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February 15, 2023

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Equity Sector Deep Dive

Rob Anderson

CFA, US Sector Strategist
Ned Davis Research

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Equity Market and Sector Deep Dive

Rob Anderson, CFA

U.S. Sector Strategist

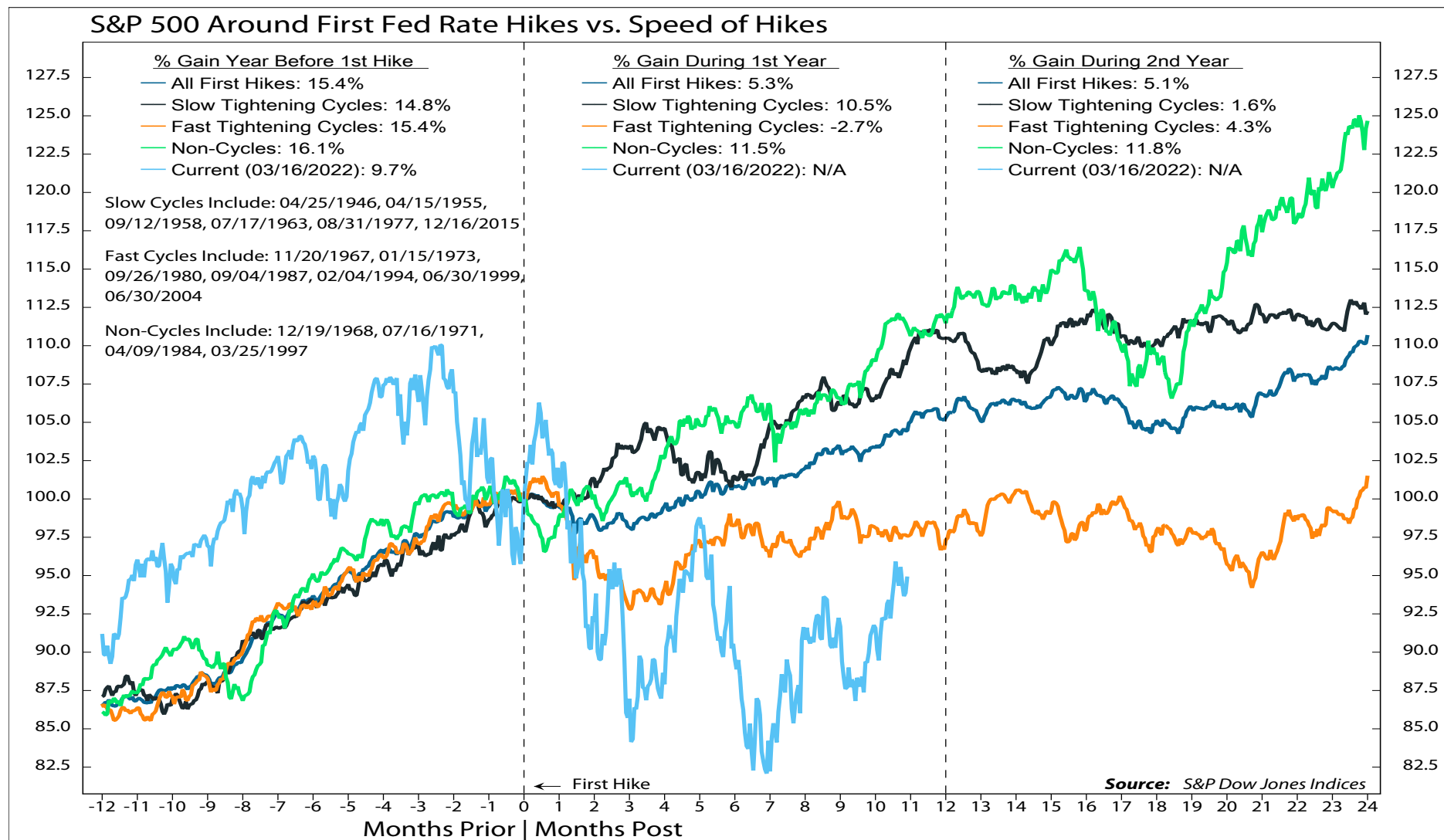


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Macro: Speed kills.

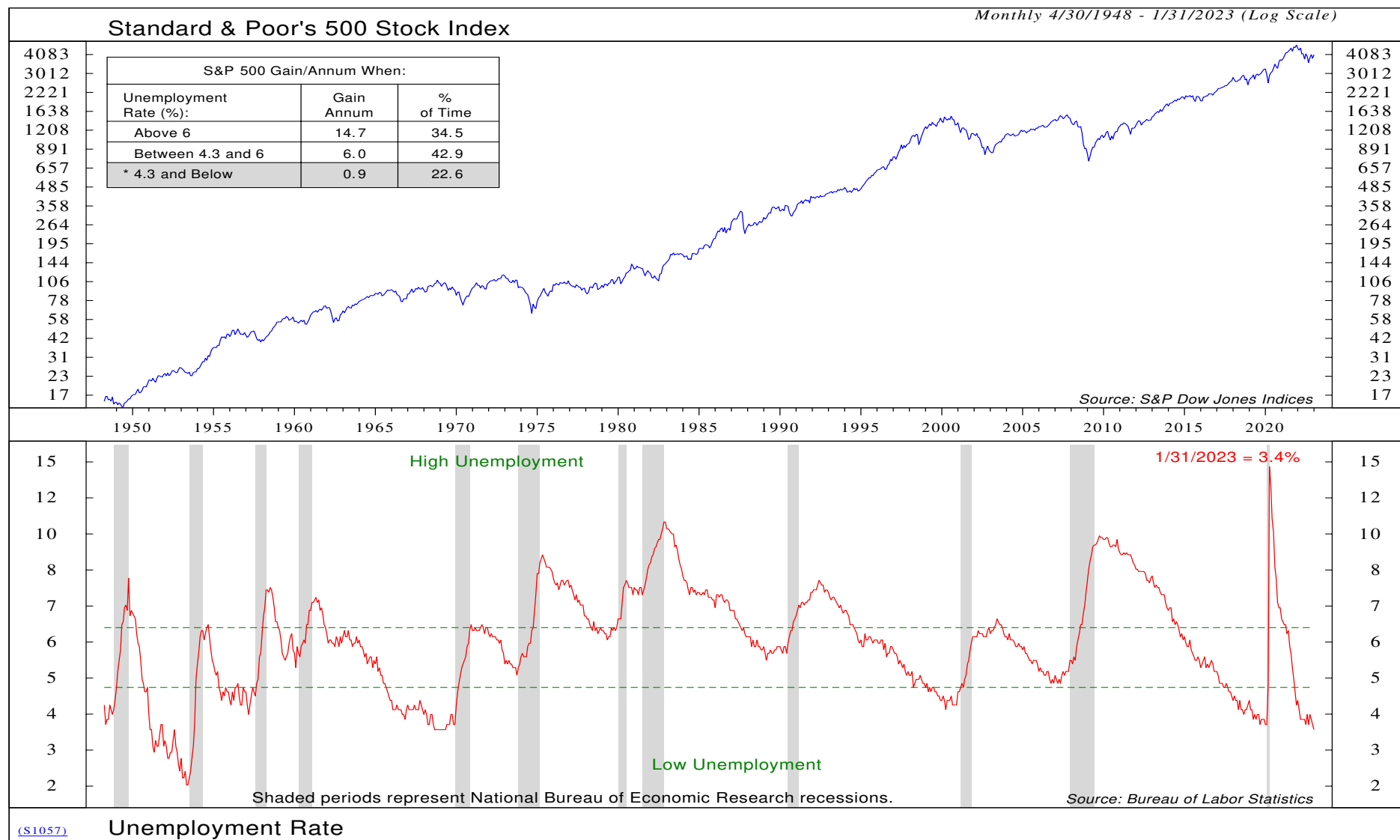


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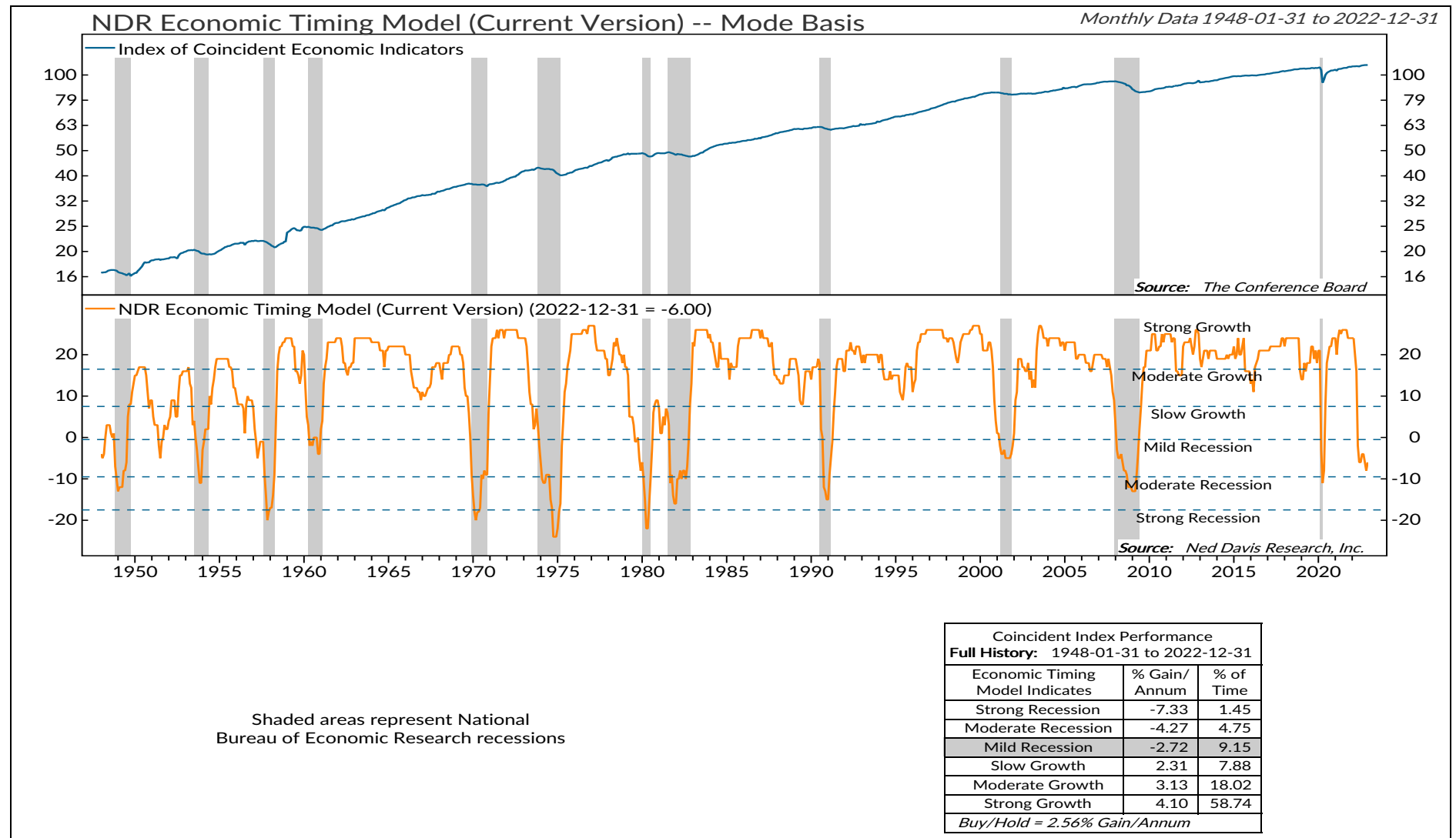
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Labor market remains tight.



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Can Fed achieve soft landing?

