



GAUGE OF THE GRADE

[TACTICAL] Historically, markets reward less negative news as good news. As of late, the market has been rewarding bad news as good news. With two consecutive weeks of strong market recoveries, investors are headed into another week of anxiety as the Fed faces interest rate decisions: inflation on the left and the economy on the right. Waiting in the wings is the uncertain fate of the Democratic majority with the election in 9 days. Sowell's tactical signal remains neutral as 3Q corporate earnings guidance from major industrials continues.

The week opened in positive territory as investors waited for large corporations' recent earnings. US mortgage rates topped 7% on 30-year fixed mortgages, a level not seen in 20 years. On Thursday, the release of the last GDP report showed positive signs for the US economy, which has grown 2.6% in the third quarter, beating expectations. Big tech results came in mixed, as companies that rely mostly on consumer spending reported solid trends while advertising revenue slowed down.

On Monday, Rishi Sunak, former UK chancellor, was announced to replace Prime Minister Truss as UK's next leader. The ECB raised interest rates by another .75 percent in a continuing effort to fight inflation in the continent, and ECB president Lagarde signaled an additional increase might come. But she also highlighted the deteriorating growth condition of the area, implying that any further rise in borrowing costs will have to be weighed against the future condition of the economy.

99,20 USD

-28,06 (-22,05%) ↓ ultimi 5 giorni

Chiuso: 28 ott, 7:59 PM GMT-4 • Limitazione di responsabilità
After hours 98,90 -0,30 (0,30%)



A peek into the future of social isolation

22 percent in a week, 70 percent in a year— this is how much Meta (the social media empire formerly known as Facebook) has lost as a result of declining ad revenue and investors' concerns about the company's future plans: building a parallel reality where people can live a full life without walking out of their living room, the Metaverse.

The concept of a virtual world is obviously not new. It has been widely covered in science-fiction books and movies that often focus on the dystopic reality of these simulations. But can this technology actually improve the world and the way we live?

Here's a take.

The average person in the US spends two hours daily on social media, and 16-24-year-olds spend over three. In addition, Americans spend over one hour per day playing video games, 30 minutes in video conferences, and two hours watching tv.

Even without a Metaverse, over five hours of our daily routine already involve interacting in a virtual environment, whether as simple observers (as with tv shows) or as active contributors (as with games and social media platforms). And as society embraces remote working and other forms of social isolation, our virtual presence is doomed to increase.

As such, it is not surprising that companies are investing heavily in this. The Metaverse could profoundly change most industries.

On one side, there is the hardware. The key to the virtual world is a set of technological glasses that must be light, powerful, and fashionable. Like iPhones, the trendiest goggles will likely become part of pop culture, being "rocked" by celebrities in new movies and music videos.

On the other side, there is the software. Everything around us will be computer-generated, from the garments our virtual selves will wear to the office where we meet with our colleagues. Everything we can buy in the real world will also be for sale in the simulation, the main difference being that software engineers will replace tailors and construction workers.

This technology will have multiple advantages, particularly in the Education industry. Think of chemistry or physics, where virtually generated particles could be used to support the teaching of complex natural laws that would not come as intuitively in a book.

Also, the access to a slew of new jobs and activities from the comfort of our homes and the interaction through pleasant-looking avatars could help boost diversity in the (virtual) workplace by giving access to the market to many new candidates.

But as seen during the COVID-19 pandemic, the increased time spent in the simulation will inevitably impact our health and social interactions. And younger generations particularly may pay the price for this.

Like most revolutionary technologies, the Metaverse is destined to change the world. But will it improve the world?

It has the potential to do good, to make our society more open and equal. But it will only work if people don't forget that there is such a thing as a "real world."

On Friday, Elon Musk finalized the acquisition of Twitter for \$44 billion, fueling what seems like a need for more tabloid news.

The Week Ahead

Next week Fed officials will gather to decide their next monetary policy. An interest-rate decision is expected on Wednesday, with experts predicting a new 75-basis-point increase.

A number of labor market indicators, including the latest Job Openings and Labor Turnover Survey (JOLTS), ADP's National Employment Report, and the October nonfarm payrolls report, will provide a recent look at the strength of the economy over the week.

On Tuesday, the Institute for Supply Management (ISM) will release its October PMI survey readings for the US manufacturing and service sectors, which will provide further insights into the state of the US supply chain.

