

Screening for Winners: *TradeSmith's* "Quick Start Guide" To Finding the Market's Best Stocks

Turns out that retail investors aren't the only folks who get infected with FOMO (Fear of Missing Out).

Wall Street strategists can succumb, as well.

For investors, FOMO is all about getting left behind – while everyone around them seems to be making money.

For analysts, the FOMO trigger is much more visceral – it's all about "looking bad."

With the **S&P 500** up 17% so far this year, Wall Street's best-known analysts and market strategists are looking bad – really bad – and they know it.

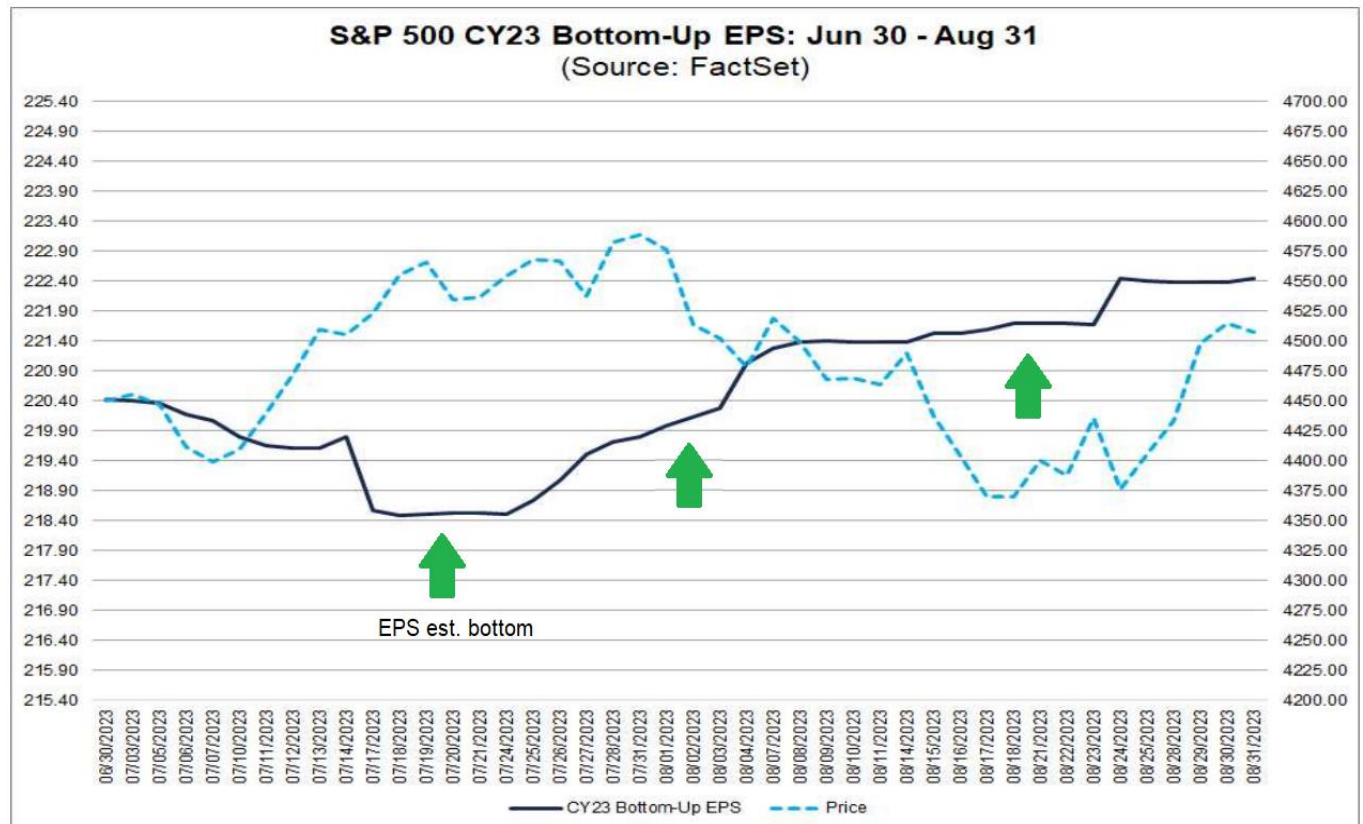
Their gloomy, bearish outlooks never came to pass. Stocks didn't stumble – they soared. And now **Bloomberg** says these folks are finally "getting with the program."

"A slew of Wall Street strategists have been forced to ratchet up their forecasts as stocks extended their climb this year," the news service reported last week. Bank of America's Savita Subramanian, Goldman Sachs Group's David Kostin, and Citigroup's Scott Chronert also boosted their 2023 outlooks in recent months to keep up with the rally."

Even "perma-bear" Mike Wilson, Morgan Stanley's chief strategist, this summer admitted he was pessimistic for way too long (though he hasn't fully thrown in the towel – he's still projecting a drop of 10% or more before 2023 closes out).

