In this 12-10-21 issue of "Panic Selling To Panic Buying In One Week?"

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From Panic Selling To Panic Buying

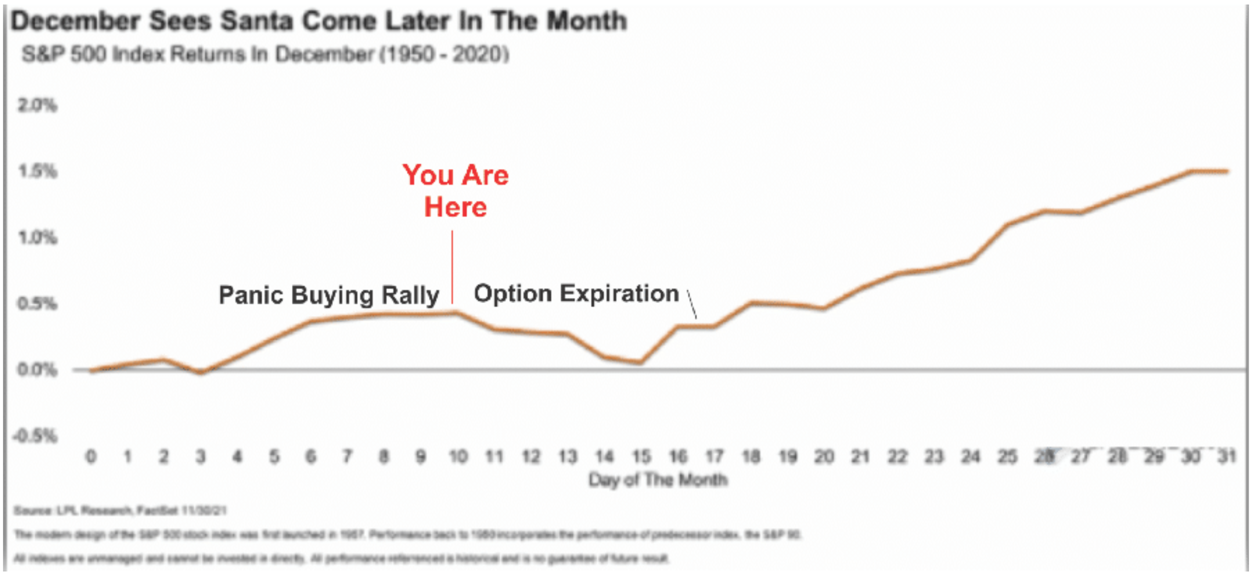
Last week, we stated:

> ***While the media is trying to pin headlines on the current bout of panic selling from the Fed to the Omicron variant, the reality is that we are in the midst of mutual fund distribution season.***
>
> ***We believe the rotation is not a sudden change in mindset but, likely the actions of mutual funds rebalancing their portfolios.*** *Frequently at year-end mutual funds sell the winners which have become overweight positions and buy the losers which are below their proper weights.* ***The large returns this year in certain sectors are making these actions more visible than normal.***"

Notably, while the previous week was marked by panic selling, with stocks like DocuSign (DOCU) dropping 40% in a single session, this week was the exact opposite. Starting on Monday, there was almost a palpable "panic" to buy stocks.

Did anything fundamentally change to support the panic buying? No. If you paid attention to the headlines, the Federal Reserve has become considerably more *"hawkish"* in the stance. The acceleration of tapering liquidity and hiking interest rates will prove unkind to investors chasing highly overvalued securities.

This week's rally continues to follow the seasonality chart we discussed last week. **Such also suggests that we will see some additional *"sloppy"* action next week heading into options expiration next Friday.** However, that weakness should provide the base for the year-end rally to commence from.

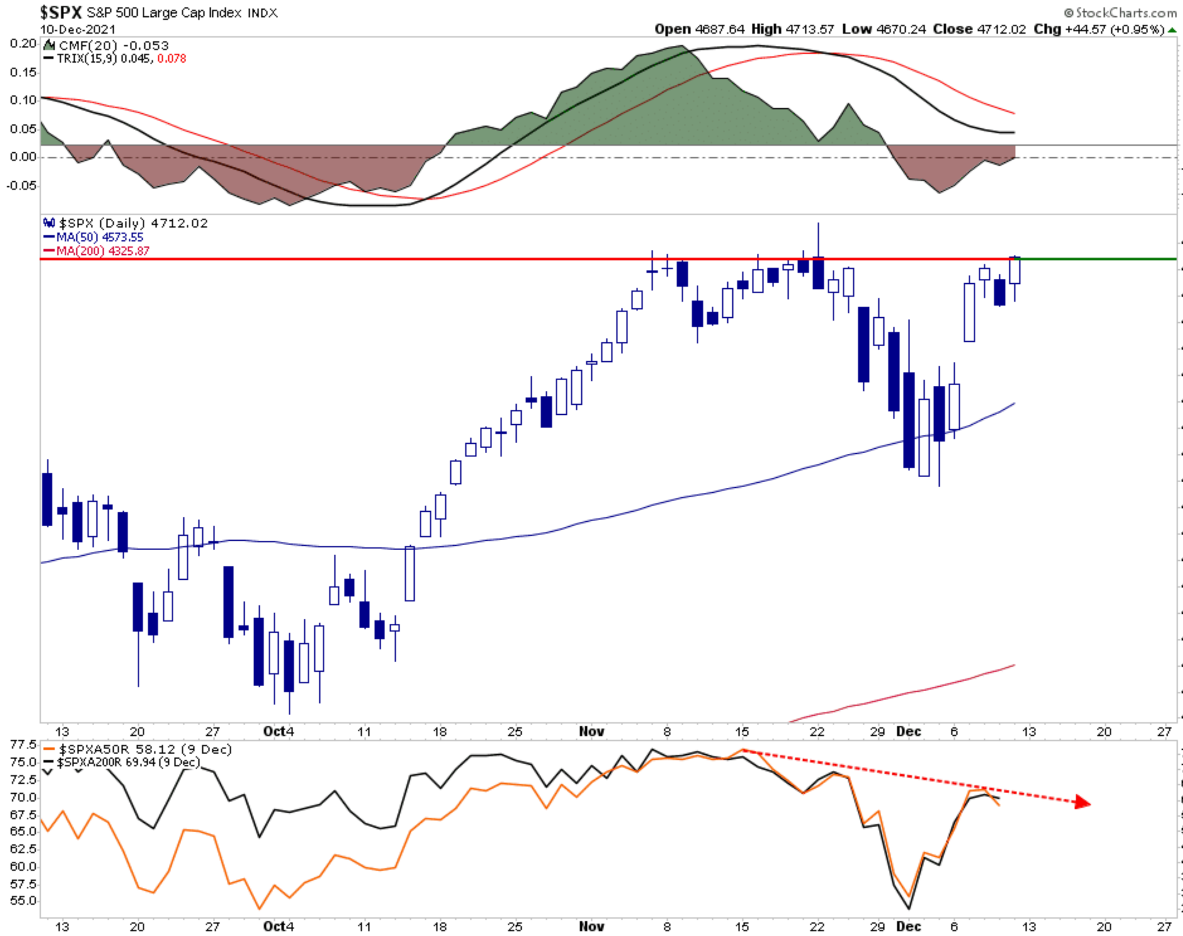


After previously raising cash in November, as discussed in the portfolio update below, we used the recent panic selling to increase our exposure to equities. We will look for additional weaknesses next week to do the same.

On a longer-term basis, we remain cautious due to valuations, earnings expectations, and weaker economic growth. However, there are reasons to be more optimistic from a trading perspective in the near term.

