

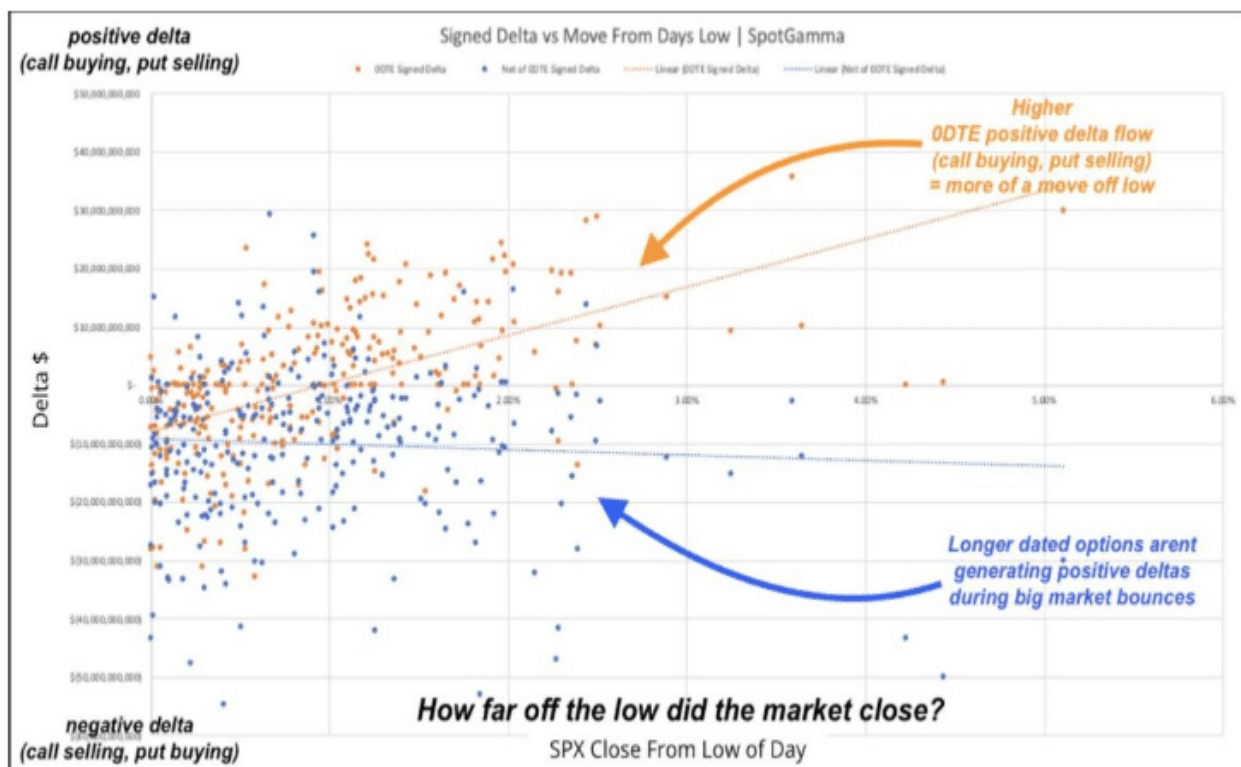
## Bullish 0DTE Bets - RIA

0DTE options are speculative option trades that expire within a day of expiration. Furthermore, and very topical, the popularity of 0DTE options has accelerated immensely, accounting for over 50% of all options volume. Before the pre-pandemic era, 0DTE trading accounted for 5-10% of all options volume. Thus far, the interest is mainly for calls, i.e., bullish bets. While many 0DTE option trades are bullish, that may not always be the case. As we wrote in [Turmoil Lurks Around the Corner](#), *regardless of the objectives, 0DTE options have a similar feature as portfolio insurance; they can significantly intensify market moves.*

The graph below from SpotGamma sheds more light on 0DTE trades. It shows that most 0DTE trades are bullish. To get wonky- the delta of the underlying options rises as stock prices increase. Per SpotGamma: *whereas 0DTE is currently most impactful is where it seems 0DTE calls are being used to buy the dips after large declines.* Such trades exaggerate upward moves. While everyone likes a good upward surge, nothing precludes 0DTE options traders from switching from bullish to bearish trades. In that case, turmoil may rear its ugly head.



Source: SpotGamma



Source: SpotGamma


## What To Watch Today


### Economy

- Wholesale Inventories, January

- Federal Reserve Chair&#2013266080;**Jerome Powell testifies**&#2013266080;before Senate Banking Committee

## Earnings

Company		Time	Estimate		 Growth Show only confirmed?	Surprise			
✓	<b>FERG</b>	Ferguson plc	BMO	\$1.84	\$6.63 B	1.9%	+	=	-
✓	<b>THO</b>	THOR Industries, Inc.	6:30 AM ET	\$1.10	\$2.49 B	-35.7%	+	=	-
✓	<b>DKS</b>	DICK'S Sporting Goo...	7:30 AM ET	\$2.86	\$3.44 B	2.6%	+	=	-
✓	<b>CASY</b>	Casey's General Stor...	5:05 PM ET	\$1.79	\$3.41 B	11.9%	+	=	-
✓	<b>DOLE</b>	Dole plc	6:00 AM ET	\$0.05	\$2.26 B	0.4%	+	=	-
✓	<b>SE</b>	Sea Limited	6:30 AM ET	(\$0.78)	\$3.12 B	99.2%	+	=	-
✓	<b>SFIX</b>	Stitch Fix, Inc.	4:05 PM ET	(\$0.33)	\$413.62 M	-28.8%	+	=	-
✓	<b>CRWD</b>	CrowdStrike, Inc.	4:05 PM ET	\$0.43	\$625.00 M	45.0%	+	=	-
✓	<b>LSEA</b>	Landsea Homes Cor...	6:00 AM ET	\$0.90	\$441.48 M	10.8%	+	=	-
✓	<b>CRCT</b>	Cricut Inc	4:05 PM ET	\$0.07	\$241.40 M	-37.8%	+	=	-
✓	<b>CAN</b>	Canaan Inc.	BMO	(\$0.19)	\$43.59 M	-87.3%	+	=	-
✓	<b>AGTI</b>	Agiliti Inc.	4:05 PM ET	\$0.15	\$272.74 M	-6.1%	+	=	-
✓	<b>CVGI</b>	Commercial Vehicle ...	BMO	\$0.16	\$248.69 M	8.6%	+	=	-
✓	<b>MAXN</b>	Maxeon Solar Techno...	4:05 PM ET	(\$1.25)	\$315.70 M	42.5%	+	=	-
✓	<b>WTI</b>	W&T Offshore Inc.	10:15 PM ET	\$0.03	\$182.38 M	10.1%	+	=	-
✓	<b>FWRG</b>	First Watch Restaura...	6:00 AM ET	\$0.02	\$187.25 M	15.1%	+	=	-
✓	<b>ARLO</b>	Arlo Technologies, Inc.	4:05 PM ET	(\$0.25)	\$107.44 M	-24.8%	+	=	-
✓	<b>SWIM</b>	Latham Group, Inc	7:00 AM ET	(\$0.07)	\$103.02 M	-25.8%	+	=	-
✓	<b>PRTS</b>	CarParts.com, Inc.	4:00 PM ET	(\$0.24)	\$151.18 M	9.3%	+	=	-
✓	<b>ERO</b>	Ero Copper Corp.	4:30 PM ET	\$0.29	\$103.00 M	-23.6%	+	=	-
✓	<b>RNGR</b>	Ranger Energy Servi...	7:50 AM ET	\$0.31	\$171.20 M	39.1%	+	=	-

