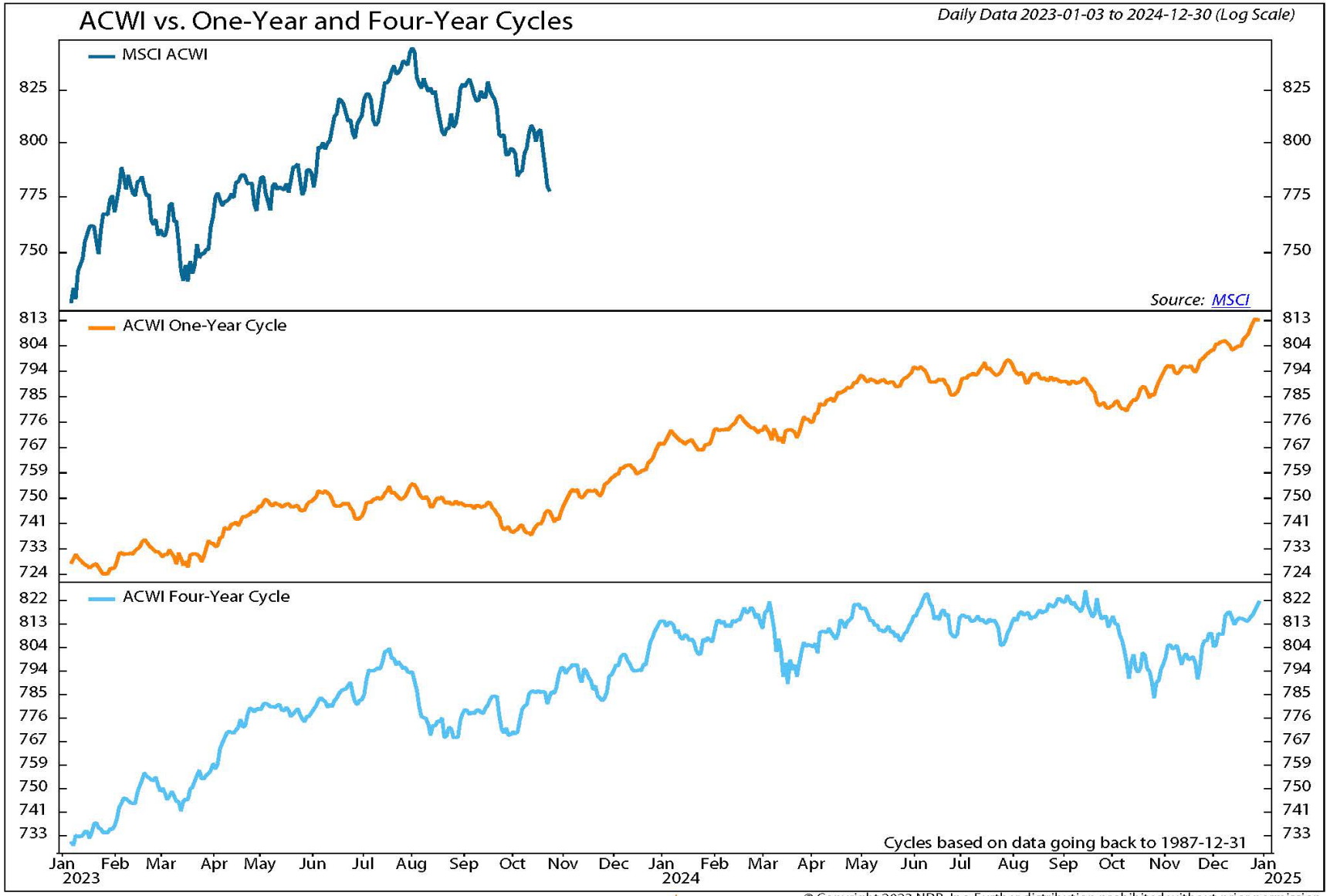
Equity Risk & Potential – Q4, '24 & Beyond

CMTA Webcast

Tim Hayes, CMT
Chief Global Investment Strategist

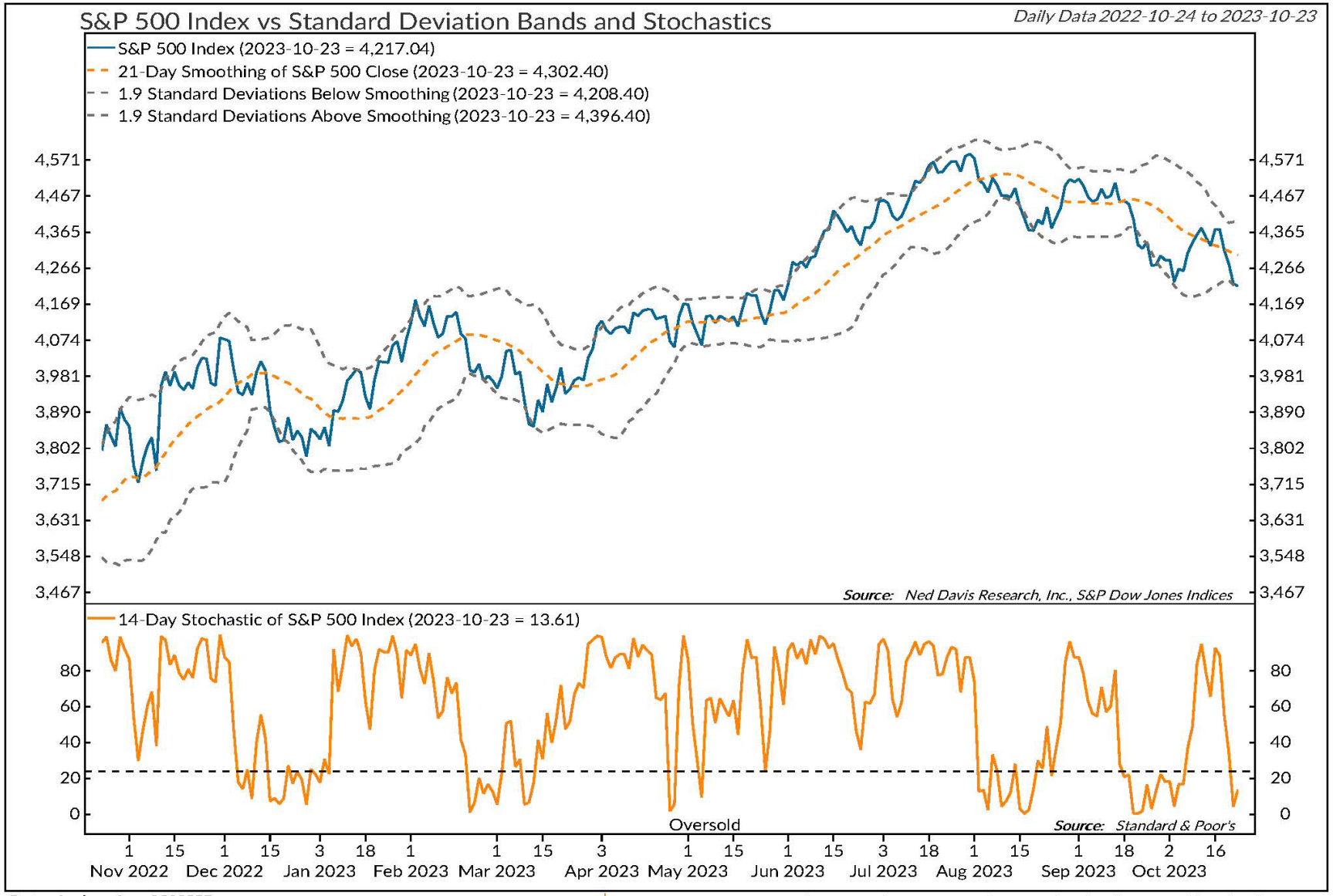
October 25, 2023

NDR
NED DAVIS RESEARCH



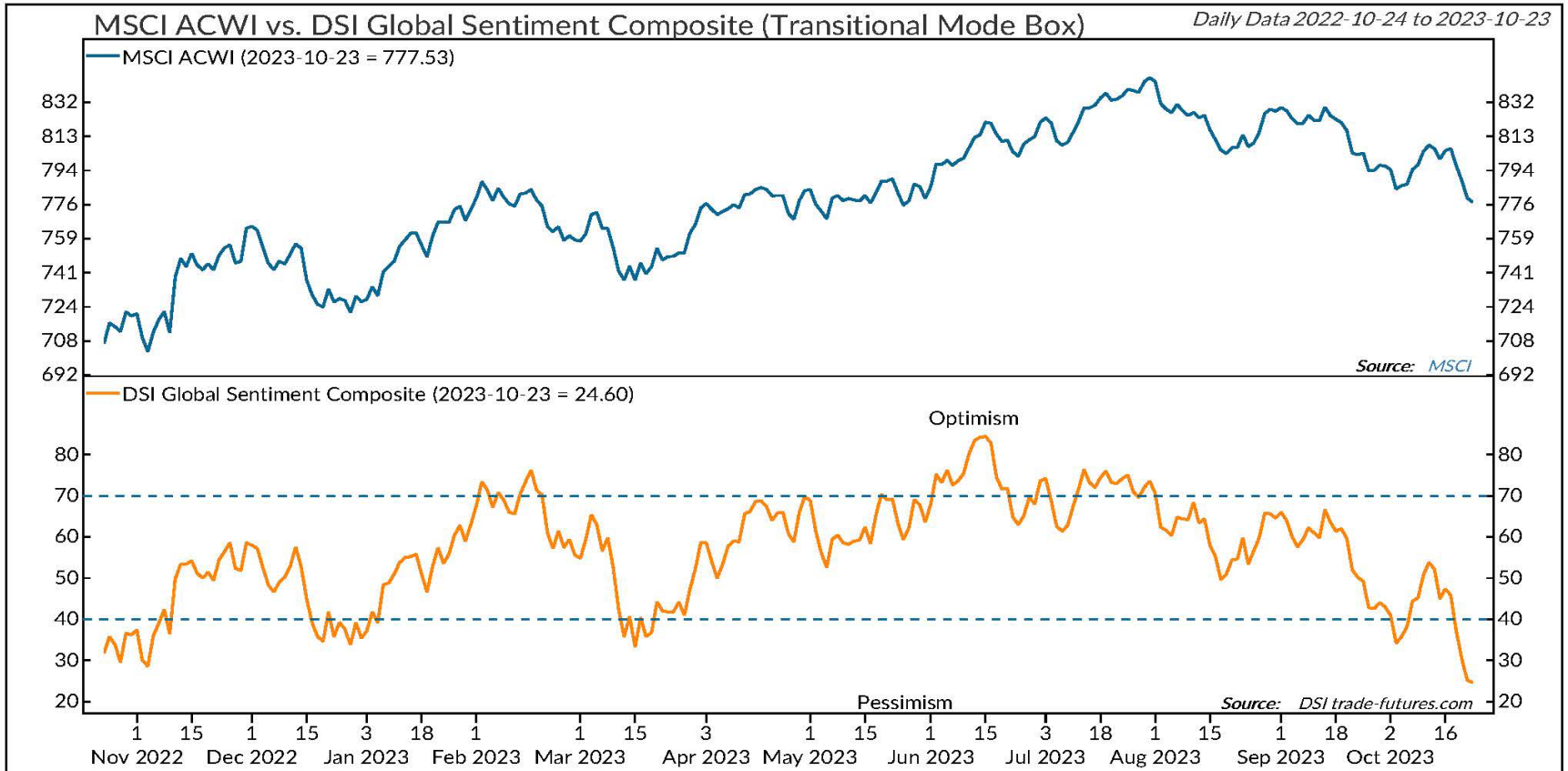
HOT202309111A_C

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



Customized version of S0285B

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



Daily Sentiment Index (DSI) Global Sentiment Composite:
Equal-weighted composite based futures trader expectations for S&P 500, NASDAQ 100, Nikkei, FTSE 100, and Euro-Stoxx 50 (DAX and CAC 40 included prior to 2019-11-26)

