

## Get Ready for Some Holiday Deals!

Remember the bullwhip effect? Retailers and wholesalers massively over-ordered merchandise following supply chain shocks just as the stimulus sugar high began waning. The missteps led to a severe inventory problem at several retailers, who warned of impacts on margins as they get ready to clean up mistakes.

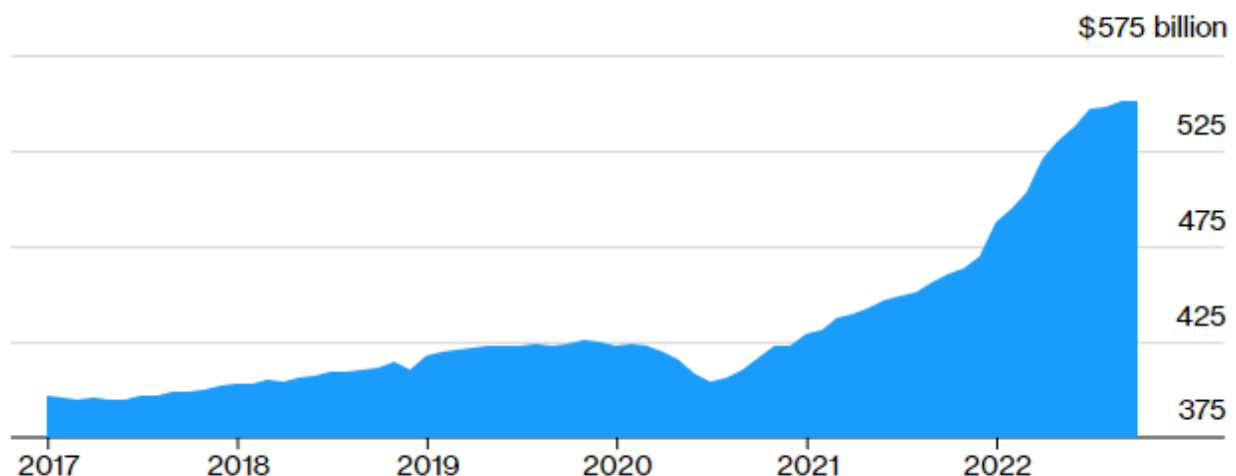
The holiday season is quickly approaching, which means it's time for retailers to buckle down on their inventory overhang. How so? Deals! And lots of them. Discounts may get competitive as retailers fight to move inventory, with discretionary incomes still being squeezed by inflation. Some could be in store for large losses as massive brands race to liquidate high-cost inventory in a demand-constrained environment. Per [Bloomberg](#) yesterday:

“Even just in the past three days, we’ve seen some of the biggest or most valuable brands in the world contact us for help with excess inventory,” Kaplan said. “It’s a full tidal wave at this point. We need the customer to be spending, and until that happens, the product’s not going to move.”

### US Retail Inventories Surge

Stockpiles at retailers exceed \$550 billion this year

■ Retail inventories, ex-autos



Source: US Census Bureau



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## What To Watch Today

### Economy

- 7:00 a.m. ET: **MBA Mortgage Applications**, the week ended Nov. 4 (-0.8% prior)
- 10:00 a.m. ET: **Wholesale Trade Sales**, month-over-month, September (0.4% expected, 0.1% prior)
- 10:00 a.m. ET: **Wholesale Inventories**, month-over-month, September Final (0.8% expected, 0.8% prior)