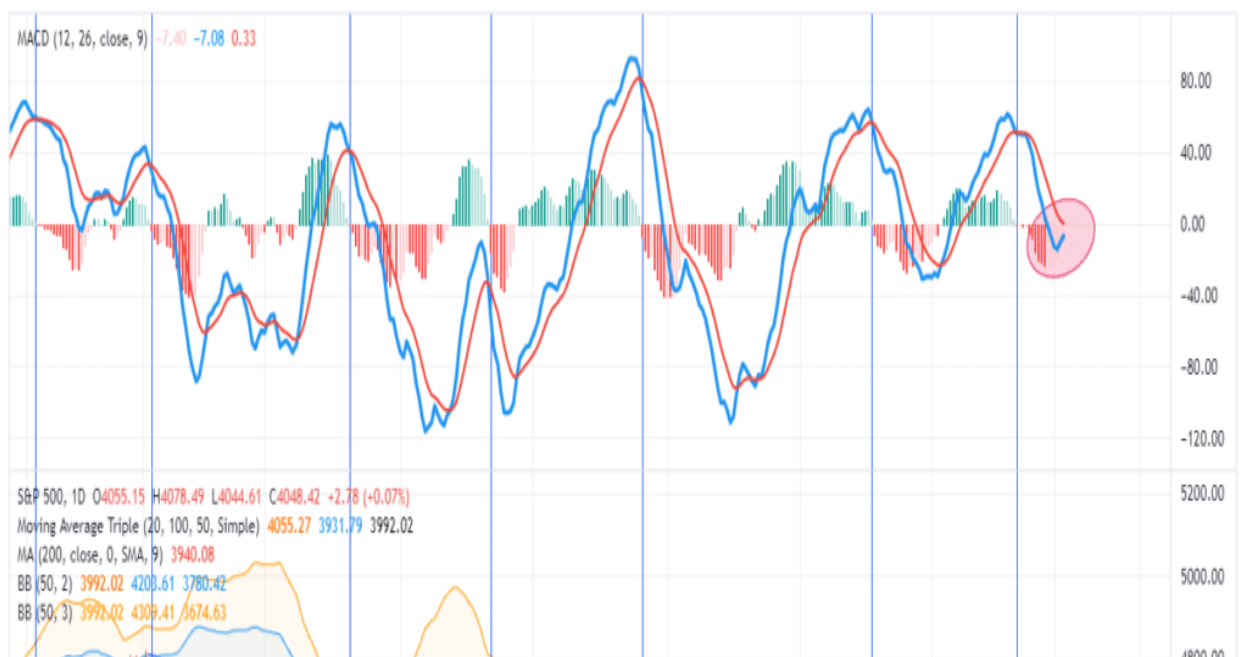
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## Market Trading Update

The market rallied out of the gate yesterday morning and eclipsed the 20-DMA. However, it was unable to sustain that break into the afternoon. Importantly, the 100-DMA is now crossing above the 200-DMA, another bullish confirmation. While the economic and fundamental backdrop remains challenging, the market continues to ignore the *?Elephant in the room?* of the Federal Reserve continuing to tighten monetary policy.



TradingView



Speaking of bullish technicals, [Sentiment Trader](#) posted a report yesterday showing market performance post "bear market lows." If such is indeed the case. To wit:

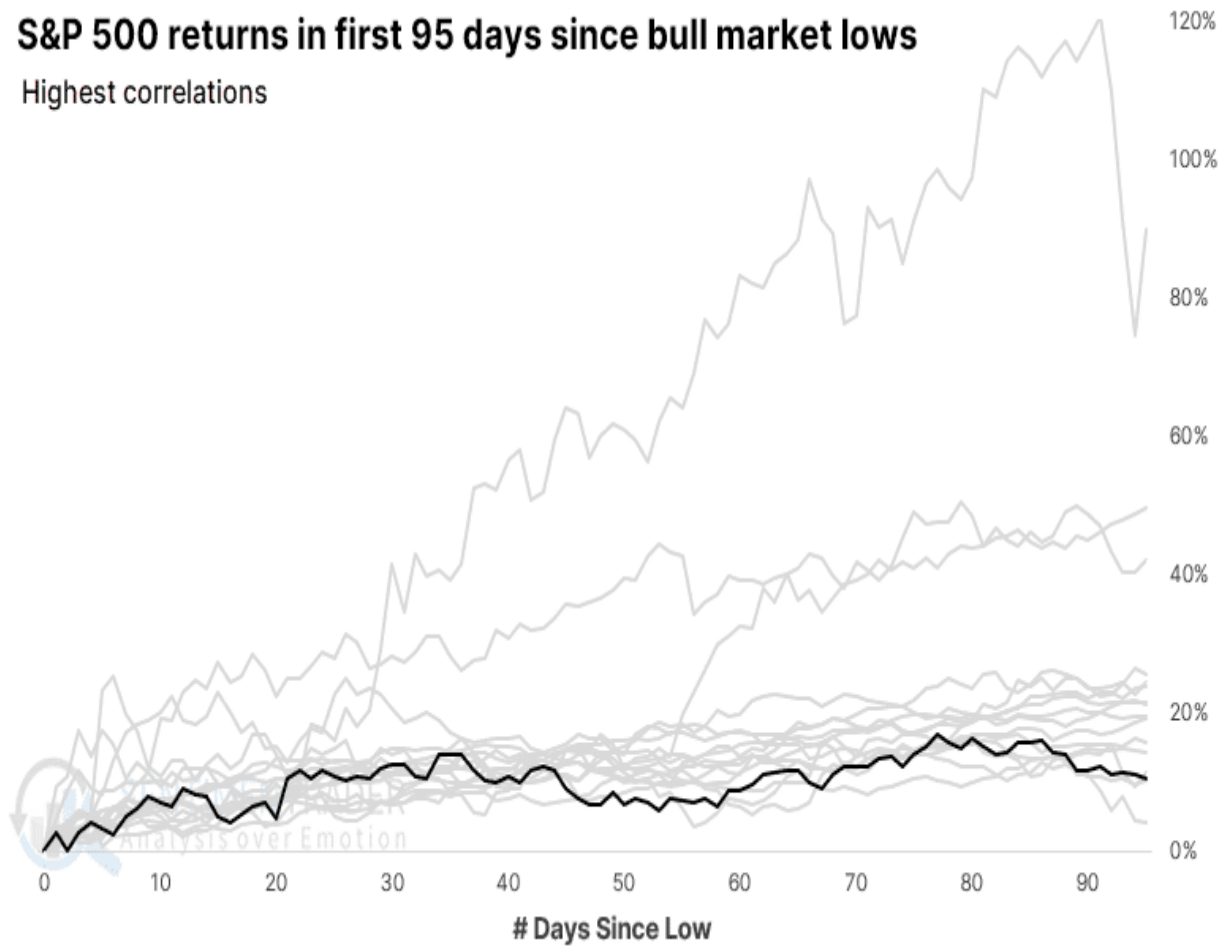
*"If we assume that October 12, 2022, was the birth of a new bull market, then by last week, the rally had lasted 95 trading days. We can use bull and bear market dates defined by Ned Davis Research to compare the price path during this stretch against all other nascent bull markets since 1928. By doing that, we can look at the highest- and lowest-correlated bull markets to see where the current one fits in and what the future returns looked like after similar behavior.*

*The chart below shows the current bull market in black versus the 15 highest-correlated ones dating back to 1928."*



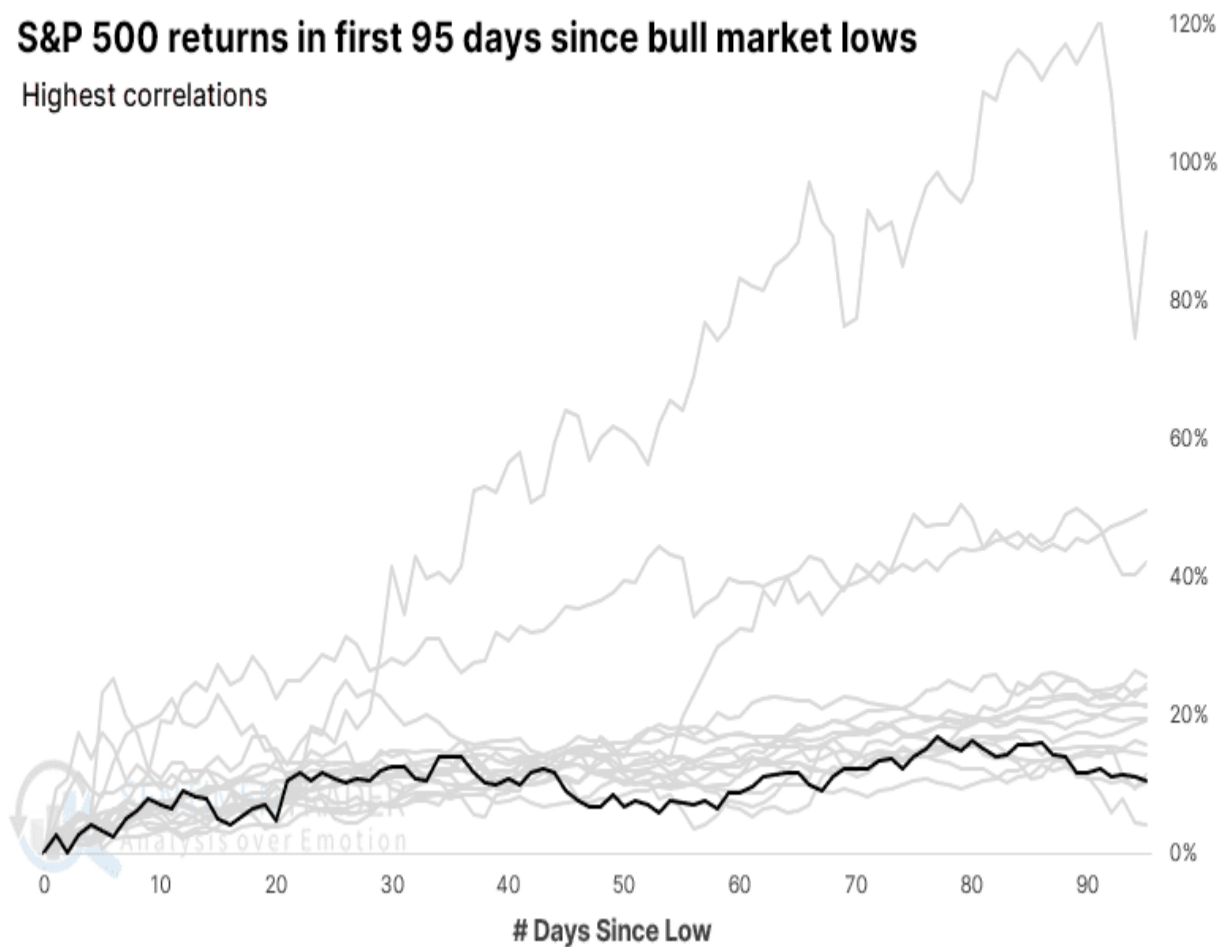
## S&P 500 returns in first 95 days since bull market lows

