



# ***Harry's Take***

September 8, 2020

## **Testing the Bottom of the Nasdaq Channel... and Insiders Are Bearish**

The top last Wednesday ended up in a big throw-over of the Nasdaq channel—4%—and that's a great sign of a top. But as I've been warning, in this bubble, which has so much momentum, we have to convincingly break that bottom channel to get a sound confirmation. Well, a sharp crash followed that quickly tested that bottom at 11,146 on Friday morning and then bounced pretty strongly. This morning opened up sharply down, retested that level, and quickly started bouncing again.

This channel is rising mildly at its bottom trend line and, hence, even today is a minor break. A further break today or tomorrow would be more convincing. There is also a weird thing called a "gamma squeeze." It's not as complicated as it sounds. We have record levels of dumb money buying highly leveraged put options at high premiums, as they are not sophisticated.

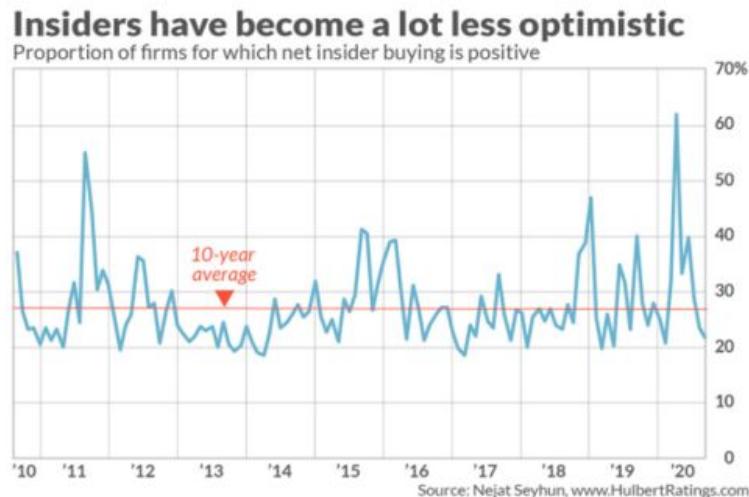
But Wall Street, i.e., investment bankers or market makers, have to provide those call options. That gives them the opposite position—they are short the stock market. So, when dumb money buying gets strong enough, then Wall Street has to cover their short exposure, which temporarily adds to the

dumb money buying. That's likely the biggest reason why we got such a large throw-over rally into last Wednesday.

Hence, if any bounce here is strong enough, we could still get a stronger upward spike than usual before stocks ultimately turn down—and likely sooner rather than later. We are obviously at a critical point, and I will be giving updates more frequently on stocks and gold to subscribers—so be on alert.

Here's another recent chart to add to the long list of topping indicators I put in the August issue of *The HS Dent Forecast*. Insiders are very near their lowest levels of buying and optimism—and they are the smartest money and are most often right.

### To Add to a Multitude of Topping Signs: Insiders Are at Bearish Levels



I have not seen short-term technical indicators line up like this since the bottom after the first tech bubble burst in early October 2002—the strongest buy signal I ever gave.

**We are at the strongest sell signal I have ever given.**

**It is just a matter of how this plays out in this unique “gamma squeeze,” given the unprecedented recent monetary and fiscal stimulus.**

Harry

Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).

***Guess what! I'm going to be a featured speaker at the upcoming exclusive Multifamily and Money 3-Day Virtual Intensive Workshop!***

*Join me, Jillian Sidoti, Charles Dobens, and an array of experts at the Multifamily and Money 3-Day virtual event, September 10-12. The upcoming event is for people who are SERIOUS about building generational wealth through rental properties. If you want to build a stable future and legacy for your family and you don't want events like COVID-19 to impact your income, check this out....*

*I have access to special discounted tickets:  
<https://www.multifamilywarroom.com/offers/Vy2GK4ER>*

*One of the key insights I bring is that a rising percentage of Boomers did not save for retirement and are selling their McMansions and renting instead. That creates a whole new, more-profitable market that did not exist before, just as Millennials are slowing down in their early family cycle.*

*I wouldn't be involved unless I really believed in the services and program being offered. Jillian and Charles are experts in their fields and are offering such an incredible opportunity that I could not pass up the chance to be a part of it. I hope to have you join me at this powerful three-day intensive beginning on September 10th. You don't have to take my word for it; Jillian and Charles are best at explaining the top reasons for you to join them, too.*

