



ACTIONABLE IDEAS FOR THE ACTIVE INVESTOR

# ALPHA INSIGHTS

IDEA GENERATOR LAB

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## Top Actionable Idea of the Week

PACCAR Inc. (PCAR) designs, manufactures, and distributes heavy-duty commercial trucks in the United States and internationally. It operates through three segments: Truck, Parts, and Financial Services. The Truck segment designs, manufactures, and distributes trucks for the over-the-road hauling of commercial goods. It sells its trucks through a network of independent dealers under the Kenworth, Peterbilt, and DAF nameplates. The Parts segment distributes aftermarket parts for trucks and related commercial vehicles. The Financial Services segment conducts full-service leasing operations, as well as provides finance services to dealers. PACCAR Inc was founded in 1905 and is headquartered in Bellevue, WA. The company will report 4Q22 results on January 24th, 2023. <https://www.paccar.com>

The shares of PCAR posted a new 52-week high to resolve above a near 2-year classic patterned base formation of the “Double Bottom” variety. The bullish weekly close above \$98, if sustained, projects a measured move to approximately \$129 [(\$103 - \$77) + \$103 = \$129]. Point & Figure analysis confirms our conclusion with a profit target of \$131 based upon closing prices – for a ~30% profit potential. An initial stop-loss provision set at \$95 would contain downside risk to about 5.0% and establish a very attractive 5:1 positive risk skew. **Charts 1 & 2**

PCAR is leading the Industrial sector, and its Commercial Vehicle & Trucks industry peer group, all of which have been leading the S&P 500 index. It has seen a steady increase in its RS-Ratio, extending into the leading quadrant over the past two months, while its RS-Momentum has been accelerating sharply over the past six months. **Chart 3**

From a strict S&P 500 relative strength perspective, the PCAR / SPY ratio broke out above trend resistance in October, then continued above chart resistance now in November with room to run much higher. In support of this favorable price action, our proprietary Alpha Trend Model turned positive in May, and has been trending steadily higher ever since. **Chart 4**

**TRADE IDEA:** Long PCAR

**ENTRY PRICE:** \$100 Limit

**PROFIT TARGET:** \$130

**INITIAL STOP-LOSS:** \$95

**POSITION SIZE:** 5% Max

Performance update. **Charts 5, 6, & 7**

# PACCAR - WEEKLY

Profit Target = \$129; Stop-Loss = \$95



Source: StockCharts.com

# POINT & FIGURE ANALYSIS

Profit Target = \$131; Stop-Loss = \$87

**PCAR** PACCAR, Inc. Nasdaq Global Select Mkt.

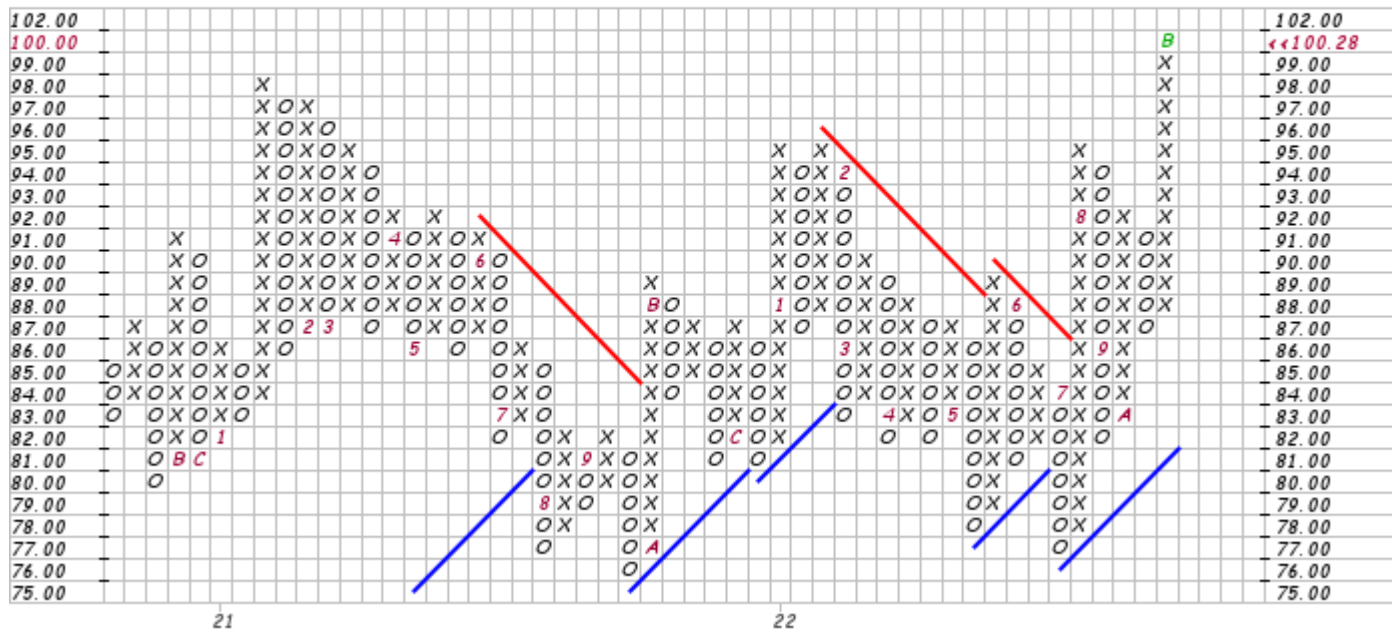
09-Nov-2022, 14:04 ET, weekly, O: 99.57, H: 101.51, L: 98.505, C: 100.28, V: 5561922, Chg: +1.16 (1.17%)

