

Weekly Market Look

For Institutional Investors Only

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Weekly Update:

- Weekly summary of portfolio performance laid out in detail on pages 4 and 5. Highest performing stock was CYBR (+7.14%) over the prior week, weakest was SWK (-11.45%).
- On a macroeconomic level, the 4 week average of initial unemployment claims was down 3.48%, while manufacturer's new orders were up 0.76% from the prior month (full listing of leading, coincident, and lagging indicators on pgs 6 and 7)
- S&P total return index (SPXT) is currently below its 200 day moving average, but showing increasing momentum, leading me to consider long opportunities. In general however, I use the SPXT as a trend filter and will refrain from adding long positions if current prices are below the 200 day MA.
- Global market performance:

	1 Week Performance	Futures
S&P (SPX)	-1.01%	-0.35%
NASDAQ (COMPX)	-1.00%	-0.45%
Nikkei (NI)	-0.34%	-0.63%
FTSE (FTSE)	-3.21%	-0.23%
USD/JPY	-0.29%	0.02%
EUR/USD	0.55%	-0.03%
WTI (OILSW)	-3.36%	0.35%
Brent (OILBR)	-4.42%	0.30%
Natural Gas (NG2Spot)	-16.40%	0.38%
Copper (HG2Spot)	-1.43%	0.30%
Gold (GC2Spot)	1.60%	-0.04%
Soybeans (S2Spot)	0.71%	-0.32%

- Current sector rotation (RRG), relative to the S&P 500

Ticker	Sector	Quadrant
XOP	E&P	Leading
XLI	Industrials	Leading
XLF	Financials	Leading
XLV	Healthcare	Improving
XLRE	Real Estate	Improving
XLK	Technology	Improving
XLY	Consumer Disc	Weakening
XLE	Energy	Weakening
XLU	Utilities	Lagging
XLP	Consumer Staples	Lagging
XLB	Materials	Lagging

Thoughts on sector rotation:

- While the XOP is currently leading the S&P 500 on a relative basis, it doesn't seem far off from moving into the "weakening" quadrant, which fits, given that the Energy sector is already there. Additionally, both Consumer Staples and Utilities look poised to move from lagging to improving, which to me signals a note of overall caution in the market, as well a target sectors for long ideas.

Trade idea (*System 2**: description on page 7, chart on page 8):

- Newell Brands (**NWL**). **Potential long candidate.**
- Global design and manufacture of consumer/commercial products. Broad range of products, with Rubbermaid likely to be the one to ring a bell first.
- Other business segments include Writing (Papermaid), Appliances, Outdoor and Recreation, Baby, Home Fragrance, Food, and Home Security (First Security, OneLink).
- On a technical basis, price lies between the 20 and the 50 day moving averages, while the 14 period RSI has moved higher as well.
- Prices had previously been in a steady decline from \$52 per share back in May of 2017. Momentum (RSI) began to show bullish divergence between August and November of 2018. Also detect the potential for a crossover of the 10 and 100 day MA's.
- Moving a level higher to the weekly chart shows the same signal, i.e. bullish divergence and increasing momentum.
- Should the thesis be incorrect, I would look to exit the trade at \$18.68 per share which equates to a \$2.30 per share loss. The \$2.30 per share is equivalent to 2.5x the average true range (\$0.92) for NWL shares.
- On a fundamental basis, NWL has a 20.1% 5 yr CAGR specific to revenue growth, and 17% CAGR's specific to EBITDA and Gross Profit, respectively. I'm not in love with the balance sheet, as the 61% Debt to Capital ratio is above my general 50% comfort level. The 159% Debt to Equity ratio is substantially above my comfort threshold. However, NWL appears to be generating enough EBITDA to cover their interest expense/obligations.

Trade System Descriptions*

- **System 1:** Momentum ranking while accounting for volatility. Basket of stocks are ranked based on their momentum over the last 90 days (using the exponential regression). That number is annualized and then subsequently multiplied by the R2 (coefficient of determination), in order to penalize stocks for excessive volatility. Goal is to locate stocks with strong, steady momentum
- **System 2:** Retracement while in a primary trend. For long ideas, the goal is to identify names that have been moving higher, but have recently pulled back slightly. I look for stocks whose current price lies below the 20 day moving average, but above the 50 day moving average, while momentum (14 period RSI), is pointing higher as well.
- **System 3:** Moving average crossover. Basic system attempting to capture a stock poised to breakout. Can use a 10 day MA crossover above the 100 day MA, 20 above the 50, 50 above the 200, etc... depending on risk tolerance.

