

## **WORTH CHARTING REPORT**

May 22, 2022

### **We Think the Answer is Yes.**

- As long-time readers will know, once in a very rare while we will send an intra-day market update or “market call”. Perhaps there have been 10-12 such instances in the past 30 years.
- Friday was such an instance.
- The system-wide email blast to client at 11:35am was titled, A Critical Juncture. The entire 4-sentence communique appears below:

*“To not hold here would be deadly. And it’s anybody’s guess as to whether we hold or break. “Good technique” argues for going with the ball- which is to say - if and as we begin to break, press market shorts if one is short, and reduce/close index longs if one is long. For now, the benefit of the doubt is given: we’re at a critical level (right at last week’s lows) and we’re holding/fighting to hold.”*

- In the event, the market breached the prior weeks lows (bearish) only to climb back above said lows and close above them (bullish). In the end, a very bad week, yes (down 3.06%) and the seventh down week in a row, yet important intra-day price action on Friday that we believe foretells strength in the day/days ahead.
- When all is said and done, the question that must be asked is whether the market passed a critical test at a critical juncture, on Friday. We think the answer is yes.

Trade well,

-Carter

Carter Braxton Worth

Kimberly Simon

## WORTH CHARTING REPORT

Right off the bat, before presenting a single chart or comment, please note, Friday's intra-day note to clients and this Sunday report have nothing to do with the media's fascination last week with the fact that S&P 500 Index was down 20% and the notion that somehow that figure (said % decline) represents/ defines/ constitutes a "Bear Market".

**First**, the current Bear Market has been unfolding for more than a year, as all will know, with important indices such as the MSCI World Transportation Index having peaked 12 months ago, and the MSCI All Country World Index ex USA peaking 11 months ago.

**Second**, major indices are down, already, much more than 20%, with a current peak-to-present reading of **-31.5%** in the **NASDAQ 100 Index**, **-30.8%** in the **Russell 2000 Index**, **-32.3%** in the **Philadelphia Semiconductor Index**, and **-30.3%** in the **KBW Bank Index**.

**Third**, and most important, nowhere, NOWHERE, is it written that a decline of 20% means a Bear Market. Says who? Based on what? We ourselves, fascinated with the matter in our early 20's scoured the world for "the source" and never found anything. It's nonsense, and not helpful. Worse, it's sensationalism.


### sen·sa·tion·al·ism

*noun*


1. (especially in journalism) the use of exciting or shocking stories or language at the expense of accuracy, in order to provoke public interest or excitement
2. In journalism and mass media, **sensationalism** is a type of editorial tactic. Events and topics in news stories are selected and worded to excite the greatest number of readers and viewers.

Source: Worth Charting, Bloomberg, FactSet


## WORTH CHARTING REPORT

 USNews.com


Final-Hour Rally Yanks Wall Street From Maw of Bear Market

 CNN


S&P 500 briefly falls into bear market territory as recession fears mount

 Financial Times


Wall Street stocks flirt with bear market as growth concerns mount

 Yahoo Finance

Bear market, GDP, and Davos: What to watch this week

 The New York Times


Stocks Rally Out of Bear Market Territory, but End Lower for a 7th Week

 Bloomberg.com

SPX S&P 500 Stocks In Bear Market Amid Brutal Equities Selloff

 MarketWatch

S&P 500 slips below bear-market threshold

 NBC News

S&P 500 sees worst losing streak since 2001 as it closes down for the 7th straight week

 Markets Insider

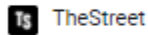
Stock market outlook: What you need to know about S&P 500 bear markets

Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT



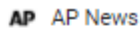
Investors scramble as S&P 500 nears bear market territory



Lost 20% in the S&P 500 Bear Market? Here's What to Do



What stocks should you buy in a bear market? Investing tips to ...



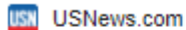
What is a bear market? And is Wall Street close to one now?



Buy the dip or sell the 'rip'? What's next as S&P 500 tests bear-market territory



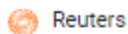
The S&P 500 Enters A Bear Market, Now What?



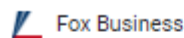
Final-Hour Rally Yanks Wall Street From Maw of Bear Market



The S&P 500 is poised to enter bear market territory today after Wednesday's brutal 4% selloff



S&P 500 on pace to confirm bear market, falls 20% from record close



S&P 500 falls into bear market, joins Nasdaq

Source: Worth Charting, Bloomberg, FactSet

## **WORTH CHARTING REPORT**

**With that silliness out of way, let's get to work...**

Source: Worth Charting, Bloomberg, FactSet

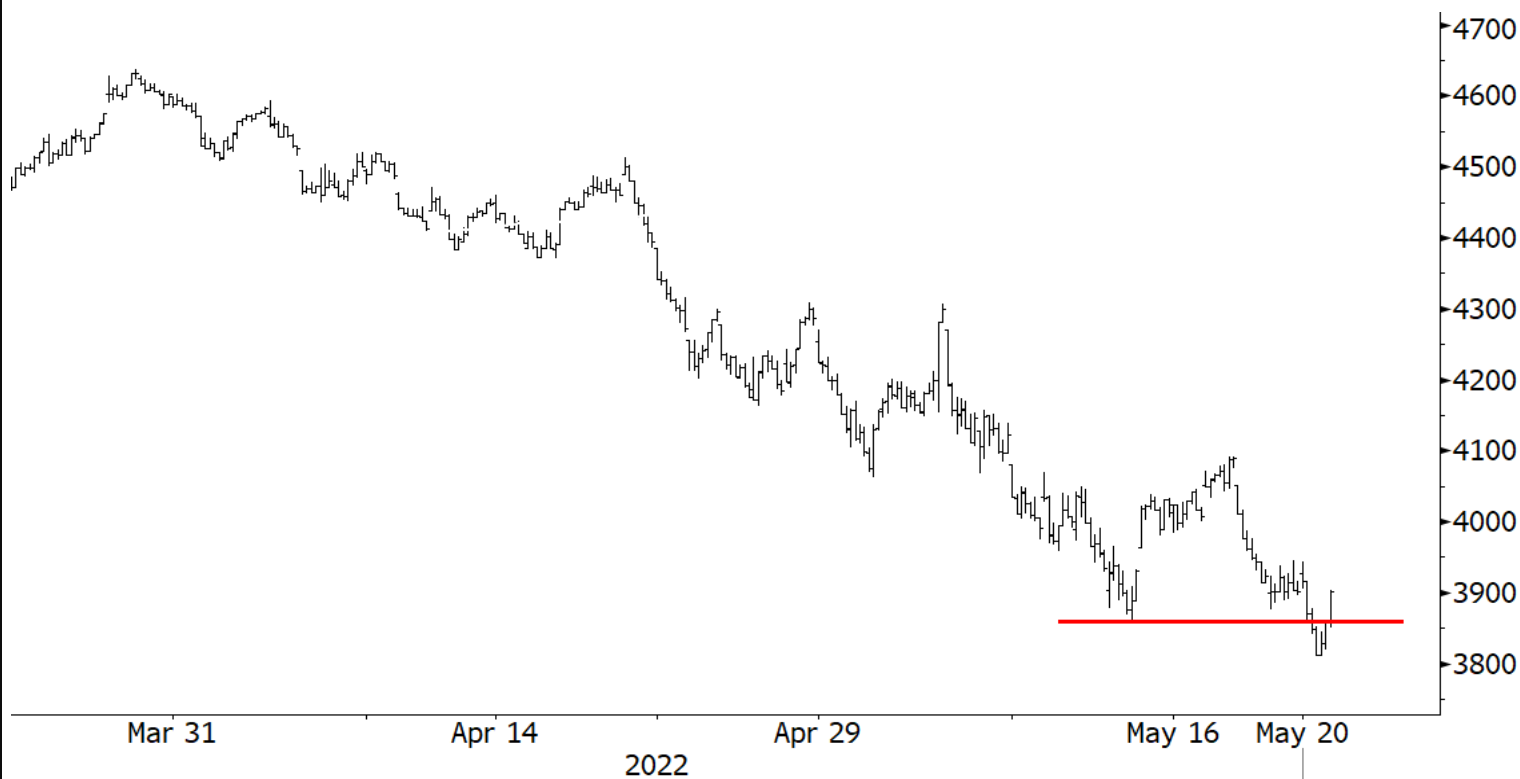
## WORTH CHARTING REPORT

Thursday, May 12<sup>th</sup> was an important intermediate low for many indices in the U.S and around the world.

At the end of last week, on Friday, May 20<sup>th</sup>, the SPX broke below its March 12<sup>th</sup> lows, albeit briefly and barely.

Then it recovered back above the May 12<sup>th</sup> low and closed above said low...

### S&P 500 Index: 60-Minute Bar Chart



Source: Worth Charting, Bloomberg, FactSet

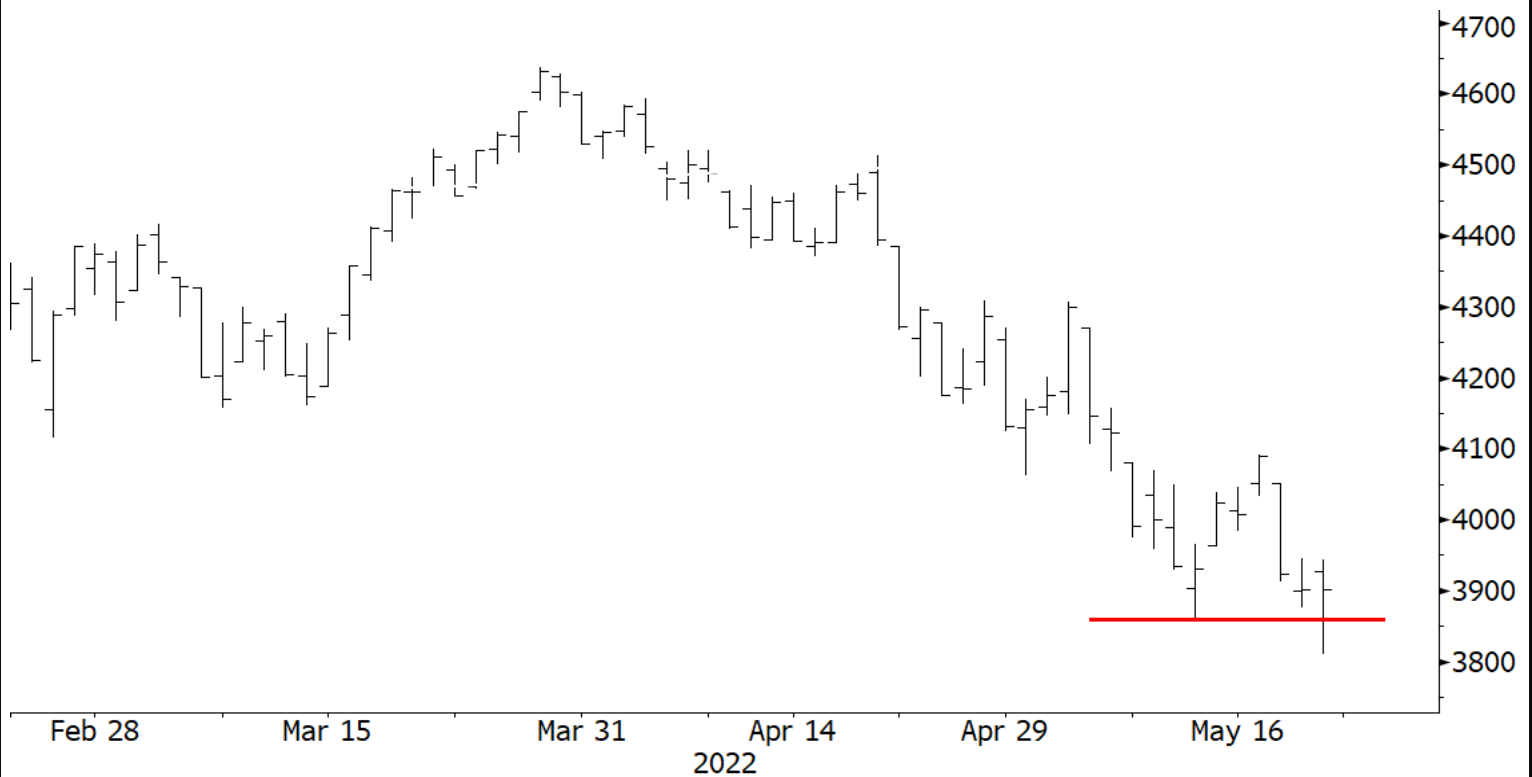
## WORTH CHARTING REPORT

Thursday, May 12<sup>th</sup> was an important intermediate low for many indices in the U.S and around the world.

