Commodity Surge Is A Bearish Indicator

In this 03-04-22 issue of "Commodity Surge Is A Bearish Indicator."

- *Market Review & Update*
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- *Portfolio Positioning*
- *Sector & Market Analysis*

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Weekly Market/Strategy Recap With Adam Taggart
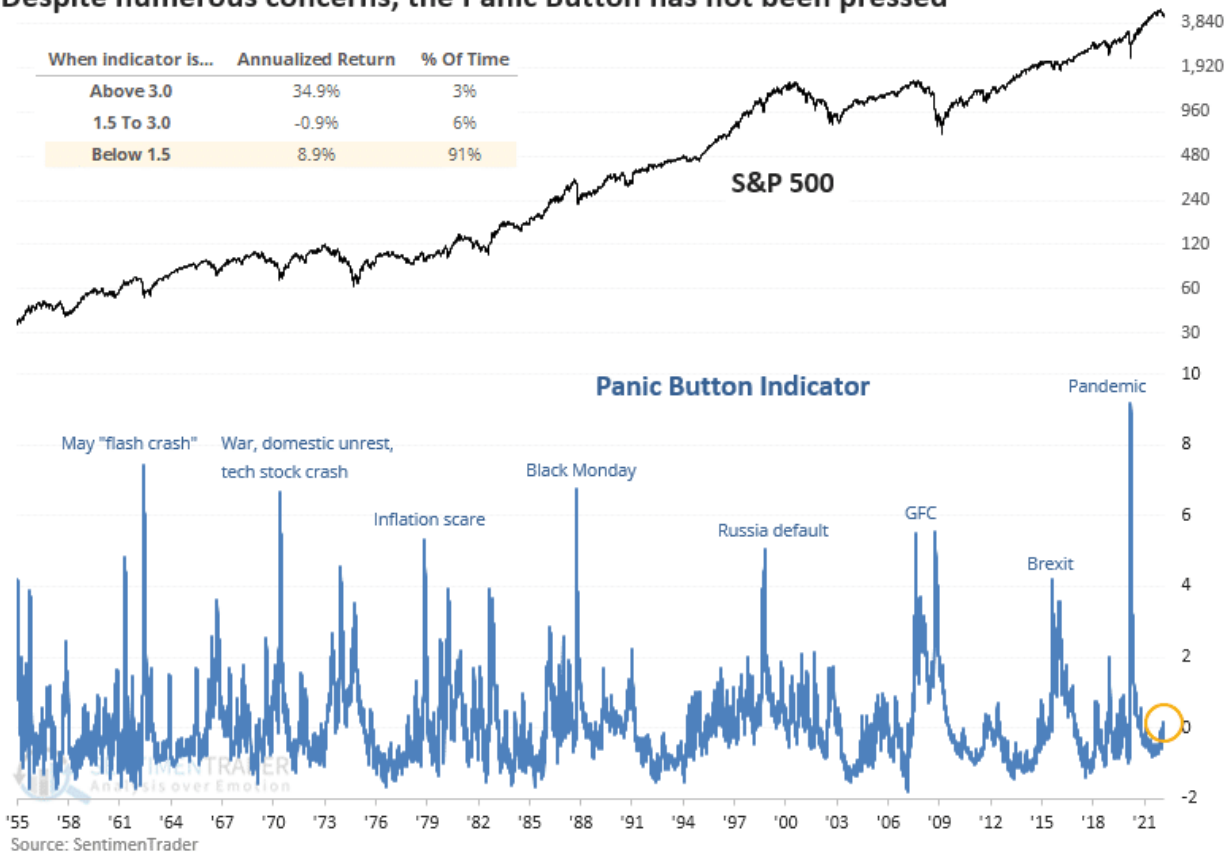
https://youtu.be/3ta4TqDuzDQ

Market Review - Stocks Struggle As Russia Advances

Friday morning, stocks sank back to previous support on news Russia had taken Ukraine's nuclear power facility. It is not surprising with the ongoing Russia conflict; no one wants to hold equities over the weekend if something happens.

While the market continues to grind out a downtrend, so far, it remains a very steady decline without much sign of visible panic. Such was a point made by Sentiment Trader this past week.

Despite numerous concerns, the Panic Button has not been pressed

When indicator is...	Annualized Return	% Of Time
Above 3.0	34.9%	3%
1.5 To 3.0	-0.9%	6%
Below 1.5	8.9%	91%

S&P 500

Panic Button Indicator

Pandemic

May "flash crash"   War, domestic unrest, tech stock crash

Black Monday

Inflation scare

Russia default

GFC

Brexit

Source: SentimenTrader

The problem with a declining market with no real *"fear"* is that signals become less reliable. Trading signals work best when they trade at extremes but give "false" signals when in the middle. Does that mean we should abandon our analysis and go with our *"gut?"* Of course, not. However, it does mean we should be more cautious in making portfolio changes.

- ***Give postions a little more "wiggle" room***
- ***Maintain stops at critical support levels***
- ***Reduce position sizes temporarily until certainty returns.***
- ***Add hedges to reduce risk***

With those guidelines, we can review the current market setup.

As discussed last week, the market has given us a decent roadmap to follow near term. With a short-term buy signal still intact and not overbought yet, there are three rally targets and a critical support level for the market currently:

Rally targets are:

- *The 200-dma (red line)*
- *The current downtrend line; and,*
- *The 50-dma (black line)*

Critical support level:

- *January and October lows.*

Unfortunately, most of the *"fuel"* for a stronger rally got squandered. Therefore, we will re-hedge risk on any rally next week, particularly as the markets struggle with geopolitical risk.

The surge in commodities is a more concerning bearish indicator.

A History Of Commodity Cycles

Since 1980, the start of my data feed for the CRB Index, there have been 4-distinct cycles in commodities.

Long History Of Booms And Busts
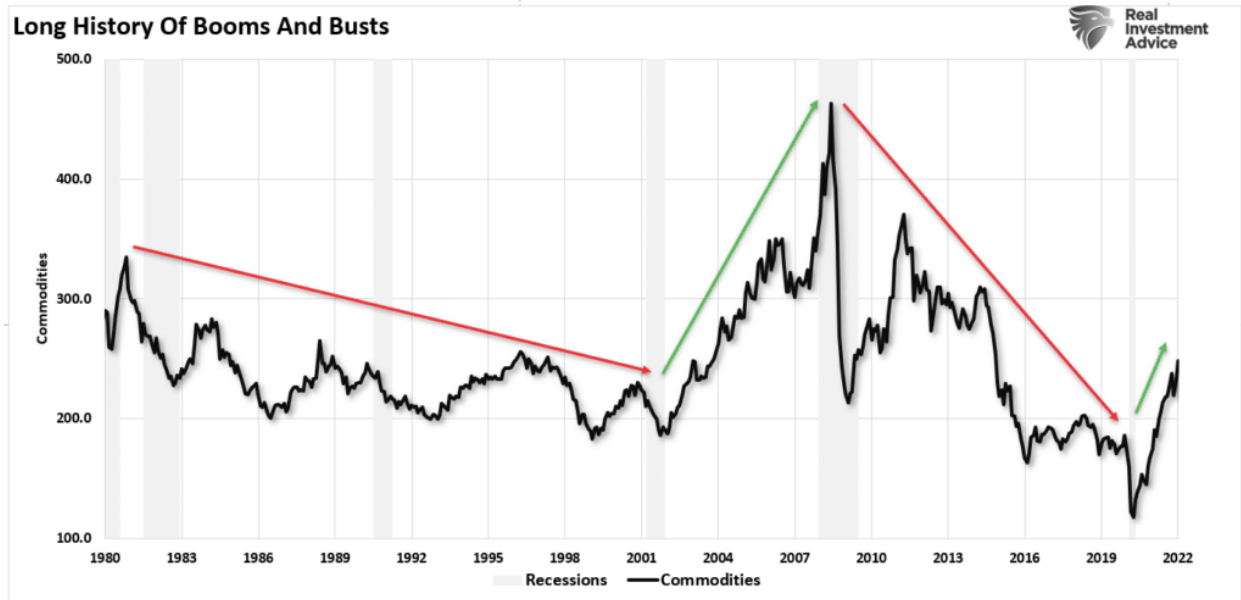
Commodity prices fell from 1980 to 2000 as the economy shifted from manufacturing to financialization. Beginning in 2001, as the dot.com era ended, investment flows shifted to commodities and emerging markets in anticipation of a global resurgence. Housing demand boomed as mortgage rates fell, and energy demand rose on fears of *"peak oil production."*

However, as quickly as it came, the demand for commodities faded as the financial crisis crippled the entire global economy. That deflationary trend continued until March 2020.