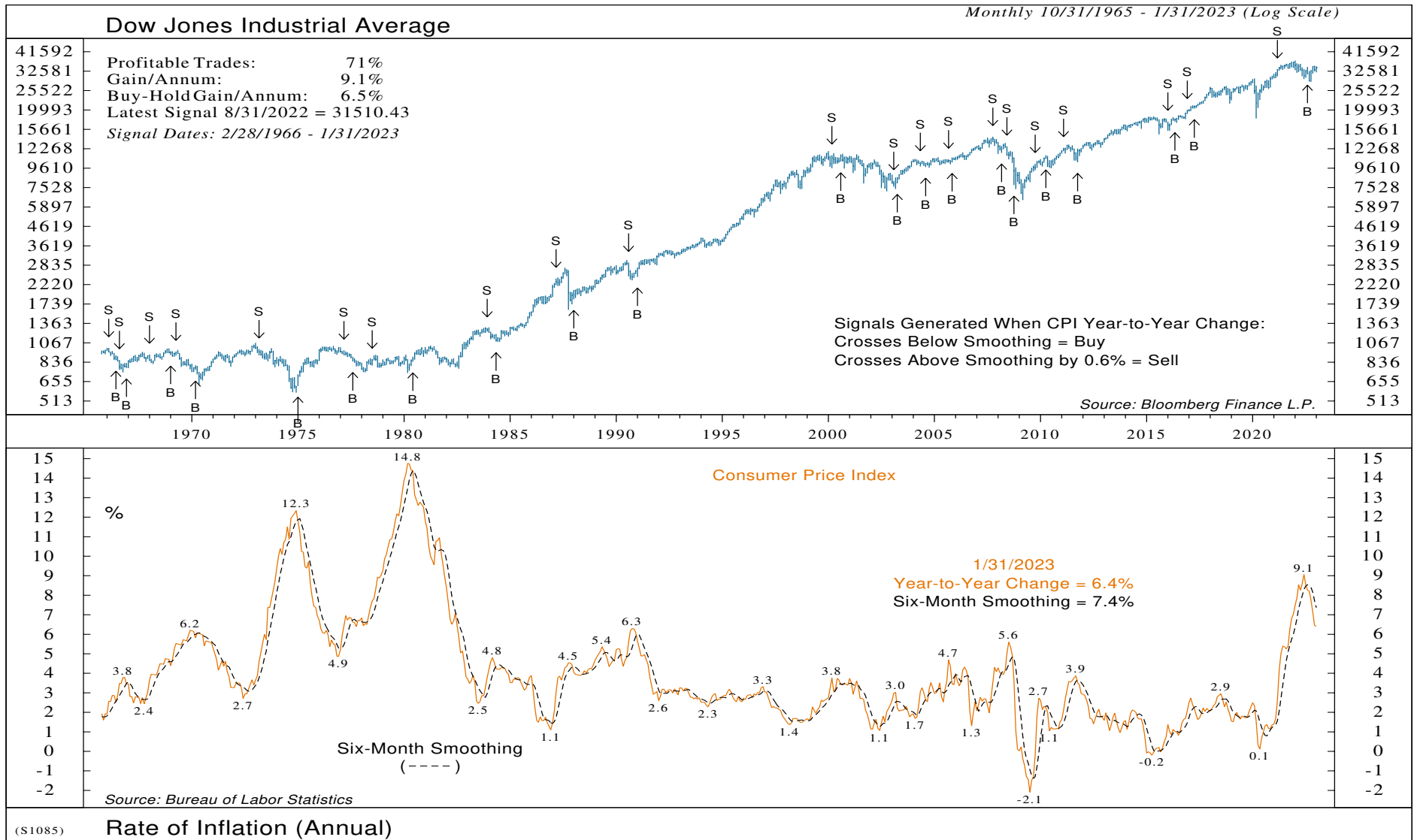


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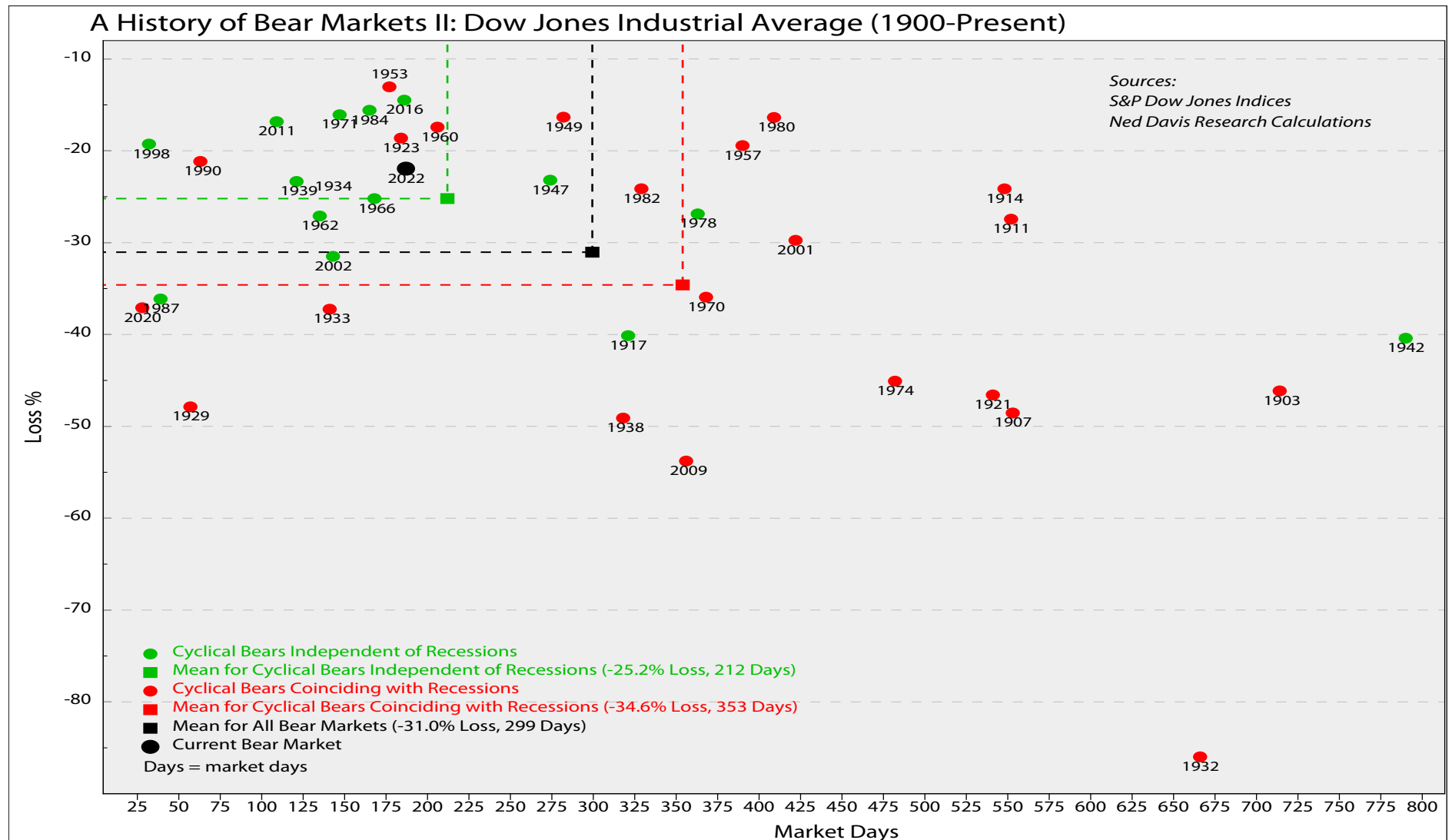
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Falling inflation bullish for stocks.



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Recession call has big implications for the bear market.

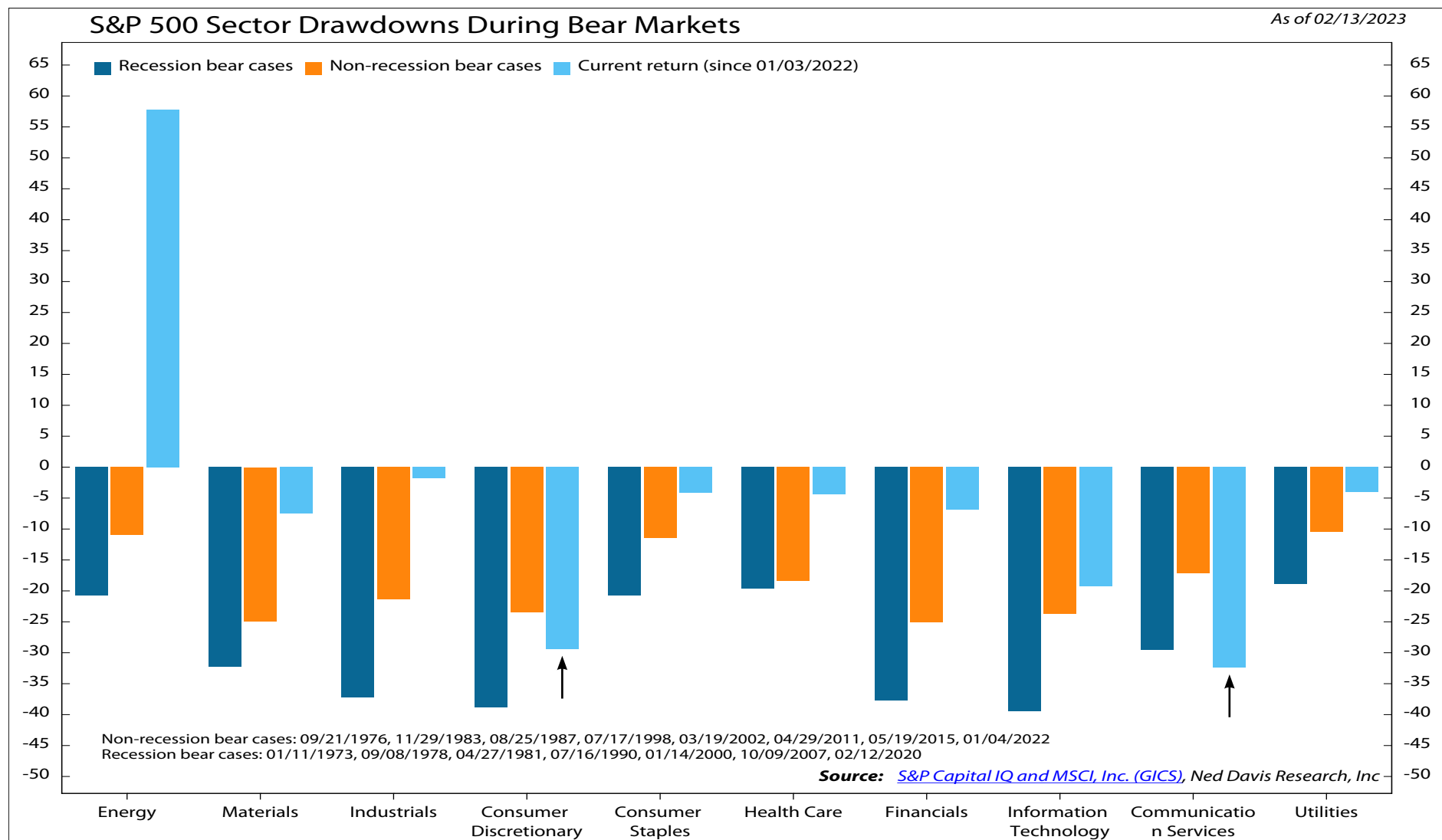


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Recession not priced in for most sectors.

