

On Monday, MarketWatch published [Its the End of "Fantasyland" for Big Tech and its Workers](#), chronicling the recent spate of tech company woes and associated layoffs. Per the article: *"All of these are signs of vexing changes coming to the industry after a boom during the first two years of the pandemic when tech companies indulged in a frenzy of hiring and spending and allowed some employees cushy work-from-home schedules."*

Apple, for one, announced it would scale back hiring and spending, including pulling jobs they were previously seeking employees to fill. Microsoft, Meta, and Amazon are taking similar steps to slow or reduce labor costs. Like most industries, finding tech workers on both the retail and production sides has been very difficult. Accordingly, tech companies may warn employees and shareholders, but their collective actions may be slow to occur.



Real Investment Report

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What To Watch Today

Economy

- 9:00 a.m. ET: **FHFA House Pricing Index**, month-over-month, May (1.6% prior)
- 9:00 a.m. ET: **FHFA House Pricing Index**, year-over-year, May (18.8% prior)
- 9:00 a.m. ET: **Case-Shiller 20-City Composite**, month-over-month, May (1.5% expected, 1.8% prior)
- 9:00 a.m. ET: **Case-Shiller 20-City Composite**, year-over-year, May (20.6% expected, 21.1% prior)
- 9:00 a.m. ET: **Case-Shiller 20-City Composite**, year-over-year, May (20.6% expected, 21.1% prior)
- 10:00 a.m. ET: **Conference Board Consumer Confidence**, July (97.2 expected, 98.7 prior)

- 10:00 a.m. ET: **New Home Sales**, month-over-month, June (10.7% prior)
- 10:00 a.m. ET: **New Home Sales**, June (660,000 expected, 696,000 prior)
- 10:00 a.m. ET: **Richmond Manufacturing Index**, July (-17 expected, -11 prior)

