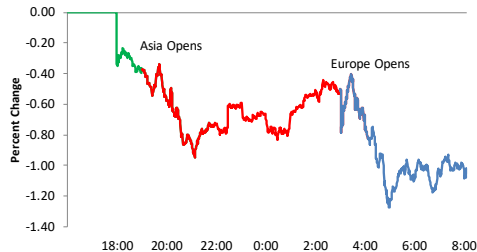




Today's Events

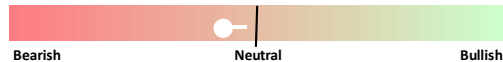
Overnight Trading



Stock Specific News of Note

Ticker	News
AAPL	Protests at Foxconn plants in China could negatively impact production by 6 million units.
BCS	CEO discloses that he will be undergoing treatment for Non-Hodgkin Lymphoma.
BLDR	Company adds an additional \$1 billion to share repurchase program.
CVX	Bloomberg reports that company is looking to resume production in Venezuela.
DIS	Barron's column says change of CEO won't be enough to turn company around.
PGNY	Sees Q4 sales and EPS coming in ahead of expectations.

Market Timing Model



Category	Expected S&P 500 Return (%)		
	One Week	Two Weeks	One Month
Sentiment	0.13	0.33	0.86
Technicals	0.03	0.11	0.39
Fundamental	0.18	0.39	0.36
Overall	0.11	0.25	0.54
Average (all days)	0.15	0.30	0.61

Other Markets

Japan	↓	-0.4 %
China	↓	-1.1
Germany	↓	-0.9
UK	↓	-0.5
Oil	74.13 ↓	-\$2.2
Gold	1752.9 ↓	-\$1.0
\$/Euro	0.692 ↓	0.00
\$/Yen	138.68 ↓	-0.5
Bitcoin	16,163 ↓	-409
10-Yr	3.68 ↑	0.00

Noteworthy Macro Events

- Crude Oil Down YTD as Crude Moves into the Red YTD.
- Anti COVID Protests in China Expand.

Overnight Trading

Trading Up (\$):
AXSM (8.68), SRPT (5.38), WYNN (4.01), UNVR (3.15), TBLA (1.06), ATVI (1.03)

Trading Down (\$):
BIIB (-12.1), CINC (-7.79), PXD (-6.28), FSLR (-4.92), HES (-4.86), ALB (-3.82)

Analyst Actions

Upgrades

Ticker	Firm	From	To
AMG	Jefferies	Hold	Buy
ATVI	MStanley	Mkt Wgt	Overwgt
BUD	JP Morgan	Underwgt	Overwgt
BWA	M Stanley	Underwgt	Mkt Wgt
MLCO	JP Morgan	Neutral	Overwgt
WYNN	JP Morgan	Neutral	Overwgt

Downgrades

Ticker	Firm	From	To
APTV	M Stanley	Overwgt	Mkt Wgt
BYND	Barclays	Mkt Wgt	Underwgt
DKNG	JP Morgan	Neutral	Underwgt
FANG	B of A	Neutral	Underperf
TSN	Barclays	Mkt Wgt	Underwgt
TWLO	Jefferies	Buy	Hold

Initiations/Reiterations

Ticker	Firm	Action	Rating
CRM	Stifel	Reiterated	Buy
CTAS	RBC Capital	Reiterated	Outperf
EW	RBC Capital	Reiterated	Outperf
NET	JP Morgan	Initiated	Neutral
SNOW	RBC Capital	Reiterated	Buy
WOOF	Needham	Reiterated	Buy

Indicators/Events

Time	Event	Estimate	Last Report					
			Date	Est	Act.	Diff.	S&P	Best Worst
10:30	Dallas Fed Manufact.	-23.0	10/31	-17.40	-19.4	-2.0	-0.75	Ener Tel Svcs
12:00	Fed's Williams Speaks to Economic Club of NY							

