



# The Goldman Guide

VOLUME 8 | ISSUE 10 | FEBRUARY 26, 2023

**INSIDE OUR 10 MIN PODCAST:**  
The Stock Market Today  
Corrections & Bear Markets  
FAANG, CHWY & Double Bottoms

## INDICES & CATALYSTS

	<u>Close</u>	<u>2023 Perf</u>
DJIA	32,817	-1.0%
S&P 500	3,970	3.4%
NASDAQ	11,395	8.9%
RUSS 2K	1,890	7.3%
VIX	\$21.67	0.0%
BITCOIN	\$23,189	40.1%
OIL	\$76.45	-4.7%

## KEY TAKEAWAYS

- ⇒ *Extended volatility is rarely a positive. We outline potential market outcomes*
- ⇒ *Debt, equity, popular stocks? What are the best plays?*
- ⇒ *Great business, strong brand loyalty and potential double bottom could lead to future gains*

## KEY FIGURES

	<u>Fwd P/E</u>	<u>RSI</u>
DJIA	17.6	36.6
S&P 500	17.9	41.8
NASDAQ 100	24.0	46.2
RUSS 2K	22.8	46.6

## Corrections and Double Bottoms

Last week's inflation concerns and subsequent market declines has investors on edge. What does this mean? Can the Fed save the day or should we be saving our dollars?

Against this backdrop we highlight some potentialities, including a correction or dare I say it...*a bear market*. There is a fair amount of data and signals that make us feel okay about the market, even if it will be rocky for a few months.

Truth be told March 14<sup>th</sup>, when we hear actual inflation numbers may be the most important day for stocks for the next few weeks. So, expect stocks to be all over the map.

How popular stocks and related indices behave under pressure are instructive for what lies ahead. We provide some cool background info that dovetails with market history. These details should make investors rest easy, but you never know.

On a positive note, our play on the CBOE Volatility Index (VIX), the iPath Short Term S&P 500 Index Futures ETN (VXX), had a strong week given the volatility. It remains a key equity to monitor, or play for short periods, if you believe market volatility (and downward spikes) are in the offing.

This is a tough market to peg and even tougher to select stocks with near term upside. However, in situations like this, it is always a good idea to monitor stocks that while they likely could drift lower, have enough support and history that a double bottom and big rise, are in the offing. It is often a solid risk/reward strategy during volatile periods. Check out our feature in this week's issue. We think you will like it.

Have a good week!



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## The Market Today

U.S. Market Performance 2/24/2023									
Index	Close	Y/E 2022	YTD Perf	52-Wk Hi	52-Wk Low	% off Hi	% from Low	200 DMA	% Abv/Bel 200 DMA
DJIA	32,817	33,147	-1.0%	35,492	28,661	-7.5%	14.5%	32,347	1.5%
S&P 500	3,970	3,839	3.4%	4,637	3,492	-14.4%	13.7%	3,940	0.8%
NASDAQ	11,395	10,466	8.9%	14,647	10,089	-22.2%	12.9%	11,406	-0.1%
Russell 2000	1,890	1,761	7.3%	2,138	1,641	-11.6%	15.2%	1,823	3.7%
Bitcoin	\$23,189	\$16,548	40.1%	\$48,087	\$15,599	-51.8%	48.7%	\$20,969	10.6%
Average						-21.5%	21.0%		3.3%
Avg w/o BTC						-13.9%	14.1%		1.4%

Source: Barchart.com, Yahoo!Finance, Goldman Small Cap Research

## Notable Numbers

### AAll Sentiment Survey (figures rounded)

	<u>Current</u>	<u>Last Week</u>	<u>Long Term Avg</u>
Bullish	22%	34%	38%
Neutral	40%	27%	32%
Bearish	39%	29%	31%



*Neutral Percentage is highest since 3/31/22  
This was 2 days after the market hit its peak  
Investors uncertain now, or what?*

Equity Fund Flows	
Lipper	ETF.com
<u>2/22/2023</u>	<u>2/23/2023</u>
Outflows (\$5.5B)	Top 4 inflows debt; short term
Outflows Ex ETFs (\$2.0B)	Top 5 outflow (\$9.5B)
	Top 5 inflows \$5B+

With interest rate hikes set to be greater in number than previously forecasted and With less confidence in stock performance, short term debt is the rage---as we suggested last week. One year Treasuries yield about 5% these days...



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## Corrections and Bear Markets

Definition of correction is index or stock declining 10% or more (but below 20%) from recent high. Not yet in market corrective phase inside of what we believe is current bear market. YTD highs occurred first week of February 2023.

