Stock Market Gets “Fitch Slapped”

The S&P 500 (SPY) seems to have hit a wall at 4,600 thanks in part to the surprising downgrade of US debt by the Fitch ratings service. Not only is that taking place, but investors also go served up the 3 key monthly economic reports that have market moving impact. Steve Reitmeister reviews this latest news to update his market outlook, trading plan and preview of 7 top picks. Get full details below.

Forgive my inner child for laughing so hard at this. But one of the greatest investment terms was coined this week in that the market got “*Fitch Slapped*“.

Meaning that the Fitch ratings downgrade for US debt slapped the investment world into submission this week. Not just a long overdue softening of stock prices as the S&P 500 (SPY) retreated from recent highs. There was also a reversal of course of long term bond rates as they headed higher once again.

Beyond that we also got served up the Big 3 economic reports this week. So there is much investment news to digest to plot our course in the days and weeks ahead.

Market Commentary

Plain and simple, the Fitch downgrade of US debt was the “*Easy Button*” excuse for a long overdue sell off. I don’t believe anyone is terribly worried about a debt crisis occurring any time soon.

That’s because there are several other large developed countries with as high if not higher levels of government debt vs. GDP. One of them will most certainly topple before the US like Japan, Italy, Spain, UK etc.

Yes…when those problems start to bubble up, THEN it's time to get worried about US debt problems coming next which would be bad news for both the stock and bond market. In the meantime we are still in the midst of a new bull market where some recent gains needed to be taken off the table.

With the Fed looking ready to end the rate hike cycle, investors just want to make sure that the soft landing doesn't devolve into a recession. To help us gauge that investors will look closely at the Big 3 economic reports this week.

First up was ISM Manufacturing on Tuesday. The 46.4 is no doubt a weak showing. But investors care more about the direction of things and what that means for the future.

As such, that reading was a step up from 46.0 in the previous month. Plus New Orders jumped from 45.6 to 47.3 which points to things getting better in the future.

On Thursday we got the ISM Services reading at 52.7 when 52.0 was expected. On top of that the New Orders was a healthy 55.0 which points to even better readings down the road.

However, if I were to point to a negative in these reports, both showed a noticeable drop in the Employment readings: 44.4 and 50.7 respectively. Combine that with the JOLTs report this week showing another reduction in job openings and it could be a sign that the jobs market is about to weaken.

Remember the changed language from the Fed at the late July meeting. They no longer expect a recession to emerge before their fight against high inflation is over. However, they do still predict a softening in economic growth and a slight increase in the unemployment rate.

That employment piece is a hard plane to land because often when the unemployment rate starts to rise…it keeps getting much worse than expected. That will means investors will probably be most focused on the employment part of the

economic picture to best determine how bullish or bearish they want to be.

So that brings us around to the final, and most important part of the Big 3 economic reports. That being the Government Employment Situation report on Friday morning.

This was pretty much a Goldilocks type result. Not too hot…not too cold…just right.

The inline showing explains why stocks are bouncing Friday morning after a spate of recent weakness. However, it is was not all rainbows and lollipops.

The blemish is that the Fed has been very focused on wage inflation which has been too sticky. Indeed it stuck at +4.4% year over year when investors expected it slow down to 4.2%.

Even the month over month reading was higher than expected at +0.4% which points to nearly 5% annualized pace. This single point could have the Fed being a bit more stubborn with their hawkish rate plans.

Trading Plan

At this moment there is no reason to doubt that the bull market is still in place. However, stocks have been going up virtually non stop since March. That puts us in overbought territory…which makes now the perfect time place in which to see a 3-5% pullback before advancing higher.

This is healthy and normal. What pros often call "*the pause that refreshes*".

I think the 50 day moving average (yellow line below) at 4,400 is a likely short term destination for stocks on the downside. This would help frame a comfortable 200 point trading range with 4,600 on the high side.

Note that I don’t think the S&P 500 ends the year much higher than the 4,600 level we just touched. Rather, most of the large caps leading that index have already had their fun. Instead I see the gains broadening out with small and mid caps taking charge.

Remember that the Russell 2000 small cap index is still about 15% under its all time highs. Compare that to the idea that small caps outperform large caps over the long haul. Meaning its time for some reversion to the mean and these deserving stocks getting more investor attention.

What To Do Next?

Discover my current portfolio of 3 hand picked stocks packed

to the brim with the outperforming benefits found in our POWR Ratings model.

Plus I have added 4 ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead.

This is all based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these 7 top picks for today's market, then please click the link below to get started now.

Steve Reitmeister's Trading Plan & Top Picks >

Wishing you a world of investment success!

Steve Reitmeister*…but everyone calls me Reity (pronounced "Righty")*
CEO, StockNews.com and Editor, Reitmeister Total Return

SPY shares were trading at $451.30 per share on Friday morning, up $2.46 (+0.55%). Year-to-date, SPY has gained 18.90%, versus a % rise in the benchmark S&P 500 index during the same period.

About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

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Ready for the Stock Market

Pause that Refreshes?

The S&P 500 (SPY) is up over 20% year to date. Combining that with lower inflation readings and a dovish tilt by the Fed confirms why so many investors were bullish even when recessionary storm clouds were forming. So what is the market outlook now? And what are the top stocks and ETFs to invest in now? Steve Reitmeister shares the answers below.

For the first time in a long time, the Fed did almost exactly what investors thought with their 7/26 announcement. Beyond the expected quarter point rate hike was the start of a "dovish tilt" in their language that paves the way to end of the rate hike cycle.

So stocks exploded higher right?

Not exactly. Let's break it all down in this week's commentary below…

Market Commentary

This is one of the simpler Fed announcements to break down. They did exactly what was expected. That starts with a 25 point rate hike followed by what appears to be a dovish tilt in the language used by the Fed.

Here is the key statement from Powell at the press conference:

"The staff [economists from the central bank] now has a noticeable slowdown in growth starting later this year in the forecast, but given the resilience of the economy recently, they are no longer forecasting a recession.

My base case is that we will be able to achieve inflation moving back to our target without the kind of really significant downturn that results in high levels of job losses that we've seen in some past, many past instances.

The Federal Funds Rate is at a restrictive level now, so if we see inflation coming down, credibly, sustainably, then we don't need to be at a restrictive level anymore… You'd stop raising [rates] long before you got to 2% inflation and you'd start cutting before you got to 2% inflation, too."

Boiling it all down this could very well be the last rate hike followed by a pause for one or more meetings. If the data says that we are on the right path back towards 2% inflation, then they could start the process of lowering rates from their current perch (which is the highest level in over 20 years).

This sounds like a reason to celebrate…and yet on Thursday stocks had one of their biggest one day selloffs in quite a while.

Why?

Some commentators point to GDP at +2.4% on Thursday being a bit hotter than expected. If that heats up further it would likely keep inflation higher than the Fed would like leading to another quarter point rate hike. (Odds currently point to a 33% chance of that happening by years end).

Or a simpler explanation, and likely more accurate reason is to simply say, "*buy the rumor, sell the news*".

Meaning that many investors place their bets in anticipation of future events. And then sweep those profits off the table as things go according to plan.

At this stage the healthiest thing that could happen for this bull market is that the S&P 500 consolidate under 4,600 for the S&P 500 (SPY). We have run very far…very fast. And now is the perfect time to have a "*pause that refreshes*".

Part of that refresh cycle would see more profits trimmed from overripe mega caps and rotated to deserving small and mid cap stocks.

What makes them deserving?

The healthiest fundamentals as likely proven by the Q2 earnings report. Plus the 118 point inspection that comes from our proven POWR Ratings model. That creates the perfect transition to the next section…

What To Do Next?

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CEO, StockNews.com and Editor, Reitmeister Total Return

SPY shares were trading at $456.92 per share on Friday afternoon, up $4.43 (+0.98%). Year-to-date, SPY has gained 20.38%, versus a % rise in the benchmark S&P 500 index during

the same period.

About the Author: Steve Reitmeister

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https://www.entrepreneur.com/finance/ready-for-the-stock-market-pause-that-refreshes/456639

Investor Alert: Focus on Earnings & the Fed

Why is the S&P 500 (SPY) racing ahead? And what clues do we have as to what stocks will do next? Steve Reitmeister shares the answer to these timely questions including previews of the 4 ETFs and 5 stocks he recommended for investors at this time. Read on below for the full story.

Earnings season is heating up and will take center stage for a while until the spotlight turns to the Fed for their next rate hike decision on 7/26.

So, let’s see examine these two important events to see what it means for the market outlook.

Market Commentary

First let’s quickly check in with the recent price action.

Some are calling it at FOMO rally as more bears throw in the towel and hit the buy button. While others are calling it a melt up as it never goes up by much on any given down….but it just doesn’t seem to go down that much either.

No matter what you want to call it…conditions are bullish and investors are wise to be invested in the best stocks. Gladly quarterly earnings season provides an important health check to tell investors which are truly the best stocks.

Let me share the insights from my longtime colleague, Nick Raich, who does a stellar job breaking down earnings insights over at his firm EarningsScout.com.

This is what Nick said on Thursday morning:

- “11 out of 16 S&P 500 companies reporting this morning beat their 2Q 2023 EPS expectations, but only 9 exceeded their sales targets.
- So far, we have collected 2Q 2023 results for 77 S&P 500 companies.
- 78% have beaten their EPS estimates, slightly below the 3-year average of 80%.
- Only 62% have exceeded their sales targets, well below the average of 73%.
- **After reporting, 51 out of the 77 companies have had their 3Q 2023 EPS estimates lowered, by a slightly greater amount than last earnings season.**
- **The market multiple has shot up to 21.07x its FY 2023 EPS estimate as S&P 500 (SPY) EPS expectations fall and price rises.**
- At the market bottom on October 12, 2022, the comparable PE multiple was only 15x.
- **Our research justifies the rise in the multiple, but if estimate trends don’t keep improving, stocks will be at increased risk of a pullback.”**

I highlighted the 3 key bullets. Right now investors are pretty euphoric given the price action based mostly on signs of inflation abating which should lead the Fed to lowering rates down the road. Thus, investors are finding it too easy to celebrate headlines that talk about earnings beats.

