

# Disclaimer

- Today's webinar is for educational purposes only.
- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only
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- Past stock or option performance is no guarantee of future price appreciation or depreciation.
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# *InvestorsObserver* Workshop

# InvestorsObserver Workshop

- Charts
- Hot Right Now
- Fed Reaction
- What Else is Happening?
- Member-driven content: Questions, site demonstrations, etc.
  - Can prepare slides for questions submitted ahead of time: Mention “workshop”

# S&P 500



S&P 500  
One Year

# S&P 500



S&P 500  
Two Years

# NASDAQ



Nasdaq  
One Year

# Russell 2000



Russell 2000  
One Year

# S&P 500 vs. Equal Weight

One Year, Daily Candles





# Growth vs. Value

one year, daily candles



# Hot Right Now

- Energy
  - Oil & Gas Drilling
  - Thermal Coal
  - Oil & Gas Equipment & Services
- Utilities
  - Regulated Electric
  - Regulated Water
  - Diversified
- Industrials
  - Airports & Air Services
  - Engineering & Construction
  - Metal Fabrication
- Basic Materials
  - Coking Coal
  - Copper
  - Aluminum
- Consumer Defensive
  - Confectioners
  - Food Distribution
  - Discount Stores

# Fed Quick Reaction

- More Hikes Coming:
  - "The Committee anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time." Statement
- "Labor market remains extremely tight." Powell
- "It is important that overall financial conditions reflect" the Fed's actions. Powell
  - Rising stock prices are loosening financial conditions
- "We think we've covered a lot of ground and financial conditions have certainly tightened. We still think there's work to do there." Powell
- Powell also said the terminal rate could be higher than the 5-5.25 suggested in December forecast.
  - Probably believes this, but also a lot of signalling
- "Not very far" from the peak

# What Else is Going On?

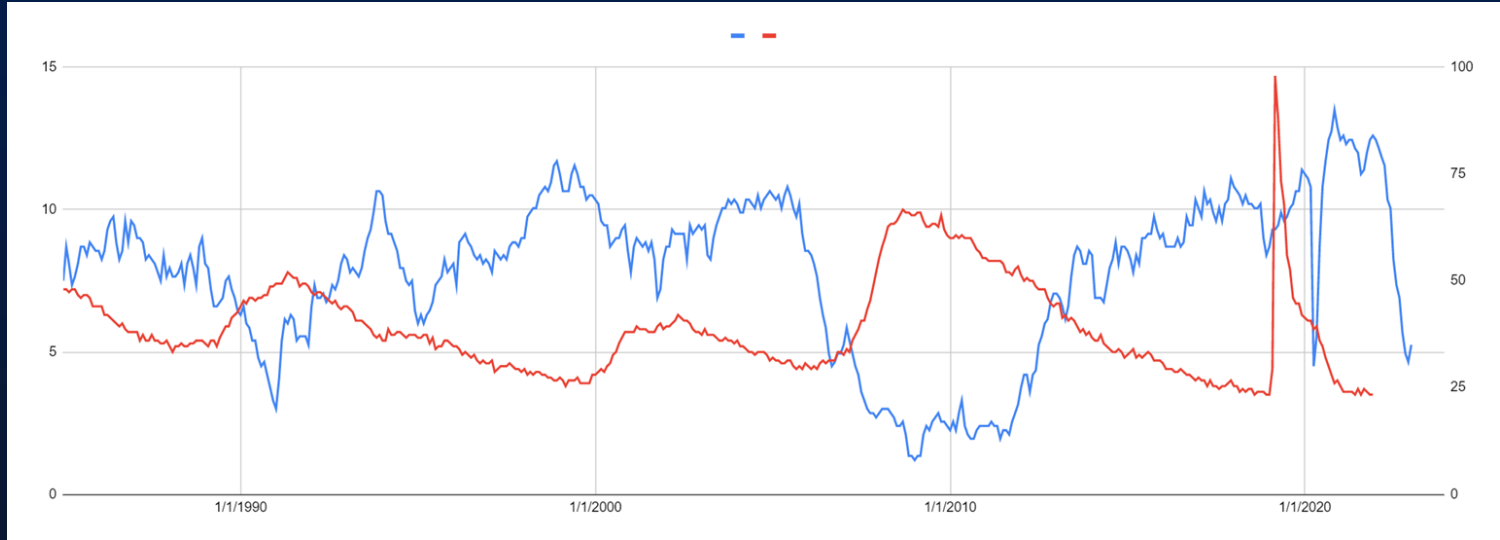
- Economic Data Generally Pretty Good
  - Some softening, but nothing that really looks like a recession
  - "Soft Landing" seems to be in play
- Earnings Season
  - Pretty good so far
    - Some company-specific things, but mostly positive
      - Expectations maybe a little low
  - Big Tech on Deck
    - A bigger part of the stock market than they are of the economy
    - Possible continued weakness here
- China reopening more normalization
  - What is the "new normal"
  - Not everything will go back to where it was in 2019

