RIA
Advice

Market Struggle As "Bear-Bitten" Investors Shy Away

Inside This Week?s Bull Bear Report

- *Market Struggle To Hold Support*
- *Will October Mark The Lows*
- *How We Are Trading It*
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Market Struggle To Hold Support

Last week, we discussed the market was testing a critical support level that separates bull markets from bear markets. To wit:

> *?Notably, the market continues to flirt with support at the 200-week moving average, which has defined the&#2013266080;?bullish trend? since the financial crisis lows.&#2013266080;**In other words, despite the ?correction? from this year?s highs, the ongoing bull market remains intact.&#2013266080;**However, a ?confirmed break,? which will be a close, retest, and failure of that bullish trend, will constitute a bear market.?*

I updated that chart to include the 50-week moving average and recessions. The importance of these additional measures shows that in all previous bear markets and recessions, the 50-WMA crossed below the 200-WMA. That cross also coincided with a price break below the 200-WMA.

S&P 500 Index Vs. 50-WEEK vs. 200-WEEK MA

Recessions — S&P 500 COMPOSITE - PRICE INDEX — 200 WMA — 50 WMA
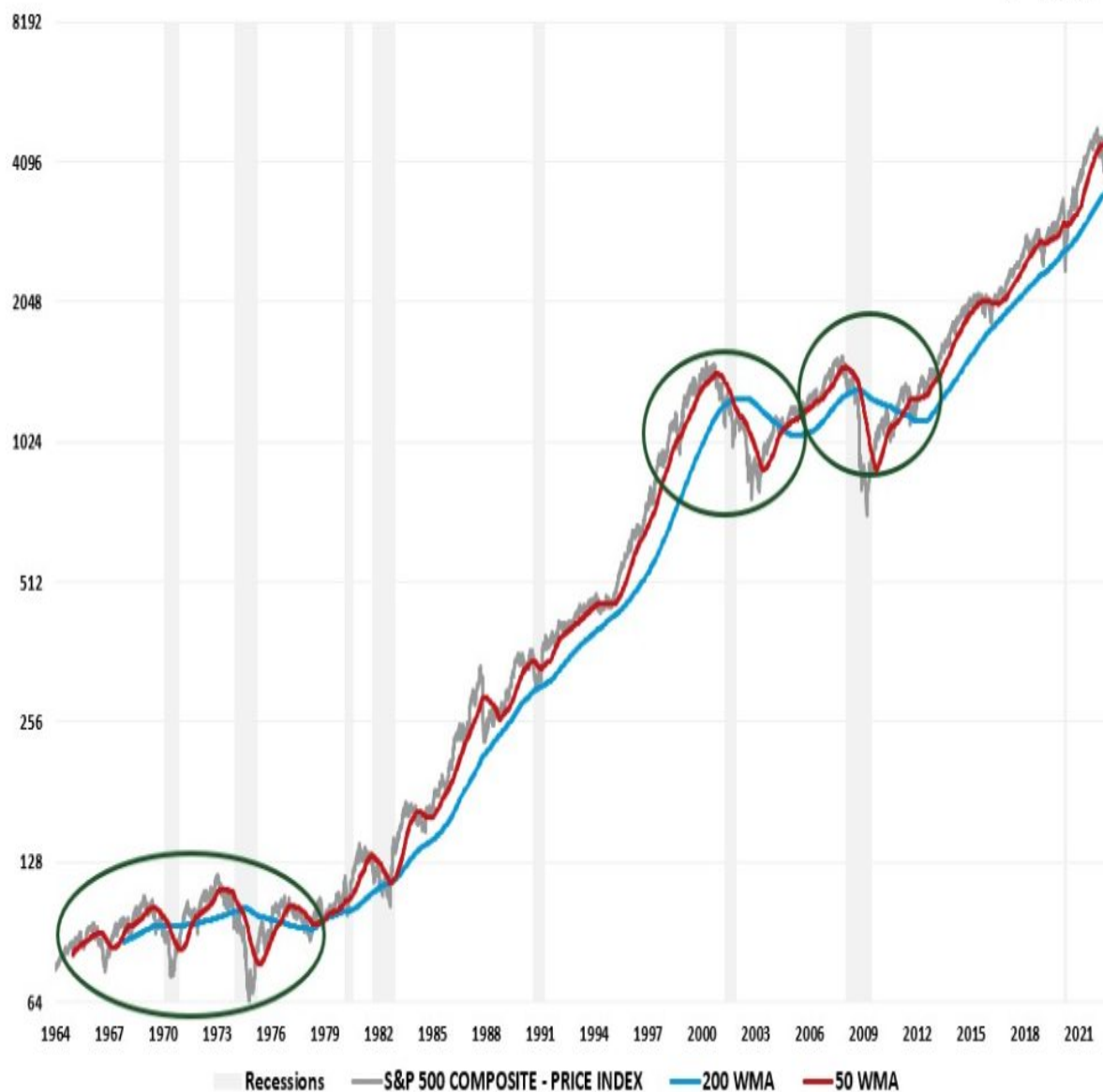
S&P 500 Index Vs. 50-WEEK vs. 200-WEEK MA

Notably, while the market held that critical support level this past week, there was also no progress on the anticipated reflexive rally. Such is because investors have now become *?bear bitten?* and are unwilling to *?buy the dip.?*

This past week was another disappointing week in terms of market action. However, there were some positive developments short-term. The market bounced off the 20-dma, turning that previous resistance level into support. That bounce came on rumors from the *?Fed Whisperer,?* Nick Timaros of the WSJ, the Fed may be considering slowing the pace of rate hikes in December. Such was a welcome relief for the beaten-up bulls, and stocks rallied sharply to close the week.

It will be necessary for the market to rally some more next week and ideally rises above 3800 to confirm another ?*bear market?* rally is underway. Furthermore, the positive divergences of the MACD and RSI indicators also support the short-term bullish outlook.

MACD (12, 26, close, 9) 21.45 −46.47 −67.91

100.00
0.00
−100.00

^GSPC, 1D O3657.10 H3757.89 L3647.42 C3752.75 +86.97 (+2.37%)
Moving Average Triple (20, 100, 50, Simple) 3671.36 3918.00 3886.91

4600.00
4400.00
4200.00
4000.00
3800.00
3752.75
3600.00
3400.00

Stoch (14, 1, 3) 82.82 67.54

80.00
40.00
0.00

RSI (14, SMA, 14) 51.14

60.00
40.00

May   Jun   Jul   Aug   Sep   Oct   Nov

TradingView

MACD (12, 26, close, 9) 21.45 −46.47 −67.91

100.00
0.00
−100.00

^GSPC, 1D O3657.10 H3757.89 L3647.42 C3752.75 +86.97 (+2.37%)
Moving Average Triple (20, 100, 50, Simple) 3671.36 3918.00 3886.91

4600.00
4400.00
4200.00

With the technical action of the market supporting a rally, October tends to mark lows as the seasonally strong period gets underway. However, it is important not to mistake a rally from oversold conditions as a market bottom. There are still a tremendous number of headwinds that suggest we won?t see the final market lows until next year.

However, we will worry about that when we get there. Let?s just enjoy the break from the recent market struggle.

Need Help With Your Investing Strategy?

Are you looking for complete financial, insurance, and estate planning? Need a risk-managed portfolio management strategy to grow and protect your savings? Whatever your needs are, we are here to help.

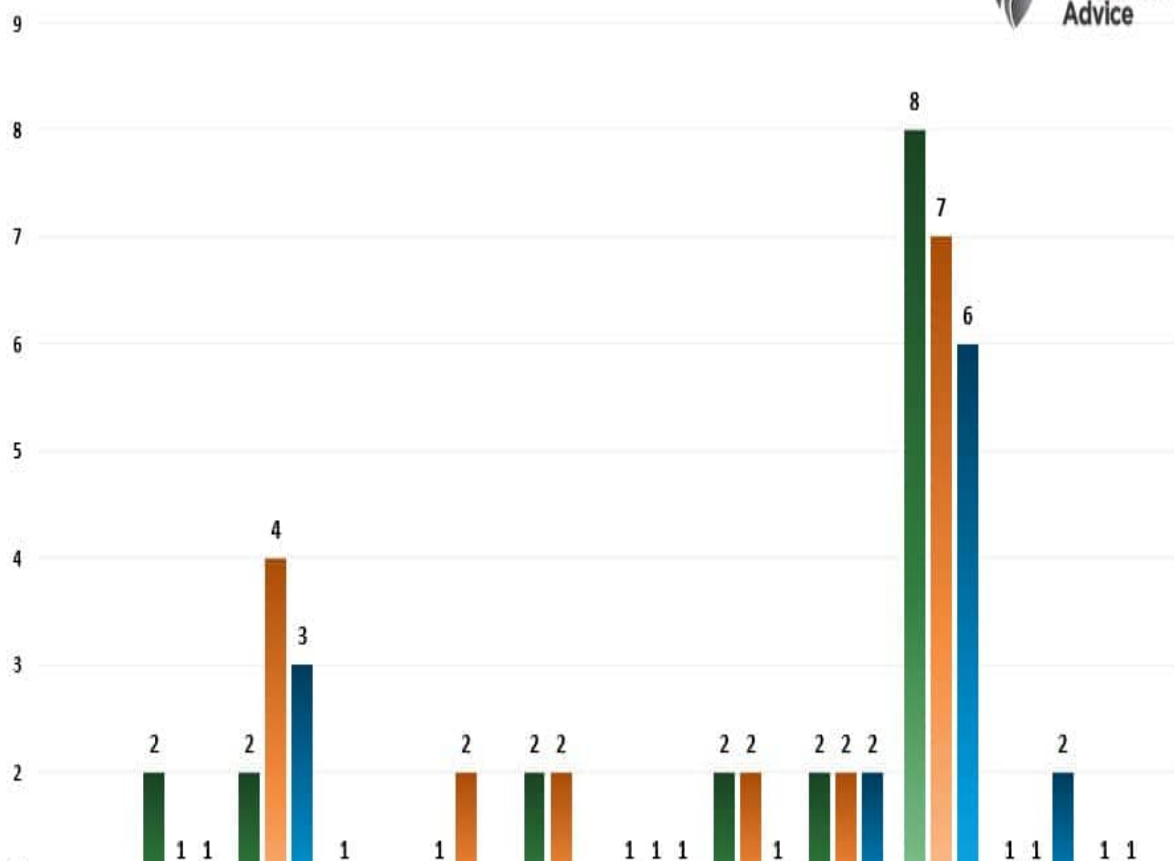---

Will October End The Market Struggle

October started strong and slid to new lows, which was undoubtedly discouraging. However, as noted above, the market struggle may be temporarily abating. The question is whether October will mark the end of the market?s struggle and whether buyers will return.

The honest answer is no one knows for sure. However, as Yahoo Finance recently noted, October tends to mark the end of bear markets more often than not.

Bear Market Bottoms By Month Since WWII

Source: @AlmanacTrader

Legend: ■ Dow Jones Industrials ■ S&P 500 ■ Nasdaq Composite

Month	Dow Jones Industrials	S&P 500	Nasdaq Composite
Jan	0	0	0
Feb	2	1	1
Mar	2	4	3
Apr	1	0	0
May	1	2	0
Jun	2	2	0
Jul	1	1	1
Aug	2	2	1
Sep	2	2	2
Oct	8	7	6
Nov	1	1	2
Dec	1	1	0

As Stock Trader?s Almanac?s Jeffrey Hirsch noted:

> *?Not all indices have bottomed on the same day for all bear markets, but the lion?s share, or bear?s share I should say, bottomed in October.?*

October market lows have also occurred regularly before a midterm election, such as in 2022. As Deutsche Bank recently observed:

> *?The S&P 500 has risen in the year after every single one of the 19 midterm elections since World War II, with not a single instance seeing a negative return.?*

Figure 1: The performance of the S&P 500 before and after midterm elections since 1946... The S&P 500 has always been higher one year after the vote

Days after midterm election
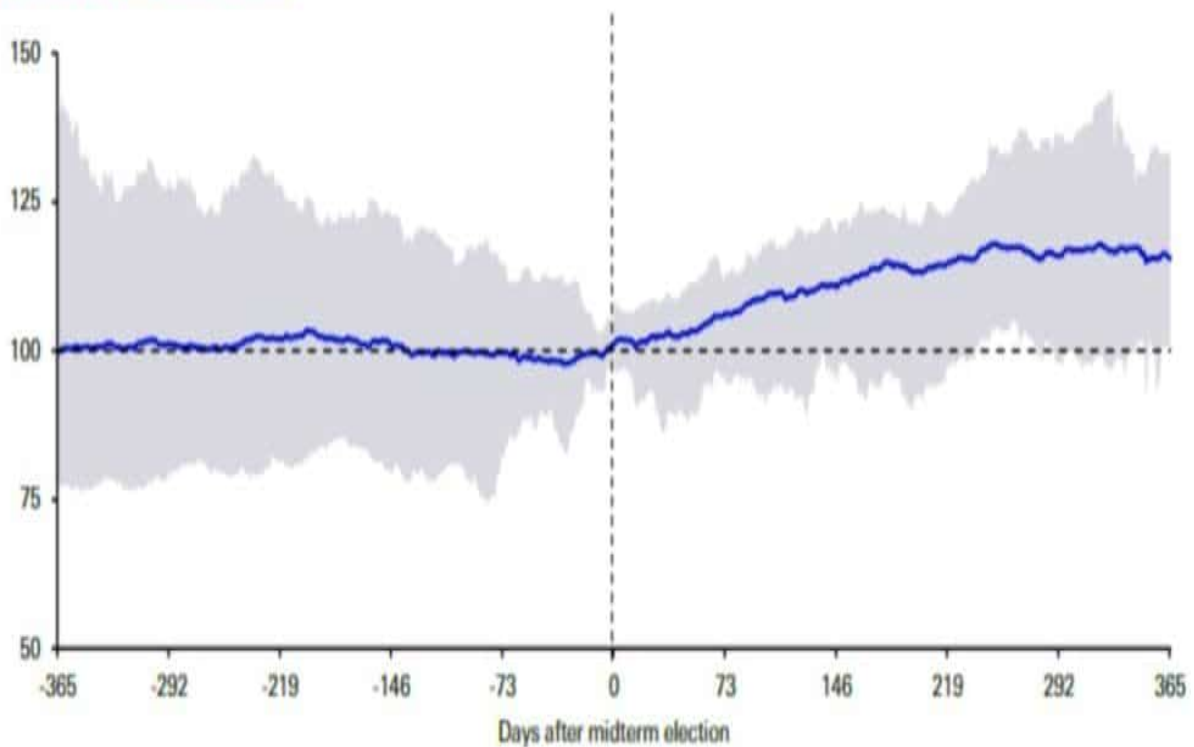
Source : Bloomberg Finance LP, Deutsche Bank

Figure 1: The performance of the S&P 500 before and after midterm elections since 1946... The S&P 500 has always been higher one year after the vote

Days after midterm election
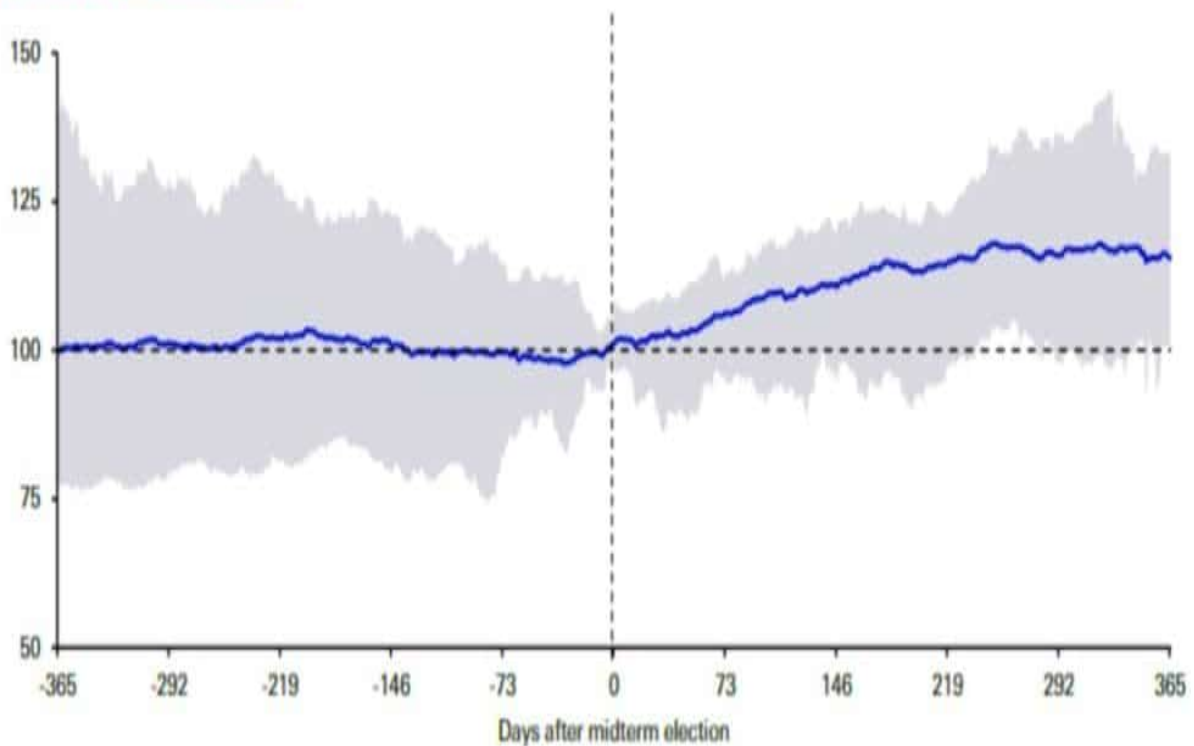
Source : Bloomberg Finance LP, Deutsche Bank

However, while there is undoubtedly historical precedent to suggest October market lows may be in, it is crucial to remember there are *?no sure things?* in the financial markets. ?

