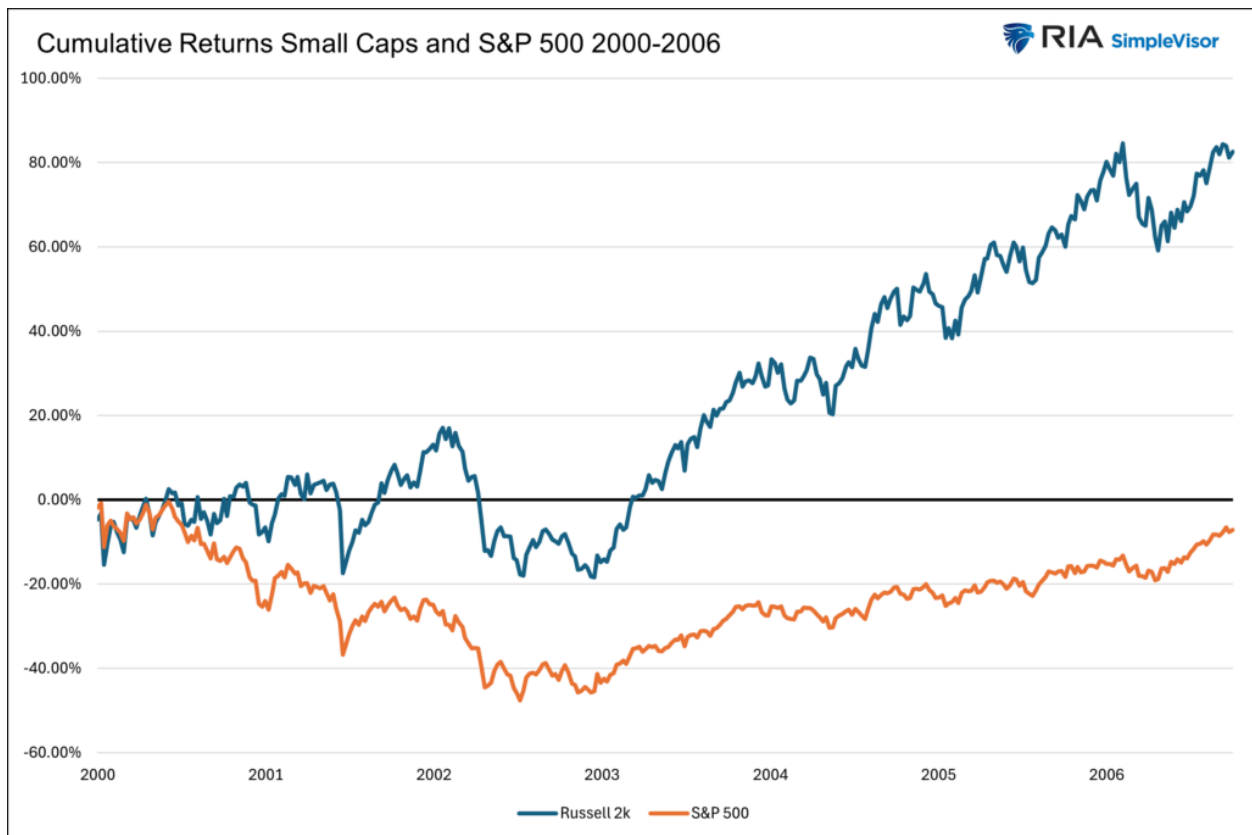


A [SimpleVisor](#) subscriber asked us a poignant question; we think the answer is worth sharing. Simply put, we were asked if we had any hedges in the portfolio and how we might hedge in the future. We currently do not have any shorts or option hedges in place. However, we have trimmed some positions to reduce our equity holdings and increase cash. Cash can be a great hedge in this environment. It earns over 5%, but more importantly, if there is a correction, it allows us the means to buy stocks at discounted prices.

As we note daily in our Market Trading Update within our Commentaries, we are not expecting a sharp drawdown but a market that may go nowhere over the next several months, albeit with some volatile up-and-down movements. We may take a few additional steps if we change our forecast and grow concerned that the recent correction may have more legs. For starters, we may hedge by further reducing our equity exposure, thereby increasing our cash position. We may also add to our bond positions if we believe bond yields will fall with a declining equity market. As we have in the past, we may add short positions, be it inverse ETFs and or option strategies for our high-net-worth clients. Further, if the rotation trade continues, we may replace some large-cap exposure with small-cap and/or value stocks. Such a hedging strategy worked well in the dot-com bust.

