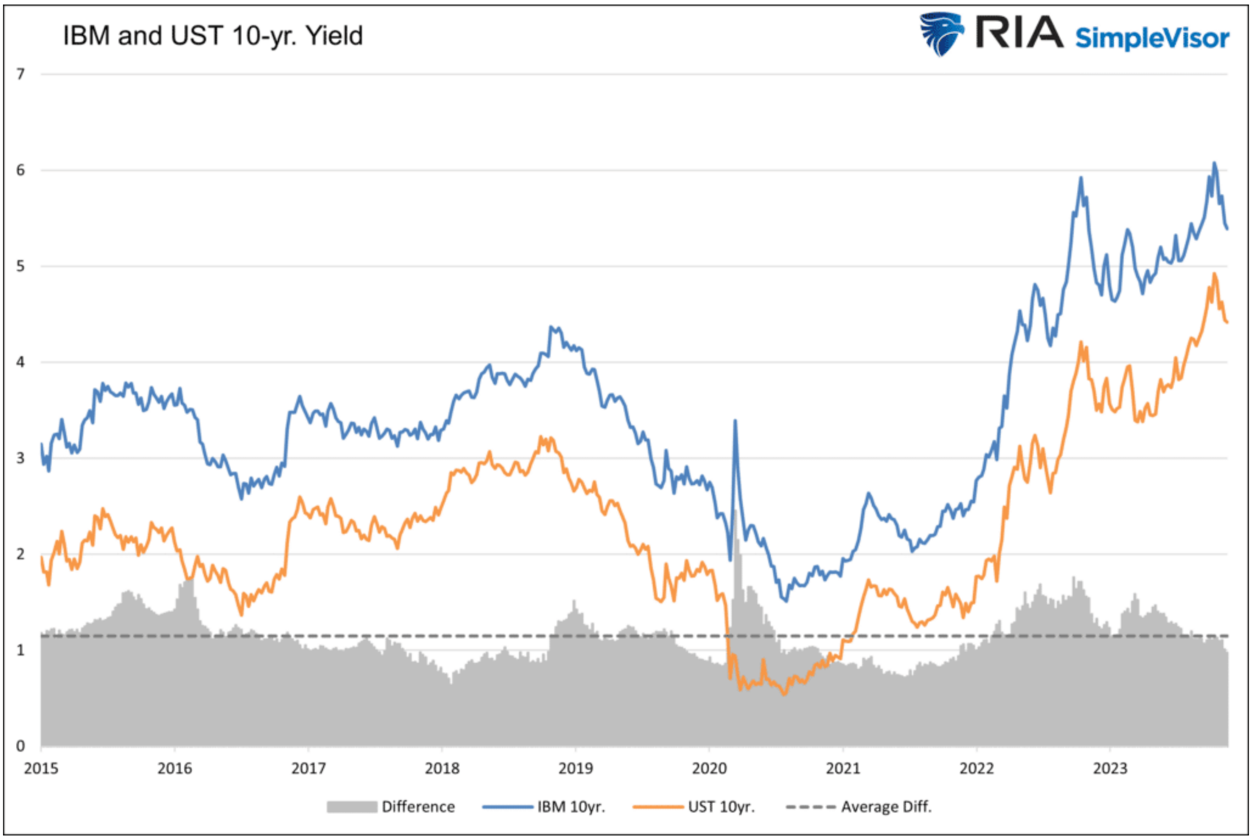
Might the future of retirement saving plans for corporate employees be changing? Starting next year, IBM will no longer match their employee?s contributions to their 401k plans. Instead, they will contribute 5% to the employee's retirement benefit account (RBA). During the first three years of the RBA program, IBM will pay its beneficiaries a 6% return. From 2027 to 2033, they will guarantee a return equal to the 10-year UST yield with a floor of 3%. After 2033, the program employees' RBA balances will earn the yield on the 10-year UST.

From an employee?s perspective, the change will likely reduce their savings as stocks tend to outperform bond yields over the long run. Further, employees can?t borrow against it as they can a 401k. From IBM?s perspective, they appear to be using the new program as a cheap funding source. Instead of giving money to employees via matching contributions, IBM is funding a pension and paying them interest. Simply, IBM is borrowing from its employees. As shown below, on average, IBM ten-year notes yield 1.00% more than the 10-year UST yield. After 2027, when the RBA rate floats with Treasury yields, IBM will essentially borrow from their employees at interest rates almost a full percent below where they currently borrow. Today's high-interest rates may hide the program's flaws, but employees will pay the price if rates regress to pre-pandemic levels.

The RIA Advisors and SimpleVisors team wishes you and yours a happy Thanksgiving!