Highest correlations



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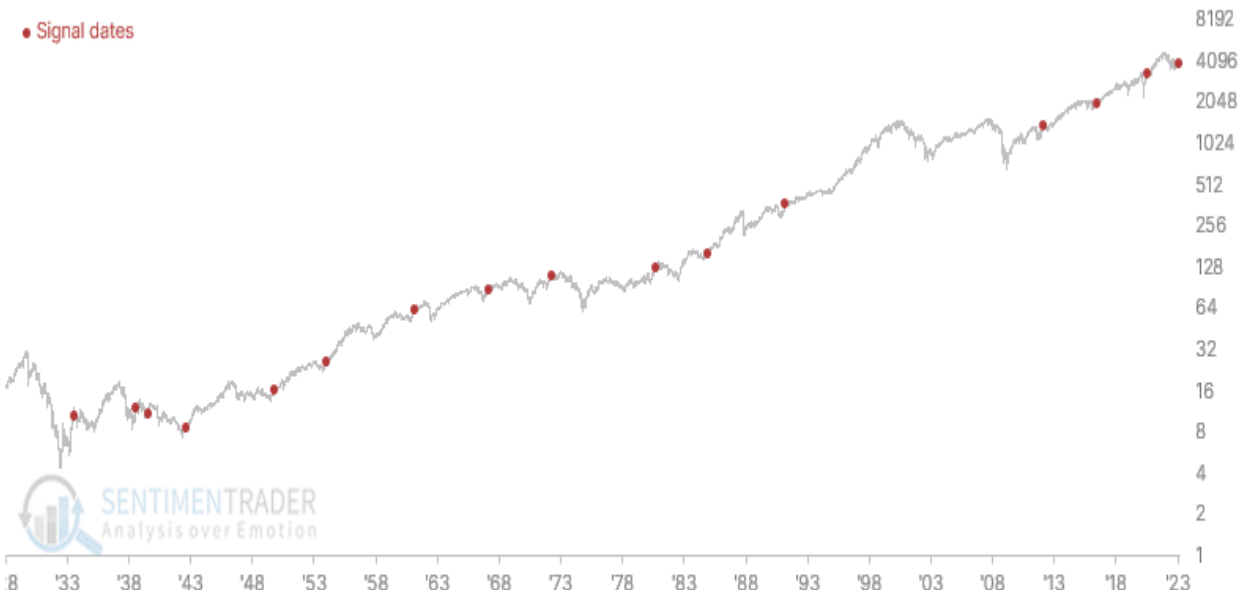
Highest correlations





*What's most important is what it meant for future returns. The table below shows S&P returns after the first 95 days of the most highly-correlated bull markets. Those returns were good, especially over the next six months, with all positive returns.*

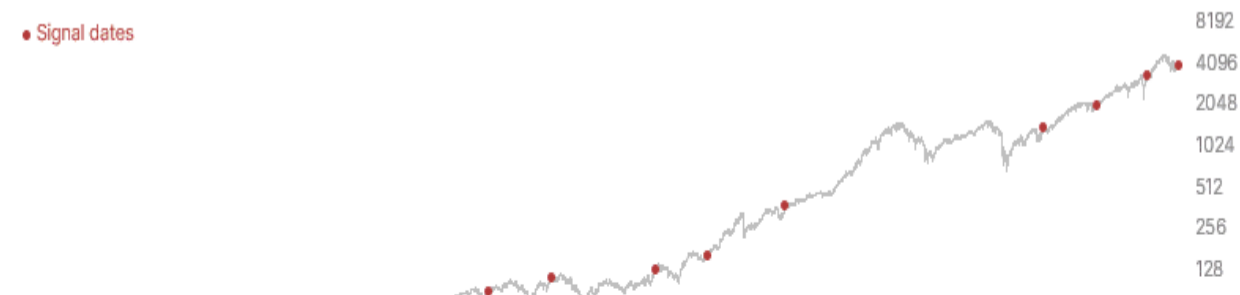
## S&P 500 after 95 days of a bull market with highest correlation to current



Dates of 15 Signals	Bull Mkt Correlation	1 Week Later (%)	2 Weeks Later (%)	1 Month Later (%)	2 Months Later (%)	3 Months Later (%)	6 Months Later (%)	12 Months Later (%)
1933-07-24	0.66	-5.2	-4.3	4.0	-4.5	-14.1	5.9	-20.4
1938-08-16	0.68	3.9	-0.3	-3.4	8.2	8.6	0.7	-8.7
1939-08-24	0.72	2.9	16.9	19.2	21.6	15.3	11.9	-5.8
1942-09-09	0.62	-0.5	1.3	7.6	11.2	8.4	27.4	37.6
1949-10-27	0.75	0.9	-0.7	-0.6	4.0	5.6	13.1	21.1
1954-02-02	0.69	1.0	-0.4	1.9	5.0	9.1	19.3	41.7
1961-03-14	0.67	2.1	1.6	4.5	4.8	4.1	7.3	12.1
1967-02-24	0.78	1.0	1.7	4.0	6.4	4.3	6.5	3.6
1972-04-10	0.75	0.1	-1.2	-4.3	-2.0	-1.2	0.2	3.0
1980-09-04	0.72	0.2	2.4	3.1	2.9	8.8	3.5	-3.3
1984-12-06	0.69	-0.6	2.2	0.8	10.9	10.0	16.5	25.3
1991-02-27	0.65	2.3	1.9	2.0	1.6	4.1	6.9	12.9
2012-02-17	0.67	0.5	0.2	3.3	1.2	-4.8	4.2	10.4
2016-06-28	0.72	3.1	5.7	6.6	6.5	6.1	11.4	19.9
2020-08-06	0.66	0.7	1.1	2.3	0.4	2.8	16.1	32.5
2023-03-01								
<b>Median</b>	<b>0.69</b>	<b>0.9</b>	<b>1.3</b>	<b>3.1</b>	<b>4.8</b>	<b>5.6</b>	<b>7.3</b>	<b>12.1</b>
<b>% Positive</b>		<b>80%</b>	<b>67%</b>	<b>80%</b>	<b>87%</b>	<b>80%</b>	<b>100%</b>	<b>73%</b>
Avg Max Loss		-0.3	-0.6	-1.1	-1.2	-1.2	-1.2	-2.5
Avg Max Gain		1.1	1.7	4.0	6.6	7.6	12.0	14.6
Z-Score		1.3	0.8	1.8	2.2	2.0	1.8	0.9

© SENTIMENTRADER Numbers are % return after signal; Risk = avg max loss; Reward = avg max gain; Z-Score +/- 2 suggests significance.

