In this 11-12-21 issue of "Inflation In Irrational Exuberance."

- ***Market Stalls Ahead Of Options Expiration***
- ***Sentiment Is Showing Irrational Exuberance***
- ***Inflation Is Surging***
- ***Portfolio Positioning***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

Follow Us On: *Twitter, Facebook, Linked-In, Sound Cloud, Seeking Alpha*

Is It Time To Get Help With Your Investing Strategy?

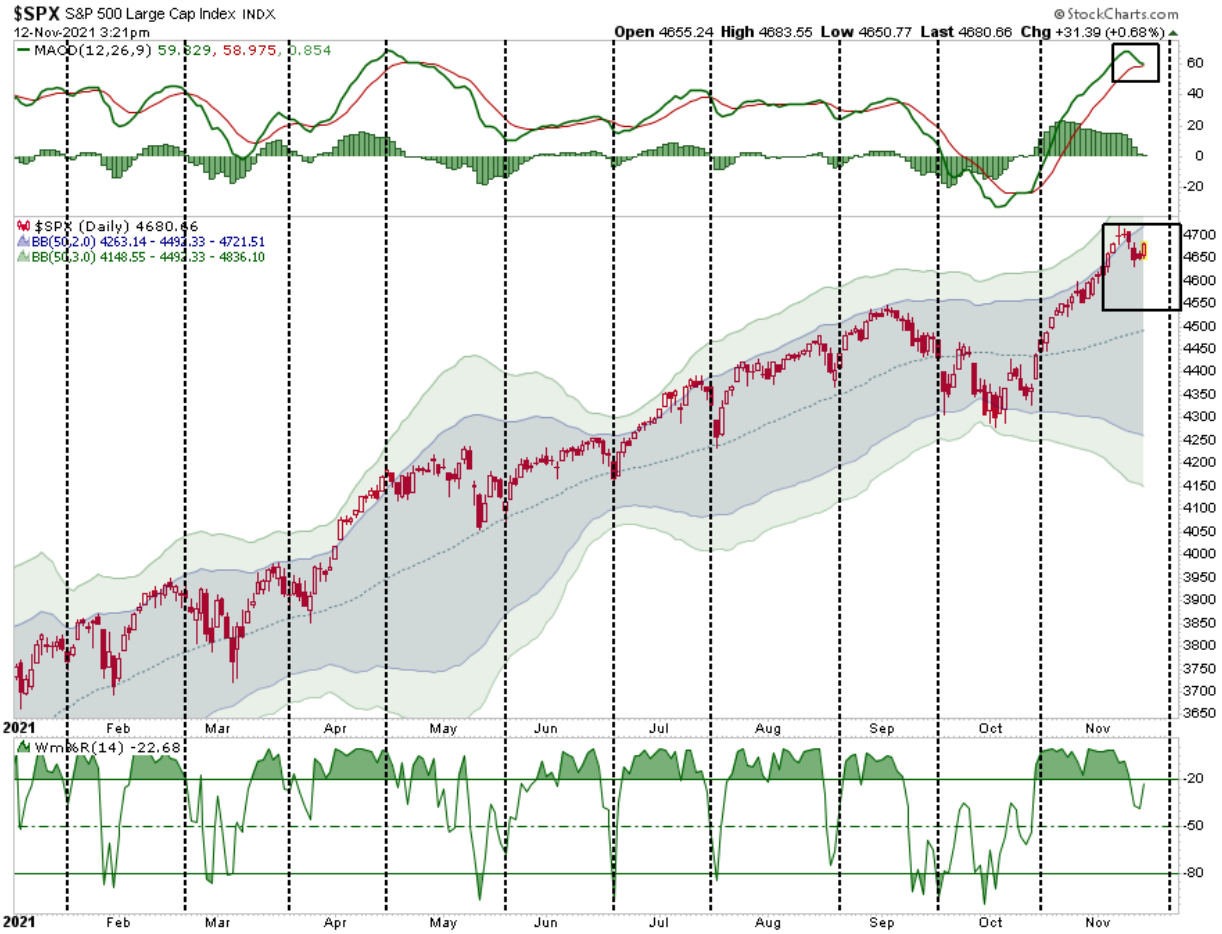
Whether it is complete financial, insurance, and estate planning, to a risk-managed portfolio management strategy to grow and protect your savings, whatever your needs are, we are here to help.

Schedule your "FREE" portfolio review today.



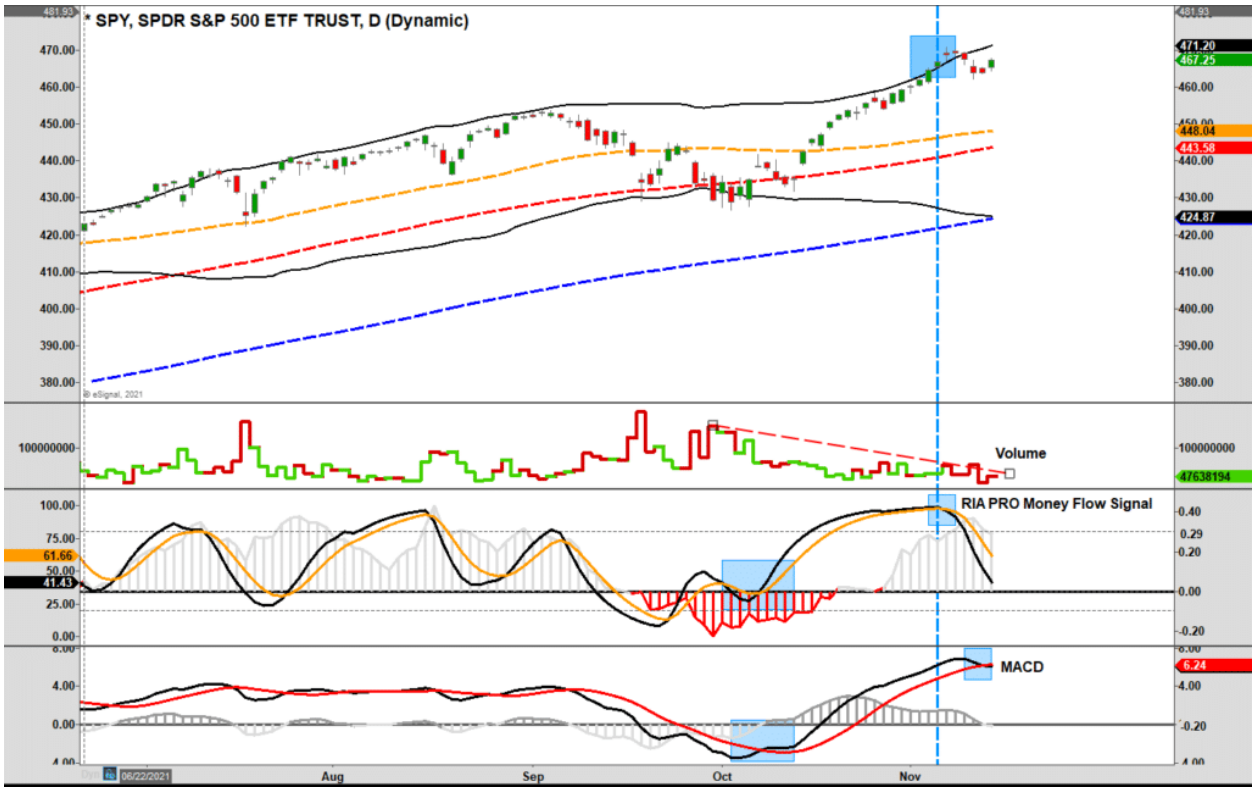
Market Stalls Ahead Of Options Expiration

Unlike recent weeks, this past week saw the market begin to consolidate recent gains ahead of options expiration next Friday. However, as we ***discussed previously,*** pullbacks have occurred with regularity. **Interestingly, as noted by the vertical lines in the chart below, these pullbacks occur near option expirations.**



Given the options expire next week, is there more volatility coming? Maybe. As noted in the chart above, the MACD signal is very close to triggering a short-term "sell" signal from an elevated level, and the market remains very overbought.

Furthermore, as noted last week, our *"money flow sell signal"* triggered a *"sell signal*." **The combination of the sell signals, very light volume, and weak breadth certainly warrants some caution heading into next week.**



Does this mean the market will experience a significant contraction? **A pullback to the short-term moving averages would not be surprising and would encompass about a 3-4% drawdown.**

What would cause such a correction? I don't know. However, we are entering the mutual fund distribution season where fund managers need to distribution capital gains, dividends, and interest. Given that most funds are carrying very low cash levels, they will likely have to sell holdings to make those distributions.

However, the good news is that a pullback would set the market up for the traditional end-of-year *"Santa Claus"* rally.

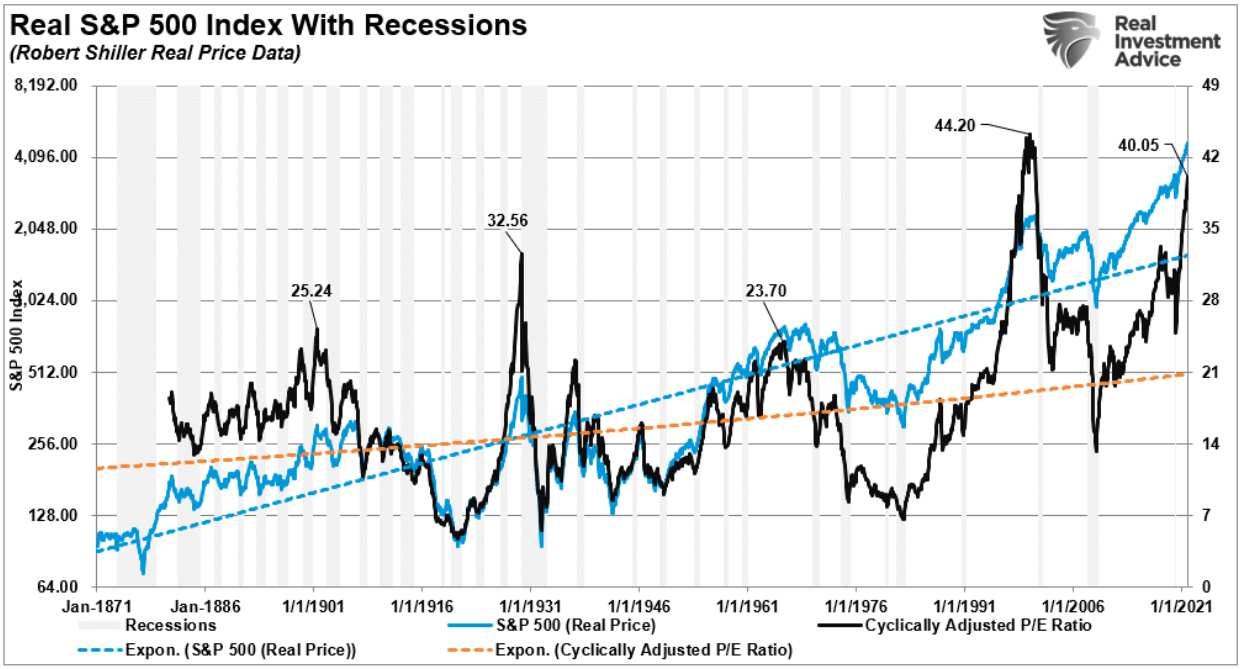
But at the moment, a correction is the furthest thing from investors' minds. So while price inflation may be a problem, there is inflation in *"irrational exuberance"* as of late.