The current commodity spike is a natural byproduct of too much money chasing too few goods. As the Covid-pandemic shut down production, governments injected billions of dollars to stimulate demand. That imbalance of demand versus supply created the current inflation surge.

Inflation Is Surging
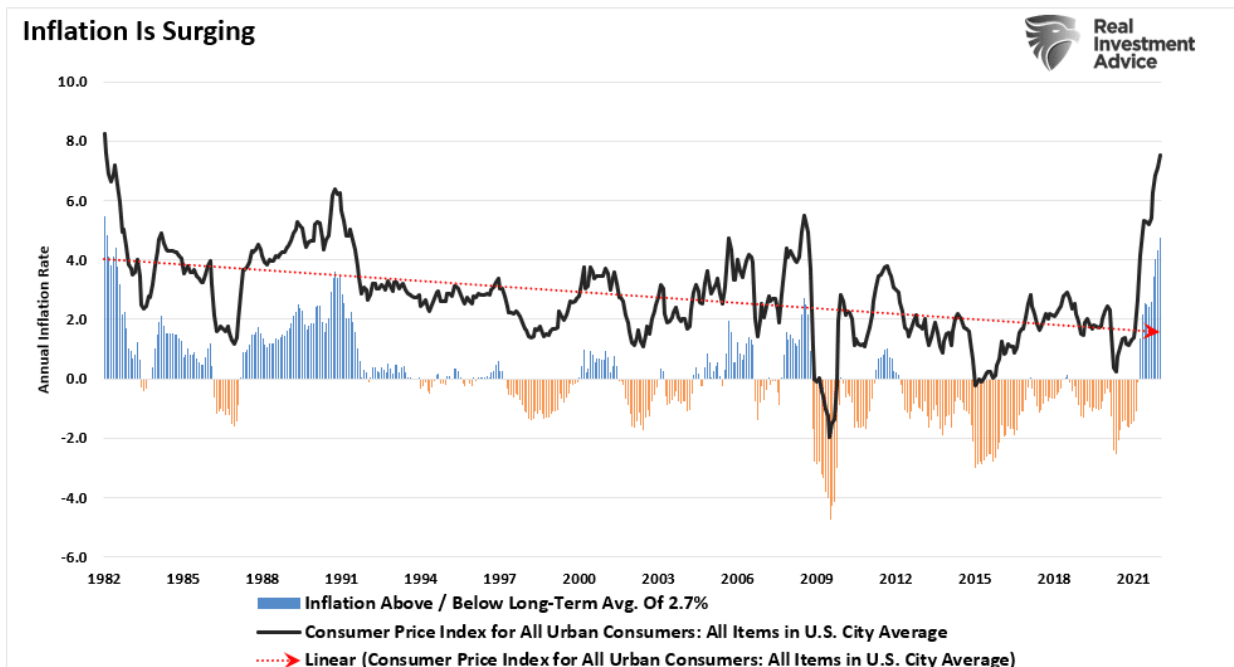
However, since the demand-side of the equation was a function of artificial liquidity, the question is the sustainability of higher prices?

We must understand that commodities and hard assets generally do not live in a vacuum to answer that question. Instead, they are subject to the supply-demand equation, ultimately setting their price. Therefore, and not surprisingly, economic growth, interest rates, the dollar, and the money

supply weigh heavily on that equation.

This Week's MacroView

Hiking Rates Into Peak Valuations Is A Mistake

Written by Lance Roberts | Mar 4, 2022 | Investing

Hiking rates into a wildly overvalued market is potentially a mistake. So says Bank of…

> Read More

A Hard Landing

Several indicators point to the ongoing demand for those assets if commodities and hard assets are driven by demand, particularly in manufacturing.

As discussed previously, the current spread between the Producer Price Index (PPI) and the Consumer Price Index (CPI) suggests that companies cannot pass along the entirety of higher input costs. As such, there is a high correlation to earnings growth. **Eventually, companies will react to protect profits through layoffs, automation, and cost reductions. Such actions typically precede the onset of a recession.**


GAAP Earnings Vs. PPI-CPI Spread
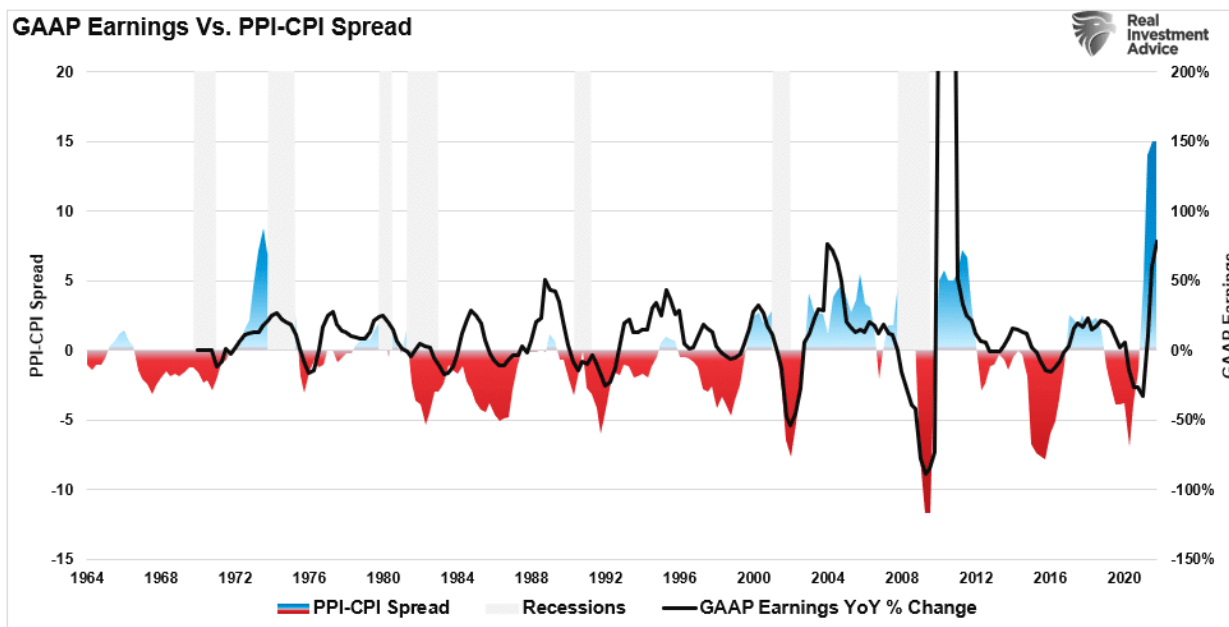
Interest rates are equally crucial as rates reflect the strength of economic growth, inflation, wages, and overall demand. There is a decent correlation between the annual change in interest rates *(reflecting economic strength or weakness)* and commodity prices.

Interest Rates Suggest Weaker Growth
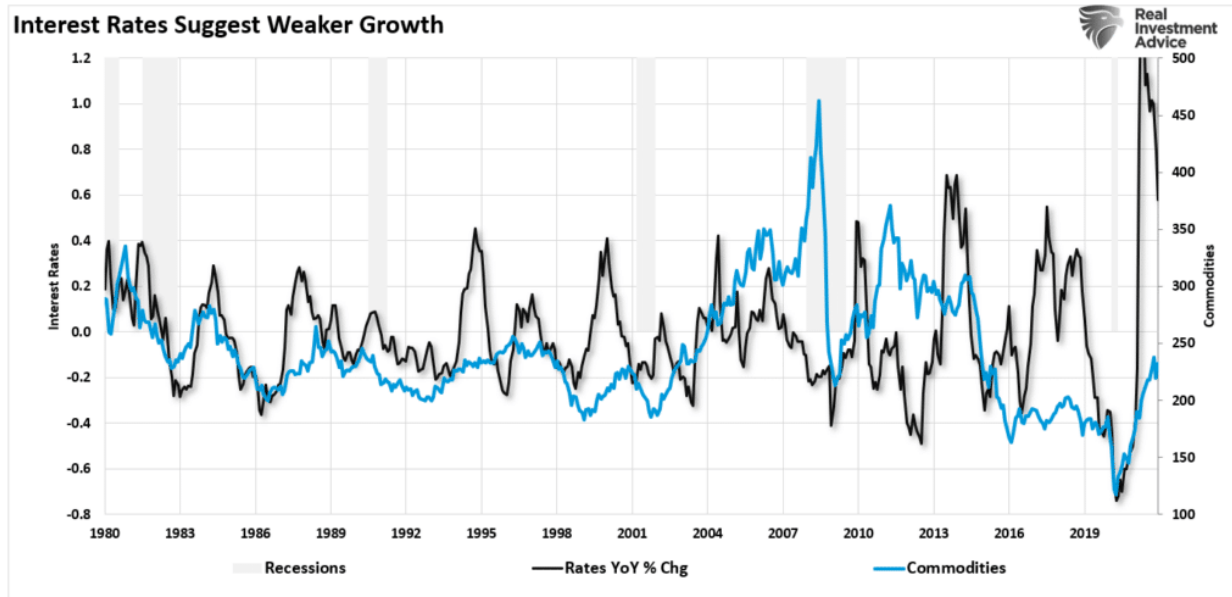
The recent surge in commodity prices from the 2020 lows corresponds with the jump in rates. Such fits with the flood of fiscal policy, allowing demand to outpace the economic production capacity. However, with the liquidity now reversed, rates will reverse to levels consistent with weaker economic growth rates.