The problem with that surface level approach is that investors have always been better served with a focus on the future. That is why revisions to earnings estimate revisions tend to be a much better predictor of future stock prices than whether they beat or missed expectations from the past.

Thus, when you see that 66% of the companies (51 out of 77) are having their Q3 estimates cut, it calls into question just how rampant the buying activity should be at this point. That is especially true when combined with the other 2 bullets I highlighted showing that valuations are not cheap which could

spell a future pullback.

No…I am not saying return to the bear market. Just that the market often does a dance of two steps forward and one back. Or what others think of as the digestion phase after eating a big meal.

So given the big rally in hand, and the not so impressive earnings results, I think we are setting ourselves up for at least a consolidation period under 4,500…and maybe a modest 3-5% pullback to rest before the next run higher. And potentially that pullback kicked off Thursday given one of the bigger daily sell offs in a while.

Also the next Fed meeting on 7/26 will weigh on the market outlook. It is a forgone conclusion that they will raise rates by another 25 basis points. However, more and more investors think that will be their final rate hike given the steady lowering of inflation found in this month's CPI & PPI reports.

Investors will be very keyed in on statements as to how many Fed members think more rate hikes will be needed. And if there is any budge on their pledge to not lower rates til 2024.

Any signs of a "*dovish tilt*" in the announcement will be quite favorable for stocks. Whereas any signs that they are sticking to their hawkish rate hike plans could be the spark for that aforementioned pullback.

Regardless of market direction, our goal is to focus on the best investments to keep us on the right side of the action. And that is exactly what we will do in the next section…

What To Do Next?

Discover my current portfolio of 5 stocks and 4 ETFs that were handpicked to outpace the market in the weeks and months ahead.

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SPY shares were trading at $453.51 per share on Friday afternoon, up $1.33 (+0.29%). Year-to-date, SPY has gained 19.48%, versus a % rise in the benchmark S&P 500 index during the same period.

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3 Growth-Focused Industrial

Stocks to Buy Today

The escalating scale of industrial activities is projected to bolster the industrial equipment and machinery sector in the upcoming years. Given this backdrop, fundamentally strong industrial stocks Alamo Group (ALG), The Japan Steel Works (JPSWY), and Enerpac Tool Group (EPAC) could be wise investments now. Read on….

The unprecedented surge in global industrial activities, the steadfast demand for superior products, and enhanced production processes are poised to keep the industrial machinery sector resilient in the forthcoming years.

Therefore, investors could benefit by adding growth-focused industrial machinery stocks Alamo Group Inc. (ALG), The Japan Steel Works, Ltd. (JPSWY), and Enerpac Tool Group Corp. (EPAC) to their portfolios now.

Despite geopolitical instability, the Fed’s consistent rate hikes, and the continued apprehensions surrounding a potential recession, the industrial sector has demonstrated remarkable strength and is poised to maintain its resilience, thanks to the sweeping surge in global economic activities. Industrial production in the United States grew 0.7% year-over-year in June.

Additionally, the Asia-Pacific region is undergoing rapid industrialization, driving market demand for advanced automated industrial machinery. The surge in demand is set to strengthen the overall growth trajectory of the industrial machinery sector.

Alongside this, technological advancements are providing supplementary benefits to the industry. Manufacturers are increasingly embracing breakthrough technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), data analytics, and robotics to enhance the productivity and

efficiency of their industrial machinery.

For instance, the Industrial Internet of Things (IIoT), which refers to IoT technologies in the industrial sector, including manufacturing, transportation, energy, and other industries, is anticipated to keep the industrial machinery market resilient.

Furthermore, supportive governmental policies like the Inflation Reduction Act, Bipartisan Infrastructure Law, and the CHIPS and Science Act will deliver the required push to boost domestic manufacturing. The global industrial machinery market is projected to reach $708.30 billion by 2027, growing at a CAGR of 6.7%.

Therefore, fundamentally robust industrial machinery stocks ALG, JPSWY, and EPAC could be worth adding to your portfolio.

Alamo Group Inc. (ALG)

ALG designs, manufactures, distributes, and services vegetation management and infrastructure maintenance equipment for governmental, industrial, and agricultural uses worldwide. It operates through two segments: Vegetation Management and Industrial Equipment.

On July 3, ALG's board of directors declared its quarterly dividend of $0.22 per share, payable to the shareholders on August 1. The company has paid dividends for 29 consecutive years.

The company pays an annual dividend of $0.88 per share, translating to a 0.44% yield on the current share price. Its four-year average dividend yield is 0.44%. The company's dividend payouts have grown at a CAGR of 18.1% over the past three years and 14.3% over the past five years.

ALG's trailing-12-month asset turnover ratio of 1.13x is 41.6% higher than the industry average of 0.80x. Likewise, its

trailing-12-month ROCE, ROTC, and ROTA of 15.08%, 9.04%, and 8.17% are 8.1%, 28.8%, and 58.6% higher than the industry averages of 13.94%, 7.02%, and 5.15%, respectively.

ALG's revenues have grown at 10.1% and 8.3% CAGRs over the past three and five years, respectively. Moreover, its EBIT and net income have grown at 17.8% and 22.7% CAGRs over the past three years, respectively.

ALG's total net sales increased 13.7% year-over-year to $411.77 million for the fiscal first quarter that ended March 31, 2023, while its gross profit stood at $112.51 million, up 29.9% from the prior-year quarter. The company's income from operations came in at $49.02 million, up 68.4% year-over-year.

ALG's net income and net income per common share increased 80.6% and 80% year-over-year to $33.35 million and $2.79, respectively. Moreover, cash and cash equivalents for the quarter stood at $109.32 million, up 29.7% from the year-ago quarter.

Analysts expect ALG's revenue and EPS for the fiscal third quarter ending September 2023 to come in at $404.08 million and $2.77, up 9.6% and 28.2% year-over-year, respectively. It surpassed the consensus revenue and EPS estimates in three of the trailing four quarters, which is impressive.

Over the past year, the stock has gained 63% to close its last trading session at $197.86. The stock gained 39.7% year-to-date.

ALG's strong fundamentals are reflected in its POWR Ratings. The stock has an overall B rating, which indicates a Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

ALG has a B grade for Growth, Momentum, Stability, and Sentiment. Within the A-rated Industrial – Machinery industry, it is ranked #20 out of 79 stocks.

Click here to see ALG’s additional POWR Ratings (Value and Quality).

The Japan Steel Works, Ltd. (JPSWY)

Headquartered in Shinagawa, Japan, JPSWY provides industrial machinery products and material and engineering businesses in Japan and internationally. It operates through Industrial Machinery Products Business and Material and Engineering Business segments.

The company pays an annual dividend of $0.21 per share, translating to a 1.88% yield on the current share price. Its four-year average dividend yield is 2.13%.

JPSWY’s trailing-12-month cash per share of $8.93 is 335% higher than the industry average of $2.05.

JPSWY’s revenues have grown at 3.2% and 2.3% CAGRs over the past three and five years, respectively. Moreover, its net income and total assets have grown at 8.8% and 5.4% CAGRs over the past three years, respectively. Also, its tangible book value grew at 7.2% and 6.5% CAGRs over the past three and five years, respectively.

JPSWY’s net sales increased 11.7% year-over-year to ¥238.72 billion ($1.71 billion) for the fiscal year that ended March 31, 2023, while its gross profit stood at ¥49.38 billion ($353.31 million), up 3.3% from the prior-year period. Profit attributable to the owners of the parents and earnings per share stood at ¥11.97 billion ($85.67 million) and ¥162.75, respectively.

For the same period, JPSWY’s net cash provided by investing activities stood at ¥947 million ($6.78 million), compared to net cash used in investing activities of ¥2.98 billion ($21.29 million) in the fiscal year that ended March 31, 2002.

Analysts expect JPSWY’s revenue for the fiscal second quarter

ending September 2023 to come in at $486.06 million, up 15.8% year-over-year. Its revenue for the fiscal year ending March 2024 is expected to increase 68.3% year-over-year to $1.95 billion.

Over the past three months, the stock has gained 18.9% to close its last trading session at $10.95. The stock gained 9.5% year-to-date.

JPSWY's positive outlook is reflected in its POWR Ratings. The stock has an overall rating of B, equating to Buy in our proprietary rating system.

JPSWY has a B grade for Growth, Value, Momentum, and Sentiment. It is ranked #15 within the Industrial – Machinery industry.

To access JPSWY's ratings for Stability and Quality, click here.

Enerpac Tool Group Corp. (EPAC)

EPAC manufactures and sells a range of industrial products and solutions in the United States, the United Kingdom, Germany, Australia, Canada, China, Saudi Arabia, Brazil, and internationally. It operates through Industrial Tools & Services (IT&S) and other segments.

The company pays an annual dividend of $0.04 per share, translating to a 0.14% yield on the current share price. Its four-year average dividend yield is 0.18%.

EPAC's trailing-12-month levered FCF margin of 15.67% is 198.8% higher than the industry average of 5.24%. Likewise, its trailing-12-month gross profit margin of 49.28% is 65.2% higher than the industry average of 29.83%.

