

Stocks traded lower Thursday in large part due to Meta (Facebook) and the Bank of England (BOE). Meta fell short on earnings while losing subscribers, and the BOE raised interest rates by 0.25%. Losing a quarter of its value on Thursday, Meta is yet another company being severely punished for weak earnings and guidance. The market appears anxious about the BOE rate hike because four of the nine members dissented, preferring to hike rates by 0.50%. Inflation is to blame as the BOE raised its one-year forecast from 3.4% to 5.2%. The risk to U.S. investors is that some Fed members may now feel emboldened to vote for a 0.50% hike in March. As Meta and the BOE remind us, the combination of high inflation and stocks priced for perfection pose significant risks.



SimpleVisor

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What To Watch Today

Economy

- 8:30 a.m. ET: Change in Non-farm Payrolls, January (150,000 expected, 211,000 prior month)
- 8:30 a.m. ET: Change in Manufacturing Payrolls, January (20,000 expected, 27,000 prior month)
- 8:30 a.m. ET: Unemployment Rate, January (3.9% expected, 3.9% prior)
- 8:30 a.m. ET: Average Hourly Earnings, month over month, January (0.5% expected, 0.6% prior month)
- 8:30 a.m. ET: **Average Hourly Earnings,** year over year, January (5.2% expected, 4.7% prior month)
- 8:30 a.m. ET: Labor Force Participation Rate, January (61.9% expected, 61.9% prior month)
- 8:30 a.m. ET: Underemployment Rate, January (7.3% prior month)

Earnings

- 6:30 a.m. ET: Regeneron (REGN) to report adjusted earnings of \$19.76 on revenue of \$4.51 billion
- 7:00 a.m. ET: Bristol-Myers (BMY) to report adjusted earnings of \$1.79 on revenue of \$12.05 billion

- 7:30 a.m. ET: CBOE Markets (CBOE) to report adjusted earnings of \$1.54 on revenue of \$338.60 million
- 8:00 a.m. ET: Royal Caribbean (RCL) to report adjusted losses of \$3.77 on revenue of \$1.12 billion

The Jekyll and Hyde Communications Sector

The <u>SimpleVisor</u> graph below shows the ten best and worst-performing stocks in the S&P 500. FB is the largest holding in the communications sector accounting for 22% of the sector. It was the worst-performing stock in the S&P 500 on Thursday. TWTR, another large communications stock, is also in the bottom ten for the day. Of the top ten performing stocks, four are in the communications sector, including TMUS, DISCA, DISCK, and VIAC. TMUS (T-Mobile) is up over 10% on good earnings. XLC, the communications ETF is down over 5% today, but as the graphs show, looks can be deceiving, there are plenty of winners within the sector.

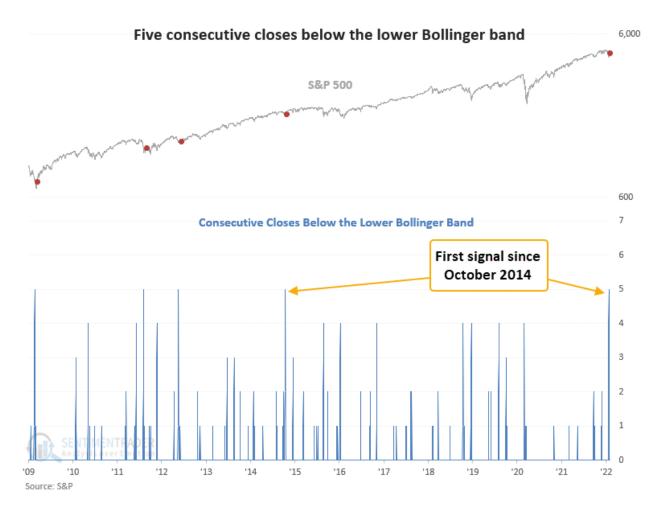


Bollinger Band Model Suggests Higher Prices

While Meta and the BOE roiled the markets yesterday, <u>Sentiment Trader</u> had a bullish note out with a signal from their Bollinger Band model. To wit:

The Bollinger Band signal identifies when the price of a stock, index, or ETF closes below the lower Bollinger band for five consecutive days and reverses higher to close above the midline. Signals can only occur if the percentage spread between the upper and lower Bollinger band is below a user-defined level.