# Questions?

Mark Tepper on FBN just commented to expect UE at 7% in @1 year. This is based on an overlay of charts for NAHB (Builders sentiment) with Unemployment, using 12 month delay with NAHB (leading). Commented it was an exact duplication. Plz comment.

– CJ

UE: Red  
NAHB: Blue  
  
Since 1985  
  
As described



Sentiment is pretty noisy. There's some correlation here, but "exact duplication" seems like a stretch.

# Questions?

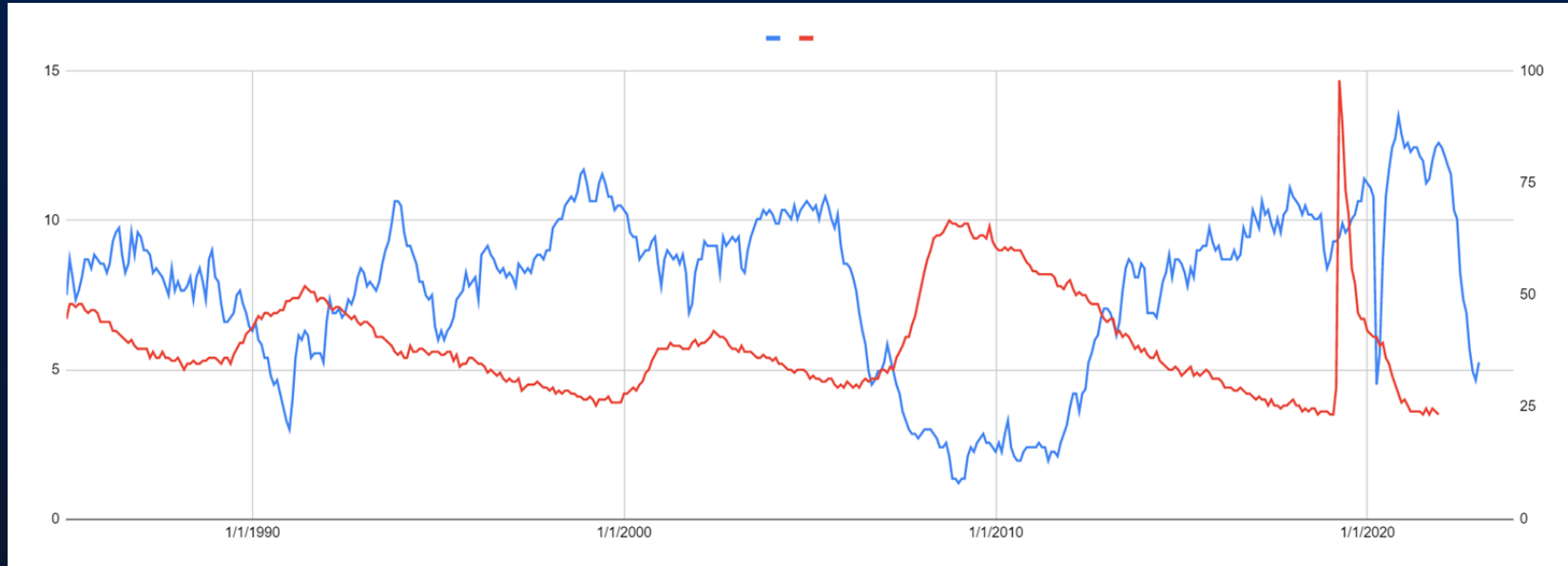
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UE: Red  
NAHB: Blue

