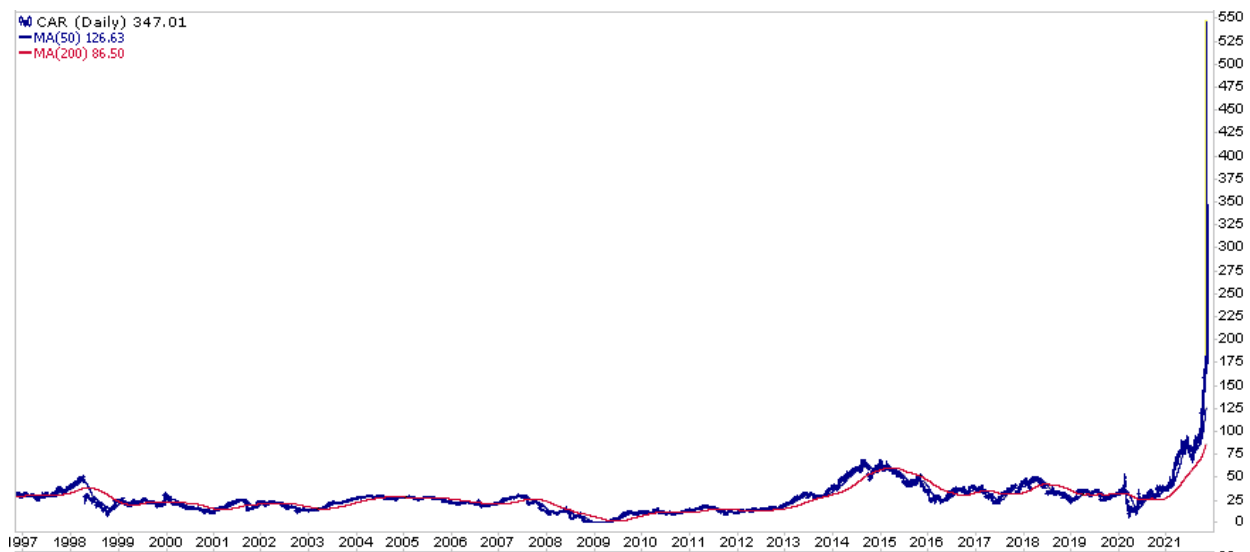


# Avis Stock Price Goes Through the Roof

Avis Budget Group Inc. stock (CAR) was up 215% yesterday morning before sellers pushed it lower. Despite decent selling pressure later in the day, it closed up over 100% higher on the day. The impetus behind the massive gain is a combination of solid earnings, a new share buyback program, short-covering, and rumors they may buy Tesla cars. EPS of \$10.74 was more than \$4 above expectations and well above its 2019 pre-pandemic earnings of \$3.98. CAR is up almost ten-fold since 2019.



Stocks continue to grind higher, seemingly unconcerned about today's Fed meeting. At 2 pm ET, the Fed will release its statement on monetary policy. Expectations are for the Fed to begin tapering QE by \$15 billion per month. Jerome Powell will follow up with a press conference at 2:30 pm ET.

[dmc]

## What To Watch Today

### Economy

- 7:00 a.m. ET: **MBA Mortgage Applications**, week ended Oct. 29 (0.3% during prior week)
- 8:15 a.m. ET: **ADP Employment Change**, Oct. (400,000 expected, 568,000 in September)
- 9:45 a.m. ET: **Markit U.S. Services PMI**, October final (58.2 expected, 58.2 in prior print)
- 9:45 a.m. ET: **Markit U.S. Composite PMI**, October final (57.3 in prior print)
- 10:00 a.m. ET: **ISM Services Index**, October (62.0 expected, 61.9 in September)
- 10:00 a.m. ET: **Factory Orders**, September (0.1% expected, 1.2% in August)
- 10:00 a.m. ET: **Durable goods orders**, September final (-0.4% in prior print)
- 10:00 a.m. ET: **Durable goods orders excluding transportation**, September final (0.4% in prior print)

- 10:00 a.m. ET: **Non-defense capital goods orders excluding aircraft**, September final (0.8% in prior print)
- 2:00 p.m. ET: **Federal Open Market Committee monetary policy decision**

