

## Inside This Week's Bull Bear Report

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## The Market Responds To The Last Fed Rate Hike

The debt ceiling and the Fed have consumed market headlines this past week. However, [as noted last week](#), the short-term "sell signal" triggered.

*"Given that the MACD "sell signal" turned from a lower level than the three previous peaks, we could see a short-term reversal to a buy signal. However, should such occur, there is likely limited upside. Therefore, we suggest using the current rally to reduce risk, rebalance portfolios and raise cash levels moderately is still advisable."*

While the market rallied to the February highs last Thursday and Friday, the signals kept us out of trouble of being overly exposed to equity risk. The reductions we made a couple of weeks ago helped shield portfolios from this week's correction, which was both needed and expected. While technical signals often don't make sense, more often than not, they are picking up on the "herd mentality" of the market. When an event happens, we immediately look for headlines to blame for the sell-off or advance, but the market is usually ahead of whatever the trigger turned out to be.

The market remains on a "sell signal" and again tested and held critical support at the 50-DMA and the downtrend support line from the April highs. The consistent test and holding of support remain bullish overall, and unless or until that is broken, the more bearish concerns are secondary.



## The Fed's End Game

This past Wednesday, the Federal Reserve hiked the Fed Funds rate for the last time by 0.25%. That hike brought the rate to 5% as the Fed signaled it is the last rate hike, at least for now.

*"The FOMC statement **used language broadly similar to how officials concluded their interest-rate increases in 2006**, with no explicit promise of a pause by retaining a bias to tighten." - WSJ*

And:

*"For me the key was a change of a single word, saying that they believe that they will be determining whether future raises are necessary, whereas last time they said that they are anticipating that further rate hikes will be necessary. With the word '**determining**' in place of '**anticipating**' is essentially telling the markets that **the Fed is now on pause**." - Sam Stovall, chief investment strategist at CFRA Research in New York. "*

However, while the Fed paused, the bulls wanted to hear a "pivot" to cutting rates. That language remained elusive as the Fed said it would continue to focus on incoming data, such as employment and inflation, which remain too strong and elevated. Friday's employment report of 269,000 jobs and a 0.5% wage increase is certainly not conducive for a "rate cut" any time soon.

The problem for the Federal Reserve is the banking crisis. As rates remain high, money flows out of banks and into money market funds with a 5% yield.



As capital leaves the banks, they are forced to sell assets to meet the withdrawals. With those assets trading at a deep discount, the banks are pushed into insolvency because of the Fed rate hikes. Moreover, as bank share prices decline and news fills the mainstream media, depositors panic and withdraw their funds, further impairing the banks. It's a vicious cycle the Fed has created.

The Fed will most likely need to start providing facilities to banks to stabilize them by offering to buy their assets at face value. This will essentially be a limited form of Quantitative Easing. Either that or the Fed will be forced to cut rates to reduce the collateral stress. However, cutting rates potentially reignites inflation.

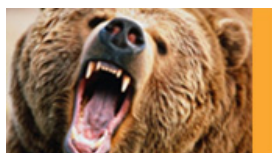
The Fed is in a very tough spot. However, I suspect we will have a resolution sooner than later.

Then there is the concern over the debt ceiling and a potential default on our debt.

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## **Never Let A Crisis Go To Waste**

The financial media is rife with misinformation on the debt ceiling and the jump in interest rates. **However, a history review shows that the "debt-ceiling" issue is not only a non-crisis, but the recent rise in rates is likely an opportunity to buy bonds.**

Let's start with the media scare tactics over the debt ceiling:

1. *If Congress doesn't raise the debt ceiling, the Treasury will run out of money.*
2. *The U.S. will default on its debt.*
3. *The markets and economy will crash.*

**While there is a grain of truth behind these statements, they are largely false.** However, for the media, a manufactured crisis should never be allowed to go to waste. [To wit:](#)

*The jobs, benefits and financial security of millions of Americans could start disappearing in less than a month as the Republican House leverages a debt showdown to try to force big spending cuts on President Joe Biden.*

*Treasury Secretary Janet Yellen on Monday issued a stark warning that the US government could run out of money to pay its obligations as soon as June 1 unless Congress raises its borrowing authority. **Failure to do so could trigger a domestic and international financial catastrophe.***

Or this from the [Washington Post:](#)

*?Time is running out on Congress to raise the debt ceiling and **prevent the nation from defaulting, a scenario that could destabilize global markets and devastate the economy.***

*If no deal is reached, Congress doesn't act, and the White House doesn't do something unilaterally, it's likely the government wouldn't have enough money to pay all of its bills. It would 'default' on some of its obligations. There is no precedent for the government missing payments like this."*

While a remarkable statement to get "clicks," even a cursory review of history suggests the hyperbole falls well short of reality.

## What Is The Debt Ceiling Anyway

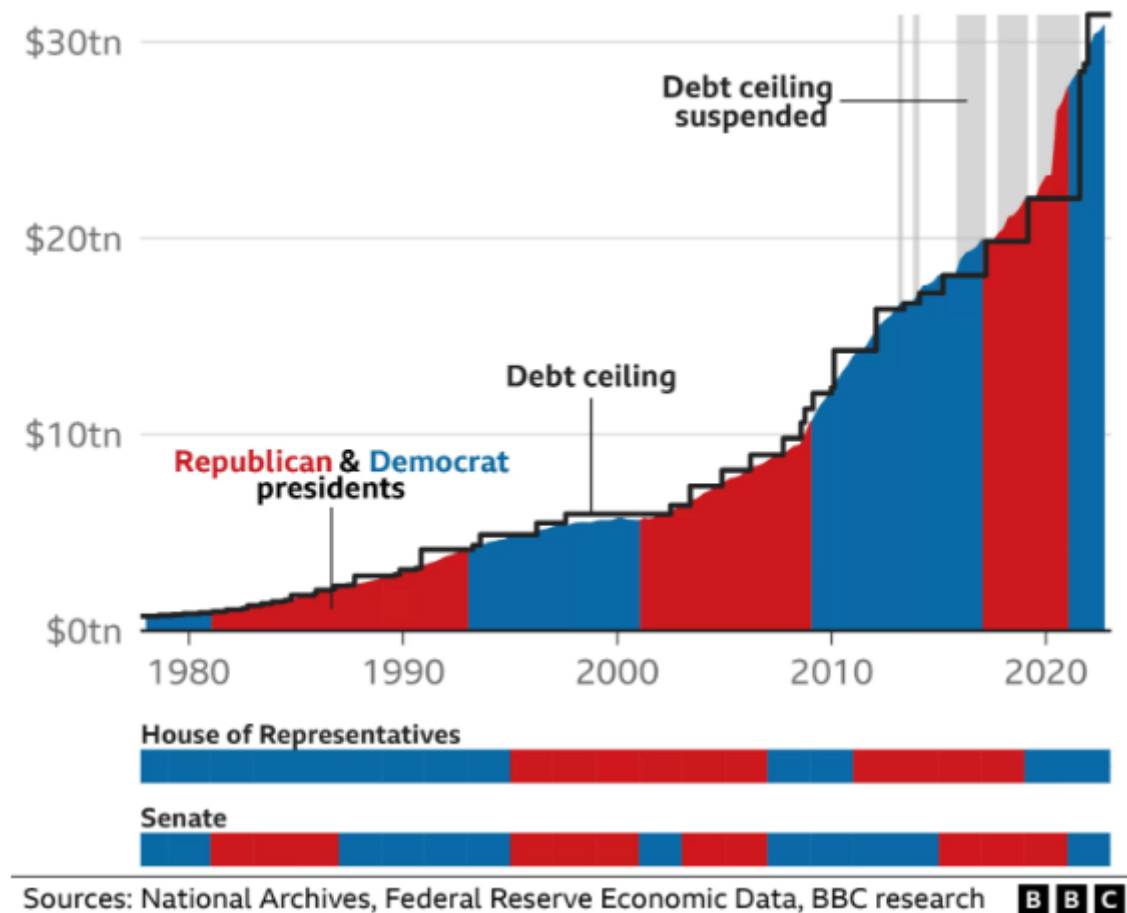
Let's start with an explanation of the "debt ceiling."

