

The logo features a blue oval with a thin orange border. The text "Hi Mount" is written in a white serif font, and "RESEARCH" is written in a white sans-serif font below it.

Hi Mount

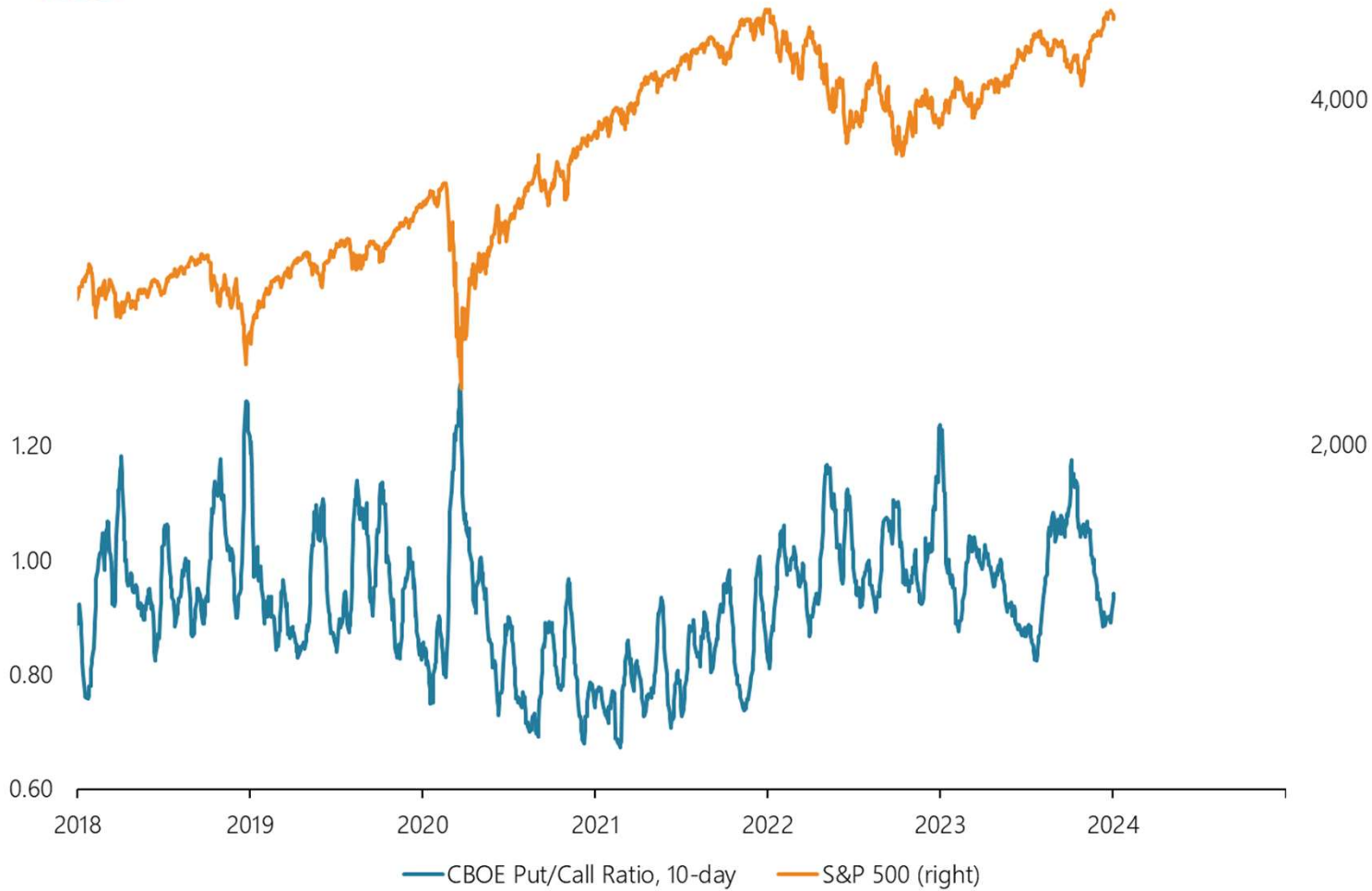
RESEARCH

HI MOUNT RESEARCH SENTIMENT SUMMARY				
	Frequency	Current	Last Week/Month	Market Indication
TACTICAL ACTIVITY (COMPLACENCY VS FEAR)				
CBOE 10-Day Put/Call Ratio <i>Below 75% is complacency. Above 90% is fear.</i>	Daily	94%	91%	Fear
CBOE 5-Day Equity Put/Call Ratio <i>Below 45% is complacency. Above 58% is fear.</i>	Daily	72%	64%	Fear
VIX Volatility Index <i>Below 13 is complacency. Above 28 is fear.</i>	Daily	14.0	12.4	Neutral
CYCLICAL VIEWS (OPTIMISM VS PESSIMISM)				
Investors Intelligence Bull-Bear Spread <i>Above 35% is optimism. Below 0% is pessimism.</i>	Weekly	40%	39%	Optimism
Consensus Inc. Bullish Sentiment <i>Above 75% is optimism. Below 40% is pessimism.</i>	Weekly	76%	76%	Optimism
NAAIM Exposure Index <i>Above 80% is optimism. Below 30% is pessimism.</i>	Weekly	103%	97%	Optimism
AAll Bull-Bear Spread <i>Above 20% is optimism. Below -20% is pessimism.</i>	Weekly	25%	21%	Optimism
Four-Week Total of Equity ETF Flows <i>Adjusted for total assets. Above 6bps is optimism. Below 2.5bps is pessimism.</i>	Weekly	17.9bps	17.0bps	Optimism
STRATEGIC POSITIONING (RISK VS OPPORTUNITY)				
Median Trailing P/E ratio <i>Above 20x is risk. Below 20x is opportunity.</i>	Monthly	24.2x	23.5x	Risk
Median Forward P/E ratio <i>Above 18x is risk. Below 14x is opportunity.</i>	Monthly	19.3x	18.7x	Risk
AAll Asset Allocation Survey - Equity Exposure <i>Above 68% is risk. Below 55% is opportunity.</i>	Monthly	66.4%	64.6%	Neutral
Household Liquidity <i>Top quartile liquidity is opportunity. Bottom quartile liquidity is risk.</i>	Quarterly	4 th percentile	3 rd percentile	Risk

