

■ First Word

August 20, 2024

August Market Update & Top Stock Ideas + Super SMID Granny



Tom Lee, CFA AG
HEAD OF RESEARCH

▶ Live Webinar with Tom Lee & Mark Newton

Market Update & Top Stock Ideas

Timely Stock and Sector Ideas

Wednesday, Aug 21
2pm ET

Reserve Your Seat

Tom Lee, CFA
Head of Research

Mark Newton, CMT
Head of Technical Strategy

Week of 8/18-8/23:



Thomas Lee, CFA
Head of Research

First Word
Report

Macro Minute
Video

Sunday



Monday



Tuesday



SKIP
(Webinar)

Wednesday



Thursday




Friday





Aug 20, 2024



				<i>Inclusion data...</i>			<i>Performance...</i>				
	Ticker (s)	Current price	Mkt Cap (\$ mils)*	Date added	Inclusion price	# Days	Absolute	Rel vs S&P 500			
Tactical Overweights											
1	Long Industrials on bottoming PMIs			XLI	127.4	19,163	5/1/23	100.5	477	27%	-8%
	Rationale: Historically, bottoming of ISM and when it is below 47 and bottoms, leads to outperformance of Industrials										
2024 Overweights											
1	Small-caps			IWM	212.7	67,561	12/7/23	185.4	257	15%	-7%
1	Financials			XLF	43.9	43,501	12/7/23	35.9	257	22%	0%
	- Regional Banks			KRE	54.5	3,290	12/7/23	48.5	257	12%	-10%
2	Industrials			XLI	127.4	19,163	12/7/23	108.6	257	17%	-5%
3	Technology/FAANG			XLK	224.3	70,924	12/7/23	185.1	257	21%	-1%
	- FAANG stocks			NYFANG+	11,420	-	12/7/23	8,230	257	39%	17%
2024 Underweights											
1	Utilities			XLU	74.8	17,098	12/7/23	63.5	257	18%	-4%
2	Consumer Staples			XLP	81.2	16,733	12/7/23	70.6	257	15%	-7%

* Market cap figures for KRE, FNGS, and sectors are the respective ETF market caps.
Source: Fundstrat and Bloomberg

- Introducing new list of 5 Top Stock Ideas
- Updating 5 Super and 5 Sleeper SMID Grannies
- Chartbook linked below

To download the slide deck for our Market Update Webinar, please click [HERE](#).

Investment Ideas: Top 5 Stock Picks

As we are rebranding our monthly webinar, we are introducing a new section of 5 top stock ideas:

- The new top stock ideas follow the similar methodologies we use to identify super SMID granny ideas
- Essentially, we aim to identify the most timely stock ideas by cross referencing the trend analyses, quantamental works and technical studies.

- In more detail, the framework is composed of a criteria of 4 factors to narrow down to tactical buys:
 - fundamentals using DQM model managed by “tireless Ken”
 - momentum rating based weighted average performances of recent period
 - technical strength measured by Price >20 DMA, 20 DMA vs 200 DMA and combos
 - Mark Newton’s judgement on technical outlook
- Our 5 Stock Ideas for August 2024:
 - NVIDIA Corp (\$NVDA)
 - Axon Enterprise Inc (\$AXON)
 - TransDigm Group Inc (\$TDG)
 - Intuitive Surgical Inc (\$ISRG)
 - Kimco Realty Corp (\$KIM)

SUPER SMID GRANNIES: 5 Super and 5 Sleeper

Last December, we upgraded Small-caps to be the #1 recommendation in our 2024 year-ahead outlook. We also created the SMID granny shot portfolio strategy as many of our clients asked us for our Top SMID stock picks.

