



Election of the Century

Tomorrow is the big day.

This is the election of the century.

We desperately need a check against unhinged deficit spending. If we do not get one, the country could be in the shit house in less than two years.

The recent implosion of the U.K. should be a wake-up call. Liz Truss had the shortest tenure ever as Prime Minister.

She tried to cut taxes while spending more money on giveaways, and the market would have none of it.

It got so bad when U.K. bonds sold off; the risk premium was called "the moron premium."

It looks like the bill has come due for the huge deficits.

I wrote about this a few weeks back. Republicans spend money they don't have either. Neither party is fiscally conservative. However, at the very least, a Republican win in the House will force things to a grinding halt.

Gridlock is great.

Bipartisanship is even better.

However, we are divided as a country, so gridlock is the most likely path forward.

Right now, the Republicans are favored.

Not necessarily in the polls but in the betting markets.

Foreigners can bet on U.S. elections (U.S. citizens can, too, to a limited extent). This is interesting because people say all sorts of things in polls.

When you put your money on the line, you do it to win.

In addition, foreign action is less politically biased.

Do average punters in Britain care if a Republican or Democrat wins?

Not really.

As my dad used to say, "bet with your head and not your heart."

The bets have been flowing in and are increasingly for the Republican side.

I do have concerns about these markets.

My biggest concern is how liquid these markets are.

I do not doubt the accuracy of the total bets.

However, there's only about \$750,000 bet on the Senate race. There is \$500,000 bet on races for Governor. I need help determining how much is bet on the House race.

The question I have then is what happens if someone bets \$10,000 on the Senate race. How much does that move the odds?

You'd own the market if you bet \$10,000 on a long-shot horse at Aqueduct in the 7th race.

You would kill the odds.

You would move the odds much less if you bet \$10,000 on a long shot in the Kentucky Derby. You'd move the line very little if you bet one of the top three favorites.

While the betting is unbiased, how much is controlled by a few hands? Or is it spread out?

I do not know.

The more players involved, the more I believe the current odds.

However, the betting markets are active participants. In a poll, the person might not vote even if they are "likely" to do so.

Most importantly, the odds are set by the public. This makes the betting market more reflective of the likely outcomes.

In horse racing, the favorite wins more than any other horse at a given level of odds.

Horses that go off at less than even money win even more often.

In the election betting markets, the odds reflect the action of the various races.

The Republicans are favorites in both the Senate and House races.

If you look at polls, the Senate is likely to be held by Democrats, although it will be very tight (a 50-50 Senate is a Democrat win because the Vice President is a tie-breaking vote).

There's a considerable difference then between the polls and the betting markets for control of the Senate.

I favor the betting markets for the advantages I discussed above.

In addition, if you look at the tight races for Governor that also have key Senate races, they favor the Republicans.

For example, the Republican candidate in Arizona is pulling away in the polls. The Senate race is a statistical tie.

When voters go to the polls and vote for the Republican for Governor, I doubt they will split the ticket and not vote for the Republican for Senate.

That's because independents will decide the election as they always do. The independent voting block is massively disaffected by the economy, inflation, crime, and immigration.

The Democrats made the race about abortion and a threat to democracy.

Those are not kitchen table issues. The Democrats have missed the mark on addressing the issues most important to those deciding the outcome of the races.

In addition to Arizona, Nevada would have the same issue of the Republican gubernatorial candidate carrying the Senate candidate over the line.

Georgia too. Kemp will likely win big for Governor, and that benefits Herschel Walker.

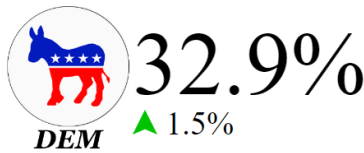
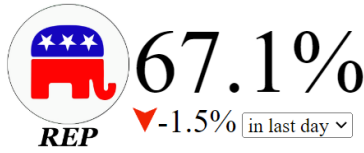
Notice that the Senate odds for a Republican takeover are 67.1% (at 10:05 am EST on November 6, 2022).

Not too long ago, the Democrats were betting favorites to keep the Senate. The trend in the last few weeks has changed dramatically in favor of the Republicans. The trend is more important than the odds.

