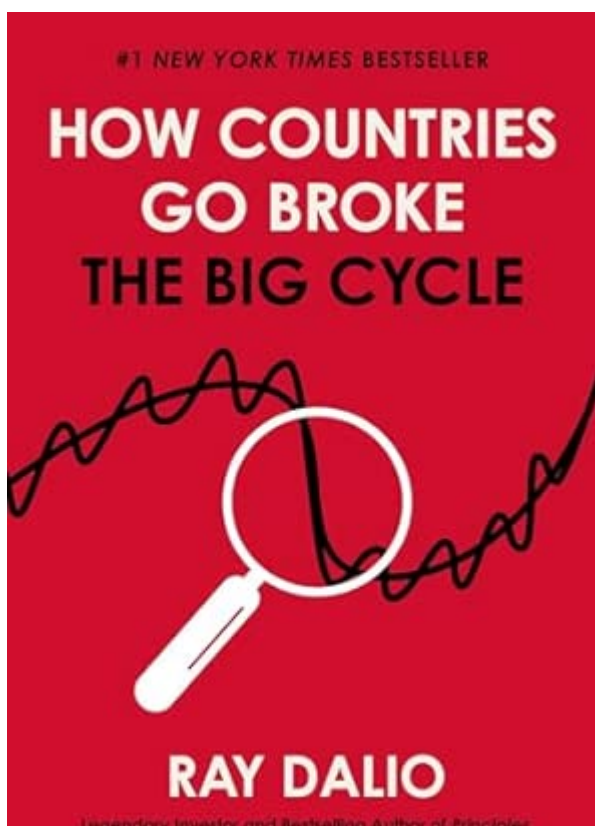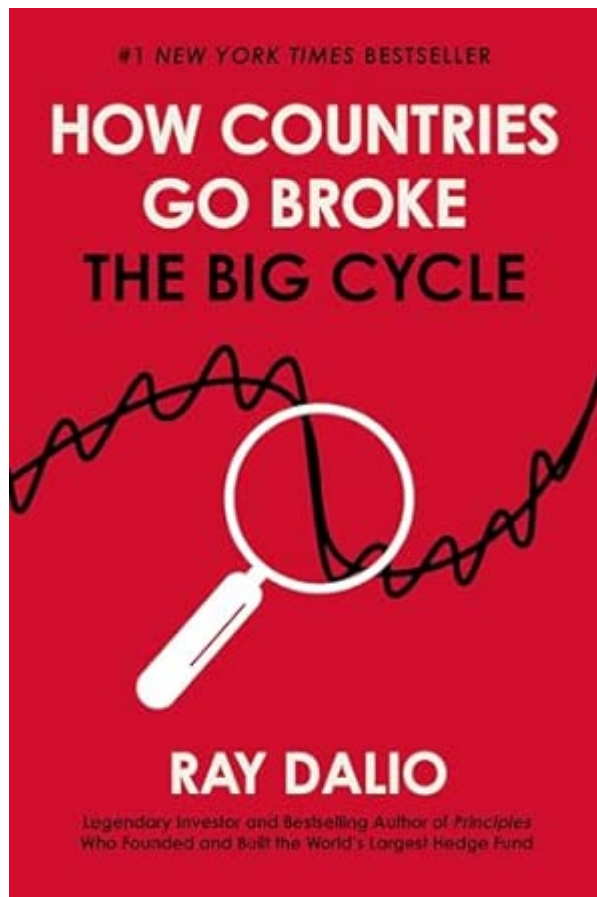# Ray Dalio Says Sell: But Not Yet

Ray Dalio is considered by many investment professionals to be a market maven. This is because of the wild success of his hedge fund, Bridgewater, with assets under management of $136 billion, as well as several best-selling economics/finance books he has written. In recent times, Ray Dalio has repeatedly emphasized that markets are in a bubble characterized by unsustainable valuations, excessive leverage, wealth concentration in a few assets (e.g., ?the AI beta chase?), and euphoric sentiment. While he paints a disturbingly bearish picture, he also warns that markets may have more room to the upside. In his opinion, the conditions are not ripe for the ?pricking? of the bubble that would generate widespread selling.

