

# ***May 2023 Outlook & Update***

**Jeffrey A. Hirsch**

CEO: Hirsch Holdings Inc. | Editor-in-Chief: *Stock Trader's Almanac*

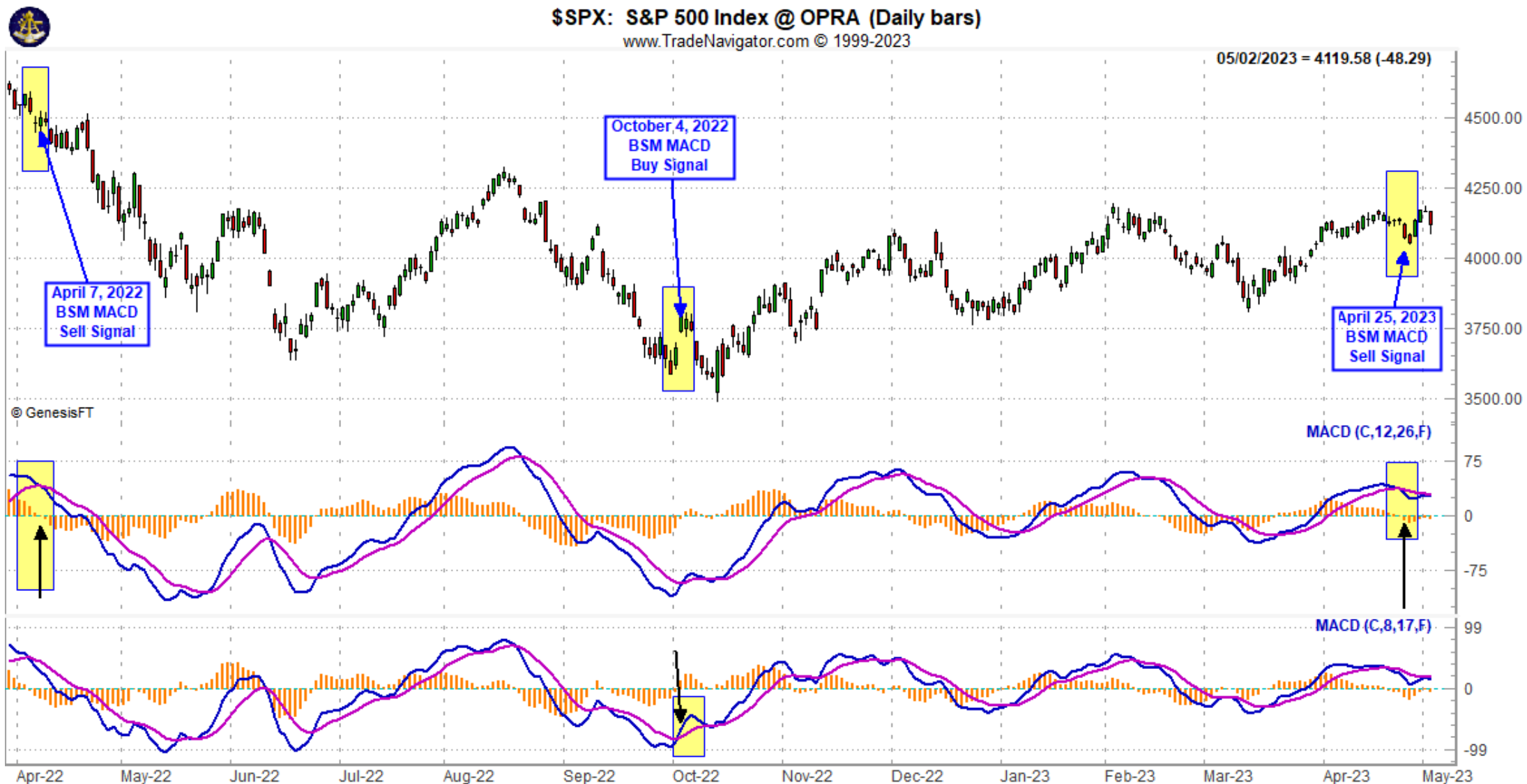
**Christopher Mistal**

VP: Hirsch Holdings Inc. | Director of Research: *Stock Trader's Almanac*

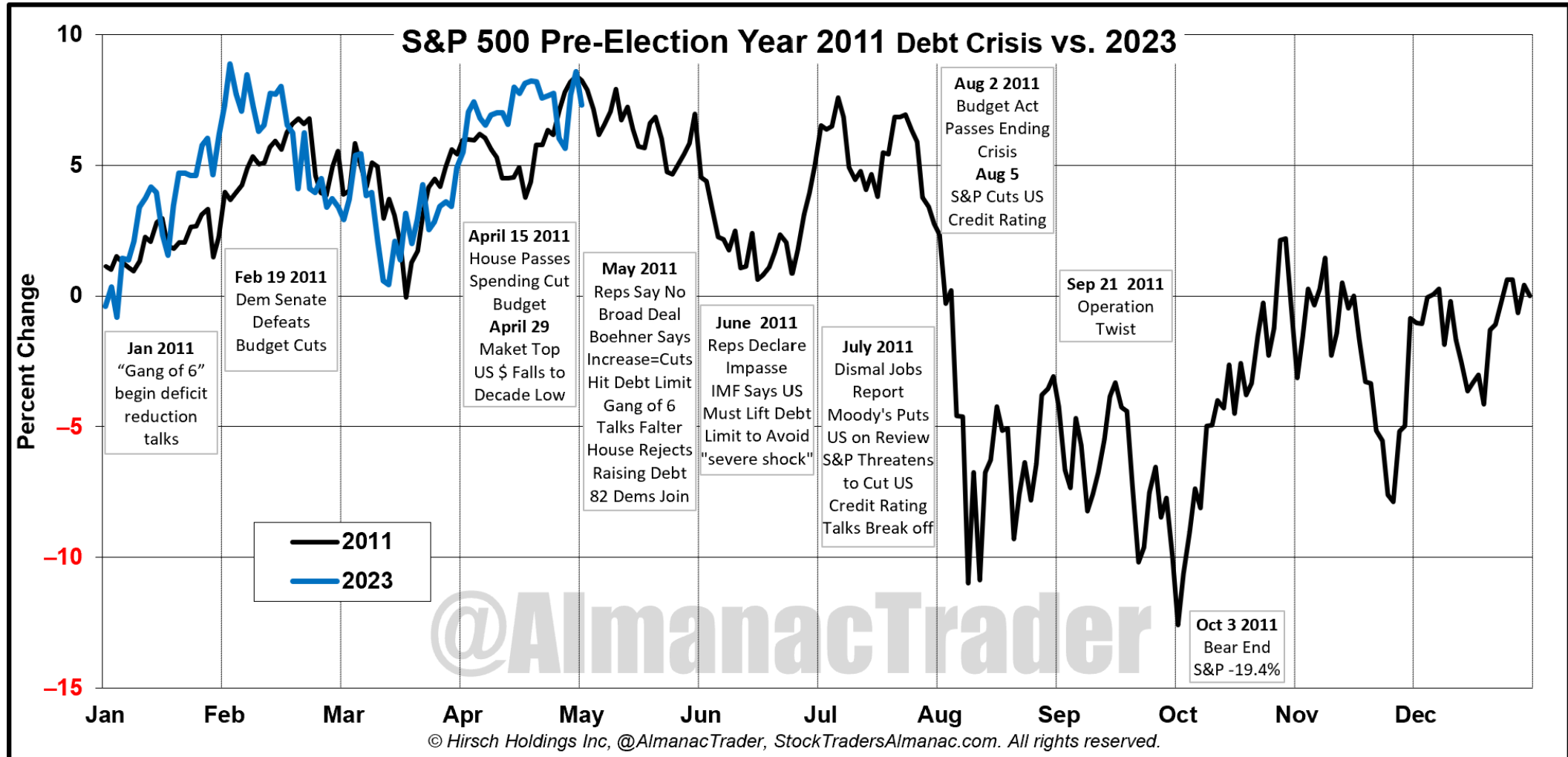
**Members Only Webinar**

**May 3, 2023**

# Repositioning To Neutral For Range Bound Worst Six Months



# Debt Ceiling Showdown – End April Top À La 2011?



# CDS Spikes

## USGV5YEUAC=R Overview



<https://www.investing.com/rates-bonds/united-states-cds-5-years-eur>

# Midterm Year Best Six Months Still Best – Now 19-0

S&P 500 Performance Best Six Months November-April Starting In Midterm Years								
Year	Nov%	Dec%	Jan%	Feb%	Mar%	Apr%	BSM	BSM+MACD
1950-1951	-0.1	4.6	6.1	0.6	-1.8	4.8	14.8	12.9
1954-1955	8.1	5.1	1.8	0.4	-0.5	3.8	19.8	16.1
1958-1959	2.2	5.2	0.4	-0.0	0.1	3.9	12.2	14.0
1962-1963	10.2	1.3	4.9	-2.9	3.5	4.9	23.5	22.2
1966-1967	0.3	-0.1	7.8	0.2	3.9	4.2	17.2	20.7
1970-1971	4.7	5.7	4.0	0.9	3.7	3.6	24.9	22.6