A consequence of that reversal in liquidity, as measured through M2, is the reversal of inflation over the next 9-months. Again, since commodities are highly correlated to inflation, it suggests the peak in the *"hard asset"* trade as the economy normalizes.

Real M2 (Lagged 12-Months) Vs. Commodities
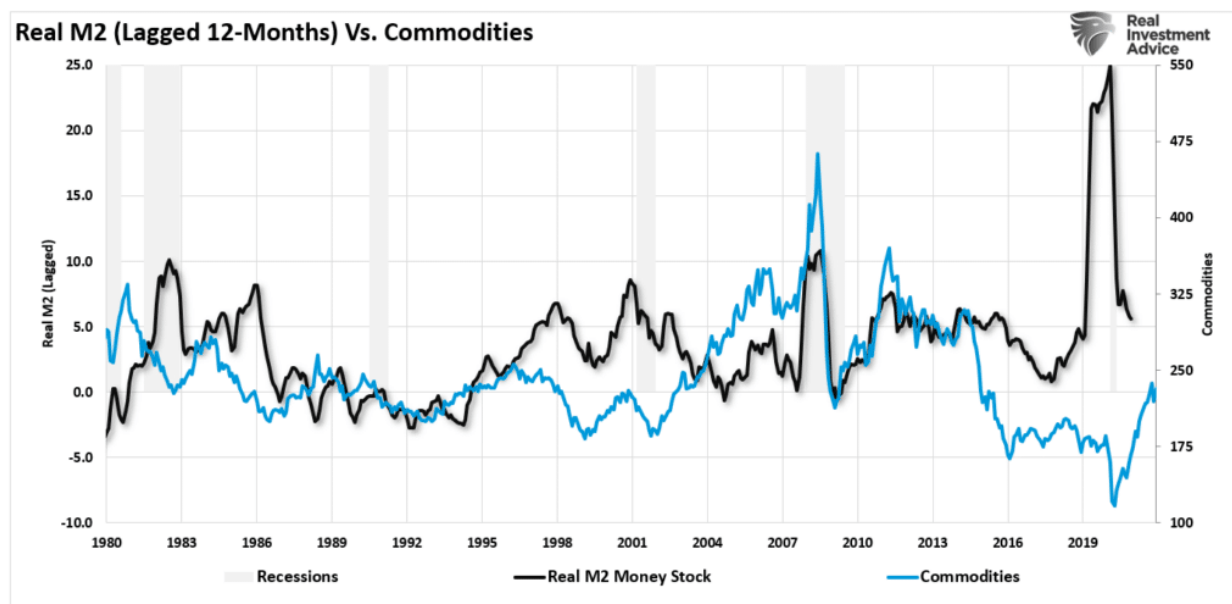
Not surprisingly, commodities track nominal GDP growth.

Economic Growth Vs. Commodities
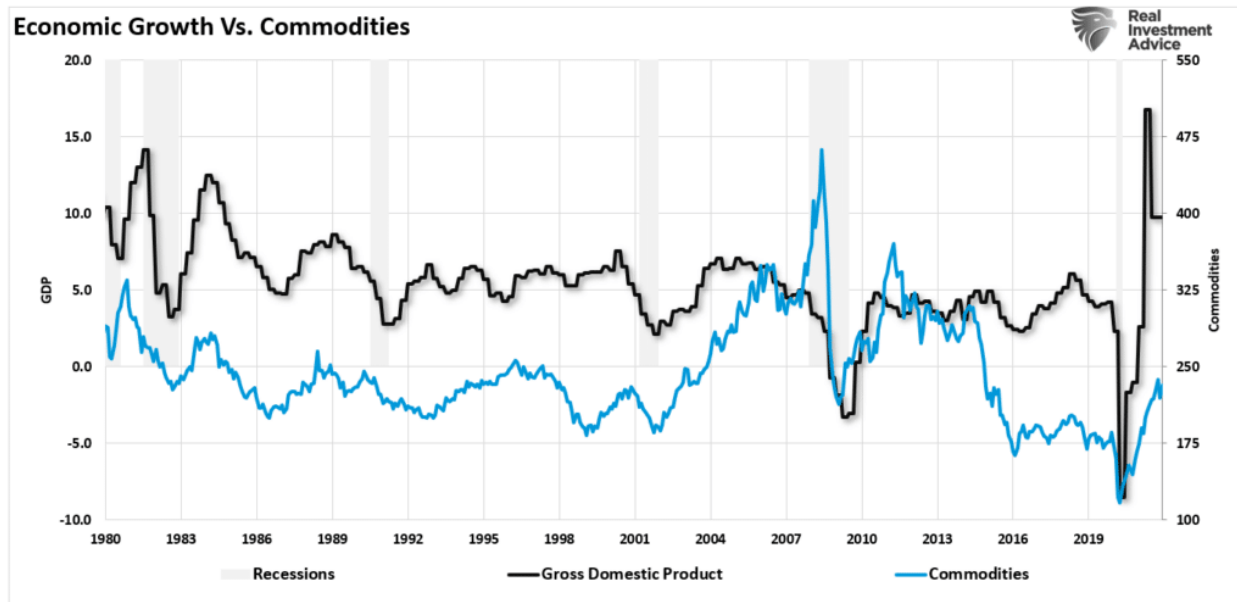
The surge in economic growth following the pandemic-driven shutdown was, as stated, an artificial **_"sugar rush"_** of liquidity flooding the system. Such caused a massive rise in money supply, leading to inflation given the lack of productive capacity. However, as is already the case, economic activity is reverting to more normal levels.

Commodity Surge & Markets

With that background, it is not surprising that peaks in commodity prices tend to align with peaks in the financial markets. Such is because earnings ultimately get derived from economic activity. If economic activity slows due to high commodity prices, the market will reprice valuations accordingly.

Commodities Rally A Bearish Signal
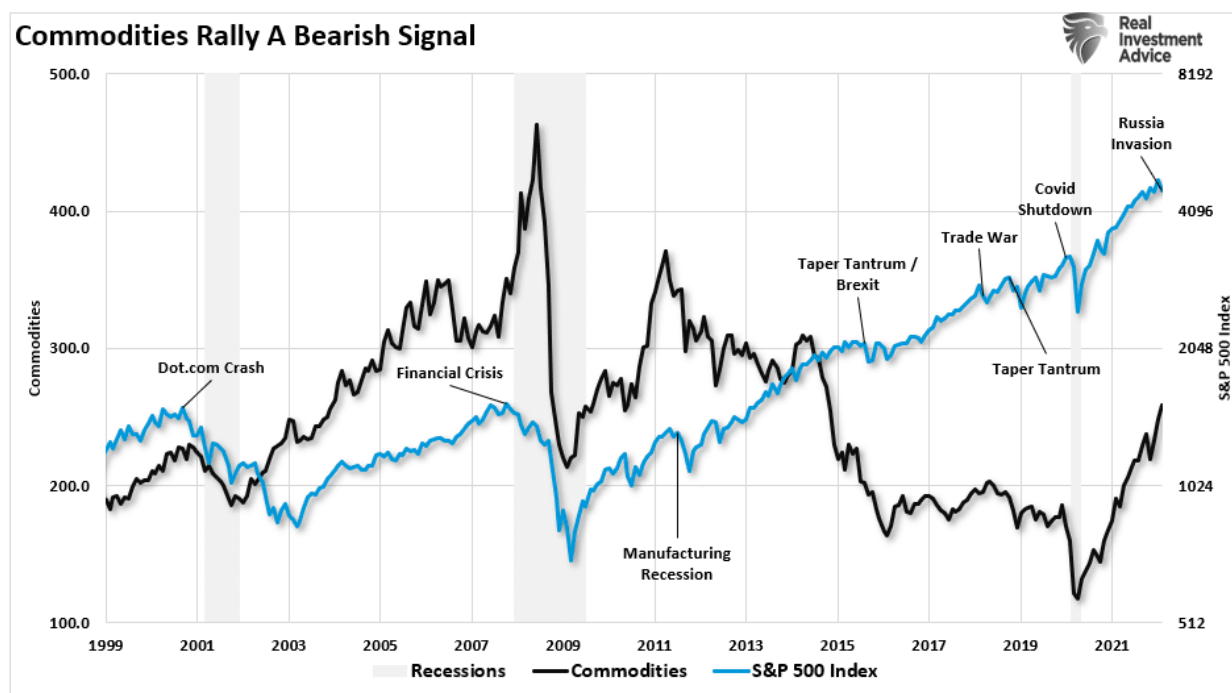
Following the financial crisis, the markets became more insulated from commodity declines due to the massive monetary support from the Federal Reserve. Nonetheless, declines in commodity prices, which, as noted above, are tied to the economic cycle, resulted in market corrections.

