US correlation report (updated weekly)

OUR ADDED VALUE: To help you detect investment opportunities in American stocks. Our quantitative techniques aim to benefit from stock market heterogeneity. Our reports will become your edge to building a diversified and outperforming dynamic stock portfolio.

OUR APPROACH: Price momentum, a widely used technique by fund managers. Outperforming companies will likely remain good performers due to the inertia of their underlying cash flow.

INVESTMENT TIME HORIZON: Multi-quarter to multi-year.

INVESTMENT UNIVERSE: 200 largest US companies. Market capitalizations are reviewed at least every 3 months to benefit from the survivorship bias.

STOCK SELECTION: The stocks shown in this report are the best trending ones highlighted in our scoring report. Their slow score is >= 70 and their fast score is >= 60.

CORRELATION MATRIX: A correlation coefficient matrix is computed with monitored stock returns. It allows us to connect our selected stocks using a color code that highlights moderately (0.60 to 0.70), strongly (0.70 to 0.80), and very strongly (> 0.80) correlated stocks. Stocks are ranked according to their beta.

BETA AND VOLATILITY: The beta is a measure of the risk vs. the index. Betas > 1.70 are highlighted in red. These stocks show a high level of risk. Betas < 1.00 are highlighted in green. These stocks carry less risk than the index. The annual volatility is also displayed, stocks with a volatility > 50% show a higher risk and are highlighted in red.

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PORTFOLIO CONSTRUCTION: To build a focused portfolio, we recommend owning 15 to 20 stocks. To control portfolio risk, we suggest you focus on the average beta of your owned stocks. We recommend lowering the weight of high beta stocks. The correlation matrix will help you select the best-performing stocks while monitoring the risks. Do not own too many highly correlated stocks. Tickers highlighted in green are low-risk stocks as they are correlated to 4 or fewer stocks, their beta is < 1.7, and volatility < 50%. Tickers highlighted in orange carry a moderate risk as their beta is < 1.7, volatility < 50%, but show a significant correlation with more than 4 other high-scored stocks. Tickers highlighted in red show a higher degree of risk as their beta is > 1.7 or their volatility is > 50%.

SUBSCRIPTION: 4-week subscription: USD 40, 13-week subscription USD 100 to receive both US reports (score report + correlation network).

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Correlation matrix (1/2):

Ticker RISK	LOW	MODERATE	HIGH

Correlation:	MODERATE	STRONG	VERY STRONG

	URI	COR	MNST	TJX	WELL	ROST	PCAR	WMT	RTX	HLT	BK	MAR	GOOGL	CAT	GLW	CMI	PWR	PH	AXP	JPM
Fast Score	79	63	77	70	75	66	65	69	88	77	96	71	95	99	98	98	87	94	75	73
Beta	-0.09	-0.08	0.19	0.26	0.35	0.51	0.69	0.70	0.78	0.85	0.93	1.04	1.12	1.12	1.20	1.21	1.22	1.28	1.30	1.32
Volatility	31%	19%	21%	17%	22%	27%	26%	26%	27%	25%	21%	30%	32%	31%	34%	28%	37%	28%	30%	28%
URI	(gray)																			
COR		(gray)																		
MNST			(gray)																	
TJX				(gray)		(red)														
WELL					(gray)															
ROST				(red)		(gray)	(yellow)													
PCAR						(yellow)	(gray)											(yellow)		
WMT								(gray)												
RTX									(gray)											
HLT										(gray)		(red)						(yellow)		
BK											(gray)									
MAR										(red)		(gray)				(yellow)		(orange)		
GOOGL													(gray)							
CAT														(gray)						
GLW															(gray)					
CMI												(yellow)				(gray)		(orange)		
PWR																	(gray)			
PH							(yellow)			(yellow)		(orange)	(orange)			(orange)		(gray)	(yellow)	
AXP																		(yellow)	(gray)	(yellow)
JPM																			(yellow)	(gray)
HWM																	(yellow)			
GS																				(orange)
GE																				
SCCO																				
GEV																				
MS											(yellow)							(yellow)	(orange)	
APH																	(yellow)			
AMAT														(yellow)						
C																			(yellow)	(orange)
KLAC																				
VST																				
CEG																				
NVDA																				
LRCX																				
PLTR																				
AVGO													(yellow)							
ANET																				
WDC																				
MU																				
VRT																	(yellow)			
CVNA																				
APP																				
HOOD																				

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Correlation matrix (2/2):

Ticker RISK	LOW	MODERATE	HIGH

Correlation:	MODERATE	STRONG	VERY STRONG

	HWM	GS	GE	SCCO	GEV	MS	APH	AMAT	C	KLAC	VST	CEG	NVDA	LRCX	PLTR	AVGO	ANET	WDC	MU	VRT	CVNA	APP	HOOD
Fast Score	91	99	93	92	92	95	97	91	96	93	63	65	79	97	69	85	64	100	100	88	78	72	80
Beta	1.35	1.38	1.39	1.39	1.41	1.48	1.53	1.55	1.57	1.77	1.81	1.86	1.91	1.98	2.17	2.19	2.24	2.30	2.31	2.35	2.40	2.99	3.07
Volatility	33%	29%	32%	40%	47%	29%	36%	43%	33%	42%	50%	51%	46%	48%	69%	50%	58%	66%	63%	63%	68%	82%	75%
URI																					6%	6%	13%
COR																							
MNST																							
TJX																							
WELL																							
ROST																							
PCAR																							
WMT																							
RTX																							
HLT																							
BK																							
MAR																							
GOOGL																							
CAT																							
GLW																							
CMI																							
PWR																							
PH																							
AXP																							
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HWM																							
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HOOD																							

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