> *?History is a great guide, but it?s not gospel.? ? Sam Stovall*

As noted last week, there are many reasons to believe the market?s struggles may not be at an end. Most notably, many factors are currently missing that coincided with each previous bear market cycle.

- *Surging unemployment*
- *Recession*
- *Bankruptcies*
- *Defaults*
- *Fed cutting rates*
- *Falling 2-year and 10-year Treasury yields*
- *Un-inversion of the yield curve.*
- *Spiking credit spreads*

Further to this point, BofA recently published a checklist of *?signposts?* that previously signaled bear market lows. Currently, only 2 of the 10-signposts are registered.

Signpost	Jan-74	Jul-82	Nov-87	Oct-90	Sep-02	Feb-09	Mar-20	Current As Of 11/1/22
Fed Curring Rates (Prior 12 Months)	✔	✔	✔	✔	✔	✔	✔	
Unemployment Rates Rise (Vs. 12-Month Lows)	✔	✔		✔	✔	✔	✔	
More Bears Than Bulls (AAII)				✔	✔	✔	✔	✔
Equity Risk Premium Increases >75 Bps vs. 12-Month Lows	✔	✔	✔	✔	✔	✔	✔	
50 Bps+ Decline In The 2-Yr Yield (Vs. 6-Month Low)		✔	✔	✔	✔	✔	✔	
Sell Side Indicator Buy Signal (Prior 3-Months)			✔	✔		✔		
Yield Curve Steepens (Vs 6-Month Low)		✔	✔	✔	✔	✔	✔	
5% Bear Market Rallies (Prior 3-Months)	✔		✔		✔	✔	✔	✔
Rule Of 20	✔	✔	✔	✔	✔	✔	✔	
PMI Improves (Vs. 12-month YoY Low)		✔	✔	✔	✔	✔	✔	
Percentage Of Signpost Triggered	63%	88%	80%	90%	90%	100%	90%	20%
S&P 500	64	107	230	304	815	735	2585	3800

While the market could likely rally from the recent October market lows, it will probably not mark the bear market?s end just yet. As BofA noted this past week, we are only part-way through the complete economic downturn cycle.
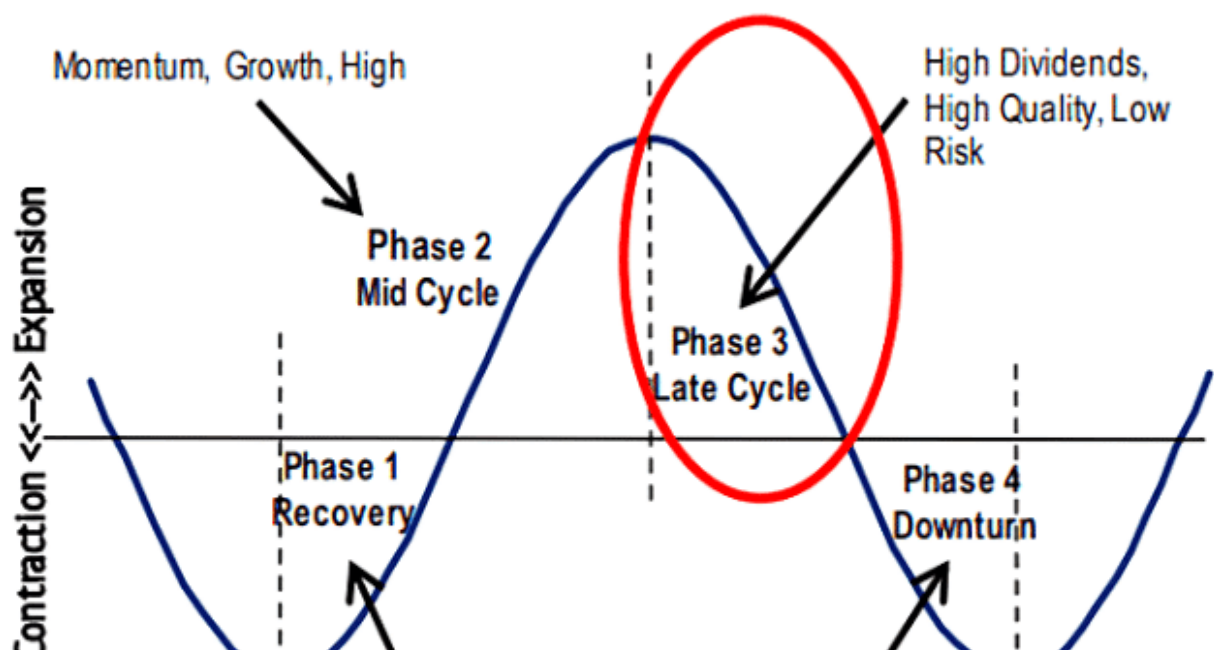
Exhibit 12: US Regimes – a heuristic
Early Cycle, Mid Cycle, Late Cycle and Recession/Downturn regimes

Momentum, Growth, High

Phase 2
Mid Cycle

High Dividends,
High Quality, Low
Risk

Phase 3
Late Cycle

Phase 1
Recovery

Phase 4
Downturn

Contraction <-<->> Expansion

Value, Small Size,
High Risk

High Quality, Low
Risk, Large Size

Posted on
ISABELNET.com
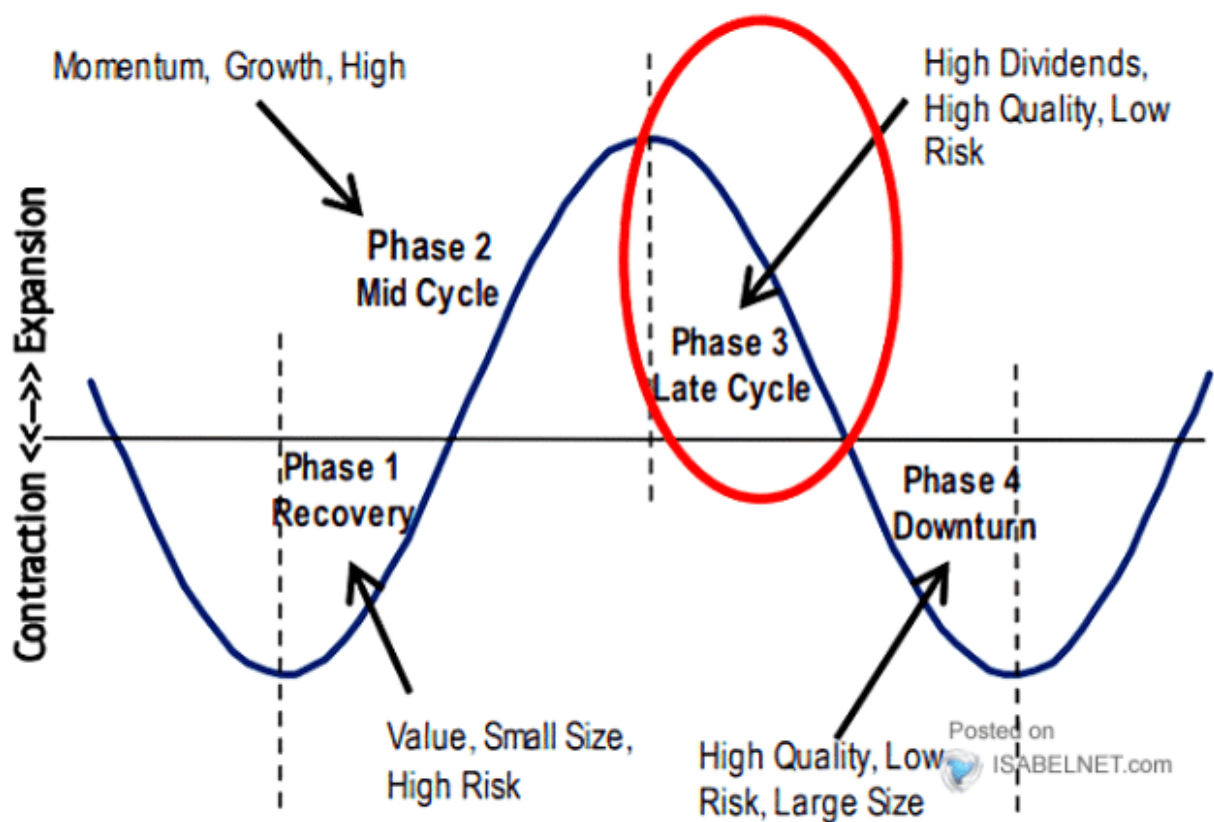
Source: BofA US Equity & Quant Strategy

Given the economic downturn and earnings recession phase, the market bottom will not occur until 2023.
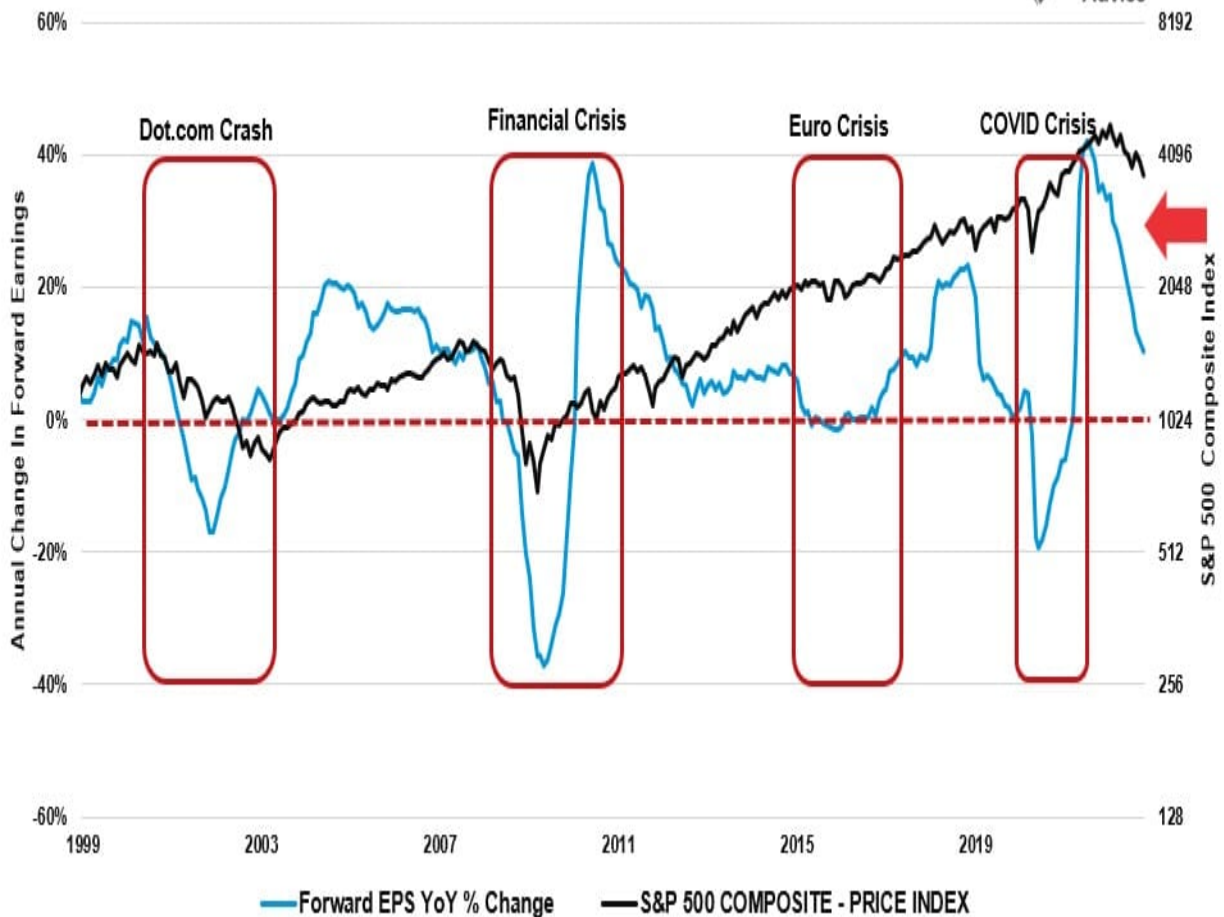
The 2023 Market Bottom

As we move into 2023, the markets will have much with which to contend. With valuations still elevated by many measures, earnings are weakening, and profit margins under pressure from inflation, a repricing risk of equities remains. Investors should remain cautious until the economy shows signs of sustained improvement.

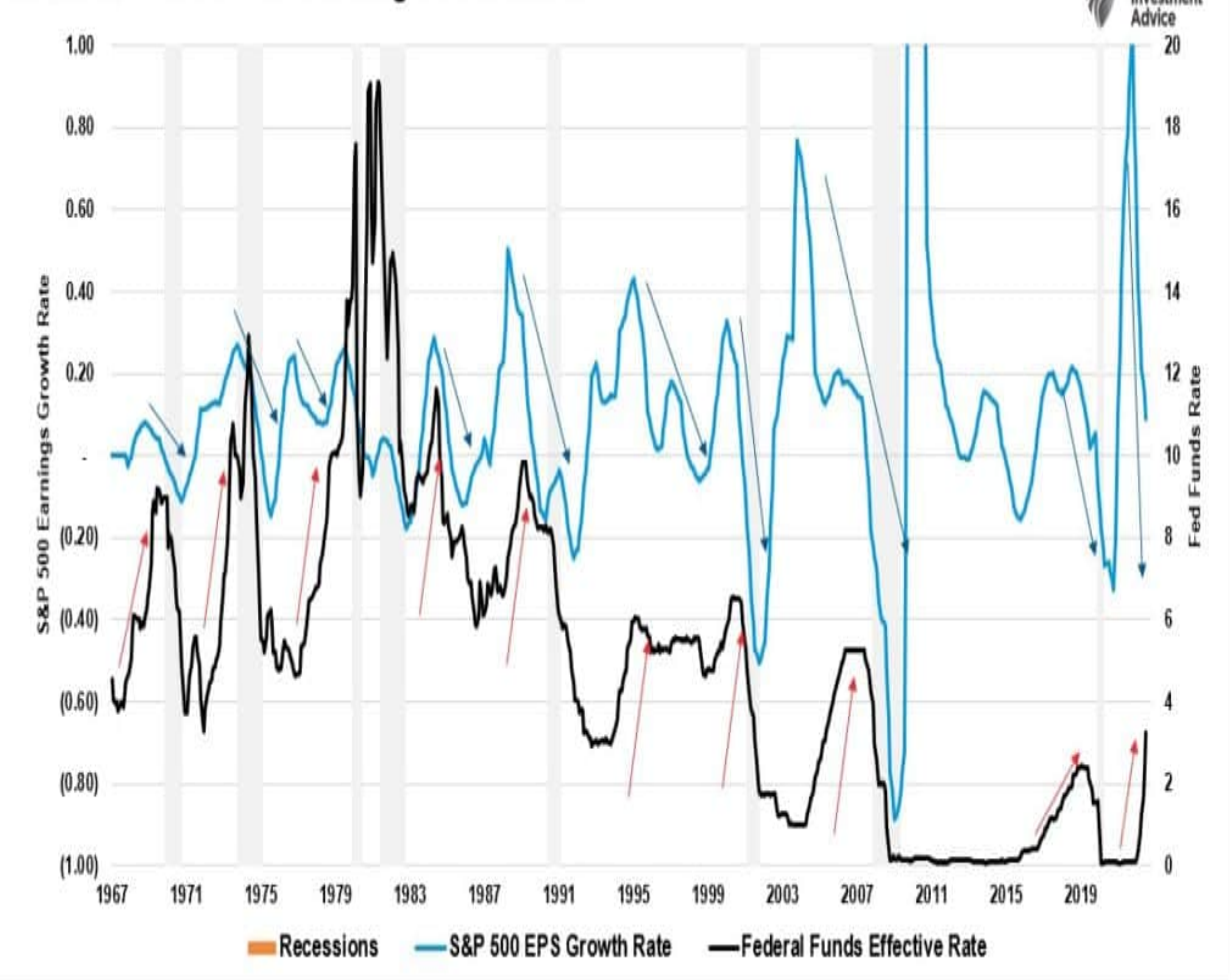The Annual Change In Earnings Is The Best Indicator

