

Wolfe Daily Howl

Yesterday, President Joe Biden pardoned two turkeys named Liberty and Bell during the annual Turkey Pardon. Unlike Liberty and Bell, who got lucky this Thanksgiving, their less fortunate friends will face the consequences of being at the wrong place at the wrong time come Thursday...

Also, in case you missed it, be sure to check out Stephanie Roth's latest interview with Bloomberg's Sonali Basak, where she digs into the latest moves in credit and fixed income - [View Interview](#)

Economic Analysis: Most Likely Ways We'd Be Wrong on Inflation

In today's Daily Froth, Stephanie Roth breaks down the possible ways her core inflation measure of 2.2% by the end of 2024 could be wrong. The report examines both scenarios of inflation coming in hotter or cooler than expected. If inflation comes in hotter, the most likely reason is the labor market remains firm and wages fail to slow. If inflation comes in cooler, the most likely reason would be that goods prices fall further than we anticipate as COVID factors are still holding up prices. Concerns about weak inflation are even starting to creep into the media with a Bloomberg search of news mentions showing deflation beginning to pop up.



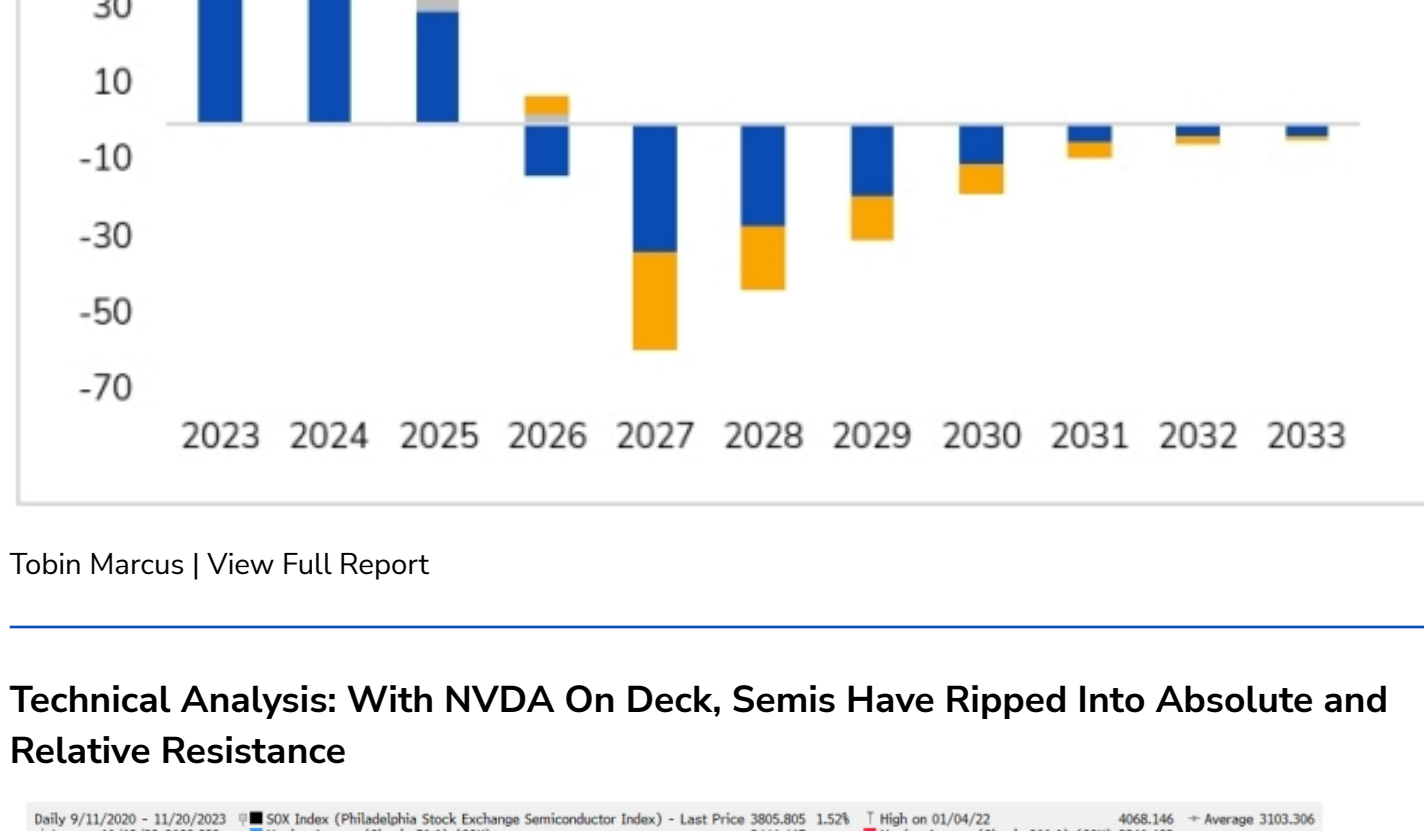
Stephanie Roth | [View Full Report](#)

