

Is Trueflation A Better Gauge Of Inflation?

We have frequently lamented the CPI index as its underlying prices tend to lag real-time data significantly and cause it to misrepresent what is happening. For instance, shelter costs, representing about 40% of CPI, lag real rent and imputed rent prices by over six months. Further, energy costs lag by three months. Additionally, the BLS uses imputed costs, hedonics, and mathematical smoothing methodologies that can also skew data. Trueflation was created to be a better CPI. Accordingly, Trueflation removes hedonics, imputed costs, and smoothing methods. It also uses real-time market prices from multiple sources. Perhaps most importantly, it regroups categories and reassigns weights to make its index more representative of actual consumption and price trends. Click [HERE](#) for more on their methodology.

The graphic below shows the daily Trueflation rate is down to 1.85%. Conversely, CPI is almost double that rate at 3.3%. What if the Fed has already won its war on inflation, but the CPI data will not confirm that for six months or even longer? Per Danielle DiMartino Booth, CPI and Trueflation are 97% correlated. While they tend to track each other well, Trueflation is most likely a robust real-time indicator of where CPI will be in the coming months.



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*
☀	JNJ	Johnson & Johnson	\$389,208,807,281	Dec/2023	\$2.27	5	1/24/2023	\$2.35
☀	PG	Procter & Gamble Company (The)	\$347,805,698,157	Dec/2023	\$1.70	10	1/19/2023	\$1.59
🌙	NFLX	Netflix, Inc.	\$211,377,396,143	Dec/2023	\$2.20	13	1/19/2023	\$0.12
☀	VZ	Verizon Communications Inc.	\$165,347,318,248	Dec/2023	\$1.07	9	1/24/2023	\$1.19
🌙	TXN	Texas Instruments Incorporated	\$157,709,640,749	Dec/2023	\$1.46	11	1/24/2023	\$2.13
☀	GE	General Electric Company	\$141,283,392,241	Dec/2023	\$0.90	6	1/24/2023	\$1.24
🌙	ISRG	Intuitive Surgical, Inc.	\$131,963,474,113	Dec/2023	\$1.18	6	1/24/2023	\$0.91
☀	RTX	RTX Corporation	\$122,983,696,820	Dec/2023	\$1.25	6	1/24/2023	\$1.27
☀	LMT	Lockheed Martin Corporation	\$113,569,667,778	Dec/2023	\$7.26	8	1/24/2023	\$7.79
🌙	CNI	Canadian National Railway Company	\$81,707,355,000	Dec/2023	\$1.45	9	1/24/2023	\$1.55
☀	MMM	3M Company	\$59,517,684,014	Dec/2023	\$2.31	4	1/24/2023	\$2.28
☀	DHI	D.R. Horton, Inc.	\$51,743,533,282	Dec/2023	\$2.88	19	1/24/2023	\$2.76
☀	PCAR	PACCAR Inc.	\$50,351,280,550	Dec/2023	\$2.20	6	1/24/2023	\$1.76
🌙	BKR	Baker Hughes Company	\$30,891,380,515	Dec/2023	\$0.47	9	1/23/2023	\$0.38
☀	HAL	Halliburton Company	\$30,404,907,675	Dec/2023	\$0.80	11	1/24/2023	\$0.72
☀	ERIC	Ericsson	\$19,638,153,719	Dec/2023	\$0.14	3	1/20/2023	\$0.20
🌙	STLD	Steel Dynamics, Inc.	\$18,262,606,804	Dec/2023	\$2.63	3	1/25/2023	\$4.37
☀	SYF	Synchrony Financial	\$15,273,518,927	Dec/2023	\$0.96	16	1/23/2023	\$1.26
🌙	EWBC	East West Bancorp, Inc.	\$9,986,309,862	Dec/2023	\$1.89	9	1/26/2023	\$2.37
☀	WBS	Webster Financial Corporation	\$8,656,804,420	Dec/2023	\$1.46	9	1/26/2023	\$1.60
☀	IVZ	Invesco Plc	\$7,682,884,678	Dec/2023	\$0.38	7	1/24/2023	\$0.39
☀	MMYT	MakeMyTrip Limited	\$5,264,071,460	Dec/2023	\$0.23	2	1/31/2023	N/A
☀	ONB	Old National Bancorp	\$4,875,065,860	Dec/2023	\$0.48	3	1/24/2023	\$0.56
☀	GATX	GATX Corporation	\$4,165,215,000	Dec/2023	\$1.56	2	1/24/2023	\$1.54
🌙	LRN	Stride, Inc.	\$2,671,745,549	Dec/2023	\$1.34	3	1/24/2023	\$1.19
☀	CBU	Community Bank System, Inc.	\$2,632,976,065	Dec/2023	\$0.84	4	1/24/2023	\$0.96
☀	AUB	Atlantic Union Bankshares Corporation	\$2,627,066,588	Dec/2023	\$0.75	2	1/24/2023	\$0.90
🌙	NBTB	NBT Bancorp Inc.	\$1,860,441,664	Dec/2023	\$0.74	3	1/23/2023	\$0.86
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Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, JANUARY 23						
13:55	USD Redbook Index (YoY)(Jan 19)		-	-	-	5%
15:00	USD Richmond Fed Manufacturing Index(Jan)		-	-	-7	-11
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Investing Summit:Early Bird Registration Available Now

