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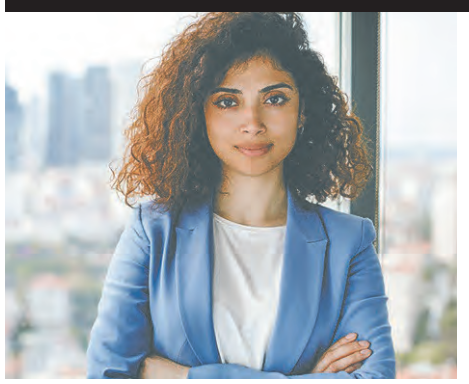

AMERICA'S BLUEPRINT FOR GROWTH IS A MATTER OF L'ATTITUDE

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premium to its five-year average.

That wasn't the only frightening realization. This past week, investors learned from a trio of reporters—**Boeing** (BA), **Raytheon Technologies** (RTX), and **General Electric** (GE)—that commercial aerospace isn't recovering as quickly as industry insiders hoped for. A flareup of coronavirus infections across the U.S. is keeping people off planes, raising the possibility that air-travel demand will bounce along the bottom for a few quarters—possibly until there is a vaccine. Those three stocks traded down about 12%, 9%, and 9% for the week, respectively.

Cars didn't look much better than planes this past week. Stock in **General Motors** (GM) and **Ford Motor** (F) fell about 6% and 5%, respectively. Results from both were pretty good, against very low expectations, but new-car volumes outside of China aren't recovering quickly enough for investors.

In China, the largest new-car market in the world, new-car sales bottomed in February and were roughly flat year over year in the second quarter. European sales, however, dropped about 50% year over year. U.S. sales fell by roughly one-third.

Investors might be right to fret, but not everyone sees it that way. "I am quite happy with earnings," Brian Rauscher, head of global portfolio strategy and asset allocation at Fundstrat, tells *Barron's*. "This is textbook, people missing the rally are letting a Covid-19 second wave blind them to what's going on with [earnings estimate] revisions."

Rauscher puts a lot of stock in the rate of change. For the most part, he just wants to see things getting better. That perspective helped him make a bold, bullish call in late March—when he believed things stopped getting worse.

"There are always a few companies with idiosyncratic issues," he adds, reflecting on recent results. "But this is the earnings season we needed to see." Wall Street earnings estimates haven't caught up with company fundamentals, even if company earnings haven't returned to prepandemic levels.

That makes him want to stay invested in this market. Bull markets climb a wall of worry. So this Covid bull should keep climbing into the election.

Fasten Your EV Seatbelts

Electric-vehicle stocks are Wall Street's Wild West. EV stocks tracked by *Barron's* are up more than 160% year to date, led by **Tesla**'s (TSLA) 250% rise. **Li Auto** (LI)—a maker of electric SUVs with onboard generators—rose 43% in its market debut Thursday.

There is no lack of volatility in the sector. Shares in battery- and fuel-cell powered truck maker **Nikola** (NKLA), for instance, moved double-digit percentage points seven separate days in July, and shares dropped 56% in the month. Still, the stock is up more than 190% year to date.

All of this action is leaving Wall Street a little befuddled.

Most EV stocks now trade above analyst price targets. And those are the EV stocks followed by Wall Street analysts. Four EV companies worth more than $15 billion—including Li Auto—don't even have analyst coverage yet.

Instead of raising or lowering stock prices and stock targets rapidly—something analysts are loath to do—they are writing worst-, base-, and best-case scenarios for EV stocks and leaving it up to investors to figure out what to do next.

Analysts, in other words, are sitting on the fence. Still, such scenario planning is a good idea for investors, especially traders. It can help them plan what to do no matter what happens, which is especially important in a sector like electric vehicles.

Nikola investors are in the midst of worst-case planning. Shares plunged after rising 135% in June. It now trades at $30. How bad can it get?

July-like declines for Nikola shares, which were catalyzed by warrant vesting, probably aren't in the cards for a few

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJ Industrials	26428.32	-41.57	-0.16
DJ Transportation	9994.81	+264.69	+2.72
DJ Utilities	830.77	+5.03	+0.61
DJ 65 Stocks	8701.84	+57.99	+0.67
DJ US Market	811.32	+13.95	+1.75
NYSE Comp.	12465.05	+3.27	+0.03
NYSE Amer Comp.	2058.74	-8.81	-0.43
S&P 500	3271.12	+55.49	+1.73
S&P MidCap	1863.91	+13.97	+0.76
S&P SmallCap	865.38	+13.79	+1.62
Nasdaq	10745.27	+382.10	+3.69
Value Line (arith.)	6166.07	+28.60	+0.47
Russell 2000	1480.43	+12.87	+0.88
DJ US TSM Float	33323.80	+562.59	+1.72

	Last Week	Week Earlier
NYSE Advances	1,753	1,805
Declines	1,322	1,254
Unchanged	31	45
New Highs	257	240
New Lows	31	20
Av Daily Vol (mil)	4,388.4	4,189.5
Dollar (Finex spot index)	93.49	94.44
T-Bond (CBT nearby futures)	182-090	181-030
Crude Oil (NYM light sweet crude)	40.27	41.29
Inflation KR-CRB (Futures Price Index)	143.69	143.05
Gold (CMX nearby futures)	1962.80	1897.30

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