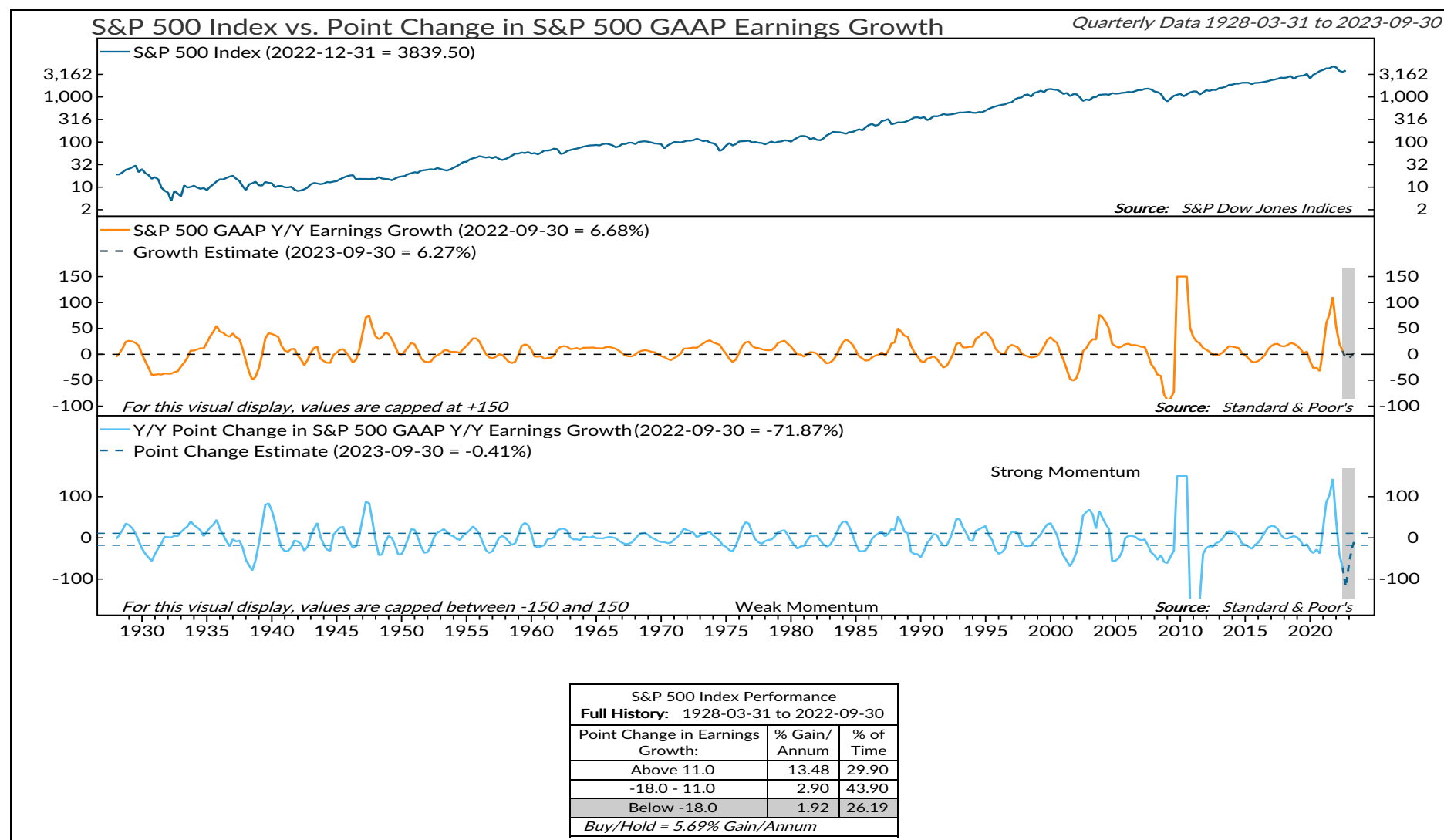


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Fundamentals: Speed of earnings slowdown matters.



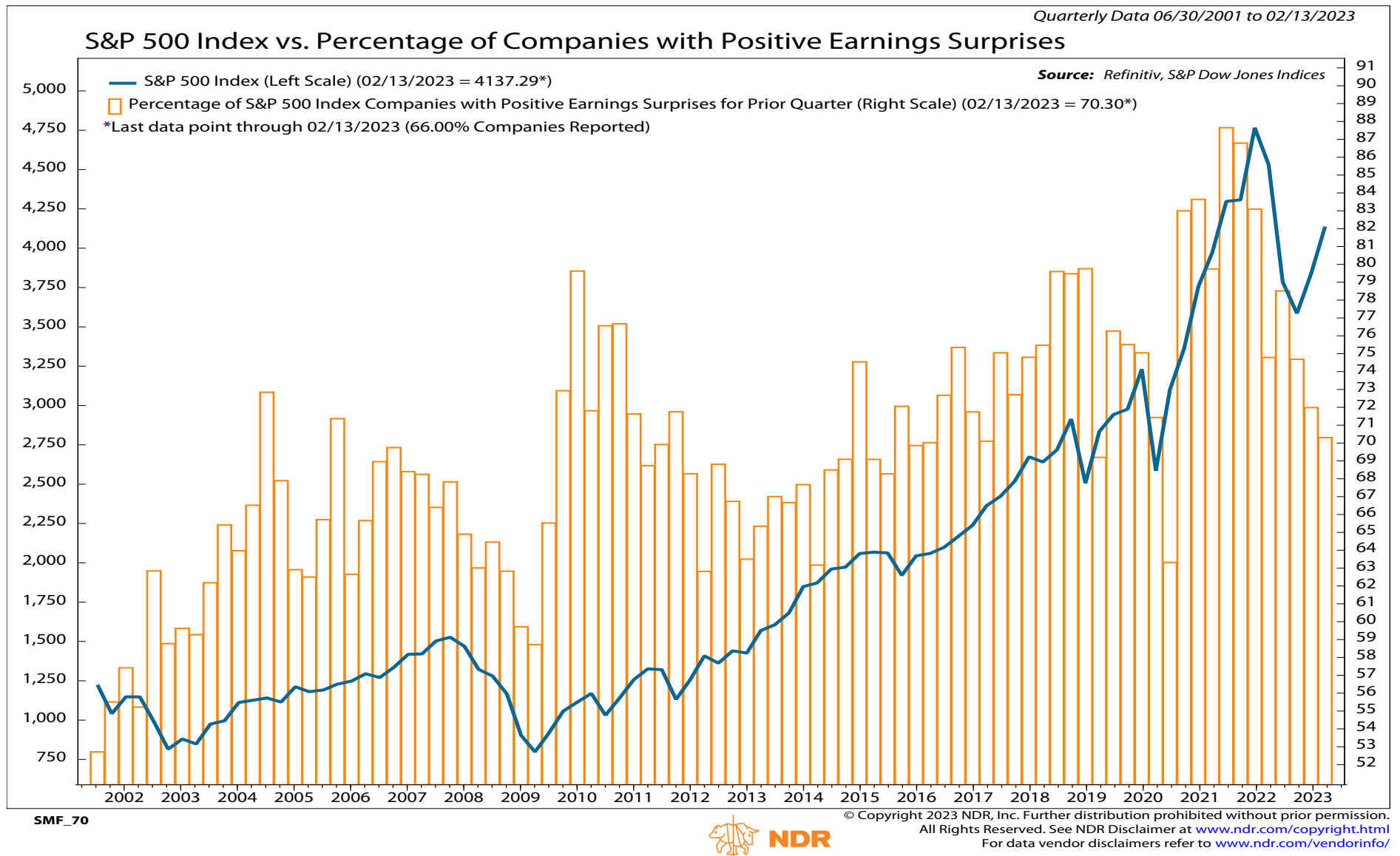
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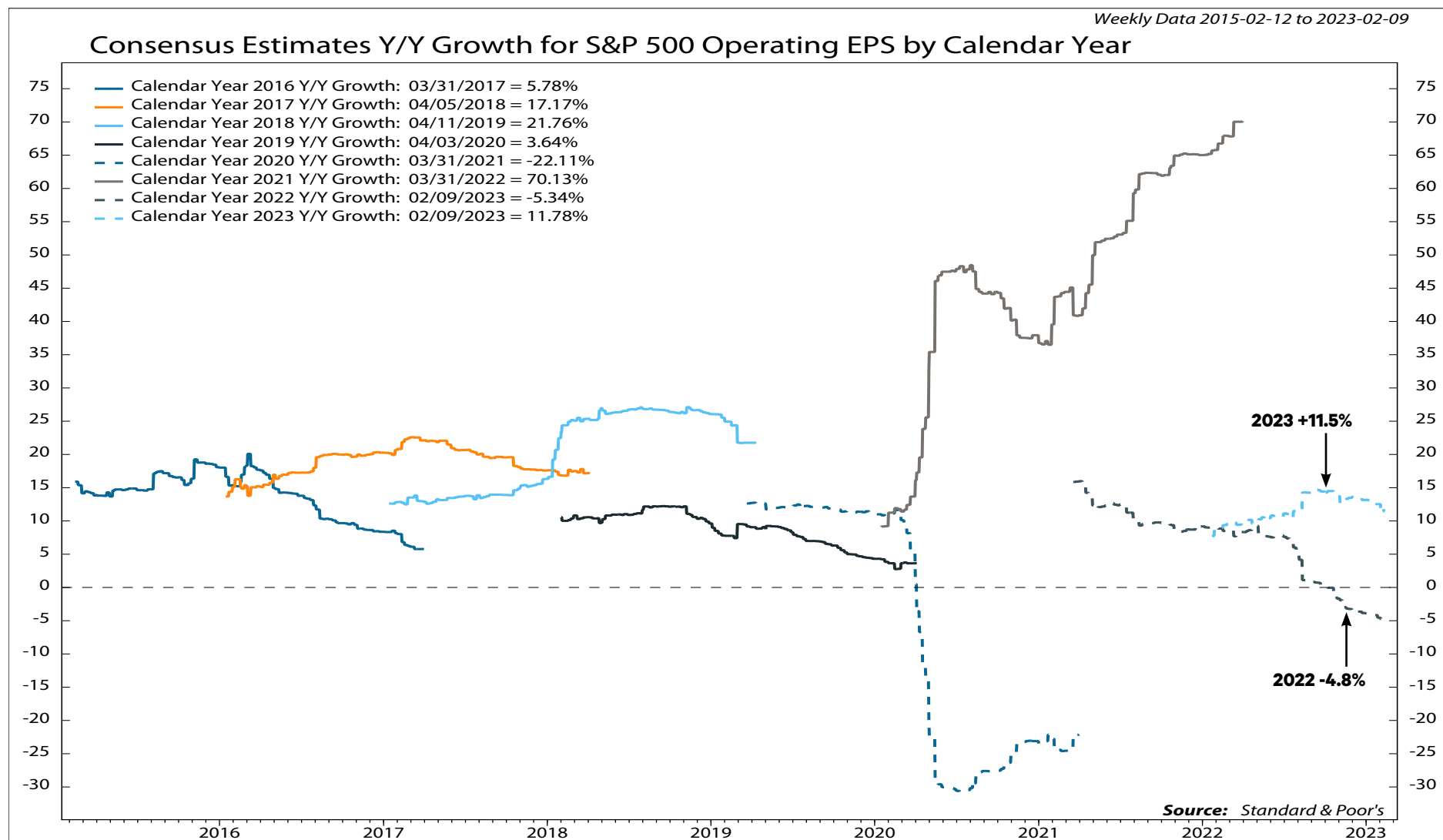
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Q4 earnings season off to weak start.



Earnings estimates appear too high.