At the end of last week, on Friday, May 20<sup>th</sup>, the SPX broke below its March 12<sup>th</sup> lows, albeit briefly and barely.

Then it recovered back above the May 12<sup>th</sup> low and closed above said low...

### S&P 500 Index: Daily Bar Chart

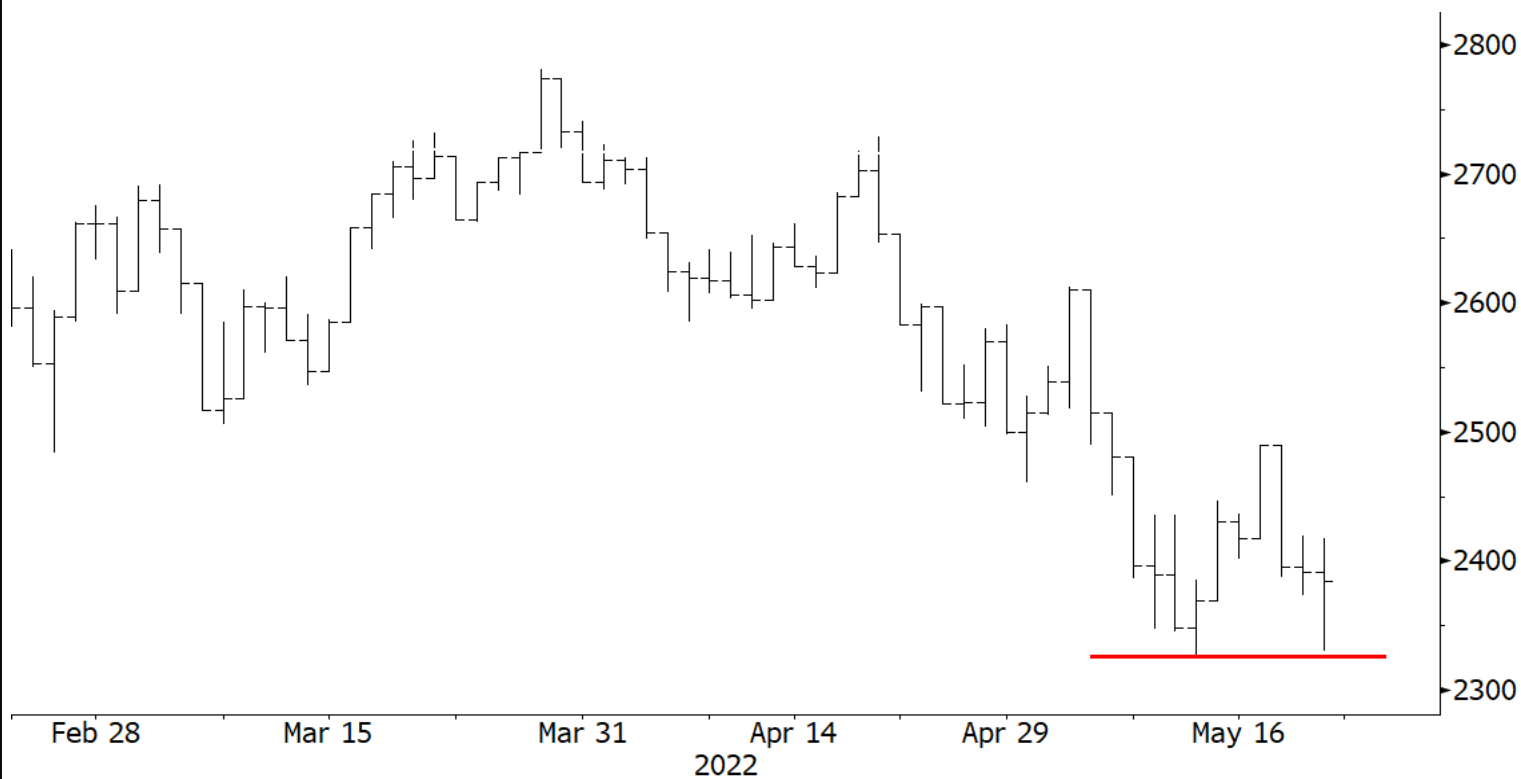


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

The important Index below, tellingly, did not breach its May 12<sup>th</sup> low...

### S&P 400 Midcap Index



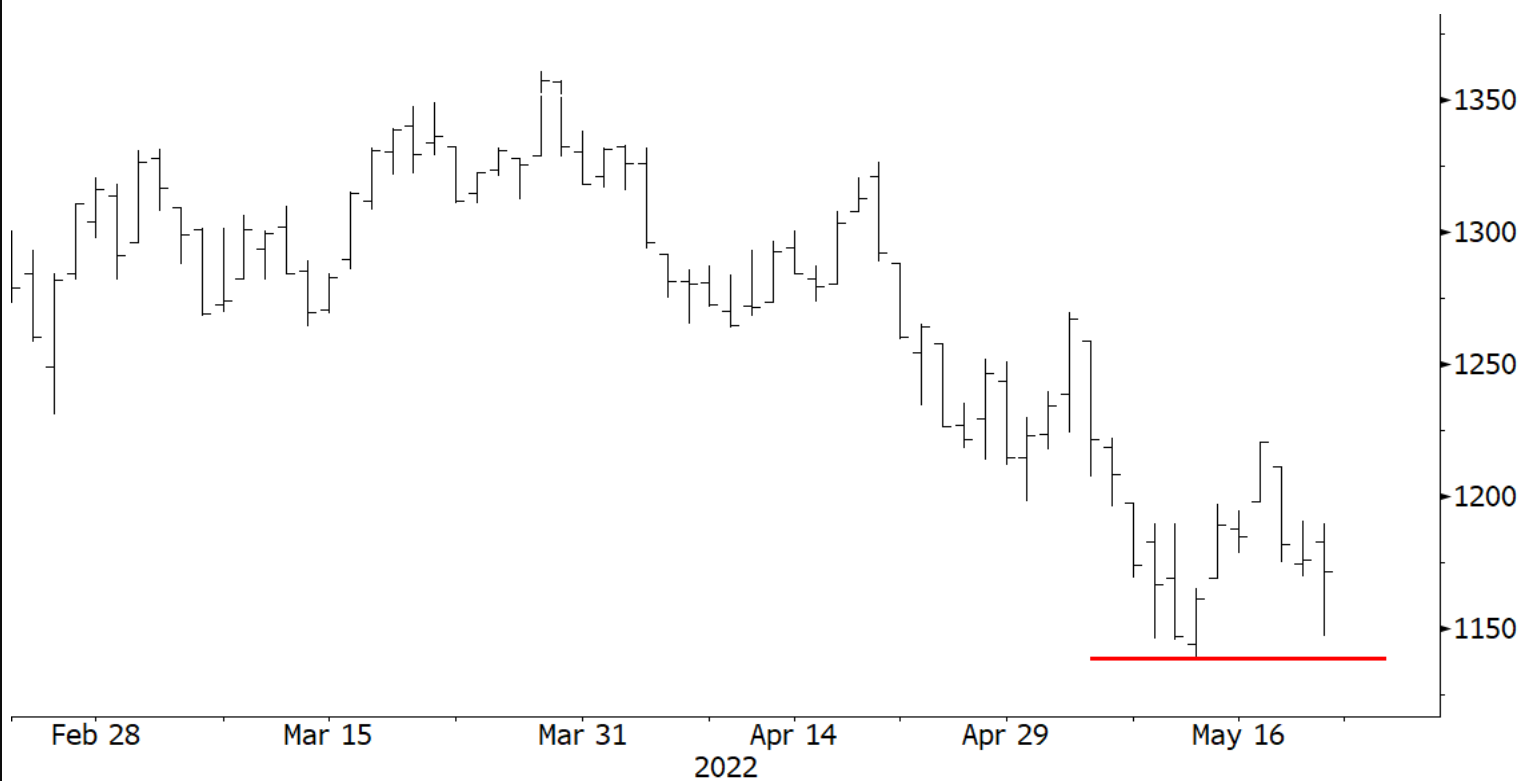
Source: Worth Charting, Bloomberg, FactSet



## WORTH CHARTING REPORT

And this Index did not breach its May 12<sup>th</sup> low...

### S&P 600 Small Cap Index

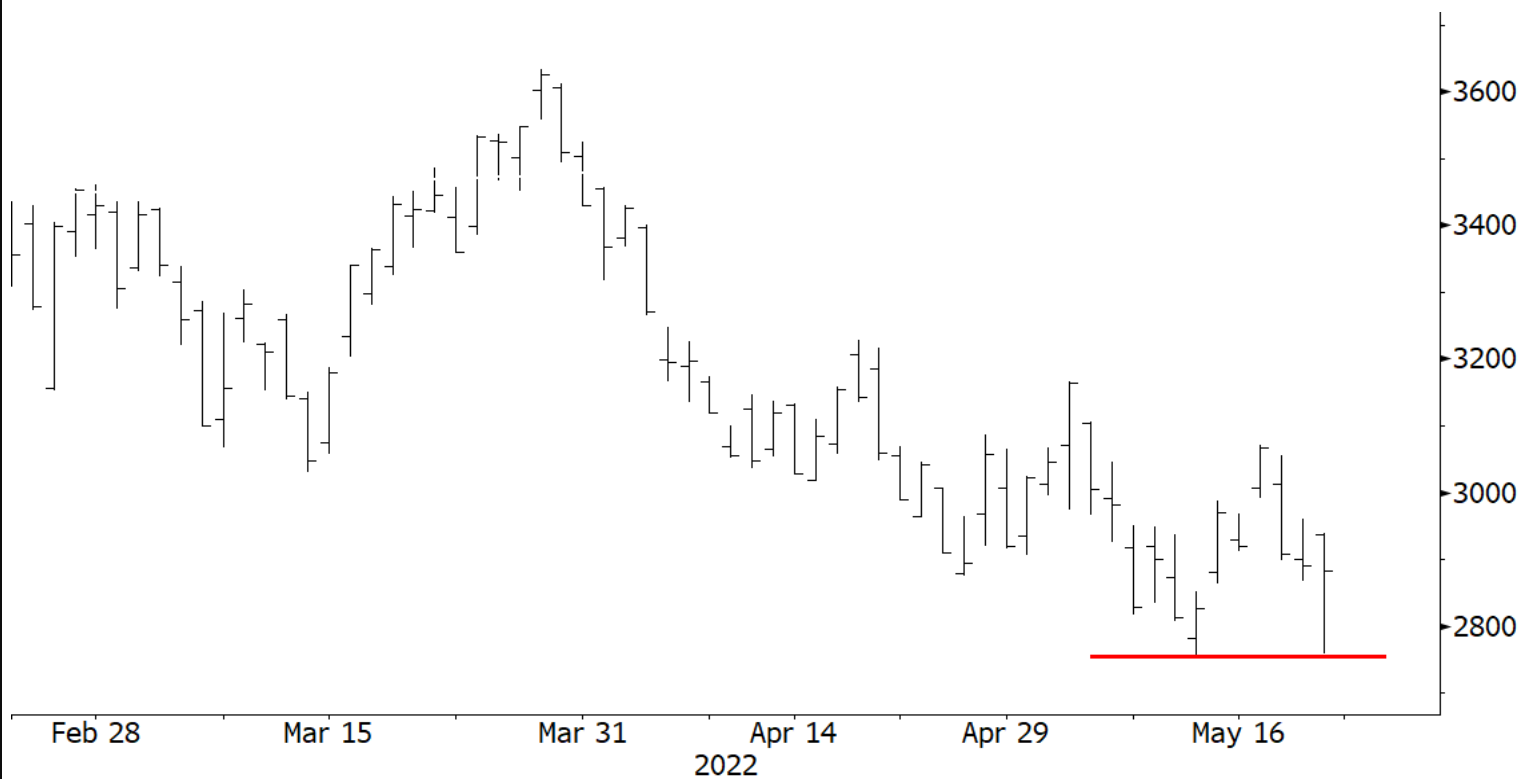


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

Nor did this index breach its May 12<sup>th</sup> low...

