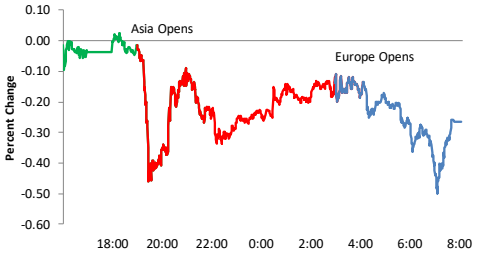
BESPOKE Investment Group

Morning Lineup

December 31, 2021

Today's Events

Overnight Trading



Other Markets

Japan		↓	-0.4 %
China		↑	0.4
Germany		↑	Closed
UK		↓	-0.3
Oil	75.7	↓	-$1.3
Gold	1820.8	↑	$6.7
$/Euro	0.883	↓	0.00
$/Yen	115.13	↑	0.1
Bitcoin	47,940	↑	642
10-Yr	1.50	↓	0.00

Noteworthy Macro Events

- US Futures Modestly Lower While Most of Europe Closed.

Overnight Trading

Trading Up ($):

FATH (2.65), COIN (1.21), NVAX (1.17), AMD (1.05), MARA (0.8), XERS (0.56)

Trading Down ($):

TSLA (-4.34), V (-1.1), DDOG (-0.83), RIVN (-0.81), XEL (-0.68), RCL (-0.65)

Stock Specific News of Note

Ticker	News
BA	Vietnam government lifts grounding of 737 Max.
C	Tells staff to work from home in first half of 2022.
JPM	Bank offers employees the option of working from home in first half of January.
LXRX	Submitted NDA for approval of sotagliflozin to treat heart failure.
PFE	UK regulators approve Paxlovid Covid antiviral treatment.
XERS	FDA approves Recorlev for treatment of endogenous hypercortisolemia.

Analyst Actions

Upgrades

Ticker	Firm	From	To
None			

Downgrades

Ticker	Firm	From	To
PTON	JMP	Outperf	Mkt Perf

Initiations/Reiterations

Ticker	Firm	Action	Rating
STZ	Barclays	Reiterated	Outperf

Market Timing Model

Category	Expected S&P 500 Return (%) One Week	Two Weeks	One Month
Sentiment	0.12	0.29	0.56
Technicals	0.12	0.37	0.65
Fundamental	0.23	0.43	0.72
Overall	0.15	0.36	0.66
Average (all days)	0.17	0.33	0.67

Indicators/Events

Time	Event	Estimate	Last Report Date	Est	Act.	Diff.	S&P	Best	Worst
None									
13:00	Baker Hughes Rig Count								

Tomorrow and Beyond

Key Major Economic Indicators

Time	Event	Estimate	Last Report Date	Act.vs. Est.	S&P
9:45	Markit Manufact	57.9	12/16	-0.7	-0.87
10:00	Construction Spendin	0.3	12/1	-0.2	-1.18

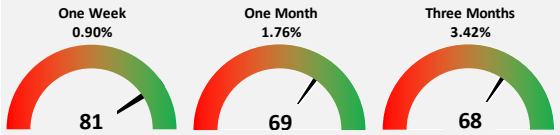
Key Earnings Reports

Ticker	Date	TOD	Beat Rate EPS	Beat Rate Sales	Raised Guid.	Price Reaction (Last 8 Reports)
None						

Other Key Events

CALX Will replace CIT in the S&P 400 effective 1/4.

Market and Sector Seasonality – Last 10 Years



Sector	Median Performance (%) From 12/31 Close... One Week	One Month	Three Months
Comm Services (XLC)	-0.84	-1.16	0.86
Cons Discret (XLY)	2.17	2.43	3.94
Cons Staples (XLP)	-0.45	0.77	2.58
Energy (XLE)	1.33	-0.36	1.92
Financials (XLF)	1.46	0.01	2.32
Health Care (XLV)	1.45	1.49	5.49
Industrials (XLI)	1.46	2.07	4.17
Materials (XLB)	1.83	1.01	3.08
Real Estate (XLRE)	-0.33	2.65	4.64
Technology (XLK)	0.43	3.15	3.20
Utilities (XLU)	-0.89	1.66	3.68

