

# Market Stumbles As Rising Rates Undermine Outlooks



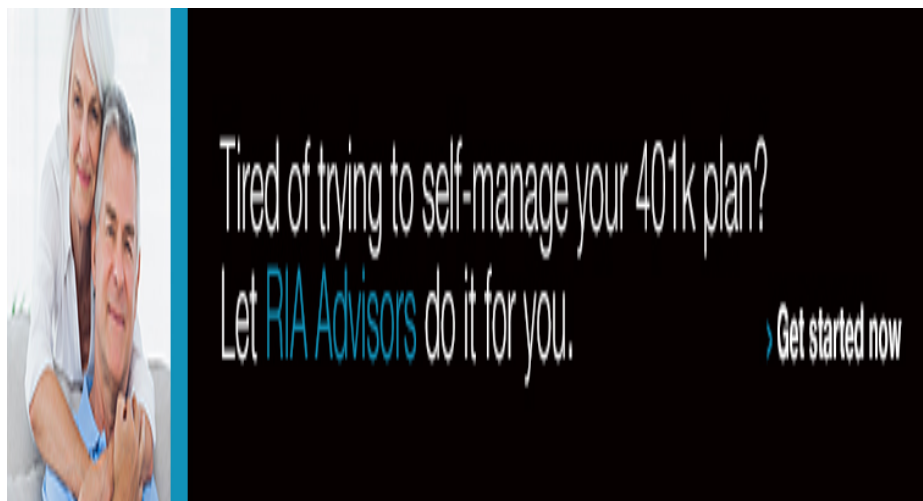
*In this issue of "Market Stumbles As Rising Rates Undermine Outlooks."*

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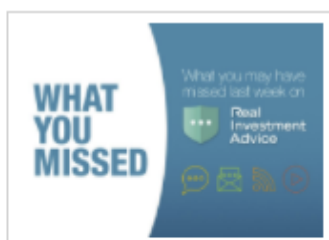
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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 3-05-21

Written by Lance Roberts | Mar 5, 2021

Here is what you might have missed from the RIA Crew last week. A compilation of our best blogs, newsletter, podcasts, the daily radio show and commentary from RIAPRO.NET.

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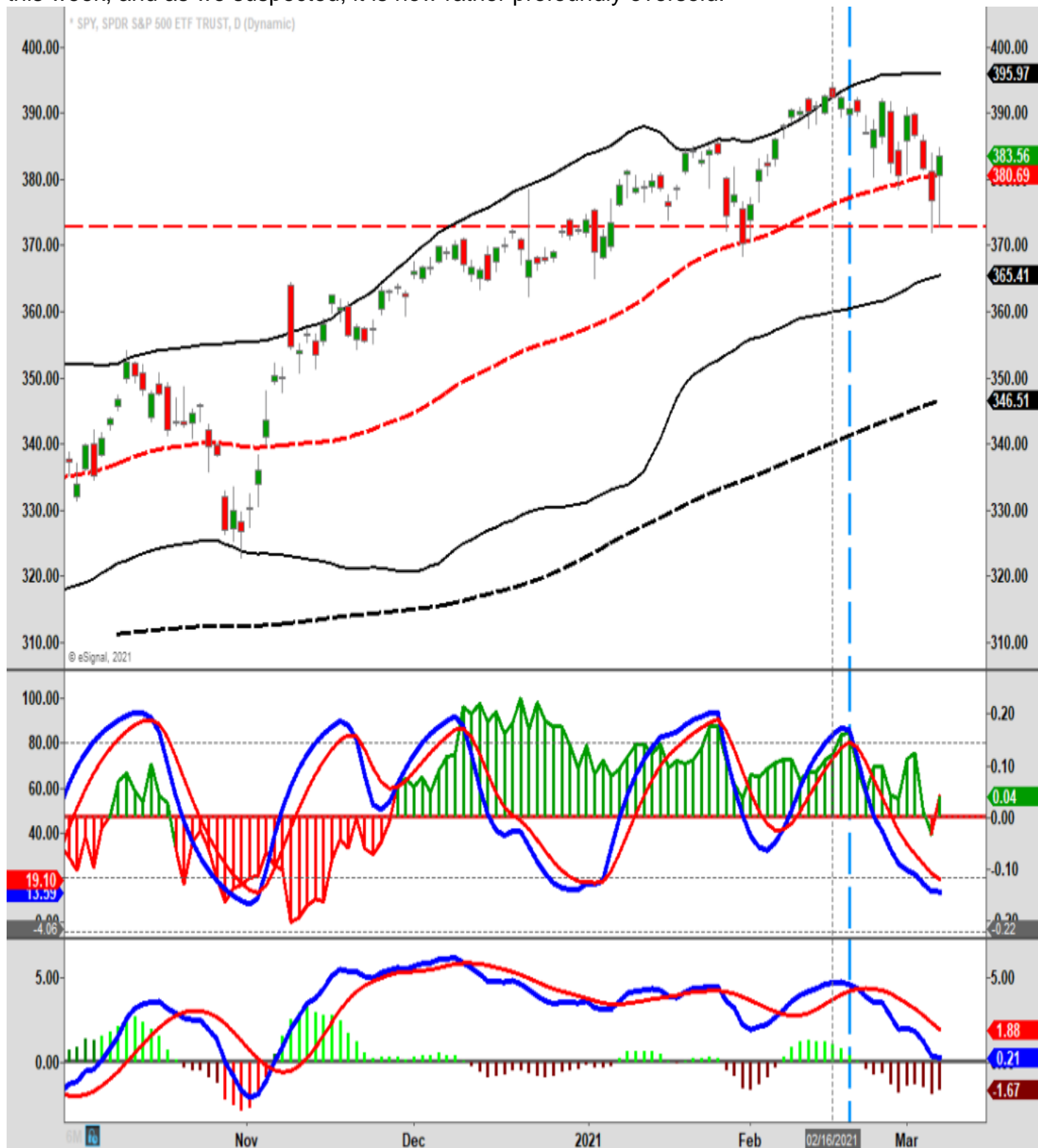
## Market Review & Update

Sometimes, things don't work out "exactly" as we plan. Such was the case last week, as we had expected a reflexive rally following the selloff previously. As noted in [last weekend's newsletter](#):

*"Currently, the money flows remain positive, but 'sell signals' are firmly intact. **Such suggests downward pressure on prices currently. We do expect that market will likely muster a short-term oversold rally next week.** However, the risk of a continued correction in March is likely if money flows deteriorate further. It is advisable to use any rallies to reduce equity risk and rebalance allocations accordingly."*

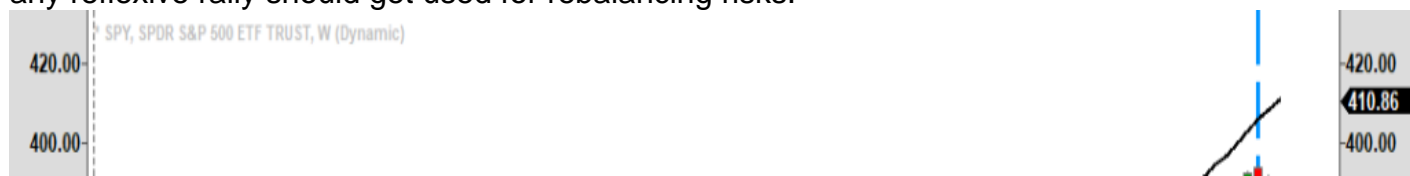
While we did get the expected rally on Monday, it immediately reversed. The middle of the week

was rather brutal to the previous *"momentum"* trade. Such did not give investors much ability to rebalance without *"panic selling"* the low, which occurred Friday morning. **The good news is Friday's mid-morning reversal did manage to keep the S&P above the 50-dma support level and money flows positive, albeit just barely.** While the money flow index deteriorated further this week, and as we suspected, it is now rather profoundly oversold.

