



20 July 2022

Overview

So, are we nearly there yet? The bottom of the market? And anyway, will it just go sideways thereafter in which case – so what!

Here are the best things I came across and my thoughts.

Interesting the big banks cling to the old ideas.

JPMorgan reiterates Amazon as a best idea

JPMorgan said it sees growth reaccelerating in the second half for the e-commerce giant.

“While AMZN’s share of US e-commerce could dip modestly in 2022, we believe the company has gained ~650bps of share since 2018. We continue to believe revenue growth should reaccelerate in 2H22 as comps ease & AMZN gains greater penetration in grocery, CPG, apparel & accessories, & furniture/appliances/equipment.”

Morgan Stanley reiterates Amazon, Meta and Alphabet as overweight

Morgan Stanley lowered its estimates and price targets on several tech and internet stocks on Tuesday night, noting it sees “growing signals of macro and sector-level slowing.”

“Rising macro and micro uncertainty lead us to take a more conservative base case online ad/e-commerce view as we lower ests. Our 4-year CAGR work shows how this also may just mean reversion. Even post cuts, blue-chip [FB/AMZN/GOOGL](#) have 30%+ upside from depressed levels.”

I’ve just written an [article](#) on this for Sharescope -where is the smart money making money?

FINANCIAL TIMES

JK COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

Hedge funds ✓ Added

Hedge funds turn more bearish on stocks even after rough start to 2022

WALL STREET'S FAVORITE DOW STOCKS

SYMBOL ↕	NAME ↕	% BUY RATING ↕	% UPSIDE TO PRICE TARGET ↕
MSFT	Microsoft	83.7	30.9
CRM	Salesforce	81.3	61.5
UNH	UnitedHealth	76.9	16.6
BA	Boeing	70.8	70.4
DIS	Walt Disney	68.8	42
V	Visa	67.6	26.3
MCD	McDonald's	62.9	11.5
AAPL	Apple	62.8	26.7
WMT	Walmart	58.3	22.4
NKE	NIKE	58.1	42.2
HD	Home Depot	54.5	19.9

Source: FactSet

DEFENSIVE STOCKS TO OWN DURING STAGFLATION-LIKE PERIODS

STOCK ↕	TICKER ↕	MONTHLY AVERAGE OUTPERFORMANCE DURING STAGFLATION SINCE 2000 ↕	12-MONTH FORWARD DIVIDEND YIELD ↕	3-YEAR WEEKLY BETA ↕
JOHNSON & JOHNSON	JNJ	1.9%	2.5%	0.6
UNION PACIFIC	UNP	1.5	2.3	1.0
ALTRIA GROUP	MO	1.4	7.2	0.7
GILEAD SCIENCES	GILD	2.4	4.5	0.3
PUBLIC STORAGE	PSA	2.1	2.9	0.7
NORFOLK SOUTHERN	NSC	2.3	2.2	1.0
DUKE ENERGY	DUK	0.7	3.6	0.8
HORMEL FOODS	HRL	1.4	2.2	0.1
EDISON INTERNATIONAL	EIX	1.6	4.2	1.0
EXTRA SPACE STORAGE	EXR	0.9	3.5	0.9

Source: Jefferies

And what does a bearish hedge fund own? See below...

SCION ASSET MANAGEMENT, LLC

20665 4TH STREET
SARATOGA, CA 95070
United States
408-441-8400

Top Holdings			
Security	Sector	% of Portfolio	
Apple Inc (AAPL) PUT	INFORMATION TECHNOLOGY	17.86	
Bristol-Myers Squibb Co (BMY)	HEALTH CARE	10.88	
Booking Holdings Inc. (Priceline) (BKNG)	CONSUMER DISCRETIONARY	9.33	
Discovery Inc Series C (DISCK)	COMMUNICATIONS	9.30	
Alphabet Inc. Class A (GOOGL)	COMMUNICATIONS	8.98	
Cigna Holding Co (CI)	FINANCE	8.92	
Meta Platforms, Inc. (FB)	COMMUNICATIONS	8.83	
Ovintiv Inc. (Pan Canadian Energy - Encana Corp.) (OVV)	ENERGY	8.06	
Nexstar Media Group Inc (NXST)	COMMUNICATIONS	7.13	
Stellantis NV (STLA)	CONSUMER DISCRETIONARY	4.85	

And what does a bullish hedge fund own? Warren is always bullish.

