



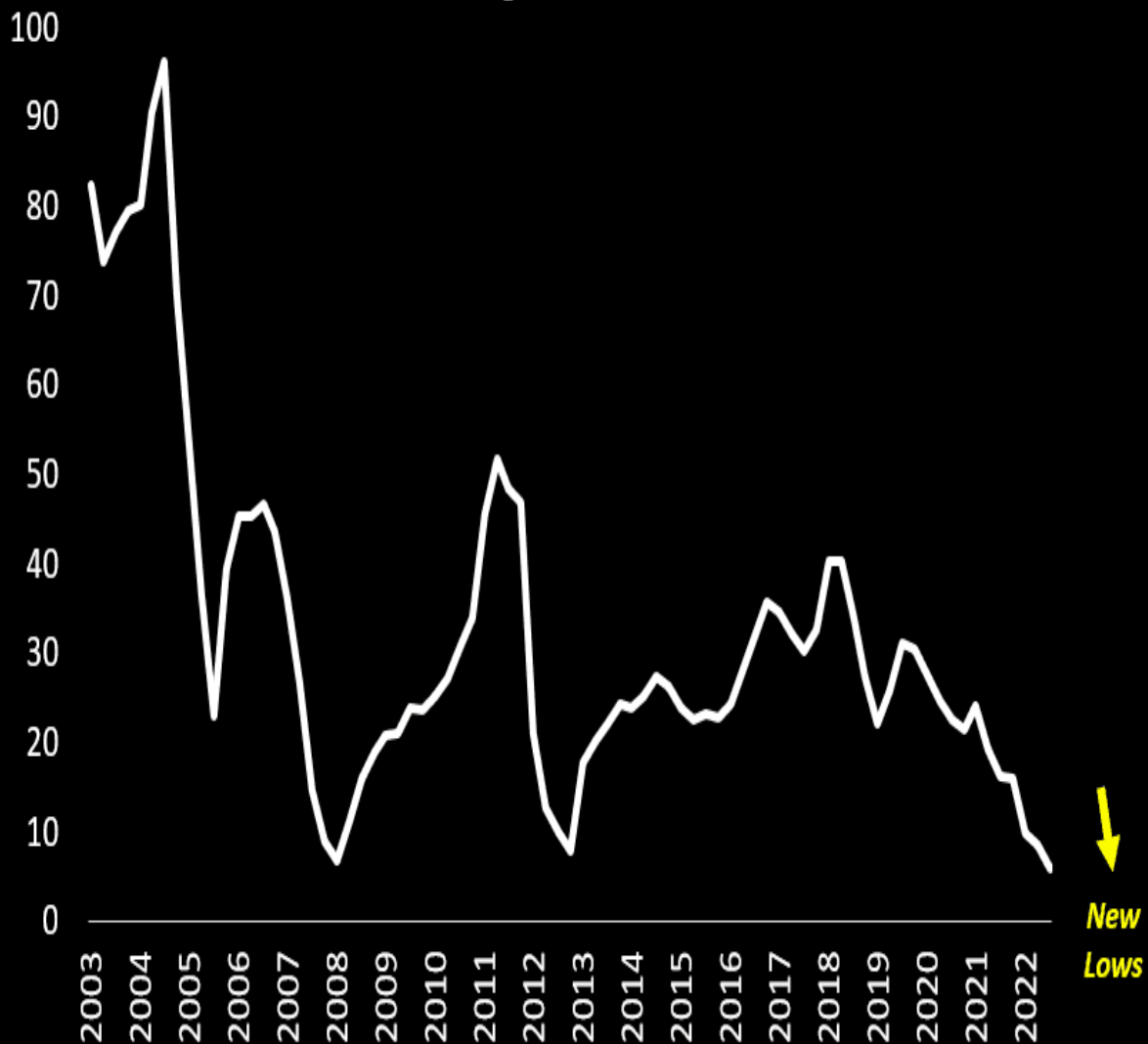
Stranger Things - RIA

The latest release of the series Stranger Things helped Netflix (NFLX) achieve better-than-expected earnings and a sizeable rally. The market's 17% after-hours surge on the earnings news resembles its hit Stranger Things. NFLX's financials were better than expected but far from as encouraging as the price gain suggests. For growth companies like NFLX, we prefer to focus on revenue and subscriber growth. As shown below, revenue growth continues to stall, and the growth rate of paid membership is slowing rapidly. Revenues fell slightly from the prior quarter and are only up .9% over the past four quarters. Paid membership grew 4.5% over the last year, which was moderately better than expected. However, it represents a sharp slowdown from 9.4% last year. It is expected to be at 2.6% for the year in Q4.

Netflix's earnings may be a harbinger of stranger things to come this earnings season. Many stocks are so beaten down that instances of good or better-than-expected results, even if underlying trends remain poor, might cause strong rallies. Even with NFLX's strong stranger things rally, the stock is down almost twice as much as the S&P 500 this year.