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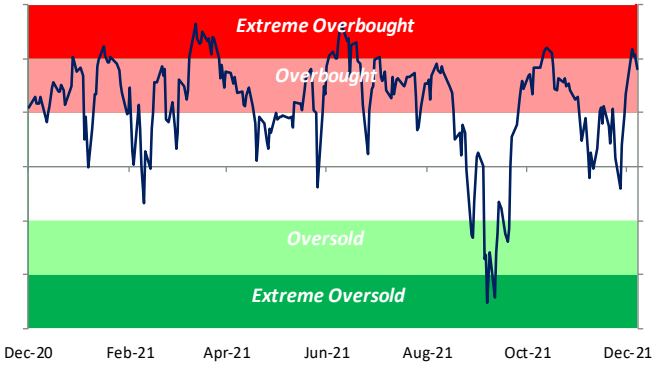
S&P 500 50-Day Moving Average Spread



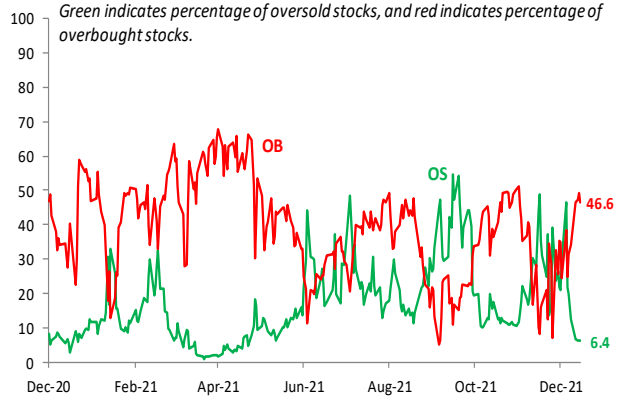
S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	2.7 %	1.6 %
10-Day A/D Line	↑	962	27
# of Overbought Stocks	↑	233	157
# of Oversold Stocks	↓	32	99
P/E Ratio			
Trailing	↑	26.26	25.97
Forward	↑	22.93	22.61
Dividend Yield	↓	1.27 %	1.28 %
Credit Spreads (bps)			
High Yield	↓	303	312
Corporate Bonds	↓	97	100

Yesterday's Movers

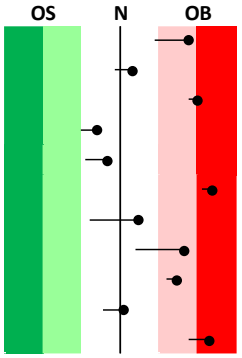
			Average Return (%)			
			Next Day		Next Week	
Ticker	% Chg.	Occ.	Chg.	Percent Up	Chg.	Percent Up
WW	11.2	12	0.0	41.7	3.6	58.3
DHC	7.6	47	1.5	57.4	2.4	55.3
TRHC	6.7	64	-0.5	50.0	-0.3	51.6
HSKA	5.5	40	-1.5	27.5	-2.1	37.5
BIIB	-7.1	15	0.0	53.3	0.3	60.0
SWN	-5.7	84	0.1	53.6	2.6	54.8
FSP	-5.5	36	0.1	44.4	1.6	58.3
CPE	-5.5	121	-0.3	53.7	0.6	47.1

S&P 500 Overbought and Oversold Stocks (Percentage)



Trading Ranges: Sectors

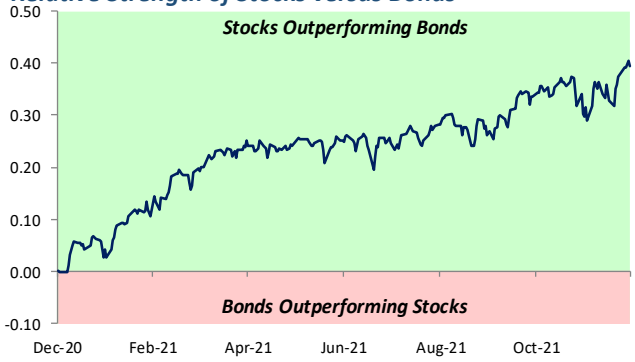
Index/Sector	Current	1 Wk Ago
S&P 500	OB	N
Cons Discret.	N	N
Cons Staples	OB	OB
Energy	N	N
Financials	N	N
Health Care	OB	OB
Industrials	N	N
Materials	OB	N
Technology	OB	OB
Comm. Svcs	N	N
Utilities	OB	OB



