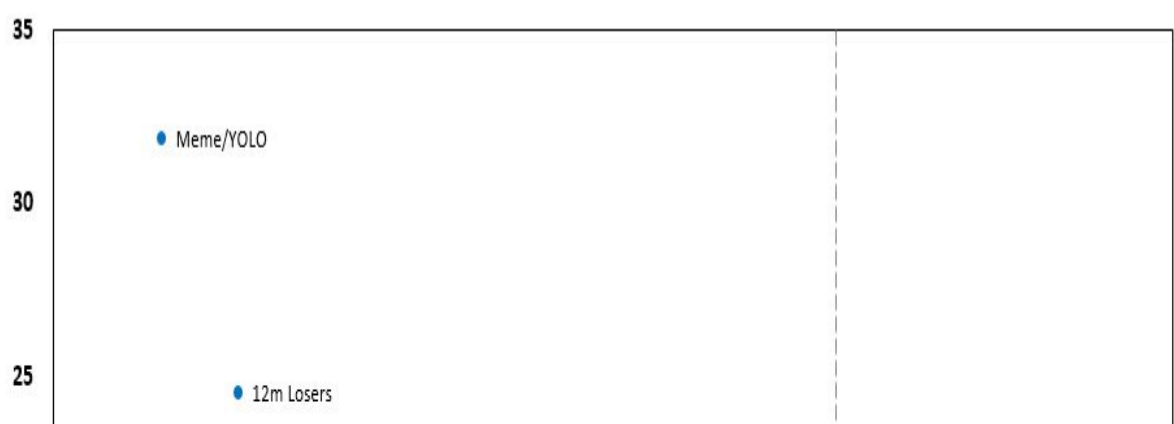




## Meme Stocks For 2023? - RIA

The scatter plot below compares various stock factor returns for 2022 and 2023, year to date. The winner this year by a long shot is last year's loser, Meme stocks. In 2022, Meme stocks were the second worst performing factor, giving up approximately 60%. Meme stocks and last year's other worst performing stocks are predominantly poor quality companies with negative earnings. In some cases, they do offer tremendous growth potential, but in many instances, they are just popular on stock trading chat rooms like Reddit. For example, the most widely followed Meme stocks include: Game Stop (GME), Bed Bath & Beyond (BBBY), and AMC Entertainment (AMC). After posting significant price gains in the first few weeks, all three stocks have fallen rapidly over the last week.

The bottom right of the graph shows last year's winners, like conservative, lower-beta "defense" companies and commodity stocks, are this year's losers. Looking ahead, the plot below may likely provide a road map for investors. If the recent bullish run continues, Meme stocks and other high growth, poor quality stocks may lead the way. Conversely, if a recession occurs and stocks head toward last year's lows, the stable, defensive sectors may likely be the right place to seek shelter.



---

## What To Watch Today

### Economy

- 6:00 a.m. ET: **NFIB Small Business Optimism**, January (91.0 expected, 89.9 prior)
- 8:30 a.m. ET: **Consumer Price Index**, month-over-month, January (0.5% expected, -0.1% prior)
- 8:30 a.m. ET: **CPI Excluding Food and Energy**, month-over-month, January (0.4% expected, 0.3% prior)
- 8:30 a.m. ET: **Consumer Price Index**, year-over-year, January (6.2% expected, 6.5% prior)
- 8:30 a.m. ET: **CPI Excluding Food and Energy**, year-over-year, January (5.5% expected, 5.7% prior)
- 8:30 a.m. ET: **Real Average Hourly Earnings**, year-over-year, January (-1.7% prior, revised to -1.5%)
- 8:30 a.m. ET: **Real Average Weekly Earnings**, year-over-year, January (-3.1% prior, revised to -2.6%)

### Earnings

	Company	Time	Estimate		 Growth Show only confirmed?	Surprise			
✓ <b>EXC</b>	Exelon Corp.	6:50 AM ET	\$0.43	\$4.52 B	-53.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>KO</b>	Coca-Cola Company	6:55 AM ET	\$0.45	\$9.92 B	4.8%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>SU</b>	Suncor Energy, Inc.	AMC	\$1.26	\$9.65 B	9.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>CLF</b>	Cleveland-Cliffs Inc	(\$0.30)		(\$0.33)	\$5.44 B 1.8%	9.1%			<div>+</div>
✓ <b>WCC</b>	WESCO International...	6:00 AM ET	\$3.81	\$5.37 B	10.7%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>MAR</b>	Marriott International ...	6:30 AM ET	\$1.84	\$5.61 B	26.2%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>TX</b>	Ternium S.A.	AMC	\$0.18	\$3.77 B	-12.9%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>DVN</b>	Devon Energy Corp.	4:05 PM ET	\$1.77	\$4.57 B	7.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>ANDE</b>	Andersons Inc.	4:05 PM ET	\$0.40	\$4.28 B	13.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>LDOS</b>	Leidos Holdings Inc.	6:00 AM ET	\$1.61	\$3.61 B	3.4%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>ECL</b>	Ecolab Inc.	8:00 AM ET	\$1.25	\$3.67 B	9.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>TRP</b>	TC Energy Corporation	6:30 AM ET	\$0.84	-	-	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>GXO</b>	GXO Logistics, Inc.	4:30 PM ET	\$0.76	\$2.45 B	8.3%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>ENLC</b>	Enlink Midstream Llc	5:05 PM ET	\$0.19	\$2.83 B	26.2%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>WFG</b>	West Fraser Timber ...	5:00 PM ET	\$1.11	\$1.75 B	-14.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>ZTS</b>	Zoetis Inc.	7:00 AM ET	\$1.14	\$2.01 B	2.2%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>GFS</b>	GlobalFoundries	7:00 AM ET	\$1.27	\$2.07 B	12.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>QSR</b>	Restaurant Brands In...	6:30 AM ET	\$0.72	\$1.67 B	8.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>ABNB</b>	Airbnb, Inc.	4:05 PM ET	\$0.27	\$1.86 B	21.4%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>PKI</b>	PerkinElmer Inc.	6:00 AM ET	\$1.66	\$997.04 M	-26.9%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>HLF</b>	Herbalife Nutrition Ltd.	4:40 PM ET	\$0.25	\$1.12 B	-15.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>HWM</b>	Howmet Aerospace	7:00 AM ET	\$0.38	\$1.47 B	14.4%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>BTU</b>	Peabody Energy Corp.	8:00 AM ET	\$1.82	\$1.41 B	11.5%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>LCII</b>	LCI Industries	7:00 AM ET	(\$0.67)	\$894.10 M	-26.3%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>MCY</b>	Mercury General Corp.	4:05 PM ET	(\$0.61)	\$1.06 B	1.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>CNDT</b>	Conduent	4:05 PM ET	\$0.06	\$991.50 M	-5.4%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>SCI</b>	Service Corporation I...	4:15 PM ET	\$0.80	\$965.54 M	-7.4%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>GDDY</b>	GoDaddy Inc.	4:05 PM ET	\$0.62	\$1.04 B	2.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>AKAM</b>	Akamai Technologies,...	4:00 PM ET	\$1.27	\$904.74 M	-0.1%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>GTX</b>	Garret Motion	6:55 AM ET	\$0.26	\$954.00 M	10.7%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>TRU</b>	TransUnion	6:20 AM ET	\$0.82	\$910.14 M	15.2%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
✓ <b>HE</b>	Hawaiian Electric Ind...	6:00 AM ET	-	-	-	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>