Netflix: Revenue Growth (%)

YoY Change in Revenue Growth

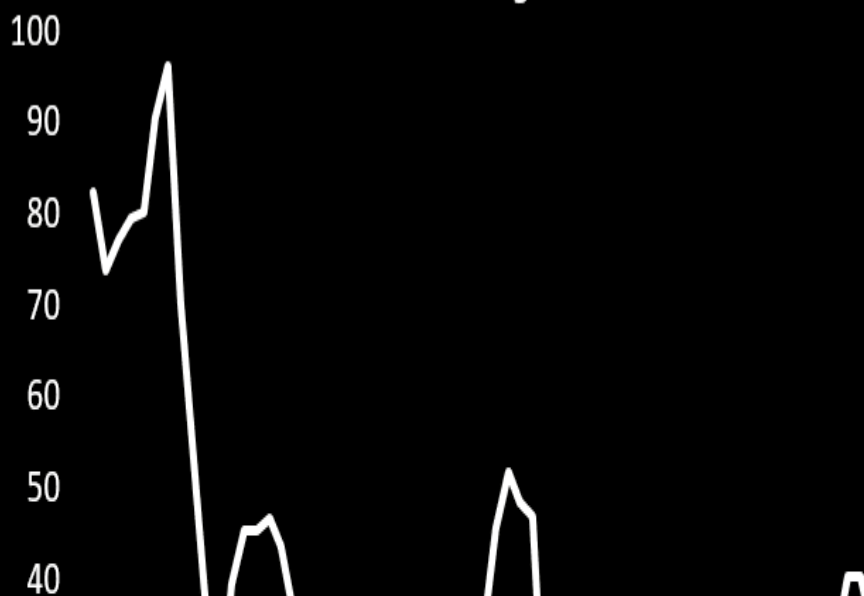


Source: Bloomberg

©2022 Crescat Capital LLC

Netflix: Revenue Growth (%)

YoY Change in Revenue Growth






What To Watch Today

Economy

- 8:30 a.m. ET: **Philadelphia Fed Business Outlook Index**, October (-5.0 expected, 9.9 prior)
- 8:30 a.m. ET: **Initial jobless claims**, week ended Oct. 15 (230,000 expected, 228,000 prior)
- 8:30 a.m. ET: **Continuing claims**, week ended Oct. 8 (1.380 expected, 1.368 prior)
- 10:00 a.m. ET: **Existing Home Sales**, September (4.69 million expected, 4.80 million prior)
- 10:00 a.m. ET: **Existing Home Sales**, month-over-month, September (-2.2% expected, -0.4% prior)
- 10:00 a.m. ET: **Leading Index**, September (-0.3% expected, -0.3% in prior)

Earnings

Company		Time	Estimate		 Growth Show only confirmed?	Surprise		
✓ T	AT&T Corp.	6:35 AM ET	\$0.61	\$29.83 B	-25.3%	+	=	-
✓ PM	Philip Morris Internati...	7:00 AM ET	\$1.38	\$7.40 B	-65.8%	+	=	-
✓ DOW	Dow Chemical Co.	6:00 AM ET	\$1.03	\$13.28 B	-10.5%	+	=	-
✓ NUE	Nucor Corp.	8:00 AM ET	\$6.45	\$10.53 B	2.1%	+	=	-
VLVLY	AB Volvo	BMO	\$0.41	\$9.89 B	0.3%	+	=	-
✓ AAL	American Airlines Gro...	7:00 AM ET	\$0.55	\$13.25 B	47.7%	+	=	-
BCS	Barclays Bank PLC	BMO	\$0.37	\$7.18 B	-4.7%	+	=	-
RANJY	Randstad Holding NV	BMO	-	\$27.12 B	266.5%	+	=	-
✓ DHR	Danaher Corp.	6:00 AM ET	\$2.24	\$7.17 B	-0.8%	+	=	-
✓ ABB	ABB Ltd.	5:00 AM ET	\$0.28	\$7.33 B	4.3%	+	=	-
✓ ERIC	Ericsson	BMO	\$0.15	\$6.18 B	-5.0%	+	=	-
✓ NOK	Nokia Corp.	BMO	\$0.10	\$6.38 B	0.2%	+	=	-
✓ BX	Blackstone	7:20 AM ET	\$0.97	\$2.43 B	-61.0%	+	=	-
✓ FCX	Freeport-McMoRan C...	8:00 AM ET	\$0.37	\$5.33 B	-12.4%	+	=	-
✓ UNP	Union Pacific Corp.	7:45 AM ET	\$3.07	\$6.36 B	14.3%	+	=	-
✓ WHR	Whirlpool Corp.	4:05 PM ET	\$5.72	\$5.24 B	-4.5%	+	=	-