S&P 500 Overbought Stocks Most Likely to Fall

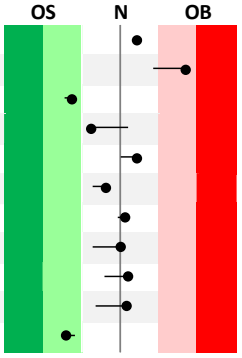
Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
CAG	33.88	1.38	-0.75	49.0

Relative Strength of Stocks versus Bonds



Trading Ranges: Bonds/Commodities

Commodity	Current	1 Wk Ago
$/Euro	N	N
$/Yen	OB	N
2-Year	OS	OS
10-Year	N	N
Gold	N	N
Silver	N	N
Copper	N	N
Crude Oil	N	N
Heating Oil	N	N
Gasoline	N	N
Natural Gas	OS	OS



S&P 500 Oversold Stocks Most Likely to Rise

Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
SEDG	282.35	-1.42	1.93	51.0

For an explanation of the first two pages of this report, please click here.

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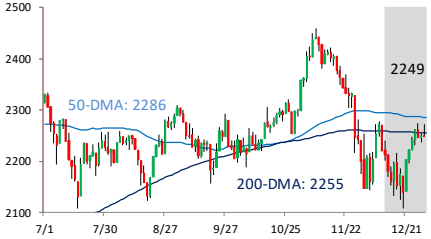
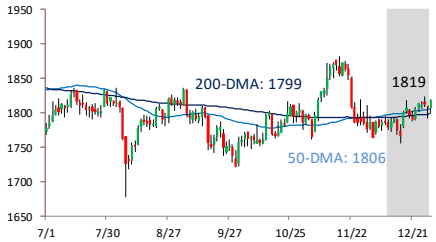
S&P 500: Last Six Months

Russell 2000: Last Six Months

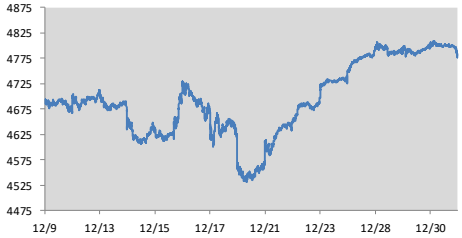


Gold Future: Last Six Months

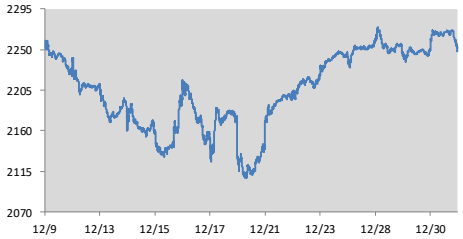


Long Bond Future: Last Six Months

S&P 500: Last 15 Trading Days

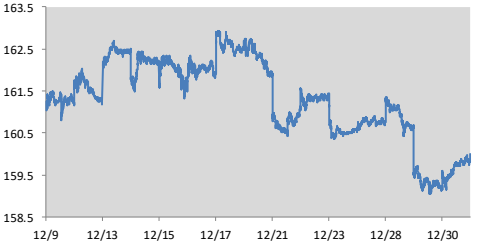


Russell 2000: Last 15 Trading Days

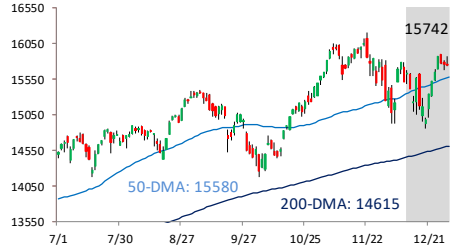


Gold Front Month Future: Last 15 Trading Days

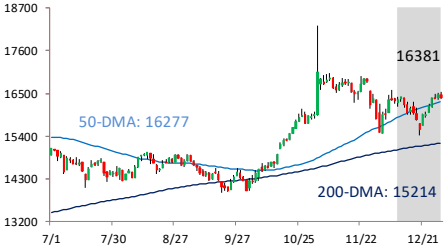
Long Bond Future Intraday: Last 15 Trading Days



