



February 2021

EQUITY KINETICS MONTHLY

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

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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 February 2021:

Ticker	Actual Return	EK Signal	EK VWAP - 2/5	EK VWAP - 2/26	EKDC Return
AKAM	-14.59%	Long	114.12	95.03	-10.00%
CLX	-13.68%	Long	192.25	181.48	-5.60%
EQIX	-13.65%	Long	750.76	650.24	-10.00%
PKI	-17.17%	Long	144.46	126.05	-10.00%
VTRS	-14.96%	Long	17.84	14.79	-10.00%
HFC	34.98%	Long	30.33	37.72	24.39%
LYV	32.34%	Long	74.55	89.20	19.64%
MRO	50.13%	Long	7.99	10.99	37.53%
TPR	33.24%	Long	37.45	42.30	12.95%
UAL	31.92%	Long	42.36	52.49	23.91%
VLO	36.74%	Long	61.85	76.40	23.51%
RCL	40.86%	Long	71.79	92.36	28.66%
DVA	-13.44%	Short	109.28	102.60	6.11%
INCY	-13.39%	Short	90.60	78.61	13.24%
LDOS	-14.52%	Short	106.91	89.21	16.56%
QCOM	-14.77%	Short	146.01	136.53	6.49%
TSLA	-17.33%	Short	852.54	680.80	20.14%
CCL	40.01%	Short	21.44	26.27	-10.00%
LB	33.45%	Short	49.01	54.93	-10.00%
TWTR	48.72%	Short	56.30	77.37	-10.00%

EK Return Average	7.88%
EK Long Return Avg	10.42%
EK Short Return Average	4.07%
S&P500^	2.61%



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 2/5 – The equity Kinetics VWAP on the 5th trading day of the month

EK VWAP 2/26 – The equity Kinetics VWAP on the last trading day of the month

EK 2/5-2/26 – 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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