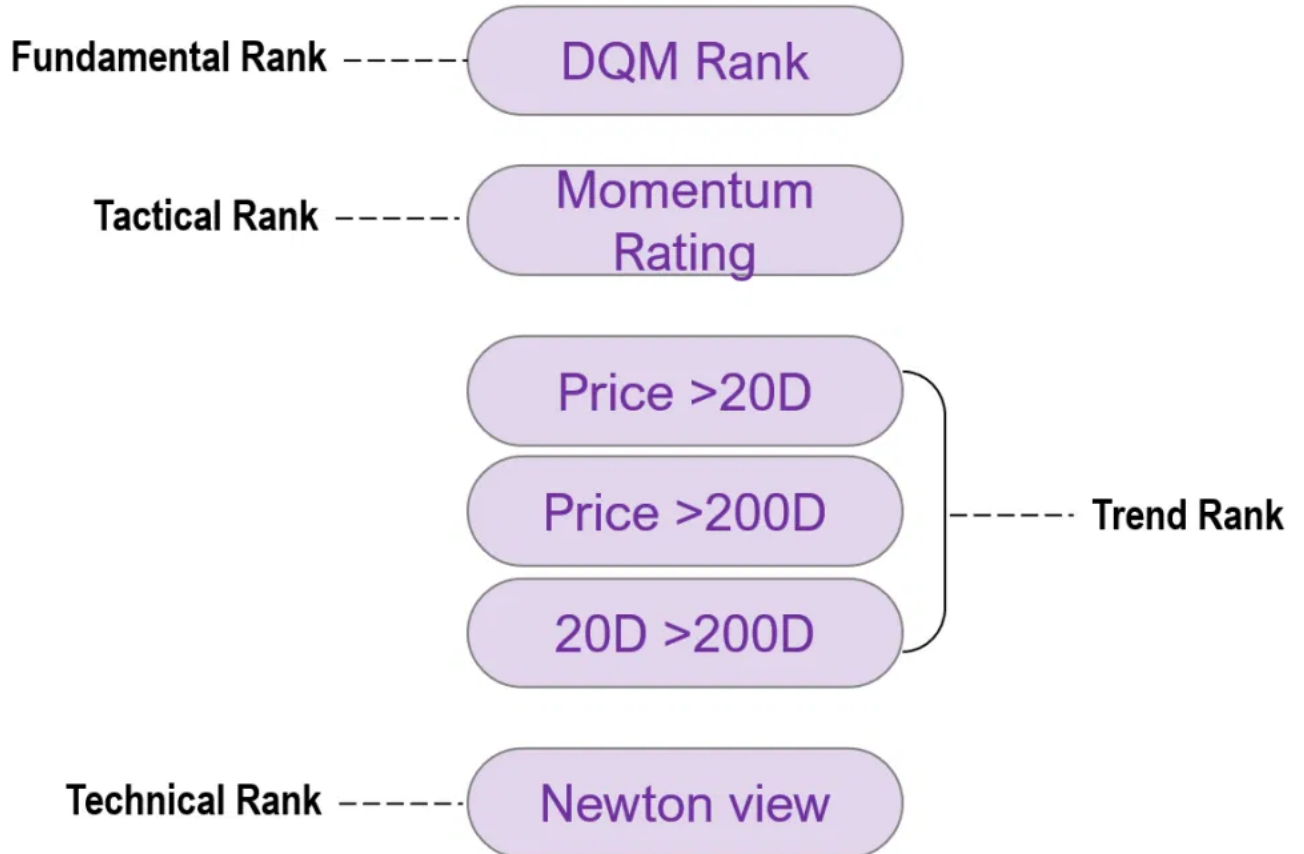
- We believe the SMID Grannies could benefit from the multiple themes and secular tailwinds
- The SMID Grannies shots were selected from a universe consisting of 2,492 small and mid-cap stocks.
- From the SMID granny shots portfolio, we employed the same framework mentioned above to identify the 5 most timely ideas and 5 least timely ideas within the SMID granny shots portfolio.