Tomorrow and Beyond

Key Major Economic Indicators

Time	Event	Estimate	Last Report		
Date	Act.	vs. Est.	S&P		
9:00	FHFA House Price Ind	-1.2	10/25	-0.1	1.63
9:00	Case Shiller Y/Y	10.5	10/25	-0.9	1.63
10:00	Consumer Confidence	100.0	10/25	-3.4	1.63

Key Earnings Reports

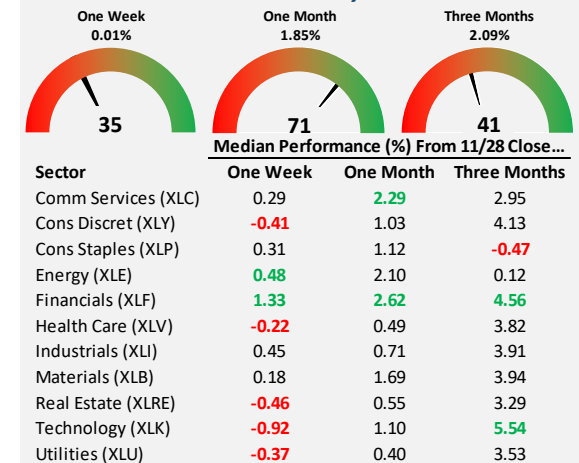
Ticker	Date	Time	Beat Rate		Raised Guid.	Price Reaction (Last 8 Reports)
			EPS	Sales		
BNS	11/29	AM	65%	65%	0%	
HIBB	11/29	AM	71%	49%	21%	
SJR	11/29	AM	50%	36%	0%	
CMP	11/29	PM	38%	42%	0%	
CRWD	11/29	PM	100%	100%	83%	
HPE	11/29	PM	83%	50%	17%	
INTU	11/29	PM	85%	83%	10%	
NTAP	11/29	PM	74%	67%	17%	
WDAY	11/29	PM	92%	100%	24%	

Price Reaction: most recent report is on the left.

