MAP VIEW

3-26-23

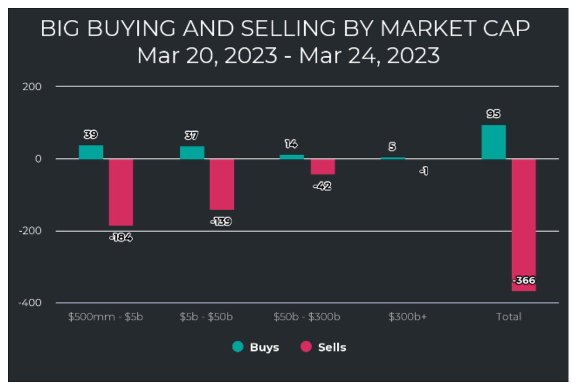
Issue 511

Tough Earthquake

MAP VIEW LAST WEEK: In many aspects of life, imminent doom is foreseen by some via data. The MAP VIEW THOUGHTS highlight some cases of this phenomenon. It can happen in markets too. But even if signals are missed, tough situations can be opportunities for future thriving. Big Money selling (366 signals) outweighed buying (95 signals). The Big Money Index (BMI) kept falling, settling at 29.3%. Server and storage company Super Micro Computer, Inc. (SMCI), a top-ranked stock by MAP Score and investor inflows, will make its ninth Top 20 appearance over the past year.

BIG MONEY INDEX

BUY AND SELL SIGNALS



SECTOR STRENGTH AND WEAKNESS

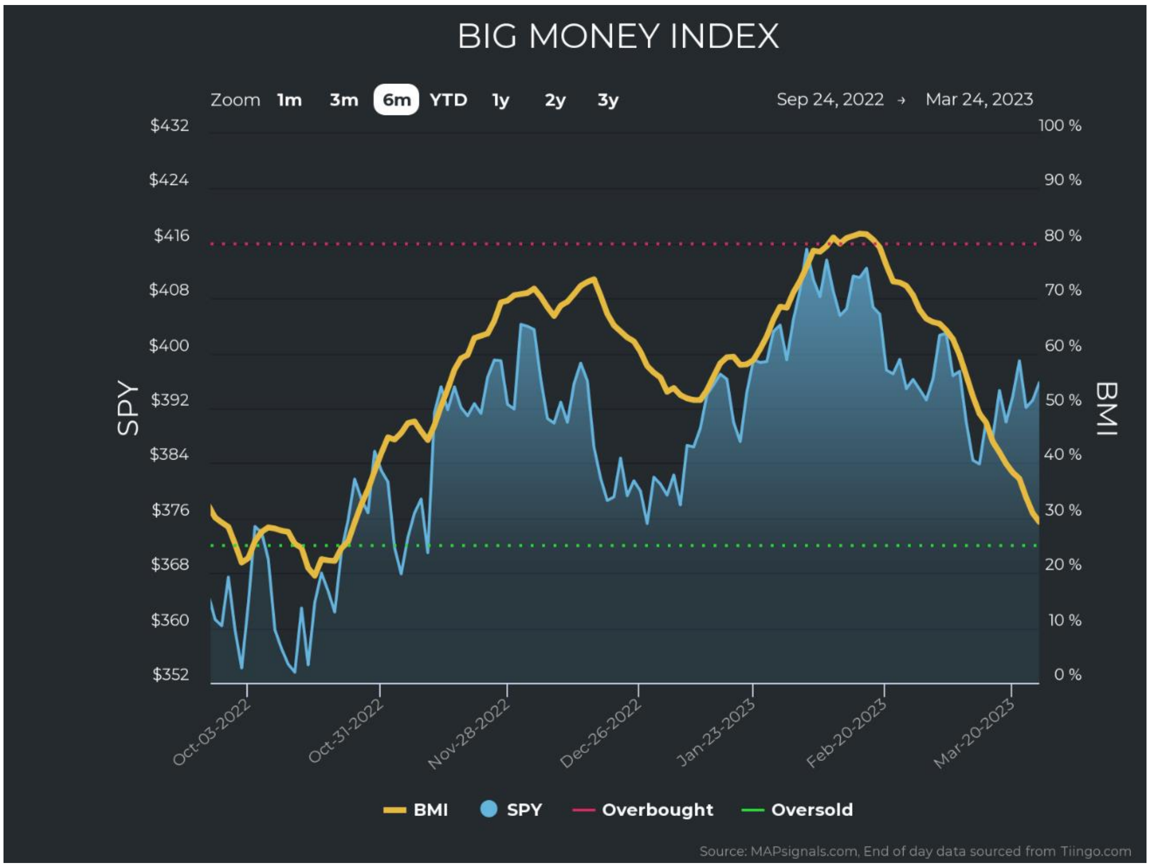
Sector Ranks

Rank	Sector	Map Score	Fundamental	Technical
1	TECHNOLOGY	59.9	60.8%	59.4%
2	DISCRETIONARY	57.3	59.6%	55.7%
3	INDUSTRIALS	53.4	61.3%	47.8%
4	MATERIALS	52.1	61.8%	45.3%
5	STAPLES	50.7	57.2%	46.2%
6	HEALTH CARE	47.7	51.3%	45.1%
7	ENERGY	46.9	64.1%	34.8%
8	COMMUNICATIONS	45.7	48.4%	43.8%
9	UTILITIES	44.6	56.6%	36.2%
10	FINANCIALS	42.5	54.3%	34.1%
11	REAL ESTATE	40	54.9%	29.5%

STOCK PICK

MAP VIEW: BIG MONEY INDEX

The trend of buying and selling offers extreme zones to pay attention to. The below graph is the S&P 500 Index (SPY ETF) with the 25-day moving average of our BMI. A reading approaching 25% means an oversold market (green) which is bullish, while readings approaching 80% and above suggest an overbought market (red) and is bearish.