Since 1985

UE inverted



Sentiment is pretty noisy. There's some correlation here, but "exact duplication" seems like a stretch.

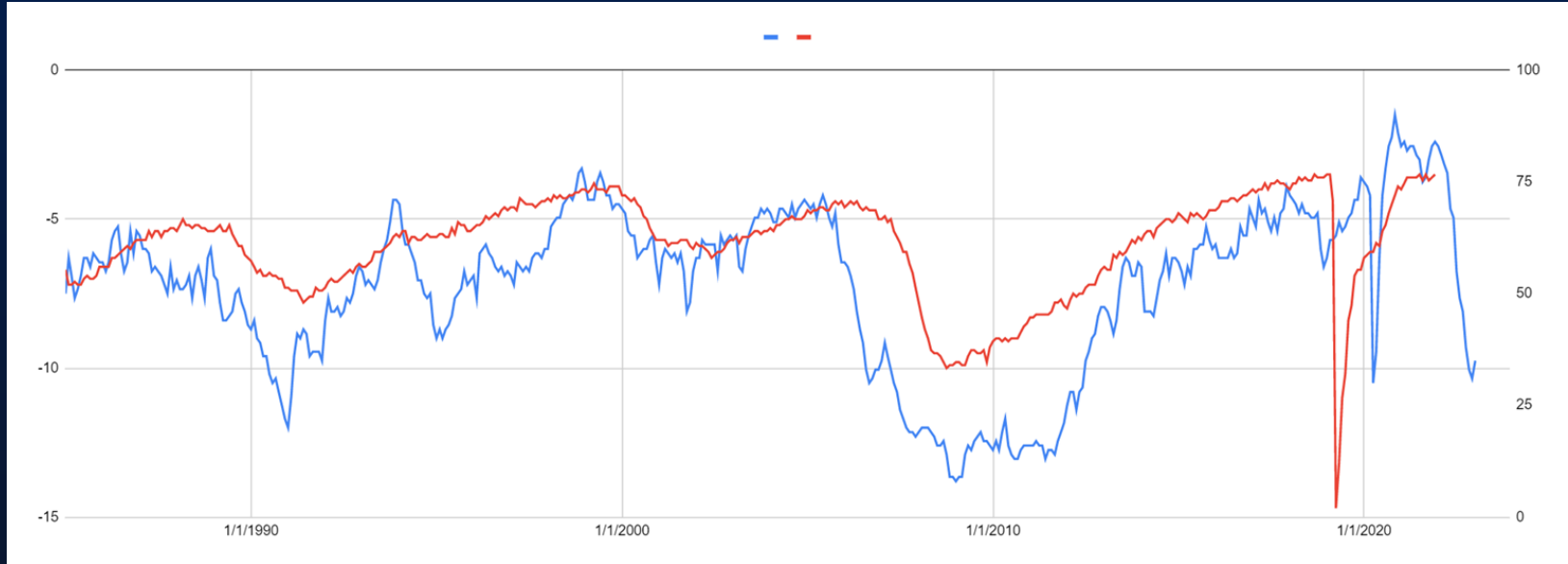
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Since 1985