**P&F Pattern** Double Top Breakout on 24-Oct-2022

Scaling: Traditional [Reversal: 3]

Bullish Price Objective: 131.0

(c) StockCharts.com

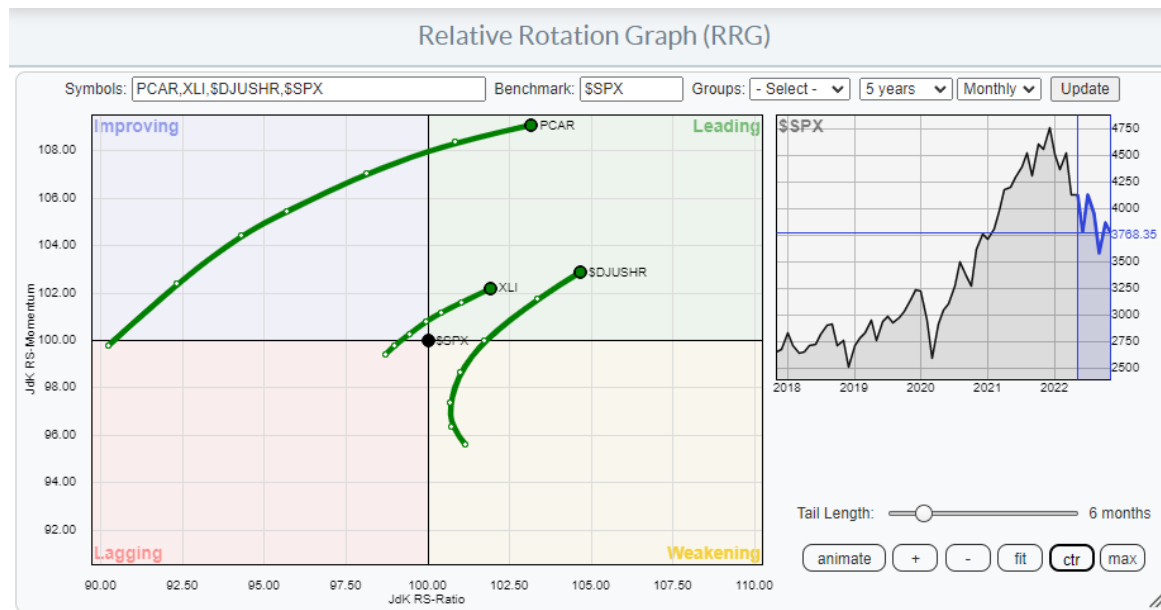


Source: StockCharts.com

# RELATIVE STRENGTH ANALYSIS

PCAR is leading the Industrial sector, and its Commercial Vehicle & Trucks industry peer group, all of which have been leading the S&P 500 index. It has seen a steady increase in its RS-Ratio, extending into the leading quadrant over the past two months, while its RS-Momentum has been accelerating sharply over the past six months.