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✓ <b>SU</b>	Suncor Energy, Inc.	AMC	\$1.26	\$9.65 B	9.0%	<div><div>+</div><div>=</div><div>-</div></div>			<div>+</div>
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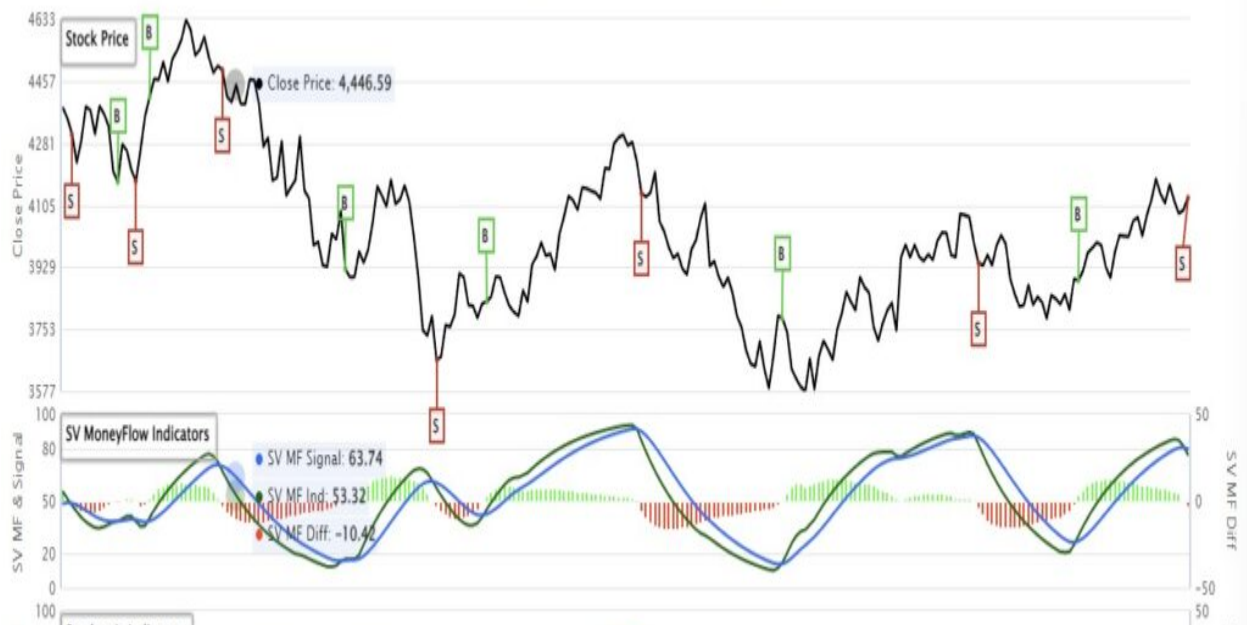
## Market Trading Update

Despite yesterday's rally ahead of inflation print, our money-flow *sell signal* triggered yesterday, suggesting that asset prices will trade somewhat lower over the next couple of weeks. While a sharp market rally could reverse the signal temporarily, it is at a very high level and will need to decline before the next strong buying opportunity is available.