MSCI ACWI Performance
Full History: 2002-12-31 to 2023-10-23

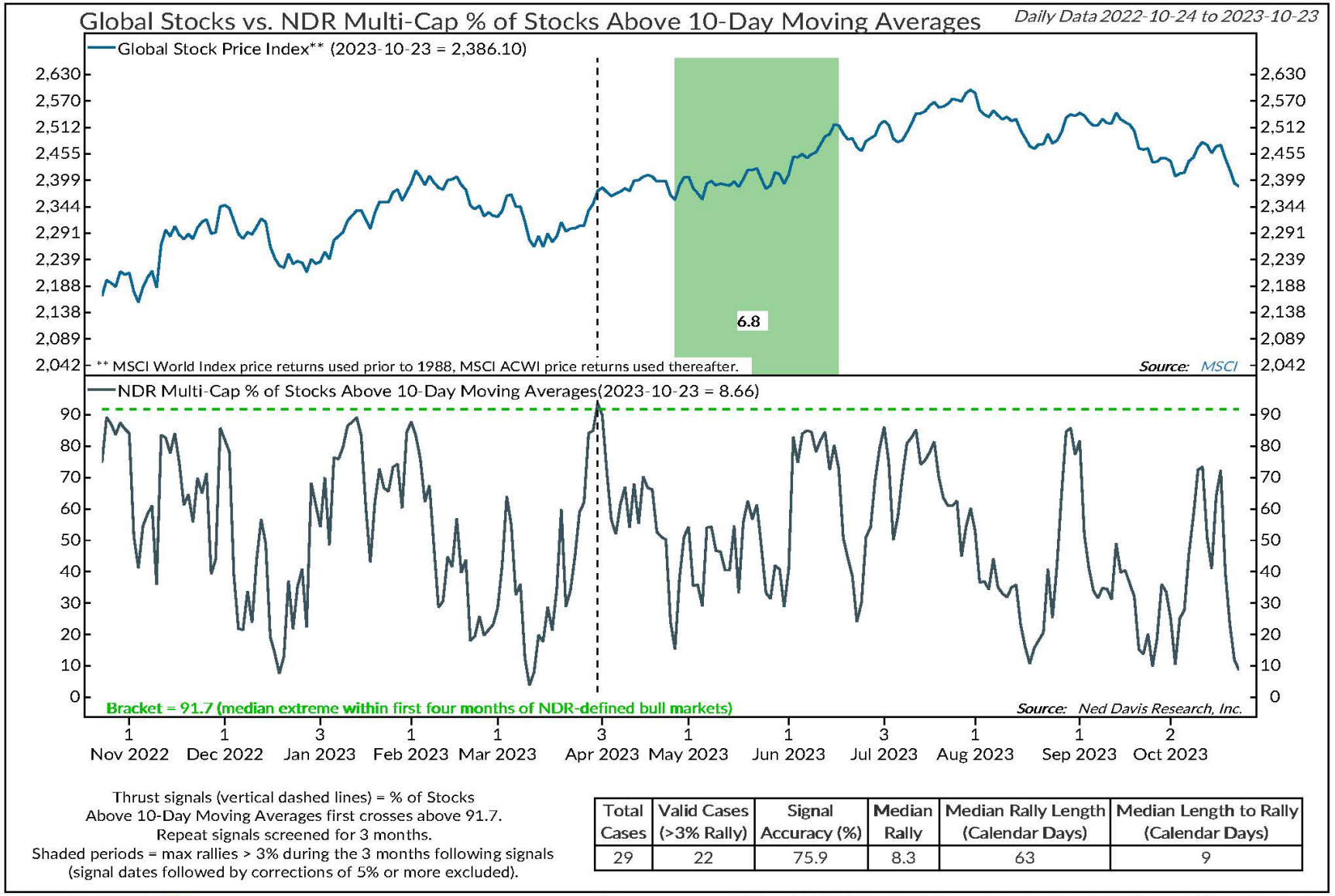
DSI Global Sentiment Composite	% Gain/ Annum	% of Time
Above 70.0	8.68	33.93
40.0 to 70.0 From Above	-1.77	21.27
40.0 to 70.0 From Below	16.40	20.80
Below 40.0	1.13	24.00
Buy/Hold = 6.05% Gain/Annum		

MSCI ACWI Performance
Chart View: 2022-10-24 to 2023-10-23

DSI Global Sentiment Composite	% Gain/ Annum	% of Time
Above 70.0	-2.74*	16.48
40.0 to 70.0 From Above	-4.29*	32.14
40.0 to 70.0 From Below	5.23*	37.91
Below 40.0	12.31*	13.46
Buy/Hold = 10.01% Gain/Annum		
** Cases less than one year are not annualized*		

Customized version of I4121A

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

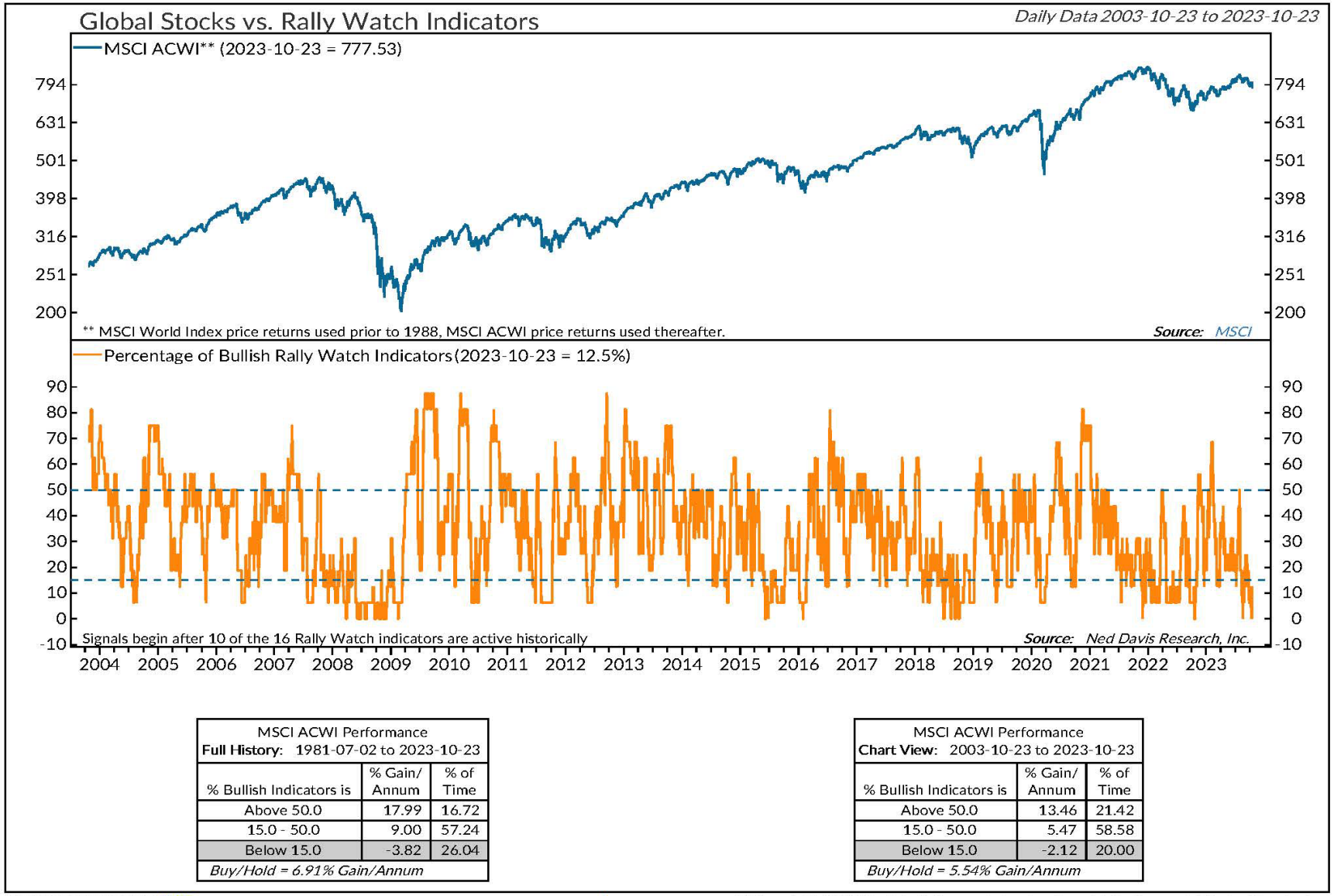


Thrust signals (vertical dashed lines) = % of Stocks Above 10-Day Moving Averages first crosses above 91.7.
Repeat signals screened for 3 months.
Shaded periods = max rallies > 3% during the 3 months following signals (signal dates followed by corrections of 5% or more excluded).

Total Cases	Valid Cases (>3% Rally)	Signal Accuracy (%)	Median Rally	Median Rally Length (Calendar Days)	Median Length to Rally (Calendar Days)
29	22	75.9	8.3	63	9

Customized version of I55C

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

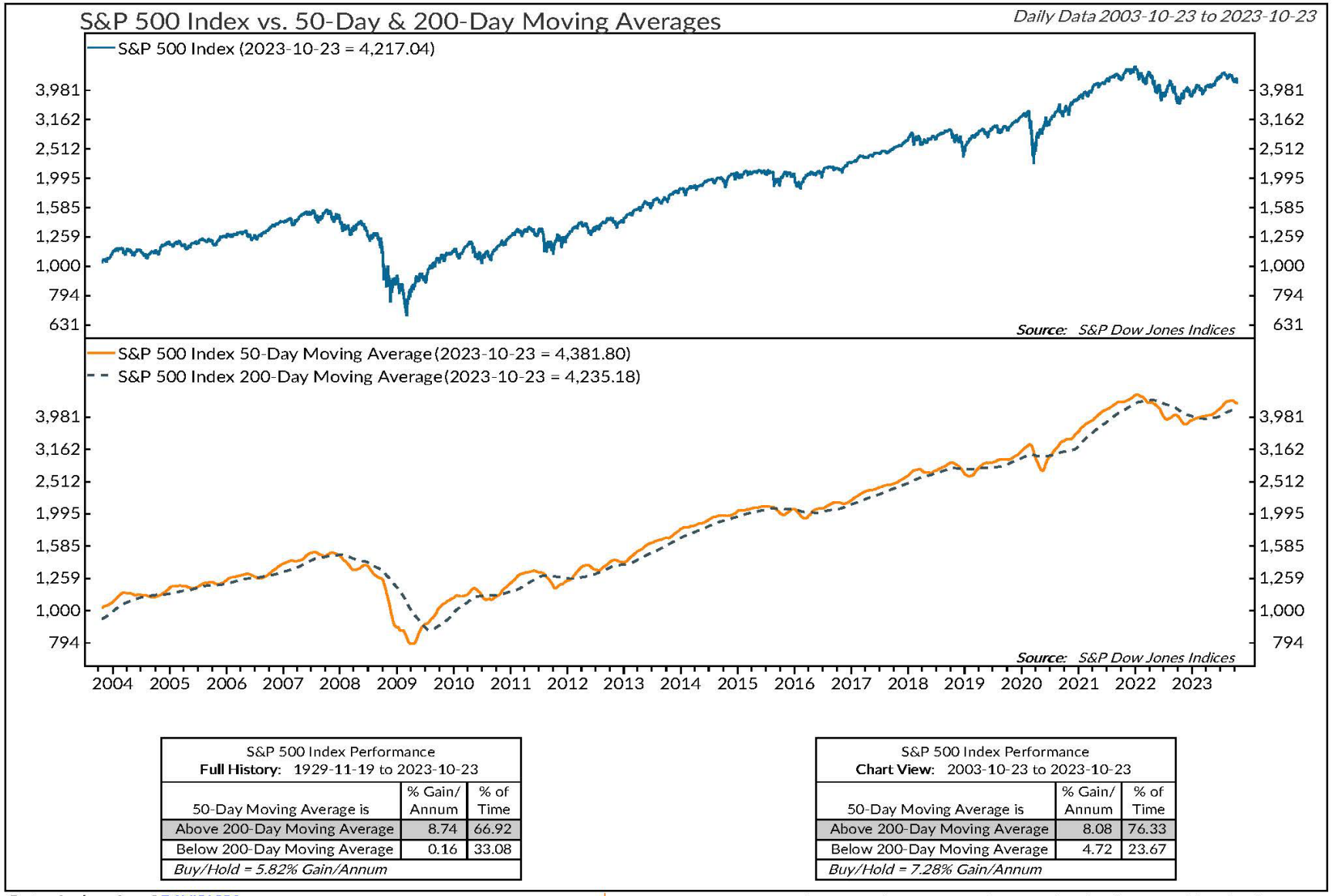


MSCI ACWI Performance **Full History:** 1981-07-02 to 2023-10-23		
% Bullish Indicators is	% Gain/ Annum	% of Time
Above 50.0	17.99	16.72
15.0 - 50.0	9.00	57.24
Below 15.0	-3.82	26.04
Buy/Hold = 6.91% Gain/Annum		

MSCI ACWI Performance **Chart View:** 2003-10-23 to 2023-10-23		
% Bullish Indicators is	% Gain/ Annum	% of Time
Above 50.0	13.46	21.42
15.0 - 50.0	5.47	58.58
Below 15.0	-2.12	20.00
Buy/Hold = 5.54% Gain/Annum		