***?The debt ceiling is the legal limit on the total amount of federal debt the government can accrue.** The limit applies to almost all federal debt, including the roughly \$22.3 trillion of debt held by the public and the roughly \$6.2 trillion the government owes itself as a result of borrowing from various government accounts, like the Social Security and Medicare trust funds. As a result, the debt continues to rise due to both annual budget deficits financed by borrowing from the public and from trust fund surpluses, which are invested in Treasury bills with the promise to be repaid later with interest. ? ? [CRFB](#)*

The purpose of establishing a debt ceiling was to place a "credit limit" on the Government. In a responsible Government, as the debt ceiling approaches, members of Congress should begin discussing budget cuts, spending reductions, or revenue increases. The goal, logically, is to keep the country in a "surplus" position over time.

In 1980, that all changed, and eight administrations and four decades later, Government debt surged, deficits exploded, and the debt ceiling rose 78 times. (49 times under Republicans and 29 times under Democrats.)

## US debt has risen regardless of administration



## Has The U.S. Ever Defaulted On Its Debt?

Yes.

***?Investors in T-bills maturing April 26, 1979, got told that the U.S. Treasury could not make its payments on maturing securities to individual investors. The Treasury was also late in redeeming T-bills which become due on May 3 and May 10, 1979. The Treasury blamed this delay on the failure of Congress to act in a timely fashion on the debt ceiling legislation in April. Also, an unanticipated failure of word processing equipment used to prepare check schedules contributed to the delay.?? The Financial Review***

Because "fear-mongering" attracts readers, the mainstream media missed that **there are two types of default.**

The first is an **actual default**, where the borrower cannot repay the principal owed to its creditors.

The second is a **"technical default."** In 1979, as noted, the Treasury was entrenched over a "debt ceiling debate" and could not make interest payments. There was little worry by lenders over the safety or security of their capital. They knew that when the U.S. resolved the "technical issues," the

Government would make its payments.

Such is the "crisis" bond investors currently face.

- *Could there be a short-term delay in making interest payments? **Absolutely.***
- *Is there any risk of a default on the payment of interest or principal on outstanding Treasury bonds? **Absolutely not.***



As shown, 10-year rates did spike shortly over the initial concerns of the default. However, as bondholders realized there was no continuing threat, they began to buy bonds at a discount to the previous value. Over the next few months, rates fell as sanity returned to the bond market. (Later that year, rates would rise again over [legitimate concerns of the oil crisis.](#))

It is unsurprising to see Treasury yields rise as media rhetoric sparks fear of default. **However, as noted above, the current debt ceiling crisis is likely a non-crisis.**

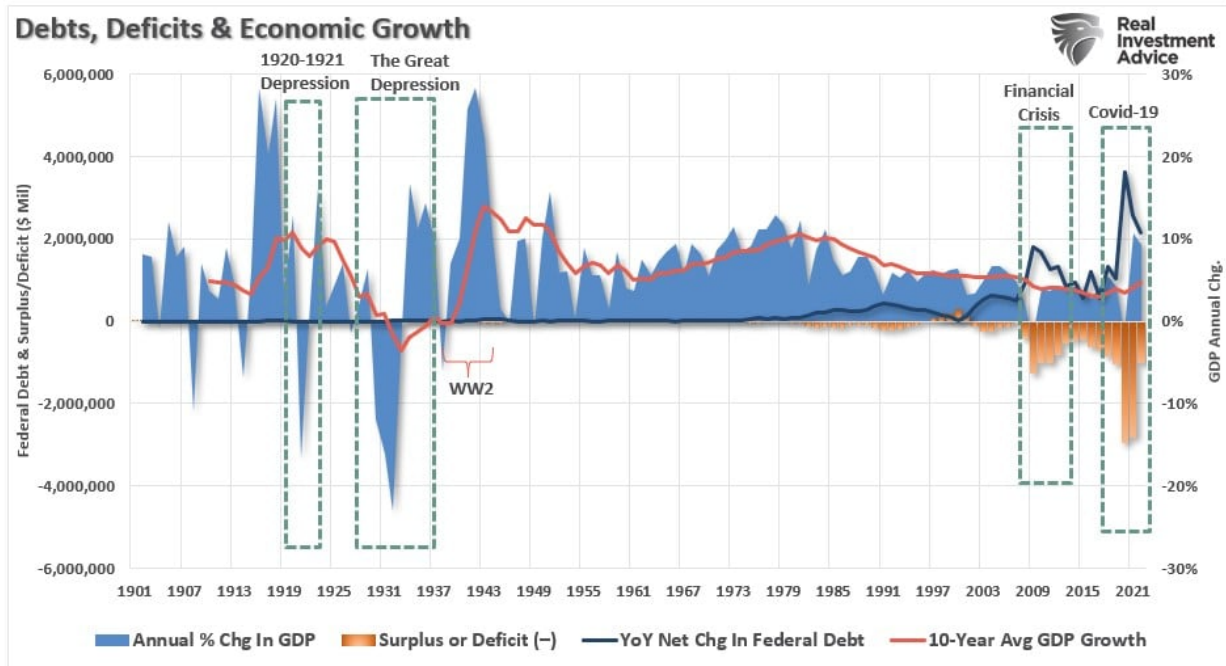
## Debt Ceiling Crisis Non-Crisis

Congress will lift the debt ceiling. As noted by the Treasury Department:

*"Congress has always acted when called upon to raise the debt limit. **Since 1960, Congress has acted 78 separate times to permanently raise, temporarily extend, or revise the definition of the debt limit** ? 49 times under Republican presidents and 29 times under Democratic presidents. Congressional leaders in both parties have recognized that this is necessary."*

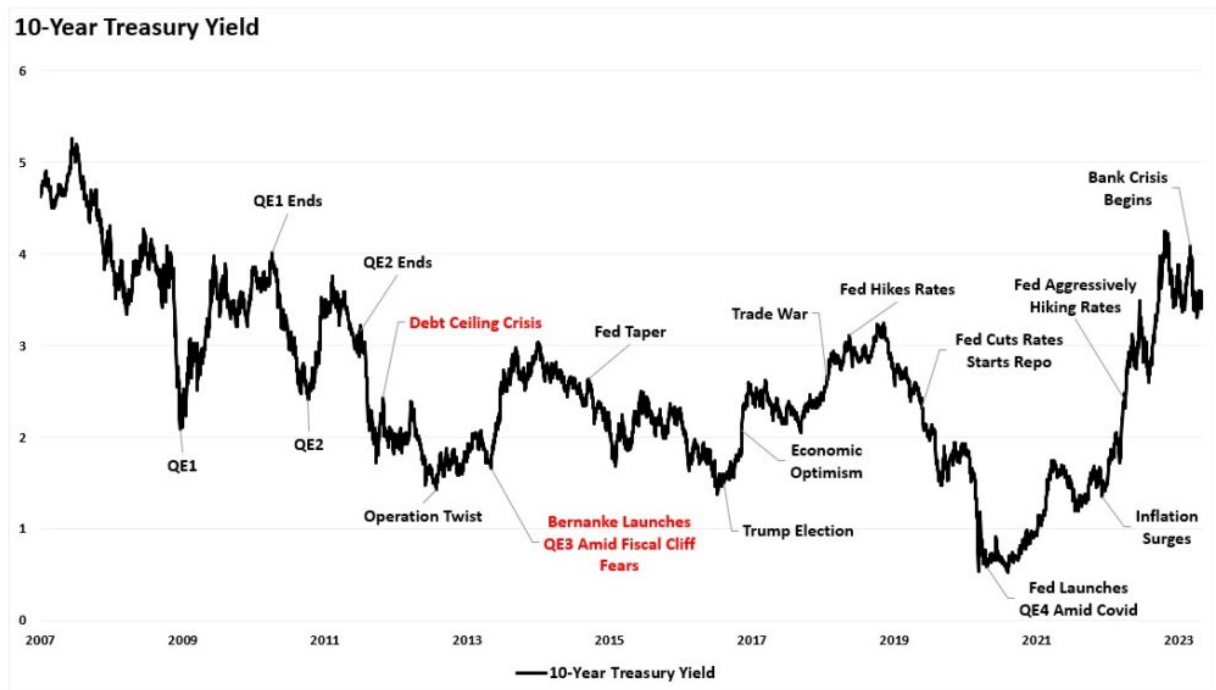
Just as happened every time previously, Congress will lift the debt ceiling again. However, we are assured there will be a lot of drama in the process, with both parties of Government pointing their finger at each other. The simple reason is that despite differences of opinion and political agendas, both parties want to continue spending money. Such is why the runaway spending and deficit increases continue to accelerate. The consequence of increasing debts and deficits is evident in the declining economic growth rates over the past 40 years.