✓ MAN	ManpowerGroup	7:30 AM ET	\$2.23	\$4.81 B	-6.4%	+	=	-
✓ THC	Tenet Healthcare Corp.	4:05 PM ET	\$1.28	\$4.86 B	-0.7%	+	=	-
✓ GPC	Genuine Parts Comp...	6:55 AM ET	\$2.03	\$5.38 B	11.6%	+	=	-
✓ MMC	Marsh & McLennan C...	7:00 AM ET	\$1.16	\$4.87 B	6.3%	+	=	-
✓ CSX	CSX Corp.	4:00 PM ET	\$0.50	\$3.77 B	14.5%	+	=	-
✓ ATLKY	Atlas Copco	\$0.13	\$3.61 B	\$0.11	\$3.13 B	12.3%	18.2%	
NRDBY	Nordea Bank Abp	BMO	\$0.26	-	-	+	=	-
✓ TSCO	Tractor Supply Comp...	7:00 AM ET	\$2.08	\$3.28 B	8.7%	+	=	-
✓ DGX	Quest Diagnostics, Inc.	6:45 AM ET	\$2.15	\$2.33 B	-16.0%	+	=	-
NVR	NVR Inc	9:00 AM ET	\$130.90	\$2.52 B	7.8%	+	=	-
✓ FITB	Fifth Third Bancorp	6:30 AM ET	\$0.98	\$2.20 B	3.4%	+	=	-
✓ UFPI	UFP Industries, Inc.	4:05 PM ET	\$2.51	\$2.24 B	7.0%	+	=	-
✓ DOV	Dover Corp.	6:30 AM ET	\$2.20	\$2.16 B	7.0%	+	=	-
✓ ALK	Alaska Air Group, Inc.	6:00 AM ET	\$2.41	\$2.81 B	43.9%	+	=	-
✓ KEY	KeyCorp	6:30 AM ET	\$0.59	\$1.89 B	0.3%	+	=	-
✓ WSO	Watsco, Inc.	7:30 AM ET	\$4.45	\$2.05 B	15.0%	+	=	-
✓ RHI	Robert Half Internatio...	4:05 PM ET	\$1.65	\$1.91 B	11.5%	+	=	-
✓ SIVB	SVB Financial Group	4:10 PM ET	\$6.79	\$1.74 B	11.8%	+	=	-
SWDBY	Swedbank Ab Sp ADR	BMO	\$0.44	-	-	+	=	-
✓ POOL	Pool Corp	7:00 AM ET	\$4.61	\$1.61 B	14.1%	+	=	-
✓ SNAP	Snap Inc.	4:10 PM ET	\$0.00	\$1.07 B	0.2%	+	=	-
✓ SNA	Snap-On, Inc.	6:30 AM ET	\$3.76	\$1.07 B	3.1%	+	=	-
✓ AMTB	Amerant Bancorp, Inc.	4:30 PM ET	\$0.55	\$80.90 M	-	+	=	-
BANF	BancFirst Corp.	4:15 PM ET	\$1.56	\$141.42 M	-	+	=	-
✓ MSM	MSC Industrial Direct...	6:30 AM ET	\$1.77	\$996.10 M	19.9%	+	=	-
VLRS	Volaris Aviation	6:50 PM ET	(\$0.01)	\$776.49 M	23.1%	+	=	-
✓ WAL	Western Alliance Ban...	4:45 PM ET	\$2.60	\$688.71 M	18.6%	+	=	-
✓ SAM	Boston Beer Compan...	4:15 PM ET	\$3.38	\$577.32 M	2.8%	+	=	-
WAL	Western Alliance Ban...	4:45 PM ET	\$2.60	\$688.71 M	18.6%	+	=	-
SAM	Boston Beer Compan...	4:15 PM ET	\$3.38	\$577.32 M	2.8%	+	=	-

