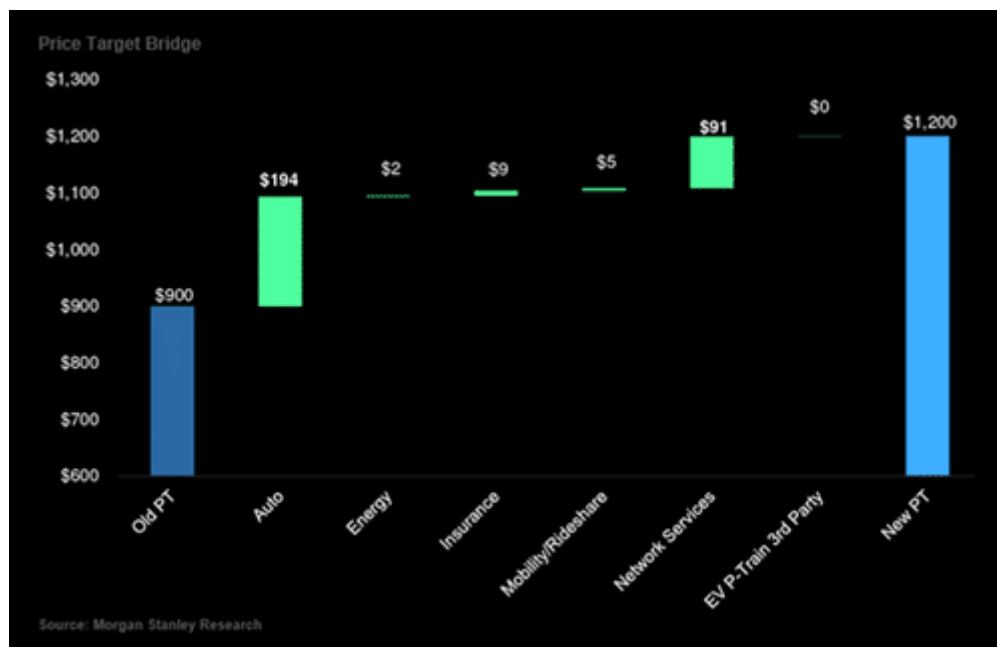


Tesla jumped over ten percent bringing its market cap to over one trillion. Hertz announced it will buy 100,000 cars from Tesla, making over 20% of its fleet electric. The order is worth \$2 billion but resulted in a \$100 billion jump in its value.

"Following Tesla's better than expected 3Q results, MS Research raised their price target to \$1,200 (from \$900 previously) and reiterated their OW rating. The change in target is driven predominantly by higher volume. MS previous forecast of 5.8 mm units by 2030 implied an annual growth rate of 23% (from 2021 to 2030) which trailed overall EV market growth. MS revised volume forecast of 8.1mm by 2030 units implies an annual growth rate of 28% which is slightly more than 1/2 the 50% growth rate targeted by the company over the long term which they reiterated in the 3Q call" - TME



The market rose alongside Tesla as investors anxiously await a plethora of earnings announcements coming in the days ahead. Almost one-third of the S&P 500 is reporting earnings this week. Given the large contribution of the FANGM stocks to the major stock indexes, we suspect this week's earnings reports from those stocks have the potential to move markets.

[dmc]

What To Watch Today

Economy

- 9:00 a.m. ET: **FHFA House Price Index**, month-over-month, August (1.5% expected, 1.4% in July)

- 9:00 a.m. ET: **S&P CoreLogic Case-Shiller 20-City Composite**, month-over-month, August (1.5% expected, 1.55% in July)
- 9:00 a.m. ET: **S&P CoreLogic Case-Shiller 20-City Composite**, year-over-year, August (20.00% expected, 19.95% in July)
- 10:00 a.m. ET: **New Home Sales**, month-over-month, September (758,000 expected, 740,000 in August)
- 10:00 a.m. ET: **Conference Board Consumer Confidence**, October (108.2 expected, 109.2 in September)

