

# ***March 2023 Outlook & Update***

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**Members Only Webinar**

**March 1, 2023**

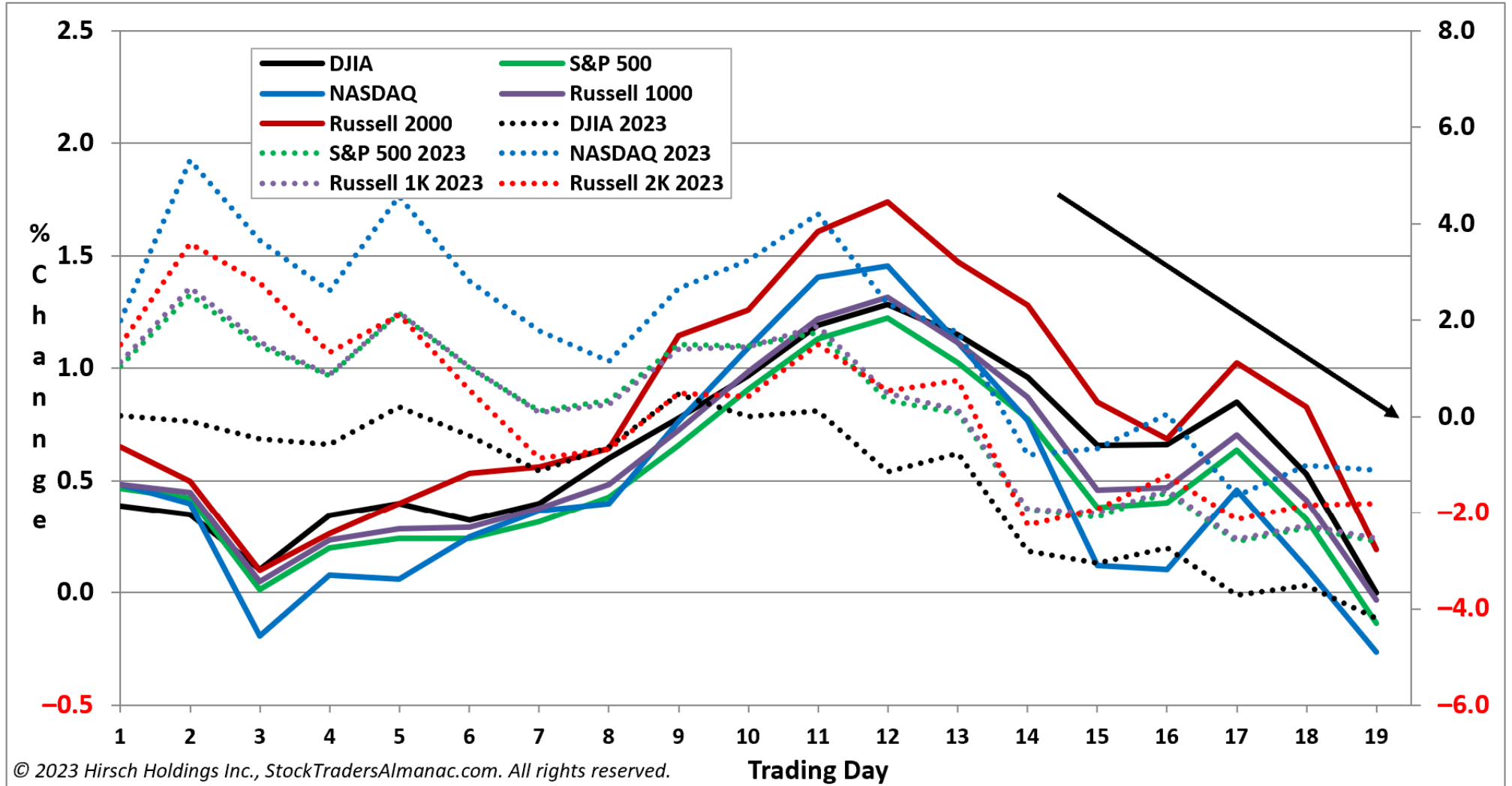
# We'd Rather Be Petrified Bulls

*“I would rather be positioned as a petrified bull rather than a penniless bear.”* — John L. Person (Professional trader, author, speaker, *Commodity Trader's Almanac*, PersonsPlanet.com, 11/3/2010, b. 1961)

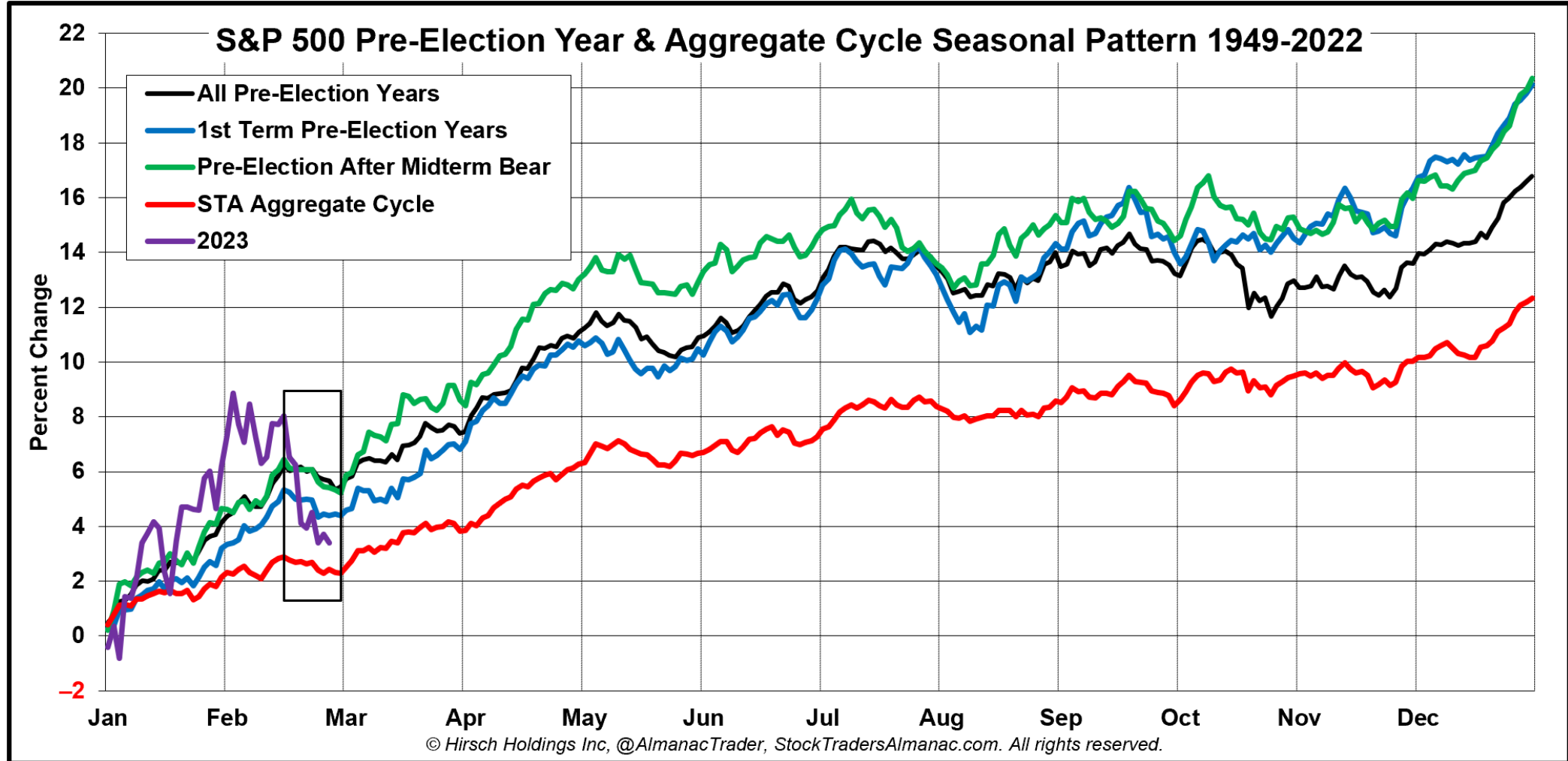
- Increasing Uncertainty
- Not Gung-ho On Adding More Stocks Now
- But Not Overly Concerned About New Low
- Our Overall Current Market Position Is “Hold”