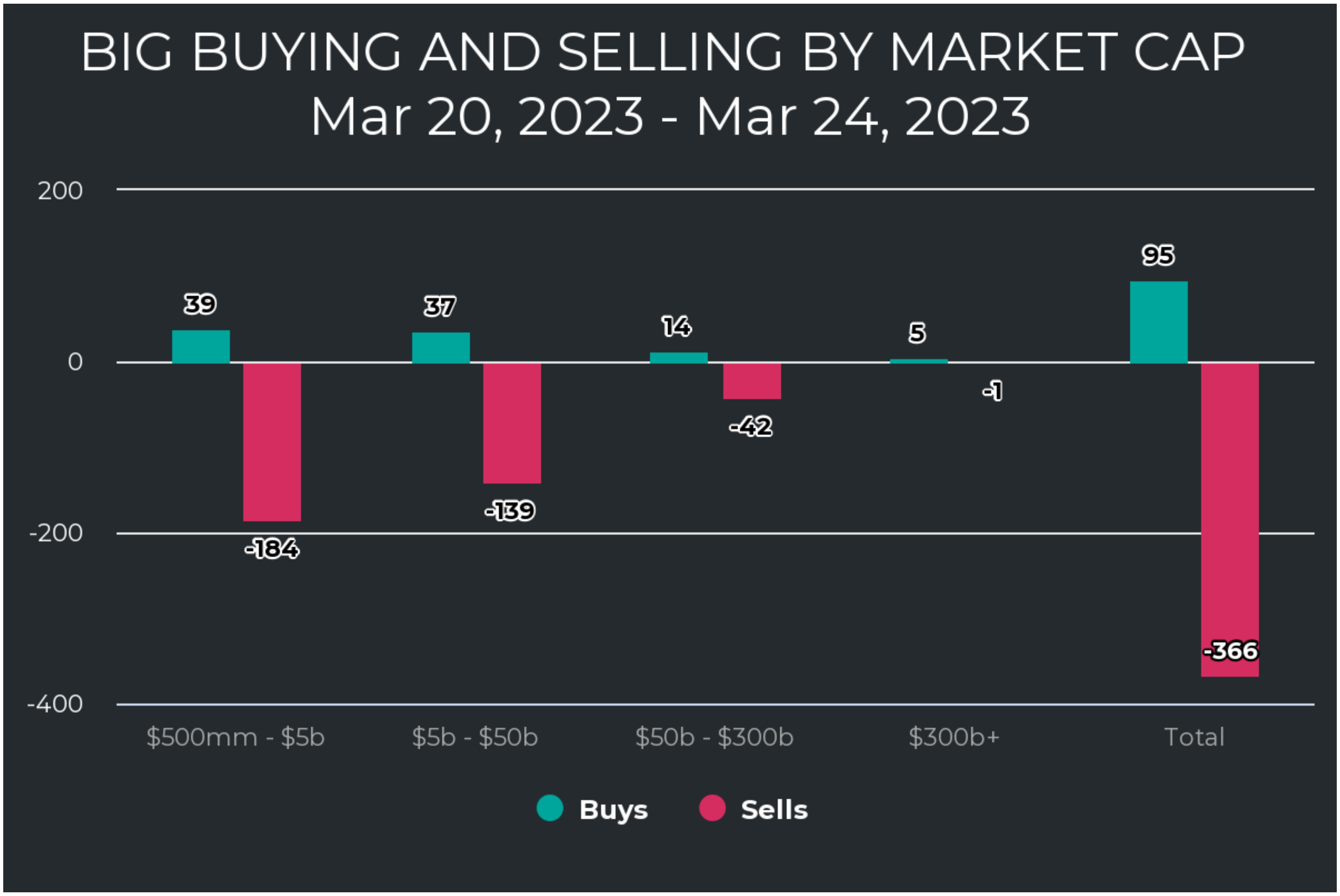


BIG MONEY INDEX

The BMI fell again last week, ending at 29.3%, which is just 9.3% above oversold levels. Reaching the oversold mark will require another week or more of weak market action. That puts the BMI on track to hit oversold roughly in early April. But remember, oversold is MAPsignals' most bullish signal – forward returns after oversold tend to be solidly positive.

BUYING AND SELLING

Big Money kept selling last week, though will less force. Small- and mid-cap stocks saw the most selling yet again. Some positives can be gleaned though: overall selling lessened from past recent weeks and the buying of smaller stocks by market cap indicates future growth is on the mind of Big Money investors.



MAP VIEW: SECTORS

METHODOLOGY: Here's a weekly view of buys and sells by sector. Each sector has a specific universe size, so relative buying and selling is important. Groups getting bought coming out of an oversold market are notable and could suggest a new trend is forming. Groups getting sold coming out of an overbought market could signal near-term downside.

Sector	Buys	Sells	Total Signals	Universe Size	Buy Ratio	Sell Ratio	Total Ratio
Communications	0	1	1	24	0%	4.2%	4.2%
Discretionary	15	32	47	872	1.7%	3.7%	5.4%
Energy	0	22	22	562	0%	3.9%	3.9%
Financials	13	87	100	1069	1.2%	8.1%	9.4%
Health care	18	47	65	1150	1.6%	4.1%	5.7%
Industrials	3	19	22	640	0.5%	3%	3.4%
Materials	6	17	23	394	1.5%	4.3%	5.8%
Real estate	0	77	77	510	0%	15.1%	15.1%
Staples	8	31	39	542	1.5%	5.7%	7.2%
Technology	33	13	46	1164	2.8%	1.1%	4%
Utilities	2	21	23	204	1%	10.3%	11.3%

Source: FactSet, MAPsignals

Interest rate and bank health fears kept bubbling globally, which dragged on the energy, financials, real estate, and utilities sectors. Other sectors felt pain too, as ample selling hit the discretionary, health care, industrials, materials, and staples sectors. Technology remained a bright spot.

