Dashed Hopes for a Different Perspective

As we wrote on Friday, investors were disappointed again last week after Jerome Powell failed to take a different perspective on the path of monetary policy. Bets that Powell will say something even slightly dovish this year are misplaced, given the implications for financial conditions based on what we?ve seen already. Instead, Powell will likely let other FOMC members float those ideas to the public between meetings.







What To Watch Today

Economy

- 3:00 p.m. ET:&#2013266080;**Consumer Credit**, September ($30.000 billion, $32.241 billion)

Earnings

	Company	Time	Estimate		Growth	Surprise
					Show only confirmed?	
PLTR	Palantir Technologies...	7:00 AM ET	$0.02	$474.58 M	21.0%	+ = -
BNTX	BioNTech SE	6:00 AM ET	$3.66	$2.31 B	-67.8%	+ = -
BRK.B	Berkshire Hathaway, I...	8:00 AM ET	$3.10	-	-	+ = -
AMR	Alpha Metallurgical R...	7:30 AM ET	$16.79	$931.23 M	43.5%	+ = -
AMG	Affiliated Managers G...	7:00 AM ET	$3.92	$564.33 M	-1.9%	+ = -
VTRS	Viatris Inc.	7:00 AM ET	$0.82	$4.14 B	-8.7%	+ = -
CRNT	Ceragon Networks Ltd.	7:00 AM ET	($0.01)	$78.48 M	3.1%	+ = -
KOS	Kosmos Energy Ltd.	BMO	$0.19	$499.00 M	148.8%	+ = -
CRON	Cronos Group Inc.	7:30 AM ET	($0.06)	$25.53 M	25.1%	+ = -
NSSC	NAPCO Security Tec...	8:00 AM ET	$0.14	$36.42 M	17.3%	+ = -
BLDP	Ballard Power Syste...	8:30 AM ET	($0.14)	$24.71 M	-1.9%	+ = -
HE	Hawaiian Electric Ind...	6:00 AM ET	$0.54	-	-	+ = -
THS	TreeHouse Foods Inc.	6:55 AM ET	$0.13	$1.29 B	17.1%	+ = -
BBGI	Beasley Broadcast G...	7:00 AM ET	($0.04)	$63.52 M	1.0%	+ = -
EGRX	Eagle Pharmaceutica...	6:50 AM ET	$0.23	$59.37 M	49.0%	+ = -
DINO	HF Sinclair Corporation	6:30 AM ET	$4.20	$8.47 B	-	+ = -
NRG	NRG Energy, Inc.	6:35 AM ET	$0.64	$6.38 B	-3.5%	+ = -
AXSM	Axsome Therapeutics...	7:00 AM ET	($1.10)	$17.53 M	∞	+ = -
HEP	Holly Energy Partner...	6:30 AM ET	$0.49	$140.53 M	14.6%	+ = -
APRN	Blue Apron Holdings, ...	6:30 AM ET	($0.55)	$118.87 M	8.4%	+ = -
GHM	Graham Corporation	6:55 AM ET	($0.10)	$37.00 M	8.4%	+ = -
MRSN	Mersana Therapeutic...	7:00 AM ET	($0.03)	$38.57 M	350,536.4%	+ = -
OXSQ	Oxford Square Capita...	8:00 AM ET	-	$10.30 M	5.1%	+ = -
CECE	CECO Environmental...	7:05 AM ET	$0.14	$97.07 M	21.4%	+ = -
LINC	Lincoln Educational S...	8:00 AM ET	$0.11	$88.74 M	-0.4%	+ = -
FOUR	Shift4 Payments, Inc.	7:00 AM ET	$0.43	$189.35 M	-49.9%	+ = -
DK	Delek US Holdings Inc.	8:00 AM ET	$0.31	$4.07 B	37.7%	+ = -
HAE	Haemonetics Corp.	6:00 AM ET	$0.70	$273.92 M	14.2%	+ = -
NINE	Nine Energy Service, ...	6:30 AM ET	$0.16	$154.20 M	66.0%	+ = -
FNV	Franco-Nevada Corp...	7:00 AM ET	$0.82	$1.25 B	295.2%	+ = -
HLIO	Helios Technologies, I...	6:00 AM ET	$0.98	$221.00 M	-1.0%	+ = -
NI	NiSource Inc	6:30 AM ET	$0.11	$996.60 M	3.9%	+ = -
WHD	Cactus, Inc.	6:45 AM ET	$0.49	$180.92 M	56.8%	+ = -
CHH	Choice Hotels Interna...	7:00 AM ET	$1.75	$380.35 M	17.6%	+ = -
FOLD	Amicus Therapeutics ...	7:00 AM ET	($0.19)	$84.55 M	6.3%	+ = -
WTRG	Essential Utilities, Inc.	7:15 AM ET	$0.23	$376.00 M	3.9%	+ = -
CGAU	Centerra Gold Inc.	6:00 AM ET	($0.04)	$851.00 M	285.8%	+ = -
DKL	Delek Logistics Partn...	8:00 AM ET	$0.88	$313.48 M	65.3%	+ = -
ONCY	Oncolytics Biotech Inc.	7:00 AM ET	($0.09)	-	-	+ = -
CNCE	Concert Pharmaceuti...	7:00 AM ET	($0.59)	$0.33 M	-39.2%	+ = -
FWRG	First Watch Restaura...	7:00 AM ET	$0.03	$179.36 M	13.9%	+ = -
RBA	Ritchie Bros. Auction...	7:15 AM ET	$0.30	$371.27 M	12.6%	+ = -
DCO	Ducommun Inc.	8:00 AM ET	$0.90	$180.71 M	10.7%	+ = -
CIO	City Office REIT Inc.	6:00 AM ET	$0.35	$44.32 M	-1.3%	+ = -
OBSV	ObsEva SA	BMO	($0.14)	$0.01 M	∞	+ = -
ATVI	Activision Blizzard, Inc.	4:05 PM ET	$0.42	$1.70 B	-17.9%	+ = -
LYFT	Lyft, Inc.	4:05 PM ET	$0.07	$1.05 B	21.5%	+ = -
FANG	Diamondback Energy...	4:00 PM ET	$6.51	$2.37 B	24.1%	+ = -
MOS	Mosaic Co.	5:15 PM ET	$3.52	$6.01 B	75.8%	+ = -
TTWO	Take-Two Interactive ...	4:05 PM ET	$0.87	$1.52 B	77.1%	+ = -
CLOV	Clover Health	4:10 PM ET	($0.31)	$829.10 M	94.1%	+ = -
SEDG	SolarEdge Technologi...	4:05 PM ET	$1.17	$826.74 M	57.1%	+ = -
DOCN	DigitalOcean	4:05 PM ET	$0.00	$148.33 M	33.1%	+ = -
MTRX	Matrix Service Comp...	4:05 PM ET	($0.32)	-	-	+ = -
VRM	Vroom, Inc.	4:05 PM ET	($0.59)	$480.89 M	-46.4%	+ = -
GRPN	Groupon, Inc.	5:00 PM ET	($1.21)	$156.42 M	-27.0%	+ = -
TRIP	TripAdvisor, Inc.	4:05 PM ET	$0.38	$445.19 M	46.9%	+ = -
EOSE	Eos Energy Enterpris...	AMC	($0.75)	$13.15 M	1,731.5%	+ = -
PETS	PetMed Express Inc.	4:00 PM ET	$0.27	$65.92 M	-2.2%	+ = -
SDC	SmileDirectClub Inc	4:00 PM ET	($0.22)	$99.98 M	-27.4%	+ = -
FIVN	Five9, Inc.	4:05 PM ET	$0.34	$192.18 M	24.5%	+ = -