Earnings

Pre-market

- 6:00 a.m. ET: **Centene** ([CNC](#)) to report adjusted earnings of \$1.25 per share on revenue of \$31.52 billion
- 6:00 a.m. ET: **UPS** ([UPS](#)) to report adjusted earnings of \$2.54 per share on revenue of \$22.59 billion
- 6:15 a.m. ET: **General Electric** ([GE](#)) to report adjusted earnings of 43 cents per share on revenue of \$19.30 billion
- 6:30 a.m. ET: **3M** ([MMM](#)) to report adjusted earnings of \$2.22 per share on revenue of \$8.68 billion
- 6:25 a.m. ET: **Eli Lilly** ([LLY](#)) to report adjusted earnings of \$1.95 per share on revenue of \$6.63 billion
- 6:30 a.m. ET: **Hasbro** ([HAS](#)) to report adjusted earnings of \$1.63 per share on revenue of \$1.97 billion
- 6:55 a.m. ET: **Raytheon Technologies** ([RTX](#)) to report adjusted earnings of \$1.09 per share on revenue of \$16.39 billion
- 7:00 a.m. ET: **Invesco** ([IVZ](#)) to report adjusted earnings of 73 cents per share on revenue of \$1.78 billion
- 7:00 a.m. ET: **The Sherwin-Williams Co.** ([SHW](#)) to report adjusted earnings of \$2.04 per share on revenue of \$5.09 billion
- 7:10 a.m. ET: **Waste Management** ([WM](#)) to report adjusted earnings of \$1.36 per share on revenue of \$4.56 billion
- 7:15 a.m. ET: **S&P Global** ([SPGI](#)) to report adjusted earnings of \$3.16 per share on revenue of \$1.99 billion
- 7:30 a.m. ET: **Lockheed Martin** ([LMT](#)) to report adjusted earnings of \$3.85 per share on revenue of \$17.14 billion

Post-market

- 4:00 p.m. ET: **Microsoft** ([MSFT](#)) to report adjusted earnings of \$2.07 per share on revenue of \$43.94 billion
- 4:00 p.m. ET: **Alphabet** ([GOOGL](#)) to report adjusted earnings of \$27.07 per share on revenue of \$52.32 billion
- 4:00 p.m. ET: **Texas Instruments** ([TXN](#)) to report adjusted earnings of \$2.11 per share on revenue of \$4.66 billion
- 4:05 p.m. ET: **Capital One Financial Corp.** ([COF](#)) to report adjusted earnings of \$5.38 per share on revenue of \$7.44 billion
- 4:05 p.m. ET: **Twitter** ([TWTR](#)) to report adjusted earnings of 18 cents per share on revenue of \$1.29 billion

- 4:15 p.m. ET: **Juniper Networks (JNPR)** to report adjusted earnings of 46 cents per share on revenue of \$1.21 billion
- 4:15 p.m. ET: **Advanced Micro Devices (AMD)** to report adjusted earnings of 67 cents per share on revenue of \$4.12 billion
- 4:40 p.m. ET: **Visa (V)** to report adjusted earnings of \$1.54 per share on revenue of \$6.52 billion