## Earnings

### Pre-market

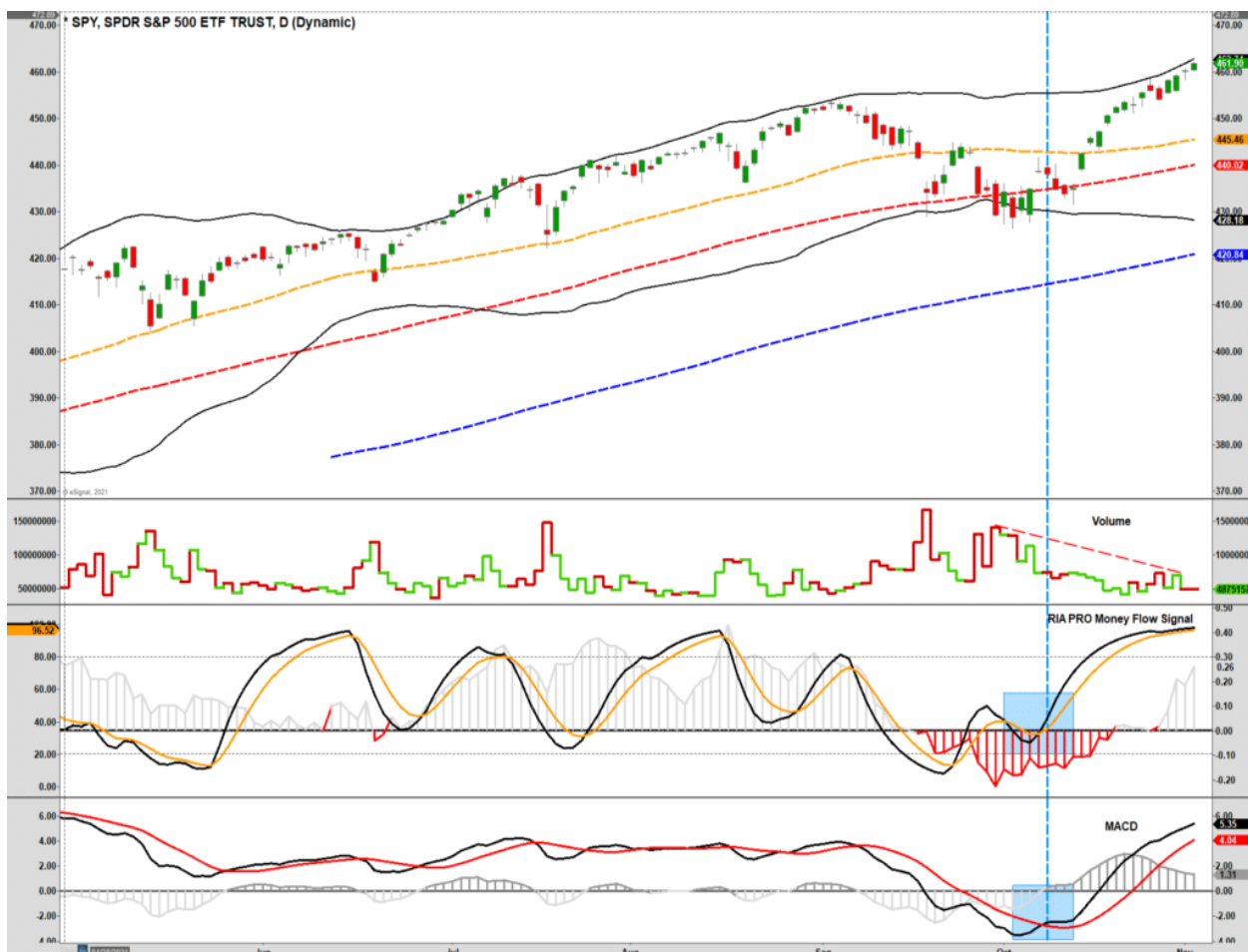
- 6:30 a.m. ET: **Humana (HUM)** to report adjusted earnings of \$4.69 per share on revenue of \$20.85 billion
- 6:30 p.m. ET: **CVS Health Corp. (CVS)** to report adjusted earnings of \$1.78 per share on revenue of \$70.48 billion
- 7:00 a.m. ET: **Discovery Inc. (DISCA)** to report adjusted earnings of 43 cents per share on revenue of \$3.15 billion
- 7:00 a.m. ET: **The New York Times (NYT)** to report adjusted earnings of 20 cents per share on revenue of \$499.14 million
- 7:00 a.m. ET: **Norwegian Cruise Line Holdings (NCLH)** to report adjusted losses of \$1.96 per share on revenue of \$265.89 million
- 7:00 a.m. ET: **Marriott International (MAR)** to report adjusted earnings of 99 cents per share on revenue of \$3.77 billion
- 7:30 a.m. ET: **Sinclair Broadcast Group (SBGI)** to report adjusted losses of \$1.10 per share on revenue of \$1.58 billion