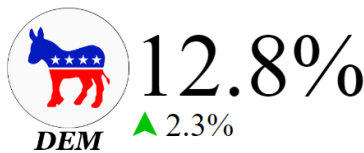
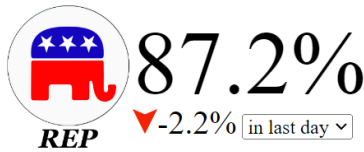
In the House, the Republicans were always favored. Now they are big favorites. Again, the trend has moved powerfully in the direction of Republicans in the last few weeks.

Chance of...

Senate Control 2022

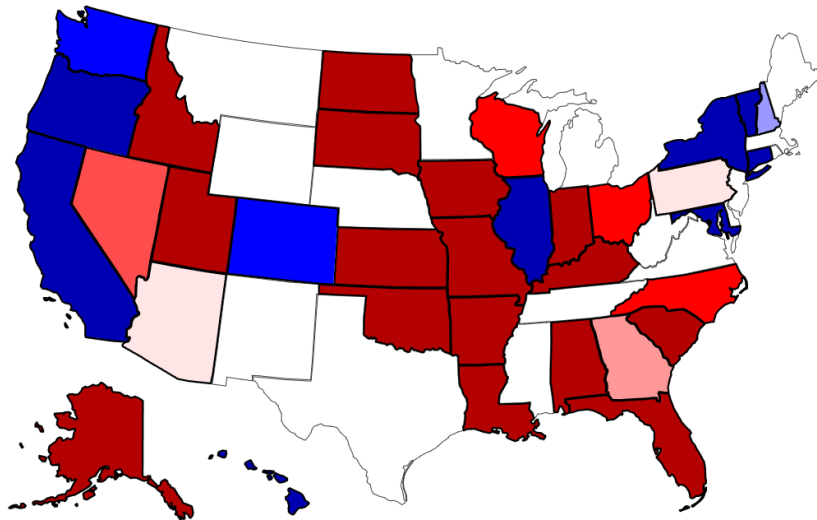


House Control 2022



Senate Seats 2022 (estimate: 47-53. Hover over states)

Current senate is 50-50



Last updated: 9:54AM EST on Nov 06, 2022
 Over \$750k bet. State betting is from [PredictIt](#)
[Betfair](#) to be added if liquid state market available

Lastly, the races for Governor.

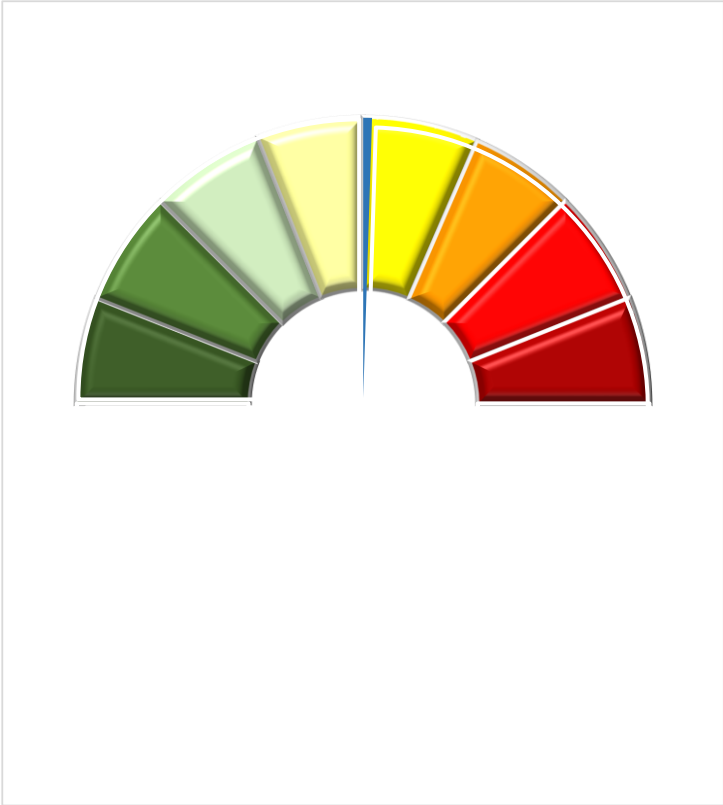
There are five key Senate races. Arizona, Nevada, Ohio, Georgia, and Pennsylvania.

Republicans are solid in four of those races for Governor.

Again, that benefits the Senate candidates on the same ticket, and there will be less split ticket voting than usual.





Whether there is a red wave or red tsunami is anyone's best guess.

I think there will be a Republican House, which is the best way to check on deficit spending.