This signal triggered 34 other times over the past 92 years. After the others, S&P 500 future returns and win rates were solid across almost all time frames, especially the 2-month window. The 1946 and 1966 signals are the only instances that showed negative returns across all time frames when looking forward by 3 months. Because the Bollinger band model attempts to identify extreme downside price action near a low, one should expect choppy conditions in the near term.



Wall Street Was Wrong On FaceBook (META)

The Bloomberg table below shares 69 forecasts and buy/sell/hold recommendations for Facebook from Wall Streets' leading banks. Heading into the earnings announcement on Wednesday night, nine had a hold recommendation, and two had a sell recommendation. The remaining 58 had buy/overweight or outperform. Facebooks stock is now in the mid-200s; compare that to the target prices below. The purpose of showing this is to remind you that Wall Street tends to have a bias toward buy ratings on most stocks. This is partly based on their bullish market forecasts and partly on their need to placate companies to win their capital markets business. This is a good example of why reliance on banks and brokers can lead to undesired results.

Meta Platforms Inc			2/02/22	
Consensus Rating Buys 83.9%	▲ 4.58 6M 52 100 - ■ 12M Tot P	1Y 2Y 5Y	Max	
Holds 12.9%	Price	\$23.00 M M M M M M		
Sells 3.2%	2 50 - 1964	A	- In	
12M Tgt Px 29/64 3	96.72			
	23.00 0-			
Pricing Currency	USD 100 Price San	ead (Tgt - Px) 73.72	and a	- min
	22.8%			\sim
cin Return	Har /	pr" 'Jun' Jul' 'Sep'Oct' 'I 2020	Dec' ' 'Mar'Apr' 'Jun'J 202	
Showing 64 of 69 sources				
Firm	Analyst	Recommendation	the second se	1 Yr Rtn BARR Rank
1) Morgan Stanley 2) E Truist Securities	Brian Nowak Youssef Squali	Overwt/In-Line buy	395.00 02/02/22 400.00 02/02/22	21.75% 21.75%
3 E Fa Guggenheim	Michael C Morris	buy	365.00 02/02/22	21.75%
4 🔟 🛛 Wells Fargo	Brian Fitzgerald	overweight	425.00 02/01/22	21.75%
5 E Bernstein	Mark Shmulik	outperform	400.00 01/31/22 400.00 01/31/22	21.75% 3
 a) Stifel 7) Loop Capital Marke 	Mark Kelley Alan Gould	buy buy	400.00 01/31/22 380.00 01/31/22	
1 Soup Capital Harks	Deepak Mathivanan	outperform	410.00 01/31/22	8.31% 17
9 MoffettNathanson L		buy	420.00 01/31/22	21.75% 13
10 Jefferies	Brent Thill	buy	420.00 01/30/22	21.75%
11) E Canaccord Genuity 12) E Credit Suisse	Maria Ripps Stephen Ju	buy outperform	420.00 01/30/22 430.00 01/28/22	21.75% 21.75% 5
13 Evercore ISI	Mark S Mahaney	outperform	430.00 01/28/22	3.27%
14 Zacks	Team Coverage	outperform	339.00 01/27/22	10.60%
19 RBC Capital	Brad Erickson	outperform	400.00 01/26/22	
10 E MKM Partners 17 Huber Research Pa	Rohit Kulkarni	buy overweight	395.00 01/26/22 385.00 01/25/22	21.75% 21.75% 4