### Post-market

- 4:00 p.m. ET: **Booking Holdings (BKNG)** to report adjusted earnings of \$32.23 per share on revenue of \$4.30 billion
- 4:00 p.m. ET: **Qorvo (QRVO)** to report adjusted earnings of \$3.26 per share on revenue of \$1.25 billion
- 4:00 p.m. ET: **Electronic Arts (EA)** to report adjusted earnings of \$1.17 per share on revenue of \$1.76 billion
- 4:00 p.m. ET: **Qualcomm (QCOM)** to report adjusted earnings of \$2.26 per share on revenue of \$8.86 billion
- 4:05 p.m. ET: **Vimeo (VMEO)** to report adjusted losses of 10 cents per share on revenue of \$99.85 million
- 4:05 p.m. ET: **Roku (ROKU)** to report adjusted earnings of 9 cents per share on revenue of \$681.13 million
- 4:05 p.m. ET: **Etsy (ETSY)** to report adjusted earnings of 67 cents per share on revenue of \$519.00 million
- 4:05 p.m. ET: **GoDaddy (GDDY)** to report adjusted earnings of 39 cents per share on revenue of \$945.18 million
- 4:05 p.m. ET: **Take-Two Interactive Software (TTWO)** to report adjusted earnings of \$1.36 per share on revenue of \$865.95 million
- 4:15 p.m. ET: **The Allstate Corp. (ALL)** to report adjusted earnings of \$1.60 per share on revenue of \$11.78 billion
- 4:15 p.m. ET: **MGM Resorts International (MGM)** to report adjusted losses of 3 cents per share on revenue of \$2.41 billion
- 4:15 p.m. ET: **Marathon Oil Corp. (MRO)** to report adjusted earnings of 32 cents per share on revenue of \$1.32 billion

## Taking Some Profits

As noted in yesterday's "[3-minute video](#)", the market is now back to extreme overbought and extended levels. With volume weak, and our money-flow signal close to triggering, a pull-back over the next four weeks would not be surprising. Such a pullback would also set the market up for the traditional year-end "Santa Rally."



As such, we are now beginning to raise some cash by taking profits out of our most egregiously extended positions.

**In our equity model**, we reduced our holdings slightly in F, NVDA, ALB, and NFLX. Those positions were reduced to their respective model weights. We also sold all of SBUX after it violated our stop-loss levels.

**In the sector ETF model**, we reduced LIT by 0.5% as it is as overbought as ALB in the equity model. However, despite the reduction, we remain overweight in the basic materials sector.

### Equity Model

- Reduced to model weight F, NVDA, ALB, and NFLX
- Sold 100% of SBUX

### ETF Model

- Reduced LIT by 0.5% of the portfolio weight.

You can follow all of our trades and receive real-time alerts at [RIAPRO.NET](https://riapro.net)

## Hertz

Hertz, who is supposedly buying Tesla's cars, has doubled since late September. We say "supposedly" because of the tweet below from Elon Musk. It is worth noting two things in his tweet. First, there is no signed contract to buy cars between Hertz and Tesla. Second, if they do agree, Hertz will be paying retail prices for the cars, not discounted prices as is customary for a large fleet purchase.

 **Elon Musk**  @elonmusk · 14h

Replying to @teslaownersSV

You're welcome!

If any of this is based on Hertz, I'd like to emphasize that no contract has been signed yet.

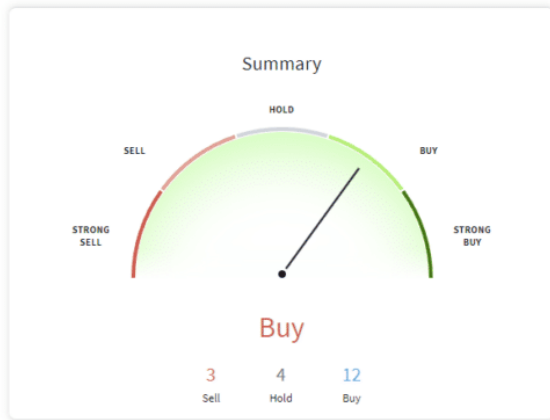
Tesla has far more demand than production, therefore we will only sell cars to Hertz for the same margin as to consumers.