EPAC's EBIT has grown at 40.3% and 4% CAGRs over the past three and five years, respectively. Moreover, its EBITDA and tangible book value have grown at 28.6% and 143.3% CAGRs over

the past three years, respectively.

For the fiscal third quarter that ended May 31, 2023, EPAC's net sales increased 2.9% year-over-year to $156.25 million, while its gross profit grew 8.1% year-over-year to $77.86 million. The company's operating profit came in at $25.44 million, up 282.9% year-over-year.

EPAC's net earnings and earnings per share increased 653.5% and 633.3% year-over-year to $12.38 million and $0.22, respectively. Moreover, cash and cash equivalents for the quarter stood at $142 million, up 14.8% from the year-ago quarter.

For fiscal year 2023, EPAC expects its net sales to come in the range of $590 million to 600 million, and adjusted EBITDA is expected to come in between $123 million and $130 million.

Over the past year, the stock has gained 42.5% to close its last trading session at $28.11. The stock gained 16.5% over the past six months.

EPAC's POWR Ratings reflect a robust outlook. It has an overall rating of A, equating to a Strong Buy in our proprietary rating system.

EPAC has B for Growth, Momentum, and Quality. It is ranked #12 within the same industry.

Beyond what we have highlighted above, one can see EPAC's additional POWR Ratings for Value, Stability, and Sentiment here.

What To Do Next?

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these "*death trap*" stocks are lurking in your portfolio:

10 Stocks to SELL NOW! >

ALG shares were unchanged in premarket trading Friday. Year-to-date, ALG has gained 40.27%, versus a 19.64% rise in the benchmark S&P 500 index during the same period.

About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her

school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

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3 Software Stocks to Buy for a Tech-Savvy Portfolio

Amid rapid digitalization worldwide, the demand for software services is expected to increase considerably, creating more growth opportunities for companies dealing with software. Thus, investors could consider adding top software stocks Sage Group (SGPYY), Informatica (INFA), and MiX Telematics (MIXT) to their portfolio. Keep reading….

Despite ongoing economic turbulence, the software industry is well-positioned to witness robust growth and expansion in the foreseeable years, thanks to the growing demand for software solutions among enterprises. The demand for business software and services is driven by increased automation and streamlining of business processes across several end-use industries.

As the industry is poised for solid long-term growth, it could

be wise to invest in fundamentally sound software stocks The Sage Group plc (SGPYY), Informatica Inc. (INFA), and MiX Telematics Limited (MIXT) for solid returns.

The COVID-19 pandemic sped up digital transformation and technologies by several years. Small and large enterprises were forced to quickly reorganize working processes and accelerate their IT priorities. They realized they must move toward a primarily digital world, where software solutions would mainly determine the way of life.

Enterprises increasingly integrate advanced technology into their daily operations to drive efficiency and lower costs. Technology can improve efficiency by speeding up processes, automating repetitive tasks, reducing errors, providing instant access to information, and streamlining collaboration. More than two-thirds of businesses plan to spend more on technology and software in 2023.

Moreover, over 57% of businesses are early adopters of emerging technologies. Innovations in artificial intelligence (AI), blockchain, machine learning (ML), metaverse, quantum computing, Internet of Things (IoT), extended reality, and other cutting-edge technologies will continue to gain traction this year as enterprises can leverage these new technologies to gain a competitive edge.

According to the forecast by Gartner, worldwide software spending is expected to increase 12.3% year-over-year to $891.39 billion. Meanwhile, the global business software and services market size is projected to reach $1.15 trillion by 2030, growing at a CAGR of 11.9%.

Moreover, Software-as-a-Service (SaaS) solutions are among the fastest-growing segments in the software industry. A significant surge in the adoption of public & hybrid cloud-based services primarily contributes to the SaaS market growth.

In addition, the integration of AI and ML with SaaS solutions to enhance operational proficiency and intelligence across businesses should propel expansion for the SaaS market. As per a report by Fortune Business Insights, the global SaaS market size is projected to grow from $273.55 billion in 2023 to $908.21 billion by 2030, exhibiting an 18.7% CAGR during the forecast period.

Given the industry's bright growth prospects, software stocks SGPYY, INFA, and MIXT could be solid additions to one's portfolio.

Let's discuss the fundamentals of these stocks in detail.

The Sage Group plc (SGPYY)

Headquartered in Newcastle upon Tyne, the United Kingdom, SGPYY offers technology solutions and services for small and mid-sized businesses (SMBs) in North America, Northern Europe, and internationally. It provides cloud-native solutions, such as Sage Intacct, Sage People, Sage 200, Sage X3, Sage Accounting, Sage Payroll, Sage HR, Sage 50cloud, and Sage 200cloud.

On July 5, SGPYY announced an expanded relationship with Amazon Web Services (AWS), aimed at helping SMBs speed up their digital transformation and benefit from the latest technology. This announcement marks first-time availability on AWS in the U.S. for customers of the accounting software Sage Intacct.

This move also enhances existing AWS availability in AWS Canada (Central) Region, AWS Australia (Sydney) Region, and AWS Europe (Ireland) Region. This extended partnership should bode well for SGPYY.

On May 9, SGPYY acquired Corecon, a cloud-native preconstruction and project management solution company. This acquisition is expected to boost SGPYY's customer

relationships and strengthen its position as a leading provider of cloud-native technology in the construction industry.

Also, on April 5, SGPYY launched Sage Intacct on Microsoft Azure in the U.S. This release was followed by the debut of Sage Active on Microsoft Azure in France, demonstrating SGPYY's commitment to providing scalable solutions to SMBs worldwide.

For the six months that ended March 31, 2023, SGPYY's underlying total revenue increased 16.3% year-over-year to £1.09 billion ($1.21 billion). Its underlying gross profit rose 16.6% from the year-ago value to £1.01 billion ($1.12 billion). Also, its underlying operating profit increased 24% year-over-year to £227 million ($252.79 million).

Furthermore, SGPYY's EBITDA was £275 million ($306.24 million), up 13.2% year-over-year. The company's underlying profit for the period and EPS rose 24% from the prior-year quarter to £160 million ($178.17 million) and 15.49p, respectively.

Analysts expect SGPYY's revenue for the fiscal year (ending September 2023) to increase 21.9% year-over-year to $2.83 billion. Likewise, the consensus revenue estimate of $3.05 billion for the fiscal year 2024 indicates a 7.8% rise year-over-year.

Shares of SGPYY have gained 27% over the past six months and 45% over the past year to close the last trading session at $48.35.

SGPYY's solid fundamentals are apparent in its POWR Ratings. The stock has an overall rating of B, translating to a Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, each weighted to an optimal degree.

SGPYY has a B grade for Stability and Quality. It is ranked first among 26 stocks in the B-rated Software – SAAS industry.

Click here to access additional POWR Ratings of SGPYY for Growth, Value, Momentum, and Sentiment.

Informatica Inc. (INFA)

INFA develops an AI-powered platform that connects, manages, and unifies data across multi-cloud, hybrid systems at an enterprise scale in the U.S. The company's platform comprises a suite of interoperable data management products and API and application integration products.

On June 28, INFA launched four new product capabilities to bring enhanced speed and performance to data integration and replication for customers in the Snowflake ecosystem: Informatica Superpipe for Snowflake, Enterprise Data Integrator Snowflake native application, Cloud Data Integration-Free for Snowflake, and support for Apache Iceberg on Snowflake.

This launch for the Snowflake ecosystem might boost INFA's revenue stream and growth.

On June 20, INFA announced the availability of its leading end-to-end AI-powered data management platform, Intelligent Data Management Cloud (IDMC), in Amazon Web Services (AWS) Asia Pacific (Tokyo) Region to support customers in their data-led cloud modernization journey. The expansion of this cloud footprint further extends the years-long partnership between INFA and AWS.

On May 23, INFA announced its plans to enhance collaboration with Microsoft to seamlessly integrate INFA's Intelligent Data Management Cloud (IDMC), which utilizes generative AI technology, with Microsoft Fabric.

Jitesh Ghai, Chief Product Officer at INFA, commented, "The

Informatica IDMC-Microsoft Fabric integration offers frictionless delivery of our trusted data management capabilities and provides Azure customers confidence that their data is of the highest quality to power their tier-one business objectives."

INFA's total revenues grew marginally year-over-year to $365.40 million, while its subscription revenues increased 8% year-over-year to $213.90 million in the first quarter that ended March 31, 2023. The company's non-GAAP income from operations rose 1.7% year-over-year to $84.81 million. Its adjusted free cash flow (after-tax) grew 20.4% from the year-ago value to $88.87 million.

Analysts expect INFA's revenue and EPS for the third quarter (ending September 30, 2023) to increase 8.5% and 13.5% year-over-year to $403.49 million and $0.20, respectively. Moreover, the company surpassed the EPS estimates in three of the trailing four quarters.

Furthermore, the company's revenue and EPS for the next fiscal year (ending December 2024) are expected to grow 7.2% and 19.2% from the prior year to $1.69 billion and $0.92, respectively.

Over the past six months, the stock has gained 10.3% and 21.1% year-to-date to close the last trading session at $18.69.

INFA's POWR Ratings reflect this strong outlook. The stock has an overall rating of B, which equates to a Buy in our proprietary rating system.

INFA has a B grade for Stability and Quality. Within the same industry, it is ranked #2.

Beyond what we stated above, we also have INFA's ratings for Sentiment, Growth, Value, and Momentum. Get all INFA ratings here.