Nasdaq Composite: Last Six Months

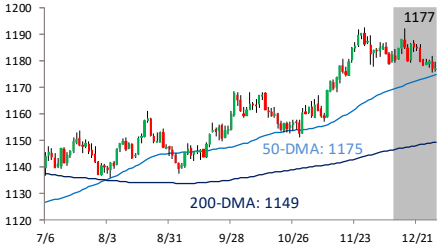


DJ Transports: Last Six Months

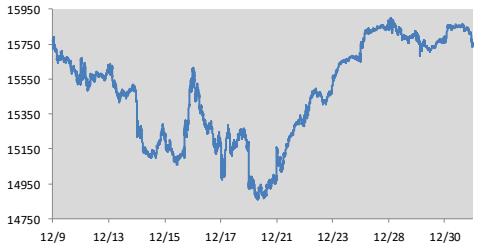


Oil Future: Last Six Months

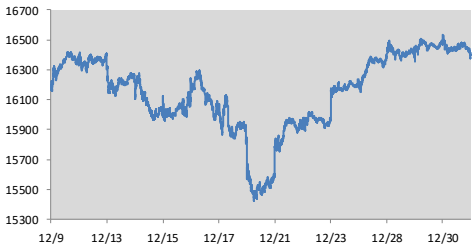
BBG US Dollar Index: Last Six Months



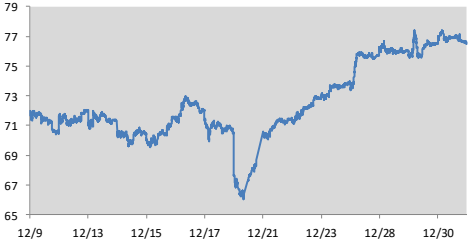
Nasdaq Composite: Last 15 Trading Days



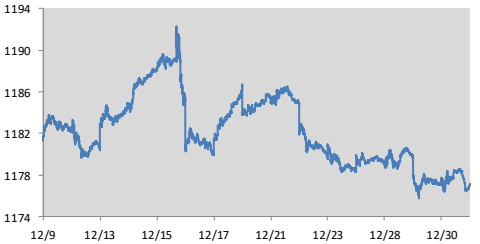
DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days



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Morning Commentary

Snapshot: The S&P 500 is set to open slightly lower on the day, crypto prices are up a bit less than 1%, bonds are flattening with yields barely changed, and commodities are lower as oil's 1.7% decline weighs after seven straight sessions of gains. Commodities are closing out the year up 27.2% on a total-return basis. That's the best performance since the year 2000 and second-best gain since the 1980s in a spectacular reversal of the grinding bear market that set in post-2013. The S&P 500's 29% total return is the third-best since 1997, topped only by 32.4% gains in 2013 and 31.5% gains in 2019. **Global Economic Scorecard**

APAC Markets: Asia finished the year on a mixed footing with Japan, Korea, and Taiwan shuttered, gains in China and India, and losses in Australia. 2021 closed with Japanese stocks down 10% in USD-terms, Korea down 9%, Australia down 6%, modest 1.5% gains for Taiwan, and a 2.8% gain for onshore Chinese stocks. FX was full of weaker dollar trade on the session, as almost all local FX gained versus dollars. Over the course of the year the yuan was the clear winner, up 2.8% versus USD and joined by the TWD as the only major gainers on the year. Japan's yen and the Thai baht were both down over 10% this year, with the Korean won dropping 8.6%. All other currencies declined but returns were generally more middling.

Europe Markets: European stocks are lower by 13 bps on 2:1 negative breadth, but the UK and France are the only major markets trading this morning. Year-to-date, the STOXX 600 has gained 13.5% in USD terms, with France's CAC 40 up almost 20%, Spain's IBEX 35 barely positive, and every other index in between. Banks and Tech led the charge this year with those groups delivering 24% total return in USD terms, while Media and Construction/Materials were up over 20%. Personal Care/Drug/Grocery Stores fell 82 bps, Utilities (-2.4%) and Travel/Leisure (-3.9%) were the only other decliners at the group level in 2021. As we start 2022, the STOXX 600 trades 15.8 estimated next 12 month earnings (in its normal range) versus still-elevated 21.5x forward earnings multiples for the S&P 500.