## Earnings

	Company	Actual	Estimate	Growth	Surprise	Guidance
				Show only confirmed?		
✓	<b>HMC</b> Honda Motor Co., Ltd.	<b>\$0.80</b>	<b>\$30.82 B</b>	\$0.91	\$29.65 B -0.3%	-12.1% ↓
✓	<b>MFC</b> Manulife Financial Co...	5:00 PM ET	\$0.53	\$11.51 B	-9.3%	+ = -
✓	<b>PFGC</b> Performance Food Gr...	<b>\$1.08</b>	<b>\$14.72 B</b>	\$0.79	\$14.42 B 41.7%	36.7% ↗
✓	<b>DHI</b> D.R. Horton, Inc.	<b>\$4.67</b>	<b>\$9.64 B</b>	\$5.06	\$10.18 B 18.9%	-7.7%
✓	<b>UGP</b> Ultrapar Participaes ...	6:00 PM ET	-	-	-	+ = -
✓	<b>CPNG</b> Coupang, Inc.	4:05 PM ET	(\$0.03)	\$5.15 B	10.9%	+ = -
✓	<b>GGB</b> Gerdau S.A.	BMO	\$0.37	\$4.12 B	1.0%	+ = -
✓	<b>RCI</b> Rogers Communicati...	<b>\$0.64</b>	<b>\$2.87 B</b>	\$0.69	\$2.90 B -1.4%	-7.2%
✓	<b>TRP</b> TC Energy Corporation	<b>\$0.82</b>	<b>\$2.91 B</b>	\$0.75	\$2.69 B 13.2%	9.3%
✓	<b>GIB</b> CGI Group Inc. Subor...	<b>\$1.20</b>	<b>\$2.49 B</b>	\$1.18	\$2.51 B 4.2%	1.7%
✓	<b>BRFS</b> Brf-Brasil Foods S.A.	5:30 PM ET	\$0.30	\$2.60 B	9.6%	+ = -
✓	<b>SPTN</b> SpartanNash Company	<b>\$0.55</b>	<b>\$2.30 B</b>	\$0.47	\$2.19 B 10.8%	17.0% ↗
✓	<b>EBR</b> Eletrobrás	AMC	-	-	-	+ = -
✓	<b>ICL</b> ICL Group Ltd	<b>\$0.49</b>	<b>\$2.52 B</b>	\$0.45	\$2.47 B 40.7%	8.9%
✓	<b>HBI</b> HanesBrands Inc	<b>\$0.29</b>	<b>\$1.67 B</b>	\$0.29	\$1.71 B -6.6%	0.0% ↓
✓	<b>NGL</b> NGL Energy Partners...	4:25 PM ET	\$0.08	\$2.45 B	39.7%	+ = -
✓	<b>UHAL</b> AMERCO	4:15 PM ET	\$20.62	-	-	+ = -
✓	<b>JXN</b> Jackson Financial Inc.	4:15 PM ET	\$2.75	\$1.43 B	-3.8%	+ = -
✓	<b>CPRI</b> Capri Holdings Limited	<b>\$1.79</b>	<b>\$1.41 B</b>	\$1.55	\$1.40 B 8.6%	15.5% ↗
✓	<b>STE</b> STERIS Corp.	4:30 PM ET	\$2.00	\$1.22 B	1.9%	+ = -
✓	<b>BHG</b> Bright Health Group	<b>(\$0.35)</b>	<b>\$1.63 B</b>	<b>(\$0.40)</b>	<b>\$1.77 B</b> 51.3%	12.5% ↓
✓	<b>G</b> Genpact Limited	4:00 PM ET	\$0.70	\$1.08 B	6.3%	+ = -
✓	<b>WYNN</b> Wynn Resorts Ltd	4:00 PM ET	(\$1.20)	\$852.25 M	-14.3%	+ = -
✓	<b>ADV</b> Advantage Solutions,...	4:05 PM ET	\$0.18	\$1.06 B	14.1%	+ = -
✓	<b>HGV</b> Hilton Grand Vacation...	<b>\$1.24</b>	<b>\$1.12 B</b>	\$0.75	\$906.05 M 20.3%	65.3%
✓	<b>TTEK</b> Tetra Tech Inc.	4:00 PM ET	\$1.17	\$714.20 M	-19.9%	+ = -
✓	<b>SWX</b> Southwest Gas Corp.	<b>(\$0.05)</b>	<b>\$1.13 B</b>	\$0.36	\$1.09 B 26.7%	-113.9%
✓	<b>CLMT</b> Calumet Specialty Pr...	<b>\$0.59</b>	<b>\$1.17 B</b>	\$0.46	\$1.08 B 33.2%	28.3%
✓	<b>KGC</b> Kinross Gold Corp.	5:00 PM ET	\$0.06	\$3.78 B	338.3%	+ = -
✓	<b>JAZZ</b> Jazz Pharmaceutical...	4:05 PM ET	\$4.35	\$939.88 M	12.1%	+ = -
✓	<b>MIDD</b> Middleby Corp.	<b>\$2.18</b>	<b>\$992.87 M</b>	\$2.36	\$1.02 B 21.4%	-7.6%
