Goldman SMALL CAP RESEARCH

The Goldman Guide

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INSIDE OUR 10 MIN PODCAST:

The Stock Market Today

Treasuries and Earnings

The Retail Sector

INDICES & CATALYSTS

	Close	2023 Perf
DJIA	33,827	2.1%
S&P 500	4,079	6.3%
NASDAQ	11,787	12.6%
RUSS 2K	1,946	10.5%
VIX	$20.02	-0.1%
BITCOIN	$24,735	49.5%
OIL	$76.33	-4.9%

KEY TAKEAWAYS

⇒ *Connecting the dots on past, present, future performance*

⇒ *Is there a major shift starting to take place?*

⇒ *Our featured industry is a very important key economic and stock market movement this year*

KEY FIGURES

	Fwd P/E	RSI
DJIA	17.9	50.0
S&P 500	18.7	52.2
NASDAQ 100	25.1	54.9
RUSS 2K	23.2	57.0

Who is at Fault?

I should have guessed. I should have known better. About a month ago I noted how it seemed like the stock market was behaving like it was The January Effect—when retail investors helped drive stocks.

When news from CNBC and other sources noted that in the month of January retail investors poured in $1.5 billion a day into the market, that answered the question that was plaguing me/ Why were stocks performing so well across the board? It may have also played an early role in the crypto resurgence. So, I thank you for it. I wish it could continue, but, oh well.

Look, there is a reason why the AAII Investor Sentiment Survey is used as a corollary for the market. There is an historical inverse relationship between retail actions/sentiment and long term retail performance. Not to be a jerk, but it gives me more confidence that our call last week saying the market is on its way down now was on point. Even JP Morgan put out a note saying the same thing last week, as did others. Better economic performance translates into higher inflation, and more or greater interest rate increases. All bad events for equities.

To be clear, just because we expect that the market is embarking on a negative swoon doesn't mean that opportunities do not exist. They do! We—and I mean all of us---have to be discerning, utilize stop-losses, monitor events, the economy, and peer group trends of our favorites, very closely. Enjoy the data, the featured industry, the podcast---and the day off.

Have a good week!

The Market Today

U.S. Market Performance 2/17/2023									
Index	Close	Y/E 2022	YTD Perf	52-Wk Hi	52-Wk Low	% off Hi	% from Low	200 DMA	% Abv/Bel 200 DMA
DJIA	33,827	33,147	2.1%	35,492	28,661	-4.7%	18.0%	32,347	4.6%
S&P 500	4,079	3,839	6.3%	4,637	3,492	-12.0%	16.8%	3,943	3.4%
NASDAQ	11,787	10,466	12.6%	14,647	10,089	-19.5%	16.8%	11,422	3.2%
Russell 200(	1,946	1,761	10.5%	2,138	1,641	-9.0%	18.6%	1,822	6.8%
Bitcoin	$24,735	$16,548	49.5%	$48,087	$15,599	-48.6%	58.6%	$21,116	17.1%
Average						-18.8%	25.8%		7.0%
Avg w/o BTC						-11.3%	17.6%		4.5%

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

Notable Numbers

AAII Sentiment Survey (figures rounded)

	Current	Last Week	Long Term Avg
Bullish	34%	38%	*38%*
Neutral	27%	38%	*32%*
Bearish	29%	25%	*31%*

Equity Fund Flows	
Lipper	ETF.com
2/15/2023	2/16/2023
Outflows ($1.7B)	Big outflows debt
Outflows Ex ETFs ($2.4B)	Big inflow ST debt: Vang S&P
	Again redemptions high

❖ Key Fact:

Over 400 of the 500 companies in the S&P 500 Index have reported 4Q22 results. Fewest upside surprises and most negative surprises in 10 quarters. Last time we reached this pinnacle was over 7 years ago! Market was essentially flat for the next 5 months.

Question: Is it worth the play? One year Treasuries yield about 5% these days.

Our Featured Industry: Retail

TOP TEN THEMES

ONE OF BEST PERFORMING INDUSTRIES YTD

COMPANIES BEGIN TO REPORT IN EARNEST THIS WEEK

WILL WE SEE SAME TYPE OF SURPRISES?

HOW WILL MARKET REACT?

KEY NAMES SUCH AS HOME DEPOT, CHEESECAKE FACTORY, MANY OTHERS-HD VERY IMPORTANT BELLWETHER A FEW ECONOMIC SEGMENTS

MANY STOCKS FAIRLY VALUED, DECENT TECHNICALS, BUT NOT STRONG

CONCERNED INVESTORS MAY CONSIDER SELLING CALLS ON POSITIONS

FOOTWEAR HAS NEARLY 3X VALUATION OF APPAREL, ACCESSORIES SEGMENT:
(32X VS 12X)

THERE MAY BE VALUE IN CERTAIN SPECIALTY STORE STOCKS, BUT MAY TRADE NARROW RANGE PRIOR TO HIGHER MOVES LATER IN THE YEAR

UNDER ARMOUR (NYSE:UA) LOOKS LIKE IT COULD BREAK DOWN BELOW 200 DMA OF $8.42—IT'S AT $9.31 AND FUNDAMENTALLY TROUBLED

Thoughts on UA, HD, or Treasuries? Shoot me an email: rob@goldmanresearch.com.

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The Goldman Guide: Background:

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