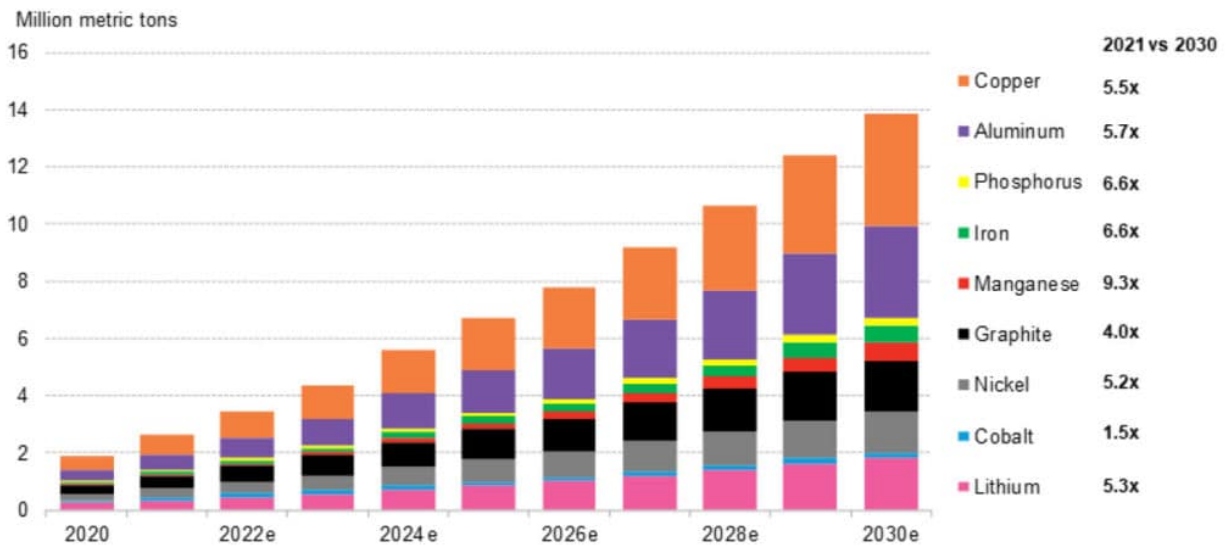


# Commodity Miners Are The Lynchpin To EV Production

The [Financial Times](#) reports that Tesla is holding preliminary talks with Glencore, a large commodity producer. It appears they have an interest in acquiring a 10-20% stake in Glencore. Tesla and Elon Musk are well aware of the commodity supply restraints facing EV production. They are the first automaker working on attaining an appreciable stake in a miner, thus helping secure its commodity sourcing for the future. Glencore primarily mines or drills for copper, crude oil, and coal, but per the article, they are "starting to wade in the lithium market."

The Bloomberg graph below graphs the commodity growth required to meet projected EV needs by 2030. Glencore is one of the world's largest producers of copper but not nickel, aluminum, and lithium. Over the coming years, we may see Tesla and other car companies recognize the potential for critical metals shortages and take actions to better secure future supply.

Figure 1: Metals demand from lithium-ion batteries



Source: BloombergNEF. Note: Metals demand occurs at mine mouth, one-year before battery demand. All metals expressed in metric tons of contained metal, except lithium, which is in lithium carbonate equivalent (LCE).



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## What To Watch Today

### Economy

- 9:45 a.m. ET: **S&P Global U.S. Manufacturing PMI**, October final (49.9 expected, 49.9 prior)

- 10:00 a.m. ET: **JOLTS Job Openings**, September (9.750 million expected, 10.053 million prior)
- 10:00 a.m. ET: **Construction Spending**, month-over-month, September (-0.6% expected, -0.7% prior)
- 10:00 a.m. ET: **ISM Manufacturing**, October (50.0 expected, 50.9 prior)
- 10:00 a.m. ET: **ISM Prices Paid**, October (53.0 expected, 51.7 prior)
- 10:00 a.m. ET: **ISM New Orders**, October (47.1 prior)
- 10:00 a.m. ET: **ISM Employment**, October (48.7 prior)
- **WARDS Total Vehicle Sales**, October (14.50 million expected, 13.49 million prior)

