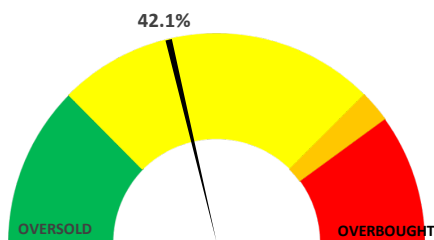


Issue 455

## SIGNAL BEHAVIOR

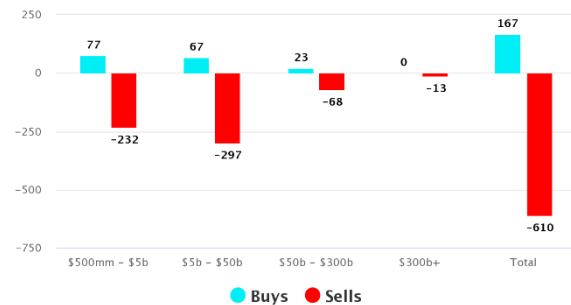
**MAP VIEW LAST WEEK:** Humans are humans, which means we make mistakes and act irrationally. Of course, this is even more pronounced with the benefit of hindsight. Given what's happening in markets right now, the future could see many people expressing regret over equity overreactions. This year has seen even more rotations between sectors, including last week. Sellers returned as we saw 167 buy signals against 610 sells. However, the Big Money Index (BMI) ticked up due to big late week buys and past outsized sells dropping out of the moving average. This week's stock is a true "grower" – agricultural input firm Mosaic Company (MOS).

### BIG MONEY INDEX



### BUY AND SELL SIGNALS

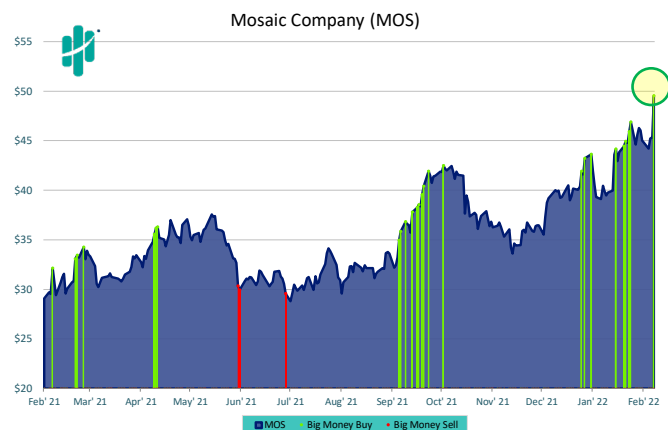
BIG BUYING AND SELLING BY MARKET CAP  
Feb 21, 2022 – Feb 25, 2022



### SECTOR STRENGTH AND WEAKNESS

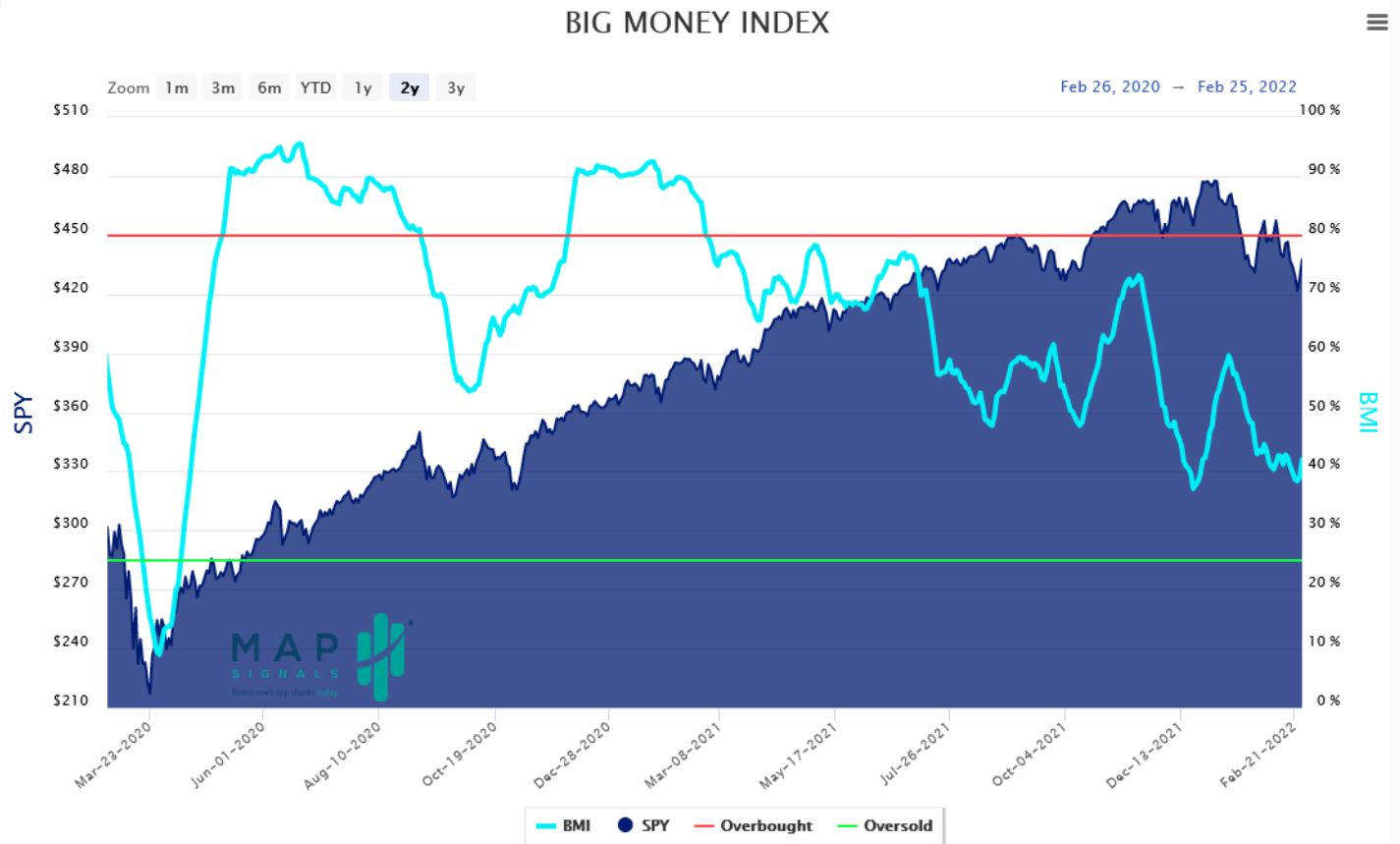
1	Energy	67.9
2	Financials	59.0
3	Materials	58.7
4	Utilities	57.6
5	Staples	54.8
6	Industrials	52.7
7	Real Estate	52.7
8	Health Care	49.6
9	Discretionary	49.4
10	Technology	49.2
11	Communications	48.6