### Philadelphia Semiconductor Index

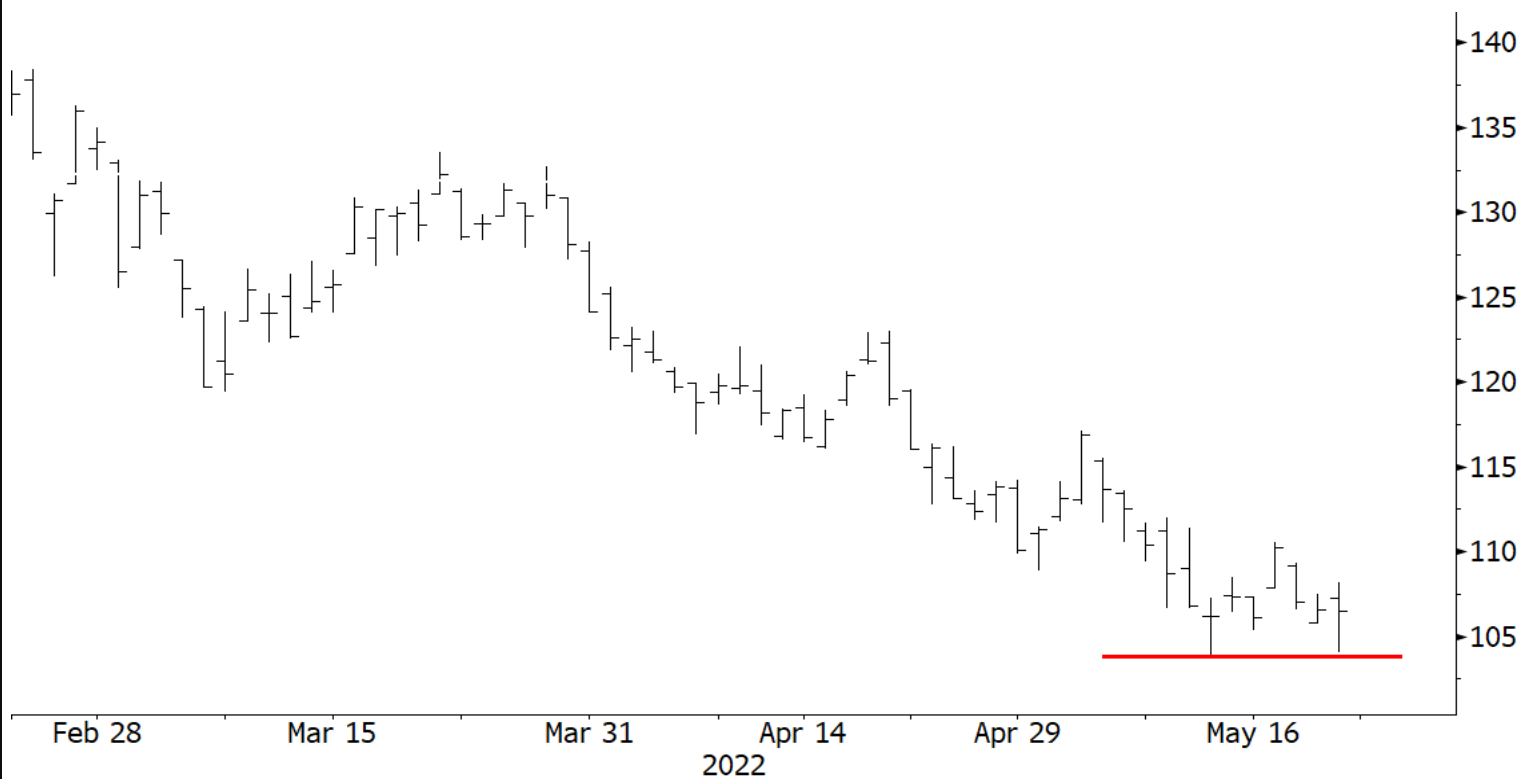


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held above its May 12<sup>th</sup> low...

### KBW Bank Index

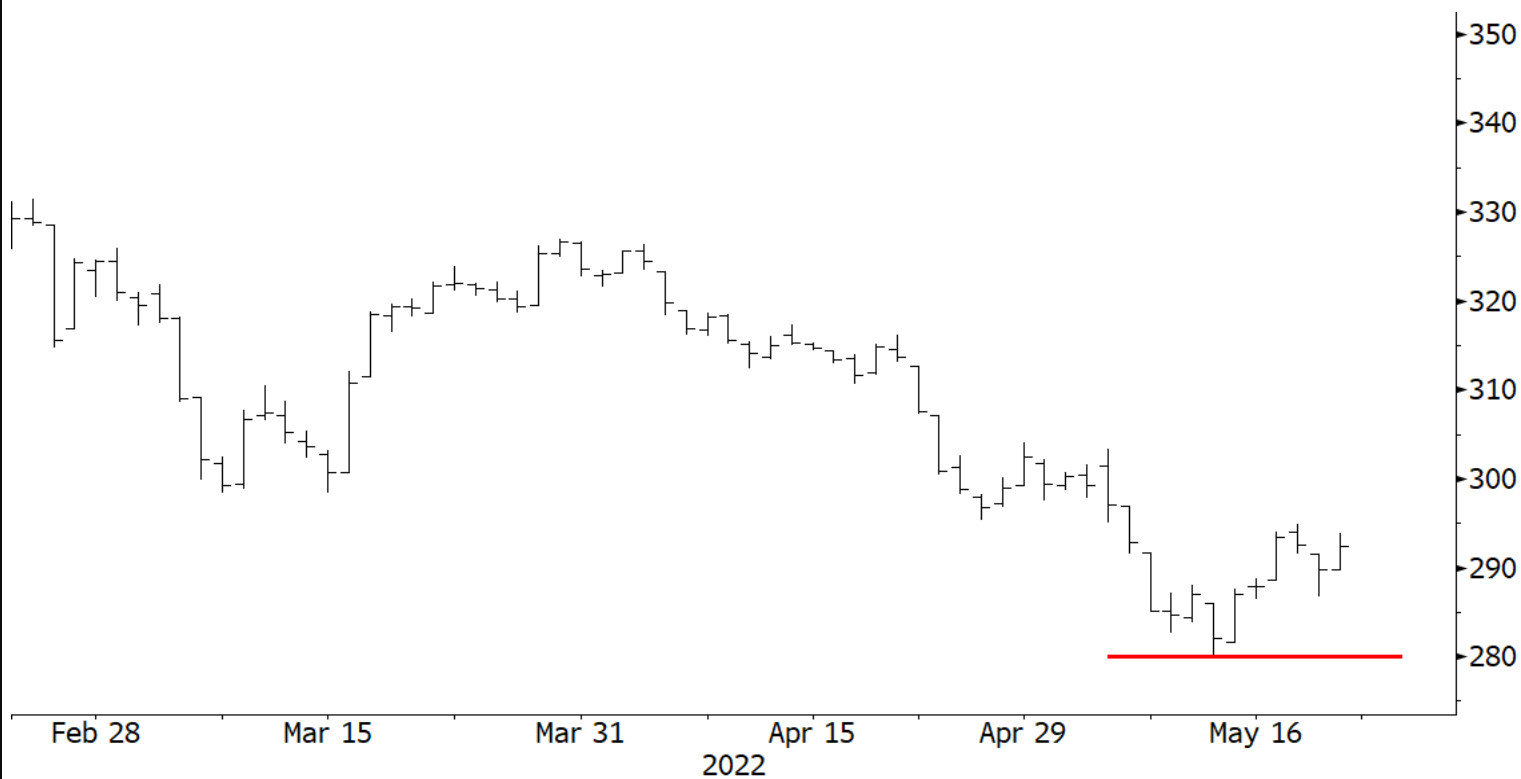


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held above its May 12<sup>th</sup> low...

### MSCI All Country World Index ex USA

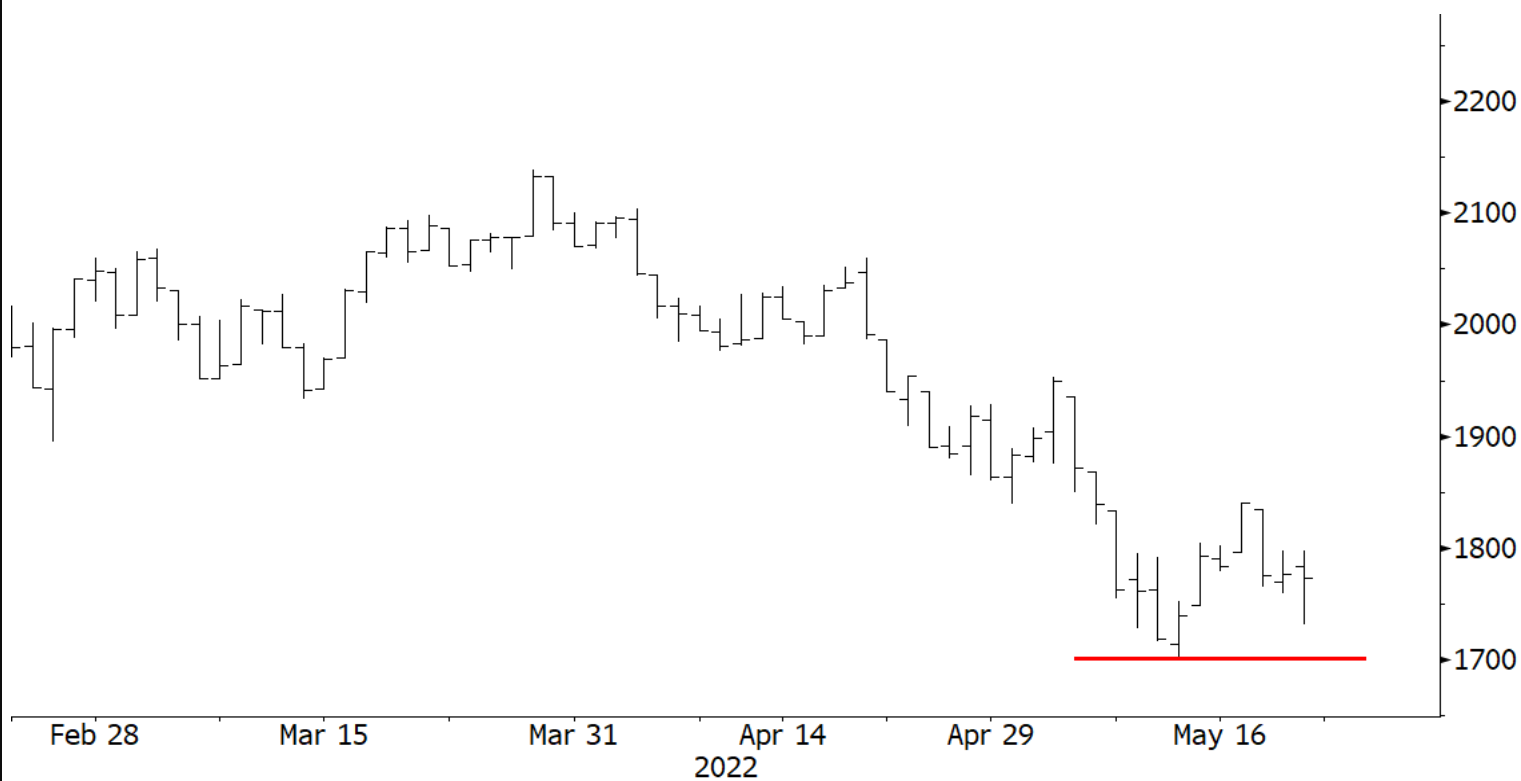


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And so did this Index...

