

# ***September 2023 Outlook & Update***

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**Members Only Webinar**

**September 6, 2023**

# Inflation Done Cooling Watch Out for September Surprise

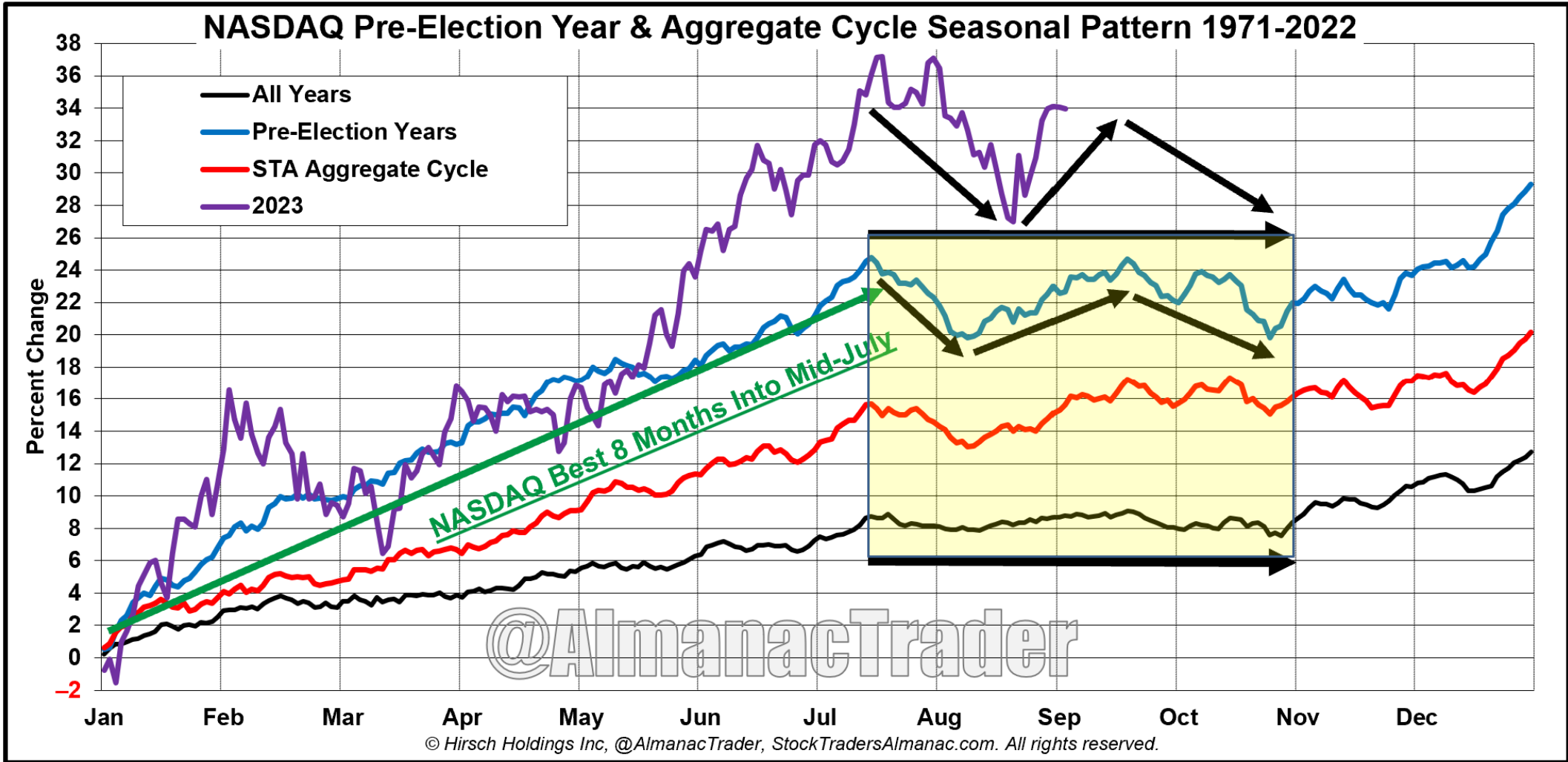
S&P 500 Performance Following Down August Since 1950						
Year	YTD Aug %	Aug %	Sep %	Oct %	Sep-Dec %	Year %
1952	5.3	-1.5	-2.0	-0.1	6.2	11.8
1953	-12.2	-5.8	0.1	5.1	6.4	-6.6
1954	20.2	-3.4	8.3	-1.9	20.6	45.0
1955	20.0	-0.8	1.1	-3.0	5.3	26.4
1956	4.5	-3.8	-4.5	0.5	-1.8	2.6
1957	-3.1	-5.6	-6.2	-3.2	-11.6	-14.3
1959	8.0	-1.5	-4.6	1.1	0.5	8.5
1964	9.1	-1.6	2.9	0.8	3.6	13.0
1966	-16.6	-7.8	-0.7	4.8	4.2	-13.1
1967	16.6	-1.2	3.3	-2.9	3.0	20.1
1973	-11.7	-3.7	4.0	-0.1	-6.4	-17.4
1974	-26.0	-9.0	-11.9	16.3	-5.0	-29.7
1975	26.7	-2.1	-3.5	6.2	3.8	31.5
1976	14.1	-0.5	2.3	-2.2	4.4	19.1
1977	-9.9	-2.1	-0.2	-4.3	-1.7	-11.5
1981	-9.6	-6.2	-5.4	4.9	-0.2	-9.7
1985	12.8	-1.2	-3.5	4.3	12.0	26.3
1988	5.8	-3.9	4.0	2.6	6.2	12.4
1990	-8.7	-9.4	-5.1	-0.7	2.4	-6.6
1992	-0.7	-2.4	0.9	0.2	5.2	4.5
1995	22.3	-0.0	4.0	-0.5	9.6	34.1
1997	21.4	-5.7	5.3	-3.4	7.9	31.0
1998	-1.4	-14.6	6.2	8.0	28.4	26.7
1999	7.4	-0.6	-2.9	6.3	11.3	19.5
2001	-14.1	-6.4	-8.2	1.8	1.3	-13.0
2005	0.7	-1.1	0.7	-1.8	2.3	3.0
2010	-5.9	-4.7	8.8	3.7	19.9	12.8
2011	-3.1	-5.7	-7.2	10.8	3.2	-0.0
2013	14.5	-3.1	3.0	4.5	13.2	29.6
2015	-4.2	-6.3	-2.6	8.3	3.6	-0.7
2016	6.2	-0.1	-0.1	-1.9	3.1	9.5
2019	16.7	-1.8	1.7	2.0	10.4	28.9
2022	-17.0	-4.2	-9.3	8.0	-2.9	-19.4
<b>Up:</b>		<b>16</b>	<b>20</b>	<b>26</b>	<b>21</b>	
<b>Down:</b>		<b>17</b>	<b>13</b>	<b>7</b>	<b>12</b>	
<b>% Up:</b>		<b>48.5</b>	<b>60.6</b>	<b>78.8</b>	<b>63.6</b>	
<b>Average:</b>		<b>-0.65</b>	<b>2.25</b>	<b>5.10</b>	<b>8.31</b>	
<b>Median:</b>		<b>-0.10</b>	<b>1.10</b>	<b>3.80</b>	<b>9.50</b>	