1974-1975	-5.3	-2.0	12.3	6.0	2.2	4.7	18.1	23.8
1978-1979	1.7	1.5	4.0	-3.7	5.5	0.2	9.2	9.5
1982-1983	3.6	1.5	3.3	1.9	3.3	7.5	23.0	25.8
1986-1987	2.1	-2.8	13.2	3.7	2.6	-1.1	18.2	21.7
1990-1991	6.0	2.5	4.2	6.7	2.2	0.03	23.5	20.4
1994-1995	-4.0	1.2	2.4	3.6	2.7	2.8	9.0	12.7
1998-1999	5.9	5.6	4.1	-3.2	3.9	3.8	21.5	37.5
2002-2003	5.7	-6.0	-2.7	-1.7	1.0	8.0	3.5	5.3
2006-2007	1.6	1.3	1.4	-2.2	1.0	4.3	7.6	12.0
2010-2011	-0.2	6.5	2.3	3.2	-0.1	2.8	15.2	7.6
2014-2015	2.5	-0.4	-3.1	5.5	-1.7	0.9	3.3	7.4
2018-2019	1.8	-9.2	7.9	3.0	1.8	3.9	8.6	7.8
2022-2023	5.4	-5.9	6.2	-2.6	3.5	1.5	7.7	7.4
Average:	2.8	0.8	4.2	1.0	1.9	3.4	14.8	16.2
Median:	2.2	1.3	4.0	0.6	2.2	3.8	15.2	14.0
Up:	15	12	17	12	15	18	19	19
Down:	4	7	2	7	4	1	0	0
% Up:	78.9	63.2	89.5	63.2	78.9	94.7	100.0	100.0

© 2023 Hirsch Holdings Inc., @AlmanacTrader, StockTradersAlmanac.com. All rights reserved.

# Worst Six Months Not Great in Pre-Election Years

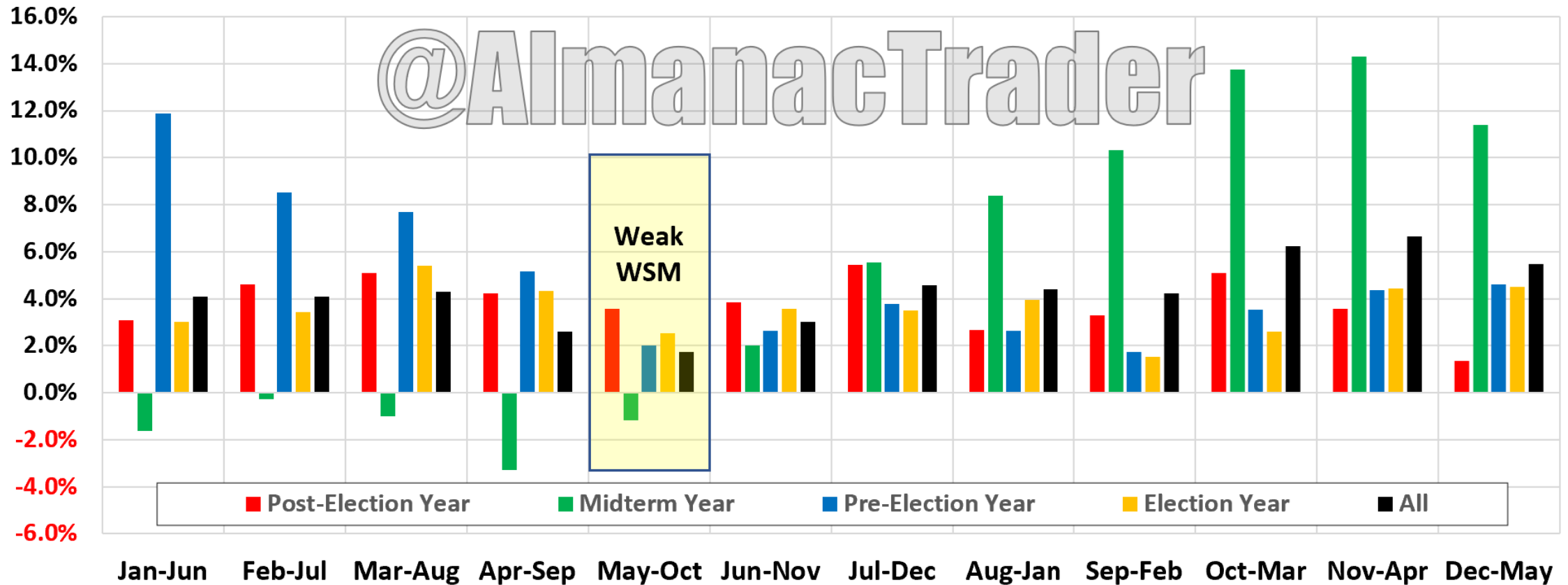
## Worst Months Performance By 4-Year Presidential Election Cyle Since 1951