# MoneyFlow Indicator ( ^GSPC ) - beta

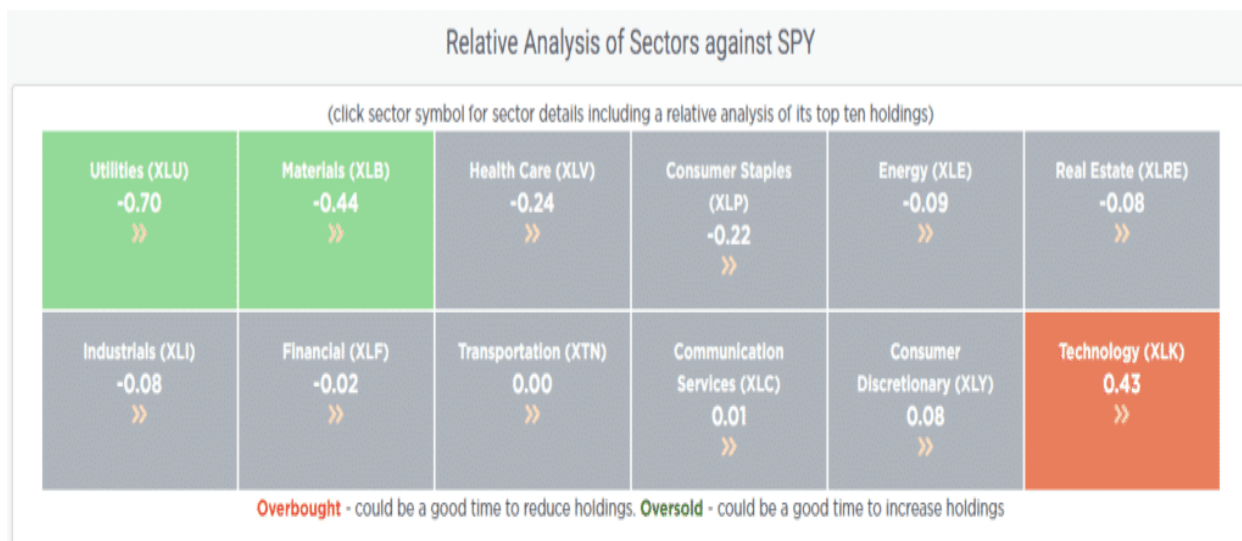


# MoneyFlow Indicator ( ^GSPC ) - beta





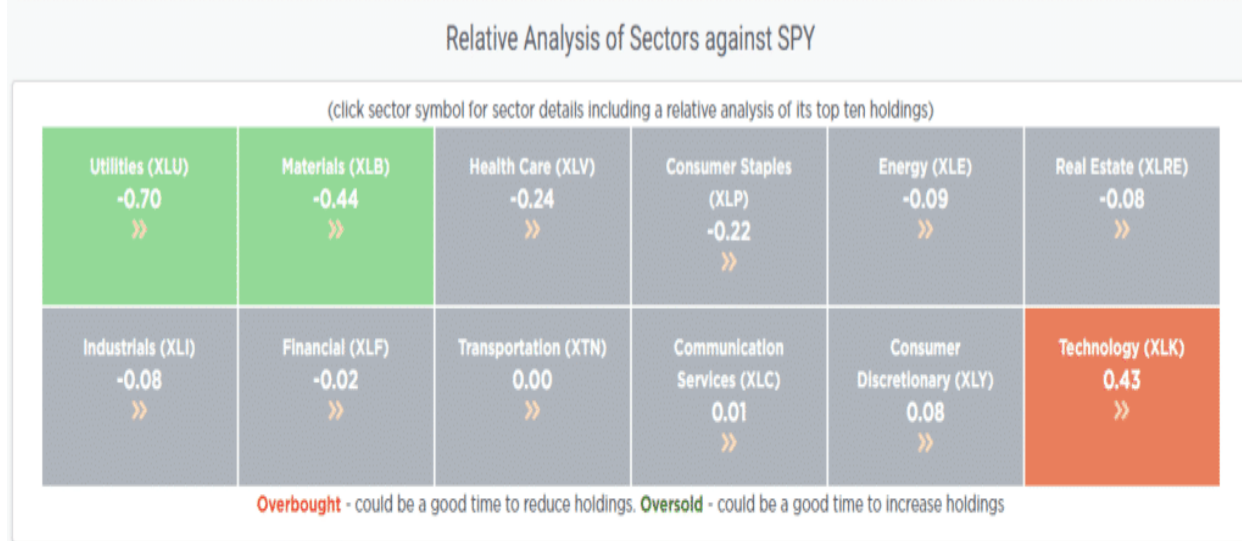
As such, we recommend taking profits in overbought areas of the market and potentially adding to oversold for a defensive rotation. Those sectors can be seen on our [Relative Analysis page on SimpleVisor](#).



#### About Relative Analysis

This analysis uses the price ratio of two securities to establish a relative technical score. 13 technical measures are applied to the ratio to determine the score. The score tells us how one stock compares to another stock. We like to compare sector ETFs to the S&P 500 to help assess relative strength or weakness of the sectors.

Quite often scores of +.75 or greater are good times to reduce holdings and -.75 are good times to buy. However, scores can stay extremely overbought or sold for a few weeks so at times patience is required.



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Clicking on one of the boxes will display the relative analysis of the top 10 holdings of the sector. For example, Technology is overbought, and Utilities and Materials are oversold. Therefore, it may be a good opportunity to trim companies like Nvidia (NVDA), which is extremely overbought relative

to the market and most of its peers.



Description

In seeking to track the performance of the index, the fund employs a replication strategy, which means that the fund typically invests in substantially all of the securities represented in the index in approximately the same proportions as the index. It generally invests substantially all, but at least 95%, of its total assets in the securities comprising the index. The fund is non-diversified.

Latest Price (Jan 20, 1970, 3:38:42 AM)			Last Close		Open		Volume		Annual Div.				
\$142.81 ▲ (\$2.43) (1.73%)			\$140.38		\$140.93		4,186,459		\$1.10				
52 Week Range			Day Range				Avg. Volume (3m)		Div. Yield				
\$112.97			\$163.65		\$140.85		\$143.12		6,624,336				
<div><div></div></div>			<div><div></div></div>										
Symbol	Name	Holdings	AAPL/	ADBE/	CRM/	CSCO/	INTC/	MA/	MSFT/	NVDA/	PYPL/	V/	XLK/
AAPL	Apple Inc	21.45%	0.00	-0.22	0.09	-0.48	-0.68	-0.44	0.09	0.51	-0.55	-0.42	-0.19
MSFT	Microsoft Corp	20.37%	0.22	0.00	0.39	-0.33	-0.63	-0.43	0.28	0.70	-0.40	-0.14	0.29
NVDA	NVIDIA Corp	4.98%	-0.09	-0.39	0.00	-0.45	-0.63	-0.48	-0.04	0.69	-0.59	-0.46	-0.19
V	Visa Inc Class A	3.95%	0.48	0.33	0.45	0.00	-0.13	0.17	0.51	0.68	-0.01	0.39	0.49
PYPL	PayPal Holdings Inc	3.42%	0.68	0.63	0.63	0.13	0.00	0.39	0.74	0.67	0.31	0.47	0.69
MA	Mastercard Inc A	3.19%	0.44	0.43	0.48	-0.17	-0.39	0.00	0.40	0.70	-0.20	0.28	0.51
ADBE	Adobe Inc	2.80%	-0.09	-0.28	0.04	-0.51	-0.74	-0.40	0.00	0.43	-0.51	-0.42	-0.20
INTC	Intel Corp	2.26%	-0.51	-0.70	-0.69	-0.68	-0.67	-0.70	-0.43	0.00	-0.72	-0.70	-0.49
CRM	Salesforce.com Inc	2.26%	0.55	0.40	0.59	0.01	-0.31	0.20	0.51	0.72	0.00	0.24	0.46
CSCO	Cisco Systems Inc	2.23%	0.42	0.14	0.46	-0.39	-0.47	-0.28	0.42	0.70	-0.24	0.00	0.26
			0.19	-0.29	0.19	-0.49	-0.69	-0.51	0.20	0.49	-0.46	-0.26	0.00

Description

In seeking to track the performance of the index, the fund employs a replication strategy, which means that the fund typically invests in substantially all of the securities represented in the index in approximately the same proportions as the index. It generally invests substantially all, but at least 95%, of its total assets in the securities comprising the index. The fund is non-diversified.

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52 Week Range \$112.97			Day Range \$140.85						Avg. Volume (3m) 6,624,336			Div. Yield 0.79%		
<div><div></div></div>			<div><div></div></div>											
Symbol	Name	Holdings	AAPL/	ADBE/	CRM/	CSCO/	INTC/	MA/	MSFT/	NVDA/	PYPL/	V/	XLK/	
AAPL	Apple Inc	21.45%	0.00	-0.22	0.09	-0.48	-0.68	-0.44	0.09	0.51	-0.55	-0.42	-0.19	AAPL
MSFT	Microsoft Corp	20.37%	0.22	0.00	0.39	-0.33	-0.63	-0.43	0.28	0.70	-0.40	-0.14	0.29	ADBE
NVDA	NVIDIA Corp	4.98%	-0.09	-0.39	0.00	-0.45	-0.63	-0.48	-0.04	0.69	-0.59	-0.46	-0.19	CRM
V	Visa Inc Class A	3.95%	0.48	0.33	0.45	0.00	-0.13	0.17	0.51	0.68	-0.01	0.39	0.49	CSCO
PYPL	PayPal Holdings Inc	3.42%	0.68	0.63	0.63	0.13	0.00	0.39	0.74	0.67	0.31	0.47	0.69	INTC
MA	Mastercard Inc A	3.19%	0.44	0.43	0.48	-0.17	-0.39	0.00	0.40	0.70	-0.20	0.28	0.51	MA
ADBE	Adobe Inc	2.80%	-0.09	-0.28	0.04	-0.51	-0.74	-0.40	0.00	0.43	-0.51	-0.42	-0.20	MSFT
INTC	Intel Corp	2.26%	-0.51	-0.70	-0.69	-0.68	-0.67	-0.70	-0.43	0.00	-0.72	-0.70	-0.49	NVDA
CRM	Salesforce.com Inc	2.26%	0.55	0.40	0.59	0.01	-0.31	0.20	0.51	0.72	0.00	0.24	0.46	PYPL
CSCO	Cisco Systems Inc	2.23%	0.42	0.14	0.46	-0.39	-0.47	-0.28	0.42	0.70	-0.24	0.00	0.26	V

While in the short-term, there is momentum behind the market, there is also a limited amount of upside for now.