- We have 5 tactical buys aka “Super SMID Grannies”
 - Applovin Corp (\$APP) <- carry over
 - The Bancorp Inc (\$TBBK) <- carry over
 - ePlus Inc (\$PLUS)
 - Palantir Technologies Inc (\$PLTR)
 - Mueller Industries Inc (\$MLI)
- The bottom 5 “Sleeper SMID Grannies” are:
 - Blueprint Medicines Corp (\$BPMC) <- carry over
 - Ultra Clean Holdings Inc (\$UCTT)
 - Amkor Technology Inc (\$AMKR)
 - Blue Bird Corp (\$BLBD)
 - Veeco Instruments Inc (\$VECO)

Please see Mark’s technical note tonight for commentary on the Top 5 Stock Ideas and 5 Super SMID Grannies.

Creating tactical and ranking tool for stocks ideas



Source: Fundstrat

August 2024: 5 Top Stock Ideas

- **NVIDIA Corp (\$NVDA)**
- **Axon Enterprise Inc (\$AXON)**
- **TransDigm Group Inc (\$TDG)**
- **Intuitive Surgical Inc (\$ISRG)**
- **Kimco Realty Corp (\$KIM)**

REVIEW: Prior Top 5 and Bottom 5 SMID Granny Shots



Super SMID Grannies

Company	Ticker	% chg (7/16 - 8/20)	
		Abs	Rel (vs R2500)
Topbuild Corp	BLD	-19.0%	-15.4%
Agilysys Inc	AGYS	-0.1%	3.5%
Formfactor Inc	FORM	-20.7%	-17.0%
Applovin Corp-Class A	APP	0.1%	3.7%
Bancorp Inc/The	TBBK	0.0%	3.7%
Return (7/16 - 8/20)		-7.9%	-4.3%

Company	Ticker	% chg (7/16 - 8/20)	
		Abs	Rel (vs R2500)
Cargurus Inc	CARG	5.5%	9.2%
Cheniere Energy Inc	LNG	2.5%	6.1%
Blueprint Medicines Corp	BPMC	-22.7%	-19.0%
Dianthus Therapeutics Inc	DNTH	1.7%	5.3%
Metrocity Bankshares Inc	MCBS	-3.4%	0.2%
Return (7/16 - 8/20)		-3.3%	0.4%



Sleeper SMID Grannies

Source: Fundstrat, Factset

Aug 2024: Top 5 and Bottom 5 SMID Granny Shots



Super SMID Grannies

Palantir Technologies (\$PLTR)	NEW
Mueller Industries Inc (\$MLI)	NEW
ePlus Inc (\$PLUS)	NEW
Applivin Corp (\$APP)	Carry-over
Bancorp Inc (\$TBBK)	Carry-over



Sleeper SMID Grannies

Blue Bird Corp (\$BLBD)	NEW
Amkor Technology Inc (\$AMKR)	NEW
Blueprint Medicines Corp (\$BPMC)	Carry-over
Ultra Clean Holdings Inc (\$UCTT)	NEW
Veeco Instruments Inc (\$VECO)	NEW

42 SMID Granny Shot Ideas: We performed our quarterly rebalance on 7/16. Full stock list here -> [Click here](#)

PS: if you are enjoying our service and its evidence-based approach, please leave us a positive 5-star review on Google reviews -> Click [here](#).

Key incoming data August 2024:

- 8/1 8:30 AM ET: 2Q P Nonfarm Productivity **Tame**
- 8/1 8:30 AM ET: 2Q P Unit Labor Costs **Tame**



