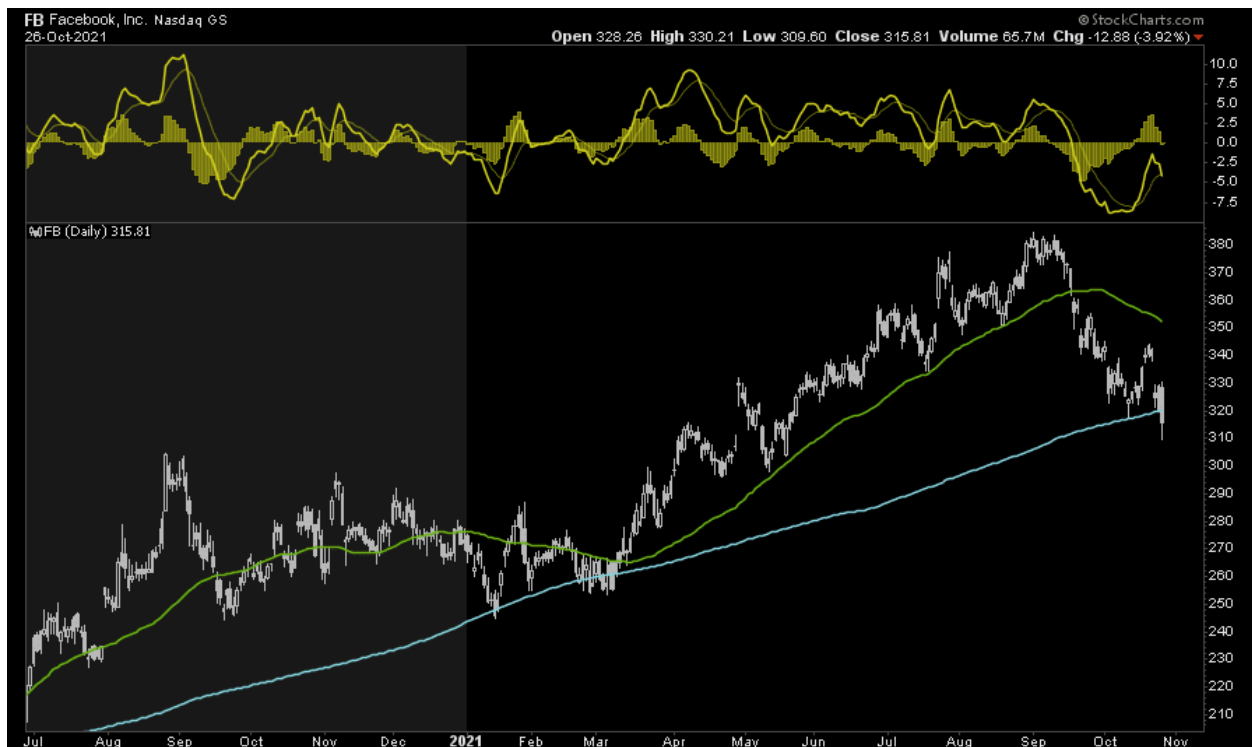


Volatility is picking up as investors brace themselves for a flood of earnings announcements this week and the Fed meeting next week. The VIX volatility index closed up 5.60% on Tuesday even though the S&P was up 0.15%.

Facebook (FB) fell 5% on Tuesday despite better than expected earnings. Dragging on the stock is weaker than expected revenues and reduced expectations for Q4 revenues. The political scrutiny on FB is also not doing shareholders any favors.



FB is down over 20% since September and its close is flirting with the 200-dma. It is currently repeating its price action from March, where it found support and rallied to all-time highs. However, investors may want to be more cautious about the stock for now until price action improves.