## **Consumer's Financial Situation**

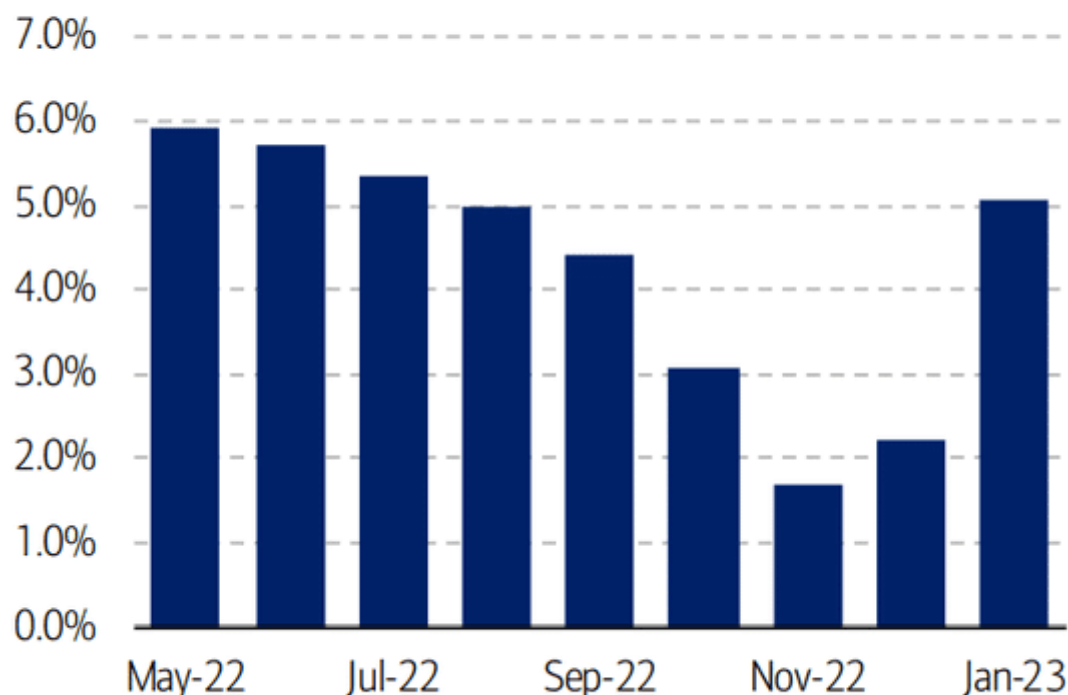
Using their internal credit card data, Bank America shows that household credit card spending rose sharply in January after a few weaker months. Heavy usage of credit card debt can be viewed in different lights. From a glass-half-full perspective, consumers must feel good about their financial prospects, given they increased their spending in January. The glass-half-empty crowd counters that many consumers struggle to keep up with inflation. As such, they rely on credit card debt to stay afloat. Keep in mind the amount of personal savings is now at a ten-year low. Many consumers have no more savings and must increasingly rely on credit cards.

The third graph further helps inform us of the state of consumers. Last week's University of Michigan survey asks individuals how their current financial situation compared to a year ago. Most of those surveyed consider themselves worse off. The survey, like the amount of personal savings, is at its lowest since the 2008 financial crisis.

### Exhibit 1: Total credit and debit card spending per household, based on Bank of America internal data (%YoY, monthly)

We saw signs of a strengthening in consumer spending in January

The Daily Shot  
13 Feb-2023  
@SoberLook

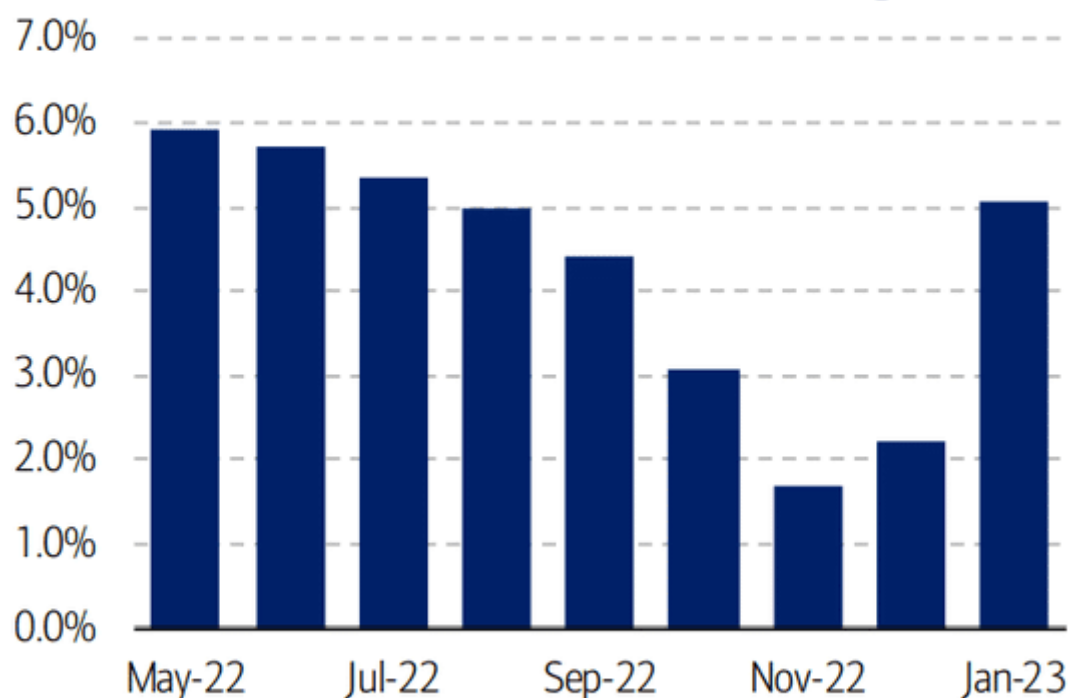


Source: Bank of America internal data

### Exhibit 1: Total credit and debit card spending per household, based on Bank of America internal data (%YoY, monthly)