Ray Dalio cites three conditions or triggers to watch for to gauge when the bubble may pop. They are as follows:

- Tightening Monetary Policy: Easy money sustains market froth. While policy is not easy today, rate cuts are making it easier on the margin.
- Fiscal Policy Shifts: The imposition of new taxes, especially on the wealthy, could arise due to wealth inequality debates. The odds of such action grow if the Democrats win the House or Senate in the midterm elections. Tariffs are another policy to follow.
- Liquidity Crises or Debt Coverage Needs: Sudden demand for cash due to margin calls or debt maturities. Keep an eye on liquidity and gauge how quickly and effectively the Fed is willing to reduce liquidity stress.

Ray Dalio?s views balance optimism about near-term gains with caution about longer term systemic risks. Furthermore, he believes gold is a good diversification asset to manage the road ahead. His most current longer term macroviews are expressed in his recent book, How Countries Go Broke.

#1 NEW YORK TIMES BESTSELLER

HOW COUNTRIES GO BROKE
THE BIG CYCLE

RAY DALIO

Legendary Investor and Bestselling Author of *Principles*
Who Founded and Built the World's Largest Hedge Fund

What To Watch Today

Earnings

Tuesday Nov 25	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
Alibaba BABA:US		11.91	15.06		246.68B	236.5B	$384.43B	Q2	AM	★	🔔
Analog Devices ADI:US		2.23	1.67		2.83B	2.44B	$119.87B	Q4	AM	★	🔔
Dell Technologies DELL:US		2.55	2.15		26.4B	24.4B	$105.2B	Q3	PM	★	🔔
Autodesk ADSK:US		2.5	2.17		1.81B	1.57B	$64.46B	Q3	PM	★	🔔
Workday WDAY:US		2.17	1.89		2.42B	2.16B	$60.08B	Q3	PM	★	🔔
Zscaler ZS:US		0.85	0.77		750.48M	628M	$44.84B	Q1	PM	★	🔔
HP HPQ:US		0.92	0.93		14.44B	14.1B	$26.72B	Q4	PM	★	🔔
NetApp NTAP:US		1.87	1.87		1.68B	1.66B	$24.64B	Q2	PM	★	🔔
Dick's Sporting Goods DKS:US		2.76	2.75		3.18B	3.06B	$18.71B	Q3	AM	★	🔔
Burlington Stores BURL:US		1.65	1.55		2.73B	2.53B	$17.37B	Q3	AM	★	🔔
Best Buy BBY:US		1.29	1.26		9.45B	9.45B	$16.7B	Q3	AM	★	🔔
NIO NIO:US		-1.67	-2.14		24.14B	18.67B	$14.03B	Q3	AM	★	🔔
J.M. Smucker SJM:US		2.1	2.76		2.32B	2.3B	$11.03B	Q2	AM	★	🔔
Urban Outfitters URBN:US		1.19	1.10		1.47B	1.36B	$6.19B	Q3	PM	☆	🔔
Arrowhead Research ARWR:U		-0.23	-1.36		171.86M	35M	$4.85B	Q4	PM	☆	🔔
Easyjet Plc EZJ:LN		0.01	0.93		6.5B	3.41B	$4.79B	H2	AM	☆	🔔
Ambarella AMBA:US		0.06	0.11		104.12M	82.7M	$3.51B	Q3	PM	☆	🔔
Abercrombie & Fitch ANF:US		2.22	2.50		1.28B	1.2B	$3.48B	Q3	AM	☆	🔔
Kohl's KSS:US		-0.16	0.20		3.34B	3.51B	$1.69B	Q3	AM	☆	🔔
Webjet WEB:AU			0.12			72M	$1.09B	Q3		☆	🔔
Guess GES:US		0.27	0.34		768.17M	739M	$864.2M	Q3	PM	☆	🔔
GB GBG:LN		0.00	0.60		134.8M	136.9M	$771.62M	H1	AM	☆	🔔