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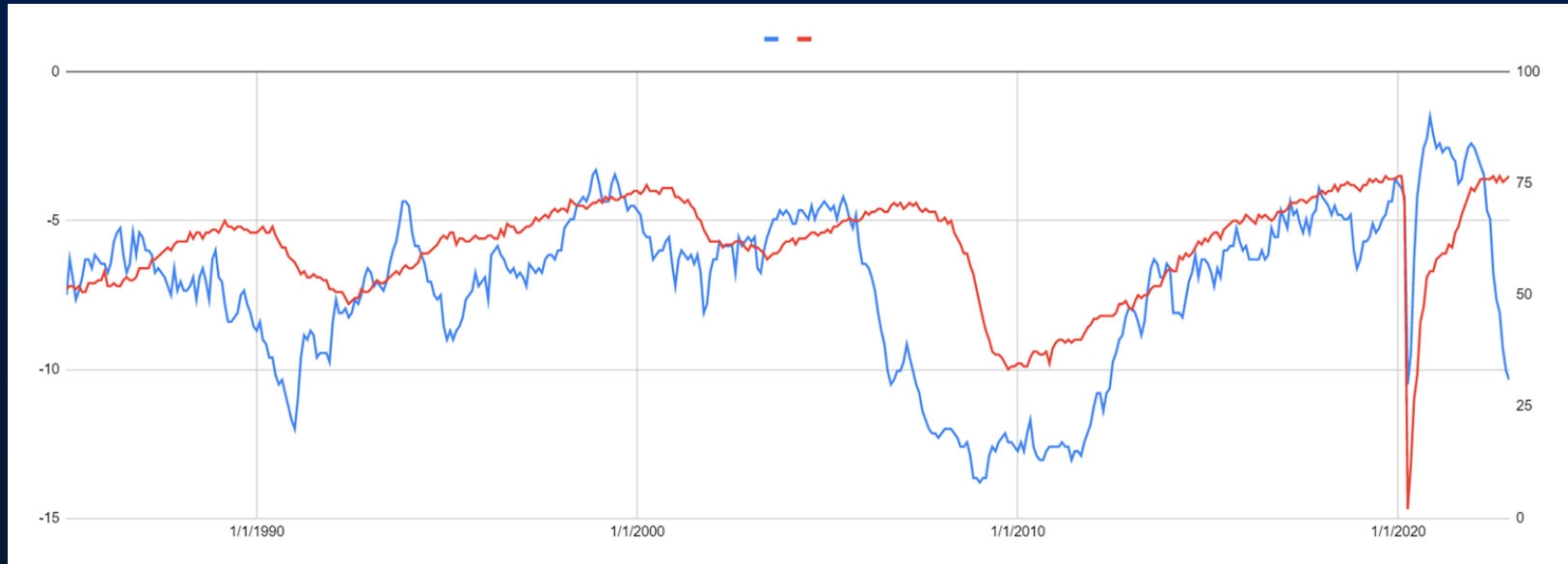
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UE: Red  
NAHB: Blue