The current commodity surge will once again trigger an economic slowdown. Commodity surges are equivalent to monetary tightening by reducing the consumptive power of Americans. However, when that commodity surge coincides with the Fed's more aggressive monetary policy, the results will likely be disappointing.

In other words, as the Fed hikes rates, a *"hard landing"* is almost assured.

Portfolio Update

The main point of this week's discussion is that many retail traders are now chasing the *"commodity bull market"* under the assumption that we are returning to the *"inflation"* of the 1970s. There is a considerable difference between the two periods.

The 1970s inflation surge was a function of a strongly growing economy, rising wages, and high savings rates, versus today's "artificial" demand surge from a massive liquidity program. However, as is always the case, surges in commodities, particularly oil prices, have an almost immediate negative impact on economic growth. As high prices quell demand, supply builds, driving down prices.

From that view, our expectation is the Fed will likely hike rates more quickly than needed in an already slowing economy leading to a deflationary drag. Such keeps our portfolios aligned to a defensive posture currently.

However, we did reduce our hedges early this week due to the short-term oversold condition of the market. We are looking for a bounce to current resistance levels, as discussed above, to rebuild those hedges and reduce risk further.
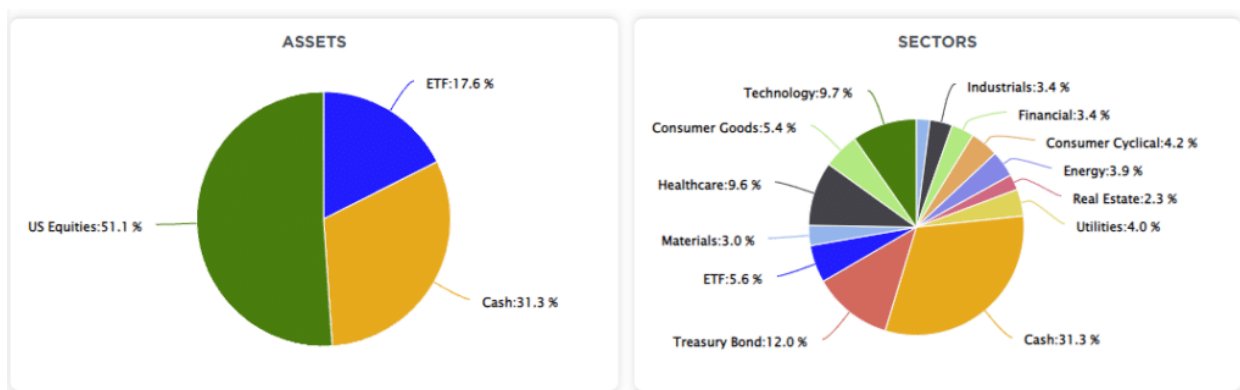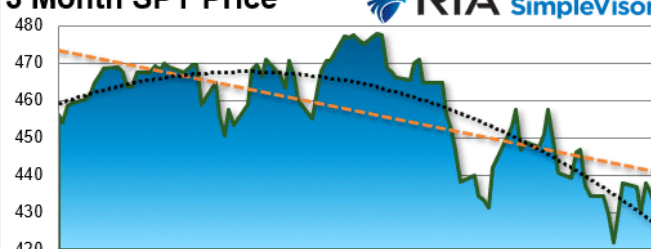

While we are not currently expecting a substantial bear market, the risk of a more profound decline is undoubtedly present. That risk becomes more elevated as the Federal Reserve begins its rate-hiking campaign. As shown below, the markets tend to weather rate hikes until the Fed eventually *"breaks something."*
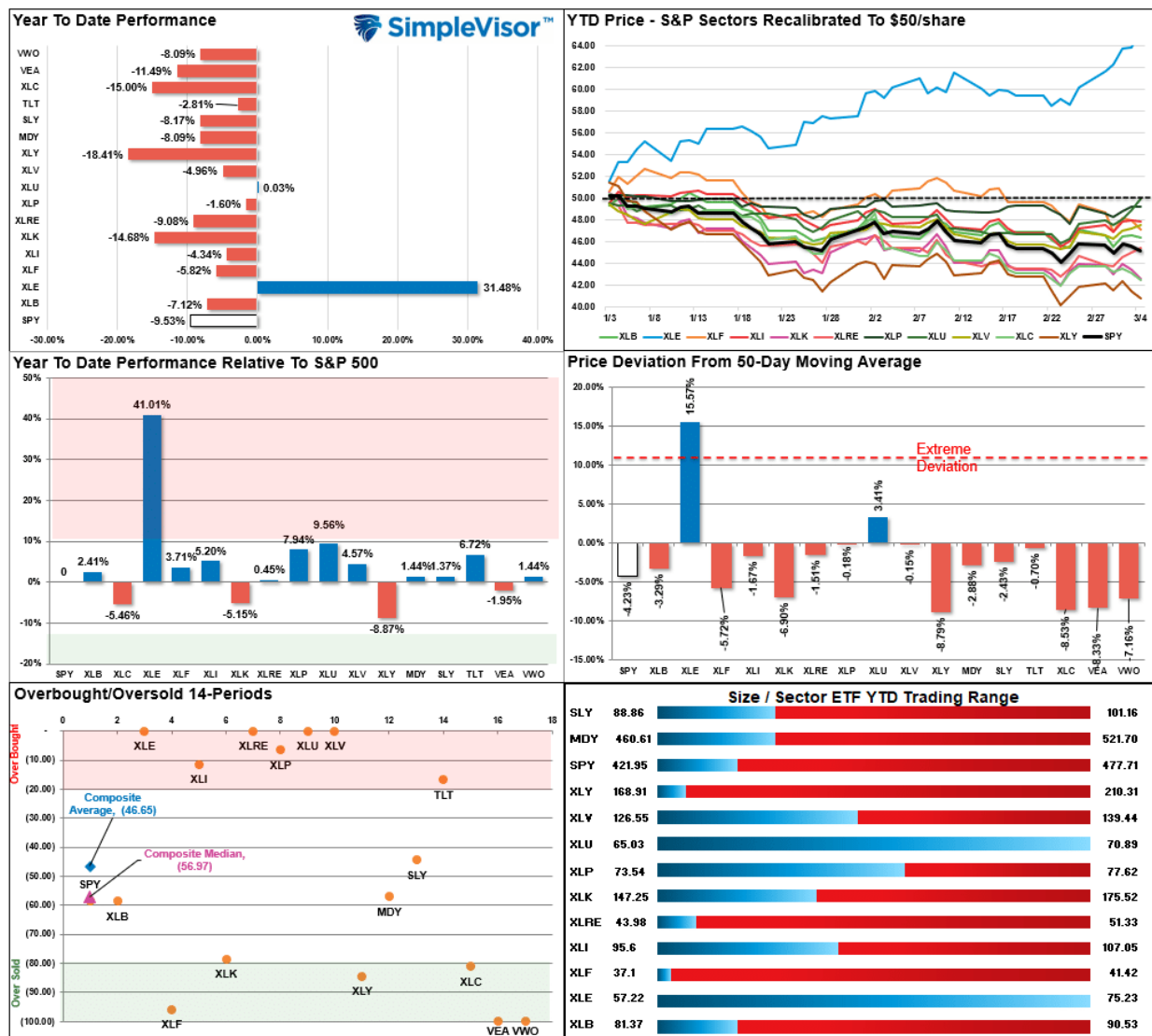
The Federal Reserve & Financial Crisis