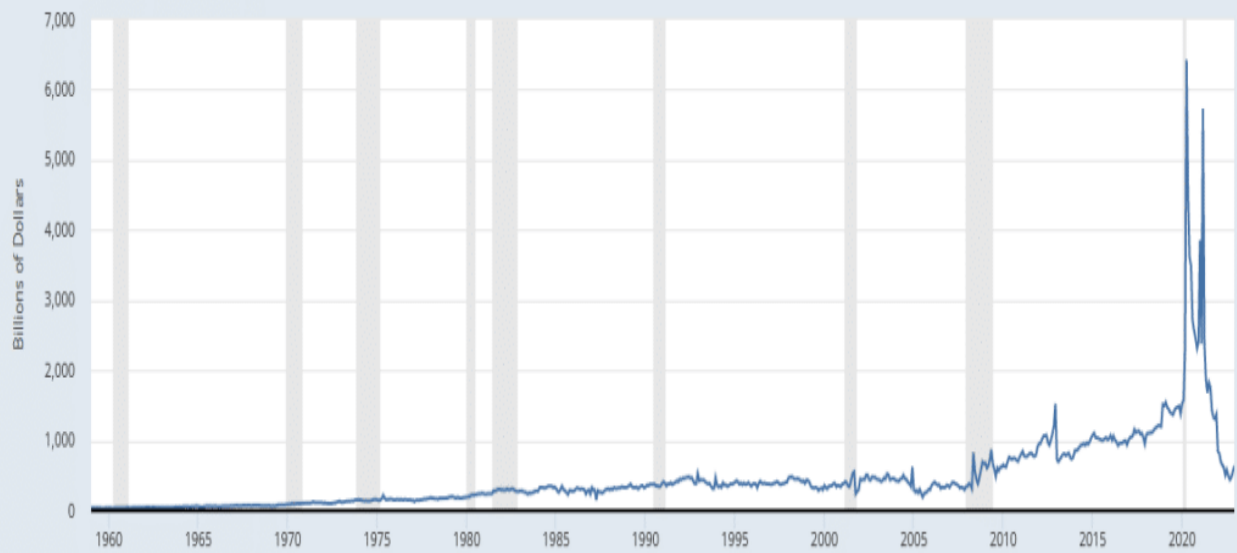
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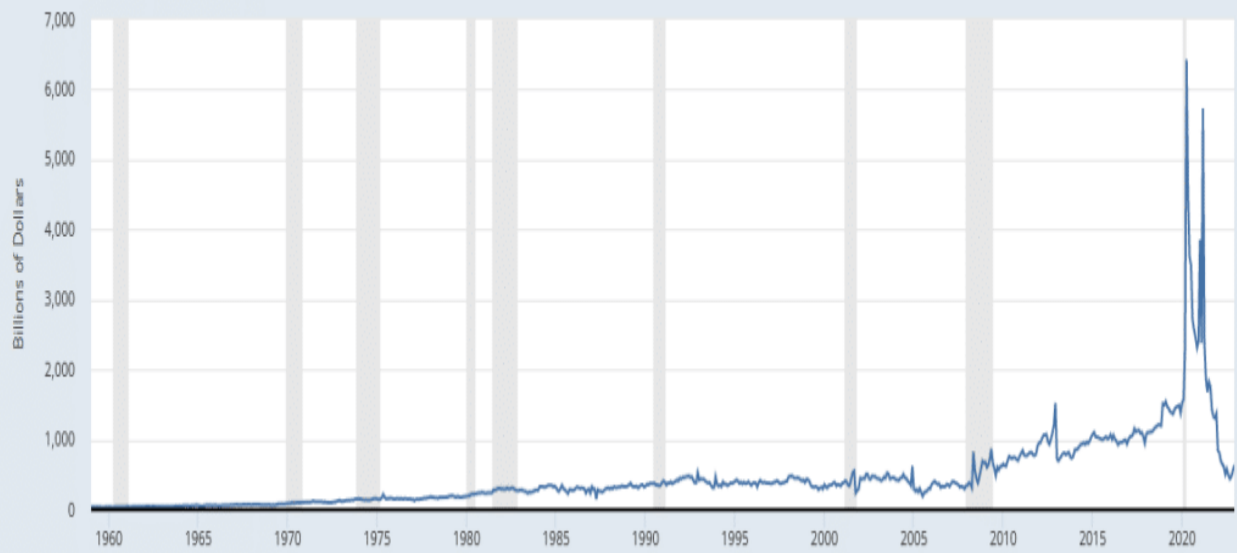