The graph below charts the price return from the S&P 500 peak in 2000 through 2006. As shown, small caps were a good hedge and produced robust returns.



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## 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*
🕒	META	Meta Platforms, Inc.	\$1,181,289,338,090	Jun/2024	\$4.69	15	7/26/2023	\$3.23
🌞	MA	Mastercard Incorporated	\$410,239,276,020	Jun/2024	\$3.51	13	7/27/2023	\$2.89
🌞	TMUS	T-Mobile US, Inc.	\$207,265,862,789	Jun/2024	\$2.27	7	7/27/2023	\$1.86
🕒	QCOM	QUALCOMM Incorporated	\$199,362,240,000	Jun/2024	\$1.72	7	8/02/2023	\$1.40
🕒	ARM	Arm Holdings plc	\$147,144,345,495	Jun/2024	\$0.17	5	N/A	N/A
🕒	LRCX	Lam Research Corporation	\$116,665,423,940	Jun/2024	\$7.52	10	7/26/2023	\$5.98
🌞	BA	Boeing Company (The)	\$113,832,551,656	Jun/2024	(\$1.68)	10	7/26/2023	(\$0.82)
🌞	KKR	KKR & Co. Inc.	\$105,245,843,280	Jun/2024	\$0.89	5	8/07/2023	\$0.58
🌞	ADP	Automatic Data Processing, Inc.	\$104,455,240,839	Jun/2024	\$2.07	7	7/26/2023	\$1.89
🌞	MO	Altria Group	\$86,791,663,204	Jun/2024	\$1.35	4	8/01/2023	\$1.31
🌞	GSK	GSK plc	\$82,361,253,927	Jun/2024	\$1	5	7/26/2023	\$0.97
🌞	TT	Trane Technologies plc	\$75,112,792,362	Jun/2024	\$3.08	7	8/02/2023	\$2.68
🌞	MAR	Marriott International	\$68,106,651,026	Jun/2024	\$2.49	8	8/01/2023	\$2.26
🌞	BBVA	Banco Bilbao Viscaya Argentina S.A.	\$63,400,032,526	Jun/2024	\$0.48	1	7/28/2023	\$0.36
🌞	MFG	Mizuho Financial Group, Inc.	\$54,833,003,827	Jun/2024	\$0.11	1	7/31/2023	\$0.13
🕒	AFL	Aflac Incorporated	\$53,719,750,139	Jun/2024	\$1.59	7	8/01/2023	\$1.58
🕒	MET	MetLife, Inc.	\$53,689,817,530	Jun/2024	\$2.13	7	8/02/2023	\$1.94
🕒	AIG	American International Group, Inc.	\$51,752,831,341	Jun/2024	\$1.39	5	8/01/2023	\$1.75
🌞	HUM	Humana Inc.	\$47,250,708,996	Jun/2024	\$5.89	11	8/02/2023	\$8.94
🌞	JCI	Johnson Controls International plc	\$46,685,716,862	Jun/2024	\$1.08	7	8/02/2023	\$1.03
🌞	HES	Hess Corporation	\$45,834,723,120	Jun/2024	\$2.48	5	7/26/2023	\$0.65
🌞	COR	Cencora, Inc.	\$45,311,457,879	Jun/2024	\$3.18	5	N/A	\$2.92
🕒	ALL	Allstate Corporation (The)	\$44,662,391,634	Jun/2024	\$0.33	9	8/01/2023	(\$4.42)
🌞	TAK	Takeda Pharmaceutical Company Limited	\$42,990,968,913	Jun/2024	\$0.37	1	7/27/2023	\$0.55
🌞	KHC	The Kraft Heinz Company	\$40,581,845,242	Jun/2024	\$0.73	8	8/02/2023	\$0.79
🌞	VRSK	Verisk Analytics, Inc.	\$40,488,378,755	Jun/2024	\$1.63	8	8/02/2023	\$1.51
🕒	IR	Ingersoll Rand Inc.	\$39,834,863,929	Jun/2024	\$0.74	3	8/02/2023	\$0.65
🕒	FICO	Fair Isaac Corporation	\$39,258,761,419	Jun/2024	\$5.33	3	8/02/2023	\$4.63
🕒	CTVA	Corteva, Inc.	\$38,654,288,960	Jun/2024	\$1.74	6	8/03/2023	\$1.60
🌞	GEHC	GE HealthCare Technologies Inc.	\$37,452,983,526	Jun/2024	\$0.98	5	7/25/2023	\$0.92
🕒	AEM	Agnico Eagle Mines Limited	\$37,181,056,716	Jun/2024	\$0.93	5	7/26/2023	\$0.65
🕒	CTSH	Cognizant Technology Solutions Corporation	\$37,061,203,620	Jun/2024	\$1.12	7	8/02/2023	\$1.10
🌞	GRMN	Garmin Ltd.	\$33,913,241,890	Jun/2024	\$1.37	3	8/02/2023	\$1.45
🌞	DD	DuPont de Nemours, Inc.	\$33,828,826,194	Jun/2024	\$0.85	6	8/02/2023	\$0.85
🕒	VICI	VICI Properties Inc.	\$32,568,129,271	Jun/2024	\$0.56	10	7/26/2023	\$0.54
🌞	CDW	CDW Corporation	\$31,098,279,175	Jun/2024	\$2.39	6	8/02/2023	\$2.43
🕒	AVB	AvalonBay Communities, Inc.	\$29,620,165,229	Jun/2024	\$2.71	10	7/31/2023	\$2.66
🕒	EBAY	eBay Inc.	\$27,632,660,000	Jun/2024	\$0.88	8	7/26/2023	\$0.73
🕒	AWK	American Water Works	\$27,540,118,071	Jun/2024	\$1.47	3	7/26/2023	\$1.44
🕒	ANSS	ANSYS, Inc.	\$27,031,566,116	Jun/2024	\$1.42	2	8/02/2023	\$1.06
🌞	WEC	WEC Energy Group, Inc.	\$26,560,679,566	Jun/2024	\$0.64	3	8/01/2023	\$0.92
🌞	TEF	Telefonica SA	\$25,934,566,233	Jun/2024	\$0.08	1	7/27/2023	\$0.07
🕒	CVNA	Carvana Co.	\$25,849,539,011	Jun/2024	\$0	6	7/19/2023	(\$0.55)
🌞	GIB	CGI Inc.	\$24,929,631,210	Jun/2024	\$1.40	5	7/26/2023	\$1.34
🕒	ES	Eversource Energy	\$22,875,455,155	Jun/2024	\$0.95	5	7/31/2023	\$1
🕒	WDC	Western Digital Corporation	\$21,691,033,695	Jun/2024	\$1.08	3	7/31/2023	(\$2.16)
🕒	PTC	PTC Inc.	\$21,221,077,757	Jun/2024	\$0.64	6	7/26/2023	\$0.64
🕒	MKL	Markel Group Inc.	\$21,130,209,935	Jun/2024	\$20.76	5	8/02/2023	\$22.43