Company		Time	Estimate		 Growth Show only confirmed?	Surprise		
✓ T	AT&T Corp.	6:35 AM ET	\$0.61	\$29.83 B	-25.3%	+	=	-
✓ PM	Philip Morris Internati...	7:00 AM ET	\$1.38	\$7.40 B	-65.8%	+	=	-
✓ DOW	Dow Chemical Co.	6:00 AM ET	\$1.03	\$13.28 B	-10.5%	+	=	-

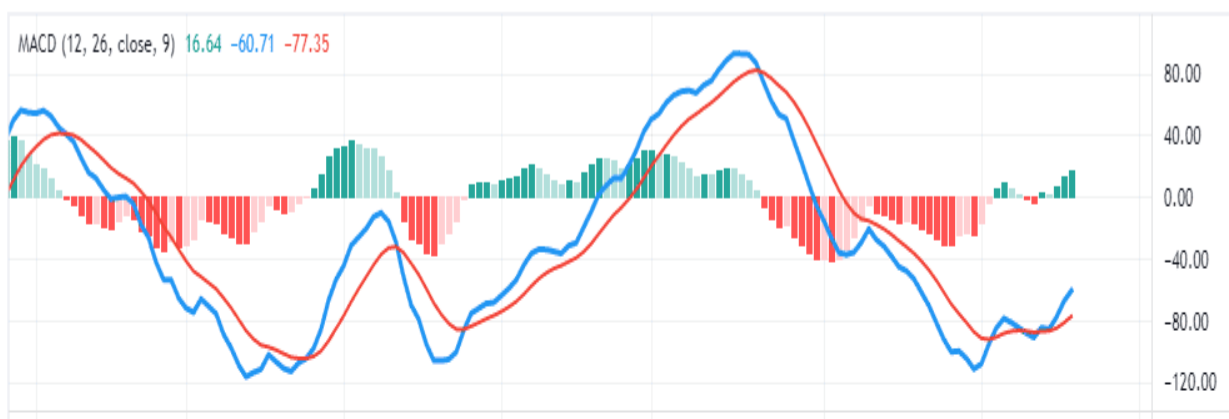
Market Trading Update

As noted yesterday, the pullback to the 20-dma after the recent rally was not surprising., What is important now is that support holds and breaks above 3800 is accomplished to keep the bullish reversal alive. The market is not overbought yet, but the volume and overall commitment remain lacking. The market action may remain sloppy over the next week until the corporate blackout for stock buybacks ends on the 28th.