# Typical End February Seasonal Weakness

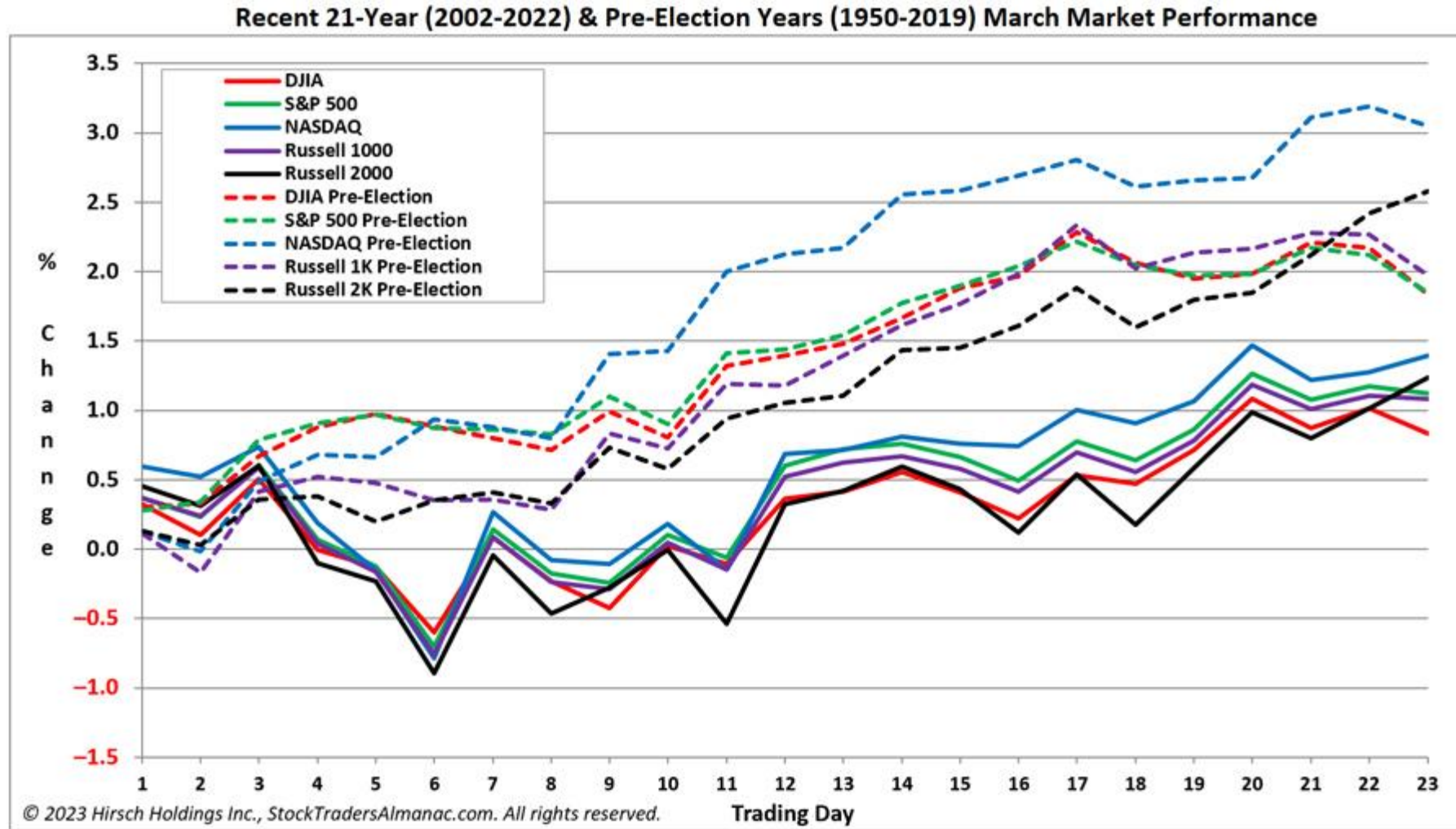
Recent 21-Year (2002-2022) & 2023 February Market Performance



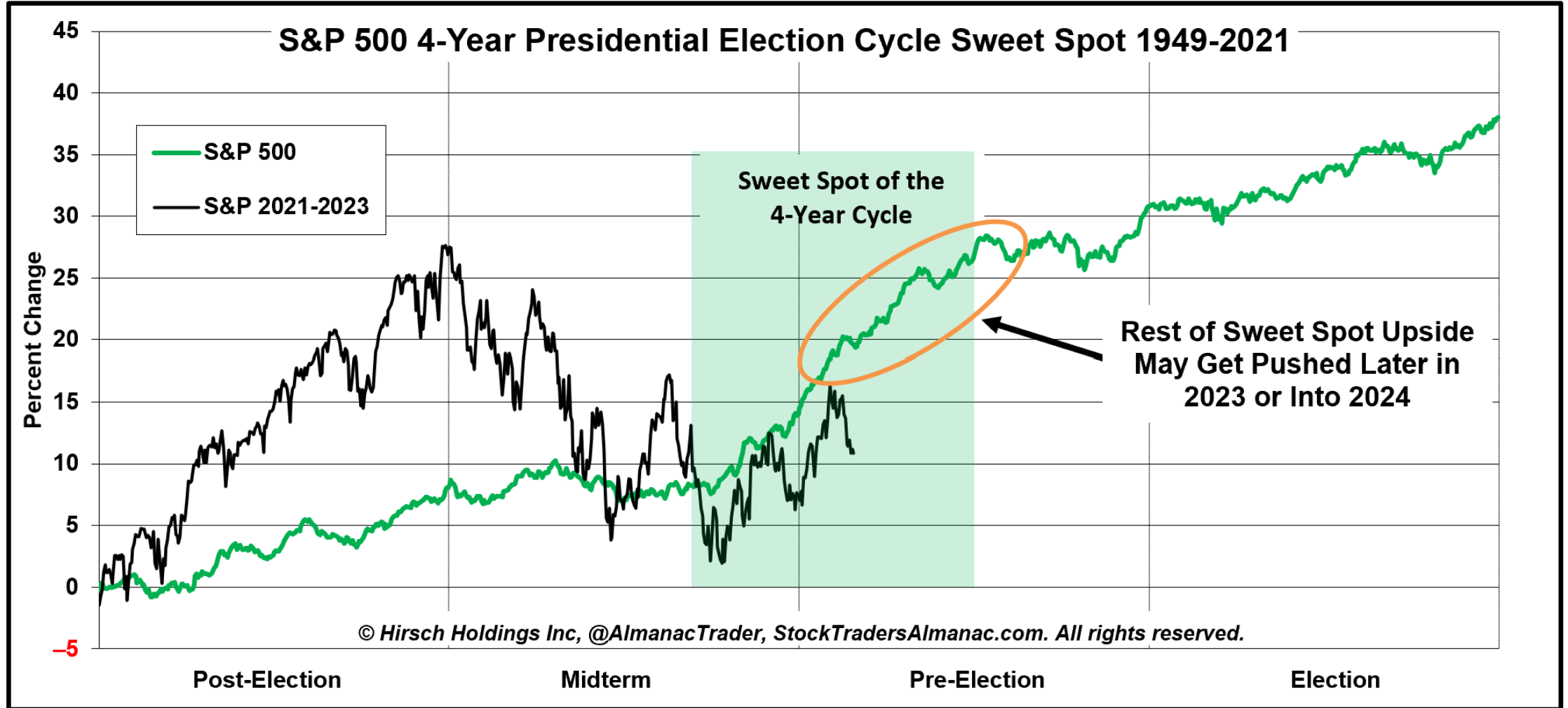
# February Seasonal Weakness Over



# Rally Resumes in March?



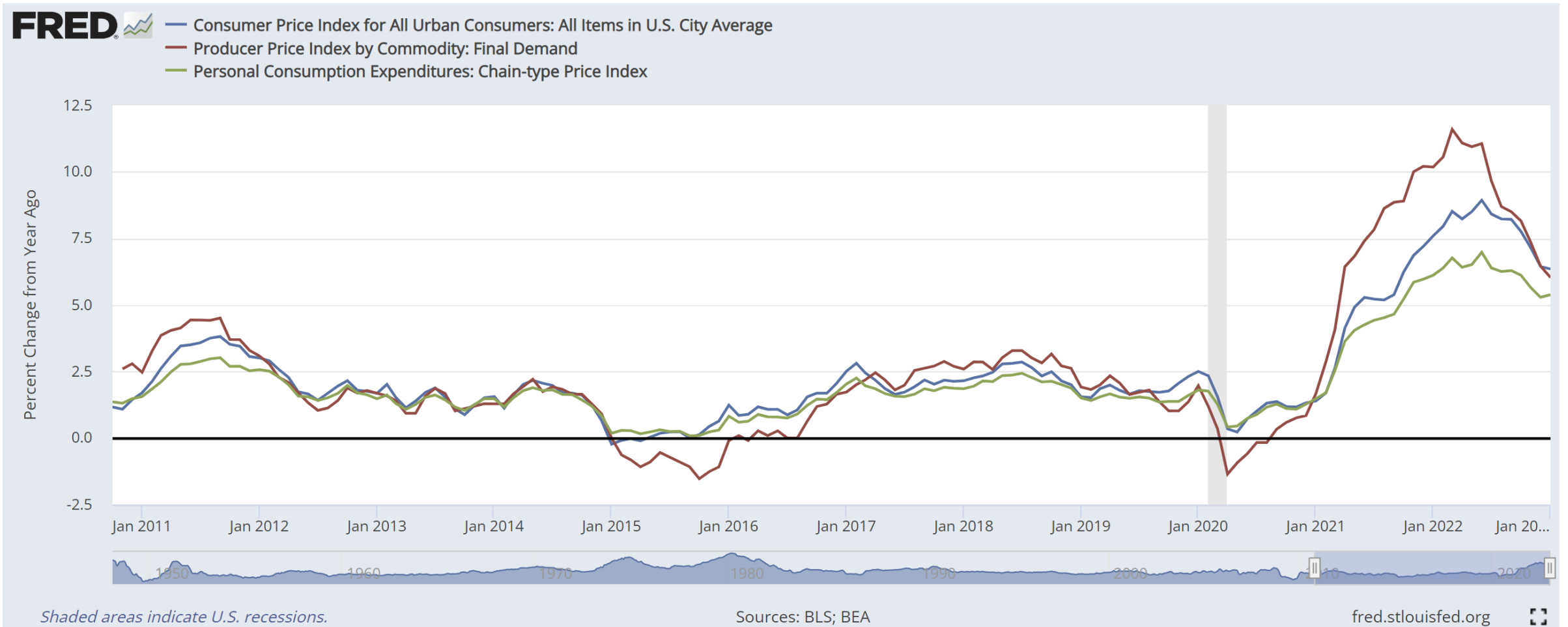
# Inflation Data & Fed May Push Sweet Spot Gains Later