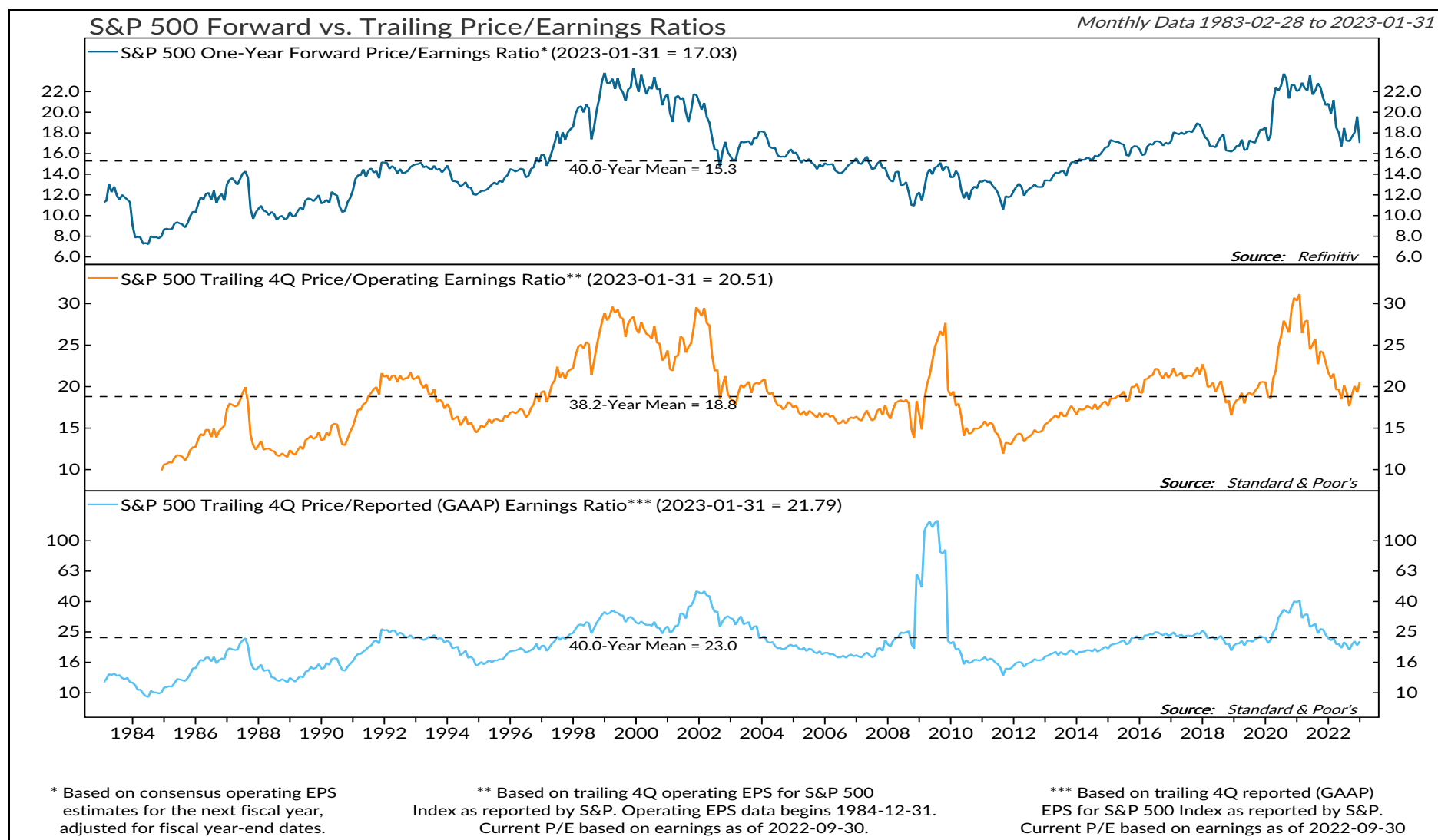


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Valuations have compressed, but stocks still not cheap.

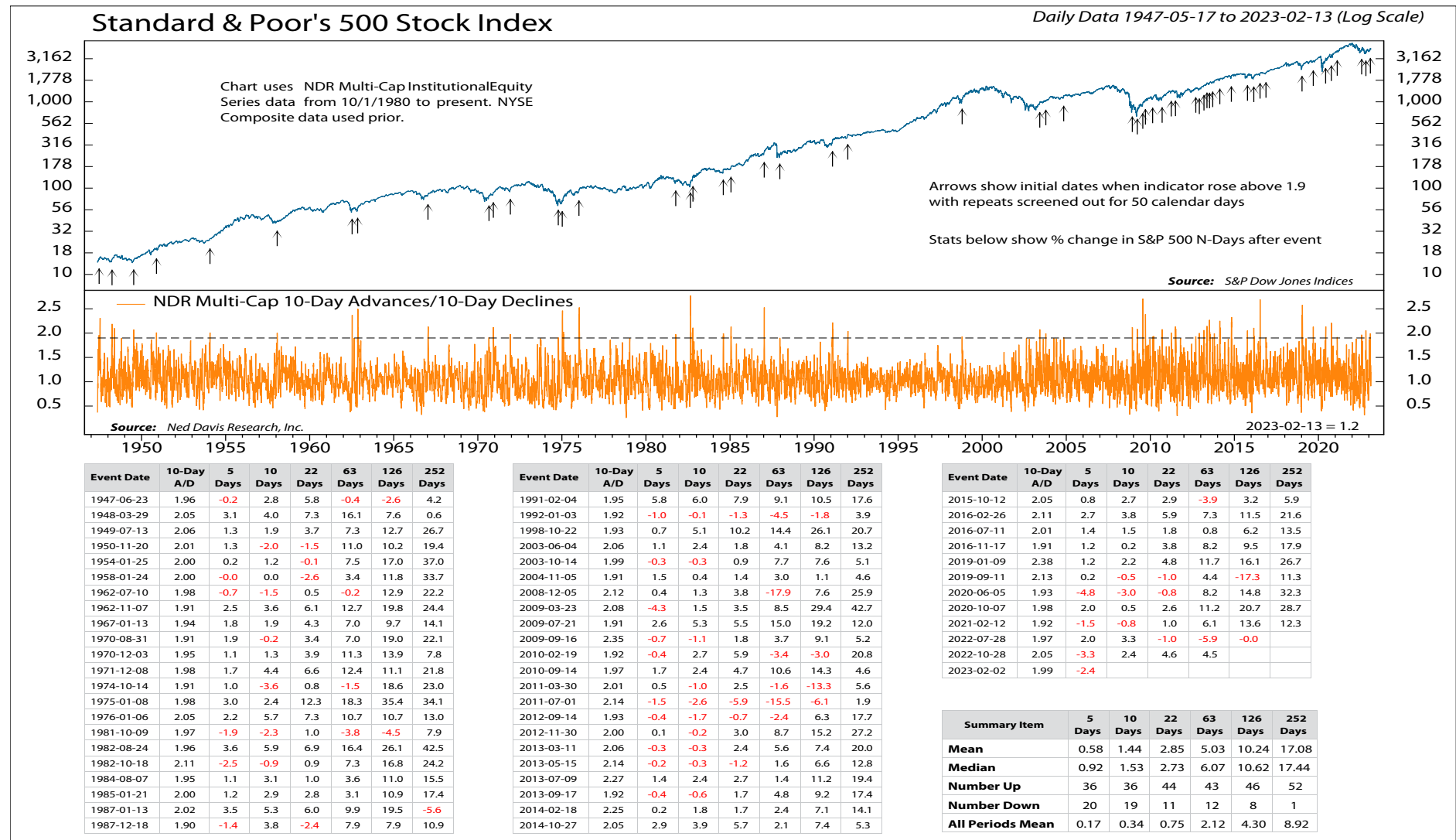


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Technical/sentiment: More breadth thrust signals.

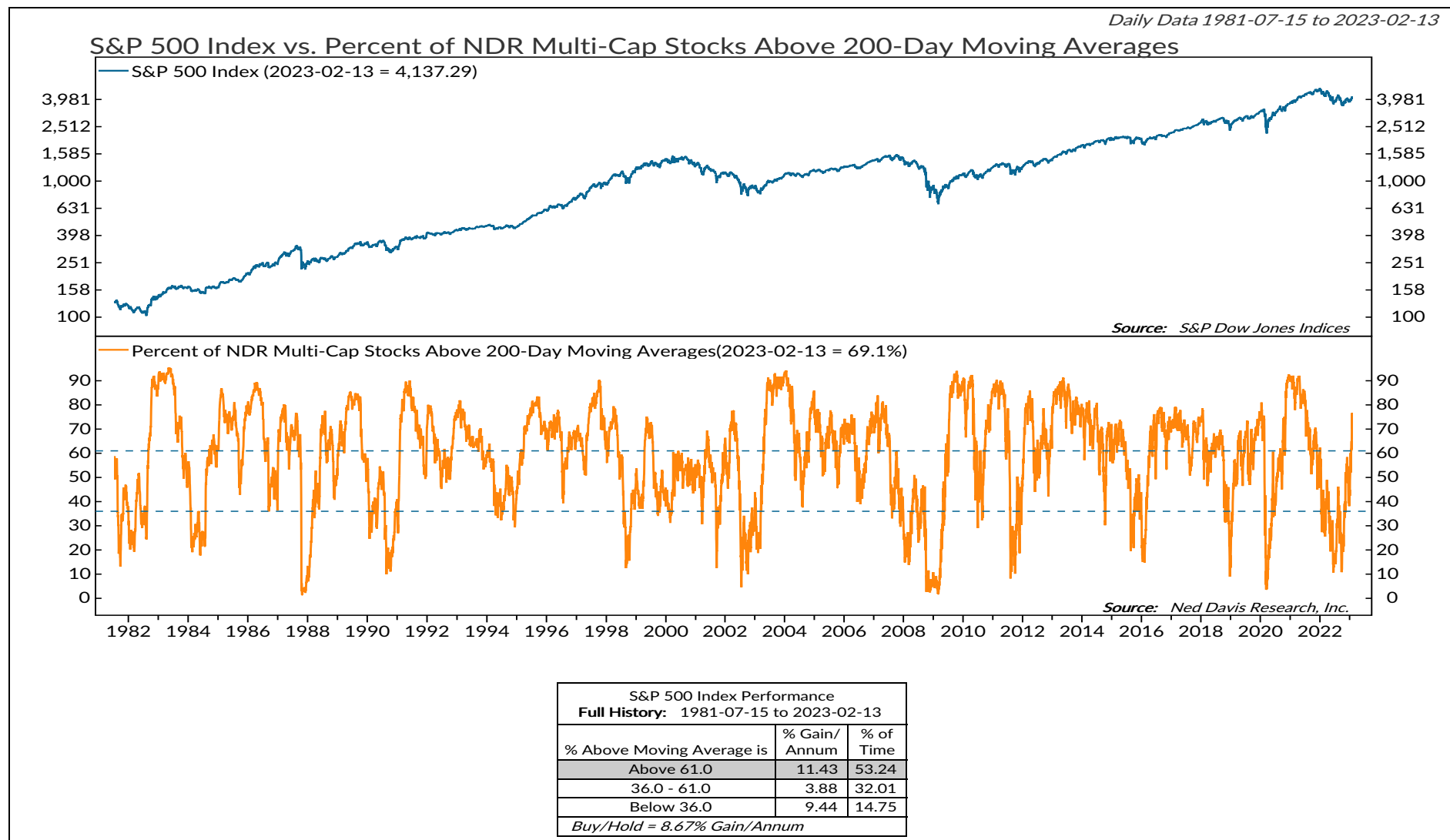


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Trust but verify.

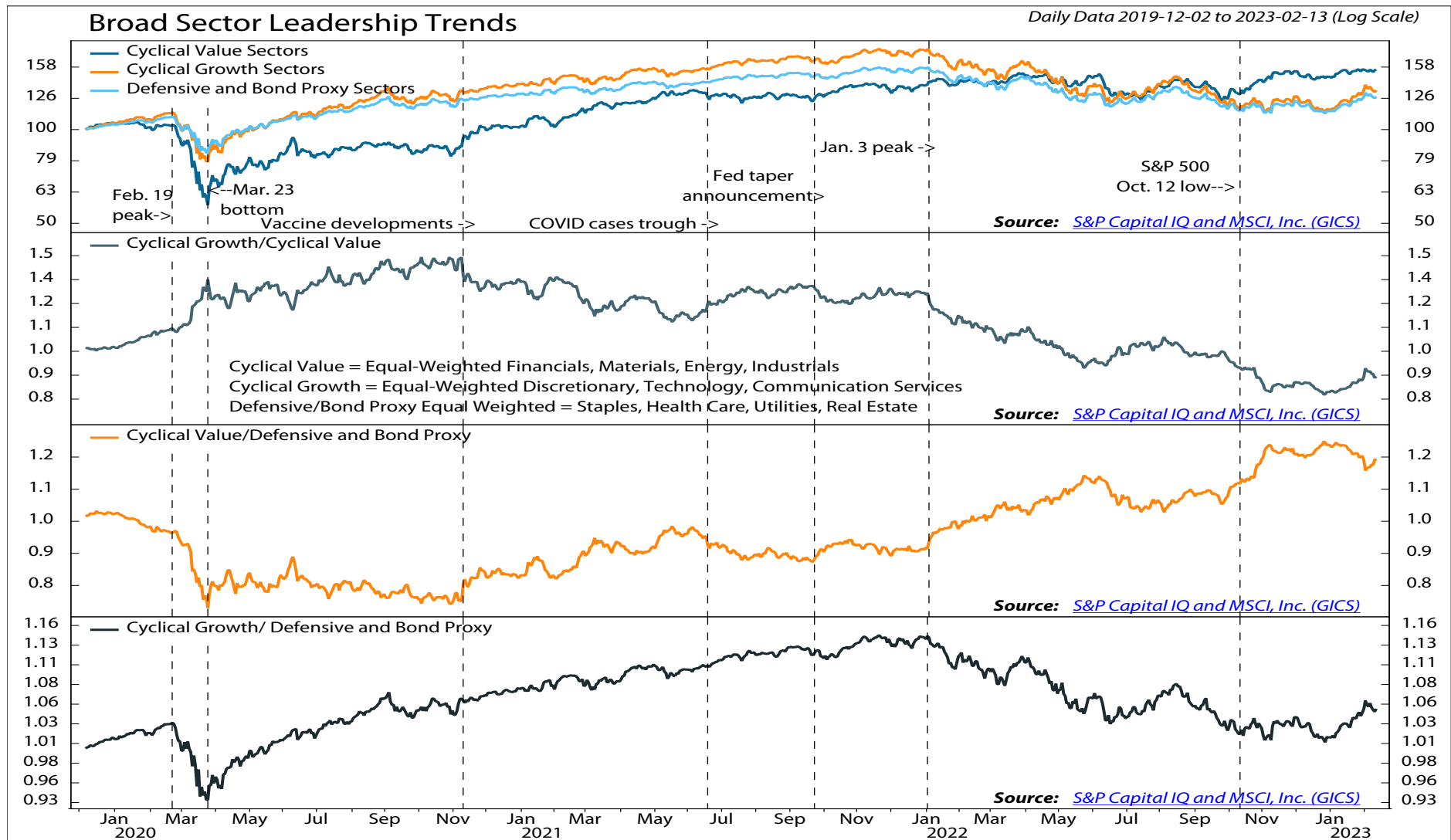


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Growth sectors leading to begin the year.

