

Major Market Buy/Sell Review: 04-06-20

HOW TO READ THE CHARTS

There are three primary components to each chart:

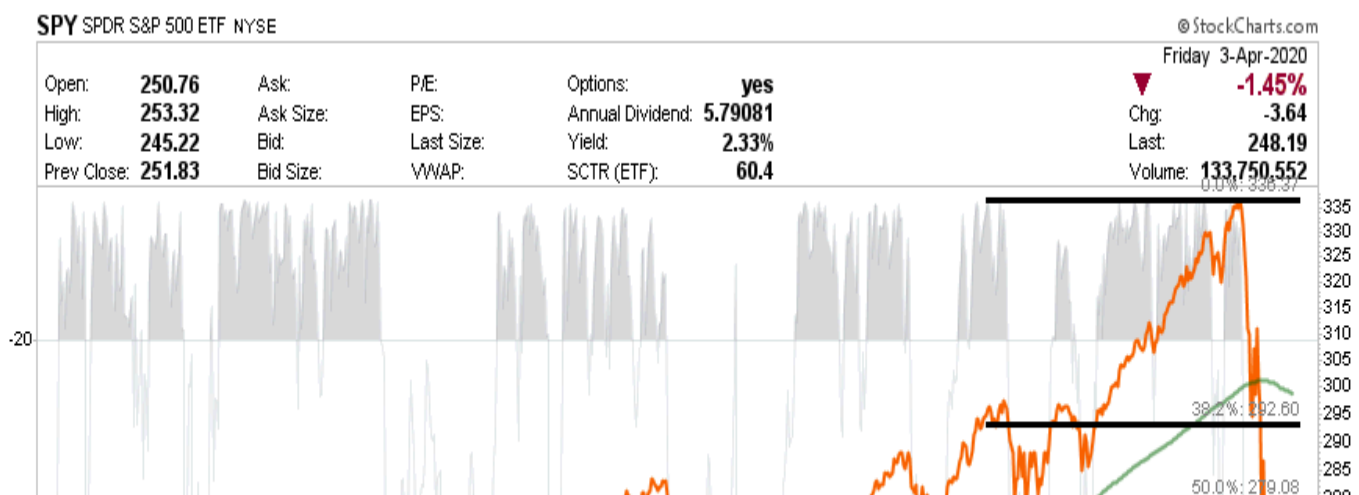
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise when the buy/sell indicator is above the ZERO line investments have a tendency of working better than when below the zero line.



