

MONEY IN MOTION

May 11, 2023

A Simple 'Pair Trade'

- We're thinking it makes sense here and now to pair small caps versus large caps, for a trade... small cap stocks long, large cap stocks short.
- Small capitalization stocks, as measured by the Russell 2000 Index, have underperformed large cap stocks to such an extent the past 2 ½ months that the Russell 2000's Relative Strength Line (to the S&P 500 Index) is down "to the penny" to the lows seen in early 2020 associated with Covid.
- The play here, by our work, is buying the iShares Russell 2000 ETF (IWM) and shorting the SPDR S&P 500 ETF (SPY).
- The idea is to keep it tight, cutting and running if SPY from here were to outperform IWM by more than 4% and taking the money and running if and as IWM from here outperforms SPY more than 8% to 9%.
- The simple Ratio Charts herein depict a prospective 'Double Bottom' that's worth playing. If indeed it is a 'Double Bottom' there's money to be made for those with the dexterity to act and to exit quickly.

Trade well,

-Carter

Carter Braxton Worth

Kimberly Simon



Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF
Down to the 2020 Covid Lows



Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF

A prospective 'Double Bottom'...



Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF

A prospective 'Double Bottom'...

Play for a bounce- our thinking



Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF

A prospective 'Double Bottom'...

Same chart, back to 2013- play for a bounce

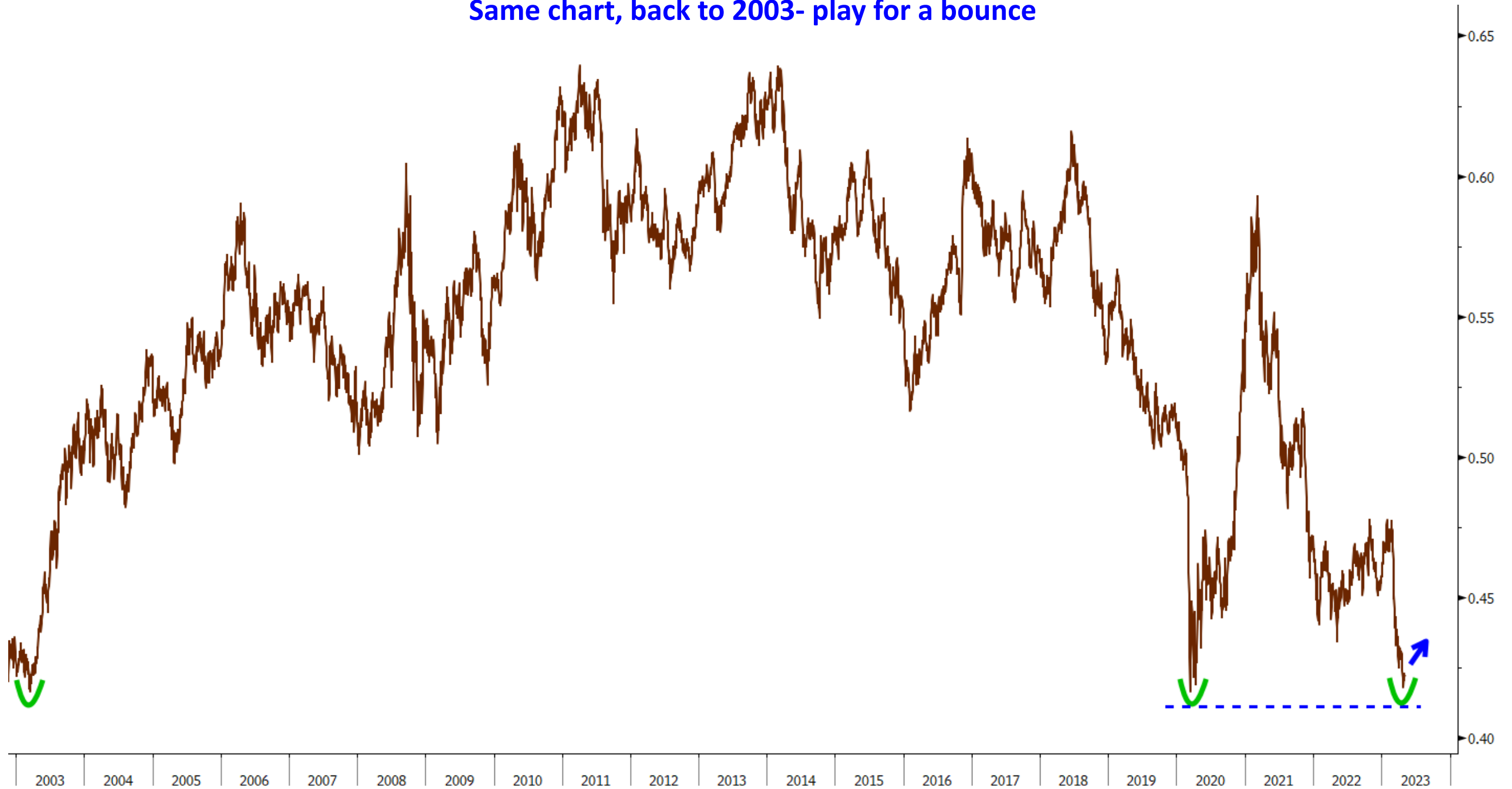


Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF

20-Year Lows

Same chart, back to 2003- play for a bounce



Ratio Chart: IWM/SPY

Depicting the relative performance of the iShares Russell 2000 ETF to the SPDR S&P 500 ETF

A prospective 'Triple Bottom'...

Play for a bounce- our thinking





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