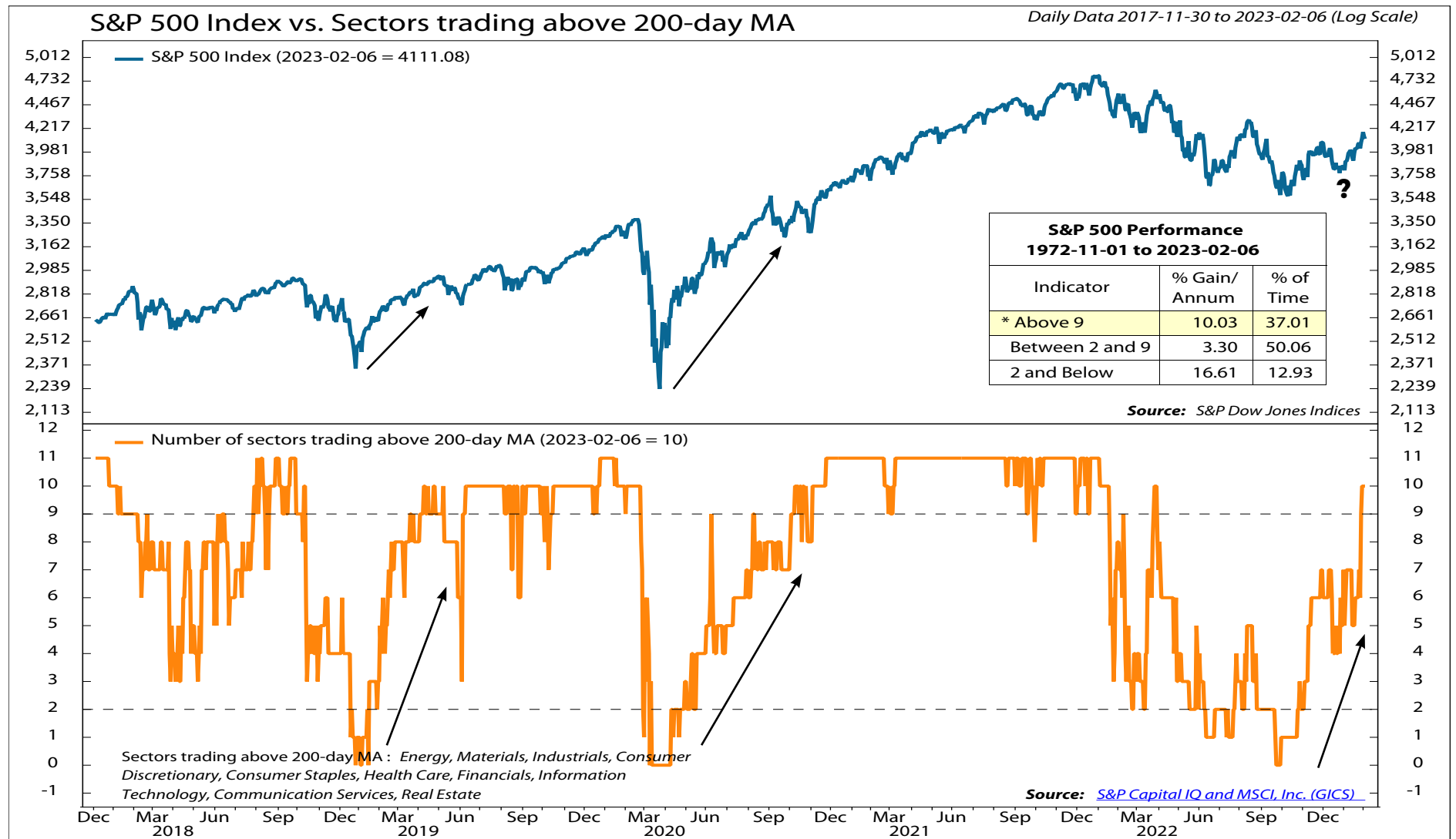


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Ten of 11 sectors trade above their 200-day moving averages.

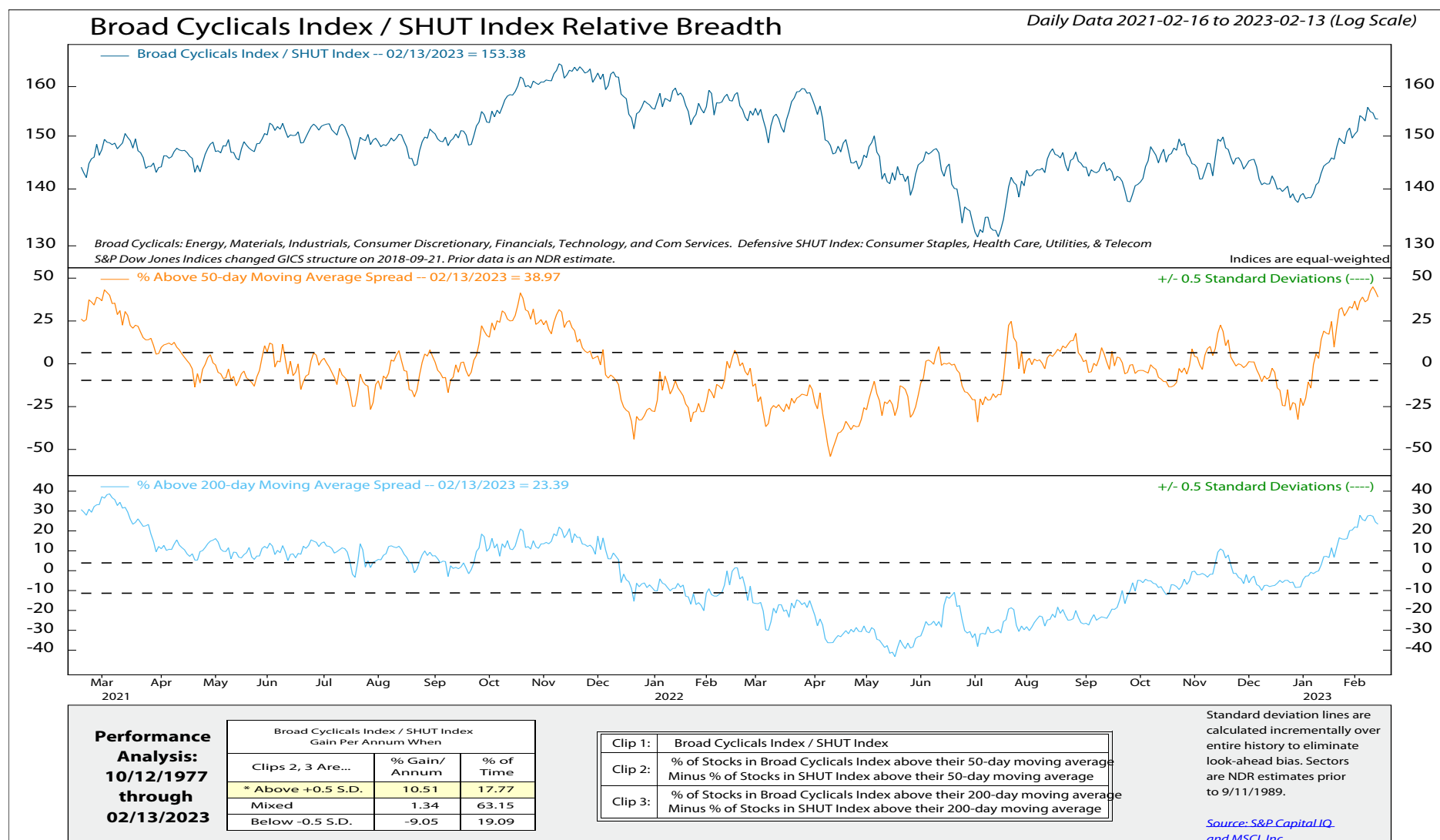


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Relative breadth trends favor cyclical sectors.

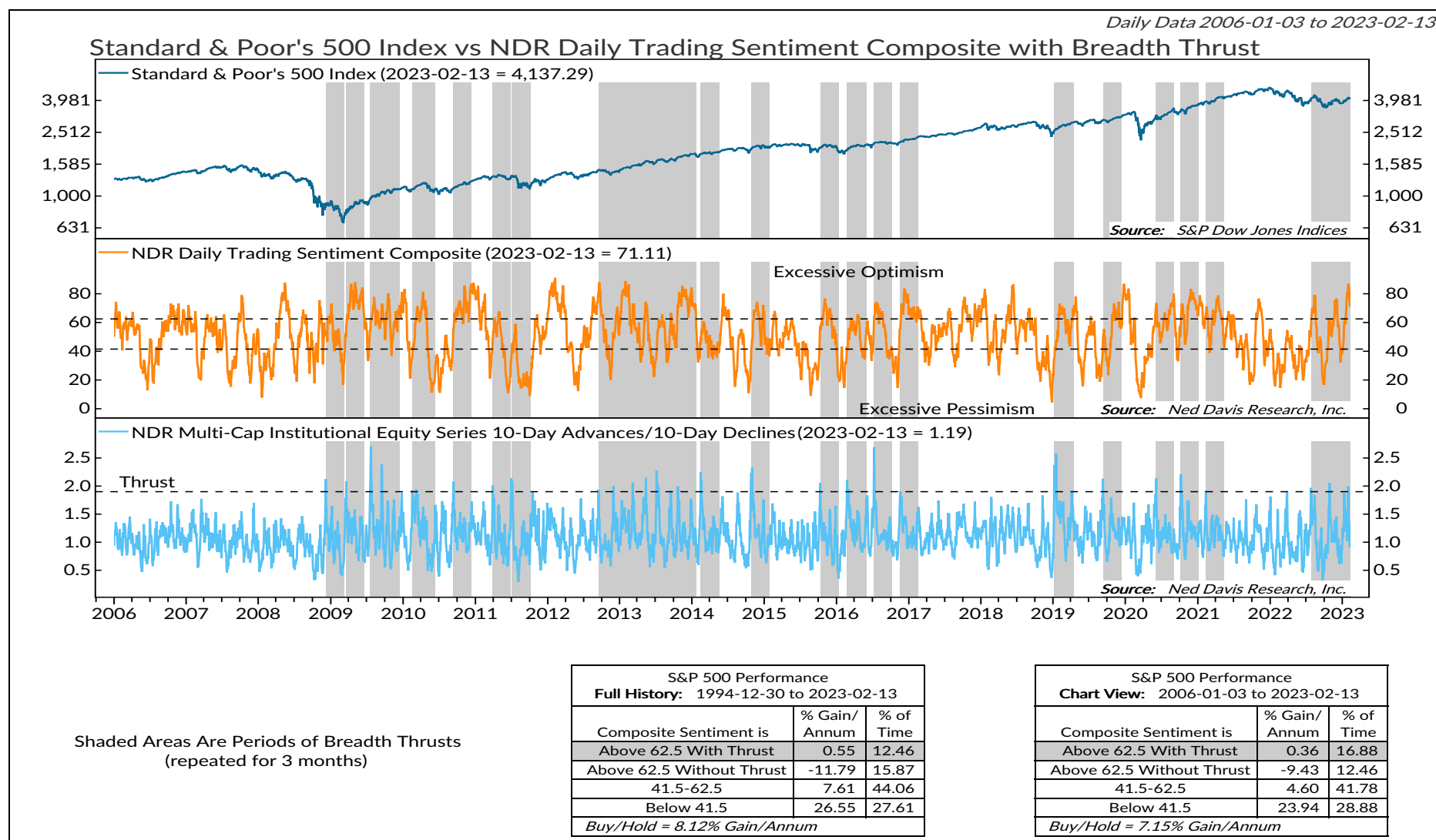


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Sentiment at extreme optimism but offset by strong breadth.