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Economy

Tuesday November 25 2025			Actual	Previous	Consensus	Forecast		
08:15 AM	US	ADP Employment Change Weekly		-2.5K				
08:30 AM	US	PPI MoM SEP		-0.1%	0.3%	0.5%		
08:30 AM	US	Retail Sales MoM SEP		0.6%	0.4%	0.3%		
08:30 AM	US	Core PPI MoM SEP		-0.1%	0.3%	0.2%		
08:30 AM	US	Retail Sales Control Group MoM SEP		0.7%	0.3%	0.4%		
08:30 AM	US	Retail Sales Ex Autos MoM SEP		0.7%	0.4%	0.4%		
08:30 AM	US	Core PPI YoY SEP		2.8%	2.7%	2.8%		
08:30 AM	US	PPI SEP		149.160		149.4		
08:30 AM	US	PPI Ex Food, Energy and Trade MoM SEP		0.3%	0.2%	0.2%		
08:30 AM	US	PPI Ex Food, Energy and Trade YoY SEP		2.8%	2.7%	2.7%		
08:30 AM	US	PPI YoY SEP		2.6%	2.7%	2.6%		
08:30 AM	US	Retail Sales Ex Gas/Autos MoM SEP		0.7%	0.4%	-0.5%		
08:30 AM	US	Retail Sales YoY SEP		5%		3.9%		
08:55 AM	US	Redbook YoY NOV/22		6.1%				
09:00 AM	US	S&P/Case-Shiller Home Price YoY SEP		1.6%	1.4%	1.6%		
09:00 AM	US	House Price Index SEP		435.3		436.6		
09:00 AM	US	House Price Index MoM SEP		0.4%		0.3%		
09:00 AM	US	House Price Index YoY SEP		2.3%		1.5%		
09:00 AM	US	S&P/Case-Shiller Home Price MoM SEP		-0.6%		-0.4%		
10:00 AM	US	Business Inventories MoM AUG		0.2%	0.1%	0.1%		
10:00 AM	US	CB Consumer Confidence NOV		94.6	93.5	94.2		
10:00 AM	US	Pending Home Sales MoM OCT		0.0%		-0.4%		
10:00 AM	US	Pending Home Sales YoY OCT		-0.9%		-2.4%		
10:00 AM	US	Retail Inventories Ex Autos MoM AUG		0.1%	0.3%	0.3%		
10:00 AM	US	Richmond Fed Manufacturing Index NOV		-4	-2	-1		
10:00 AM	US	Richmond Fed Manufacturing Shipments Index NOV		4		6		
10:00 AM	US	Richmond Fed Services Revenues Index NOV		4		5		
10:30 AM	US	Dallas Fed Services Index NOV		-9.4		-6		
10:30 AM	US	Dallas Fed Services Revenues Index NOV		-6.4		-3		
11:30 AM	US	52-Week Bill Auction		3.445%				
01:00 PM	US	2-Year FRN Auction		0.190%				
01:00 PM	US	5-Year Note Auction		3.625%				
01:00 PM	US	Money Supply OCT		$22.21T				

Tuesday November 25 2025			Actual	Previous	Consensus	Forecast		
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10:30 AM	US	Dallas Fed Services Index NOV		-9.4		-6		
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Market Trading Update

Yesterday, we went through the technical backdrop of the market. Today, we are going to get a deluge of economic reports that have been backlogged due to the Government shutdown. While most of this data is relatively old, it will nonetheless be focused on as it relates to the Fed?s next monetary policy move. As of Monday, the odds of a rate cut in December had risen to about 60% providing some support to the market last Friday.