BERKSHIRE HATHAWAY INC

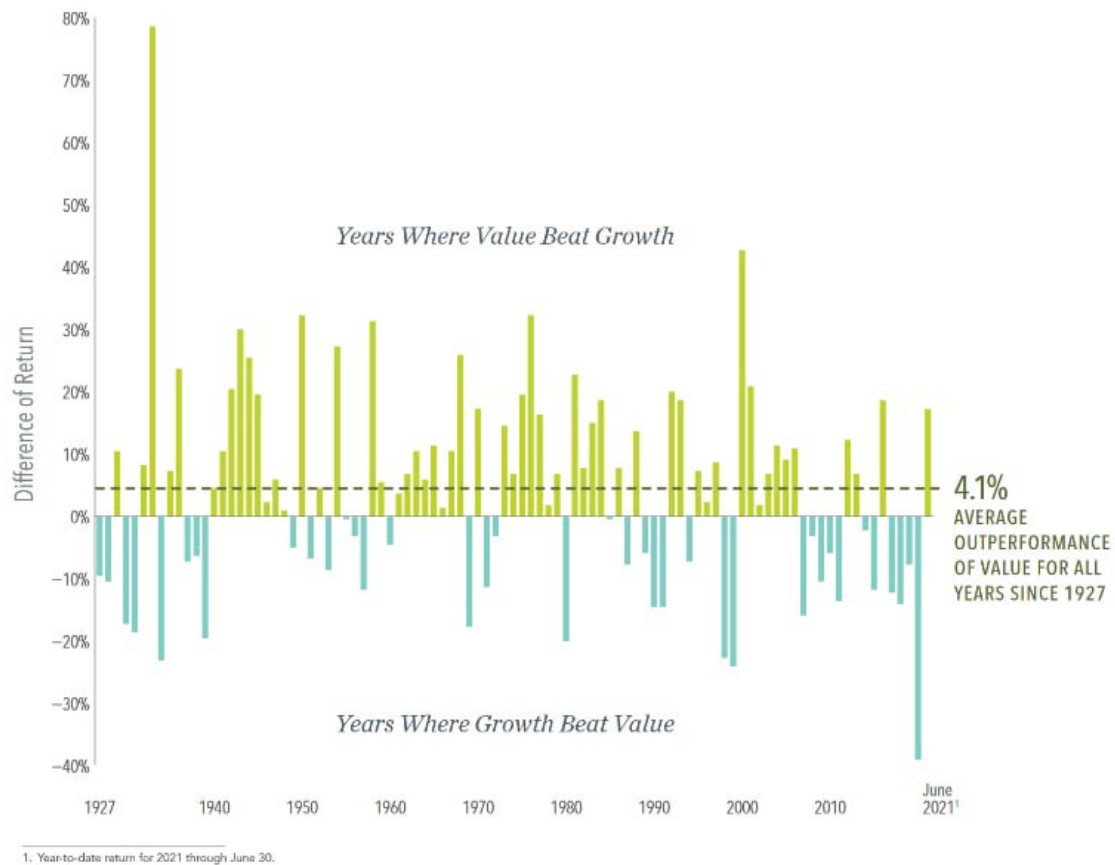
3555 FARNAM STREET
OMAHA, NE 68131
United States
4023461400

