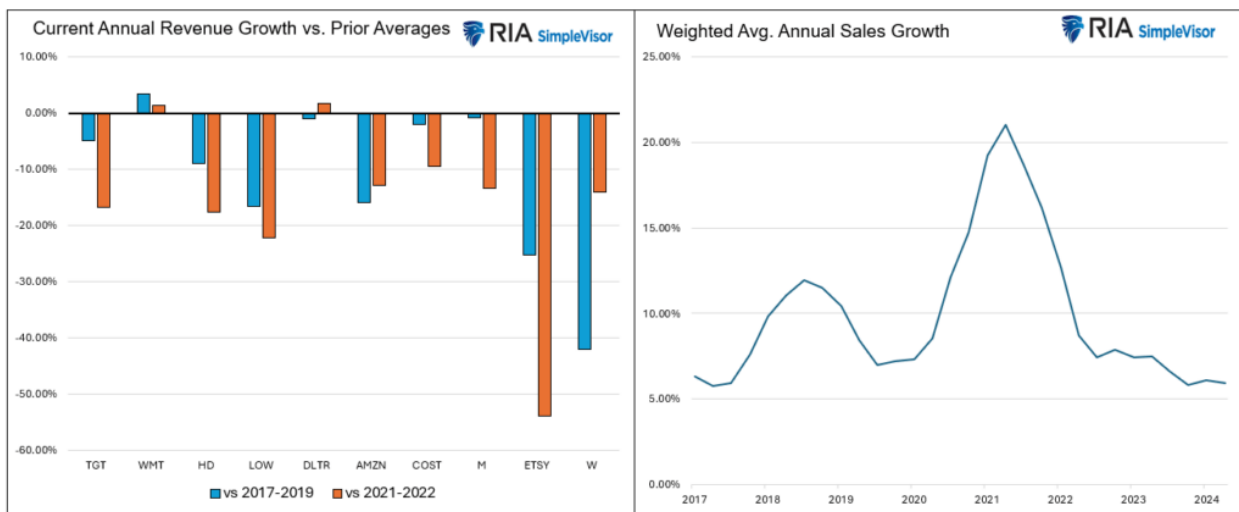


One repeated theme in the current round of earnings is that personal consumption is slowing down. Last month, McDonald's, Starbucks, and many other retail-oriented stocks fell on weak sales. This week, we are reminded again via poor sales from Target, Lowe's, and Macy's. All three reported a decline in sales compared to last year. Target's sales beat estimates slightly, while its earnings per share fell short. While that may not seem too bad, expectations for Target's sales were meager. Target, which opened down 8% on Wednesday, had the following to say:

Higher interest rates, economic uncertainty, high credit-card balances and other factors have [consumers] concerned, and consumer confidence took a meaningful dip in April.

To put a broader context into the declining retail sales growth in companies like Target, Walmart, and, in general, the "cheaper" retail sectors, we compile revenue growth data for a number of similar companies and compare them to prior earnings and in the aggregate. The graph on the left shows that only two companies, Walmart and Dollar Tree, have increased sales growth compared to the 2021-2022. Walmart is the only one showing higher sales growth today versus the three years before the pandemic. The second graph weights the annual sales growth for the ten companies. As we share, the aggregate weighted sales growth has reached its lowest since 2017.