Weekly Market Note

1 Day - Watch List - Watchlist Summary Layout

Code	Name	Last	Sector Name	Mkt Cap	Daily Change	1 Week Change	Relative to S&P	1 Month Change	Quarterly Change	Yearly Change
Commercial Serv: CNT: 3										
6028.JP	TechnoPro Holdings,Inc.	5,460,000	Commercial Services	199,400.0	-0.73%	0.74%	Improving	20.66%	-2.50%	-10.34%
BCO	The Brink's Co	71.88	Commercial Services	3,637.1	-0.01%	-0.70%	Leading	13.29%	5.16%	-16.61%
KFY	Korn Ferry	44.18	Commercial Services	2,496.7	-2.06%	-3.14%	Improving	12.19%	0.89%	-0.07%
Consumer Durable: CNT: 3										
ELY	Callaway Golf Co	16.39	Consumer Durables	1,548.9	-1.09%	-3.47%	Lagging	7.26%	-24.92%	6.71%
MSA	MSA Safety Inc	97.05	Consumer Durables	3,733.0	-2.76%	-3.76%	Weakening	4.70%	-6.33%	20.77%
SWK	Stanley Black & Decker Inc	121.21	Consumer Durables	18,660.9	0.52%	-11.45%	Improving	2.00%	9.98%	-28.58%
Consumer Non Du: CNT: 2										
4985.JP	EARTH CHEMICAL CO LTD	5,020,000	Consumer Non Durables	103,502.2	-1.95%	-2.90%	Leading	-0.59%	1.11%	-12.08%
BF.B	Brown-Forman Corp	45.41	Consumer Non Durables	21,658.7	-0.20%	-1.09%	Improving	-4.24%	-2.57%	-18.42%
Consumer Services: CNT: 7										
DISH	Dish Network Corp	30.30	Consumer Services	14,170.5	0.73%	1.68%	Lagging	21.39%	7.22%	-35.79%
HLT	Hilton Worldwide Holdings I	72.31	Consumer Services	21,473.3	0.77%	-1.05%	Leading	1.92%	5.92%	-17.54%
LBTYK	Liberty Global PLC	22.62	Consumer Services	17,190.8	1.21%	4.67%	Lagging	10.13%	-3.29%	-37.51%
LYV	Live Nation Entertainment I	52.83	Consumer Services	10,982.9	-1.05%	-2.24%	Weakening	9.51%	5.53%	16.34%
SBUX	Starbucks Corp	66.90	Consumer Services	87,578.8	-0.28%	3.40%	Weakening	5.54%	15.21%	15.36%
TSG	The Stars Group Inc	17.900	Consumer Services	4,870.1	-0.56%	-0.22%	Improving	9.61%	-13.02%	-30.62%
WWE	World Wrestling Entertainm	81.84	Consumer Services	6,385.3	-1.82%	-1.91%	Leading	12.02%	17.28%	138.25%
Distribution Serv: CNT: 1										
FERG	Ferguson PLC	50.700	Distribution Services	11,697.3	-0.08%	-5.41%	Improving	2.04%	1.59%	-13.80%
Electronic Technol: CNT: 1										
FTNT	Fortinet Inc	73.72	Electronic Technology	12,554.5	0.18%	4.57%	Lagging	4.81%	-5.72%	60.75%
Finance: CNT: 7										
CARO	Carolina Financial Corp	34.49	Finance	778.5	0.85%	2.40%	Improving	16.09%	8.80%	-11.93%
FBNC	First Bancorp	37.51	Finance	1,115.0	-1.37%	3.73%	Lagging	15.17%	5.66%	3.53%
LAND	Gladstone Land Corp	11.53	Finance	185.3	0.52%	-0.60%	Weakening	0.09%	-7.83%	-11.78%
NCOM	National Commerce Corp	40.0300	Finance	831.1	1.01%	1.94%	Improving	12.32%	10.15%	-11.34%
SSB	South State Corp	66.52	Finance	2,442.8	1.70%	-0.85%	Improving	11.69%	4.30%	-25.17%
TOWN	Towne Bank	25.5400	Finance	1,850.8	0.55%	-4.63%	Improving	6.11%	-6.48%	-18.14%
V	Visa Inc	135.99	Finance	301,258.8	-1.93%	-1.81%	Weakening	3.86%	-1.27%	7.66%