Updated with data available as of: January 4, 2024



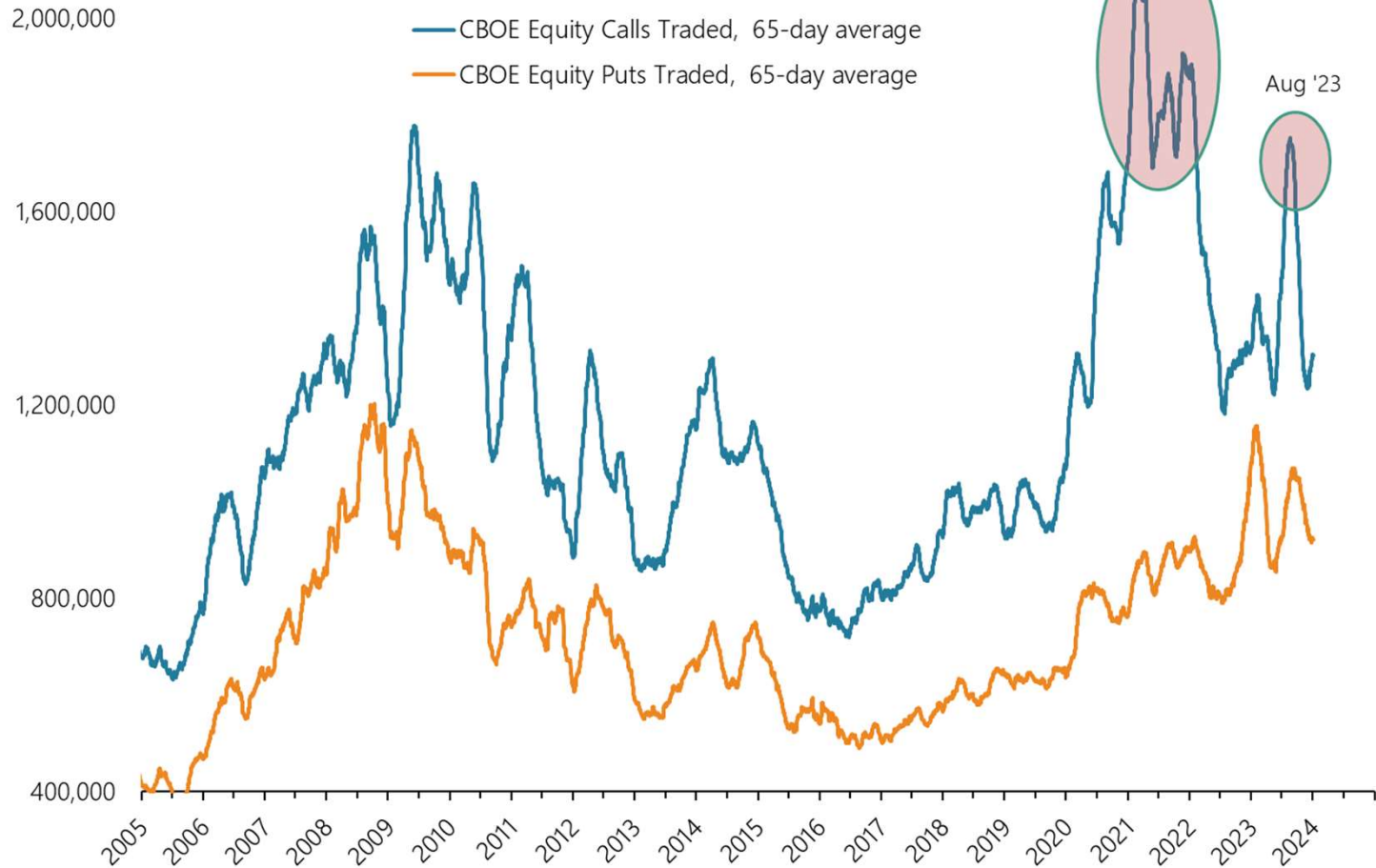
10-DAY CBOE PUT/CALL RATIO AND S&P 500



Put/call ratios turning higher suggest that fear is building (or perhaps complacency is waning) on at least a short-term basis.