[dmc]

Inflation In Irrational Exuberance

In ***our recent Daily Commentary*** ***(click the banner above for FREE pre-market email delivery),*** we touched on signs of inflation in *"irrational exuberance."* To wit:

> *"The S&P 500 ?buying? stampede continues, pushing stock market valuations to extremes. As of Friday, the Shiller PE valuation rose above 40.* ***Current valuations now dwarf that seen in 1929 and only bettered by the latter months of 1999.***"



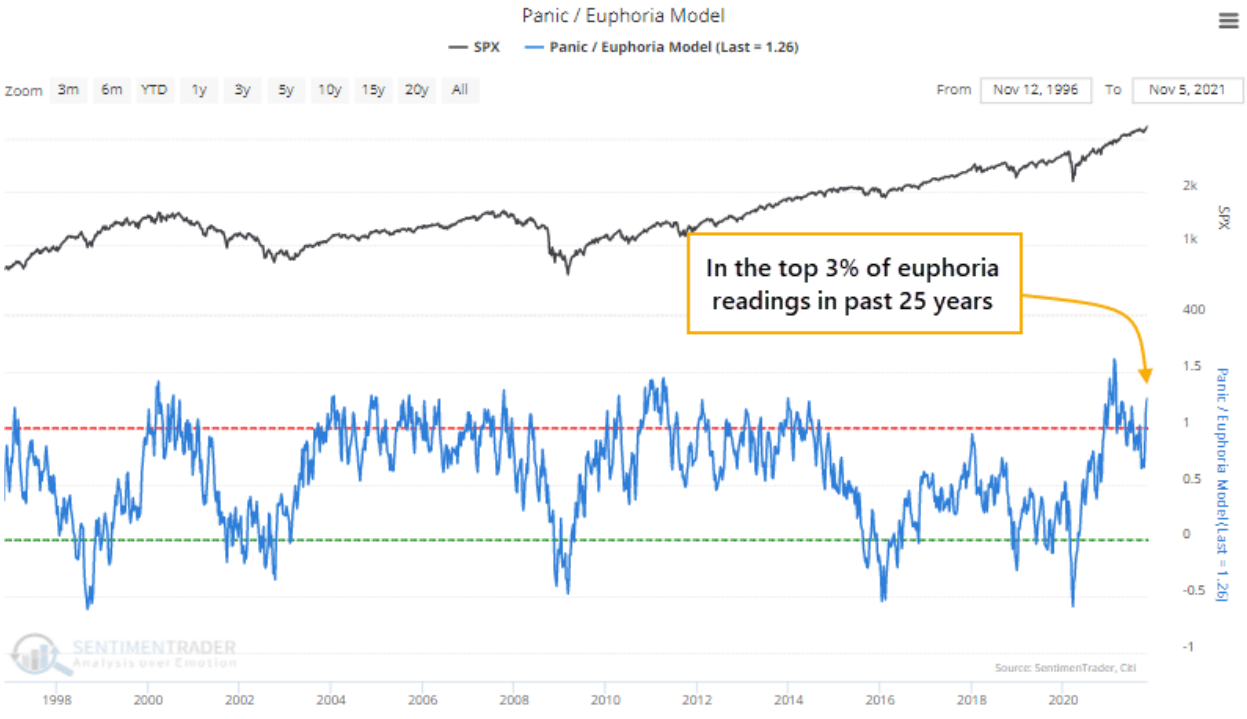
Of course, *"valuations are a terrible market timing device,"* but they tell you much about investor psychology and future returns. However, there are other measures also supporting inflation in irrational exuberance.

For example, the chart from TheMarketEar shows the price of Bitcoin to Tesla shares. In recent weeks, the surge in both is a good proxy of the inflation of irrational exuberance and a disregard for risk.

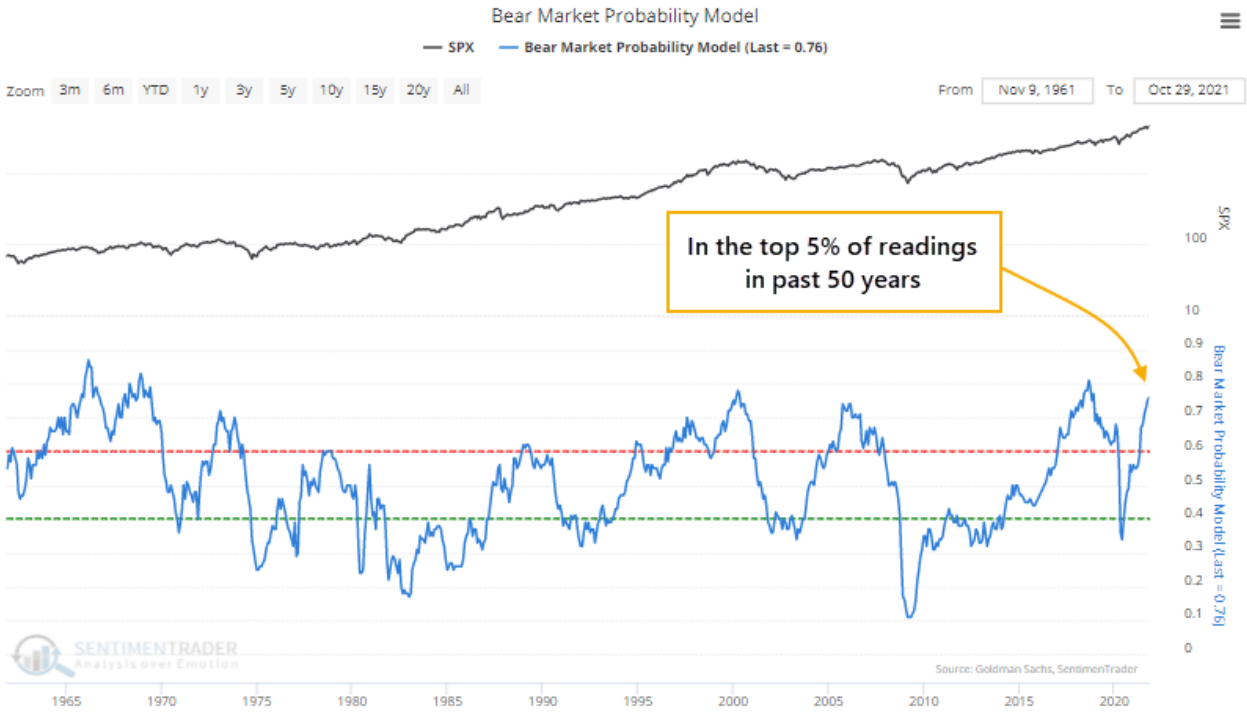


Furthermore, as retail investors pile into equity risk, *Sentiment Trader* also put out two gauges on Wednesday showing similar measures of inflation in irrational exuberance reaching problematic levels.

> ***The Panic/Euphoria Model,*** *constructed using a methodology described by Citigroup in public posts, has rebounded and is once again above its 'euphoria' threshold.*

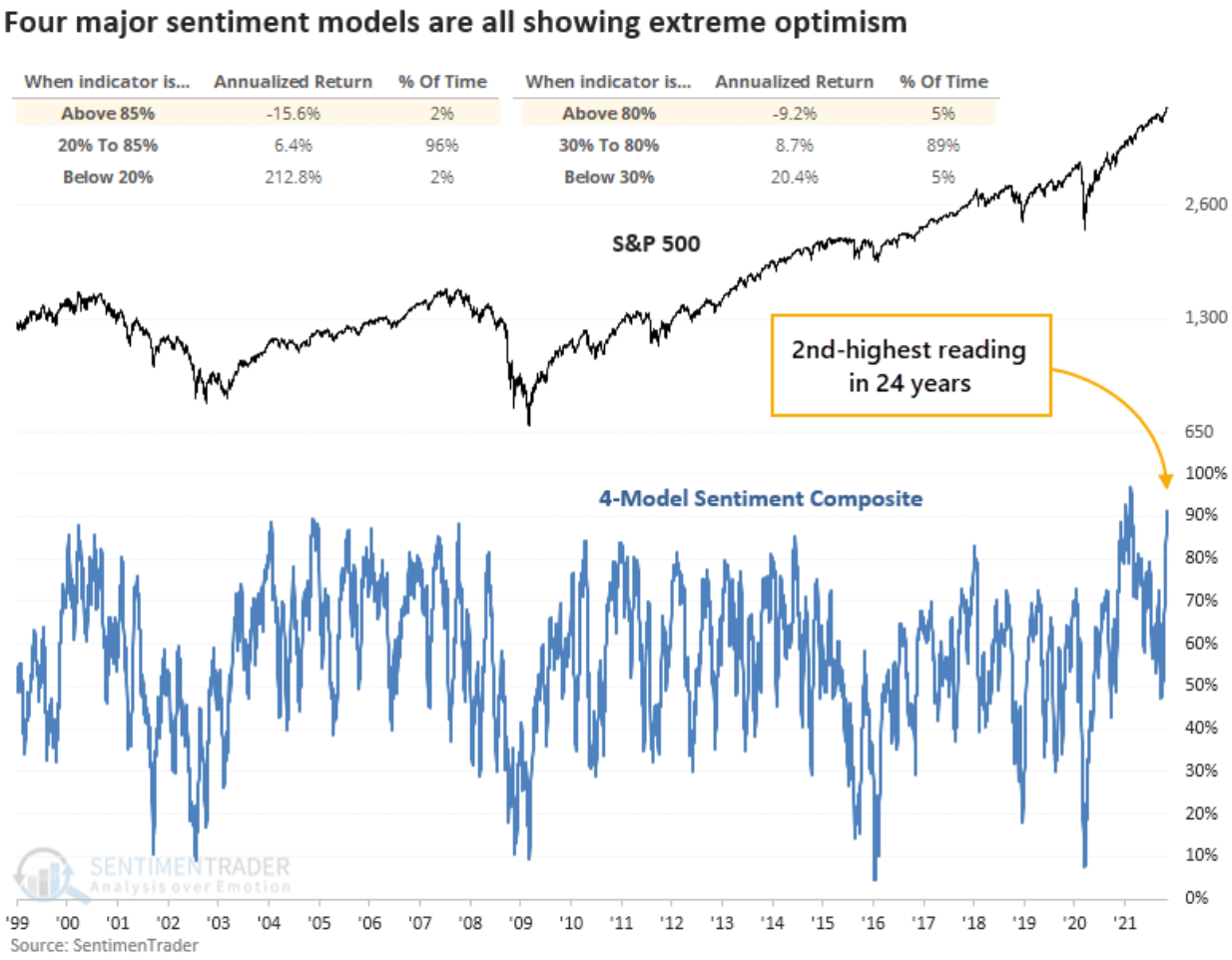


"And the ***Bear Market Probability Model,*** *described in interviews by Goldman Sachs,* ***has soared to one of the highest levels in 50 years.****"*



As they conclude, and with which we agree:

"Choppiness among stocks within indexes pushed the composite model below 50% in late September. Now, enthusiasm is back, and the model is above 90%, challenging the highest readings in 23 years. The chart shows us that the S&P 500's annualized return when the composite model was above 80% was a miserly -9.2%. ***When the model was above 85%, accounting for about 2% of all days since 1998, that return was a horrid -15.6%."***



Such is why being a bit more defensive near-term may be well advised.