Customized version of I55F

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

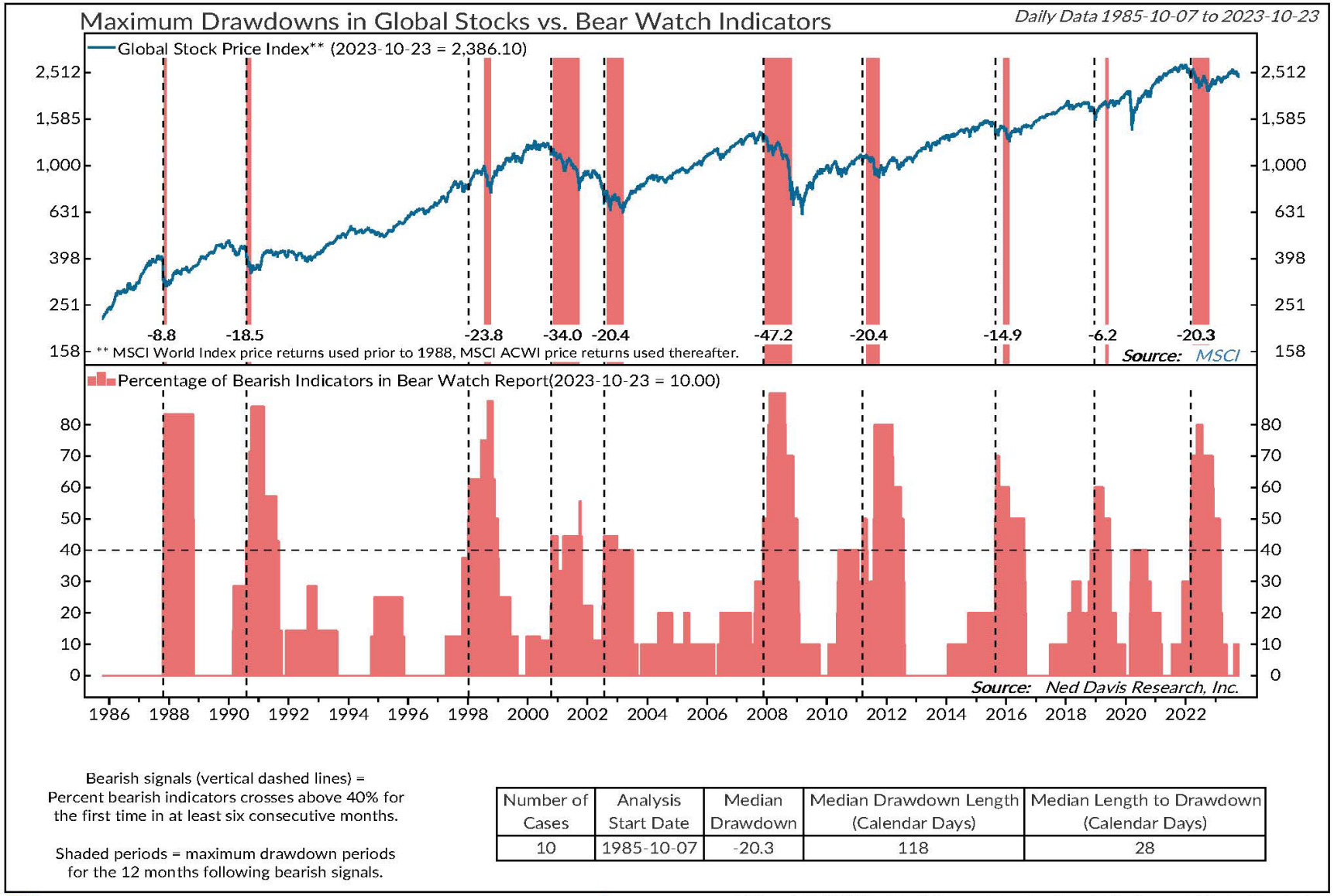


S&P 500 Index Performance **Full History:** 1929-11-19 to 2023-10-23		
50-Day Moving Average is	% Gain/ Annum	% of Time
Above 200-Day Moving Average	8.74	66.92
Below 200-Day Moving Average	0.16	33.08
Buy/Hold = 5.82% Gain/Annum		

S&P 500 Index Performance **Chart View:** 2003-10-23 to 2023-10-23		
50-Day Moving Average is	% Gain/ Annum	% of Time
Above 200-Day Moving Average	8.08	76.33
Below 200-Day Moving Average	4.72	23.67
Buy/Hold = 7.28% Gain/Annum		

Customized version of DAVIS128A

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



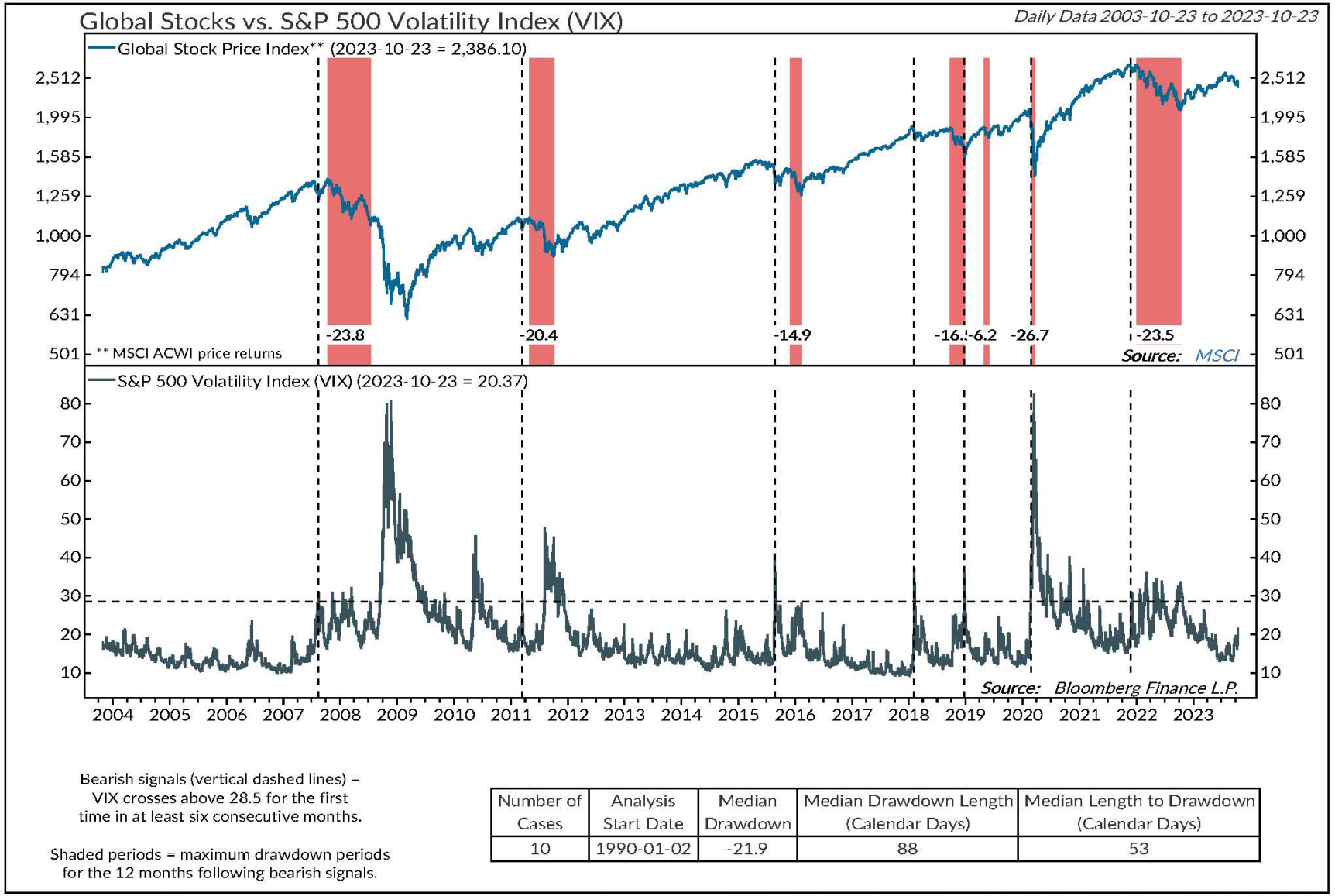
Bearish signals (vertical dashed lines) = Percent bearish indicators crosses above 40% for the first time in at least six consecutive months.

Shaded periods = maximum drawdown periods for the 12 months following bearish signals.

Number of Cases	Analysis Start Date	Median Drawdown	Median Drawdown Length (Calendar Days)	Median Length to Drawdown (Calendar Days)
10	1985-10-07	-20.3	118	28

I90B

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



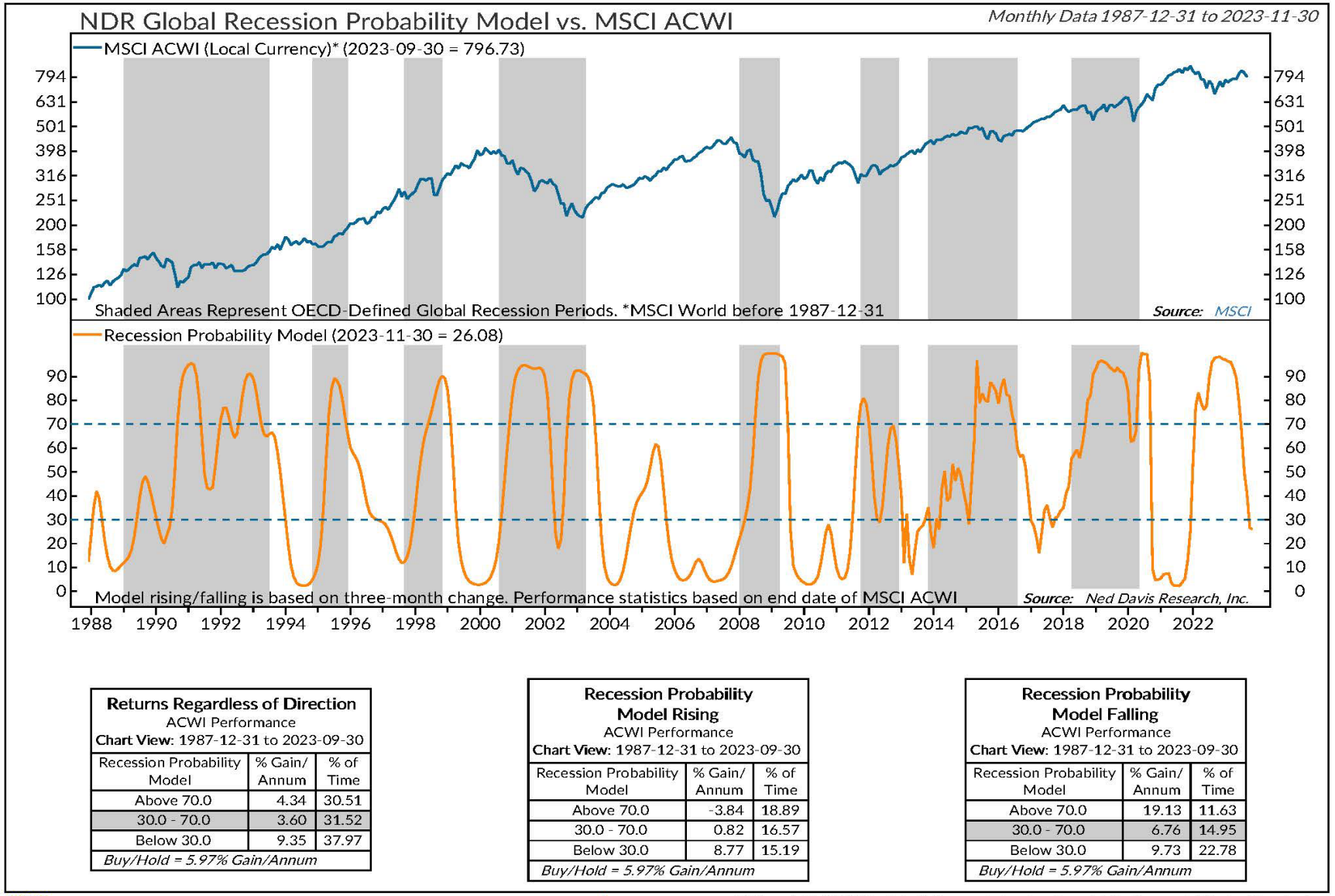
Bearish signals (vertical dashed lines) = VIX crosses above 28.5 for the first time in at least six consecutive months.

Shaded periods = maximum drawdown periods for the 12 months following bearish signals.

