

MONEY IN MOTION

May 14, 2023

Seven Months Since “The Bottom”...

Exactly seven (7) months ago the stock market bottomed, purportedly.

Let's try and determine- and then depict- the health of the U.S. equity market, here and now. Not by year-to-date performance of the major indices, or by the median or mean YTD performance of the constituents in the major indices (year to date, after all, is an arbitrary and ever-changing time frame). Nor by the percentage of stocks trading above their respective 150-day moving average. Nor by other measures of market breadth or health such as advancing issues versus declining issues, up volume versus down volume, or new 52-week highs versus new lows.

Let's actually see if the simple question below can be answered in the affirmative:

“Have U.S. equities, in the aggregate, actually advanced at all since October 13, 2022 (the purported low for the market)?”

On the surface (read: the hack observer will answer) “yes”. The hack observer will look at the chart of the Russell 3000 Index, see that it is higher than it was on October 13, 2022, and say, “yes”. The hack observer even will do enough work to calculate that the Russell 3000 Index is 11.07% higher than its closing level seven months ago on October 13, 2022 and actually 16.63% higher than the index's intra-day swoon low on that day. Confidently, the hacker, will repeat their answer, “yes”.

The reality since October 13, 2022 is much less definitive and considerably less bullish- if one can even use the word bullish at all. In fact, the average percent change of all constituents in the Russell 3000 since October 13th is +0.51% and the median percent change is +0.25%. Wowza, or, better, whoa(za).

Other sobering “facts & figures” are examined in the pages that follow...

Trade well, -Carter

Declarative statement No 1: true or false?

“U.S. equities, in the aggregate, made 52-week lows on October 13, 2022, and are meaningfully higher now than they were then.”

The word aggregate is commonly employed in the phrase “in the aggregate”, which means “considered as a whole”.

The reality is, if one adds the three words ***“The value of...”*** to the declarative statement above, then the answer is yes. The Russell 3000 Index, representing 98% of the investable U.S. equity market, has a total market capitalization of \$45.3 trillion at present (as of last Friday’s close) which is 11.07% higher than the index’s October 13, 2022 value of ~\$41 trillion.

And, to be fair, this is why, generally speaking, the populous- experts and hack observers alike - deem the “stock market” to have bottomed exactly seven months ago, on Thursday, October 13, 2022 and to be meaningfully higher since (11.07% higher, to be exact).

But, U.S. equities, considered not simply as a whole, but as individual constituents within a whole, are basically unchanged since October 13, 2022, not higher and certainly not meaningfully higher. Below is summary table to put it in black and white:

The Stock Market since the purported big-time low of 10/13/2022

	% Change Since Oct 13, 2022
Russell 3000 Index	+11.07%
Average Performance of the Index's constituents	+0.51%
Median Performance of the Index's constituents	+0.25%

The verb aggregate means to join or combine into a single group. And at present there are 2916 stocks in the group that is the Russell 3000 Index.

Which brings us to Declarative statement No 2: true or false?

“The group that is the Russell 3000, as measured by the median and mean performance of members of the group, is no better off than it was seven months ago, on October 13, 2022.”

Answer: true. The average performance of the members of the group is +0.51% and median performance of members is +0.25%.

But it gets worse.

For all the members in the group that are up (and many are up great deal since October 13, 2022, as all will know) there are many that are down- yes, actually down from where they were 7 months ago. But surely not that many stocks could be down since October 13, 2022. Well, actually, 1431 members of the group are down. That’s 49.3% of the members. So, is the group in good shape? Is the group that is the Russell 3000 Index prospering, advancing, improving? If basically half of the stocks in the Russell 3000 Index actually are trading at lower prices than they were on October 13, 2022, then was October 13, 2022 a bottom or a purported bottom? Below is summary table to put it in black and white:

The Stock Market since the purported big-time low of 10/13/2022

Russell 3000 Index	
# of stocks negative	1431 49.3% of the Index

Which brings us to declarative statement number three...

Declarative Statement No. 3: true or false?

“In aggregate- when considered as a whole - the performance of the whole (the Russell 3000), as measured by the performance of its members, has been lackluster and uninspiring since October 13, 2022, with half of the members right now worth less than they were seven months ago.”

Answer: true. 49.3% of the stocks in the Russell 3000 Index are down, and 50.7% are up, since the market’s purported bottom of exactly seven months ago on October 13, 2022... which is the definition not of the word ‘bullish’, but rather of the words ‘lackluster’ and ‘uninspiring’.

But it gets worse.