Other Key Events

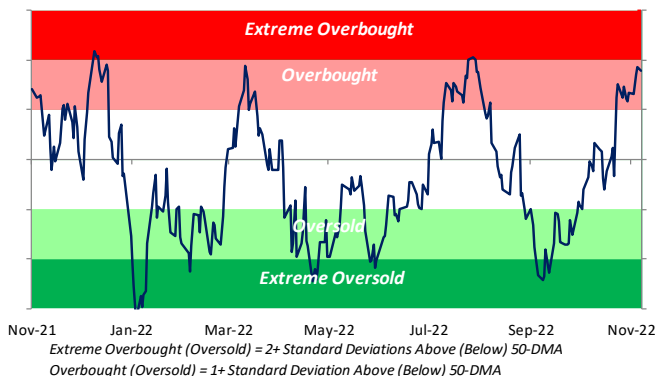
Credit Suisse Technology Conference

Market and Sector Seasonality – Last 10 Years

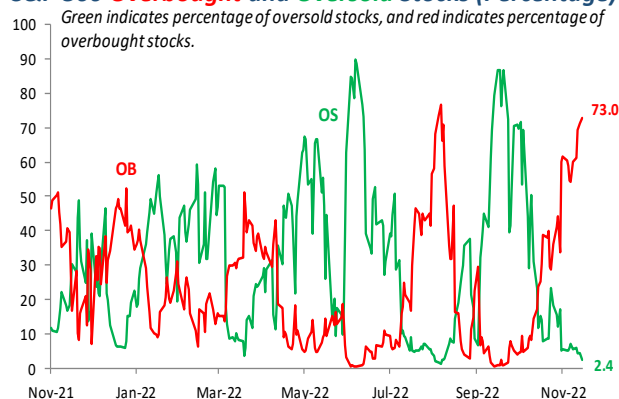




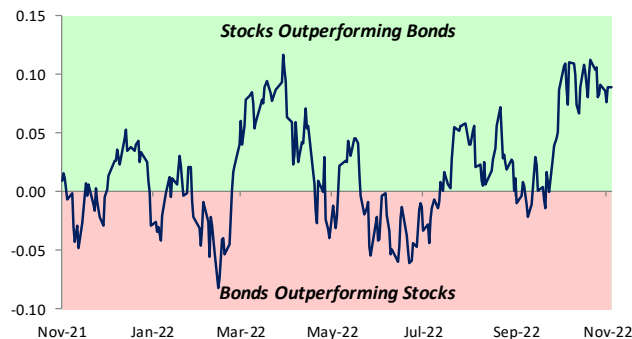
S&P 500 50-Day Moving Average Spread



S&P 500 Overbought and Oversold Stocks (Percentage)



Relative Strength of Stocks versus Bonds



S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	6.2 %	4.1 %
10-Day A/D Line	↑	894	558
# of Overbought Stocks	↑	365	272
# of Oversold Stocks	↓	12	36
P/E Ratio			
Trailing	↑	19.47	19.17
Forward	↑	18.26	17.98
Dividend Yield	↓	1.66 %	1.69 %
Credit Spreads (bps)			
High Yield	↓	451	465
Corporate Bonds	↓	142	145

Trading Ranges: Sectors

Index/Sector	Current	1 Wk Ago	OS	N	OB
S&P 500	OB	OB			
Cons Discret.	N	N			
Cons Staples	OB	OB			
Energy	N	OB			
Financials	OB	OB			
Health Care	OB	OB			
Industrials	OB	OB			
Materials	OB	OB			
Technology	OB	OB			
Comm. Svcs	N	N			
Utilities	OB	N			

Trading Ranges: Bonds/Commodities

Commodity	Current	1 Wk Ago	OS	N	OB
\$/Euro	OS	OS			
\$/Yen	OS	OS			
2-Year	N	N			
10-Year	N	N			
Gold	OB	OB			
Silver	OB	OB			
Copper	N	OB			
Crude Oil	OS	N			
Heating Oil	N	N			
Gasoline	N	N			
Natural Gas	N	N			

Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
CYH	5.6	99	1.0	54.5	2.6	48.5
CELH	5.1	129	0.7	52.7	2.2	53.5
LTHM	-8.8	88	1.0	59.1	3.3	64.8
ENTA	-7.6	35	1.3	54.3	-0.6	45.7

S&P 500 Overbought Stocks Most Likely to Fall

Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
DLR	110.85	1.43	-0.61	45.1

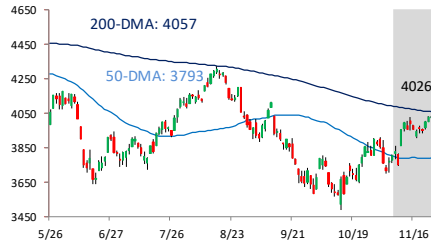
S&P 500 Oversold Stocks Most Likely to Rise

Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
EXR	155.27	-1.25	0.21	54.3

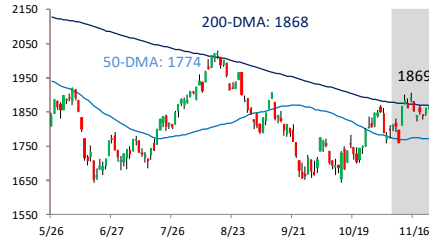
For an explanation of the first two pages of this report, please click [here](#).