✓	<b>ENS</b> EnerSys	4:15 PM ET	\$1.09	\$889.95 M	12.5%	+ = -
✓	<b>RXT</b> Rackspace Technolo...	4:10 PM ET	\$0.09	\$773.42 M	1.4%	+ = -
✓	<b>TGNA</b> TEGNA Inc.	<b>\$0.65</b>	<b>\$803.11 M</b>	\$0.72	\$843.00 M 6.2%	-9.7%
✓	<b>APP</b> AppLovin Corporation	4:05 PM ET	\$0.09	\$741.35 M	2.0%	+ = -
✓	<b>WES</b> Western Midstream P...	BMO	\$0.80	\$821.83 M	14.3%	+ = -
✓	<b>NOMD</b> Nomad Foods Limited	<b>\$0.52</b>	<b>\$765.60 M</b>	\$0.44	\$720.58 M 8.3%	18.2%
✓	<b>WWW</b> Wolverine World Wid...	<b>\$0.48</b>	<b>\$691.40 M</b>	\$0.57	\$715.64 M 8.6%	-15.8% ↓
✓	<b>VZIO</b> VIZIO Holding Corp.	4:05 PM ET	\$0.01	\$436.65 M	-25.8%	+ = -
✓	<b>ATO</b> Atmos Energy Corp.	4:35 PM ET	\$0.45	\$563.26 M	-0.9%	+ = -
✓	<b>TTEC</b> TTEC Holdings, Inc.	4:05 PM ET	\$0.55	\$580.16 M	2.4%	+ = -
✓	<b>RDFN</b> Redfin Corporation	4:00 PM ET	(\$0.85)	\$603.78 M	11.8%	+ = -
✓	<b>CANO</b> Cano Health, Inc.	4:40 PM ET	(\$0.04)	\$712.06 M	35.2%	+ = -
✓	<b>SEAS</b> SeaWorld Entertainm...	<b>\$1.99</b>	<b>\$565.21 M</b>	\$2.19	\$579.77 M 8.4%	-9.1%
✓	<b>BGS</b> B&G Foods Inc.	4:05 PM ET	\$0.31	\$533.20 M	3.5%	+ = -
✓	<b>RBLX</b> Roblox Corporation	<b>(\$0.50)</b>	<b>\$517.71 M</b>	<b>(\$0.37)</b>	<b>\$694.88 M</b> 1.6%	-35.1%
✓	<b>WEN</b> Wendy's International...	<b>\$0.24</b>	<b>\$532.57 M</b>	\$0.23	\$542.23 M 13.3%	4.3% ↗
✓	<b>PAAS</b> Pan American Silver ...	6:30 PM ET	(\$0.06)	\$355.95 M	-22.7%	+ = -
✓	<b>FOA</b> Finance of America C...	<b>(\$0.19)</b>	<b>\$71.10 M</b>	<b>(\$0.09)</b>	<b>\$224.45 M</b> -84.4%	-111.1%
✓	<b>VET</b> Vermilion Energy Inc.	4:10 PM ET	\$1.63	\$2.87 B	571.0%	+ = -
✓	<b>DSKE</b> Daseke, Inc.	<b>\$0.17</b>	<b>\$462.80 M</b>	\$0.30	\$466.50 M 9.0%	-43.3% ↗
✓	<b>TAST</b> Carrols Restaurant G...	<b>(\$0.14)</b>	<b>\$443.96 M</b>	<b>(\$0.19)</b>	<b>\$441.29 M</b> 5.3%	26.3%
✓	<b>FOR</b> Forestar Group Inc.	<b>\$1.02</b>	<b>\$381.40 M</b>	\$0.48	\$289.77 M -8.9%	112.5%
✓	<b>RNG</b> RingCentral, Inc.	4:00 PM ET	\$0.50	\$502.93 M	21.3%	+ = -
✓	<b>AVAH</b> Aveanna Healthcare ...	7:10 PM ET	\$0.04	\$446.78 M	8.6%	+ = -
✓	<b>COHR</b> Coherent Inc.	<b>\$0.72</b>	<b>\$1.34 B</b>	\$0.68	\$1.35 B 243.3%	5.9% ↗
✓	<b>LTH</b> Life Time Group Holdi...	<b>(\$0.07)</b>	<b>\$496.38 M</b>	<b>(\$0.09)</b>	<b>\$498.85 M</b> 28.9%	22.2% ↗
✓	<b>WISH</b> ContextLogic Inc.	4:05 PM ET	(\$0.16)	\$119.04 M	-67.7%	+ = -
✓	<b>WD</b> Walker & Dunlop, Inc.	<b>\$1.40</b>	<b>\$315.61 M</b>	\$2.00	\$344.86 M -8.9%	-30.0%
✓	<b>ALE</b> ALLETE, Inc.	<b>\$0.59</b>	<b>\$388.30 M</b>	\$0.69	\$353.18 M 12.4%	-14.5% ↗
✓	<b>GDOT</b> Green Dot Corporation	4:05 PM ET	\$0.21	\$326.52 M	-3.8%	+ = -