This still remains a tradeable rally but is prone to failure if it doesn't rally soon. Much like we saw in late June, the market chopped around for a couple of weeks before finally mustering a rally. We may have a similar setup this time as well.

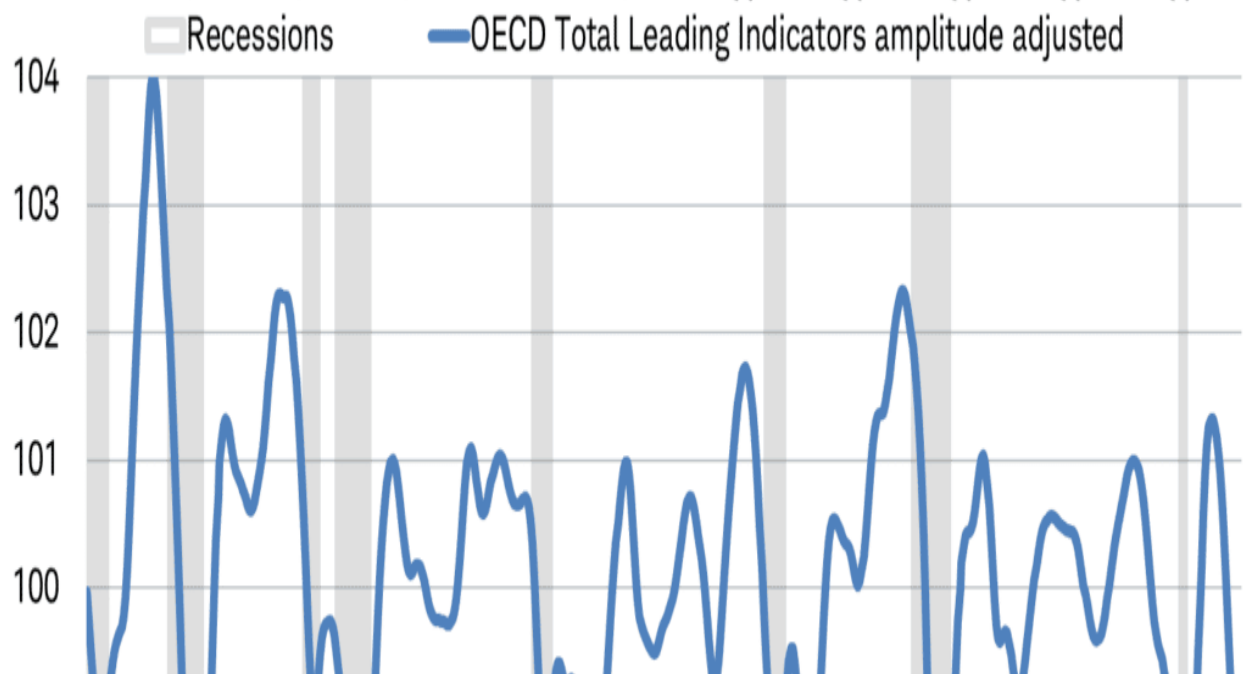
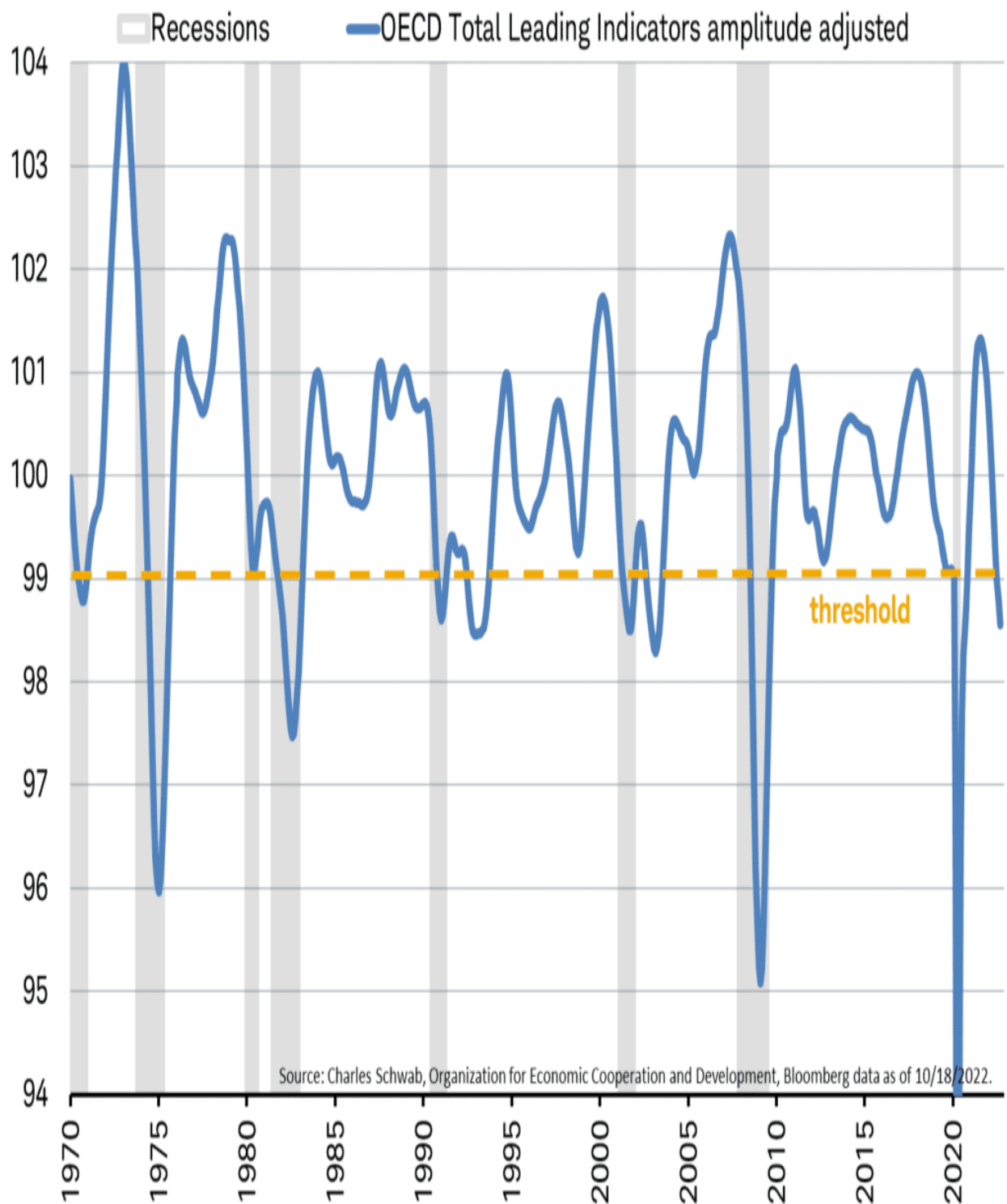


