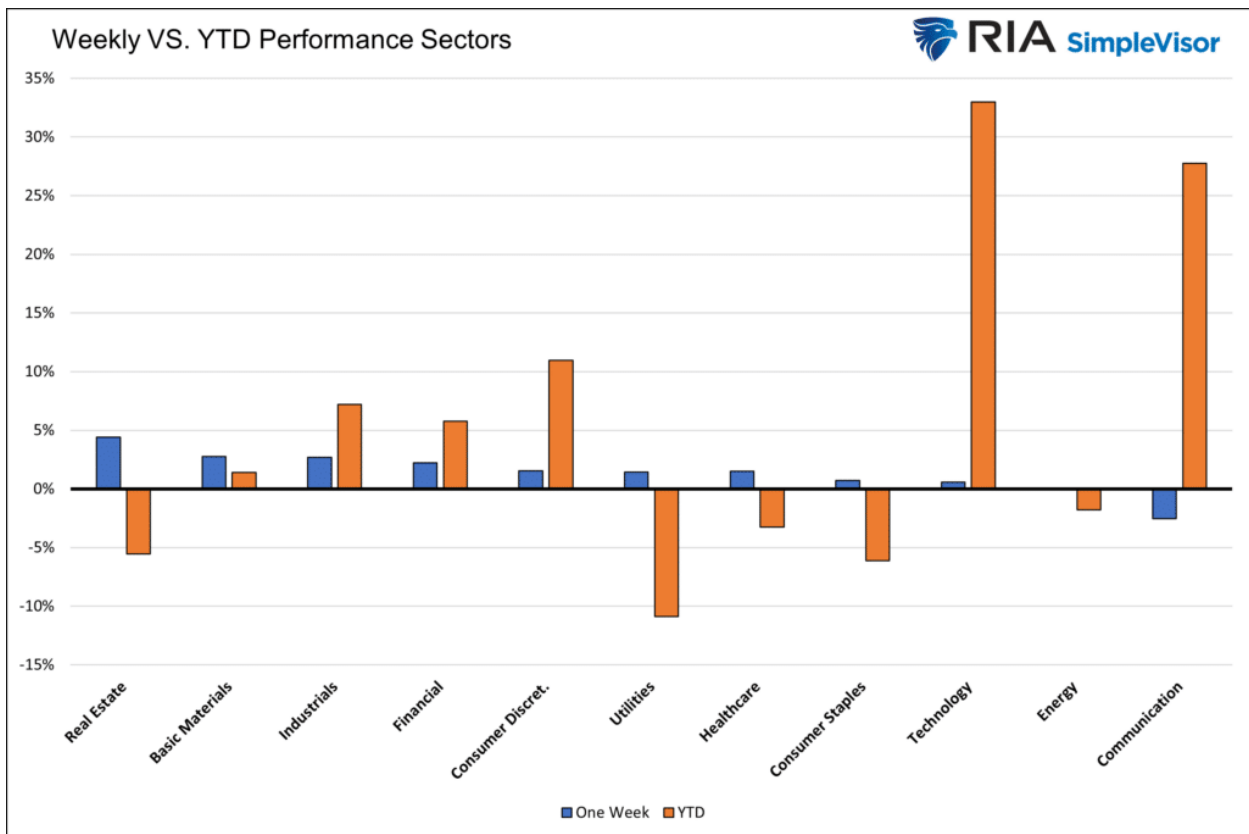


Per the Tweet of the Day, our [SimpleVisor](#) relative analysis tool suddenly shows the real estate sector is the most overbought sector. For the better part of the year, real estate and many other sectors grossly lagged behind the technology and communications sectors. As we approach year end, the tide is turning. The graph below shows last week's performance of each sector alongside its year-to-date performance. The real estate sector rose over 4% last week, cutting its year-to-date negative return in half. Basic materials, which had been down for the year pushed into the green with a +2.75% performance on the week. At the same time, the communications sector was down 2.5%, and technology barely eked out a gain. With year end nearing, what might be causing the stark differences in the relative performance of various sectors?