Year-End Questions: A few questions are nagging us in to year end, and while we don't have the answers, we think they're instructive for thinking about the year ahead. First, **will the pandemic subside next year?** The combination of less severe Omicron effects, vaccination, and prior immunity *should* serve to make COVID a much smaller picture in 2022, but there are uncertainties. Second, will **supply chains and productive capacity adapt to address inflation, especially in durable goods?** The recent spate of durables inflation is unlikely to persist, but if it does through mid-year, we could see multiple Fed rate hikes by June. Third, **are geopolitics a potential flashpoint through the winter?** Russia is still looming over Ukraine and Chinese rhetoric towards Taiwan has not improved, with either conflict creating huge potential for disruption in markets for key inputs globally (Oil and gas from Russia, chips from Taiwan). Fourth, **will analysts finally overshoot earnings?** Over the course of the pandemic, companies have easily hurdled earnings estimates in aggregate, but with analysts expecting very high revenue growth and record margins over the next 12 months, expectations may finally have gotten over their skis. Finally, **are politics set to be a major macro catalyst?** French Presidential and American mid-term elections offer potential for surprises though both are for right now viewed as unlikely to be very exciting; meanwhile, elections in Brazil, India, South Korea, Austria, and Sweden are all potential catalysts for financial markets.

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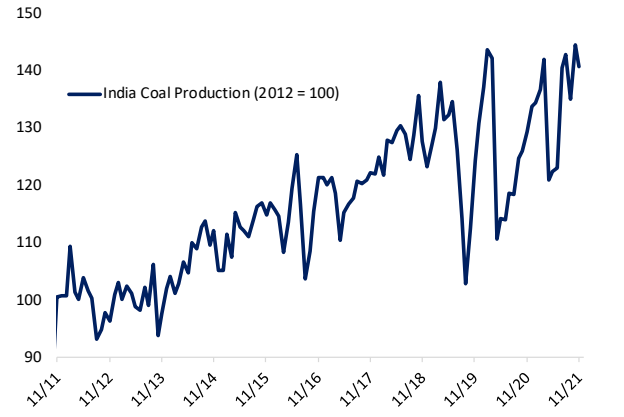
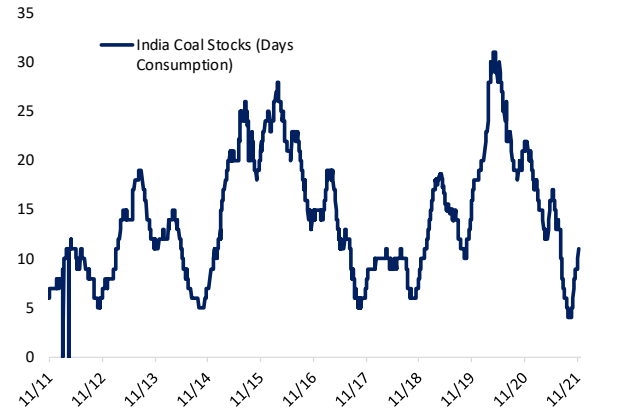
Morning Commentary

Energy: While European gas prices remain extremely high, supply in global energy markets has nonetheless unlocked: coal production in India is at a record while inventories are improving, Chinese coal supply is ramping up thanks to imports and prices have normalized, and LNG cargo volumes have surged as seaborne gas heads for Europe. Spot prices for tankers, a forward indicator of LNG shipment volumes, have also slowed as markets adapt to the tight conditions.

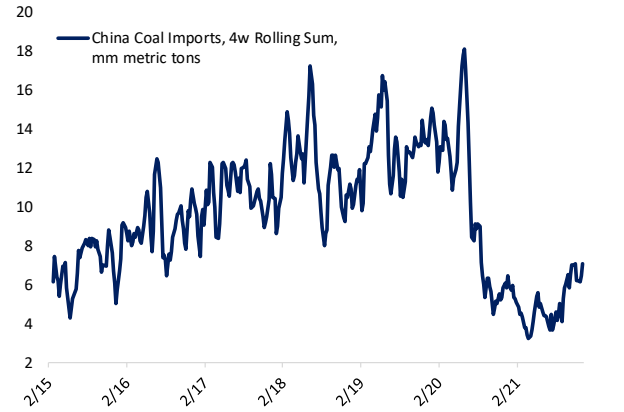
Indian Coal Production Has Ramped Up...