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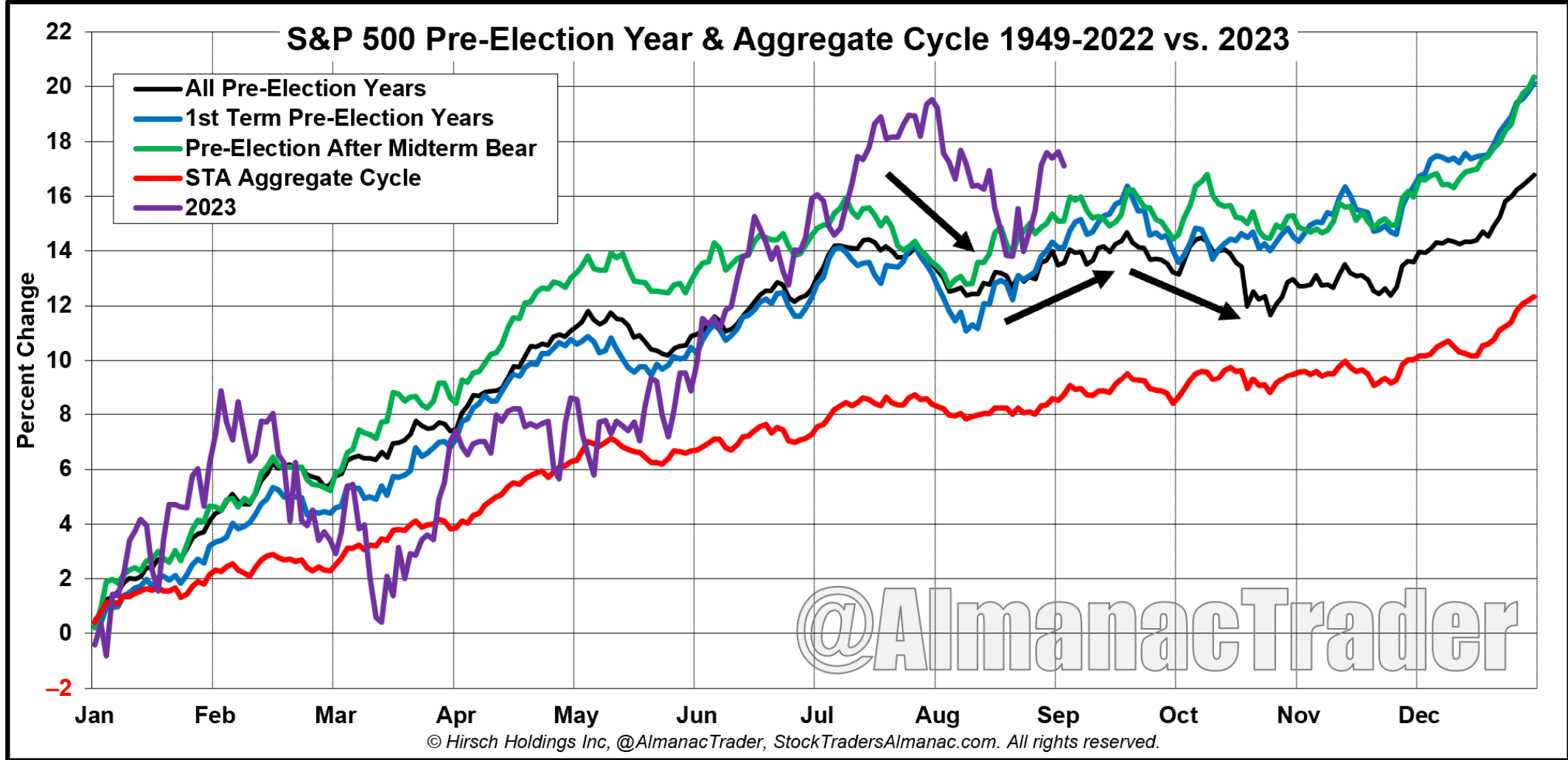
S&P 500 YTD Aug>15% Since 1950				
Year	YTD Aug %	Aug %	Sep %	Oct %
1954	20.2	-3.4	8.3	-1.9
1955	20.0	-0.8	1.1	-3.0
1967	16.6	-1.2	3.3	-2.9
1975	26.7	-2.1	-3.5	6.2
1995	22.3	-0.03	4.0	-0.5
1997	21.4	-5.7	5.3	-3.4
2019	16.7	-1.8	1.7	2.0
<b>Average:</b>		<b>2.9</b>	<b>-0.5</b>	
<b>Median:</b>		<b>3.3</b>	<b>-1.9</b>	

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# Seasonal Weak Period Delivered – More to Come