## Monthly Relative Strength Profile



6 months ending Nov 1, 2022

chart	visible	tail	symbol	name	sector	industry	price	%chg
⌘	<input checked="" type="checkbox"/>	█	PCAR	PACCAR, Inc.	Industrial	Commercial Vehicles	100.66	16.3
⌘	<input checked="" type="checkbox"/>	█	\$DJUSHR	Dow Jones US Commercial Vehicles & Trucks Index			3463.45	8.8
⌘	<input checked="" type="checkbox"/>	█	XLI	Industrial Select Sector SPDR Fund			96.06	2.4
⌘	<input checked="" type="checkbox"/>		\$SPX	S&P 500 Large Cap Index			3768.35	-8.8
⌘			\$SPX	S&P 500 Large Cap Index			3768.35	-8.8

Source: StockCharts.com

# ALPHA TREND MODEL

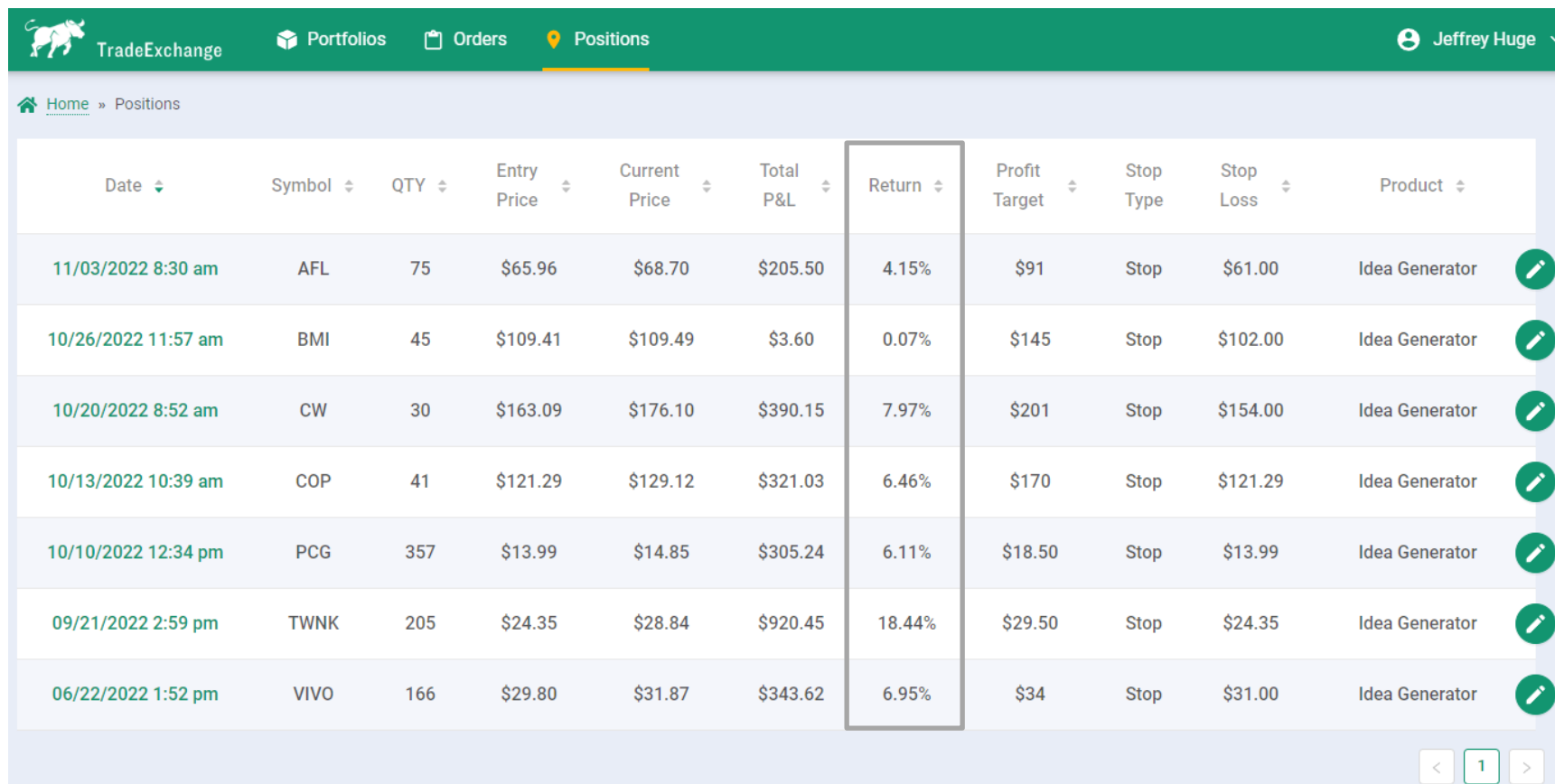
PCAR / SPY Ratio w/ Alpha Trend Model



Source: StockCharts.com

# OPEN/CLOSED POSITIONS UPDATE

We opened a new 5% position in AFL at \$65.96 on 11/3/22.



The screenshot shows the 'Positions' page on the TradeExchange platform. The interface includes a green header with navigation tabs for 'TradeExchange', 'Portfolios', 'Orders', and 'Positions'. The user's name 'Jeffrey Huge' is visible in the top right. Below the header, there is a breadcrumb trail 'Home » Positions'. The main content is a table of open positions. The table has columns for Date, Symbol, QTY, Entry Price, Current Price, Total P&L, Return, Profit Target, Stop Type, Stop Loss, and Product. The 'Return' column for the first row (AFL) is highlighted with a grey border. At the bottom right of the table, there are navigation controls: a left arrow, a box containing the number '1', and a right arrow.

Date	Symbol	QTY	Entry Price	Current Price	Total P&L	Return	Profit Target	Stop Type	Stop Loss	Product