Since 1985

No Lag



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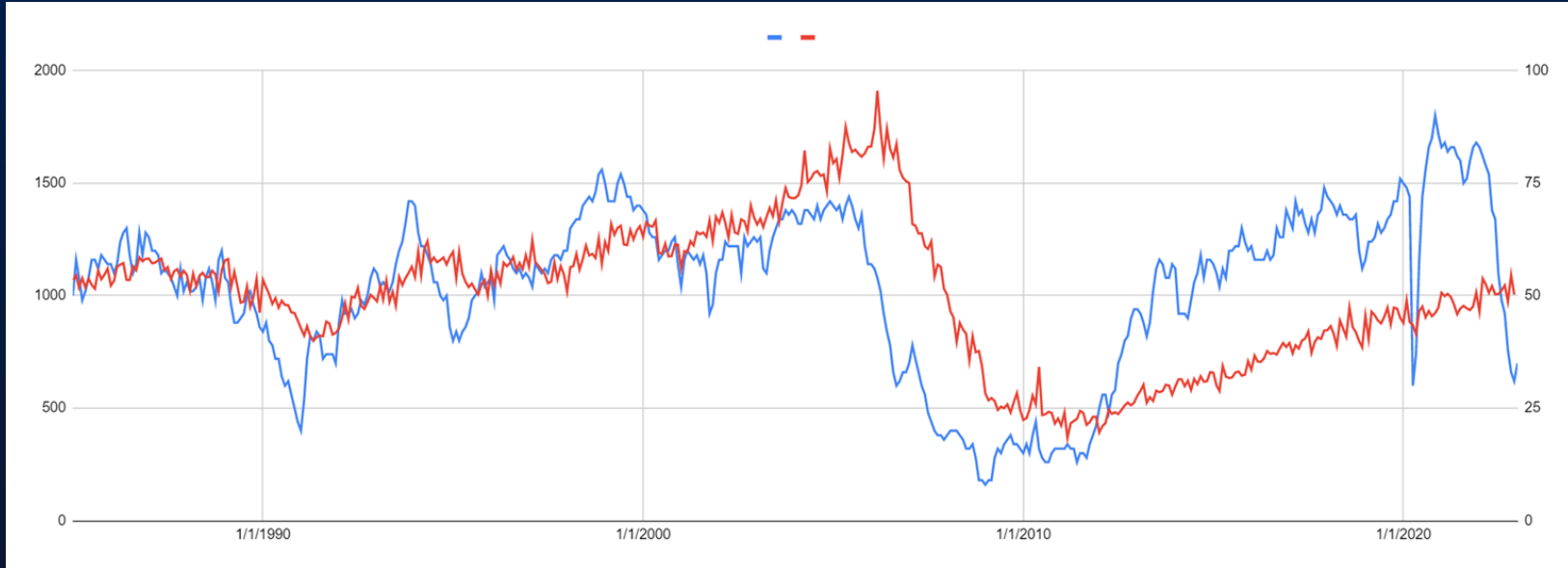
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Single family  
completions:  
Red

NAHB: Blue

Since 1985



Compare sentiment to actual home completions. It's probably closer, but sentiment is still a lot noisier and the big increase in sentiment after 2008 didn't translate to more homes built.

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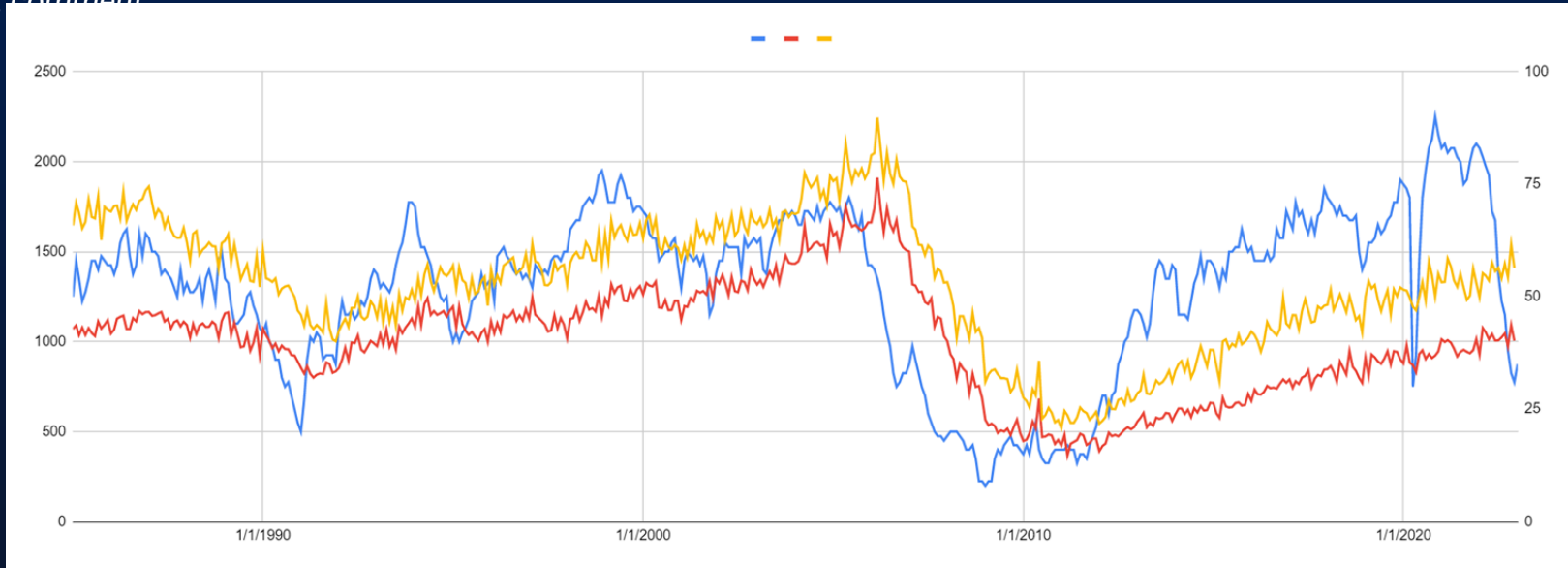
– CJ

