



Bear Market Rally or the Bottom?

The *Risk-O-Meter* is back in the green zone.

The market has seen a massive rally in the past couple of weeks. While risks have moderated, the market is now overbought. Patience is key here.

Morgan Stanley is out with research suggesting that the recent stock rally is a classic bear market rally.

Of course, we will not know until a later date if this is a bear rally or if *the* bottom has been found.

All we can do is manage risk.

I'd share some of the Morgan Stanley research, but the fact is, I have no idea what the hell they're talking about.

The research department is fond of using big words such as "vols," "vega," "skews," and "conditional return beta."

Huh

Yeah, I'm lost too!

The gist of these fancy words is that it is time, in their opinion, to book some profits and start to hedge again.

The market is now very overbought.

The riskiest assets have seen a massive rebound.

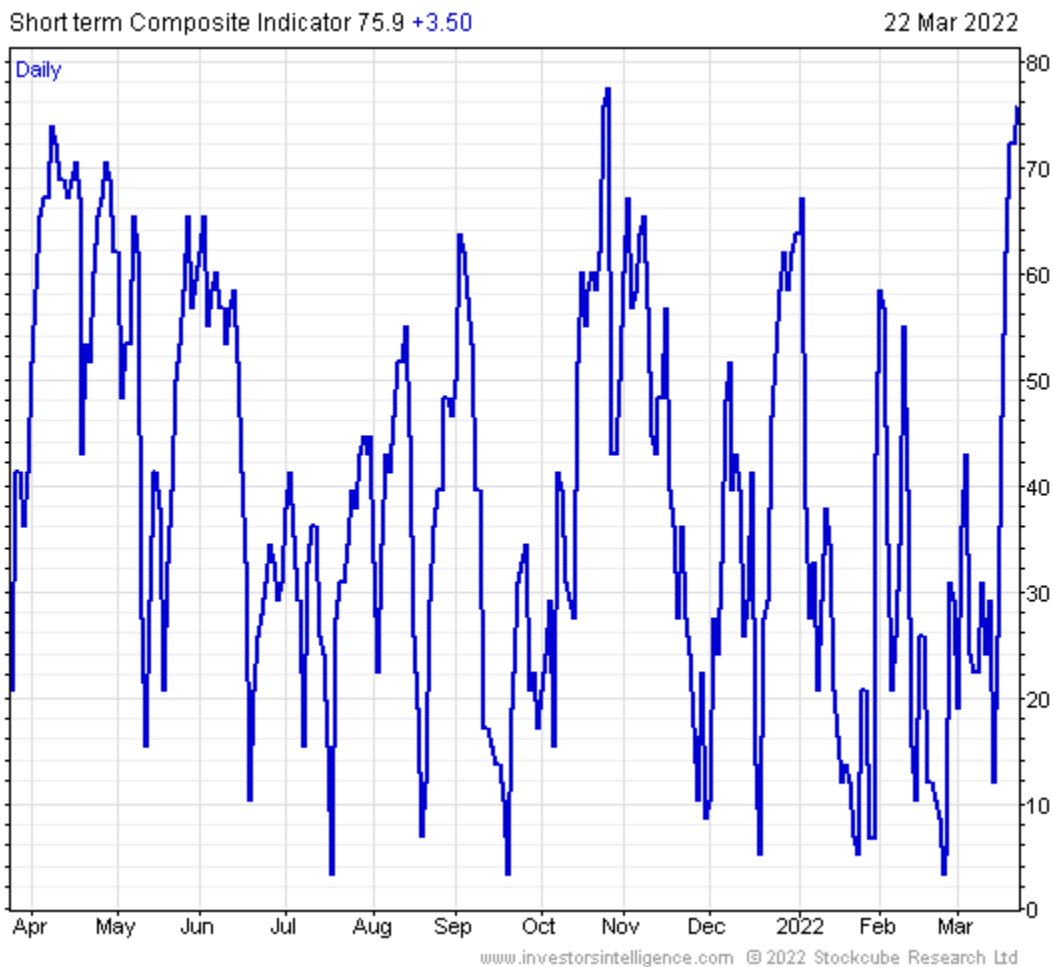
In just a week, many stocks are up 20-30% or more off the recent lows.

One of my favorite indicators, the *Short-Term Composite Indicators*, courtesy of *Investors Intelligence*, is now exceptionally overbought. At a level of 75.9, we are in nosebleed territory.

The indicator measures dozens of short-term and intermediate-term technical factors. The market is the most overbought it has been in months.

At a level that preceded pain the last time, we got there.