Post-Election Year Worst Months				Midterm Year Worst Months				Pre-Election Year Worst Months				Election Year Worst Months			
Year	DJIA	SP 500	NASDAQ	Year	DJIA	SP 500	NASDAQ	Year	DJIA	SP 500	NASDAQ	Year	DJIA	SP 500	NASDAQ
1953	0.39	-0.32	-	1954	10.27	12.10	-	1951	1.24	2.27	-	1952	4.50	5.15	-
1957	-10.79	-10.23	-	1958	19.16	18.16	-	1955	6.86	11.54	-	1956	-7.03	-5.79	-
1961	3.71	5.07	-	1962	-11.36	-13.37	-	1959	3.66	-0.12	-	1960	-3.55	-1.80	-
1965	4.18	3.71	-	1966	-13.56	-11.93	-	1963	5.23	6.03	-	1964	7.69	6.80	-
1969	-9.91	-6.22	-	1970	2.65	2.12	-	1967	-1.93	-0.12	-	1968	4.40	5.96	-
1973	3.81	1.23	9.10	1974	-20.46	-18.17	-14.13	1971	-10.91	-9.35	-2.50	1972	0.14	3.63	0.12
1977	-11.71	-6.20	-2.22	1978	-5.36	-3.80	-7.63	1975	1.79	1.99	-11.53	1976	-3.20	1.24	0.03
1981	-14.55	-8.22	-9.51	1982	16.90	14.83	24.13	1979	-4.59	0.06	-1.88	1980	13.15	19.93	22.18
1985	9.24	5.56	-1.24	1986	5.26	3.59	-11.03	1983	-0.08	-0.53	-13.85	1984	3.13	3.77	3.08
1989	9.36	9.92	4.67	1990	-8.07	-8.10	-28.65	1987	-12.81	-12.68	-23.87	1988	5.72	6.75	-3.09
1993	7.38	6.28	10.70	1994	6.15	4.75	10.13	1991	6.28	4.56	14.09	1992	-3.95	0.90	7.38
1997	6.18	14.14	10.51	1998	-5.20	-1.18	-6.51	1995	10.05	12.98	10.99	1996	8.27	7.81	3.08
2001	-15.46	-15.18	-21.77	2002	-15.58	-17.75	-9.12	1999	-0.55	2.08	10.44	2000	2.21	-1.59	-15.04
2005	2.43	4.34	3.08	2006	6.28	5.14	8.96	2003	15.58	14.59	19.07	2004	-1.94	2.07	-3.56
2009	18.91	18.72	11.45	2010	1.00	-0.29	18.88	2007	6.64	4.52	9.83	2008	-27.26	-30.08	-24.95
2013	4.76	9.95	15.18	2014	4.88	7.12	5.05	2011	-6.68	-8.09	-3.21	2012	-0.89	1.02	1.44
2017	11.64	8.01	9.56	2018	3.94	2.41	-2.72	2015	-0.99	-0.29	1.34	2016	2.07	2.95	7.15
2021	5.74	10.15	6.86	2022	-0.74	-6.29	-0.37	2019	1.70	3.11	3.57	2020	8.86	12.28	8.48
<b>Average:</b>	<b>1.41</b>	<b>2.82</b>	<b>3.57</b>		<b>-0.21</b>	<b>-0.59</b>	<b>-1.00</b>		<b>1.14</b>	<b>1.81</b>	<b>0.96</b>		<b>0.68</b>	<b>2.28</b>	<b>0.49</b>
<b>Median:</b>	<b>4.00</b>	<b>4.70</b>	<b>6.86</b>		<b>1.83</b>	<b>0.92</b>	<b>-2.72</b>		<b>1.47</b>	<b>2.04</b>	<b>1.34</b>		<b>2.14</b>	<b>3.29</b>	<b>1.44</b>
<b>% Up:</b>	<b>72.2</b>	<b>66.7</b>	<b>69.2</b>		<b>55.6</b>	<b>50.0</b>	<b>38.5</b>		<b>55.6</b>	<b>61.1</b>	<b>53.8</b>		<b>61.1</b>	<b>77.8</b>	<b>69.2</b>

© Hirsch Holdings Inc., StockTradersAlmanac.com. All rights reserved.

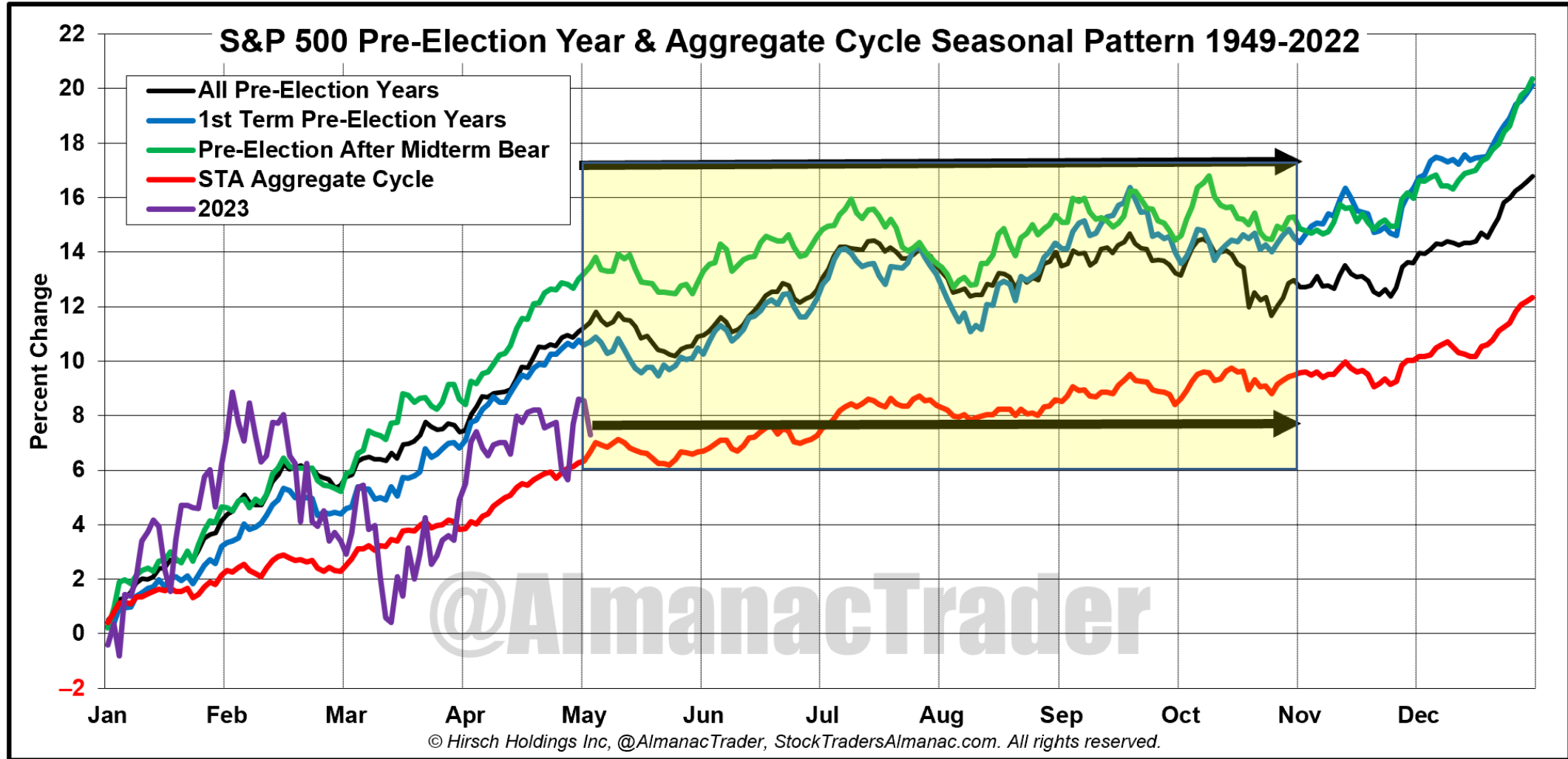
# Weak Worst Six-Month Period of the 4-Year Cycle Begins Now

