

# The Fed's "Rate Shock" Sends Stocks Tumbling

## Inside This Week's Bull Bear Report

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## Market Stumbles After Fed's Rate Shock

Last week, we discussed that there were some short-term positive developments. The market had bounced off the 20-dma, turning that previous resistance level into support, and this week the market rallied above the 50-dma. Then, on Wednesday, Jerome Powell sent a message on rates that sent the bulls scrambling for cover.

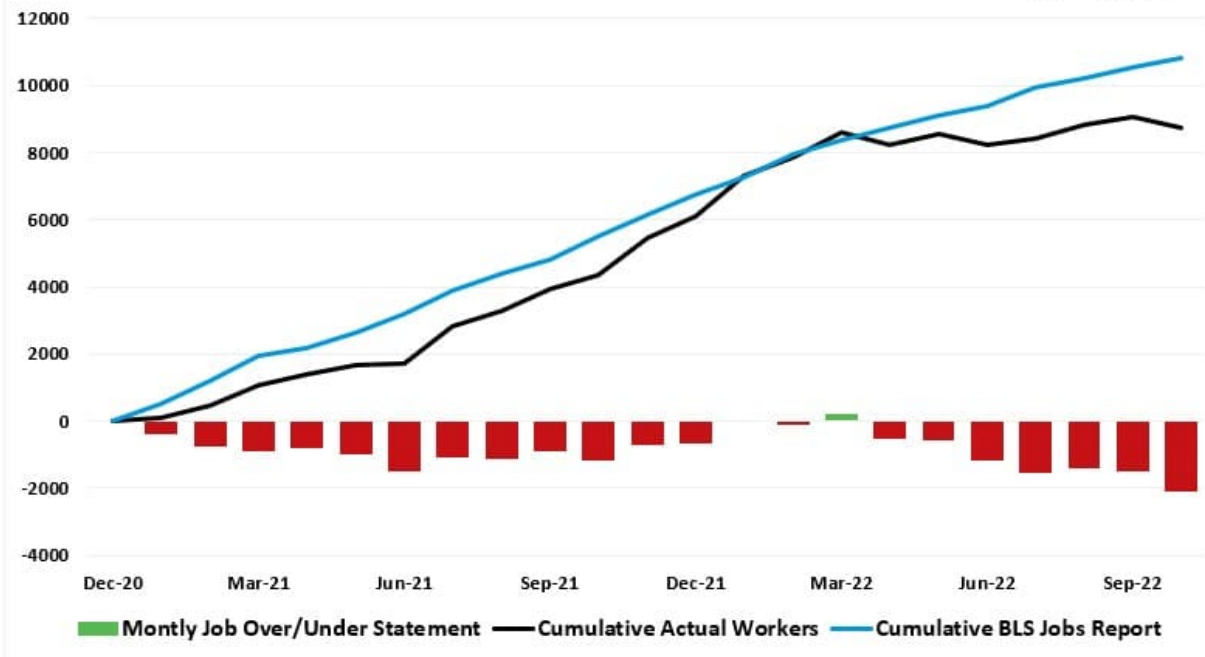
As expected, the Federal Reserve raised interest rates by 0.75%. Stocks initially rallied as the FOMCs statement suggested that rate hikes would slow. However, once Fed Chair Jerome Powell emphasized that it's "*premature*" to discuss a pause in rate increases, stocks tumbled, taking out important support at both the 50-dma and the 3800 support level.

The October employment report on Friday was also strong, printing a 261,000 job increase, but the unemployment rate rose to 3.7%. Initially, stocks sold off but then rallied on expectations that future reports would begin to weaken. Notably, the market defended the important 20-dma moving average, keeping the bull market rally from the September lows alive. However, the MACD "*buy signal*," which signaled the start of the most recent rally, is dangerously close to flipping.



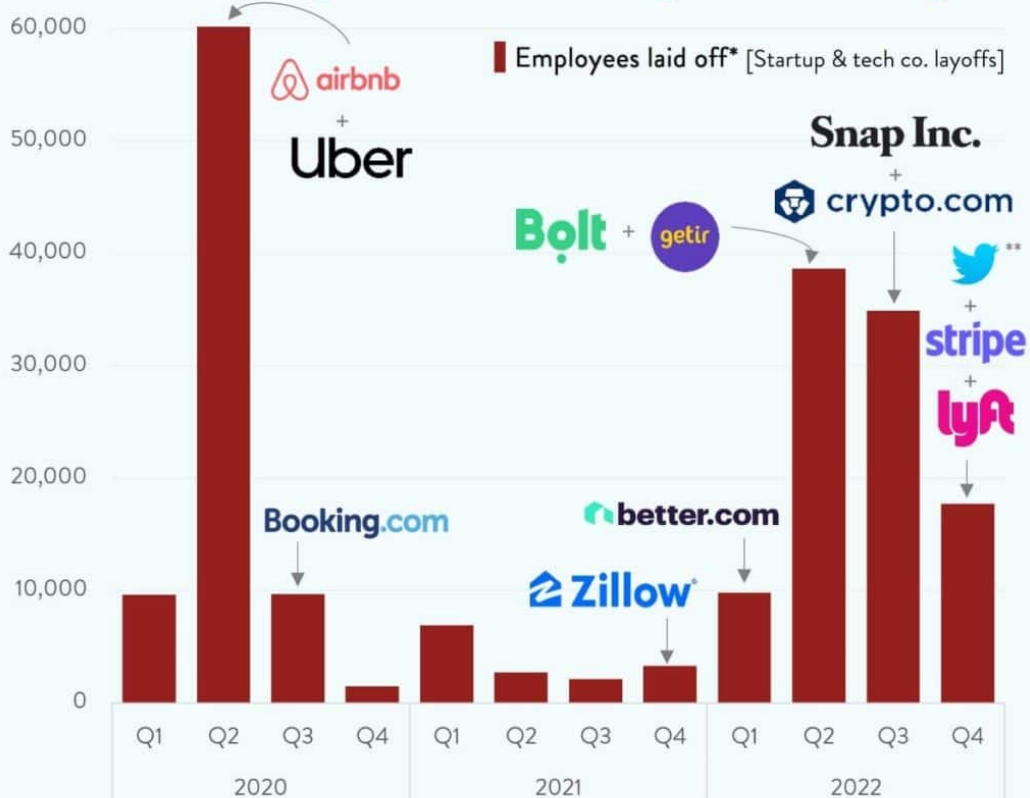
While the BLS employment report suggested employment was strong, the Household Survey, which is where the BLS report comes from, showed a rather significant loss of 328,000 jobs. Also, wage growth continues to slow, and the labor force participation rate dropped. That data suggests the Fed's rate hikes are beginning to have an effect. As shown, while the BLS report continues to report strong monthly job growth, the Household Survey (which the BLS draws its report from) **suggests a far weaker picture showing NO job gains since March of 2022.**

## Actual Workers Vs BLS Employment Report



We suspect that after the Midterm elections are behind us, we may see a "catch down" in the data. Such is especially the case with the rising number of layoff announcements almost daily.

## The List Of Tech Companies & Startups With Layoffs Just Keeps Growing



Source: layoffs.fyi

\*\*Twitter layoffs estimated at 2,000



\*Logos for selected high-profile layoffs

While the Fed continues looking at inflation and employment for clues on when to stop hiking rates, as we will discuss, they may have already gone too far.

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## What The Fed Said About Higher Rates

Over the last three weeks, the market has traded higher over hopes, once again, that the Fed would begin its "pivot" on rate hikes. As noted above, such was not the case, as Jerome Powell made it clear that hiking rates remain the primary focus until it achieved its goals. Interestingly, this is not the first time this occurred. In June, at the market's lows, stocks began to stage an enormous rally into mid-August, hoping the Fed would shift its hawkish stance. Then, as it was this week, Jerome Powell changed his Jackson Hole Summit speech at the last moment to crush any notion the Fed might reverse its stance on rate hikes.



Specifically, what shook the markets the most was Powell's statement during the press conference.