January 27th, we are hosting a live event featuring Greg Valliere to discuss investing in the 2024 presidential election. What will a new president mean for the markets, the risks, and where to invest through it all?Greg will be joined by Lance Roberts, Michael Lebowitz, and Adam Taggartfor morning presentations covering everything you need to know for the New Year.

Register now, as there are only 150 seats. The session is a LIVE EVENT, and no recordings will be provided.



Navigating Markets in a Presidential Cycle

Featuring
Greg Valliere

REGISTER NOW



Adam Taggart



Lance Roberts



Michael Lebowitz



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Adam Taggart



Lance Roberts



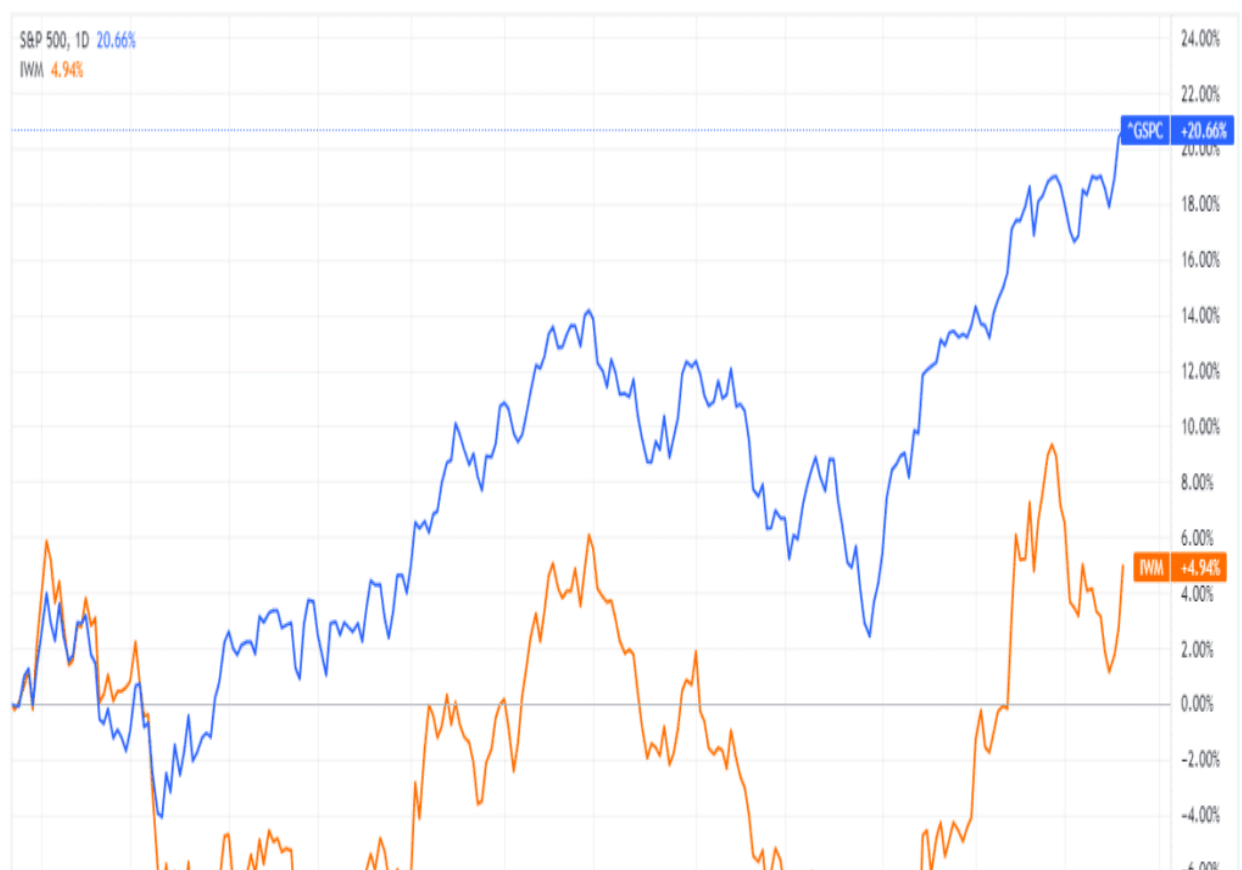
Michael Lebowitz

Market Trading Update

As discussed yesterday, the market hit a record close last Friday, leading the media to declare a new high each day the market rises. Such is normal during a bull market advance. As we noted in that update, the market continues to be fairly narrow in breadth, although yesterday, the Russell 2000 (small and mid-cap stocks) showed some signs of life. However, as shown, the performance gap over the last year is staggering.



TradingView



While the recent breakout to new highs is indeed bullish, and the MACD "sell signal" is reversing, we are mindful of a similar period last year where signals reversed from fairly high levels. In June and July, the market advanced (narrowly with Technology leading), reversing the MACD signal. That new buy signal lifted stocks into July before a more significant correction took hold. With the negative divergence in the Relative Strength Index, while we are short-term bullish, we remain cautious of inherent risk.



TradingView



What could trip up the current bullish charge? We don't know with certainty, but a change in tone from the Federal Reserve that undermines current expectations of rate cuts this year would certainly do the trick. Remain long for now, but keep an eye on the risk.



The Big Short Again

The graph below charts the price of Ten-year Treasury note futures and, below it, the net futures positions of Speculators. Speculators, including hedge funds and CTAs, are now short 889,385 contracts on the 10-year Treasury futures. Such is the largest 10-year Treasury short position in history and even greater than when yields were just below 5%. In other words, the amount of short covering that will occur is even more significant today than when bonds started to rally in November.

10-Year T-Note Mar '24 (ZNH24)

111-100 +0-060 (+0.17%) 21:52 CT [CBOT]