Weekly Market Note

1 Day - Watch List - Watchlist Summary Layout



<input type="checkbox"/>	Code	Name	Last	Sector Name	Mkt Cap	Daily Change	1 Week Change	Relative to S&P	1 Month Change	Quarterly Change	Yearly Change	<input type="checkbox"/>
<input type="checkbox"/>	TSP	Town State Corp	68.52	Finance	2,442.0	0.00%	0.00%	Improving	0.00%	0.00%	0.00%	<input type="checkbox"/>
<input type="checkbox"/>	TOWN	Towne Bank	25.5400	Finance	1,850.8	0.55%	-4.63%	Improving	6.11%	-6.48%	-18.14%	<input type="checkbox"/>
<input type="checkbox"/>	V	Visa Inc	135.99	Finance	301,258.8	-1.93%	-1.81%	Weakening	3.86%	-1.27%	7.66%	<input type="checkbox"/>
- Health Services CNT: 1												
<input type="checkbox"/>	EVHC	Envision Healthcare Holding	45.99	Health Services	5,583.3	0.00%	0.13%	Weakening	1.23%	2.79%	9.92%	<input type="checkbox"/>
- Health Technology CNT: 4												
<input type="checkbox"/>	ALXN	Alexion Pharmaceuticals Inc	119.21	Health Technology	26,595.8	-1.84%	1.85%	Lagging	22.63%	2.53%	-6.93%	<input type="checkbox"/>
<input type="checkbox"/>	CSII	Cardiovascular Systems Inc	28.9700	Health Technology	1,005.4	-0.52%	-0.58%	Lagging	3.02%	-14.69%	12.29%	<input type="checkbox"/>
<input type="checkbox"/>	NEOG	Neogen Corp	59.68	Health Technology	3,108.2	-1.97%	-1.32%	Improving	6.78%	-3.21%	-0.93%	<input type="checkbox"/>
<input type="checkbox"/>	TGTX	TG Therapeutics Inc	4.09	Health Technology	339.2	-7.67%	-9.51%	Improving	2.76%	-15.84%	-66.88%	<input type="checkbox"/>
- Non Energy Miner CNT: 2												
<input type="checkbox"/>	SUM	Summit Materials Inc	15.140	Non Energy Minerals	1,690.4	1.95%	0.53%	Improving	23.09%	22.10%	-55.02%	<input type="checkbox"/>
<input type="checkbox"/>	VMC	Vulcan Materials Co (Holdin	102.65	Non Energy Minerals	13,554.4	1.87%	-0.93%	Improving	5.75%	16.16%	-27.26%	<input type="checkbox"/>
- Producer Manufac CNT: 8												
<input type="checkbox"/>	5301.JP	Tokai Carbon Co Ltd	1,514.000	Producer Manufacturing	331,881.1	-2.76%	2.71%	Lagging	21.31%	-5.38%	-7.40%	<input type="checkbox"/>
<input type="checkbox"/>	AME	AMETEK Inc	70.15	Producer Manufacturing	16,282.9	-1.64%	-3.05%	Leading	5.13%	5.13%	-10.16%	<input type="checkbox"/>
<input type="checkbox"/>	APTV	Aptiv PLC	73.03	Producer Manufacturing	19,287.0	0.04%	0.14%	Improving	18.98%	-0.95%	-22.70%	<input type="checkbox"/>
<input type="checkbox"/>	LECO	Lincoln Electric Holdings Inc	84.19	Producer Manufacturing	5,425.7	-1.16%	-0.04%	Improving	8.87%	9.55%	-15.45%	<input type="checkbox"/>
<input type="checkbox"/>	PCAR	Paccar Inc	61.30	Producer Manufacturing	21,442.7	-2.22%	-2.67%	Improving	7.37%	10.85%	-22.12%	<input type="checkbox"/>
<input type="checkbox"/>	WSO	Watsco Inc	146.30	Producer Manufacturing	5,475.6	0.25%	0.32%	Improving	6.03%	0.03%	-19.41%	<input type="checkbox"/>
<input type="checkbox"/>	XONE	The ExOne Co	8.02	Producer Manufacturing	130.2	3.89%	2.69%	Lagging	23.01%	18.25%	-22.21%	<input type="checkbox"/>
<input type="checkbox"/>	XYL	Xylem Inc	69.35	Producer Manufacturing	12,462.2	-0.73%	-2.61%	Leading	6.20%	4.25%	-6.80%	<input type="checkbox"/>
- Retail Trade CNT: 5												
<input type="checkbox"/>	2782.JP	Seria Co Ltd	3,350.000	Retail Trade	249,891.9	1.67%	2.45%	Lagging	-9.95%	-8.22%	-49.17%	<input type="checkbox"/>
<input type="checkbox"/>	3182.JP	Oisix Inc.	1,798.000	Retail Trade	63,762.1	-5.32%	-9.60%	Improving	-1.15%	6.08%	-36.06%	<input type="checkbox"/>
<input type="checkbox"/>	9435.JP	HIKARI TSUSHIN INC	17,020.000	Retail Trade	788,063.5	-0.58%	-2.35%	Lagging	-0.87%	-9.37%	5.91%	<input type="checkbox"/>
<input type="checkbox"/>	OLLI	Ollie's Bargain Outlet Holdin	76.68	Retail Trade	4,816.4	-1.84%	1.32%	Lagging	16.91%	-13.11%	32.32%	<input type="checkbox"/>
<input type="checkbox"/>	WMT	Walmart Inc	97.06	Retail Trade	282,638.7	0.12%	-0.69%	Weakening	5.35%	-1.90%	-10.45%	<input type="checkbox"/>
- Technology Services CNT: 1												
<input type="checkbox"/>	CYBR	CyberArk Software Ltd	84.1300	Technology Services	3,033.8	4.97%	7.14%	Leading	14.82%	24.12%	93.45%	<input type="checkbox"/>