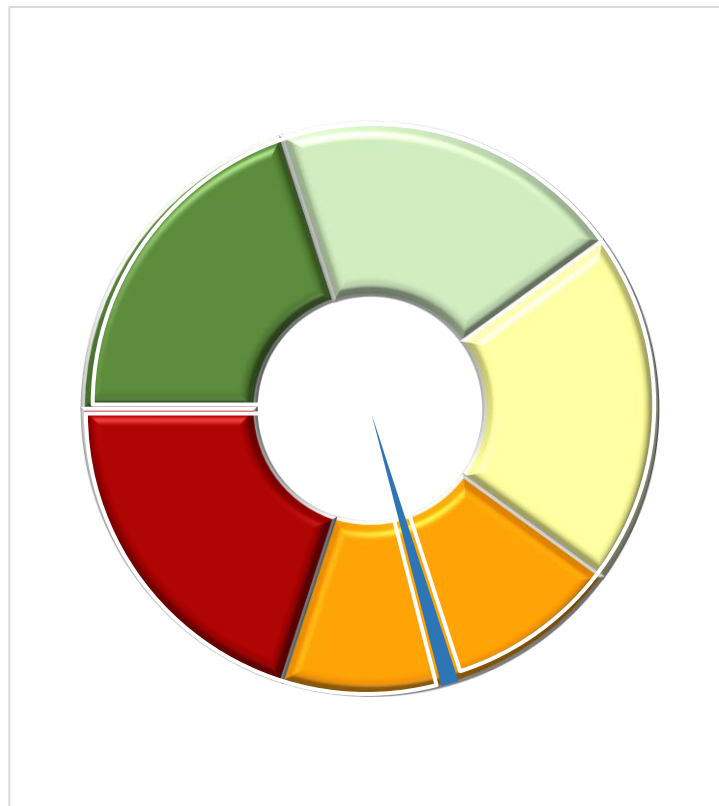


Investable Risk-O-Meter

There is one trade this month. The credit risk model shifted back to “risk on”. As a result, the model buys the S&P 500 (I use Schwab total market SCHB) and if you want to use some leverage a small position in QLD is taken as well. Here’s the portfolio below:

Component	Position	Position Size	Risk ON or OFF	
Market Trend	Cash	25.0%	OFF	
Sentiment	Cash	25.0%	OFF	
Volatility	IEF	22.5%	OFF	
Levered Volatility	UST	2.5%	OFF	
Credit Risk	SPY	22.5%	ON	
Levered Credit Risk	QLD	2.5%	ON	

The model is down 8.75% year-to-date. The global 60/40 benchmark is down 19.3%. The S&P 500 is 19.8%.



Levered ETF Model

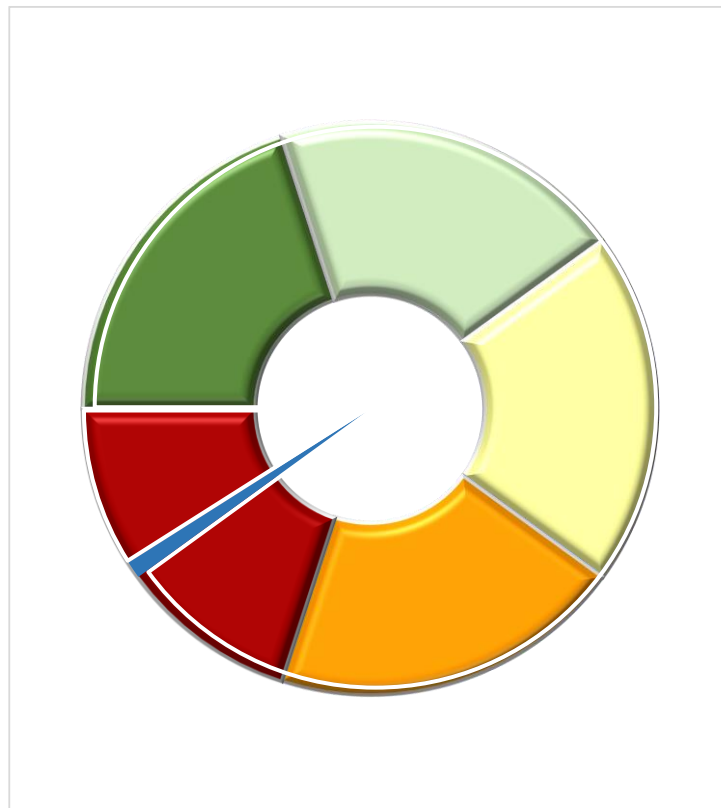
The levered ETF model remains 100% in cash.