Dot.com Crash — Financial Crisis — Euro Crisis — COVID Crisis

Forward EPS YoY % Change — S&P 500 COMPOSITE - PRICE INDEX

The Annual Change In Earnings Is The Best Indicator

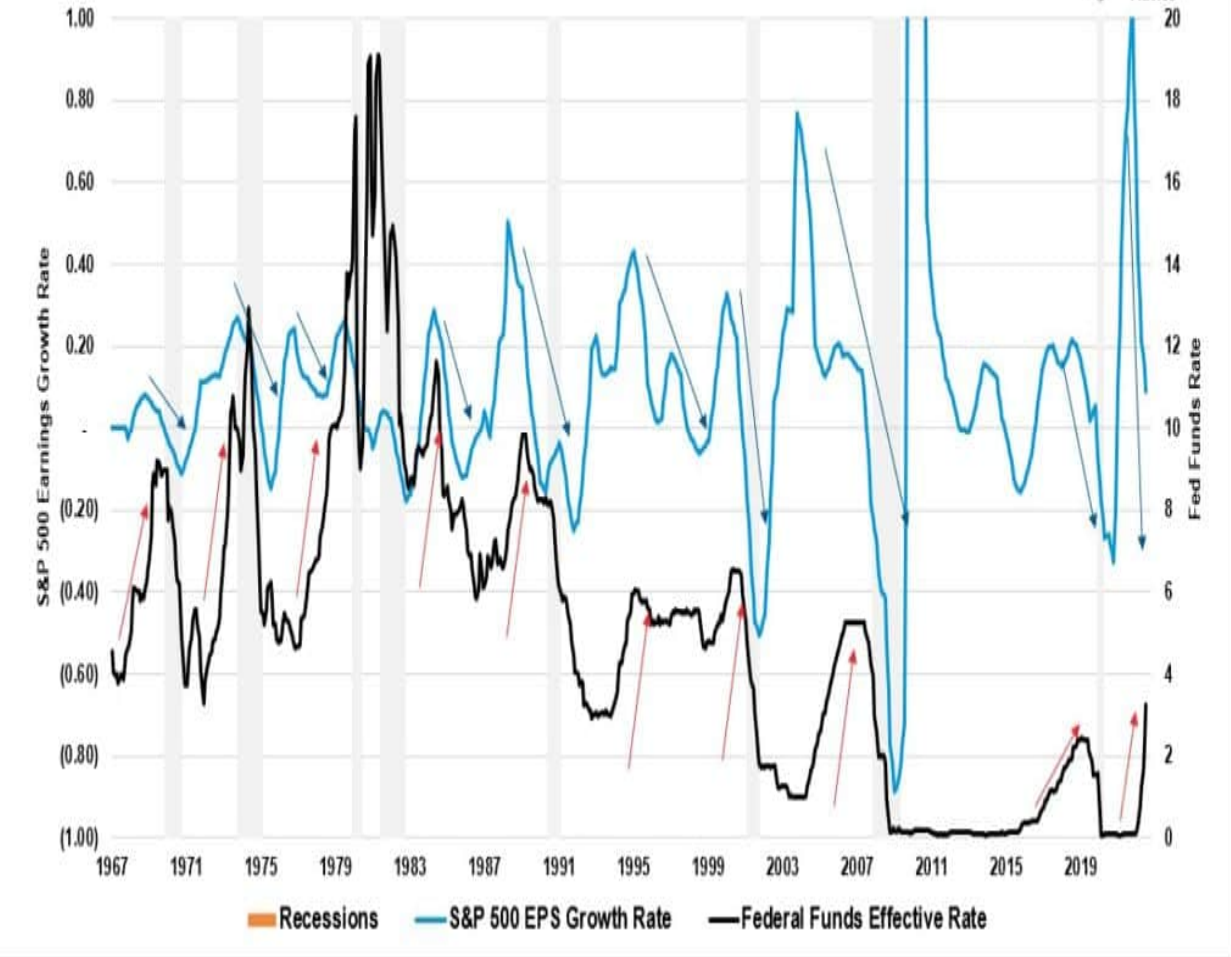Dot.com Crash — Financial Crisis — Euro Crisis — COVID Crisis

Forward EPS YoY % Change — S&P 500 COMPOSITE - PRICE INDEX
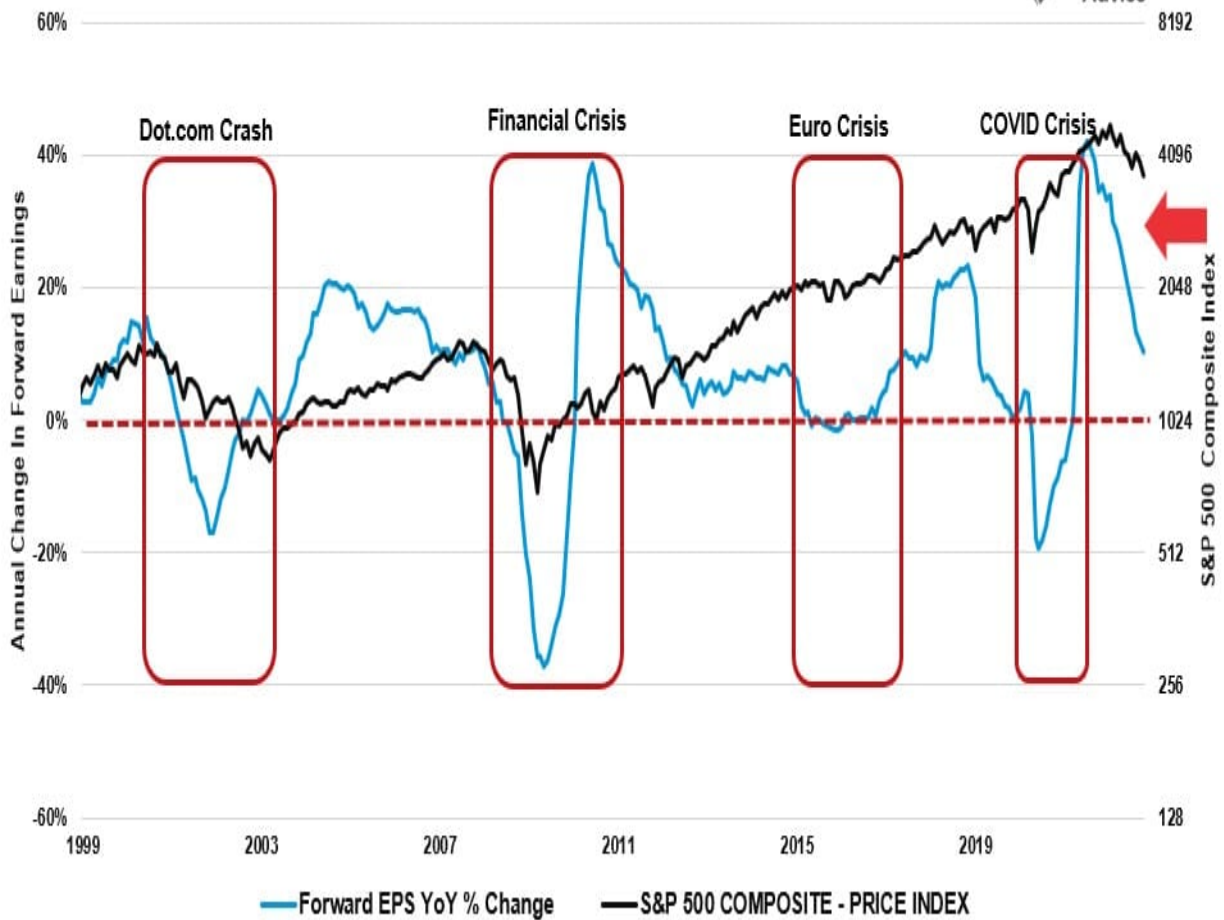
Notably, markets tend to bottom and recover before the economic data, which is why it tends to be a leading indicator of economic activity. However, the risk to investors in 2023 is an economic recession, which is most likely not accounted for currently.

As we have noted previously, each increase in the Fed funds rate takes between 9 and 12 months to impact the economy. At the same time, the economy is already slowing, and assuming the Fed hikes to its predicted target, that 4% increase in rates has yet to impact growth. If such is the case, earnings growth will slow considerably more.
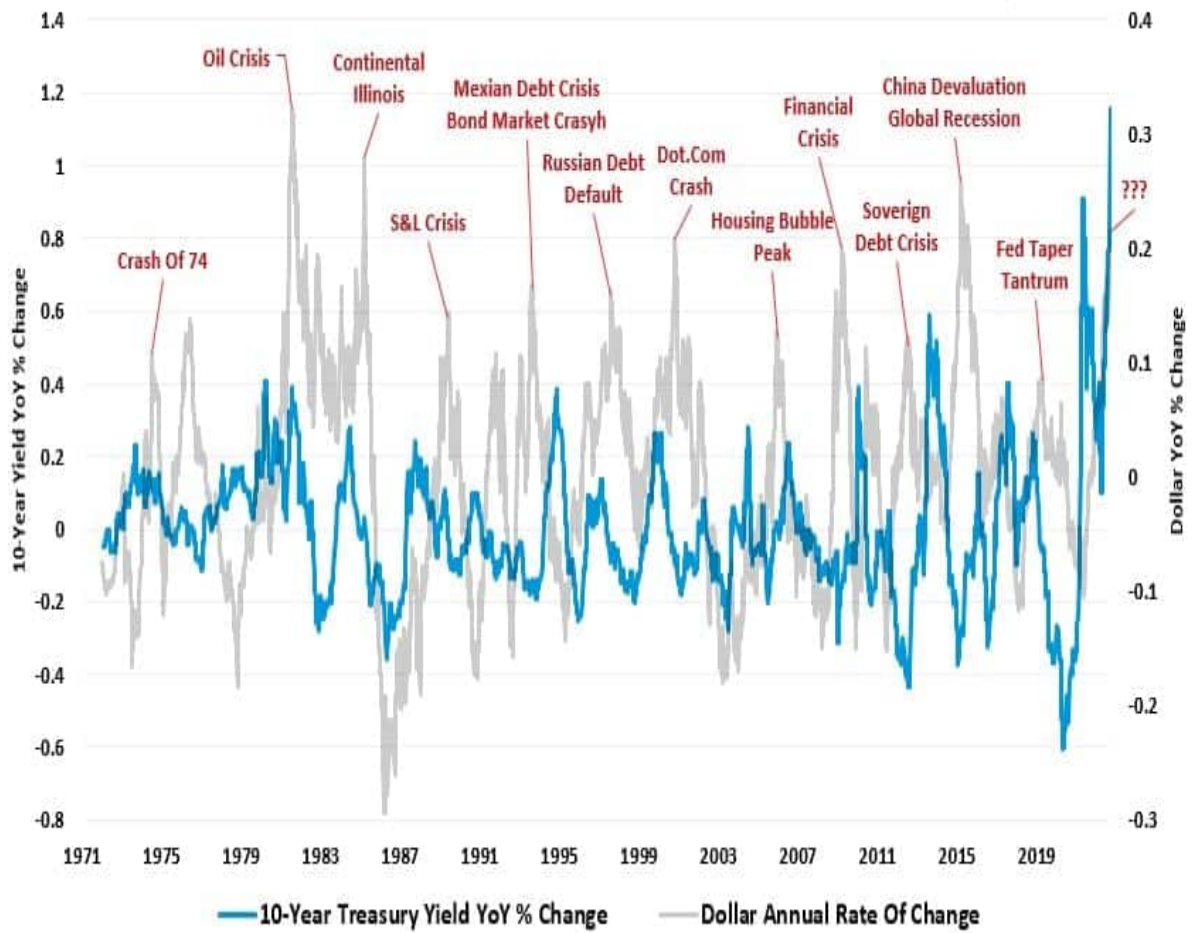
Fed Funds Vs. S&P 500 Earnings Growth Rate

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Legend: Recessions — S&P 500 EPS Growth Rate — Federal Funds Effective Rate

Fed Funds Vs. S&P 500 Earnings Growth Rate

Real Investment Advice

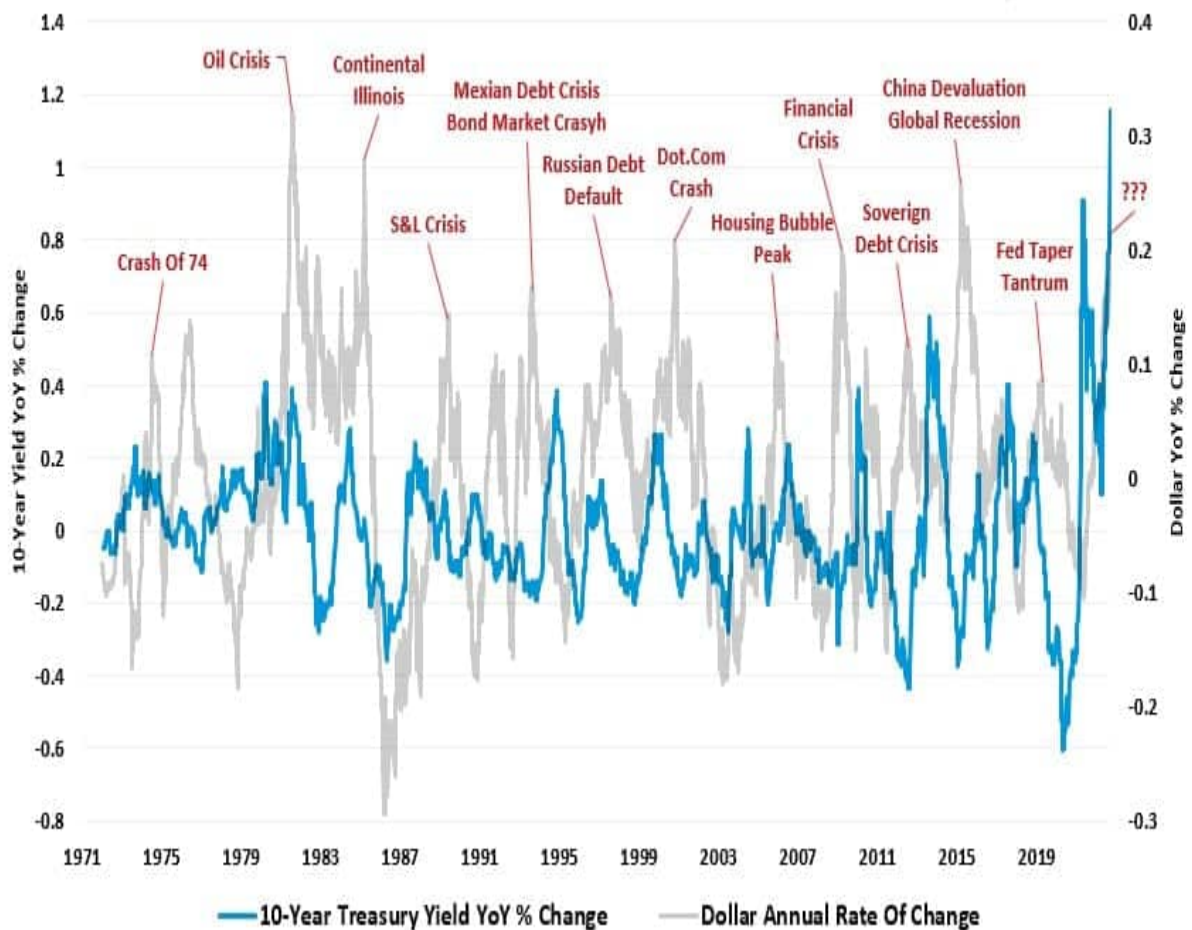Legend: Recessions — S&P 500 EPS Growth Rate — Federal Funds Effective Rate

But critically, the Fed is not operating in a vacuum. Accompanying that surge in the dollar was the sharpest increase in interest rates in history. Sharp increases in interest rates, particularly in a heavily indebted economy, are problematic as debt servicing requirements and borrowing costs surge. Interest rates alone can destabilize an economy, but when combined with a surging dollar and inflation, the risks of market instability increase markedly.