Real Investment Advice
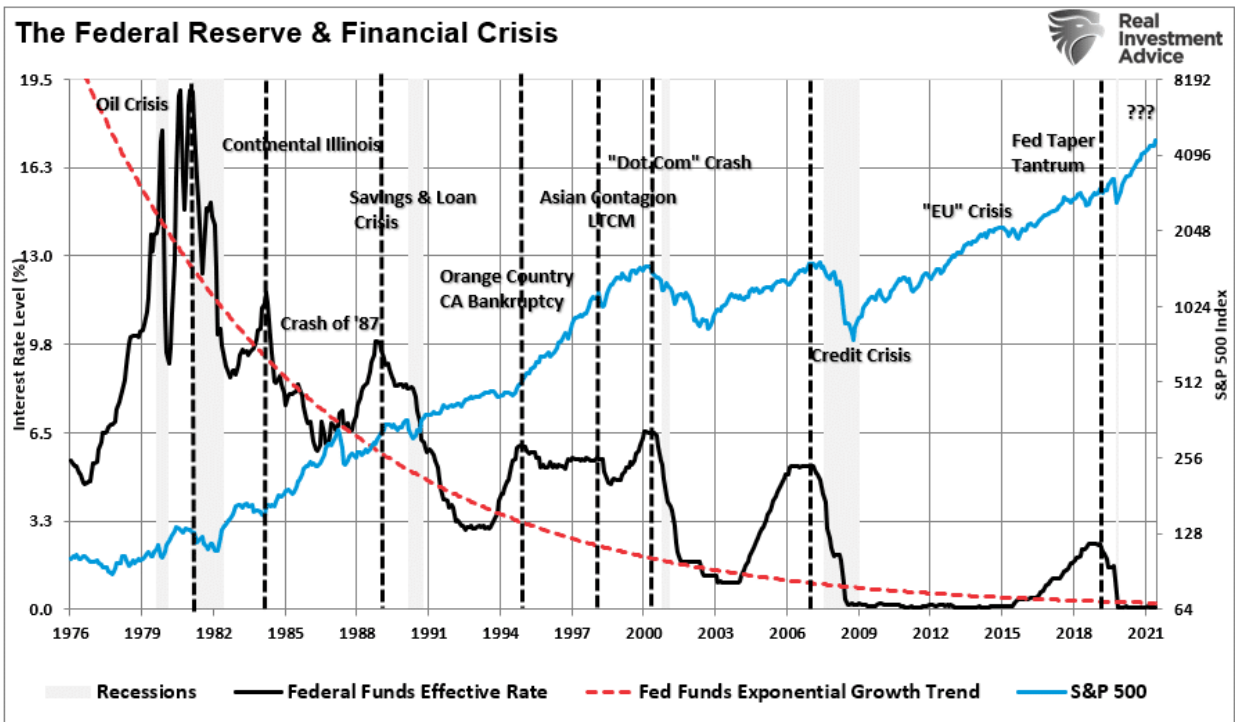
We suspect this time will be no different, and we are hedging our risks accordingly.

Market & Sector Analysis

S&P 500 Tear Sheet

3 Month SPY Price — RIA SimpleVisor

SPY RISK INFO

Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	38.14%	14.73%	(9.01%)	(161.18%)
Max Drawdown	(30.29%)	(14.45%)	(14.45%)	0.00%
Sharpe	0.77	1.20	(2.21)	(2.84)
Sortino	0.98	1.62	(3.76)	(3.31)
Volatility	25.23	14.07	20.39	0.45
Daily VaR-5%	(15.69)	(7.25)	(78.34)	9.81
Mnthly VaR-5%	(7.11)	8.23	11.06	0.34

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.72%	1.40%	1.35%	(3.81%)	2.14%	1.20%	(36.64%)	12.78%
P/E Ratio	19.92	27.97	21.00	(33.15%)	2903%	1645%	(27.7%)	27.67%
P/S Ratio	3.95	4.61	4.55	(1.19%)	5.14	3.15	(11.49%)	44.50%
P/B Ratio	5.27	6.03	6.75	10.70%	7.43	4.34	(9.16%)	55.46%
ROE	21.81%	20.73%	29.49%	29.73%	29.49%	17.68%	0.00%	66.78%
ROA	4.29%	3.76%	5.21%	27.92%	5.21%	3.51%	0.00%	48.33%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,843.5	2,785.9	(2.03%)
Sales	68,718	79,639	15.89%
SPS	24.2	28.6	18.29%
Earnings	10,619	15,660	47.47%
EPS TTM	4.1	6.2	51.01%
Dividend	1.6	1.7	10.39%

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	49.84%	3.79%	1.53	18.19	95.24	(330.04)	(80.9%)	13.2%	3.1%	3.55%	5.26	11.77
Materials	13.65%	2.55%	1.14	16.00	27.12	14.16	(41.0%)	18.4%	1.9%	5.67%	5.89	15.53
Industrials	10.12%	7.91%	1.18	27.01	54.25	14.70	(50.2%)	17.5%	1.6%	3.24%	6.43	19.55
Discretionary	7.73%	11.85%	1.32	33.44	59.91	21.98	(44.2%)	27.6%	0.7%	2.67%	6.86	28.81
Staples	20.18%	6.18%	0.65	22.65	23.01	17.65	(1.6%)	31.0%	2.4%	4.41%	4.74	21.36
Health Care	20.11%	13.45%	0.77	17.15	19.73	15.29	(13.1%)	34.8%	1.6%	5.60%	8.82	15.99
Financials	12.86%	11.40%	1.21	12.60	18.53	10.59	(32.0%)	12.9%	1.8%	7.77%	6.86	14.64
Technology	18.78%	28.03%	1.08	26.92	32.99	16.66	(18.4%)	77.6%	0.9%	3.45%	6.48	26.74
Telecom	4.64%	9.55%	0.89	19.93	28.26	17.65	(29.5%)	18.6%	0.6%	4.77%	9.70	19.65
Utilities	18.11%	2.57%	0.49	20.67	22.09	16.89	(6.4%)	10.7%	3.1%	4.98%	3.57	19.59
Real Estate	26.75%	2.65%	0.97	23.14	25.68	17.12	(9.9%)	10.6%	2.5%	4.28%	4.91	22.44

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	432.17	(8.17%)	450.85	39	(4.14%)	446.62	14	(3.24%)	0.95%	(9.96%)	16.21%	Buy
Mid Cap	477.19	(6.25%)	491.00	50	(2.81%)	496.75	54	(3.94%)	(1.16%)	(10.57%)	8.75%	Sell
Small Cap	92.20	(6.23%)	94.42	45	(2.35%)	96.50	53	(4.46%)	(2.16%)	(12.44%)	5.52%	Sell

Relative Performance Analysis

Year To Date Performance — SimpleVisor™

Symbol	YTD
VWO	-8.09%
VEA	-11.49%
XLC	-15.00%
TLT	-2.81%
SLY	-8.17%
MDY	-8.09%
XLY	-18.41%
XLV	-4.96%
XLU	0.03%
XLP	-1.60%
XLRE	-9.08%
XLK	-14.68%
XLI	-4.34%
XLF	-5.82%
XLE	31.48%
XLB	-7.12%
SPY	-9.53%

YTD Price - S&P Sectors Recalibrated To $50/share

Year To Date Performance Relative To S&P 500

SPY	XLB	XLC	XLE	XLF	XLI	XLK	XLRE	XLP	XLU	XLV	XLY	MDY	SLY	TLT	VEA	VWO
0	2.41%	-5.46%	41.01%	3.71%	5.20%	-5.15%	0.45%	7.94%	9.56%	4.57%	-8.87%	1.44%	1.37%	6.72%	-1.95%	1.44%

Price Deviation From 50-Day Moving Average

SPY	XLB	XLE	XLF	XLI	XLK	XLRE	XLP	XLU	XLV	XLY	MDY	SLY	TLT	XLC	VEA	VWO
-4.23%	-3.29%	15.57%	-5.72%	-1.67%	-6.90%	-1.51%	-0.18%	3.41%	-0.15%	-8.79%	-2.88%	-2.43%	-0.70%	-8.53%	-8.33%	-7.16%

