Summary & Transcript

David Nicoski

1. Strategic Actions and Decisions

- **Evaluate S&P 500 and Nasdaq chart patterns: Monitor the S&P 500 consolidation and the Nasdaq 100 descending triangle pattern near key support thresholds to guide short-term allocation adjustments.**
- **Reallocate capital into non-tech sectors: Rotate funds into emerging leadership sectors showing strong relative strength, including European banks, energy, healthcare, and employment services.**
- **Prepare for sustained high bond yields: Adjust fixed-income strategies for long-term elevated yields caused by corporate debt issuance competing with U.S. Treasuries.**
- **Establish positions in precious metals and commodities: Accumulate gold above key levels ($4,100) and overweight energy assets to hedge against persistent macro volatility.**
- **Increase exposure to selected international equities: Capitalize on emerging relative strength inflections in non-tech heavy international markets like Brazil, Mexico, and Singapore.**

Executive Summary

The broader equity market is currently navigating a period of sector rotation and elevated volatility. While major tech and megacap equities show signs of relative strength momentum fading—resembling patterns from the late 1990s—underlying market breadth remains healthy. Fixed income faces structural headwinds from secularly higher interest rates driven by high capital demand and sovereign debt issuances. Institutional investors should shift focus from broad cap-weighted tech indices toward bottom-up stock selection in outperforming groups, such as energy, commodities, human resources, European banking, and selective international markets.

Key Takeaways and Practical Lessons

1. **Tech leadership is fragmenting: Relative strength in mega-cap technology is decelerating compared to the broader market.**
    - ***Action:* Reduce concentration risk in heavy tech indices and switch core equity exposure to equal-weight S&P 500 options.**
2. **Bond yields are in a long-term higher regime: Structural supply-demand dynamics prevent yields from returning to post-GFC historic lows.**

- *Action:* **Shorten fixed-income portfolio duration to manage capital allocation risk under elevated rates.**

3. **Commodities and hard assets offer attractive risk-reward setups: Gold, crude oil, and agricultural products demonstrate technical bottoming patterns and relative strength reversals.**
    - *Action:* **Allocate 3% to 5% of portfolio strategy directly into energy and commodity-linked equities.**
4. **Market breadth favors tactical sector rotation: Legacy non-tech sectors like staffing, healthcare services, and railroads are outperforming broad market benchmarks.**
    - *Action:* **Screen bottom-up for companies exhibiting long-term relative strength technical breakouts, independent of overarching macro narratives.**
5. **International markets present uncrowded opportunities: Regional indices with value and financial tilt show technical inflections away from U.S.-centric risk.**
    - *Action:* **Incrementally build positions in emerging market ETFs and developed international equity markets with low tech exposure.**

TRANSCRIPT

00:00:00:00 - 00:00:11:14

Good morning. Hello, David. How are you? I'm doing great this morning. How are you? Excellent. So we're kicking.

00:00:11:16 - 00:00:34:03

At this, conference. You've got these online summits, but a crazy year. What divergences? A lot of volatility. And nobody looks at charts better than you, my friend. So once you kick it off and maybe just summarize generally what you're seeing and know, you'll get into specific recommendations on group sectors and stocks. So how about it David good to see you.

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Yeah. So hey great to see you. Great to be here as usual. You know, it's it's been a kind of a topsy turvy market in terms of rotations volatility, especially in the tech sector. You know, my view is, is that, you know, when we look at global markets that are technology weighted around the world, whether it's the cost Spear or the Taiwan index, you know, the downtrend remain intact.

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You know, as it does on the triple. Cuz you know, right now I would say we're we're in more of what I would call purgatory. Right. You're you're not breaking to new lows, but you're, you're trying to stay elevated up, you know, above some certain thresholds that, you know, could give us another chance to, to move up.

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We are still overweight, you know, tech. But, you know, when you, when you start drawing technical charts, you know, the biggest problem is you're going to break, you know, shorter term chart uptrends first and you haven't broken the long term uptrends, you know, and they're so extended. And the skew of the market in terms of sectors is that everything else went parabolic down on relative strength while tech went up parabolic.

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You know, it's usually not a combination that, you know, works very well in the long run because you don't continue at that, you know, at that pace, or that acceleration. And that's what we're seeing where we're taking off some of the extreme access. And the question is, is, you know, do we break the longer term uptrends and reprice in relative strength?