## Earnings

	Company	Time	Estimate		Growth	Surprise			
							Show only confirmed?		
✓	<b>TM</b>	Toyota Motor Corp.	BMO	\$3.08	\$63.08 B	-8.0%	+	=	-
✓	<b>MCK</b>	McKesson Corp.	4:10 PM ET	\$6.13	\$69.66 B	4.6%	+	=	-
✓	<b>BP</b>	BP p.l.c	5:00 AM ET	\$1.94	\$59.46 B	57.0%	+	=	-
✓	<b>MPC</b>	Marathon Petroleum ...	6:40 AM ET	\$6.80	\$35.67 B	9.4%	+	=	-
✓	<b>PSX</b>	Phillips 66	7:00 AM ET	\$4.98	\$36.81 B	17.0%	+	=	-
✓	<b>PFE</b>	Pfizer, Inc.	6:45 AM ET	\$1.47	\$25.35 B	5.2%	+	=	-
✓	<b>SONY</b>	Sony Group Corporat...	BMO	\$1.07	\$21.17 B	-1.6%	+	=	-
✓	<b>PRU</b>	Prudential Financial, I...	4:20 PM ET	\$2.21	\$12.76 B	-35.1%	+	=	-
✓	<b>ET</b>	Energy Transfer LP	4:10 PM ET	\$0.30	\$24.47 B	46.8%	+	=	-
✓	<b>SYI</b>	SYSCO Corp.	8:00 AM ET	\$0.99	\$18.63 B	13.2%	+	=	-
✓	<b>AIG</b>	American Internation...	4:15 PM ET	\$0.59	\$11.50 B	-10.4%	+	=	-
✓	<b>EPD</b>	Enterprise Products ...	6:00 AM ET	\$0.61	\$13.50 B	24.6%	+	=	-
✓	<b>MDLZ</b>	Mondelez Internation...	4:05 PM ET	\$0.68	\$7.37 B	2.6%	+	=	-
✓	<b>LLY</b>	Eli Lilly & Co.	6:25 AM ET	\$1.97	\$6.91 B	2.0%	+	=	-
✓	<b>EIX</b>	Edison International, I...	4:05 PM ET	\$1.48	\$5.09 B	-3.9%	+	=	-
✓	<b>ETN</b>	Eaton Corp.	6:30 AM ET	\$2.01	\$5.32 B	8.1%	+	=	-
✓	<b>UBER</b>	Uber Technologies, Inc.	7:00 AM ET	(\$0.17)	\$8.08 B	66.8%	+	=	-
✓	<b>SUN</b>	Sunoco, Inc.	8:00 AM ET	\$1.14	\$7.58 B	58.6%	+	=	-
✓	<b>OKE</b>	ONEOK Inc.	4:15 PM ET	\$0.93	\$6.52 B	43.7%	+	=	-
✓	<b>KKR</b>	KKR & Co. L.P.	6:50 AM ET	\$0.85	\$800.74 M	-82.1%	+	=	-
✓	<b>AMD</b>	Advanced Micro Devi...	4:05 PM ET	\$0.55	\$5.58 B	29.4%	+	=	-
✓	<b>LEA</b>	Lear Corp.	6:30 AM ET	\$2.14	\$5.13 B	20.2%	+	=	-
✓	<b>LDOS</b>	Leidos Holdings Inc.	6:00 AM ET	\$1.56	\$3.54 B	1.6%	+	=	-
✓	<b>DVN</b>	Devon Energy Corp.	AMC	\$2.13	\$4.94 B	42.5%	+	=	-
✓	<b>TAP</b>	Molson Coors Bevera...	7:15 AM ET	\$1.36	\$2.86 B	-16.7%	+	=	-
✓	<b>AMCR</b>	Amcor plc	4:10 PM ET	\$0.19	\$3.54 B	3.5%	+	=	-
✓	<b>ECL</b>	Ecolab Inc.	8:30 AM ET	\$1.33	\$3.68 B	10.8%	+	=	-
✓	<b>HSIC</b>	Henry Schein, Inc.	6:30 AM ET	\$1.15	\$3.22 B	1.3%	+	=	-
✓	<b>FOXA</b>	Fox Corporation	8:00 AM ET	\$1.15	\$3.19 B	4.8%	+	=	-
✓	<b>ANDE</b>	Andersons Inc.	4:05 PM ET	\$0.33	\$3.14 B	4.7%	+	=	-