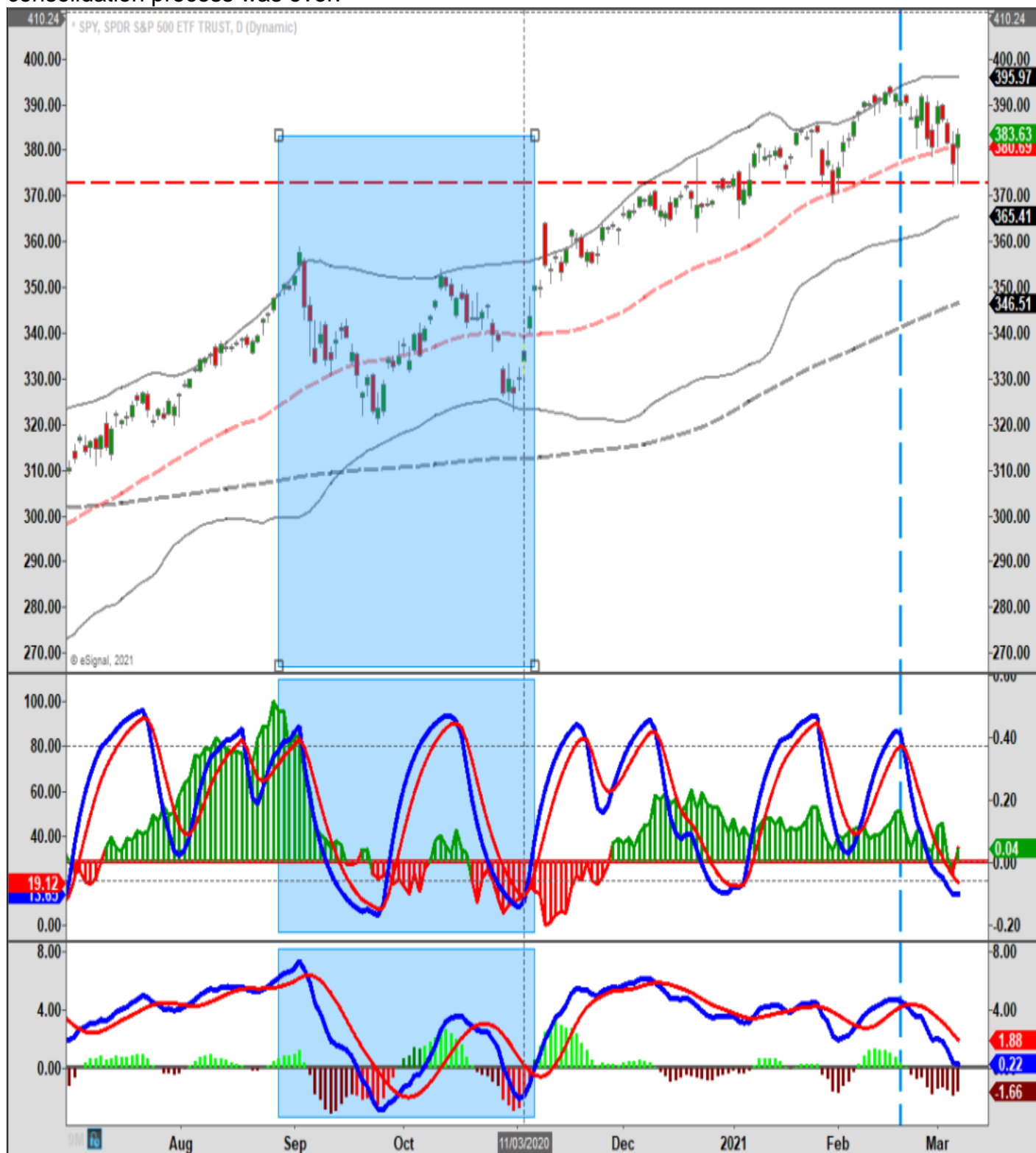


## Longer-Term Sell Signal

More importantly, while the short-term money flow index is very oversold, the longer-term index remains on a confirmed sell signal. Such suggests that downward pressures remain for now, and any reflexive rally should get used for rebalancing risks.



**The dichotomy between the daily and weekly charts suggests we may well see a rally in the short-term, but another correction following.** The last time we had the current setup with our indicators was in September and October of 2020, which provided two 10% corrections before the consolidation process was over.



We continue to suggest some caution. Despite media claims to the contrary, higher interest rates will matter, as we will discuss next. **More importantly, they tend to matter a lot.**

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## Jerome Powell Disappoints

On Thursday, Chairman Powell spoke, and the bond and stock markets listened closely. **Higher yields are becoming a headwind for stock prices.** The biggest question on investor's minds is when the Fed will stop bond yields from rising? We suspect the Fed will take a page from the Ben Bernanke playbook and audible to "Operation Twist." sooner than later. Michael Lebowitz is writing an article on this issue which we will release next Wednesday. However, this "sneak-peek" may prove useful to our analysis today.

***?The Fed must be keenly aware rising interest rates will choke off the fledgling economic recovery. The likely solution to keeping the recovery rolling dates back to the 1960s when Chubby Checker and the Twist were all the rage. As interest rates rise, the odds of Operation Twist 3.0 increase. The Twist can arrest rate increases without altering the current QE pace of \$120 billion per month. The alternative option, increasing the amount of QE, might cause rates to climb further due to the inflationary implications of such actions. The Twist allows them to manipulate markets without increasing their footprint. Operation Twist may be bullish for equity and fixed income markets but we must ask: will investors dance with the Fed or will they fear something is not right?? - Michael Lebowitz***

While I agree with Mike on the initiation of "Operation Twist," it is not because it is "AN" option; it is the "ONLY" option the Fed has. To understand why the Fed is trapped, understanding what is happening with "real" rates is critical.

## The Fed Is Making The Same Inflation Mistake

On Thursday, Mish Shedlock penned an essential [piece on inflation.](#)

***"Prior to 2000, home prices, Owners' Equivalent Rent (OER), and the Case Shiller national home price index all moved in sync. This is important because home prices directly used to be in the CPI. Now they aren't. Only rent is. Yet, OER is the single largest CPI component with a hefty weight of 24.05% of the entire index. The BLS explains this away by calling homes a capital expense, not a consumer expense."***

Image not shown for type promotion  
CS-National, Top 10 Metro Percent Change as of 2020-12

***"Year-over-year, the CPI is only up 1.4%. The OER is up 2.0%, but the Case Shiller National Home Price Index (December) is up a whopping 10.3%. If we substitute actual home prices for OER (as the CPI used to be calculated), the next chart shows what CPI would look like. I call the substitution Case-Shiller CPI (CS-CPI)."***

Image not shown for type promotion  
CPI, CS-CPI Percent Change as of 2020-12

***However, the CS-CPI has been running between 2% and 3% for the past three years and most of the past seven years. By this measure, the Fed has already achieved its goal. Yet, the Fed is holding rates near zero and has pledged to remain that way. We can calculate "Real Interest Rates" by subtracting measures of inflation from the Fed Funds Rate. Thanks to the Fed slashing interest rates to near-zero, real interest rates are -3.45% as measured by CS-CPI but "only" -1.31% as measured by the CPI."***



*"With the real interest rate at -3.45% is it any wonder speculation in stocks, junk bonds, and housing are rampant?#2013266080; **This is the same mistake the Fed made between 2002 and 2007 when it ignored a blooming housing bubble with dire consequences culminating in the Great Recession.**"*

## The Fed Is Trapped

As Mish concludes:

*"Worst of all, in their attempts to fight routine consumer price deflation, **central bankers, led by the Fed, create very destructive asset bubbles that eventually collapse, setting off what they should fear ? asset bubble deflations.**"*

He is correct. However, because the Fed kept rates at zero for nearly a decade and inflated asset prices by injecting monetary liquidity, the hopes such would spark economic growth. As we noted previously, this is Ben Bernanke's goal from 2010:

*"Easier financial conditions will promote economic growth. For example, lower mortgage rates will make housing more affordable and allow more homeowners to refinance. Lower corporate bond rates will encourage investment.*

*&#2013266080;**And higher stock prices will boost consumer wealth and help increase confidence, which can also spur spending.?***

**The problem is the Fed is trapped.&#2013266080;** As seen in 2018, when the Fed does try to tighten monetary policy, such immediately causes a bond market tantrum and a stock market crash.