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And the jury's still out. And that's why we call it purgatory. And we don't know where we're going, heaven or hell. But there's a lot of, you know, underlying names that are perking up. We finally have good breath. That's the good thing, right? Financials are ripping, and taking leadership position. You have some names in healthcare, that are that are building bases.

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And in many cases, you know, these are processes. As you know, we start to, bring down tech. And I'm seeing a lot of these processes in place. You know, I think on our last, show, I talked about the H in the process of making a bottom last summer. I'm seeing that in a lot of areas in the market, and that that has me at least hopeful that the breath can can stay strong.

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The biggest problem is if we go to a correlation of one or get close to it. I think on Friday we we saw correlation. One month correlations went up 34%. You know, to give you an idea, it's always it was not a great breath day on Friday. And you know I don't see any major breakdowns in in the things that, you know, investors started rotating to.

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My biggest concern would be the tech skewness in the overweight that we're see there in the overall market. It reminds me of, you know, if I didn't know what happened and I woke up from a coma that I would have been in in 20 years and I had gone through, you know, the.com era, right? Relative strength is very much looking very similar.

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Right. And you don't want to call it top before it's the top because, you know, everyone's going to remember how wrong you were. And it's more important to say, you know, even at this time, if tech has made a top to me, my job is to find other things to do. And I'm finding plenty of them. So without calling a top, you cannot prepare for, you know, prepare for a top and actually make money on an absolute and relative basis.

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And that's what's important to me as a technician. Because again, calling the top, you're going to get a lot of unsightly looks if you rip out and break to a new high. So I'm very careful about, you know, despite what I'm saying, I'm going to stick with my theme. I can find names that are outperforming and doing well.

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Absolutely. And relatively.

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So I hope that some holiday actually. That's great Dave. We'll go to the charts in a second. You know what? Let me hold my questions because I have an annoying habit of asking too many questions. So let's get into it. Let's do the big picture, screen share. Go for it, David. All right.

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Let me know if this is coming through, okay? Yeah. We got it. You're you're good. You're good. Yeah, okay, I know, so wait wait, wait. You okay? This is great. Okay, so vermilion research just for those of, you know, no, Dave's been at this for decades. He's a boomer like me. 39 years now. Yeah, but. David. David, David, now it's a market for old men before.

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That's too much. That's a market for old men. And again, there will be blood. So. All right, just hire a teenager because they know everything, right? So, so this is, you know, it will kind of my, my overview of, of the market. You know, I can draw lines on charts all day and, you know, talk about this, you know, S&P you know, and breadth and that type of thing.

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You know I I'm more of a sector group guy. You know there's there's always something to do. You know looking at the index. It's not a you know stock market. It's a market of stocks and sectors and groups. And you know, being in the right sector or group, you know, whether it's a top or even if we move sideways in a consolidation, it's about finding relative strength.

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What is outperforming. So you know I marked up this chart on the S&P. You got you know a consolidation taking place. You saw RSI you know trending down. But you also have you know every everything they need for the aspect of a bottom. Also an RSI or at least a consolidation. Right. You're kind of running into a symmetrical triangle there on the triple cuz you know, you're you're losing a lot of relative strength in that.

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That's also a descending triangle. You know, so it bounced right where it should. If it doesn't hold, you know, that's where we will redraw lines and you can laugh at us all you want, but relative strength is down. And until that reverses that downtrend in price and relative strength I'm finding other names. Like I said, I don't have to time this.

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I can time something else 100%. And a couple things for everyone. Watch. And you said something very important earlier. Earlier, David, about some market stocks, and my mentor, Peter Lynch and hopefully Peter's out there watching anyway, as a ticket, you always talk about trying to call the market's fool's errand. And it's a market of stocks.

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Know what you own? The other point I wanted to, ask you a question. So clearly, technology's not of interest to you right now. Can you find other, better things to buy? I saw a chart the other day which showed equal weighted technology, not cap weighted technology. You know, that chart looks distinctly bad. I mean, that's been going down since, like, April or something like that.

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So, I mean, I know markets when we go up you don't want to short stocks whatever. But are we getting to a point where there are some short carrots possibly to be had in technology. Yeah. Well, you know, I'm going to go back and look through, you know, the long term basis in tech. But you know, there's always something in a sector that works.