10-Year Yield vs Dollar Annual Rates Of Change

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Chart 1: 10-Year Yield vs Dollar Annual Rates Of Change. Annotations include: Crash Of 74, Oil Crisis, Continental Illinois, S&L Crisis, Mexian Debt Crisis, Bond Market Crasyh, Russian Debt Default, Dot.Com Crash, Housing Bubble Peak, Financial Crisis, Soverign Debt Crisis, China Devaluation, Global Recession, Fed Taper Tantrum, ???. Legend: 10-Year Treasury Yield YoY % Change, Dollar Annual Rate Of Change.

10-Year Yield vs Dollar Annual Rates Of Change

Real Investment Advice

Chart 2: 10-Year Yield vs Dollar Annual Rates Of Change. Annotations include: Crash Of 74, Oil Crisis, Continental Illinois, S&L Crisis, Mexian Debt Crisis, Bond Market Crasyh, Russian Debt Default, Dot.Com Crash, Housing Bubble Peak, Financial Crisis, Soverign Debt Crisis, China Devaluation, Global Recession, Fed Taper Tantrum, ???. Legend: 10-Year Treasury Yield YoY % Change, Dollar Annual Rate Of Change.

We suspect that the risk of a recession in 2023 is substantially higher than most economists expect. Such is particularly the case when the lag effect of monetary policy collides with economic weakness from reduced consumer demand.

However, there is one asset that you should overlook.

Why I Bought Call Options On TLT

This past week, I bought long-dated out-of-the-money call options on the 20-Year Treasury Bond ETF (TLT) for my personal trading account. I also bought more TLT to add to my current personal holdings.

> *?Buy Lance, the Fed is still hiking rates, and yields must go up.?*

Maybe. But despite the Fed hiking rates, which control the short end of the yield curve, the economy and inflation control the long end. **Everything is screaming that a recession is coming and will translate into sharply reduced inflation.** Whether it is our Economic Composite Index, the Leading Economic Indicators, or the ISM Surveys, all suggest weaker growth is ahead.

Economic Output Composite Index Vs. LEI 6-Mo ROC

Legend: Recessions | LEI - 6 Mth % Change | Economic Output Composite Index
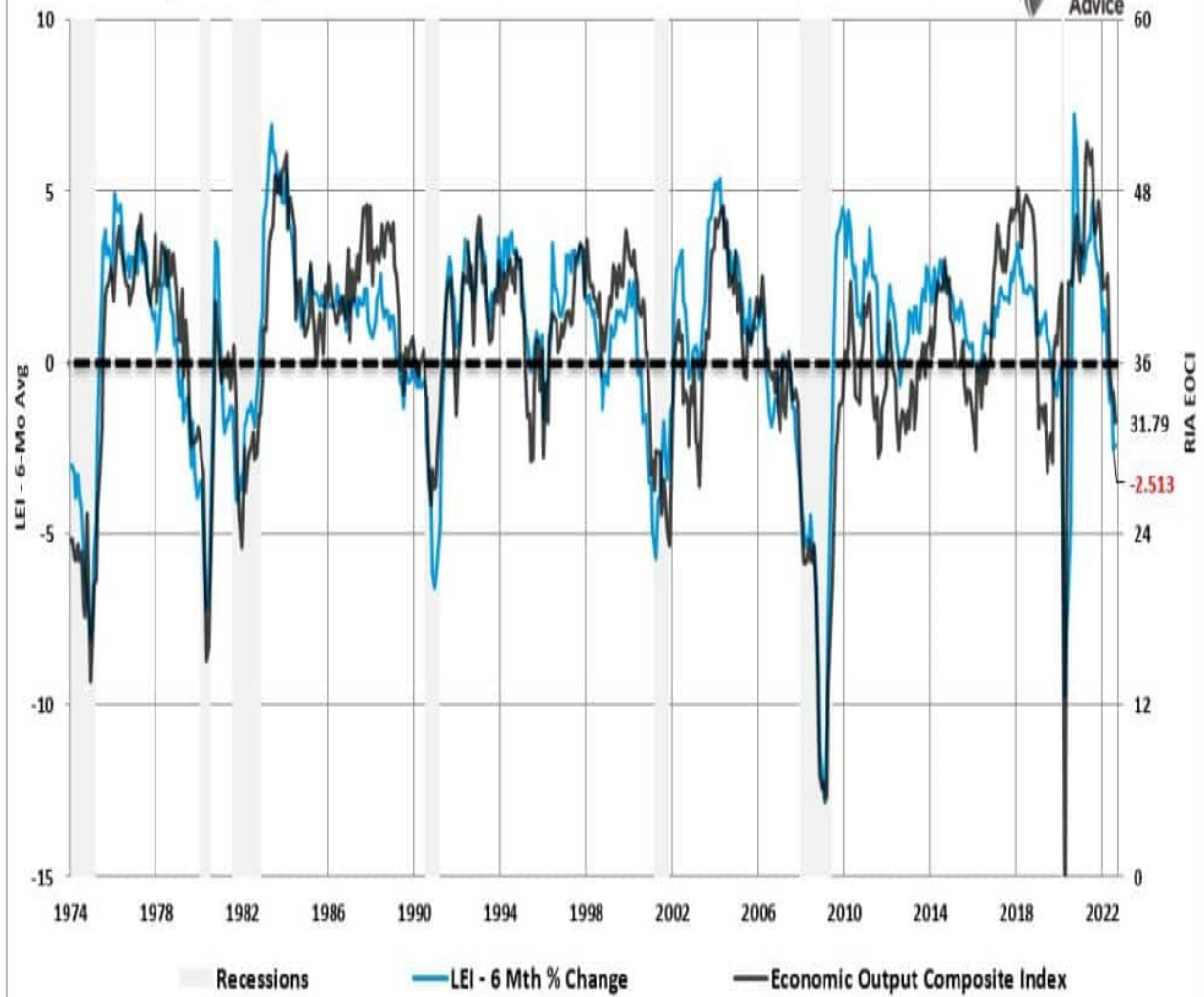
Economic Output Composite Index Vs. LEI 6-Mo ROC
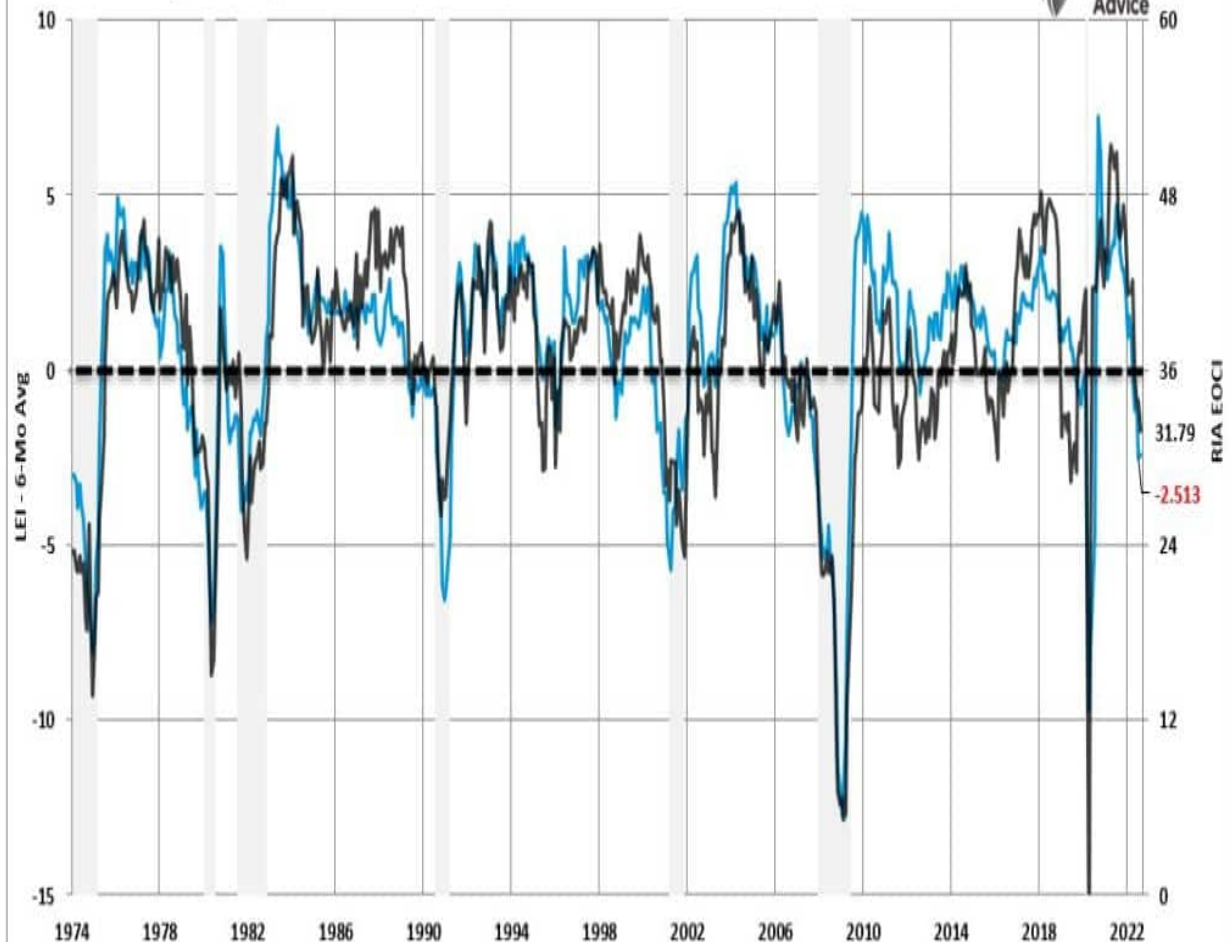
As Simon White from Bloomberg pointed out on Thursday:

> ?South Korean exports are one of the best leading indicators of global trade and hence growth, given it is a small, open, and trade-focused economy. At the current rate, the collapse in semis? stock prices soon points to a relatively deep contraction in South Korean exports.&#2013266080;**The risk of global recession is also rising.**?

Weak Semis a Bad Omen for Global Growth

— South Korea Exports YoY, rhs — SOX Outperformance (Pushed Forward 6 Months), lhs
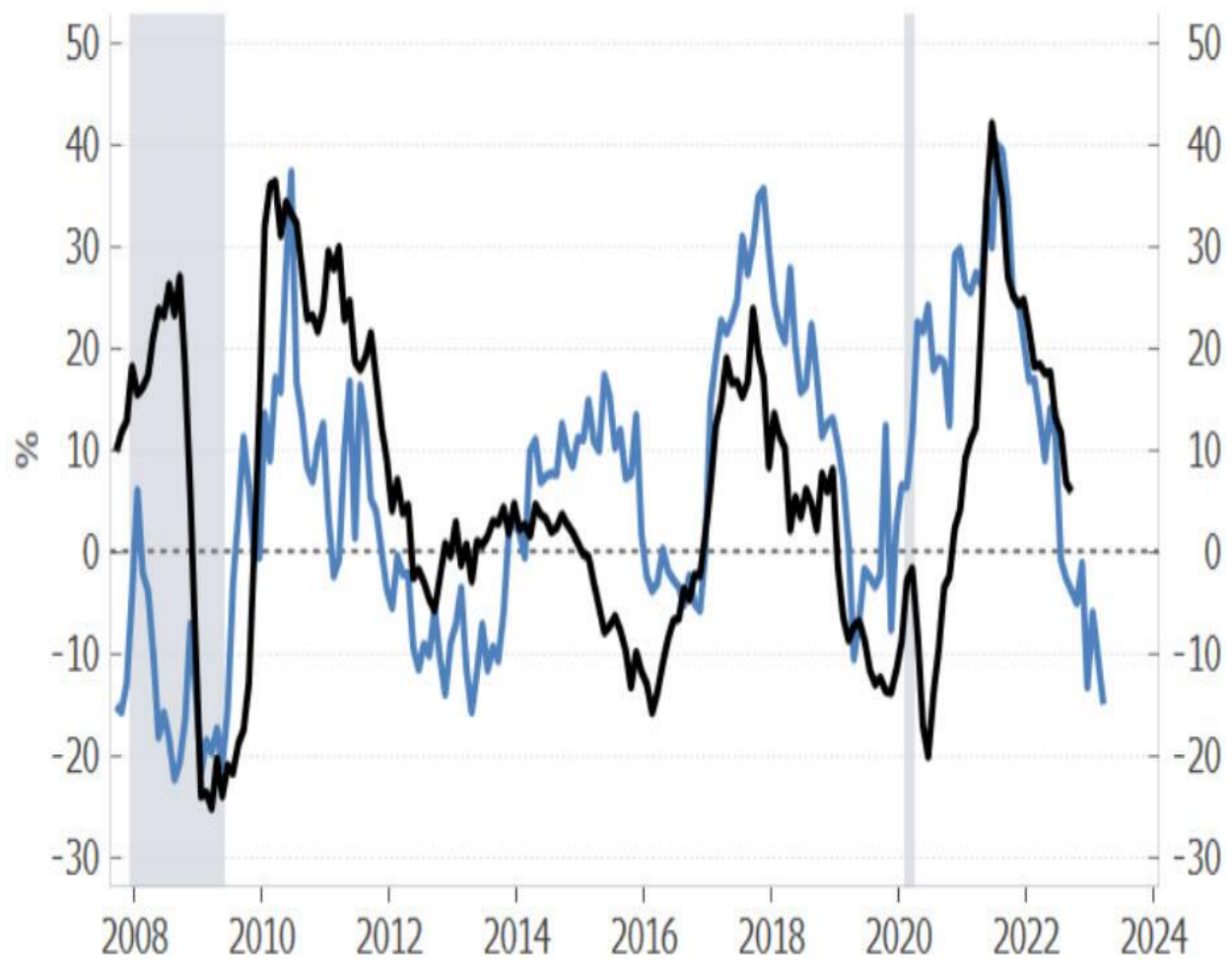
Source: Bloomberg

Weak Semis a Bad Omen for Global Growth

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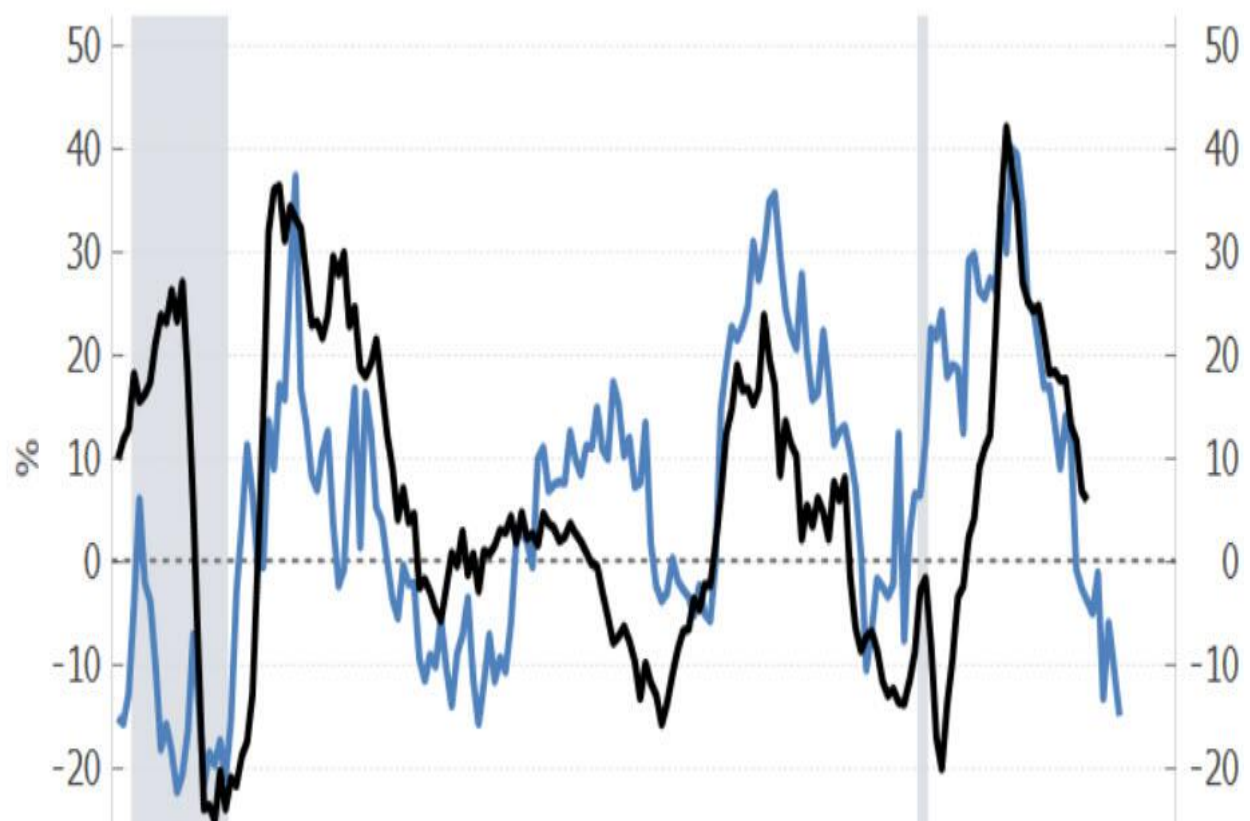
If these data warnings remain valid, as noted above, the U.S. will be in a reasonably deep recession next year. If that comes to pass, the long-dated U.S. Treasuries are grossly mispriced.