### STOCK PICK



## MAP VIEW: BIG MONEY INDEX

We have observed that big institutional buying and selling can alert us to overbought or oversold conditions in the market. The below graph is the S&P 500 Index with the 25-day moving average institutional buying/selling ratio below. A ratio approaching 25% means an oversold market (green) which is bullish, while readings approaching 80% and above suggest an overbought market (red) and is bearish.



Source: MAPsignals.com, End of day data sourced from Tiingo.com

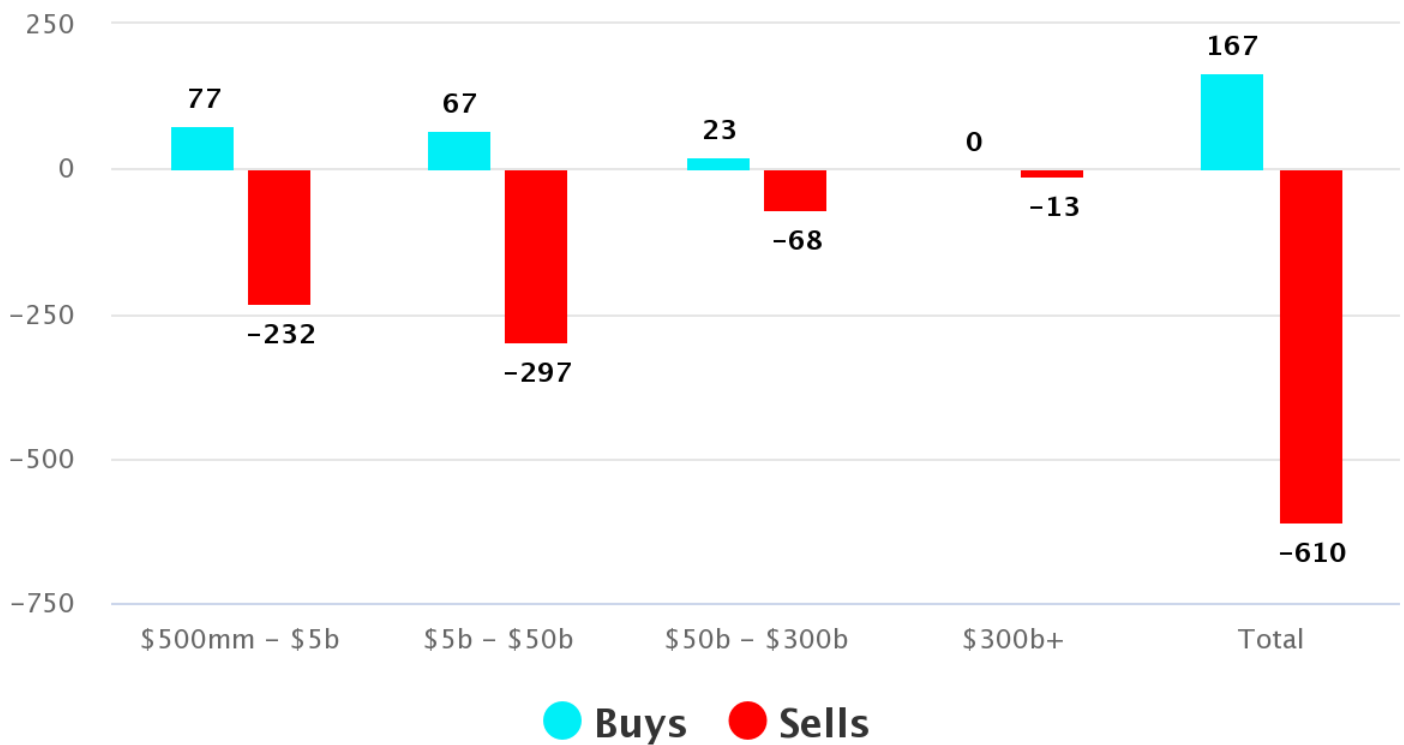
## BIG MONEY INDEX

The BMI ticked up slightly, despite lots of selling on the week. There are two primary reasons. First, big buying late in the week helped offset selling. Second, since the BMI is a 25-day moving average, the range of measurements changes over time – activity on day 26 drops off to make room for the newest data – and past outsized selling rolled out of the moving average. Our hunch is the BMI will rise next week since it will be helped by more past outsized sells disappearing.

## BUYING AND SELLING

Sellers returned, killing small-cap stocks in the process. Larger stocks were spared though, especially the mega-caps. As for buying, it too was mostly focused on smaller stocks. But overall, the week was one for sellers, no question.

