

Inside This Week's Bull Bear Report

- ***Market Review & Update***
 - ***Profit Growth And Stock Returns - End Of An Era?***
 - ***How We Are Trading It***
 - ***Research Report - Market Cycles And Why The Bull Isn't Dead***
 - ***Youtube - Before The Bell***
 - ***Market Statistics***
 - ***Stock Screens***
 - ***Portfolio Trades This Week***
-

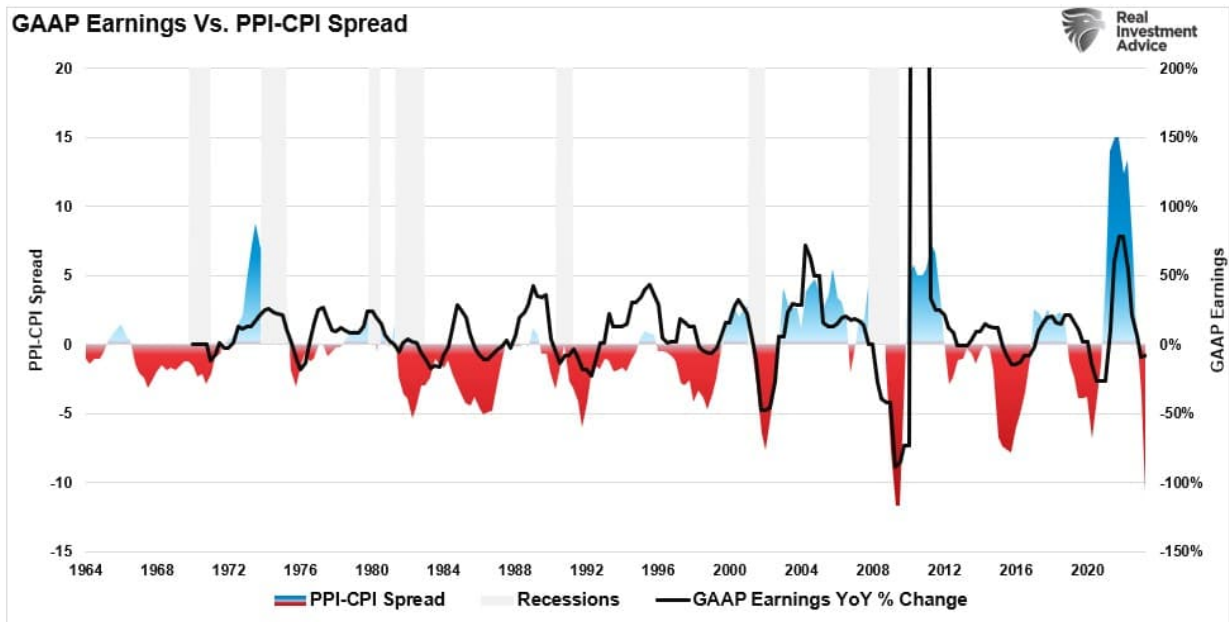
Market Review & Update

As we enter Q2 earnings season, we will discuss profits, earnings, and stock market returns in greater detail in the coming weeks. However, the big news this past week was the drop in the CPI inflation gauge, which sent stocks higher, breaking out of the recent trading range over the last couple of weeks.

As noted last week:

"With bullish optimism quickly returning to the market, the pressure to chase performance from the 'Fear Of Missing Out' will continue to provide a 'bid' under stocks."

This past week, that bullish sentiment expanded further as softer-than-expected readings of both CPI and PPI provided the *"hope"* that the Fed will now be *"one and done"* following the upcoming July FOMC meeting. However, while the bulls are hopeful that the end of rate hikes will support the bullish rally, the disinflation in both CPI and PPI suggests earnings will be weaker than analysts' current expectations.



The problem for the bulls in the future is that falling inflation eats into both revenue and earnings. Such will make it more difficult for the market to continue to run higher if earnings and profits remain under pressure. The other problem with earnings and profits going forward, long term, is the topic of today's message.

Technical Update

However, before we get to that, in the short term, the technical backdrop of the market remains bullish. As we kick off earnings season, there will be a high beat rate of estimates, [given the deep preceding cuts](#), which will support the bullish view. The market is back to overbought levels in the short term and remains well extended above longer-term moving averages. A correction back to the 200-DMA would entail a 10.5% decline. With the MACD "*buy signal*" triggered, albeit at an elevated level, it continues to suggest higher prices in the near term, although likely somewhat more limited.



With the bullish F.O.M.O. increasing, analysts are now eyeing new *"all-time highs"* by year-end. While such an outcome is becoming much more probable, it is still likely we will see a 3-5% correction first to allow a better entry risk-reward entry point to add exposure. The problem is the *"being patient"* part when the market seems as if *"it just won't stop going up."*

Such is usually about the time that it does.

Need Help With Your Investing Strategy?

Are you looking for complete financial, insurance, and estate planning? Need a risk-managed portfolio management strategy to grow and protect your savings? Whatever your needs are, we are here to help.



Need a plan to protect your hard earned savings from the next bear market?

> Schedule your consultation today

Profit Growth & Future Stock Returns

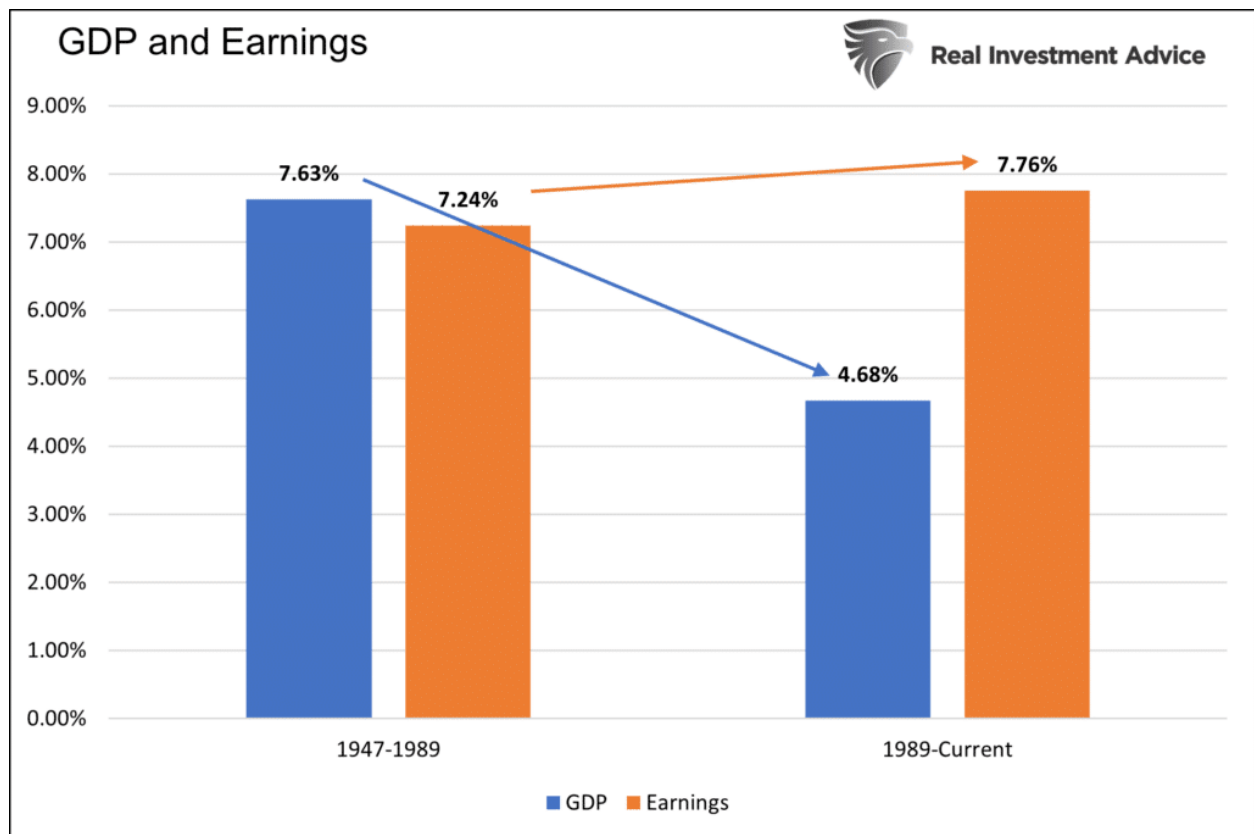
This past week, Michael Lebowitz, CFA, wrote a compelling piece discussing a recent white paper by the Federal Reserve warning of **"significantly lower profit growth and stock returns in the future."** In the Fed's article, [*End of an Era: The coming long-run slowdown in corporate profit growth and stock returns*](#), Michael Smolyansky analyzed how the interest rate and corporate tax rate trends for the last 30 years provided a strong tailwind for corporate profits. **The unsurprising**

result of lower interest and tax rates was that stocks performed better than would have otherwise been the case.

As Michael Lebowitz [noted in his latest article:](#)

"Understanding why corporate profits and stock prices outperformed in the past is important. However, more critical for investors is the future and assessing how interest rates and tax rates will affect earnings growth and stock prices."

The obvious question, which Michael Lebowitz analyzes, is whether or not corporate profits can maintain recent growth trajectories without the benefit of lower interest and tax rates. **The graph below shows that corporate earnings have grown faster over the last 30 years than in the 40 years before. The robust earnings growth occurred despite economic growth shrinking markedly.**



The Fed's article attributes two key factors to explain the significant disconnect between the two growth rates. Per the article:

My central finding is that the 30-year period prior to the pandemic was exceptional. During these years, both interest rates and corporate tax rates declined substantially. This had the mechanical effect of significantly boosting corporate profit growth.

Specifically, I find that the reduction in interest and corporate tax rates was responsible for over 40 percent of the growth in real corporate profits from 1989 to 2019.

As Michael notes:

"Corporate profits would have grown by 4.50%, not 7.76% annually, without the boost from interest rates and taxes, assuming his 40% contribution calculation is correct. Such would be on par with GDP growth for the last thirty years. As we share later, it appears 40% is a reasonable estimate."

The 40% differential is explained by lower interest and corporate tax rates.