# No Matter How You Slice It, Trifecta Years Pretty Good

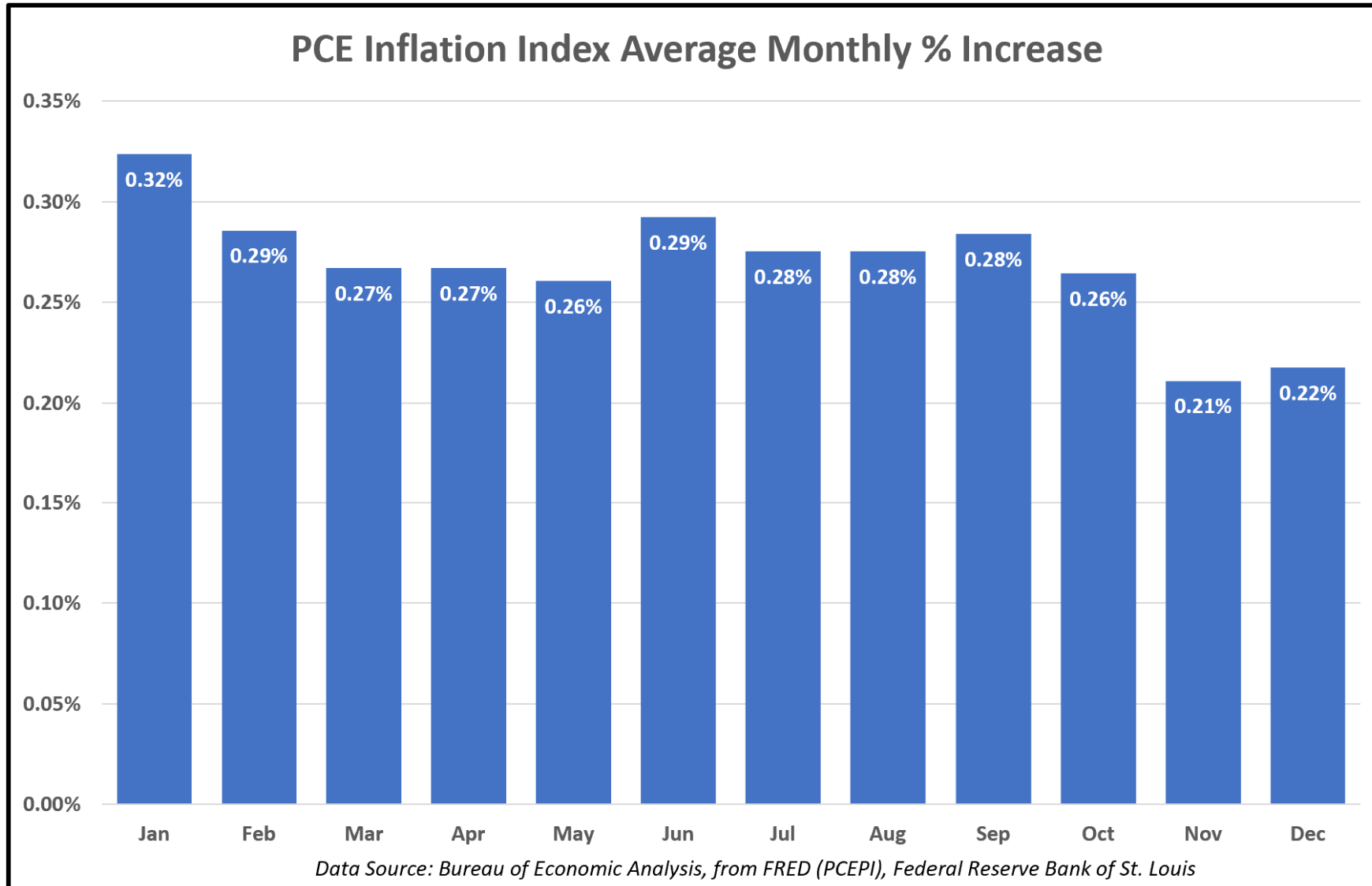
	All		Bear Mrkt		Down	
	Trifecta Years	All Other Years S&P 500	Prior Trifecta Years	All Other Years S&P 500	Year Prior Trifecta Years	All Other Years S&P 500
<b>Last 11 Months %</b>	12.33%	4.55%	16.83%	5.91%	21.97%	6.12%
<b># Up</b>	27	28	13	42	8	47
<b># Down</b>	4	14	0	18	0	18
<b>% Higher</b>	87.10%	66.67%	100.00%	70.00%	100.00%	72.31%
<b>Full Year %</b>	17.46%	2.91%	22.06%	6.28%	29.13%	6.62%
<b># Up</b>	28	25	13	40	8	45
<b># Down</b>	3	17	0	20	0	20
<b>% Higher</b>	90.32%	59.52%	100.00%	66.67%	100.00%	69.23%
<b>Avg Daily %</b>	0.06	0.01	0.08	0.02	0.11	0.02
<b>Daily St.Dev</b>	0.83	1.29	0.73	1.21	0.68	1.19
<b>Avg Week %</b>	0.31	0.06	0.39	0.10	0.51	0.11
<b>Weekly St.Dev</b>	1.75	2.87	1.64	2.67	1.47	2.63
<b>Avg Month%</b>	1.36	0.24	1.70	0.44	2.22	0.46
<b>Monthly St.Dev</b>	3.52	6.06	3.17	5.64	3.20	5.52
<b>Avg. Worst Drawdown</b>	-9.88	-16.57	-8.38	-14.89	-6.65	-14.60
<b>Max Worst Drawdown</b>	-33.51	-48.01	-14.14	-48.01	-14.14	-48.01
<b>Min Worst Drawdown</b>	-2.53	-4.99	-2.80	-2.53	-2.53	-2.80
<b>Avg. Best Rally</b>	22.63	22.73	24.22	22.35	30.86	21.68
<b>Max Best Rally</b>	45.08	67.88	45.08	67.88	45.08	67.88
<b>Min Best Rally</b>	13.31	6.59	14.78	6.59	14.78	6.59