Political Analysis: Assessing a Tax Deal - Last Best Chance for Stimulus?

This morning, Tobin's note takes stock of the outlook for a bipartisan tax package in Congress early next year. He thinks the odds this happens are still below 50%, but they've risen significantly. He makes 3 key points on the matter:

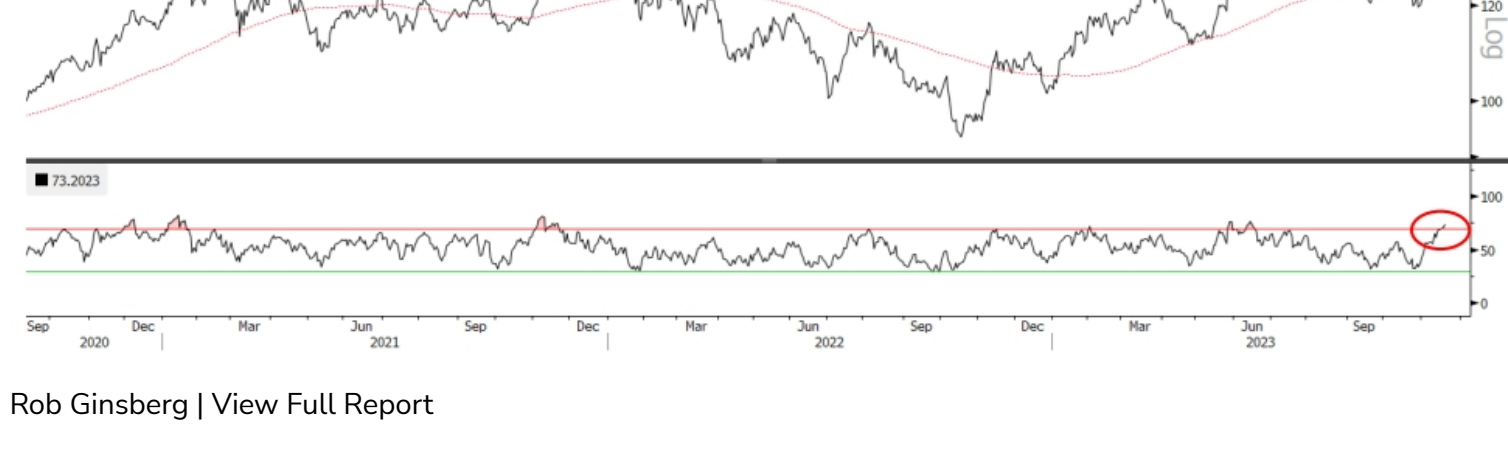
1. This would be a major package worth ~\$270b through 2025. That includes \$220b in gross short-term benefits from three major corporate tax items (R&D expensing, 100% bonus depreciation, and net interest expense limitation fixes), plus \$49b from a 2-year Child Tax Credit expansion. If this gets done, Tobin would see it as positive for low-end consumers, high-capex businesses, and the overall fiscal impulse into next year, improving the margin of error for a soft landing.
2. Tobin thinks that after months of quiet, constructive talks, the leading tax writers for Senate Democrats and House Republicans are not far apart on a deal, with negotiations getting serious and reported parameters starting to emerge. This is a major change from last year, when negotiations never got off the ground.
3. However, the larger legislative environment remains hostile. Even if a tax deal is reached, there may be no vehicle to enact it, thanks to the dysfunctional government funding debate that has now been punted to a January 19 shutdown deadline. This puts a ceiling on Tobin's optimism for now.

