



MOE'S MARKET WRAP MINUTE

WEEK OF MARCH 14, 2023

MOE'S MARKET MENTIONS

- The last couple of weeks in the market have been volatile due to an everchanging forecast on interest rates and the insolvency of two technology sector banks. Rising interest rates by themselves are not a problem, but when they rapidly rise like they did in 2022, they can create disruptions in the economy and that is what we are seeing in today's headlines. That said, we view these events as a resetting of the system to normal market and interest rate conditions rather than a breakage of the system. Our recessionary indicator market of high yield bonds is still holding their price levels set in late December and if they continue to hold, we believe a soft-landing scenario is the likely economic outlook.
- As mentioned in previous Minutes, the employment and inflation data will be key indicators to watch throughout this year. New inflation data released this week showed shelter costs jumped 0.8% this month, bringing the annual gain up to 8.1%. Housing costs are a key driver of the inflation figures, but they are also a lagging indicator. It typically takes six months for new rent data to be reflected in the CPI thus Fed officials expect housing and rent to slow over the course of the year.
- To account for this lag in shelter costs to be reflected in the inflation data, Fed officials are watching "super-core" inflation numbers. "Super-core" inflation data is core services inflation minus housing, which increased 0.2% in February and 3.7% from a year ago. The Fed targets inflation at 2% so has long as this "super-core" number remains above 2% the Fed will likely not be cutting interest rates. Due to the structural imbalances in the labor and housing markets, we don't foresee this "super-core" number reaching 2% in the near term thus there is a possibility that in the future the Fed revises their inflation target to 2.5% or 3% instead of trying to bring it all the way down to 2% and risking a recession.

CHART OF THE WEEK

For this week's chart we revisit the "Rule of the 1st 5 Days of the Year" + "Negative Prior Year" historical data. Typically, when we have a positive 1st 5 Days and are coming off a negative prior year in the S&P 500, the following calendar year's return is positive. However, it is not a straight line up and there tends to be a consolidation period after the initial year's gains.

We might be in the process of completing this consolidation period this week. If so, the market might be in for some strong gains over the next couple of months.

In addition to this historical data pointing towards a positive 2023, we are also in the 3rd year of the presidential cycle, which also tends to be bullish. Time will tell, but market indicators and history point to maintaining risk in the portfolios despite the recent volatility.



Source: Fundstrat, Bloomberg

UPCOMING EVENTS - REGISTER AT COMPAK.COM/SEMINARS

March 14 COMPAK MARKET UPDATE WEBINAR

April 4 LIVE MARKET UPDATE IN SCOTTSDALE, AZ

Watch! 

MOE EVERY WEEK @ www.COMPAK.com/YouTube

Listen! 

TO MOE EVERY DAY @ www.MARKETWRAPWITHMOE.com

CONTACT
COMPAK ASSET MANAGEMENT
TO SCHEDULE A STRATEGY SESSION

1801 Dove Street
Newport Beach, CA 92660
(800) 388-9700
www.Compak.com



Moez Ansari is the President, Chief Investment Officer, and founder of Compak Asset Management. With over 35 years of investment experience, Moez evaluates the markets using industry-leading technical and fundamental analysis.

His professional experience includes options trading, portfolio optimization, futures trading, mutual fund selection modeling and financial risk management. He is a nationally sought speaker and has conducted numerous financial seminars since the 1980s.

This document contains the current views and opinions of Moez Ansari, Chief Investment Officer of Compak Asset Management, a registered investment adviser. The views expressed are current only as of the date of this document and are subject to change. While the information above is obtained from reliable sources, we do not guarantee its accuracy. Nothing in this document should be considered investment advice, and nothing is personalized to any investor's individual circumstances.

We use terminology associated with technical analysis, and provide charts to illustrate some of the concepts discussed. Technical analysis is a security analysis method with the goal of forecasting the direction of prices of securities or market indices, through the study of past market data, primarily price and volume. In no event is past performance a guarantee of future performance.

We make no assurance that past performance or the use of technical analysis will accurately predict future prices. Further, a risk of technical analysis is that over-focus on historical patterns could lead to ignoring or down-playing security-specific concerns, overall market or sector concerns, or other factors, because we assume inaccurately the historical patterns will repeat themselves.

Compak Asset Management offers investment advice only after entering into an investment advisory agreement and gathering client-specific information about goals, objectives, financial status, and risk tolerance. Please visit www.compak.com/formcrs for more information.