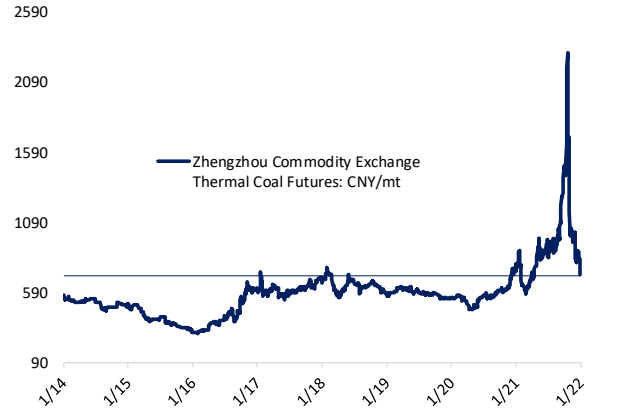
...And Inventories Have Improved



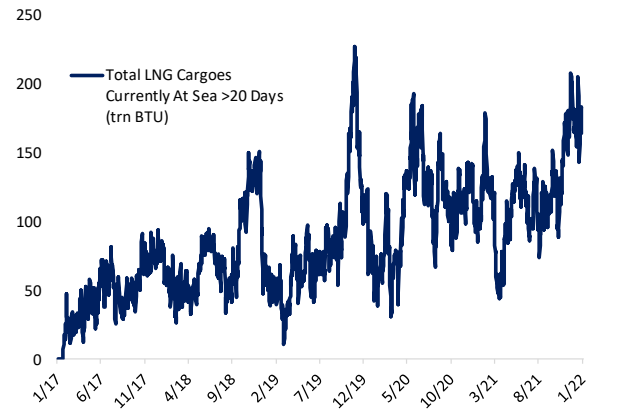
Chinese Coal Imports Are Recovering...



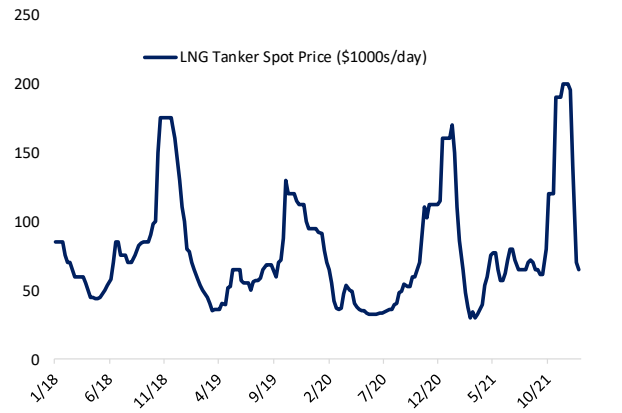
...And Prices Have Normalized



LNG Supply Has Unlocked...



