Goldman SMALL CAP RESEARCH

The Goldman Guide

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INSIDE OUR 10 MIN PODCAST:

The Stock Market Today

Investing Considerations

Plays of Today and Tomorrow

INDICES & CATALYSTS

	Close	2023 Perf
DJIA	31,862	-3.9%
S&P 500	3,917	2.0%
NASDAQ	11,631	11.1%
RUSS 2K	1,726	-2.0%
VIX	$25.51	17.7%
BITCOIN	$26,885	62.5%
OIL	$66.34	-17.3%

KEY TAKEAWAYS

⇒ *Review and comment on bank crisis*

⇒ *Where does the market and its indices, components go from here?*

⇒ *When good becomes better and bad becomes good*

KEY FIGURES

	Fwd P/E	RSI
DJIA	17.0	36.7
S&P 500	17.9	44.1
NASDAQ 100	24.7	59.0
RUSS 2K	21.1	31.4

Time to Be a Contrarian?

Last week was remarkable for a few reasons. Thanks to the out-of-the-blue financial crisis, trading-wise we started off in one direction, and basically switched directions each day. No one knew what was true, what was false. What shoe was dropping or staying on the proverbial foot. Big and really big were the temporary winners while small was mercilessly punished.

For you sports fans, big (or top seeded) were smacked in the NCAA Men’s Basketball Tournament while small (or low seeded) won it in surprising fashion. Not that I am suggesting a parallel between events in sports and investing habits or strategies. However, taking a contrarian attitude versus a herd mentality can often be more rewarding for tactical or courageous investors and traders.

More on this later.

Stocks are still going to be driven by perception of the future impact of the current financial crisis, a mix of positive and negative steps, and importantly, sentiment regarding interest rates. Will this crisis prompt more or fewer interest rate hikes? Will they result in higher but fewer moves?

Last week illustrated a dichotomy between different classes of securities, including types of debt, types of crypto and types of equities. Success as a contrarian investor will center on one’s understanding and correct assessment of the situation, which we unfold in this week’s podcast. I am sure you will find out succinct and useful.

Have a good day!

The Market Today

U.S. Market Performance 3/17/2023									
Index	Close	Y/E 2022	YTD Perf	52-Wk Hi	52-Wk Low	% off Hi	% from Low	200 DMA	% Abv/Bel 200 DMA
DJIA	31,862	33,147	-3.9%	35,492	28,661	-10.2%	11.2%	32,378	-1.6%
S&P 500	3,917	3,839	2.0%	4,637	3,492	-15.5%	12.2%	3,937	-0.5%
NASDAQ	11,631	10,466	11.1%	14,647	10,089	-20.6%	15.3%	11,648	-0.1%
Russell 2000	1,726	1,761	-2.0%	2,138	1,641	-19.3%	5.2%	1,826	-5.5%
Bitcoin	$26,885	$16,548	62.5%	$48,087	$15,599	-44.1%	72.4%	$20,448	31.5%
Average						-21.9%	23.2%		4.8%
Avg w/o BTC						-16.4%	11.0%		-1.9%

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

Notable Numbers

AAII Sentiment Survey (figures rounded)

	Current	Last Week	*Long Term Avg*
Bullish	19%	25%	*38%*
Neutral	32%	33%	*32%*
Bearish	48%	42%	*31%*

Bearish didn't go to 50% but Bullish is at its lowest point in 6 months.

Equity Fund Flows	
Lipper	ETF.com
3/8/2023	3/16/2023
Outflows ($17.7B)	Substantial inflows
Outflows Ex ETFs ($5.8B)	Diversified outflows
Biggest weekly redemptions	Reversal odd; combo of flight
of the year to date	to safety and oppty--financials

Investing Considerations…

Were ETF inflows so large due to selloff in stocks and migration there or do they reflect opportunistic investors?
UBS buying Credit Suisse, the record amount of bank borrowing from the Fed, and risk in deposit runs from small banks could keep investors skittish?
In these times, is bigger "better and smaller foolish", or is it an opportunity---since we already in a corrective phase?
Is there a reason why the Russell 2000 was so slammed and still at risk?
What do we make of crypto?

WHAT LIES AHEAD

ETFs: SPY vs IWM
The Plays of the Day: Ups and Downs, Big Banks, Mega Cap
The Plays of Tomorrow: Contrarian: Small Cap, Oil
Bullish Market in Q3 vs Q4?

Thoughts on our ideas? Shoot me an email: rob@goldmanresearch.com.

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