Top Holdings			
Security	Sector	% of Portfolio	
Apple Inc (AAPL)	INFORMATION TECHNOLOGY	42.09	
Bank of America Corp. (North Carolina National Bank) (BAC)	FINANCE	11.26	
American Express Co (AXP)	FINANCE	7.67	
Chevron Corp. (Standard Oil of California) (CVX)	ENERGY	7.01	
Coca Cola Co. (KO)	CONSUMER STAPLES	6.71	
Occidental Petroleum Corp. (OXY)	ENERGY	3.57	
Kraft Heinz Co. (The) (KHC)	CONSUMER STAPLES	3.47	
Moody's Corp (MCO)	FINANCE	2.25	
U.S. Bancorp (First National Bank of Cincinnati) (USB)	FINANCE	1.82	
Activision Blizzard Inc (ATVI)	INFORMATION TECHNOLOGY	1.39	

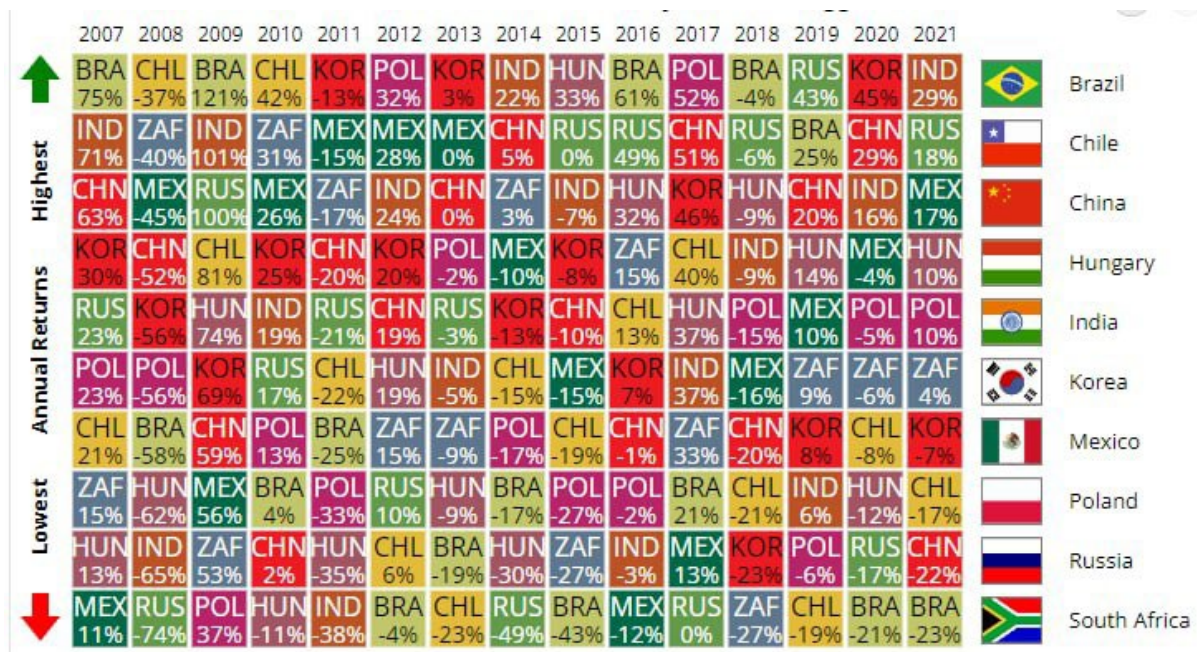
I don't like the growth vs value debate. I want both. But this is interesting.

YEARLY OBSERVATIONS OF PREMIUMS

Value minus Growth: US Markets, January 1927–June 2021



I also don't like betting on countries – I'm a bottom up kind of guy.



It's not doublespeak by Bank of America but interesting...

1. Stocks might be poised to rally, but brace for another fall. Bank of America analysts said Friday that **the S&P 500 could surge 7%**, but will reverse course again in a classic bear market head fake.

According to the note, a contrarian indicator is flashing the "buy" signal, and investors should take advantage of it ahead of a rally.

But once the S&P 500 hits 4,400, investors should get out or look for ways to short the market.