18 BMO Capital Market		outperform	425.00 01/24/22	21.75% 14
19 Baird	Colin Sebastian	outperform	390.00 01/20/22	21.75%
20) KGI Securities Co L		outperform	375.00 01/20/22	
21) E Fa JP Morgan	Douglas Annuth	overweight	385.00 01/18/22	21.75%
22) Cowen 23) KB Securities Co.,L	John Blackledge Dong-Ryun Lee	outperform buy	415.00 01/13/22 415.00 01/12/22	21.75% 21.75%
24 Phillip Securities	Jonathan Woo	buy	424.00 01/10/22	21.750
25) 📄 🛛 First Shanghai Sec.		buy	409.48 11/01/21	
26) Finam Investment,		♦ buy	443.44 11/01/21	24 752
27) 📰 F William Blair 28) 🐻 F Morningstar	Ralph Schackart Ali Mogharabi	outperform buy	10/29/21 404.00 10/29/21	21.75% 27.58% 3 7
20 Daiwa Securities	Satoshi Tanaka	buy	415.00 10/28/21	21.75%
30) ARC Independent R	David Heasman	buy	440.00 10/27/21	
31) China Renaissance		buy	415.00 10/27/21	21.75% 11
37) Goldman Sachs 33) Monness Crespi Har	Eric J Sheridan	buy buy	445.00 10/26/21 460.00 10/26/21	21.75% 8
34 Atlantic Equities	James Cordwell	overweight	420.00 10/26/21	21.75%
35) FBN Securities	Shebly Seyrafi	outperform	400.00 10/26/21	21.75%
30 📄 🚰 Rosenblatt Securiti		t buy	400.00 10/26/21	46.83% 1 15
37) Punto Research 38) Fa KeyBanc Capital Ma	Donald Adams	buy overweight	410.00 10/26/21 420.00 10/25/21	21.75%
39) E Pa Raymond James	Aaron M Kessler	strong buy	410.00 10/25/21	21.75% 16
40) 📑 📰 Oppenheimer	Jason S Helfstein	outperform	405.00 10/25/21	21.75%
41) 🔜 🖬 Barclays	Ross Sandler	overweight	420.00 10/25/21	21.75% 1
4) Hizuho Securities 43 Tigress Financial P.	James Lee	buy strong buy	450.00 10/24/21 466.00 10/13/21	21.75% 20 21.75% 6
	Sergey Vakhrameev		400.00 10/13/21	21.758 0
45 Argus	Joseph F Bonner "	buy	410.00 06/30/21	21.75%
40 Mirae Asset Securit		buy	403.00 06/09/21	21.75%
47) President Capital M 48 Masterlink Securiti,		buy	376.34 04/12/21 330.00 03/22/21	2.39% 25.25% 5
40 Masterlink Securiti, 49 ISS-EVA	Casev Lea	buy ↑ overweight	01/28/21	25.25% 5 21.75% 19
50 Summit Insights Gr			300.00 01/27/21	21.75%
51) Edward Jones	David Heger	◆ buy ↑ buy	02/27/20	21.75% 9
52) E E JMP Securities	Andrew Boone	market outperform	400.00 10/26/21	21 759
53 E E Susquehanna 59 E Fiper Sandler & Co	Shyam Patil Tom Champion	Positive neutral	425.00 10/26/21 385.00 01/31/22	21.75% 0.00%
55) 📰 📭 Wedbush	Ygal Arounian	neutral	325.00 01/24/22	0.00%
50) 📰 🗈 Edgewater Researc		neutral	01/24/22	0.00%
57) HSBC	Nicolas Cote-Coliss		300.00 12/06/21	-21.32%
58 DZ Bank AG Resear	Laura A Martin	hold	345.00 11/01/21 10/26/21	27.08% 4 18 0.00%
60 Investcafe	Ivan Romanov	hold	11/22/20	0.00%
61) Independent Resea		sell	270.00 11/01/21	-21.75%
62) Societe Generale	Simon Baker	sell	250.00 10/29/21 10/26/21	-21.75% 12
MILLIAM U NELL & CO	DATES HIGH	not rated	10/26/21	