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You know, even when you're in a bear market, you know, there's always something new in, in that, you know, when you when you do make a top in the market, there's always the emergence of new leadership, even with it within sectors that were leadership. So, you know, it's about doing a bottom up process instead of a top down.

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You know, we we do that at Brian. We, you know, go through the Russell 3000 and do it from a bottoms up perspective. And that helps find new leadership in terms of themes. This has been a market that has rapidly evolved into themes I mean nonstop for the last two years. Right. And you know, so catching them at the right time and not buying them too late is paramount to, you know, getting a major move.

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Got it. All right. Let's move on. What do you got next? Bonds, I think let's go to next. Yeah. So we have the ten year yield. I mean, this you and I did a space in early 22, and when I first jumped on action, you saw me in the room and called me up, and I said exactly what I'll say.

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Now, you don't break 40 year downtrend and think that that's not a secular change. So you have a secular change in bonds where it goes, you know, all I can say is they're going to be much higher than the last, you know, 20 years easily and more than likely you're you're going to stay high for an elevated period of time.

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You know, much like you saw during the 70s, you know, you can stay higher for longer for a year. Down trends don't resolve themselves into a years, three years or four years. You're talking at least a

decade. So I still think that the yields move higher. I know everyone's saying yeah, but inflation's coming down. You know every time the fed does something there is no desire for bonds.

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You have you know corporate debt is competing with you know U.S. treasuries. Right. And you see the mag seven hyperscalers are issuing debt until they can't. Right. And and that's causing there's not enough money to go in, 100%. You just touched a very important fundamental point, which is the everyone's going on with the inflation. That's only 1% to.

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No, no, no, that's only part of the equation. This is a question. Real interest rates and real interest rates, which fell to like generational lows a few years ago. They're coming back up but they're not particularly high cost of capital is not really an impediment for anyone wanting to spend money. And so you have to think about real interest rates.

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And, so as you rightly point out, it's not just the surging government, budget deficits, but you have surging demand for capital, most notably the hyperscalers, but also globally, you know, infrastructure development and globalization, people trying to shorten their supply chains, etc., etc.. So looking at inflation alone is myopic. The interest rate, it's a function of real rates and inflation.

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And so you're totally right. I couldn't agree with you more. Carry on well into for me as a tactician is about supply and demand. You can say this is cheap and it can stay cheap or stay expensive for a prolonged period of time. It's about the behavior and we're studying the behavior as we move along the time horizon to say people just are not buying bonds.

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I mean, that's that's what we're saying. Or the or the yields would move lower. So it's the US dollar. I mean, it's it's got a bullish configuration. It's got a bullish flag. I think it's very important, you know, that we don't break down through that level. It's just, you know, right, right above the 100 level. You know, the thing is, is all the capital in the world has pretty much flown into the US markets.

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And you saw what happened, you know, and that that decline. And, you know, you started moving commodities back in 25. And, you know, my concern here is, is that you have the most levered markets in history. You know, when you compile not only margin debt and whether that's accurate or not, you have triple, you know, quadruple five times ETFs that we didn't have, you know, 20 years ago.

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This market is built upon. I don't want to use the term Ponzi, but it's built in so much leverage. And, you know, I remember going through the GFC, I had a client call me and talk to me about, you know, how they hedge their portfolio with bear Stearns calls me a week later and he says, you know, we think Bear Stearns might have a problem.

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So we're going to hedge your portfolio with Lehman. You know, no, just, you know, how are you then? You're sitting there going, what if know that can happen, right? You know, but that that is that is the problem. It's always counterparty risk. Right. And so you know, and what I'm looking for the dollar to either break out of this bull flag or it's a failure.

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I know I've seen some, some, you know, reports suggesting that, you know, the commercials are short, the dollar speculators and, and a lot of funds are, are short. So it'll be interesting to see what what happens here in the dollar gold. So this is this is the long term goal chart. And I could take this back a multitude of years historic.

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You know I'm a relative strength guy. So we can look at pattern recognition and look at blow offs and that type of thing. You know this this would be the shortest bull market in relative strength in gold that we've ever seen, where it's lasted for two years. Right. If you look back in 2000, you broke the long term downtrend.

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You outperformed for almost a decade in relative strength. So I can see the pattern. It's parabolic. But to me everything's relative. And that this suggests that gold is not anywhere. You know, elevated relative to the S&P and, you know, in terms of historical precedence. So it's actually not even close to the peaks. If you look back in 1980, you know, you were hitting somewhere around, you know, two, 280 to 290.