[dmc]

## What To Watch Today

### Economy

- 7:00 a.m. ET: **MBA Mortgage Applications**, week ended Oct. 22 (-6.3% during prior week)
- 8:30 a.m. ET: **Advance Goods Trade Balance**, September (-\$88.3 billion expected, -\$87.6 billion in August)
- 8:30 a.m. ET: **Wholesale Inventories**, month-over-month, September preliminary (1.0% expected, 1.2% in August)
- 8:30 a.m. ET: **Durable Goods Orders**, September preliminary (-1.1% expected, 1.8% in August)

- 8:30 a.m. ET: **Durable Goods Orders**, excluding transportation, September preliminary (0.4% expected, 0.3% in August)
- 8:30 a.m. ET: **Non-defense Capital Goods Orders**, excluding aircraft, September preliminary (0.5% expected, 0.6% in August)
- 8:30 a.m. ET: **Non-defense Capital Goods Orders**, excluding aircraft, September preliminary (0.5% expected, 0.8% in August)

## Earnings

### Pre-market

- 6:00 a.m. ET: **Hilton Worldwide Holdings** ([HLT](#)) to report adjusted earnings of 78 cents per share on revenue of \$1.7 billion
- 6:55 a.m. ET: **The Coca-Cola Company** ([KO](#)) to report adjusted earnings of 58 cents per share on revenue of \$9.72 billion
- 7:00 a.m. ET: **CME Group** ([CME](#)) to report adjusted earnings of \$1.56 per share on revenue of \$1.15 billion
- 7:00 a.m. ET: **McDonald's** ([MCD](#)) to report adjusted earnings of \$2.46 per share on revenue of \$6.03 billion
- 7:00 a.m. ET: **Bristol-Myers Squibb** ([BMY](#)) to report adjusted earnings of \$1.92 per share on revenue of \$11.55 billion
- 7:00 a.m. ET: **Kraft Heinz** ([KHC](#)) to report adjusted earnings of 58 cents per share on revenue of \$6.07 billion
- 7:30 a.m. ET: **Boeing** ([BA](#)) to report adjusted losses of 17 cents per share on revenue of \$16.49 billion
- 7:30 a.m. ET: **General Motors** ([GM](#)) to report adjusted earnings of \$1.00 per share on revenue of \$26.45 billion

### Post-market

- 4:00 p.m. ET: **Align Technology** ([ALGN](#)) to report adjusted earnings of \$2.60 per share on revenue of \$977.67 million
- 4:05 p.m. ET: **Ford** ([F](#)) to report adjusted earnings of 27 cents per share on revenue of \$31.56 billion
- 4:05 p.m. ET: **eBay** ([EBAY](#)) to report adjusted earnings of 89 cents per share on revenue of \$2.46 billion
- 4:10 p.m. ET: **ServiceNow** ([NOW](#)) to report adjusted earnings of \$1.39 per share on revenue of \$1.48 billion
- 4:15 p.m. ET: **United Rentals** ([URI](#)) to report adjusted earnings of \$6.73 per share on revenue of \$2.59 billion
- 4:20 p.m. ET: **Xilinx** ([XLNX](#)) to report adjusted earnings of 91 cents per share on revenue of \$891.69 million
- 4:30 p.m. ET: **O'Reilly Automotive** ([ORLY](#)) to report adjusted earnings of \$7.18 per share on revenue of \$3.30 billion