Amazon Earnings Bail Out The Meta And The BOE Reversal

On Thursday AMZN said revenue climbed 9% in the fourth quarter and reported a gain of almost \$12 billion from its investment in electric vehicle company Rivian.

Amazon shares popped as much as 14% in extended trading. Should the stock sustain this rally on Friday, it would be the biggest one-day gain since 2012.

Amazon guided for first-quarter revenue of between \$112 billion and \$117 billion, below the average estimate of \$120 billion, according to Refinitiv. Operating profit in the fourth quarter will be in the range of \$3 billion to \$6 billion.

Fourth-quarter sales grew 9.4% to \$137.4 billion. That?s Amazon?s first period of single-digit growth since 2017." - CNBC

Here are the key numbers:

- Earnings per share (adjusted): \$5.80 vs \$3.57 expected, according to a Refinitiv survey of analysts
- Revenue: \$137.4 billion vs \$137.6 billion expected, according to a Refinitiv survey of analysts
- AWS revenue: \$17.8 billion vs \$17.37 billion expected, according to StreetAccount

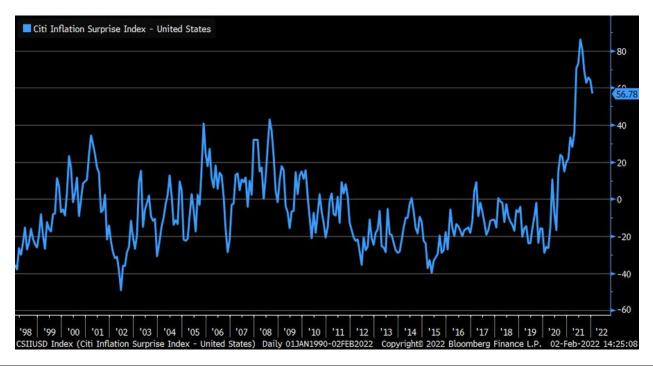
We currently own a 4.5% stake in AMZN in the equity model. We are selling 1/2 of that position on the open this morning. Charts courtesy of **SimpleVisor.com** (Try free for 30-days)



31 Analyst Consensus					
1009	Overall Rating Strong Buy	Buy Hold			31 0 0
Offering Target Price \$4,207.23 (51.51%)			High Estimate 5,000.00	Low Estimate \$3,775.00	
Rating and Reviews	Eirm 1 V	Price Target 1	Position ↑↓	Title	Date ↑↓
Analyst Name ↑↓ 7	Firm 1↓ ∇	Price Target 1 $\ \uparrow\downarrow\ \bigtriangledown$			
Analyst Name ↑↓ ♡ James Brumley	Firm ↑↓ ☑ TopStockAnalysts Seeking Alpha	Price Target ↑↓ 7	Position ↑↓ Buy Buy	Title My Take: 4 Strong Growth Stocks to Buy This Week 2 Top Growth Stocks to Buy in September	2021-09-07
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Analyst Name ↑↓ ↓ James Brumley Will Ebiefung	TopStockAnalysts Seeking Alpha	Price Target ↑↓ 7	Buy Buy	My Take: 4 Strong Growth Stocks to Buy This Week 2 Top Growth Stocks to Buy in September	2021-09-07 2021-09-05 2021-09-04
Analyst Name ↑↓ ↓ James Brumley Will Ebiefung Insider Monkey	TopStockAnalysts Seeking Alpha Seeking Alpha	Price Target ↑↓ 7	Buy Buy Buy	My Take: 4 Strong Growth Stocks to Buy This Week 2 Top Growth Stocks to Buy in September Amazon: Upside Due To IT Tailwinds	2021-09-07 2021-09-05 2021-09-04 2021-09-03
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Analyst Name 11 7 James Brumley Will Ebiefung Insider Monkey Rich Duprey Samuel Smith	TopStockAnalysts Seeking Alpha Seeking Alpha Motley Fool TipRanks Contributors	Price Target ↑↓ 7	Buy Buy Buy Buy Buy	My Take: 4 Strong Growth Stocks to Buy This Week 2 Top Growth Stocks to Buy in September Amazon: Upside Due To IT Tailwinds 3 Top E-Commerce Stocks to Buy Right Now Amazon Stock: E-Commerce Giant Primed for Gains	2021-09-07 2021-09-05 2021-09-04 2021-09-03 2021-09-03
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Analyst Name 11 7 James Brumley Will Ebiefung Insider Monkey Rich Duprey Samuel Smith Andres Cardenal Keith Speights	TopStockAnalysts Seeking Alpha Seeking Alpha Motley Fool TipRanks Contributors Motley Fool Motley Fool	Price Target ↑↓ Ϋ	Buy Buy Buy Buy Buy Buy Buy	My Take: 4 Strong Growth Stocks to Buy This Week 2 Top Growth Stocks to Buy in September Amazon: Upside Due To IT Tailwinds 3 Top E-Commerce Stocks to Buy Right Now Amazon Stock: E-Commerce Giant Primed for Gains Amazon Is Undervalued 3 Top Warren Buffett Stocks to Buy in September	2021-09-07 2021-09-05 2021-09-04 2021-09-03 2021-09-03 2021-09-02 2021-09-02

Economist's Are Finally Overestimating Inflation

Wall Street economists seem to have finally gotten a grip on their inflation forecasts. The graph below shows The Citi Inflation Suprise Index. The index measures whether or not the consensus Wall Street forecast for inflation is above or below the actual data. When the index is high, it signifies that Wall Street is underestimating inflation. As shown, the index is falling, albeit from a very high level, signaling that economists' expectations are now leaning toward overestimating inflation.



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