What To Watch Today

Earnings

- *No earnings reports today due to the Thanksgiving holiday.*

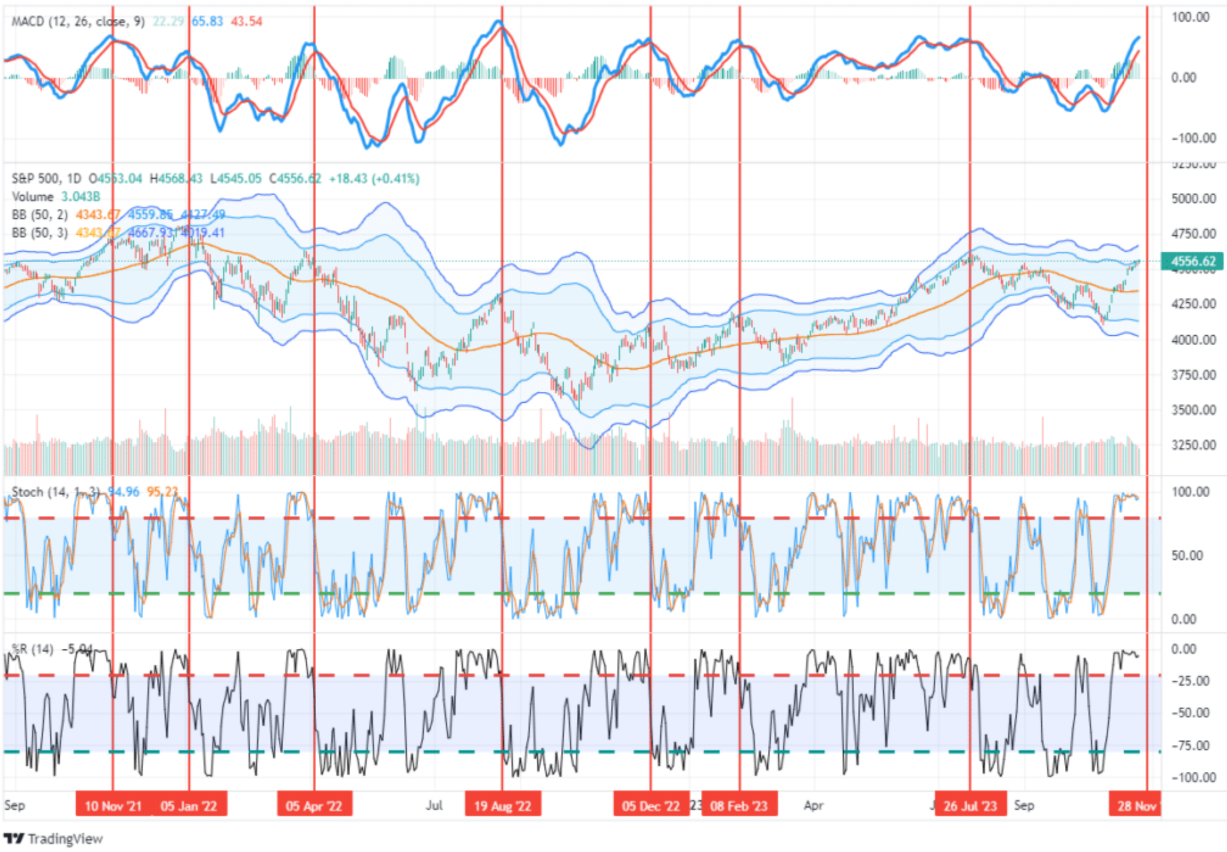
Economy

- *No economic reports today due to the Thanksgiving holiday.*

Market Trading Update

With the market closed for the Thanksgiving holiday and only half of a trading day on Friday, there is little risk of stocks not finishing the week on a positive note. ***For that reason, our next Daily Market Commentary will be on Monday.***

As shown below, the market trades two standard deviations above the 50-DMA and is overbought on many levels. Notably, the MACD *"buy signal"* is getting very elevated. Every time that indicator normally reaches such levels, a short-term correction or consolidation ensues. This does NOT mean the market, because of momentum, can not get even more overbought over the next week. However, it DOES suggest a pullback to the 50-DMA will likely occur BEFORE we get the traditional year-end *"Santa Rally."*



Likewise, bonds are also getting very overbought on the same metrics but not yet as egregious.

If you are trading these positions, this is a good opportunity to temporarily take profits and wait for a correction to add back into these positions. Whatever triggers a correction in stocks will also trigger a correction in bonds, given their high correlation this year. Most likely, comments from the Federal Reserve about needing to remain vigilant on inflation will likely do the trick as they try to push out current expectations of near-term rate cuts.

In the meantime, have a VERY happy, safe, and, of course, filling Thanksgiving holiday.

