



Seeking Beta - RIA

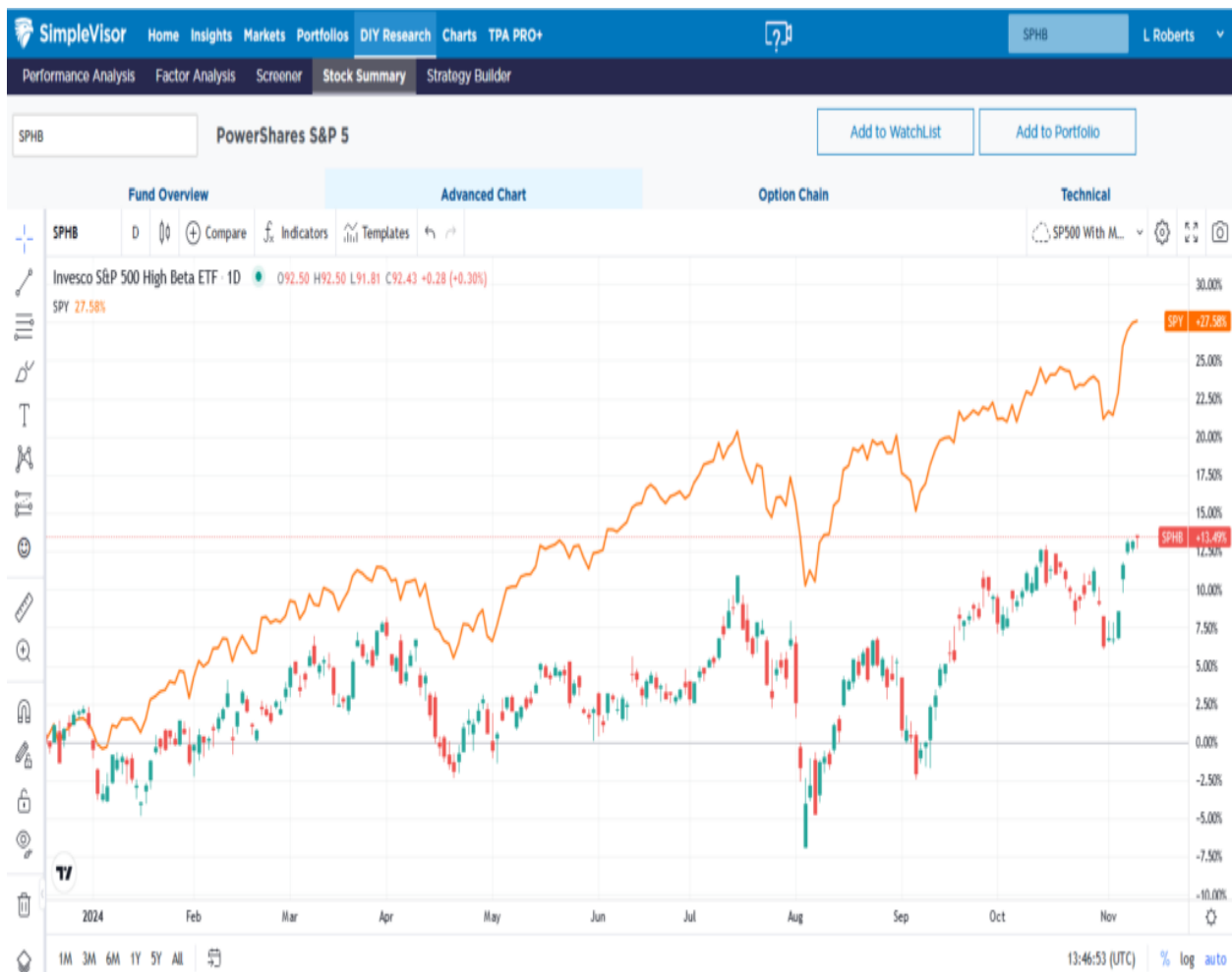
While the 'Trump rally' appears to have just begun, one of its initial hallmarks is that investors want beta. Beta is a measure of the volatility of a stock versus the broader market, most often the S&P 500. For instance, a stock with a beta of 1.50 implies that based on prior trading, investors should expect the stock to be 1.50% more volatile than the S&P 500. Investors seeking beta must assume the market will be heading higher in the short term; thus, higher beta stocks should outperform the market.

The paragraph below, courtesy of Bloomberg, supports the beta chase into year-end.