Such is the case today. With inflation expectations surging, such suggests the Fed should start hiking rates and reducing bond purchases. However, if they did that, the market will crash, further impeding consumer confidence which barely rose from the 2020 lows.

## Consumer Confidence Composite

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Given that economic growth is debt-supported, rate increases have an almost immediate negative impact. **While the Fed may not be discussing a "tightening monetary" policy, the bond market is doing it for them.** The Fed can't hike rates or reduce QE voluntarily. Eventually, market forces will do the job for them via surging inflationary pressures and a destabilized bond market. **It will be known as the "Great Financial Crisis 2.0."**



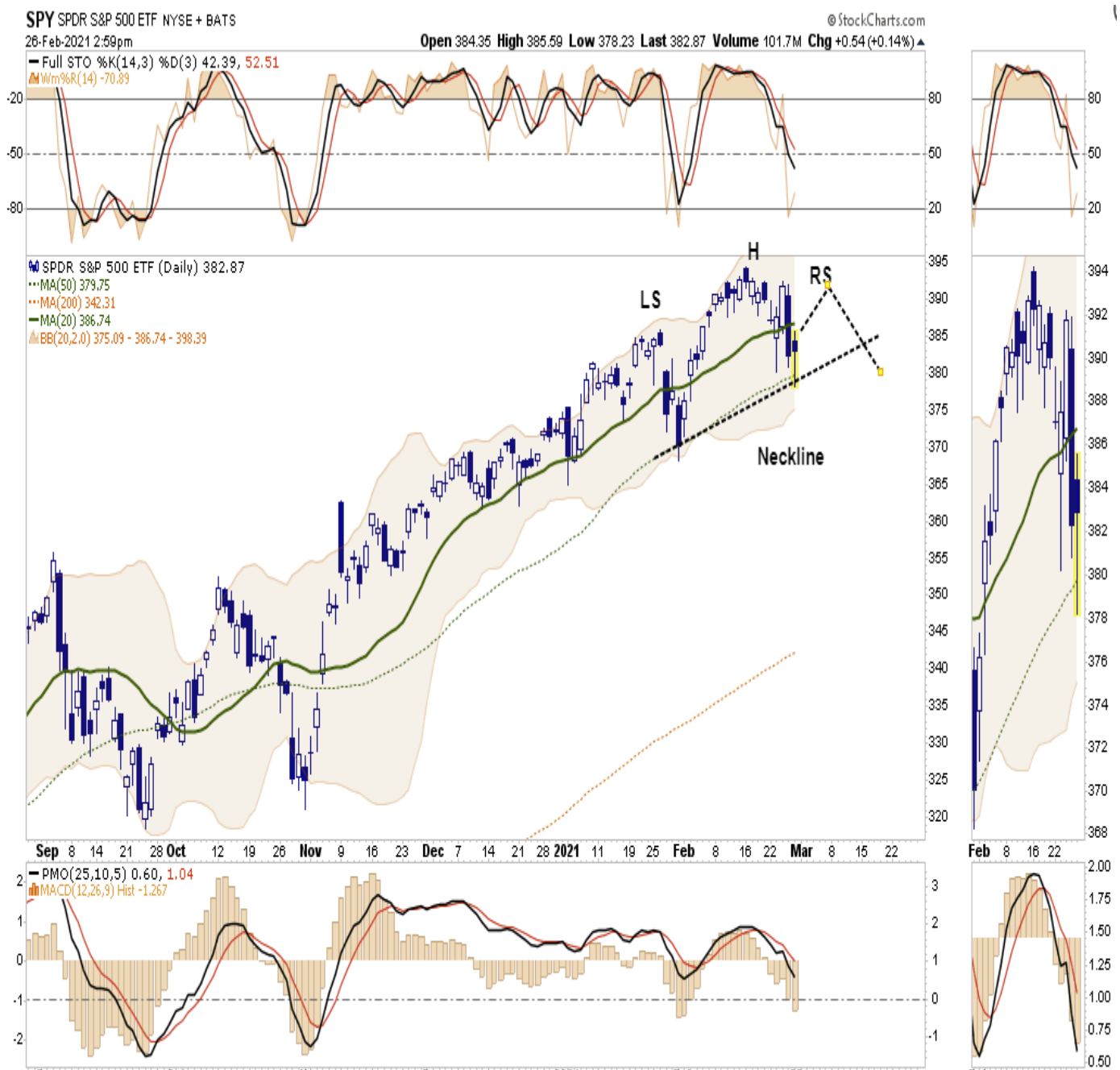
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## Topping Patterns Suggest Caution

Last week, I discussed that we were starting to see "topping patterns" across various markets. To wit:

*"With the market getting back to more oversold levels, we are likely to see a counter-trend rally for a few days that could get us back above the 20-dma. It will be necessary for the rally to set new highs to negate the head and shoulders pattern. If the market rallies, fails, and breaks the neckline, we could well see a deeper correction ensue."*



I have updated the chart above for this week's action. As you will notice, we did indeed rally, then failed and tested support. **The risk of a more extensive correction was averted short-term with support at the neckline and 50-dma holding.**



There is an essential caveat to this analysis. The start of a *head and shoulder* pattern occurs with quite some regularity during an advancing market. However, they are quite often not completed as the market moves to new highs negating the pattern. **Therefore, while we are pointing this pattern out, we are not saying the market is about to go lower. Such will only be if the pattern completes with a break of the *neckline* support. Currently, the market must establish support and rally to new highs to negate the risk of a more significant correction.**

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## Portfolio Update

We have been cautioning over the last couple of weeks about rising market risks. While we reduced our equity allocations and drastically shortened our bond durations, I wish we had done even more in hindsight. With the markets deeply oversold on a very short-term basis, we will likely see a reflexive rally next week. As stated last week:

**"As discussed previously, 'risk happens fast.'** It is essential not to react emotionally to a sell-off. **Instead, fall back on your investment discipline and strategy.**"  
Importantly, keep your portfolio management process as simplistic as possible.

1. **Trim Winning Positions** back to their original portfolio weightings. (ie. Take profits)
2. **Sell Those Positions That Aren't Working.** If they don't rally with the market during a bounce, they will decline more when the market sells off again.
3. **Move Trailing Stop Losses Up** to new levels.
4. **Review Your Portfolio Allocation Relative To Your Risk Tolerance.** If you have an aggressive allocation to equities at this point of the market cycle, you may want to try and recall how you felt during 2008. Raise cash levels and increase fixed income accordingly to reduce relative market exposure."

While this may indeed turn out to be a buying opportunity in the short-term, mainly if the Government passes the next "stimulus bill," cleaning up your portfolios allows you to adjust to the markets next advance. It will also protect you just in case "something else" happens.

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## The MacroView



### #MacroView: The Feedback Loop Between The Fed & The Elite.

Written by Lance Roberts | Mar 5, 2021

Many believe the stock market is "making everyone rich." The reality is that it's the 10% who own the majority of stocks. Such is the result of the feedback loop between the Fed and the elite.