Typically in December, as institutions prepare for year end, mutual funds distribute capital gains, interest income, and dividends. Doing so often requires selling in those sectors and stocks with the biggest gains. Additionally, some institutions like to window dress their portfolios going into year end. Many institutions only report their holdings monthly or quarterly. Therefore, they may buy or sell stocks based on what they want their investors to think they held throughout the last month or quarter. Most often, markets are pressured in early to mid-December as mutual funds weigh on markets. However, once those trades are finished, the infamous Santa Rally often appears.



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
☹️	BHP	BHP Group Limited	\$318,753,888,739	Sep/2023		7	N/A	N/A
☀️	AZO	AutoZone, Inc.	\$46,715,169,501	Nov/2023	\$31.04	11	12/06/2022	\$27.45
☀️	FERG	Ferguson plc	\$35,148,158,447	Oct/2023	\$2.65	5	12/06/2022	\$2.95
☹️	SATX	SatixFy Communications Ltd.	\$34,850,595,168	Sep/2023		7	N/A	N/A
☺️	MDB	MongoDB, Inc.	\$31,051,316,786	Oct/2023	(\$0.64)	8	12/06/2022	(\$1.23)
☀️	NIO	NIO Inc.	\$12,291,605,612	Sep/2023	(\$0.43)	1	11/10/2022	(\$0.36)
☀️	SJM	J.M. Smucker Company (The)	\$11,379,483,373	Oct/2023	\$2.47	8	11/21/2022	\$2.40
☺️	TOL	Toll Brothers, Inc.	\$9,434,506,620	Oct/2023	\$3.64	8	12/06/2022	\$4.67
☀️	CNM	Core & Main, Inc.	\$8,143,987,572	Oct/2023	\$0.68	3	12/13/2022	\$0.65
☺️	DSGX	The Descartes Systems Group Inc.	\$7,006,798,793	Oct/2023	\$0.32	1	12/07/2022	\$0.31
☺️	HQY	HealthEquity, Inc.	\$5,941,693,682	Oct/2023	\$0.32	6	12/06/2022	\$0.21
☺️	S	SentinelOne, Inc.	\$5,863,212,088	Oct/2023	(\$0.27)	9	12/06/2022	(\$0.32)
☺️	ASAN	Asana, Inc.	\$4,933,961,725	Oct/2023	(\$0.35)	7	12/01/2022	(\$0.49)
☀️	SIG	Signet Jewelers Limited	\$3,832,830,568	Oct/2023	\$0.15	2	12/06/2022	\$0.74
☺️	BOX	Box, Inc.	\$3,827,287,819	Oct/2023	\$0.02	7	11/30/2022	\$0.04
☺️	AVAV	AeroVironment, Inc.	\$3,673,037,372	Oct/2023	\$0.67	3	12/06/2022	N/A
☹️	CD	Chindata Group Holdings Limited	\$3,109,556,578	Sep/2023	\$0.09	1	11/22/2022	\$0.10
☺️	PLAY	Dave & Buster's Entertainment, Inc.	\$1,852,661,406	Oct/2023	(\$0.21)	6	12/06/2022	\$0.04

Economy

Time	Event	Impact	Actual	Dev 📌	Consensus	Previous
TUESDAY, DECEMBER 5						
13:55	🇺🇸 USD Redbook Index (YoY)(Dec 1)	🟡	-	-	-	6.3% 🔔
14:45	🇺🇸 USD S&P Global Composite PMI(Nov)	🟠	-	-	-	50.7 🔔
14:45	🇺🇸 USD S&P Global Services PMI(Nov)	🟡	-	-	50.8	50.8 🔔
15:00	🇺🇸 USD ISM Services Employment Index(Nov)	🟠	-	-	-	50.2 🔔
15:00	🇺🇸 USD ISM Services New Orders Index(Nov)	🟠	-	-	-	55.5 🔔
15:00	🇺🇸 USD ISM Services PMI(Nov)	🔴	-	-	52	51.8 🔔
15:00	🇺🇸 USD ISM Services Prices Paid(Nov)	🟠	-	-	-	58.6 🔔
15:00	🇺🇸 USD JOLTS Job Openings(Oct)	🟠	-	-	9.35M	9.553M 🔔
15:00	🇺🇸 USD RealClearMarkets/TIPP Economic Optimism (MoM)(Dec)	🟡	-	-	45.2	44.5 🔔
21:30	🇺🇸 USD API Weekly Crude Oil Stock(Dec 1)	🟡	-	-	-	-0.817M 🔔