In fact, it's a trend that plays out year in, year out. Bank of America notes that stocks with the highest volatility, known as beta, have tended to beat the market in the final two months, in part thanks to investors diving into high-octane shares in a bid to juice their performance. Funds tracked by BofA have been particularly allergic to risk taking this election season so far, suggesting there's even more pressure this time round for investment managers to get bullish.

As we wrote in [Seasonality](#), 'In 2024, three primary drivers will likely support markets from the middle of October through year-end and likely into early 2025.' Couple the typical year-end seasonality with underweight portfolio managers and budding investor optimism for Trump, and the recipe for a high-beta rally is in place.

The graph below shows the High-Beta S&P 500 has underperformed the S&P 500 over the last year. Might it catch up as 2024 comes to a close?



What To Watch Today

Earnings

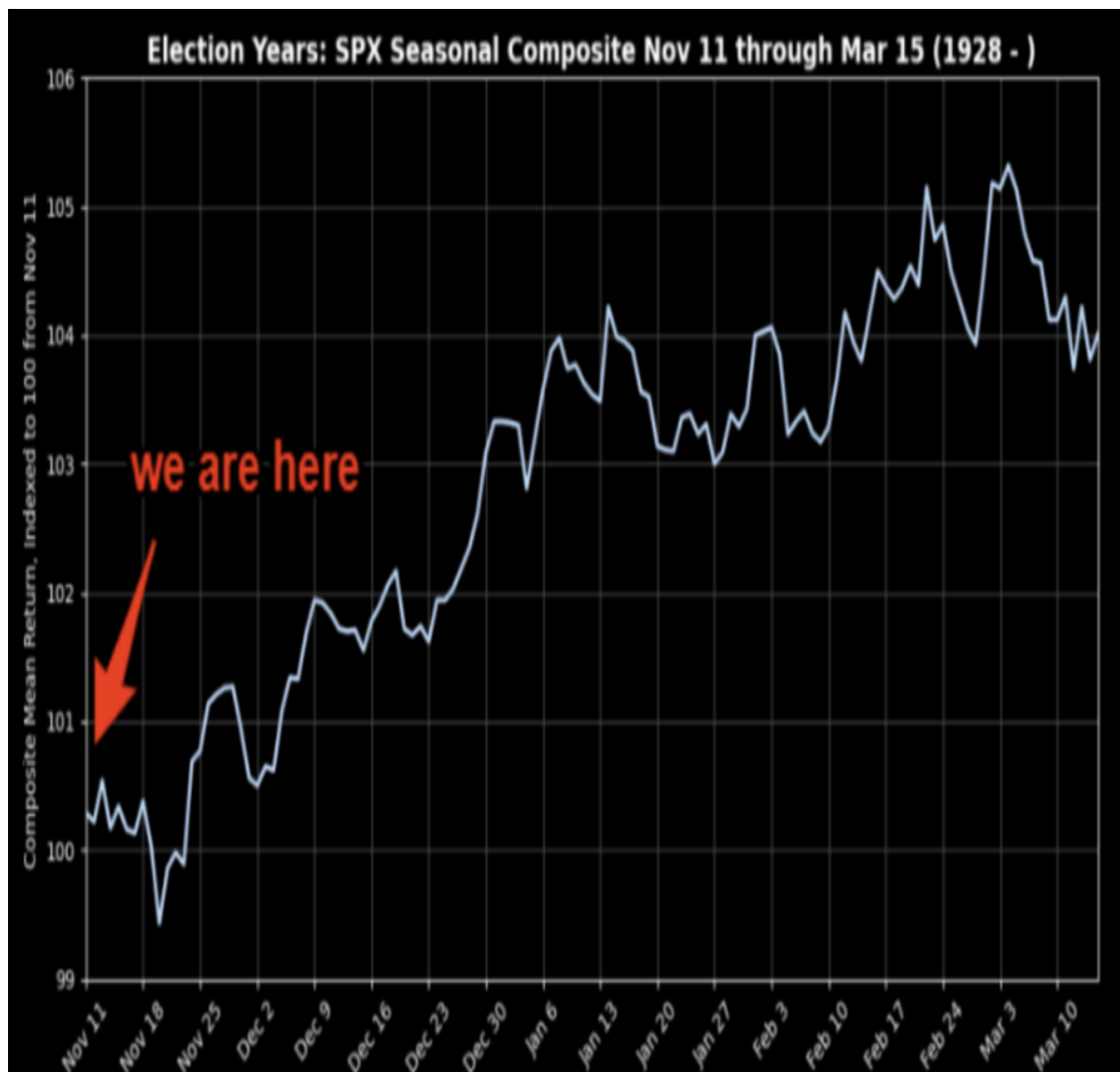
Wednesday Nov 13	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Cisco Systems CSCO.US	0.87	1.11		13.78B	14.7B		\$238.7B	Q1	PM ★ 🔔
Copart CPRT.US	0.37	0.34		1.09B	1.02B		\$53.98B	Q1	PM ★ 🔔
Tetra Tech TTEK.US	0.37	1.78		1.13B	1.26B		\$12.64B	Q4	PM ★ 🔔
Bath And Body Works BBWL.US	0.47	0.48		1.58B	1.56B		\$7.03B	Q3	PM ★ 🔔
Helmerich & Payne HP.US	0.78	0.69		695.99M	659.61M		\$3.57B	Q4	PM ★ 🔔
Griffon GFF.US	1.18	1.19		641.24M	641.38M		\$3.46B	Q4	PM ★ 🔔
J&J Snack Foods JJSF.US	1.86	1.73		429.93M	443.9M		\$3.43B	Q4	PM ★ 🔔
Hillenbrand HI.US	0.92	1.13		793.38M	762.8M		\$2.21B	Q4	PM ★ 🔔
Topgolf Callaway Brands ELY.U	-0.17	0.20		981.84M	1.04B		\$1.77B	Q3	PM ★ 🔔
Digi International DGII.US	0.47	0.52		104.16M	112M		\$1.17B	Q4	PM ★ 🔔