	Company	Time	Estimate		Growth	Surprise
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Market Trading Update

The October employment report on Friday was also strong, printing a 261,000 job increase, but the unemployment rate rose to 3.7%. Initially, stocks sold off but then rallied on expectations that future reports would begin to weaken. Notably, the market defended the important 20-dma moving average, keeping the bull market rally from the September lows alive. However, the MACD&#2013266080;*?buy signal,?*&#2013266080;which signaled the start of the most recent rally, is dangerously close to flipping.



TradingView



TradingView

The Week Ahead

Fed speakers will be out in droves this week following the end of the FOMC blackout period. Any remotely dovish comments from Powell this year led to loosening financial conditions- which directly works against the Fed?s goal. As mentioned above, the Fed may be tweaking its communication strategy by having Powell convey a strictly hawkish tone and allowing other members to walk it back slightly. Thus, we will be watching for comments supporting slowing the pace of rate hikes this week.

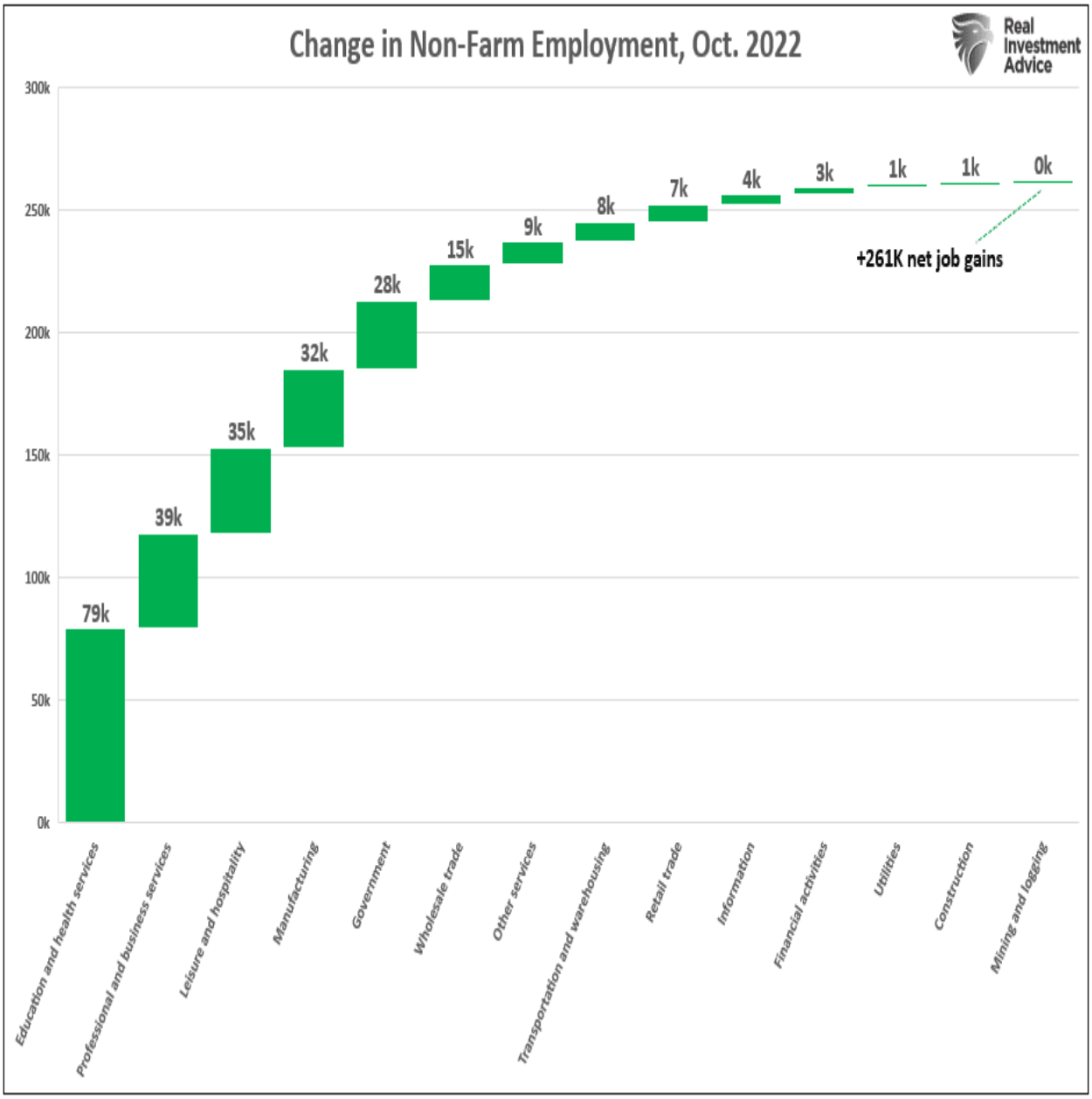
This week will be light on economic data. The BLS will release October?s CPI report Thursday morning? expectations for broad and core inflation are 0.7% and 0.5% MoM, respectively. While economists forecast broad CPI growth to accelerate MoM, they expect the pace of core inflation to slow from September. We?ll cap off the week with Friday?s preliminary consumer sentiment data for November. Expect consumer sentiment to take a breather after four consecutive increases from the low in June. &#2013266080;

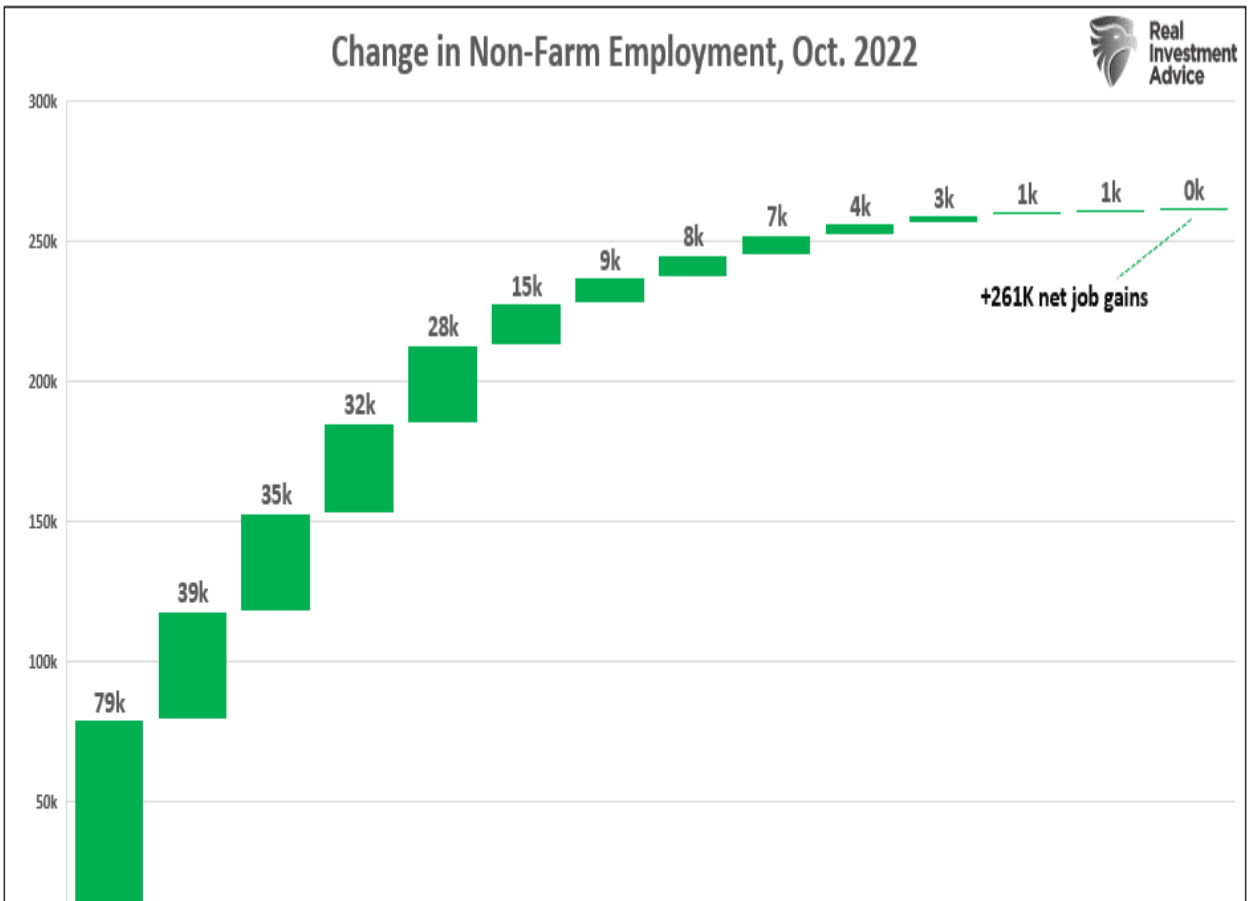
October Delivers Another Strong Jobs Report

