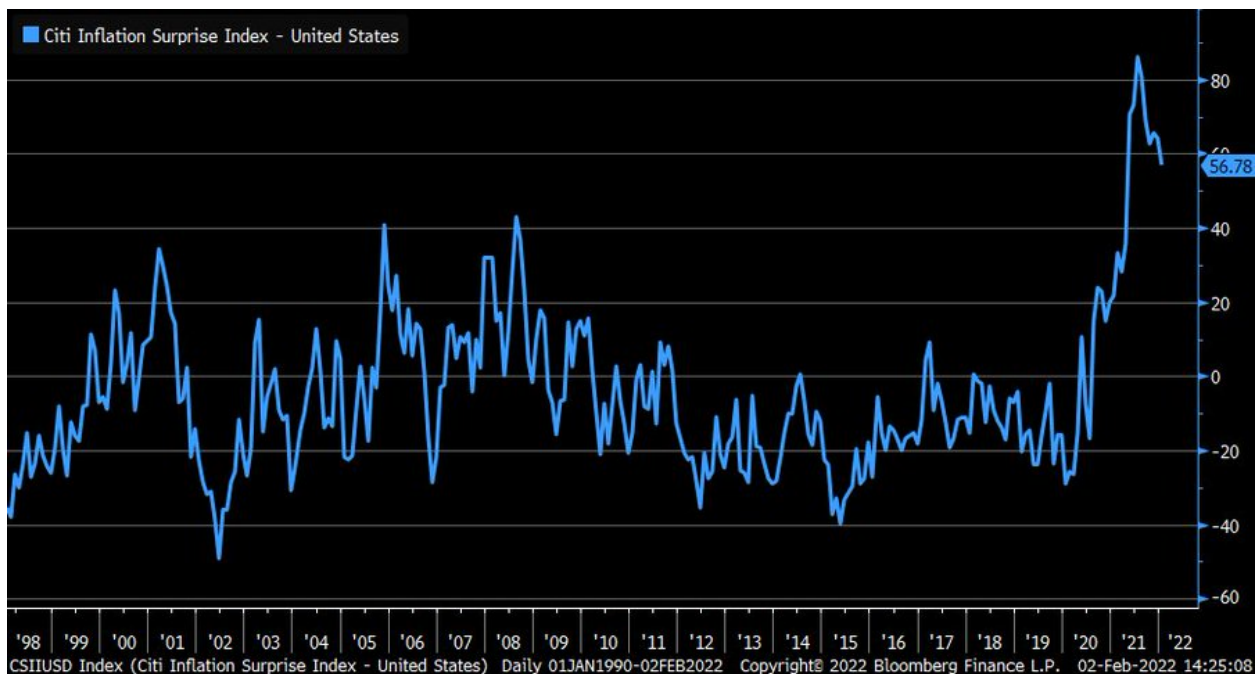
\$3,775.00

Rating and Reviews

Analyst Name	Firm	Price Target	Position	Title	Date
James Brumley	TopStockAnalysts		Buy	My Take: 4 Strong Growth Stocks to Buy This Week	2021-09-07
Will Ebiefung	Seeking Alpha		Buy	2 Top Growth Stocks to Buy in September	2021-09-05
Insider Monkey	Seeking Alpha		Buy	Amazon: Upside Due To IT Tailwinds	2021-09-04
Rich Duprey	Motley Fool		Buy	3 Top E-Commerce Stocks to Buy Right Now	2021-09-03
Samuel Smith	TipRanks Contributors		Buy	Amazon Stock: E-Commerce Giant Primed for Gains	2021-09-03
Andres Cardenal	Motley Fool		Buy	Amazon Is Undervalued	2021-09-02
Keith Speights	Motley Fool		Buy	3 Top Warren Buffett Stocks to Buy in September	2021-09-01
Edward Sheldon	Seeking Alpha		Buy	I just bought this tech stock for my ISA	2021-09-01
Trevor Jennewine	Motley Fool		Buy	2 Growth Stocks You Can Buy and Hold Forever	2021-09-01
Charles Archer	Motley Fool		Buy	1 penny stock to buy now	2021-08-31

Economist's Are Finally Overestimating Inflation

Wall Street economists seem to have finally gotten a grip on their inflation forecasts. The graph below shows The Citi Inflation Surprise Index. The index measures whether or not the consensus Wall Street forecast for inflation is above or below the actual data. When the index is high, it signifies that Wall Street is underestimating inflation. As shown, the index is falling, albeit from a very high level, signaling that economists' expectations are now leaning toward overestimating inflation.



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