Economy

Wednesday November 13 2024			Actual	Previous	Consensus	Forecast		
06:00 AM	US	MBA 30-Year Mortgage Rate NOV08		6.81%				
06:00 AM	US	MBA Mortgage Applications NOV08		-10.8%				
06:00 AM	US	MBA Mortgage Market Index NOV08		191.4				
06:00 AM	US	MBA Mortgage Refinance Index NOV08		513.5				
06:00 AM	US	MBA Purchase Index NOV08		130.8				
07:30 AM	US	Core Inflation Rate MoM OCT		0.3%	0.3%	0.3%		
07:30 AM	US	Core Inflation Rate YoY OCT		3.3%	3.3%	3.3%		
07:30 AM	US	Inflation Rate MoM OCT		0.2%	0.2%	0.2%		
07:30 AM	US	Inflation Rate YoY OCT		2.4%	2.6%	2.6%		
07:30 AM	US	CPI OCT		315.30	315.59	315.7		
07:30 AM	US	CPI s.a. OCT		314.686		315.6		
08:45 AM	US	Fed Logan Speech						
10:00 AM	US	Total Household Debt Q3		\$17.8T				
10:30 AM	US	17-Week Bill Auction		4.410%				
12:00 PM	US	Fed Musalem Speech						
12:30 PM	US	Fed Schmid Speech						
01:00 PM	US	Monthly Budget Statement OCT		\$64B	\$-211B	\$-205.0B		
03:30 PM	US	API Crude Oil Stock Change NOV08		3.132M				

Market Trading Update

Yesterday, we discussed how professional investors are underweighted equity risk heading into year-end. That, along with \$6 billion daily in corporate share buybacks, continues to put a bid under the market. As we saw yesterday, early selling pressure after a furious rally since the election was met with buyers. As we have suggested previously, such dips are likely opportunities to add equity risk, if needed, into year-end. As noted by TheMarketEar yesterday, the bullish setup for the market remains firmly intact into early March.



While there is undoubtedly a bias to the upside, it is essential to remember that this is an AVERAGE of election years, and while some have been better, there have certainly been worse years. Given that the market is currently back to overbought levels, and extended from the 50-DMA, we suggest managing risk as needed. For example, Walmart (WMT) has been on a tear this year and is up about 60% year-to-date. While we like the position in our portfolio very much, it was prudent to take profits and reduce our weight slightly heading into earnings.



On the other hand, Abbvie (ABBV) was hit hard this week over the termination of a Phase II Schizophrenia drug trial. The sharp reduction in price has taken the stock well below its 50-DMA and is deeply oversold on multiple levels. The fundamentals have not changed for the company, and it continues to yield well above 3% annually. As such, we used the pullback to rebalance the position back to target weights.