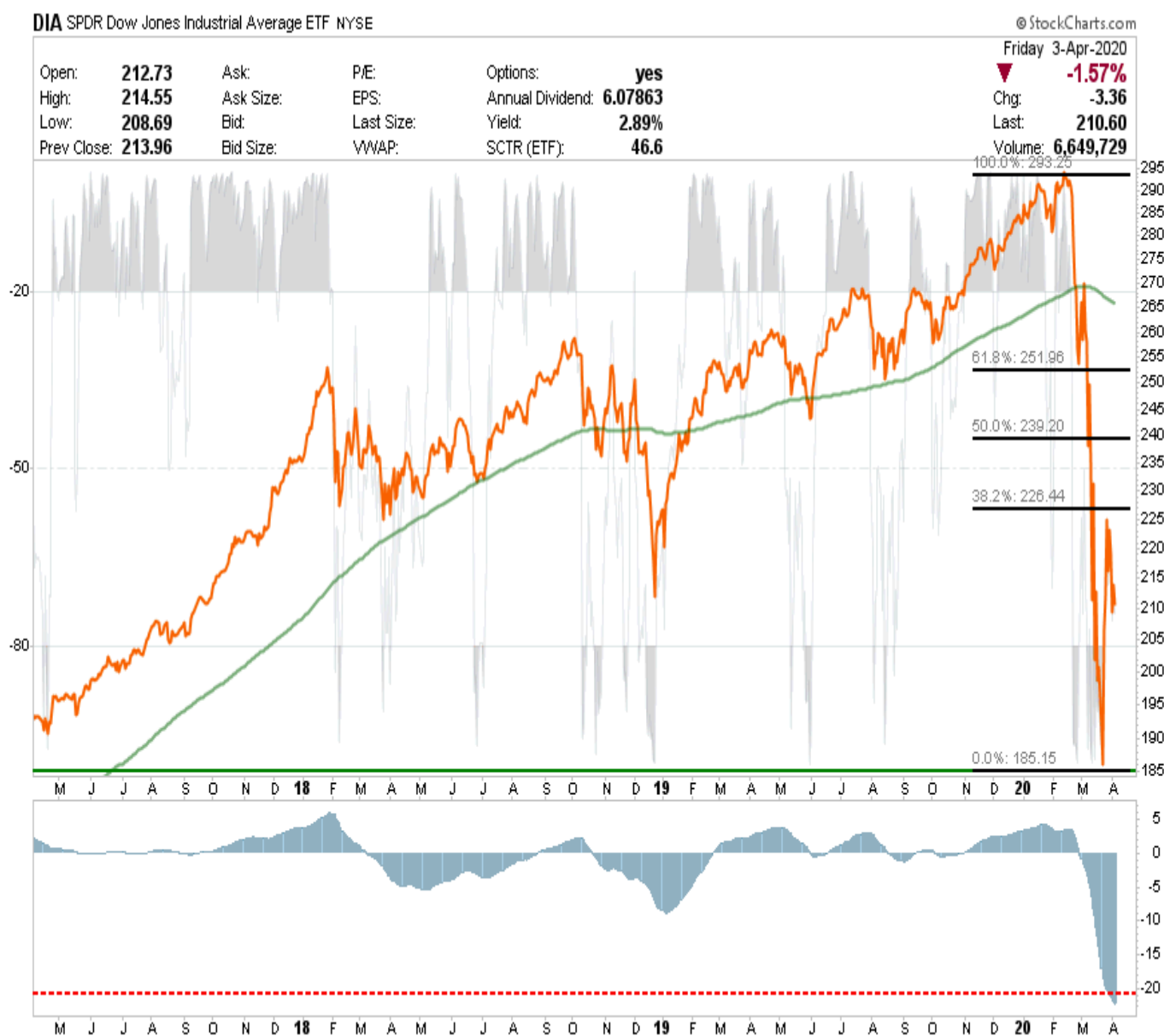
With this basic tutorial let's review the major markets.

S&P 500 Index



- Last week: "Well, that bounce finally came and it was as vicious as we expected. While this remains a "bear market" rally, the media was quick to jump on the "Bear market is over" bandwagon. It isn't, and investors will likely pay a dear price in April."
- After running into the bullish trend line and the initial 38.2% retracement, the market failed and has established a downtrend. A retest, and potential break of the March lows is likely, but we will monitor this carefully. With the Fed flooding money into the system, we could be set up for some very volatile moves, but the economic data is about to become horrific and earnings estimates will be revised sharply lower.�
- Remain cautious for now.�
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position
 - This Week: No position
 - Stop-loss set at \$220
 - Long-Term Positioning: Bearish

Dow Jones Industrial Average



- The same situation exists with DIA.

- The bounce we discussed previously retraced to the 38.2% retracement level and failed. We could see some positive action on Monday, but we remain firmly entrenched in a bear market for now.�
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss set at \$185
- Long-Term Positioning: Bearish