Since 2009, a debt ceiling fight has become almost an annual event between policymakers. The most prominent was in 2011, which **led to a compromise to cut \$1 trillion in spending**. At that time, Ben Bernanke launched the third round of Quantitative Easing to compensate for what was feared to be a *"fiscal cliff"* in 2013. Such was due to spending cuts getting automatically imposed.

As shown, rates spiked during the *"debt ceiling crisis"* as concerns over default rose. Subsequently, rates fell to new lows as deficits surged and economic growth slowed. Currently, rates have increased due to surging inflation and strong economic growth from massive fiscal injections in 2020 and 2021. However, as the monetary leaves the system, economic growth rates are already slowing, as debt levels crest \$32 Trillion. Yields will eventually move lower in response to a reversal of inflation and economic activity.



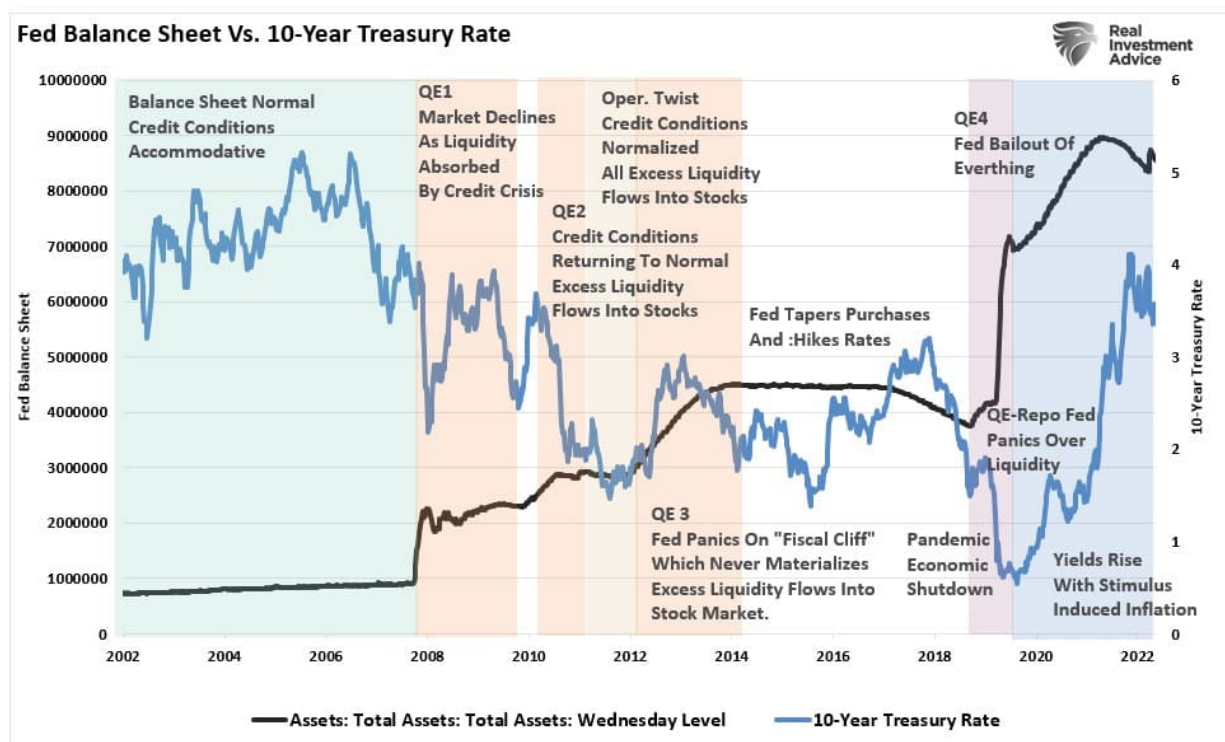
## Why Now Is Likely A Great Bond Buying Opportunity

There are several vital points evident from reviewing history.

1. *While politicians talk a tough game, the current debate over the debt ceiling is nothing more than political posturing.*
2. *The media is a primary source of misinformation about the debt ceiling and potential outcomes.*
3. ***Bond investors should welcome the debt ceiling debate as an opportunity to buy bonds at cheaper prices with higher yields.***

Are there currently risks to the bond market that investors should be concerned about near term? **Yes.** The current spike in inflation has lasted longer than expected due to the massive amount of monetary liquidity still in the economy. Furthermore, rates rise when the Fed *"tapers"* its bond purchases as they are doing now.

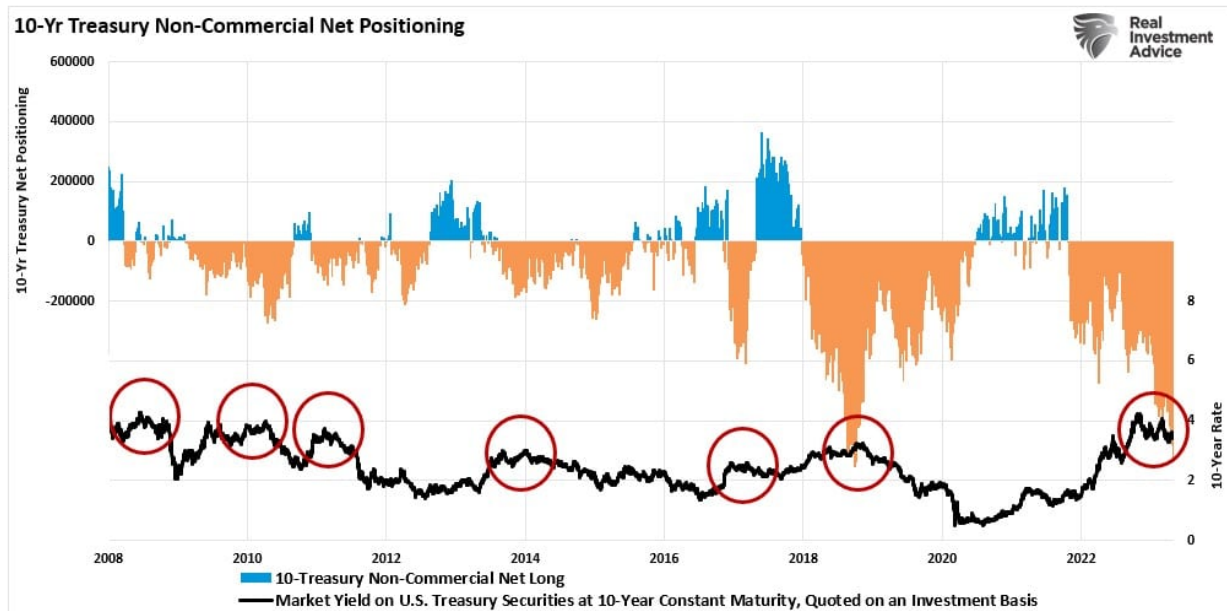
However, both of these issues will resolve themselves going forward. Eventually, inflation will decline as economic activity slows, and the Fed will return to monetary accommodation. More importantly, yields historically fall as investors' *"risk preference"* shifts from *"risk-on"* to *"risk-off"* during economic recessions.



**As if always the case with investing, timing, as they say, is everything.**

Given the extreme short-position against 10-year Treasury bonds by speculators, we may be seeing an excellent opportunity to add duration to our bond portfolios.





**Moreover, with the equity market still overvalued and profit margins under pressure, we suspect bonds will provide a chunk of our capital gains over the year or so.**

Of course, if you are betting on a recession within the next 12 months, equity markets have only minimal upside compared to the bond market, where yields will likely approach zero.

## How We Are Trading It

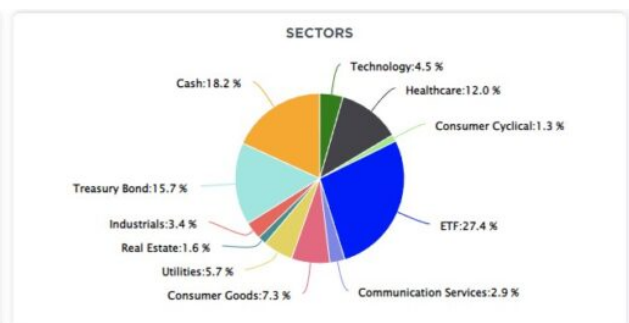
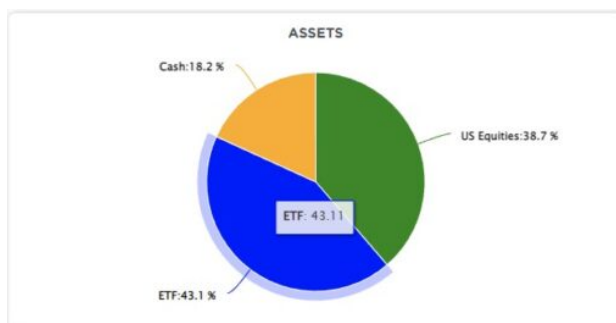
Last week we stated:

**"While the market technicals remain bullish-biased, the defensive rotation and narrowing growth leadership typically indicate a slowing economic cycle or a recessionary onset. In the current episode, the crowding into a handful of Mega-capitalization names is already at extreme levels."**

That analysis has not changed much this week.

