Jeffrey Marcus is the President of Turning Point Analytics.** Turning Point Analytics utilizes a time-tested, real world strategy that optimizes client?s entry and exit points and adds alpha. TPA defines each stock as Trend or Range to identify actionable inflection points. For more information on TPA check out:* ***http://www.TurningPointAnalyticsllc.com

The stock market in 2020 is now an *ongoing story of a great divergence* between winners and losers. TPA breaks this widening divide down into 4 categories:

1. BIGTECH versus the broader market

2. Large Cap versus Small Cap

3. Growth versus Value

4. Energy and Energy-related versus everything else

TPA?s BIGTECH Index was created 4 years ago. The stocks in TPA?s BIGTECH are AAPL, MSFT, AMZN, FB, CMCSA, GOOGL, INTC, CSCO. They are the 8 largest components of the Nasdaq 100. BIGTECH makes up approximately 20% of the S&P500 and 15% of the Russell 3000 by market cap. Broadly speaking, these stocks have either not really been negatively affected or have benefited from the recent crisis. The table below shows that on a 3month basis, the S&P500 is down 13%, while TPA?s BIGTECH is up 4.32%. TPA?s FAANNGT has done even better; up over 18% in the past 3 months.

As an example, TPA provides 3 stock?s performance YTD, while the S&P500 has declined 11% YTD:

• AMZN +23.57%

• MSFT +10.45%

• NFLX +27.81%

The 2 relative performance charts below show TPA BIGTECH versus the S&P1500 TECH and S&P500 indexes. Although TECH has outperformed the general market (probably pulled along by the weight of BIGTECH), BIGTECH has far outpaced other stocks since the market high on 2/19 (chart 1) and on a YTD basis for 2020 (chart2).

> ***This performance pattern will probably continue as earnings period will probably further detail the fundamental carnage that Covid-19 has unleashed on the wide swatch of U.S. companies.***

LARGE CAP VERSUS SMALL CAP AND GROWTH VERSUS VALUE ? the table below from TPA?s Risk Dashboard highlights huge discrepancies in performance between Large and Small Cap and Growth and Value. On a 3-month basis, with the S&P500 down 13% and the Russell 1000 down 14%, the Russell 1000 Growth Index is only down 8%. Russell 1000 Value is much worse off; down 20% I the same period. All the Russell 2000 broad indexes are underperformers, but once again Growth has outperformed Value. The worst performer, of course is Small Cap Value, down 31% in the past 3 months, as it represents both out of favor stocks - small cap and value.

Table 3 shows that the 2 small cap culprits are Financials and Industrials; both hard hit by the pandemic.

ENERGY AND ENERGY-RELATED ? have been decimated as Crude was hit hard by non-compliance among OPEC and the lack of demand brought on by stay at home policies and business closures. Even after a recent rally, the S&P1500 Energy Index is down 44.70% YTD, while the S&P1500 Index is down 11.91% (1st chart below). The second chart below shows that, even as Crude has continued to decline, Energy High Yield has also rebounded recently. The Energy High Yield Index is, however, still down 27.7% YTD. The third chart shows the High Yield Spread and Crude over the past 20 years. The High Yield Spread is a good measure of perceived risk and spikes when there is more risk of default, which makes investors demand more yield for riskier bonds. The past 3 spikes in 2008, 2016, and recently all coincided with a steep decline in Crude. Crude hit its low on 2/11/16 at 26, but the coincident spike the HIGH Yield Spread was not as high as the 2020 spike. This is something clients should continue to monitor. As TPA has said, the question will remain if the current situation will morph into a situation that is more like 2008-2009 or will it be of the more muted variety like 2011 and 2015-2016. High Yield, which is driven by Energy, will be one of the canaries in the coalmine.