Source: Bank of America internal data

**FRED** — Personal Saving



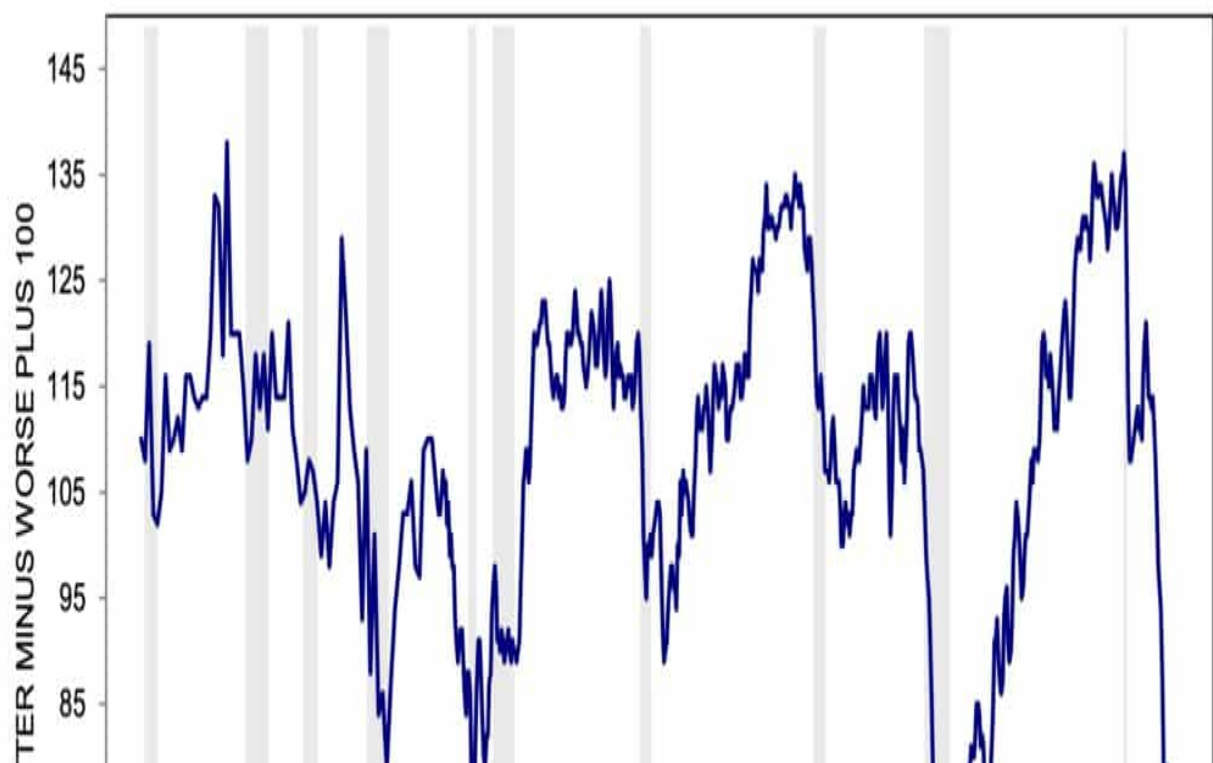
**FRED** — Personal Saving



**CHART 6: CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO**



**CHART 6: CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO**

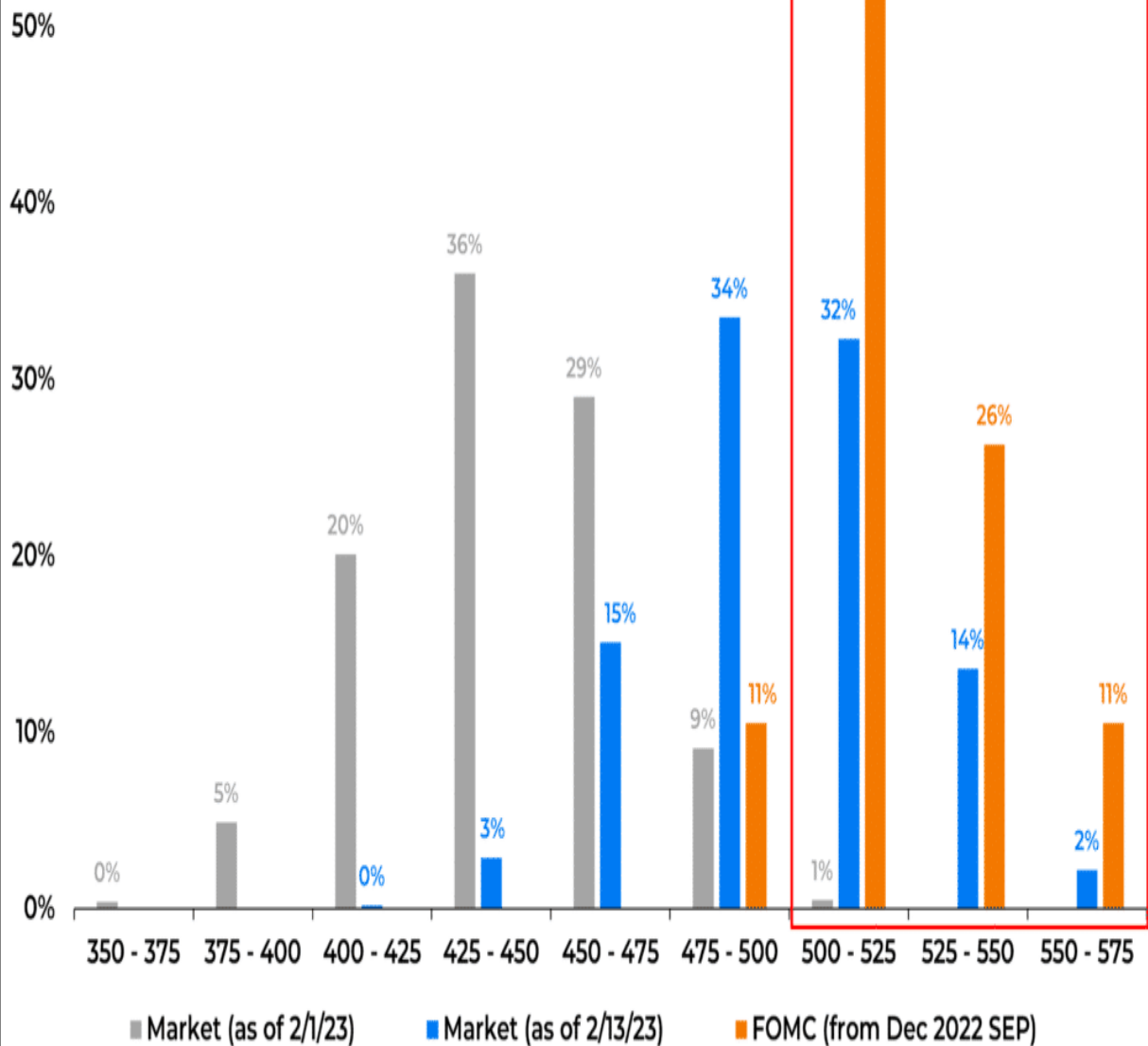


## **Yield Curves Inverting Further**

Last year ended, and this year started with a divergence of views on where interest rates were headed. In mid-December, the Fed projected to increase Fed Funds to around 5.25% by the summer and keep them there for the year. The market's implied they might get near 5% by mid-year and then lower them by half a percent by year-end. The gap in projections has closed. The first graph below from Willie Delwhiche shows the transition from gray to blue, denoting the market's new higher rate outlook. As a result, short maturities rose more in yield than longer maturities, and the yield curve inverted to a new 40+ year low, as shown in the second graph.

## Market Moving Toward Fed View On Rates

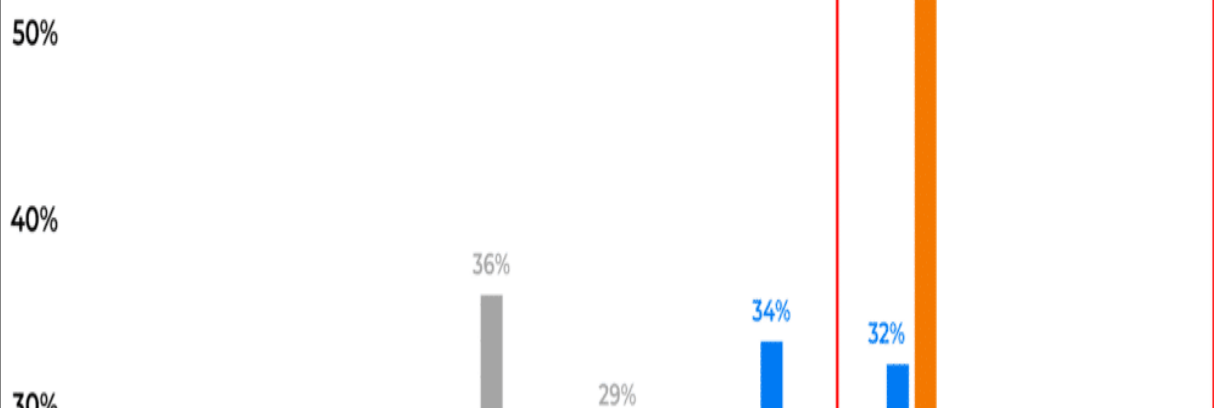
Fed Funds Rate Target Range (as of 2/1 FOMC meeting): 450-475