## Economy

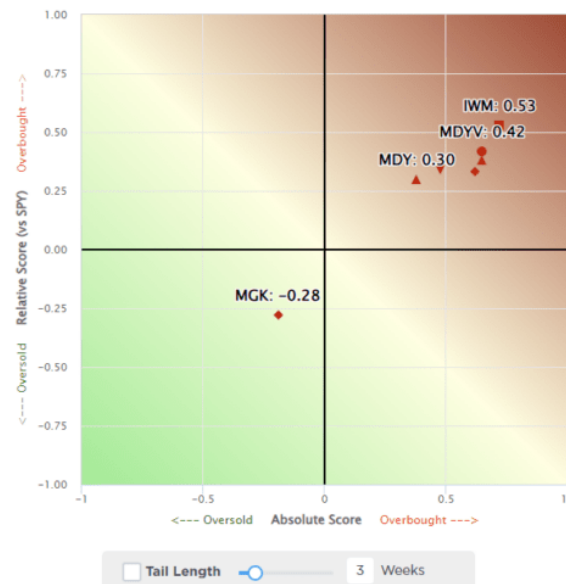
Time	Event	Impact	Actual	Dev	Consensus	Previous
WEDNESDAY, JULY 31						
11:00	USD MBA Mortgage Applications (Jul 26)		-	-	-	-2.2%
12:15	USD ADP Employment Change (Jul)		-	-	150K	150K
12:30	USD Employment Cost Index (Q2)		-	-	1%	1.2%
13:45	USD Chicago Purchasing Managers' Index (Jul)		-	-	44.5	47.4
14:00	USD Pending Home Sales (MoM) (Jun)		-	-	1.3%	-2.1%
14:00	USD Pending Home Sales (YoY) (Jun)		-	-	-	-6.6%
14:30	USD EIA Crude Oil Stocks Change (Jul 26)		-	-	-	-3.741M
18:00	USD Fed Interest Rate Decision		-	-	5.5%	5.5%
18:00	USD Fed Monetary Policy Statement				REPORT	
18:30	USD FOMC Press Conference				SPEECH	