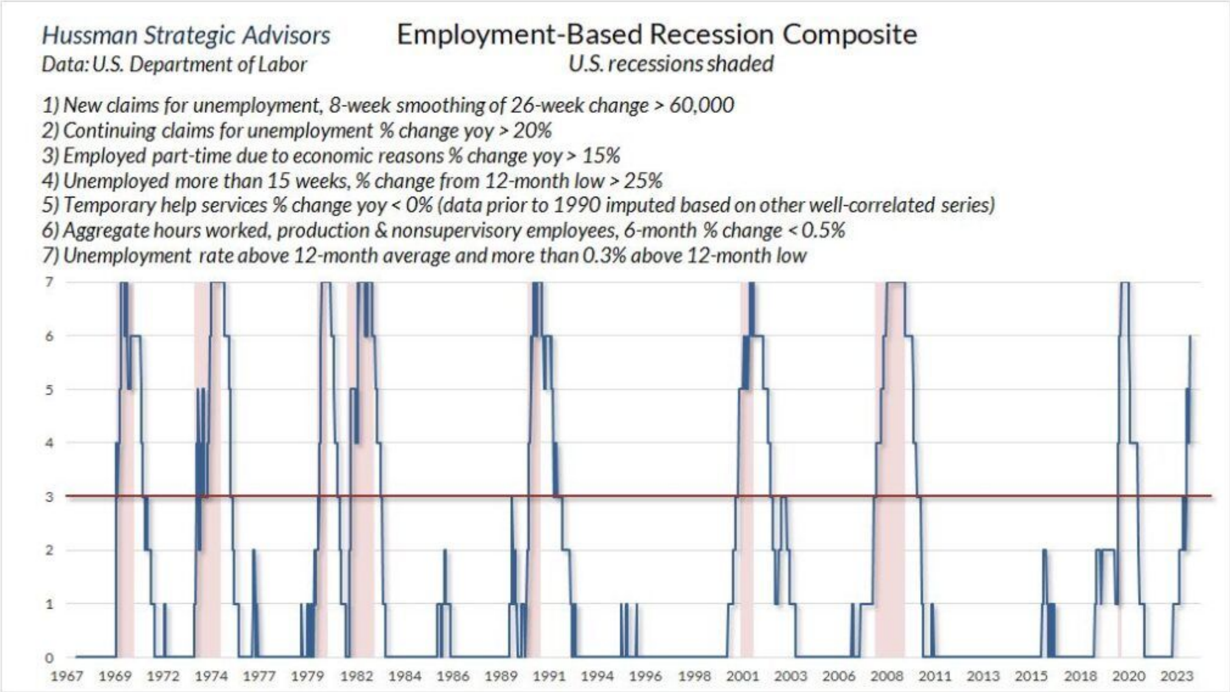
More On Employment

Our recent article, Employment Is Sending Signals, explores several charts to determine better if the recent weaker employment data is a recession warning or just a normalization to pre-pandemic levels. We end the article as follows:

> *The labor market is undoubtedly deteriorating and sending signals that have been historically valuable warnings that a recession is coming. However, the massive fiscal stimulus and odd behavioral changes occurring since 2020 should make us consider this time may be different.*

In the article, we share a model that uses a one-year moving average and recent changes in the unemployment rate. The model has a strong record of predicting recessions. John Hussman's latest article follows in our footsteps but adds six more labor market data points to generate a more robust recession signal. As shown below, six of his seven indicators are flashing recession warnings. John summarizes the information as follows:

> *I?ll emphasize again that I don?t believe we have enough evidence to expect a recession with high confidence, but it should be clear that the data are increasingly leaning away from, not toward, the idea of a ?soft landing.?*



Nvidia (NVDA) Earnings Snapshot

Nvidia (NVDA) just beat earnings expectations across the board. They beat the revenue estimate by 12% and EBIT by nearly 20%. NVDA's management also guided earnings and revenue expectations higher than expected for the coming quarter. Revenue continues to grow at stellar rates. Per the report, they are up to 56.4% on a three-year cumulative annualized basis (CAGR), higher than 51.7% and 32.7% from the prior two quarters. The bottom line is that explosive growth continues.

There was a wrinkle in the report, which should provide investors with some caution. Despite raising expectations for sales, a key component of revenue is China. NVDA expects a steep decline in fourth-quarter sales to China due to the administration's new export controls on tech companies to regulate sales of important technology to China. Accordingly, the company is developing three new compliant chips for China. Assuming they are successful, the new chips will hopefully resuscitate sales to China.

As shown below, NVDA shares traded slightly lower on the earnings report. However, given that the stock is up about 20% in the last few weeks, the sell-off is not unexpected, even on good news.

Tweet of the Day

Lance Roberts @LanceRoberts · 1h

I just wanted to take a moment to tell you how #Thankful that I and everyone at @RIAAdvisors are for all of your support over the past year. We wish you, and your families, a very happy, safe, and #filling, **#Thanksgiving**

Please [subscribe to the daily commentary](#) **to receive these updates every morning before the opening bell.**

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.