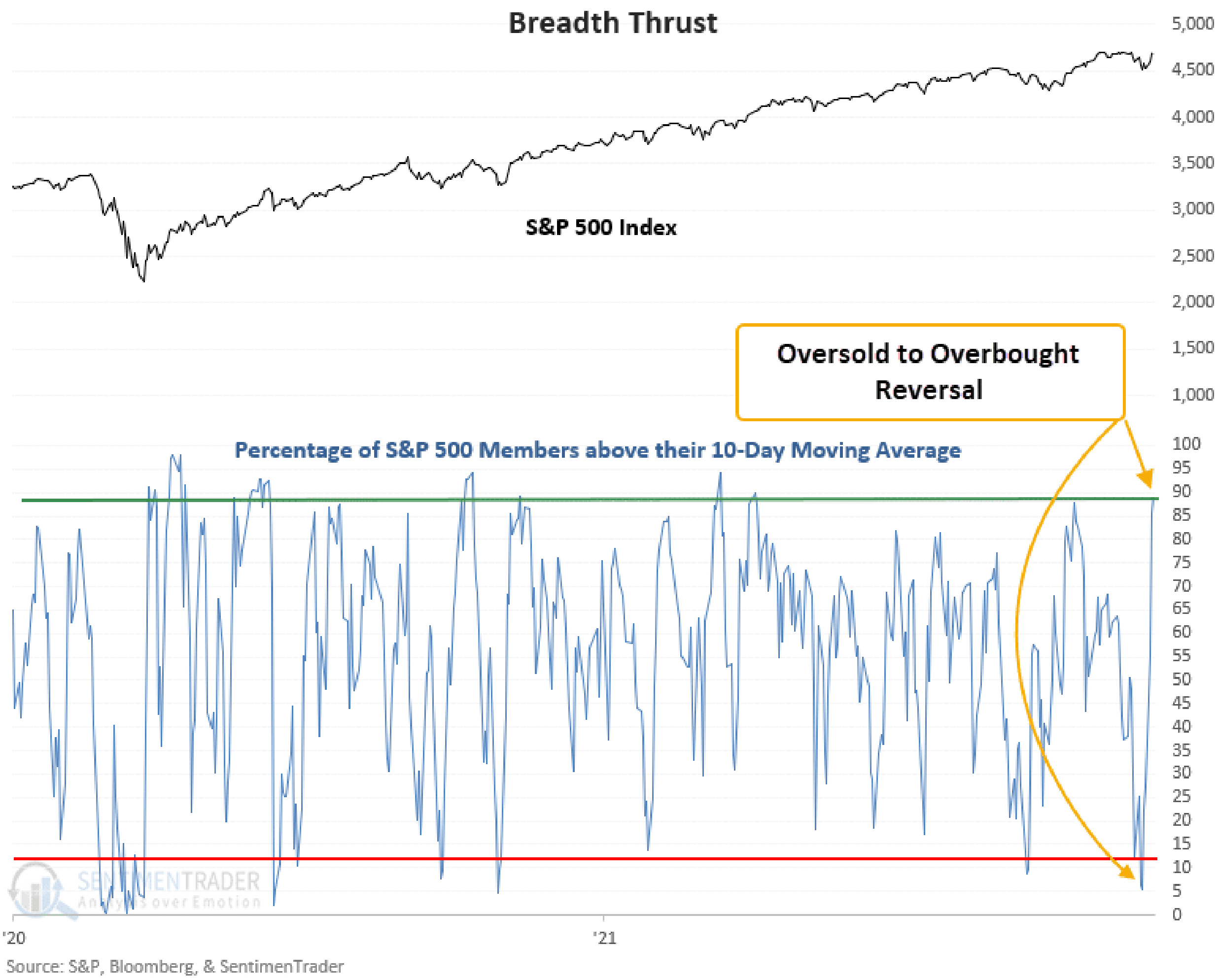
Market Gets A Breadth Mint

I previously noted the poor breadth of the market, particularly concerning stocks trading above their respective 50- and 200-day moving averages. The panic buying rally improved that breadth moderately but **remains weak relative to a market close to all-time highs.**



However, the breadth improvement suggests the rally has some room to run. As noted by [Sentiment Trader:](#)

> ***The number of S&P 500 members above the 10-day moving average increased from 5% to 89% in only 5 sessions. That's the quickest reversal since last October.*** *This signal triggered 52 other times over the past 93 years.* ***After the others, future returns and win rates were solid across all time frames.*** *The 2-month time frame shows 36 out of 39 winners since 1947 and is currently riding a 15 signal winning streak. The worst drawdown in the previous 39 signals was -4%.*



Such doesn't mean that the market will continue higher unabated. It just means the bias remains higher given the improvement in breadth.

Furthermore, the collapse in the Volatility Index also bodes well for further upside as complacency returns to the market. However, the coincident volume collapse suggests the current advance remains fragile.

Again, with the market trading at near all-time high levels, the VIX is just shy of 20. Also, the market is struggling with the bottom of the trend line from the October lows. Finally, the latest bout of panic selling is still feeding through the system with a lag, so upside is possible but likely limited.

Notably, while the panic selling alleviated much of the overbought and extended market conditions, risks remain. Next week, the Fed meeting could signal faster tightening, not to mention options expiration, which could weigh on sentiment. While we are increasing exposure to equities in portfolios, we do so with very tight risk parameters.

This Week's MacroView

The Market Is Disconnected From Everything

Written by Lance Roberts | Dec 10, 2021

The market is disconnected from everything. Throughout history, there are correlations you would expect to…

> Read More

Minsky's View On Stability

The market continues to defy the odds as each retracement to the 50-dma gets bought handily. As my colleague Doug Kass noted last week:

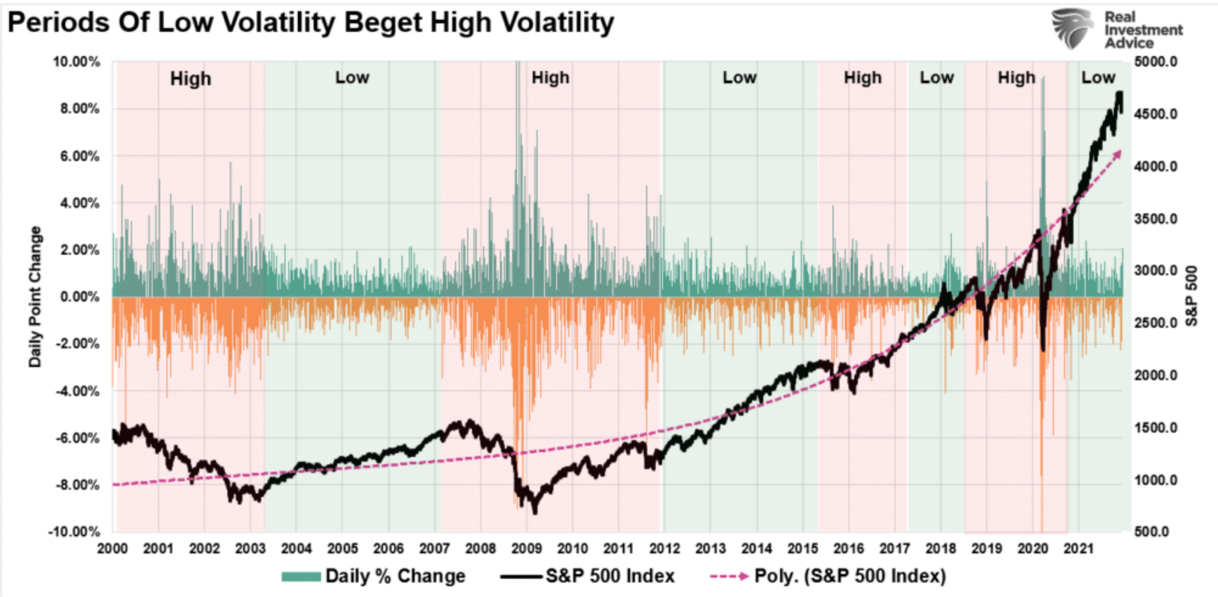
> *No sooner than I write, amid pessimism in late November, about how certain areas of the market may be undervalued; the S&P Index tacks on 200 handles in a handful of trading sessions.*
>
> *Stocks are now moving into integers and not fractions.*
>
> *I view the new regime of volatility in both the bond and stock markets, with recent swings from despair to euphoria, experienced in the last few weeks as a forerunner to even more volatility. And, eventually, to a likely but unpredictable sequence of weaker bond and stock prices.*

What Doug is alluding to is that stability eventually leads to instability.

I have written on this previously, but it is worth reviewing.

Hyman Minsky argued there is an inherent instability in financial markets. In other words, an abnormally long bullish cycle spurs an asymmetric rise in market speculation. That speculation eventually results in market instability and collapse.

We can visualize these periods of *"instability"* by examining the daily price swings of the S&P 500 index. **Note that long periods of *"stability"* with regularity lead to periods of *"instability."***