# S&P 500 Summer Vacation Over – September-Octoberphobia Next

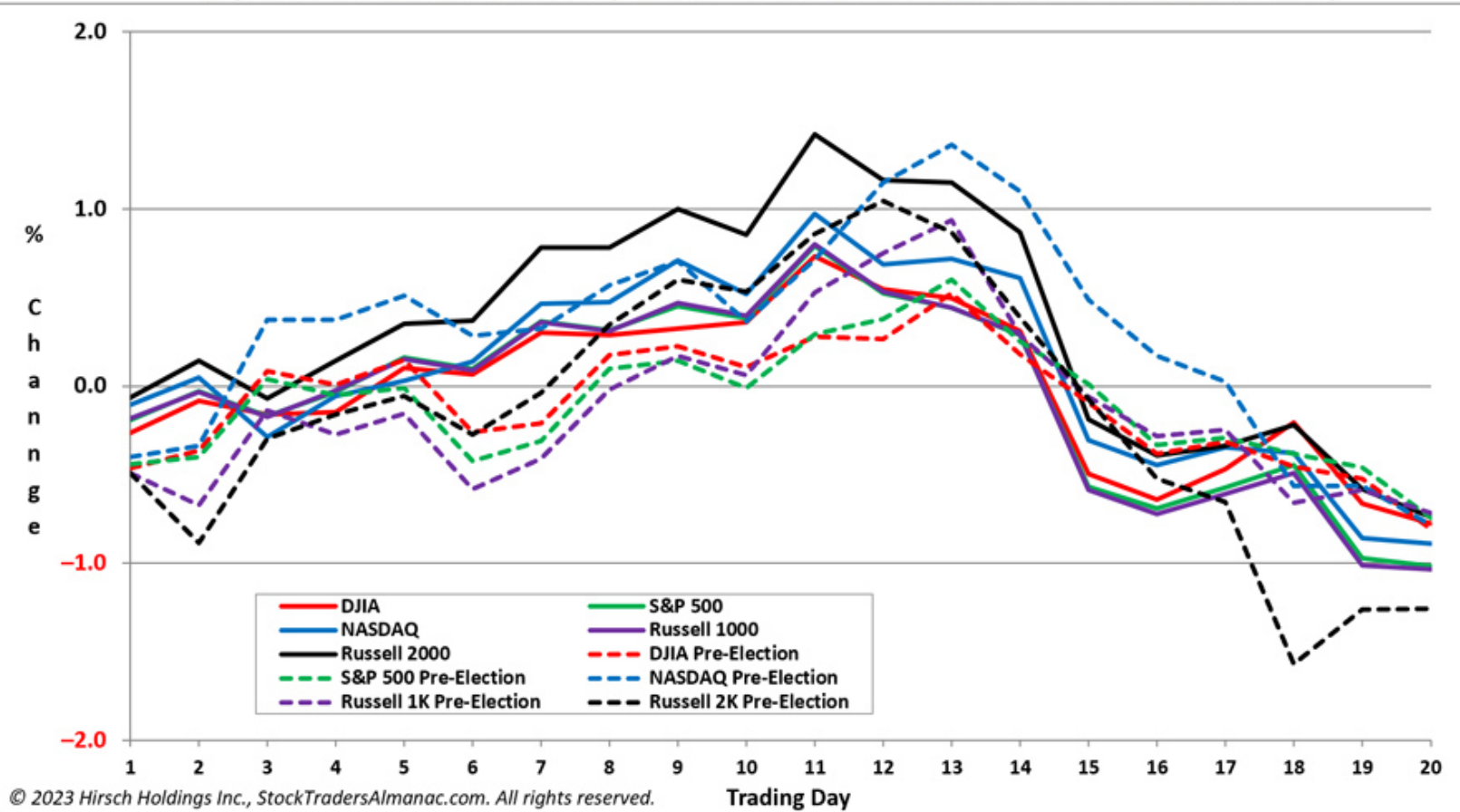


# Correction Not Over

- **From 2023 Highs To August Lows:**
  - DJIA -4.3%, S&P -4.8%, NAS -7.4%, NDX -7.2%, R2K -7.8%
- **Inflation Done Cooling**
- **Raising Concerns**
- **Not Likely Fed Cuts Soon**
- **Higher-For-Longer More Likely**
- **End Sept/Q3 Rough**
- **Octoberphobia Looms**

# September Opens Typically Weak and Closes Weaker

September Market Performance (Recent 21-Year 2002-2022 & Pre-Election Years 1950-2019)



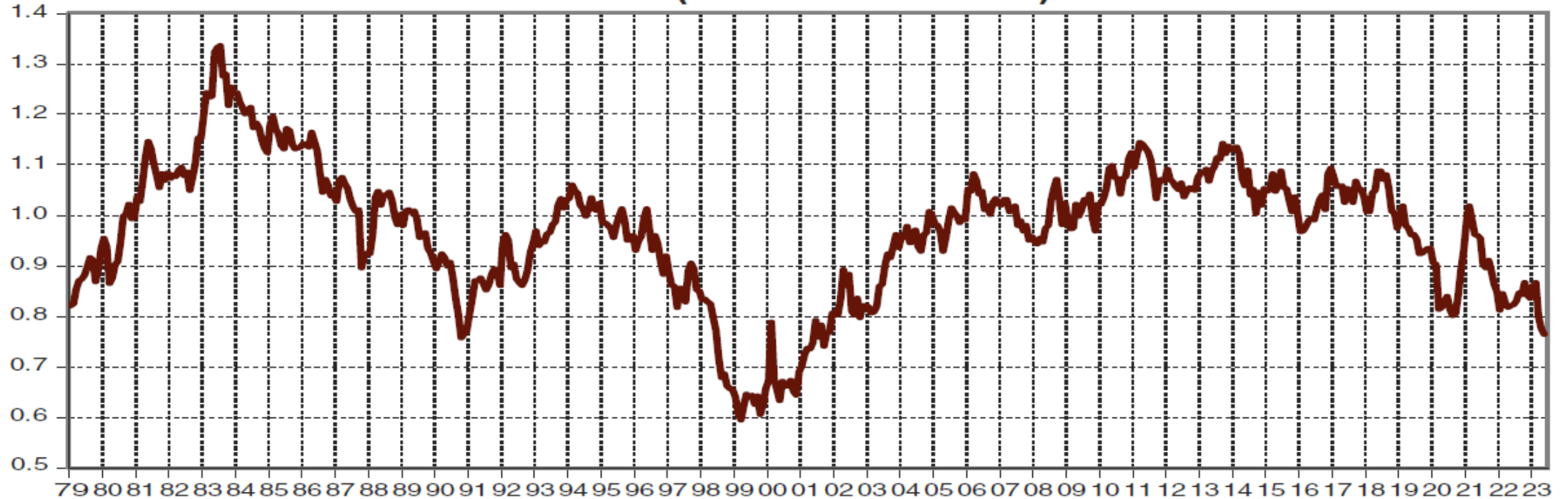
Pre-Election Year September since 1950					
	Rank	Avg %	Up	Down	% Up
DJIA	12	-0.8	7	11	38.9%
S&P 500	12	-0.8	6	12	33.3%
NASDAQ*	12	-0.8	7	6	53.8%
Russell 1K**	12	-0.7	5	6	45.5%
Russell 2K**	11	-1.3	5	6	45.5%

\* Since 1971, \*\* Since 1979

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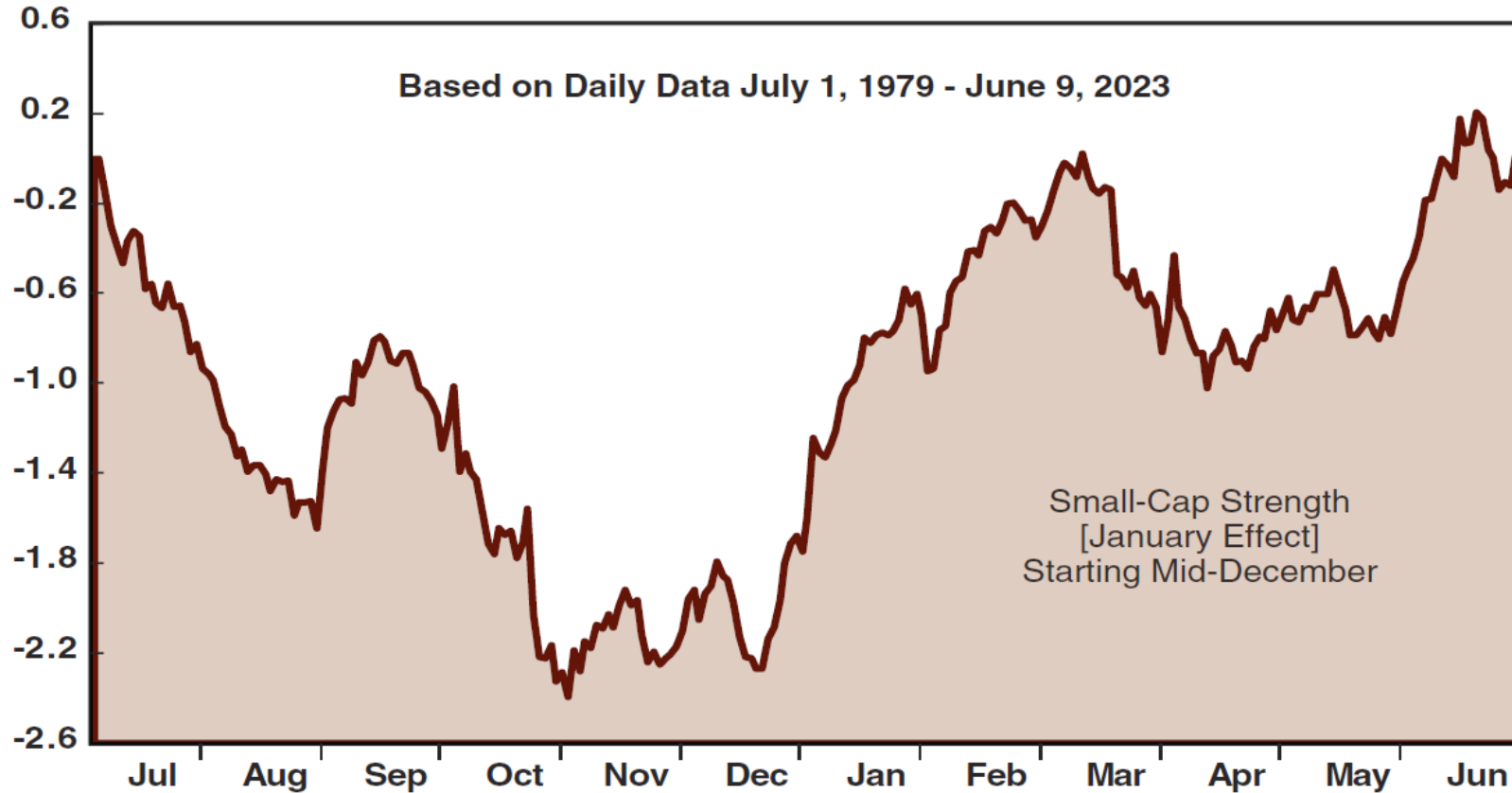
# Small Caps Lag Historically In Major Bull Moves