Non-farm payrolls increased by 261,000 in October (200,000 expected), adding another month to the recent track record. Stocks ended 1.4% higher in a volatile session Friday, as the USD was crushed (-1.9%) and investors tempered expectations for future job growth. The unemployment rate ticked up to 3.7%, while the labor force participation rate fell to 62.2%.

As noted in this weekend?s Newsletter, the Household Survey offers a different perspective.

> ?While the BLS employment report suggested employment was strong, the Household Survey, which is where the BLS report comes from, showed a rather significant loss of 328,000 jobs. Also, wage growth continues to slow, and the labor force participation rate dropped. That data suggests the Fed?s rate hikes are beginning to have an effect.?

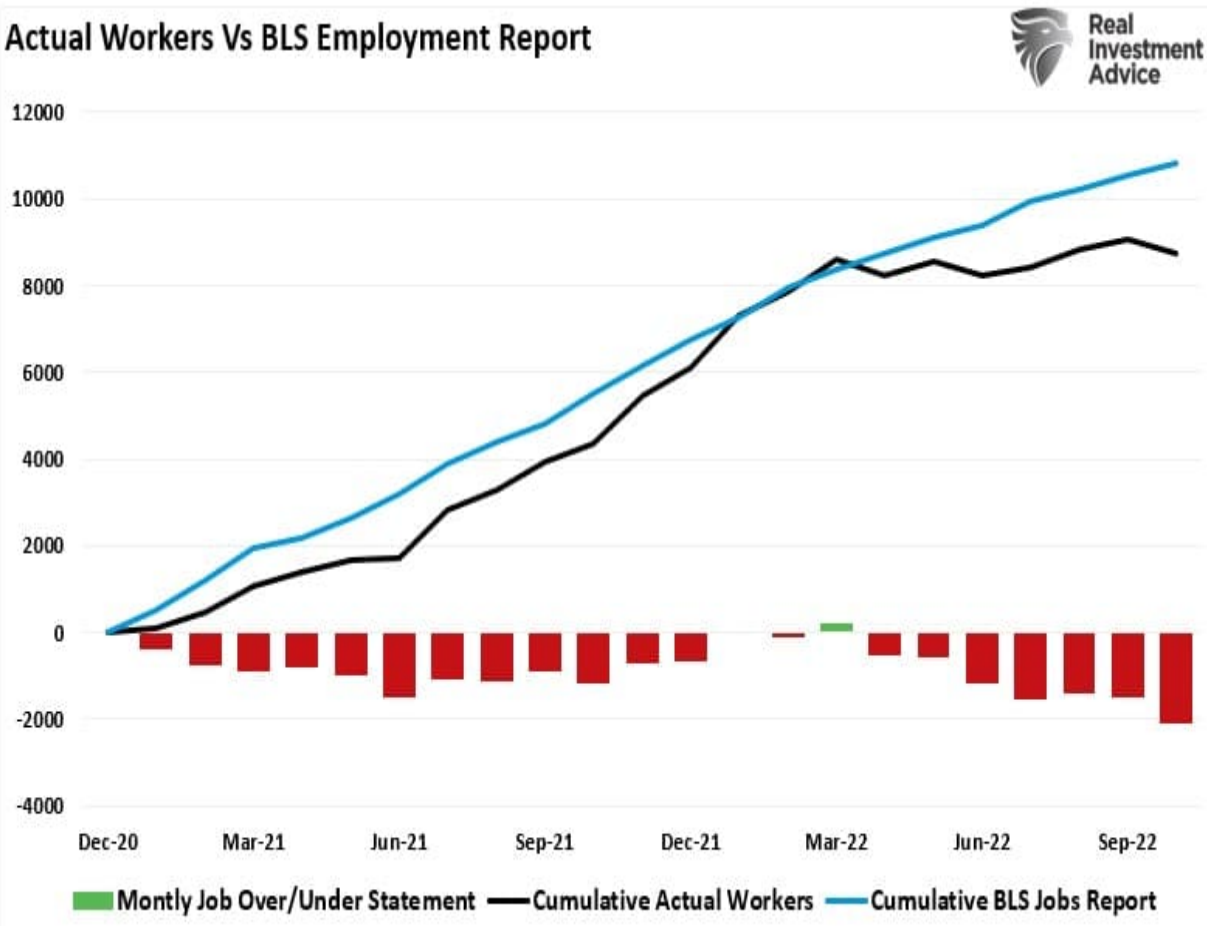

Change in Non-Farm Employment, Oct. 2022
Real Investment Advice
300k
250k
200k
150k
100k
50k
0k
79k
39k
35k
32k
28k
15k
9k
8k
7k
4k
3k
1k
1k
0k
+261K net job gains
Education and health services
Professional and business services
Leisure and hospitality
Manufacturing
Government
Wholesale trade
Other services
Transportation and warehousing
Retail trade
Information
Financial activities
Utilities
Construction
Mining and logging