Number of Cases	Analysis Start Date	Median Drawdown	Median Drawdown Length (Calendar Days)	Median Length to Drawdown (Calendar Days)
10	1990-01-02	-21.9	88	53

Customized version of I87

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



Returns Regardless of Direction
ACWI Performance
Chart View: 1987-12-31 to 2023-09-30

Recession Probability Model	% Gain/ Annum	% of Time
Above 70.0	4.34	30.51
30.0 - 70.0	3.60	31.52
Below 30.0	9.35	37.97
Buy/Hold = 5.97% Gain/Annum		

Recession Probability Model Rising
ACWI Performance
Chart View: 1987-12-31 to 2023-09-30

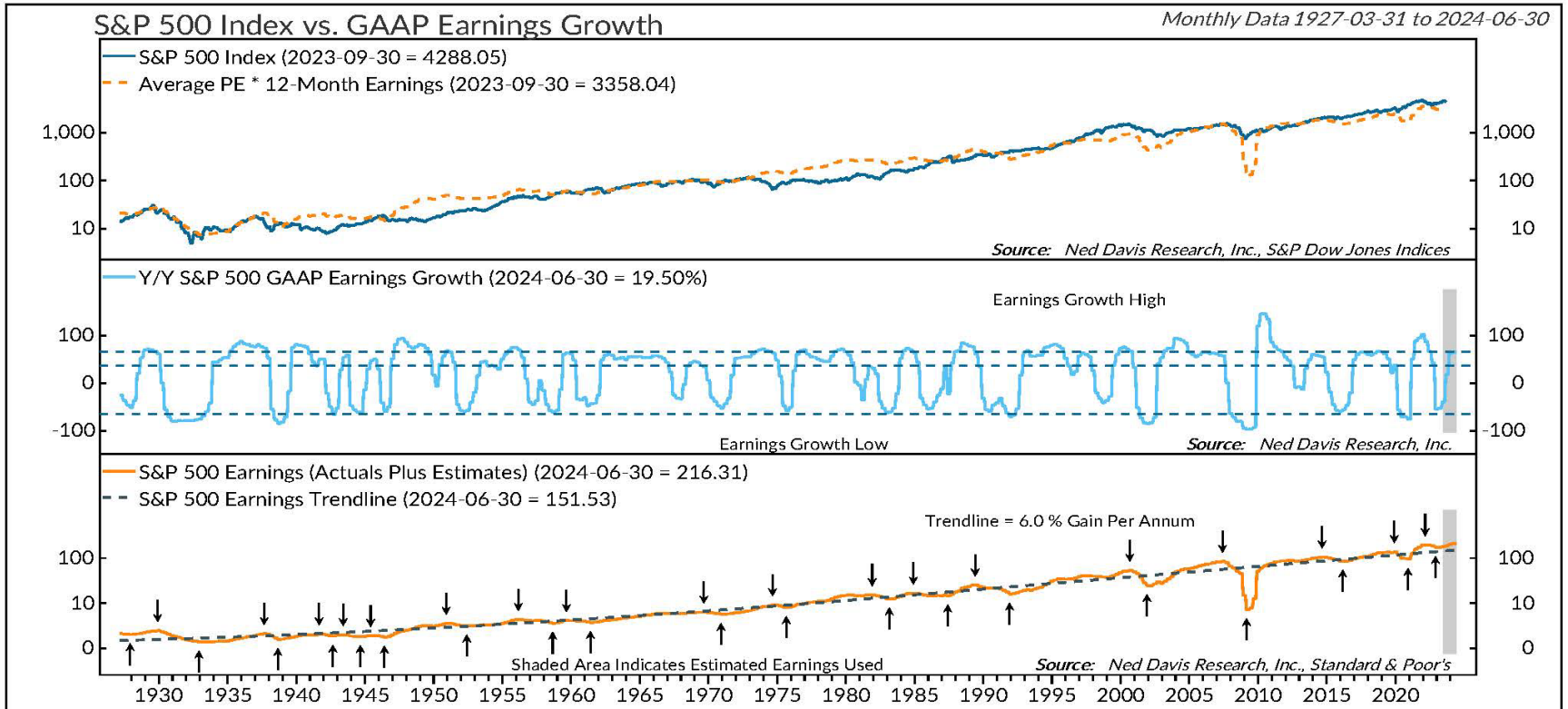
Recession Probability Model	% Gain/ Annum	% of Time
Above 70.0	-3.84	18.89
30.0 - 70.0	0.82	16.57
Below 30.0	8.77	15.19
Buy/Hold = 5.97% Gain/Annum		

Recession Probability Model Falling
ACWI Performance
Chart View: 1987-12-31 to 2023-09-30

Recession Probability Model	% Gain/ Annum	% of Time
Above 70.0	19.13	11.63
30.0 - 70.0	6.76	14.95
Below 30.0	9.73	22.78
Buy/Hold = 5.97% Gain/Annum		

IE90B

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



Date	4Q EPS (3rd Clip)	Y/Y % Change (2nd Clip)
06/30/2023 (A)	$181.01	-5.9
09/30/2023 (E)	$189.72	1.4
12/31/2023 (E)	$203.07	17.6
03/31/2024 (E)	$209.92	19.8
06/30/2024 (E)	$216.31	19.5

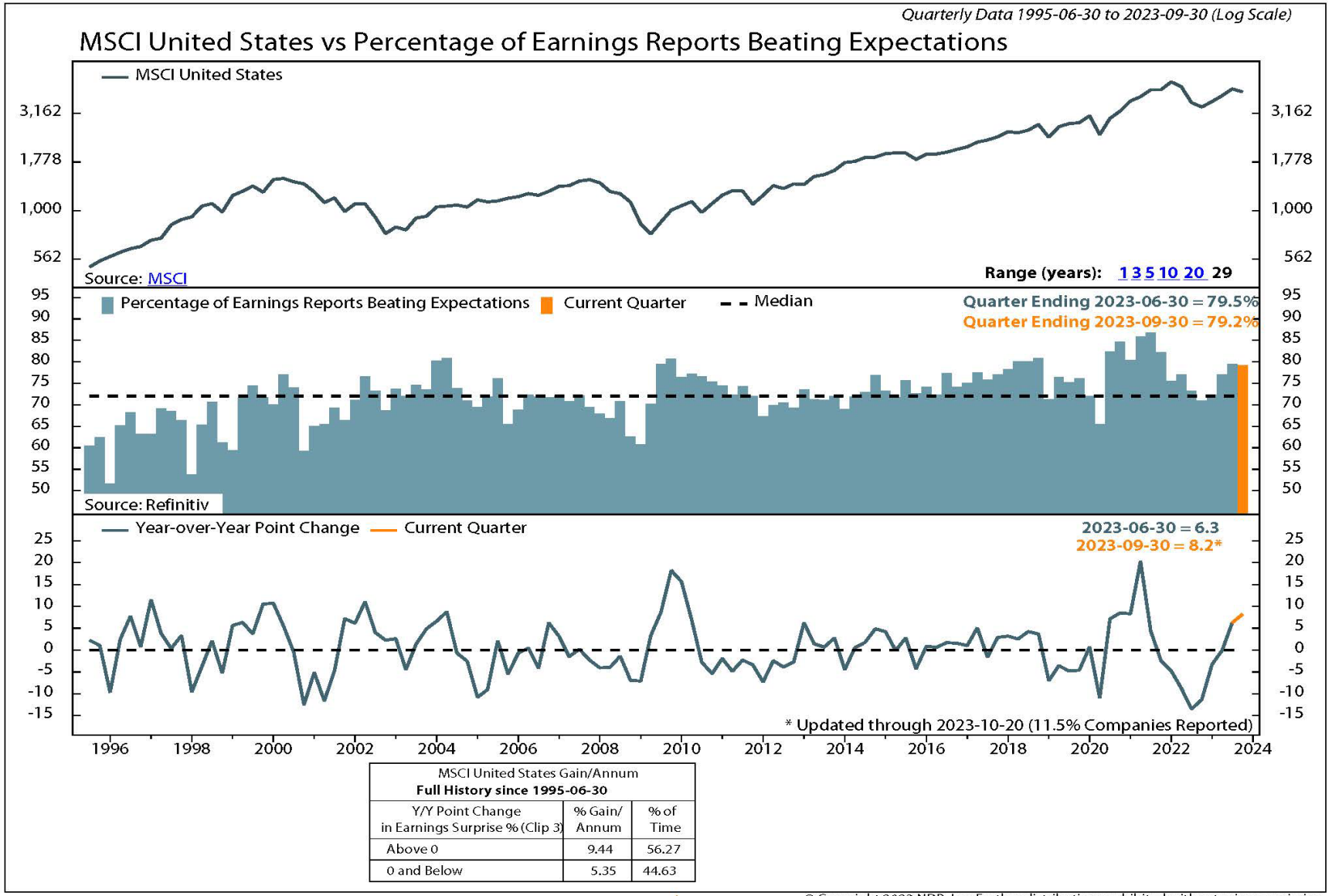
Since 1927

Average P/E at Earnings Peaks (Down Arrows) = 14.38
Average P/E at Earnings Troughs (Up Arrows) = 25.50
Based on Earnings Reversals of 10%

S&P 500 Index Performance **Full History:** 1927-03-31 to 2023-09-30		
Y/Y Earnings Growth (Latest Actual):	% Gain/ Annum	% of Time
Above 20	1.50	23.59
Between 5 and 20	6.69	30.81
Between -20 and 5	12.81	37.05
-20 and Below	-9.76	8.55
Buy/Hold = 6.11% Gain/Annum		

S663

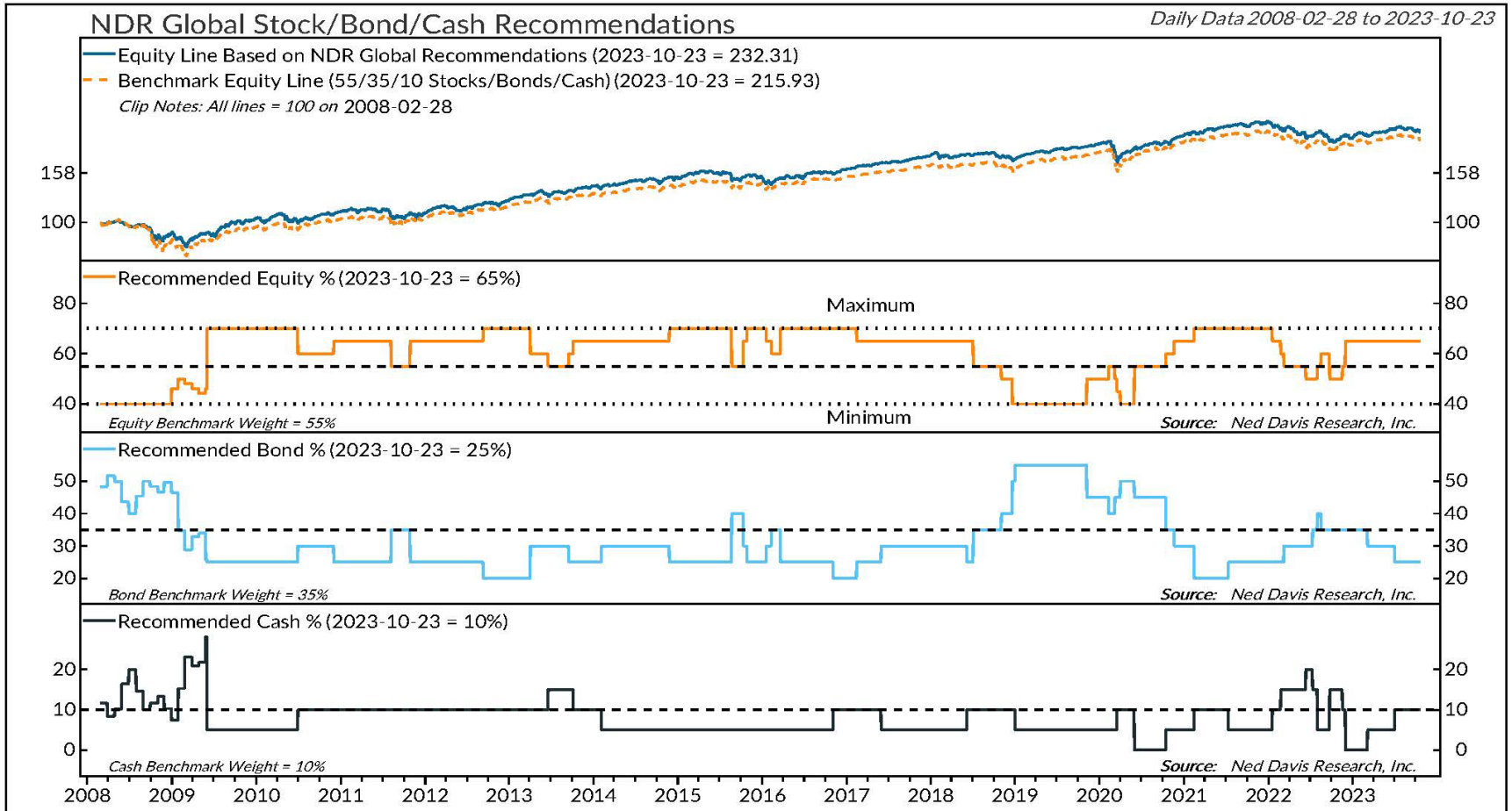
© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