With our sell signals still intact, we remain cautious for now. We noted last week that the "upside may be somewhat limited," which was the case. However, we are now approaching more oversold levels with technically strong support. If we see an improvement in the price action, we suggest increasing exposure again accordingly. However, for now, that is not the case.

For now, continue to use reflexive rallies to raise some cash and rebalance equity risk heading into the summer months. While the Fed is done hiking rates, the lag effect of the previous hikes is still working its way through the system.



Continue reducing risks and rebalancing allocations for now.

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.

Have a great week.

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## Research Report

### Real Investment Daily



#### Minimum Wage & The Fed's Biggest Fear

Written by Lance Roberts | May 5, 2023 | **Economics**

How does the minimum wage affect the Fed's biggest fear? I touched on this subject previously as th...

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## Stock Of The Week In Review

### [The Other Mega Cap Stocks](#)

*In the aftermath of the Silicon Valley Bank failure, the market has favored Mega-Cap stocks.*

*The rationale is that tighter bank lending standards, the likely result of bank difficulties, will make borrowing more difficult and costly for smaller companies versus larger ones. Large companies have more access to needed capital via the bond markets and are, therefore, less reliant on banks. Further helping Mega-Cap stocks, any liquidity the Fed*

and government add to markets will flow to the large Mega-Cap stocks.

Given many of MGK's top holdings have soared and are approaching overbought territory, we thought it might be helpful to look beyond the top seven largest holdings of MGK to the remaining 44% of the ETF. We searched the remaining 87 stocks for past and future earnings growth and how efficiently they reinvest said earnings to promote future earnings growth.

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

#### Adobe Inc. (ADBE) - Software—Infrastructure

##### Description [Read Less](#)

Adobe Inc., together with its subsidiaries, operates as a diversified software company worldwide. It operates through three segments: Digital Media, Digital Experience, and Publishing and Advertising. The Digital Media segment offers products, services, and solutions that enable individuals, teams, and enterprises to create, publish, and promote content; and Document Cloud, a unified cloud-based document services platform. Its flagship product is Creative Cloud, a subscription service that allows members to access its creative products. This segment serves content creators, students, workers, marketers, educators, enthusiasts, communicators, and consumers. The Digital Experience segment provides an integrated platform and set of applications and services that enable brands and businesses to create, manage, execute, measure, monetize, and optimize customer experiences from analytics to commerce. This segment serves marketers, advertisers, agencies, publishers, merchandisers, merchants, web analysts, data scientists, developers, and executives across the C-suite. The Publishing and Advertising segment offers products and services, such as e-learning solutions, technical document publishing, web conferencing, document and forms platform, web application development, and high-end printing, as well as Advertising Cloud offerings. The company offers its products and services directly to enterprise customers through its sales force and local field offices, as well as to end users through app stores and through its website at adobe.com. It also distributes products and services through a network of distributors, value-added resellers, systems integrators, software vendors and developers, retailers, and original equipment manufacturers. The company was formerly known as Adobe Systems Incorporated and changed its name to Adobe Inc. in October 2019. Adobe Inc. was founded in 1982 and is headquartered in San Jose, California.

Latest Price (May 3, 2023, 3:00:04 PM)  
**\$345.25** ▼ (-\$23.41) (-6.35%)

Last Close  
\$368.66

Open  
\$363.49

Volume  
6,700,789

Annual Div.  
N/A

Mkt Cap (mn)  
\$158,366.17

52 Week Range  
\$274.73

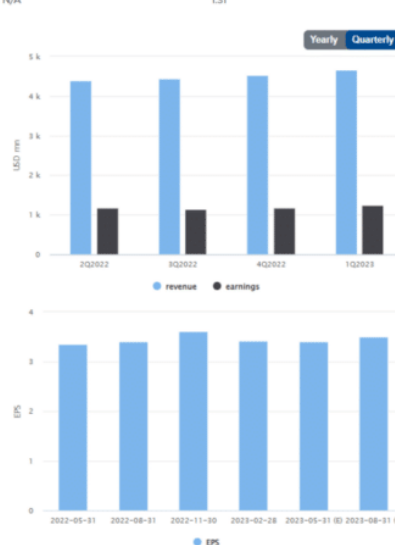
Day Range  
\$431.15

Day Range  
\$344.24

Avg. Volume (3m)  
2,953,600

Div. Yield  
N/A

Beta  
1.31



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## Daily Commentary Tidbits

### [How Long Until The Fed Cuts Rates](#)

Yesterday's Commentary, [Is the Fed Done](#), contemplates whether or not Wednesday's rate hike was the last for the cycle. If it was, as many seem to think, the next question for investors should be how long until the Fed cuts rates. Yesterday's Commentary shared a table with market-implied Fed rate cut probabilities. A day after the meeting, with the banking crisis accelerating, investors expect a 50% chance for the first 25 basis point rate cut in July. The market expects the Fed to cut rates by almost 2% by this time next year.

While Powell and Fed keep chanting 'higher for longer,' history argues Fed rate cuts could be coming by this summer. As we share below from Bloomberg, Fed pauses do not last very long. However, this time is different. Inflation is well above the Fed's 2% target, forcing them to keep rates high unless 'something breaks.' What may break?

Regional banks are breaking, and the situation is starting to become worrisome. The Fed will be forced to react. Will they add liquidity backstops for troubled banks or will it resort to cutting rates? Assuming the banking situation calms down, the Fed will likely pause until the economy slows materially and the unemployment rate increases substantially. Until those occur, inflation will likely remain sticky.



[\(Subscribe To The Daily Market Commentary For A FREE Pre-Market Email\)](#)

## Bull Bear Report Market Statistics & Screens

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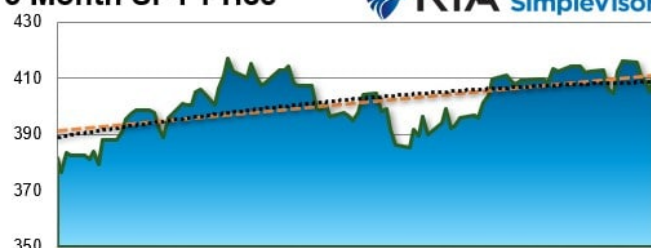
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## SimpleVisor Top & Bottom Performers By Sector