## BIG BUYING AND SELLING BY MARKET CAP Feb 21, 2022 – Feb 25, 2022



## MAP VIEW: SECTORS

**METHODOLOGY:** We sift through thousands of stocks each day and score them based on proprietary metrics. Then we overlay our signal for big money trading activity. We show you big buying and selling on the strongest and weakest stocks. Here we average the scores for all the stocks in each sector and rank by strength.

MAP SIGNALS SECTOR RANKINGS	MAP 1400 BIG MONEY STOCKS		BIG MONEY SIGNALS		% BUY	% SELL
	MAP SCORE (AVG)	STOCKS	BUYING	SELLING		
1 Energy	67.9	99	38	12	38%	12%
2 Financials	59.0	219	12	64	5%	29%
3 Materials	58.7	105	26	47	25%	45%
4 Utilities	57.6	47	7	19	15%	40%
5 Staples	54.8	122	10	50	8%	41%
6 Industrials	52.7	186	22	91	12%	49%
7 Real Estate	52.7	128	6	43	5%	34%
8 Health Care	49.6	226	18	58	8%	26%
9 Discretionary	49.4	218	16	99	7%	45%
10 Technology	49.2	273	13	115	5%	42%
11 Communications	48.6	30	2	12	7%	40%

Source: FactSet, MAPsignals

Energy, Financials, Materials, Utilities, & Staples are the top five sectors by score. Only Energy was bought big. All other sectors were sold. However, the BMI ticked up on late week buys and past outsized sell days rolling out of the average.

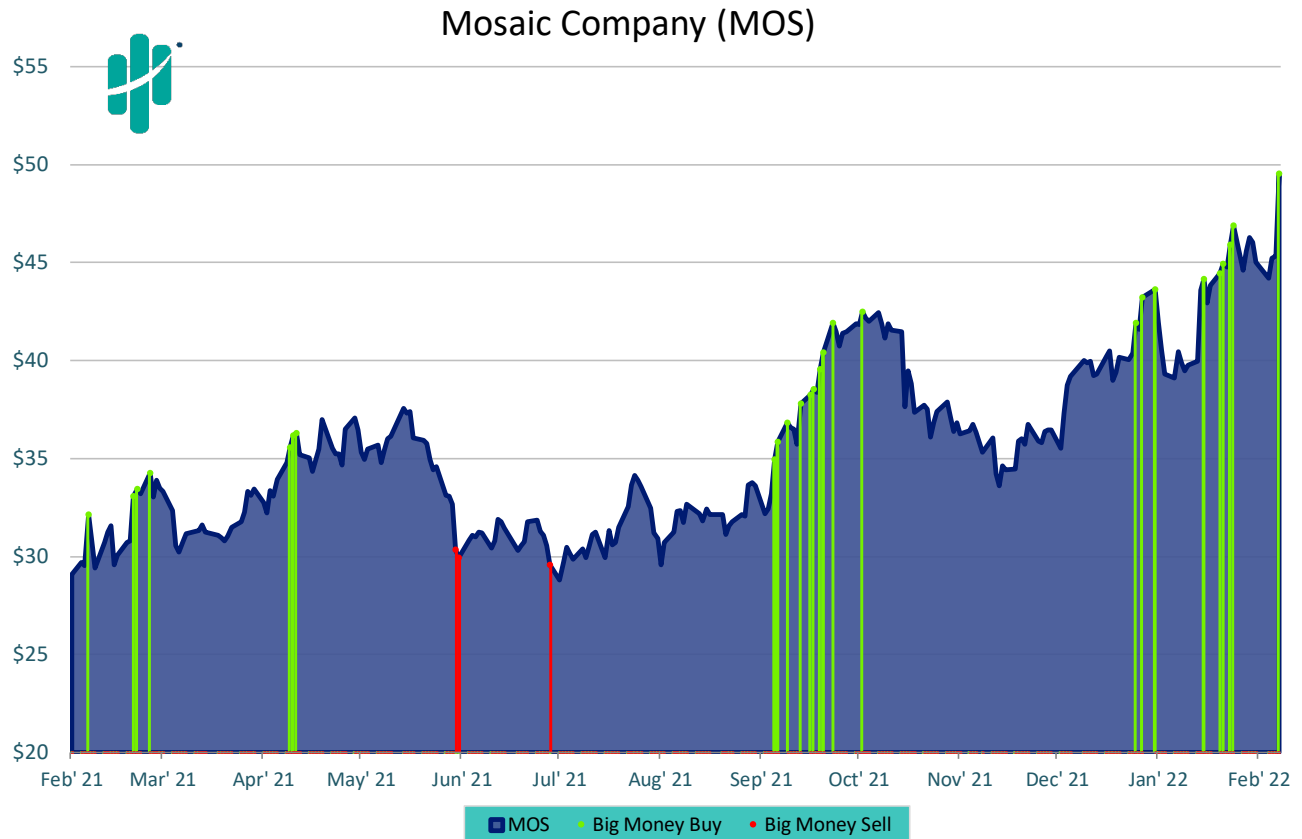
## MAPVIEW STOCK

**MOS**

**Mosaic Company - Materials, Chemical, Plastic and Rubber Materials, Specialty and Performance Chemicals**

Previous Close: \$49.53 (9.22%). MAP Score of 67.2 (Technical 76.5 - Fundamental 54.2).