Lower Rates & Taxes

As shown below, Treasury and corporate interest rates have fallen steadily over the last thirty years. As a result of cheap financing, corporate leverage, per the second graph below, has risen substantially to record highs. More leverage and reduced interest costs are a bona fide way to boost profits.

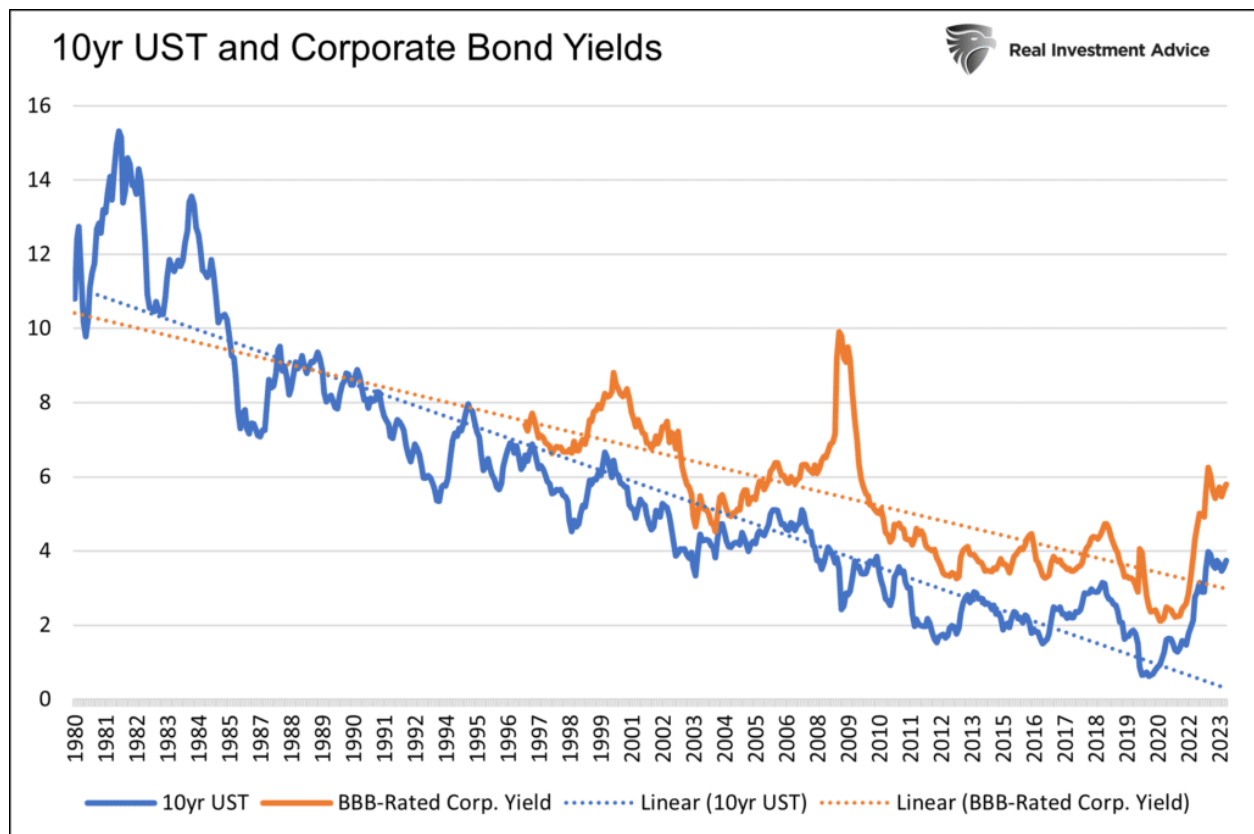
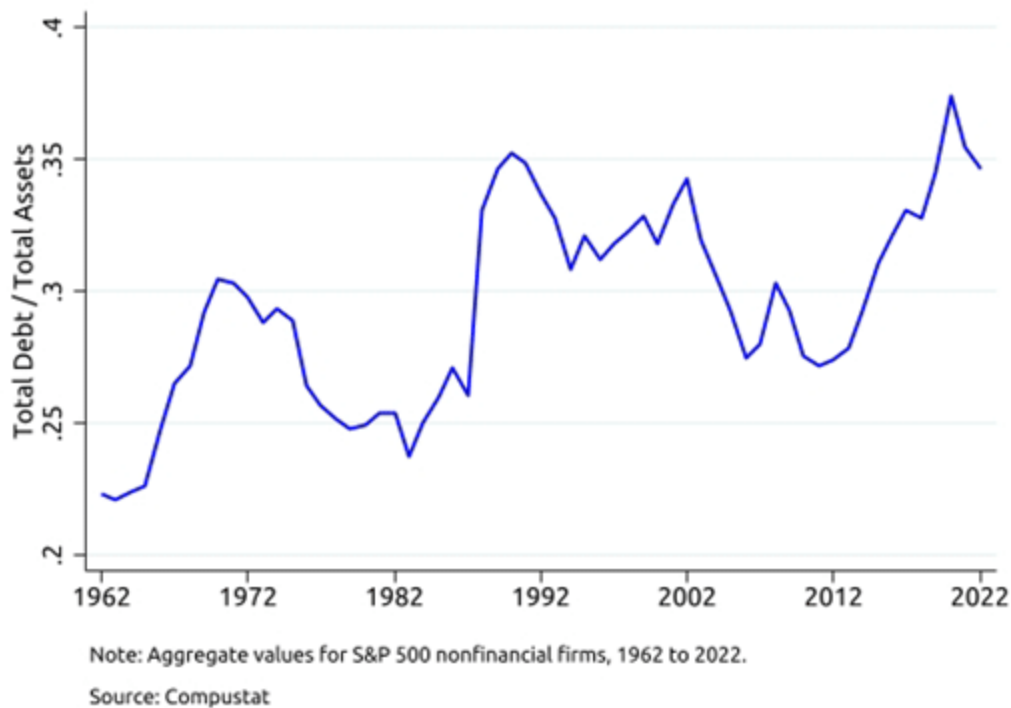


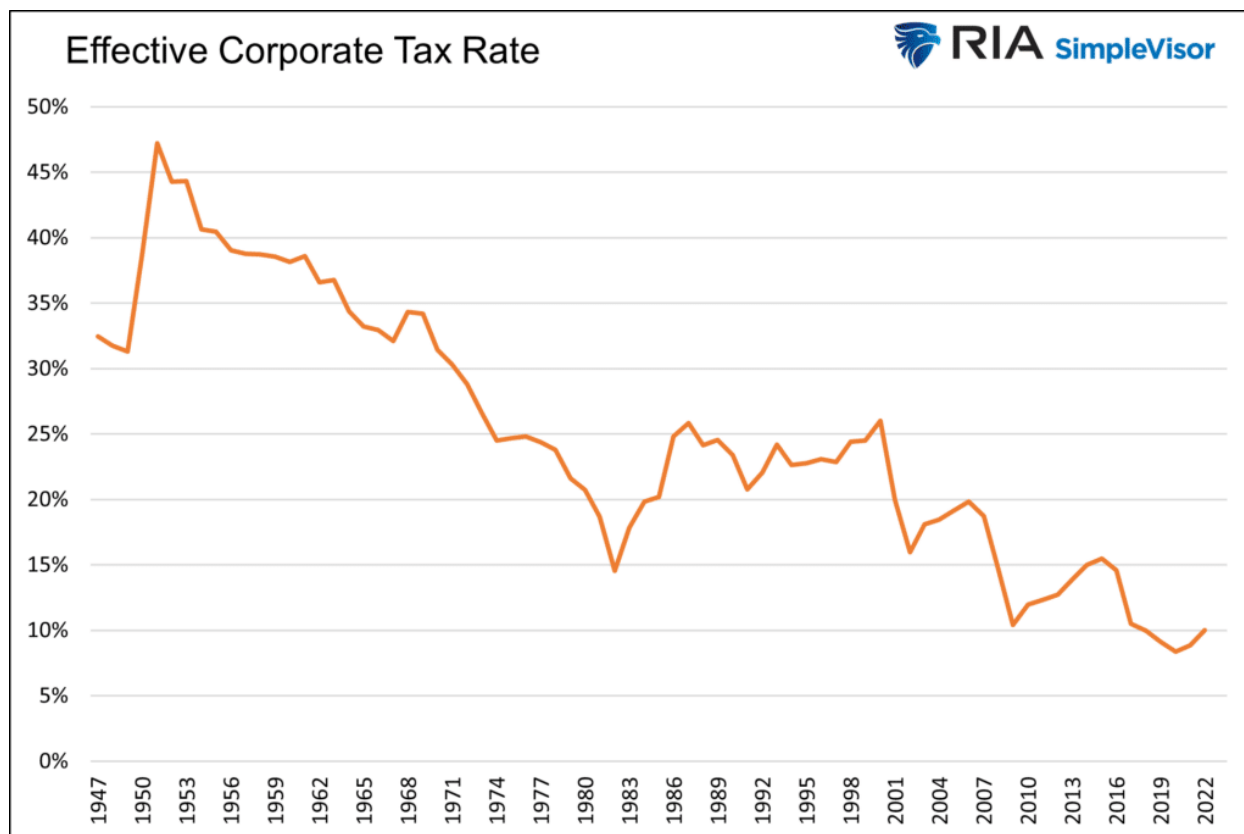
Figure 4: Corporate leverage



Per the Fed's article:

By 1989, the effective corporate tax rate?measured as aggregate tax expenses divided by aggregate pre-tax income?stood at 34 percent, having fallen from an average of 44 percent over the period 1962 to 1982. From 1989 to 2007, ending just prior to the financial crisis, effective corporate tax rates averaged 32 percent. They then drifted somewhat lower in the years immediately following the financial crisis. The next major step down occurred following the passage of the Tax Cuts and Jobs Act of 2017, which cut the statutory corporate tax rate from 35 percent to 21 percent. With this reform, effective corporate tax rates fell from 23 percent in 2016 to 15 percent in 2019.

The graph below shows effective corporate tax receipts as a percentage of pre-tax income are now around 10% versus 25% in the late 1980s.



Unsurprisingly, cheaper financing costs and lower tax rates lead to a substantial boost in corporate profitability. Michael Lebowitz profiles three high-profile, blue-chip companies to prove the Fed's analysis.

