

## Inside This Week's Bull Bear Report

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## Market Update & Review

As we will discuss, the conflict with Israel took center stage this past week. However, the markets also had to deal with PPI, CPI, and the official kick-off of earnings season. From a market trading update perspective, let's start with a review from last week. To wit:

*"The market failed to hold that initial support level and quickly tested the 200-DMA as expected. The good news is the market bounced sharply off support levels on Friday, reducing the MACD 'sell signal.' If the market can follow through on this rally early next week, we could see a 'buy signal' triggered."*

As shown, that happened as stocks pushed higher, triggering the MACD *"buy signal."* As we will discuss below, that trigger also signals the start of the *"seasonally strong"* period of the year. The market did run into resistance at the 50- and 100-DMA but continues to hold above short-term support at the 20-DMA. With the market not yet overbought, we could see some consolidation at these levels into next week before another attempt at resistance.



The attempt at resistance will mostly depend on earnings reports as they get underway in earnest next week. As discussed below, the bar has been lowered substantially from last year, so we should expect a high "beat rate" of earnings. The key, however, will be forward guidance that leads to concerns about a slower economy next year.

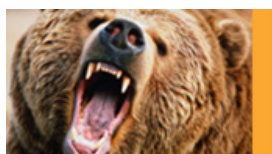
We will be watching those reports closely.

While many concerns relate to this latest conflict in the Middle East, the market continues to act bullishly for now. The summer correction remained within the confines of seasonal weakness, and the rally off of support, as noted, keeps the market's bullish trend intact for now.

Use short-term declines to add to equity exposure as needed, but continue to manage risk as we head into year-end.

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# Conflict Or Earnings?

Last weekend, the world was rocked by the terrorist attack on Israel, which led to a brutal response. While this is a horrible human tragedy, the market response was as expected, with a surge in oil prices and a flight to safety in bonds. However, the question now becomes what drives the market next as we enter the year's seasonally strong period. Conflicts are often a negative for financial markets immediately, but not over the longer term.



More importantly, the impact of uncertainty, such as war or military conflicts, drives money out of risk and into safety. Therefore, it is unsurprising that we saw a corresponding jump in bond prices over the past week as interest rates fell.



However, while conflicts are problematic, markets tend to discount that risk quickly. Also, conflicts are a boon to companies and sectors that supply the materials, products, and services to our troops or allies. As such, the market moves capital to take advantage of that boost in activity.

As noted above, the market rallied from the deeply oversold condition despite the news of the conflict in Israel. While the initial reaction was a flow of capital in defense and energy stocks, as well as bonds, the market returned its focus to the start of the upcoming earnings season and began chasing the "Mega-7" capitalization companies late i

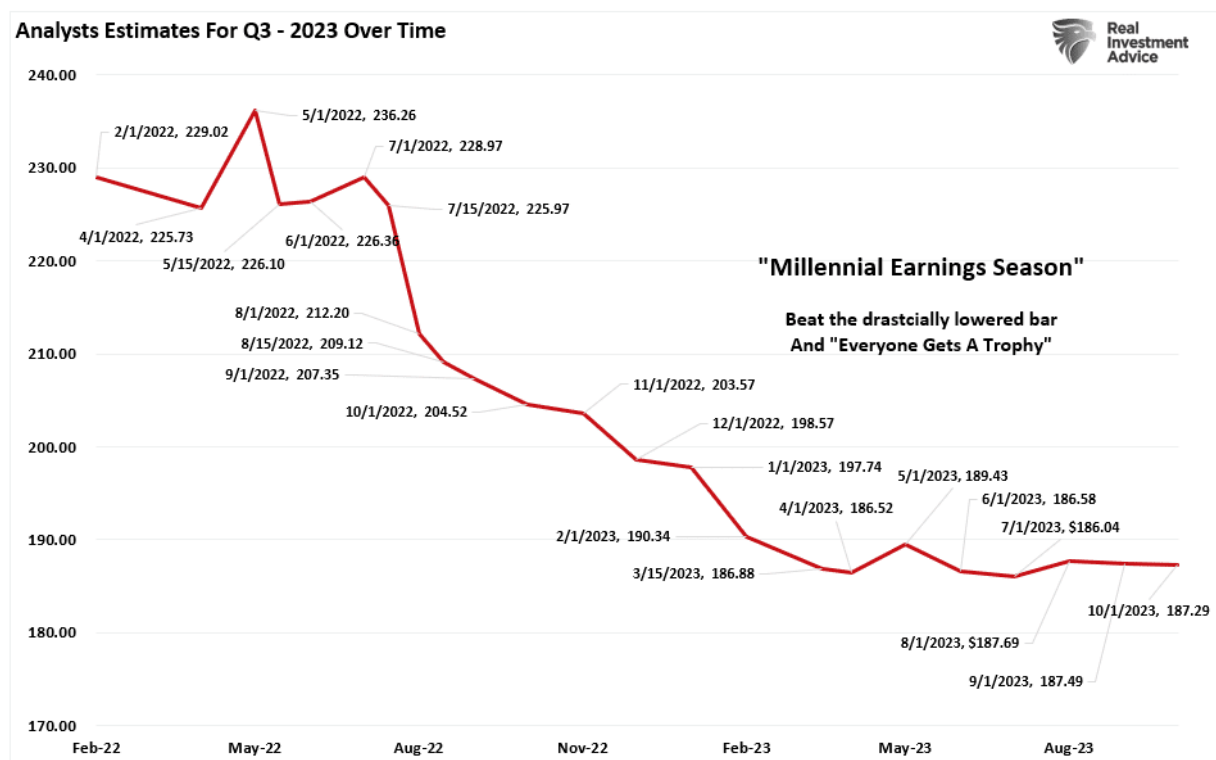
With the markets deeply oversold from the summer sell-off, the question is whether earnings season will provide the support needed to overcome the fear of "conflict" in the short term.

## Earnings Season Underway

As discussed in ["October Weakness Before Year-End Run,"](#) earnings season is always a game of "beat the estimate."

*"As is always the case, analysts have significantly lowered the ?earnings bar? heading into reporting season. As noted in [?Trojan Horses](#), ? analysts are always wrong, and by a large degree. This is why we call it **?Millennial Earnings Season.** ? Wall Street continuously lowers estimates as the reporting period approaches so **?everyone gets a trophy.??***

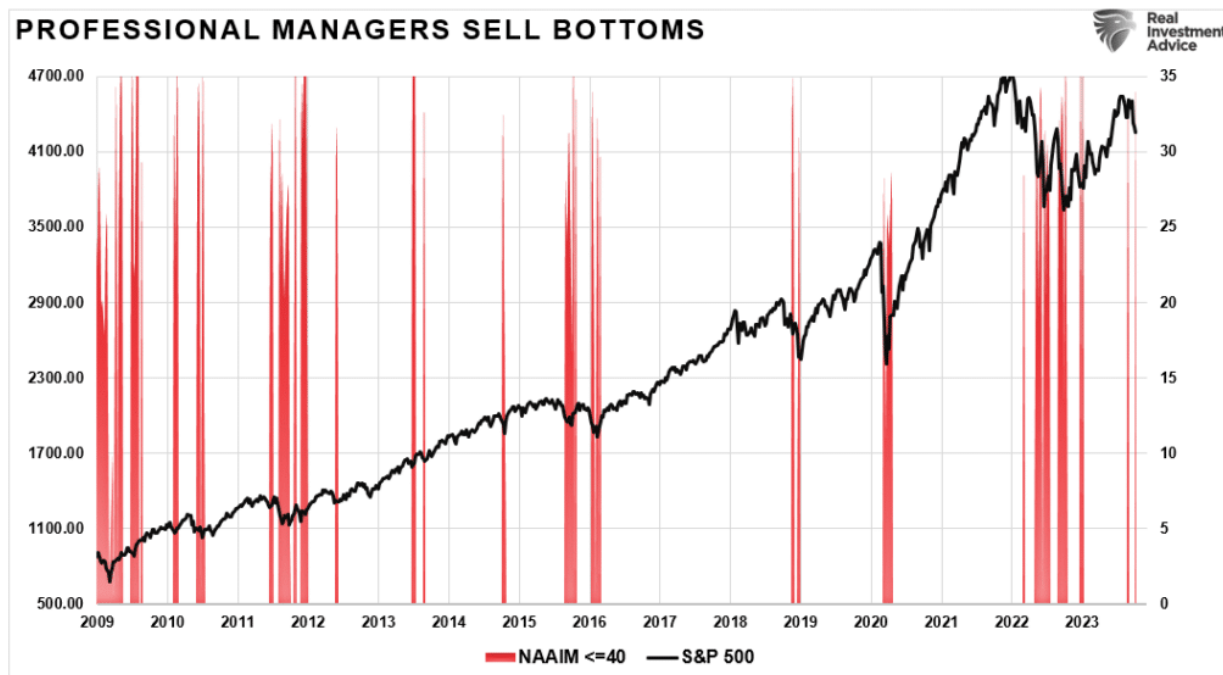
The chart below shows the changes in Q3 earnings estimates from February 2022, when analysts provided their first estimates. Given that estimates for Q3 have fallen from a peak of \$236 to \$187, a 20% decline, such should generate a high "beat rate" by companies. In turn, those "beats" will boost investor confidence, which will help fuel stock prices in the short term.



