

All Eyes on Midterms Today

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	?	?	?	?	?

ALL STAR CHARTS PLUS	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.



TradingView

?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.



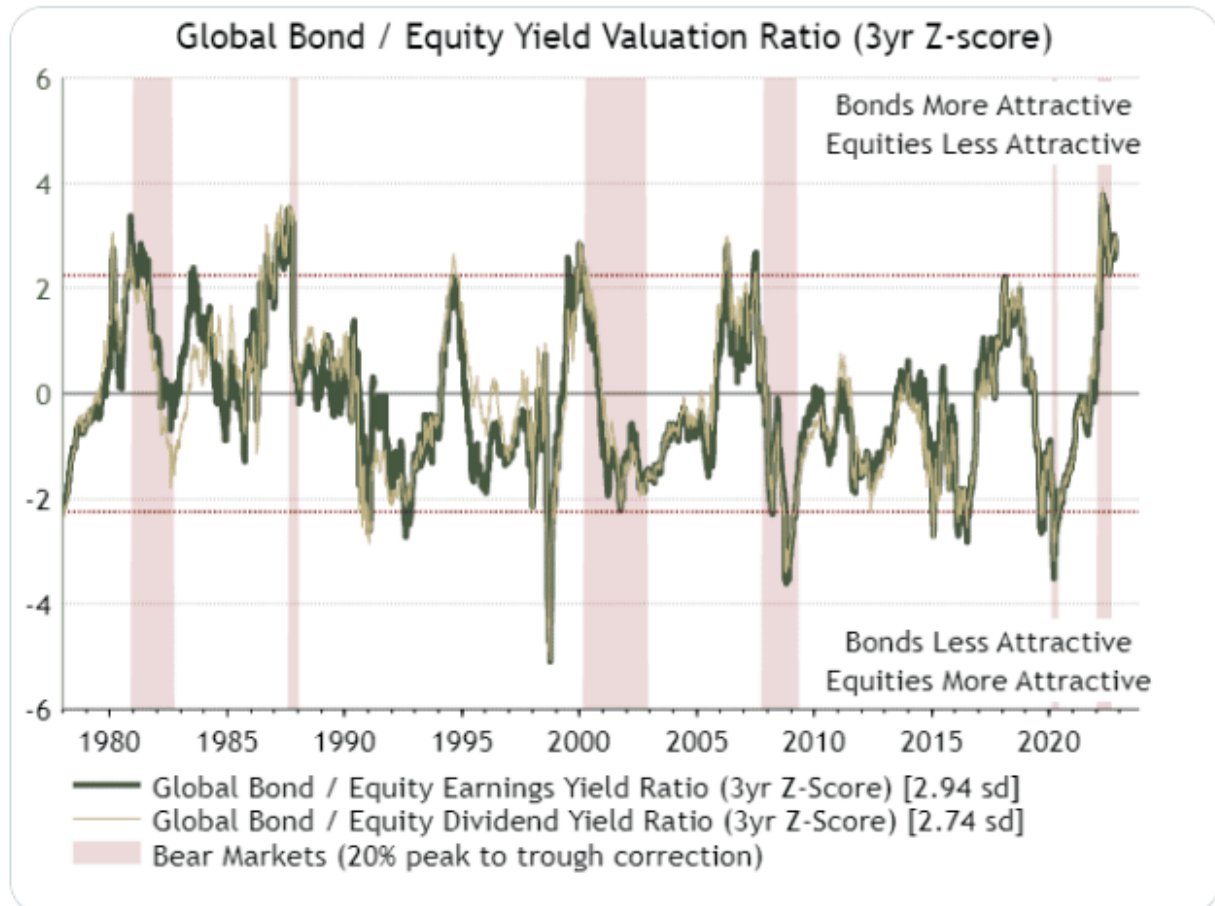
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Ian Harnett
@IanRHarnett

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Detrended Bond/Equity Yield Ratios have an excellent record for providing 'strategic' rotations between Bonds and Equities. The 3yr detrended Global Bond / Equity Yield Ratios are at levels typically seen ahead of previous bear markets...



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