That's because **Fed tightening is going to keep driving stocks lower**, even if a rally materializes in the near term, the bank's analysts said. On top of rate hikes, the central bank still has billions to shed from its \$9 trillion balance sheet.

"No fun 'til [the] Fed [is] done... and in 2022 that requires [a] negative payroll print," BofA explained.

I remain in no rush to buy. Am keeping close eye.

Exhibit 11: Tech has consistently been a big laggard in stagflationary environments

S&P 500 sectors' relative performance during stagflation (1972-1Q22)

	Below-trend GDP growth, with...		
	High & rising inflation	Rising inflation	High inflation
Energy	19.8%	9.4%	7.2%
Utilities	7.8%	8.2%	3.5%
Staples	8.8%	3.3%	6.5%
Real Estate	7.5%	1.1%	4.5%
Health Care	4.0%	1.7%	2.3%
Financials	2.1%	3.0%	1.4%
Materials	3.9%	0.2%	(1.1%)
Comm. Svc.s	(1.3%)	(2.2%)	4.5%
Industrials	(4.8%)	(1.4%)	(2.3%)
Cons. Disc.	(9.8%)	(6.6%)	(1.4%)
Tech	(17.9%)	(4.5%)	(8.0%)

Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Bank of America Global Research



www.alpeshpatel.com/spain to join me

I've not bought more Microsoft on the dip yet. Any purchases I will let you know, and will do my weekly broadcast too of course to update you.



Had a great dinner with some of my followers by the way!

Why people are in a rush to buy I do not understand. Since Jan, I've only had the special situation picks worth considering. Everything else keeps being "let's check again next week, and then next week..."

S&P500 another 30% lower from here in 9 months? 25% probability my guess.

Bear History

Covid selloff is the only recent bear market with a fast recovery



MELI	Mercadolibre Inc	10.404%	
NFLX	Netflix Inc	9.228%	
TEAM	Atlassian Corpo...	7.824%	
MRNA	Moderna Inc	6.951%	
OKTA	Okta Inc	6.702%	



HEDGE FUND OWNERSHIP REPORT – Q1 2022

A REPORT COVERING HEDGE FUND STOCK OWNERSHIP
TRENDS AND INDIVIDUAL MANAGER PORTFOLIOS

Rank	Security Name	Symbol
1	Microsoft Corp	MSFT
2	Amazon.com Inc	AMZN
3	Alphabet Inc. Class A	GOOGL
4	Meta Platforms Inc	META
5	Alphabet Inc. Class C	GOOG
6	Apple Inc	AAPL
7	VISA Inc	V
8	Mastercard Inc	MA
9	NVIDIA Corp	NVDA
10	Adobe Systems, Inc	ADBE
11	Berkshire Hathaway Inc Class B	BRK.B
12	Salesforce.com Inc	CRM
13	PayPal Holdings Inc	PYPL
14	ServiceNow Inc	NOW
15	Shopify Inc	SHOP
16	S&P Global Inc. (McGraw-Hill Inc.)	SPGI
17	Walt Disney Co. (The)	DIS
18	Intuit, Inc	INTU
19	QUALCOMM Inc	QCOM
20	JPMorgan Chase & Co. (Chemical Bank)	JPM
21	Moodys Corp	MCO
22	Sea Ltd ADR	SE
23	Alibaba Group Holding Ltd ADR	BABA
24	Netflix Inc	NFLX
25	Johnson & Johnson Co	JNJ