Type Code or Name to add an item to the watchlist

Weekly Market Note

1 Day - Watch List - No Layout

Code	Name	Last	1 Month Change	3 Month Change	6 Month Change	9 Month Change	12 Month Change	
Leading Indicators								
<input type="checkbox"/>	USSLIND	Leading Index for the United States	1.41	8.46%	22.61%	-7.24%	-10.76%	-12.96%
<input type="checkbox"/>	UMCSENT	University of Michigan: Consumer Sentiment®	97.50	-1.12%	1.35%	-0.51%	-2.21%	-1.02%
<input type="checkbox"/>	T10YFF	10-Year Treasury Constant Maturity Minus Federal Funds Rate	0.36	-7.69%	-62.89%	-65.71%	-71.88%	-70.25%
<input type="checkbox"/>	SP500	S&P 500®	2,642.33	12.39%	-0.52%	-6.31%	0.29%	-6.88%
<input type="checkbox"/>	PERMIT	New Private Housing Units Authorized by Building Permits	1,328.00	4.98%	6.33%	2.08%	0.53%	1.92%
<input type="checkbox"/>	NFCI	Chicago Fed National Financial Conditions Index	-0.78	5.41%	-10.34%	-3.70%	1.30%	-16.13%
<input type="checkbox"/>	NEWORDER	Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft	69,288.00	-0.58%	-0.59%	1.41%	2.91%	2.89%
<input type="checkbox"/>	IC4WSA	4-Week Moving Average of Initial Claims	215,000.00	-3.48%	1.53%	-2.60%	-7.13%	-11.70%
<input type="checkbox"/>	DGORDER	Manufacturers' New Orders: Durable Goods	250,827.00	0.76%	-3.58%	0.57%	0.91%	3.46%
<input type="checkbox"/>	AWHMAN	Average Weekly Hours of Production and Nonsupervisory Employees: Manufacturing	42.00	0.00%	-0.24%	-0.24%	-0.47%	0.72%
Coincident Indicators								
<input type="checkbox"/>	W875RX1	Real personal income excluding current transfer receipts	13,590.50	0.20%	0.32%	1.01%	11.45%	12.17%
<input type="checkbox"/>	RSAFS	Retail and Food Services Sales	513,531.00	0.23%	0.99%	1.82%	4.42%	4.03%
<input type="checkbox"/>	PCE	Personal Consumption Expenditures	14,243.50	0.38%	1.22%	2.62%	3.50%	4.25%
<input type="checkbox"/>	PAYEMS	All Employees: Total Nonfarm Payrolls	150,263.00	0.21%	0.51%	0.87%	1.35%	1.80%
<input type="checkbox"/>	INDPRO	Industrial Production Index	109.95	0.35%	0.91%	1.92%	3.20%	2.47%
<input type="checkbox"/>	CDSP	Consumer Debt Service Payments as a Percent of Disposable Personal Income	5.58	-0.02%	-0.02%	-0.50%	-4.57%	-4.08%
<input type="checkbox"/>	BUSLOANS	Commercial and Industrial Loans, All Commercial Banks	2,316.88	1.75%	4.38%	4.85%	8.37%	9.10%
Lagging Indicators								
<input type="checkbox"/>	ULCNFB	Nonfarm Business Sector: Unit Labor Cost	109.05	-0.26%	-0.26%	-0.49%	-0.18%	0.60%
<input type="checkbox"/>	UEMPMEAN	Average (Mean) Duration of Unemployment	21.80	0.46%	-9.17%	2.83%	-9.54%	-7.63%
<input type="checkbox"/>	MPRIME	Bank Prime Loan Rate	5.35	1.90%	6.36%	9.41%	16.81%	21.59%
<input type="checkbox"/>	MNFCTRIRSA	Manufacturers: Inventories to Sales Ratio	1.34	0.00%	-0.74%	-0.74%	-0.74%	-1.47%
<input type="checkbox"/>	CIVPART	Civilian Labor Force Participation Rate	63.10	0.32%	0.64%	0.32%	0.32%	0.64%