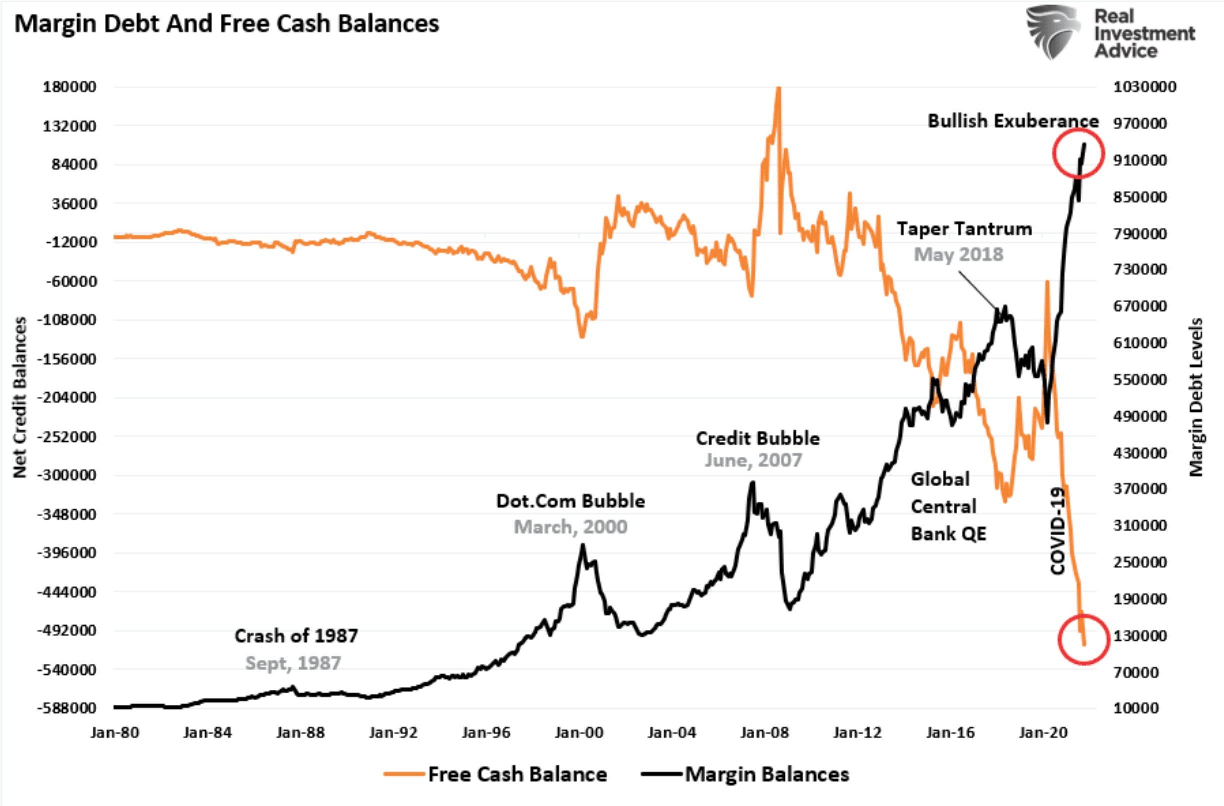


Minsky is alluding to the eventual reversal of leverage following prolonged bullish speculation. The build-up of leverage directly results from the complacency occurring from low-volatility market regimes.

Such is known as a *"Minksy Moment."*

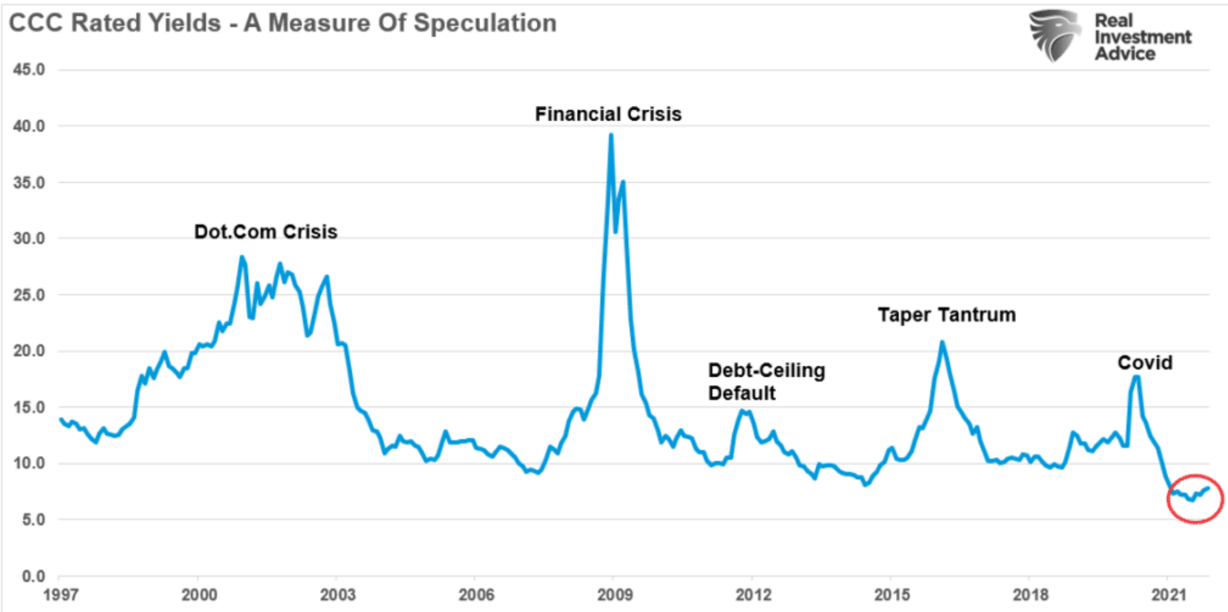
The Biggest Risk For The Fed

One way to look at *"leverage,"* as it relates to the financial markets, is through *"margin debt,"* and in particular, the level of *"free cash"* investors have to deploy. **So, for example, in periods of *"high speculation,"* investors are likely to be levered *(borrow money)* to invest, which leaves them with *"negative"* cash balances.**



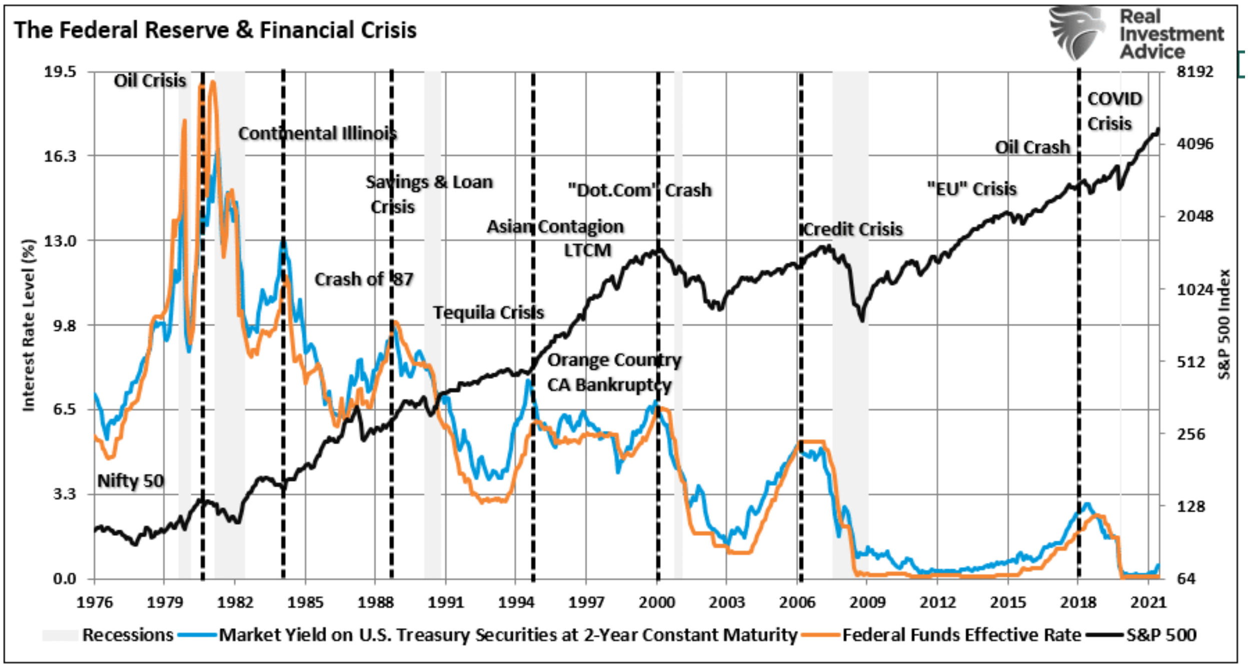
Critically, while *"margin debt"* provides the fuel to support the bullish speculation, it is also the accelerant for *"crisis"* when it occurs.

Another view is in the yield of CCC-rated bonds. **These are corporate bonds just one notch above *"default"* and should carry very high yields to compensate for that default risk.**



With the Federal Reserve set to tighten policy, such removes the support for taking on excess leverage and over-paying for valuations. With the entirety of the financial ecosystem more heavily levered than ever, the ***"instability of stability"*** is now the most significant risk for the Fed.

Unfortunately, previous rate hiking cycles have all ended badly. Every. Single. One.