✓	<b>UNM</b>	Unum Group	4:15 PM ET	\$1.40	\$2.99 B	0.7%	+	=	-
✓	<b>NEM</b>	Newmont Mining Corp.	7:00 AM ET	\$0.29	-	-	+	=	-
✓	<b>AGCO</b>	AGCO Corporation	7:30 AM ET	\$3.12	\$3.30 B	21.1%	+	=	-
✓	<b>CZR</b>	Caesars Entertainme...	4:00 PM ET	\$0.15	\$2.83 B	5.4%	+	=	-
✓	<b>AIZ</b>	Assurant Inc	4:15 PM ET	\$1.00	\$2.65 B	0.5%	+	=	-
✓	<b>MPLX</b>	MPLX LP	6:45 AM ET	\$0.81	\$2.76 B	7.9%	+	=	-
✓	<b>YUMC</b>	Yum China Holdings, ...	4:30 PM ET	\$0.32	-	-	+	=	-
✓	<b>UNVR</b>	Univar Inc.	4:15 PM ET	\$0.75	\$2.93 B	17.8%	+	=	-
✓	<b>ABNB</b>	Airbnb, Inc.	4:05 PM ET	\$1.46	\$2.85 B	27.4%	+	=	-
✓	<b>SIRI</b>	Sirius XM Holdings Inc.	7:00 AM ET	\$0.09	\$2.27 B	3.3%	+	=	-
✓	<b>BEN</b>	Franklin Resources Inc.	8:30 AM ET	\$0.69	\$1.95 B	-10.6%	+	=	-
✓	<b>VOYA</b>	Voya Financial, Inc.	4:15 PM ET	\$1.25	\$254.31 M	-87.3%	+	=	-
✓	<b>TA</b>	TravelCenters of Ame...	4:15 PM ET	\$2.01	\$2.73 B	40.7%	+	=	-
✓	<b>CWH</b>	Camping World Holdi...	4:05 PM ET	\$1.12	\$1.82 B	-5.0%	+	=	-
✓	<b>WAB</b>	Wabtec Corporation	6:30 AM ET	\$1.20	\$2.12 B	11.2%	+	=	-
✓	<b>LBTYA</b>	Liberty Global Inc	4:15 PM ET	-	\$1.71 B	-10.1%	+	=	-
✓	<b>ARNC</b>	Arconic Inc.	6:45 AM ET	\$0.19	\$2.17 B	14.8%	+	=	-
✓	<b>EA</b>	Electronic Arts Inc	4:00 PM ET	\$1.37	\$1.79 B	-2.0%	+	=	-
✓	<b>CLX</b>	Clorox Co.	4:10 PM ET	\$0.73	\$1.69 B	-6.4%	+	=	-
✓	<b>ENLC</b>	Enlink Midstream Llc	5:05 PM ET	\$0.11	\$1.87 B	4.6%	+	=	-
✓	<b>CNP</b>	CenterPoint Energy Inc.	6:30 AM ET	\$0.31	\$1.73 B	-1.1%	+	=	-
✓	<b>WEC</b>	WEC Energy Group I...	7:00 AM ET	\$0.86	\$1.83 B	4.8%	+	=	-
✓	<b>OI</b>	O-I Glass, Inc.	4:15 PM ET	\$0.62	\$1.72 B	6.9%	+	=	-
✓	<b>RNR</b>	RenaissanceRe Holdi...	4:15 PM ET	(\$5.70)	\$1.59 B	2.9%	+	=	-
✓	<b>TRI</b>	Thomson Reuters Co...	6:35 AM ET	\$0.49	\$1.59 B	4.2%	+	=	-
✓	<b>REZI</b>	Resideo Technologie...	4:05 PM ET	\$0.56	\$1.68 B	12.3%	+	=	-
✓	<b>AME</b>	AMETEK, Inc.	6:55 AM ET	\$1.37	\$1.52 B	5.5%	+	=	-
✓	<b>ZBRA</b>	Zebra Technologies C...	6:30 AM ET	\$4.54	\$1.48 B	3.1%	+	=	-
✓	<b>SON</b>	Sonoco	6:45 AM ET	\$1.43	\$1.90 B	34.3%	+	=	-
✓	<b>SEE</b>	Sealed Air Corp.	7:00 AM ET	\$0.91	\$1.47 B	4.5%	+	=	-
✓	<b>PARR</b>	Par Pacific Holdings, ...	4:15 PM ET	\$2.04	\$1.74 B	32.8%	+	=	-