This is what we mean when we discuss risk management. We rarely mean to sell large chunks of your portfolio. There will be a time to do that; when that happens, we will be very explicit in our instructions.

Today is not that day.



Scanning For Beta

If investors seek higher beta stocks heading into year-end, it is worth trying to identify some potential winners from such a risk-on trade. To help us in this endeavor, [SimpleVisor](#) has a scanning tool that allows subscribers to search for stocks meeting their custom criteria. We created a simple scan to help better appreciate how it might be used in the current environment. The first screenshot below shows our criteria: Beta >1.50, Market Cap > \$25 billion, and a previous 5-day return >5%. The scan returned nine stocks. Six of the nine are in the technology sector, two in

energy, and one is an industrial company. Also, note they all have impressive month-to-date (MTD) performance.

In addition to showing the results, you can view their technical and fundamental situation and previous performance. Unsurprisingly, given recent returns, the second graphic shows all of the stocks have very positive trends. However, the RSI indicator is very high for all nine stocks, indicating a rest or consolidation may be in order. Furthermore, we share the third screenshot for those seeking higher beta and good fundamentals.

This was a simple scan to demonstrate our tool. A significant number of screening factors can be used to best hone in on the characteristics of stocks you may be seeking.

Beta Scan

Scan Result: 9 ticker(s) found

Filters: Beta: Between 1.50 - 3, Market Cap: Between 25 B - 200000 B, 5 Days Change: At least 5

Run Screen

Symbol	Name	Sector	Last	Today's Change	MTD	YTD	52 Week Range (Low-High)	Beta
APP	Applavin Corporation	Technology	\$286.43	-\$3.58 (-1.23%)	75.15%	618.77%	\$35.79 - \$292.86	1.9200
HOOD	Robinhood Markets, Inc.	Technology	\$32.80	\$2.26 (7.40%)	36.84%	157.46%	\$7.91 - \$34.32	1.8440
HUBS	HubSpot Inc.	Technology	\$680.79	\$24.23 (3.69%)	20.44%	17.27%	\$434.84 - \$693.85	1.6350
OKE	ONEOK Inc.	Energy	\$109.04	\$1.88 (1.75%)	16.80%	61.35%	\$64.68 - \$109.18	1.6310
PLTR	Plurix Inc.	Technology	\$60.24	\$1.85 (3.17%)	43.70%	250.84%	\$15.66 - \$62.08	2.7200
SHOP	Shopify Inc.	Technology	\$89.99	\$2.87 (3.29%)	13.93%	15.52%	\$48.56 - \$92.16	2.3610
SQ	Square Inc.	Technology	\$83.40	\$8.84 (11.06%)	15.59%	7.82%	\$53.02 - \$87.52	2.4920
TPL	Texas Pacific Land Trust	Energy	\$1,399.88	\$25.82 (1.88%)	19.38%	172.27%	\$467.62 - \$1,417.72	1.6230
VRT	Vertiv Holdings, LLC	Industrials	\$126.80	\$1.05 (0.83%)	18.62%	164.11%	\$41.01 - \$130.30	1.5940