Meanwhile, earnings season continues, with big pharma and energy companies set to report their latest results.

"I'm convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance."

– Steve Jobs, Co-founder of Apple, 1995.

MON OCTOBER 31, 2022
Dallas Fed Mfg Business Index
M2 Money Supply
Euro Zone CPI and Core CPI
Acadia Healthcare, Aflac, Arista, American Water Works, Avis Budget, CNA Financial, Global Payments, Loews, Public Service Enterprise, SBA Communications, Stryker, and Williams Companies earnings
TUE NOVEMBER 1, 2022
ISM Mfg PMI
Construction Spending
Redbook
AMD, Airbnb, Alteryx, AIG, Caesars, Chesapeake Energy, Clorox, Devon Energy, Edison Int'l, Electronic Arts, Eli Lilly, Extra Storage, FMC, Fox, Gartner, Icahn, KKR, Lear, Marathon Petroleum, Markel, Match, McKesson, Paycom Software, Pfizer, Phillips 66, Prudential Financial, Public Storage, Sirius Thompson Reuters, and Uber earnings
WED NOVEMBER 2, 2022
Challenger Job Cuts
Gasoline Production
Fed Interest Rate Decision
Acadia, Albermarle, Apollo, Bookings, Charles River Lab, CDW, CVS, Etsy, Hubspot, Martin Marietta, MetLife, Norwegian Cruises, Qualcomm, Robinhood, Rockwell Automation, Roku, Sun Life Financial, Trane, and Zillow earnings
THU NOVEMBER 3, 2022
Initial jobless claims (weekly)
Continuing jobless claims
Nonfarm Productivity
Factory Orders
ADT, Amgen, Ball, Cigna, Coinbase, ConocoPhillips, Cummins, Door Dash, Dropbox, Exelon, Expedia, Go Daddy, Hyatt, Johnson Controls, Kellogg, Live Nation, Marriott, Moderna, Monster Beverage, Motorola, Murphy Oil, Parker Hannifin, Paypal, Starbucks, and Twilio earnings
FRI NOVEMBER 4, 2022
Unemployment Rate
Participation Rate
Consumer Credit
Berkshire Hathaway, Cardinal Health, Cinemark, Duke Energy, Fluor, Hershey, Liberty Media, and PPL earnings

SELECT INDICES							
	YTD Daily	1 Wk Daily	MTD (Daily)	3 Mo Daily	1 Yr Daily	2 Yr Daily	3 Yr Daily
S&P 500 Index	(17.09)	3.97	8.90	(3.80)	(13.80)	10.87	10.47
S&P 500 Growth Index	(26.50)	2.17	5.63	(8.08)	(23.16)	5.08	11.39
S&P 500 Value Index	(6.55)	5.62	12.00	0.36	(3.47)	17.06	8.08
NASDAQ Composite	(28.59)	2.25	5.02	(8.52)	(27.58)	1.17	10.95
Bloomberg US Agg Bond	(15.36)	1.65	(0.88)	(7.77)	(15.29)	(8.35)	(3.37)
Bloomberg Long Term US Treasury	(32.26)	3.56	(4.81)	(16.38)	(31.30)	(20.10)	(8.83)
Basic Materials	(15.45)	3.17	10.68	(1.34)	(9.62)	14.48	11.71
Communication Services	(38.89)	(2.30)	2.09	(13.61)	(40.87)	(9.95)	(3.49)
Consumer Cyclical	(29.09)	2.27	2.80	(6.98)	(28.40)	1.70	11.28
Consumer Defensive	(4.05)	6.24	10.13	(1.07)	2.67	11.30	10.36
Energy	65.40	2.72	23.16	19.99	60.06	88.05	22.09
Financial Services	(12.09)	6.68	13.02	2.54	(14.51)	18.16	7.56
Healthcare	(7.52)	5.02	9.08	(0.47)	(3.32)	11.82	13.40
Industrials	(10.75)	6.44	13.45	0.98	(8.79)	14.16	8.07
Real Estate	(26.10)	6.66	3.85	(14.46)	(21.58)	7.47	(0.74)
Technology	(28.69)	4.08	8.25	(8.88)	(24.14)	6.61	15.80
Utilities	(3.39)	6.49	3.48	(7.01)	3.63	7.56	4.92

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