With markets heading into earnings season with oversold conditions, more negative short-term sentiment, and reduced equity allocations by professional managers, such should add further

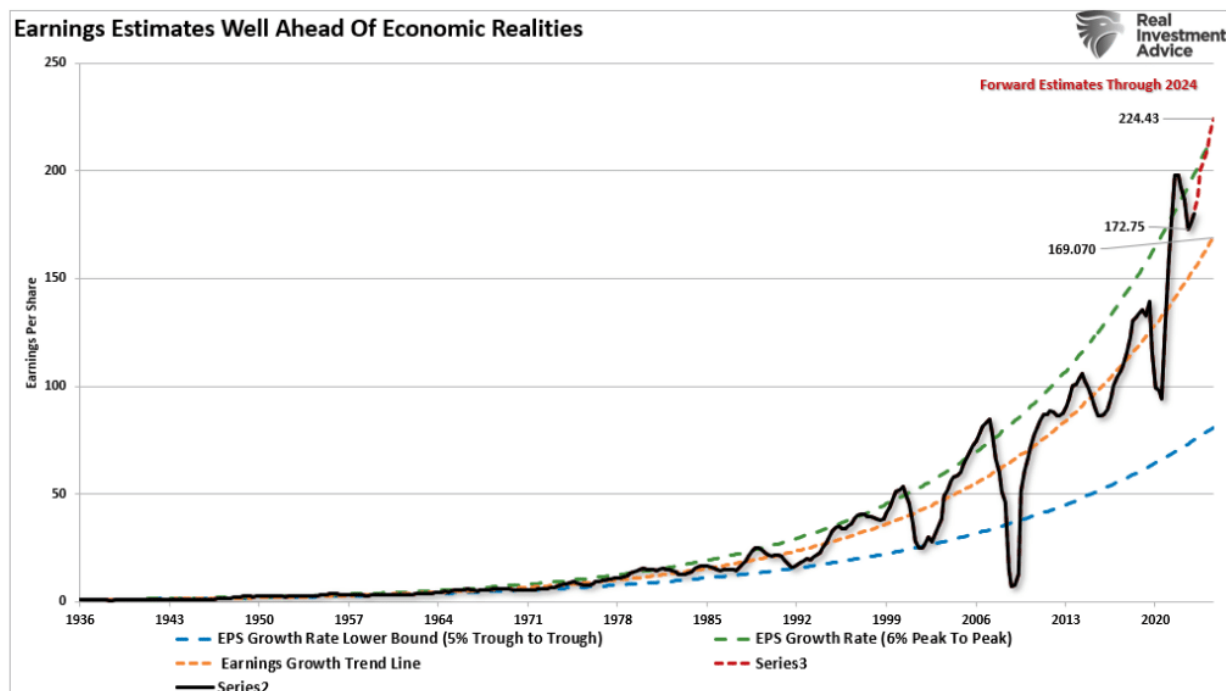
support to the rally. [As noted last week,](#)

*"Professional money managers tend to 'Sell Bottoms.' Last week, the equity exposure index fell below 40%, which is normally close to or at market bottoms."*



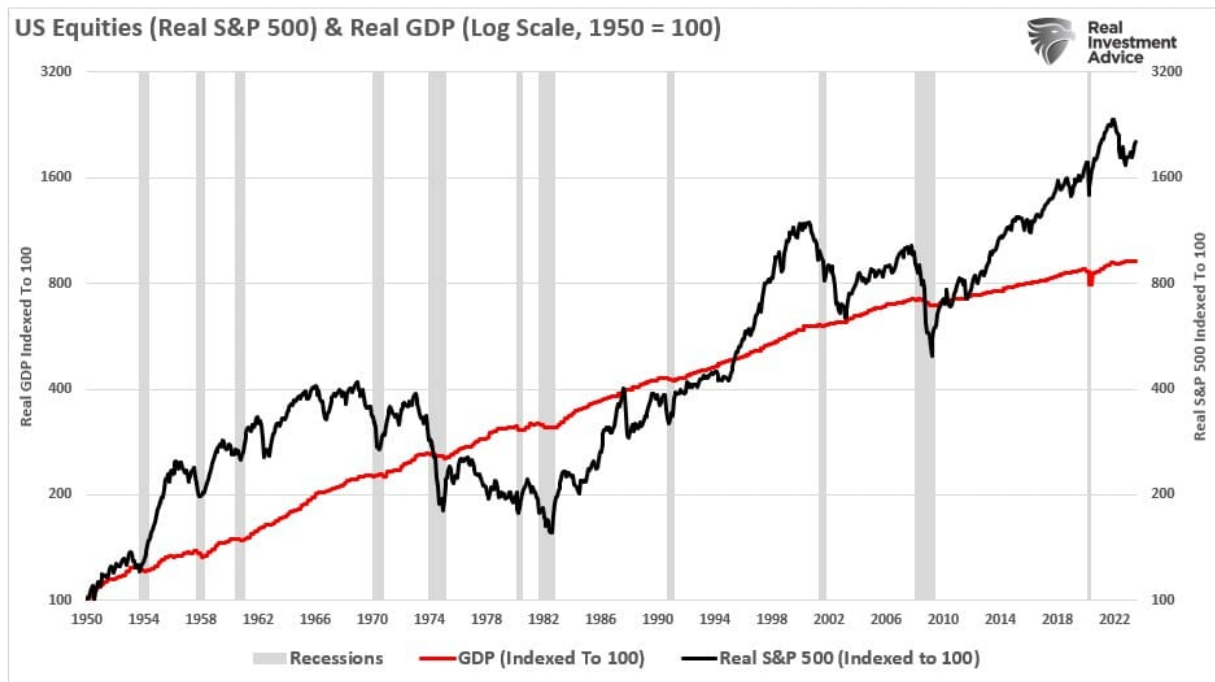
Since professional managers have lagged in performance this year due to the narrowness of the S&P rally, they potentially suffered "career risk" when end-of-the-year reporting comes. Therefore, we will likely see a reversal of positioning by these managers to chase stocks higher.

As earnings season gets underway, we will want to pay attention to clues as to the impact of inflation, conflicts, slowing spending, or weaker economic outlooks on future revenue growth and profitability. Such is particularly important given that forward estimates remain well above long-term growth trends and economic realities.



In [\*"Market Detached From Real Economy,"\*](#) we discussed the problem in more detail, given that earnings are a function of economic activity. To wit;

*"While it is common for the market to become detached from the underlying economic activity for long periods as speculative excess detaches the market from underlying fundamental realities. Such is clearly shown in the chart below, which compares the stock market to GDP on an inflation-adjusted basis. In all cases, market excesses eventually 'mean revert.' The only issue is the catalyst that causes it."*



It is hard to fathom how forward return rates will not be disappointing compared to the last decade. However, we must remember those excess returns resulted from a monetary illusion. The consequence of dispelling that illusion will be challenging for investors. As we concluded:

*"Will this mean investors make NO money over the decade? No. It means that returns will likely be substantially lower than investors have witnessed over the last decade. But then again, getting average returns may 'feel' disappointing to many."*

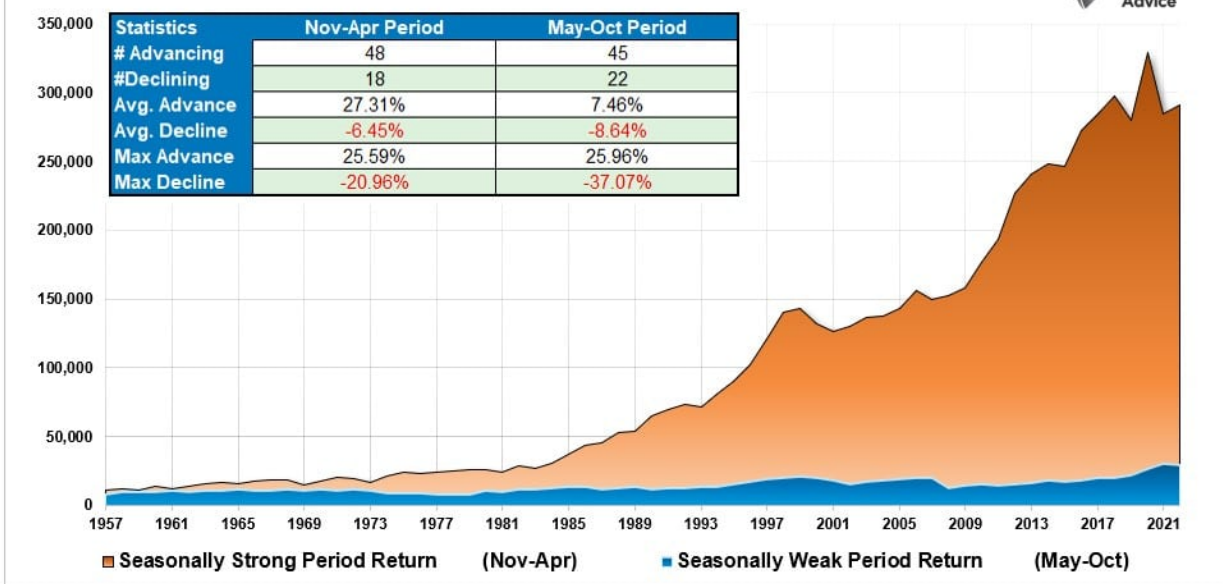
## Seasonal Buy Signal Is In

In the article hyperlinked above discussing October's weakness, the market continues to follow its seasonal tendencies.

*"Just as a reminder, the historical analysis suggests that the summer months of the market tend to be the weakest of the year. The mathematical statistics prove this as \$10,000 invested in the market from November to April vastly outperformed the same amount invested from May through October. Interestingly, the max drawdowns are significantly larger during the 'Sell In May' periods. Previous important dates of major market declines occurred in October 1929, 1987, and 2008."*