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
☺	INTU	Intuit Inc.	\$186,975,575,780	Apr/2024	\$8.12	8	5/23/2023	\$7.80
☀	MDT	Medtronic plc	\$113,090,645,646	Apr/2024	\$1.45	13	5/25/2023	\$1.57
☀	TD	Toronto Dominion Bank (The)	\$100,761,606,000	Apr/2024	\$1.36	4	5/25/2023	\$1.43
☺	WDAY	Workday, Inc.	\$68,339,040,000	Apr/2024	\$0.31	6	5/25/2023	\$0.16
☀	NTES	NetEase, Inc.	\$63,509,290,509	Mar/2024	\$1.71	2	5/25/2023	\$1.51
☹	NGG	National Grid Transco, PLC	\$53,641,059,284	Mar/2024		1	N/A	N/A
☹	ADSK	Autodesk, Inc.	\$47,121,267,791	Apr/2024	\$1.17	8	5/25/2023	\$0.95
☺	ROST	Ross Stores, Inc.	\$44,343,538,854	Apr/2024	\$1.34	9	5/18/2023	\$1.09
☹	DLTR	Dollar Tree, Inc.	\$25,002,652,164	Apr/2024	\$1.45	12	5/25/2023	\$1.47
☺	DECK	Deckers Outdoor Corporation	\$23,094,724,262	Mar/2024	\$2.82	10	5/25/2023	\$3.46
☀	BEKE	KE Holdings Inc	\$22,636,031,940	Mar/2024	\$0.05	2	5/18/2023	\$0.35
☹	SHG	Shinhan Financial Group Co Ltd	\$18,520,872,092	Mar/2024	\$1.54	1	4/27/2023	\$2
☀	RL	Ralph Lauren Corporation	\$10,739,493,408	Mar/2024	\$1.65	8	5/25/2023	\$0.90
☀	BJ	BJ's Wholesale Club Holdings, Inc.	\$10,699,384,706	Apr/2024	\$0.83	10	5/23/2023	\$0.85
☀	HLNE	Hamilton Lane Incorporated	\$6,447,752,342	Mar/2024	\$1	3	5/25/2023	\$0.96
☀	BILI	Bilibili Inc.	\$6,400,795,507	Mar/2024	(\$0.26)	2	6/01/2023	(\$0.46)
☹	RH	RH	\$5,019,393,742	Apr/2024	(\$0.11)	9	5/25/2023	\$2.21

Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
THURSDAY, MAY 23						
07:30	🇺🇸 USD Chicago Fed National Activity Index (Apr)	🟡	-	-	-	0.15
07:30	🇺🇸 USD Continuing Jobless Claims(May 10)	🟡	-	-	-	1.794M
07:30	🇺🇸 USD Initial Jobless Claims(May 17)	🟡	-	-	220K	222K
07:30	🇺🇸 USD Initial Jobless Claims 4-week average(May 17)	🟡	-	-	-	217.75K
08:45	🇺🇸 USD S&P Global Composite PMI(May) PREL	🟡	-	-	51.1	51.3
08:45	🇺🇸 USD S&P Global Manufacturing PMI(May) PREL	🔴	-	-	50	50
08:45	🇺🇸 USD S&P Global Services PMI(May) PREL	🔴	-	-	51.3	51.3
09:00	🇺🇸 USD New Home Sales (MoM)(Apr)	🟡	-	-	0.68M	0.693M
09:00	🇺🇸 USD New Home Sales Change (MoM)(Apr)	🟡	-	-	-	8.8%
09:30	🇺🇸 USD EIA Natural Gas Storage Change(May 17)	🟡	-	-	84B	70B
10:00	🇺🇸 USD Kansas Fed Manufacturing Activity(May)	🟡	-	-	-	-13
10:30	🇺🇸 USD 4-Week Bill Auction	🟡	-	-	-	5.27%
12:00	🇺🇸 USD 10-year TIPS Auction	🟡	-	-	-	1.932%
14:00	🇺🇸 USD Fed's Bostic speech	🟡			SPEECH	

Market Trading Update

In [yesterday's commentary](#), we discussed how the release of the FOMC minutes could well impact the market. Such happened as the market sold off after its release as the minutes reiterated much of the commentary from recent Fed speakers that rate hikes are likely on hold near term. While there is always some dissension among Fed members, there were a couple of quotes that spooked the market.

" Various participants mentioned a willingness to tighten policy further should risks to inflation materialize in a way that such an action became appropriate.

Although monetary policy was seen as restrictive, many participants commented on their uncertainty about the degree of restrictiveness.

Participants suggested that the disinflation process would likely take longer than previously thought."

While these points were just discussions during the meeting, the Federal Reserve unifies around the decisions it makes with Chairman Powell leading the way. From all of the recent speeches from Fed members as of late, they remain clear that rate cuts will likely begin at the September meeting with the reduction of the Fed balance sheet beginning in June.