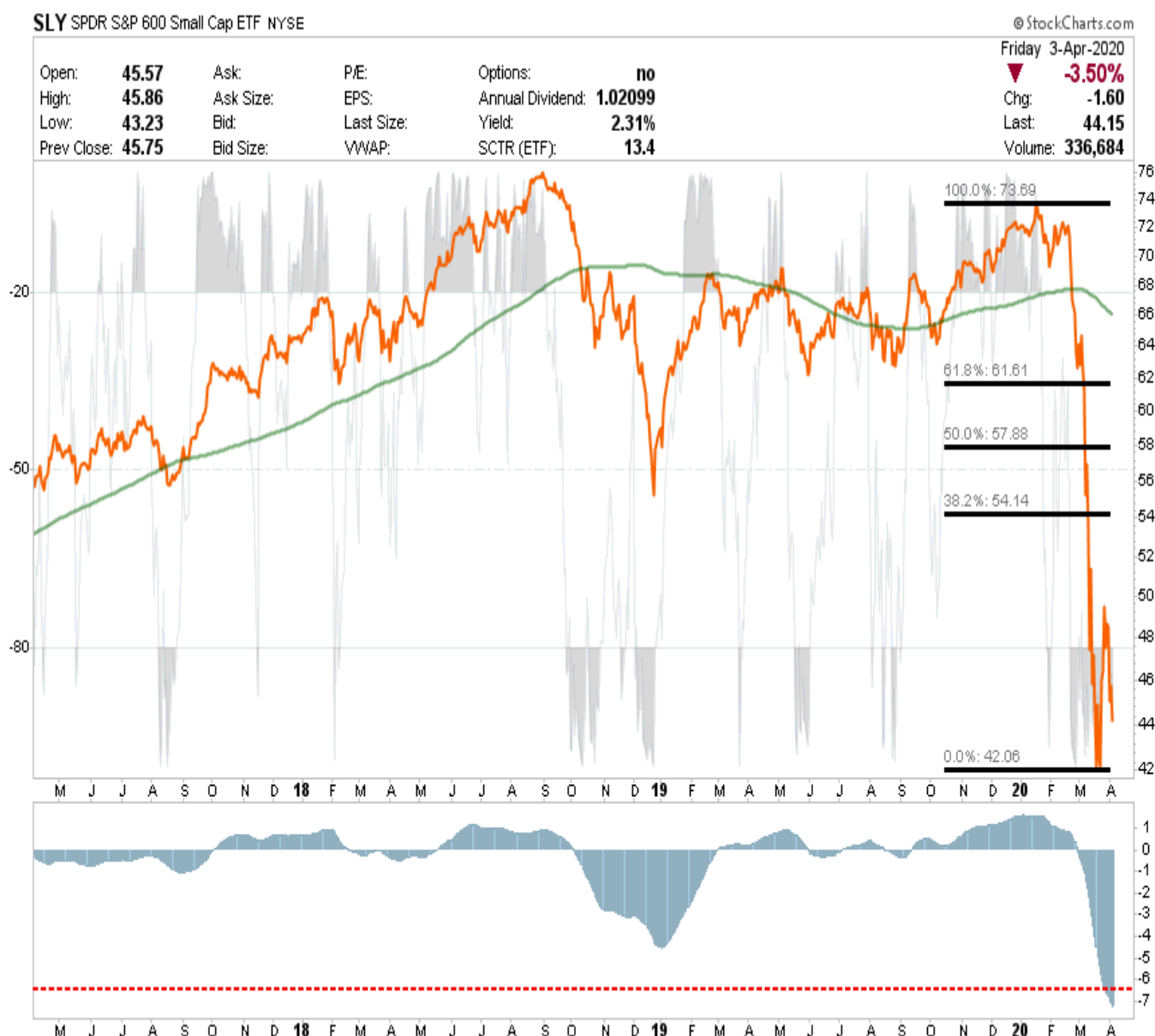
Nasdaq Composite



- We had previously put on a small QQQ trade for a reflexive rally, but we closed that out.�
- As with SPY and DIA, the QQQ has established a downtrend, but technically is in MUCH better shape than the other markets with the bull-trend still intact.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week:�No positions
 - This Week: No positions
 - Stop-loss set at \$170