Right now, the volatility is off the charts within a longer-term downtrend in the markets.

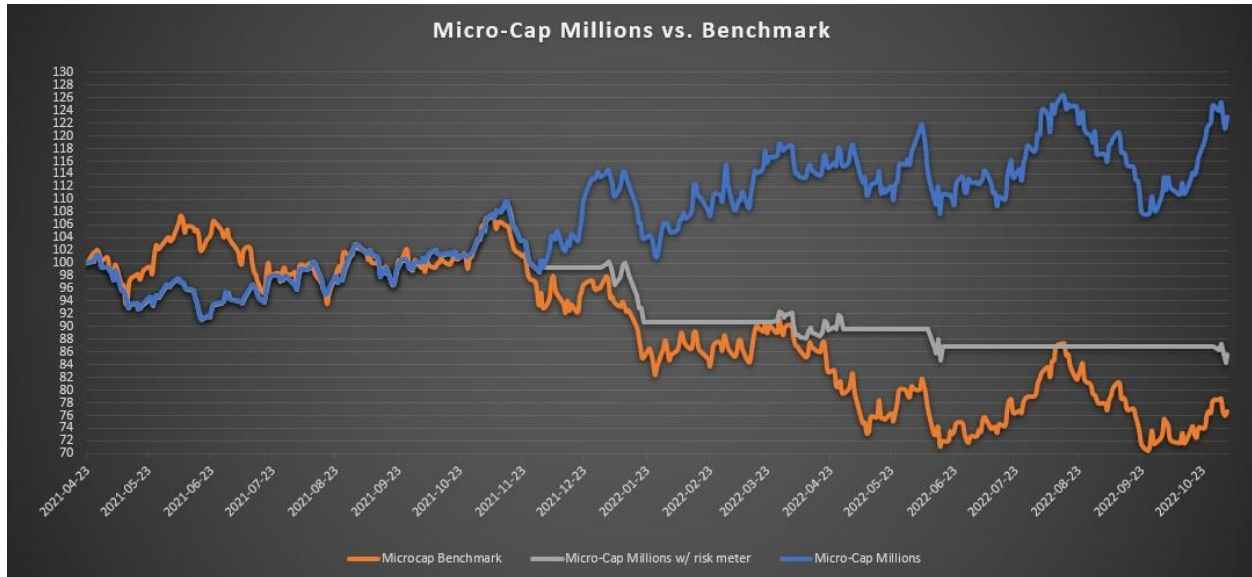
As a result, the model prefers to stay on the sidelines.

The good news is cash is earning more interest than at any time in recent history.

Cash sleeps softly at night.



Micro-Cap Millions



There are four trades this week.

Buy IRadimed Corp. (IRMD), Intevac, Inc. (IVAC), Kiniksa Pharma Ltd. (KNSA) and Semler Scientific, Inc. (SMLR)