Extreme Deviation

Overbought/Oversold 14-Periods

Composite Average, (46.65)
Composite Median, (56.97)

Size / Sector ETF YTD Trading Range

Symbol	Low	High
SLY	88.86	101.16
MDY	460.61	521.70
SPY	421.95	477.71
XLY	168.91	210.31
XLV	126.55	139.44
XLU	65.03	70.89
XLP	73.54	77.62
XLK	147.25	175.52
XLRE	43.98	51.33
XLI	95.6	107.05
XLF	37.1	41.42
XLE	57.22	75.23
XLB	81.37	90.53

Technical Composite

The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 24.48 out of a possible 100.**

Technical Overbought/Sold Composite — SimpleVisor™
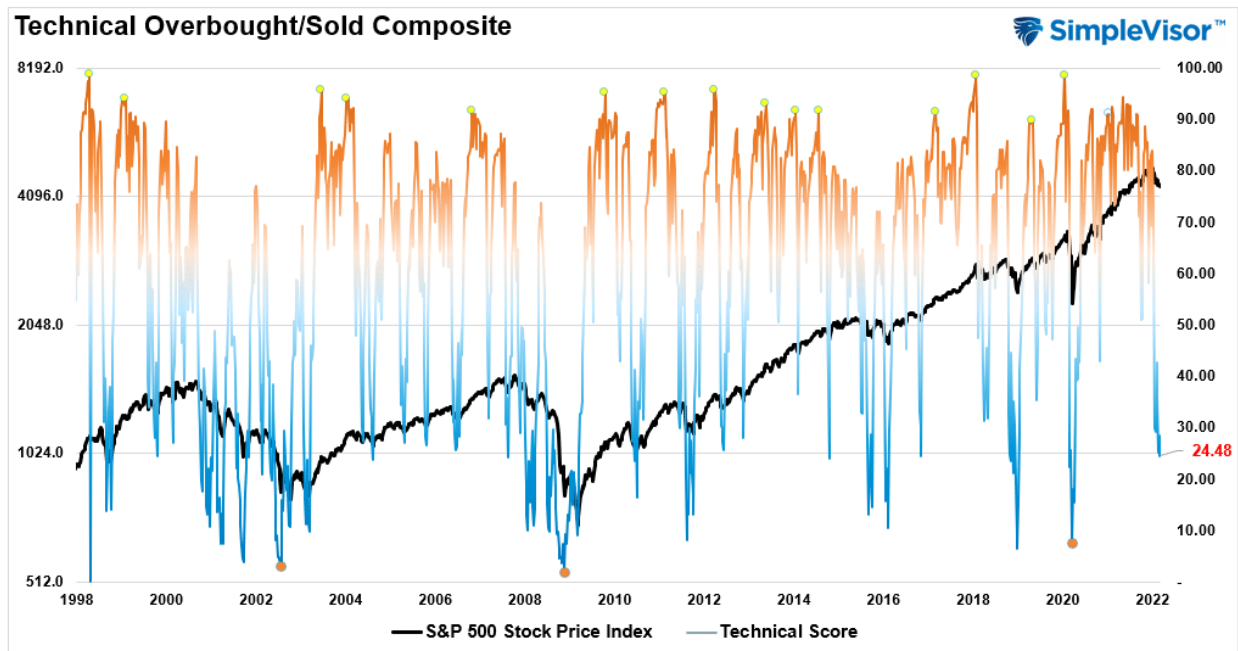
Portfolio Positioning ?Fear / Greed? Gauge

Our "Fear/Greed" gauge is how individual and professional investors are "positioning" themselves in the market based on their equity exposure. From a contrarian position, the higher the allocation to equities, to more likely the market is closer to a correction than not. The gauge uses weekly closing data.

NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The c*urrent reading is 48.09 out of a possible 100.*

MARKET GREED/FEAR INDEX (AAII, INVI, Bullish Pct, Put/Call, NAAIM, VIX) — SimpleVisor™
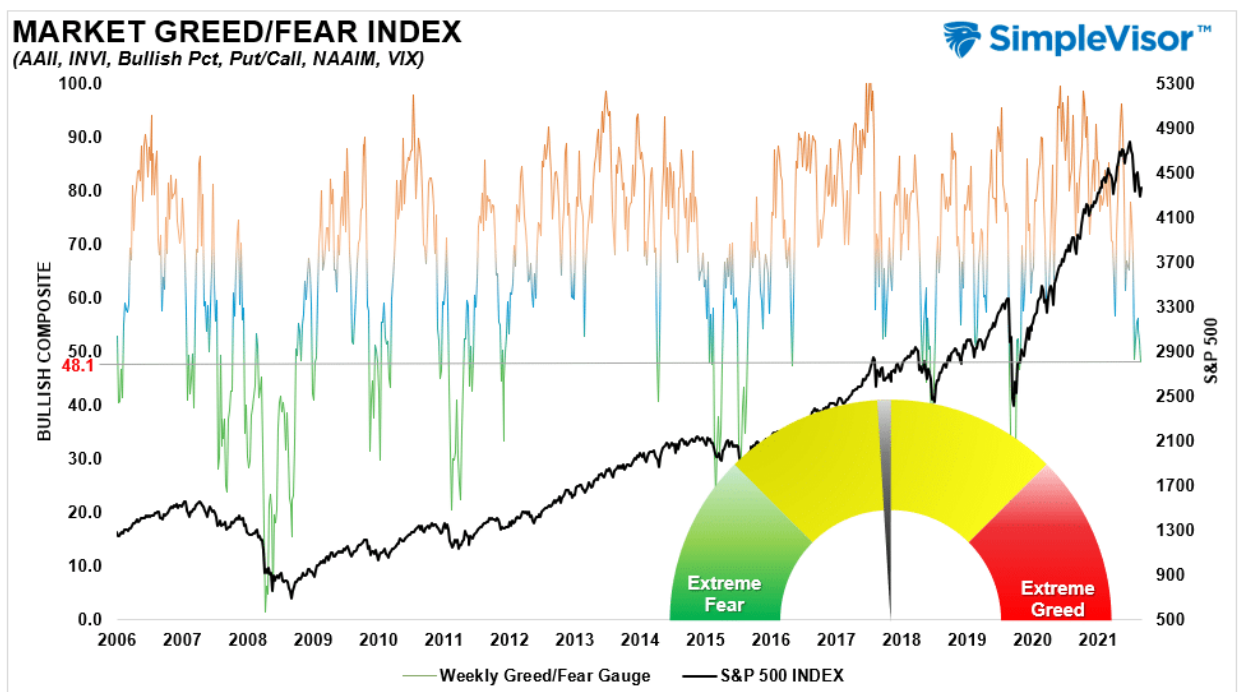
Sector Model Analysis & Risk Ranges

How To Read This Table

- *The table compares each sector and market to the S&P 500 index on relative performance.*

- *?MA XVER? is determined by whether the short-term weekly moving average crosses positively or negatively with the long-term weekly moving average.*
- *The risk range is a function of the month-end closing price and the ?beta? of the sector or market. (Ranges reset on the 1st of each month)*
- *Table shows the price deviation above and below the weekly moving averages.*
- *The complete history of all sentiment indicators is on under the Dashboard/Sentiment tab at SimpleVisor*

