

PHASES & CYCLES®

FULL STEAM AHEAD

The last Market Comment asked “Quo Vadis” to indicate that we were getting bullish, but not totally convinced that the Bull market was at hand. Much has changed!

Back then the SPX had yet to rise above 4200, stocks above their 10-week Moving Averages were below 30%, the Bulls were below 50% and

the AII Bulls were just 24%. The table below indicates the recent readings: the SPX reached above 4300, a level which was generally accepted as the confirmation for the end of the “bear”; the 10wMA and the Bullish prognosticators moved above 50% and even the AII crowd improved their opinion. Only Toronto went against the consensus

2023	S&P/TSX	S&P 500	10wMA*	Bulls*	AAII Bulls**
May 16	20242	4110	29.1%	45.2%	24.1%
June 6	20056	4320	54.5%	51.3%	36.8%

*Courtesy of Investors Intelligence

**Courtesy AII (American Association of Individual Investors)

As soon as May elapsed (and once again the “go away in May” was negated), multiple days had 4-to-1 ratios between Advancing and Declining Volumes and 3-to-1 ratios between Advancing and Declining Issues. June came in as a lion --- for both the SPX and the NASDAQ. It seems that FOMO was on everybody’s mind, as both of these indicators recovered their ½ drop between January and October 2022. Toronto, which recovered ½ of its decline sooner, has been going nowhere since February, due to its heavy weight in Financials.

OUTLOOK

Despite the SPX’s move above 4200, (which was the signal for the end of the bear market), there are still naysayers who take the opportunity to sell into the rally and thereby push the market higher.

A dip may come between mid-August and late September, but the charts suggest a strong move toward all-time highs for year-end. And if our friends in Ottawa and in Washington stop raising the interest rates, we may get an opportunity to buy some cheap Banks stocks.

S&P 500 (SPX)



S&P/TSX (TSX)



NASDAQ



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