

All eyes will be on the Midterms today as investors assess the outcome's implications for markets. Historically, Wall Street prefers gridlock between party lines, and performs well in the period following Midterms. Many are banking on the seasonality to spark a rally this year, but with the Fed in the way, is this time different? Further, will an absence of political pressure post-election allow the Fed to be more aggressive in fighting inflation?

S&P 500: Performance Following Mid-term Elections					
Mid-term Election Day	Subsequent S&P 500 Returns:				
	1-Month	2-Month	3-Month	6-Month	12-Month
11/7/1950	0.2%	9.1%	13.6%	16.3%	17.5%
11/2/1954	7.5%	15.6%	15.5%	18.6%	33.2%
11/4/1958	1.9%	6.5%	6.3%	10.3%	11.1%
11/6/1962	7.8%	11.0%	13.8%	20.0%	24.8%
11/8/1966	1.6%	2.6%	8.7%	15.6%	12.9%
11/3/1970	5.6%	9.0%	14.7%	23.2%	10.6%
11/5/1974	-12.0%	-5.4%	5.1%	18.6%	17.8%
11/7/1978	3.4%	5.8%	3.5%	6.0%	7.8%
11/2/1982	1.0%	0.6%	4.0%	18.1%	19.0%
11/4/1986	2.8%	2.7%	13.6%	20.0%	1.9%
11/6/1990	5.6%	1.1%	14.9%	21.5%	24.7%
11/8/1994	-4.3%	-0.9%	3.3%	12.6%	25.9%
11/3/1998	3.5%	12.1%	12.4%	19.9%	22.0%
11/5/2002	-1.0%	0.8%	-8.4%	0.5%	14.9%
11/7/2006	1.8%	2.3%	4.0%	8.9%	6.6%
11/2/2010	2.3%	6.6%	9.3%	12.9%	2.1%
11/4/2014	3.0%	-0.5%	2.5%	3.8%	4.5%
11/6/2018	-4.4%	-6.2%	-1.7%	4.6%	12.0%
11/8/2022	?	?	?	?	?

	Subsequent S&P 500 Returns:				
	1-Month	2-Month	3-Month	6-Month	12-Month
Median	2.1%	2.6%	7.5%	16.0%	13.9%
Average	1.5%	4.0%	7.5%	14.0%	15.0%
% Positive	78%	78%	89%	100%	100%

What To Watch Today

Economy

- 6:00 a.m. ET: **NFIB Small Business Optimism**, October (91.4 expected, 92.1 prior)