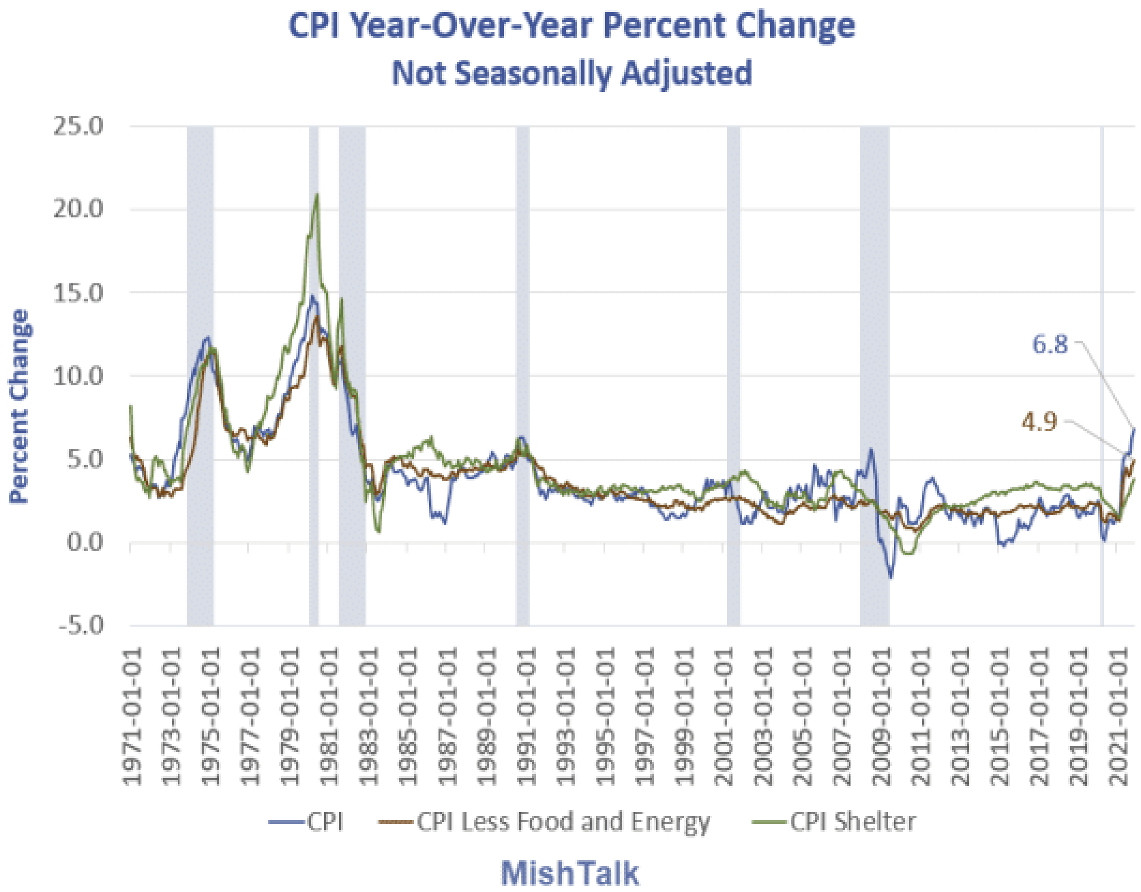
But, maybe this time will be different.

I just wouldn't bet my retirement on it.

A Quick Word On Inflation

My colleague Mish Shedlock had a good note about Friday's CPI report.

> *Consumer prices are on a tear again in November. The BLS reports a month-over-month increase of another 0.8% following a jump of 0.9% in October.*



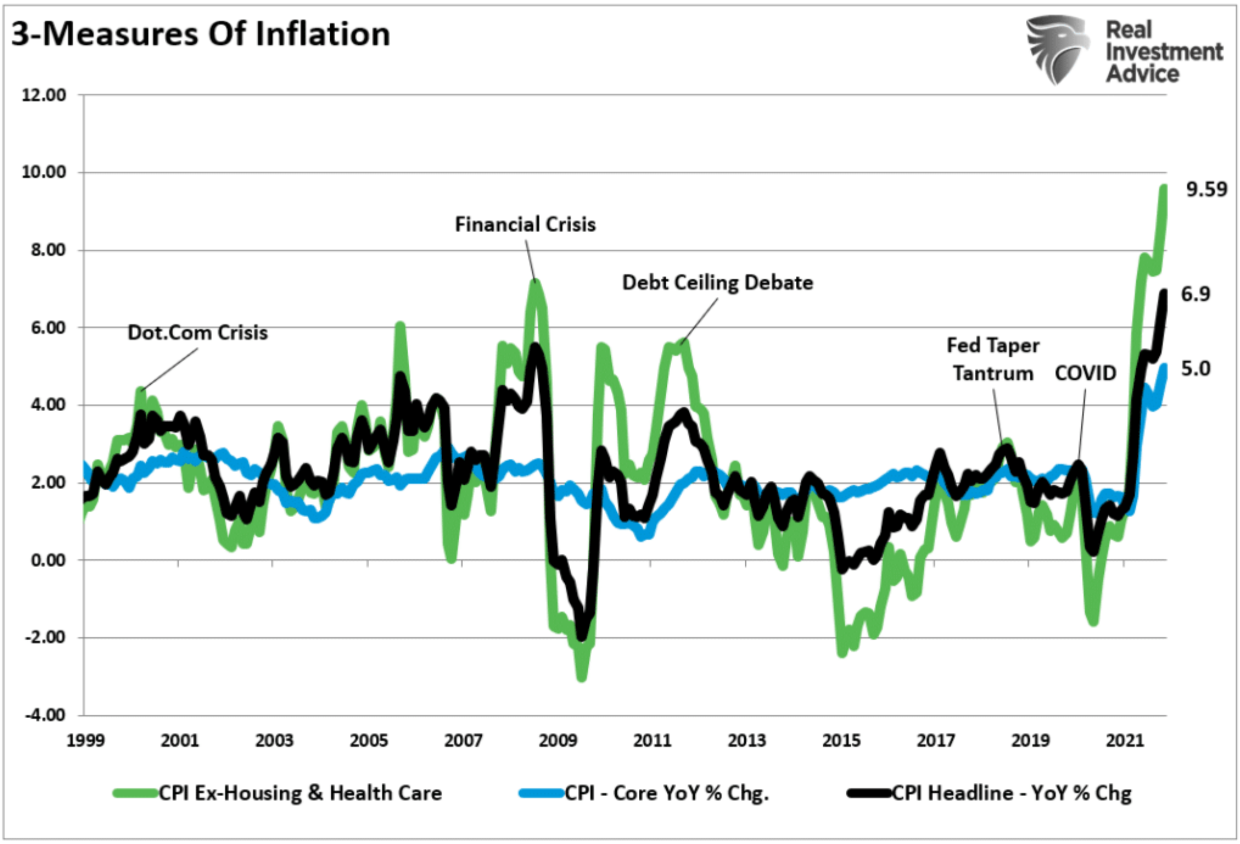
The numbers seem atrocious because they are atrocious. They are also understated.

Owners' Equivalent Rent (OER) is the largest single item in the CPI at 24.26%. It is the mythical price one would pay to rent one's own house from himself, unfurnished and without utilities.

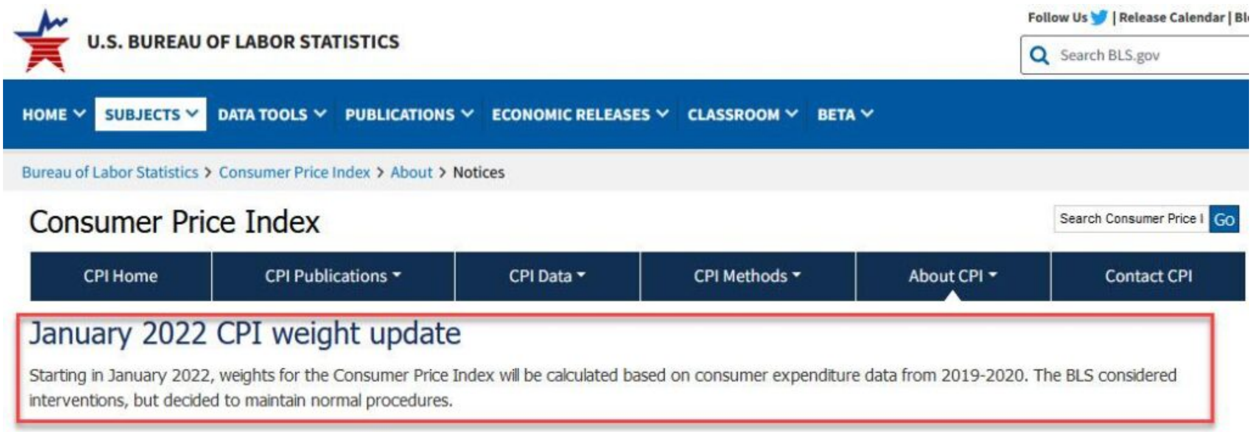
Housing prices are not in the CPI nor are asset bubbles and rent is understated.

The problem with this approach is bubbles are very much a part of inflation and the Fed's focus on "consumer" inflation is simply wrong.

He is correct. ***As noted previously*****, food and energy consumption is something American's deal with every week. However, healthcare, mortgage, and rent payments are fixed for a contractual period.** Therefore, the impact on discretionary incomes is far more insidious when adjusting for those realities.



We suggested previously that we have likely seen the peak in inflationary pressures. **Not surprisingly, the BEA is now going to change the weights to a 2019-2020 baseline, where consumption was suppressed, which will reduce the rate of inflation significantly.**



Graphic Courtesy of ZeroHedge

While changing the weights will suppress the headline number, it doesn't mean higher prices won't continue to weigh on consumers. Such is why we see weak consumer confidence reports **given that wages are not keeping up with the rising inflation of daily living costs.**

Heading into 2022, the risk of disappointing economic growth expectations is very high. Unfortunately, such means current earnings growth estimates are also at risk.

But this is a story for next year.

Portfolio Update

There is a significant risk to the financial markets in the longer term. However, the panic selling gave us an opportunity with the markets heading into year-end.