Earnings

| Time | Symbol | Company Name | Market Cap▼ | Fiscal Quarter Ending | Consensus EPS* Forecast | # Of Ests | Last Year's Report Date | Last Year's EPS* |
|------|--------|------------------------------------|---------------------|-----------------------|-------------------------|-----------|-------------------------|------------------|
| 🌙 | MSFT | Microsoft Corporation | \$1,947,241,067,028 | Jun/2022 | \$2.28 | 12 | 07/27/2021 | \$2.17 |
| 🌙 | GOOG | Alphabet Inc. | \$1,427,100,933,434 | Jun/2022 | \$1.29 | 12 | 07/27/2021 | \$1.36 |
| 🌙 | GOOGL | Alphabet Inc. | \$1,421,042,734,566 | Jun/2022 | \$1.28 | 12 | 07/27/2021 | \$1.36 |
| 🌙 | V | Visa Inc. | \$452,230,847,993 | Jun/2022 | \$1.74 | 15 | 07/27/2021 | \$1.49 |
| ☀️ | KO | Coca-Cola Company (The) | \$266,994,419,295 | Jun/2022 | \$0.67 | 7 | 07/21/2021 | \$0.68 |
| ☀️ | MCD | McDonald's Corporation | \$187,837,524,750 | Jun/2022 | \$2.46 | 14 | 07/28/2021 | \$2.37 |
| ☀️ | UPS | United Parcel Service, Inc. | \$164,250,598,097 | Jun/2022 | \$3.14 | 10 | 07/27/2021 | \$3.06 |
| 🌙 | TXN | Texas Instruments Incorporated | \$151,137,737,195 | Jun/2022 | \$2.07 | 9 | 07/21/2021 | \$2.05 |
| ☀️ | RTX | Raytheon Technologies Corporation | \$140,110,535,136 | Jun/2022 | \$1.12 | 5 | 07/27/2021 | \$1.03 |
| 🌙 | MDLZ | Mondelez International, Inc. | \$85,789,425,947 | Jun/2022 | \$0.63 | 8 | 07/27/2021 | \$0.66 |
| 🌙 | CNI | Canadian National Railway Company | \$79,384,182,480 | Jun/2022 | \$1.37 | 9 | 07/20/2021 | \$1.21 |
| 🌙 | CB | Chubb Limited | \$78,017,974,373 | Jun/2022 | \$3.59 | 8 | 07/27/2021 | \$3.62 |
| ☀️ | MMM | 3M Company | \$76,322,172,827 | Jun/2022 | \$2.41 | 6 | 07/27/2021 | \$2.59 |
| 🌙 | SYK | Stryker Corporation | \$75,411,486,633 | Jun/2022 | \$2.28 | 11 | 07/27/2021 | \$2.25 |
| ☀️ | GE | General Electric Company | \$75,054,344,849 | Jun/2022 | \$0.38 | 8 | 07/27/2021 | \$0.40 |
| ☀️ | FISV | Fiserv, Inc. | \$64,555,375,271 | Jun/2022 | \$1.54 | 12 | 07/27/2021 | \$1.37 |
| ☀️ | UBS | UBS AG | \$58,226,982,127 | Jun/2022 | \$0.62 | 2 | 07/20/2021 | \$0.55 |
| ☀️ | MCO | Moody's Corporation | \$54,512,370,000 | Jun/2022 | \$2.41 | 7 | 07/28/2021 | \$3.22 |
| ☀️ | CNC | Centene Corporation | \$53,189,622,597 | Jun/2022 | \$1.69 | 7 | 07/27/2021 | \$1.25 |
| ☀️ | GM | General Motors Company | \$50,557,212,939 | Jun/2022 | \$1.40 | 7 | 08/04/2021 | \$1.97 |
| ☀️ | ECL | Ecolab Inc. | \$46,558,935,669 | Jun/2022 | \$1.08 | 9 | 07/27/2021 | \$1.22 |
| ☀️ | KMB | Kimberly-Clark Corporation | \$44,608,935,273 | Jun/2022 | \$1.34 | 4 | 07/23/2021 | \$1.47 |
| ☀️ | ADM | Archer-Daniels-Midland Company | \$41,550,342,918 | Jun/2022 | \$1.75 | 5 | 07/27/2021 | \$1.33 |
| 🌙 | CMG | Chipotle Mexican Grill, Inc. | \$37,674,645,063 | Jun/2022 | \$9.02 | 15 | 07/20/2021 | \$7.46 |
| ☀️ | MSCI | MSCI Inc | \$35,749,753,169 | Jun/2022 | \$2.71 | 4 | 07/27/2021 | \$2.45 |
| ☀️ | PCAR | PACCAR Inc. | \$29,459,199,400 | Jun/2022 | \$1.81 | 7 | 07/27/2021 | \$1.41 |
| ☀️ | GLW | Corning Incorporated | \$29,029,331,556 | Jun/2022 | \$0.56 | 6 | 07/27/2021 | \$0.53 |
| 🌙 | ENPH | Enphase Energy, Inc. | \$28,563,873,678 | Jun/2022 | \$0.54 | 12 | 07/27/2021 | \$0.42 |
| 🌙 | EQR | Equity Residential | \$27,567,627,950 | Jun/2022 | \$0.85 | 11 | 07/27/2021 | \$0.78 |
| 🌙 | AMP | AMERIPRISE FINANCIAL SERVICES, LLC | \$26,933,193,829 | Jun/2022 | \$5.73 | 5 | 07/26/2021 | \$5.27 |
| 🌙 | CSGP | CoStar Group, Inc. | \$24,490,685,298 | Jun/2022 | \$0.17 | 2 | 07/27/2021 | \$0.22 |
| ☀️ | CAJ | Canon, Inc. | \$24,301,163,436 | Jun/2022 | \$0.49 | 2 | 07/28/2021 | \$0.53 |
| 🌙 | FE | FirstEnergy Corp. | \$21,878,124,203 | Jun/2022 | \$0.52 | 3 | 07/22/2021 | \$0.59 |
| 🌙 | PARAA | Paramount Global | \$18,440,945,716 | Jun/2022 | | 6 | N/A | \$0.97 |
| 🌙 | ESS | Essex Property Trust, Inc. | \$17,888,835,301 | Jun/2022 | \$3.53 | 10 | 07/29/2021 | \$3.04 |
| 🌙 | AGR | Avangrid, Inc. | \$17,534,645,333 | Jun/2022 | \$0.34 | 5 | 07/20/2021 | \$0.35 |
| ☀️ | TRU | TransUnion | \$17,019,704,000 | Jun/2022 | \$0.89 | 12 | 07/27/2021 | \$0.87 |
| 🌙 | PARA | Paramount Global | \$16,402,770,089 | Jun/2022 | \$0.56 | 6 | 08/05/2021 | \$0.97 |
| 🌙 | TER | Teradyne, Inc. | \$16,093,995,087 | Jun/2022 | \$1.14 | 10 | 07/27/2021 | \$1.91 |
| 🌙 | UDR | UDR, Inc. | \$14,700,579,202 | Jun/2022 | \$0.57 | 8 | 07/28/2021 | \$0.49 |
| 🌙 | IEX | IDEX Corporation | \$14,651,600,861 | Jun/2022 | \$1.90 | 7 | 07/27/2021 | \$1.61 |