### Russell 2000 Index

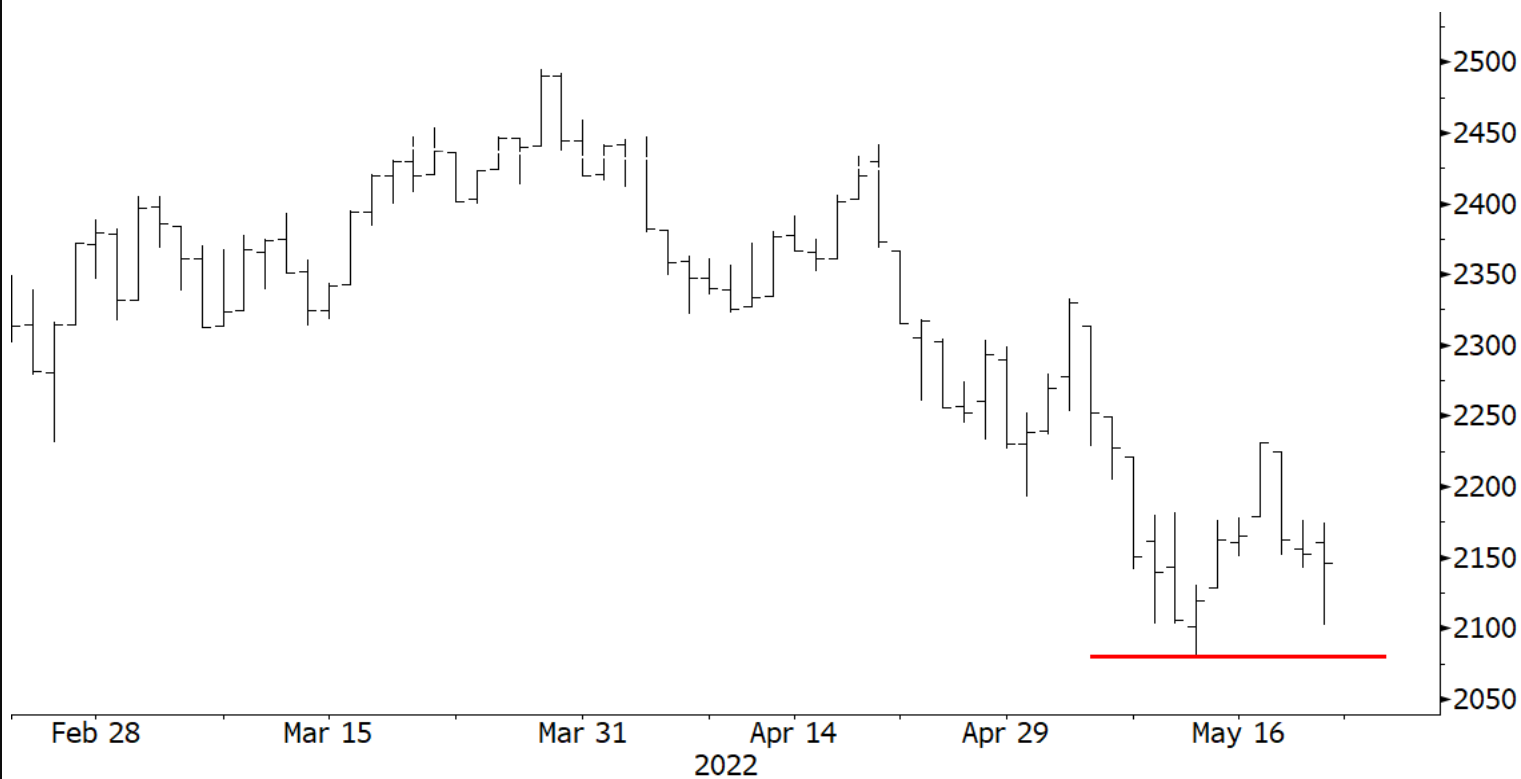


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### Russell 2000 Value Index

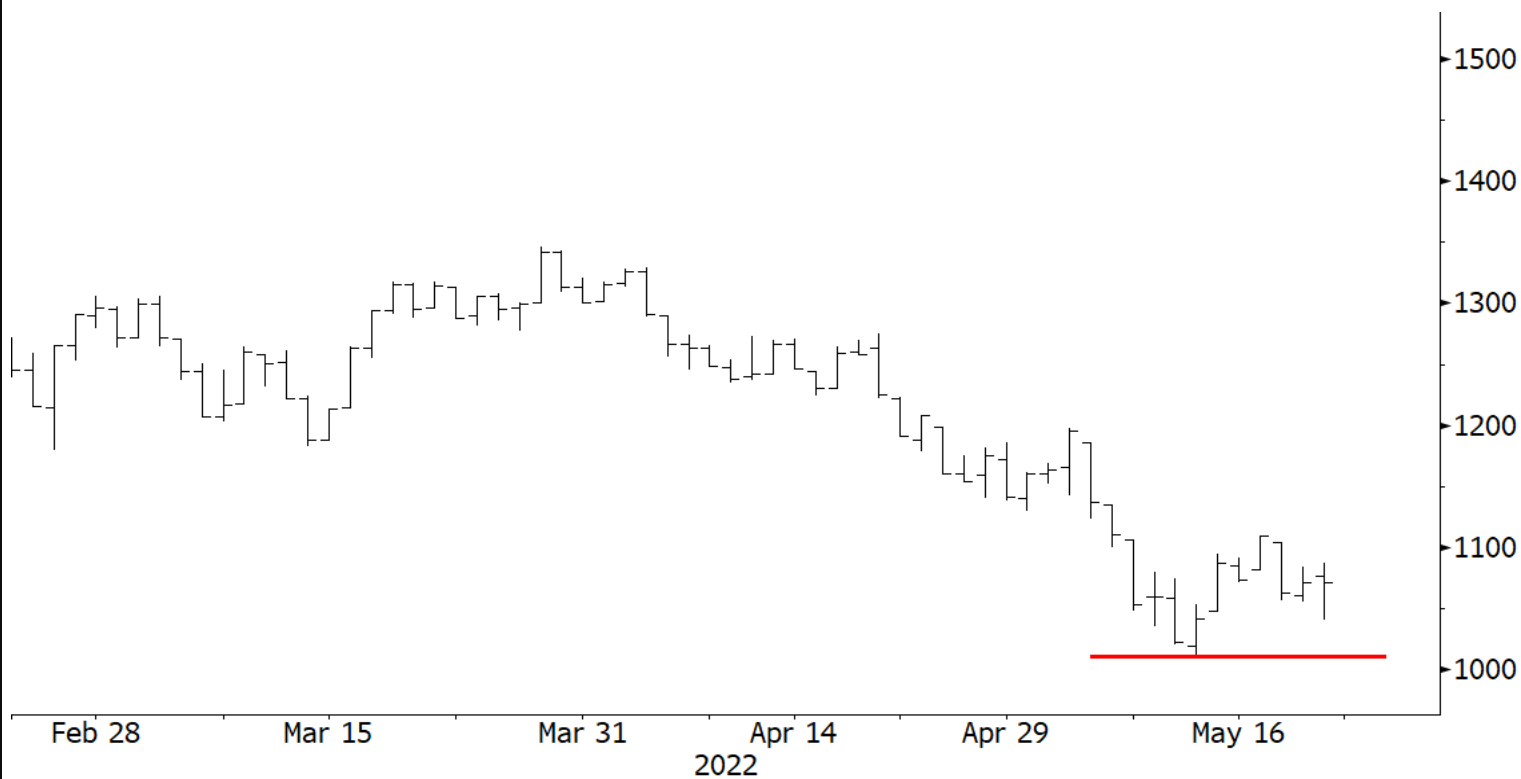


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### Russell 2000 Growth Index