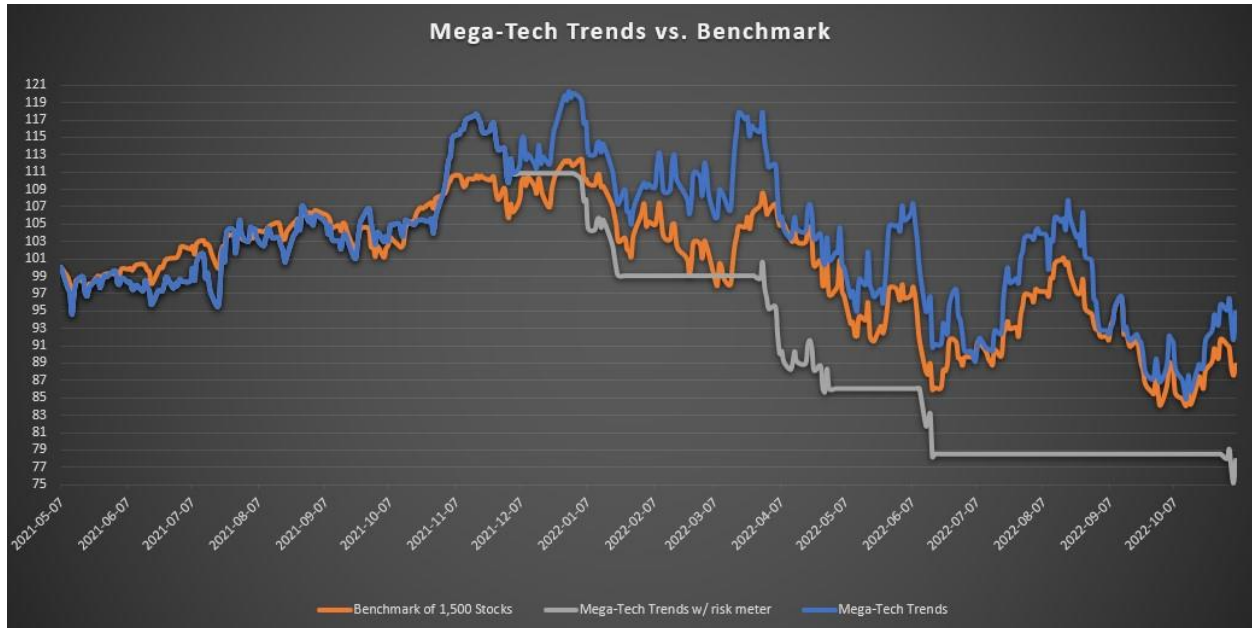
Sell Aviat Networks, Inc. (Nasdaq: AVNW), PCTEL, Inc. (Nasdaq: PCTI), Upland Software, Inc. (Nasdaq: UPLD), Wayside Technology (Nasdaq: CLMB / WSTG)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BELFB	Bel Fuse, Inc.	25.36%	74	Technology
CTG	Computer Task Group, Inc.	-12.24%	151	Technology
EDAP	EDAP TMS SA	20.26%	59	Healthcare
HCKT	The Hackett Group, Inc.	-1.41%	228	Technology
IRMD	IRadimed Corp.	0.00%	new	Healthcare
IVAC	Intevac, Inc.	0.00%	new	Technology
KNSA	Kiniksa Pharmaceuticals Ltd.	0.00%	new	Healthcare
MRAM	Everspin Technologies, Inc.	-7.28%	59	Technology
PERI	Perion Network Ltd.	23.63%	109	Technology
SMLR	Semler Scientific, Inc.	0.00%	new	Healthcare

NOTE: A Press release issued by Wayside Technology Group indicates that the company changed its ticker to CLMB from WSTG effective October 31, 2022.

Mega-Tech Trends



There are two trades this week.

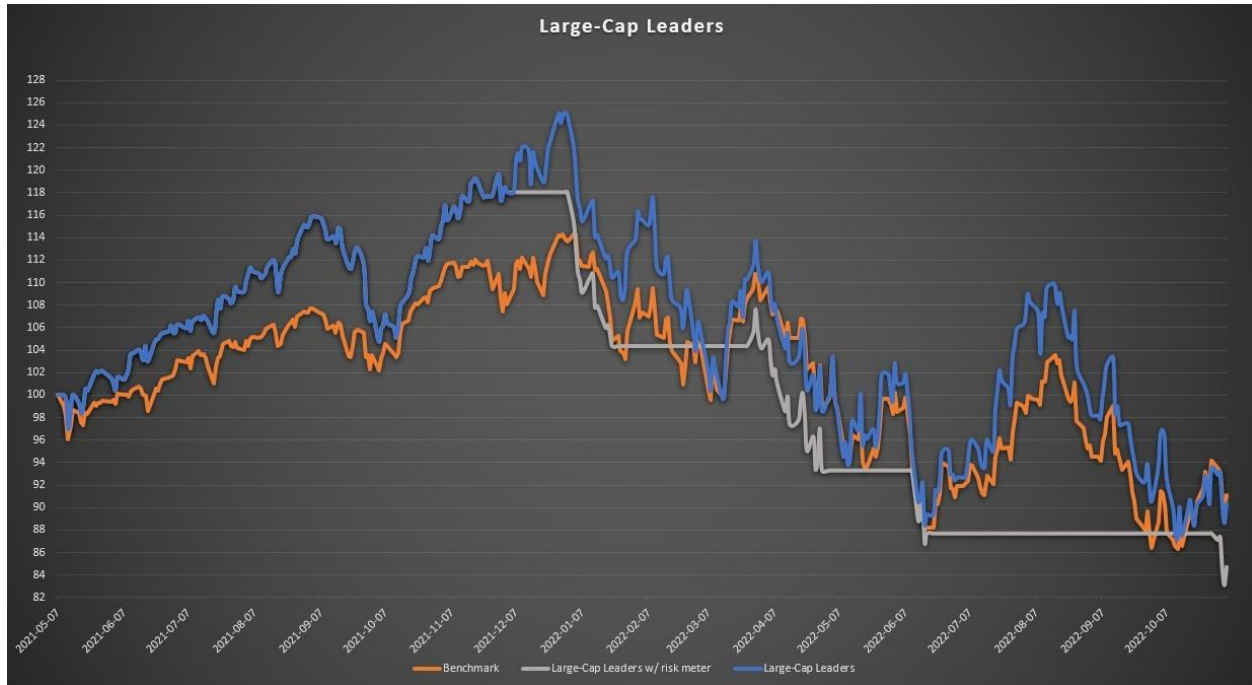
Buy Advanced Energy Industries, Inc. (Nasdaq: AEIS) and Belden, Inc. (NYSE: BDC)