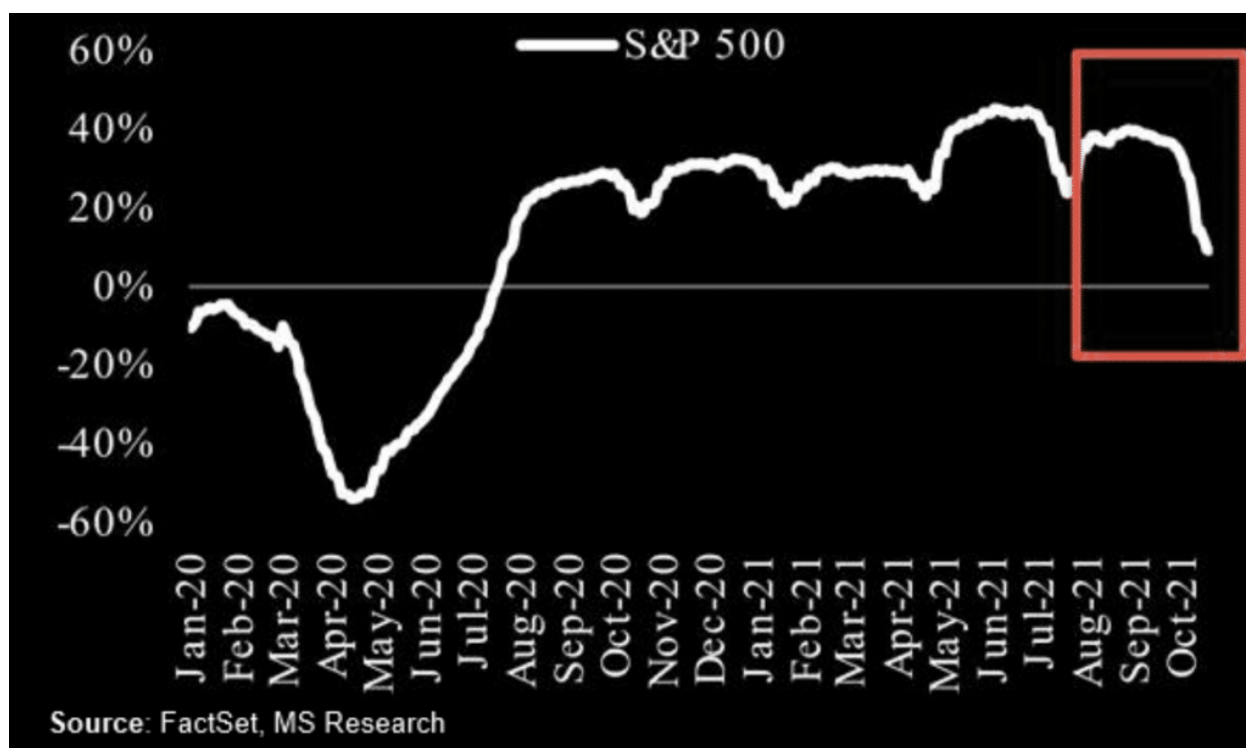
Courtesy Of Yahoo

Earnings Rolling Over

We have discussed many times previously that due to annual comparisons, weaker economic growth, and higher inflation that earnings would weaken.

The S&P 500 may remain well bid near-term as seasonal strength and strong inflows from retail and other passive investors support the market. However, with the Fed now tightening policy and deteriorating earnings outlooks, odds are increasing that growth will continue to slow well into 2022, with supply issues the main risk to earnings.

"Are you not entertained?" - Gladiator



Three Minutes On Markets & Money

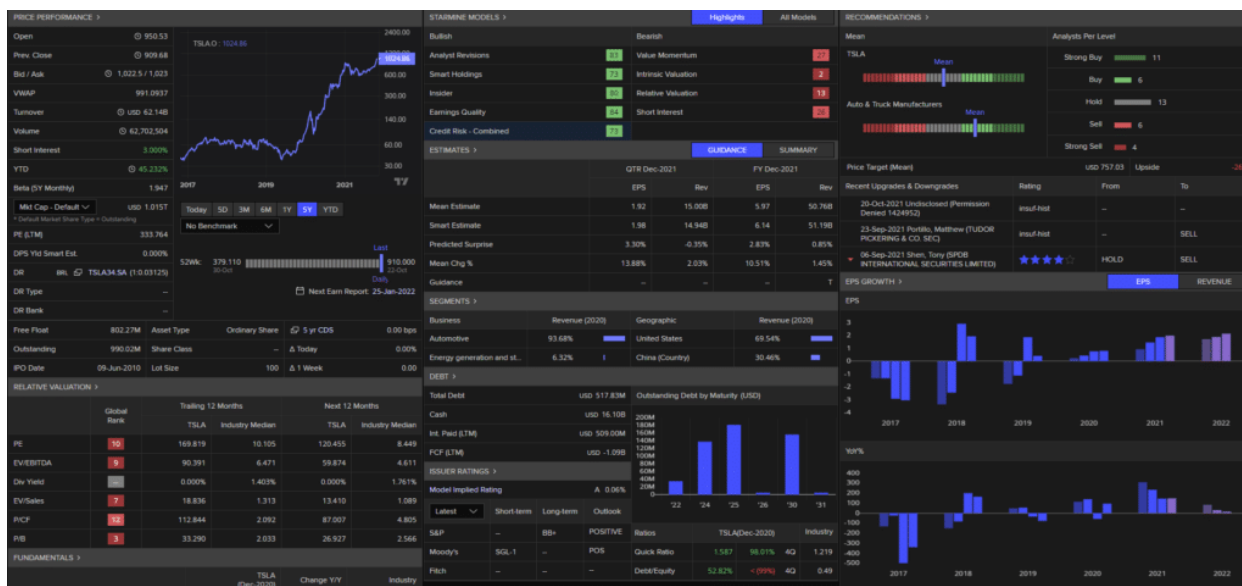
***** There will be no Three Minutes on Markets Videos this week as we are refurbishing our recording studio. We expect to be back next Monday.**

<https://youtu.be/P3J4FQTS1DU>

Tesla Surpassing Facebook

Tesla, rising over 10% this morning, overtook Facebook, becoming the ninth-largest company by market cap. The news propelling it to a market cap of \$1 trillion is that hertz will buy 100k of Tesla's cars. The order is worth over \$4 billion. Tesla's market cap is up approximately \$60 billion on the order. To put that in context, Ford's market cap is \$63 billion.