**BIG MONEY** This is the first appearance for MOS on the MAP 20 buylist. Here are the Big Money signals the past year:



Source: MAPsignals, End of day data sourced from Tiingo.com

#### FUNDAMENTALS

■ 1-year sales growth of 42%	JUICE
■ 3-year sales growth of 11%	JUICE
■ 1-year earnings growth of 145%	JUICE
■ 3-year earnings growth of -91%	NOT IDEAL
■ Gross profit margin of 26%	JUICE
■ 42% debt/equity ratio	SO-SO
■ Forward P/E ratio of 5.7x earnings	JUICE
■ Market Cap of \$18.2 billion	JUICE
■ Short interest of 2%	NOT IDEAL
■ 0.3% held by insiders	NOT IDEAL
■ 86.6% institutional ownership	JUICE
■ EV/EBITDA ratio of 13.9x	JUICE
■ Debt/EBITDA ratio of 1.2	JUICE
■ Price/Book Value ratio of 1.4	RICH
■ Price/Tangible Book Value ratio of 1.6	RICH
■ Revenue per share of \$32.38	

#### TECHNICALS

■ MAP Big Money buy signals recently starting 2/25/22 at \$49.53	JUICE
■ Trades near 12-week high? (\$49.57)	JUICE
■ Trades near 52-week high? (\$49.57)	JUICE
■ 1 days since 52 week high	JUICE
■ Price 49.53 above 50D (41.6), 100D (40), and 200D (36.4)DMA?	JUICE
■ Is up 22.51% 1 Month	JUICE
■ Is up 26.1% YTD	JUICE
■ Is outperforming S&P 500 by 34.1% YTD	JUICE
■ 52 week stochastic of 100%	JUICE
■ Relative Strength of 69.4 (upper third)	JUICE
■ 20D Avg. Volume 7.38 million – good liquidity	JUICE

#### BIG MONEY DATA:

■ Big Money Buy Signals in past 30 days:	1
■ Big Money Buy Signals in past 90 days:	9
■ Big Money Buy Signals since July 1st, 2014:	84
■ Times on the Top 20 since July 1st, 2014:	0
■ Outlier status:	NEWCOMER

#### OVERALL IMPRESSION:

Analysts rate Mosaic Company as 77.8% buy, 11.1% hold and 11.1% sell. MOS is breaking new highs with solid fundamentals. With a MAP Score of 67.2 (Technical 76.5%, Fundamental 54.2%) we see MOS as having plenty of upside potential. Mosaic Company is a leader in Materials with room to grow. We like it long term.

#### ACTION:

Buy MOS up to \$50.77 with a suggested trailing stop-loss of \$6.86 from long initiation point. Mosaic Company reports earnings 05/09/2022. We like a buy of MOS at \$49.53. As it is a recent buy report member, and potential outlier in Materials. We like its future prospects.

Data in this report is sourced from: MAPsignals, FactSet, RBICS, Tiingo.com



## FUNDAMENTALS

■ 1-year sales growth of 19%	SO-SO
■ 3-year sales growth of 18%	JUICE
■ 1-year earnings growth of -1%	NOT IDEAL
■ 3-year earnings growth of 30%	JUICE
■ Gross profit margin of 47%	JUICE
■ 41% debt/equity ratio	SO-SO
■ Forward P/E ratio of 23x earnings	JUICE
■ Market Cap of \$129.2 billion	JUICE
■ Short interest of 2%	NOT IDEAL
■ 0.2% held by insiders	NOT IDEAL
■ 78.1% institutional ownership	JUICE
■ EV/EBITDA ratio of 45.6x	JUICE
■ Debt/EBITDA ratio of 1.4	JUICE
■ Price/Book Value ratio of 10.1	RICH
■ Price/Tangible Book Value ratio of 24.6	RICH
■ Revenue per share of \$21.55	

## TECHNICALS

■ No recent Big Money buy signals.	NOT IDEAL
■ Trades near 12-week high? (\$196.10)	NOT IDEAL
■ Trades near 52-week high? (\$310.16)	NOT IDEAL
■ 155 days since 52 week high	NOT IDEAL
■ Price 110.94 above 50D (156.8), 100D (186), and 200D (232.6)DMA	SO-SO
■ Is down -29.87% 1 Month	NOT IDEAL
■ Is down -41.2% YTD	NOT IDEAL
■ Is underperforming S&P 500 by -33.2% YTD	NOT IDEAL
■ 52 week stochastic of 8%	NOT IDEAL
■ Relative Strength of 36.6 (middle third)	SO-SO
■ 20D Avg. Volume 33.01 million – good liquidity	JUICE

### BIG MONEY DATA:

■ Big Money Buy Signals in past 30 days:	0
■ Big Money Buy Signals in past 90 days:	0
■ Big Money Buy Signals since July 1st, 2014:	93
■ Times on the Top 20 since July 1st, 2014:	48
■ Outlier status:	OUTLIER

### OVERALL IMPRESSION:

Analysts rate PayPal Holdings, Inc. as 93.1% buy, 3.4% hold and 3.4% sell. With a MAP Score of 46.6 (Technical 23.5%, Fundamental 79.2%) we see PYPL as having plenty of upside potential. PayPal Holdings, Inc. is a leader in Financials with room to grow. We like it long term.

### ACTION:

**Sell 1 PYPL July 17th 90 Put @ 4.20, Buy 1 PYPL July 17th 135 Call for 3.85.** PayPal Holdings Inc. (PYPL) is an outlier stock that has pulled back incredibly. With any bounce in growth, this name could power higher. At expiration, if PYPL is above 135 we gain dollar for dollar in upside like being long 100 shares. If shares are below 90, we lose dollar for dollar in downside like being long 100 shares. If shares settle between 90 – 135, we keep the small credit of \$35. PayPal Holdings, Inc. reports earnings 04/27/2022.

Data in this report is sourced from: MAPsignals, FactSet, RBICS, Tiingo.com  
MAP, its founders, or managed accounts have a long position in PYPL.



## MAP VIEW THOUGHTS: SIGNAL BEHAVIOR

**Fact:** A dad bought a signal jammer to teach his kids a lesson and took out communications in two towns.

**Quote:** “If you ever get close to a human and human behavior. Be ready, be ready to get confused.”- Björk

We’re human. We react and oftentimes *over-react*, thinking we’re doing right.

For example, a dad in Messanges, France, wanted his social-media-addicted kids to sleep at night. They wouldn’t get off their devices, so he bought a signal jammer. He didn’t grasp the power of the illegal device – it knocked out communications in two towns.