Market Trading Update

After testing this year's high on Friday, the markets pulled back some on Monday. However, even with the market down, there was buying both mid-day and into the close, showing support from buyers. One noteworthy change over the last week or so is the lag in performance by the "Magnificent 7" and the rotation into some of the more beaten-down sectors of the market, like Healthcare. This is likely due to mutual fund rebalancing for year-end distributions as those sectors with the biggest runup this year are sold down to weight and the laggards are brought up to weight. This is likely NOT a change in attitude but a short-term situation that will likely resolve itself over the next few days.

With the "stock buyback" window closing this week, one support for the bull rally over the last month is being removed. With the markets very overbought and close to a sell signal, continue to

take profits, rebalance risks, and look for a better opportunity to increase exposures.

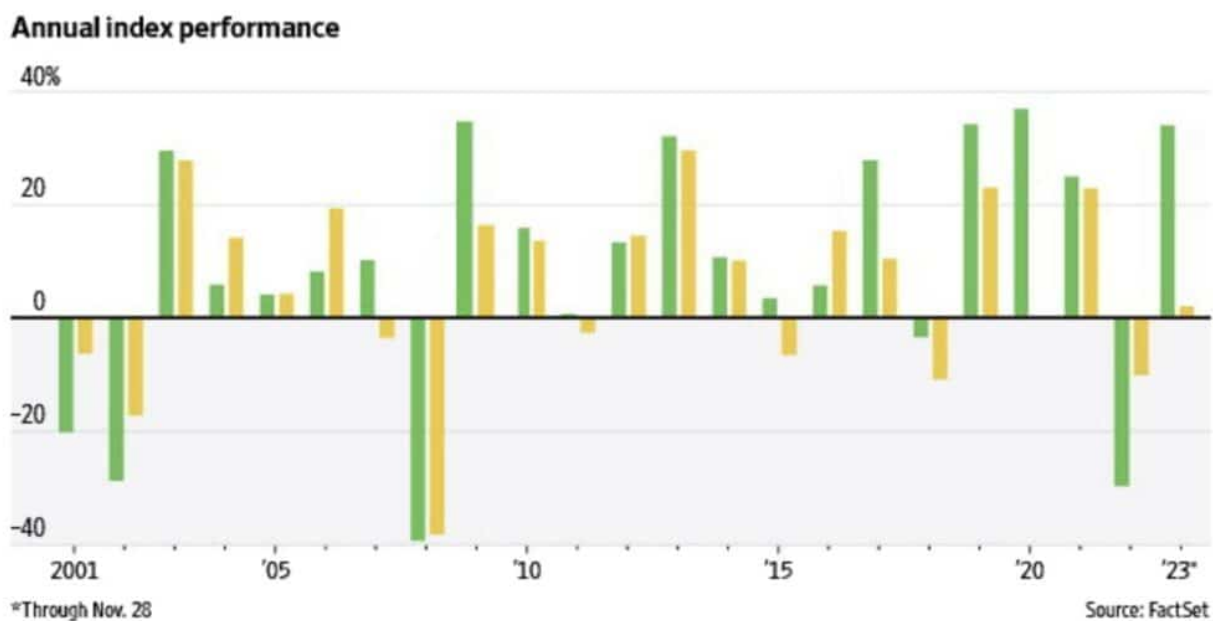
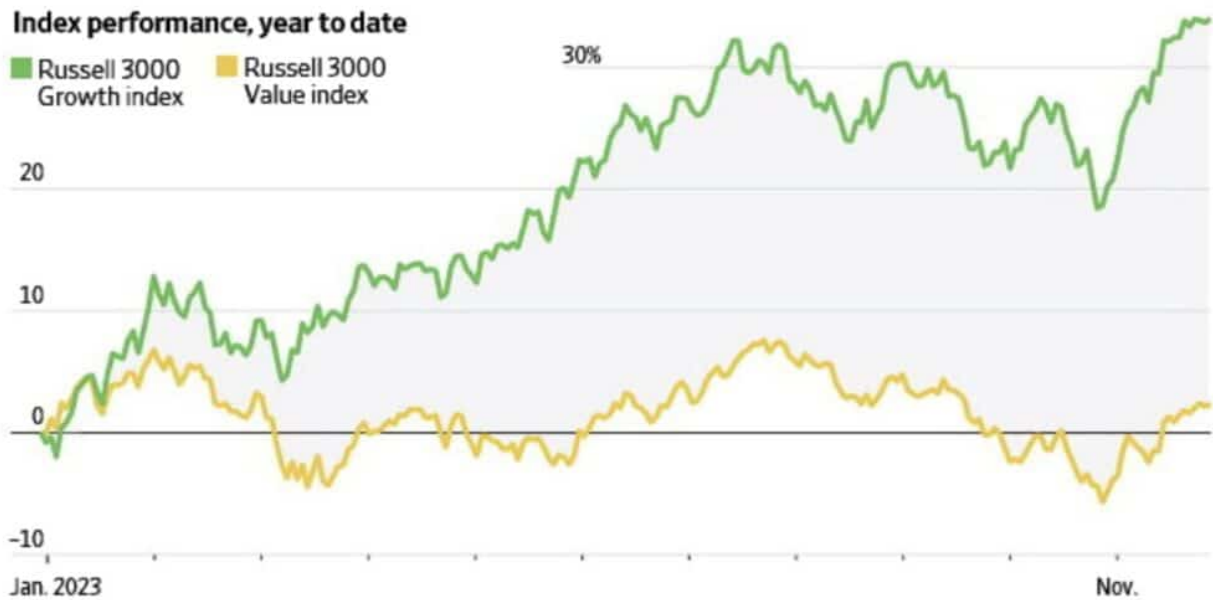