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We're sitting at 23% right, on a relative basis. So that that can certainly move up. When I look at gold, you know, percent above the 200 day, you know, you would think you're looking at the stocks index. We are at almost the most oversold levels. You know, except for oh eight during the GFC, which certainly makes a lot of sense.

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GFC would have brought everything down as correlations went to one. In 2013, you know, which which provided at least a short term bottom, but it trended lower for many years. So, I posted and you and I are in our last discussion. I said I want to see gold over 4100 as of prior to this meeting.

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It's over 4100. You've got a double bottom. You also have a relative strength and price reversal taking place in it. You see it in the other precious metals. I know that everyone out there is saying that inflation's coming down for the ingredients going into the CPI. You know housing that type of thing. But you're you're also seeing you know a lot of commodity structures breakout to new highs.

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You know whether it's crude moving up. Put the chart here. You know I posted this on X several weeks back saying, hey, we're coming right back to the base that it broke out of, opportune by, most

energy names bounced right off their 200 days. You know, when you have the SPR, you can fix things and get more, product out in the market.

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The question that I don't think anyone could answer is when when is the war going to be over? So expect a lot of volatility. You know, when you look at the relative strength of crude oil versus the S&P, you have broken a downtrend. Again I can't tell you how long this is going to last. But this is, you know, giving an escape valve to a lot of investors in the market that are 50% weighted in tech in in communications.

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If I took the XLE, you know, it didn't come back to the base, but notice it held above the 200 day. Again, I'm getting a bullish inflection on on relative strength in RSI, usually precursors to, you know, an upward thrust. So, I like energy. It's 3% of the market. You know, even if you overweighted it at 4 or 5%, you know what?

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It's better than not overweighting it with charts like that. The stocks index, you know, this is this is, you know what your parabolic move looks like, you know, whether you saw it in gold, you know, six months ago at the peak, which, you know, most people did, you break the shorter term uptrend first and then, you know, you can come back and retest the the long term relative strength uptrend.

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The Sox index on the on the right side of the page, there is the percent extended from the 200 day. It's it's been a great indicator just to look at and go what are the chances that we take out 2000? Back then semis were about 8 to 9% of the market. Today it's roughly 22 plus. You have a lot of companies that are not in the semiconductor index that are actually making chips.

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Right. Your is your Amazon's so they're they're effectively competing with the participants in the stocks index even though they're not a semi company. So, when companies see significant profitability, you see new entrants into the market, you know. And that would be my concern on the memory side, if Nvidia, Amazon, Apple got together and said, hey, we're going to put, you know, 40 billion into starting a memory fab.

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I think you get a big correction whether or not they produce a chip or not, just on that news. Okay. So this is this is copper. You know, it's still in an uptrend. It's consolidating in relative strength for the last several months. It's not bearish. It's just recharging in my opinion. And it looks like it's going to move, you know, move out of that base and relative strength I'd watch that closely.

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You have a lot of the soft grains that are making bottoms. You have soybeans wheat is also making a bottom. I didn't put the wheat chart in here. But just to give you you know, what's happening in the

ag area, you know, the these get did correct with the fertilizer and, you know, moving into the Middle East in terms of the Iran war, but it looks like they're powering out and look, look very good.

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Next chart is is you know what everyone wants to know about George. George, make sure I put these in here, so that, you know, I can, you know, prophesies. What what the mags are doing. You know, the one thing you can be in an uptrend and hit a 52 week relative strength low. Okay, just under for you understand relative strength it's versus the S&P.

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And I could use any index and say it's underperforming this or that. But when you look at the mags you can see the long term uptrend is intact. But on a relative strength basis it's been underperforming since November of last year. And you're actually breaking that relative strength uptrend since that ETF. Now it's a weighted index. Take it for what it's worth.

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But I'm finding more names that are outperforming the mags than what the major are doing. But everyone wants to own meta Microsoft and catch your bounce and and and play the options and Odets. That's fine. I have no problem with that. Microsoft came back to the 350 level. It got a good bounce. Look at the relative strength and versus S&P from a buy and hold standpoint.

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That's not one to buy and hold based on that chart. Yeah that's a that's a that's a pair of twos. Move on move on. Yeah. So I did did the other mags here. Apple. This looks great. Above the base. Yep. Technically it's very attractive. What I would tell you is Apple is the one that everyone goes to for safety when Apple is rallying in, you know, usually the same with Berkshire.