Earnings

Company		Time	Estimate		 Growth <small>Show only confirmed?</small>	Surprise		
✓ NCLH	Norwegian Cruise Lin...	7:30 AM ET	(\$0.75)	\$1.58 B	932.1%	+	=	-
✓ BLDR	Builders FirstSource Inc	7:00 AM ET	\$3.53	\$5.28 B	-4.1%	+	=	-
✓ SQSP	Squarespace, Inc.	6:00 AM ET	\$0.03	\$215.90 M	7.4%	+	=	-
✓ WKHS	Workhorse Group Inc.	9:00 AM ET	(\$0.12)	\$3.25 M	463.3%	+	=	-
✓ COTY	Coty Inc.	6:30 AM ET	\$0.11	\$1.38 B	0.6%	+	=	-
✓ PLNT	Planet Fitness, Inc.	6:30 AM ET	\$0.39	\$238.15 M	54.4%	+	=	-
✓ PRTY	Party City Holdco Inc.	6:55 AM ET	(\$0.10)	\$514.90 M	0.9%	+	=	-
✓ SPWR	SunPower Corp.	8:05 AM ET	\$0.08	\$429.44 M	32.7%	+	=	-
✓ SCSC	ScanSource, Inc.	8:00 AM ET	\$1.04	\$911.05 M	6.3%	+	=	-
✓ OCGN	Ocugen	7:30 AM ET	(\$0.10)	-	-	+	=	-
✓ LITE	Lumentum Holdings L...	7:30 AM ET	\$1.56	\$505.55 M	12.7%	+	=	-
✓ DD	DuPont	6:00 AM ET	\$0.81	\$3.27 B	-23.4%	+	=	-
✓ RIDE	Lordstown Motors Corp.	7:30 AM ET	(\$0.28)	\$8.02 M	∞	+	=	-
✓ VTNR	Vertex Energy, Inc.	BMO	\$0.03	\$943.06 M	3,154.7%	+	=	-
✓ MYTE	MYT Netherlands Par...	6:00 AM ET	\$0.08	\$177.42 M	-4.7%	+	=	-
✓ HAIN	Hain Celestial Group ...	7:00 AM ET	\$0.10	\$446.80 M	-1.8%	+	=	-
✓ ELAN	Elanco Animal Health...	6:30 AM ET	\$0.16	\$1.03 B	-8.9%	+	=	-
✓ CERE	Cerevel Therapeutics	6:15 AM ET	(\$0.62)	-	-	+	=	-
✓ GFS	GlobalFoundries	5:00 AM ET	\$0.54	\$2.05 B	20.6%	+	=	-
✓ KNDI	kandi Technologies G...	7:00 AM ET	(\$0.03)	\$29.30 M	74.4%	+	=	-
✓ EXPD	Expeditors Internatio...	8:30 AM ET	\$1.92	\$4.15 B	-3.9%	+	=	-
✓ MRNS	Marinus Pharmaceuti...	(\$0.35)	\$2.34 M	\$0.25	\$28.56 M	-76.9%	-240.0%	
✓ CG	Carlyle Group L.P.	BMO	\$1.04	\$1.08 B	-34.1%	+	=	-
✓ DTIL	Precision BioScience...	7:00 AM ET	(\$0.26)	\$5.37 M	-77.7%	+	=	-
✓ PWFL	PowerFleet, Inc.	7:00 AM ET	(\$0.11)	\$34.52 M	18.0%	+	=	-
✓ AHCO	AdaptHealth Corp.	7:00 AM ET	\$0.31	\$737.94 M	13.0%	+	=	-
✓ ADCT	ADC Therapeutics SA	7:00 AM ET	(\$0.51)	\$47.01 M	257.6%	+	=	-
✓ INSW	International Seaway...	6:45 AM ET	\$2.42	\$236.18 M	178.5%	+	=	-
✓ AGEN	Agenus Inc	8:00 AM ET	(\$0.18)	\$20.69 M	-91.8%	+	=	-
✓ IGT	International Game T...	6:50 AM ET	\$0.25	\$1.01 B	2.6%	+	=	-
✓ XXII	22nd Century Group, ...	6:00 AM ET	(\$0.05)	\$19.63 M	151.3%	+	=	-
✓ PRGO	Perrigo Co.	6:30 AM ET	\$0.66	\$1.14 B	9.3%	+	=	-
✓ HSKA	Heska Corporation	8:00 AM ET	\$0.09	\$69.72 M	15.7%	+	=	-
✓ NEO	NeoGenomics Inc.	BMO	(\$0.23)	\$122.55 M	1.0%	+	=	-
✓ TGI	Triumph Group, Inc.	6:00 AM ET	(\$0.04)	\$294.27 M	-17.7%	+	=	-
✓ DCTH	Delcath Systems, Inc.	7:45 AM ET	(\$1.04)	\$0.80 M	53.3%	+	=	-
✓ SAGE	Sage Therapeutics Inc.	6:30 AM ET	(\$2.16)	\$1.68 M	16.7%	+	=	-
✓ RETA	Reata Pharmaceutica...	6:45 AM ET	(\$2.35)	\$1.43 M	-80.7%	+	=	-
✓ VRTV	Veritiv Corporation	8:00 AM ET	\$5.11	-	-	+	=	-
✓ CNHI	CNH Industrial	7:30 AM ET	\$0.32	\$5.33 B	-33.1%	+	=	-
✓ SKIN	Beauty Health Co	7:30 AM ET	\$0.02	\$80.41 M	18.0%	+	=	-
✓ AFCG	AFC Gamma, Inc.	8:30 AM ET	\$0.66	\$19.09 M	79.8%	+	=	-
✓ CLVT	Clarivate Plc	6:00 AM ET	\$0.18	\$645.28 M	46.0%	+	=	-
✓ MNKD	MannKind Corp	8:00 AM ET	(\$0.10)	\$24.30 M	9.4%	+	=	-
✓ NFE	New Fortress Energy ...	BMO	\$0.99	\$708.10 M	132.4%	+	=	-

Market Trading Update

The market rallied late into the day yesterday ahead of the midterm elections, where the polls now suggest a "red wave" will send control of both House and Senate to the Republicans. For Wall Street, this is the most optimal outcome as it assures gridlock in Washington, with neither party having the supermajority needed to override a Presidential veto.

From a technical perspective, the rally yesterday bolstered the retest of the 20-dma support level from Friday and is now firmly testing the 50-dma resistance level. If the market can rally today and reclaim that previous support level, such will clear the way for another retest of the 100-dma. Notably, the action on Friday and yesterday kept the MACD "buy signal" intact and triggered a stochastic "buy signal" as well. Once we get through the election, there isn't much news flow until we get to the October CPI on Thursday.



?Don?t Be an Idiot,? Says Mr. Market

?Don?t be an idiot? crudely- but adequately- summarizes investor sentiment towards to Mark Zuckerberg following META?s latest earnings report. Already trading down over 60% YTD, the report saw the stock gap down another 20%. The company has added over 42,000 employees since 2020, with roughly 15,000 added YTD. In total, META has spent \$15B since the beginning of last year developing its Reality Labs V.R. and A.R. segment. Although it acknowledged a deteriorating economic outlook, META wasn?t yet doing enough in the way of controlling costs. That is until this week.