Sell Amkor Technology, Inc. (Nasdaq: AMKR) and TTM Technologies, Inc. (Nasdaq: TTMI)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AEIS	Advanced Energy Industries, Inc.	0.00%	new	Technology
BDC	Belden, Inc.	0.00%	new	Technology
BHE	Benchmark Electronics, Inc.	1.17%	4	Technology
CDW	CDW Corp.	7.82%	39	Technology
COHU	Cohu, Inc.	-0.33%	4	Technology
EXTR	Extreme Networks, Inc.	0.06%	4	Technology
JBL	Jabil, Inc.	7.82%	95	Technology
NTAP	NetApp, Inc.	4.86%	11	Technology
PLAB	Photronics, Inc.	6.77%	25	Technology
SANM	Sanmina Corp.	15.21%	88	Technology

Large Cap Leaders



There is one trade this week.

Buy Fortinet, Inc. (Nasdaq: FTNT)

Sell EPAM Systems, Inc. (NYSE: EPAM)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADI	Analog Devices, Inc.	3.55%	32	Technology
ADSK	Autodesk, Inc.	-3.82%	11	Technology
APH	Amphenol Corp.	-3.16%	270	Technology
AVGO	Broadcom, Inc.	3.46%	11	Technology
CDNS	Cadence Design Systems, Inc.	-5.99%	4	Technology
CDW	CDW Corp.	0.92%	46	Technology
FTNT	Fortinet, Inc.	0.00%	new	Technology
KLAC	KLA Corp.	2.03%	4	Technology
NTAP	NetApp, Inc.	4.10%	25	Technology
SNPS	Synopsys, Inc.	-23.81%	74	Technology

The Forensic Accounting Stock Tracker™ (FAST)

Below are the top and bottom 50 stocks in the FAST Model for **November 2022**. The Model is updated monthly.

How to Use FAST™

There are several ways to use FAST™ in your investing process.

Among them:

- Individual stock selection -- FAST™ can help you analyze individual stocks and narrow your investment opportunities to the highest earnings quality equities.
- Options Trades – FAST™ is built around identifying companies with the highest opportunities or risks to generate earnings results that exceed or fall short of investor expectations. Stocks tend to have more volatility around earnings releases. Using options on high/low-ranked FAST stocks may improve returns or hedging opportunities by betting on stocks that may exceed or fall short of analysts' and investors' expectations.
- Building an Entire Portfolio – While FAST™ ranks stocks in order of earnings quality, there may ultimately be little difference between the #1 and #22 ranked stock, for example. Buying an entire basket of the top 25 or 50 stocks may provide a diversified portfolio with similar underlying characteristics: strong earnings quality, reasonable valuations, and expectations that could lead to upward revisions in the coming quarters.

The bottom 50 stocks are ranked by their actual rank (1447-1496) instead of 1-50 because the 50th stock was the lowest-ranked stock in the Model, but some subscribers found that confusing with the 1-50 rank.