Exhibit 1 - Business Tax Fixes Provide Large Benefits Through 2025, Before (Theoretically) Imposing Costs Later in the Decade



Tobin Marcus | [View Full Report](#)

Technical Analysis: With NVDA On Deck, Semis Have Ripped Into Absolute and Relative Resistance



This morning, Tobin's note takes stock of the outlook for a bipartisan tax package in Congress early next year. He thinks the odds this happens are still below 50%, but they've risen significantly. He makes 3 key points on the matter:

Rob Ginsberg | [View Full Report](#)

Technical Analysis: Video Brief

Technical Analysis Video: Gas or Cold Water onto the Fire?

Technical Analysis
Monday, November 20th, 2023

GAS OR COLD WATER ONTO THE FIRE?

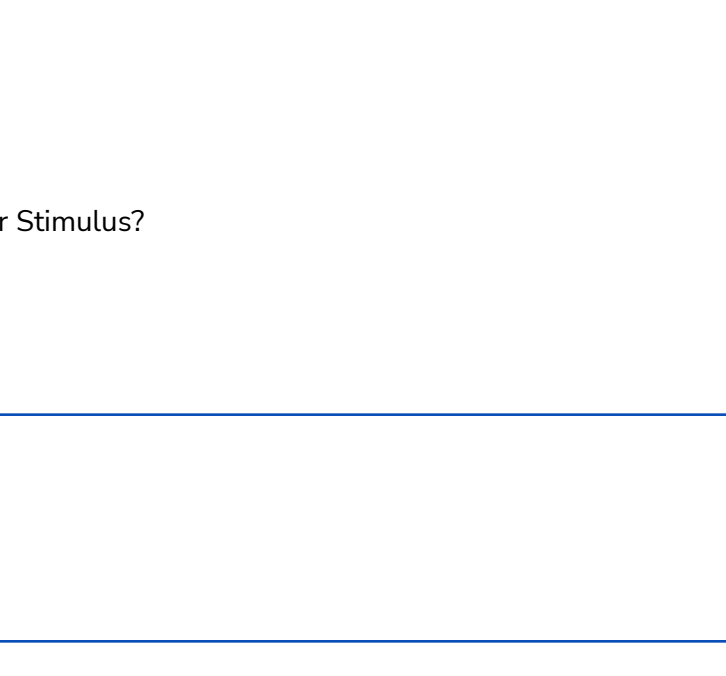
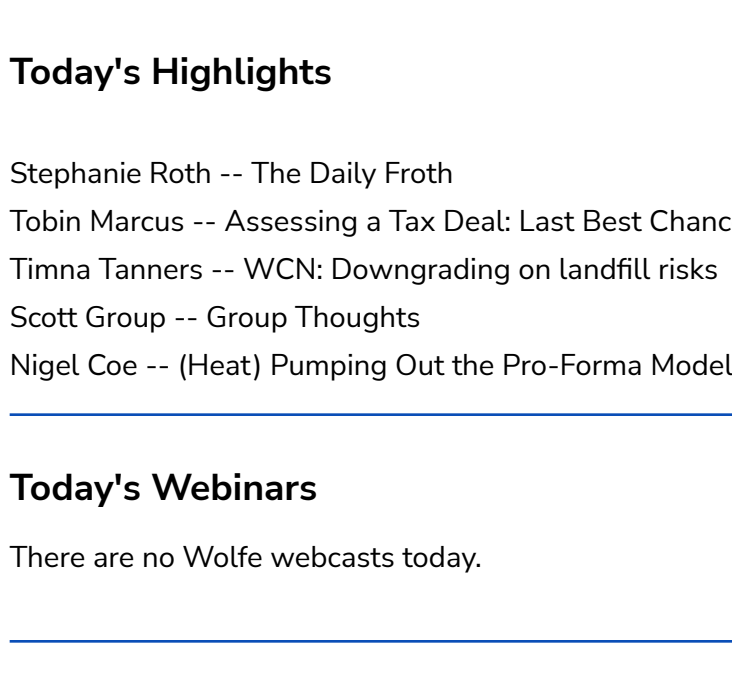
Rob Ginsberg

Tobin Marcus | [Watch Video Brief](#)

Portfolio Strategy: "Big 7: Fundamentals: The Most Important Immediate-Term Question!"