## RUSSELL 2000/RUSSELL 1000 (1979 – MAY 2023)



# Small Caps Heading Into Worst Time of Year

## RUSSELL 2000/RUSSELL 1000 ONE-YEAR SEASONAL PATTERN





# Another Hot July – Late-Summer/Autumn Buy

## Hot July Markets & Late-Summer/Autumn Buys

July Gains of 3.0% or More			Subsequent 2nd Half Low		
Year	NASDAQ	% Gain	Date	NASDAQ	% Lower
1973	108.64	7.6 %	Dec 24	88.67	-18.4 %
1978	126.32	5.0	Nov 14	110.88	-12.2
1980	171.81	8.9	Aug 04	171.89	0.05
1989	453.84	4.3	Dec 19	434.35	-4.3
1991	502.04	5.5	Aug 19	497.64	-0.9
1992	580.83	3.1	Aug 25	554.22	-4.6
1995	1001.21	7.3	Aug 03	982.70	-1.8
1997	1593.81	10.5	Dec 24	1499.53	-5.9
2003	1735.02	6.9	Aug 08	1644.03	-5.2
2005	2184.83	6.2	Oct 12	2037.47	-6.7
2009	1978.50	7.8	Aug 17	1930.84	-2.4
2010	2254.70	6.9	Aug 31	2114.03	-6.2
2013	3626.37	6.6	Aug 27	3578.52	-1.3
2016	5162.13	6.6	Nov 04	5046.37	-2.2
2017	6348.12	3.4	Aug 21	6213.13	-2.1
2020	10745.27	6.8	Sep 23	10632.99	-1.0
2022	12390.69	12.3	Dec 28	10213.29	-17.6
2023	14346.02	4.0	Aug 18	13290.78	-7.4

**Average:** -5.5 %  
**Median:** -4.3 %

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## Hot July Markets & Late-Summer/Autumn Buys

July Gains of 3.0% or More			Subsequent 2nd Half Low		
Year	S&P 500	% Gain	Date	S&P 500	% Lower
1951	22.40	6.9 %	Nov 24	22.30	-0.4 %
1954	30.88	5.7	Aug 31	29.83	-3.4
1955	43.52	6.1	Oct 11	40.80	-6.3
1956	49.39	5.2	Nov 29	44.38	-10.1
1958	47.19	4.3	Aug 18	47.22	0.1
1959	60.51	3.5	Sep 22	55.14	-8.9
1961	66.76	3.3	Sep 25	65.77	-1.5
1962	58.23	6.4	Oct 23	53.49	-8.1
1967	94.75	4.5	Nov 08	91.14	-3.8
1970	78.05	7.3	Aug 13	74.76	-4.2
1973	108.22	3.8	Dec 05	92.16	-14.8
1978	100.68	5.4	Nov 14	92.49	-8.1
1980	121.67	6.5	Aug 05	120.74	-0.8
1987	318.66	4.8	Dec 04	223.92	-29.7
1989	346.08	8.8	Nov 06	332.61	-3.9
1991	387.81	4.5	Nov 29	375.22	-3.2
1992	424.21	3.9	Oct 09	402.66	-5.1
1994	458.26	3.1	Dec 08	445.45	-2.8
1995	562.06	3.2	Aug 11	555.11	-1.2
1997	954.29	7.8	Oct 27	876.99	-8.1
2005	1234.18	3.6	Oct 13	1176.84	-4.6
2009	987.48	7.4	Aug 17	979.73	-0.8
2010	1101.60	6.9	Aug 26	1047.22	-4.9
2013	1685.73	4.9	Aug 27	1630.48	-3.3
2016	2173.60	3.6	Nov 04	2085.18	-4.1
2018	2816.29	3.6	Dec 24	2351.10	-16.5
2020	3271.12	5.5	Sep 23	3236.92	-1.0
2022	4130.29	9.1	Oct 12	3577.03	-13.4
2023	4588.96	3.1	Aug 18	4369.71	-4.8

**Average:** -6.2 %  
**Median:** -4.2 %

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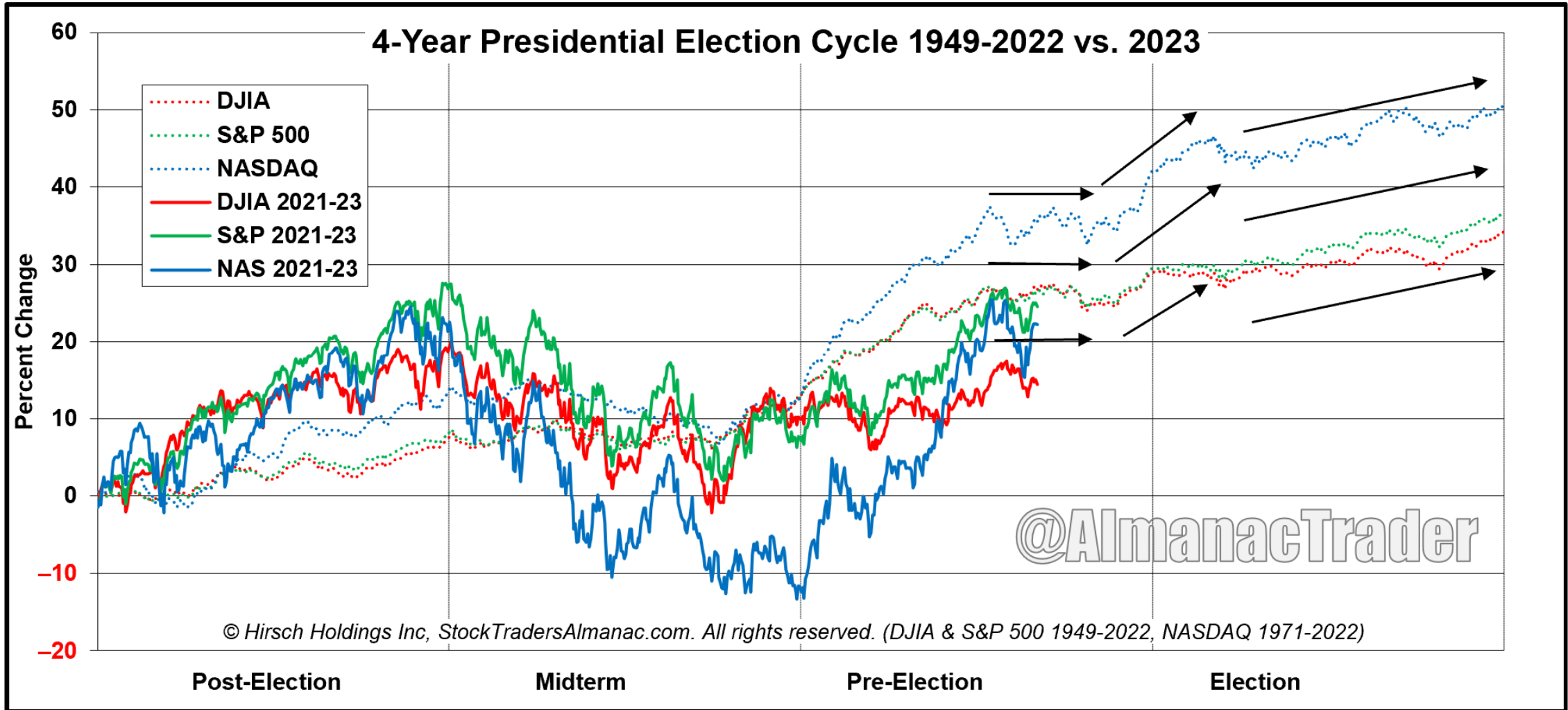
## Hot July Markets & Late-Summer/Autumn Buys