Forensic Accounting Stock Tracker
“CSI For Your Stock Portfolio”



Rank	Rank Change	Ticker	Stock Name	Overall Rank	Buybacks	Earnings Quality	Momentum	Sentiment
Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9
1	0	SANM	Sanmina Corp.	A+	A	A+	A	A
2	1	ORLY	O'Reilly Automotive, Inc.	A+	B+	A	A	A
3	5	APOG	Apogee Enterprises, Inc.	A+	A	A	B+	A-
4	29	AZO	AutoZone, Inc.	A+	A-	A	A+	B-
5	-3	ACM	AECOM	A+	B	A+	A-	B
6	46	MANH	Manhattan Associates, Inc.	A+	B-	A+	B+	A+
7	27	EXLS	ExlService Holdings, Inc.	A+	C+	A+	A	A-
8	62	OFG	OFG Bancorp	A+	A	C	A	A+
9	26	FTNT	Fortinet, Inc.	A+	B	B	B+	A+
10	27	UNP	Union Pacific Corp.	A+	B+	A	B-	A
11	4	ADP	Automatic Data Processing, Inc.	A+	C+	A	A-	A
12	1	AVGO	Broadcom, Inc.	A+	B	B	B	A+
13	46	HSY	The Hershey Co.	A+	D+	A+	A	A
14	12	TWNK	Hostess Brands, Inc.	A+	B-	A+	A+	B
15	135	GPC	Genuine Parts Co.	A+	C-	A	A	A
16	9	CDNS	Cadence Design Systems, Inc.	A+	C+	A	A-	A-
17	10	KEYS	Keysight Technologies, Inc.	A+	B-	A-	B	A+
18	5	STZ	Constellation Brands, Inc.	A+	B-	A	B+	A-
19	24	EME	EMCOR Group, Inc.	A+	A	C	B+	A+
20	0	FBP	First BanCorp (Puerto Rico)	A+	A	B	A+	B-
21	51	KBR	KBR, Inc.	A+	C+	A	A	B
22	-18	WAB	Westinghouse Air Brake Technologies Corp.	A+	B	A+	B	B
23	13	CI	Cigna Corp.	A+	B+	B-	B+	A
24	39	QLYS	Qualys, Inc.	A+	B-	A	A-	B+
25	20	CTAS	Cintas Corp.	A+	B-	A	B-	A+
26	51	ABBV	AbbVie, Inc.	A+	D+	A	A	A
27	83	HUBB	Hubbell, Inc.	A+	C-	A+	A	B+
28	10	GD	General Dynamics Corp.	A+	C+	B	A-	A
29	36	ADI	Analog Devices, Inc.	A+	B	B	B-	A+
30	-23	OXM	Oxford Industries, Inc.	A+	B	B	A	B-
31	-10	NTAP	NetApp, Inc.	A+	B	A+	B-	B
32	48	CHE	Chemed Corp.	A+	B+	B+	C	A+
33	-22	WAFD	Washington Federal, Inc.	A+	B+	B	B	A
34	205	PNFP	Pinnacle Financial Partners, Inc.	A+	D+	A+	A	A-
35	5	INDB	Independent Bank Corp. (Massachusetts)	A+	B-	A-	B-	A+
36	33	CSX	CSX Corp.	A+	B+	A	D+	A+
37	-13	AON	Aon plc	A+	A-	B	B+	B-
38	24	NVT	nVent Electric plc	A+	C	B+	A	B+
39	298	VRTX	Vertex Pharmaceuticals, Inc.	A+	C-	A+	A-	B
40	-22	ULTA	Ulta Beauty, Inc.	A+	B+	B	A+	C+
41	-10	CW	Curtiss-Wright Corp.	A+	B	C	A-	A
42	24	G	Genpact Ltd.	A+	B-	A-	B-	A
43	40	UNM	Unum Group	A+	C	B+	A	B
44	76	HUM	Humana, Inc.	A+	C	A	B-	A+
45	167	FWRD	Forward Air Corp.	A+	C+	A-	B	A
46	-17	CDW	CDW Corp.	A+	B-	B+	B-	A+
47	0	SNPS	Synopsys, Inc.	A+	C	B	A-	A+
48	86	DG	Dollar General Corp.	A+	B-	B	B	A
49	79	FHB	First Hawaiian, Inc.	A+	C	A	A	B
50	1	WM	Waste Management, Inc.	A+	C+	B	A-	A-



Forensic Accounting Stock Tracker
“CSI For Your Stock Portfolio”