## Market Trading Update

Yesterday, stocks broke above the 50-dma resistance but failed at the downtrend line from the August peak. This morning stocks are set to open slightly lower but look to hold the 50-dma support at the open. With markets not overbought, there is reason to expect the current rally to continue, with the 100-dma being the initial objective. The CPI report tomorrow will likely decide the fate of this rally short term.



## The Fed Giveth and the Fed Taketh Away

Capital markets activity surged throughout 2020 and 2021 as companies welcomed cheap debt and voracious investor risk-appetite. This was, of course, courtesy of the Fed's response to the Pandemic. While we wait for rate hikes and QT to flow through to the real economy and CPI, let's see how they are already impacting capital markets.

Skyrocketing financing costs and economic uncertainty have curbed capital markets activity to a trickle recently, according to the Wall Street Journal. Mergers and acquisitions activity fell 43% through September and October versus the same period last year. Even more alarming, IPO activity dropped 95% from last October as the Fed's liquidity drain takes a toll on risk-appetite. October hasn't seen this little activity since 2011- the hangover is kicking in now that the Fed is taking the punch bowl away. Get ready for a rough 2023 in investment banking.

?The new reality has crashed down on companies and their investors in a matter of months. Bankers and private-equity firms have gone from funding takeovers at lofty prices with ease to scrambling to raise debt at any price.?

### Capital-markets activity in October



Source: Dealogic

### Treasuries Got You Spooked? Consider This Chart

Treasury debt is traditionally a risk-off investment that offers protection through stock market downturns. This year has been quite different, however, with Treasuries seeing their worst year in over a century amidst a correction in stocks. The chart below, courtesy of Michael Venuto, plots annual total return of the 10-Year Treasury note going back to the late 19<sup>th</sup> century.