- ~~8/1 9:45 AM ET: Jul F S&P Global Manufacturing PMI~~ **Tame**
- ~~8/1 10:00 AM ET: Jul ISM Manufacturing PMI~~ **Tame**
- ~~8/2 8:30 AM ET: Jul Jobs Report~~ **Tame**
- ~~8/2 10:00 AM ET: Jun F Durable Goods Orders~~ **Tame**
- ~~8/5 9:45 AM ET: Jul F S&P Global Services PMI~~ **Tame**
- ~~8/5 10:00 AM ET: Jul ISM Services PMI~~ **Tame**
- ~~8/6 8:30 AM ET: Jun Trade Balance~~ **Tame**
- ~~8/7 9:00 AM ET: Jul F Manheim Used vehicle Index~~ **Mixed**
- ~~8/12 11:00 AM ET: Jul NY Fed 1yr Inf Exp~~ **Tame**
- ~~8/13 6:00 AM ET: Jul Small Business Optimism Survey~~ **Tame**
- ~~8/13 8:30 AM ET: Jul PPI~~ **Tame**
- ~~8/14 8:30 AM ET: Jul CPI~~ **Tame**
- ~~8/15 8:30 AM ET: Jul Retail Sales Data~~ **Tame**
- ~~8/15 8:30 AM ET: Aug Empire Manufacturing Survey~~ **Tame**
- ~~8/15 8:30 AM ET: Aug Philly Fed Business Outlook~~ **Tame**
- ~~8/15 10:00 AM ET: Aug NAHB Housing Market Index~~ **Tame**
- ~~8/15 4:00 PM ET: Jun Net TIC Flows~~ **Tame**
- ~~8/16 10:00 AM ET: Aug P U. Mich. Sentiment and Inflation Expectation~~ **Tame**
- ~~8/19 9:00 AM ET: Aug M Manheim Used vehicle index~~ **Tame**
- 8/21 2:00 PM ET: Jul FOMC Meeting Minutes
- 8/22 8:30 AM ET: Jul Chicago Fed Nat Activity Index
- 8/22 9:45 AM ET: Aug P S&P Global Manufacturing PMI
- 8/22 9:45 AM ET: Aug P S&P Global Services PMI
- 8/22 10:00 AM ET: Jul Existing Home Sales
- 8/23 10:00 AM ET: Jul New Home Sales



- 8/26 10:00 AM ET: Jul P Durable Goods Orders
- 8/26 10:30 AM ET: Aug Dallas Fed Manuf. Activity Survey
- 8/27 9:00 AM ET: Jun S&P CoreLogic CS home price
- 8/27 10:00 AM ET: Aug Conference Board Consumer Confidence
- 8/29 8:30 AM ET: 2Q S 2024 GDP
- 8/30 8:30 AM ET: Jul PCE Deflator
- 8/30 10:00 AM ET: Aug F U. Mich. Sentiment and Inflation Expectation

Economic Data Performance Tracker 2024:



Data item	2024											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
S&P Global Manufacturing PMI	Tame	Tame	Tame	Tame	Tame	Tame	Tame					
ISM Manufacturing PMI	Mixed	Tame	Mixed	Tame	Tame	Tame	Tame					
JOLTS Job Openings	Tame	Tame	Tame	Tame	Tame							
Durable Goods Orders			Tame	Tame	Tame	Tame						
S&P Global Services PMI	Tame	Tame	Tame	Tame	Tame	Tame	Tame					
ISM Services PMI	Tame	Tame	Tame	Tame	Tame	Tame	Tame					
Trade Balance			Tame	Tame	Tame	Tame						
Non-Farm Payrolls	Hot	Mixed	Hot	Tame	Hot	Tame	Tame					
Manheim Used Vehicle Index	Mixed	Tame	Tame	Tame	Tame	Tame	Mixed	Tame				
NYFed 1yr Inf Exp	Tame		Tame	Tame	Tame	Tame	Tame					
Small Business Optimism Survey				Tame	Tame	Tame	Tame					
CPI	Mixed	Mixed	Hot	Tame	Tame	Tame	Tame					
PPI	Mixed	Mixed	Tame	Mixed	Tame	Mixed	Tame					
FOMC Rate Decision	Dovish		Dovish		Dovish	Dovish	Dovish					
FOMC Meeting Minutes	Dovish		Dovish		Dovish	Dovish						
Fed Releases Beige Book			Tame	Tame	Tame		Tame					
U. Mich. 1-yr inflation Expectation	Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame				
Empire Manufacturing Survey	Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame				
Retail Sales Data	Tame	Tame	Mixed	Tame	Tame	Tame	Tame					
Net TIC Flows			Tame	Tame	Tame	Tame						
NAHB Housing Market Index	Mixed	Tame	Tame	Tame	Tame	Tame	Tame	Tame				
Philly Fed Business Outlook	Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame				
Existing Home Sales				Tame	Tame	Tame						
Dallas Fed Manuf. Activity Survey	Tame	Tame	Tame	Tame	Tame	Tame	Tame					
Chicago Fed Nat Activity Index			Tame	Tame	Tame	Tame						
S&P CoreLogic CS home price	Tame	Tame	Tame	Tame	Tame							
Conference Board Consumer Confidence	Tame	Tame	Tame	Tame	Tame	Tame	Tame					
Existing Home Sales				Tame	Tame	Tame						
New Home Sales				Tame	Tame	Tame						
PCE Deflator	Tame	Tame	Tame	Tame	Tame	Tame						