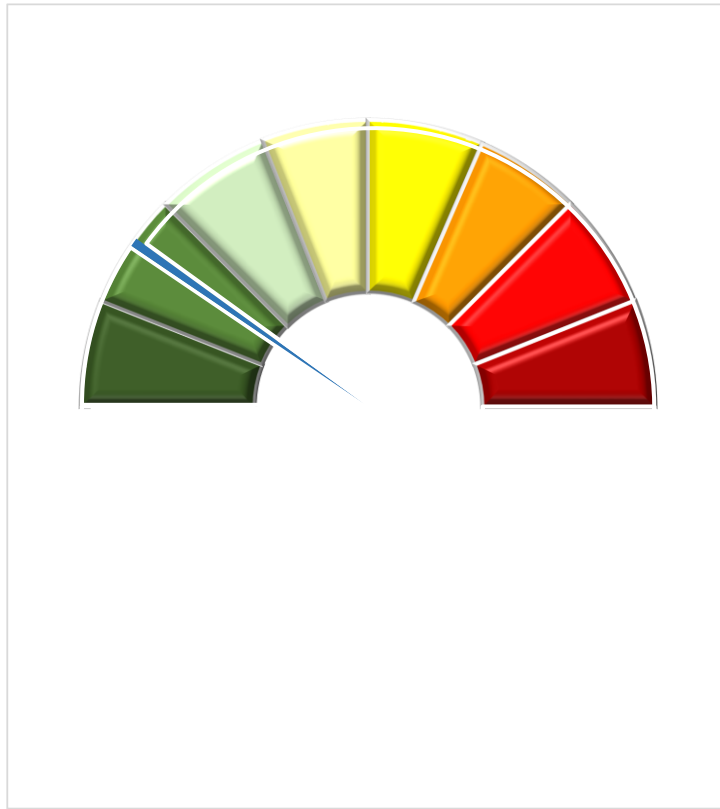
While no indicator is perfect, the *Short-Term Composite* suggests we are due for a breather.



If we get a healthy pullback, then the *Risk-O-Meter's* rating suggests that it's an excellent opportunity to accumulate shares.

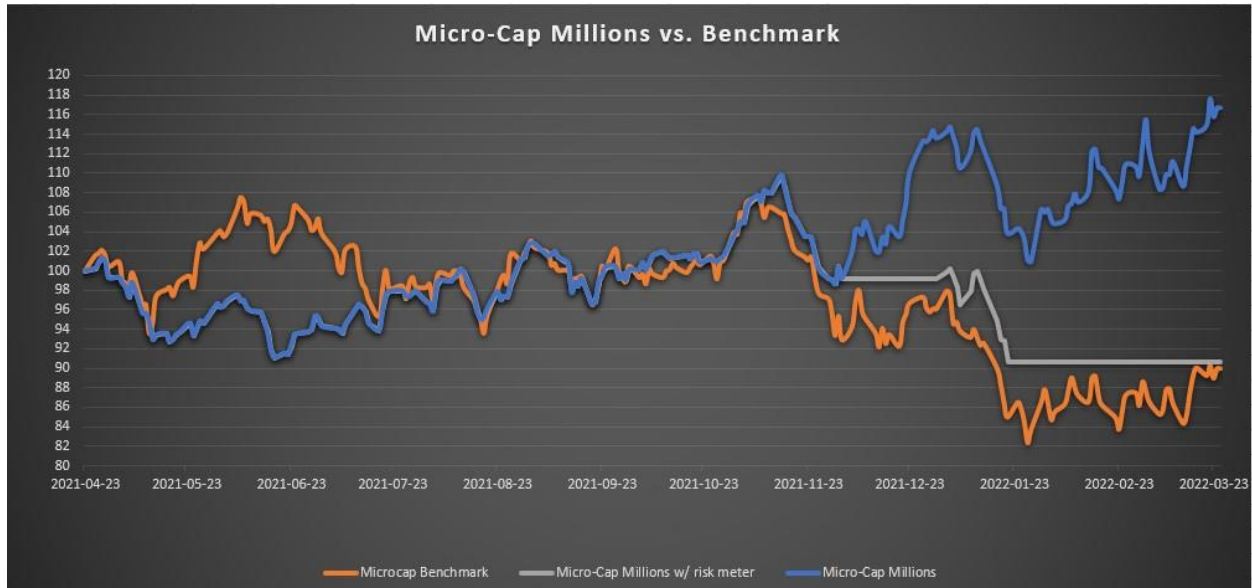
The ideal scenario for the *Risk-O-Meter* is a buy signal in an oversold market. Under those circumstances, I would be an aggressive buyer.

Given the current conditions, I'll be very selective in buying stock until the overbought condition is worked off.