MSCI United States Gain/Annum **Full History since 1995-06-30**		
Y/Y Point Change in Earnings Surprise % (Clip 3)	% Gain/ Annum	% of Time
Above 0	9.44	56.27
0 and Below	5.35	44.63

ICS_27E

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



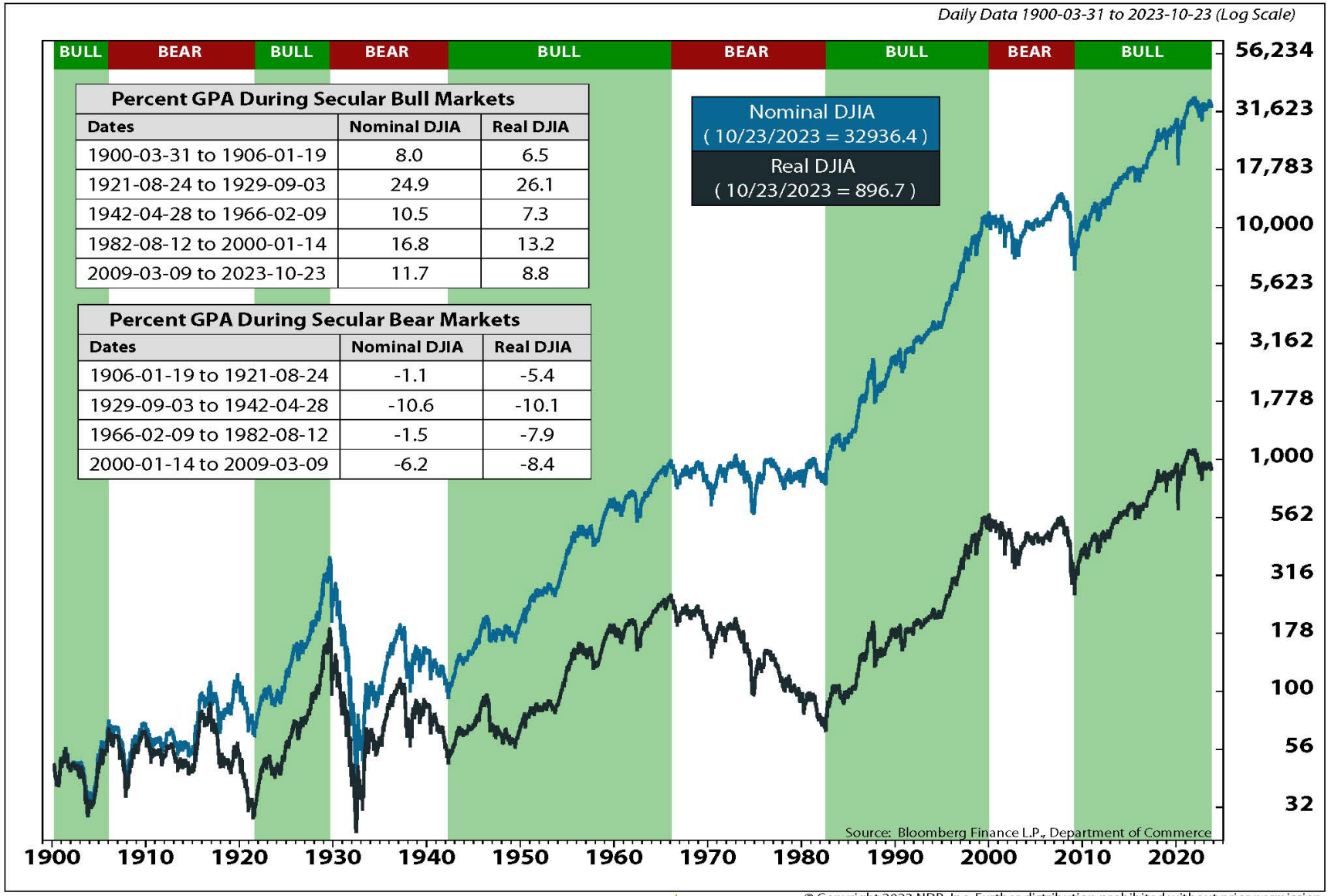
Allocation recommendations follow I4000 prior to 2008 and I04000 from 2008-01-01 to 2009-06-04.
For more details click here.
Minimum and Maximum Equity Allocations starting from 2008-01-01.

Strategy vs. Benchmark Returns Full History: 2005-07-29 - 2023-10-23	
Equity Line	Gain/Annum
Recommendations	5.8%
Benchmark	5.1%

Strategy vs. Benchmark Returns Chart View: 2008-02-28 - 2023-10-23	
Equity Line	Gain/Annum
Recommendations	5.5%
Benchmark	5.0%

