

# EQUITIES PERSPECTIVE

November 1, 2024  
DJIA: 41,763

Still dancing ... but dancing in place. While The S&P and NAZ are doing the Meringue around their recent highs, most stocks are at best stalled. Stocks above their 200-day average remain around 60% down from 70%, but still clear uptrends. Looking at stocks above a 40-day average, however, shows a drop from 64% to 43% in just the last couple weeks – short-term corrections. Stocks never go straight up and the weakness should be resolved in favor of the overall trend, on the side of the overall momentum. Earnings have been a factor, but here too the backdrop is mixed. There is a Google (171) but there's an AMD (144), there's a Shake Shack (122) but there's a Wingstop (288). As always best to just keep an eye on the average stock, the A/Ds, which on balance remain positive.

A stall is clear in most of the short-term momentum measures. It also seems apparent in less dramatic ways. Good markets we like to think have their way of ignoring most bad news while going with the good. Though we're not exactly qualified to judge how good or bad any piece of corporate news might be, we will anyway. How bad was that McDonald's (292) news that took the stock down Tuesday? For that matter, how bad was the E. coli news when clearly it was a vendor problem not a McDonald's problem, and clearly unlike Chipotle's (56) problems. The same might be said of GE (172), IBM (207), and even PayPal (79). This seems symptomatic of a market that has lost upside momentum – not terminal, but certainly noticeable.

By now it has become clear there is more to AI than just Nvidia (133). Rather there is a range of related businesses that have become integral to AI and the data center. There is the infrastructure itself, where names like Vertiv (109) and Trane (370) are relevant. It's also about power, specifically nuclear power, and the utilities that provide it. A few relevant names here are Constellation (262), Talen (181) and Vistra (125). Utilities already have had a good year, the ETF here being XLU (80). The Reaves ETF (UTES-64) also seems interesting in that the three stocks mentioned above are almost 30% there. And then, of course, there's Uranium itself, URM (47) an ETF there.

Rising yields, surprisingly, haven't garnered too much blame for the market's stall/weakness. Yellen's announcement that auctions of long-term bonds will be unchanged compared to the previous quarter no doubt helped, and she also predicted there wouldn't be a need to increase the amount of debt auctions for the next several quarters. Those auctions, you might recall, roiled markets a few times last year, and runs counter to the Trump trade idea that the Treasury will soon have to borrow more. Still, the fact remains yields are up, and this despite the jumbo cut of 50 basis points to the Fed funds rate last month. Higher rates can be a hurdle for stocks, but perhaps that's just looking at the dark side. The positive economic data could be more than enough to explain what's happening in Bonds.

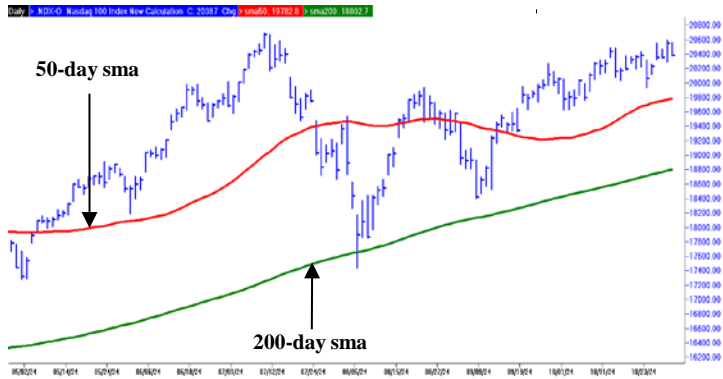
Being wrong in the stock market is no fun – we've read about it. It's especially annoying to be wrong because the charts don't work. Annoying, but not enough to turn to the dark side – funnimentals. It seems to be happening quite a bit recently, including stocks we recently mentioned, those sketchy companies GE, IBM and McDonald's. Being wrong happens, it's part of the business. How long you're wrong is the key to making money. If you recall, it was only a couple weeks ago that we were all great traders. We lay blame on the market, not that it's bad, it's just not the market of two weeks ago. This doesn't seem a good time to push, especially given the chaos the election may bring.

Frank D. Gretz

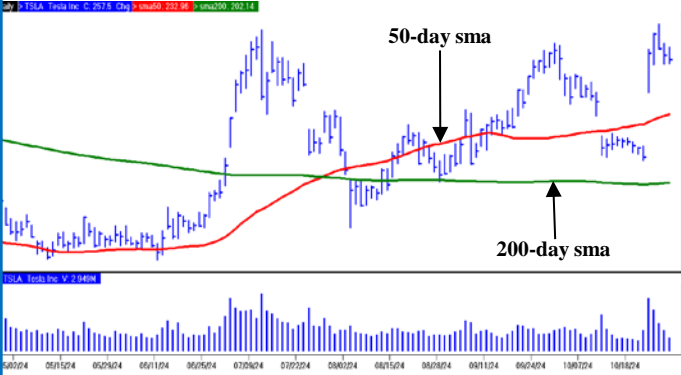
### S&P 500 (SPX - 5705) - DAILY



### NASDAQ 100 (NDX - 19890) - DAILY



### TESLA INC. (TSLA - 250) - DAILY



### NETFLIX INC. (NFLX - 756) - DAILY



### VIRTUS REAVES UTILITIES ETF (UTES - 64) - DAILY



### ISHARES BITCOIN TRUST ETF (IBIT - 40) - DAILY



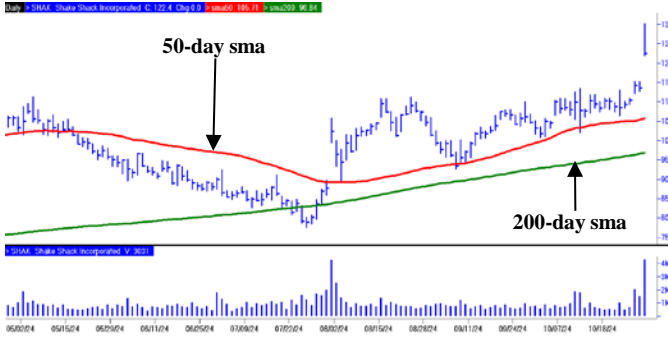
### ALPHABET INC. (A) (GOOGL - 171) - DAILY



### ADVANCED MICRO DEVICES INC. (AMD - 144) - DAILY



### SHAKE SHACK INC. (SHAK - 122) - DAILY



### WINGSTOP INC. (WING - 288) - DAILY