Micro-Cap Millions

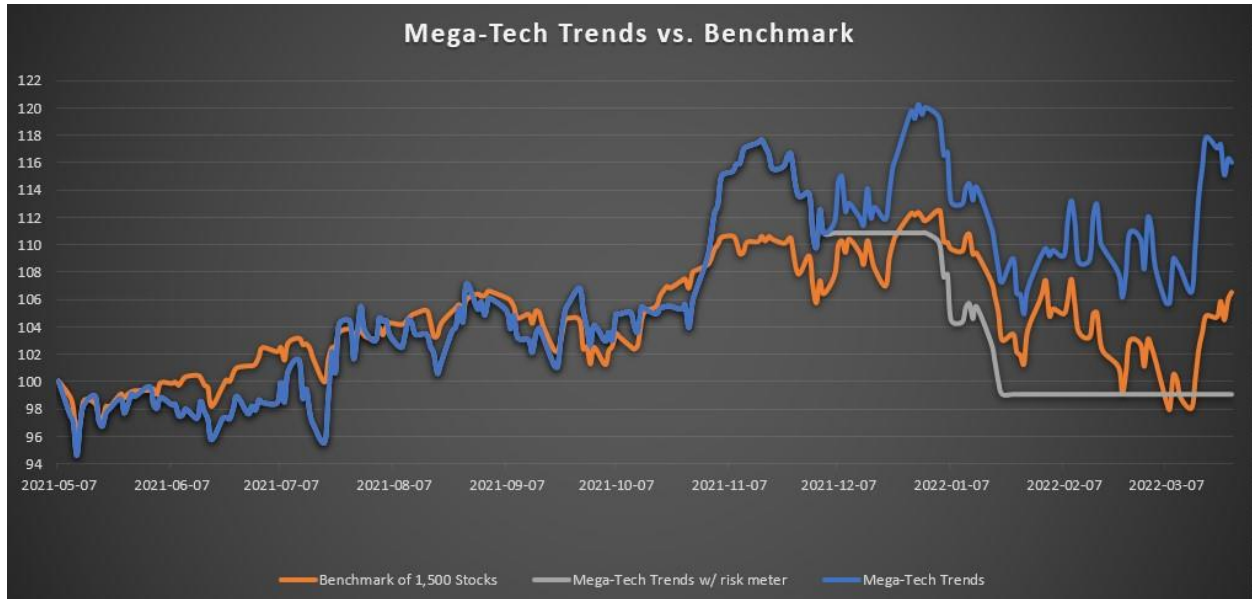
No trades this week. The strategy has broken out to new highs on a fully invested basis. If we have seen the bottom, the recent out-performance of stocks that fit the strategy's criteria bodes well for continued gains.



Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
EEX	Emerald Holding Inc	0.71%	123	Business Services
HCKT	Hackett Group Inc (The)	7.62%	4	Technology
HSII	Heidrick & Struggles International Inc	-2.88%	228	Business Services
HSON	Hudson Global Inc	26.53%	31	Business Services
ISDR	Issuer Direct Corp	5.27%	4	Technology
LINK	Interlink Electronics	5.26%	109	Technology
NTIP	Network-1 Technologies Inc	-12.18%	116	Technology
PMD	Psychemedics Corp	3.36%	4	Healthcare
SGA	Saga Communications Inc.	3.73%	228	Consumer Services
WTT	Wireless Telecom Group Inc.	-12.31%	95	Technology

Mega-Tech Trends



One trade this week.

Buy Marcus Corp. (NYSE: MCS)

Sell Sanmina Corp. (Nasdaq: SANM)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ACLS	Axcelis Technologies Inc.	56.83%	199	Technology
AMN	AMN Healthcare Services Inc.	9.03%	11	Healthcare
APH	Amphenol Corp	0.65%	39	Technology
CNXC	Concentrix Corp	2.34%	53	Technology
HOLX	Hologic Inc	3.41%	130	Healthcare
JBL	Jabil Inc	-0.38%	4	Technology
KFY	Korn Ferry	-12.15%	95	Business Services
MCS	Marcus Corp (The)	0.00%	NEW	Consumer Services
PLAB	Photronics Inc	7.56%	11	Technology
SNX	TD SYNEX Corporation	3.16%	46	Technology

Large-Cap Leaders



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AAPL	Apple Inc	1.35%	46	Technology
ADI	Analog Devices Inc	5.60%	18	Technology
AMAT	Applied Materials Inc	1.42%	4	Technology
ANET	Arista Networks Inc	12.06%	25	Technology
APH	Amphenol Corp	-3.92%	46	Technology
AVGO	Broadcom Inc	8.83%	11	Technology
CDNS	Cadence Design Systems Inc	2.68%	18	Technology
MSFT	Microsoft Corp	6.62%	235	Technology
MU	Micron Technology Inc.	-1.65%	4	Technology
STE	Steris Plc	5.39%	31	Healthcare

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