Single family  
completions:  
Red

Total  
completions:  
Yellow

NAHB: Blue

Since 1985



Add in total completions. Roughly the same level of correlation, except you see some more total completions compared to single-family in recent years.

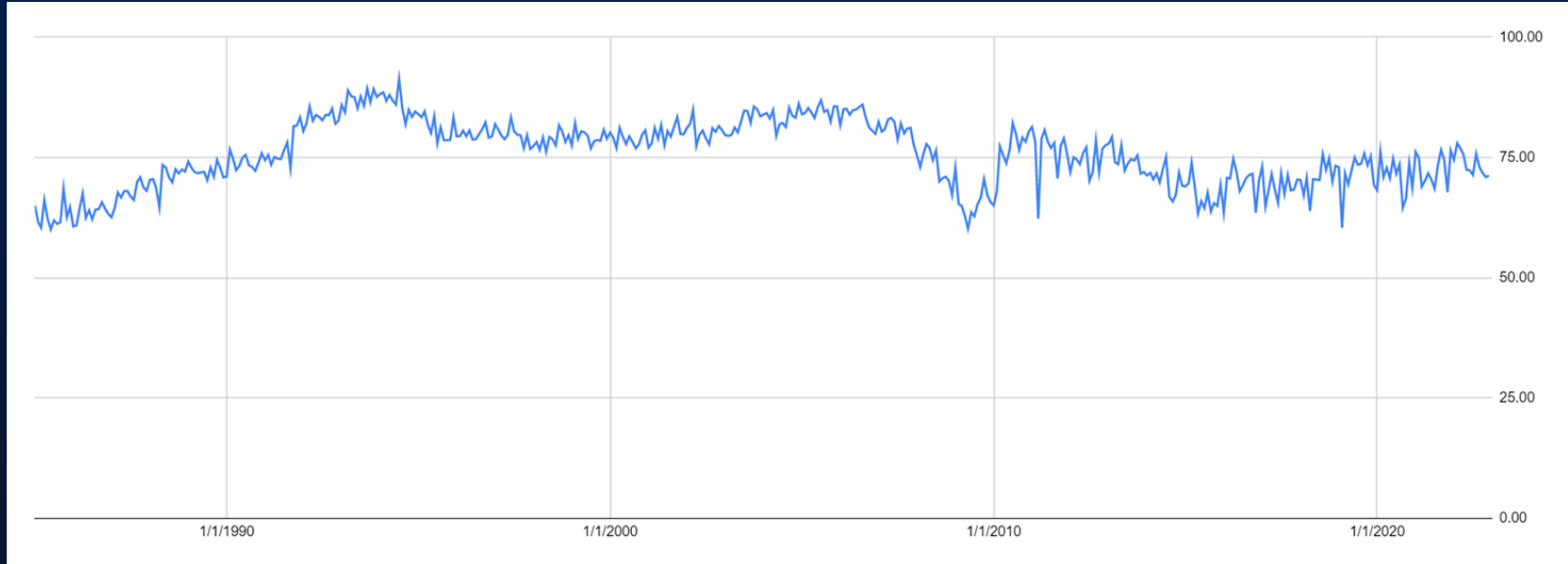
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% single  
family  
completes:  
Blue

Since 1985



So just compare single family units to total units, and we're at something of a historical low.