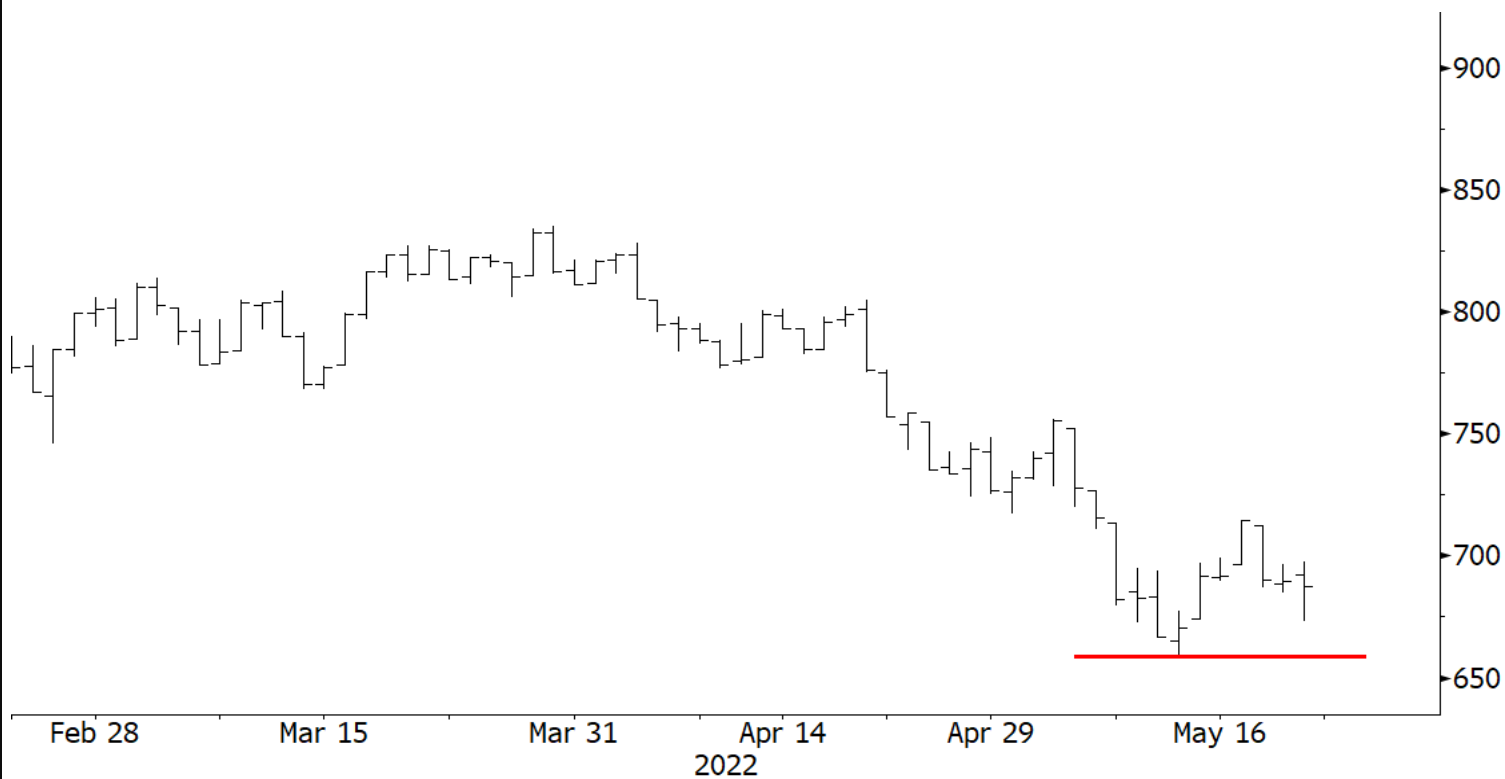


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### Russell Microcap Index



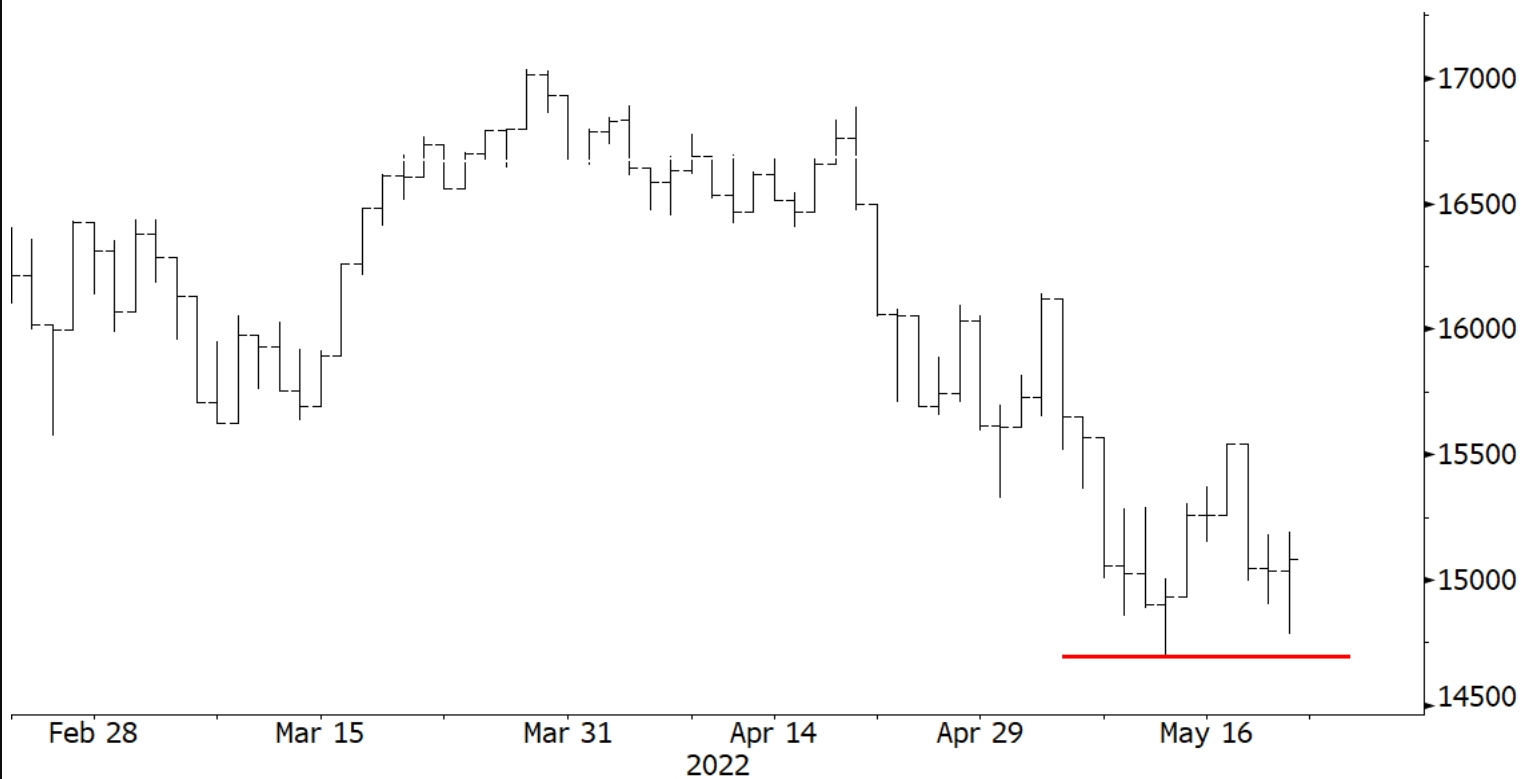
Source: Worth Charting, Bloomberg, FactSet



## WORTH CHARTING REPORT

And this Index held...

### New York Stock Exchange Composite Index

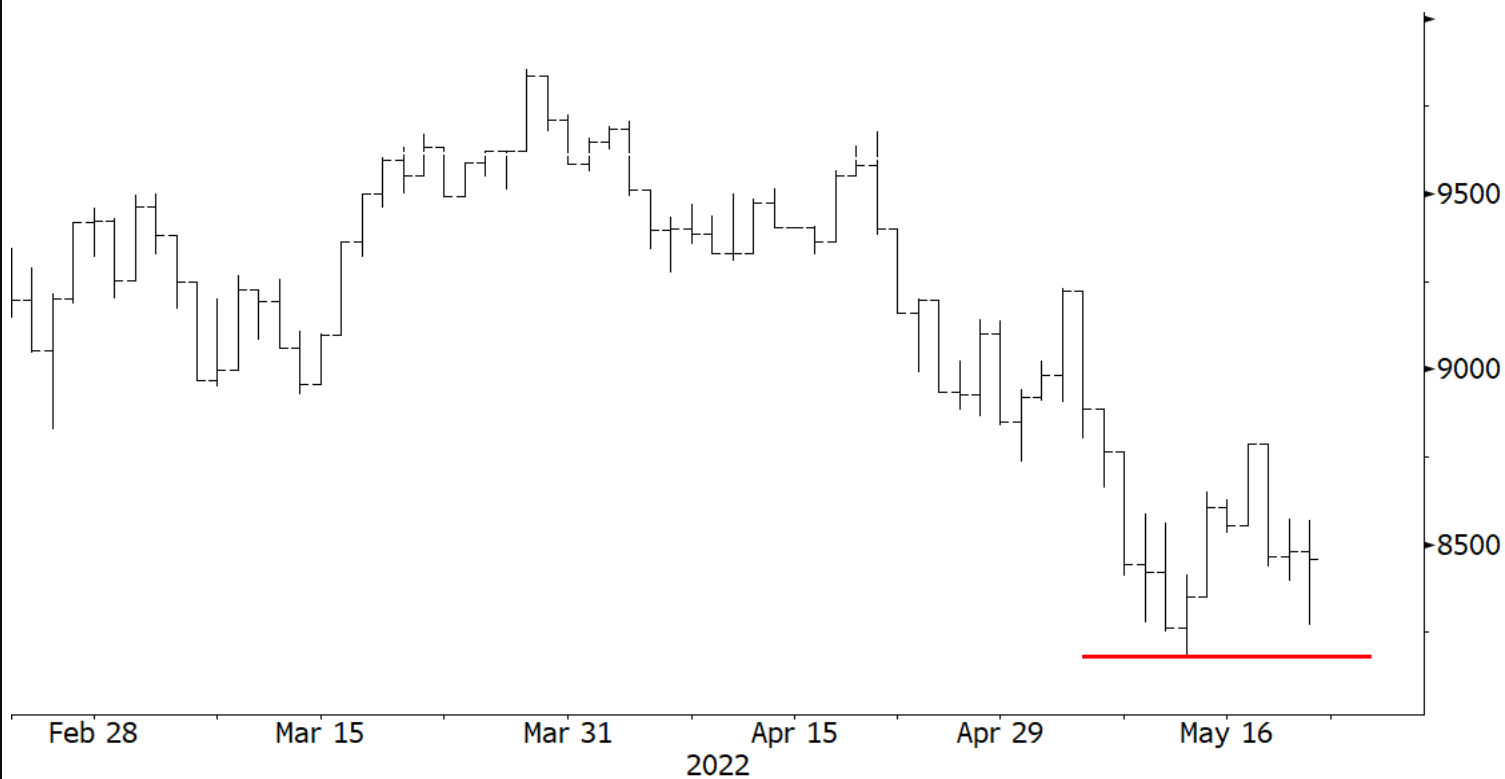


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### Value Line Arithmetic Index

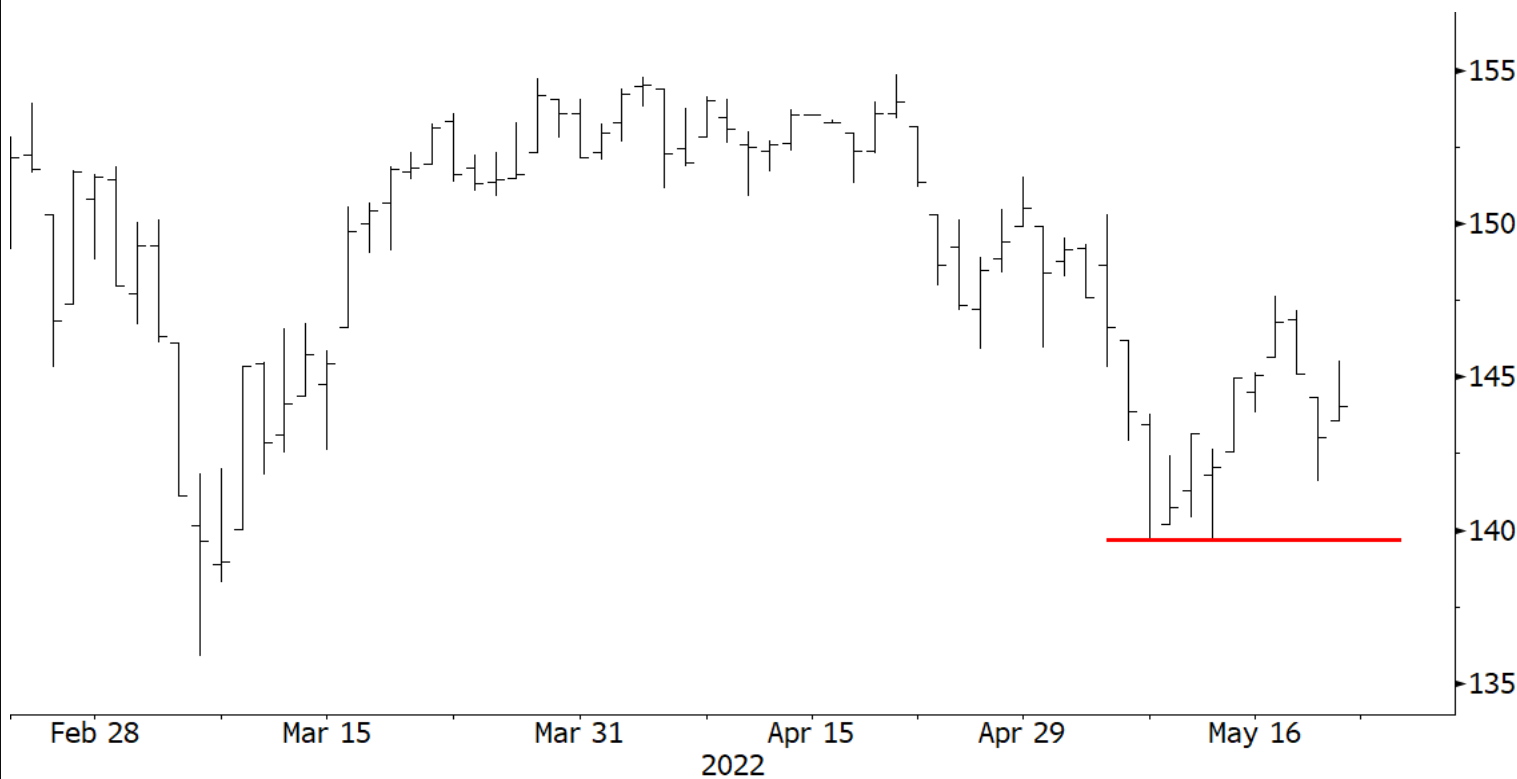


Source: Worth Charting, Bloomberg, FactSet

# WORTH CHARTING REPORT

And this Index held...