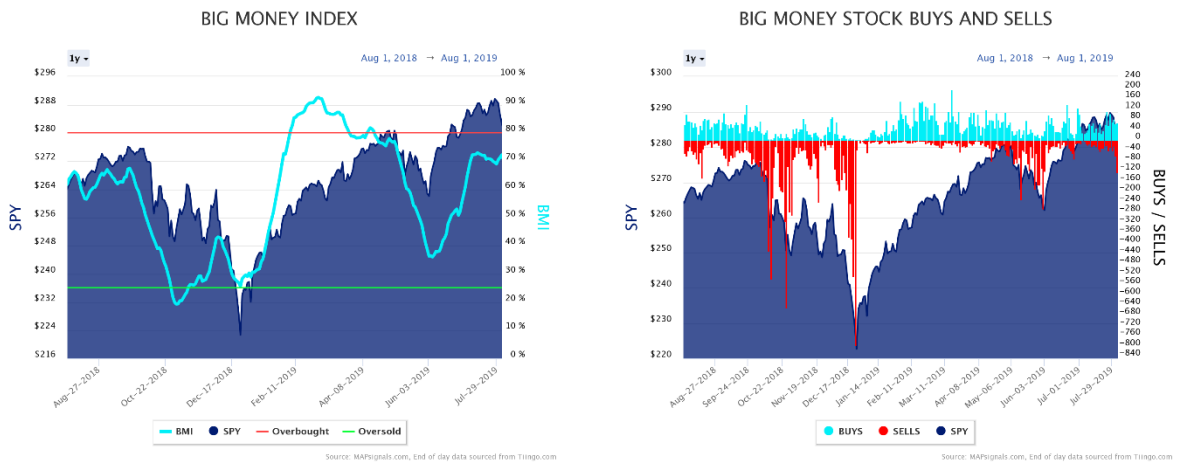
Eventually complaints were investigated, and the well-intended dad now faces jail time and a possible €30,000 fine. Maybe he could have just taken the kids’ phones away? Oh well.

Stock markets also see their fair share of overreactions. They say on Wall Street, “Shoot first and aim later.” Well, right now I think we are witnessing a massive overreaction. I think it was intentionally triggered and I think there’s plenty of opportunity to be had.

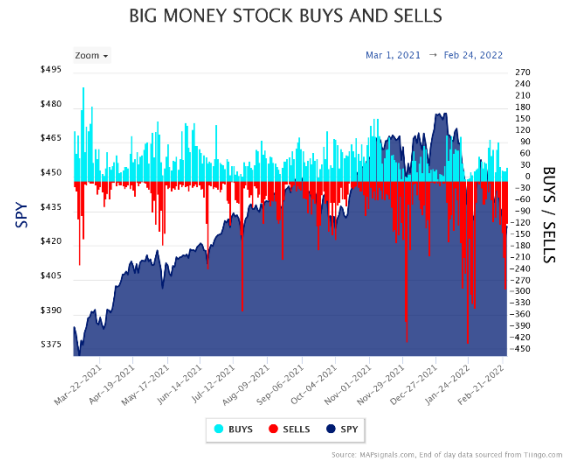
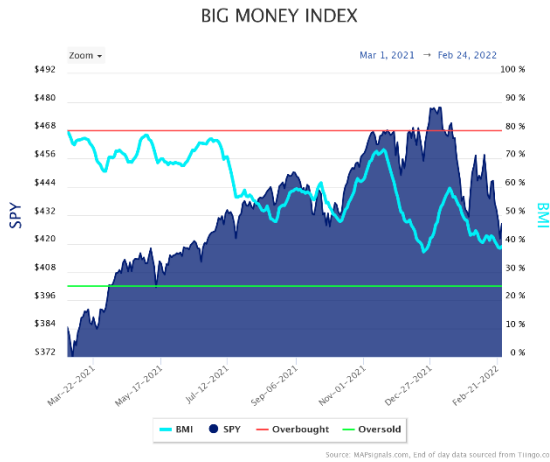
Let’s look at a lot of charts through the lens of data and see what picture it’s showing us.

The normally reliable BMI has been confusing lately. It’s been sideways and choppy. It works well in correlated markets, meaning buying and selling are imbalanced over time, allowing trends to develop.

Below is a good example of a trending BMI. We see it trending lower to oversold then exploding higher to overbought. Notice how the market follows the BMI (left)? We see individual stock buys and sells for the same time on the right:

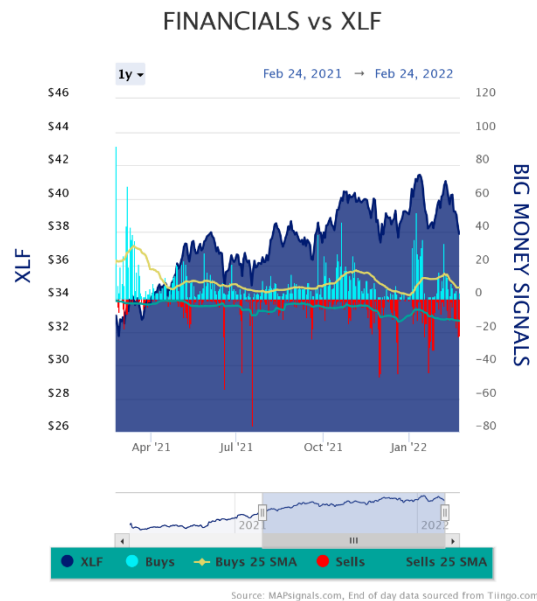
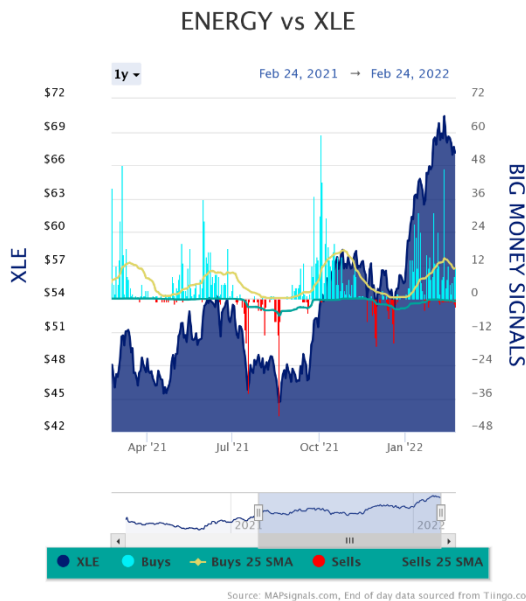