The bottom line is that a lot of Wall Street's alleged "best and brightest" turned far too bearish when rates zoomed and profits plunged late last year – and they got left behind. It was a really bad call on their part – as I've been pointing out for months – and folks who took that advice left a lot of dollars on the table this year.

Let's fast-forward to the here-and-now. And let's assume that the Federal Reserve, as expected, holds rates unchanged at this week's policy meeting. Markets are pricing in interest rate *cuts* by the Fed as early as May 2024.



Also, the much-feared earnings recession never really materialized. Granted, corporate financial results declined modestly for a couple of quarters on a year-over-year basis.

But, as you can see in the chart above, earnings forecasts are on the rise. Recent results from S&P 500 companies smoked Wall Street's expectations – by a hefty margin. And that "reality" has prompted analysts to boost their profit forecasts – for the current quarter *and* for full-year 2023.

That's extremely bullish because earnings are *the* single most important driver of stock prices over the long run. So, it's no coincidence that 2023 profit forecasts bottomed in July and that the **S&P 500 Index** bottomed less than a month later.

So how do you put this insight to use?

Good question – and one I'm about to answer for you.

Stock Screens 101

If you share Wall Street's newfound bullishness on stocks, there's no better way to take advantage than with *TradeSmith's* powerful stock-screening tools.

A stock screener is a tool that lets you search for stocks based on criteria that you specify. You can sift through thousands of stocks based on sectors, geographic markets, specific exchanges, market cap, financial strength, dividend yields, share-price momentum, risk levels, and more.

Screeners of many types are a key element of the *TradeSmith* "toolkit." In fact, that screener capability is one of *TradeSmith's* "core competencies" – and our best-in-breed tools are one reason this company is a leader in the fintech industry.

Indeed, consider this week's *Inside TradeSmith* column as a kind of "quick start" screening guide for finding the most-profitable stocks in the market.

Our Screener directs you to new investments based on the factors or filters that are most important to *you*. The Screener is part of the Invest menu in *TradeSmith Finance*. Access to the tool is included with all levels of *Ideas by TradeSmith*, *Trade360*, *TradeSmith Essentials*, and *TradeSmith Platinum*.

On the Screener page, you can: (1) create your own screener, (2) view your previously saved screeners, or (3) use one of the default screeners that *TradeSmith* created based on our proven strategies.

MONEY MOVERS OPPORTUNITIES PURE QUANT **SCREENER** POSITION SIZE BACKTESTER

[+ Create new screener](#) 1

	Screener Name ▲	Filters	Description
My Screeners 2			
▼	Test Screener	2	
TradeSmith Screeners 3			
▼	Billionaires Bargains	2	
▼	Gearing Up for Green	4	
▼	Green Profitable Dividend Growers	2	
▼	Low-Cost Bargain Stocks	4	
▼	Low-Cost Billionaire Picks	4	
▼	Perfect Stocks for a Flat Market	4	

Here's how to create a **new** screener to help uncover stock opportunities that are just right for you.

First, be sure you are logged in to *TradeSmith Finance*.

Click on the **Invest** menu, then on the **Screener** tab on the next row, as shown below.

TRADESMITH FINANCE Dashboard Platinum My Portfolios Markets **Invest** Trade My Gurus Calendar More ...

MONEY MOVERS OPPORTUNITIES PURE QUANT **SCREENER** POSITION SIZE

Screener Step-by-Step

Here's what a blank screener page looks like – what you'll see before you add your favorite filters. Remember that your filter options are based on what subscriptions you have with *TradeSmith*, and you might not have access to everything I mention below.

The screenshot shows the TradeSmith screener interface with 10 filters numbered in red circles:

- 1. Rating:** A text input field with a green "+ Add" button and a trash icon.
- 2. Health Status:** Three buttons: "Green Zone" (green), "Yellow Zone" (yellow), and "Red Zone" (red). Each has a trash icon.
- 3. Trend:** Three radio buttons: "Up", "Down", and "Sideways". Each has a trash icon.
- 4. Entry Signals:** Two radio buttons: "Entry" and "Early Entry". Each has a trash icon.
- 5. VQ Range:** A dropdown menu with "more than" selected and a text input field. Each has a trash icon.
- 6. TradeSmith Strategies:** A text input field with a green "+ Add" button and a trash icon.
- 7. Newsletters Recommendations:** A toggle switch set to "No" and the text "Show only matching results from my Newsletters recommendations". Each has a trash icon.
- 8. TradeSmith Baskets:** A dropdown menu with "Select..." and a trash icon.
- 9. Asset Type:** A text input field with a green "+ Add" button and a trash icon.
- 10. Display & Sort Results:** A section with "Show top" (250), "Sort results by" (Health), and "ASC".

At the bottom right, there are "Save" and "Run Screener" buttons.

Now, let's play a little game of "screen by the numbers" so you get the hang of how to use our screener tool.

To get started, let me give you a "guided tour" of the filters I use most often.