Over the last couple of weeks, we reiterated our previous actions to reduce risk in extremely overbought areas of our portfolio and raise cash to hedge against a correction. That correction came, and we began increasing our equity allocations back to full target levels last Friday. *As noted last week:*

> *"**With that correction, we are now starting to slowly increase our equity risk exposure as we head into year-end.** Given the statistical probability of a year-end 'Santa Rally,' we want to position portfolios for that potential opportunity.*
>
> *We added a trading position in the S&P 500 index on Thursday morning and late Friday afternoon. We also nibbled on some energy exposures after the correction in oil prices."*

This past Monday, we added to our Technology positions *(ones we previously took profits in)* such as Nvidia (NVDA,) AMD (AMD), and Microsoft (MSFT.) We also added Ratheon Technologies (RTX) due to its deeply oversold condition. ***(We post all of our portfolio changes in real-time at RIAPRO.NET)***

As noted, those additions brought our model allocation weights to target levels *(60% stocks / 40% bonds and cash.)*

We will use any further weakness to overweight our equity holdings going into year-end. However, please make no mistake assuming we are bullish going into 2022. We maintain tight stops on all of our positions, and we use the rally to lock in profits once the market returns to overbought levels.

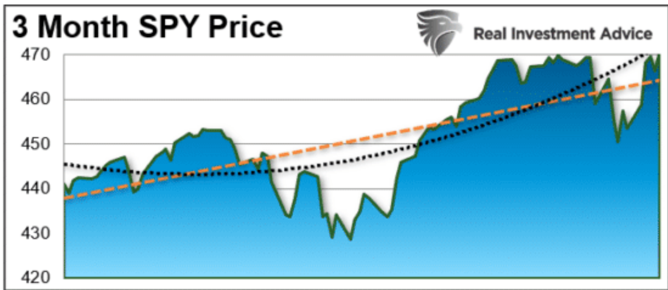
We remain optimistic, but we also remain well aware of the risks.

See you next week.

By Lance Roberts, CIO

Market & Sector Analysis

S&P 500 Tear Sheet



SPY RISK INFO

Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	50.14%	28.36%	25.91%	(8.66%)
Max Drawdown	(35.63%)	(6.10%)	(6.10%)	0.00%
Sharpe	0.98	2.38	2.27	(0.05)
Sortino	1.05	3.34	3.08	(0.08)
Volatility	25.27	12.61	12.89	0.02
Daily VaR-5%	(12.96)	10.37	8.06	(0.22)
Mnthly VaR-5%	(7.58)	7.18	7.38	0.03

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.74%	1.43%	1.21%	(17.60%)	2.14%	1.20%	(43.33%)	0.90%
P/E Ratio	19.84	27.15	24.56	(10.53%)	2739%	1607%	(10.3%)	52.86%
P/S Ratio	3.92	4.57	5.09	10.28%	5.12	3.16	(0.56%)	61.34%
P/B Ratio	5.22	5.98	7.22	17.25%	7.07	4.29	2.07%	68.41%
ROE	21.78%	19.98%	27.98%	28.57%	27.98%	17.68%	0.00%	58.27%
ROA	4.28%	3.71%	4.99%	25.58%	4.99%	3.51%	0.00%	41.96%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,859.2	2,771.8	(3.06%)
Sales	67,668	76,994	13.78%
SPS	23.7	27.8	17.37%
Earnings	10,251	14,734	43.73%
EPS TTM	4.0	5.8	42.71%
Dividend	1.5	1.7	8.75%

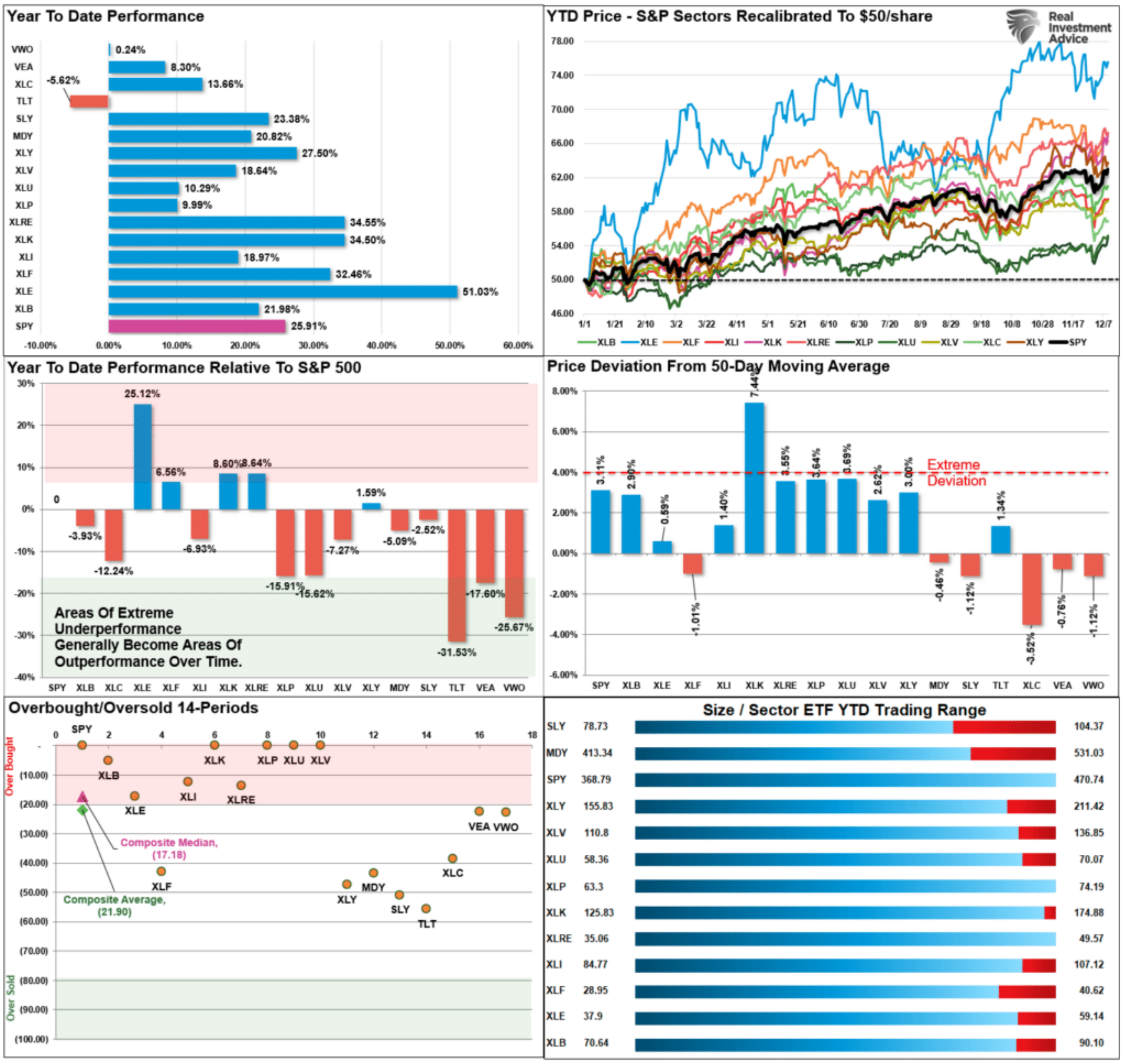
S&P 500 Asset Allocation

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	**40.01%**	2.76%	1.77	22.23	112.42	(330.04)	**(80.2%)**	8.6%	4.1%	4.49%	4.85	10.56
Materials	**24.32%**	2.52%	1.17	18.94	27.12	14.16	**(30.2%)**	16.7%	1.7%	5.27%	5.77	15.86
Industrials	**18.77%**	7.90%	1.19	32.56	54.23	14.69	**(39.9%)**	15.4%	1.4%	3.07%	6.23	20.22
Discretionary	**28.82%**	12.93%	1.32	43.97	60.06	21.30	**(26.8%)**	28.7%	0.6%	2.27%	6.37	33.68
Staples	**10.47%**	5.56%	0.66	22.54	23.01	17.65	**(2.0%)**	31.1%	2.4%	4.50%	4.67	20.18
Health Care	**18.67%**	12.71%	0.76	18.39	19.73	15.29	**(6.8%)**	33.4%	1.5%	5.47%	8.36	16.67
Financials	**34.89%**	10.82%	1.28	13.50	18.52	10.58	**(27.1%)**	12.2%	1.7%	7.38%	6.70	14.41
Technology	**41.13%**	29.30%	1.07	33.40	32.87	16.66	**1.6%**	76.2%	0.8%	3.02%	6.01	29.60
Telecom	**31.29%**	10.32%	0.92	24.13	28.26	17.65	**(14.6%)**	18.4%	0.5%	4.12%	9.57	20.85
Utilities	**10.83%**	2.41%	0.47	20.40	22.09	16.89	**(7.6%)**	10.8%	3.0%	4.91%	3.52	18.80
Real Estate	**34.54%**	2.66%	0.96	24.95	25.68	17.12	**(2.8%)**	9.6%	2.3%	4.01%	4.75	23.13