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Market gets risky. Everyone moves into Berkshire in the next day. It's down. Okay. Here's my take on it. You know, three months ago, two months ago, everyone wanted Walmart and Costco because they're in the consumer staples sector, but they're really somewhat consumer discretionary. Walmart hitting a 17 month route relative strength low versus the S&P. Now you got them to egregious levels 40 times earnings plus.

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And now they're liquidating them. You see it in Costco as well. As a matter of fact target's outperforming Walmart by a long shot. But no one's talking about target right. So my word of caution here is things can get, you know, awry very quickly when you get, you know, great stocks at the wrong price. And that's what I'm kind of seeing in the overall, you know, market, you know, be it Netflix, Spotify, you're seeing the same behavior.

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We put chart calls on those back in November 6th, and I believe it was haven't turned, to me. So you can get cheap and it could still be a good company. Meta. You know, this is on the cusp of, breaking

the price downtrend, relative strength, downtrend. But I, I'm finding too many names where relative strength is actually inflecting instead of maybe inflecting.

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And so again, I my word of caution is if you're playing these to me they're trades right until you break a longer term downtrend okay. Yeah. All right. Let's keep moving here because we started late. So let's just try to keep the ball okay. Here. So Google you know the price pattern is a potential descending triangle relative strength uptrend violation.

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Again it's one of the better ones. It's above the 200 day just like Nvidia. But like I'm still finding better names out there that are outperforming on a relative strength basis and breaking longer term relative strength downtrend where I'm seeing a rotation. So the Tesla this does not look good to me if you take out that support level one by the way.

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By the way by the way, given my very public views on Tesla, I just want to know that, nikiski has not received any financial consideration from me for his opinion. That's his opinion. All right. So if it goes if it goes up, you can blame me. You also can blame him because I didn't tell him to say I keep going.

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So, you know, I don't see that as positive. It needs to hold this level. You can get a reflex rally, but in reality, if you looked at Tesla made its relative strength high back in 21, it's actually underperformed since 21. But you get these big giant moves, you know, for 6 to 6 months. Yeah. That you know that's what that's what I see in it.

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So one of the, one of the things that we do from a top down perspective, I just highlighted, you know, the left side of the page is where relative strength is, one is in the top 3.33%, 30 is in the bottom three three, 3.33%. So you get a delineation of, you know, what is working in the data.

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Let me just interrupt you guys, because I've read your stuff for years. So folks may be hard to see all the print, but basically green is good and red is bad. That's what David's saying. Okay. So exactly, instead of trading what you think, which is unfortunate, I do that too much the time. We all do what we're subject to our own bias trade what you see in David is showing you is not a penny.

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This is in fact, this is what's going on in general. If you stay with the green and avoid the red door. Right. Keep going. Exactly. Longer term, it's the right way to do it. And it's just following relative strength. You know, if, if, if correlations go to one, you're better off in a group that goes, you know, down 10% than a 25% drawdown.

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Right. That's that's what relative strength is. And you're just following. So some of the recent groups that that we've highlighted and this is an example of, you know, long term trend changes, human resources and employment services. We've been on this for probably better part of three months. Manpower Robert half breaking the downtrend highlighted. These are you know our booster shots vital signs.

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And you start to pick up you know what the if the a theme to it right. That all of the employers are doing this I think that when I marked up this group there was only one company I didn't mark up that didn't fit out to. All right, you know that theme. So and they all worked. They worked very good okay.

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Right. So regardless of whether someone has a pain, the economy's getting better getting worse. The employment guys the stocks are acting well. So something's going on here. Keep going. Yeah. So health care staffing there's only one name in there. No one was bought out. But it's on the bottom of the chart there. Amen. But the long term reversal.

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The next chart. Nursing homes. Who's ever thought about nursing homes. Right. Look at the look at the price. All time highs. Relative strength is at, you know, ten year highs almost. But your baby boomers we're going to be there soon. But Dave, what about the I what about the I keep going on some things I can't replace.

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Hey, there you go. You keep going. So here's some of the nursing home groups I have NHC they're SN de topside of a big base. Ntg does is, you know, skilled nursing services. Railroads don't hear a lot of people talking about them, but, you know, you're breaking out of huge bases there. When energy gets expensive, you want to own the rails.