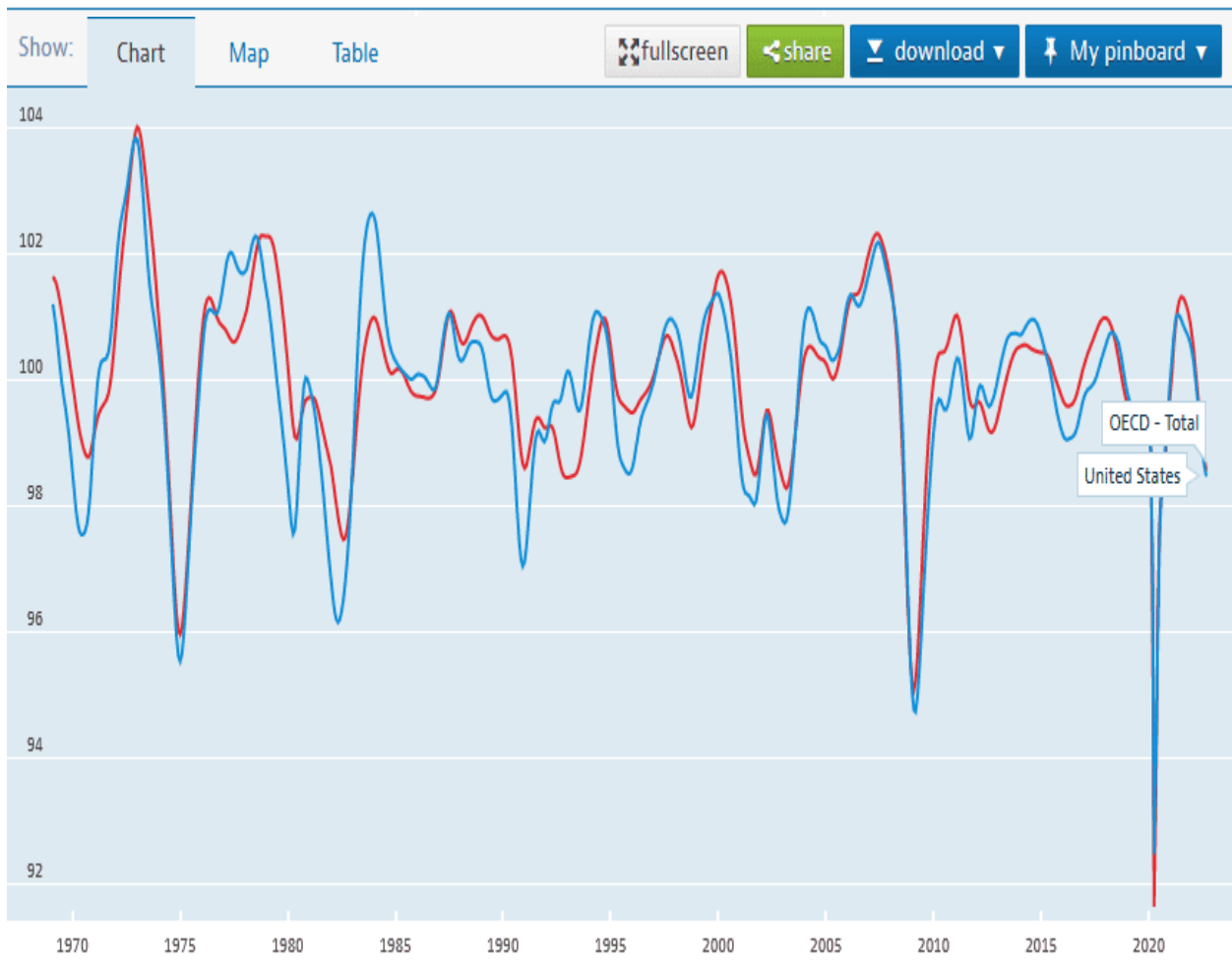
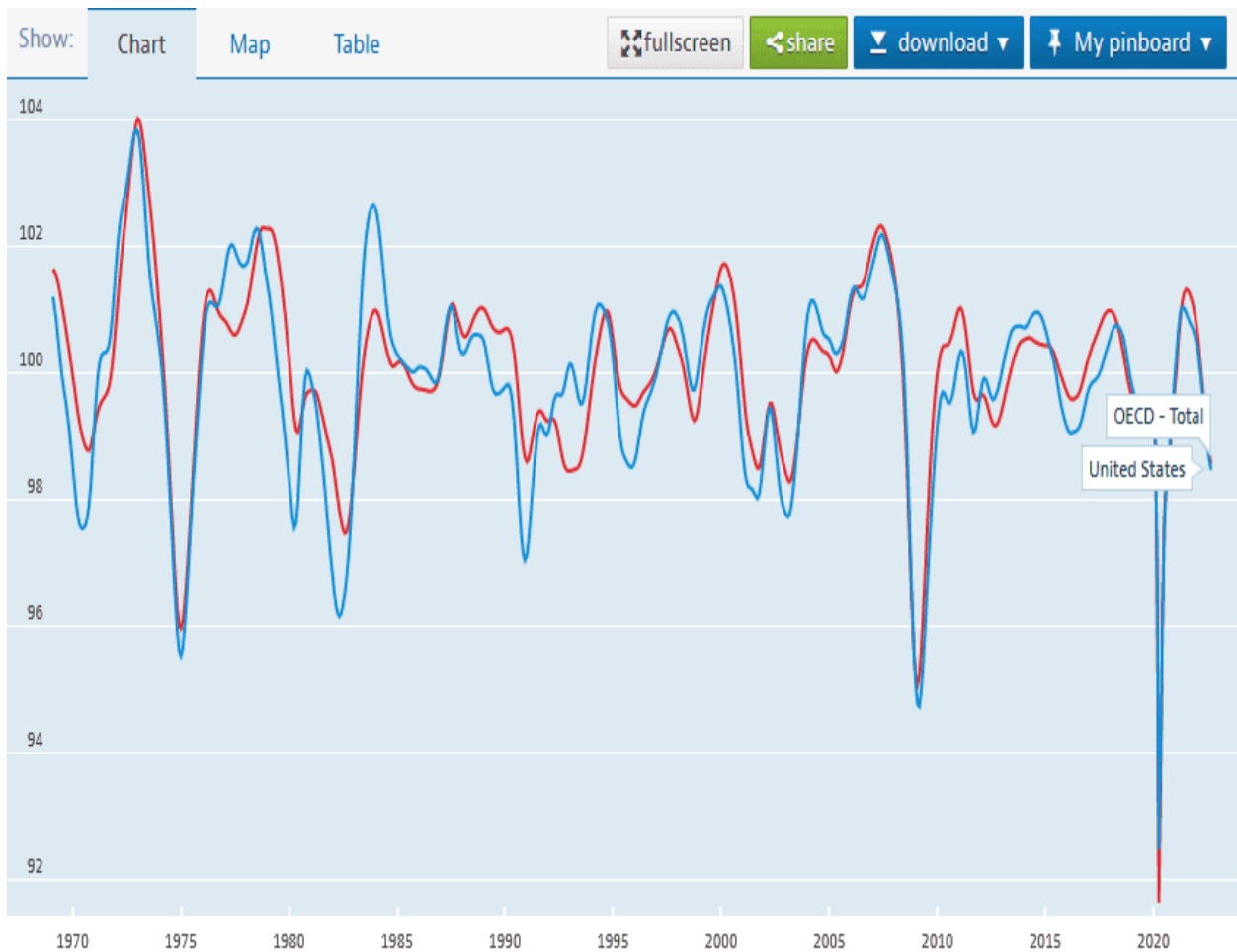
TradingView