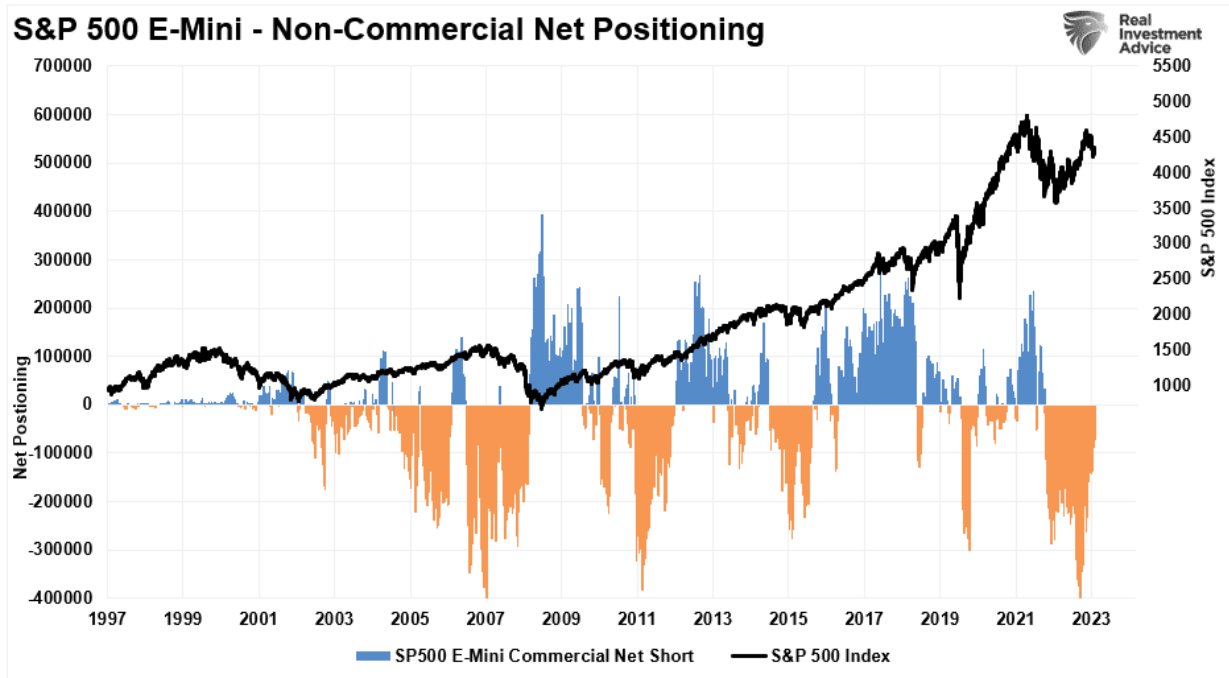
## Growth Of \$10,000: Strong vs Weak Periods



Notably, the bullish price action this past week triggered our "seasonal MACD buy signal," as shown. While such does NOT mean the market will go to new all-time highs, it suggests we are moving back into *"buying dips"* rather than *"selling rallies."*



With the *"buy signal"* in deeper oversold territory, such provides the fuel needed for a rally into November as stock buybacks begin at the end of October. Notably, with the rather large short position in equities built up over the last few months, a reversal of the summer weakness will lead to short-covering by portfolio managers, adding further impetus to the advance.



While nothing is guaranteed, the odds of a rally from current levels are decently higher unless *something unexpected* happens.

Now, let's talk about bonds.

## Busting A Myth

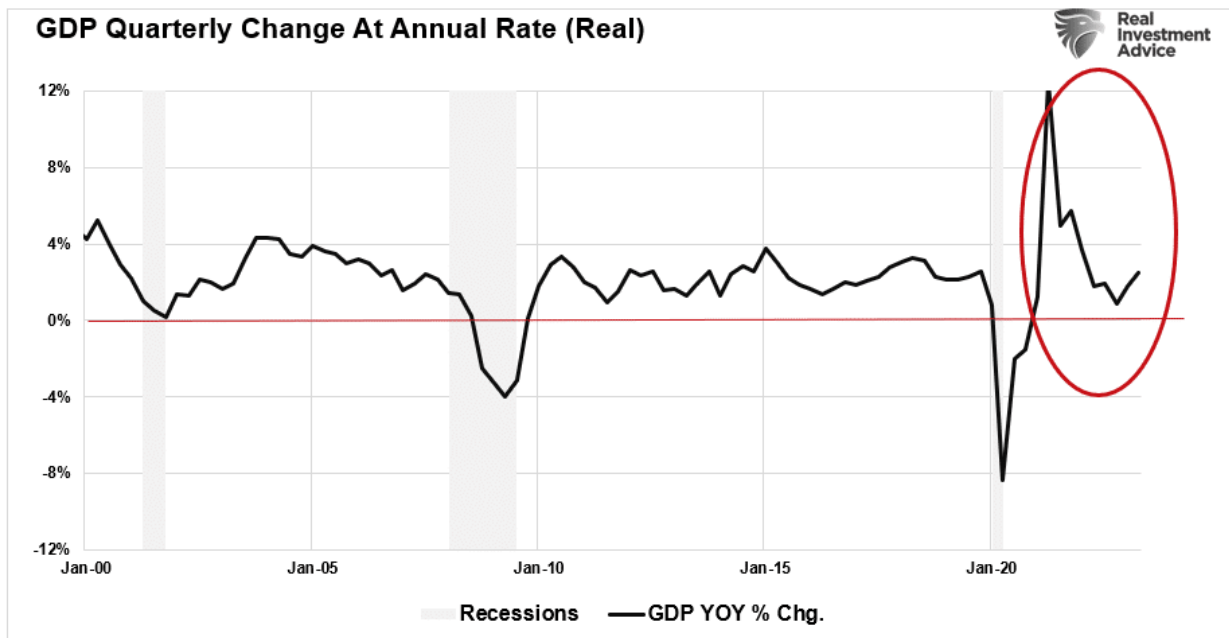
Recently, there has been a lot of commentary about bonds, given the rise in rates. While bonds have certainly faced a historically significant drawdown over the past 3-years, much of the recent analysis suggests that yields can only go higher. The reason, they claim, is the surging debts and deficits, which are causing a lapse of buyers for the U.S. debt. To wit:

*"The exact cause of the latest run-up in Treasury rates is hard to pinpoint. Many economists say a combination of drivers is probably helping to drive the pop ? **including strong growth, fewer foreign buyers of America's debt, and concerns about debt sustainability in and of itself.**" - NYT*

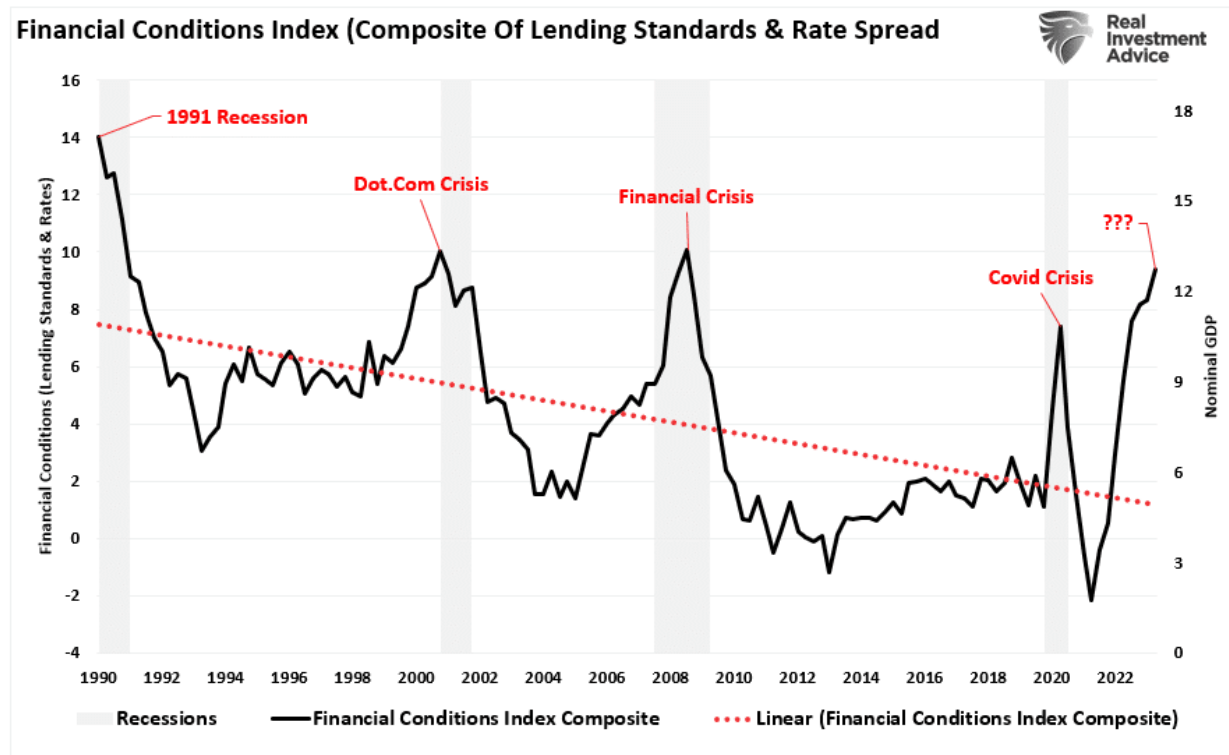
Let's break those arguments down.

First, economic growth isn't strong and is rapidly returning to its long-term growth trend below 2%.



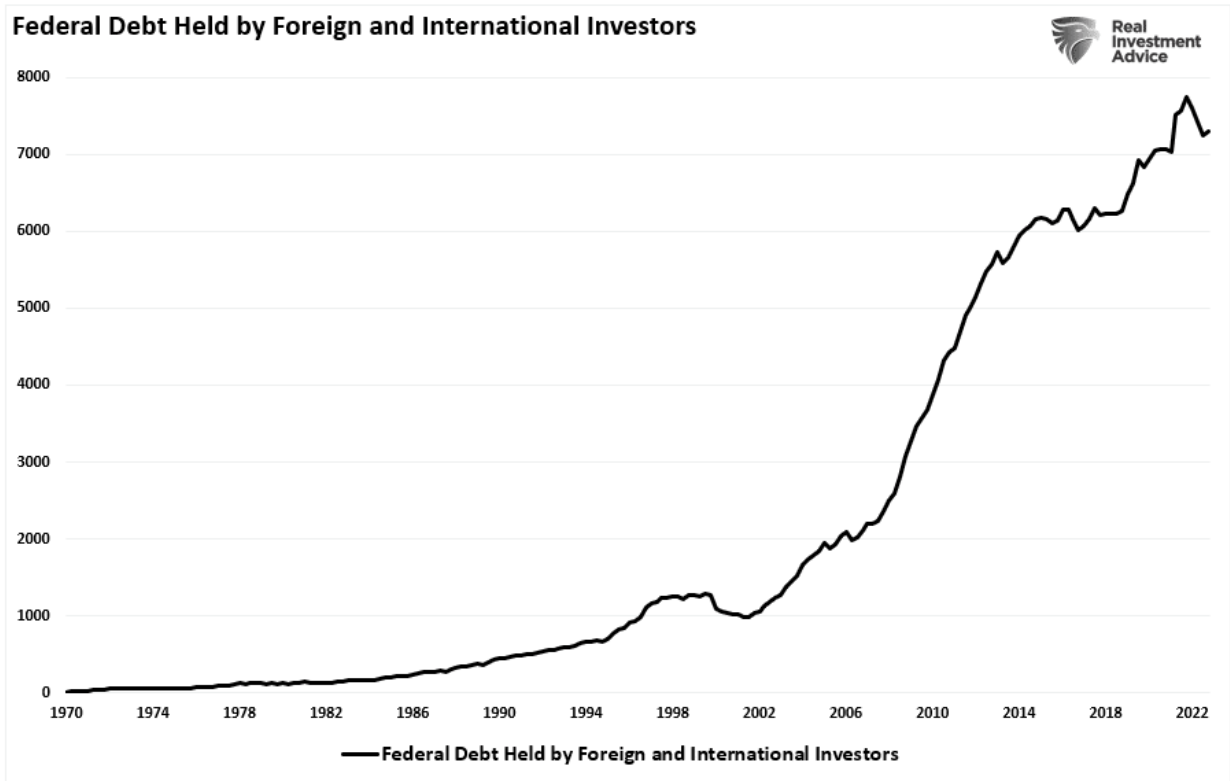


Furthermore, with interest rates elevated and financial conditions tight, the economy will likely approach a recession next year.