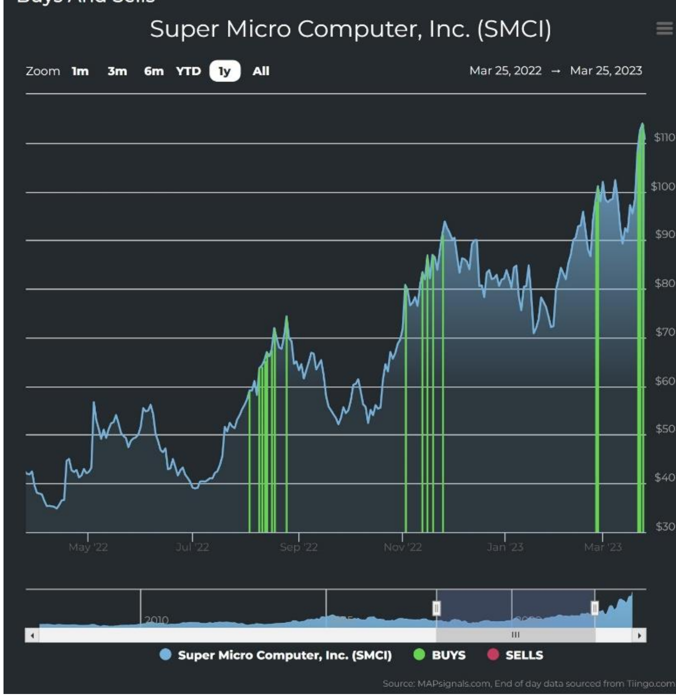
MAP VIEW STOCK

SMCI	Super Micro Computer, Inc. - TECHNOLOGY, Hardware, Computer Hardware and Storage Previous Close: $110.83. MAP Score of 81, (Technical 88.24% - Fundamental 70.85%)
Company Description	Supermicro is a global leader in Application-Optimized Total IT Solutions. Founded and operating in San Jose, California, Supermicro is committed to delivering first to market innovation for Enterprise, Cloud, AI, and 5G Telco/Edge IT Infrastructure. We are transforming into a Total IT Solutions provider with server, AI, storage, IoT, and switch systems, software, and services while delivering advanced high-volume motherboard, power, and chassis products. The products are designed and manufactured in-house (in the US, Taiwan, and the Netherlands), leveraging global operations for scale and efficiency and optimized to improve TCO and reduce environmental impact (Green Computing). The award-winning portfolio of Server Building Block Solutions® allows customers to optimize for their exact workload and application by selecting from a broad family of systems built from our flexible and reusable building blocks that support a comprehensive set of form factors, processors, memory, GPUs, storage, networking, power and cooling solutions (air-conditioned, free air cooling or liquid cooling). Supermicro, Server Building Block Solutions, and We Keep IT Green are trademarks and/or registered trademarks of Super Micro Computer, Inc. Intel, the Intel logo, and other Intel marks are trademarks of Intel Corporation or its subsidiaries. All other brands, names, and trademarks are the property of their respective owners. SOURCE Super Micro Computer, Inc.

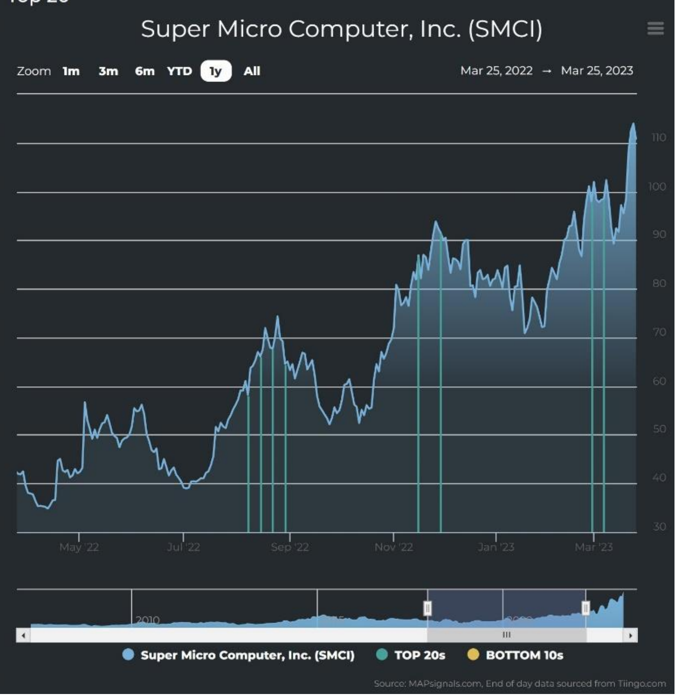
Big Money Data:

Big Money Buy Signals in past 30 days:	5
Big Money Buy Signals in past 90 days:	5
Big Money Buy Signals since July 1st, 2014:	20
Times on the Top 20 since July 1st, 2014:	11
Outlier Status:	NO

Buys And Sells



Top 20



MAP VIEW STOCK CONTINUED

Fundamentals

1-year sales growth of 46.1%	Good
3-year sales growth of 16%	Ok
1Y EPS growth est. of -7.4%	Poor
3-year EPS growth of 66.8%	Good
Profit margin of 5.5%	Ok
43.5% debt/equity ratio	Ok
Forward P/E ratio of 10.7x earnings	Good
Market Cap of $5.9 billion	Moderate Risk
EV/(EBITDA 1Y est.) of 3.2x	Poor
Debt/EBITDA ratio of 0.3	Good
Price/Book Value ratio of 1.5	Rich
Price/Tangible Book Value ratio of 1.5	Rich
Revenue per share of $100.94	

Technicals

Last buy signal: Mar 23, 2023	Good
Trades near 12-week high? ($114)	Good
Trades near 52-week high? ($114)	Good
1 days since 52 week high	Good
Last Price $110.83 is above 50D (89.9), is above 100D (86.65), is above 200D (71.13) Daily Moving Average	Good
Is up 12.9% 1 Month	Good
Is up 35% YTD	Good
52 Week stochastic of 96%	Good
Relative Strength of 62.6	Ok
20D Avg. Volume 1.5 million	Ok

Additional Stats

Short interest of 2.07%	Low
12.77% held by insiders	Medium
79.6% institutional ownership	High

Big Money Activity

Last Signal	Mar 23, 2023
Performance since last signal	-2.78%
First signal in 1 year	Aug 4, 2022
Performance since first signal in 1 year	87.43%

Top 20 Buy Report Activity

Last Signal	Mar 7, 2023
Performance since last signal	12.51%
First signal	Oct 27, 2014
Performance since first signal	261.01%
Total buy signals	11
Total sell signals	

Disclaimer:
All data and information is believed to be reliable. Nothing herein should be considered as personal financial advice. These visualizations are for informational purposes only.