MiX Telematics Limited (MIXT)

MIXT provides fleet and mobile asset management solutions via a software-as-a-service (SaaS) delivery model. Its solutions include MiX Fleet Manager, MiX Vision, MiX Rovi, MiX Journey Management, MiX Hours of Service, MiX Asset Manager, Matrix, Beam-e, and MiX Now.

On May 26, MIXT announced that the business had accumulated more than one million active subscribers across its combined fleet and consumer customer base. MIXT has customers in more than 120 countries globally. This significant milestone of a million active subscribers comes from continued subscriber growth throughout the financial year that ended March 31, 2023.

During the fourth quarter of fiscal 2023, MIXT's total revenue increased 2.2% year-over-year to $36.90 million, and its subscription revenue grew 3.8% from the year-ago value to $32.50 million. Its adjusted EBITDA was $9.20 million, compared to $8.20 million for the fourth quarter of 2022.

In addition, the company's adjusted income increased 30.4% from the previous year's quarter to $3 million, while its adjusted net income per ADS was $0.13, compared to $0.10 in the fourth quarter of fiscal 2022. Its free cash flow came in at $3.40 million versus the negative free cash flow of $2.50 million incurred in the fourth quarter of 2022.

The consensus revenue estimate of $149.55 billion for the fiscal year (ending March 2024) reflects a 6.2% year-over-year improvement. Likewise, the consensus EPS estimate of $0.59 for the ongoing year indicates a 62.5% rise year-over-year.

In addition, analysts expect MIXT's revenue and EPS for the fiscal year 2025 to grow 3.4% and 18% year-over-year to $154.70 million and $0.69, respectively. MIXT's stock has declined 7% over the past month to close the last trading session at $6.25.

MIXT’s POWR Ratings reflect promising prospects. The stock has an overall rating of B, which translates to a Buy in our proprietary rating system.

MIXT has a B grade for Value and Quality. Also, it is ranked #3 of 26 stocks in the Software-SAAS industry.

In addition to the POWR Ratings I’ve just highlighted, you can see MIXT’s ratings for Stability, Value, Sentiment, and Momentum here.

What To Do Next?

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these “*death trap*” stocks are lurking in your portfolio:

10 Stocks to SELL NOW! >

SGPYY shares were unchanged in premarket trading Friday. Year-to-date, SGPYY has gained 37.24%, versus a 19.13% rise in the benchmark S&P 500 index during the same period.

About the Author: Mangeet Kaur Bouns

Mangeet’s keen interest in the stock market led her to become an investment researcher and financial journalist. Using her fundamental approach to analyzing stocks, Mangeet’s looks to help retail investors understand the underlying factors before making investment decisions.

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The post **3 Software Stocks to Buy for a Tech-Savvy Portfolio** appeared first on **StockNews.com**

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Top 3 Fashion Stocks to Buy Before July Ends

Despite several macro challenges, the fashion industry is poised to stay resilient and find growth opportunities in shifting consumer patterns, evolving fashion trends, and rapid technological adoption. Hence, top fashion stocks Hugo Boss (BOSSY), Weyco (WEYS), and J.Jill (JILL) could be ideal investments before the month ends. Continue reading….

With shifting consumer patterns worldwide, constant technological advancements, and changing fashion trends, the fashion industry's growth prospects look bright. Given the industry's tailwinds, it could be wise to invest in fundamentally sound fashion stocks Hugo Boss AG (BOSSY), Weyco Group, Inc. (WEYS), and J.Jill, Inc. (JILL) this month for solid returns.

Despite weathering a challenging climate due to macroeconomic headwinds, including inflation, rising interest rates, and an economic downturn, the fashion industry continues to find numerous growth opportunities in shifting consumer patterns, channel and digital marketing strategies, and evolving manufacturing approaches.

According to Statista, revenue in the Fashion market is expected to reach $768.70 billion in 2023. Furthermore, revenue is estimated to grow at a CAGR of 9.5%, resulting in a projected market volume of $1.10 trillion by 2027.

The luxury industry will likely outperform the rest of the fashion industry as wealthy shoppers continue to travel and spend globally. According to McKinsey's analysis of fashion forecasts, the luxury sector is anticipated to grow between

5-10% this year, driven by solid momentum in China (expected to grow between 9 and 14%) and in the United States (projected to rise between 5-10%).

As per a report by IMARC Group, the global luxury fashion market is expected to reach $294.70 billion by 2028, growing at a CAGR of 3.6%.

Strong demand for luxury goods, including clothing items, footwear, and bags, owing to the rising standards of living worldwide, increasing desire for exclusivity and uniqueness, and the enhanced influence of social media and digital platforms should bolster the luxury fashion industry's growth.

In addition, growing technology adoption has been reshaping the fashion industry. Several fashion designers and brands are increasingly embracing digital technologies to push the limits of manufacturing, marketing, and wearability as customers' lives become intertwined with the digital world.

Technological advancements, from artificial intelligence (AI), the Internet of Things (IoT), 3D printing, and novel fabrics to the surge in e-commerce, are propelling the fashion industry's expansion. Moreover, the fashion and retail industry holds limitless potential as the metaverse allows brands to engage consumers with innovative online experiences and immersive digital spaces.

As the industry's growth prospects look promising, investors could consider buying robust fashion stocks BOSSY, WEYS, and JILL before July ends.

Let's take a closer look at the fundamentals of these stocks.

Hugo Boss AG (BOSSY)

Headquartered in Metzingen, Germany, BOSSY provides clothes, shoes, and accessories for men and women globally. Also, the company offers licensed products consisting of fragrances,

eyewear, watches, children’s fashion, and dog-related accessories.

In June, BOSSY attracted an investment of more than €15 million ($16.81 million) by Metyis, a multinational provider of solutions in big data, digital commerce, marketing & design, and advisory services.

“The HUGO BOSS Digital Campus is a key milestone on our journey to become the leading premium tech-driven fashion platform worldwide. In partnership with Metyis, we will increase our digital and data analytics capabilities and tap into the power of data, thereby enhancing the competitiveness and efficiency of our business activities”, said Daniel Grieder, CEO of BOSSY.

Also, following the successful brand refresh last year, on May 8, BOSSY announced expanding its portfolio with HUGO Blue, a new line under the HUGO brand. Set to launch with a summer collection in 2024, HUGO BLUE is primarily dedicated to denim and will follow the brand’s easy and unconventional look. This new launch is expected to boost the company’s profitability and growth.

As a result of the solid financial performance during the first quarter of 2023, BOSSY raised its top-and-bottom-line outlook for the current fiscal year. The company now expects Group sales for the full year to increase by about 10% to a level of €4 billion ($4.48 billion), higher than the prior guidance of an increase at a mid-single-digit percentage rate.

Also, BOSSY’s EBIT in 2023 is now anticipated to grow within a range of 10% to 20% to between €370 million ($414.55 million) and €400 million ($448.16 million), compared to the previous guidance of growth within a range of 5% to 12% to between €350 million ($392.14 million) and €375 million ($420.15 million).

BOSSY’s trailing-12-month gross profit margin of 61.71% is 75.4% higher than the industry average of 35.19%. Also, the

stock’s trailing-12-month net income margin of 5.73% is 36.5% higher than the industry average of 4.20%.

BOSSY sales increased by 25.3% year-over-year to €968 million ($1.08 billion) in the first quarter that ended March 31, 2023. Its gross profit rose 24.8% from the year-ago value to €594 million ($665.52 million). The company’s EBITDA came in at €141 million ($157.98 million), up 21.6% year-over-year.

In addition, net income attributable to equity holders of the parent company and EPS grew 45.8% and 42.9% year-over-year to €35 million ($39.21 million) and €0.50, respectively.

Analysts expect BOSSY’s revenue for the fiscal year (ending December 2023) to increase 18.7% year-over-year to $4.59 billion. Also, the company’s revenue for the fiscal year 2024 is expected to grow 8.7% year-over-year to $4.98 billion. Additionally, it topped the consensus revenue estimates in each of the trailing four quarters.

Shares of BOSSY have gained 32.9% in the past six months and 42.4% over the past year and to close the trading session at $16.44.

BOSSY’s strong outlook is reflected in its POWR Ratings. The stock has an overall rating of A, which translates to a Strong Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

BOSSY has an A grade for Growth and Stability. The stock also has a B grade for Quality. It is ranked first among 66 stocks in the Fashion & Luxury industry.

Click here to see the additional ratings of BOSSY for Growth and Stability.

Weyco Group, Inc. (WEYS)

WEYS designs and distributes footwear for men, women, and children in the United States, Canada, Europe, Asia, and South

Africa. It provides mid-priced leather dress shoes, casual footwear, outdoor boots, and sandals under different brands. The company operates through two segments, North American Wholesale Operations; and North American Retail Operations.

On May 2, WEYS' Board of Directors declared a cash dividend of $0.25 per share to all shareholders of record on May 26, paid on June 30, 2023. This represents a 4% increase from the previous quarterly dividend of $0.24 per share. The company's annual dividend of $1 per share translates to a 3.72% yield on prevailing prices. In addition, its four-year average dividend yield is 4.31%.

In terms of the trailing-12-month gross profit margin, WEYS' 42.74% is 21.4% higher than the 35.19% industry average. Likewise, the stock's trailing-12-month EBIT and net income margins of 12.35% and 9.23% are significantly higher than the respective industry averages of 7.33% and 4.20%.

WEYS' consolidated net sales increased 6.1% year-over-year to $86.29 million for the first quarter ended March 31, 2023. Its consolidated gross earnings grew 27.6% over the year-ago value to $37.16 million. The company's operating earnings were a record $10.40 million, an increase of 92.6% from the prior year's quarter.