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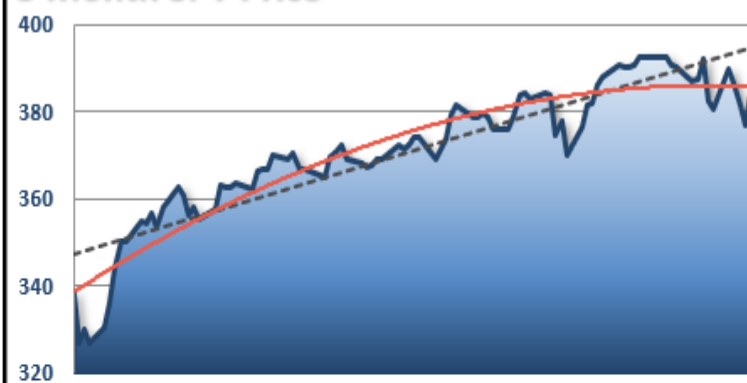
If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

# Market & Sector Analysis

*Analysis & Stock Screens Exclusively For RIAPro Members*

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## S&P 500 Tear Sheet



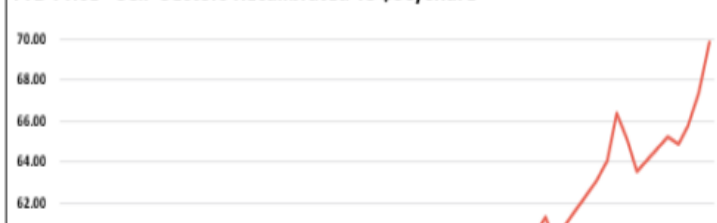
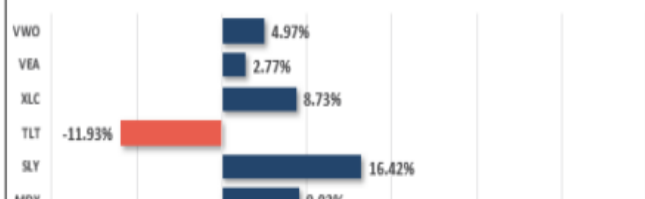
## S&P 500 Market Cap Analysis

## S&P 500 Asset Allocation

## Momentum Analysis

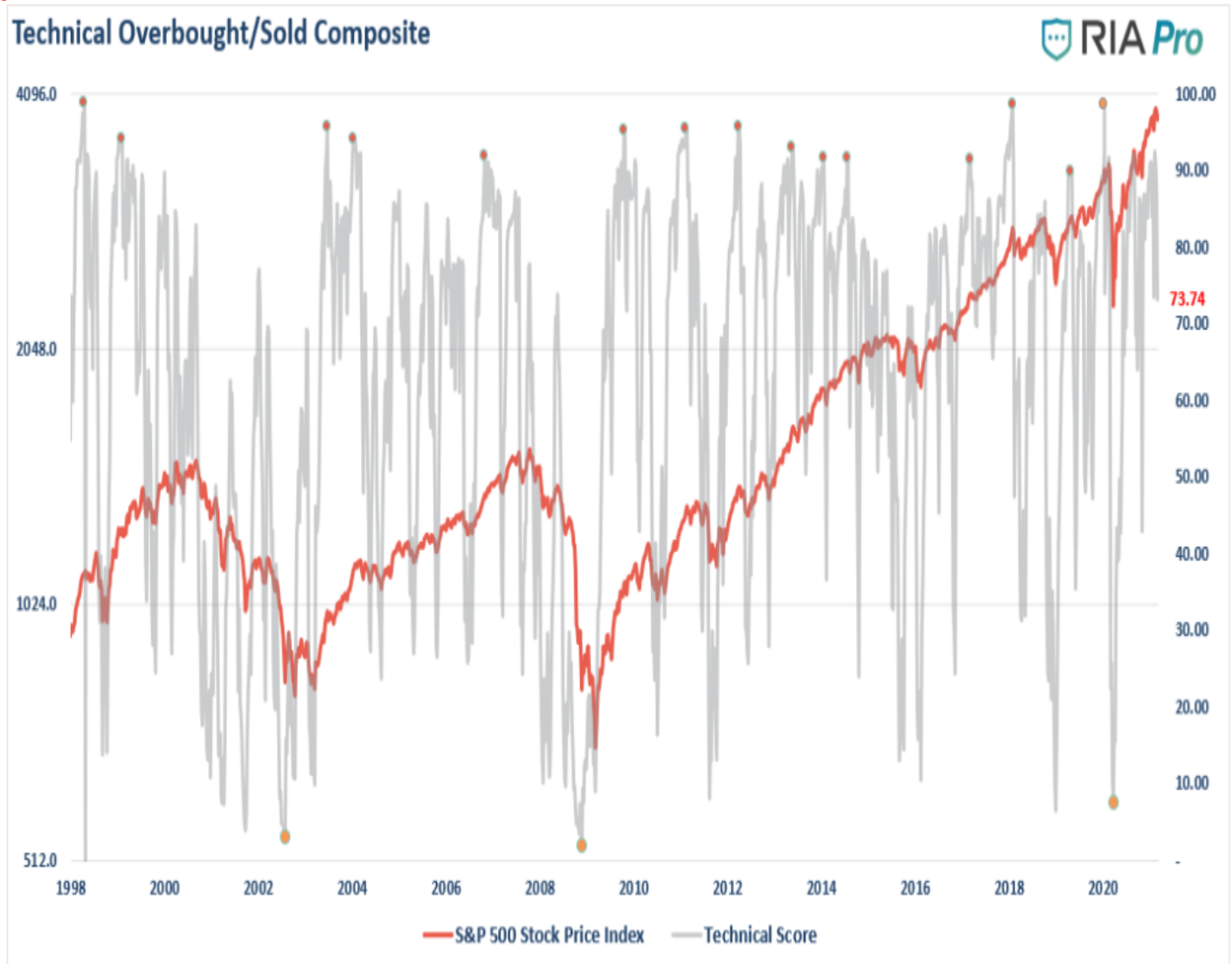
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	383.63	3.96%	381.94	1	0.44%	348.67	180	10.03%	9.54%	(2.67%)	75.77%	Buy
Mid Cap	457.85	8.56%	445.72	50	2.72%	379.19	116	20.74%	17.55%	(2.70%)	113.73%	Buy
Small Cap	92.60	16.16%	87.72	50	5.57%	70.88	113	30.64%	23.75%	(2.38%)	127.07%	Buy

Year To Date Performance  ZACKS  REAL INVESTMENT ADVICE



## 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" is oversold. **The current reading is 73.74 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, 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 current reading is 81.18 out of a possible 100.**