July Gains of 3.0% or More			Subsequent 2nd Half Low		
Year	DJIA	% Gain	Date	DJIA	% Lower
1951	257.86	6.3 %	Nov 24	255.95	-0.7 %
1954	347.92	4.3	Aug 31	335.80	-3.5
1955	465.85	3.2	Oct 11	438.59	-5.9
1956	517.81	5.1	Nov 28	466.10	-10.0
1958	502.99	5.2	Aug 18	502.67	-0.1
1959	674.88	4.9	Sep 22	616.45	-8.7
1961	705.37	3.1	Sep 25	691.86	-1.9
1962	597.93	6.5	Oct 23	558.06	-6.7
1967	904.24	5.1	Nov 08	849.57	-6.0
1970	734.12	7.4	Aug 13	707.35	-3.6
1973	926.40	3.9	Dec 05	788.31	-14.9
1978	862.27	5.3	Nov 14	785.26	-8.9
1980	935.32	7.8	Dec 11	908.45	-2.9
1987	2572.07	6.3	Oct 19	1738.74	-32.4
1989	2660.66	9.0	Oct 13	2569.26	-3.4
1991	3024.82	4.1	Dec 10	2863.82	-5.3
1994	3764.50	3.8	Nov 23	3674.63	-2.4
1995	4708.47	3.3	Aug 24	4580.62	-2.7
1997	8222.61	7.2	Oct 27	7161.15	-12.9
2005	10640.91	3.6	Oct 21	10215.22	-4.0
2009	9171.61	8.6	Aug 17	9135.34	-0.4
2010	10465.94	7.1	Aug 26	9985.81	-4.6
2013	15499.54	4.0	Aug 27	14776.13	-4.7
2018	25415.19	4.7	Dec 24	21792.20	-14.3
2022	32845.13	6.7	Sep 30	28725.51	-12.5
2023	35559.53	3.3	Aug 24	34099.42	-4.1

**Average:** -6.9 %  
**Median:** -4.7 %

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# 2023 Still Tracking 4-Year Cycle



# Bad 10-Year Yield Rising



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

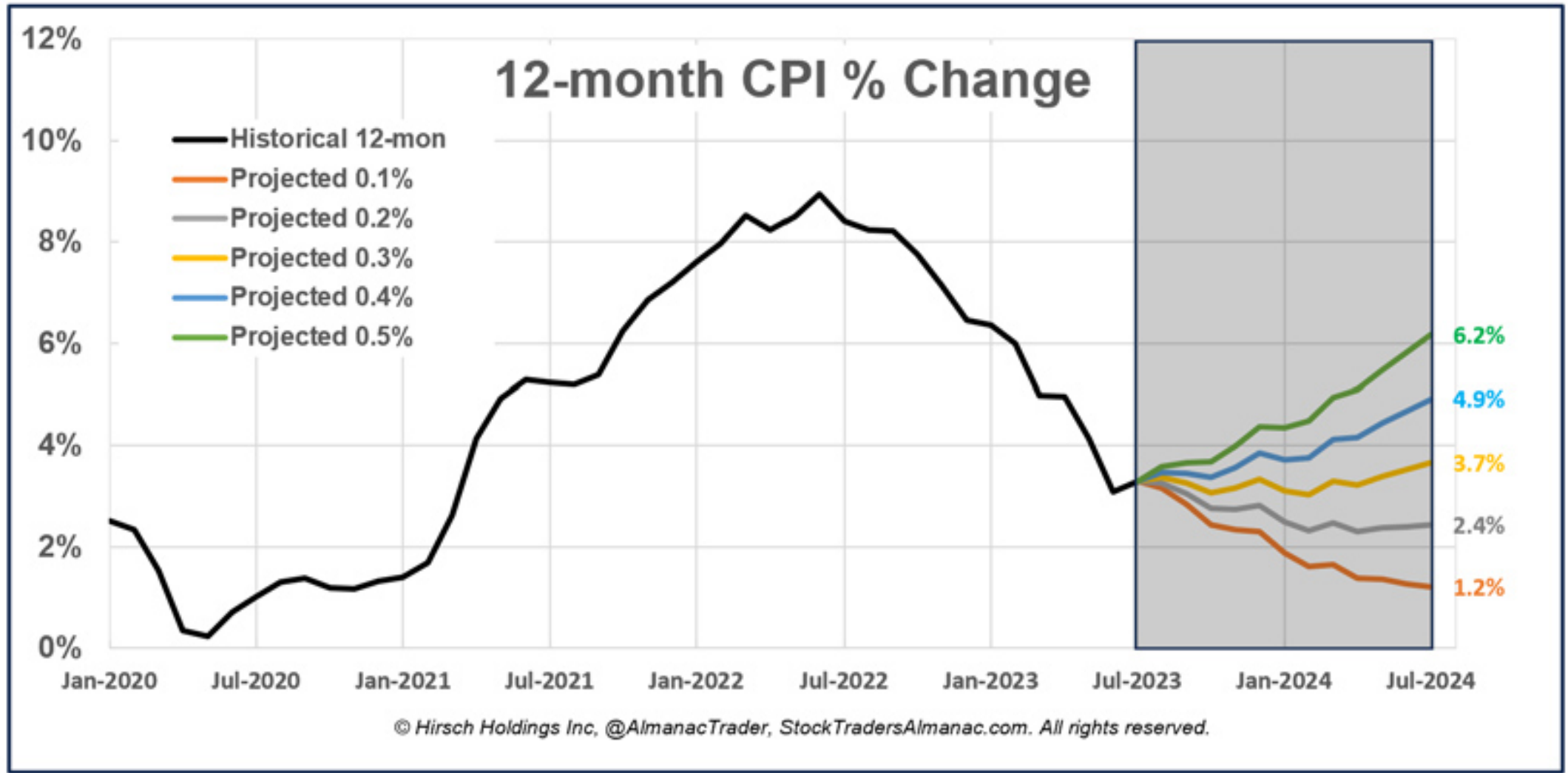
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\*\$SPX = 4496.83 09/05/2023 = 42.66 (+0.93)