11/03/2022 8:30 am	AFL	75	\$65.96	\$68.70	\$205.50	4.15%	\$91	Stop	\$61.00	Idea Generator
10/26/2022 11:57 am	BMI	45	\$109.41	\$109.49	\$3.60	0.07%	\$145	Stop	\$102.00	Idea Generator
10/20/2022 8:52 am	CW	30	\$163.09	\$176.10	\$390.15	7.97%	\$201	Stop	\$154.00	Idea Generator
10/13/2022 10:39 am	COP	41	\$121.29	\$129.12	\$321.03	6.46%	\$170	Stop	\$121.29	Idea Generator
10/10/2022 12:34 pm	PCG	357	\$13.99	\$14.85	\$305.24	6.11%	\$18.50	Stop	\$13.99	Idea Generator
09/21/2022 2:59 pm	TWNK	205	\$24.35	\$28.84	\$920.45	18.44%	\$29.50	Stop	\$24.35	Idea Generator
06/22/2022 1:52 pm	VIVO	166	\$29.80	\$31.87	\$343.62	6.95%	\$34	Stop	\$31.00	Idea Generator

Source: TradeExchange.com

Live trading portfolio initial balance \$100,000. Past performance does not guarantee future results.

# OPEN ORDERS UPDATE

We lowered our entry price for GLD to **\$168 Stop** from \$169 Stop.

The screenshot shows the TradeExchange interface with the 'Orders' tab selected. The user is Jeffrey Huge. The breadcrumb trail is 'Home » Orders'. The table below lists two open orders:

Date	Sym	QTY	AP	EP	PT	SL	Stop Type	Order Type	Term	Total Cost	Alloc.	Product	
08/17/2022 1:03 pm	IBB	73		\$136	\$166	\$126.00	Stop Loss	Stop Market	gtc	\$9,928	10%	Idea Generator	
05/11/2022 2:11 pm	GLD	29		\$168	\$235	\$157.00	Stop Loss	Stop Market	gtc	\$4,872	5%	Idea Generator	

Navigation: < 1 >

Source: TradeExchange.com



# PORTFOLIO PERFORMANCE UPDATE

*Cumulative performance statistics since inception date (11/15/21).*



*Source: TradeExchange.com*

*Data as of 11/9/22. Past performance does not guarantee future results.*

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