Market Trading Update - Market Holds Onto Support Ahead Of The Fed

The markets treaded water yesterday with the FOMC meeting on Wednesday and the first estimate of Q2-GDP on Thursday. As noted yesterday morning, the market needs to hold onto the 50-dma and turn that previous resistance level into support. Yesterday, the market did that successfully, but volume remains weak as tech shares lagged and energy shares found footing.

The market remains short-term overbought and has triggered a short-term sell signal. However, the MACD signal (*top panel*) is currently trending higher, giving support to the bulls. There is a risk of a sudden downturn in stocks if the Fed surprises markets. However, we think that is a low probability event. The most likely outcome currently is for the market to set a trading range between 3750 and 4100. Longer-term, the outlook remains more bearish as the Fed continues to tighten monetary policy, the economy slows, and earnings contract. That process still has a few more months to go before completion. We remain cautious for now.



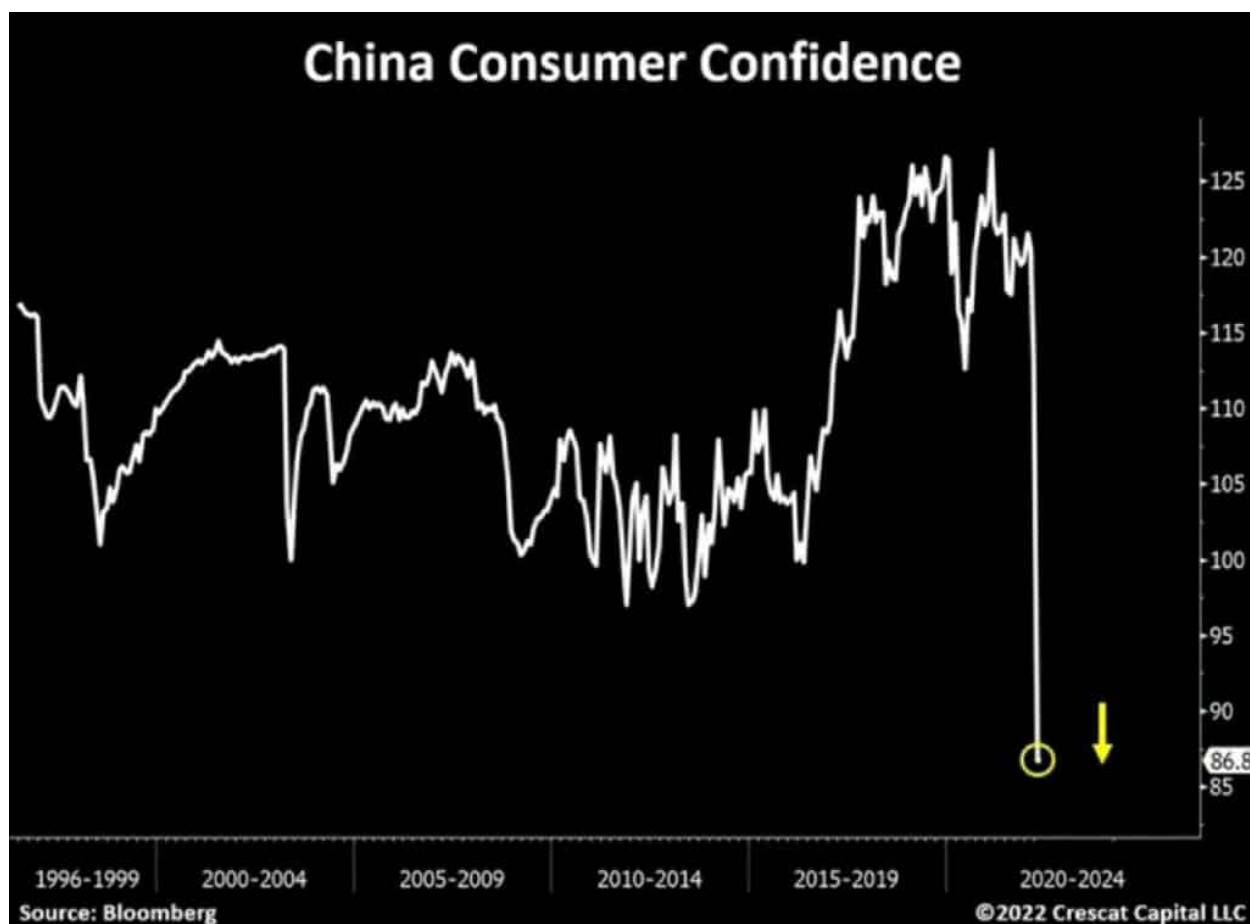
Consumer and Business Sentiments are Falling Around the World