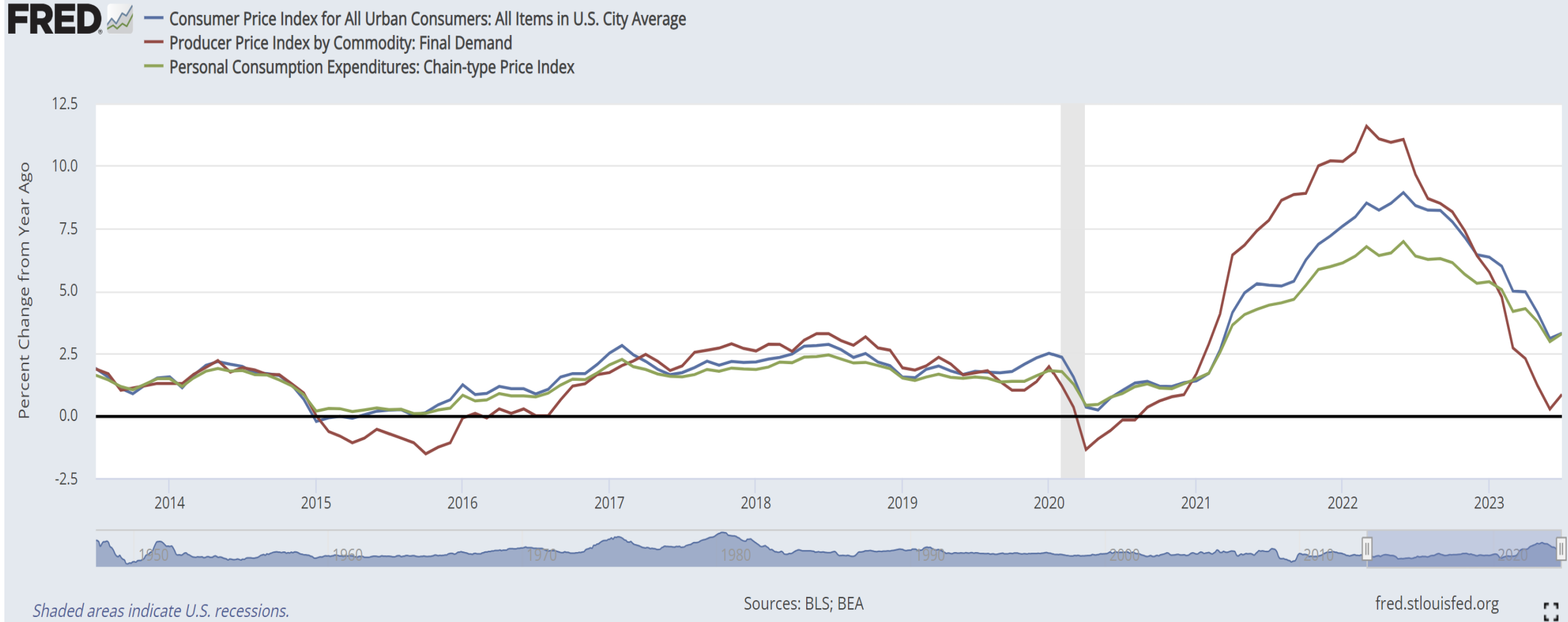


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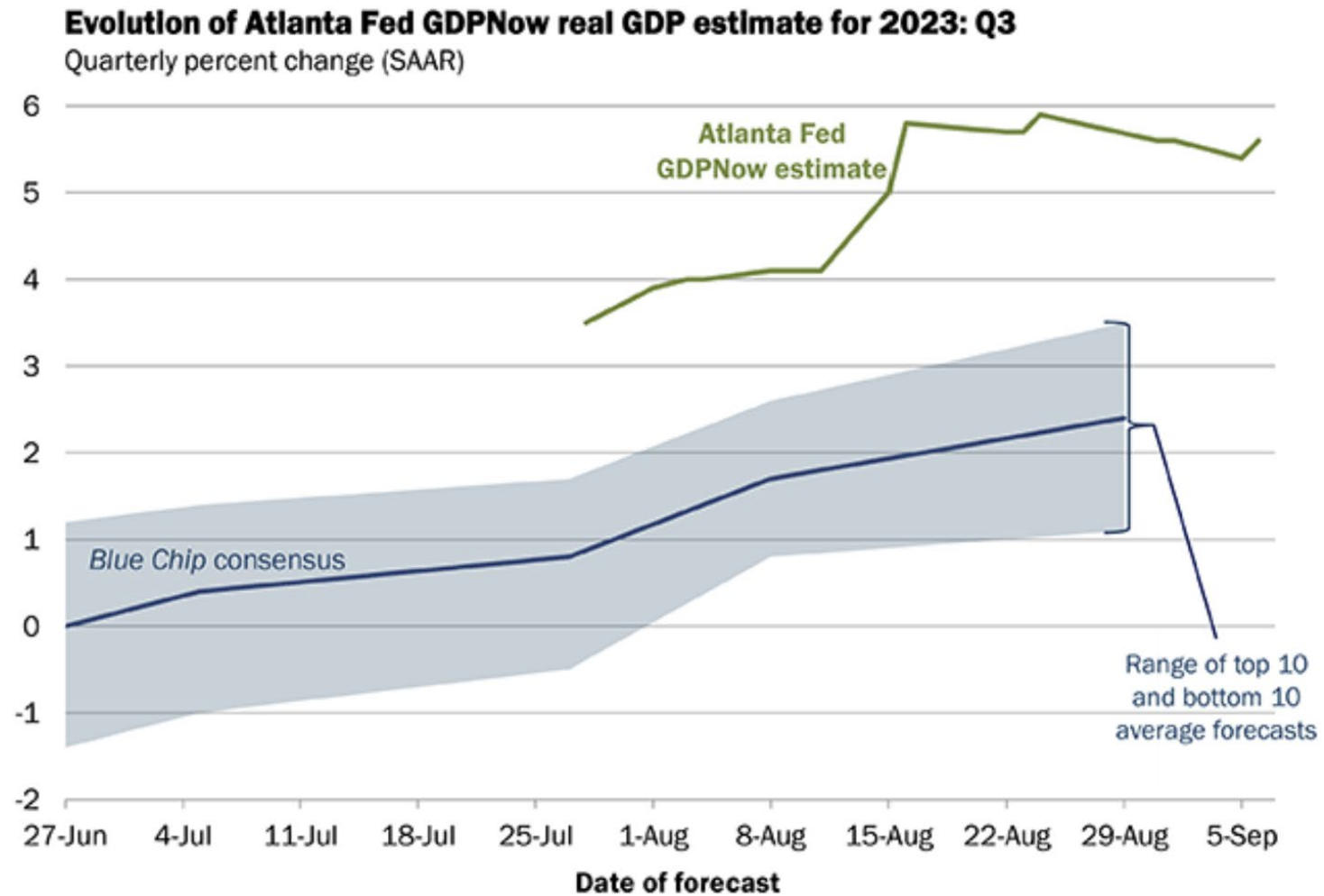
# Easy Inflation Comps Ending