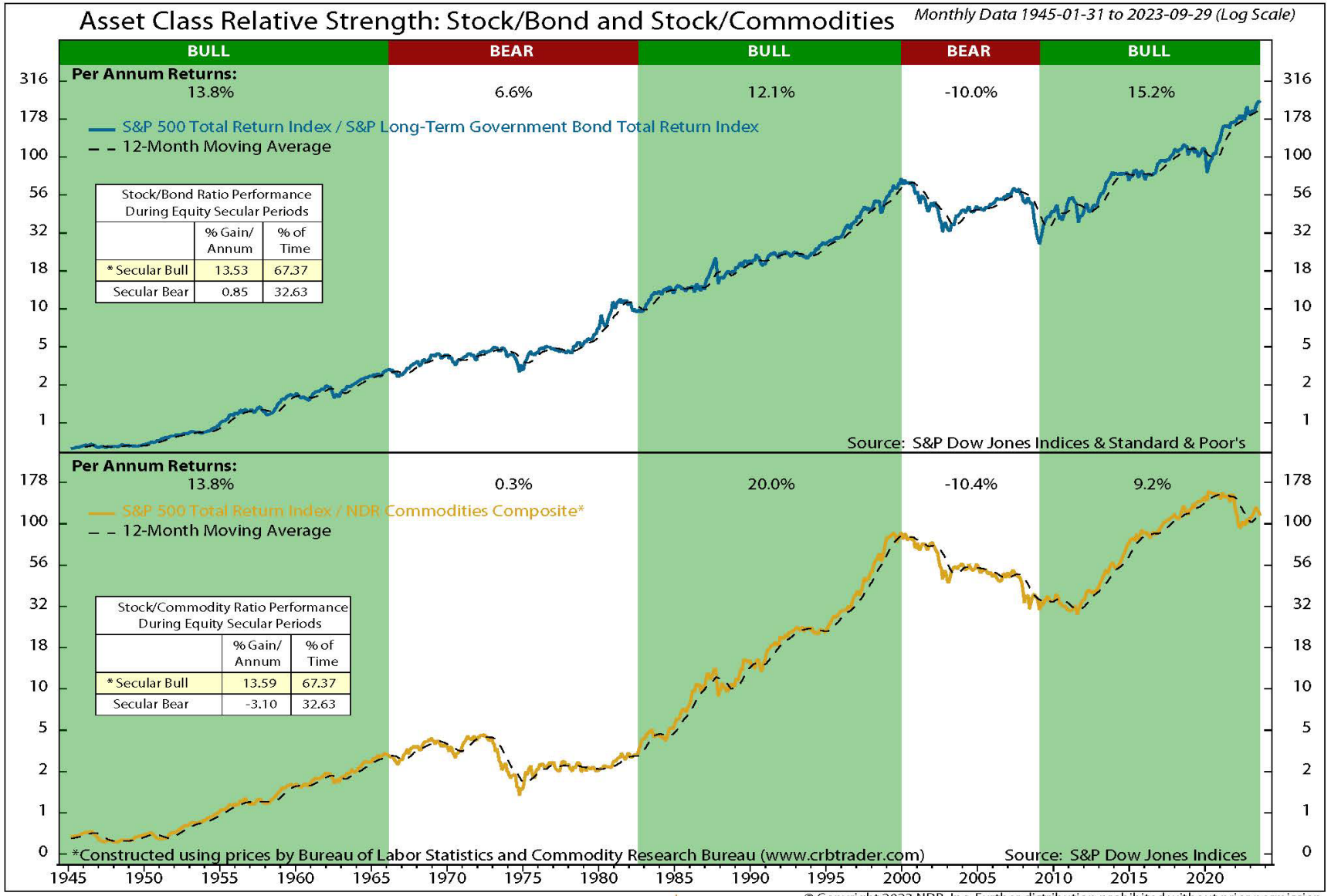
Customized version of I4001A

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



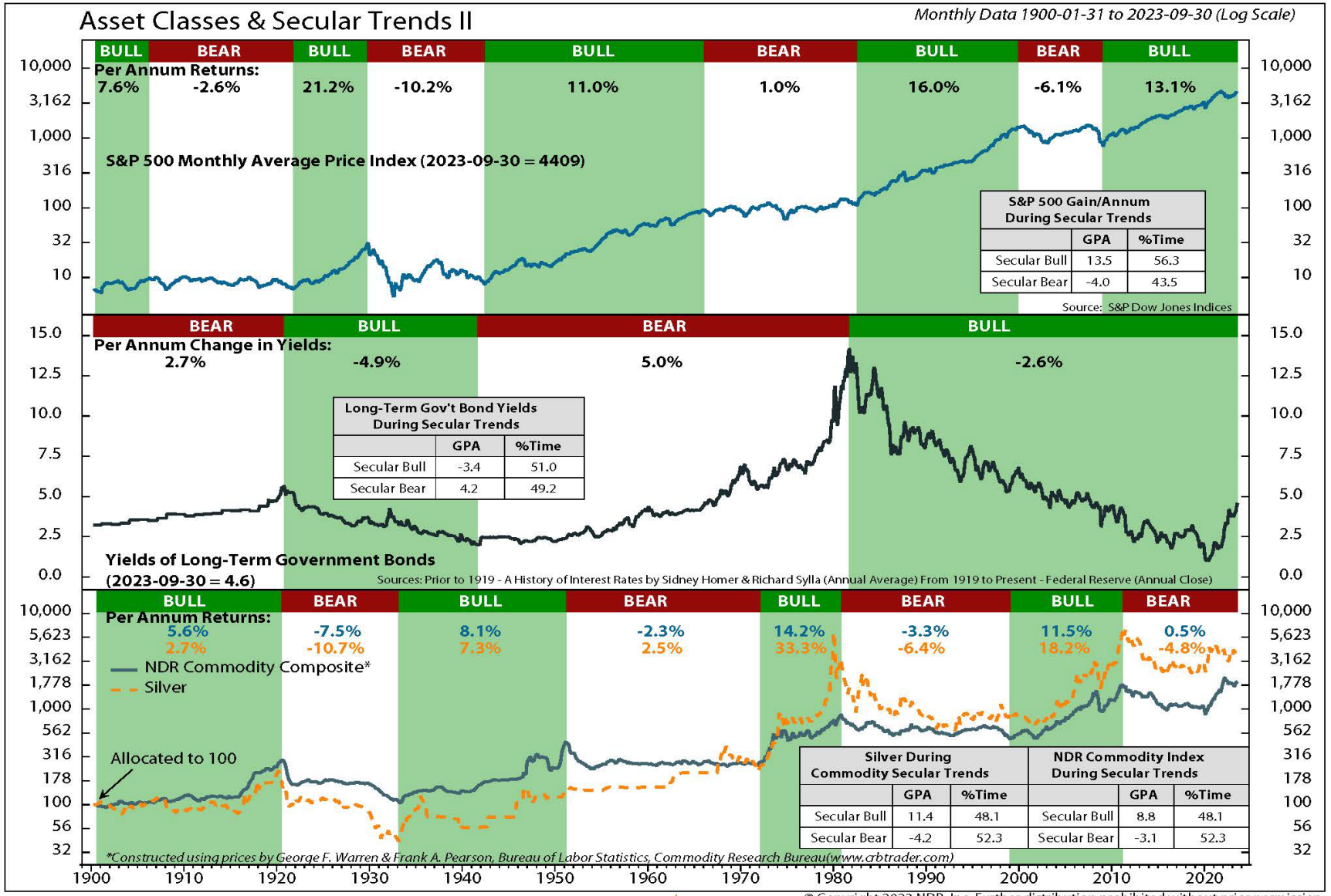
S0202

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



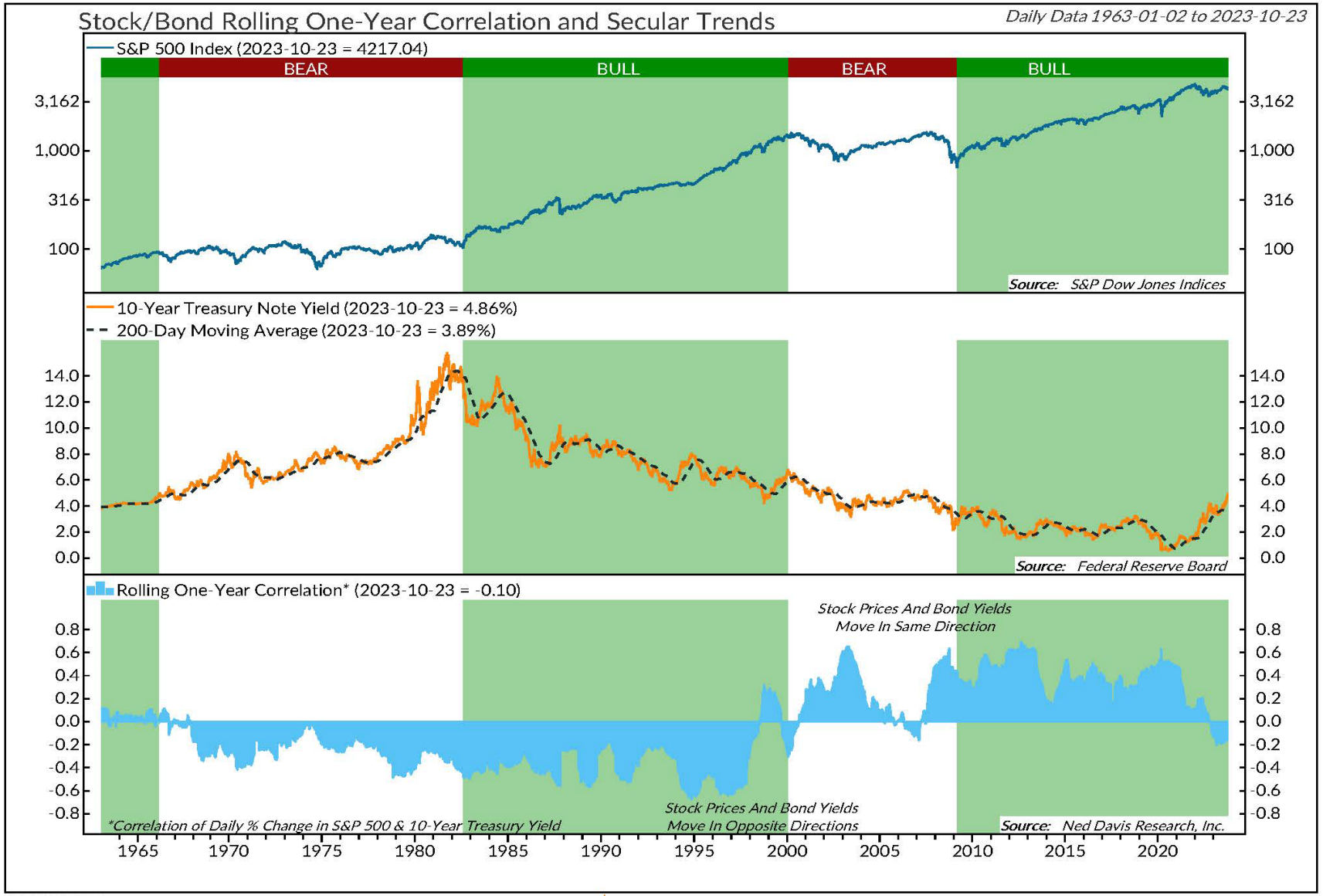
S020213

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



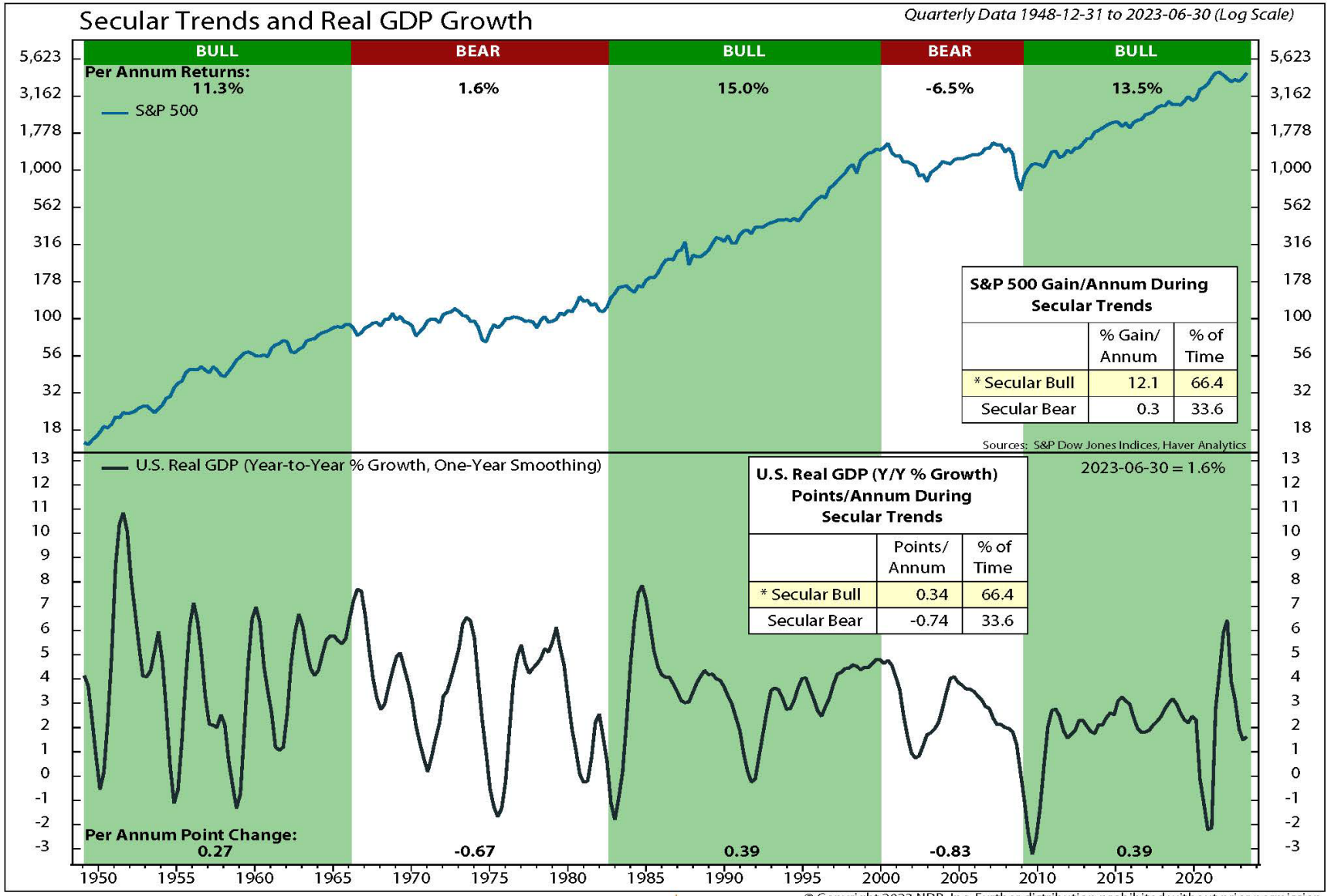
S020212

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



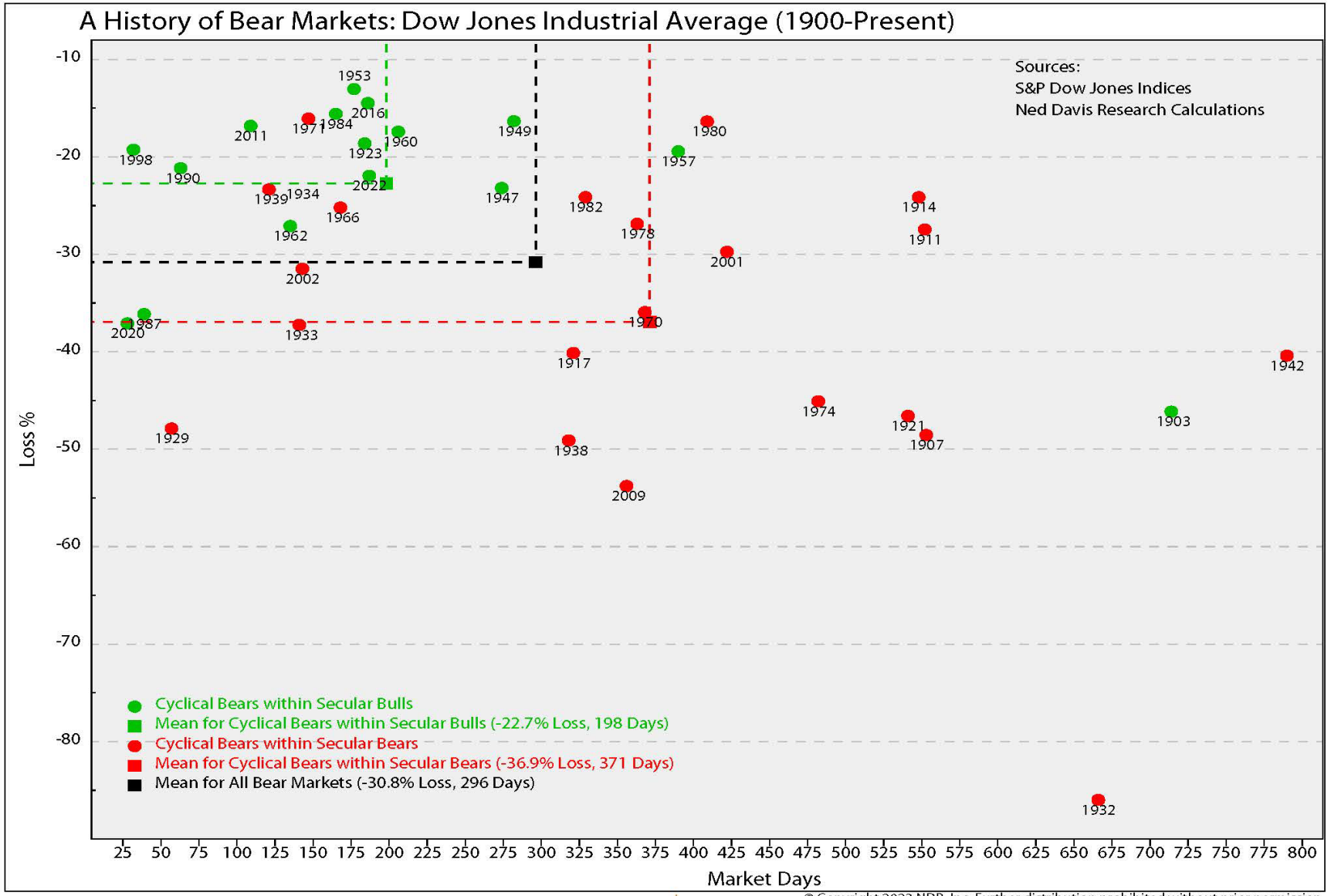
INF23_35A_C

© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



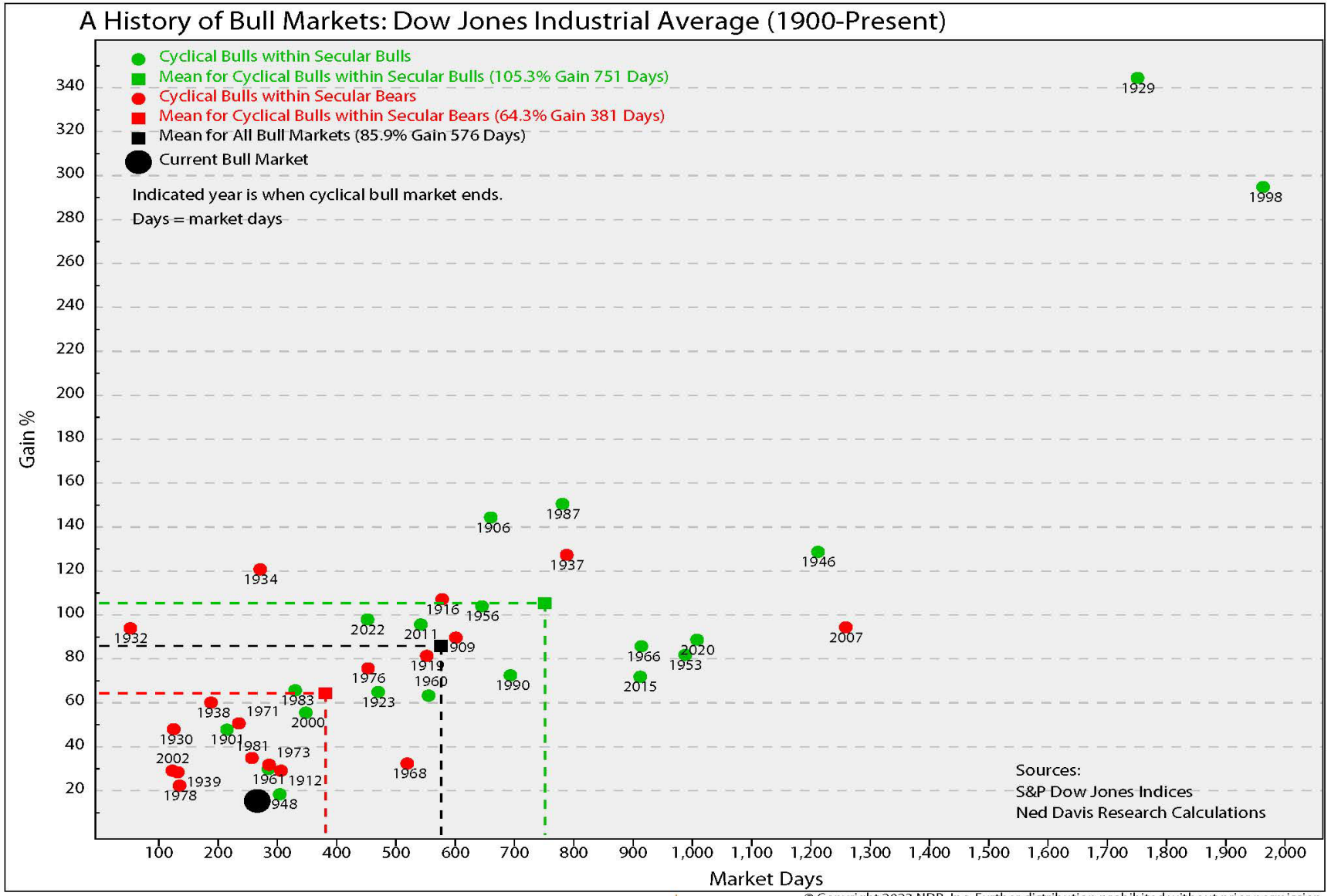
S0202U

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



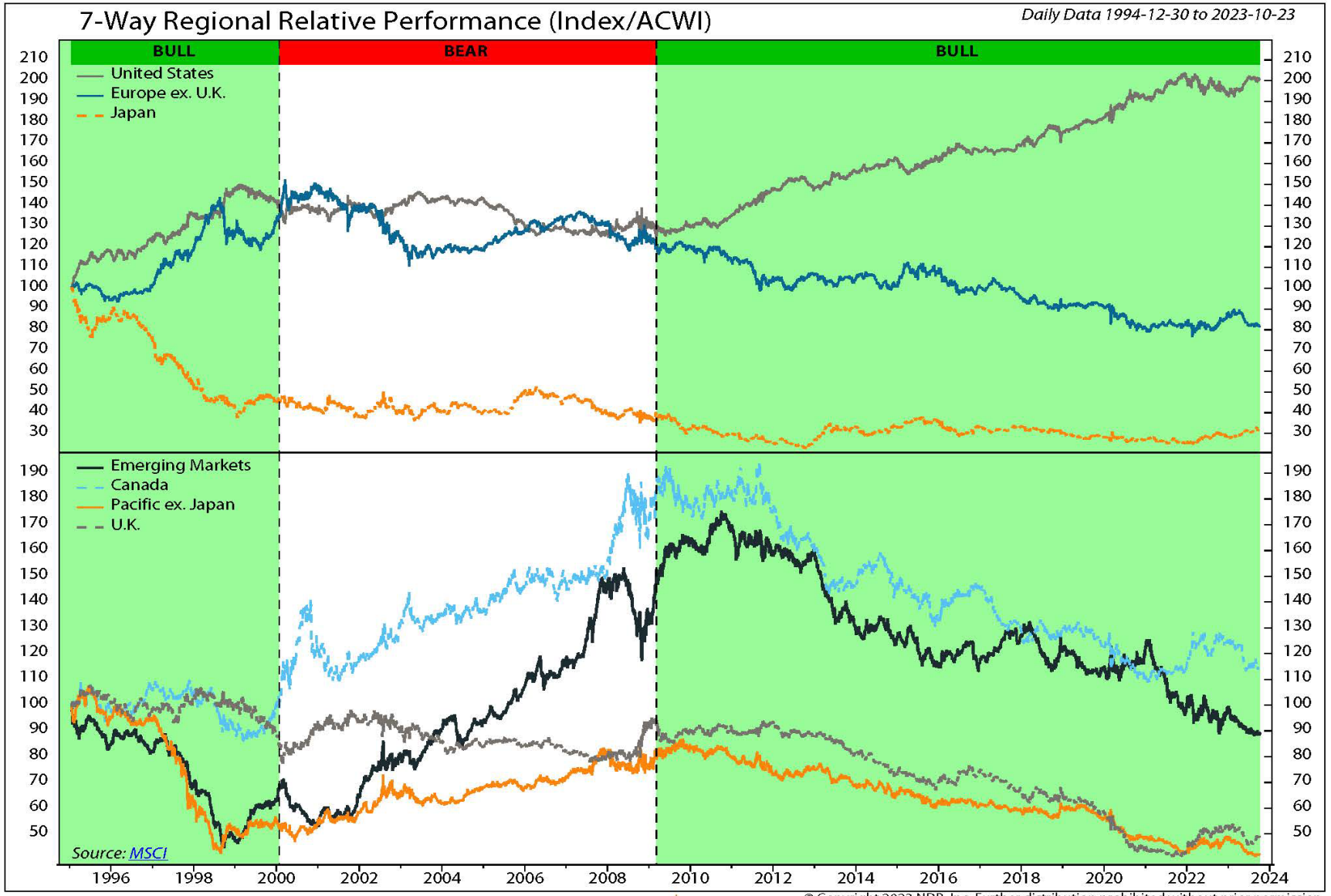
S0202C

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



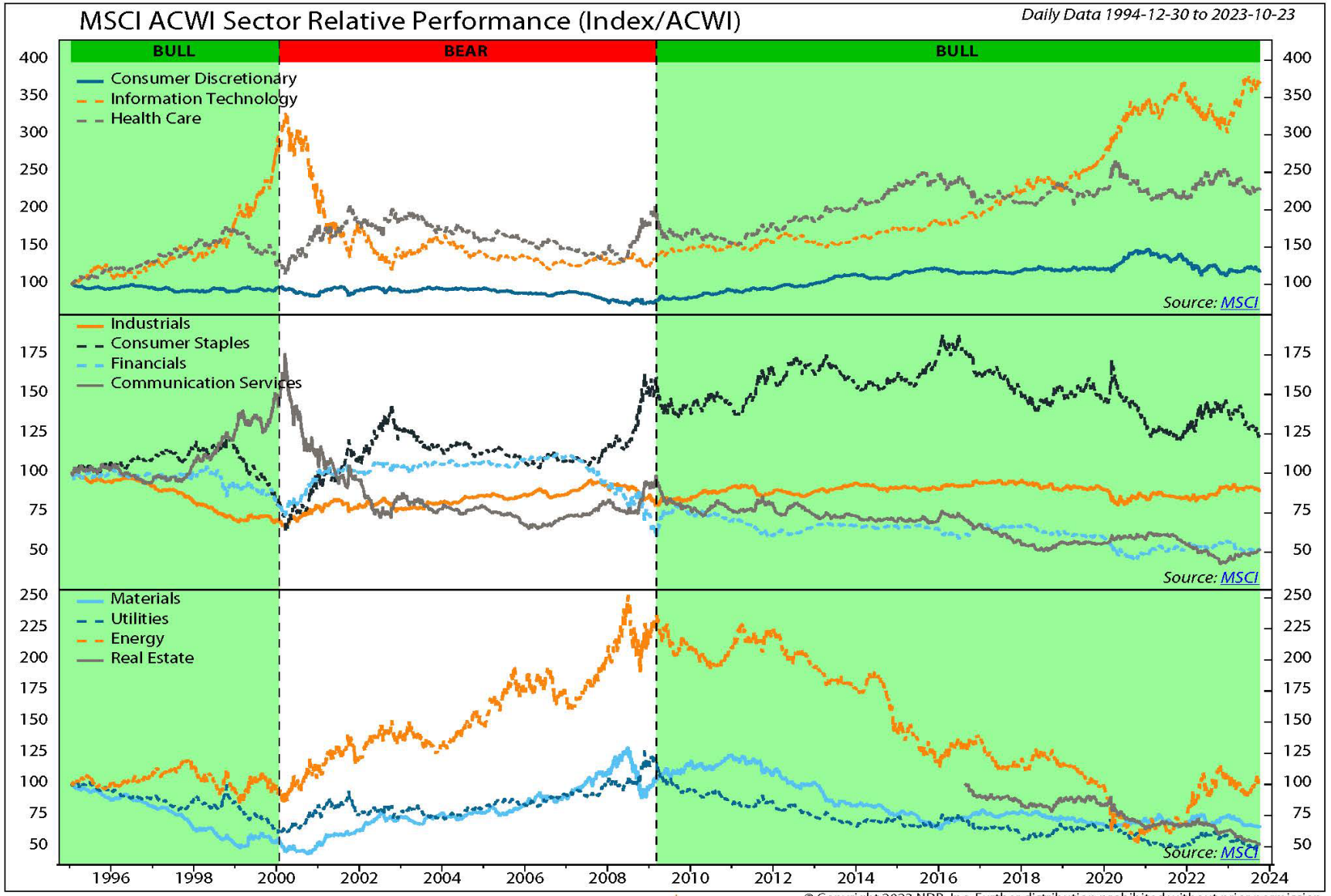
S0202B

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



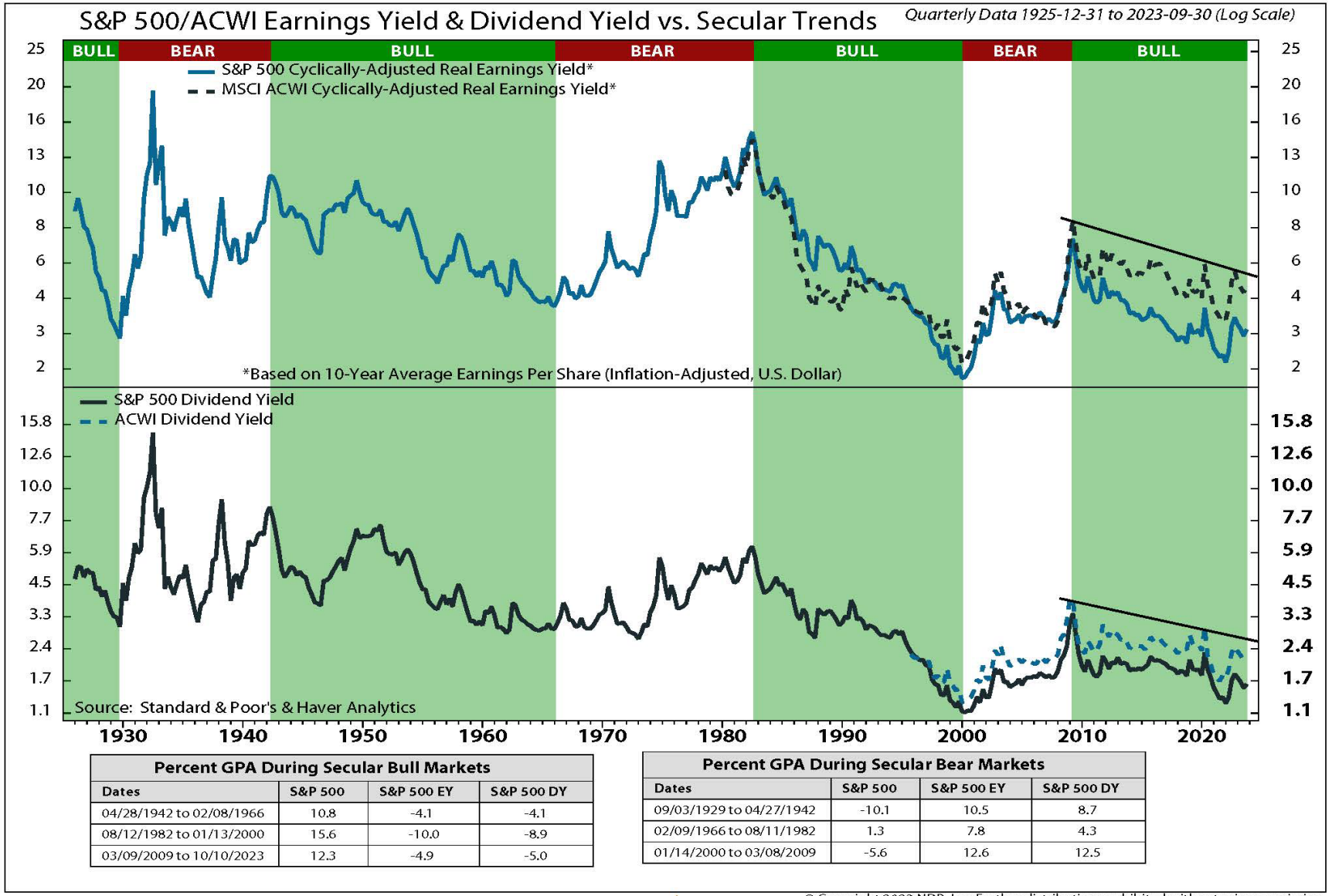
S0202P

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



S0202Q

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

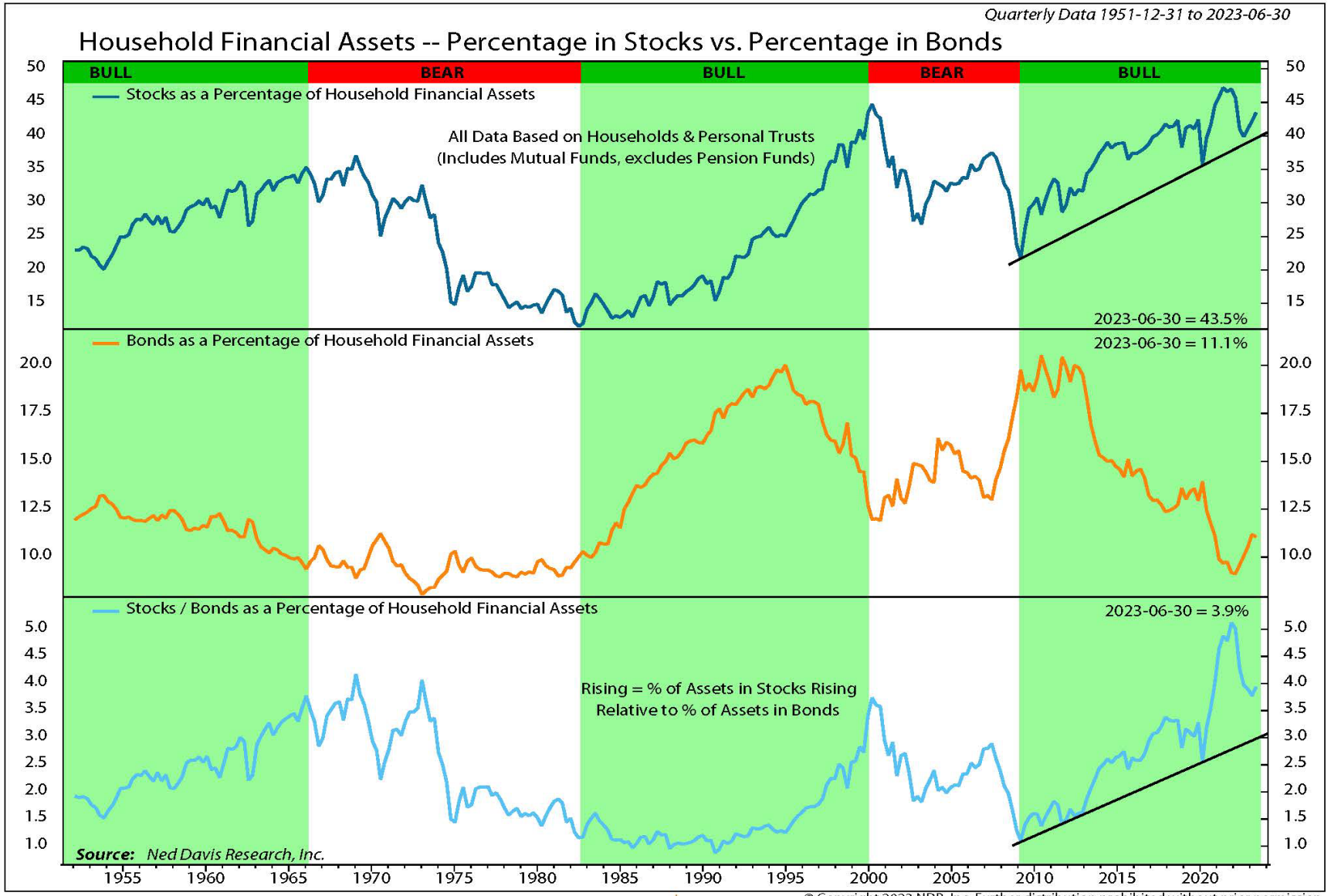


Percent GPA During Secular Bull Markets			
Dates	S&P 500	S&P 500 EY	S&P 500 DY
04/28/1942 to 02/08/1966	10.8	-4.1	-4.1
08/12/1982 to 01/13/2000	15.6	-10.0	-8.9
03/09/2009 to 10/10/2023	12.3	-4.9	-5.0

Percent GPA During Secular Bear Markets			
Dates	S&P 500	S&P 500 EY	S&P 500 DY
09/03/1929 to 04/27/1942	-10.1	10.5	8.7
02/09/1966 to 08/11/1982	1.3	7.8	4.3
01/14/2000 to 03/08/2009	-5.6	12.6	12.5

S0202E

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



AA41

© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Q & A

E-mail: tim.hayes@ndr.com

NDR
NED DAVIS RESEARCH

Timothy W. Hayes, CMT

Chief Global Investment Strategist

Timothy W. Hayes, CMT, is NDR's Chief Global Investment Strategist. He has been with the firm since 1986. Tim directs NDR's global asset allocation services, develops strategy and major investment themes, and establishes NDR's weightings for global asset allocation, presenting his views on the cyclical and secular outlook globally.

Tim's recommendations, strategies, and timely market commentaries and studies are featured in **Global Strategy** publications, which focus on global allocation and the most significant global developments.

Tim has been featured many times on **CNBC** and **Bloomberg TV**, and his market views are often quoted in **The Wall Street Journal** and other financial media in the U.S. and internationally. He is author of **The Research-Driven Investor**, published in November 2000, and he has contributed to several other books. His research articles have appeared in the **Journal of Technical Analysis**, **Technical Analysis of Stocks and Commodities**, and other publications.

Tim received his Bachelor of Arts degree from Kenyon College, and he is a Chartered Market Technician. In 2008, the Investorside Research Association honored Tim with its Research Excellence Award for "Exiting Equities in '07." In 1996, the Market Technicians Association awarded Tim the Charles H. Dow Award for groundbreaking research, recognizing an outstanding original work that best expounds on the principles of technical analysis.

NED DAVIS RESEARCH
NDRsales@ndr.com