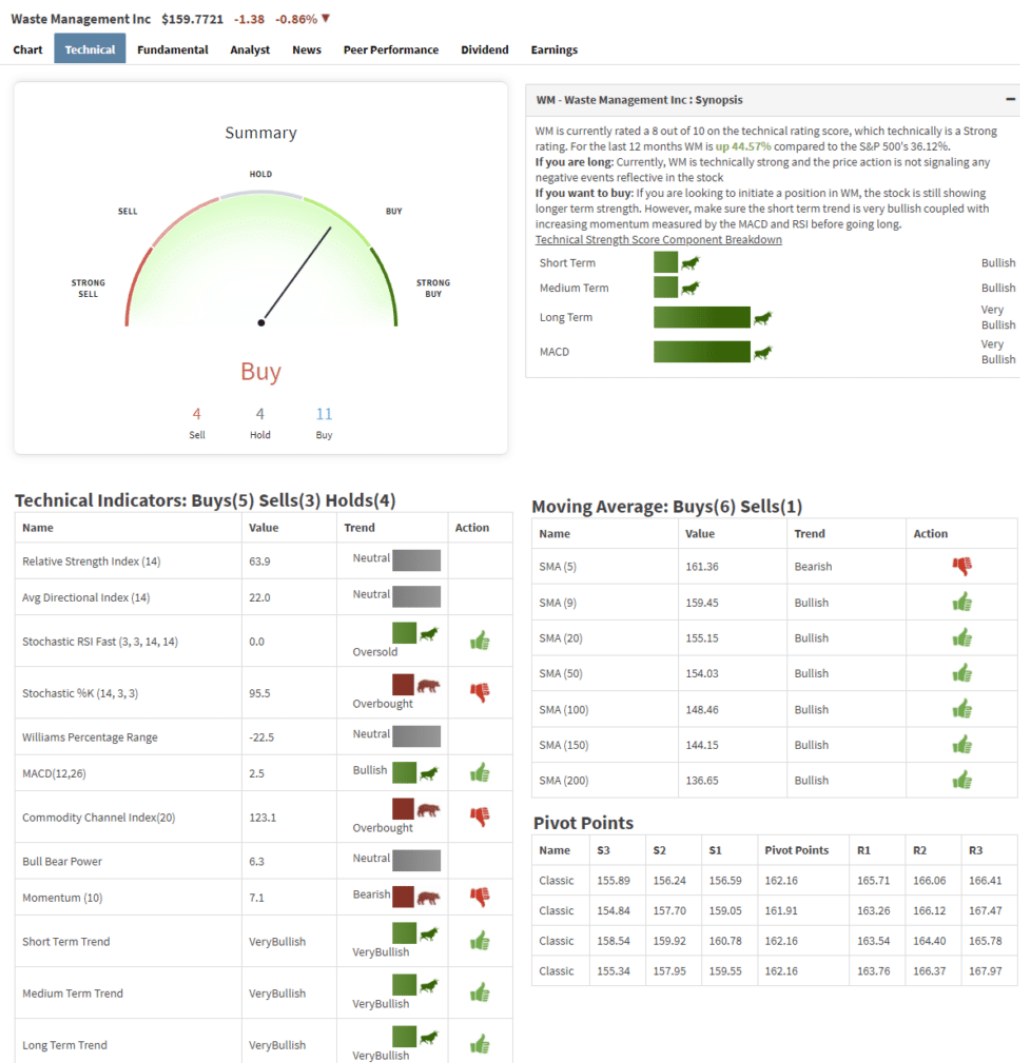
*Courtesy of Yahoo*

## Waste Management (WM) Earnings

**WM** third-quarter GAAP EPS is short of the consensus at \$1.28 versus an expected \$1.33. Revenue of \$4.7B (+21% YoY) topped expectations of \$4.55B, driven by volume growth and

increased yield. Management raised guidance for FY21 revenue growth to 17%-17.5% from 15.5%-16% previously. The new guidance is above the consensus of 16% YoY. Accelerating cost inflation was mentioned as a headwind, but the company remains on track to meet its full-year targets according to the CEO. The stock was down .86% yesterday following the release. **We hold a 1% position in the Equity Model.**

Below is the technical overview from [RIAPRO.NET](https://riapro.net)