Data item	2024			
	1Q	2Q	3Q	4Q
Treasury QRA Announcement		Tame		
Non-Farm Productivity	Tame	Tame		
Unit Labor Costs	Tame	Tame		
GDP	Tame	Tame		
Employment Cost Index	Mixed	Tame		

Source: Fundstrat, Bloomberg

Economic Data Performance Tracker 2023:



Data item	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
S&P Global Manufacturing PMI								Mixed		Tame	Tame	Mixed
ISM Manufacturing PMI					Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame
JOLTS Job Openings					Tame	Tame	Tame	Hot	Mixed	Tame	Tame	Mixed
Durable Goods Orders												
S&P Global Services PMI											Tame	Tame
ISM Services PMI				Tame	Tame	Tame	Tame	Mixed	Tame	Mixed	Tame	Tame
Trade Balance												
Non-Farm Payrolls				Tame	Tame	Mixed	Tame	Tame	Mixed	Tame	Tame	Mixed
Manheim Used Vehicle Index				Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame	Tame
NYFed 1yr Inf Exp							Tame	Tame	Mixed	Tame	Tame	Tame
Small Business Optimism Survey												
CPI				Tame	Tame	Tame	Tame	Mixed	Mixed	Tame	Tame	Tame
PPI				Tame	Tame	Tame	Tame	Tame	Mixed	Tame	Tame	Tame
FOMC Rate Decision				Dovish	Dovish		Dovish		Hawkish		Dovish	Dovish
FOMC Meeting Minutes					Dovish			Mixed	Dovish		Dovish	Dovish
Fed Releases Beige Book									Tame	Tame	Tame	
U. Mich.1-yr inflation Expectation				Tame	Tame	Tame	Tame	Mixed	Tame	Tame	Tame	Tame
Empire Manufacturing Survey								Mixed	Tame	Tame	Tame	Tame
Retail Sales Data									Hot	Tame	Tame	Tame
Net TIC Flows												
NAHB Housing Market Index							Tame	Tame	Tame	Tame	Tame	Tame
Philly Fed Business Outlook								Tame	Mixed	Tame	Tame	Mixed
Existing Home Sales									Tame			
Dallas Fed Manuf. Activity Survey										Tame	Tame	Tame
Chicago Fed Nat Activity Index												
S&P CoreLogic CS home price				Tame	Tame	Tame		Mixed	Tame	Tame	Tame	Tame
Conference Board Consumer Confidence						Tame	Tame	Tame		Tame	Tame	Tame
Existing Home Sales									Tame			
New Home Sales												
PCE Deflator				Tame	Tame	Tame	Tame		Tame	Tame	Tame	Tame

Data item	2023			
	1Q	2Q	3Q	4Q
Treasury QRA Announcement				Tame
Non-Farm Productivity			Tame	Tame
Unit Labor Costs				
GDP			Mixed	Tame
Employment Cost Index		Tame	Mixed	

Source: Fundstrat, Bloomberg

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