The second myth is that there are fewer foreign buyers of our debt. As we noted in the [Daily Market Commentary](#) this week:

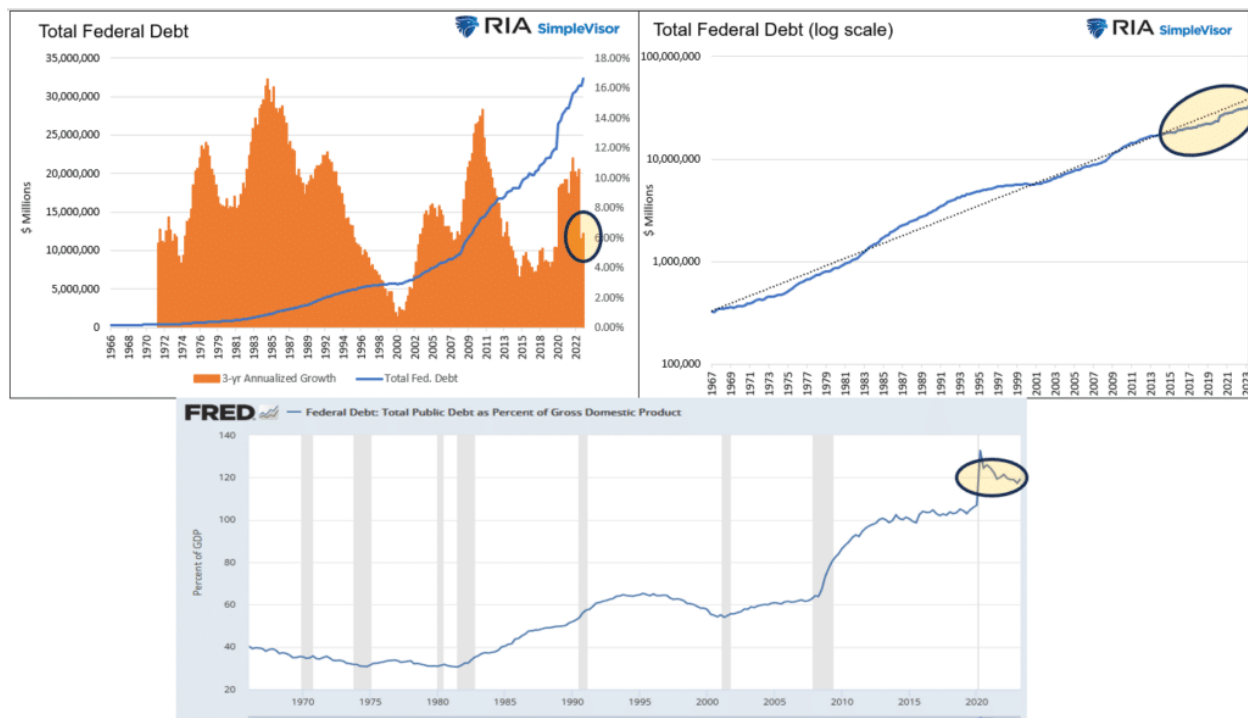
*"There is also a false narrative about foreign Governments selling U.S. Treasuries as 'they don't want our debt.' As shown, such is clearly not the case. We would be remiss if we didn't discuss how much they own. Japan and China hold about \$1.1 trillion and \$800 billion of U.S. Treasuries. While that may seem significant, they pale compared to the largest holder of Treasuries, the Federal Reserve. The Fed owns about \$8 trillion. Even if China or Japan were to sell aggressively, the Fed could easily step in and absorb their selling pressure."*



Lastly, the concerns over debt issuance are also falsely misplaced. Consider the following comments we found on Twitter:

- *This politician (Yellen) knows yields are ripping because of the debt she's issuing. Yields are no longer moving up because of the FED. And they're moving up because of debt issuance & foreign countries are selling.*
- *Soaring yields, partially driven by insatiable debt issuance by the US Treasury, are tightening conditions so fast.*

*"Such stories are far from the truth when looked at from the right perspective. Consider the graphs below. The top left graph shows federal debt is growing slightly faster than the pre-pandemic years but well below prior surges. The right chart puts debt growth on a log scale to show the current growth rate is actually slightly below the trend of the last fifty years. **A high debt-to-GDP ratio, as we have, is very problematic. But false narratives claiming recent issuance is well above average are flat-out wrong.**" - Michael Lebowitz*



As we saw with the conflict this past week, bonds remain a place of "safety" in times of turmoil. While the U.S. is imperfect, the U.S. Treasury remains the asset of choice when storing reserves and needing a "risk-free" investment.

When investing, it is always critical to separate fact from fiction.

## How We Are Trading It

Over the last two months, we discussed using the typical summer weakness to add to our equity exposures. We are positioned comfortably with portfolios now almost fully allocated to target weightings. However, we are still managing risk as needed and making "tweaks" to holdings to move our sector weightings closer to our benchmark index.

Therefore, we must continue to follow the investment rules practiced by the greatest investors in history.

- *Cut Losers Short And Let Winners Run.*
- *Investing Without Specific End Goals Is A Big Mistake.*
- *Emotional And Cognitive Biases Are Not Part Of The Process.*
- *Follow The Trend.*
- *Don't Turn A Profit Into A Loss.*
- *Odds Of Success Improve Greatly When Technical Analysis Supports Fundamental Analysis.*
- *Try To Avoid Adding To Losing Positions.*
- *In Bull Markets, You Should Be "Long." In Bear Markets ? "Neutral" Or "Short."*
- *Invest First with Risk in Mind, Not Returns.*
- *The Goal Of Portfolio Management Is A 70% Success Rate.*

There are plenty of reasons to be very concerned about the market over the next few months, particularly with a conflict brewing. However, markets can often defy logic in the short term despite the apparent weight of evidence to the contrary.

Continue to follow these rules and adjust as needed relative to the direction and trend of the market. While this week's conflict was cause for concern, adhering to the investment rules can keep you grounded during increased volatility. Periods like this are never fun, but the market never goes straight up or down. Use reflexive rallies to rebalance your risk as needed.



See you next week.

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## Research Report

### Real Investment Daily



#### Crisis Events Are A Hallmark Of The Federal Reserve

Written by Lance Roberts | Oct 13, 2023 | Economics

As the "soft landing" narrative grows, the risk of a "crisis" event in the economy increases. Will ...

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## Bull Bear Report Market Statistics & Screens

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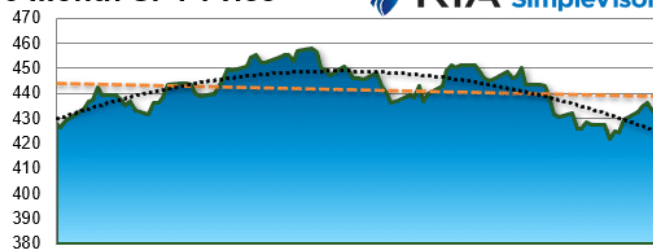
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# SimpleVisor Top & Bottom Performers By Sector