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Weekly Market Note

1 Day - Watch List - No Layout

<input type="checkbox"/>	Code	Name	Last	1 Month Change	3 Month Change	6 Month Change	9 Month Change	12 Month Change	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: Men	69.00	0.00%	0.44%	-0.14%	-0.43%	0.00%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: Women	57.50	0.35%	0.88%	0.52%	1.05%	1.05%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: White	63.10	0.16%	0.80%	0.32%	0.32%	0.48%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: Black or African American	62.10	0.00%	-0.48%	-0.16%	-0.96%	0.00%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: Hispanic or Latino	67.00	0.30%	1.52%	0.75%	1.82%	1.98%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 16 to 19 years	35.60	0.56%	2.59%	1.42%	0.28%	3.49%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 16 to 19 years, White	37.20	0.54%	0.00%	1.64%	-0.53%	1.36%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 16 to 19 years, Black or African American	32.80	-2.38%	12.71%	2.82%	0.61%	13.89%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 20 years and over, Men	71.50	0.00%	0.28%	-0.14%	-0.42%	-0.14%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: 20 years and over, Women	58.80	0.34%	0.68%	0.34%	0.86%	0.86%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 20 years and over, White Men	71.90	0.14%	0.56%	0.00%	-0.28%	0.14%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: 20 years and over, White Women	58.00	0.17%	1.05%	0.69%	1.05%	0.87%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 20 years and over, Black or African American Men	67.20	-0.30%	-1.18%	0.60%	-1.47%	-0.74%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: 20 years and over, Black or African American Women	62.20	0.32%	-1.11%	-1.27%	-0.80%	-0.64%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 20 to 24 years	70.60	0.28%	-0.56%	-1.12%	-2.22%	0.14%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 25 to 54 years	82.30	0.12%	0.61%	0.37%	0.24%	0.49%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: 55 years and over	40.30	0.25%	0.50%	0.50%	1.26%	1.00%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: Less than a High School Diploma, 25 years and over	46.10	-1.28%	0.22%	0.44%	0.88%	2.90%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: High School Graduates, No College, 25 years and over	58.10	0.87%	1.04%	0.35%	1.75%	0.52%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Civilian Labor Force Participation Rate: Bachelor's Degree and Higher, 25 years and over	73.60	-0.27%	0.00%	-0.54%	-0.81%	0.14%	<input type="checkbox"/>
<input type="checkbox"/>	LNS	Labor Force Participation Rate: Some College or Associate Degree, 25 years and over	65.70	0.61%	0.61%	0.61%	0.15%	-0.76%	<input type="checkbox"/>

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Weekly Market Note



Weekly Market Note

1 Day Relative Rotation Graph® Date: 1/25/2019 Benchmark: S&P 500 INDEX - SPX (WI)