1. Rating: This lets you filter based on the overall rating (from Strong Bearish to Strong Bullish) for any stock (or other asset).

2. Health Status: Our Health Indicator spotlights the stock's current state, including:

- Green Zone is good; it's trading normally based on historic performance.
- Yellow Zone is cautionary; the position is halfway to stopped being out.
- Red Zone is stopped out or unhealthy.

3. Trend: This lets you select among stocks in an uptrend, downtrend, or sideways trend. These are based on a price-trend analysis conducted by our proprietary algorithms.

For new (long) stock ideas, it's best to focus on the Green or Yellow zones. For possible short-sale ideas, you may choose stocks in the Red Zone.

4. Entry Signals: A new Entry Signal triggers when a stock moves from the Red Zone to the Green Zone. An Early Entry Signal is a more aggressive signal that gets you into the stock or other security sooner.

The stock may still be in the Red Zone, but due to positive performance, our algorithm sees a high probability that it may soon trigger a fresh Entry Signal.

5. VQ Range: This tells you how risky a stock or security is. Here's the range:

- Below 15% is low risk
- 15-30% is medium risk
- 30-50% is high risk
- Above 50% is sky-high risk

6. TradeSmith Strategies: This will help you find stocks that meet our proven investment strategy requirements, including Low Risk Runners and RSI Rebounds, which I've discussed in previous *Inside TradeSmith* columns. There are 18 proven strategies in all.

7. Newsletter Recommendations: Here you can include any newsletters you subscribe to that are synchronized with *TradeSmith*, including my *Ultimate Income* service. The Screener will pull positions from the newsletters of your choice so you can review them for possible buys.

8. TradeSmith Baskets: This lets you choose from available *TradeSmith* baskets as a filter. This includes our latest AI-driven *Predictive Alpha Prime* basket, and another of my personal favorites, Top Cash-Flow Generators – as well as more than 20 other baskets.

9. Asset Type: This lets you specify the type(s) of securities you want to consider for investment, including stocks, commodities, cryptocurrencies, and more.

10. Display & Sort Results: Finally, you can select how to view the results of your screen. Simply use the drop-down menu to choose how many positions you'd like to

see, what filters you want to sort by, and whether you want to see them in ascending or descending order.

Once you have the filters you want, be sure to click "**Save as New**" so you can go back to your work later, and then click "**Run Screener**."

It's super easy to do. And it's incredibly powerful.

Also, keep in mind that there are dozens of general, fundamental, and performance-based filters you can choose from, along with our own dedicated *TradeSmith* filters.

You can easily add (or remove) the filters that you want to use by clicking on the "**+ Manage Filters**" link at the top of this Screener page. After clicking the link, a pop-up box will appear.

Here's a screenshot of the options in the Manage Filters box. Your *TradeSmith* filter options and access depend on your subscriptions.

MANAGE FILTERS

TradeSmith

☒ Health Status
☒ Trend
☒ Entry Signals
☒ VQ Range
☐ Kinetic VQ Ratio
☒ TradeSmith Strategies
☐ Average VQ
☐ Relative Strength Index (14)
☒ TradeSmith Baskets
☒ Rating
☐ Cycle Conviction Level
☐ Cycle Turn Area
☐ Cycle Period

General

☒ Newsletters Recommendations
☐ Country of Exchange
☐ Latest Close
☐ Markets
☐ Sectors
☐ Industries
☒ Asset Type
☐ Quote Currencies
☐ Volume
☐ Institutional Ownership
☐ Mutual Fund Ownership
☐ Insider Transactions

Fundamentals

☐ P/E Ratio
☐ Market Capitalization
☐ Trailing Dividend Yield
☐ Forward Dividend Yield
☐ Net Income
☐ EPS
☐ P/B
☐ PEG
☐ Revenue
☐ Enterprise Value
☐ EBITDA
☐ Enterprise Value/EBITDA
☐ Enterprise Value/Revenue
☐ Total Assets
☐ Shares Outstanding
☐ Free Cash Flow

Performance

☐ One Day Change
☐ One Week Change
☐ One Month Change
☐ One Year Change
☐ Three Year Change
☐ Five Year Change

Cancel
Save & Close

The filters I described above have the green check box filled in. But you can select or de-select as many of these filters as you want. Mix it up a little to see all the insightful screens you can come up with. The only limit is your imagination.

Mike Burnick's Bottom Line: Our powerful Screener is my favorite go-to analytical tool in *TradeSmith Finance*. I'm running my saved screens to uncover new stock ideas for my *Ultimate Income* newsletter almost every day. And I'm always experimenting with new filter combinations in search of the "Holy Grail." And you can, too.

Good investing,

Mike Burnick
Senior Analyst, *TradeSmith*

P.S. If you have any questions or concerns, feel free to reach out to me at emailmikeburnick@tradesmith.com, and include "Inside TradeSmith" in the subject line or at the top of your message.