# Inflation Done Cooling



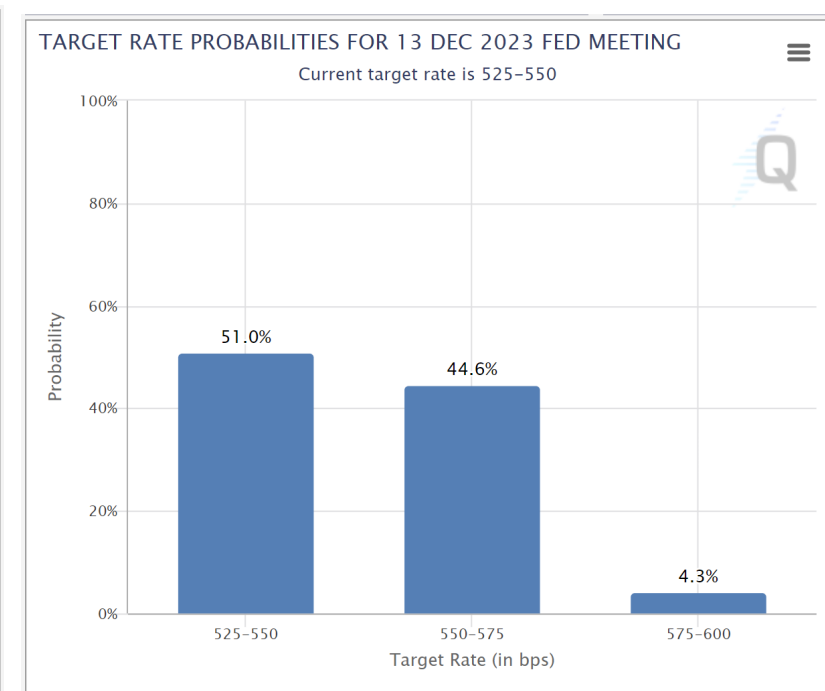
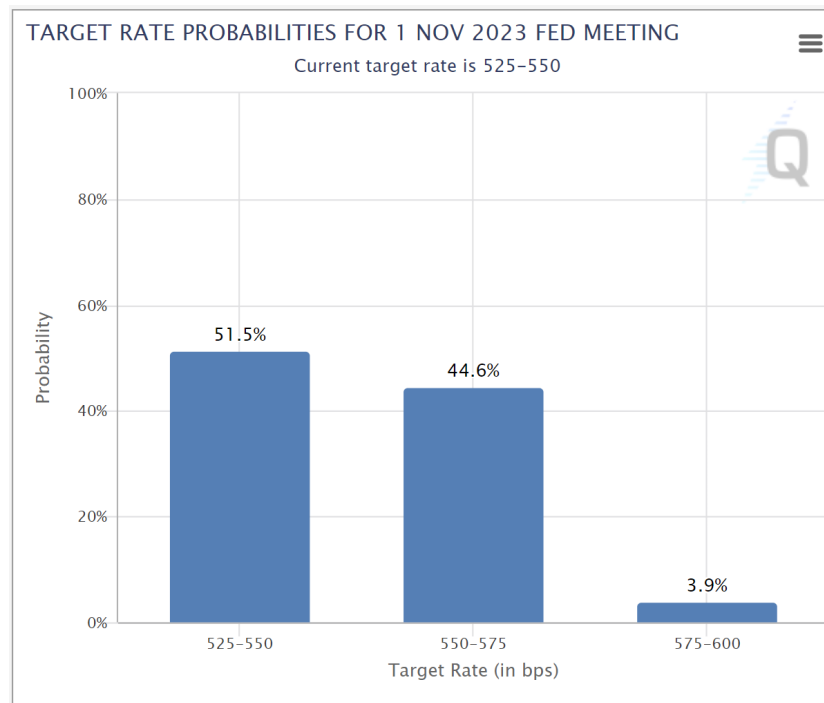
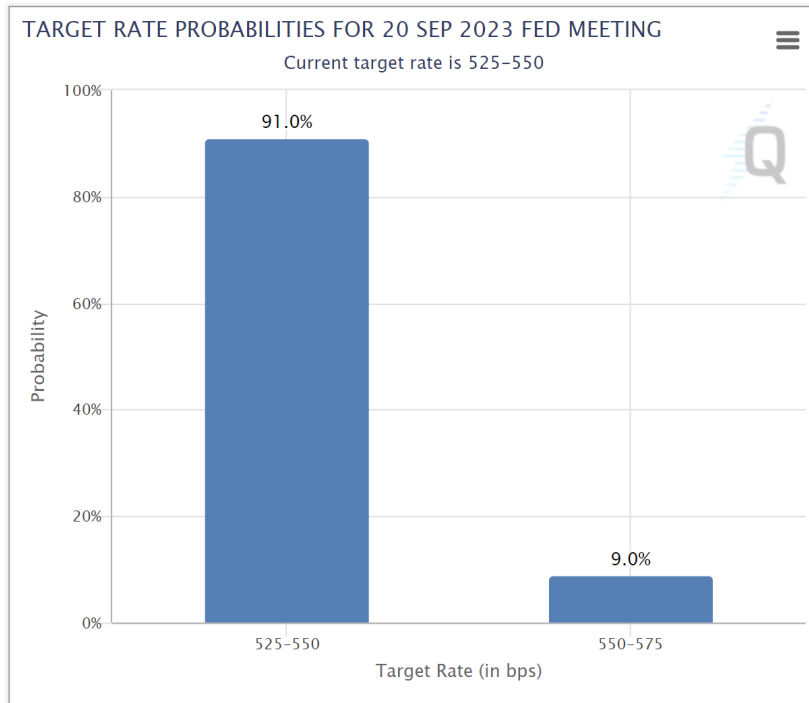
# Recession Still Not Likely – But Q3 GDP 5.6% Is A Bit Hot



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.