US Treasuries Are Historically Oversold

Bloomberg US Treasury TR Index YoY ▪ ▪ +2 SD ▪ ▪ +1 SD ▬ Mean ▪ ▪ -1 SD ▪ ▪ -2 SD
▪ ▪ -3 SD
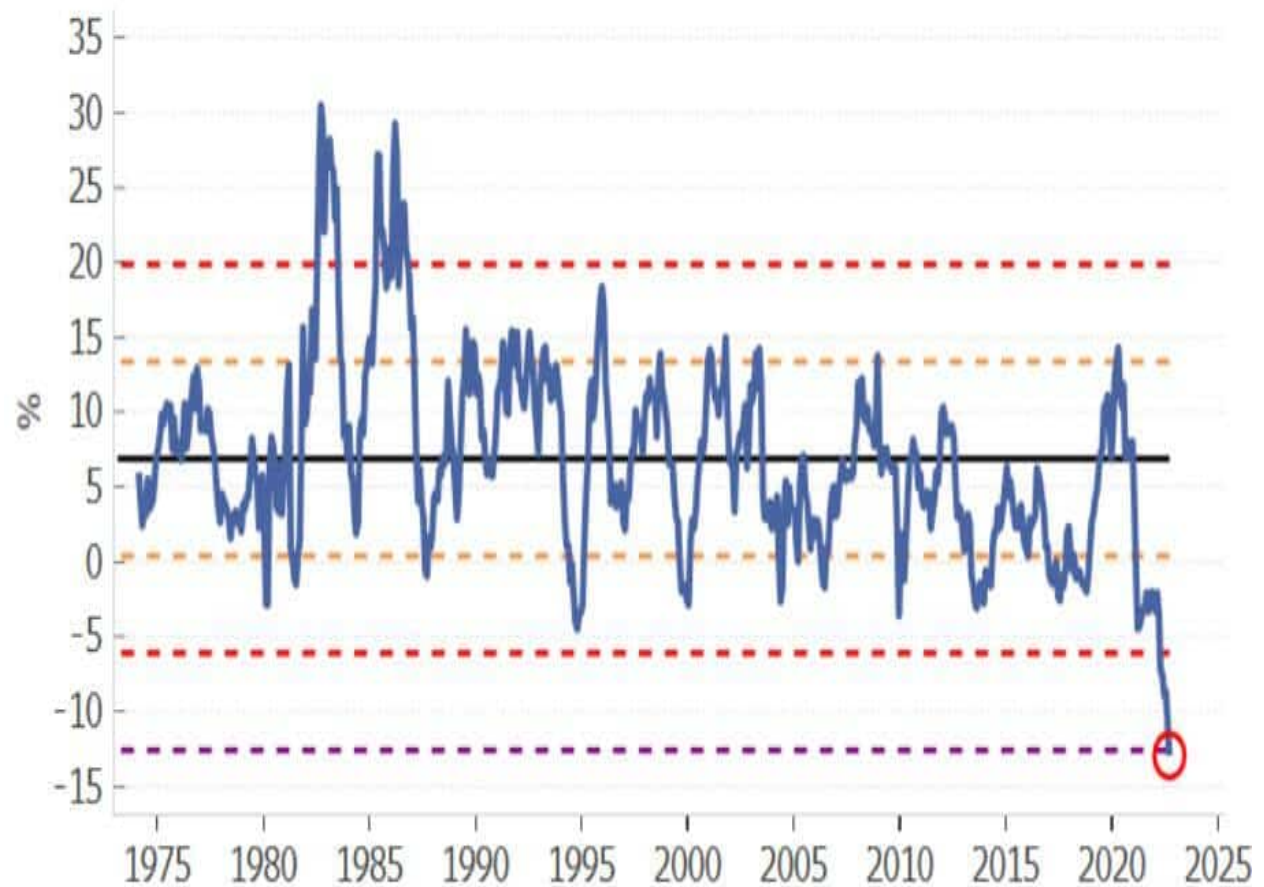
Source: Bloomberg

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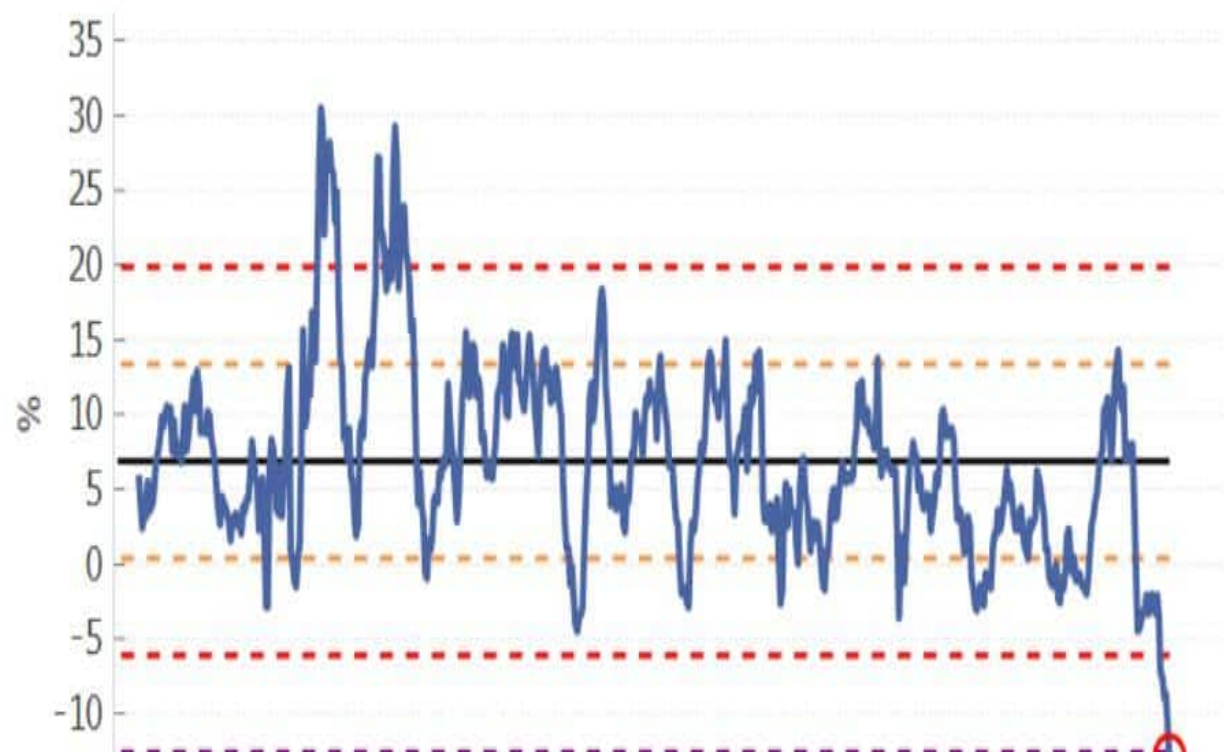
?Peak Fed hawkishness&#2013266080;is likely here or very close. USTs are extremely oversold, and speculators are very short, while seasonals out to the end of the year are very positive.? ? Simon White

If I am correct, the coming recession will spur a potentially significant haven-driven bond rally, taking especially longer-dated U.S. yields much lower. **Such creates the opportunity for substantial capital appreciation by the end of next year.**

That?s why we continue to own bonds.

How We Are Trading It

The market struggle continues, and the lack of process weighs on investor mentality. We remain range-bound, making it tough on both bulls and bears. Many indicators suggest we are near a short-term market bottom and a reflexive rally remains likely as we move toward year-end. Notably, next week will mark the end of the *?stock buyback blackout?* period. Such could provide as much as $4.5 billion in a daily bid to markets as corporations return to repurchases.

We will continue to use rallies to reduce equity risk and rebalance exposures until we are sure the current bearish market cycle is complete.

However, given the market?s deeply oversold conditions, we are holding some additional equity exposure we added previously for the expected reflexive market rally. Again, as the market rallies, we will sell and reduce risk.

Also, as we move into year-end, we will be taking advantage of tax loss selling for taxable accounts to offset some of the gains we took earlier this year.

From an allocation standpoint, we remain underweight in stocks and bonds and overweight cash and short-term Treasuries. *(The ETF allocation comprises short-duration Treasury bonds and floating rate Treasuries, with a lesser allocation to long-dated Treasuries. You can view our models in real-time at **[SimpleVisor.com](#)**)*

ASSETS

Cash:13.5 %

US Equities:46.5 %

ETF:40.0 %

SECTORS

Cash:13.5 %

Technology:6.6 %

Healthcare:11.1 %

Treasury Bond:8.8 %

Materials:2.5 %

Industrials:1.9 %

Consumer Cyclical:1.5 %

Prefered Stock:2.9 %

Financial:1.6 %

Energy:4.7 %

ETF:28.2 %

Utilities:4.4 %

Consumer Goods:5.0 %

Communication Services:5.7 %

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See you next week.

Research Report

"Recession Fatigue" As Consumers Begin To Break

Written by Lance Roberts | Oct 21, 2022 | Investing

"Recession Fatigue" is setting in as consumers struggle under rising interest rates, high inflation...

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Market Recap ? With Adam Taggert

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Stock Of The Week In Review

Using The SimpleVisor Screening Tool To Find Relative Strength

This week?s scan serves two purposes. The primary purpose is to find value stocks with relative strength. Second, we use the SimpleVisor Screener tool to perform this scan and provide step-by-step instructions to help you get better acquainted with scanning for stocks using your criteria.

Here is a link to the full *SimpleVisor Article For Step-By-Step Instructions.*

Here is one of the stocks from the scan.

EOG Resources, Inc. (EOG)

EOG Resources, Inc. (EOG) - Oil & Gas E&P

Description

EOG Resources, Inc., together with its subsidiaries, explores for, develops, produces, and markets crude oil, and natural gas and natural gas liquids. Its principal producing areas are in New Mexico and Texas in the United States; and the Republic of Trinidad and Tobago. As of December 31, 2021, it had total estimated net proved reserves of 3,747 million barrels of oil equivalent, including 1,548 million barrels (MMBbl) of crude oil and condensate reserves; 829 MMBbl of natural gas liquid reserves; and 8,222 billion cubic feet of natural gas reserves. The company was formerly known as Enron Oil & Gas Company. EOG Resources, Inc. was incorporated in 1985 and is headquartered in Houston, Texas.

Latest Price (Oct 21, 2022, 3:00:02 PM)	Last Close	Open	Volume	Annual Div.	Mkt Cap (mn)
$135.00 △ ($3.41) (2.59%)	$131.59	$132.50	4,234,775	$2.66	$79,116.08

52 Week Range	Day Range	Avg. Volume (3m)	Div. Yield	Beta
$80.67 — $147.99	$131.62 — $135.87	3,489,195	2.02%	1.50

EOG — S&P500 | revenue ● earnings ● EPS

EOG Resources, Inc. (EOG) - Oil & Gas E&P

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Daily Commentary Bits

[Netflix ? Pay Attention To The Revenue](#)

The latest release of the series Stranger Things helped Netflix (NFLX) achieve better-than-expected earnings and a sizeable rally. The market?s 17% after-hours surge on the earnings news resembles its hit Stranger Things. NFLX?s financials were better than expected but far from as encouraging as the price gain suggests. For growth companies like NFLX, we prefer to focus on revenue and subscriber growth. As shown below, revenue growth continues to stall, and the growth rate of paid membership is slowing rapidly. Revenues fell slightly from the prior quarter and are only up .9% over the past four quarters. Paid membership grew 4.5% over the last year, which was moderately better than expected. However, it represents a sharp slowdown from 9.4% last year. It is expected to be at 2.6% for the year in Q4.

Netflix?s earnings may be a harbinger of stranger things to come this earnings season. Many stocks are so beaten down that instances of good or better-than-expected results, even if underlying trends remain poor, might cause strong rallies. Even with NFLX?s strong stranger things rally, the stock is down almost twice as much as the S&P 500 this year.

Netflix: Revenue Growth (%)
YoY Change in Revenue Growth
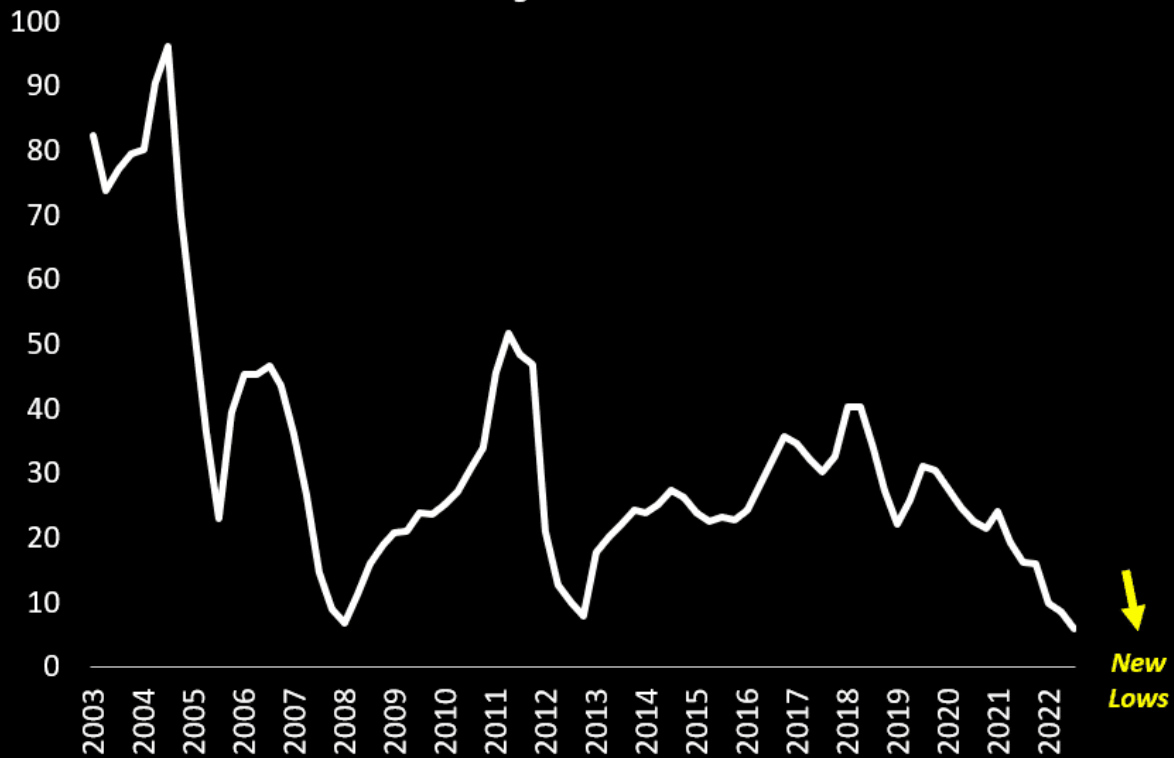
Source: Bloomberg   ©2022 Crescat Capital LLC

