



## What We Offer

NDR Hotline offers commentary based on Ned Davis' 50+ years as a market observer, highlighting thoughts on trading strategies, sentiment, trend, and monetary conditions.

NDR Hotline is the realization of the NDR philosophy. Centered on three concepts: Ned's 10 Rules of Research, the weight of the evidence approach, and our 360 degree research method, NDR Hotline provides a consistent approach to investing.

Rooted in the founding research philosophy of Ned Davis Research, NDR Hotline offers commentary on the trend, sentiment, and macro environments, while delivering perspective on updated economic data through key models, charts, and reports.

### NDR Hotline includes:

- 3 publications per week—trend focus, sentiment focus, and macro focus
- 600+ charts and reports covering key topics like the market trends, sentiment, and macroeconomic drivers
- Curated and customizable content lists to search and organize content of interest
- Access to timely webinars and events with the NDR team



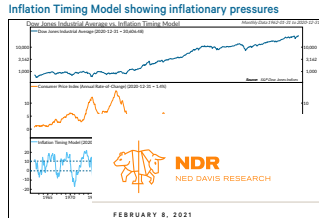
FEBRUARY 5, 2021

MACRO UPDATE

### Macro deterioration, but economy still looks bullish for 2021

**Key Takeaways**

- Some pickup in inflationary pressures.
- Interest rates rise modestly.
- The trade deficit hits new highs as population growth hits new lows.
- But, stimulus is massive before the December nearly \$1 trillion extra.



### Inflation and rate pressures

Some of the macro indicators that impact stock prices have deteriorated, as have some that mainly impact the economy. Among those impacting stocks are the usual suspects of inflation and interest rates.

See the **chart above** (31090) which looks at the DJIA versus the NDR Inflation Timing Model since 1962. The level of inflation does not appear nearly as important as shifts in the level. I would also note Treasury yields and Treasury on page 2. Its loan rates are still low, but they have quit falling over the last six months.

**Negative trade and population**  
On the bad side for the economy are two charts that have been a problem for a long

time, but have gotten wo deficit and population growth. While the trade deficit as population growth is hit.

We have also had a failure confidence to rise much, sell signal at the top of ju discounting due to COVID.

**Economy looks b**  
But, we still feel 2021 will growth, after the poor ye See four leading indicato moving averages — at th

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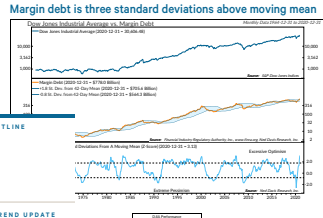
FEBRUARY 3, 2021

SENTIMENT UPDATE

### They don't ring a bell at the top, but...

**Key Takeaways**

- Margin debt soars to three standard deviations above the mean, as it did in 2020/2000 and 6/30/2007.
- Adjusted bulls/bulls plus bears



### Why I am in the stock business

I have now been in the stock business for some 53 years. One of the reasons I was attracted to this business was that I did not want to be bored, and stocks seemed to be influenced by so many different things that it would be a constant thrilling learning experience.

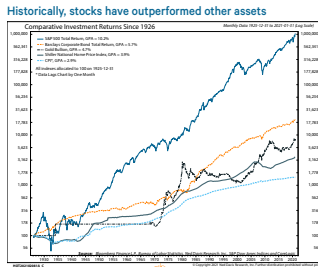
For example, in 2020, I learned that by attacking those who are holding long futures in crude oil, they could be forced to sell by a mob of traders using derivatives, and that crude oil could be driven down to -\$40 dollars a barrel. I wanted to fill my swimming pool with oil. I also had to study the history of worldwide pandemics.

This year I have had to learn about GameStop and relearn about short squeezes, the long run, gaining 10.2% per annum. The chart at the top of page 2 shows no periods of losing money during a 20-year holding period on a total return basis for stocks.

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**Key Takeaways**

- Long-term, stocks may be getting extended. But historically stocks have outperformed almost everything.
- Currently, demand volume for stocks is above supply volume.
- Those who invest early in stocks can do the best.



I also went into this business because I felt stocks were the best choice to make money over the long run. That was the story I read and learned about in the 1960s.

**Stocks have outperformed**  
Of course, the market got extended in the late 1960s as I got into the business. So, it was not easy to make money until around 1982. But, the **chart above** shows that stocks have indeed been the right business to be in over

like with VW or the Hunt Brothers trying to corner silver in 1980. It is always something or something else!

**Demand higher than supply**  
I think stocks are getting extended again, but right now our work shows that demand is much stronger than supply. Needless to say, on every trade there is a buyer and a seller, and the exact same amount of dollars are swapped between the buyers and sellers. But by looking at prices as well as volume, one can see who is the more dominant, as we show at the bottom of page 2.

ry not be a bell, but it is 3 explains — along with would not be more than fund trading strategy.

**nt warnings**  
2. Investors Intelligence warning signal and just say signal from 3/27/2020 managers — as measured oration of Active rs — recently went to 021. However, I would icator compares do 95.