***"The labor market continues to be out of balance, with demand substantially exceeding the supply of available workers?"***

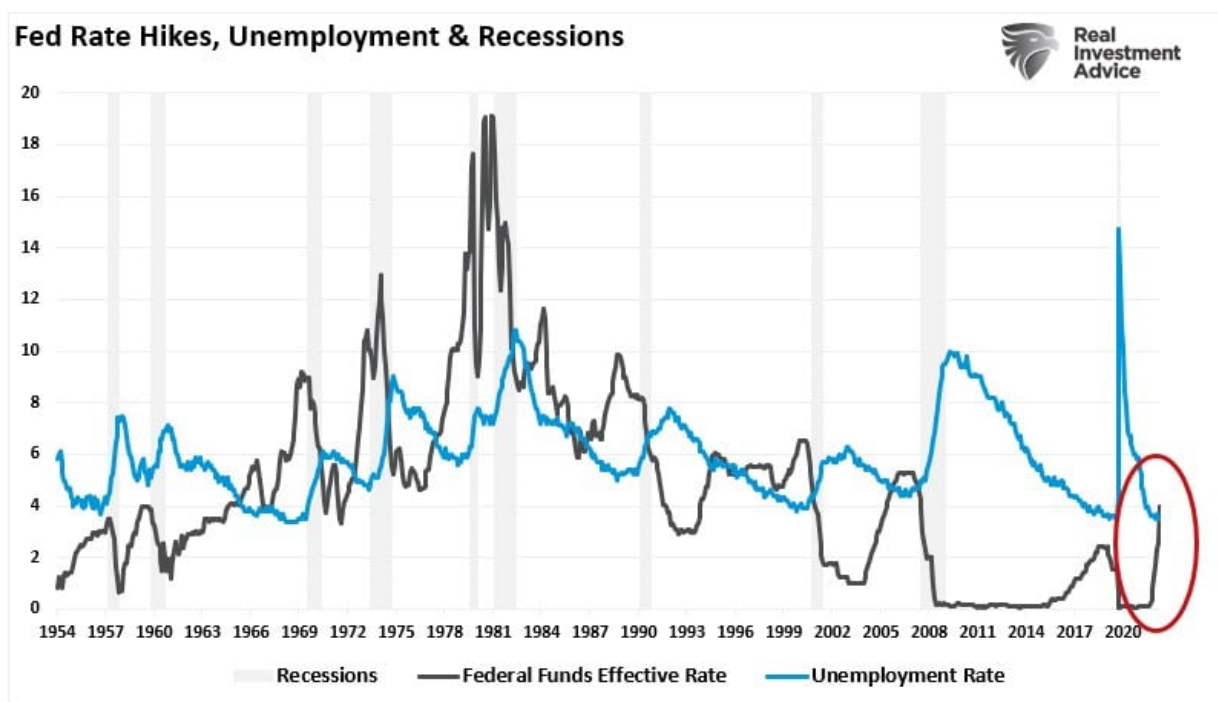
That statement reinforced the notion that the Fed is looking at employment and inflation as giving it plenty of reasons to keep tightening.

The employment report on Friday provided no evidence the economy is cooling. Two inflation and another job report remain before the Fed's next meeting in December. Not to mention, of course, the results of the Midterm elections next week.

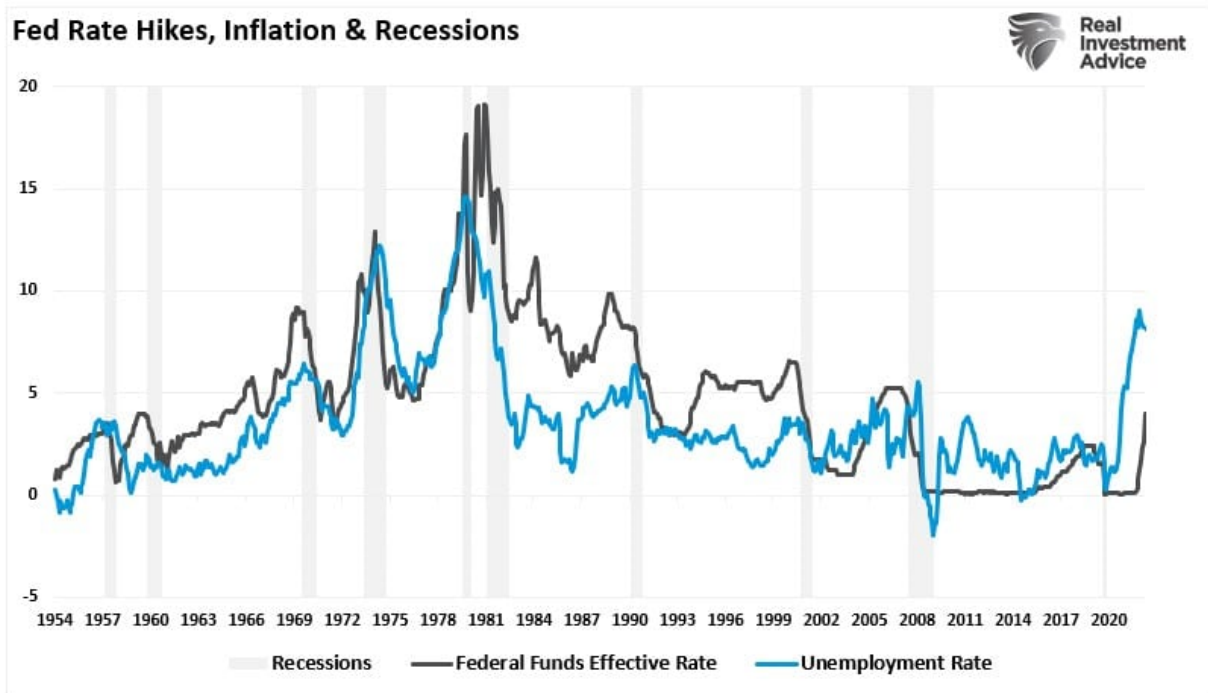
While the markets will continue to cling to these reports for clues about a future "pivot," we previously stated these data points are both lagging and subject to future negative revisions. Such puts the Fed at an elevated risk of making a policy mistake.

## The Fed Is Looking Backwards

As shown, as the Fed has previously hiked rates, unemployment either initially remained low or declined further. Such is because the economy was strong and creating jobs, and the rate hikes were intended to slow that growth. As the Fed continues to hike rates, that "brake" eventually leads to job losses. What is notable is that unemployment doesn't slowly move higher but tends to rise very quickly. At that point, the Fed realizes its mistake and reverses policy actions.



The same rapid realization comes with the "inflation fight." Like employment, the Fed hikes rates to slow economic activity, bringing down inflation. Again, as with unemployment, you can see the correlation between Fed rate hikes and inflation. Every time the Fed historically hikes rates, it eventually leads to a recession, crisis, or bear market, rapidly bringing down inflation.



The Fed is aware of this "lag effect" between policy changes and economic outcomes.

***?At some point, it will become appropriate to slow the pace of increases."***

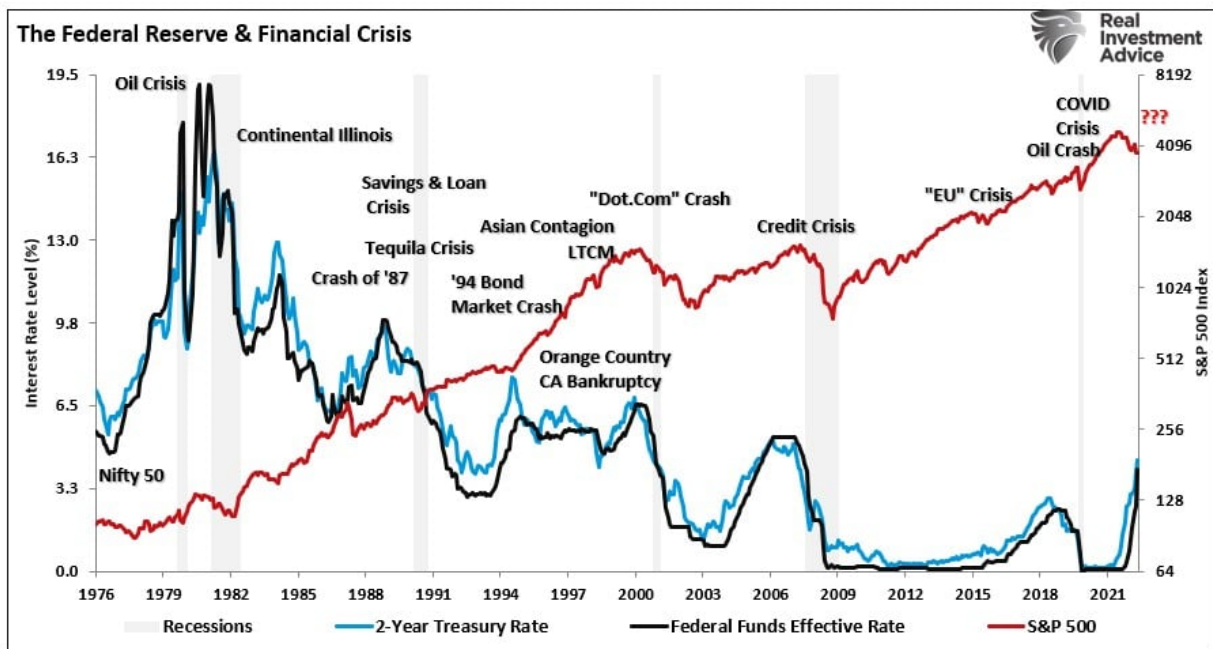
The market problem came when he stated that **there is "significant uncertainty" around that end-point** which he indicated by stating, **"we have some ways to go."** Furthermore, to make sure there were no questions about the Fed's intentions, Powell said:

***?The question of when to moderate the pace of increases is now much less important than the question of how high to raise rates and how long to keep monetary policy restrictive.?***

Accordingly, that comment pushed terminal rate expectations above 5%, crushing any hope for a "pivot" any time soon.

## **The Fed Doesn't Care About A Policy Mistake**

As noted, the Fed has a long history of repeatedly making policy mistakes.



Before the pandemic, the Fed's storyline was to let inflation run hot rather than allow inflation to stay too low for too long. Such makes sense as inflation is easy to deal with by hiking rates and slowing the economy. **Deflation is a far different story, as it becomes an entrenched psychological impact that becomes difficult to dislodge.**

Today, Powell says the Fed's concern is entrenched inflation which causes pain to the economy.