## Market Trading Update

With October now in the rearview mirror, the month of November lies ahead. This week the markets must deal with the Fed meeting announcement on Wednesday and the employment report on Friday. Next Tuesday is the midterm elections. After that, the news flow will slow heading into the holidays as earnings mostly wind down. For now, technically speaking, the market remains in a bullish trend, with important resistance points mostly behind us for now. With the market not extremely overbought, there is room for a further advance to our target of 3900-4000 level, with an upside potential of 4100.

We are using the current rally to raise cash in steps by reducing positions we want to keep and tax loss harvesting others. The goal is to increase cash levels near term and reduce overall portfolio risk heading into year-end. There is no indication; currently, the bearish market trend is behind us, particularly as everything hinges on whatever the Fed says. Of course, if something changes the market trajectory or outlook, we will change our view accordingly.



## Does Money Supply Portend Inflation will "Crash?"

The Tweet below from Henrik Zeberg portends that inflation will follow the downward path of the M2 money supply and "crash" just as quickly as it rose over the last two years. While we hope he is correct, he is missing a vital part of the inflation equation. Inflation is not just a function of the amount of money but equally important monetary velocity, which measures how often the money circulates through the economy. The combination of monetary velocity and money supply is a much better indicator of inflation. The series of graphs from Brett Freeze warn us inflation may not "crash," as Henrik states. As Brett shows in his third graph, monetary velocity is turning up and

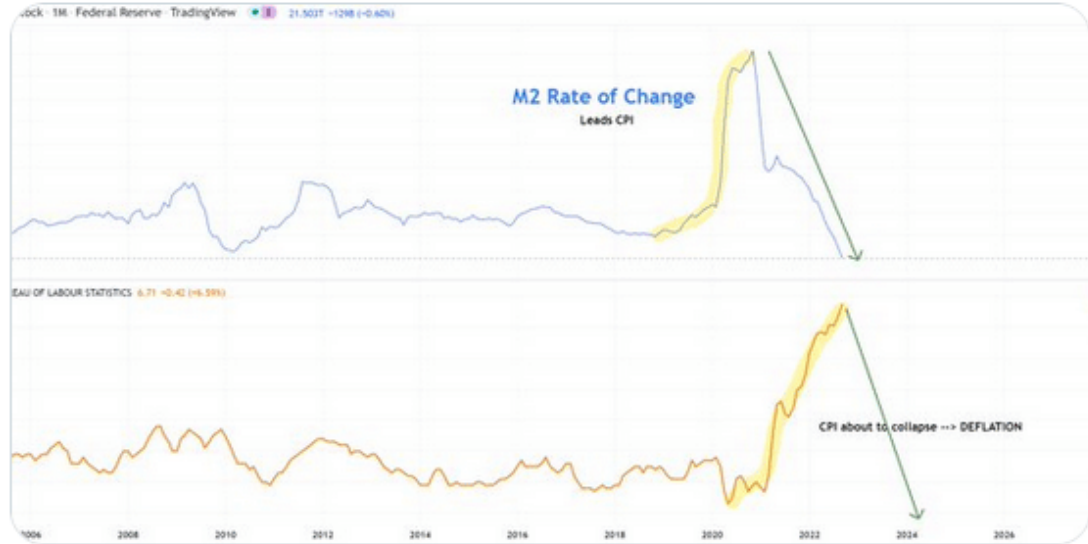
offsetting the decline in M2. Brett also shows how monetary policy tends to mimic velocity. This is not surprising as velocity tends to be a good indicator of economic activity.



**Henrik Zeberg** @HenrikZeberg · 4h

#Inflation is about to CRASH!