Over the last few months, we have shared various consumer and business surveys showing that domestic sentiment and expectations are at historically very low levels. For instance, the University of Michigan Consumer Expectations Survey is at all-time lows, and the latest Philly Fed Manufacturing forward-looking outlook is the lowest since 1979. We share two graphs below to

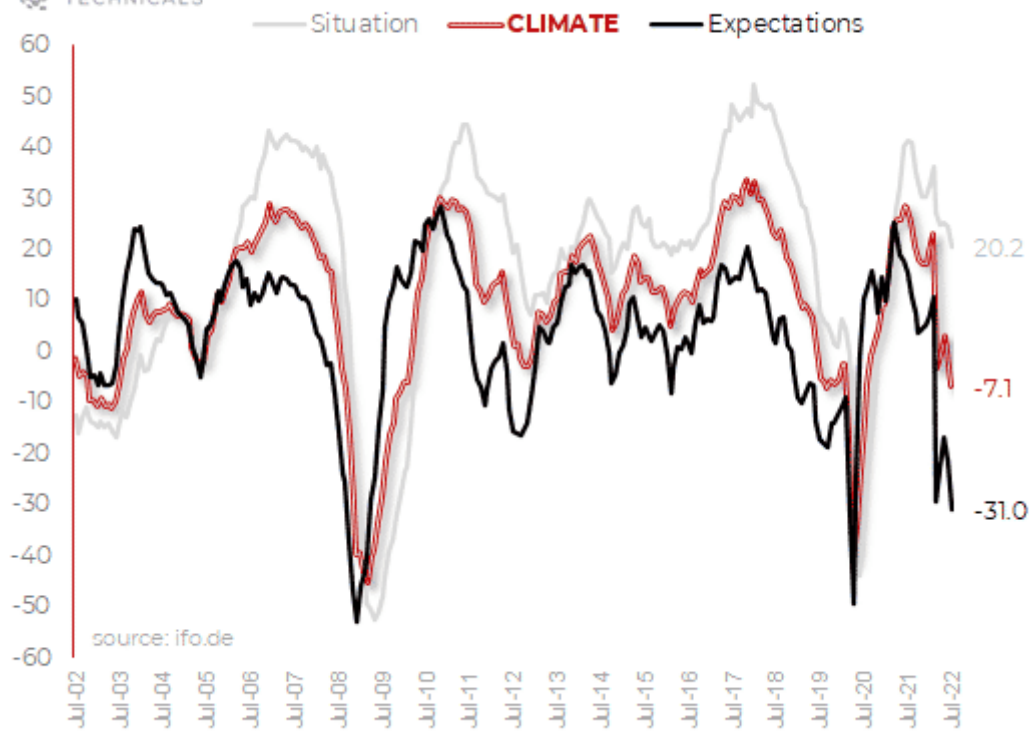
show that weak sentiment is a global occurrence.