## Market Trading Update

Over the last few weeks, we have seen a normal and healthy rotation out of mega-cap growth companies and into other market areas. Small and mid-cap value have done well but are now overbought, while the mega-cap growth companies are oversold.

Factors Analysis - Absolute and Relative Score (vs SPY)

Symbol	Name	Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↑↓	Chart
ARKK	Disruptive Tech		-0.13	-0.13	<input type="checkbox"/>
EEM	Emerging Markets		-0.19	-0.48	<input type="checkbox"/>
EFA	EAFE		-0.21	-0.25	<input type="checkbox"/>
GDX	Gold Miners		0.19	0.23	<input type="checkbox"/>
IVE	S&P 500 Value		0.58	0.33	<input type="checkbox"/>
IVV	Core S&P 500		-0.01	0.07	<input type="checkbox"/>
IVW	S&P 500 Growth		-0.20	-0.29	<input type="checkbox"/>
IWM	Small Caps		0.72	0.53	<input checked="" type="checkbox"/>
MDY	Mid Cap 400		0.38	0.30	<input checked="" type="checkbox"/>
MDYG	Mid Cap Growth		0.38	0.28	<input type="checkbox"/>
MDYV	Mid Cap Value		0.65	0.42	<input checked="" type="checkbox"/>
MGK	Mega Cap Growth		-0.19	-0.28	<input checked="" type="checkbox"/>
MTUM	Momentum		-0.24	-0.52	<input type="checkbox"/>
PKW	Buyback Achievers		0.78	0.46	<input type="checkbox"/>
RSP	Equal Weight S&P 500		0.48	0.34	<input checked="" type="checkbox"/>
SPHB	High Beta		0.03	-0.09	<input type="checkbox"/>
SPLV	Low Beta [Low Vol.]		0.62	0.33	<input checked="" type="checkbox"/>
VBK	Small Cap Growth		0.17	0.21	<input type="checkbox"/>
VBR	Small Cap Value		0.65	0.38	<input checked="" type="checkbox"/>



While this rotation could last a bit longer, the technicals of the "Mega-cap" stocks, represented by the Mega-Cap Growth ETF (MGK), are becoming more compelling. With MGK very oversold and on a deep "sell signal," a tradeable rally looks quite probable. However, such will likely not be the case until after the mega-caps report, and share buybacks can be restarted in the next few weeks.



We added to our AMD position a bit yesterday and are looking for an opportunity to add back to our Mega-caps soon. ***As we noted previously***, given that the bulk of earnings come from these mega-cap companies, we seriously doubt the dominance of these stocks is over...at least for now.