Showing 1 to 9 of 9 entries

Scan Result: 9 ticker(s) found

Add more Filters



Reset

Beta: Between 1.50 - 3

Market Cap: Between 25 B - 200000 B

5 Days Change: At least 5

Run Screen

Tables

Overview

Technicals

Fundamentals

Performance

Symbol	Sector	↑↓	Trend	Last	↑↓	FairValue	↑↓	RSI	↑↓	20 SMA	↑↓	50 SMA	↑↓	100 SMA	↑↓	Mohanram	↑↓	Piotroski	↑↓	SV	↑↓	Yield%
APP	Technology	10/10	📈	\$286.43				90.25		\$176.68(62.12%)		\$143.14(100.10%)		\$112.58(154.42%)		—		—		—		%
HOOD	Technology	10/10	📈	\$32.80				71.89		\$27.28(20.23%)		\$24.42(34.32%)		\$22.72(44.37%)		—		—		—		%
HUBS	Technology	10/10	📈	\$680.79		\$280.27(-142.91%)		84.99		\$569.62(19.52%)		\$539.10(26.28%)		\$523.78(29.98%)		1		5		3		%
OKE	Energy	10/10	📈	\$109.04		\$147.05(25.85%)		76.99		\$98.06(11.20%)		\$95.13(14.62%)		\$89.34(22.05%)		5		6		3		4.06%
PLTR	Technology	10/10	📈	\$60.24		\$11.95(-404.10%)		84.47		\$46.28(30.16%)		\$40.71(47.97%)		\$34.44(74.91%)		—		1		3		%
SHOP	Technology	10/10	📈	\$89.99		\$41.87(-114.93%)		74.10		\$81.55(10.35%)		\$78.72(14.32%)		\$72.58(23.99%)		—		5		3		%
SQ	Technology	10/10	📈	\$83.40				73.04		\$73.92(12.82%)		\$69.21(20.50%)		\$66.72(25.00%)		—		5		3		%
TPL	Energy	10/10	📈	\$1,399.88		\$1,433.53(2.35%)		91.11		\$1,161.44(20.53%)		\$1,003.65(39.48%)		\$901.51(55.28%)		—		2		3		0.43%
VRT	Industrials	10/10	📈	\$126.80		\$53.34(-137.72%)		73.58		\$113.54(11.68%)		\$101.50(24.93%)		\$91.69(38.29%)		4		6		4		0.00%

Showing 1 to 9 of 9 entries



1



50



Scan Result: 9 ticker(s) found

Add more Filters



Reset

Beta: Between 1.50 - 3

Market Cap: Between 25 B - 200000 B

5 Days Change: At least 5

Run Screen

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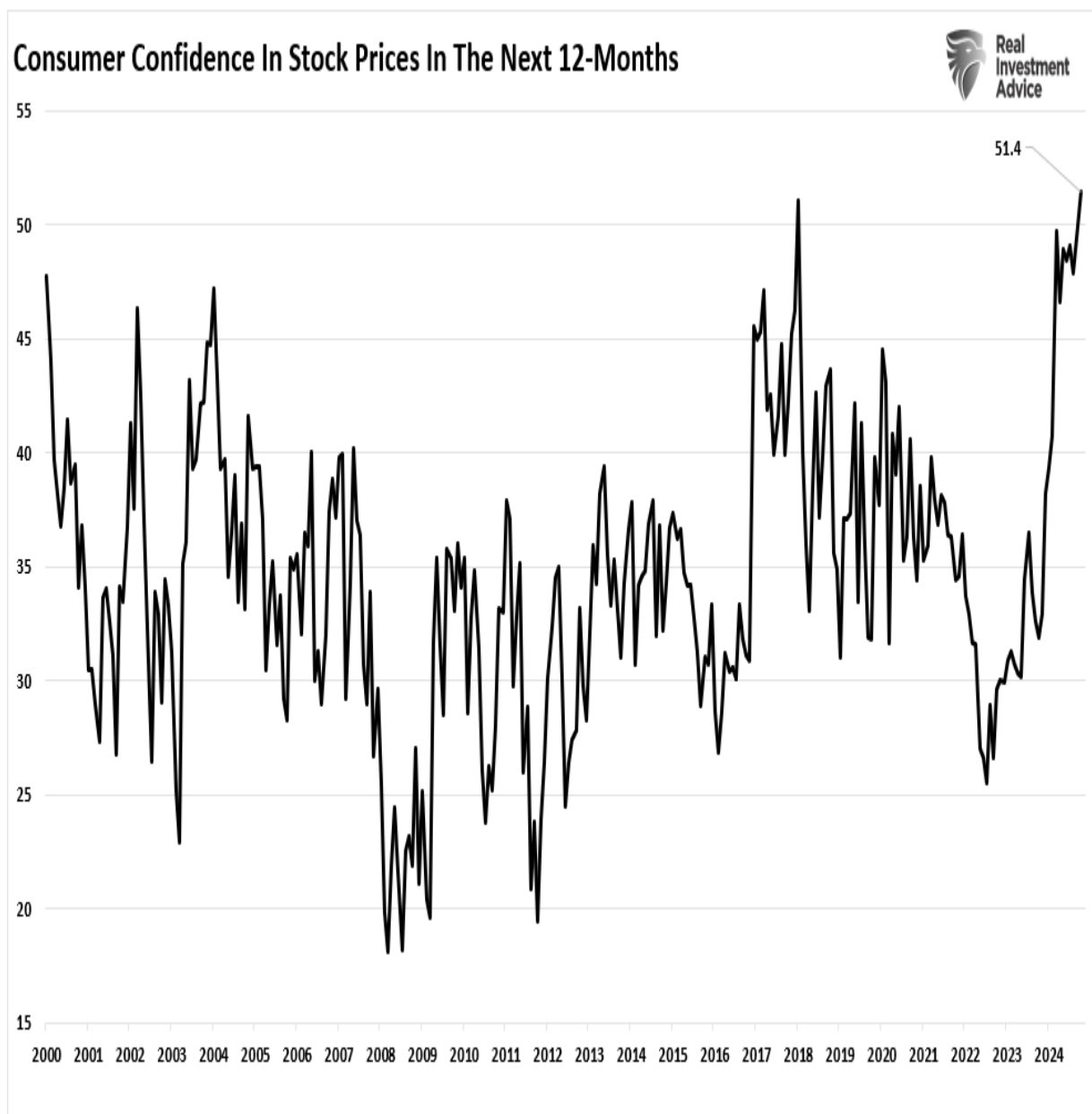
Performance