Every time the total return was less than -5% in a year, the subsequent year provided a positive total return. In many cases, investors were rewarded with a relatively large total return in the next year. This chart isn't to suggest you should go put your entire portfolio in long-term Treasuries, but to show that based on historical returns, the risk-reward dynamics look quite favorable after a year like we've experienced. For those risk-averse investors who might be second-guessing whether Treasuries have a place in their portfolio after this year, to shy away now could be costly.





?This afternoon, FTX asked for our help. There is a significant liquidity crunch. To protect users, we signed a non-binding LOI, intending to fully acquire <http://FTX.com> and help cover the liquidity crunch. We will be conducting a full DD in the coming days.?

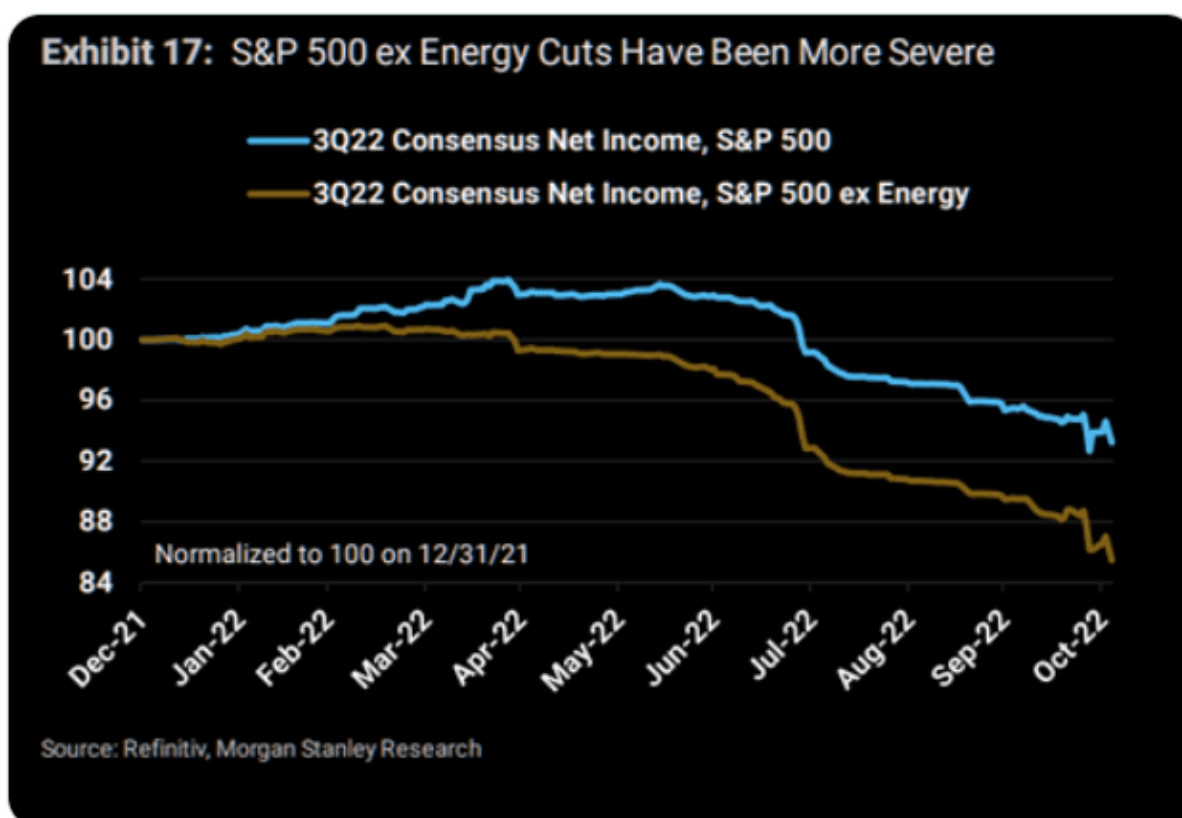
## Tweet of the Day



Lance Roberts  
@LanceRoberts

...

If it wasn't for [#energy](#), the [#earnings](#) decline would be much greater.



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