Hertz deal has zero effect on our economics.

## Public Storage ([PSA](#)) Earnings

[PSA](#) reported third-quarter earnings Monday after the close. Funds From Operations (FFO) of \$3.42 beat expectations of \$3.22 thanks to a 20.8% YoY increase in net operating income. Revenue of \$894.9M (+21.8% YoY) also beat the consensus of \$858.8M. A 14% increase in same-store sales combined with a 6.2% decrease in same-store direct operating costs drove the positive results.

PSA entered an agreement during the quarter to purchase an All Storage portfolio for \$1.5B. Of 56 properties acquired, 52 are in the high-growth Dallas-Fort Worth market. Management expects the acquisition to be immediately accretive to FFO/share with acceleration through 2025. The stock is trading 2% higher today following the upbeat earnings announcement. **We hold a 2% position in the Equity Model.**



PSA - Public Storage : Synopsis

PSA is currently rated a 8 out of 10 on the technical rating score, which technically is a Strong rating. For the last 12 months PSA is up 46.85% compared to the S&P 500's 41.29%.

**If you are long:** Currently, PSA is technically strong and the price action is not signaling any negative events reflective in the stock

**If you want to buy:** If you are looking to initiate a position in PSA, the stock is still showing longer term strength. However, make sure the short term trend is very bullish coupled with increasing momentum measured by the MACD and RSI before going long.

Technical Strength Score Component Breakdown

Short Term		Bullish
Medium Term		Bullish
Long Term		Very Bullish
MACD		Very Bullish

Technical Indicators: Buys(5) Sells(3) Holds(4)

Name	Value	Trend	Action
Relative Strength Index (14)	65.0	Neutral	
Avg Directional Index (14)	33.9	Neutral	
Stochastic RSI Fast (3, 3, 14, 14)	0.0	Oversold	
Stochastic %K (14, 3, 3)	88.9	Overbought	
Williams Percentage Range	-15.8	Overbought	
MACD(12,26)	5.7	Bullish	
Commodity Channel Index(20)	81.9	Neutral	
Bull Bear Power	9.3	Neutral	
Momentum (10)	0.1	Bearish	
Short Term Trend	VeryBullish	VeryBullish	
Medium Term Trend	VeryBullish	VeryBullish	
Long Term Trend	VeryBullish	VeryBullish	

Moving Average: Buys(7) Sells(0)

Name	Value	Trend	Action
SMA (5)	328.95	Bullish	
SMA (9)	327.17	Bullish	
SMA (20)	318.09	Bullish	
SMA (50)	315.62	Bullish	
SMA (100)	311.05	Bullish	
SMA (150)	297.67	Bullish	
SMA (200)	280.90	Bullish	

Pivot Points

Name	S3	S2	S1	Pivot Points	R1	R2	R3
Classic	318.69	319.56	320.42	329.63	342.86	343.72	344.59
Classic	316.10	319.77	326.46	330.13	336.82	340.49	347.18
Classic	327.47	328.29	328.80	329.63	330.45	330.96	331.79
Classic	315.09	319.27	325.45	329.63	335.81	339.99	346.17