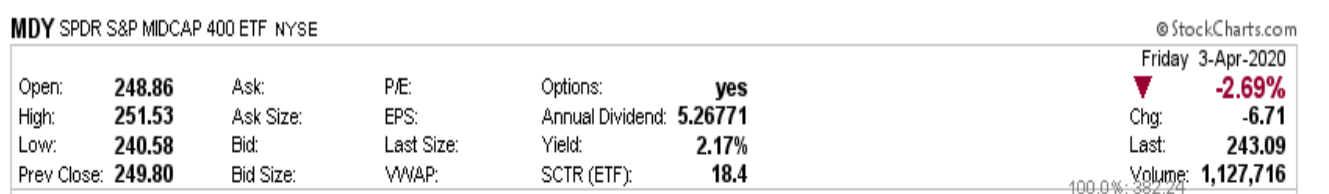
- *Long-Term Positioning: Bearish due to valuations*

S&P 600 Index (Small-Cap)



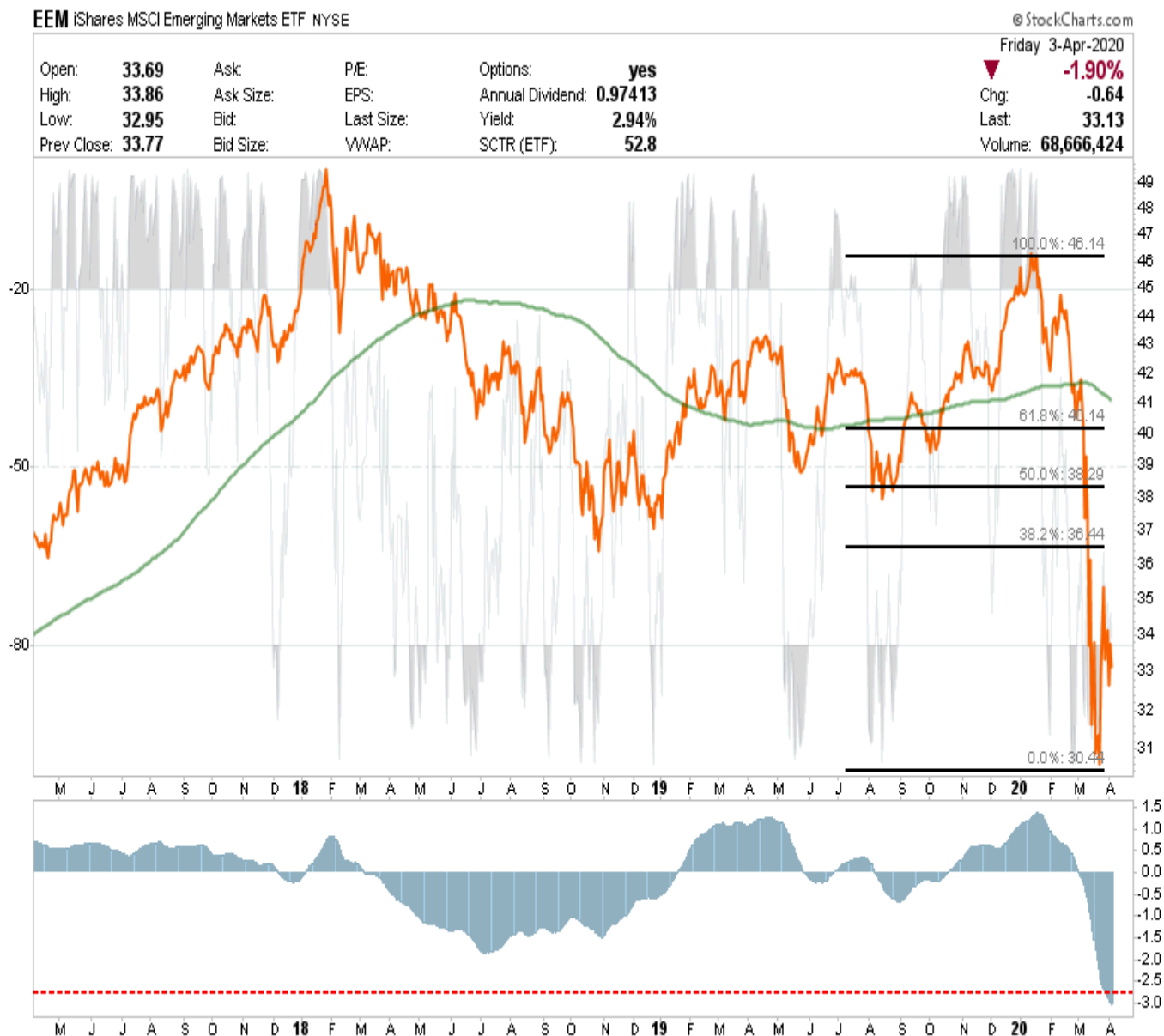
- *Small-caps have a lot more downside to go as both small and mid-cap companies are going to be hardest hit by the virus.*
- *Be careful what you own, there are going to be quite a few companies that don't make it.*
- *Avoid small-caps. Use any reflexive rally to step-aside for the time being.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
 - *Last Week: No positions*
 - *This Week: No positions.*
 - *Stop loss adjusted to \$42 on trading positions.*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)