The valuation of Tesla makes it equivalent to the entire GDP of Indonesia, the 16th largest country in the world. Below is a detailed analysis of TSLA from Refinitiv.



Of course, given that Tesla is roughly 15x the size of Ford, as @TheMarketEar notes:

"Is the valuation difference actually a function of fundamentals, a great inflation hedge, gamma 'traps,' or pure speculation? You decide."



What If Inflation Isn't Transitory?

It seems over the past few weeks more and more in the media are asking what happens if inflation becomes isn't transitory. What if it is persistent. Mohamed El-Erian has been among the most

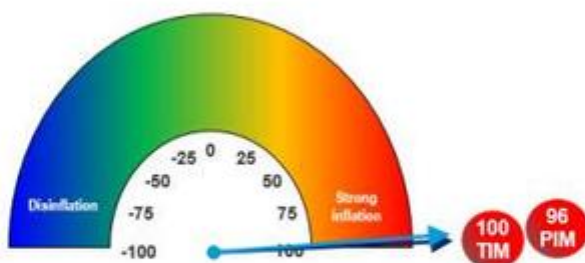
outspoken on the topic. This morning he writes a concerning [editorial in Bloomberg](#) warning that underestimating inflation carries dire risks. To wit:

"The longer this persists, the greater the risk of a historic policy error whose negative implications could last for years and extend well beyond the U.S."

Bank of America launched two trackers - a transitory and a non-transitory inflation meter. So consistent with the move in rents, the BofA US persistent inflation meter finally gave up all hope that inflation is coming down any time soon, and surged to 96 in September from 80 previously "suggesting historically elevated cyclical price pressures." Meanwhile, even though transitory inflation cooled somewhat on a % YoY basis in September, it remained historically elevated. As such, the BofA US transitory inflation meter printed 100 for the sixth straight month.

Exhibit 1: The BofA US transitory and persistent inflation meters (100 = historically high inflation, -100 = historically low inflation)

Transitory inflation remains historically high at 100, while persistent inflation jumps to 96






























Disclaimer: The indicators identified as the BofA US transitory inflation meter (TIM) and BofA US persistent inflation meter (PIM) above are intended to be indicative metrics only and may not be used for reference purposes or as measures of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as benchmarks.

Source: BofA Global Research

BoFA GLOBAL RESEARCH

Oil In Backwardation

The table below shows the CME futures prices for crude oil. Typically the future contract prices of oil increase over time. Such a price curve is called contango. Currently, the front contract December is trading at \$84.81 and the prices decline through next year. This somewhat unique circumstance for oil is called backwardation. It is a signal that there is strong demand for crude oil today but traders do not expect demand to be as heavy in the future. This indicator portends the supply/demand imbalance for crude oil will normalize over the next six to nine months.





MONTH	OPTIONS	CHART	LAST
 DEC 2021 CLZ1	 OPT		84.81
 JAN 2022 CLF2	 OPT		83.40
 FEB 2022 CLG2	 OPT		81.77
 MAR 2022 CLH2	 OPT		80.32
 APR 2022 CLJ2	 OPT		79.07
 MAY 2022 CLK2	 OPT		78.01
 JUN 2022 CLM2	 OPT		77.06
 JUL 2022 CLN2	 OPT		76.19
 AUG 2022 CLQ2	 OPT		74.87






The Week Ahead

A host of regional manufacturing indexes this week provide a first look at economic activity in October. Also of interest will be Thursday's GDP report. Current estimates are for 2.5% growth in the third quarter. As we noted earlier this week, the Atlanta Fed forecasts 0.5% growth. Also on Thursday will be PCE prices, the Fed's favorite gauge of inflation expectations.

The Fed meets on Tuesday and Wednesday of next week. Accordingly, they should be relatively quiet this week as they enter their self-imposed media blackout period.

Earnings will continue to dominate the news wires. As the first table below, from [RIAPro](#), shows, ten of the companies we hold in the Equity model report earnings this week.