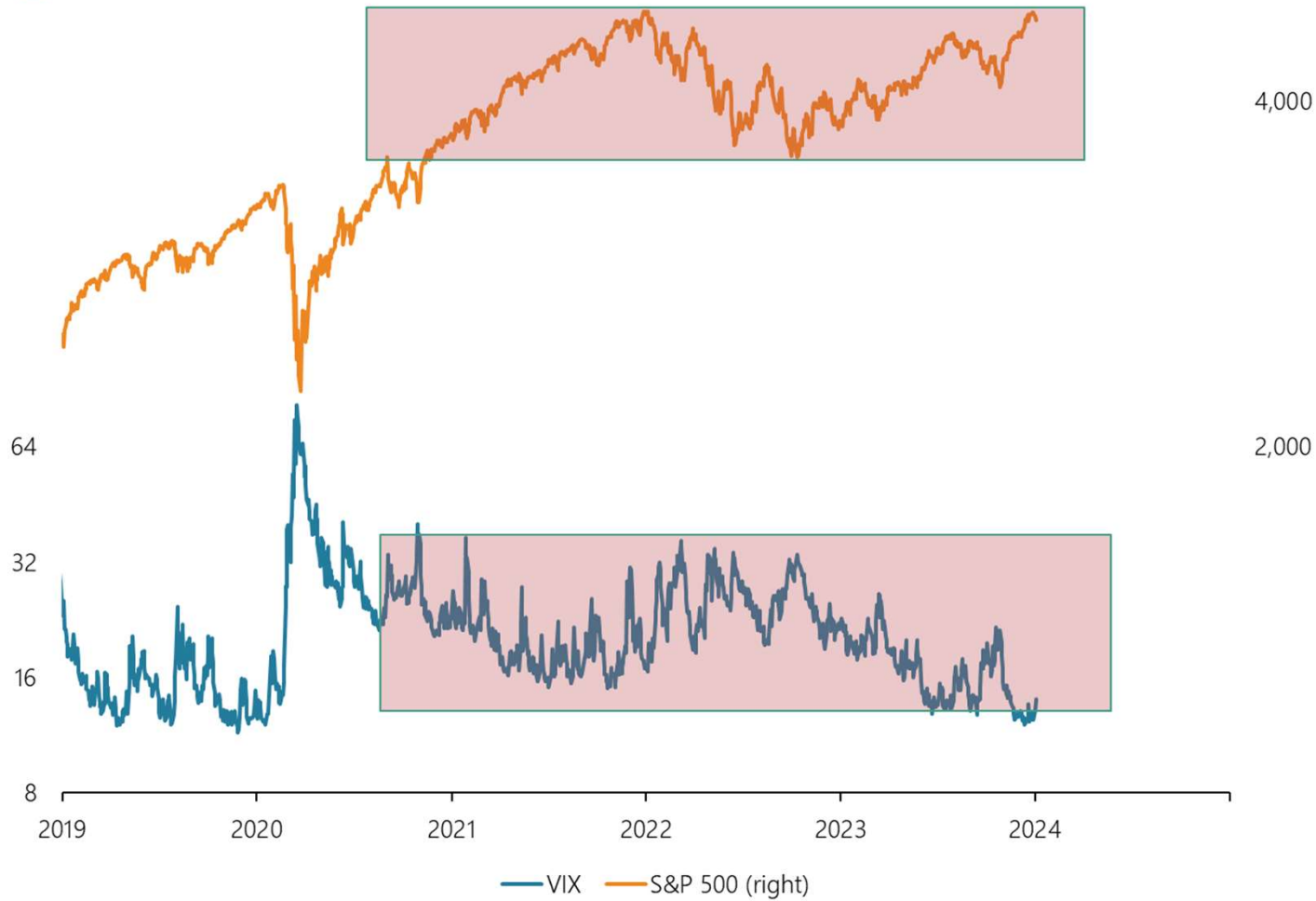
CBOE EQUITY OPTIONS ACTIVITY



While December saw a buying frenzy and a surge in ETF inflows, equity call activity did not reflect a spike a speculation like was seen in August (which looked like an echo of 2021).