- As with Small-cap, we have no holdings.�
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No holding
 - This Week: No holding
- Long-Term Positioning: Bearish

Emerging Markets



- As with small and mid-cap stocks, emerging and international markets are being hit hard by the virus. Economically, these countries are being destroyed right now.�
- We previously stated that investors should use counter-trend rallies to sell into. **If you haven't done so, use any rally to clear positions.**
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position
 - This Week: No position.
 - Stop-loss set at \$30 for trading positions.
- Long-Term Positioning: Bearish

International Markets

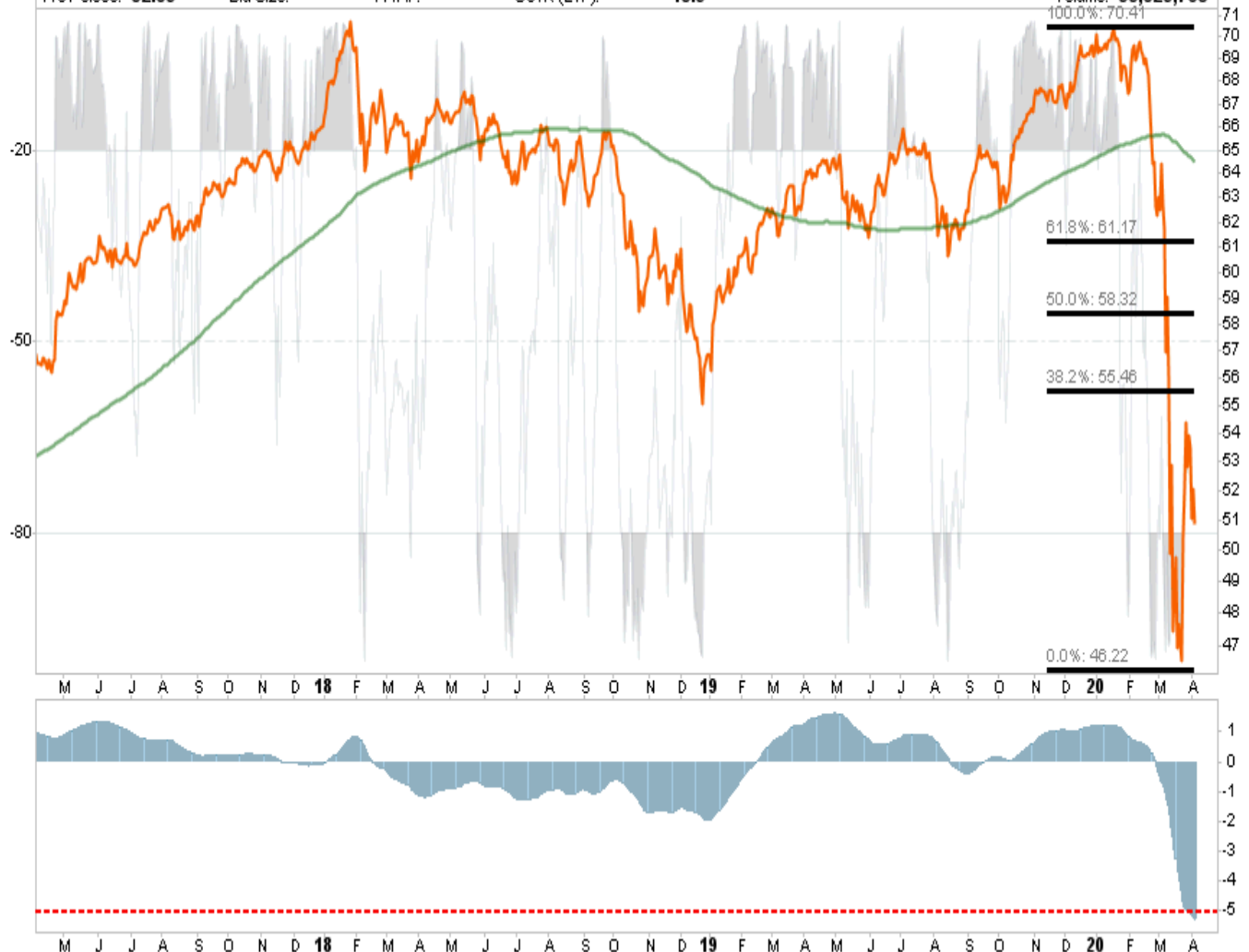
EFA iShares MSCI EAFE ETF NYSE

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Friday 3-Apr-2020

Open: **51.26** Ask: P/E: Options: **yes**
 High: **51.47** Ask Size: EPS: Annual Dividend: **2.15193**
 Low: **50.58** Bid: Last Size: Yield: **4.23%**
 Prev Close: **52.09** Bid Size: VWAP: SCTR (ETF): **45.9**

Chg: **-2.28%**
 Last: **50.90**
 Volume: **33,029,768**



- As noted last week: "A reflexive rally is likely. Use those levels to sell into. **Do so this week.**"
- Remain out of these markets for the time being.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss set at \$46 for trading positions.
- Long-Term Positioning: Bearish

West Texas Intermediate Crude (Oil)

\$WTIC Light Crude Oil - Continuous Contract (EOD) CME