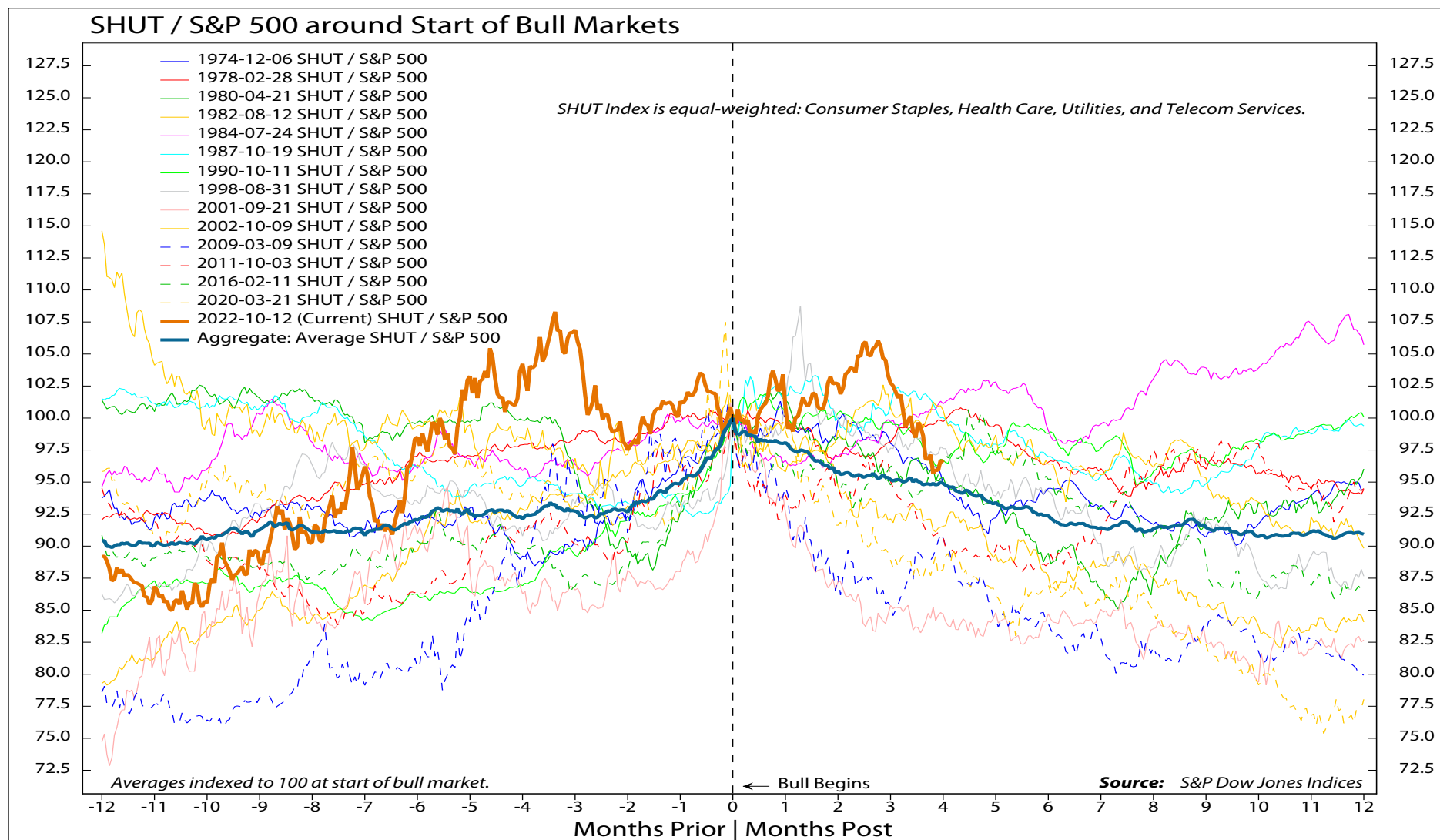


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Defensive/Cyclical: Starting to look like a bull market.

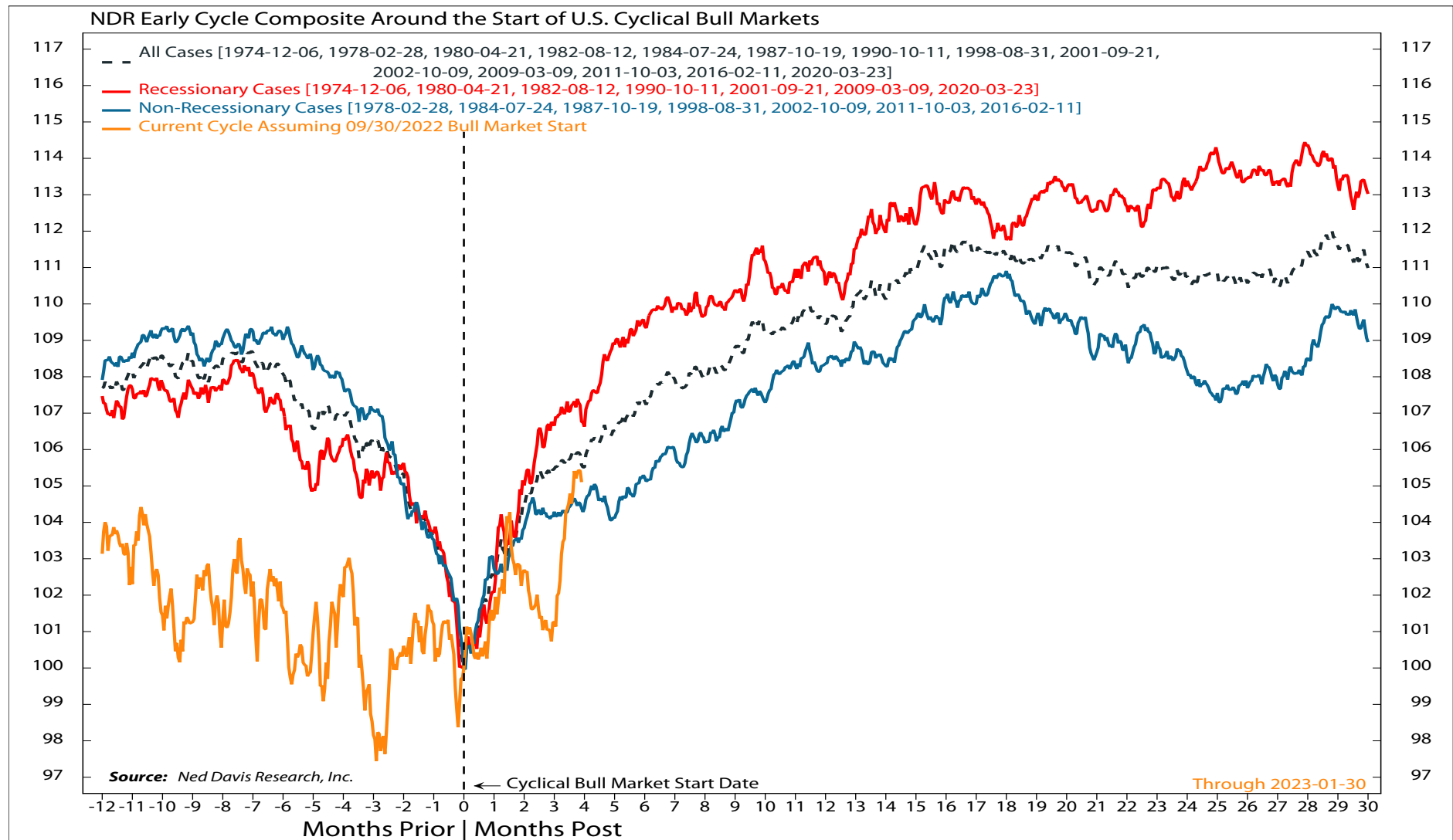


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Early Cycle Composite catching up to average bull case.

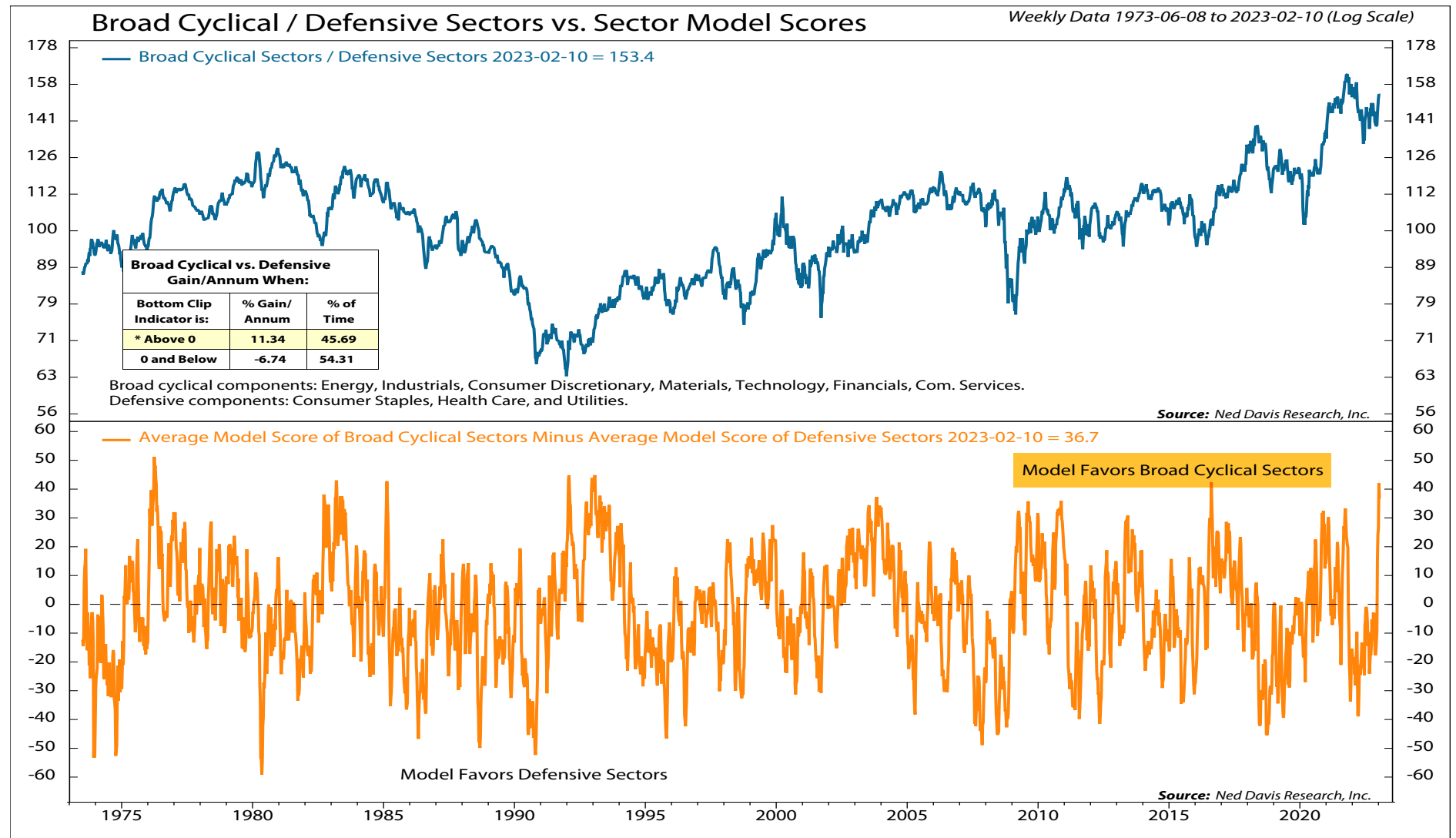


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Sector model shifting more cyclical.