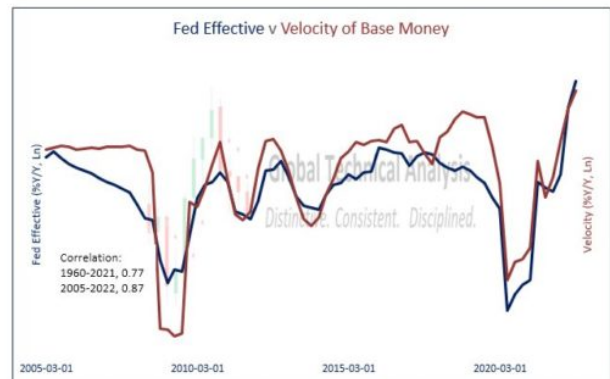
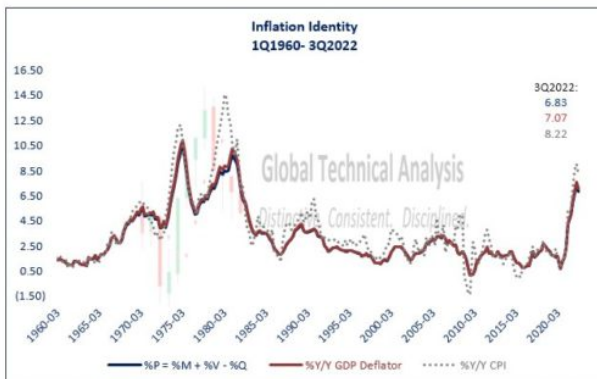
It was transitory!