111-100 x 1057 111-105 x 870

INTERACTIVE CHART for Mon, Jan 22nd, 2024

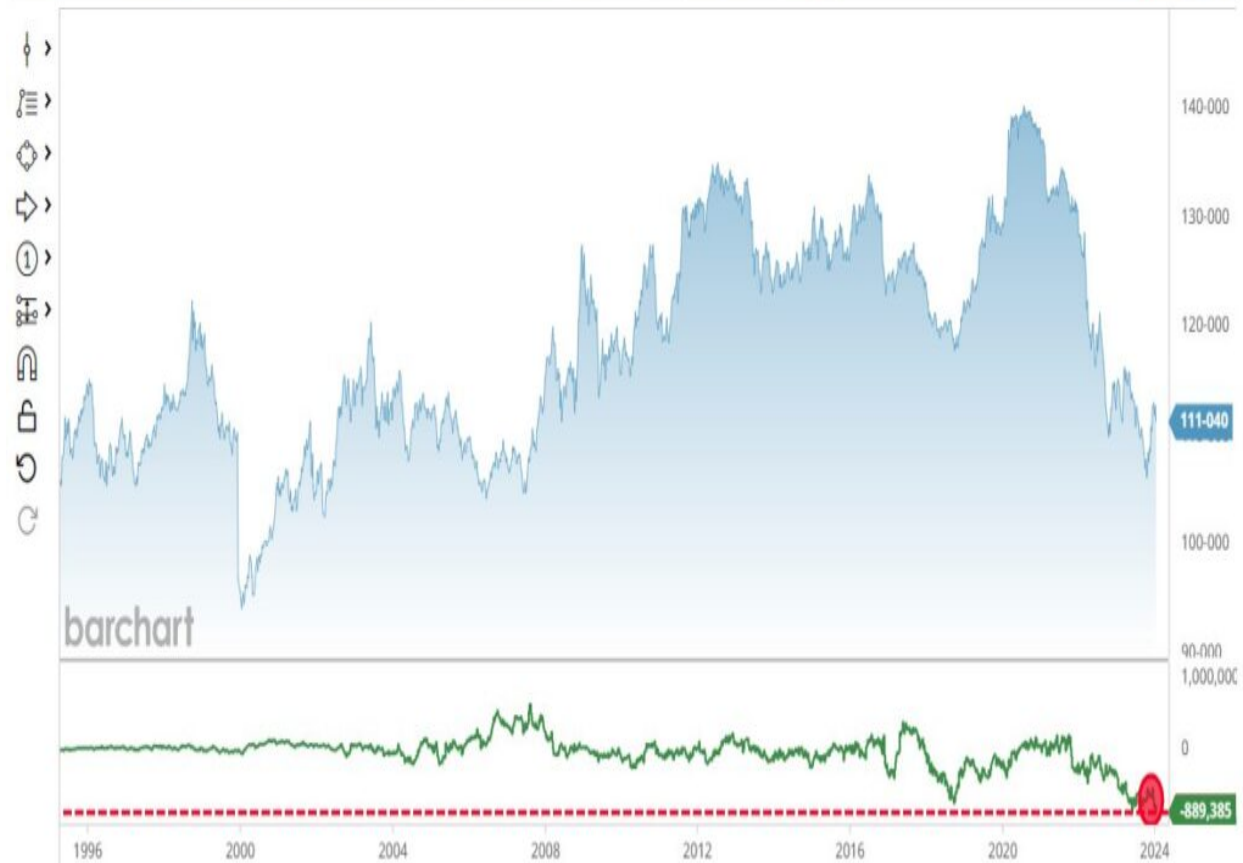
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Templates Print Clear

Range: 1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX Frequency: Weekly Nearby Date Date:

