

PHASES & CYCLES®

WHY IS EVERYBODY BEARISH?

Unemployment is at 5.4%, employment is at $\pm 62\%$. Inflation numbers are encouraging. There is no sign of recession. So, why is everybody bearish? Maybe they don't know that the stock-market is a leading indicator? Maybe they just don't pay attention to what the markets suggests!

We forecasted that 2023 will be an "up-year" (2022 was the end of the 4-year cycle) and we saw the Bullish signals appearing as the year began:

1. There was a "Breath Thrust" signal in mid-January 2023, (there have only been 14 since 1945 and they have always signaled a bull market).
2. Up Volumes outnumbered Down Volumes on numerous days.
3. Twice as many stocks Advanced than Declined.
4. More than 400 stocks traded higher than their 52-week Moving Averages day-by-day.

Was this not enough? No, because bears only look at negatives.

Where are we today?

Since October 13th the DJI is up **24%**, the DJT **39%**, the SPX **31%**, the NASDAQ **41%**. All these numbers are well above 20%, which is supposed to signal a bull market. But the bears did

not listen. The Volatility Index is down **165%**. Unbelievable! Even the Canadian numbers (the TSX is up **15%** and the TSX60 **14%**) are reasonable. So why is everybody still bearish?

OUTLOOK

The indicators may slow down as they approach their all-time-highs: the DJI only needs 3%, the SPX 0.5%, the NASDAQ 13% and the TSX 7% to reach their all-time highs. However, the market in general is becoming stretched, the AAI (American Association of Individual Investors) survey shows that the bulls jumped from 41% to 51% in one week.

We are also approaching "negative" September; therefore, August may start to slow down.

The MAANG stocks are becoming overbought, the Financials need a lower interest rate (the next scheduled date for announcing the overnight rate target is September 6, 2023), which leaves only the Industrials, Energy and Material sectors to look at.

The "bears" may get one more chance to be bears in September, because after October the markets are headed to all-time high territory.

S&P 500 (SPX)



S&P/TSX (TSX)



NASDAQ



Capitalight Research · 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario M5X 2A2
subscriptions@capitalightresearch.com · Capitalightresearch.com

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