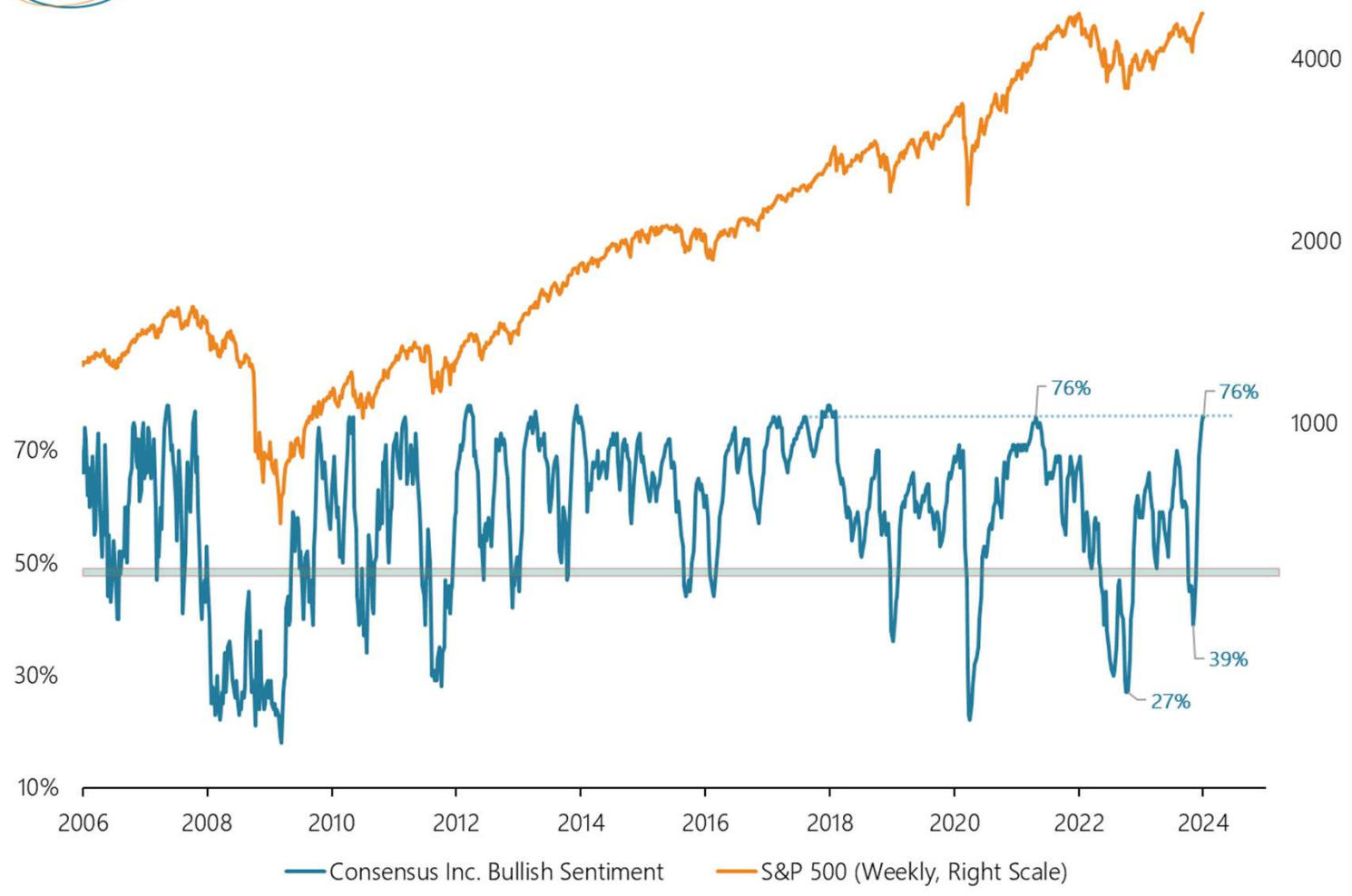
VIX AND S&P 500



Going back to the late-2020 breakout, the S&P 500 has been in a broad sideways for over three years as the VIX has grinded lower. The latest uptick has taken the VIX out of the complacency range, but there is no evidence of fear.



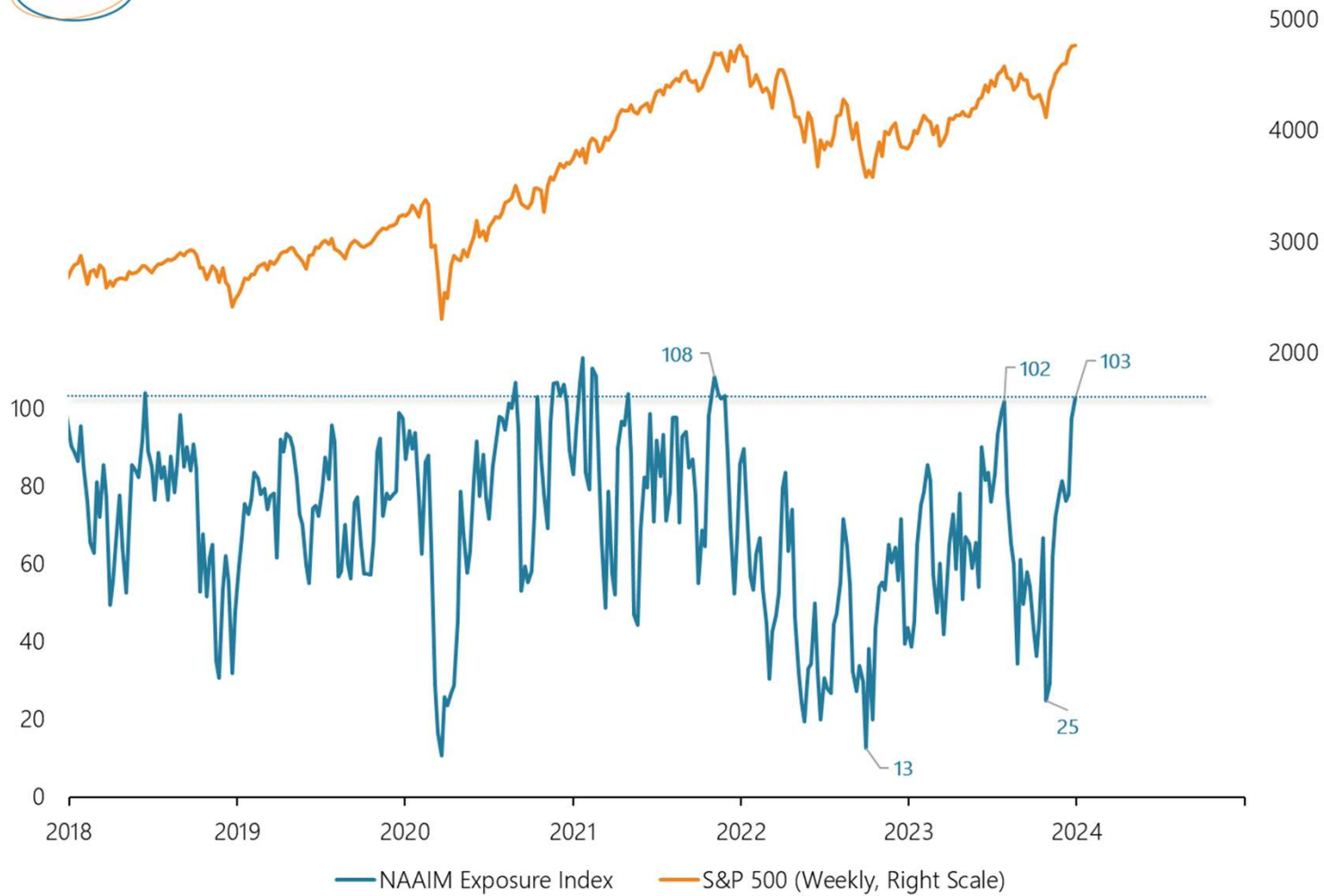
STOCKS AND INVESTOR SENTIMENT



Consensus Bulls have matched the highest reading in over 6 years.