The BMI works great in times like that. But that’s not what has been happening for the last year. Here we see it frustratingly just chopping along. Again, the BMI is on the left, and buys and sells for the same period are on the right:



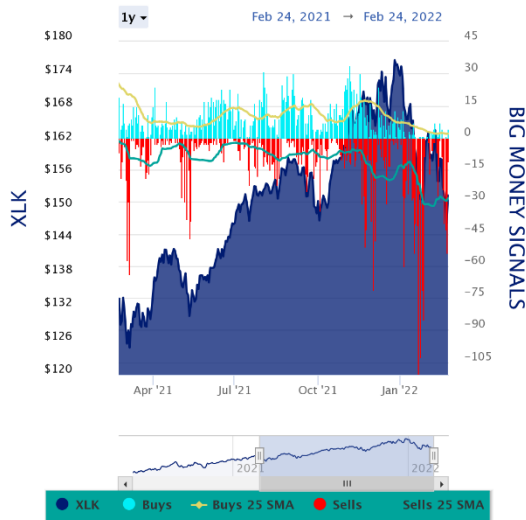
The reason is that the market has been in a giant rotation, like the inside of a washing machine as sectors slosh around. Tech rose and fell while energy fell and rose. Other sectors exhibited similar behavior. Meanwhile, indexes just rose because the largest stocks kept chugging higher. And their weight accounted for so much of the index that it masked the violent rotations underneath. Things *looked* fine.

But the broad-looking BMI didn't reflect the big buying in energy and financials. But if we look at a sector view of stock buying and selling, we see it clearly:



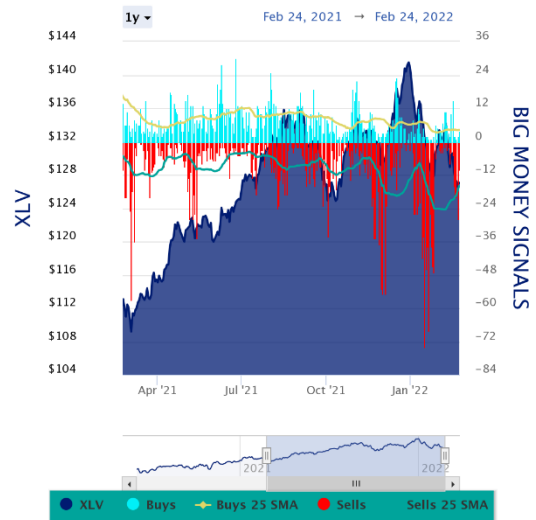
The BMI also didn't show the big selling in tech, healthcare, and industrials since November:

### TECHNOLOGY vs XLK



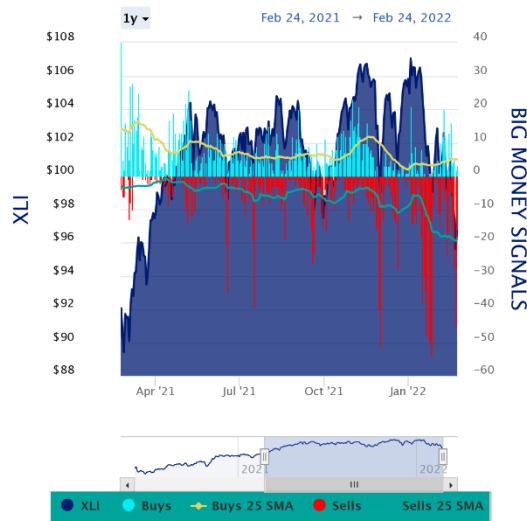
Source: MAPsignals.com, End of day data sourced from Tiingo.com

### HEALTH CARE vs XLV



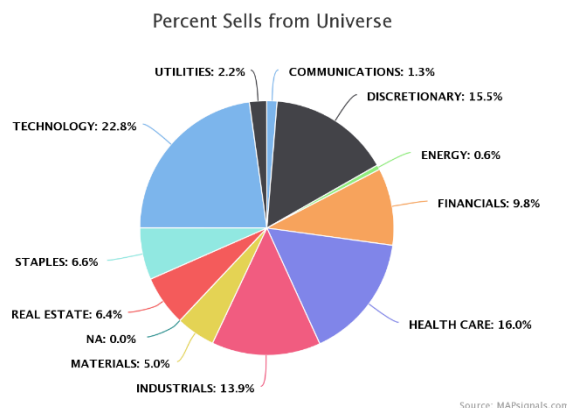
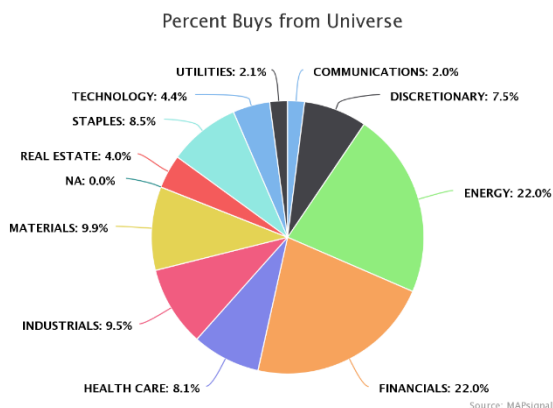
Source: MAPsignals.com, End of day data sourced from Tiingo.com