S&P 500: Last Six Months



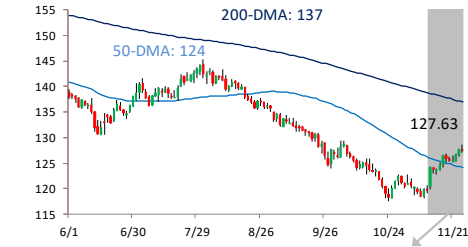
Russell 2000: Last Six Months



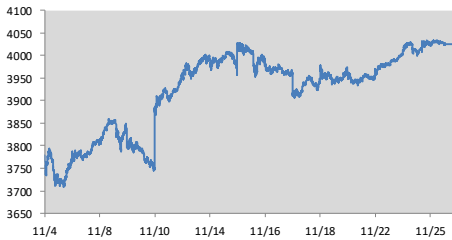
Gold Future: Last Six Months



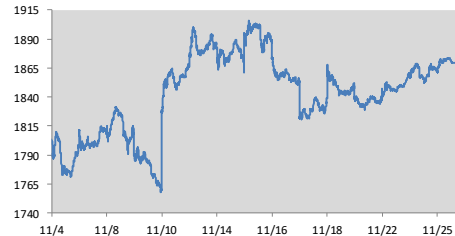
Long Bond Future: Last Six Months



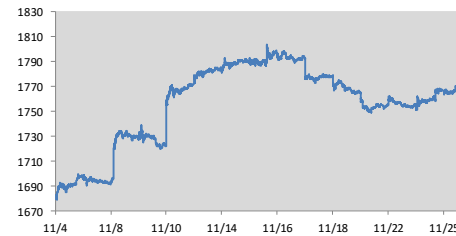
S&P 500: Last 15 Trading Days



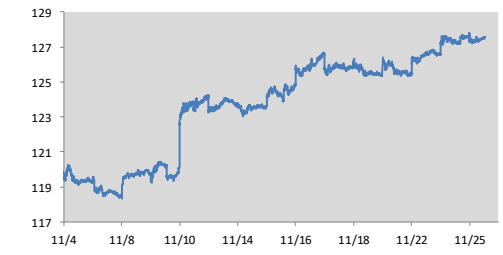
Russell 2000: Last 15 Trading Days



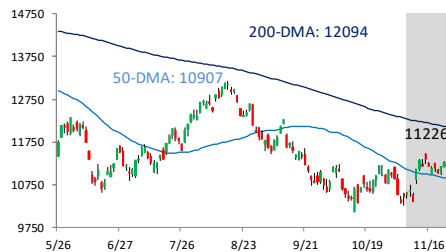
Gold Front Month Future: Last 15 Trading Days