Action: Buy SMCI up to $113.60 with a suggested trailing stop loss of $17.31 from long initiation point. We like a buy of SMCI at $110.83

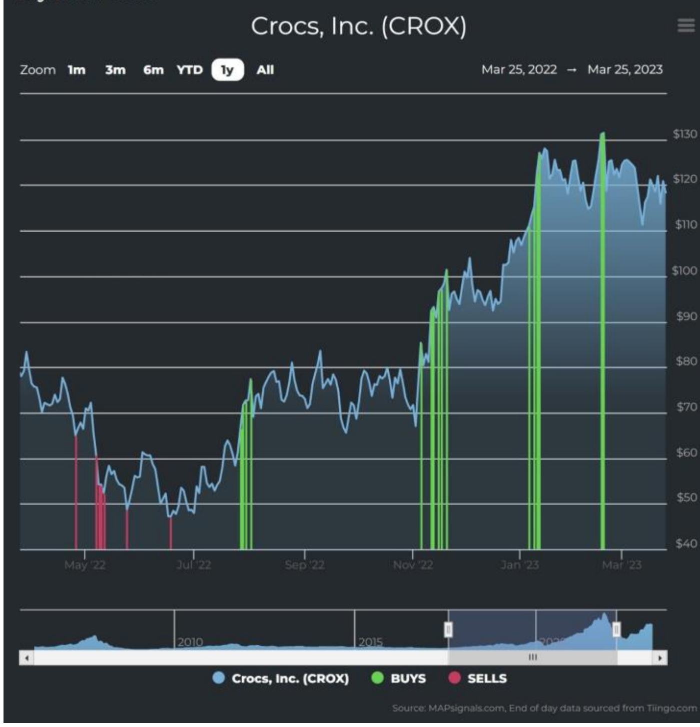
MAP VIEW OPTION

CROX	Crocs, Inc. - DISCRETIONARY, Consumer Goods, Apparel and Accessory Products Previous Close: $118.35. MAP Score of 77.6, (Technical 76.47% - Fundamental 79.18%)
Company Description	Crocs, Inc. is a world leader in innovative casual footwear for women, men, and children, combining comfort and style with a value that consumers know and love. The Company's brands include Crocs and HEYDUDE and its products are sold in more than 85 countries through wholesale and direct-to-consumer channels.

Big Money Data:

Big Money Buy Signals in past 30 days:	0
Big Money Buy Signals in past 90 days:	6
Big Money Buy Signals since July 1st, 2014:	103
Times on the Top 20 since July 1st, 2014:	18
Outlier Status:	NO

Buys And Sells



Top 20

MAP VIEW OPTION CONTINUED

Fundamentals

1-year sales growth of 53.7%	Good
3-year sales growth of 44.4%	Good
1Y EPS growth est. of 14.6%	Ok
3-year EPS growth of 99.8%	Good
Profit margin of 15.2%	Good
317.3% debt/equity ratio	Poor
Forward P/E ratio of 10.6x earnings	Good
Market Cap of $7.3 billion	Moderate Risk
EV/(EBITDA 1Y est.) of 8.3x	Ok
Debt/EBITDA ratio of 2.9	Ok
Price/Book Value ratio of 8.2	Rich
Price/Tangible Book Value ratio of 0	Cheap
Revenue per share of $58.07	

Technicals

Last buy signal: Feb 17, 2023	Ok
Trades near 12-week high? ($131.47)	Good
Trades near 52-week high? ($131.47)	Good
35 days since 52 week high	Ok
Last Price $118.35 is below 50D (121.95), is above 100D (109.27), is above 200D (88.59) Daily Moving Average	Ok
Is down -3.3% 1 Month	Poor
Is up 9% YTD	Ok
52 Week stochastic of 84.4%	Good
Relative Strength of 42.3	Ok
20D Avg. Volume 1.47 million	Ok

Additional Stats

Short interest of 1.4%	Low
3.67% held by insiders	Low
92.4% institutional ownership	High

Big Money Activity

Last Signal	Feb 17, 2023
Performance since last signal	-9.98%
First signal in 1 year	Apr 26, 2022
Performance since first signal in 1 year	82.02%

Top 20 Buy Report Activity

Last Signal	Feb 21, 2023
Performance since last signal	-0.31%
First signal	May 7, 2007
Performance since first signal	240.82%
Total buy signals	36
Total sell signals	

Action: Sell 1 CROX June 15th 105 Put @ 6.80, Buy 1 CROX June 16th 140 Call @ 5.90 | Crocs Inc. (CROX) remains one of the best growth names in the footwear space. Earnings have beaten estimates and shareholders have been rewarded. At a forward PE of 10.2, it's a good bet. At expiration, if CROX is above 140, we gain dollar for dollar in upside like being long 100 shares. If shares are below 105, we lose dollar for dollar in downside like being long 100 shares. Below 105, we are required to buy 100 shares at 105, but our put in price is 104.10, 12% lower than current levels. If shares settle between 105 - 140, we keep the small premium earned, or $90.