Probability of 25 bps Cut in Dec 2025

100%

Probability of 25 bps Cut in Dec 2025

The Daily Shot®
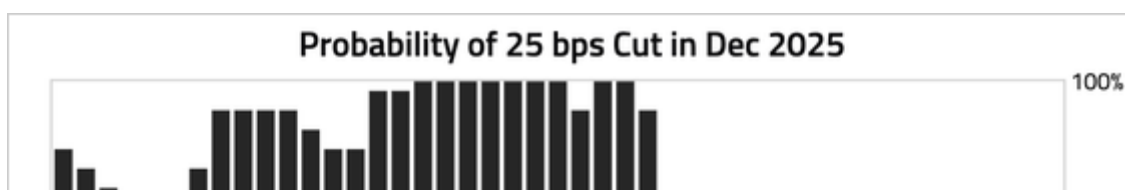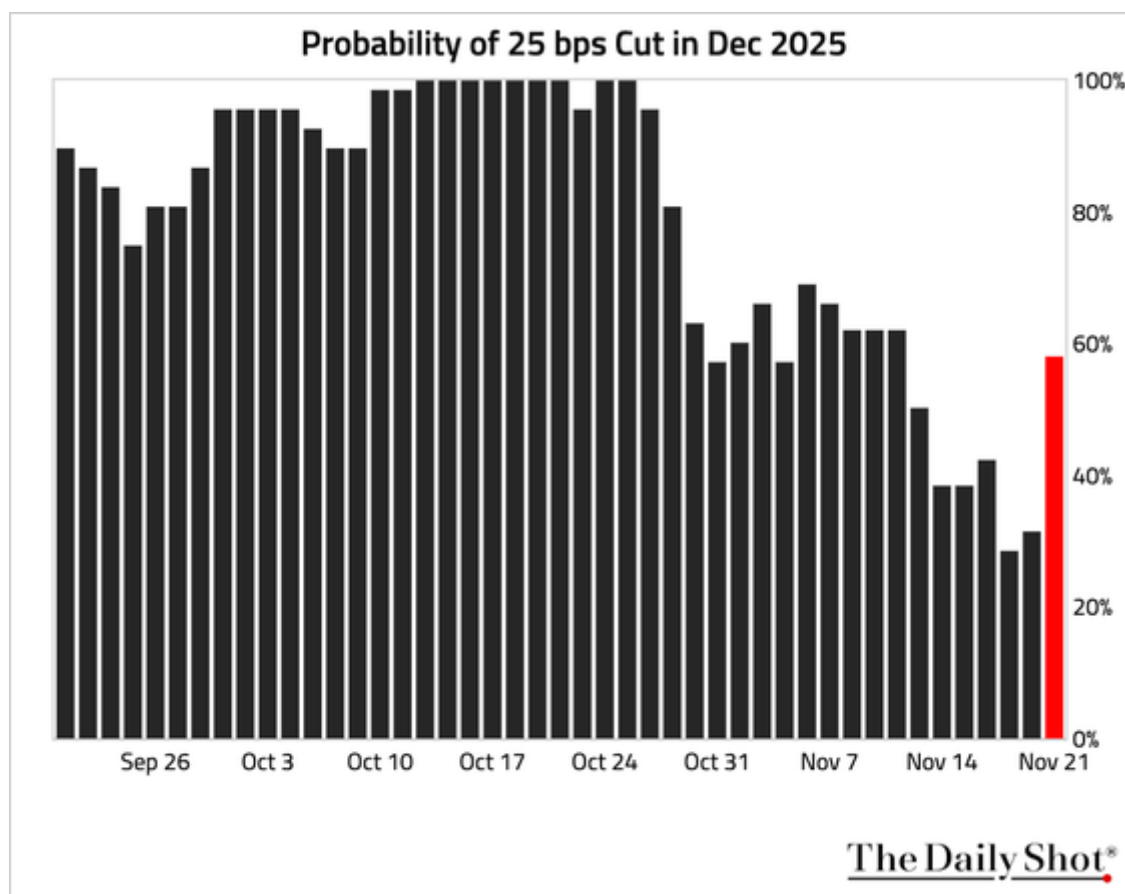
However, given that this is a light trading week due to the Thanksgiving holiday, the deluge of data will likely add to recent market volatility. Nonetheless, we remain focused on the seasonally strong period from today into year-end. With corporate buybacks in full swing and bullish sentiment remaining stable, the recent correction has alleviated much of the previous overbought condition. That leaves investment managers who are underweight in equities in a better position to increase their equity allocations and improve performance heading into the year-end reporting period. As shown in the two charts below, both consolidating equity positioning and equity sentiment have moved into negative territory.

Figure 1: Equity positioning has turned underweight for the first time in 4 months

Consolidated Equity Positioning
Wtd average of Z-scores for positioning indicators