# Beware The Hype – Inflation Still Trending Lower

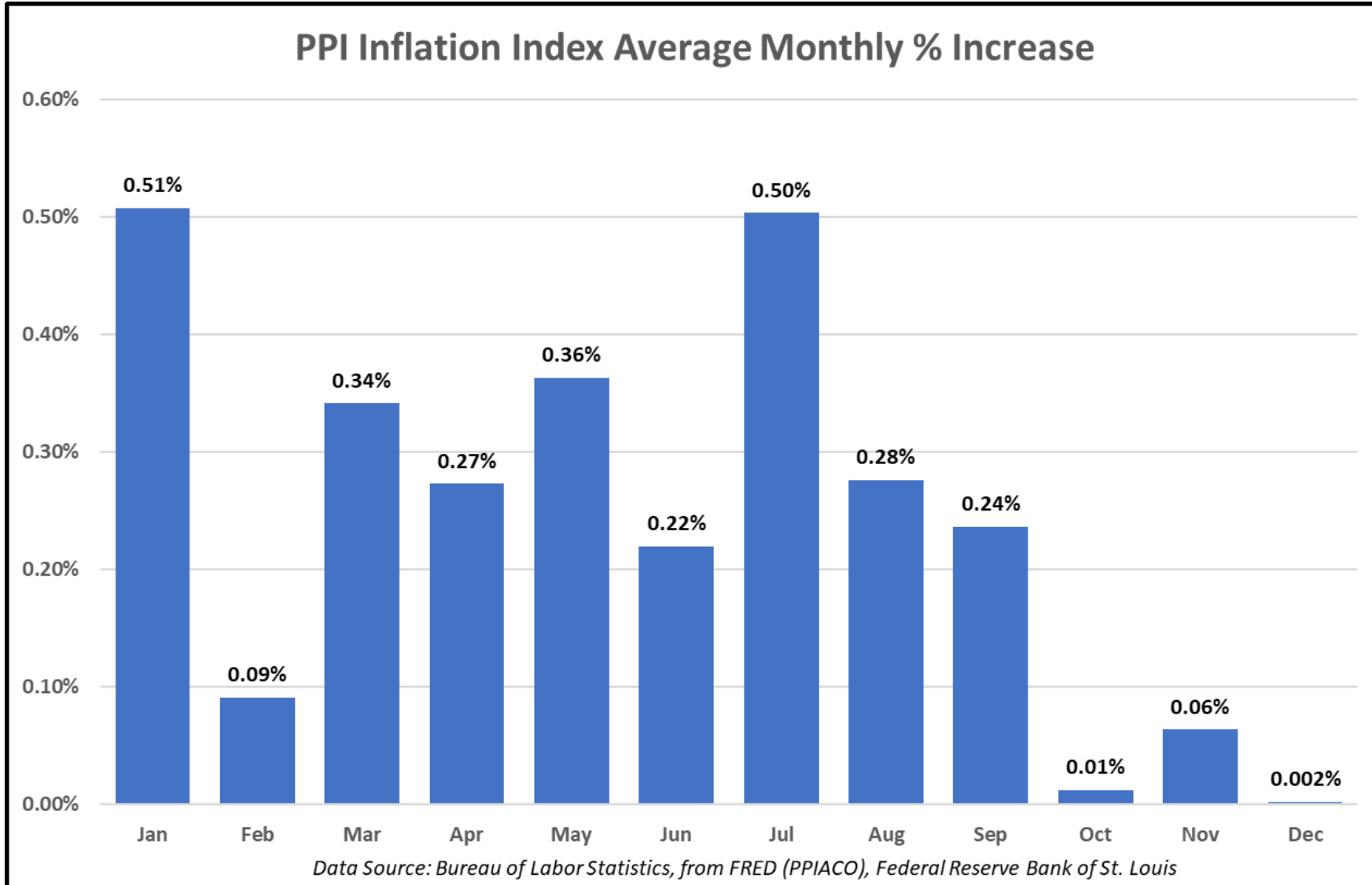




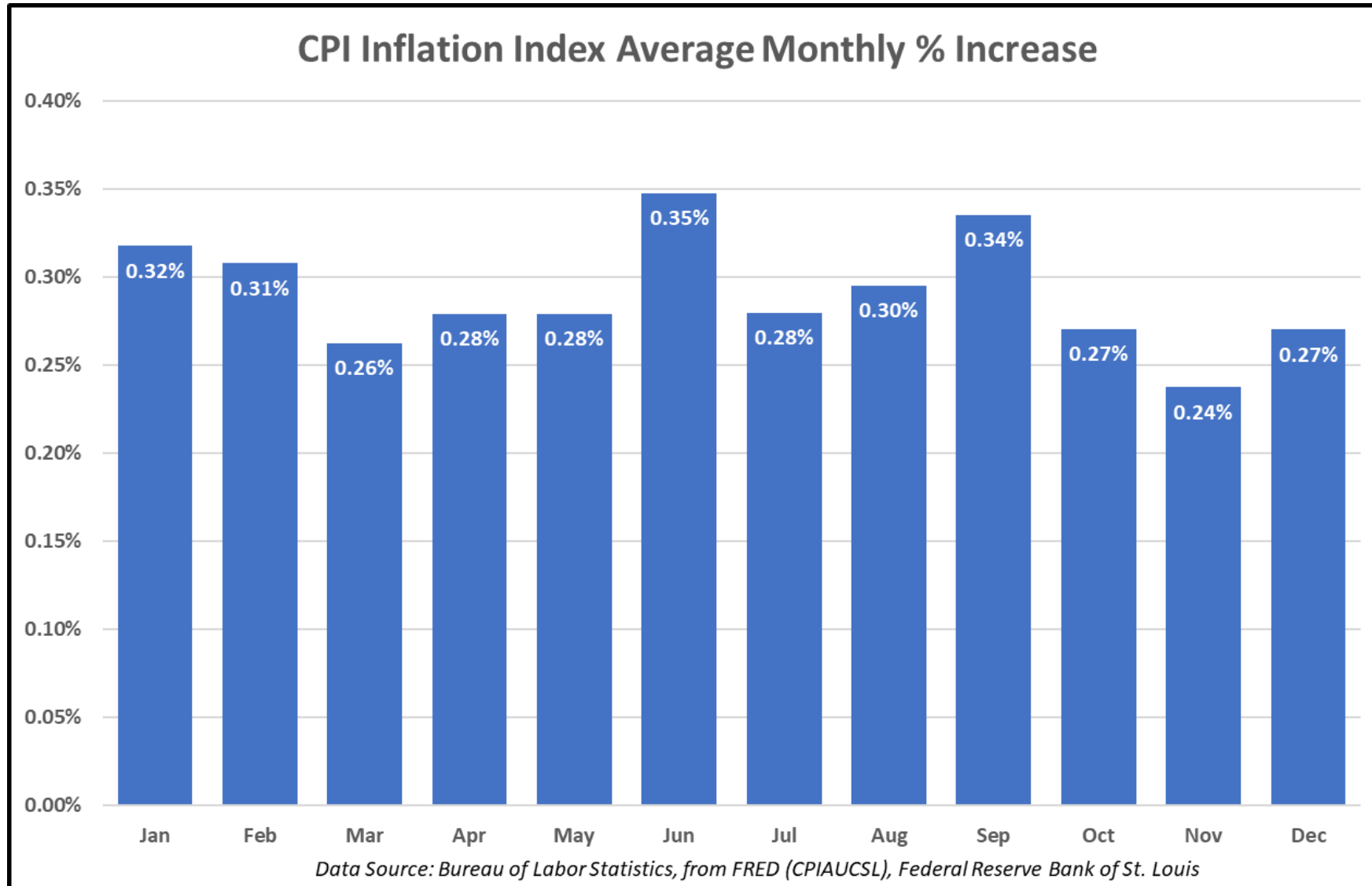
# January Has Largest Monthly PCE Increase



# January Has Largest Monthly PPI Increase



# January Has Third Largest Monthly CPI Increase



# Testing Technical Support



\$SPX: S&P 500 Index @ OPRA (Daily bars)

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MovingAvg (C,200) MovingAvg (C,50) 2/28/23 16:04 = 3970.15 (-12.09)



# Market Internals Not Terrible - Resilient

## Pulse of the Market

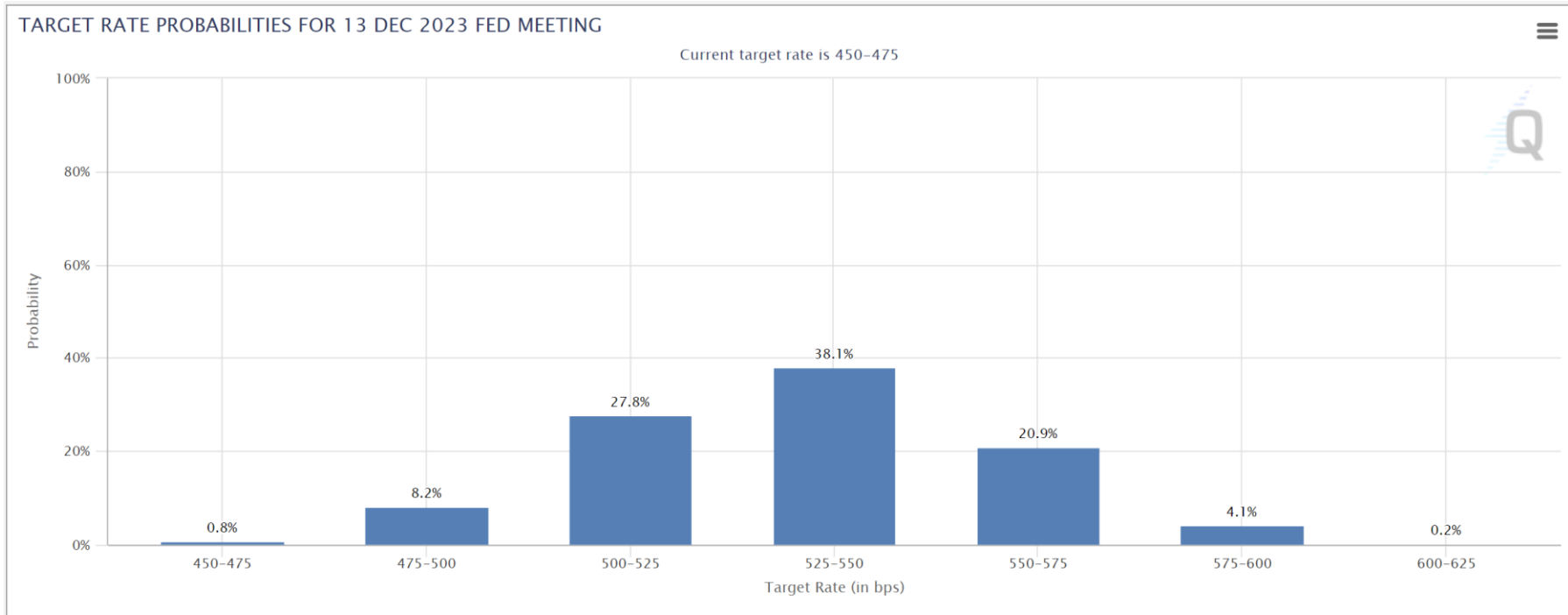
Week End	DJIA	Net Change Week	Net Change On Fri**	Net Change Next Mon*	S&P 500	% Change Week	NASDAQ	% Change Week	NYSE Adv	NYSE Decl	NYSE New Highs	NYSE New Lows	CBOE Put/Call Ratio	90-Day Treas. Rate	30-Year Treas. Rate
7-Oct-22	29296.79	+ 571.28	- 630.15	- 93.91	3639.66	1.5%	10652.40	0.7%	2170	1328	88	667	0.74	3.32	3.78
14-Oct-22	29634.83	+ 338.04	- 403.89	+ 550.99	3583.07	- 1.6%	10321.39	- 3.1%	1184	2282	86	1245	0.68	3.60	3.95
21-Oct-22	31082.56	+ 1,447.73	+ 748.97	+ 417.06	3752.75	4.7%	10859.72	5.2%	2256	1208	128	756	0.65	3.89	4.16
28-Oct-22	32861.80	+ 1,779.24	+ 828.52	- 128.85	3901.06	4.0%	11102.45	2.2%	2708	745	188	487	0.67	3.97	4.22
4-Nov-22	32403.22	- 458.58	+ 401.97	+ 423.78	3770.55	- 3.3%	10475.25	- 5.6%	1605	1832	225	468	0.76	4.05	4.19
11-Nov-22	33747.86	+ 1,344.64	+ 32.49	- 211.26	3992.93	5.9%	11323.33	8.1%	2660	760	211	346	0.76	4.11	4.24
18-Nov-22	33745.69	- 2.17	+ 199.37	- 45.41	3965.34	- 0.7%	11146.06	- 1.6%	1484	1928	192	131	0.73	4.14	3.94
25-Nov-22	34347.03	+ 601.34	+ 152.97	- 497.57	4026.12	1.5%	11226.36	0.7%	2426	935	189	136	0.87	4.22	3.81
2-Dec-22	34429.88	+ 82.85	+ 34.87	- 482.78	4071.70	1.1%	11461.50	2.1%	2239	1156	238	157	0.84	4.26	3.71
9-Dec-22	33476.46	- 953.42	- 305.02	+ 528.58	3934.38	- 3.4%	11004.62	- 4.0%	691	2682	172	208	0.87	4.22	3.51
16-Dec-22	32920.46	- 556.00	- 281.76	- 162.92	3852.36	- 2.1%	10705.41	- 2.7%	1139	2190	187	273	0.93	4.24	3.53
23-Dec-22	33203.93	+ 283.47	+ 176.44	+ 37.63	3844.82	- 0.2%	10497.86	- 1.9%	1574	1764	150	354	1.07	4.24	3.73
30-Dec-22	33147.25	- 56.68	- 73.55	- 10.88	3839.50	- 0.1%	10466.48	- 0.3%	1600	1710	165	296	1.37	4.34	3.95
6-Jan-23	33630.61	+ 483.36	+ 700.53	- 112.96	3895.08	1.4%	10569.29	1.0%	2607	717	201	79	0.80	4.46	3.79
13-Jan-23	34302.61	+ 672.00	+ 112.64	- 391.76	3999.09	2.7%	11079.16	4.8%	2822	499	256	28	0.65	4.54	3.65
20-Jan-23	33375.49	- 927.12	+ 330.93	+ 254.07	3972.61	- 0.7%	11140.43	0.6%	1811	1478	228	28	0.77	4.56	3.60
27-Jan-23	33978.08	+ 602.59	+ 28.67	- 260.99	4070.56	2.5%	11621.71	4.3%	2406	906	269	31	0.60	4.57	3.64
3-Feb-23	33926.01	- 52.07	- 127.93	- 34.99	4136.48	1.6%	12006.95	3.3%	2244	1021	356	18	0.56	4.56	3.61
10-Feb-23	33869.27	- 56.74	+ 169.39	+ 376.66	4090.46	- 1.1%	11718.12	- 2.4%	1002	2264	224	35	0.65	4.61	3.73
17-Feb-23	33826.69	- 42.58	+ 129.84	- 245.90	4079.09	- 0.3%	11787.27	0.6%	1659	1593	240	32	0.62	4.68	3.85
24-Feb-23	32816.92	- 1,009.77	- 336.99	+ 72.17	3970.04	- 2.7%	11394.94	- 3.3%	776	2469	136	78	0.76	4.72	3.93