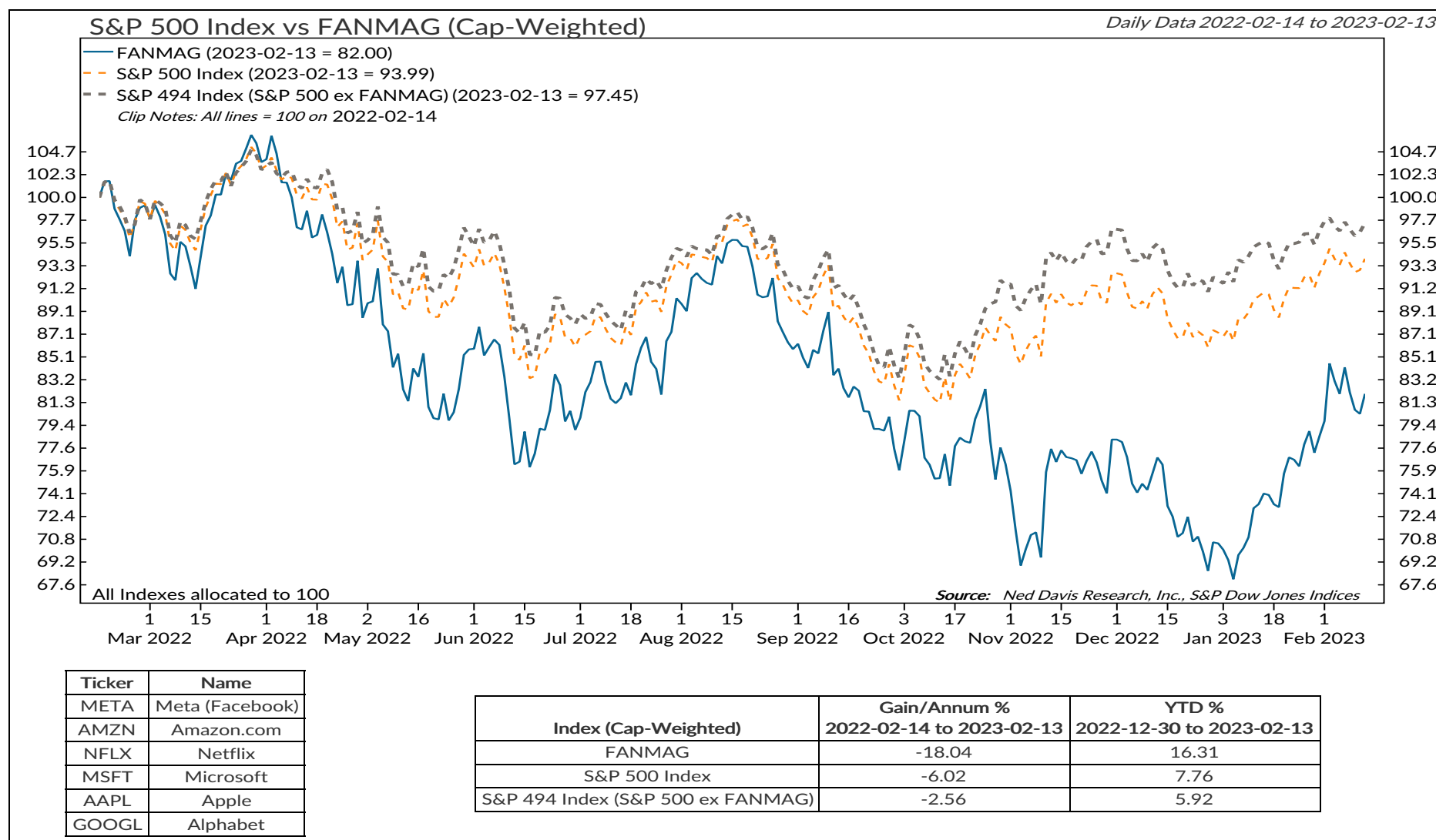


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Growth/Value: FANMAG needs to find a bottom for a Growth comeback.

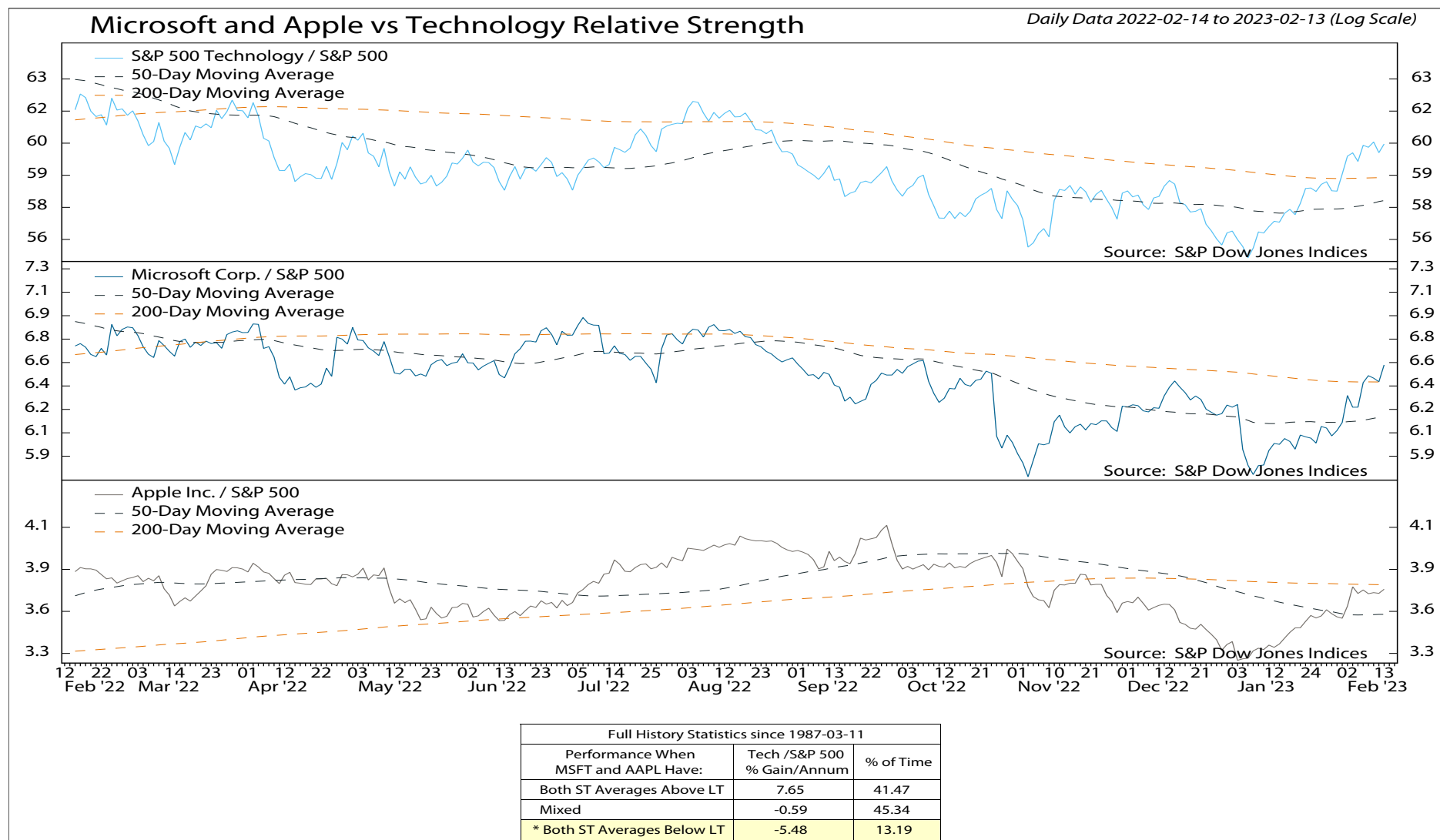


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Mega-caps dictate Growth sector performance.

