



DTCC is publishing monthly reports to provide insights how users can better understand equity markets using Equity Kinetics.

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December 2020

EQUITY KINETICS MONTHLY

DTCC Equity Kinetics is a service market participants rely on for a better understanding of the U.S. Equity Markets.

Each month, this publication highlights key metrics derived from the service to illustrate use cases.

These stocks were the 10 Best & Worst Performers in the S&P 500 for December 2020:

Ticker	Actual Return	EK Signal	EK VWAP - 12/7	EK VWAP - 12/31	EKDC Return
NLSN	27.44%	Long	17.30	20.78	20.12%
ALXN	27.16%	Short	119.03	155.45	10.00%
NTAP	21.96%	Long	60.36	66.01	9.37%
FTNT	21.38%	Long	128.44	148.33	15.48%
DIS	20.99%	Long	153.25	181.63	18.52%
FANG	20.83%	Long	46.05	48.75	5.88%
ABMD	20.15%	Long	270.88	322.85	19.19%
HWM	18.87%	Short	25.56	28.51	10.00%
CDNS	17.83%	Long	119.23	136.24	14.26%
RL	17.32%	Long	95.27	103.88	9.03%
GM	-7.57%	Short	44.06	41.50	5.80%
BBY	-7.66%	Long	102.78	99.97	-2.73%
REGN	-7.81%	Long	495.97	478.18	-3.59%
PFE	-7.84%	Short	40.95	36.57	10.70%
LUMN	-7.87%	Short	10.16	9.71	4.38%
PRGO	-8.14%	Long	48.82	44.55	-8.76%
ETR	-9.49%	Long	106.56	99.29	-6.82%
FDX	-11.44%	Short	295.67	258.83	12.46%
DISH	-11.44%	Long	36.58	32.15	-10.00%
ROL	-32.26%	Long	56.01	38.97	-10.00%
EK Return Average					6.16%
EK Long Return Avg					13.19%
EK Short Return Average					-0.86%
S&P500^					3.71%

***<https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes/>



Background

One of the data elements in DTCC Equity Kinetics that users find valuable is consolidated volumes of activity at a stock and trade-side level, as this gives a perspective on market sentiment.

Each month, we take the ratio of the sell- and short-sell volumes and calculate the 50-day and 200-day moving averages (DMA) of both. Then, the 50DMA is divided by the 200DMA to create a ratio. When this ratio is above 1, the Equity Kinetics signal is viewed as positive. When it's below 1, it's viewed as negative.

At the end of each month, we look at the top 10 and bottom 10 stocks (in terms of return) from the ***S&P 500 index. We then look back at the signals we saw in Equity Kinetics during the first 5 trading days of the month for these 20 stocks. If the signal was positive, we open a hypothetical long position starting on the 5th trading day until the end of the month. If the signal was negative, we open a hypothetical short position for the same time period. If there is no signal, we do nothing.

Note: Our signals are obtained by examining technical indicators known as the Golden Cross and Death Cross**, using data from DTCC Equity Kinetics.*

Fields

Ticker – Exchange symbol for a stock

Actual Return – The percentage difference in the Buy VWAP from the first day of the month in question and the last day of the month

EK Signal (Long/Short/None) – During the first 5 trading days of the month, did the comparison of the 50/200 DMA averages described above suggest a bullish, bearish or neutral trend? If bullish, it was intended as a long position, if bearish, a short position, or neutral, there would be no position.

EK VWAP 10/7 – The equity Kinetics VWAP on the 5th trading day of the month

EK VWAP 10/30 – The equity Kinetics VWAP on the last trading day of the month

EK 10/7-10/30 – The percentage difference in the EK buy VWAPs on the respective dates. If the position was 'Short' the inverse return is shown.

We use a 10% stop loss on any position in calculating returns for DTCC Equity Kinetics (EK). All data points derived from DTCC Equity Kinetics, unless noted otherwise.

*<https://www.investopedia.com/terms/g/goldencross.asp>

**<https://www.investopedia.com/terms/d/deathcross.asp>

***https://en.wikipedia.org/wiki/List_of_S%26P_500_companies

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