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0k
+261K net job gains

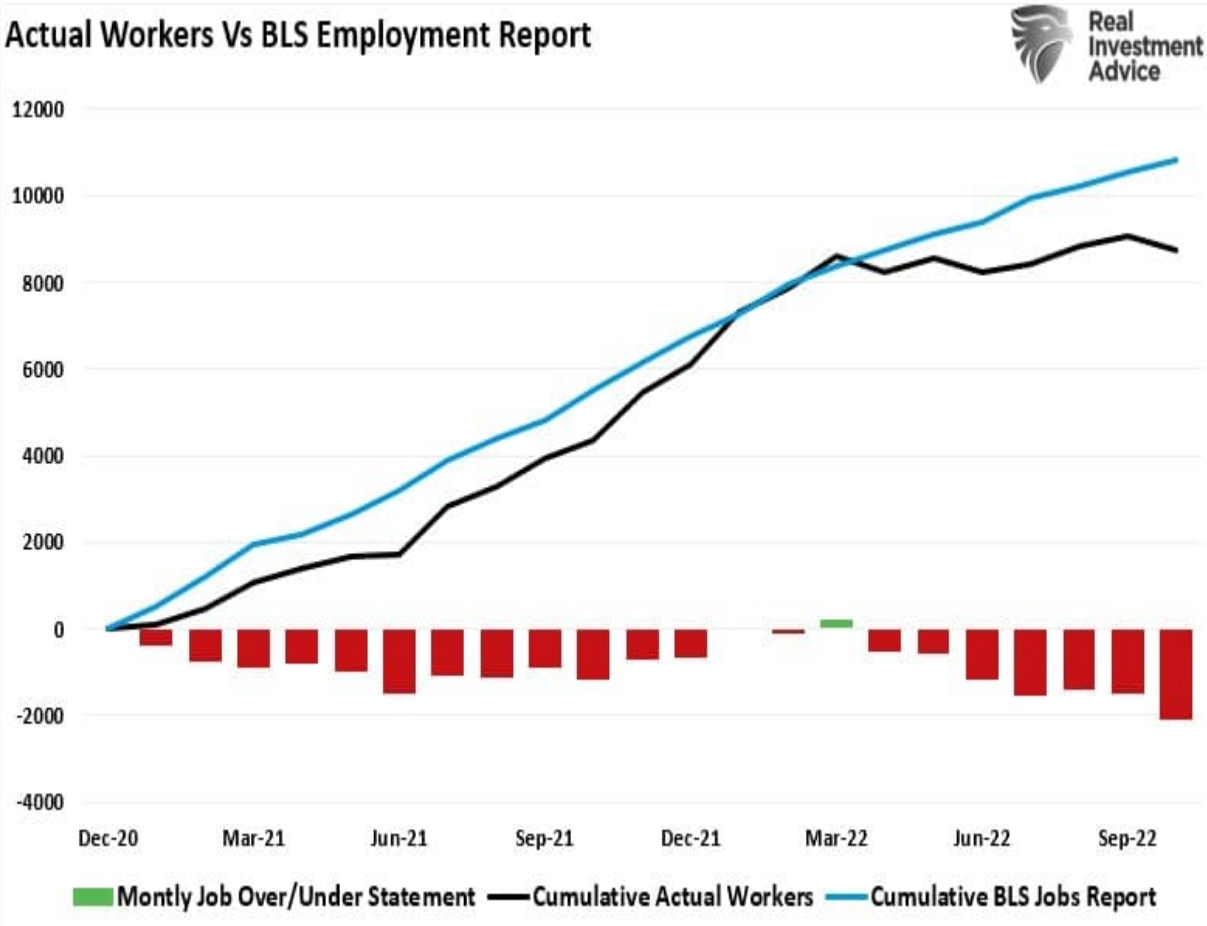
Employment Not As Strong As It Appears

While the BLS employment report suggested employment was strong, the Household Survey, which is where the BLS report comes from, showed a rather significant loss of 328,000 jobs. Also, wage growth continues to slow, and the labor force participation rate dropped. That data suggests the Fed?s rate hikes are beginning to have an effect. As shown, while the BLS report continues