Posted on ISABELNET.com

Current percentile (since 2010): 34%

*Weights based on explanatory power in regression of equity performance on indicators
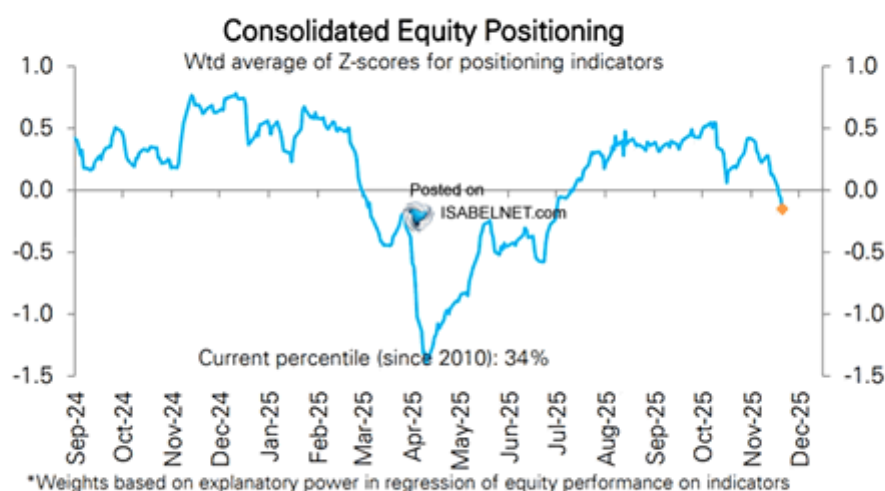
Source : Deutsche Bank Asset Allocation

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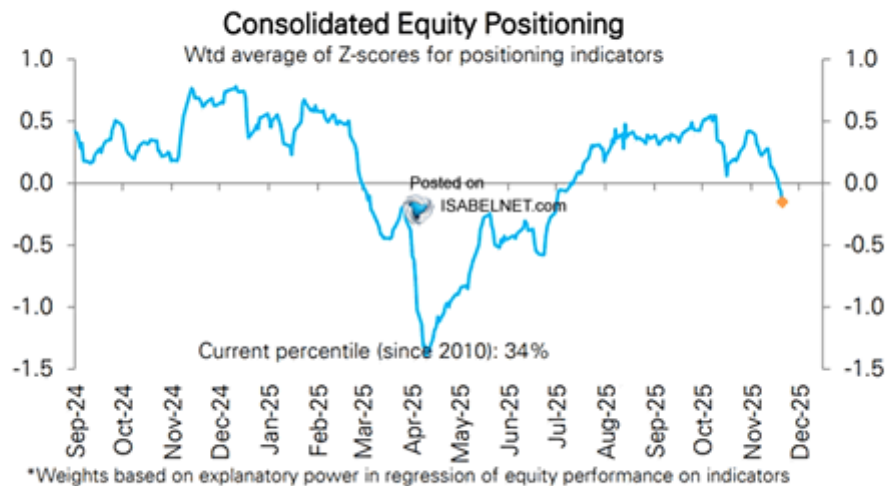
Source : Deutsche Bank Asset Allocation

Exhibit 11: GS US Equity Sentiment Indicator of investor positioning
as of November 21, 2025; CFTC positioning data as of October 10, 2025 due to the shutdown of the federal government

GS US Equity Sentiment Indicator

SI>1.0 = stretched positioning

SI<(1.0) = light positioning

(0.3)
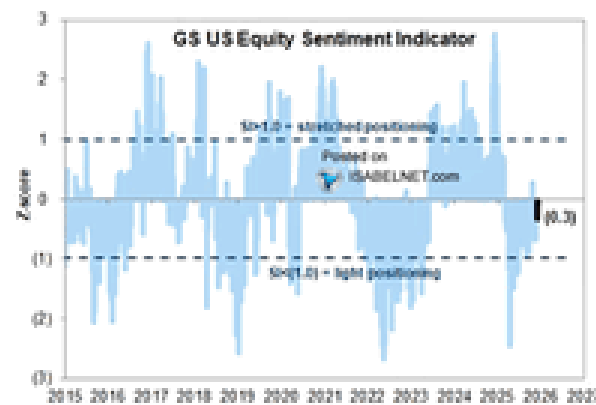
The Sentiment Indicator combines 9 measures of positioning across institutional, retail, and foreign investors and has historically been a statistically significant signal for near-term S&P 500 returns.

Source: Goldman Sachs Global Investment Research

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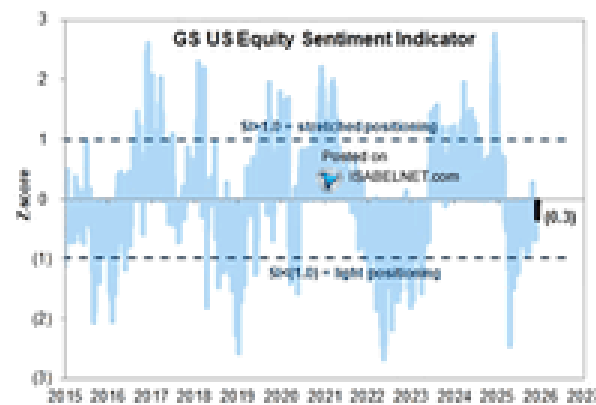
The Sentiment Indicator combines 9 measures of positioning across institutional, retail, and foreign investors and has historically been a statistically significant signal for near-term S&P 500 returns.

