



## Market in a Minute

October 26, 2021

### Index Performance: As of October 22, 2021

Index	Price	Last Week	YTD
S&P 500	4,544.90	1.64%	22.81%
Dow Jones	35,677.02	1.08%	18.04%
NASDAQ	15,090.20	1.29%	18.83%
Russell 2000	11,830.90	1.14%	18.62%
Russell 2000 Growth	11,094.44	1.29%	8.05%
Russell 2000 Value	16,601.47	0.98%	30.26%
Russell 1000 Value	2,933.65	1.81%	22.94%
SPDR Gold Shares	167.77	1.48%	-7.99%
GS Crude Oil Total Return	165.02	4.44%	223.57%
Powershares US \$ Index	25.12	-0.32%	3.54%
iShares EAFE Index	80.5	0.65%	9.76%
iShares Barclays 20+ Yr Treasury Bond	144.13	-0.62%	-8.51%
Utilities Select Sector ETF	67.25	2.39%	10.03%
Vanguard REIT ETF	109.04	2.50%	32.70%
iShares Mortgage Real Estate	37.95	1.28%	22.86%
Alerian MLP ETF	36.52	0.19%	43.55%
iShares Global Telecom	85.16	-0.06%	15.68%
ETFMG Alternative Harvest ETF	14.21	0.42%	-4.37%
Grayscale Bitcoin Trust	48.75	2.83%	38.97%
Shanghai SE Index	4,544.90	1.64%	22.81%

Source: Bloomberg & Yahoo.com, Returns are appreciation only.

### S&P Sector Performance: As of October 22, 2021

## A Word on the Market

By: Patrick Adams, CFA



**This is a huge week for earnings with about a third of the S&P 500 reporting**, particularly the large technology companies, with FB Monday after the close (they missed, guided down, but announced \$50 billion share repurchase), GOOG and MSFT on Tuesday, and AMZN and AAPL on Thursday. **These reports will have an impact on the Nasdaq.** Other notable reports, due to their stocks being at interesting levels are BA, and BMY and on Wednesday BUD. Last week was interesting to see supply chain issues for INTC knocking the stock down -13.4%. WHR also had supply chain issues, beating on earnings but missing on revenues by about -4%. This seems consistent with our expectations for online appliance retailer GOED. We are intrigued by companies that miss due to supply chain disruption and that have pricing power. **Supply chain issues will eventually get resolved.** We expect the benefit of inflation will be more pronounced this week in the earnings reports as companies that can increase prices are beginning to report.

AAPL is having an impact on the digital ad market as they are allowing their customers to protect their privacy by changing their operating system. This impacted FB and SNAP stock dropped -27% on their earnings report.

This week's economic data we will see housing, inflation, and GDP reports. **On Tuesday the Home Price Index is expected to be up about 20%, yes a 20% increase in home prices. You may not know this, homeowner equivalent rent is 40% of Core CPI, but they have not been updating this component due to the very dramatic impact it would have on inflation (our understanding)...really, we kid you not!** It will likely have to be included in coming reports. On Friday, we get an inflation report called PCE, which the Federal Reserve likes. **GDP initial reading is on Friday, we think it could be as low as 0%.** This should be the low report and likely will see an acceleration. The thing that concerns us is

Index	Price	Last Week	YTD
Information Technology	3,582.60	0.29%	2.27%
Consumer Disc.	2,782.04	1.61%	23.64%
Consumer Staples	1,525.03	1.47%	18.42%
Health Care	740.73	0.79%	7.56%
Financials	1,534.41	2.87%	16.52%
Industrials	675.17	2.79%	39.56%
Energy	104.8	1.86%	21.28%
Communications Services	439.56	1.18%	53.42%
Utilities	269.62	-0.62%	23.35%
Materials	341.64	2.35%	9.94%
Real Estate	532.71	0.86%	18.11%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates			
Fed Fund	.25	5-Year	1.22
3-Month	0.06	10-Year	1.66
6-Month	0.06	30-Year	2.08
2-Year	0.48		

Source: Bloomberg.com

Economic Events This Week			
26-Oct	CPI q/q	0.8%	0.8%
26-Oct	Trimmed Mean CPI q/q	0.5%	0.5%
28-Oct	Advance GDP q/q	2.8%	6.7%
28-Oct	Unemployment Claims	290K	290K
29-Oct	GDP m/m	0.7%	-0.1%

Source: Briefing.com

Economic Events Last Week	
Date	Event
In September U.S. industrial output took a significant drop	18-Oct

the potential increase in layoffs due to mandating the vaccine on unwilling employees.

**The market’s number one concern is a policy mistake by government or the Federal Reserve** (followed by inflation). **This is a big week for Pelosi to call a vote on the tax and spend bill.** There are some crazy things being proposed on the tax side now. Taxing individuals on their unrealized capital appreciation...that is going to be interesting...we would be surprised if this can get passed.

This is interesting! **The Trump Media Group reported that they will go public via a SPAC called Digital World Acquisition (DWAC),** when the news was announced the stock went from around \$10, opened at around \$17, traded briefly over \$150 and closed at around \$84 on Monday. We find the stock conceptually very interesting. The company currently has a \$3 billion market cap. We assume they are going to go after the Twitter market. TWTR has a market cap of around \$50 billion, at \$3 billion for DWAC it does not seem to be overvalued, but **there are many unknown fundamental facts we don’t know.** TWTR has 205 million monetizable daily active users worldwide. Trump had 88.7 million followers. The math seems interesting, but our guess is the stock will need to come down in price to get the financing they need to build out their platform. TWTR could have significant downside risk.

DWAC 5-DAY CHART



New home construction pace slows as supply-chain issue cause problems

**19-Oct**

Philly Fed index declines in September

**21-Oct**

Jobless claims hit a pandemic low of 290,000

**21-Oct**

HIS shows U.S. economy perking up after delta issues in September

**23-Oct**

Source: Briefing.com

## TWTR 1-Year Chart



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