**Bold Red = Down Friday, Down Monday**

\* On Monday holidays, the following Tuesday is included in the Monday figure

\*\* On Friday holidays, the preceding Thursday is included in the Friday figure

# CME FedWatch Tool – Fed Funds Futures Probability



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 27 FEB 2023	1 WEEK 21 FEB 2023	1 MONTH 27 JAN 2023
350-375	0.0%	0.0%	0.0%	0.3%
375-400	0.0%	0.0%	0.0%	3.0%
400-425	0.0%	0.0%	0.0%	13.9%
425-450	0.0%	0.0%	0.1%	30.2%
450-475 (Current)	0.8%	0.8%	2.3%	32.4%
475-500	8.2%	8.5%	15.0%	16.4%
500-525	27.8%	27.5%	35.1%	3.5%
525-550	38.1%	37.3%	33.2%	0.2%
550-575	20.9%	21.0%	12.7%	0.0%
575-600	4.1%	4.6%	1.7%	0.0%
600-625	0.2%	0.3%	0.0%	0.0%

\* Data as of 28 Feb 2023 02:13:43 CT

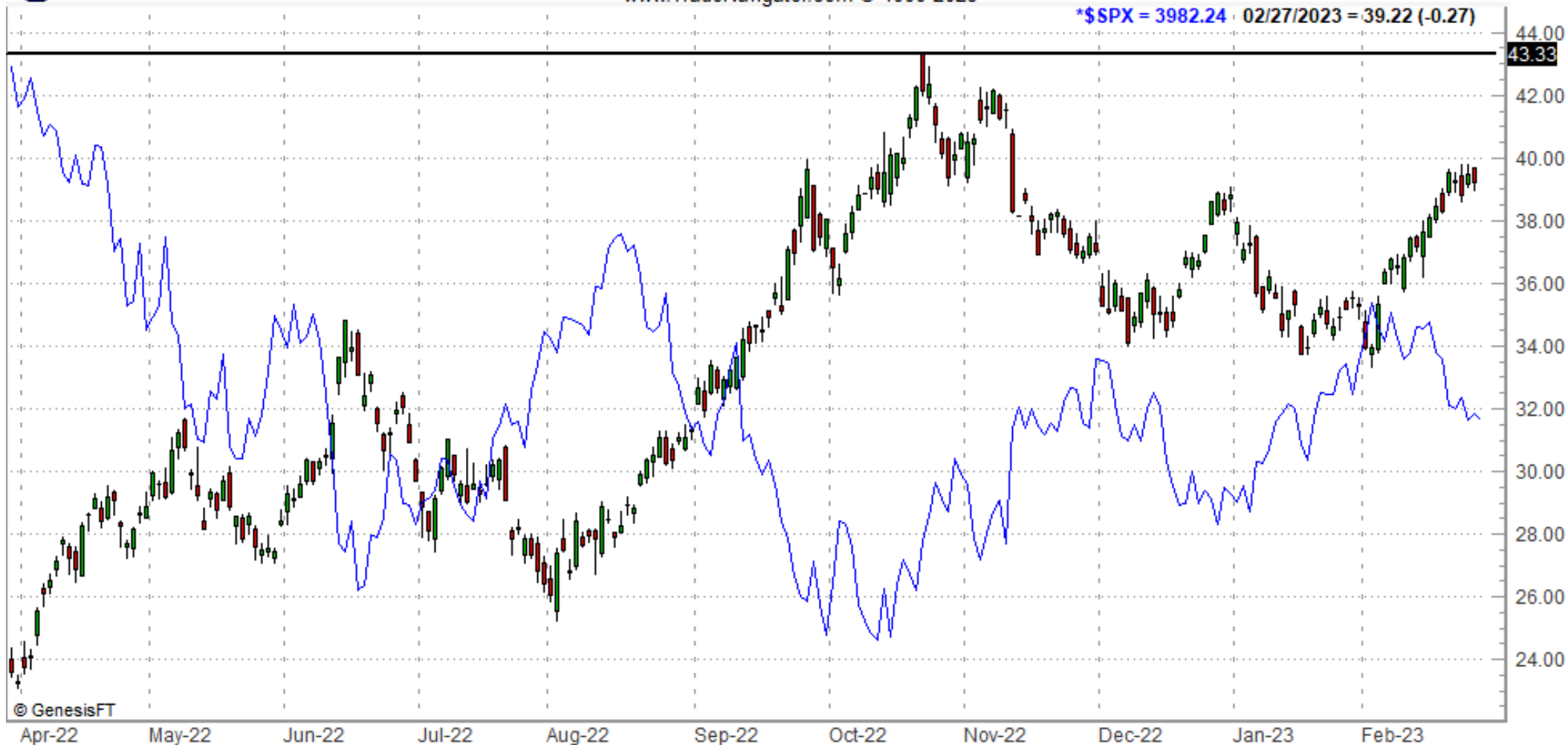
# New High 10-Year Treasury Yield Would Be Cause For Concern



\$TNX: 10-year T-note Index @ CBOT (Daily bars)

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\*\$SPX = 3982.24 · 02/27/2023 = 39.22 (-0.27)