Furthermore, the company's net earnings increased 83.7% year-over-year to $7.45 million. Also, its earnings per share were $0.78, up 85.7% from the previous-year period.

The stock has gained 3.8% over the past six months and 23.9% year-to-date to close the last trading session at $26.89.

WEYS' POWR Ratings reflect its solid fundamentals and promising growth outlook. The stock has an overall rating of A, which translates to a Strong Buy in our proprietary rating system.

WEYS has a B grade for Growth, Sentiment, and Value. In the

Fashion & Luxury industry, it is ranked #2 of 66 stocks.

Beyond what we stated above, we also have WEYS' ratings for Momentum, Stability, and Quality. Get all WEYS ratings here.

J.Jill, Inc. (JILL)

JILL operates as an omnichannel retailer of women's apparel in the United States. It provides casual wear, athletic wear, loungewear, footwear, and accessories such as scarves and jewelry. The company markets its products through retail stores, an online platform, and catalogs.

On June 26, JILL announced that it had been added to the broad-market Russell 3000® Index as part of the 2023 Russell indexes annual reconstitution.

"We believe our inclusion in the index will increase awareness within the investment community and provide opportunity to expand our shareholder base. This milestone is a testament to the great progress we have made in executing our disciplined operating model and positioning J.Jill for long-term profitable growth," said Claire Spofford, JILL's President and CEO.

On May 11, the company completed the refinancing of its Asset-Based Revolving Credit Facility (ABL). The new facility comprises a $40 million revolving credit facility maturing in May 2028. With this recent refinancing, JILL would strengthen its balance sheet by extending the maturities of its ABL and Term Loan facilities and improving its financial flexibility.

JILL's trailing-12-month gross profit margin of 69.14% is 96.5% higher than the 35.19% industry average. In addition, its 17.49% trailing-12-month EBITDA margin is 60.8% higher than the industry average of 10.88%. Moreover, the stock's 98.56% trailing-12-month levered FCF margin is 132.3% higher than the industry average of 3.69%.

For the first quarter that ended April 29, 2023, JILL's adjusted income from operations increased 6.9% year-over-year to $25.39 million. Its adjusted EBITDA grew marginally from the prior-year quarter to $31.86 million. The company ended the first quarter of 2023 with $27.90 million in cash and $34.20 million of total availability under its revolving credit agreement.

Analysts expect JILL's revenue and EPS for the fourth quarter (ending January 2023) to increase 4.3% and 309.1% year-over-year to $153.60 million and $0.45, respectively. Moreover, the company surpassed its consensus EPS estimates in all four trailing quarters, which is impressive.

In addition, the consensus revenue and EPS estimate of $612.90 million and $3.05 for the fiscal year (ending January 2025) indicate an improvement of 2.5% and 13.4% year-over-year, respectively.

Over the past year, JILL's shares have gained 16.8% to close the last trading session at $20.52.

JILL's POWR Ratings reflect bright prospects. The stock has an overall rating of B, which translates to a Buy in our proprietary rating system.

JILL has an A grade for Sentiment and Quality. It also has a B grade for Value. The stock is ranked #3 in the same industry.

For additional ratings of JILL for Growth, Momentum, and Stability, click here.

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BOSSY shares were unchanged in premarket trading Thursday. Year-to-date, BOSSY has gained 40.88%, versus a 19.68% rise in the benchmark S&P 500 index during the same period.

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Are These 3 Asset Management Stocks Profitable Buys?

With sustained demand for optimal asset utilization and management, growing interest in ESG and alternative investments, and rapid digital transformation, the asset management industry enjoys numerous high-growth opportunities. Amid this, let’s determine if these asset management stocks Diamond Hill Investment (DHIL), Hywin Holdings (HYW), and Ashford (AINC) are profitable buys. Read on….

Despite several headwinds, the asset management industry is well-placed for solid growth in the long run, driven by the high demand for efficient utilization and management of assets, the growing popularity of ESG and alternative investments, and the rapid adoption of digital technologies.

As the industry’s growth prospects look promising, it could be wise to invest in fundamentally strong asset management stocks Diamond Hill Investment Group, Inc. (DHIL), Hywin Holdings Ltd. (HYW), and Ashford Inc. (AINC) for potential gains.

The asset management sector has been undergoing a massive

transformation due to ongoing challenges such as rising fee pressure, growing costs, and shifting investor preferences, including enhanced interest in alternatives, thematic investment needs, and digital preferences.

The macroeconomic environment of market volatility, inflation, rising interest rates, and a looming economic downturn has aggravated these challenges. Despite lingering headwinds, the asset management industry remains resilient and positioned for robust growth and profitability.

Industry players continue to evolve their business models by scaling and adding new capabilities, such as ESG solutions, distribution, and technology capabilities, potentially through mergers and acquisitions (M&A). Firms in the asset management industry also consider entering the alternative space and offering new private market products for retail and institutional investors.

Private market products often involve underlying investments, including private equity, private credit, or private real estate, which have lower correlations with traditional markets. High-growth alternative investments represented more than $20 trillion of global AUM as of year-end 2022. The strong momentum is projected to prevail with a 7% CAGR in alternative assets over the next five years.

According to a report by Precedence Research, the global asset management market is expected to reach $7.60 trillion by 2032, growing at a 35.2% CAGR.

Furthermore, the asset management industry is increasingly prioritizing digital transformation. Asset managers have been accelerating their investment in digital technologies spurred by shifting investor preferences toward digital engagement and opportunity to drive efficiency and growth.

Additionally, growing interest from investors and regulators in sophisticated ESG data, alongside the broader use cases for

AI, cloud migration, and data analytics, are boosting investments in digital technology. As per a report by Mordor Intelligence, the digital asset management market is projected to grow at a CAGR of 20%, reaching $10.11 billion by 2028.

Given the industry's bright growth prospects, investors could consider buying quality asset management stocks DHIL, HYW, and AINC for solid returns.

Let's discuss the fundamentals of these stocks in detail.

Diamond Hill Investment Group, Inc. (DHIL)

DHIL offers investment advisory and fund administration services across the United States. The company sponsors, distributes, and provides investment advisory and related services to its clients through pooled investment vehicles such as the Diamond Hill Funds, separately managed accounts, and model delivery programs. Also, it offers fund administration services.

On June 16, DHIL paid a quarterly dividend of $1.50 per share. The company's annual dividend of $6 per share translates to a 3.31% yield on current share prices. In addition, its four-year average dividend yield is 9.44%.

DHIL's trailing-12-month EBITDA margin of 39.35% is 90.8% higher than the 20.63% industry average. Also, the stock's trailing-12-month ROCE, ROTC, and ROTA of 25.02%,17.87%, and 18.77% are considerably higher than the industry averages of 11.15%, 5.25%, and 1.12%, respectively.

For the fiscal first quarter that ended March 31, 2023, DHIL's investment income was $8.10 million, compared to an investment loss of $7.60 million for the first quarter of 2022. Its net income attributable to common shareholders increased 39.2% year-over-year to $12.71 million. Also, its earnings per share attributable to common shareholders was $4.20, up 46.3% year-over-year.

As of March 31, 2023, the company's Assets Under Management (AUM) and Assets Under Advisement (AUA) combined were $26.70 billion, compared to $26.60 billion as of December 31, 2022. DHIL's net cash inflows were $84 million during the first quarter of 2023.

Over the past month, the stock has gained 3.2% to close the last trading session at $181.20.

DHIL's strong fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, which equates to a Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

DHIL has an A grade for Quality and a B for Momentum. Within the Asset Management industry, it is ranked #2 out of 54 stocks.

Click here to see the other ratings of DHIL for Growth, Value, Stability, and Sentiment.

Hywin Holdings Ltd. (HYW)

Headquartered in Shanghai, China, HYW provides wealth management, insurance brokerage, asset management, insurance brokerage, health management, and other financial services. It distributes private market investment products comprising asset-backed products. Also, it offers public market investment products, including money market funds.

On April 11, HYW, in partnership with Swiss fintech firm Leonteq Securities AG and Arta TechFin, a hybrid fintech platform in traditional assets and digital assets, launched a principal-protected structured product with a 9% risk control mechanism linked to the FactSet Hywin Global Health Care Index™ (FHGHC).

"This product launch is a strong testament to Hywin's efforts in building a global network of partners in service to our

high-net-worth clients," said Lawrence Lok, Chief Financial Officer of Hywin Holdings. "This is also an excellent showcase of Hywin's core competence in distributing proprietary and differentiated wealth management products to our sophisticated high-net-worth clients."

In addition, on April 4, HYW launched the WealthTech platform to enhance its services for high-net-worth (HNW) clients through data analytics by leveraging IBM Cloud Pak for Data and the IBM Garage. This launch is part of the company's long-term strategy to enhance its products with more value-added customized services and build a more integrated information ecosystem for HNW clients.

HYW's trailing-12-month gross profit margin of 98.75% is 67.6% higher than the industry average of 58.91%. Its trailing-12-month ROCE, ROTC, and ROTA of 25.49%, 19.96%, and 10.46% are higher than the respective industry averages of 11.15%, 5.25%, and 1.12%.

During the first half of the fiscal year 2023 that ended December 31, 2022, HYW's total revenue increased 17.6% year-over-year to $148.80 million, primarily driven by an increase in the transaction value of the products distributed on the company's platform. Its income from operations grew 15.5% year-over-year to $14.70 million.

Furthermore, the company's AUM stood at $1.01 billion, an increase of 114.3% from the prior-year quarter. The company maintained a solid nationwide footprint with 1,738 relationship managers and 177 wealth planning centers across 88 cities in China as of December 31, 2022.