# Sector Model Analysis & Risk Ranges

## How To Read.

- The table compares each sector and market to the S&P 500 index on relative performance.
- The "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.
- The table shows the price deviation above and below the weekly moving averages.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG	MONTH	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	WMA	END PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	385.07	0.86	(1.04)	4.75	15.52	28.92	380.13	356.59	381.77	0.99	391.31	372.23	1%	8%	BULLISH
XLB	SPDR-MATLS SELS	75.31	1.53	3.46	1.47	(0.93)	11.77	73.48	68.13	73.55	1.05	76.16	70.94	2%	11%	BULLISH
XLC	SPDR-COMM SV SS	73.37	1.65	3.79	4.86	9.39	18.35	68.93	63.96	71.57	0.99	74.07	69.07	6%	15%	BULLISH
XLE	SPDR-EGY SELS	52.95	9.10	25.45	24.02	42.02	(4.33)	42.61	37.42	48.15	1.77	50.21	46.09	24%	42%	BULLISH
XLF	SPDR-FINL SELS	33.71	3.47	10.17	13.70	21.07	3.02	30.52	27.22	32.31	1.19	33.50	31.12	10%	24%	BULLISH
XLK	SPDR-TECH SELS	128.95	(2.20)	(3.67)	(1.01)	(0.14)	16.12	131.02	122.00	130.69	1.06	135.34	126.04	-2%	6%	BULLISH
XLI	SPDR-INDU SELS	93.44	2.26	6.04	0.51	3.09	0.06	89.16	82.77	90.61	1.19	93.95	87.27	5%	13%	BULLISH
XLP	SPDR-CONS STPL	64.70	1.35	(0.57)	(8.64)	(13.93)	(23.78)	65.91	65.07	63.30	0.62	65.27	61.33	-2%	-1%	BULLISH
XLRE	SPDR-RE SELS	36.84	(2.20)	(1.86)	(3.18)	(12.04)	(33.23)	36.84	36.30	37.34	0.69	38.53	36.15	0%	2%	BULLISH
XLU	SPDR-UTIL SELS	59.68	1.40	(5.11)	(8.86)	(13.54)	(39.99)	61.91	61.64	58.36	0.35	60.02	56.70	-4%	-3%	BULLISH
XLV	SPDR-HLTH CR	113.02	(0.50)	(1.25)	(3.55)	(8.43)	(12.58)	114.54	109.74	112.61	0.75	116.27	108.95	-1%	3%	BULLISH
XLY	SPDR-CONS DISCR	156.82	(3.55)	(7.91)	(4.41)	(6.53)	7.87	164.22	153.73	161.15	1.13	167.00	155.30	-5%	2%	BULLISH
XTN	SPDR-SP TRANSP	83.65	2.03	12.62	10.97	22.63	32.66	74.87	66.21	81.30	1.41	84.48	78.12	12%	26%	BULLISH
SDY	SPDR-SP DIV ETF	114.97	2.90	6.14	3.08	6.56	(9.85)	108.60	101.39	110.80	0.92	114.59	107.01	6%	13%	BULLISH
RSP	INVS-SP5 EQ ETF	137.07	1.27	4.45	4.28	9.31	4.40	130.72	119.20	134.20	1.12	139.06	129.34	5%	15%	BULLISH
SLY	SPDR-SP6 SC	92.60	0.79	5.00	14.78	33.81	21.31	85.61	72.96	91.09	1.28	94.53	87.65	8%	27%	BULLISH
MDY	SPDR-SP MC 400	457.85	(0.20)	2.49	7.20	19.15	10.56	438.56	388.32	454.85	1.20	471.67	438.03	4%	18%	BULLISH
EEM	ISHARS-EMG MKT	53.83	(0.68)	(3.24)	1.38	5.39	5.22	53.92	48.67	53.73	0.85	55.53	51.93	0%	11%	BULLISH
EFA	ISHARS-EAFE	74.63	(0.03)	0.93	(1.35)	(0.93)	(8.06)	74.24	68.80	74.01	0.85	76.49	71.53	1%	8%	BULLISH
IAU	ISHARS-GOLD TR	16.18	(2.45)	(5.27)	(12.50)	(28.62)	(27.79)	17.51	17.93	16.44	0.07	16.86	16.02	-8%	-10%	BEARISH
GDX	VANECK-GOLD MNR	31.78	1.22	(7.14)	(14.15)	(38.68)	(20.86)	34.98	37.87	31.13	0.65	32.11	30.15	-9%	-16%	BEARISH
UUP	INVS-DB US\$ BU	24.77	0.16	2.02	(3.81)	(16.87)	(33.72)	24.40	24.89	24.52	(0.13)	25.10	23.94	2%	0%	BEARISH
BOND	PIMCO-TOT RETRN	110.33	(1.57)	(0.74)	(6.82)	(17.40)	(30.87)	112.28	112.30	111.11	0.09	113.98	108.24	-2%	-2%	BEARISH
TLT	ISHARS-20+YTB	138.91	(3.81)	(5.12)	(17.26)	(30.59)	(45.62)	151.18	158.46	143.12	(0.25)	146.34	139.90	-8%	-12%	BEARISH
BNDX	VANGD-TTL INT B	57.16	(0.88)	(0.43)	(7.45)	(17.16)	(31.04)	58.13	58.15	57.17	0.03	58.62	55.72	-2%	-2%	BEARISH
HYG	ISHARS-IBX HYCB	86.62	(0.66)	0.01	(4.82)	(12.75)	(27.07)	87.12	85.66	86.44	0.37	88.92	83.96	-1%	1%	BULLISH



## Weekly Stock Screens

Currently, there are four different stock screens for you to review. The first is S&P 500 based companies with a "Growth" focus, the second is a "Value" screen on the entire universe of stocks, and the last are stocks that are "Technically" strong and breaking above their respective 50-dma. We have provided the yield of each security and a Piotroski Score ranking to help you find fundamentally strong companies on each screen. [\(For more on the Piotroski Score - read this report.\)](#)



**S&P 500 Growth Screen**

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	108.24	13.79	10.63	0.81	23.58	9.00
ETSY	Etsy Inc	198.10	25.25	38.42	0.00	75.32	8.00
MSFT	Microsoft Corp	226.73	11.93	14.71	0.99	33.79	8.00
QRVO	Qorvo Inc	165.34	13.99	5.10	0.00	20.85	8.00
ZTS	Zoetis Inc	144.00	11.20	7.76	0.69	37.40	8.00
AAPL	Apple Inc	120.13	11.50	6.15	0.68	32.53	7.00
ABT	Abbott Labs	116.01	14.14	12.22	1.55	31.78	7.00
ADI	Analog Devices	144.52	12.25	12.75	1.91	27.17	7.00
AVY	Avery Dennison	172.19	7.90	3.93	1.44	24.22	7.00
CDNS	Cadence Design	128.81	11.10	9.07	0.00	61.05	7.00
CTLT	Catalent Inc	103.08	19.65	13.46	0.00	46.43	7.00
DE	Deere & Co	337.95	18.54	9.18	0.90	30.89	7.00
FBHS	Fortune Brd H&S	82.41	9.82	4.82	1.26	19.67	7.00
IDXX	Idexx Labs Inc	485.85	15.81	10.70	0.00	72.41	7.00
IT	Gartner Inc -A	177.77	13.50	16.25	0.00	36.28	7.00
KLAC	Kla Corp	287.62	11.56	17.27	1.25	25.08	7.00
MLM	Martin Mrt-Matl	329.72	8.98	6.45	0.69	28.57	7.00
NVDA	Nvidia Corp	494.81	15.05	21.54	0.13	60.79	7.00
PH	Parker Hannifin	293.14	11.78	5.34	1.20	24.47	7.00
TXN	Texas Instrs	163.25	9.33	1.83	2.50	27.34	7.00
WAT	Waters Corp	261.63	8.85	2.70	0.00	28.88	7.00
WST	West Pharm Svc	257.29	22.62	7.89	0.26	54.17	7.00
BAC	Bank Of Amer Cp	36.50	7.00	3.70	1.97	19.52	6.00
CBRE	Cbre Group Inc	76.63	11.00	19.94	0.00	23.36	6.00
CF	Cf Indus Hldgs	45.53	6.00	2.70	2.64	30.97	6.00
DHR	Danaher Corp	214.41	13.69	0.46	0.34	34.09	6.00
DOV	Dover Corp	125.36	11.50	-0.41	1.58	22.11	6.00
EBAY	Ebay Inc	53.34	15.36	4.02	1.35	17.49	6.00
EL	Estee Lauder	285.19	10.67	7.40	0.74	65.26	6.00
FB	Facebook Inc-A	257.64	19.24	35.45	0.00	25.51	6.00
KSU	Kansas City Sou	201.31	15.00	4.25	0.87	28.92	6.00
LRCX	Lam Research	528.81	21.34	13.95	0.98	25.85	6.00
MS	Morgan Stanley	81.11	10.03	9.77	1.73	12.40	6.00
MTD	Mettler-Toledo	1059.42	13.79	5.39	0.00	41.43	6.00
TTWO	Take-Two Inter	174.03	12.37	22.13	0.00	29.20	6.00
WRB	Berkley (Wr) Cp	70.68	9.00	1.27	0.68	30.47	6.00
A	Agilent Tech	114.99	9.00	6.57	0.67	32.58	5.00
CAT	Caterpillar Inc	212.77	12.00	4.79	1.94	34.94	5.00
COO	Cooper Cos	371.56	11.00	8.37	0.02	36.72	5.00
EMR	Emerson Elec Co	88.49	9.82	-2.05	2.28	24.44	5.00
MTB	M&T Bank Corp	152.99	13.40	5.11	2.88	15.27	5.00
SCHW	Schwab(Chas)	64.77	11.34	11.64	1.11	27.10	5.00
SNA	Snap-On Inc	210.88	8.52	1.30	2.33	18.13	5.00
ALGN	Align Tech Inc	520.45	19.81	25.56	0.00	23.18	4.00
FRC	First Rep Bk Sf	166.37	13.42	19.08	0.48	28.64	4.00
ITW	Ill Tool Works	203.97	10.97	-0.64	2.24	30.00	4.00
JNJ	Johnson & Johns	153.07	7.72	3.82	2.64	19.06	4.00
PXD	Pioneer Nat Res	158.57	8.55	18.93	1.39	76.60	4.00
SIVB	Svb Finl Gp	502.49	8.00	25.48	0.00	22.00	4.00
TROW	T Rowe Price	163.52	11.83	9.16	2.20	17.03	4.00
NLOK	Norton Lifelock	20.10	7.00	-8.80	2.49	16.89	3.00