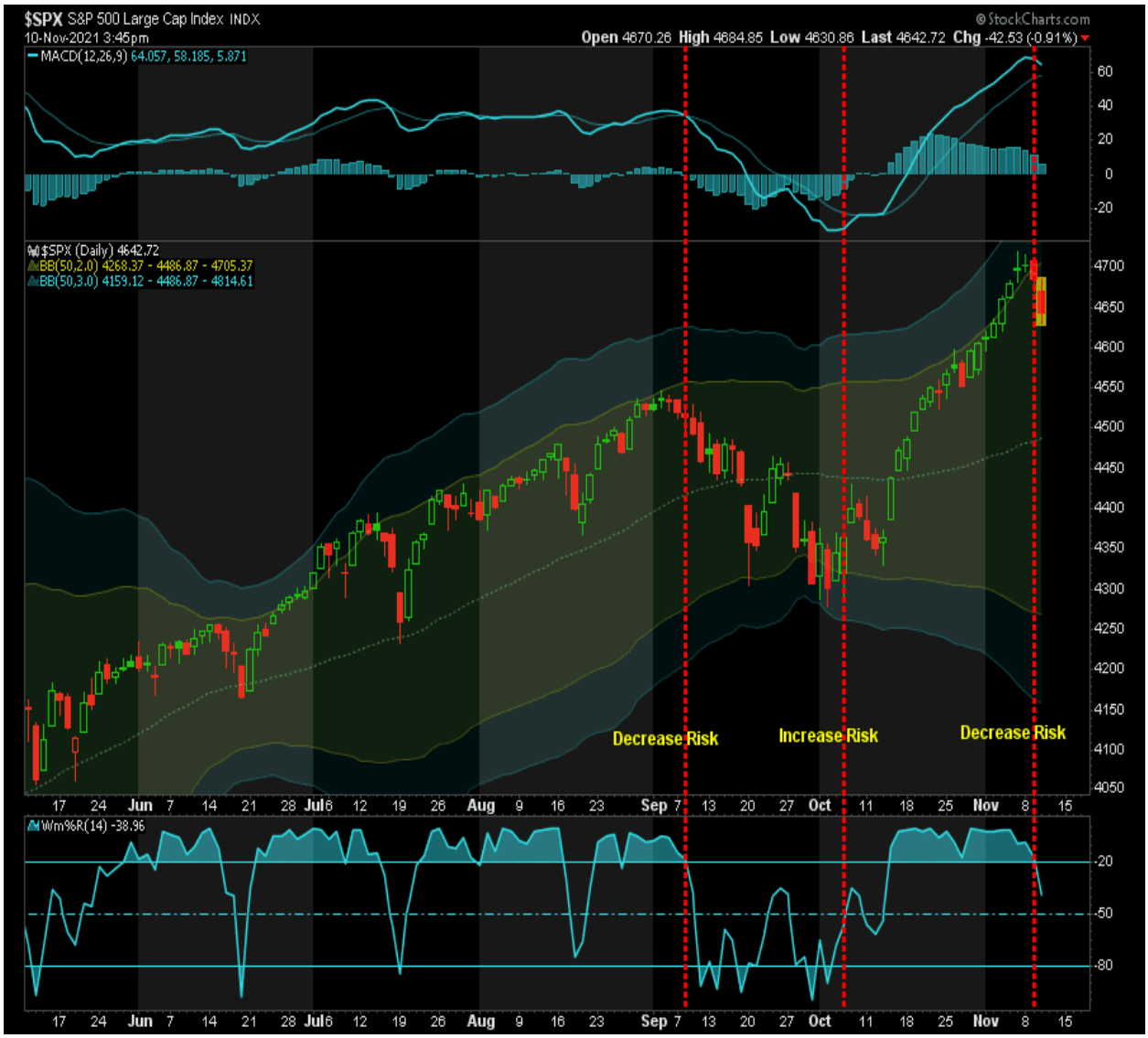
What Driving & Portfolio Management Have In Common

Our newer readers require a bit of a chronology.

In mid-August, we discussed a similar situation where markets got very elevated, and we needed to reduce risk in our portfolios.

Then, ***in late September,*** following a 5% decline in the market that reduced the momentum chase, we added exposure. To wit:

"With the markets now deeply oversold on a short-term basis, we deployed some of our cash throughout the week to rebalance the portfolio toward normal allocation levels. ***We don?t expect a tremendous amount of upside, given the ongoing weakness of market internals, but a retest of previous highs is not out of the question****."*



Importantly, notice that we state *"decrease"* and *"increase."* Such does not mean being *"all-in"* or *"all-out."*

Portfolio and risk management is a process of making small moves and adjusting for changes in the market as they come. It is much like driving a car. Therefore, when the vehicle is moving, you are constantly making minor adjustments to keep the vehicle in the proper lane, accelerating or decelerating as needed, and paying attention to the constant flow of signals from all around you.

Most of this we do subconsciously, but the actions all ensure two things:

1. *A reduction of risk*
2. *Getting to our destination safely.*

Investing is much the same. Paying attention to the warning signs, adjusting the "speed" of the portfolio, and keeping the allocation in the "proper lane" can ensure safe arrival at your destination.

Not doing so can have very damaging consequences.

We are driving a little slower, having our foot over the brake, and adding a bit of *"liability insurance"* to our portfolio as warnings rise.

One of those warnings is the Fed's choice to ignore inflation.

In Case You Missed It



Is Cash A Good "Risk" Hedge?

Written by Lance Roberts | Nov 12, 2021

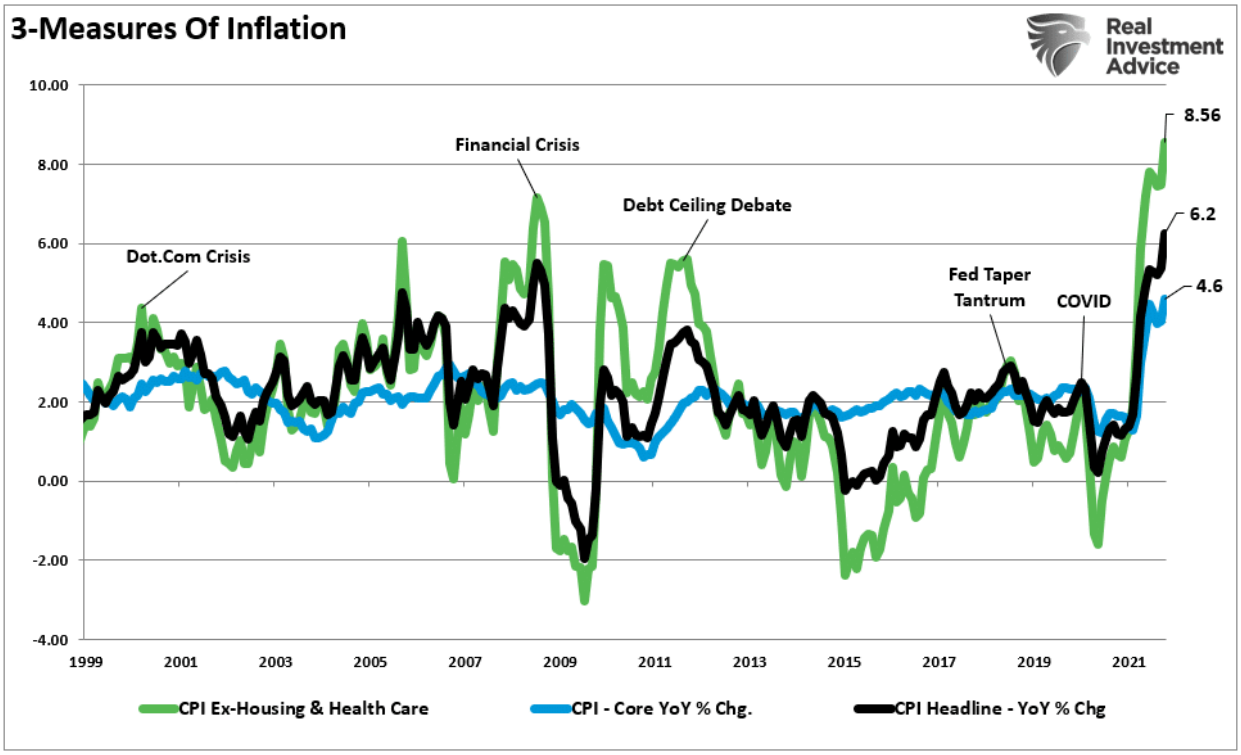
"Is cash a good hedge?" It's a focus of a recent article discussing "fast" versus…

> Read More

Inflation Is Surging

On Wednesday, the latest print of the consumer price index came in much hotter than expected. The chart below shows 3-measures of inflation:

1. *CPI*
2. *Core-CPI (Less food and energy,) and*
3. *Variable-CPI (Less healthcare and rent.)*