Today's Top & Bottom Performer by Sector															Click on a Symbol to see details below				
Healthcare					Industrials					Technology					Consumer Cyclical				
PODD	CI	COO	ISRG	MOH	WM	CHRW	LHX	NOC	UPS	SEDG	FSLR	PANW	WDC	STX	MHK	BALL	DHI	PHM	NKE
3.66%	3.02%	2.95%	2.41%	2.41%	1.28%	1.26%	1.01%	0.87%	0.75%	1.13%	0.94%	0.92%	0.76%	0.74%	1.86%	1.41%	1.3%	1.17%	1.09%
HUM	IDXX	UNH	BSX	ZBH	RTX	GD	JBHT	NSC	UNP	ENPH	FIS	CRM	FLT	LDOS	MCD	WRK	LEN	NVR	TSCO
2.01%	1.95%	1.86%	1.75%	1.63%	0.74%	0.7%	0.65%	0.65%	0.63%	0.5%	0.5%	0.48%	0.27%	0.25%	0.81%	0.68%	0.65%	0.62%	0.6%
GEN	BMJ	OGN	BIIB	AMGN	PH	AAL	GE	ALK	IR	QRVO	AMD	MPWR	CDW	FFIV	BBWI	GM	EBAY	LVS	EXPE
-0.2%	-0.3%	-0.42%	-0.58%	-0.6%	-1.24%	-1.33%	-1.41%	-1.43%	-1.48%	-1.47%	-1.64%	-1.69%	-1.93%	-2.05%	-1.37%	-1.5%	-1.6%	-1.68%	-1.79%
LLY	MRNA	ILMN	VTRS	PFE	HWM	ETN	ROK	BA	VLTO	NXPI	TEL	APH	FTNT	MTCH	RCL	CCL	WYNN	CZR	NCLH
-0.76%	-0.76%	-1.08%	-1.29%	-1.63%	-2.2%	-2.49%	-2.8%	-3.45%	-3.8%	-2.46%	-2.46%	-2.66%	-3.07%	-3.08%	-1.81%	-1.98%	-2.21%	-2.39%	-3.16%
Financial					Consumer Goods					Utilities					Materials				
PGR	ALL	JPM	WFC	C	DG	CPB	CAG	HSY	K	NEE	D	EXC	AES	XEL	NEM	LYB	CE	APD	MOS
7.5%	3.46%	3.02%	2.81%	2.13%	8.56%	2.51%	2.31%	1.66%	1.5%	3.74%	2%	1.81%	1.8%	1.76%	1.65%	0.58%	0.38%	0.31%	0.22%
HIG	TRV	SCHW	GS	STT	GIS	DLTR	KDP	KHC	CHD	AEP	DTE	SO	EIX	PNW	VMC	FMC	SHW	LIN	IFF
1.43%	1.22%	1.04%	1%	0.98%	1.48%	1.47%	1.4%	1.28%	1.13%	1.57%	1.53%	1.52%	1.5%	1.47%	0.17%	0.16%	0.15%	0.12%	-0.03%
SYF	MTB	CFG	BLK	COF	MO	ADM	BG	KR	KVUE	PEG	AWK	CMS	PPL	FE	DD	STLD	CTVA	DOW	EMN
-0.7%	-0.71%	-0.83%	-0.93%	-0.98%	0.32%	0.22%	0.1%	0.02%	-0.18%	0.71%	0.7%	0.69%	0.66%	0.64%	-0.1%	-0.16%	-0.2%	-0.33%	-0.57%
BX	MSCI	MKTX	CMA	PNC	PM	TSN	LW	EL	HRL	ATO	CEG	CNP	ES	NRG	PPG	CF	FCX	NUE	ALB
-1.12%	-1.13%	-1.36%	-1.41%	-2.25%	-0.3%	-0.42%	-1.26%	-1.96%	-3.57%	0.57%	0.47%	0.38%	0.31%	-0.24%	-0.75%	-0.77%	-0.78%	-0.84%	-2.82%
Real Estate					Energy					Communication Ser.									
AMT	VTR	COR	SBAC	CCI	MRO	HES	EOG	COP	FANG	PARA	WBD	TTWO	TMUS	FOXA					
1.48%	1.01%	0.98%	0.9%	0.44%	2.56%	2.46%	2.41%	2.3%	2.29%	0.94%	0.71%	0.68%	0.44%	0.37%					
EQIX	VICI	O	CBRE	CSGP	PXD	APA	XOM	DVN	SLB	VZ	CHTR	FOX	CMCSA	ATVI					
0.37%	0.26%	0.24%	0.23%	0.22%	2.26%	2.12%	1.97%	1.82%	1.35%	0.33%	0.29%	0.26%	0.14%	0%					
ESS	EQR	ARE	EXR	PEAK	CVX	OKE	KMI	BKR	MPC	GOOG	DIS	IPG	T	META					
-0.5%	-0.61%	-0.65%	-0.72%	-0.74%	1.06%	1.04%	0.95%	0.89%	0.76%	-0.25%	-0.38%	-0.63%	-0.66%	-0.77%					
KIM	HST	REG	BXP	FRT	PSX	WMB	EGT	FI	VLO	OMC	LYV	NWS	NWSA	NFLX					
-0.93%	-0.97%	-1.05%	-1.09%	-1.34%	0.74%	0.62%	0.16%	-0.16%	-0.18%	-0.79%	-0.93%	-1.2%	-1.23%	-1.54%					

# 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	(0.85%)	17.91%	12.83%	(28.34%)		
							Max Drawdown	(27.47%)	(9.00%)	(9.00%)	0.00%		
							Sharpe	(0.00)	1.24	0.99	(0.20)		
							Sortino	0.01	2.11	1.64	(0.22)		
							Volatility	19.61	16.33	13.32	(0.18)		
							Daily VaR-5%	(29.09)	(2.37)	(3.48)	0.47		
							Mnthly VaR-5%	(28.81)	(3.38)	(3.60)	0.06		
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	1.30%	1.70%	1.48%	(15.05%)	2.14%	1.20%	(30.92%)	23.24%	Shares	3,733.7	3,625.5	(2.90%)	
P/E Ratio	24.99	16.95	20.73	18.24%	2920%	1653%	(29.0%)	25.44%	Sales	106,172	112,146	5.63%	
P/S Ratio	4.52	3.23	3.71	12.79%	4.99	3.23	(25.68%)	14.66%	SPS	28.4	30.9	8.78%	
P/B Ratio	6.30	5.04	5.65	10.72%	6.77	4.31	(16.50%)	31.19%	Earnings	19,690	17,905	(9.06%)	
ROE	28.28%	27.72%	25.37%	(9.25%)	29.58%	19.25%	(14.22%)	31.81%	EPS TTM	5.7	5.5	(3.22%)	
ROA	6.38%	6.39%	5.95%	(7.32%)	6.72%	4.48%	(11.44%)	32.88%	Dividend	1.6	1.7	5.03%	
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	6.38%	4.47%	1.39	9.80	93.64	(357.54)	(89.5%)	23.6%	2.9%	10.27%	7.38	11.38	
Materials	10.80%	2.41%	1.15	16.23	26.87	11.36	(39.6%)	13.0%	2.1%	6.11%	5.07	16.96	
Industrials	15.04%	8.36%	1.15	19.95	54.65	14.96	(63.5%)	23.2%	1.8%	4.96%	7.10	17.35	
Discretionary	13.37%	10.61%	1.42	29.62	71.63	22.39	(58.7%)	14.1%	0.8%	3.32%	4.99	24.18	
Staples	(6.19%)	6.23%	0.59	18.79	22.79	17.34	(17.5%)	30.8%	2.8%	5.36%	4.66	18.68	
Health Care	3.79%	13.21%	0.68	18.20	19.74	14.84	(7.8%)	29.2%	1.7%	5.50%	8.08	16.95	
Financials	9.70%	12.59%	1.13	14.78	21.47	12.76	(31.2%)	12.2%	1.9%	6.74%	7.36	13.35	
Technology	44.16%	28.12%	1.18	32.62	34.52	15.53	(5.5%)	66.1%	0.9%	3.01%	6.65	26.10	
Telecom	38.65%	9.15%	0.97	23.59	28.39	15.54	(16.9%)	21.7%	0.5%	4.18%	5.70	17.20	
Utilities	(5.91%)	2.39%	0.66	17.09	21.24	15.58	(19.6%)	10.6%	3.7%	5.87%	3.37	15.01	
Real Estate	(0.37%)	2.37%	1.00	16.03	26.21	16.73	(38.9%)	7.4%	3.8%	6.20%	4.78	15.54	
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	431.50	(3.43%)	439.53	22	(1.83%)	422.56	147	2.12%	4.02%	(6.08%)	23.96%	Buy	
Mid Cap	446.09	(8.94%)	468.34	33	(4.75%)	466.58	96	(4.39%)	0.38%	(10.92%)	11.61%	Buy	
Small Cap	35.67	(11.49%)	37.94	31	(6.00%)	38.31	22	(6.90%)	(0.96%)	(15.59%)	5.25%	Sell	

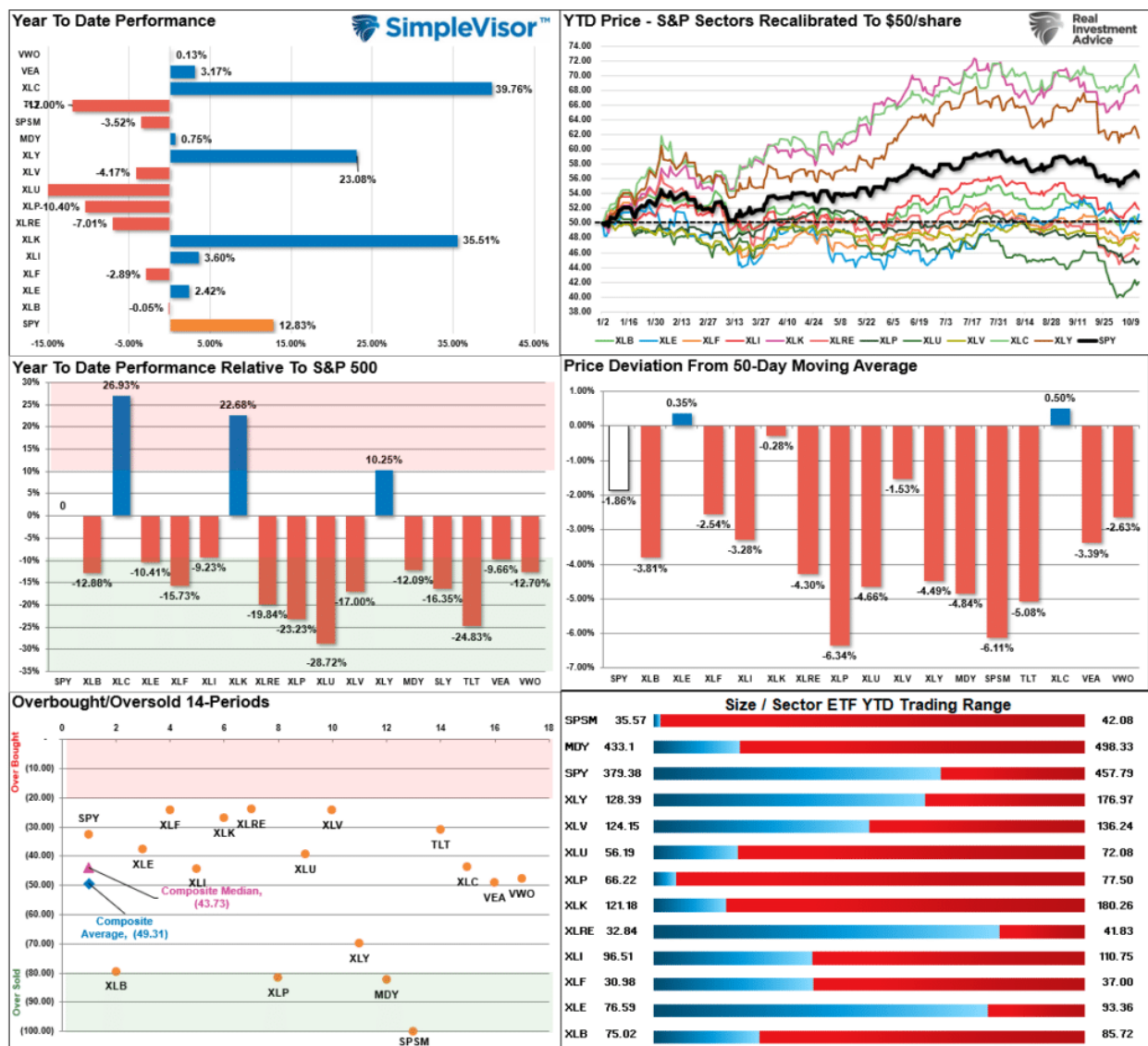
## Relative Performance Analysis

Last week, we noted;

*"On Friday, it looked like the bounce started to manifest itself after tough price action early in the week. Technology is leading the rebound and is moving into more overbought territory, with Bonds remaining deeply oversold along with Staples. Most other sectors and markets remain oversold, so that we could see additional moves higher this coming week."*

The rally in stocks and bonds did come in strong early last week and took markets to initial resistance. The fade on Thursday and Friday pulled markets back to support at the 20-DMA. With most markets and sectors not overbought yet and earnings season starting in earnest this week, we could see another attempt at overhead resistance.