If half the stocks in the Russell 3000 Index actually are trading below where they were trading on October 13, 2022, there must be stocks that not only are down, but down a lot. Yes- many. To wit, one in four stocks in the Russell 3000 is down more than 20% since the Russell purportedly bottomed. Below is a summary table to put it in black and white:

The Russell 3000 Index since the purported big-time low of 10/13/2022

# of stocks negative	1431	49.3% of the Index
# of stocks -5% or more	1257	43.3% of the Index
# of stocks -10% or more	1095	37.7% of the Index
# of stocks -15% or more	946	32.6% of the Index
# of stocks -20% or more	805	27.7% of the Index
# of stocks -25% or more	672	23.1% of the Index
# of stocks -30% or more	552	19.0% of the Index
# of stocks -35% or more	447	15.4% of the Index
# of stocks -40% or more	356	12.3% of the Index

Declarative Statement No. 4: true or false?

“U.S. equities, as a group, when considered as a whole (in the aggregate) have made little to no progress since October 13, 2022”.

Answer: true. The two tables below tell the tale...

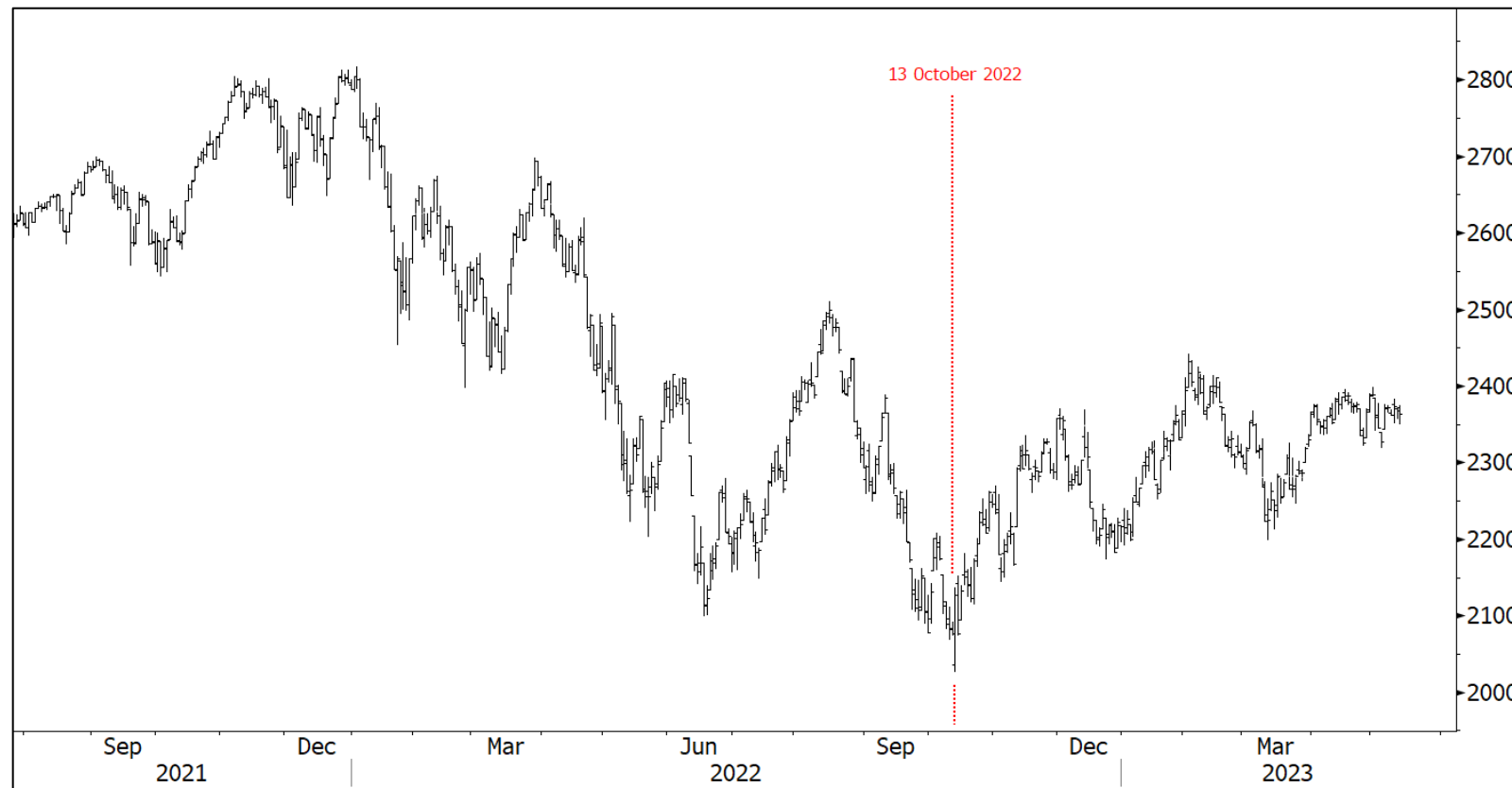
Russell 3000 Index since 10/13/2022

	% Change Since Oct 13, 2022
Russell 3000 Index	+11.07%
Average Performance of the Index's constituents	+0.51%
Median Performance of the Index's constituents	+0.25%