### INDUSTRIALS vs XLI



Source: MAPsignals.com, End of day data sourced from Tiingo.com

That explains why the BMI has been so range-bound, because the big moves are happening on a sector rotation level. And that rotation has been intensifying in 2022. When we break down buying and selling by sector since Jan. 1, 2022, energy and financials have been 44% of all buys. Also, more than 50% of sells have been tech, health, and industrials:



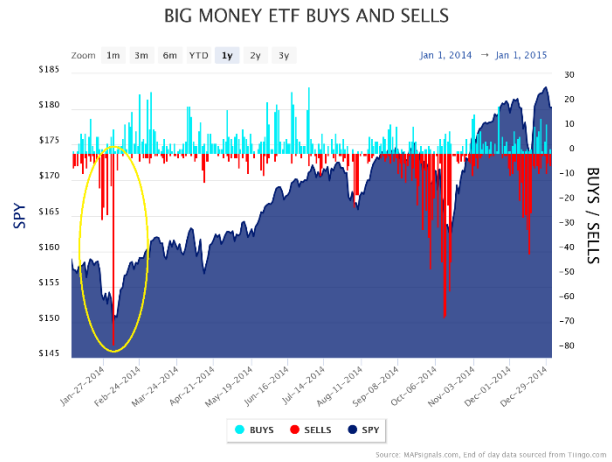
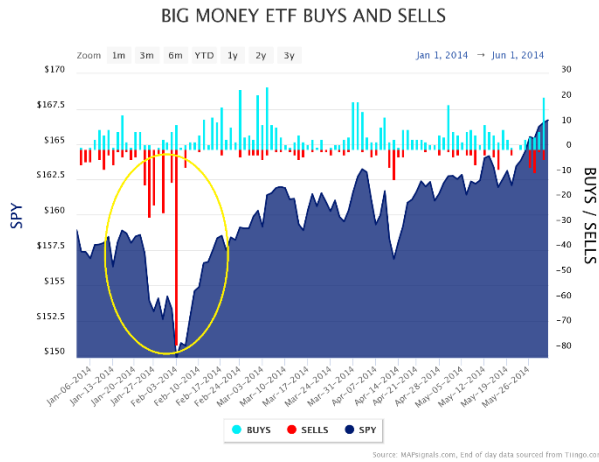
The washing machine finally got imbalanced enough to push down most stocks since the year began. And now we're in a storm of bad news: COVID, inflation, and Russia invading Ukraine.

Let's address each one to understand what may lay ahead.

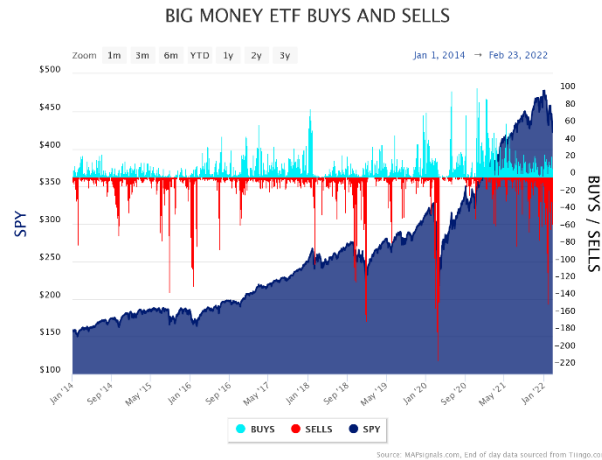
- 1) COVID news has virtually disappeared. The U.K. lifted all restrictions. Ireland cancelled the pandemic. In the U.S., cases are down in every state and the Center for Disease Control is relaxing mandates. Read between the lines: *it's over folks*. I believe President Biden will announce the end of the pandemic designation in the coming weeks, after the Ukraine situation hopefully settles down. The dearth of COVID news indicates far less people clicking on COVID stories.
- 2) Inflation fears are really interest rate fears. I've already extensively detailed my case for the Federal Reserve using what I call "ghost tightening." In short, the Fed uses scary language and past playbooks to tighten the money supply while saving rate hikes as a last resort. This way everyone can expect up to seven hikes, like Goldman Sachs loudly predicted. Assets are sold in anticipation, cooling the economy. I believe the Fed will raise rates three times in 2022, to a target rate of 0.75-1.00%. In other words, stocks are getting overly roasted.
- 3) Russia-Ukraine has squarely taken over both those stories. The news of aggression is spiking oil prices and rattling stocks. While I don't believe anyone wants this other than Putin, I do believe it helps the Fed's inflation fight. It's counterintuitive, but as oil surges, Americans must pay more at the pump. And with food prices also rising, their dollars are diverted to essentials. Discretionary good prices should naturally fall back in line with less demand dictated by necessity. This likely-temporary *focused inflation* also tightens the money supply in a *ghost* way. It's almost March, and the Fed still has not raised rates. But most Americans are suddenly less spend-thirsty than they were two months ago. And now we all must pay more for gas and food.

So, what's to come of the Russia-Ukraine mess? And what does it mean for stocks?