The plunge in China's Consumer Sentiment survey is stunning compared to prior periods of economic weakness over the past 25 years. The second graph shows Germany's IFO business sentiment survey. While not as dramatic as China's sentiment, it's approaching levels seen when the pandemic started and the 2008 Financial Crisis. Lastly, we share Japan's consumer confidence survey. It, too, is approaching recessionary type readings. China, Japan, and Germany, in that order, are the world's second, third, and fourth largest economies behind the U.S. It's not a stretch to declare a global lack of confidence.

Why do we care so much about whether we are entering a recession? The following two sections help us better assess bear markets and recessions.



Manufacturing



Japan Consumer Confidence

Summary Calendar Forecast Stats Alerts Download ▼

20.57, source: Cabinet Office, Japan

1Y 5Y 10Y 25Y MAX Chart Compare Export API Embed



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Bear Markets Without A Recession

Ryan Detrick at Y-Charts helps us understand why investors should care whether or not the economy is in recession. His table compares the current bear market to the eight bear markets since 1946 that wasn't accompanied by a recession. Per the data, the current bear may be close to hibernating if the economy does not slip into a recession. The S&P 500, at its mid-June low, was down 23.6%. The eight times we had a bear market without a recession, the bear market troughed

at -23.8%. Also, the current bear market is almost seven months old. Per Detrick, the average is 7.1 months. This bear market is very average and may be close to over, assuming a recession is not on the horizon.

| This Bear Market Looks Pretty Normal So Far | | | | |
|--|-----------------|---------------------------|---------------|-------------------|
| S&P 500 Index Bear (And Near Bear) Markets With No Recession (WWII - Current) | | | | |
| Start Date | End Date | S&P 500 Change | Months | Recession? |
| 5/29/1946 | 5/19/1947 | (28.5%) | 11.7 | No |
| 12/12/1961 | 6/26/1962 | (28.0%) | 6.4 | No |
| 2/9/1966 | 10/7/1966 | (22.2%) | 7.9 | No |
| 9/21/1976 | 3/6/1978 | (19.4%) | 17.5 | No |
| 8/25/1987 | 12/4/1987 | (33.5%) | 3.3 | No |
| 7/17/1998 | 8/31/1998 | (19.3%) | 1.5 | No |
| 4/29/2011 | 10/3/2011 | (19.4%) | 5.2 | No |
| 9/20/2018 | 12/24/2018 | (19.8%) | 3.1 | No |
| 1/3/2022 | 6/16/2022* | (23.6%) | 5.4 | ? |
| Average | | (23.8%) | 7.1 | |
| Median | | (21.0%) | 5.8 | |

Source: Ryan Detrick, YCharts 7/24/2022
 * We don't know if this was 'the low' yet, also this bear wasn't included in the average and median returns.