S&P 500 Rolling 6-Month Period Performance By 4-Year Cycle Year Since 1945



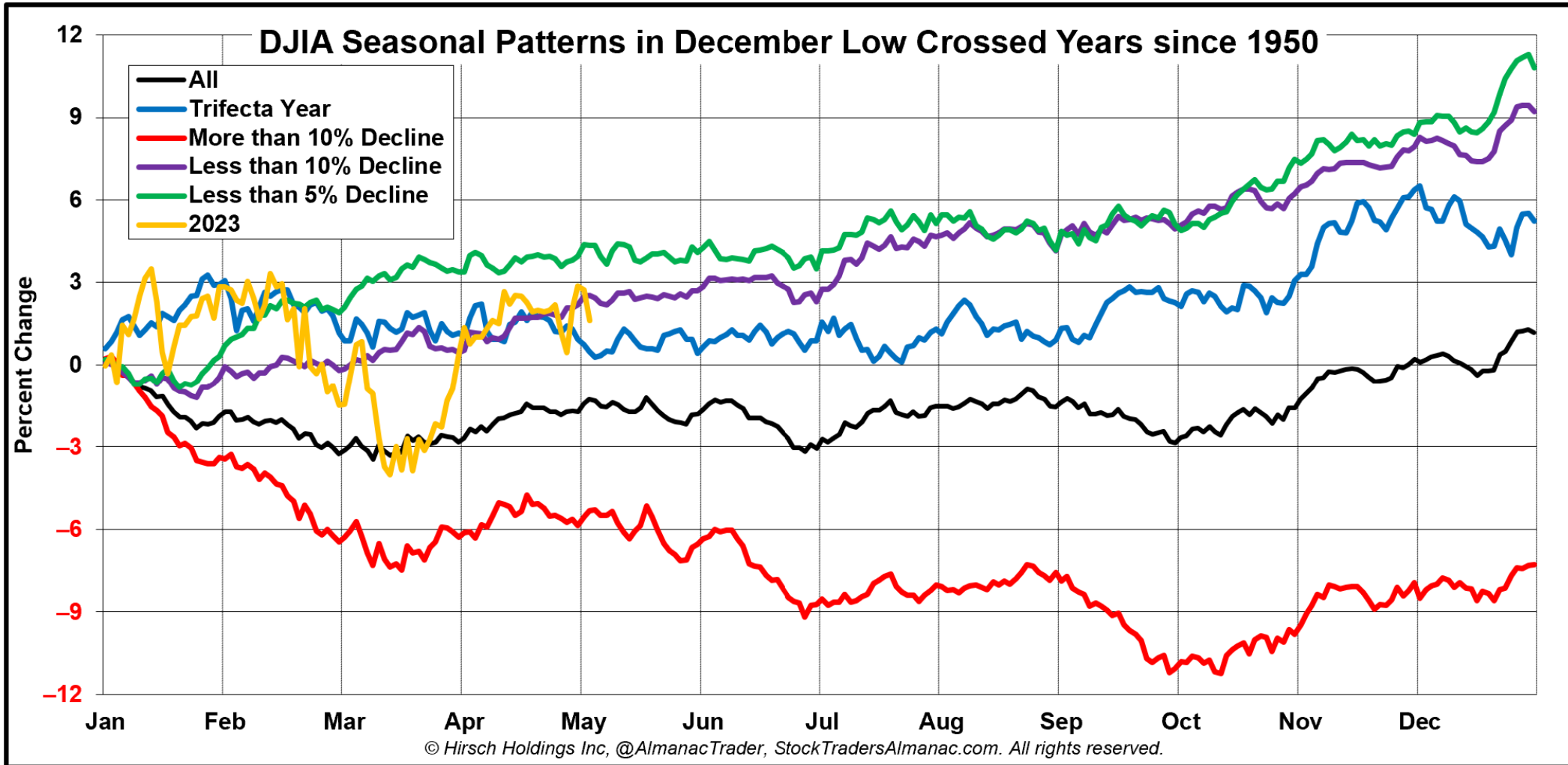
© 2023 Hirsch Holdings Inc., @AlmanacTrader, StockTradersAlmanac.com. All rights reserved.