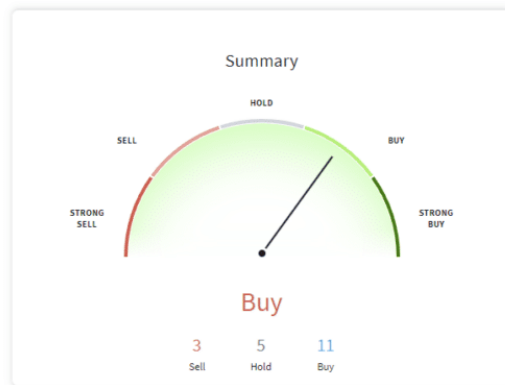


## Raytheon Technologies (RTX) Earnings

RTX third-quarter GAAP EPS of \$0.93, is just above the consensus of \$0.91. Revenue of \$16.2B (+8.1% YoY) came in short of expectations of \$16.36B. Guidance for FY21 revenue is now \$64.5B from a prior range of \$64.4B-\$65.4B. This is slightly below the consensus of \$65.2B. Guidance for FY21 adjusted EPS is now \$4.10-\$4.20 from \$3.85-\$4.00 previously; the consensus is \$4.06. Management commented that a rebound in air travel was the impetus for raising earnings guidance. Despite the upbeat guidance, the stock traded 2.15% lower yesterday due to gloomy forecasts from its competitor, Lockheed Martin (LMT). **We hold a 1.5% position in the Equity Model.**

United Technologies Corporation \$89.34 -1.96 -2.15% ▼

Chart **Technical** Fundamental Analyst News Peer Performance Dividend Earnings



#### RTX - United Technologies Corporation : Synopsis

RTX is currently rated a 7 out of 10 on the technical rating score, which technically is a Strong rating. For the last 12 months RTX is up 53.99% compared to the S&P 500's 36.12%.

**If you are long:** Currently, RTX is technically strong

**If you want to buy:** If you are looking to initiate a position in RTX, 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	<div><div></div></div>	Bullish
Medium Term	<div><div></div></div>	Very Bullish
Long Term	<div><div></div></div>	Bullish
MACD	<div><div></div></div>	Very Bullish

#### Technical Indicators: Buys(5) Sells(2) Holds(5)

Name	Value	Trend	Action
Relative Strength Index (14)	65.2	Neutral	
Avg Directional Index (14)	22.4	Neutral	
Stochastic RSI Fast (3, 3, 14, 14)	0.0	Oversold	👍
Stochastic %K (14, 3, 3)	92.4	Overbought	👎
Williams Percentage Range	-20.9	Neutral	
MACD(12,26)	1.5	Bullish	👍
Commodity Channel Index(20)	86.7	Neutral	
Bull Bear Power	1.5	Neutral	
Momentum (10)	1.4	Bearish	👎
Short Term Trend	VeryBullish	VeryBullish	👍
Medium Term Trend	VeryBullish	VeryBullish	👍
Long Term Trend	VeryBullish	VeryBullish	👍

#### Moving Average: Buys(6) Sells(1)

Name	Value	Trend	Action
SMA (5)	91.54	Bearish	👎
SMA (9)	90.92	Bullish	👍
SMA (20)	89.58	Bullish	👍
SMA (50)	86.58	Bullish	👍
SMA (100)	86.41	Bullish	👍
SMA (150)	84.67	Bullish	👍
SMA (200)	81.42	Bullish	👍