Proof Is In The Pudding

"To prove the benefit of lower interest and tax rates, we calculate how they helped improve profits for three large, well-known companies. The table below compares the debt levels, interest, and effective tax rates from 1990 to 2022 for McDonald's, Pepsi, and Clorox.

All three companies increased their debt load much more than their interest expenses due to lower rates. The effective interest rate decline was significant for McDonald's and Pepsi. While not as dramatic, Clorox had a meaningful decline. Similarly, the effective tax rates for the companies fell between 15% and 20%.

*Lower interest and tax rates had a meaningful impact on earnings, as shown at the bottom of the table. **Michael Smolyansky's estimate that interest and tax rates boosted earnings by about 40% in aggregate seems to be in the ballpark with our analysis.** The graphs below the table show the change in interest and tax rates for the three companies over the last 30 years." - Michael Lebowitz, CFA*

**Interest Rates**

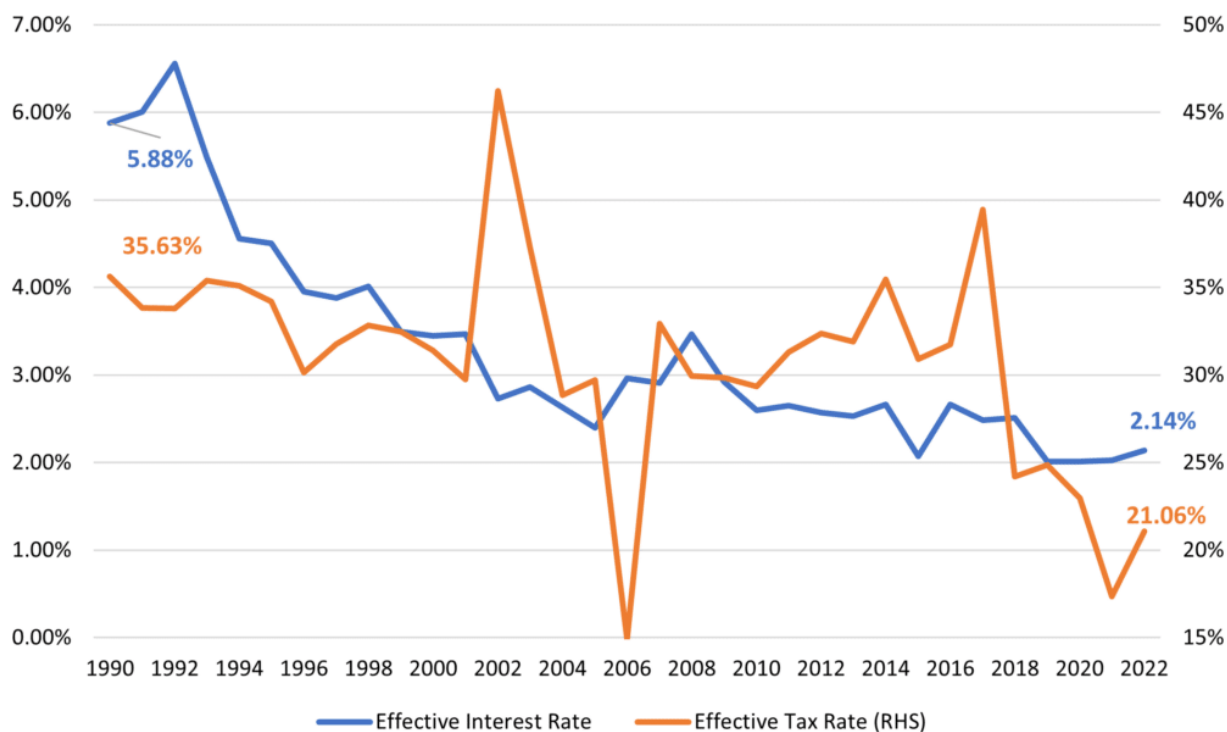
1990 Liabilities (\$bns)	6,485.20	12,239.20	818.41
2022 Liabilities (\$bns)	56,439.00	74,914.00	5,429.00
% Difference	770%	512%	563%
1990 Interest Expense (\$bns)	381.20	688.50	28.20
2022 Interest Expense (\$bns)	1,207.00	939.00	106.00
% Difference	217%	36%	276%
1990 Effective Interest Rate	5.88%	5.63%	3.45%
2022 Effective Interest Rate	2.14%	1.25%	1.95%
Difference	-3.74%	-4.37%	-1.49%

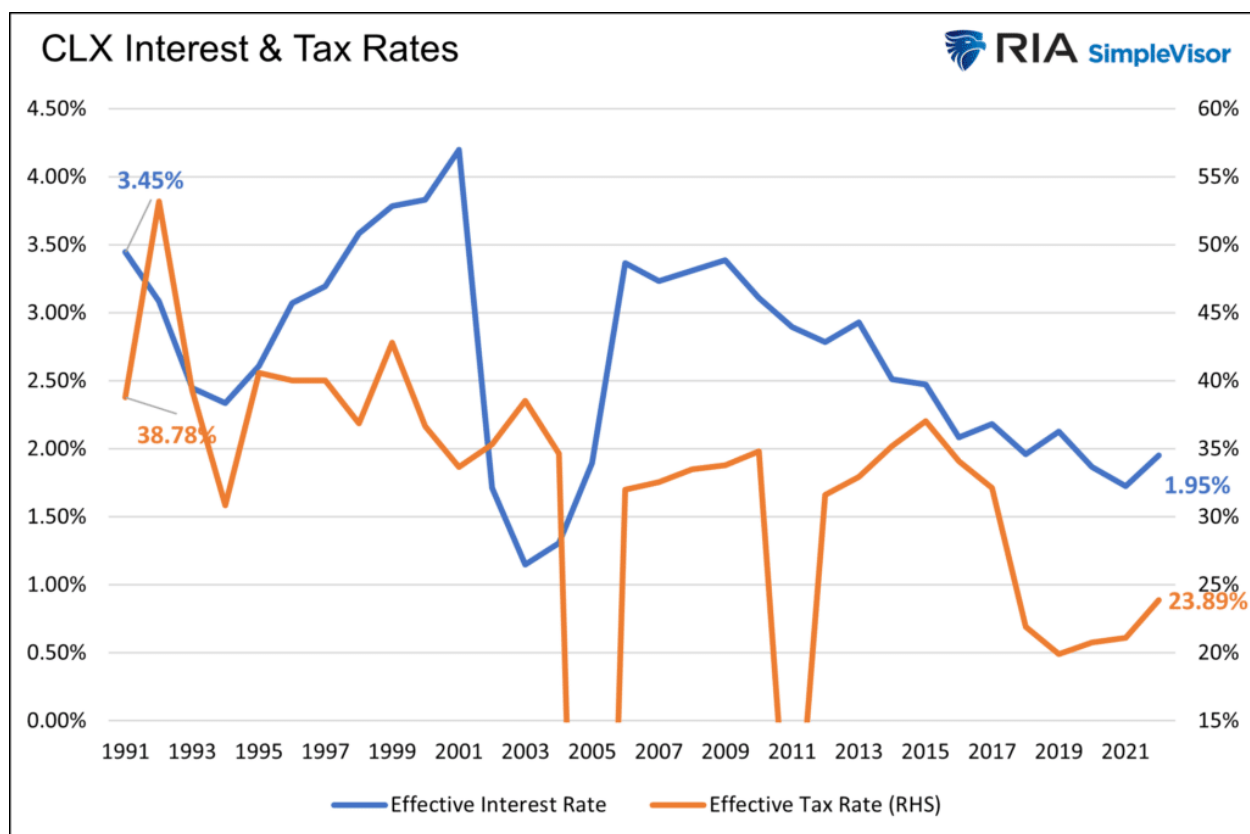
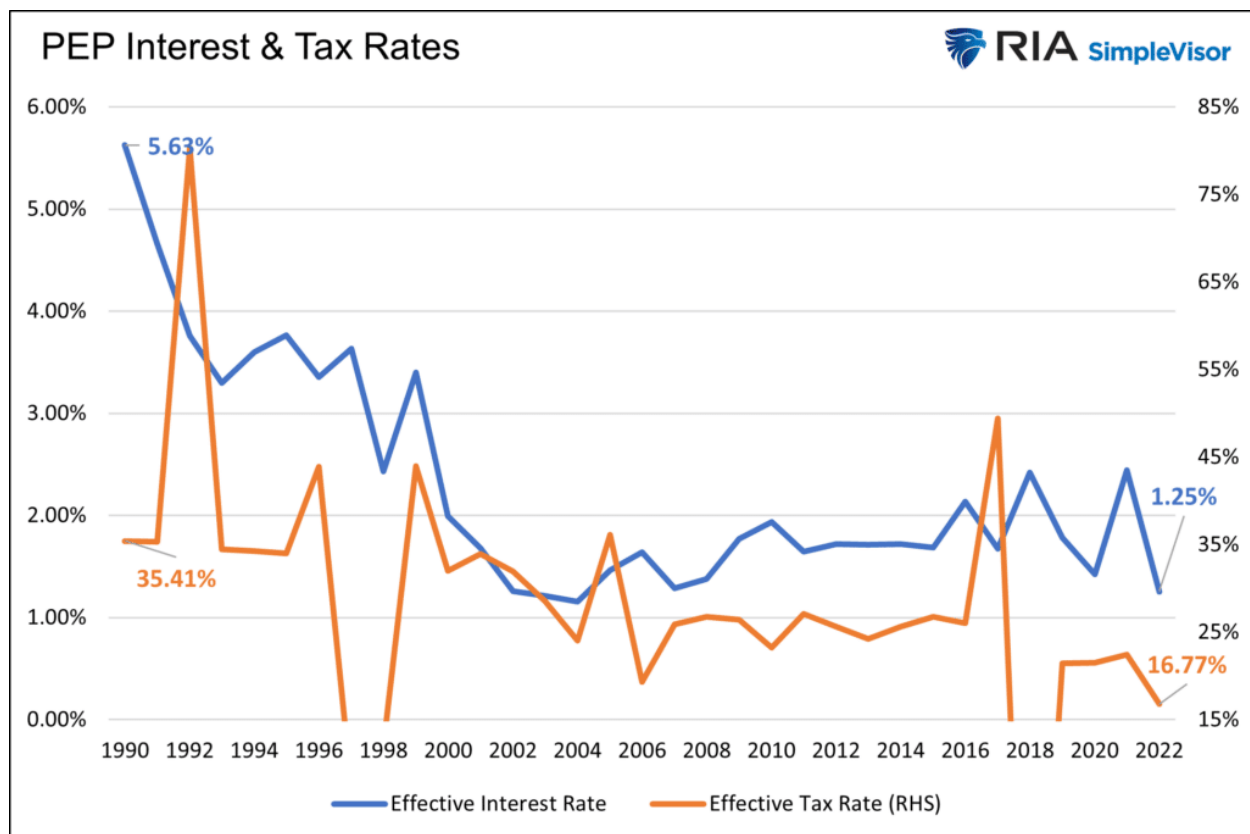
Tax Rate