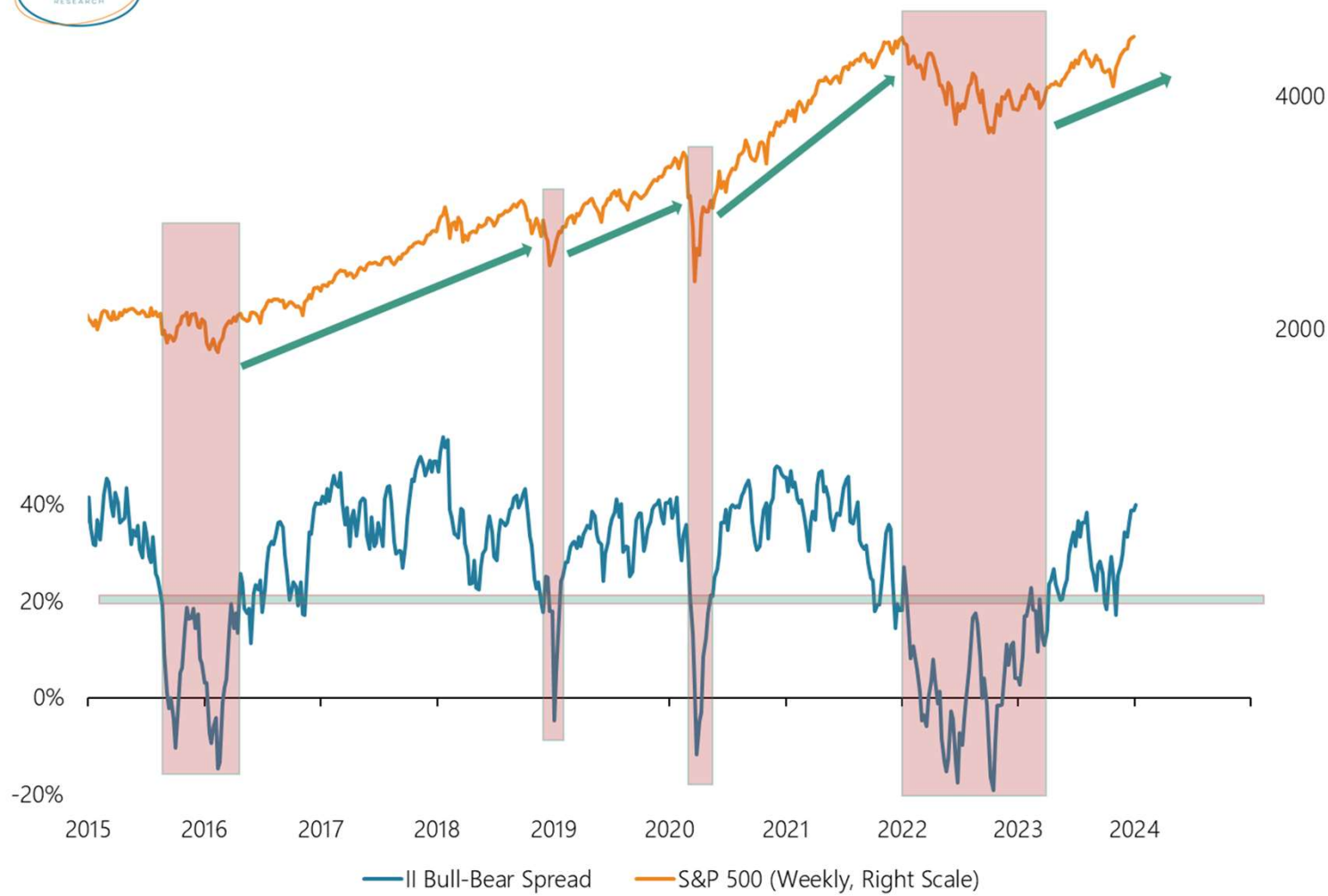
STOCKS AND INVESTOR SENTIMENT



Active investment managers surveyed by the NAAIM have raised their equity exposure to the highest level since just prior to the 2022 peak in the S&P 500.