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That's the most efficient way to move product on the planet is Israel's. So you have big breakouts, big bases taking place here. Continue to like them. And if you went back to that page of what the better groups are, you're going to see everything that I'm highlighting here was on that list. Okay. Got it. European banks, you know, they went from zero negative interest rates to positive.

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What does that do to the banks. It's usually pretty good. Their banks over there are just you don't hear many people talking about them. But the longer the downtrend that's violated, the you know the bigger the move. And you can see it. It's clear. It's still looking at you in the face and look at the relative strength on it.

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They're outperforming just about everything in our market by the way. You know here's some things that I put in here just from, you know, a perspective of, you know, when you when you take one and

use as your divisor or in relative strength, one of the strongest groups out there has been the stocks. This is Tidewater versus the Sox.

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Now, I could pull up any energy stock. I could pull up any sector. And you hit the lows in or that reversal on 622 of this year. Right. In that short term relative strength downtrend. So you knew that you were getting near an inflection point in terms of a top and in semis. So that that relative strength is Tidewater versus the Philly semiconductor index.

00:27:03:10 - 00:27:30:21
Right. The Sox index, the next chart is Tidewater versus Microsoft or I'm sorry, versus the S&P 500. Again it's been sloping up for a long time since since April of 25, you're still sloping up. The the major uptrend is intact. And all you're doing is pulling back to the uptrend the 200 day. So you know again I find so many names in energy that that I think everyone wants to just play tech.

00:27:30:21 - 00:27:56:21
And they they think they're, you know, outperforming. Look at Tidewater versus Microsoft here on the left. Tidewater has been outperforming Microsoft since gosh what November of last year right when it yeah that's a huge move. Like you say 90% move since the secondary. Well that's a yeah. And tidewater versus meta. Like I can sit there and try to time meta all day long.

00:27:56:21 - 00:28:19:20
But when I see basis and you can apply the same principles to relative strength in terms of pattern recognition. And this pattern, you know, doesn't say that it's over. It says that, you know, it's just getting recharge. Yeah. Hey, hey, yeah. Hey, do me an hour for one second. We're getting a couple of points here. Next time we do this, Dave, you're going to have to I think the screen setting you pick presenter.

00:28:19:20 - 00:28:34:21
It's kind of the fact that we can see the next slide on the right. It's kind of missing people. Just as an aside, since today, I don't know if we can change this. So as an aside, would you be willing to, send your slide deck out to the folks if they want to see it? Absolutely. Okay, fine.

00:28:34:23 - 00:28:50:14
Okay. So I'm sorry. I apologize for that, but we'll send all of you to deck. Yeah. Sorry, a little too much. All right, couple more slides and a couple questions, and we'll wrap it up. All right. So enough. Well, what are we going to go on? Yeah, well, this is just, you know, how you can contact me.

00:28:50:16 - 00:29:11:20
I didn't put phone numbers in there. I don't want my phone ringing off the hook, so. Oh. Oh, it's that day. Vermilion. Substack. Vermilion. Research. Internet. Vermillion. Capcom. Good day. What a masterful tour de force. Packed a lot in in a very short period of time. I thank you, I salute you. I consider your very dear friend and one of the best chartists on the street.

00:29:11:22 - 00:29:30:06

A couple of quickies. Just summarize. So there's a lot to do. It's a market of stocks. You know, it's always a market to stocks. Especially because correlations have been so low. It's been a great environment, stock picking. You and I have been talking for the last few months, a podcast we've done together. We're back into a stock pickers market.

00:29:30:06 - 00:29:48:20
Stock picking is dead. Long live, stock a long live stock pickers. So breadth of the market overall is pretty good. You like, you know. And so everyone's if you got screen going on Mac seven it's one thing, but there's a lot to do. So let me just summarize you like a lot of these camera related stuff.

00:29:48:21 - 00:30:12:15
Inflation stuff yields going higher. The gold trades back on just quickly Dave Farr Marcus versus the US emerging markets. Any thoughts or Brazil looks very good. You are getting as of today. And again this is really dependent upon what the dollar does here. If the dollar fails here I am getting bullish inflections on the short term charts.

00:30:12:15 - 00:30:36:18
You know, from Mexico to Brazil. You know, the Singapore index is hitting new highs. That's most of the weighting in that is in financials. So I, I'm finding new inflections as of the last couple of days where a lot of these ETFs have pulled back to their 200 day moving average. They've underperformed for the last, you know, three months.