TOP 25 HEALTH CARE

Rank	Security Name	Symbol
1	Johnson & Johnson Co.	JNJ
2	Bristol-Myers Squibb Co	BMJ
3	Intuitive Surgical Inc	ISRG
4	Thermo Fisher Scientific, Inc	TMO
5	IDEXX Laboratories Inc	IDXX
6	AbbVie Inc	ABBV
7	Pfizer, Inc	PFE
8	UnitedHealth Group Inc	UNH
9	Abbott Laboratories	ABT
10	Merck & Co	MRK
11	Moderna Inc	MRNA
12	Anthem Inc	ANTM
13	Illumina Inc	ILMN
14	LHC Group Inc	LHCG
15	Lilly (Eli) & Co	LLY
16	Regeneron Pharmaceuticals Inc	REGN
17	Adaptive Biotechnologies Corp	ADPT
18	Waters Corporation	WAT
19	Catalent Inc	CTLT
20	Stryker Corp	SYK
21	NeoGenomics, Inc	NEO
22	Gilead Sciences Inc	GILD
23	Perrigo Co PLC	PRGO
24	Renalytix AI plc ADS	RNLX
25	Surgery Partners Inc	SGRY

TOP 25 ENERGY

Rank	Security Name	Symbol
1	ExxonMobil Corp. (Standard Oil of New Jersey)	XOM
2	Chevron Corp. (Standard Oil of California)	CVX
3	Energy Transfer Equity LP	ET
4	Pioneer Natural Resources Co	PXD
5	Enterprise Products Partners LP	EPD
6	Civitas Resources Inc	CIVI
7	SolarEdge Technologies Inc	SEDG
8	Cameco Corp	CCJ
9	Schlumberger Ltd	SLB
10	Chesapeake Energy Corp	CHK
11	Valaris Ltd	VAL
12	Ovintiv Inc. (Pan Canadian Energy - Encana Corp.)	OVV
13	Liberty Oilfield Services Inc	LBRT
14	Array Technologies, Inc	ARRY
15	NextEra Energy Partners LP	NEP
16	Transocean Ltd	RIG
17	Denbury Inc.	DEN
18	Marathon Petroleum Corp	MPC
19	Antero Resources Corp	AR
20	Arch Coal Inc	ARCH
21	SPDR Oil & Gas Exploration and Production ETF	XOP
22	Phillips 66	PSX
23	Williams Cos. (The)	WMB
24	Diamondback Energy Inc	FANG
25	Noble Corp (Cayman Island)	NE

TOP 25 MATERIALS

Rank	Security Name	Symbol
1	Teck Resources Ltd	TECK
2	Sherwin-Williams Co	SHW
3	Perimeter Solutions SA	PRM
4	Codexis Inc	CDXS
5	Freeport-McMoRan Copper & Gold, Inc	FCX
6	Eastman Chemical Co	EMN
7	Linde PLC (Praxair Inc.)	LIN
8	International Paper Co	IP
9	Olin Corp. (Mathieson Chemical)	OLN
10	SSgA SPDR Gold Shares	GLD
11	Chemours Co (The)	CC
12	Alpha Metallurgical Resources Inc	AMR
13	Air Products & Chemicals Inc	APD
14	AptarGroup, Inc	ATR
15	Crown Holdings Inc. (Crown Cork & Seal)	CCK
16	Alcoa Corp	AA
17	WestRock Co	WRK
18	Harmony Gold Mining Co. Ltd. ADR	HMY
19	Valvoline Inc	VVV
20	Ardagh Metal Packaging S.A.	AMBP
21	NovaGold Resources Inc	NG
22	Landec Corp	LNDC
23	Pan American Silver Corp	PAAS
24	United States Steel Corp	X
25	Commercial Metals Company	CMC

Side personal note – these are pics I took at the Cabinet Office where I gave a talk on investing.







Above was the Number 10 cat and this is the famous COBRA Room. ie Cabinet Office Briefing Room A.

Has the Stock Market Sell-Off Ended?

A brutal 2022 continues as the S&P 500 continues to face downward pressure. But is the stock market sell-off over, or is there more pain to come?

The market began the year overpriced by many measures like the P/E ratio. Once the fiscal and monetary stimulus was reined in and the Fed announced an interest rate hike to counter rampant inflation, things were always going to be challenging.