The reality is that inflation is not the problem.

If the Fed did nothing, *"high prices will cure high prices."* The real risk remains a *"deflationary"* spiral that depresses economic activity and prosperity. Deflation is a far more insidious problem than inflation longer term.

Such is why, over the past decade, the Fed flooded the economy with liquidity and zero interest rates to boost economic activity. While it never generated organic growth above 2% annually, it did increase asset prices, inflated asset bubbles, and expanded wealth inequality.

Regardless of the actual outcome, the Fed, just like the market, is now addicted to those monetary policy tools. As such, the Fed no longer fears creating economic havoc. As Powell stated, ***"if we overtighten, we can support economic activity."***

**In other words, for the bulls hoping for a "pivot," Powell made it clear that a "pivot" is coming.** It is only the function of time until it is evident that something breaks in the economy and bailouts are required. At that point, it will be an immediate return to zero interest rates and massive bond-buying programs.

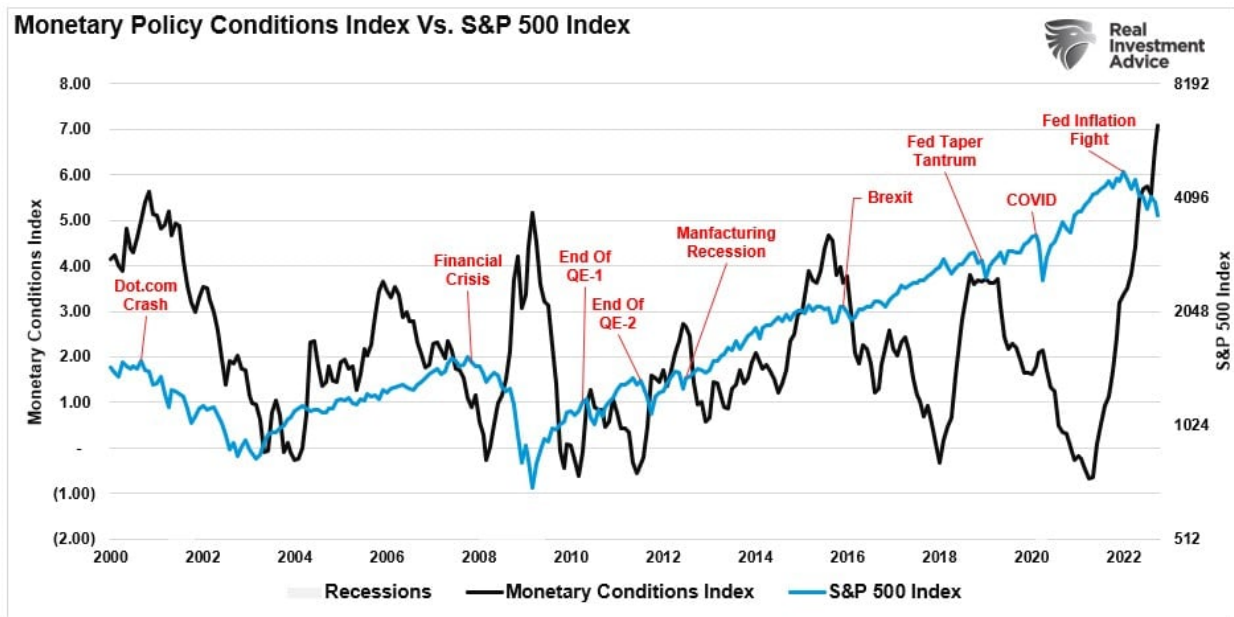
## The "Event" Is Coming

One of the interesting comments by Jerome Powell was the *"window for a soft landing in the economy was narrowing."* Such confirms what we already know that the Fed is starting to realize the risk of a *"hard landing"* is becoming increasingly elevated.

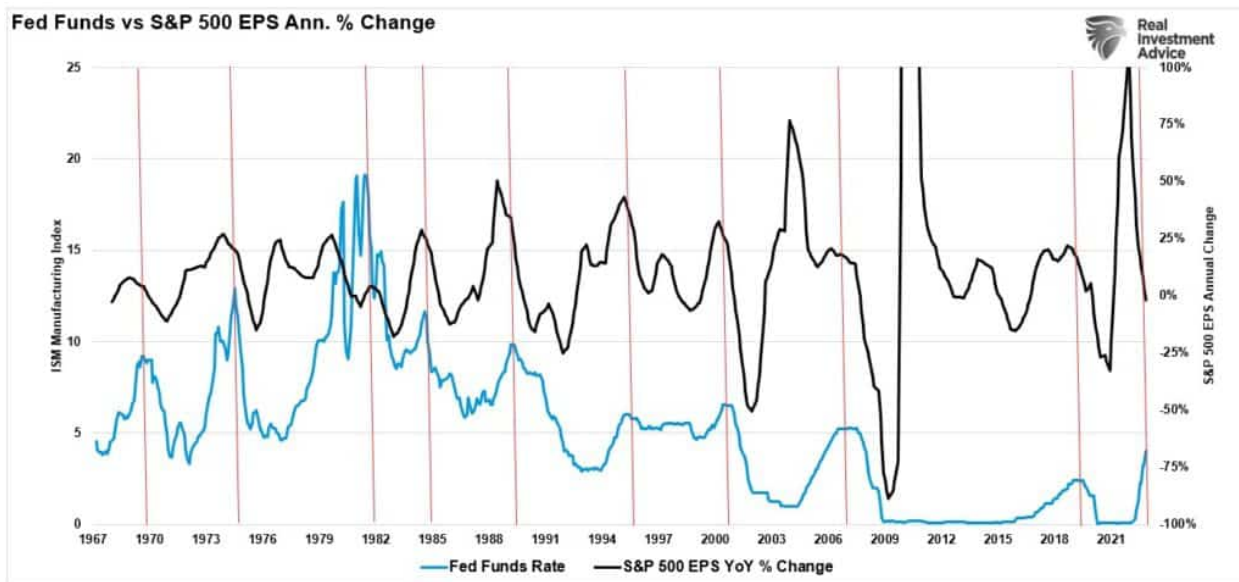
Such leaves only two trajectories. The first option is for central banks to pause rates and allow inflation to run its course. Such would potentially lead to a softer landing in the economy but theoretically anchor inflation at higher levels. The second option, and the one chosen, is to hike rates until the economy slips into a deeper recession. Both trajectories are bad for equities. The

latter is substantially riskier as it creates an economic or financial "event" with more severe outcomes.

While the U.S. economy has absorbed tighter financial conditions so far, it doesn't mean it will continue to do so. History is pretty clear about the outcomes of higher rates, combined with a surging dollar and inflationary pressures.



The surge in restrictive monetary policy will continue to weigh on equities next year as record profit margins compress. Such is an inevitable outcome of higher interest rates, increasing borrowing costs, inflationary pressures in inputs that can't get passed on, and a surging dollar dampening exports. It's a nasty brew that shows no signs of abating currently.



The risk to markets remains lower prices as long as the Fed remains aggressive in its inflation fight. It is only logical that since margins and earnings are derived from economic growth, if the window of a "soft landing" has narrowed, then the window for a "hard landing" is widening.

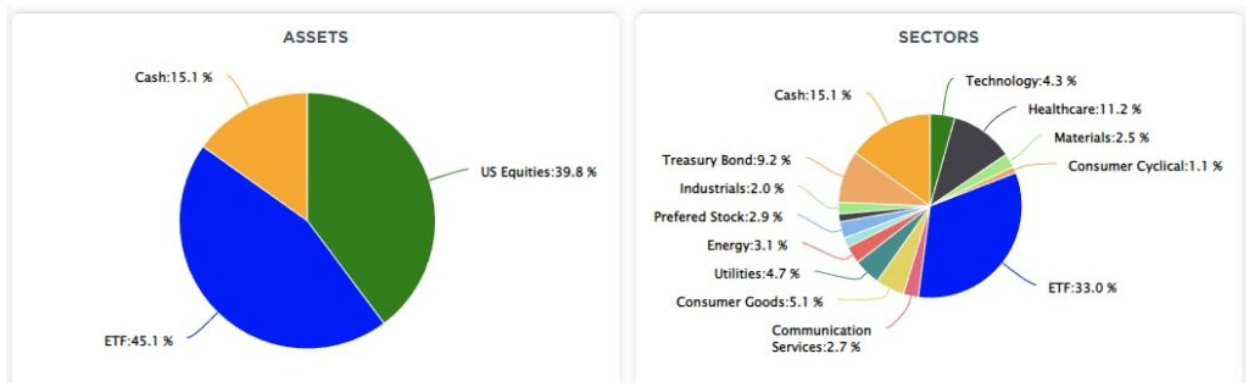
Of course, once the Fed "breaks" something, they will "pivot" on monetary policy. The only question is how much lower asset prices will be by the time that happens.



## How We Are Trading It

The Fed's "no pivot" policy stance continues to drive the markets short-term. Investors remain at the mercy of volatile markets with little direction on where capital can find safety. Gold has not hedged inflation. Bonds have not hedged risk, and equities remain under continuous pressure.

The setup remains more bearish than bullish now that the recent advance appears complete. As such, we have further reduced our equity holdings, increased our cash levels, and remain underweight fixed income. As discussed previously, there is a developing opportunity to own long-dated Treasury bonds, but you will need to give that thesis time to play out into 2023.