Source: Goldman Sachs Global Investment Research

That negative positioning is a decent setup for a short-term, tradeable bounce.

Trade accordingly.

A Full Rotation Has Occurred

Just a couple of months ago, it would have been unfathomable to think that two of the worst-performing sectors at the time would lead the way while two of the leading sectors would be the most oversold. With the recent sell-off, that is exactly the sector rotation that has occurred. Healthcare and energy stocks are now the most overbought sectors on a relative and absolute basis, while technology and discretionary stocks are the most oversold. Note, however, that only the scores on the healthcare sector are extreme; thus, the current market trends favoring yesterday?s underperforming stocks may continue, albeit with healthcare slipping back. This is yet another example of the consistent rotation between sectors. It also leads us to ask which sectors may pull up from the rear and lead tomorrow.

The second table, courtesy of SimpleVisor, shows that healthcare stocks have been outperforming the market for a while, but outperformance for the energy and staples sectors is relatively new. If the market remains weak, might those be the sectors to outperform in the coming weeks?

Performance Analysis | Factor Analysis | Risk Range | Credit Spreads | Screener | Stock Summary | Strategy Builder

Sectors | Factors

Sectors Analysis – Absolute and Relative Score (vs SPY)

Symbol	Name	Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↓⫮	Chart
XLV	Health Care		0.84 ⓘ	0.61 ⓘ	☑
XLE	Energy		0.16 ⓘ	0.17 ⓘ	☐
XLP	Consumer Staples		-0.11 ⓘ	0.11 ⓘ	☐
XLC	Communication Services		-0.18 ⓘ	0.05 ⓘ	☐
SPY			-0.07 ⓘ	0.00 ⓘ	☐
XLB	Materials		-0.10 ⓘ	-0.04 ⓘ	☐
XLU	Utilities		-0.09 ⓘ	-0.08 ⓘ	☐
XLF	Financial		-0.32 ⓘ	-0.12 ⓘ	☐
XLRE	Real Estate		-0.41 ⓘ	-0.12 ⓘ	☐
XLI	Industrials		-0.32 ⓘ	-0.19 ⓘ	☐
XTN	Transportation		-0.24 ⓘ	-0.25 ⓘ	☐
XLK	Technology		-0.30 ⓘ	-0.32 ⓘ	☑
XLY	Consumer Discretionary		-0.45 ⓘ	-0.49 ⓘ	☑

How it works

Extremely Oversold — Oversold: Could be a good time to increase holdings. — Fair Value — Overbought: Could be a good time to reduce holdings. — Extremely Overbought

XLV: 0.61
XLK: -0.32
XLY: -0.49

<--- Oversold Absolute Score Overbought --->

☑ Tail Length   3 Weeks

Performance Analysis | Factor Analysis | Risk Range | Credit Spreads | Screener | Stock Summary | Strategy Builder

Lookback Days: 5,20,50,50,50   [Update]   Price data of 2025-11-23 20:18:02 EST ⟳   Min — 0 — Max

Symbol	Name	Top 10 Holdings	5 days 2025-11-14 to 2025-11-21 ↑↓	20 days 2025-10-17 to 2025-11-14 ↑↓	50 days 2025-08-07 to 2025-10-17 ↑↓	50 days 2025-05-27 to 2025-08-07 ↑↓	50 days 2025-03-14 to 2025-05-27 ↑↓
XLK	Technology		-3.27%	-0.03%	3.17%	6.44%	3.50%
XLE	Energy		-0.91%	5.89%	-3.20%	-4.91%	-12.90%
XLY	Consumer Discretionary		-0.41%	-2.64%	-0.15%	-3.95%	5.22%
XLI	Industrials		0.35%	-0.95%	-4.41%	-1.79%	4.25%
XLF	Financial		0.43%	-0.62%	-3.51%	-6.09%	-0.07%
XTN	Transportation		0.68%	-2.91%	-1.69%	-1.55%	-1.29%
XLU	Utilities		1.23%	-4.20%	0.72%	-0.98%	-1.49%
XLB	Materials		1.44%	-2.40%	-5.12%	-6.14%	-3.62%
XLRE	Real Estate		1.80%	-3.73%	-4.00%	-6.27%	-5.37%
XLC	Communication Services		2.43%	-4.28%	2.07%	-1.60%	0.39%
XLP	Consumer Staples		2.75%	-4.23%	-8.14%	-7.07%	-1.48%
XLV	Health Care		3.75%	4.84%	5.97%	-9.34%	-13.85%