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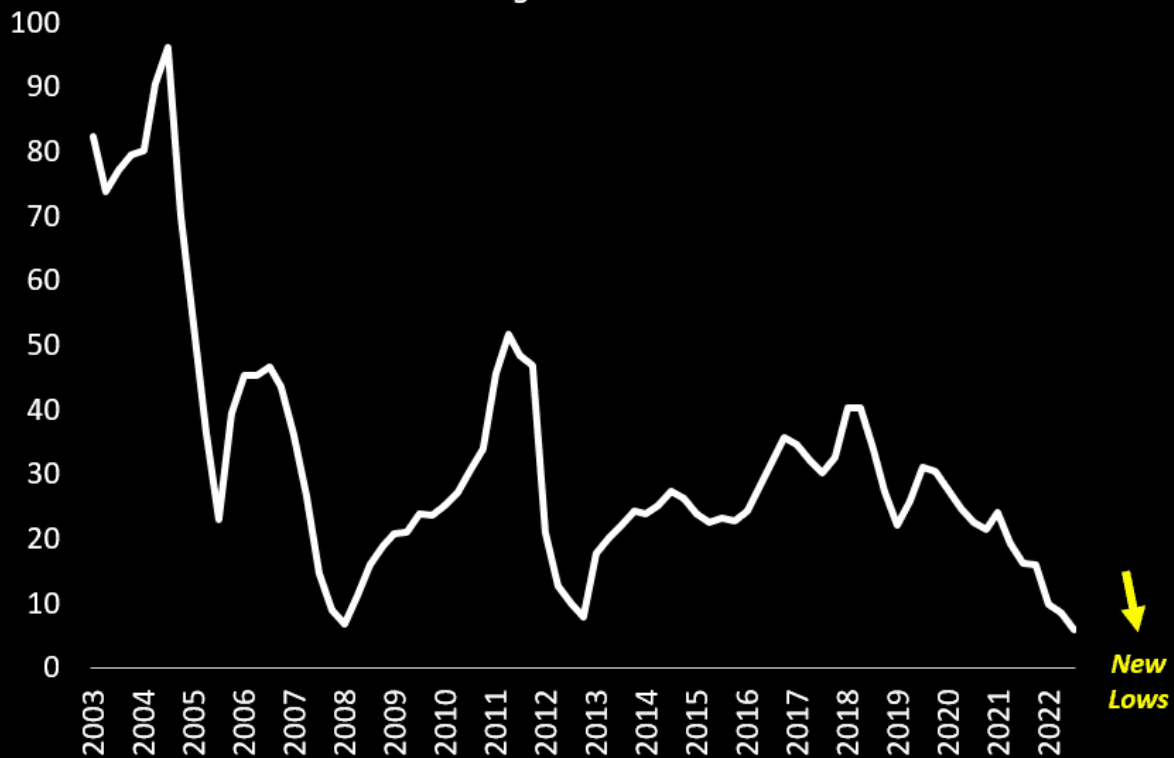
Source: Bloomberg   ©2022 Crescat Capital LLC

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Bull Bear Report Market Statistics & Screens

SimpleVisor Top & Bottom Performers By Sector

Healthcare

MRNA 8.4%	DGX 7.97%	ILMN 5.45%	PFE 4.75%
ALGN 4.74%	HSIC 3.8%	PKI 3.67%	LLY 3.56%
ISRG 3.48%	ABC 3.47%	VTRS 0.43%	TECH 0.41%
CRL 0.35%	LH 0.26%	ABT -0.16%	CNC -0.4%
CTLT -0.94%	DVA -1.03%	UHS -4.31%	HCA -5.73%

Industrials

CAT 6.07%	CMI 5.68%	DOV 4.83%	DE 4.8%
GE 4.07%	LHX 4.04%	HWM 3.97%	MAS 3.85%
EMR 3.76%	PH 3.65%	ODFL 1.08%	PAYX 0.99%
RSG 0.94%	ROP 0.9%	LUV 0.88%	VRSK 0.78%
CPRT 0.75%	WM 0.35%	GNRC -0.38%	RHI -8.55%

Consumer Cyclical

CZR 5.88%	NCLH 4.92%	WYNN 4.76%	GM 4.67%
MGM 4.5%	EXPE 4.42%	TSCO 4.14%	MAR 4.05%
LVS 3.94%	DHI 3.89%	RL 1.13%	CMG 0.89%
DRI 0.82%	DPZ 0.64%	AAP 0.62%	VFC 0.4%
POOL 0.32%	ULTA 0.32%	WHR -0.08%	KMX -1.38%

Technology

LRCX 11.88%	ON 6.76%	HPE 5.15%	KEYS 5.07%
STX 5.05%	NTAP 4.99%	ORCL 4.98%	KLAC 4.92%
MPWR 4.85%	AMAT 4.78%	NOW 1.24%	GOOGL 1.16%
JKHY 1%	NLOK 0.93%	CTSH 0.84%	MTCH 0.7%
BR 0.42%	TYL 0.42%	VRSN 0.27%	EPAM -0.35%

Consumer Goods

SYY 3.69%	KR 3.46%	DLTR 3.29%	TGT 3.1%
COST 2.92%	CLX 2.36%	MO 2.11%	WMT 2.02%
NWL 1.97%	TAP 1.91%	TSN 0.8%	MDLZ 0.77%
CPB 0.74%	K 0.67%	MNST 0.67%	GIS 0.48%
EL 0.42%	HRL 0.18%	KHC -0.37%	LW -1.16%

Utilities

AES 4.26%	NRG 4.03%	EXC 3.32%	PCG 3.28%
PPL 2.8%	PNW 2.44%	ETR 2.32%	AWK 2.18%
LNT 2.18%	AEP 2.03%	NEE 1.43%	WEC 1.42%
DUK 1.41%	NI 1.41%	EIX 1.27%	ES 1.27%
AEE 1.25%	PEG 0.99%	FE 0.91%	CMS 0.85%

Financial

HBAN 9.47%	KEY 6.62%	STT 6.57%	FITB 6%
CFG 5.68%	PNC 5.67%	LNC 5.44%	JPM 5.25%
MKTX 4.99%	BK 4.71%	FRC 0.79%	CBOE 0.75%
MMC 0.24%	MTB 0.23%	CME -0.24%	SBNY -0.25%
PYPL -0.99%	RF -1.11%	AXP -1.67%	SIVB -23.95%

Materials

FCX 9.99%	NUE 8.52%	ALB 5.72%	DOW 4.32%
VMC 4.2%	LYB 3.95%	PPG 3.86%	MLM 3.64%
DD 3.39%	SHW 3.28%	MOS 3.05%	NEM 2.99%
CF 2.83%	CE 2.81%	ECL 2.76%	EMN 2.69%
LIN 2.16%	FMC 1.6%	CTVA 1.53%	APD 1.25%

Real Estate

WY 3.52%	HST 3.48%	SPG 2.78%	VNO 2.52%
REG 2.5%	KIM 2.45%	CBRE 2.27%	ARE 2.17%
FRT 1.9%	DLR 1.87%	BXP 0.28%	O 0.28%
EXR 0.11%	SBAC 0.1%	PEAK -0.04%	PSA -0.14%
AMT -0.23%	VTR -0.83%	WELL -1.87%	CCI -2.53%

Energy

SLB 10.33%	HAL 7.01%	HES 4.17%	PXD 4.07%
APA 4.05%	FANG 3.91%	DVN 3.64%	OXY 3.5%
MRO 3.26%	TRGP 3.07%	VLO 2.65%	EOG 2.59%
CVX 2.5%	KMI 2.34%	COP 2.2%	WMB 2.01%
MPC 1.87%	XOM 1.86%	CTRA -0.07%	EQT -7.02%

Communication Services

NFLX 7.98%	WBD 4.41%	DIS 3.5%	OMC 3.25%
NWSA 3.06%	NWS 2.54%	T 2.15%	FOXA 1.45%
TTWO 1.34%	DISH 1.22%	LYV 0.85%	CHTR 0.69%
IPG 0.32%	TMUS 0.32%	CMCSA 0.07%	LUMN -0.6%
ATVI -0.82%	META -1.16%	VZ -4.46%	TWTR -4.86%

SimpleVisor Asset Class Trend Analysis

Asset Class		Global Equities		Bonds		Commodities		Asia Pacific		
Name ↑↓	Symbol ↑↓	Trend Analysis ↑↓	Today's Change ↑↓	MTD ↑↓	YTD ↑↓	52 Week Range (Low-High)	RSI ↑↓	20 SMA ↑↓	50 SMA ↑↓	100 SMA ↑↓
U.S. Bonds	BND	0/10 🚩	$0.12 (0.17%)	-2.35%	-17.37%	$69.09 - $86.03	30.24	$72.02	$74.09	$74.79
International Bonds	BNDX	0/10 🚩	$0.10 (0.21%)	-0.95%	-14.46%	$46.87 - $57.46	32.66	$48.16	$49.41	$49.62
Oil	CL=F	0/10 🚩	$0.62 (0.73%)	7.10%	13.19%	$62.43 - $130.50	57.36	$84.68	$88.37	$98.44
Commodity Index	DBC	0/10 🚩	$0.03 (0.12%)	4.06%	19.73%	$19.20 - $30.64	56.32	$24.88	$25.39	$26.44
Emerging Markets	EEM	0/10 🚩	$0.53 (1.53%)	1.12%	-27.19%	$33.67 - $52.50	34.06	$36.63	$38.54	$39.43
International Stocks	EFA	0/10 🚩	$1.03 (1.81%)	3.54%	-24.67%	$54.61 - $82.00	38.23	$58.25	$61.75	$63.00
EM Bonds	EMB	0/10 🚩	$0.85 (1.10%)	-1.38%	-27.74%	$76.35 - $111.08	34.58	$81.65	$85.08	$85.95
Gold	GLD	0/10 🚩	$2.70 (1.78%)	-0.34%	-9.83%	$151.03 - $193.30	43.87	$156.08	$160.28	$163.90
U.S. Stocks	SPY	0/10 🚩	$8.88 (2.43%)	4.79%	-20.28%	$348.11 - $479.98	36.64	$374.33	$395.58	$392.28
Dollar Index	UUP	9/10 👍	-$0.26 (-0.86%)	-0.13%	17.48%	$25.02 - $30.76	63.73	$29.92	$29.24	$28.62
REIT	VNQ	0/10 🚩	$0.61 (0.79%)	-2.52%	-32.27%	$74.66 - $116.71	27.29	$84.69	$92.30	$92.96
Equity Volatility	VXX	0/10 🚩	-$0.08 (-0.39%)	-4.53%	9.28%	$17.30 - $41.65	59.64	$19.80	$20.20	$21.52

Relative Performance Analysis

While the market struggle continues, the rally on Friday pushed several sectors into more overbought territory. Bonds are extremely oversold, and Energy and Industrials are the most overbought. Look for some sector rotations next week. While there is a possibility of a further advance, we still suggest using rallies to reduce exposure accordingly.
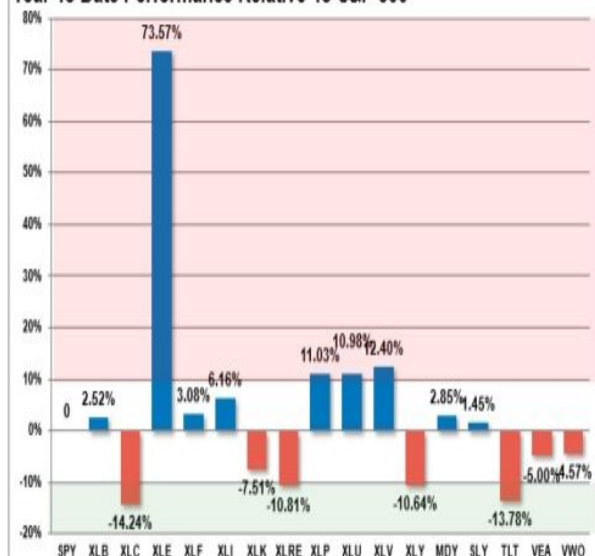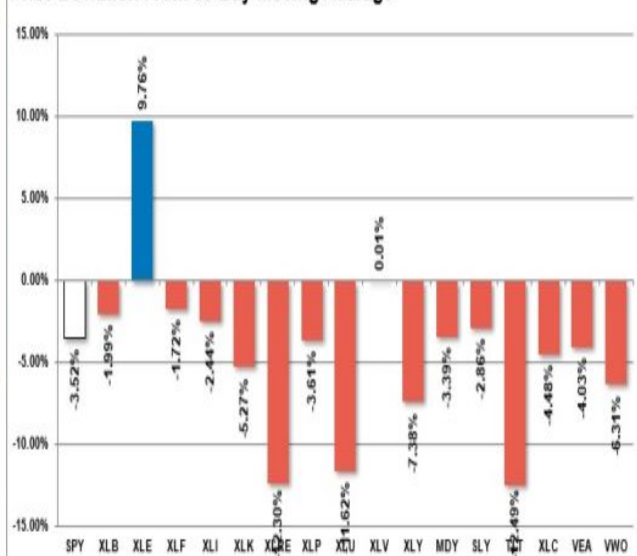
Year To Date Performance
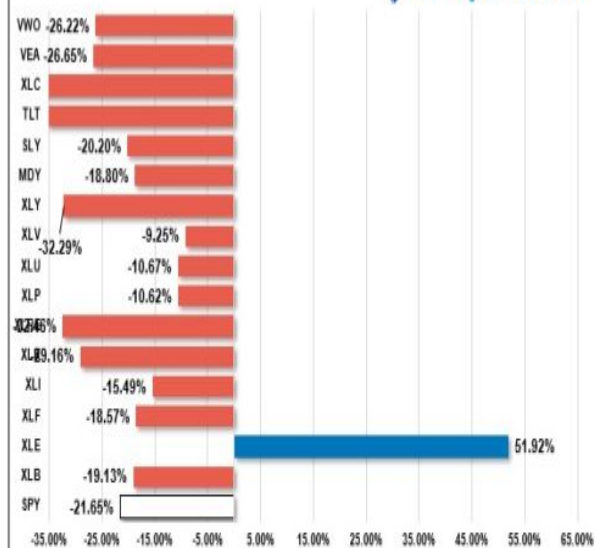
SimpleVisor™

VWO	-26.22%
VEA	-26.65%
XLC	
TLT	
SLY	-20.20%
MDY	-18.80%
XLY	
XLV	-9.25%
	-32.29%
XLU	-10.67%
XLP	-10.62%
	-12.46%
XLK	-19.16%
XLI	-15.49%
XLF	-18.57%
XLE	51.92%
XLB	-19.13%
SPY	-21.65%

-35.00% -25.00% -15.00% -5.00% 5.00% 15.00% 25.00% 35.00% 45.00% 55.00% 65.00%

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

—XLB —XLE —XLF —XLI —XLK —XLRE —XLP —XLU —XLV —XLC —XLY ━SPY

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

Values: 0, 2.52%, -14.24%, 73.57%, 3.08%, 6.16%, -7.51%, -10.81%, 11.03%, 10.98%, 12.40%, -10.64%, 2.85%, 1.45%, -13.78%, -5.00%, -4.57%

Price Deviation From 50-Day Moving Average

SPY XLB XLE XLF XLI XLK XLRE XLP XLU XLV XLY MDY SLY TLT XLC VEA VWO

Values: -3.52%, -1.99%, 9.76%, -1.72%, -2.44%, -5.27%, -3.61%, 0.01%, -7.38%, -3.39%, -2.86%, -4.48%, -4.03%, -6.31%

Overbought/Oversold 14-Periods

Composite Average, (31.63)
Composite Median, (18.97)

XLE, XLI, SPY, XLB, XLF, XLP, XLV, SLY, XLC, XLK, XLY, MDY, VEA, VWO, XLRE, XLU, TLT
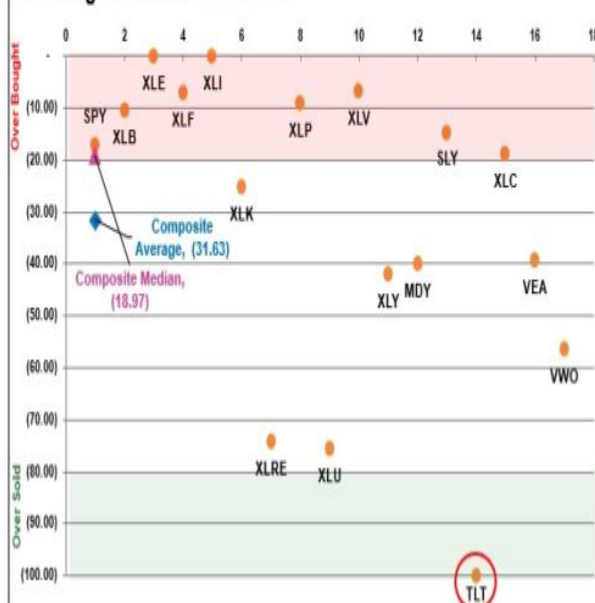
Size / Sector ETF YTD Trading Range

	Low	High
SLY	75.61	101.16
MDY	401.58	521.70
SPY	356.56	477.71
XLY	134.63	210.31
XLV	119.89	142.83
XLU	61.52	78.12
XLP	66.5	80.57
XLK	116.56	175.52
XLRE	33.77	51.33
XLI	82.84	107.05
XLF	30.29	41.42
XLE	57.22	92.28
XLB	67.32	90.55