Symbol	Market	Yield%	ExDiv-Date	Div-PayDate	Earning Date	Enterprise Value	Trailing	Forward	PEG	P/S	P/B	Trailing	Forward	Return	Return	Current	Quick	Debt/	Gross	Operating	Profit	EBITDA	Payout
	Cap						P/E	P/E	Ratio	(TTM)		EPS	EPS	on	on	Ratio	Ratio	Equity	Margins	Margins	Margins	Margins	Ratio
APP	\$96.12B	%			2024-02-15	\$56,202,805,248	67.95	35.02	2.30	13.47	65.22	\$2.34	\$4.54	13.81%	70.92%	2.28	2.10	431.71	71.80%	36.20%	20.91%	41.70%	0.00%
HOOD	\$28.99B	%			2024-02-14	\$17,951,922,176	87.81	35.82	0.51	10.55	3.38	\$0.31	\$0.76	0.83%	4.05%	1.12	0.49	72.96	85.84%	27.71%	12.96%	0.00%	0.00%
HUBS	\$35.14B	%			2024-02-15	\$27,490,689,024		61.93	4.79	11.89	17.70	-\$0.72	\$8.95	-1.77%	-2.70%	1.56	1.40	47.67	84.51%	-3.59%	-1.52%	-2.60%	0.00%
OKE	\$63.70B	4.06%	2024-08-01	2024-08-14	2024-02-27	\$78,737,481,728	21.55	15.71	4.71	2.98	3.41	\$4.52	\$6.20	7.82%	21.41%	0.62	0.34	130.91	37.76%	25.11%	13.41%	27.45%	86.06%
PLTR	\$137.23B	%			2024-02-06	\$93,897,891,840	256.24	101.30	2.10	38.47	24.07	\$0.17	\$0.43	3.98%	11.49%	5.92	5.77	6.25	81.39%	15.53%	16.32%	13.12%	0.00%
SHOP	\$116.31B	%			2024-02-14	\$99,114,647,552	80.63	43.38	1.09	13.25	11.22	\$0.99	\$1.84	5.63%	15.31%	7.33	6.06	12.40	51.07%	13.84%	16.40%	12.76%	0.00%
SQ	\$51.69B	%			2024-02-23	\$43,529,469,952	67.18	15.88	0.32	1.87	2.32	\$1.08	\$4.57	1.13%	3.50%	1.82	1.23	38.20	35.42%	5.24%	2.90%	4.11%	0.00%
TPL	\$32.16B	0.43%	2024-09-03	2024-09-17	2024-02-22	\$24,154,370,048	56.18	14.91	2.64	37.32	20.76	\$19.40	\$73.12	28.63%	42.76%	22.99	22.90	0.07	93.61%	77.39%	66.71%	81.36%	23.17%
VRT	\$47.59B	0.09%	2024-09-17	2024-09-26	2024-02-22	\$44,702,769,152	73.35	32.94	1.36	5.73	20.85	\$1.50	\$3.34	8.85%	31.22%	1.36	0.92	203.46	36.37%	17.09%	6.93%	18.92%	5.86%

Exuberance- Investors Have Rarely Been So Optimistic

Currently, a liquidity surge supports investor exuberance, marked by enthusiastic buying and excessive risk-taking. As we will discuss, such activity often precedes significant market corrections. While optimism can drive short-term gains, history shows that when sentiment runs too hot, and valuations detach from fundamentals, such leaves the markets vulnerable to declines.

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The S&P 500's return over the past year is now 50x the volatility of its daily returns, which is nearing a historic extreme, according to @sentimentrader .



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