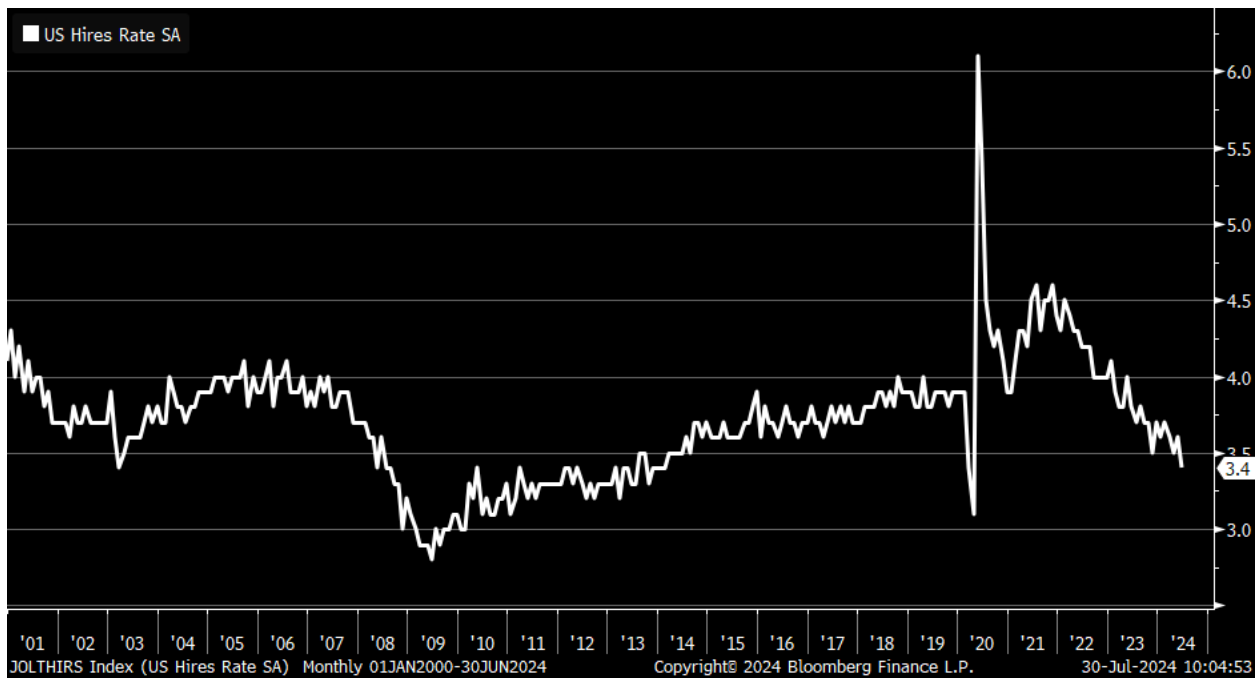
<https://twitter.com/LanceRoberts/status/1818236004572033137>



## JOLTs

The number of job openings in the JOLTs survey fell slightly from 8.23mm in May to 8.18 in June but was above the consensus of 8.00mm. While the headline data was solid, the underlying data points to weakness in the labor markets. We have witnessed the same type of discrepancies in the BLS employment reports. To wit, the hires rate fell from 3.6% to 3.4% and is now the lowest since the early days of the pandemic. Moreover, excluding 2020, it is at a ten-year low. Further, the unemployment rate was almost 7% in 2013, when it was last at 3.4%.

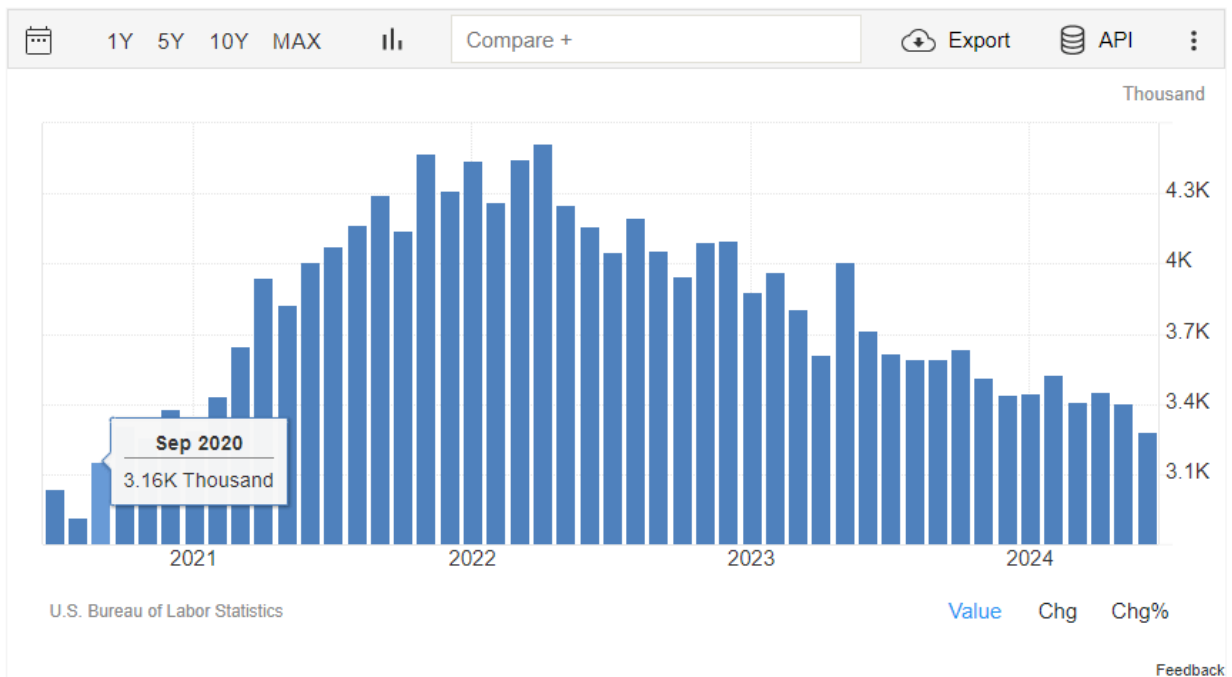
Also noteworthy is the quits rate. The second graph shows that it has steadily declined and is at three-year lows. Quits are a good barometer of employee confidence. When employees are confident they can easily find another job, typically higher paying, the quits rate rises. Thus, this report points to broad employee consternation, which may be one factor behind sagging consumer confidence.