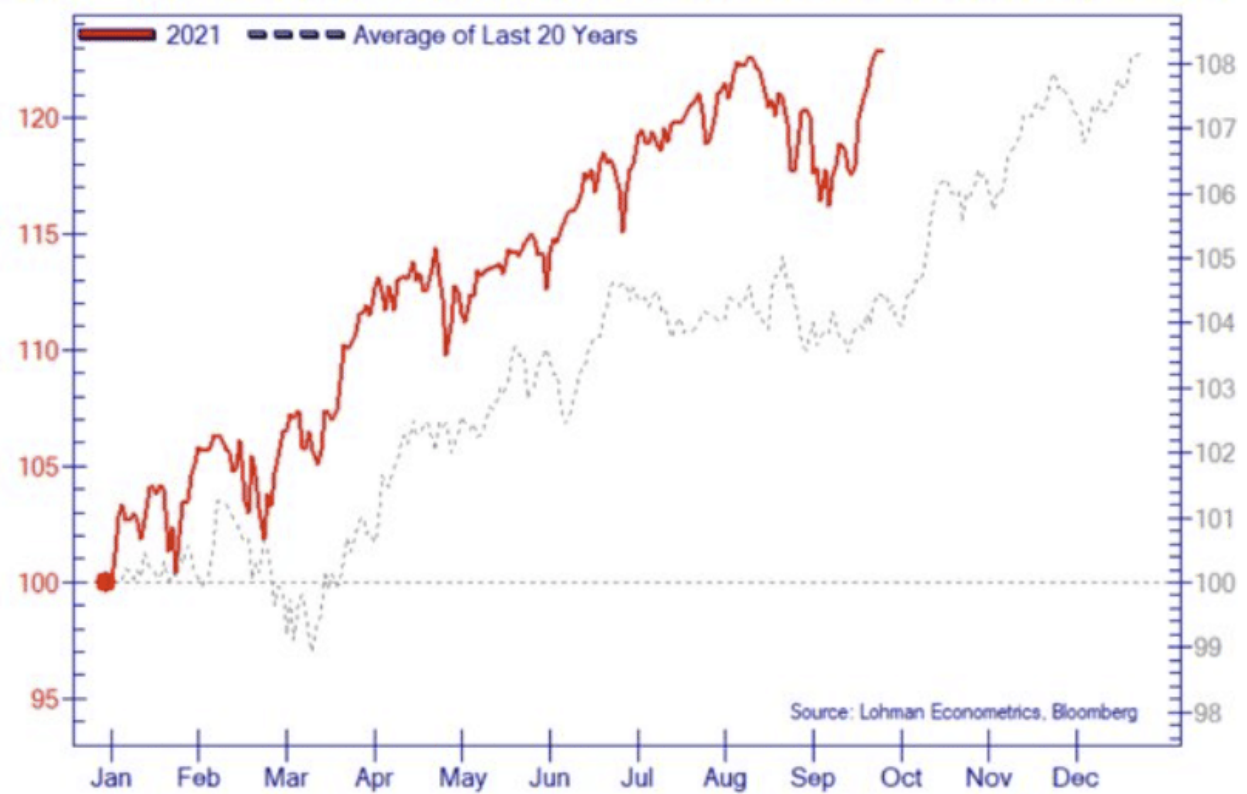
#### Pivot Points

Name	S3	S2	S1	Pivot Points	R1	R2	R3
Classic	89.71	89.82	89.92	91.33	92.68	92.78	92.89
Classic	89.39	90.05	90.66	91.32	91.93	92.59	93.21
Classic	90.65	90.91	91.07	91.33	91.59	91.75	92.01
Classic	89.41	90.06	90.68	91.33	91.95	92.60	93.22