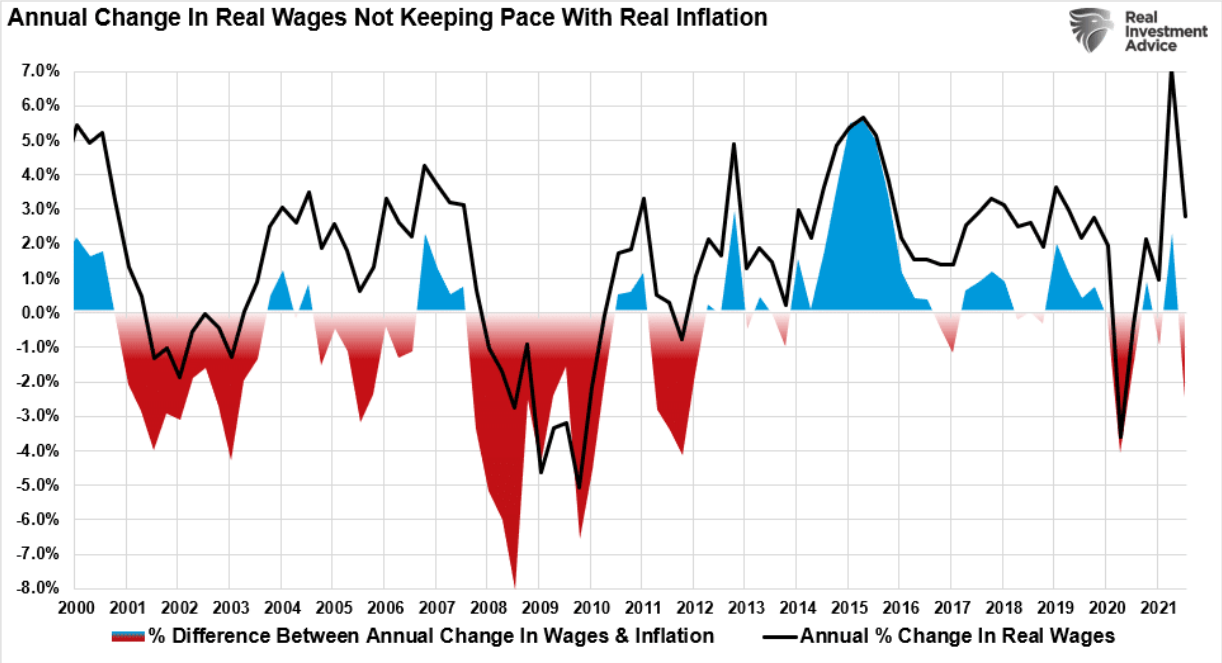


The surge in inflationary pressures is evident, with *"Core CPI"* surging to 6.2% on an annualized basis. **However, for most Americans, their food and energy consumption is something they deal with every week. Therefore, the impact on discretionary incomes is far more insidious when those get included.**

As my colleague Doug Kass noted:

> *"My eyeballs tell me inflation is running a fair bit hotter than what is being reported now. I think the average person would also think that based on their buying experiences today."*

Furthermore, most individuals have their rent or mortgage payments under a contractual agreement for a certain period. The same goes for healthcare costs as premiums stay stable under a contractual term. **The *"Variable CPI*" shows what inflation looks like from a consumer's point of view. At 8.5%, **it is not surprising consumers are getting upset.**



Consequently, the surge in variable CPI is even more problematic when wages fail to keep up with inflationary pressures. Therefore, despite headlines of rising wage pressures, real wages are currently 2% below the annual pace of inflation. So, again, the implications on economic growth, and the market, are not tremendous.

RIA Pro
Set up your own portfolio today and start getting actionable intelligence.
› Sign up now

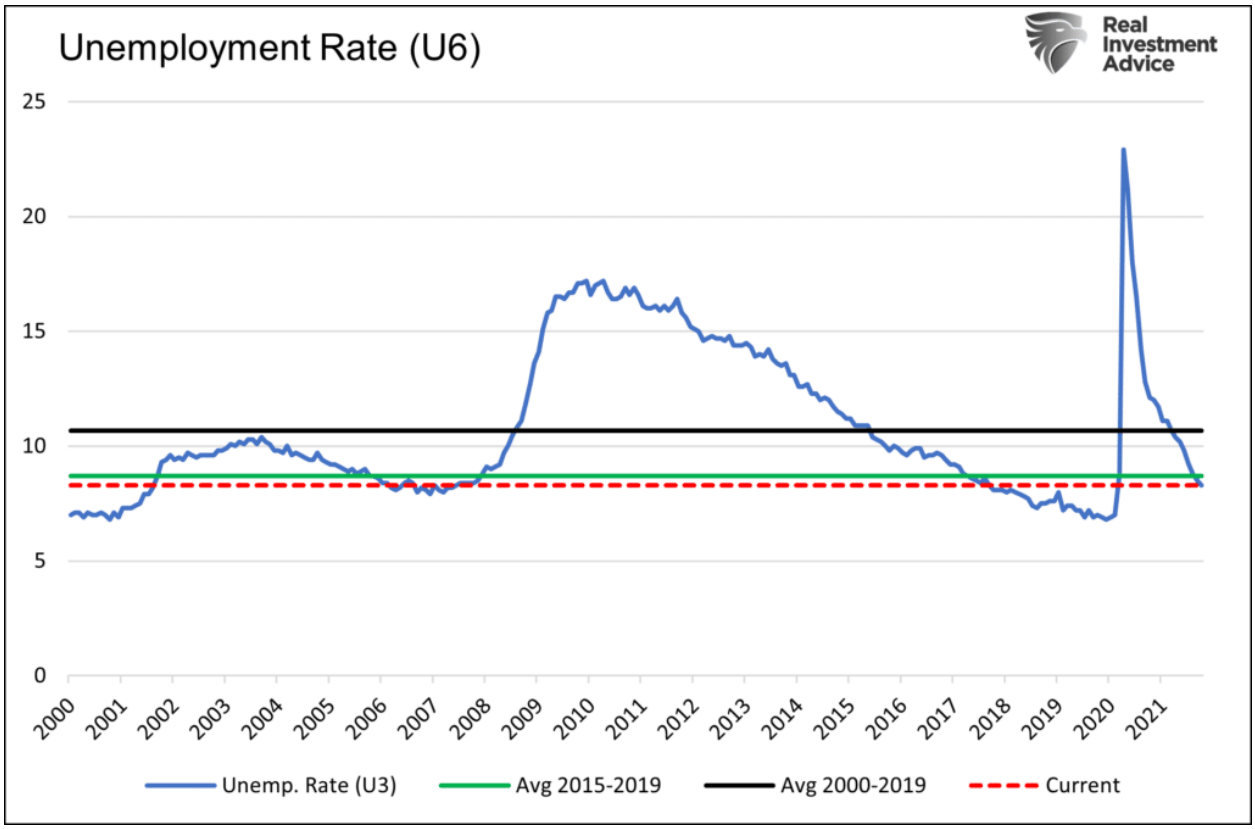
The Fed Has To Be Sweating

As discussed in ***"Did The Fed Set The Market Up For A Crash,"*** the choice of ignoring inflation in hopes of getting back to historically low unemployment rates may be problematic.

> *"**Ignoring the inflation risk is likely unwise. Previous spikes in the inflation spread aligned with weaker economic growth, stock market contractions, or crashes.**"*

When it comes to *'full"* employment, ***Michael Lebowitz*** ran some analysis suggesting the Fed may be overly confident in its abilities to support economic growth.

> *"The U6 Unemployment Rate is not as well followed as the U3 shown above. U6 includes those unemployed in the U3 number but also those underemployed and discouraged from seeking jobs. Jerome Powell thinks the U6 figure is a more credible indicator given the pandemic-related dislocations. As shown below, the U6 rate is 0.4% below the average of the five years leading to the pandemic."*

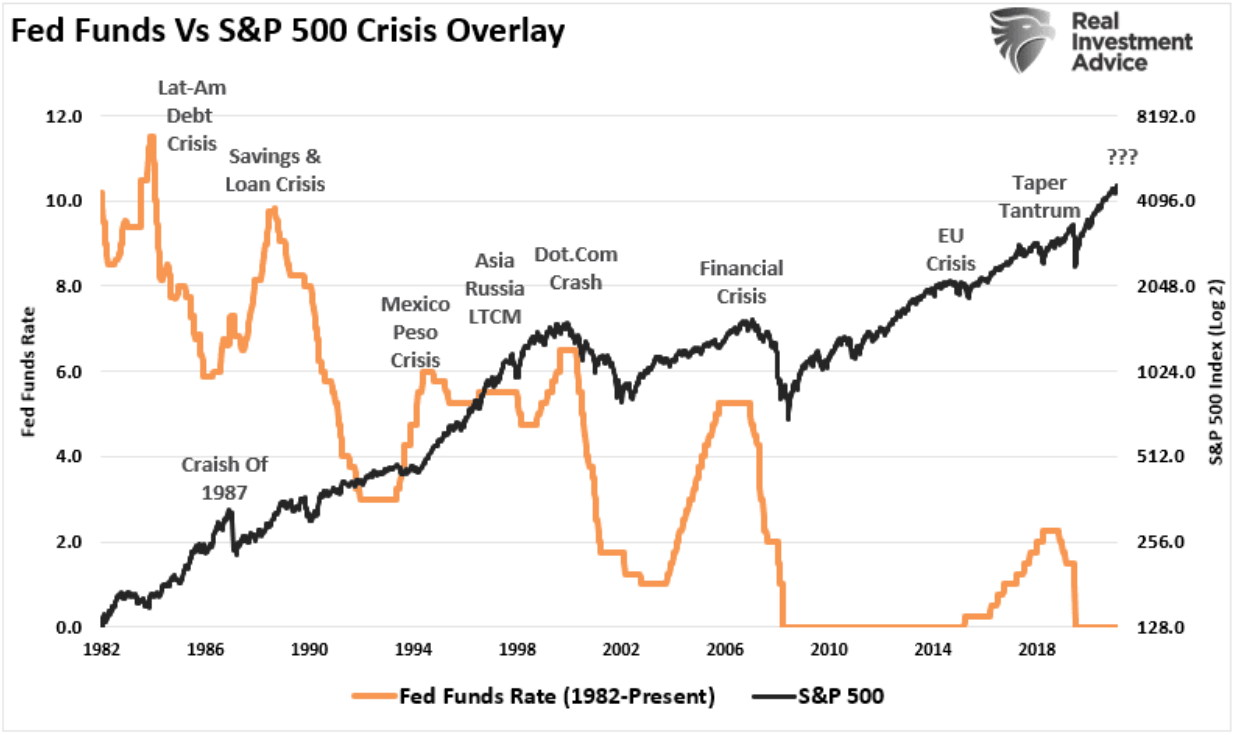


As Michael concludes, the Fed has already met its mandate of full employment. However, they are ignoring inflation to support asset valuations that the Fed recently admitted were excessive.