## Low P/B, High-Value Score, High Dividend Screen

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
SJM	Smucker Jm	116.22	1.55	12.19	3.10	9
CAG	Conagra Brands	34.67	2.00	19.01	3.17	8
CMTV	Commnty Bcp Vt	16.50	1.19	12.46	4.61	8
FLIC	First Long Is	19.46	1.17	10.80	3.91	8
FNF	Fnf Group	37.23	1.30	14.68	3.87	8
IBCP	Indep Bk Mich	21.49	1.26	11.47	3.91	8
PEG	Public Sv Entrp	54.66	1.73	11.14	3.59	8
UGI	Ugi Corp	39.10	1.83	11.25	3.38	8
AROW	Arrow Finl Corp	32.75	1.56	12.42	3.18	7
BSRR	Sierra Bancorp	25.32	1.14	10.47	3.32	7
CZFS	Citizens Fin Sv	56.74	1.18	11.88	3.24	7
KEY	Keycorp New	20.24	1.23	10.46	3.66	7
LOMA	Loma Negra Cia	5.38	1.23	21.99	4.72	7
MCBC	Macatawa Bank	9.39	1.34	12.40	3.41	7
NWIN	Northwest In Bc	40.55	0.94	13.69	3.06	7
PRK	Park National	126.07	1.98	11.95	3.27	7
TCPC	Blackrk Tcp Cap	13.45	1.02	12.06	8.92	7
TRTN	Triton Intl Ltd	55.84	1.91	12.30	4.08	7
UBFO	United Sec Bcsh	7.98	1.15	10.40	5.51	7
UVE	Univl Insur Hld	14.86	1.04	21.69	4.31	7
VST	Vistra Corp	17.49	1.02	186.72	3.09	9
WTBA	West Bancorp	24.10	1.77	14.74	3.65	8

## NEW!&#2013266080; Fundamental Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	108.24	13.79	10.63	0.81	23.58	9.00
ETSY	Etsy Inc	198.10	25.25	38.42	-	75.32	8.00
QRVO	Qorvo Inc	165.34	13.99	5.10	-	20.85	8.00
MSFT	Microsoft Corp	226.73	11.93	14.71	0.99	33.79	8.00
ZTS	Zoetis Inc	144.00	11.20	7.76	0.69	37.40	8.00
WST	West Pharm Svc	257.29	22.62	7.89	0.26	54.17	7.00
CTLT	Catalent Inc	103.08	19.65	13.46	-	46.43	7.00
DE	Deere & Co	337.95	18.54	9.18	0.90	30.89	7.00
IDXX	Idexx Labs Inc	485.85	15.81	10.70	-	72.41	7.00
NVDA	Nvidia Corp	494.81	15.05	21.54	0.13	60.79	7.00
ABT	Abbott Labs	116.01	14.14	12.22	1.55	31.78	7.00
IT	Gartner Inc -A	177.77	13.50	16.25	-	36.28	7.00
ADI	Analog Devices	144.52	12.25	12.75	1.91	27.17	7.00
PH	Parker Hannifin	293.14	11.78	5.34	1.20	24.47	7.00
KLAC	Kla Corp	287.62	11.56	17.27	1.25	25.08	7.00
AAPL	Apple Inc	120.13	11.50	6.15	0.68	32.53	7.00
LRCX	Lam Research	528.81	21.34	13.95	0.98	25.85	6.00
FB	Facebook Inc-A	257.64	19.24	35.45	-	25.51	6.00
EBAY	Ebay Inc	53.34	15.36	4.02	1.35	17.49	6.00
KSU	Kansas City Sou	201.31	15.00	4.25	0.87	28.92	6.00
MTD	Mettler-Toledo	1,059.42	13.79	5.39	-	41.43	6.00
DHR	Danaher Corp	214.41	13.69	0.46	0.34	34.09	6.00
TTWO	Take-Two Inter	174.03	12.37	22.13	-	29.20	6.00
DOV	Dover Corp	125.36	11.50	(0.41)	1.58	22.11	6.00
MTB	M&T Bank Corp	152.99	13.40	5.11	2.88	15.27	5.00
CAT	Caterpillar Inc	212.77	12.00	4.79	1.94	34.94	5.00
SCHW	Schwab(Chas)	64.77	11.34	11.64	1.11	27.10	5.00
ALGN	Align Tech Inc	520.45	19.81	25.56	-	23.18	4.00
FRC	First Rep Bk Sf	166.37	13.42	19.08	0.48	28.64	4.00
TROW	T Rowe Price	163.52	11.83	9.16	2.20	17.03	4.00

## Aggressive Growth Strategy

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
ETSY	Etsy Inc	198.10	25.25	38.42	-	2.83	8
MSFT	Microsoft Corp	226.73	11.93	14.71	0.99	2.59	8
ZTS	Zoetis Inc	144.00	11.20	7.76	0.69	2.92	8
CDNS	Cadence Design	128.81	11.10	9.07	-	5.41	7
IDXX	Idexx Labs Inc	485.85	15.81	10.70	-	4.05	7
NVDA	Nvidia Corp	494.81	15.05	21.54	0.13	3.16	7
TXN	Texas Instrs	163.25	9.33	1.83	2.50	2.61	7
EXR	Extra Space Stg	122.02	3.54	9.71	2.95	5.84	6
MSCI	Msci Inc-A	409.00	#N/A	10.22	0.76	#N/A	6
RGEN	Repligen	183.21	38.00	35.83	-	2.52	6
VICR	Vicor Corp	89.86	#N/A	9.06	-	#N/A	6
ENPH	Enphase Energy	149.88	#N/A	23.19	-	#N/A	5
IBKR	Interactive Brk	74.80	#N/A	15.21	0.53	#N/A	5
ALGN	Align Tech Inc	520.45	19.81	25.56	-	3.39	4
CELH	Celsius Holding	53.04	#N/A	50.66	-	#N/A	4
CGNX	Cognex Corp	77.06	#N/A	11.47	0.31	#N/A	4

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## Portfolio / Client Update

Last week's commentary remains apropos this week:

*"Market action continues to be very sloppy, as our money flows indicators suggested. However, the volatility this past week was extremely challenging."*

On Monday, the sharp rally signaled a "return of the bulls" quickly found them face down as the herd tripped over rising interest rates and lack of support from the Federal Reserve. The market is now deeply oversold, and while there may be a bit more downside pressure short-term, we are likely very close to a short-term bottom. We are looking for the next rally to rebalance portfolios and increase the duration in our bond portfolios. + **With yields having reached our target "buy" zone, there is a decent "risk/reward" to add some additional exposures back to portfolios to further hedge equity risk.** Next week, it will be necessary the markets continue to hold current support levels. All eyes will sharply focus on the passage of the next "stimulus pork-fest" bill, which should provide some short-term support for the equity markets. As always, we continue watching our indicators closely. Despite the sell-off, our indicators don't suggest a significant correction is in the offing. However, if we break the 50-day moving average, we will get more defensive reasonably quickly.

### Portfolio Changes

During the past week, we made minor changes to portfolios. We post all trades in real-time at [RIAPRO.NET](http://RIAPRO.NET).

#### **\*\* Equity / ETF Portfolio ? Trade Update \*\*\***

*"As we will discuss on Monday in the market update, the markets are decently oversold on a money flow basis suggesting a short-term rally is likely. We will be using that rally to rebalance holdings. However, we did use today's early sell-off to continue building into recent portfolio additions of ALB and LIT." 03/05/21*

#### **Equity Model**

- Add 1% to ALB increasing portfolio exposure to 3%.