Year To Date Performance

SimpleVisor™

VWO	-26.22%
VEA	-26.65%
XLC	
TLT	
SLY	-20.20%
MDY	-18.80%
XLY	
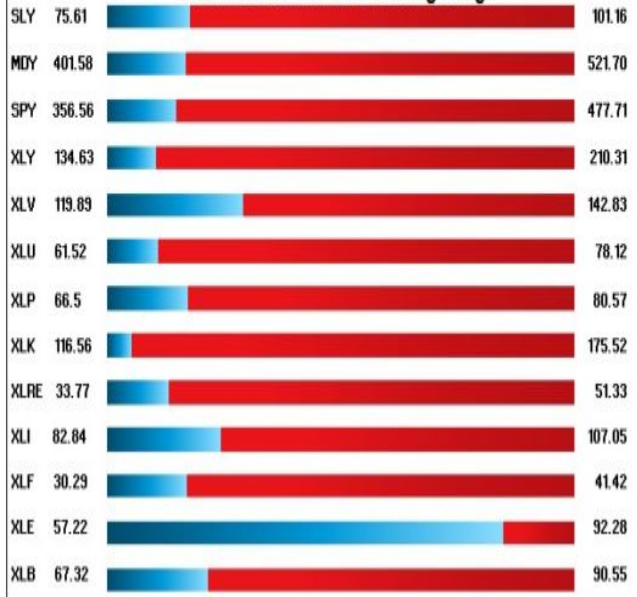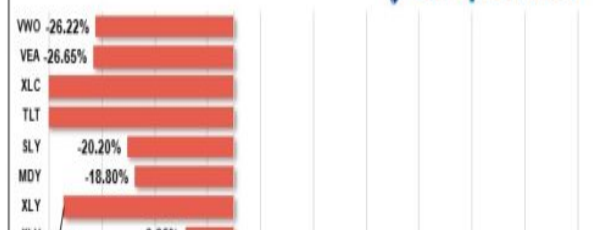
YTD Price - S&P Sectors Recalibrated To $50/share
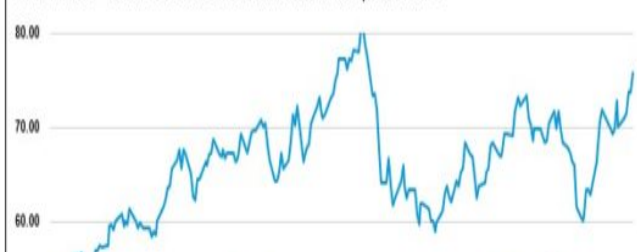
Technical Composite

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. Markets tend to peak when readings are at 80 or above, which suggests profit-taking and risk management are prudent. ***The best buying opportunities exist when readings are 20 or below.***

The current reading is 29.66 out of a possible 100 and rising. Remain long equities for now.

Technical Overbought/Sold Composite

SimpleVisor™

— S&P 500 Stock Price Index   — Technical Score

Technical Overbought/Sold Composite

SimpleVisor™

— S&P 500 Stock Price Index   — Technical Score
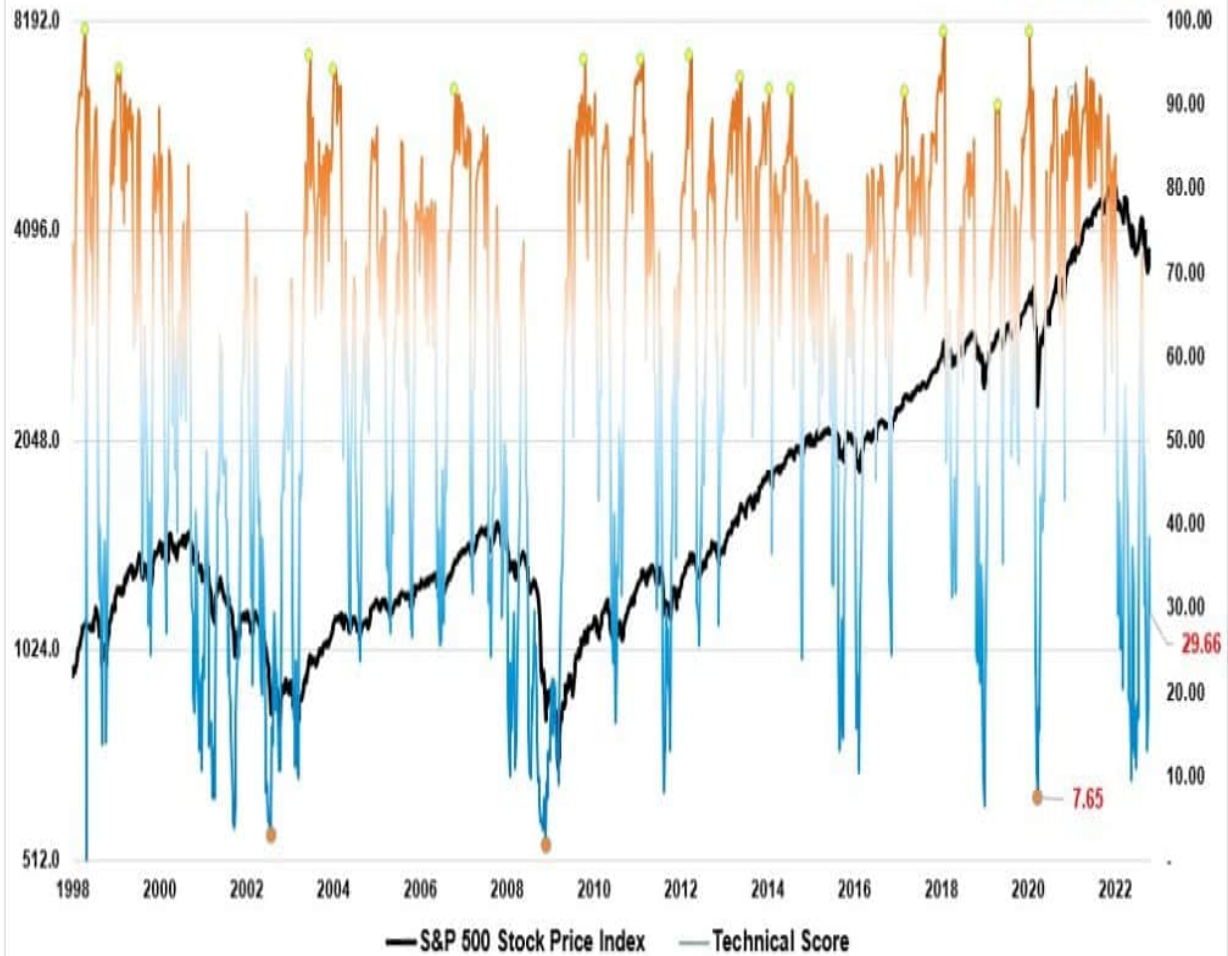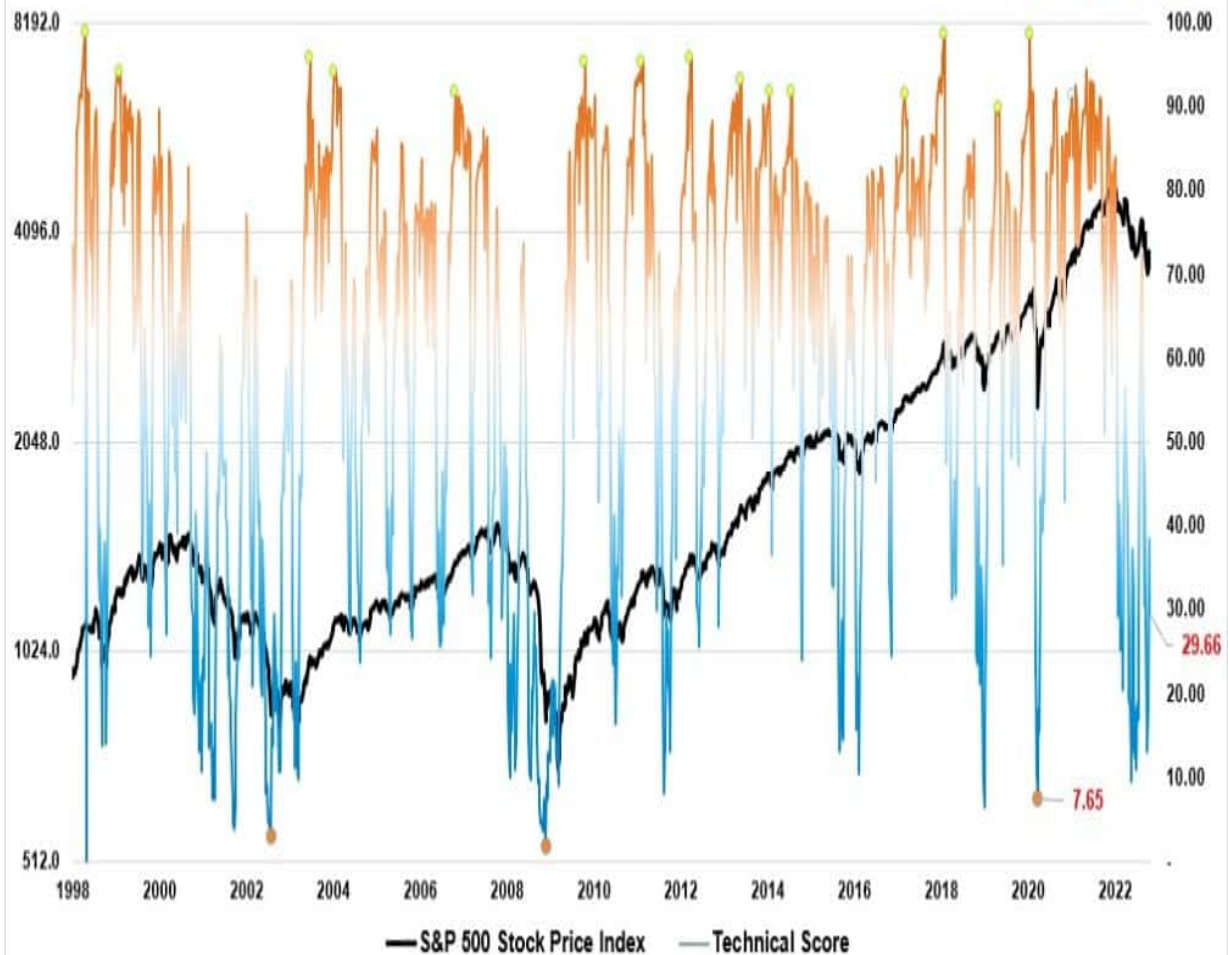
Portfolio Positioning ?Fear / Greed? Gauge

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 to 100. It is a rarity that it reaches levels above 90. The c*urrent reading is 27.69 out of a possible 100.*

MARKET GREED/FEAR INDEX
(AAII, INVI, Bullish Pct, Put/Call, NAAIM, VIX)

Weekly Greed/Fear Gauge — S&P 500 INDEX

MARKET GREED/FEAR INDEX
(AAII, INVI, Bullish Pct, Put/Call, NAAIM, VIX)
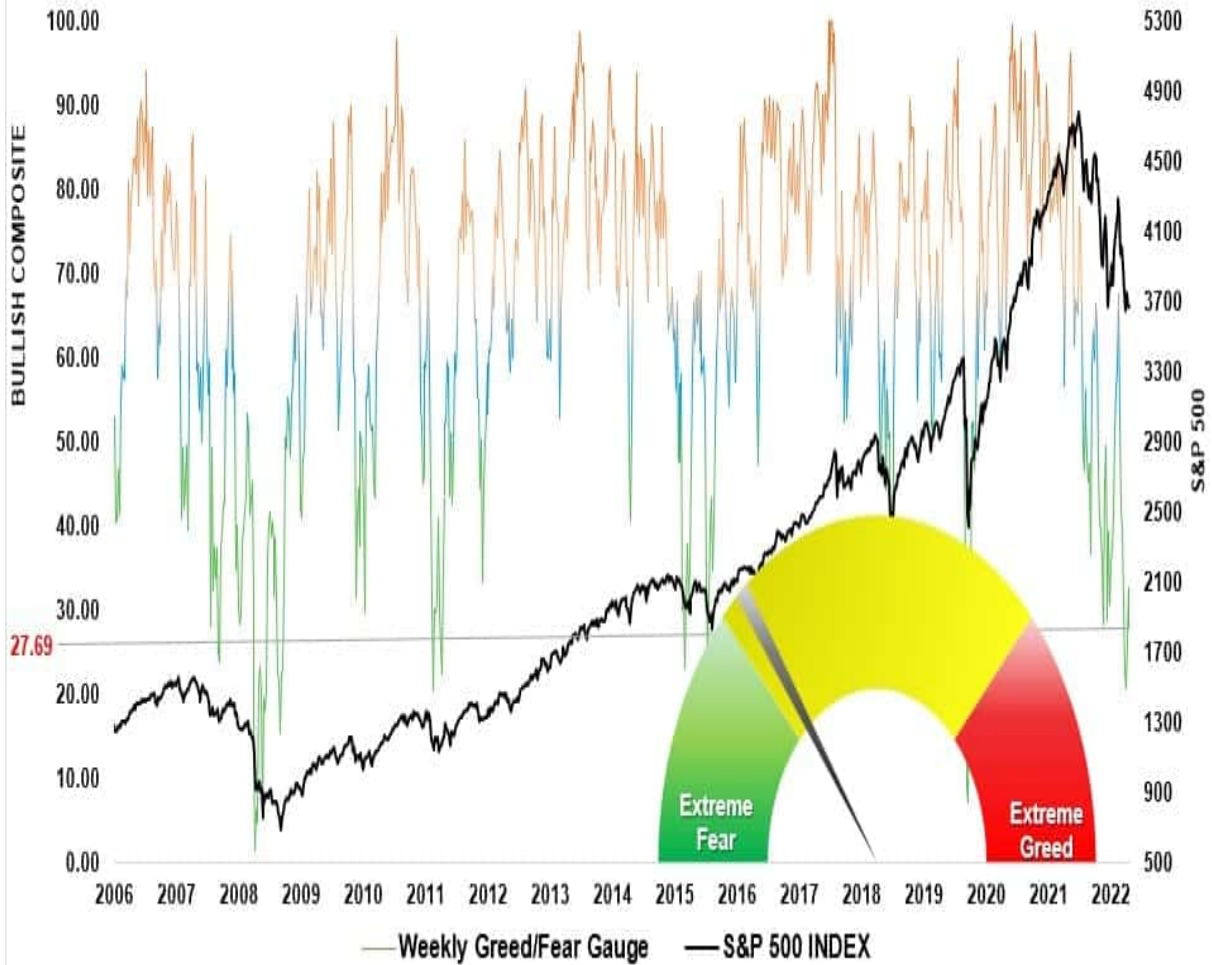
Weekly Greed/Fear Gauge — S&P 500 INDEX
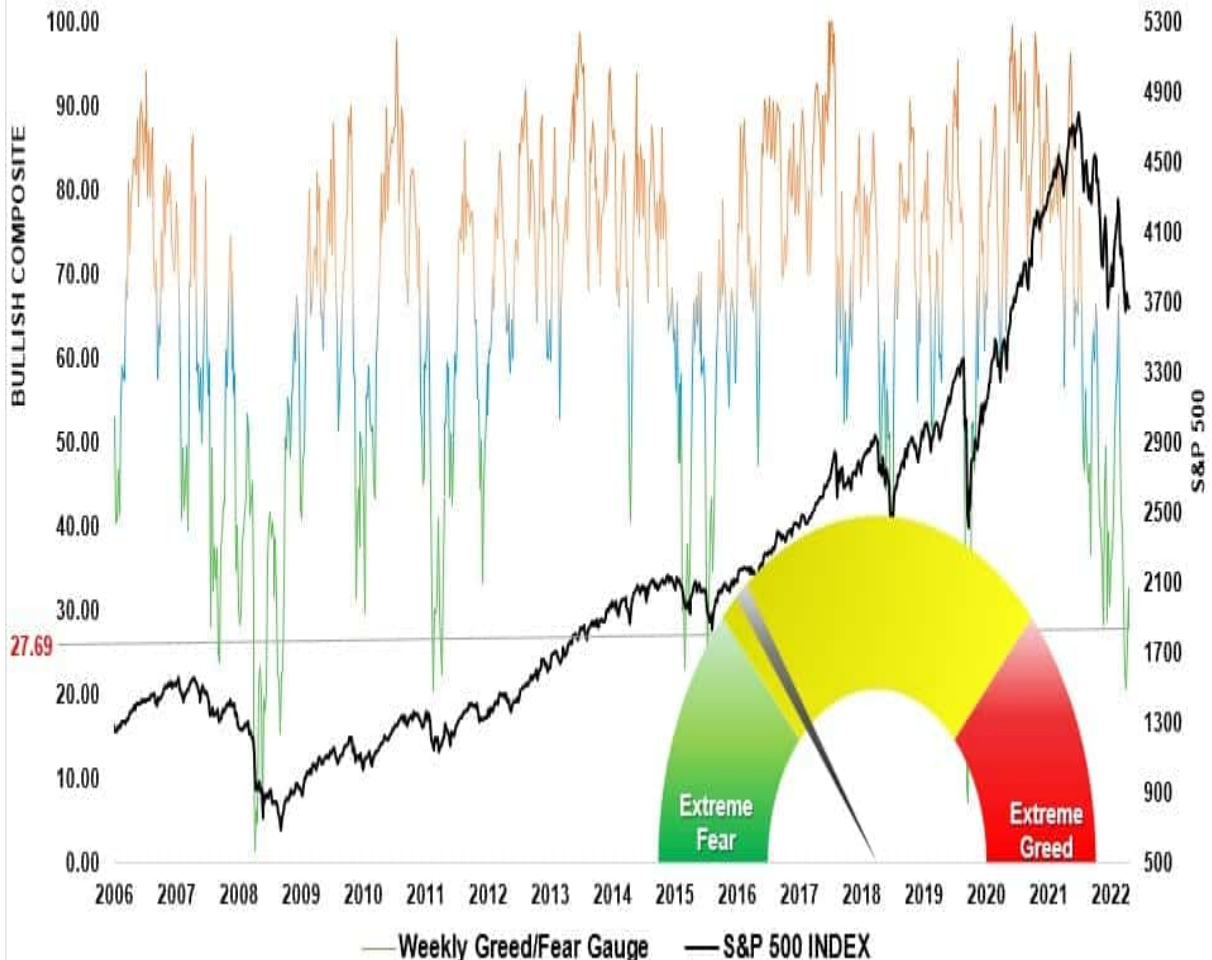
Sector Model Analysis & Risk Ranges