Additionally, fears are growing about the US and global economy. [High-interest rates make future Tech stock profits less appealing, while retailers are hurting because of supply-chain problems. Even Energy stocks have taken a slight dip.](#)

However, for some commenters, there are some positives. Now [that the buying frenzy is over, the markets could begin to make a little more sense.](#)

What's more, there may be some indications that the market has hit bottom, and now is the time for a slow and steady comeback.

Seven-week slump

Friday, May 20th, marked the seventh consecutive week that S&P 500 has closed negative. This situation has only happened three times previously, in:

- May 1970,
- March 1980,
- and March 2001.

Interestingly, the market was up by [33% \(May 1970\) and 35% \(March 1980\) in the twelve months after these previous incidents. However, in March '01, the market finished up a paltry 0.22%.](#)

Tech bounceback

Sell-offs in the tech sector have been significant. For example, Zoom lost about 85% from its peak during the pandemic when the video conferencing tool exploded in popularity.

[Analysts suggest the stock currently looks cheap, as Zoom could emerge as a great solution in the growing world of hybrid work.](#)

Of course, while individual tech stocks could look like a bargain, the broader industry has been hurt by 40-year high inflation. Tech companies are priced largely on their future returns, and high inflation reduces the appeal of these profits.

However, [inflation dipped from 8.5% to 8.3% between May and April. While some experts are worried a return to 2% might take longer than expected, any dip should favor tech.](#)

Recently, [NVidia, Apple, and Alphabet](#) have clawed back some of their recent losses, which could signify a larger upward trend.

Retail returns

The Consumer Discretionary sector has finished the week strongly. While supply-chain issues persist, retail is looking more robust than some people feared. The [S&P retail ETF XRT](#) gained 5%, with [Macy's \(+15%\)](#), [Tesla \(7.7%+\)](#), and [Amazon \(4.5%\)](#) all rising.

Good time to buy?

[Some experts are sure that it's a great time to buy.](#) While the old mantra of letting the dust settle is sound advice, the dip could offer a chance to get some solid equities at a discount while others are waiting for a bottom that we may never reach.

Warren Buffett is one man who has never been afraid to go against the grain. [He has been loading up during the sell-off](#), which should give you some idea about his future outlook for the market.

Conclusion

The market is down more than 15% YTD. However, it's pushed back over 4,000 this week. But while some positive signs are emerging, separating the signal from the noise isn't easy.

It's still a bit too early to call the bottom of the market. However, we are definitely in bearish territory, and the market's major problems haven't suddenly gone away.

Inflation, supply-chain problems, and the invasion of Ukraine will all continue to exert pressure on the market. If the Fed missteps, we could see a recession in the US market.

Energy Stocks or Tech Stocks for the Rest of the Year

It has been a [tumultuous year for the stock market](#). After last year's record-breaking bull run, many investors wonder if the good times can continue. As is often the case in investing, the answer is "it depends."

Energy and tech stocks have had their moments in the sun this year. After a strong rally in energy stocks, many investors wonder if they should invest their money in that sector. However, given the recent sell-off in tech stocks, some wonder if that is where the real opportunities lie.

So, which is it? Energy stocks or tech stocks? Let's take a look at the data and see what the experts have to say.

Energy Stocks

The energy sector has had a strong year so far. After a sharp sell-off in early 2020, energy stocks have rallied strongly. The [sector has been up nearly 30%](#) since March of 2020.

Some factors have driven this rally. First, the COVID-19 pandemic caused a sharp drop in oil demand. However, as the world began to reopen, oil demand rebounded strongly. In addition, significant producers such as Saudi Arabia and Russia agreed to production cuts, which helped stabilize prices.

Given the strong rally in energy stocks, many investors wonder if they should invest their money in that sector. However, there are a few things to consider before making that decision.

- First, it is important to remember that the energy sector is notoriously volatile. Prices can rise and fall sharply in a short period.
- Second, the sector is heavily dependent on global events. geopolitical factors can have a significant impact on energy prices.
- Finally, it is worth noting that the energy sector is not without its challenges. The transition to [renewable energy sources will likely continue to weigh on oil demand](#) in the years ahead.