1990 Effective Tax Rate	35.63%	35.41%	38.78%
2022 Effective Tax Rate	21.06%	16.77%	23.89%
Difference	-14.57%	-18.65%	-14.89%

Total Benefit

2022 Net Income	6,177.40	8,910.00	462.00
2022 Net Income using 1990 Rates and Taxes	2,927.08	3,638.70	290.57
% Income due to Lower rates/taxes	52.62%	59.16%	37.11%

MCD Interest & Tax Rates

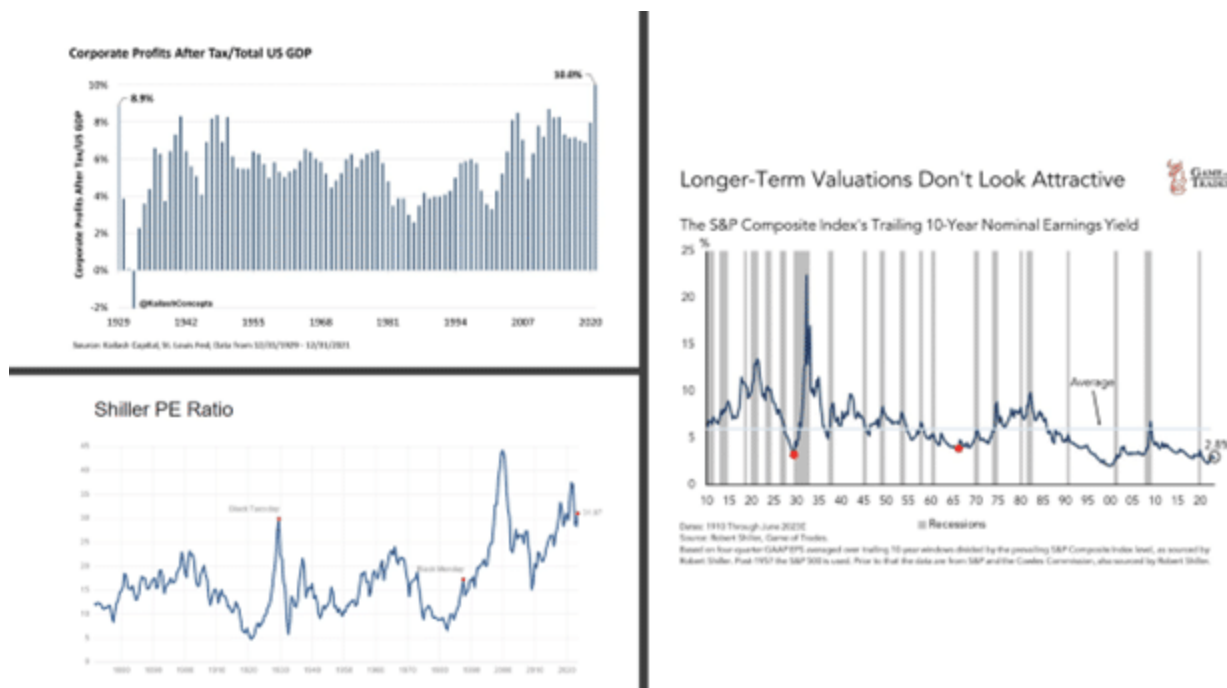


The End Of An Era For Corporate Profits?

*"While lower interest and tax rates boosted growth significantly, the ability for that to continue is negligible. **The end of a rewarding era for stocks is likely behind us.** Given that government deficits will continue to grow faster than the economy, it*

becomes increasingly unlikely that the government can afford to reduce corporate taxes. In fact, the odds favor raising taxes. Interest rates may fall back to the low levels of the last ten years. Still, unless rates go negative, there is little room on the margin for corporations to reduce their effective interest rate meaningfully.

Consequently, its likely corporate profit growth in aggregate will be closer to GDP growth rates in the future. The gap between GDP and profits we highlighted at the article's opening will likely close. **4%ish profit growth isn't bad. But current high valuations are predicated on solid profit growth. GDP-like growth is not forecasted and will likely weigh on stock prices.** Simply put, investors will not be willing to pay an above-average valuation for what will seem like below-average profit growth." - Michael Lebowitz, CFA



Per the Fed's End of an Era article:

"It may be tempting to assume that the exceptional stock market performance over the last three decades will continue indefinitely. My analysis, however, indicates otherwise. Both stock returns and corporate profit growth are very likely to be substantially lower in the future. This conclusion follows from the minimal assumption that interest rates and effective corporate tax rates have very little scope to fall below 2019-levels."

The tailwinds of the last thirty years propelling profit growth by about 3% more than GDP are likely over. Without said help, profits are likely to track nominal GDP. However, we must remember that higher interest and tax rates are not out of the question. 4% profit growth may be the upside with a meaningful downside if interest rates stay around current levels and or tax rates increase.

The question is whether investors will not be willing to pay an above-average valuation for what will seem like below-average profit growth.

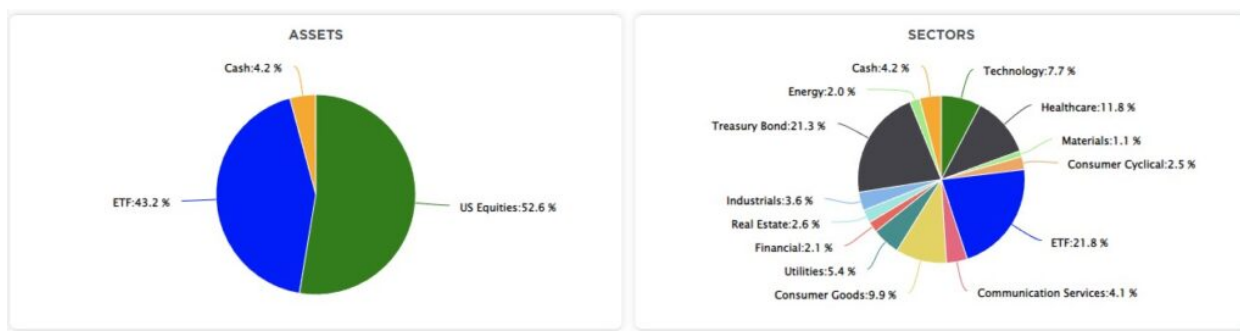
How We Are Trading It

This week's analysis by Michael Lebowitz is essential to consider. However, it will play out over the next two decades and not in the next year or two. As is always the case, valuations are terrible market timing tools but strong indicators of future returns. As investors, we must manage the short-term market swings driven by liquidity and sentiment. However, that positioning must also get balanced against the long-term fundamental market supports.

This past week, as noted above, the weaker inflation print gave the bulls another reason to increase equity exposure on the continued hope that weaker inflation data will eventually lead to lower interest rates. I am not sure the Federal Reserve agrees with the market views, and the July FOMC meeting could be a face-off event between Jerome Powell and the market bulls.

For now, the bullish trend continues as market participants are anticipated a robust earnings season. The next few weeks could be a "make or break" moment for the bulls, mainly if reality falls short of expectations.

While we have increased our equity exposure over the last three weeks, we remain underweight overall. As I noted last week, while the more cautious positioning will protect the portfolio from any short-term market declines, it also penalizes our performance this year after last year's significant outperformance. We suspect we will get an opportunity, particularly as we move into 2024, to make up that performance gap and rebalance risk tolerances accordingly. But sometimes, being patient for the right opportunity is the most challenging part of investing.



Continue taking action in portfolios accordingly, depending on your risk tolerance and goals. Just remember that no one ever went broke taking a profit.

Have a great weekend.

Research Report

Real Investment Daily



Market Cycles And Why The Bull Isn't Dead

Written by Lance Roberts | Jul 14, 2023 | Investing

There is much debate as of late on the current market cycle. Is it a bear market? Maybe. But what i...

[> Read More](#)

Subscribe To "Before The Bell" For Daily Trading Updates (Formerly 3-Minutes)


We have set up a separate channel JUST for our short daily market updates. **Please subscribe to THIS CHANNEL** to receive daily notifications before the market opens.

[Click Here And Then Click The SUBSCRIBE Button](#)

<https://www.youtube.com/watch?v=ga0EkmNE7CQ>

[Subscribe To Our Youtube Channel](#) To Get Notified Of All Our Videos

Bull Bear Report Market Statistics & Screens



Don't invest alone.
Tap into the power of **SimpleVisor**.