# Is the Fed Done...For Now Maybe?



# Energy Prices Continue Rising & Pressuring Inflation



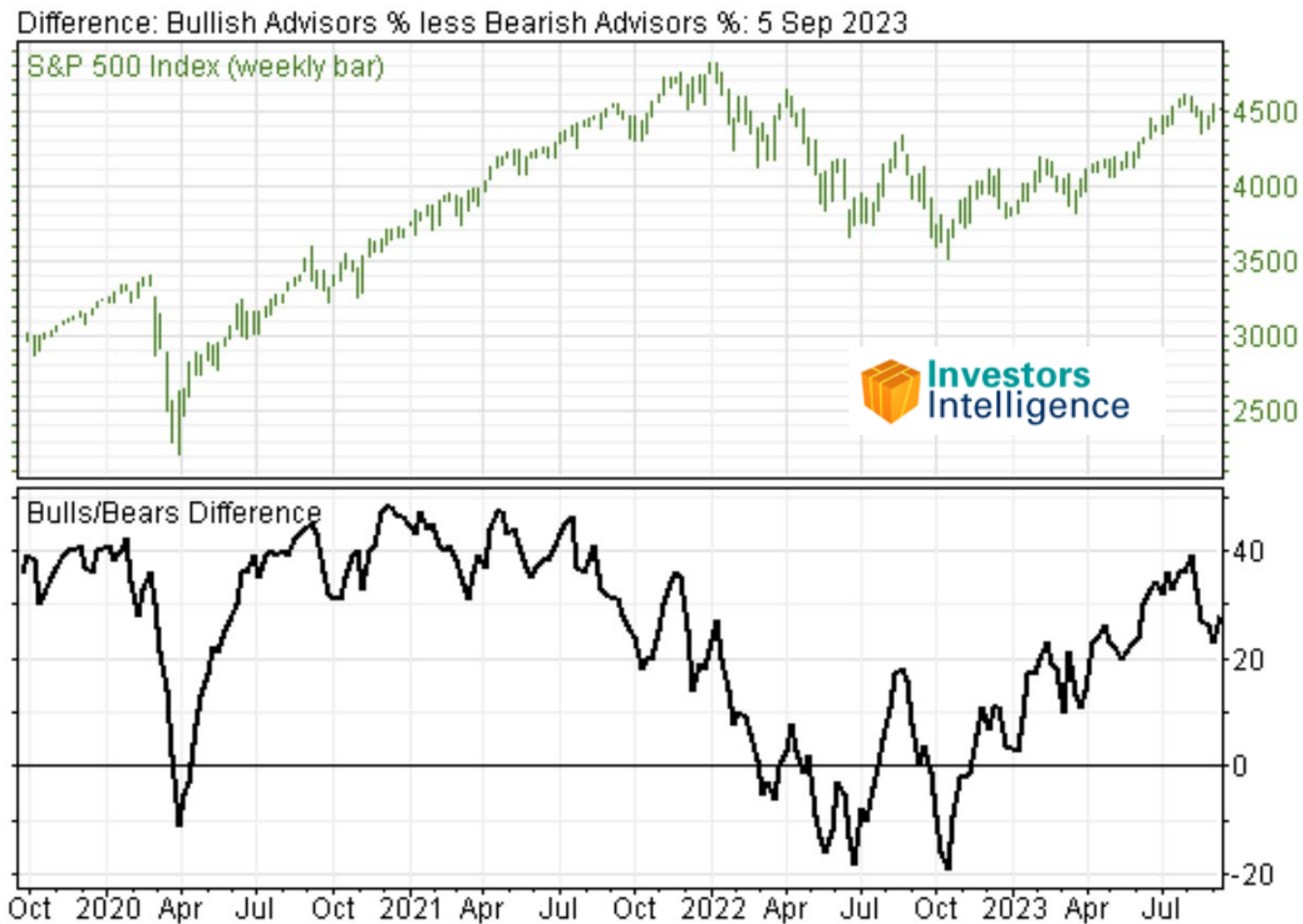
CL2-057: Crude Oil NY (Comb) Cont Liq @ NYMEX (Daily bars)

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# Choppy Sentiment, Bulls Come Back After August Rally



Source: <https://www.investorsintelligence.com/>

## Almanac Investor Sector Rotation ETF Portfolio

Ticker	Exchange Traded Fund	Presented Date	Price	9/5/2023 Price	Return	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Auto Sell*	Current Advice <sup>1</sup>
XBI	SPDR S&P Biotech **	12/2/21	92.39	79.65	-13.8%	77.50			Buy Dips
IBB	iShares Biotech	8/4/22	119.90	128.14	6.9%	123.50	119.90	154.97	Buy Dips
XLP	SPDR Consumer Staples	10/6/22	66.85	71.52	7.0%		68.42	87.92	Hold
XLV	SPDR Health Care	10/6/22	123.23	132.19	7.3%		123.23	163.40	Hold
XLU	SPDR Utilities	2/2/23	67.35	61.68	-6.0%			88.74	Stopped out 8/15 @ 63.88 Avg 63.315 8/16
IYT	iShares Transportation (S)	8/3/23	252.69	244.96	3.2%	252.69	265.32		Shorted 8/15 on breakdown below 252.69
XLI	SPDR Industrials (S)	8/3/23	108.78	106.97	1.7%	108.78	114.22		Shorted 8/15 on breakdown below 108.78
IYW	iShares US Technology	8/3/23	101.50	112.19		101.50	93.53	136.29	Buy Dips
SOXX	iShares Semiconductor (S)	8/3/23	498.96	511.83	-2.5%	498.96	523.91		Shorted 8/10 on breakdown below 498.96
<b>Open Position Average % Return</b>					<b>0.5%</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 Date	Price	9/5/2023 Price	Return	Buy Limit <sup>1</sup>	Stop Loss <sup>1</sup>	Auto Sell*	Current Advice <sup>1</sup>
TLT	iShares 20+ Year Treasury Bond	4/6/23	106.46	93.52	-12.2%				Hold
AGG	iShares Core U.S. Aggregate Bond	4/6/23	99.97	95.52	-4.5%				Hold
BND	Vanguard Total Bond Market	4/6/23	74.09	70.82	-4.4%				Hold
SHV	iShares Short Treasury Bond	4/25/23	110.41	110.07	-0.3%	110.25			Buy Current
SGOV	iShares 0-3 Month Treasury Bond	4/25/23	100.54	100.28	-0.3%	100.45			Buy Current
	Cash &/or Money Market Fund	4/6/23							Cash is a position
<b>Open Position Average % Return</b>					<b>-4.3%</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.

# Stock Portfolios

## Almanac Investor Small-Cap Stock Portfolio

Ticker	Company	Presented		9/5/2023	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	116.07	141.1%		95.04	Hold
NVGS	Navigator Holdings	10/13/22	11.66	13.56	16.3%		12.20	Hold
					<b>78.7%</b>			

## Almanac Investor Mid-Cap Stock Portfolio

Ticker	Company	Presented		9/5/2023	Net %	Buy	Stop	Current Advice <sup>1</sup>
		Date	Price	Price	Return ***	Limit <sup>1</sup>	Loss <sup>1</sup>	
ACLS	Axcelis Technologies <sup>2</sup>	11/10/22	76.19	192.58	126.4%		145.54	Hold
SMCI	Super Micro Computer <sup>2</sup>	11/10/22	81.93	280.28	171.0%		229.61	Hold
					<b>148.7%</b>			

## Almanac Investor Large-Cap Stock Portfolio

Ticker	Company	Presented		9/5/2023	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	14.48	-30.8%			Hold
DOX	Amdocs Ltd	11/12/20	63.49	88.87	40.0%		82.11	Hold
PWR	Quanta Services	11/10/22	146.59	808.81	451.8%		172.92	Hold
RS	Reliance Steel & Aluminm	11/10/22	198.23	270.84	36.6%		240.82	Hold
UNH	Unitedhealth Group	11/10/22	527.97	480.81	-8.9%		445.00	Hold
					<b>97.7%</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 Conditions Met – Now Ahead of Forecast

- **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

- September-Octoberphobia
- Recession Fears
- Rising 10-Year Yield
- Geopolitics
- Inflation Done Cooling
- Fed Not Done Hiking
- Rising Energy Prices
- Small Caps
- Foreign Market Weakness
- Gov't Shutdown
- Dollar Strength.

## Tailwinds

- Tech Bull Market
- Employment Firm
- GDP Continued Growth
- Consumer Confidence
- Govt Spending Robust
- Pre-Election Year Forces
- Tracking Cycles
- Fear Rising
- Best Months Approaching
- Typical September

## Outlook:

- Temporary Weakness
- 5-10% Correction
- Setting up Solid MACD Buy
- Q4 Rally ~New Highs
- Best Case In Play
- Fed Shifts Neutral
- Recession Avoided
- Growth Stays Robust
- Unemployment Stable
- Average+ Pre-Election Year Gains Of 15-20%.
- Sitting Prez Bullish 2024

# 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 57-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.
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