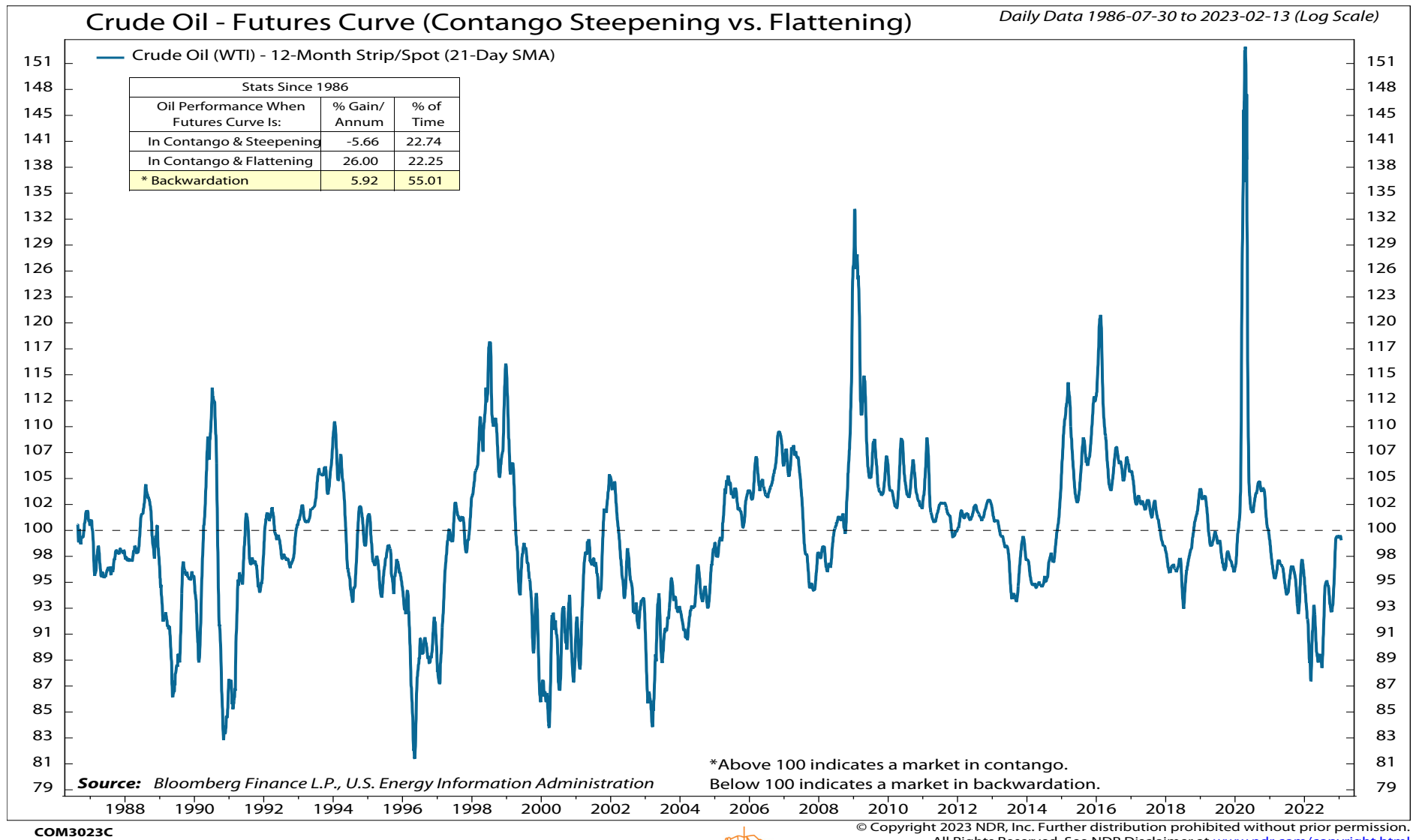


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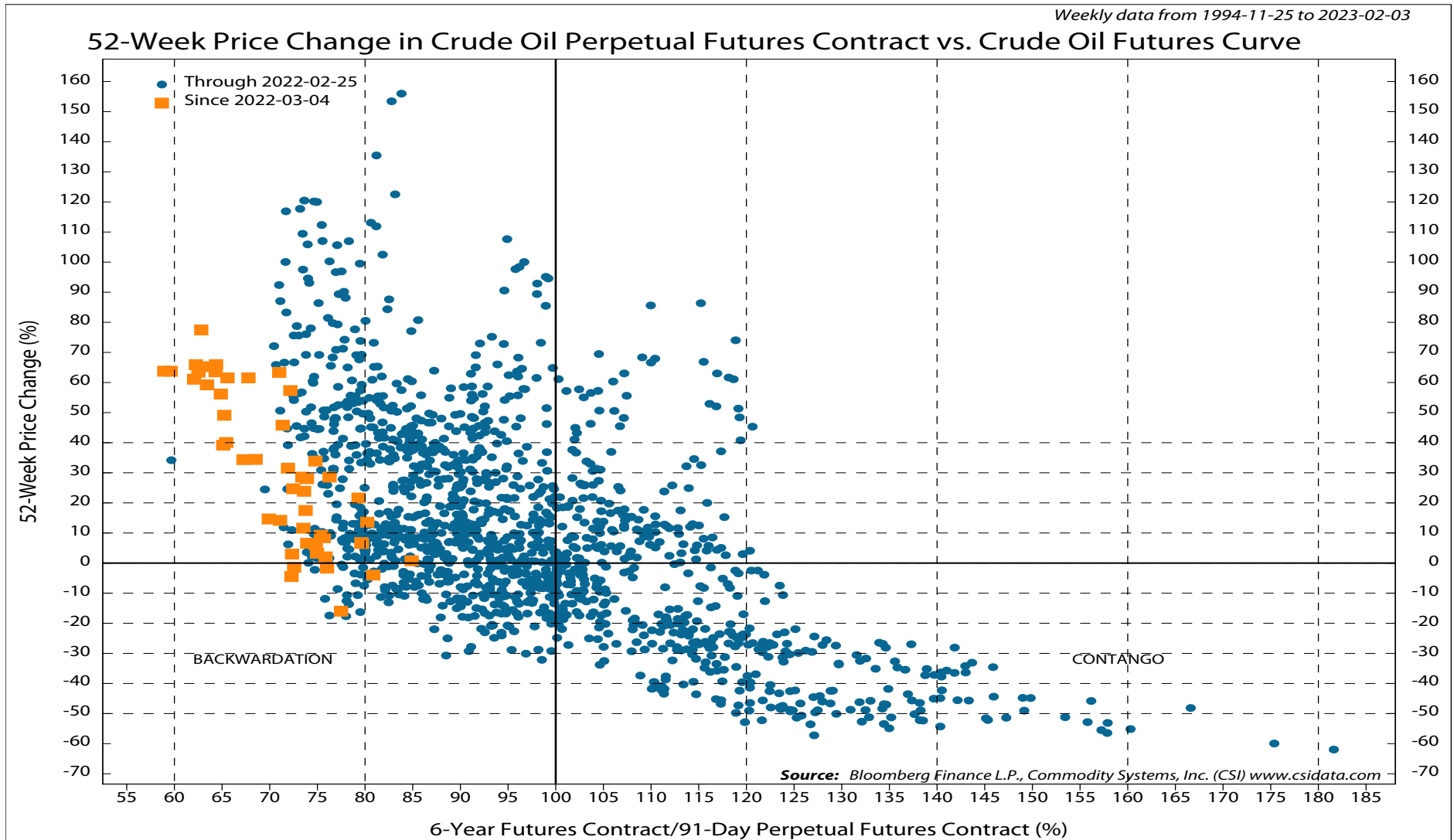
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Commodities: Crude curve moving towards contango.



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Largest crude drawdowns have occurred in contango, not backwardation.

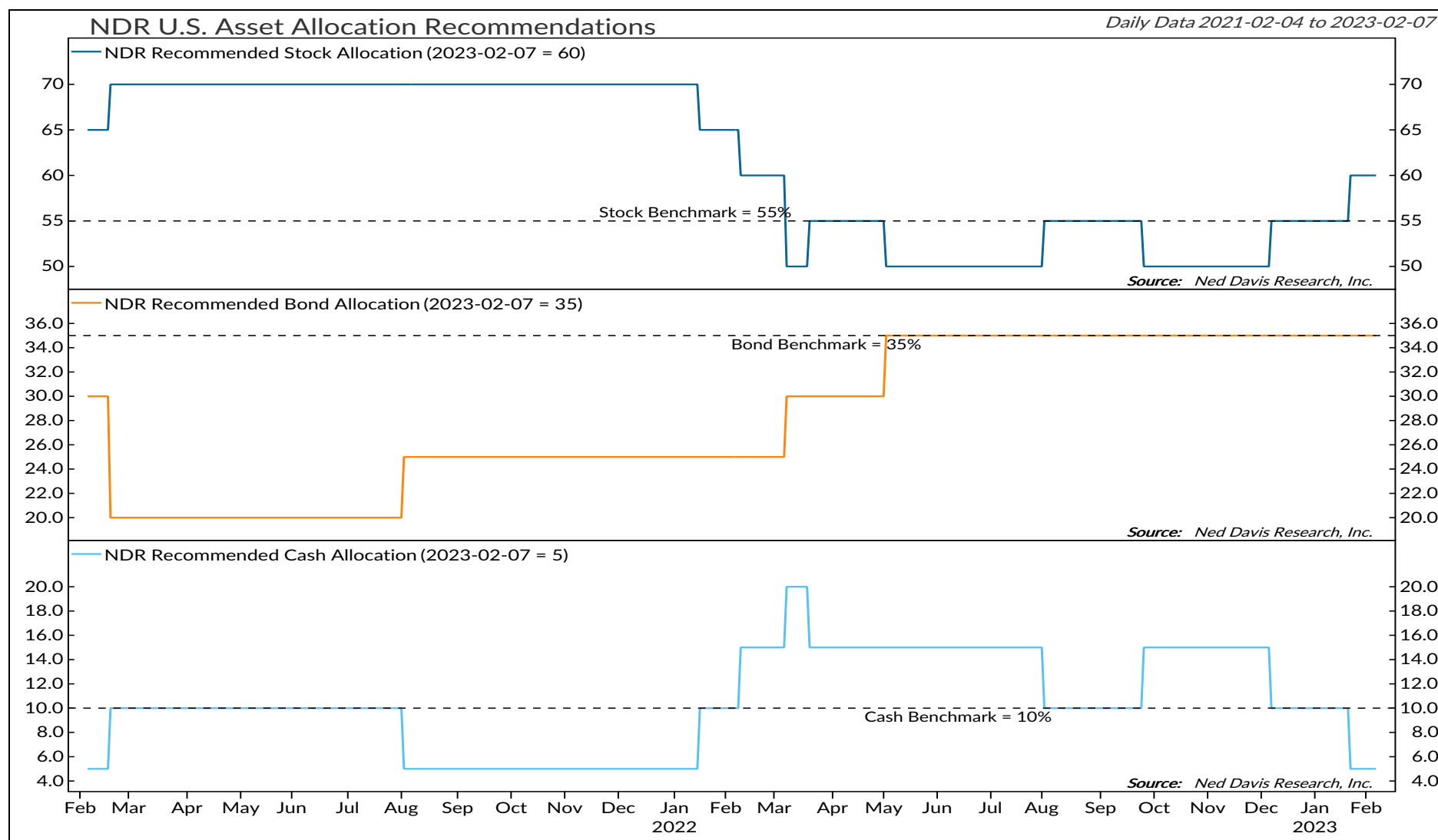


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Positioning: Overweight equities for the first time in nearly a year.



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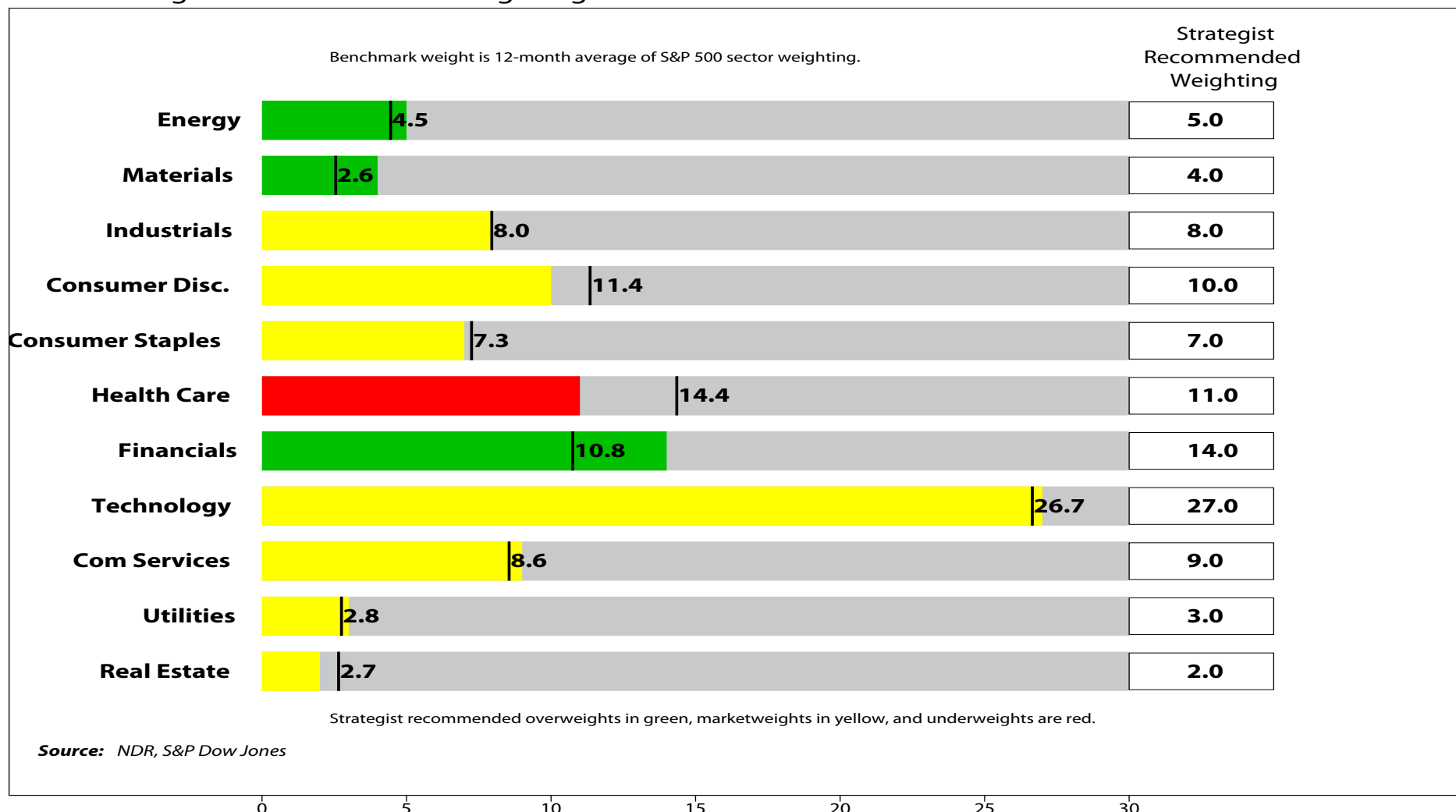


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Shifted more cyclical in January.

Strategist Recommended Weighting versus Benchmark

Daily Data 2023-02-06



Source: NDR, S&P Dow Jones

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Q & A



Rob Anderson, CFA

U.S. Sector Strategist

Rob Anderson, CFA is NDR's U.S. Sector Strategist. He is responsible for U.S. sector analysis as well as sector allocation, recommending sector weights across all 11 GICS sectors. Rob authors weekly **Sector Focus** and monthly **Sector Update** publications.

Prior to joining NDR in 2018, Rob was a Derivative Valuation Consultant at Northern Trust in Chicago, IL. He was responsible for creating and maintaining valuation models for OTC derivative products that were used to value client portfolios. Prior to Northern Trust, Rob worked as a Securities Operation Service Specialist for Wells Fargo Advisors in St. Louis, MO.

Rob earned his Bachelor of Science degree in Banking and Finance from the University of Missouri and received a Master of Business Administration degree from Webster University in St Louis, MO. Rob is a CFA charterholder and a member of the CFA Institute.



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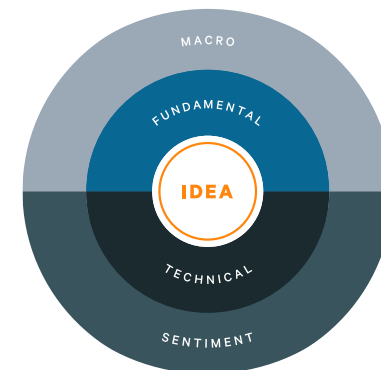


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