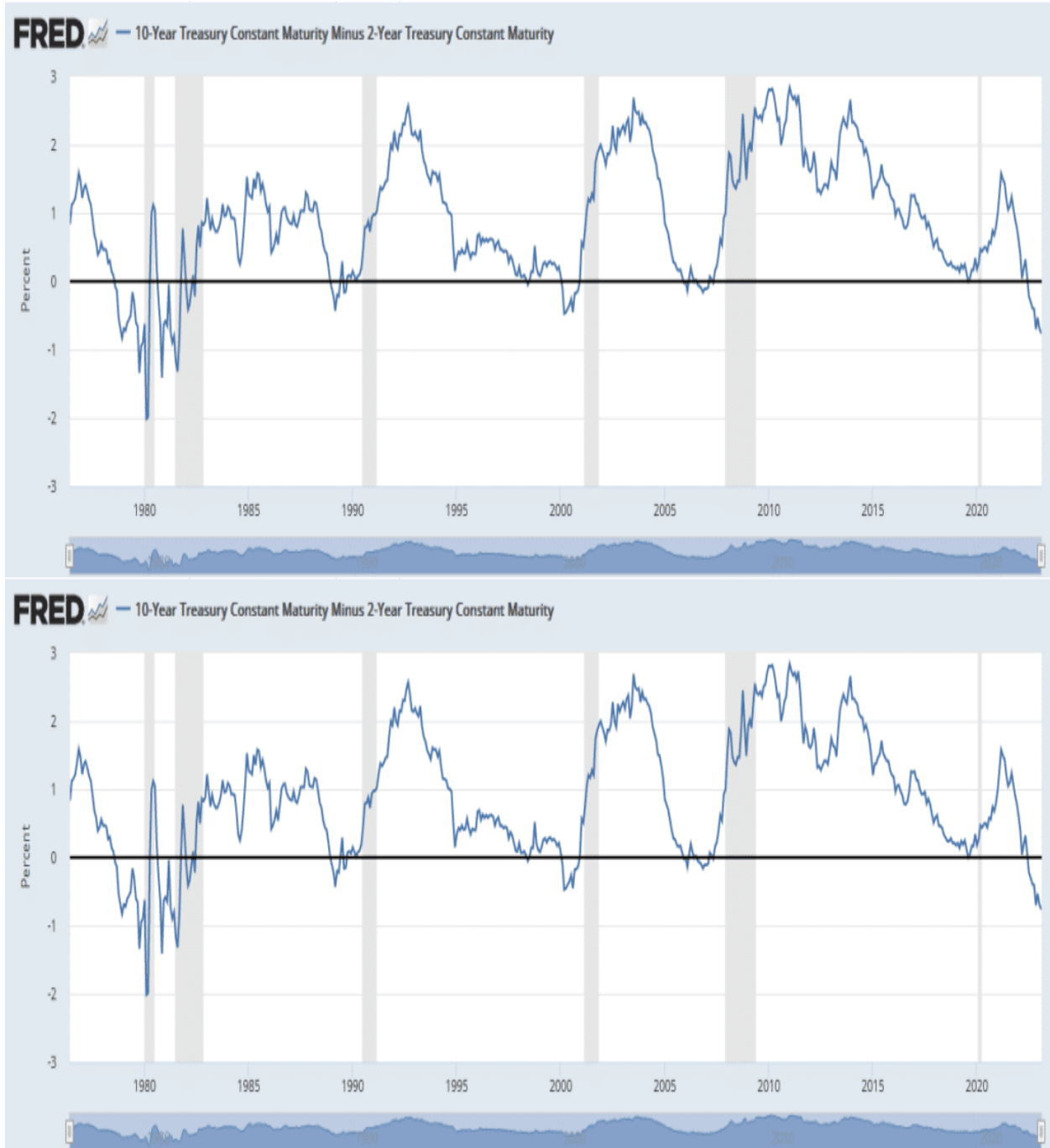
Bars show expectations for the Fed Funds Rate as of the end of 2023 based on market pricing and the latest FOMC dot plot.

## Market Moving Toward Fed View On Rates

Fed Funds Rate Target Range (as of 2/1 FOMC meeting): 450-475









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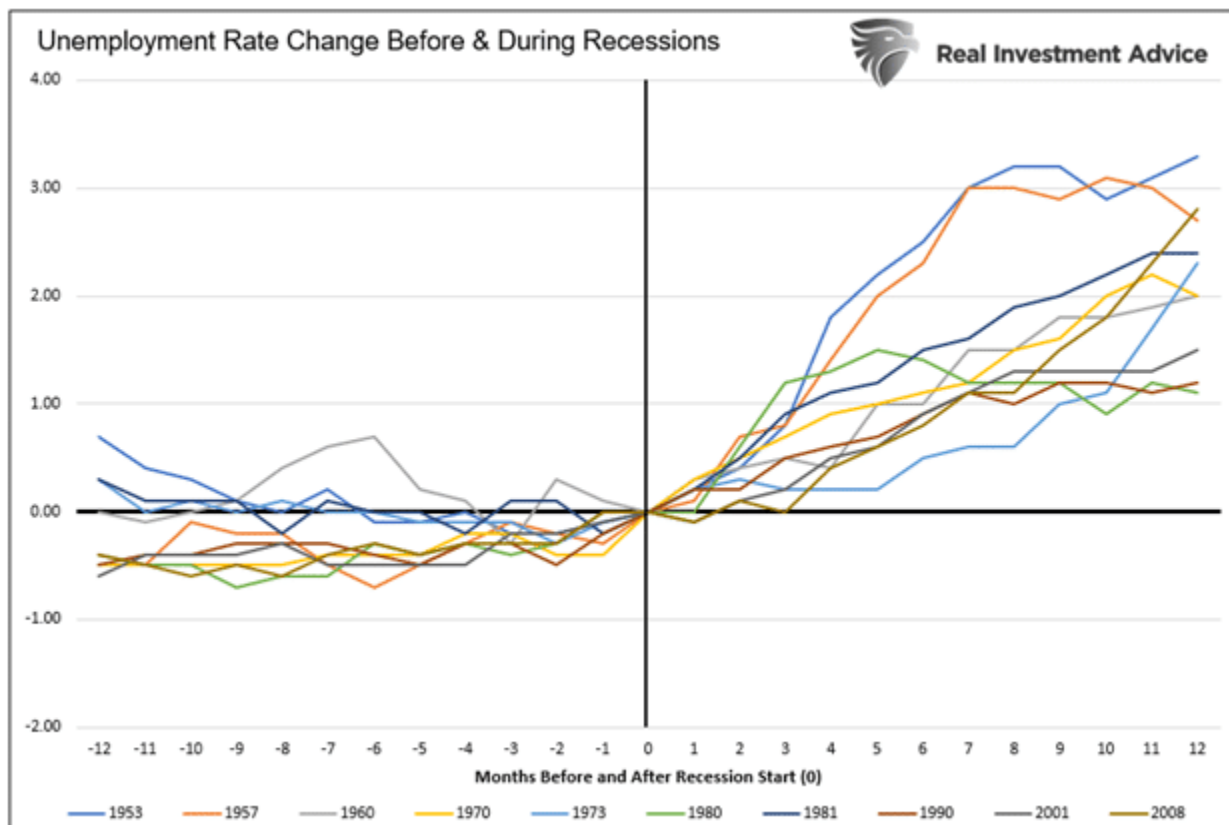
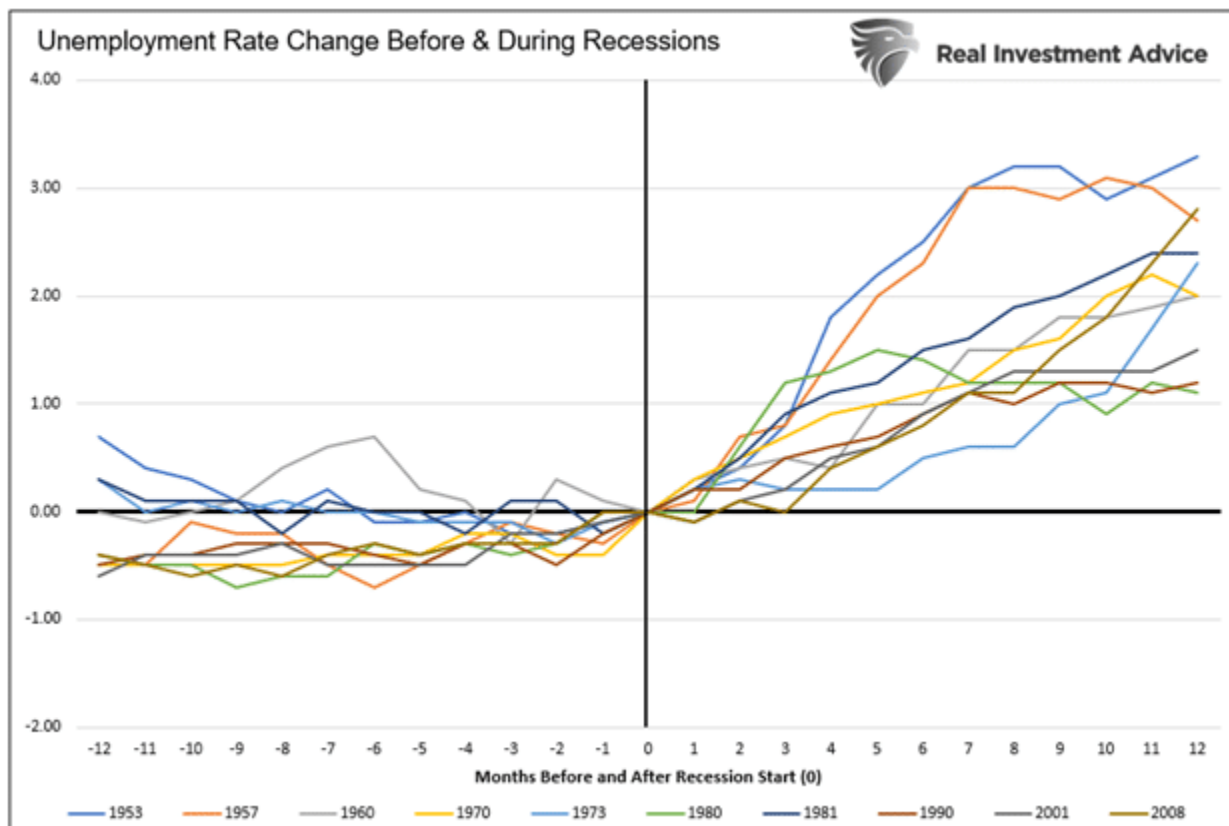
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## Stocks and Unemployment