We are doing our tax loss harvesting heading into year-end to reduce equity exposure further. However, keep working to rebalance portfolios for now, as the previous rally may be ending for the time being.

1. **Tighten up stop-loss levels** to current support levels for each position.
2. **Hedge portfolios** against significant market declines.
3. **Take profits in positions** that have been big winners
4. **Sell laggards and losers.**
5. **Raise cash and rebalance portfolios** to target weightings.

See you next week.

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## Research Report



### Are The FANG Stocks Dead?

Written by Lance Roberts | Nov 4, 2022 | Investing

Are the FANG stocks dead? Or, to be clear, are the MANNMAT stocks dead? Of course, we are talking ...

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# Market Recap - With Adam Taggart

<https://youtu.be/CW7zociUMLM>

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## Stock Of The Week In Review

This week's scan seeks to find royalty among the Dividend Aristocrats. Dividend Aristocrats have increased dividends for at least 25 consecutive years. They must also be in the S&P 500 and actively traded to qualify.

We scanned the Dividend Aristocrats in January. At the time, we were focused on growth to support future dividend payments and value. This time we are eyeing the dividend yield and the ten-year growth rate of the dividends. Our sort starts with the 11 Aristocrats sporting dividend yields greater than 4%. We then pick the five stocks with the best dividend growth over the last ten years.

**Here is a link to the full [SimpleVisor Article For Step-By-Step Instructions](#).**

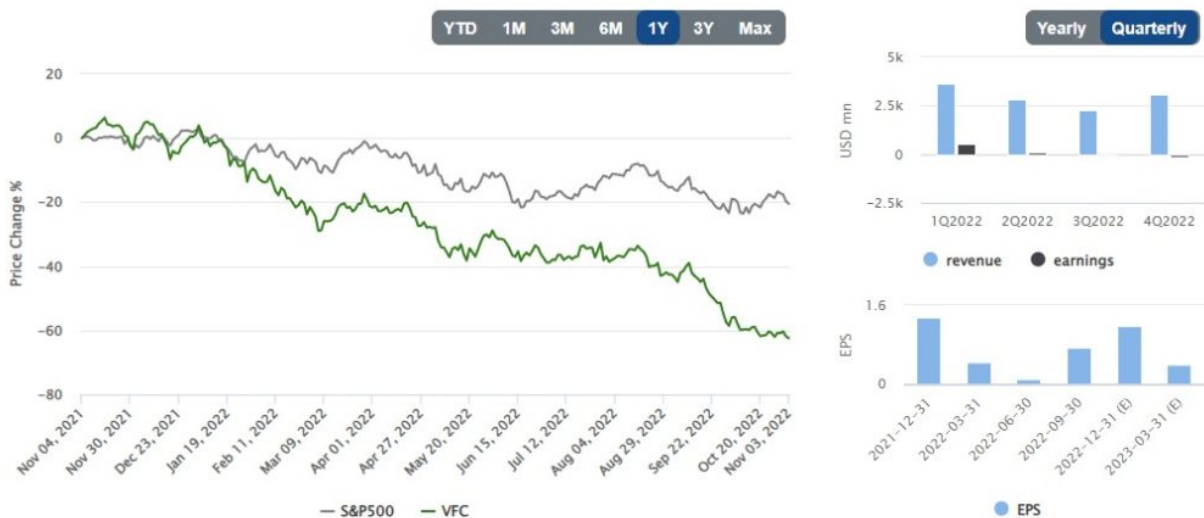
Here is one of the stocks from the scan.

### V.F. Corporation (VFC) - Apparel Manufacturing

#### Description

V.F. Corporation, together with its subsidiaries, engages in the design, procurement, marketing, and distribution of branded lifestyle apparel, footwear, and related products for men, women, and children in the Americas, Europe, and the Asia-Pacific. It operates through three segments: Outdoor, Active, and Work. The company offers outdoor, merino wool and other natural fibers-based, lifestyle, and casual apparel; footwear; equipment; accessories; outdoor-inspired, performance-based, youth culture/action sports-inspired, streetwear, and protective work footwear; handbags, luggage, backpacks, and totes; and work and work-inspired lifestyle apparel and footwear. It provides its products under the North Face, Timberland, Smartwool, Icebreaker, Altra, Vans, Supreme, Kipling, Napapijri, Eastpak, JanSport, Dickies, and Timberland PRO brand names. The company sells its products primarily to specialty stores, department stores, national chains, and mass merchants, as well as sells through direct-to-consumer operations, including retail stores, concession retail stores, and e-commerce sites, and other digital platforms. V.F. Corporation was founded in 1899 and is headquartered in Denver, Colorado.

<b>Latest Price</b> (Nov 4, 2022, 10:39:23 AM) <b>\$28.46</b> ▲ (\$1.33) (4.92%)	<b>Last Close</b> \$27.12	<b>Open</b> \$27.88	<b>Volume</b> 1,860,151	<b>Annual Div.</b> \$2.00	<b>Mkt Cap (mn)</b> \$11,054.63
<b>52 Week Range</b> \$26.46 - \$78.91	<b>Day Range</b> \$27.88 - \$28.77	<b>Avg. Volume (3m)</b> 5,064,192	<b>Div. Yield</b> 7.37%	<b>Beta</b> 1.47	



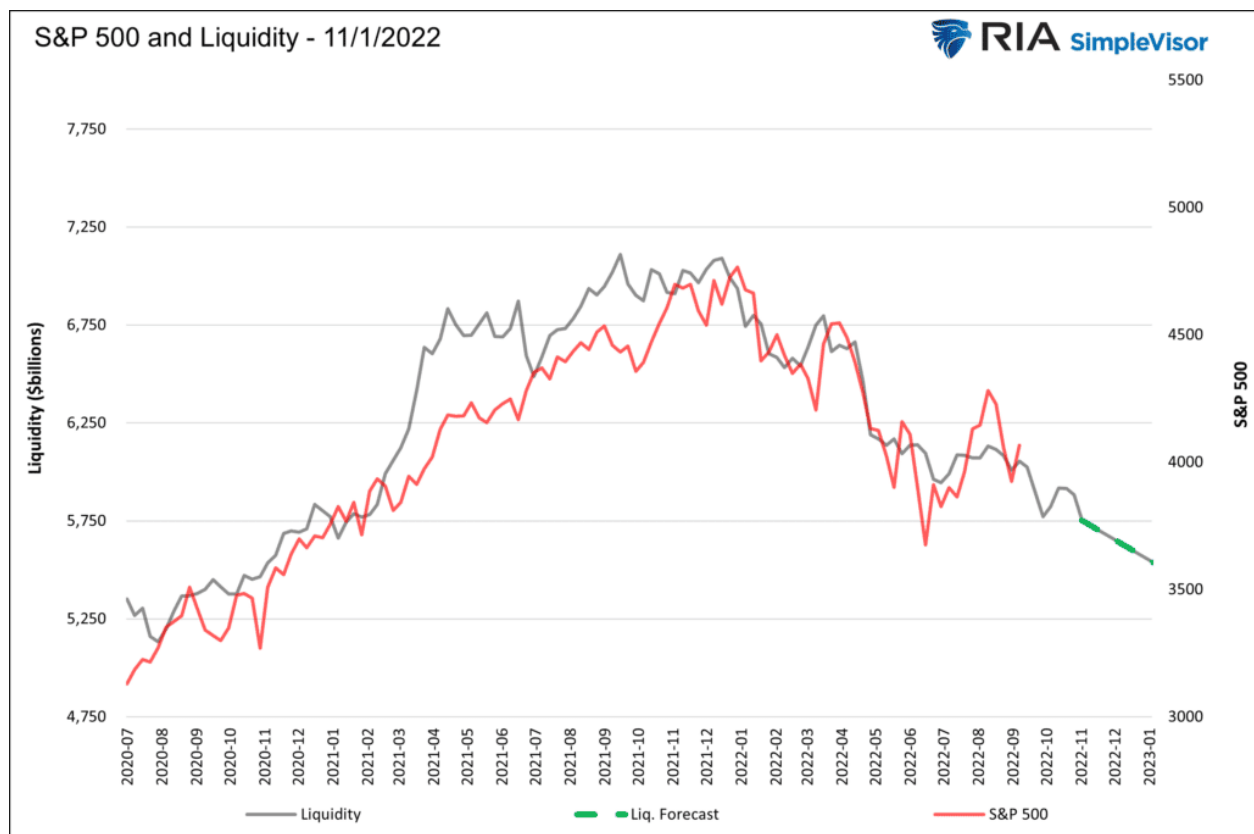
Login to [Simplevisor.com](https://www.simplevisor.com) to read the full 5-For-Friday report.

# Daily Commentary Bits

## [Monetary Headwinds Accentuate Q4 Risks](#)

Monetary headwinds, already proving difficult for stock prices, are expected to strengthen in the next two months. The U.S. Treasury announced its Q4 borrowing estimates would be \$150 billion more than expected. Further, they expect to increase its cash balances held at the Fed (Treasury General Account -TGA) to \$700 billion. Increased debt issuance forces investors to carry more Treasury assets, leaving less cash for other investments. Further, the higher Treasury cash balances will accentuate monetary headwinds already weighing on stock prices.