# Pre-Election Year & Aggregate Cycle Worst Six Months Sideways

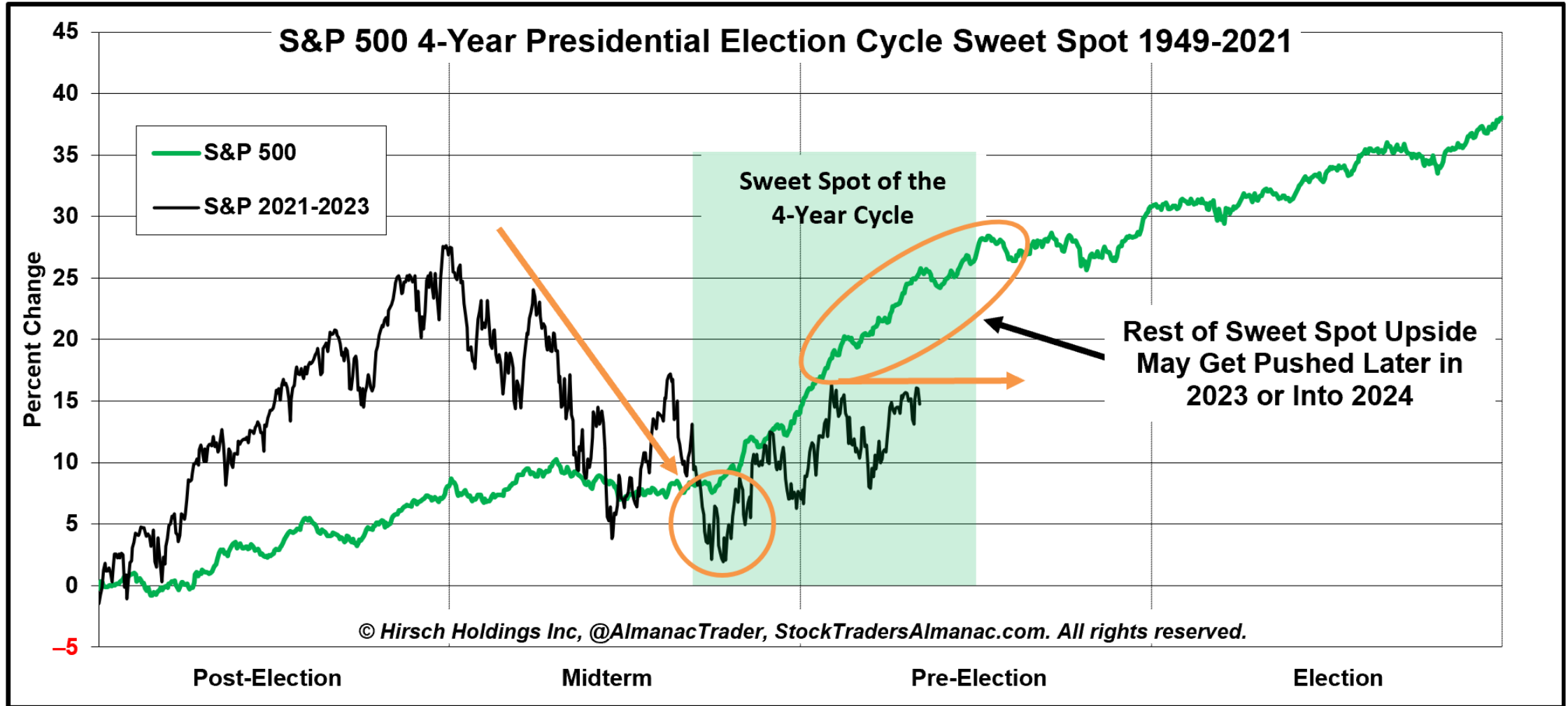




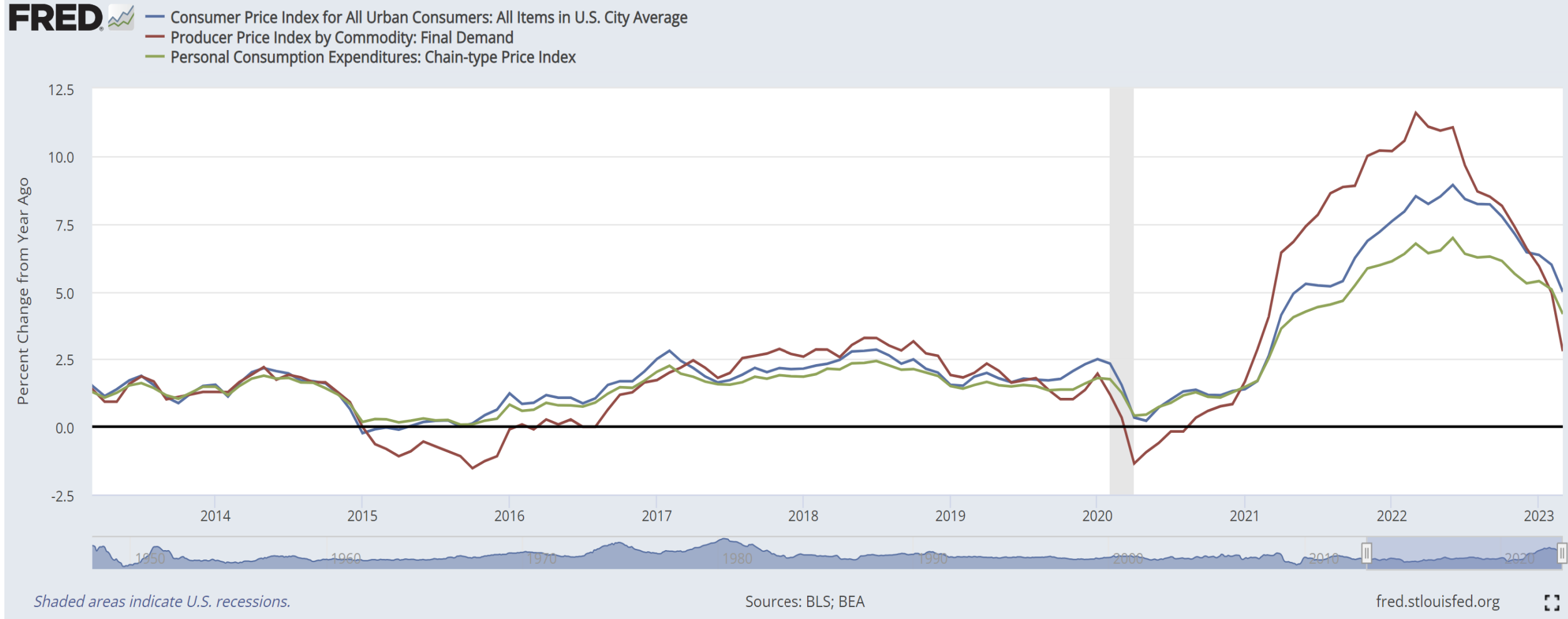
# Years DJIA Crossed December Low In Q1 Since 1950