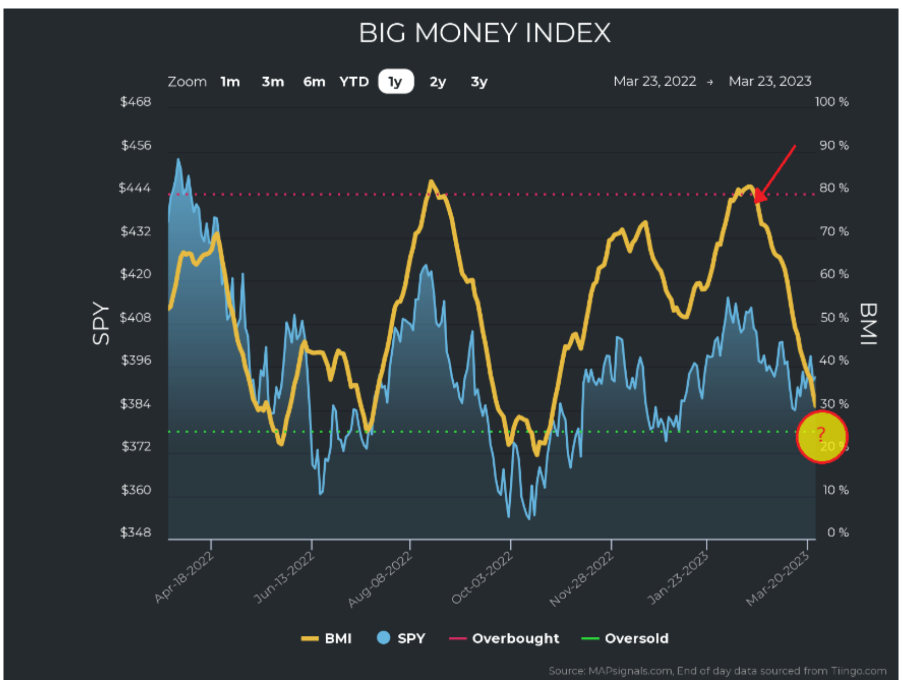
Tough Earthquake

When the tsunami hit, the animals were long gone. It was Boxing Day 2004. I was in Phuket, Thailand, on a family vacation. The birds outside our room window were loud every morning. But that morning, the ground shook. I recognized the feeling of an earthquake. But what stood out was how the birds were silent. About an hour or so later, when the tsunami came, people went to see the water recede not knowing it was before the powerful waves were about to hit. But the animals were long gone. How?

It turns out, earthquakes can generate electromagnetic waves that are detectable by animals hours or even days before the actual event occurs. This phenomenon is known as the “earthquake lights” or “seismic lightning” and is still not fully understood by scientists.

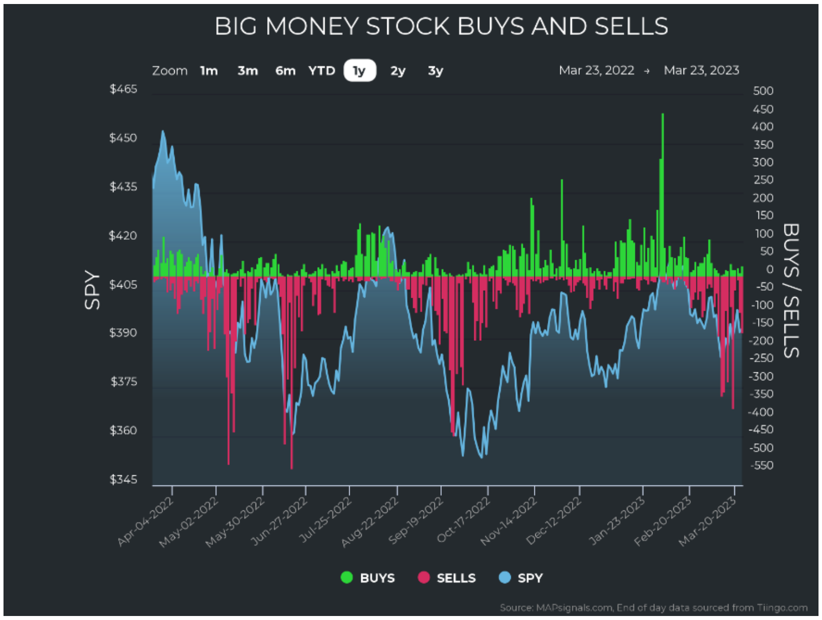
This detection mechanism would be a powerful weapon to have in the quiver of investors. For those in the know, it exists, and is every bit as powerful as one would think.

Th Big Money Index (BMI) is a 25-day average of unusual buying versus selling of stocks. The number is in terms of buys – so the latest available reading says 30.9% of all signals over the past 25 days were buys. That number has been dropping since Feb. 15. Market timers would have seen the BMI falling from overbought on Feb. 17, signaling outflows of Big Money professional investors.



It would be great to know when it will be oversold, as that usually indicates a strong reversion (buy) signal. Well, MAPsignals data indicate the 25-day average of buys and sells is 30 buys and 111 sells. If the averages carry forward that way, **April 5** is the likeliest day the BMI goes oversold.

Whether or not that happens to the day remains to be seen. The intensity of stock selling has waned significantly. As you can see, the red bars, while still higher than average, are moving closer to zero:



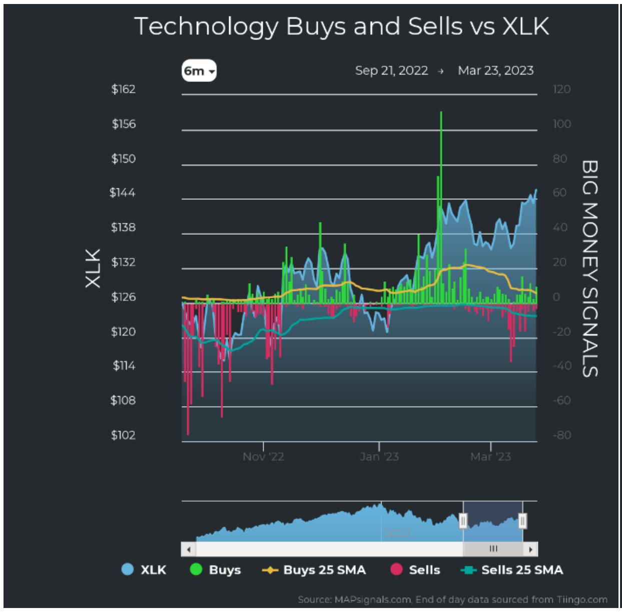
There is something interesting in the pattern of selling and buying. That is, sector strength is in technology, discretionary, and industrials stocks. Weakness is focused on the financials, utilities, and real estate sectors:

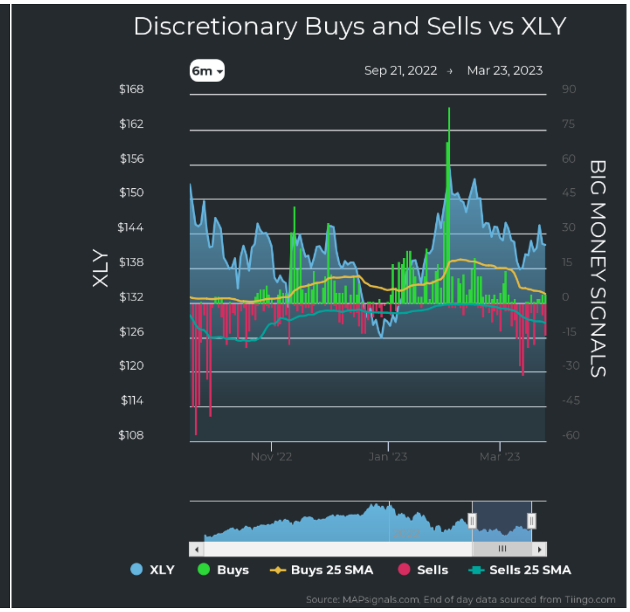
Sector Ranks

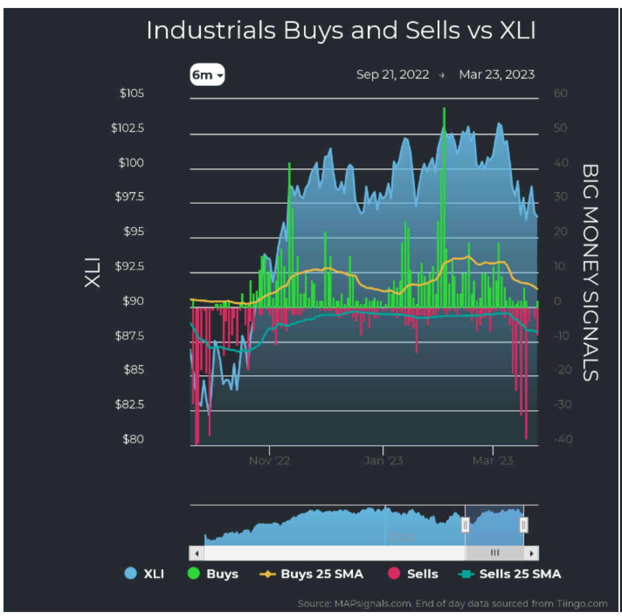
Rank	Sector	Map Score	Fundamental	Technical
1	TECHNOLOGY	59.9	60.7%	59.4%
2	DISCRETIONARY	57.2	59.4%	55.7%
3	INDUSTRIALS	53.2	61.3%	47.6%
4	MATERIALS	51.6	62%	44.3%
5	STAPLES	49.8	57.4%	44.5%
6	ENERGY	47.2	63.9%	35.4%
7	HEALTH CARE	46.8	51.6%	43.5%
8	COMMUNICATIONS	45.3	48.4%	43.1%
9	FINANCIALS	42.3	54.3%	33.8%
10	UTILITIES	42.2	56.6%	32.1%
11	REAL ESTATE	39.3	55.2%	28.2%

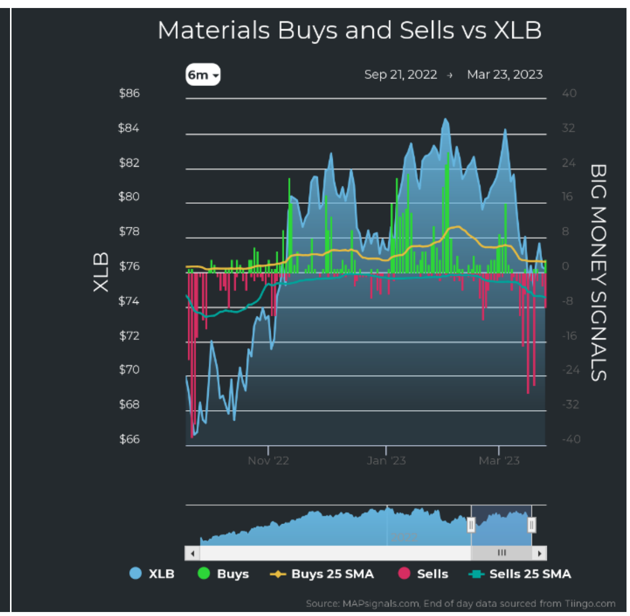
This indicates demand for growth sectors and a distaste for rate-sensitive sectors. Financials are seeing obvious weakness from the latest banking tumult – bank runs due to a crisis of confidence from depositors (more on that in a moment). For now, in terms of selling, notice the resilience of tech and discretionary stocks and the headwinds of financials and real estate stocks:

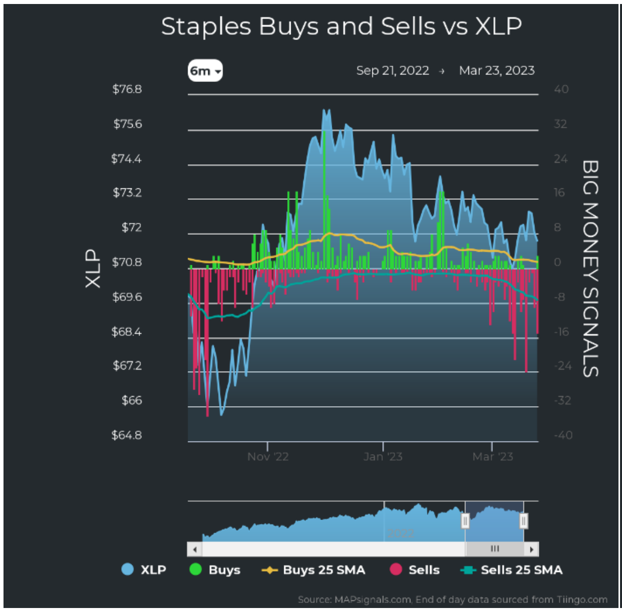
MAP SIGNALS
We map big money.



