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## Reiterating our preference for small caps

1 message

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Mon, Oct 31, 2022 at 11:35 PM

# Worth Charting

An August 8th note to clients titled, [The Single Most Important Development in Markets](#), laid out the case for being long small cap stock versus large cap stocks. Two and half months later, we want to reiterate that view.

In the period, yes, the Russell 2000 Index has outperformed the S&P 500 Index, but only by 162 basis points. Our thinking at present is to stay the course, with small caps judged likely to widen their lead over large caps in the days/weeks ahead.

*August 8, 2022*

*"By our work, the single most important development in the market is the improving relative performance of small cap stocks to large cap stocks. The 'Pair Trade' that makes sense, here and now, is to be long iShares Russell 2000 ETF (IWM) and short SPDR S&P 500 ETF (SPY)."*

[Click Here for the August 8th write up](#)

## Russell 2000/ SPX Ratio chart, **then**... August 8, 2022:



## Russell 2000/ SPX Ratio chart, **now**... October 31, 2022:



**Worth Charting**

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