Analysts expect HYW's revenue and EPS for the fiscal year (ended June 2023) to increase by 3.3% and 5.9% year-over-year to $291.18 million and $1.25, respectively. Additionally, the consensus revenue EPS estimate of $326.73 million and $1.44 for the fiscal year 2024 indicates an improvement of 12.2% and

15% year-over-year, respectively.

The stock has gained 18.3% over the past six months and 33% year-to-date to close the last trading session at $7.25.

HYW's POWR Ratings reflect its robust outlook. The stock has an overall rating of B, equating to a Buy in our POWR Ratings system.

HYW has a B grade for Sentiment, Value, Momentum, and Stability. The stock is ranked first in the same industry.

In addition to the POWR Ratings I've just highlighted, you can see HYW's ratings for Growth and Quality here.

Ashford Inc. (AINC)

AINC operates as an asset management firm. The company primarily provides investment management and related services to the real estate and hospitality industries.

On June 26, Ashford Securities LLC, a wholly-owned subsidiary of AINC, announced that it had reached a milestone of $500 million, including $42.10 million from institutions, in capital raised in less than two years of serving investors through the independent broker-dealer and RIA distribution channels.

Mr. C Jay Steigerwald III, President and Head of Distribution of Ashford Securities, stated, "Our goal is to provide highly differentiated investment products to financial intermediaries. I would like to take this opportunity to thank all of our distribution partners for our tremendous success."

On April 4, AINC's wholly-owned subsidiary, Ashford Securities LLC, announced that it received strong interest from the investment community for its recently launched product, shares of Series J Redeemable Preferred Stock and Series K Redeemable Preferred Stock of Ashford Hospitality Trust, Inc. (AHT).

In total, AHT sold more than $13.3 million of its Series J and Series K Redeemable Preferred Stock through Ashford Securities as dealer manager since the offering commenced, including $9.1 million in March 2023. This reflects the company's continued success and ability to meet the needs of its broker-dealer, RIA, and institutional partners.

AINC's trailing-12-month EBITDA margin of 22.11% is 7.2% higher than the industry average of 20.63%. Likewise, the stock's trailing-12-month CAPEX/Sales of 5.99% is 206.3% higher than the industry average of 1.96%.

For the first quarter that ended March 31, 2023, AINC's total revenue grew 38.2% year-over-year to $185.12 million. Its adjusted EBITDA was $17.61 million, up 17.5% year-over-year. Its net income increased 73.2% from the year-ago value to $1.18 million. As of March 31, 2023, the company had corporate cash of nearly $24.60 million.

Street expects AINC's revenue to increase by 8.5% year-over-year to $181.71 million for the second quarter that ended June 2023. Similarly, the company's revenue for the fiscal year (ending December 2023) is expected to grow 12.7% from the previous year to $726.27 million. Moreover, the company topped the consensus revenue and EPS estimates in all four trailing quarters.

AINC's shares have gained marginally over the past five days to close the last trading session at $9.47.

AINC's POWR Ratings reflect its solid outlook. The stock has an overall rating of B, which equates to Buy in our proprietary rating system.

AINC has a grade A for Growth and Sentiment. It also has a grade B for Value. In the 79-stock Asset Management industry, AINC is ranked #4.

Beyond what we stated above, we also have AINC's ratings for

Momentum, Stability, and Momentum. Get all AINC ratings here.

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3 Hot Energy Stocks to Buy Mid-July

Escalating oil demand, combined with constrained supplies, could keep the energy industry buoyed in the near future. Therefore, energy stocks HF Sinclair Corporation (DINO), ARC Resources Ltd. (AETUF), and Weatherford International (WFRD), with impressive fundamentals, could be solid buys now. Read on.

The energy sector's outlook looks promising amid elevated summer travel, uncertain geopolitical conditions restricting supplies, and production cuts. Given this backdrop, quality energy stocks HF Sinclair Corporation (DINO), ARC Resources Ltd. (AETUF), and Weatherford International plc (WFRD) could be prudent investment opportunities now.

The removal of pandemic-related international travel restrictions led to a surge of Americans embarking on foreign trips. Planned air arrivals for July and August of 2023 skyrocketed by an impressive 14.4%, surpassing 2019 levels by approximately 5%. The escalated international air travel has spurred airlines to augment their fleet size with larger aircraft, and jumbo jets are being reestablished to manage burgeoning airport congestion.

Energy analysts at Capital Economics have identified jet fuel as the principal component propelling oil demand growth in 2023. International Air Transport Association (IATA) forecasts global jet fuel consumption to rise by nearly 15% in 2023 to 7.3 million bpd.

As per the latest data by the Joint Organizations Data Initiative (JODI), the global oil demand witnessed a notable

upsurge by more than 3 million barrels per day (bpd) in May 2023, compared to April, largely driven by a demand surge in China, coupled with uplifts noted in India, Saudi Arabia, and the United States.

Additionally, OPEC's latest Monthly Oil Market Report shows that crude oil demand is expected to hit 29.4 million bpd in 2023, marking an increase of 100,000 bpd from its previous forecast.

Moreover, coupled with the sweeping oil production cuts by the world's largest oil exporters, Saudi Arabia and Russia, Saudi Arabia's decision to extend its unilateral production cut has effectively tightened the market and could push the prices up. Unforeseen supply disruptions emanating from regions like Libya and Nigeria further bear the potential to escalate crude prices going forward.

Furthermore, amid increasingly bullish fundamentals, ING strategists said, "A break above $80/bbl would see the market finally breaking out of the $70-80/bbl range that it has been stuck in for more than two months." Also, as per the U.S. Energy Information Agency's Short-Term Energy Outlook, crude oil prices are anticipated to reach about $80/b in the fourth quarter of 2023 and about $84/b in 2024.

Given the tailwinds, fundamentally sound energy stocks DINO, AETUF, and WFRD could be worthy portfolio additions now.

HF Sinclair Corporation (DINO)

DINO operates as an independent energy company. It produces and markets gasoline, diesel fuel, jet fuel, renewable diesel, specialty lubricant products, specialty chemicals, specialty and modified asphalt, and others.

On May 4, DINO submitted a non-binding proposal to acquire all the outstanding common units of Holly Energy Partners, L.P. (HEP) in exchange for common stock, a par value of $0.01 per

share.

In May, DINO’s board of directors declared a regular quarterly dividend of $0.45 per share, which was paid to the common stockholders on June 1. This reflects its shareholder payback abilities.

The company pays an annual dividend of $1.80 per share, translating to a 3.91% yield on the current share price. Its four-year average dividend yield is 3.06%. The company’s dividend payouts have grown at a CAGR of 7.2% over the past three years and 5.2% over the past five years.

DINO’s incoming CEO, Tim Go, said, “We returned over $333 million in cash to shareholders through buybacks and dividends, demonstrating our commitment to our capital return strategy.”

DINO’s forward non-GAAP P/E of 5.90x is 37% lower than the 9.37x industry average. Likewise, its forward EV/Sales multiple of 0.39 is 80.3% lower than the 1.99x industry average.

DINO’s trailing-12-month levered FCF margin of 6.40% is 10.6% higher than the industry average of 5.79%. Moreover, its trailing-12-month ROCE, ROTC, and ROTA of 35.49%, 20.16%, and 17.31% are 51.2%, 79.8%, and 95.1% higher than the industry averages of 23.48%, 11.21%, and 8.87%, respectively.

For the fiscal first quarter that ended March 31, 2023, DINO’s sales and other revenues increased 1.4% year-over-year to $7.57 billion. DINO’s adjusted EBITDA increased 87.1% year-over-year to $704.75 million.

Adjusted net income attributable to DINO stockholders grew 124.4% year-over-year to $394.09 million, while its adjusted earnings per share came in at $2, representing a 102% increase from the prior-year quarter.

Analysts expect DINO's revenue and EPS for the fiscal third quarter ending September 2023 to come in at $7.81 billion and $2.35, respectively. It surpassed the consensus revenue estimate in each of the trailing four quarters, which is impressive.

The stock gained 1.1% intraday to close the last trading session at $46.58. Over the past year, the stock has gained 3.7%.

DINO's solid prospects are reflected in its POWR Ratings. The stock has an overall rating of B, equating to Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

It has a B grade for Value, Momentum, and Quality. In the 89-stock Energy – Oil & Gas industry, it is ranked #15.

Click here for DINO's additional Growth, Stability, and Sentiment ratings.

ARC Resources Ltd. (AETUF)

Headquartered in Calgary, Canada, AETUF explores, develops, and produces crude oil, natural gas, condensate, and natural gas liquids in Canada. It primarily interests the Montney properties in northeast British Columbia and northern Alberta.

AETUF is expected to pay a dividend of $0.17 per share to shareholders on July 17, 2023. Its annual dividend of $0.51 yields 3.70% on the current share price. Its four-year average yield is 4.88%. The company's dividend payouts have grown at a CAGR of 6.7% over the past three years.

AETUF's forward EV/EBITDA of 4.13x is 22.8% lower than the 5.35x industry average. Its forward EV/EBIT multiple of 7.45 is 11.8% lower than the 8.44 industry average.

AETUF's trailing-12-month gross profit margin of 65.28% is 38.8% higher than the 47.05% industry average. Likewise, its

61.50% trailing-12-month EBITDA margin is 57.2% higher than the industry average of 39.12%.

For the fiscal first quarter that ended March 31, 2023, AETUF's revenue from commodity sales stood at CAD$1.65 billion ($1.25 billion). The company's net income and net income per share came in at CAD 574.90 million ($435.81 million) and $0.93, compared to net loss and net loss per share of CAD$69.40 million ($52.61 million) and $0.10, respectively, in the year-ago quarter.