## MSCI Europe Index

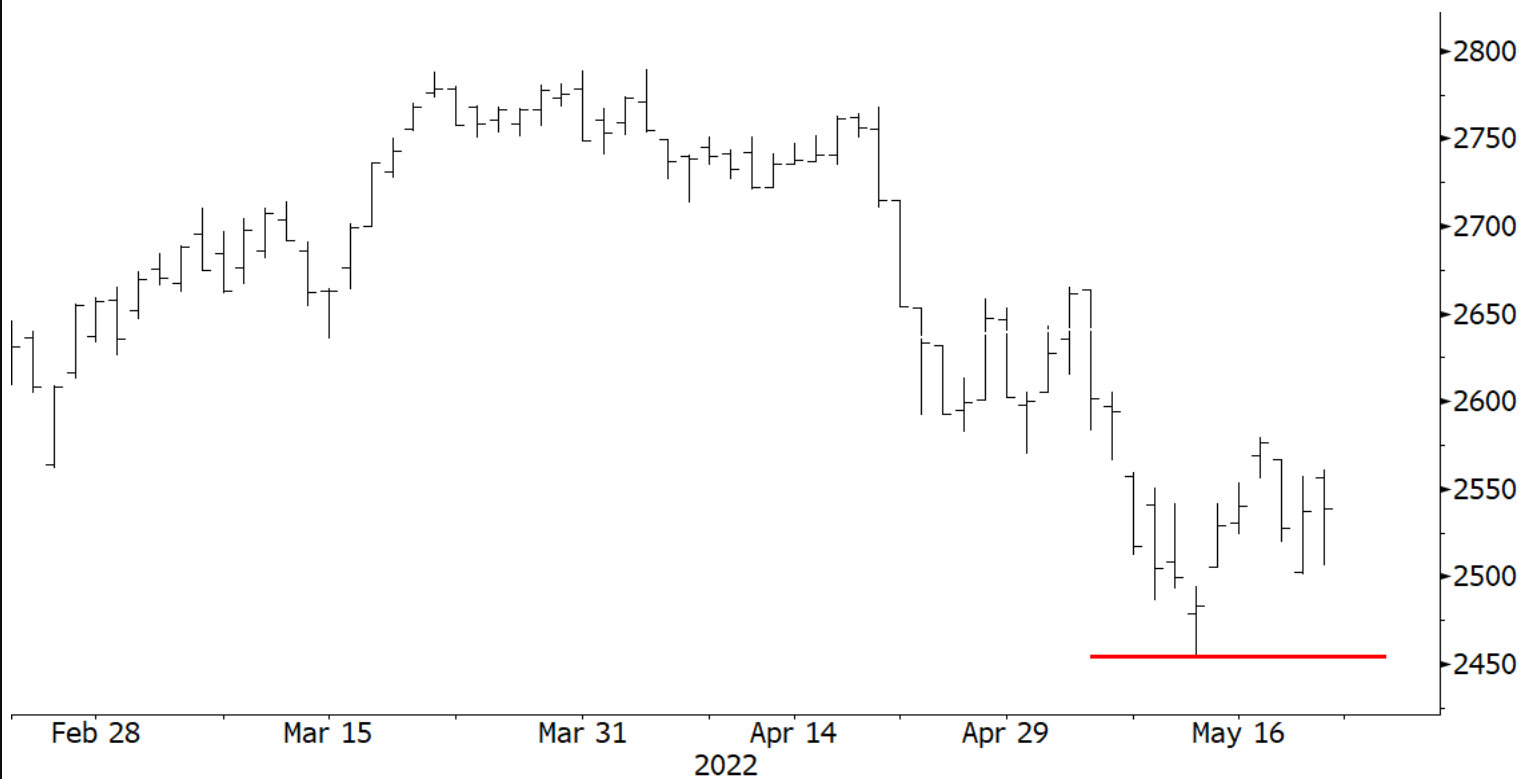


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### MSCI Canada Index

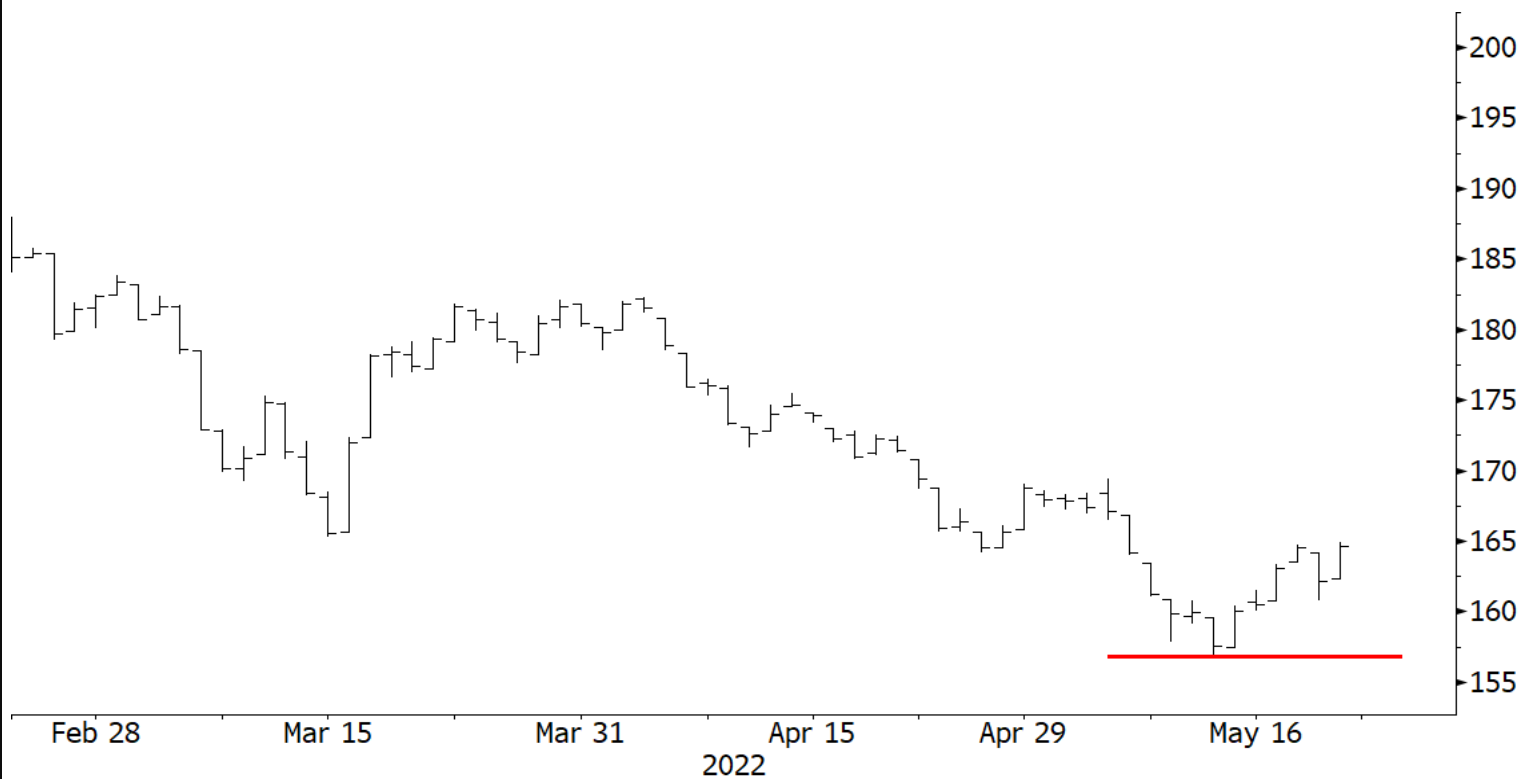


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### MSCI Asia Index

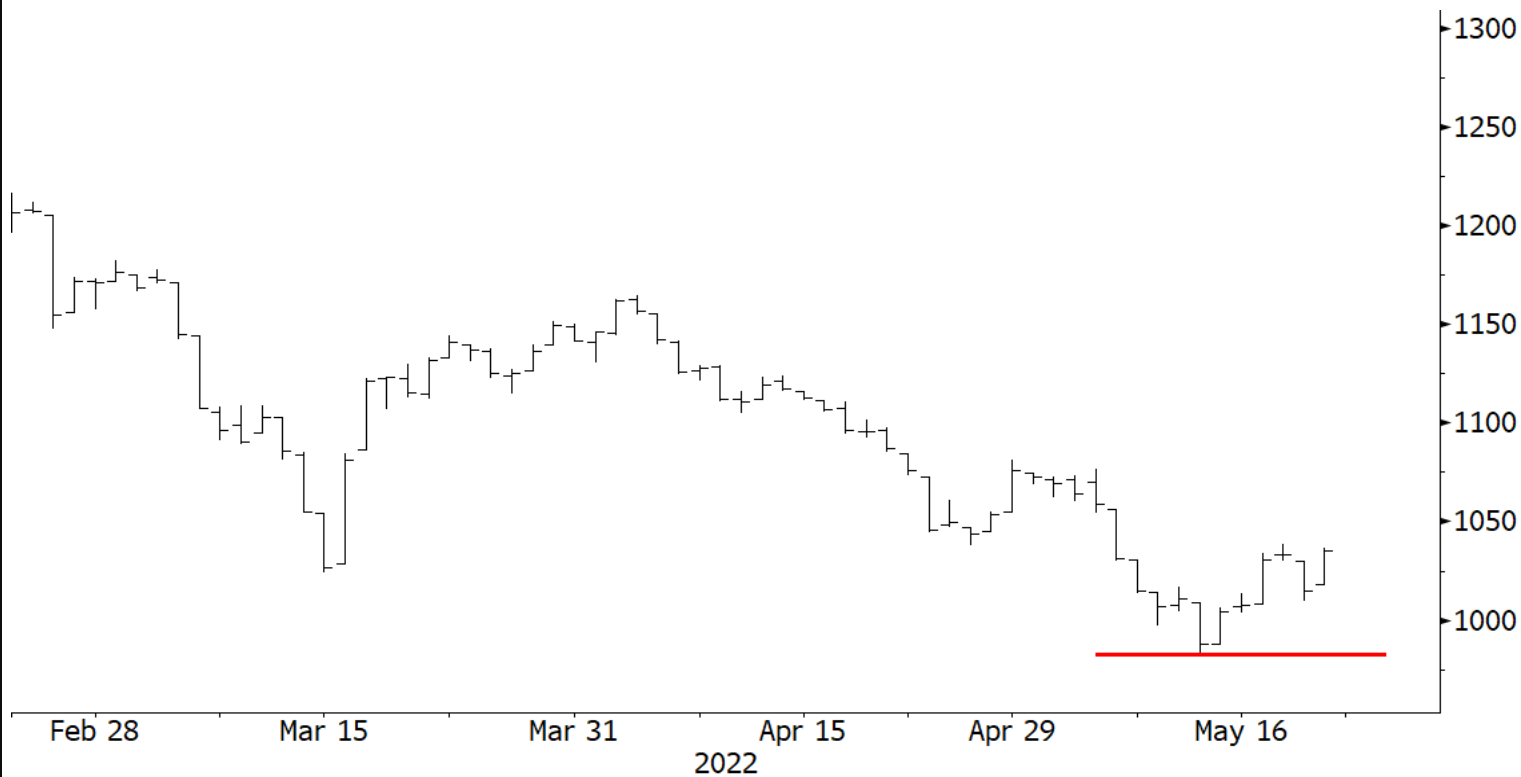


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### MSCI Emerging Markets Index