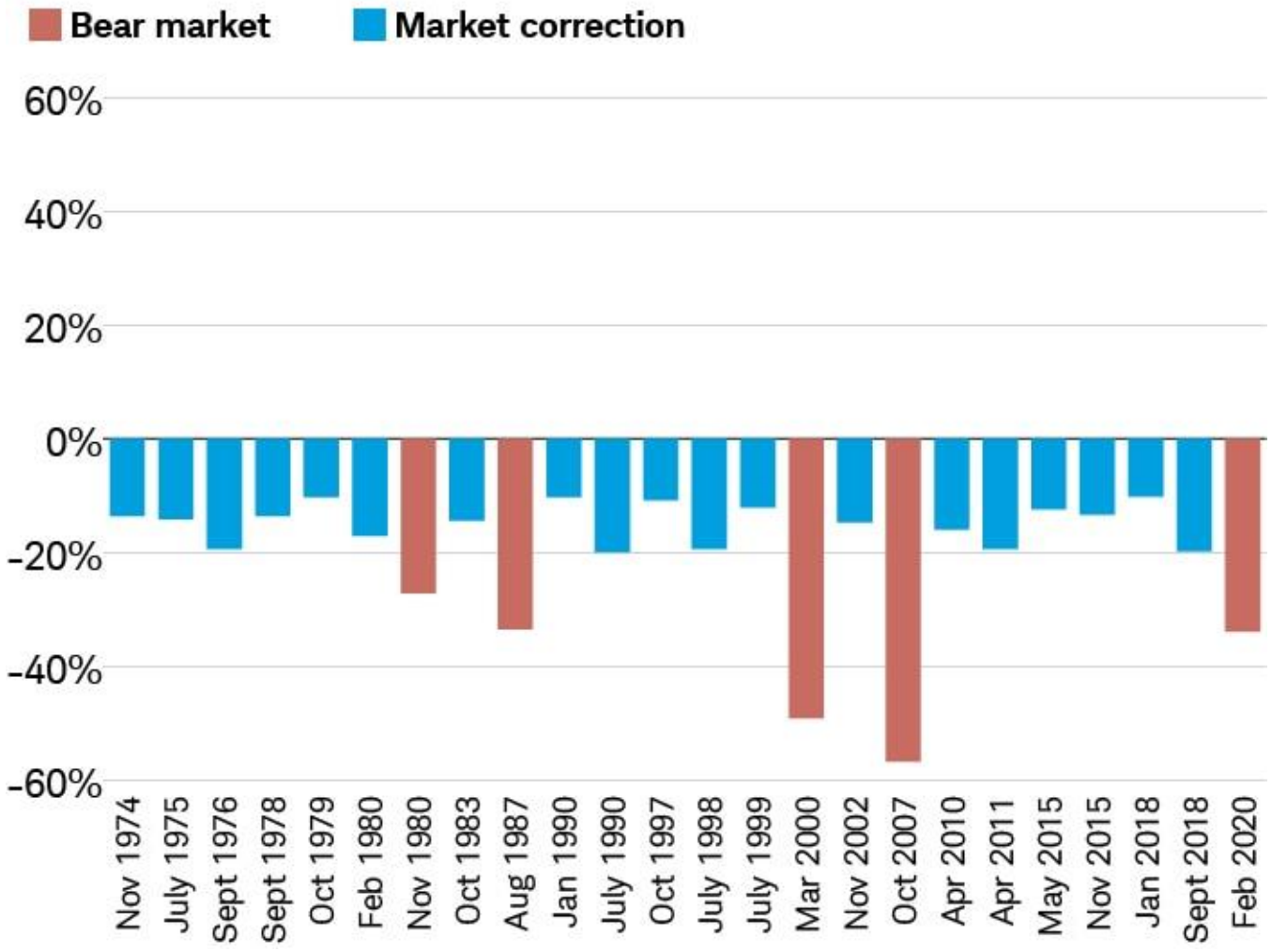
The Indices-From 2023 Highs			
	<u>2/24/2023</u>	<u>YTD High</u>	
DJIA	32817	34342	-4.4%
S&P 500	3970	4195	-5.4%
NDQ	11395	12270	-7.1%
RUT	1890	2007	-5.8%
<b>Average</b>			<b>-5.7%</b>

Might be considered a corrective phase for some of the biggest and most popular stocks.