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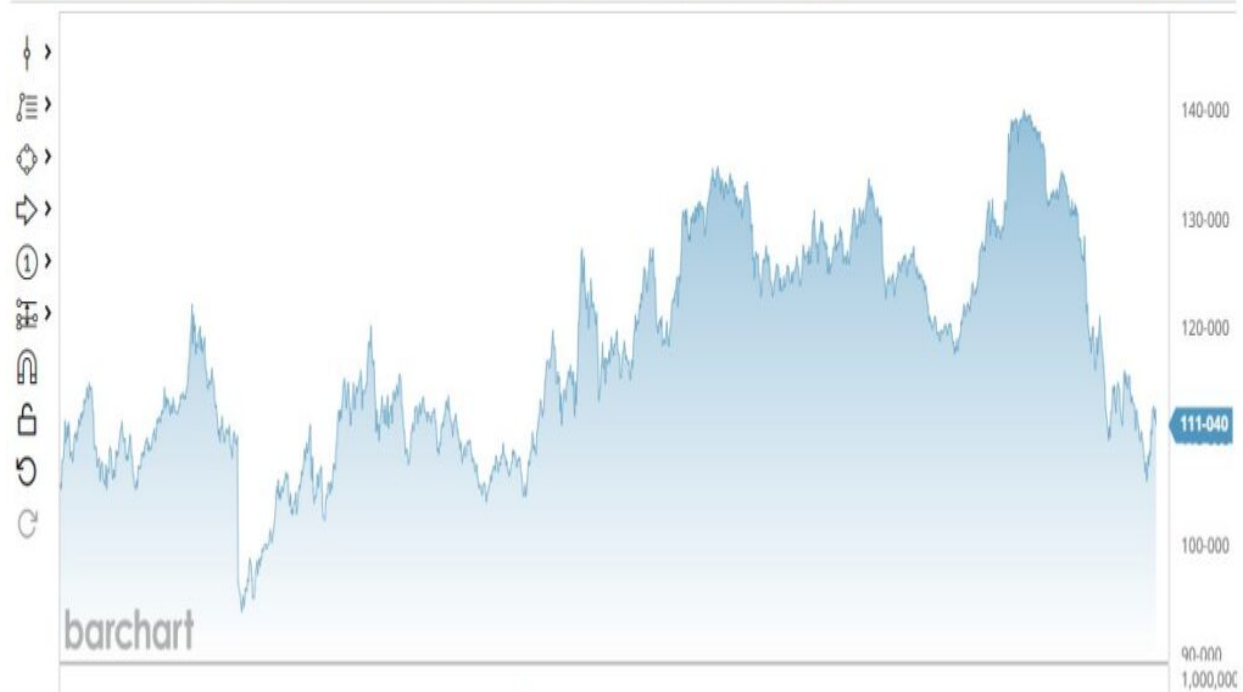
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Record Highs For The S&P 500, What Comes Next?

The S&P 500 just snapped a 512 trading day streak without hitting a new all-time high. Such is the 6th longest streak in history. Oftentimes, reaching new highs is bullish. However, market downtrends typically start at record highs. The table below shows the five most extended periods in which the S&P 500 went without hitting a record high. Other than 2007, and we remember what followed in 2008, the market rose over the next six months.