The year-end melt-up in U.S. equity markets continued yesterday. Since the recent bottom on October 27th, the S&P 500, NASDAQ-100 and an equal-weighted "Big 7" index have now jumped +10%, +13% and +15%, respectively. While relative strength indicators (e.g., RSI) suggest the U.S. stock market is currently "overbought," upside momentum (e.g., MACD) remains very strong, and Chris's sense is that performance chasing is likely to persist over the next several weeks.

With respect to the "Big 7" stocks, Chris believes that this cohort is likely to outperform the overall market until their fundamental outlooks broadly weaken. While he saw some cracks in 3Q reports, consensus has clearly not seen his view! As such, his sense is that these companies may not underperform as a group until a recession appears imminent. For additional details, please see Chris's note out yesterday morning, Top 10 Things to Watch into Year End.



Chris Senyek | [View Full Report](#)

Today's Highlights

- Stephanie Roth -- The Daily Froth
- Tobin Marcus -- Assessing a Tax Deal: Last Best Chance for Stimulus?
- Timna Tanners -- WCN: Downgrading on landfill risks
- Scott Group -- Group Thoughts
- Nigel Coe -- (Heat) Pumping Out the Pro-Forma Model

Today's Webinars

There are no Wolfe webcasts today.

Published Reports

BASIC MATERIALS

Timna Tanners | Metals & Mining

[Key catalysts into year-end 2023](#)

Mon, Nov 20, 9:53 PM

In our new recurring catalyst watch we identified 11 key individual company catalysts across our coverage likely realized before the end of 2023, and detail them in one simple table. Any of these catalysts could prompt share price volatility (and disrupt the holiday season!)

ENERGY/UTILITIES

Sam Margolin | Integrated Oils

[Evaporating EVs: Capture Trackers](#)

Mon, Nov 20, 5:30 PM

Post 3Q23 earnings, we run a simple balance sheet/cash flow analysis where we sum ytd deleveraging and shareholder returns as an alternative to FCF. EV basis has declined sharply this year, supporting valuations even as crack spreads converge toward mid-cycle.

Steve Fleishman | Utilities

[Wolfe Smart Utility Vehicle \(SUV\)](#)

Mon, Nov 20, 9:00 PM

Best and worst EEL meetings, CA and IL regulatory rankings

FINANCIALS

Andrew Rosivach | REITs

[Fresh 11/20: Model Wrap \(VICI/O/KIM/PEAK\), LA Ports, Ecomm Penetration, PWC Report \(Suburbs\)](#)

Mon, Nov 20, 8:39 AM

The Wolfe Research daily or "Fresh" as we like to call it provides analysis on names in our sectors that we find interesting, estimate updates, and earnings reports. We also include daily news on a real time basis that we think moves stocks. Enjoy!

Darrin Peller | Payments, Processors, & IT Services

[MA/V: After Three Year Wait, PBOC Grants Mastercard Domestic License](#)

Mon, Nov 20, 7:27 AM

INDUSTRIALS

Nigel Coe | Electrical Equipment & Multi-Industry

[Carrier Global Corporation \(CARR\) | Underperform | PT: \\$56](#)

(Heat) Pumping Out the Pro-Forma Model

Tue, Nov 21, 1:05 AM

We have rolled Viessmann into our base case model as we home in on deal closure. With that said, we see a downside skew to our below-Street estimates, as German KPIs continue to meaningfully deteriorate, compounded by subsidy uncertainty. YE24 target price remains \$56.

Scott Group | Airfreight & Surface Transportation

[Group Thoughts](#)

Mon, Nov 20, 7:59 AM

This week, we review the disparity between average and median performance across transport stocks in the context of the group overall and a potential early-cycle trade for the group heading into 2024. We also discuss key takeaways from our First Annual Rail Access Day.

[Inside Freight](#)

Mon, Nov 20, 11:52 AM

Scott Group | Airlines

[Airlines - Weekly Capacity Tracker](#)

Mon, Nov 20, 12:31 PM

MACRO

Chris Senyek | Macro Research

[Portfolio Strategy Chart of the Day](#)

Tue, Nov 21, 5:45 AM

With respect to the "Big 7" stocks, we believe that this cohort is likely to outperform the overall market until their fundamental outlooks broadly weaken. Our sense is that these companies may not underperform as a group until a recession appears imminent.