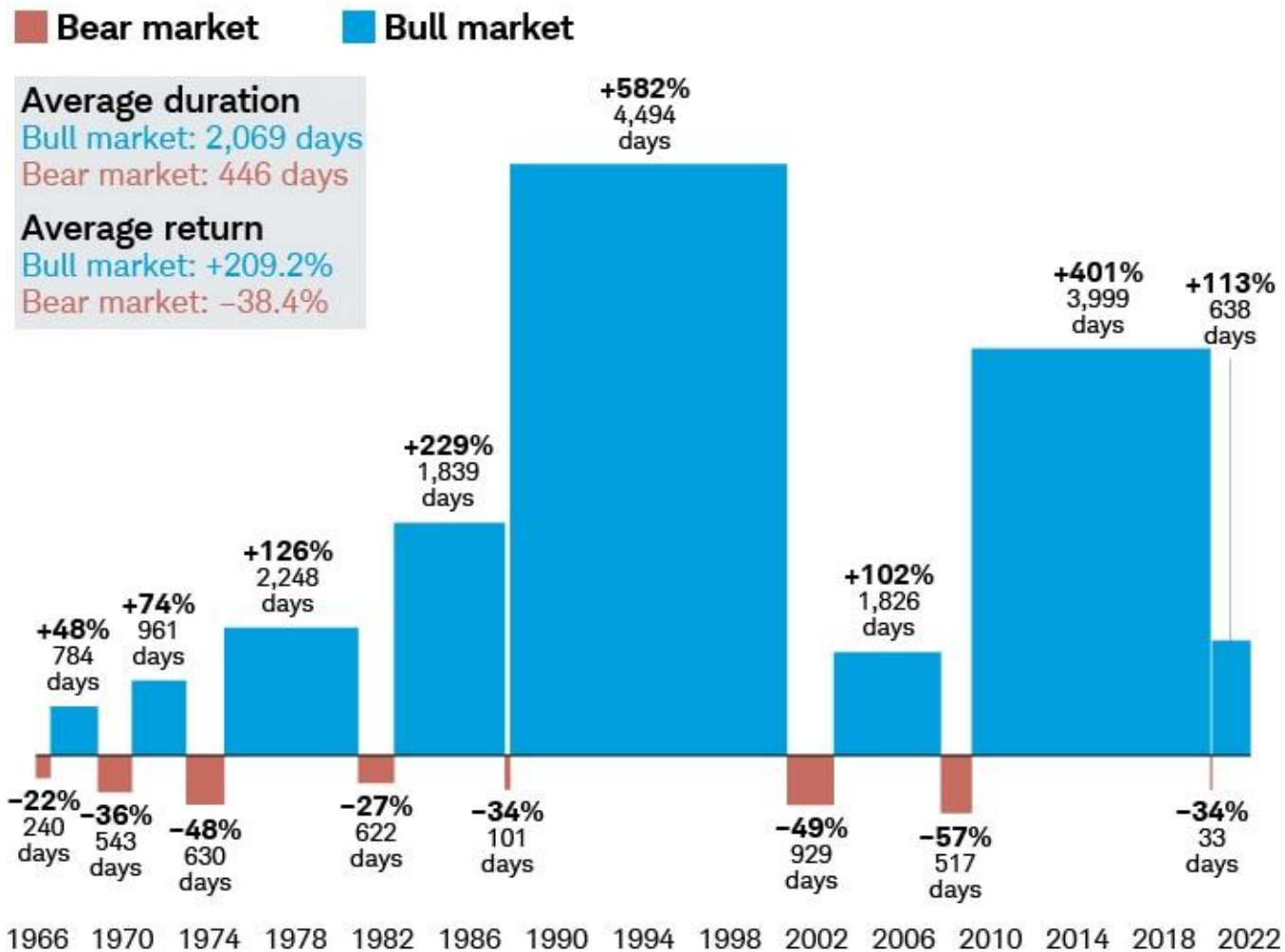
FAANG On the Chin			
	<u>2/24/2023</u>	<u>2/3/2023</u>	
META	\$170.39	\$186.53	-8.7%
AMZN	\$93.50	\$103.39	-9.6%
AAPL	\$146.70	\$154.50	-5.0%
NFLX	\$317.15	\$365.90	-13.3%
GOOG	\$89.35	\$105.22	-15.1%
<b>Average</b>			<b>-10.3%</b>

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Bear markets typically reflect declines of 20% or more for indices, or in some cases, industries. Contrary to popular belief, corrections rarely always lead to bear markets, according to Schwab Financial Research.



Bear market length and declines aren't always hugely painful.



**Our Take:** Inflation problems could lead to market correction but if Fed does its job, it won't lead to a new bear market and 4Q of 2023 could lead to the start of a bull run. S&P 500 went into bear territory on 9/23/22 officially, or 156 days ago. Peaked since then at 14% gain in early February 2023. If we break out of bear territory in late 2023, it nearly matches average bear market duration. Sticking to our January outlook. Rough year, strong ending.

## Potential, Future Double Bottom Play

**Chewy, Inc. (NYSE: CHWY - \$39.56)**

RSI: 37.7

50 DMA: \$42.49

200 DMA: \$38.15

After hitting mid-\$34 range in early January and in late 2022, stock ran. If CHWY drifts back to that level could repeat the move. Typically, solid seasons ahead for business.



Thoughts on our ideas? Shoot me an email: [rob@goldmanresearch.com](mailto:rob@goldmanresearch.com).



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[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com) [www.goldmanresearch.com](http://www.goldmanresearch.com) Phone: 410.609.7100

## The Goldman Guide: Background:

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