



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

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November 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.

**The following stocks were the 10 Best and Worst Performers in the S&P 500 for October 2020**

Ticker	Actual Return	EK Signal	EK VWAP - 11/6	EK VWAP - 11/30	EK Return
OXY	68.51%	None	17.74	22.31	NA
CCL	54.34%	Short	323.62	423.71	-10.00%
DVN	53.73%	Long	10.59	12.47	44.15%
APA	53.22%	Long	12.11	14.22	52.36%
MRO	49.07%	Long	6.29	7.39	45.03%
FANG	47.85%	Short	43.03	45	-10.00%
NCLH	46.38%	Short	265.14	286.55	-10.00%
FTI	45.22%	Long	58.32	62.07	45.40%
BA	44.59%	Short	12.46	12.99	-10.00%
RCL	42.85%	Short	12.71	13.22	-10.00%
LNT	-7.06%	Short	54.64	52.54	3.85%
CLX	-7.07%	Long	216.43	201.59	-6.86%
PGR	-7.50%	Long	97.80	87.02	-10.00%
WEC	-7.67%	Short	102.38	94.87	7.33%
DLR	-7.74%	Short	146.96	134.99	8.14%
NEM	-8.66%	Short	68.09	58.52	14.06%
BIO	-9.14%	Long	642.37	537.51	-10.00%
FE	-11.62%	Short	29.38	26.56	9.62%
NLOK	-12.49%	Short	20.67	18.19	12.01%
HBI	-14.27%	Long	13.13	14.20	8.16%

**EK Return Average 9.12%**

**S&P500\*\*\* 10.75%**

\*\*\*<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 5<sup>th</sup> 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 (volume weighted average price) 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** – The equity Kinetics VWAP (volume weighted average price) from the first trading day of the month to the last

**EK Return** – 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](https://en.wikipedia.org/wiki/List_of_S%26P_500_companies)

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