Momentum Analysis

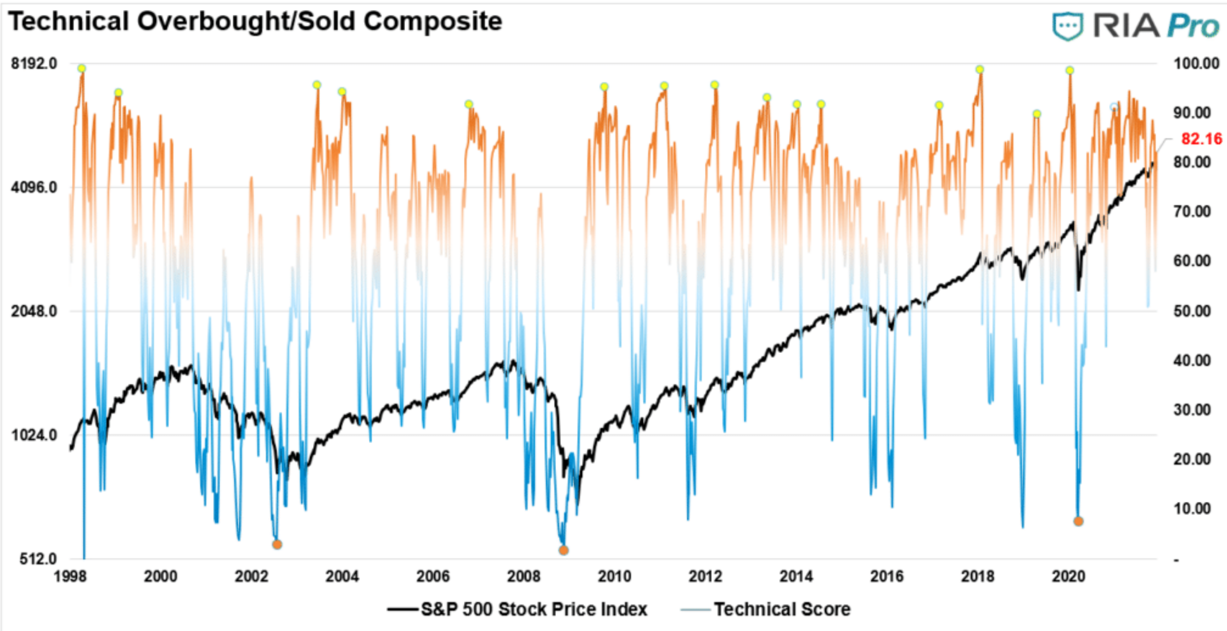
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	470.74	8.41%	457.01	5	3.01%	432.89	275	8.74%	5.57%	(0.59%)	30.03%	Buy
Mid Cap	507.33	3.82%	510.11	4	(0.54%)	495.05	5	2.48%	3.04%	(4.92%)	25.26%	Buy
Small Cap	98.14	1.69%	99.31	4	(1.18%)	96.73	5	1.46%	2.67%	(6.80%)	28.39%	Buy

Performance Analysis



Technical Composite

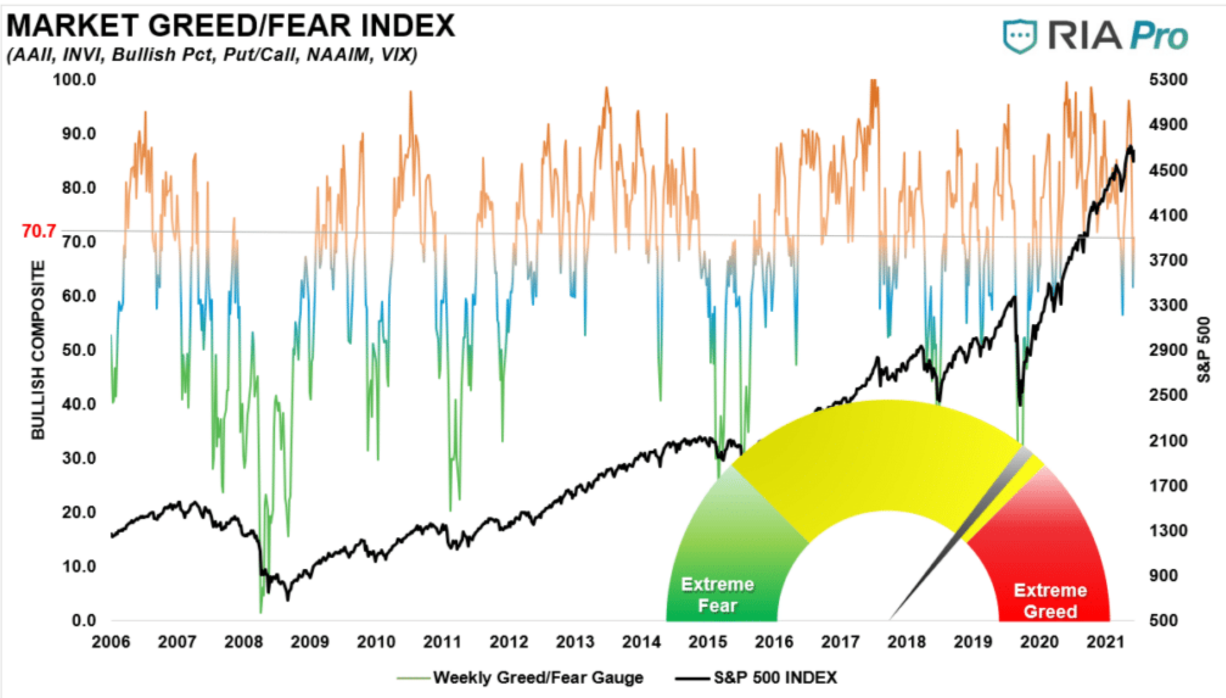
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 82.16 out of a possible 100.***



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 c*urrent reading is 70.72 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							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	SHORT WMA	LONG WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	472.74	3.87	0.76	6.30	10.34	28.59	454.93	440.69	457.63	0.99	469.07	446.19	4%	7%	BULLISH
XLB	SPDR-MATLS SELS	88.30	(0.36)	(2.76)	2.27	(2.83)	(4.05)	84.84	84.57	84.65	1.06	87.66	81.64	4%	4%	BULLISH
XLC	SPDR-COMM SV SS	76.70	(1.19)	(6.34)	(14.04)	(15.24)	(14.01)	80.08	80.37	75.37	0.98	77.99	72.75	-4%	-5%	BEARISH
XLE	SPDR-EGY SELS	57.24	(0.06)	(1.30)	9.76	(6.91)	10.61	55.45	52.75	54.59	1.66	56.86	52.32	3%	9%	BULLISH
XLF	SPDR-FINL SELS	39.05	(1.18)	(3.50)	(2.39)	(4.60)	8.62	39.07	37.88	37.96	1.17	39.35	36.57	0%	3%	BULLISH
XLK	SPDR-TECH SELS	174.88	2.04	3.76	6.18	10.08	12.10	160.99	152.39	168.72	1.04	174.70	162.74	9%	15%	BULLISH
XLI	SPDR-INDU SELS	105.35	(0.78)	(2.21)	(1.29)	(7.41)	(9.92)	103.11	103.17	100.77	1.18	104.48	97.06	2%	2%	BEARISH
XLP	SPDR-CONS STPL	74.19	(0.21)	1.09	(2.33)	(3.87)	(18.39)	71.39	71.04	70.29	0.65	72.50	68.08	4%	4%	BULLISH
XLRE	SPDR-RE SELS	49.19	(0.98)	1.31	(1.30)	(0.27)	7.03	47.22	45.81	47.39	0.71	48.91	45.87	4%	7%	BULLISH
XLU	SPDR-UTIL SELS	69.15	(1.27)	2.99	(2.16)	(2.26)	(17.49)	66.51	66.37	65.77	0.42	67.69	63.85	4%	4%	BULLISH
XLV	SPDR-HLTH CR	134.58	(0.64)	(0.19)	(5.11)	(3.28)	(8.09)	131.15	129.16	129.73	0.76	133.96	125.50	3%	4%	BULLISH
XLY	SPDR-CONS DISCR	204.99	(1.19)	(0.17)	5.04	4.87	2.56	195.53	184.44	204.44	1.13	211.85	197.03	5%	11%	BULLISH
XTN	SPDR-SP TRANSPT	92.75	(0.97)	(5.34)	1.74	(3.03)	(0.29)	91.28	88.36	90.34	1.31	93.79	86.89	2%	5%	BULLISH
SDY	SPDR-SP DIV ETF	126.60	(0.76)	(0.93)	0.20	(7.70)	(9.86)	122.84	123.49	120.67	0.90	124.77	116.57	3%	3%	BEARISH
RSP	INVS-SP5 EQ ETF	159.74	(0.48)	(1.94)	(1.92)	(4.65)	(1.53)	156.50	153.40	153.59	1.10	159.12	148.06	2%	4%	BULLISH
SLY	SPDR-SP6 SC	98.14	(1.19)	(6.03)	(2.81)	(10.93)	(1.91)	98.32	96.99	95.77	1.19	99.30	92.24	0%	1%	BULLISH
MDY	SPDR-SP MC 400	507.33	(0.87)	(4.88)	(2.12)	(8.14)	(4.55)	505.06	497.89	493.80	1.16	511.88	475.72	0%	2%	BULLISH
EEM	ISHARS-EMG MKT	50.08	(1.50)	(4.46)	(8.81)	(20.11)	(29.86)	50.88	52.45	48.84	0.79	50.45	47.23	-2%	-5%	BEARISH
EFA	ISHARS-EAFE	79.07	(1.22)	(3.60)	(8.07)	(11.48)	(19.05)	79.69	79.81	76.84	0.83	79.40	74.28	-1%	-1%	BEARISH
IAU	ISHARS-GOLD TR	33.91	(3.93)	(5.24)	(4.59)	(10.25)	(31.93)	34.02	34.35	33.68	0.11	34.56	32.80	0%	-1%	BEARISH
GDX	VANECK-GOLD MNR	30.49	(4.52)	(13.07)	(6.59)	(21.60)	(41.68)	31.81	33.86	31.80	0.72	32.83	30.77	-4%	-10%	BEARISH
UUP	INVS-DB US$ BU	25.75	(3.94)	0.22	(3.38)	(6.05)	(23.66)	25.37	24.92	25.70	(0.12)	26.31	25.09	2%	3%	BULLISH
BOND	PIMCO-TOT RETRN	109.47	(4.50)	(0.95)	(8.05)	(11.39)	(31.43)	110.13	110.64	109.80	0.09	112.64	106.96	-1%	-1%	BEARISH
TLT	ISHARS-20+YTB	148.86	(7.42)	0.28	(6.51)	(5.52)	(34.84)	147.22	145.28	151.59	(0.22)	155.05	148.13	1%	2%	BULLISH
BNDX	VANGD-TTL INT B	57.31	(3.97)	(0.24)	(6.35)	(9.71)	(31.05)	57.01	57.21	57.23	0.03	58.68	55.78	1%	0%	BEARISH
HYG	ISHARS-IBX HYCB	86.63	(3.13)	(1.02)	(7.86)	(11.82)	(28.65)	86.98	87.30	85.64	0.36	88.09	83.19	0%	-1%	BEARISH