**Valuations remain high**  
I realize that every single quarter stocks come in with 'better than expected earnings'. And yet, despite all the blow-out earnings just reported for Q4, the chart at the top of page 4 shows that the median common stock in our database of institutional grade stocks is still near record high levels. Also, see the unbelievable price-to-book at the bottom of page 4.

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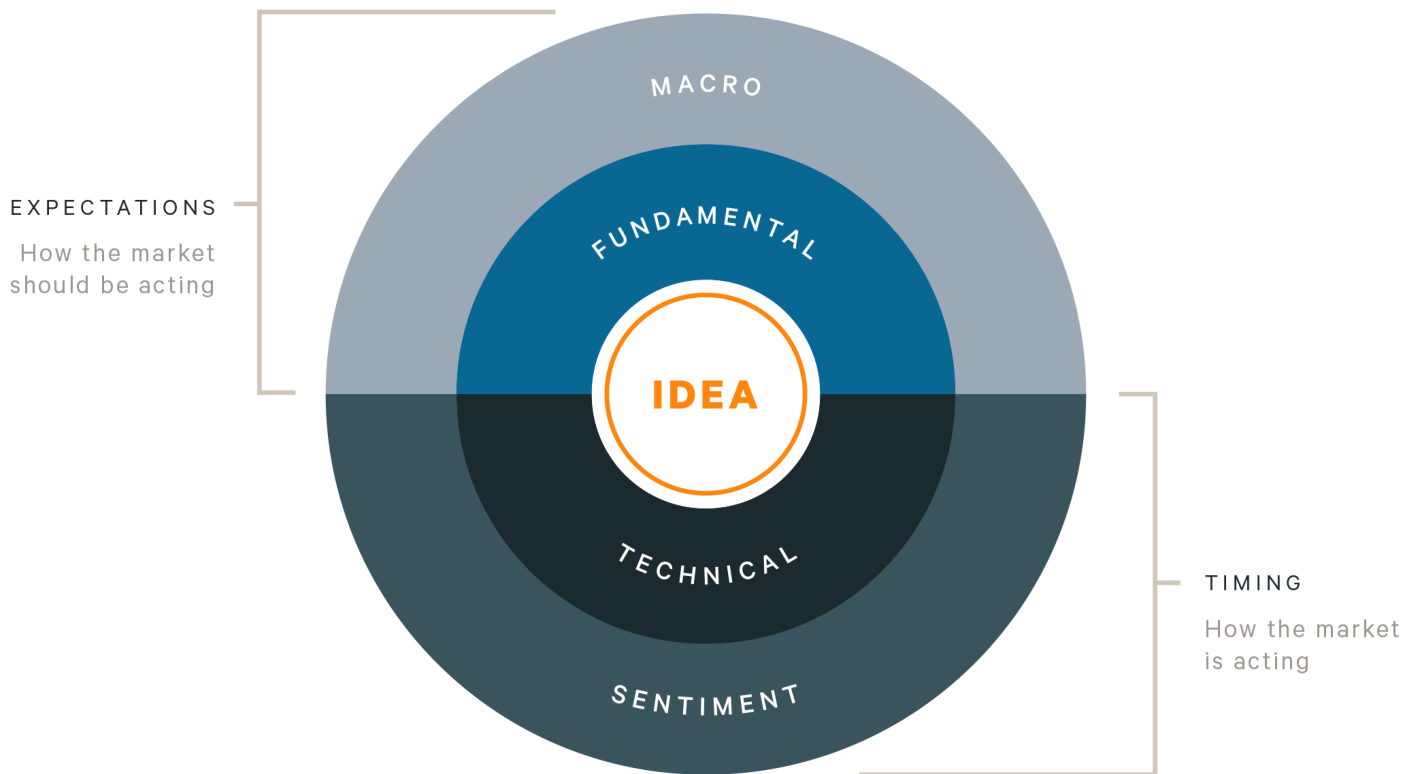


## About NDR:

Founded in 1980, NDR is a global provider of independent investment research insights, tools, and solutions. We use the weight of the evidence and a 360-degree approach to build up to market insights. When we say "evidence," we mean processing millions of data series to fuel a historical perspective, building proprietary indicators and models, and calming investors so they can see the signals and avoid mistakes.

## NDR's 360° Approach:

Our approach combines both fundamental and technical research disciplines. Fundamentals tell us how the markets should be acting while technicals reveal how the markets are acting. Truly insightful and timely ideas demand a balance between these two disciplines. Actionable ideas meet balanced, strategic insights through out 360-degree methodology.



We believe that successful investing is seeing the signals and avoiding mistakes. To do this, you need a clear view of the whole investment picture, which must include a perspective on sentiment.

## Our Clients:

We believe that no client is too big or too small to benefit from NDR's insights, here are some of the clients we serve:

- Long-Only Portfolio Managers
- Long-Only Sector Analysts
- Pensions/Endowments
- Hedge Funds
- Private Banks/Wealth Managers
- Strategists/Economists
- Investment Advisors
- Marketing Teams