Healthcare					Industrials					Consumer Cyclical					Technology				
CI	ZTS	GEN	IDXX	TFX	JCI	GNRC	UAL	URI	IR	CCL	TSLA	VFC	RCL	GM	FTNT	FIS	AAPL	ON	SEDG
7%	4.35%	4.26%	4.04%	3.64%	6.12%	4.72%	4.4%	4.16%	3.64%	6.6%	5.5%	5.43%	5.19%	4.95%	5.57%	4.73%	4.69%	4.36%	4.33%
ALGN	MCK	CAH	DXCM	VTRS	PWR	PH	J	GNP	CARR	EXPE	BWA	KMX	F	RL	FSLR	NVDA	ADBE	AMD	LRCX
3.13%	3.05%	2.93%	2.9%	2.88%	3.46%	3.42%	3.32%	3.25%	3.11%	4.9%	4.23%	3.73%	3.72%	3.64%	4.09%	4.06%	3.74%	3.73%	3.42%
LLY	RMD	WST	A	BSX	OTIS	RTX	BA	EXPD	PAYX	WRK	DRI	MAR	LVS	DPZ	FICO	INTC	CDAY	MTCH	MCHP
-0.15%	-0.19%	-0.19%	-0.43%	-0.77%	0.77%	0.69%	0.65%	0.61%	0.59%	0.39%	0.11%	0.05%	-0.08%	-0.1%	-0.63%	-0.8%	-0.87%	-1%	-1.12%
PKI	TECH	CTLT	MTD	BIO	TT	AXON	WM	RSG	SWK	ROL	CMG	BALL	BKNG	ETSY	QRVO	PAYC	MSI	EPAM	MPWR
-0.96%	-1.07%	-3.01%	-3.4%	-16.72%	0.46%	0.37%	0.37%	0.03%	-0.82%	-0.17%	-0.26%	-1.11%	-1.32%	-2.76%	-1.15%	-2.63%	-3.05%	-10.33%	-10.39%
Financial					Consumer Goods					Utilities					Materials				
ZION	CMA	KEY	TFC	AIG	MNST	NWL	DLTR	TGT	ADM	FE	EIX	DUK	ETR	CEG	CE	FCX	EMN	CTVA	LYB
19.22%	16.76%	10.08%	9.46%	7.84%	3.27%	3.06%	2.5%	2.47%	2.34%	2.03%	1.48%	1.27%	1.19%	1.15%	4.7%	3.55%	2.68%	2.41%	2.4%
FITB	CFG	USB	LNC	RF	KDP	KR	COST	SY	BG	CMS	CNP	ED	ES	SRE	ALB	DD	MLM	DOW	APD
7.23%	6.4%	6.07%	5.74%	5.02%	2.28%	1.97%	1.78%	1.61%	1.34%	1.13%	1.06%	0.98%	0.94%	0.93%	2.31%	2.26%	2.15%	1.97%	1.93%
CINF	AFL	MMC	MKT	RE	GIS	PEP	MDLZ	PG	HSY	LNT	PNW	PEG	AWK	PCG	VMC	NUE	LIN	SHW	IFF
1.18%	1.15%	1.15%	1.09%	1.04%	0.46%	0.46%	0.35%	0.35%	0.25%	0.57%	0.54%	0.49%	0.41%	0.17%	1.76%	1.74%	1.54%	1.54%	1.44%
MET	L	CME	AIZ	CBOE	K	CHD	TAP	CL	CLX	PPL	NEE	D	NRG	ATO	FMC	MOS	ECL	CF	NEM
1.02%	0.93%	0.65%	0.44%	-0.36%	-0.04%	-0.13%	-0.18%	-0.25%	-0.84%	0.17%	0%	-0.14%	-0.32%	-0.34%	1.43%	1.35%	0.76%	-0.61%	-1.4%
Real Estate					Energy					Communication Services									
INVH	UDR	EXR	HST	BPX	FANG	DVN	EGT	HES	CTRA	LYV	DISH	WBD	IPG	TTWO					
3.03%	2.66%	2.62%	2.6%	2.51%	5.41%	4.39%	4.22%	4.09%	3.94%	15.04%	7.07%	4.54%	4%	3.52%					
WELL	WY	KIM	MAA	PSA	MRO	WMB	BKR	TRGP	OXY	DIS	PARA	FOX	FOXA	NWS					
2.42%	2.28%	2.01%	1.97%	1.93%	3.85%	3.71%	3.67%	3.65%	3.39%	3.15%	2.8%	2.65%	2.6%	2.43%					
AMT	CBRE	REG	AVB	CCI	APA	HAL	VLO	EOG	CVX	ATVI	TMUS	T	VZ	EA					
1.21%	1.21%	1.06%	0.83%	0.77%	2.98%	2.96%	2.62%	2.57%	2.55%	1.89%	1.63%	1.3%	1.29%	1.14%					
DLR	SBAC	CSGP	VTR	FRT	XOM	KMI	MPC	SLB	PSX	GOOG	NFLX	CHTR	CMCSA	META					
0.56%	0.54%	0.35%	0.17%	-0.09%	2.49%	2.4%	1.75%	1.51%	1.22%	0.96%	0.62%	0.59%	0.52%	-0.32%					