www.ndr.com
(800) 241-0621

NOKOMIS
2520 North Tamiami Trail
Nokomis, FL 34275
(941) 412-2300

NEW YORK
1120 Avenue of the Americas
6th Floor
New York, NY 10036
(646) 810-7270

MONTREAL
1002 Shebrooke St. W.
Suite 1600
Montreal, Canada H3A 3L6

LONDON
8 Bouverie Street
Temple, London
EC4Y 8AX
+44 (0) 20 7779-8682

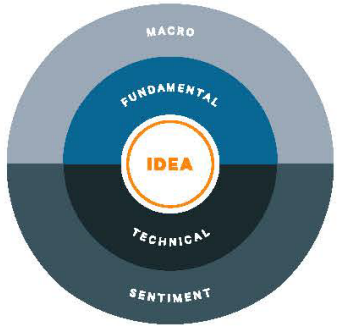
HONG KONG
12/F, V-Point, 18 Tang Lung Street,
Causeway Bay
Hong Kong
+852 3416 6676

AUSTRALIA
19/1 O'Connell Street
Sydney, Australia
+61282491867

NDR
NED DAVIS RESEARCH

See the signals.™

Founded in 1980, Ned Davis Research Group is a leading independent research firm with clients around the globe. With a range of products and services utilizing a 360° methodology, we deliver award-winning solutions to the world's leading investment management companies. Our clients include professionals from global investment firms, banks, insurance companies, mutual funds, hedge funds, pension and endowment funds, and registered investment advisors.



Important Information and Disclaimers

Ned Davis Research, Inc. (NDR), any NDR affiliates or employees, or any third-party data provider, shall not have any liability for any loss sustained by anyone who has relied on the information contained in any NDR publication. In no event shall NDR, any NDR affiliates or employees, or any third-party data provider, be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the information contained in this document even if advised of the possibility of such damages.

The data and analysis contained in NDR's publications are provided "as is" and without warranty of any kind, either expressed or implied. The information is based on data believed to be reliable, but it is not guaranteed. **NDR DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.**

NDR's reports reflect opinions of our analysts as of the date of each report, and they will not necessarily be updated as views or information change. All opinions expressed therein are subject to change without notice, and you should always obtain current information and perform due diligence before trading. NDR or its affiliated companies or their respective shareholders, directors, officers and/or employees, may have long or short positions in the securities discussed in NDR's publications and may purchase or sell such securities without notice.

NDR uses and has historically used various methods to evaluate investments which may, at times, produce contradictory recommendations with respect to the same securities. When evaluating the results of prior NDR recommendations or NDR performance rankings, one should also consider that **NDR may modify the methods it uses to evaluate investment opportunities from time to time, that model results do not impute or show the compounded adverse effect of transaction costs or management fees or reflect actual investment results, that other less successful recommendations made by NDR are not included with these model performance reports, that some model results do not reflect actual historical recommendations, and that investment models are necessarily constructed with the benefit of hindsight. Unless specifically noted on a chart, report, or other device, all performance measures are purely hypothetical, and are the results of back-tested methodologies using data and analysis over time periods that pre-dated the creation of the analysis and do not reflect tax consequences, execution, commissions, and other trading costs. For these and for many other reasons, the performance of NDR's past recommendations and model results are not a guarantee of future results.**