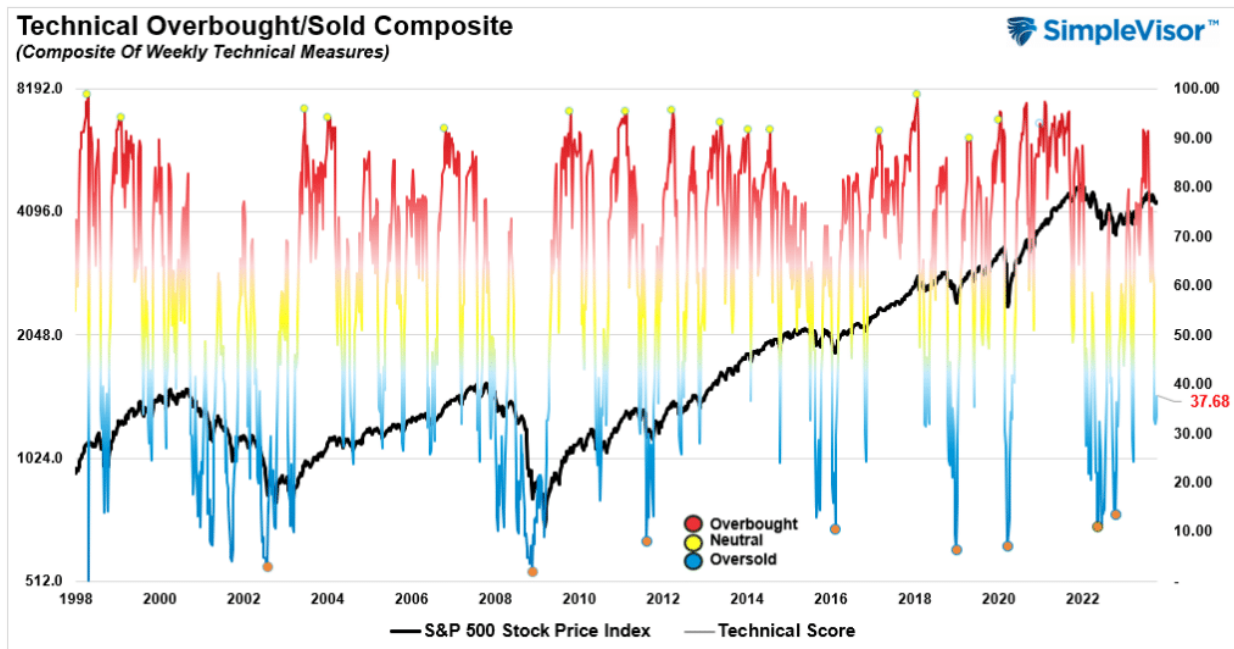




## Technical Composite

*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.***

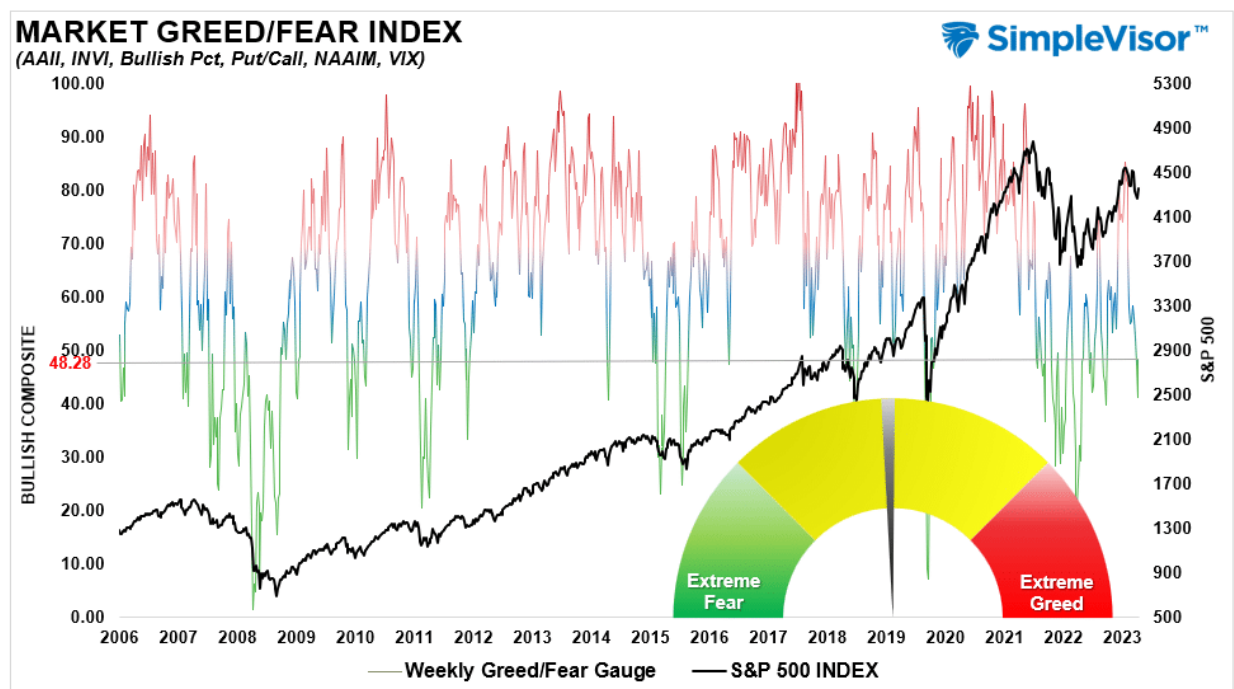
***The current reading is 37.68 out of a possible 100.***



## 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 48.28 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)

<b>Consumer Staples (XLP)</b> -0.76 >>	<b>Transportation (XTN)</b> -0.67 >>	<b>Materials (XLB)</b> -0.60 >>	<b>Consumer Discretionary (XLY)</b> -0.41 >>	<b>Utilities (XLU)</b> -0.34 >>	<b>Real Estate (XLRE)</b> -0.30 >>
<b>Industrials (XLI)</b> -0.20 >>	<b>Financial (XLF)</b> -0.12 >>	<b>Health Care (XLV)</b> -0.10 >>	<b>Energy (XLE)</b> 0.06 >>	<b>Communication Services (XLC)</b> 0.42 >>	<b>Technology (XLK)</b> 0.45 >>

**Overbought** - could be a good time to reduce holdings. **Oversold** - could be a good time to increase holdings

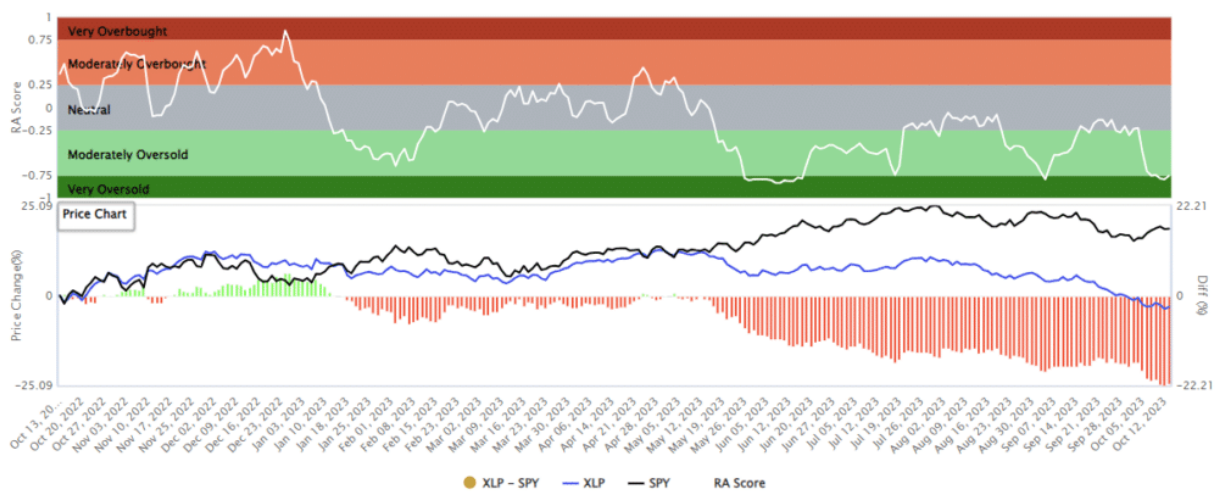
### About Relative Analysis

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.

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.

## Most Oversold Sector Analysis

### XLP (Consumer Staples) / SPY - Analysis



### Description

In seeking to track the performance of the index, the fund employs a replication strategy. It generally invests substantially all, but at least 95%, of its total assets in the securities comprising the index. The index includes companies that have been identified as Consumer Staples companies by the GICS\*. It is non-diversified.