Symbol 	Earning Date 	Estimate 	Reported 
<input type="text"/>			
AMD	2021-10-25	0.66	--
GOOG	2021-10-25	23.13	--
MSFT	2021-10-25	2.06	--
RTX	2021-10-25	1.07	--
V	2021-10-25	1.53	--
WM	2021-10-25	1.32	--
F	2021-10-26	0.27	--
AAPL	2021-10-27	1.23	--
AMZN	2021-10-27	8.72	--
SBUX	2021-10-27	1.00	--






10

<div>  EARNINGS WHISPERS </div> <div> Most Anticipated Earnings Releases for the week beginning October 25, 2021 </div>									
Monday		Tuesday		Wednesday		Thursday		Friday	
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close
OTIS	FACEBOOK	UPS	AMD	BOEING	Ford	shopify	Apple	ExxonMobil	
TRAVELZOO	PCA	GE	Microsoft	gm	TELADOC	amazon	abbvie		
Kimberly-Clark	Logitech	3M	Alphabet	Coca-Cola	twilio	CATERPILLAR	US	Chewon	
LENNOX	CROWN	jetBlue	VISA	McDonald's	servicenow	MERCK	Starbucks	HUNTSMAN	
rbi	AGNC	Raytheon Technologies	Twitter	Bristol-Myers Squibb Company	align	Altria	SKECHERS	Cameco	
Bank of Hawaii	cadence	[e]enphase	Robinhood	Spotify	ANNALY	overstock.com	GILEAD	66	
SITE	Calix	WM	RoboAd	teva	upwork	ABInBev	Western Digital	COLGATE-PALMOLIVE	
DORMAN	Amkor Technology	TEXAS INSTRUMENTS	QuantumScope	Six Flags	Antero	COMCAST	MicroStrategy	lyondellbasell	
Bank of Monte	AMERICAN CAMPUS EDUCATION	Lilly	PulteGroup	Teck	ebay	SiriusXM	ATLASSIAN	Royal Caribbean Group	
City Bank				UMC	LendingClub	DECKERS	Weyerhaeuser		

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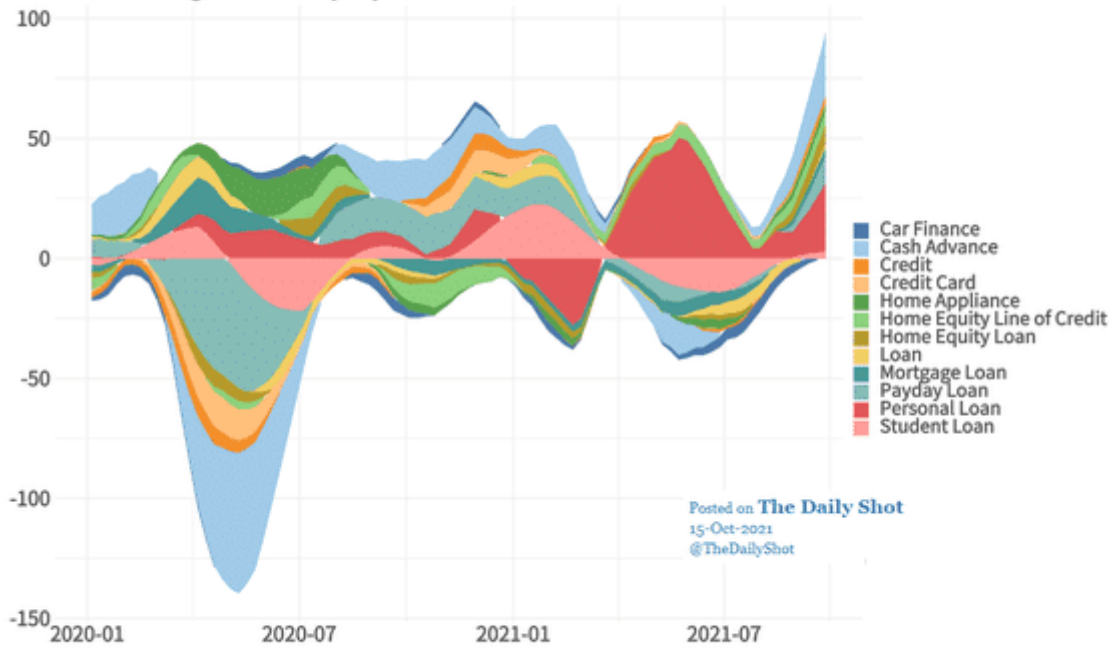
Less Stimulus, More Borrowing

The graph below, courtesy of Arbor Research, shows that consumer interest in borrowing is increasing. Some of the interest is likely from borrowers needing extra funds to replace the multiple stimulus programs from the last year and a half. It is also worth noting that consumers are also likely being pinched by higher prices and some are needing to borrow to make ends meet.

Consumer Credit Interest Goes Wild

3-month Change in Seasonally-Adjusted Search Trends

ARBOR DATA SCIENCE



Posted on **The Daily Shot**

15-Oct-2021

@TheDailyShot

Data Source: Google Trends

datascience.arborresearch.com