## S&P 500 after 95 days of a bull market with highest correlation to current



*?Suppose a new bull market started last October. In that case, it has progressed in line with many of the more sustained bull markets in history, particularly since the 1950s. The first 95 trading days of the bull market (if that?s what this is) have a high correlation to the first 95 days of bull markets that showed a strong tendency to persist, with low drawdowns, at least over the next year. While a couple of those ultimately failed, the initial move off the low was compelling enough for buyers to continue to raise their bids for months afterward.?*

Just something to consider.

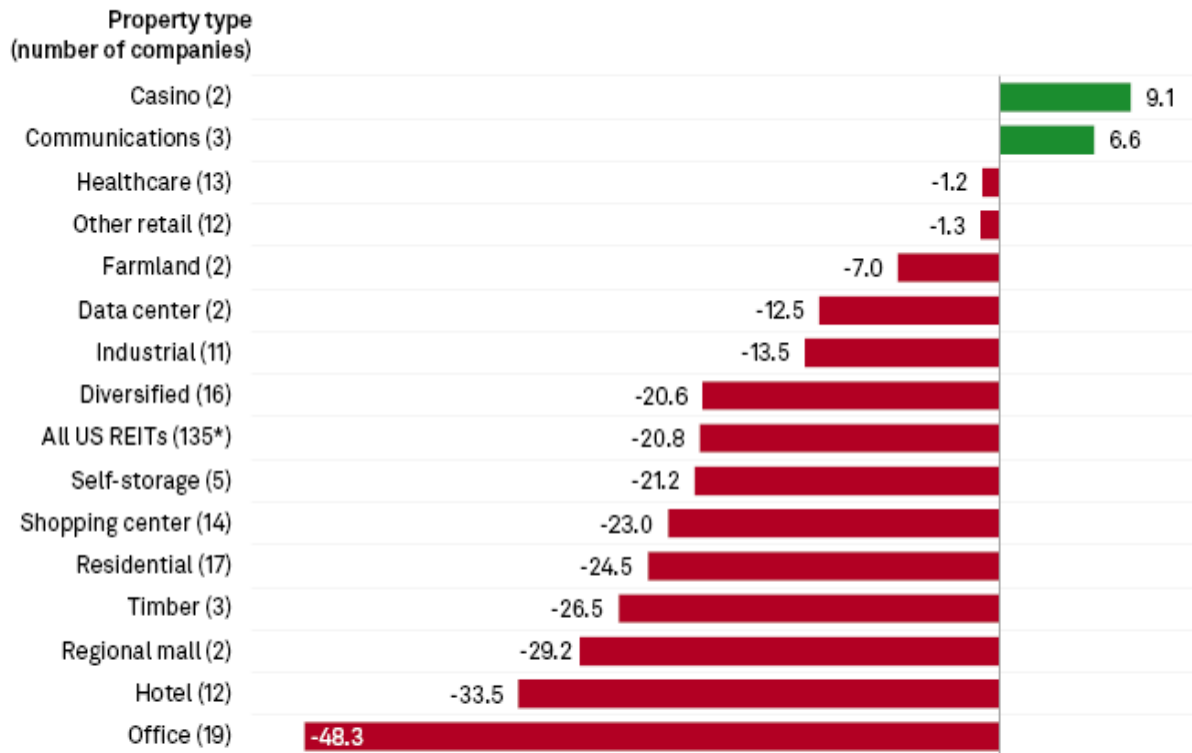


## REITs Trading at Discounts

S&P Global conducted recent research on the Net Asset Values (NAV) of U.S. equity REITs broken down by sector. In this case, the chart below shows the difference between the market cap of the aggregated REITs by sector and the reported value of the underlying properties. We caveat the research. Securing ?good? valuations for properties is very difficult. Therefore, REITs are often delayed in reporting declines in property values. Investors, however, are not dumb and will often price in lower asset values before they are officially reported, resulting in price discounts to the NAV.

The first chart shows that only Casino and Communications REITs trade at a premium to their aggregate NAVs. Conversely, office REITs trade at the largest discounts. Further, the second table shows eight of the ten REITs trading at the largest discounts to NAVs are office REITs. Lastly, the third table shows the top ten REITs sorted by the premium to NAV.

## Median premium (discount) to NAV as of Dec. 30, 2022 (%)



Data compiled Jan. 3, 2023.

NAV = net asset value.

\* Includes two additional specialty REITs that are not reflected in a property type category.

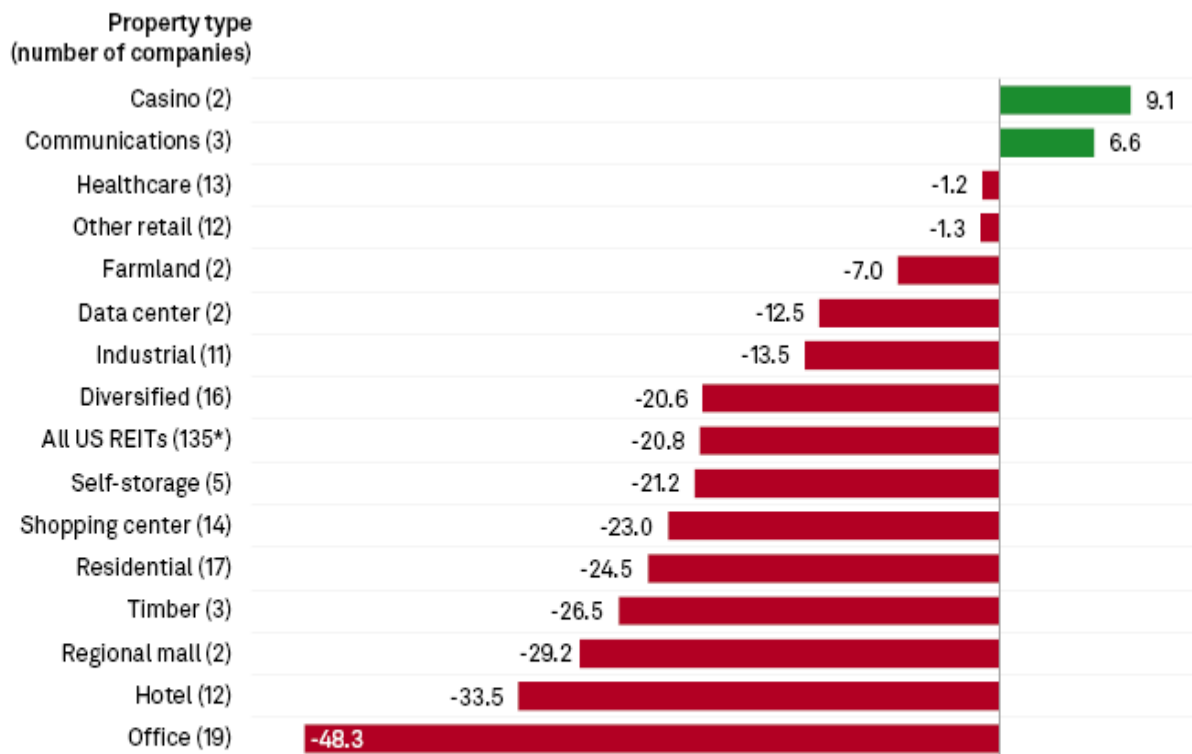
Includes publicly traded U.S. equity REITs that trade on the Nasdaq, NYSE or NYSE American with market capitalizations of at least \$200 million.