44

63

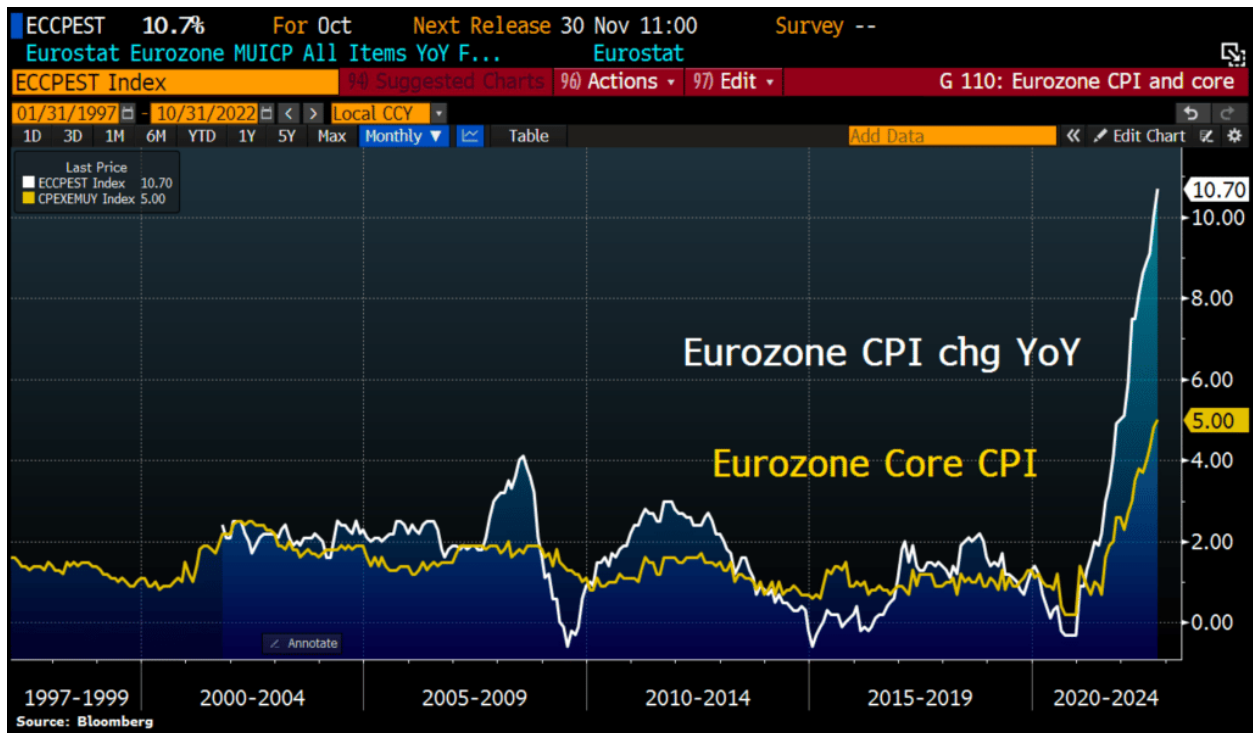
307



## Eurozone Inflation Keeps Going

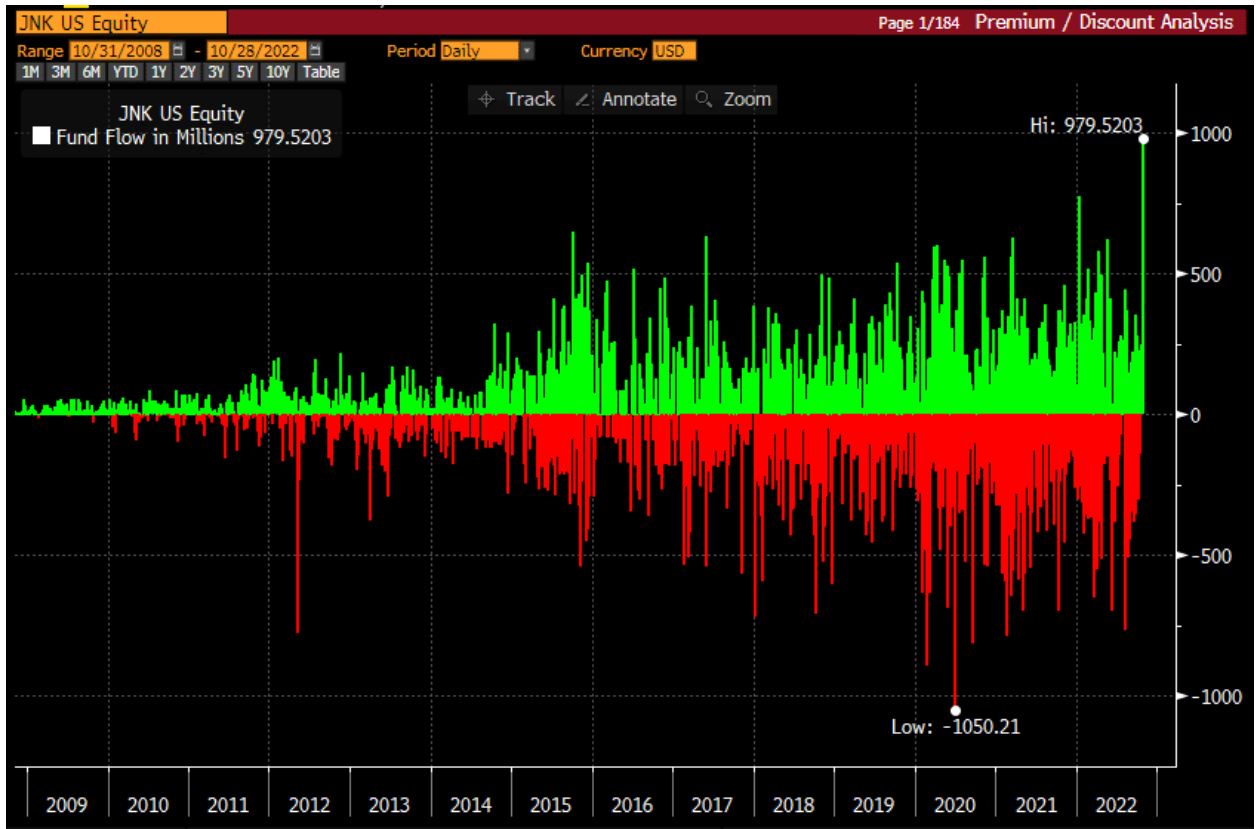
Unlike the United States, where inflation is showing signs of turning around, inflation in the Eurozone is rising to new records. Eurozone prices jumped by a record 10.7% in October,

exceeding expectations for a 10.3% increase. Core Inflation accelerated to 5%, a new record as well. Not only is the Eurozone dealing with higher commodity prices, but they also have the currency effect. The euro is down about 15% this year. Almost all commodities imported into the Eurozone are priced in dollars. As such, Eurozone countries must pay the higher prices for said commodities plus 15% due to currency depreciation.



## The Chase for Junk

The graph below shows that inflows into JNK, the popular junk bond ETF hit an all-time high last Friday. JNK, which holds junk bonds, is currently sought after as investors pick up additional yield over investment-grade corporate bonds and U.S. Treasuries. The second graph shows the yield differential between junk bonds and Treasuries is nearing the lowest levels seen in the last 10+ years. Clearly, junk bond buyers are not worried about a recession in the near future.



**Tweet of the Day**



**Lance Roberts**  
@LanceRoberts



I can confirm this is correct after going to the store last night to buy [#candy](#).

I am starting a [#gofundme](#) account for lunch-money donations.



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