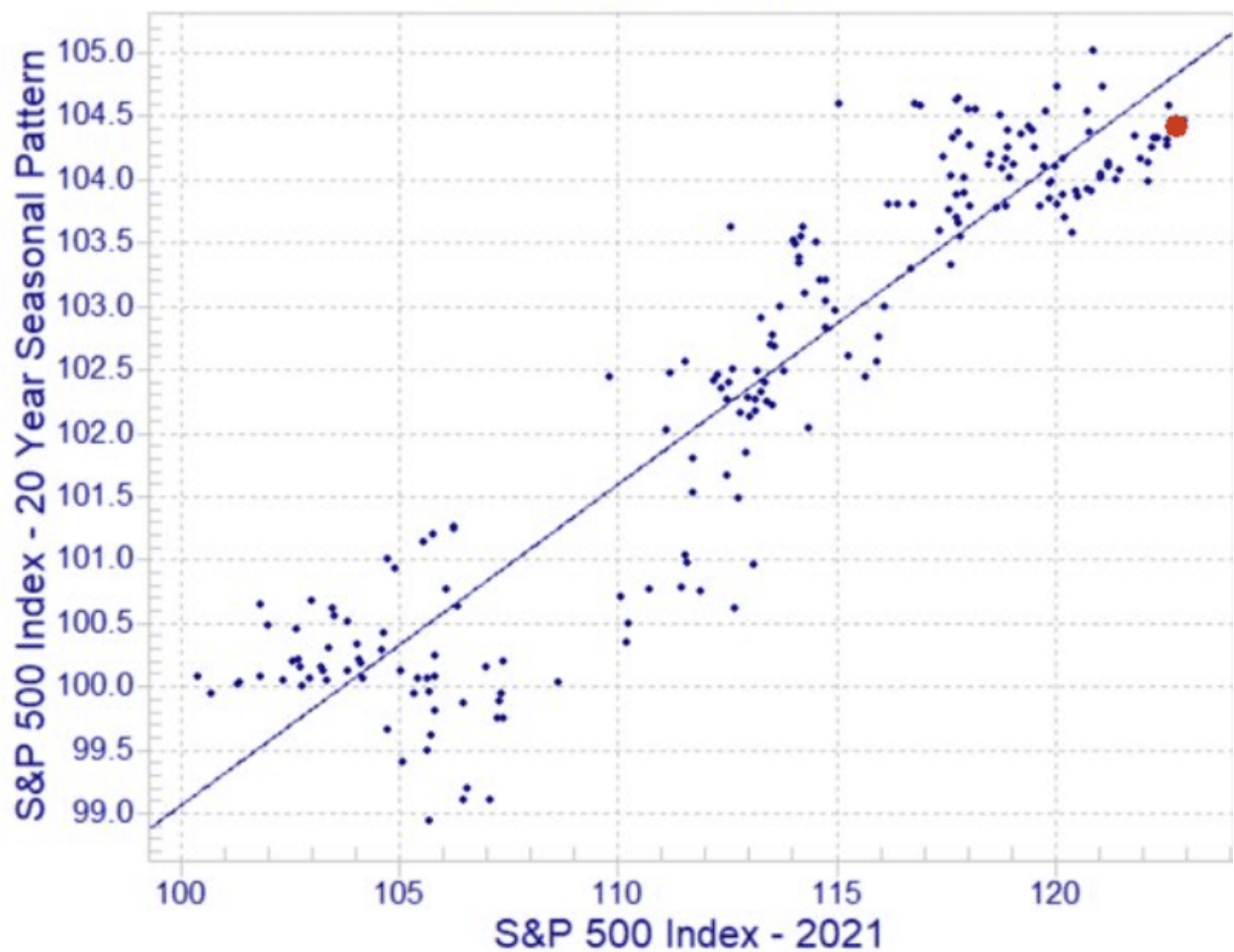
## Seasonality Still In Play

Seasonality is still playing as stocks continue their upward advance. As we noted previously, with the Fed announcing "*taper*" next week, inflation running hotter than expected, and stocks back to more extreme overbought conditions, the upside is likely limited near term. Some risk management is likely wise.