00:30:36:18 - 00:31:08:02
But they're starting to get traction. So you know, again I think you have you know in the US market you have $75 trillion sloshing everywhere and looking for a home. And you know what? The trajectory of where we're going in terms of deficits, I am looking for markets that are cheaper. You know, the big question I don't know is if we get into an emerging market debt crisis with a strong dollar, crushing them, right, and yo yo yo yo yo yo yo yo, I got it here.

00:31:08:07 - 00:31:27:00
Sorry. We may have it. We may have an emerging market debt crisis, but it's best accords this time. It's the American peso. If you actually look at it now, emerging market countries to real. I mean, there's still some basket cases out there. Don't get me wrong, but the balance sheets are far, far better than they were. You know, a couple decades ago.

00:31:27:04 - 00:31:49:17
The guy that's running Banana Republic take economics with interest rates too low and expanding deficits despite everything, and considering the budget deficits we got now the time of relatively decent economy, it's the United States of America. So and I'm not I'm not joking around. I think the risk is that the Brazilian is going to tank. I mean, why are these guys they got better.

00:31:49:19 - 00:32:13:05
They've had a gauge of fiscal rectitude because, you know, they got carried out the last time. And so now the and I think the risk actually is the US bond market leading the way. Well so and what I

explained is you know late it regardless of what the technology that's developing or the new trend, you know, all I can say is the relative strength charts look exactly like they did during.com.

00:32:13:05 - 00:32:45:03
Right? Again, if I didn't know what the technology was, I would see that all the money moved to the United States. Right. I I'm seeing that same pattern where, you know, XlVi or Xlp is that, you know, low is even below the 2000 level in relative performance. That mean you didn't do anything for 25 years? So that's the you know, I think the dilemma that I get into in talking about this to people is when you over invest in something, it often doesn't end up good.

00:32:45:03 - 00:33:07:16
And with the amount of borrowing and leveraging that we're getting in this equity market, you know, you you you have to sit back and say, do I want all my eggs in one basket? And I think there's opportunity, especially when I'm seeing something like Singapore breakout to a new you know, price in relative strength ties that to a KOSPI which is tech heavy and Taiwan and the Nikkei.

00:33:07:18 - 00:33:28:16
You know it's absolutely blowing the doors away in relative performance. Got it. And went and one one of the question we got a couple minutes here still. Bob Farrell famously said that parabolic moves do not resolve themselves by going sideways. I have in mind here the semiconductor stocks, other tech names. You know, it's much less painful.

00:33:28:16 - 00:33:48:18
It's a bear market in time, that time, that price. So I look at these things and, you know, I get you don't want to own them and maybe just to follow along. It's a hot potato in any position. Just wouldn't be involved long or short. But if you if you do subscribe to the Farrell dictum, it's not gonna resolve itself by going sideways.

00:33:48:20 - 00:34:18:06
Which way you vote? Up or down? I would say I'm less interested in playing parabolic moves at this point in time. We we remain. You know, bullish on tech, until the long term is taken out. But again, if I can increase your weightings towards other areas that are here giving you Alpha. Yeah, that's not like I said, you know, you don't wake up one day and just call the top on a market.

00:34:18:06 - 00:34:41:00
And everyone knew that was the top right. Markets are designed, not their processes. And we could just start making descending rallies and reactions like we have been for the last three weeks. Right. And so I don't want to call it top because even I'm unsure. But what I am doing is increasing, you know, publication of names that are making bottoms.

00:34:41:00 - 00:34:54:04
And I think that's important for, you know, the listeners here and for the folks at home. Again, we try to think.

00:34:54:06 - 00:35:13:03

Gauge. You know, I always like to say there's three types of information that's really only worth talking about. If it helps contextualize our the future. Then there's then there are things which are, predictive. I, I gave the car. You think rates are going up. So does that mean short bonds. Short. The short and long and by gold short, the dollar short houses or whatever.

00:35:13:03 - 00:35:38:04
Okay. In this pre-scripted what you folks actually do, what you folks actually do in listening to you and you and I have discussed this before and just explain for the folks, I think we're in agreement. You want to own, you don't have to go out and short Microsoft or Nvidia. But for the average investor who's maybe got a 6040 portfolio, and you have the tech heavy S&P and then you've got 40%, which maybe, you know, has a long duration on it.

