Wednesday morning -- Dec. 14, 2022

From Chris Temple - Editor/Publisher --

Greetings!

This will be a quickie as--among other things--I'm working over the balance of the week on a new regular issue (recapping our total holdings for the first time in a while!) ***and unveiling our new web site at last also.***

You'll hear more about what's on tap for the latter by/on the coming weekend.

For the moment...

Yesterday was a microcosm of what I think we'll continue to see in the markets as we get ready to enter 2023. What was, for the most part, a bit "cooler" CPI set f statistics yesterday morning ahead of the open caused a stampeded of buying in about everything *save for the U.S. dollar*.

But as the day wore on, a pre-market 900+ point rise in the Dow was almost entirely eliminated.

The first move was caused by Pollyannas still Jonesin' -- as Mickey and I discussed on last Friday's *Metals, Money and Markets* -- for a Fed pause/pivot. **They will be somewhat disappointed today after the Fed meeting.** I don't think we're going to hear anything very different from what Fire Marshall Jay and his comrades have been telling us for some weeks now:

--> The pace of hikes IS slowing down, as today's 50 bp hike will reveal.

--> *Maybe* the "terminal rate" is a bit less after today's prognostications; but it will still be in the neighborhood of 5% or so and require another couple of hikes after today.

--> And yesterday's slight Y-O-Y drop in core inflation (to 6% even) and headline (to 7.1%) will STILL warrant that ultimate peak level in rates early 2023 to be held for longer than the markets want to contemplate.

So I think the sell off in the dollar...plunge in the interest rate complex...and rallies of most risk assets of recent days will continue yesterday's later behavior and reverse further.

The Great Stagflation is only beginning. I'll have a lot to say about that in the coming days as we ready for 2023.

** I want to split the difference on the leveraged PM ETFs and **take some profits in AGQ, the ProShares Silver one.** We'll stick with UGL; but it's an "Accumulate."

YES, I know that we're getting into a seasonally strong time for the PM's...but they, as stocks, have been bid up a little too far/too fast with the Fed pivot hopium.

In any case, we have plenty of CHEAP PM-related companies that we'll benefit from along the way.

** **Energy** of most kinds will continue to be outperformers ahead, I suspect. ***ERX and URNM are "Accumulate" for now...U.UN is a BUY***.

** SJB is back to a BUY...we're down a bit here, but I think this will be an ongoing no-brainer way to play the coming, evolving economic weakness and all.

** Likewise, EDZ, SQQQ and HDGE are all a BUY as well.

** **Finally, I want to take the NICE money and run where Fluor is concerned.** Unlike its NuScale spin-out that had a nice move for a while but has fluttered back down nearer its IPO price (I'm not worried long-term about that; SMR is still a BUY) Fluor has methodically ratcheted higher to a new multi-year high.

You'll recall I was insistent back when I added FLR that its business rebound and financial performance would be vindicated eventually. **It now has been.** The company tallied $9.7 billion in new project awards during the third quarter; the 2nd highest quarterly total in FLR's century-plus in existence.

Yet earnings have disappointed in 2022; after initially being forecasted at around $1.10, they'll end up around 85-90 cents after three successive quarterly "misses."

Even if next year's raised target of about $1.70/share is met, we now have a stock selling for 20+ times those 2023 earnings; hardly cheap any longer.

In short, I can't foresee much more out of this; so let's chalk up FLR as a big and *very* satisfying double-plus.

All the best,

Chris Temple -- Editor/Publisher

"You can get information anywhere...but here, you get KNOWLEDGE!"