#### **ETF Model**

- Add 1% to LIT, increasing portfolio exposure to 3%.

*"We are ?greening up?our portfolios a bit today by adding some positions in a**NEE**;(Nextera Energy)and**LIT**;(Lithium & Battery Tech.)After a decent pullback to support last week that held, we are able to add a little ?momentum? to the portfolio for the time being." - 03/01/21*

#### **Equity Model**

- Initiate a 2% position in NEE

#### **ETF Model**

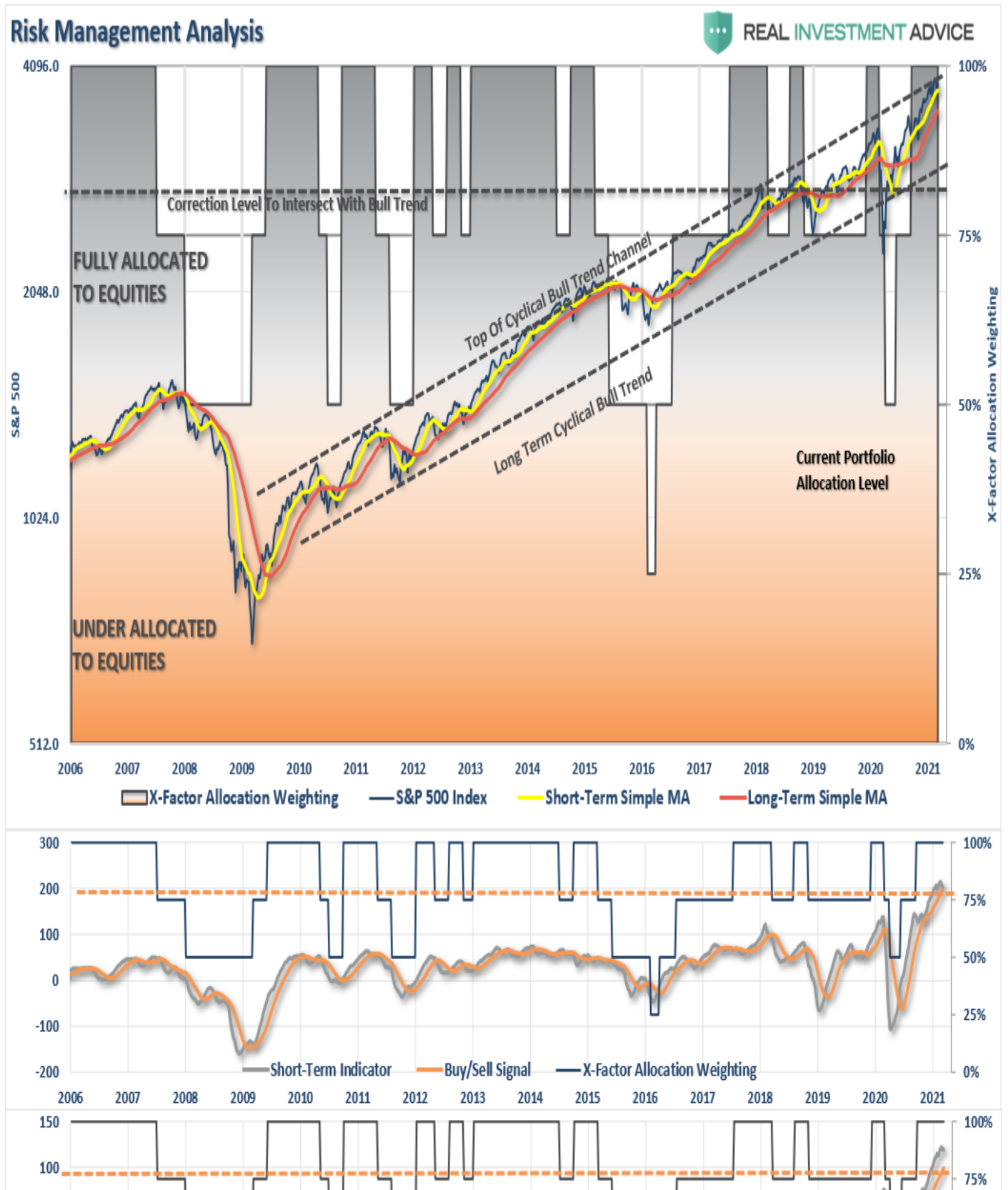


- Reduce XLB from 3% to 2% in the portfolio
- Initiate a 2% position in LIT#2013266080;

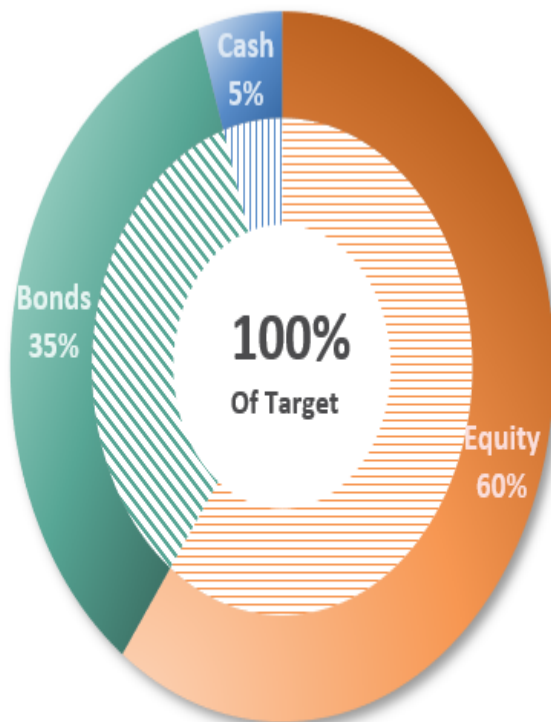
As always, our short-term concern remains the protection of your portfolio. We have now shifted our focus from the election back to the economic recovery and where we go from here. *Lance Roberts CIO*

## THE REAL 401k PLAN MANAGER

### A Conservative Strategy For Long-Term Investors



## Current Portfolio Weighting



## Current 401k Allocation Model

### 5.00% Cash + All Future Contributions

*Primary concern is the protection of investment capital*

Examples: Stable Value, Money Market, Retirement Reserves

### 35.00% Fixed Income (Bonds)

*Bond Funds reflect the direction of interest rates*

Examples: Short Duration, Total Return and Real Return Funds

### 60.00% Equity (Stocks)

*The vast majority of funds track an index.*

*Therefore, select on ONE fund from each category.*

*Keep it Simple.*

20% Equity Income, Balanced or Conservative Allocation

30% Large Cap Growth (S&P 500 Index)

5% International

5% Mid-Cap

## Portfolio Instructions:

Allocation Level To Equities	Recommendation	When To Take Action
Less Than Target Allocation	Hold Current Exposure	Hold Exposure
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

## Commentary

The correction that we have been discussing over the last couple of weeks continued this past week and seemingly culminated on Thursday. The correction was close to what we suggested two weeks ago:

**"Currently, all of our indicators remain positive, with money flows currently suggesting there is support for prices at current levels. However, those money flows are showing some signs of weakness which suggests that in the near future, the next few weeks, we will see a correction in the market similar to what we saw at the end of January or potentially more."**

The rally on Friday wasn't exceptionally strong which likely will fail at resistance in the short-term. Another bout of selling is likely over the next month as weekly sell signals remain negative. There is nothing at this point which suggests we get extremely negative on equities, but a pickup in volatility is quite likely.

Maintain exposures, but rebalance positions that have grown to outsize weightings in portfolio. Particularly in small/mid cap and international funds which are egregiously overbought.

If you need help after reading the alert, do not hesitate to [contact me](#).