Rank	Rank Change	Ticker	Stock Name	Overall Rank	Buybacks	Earnings Quality	Momentum	Sentiment
Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9
1444	3	DISH	DISH Network Corp.	D-	D-	D	D-	D-
1445	-153	KALU	Kaiser Aluminum Corp.	F	D	F	D-	D
1446	28	SHAK	Shake Shack, Inc.	F	D-	D	F	D-
1447	34	SAM	Boston Beer Co., Inc.	F	D-	C-	F	F
1448	-11	SHEN	Shenandoah Telecommunications Co. (Virginia)	F	D	D-	F	D-
1449	12	WDC	Western Digital Corp.	F	D-	D	D-	D-
1450	2	NYMT	New York Mortgage Trust, Inc.	F	D-	D	D	D
1451	2	MCY	Mercury General Corp.	F	D	F	D-	D-
1452	-97	GNL	Global Net Lease, Inc.	F	D-	D	D-	D-
1453	39	JBLU	JetBlue Airways Corp.	F	D-	D-	F	C-
1454	-34	HBI	Hanesbrands, Inc.	F	C-	F	D-	D-
1455	-14	CENX	Century Aluminum Co.	F	D	D-	D-	F
1456	-6	ALGT	Allegiant Travel Co.	F	D-	D-	D-	D-
1457	-41	CRSR	Corsair Gaming, Inc.	F	D-	C-	F	D-
1458	-137	AXL	American Axle & Manufacturing Holdings, Inc.	F	D+	D-	D-	D-
1459	-14	UAA	Under Armour, Inc.	F	D	D-	D-	D-
1460	-17	CVGW	Calavo Growers, Inc.	F	D-	D-	D-	D-
1461	17	TG	Tredegar Corp.	F	D	D-	D-	F
1462	7	WW	WW International, Inc.	F	D	D-	F	D-
1463	-126	BA	The Boeing Co.	F	D-	D-	D-	D-
1464	-29	SNCY	Sun Country Airlines Holdings, Inc.	F	D-	D	F	D-
1465	0	INTC	Intel Corp.	F	D-	D	F	D-
1466	-3	MAC	Macerich Co.	F	D-	D-	D-	F
1467	-149	RC	Ready Capital Corp.	F	D-	D-	D+	D-
1468	9	RCL	Royal Caribbean Group	F	D	D-	D-	D-
1469	1	BFH	Bread Financial Holdings, Inc.	F	D	F	D-	D-
1470	6	PARA	Paramount Global	F	D	D-	D-	D-
1471	4	DBD	Diebold Nixdorf, Inc.	F	D	F	D-	F
1472	8	WBD	Warner Bros. Discovery, Inc.	F	D	D-	F	F
1473	15	IVR	Invesco Mortgage Capital, Inc.	F	F	F	D-	D+
1474	10	BGS	B&G Foods, Inc.	F	F	D-	D-	D-
1475	-20	CNSL	Consolidated Communications Holdings, Inc.	F	F	D-	D-	D-
1476	11	NKTR	Nektar Therapeutics	F	D-	D	F	D-
1477	-11	HSC	Harsco Corp.	F	D	F	F	D-
1478	-10	KD	Kyndryl Holdings, Inc.	F	D	F	F	D-
1479	15	CCL	Carnival Corp.	F	F	D	D-	F
1480	-182	ARR	ARMOUR Residential REIT, Inc.	F	F	F	D-	D
1481	14	SLQT	SelectQuote, Inc.	F	D-	F	D-	D-
1482	1	VIR	Vir Biotechnology, Inc.	F	D-	D-	D-	F
1483	-71	MLKN	MillerKnoll, Inc.	F	F	D-	F	D
1484	1	SAFE	Safehold, Inc.	F	F	D-	F	D-
1485	4	SKYW	Sky West, Inc.	F	D-	F	D-	D-
1486	10	NCLH	Norwegian Cruise Line Holdings Ltd.	F	F	D-	D-	D-
1487	6	HPP	Hudson Pacific Properties, Inc.	F	F	D-	D-	F
1488	3	LPSN	LivePerson, Inc.	F	D-	D-	F	F
1489	-30	JRVR	James River Group Holdings Ltd.	F	F	D-	D-	D-
1490	-11	PMT	PennyMac Mortgage Investment Trust	F	F	F	D-	D-
1491	-34	TWO	Two Harbors Investment Corp.	F	F	D-	D-	D-
1492	-6	TDS	Telephone & Data Systems, Inc.	F	F	F	D-	D-
1493	-11	RWT	Redwood Trust, Inc.	F	D-	F	D-	D-

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