...And Tanker Prices Suggest Looser Markets



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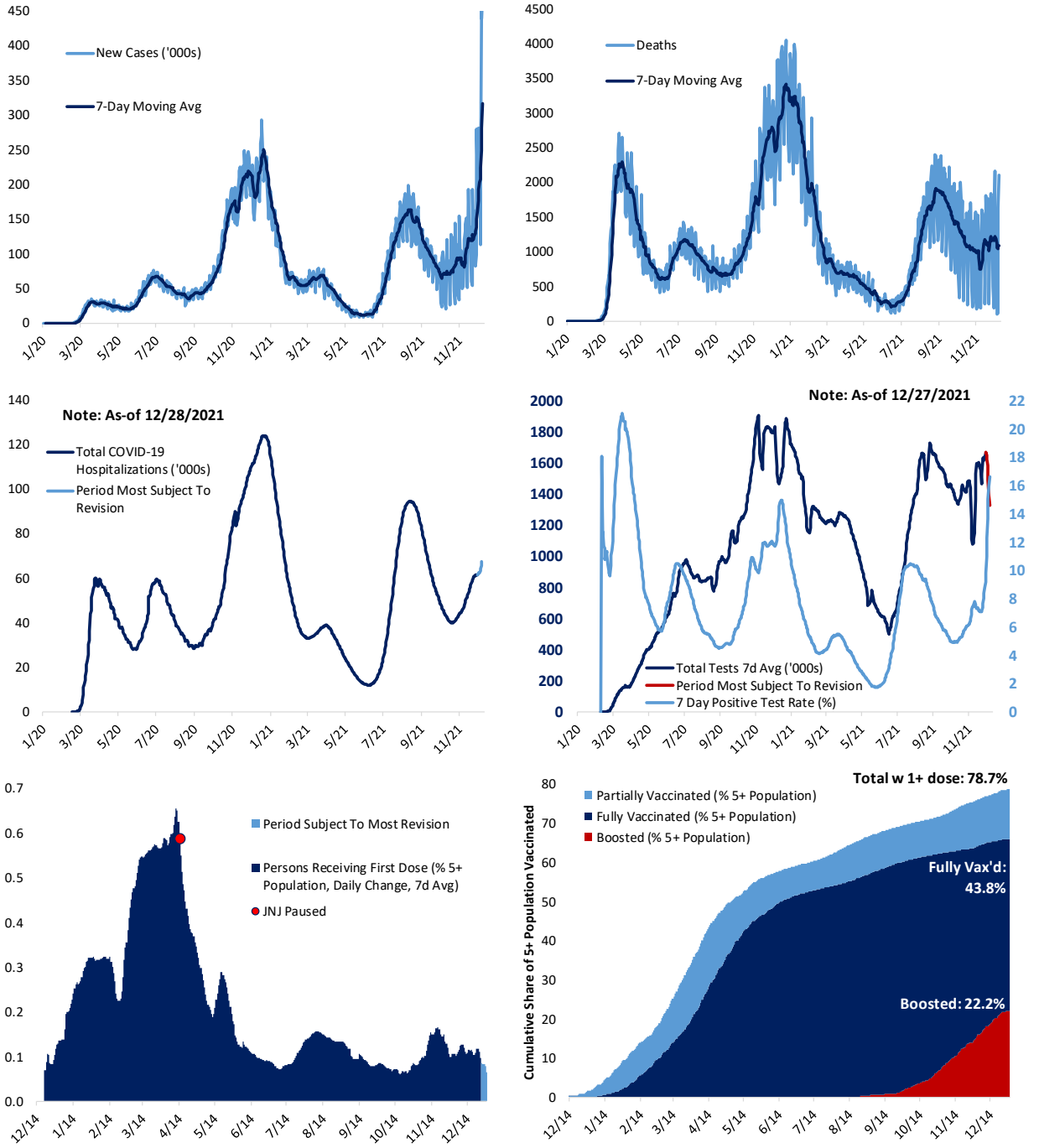
Morning Commentary

Coronavirus: US case numbers have now dwarfed their prior peak from last Winter as Omicron has become the dominant US variant. There still has been no comparable surge in severe disease burden (hospitalizations and deaths) which continues to be a positive. Booster administrations continue with over 22% of the US population boosted after a full vaccine course.