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
AVGO	Broadcom Inc	583.42	14.84	12.40	2.47	23.34	9.00
LH	Laboratory Cp	281.97	10.56	10.39	0.00	8.73	9.00
TMO	Thermo Fisher	637.07	14.00	15.68	0.16	24.83	9.00
WRB	Berkley (Wr) Cp	79.78	9.00	2.45	0.65	17.77	9.00
ADI	Analog Devices	183.68	12.25	8.08	1.50	28.57	8.00
CBRE	Cbre Group Inc	102.70	11.00	17.33	0.00	20.30	8.00
GOOG	Alphabet Inc-C	2962.12	25.82	20.46	0.00	28.53	8.00
GOOGL	Alphabet Inc-A	2952.77	25.82	20.46	0.00	28.44	8.00
GPC	Genuine Parts	134.18	11.96	3.05	2.43	20.21	8.00
IPG	Interpublic Grp	36.48	12.61	5.10	2.96	13.82	8.00
KEYS	Keysight Tech	200.63	8.54	10.93	0.00	34.95	8.00
TER	Teradyne Inc	156.57	14.94	14.86	0.26	27.42	8.00
TGT	Target Corp	237.56	14.40	8.56	1.52	18.23	8.00
AMD	Adv Micro Dev	138.10	46.20	24.54	0.00	63.94	7.00
CDNS	Cadence Design	179.62	18.17	10.83	0.00	67.78	7.00
EXR	Extra Space Stg	205.52	12.27	8.12	2.43	31.76	7.00
HSY	Hershey Co/The	183.50	7.67	3.07	1.96	26.29	7.00
JBHT	Hunt (Jb) Trans	198.57	15.00	11.22	0.60	31.52	7.00
KLAC	Kla Corp	409.37	16.17	18.21	1.03	25.33	7.00
MCHP	Microchip Tech	86.63	19.14	13.03	1.07	25.48	7.00
MS	Morgan Stanley	100.58	7.03	8.22	2.78	12.46	7.00
MTD	Mettler-Toledo	1582.16	17.88	5.99	0.00	48.47	7.00
NSC	Norfolk Southrn	286.95	13.48	0.07	1.52	24.65	7.00
ODFL	Old Dominion Fl	354.75	27.42	8.59	0.23	43.85	7.00
QCOM	Qualcomm Inc	182.26	15.31	6.05	1.49	24.43	7.00
RSG	Republic Svcs	134.50	10.99	1.94	1.37	32.57	7.00
SPGI	S&P Global Inc	467.66	12.00	7.39	0.66	35.27	7.00
BAC	Bank Of Amer Cp	44.49	7.00	-0.38	1.89	13.36	6.00
CDW	Cdw Corp	194.69	13.10	7.74	1.03	25.75	6.00
CHRW	Ch Robinson Wwd	100.63	9.00	5.94	2.03	17.81	6.00
EMR	Emerson Elec Co	91.99	8.70	1.07	2.24	22.44	6.00
EVRG	Evergy Inc	66.44	6.11	22.17	3.45	18.15	6.00
LOW	Lowes Cos	258.15	14.76	8.05	1.24	22.41	6.00
LRCX	Lam Research	699.39	17.01	12.74	0.86	23.34	6.00
MPWR	Monolithic Pwr	515.59	25.00	22.24	0.47	117.98	6.00
NVDA	Nvidia Corp	304.90	19.16	22.52	0.05	91.63	6.00
PTC	Ptc Inc	119.96	13.73	9.24	0.00	44.27	6.00
TSCO	Tractor Supply	230.24	10.20	12.72	0.90	27.64	6.00
ADP	Automatic Data	232.74	12.00	4.98	1.79	37.18	5.00
AME	Ametek Inc	141.09	10.39	4.89	0.57	30.94	5.00
ANSS	Ansys Inc	394.27	11.94	14.68	0.00	67.28	5.00
AZO	Autozone Inc	1965.83	10.24	6.06	0.00	19.12	5.00
FAST	Fastenal	62.81	9.00	8.76	1.78	40.52	5.00
JKHY	Jack Henry Assc	156.56	14.00	5.26	1.18	36.33	5.00
PLD	Prologis Inc	157.56	8.06	15.69	1.60	39.69	5.00
ROK	Rockwell Automt	346.57	9.03	1.55	1.29	36.75	5.00
HD	Home Depot	411.34	13.11	9.24	1.60	27.33	4.00
LNT	Alliant Engy Cp	58.14	6.06	1.08	2.77	23.16	4.00

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	9.00
AGNC	Agnc Investment	15.85	0.91	13.37	9.09	8.00
BEN	Franklin Resour	33.26	1.42	13.78	3.37	8.00
BGFV	Big 5 Sporting	20.51	1.64	11.43	4.88	8.00
ETD	Ethan Allen Int	24.92	1.82	10.27	4.01	8.00
FLMN	Falcon Minerals	4.71	1.86	42.60	13.16	8.00
HPE	Hewlett Pkd Ent	15.38	1.00	10.80	3.12	8.00
NL	Nl Inds Inc	6.82	0.91	12.72	3.52	8.00
NLY	Annaly Cap Mgmt	8.47	1.01	12.30	10.39	8.00
NMFC	New Mountn Fin	13.67	1.02	10.16	8.78	8.00
UGI	Ugi Corp	44.49	1.75	11.93	3.10	8.00
WBA	Walgreens Bai	49.17	1.79	20.12	3.88	8.00
WMC	Western Ast Mtg	2.34	0.64	10.05	10.26	8.00
ACNB	Acnb Corp	28.95	0.93	11.18	3.59	7.00
AEP	Amer Elec Pwr	83.52	1.87	10.52	3.74	7.00
BACHY	Bank China Ltd	8.75	0.29	10.30	7.30	7.00
BCSF	Bain Capital	15.76	0.93	10.87	8.63	7.00
CAC	Camden Ntl Corp	46.42	1.26	11.80	3.10	7.00
CAG	Conagra Brands	31.87	1.77	17.16	3.92	7.00
CATY	Cathay Genl Bcp	43.50	1.38	11.33	3.13	7.00
CFFI	C&F Finl Cp	50.45	0.87	11.42	3.17	7.00
CMTV	Commnty Bcp Vt	19.50	1.28	13.47	4.51	7.00
CZFS	Citizens Fin Sv	60.00	1.13	12.73	3.13	7.00
FFBC	First Fin Bc-Oh	23.64	1.01	10.05	3.89	7.00
FLIC	First Long Is	21.71	1.23	10.81	3.68	7.00
FMNB	Farmers Natl Bc	17.92	1.34	12.43	3.13	7.00
FNLC	First Bancp Inc	30.96	1.42	12.14	4.13	7.00
GEF.B	Greif Bros-Cl B	61.85	1.91	17.66	4.46	7.00
HNNA	Hennessy Advsrs	10.72	0.95	20.68	5.13	7.00
HVT	Haverty Furnit	31.12	1.90	12.01	3.21	7.00
IBCP	Indep Bk Mich	22.54	1.21	12.91	3.73	7.00