THE Bull Bear REPORT
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Growth Versus Value In Small Caps

We have often opined on the outperformance of large-cap growth stocks and the underperformance of value and smaller-cap stocks this year. The graph below looks inside the small-cap Russell 3000 index to show that the chase for growth over value isn't limited to large-cap stocks. The Russell 3000 growth index is beating the value index by over 30% this year! However, as shown in the bottom bar chart, in 2022, small-cap value beat growth by about 25%.



Gold Shines Then Falters On Sunday

If you woke up Monday morning and saw gold futures down \$25, you may not have thought much of it. Given its recent \$200 surge, a rest from its recent pace seems reasonable. However, Monday's price action is more ominous for those who were watching gold when the futures market opened Sunday at 6 pm ET. As shown below, gold rose over \$50 within the first few hours of trading. Once peaking at \$2150, it started falling precipitously. The first graph below shows gold prices put in quite a bearish candle. Such a candle with a long wick, following a strong trend higher or lower, can signal a reversal. The second graph better details the price action since Sunday night.



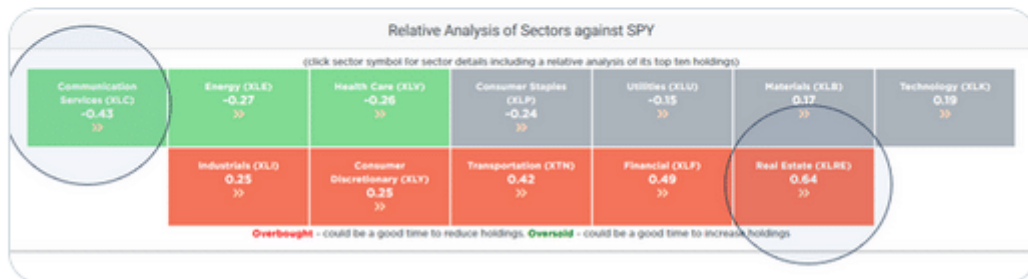
Tweet of the Day



Michael Lebowitz, CFA @michaellebowitz · 2s

Big sector rotations this past week. Real estate and Communications switched places in one week!

Mutual fund jockeying before Santa's rally?



Please [subscribe to the daily commentary](#) to receive these updates every morning before the opening bell.

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.