Market Winners and Losers

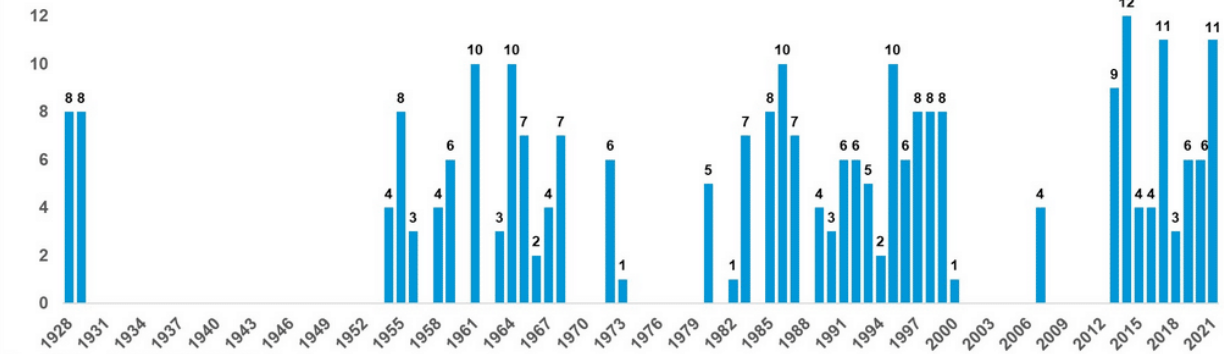


Another Feat for the Bull Market

The LPL graph below shows, thus far, in 2021, the S&P 500 hit a new record high each month. If it can register another high in December, it will join 2014, as the only year since at least 1928 to have all 12 months set a record high.

### Number Of Months Per Year To Make A New High

Every Month In 2021 So Far Has Seen An S&P 500 Index New High

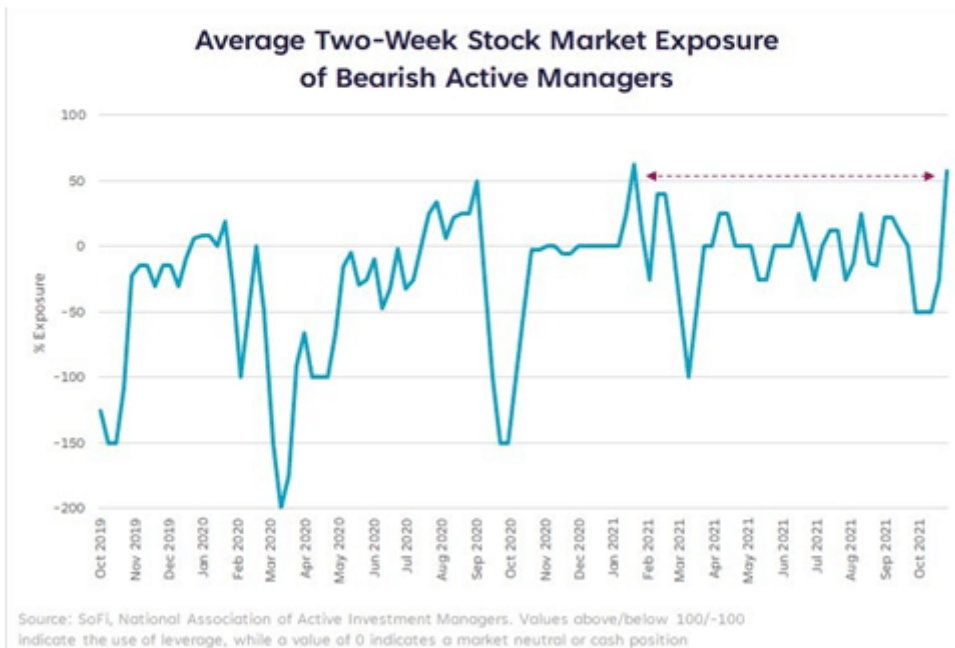


Source: LPL Research, FactSet 11/11/2021 (1928 - Current)  
 All indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.  
 The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

### Bullish Bears

The market is so bullish that even the bears are bullish. The graph and commentary below show that, per the NAAIM survey of active investment professionals, bearish managers have about 50% exposure to stocks on average. That figure is tied for the most significant allocation since the pandemic started.

**8. Bullish Bears:** Another survey, the NAAIM - this one shows the stockmarket exposure of the most bearish active managers who responded to the survey. As we can see: even the most bearish are becoming more bullish (well, strictly speaking: less bearish, given their net exposure is still only just above 50%).



Source: SoFI, National Association of Active Investment Managers. Values above/below 100/-100 indicate the use of leverage, while a value of 0 indicates a market neutral or cash position

### Manufacturing and Yields

The graph below, courtesy of Brett Freeze, shows the nominal adjusted ISM manufacturing index is highly correlated with the change in 10-year Treasury yields. The ISM index tends to oscillate, portending yields are likely to fall from current levels when the ISM index trends lower. That said, if inflationary pressures remain persistent, the nominal index may stay elevated even if the ISM index declines. If so, yields are likely to remain at current levels.