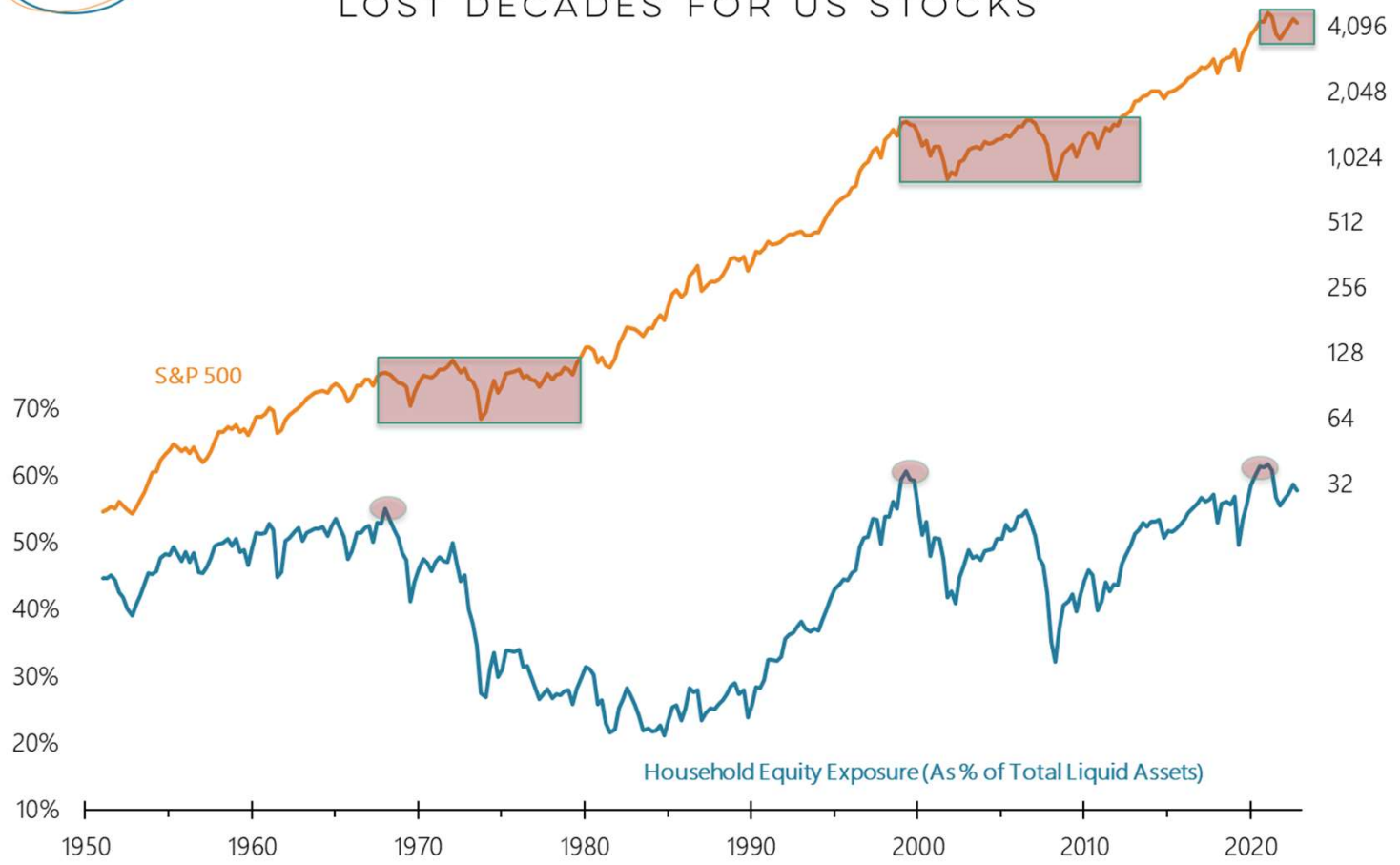
IT TAKES BULLS TO HAVE A BULL MARKET



While it takes bulls to have a bull market, extreme levels of optimism (like the new cycle high in the II Bull-Bear Spread) open the door to disappointment and price weakness.