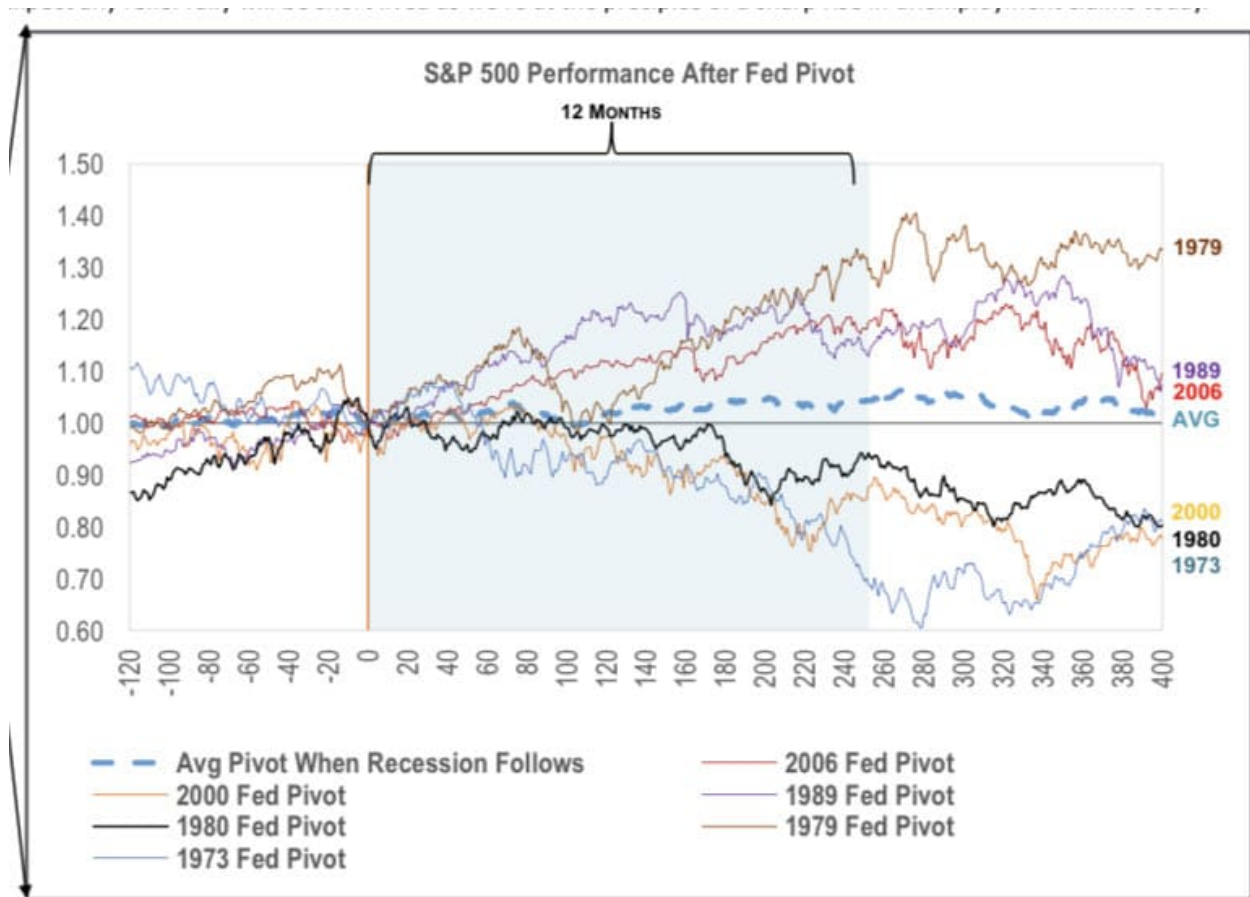
What a Fed Pivot Means For Markets

Each day, it seems more and more investors are buying into a Fed pivot after the September FOMC meeting. The basis for their forecasts is a quickly weakening economy and signs that inflation may be peaking. We remind you CPI is still rising. Therefore, we think it will probably take more than one or two declines in the year-over-year CPI rate to get the Fed to consider pivoting. Regardless of what we think, rapidly deteriorating economic growth, especially if unemployment shoots higher, may get the Fed to change its stance.

Irrespective of your view of a pivot, you must consider the possibility of a pivot and, more importantly, the effect it would have on markets. To help assess, we share the following Tweet from Michael Kantro from Piper Sandler.

Market performance after the Fed is done hiking depends on 2 things: 1) are we heading towards a recession? and 2) how far is that recession away?

When a recession followed the pivot, and the recession was near, stocks saw a paltry pivot rally and then kept falling.



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