Moreover, as of March 31, 2023, AETUF's current liabilities stood at CAD$1.03 billion ($779.52 million), compared to CAD$1.72 billion ($1.30 billion) as of December 31, 2022.

AETUF has increased its production guidance in 2023 to average between 350,000 and 355,000 barrels of oil equivalent (boe) per day. The increase reflects stronger than forecast production from its base assets.

Analysts expect AETUF's revenue and EPS for the fiscal year ending December 2023 to come in at $4.05 billion and $1.80, respectively. On the other hand, its EPS for the fiscal year ending December 2024 is expected to increase 2.2% year-over-year to $1.84, while its revenue is expected to reach $3.99 billion for the same period. Moreover, it surpassed Street EPS estimates in each of the trailing four quarters.

AETUF's stock has gained 3.5% intraday to close the last trading session at $14.36. Over the past year, the stock has gained 19.1%.

It's no surprise AETUF has an overall rating of B, equating to a Buy in the POWR Ratings system.

AETUF has a B grade for Quality. It is ranked #20 within the Energy – Oil & Gas industry.

To access AETUF's ratings for Growth, Value, Momentum,

Stability, and Sentiment, click here.

Weatherford International plc (WFRD)

Energy services company WFRD offers equipment and services for the drilling, evaluation, completion, production, and intervention of oil, geothermal, and natural gas wells globally. The company operates through three segments: Drilling and Evaluation; Well Construction and Completions; and Production and Intervention.

On July 12, WFRD was awarded a five-year contract to provide Intervention Services for Petróleo Brasileiro S.A. in Brazil. WFRD has performed Intervention Services in Brazil for more than 20 years in close cooperation with Petrobras to develop a comprehensive offering to address subsea intervention and commissioning.

To enhance this offering, WFRD will provide its state-of-the-art digitalization solution, the Centro™ well construction optimization platform, which provides exceptional visibility and performance in operations. This should bode well for the company.

On June 8, WFRD was awarded a three-year contract with Aramco to deliver drilling services, under which WFRD would deploy its Drilling Services portfolio. This includes a technology suite, combining premium services, real-term information analysis, and innovative drilling apparatus. This would add value to Aramco’s drilling operations. Also, this award showcases the value of WFRD’s comprehensive portfolio of drilling services and technologies.

WFRD’s forward EV/Sales of 1.41x is 30% lower than the 2.02x industry average, while the stock’s forward Price/Sales multiple of 1.10 is 21.3% lower than the industry average of 1.40.

The company’s trailing-12-month levered FCF margin of 8.93% is

54.3% higher than the 5.79% industry average. Likewise, its trailing-12-month asset turnover ratio of 0.97x is 50.9% higher than the industry average of 0.65x.

For the first quarter that ended March 31, 2023, WFRD's total revenues increased 26.4% year-over-year to $1.19 billion, while its operating income stood at $185 million, up 927.8% from the prior-year quarter.

The company's adjusted EBITDA grew 78.1% from the year-ago value to $269 million. In addition, net income attributable to WFRD and income per share stood at $72 million and $0.97, compared to a net loss and loss per share of $80 million and $1.14, respectively, in the prior-year quarter.

The consensus EPS estimate of $4.65 for the fiscal year ending December 2023 indicates a significant year-over-year increase. The consensus revenue estimate of $4.98 billion for the same period indicates a 14.9% year-over-year growth. Moreover, WFRD topped consensus EPS and revenue estimates in each of the trailing four quarters.

WFRD's stock has gained 17.7% over the past three months to close the last trading session at $76.25. Over the past year, the stock has gained 314%.

WFRD's POWR Ratings reflect a robust outlook. It has an overall rating of B, equating to a Buy in our proprietary rating system.

WFRD has an A grade for Growth and Momentum and B for Sentiment and Quality. It is ranked #2 within the same industry.

Beyond what we have highlighted above, one can see WFRD's additional POWR Ratings for Value and Stability here.

What To Do Next?

Get your hands on this special report with 3 low priced

companies with tremendous upside potential even in today’s volatile markets:

3 Stocks to DOUBLE This Year >

DINO shares were unchanged in premarket trading Wednesday. Year-to-date, DINO has declined -8.43%, versus a 19.66% rise in the benchmark S&P 500 index during the same period.

About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy.Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

The post **3 Hot Energy Stocks to Buy Mid-July** appeared first on **StockNews.com**

https://www.entrepreneur.com/finance/3-hot-energy-stocks-to-buy-mid-july/456069

2023 Investing Lessons Learned: Mid-Year Edition

43 year investment veteran Steve Reitmeister admits to some investing missteps in 2023 by not acknowledging the new bull market for the S&P 500 (SPY) at an earlier stage. Full disclosure on his mistakes as well as a much better, and simpler, way to time the stock market is shared in this vital commentary. Read on below for the full story.

As most long time Reitmeister Total Return members know, I do an annual Lessons Learned edition in December. This is an important habit because if we do not learn from the mistakes of the past…*we are doomed to repeat them!*

However, there are some important lessons that I want to share now while they are still fresh in my mind. Namely about when to switch from bearish to bullish (and vice versa). So, lets jump right into that timely topic in the commentary below…

Market Commentary

Market timing has become much harder. There is simply less adhesion to the trends of the past given the growth of computer based trading versus decisions made by people on the fundamentals displayed through a prism of emotions (fear & greed).

The problems of market timing do not end there. Unfortunately, fundamentals are not full proof either.

As an Economics major I begrudgingly admit that its a soft science…as in not very exact. That is why you can get 5 economists together to review the data and come out with 5

different opinions of what comes next.

More specifically to the most recent events…the bear market unfolded in 2022 because of the historical relationship between high inflation so often bringing on the next recession.

Then an odd thing happened. No recession unfolded.

As we look in the rear view mirror it is much easier to understand why. That being 2-4 million baby boomers selecting early retirement in the face of Covid. This paved the way for historic low unemployment rate that would not crack even 17 months after the Fed started raising rates.

It is for these reasons that many professionals will NOT attempt market timing no matter how dark the storm clouds appear. They believe the future economic events are simply unknown and unknowable.

Once again, I begrudgingly have to admit that to be true more often than not. However, I can not just stand in front of a freight train taking losses if and when a bear market unfolds.

Gladly, as I honestly review my investing lessons learned going back to 1980 I do see a more reliable market timing approach.

Many who follow my writing will not believe what is about to come out of my keyboard…but here it is.

Price action is a much more reliable means of market timing than fundamentals. In particular, a focus on the 200 day moving average (AKA the long term trend line).

When you boil it down, it is wise to be bullish above the 200 day for the S&P 500 (SPY). And to be bearish under that mark.

Let’s now review some charts to prove the point starting with the onset of the 2022 bear market:

Some people may argue what designates a true break below. Like how many sessions closed below the mark it truly takes to signal more ominous things to come. But even if an investor got bearish on the first break below this level in January 2022 around 4,400, they would have been well served as stocks descended another 20% to the lows of October.

Plus, you can see how many times the market tried to break above the 200 day and failed. Meaning that investors were well served staying bearish as long as the overall market was below that 200 day moving average.

Now let’s move on to the 2023 picture:

Here too we see a breakout above in early January 2023 just below 4,000. Investors getting more bullish on that note have seen an ample rise up to Tuesday’s new 52 week high at 4,555.

Yes, there were some scary moments in March when there was a rash of banking failures that got stocks below the line for a short while. Yet by early April that was a distant memory before going on an extended bull run.

I am not going to show every time period in history to prove my point. But rest assured I have put my own thought process under a microscope. Putting all ego aside I realized that when I chose my view of fundamentals over the 200 day moving average…I was on the wrong side of history.

In the most recent example, I moved from a bearish hedge to a 50% long portfolio to start April when the market was about 2% above the 200 day moving average. This came in the form of using our coveted Top 10 Small Cap screens that lived up to the billing with a strong period of outperformance.

This 50% invested in stocks approach was better than some investors who clung to the bearish narrative. Yet in retrospect I would have been better served moving to 100% by mid April thereafter given the time and distance the market moved above the 200 day trend line.

This is especially true in our case with such a tremendous advantage on our side with the stock selection prowess of the POWR Ratings. In fact, the Data Scientist who helped me created the model has been trading a version of it since 2014. His data CLEARLY shows that staying invested with the best POWR Ratings stocks is a wise decision.

Back to the 200 day moving average. The merits of this technical signal is hard to admit for someone like myself with an economics background. But then I remembered some behavioral finance studies from that Mohamed El-Erian discussed a few years back.

The original theory was that investors predicted events 4-6 months in advance. That is why stocks typically dumped before bad economic events happened and seemed to rise during the darkest hour before the data improved.

Interestingly, some of the more recent research shows that it may not be that investors are so clairvoyant. Rather the positive or negative vibes from the stock price trends had a resounding effect on the economy.

At first this notion sounds crazy. But let’s remember that the vast majority of wealth in this country is in the hands of the top 10% who own 90% of the assets. No doubt a lot of that money is in the stock market.

Now consider that these same folks are the captains of industry. So, when their portfolios take a hit…they see their net worth go down…which leads to more cautious personal and business spending…which slows the economy. Here we can clearly see how price action actually precedes economic activity.

On the flip side we have a soaring stock market in the midst of a weak economic outlook. The net worth of these same wealthy people are on the rise…which lifts their mood. As they become less cautious and more optimistic, they start to spend more…thus improving economic conditions…thus showing the wisdom of the rising stock prices.

Long story short, price action is another valuable leading economic indicator. This only increases the value of using the 200 day moving average as a key lever in when to be cautious (under 200 day) or more aggressive with stocks (over 200 day).