The Wall Street Journal reports that META is expected to begin large-scale layoffs as soon as Tomorrow.

?The planned layoffs would be the first broad head-count reductions to occur in the company?s 18-year history. While smaller on a percentage basis than the cuts at Twitter Inc. this past week, which hit about half of that company?s staff, the number of Meta employees expected to lose their jobs could be the largest to date at a major technology corporation in a year that has seen a tech-industry retrenchment.?

Perhaps it took another gut punch to his net worth, but Zuckerberg heard the message from Mr. Market loud and clear. META gained 6.5% yesterday on the news.

Disinflation is in the Wind, But Stay Patient

Signs of disinflation remain ahead of the October CPI report set to be released on Thursday. The Manheim US Used Vehicles index for October recorded the largest annual decline (-10.4%) since December 2008. It?s easy to point to declines in used car prices and shout ?deflation!?, but patience remains the name of the game. Used car prices count for about 4% of the CPI basket, but still, the Fed has clearly stated that it needs strong evidence before blinking on inflation. We don?t expect any meaningful surprises, given that Powell had the data when he reiterated this last week. Maybe Powell is trying to get ahead of something with all eyes on CPI Thursday. Regardless, it will take longer for the effects of monetary policy to flow through to lagging indicators such as CPI. In any way that's meaningful to the Fed, at least.



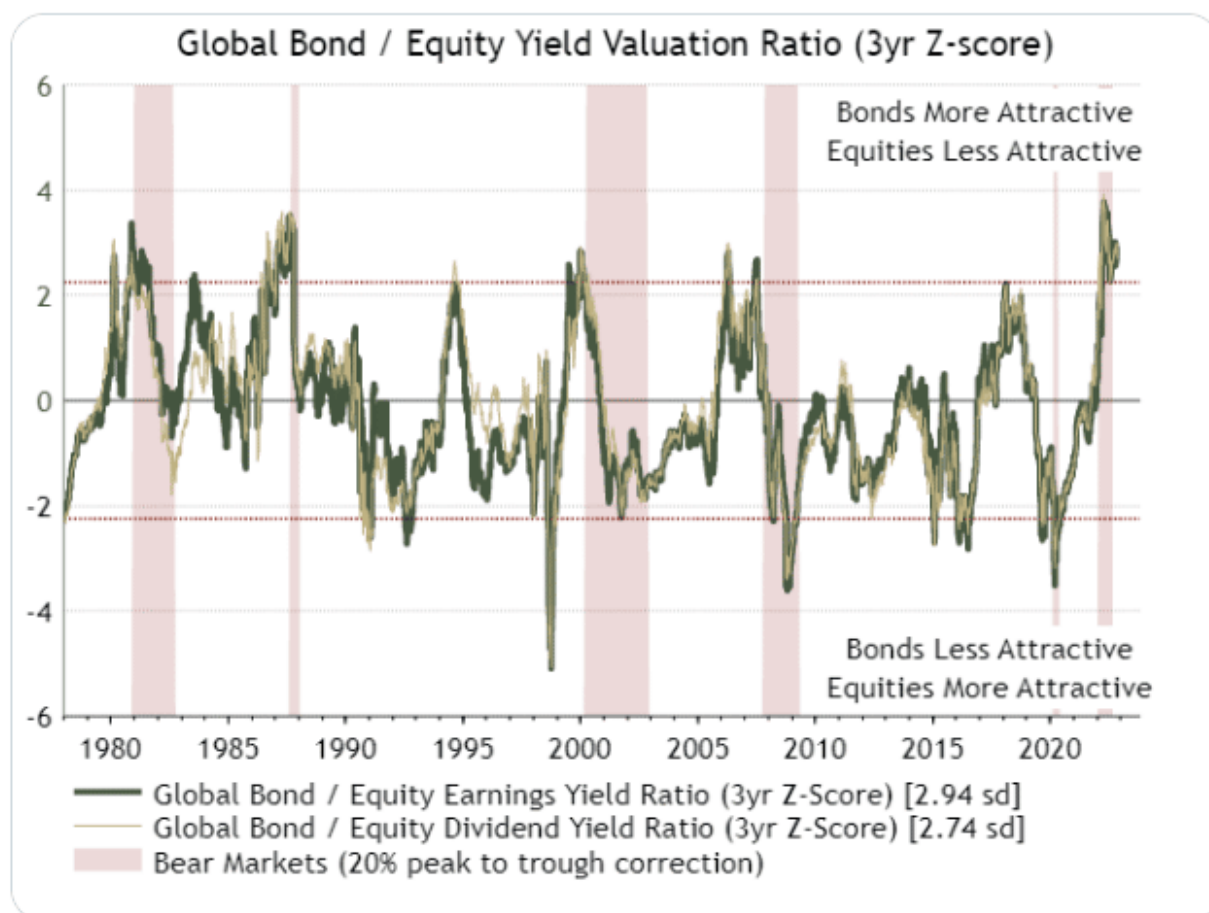
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