OECD Leading Indicators Portend Recession

The OECD computes a monthly [Leading Indicators](#) index with an excellent track record of forecasting global economic activity six to nine months in advance. As we share in the first Charles Schwab chart, a level of 99 or below has always led to a global recession. The second graph compares the global leading indicators index to the OECD's U.S. leading indicators index. Not surprisingly, given the size of the United States economy, it strongly correlates with the global index. The simple takeaway is that a recession is very likely in the U.S. and worldwide.





Homebuilding and Leading Indicators

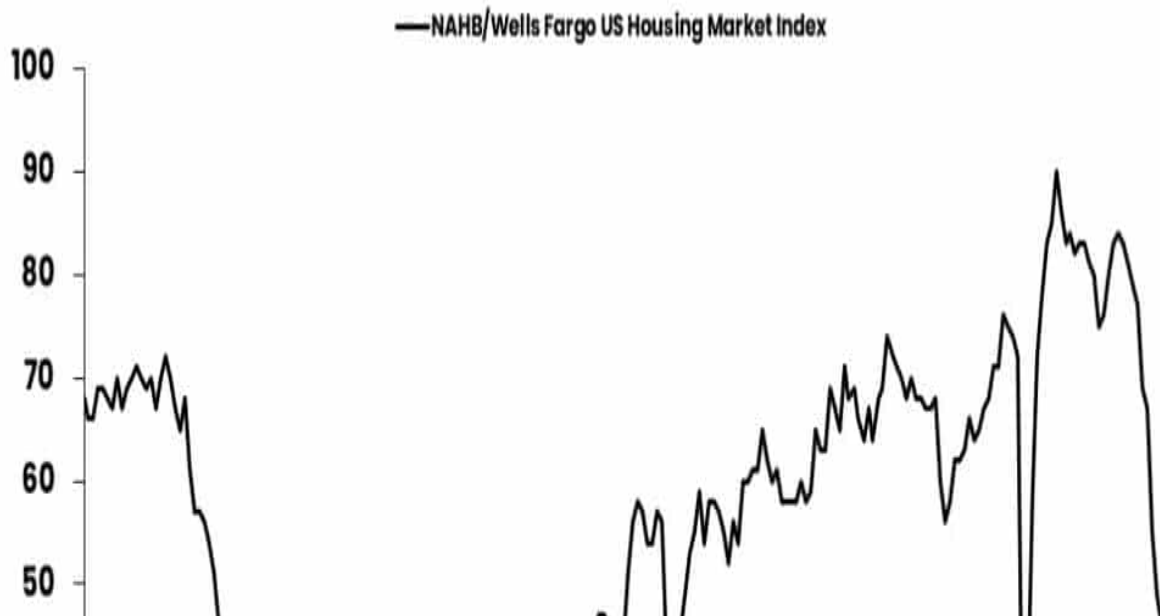
One of the components of the U.S. OECD Leading Indicators series is *work started for dwellings*, i.e., new house construction. Given that homebuilding is an important leading indicator, it's worth sharing the recent data from the National Association of Home Builders (NAHB) [market survey](#). The NAHB survey of home builders fell to 38, approaching the low of 30 in April 2020. More importantly, the index is plummeting at an extremely sharp pace. The six-month decline in the index is a four-standard deviation event.

Housing starts continue to confirm the bearish outlook of homebuilders. Yesterday housing starts fell 8.1% versus expectations for a 7.2% decline. After setting a record in 2020, starts are back to levels last seen in 2015. As long as mortgage rates remain higher, it will be hard for homebuilders to justify new construction. The Fed wants a slowdown in housing, and the Fed is getting one!