00:35:38:06 - 00:35:59:16
So for me, and I want your reaction to this, I think a good place to start is switch your SPI to RSP, go to the equal weight. Because equal weight you know, it's what you just said. It's you know, tech is whatever it is 40% of the index through an equal weight. You spread out more diversified and RSP is handily outperforming SPI after years of underperformance.

00:35:59:16 - 00:36:22:14
That's number one. Remember two on the bond side, either shorten your duration or as I've been recommending, you know, go on to other things to hedge against the risk. The risk isn't one of a deflationary spiral. It's one for inflation. And therefore maybe go shorter ratio on your bonds or own some gold or energy. So for the average investor, Dave, who's not in the weeds like you are I am concur with that.

00:36:22:14 - 00:36:43:05
Agree disagree. What would you tell I, I would go to, you know, I would also increase international exposure, but not within the context of the tech areas at this time. You know, I would rather get you in, say go, go add some to Brazil, add some to match.

00:36:43:05 - 00:36:49:04
Go. Go ahead. David. Sorry. I was always a there was a glitch for some reason. I don't know what happened. Keep going. Yeah. Can you can you hear me?

00:36:49:04 - 00:37:01:06
Yeah. We hear your face. You were talking about go international, but I think it's adding international words, you know, heavy asset, low obsolescence. Right. It's product. You know, there's some things I can't do.

00:37:01:06 - 00:37:27:14
It can't dig for copper. It can't process copper. Right. So I would look for some of the commodity areas, of the world, yeah. I see a lot of things mimicking what we saw back then. In terms of relative strength on the long term chart. So I think it's increasing areas that are somewhat boring to everyone, but sometimes boring can be really freaking good.

00:37:27:16 - 00:37:48:20

Yep. We're going to have Leo Nelson. And later today, he's got the Halo thing. He uses tol toll, whatever. Yeah, I know you know Leo. We had him in his space two weeks ago. Great guy. Some from what I really love is when the fundamentals come together with technicals. And what you're saying from a technical standpoint is so resonating with what I see going.

00:37:48:20 - 00:38:13:17
Fundamentally, I think you're on to something, Mr. Tarkovsky. Well thank you. The cigar today, that was fantastic. If anyone's interested, contact us. We'll send out the slides. This is great. Thank you for all you do. And again, you can find Dave, on his website. Brilliant cap.com. He's also an ex. He's on Substack. He has a research product, which is great for the individual investor.

00:38:13:19 - 00:38:32:00
I've been reading Dave for years. He's money. I want to read like about what Dave does. You know, it's easy to get caught up in your own personal thinking, but you have to trade what you see, not what you think. And you know, he's a master of the charts. So sometimes it's so many attorneys like George and this sounds ridiculous, but this is what's doing, you know, details from 11:00.

00:38:32:02 - 00:38:53:01
We don't know why the think be okay. So yeah. Go ahead. Some people are traders. You know, my product is not a trading tool. It is a look for long term themes. You know, back in, you know, July of 22, we said buy the engineering and construction companies, right. Go look at Sterling. Look at, you know, Powell.

00:38:53:01 - 00:39:13:09
Go look at everyone of those names. IESE, Dicom. They have far outperformed the market. You know again I, I just look for the you know the the important ones are the long term downtrend violations. But you know in a market like this where I can pull up manpower and Robert Half and you know, they're up close to 50% in the last month.

00:39:13:09 - 00:39:40:20
And a half versus a market where everyone's very indecisive. So it's not a trading tool. But you know, I find bottoms a lot of bottoms in there. Cracker barrel was on the list. That's outperforming Bitcoin by 160% this year. You know like you know so it's it's about finding the right thing to boring. Right. Like if I talk to anyone in the bitcoin bitcoin community like you should buy Cracker Barrel.

00:39:40:20 - 00:39:58:21
That's not the future. Well, the future just cost you 160. All right, all right, all right. Dave Dave, Dave, I don't know if Peter Lynch is on right now, but I think Gonzaga his his analyst and Son-In-Law is Peter Lynch. Please call your office. Right. You and Dave got to get together. All right Dave, thanks so much. Thanks, buddy.

00:39:58:23 - 00:40:02:02
We'll do it again. Thanks. Be well. Yeah. Thank you. All right. Bye bye.