EXCESSIVE EQUITY EXPOSURE & LOST DECADES FOR US STOCKS

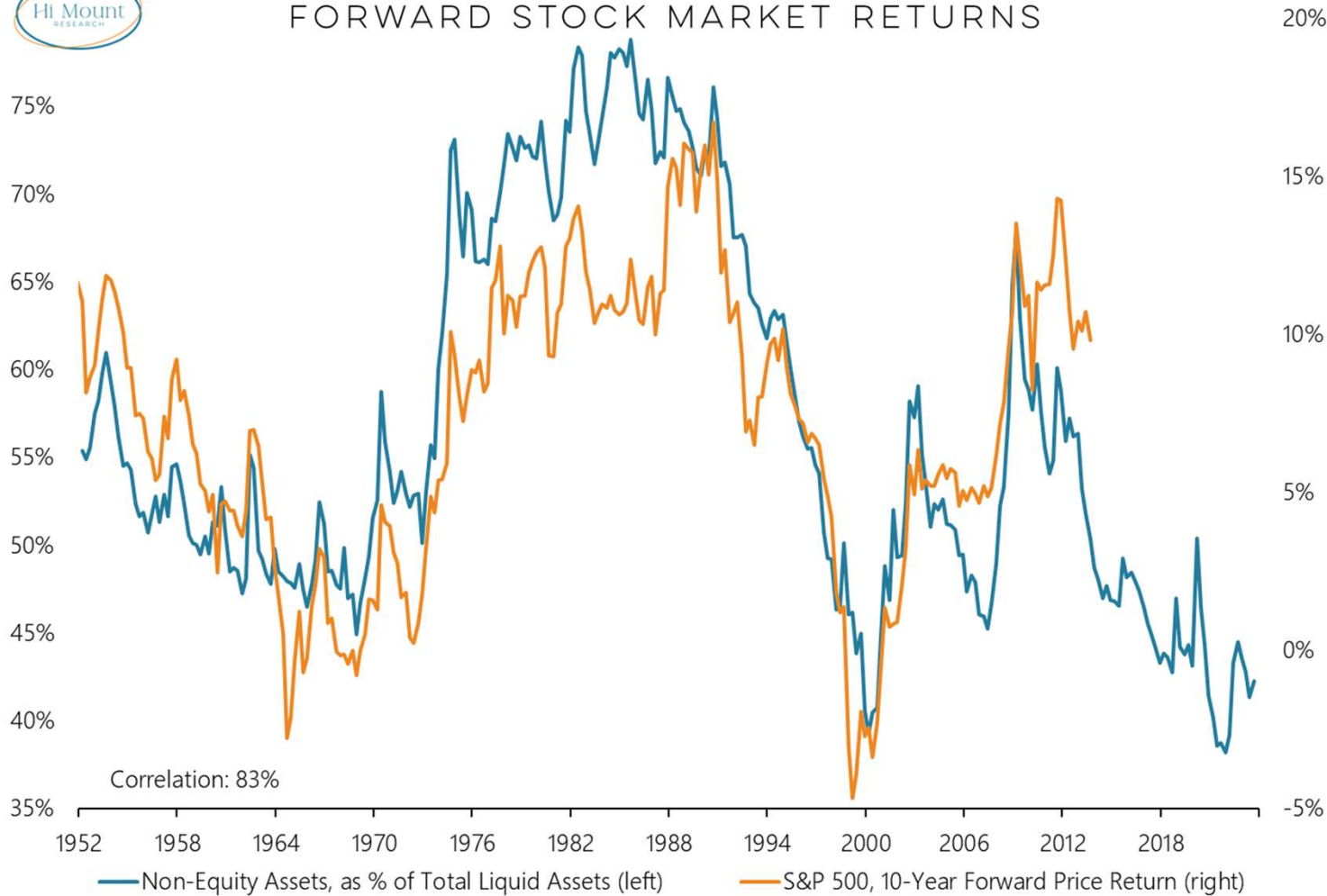


Household Liquid Assets include Checkable Deposits & Currency, Time & Savings Deposits, Money Market Fund Shares, Treasury Securities, Agency Securities, Municipal Securities, Corporate & Foreign Bonds, Mortgages, Corporate Equities & Mutual Funds. Data from Federal Reserve Z.1 report.

Cyclical sentiment challenges come as investors remain over-committed to stocks from a secular perspective. Household equity exposure appears to have peaked – in the past that has led to extended periods with little upside progress for stocks.



HOUSEHOLD ASSET ALLOCATION & FORWARD STOCK MARKET RETURNS



The challenges presented by the current household asset allocation mix is reflected in the relationship between exposure to non-equity assets and forward stock market returns. Liquidity remains near historically low levels and in the past that has been associated with sub-par stock market returns.