Rob Ginsberg | Technical Analysis

[Gas or Cold Water onto the Fire?](#)

Mon, Nov 20, 5:46 PM

A well received 20-year auction was just what the bulls needed to push the NASDAQ through descending resistance that thwarted its summer rally. Overbought, but with NVDA on deck, will this anticipated earnings report deliver to throw more gas on this fire, or cold water?

Tobin Marcus | U.S. Policy and Politics

[Assessing a Tax Deal: Last Best Chance for Stimulus?](#)

Tue, Nov 21, 5:30 AM

We have generally been skeptical of the prospects for "elective" EOY legislation, but we think the odds of a tax deal worth ~\$270b through 2025 are rising. The hostile legislative environment may still be prohibitive, but investors should take this tax package seriously.

Yin Luo | Quantitative Research

[Proceedings from the Harnessing Options in Investment Management Conference](#)

Tue, Nov 21, 3:00 AM

We hosted our Half-day Harnessing Options in Investment Management Conference on November 16th, 2023. Over 100 buy-side investment professionals, academics, and other industry representatives attended the event at Wolfe Research's headquarters in New York City.

TMT

Alex Zukin | Enterprise Software

[Zoom Video Communications, Inc. \(ZM\) | Peer Perform | PT: -](#)

ZM F3Q24 Earnings - Zoom Now Pay Later

Mon, Nov 20, 10:09 PM

ZM reported solid top line beats while operating and FCF margins both outperformed. FY24 FCF margin guidance was raised to 30%, but we remained sidelined as Enterprise growth and NRR have yet to trough. We reiterate our Peer Perform rating and fair value of \$60-\$68.

[Wake That SaaS Up Daily 11/21/2023](#)

Tue, Nov 21, 4:05 AM

This morning we recap ZM earnings and preview earnings for ADSK after the close. We also highlight Satya Nadella's CNBC appearance where he discussed OpenAI, a partnership between U and ROKU, and layoffs at AI.

Deepak Mathivanan | Global Internet

[Download #56 - BFCM Preview: MELI Post Election, Tinder Profile Redesign](#)

Mon, Nov 20, 11:55 PM

In version #56 of the Download, we highlight 3P forecasts for BFCM, discuss implications of ARG election to MELI, and take a look at Tinder's redesigned profile page.

Timna Tanners | Commercial Services

[Waste Connections, Inc. \(WCN\) | Peer Perform from Outperform | PT: - from \\$146](#)

WCN: Downgrading on landfill risks

Tue, Nov 21, 5:00 AM

We downgrade to Peer Perform over its overheated landfill (ETLF) issue as shrs have recovered from disclosure in Q3 results and early Aug news. We assign a total likely hit of \$150M-250M over three yrs. Mgmt may ringfence the liability, which could prompt EBITDA downgrades.

For important disclosures regarding companies covered by Wolfe Research, LLC, please see <https://wolferesearch.bluematrix.com/sellside/Disclosures.action>.

The information contained in this e-mail is intended for the exclusive use of the addressee(s) and may contain confidential or privileged information. Any review, use, disclosure, distribution or copying of this transmittal is prohibited except by or on behalf of the intended recipient. The contents of this e-mail, including any attachments, is to be used solely for informational purposes, and should not be regarded as an offer, or a solicitation of an offer to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the author as of the date and time of this e-mail and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research, LLC and its affiliates, including but not limited to WR Securities, LLC doing business as Wolfe Research Securities and as Wolfe Capital Markets and Advisory, makes no representation that it is complete or accurate. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this e-mail and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. We will not be able to accept orders by email to buy or sell securities, transfer funds or which involve time-sensitive instructions. Subject to applicable law, Wolfe Research and its affiliates reserve the right to intercept, monitor and retain communications transmitted through its systems.

Wolfe Research
757 Third Ave, 6th Floor
New York, NY 10017
(646) 845-0700

[Contact Your Salesperson to Manage Subscriptions](#) | [Unsubscribe](#)

www.wolferesearch.com