# Sweet Spot Sour Patch



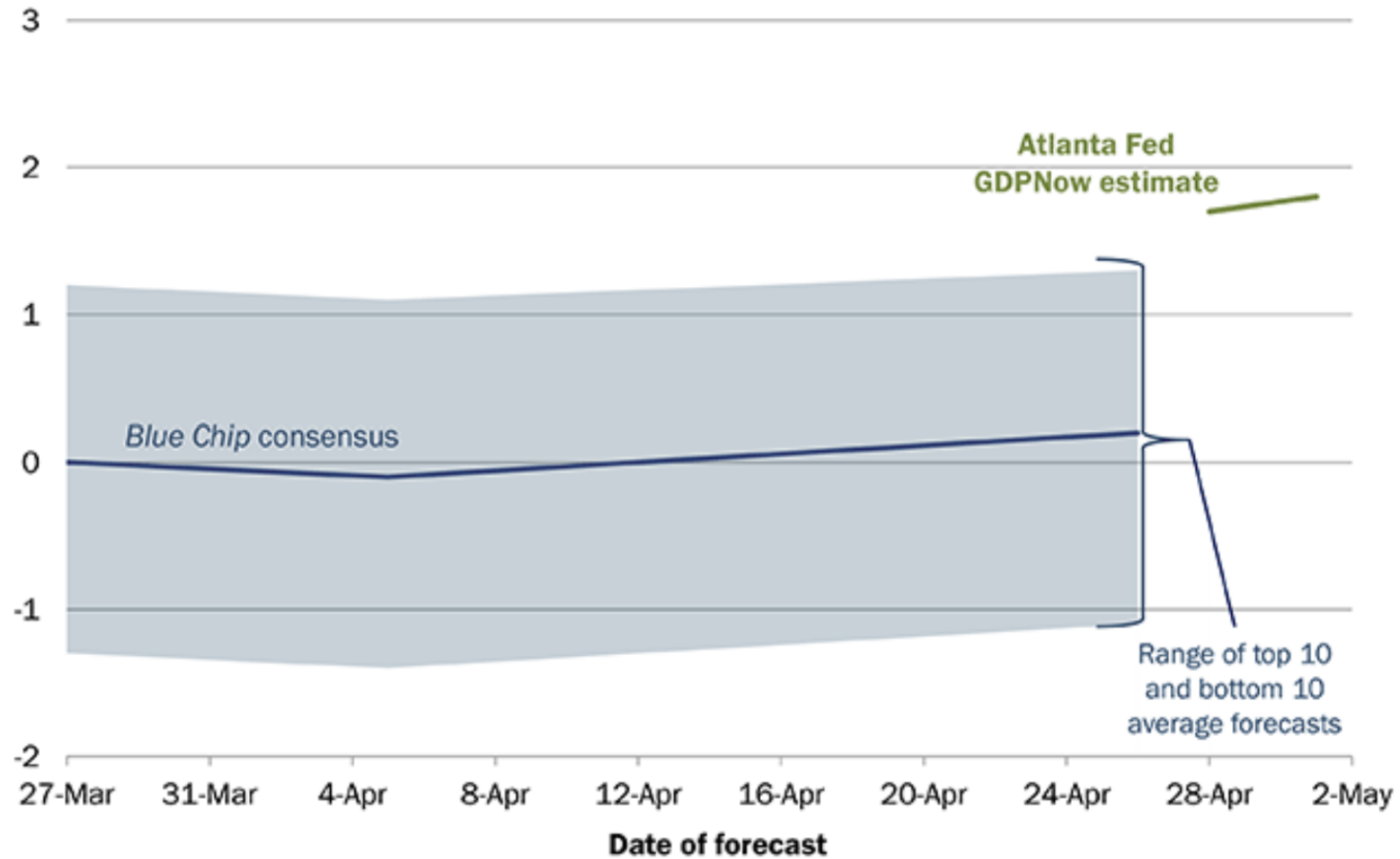
# Inflation Still Trending Lower



# Economy Slowing But Recession Not Likely – 1.8% May 1, 2023

## Evolution of Atlanta Fed GDPNow real GDP estimate for 2023: Q2

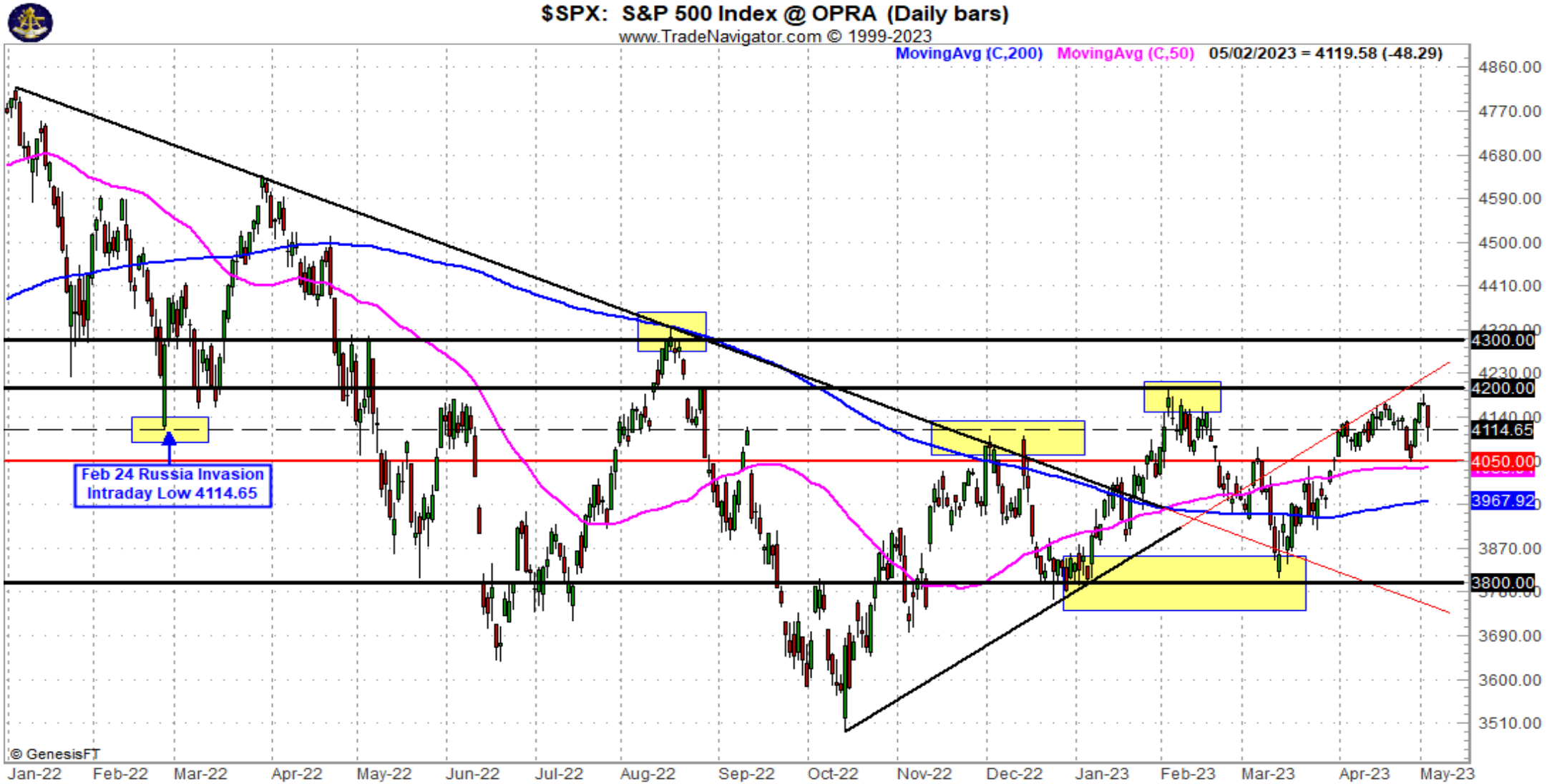
Quarterly percent change (SAAR)