As we wrote in [3500 By Year End if QT Continues](#), liquidity is governed by the Fed's balance sheet, the Fed's RRP program, and Treasury balances held at the Fed (TGA). The size of the Fed's balance sheet less the sum of the TGA and RRP equals the amount of Fed-generated liquidity in the system. The Fed, via QT, will continue to reduce its balance sheet by \$95 billion a month. RRP is expected to be flat over the coming months, neither adding nor subtracting liquidity. As we noted, the TGA will rise to \$700 billion, pulling an additional \$75 billion of liquidity from the markets by yearend. The updated graph below shows that increasing monetary headwinds still project the S&P 500 toward 3500.



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**Bull Bear Report Market Statistics & Screens**

## SimpleVisor Top & Bottom Performers By Sector

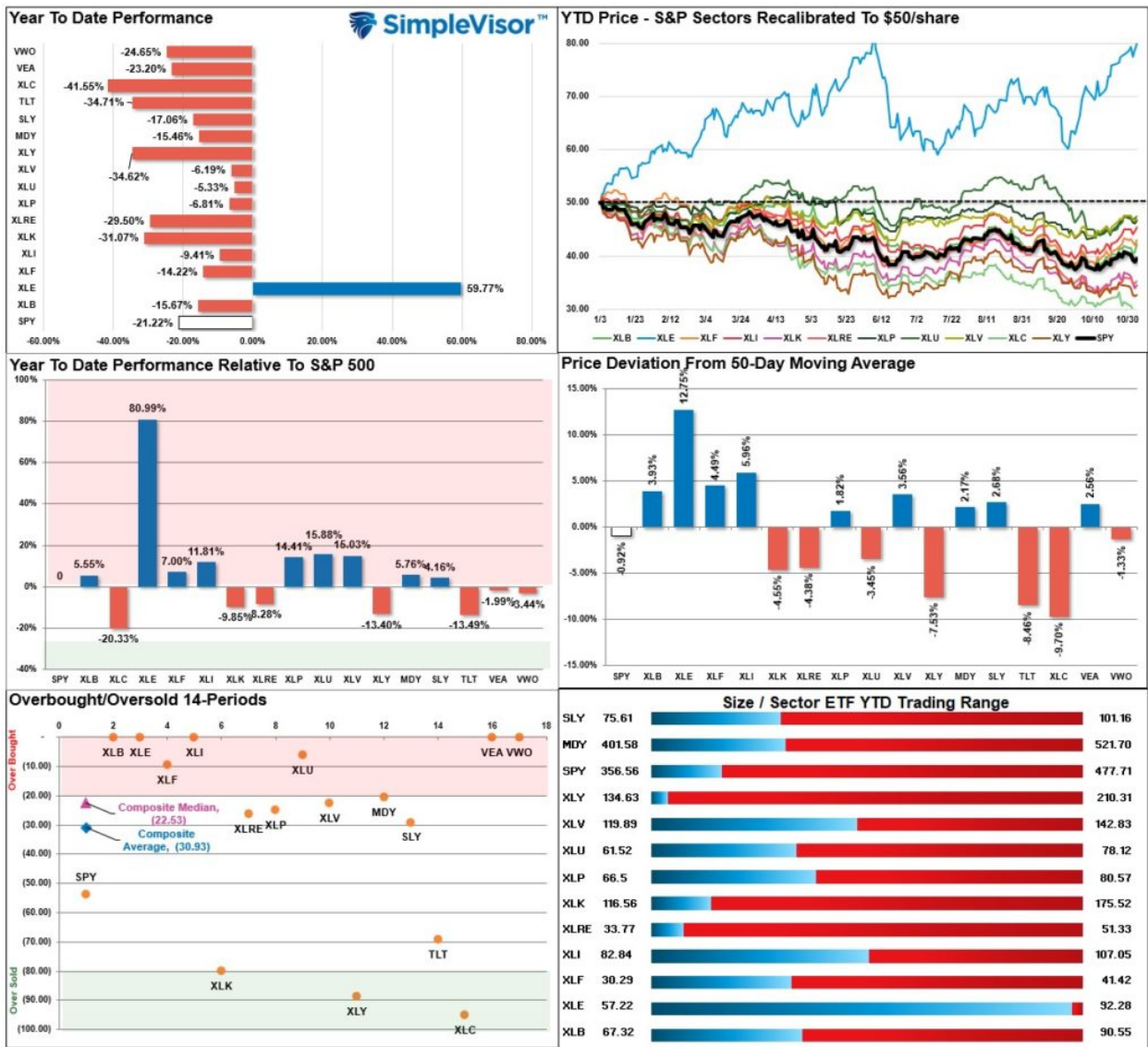
Healthcare				Industrials				Consumer Cyclical				Technology			
MRNA	ILMN	CAH	MTD	JCI	PH	OTIS	AVY	SBUX	TPR	MGM	APTV	DXC	MCHP	ANET	MSI
7.4%	5.87%	5.09%	4.78%	5.66%	4.44%	4.29%	4.18%	8.48%	8.06%	7.74%	6.56%	7.55%	7.4%	7.21%	7.01%
WBA	BIO	WST	ALGN	SWK	UAL	RHI	CAT	WYNN	LVS	NKE	EXPE	SWKS	ON	LRCX	AMAT
3.72%	3.57%	2.99%	2.9%	4.16%	4.08%	3.97%	3.92%	6.51%	6.31%	5.96%	5.71%	6.79%	6.76%	6.64%	6.26%
DVA	HOLX	ZBH	CI	SNA	GE	CTAS	HII	SEE	RL	ORLY	AZO	HPQ	TER	INTU	TYL
2.68%	2.68%	-0.54%	-0.65%	3.83%	3.43%	-0.07%	-0.12%	4.95%	4.81%	-0.44%	-0.54%	6.11%	5.78%	-1.04%	-1.61%
VRTX	UNH	LLY	ELV	GWV	GNRC	ROP	NOC	CZR	ROL	KMX	ETSY	KEYS	VRSN	SEDG	CRM
-0.8%	-1%	-1.18%	-1.35%	-0.13%	-0.14%	-0.42%	-0.52%	-0.88%	-0.9%	-0.96%	-1.68%	-1.87%	-1.94%	-2.65%	-4.48%
HUM	CNC	OGN	MOH	LMT	WM	RSG	LHX	AAP	TSCO	BBWI	TSLA	CDAY	ENPH	PAYC	NOW
-1.94%	-3.94%	-5.91%	-6.35%	-0.65%	-0.87%	-1.41%	-2.4%	-1.72%	-2.25%	-2.77%	-3.64%	-4.51%	-4.62%	-6.17%	-6.18%
Consumer Goods				Utilities				Financial				Materials			
EL	MNST	TAP	NWL	EVRG	CNP	NRG	PPL	IVZ	ALL	BEN	PFG	FCX	NEM	LYB	DOW
8.64%	7.52%	3.48%	3.15%	1.72%	1.68%	1.65%	1.58%	4.45%	4.16%	4.06%	3.9%	11.5%	8.47%	7.52%	5.46%
MKC	MDLZ	KDP	PM	ED	PNW	PEG	SRE	AXP	COF	BLK	FITB	EMN	PPG	APD	DD
2.94%	1.97%	1.9%	1.86%	1.48%	1.46%	1.45%	1.45%	3.88%	3.75%	3.52%	3.51%	5.33%	5.24%	4.56%	3.89%
PG	CLX	WMT	KHC	ES	ETR	PCG	XEL	ZION	STT	WRB	SCHW	LIN	ALB	ECL	MLM
1.83%	1.78%	0.18%	0.08%	1.29%	1.25%	0.72%	0.61%	3.41%	3.26%	0.38%	0.13%	3.81%	3.8%	2.59%	1.7%
COST	CHD	TGT	DG	EXC	DTE	DUK	CMS	CME	CB	PGR	FDS	IFF	FMC	MOS	VMC
0.02%	-0.11%	-0.11%	-0.46%	0.6%	0.47%	0.42%	0.23%	-0.15%	-0.23%	-0.55%	-0.99%	1.66%	0.94%	0.92%	0.66%
CPB	ADM	HSY	KR	FE	SO	AEE	D	LNC	BRO	AIZ	PYPL	CF	SHW	CTVA	CE
-0.78%	-1.13%	-1.32%	-1.74%	0.21%	0.09%	-0.14%	-3.03%	-1.18%	-1.36%	-1.77%	-1.79%	0.13%	-0.44%	-2.4%	-2.7%
Real Estate				Energy				Communication Services							
VTR	FRT	REG	VNO	EQT	HAL	APA	BKR	GOOG	IPG	EA	META				
6.73%	5.71%	5.44%	4.57%	4.4%	4.4%	3.59%	3.59%	3.84%	2.64%	2.48%	2.11%				
EQIX	WELL	KIM	WY	HES	EOG	SLB	OKE	LUMN	CMCSA	OMC	NWS				
4.4%	4.37%	3.23%	3.03%	3.12%	2.78%	2.51%	2.43%	2.07%	2.04%	1.52%	1.44%				
CBRE	SPG	ESS	CSGP	MRO	FANG	XOM	DVN	NWSA	CHTR	DIS	VZ				
2.79%	2.66%	0.12%	0.1%	1.94%	1.79%	1.09%	1.06%	1.34%	1.33%	0.33%	0.24%				
EQR	EXR	PLD	UDR	TRGP	KMI	PSX	PXD	ATVI	FOXA	FOX	TTWO				
-0.2%	-0.25%	-0.36%	-0.36%	0.98%	0.72%	0.35%	-0.23%	0.08%	-0.37%	-0.68%	-2.49%				
IRM	INVH	AVB	VICI	MPC	VLO	COP	CTRA	DISH	NFLX	LYV	WBD				
-0.86%	-1.05%	-1.65%	-1.75%	-0.47%	-0.76%	-1.12%	-5.49%	-2.7%	-3.07%	-7.46%	-12.87%				