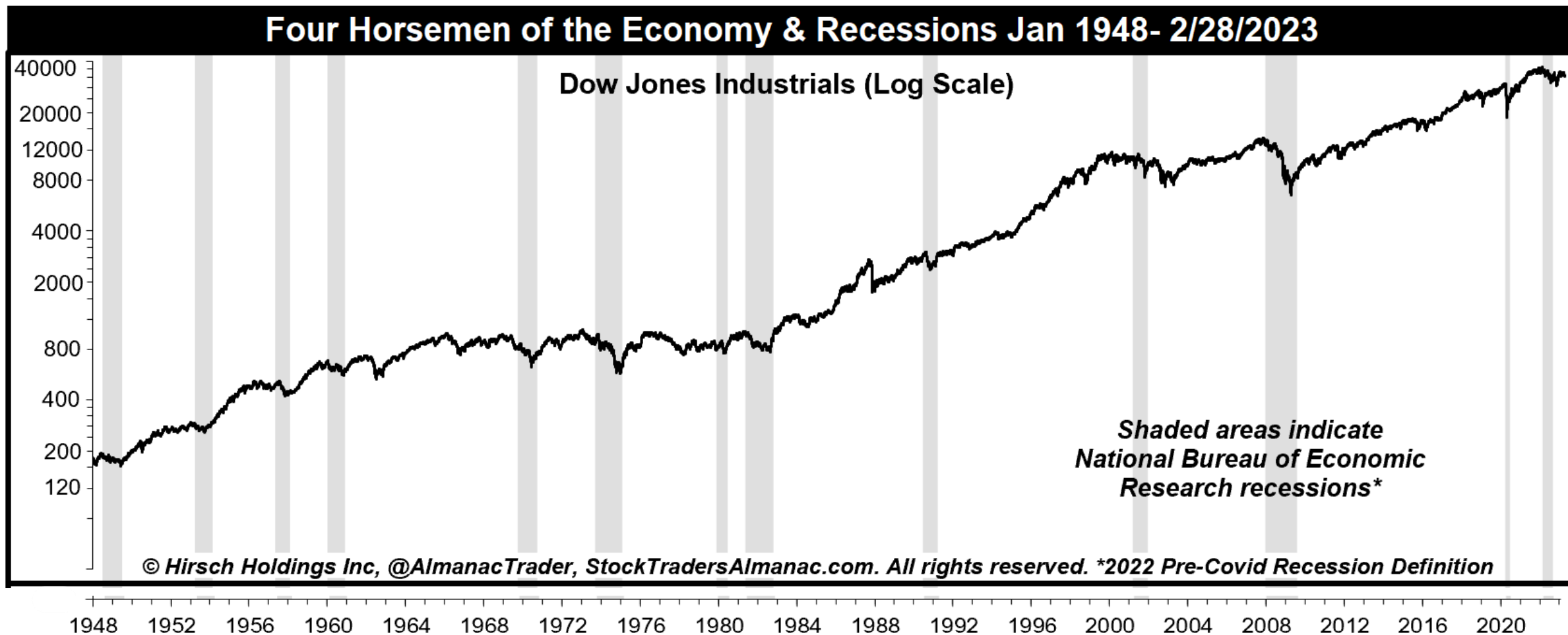


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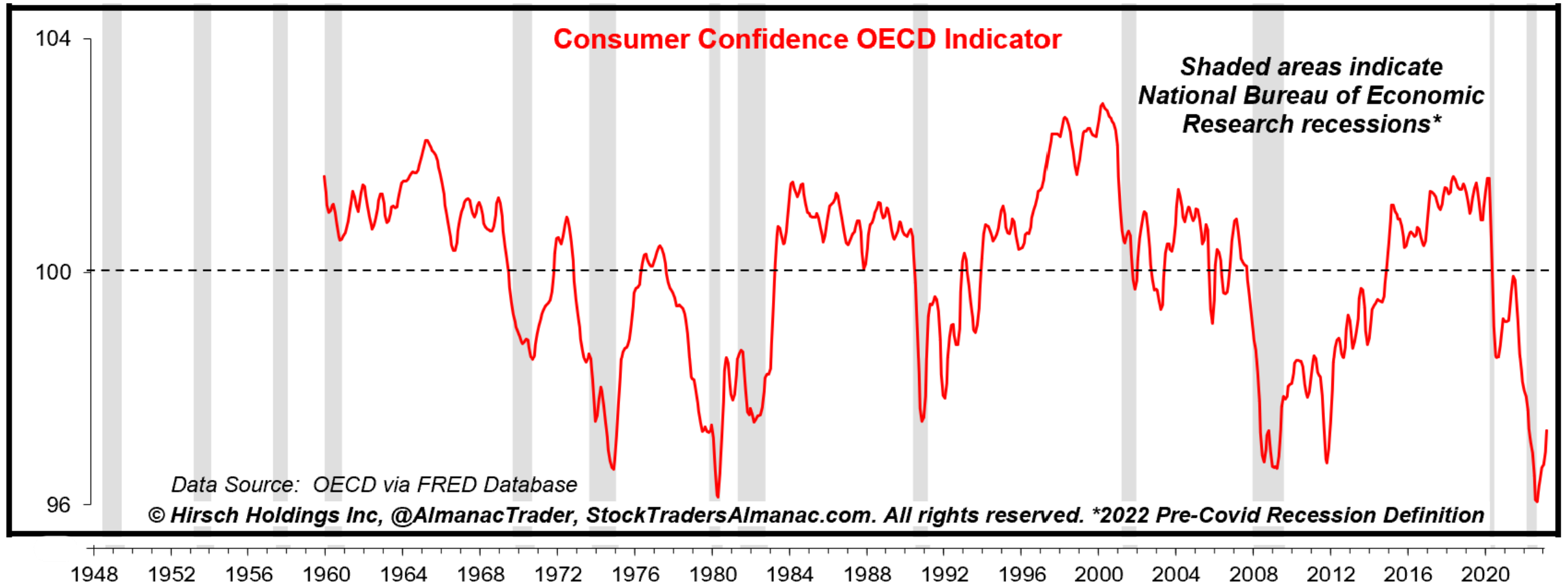
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# Four Horsemen of the Economy – DJIA

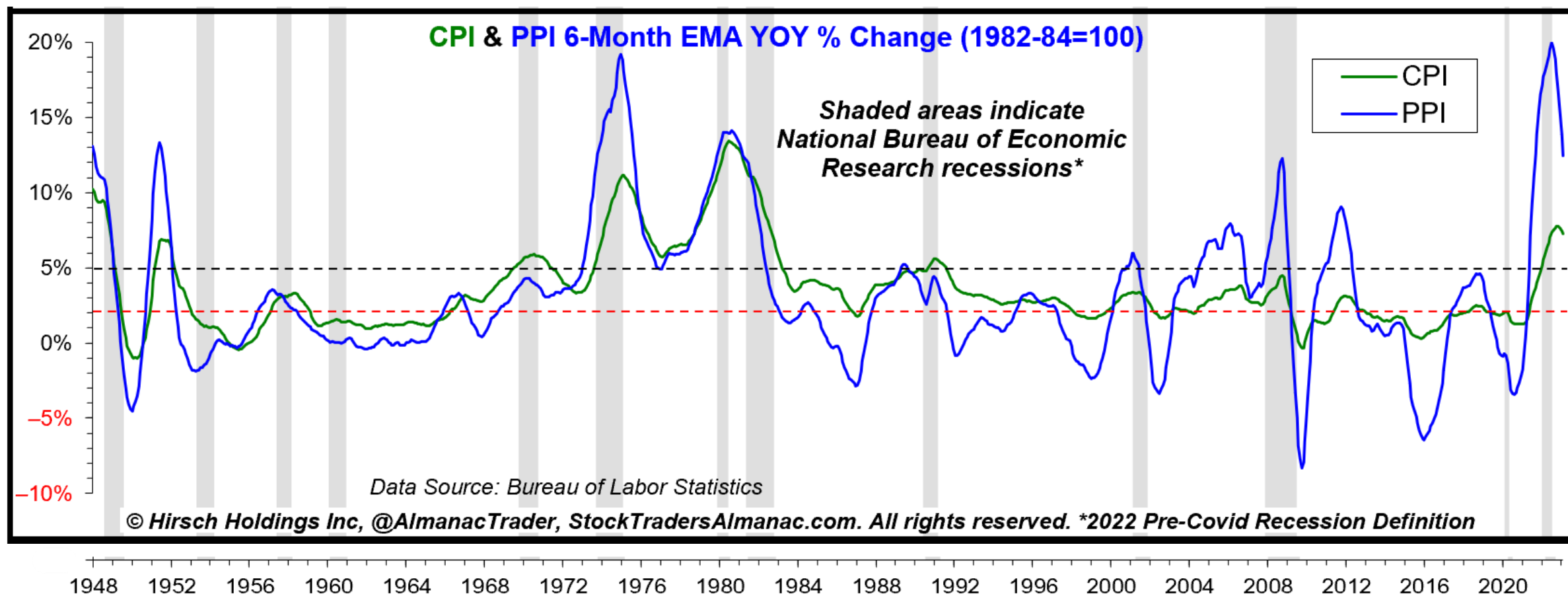




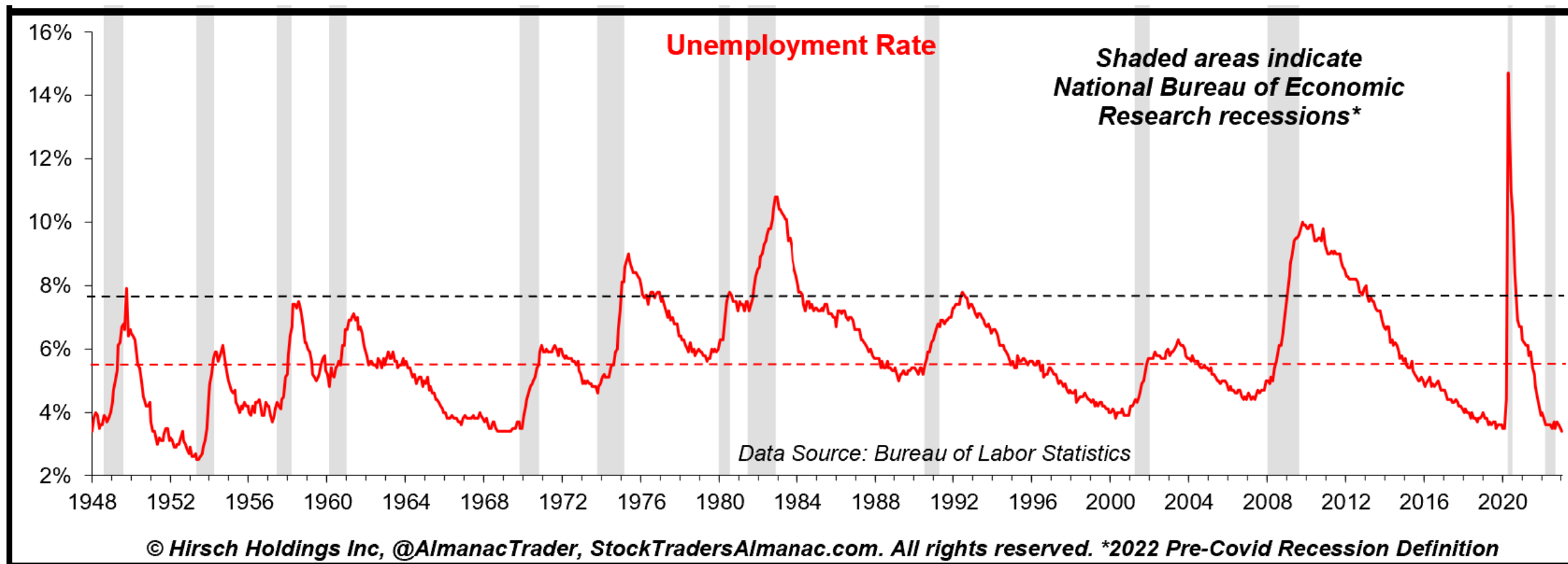
# Four Horsemen of the Economy – Consumer Confidence