Nonetheless, with the markets overbought and well deviated from longer-term means and sentiment becoming exceedingly bullish, the market was ripe for a pullback. The 20-DMA, which has now crossed above the 50-DMA, will return as key support for the market advance, as we saw at the beginning of this year. A pullback to support should be expected; all that is needed is a short-term catalyst. Use pullbacks to add exposure as needed.



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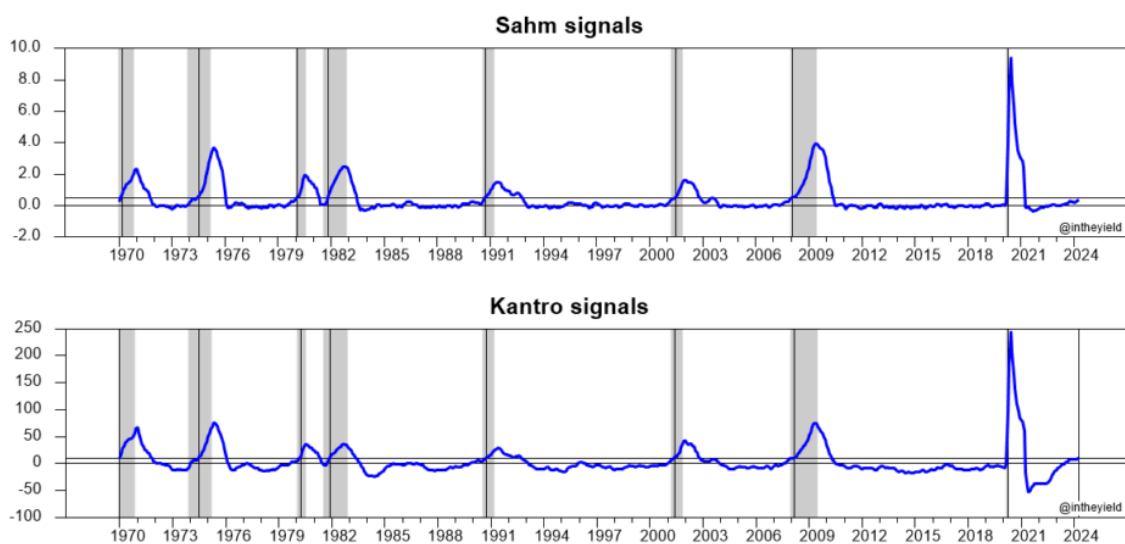
Sahm And Kantro Models Call For A Recession

The Sahm and Kantro recession indicators are closely related but process the data differently. Both rely on the unemployment rate and its current status versus prior readings. Unemployment tends to be very cyclical. It is either rising, and the economy is in or near a recession, or it is falling and the economy is growing. Neither model has missed a recession since 1953 nor given a false positive since 1970.

Given the recent uptick in unemployment, the Kantro model signals a recession, and the Sahm model is very close. The model rules and a graph showing prior data are below. In the graph, the black vertical denotes the recession signal.

Comparison of Sahm and Kantro recession indicators

	<u>Sahm</u>	<u>Kantro</u>
Source variable	Unemployment rate =Number unemployed/ Labor force	Number unemployed =Numerator of rate
Moving average	3 months	3 months
Comparison	Current with minimum over last 12 months	Current with 12- month lag
Indicator	Difference, percentage points	Growth rate, percent
Signal threshold	.5%	10%
Timing of signal	Month 1 to 8 of recession	Month 1 to 8 of recession
Average timing	Month 4 of recession	Month 4 of recession
False positives 1953-2022	November 1959	November 1969
Signals within recessions	11/11	11/11



Bitcoin Mining Consumes Enormous Amounts Of Electricity

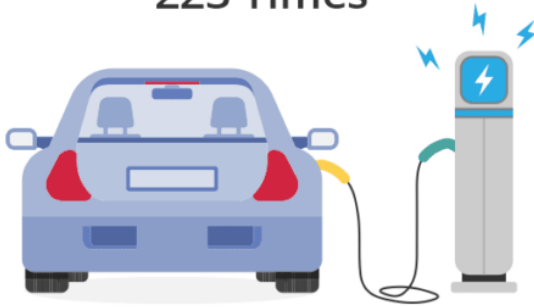
[Bitcoin's halving](#) in April means it will now take twice as much computing power to mine one bitcoin as it did prior to the halving. To put perspective on the amount of electricity that bitcoin miners use, we share some excerpts from a [recent report](#) by Paul Hoffman at Best Brokers.