## SimpleVisor Asset Class Trend Analysis

Asset Class		Global Equities			Bonds		Commodities			Asia Pacific		
Name ↑↓	Symbol ↑↓	Trend Analysis ↑↓	Today's Change ↑↓	MTD ↑↓	YTD ↑↓	52 Week Range (Low-High)		RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	
U.S. Bonds	BND	0/10 📉	\$0.02 (0.03%)	-1.78%	-16.89%	\$69.09 - \$86.03		30.24	\$72.02	\$74.09	\$74.79	
International Bonds	BNDX	0/10 📉	-\$0.03 (-0.06%)	0.29%	-13.39%	\$46.87 - \$57.46		32.66	\$48.16	\$49.41	\$49.62	
Oil	CL=F	0/10 📈	\$4.27 (4.84%)	16.29%	22.91%	\$62.43 - \$130.50		57.36	\$84.68	\$88.37	\$98.44	
Commodity Index	DBC	0/10 📈	\$0.87 (3.38%)	11.17%	27.91%	\$19.20 - \$30.64		56.32	\$24.88	\$25.39	\$26.44	
Emerging Markets	EEM	0/10 📉	\$1.47 (4.23%)	3.78%	-25.27%	\$33.49 - \$52.14		34.06	\$36.63	\$38.54	\$39.43	
International Stocks	EFA	0/10 📉	\$2.34 (4.01%)	8.46%	-21.08%	\$54.61 - \$82.00		38.23	\$58.25	\$61.75	\$63.00	
EM Bonds	EMB	0/10 📉	\$1.27 (1.60%)	1.75%	-25.45%	\$76.35 - \$111.08		34.58	\$81.65	\$85.08	\$85.95	
Gold	GLD	0/10 📈	\$4.66 (3.07%)	1.16%	-8.48%	\$150.57 - \$193.30		43.87	\$156.08	\$160.28	\$163.90	
U.S. Stocks	SPY	0/10 📉	\$5.34 (1.44%)	5.37%	-19.84%	\$348.11 - \$479.98		36.64	\$374.33	\$395.58	\$392.28	
Dollar Index	UUP	9/10 📈	-\$0.57 (-1.88%)	-1.06%	16.39%	\$25.18 - \$30.76		63.73	\$29.92	\$29.24	\$28.62	
REIT	VNQ	0/10 📉	\$1.10 (1.37%)	1.86%	-29.23%	\$74.66 - \$116.71		27.29	\$84.69	\$92.30	\$92.96	
Equity Volatility	VXX	0/10 📉	-\$0.22 (-1.25%)	-18.20%	-6.37%	\$16.84 - \$41.65		59.64	\$19.80	\$20.20	\$21.52	

## Relative Performance Analysis

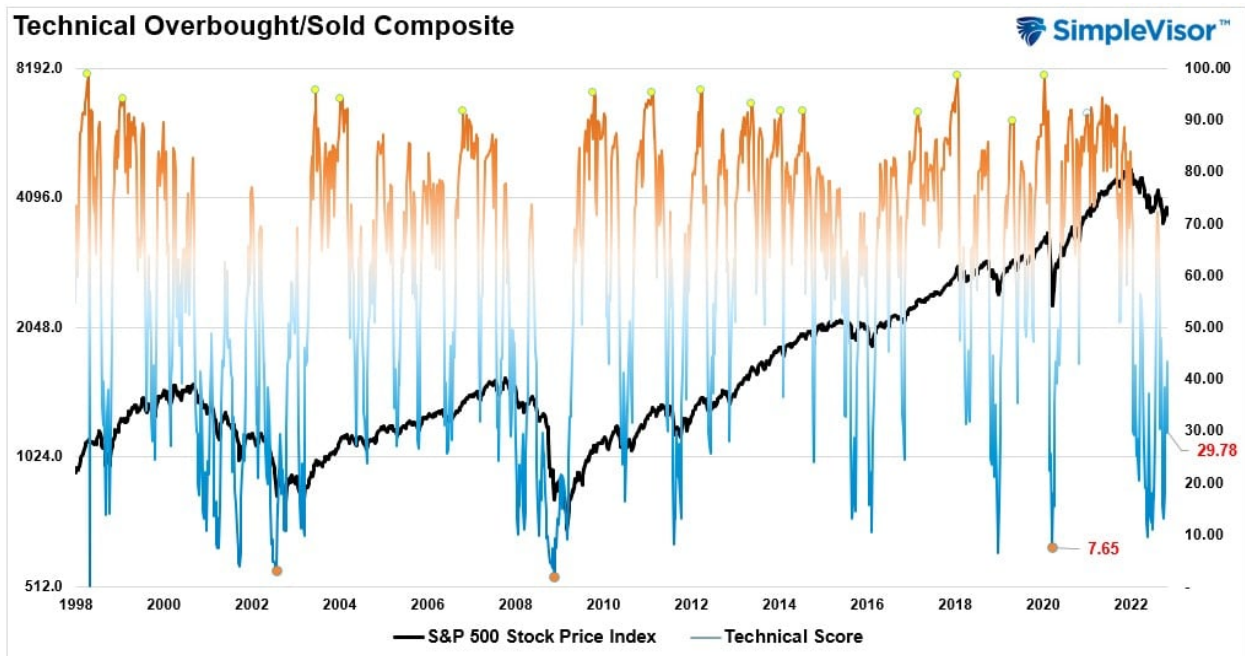
The market struggled last week as the Fed hiked rates and remained "hawkish" concerning its policy stance. Energy continues to trade well and has had a tremendous run as of late (which is why we trimmed exposure this past week.) Communications, Discretionary, and Bonds remain oversold, with International, Emerging Markets, Materials, Industrials, Financials, and Utilities now overbought.



## Technical Composite

The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. Markets tend to peak when readings are at 80 or above, which suggests profit-taking and risk management are prudent. **The best buying opportunities exist when readings are 20 or below.**

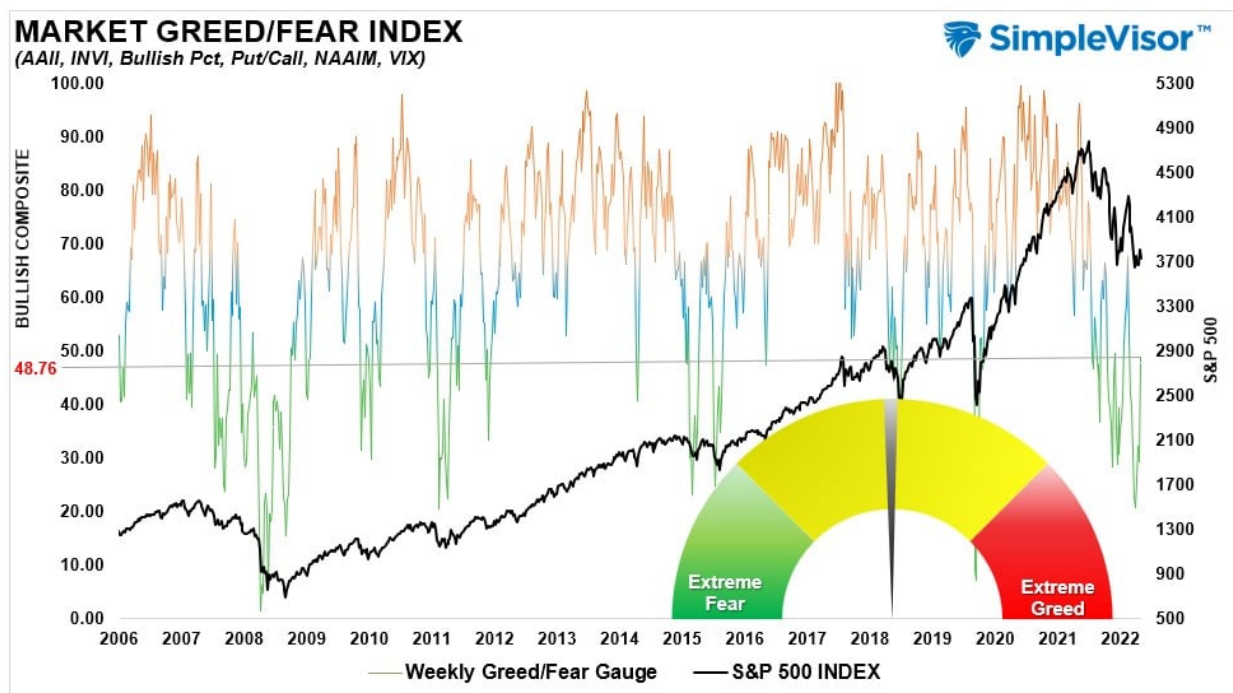
**The current reading is 29.78 out of a possible 100 and rising. Remain long equities for now.**



## Portfolio Positioning "Fear / Greed" Gauge

The "Fear/Greed" gauge is how individual and professional investors are "positioning" themselves in the market based on their equity exposure. From a contrarian position, the higher the allocation to equities, the more likely the market is closer to a correction than not. The gauge uses weekly closing data.