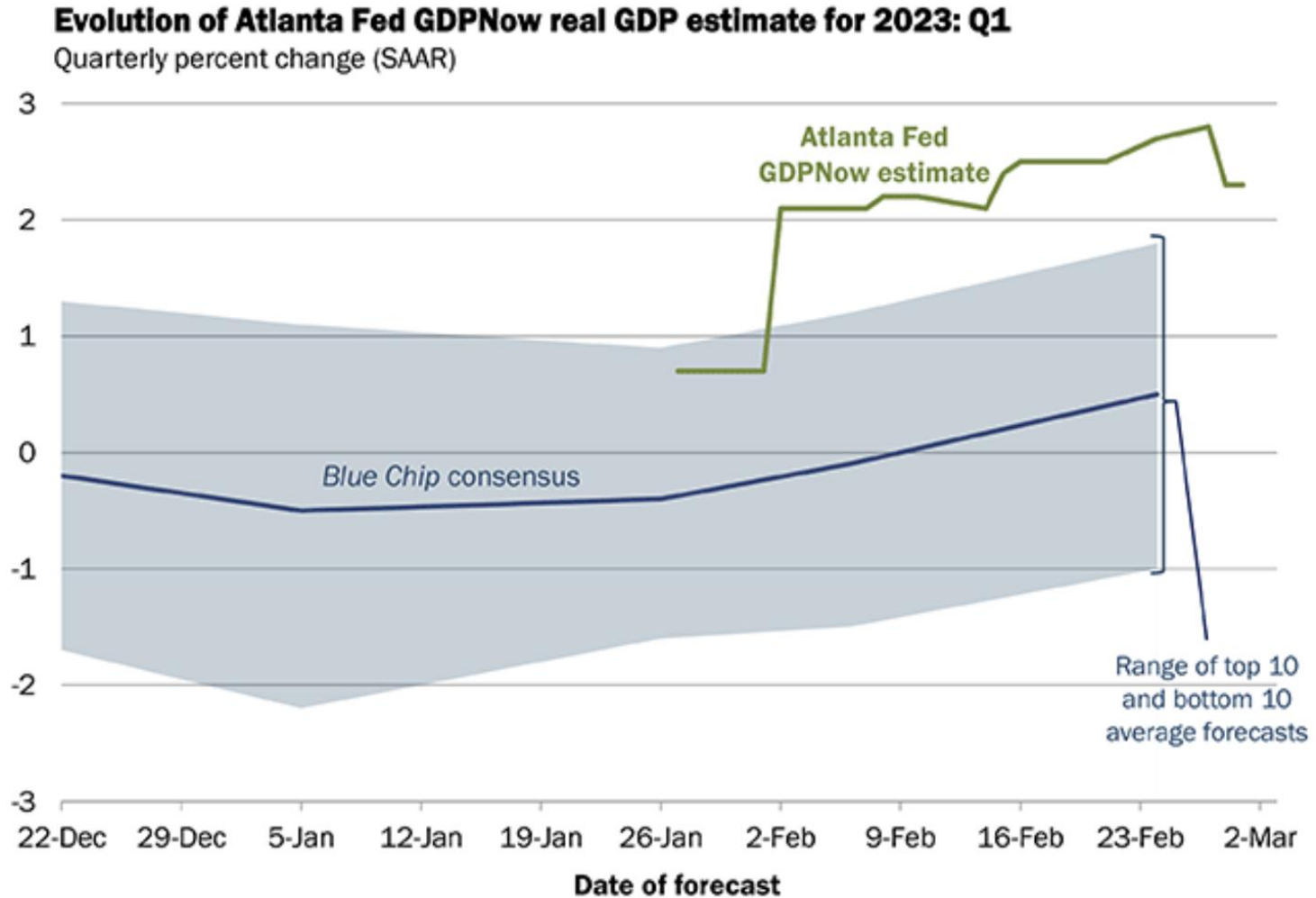
# Four Horsemen of the Economy – Inflation



# Four Horsemen of the Economy – Unemployment Rate



# GDP Positive Q1 – Latest Estimate: 2.3% – March 1, 2023



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

# Talmudic Wisdom – What’s the Plan If Our Assumptions Are Wrong?

- **What Happens If We Are Wrong And We Take Out The Oct Lows?**
- **Honor The Stops. Worked Last Year.**
- **We Got In Early And Not Chasing**
- **Sweet Spot Pause. Consolidating Big Oct-Jan Gains.**
- **More Sweetness May Be Delayed**
- **And If Not This Year, Pushed To Next**
- **Election Years On The Rise – STA 2023 p. 132**

## Almanac Investor Sector Rotation ETF Portfolio

Ticker	Exchange Traded Fund	Presented		2/28/2023		Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Auto Sell*	Current Advice <sup>1</sup>
		Date	Price	Price	Return				
XBI	SPDR S&P Biotech **	12/2/21	92.39	82.85	-10.3%				Hold
IBB	iShares Biotech	8/4/22	119.90	127.18	6.1%		119.28	149.70	Hold
IYT	iShares DJ Transports	10/6/22	201.14	231.06	14.9%		207.61	260.19	Hold
XLP	SPDR Consumer Staples	10/6/22	66.85	72.03	7.7%		67.35	87.92	Hold
XLF	SPDR Financial	10/6/22	31.09	35.72	14.9%		31.90	43.17	Hold
XLV	SPDR Health Care	10/6/22	123.23	127.17	3.2%		121.29	163.40	Hold
XLI	SPDR Industrials	10/6/22	85.39	100.97	18.2%		89.51	115.48	Hold
XLB	SPDR Materials	10/6/22	69.90	81.83	17.1%		74.35	97.05	Hold
XLK	SPDR Technology	10/6/22	121.76	136.52	12.1%		121.42	166.71	Hold
VNQ	Vanguard REIT	10/6/22	77.98	85.72	9.9%		79.94	103.78	Hold
IYW	iShares US Technology	10/6/22	75.42	83.30	10.4%		74.18	101.27	Hold
XLE	SPDR Energy	12/1/22	90.58	83.69	-7.6%		79.62	121.76	Buy Current
FCG	First Trust Natural Gas	1/5/23	23.00	23.19	0.8%	23.00	20.07	32.15	Buy Dips, Added 2/17 @ 23.00
XLU	SPDR Utilities	2/2/23	67.35	65.00	-3.5%	67.35	62.06	88.74	Buy Current, Added 2/3 @ 67.35
<b>Open Position Average % Return</b>					<b>6.7%</b>				

<sup>1</sup> STANDARD POLICY: SELL HALF ON A DOUBLE, Buy Limits good til cancel, Stop only if closed below Stop Loss, (S) = Short Trade, \*\*\* Spilt adjusted  
Current Advice is based upon closing prices as they appear in table. \*Auto Sell price based upon historical sector returns plus 10% or 20%. \*\* Average purchase price.

## Almanac Investor Tactical Seasonal Switching Strategy ETF Portfolio

Ticker	Exchange Traded Fund	Presented		2/28/2023		Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Auto Sell*	Current Advice <sup>1</sup>
		Date	Price	Price	Return				
QQQ	Invescos QQQ	10/4/22	279.62	293.56	5.0%				Hold
IWM	iShares Russell 2000	10/4/22	173.38	188.18	8.5%				Hold
DIA	SPDR DJIA	10/4/22	301.68	326.57	8.3%				Hold
SPY	SPDR S&P 500	10/4/22	375.21	396.26	5.6%				Hold
<b>Open Position Average % Return</b>					<b>6.8%</b>				

<sup>1</sup> STANDARD POLICY: SELL HALF ON A DOUBLE, Buy Limits good til cancel, Stop only if closed below Stop Loss.  
Current Advice is based upon closing prices as they appear in table. \*Auto Sell price based upon historical returns plus 10% or 20%. \*\* Average purchase price.