| 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	433.95	(1.29)	(3.75)	(8.21)	(2.42)	12.69	456.18	452.31	438.72	0.99	449.69	427.75	-5%	-4%	BULLISH
XLB	SPDR-MATLS SELS	83.06	(0.23)	3.68	2.27	4.55	(2.40)	86.26	85.04	83.38	1.07	86.36	80.40	-4%	-2%	BULLISH
XLC	SPDR-COMM SV SS	66.49	(1.69)	(2.83)	(5.11)	(17.60)	(22.07)	73.56	78.51	68.45	0.99	70.84	66.06	-10%	-15%	BEARISH
XLE	SPDR-EGY SELS	75.23	10.51	12.94	39.63	54.96	29.38	63.04	56.56	70.58	1.47	73.38	67.78	19%	33%	BULLISH
XLF	SPDR-FINL SELS	37.23	(3.50)	(3.41)	3.54	1.49	(2.25)	39.34	38.75	38.52	1.12	39.92	37.12	-5%	-4%	BULLISH
XLK	SPDR-TECH SELS	149.75	(1.69)	(2.42)	(6.16)	(1.26)	3.44	162.99	159.83	154.07	1.06	159.56	148.58	-8%	-6%	BULLISH
XLI	SPDR-INDU SELS	100.39	2.56	4.03	3.50	2.48	(5.26)	102.45	102.91	99.89	1.16	103.55	96.23	-2%	-2%	BEARISH
XLP	SPDR-CONS STPL	75.87	1.23	3.72	10.47	8.74	4.57	75.69	73.06	74.90	0.65	77.26	72.54	0%	4%	BULLISH
XLRE	SPDR-RE SELS	46.67	3.05	3.71	3.08	2.04	13.99	47.86	47.29	45.07	0.76	46.54	43.60	-2%	-1%	BULLISH
XLU	SPDR-UTIL SELS	70.89	6.19	7.27	10.72	9.19	6.09	68.77	67.58	67.93	0.44	69.92	65.94	3%	5%	BULLISH
XLV	SPDR-HLTH CR	132.52	2.49	3.91	6.67	2.06	4.56	133.43	132.47	129.96	0.78	134.22	125.70	-1%	0%	BULLISH
XLY	SPDR-CONS DISCR	171.60	(1.32)	(3.19)	(8.08)	(4.37)	(3.27)	190.81	189.72	177.43	1.14	183.89	170.97	-10%	-10%	BULLISH
XTN	SPDR-SP TRANSPT	84.40	(2.44)	3.94	(0.80)	0.73	(11.80)	89.16	88.56	87.86	1.30	91.20	84.52	-5%	-5%	BULLISH
SDY	SPDR-SP DIV ETF	126.36	1.96	4.60	8.02	8.72	(2.79)	126.54	124.33	125.00	0.89	129.24	120.76	0%	2%	BULLISH
RSP	INVS-SP5 EQ ETF	153.58	0.27	2.37	4.35	2.78	(0.65)	157.48	156.02	154.25	1.09	159.78	148.72	-2%	-2%	BULLISH
SLY	SPDR-SP6 SC	92.20	0.43	4.98	2.15	(0.35)	(13.13)	95.08	96.27	93.46	1.18	96.90	90.02	-3%	-4%	BEARISH
MDY	SPDR-SP MC 400	477.19	(0.46)	3.58	2.26	0.42	(8.47)	493.96	497.38	485.44	1.15	503.16	467.72	-3%	-4%	BEARISH
EEM	ISHARS-EMG MKT	44.62	(4.48)	(4.55)	(2.70)	(10.72)	(29.80)	48.61	50.37	46.73	0.77	48.26	45.20	-8%	-11%	BEARISH
EFA	ISHARS-EAFE	69.03	(6.23)	(5.51)	(4.49)	(11.82)	(20.20)	76.76	78.71	73.22	0.83	75.66	70.78	-10%	-12%	BEARISH
IAU	ISHARS-GOLD TR	37.40	5.29	12.50	18.50	14.60	2.88	34.82	34.39	36.31	0.10	37.25	35.37	7%	9%	BULLISH
GDX	VANECK-GOLD MNR	37.40	10.04	26.77	30.87	24.73	4.99	31.84	32.17	34.38	0.69	35.48	33.28	17%	16%	BEARISH
UUP	INVS-DB US$ BU	26.36	3.30	6.92	10.57	7.78	(6.27)	25.76	25.38	25.88	(0.12)	26.50	25.26	2%	4%	BULLISH
BOND	PIMCO-TOT RETRN	105.30	1.77	2.84	4.40	(3.07)	(17.25)	107.51	109.54	105.27	0.10	108.00	102.54	-2%	-4%	BEARISH
TLT	ISHARS-20+YTB	140.24	3.75	4.63	2.41	(3.56)	(11.74)	143.08	145.97	139.87	(0.18)	143.11	136.63	-2%	-4%	BEARISH
BNDX	VANGD-TTL INT B	54.06	2.69	4.23	2.53	(3.30)	(18.12)	54.89	56.40	53.67	0.04	55.03	52.31	-2%	-4%	BEARISH
HYG	ISHARS-IBX HYCB	82.54	0.01	2.28	3.48	(3.78)	(17.40)	85.15	86.46	83.67	0.36	86.06	81.28	-3%	-5%	BEARISH

RISK RANGE REPORT   SimpleVisor™

Weekly Stock Screens

Each week we will provide three different stock screens generated from **SimpleVisor:** *(RIAPro.net subscribers use your current credentials to log in.)*

This week we are scanning for the Top 20:

- *Relative Strength Stocks*
- *Momentum Stocks*
- *Technically Strong With Strong Fundamentals*

These screens generate portfolio ideas and serve as the starting point for further research.

(Click Images To Enlarge)

RSI Screen

Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD
ABBV	10/10 👍	$149.82	73.42	$144.21	$138.29	$126.78	5	8	3	3.88%	3.55
ADM	10/10 👍	$82.61	74.50	$77.07	$72.27	$68.37	1	8	1	2.11%	2.09
APA	10/10 👍	$39.45	73.04	$33.76	$31.70	$29.28	5	6	1	1.60%	1.31
CF	10/10 👍	$90.91	72.93	$76.40	$72.22	$66.73	1	9	3	1.58%	3.60
COP	10/10 👍	$99.98	67.76	$91.86	$85.13	$78.78	1	8	1	1.75%	2.74
CTRA	10/10 👍	$26.26	68.25	$23.29	$21.74	$21.29	6	9	3	1.92%	0.78
CVX	10/10 👍	$158.25	81.64	$138.29	$129.72	$120.90	5	7	2	4.23%	5.69
DLTR	10/10 👍	$143.09	63.63	$138.42	$136.41	$128.96	3	6	3	%	2.02
DVN	10/10 👍	$59.78	53.87	$52.71	$48.60	$44.73	1	8	3	4.99%	1.28
EOG	10/10 👍	$118.88	62.23	$112.82	$104.56	$96.19	7	8	3	2.66%	2.57
FANG	10/10 👍	$137.96	56.46	$131.23	$124.29	$116.52	4	8	3	1.88%	2.94
FCX	10/10 👍	$50.01	72.28	$43.35	$41.99	$40.00	1	8	3	0.81%	1.92
HAL	10/10 👍	$33.99	60.74	$32.41	$28.86	$26.37	5	7	3	1.47%	1.01
HES	10/10 👍	$100.36	68.88	$95.60	$88.66	$85.29	5	7	3	1.12%	3.11
MOS	10/10 👍	$59.47	77.82	$46.96	$42.85	$40.51	5	9	2	0.98%	2.97
MRO	10/10 👍	$23.73	67.29	$21.70	$19.45	$17.81	1	8	1	1.30%	0.91
OXY	10/10 👍	$56.25	74.06	$41.33	$36.66	$34.14	5	7	1	0.10%	2.43
PXD	10/10 👍	$240.58	62.74	$227.64	$209.76	$197.38	1	8	3	2.45%	7.53
SLB	9/10 👍	$38.76	50.18	$39.34	$36.31	$34.14	5	7	2	1.30%	0.52
XOM	10/10 👍	$83.84	66.53	$78.73	$72.58	$67.20	3	8	1	4.95%	1.67

Momentum Screen

| Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD
CF	10/10 👍	$90.91	72.93	$76.40	$72.22	$66.73	1	9	3	1.58%	3.60
COST	8/10 👍	$525.75	60.97	$515.99	$520.50	$515.94	5	8	3	0.61%	2.52
CVX	10/10 👍	$158.25	81.64	$138.29	$129.72	$120.90	5	7	2	4.23%	5.69
FTNT	8/10 👍	$333.04	57.02	$317.71	$317.84	$322.91	—	7	3	%	6.77
GD	10/10 👍	$243.01	81.15	$218.71	$212.34	$206.92	—	5	3	2.25%	6.47
GWW	7/10 👍	$483.95	50.17	$478.49	$493.05	$481.42	5	6	2	1.35%	-4.98
HII	7/10 👍	$217.33	76.61	$188.99	$188.78	$190.43	—	5	2	2.46%	5.14
HUM	6/10 👍	$439.46	59.73	$426.73	$419.12	$431.69	0	3	3	0.71%	5.83
JKHY	8/10 👍	$184.30	69.54	$171.77	$168.68	$164.76	—	7	2	1.15%	3.49
LDOS	8/10 👍	$106.86	71.82	$92.78	$91.23	$92.80	1	6	5	1.58%	3.48
LHX	9/10 👍	$265.22	73.91	$226.11	$220.44	$222.24	5	8	3	1.91%	8.62
LLY	7/10 👍	$262.17	62.01	$244.72	$254.13	$251.73	—	5	3	1.61%	0.64
LMT	10/10 👍	$458.18	76.92	$401.75	$378.50	$361.90	5	7	3	2.84%	17.36
NOC	10/10 👍	$468.14	72.42	$397.03	$392.29	$380.35	4	6	3	1.63%	15.78
NUE	10/10 👍	$137.58	72.49	$122.08	$114.07	$111.83	—	7	3	1.70%	6.40
ODFL	7/10 👍	$317.88	60.19	$303.61	$317.34	$328.95	6	7	3	0.38%	-0.52
PSA	8/10 👍	$374.67	61.69	$358.04	$360.02	$345.64	6	7	2	2.16%	1.40
PXD	10/10 👍	$240.58	62.74	$227.64	$209.76	$197.38	1	8	3	2.45%	7.53
SEDG	8/10 👍	$294.28	61.10	$266.53	$257.89	$292.76	1	5	5	%	14.81
SRE	9/10 👍	$150.92	77.06	$138.48	$135.75	$130.93	5	6	3	3.28%	2.96