Market Bubbles: A Rational Guide To An Irrational Market

We?re hearing it everywhere: AI is in a bubble. The surge in capital, the parabolic stock charts, and the bold claims from CEOs all have a familiar rhythm. Nvidia?s valuation has soared, along with AI-related startups raising billions with little to no revenue. Investment in data centers, chips, and infrastructure is happening at a scale not seen since the internet boom of the 1990s, which immediately reminds investors of what happened next. The question isn?t whether AI is important; it?s whether the price of that importance is being inflated beyond reason. That is the nature of market bubbles.

Dot.Com Meltup Analog

Voices in the market are split. Some, like Jared Bernstein, former Biden CEA chairman, said:

> ?We point out that the share of the economy devoted to AI investment is nearly a third greater than the share of the economy devoted to internet related investments back during the dotcom bubble. So, we think there are enough analogies there to make the call.?

Others argue this is not a bubble, at least not yet.

> **?Macro bubbles? ? asset price distortions with large economy-wide consequences ? have generally involved not just overvalued asset prices but also dramatic impacts on spending and capital flows**&#2013266080;that have been both clues that a bubble is under way and forces that serve to undermine it.

> The 1990s was a classic example. Alongside soaring equity prices, investment spending boomed, leverage rose, capital poured in, and profitability and balance sheet strength declined, while credit spreads and equity volatility moved higher. **The macro**

and market imbalances that we saw then, particularly from 1998 onward, are not generally visible yet.? ? Goldman Sachs

This split is normal. Every major innovation cycle creates a divide between skeptics who see overvaluation and optimists who see a new era of growth. The challenge for investors is not to take sides, but to understand what bubbles do, why they?re so hard to identify in real time, and how to benefit from them without being destroyed by them.

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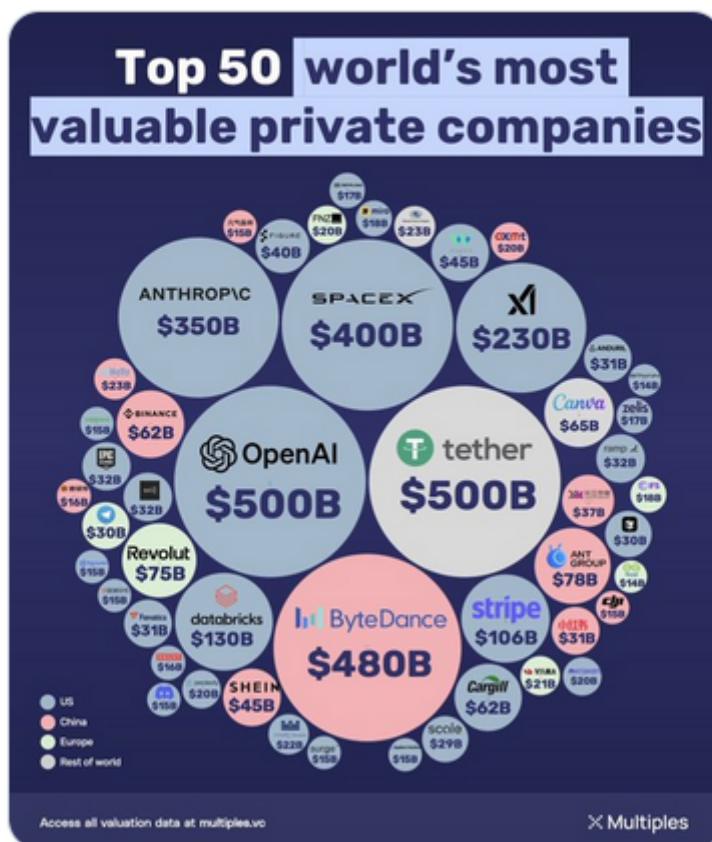
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