NAHB/Wells Fargo US Housing Market Index



NAHB/Wells Fargo US Housing Market Index



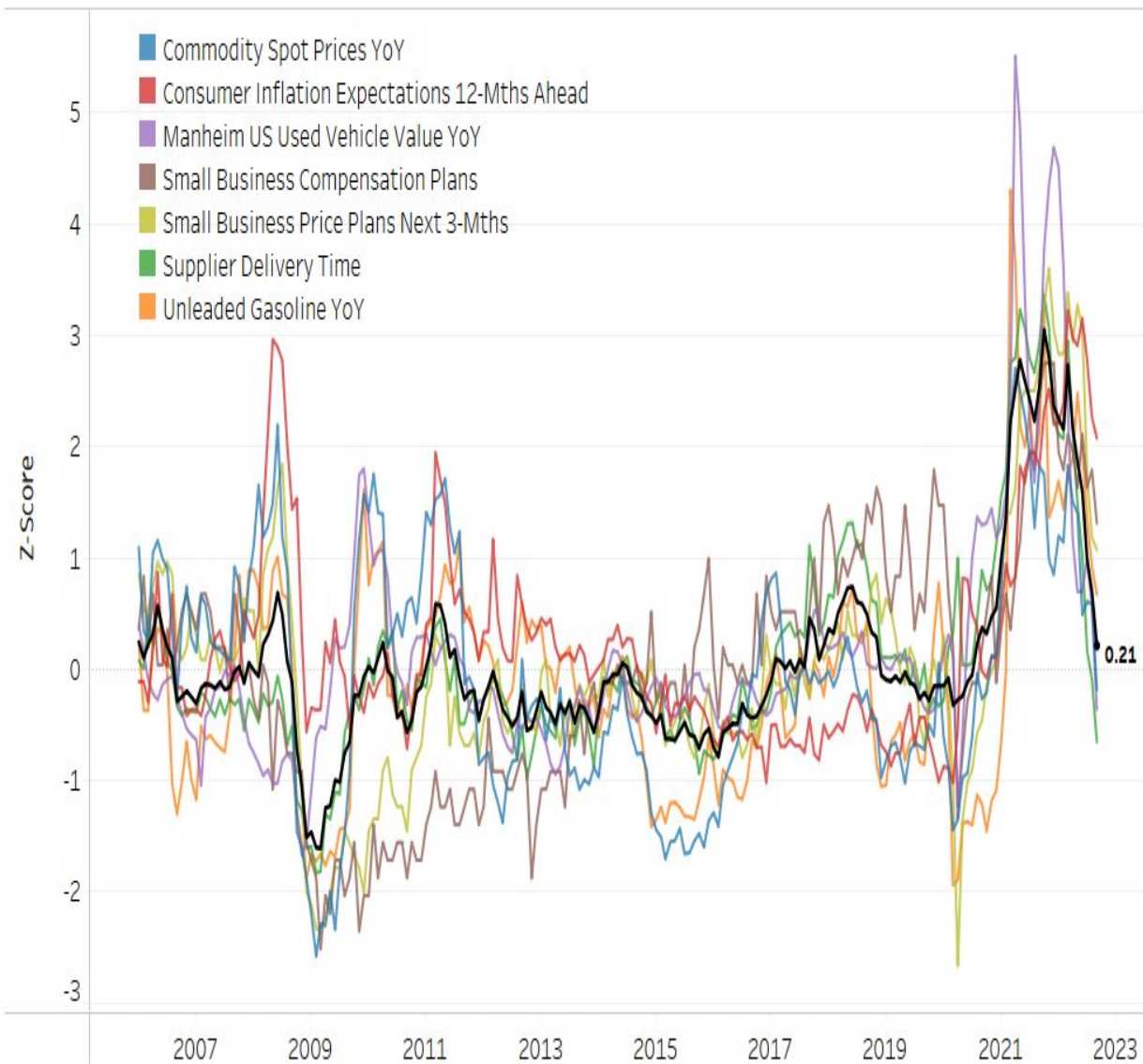
Supply Lines have Normalized

A key factor driving inflation was inventory shortages, partly by supply line problems. With economic lockdowns behind us and demand for goods easing rapidly, supply lines have fallen back to normal. The graph below from Arbor shows that the average of the most-watched supply chain metrics is back to the average run rate for the last ten years.

Most-Watched Supply Chain Metrics

Black Line = Average | Thru September 2022

ARBOR DATA
SCIENCE



Data Sources: Bloomberg LP, Conference Board, Federal Reserve, ISM, NFIB, and UMich

© 2022 Arbor Research & Trading, LLC. All Rights Reserved
datascience.arborresearch.com

Most-Watched Supply Chain Metrics

Black Line = Average | Thru September 2022

ARBOR DATA
SCIENCE



Tweet of the Day

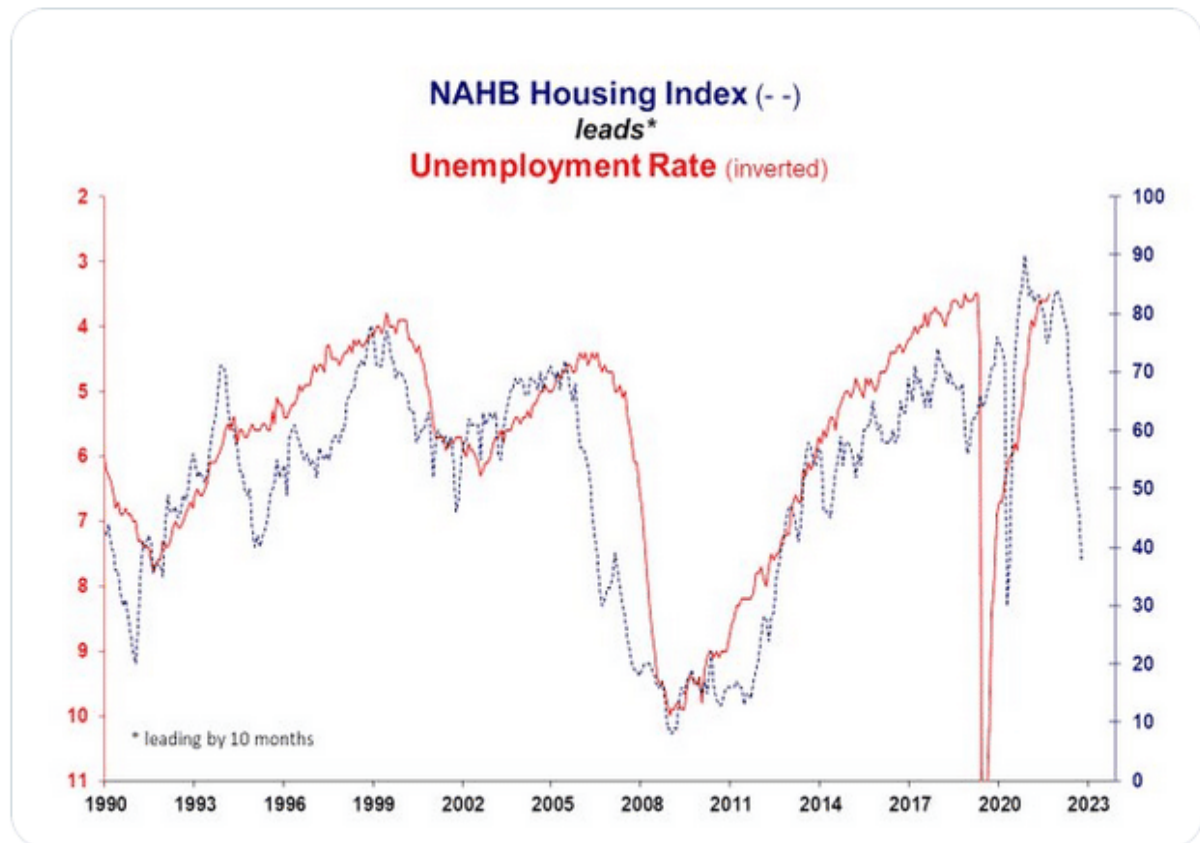


steph pomboy

@spomboy

...

Chart of the day...Homebuilders' Sentiment is a leading economic indicator. It suggests the employment data the Fed is looking at is about to roll over HARD



steph pomboy

@spomboy

...

Chart of the day...Homebuilders' Sentiment is a leading economic indicator. It suggests the employment data the Fed is looking at is about to roll over HARD



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

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.