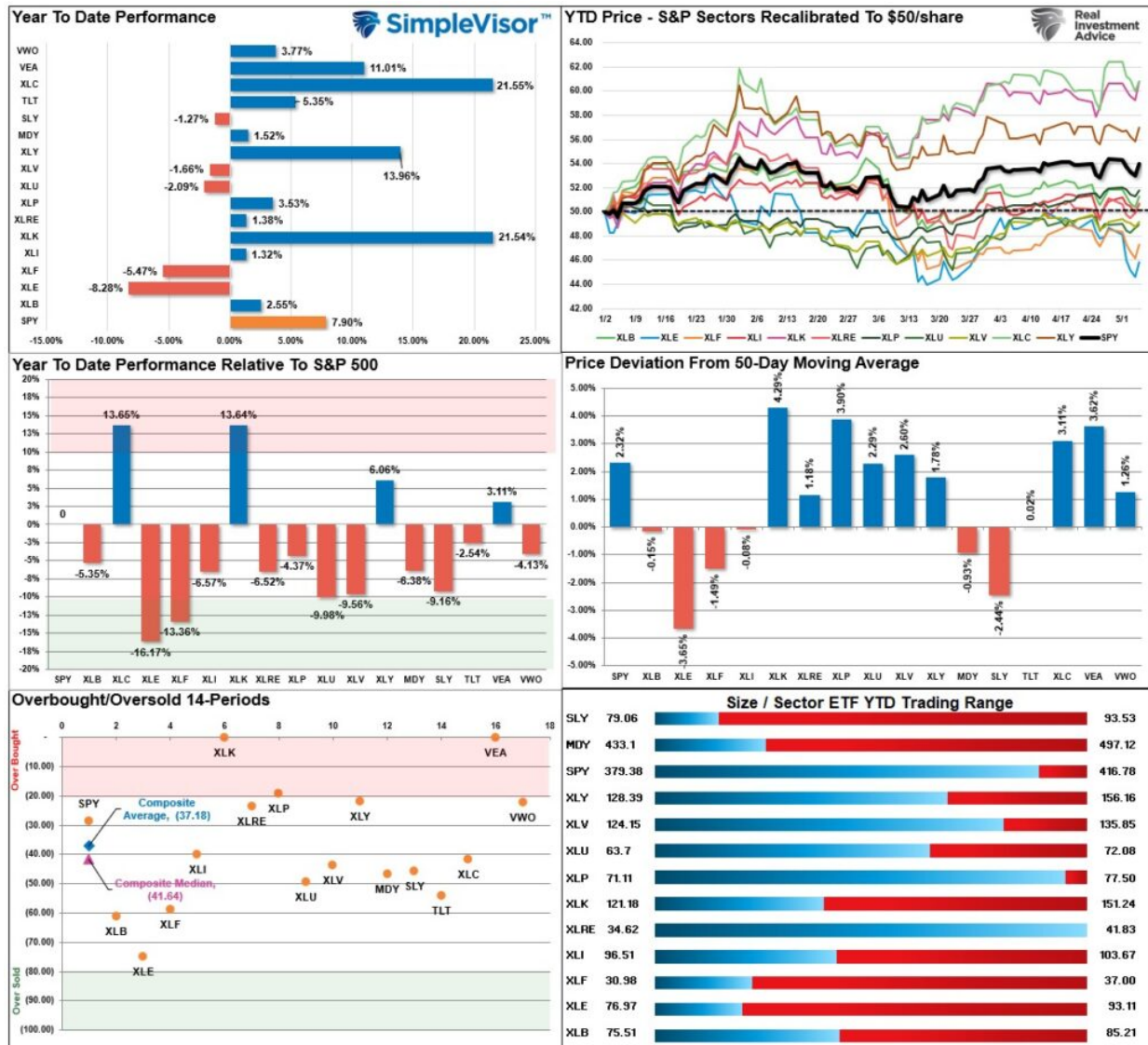
## S&P 500 Weekly Tear Sheet

3 Month SPY Price									SPY RISK INFO				
									Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
									Price Return	(0.75%)	(0.29%)	7.90%	(2869.34%)
									Max Drawdown	(27.47%)	(19.37%)	(9.00%)	(53.52%)
									Sharpe	0.06	(0.24)	1.36	(6.71)
									Sortino	0.08	(0.24)	2.33	(10.78)
									Volatility	19.67	22.34	15.91	(0.29)
									Daily VaR-5%	(29.33)	(36.58)	0.39	(1.01)
									Mnthly VaR-5%	(28.11)	(31.35)	9.59	(1.31)
S&P 500 Market Cap Analysis													
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low	Item	12-M Ago	Current	% Chg	
Dividend Yield	1.36%	1.30%	1.53%	14.96%	2.14%	1.20%	(28.48%)	27.32%	Shares	3,789.2	3,679.4	(2.90%)	
P/E Ratio	30.48	19.93	19.28	(3.37%)	2894%	1646%	(33.4%)	17.09%	Sales	101,772	110,301	8.38%	
P/S Ratio	4.61	4.32	3.63	(19.00%)	4.96	3.21	(26.82%)	12.97%	SPS	26.9	30.0	11.61%	
P/B Ratio	6.05	6.34	5.68	(11.62%)	6.75	4.30	(15.86%)	32.03%	Earnings	20,240	18,099	(10.58%)	
ROE	23.46%	28.96%	26.06%	(11.14%)	29.58%	18.80%	(11.91%)	38.63%	EPS TTM	5.5	5.7	3.18%	
ROA	5.27%	6.62%	6.02%	(10.02%)	6.72%	4.36%	(10.45%)	37.93%	Dividend	1.6	1.7	6.55%	
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	0.00%	4.43%	1.41	7.50	93.64	(357.54)	(92.0%)	28.5%	3.2%	12.86%	7.59	10.16	
Materials	(6.19%)	2.59%	1.13	15.15	26.87	11.36	(43.6%)	16.6%	2.0%	7.12%	5.27	16.71	
Industrials	2.99%	8.56%	1.13	20.15	54.27	14.94	(62.9%)	23.0%	1.8%	4.77%	6.71	18.61	
Discretionary	(8.08%)	9.91%	1.39	29.03	63.99	22.24	(54.6%)	11.3%	0.9%	3.33%	4.18	26.22	
Staples	(0.99%)	7.41%	0.58	22.32	22.79	17.34	(2.0%)	30.9%	2.4%	4.52%	4.78	20.38	
Health Care	2.36%	14.68%	0.69	17.22	19.74	14.84	(12.7%)	37.2%	1.7%	6.07%	7.97	17.23	
Financials	(4.76%)	12.86%	1.12	14.71	21.43	12.67	(31.4%)	12.2%	1.9%	6.82%	7.42	12.72	
Technology	8.51%	25.89%	1.20	28.40	32.14	15.40	(11.6%)	69.6%	0.9%	3.67%	6.00	26.16	
Telecom	(6.29%)	8.27%	1.00	19.66	28.24	15.48	(30.4%)	21.5%	0.6%	5.18%	4.86	16.76	
Utilities	(2.63%)	2.89%	0.65	20.24	21.24	15.56	(4.7%)	11.1%	3.1%	5.04%	3.34	17.76	
Real Estate	(17.88%)	2.51%	0.99	16.87	25.63	16.33	(34.2%)	8.5%	3.6%	6.00%	4.80	16.91	
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	412.63	4.10%	403.43	28	2.28%	396.01	32	4.20%	1.87%	(4.42%)	18.53%	Buy	
Mid Cap	449.50	(5.29%)	453.32	50	(0.84%)	452.43	6	(0.65%)	0.20%	(10.01%)	12.91%	Buy	
Small Cap	81.17	(8.56%)	83.09	50	(2.31%)	84.62	84	(4.08%)	(1.81%)	(13.63%)	8.05%	Sell	



## Relative Performance Analysis

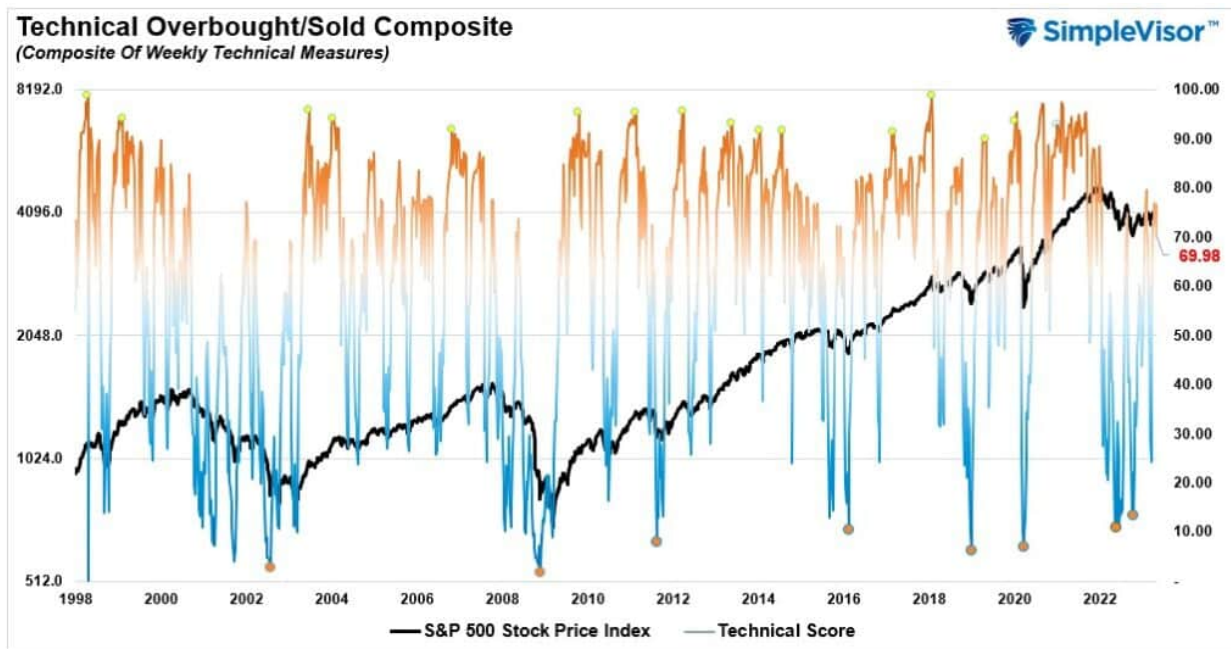
In 2022, we regularly commented about the outsized gains of Energy stocks compared to the drag from Technology and Communications, which the media had deemed "*dead*." This year is the reverse as the massive outperformance of Technology, Communications, and Discretionary are the big winners as the "disinflation" trade becomes the focus. Just as in 2022, investors need to remember that next year, the leaders will likely once again be something entirely different.



## 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 market peaks when those readings are 80 or above, suggesting prudent profit-taking and risk management. **The best buying opportunities exist when those readings are 20 or below.***

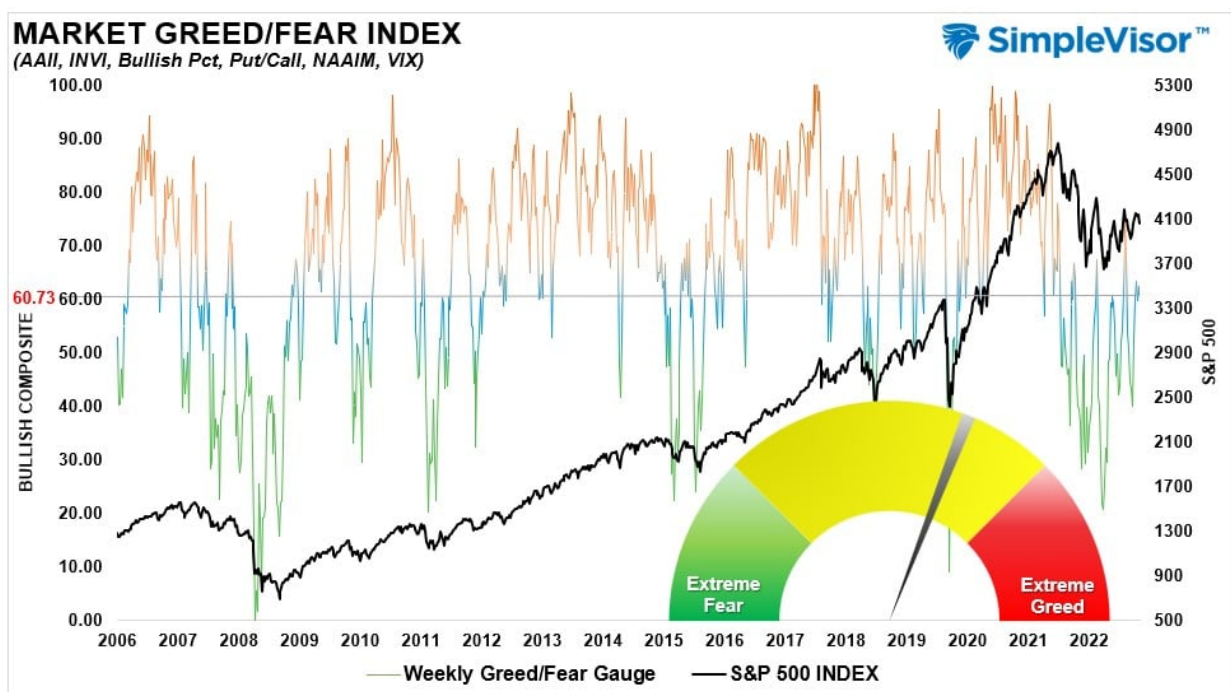
***The current reading is 69.98 out of a possible 100.***



## 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 60.73 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" XVER" (Moving Average Cross Over) is determined by the short-term weekly moving average crossing 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.