The unemployment rate sits at a 53-year low. One would think that would signify a great time to buy stocks. The problem with such a theory is that the unemployment rate tends to reach its lowest

point in economic cycles right before recessions. Therefore a low unemployment rate is often the worst time to buy stocks. The first graph below shows that over the past ten recessions, unemployment spikes when recessions begin. As the second bar graph shows, the time to buy stocks is not when an economy is headed into recession and unemployment is very low but when unemployment peaks.



Posted on

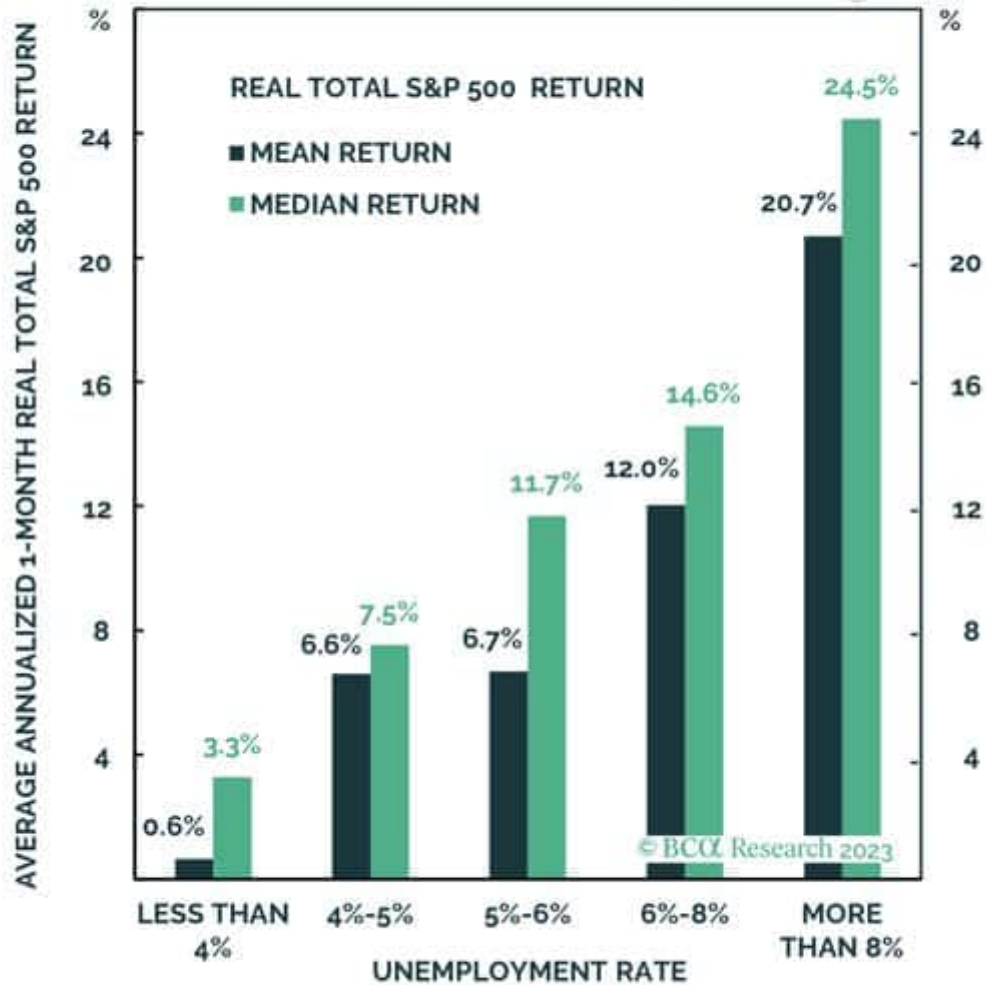
The Daily Shot

08-Feb-2023

@SoberLook

## CHART 1

### Stocks Do Best When Unemployment Is High



NOTE: CALCULATIONS BASED ON UNEMPLOYMENT RATE FROM JANUARY 1950 TO DECEMBER 2022.

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## CHART 1

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