to report strong monthly job growth, the Household Survey (which the BLS draws its report from) **&#2013266080;suggests a far weaker picture showing NO job gains since March of 2022.**

Actual Workers Vs BLS Employment Report

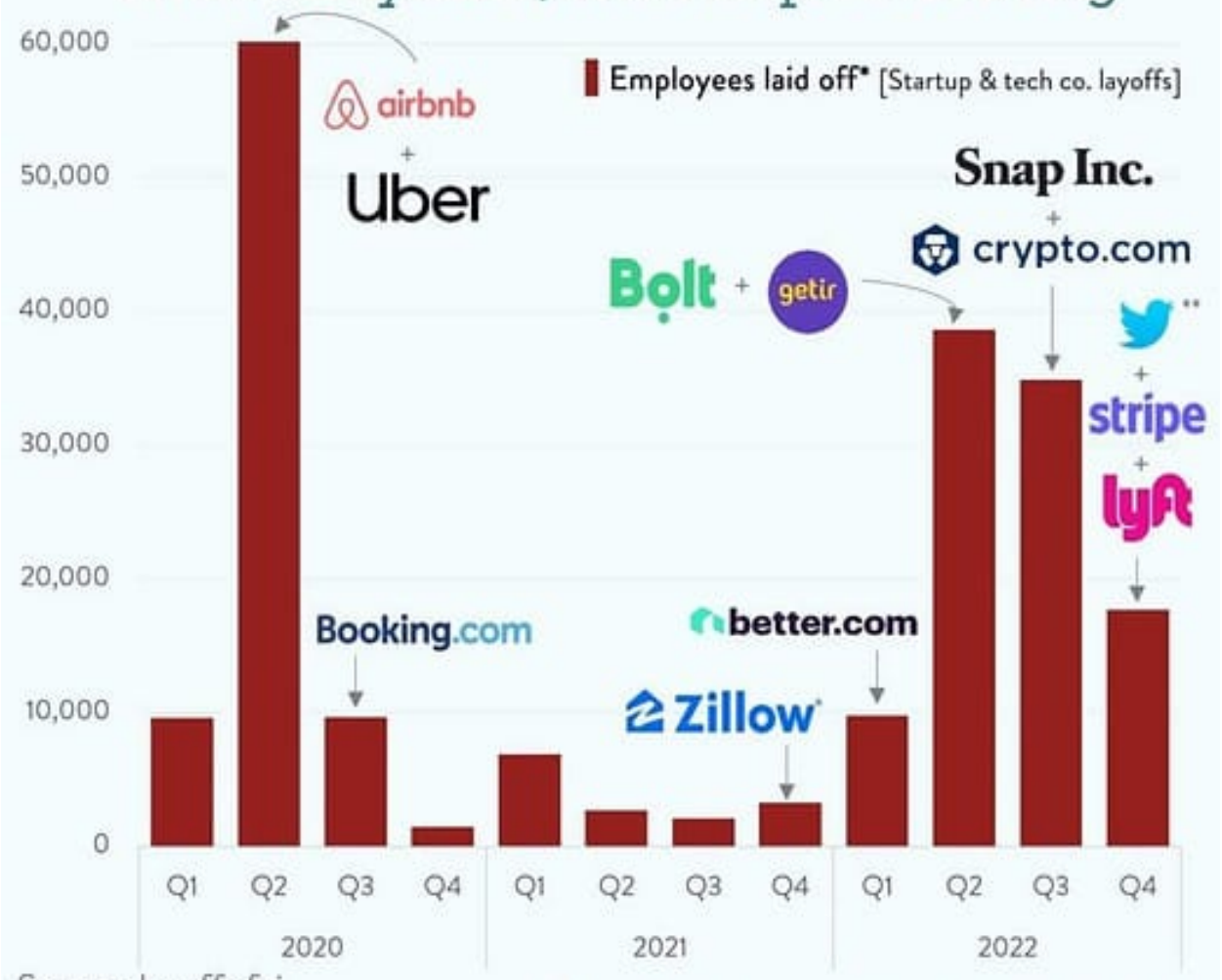


Actual Workers Vs BLS Employment Report



We suspect that after the Midterm elections are behind us, we may see a&#2013266080;*?catch down?*&#2013266080;in the data. Such is especially the case with the rising number of layoff announcements almost daily.