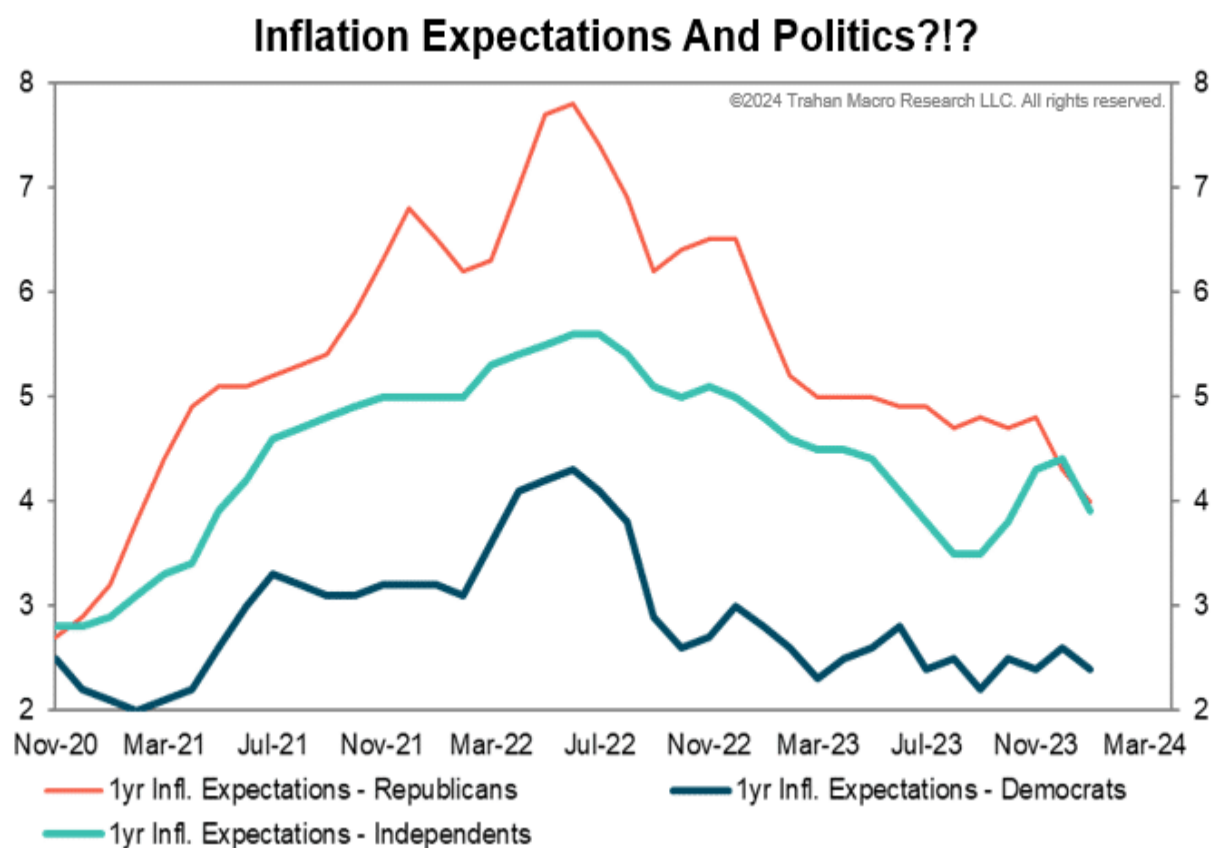
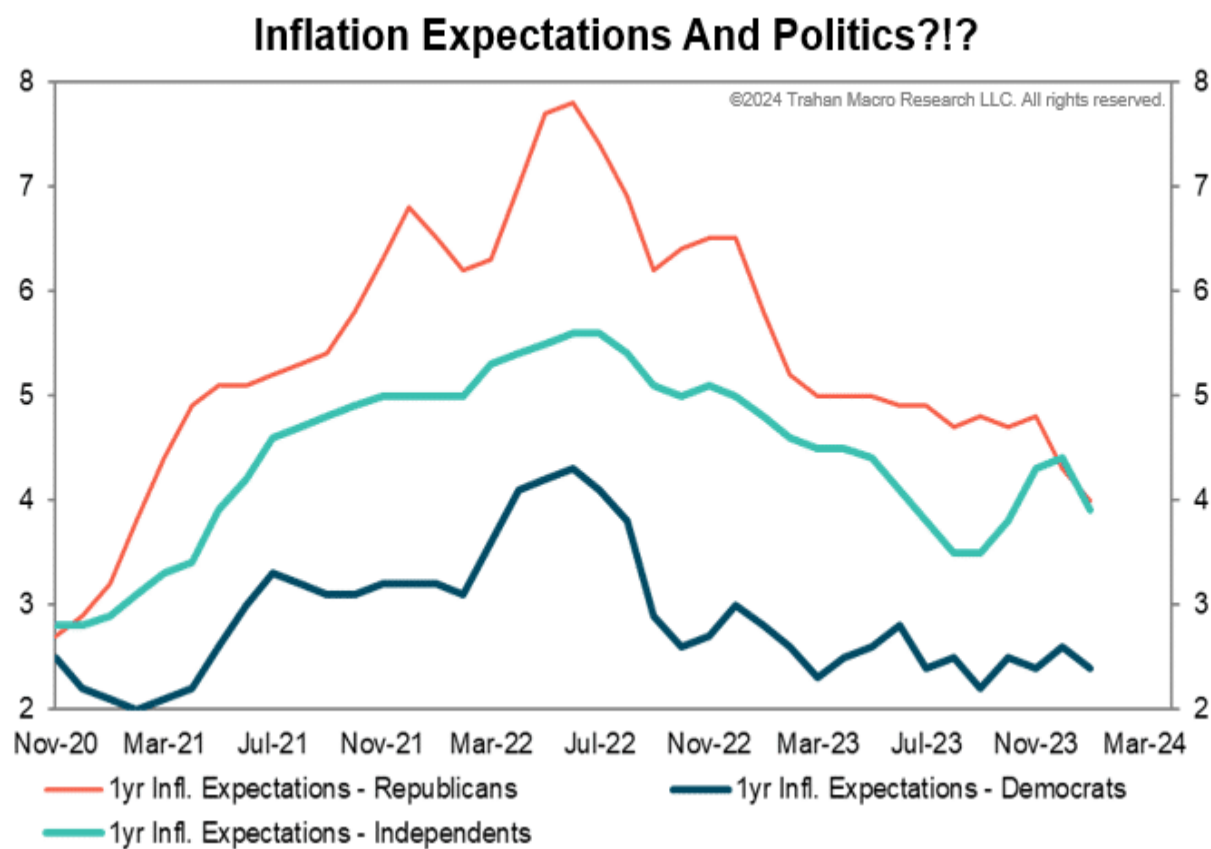
S&P 500 Performance after snapping a streak of 500 trading days or more without a new record					
End of Recordless Streak	# of trading days without a record close	1 week later	1 month	3 months	6 months
9/24/1958	539	0.40%	2.07%	8.70%	12.41%
3/6/1972	819	-1.32%	0.60%	-0.51%	1.64%
7/17/1980	1897	0.29%	3.52%	8.30%	10.98%
5/30/2007	1802	-0.84%	-1.76%	-4.74%	-3.21%
3/28/2013	1375	-0.59%	0.83%	2.36%	7.81%
Average		-0.41%	1.05%	2.82%	5.93%
Median		-0.59%	0.83%	2.36%	7.81%
% Higher		40.0%	80.0%	60.0%	80.0%
Note: Based on data from 1950 - 2024					
Source: Dow Jones Market Data					