# Free Lunch & Small Cap Stocks

## Almanac Investor Free Lunch Portfolio

Ticker	Company	Presented Date	Price	2/28/2023 Price	Net % Return ***	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Current Advice <sup>1</sup>
IPI	Intrepid Potash	12/19/22	29.35	31.30	6.7%		30.83	Hold, 8% trailing stop
ALLT	Allot Ltd	12/19/22	2.90	3.00	21.2%		3.51	Stopped Out 2/15 @ 3.51
<b>Average Open Position Return</b>					<b>6.7%</b>			

## Almanac Investor Small-Cap Stock Portfolio

Ticker	Company	Presented Date	Price	2/28/2023 Price	Net % Return ***	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Current Advice <sup>1</sup>
MGPI	Mgp Ingredients <sup>2</sup>	11/12/20	41.12	101.44	123.3%		89.71	Hold
EPSN	Epsilon Energy	10/13/22	6.52	5.75	-11.7%	5.76	5.06	Buy Current
NVGS	Navigator Holdings	10/13/22	11.66	13.89	19.1%	13.25	10.19	Buy Dips
NWPX	Northwest Pipe	10/13/22	30.50	38.50	26.2%	38.23	29.75	Buy Dips
SOI	Solaris Oilfield Infrastructure	10/13/22	10.73	8.93	-16.8%	10.44	8.26	Buy Current
<b>Average Open Position Return</b>					<b>28.0%</b>			

# Mid & Large Cap Stocks

## Almanac Investor Mid-Cap Stock Portfolio

Ticker	Company	Presented Date	Price	2/28/2023 Price	Net % Return ***	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Current Advice <sup>1</sup>
PR	Permian Resources	10/13/22	8.98	10.81	20.4%	9.93	8.62	Buy Dips
ACLS	Axcelis Technologies	11/10/22	76.19	128.54	68.7%	124.41	97.58	Buy Dips
CCRN	Cross Country Healthcare	11/10/22	31.72	26.45	-19.5%		25.54	Stopped Out 2/23 @ 25.54
DGII	Digi International	11/10/22	39.35	33.37	-15.2%	34.94	30.21	Buy Current
FN	Fabrinet	11/10/22	126.90	121.87	-4.0%	125.61	111.78	Buy Current
PERI	Perion Networks	11/10/22	25.00	33.74	35.0%	31.07	25.49	Buy Dips
SMCI	Super Micro Computer	11/10/22	81.93	97.97	19.6%	87.00	70.73	Buy Dips
<b>Average Open Position Return</b>					<b>20.8%</b>			

## Almanac Investor Large-Cap Stock Portfolio

Ticker	Company	Presented Date	Price	2/28/2023 Price	Net % Return ***	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Current Advice <sup>1</sup>
T	AT&T Inc *	4/9/20	20.24	18.91	-9.7%			Hold
DOX	Amdocs Ltd	11/12/20	63.49	91.61	44.3%	95.40	80.93	Buy Dips
MUR	Murphy Oil	10/13/22	43.67	39.02	-10.6%	42.15	38.01	Buy Current
EOG	E O G Resources	11/10/22	146.32	113.02	-18.3%	130.97	119.55	Stopped Out 2/17 @ 119.55
ELV	Elevance Health	11/10/22	500.05	469.67	-6.1%	500.17	438.15	Buy Current
PWR	Quanta Services	11/10/22	146.59	161.40	10.1%	152.46	129.51	Buy Dips
RS	Reliance Steel & Aluminm	11/10/22	198.23	247.84	25.0%	227.04	196.63	Buy Dips
STLD	Steel Dynamics	11/10/22	97.79	126.11	29.0%	121.35	105.43	Buy Dips
UNH	Unitedhealth Group	11/10/22	527.97	475.94	-9.9%	500.30	456.76	Buy Current
<b>Average Open Position Return</b>					<b>9.0%</b>			

Shaded are defensive, dividend positions.

<sup>1</sup> STANDARD POLICY: SELL HALF ON A DOUBLE, Buy Limits good til cancel, Stop only if closed below Stop Loss. Shaded positions defenisve and/or dividend yielding.

<sup>2</sup> Half position, \* Adjusted, \*\* Canadian Dollars, (S) = Short Trade

\*\*\* Based on \$1000 to \$4000 initial investment in each stock, Net % Return includes half & closed positions, Value is open position value



# 2023 Forecast Best Case Scenario Still In Play

- **Base Case: 65% Probability** – Current trends remain intact. Inflation continues to moderate at current pace and Fed pauses rate hikes in Q1. No recession, but a marked slowdown in growth and a modest increase in unemployment. Supply chains slowly continue to improve with gains from loosening China Covid-19 policy being held in check by higher infection rates. Slightly below average pre-election year gains of 10-15%.
- **Best Case: 25% Probability** – Loosening China Covid-19 protocols accelerate supply chain recovery. Ukraine and Russia conflict ends. Inflation rapidly retreats allowing Fed to ease to a neutral policy stance. Recession is avoided, growth picks up, and unemployment remains low. Above average pre-election-year gains of 15-20%.
- **Worst Case: 10% Probability** – Inflation persists, and Fed forced to tighten beyond current expectations which triggers a full-blown recession that is accompanied by historical declines in economic growth and a spike in unemployment. Current rally ends up being a bear market bounce. Final bear market bottom arrives in first half of 2023 with late Q3-Q4 rally that returns major indexes to 0-5% at yearend.

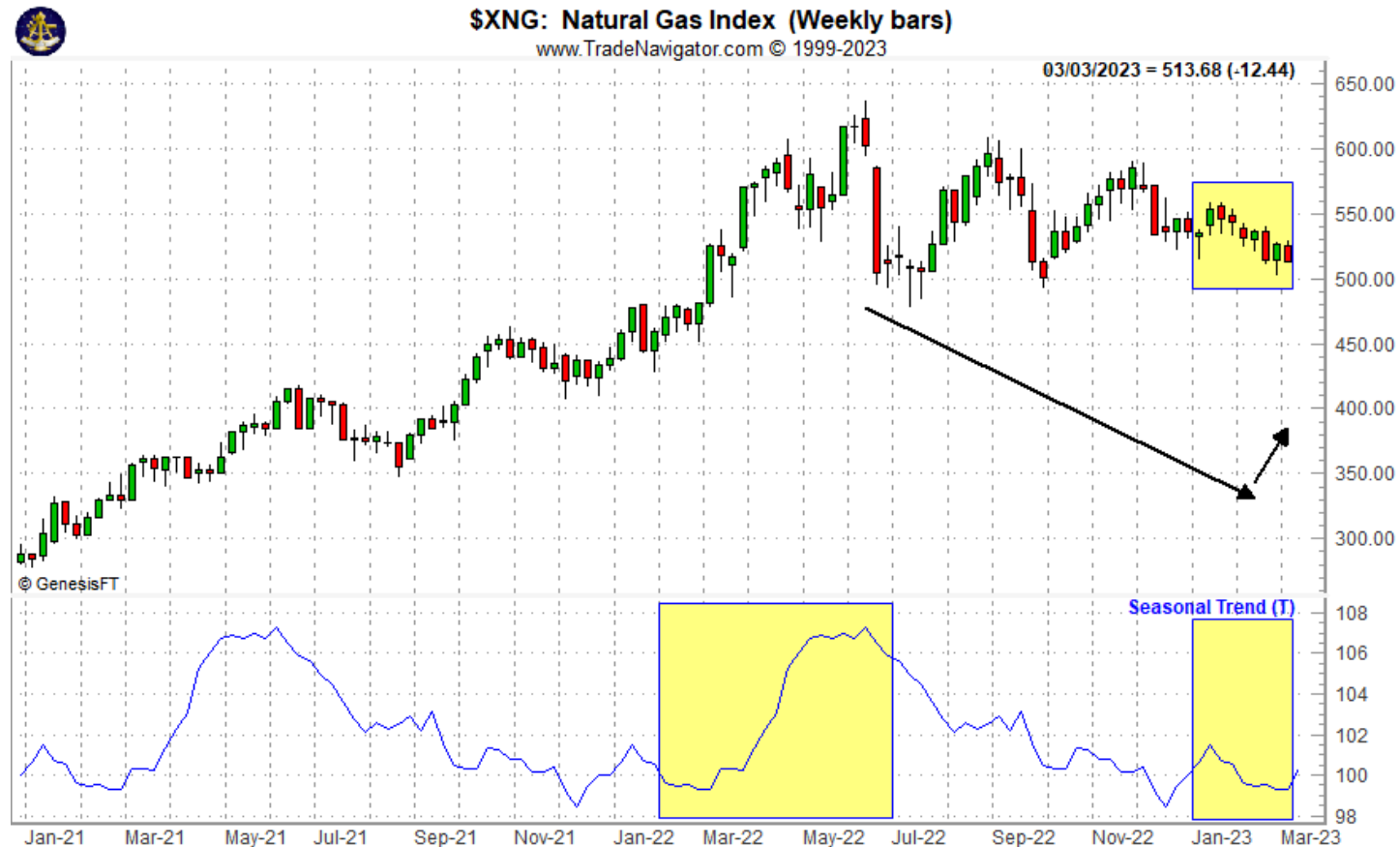
# Current Top Commodity & Equity Sector Trades

## ➤ Oil & Gas Index (XOI): Long Mid-December to April/May



# Natural Gas Seasonal Trade

- Natural Gas Index (XNG) & Natural Gas (NG): Long February to June
- Set Up Near Perfect Late February Bottom



# Recap & Outlook

## Headwinds

- Yield Curve
- Inflation
- Recession Fears
- Interest Rates
- Leading Economic Indicators
- Earnings
- Tech Layoffs
- Debt Ceiling
- Ukraine and Russia conflict

## Tailwinds

- January Indicator Trifecta
- 4-Year Cycle Sweet Spot
- October Bear Killer
- Technical Breakout
- Fed Almost Done
- Employment Metrics Holding Up Well
- Inflation Retreating
- GDP Continued Growth
- Consumer Confidence

## Outlook:

- Best Case In Play
- More Q1 Chop
- China Opening
- Supply Chain Recovery
- Fed Shifts Neutral
- Recession Avoided
- Growth Picks Up
- Unemployment Stable
- Above Average Pre-Election-Year Gains Of At Least 15-20%.

# Thank You!

- Jeffrey A. Hirsch is CEO of Hirsch Holdings & Editor-in-Chief of the *Stock Trader's Almanac & Almanac Investor*.
- Christopher Mistal is VP of Hirsch Holdings & Director of Research of the *Stock Trader's Almanac & Almanac Investor*
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