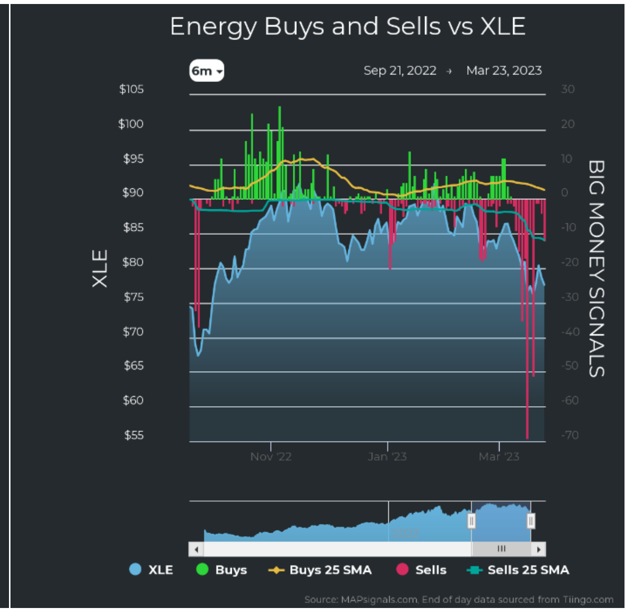




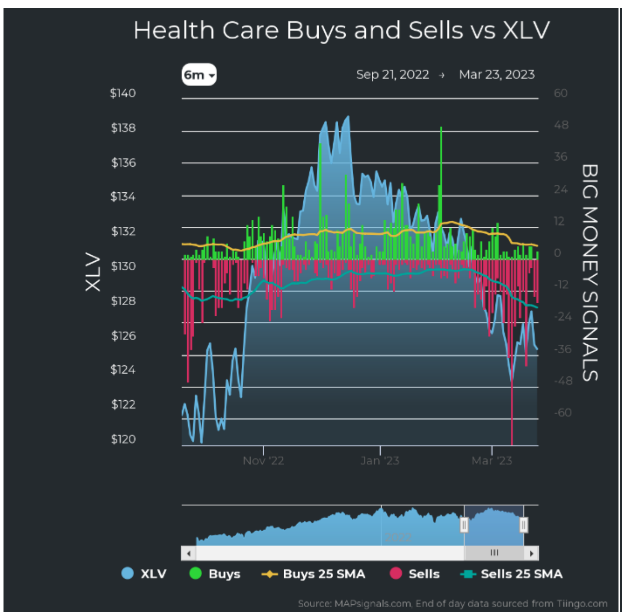




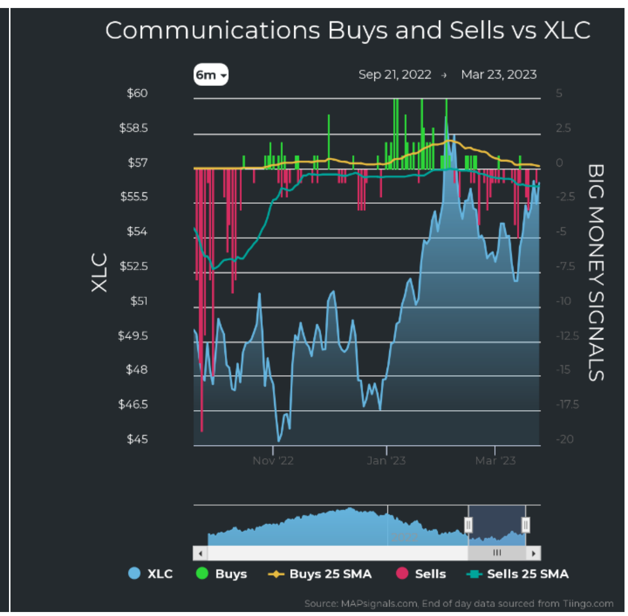
Staples Buys and Sells vs XLP
6m
Sep 21, 2022
Mar 23, 2023
XLP
BIG MONEY SIGNALS
Nov '22
Jan '23
Mar '23
XLP
Buys
Buys 25 SMA
Sells
Sells 25 SMA
Source: MAPsignals.com. End of day data sourced from Tiingo.com



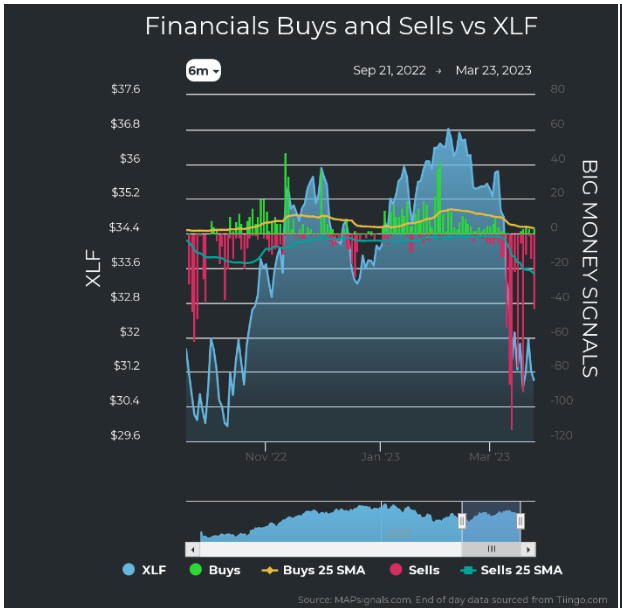
Energy Buys and Sells vs XLE
6m
Sep 21, 2022
Mar 23, 2023
XLE
BIG MONEY SIGNALS
Nov '22
Jan '23
Mar '23
XLE
Buys
Buys 25 SMA
Sells
Sells 25 SMA
Source: MAPsignals.com. End of day data sourced from Tiingo.com