[Sign up now](#)


SimpleVisor Top & Bottom Performers By Sector

Healthcare					Industrials					Consumer Cyclical					Technology				
UNH	ELV	CI	LLY	MOH	CPRT	AOS	CARR	EFX	FAST	DHI	PHM	TSLA	LEN	LVS	PAYC	AMD	FTNT	SNPS	FICO
7.25%	5.5%	4.52%	3.14%	3.14%	2.65%	1.34%	1.2%	1.05%	1.04%	2.15%	1.95%	1.95%	1.89%	1.4%	1.44%	1.41%	1.41%	1.38%	1.24%
CNC	HUM	ISRG	RMD	ABBV	VRSK	DE	ADP	RHI	CTAS	NVR	AMZN	ROL	BKNG	GPC	CTSH	MTCH	ORCL	AMAT	MSFT
3.1%	2.69%	1.95%	1.9%	1.89%	0.85%	0.78%	0.68%	0.55%	0.49%	1.09%	1.02%	0.73%	0.69%	0.61%	1.18%	1.15%	1.13%	1.11%	1.11%
REGN	BIO	OGN	XRAY	VTRS	IEX	PNR	AAL	LUV	TXT	BBWI	VFC	TPR	WHR	BWA	ANET	HPQ	ENPH	CSCO	ADI
-0.32%	-0.45%	-0.68%	-0.75%	-0.87%	-1.53%	-1.53%	-1.79%	-2.01%	-2.07%	-1.71%	-1.78%	-1.9%	-1.94%	-1.97%	-2.08%	-2.12%	-2.2%	-2.31%	-2.38%
GEN	HSIC	ILMN	WBA	MRNA	GNRC	URI	DAL	ALK	UAL	MHK	HLT	CCL	NCLH	POOL	FSLR	HPE	ZBRA	JNPR	GLW
-1.02%	-1.15%	-1.4%	-1.61%	-4.16%	-2.58%	-2.84%	-3%	-3.05%	-3.15%	-2.19%	-2.36%	-3.07%	-3.91%	-4.91%	-2.46%	-2.68%	-3.01%	-5.83%	-6.31%
Financial					Consumer Goods					Utilities					Materials				
RE	PGR	CBOE	CME	SPGI	HRL	COST	MNST	TAP	STZ	ETR	AWK	PNW	AEE	CMS	ECL	LIN	MLM	SHW	APD
2.93%	1.62%	1.26%	0.99%	0.91%	1.47%	1.12%	1.04%	0.91%	0.84%	0.64%	0.34%	0.24%	0.14%	0.1%	0.91%	0.33%	0.25%	0.25%	0.03%
MCO	MA	MSCI	JPM	MMC	KO	KDP	PG	EL	BF-B	ES	XEL	AEP	WEC	CEG	VMC	NEM	CF	DD	FMC
0.59%	0.45%	0.35%	0.27%	0.26%	0.8%	0.68%	0.66%	0.54%	0.5%	0.07%	0.02%	0.01%	0.01%	-0.02%	-0.11%	-0.13%	-0.2%	-0.7%	-0.7%
CFG	BEN	IVZ	C	KEY	CPB	PM	KR	BG	TSN	ED	EXC	CNP	SRE	EIX	PPG	MOS	STLD	NUE	LYB
-2.2%	-2.76%	-3.14%	-3.15%	-3.3%	-0.27%	-0.4%	-0.65%	-0.72%	-0.89%	-0.39%	-0.57%	-0.61%	-0.61%	-0.65%	-1.23%	-1.4%	-1.42%	-1.44%	-1.46%
ALL	ZION	NTRS	BK	STT	ADM	DG	CAG	TGT	NWL	ATO	NI	AES	PCG	NRG	EMN	DOW	FCX	ALB	CE
-3.33%	-3.39%	-4.98%	-6.23%	-10.33%	-1.05%	-1.18%	-1.22%	-1.38%	-2.07%	-0.66%	-0.73%	-0.92%	-0.94%	-1.53%	-1.53%	-1.96%	-1.98%	-2%	-2.18%
Real Estate					Energy					Communication Services									
AVB	EXR	PSA	ARE	EQR	FI	EGT	SLB	MPC	BKR	ATVI	LYV	GOOG	TTWO	EA					
0.65%	0.64%	0.37%	0.27%	0.21%	-0.81%	-1.15%	-1.17%	-1.28%	-1.31%	1.44%	1.12%	0.44%	0.44%	0.25%					
DLR	VICI	CSGP	PLD	EQIX	VLO	TRGP	KMI	PSX	OKE	META	NWS	NWSA	IPG	TMUS					
0.19%	0.14%	0.12%	0.05%	0.03%	-1.44%	-1.84%	-1.93%	-2.11%	-2.19%	-0.23%	-0.39%	-0.47%	-0.49%	-0.63%					
WY	FRT	SPG	AMT	VTR	PXD	FANG	HES	COP	CTRA	OMC	CHTR	NFLX	FOXA	FOX					
-0.94%	-0.95%	-0.98%	-1.04%	-1.14%	-2.53%	-2.78%	-2.84%	-2.93%	-3.12%	-0.84%	-0.96%	-1.14%	-1.29%	-1.45%					
KIM	BXP	CBRE	WELL	HST	OXY	XOM	DVN	MRO	APA	DIS	VZ	PARA	WBD	T					
-1.23%	-1.29%	-1.33%	-1.36%	-2.33%	-3.13%	-3.43%	-3.56%	-3.8%	-4.77%	-1.54%	-1.69%	-3.6%	-3.7%	-4.07%					

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	2.99%	18.89%	17.48%	(7.44%)
Max Drawdown	(27.47%)	(19.37%)	(9.00%)	(53.52%)
Sharpe	0.13	0.96	2.29	1.38
Sortino	0.20	1.57	3.86	1.46
Volatility	19.63	19.26	14.10	(0.27)
Daily VaR-5%	(27.27)	(8.99)	14.24	(2.58)
Mnthly VaR-5%	(26.77)	(12.18)	17.10	(2.40)

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	1.27%	1.58%	1.41%	(11.91%)	2.14%	1.20%	(34.20%)	17.16%	Shares	3,752.4	3,663.1	(2.38%)
P/E Ratio	28.92	17.87	21.16	15.54%	2899%	1649%	(27.0%)	28.35%	Sales	104,061	111,483	7.13%
P/S Ratio	4.71	3.51	3.92	10.31%	4.98	3.23	(21.38%)	21.29%	SPS	27.7	30.4	9.75%
P/B Ratio	6.39	5.35	6.03	11.41%	6.76	4.31	(10.78%)	40.04%	Earnings	20,123	17,920	(10.95%)
ROE	26.64%	28.29%	25.68%	(10.15%)	29.59%	19.25%	(13.20%)	33.40%	EPS TTM	5.6	5.6	0.41%
ROA	6.00%	6.49%	5.97%	(8.82%)	6.72%	4.48%	(11.21%)	33.24%	Dividend	1.6	1.7	6.63%

S&P 500 Asset Allocation

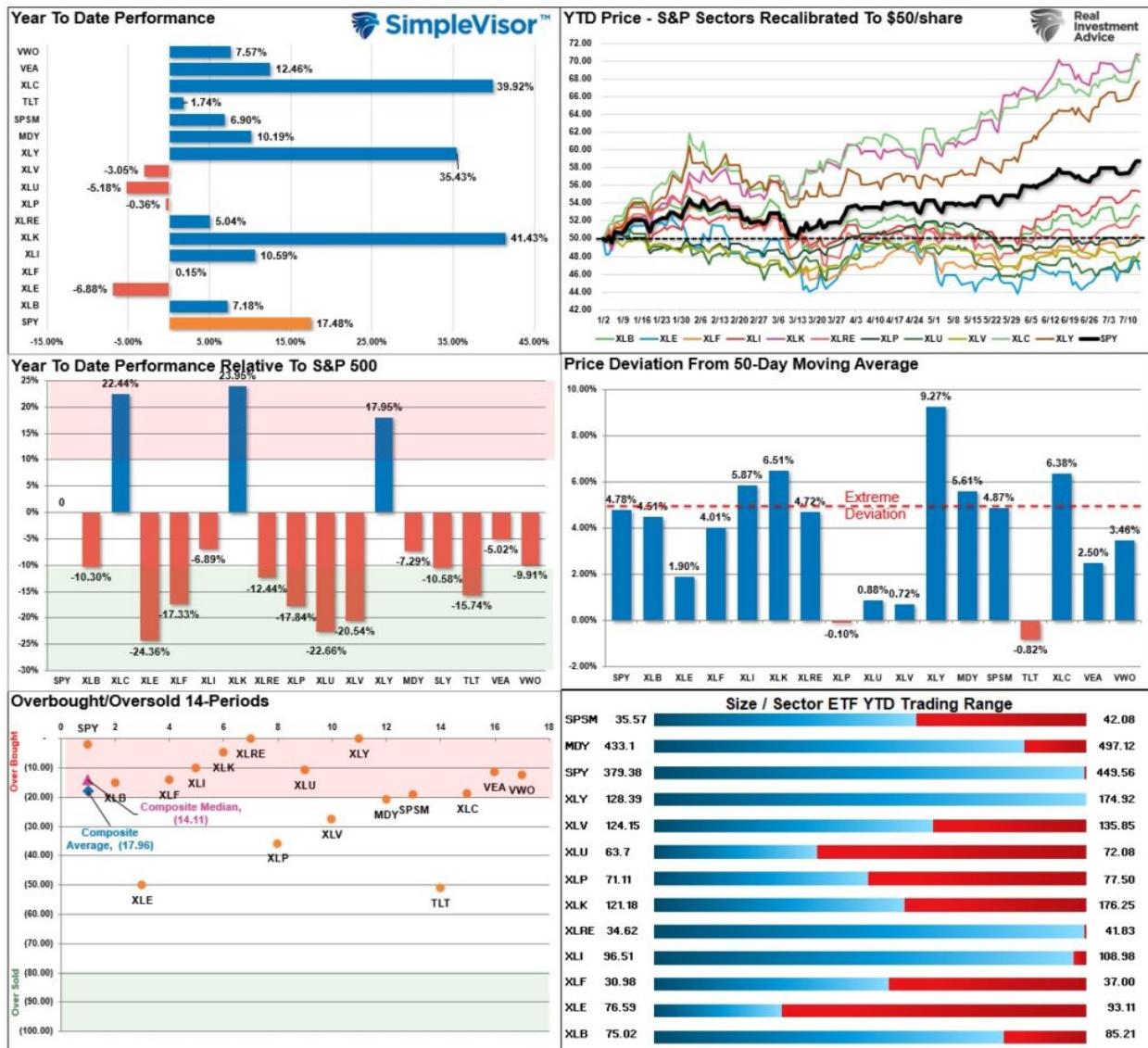
Sector	1 Year Price Return	Weight	Beta	P/E	P/E High-5yr (Mo.)	P/E Low-5Yr (Mo.)	P/E % From Peak	ROE	DIV. YIELD	TTM Earnings Yield	Current Forward Earnings	Forward PE
Energy	20.26%	4.22%	1.41	7.61	93.64	(357.54)	(91.9%)	28.4%	3.2%	12.85%	7.17	10.56
Materials	18.46%	2.49%	1.14	15.78	26.87	11.36	(41.3%)	14.8%	2.0%	6.30%	5.13	17.66
Industrials	25.05%	8.56%	1.16	21.96	54.65	14.97	(59.8%)	23.1%	1.7%	4.54%	7.03	18.93
Discretionary	22.35%	10.77%	1.41	34.86	63.99	22.24	(45.5%)	11.6%	0.7%	2.88%	4.44	28.26
Staples	3.31%	6.56%	0.58	21.77	22.79	17.34	(4.5%)	30.2%	2.5%	4.61%	4.81	20.24
Health Care	3.42%	13.03%	0.68	17.07	19.74	14.84	(13.5%)	34.6%	1.7%	5.90%	8.05	17.55
Financials	13.50%	12.58%	1.12	15.42	21.40	12.66	(27.9%)	12.0%	1.8%	6.40%	7.26	13.67
Technology	38.97%	28.11%	1.19	33.61	32.20	15.43	4.4%	67.6%	0.8%	2.96%	6.23	29.58
Telecom	17.07%	8.46%	0.98	23.15	28.39	15.55	(18.5%)	21.1%	0.5%	4.31%	5.17	18.06
Utilities	(2.46%)	2.62%	0.64	19.51	21.24	15.56	(8.2%)	10.9%	3.2%	5.12%	3.39	16.96
Real Estate	(1.91%)	2.54%	0.99	18.09	26.21	16.73	(31.0%)	7.5%	3.4%	5.55%	4.71	17.40