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The graph below shows that the sharp divergence in views and opinions between Democrats and Republicans goes well beyond traditional topics like abortion, guns, and immigration. It appears perceptions of inflation between Democrats and Republicans also vary greatly. Consequently, Republicans and Independents both think inflation will be running at around 4% a year from now. Conversely, Democrats believe it will be below 2.5%.

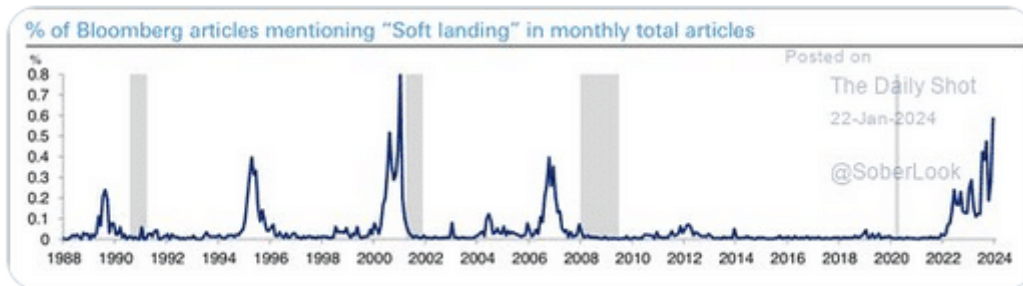


Tweet of the Day



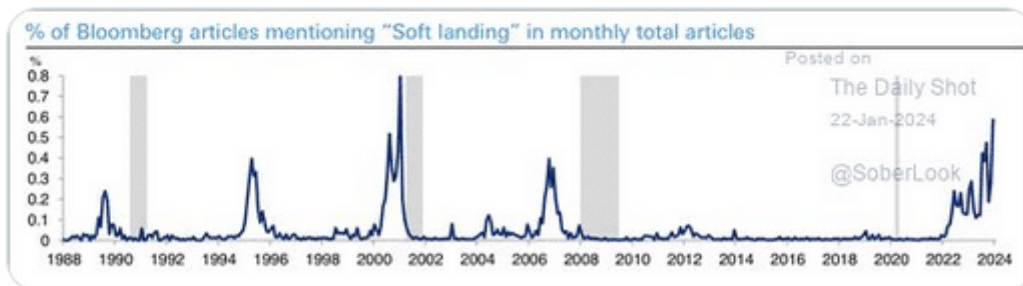
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The number of Bloomberg articles mentioning “#soft #landing” has gathered pace. A #contrarian indicator? - @thedailyshot



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