Other retail includes outlet centers and single tenant; residential includes multifamily, single family and manufactured homes.

Source: S&P Global Market Intelligence.

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## Top 10 discounts to net asset value

Company (ticker)	Property type	Market capitalization (\$M)	Dec. 30, 2022		
			Price (\$)	Consensus NAV estimate (\$)	Discount to NAV (%)
Industrial Logistics Properties Trust (ILPT)	Industrial	214.4	3.27	18.89	82.7
Hudson Pacific Properties Inc. (HPP)	Office	1,369.3	9.73	30.03	67.6
Necessity Retail REIT Inc. (RTL)	Other retail	792.9	5.93	16.00	62.9
Office Properties Income Trust (OPI)	Office	648.4	13.35	31.37	57.4
Piedmont Office Realty Trust Inc. (PDM)	Office	1,131.5	9.17	21.40	57.2
Brandywine Realty Trust (BDN)	Office	1,055.2	6.15	14.27	56.9
Paramount Group Inc. (PGRE)	Office	1,305.8	5.94	13.54	56.1
SL Green Realty Corp. (SLG)	Office	2,168.7	33.72	75.11	55.1
Orion Office REIT Inc. (ONL)	Office	483.7	8.54	18.55	54.0
Vornado Realty Trust (VNO)	Office	3,991.7	20.81	44.98	53.7

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## Top 10 premiums to net asset value

Company (ticker)	Property type	Dec. 30, 2022			
		Market capitalization (\$M)	Price (\$)	Consensus NAV estimate (\$)	Premium to NAV (%)
American Tower Corp. (AMT)	Communications	98,643.2	211.86	171.90	23.2
Agree Realty Corp. (ADC)	Other retail	6,269.2	70.93	60.23	17.8
Community Healthcare Trust Inc. (CHCT)	Healthcare	855.0	35.80	31.28	14.5
Realty Income Corp. (O)	Other retail	39,780.4	63.43	55.89	13.5
Essential Properties Realty Trust Inc. (EPRT)	Other retail	3,341.4	23.47	20.81	12.8
STORE Capital Corp. (STOR)	Diversified	9,048.5	32.06	28.86	11.1
Welltower Inc. (WELL)	Healthcare	30,973.8	65.55	59.06	11.0
VICI Properties Inc. (VICI)	Casino	31,739.0	32.40	29.41	10.2
W. P. Carey Inc. (WPC)	Diversified	16,257.8	78.15	71.40	9.4
LTC Properties Inc. (LTC)	Healthcare	1,439.1	35.53	32.46	9.4

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## Heikin Ashi Technical Analysis

Jim Colquitt uses Heikin Ashi, a not commonly used form of technical analysis, to analyze what may come next for the S&P 500. Per stock charts:

Heikin-Ashi Candlesticks are an offshoot from Japanese candlesticks. Heikin-Ashi Candlesticks use the open-close data from the prior period and the open-high-low-close data from the current period to create a combo candlestick. The resulting candlestick filters out some noise in an effort to better capture the trend. In Japanese, Heikin means "average" and Ashi means "pace" (EUDict.com). Taken together, Heikin-Ashi represents the average pace of prices. Heikin-Ashi Candlesticks are not used like normal candlesticks. Dozens of bullish or bearish reversal patterns consisting of 1-3 candlesticks are not to be found. Instead, these candlesticks can be used to identify trending periods, potential reversal points and classic technical analysis patterns.

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Here is Jim's technical take on the S&P 500 as seen through the eyes of Heiken Ashi Analysis:

*Note that the even though the S&P 500 Index registered a positive week, it still generated a ?red candle? using the Heikin Ashi bars. This is because the Heikin Ashi candles are focused on average price movements. As such, despite a positive price week for the S&P 500 Index, the Heikin Ashi candles indicate that the price trend is still lower.*

*Additionally, note that typically before a reversal in price, the Heikin Ashi price bars will indicate this by having an ?upper wick? or ?upper shadow? the week or two prior to the reversal taking place. I have noted how this has played out in the past using the black arrows. This last week did not register a ?upper wick/shadow? thus further suggesting that the trend is lower.*



S&P 500 Index, 1W, TVC, Heikin Ashi O4045.12 H4048.29 L3928.16 C4003.62 -0.84 (-0.02%)

USD



S&P 500 Index, 1W, TVC, Heikin Ashi O4045.12 H4048.29 L3928.16 C4003.62 -0.84 (-0.02%)