**Latest Price** (Jan 20, 1970, 9:26:48 AM)

**\$66.58** ▲ (\$0.35) (0.54%)

**Last Close**

\$66.22

**Open**

\$66.34

**Volume**

4,270,676

**Annual Div.**

\$1.73

**52 Week Range**

\$65.18

\$77.82

**Day Range**

\$66.22

**Avg. Volume (3m)**

N/A

**Div. Yield**

2.61%

Symbol	Name	Holdings	CL/	TGT/	COST/	KO/	MDLZ/	MO/	PEP/	PM/	WMT/	PG/	XLP/	
PG	Procter & Gamble Co	14.57%	0.00	-0.23	0.39	-0.73	-0.68	0.11	-0.67	0.22	0.28	-0.34	-0.58	CL
COST	Costco Wholesale Corp	10.61%	0.23	0.00	0.35	-0.06	-0.28	0.29	-0.10	0.28	0.33	0.09	0.03	TGT
PEP	PepsiCo Inc	9.88%	-0.39	-0.35	0.00	-0.69	-0.92	-0.29	-0.79	-0.42	-0.31	-0.69	-0.71	COST
MDLZ	Mondelez International Inc Class A	4.61%	0.73	0.06	0.69	0.00	-0.34	0.73	-0.11	0.67	0.64	0.55	0.40	KO
PM	Philip Morris International Inc	4.61%	0.68	0.28	0.92	0.34	0.00	0.72	0.29	0.65	0.87	0.81	0.48	MDLZ
KO	Coca-Cola Co	4.47%	-0.11	-0.29	0.29	-0.73	-0.72	0.00	-0.63	0.03	0.18	-0.34	-0.53	MO
MO	Altria Group Inc	3.65%	0.67	0.10	0.79	0.11	-0.29	0.63	0.00	0.79	0.78	0.77	0.43	PEP
CL	Colgate-Palmolive Co	2.87%	-0.22	-0.28	0.42	-0.67	-0.65	-0.03	-0.79	0.00	0.22	-0.16	-0.42	PM
TGT	Target Corp	2.49%	-0.28	-0.33	0.31	-0.64	-0.87	-0.18	-0.78	-0.22	0.00	-0.45	-0.60	WMT
			0.34	-0.09	0.69	-0.55	-0.81	0.34	-0.77	0.16	0.45	0.00	-0.55	PG
			0.58	-0.03	0.71	-0.40	-0.48	0.53	-0.43	0.42	0.60	0.55	0.00	XLP

## 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 Crossover) 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 rally early last week relieved the deeply oversold conditions on a risk/reward basis. Only Gold and Gold Miners remain oversold on their monthly ranges. Everything remains within normal monthly tolerances for now, so some additional upside in the markets next week is likely.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG WMA	MONTH END	REL S&P	RISK RANGE		% DEV -	% DEV -	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA		PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	433.41	0.47	(3.05)	(4.66)	3.77	20.70	445.15	428.02	429.43	1.00	440.17	418.69	-3%	1%	BULLISH
XLB	SPDR-MATLS SELS	77.64	(0.92)	(1.93)	(2.63)	(7.38)	(6.82)	81.52	80.43	78.55	1.08	81.36	75.74	-5%	-3%	BULLISH
XLC	SPDR-COMM SV SS	67.07	(0.23)	2.40	6.96	8.20	19.09	66.83	62.40	65.57	1.02	67.88	63.26	0%	7%	BULLISH
XLE	SPDR-EGY SELS	89.59	4.03	0.42	10.94	1.47	(9.10)	88.36	84.26	90.39	1.34	93.86	86.92	1%	0%	BULLISH
XLFI	SPDR-FINL SELS	33.21	0.04	(1.60)	(1.15)	(3.65)	(13.60)	34.32	33.50	33.17	1.06	34.35	31.99	-3%	-1%	BULLISH
XLK	SPDR-TECH SELS	168.63	(0.23)	2.89	0.40	8.03	23.68	170.84	160.75	163.93	1.13	169.88	157.98	-1%	0%	BULLISH
XLI	SPDR-INDU SELS	101.75	0.49	(0.04)	(2.46)	(2.02)	(0.62)	106.19	103.05	101.38	1.12	105.05	97.71	-4%	-1%	BULLISH
XLP	SPDR-CONS STPL	66.80	(0.28)	(4.24)	(7.01)	(17.51)	(21.76)	72.19	73.47	68.81	0.59	70.94	66.68	-7%	-9%	BEARISH
XLRE	SPDR-RE SELS	34.34	1.85	(3.01)	(6.38)	(12.89)	(19.01)	36.40	36.83	34.07	0.85	35.21	32.93	-6%	-7%	BEARISH
XLUT	SPDR-UTIL SELS	59.30	3.11	(5.63)	(8.72)	(17.89)	(25.28)	63.22	65.47	58.93	0.54	60.72	57.14	-6%	-9%	BEARISH
XLV	SPDR-HLTH CR	130.19	(0.33)	1.54	0.22	(6.27)	(15.62)	132.64	131.29	128.74	0.69	132.84	124.04	-2%	-1%	BULLISH
XLW	SPDR-CONS DISCR	158.97	(1.49)	(4.41)	(2.30)	3.74	(3.10)	167.70	158.13	160.98	1.19	166.92	155.04	-6%	1%	BULLISH
XTN	SPDR-SP TRANSPT	72.25	(3.07)	(4.13)	(11.81)	(4.61)	(10.29)	80.07	76.93	74.92	1.36	77.81	72.03	-19%	-6%	BULLISH
SDY	SPDR-SP DIV ETF	113.72	0.89	(2.07)	(5.24)	(12.77)	(20.48)	120.73	121.79	115.01	0.86	118.88	111.14	-6%	-7%	BEARISH
RSP	INVS-SP5 EQ ETF	140.29	(0.27)	(1.89)	(4.31)	(7.11)	(11.27)	147.84	145.77	141.69	1.06	146.74	136.64	-5%	-4%	BULLISH
SPSM	SPDR-PRT SC	35.67	(1.53)	(3.18)	(6.59)	(6.66)	(18.31)	38.52	38.00	36.90	1.15	38.25	35.55	-7%	-6%	BULLISH
MDY	SPDR-SP MC 400	446.09	(1.03)	(1.74)	(5.01)	(5.68)	(11.76)	474.35	464.70	456.64	1.13	473.22	440.06	-6%	-4%	BULLISH
EEM	ISHARS-EMG MKT	37.86	(0.39)	(0.19)	(1.44)	(7.02)	(10.03)	39.25	39.22	37.95	0.75	39.18	36.72	-4%	-3%	BULLISH
EFA	ISHARS-EAFE	68.43	(0.60)	(1.08)	(2.84)	(10.82)	1.48	71.05	71.44	68.92	0.87	71.24	66.60	-4%	-4%	BEARISH
IAU	ISHARS-GOLD TR	36.50	4.90	3.27	2.96	(6.98)	(3.60)	36.26	36.69	34.99	0.17	35.92	34.06	1%	-1%	BEARISH
GLD	VANECK-GOLD MNR	28.95	7.19	0.46	(3.40)	(17.56)	6.72	28.96	30.48	26.91	0.81	27.80	26.02	0%	-5%	BEARISH
UUP	INVS-DB US\$ BU	29.93	0.17	4.78	11.71	4.08	(22.44)	28.96	28.44	29.73	(0.17)	30.42	29.04	3%	0%	BULLISH
BOND	PIMCO-ACTV BOND	87.11	0.23	0.51	(0.19)	(10.22)	(21.96)	89.43	90.99	87.90	0.18	90.25	85.55	-3%	-4%	BEARISH
TLT	ISHARS-20+YTB	87.01	2.85	(2.70)	(9.22)	(21.48)	(31.82)	94.00	95.81	88.69	0.08	90.98	86.40	-7%	-12%	BEARISH
BNX	VANGD-TTL INT B	47.96	0.52	2.41	2.90	(5.79)	(18.87)	48.29	48.49	47.83	0.13	49.09	46.57	-1%	-1%	BEARISH
HYG	ISHARS-IBX HYCB	72.75	(0.39)	0.52	1.18	(7.23)	(18.96)	74.39	74.42	73.72	0.43	75.88	71.56	-2%	-2%	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
- Fundamental & Technical Strength

(Click Images To Enlarge)

## R.S.I. 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% ↑↓	
META	Communication Ser.	10/10	\$321.65	\$263.27(-22.17%)	53.44	\$302.31(6.40%)	\$301.86(6.56%)	\$290.17(10.85%)	—	—	—	%	
TSLA	Consumer Cyclical	10/10	\$256.45	\$303.16(15.41%)	53.60	\$258.53(-0.80%)	\$251.55(1.95%)	\$243.40(5.36%)	4	7	1	%	
ADBE	Technology	10/10	\$554.54	\$482.54(-14.92%)	47.12	\$531.86(4.26%)	\$518.83(6.88%)	\$458.48(20.95%)	6	7	3	%	
AKAM	Technology	10/10	\$107.89	\$104.23(-3.51%)	59.14	\$105.25(2.51%)	\$98.41(9.63%)	\$92.58(16.54%)	1	6	3	%	
NVDA	Technology	10/10	\$467.58	\$143.84(-225.07%)	52.88	\$436.58(7.10%)	\$448.72(4.20%)	\$425.72(9.83%)	0	6	2	0.04%	
CEG	Utilities	10/10	\$116.27		50.67	\$108.20(7.45%)	\$99.80(16.50%)	\$88.68(31.11%)	—	—	—	1.02%	
BX	Financial	9/10	\$103.69		46.78	\$106.06(-2.23%)	\$103.49(0.19%)	\$94.92(9.24%)	3	5	3	3.21%	
CBOE	Financial	9/10	\$160.27	\$168.34(4.79%)	71.92	\$153.89(4.15%)	\$145.70(10.00%)	\$140.25(14.27%)	5	7	2	1.38%	
LLY	Healthcare	9/10	\$605.88	\$162.37(-273.15%)	42.12	\$558.54(8.48%)	\$517.86(17.00%)	\$479.53(26.35%)	—	5	3	0.82%	
CARR	Industrials	9/10	\$53.90	\$30.60(-76.14%)	47.57	\$54.62(-1.32%)	\$52.54(2.59%)	\$48.15(11.94%)	6	7	3	1.31%	
ODFL	Industrials	9/10	\$423.24	\$377.52(-12.11%)	50.80	\$410.97(2.99%)	\$382.49(10.65%)	\$359.16(17.84%)	6	7	3	0.35%	
GOOGL	Technology	9/10	\$138.61		55.30	\$134.10(3.36%)	\$132.29(4.78%)	\$127.08(9.07%)	6	8	3	%	
NOW	Technology	9/10	\$556.87	\$481.17(-15.73%)	43.90	\$569.64(-2.24%)	\$568.33(-2.02%)	\$520.56(6.97%)	7	5	3	%	
SNPS	Technology	9/10	\$495.16	\$277.30(-78.57%)	54.46	\$456.24(8.53%)	\$447.13(10.74%)	\$418.21(18.40%)	1	9	2	%	
GOOG	Communication Ser.	8/10	\$139.94		49.43	\$134.94(3.70%)	\$132.75(5.41%)	\$127.56(9.70%)	6	8	3	%	
TTWO	Communication Ser.	8/10	\$142.59	\$83.02(-71.75%)	47.49	\$140.06(1.81%)	\$142.35(0.17%)	\$132.27(7.80%)	3	5	3	%	
EGT	Energy	8/10	\$43.48		50.29	\$41.31(5.25%)	\$41.69(4.29%)	\$39.53(9.99%)	1	5	3	1.41%	
ETN	Industrials	8/10	\$212.03	\$74.30(-185.37%)	39.00	\$219.15(-3.25%)	\$204.81(3.53%)	\$186.77(13.52%)	7	8	3	1.65%	
VRSK	Industrials	8/10	\$247.34	\$73.08(-238.45%)	53.49	\$239.97(3.07%)	\$233.70(5.84%)	\$215.80(14.62%)	5	6	3	0.54%	
AVGO	Technology	8/10	\$906.62	\$1,040.43(12.86%)	41.01	\$853.75(6.19%)	\$865.57(4.74%)	\$813.20(11.49%)	3	8	2	2.28%	