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
AVGO	Broadcom Inc	583.42	14.84	12.40	2.47	23.34	9.00
TMO	Thermo Fisher	637.07	14.00	15.68	0.16	24.83	9.00
GOOG	Alphabet Inc-C	2,962.12	25.82	20.46	-	28.53	8.00
GOOGL	Alphabet Inc-A	2,952.77	25.82	20.46	-	28.44	8.00
TER	Teradyne Inc	156.57	14.94	14.86	0.26	27.42	8.00
TGT	Target Corp	237.56	14.40	8.56	1.52	18.23	8.00
IPG	Interpublic Grp	36.48	12.61	5.10	2.96	13.82	8.00
ADI	Analog Devices	183.68	12.25	8.08	1.50	28.57	8.00
GPC	Genuine Parts	134.18	11.96	3.05	2.43	20.21	8.00
AMD	Adv Micro Dev	138.10	46.20	24.54	-	63.94	7.00
ODFL	Old Dominion Fl	354.75	27.42	8.59	0.23	43.85	7.00
MCHP	Microchip Tech	86.63	19.14	13.03	1.07	25.48	7.00
CDNS	Cadence Design	179.62	18.17	10.83	-	67.78	7.00
MTD	Mettler-Toledo	1,582.16	17.88	5.99	-	48.47	7.00
KLAC	Kla Corp	409.37	16.17	18.21	1.03	25.33	7.00
QCOM	Qualcomm Inc	182.26	15.31	6.05	1.49	24.43	7.00
JBHT	Hunt (Jb) Trans	198.57	15.00	11.22	0.60	31.52	7.00
NSC	Norfolk Southrn	286.95	13.48	0.07	1.52	24.65	7.00
EXR	Extra Space Stg	205.52	12.27	8.12	2.43	31.76	7.00
SPGI	S&P Global Inc	467.66	12.00	7.39	0.66	35.27	7.00
MPWR	Monolithic Pwr	515.59	25.00	22.24	0.47	117.98	6.00
NVDA	Nvidia Corp	304.90	19.16	22.52	0.05	91.63	6.00
LRCX	Lam Research	699.39	17.01	12.74	0.86	23.34	6.00
LOW	Lowes Cos	258.15	14.76	8.05	1.24	22.41	6.00
PTC	Ptc Inc	119.96	13.73	9.24	-	44.27	6.00
CDW	Cdw Corp	194.69	13.10	7.74	1.03	25.75	6.00
JKHY	Jack Henry Assc	156.56	14.00	5.26	1.18	36.33	5.00
ADP	Automatic Data	232.74	12.00	4.98	1.79	37.18	5.00
ANSS	Ansys Inc	394.27	11.94	14.68	-	67.28	5.00
HD	Home Depot	411.34	13.11	9.24	1.60	27.33	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
CDMO	Avid Bioservics	27.12	#N/A	9.08	-	#N/A	8.00
KRG	Kite Realty Grp	21.47	7.94	(7.15)	3.35	1.98	8.00
LSCC	Lattice Semicon	77.18	10.00	1.21	-	10.72	8.00
LSI	Life Storage	139.60	3.63	7.07	2.46	7.69	8.00
AMD	Adv Micro Dev	138.10	46.20	24.54	-	1.26	7.00
CDNS	Cadence Design	179.62	18.17	10.83	-	3.80	7.00
EXR	Extra Space Stg	205.52	12.27	8.12	2.43	2.44	7.00
IRT	Indep Realty Tr	24.98	2.00	9.14	1.92	15.32	7.00
MAA	Mid-Amer Apt Cm	216.05	2.00	6.71	1.90	15.48	7.00
MTD	Mettler-Toledo	1,582.16	17.88	5.99	-	2.65	7.00
NSA	Natl Storage	62.99	12.71	19.82	2.60	2.23	7.00
PSA	Public Storage	342.30	8.19	3.81	2.34	3.26	7.00
RMBS	Rambus Inc	28.95	#N/A	(9.62)	-	#N/A	7.00
SPG	Simon Property	152.24	9.71	(3.34)	4.34	1.34	7.00
SPGI	S&P Global Inc	467.66	12.00	7.39	0.66	2.86	7.00
TSLA	Tesla Inc	1,003.80	37.50	43.03	-	6.36	7.00
XLNX	Xilinx Inc	215.02	#N/A	8.41	0.69	#N/A	7.00
AVB	Avalonbay Cmmty	242.52	4.24	2.16	2.62	6.95	6.00
EXPO	Exponent Inc	122.56	#N/A	7.11	0.65	#N/A	6.00
FRT	Fed Rlty Inv	129.80	9.86	1.36	3.30	2.39	6.00
IBKR	Interactive Brk	76.39	#N/A	14.99	0.52	#N/A	6.00
MLAB	Mesa Labs Inc	324.87	#N/A	9.85	0.20	#N/A	6.00
MPWR	Monolithic Pwr	515.59	25.00	22.24	0.47	4.18	6.00
NVDA	Nvidia Corp	304.90	19.16	22.52	0.05	4.40	6.00
REXR	Rexford Ind Rty	74.72	12.89	27.65	1.28	3.57	6.00
RGEN	Repligen	252.32	#N/A	41.20	-	#N/A	6.00
ANSS	Ansys Inc	394.27	11.94	14.68	-	5.84	5.00
FDS	Factset Resh	462.67	8.50	6.93	0.71	4.47	5.00
MSCI	Msci Inc-A	619.94	#N/A	10.77	0.67	#N/A	5.00
PLD	Prologis Inc	157.56	8.06	15.69	1.60	4.74	5.00
SITM	Sitime Corp	312.07	15.00	#N/A	-	15.58	5.00
TYL	Tyler Tech Inc	513.22	#N/A	12.20	-	#N/A	5.00
CPT	Camden Ppty Tr	171.64	4.86	5.15	1.93	6.56	4.00
CRM	Salesforce.Com	264.32	16.75	26.32	-	6.53	4.00
FFIN	First Fin Bk-Tx	51.07	#N/A	12.22	1.17	#N/A	4.00
STOR	Store Capital	33.91	#N/A	16.30	4.54	#N/A	4.00
AIRC	Apartment Reit	51.82	#N/A	#N/A	3.40	#N/A	3.00
PDFS	Pdf Solutions	31.18	#N/A	(3.25)	-	#N/A	3.00

Portfolio / Client Update

Over the last couple of weeks, we reiterated our previous actions to reduce risk in extremely overbought areas of our portfolio and raise cash to hedge against a correction. That correction came in the form of panic selling last week. *As noted last week:*

> "***With that correction, we are now starting to slowly increase our equity risk exposure as we head into year-end.*** *Given the statistical probability of a year-end 'Santa Rally,' we want to position portfolios for that potential opportunity.*
>
> *We added a trading position in the S&P 500 index on Thursday morning and late Friday afternoon. We also nibbled on some energy exposures after the correction in oil prices."*

This past Monday, we added to our Technology positions *(ones we previously took profits in)* such as Nvidia (NVDA,) AMD (AMD), and Microsoft (MSFT.) We also added Ratheon Technologies (RTX) due to its deeply oversold condition. ***(We post all of our portfolio changes in real-time at RIAPRO.NET)***. Then on Friday, we added to Netflix (NFLX), Costco (COST), Ford (F), and Adobe (ADBE).

As noted, those additions brought our model allocation weights to target levels *(60% stocks / 40% bonds and cash.)*

We expect that we could see some additional short-term price weakness. We will use that opportunity to overweight our equity exposure heading into the year-end. However, once the markets return to more overbought conditions, we will pare those overweight positions back and lock in the gains.

We are looking forward to wrapping up a good market year, as noted last week. However, we are not resting on our laurels either. We are very aware of the risk and continue monitoring and managing it accordingly. So make sure and let us know if you have any questions or concerns.

Portfolio Changes

We post all of our trading details as they occur at ***RIAPRO.NET***

> *"Today, we are adding 3% of the portfolio into the equity allocation sleeve. With the exception of the addition of 1% to our SPY trading position, we are adding to our existing core holdings in both models after recent corrective action. We will continue using dips to add exposure accordingly." - 12-10-21*

Equity Model

- *Increase Netflix (NFLX) by 0.5% of the total portfolio. Model weight is now 2.5%*
- *Add 0.5% to Adobe (ADBE) bringing total portfolio weight to 2.5%.*
- *Ford (F) gets increased by 0.5% to a total weight of 3%.*
- *Costco (COST) also gets increased by 0.5% to a total weight of 3%.*
- *Add 1% to the SPY trading position bringing the total weight to 5%.*

ETF Model

- *Add 1% to LIT (Lithium ETF) bringing portfolio weight back to 3%.*
- *Increase XLK (Technology ETF) by 1% bringing total portfolio weight to 13.5%*
- *Add 1% to the SPY trading position bringing the total weight to 5%*

> *"We started adding to our equity exposure in the portfolio due to the short-term oversold condition in the market. Furthermore, our ?money flow? indicator is about to flip to*

positive registering a buy signal for the market.

After previously taking profits when the ?weak sell? signaled was triggered, we are now adding back to those positions now that they have suffered sizable corrections." - *12/07/21*

Equity Portfolio

- *Increase Nvidia (NVDA) to 2%*
- *Same also for AMD (AMD), increase to 2%*
- *Add 1% to Microsoft (MSFT) increasing portfolio weight to 3.5%*
- *Also, add 1% to Marathon OIl (MRO) bring total portfolio weight to 2%.*
- *Increase Raytheon Technologies (RTX) to 2%.*
- *Lastly, add 1% to Albamarle (ALB) bringing the total weight back to 4% of the portfolio.*

Lance Roberts, *CIO*

Have a great week!