USD

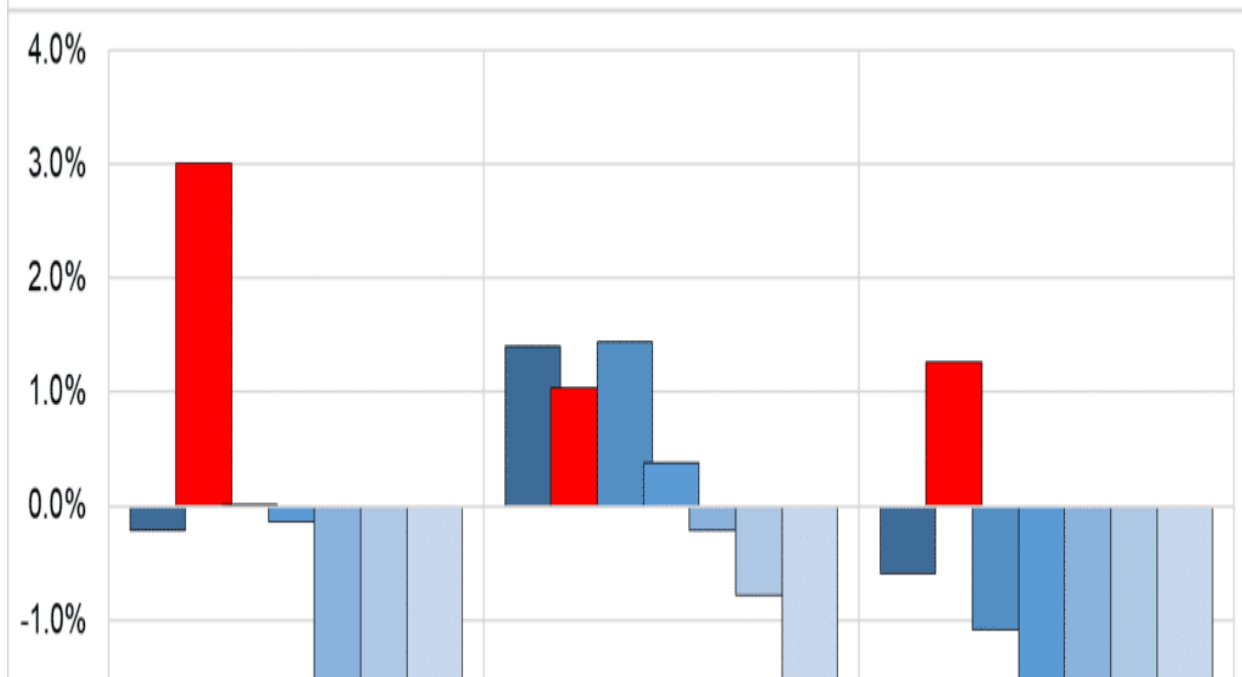
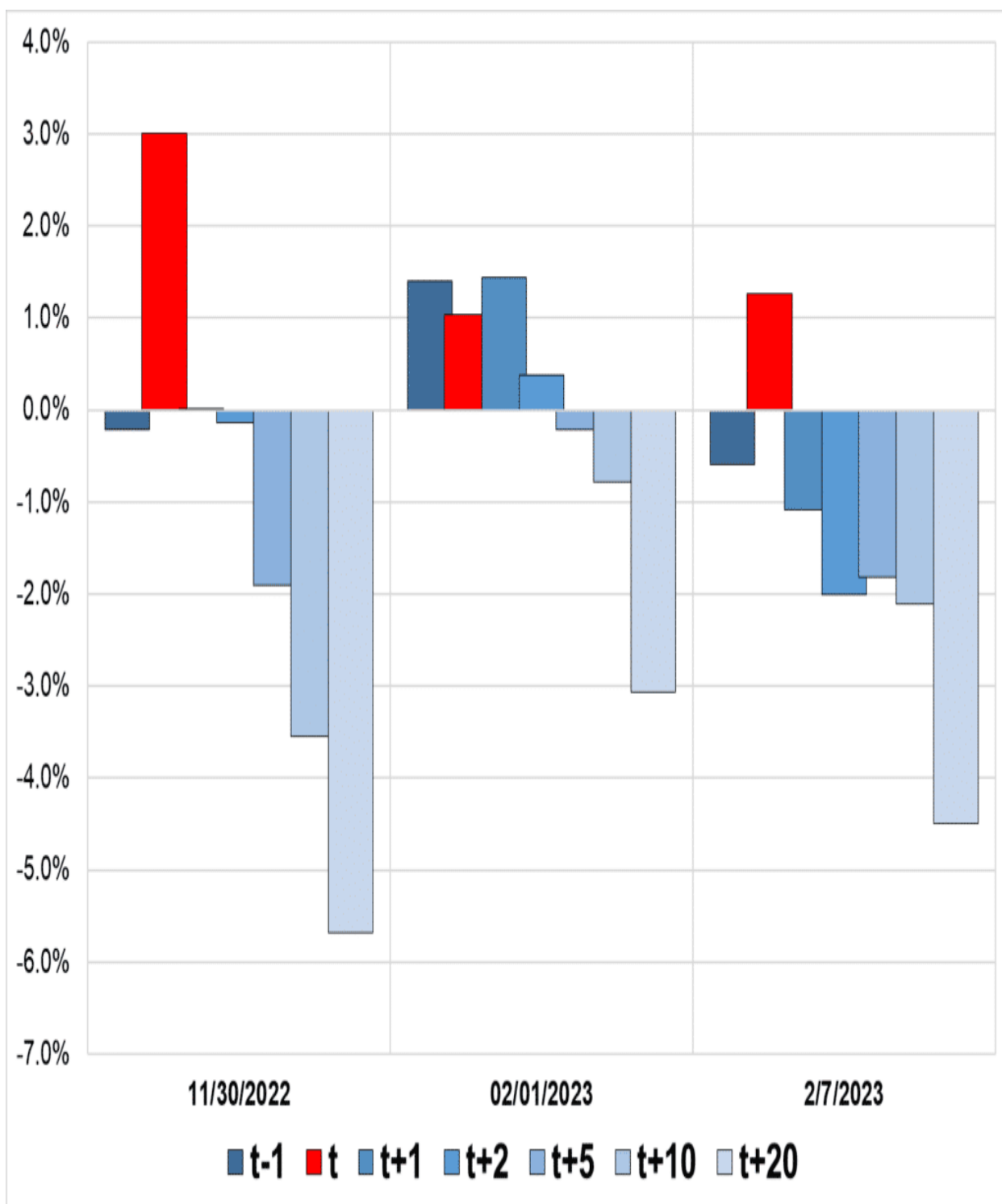


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## Powell Visits Capital Hill

Jerome Powell will testify to Congress today and Thursday. Likely, Powell will focus on the Fed's plan to tackle inflation. Therefore to better prepare for the potential of volatile trading, the graph below from [Brent Donnelly](#) sheds light on instances where Powell has been less hawkish.