Currently there are 450 Bitcoins mined daily and this costs the mining facilities a whopping 384,481,670 kWh of electrical power. This comes at 140,336 GWh yearly and is more than the annual electricity consumption of most countries, save for the 26 most power-consuming ones.

When this power expenditure was resulting in 340.82 BTC mined up until 20 April 2024 before the halving, it was still economically feasible to mine Bitcoin in the U.S. by using grid power entirely. This is no longer the case and the fact the U.S. mining facilities are still operational points to the notion that they are relying mostly on their own renewable energy sources and/or have special deals with suppliers.

The annual consumption of electricity to mine Bitcoin in the U.S. is enough to

Charge every EV in the U.S.
223 Times



Power 5.1M
U.S. households for a year



Charge 11.2 Billion
iPhones every day for a year



Power Google for
2 years and 4 months



Data Sources:

1. Experian, EV database
3. Apple

2. Energy Information Administration, Census.gov
4. Google Environmental Report 2022

 BestBrokers.com

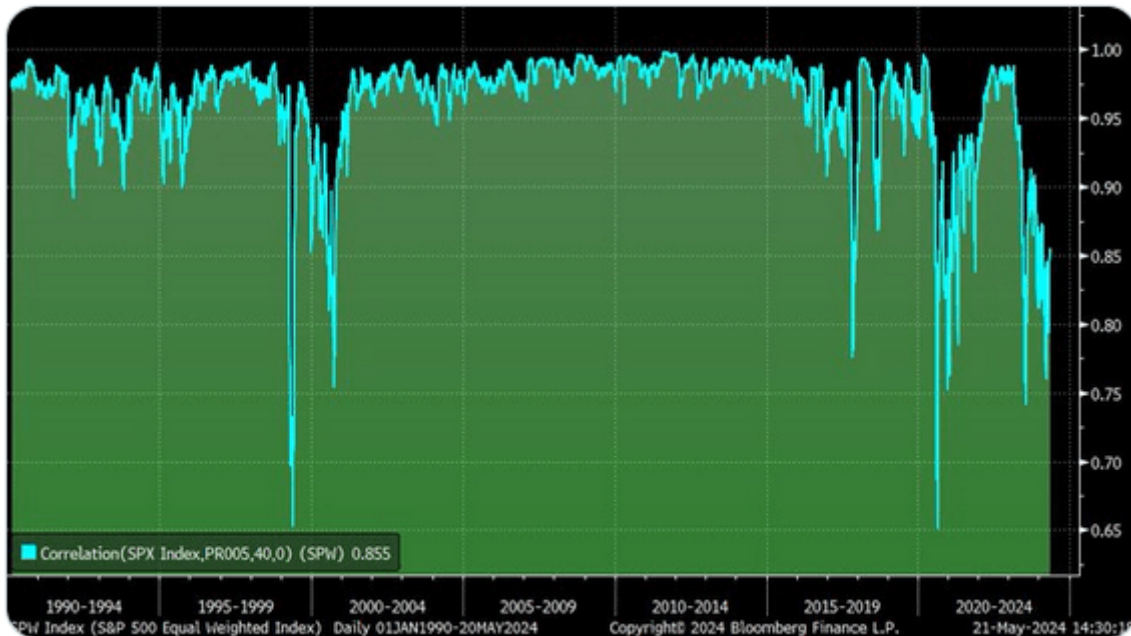
Tweet of the Day



Liz Young ✓
@LizYoungStrat



The 40d correlation between the market-weight and equal-weight S&P 500 is low relative to history, standing at 0.86. Prior to the pandemic, the only other instance this happened for a sustained period of time was the dot-com bubble of the late 1990's and early 2000's.



?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.](#)?

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