The market remains bullish, with Technology, Discretionary, and Communications leading the way. Importantly, fixed income is now on bullish buy signals suggesting lower yields. Keep your investments focused on areas with bullish crossovers, as those sectors and markets will continue to lead the charge over the rest of this year.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG WMA	MONTH END	REL S&P	RISK RANGE		% DEV - Short M/A	% DEV - Long M/A	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA		PRICE	BETA	HIGH	LOW			SIGNAL
IVV	ISHARS-SP500	414.30	(0.80)	0.80	1.06	4.15	0.26	406.21	395.22	417.66	1.00	428.10	407.22	2%	5%	BULLISH
XLB	SPDR-MATLS SELS	79.66	(0.30)	(0.76)	(3.95)	(4.57)	(6.03)	80.24	78.48	80.55	1.05	83.41	77.69	-1%	2%	BULLISH
XLC	SPDR-COMM SV SS	58.33	(1.82)	(1.82)	5.07	13.61	(2.02)	56.38	52.53	59.90	1.02	62.01	57.79	3%	11%	BULLISH
XLK	SPDR-TECH SELS	151.24	1.88	0.66	6.68	10.34	7.33	144.08	134.19	150.83	1.14	156.32	145.34	5%	13%	BULLISH
XLJ	SPDR-INDU SELS	99.51	0.31	0.98	(3.63)	(4.88)	3.91	100.15	97.32	100.00	1.11	103.61	96.39	-1%	2%	BULLISH
XLRE	SPDR-RE SELS	37.44	(0.02)	0.12	(7.74)	(5.76)	(16.75)	37.62	37.68	37.75	0.84	39.01	36.49	0%	-1%	BEARISH
XLV	SPDR-HLTH CR	133.59	0.85	(0.75)	(0.23)	(4.88)	2.67	130.54	131.36	133.53	0.70	137.80	129.26	2%	2%	BEARISH
XLW	SPDR-CONS DISCR	147.19	0.35	0.76	(1.71)	0.24	(7.19)	145.72	143.07	147.86	1.18	153.30	142.42	1%	3%	BULLISH
XTN	SPDR-SP TRANSP	72.51	0.32	2.88	(7.52)	(5.00)	(9.72)	73.72	71.80	72.86	1.32	75.65	70.07	-2%	1%	BULLISH
SDY	SPDR-SP DIV ETF	123.61	(0.28)	(0.24)	(4.62)	(7.91)	(1.59)	124.25	124.05	124.97	0.86	129.16	120.78	-1%	0%	BULLISH
RSP	INVS-SP5 EQ ETF	143.03	(0.65)	(0.84)	(6.31)	(5.19)	(3.13)	144.93	142.61	145.14	1.05	150.30	139.98	-1%	0%	BULLISH
SLY	SPDR-SP6 SC	81.17	0.28	(1.41)	(10.75)	(10.59)	(5.76)	84.79	84.12	81.60	1.15	84.58	78.62	-4%	-4%	BULLISH
MDY	SPDR-SP MC 400	449.50	(0.35)	(0.16)	(7.67)	(6.07)	(0.89)	460.32	451.38	454.75	1.12	471.22	438.28	-2%	0%	BULLISH
EEM	ISHARS-EMG MKT	39.39	1.47	(0.80)	(3.05)	(0.58)	(4.03)	39.11	38.35	39.13	0.74	40.40	37.86	1%	3%	BULLISH
EFA	ISHARS-EAFE	73.88	1.16	1.90	3.48	9.25	9.56	71.03	66.63	73.62	0.86	76.09	71.15	4%	11%	BULLISH
IAU	ISHARS-GOLD TR	38.24	2.21	(0.30)	7.12	11.06	6.73	36.62	34.66	37.71	0.15	38.71	36.71	4%	10%	BULLISH
GDX	VANECK-GOLD MNR	35.40	6.22	2.02	18.46	25.19	3.12	31.23	28.94	33.58	0.77	34.68	32.48	13%	22%	BULLISH
UUP	INVS-DB USS BU	27.66	0.48	(1.09)	(2.20)	(8.14)	(0.44)	27.98	28.52	27.75	(0.15)	28.40	27.10	-1%	-3%	BEARISH
BOND	PIMCO-ACTV BOND	92.84	0.50	(1.36)	(0.72)	(1.13)	(4.01)	92.33	91.48	93.12	0.18	95.61	90.63	1%	1%	BULLISH
TLT	ISHARS-20+YTB	104.89	(0.67)	(4.15)	0.39	1.12	(7.99)	104.53	103.42	106.46	0.06	109.18	103.74	0%	1%	BULLISH
BNDX	VANGD-TTL INT B	46.85	0.60	(1.13)	(0.02)	(3.43)	(3.09)	48.53	48.36	48.95	0.13	50.24	47.66	1%	1%	BULLISH
HYG	ISHARS-IBX HYCB	74.76	0.01	(0.91)	(1.09)	(3.44)	(3.91)	74.52	74.32	75.36	0.43	77.57	73.15	0%	1%	BULLISH



## RISK RANGE REPORT



## Weekly SimpleVisor Stock Screens

We provide three stock screens each week from [SimpleVisor](https://www.simplevisor.com).

This week we are searching for the Top 20:

- Relative Strength Stocks
- Momentum Stocks
- Technically Strong Stocks With Dividends

(Click Images To Enlarge)

## RSI Screen



Scan Result: 20 Item(s) found														Tables	Overview	Technicals	Fundamentals	Performance	Performance Chart
Symbol ↑↓ ∇	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ↑↓	Piotroski ↑↓	SV Rank ↑↓	Yield% ↑↓							
ACGL	Financial	10/10	\$72.92		()	57.75	\$71.52(1.96%)	\$68.63(6.25%)	\$64.81(12.51%)	5	8	2	%						
ALGN	Healthcare	10/10	\$304.11	\$215.77(-40.94%)	45.37	\$328.97(-7.56%)	\$322.77(-5.78%)	\$263.42(15.45%)	6	5	4	%							
BKNG	Consumer Cyclical	10/10	\$2,603.57		()	50.11	\$2,629.39(-0.98%)	\$2,543.63(2.36%)	\$2,313.78(12.52%)	2	6	3	%						
DHI	Consumer Cyclical	10/10	\$107.22		()	60.36	\$103.76(3.33%)	\$98.32(9.05%)	\$95.81(11.91%)	3	7	1	0.92%						
FDX	Industrials	10/10	\$226.37		()	57.21	\$225.88(0.22%)	\$214.24(5.66%)	\$196.12(15.42%)	6	7	3	2.26%						
FICO	Technology	10/10	\$736.65	\$300.42(-145.21%)	59.89	\$710.60(3.67%)	\$694.76(6.03%)	\$663.02(11.11%)	—	7	3	%							
GE	Industrials	10/10	\$99.32	\$119.53(16.91%)	61.66	\$96.35(3.08%)	\$89.84(10.55%)	\$85.75(15.83%)	1	5	5	0.33%							
ISRG	Healthcare	10/10	\$303.21	\$105.39(-187.70%)	75.54	\$281.01(7.90%)	\$256.17(18.36%)	\$259.18(16.99%)	5	6	4	%							
LEN	Consumer Cyclical	10/10	\$112.35		()	63.88	\$108.35(3.69%)	\$103.32(8.74%)	\$97.75(14.94%)	3	7	2	1.34%						
LVS	Consumer Cyclical	10/10	\$61.70	\$3.48(-1,672.99%)	63.61	\$58.60(5.29%)	\$57.31(7.66%)	\$54.72(12.76%)	2	5	3	%							
META	Communication Services	10/10	\$233.52	\$267.37(12.66%)	64.11	\$222.31(5.04%)	\$203.00(15.03%)	\$172.15(35.65%)	—	—	—	%							
NVDA	Technology	10/10	\$275.62	\$170.06(-62.07%)	55.14	\$273.44(0.80%)	\$257.47(7.05%)	\$219.03(25.84%)	0	6	2	0.06%							
NVR	Consumer Cyclical	10/10	\$5,801.35		()	63.67	\$5,576.21(4.04%)	\$5,299.93(9.46%)	\$4,895.01(18.52%)	1	7	2	%						
PHM	Consumer Cyclical	10/10	\$66.37		()	75.42	\$59.58(11.40%)	\$57.00(16.44%)	\$51.41(29.10%)	4	7	2	1.02%						
RCL	Consumer Cyclical	10/10	\$71.88		()	66.18	\$63.92(12.45%)	\$66.17(8.63%)	\$61.26(17.34%)	1	—	4	%						
WYNN	Consumer Cyclical	10/10	\$109.25		()	48.70	\$110.73(-1.34%)	\$108.71(0.50%)	\$97.13(12.48%)	1	4	3	%						
COO	Healthcare	9/10	\$379.27	\$251.93(-50.55%)	59.34	\$377.66(0.43%)	\$356.60(6.36%)	\$341.17(11.17%)	4	7	3	0.02%							
ORCL	Technology	9/10	\$94.97	\$43.40(-118.82%)	61.20	\$93.98(1.05%)	\$90.01(5.51%)	\$86.06(10.35%)	5	3	4	1.68%							
TDG	Industrials	9/10	\$759.99	\$251.02(-202.76%)	56.07	\$748.91(1.48%)	\$734.53(3.47%)	\$677.92(12.11%)	5	8	3	%							
UHS	Healthcare	8/10	\$141.09	\$92.19(-53.04%)	56.07	\$135.72(3.96%)	\$137.23(2.81%)	\$134.99(4.52%)	5	6	3	0.59%							