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Friday 3-Apr-2020

Open: **24.81** Ask: P/E: Options: **no**
 High: **28.96** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **23.52** Bid: Last Size: Yield: **N/A**
 Prev Close: **25.32** Bid Size: VWAP: SCTR: **N/A**

Chg: **+11.93%**
 Last: **28.34**
 Volume: **94,222,600**



- *Last week, the President said he talked to Saudi Arabia and they were in talks with Russia to cut \$10 million barrels of production. That tweet sparked a vicious rally in oil keeping prices above the critical level of \$20.*
- *Saudi and Russia are NOT likely going to cut production meaningfully as they now have shale drillers in a stranglehold. They are going to talk a lot, but they aren't going to do anything until they extinguish shale to some degree. For the last couple of years, I have warned this outcome would eventually occur.�*
- *Use this rally in oil to clear positions in your portfolio for now. We will very likely retest or set new lows in the coming months as drillers are forced to "shut in" production. At that point we can start picking through the rubble for portfolio positioning.�*
- *We still like the sector from a ?value? perspective and expect that we will wind up making a lot of money here. We clearly aren't at lows yet, so be patient.�*
- *Avoid for now.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No positions*
 - *This Week: No positions.*
 - *Stops Triggered for any direct crude oil positions.*
- *Long-Term Positioning: Bearish*