Sooo…should we keep moving up to 100% long stocks?

The short answer is yes…we should step by step keep moving in that direction from the 80% allocated portfolio. But because we have an array of higher beta picks, then we can easily outperform the S&P 500 even with 20% cash on the sidelines just like we did so far this week.

The longer answer is that the bear is in a deep coma…but not dead. And that's because inflation is still well above the Feds 2% target which is why many market watchers are still concerned that the Fed may keep on their current hawkish path til employment breaks. That being the best bet to not have inflation reignite.

The risk is that once that you let the job loss genie out of the bottle…it is very hard to control. History shows that if the unemployment rate rises by 0.4% that it will typically go up at least another 1%. Talk about a narrow runway to make the soft landing.

Adding it altogether, the positive price action, improving inflation picture and continued lack of a recession forming makes it wise to keep moving more and more towards 100% invested in stocks…especially Risk On stocks which is the best place for outperformance in the early innings of a new bull market.

HOWEVER, we need to continue to sleep with one eye open for the potential return of recessionary fears and downward pressure on stock prices.

The employment picture and 200 day average gives us the best clues when we may need to get more defensive. Until we see cracks in that armor, then we will continue to have a bullish portfolio posture. And so far, so good on that front as we see a lot of budding green shoots in our portfolio of late.

What To Do Next?

Discover my current portfolio of 5 stocks and 4 ETFs that were handpicked to outpace the market in the weeks and months ahead.

This is all based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these hand selected trades, then please click the link below to get started now.

Steve Reitmeister's Trading Plan & Top Picks >

Wishing you a world of investment success!

Steve Reitmeister…*but everyone calls me Reity (pronounced "Righty")*
CEO, StockNews.com and Editor, Reitmeister Total Return

SPY shares fell $0.44 (-0.10%) in after-hours trading Tuesday. Year-to-date, SPY has gained 19.66%, versus a % rise in the benchmark S&P 500 index during the same period.

About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

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The post **2023 Investing Lessons Learned: Mid-Year Edition** appeared first on **StockNews.com**

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arned-mid-year-edition/456045

Riot Blockchain (RIOT) or GigaCloud Technology (GCT): Which Tech Stock Has Better Upside Potential?

Digitization of business operations and the growing usage of advanced technologies drive the demand for tech services. In this piece, I have compared the fundamentals of tech stocks Riot Platforms (RIOT) and GigaCloud Technology (GCT) to determine which has better upside potential.

In this piece, I have evaluated two technology stocks, Riot Platforms, Inc. (RIOT) and GigaCloud Technology Inc. (GCT), to determine the better investment. Comparing the fundamentals of these stocks, GCT appears to have better upside potential than RIOT for reasons explained throughout this article.

Tech stocks faced the brunt of the Federal Reserve's aggressive rate hikes since last year. The tech-heavy Nasdaq declined more than 33% in 2022. Despite the headwinds, tech stocks rebounded strongly this year with the continued easing of inflation. Moreover, last month, the Fed held rates steady for the first time since January 2022, which came as good news for the tech sector.

Fed officials raised their interest rate forecasts for this year, signaling rates could reach as high as 5.6%, implying two additional rate hikes this year. Due to strong macroeconomic data, the central bank will likely resume rate

hikes later this month. Further rate hikes could again put pressure on tech stocks.

However, the demand for technology services is expected to remain strong as enterprises invest heavily in digitizing their operations to improve their digital abilities. According to Gartner, IT services spending this year is expected to increase 5.5% year-over-year to $1.31 trillion.

RIOT failed to surpass the consensus EPS and revenue estimates in the first quarter. RIOT's loss per share was $0.16 higher than analyst estimates. In addition, its revenue fell short of the consensus estimate by 4.5%. On the other hand, GCT's EPS and revenue were above Street estimates. Its EPS beat the consensus estimate by 200%, while its revenue topped analyst estimates by 2.9%.

RIOT's CEO Jason Les said, "RIOT achieved a number of important milestones and records during the first quarter of 2023. In spite of damage to our immersion Buildings F and G during severe winter storms in Texas in late 2022, we successfully reached new all-time highs for miner deployment, total hash rate capacity, and monthly Bitcoin production."

"Riot's vertically integrated strategy has once again positioned us during this quarter as an industry leader in low-cost, large-scale Bitcoin mining, and I continue to be excited to work with our team to achieve Riot's vision of becoming the leading Bitcoin-driven infrastructure platform," he added.

Commenting on the first quarter performance, GCT's CFO David Lau said, "During the first quarter of 2023, we delivered record-breaking financial and operation results through our relentless focus on execution and as we benefited from the industry-wide normalization of ocean shipping freight cost."

"The continued increase in our GigaCloud Marketplace GMV, as well as our expanded user base, are strong testament to the

value we offer to streamline cross-border transactions of large parcel merchandise. As we look ahead, I am very excited for the opportunities as we continue to drive profitable growth," he added.

On June 14, 2023, GCT announced that its board of directors had approved a share repurchase program to repurchase up to $25 million of Class A shares. The company expects its revenues to be between $140 million and $145 million in the second quarter.

When it comes to price performance, RIOT is the clear winner. RIOT's stock has gained 226.1% in price over the past six months compared to GCT's 15.9% gain. In addition, RIOT's stock has gained 416.5% year-to-date, compared to GCT's 24.4% gain.

However, here are the reasons I think GCT could perform better in the near term:

Recent Financial Results

RIOT's total revenue for the first quarter ended March 31, 2023, declined 8.2% year-over-year to $73.24 million. Its adjusted EBITDA decreased 40.9% year-over-year to $7.50 million. The company's net loss came in at $55.69 million, compared to a net income of $36.58 million. Also, its adjusted EPS declined 60% year-over-year to $0.04.

For the fiscal first quarter ended March 31, 2023, GCT's total revenues increased 13.7% year-over-year to $127.80 million. Its adjusted EBITDA rose 186.5% over the prior-year quarter to $19.85 million. The company's net income attributable to ordinary shareholders increased 264.9% year-over-year to $15.94 million. In addition, its EPS came in at $0.39, representing an increase of 200% year-over-year.

Expected Financial Performance

Analysts expect RIOT's EPS for fiscal 2023 and 2024 to remain

negative. Its fiscal 2023 and 2024 revenue is expected to increase 46.3% and 46.8% year-over-year to $379.21 million and $556.82 million.

For fiscal 2023 and 2024, GCT's EPS is expected to increase 98.3% and 14.7% year-over-year to $1.19 and $1.37. Its fiscal 2023 and 2024 revenue is expected to increase 11.1% and 7.6% year-over-year to $544.54 million and $585.84 million.

Profitability

GCT's trailing-12-month revenue is two times what RIOT generates. GCT is more profitable, with a net income margin and Return on Equity of 6.96% and 20.58%, compared to RIOT's negative 238.23% and 48.54%, respectively. Also, GCT's asset turnover of 1.29x compares to RIOT's 0.18x.

Valuation

In terms of forward EV/Sales, GCT is currently trading at 0.48x, 93.9% lower than RIOT's 7.87x. GCT's trailing-12-month Price/Book ratio of 1.37x is 48.9% lower than RIOT's 2.68x.

Thus, GCT is relatively more affordable.

POWR Ratings

RIOT has an overall rating of F, which equates to a Strong Sell in our proprietary POWR Ratings system. On the other hand, GCT has an overall rating of A, translating to a Strong Buy. The POWR Ratings are calculated considering 118 different factors, with each factor weighted to an optimal degree.

Our proprietary rating system also evaluates each stock based on eight distinct categories. RIOT has an F grade for Value, in sync with its stretched valuation. On the other hand, GCT's discounted valuation justifies its A grade for Value.

RIOT has an F grade for Quality, consistent with its poor profitability. On the other hand, GCT has a B grade for

Quality, in sync with the company's high profitability.

Of the 80 stocks in the Technology – Services industry, RIOT is ranked last, while GCT is ranked #3 in the same industry.

Beyond what we've stated above, we have also rated both stocks for Growth, Momentum, Stability, and Sentiment. Click here to view RIOT's ratings. Get all the ratings of GCT here.

The Winner

Increasing investments in digitization and the adoption of advanced technologies like artificial intelligence (AI), blockchain, Internet of Things (IoT) drive the demand for technology services.

Despite delivering solid returns recently, RIOT is best avoided now, given its exposure to risky and volatile assets like cryptocurrency. Moreover, crypto mining is a capital-intensive business, and with more interest rate hikes in the offing, the cost of capital will likely rise. This may hamper the company's ability to grow and expand its profit margins.

On the other hand, GCT will likely benefit from the resumption of economic activities in China. Therefore, GCT could be a better choice now.

Our research shows that the odds of success increase when one invests in stocks with an Overall Rating of Strong Buy or Buy. View all the top-rated stocks in the Technology – Services industry here.

Is the Bear Market Over?

43 year investment veteran Steve Reitmeister shares his updated stock market outlook & top picks for the rest of 2023. Spoiler Alert: Steve still believes bear case most likely.

Get Stock Market Outlook & Top Picks >

RIOT shares fell $17.51 (-100.00%) in premarket trading Wednesday. Year-to-date, RIOT has gained 426.55%, versus a 16.88% rise in the benchmark S&P 500 index during the same period.

About the Author: Dipanjan Banchur

Since he was in grade school, Dipanjan was interested in the stock market. This led to him obtaining a master’s degree in Finance and Accounting. Currently, as an investment analyst

and financial journalist, Dipanjan has a strong interest in reading and analyzing emerging trends in financial markets.

More…

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