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	449.28	8.88%	429.12	50	4.70%	403.96	82	11.22%	6.23%	(0.46%)	29.06%	Buy
Mid Cap	487.89	8.54%	462.23	31	5.55%	456.86	31	6.79%	1.18%	(2.32%)	22.55%	Buy
Small Cap	39.52	8.39%	37.71	31	4.81%	38.01	14	3.96%	(0.81%)	(6.48%)	17.17%	Sell

Relative Performance Analysis

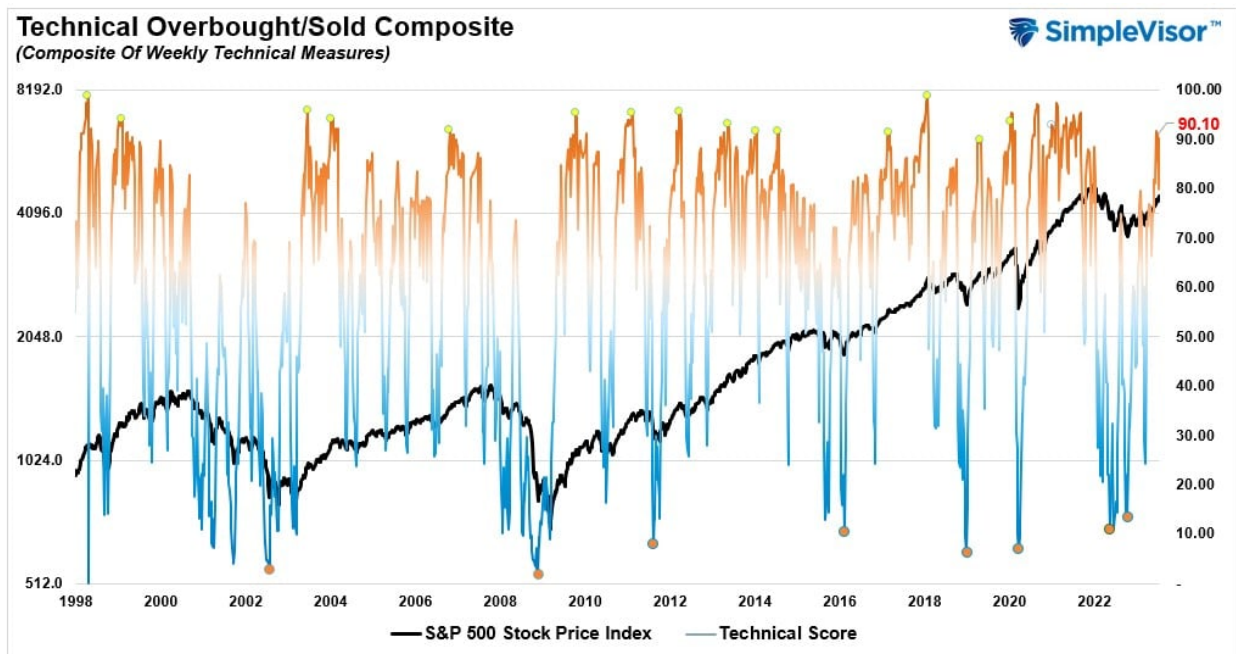
Last week we noted the market bounced rather strongly amid high levels of complacency, taking the market to a new 52-week high this past week. However, that bounce pushed much of the broad market complex back into extreme short-term overbought conditions. Such suggests more consolidation is needed, but any dips to support levels should be bought. Three sectors continue to drive performance YTD, mostly comprised of just seven (7) stocks. While the rally has broadened somewhat in recent weeks, most sectors and markets are woefully underperforming the broader market index.



Technical Composite

The technical overbought/sold gauge comprises several price indicators (R.S.I., 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.**

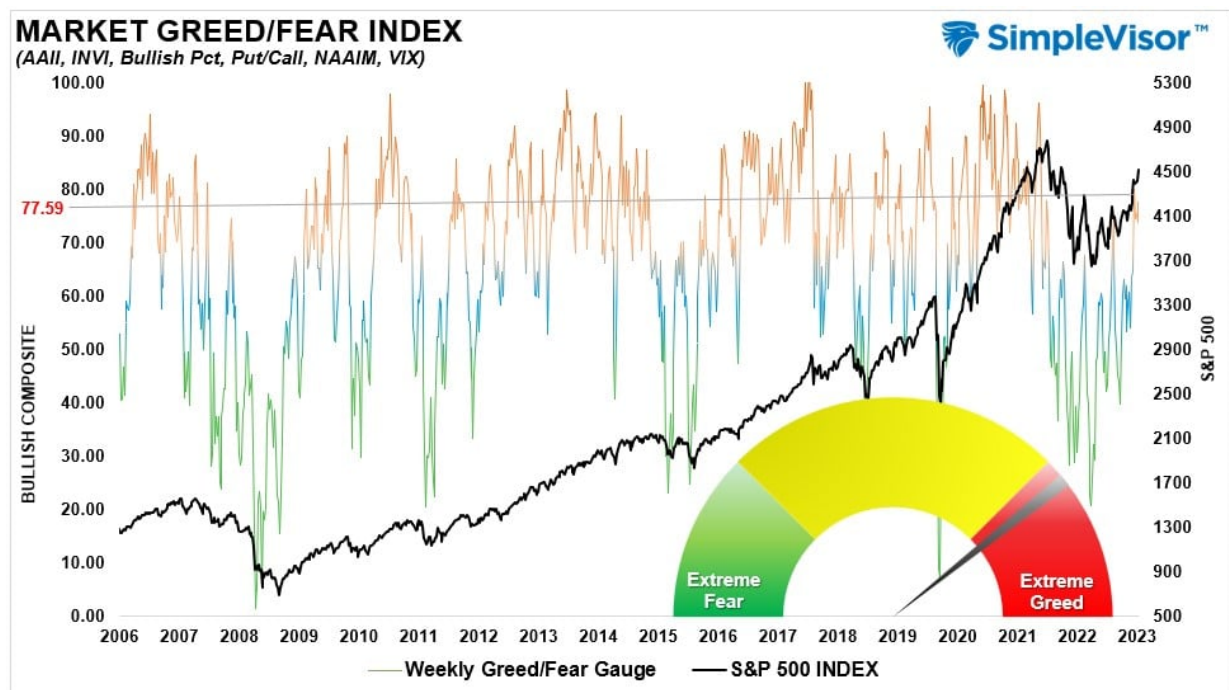
The current reading is 90.10 out of a possible 100.



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 77.59 out of a possible 100.



Relative Sector Analysis

Relative Analysis of Sectors against SPY					
(click sector symbol for sector details including a relative analysis of its top ten holdings)					
Consumer Staples (XLP) -0.65 >>	Health Care (XLV) -0.58 >>	Utilities (XLU) -0.36 >>	Energy (XLE) -0.30 >>	Financial (XLF) -0.22 >>	Materials (XLB) -0.11 >>
Real Estate (XLRE) -0.11 >>	Transportation (XTN) 0.04 >>	Industrials (XLI) 0.09 >>	Technology (XLK) 0.32 >>	Consumer Discretionary (XLY) 0.48 >>	Communication Services (XLC) 0.52 >>
Overbought - could be a good time to reduce holdings. Oversold - could be a good time to increase holdings					
<p>About Relative Analysis</p> <p>This analysis uses the price ratio of two securities to establish a relative technical score. 13 technical measures are applied to the ratio to determine the score. The score tells us how one stock compares to another stock. We like to compare sector ETFs to the S&P 500 to help assess relative strength or weakness of the sectors.</p> <p>Quite often scores of +.75 or greater are good times to reduce holdings and -.75 are good times to buy. However, scores can stay extremely overbought or sold for a few weeks so at times patience is required.</p>					

Absolute Sector Analysis

Absolute Analysis of Sectors					
(click sector symbol for sector details including an absolute analysis of its top ten holdings)					
Health Care (XLV) 0.07 >>	Utilities (XLU) 0.10 >>	Energy (XLE) 0.18 >>	Consumer Staples (XLP) 0.19 >>	Transportation (XTN) 0.45 >>	Financial (XLF) 0.47 >>
Technology (XLK) 0.55 >>	Real Estate (XLRE) 0.56 >>	Materials (XLB) 0.58 >>	Industrials (XLI) 0.67 >>	Consumer Discretionary (XLY) 0.83 >>	Communication Services (XLC) 0.83 >>
Overbought - could be a good time to reduce holdings. Oversold - could be a good time to increase holdings					
<p>About Absolute Analysis</p> <p>This analysis uses the price of the securities to establish an absolute technical score. 13 technical measures are applied to the price data to determine the score.</p> <p>Quite often scores of +.75 or greater are good times to reduce holdings and -.75 are good times to buy. However, scores can stay extremely overbought or sold for a few weeks so at times patience is required.</p>					

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.
- "MA 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.