Russell 3000 Index since 10/13/2022

# of stocks negative	1431	49.3% of the Index
# of stocks -5% or more	1257	43.3% of the Index
# of stocks -10% or more	1095	37.7% of the Index
# of stocks -15% or more	946	32.6% of the Index
# of stocks -20% or more	805	27.7% of the Index
# of stocks -25% or more	672	23.1% of the Index
# of stocks -30% or more	552	19.0% of the Index
# of stocks -35% or more	447	15.4% of the Index
# of stocks -40% or more	356	12.3% of the Index

Russell 3000 Index at Present



Russell 3000 Index since 10/13/2022

# of stocks negative	1431	49.3% of the Index
# of stocks -5% or more	1257	43.3% of the Index
# of stocks -10% or more	1095	37.7% of the Index
# of stocks -15% or more	946	32.6% of the Index
# of stocks -20% or more	805	27.7% of the Index
# of stocks -25% or more	672	23.1% of the Index
# of stocks -30% or more	552	19.0% of the Index
# of stocks -35% or more	447	15.4% of the Index
# of stocks -40% or more	356	12.3% of the Index

Hmmm....

Dictionary

Definitions from [Oxford Languages](#) · [Learn more](#)



bull·ish

adjective

1. resembling a bull.
2. **STOCK MARKET**
characterized by rising share prices.
"the market was bullish"



Worth Charting LLC (“Worth”) is a provider of financial publications of general circulation offering impersonal advice, not tailored to individual needs of a specific client or group. Reports are distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. Worth is an independent research company and is not a registered investment adviser and is not acting as a broker dealer under any federal or state securities laws. Worth does not act as a fiduciary or an investment adviser. Comments or statements made herein do not constitute investment advice. Views, opinions and judgments expressed are of Worth.

The analyses and observations contained in this report (the “Report”) are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or make any investment decisions. Recipients of the Report should not rely on any of it in making any investment decision. You should obtain independent investment advice before buying or selling any security discussed in the Report. [Worth and/or its employees may hold positions in or purchase or sell such securities contrary to views expressed in the Report.] Worth does not guarantee the accuracy, adequacy, completeness or availability of any information contained herein and is not responsible for any errors or omissions or for results obtained from the use of such information. The Report does not take into account the investment objectives, financial situation, restrictions, particular needs or financial, legal, or tax situation of any particular person and should not be viewed as addressing the recipients’ particular investment needs. Opinions and analyses offered in the Report does not address the suitability of any security. The Report is not an offer or solicitation for the purchase or sale of any security, investment, or other product and should not be construed as such. Investing in securities and other financial products entails certain risks, including the possible loss of the entire principal amount invested. You should obtain advice from your tax, financial, legal, and other advisors and only make investment decisions on the basis of your own objectives, experience, and resources.

Information contained herein is current as of the date appearing herein and has been obtained from sources believed to be reliable, but accuracy and completeness are not guaranteed and should not be relied upon as such. Worth does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Worth has no duty to update the information contained herein, and the opinions, estimates, projections, assessments and other views expressed in the Report may change without notice due to many factors including but not limited to: fluctuating market conditions and economic factors. The Report is based on a number of assumptions. Worth makes no representations as to the reasonableness of such assumptions or the likelihood that such assumptions will coincide with actual events and this information should not be relied upon for that purpose. Changes in such assumptions could produce materially different results. Past performance is not a guarantee or indication of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this publication. Worth accepts no liability for any loss (whether direct, indirect or consequential) occasioned to any person acting or refraining from action as a result of any material contained in or derived from this publication, except to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

All materials are disseminated and available to all subscribers simultaneously through electronic publication via email and to our internal client website. The Report is licensed for use by authorized subscribers, and may not be reproduced, distributed, forwarded, posted, published, transmitted, uploaded or otherwise made available to others for commercial purposes without written authorization from Worth.