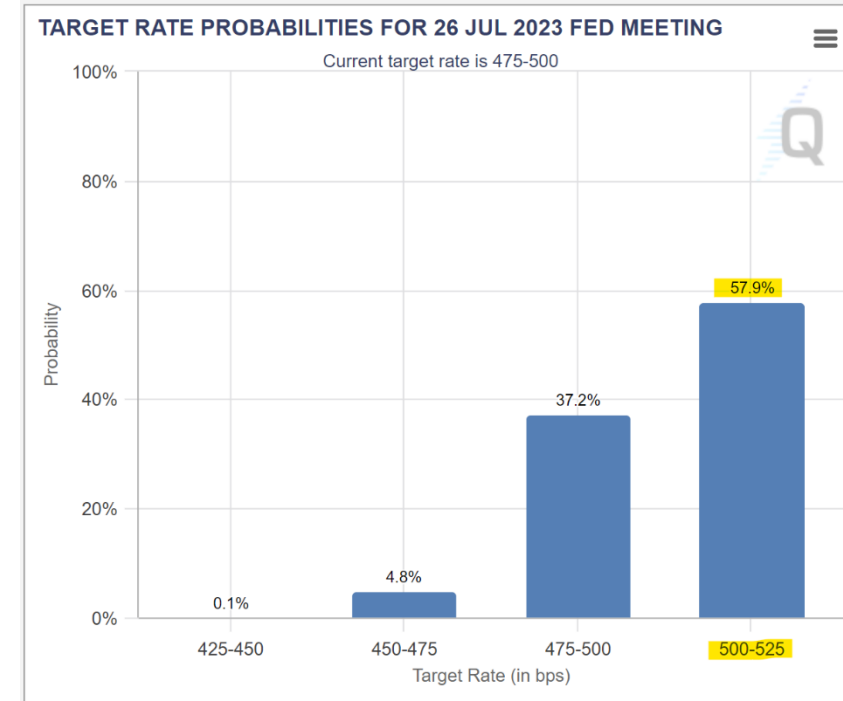
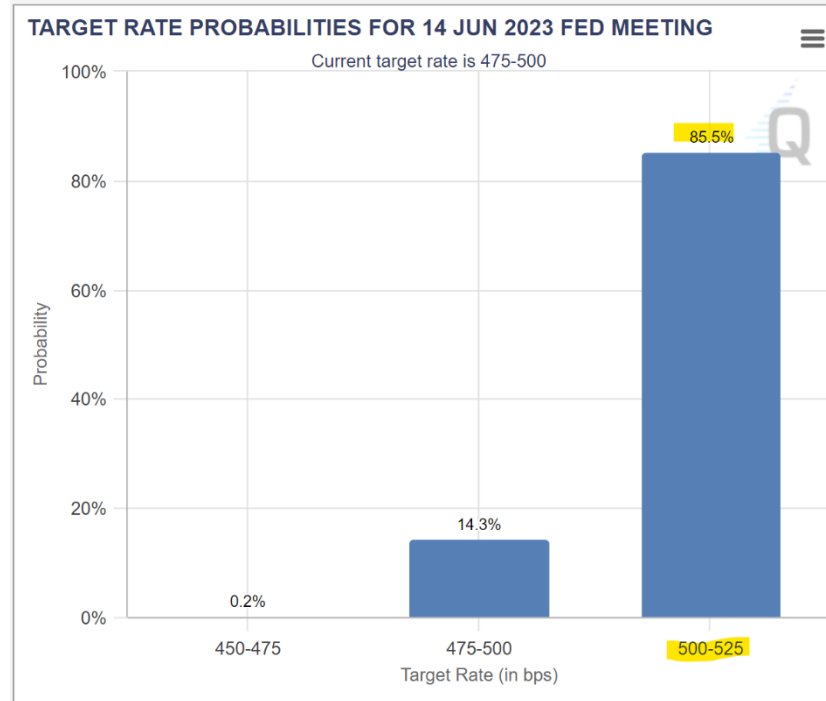
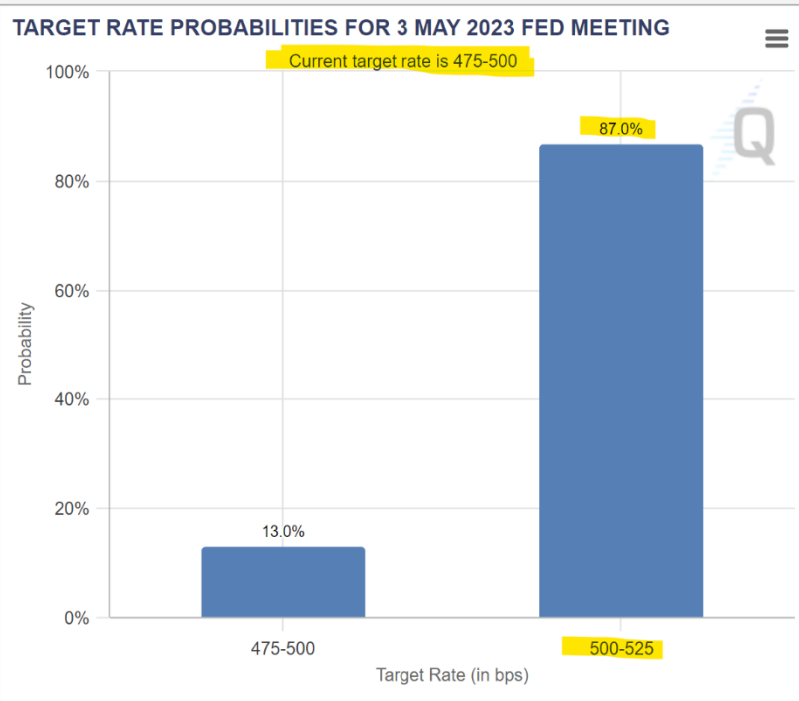
Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