> ***"Prices of risky assets keep rising, making them more susceptible to perilous crashes*** *if the economy takes a turn for the worse.* ***Asset prices remain vulnerable to significant declines should investor risk sentiment deteriorate,*** *progress on containing the virus disappoint, or the economic recovery stalls." - Bloomberg*

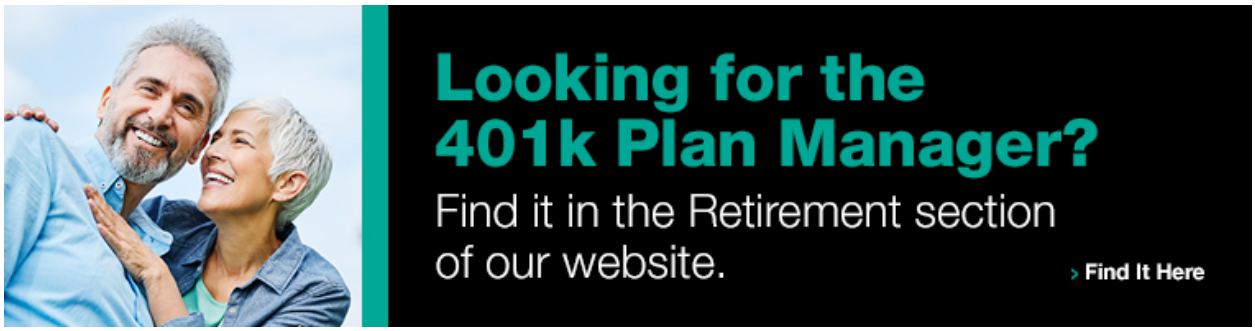
Ignoring the surging rates of inflation to support asset prices may result in a *"policy mistake"* that leads to the one outcome the Fed is trying to avoid - a stock market crash.

Of course, such would not be the first time the Fed's hubris exceeded their grasp and led to unwanted outcomes.



It is likely to be no different this time.

However, I am sure the Fed is starting to sweat.



Portfolio Update

Given the inflation in *"irrational exuberance"* in the short term, we have been taking profits and rebalancing portfolio risk over the last two weeks. As we noted previously:

> *"**We took profits; we did not sell the entirety of our position. Therefore, our portfolio allocations are near fully invested.** However, our cash position is growing as the market becomes more aggressively extended."*



Significantly, not only did we reduce our exposure in some of the more grossly extended holdings such as NVDA, AMD, and F, but also TLT *(bonds)*.

Over recent weeks, after increasing the duration of our fixed-income allocation, TLT also became overbought and triggered a short-term money flow sell signal. The current inflation print pushed bond prices lower, yields higher, for now. I suspect that we will get an opportunity to increase our TLT holdings at lower prices within the next few weeks.

With slightly increased cash levels, we are watching the current "sell signals" develop as we head into "*options expiration"* next week. Since March, retests of the 20- and 50-day moving averages were triggered by the rollover of options. Considering there is a record number of call options, we could see a volatility spike during expiration. As such, we did add a small volatility hedge to our portfolio should such an event occur.

In the meantime, we remain a bit more bullishly biased than we like. However, sometimes, being *"uncomfortable"* is just part of the investment process.

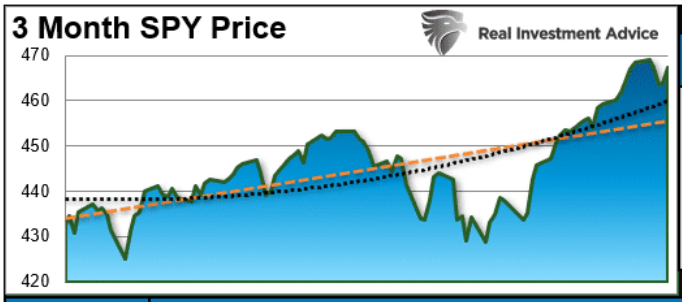
Have a great weekend.

By Lance Roberts, CIO

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet



SPY RISK INFO

Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	51.22%	32.29%	24.98%	(22.65%)
Max Drawdown	(35.63%)	(6.10%)	(6.10%)	0.00%
Sharpe	1.01	2.69	2.50	(0.07)
Sortino	1.07	3.88	3.41	(0.12)
Volatility	25.09	12.22	12.45	0.02
Daily VaR-5%	(12.26)	13.70	10.64	(0.22)
Mnthly VaR-5%	(7.74)	6.82	11.30	0.66

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.80%	1.59%	1.20%	(32.00%)	2.14%	1.20%	(43.87%)	(0.07%)
P/E Ratio	19.48	25.61	24.45	(4.77%)	2903%	1643%	(15.8%)	48.75%
P/S Ratio	3.77	4.09	5.17	20.90%	5.12	3.14	0.89%	64.48%
P/B Ratio	5.05	5.38	7.58	29.05%	7.06	4.17	7.33%	81.74%
ROE	21.78%	19.98%	28.45%	29.76%	28.45%	17.68%	0.00%	60.95%
ROA	4.28%	3.71%	4.99%	25.60%	4.99%	3.51%	0.00%	41.98%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,861.0	2,820.0	(1.43%)
Sales	68,130	76,870	12.83%
SPS	23.8	27.3	14.47%
Earnings	10,258	14,796	44.24%
EPS TTM	4.0	5.8	42.80%
Dividend	1.5	1.7	8.76%

S&P 500 Asset Allocation

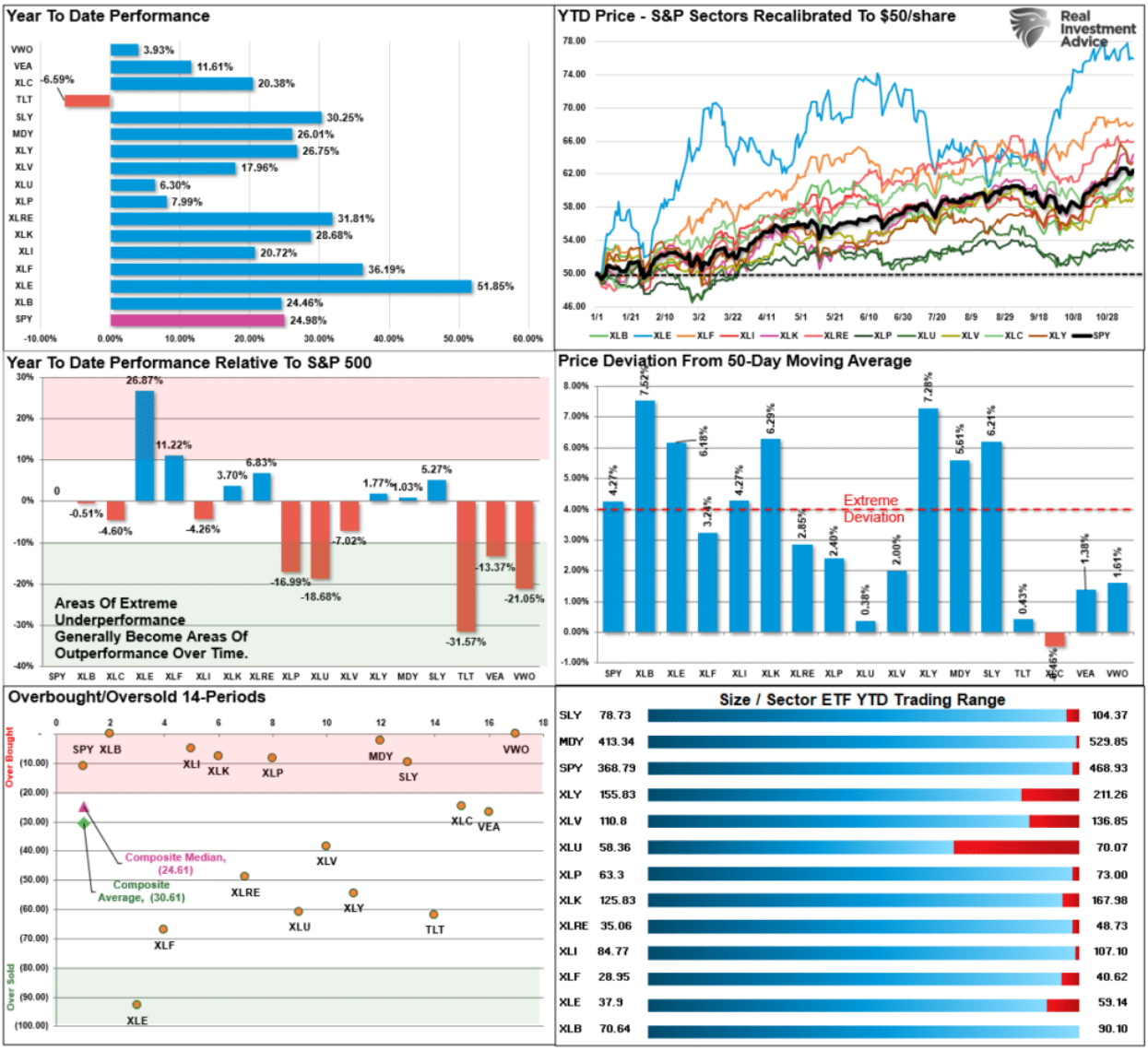
Sector	1 Year Price Return	Weight	Beta	P/E	P/E High- 5yr (Mo.)	P/E Low - 5Yr (Mo.)	P/E % From Peak	ROE	DIV. YIELD	TTM Earnings Yield	Current Forward Earnings	Forward PE
Energy	78.48%	2.82%	1.78	22.43	120.90	(330.04)	(81.4%)	8.6%	3.8%	2.14%	4.48	12.15
Materials	33.31%	2.57%	1.18	19.34	27.12	14.16	(28.7%)	16.8%	1.7%	4.45%	5.65	16.32
Industrials	26.85%	8.11%	1.19	33.15	54.23	14.69	(38.9%)	15.4%	1.3%	3.03%	6.12	21.35
Discretionary	37.99%	12.89%	1.32	44.04	60.06	21.30	(26.7%)	28.7%	0.5%	2.33%	6.41	32.86
Staples	9.60%	5.64%	0.64	22.34	23.01	17.65	(2.9%)	31.1%	2.4%	4.50%	4.63	20.69
Health Care	20.05%	12.87%	0.75	18.30	19.73	15.29	(7.2%)	35.5%	1.5%	5.12%	8.24	17.46
Financials	49.46%	11.21%	1.29	13.88	18.52	10.58	(25.0%)	12.4%	1.6%	7.16%	6.72	15.24
Technology	39.85%	28.17%	1.07	31.91	32.88	16.66	(2.9%)	76.3%	0.8%	2.92%	6.11	28.09
Telecom	39.88%	10.71%	0.91	24.88	28.26	17.65	(11.9%)	18.7%	0.5%	3.77%	9.57	21.88
Utilities	1.28%	2.39%	0.45	19.71	22.09	16.35	(10.8%)	10.8%	3.1%	4.91%	3.52	19.22
Real Estate	30.29%	2.62%	0.95	24.51	25.68	17.12	(4.5%)	9.6%	2.3%	3.91%	4.66	23.80