The List Of Tech Companies & Startups With Layoffs Just Keeps Growing



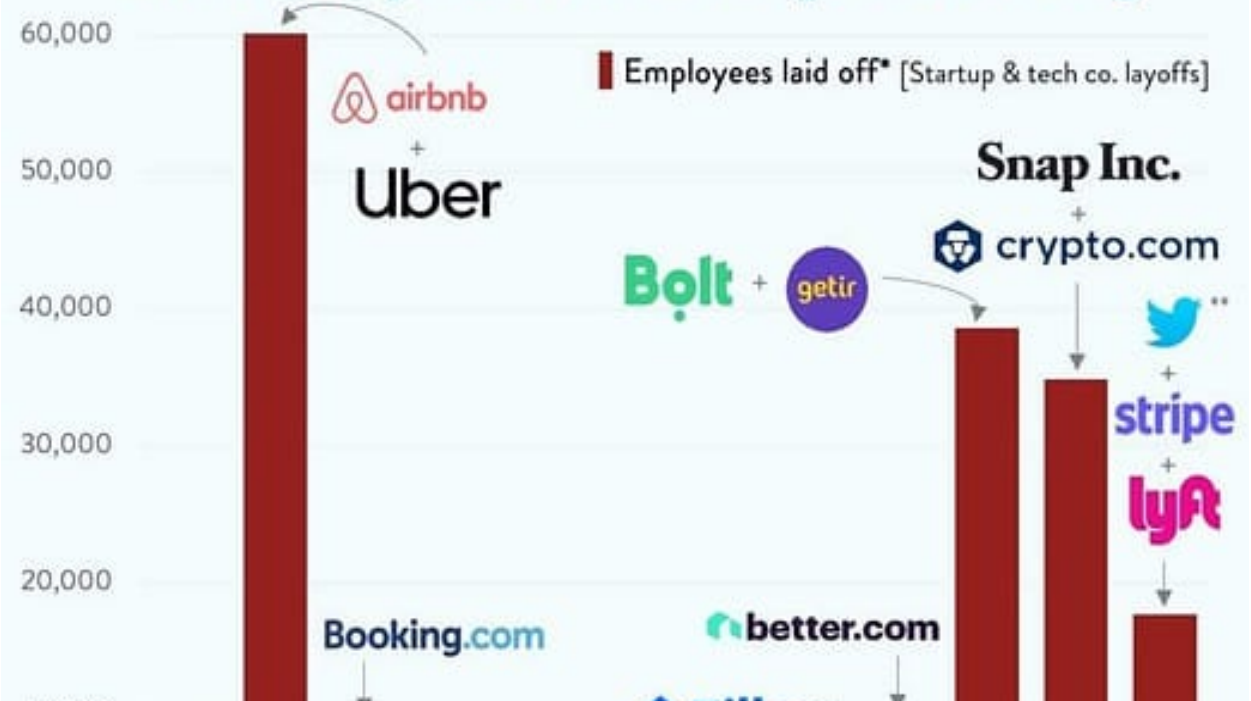
Source: layoffs.fyi

**Twitter layoffs estimated at 2,000

chartr

*Logos for selected high-profile layoffs

The List Of Tech Companies & Startups With Layoffs Just Keeps Growing



While the Fed continues looking at inflation and employment for clues on when to stop hiking rates, they may have already gone too far.

A Different Perspective

The rise of passive investing, along with other factors, led to a handful of stocks comprising a large portion of the market-cap weighted S&P 500 index. The FAANG stocks (including MSFT), which have held up *relatively* well YTD, now account for about 20% of the index. With the S&P buoyed by mega-caps holding on to lofty valuations throughout widespread carnage, a narrative developing in many circles held that passive investors would get killed when the ?big boys? caved.

The tide is beginning to turn as the market generals took a beating on 3rd quarter earnings announcements. However, the index has held up surprisingly well so far due to solid performance by the other 80% of constituents. Now, a different perspective is coming to light. Is it a bullish sign that the overall index is still holding up as several generals make 52-week lows?