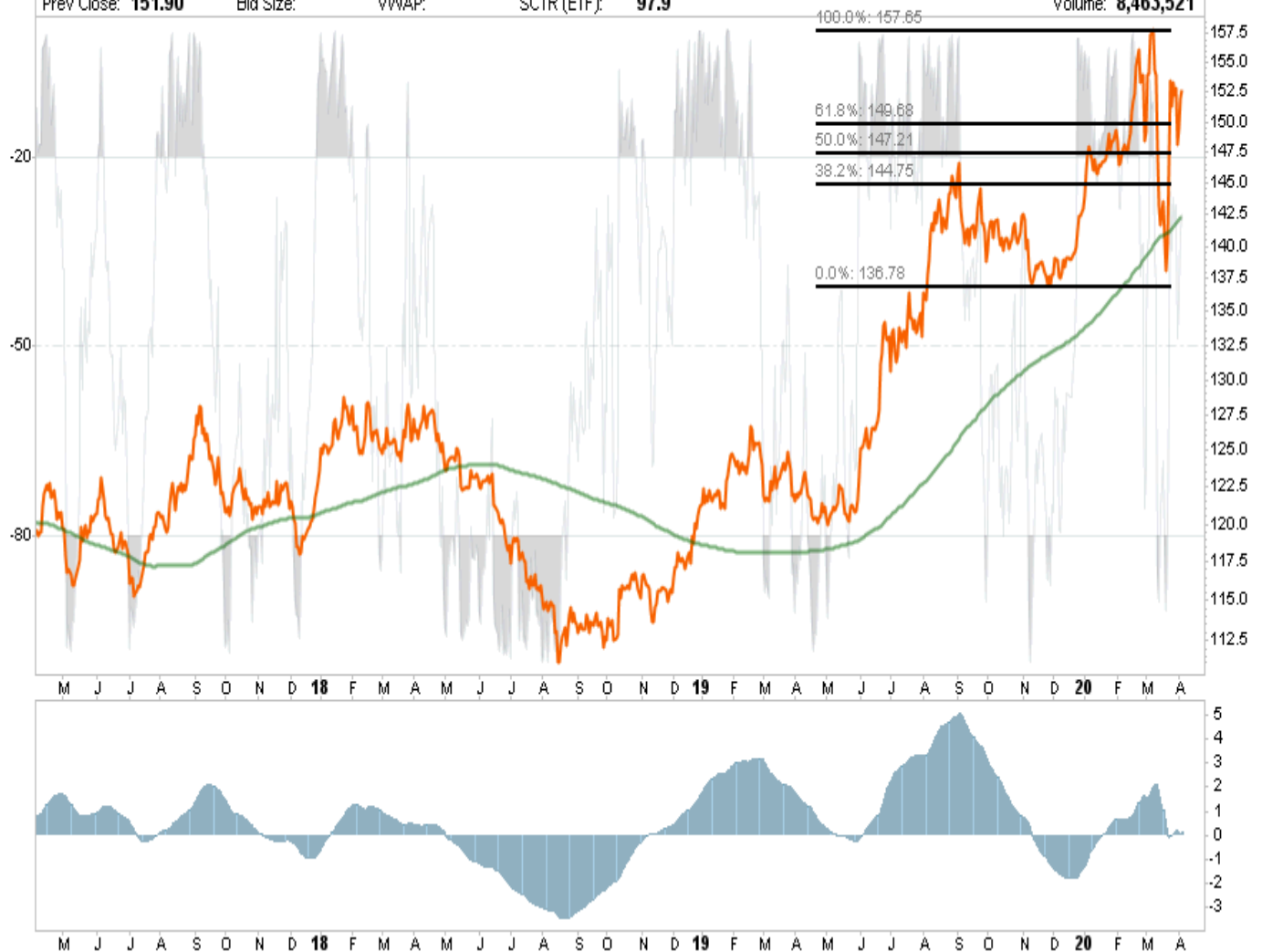
Gold

GLD SPDR Gold Shares NYSE

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Open: **152.23** Ask: P/E: **-14.75** Options: **yes**
 High: **153.09** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
 Low: **151.66** Bid: Last Size: Yield: **N/A**
 Prev Close: **151.90** Bid Size: VWAP: SCTR (ETF): **97.9**