While the market continues to rise, with weekly performance much improved from last year, there are increasingly more sectors and markets trading well above longer-term moving averages, which tends to suggest a short-term correction is likely. Gold miners and emerging markets are very overbought due to the oversold condition of the dollar. Those will likely revert in the weeks ahead. Overall the market is extremely stretched, so a correction remains probable. Some profit-taking is advised in areas most deviated from the long-term moving averages.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG WMA	MONTH END	REL S&P	RISK RANGE		% DEV -	% DEV -	MIA 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	451.65	2.46	2.27	9.12	10.79	15.67	426.86	410.24	445.71	1.00	456.85	434.57	6%	16%	BULLISH
XLB	SPDR-MATLS SELS	83.26	0.03	(0.42)	(5.95)	(10.96)	(1.09)	79.80	80.40	82.87	1.07	85.83	79.91	4%	4%	BEARISH
XLG	SPDR-COMM SV SS	67.15	0.77	1.42	7.27	10.66	4.52	62.07	56.58	65.08	1.01	67.37	62.79	8%	19%	BULLISH
XLK	SPDR-TECH SELS	81.45	(1.64)	(1.54)	(13.28)	(21.51)	2.08	80.79	84.13	81.17	1.36	84.30	78.04	1%	-3%	BEARISH
XLH	SPDR-FINL SELS	34.25	(0.50)	(0.27)	(6.02)	(16.31)	(8.89)	32.90	33.92	33.71	1.07	34.91	32.51	4%	1%	BEARISH
XLJ	SPDR-TECH SELS	175.99	0.33	(0.65)	9.98	17.95	16.28	161.61	145.98	173.86	1.12	180.16	167.56	9%	21%	BULLISH
XLJ	SPDR-INDU SELS	108.61	(0.19)	0.73	(1.17)	(3.41)	8.40	101.99	100.87	107.32	1.12	111.20	103.44	0%	8%	BULLISH
XLK	SPDR-CONS STPL	74.28	(1.35)	(2.79)	(12.11)	(8.84)	(14.83)	74.84	74.39	74.17	0.58	76.46	71.88	-1%	0%	BULLISH
XLRE	SPDR-RE SELS	38.79	0.18	0.65	(4.79)	(14.66)	(22.06)	37.06	37.74	37.69	0.84	38.95	36.43	5%	3%	BEARISH
XLU	SPDR-UTIL SELS	66.85	(0.23)	(2.94)	(13.10)	(13.75)	(20.84)	66.87	68.09	65.44	0.52	67.41	63.47	0%	-2%	BEARISH
XLV	SPDR-HLTH CR	131.70	(0.37)	(2.65)	(11.06)	(11.67)	(15.51)	131.36	132.27	132.73	0.70	136.97	128.49	0%	0%	BEARISH
XLV	SPDR-CONS DISCR	174.92	0.82	2.86	9.57	7.48	4.10	157.16	147.61	169.81	1.19	176.08	163.54	14%	19%	BULLISH
XTN	SPDR-SP TRANSPT	84.15	(2.03)	3.02	5.91	(0.64)	5.41	76.31	74.35	83.74	1.35	86.96	80.52	10%	13%	BULLISH
SDY	SPDR-SP DIV ETF	122.99	(0.39)	(2.43)	(10.30)	(14.62)	(13.60)	121.97	124.61	122.58	0.86	126.70	118.46	1%	-1%	BEARISH
RSP	INVS-SP5 EQ ETF	152.06	(0.08)	(0.10)	(4.20)	(9.96)	(4.73)	145.06	145.38	149.64	1.06	154.97	144.31	5%	5%	BEARISH
SPSM	SPDR-PRT SC	39.52	0.64	0.49	(2.60)	(11.85)	(7.80)	37.46	38.17	38.84	1.14	40.26	37.42	0%	4%	BEARISH
MDY	SPDR-SP MC 400	407.89	0.21	1.42	(2.17)	(8.65)	(0.50)	459.83	460.60	478.91	1.13	496.29	461.53	0%	0%	BEARISH
EEM	ISHARS-EMG MKT	41.01	1.65	(1.95)	(4.00)	(13.84)	(10.51)	39.42	39.37	39.56	0.74	40.84	38.28	4%	4%	BULLISH
EFA	ISHARS-EAFE	73.86	1.71	(1.63)	(8.81)	(7.64)	3.63	72.59	70.44	72.50	0.86	74.93	70.07	2%	5%	BULLISH
IAU	ISHARS-GOLD TR	37.02	(0.93)	(2.38)	(10.64)	(9.51)	(2.41)	37.25	36.17	36.39	0.14	37.35	35.43	-1%	2%	BULLISH
GOX	VANECK-GOLD MNR	31.96	6.86	(0.45)	(14.03)	(11.88)	8.23	31.96	30.89	30.11	0.75	31.69	29.13	0%	3%	BULLISH
UIP	INVS-DB US\$ BU	27.62	(4.62)	(4.15)	(9.59)	(10.25)	(20.96)	28.14	28.07	28.38	(0.16)	29.05	27.71	-2%	-2%	BULLISH
BOND	PIMCO-ACTV BOND	91.50	(0.87)	(2.58)	(10.14)	(13.17)	(20.60)	91.86	92.09	91.62	0.17	94.07	89.17	0%	-1%	BEARISH
TLT	ISHARS-20+YTB	101.29	(0.23)	(3.55)	(12.10)	(15.87)	(29.45)	102.77	103.96	102.94	0.06	105.57	100.31	-1%	-3%	BEARISH
BNDX	VANGD-TTL INT B	48.61	(1.67)	(2.33)	(8.90)	(10.79)	(19.68)	48.67	48.58	48.88	0.13	50.17	47.59	0%	0%	BULLISH
HYG	ISHARS-IBX HYCB	75.10	(0.77)	(2.04)	(8.98)	(12.19)	(17.20)	74.57	74.74	75.07	0.43	77.27	72.87	1%	0%	BEARISH



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)

R.S.I. Screen

Scan Result: 20 Item(s) found													
<div>Tables</div> <div>OverviewTechnicalFundamentalsPerformancePerformance Chart</div>													
Symbol ↑↓	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ↑↓	Piotroski ↑↓	SV Rank ↑↓	Yield% ↑↓	
ADBE	Technology	10/10	\$518.80	\$485.60(-6.84%)	79.75	\$474.76(9.28%)	\$410.97(26.24%)	\$386.01(34.40%)	6	7	3	%	
ALGN	Healthcare	10/10	\$369.82	\$213.76(-73.01%)	69.80	\$323.47(14.33%)	\$318.21(16.22%)	\$305.46(21.07%)	6	5	4	%	
AMD	Technology	10/10	\$117.55	()	53.94	\$114.42(2.74%)	\$110.89(6.01%)	\$99.88(17.69%)	5	7	1	%	
AVGO	Technology	10/10	\$891.49	\$1,033.46(13.74%)	68.11	\$861.03(3.54%)	\$770.08(15.77%)	\$693.30(28.59%)	3	8	2	2.13%	
CCL	Consumer Cyclical	10/10	\$17.21	()	64.66	\$16.37(5.10%)	\$12.61(36.44%)	\$11.60(48.32%)	1	—	3	%	
CMG	Consumer Cyclical	10/10	\$2,059.81	\$984.99(-109.12%)	66.21	\$2,066.56(-0.33%)	\$1,986.71(3.68%)	\$1,797.71(14.58%)	1	7	3	%	
CRM	Technology	10/10	\$229.28	\$191.19(-19.92%)	69.45	\$213.49(7.40%)	\$209.84(9.26%)	\$198.07(15.76%)	6	—	3	%	
DVA	Healthcare	9/10	\$103.42	\$86.05(-20.19%)	64.77	\$97.46(6.12%)	\$90.53(14.24%)	\$84.53(22.35%)	1	8	3	%	
FTNT	Technology	10/10	\$79.35	\$68.08(-16.55%)	64.32	\$70.87(11.97%)	\$68.01(16.67%)	\$64.77(22.51%)	—	7	3	%	
GE	Industrials	10/10	\$110.38	\$96.84(-13.98%)	68.77	\$106.44(3.70%)	\$102.74(7.44%)	\$95.43(15.67%)	1	5	5	0.32%	
LRCX	Technology	10/10	\$642.13	()	56.88	\$616.42(4.17%)	\$562.33(14.19%)	\$531.18(20.89%)	4	—	3	1.10%	
META	Communication Services	10/10	\$312.68	\$259.08(-20.69%)	66.66	\$279.40(11.91%)	\$257.35(21.50%)	\$226.10(38.29%)	—	—	—	%	
MPWR	Technology	10/10	\$572.69	\$484.63(-18.17%)	69.29	\$520.01(10.13%)	\$481.13(19.03%)	\$462.21(23.90%)	7	6	3	0.76%	
NVDA	Technology	10/10	\$464.03	\$130.24(-256.29%)	73.01	\$425.49(9.06%)	\$371.48(24.91%)	\$313.59(47.97%)	0	6	2	0.04%	
PANW	Technology	10/10	\$238.90	\$165.16(-44.65%)	52.90	\$242.22(-1.37%)	\$215.35(10.94%)	\$202.07(18.23%)	5	4	3	%	
PHM	Consumer Cyclical	10/10	\$81.92	()	74.59	\$75.40(8.65%)	\$69.75(17.45%)	\$62.34(31.41%)	4	7	2	0.89%	
RCL	Consumer Cyclical	10/10	\$98.02	\$78.82(-24.36%)	58.79	\$99.78(-1.76%)	\$88.36(10.93%)	\$76.90(27.46%)	1	—	4	%	
TSLA	Consumer Cyclical	10/10	\$283.33	\$303.36(6.60%)	67.85	\$257.32(10.11%)	\$210.26(34.75%)	\$200.08(41.61%)	4	7	1	%	
TTWO	Communication Services	10/10	\$149.94	\$83.73(-79.08%)	68.21	\$141.34(6.08%)	\$132.95(12.78%)	\$121.64(23.27%)	3	5	3	%	
WST	Healthcare	10/10	\$384.48	\$207.98(-84.86%)	65.61	\$354.86(8.35%)	\$353.24(8.84%)	\$309.05(24.41%)	0	8	2	0.21%	