Microsoft Corporation - MSFT (US) - 1 Day Line Chart - USD - No Layout
310.00
290.00
270.00
250.00
230.00
210.00
Microsoft $MSFT
New 52-Wk Lows!
Alphabet Inc. - GOOGL (US) - 1 Day - USD
141.00
131.00
122.00
114.00
106.00
99.00
92.00
Alphabet $GOOGL
New 52-Wk Lows!
Amazon.com, Inc. - AMZN (US) - 1 Day - USD
155.00
141.00
128.00
116.00
105.00
95.00
ALL STAR CHARTS
Amazon $AMZN
New 52-Wk Lows!
Mar
May
Jul
Sep
Nov
Optuma
optuma.com

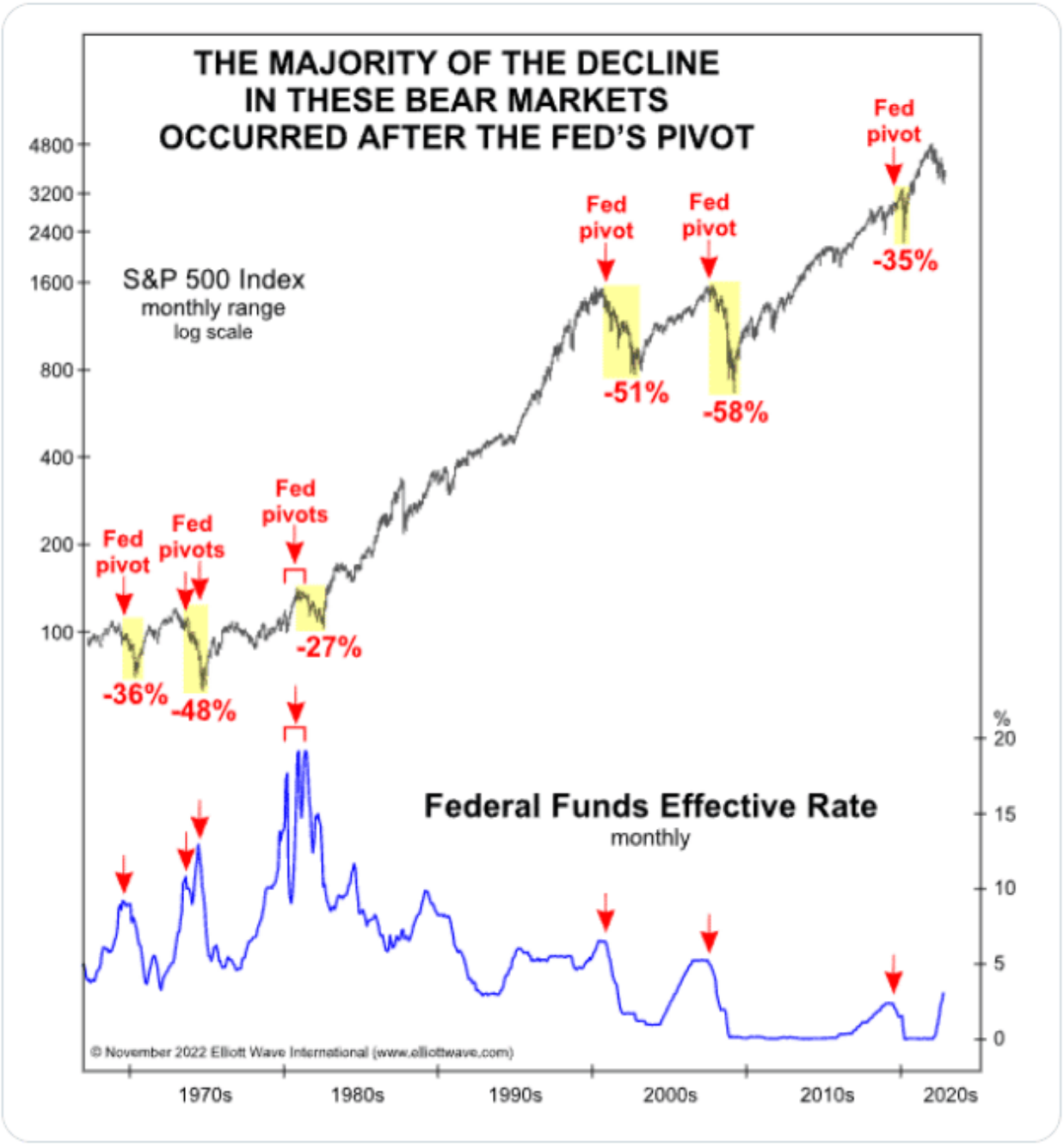

Microsoft Corporation - MSFT (US) - 1 Day Line Chart - USD - No Layout
310.00
290.00

Tweet of the Day



Thomas Thornton
@TommyThornton

For those hoping for a Fed pivot, this is what happens after the pivot. Be careful for what you wish for...

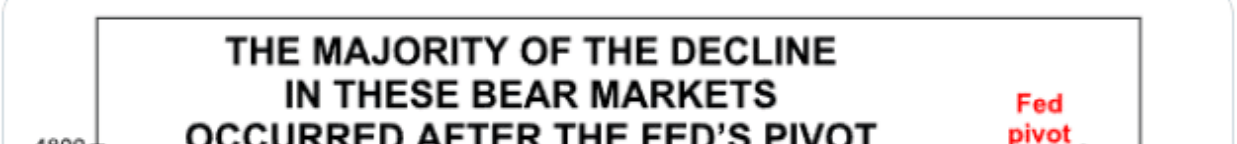


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Thomas Thornton
@TommyThornton

For those hoping for a Fed pivot, this is what happens after the pivot. Be careful for what you wish for...



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