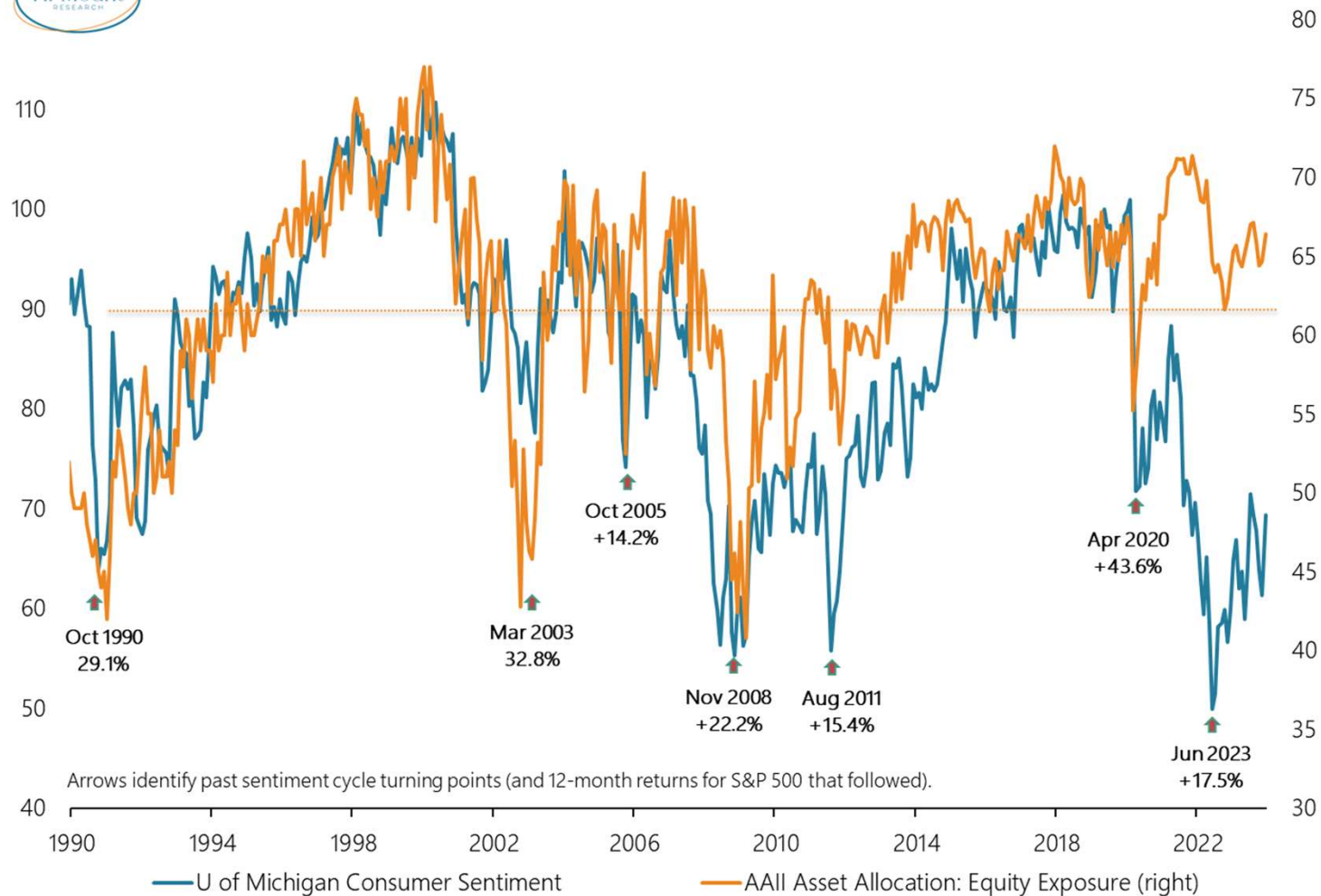
ONE-YEAR FORWARD P/E RATIO AND S&P 500



The forward P/E ratio for the S&P 500 suggests stocks are expensive even if double-digit earnings growth estimates for the coming year turn out to be realistic.



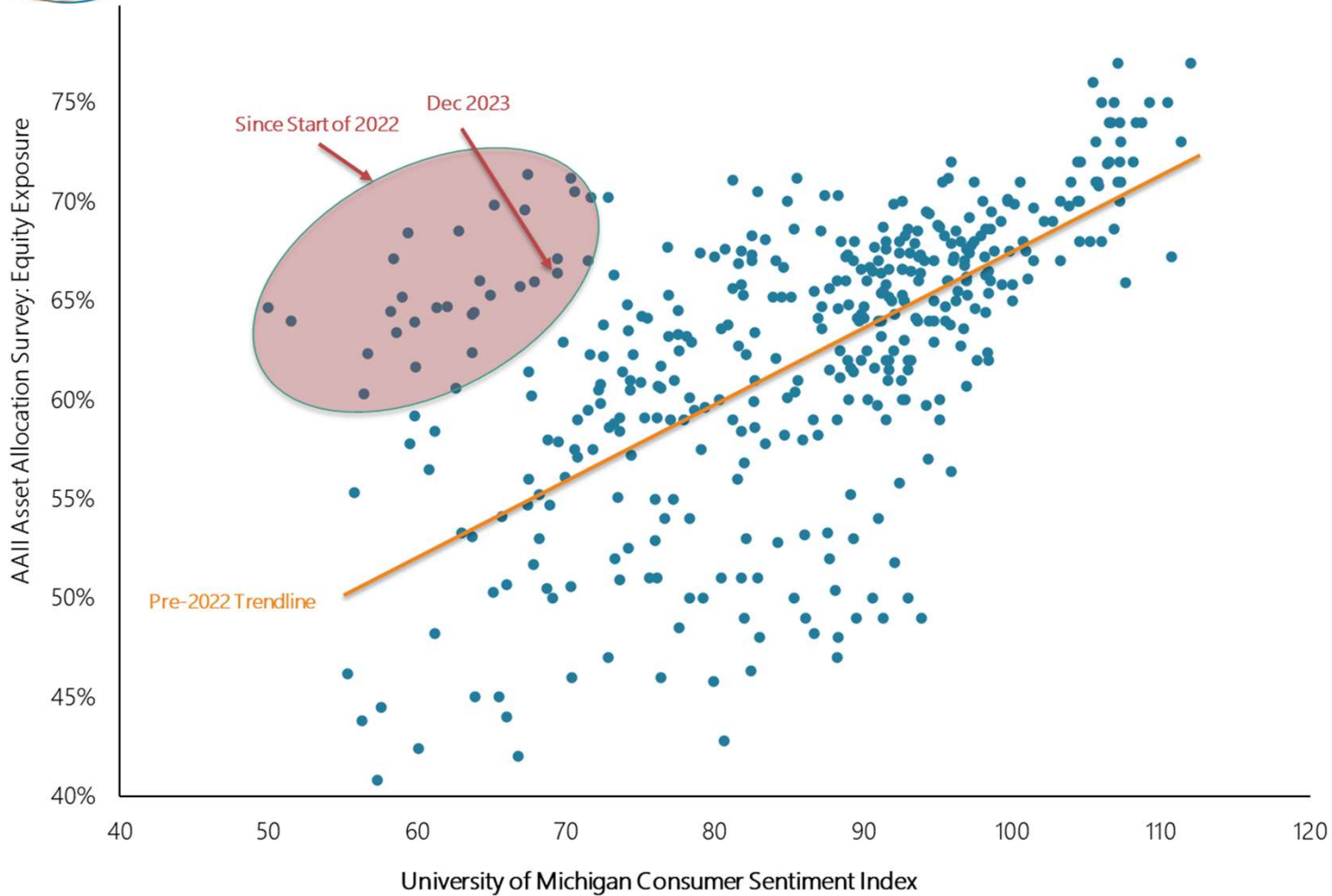
SENTIMENT VS POSITIONING



For 30 years there was a close and reliable relationship between consumer sentiment (based on the University of Michigan survey) and investor positioning. That relationship has been broken in recent years. While consumer moods may be sour, they have not abandoned stocks and moved to cash.



SENTIMENT VS POSITIONING, 1990 - 2023



A scatter plot of the relationship between consumer sentiment and equity exposure shows the positive relationship that has existed historically and how recent readings have deviated from his pattern.