Momentum Screen

Scan Result: 20 Item(s) found													
<div>Tables</div> <div>OverviewTechnicalFundamentalsPerformancePerformance Chart</div>													
Symbol ↑↓	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ↑↓	Piotroski ↑↓	SV Rank ↑↓	Yield% ↑↓	
ADBE	Technology	10/10	\$518.80	\$485.60(-6.84%)	79.75	\$474.76(9.28%)	\$410.97(26.24%)	\$386.01(34.40%)	6	7	3	%	
ALGN	Healthcare	10/10	\$369.82	\$213.76(-73.01%)	69.80	\$323.47(14.33%)	\$318.21(16.22%)	\$305.46(21.07%)	6	5	4	%	
AVGO	Technology	10/10	\$891.49	\$1,033.46(13.74%)	68.11	\$861.03(3.54%)	\$770.08(15.77%)	\$693.30(28.59%)	3	8	2	2.13%	
CMG	Consumer Cyclical	10/10	\$2,059.81	\$984.99(-109.12%)	66.21	\$2,066.56(-0.33%)	\$1,986.71(3.68%)	\$1,797.71(14.58%)	1	7	3	%	
GWW	Industrials	10/10	\$760.04	\$637.27(-19.26%)	74.16	\$706.15(7.63%)	\$685.12(10.94%)	\$656.57(15.76%)	5	6	2	0.99%	
MPWR	Technology	10/10	\$572.69	\$484.63(-18.17%)	69.29	\$520.01(10.13%)	\$481.13(19.03%)	\$462.21(23.90%)	7	6	3	0.76%	
NOW	Technology	10/10	\$581.22	\$477.21(-21.79%)	65.44	\$556.16(4.50%)	\$510.83(13.78%)	\$470.69(23.48%)	7	5	3	%	
NVDA	Technology	10/10	\$464.03	\$130.24(-256.29%)	73.01	\$425.49(9.06%)	\$371.48(24.91%)	\$313.59(47.97%)	0	6	2	0.04%	
NXPI	Technology	10/10	\$213.96	()	75.31	\$196.18(9.06%)	\$179.66(19.09%)	\$180.32(18.66%)	6	7	2	2.10%	
ROK	Industrials	10/10	\$340.11	\$130.75(-160.12%)	73.81	\$319.41(6.48%)	\$294.57(15.46%)	\$286.83(18.57%)	—	5	3	1.51%	
TDG	Industrials	10/10	\$881.26	\$250.37(-251.98%)	70.32	\$850.68(3.59%)	\$802.07(9.87%)	\$747.16(17.95%)	5	8	3	%	
WST	Healthcare	10/10	\$384.48	\$207.98(-84.86%)	65.61	\$354.86(8.35%)	\$353.24(8.84%)	\$309.05(24.41%)	0	8	2	0.21%	
DPZ	Consumer Cyclical	9/10	\$384.73	\$219.58(-75.21%)	80.16	\$329.06(16.92%)	\$319.33(20.48%)	\$327.85(17.35%)	6	5	4	1.58%	
EQIX	Real Estate	8/10	\$801.71	\$186.59(-329.66%)	64.32	\$773.12(3.70%)	\$739.58(8.40%)	\$722.99(10.89%)	1	5	3	1.78%	
INTU	Technology	8/10	\$485.51	\$493.95(1.71%)	64.92	\$450.97(7.66%)	\$441.19(10.05%)	\$430.29(12.83%)	8	5	2	0.69%	
PAYC	Technology	8/10	\$354.70	\$227.98(-55.58%)	75.17	\$319.65(10.97%)	\$300.59(18.00%)	\$302.61(17.21%)	1	8	3	0.48%	
URI	Industrials	7/10	\$445.40	()	65.90	\$388.31(14.70%)	\$367.67(21.14%)	\$394.98(12.77%)	3	8	3	1.40%	
ZBRA	Technology	7/10	\$308.87	\$303.93(-1.63%)	71.24	\$287.90(7.28%)	\$283.31(9.02%)	\$294.33(4.94%)	1	9	2	%	
BLK	Financial	6/10	\$730.13	\$538.21(-35.66%)	71.57	\$692.82(5.39%)	\$673.24(8.45%)	\$685.83(6.46%)	2	6	3	2.89%	
CHTR	Communication Services	6/10	\$379.92	\$594.56(36.10%)	70.43	\$352.52(7.77%)	\$344.81(10.18%)	\$357.57(6.25%)	3	7	3	%	

Technically Strong With Dividends

Scan Result: 20 Item(s) found													
<div> <div>Tables</div> <div> <div>Overview</div> <div>Technicals</div> <div>Fundamentals</div> <div>Performance</div> <div>Performance Chart</div> </div> </div>													
Symbol ↑↓	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ↑↓	Piotroski ↑↓	SV Rank ↑↓	Yield% ↑↓	
ADBE	Technology	10/10	\$518.80	\$485.60(-6.84%)	79.75	\$474.76(9.28%)	\$410.97(26.24%)	\$386.01(34.40%)	6	7	3	%	
ALGN	Healthcare	10/10	\$369.82	\$213.76(-73.01%)	69.80	\$323.47(14.33%)	\$318.21(16.22%)	\$305.46(21.07%)	6	5	4	%	
AVGO	Technology	10/10	\$891.49	\$1,033.46(13.74%)	68.11	\$861.03(3.54%)	\$770.08(15.77%)	\$693.30(28.59%)	3	8	2	2.13%	
CMG	Consumer Cyclical	10/10	\$2,059.81	\$984.99(-109.12%)	66.21	\$2,066.56(-0.33%)	\$1,986.71(3.68%)	\$1,797.71(14.58%)	1	7	3	%	
GWWR	Industrials	10/10	\$760.04	\$637.27(-19.26%)	74.16	\$706.15(7.63%)	\$685.12(10.94%)	\$656.57(15.76%)	5	6	2	0.99%	
MPWR	Technology	10/10	\$572.69	\$484.63(-18.17%)	69.29	\$520.01(10.13%)	\$481.13(19.03%)	\$462.21(23.90%)	7	6	3	0.76%	
NOW	Technology	10/10	\$581.22	\$477.21(-21.79%)	65.44	\$556.16(4.50%)	\$510.83(13.78%)	\$470.69(23.48%)	7	5	3	%	
NVDA	Technology	10/10	\$464.03	\$130.24(-256.29%)	73.01	\$425.49(9.06%)	\$371.48(24.91%)	\$313.59(47.97%)	0	6	2	0.04%	
NXPI	Technology	10/10	\$213.96	()	75.31	\$196.18(9.06%)	\$179.66(19.09%)	\$180.32(18.66%)	6	7	2	2.10%	
ROK	Industrials	10/10	\$340.11	\$130.75(-160.12%)	73.81	\$319.41(6.48%)	\$294.57(15.46%)	\$286.83(18.57%)	—	5	3	1.51%	
TDG	Industrials	10/10	\$881.26	\$250.37(-251.98%)	70.32	\$850.68(3.59%)	\$802.07(9.87%)	\$747.16(17.95%)	5	8	3	%	
WST	Healthcare	10/10	\$384.48	\$207.98(-84.86%)	65.61	\$354.86(8.35%)	\$353.24(8.84%)	\$309.05(24.41%)	0	8	2	0.21%	
DPZ	Consumer Cyclical	9/10	\$384.73	\$219.58(-75.21%)	80.16	\$329.06(16.92%)	\$319.33(20.48%)	\$327.85(17.35%)	6	5	4	1.58%	
EQIX	Real Estate	8/10	\$801.71	\$186.59(-329.66%)	64.32	\$773.12(3.70%)	\$739.58(8.40%)	\$722.99(10.89%)	1	5	3	1.78%	
INTU	Technology	8/10	\$485.51	\$493.95(1.71%)	64.92	\$450.97(7.66%)	\$441.19(10.05%)	\$430.29(12.83%)	8	5	2	0.69%	
PAYC	Technology	8/10	\$354.70	\$227.98(-55.58%)	75.17	\$319.65(10.97%)	\$300.59(18.00%)	\$302.61(17.21%)	1	8	3	0.48%	
URI	Industrials	7/10	\$445.40	()	65.90	\$388.31(14.70%)	\$367.67(21.14%)	\$394.98(12.77%)	3	8	3	1.40%	
ZBRA	Technology	7/10	\$308.87	\$303.93(-1.63%)	71.24	\$287.90(7.28%)	\$283.31(9.02%)	\$294.33(4.94%)	1	9	2	%	
BLK	Financial	6/10	\$730.13	\$538.21(-35.66%)	71.57	\$692.82(5.39%)	\$673.24(8.45%)	\$685.83(6.46%)	2	6	3	2.89%	
CHTR	Communication Services	6/10	\$379.92	\$594.56(36.10%)	70.43	\$352.52(7.77%)	\$344.81(10.18%)	\$357.57(6.25%)	3	7	3	%	

SimpleVisor Portfolio Changes

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

July 12th

"With inflation falling to 3% this morning, the pressure on the Fed to hike rates is lessening. The disinflation trade is alive and well, with the markets breaking above the recent double top. With that breakout, we added some additional exposure as we continue to head to full portfolio weightings. We continue to take a slow and methodical approach to increasing equity risk in this market.

We remain underweight in the technology, discretionary, and communications sectors and are adding some additional exposure to those holdings. After the Nasdaq rebalancing on the 24th of July, we will likely add additional weightings then.

Equity Model

- Increase Google (GOOG) by 1.25% of the portfolio.
- Adding 1% to Amazon (AMZN)
- Increasing Apple (AAPL) by 1% of the portfolio.

ETF Model

- Increasing the iShares Technology Sector ETF (XLK) by 2% of the portfolio.
- Adding 1% of the portfolio to the iShares Discretionary Sector ETF (XLY)
- Increasing the iShares Communications Sector ETF (XLC) by 1% of the portfolio.

July 13th

"This morning, we added 1.5% of the Russell 2000-Mid/Small Cap Index (IWM) to both models. The Russell is starting to show signs of strength, having greatly lagged the S&P and Nasdaq. If this market keeps increasing and breadth improves, IWM will likely outperform the other indexes. On a monthly basis, we are getting a good buy signal but could see a pullback in the very short term. Our plan is to add on the pullbacks."

Both Models

- *Initiate a 1.5% position of the portfolio in the iShares Russell 2000 Mid/Small Cap Index ETF (IWM)*
-



Looking for the 401k Plan Manager?

Find it in the Retirement section
of our website.

[> Learn more](#)

Lance Roberts, C.I.O.

Have a great week!