Friday 3-Apr-2020
 ▲ **+0.49%**
 Chg: **+0.75**
 Last: **152.65**
 Volume: **8,463,521**



- We previously added to our position in IAU and continue to have a small holding in GDX, as the previous liquidation left a lot of value in the sector. However, performance remains lazy at this point, so we are looking for pullbacks to support to add to our holdings. 2013266080;
- **Short-Term Positioning: Bullish**
 - Last week: Hold positions.
 - This week: Hold positions.
 - Stop-loss set at \$137.50.
 - Long-Term Positioning: Bullish

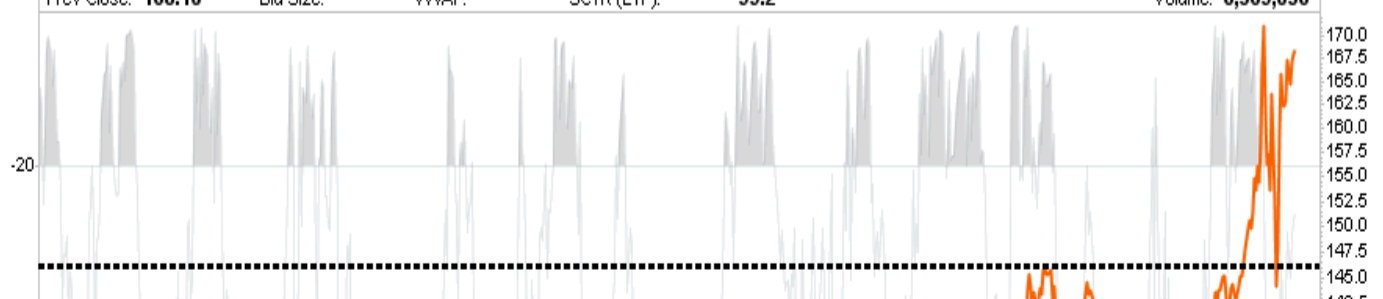
Bonds (Inverse Of Interest Rates)

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM

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Open: **168.55** Ask: P/E: Options: **yes**
 High: **170.33** Ask Size: EPS: Annual Dividend: **2.97582**
 Low: **168.14** Bid: Last Size: Yield: **1.77%**
 Prev Close: **168.10** Bid Size: VWAP: SCTR (ETF): **99.2**

Friday 3-Apr-2020
 ▲ **+0.24%**
 Chg: **+0.40**
 Last: **168.50**
 Volume: **6,569,056**



- We have reduced our overall bond exposure, because we are running a very reduced equity exposure currently. This aligns our "hedge" of fixed income relative to our equity book.�
- We remain very cautious on our bond exposure currently, and will look to add to that exposure once the credit markets calm down a bit.�
- Short-Term Positioning: Neutral
 - Last Week: Hold positions
 - This Week: Hold positions
 - Stop-loss is moved up to \$147.50
 - Long-Term Positioning: Bullish

U.S. Dollar



- The dollar fell sharply as we had a reflexive "bear market" rally. However, with concerns over global economic strength rising, money is flowing back into the dollar for safety.�
- The recent volatility of the dollar makes it hard to trade for now, so be patient for the moment and let things calm down. We can look to add a long-dollar trade on a pull back to the \$98-99 areas.�

- *The dollar has reversed its sell signal, which suggests dollar strength may be with us for a while longer.*