Technical & Fundamental Strength Screen

Symbol ↑↓ ▽	Trend ↓⹀	Last ↑↓	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓	Mohanram Score ⓘ ↑↓	Piotroski Score ⓘ ↑↓	SV Rank ⓘ ↑↓	Yield% ↑↓	MACD ↑↓
⌁ AA	10/10 👍	$90.34	69.74	$73.94	$65.26	$57.08	6	8	1	0.53%	4.91
⌁ ARC	10/10 👍	$3.57	65.83	$3.31	$3.42	$3.18	6	7	—	6.33%	0.04
⌁ CSGS	10/10 👍	$64.21	66.02	$59.91	$58.36	$55.39	6	8	3	1.80%	1.16
⌁ CTRA	10/10 👍	$26.26	68.25	$23.29	$21.74	$21.29	6	9	3	1.92%	0.78
⌁ EOG	10/10 👍	$118.88	62.23	$112.82	$104.56	$96.19	7	8	3	2.66%	2.57
⌁ FMC	10/10 👍	$120.49	64.05	$115.91	$112.00	$105.99	6	7	3	1.92%	2.10
⌁ HL	10/10 👍	$6.86	70.01	$5.55	$5.30	$5.48	7	8	3	0.42%	0.32
⌁ IMKTA	10/10 👍	$93.17	65.34	$83.28	$82.90	$79.25	6	8	—	0.81%	0.88
⌁ PBR	10/10 👍	$14.49	67.87	$14.00	$12.72	$11.57	6	8	3	14.02%	0.53
⌁ PTSI	10/10 👍	$65.57	45.51	$72.10	$70.18	$66.78	6	8	3	%	-1.09
⌁ SCCO	10/10 👍	$76.41	76.68	$67.47	$65.35	$62.90	6	8	4	5.90%	2.02
⌁ SFM	10/10 👍	$33.68	64.54	$28.98	$28.89	$26.76	6	8	2	%	0.27
⌁ SGRY	10/10 👍	$52.52	62.58	$49.54	$48.44	$46.95	6	7	2	%	1.99
⌁ SPTN	10/10 👍	$32.76	79.52	$27.26	$26.05	$24.99	6	7	—	3.28%	1.05
⌁ TECK	10/10 👍	$41.24	75.08	$35.64	$32.62	$30.05	6	7	1	0.44%	1.57
⌁ CIEN	9/10 👍	$65.55	53.78	$67.22	$69.96	$64.99	6	8	4	%	0.26
⌁ CW	9/10 👍	$156.30	74.28	$138.71	$137.60	$134.48	8	6	3	0.52%	3.78
⌁ HUBG	9/10 👍	$85.32	65.81	$79.54	$79.84	$79.89	6	9	1	%	1.49
⌁ NVEE	9/10 👍	$122.30	69.57	$107.24	$116.16	$114.56	7	6	—	%	1.17
⌁ WES	9/10 👍	$25.65	57.48	$25.66	$23.73	$22.59	6	7	2	5.00%	0.58
⌁ BDL	8/10 👍	$33.72	66.93	$29.20	$30.30	$30.40	6	7	—	%	0.02
⌁ CPHC	8/10 👍	$20.00	47.79	$20.23	$18.56	$17.50	6	8	—	1.35%	0.34
⌁ IRM	8/10 👍	$51.76	72.95	$45.83	$47.12	$46.76	8	7	3	5.86%	1.03
⌁ JBHT	8/10 👍	$202.50	58.52	$193.44	$196.94	$194.60	6	7	1	0.85%	1.07
⌁ ORBT	8/10 👍	$7.49	46.53	$7.86	$7.30	$6.77	6	7	—	0.87%	0.03
⌁ PSA	8/10 👍	$374.67	61.69	$358.04	$360.02	$345.64	6	7	2	2.16%	1.40
⌁ SNDR	8/10 👍	$26.93	59.90	$25.92	$26.10	$25.53	6	7	1	1.24%	0.10
⌁ WPM	8/10 👍	$46.82	64.01	$42.73	$41.56	$41.49	6	8	4	1.40%	1.15
⌁ WRB	8/10 👍	$89.14	56.06	$90.12	$85.75	$82.84	7	9	1	0.58%	1.18
⌁ BRO	7/10 👍	$67.93	48.95	$66.22	$67.00	$64.97	6	8	3	0.64%	-0.19
⌁ BYD	7/10 👍	$67.00	56.59	$66.26	$63.68	$63.61	6	9	3	0.90%	2.13
⌁ EPD	7/10 👍	$25.30	67.83	$24.05	$23.43	$23.01	6	7	3	7.72%	0.29
⌁ HCA	7/10 👍	$265.00	65.03	$245.51	$247.40	$245.35	6	7	3	0.77%	3.66
⌁ HOG	7/10 👍	$38.70	58.39	$40.49	$38.02	$37.63	6	7	1	1.55%	1.00
⌁ KFRC	7/10 👍	$71.59	52.49	$71.72	$71.85	$71.90	6	7	—	1.68%	0.49
⌁ LITE	7/10 👍	$92.07	50.68	$96.77	$100.63	$95.13	6	8	3	%	0.18
⌁ NVST	7/10 👍	$46.24	54.08	$46.61	$45.20	$42.85	6	8	2	%	0.96
⌁ ODFL	7/10 👍	$317.88	60.19	$303.61	$317.34	$328.95	6	7	3	0.38%	-0.52
⌁ PFIE	7/10 👍	$1.26	64.27	$1.17	$1.12	$1.14	7	6	—	%	0.03
⌁ RE	7/10 👍	$280.39	48.15	$294.08	$284.54	$278.09	6	8	1	2.16%	2.32

SimpleVisor Portfolio Changes

We post all of our portfolio changes as they occur at *SimpleVisor:*

February 28th

With the market oversold, a registered ?buy signal? on the S&P 500, investor sentiment extremely negative, we are removing our short-S&P 500 hedge and raising some

*additional cash. As noted in this morning?s blog post **?March Rally,?** there is a reasonable expectation we could see the market rally into the FOMC meeting. If we do get that rally, we will likely reset the short-position in the portfolio again.*

Equity & ETF Portfolios

- *Sell 100% of S&P 500 Short Position (SH)*
- *Sell 100% of IShares Preferred ETF (PFF)*

March 2nd

"This morning we reduced exposure slightly by selling 1% of Ford (F) and 0.5% of XLB and LIT in portfolios. Ford is up almost 5% this morning on plans to split the company between electric and traditional. However, with the economy slowing, semiconductors still in short supply, and the Fed reducing monetary support, there is a risk to Ford?s earnings later this year. We also reduced basic materials in advance of a slower economic environment as well.

From a trading perspective, we recently added to our bond holdings (TLT) at lower levels and the sharp rally over the last couple of days pushed yields into resistance. We are taking profits in the 2% of TLT we recently added but are holding the balance for a slower economic environment later this year."

Equity Model

- *Reduce Ford (F) from 3% of the portfolio to 2%.*
- *Reduce TLT from 10% to 8% of the portfolio.*

ETF Model

- *Reduce SPDR Basic Materials (XLB) and the Global X Lithium (LIT) by 0.5% each.*
- *Reduce TLT from 10% to 8% of the portfolio.*

Lance Roberts, CIO

Have a great week!