Tech Stocks

While energy stocks have had a strong year, tech stocks have been under pressure in recent months. After hitting all-time highs in February, the tech-heavy Nasdaq Composite Index has fallen sharply. The [index is down nearly 10%](#) from its peak.

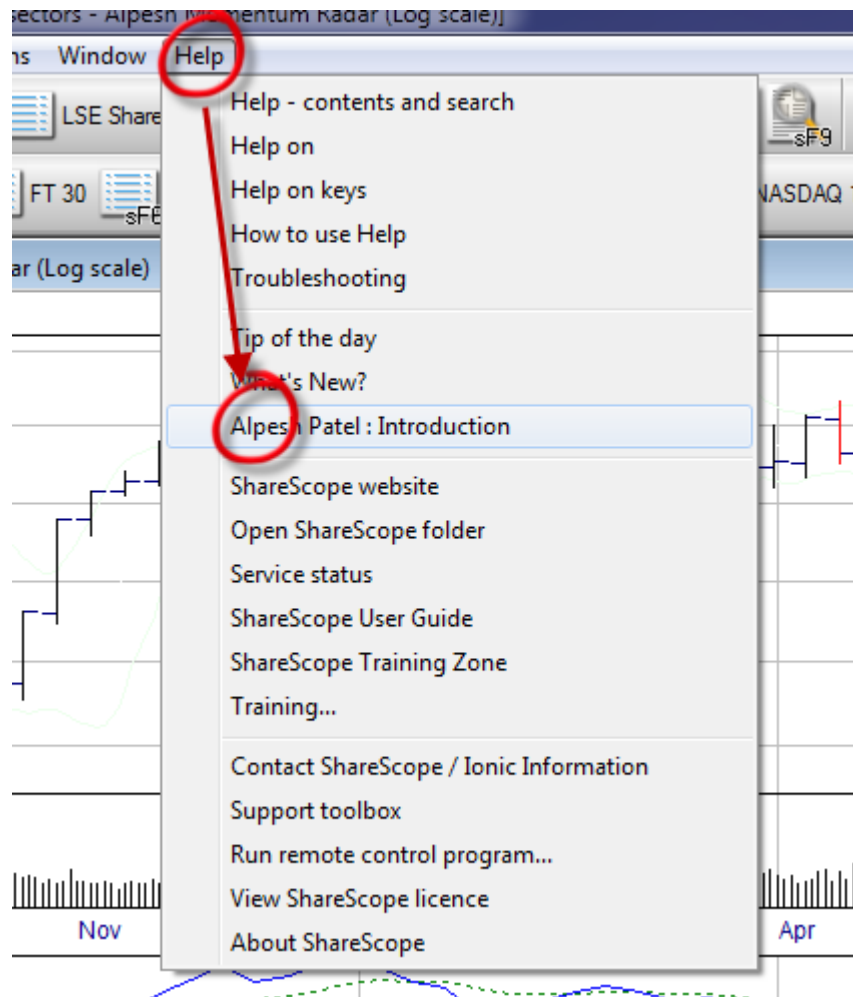
Several critical factors have driven the sell-off in tech stocks.

- First, valuations in the sector had become extremely stretched.
 - Second, there are concerns that the Biden administration will enact stricter regulations on the tech industry.
 - Finally, many investors are simply taking profits after a spectacular price run-up.
- Given the recent sell-off in tech stocks, some investors wonder if now is the time to buy. However, it is important to remember that the sector still faces several challenges. In addition to regulatory concerns, the sector is also grappling with several other issues, including the transition to 5G and the rise of artificial intelligence. [Unity Software and DigitalOcean](#) are promising emerging tech stock market contenders.

The Bottom Line

Finally, energy stocks are a good choice if you search for stability and regular dividends. However, technological equities may be better if you seek growth potential. It's also worth noting that you should consider other factors before investing. And as always, it's vital to conduct your study before making any decisions.

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