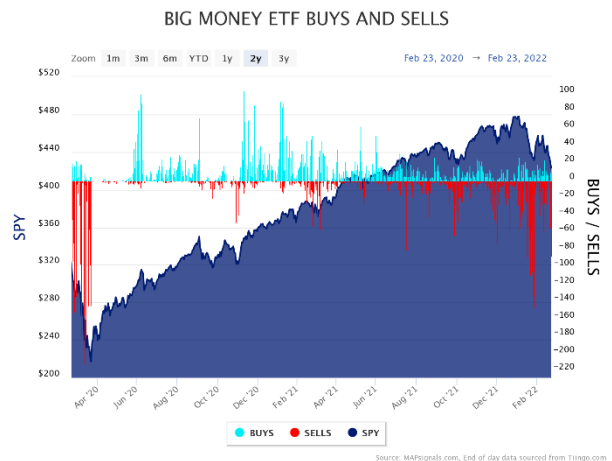
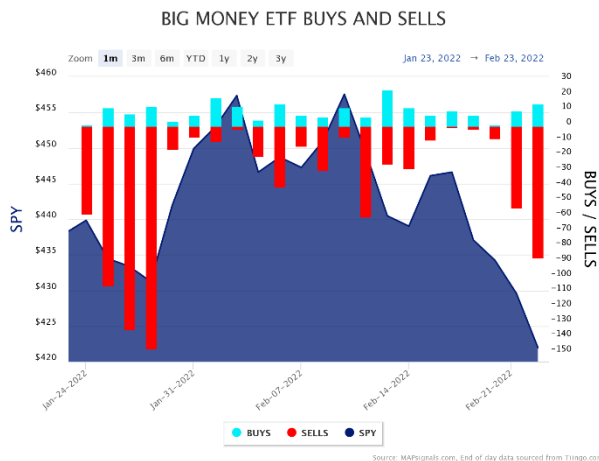
Let's look to history. In 2014, Russia invaded Ukraine, resulting in the annexation of Crimea. Markets freaked out. ETFs are a great proxy for individual stocks since institutional investors use them for both broad and focused exposure. Below we see a chart of all ETF buying and selling for the first six months of 2014. On the left, I circled the selling so you can see how it led the market lower at the time of invasion. But you can see the market just shrugged it off and kept on rising higher afterwards until the fall, when we saw an Ebola scare and Europe's economy sour.



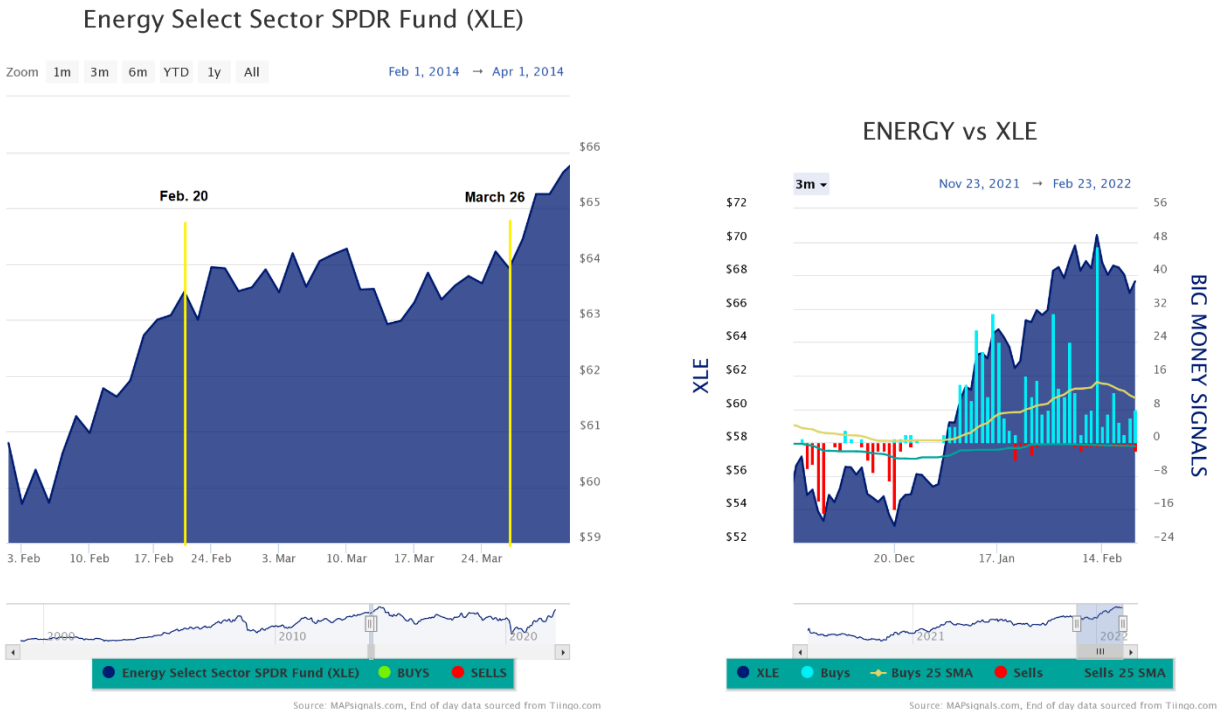
But by then, the Ukraine conflict was rear-view-mirror material. Stocks bounced from Ebola too. Here's 2014 onwards:



Today, we have an eerily similar setup. On the left we see the same type of ETF selling this month as we saw in 2014. For context I added the past two years of ETF buys and sells on the right:



Remember how I mentioned energy buying the past two months? Leading to the Feb. 20, 2014, Ukraine invasion, energy prices rose. Check out the Energy Select Sector SPDR Fund (XLE) during that time. For the monthlong conflict, it chopped sideways. At the conclusion on March 26, 2014, XLE rose for months. 2014 is on the left and today is on the right:



History may tell us what's in store. My belief is this will all blow over and *ghost-tightening* does the Fed's heavy lifting, resulting in fewer hikes than are currently priced in. Capital will flow back into growth stocks, lifting them later this year.

The market is the collective sum of all human behavior. Even machines trading assets were coded by people. Given our human propensity to overreact, I think that's what we're witnessing. In her 1993 song "Human Behavior," Icelandic pop music icon Björk proved she knew of the propensity for irrational human actions, saying, "If you ever get close to a human and human behavior. Be ready, be ready to get confused."

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