Momentum Analysis

Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	467.27	3.13%	448.04	21	4.29%	425.22	275	9.89%	5.37%	(0.72%)	33.31%	Buy
Mid Cap	529.14	5.09%	501.01	22	5.62%	489.74	275	8.04%	2.30%	(0.83%)	41.21%	Buy
Small Cap	103.60	6.28%	97.55	31	6.21%	95.96	38	7.96%	1.65%	(1.61%)	51.37%	Buy

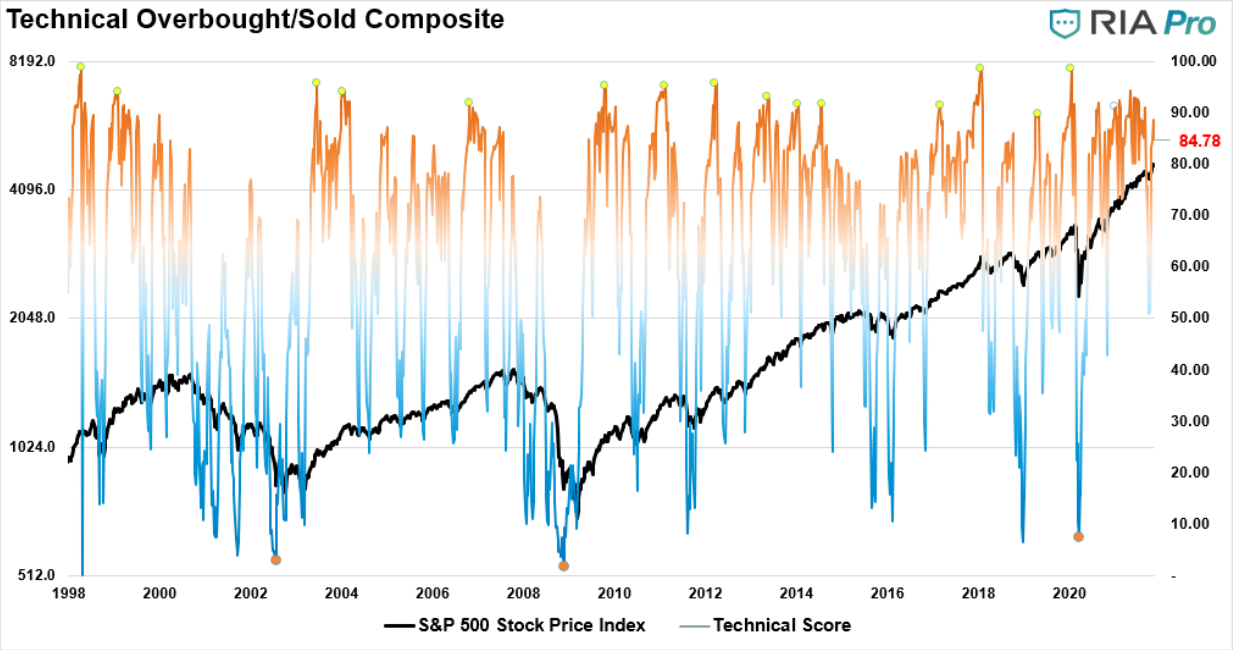
---

Performance Analysis



Technical Composite

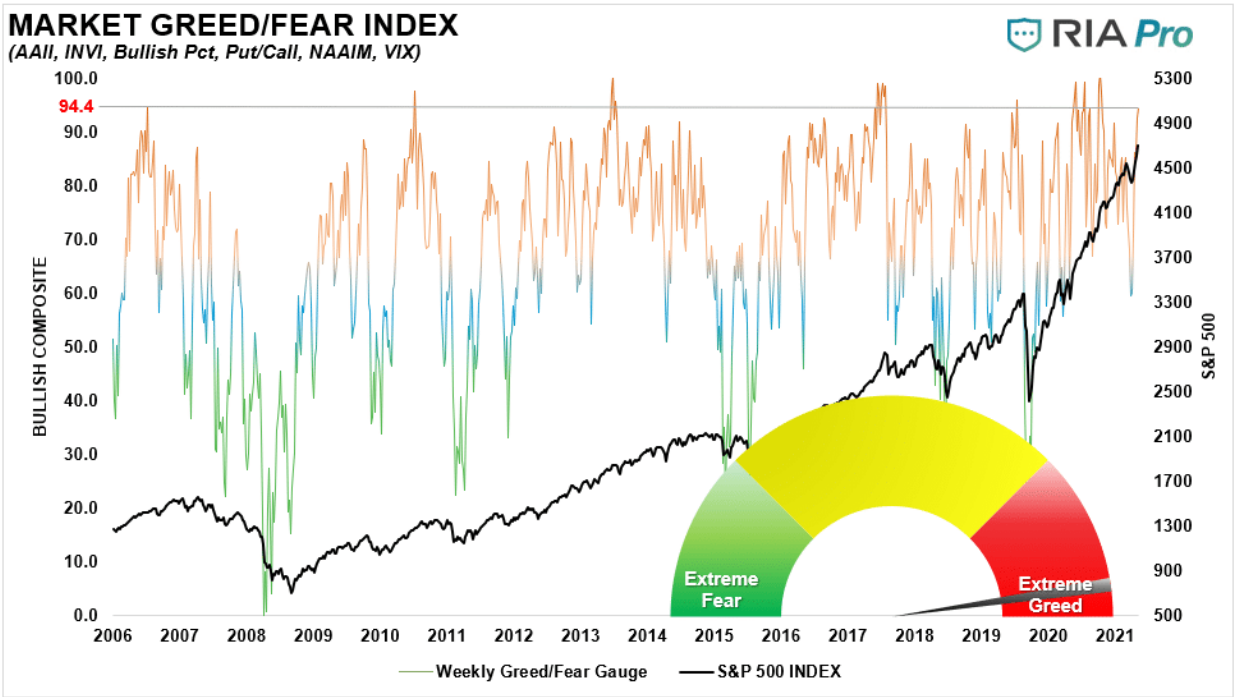
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 84.78 out of a possible 100.***



Portfolio Positioning "Fear / Greed" Gauge

Our "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, to more likely the market is closer to a correction than not. The gauge uses weekly closing data.

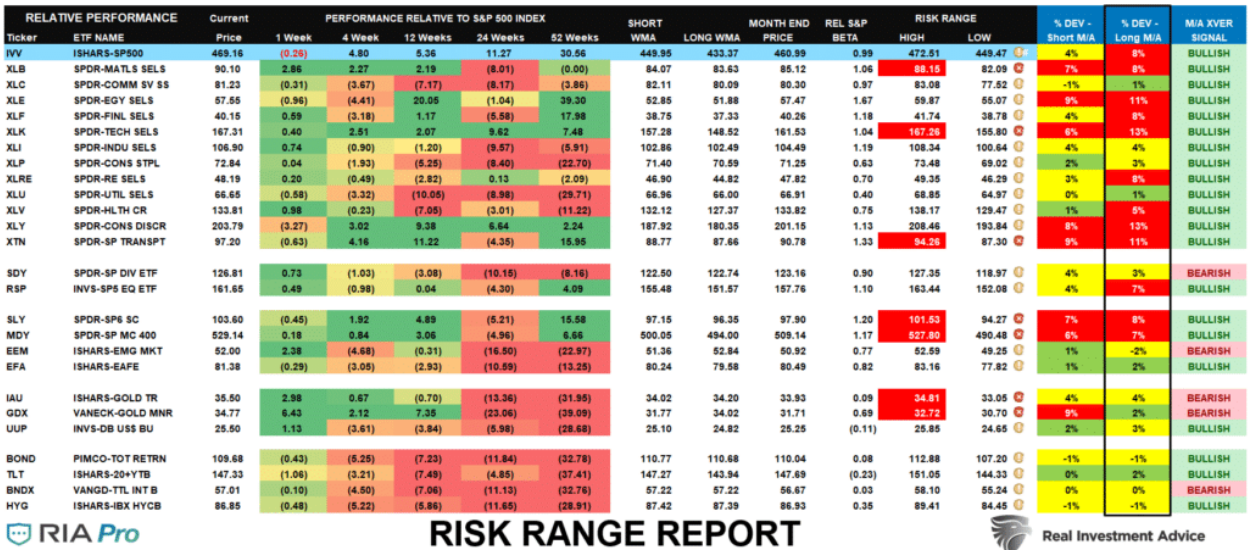
NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The *current reading is 94.37 out of a possible 100.*



Sector Model Analysis & Risk Ranges

How To Read This Table

- *The table compares each sector and market to the S&P 500 index on relative performance.*
- *"MA 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)***
- *Table shows the price deviation above and below the weekly moving averages.*



RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT		MONTH END	REL S&P	RISK RANGE		% DEV -	% DEV -	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	LONG WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	469.16	(0.26)	4.80	5.36	11.27	30.56	449.95	433.37	460.99	0.99	472.51	449.47	4%	8%	BULLISH
XLB	SPDR-MATLS SELS	90.10	2.86	2.27	2.19	(8.01)	(0.00)	84.07	83.63	85.12	1.06	88.15	82.09	7%	8%	BULLISH
XLC	SPDR-COMM SV SS	81.23	(0.31)	(3.67)	(7.17)	(8.17)	(3.86)	82.11	80.09	80.30	0.97	83.08	77.52	-1%	1%	BULLISH
XLE	SPDR-EGY SELS	57.55	(0.96)	(4.41)	20.05	(1.04)	39.30	52.85	51.88	57.47	1.67	59.87	55.07	9%	11%	BULLISH
XLF	SPDR-FINL SELS	40.15	0.59	(3.18)	1.17	(5.58)	17.98	38.75	37.33	40.26	1.18	41.74	38.78	4%	8%	BULLISH
XLK	SPDR-TECH SELS	167.31	0.40	2.51	2.07	9.62	7.48	157.28	148.52	161.53	1.04	167.26	155.80	6%	13%	BULLISH
XLI	SPDR-INDU SELS	106.90	0.74	(0.90)	(1.20)	(9.57)	(5.91)	102.86	102.49	104.49	1.19	108.34	100.64	4%	4%	BULLISH
XLP	SPDR-CONS STPL	72.84	0.04	(1.93)	(5.25)	(8.40)	(22.70)	71.40	70.59	71.25	0.63	73.48	69.02	2%	3%	BULLISH
XLRE	SPDR-RE SELS	48.19	0.20	(0.49)	(2.82)	0.13	(2.09)	46.90	44.82	47.82	0.70	49.35	46.29	3%	8%	BULLISH
XLU	SPDR-UTIL SELS	66.65	(0.58)	(3.32)	(10.05)	(8.98)	(29.71)	66.96	66.00	66.91	0.40	68.85	64.97	0%	1%	BULLISH
XLV	SPDR-HLTH CR	133.81	0.98	(0.23)	(7.05)	(3.01)	(11.22)	132.12	127.37	133.82	0.75	138.17	129.47	1%	5%	BULLISH
XLY	SPDR-CONS DISCR	203.79	(3.27)	3.02	9.38	5.64	2.24	187.92	180.35	201.15	1.13	208.46	193.84	8%	13%	BULLISH
XTN	SPDR-SP TRANSPT	97.20	(0.63)	4.16	11.22	(4.35)	15.95	88.77	87.66	90.78	1.33	94.26	87.30	9%	11%	BULLISH
SDY	SPDR-SP DIV ETF	126.81	0.73	(1.03)	(3.08)	(10.15)	(8.16)	122.50	122.74	123.16	0.90	127.35	118.97	4%	3%	BEARISH
RSP	INVS-SP5 EQ ETF	161.65	0.49	(0.98)	0.04	(4.30)	4.09	155.48	151.57	157.76	1.10	163.44	152.08	4%	7%	BULLISH
SLY	SPDR-SP6 SC	103.60	(0.45)	1.92	4.89	(5.21)	15.58	97.15	96.35	97.90	1.20	101.53	94.27	7%	8%	BULLISH
MDY	SPDR-SP MC 400	529.14	0.18	0.84	3.06	(4.96)	6.66	500.05	494.00	509.14	1.17	527.80	490.48	6%	7%	BULLISH
EEM	ISHARS-EMG MKT	52.00	2.38	(4.68)	(0.31)	(16.50)	(22.97)	51.36	52.84	50.92	0.77	52.59	49.25	1%	-2%	BEARISH
EFA	ISHARS-EAFE	81.38	(0.29)	(3.05)	(2.93)	(10.59)	(13.25)	80.24	79.58	80.49	0.82	83.16	77.82	1%	2%	BULLISH
IAU	ISHARS-GOLD TR	35.50	2.98	0.67	(0.70)	(13.36)	(31.95)	34.02	34.20	33.93	0.09	34.81	33.05	4%	4%	BEARISH
GDX	VANECK-GOLD MNR	34.77	6.43	2.12	7.35	(23.06)	(39.09)	31.77	34.02	31.71	0.69	32.72	30.70	9%	2%	BEARISH
UUP	INVS-DB US$ BU	25.50	1.13	(3.61)	(3.84)	(5.98)	(28.68)	25.10	24.82	25.25	(0.11)	25.85	24.65	2%	3%	BULLISH
BOND	PIMCO-TOT RETRN	109.68	(0.43)	(5.25)	(7.23)	(11.84)	(32.78)	110.77	110.68	110.04	0.08	112.88	107.20	-1%	-1%	BULLISH
TLT	ISHARS-20+YTB	147.33	(1.06)	(3.21)	(7.49)	(4.85)	(37.41)	147.27	143.94	147.69	(0.23)	151.05	144.33	0%	2%	BULLISH
BNDX	VANGD-TTL INT B	57.01	(0.10)	(4.50)	(7.06)	(11.13)	(32.76)	57.22	57.22	56.67	0.03	58.10	55.24	0%	0%	BEARISH
HYG	ISHARS-IBX HYCB	86.85	(0.48)	(5.22)	(5.86)	(11.65)	(28.91)	87.42	87.39	86.93	0.35	89.41	84.45	-1%	-1%	BULLISH

RIA Pro

RISK RANGE REPORT

Real Investment Advice

Weekly Stock Screens

Currently, there are four different stock screens for you to review. The first is S&P 500 based companies with a *"Growth"* focus, the second is a *"Value"* screen on the entire universe of stocks, and the last are stocks that are "*Technically"* strong and breaking above their respective 50-dma.

We have provided the yield of each security and a Piotroski Score ranking to help you find fundamentally strong companies on each screen. ***(For more on the Piotroski Score - read this report.)***

S&P 500 Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	153.90	19.35	9.14	0.62	24.94	9.00
LH	Laboratory Cp	286.88	10.56	10.39	0.00	8.88	9.00
PAYX	Paychex Inc	123.40	7.50	7.31	2.14	37.39	9.00
TMO	Thermo Fisher	631.48	14.00	15.68	0.16	24.61	9.00
WRB	Berkley (Wr) Cp	81.30	9.00	2.45	0.64	18.11	9.00
ADBE	Adobe Systems	643.17	19.06	21.93	0.00	62.63	8.00
CBRE	Cbre Group Inc	105.37	11.00	17.33	0.00	20.82	8.00
DE	Deere & Co	356.01	21.19	8.92	1.18	20.63	8.00
GOOG	Alphabet Inc-C	2934.96	26.00	20.46	0.00	28.26	8.00
GOOGL	Alphabet Inc-A	2915.33	25.82	20.46	0.00	28.08	8.00
GPC	Genuine Parts	135.12	11.96	3.05	2.41	20.35	8.00
IPG	Interpublic Grp	36.99	12.61	5.10	2.92	14.01	8.00
TER	Teradyne Inc	143.21	16.58	14.86	0.28	25.08	8.00
AMD	Adv Micro Dev	146.01	46.20	24.54	0.00	67.60	7.00
BBY	Best Buy	132.90	7.57	4.62	2.11	12.36	7.00
BRK.B	Berkshire Hth-B	284.65	7.00	2.37	0.00	25.85	7.00
CDNS	Cadence Design	177.23	18.17	10.83	0.00	66.88	7.00
CTAS	Cintas Corp	433.99	9.70	7.02	0.88	41.06	7.00
CVX	Chevron Corp	114.16	5.49	-3.74	4.70	20.53	7.00
EXR	Extra Space Stg	198.39	11.45	8.12	2.52	30.66	7.00
GIS	Genl Mills	62.90	7.50	4.06	3.24	16.64	7.00
IT	Gartner Inc -A	329.58	13.50	11.71	0.00	41.93	7.00
JBHT	Hunt (Jb) Trans	196.42	15.00	11.22	0.61	31.18	7.00
KLAC	Kla Corp	412.79	16.17	18.21	1.02	25.54	7.00
MTD	Mettler-Toledo	1521.24	17.88	5.99	0.00	46.61	7.00
ODFL	Old Dominion Fl	349.37	27.60	8.59	0.23	43.19	7.00
QCOM	Qualcomm Inc	164.42	17.53	6.05	1.65	22.04	7.00
RHI	Robt Half Intl	117.59	21.74	1.32	1.29	25.13	7.00
RSG	Republic Svcs	133.61	10.99	1.94	1.38	32.35	7.00
CDW	Cdw Corp	188.32	13.10	7.74	0.85	24.91	6.00
CHRW	Ch Robinson Wwd	92.85	9.00	5.94	2.20	16.43	6.00
COST	Costco Whole Cp	512.18	8.65	9.98	0.62	46.23	6.00
CSCO	Cisco Systems	56.76	7.00	0.57	2.61	19.57	6.00
EMR	Emerson Elec Co	97.29	8.70	1.07	2.12	23.73	6.00
J	Jacobs Engin Gr	144.60	13.15	7.11	0.58	22.81	6.00
LRCX	Lam Research	613.70	17.01	12.74	0.98	20.48	6.00
MPWR	Monolithic Pwr	554.59	25.00	22.24	0.43	126.91	6.00
NVDA	Nvidia Corp	303.90	19.54	21.67	0.05	104.07	6.00
PTC	Ptc Inc	119.79	13.73	9.24	0.00	44.20	6.00
ROK	Rockwell Automt	329.66	9.03	1.55	1.30	34.96	6.00
TSCO	Tractor Supply	218.63	9.61	12.72	0.95	26.25	6.00
ADP	Automatic Data	228.55	12.00	4.98	1.63	36.51	5.00
AME	Ametek Inc	138.72	10.81	4.89	0.58	30.42	5.00
ANET	Arista Networks	521.41	16.72	16.86	0.00	56.92	5.00
ANSS	Ansys Inc	385.41	11.89	14.68	0.00	65.77	5.00
DRE	Duke Realty Cp	57.72	8.10	4.99	1.77	33.95	5.00
FAST	Fastenal	59.30	9.00	8.76	1.89	38.26	5.00
GWW	Grainger W W	484.61	13.00	4.35	1.34	26.83	5.00
HD	Home Depot	367.63	9.71	8.53	1.80	25.69	5.00
KR	Kroger Co	42.27	8.91	2.86	1.99	12.04	5.00
LOW	Lowes Cos	232.32	14.15	7.63	1.38	21.57	5.00
PLD	Prologis Inc	148.91	7.89	15.69	1.69	37.51	5.00

Low P/B, High-Value Score, High Dividend Screen

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
GSBD	Goldman Sac Bdc	19.11	1.20	11.56	9.42	9
BABB	Bab Inc	0.77	1.91	14.92	5.19	8
ETD	Ethan Allen Int	24.89	1.82	10.27	4.02	8
NL	Nl Inds Inc	6.96	0.93	12.72	3.45	8
UBCP	Utd Bancorp -Oh	15.08	1.30	10.61	3.91	8
WBA	Walgreens Bai	49.94	1.81	19.95	3.82	8
ACNB	Acnb Corp	28.00	0.90	11.18	3.57	7
AEP	Amer Elec Pwr	82.61	1.85	10.52	3.78	7
AGNC	Agnc Investment	16.00	0.91	13.36	9.00	7
BCSF	Bain Capital	15.92	0.93	10.87	8.54	7
CAG	Conagra Brands	32.08	1.78	17.59	3.90	7
CFFI	C&F Finl Cp	52.81	0.91	11.42	3.03	7
CZFS	Citizens Fin Sv	61.20	1.16	12.73	3.07	7
FFBC	First Fin Bc-Oh	25.64	1.10	10.05	3.59	7
FLIC	First Long Is	22.04	1.24	10.81	3.63	7
FNLC	First Bancp Inc	31.53	1.45	12.14	4.06	7
HPE	Hewlett Pkd Ent	15.94	1.22	10.34	3.01	7
IBCP	Indep Bk Mich	24.43	1.31	12.91	3.44	7
JHG	Janus Henderson	48.02	1.76	11.18	3.17	7
MBWM	Mercantile Bank	37.05	1.28	10.48	3.24	7
NHTC	Natural Hlth Tr	7.99	1.48	25.04	10.01	7
NLY	Annaly Cap Mgmt	8.59	1.02	12.29	10.24	7
NRIM	Northrim Bcp	46.45	1.19	11.19	3.27	7
PFG	Principal Finl	69.21	1.14	11.75	3.64	7
SAFT	Safety Ins Grp	82.47	1.33	11.75	4.37	7
TCPC	Blackrk Tcp Cap	14.18	1.01	11.62	8.46	7
TRST	Trustco Bk -Ny	34.52	1.13	10.84	3.95	7
TRTN	Triton Intl Ltd	61.80	1.83	14.64	3.69	7
TWO	Two Harbors Inv	6.33	0.98	11.75	10.74	7
UGI	Ugi Corp	45.20	1.93	11.88	3.05	7
USB	Us Bancorp	60.78	1.86	14.10	3.03	7
UVE	Univl Insur Hld	15.64	0.99	16.02	4.09	7
WASH	Wash Tr Bancorp	58.27	1.82	13.81	3.57	7
WAYN	Wayne Svgs Bcsh	25.80	1.19	10.91	3.26	7
WSBF	Waterstone Finl	22.01	1.25	11.12	3.63	7