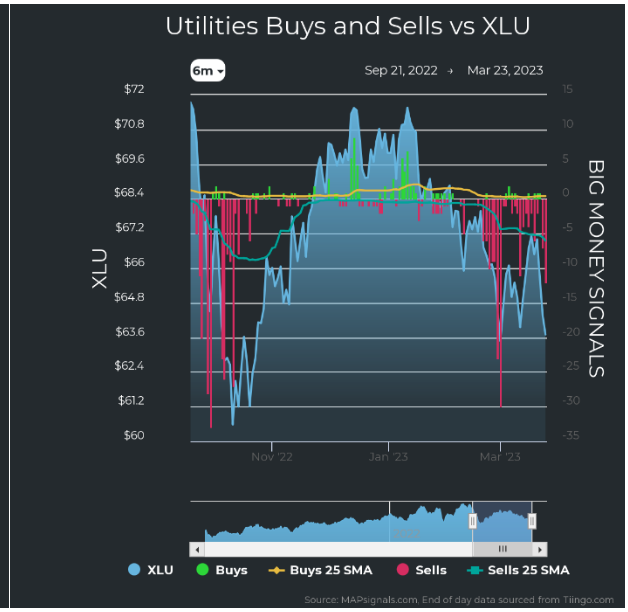


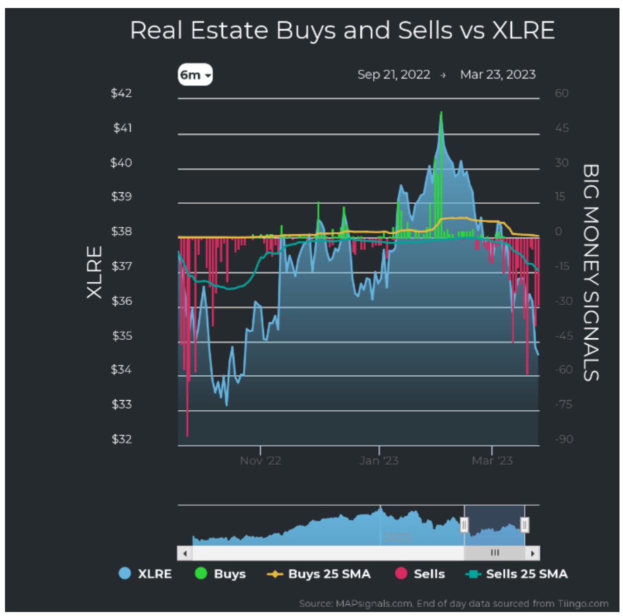
Health Care Buys and Sells vs XLV
6m
Sep 21, 2022
Mar 23, 2023
XLV
BIG MONEY SIGNALS
Nov '22
Jan '23
Mar '23
XLV
Buys
Buys 25 SMA
Sells
Sells 25 SMA
Source: MAPsignals.com. End of day data sourced from Tiingo.com



Communications Buys and Sells vs XLC
6m
Sep 21, 2022
Mar 23, 2023
XLC
BIG MONEY SIGNALS
Nov '22
Jan '23
Mar '23
XLC
Buys
Buys 25 SMA
Sells
Sells 25 SMA
Source: MAPsignals.com. End of day data sourced from Tiingo.com







As for last week's market volatility, the Federal Reserve's interest rate decision came out. Here is my interpretation:

The market thought if banks failed in a fragile system, that would pause hikes and even pave the way towards rate cuts. Goldman Sachs saw a 0% probability of a 0.50% rate hike, a 75% probability of 0.25% jump, and a 25% probability of no hike. What we got was a "Goldilocks" 25 basis-point hike. In other words, it was not too hot and not too cold.

If there was a no hike, the market would have rallied. But that would indicate more toxicity in the banking system. Chair Jerome Powell's positive statements were that the banking system is "strong, resilient, and well capitalized." His negative statements acknowledged sticky inflation and the Fed's commitment to an inflation target rate of 2%. One hawkish comment he made was, "There are costs to getting inflation under control."

Now the estimated terminal rate is 5.1%, with the Fed target range 4.75%-5.00%. This indicates we are pretty much done with the Fed's hiking, save for perhaps one more hike of 25 basis points.

Powell supports further bank regulation and supervisory changes to prevent more missteps. He also encourages outside independent investigations. This would bring new procedures to strengthen banking reserves to ensure depositor liquidity. His main message was that bank depositors should feel confident. A reporter asked if all depositors are now insured. Powell seemed annoyed but said the Fed has the tools and willpower to use them when necessary. In essence, depositors should feel confident.

What he wouldn't say is when to expect cuts.

Markets rallied on his comments. But then they rolled over on Treasury Secretary Janet Yellen's comments later that day saying the Treasury is not looking at insuring all deposits.

The truth is that inflation is sticky, but interest rate tightening pushed long-end bonds down enough to cause a crisis of confidence in liquidity for the failing banks. After reducing the Fed's balance sheet by nearly $900 billion in nine months, the balance sheet swelled by $300 billion in a week due to guaranteeing depositor liquidity.

President Biden ensured American taxpayers would bear no cost for backstopping deposits that banks failed to collateralize. Let's be clear: even if acquired or merged, banks will recoup the value of failing securities in their portfolio over the long run. They will also likely increase fees (e.g., overdraft) which will invariably hit struggling, lower-income families. It may not hit taxpayers, but it will certainly hit someone.

What this means for stocks is that rates are plateauing. Investors wanted clarity on rate cuts. Well, Chair Powell acknowledged that the Federal Open Market Committee members were unanimous in not foreseeing cuts in 2023.

Economies change based on momentum. They rarely do what they did during COVID-19. Flooding the market with free money, stimulus, and liquidity was like the adrenaline shot scene in the film "Pulp Fiction." Magically, the economy awoke from certain death. But breaking addiction is hard and takes time. We are addicted to easy money and want it again. The problem is the Fed wants 2% inflation, which fosters long-term growth like we saw in the past 25 years.

Those years included the internet bust, 9/11, the global financial crisis, and COVID-19. It wasn't linear economic growth, and those stresses all saw central bank intervention. Rate hikes aren't the only tools for restrictive policy. Tighter conditions can happen if banks are required to increase reserves from zero to any higher level. It also happens with tighter credit (i.e., tougher borrowing). The Fed has many tools, and the goal is ensuring smooth sustained economic strength.

I still believe we're closer to the ninth inning than the first. Our future path is clearer now. Powell reiterated the Fed's dependance on data but acknowledged that its models are linear, and the economy doesn't really work that way. Thus, it needs to be data dependent.

This situation is like having kids: sometimes you need to give them restrictions so that in the long term they are equipped to deal with the realities of life. I view the Fed's job in the same way, only that it walks a tightrope. Narrowly missing a full-blown banking confidence collapse by a weekend is too close for comfort. The Fed doesn't want to further damage a fragile economy. I envision a last hike of 25 basis points in the next meeting. I also expect data starting to reflect mediating inflation in persistent areas like shelter.

Either way, once rates plateau, tech and discretionary stocks will benefit. This is likely why they have been rallying for months now as we near the end of the hiking cycle.

The market tumbled because investors want less restrictive policy. And in "bizarro world," bank failures were good to make the Fed stop hiking. The Fed's message was things may still be tough.

This all brings to mind a quote from pastor Chuck Swindoll, who said, "We are all faced with a series of great opportunities brilliantly disguised as impossible situations."

Investment Research Disclaimer