## S&P 500 Index - Seasonal Pattern vs Calendar 2021



Correlation = 93.0%

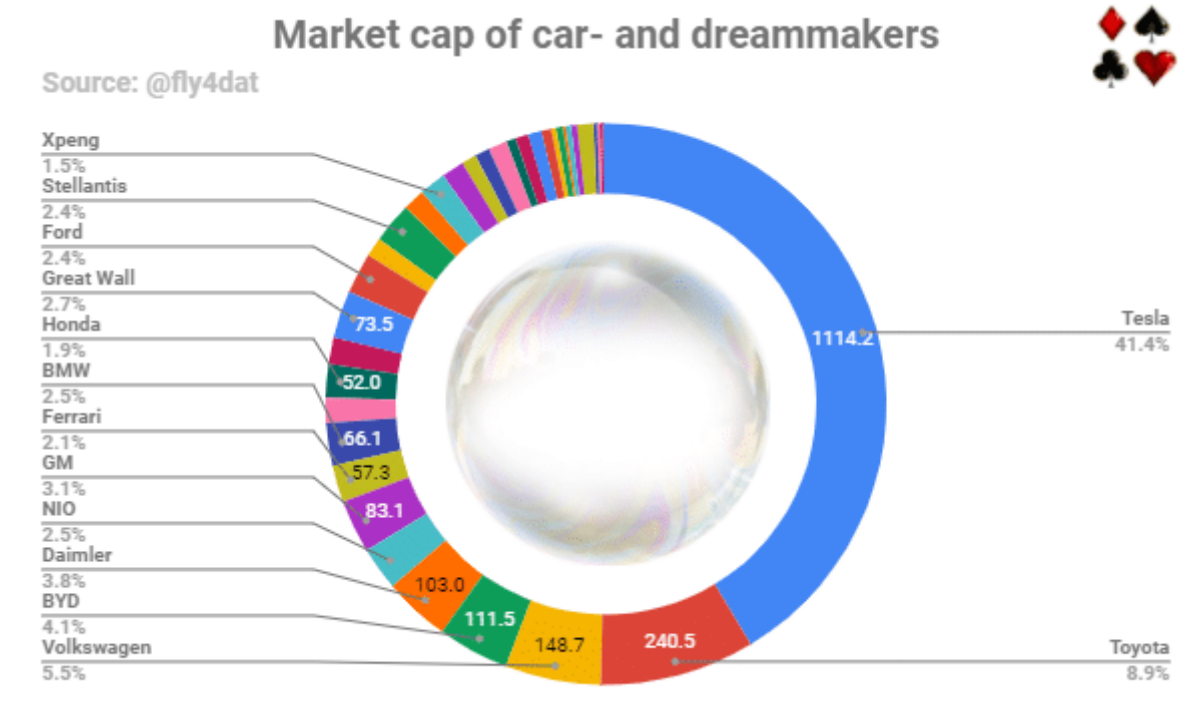




## More Tesla

Yesterday we noted that Tesla's market cap increased by approximately \$100 billion. To put the gain in context, consider yesterday's increase in market cap is worth about 1.5x the total value of Ford and about half of the entire domestic auto industry. Also interesting, Elon Musk added nearly \$30 billion of personal wealth yesterday. He is now supposedly worth more than Exxon.

The graph below shows Tesla is valued at 42% of the entire auto industry despite having a very small fraction of total sales/revenue. Ford and GM recently reported annual sales of \$137 and \$139 billion respectively. Tesla's latest report shows \$46 billion in sales. Simply, the market is betting heavily that TSLA will be the dominant leader in auto sales over the next five to ten years. Anything short of 50% market share will likely be a disappointment for shareholders. If you do not buy into the prospects we offer caution. Tesla is one of the hottest stocks in the market, so selling or shorting the company may be painful in the short run.



<https://twitter.com/LanceRoberts/status/1452965077611687941?s=20>

## Consumers Are Fretting

The [Langer Consumer Comfort Index](#) is a high-frequency confidence index. While lesser followed than the University of Michigan survey or the Conference Board's consumer survey, it provides another data set to assess consumer attitudes. Given personal consumption traditionally accounts for two-thirds of economic growth, this measure is essential to follow.

In its most recent October 21<sup>st</sup> report, Langer notes: *Consumer sentiment continued down this week, dropping to nearly a seven-month low as Americans' assessments of their personal finances and the buying climate extended their largest declines since early in the coronavirus pandemic.*

At 49.7, the Index is well above its March 2020 lows of 35 but a ways off its pre-pandemic highs near 70. For context, the Langer Index looks similar to the Conference Board Survey, sitting between post-pandemic highs and lows. On the other hand, the University of Michigan Sentiment

Index is now at its lowest level since the pandemic and the lowest level in ten years. The importance of consumer confidence is not just economic. As their graph below shows, there is a strong correlation between the changes in stocks prices and consumers' sentiment. Recently, stocks have soared despite weakening confidence.