COVID-19 National Tracking Data: As-Of 12/29/2021



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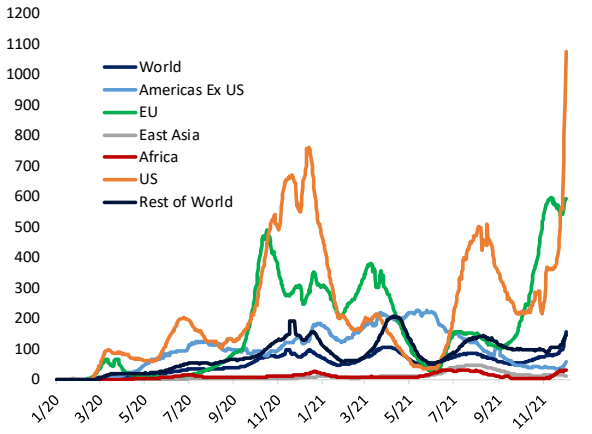
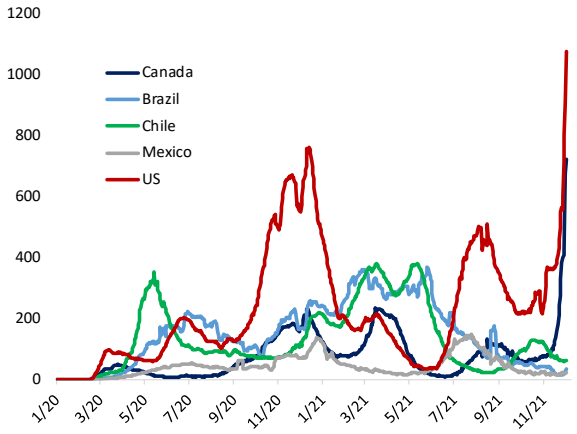
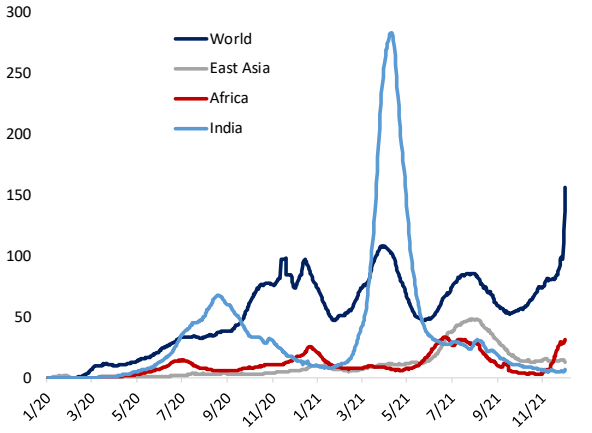
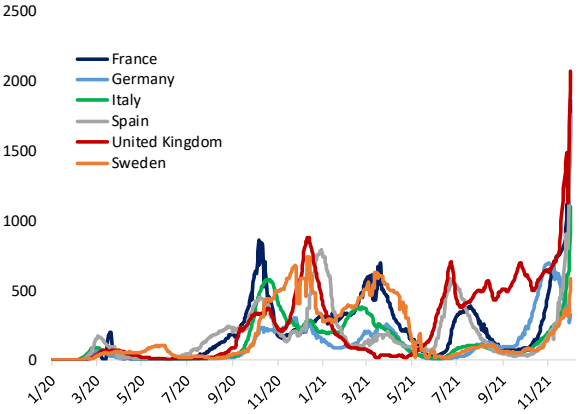
Morning Commentary

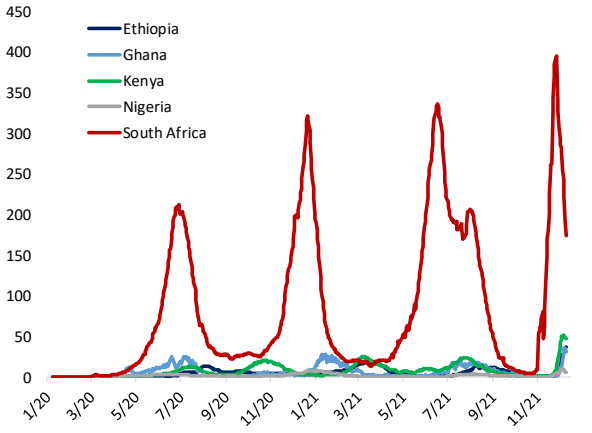
Global New Cases Per Day Per mm Population (7d Avg)

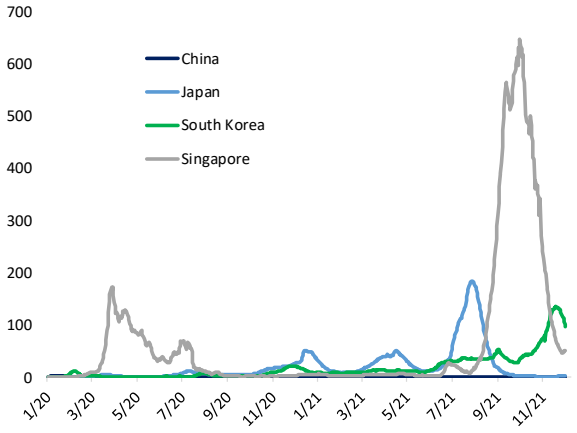












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