Long Bond Future Intraday: Last 15 Trading Days



Nasdaq Composite: Last Six Months



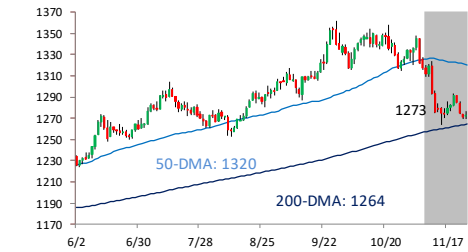
DJ Transports: Last Six Months



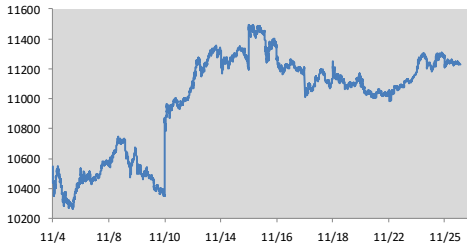
Oil Future: Last Six Months



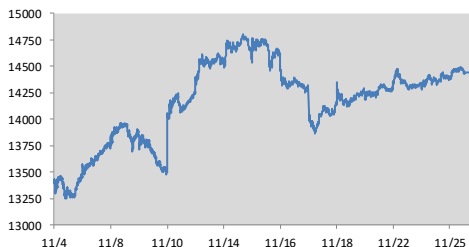
BBG US Dollar Index: Last Six Months



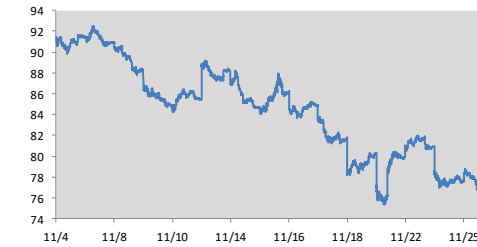
Nasdaq Composite: Last 15 Trading Days



DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days





Morning Commentary

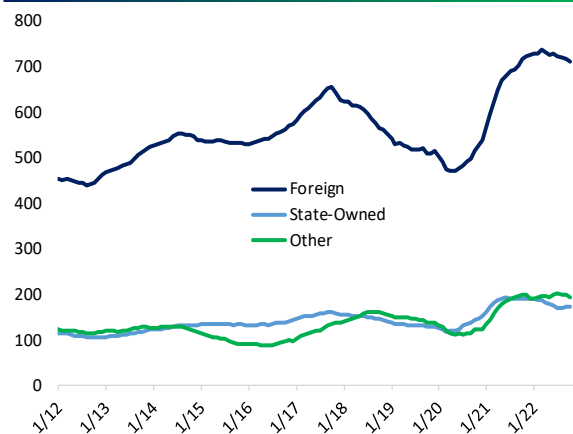
Snapshot: The dollar is weaker, commodities are lower, rates are little-changed, and the S&P 500 is set to gap down 71 bps as markets fixate (for now anyways) on domestic Chinese unrest ahead of a busy week for US economic data and the prelude to the December meetings for both the FOMC and ECB.

[Global Economic Scorecard.](#)

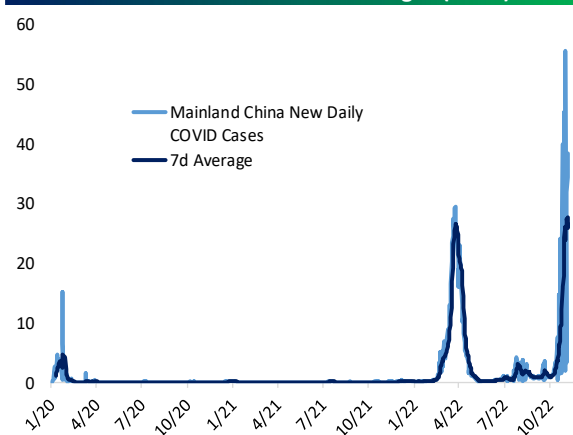
China: For most of the past two years, Western (a loose term, but roughly: US/UK/developed Europe/Canada/Australia) commentators have consistently criticized China's COVID-Zero policies as unworkable and unreasonable. That's especially true with global demand for manufactured goods (where China's trade surplus is nearly \$2trn per year) starting to slow; that deceleration is visible in the latest industrial profits data as shown at right. While the policies have been extraordinarily successful at reducing disease burdens, they've come at significant cost ranging from slower growth to frustrations from locked-down citizens. During the Shanghai lockdowns last spring, tensions appeared to be nearing a boiling point with millions locked in their apartments and under-supplied with food and other necessities. Over the weekend, similar frustrations have boiled over. Large-scale protests erupted around Beijing with mass demonstrations against COVID policies shutting down the third ring road (a major freeway) amidst soaring caseloads which have surpassed the previous spike from the spring. Some observers have claimed the protests are the largest in the country since the Tiananmen Square uprising 25 years ago.

There are two notable dynamics to consider. First, mass protests against government policy in President Xi's China are not unheard of; for instance, investors publicly protested the collapse of the property market's giants ([Bloomberg link](#)). That said, the scale of these protests is unusual. Second, the CCP has a surprising degree of flexibility in response, and more than it is generally credited for: so far protests have been allowed, while behind the scenes social media and other communications have been interfered with to slow the spread. Dissent (especially monitored and contained dissent) can be permitted without using more aggressive tools of repression like arrest, income or asset stripping, full censorship, or the like. Pressure to end COVID-Zero policies has certainly grown, but the protests in China are *not* a one-way train to major unrest or violent and persistent mass resistance to COVID-Zero. Chinese policy makers have a range of both sticks (directed at individuals to coerce compliance) and carrots (especially transfer programs) that can be directed to manage the unrest that sparked the mass protests this weekend.