## United States Job Quits

Summary Calendar Alerts Download ▾

Job Quits in the United States decreased to 3282 Thousand in June from 3403 Thousand in May of 2024. Job Quits in the United States averaged 2828.67 Thousand from 2000 until 2024, reaching an all time high of 4515 Thousand in April of 2022 and a record low of 1555 Thousand in August of 2009. source: U.S. Bureau of Labor Statistics



## P&G- Another Consumer Company Feeling The Effects Of A Slowing Consumer

On Monday, we highlighted McDonald's same-store sales, which had declined for the first time since spring 2020 when the pandemic was raging. Like McDonald's, P&G's CEO noted that its customers are tightening their purse strings. Its earnings slightly beat estimates, but sales fell short and were flat compared to last year. It appears that P&G, like many retailers, is struggling to pass

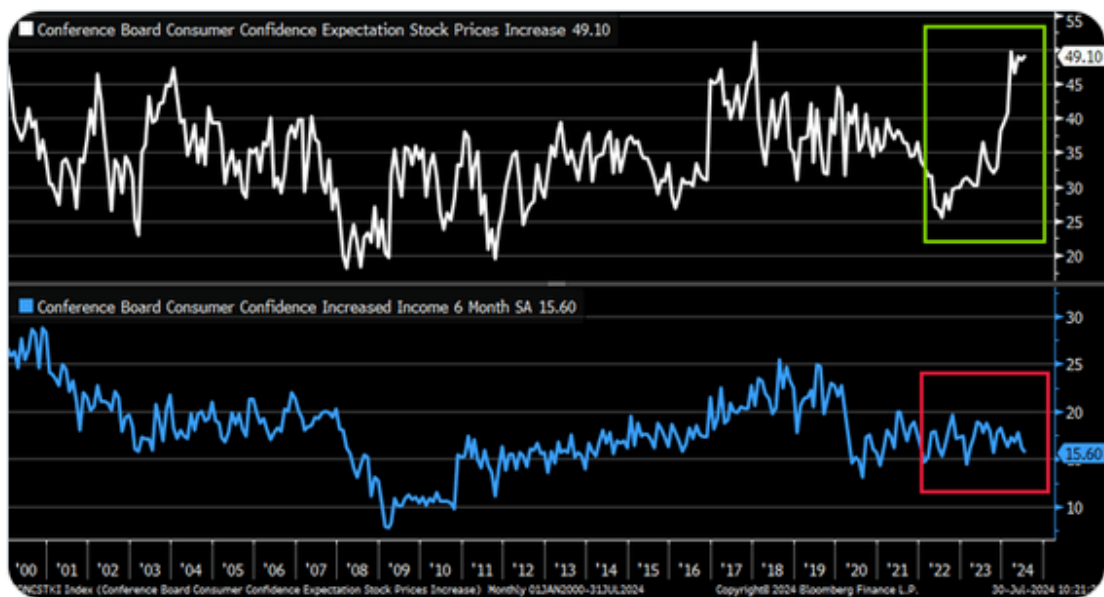
on higher prices and is increasingly in the position of having to discount prices to drive sales. P&G also reduced forward guidance as its CEO acknowledges it is "*in a challenging economic and geopolitical environment.*" As shown below, P&G shareholders are not taking the news well. The shares are down over 5% on the day, erasing nearly half of the shares's 2024 gains.



## Tweet of the Day

**Kevin Gordon** @KevRGordon · 26m  
 Consumers: feeling pretty great about the stock market (white) ... not feeling so great about income growth (blue)



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