*Per Brent: Jerome Powell doesn't know any more than you do about where the economy is headed. That's why I have emphasized that markets should trade the data, not Powell. Here is the performance of equities around three big dovish Powell moments. The red bar is the day Powell spoke.*



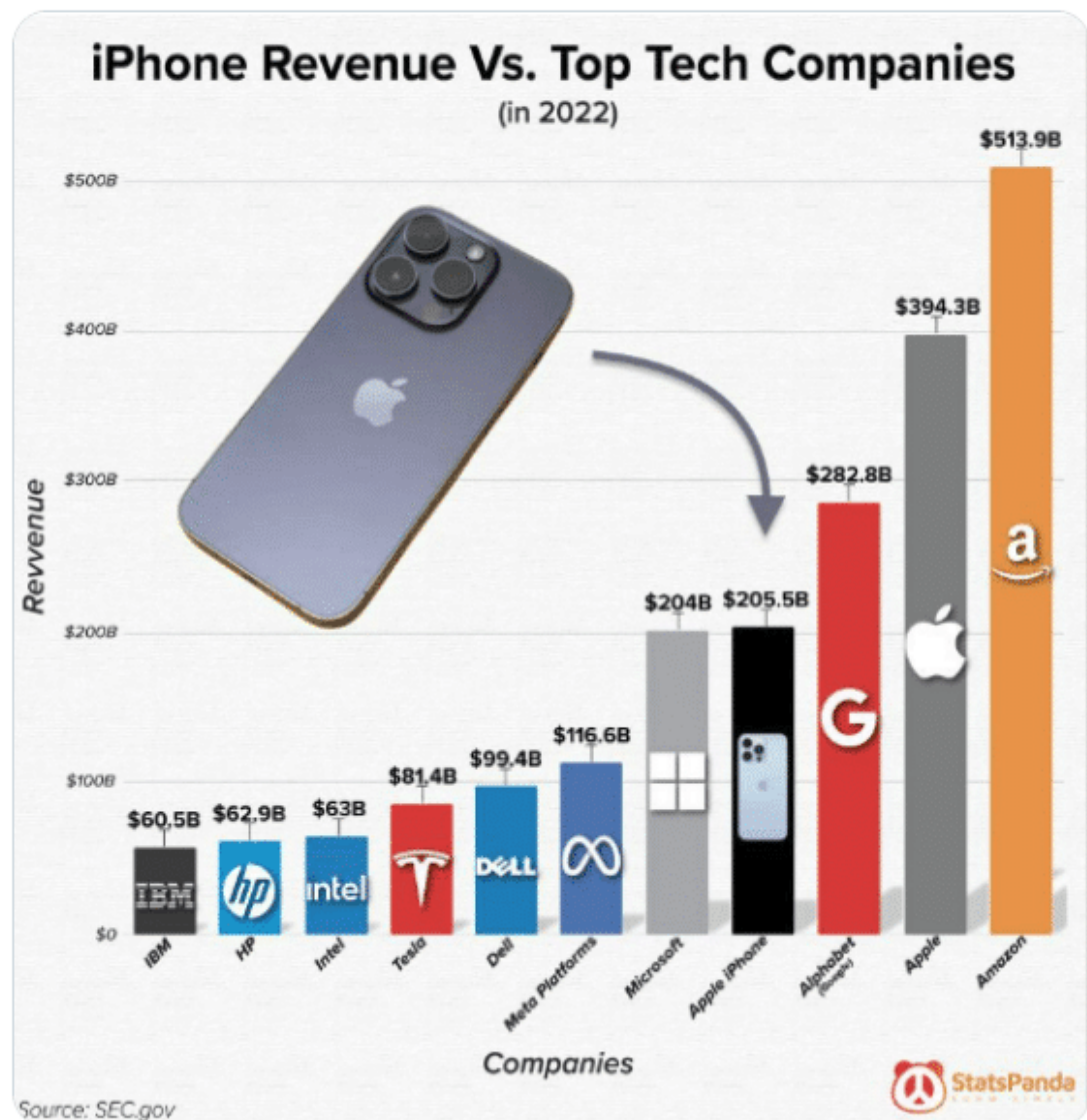
**Tweet of the Day**



**Alf** @MacroAlf · Mar 3

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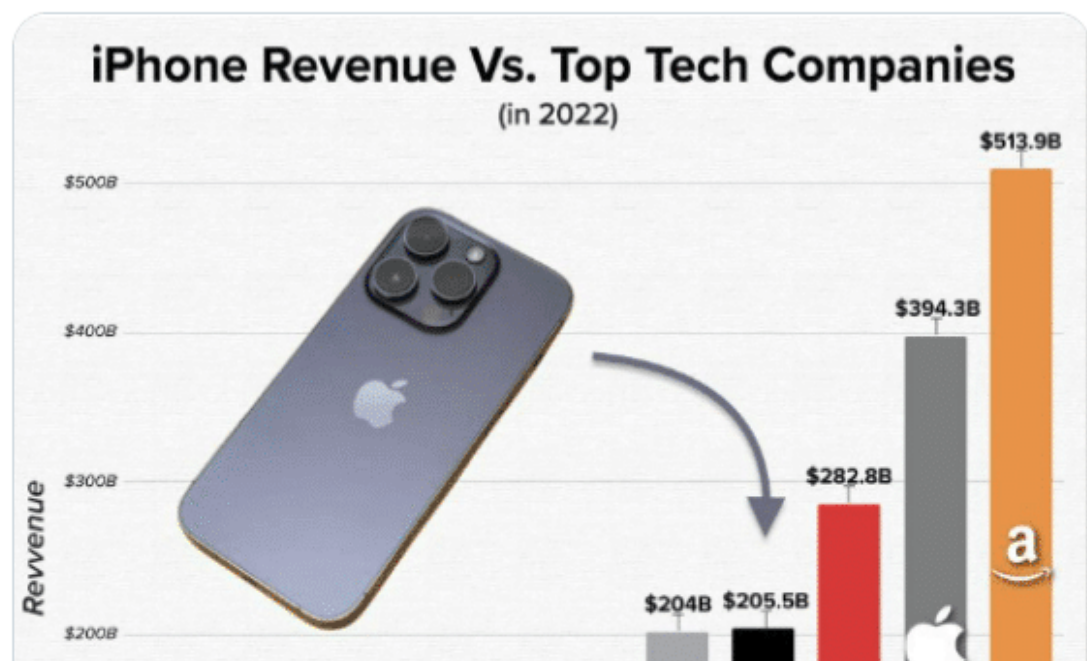
Apple generated more revenues solely selling iPhones than Meta and Tesla selling all their products combined (!) in 2022.



**Alf** @MacroAlf · Mar 3

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Apple generated more revenues solely selling iPhones than Meta and Tesla selling all their products combined (!) in 2022.



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