Fundamental Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	153.90	19.35	9.14	0.62	24.94	9.00
TMO	Thermo Fisher	631.48	14.00	15.68	0.16	24.61	9.00
GOOG	Alphabet Inc-C	2,934.96	26.00	20.46	-	28.26	8.00
GOOGL	Alphabet Inc-A	2,915.33	25.82	20.46	-	28.08	8.00
DE	Deere & Co	356.01	21.19	8.92	1.18	20.63	8.00
ADBE	Adobe Systems	643.17	19.06	21.93	-	62.63	8.00
TER	Teradyne Inc	143.21	16.58	14.86	0.28	25.08	8.00
IPG	Interpublic Grp	36.99	12.61	5.10	2.92	14.01	8.00
GPC	Genuine Parts	135.12	11.96	3.05	2.41	20.35	8.00
AMD	Adv Micro Dev	146.01	46.20	24.54	-	67.60	7.00
ODFL	Old Dominion Fl	349.37	27.60	8.59	0.23	43.19	7.00
RHI	Robt Half Intl	117.59	21.74	1.32	1.29	25.13	7.00
CDNS	Cadence Design	177.23	18.17	10.83	-	66.88	7.00
MTD	Mettler-Toledo	1,521.24	17.88	5.99	-	46.61	7.00
QCOM	Qualcomm Inc	164.42	17.53	6.05	1.65	22.04	7.00
KLAC	Kla Corp	412.79	16.17	18.21	1.02	25.54	7.00
JBHT	Hunt (Jb) Trans	196.42	15.00	11.22	0.61	31.18	7.00
IT	Gartner Inc -A	329.58	13.50	11.71	-	41.93	7.00
MPWR	Monolithic Pwr	554.59	25.00	22.24	0.43	126.91	6.00
NVDA	Nvidia Corp	303.90	19.54	21.67	0.05	104.07	6.00
LRCX	Lam Research	613.70	17.01	12.74	0.98	20.48	6.00
PTC	Ptc Inc	119.79	13.73	9.24	-	44.20	6.00
J	Jacobs Engin Gr	144.60	13.15	7.11	0.58	22.81	6.00
CDW	Cdw Corp	188.32	13.10	7.74	0.85	24.91	6.00
ANET	Arista Networks	521.41	16.72	16.86	-	56.92	5.00
LOW	Lowes Cos	232.32	14.15	7.63	1.38	21.57	5.00
GWW	Grainger W W	484.61	13.00	4.35	1.34	26.83	5.00
ADP	Automatic Data	228.55	12.00	4.98	1.63	36.51	5.00
ANSS	Ansys Inc	385.41	11.89	14.68	-	65.77	5.00
JKHY	Jack Henry Assc	159.21	14.00	5.27	1.16	36.94	4.00

Aggressive Growth Strategy

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
PAYX	Paychex Inc	123.40	7.50	7.31	2.14	4.74	9.00
ADBE	Adobe Systems	643.17	19.06	21.93	-	3.21	8.00
INFO	Ihs Markit Ltd	123.52	#N/A	9.52	0.65	#N/A	8.00
LSCC	Lattice Semicon	82.50	10.00	1.21	-	11.46	8.00
LSI	Life Storage	131.38	3.63	7.07	2.62	7.25	8.00
REG	Regency Ctrs Cp	75.16	9.48	8.55	3.17	2.01	8.00
AMD	Adv Micro Dev	146.01	46.20	24.54	-	1.32	7.00
CDNS	Cadence Design	177.23	18.17	10.83	-	3.75	7.00
CTRE	Caretrust Reit	21.01	#N/A	12.86	5.05	#N/A	7.00
EXR	Extra Space Stg	198.39	11.45	8.12	2.52	2.54	7.00
IRT	Indep Realty Tr	25.16	2.00	9.14	1.91	15.73	7.00
MAA	Mid-Amer Apt Cm	203.49	2.00	6.71	2.01	14.59	7.00
NSA	Natl Storage	62.07	12.63	19.82	2.64	2.25	7.00
SPG	Simon Property	165.44	8.74	(3.34)	3.63	1.62	7.00
SRC	Spirit Realty	49.10	5.64	(6.71)	5.20	2.74	7.00
TSLA	Tesla Inc	1,063.51	38.55	43.03	-	6.72	7.00
XLNX	Xilinx Inc	208.78	#N/A	8.41	0.71	#N/A	7.00
ADC	Agree Rlty Corp	70.17	#N/A	29.02	3.88	#N/A	6.00
CPRT	Copart Inc	152.19	#N/A	14.92	-	#N/A	6.00
EGP	Eastgroup Pptys	201.15	8.42	9.82	1.79	3.95	6.00
EXPO	Exponent Inc	124.01	#N/A	7.11	0.65	#N/A	6.00
FRT	Fed Rlty Inv	129.06	7.47	1.36	3.32	3.12	6.00
IBKR	Interactive Brk	73.19	#N/A	14.99	0.55	#N/A	6.00
MLAB	Mesa Labs Inc	314.19	#N/A	9.85	0.20	#N/A	6.00
MPWR	Monolithic Pwr	554.59	25.00	22.24	0.43	4.49	6.00
NNN	Natl Retail Ppt	46.49	3.60	5.35	4.56	4.40	6.00
NVDA	Nvidia Corp	303.90	19.54	21.67	0.05	4.45	6.00
REXR	Rexford Ind Rty	69.56	12.04	27.65	1.38	3.56	6.00
ANET	Arista Networks	521.41	16.72	16.86	-	3.37	5.00
ANSS	Ansys Inc	385.41	11.89	14.68	-	5.74	5.00
DRE	Duke Realty Cp	57.72	8.10	4.99	1.77	4.12	5.00
DXCM	Dexcom Inc	637.39	15.04	37.16	-	15.48	5.00
EQR	Equity Resident	86.01	4.25	1.08	2.80	6.84	5.00
ESS	Essex Ppty Tr	344.17	4.15	2.72	2.43	6.66	5.00
FDS	Factset Resh	456.80	8.50	6.93	0.72	4.40	5.00
FR	First Indl Rlty	60.54	#N/A	4.46	1.78	#N/A	5.00
LXP	Lexington Ppty	14.85	#N/A	(5.31)	2.90	#N/A	5.00
MSCI	Msci Inc-A	641.29	#N/A	10.77	0.65	#N/A	5.00
O	Realty Income	72.42	4.36	10.89	3.91	4.62	5.00
PLD	Prologis Inc	148.91	7.89	15.69	1.69	4.58	5.00
TYL	Tyler Tech Inc	543.86	#N/A	12.20	-	#N/A	5.00

Portfolio / Client Update

There is inflation in *"irrational exuberance"* as late. Let me repeat what I wrote previously.

> *"It has been a stellar few weeks in the market. The speculative frenzy quickly returned to the market, and the fear of a correction has "gone with the wind." However, as noted, the market is now back into more extreme overbought levels. Therefore, we have started taking profits in egregiously overbought positions."*

That process continued this week again. We took profits in some of the same positions again after they ran up further.

Furthermore, over the last few weeks, we stated that we continue to watch interest rates closely. As a result, we took profits after the recent runup in bond prices and reduced the duration of our fixed-income holdings. Such mainly was based on the technically overbought condition of the assets. However, from a fundamental perspective, we still think yields will move lower next year, so we are looking for an opportunity to add back to our bond holdings opportunistically.

Over the next few weeks, there are several risks we are watching closely. First, options expiration is next Friday which has previously led to market declines over the past 8-months. Second, Thanksgiving is a traditionally very light trading week, which could lead to a rise in market volatility. Lastly, the first two weeks of December will see the bulk of mutual fund distributions which could put downward pressure on the market.

However, any decline over the next few weeks will set the market up for the traditional *"Santa Claus"* rally as managers position for the end of year reporting. None of this is guaranteed. Of course, it is just our best guess based on historical tendencies. Regardless, our job remains to protect your capital first and foremost, and we continue to make that our priority.

Portfolio Changes

During the past week, we made minor changes to portfolios. In addition, we post all trades in real-time at ***RIAPRO.NET***.

***** Trading Update ? Equity and Sector Models *****

> *"Over the last week, we have discussed reducing equity risk slightly by raising cash and adding hedges. As we head into options expiration week, the Thanksgiving holiday, and mutual fund distribution season, we are looking to become a little more defensive by raising cash levels.*
>
> *Currently, our bonds have gotten extremely overbought short term, so we are trimming our duration back a bit by reducing TLT. We are still fully in the camp that rates will fall next year as the economy slows, so we will use a pullback in bond prices to increase our exposure.*
>
> *On the equity side of the allocation, we are just reducing our position sizes in some stocks or sectors that are more extremely overbought and triggering short-term sell signals." - 11/10/21*

Equity Model

- *Trim TLT from 8% to 6%*
- *Reduce PFF from 10% to 7.5%*
- *Reduce MSFT from 2.5% to 2% of the portfolio.*
- *Taking profits in AMD from 2.5% to 1.75%*
- *Trimming ABBV from 4% to 3.5%*
- *Reducing ABT from 2% to 1.5%*
- *For a second time, we are reducing NVDA from 2% to 1.75%*
- *Trim ADBE from 2.5% to 2%*

ETF Model

- *Trim TLT from 8% to 6%*

- *Reduce PFF from 10% to 7.5%*
- *Take profits in XLY from 5% to 4%*
- *Reduce XLK from 13.5% to 12%*

As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

Lance Roberts, *CIO*

Have a great week!