How To Read This Table

- *The table compares the relative performance of each sector and market to the S&P 500 index.*
- *?M/A 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)*
- *The table shows the price deviation above and below the weekly moving averages.*

Even though going into Friday?s open, the market was virtually flat for the month, the rally on Friday took a majority of sectors outside their normal risk ranges. This suggests that while we could see further upside next week, it will likely be limited. **Bonds, Staples, and Real Estate continue to trade at oversold levels.**

RISK RANGE REPORT

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	LONG WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	375.81	4.66	1.18	(9.29)	(9.05)	(17.38)	394.62	406.77	358.65	1.00	367.62	349.68	-5%	-8%	BEARISH
XLB	SPDR-MATLS SELS	72.32	1.42	4.50	1.85	(5.39)	2.64	74.51	79.36	68.01	1.04	70.41	65.61	-3%	-9%	BEARISH
XLC	SPDR-COMM SV SS	50.15	(0.13)	0.94	(1.75)	(6.48)	(20.23)	53.45	58.21	47.89	1.01	49.57	46.21	-6%	-14%	BEARISH
XLE	SPDR-EGY SELS	86.93	3.63	22.16	20.14	13.89	67.39	78.28	77.86	72.02	1.34	74.78	69.26	11%	12%	BULLISH
XLF	SPDR-FINL SELS	32.19	(0.85)	2.49	4.78	1.71	(3.37)	32.92	34.18	30.36	1.07	31.45	29.27	-2%	-6%	BEARISH
XLK	SPDR-TECH SELS	124.34	1.80	(0.70)	(4.50)	(2.49)	(4.12)	133.91	138.39	118.78	1.12	123.08	114.48	-7%	-10%	BEARISH
XLI	SPDR-INDU SELS	88.69	0.01	3.47	2.02	1.90	2.01	91.77	93.66	82.84	1.11	85.83	79.85	-3%	-5%	BEARISH
XLP	SPDR-CONS STPL	68.91	(2.61)	(1.86)	1.80	(1.13)	14.04	72.16	73.62	66.73	0.58	68.79	64.67	-5%	-6%	BEARISH
XLRE	SPDR-RE SELS	34.67	(1.99)	(8.63)	(12.52)	(13.61)	(9.92)	40.44	42.97	36.01	0.81	37.20	34.82	-14%	-19%	BEARISH
XLU	SPDR-UTIL SELS	63.31	(2.79)	(12.96)	(5.10)	(3.27)	11.52	72.06	71.83	65.51	0.51	67.48	63.54	-12%	-12%	BULLISH
XLV	SPDR-HLTH CR	126.54	(2.53)	1.92	4.86	6.55	13.49	127.65	129.91	121.11	0.71	125.00	117.22	-1%	-3%	BEARISH
XLY	SPDR-CONS DISCR	142.40	0.61	(3.93)	(3.26)	(0.91)	(8.74)	155.40	158.32	142.45	1.19	147.71	137.19	-8%	-10%	BEARISH
XTN	SPDR-SP TRANSPT	66.67	(2.78)	2.20	(3.84)	(7.69)	(9.05)	72.10	75.85	63.61	1.30	66.02	61.20	-8%	-12%	BEARISH
SDY	SPDR-SP DIV ETF	116.69	(1.82)	(0.15)	1.49	2.20	11.78	122.09	123.41	111.50	0.84	115.23	107.77	-4%	-5%	BEARISH
RSP	INVS-SP5 EQ ETF	132.87	(1.01)	0.65	0.39	(0.71)	1.21	139.72	144.03	127.28	1.05	131.80	122.76	-5%	-8%	BEARISH
SLY	SPDR-SP6 SC	80.12	(1.33)	3.25	0.17	2.33	(1.04)	83.58	85.78	75.69	1.13	78.44	72.94	-4%	-7%	BEARISH
MDY	SPDR-SP MC 400	421.60	(1.70)	2.18	1.21	2.26	0.13	440.40	449.06	401.66	1.11	416.15	387.17	-4%	-6%	BEARISH
EEM	ISHARS-EMG MKT	35.27	(1.56)	(3.16)	(2.45)	(4.78)	(14.84)	38.08	40.61	34.88	0.73	36.01	33.75	-7%	-13%	BEARISH
EFA	ISHARS-EAFE	57.99	(1.12)	0.99	(2.48)	(4.74)	(10.58)	61.18	65.40	56.01	0.83	57.88	54.14	-5%	-11%	BEARISH
IAU	ISHARS-GOLD TR	31.43	(3.82)	(0.38)	3.25	(3.01)	9.42	32.51	34.37	31.53	0.13	32.36	30.70	-3%	-9%	BEARISH
GDX	VANECK-GOLD MNR	24.34	2.47	7.29	1.94	(19.86)	(8.84)	24.75	30.18	24.12	0.70	24.89	23.35	-2%	-19%	BEARISH
UUP	INVS-DB US$ BU	30.11	(5.81)	(1.87)	15.72	17.71	37.25	29.35	28.11	30.15	(0.15)	30.86	29.44	3%	7%	BULLISH
BOND	PIMCO-TOT RETRN	87.00	(6.04)	(5.75)	(1.49)	(0.75)	(3.25)	93.13	96.26	89.72	0.16	92.11	87.33	-7%	-10%	BEARISH
TLT	ISHARS-20+YTB	93.17	(10.13)	(13.04)	(11.37)	(8.98)	(17.97)	108.88	116.41	102.45	0.01	105.02	99.88	-14%	-20%	BEARISH
BNDX	VANGD-TTL INT B	47.08	(4.70)	(3.22)	1.44	2.71	0.47	49.12	50.24	47.73	0.10	48.97	46.49	-4%	-6%	BEARISH
HYG	ISHARS-IBX HYCB	72.49	(3.29)	(0.68)	2.00	2.48	0.86	74.90	77.02	71.39	0.41	73.47	69.31	-3%	-6%	BEARISH

Real Investment Advice

SimpleVisor™

Weekly SimpleVisor Stock Screens

Each week we will provide three different stock screens generated from&#2013266080;
[SimpleVisor:](#)&#2013266080;*(RIAPro.net subscribers use your current credentials to log in.*)

This week we are scanning for the Top 20:

- *Relative Strength Stocks*
- *Momentum Stocks*
- *Highest Rated Stocks*

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
AES	8/10 👍	$24.48	50.45	$25.11	$24.91	$22.88	4	8	4	2.62%	-0.13
ALB	9/10 👍	$270.01	51.20	$279.90	$273.55	$249.37	1	5	3	0.62%	0.36
BIIB	10/10 👍	$267.62	64.28	$227.49	$216.66	$211.43	—	5	4	%	14.94
CAH	9/10 👍	$73.03	54.51	$67.79	$66.75	$60.51	—	6	5	2.88%	0.53
COP	9/10 👍	$124.49	61.18	$110.21	$105.71	$102.61	1	8	1	1.56%	2.58
CSGP	8/10 👍	$71.80	51.69	$72.29	$72.56	$66.22	—	5	3	%	0.44
DVN	8/10 👍	$74.29	58.72	$65.31	$64.97	$63.11	1	8	3	8.58%	1.26
ENPH	10/10 👍	$252.00	39.01	$288.54	$289.15	$240.20	1	6	3	%	-7.32
HES	8/10 👍	$135.58	59.86	$118.04	$115.95	$113.42	5	7	3	1.16%	2.47
LW	10/10 👍	$81.72	64.63	$78.81	$79.93	$74.58	4	5	3	1.18%	0.80
MOH	8/10 👍	$360.38	61.61	$339.16	$334.68	$310.95	1	6	2	%	4.69
MPC	8/10 👍	$111.38	61.78	$98.99	$97.90	$95.18	—	9	1	2.13%	2.47
PCG	10/10 👍	$14.50	60.68	$13.32	$12.46	$11.69	1	5	3	%	0.55
REGN	8/10 👍	$713.91	61.81	$707.66	$652.14	$631.71	4	6	3	%	22.53
TWTR	10/10 👍	$49.89	69.08	$44.14	$42.67	$40.49	1	7	3	%	2.29
VRTX	8/10 👍	$300.00	53.49	$289.91	$288.74	$281.74	1	6	2	%	2.81
XOM	8/10 👍	$105.86	59.20	$92.84	$93.49	$92.03	3	8	1	3.46%	1.39

Momentum Screen

Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD
BIIB	10/10 👍	$267.62	64.28	$227.49	$216.66	$211.43	—	5	4	%	14.94
ALB	9/10 👍	$270.01	51.20	$279.90	$273.55	$249.37	1	5	3	0.62%	0.36
COP	9/10 👍	$124.49	61.18	$110.21	$105.71	$102.61	1	8	1	1.56%	2.58
DVN	8/10 👍	$74.29	58.72	$65.31	$64.97	$63.11	1	8	3	8.58%	1.26
HES	8/10 👍	$135.58	59.86	$118.04	$115.95	$113.42	5	7	3	1.16%	2.47
MOH	8/10 👍	$360.38	61.61	$339.16	$334.68	$310.95	1	6	2	%	4.69
MPC	8/10 👍	$111.38	61.78	$98.99	$97.90	$95.18	—	9	1	2.13%	2.47
REGN	8/10 👍	$713.91	61.81	$707.66	$652.14	$631.71	4	6	3	%	22.53
VRTX	8/10 👍	$300.00	53.49	$289.91	$288.74	$281.74	1	6	2	%	2.81
XOM	8/10 👍	$105.86	59.20	$92.84	$93.49	$92.03	3	8	1	3.46%	1.39
CF	7/10 👍	$107.37	56.38	$100.58	$102.55	$96.49	1	9	3	1.49%	0.56
FANG	7/10 👍	$152.32	61.26	$129.51	$129.75	$130.07	4	8	3	8.75%	2.40
LLY	7/10 👍	$340.77	54.01	$316.55	$315.07	$313.49	—	5	3	1.18%	4.41
NOC	7/10 👍	$522.66	61.24	$484.47	$483.18	$473.05	4	6	3	1.38%	2.66
ORLY	7/10 👍	$744.07	56.08	$706.21	$712.47	$675.39	5	8	3	%	4.85
AZO	6/10 👍	$2,301.03	57.45	$2,154.55	$2,187.40	$2,133.79	5	7	3	%	9.91
CMI	6/10 👍	$232.79	55.58	$212.76	$217.81	$209.35	5	7	4	2.85%	0.62
EOG	6/10 👍	$135.00	56.06	$118.85	$116.12	$116.98	7	8	3	2.44%	1.81
ETSY	6/10 👍	$100.91	53.54	$105.47	$107.83	$95.19	—	7	3	%	1.13
IT	6/10 👍	$289.75	49.93	$290.49	$293.58	$270.67	6	7	3	%	0.25

Highest Rated Screen

Scan Result: 20 item(s) found   Tables ⌄   Overview **Technicals** Fundamentals Performance

Symbol	Trend	Last	RSI	20 SMA	50 SMA	100 SMA	Mohanram Score	Piotroski Score	SV Rank	Yield%	MACD
LW	10/10 👍	$81.72	64.63	$78.81	$79.93	$74.58	4	5	3	1.18%	0.80
AES	8/10 👍	$24.48	50.45	$25.11	$24.91	$22.88	4	8	4	2.62%	-0.13
HES	8/10 👍	$135.58	59.86	$118.04	$115.95	$113.42	5	7	3	1.16%	2.47
REGN	8/10 👍	$713.91	61.81	$707.66	$652.14	$631.71	4	6	3	%	22.53
CI	7/10 👍	$301.34	50.04	$285.90	$284.87	$273.89	5	6	3	1.54%	1.14
FANG	7/10 👍	$152.32	61.26	$129.51	$129.75	$130.07	4	8	3	8.75%	2.40
GL	7/10 👍	$113.50	64.48	$102.73	$101.14	$99.07	4	5	3	0.75%	1.45
NOC	7/10 👍	$522.66	61.24	$484.47	$483.18	$473.05	4	6	3	1.38%	2.66
ORLY	7/10 👍	$744.07	56.08	$706.21	$712.47	$675.39	5	8	3	%	4.85
SLB	7/10 👍	$50.41	63.80	$38.32	$37.66	$38.39	5	7	2	1.58%	1.00
APA	6/10 👍	$43.19	58.64	$37.96	$36.88	$38.45	5	6	1	2.39%	0.85
AZO	6/10 👍	$2,301.03	57.45	$2,154.55	$2,187.40	$2,133.79	5	7	3	%	9.91
CMI	6/10 👍	$232.79	55.58	$212.76	$217.81	$209.35	5	7	4	2.85%	0.62
EOG	6/10 👍	$135.00	56.06	$118.85	$116.12	$116.98	7	8	3	2.44%	1.81
IT	6/10 👍	$289.75	49.93	$290.49	$293.58	$270.67	6	7	3	%	0.25
OXY	6/10 👍	$71.26	51.20	$63.98	$65.56	$63.94	5	7	1	0.76%	0.44
ROL	6/10 👍	$36.43	54.71	$35.71	$36.13	$35.61	7	9	2	1.11%	0.17
SBUX	6/10 👍	$88.61	49.94	$87.96	$86.73	$81.66	5	8	4	2.37%	0.32
IEX	5/10 👎	$203.95	48.62	$204.67	$207.66	$196.92	5	7	2	1.18%	-0.34
PWR	5/10 👎	$133.41	41.88	$134.18	$138.44	$131.87	4	8	3	0.22%	-2.65

SimpleVisor Portfolio Changes

We post all of our portfolio changes as they occur at&#2013266080;*__SimpleVisor:__*

October 17th

When the Federal Reserve breaks something, the yield curve will UN-invert rapidly, which will bode well for financial-related stocks. While we will add some direct exposure to bank stocks, we continue to add to our holding of iShare Preferred Income ETF (PFF), which is currently carrying a dividend yield north of 5%.

Equity And ETF Models

- *Increase PFF by 1% of the portfolio, bringing the total weight to 3%.*

October 18th

We are adding a little exposure to the portfolios for this reflexive rally which we will reduce as we start tax loss harvesting over the next two weeks. The goal is to keep reduced exposure overall. We are absent Financial exposure in the portfolio, and with higher interest rates, the Net Interest Income to banks is much more appealing. We are adding 1.5% to Goldman Sachs (GS) and increasing the SPDR Financial ETF by 1.5%.

We are also underweight in Communications relative to the benchmark, and we will be selling Verizon (VZ) for year-end tax reasons soon. Therefore, we added 1.5% to Comcast Communications (CMCSA) and 1.5% to the SPDR Communications ETF (XLC).

Equity Model

- *Initiate a 1.5% position in Goldman Sachs (G.S.)*
- *Initiate a 1.5% position in Comcast Communications (CMCSA)*

ETF Model

- *Add 1.5% to SPDR Financial ETF (XLF)*
- *Add 1.5% to SPDR Communications ETF (XLC)*

Lance Roberts, CIO

Have a great week!