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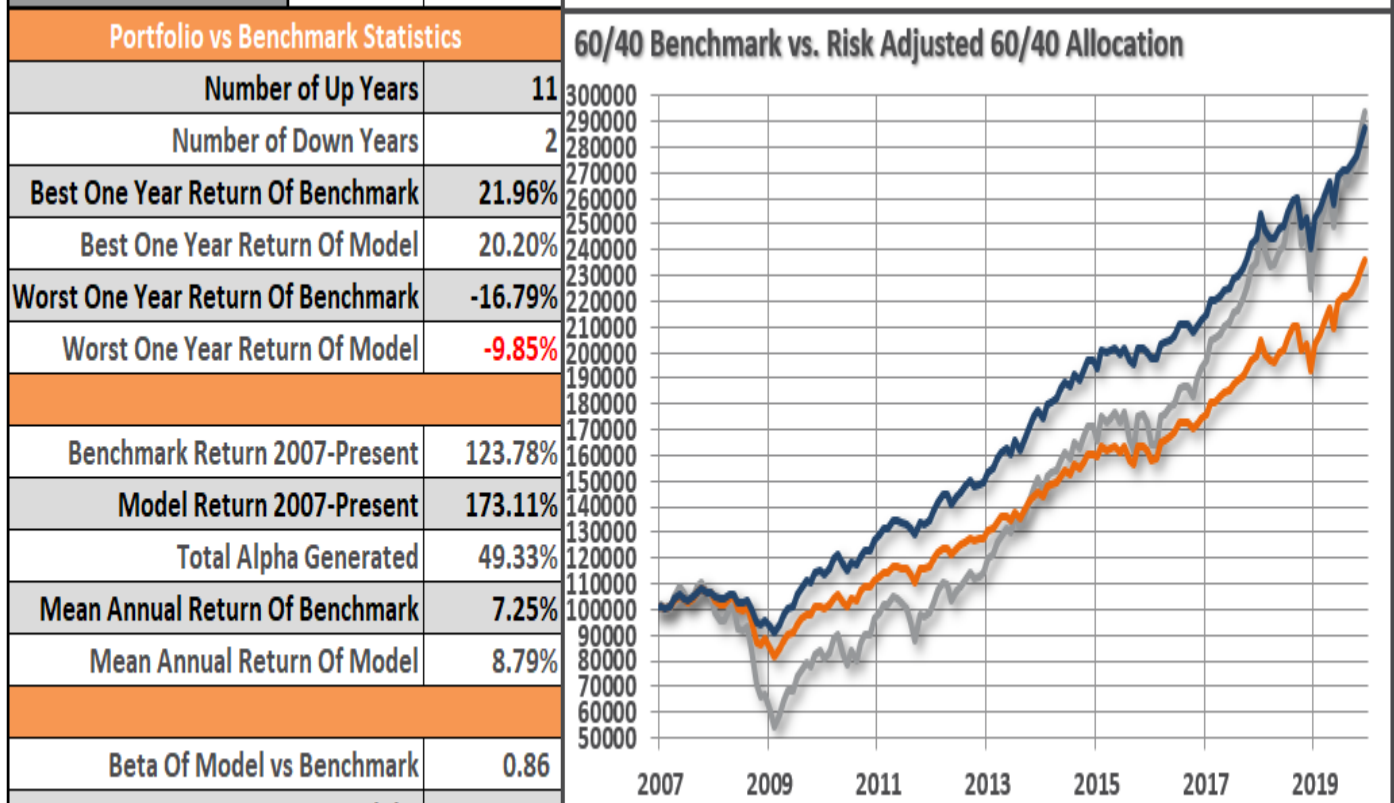
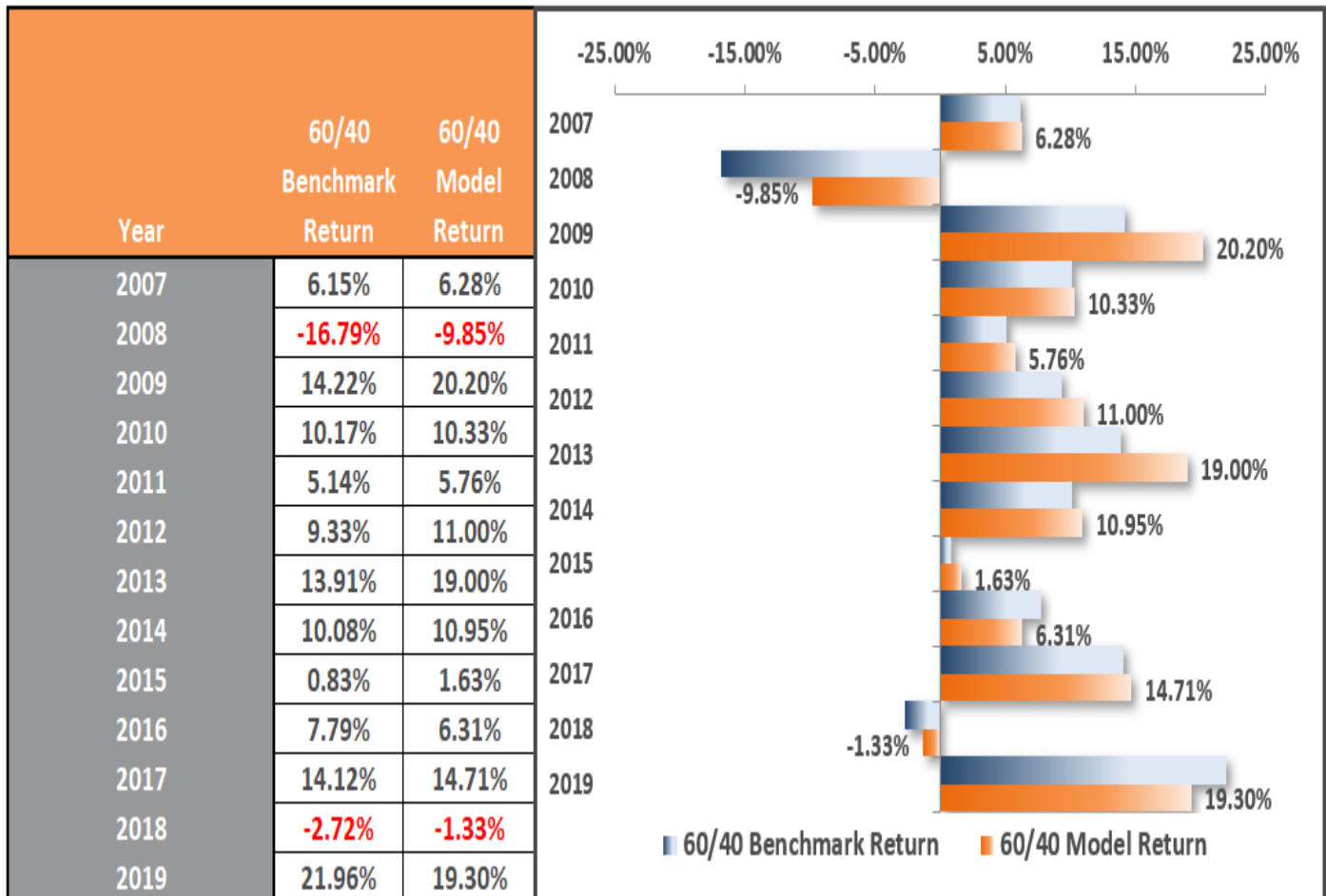
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*Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.*



# 401k Plan Manager Live Model

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401K - Beta

Symbol

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This is the Beta version of 401K. Some Errors are expected ! Click Here to report Issues

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Rename Portfolio

My Info

Fund Selection

Comparison

Summary

Commentary

My Portfolio

RIAPro Portfolio

RIA PRO MODEL PL

Retirement Income (My Portfolio Annual ROR 9.44 %)

Current account balance	10,000
Estimated Retirement Balance	632,861
Estimated Retirement Balance (Inflation Adj)	620,204
Monthly Income	2,768
Monthly Income (Inflation Adj)	2,713
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

Retirement Income (RiaPro Annual ROR 9.02 %)

Current account balance	10,000
Estimated Retirement Balance	609,786
Estimated Retirement Balance (Inflation Adj)	597,590
Monthly Income	2,667
Monthly Income (Inflation Adj)	2,614
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

My Fund Composition

RIAPro Fund Composition

My Asset Composition

RIAPro Asset Composition