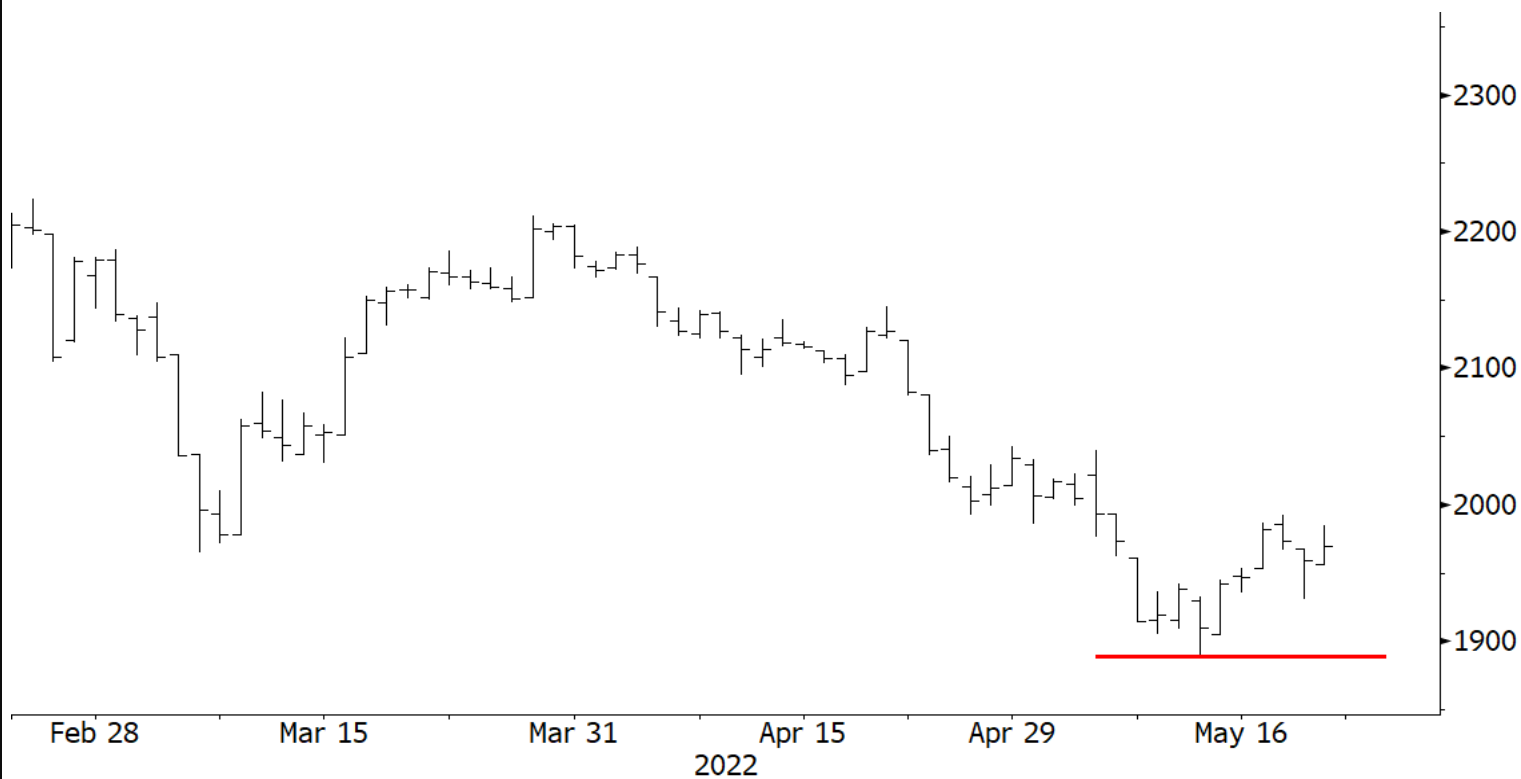


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### MSCI EAFE Index

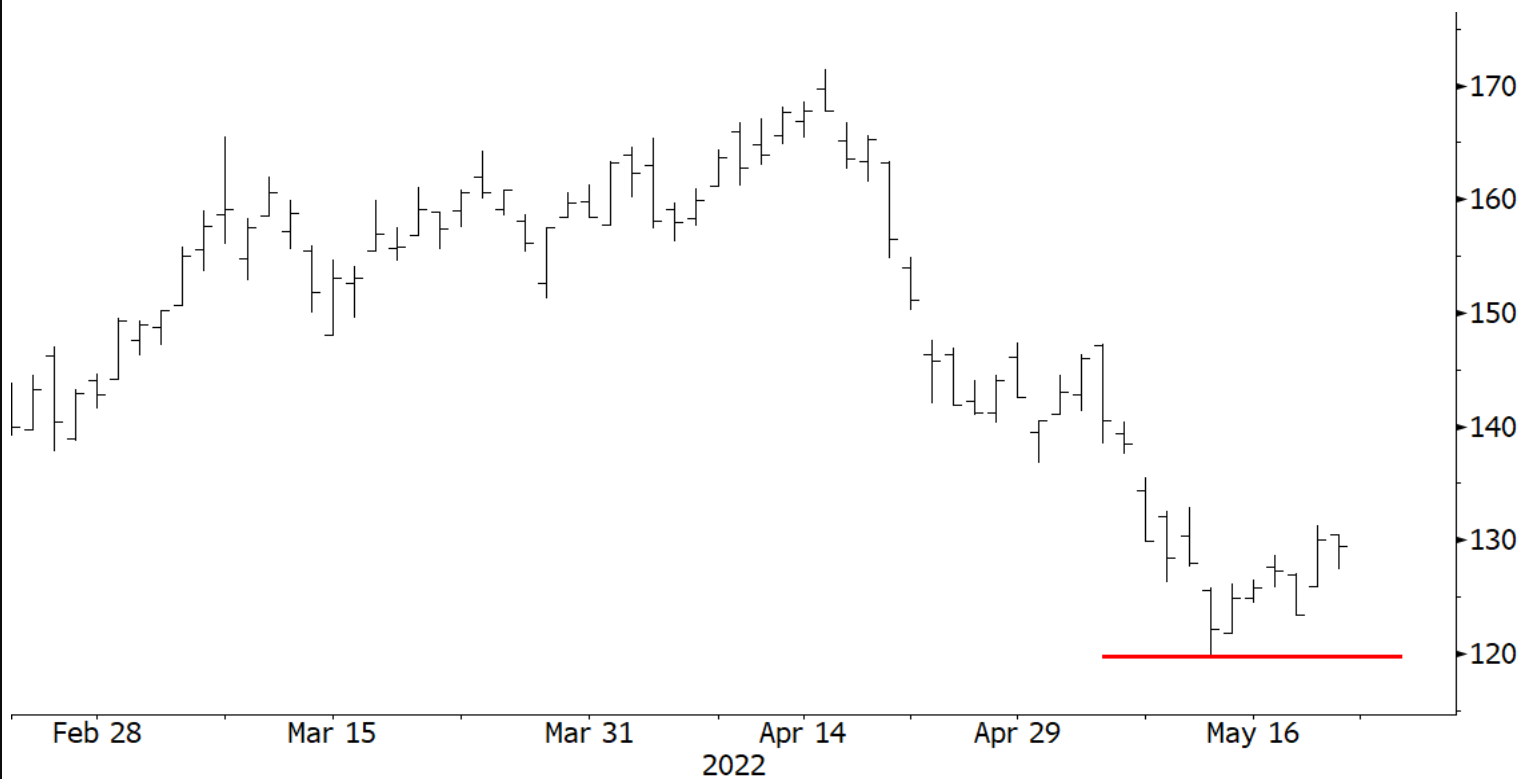


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this Index held...

### Philadelphia Gold & Silver Index



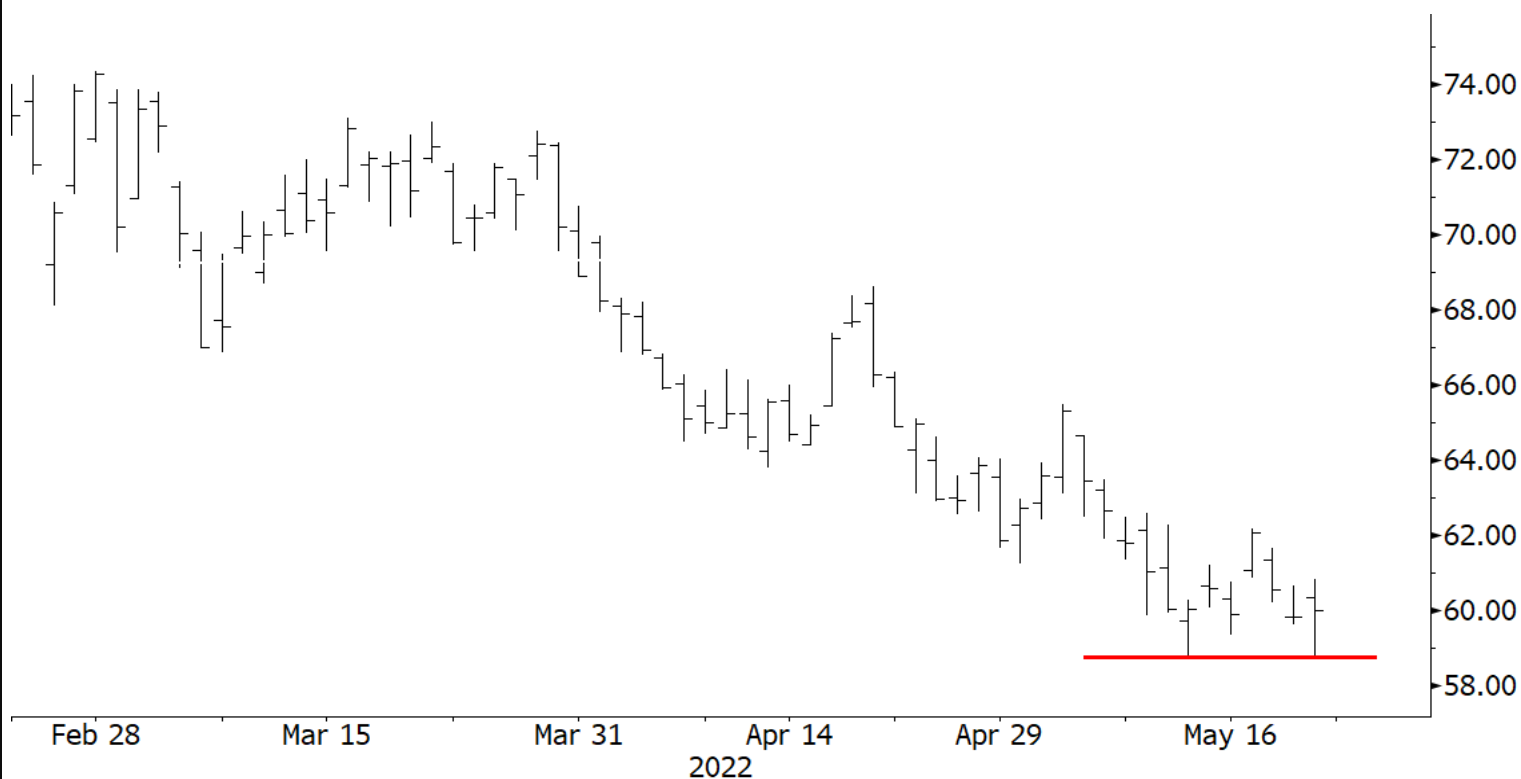
Source: Worth Charting, Bloomberg, FactSet



## WORTH CHARTING REPORT

And this key ETF did not breach its May 12<sup>th</sup> low...

### SPDR S&P Regional Banking ETF (KRE)

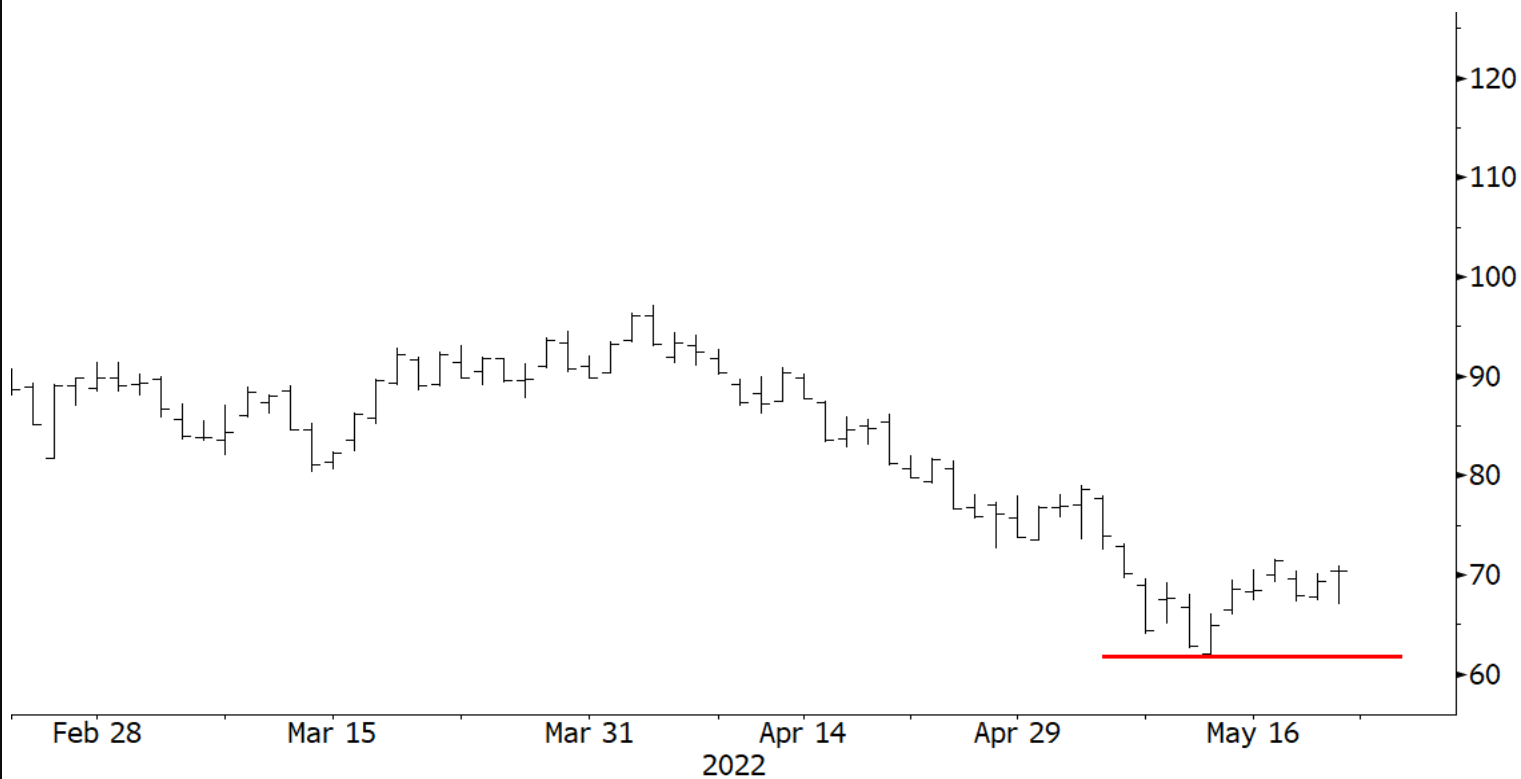


Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

And this key ETF did not breach its May 12<sup>th</sup> low...