## Momentum Screen

Scan Result: 20 Item(s) found														Tables	Overview	Technicals	Fundamentals	Performance	Performance Chart
Symbol ↑↓ ∇	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ② ↑↓	Piotroski ② ↑↓	SV Rank ③ ↑↓	Yield% ↑↓							
CMG	Consumer Cyclical	10/10	\$2,033.51	\$984.75(-106.50%)	76.95	\$1,821.25(11.65%)	\$1,680.93(20.98%)	\$1,582.74(28.48%)				%							
FICO	Technology	10/10	\$736.65	\$300.42(-145.21%)	59.89	\$710.60(3.67%)	\$694.76(6.03%)	\$663.02(11.11%)				%							
ISRG	Healthcare	10/10	\$303.21	\$105.39(-187.70%)	75.54	\$281.01(7.90%)	\$256.17(18.36%)	\$259.18(16.99%)				%							
LLY	Healthcare	10/10	\$428.44	\$154.76(-176.84%)	79.78	\$377.15(13.60%)	\$348.40(22.97%)	\$353.66(21.14%)				1.20%							
META	Communication Services	10/10	\$233.52	\$267.37(12.66%)	64.11	\$222.31(5.04%)	\$203.00(15.03%)	\$172.15(35.65%)				%							
MSFT	Technology	10/10	\$305.41	\$263.34(-15.98%)	65.81	\$291.76(4.68%)	\$276.00(10.66%)	\$261.05(16.99%)				0.89%							
NVR	Consumer Cyclical	10/10	\$5,801.35		63.67	\$5,576.21(4.04%)	\$5,299.93(9.46%)	\$4,895.01(18.52%)				%							
BIIB	Healthcare	9/10	\$313.57	\$141.21(-122.06%)	77.38	\$286.08(9.61%)	\$279.75(12.09%)	\$284.24(10.32%)				%							
CLX	Consumer Goods	9/10	\$171.04	\$65.64(-160.57%)	68.64	\$161.81(5.70%)	\$157.06(8.90%)	\$150.72(13.48%)				2.90%							
HSY	Consumer Goods	9/10	\$274.64	\$231.80(-18.48%)	76.43	\$263.95(4.05%)	\$250.96(9.44%)	\$239.93(14.47%)				1.61%							
ULTA	Consumer Cyclical	9/10	\$514.00	\$724.27(29.03%)	60.17	\$537.85(-4.43%)	\$526.00(-2.28%)	\$490.51(4.79%)				%							
MLM	Materials	8/10	\$389.28	\$289.36(-34.53%)	69.03	\$353.83(10.02%)	\$353.67(10.07%)	\$350.57(11.04%)				0.74%							
ORLY	Consumer Cyclical	8/10	\$933.62	\$957.20(2.46%)	72.45	\$898.91(3.86%)	\$856.99(8.94%)	\$838.49(11.35%)				%							
VMC	Materials	8/10	\$190.23	\$126.67(-50.18%)	71.11	\$172.29(10.41%)	\$175.46(8.42%)	\$177.42(7.22%)				1.05%							
VRSK	Industrials	8/10	\$205.76	\$73.33(-180.59%)	69.03	\$192.39(6.95%)	\$184.81(11.34%)	\$182.14(12.97%)				0.70%							
VRTX	Healthcare	8/10	\$346.59		81.73	\$325.59(6.45%)	\$306.44(13.10%)	\$305.83(13.33%)				%							
LRCX	Technology	7/10	\$512.24		52.33	\$507.09(1.02%)	\$505.31(1.37%)	\$477.96(7.17%)				1.41%							
ROP	Industrials	7/10	\$453.48	\$172.38(-163.07%)	63.61	\$435.39(4.15%)	\$434.55(4.36%)	\$431.38(5.12%)				0.62%							
EQIX	Real Estate	6/10	\$729.34	\$186.60(-290.86%)	57.86	\$704.55(3.52%)	\$705.82(3.33%)	\$689.10(5.84%)				1.92%							
MA	Financial	6/10	\$376.12	\$292.18(-28.73%)	59.27	\$365.53(2.90%)	\$366.86(2.52%)	\$353.96(6.26%)				0.61%							

## Technically Strong With Dividends

Scan Result: 9 Item(s) found													
Tables		Overview		Technicals		Fundamentals		Performance		Performance Chart			
Symbol ↑ ↓	Sector ↑ ↓	Trend ↑ ↓	Last ↑ ↓	FairValue ↑ ↓	RSI ↑ ↓	20 SMA ↑ ↓	50 SMA ↑ ↓	100 SMA ↑ ↓	Mohanram ↑ ↓	Plotroski ↑ ↓	SV Rank ↑ ↓	Yield%	
MDLZ	Consumer Goods	9/10	\$77.29	\$46.67(-65.61%)	80.40	\$72.35(6.83%)	\$68.58(12.70%)	\$67.44(14.61%)	5	7	3	2.17%	
SCCO	Materials	9/10	\$74.95	\$80.56(6.96%)	46.90	\$76.69(-2.27%)	\$74.74(0.28%)	\$69.71(7.52%)	6	8	4	4.64%	
BAYRY	Healthcare	8/10	\$16.02		50.64	\$16.23(-1.29%)	\$15.78(1.52%)	\$14.96(7.09%)	5	8	4	3.86%	
MDT	Healthcare	8/10	\$89.27	\$59.20(-50.79%)	65.31	\$84.70(5.40%)	\$82.91(7.67%)	\$81.25(9.87%)	5	9	4	2.98%	
SAN	Financial	8/10	\$3.35		40.48	\$3.69(-9.21%)	\$3.66(-8.47%)	\$3.25(3.08%)	4	7	4	3.25%	
AVGO	Technology	7/10	\$610.16		43.63	\$624.04(-2.22%)	\$616.32(-1.00%)	\$590.45(3.34%)	3	8	2	3.06%	
DTEGY	Communication Services	7/10	\$23.53		43.50	\$24.23(-2.89%)	\$23.27(1.12%)	\$22.08(6.57%)	3	7	3	3.12%	
MCD	Consumer Cyclical	7/10	\$295.16	\$162.03(-82.16%)	69.72	\$288.91(2.16%)	\$276.02(6.93%)	\$271.34(8.78%)	5	9	3	2.09%	
MRK	Healthcare	7/10	\$117.37	\$139.52(15.88%)	61.64	\$112.11(4.69%)	\$109.26(7.42%)	\$109.31(7.37%)	5	8	3	2.53%	

## SimpleVisor Portfolio Changes

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

### No Trades This Week



## Looking for the 401k Plan Manager?

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Lance Roberts, CIO

Have a great week!