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

# S&P 3800-4200 Range



# CME FedWatch – 1/4 Point Today Then Pause



# Topsy Complacent Sentiment Levels Now retreating

## Advisors Sentiment Charts



Difference: Bullish Advisors % less Bearish Advisors %: 2 May 2023



## Almanac Investor Sector Rotation ETF Portfolio

Ticker	Exchange Traded Fund	Presented		5/2/2023		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	79.73	-13.7%				Hold
IBB	iShares Biotech	8/4/22	119.90	129.81	8.3%		119.28	149.70	Hold
IYT	iShares DJ Transports	10/6/22	201.14	225.38	7.2%				Sold 4/26 @ 215.58
XLP	SPDR Consumer Staples	10/6/22	66.85	77.29	15.6%		65.70	87.92	Hold
XLV	SPDR Health Care	10/6/22	123.23	133.64	8.4%		121.29	163.40	Hold
XLI	SPDR Industrials	10/6/22	85.39	99.49	14.5%				Sold 4/26 @ 97.76
XLB	SPDR Materials	10/6/22	69.90	79.73	12.8%				Sold 4/26 @ 78.86
XLK	SPDR Technology	10/6/22	121.76	149.51	22.8%		129.33	166.71	Hold
IYW	iShares US Technology	10/6/22	75.42	92.19	22.2%		79.56	101.27	Hold
FCG	First Trust Natural Gas	1/5/23	23.00	21.91	-4.7%		20.53	32.15	Hold
XLU	SPDR Utilities	2/2/23	67.35	68.26	1.4%		63.88	88.74	Hold
<b>Open Position Average % Return</b>					<b>7.5%</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		5/2/2023		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	319.38	14.2%				Hold
IWM	iShares Russell 2000	10/4/22	173.38	171.70	-1.0%				Hold
DIA	SPDR DJIA	10/4/22	301.68	336.87	10.8%				Sold 4/26 @ 334.38
SPY	SPDR S&P 500	10/4/22	375.21	410.84	8.2%				Sold 4/26 @ 405.81
TLT	iShares 20+ Year Treasury Bond	4/6/23	106.46	105.70	-0.7%	109.10			Buy Dips, Added 4/26
AGG	iShares Core U.S. Aggregate Bond	4/6/23	99.97	99.65	-0.3%	101.68			Buy Dips, Added 4/26
BND	Vanguard Total Bond Market	4/6/23	74.09	73.86	-0.3%	75.36			Buy Dips, Added 4/26
SHV	iShares Short Treasury Bond	4/25/23	110.41	110.07	-0.3%	110.45			Buy Dips, Added 4/26
SGOV	iShares 0-3 Month Treasury Bond	4/25/23	100.54	100.20	-0.3%	100.55			Buy Dips, Added 4/26
	Cash &/or Money Market Fund	4/6/23							Cash is a position
<b>Open Position Average % Return</b>					<b>3.4%</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.

Disclosure note: Officers of Hirsch Holdings Inc hold positions in FCG, IWM, QQQ & XBI in personal accounts.



# Stock Portfolios

## Almanac Investor Small-Cap Stock Portfolio

Ticker	Company	Presented		5/2/2023	Net %	Buy	Stop	Current Advice <sup>1</sup>
		Date	Price	Price	Return ***	Limit <sup>1</sup>	Loss <sup>1</sup>	
MGPI	Mgp Ingredients <sup>2</sup>	11/12/20	41.12	95.94	116.7%		89.71	Hold
NVGS	Navigator Holdings	10/13/22	11.66	13.22	13.4%		10.76	Hold
Open Position Average % Return					65.0%			

## Almanac Investor Mid-Cap Stock Portfolio

Ticker	Company	Presented		5/2/2023	Net %	Buy	Stop	Current Advice <sup>1</sup>
		Date	Price	Price	Return ***	Limit <sup>1</sup>	Loss <sup>1</sup>	
PR	Permian Resources	10/13/22	8.98	9.88	10.1%		9.35	Hold
ACLS	Axcelis Technologies	11/10/22	76.19	121.73	59.8%		108.80	Hold
DGII	Digi International	11/10/22	39.35	28.94	-24.2%			Stopped Out 4/26, Closed @ 29.82
PERI	Perion Network	11/10/22	25.00	35.00	40.0%		32.23	Hold
SMCI	Super Micro Computer	11/10/22	81.93	104.43	27.5%		89.73	Hold
Open Position Average % Return					22.6%			

## Almanac Investor Large-Cap Stock Portfolio

Ticker	Company	Presented		5/2/2023	Net %	Buy	Stop	Current Advice <sup>1</sup>
		Date	Price	Price	Return ***	Limit <sup>1</sup>	Loss <sup>1</sup>	
T	AT&T Inc *	4/9/20	20.24	17.07	-18.5%			Hold
DOX	Amdocs Ltd	11/12/20	63.49	92.01	44.9%		81.64	Hold
ELV	Elevance Health	11/10/22	500.05	466.32	-6.7%		438.15	Hold
PWR	Quanta Services	11/10/22	146.59	168.12	14.7%		140.25	Hold
RS	Reliance Steel & Aluminm	11/10/22	198.23	247.65	24.9%		220.64	Hold
UNH	Unitedhealth Group	11/10/22	527.97	493.39	-6.5%		456.76	Hold
Open Position Average % Return					8.8%			

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 Base 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.

# Recap & Outlook

## Headwinds

- Debt Ceiling
- Worst Six Months
- Recession Fears
- Interest Rates
- Energy Prices
- Earnings Recession
- Geopolitical
- Banking Sector
- Yield Curve
- Inflation

## Tailwinds

- NDX Bull Market
- January Trifecta
- 4-Year Cycle Sweet Spot
- Technical Breakout
- Fed Almost Done
- Employment Firm
- Inflation Retreating
- GDP Continued Growth
- Consumer Confidence
- Govt Spending Robust

## Outlook:

- Debt Ceiling Showdown
- Sideways Volatile WSM
- Choppy But Lows Hold
- Base Case In Play
- Fed Shifts Neutral
- Recession Avoided
- Growth Picks Up
- Unemployment Stable
- Average Pre-Election Year Gains Of 10-15%.

# 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*
- Jeff is the author of *Super Boom: Why the Dow Will Hit 38,820 and How You Can Profit From It* and *The Little Book of Stock Market Cycles*.
- The Data-Rich & Data-Driven 56-Year Market Cycle Analysis of *Stock Trader's Almanac* is the only investment tool of its kind that helps traders and investors forecast market trends with accuracy and confidence.
- To learn more please visit [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com).

## **DISCLAIMER: FOR INFORMATION PURPOSES ONLY**

This presentation has been prepared solely for informational purposes, and is not an offer to buy, nor sell or a solicitation of an offer to buy or sell any security, product, service or investment. The opinions expressed herein do not constitute investment advice and independent advice should be sought where appropriate. All information and opinions expressed herein are current as of publication and are subject to change without notice. Investing involves substantial risk. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any guarantee or other promise as to any results that may be obtained from using this information. The advice and strategies contained herein may not be suitable for every situation. While past performance may be analyzed in this presentation, past performance should not be considered indicative of future performance.

No one should make any investment decision based on this information without first consulting his or her own personal financial advisor and conducting his or her own research and due diligence, including carefully reviewing the prospectus and other public filings of the issuer. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any representations or warranties with respect to the accuracy or completeness of the contents of the information herein and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates shall be liable for damages arising herefrom. No warranty is or may be construed to be created or extended by informational, sales or promotional materials.