Using any graph, chart, formula, model, or other device to assist in deciding which securities to trade or when to trade them presents many difficulties and their effectiveness has significant limitations, including that prior patterns may not repeat themselves continuously or on any particular occasion. In addition, market participants using such devices can impact the market in a way that changes the effectiveness of such devices. NDR believes no individual graph, chart, formula, model, or other device should be used as the sole basis for any investment decision and suggests that all market participants consider differing viewpoints and use a weight of the evidence approach that fits their investment needs. Any particular piece of content or commentary may or may not be representative of the NDR House View, and may not align with any of the other content or commentary that is provided in the service. Performance measures on any chart or report are not intended to represent the performance of an investment account or portfolio, as some formulas or models may have superior or inferior results over differing time periods based upon macro-economic or investment market regimes. NDR generally provides a full history of a formula or model's hypothetical performance, which often reflects an "all in" investment of the represented market or security during "buy", "bullish", or similar recommendations. This approach is not indicative of the intended usage of the recommendation in a client's portfolio, and for this reason NDR does not typically display returns as would be commonly stated when reporting portfolio performance. Clients seeking the usage of any NDR content in a simulated portfolio back-test should contact their account representative to discuss testing that NDR can perform using the client's specific risk tolerances, fees, and other constraints.

NDR's reports are not intended to be the primary basis for investment decisions and are not designed to meet the particular investment needs of any investor. The reports do not address the suitability of any particular investment for any particular investor. The reports do not address the tax consequences of securities, investments, or strategies, and investors should consult their tax advisors before making investment decisions. Investors should seek professional advice before making investment decisions. The reports are not an offer or the solicitation of an offer to buy or to sell a security.

Further distribution prohibited without prior permission. Full terms of service, including copyrights, terms of use, and disclaimers are available at https://www.ndr.com/web/ndr/terms-of-service. For data vendor disclaimers, refer to www.ndr.com/vendorinfo.

Copyright 2021 (c) Ned Davis Research, Inc. All rights reserved.