## 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 ↑↓	Piotroski ↑↓	SV Rank ↑↓	Yield% ↑↓	
ANET	Technology	10/10	\$191.49	\$143.31(-33.62%)	52.53	\$185.71(3.11%)	\$182.42(4.97%)	\$170.66(12.21%)	1	6	1	%	
META	Communication Ser.	10/10	\$321.65	\$263.27(-22.17%)	53.44	\$302.31(6.40%)	\$301.86(6.56%)	\$290.17(10.85%)	—	—	—	%	
NVDA	Technology	10/10	\$467.58	\$143.84(-225.07%)	52.88	\$436.58(7.10%)	\$448.72(4.20%)	\$425.72(9.83%)	0	6	2	0.04%	
CBOE	Financial	9/10	\$160.27	\$168.34(4.79%)	71.92	\$153.89(4.15%)	\$145.70(10.00%)	\$140.25(14.27%)	5	7	2	1.38%	
MCK	Healthcare	9/10	\$459.64	\$566.27(18.83%)	67.89	\$426.15(7.86%)	\$419.17(9.65%)	\$392.48(17.11%)	1	7	2	0.57%	
AFL	Financial	7/10	\$80.01	\$70.21(-13.96%)	57.76	\$75.65(5.76%)	\$73.14(9.39%)	\$69.42(15.25%)	—	6	3	2.21%	
AIZ	Financial	7/10	\$147.70	\$149.03(0.90%)	63.57	\$140.88(4.84%)	\$135.40(9.08%)	\$129.22(14.30%)	3	7	3	1.95%	
AMGN	Healthcare	7/10	\$283.33	\$221.30(-28.03%)	59.64	\$261.56(8.32%)	\$245.21(15.55%)	\$239.60(18.25%)	1	4	3	3.27%	
FDS	Financial	7/10	\$448.86	\$368.34(-21.86%)	65.26	\$433.91(3.44%)	\$431.09(4.12%)	\$415.03(8.15%)	—	5	2	0.88%	
FDX	Industrials	7/10	\$251.07	\$229.75(-9.28%)	48.89	\$258.76(-2.97%)	\$261.50(-3.99%)	\$246.05(2.04%)	6	7	3	1.88%	
LRCX	Technology	7/10	\$651.39		44.31	\$646.67(0.73%)	\$654.32(-0.45%)	\$618.40(5.33%)	4	—	3	1.18%	
PCAR	Industrials	7/10	\$84.49	\$112.05(24.60%)	56.29	\$84.35(0.16%)	\$84.23(0.31%)	\$78.35(7.83%)	5	6	3	1.21%	
PKG	Consumer Cyclical	7/10	\$151.90	\$175.13(13.26%)	59.44	\$149.47(1.63%)	\$144.39(5.20%)	\$139.02(9.26%)	—	8	1	3.32%	
REGN	Healthcare	7/10	\$851.80		59.48	\$823.42(3.45%)	\$772.22(10.31%)	\$777.08(9.62%)	4	6	3	%	
AMD	Technology	6/10	\$107.01		51.42	\$103.20(3.69%)	\$107.00(0.01%)	\$110.30(-2.98%)	5	7	1	%	
CAH	Healthcare	6/10	\$93.02	\$90.73(-2.52%)	53.43	\$88.24(5.41%)	\$90.56(2.71%)	\$85.17(9.21%)	—	6	5	2.31%	
CB	Financial	6/10	\$211.36		59.23	\$205.41(2.90%)	\$199.52(5.93%)	\$199.85(5.76%)	5	9	2	1.65%	
EG	Financial	6/10	\$395.16		60.94	\$378.79(4.32%)	\$364.80(8.32%)	\$358.35(10.27%)	—	—	—	%	
VRTX	Healthcare	6/10	\$370.00		55.12	\$350.23(5.64%)	\$350.21(5.65%)	\$345.03(7.24%)	1	6	2	%	
GWW	Industrials	5/10	\$732.55	\$646.00(-13.40%)	48.70	\$695.38(5.35%)	\$719.01(1.88%)	\$695.80(5.28%)	5	6	2	1.06%	

## Fundamental & Technical Strength

Scan Result: 11 Item(s) found													
		Tables											
OverviewTechnicalsFundamentalsPerformancePerformance Chart													
Symbol ↑↓	Sector ↑↓	Trend ↑↓	Last ↑↓	FairValue ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram ② ↑↓	Piotroski ② ↑↓	SV Rank ↑↓	Yield% ↑↓	
AKAM	Technology	10/10	\$107.89	\$104.23(-3.51%)	59.14	\$105.25(2.51%)	\$98.41(9.63%)	\$92.58(16.54%)	1	6	3	%	
CEG	Utilities	10/10	\$116.27		50.67	\$108.20(7.45%)	\$99.80(16.50%)	\$88.68(31.11%)	—	—	—	1.02%	
CHTR	Communication Ser.	9/10	\$448.99	\$596.52(24.73%)	52.78	\$435.21(3.17%)	\$405.00(10.86%)	\$373.51(20.21%)	3	7	3	%	
ODFL	Industrials	9/10	\$423.24	\$377.52(-11.11%)	50.80	\$410.97(2.99%)	\$382.49(10.65%)	\$359.16(17.84%)	6	7	3	0.35%	
AMGN	Healthcare	7/10	\$283.33	\$221.30(-28.03%)	59.64	\$261.56(8.32%)	\$245.21(15.55%)	\$239.60(18.25%)	1	4	3	3.27%	
CDW	Technology	7/10	\$207.51	\$210.95(1.63%)	49.24	\$206.14(0.66%)	\$190.44(8.96%)	\$189.56(9.47%)	5	4	2	1.15%	
COST	Consumer Goods	7/10	\$565.71	\$408.11(-38.62%)	56.09	\$559.73(1.07%)	\$554.47(2.03%)	\$537.81(5.19%)	5	8	3	0.75%	
FDS	Financial	7/10	\$448.86	\$368.34(-21.86%)	65.26	\$433.91(3.44%)	\$431.09(4.12%)	\$415.03(8.15%)	—	5	2	0.88%	
REGN	Healthcare	7/10	\$851.80		59.48	\$823.42(3.45%)	\$772.22(10.31%)	\$777.08(9.62%)	4	6	3	%	
CB	Financial	6/10	\$211.36		59.23	\$205.41(2.90%)	\$199.52(5.93%)	\$199.85(5.76%)	5	9	2	1.65%	
AZO	Consumer Cyclical	3/10	\$2,544.33		48.24	\$2,515.01(1.17%)	\$2,489.35(2.21%)	\$2,517.05(1.08%)	5	7	3	%	

## SimpleVisor Portfolio Changes

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

### October 9th

*This morning, we reduced Costco (COST) by 1% and the iShares Staples ETF (XLP) by 2%. [This morning's Commentary started](#) with a piece on the new obesity drug Ozempic. As we wrote: "Unfortunately for Coke, Pepsi, McDonald's, and other companies, users claim they eat less food. Walmart confirmed initial reactions, saying its customers taking Ozempic and other appetite-suppressing drugs are purchasing less food."*

*COST shares have started slipping with other food purveyors as investors worry about the effect of the obesity drugs on their sales. Whether the drugs will meaningfully affect sales or not, the market seems bent on pricing with negative consequences. We have owned COST shares for a long time, and this reduction in weighting is temporary until the market figures out the implications of these drugs. We are already looking to increase our weighting in COST in the future.*

### Equity Model

- Reduce COST to 2% of the Portfolio.

### ETF Model

- Reduce XLP from 9% to 7% of the Portfolio.

### October 12th

*This morning, we added 1% to XOM, bringing it back up to 3%. We also added 1% to XLE in the sector model. We had sold both a few weeks ago as they were significantly overbought. Both have fallen decently since then, along with oil prices. The purchase of Pioneer pushed Exxon down almost 5% yesterday. The deal is dilutive to Exxon shareholders but is expected to provide significant synergies and provide Exxon with*



*dominance in the Permian Basin. The Permian Basin has some of America's cheapest oil to drill.*

### **Equity Model**

- *Increase Exxon Mobil (XOM) to 3% of the Portfolio.*

### **ETF Model**

- *Increase the iShares Energy ETF (XLE) to 3% of the Portfolio.*



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*Lance Roberts, C.I.O.*

Have a great week!