China Industry Profits Follow World (bn CNY, 12m avg)



Chinese COVID Cases At New Highs ('000s)



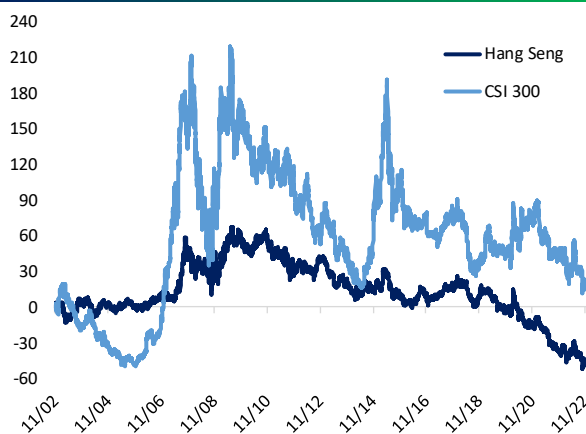


Morning Commentary

APAC Markets: To be sure, there was pressure on asset markets overnight in response to the COVID-fueled protests over the weekend. The Hang Seng, CSI 300, TWSE, and KOSPI were all down over 1% as investors considered the impact of domestic unrest on markets. CNY also gapped down almost 1% but rallied through the session while KRW was down 1% and JPY rallied in a sign of regional stress. Chinese iron ore futures gapped up to trade around \$100/ton in Singapore, but sold off through the session and closed down 1%. Copper is similarly lower but off the worst levels of the session, down 48 bps as of this writing. Finally, we note that while Australian and Japanese rates fell overnight, the 10y Treasury is only down slightly this morning having fallen about 5 bps by session lows for yields just after the European open.

When considering the impact of Chinese activity and markets on the rest of the world, the big weekend and overnight narrative of an economic and asset market hit from Chinese unrest. In general, weaker economic activity or higher risk premiums for one part of the global economy should translate to the same (at the margin) for the rest of the global economy. And that's true for China too....*at the margins*. But China's capital markets are poorly integrated into the rest of the world, even with large illicit capital flows. Further, the Chinese economy is only a net addition to aggregate demand in specific markets, mostly commodity-related. Chinese consumers purchase little from the rest of the world, but supply much. To be sure, a crackdown in China can have specific consequences for specific supply chains like the reported 6mm unit shortfall in **Apple (AAPL)** iPhone production at the largest Foxconn campus in China fueled by worker departures due to COVID risks. Civil unrest in China would certainly hurt demand for oil, copper, natural gas, and coal. But for other markets ranging from equities to interest rates, we would generally expect hits from domestic Chinese chaos to be relatively small and short-lived, as they appear to have been over the weekend. In either case, Chinese equity underperformance is nothing new; the CSI 300 has been underperforming the rest of the world since the 2014 Chinese equity bubble peak while Hong Kong has been underperforming since the wake of the global financial crisis.

Chinese Equity Markets vs MSCI World (% Last 20y)



Europe Markets: European equity markets gapped down modestly and fell to session lows by 5:00a ET. Since then, prices have stabilized though the STOXX 600 is still down almost 1% on worse than 6:1 negative breadth. All groups are lower and 8 different groups are off over 1% including a decline of almost 2% in Energy thanks to the collapse in oil prices which has Brent trading with an \$80 handle and WTI below \$74. Both are new lows relative to late December 2021 for WTI and early January 2022 for Brent. The front three months of that term structure has slipped into contango for the first time since 2020 in a sign of rapidly loosening crude markets. In European fixed income, German yields are slightly higher while credit spreads are mirroring the move lower in equity markets. EURUSD is trading at new 5 month highs after breaking above its 200-day and continuing to run.