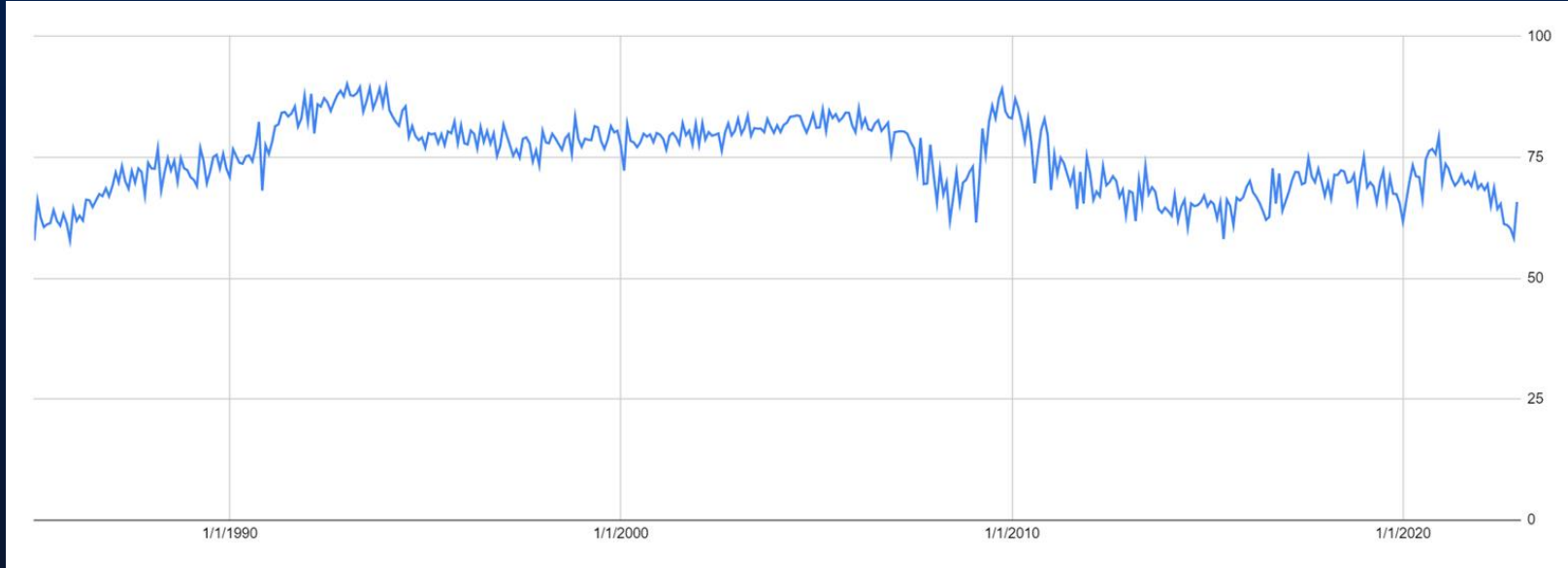
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% single  
family starts:  
Blue

Since 1985



Multi-family buildings take longer to complete, so let's compare starts and we're really at a low. This means single-family, which is what NAHB measures is at a multi-decade low.

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– CJ

Housing is a strange market.

- Everyone is born short.
- Number not participating is very small
- Not a commodity, nearly every unit is "special"
- Nearly every buyer has different motivations
- Difficult to bring new supply online.
  - Long lead times
  - Zoning, other restrictions

Lots of movement in the pandemic pulled some activity forward

- Relocations
- Remodeling and etc.

Been saying the housing market is broken for months.

- Supply constraints
- Higher rates

# Questions?