**NOTE:** The Fear/Greed Index measures risk from 0 to 100. It is a rarity that it reaches levels above 90. The current reading is 48.76 out of a possible 100.



## Sector Model Analysis & Risk Ranges

*How To Read This Table*

- The table compares the relative performance of each sector and market to the S&P 500 index.
- "M/A XVER" is determined by whether the short-term weekly moving average crosses positively or negatively with the long-term weekly moving average.
- The risk range is a function of the month-end closing price and the "beta" of the sector or market. (Ranges reset on the 1st of each month)
- The table shows the price deviation above and below the weekly moving averages.

Despite the selloff on Wednesday following the FOMC rate hike announcement, the market continues to hold its rally together. The overall market is below its monthly risk/reward range (a buy signal) along with Energy, Technology, and Discretionary short-term. Emerging Markets, Gold and Gold Miners are above their monthly risk range (take profits). Discretionary, Technology, Real Estate, and Communications are the most obvious candidates for outperformance as money rotates out of Materials, Energy, and the Dollar.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG WMA	MONTH END PRICE	REL S&P BETA	RISK RANGE		% DEV - Short M/A	% DEV - Long M/A	M/A XVER SIGNAL
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	LONG WMA	PRICE	BETA	HIGH	LOW			
IVV	ISHARS-SP500	377.84	(3.25)	3.71	(11.98)	(3.44)	(19.68)	390.55	403.97	387.79	1.00	397.48	378.10	-3%	-6%	BEARISH
XLB	SPDR-MATLS SELS	75.42	4.15	4.87	4.95	(5.05)	5.56	74.07	78.87	74.08	1.04	76.70	71.46	2%	-4%	BEARISH
XLC	SPDR-COMM SV SS	45.72	(3.50)	(9.89)	(11.26)	(17.76)	(24.36)	52.19	57.15	48.21	0.98	49.89	46.53	-12%	-20%	BEARISH
XLE	SPDR-EGY SELS	91.42	5.68	8.05	28.48	15.24	76.59	80.52	78.72	90.00	1.40	93.51	86.49	14%	16%	BULLISH
XLFI	SPDR-FINL SELS	33.91	2.43	6.07	7.34	6.45	4.41	32.96	33.97	33.98	1.09	35.20	32.76	3%	0%	BEARISH
XLK	SPDR-TECH SELS	120.99	(3.38)	(3.53)	(7.69)	(4.24)	(7.91)	131.24	136.98	127.87	1.11	132.49	123.25	-8%	-12%	BEARISH
XLII	SPDR-INDU SELS	95.07	3.72	7.93	7.20	9.38	9.04	91.60	93.30	94.35	1.13	97.78	90.92	4%	2%	BEARISH
XLPI	SPDR-CONS STPL	71.85	1.45	4.34	7.13	5.07	18.10	71.72	73.48	72.74	0.60	75.00	70.48	9%	-2%	BEARISH
XLRE	SPDR-RE SELS	36.19	1.54	1.10	(8.55)	(11.91)	(5.27)	39.30	42.39	36.73	0.80	37.94	35.52	-8%	-15%	BEARISH
XLUI	SPDR-UTIL SELS	67.09	2.77	1.51	(0.55)	(3.94)	15.48	71.00	71.82	66.78	0.50	68.78	64.78	-8%	-5%	BEARISH
XLV	SPDR-HLTH CR	130.81	1.71	2.97	9.87	4.23	18.13	127.56	129.97	132.75	0.73	137.04	128.46	3%	1%	BEARISH
XLX	SPDR-CONS DISCR	137.50	(1.90)	(5.95)	(7.10)	1.37	(15.24)	152.68	156.63	144.03	1.16	149.30	138.78	-10%	-12%	BEARISH
XTN	SPDR-SP TRANSP	69.76	2.05	2.62	(2.15)	(2.53)	(9.20)	71.14	74.98	70.48	1.30	73.16	67.80	-2%	-7%	BEARISH
SDY	SPDR-SP DIV ETF	122.09	2.15	4.30	5.25	3.69	16.40	121.46	123.20	122.99	0.86	127.12	118.86	1%	-1%	BEARISH
RSP	INVS-SPS EQ ETF	137.91	1.63	2.25	2.93	1.12	5.18	138.72	143.19	139.56	1.05	144.52	134.60	-1%	-4%	BEARISH
SLY	SPDR-SP6 SC	83.27	1.19	3.49	2.95	3.36	(0.52)	83.00	85.26	85.06	1.14	88.16	81.96	0%	-2%	BEARISH
MDY	SPDR-SP MC 400	438.93	2.10	2.53	3.92	4.26	2.56	438.13	446.82	443.77	1.12	459.81	427.73	0%	-2%	BEARISH
EEM	ISHARS-EMG MKT	36.20	8.82	(2.17)	0.16	(8.57)	(9.23)	37.29	40.02	34.19	0.69	35.28	33.10	-3%	-10%	BEARISH
EFA	ISHARS-EAFE	60.75	4.72	3.19	2.97	(6.92)	(6.08)	60.34	64.77	59.31	0.83	61.29	57.33	1%	-6%	BEARISH
IAU	ISHARS-GOLD TR	31.91	5.46	(4.58)	5.25	(5.49)	12.01	32.20	34.01	30.98	0.11	31.79	30.17	-1%	-6%	BEARISH
GDX	VANECK-GOLD MNR	24.95	4.18	(1.41)	3.64	(18.74)	(4.14)	24.52	29.42	24.16	0.68	24.93	23.39	2%	-15%	BEARISH
UUP	INVS-DB USS BU	29.83	3.42	(5.26)	17.57	11.75	37.68	29.58	28.32	30.03	(0.15)	30.73	29.33	1%	5%	BULLISH
BOND	PIMCO-TOT RETRN	87.74	2.47	(5.41)	2.72	(6.49)	(0.88)	91.76	95.29	88.20	0.15	90.54	85.86	-4%	-8%	BEARISH
TLT	ISHARS-20-YTB	94.22	0.58	(10.41)	(6.48)	(17.06)	(17.22)	105.46	113.94	96.11	(0.02)	98.49	93.73	-11%	-17%	BEARISH
BNDX	VANGD-TTL INT B	47.67	2.56	(3.29)	5.89	(2.57)	2.99	48.64	49.90	47.94	0.10	49.19	46.69	-2%	-4%	BEARISH
HYG	ISHARS-IBX HYCB	72.90	1.04	(2.63)	4.33	(1.22)	2.99	74.23	76.48	73.43	0.41	75.57	71.29	-2%	-5%	BEARISH



### RISK RANGE REPORT



## Weekly SimpleVisor Stock Screens

Each week we will provide three different stock screens generated from [SimpleVisor](https://SimpleVisor.com): (RIAPro.net subscribers use your current credentials to log in.)

This week we are scanning for the Top 20:

- Relative Strength Stocks
- Momentum Stocks
- Highest Rated Stocks With Dividends

These screens generate portfolio ideas and serve as the starting point for further research.

(Click Images To Enlarge)

### RSI Screen



Scan Result: 17 Item(s) found												
Tables												
Overview Technicals Fundamentals Performance												
Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD	
↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	⊕↑	⊕↑	⊕↑	↑↓	↑↓	
BIIB	10/10	\$280.25	64.28	\$227.49	\$216.66	\$211.43	—	5	4	%	14.94	
ENPH	10/10	\$296.11	39.01	\$288.54	\$289.15	\$240.20	1	6	3	%	-7.32	
LW	10/10	\$84.86	64.63	\$78.81	\$79.93	\$74.58	4	5	3	1.15%	0.80	
PCG	10/10	\$15.20	60.68	\$13.32	\$12.46	\$11.69	1	5	3	%	0.55	
TWTR	10/10	\$53.70	69.08	\$44.14	\$42.67	\$40.49	1	7	3	%	2.29	
ALB	9/10	\$274.56	51.20	\$279.90	\$273.55	\$249.37	1	5	3	0.56%	0.36	
CAH	9/10	\$75.67	54.51	\$67.79	\$66.75	\$60.51	—	6	5	2.65%	0.53	
COP	9/10	\$133.82	61.18	\$110.21	\$105.71	\$102.61	1	8	1	1.97%	2.58	
AES	8/10	\$26.19	50.45	\$25.11	\$24.91	\$22.88	4	8	4	2.84%	-0.13	
CSGP	8/10	\$79.89	51.69	\$72.29	\$72.56	\$66.22	—	5	3	%	0.44	
DVN	8/10	\$70.73	58.72	\$65.31	\$64.97	\$63.11	1	8	3	8.10%	1.26	
HES	8/10	\$142.10	59.86	\$118.04	\$115.95	\$113.42	5	7	3	1.33%	2.47	
MOH	8/10	\$352.95	61.61	\$339.16	\$334.68	\$310.95	1	6	2	%	4.69	
MPC	8/10	\$118.20	61.78	\$98.99	\$97.90	\$95.18	—	9	1	2.05%	2.47	
REGN	8/10	\$738.68	61.81	\$707.66	\$652.14	\$631.71	4	6	3	%	22.53	
VRTX	8/10	\$311.30	53.49	\$289.91	\$288.74	\$281.74	1	6	2	%	2.81	
XOM	8/10	\$111.10	59.20	\$92.84	\$93.49	\$92.03	3	8	1	3.32%	1.39	