### SPDR S&P Biotech ETF (XBI)



Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

So... where might we be headed in the day/days ahead?

Our thinking is we get a decent bounce... +5-6%, perhaps a bit more.

Is the prospective bounce playable? Yes, if one is nimble (read: small in size) and has dexterity.

Does this mean buy, buy, buy, everything is fine, the coast is clear, new all-time highs for the market around the corner? No chance. That's ridiculous.

Have we been in a Bear Market for a while? Yes.

Are we in a Bear Market right now? Yes. Right now, more than half of the stocks in the Russell 3000 Index are **down 30% or more**. The Russell 3000 Index represents 98% of the investable capital in the U.S.

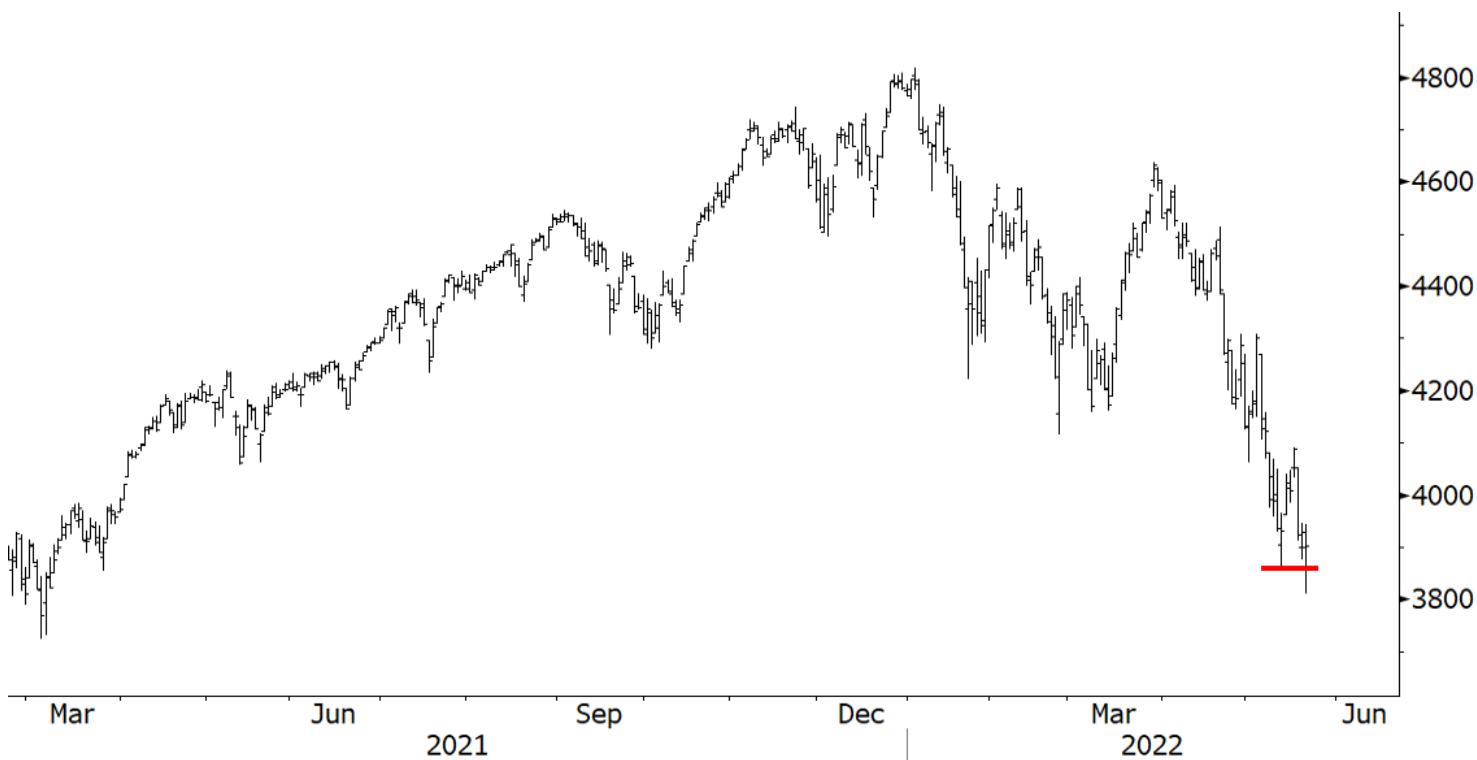
Three (3) final SPX charts on the pages that follow...

Source: Worth Charting, Bloomberg, FactSet

# WORTH CHARTING REPORT

## Final Chart 1 of 3:

### S&P 500 Index

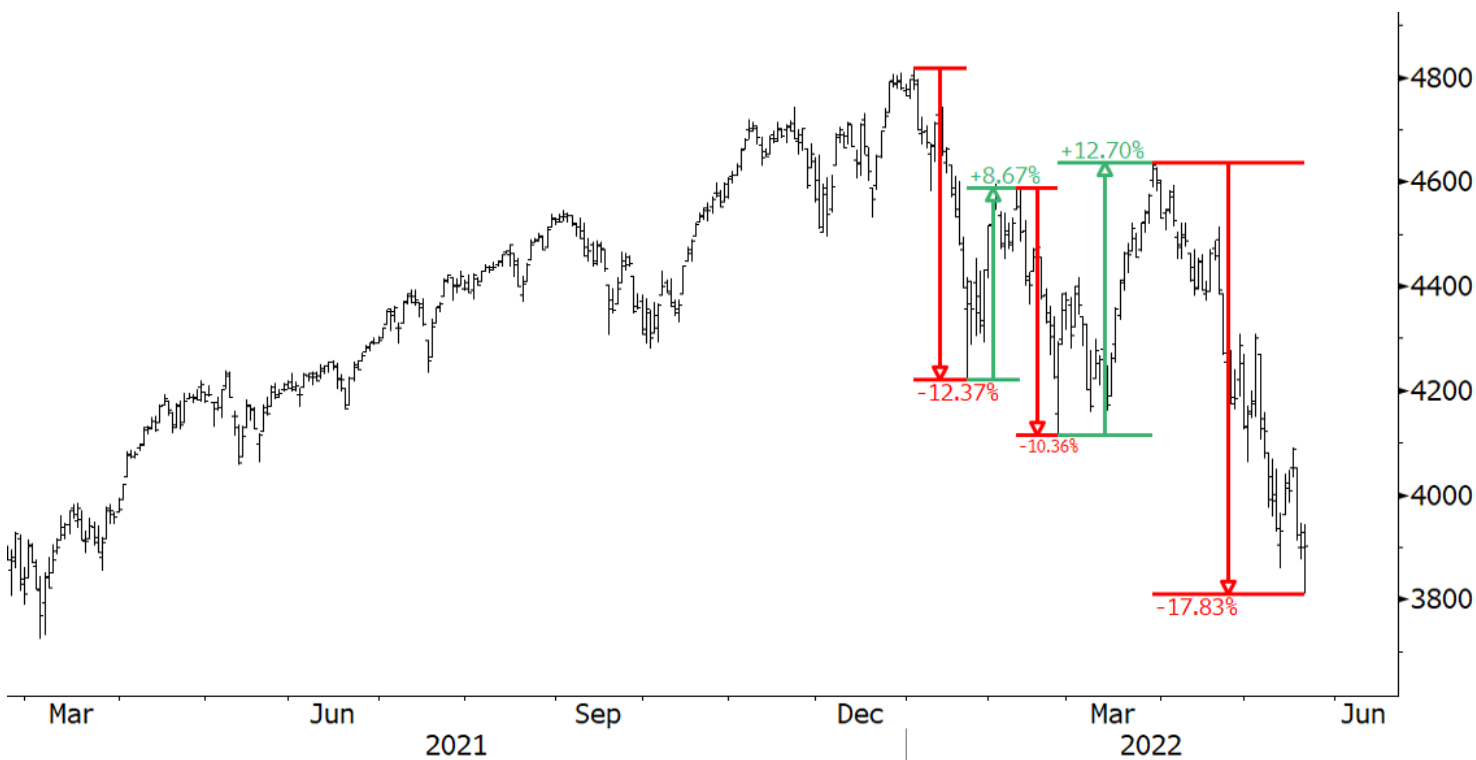


Source: Worth Charting, Bloomberg, FactSet

# WORTH CHARTING REPORT

## Final Chart 2 of 3:

### S&P 500 Index



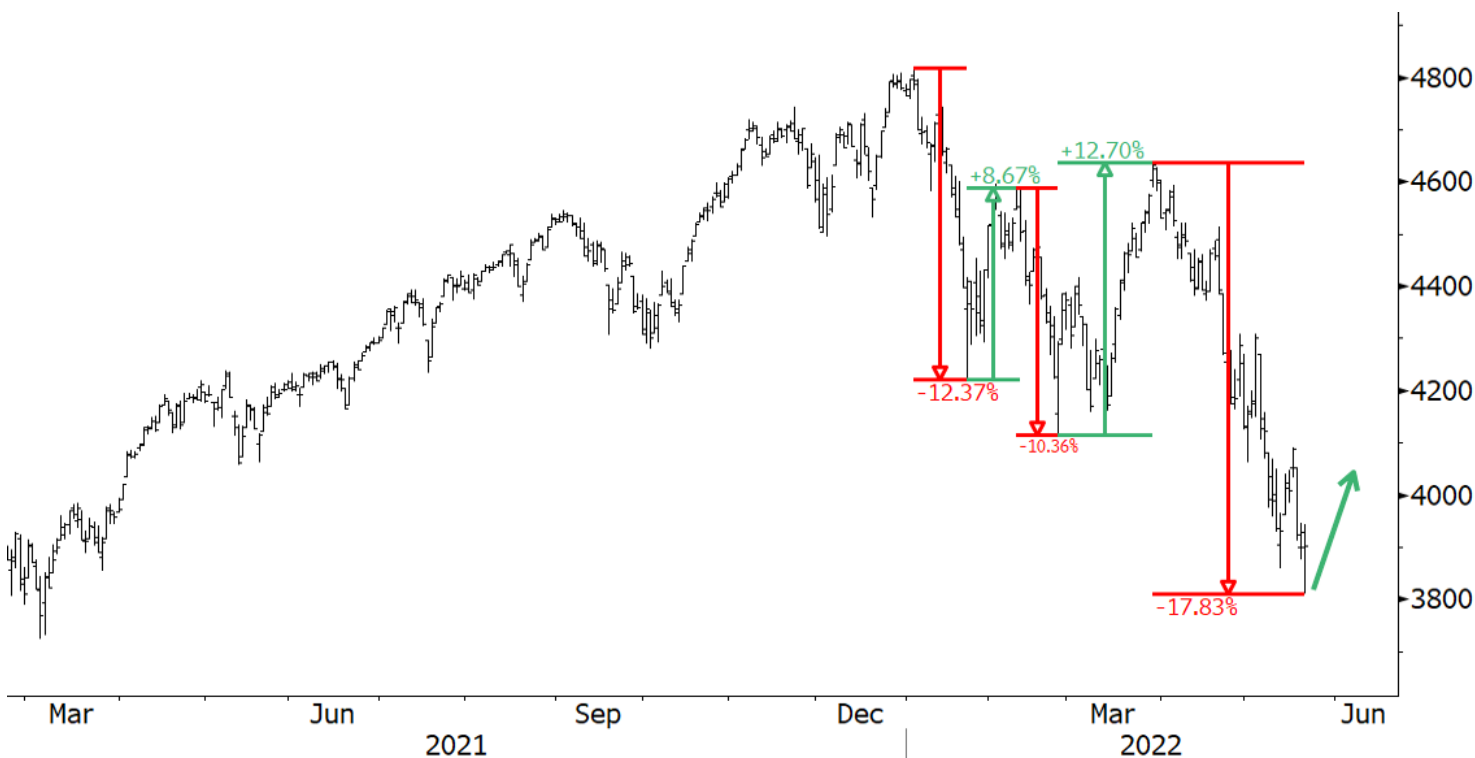
Source: Worth Charting, Bloomberg, FactSet

## WORTH CHARTING REPORT

### Final Chart 3 of 3:

“Sequencing” calls for a bounce here, by our work. See **green arrow** drawn.

### S&P 500 Index



Source: Worth Charting, Bloomberg, FactSet



Source: Worth Charting, Bloomberg, FactSet

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.

Source: Worth Charting, Bloomberg, FactSet