## Momentum Screen

Scan Result: 20 Item(s) found												
Tables												
Overview Technicals Fundamentals Performance												
Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD	
↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	⊕↑	⊕↑	⊕↑	↑↓	↑↓	
BIIB	10/10	\$280.25	64.28	\$227.49	\$216.66	\$211.43	—	5	4	%	14.94	
ALB	9/10	\$274.56	51.20	\$279.90	\$273.55	\$249.37	1	5	3	0.56%	0.36	
COP	9/10	\$133.82	61.18	\$110.21	\$105.71	\$102.61	1	8	1	1.97%	2.58	
DVN	8/10	\$70.73	58.72	\$65.31	\$64.97	\$63.11	1	8	3	8.10%	1.26	
HES	8/10	\$142.10	59.86	\$118.04	\$115.95	\$113.42	5	7	3	1.33%	2.47	
MOH	8/10	\$352.95	61.61	\$339.16	\$334.68	\$310.95	1	6	2	%	4.69	
MPC	8/10	\$118.20	61.78	\$98.99	\$97.90	\$95.18	—	9	1	2.05%	2.47	
REGN	8/10	\$738.68	61.81	\$707.66	\$652.14	\$631.71	4	6	3	%	22.53	
VRTX	8/10	\$311.30	53.49	\$289.91	\$288.74	\$281.74	1	6	2	%	2.81	
XOM	8/10	\$111.10	59.20	\$92.84	\$93.49	\$92.03	3	8	1	3.32%	1.39	
CF	7/10	\$105.24	56.38	\$100.58	\$102.55	\$96.49	1	9	3	1.68%	0.56	
FANG	7/10	\$158.53	61.26	\$129.51	\$129.75	\$130.07	4	8	3	2.19%	2.40	
LLY	7/10	\$361.68	54.01	\$316.55	\$315.07	\$313.49	—	5	3	1.10%	4.41	
NOC	7/10	\$525.51	61.24	\$484.47	\$483.18	\$473.05	4	6	3	1.32%	2.66	
ORLY	7/10	\$819.37	56.08	\$706.21	\$712.47	\$675.39	5	8	3	%	4.85	
AZO	6/10	\$2,478.46	57.45	\$2,154.55	\$2,187.40	\$2,133.79	5	7	3	%	9.91	
CMI	6/10	\$232.76	55.58	\$212.76	\$217.81	\$209.35	5	7	4	2.85%	0.62	
EOG	6/10	\$138.38	56.06	\$118.85	\$116.12	\$116.98	7	8	3	2.70%	1.81	
ETSY	6/10	\$100.03	53.54	\$105.47	\$107.83	\$95.19	—	7	3	%	1.13	
IT	6/10	\$319.30	49.93	\$290.49	\$293.58	\$270.67	6	7	3	%	0.25	

## Highest Rated With Dividends Screen

Scan Result: 26 Item(s) found												
Tables												
Overview Technicals Fundamentals Performance												
Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD	
↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	⊕↑	⊕↑	⊕↑	↑↓	↑↓	
APTS	10/10	\$25.00	63.08	\$24.93	\$24.91	\$24.26	4	9	4	2.82%	0.02	
ARLP	10/10	\$23.77	50.06	\$23.97	\$23.88	\$21.65	4	9	—	7.31%	0.01	
BELFA	10/10	\$32.06	48.60	\$28.68	\$29.33	\$25.74	5	6	—	0.81%	-0.06	
BELFB	10/10	\$34.04	54.27	\$25.79	\$26.01	\$21.24	5	6	3	1.13%	0.22	
CIOXY	10/10	\$1.08	58.66	\$0.97	\$0.96	\$0.83	1	6	—	3.94%	0.02	
COWN	10/10	\$38.67	60.23	\$38.57	\$38.22	\$32.56	1	6	1	1.37%	0.25	
ERIE	10/10	\$262.68	66.62	\$224.16	\$218.41	\$199.16	4	6	3	1.90%	4.53	
IVR	10/10	\$11.44	23.62	\$12.84	\$15.08	\$13.53	1	6	3	5.08%	-1.37	
KNSL	10/10	\$319.20	61.23	\$255.37	\$259.31	\$241.10	1	7	—	0.19%	3.80	
LPLA	10/10	\$263.09	64.85	\$229.93	\$225.39	\$206.12	5	6	3	0.42%	5.02	
MTDR	10/10	\$68.48	61.40	\$55.00	\$56.98	\$55.01	4	8	3	0.61%	0.89	
MUR	10/10	\$46.85	62.37	\$38.57	\$37.08	\$36.05	5	7	3	2.21%	1.28	
NLY	10/10	\$17.61	53.10	\$15.39	\$10.14	\$8.14	5	8	5	21.07%	2.21	
PBFX	10/10	\$21.87	61.99	\$18.40	\$18.45	\$17.18	1	8	4	5.63%	0.52	
PBT	10/10	\$21.58	54.73	\$16.92	\$17.79	\$17.53	3	6	—	4.85%	0.03	
ULH	10/10	\$32.87	46.18	\$32.82	\$35.14	\$31.11	5	8	3	1.24%	-0.58	
WING	10/10	\$152.39	51.71	\$131.15	\$129.38	\$106.64	1	6	3	0.49%	0.72	
WMC	10/10	\$10.51	25.28	\$12.30	\$13.21	\$9.08	2	8	3	12.62%	-0.74	
WWE	10/10	\$74.03	67.14	\$69.73	\$69.85	\$66.79	5	6	1	0.69%	1.25	
CAH	9/10	\$75.67	54.51	\$67.79	\$66.75	\$60.51	—	6	5	2.65%	0.53	
COP	9/10	\$133.82	61.18	\$110.21	\$105.71	\$102.61	1	8	1	1.97%	2.58	
EPM	9/10	\$8.09	55.57	\$7.38	\$7.03	\$6.65	1	7	3	5.93%	0.21	
IBKR	9/10	\$80.67	60.50	\$67.53	\$64.17	\$60.51	4	6	2	0.68%	1.24	
NATH	9/10	\$69.01	57.37	\$64.57	\$62.21	\$57.56	4	7	—	3.27%	0.48	
SM	9/10	\$44.81	56.05	\$41.70	\$41.64	\$40.75	—	6	1	0.05%	0.37	
SYBT	9/10	\$73.52	56.47	\$68.86	\$68.78	\$64.23	3	7	—	1.64%	0.51	

## SimpleVisor Portfolio Changes

We post all of our portfolio changes as they occur at [SimpleVisor](#):

### October 31st

*This morning we trimmed back on Energy stocks after the recent run to take profits, which we have done multiple times this year. We are also continuing our tax-loss harvesting in the portfolio as well.*

*We are swelling 100% of Verizon (VZ) in the equity model for the tax loss. We still like Verizon fundamentally, particularly with a near 7% yield. We think it could continue to trade weaker over the next couple of weeks as mutual funds and professional managers do the same. We will likely buy it back after the first of the year. We also recently added Comcast (CMCSA) to replace Verizon (VZ.)*

### Equity Model

- Sell 100% of Verizon (VZ) for the tax loss.
- Reduce Devon Energy (DVN) to 1.75% of the portfolio.
- Reduce Exxon Mobil (XOM) to 1.50% of the portfolio.

## ETF Model

- Take profits in SPDR Energy Sector (XLE) and reduce by 1% of the portfolio.
- Reduce SPDR Technology Sector (XLK) by 1% of the portfolio.

## November 3rd

*As we have been discussing, we are in the process of reducing overall equity exposure and doing some tax loss harvesting going into year-end to offset the gains taken earlier this year. While we expected the Fed to maintain its stance on hiking rates, Powell's ?super hawkish? comments sent the market back below support. With the employment report tomorrow and CPI next week, we are accelerating our selling a bit ahead of those reports.*

*We are trimming our Mega-cap technology exposure for now but will add back to these names opportunistically. We will also look to increase the ?value? side of our portfolio heading into next year. We reduced the areas with the largest concentrations in the ETF model to reduce risk and rebalance holdings.*

*We are also adding to our 1-3 month Treasury Bill position (BIL) to absorb some excess cash holdings.*

## Equity Model

- Reduce Microsoft (MSFT) by 1% of the portfolio.
- Selling 1% of Google (GOOG)
- Trimming Apple (AAPL) by 0.5%

## ETF Model

- Reducing the SPDR Technology (XLK) by 2% to match our technology weighting in the Equity model.
- Trimming SPDR Communications (XLC) by 1.5% of the portfolio.
- Reducing SPDR Health Care (XLV) by 1% of the portfolio.
- Trimming SPDR Discretionary (XLY) by 0.5% of the portfolio.



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Lance Roberts, CIO

Have a great week!