



## Hindenburg Omen

While the *Risk-O-Meter* remains in the "green zone," a couple of big picture indicators point to a butt-kicking in the markets.

No indicator is correct 100% of the time.

If there were a perfect indicator, we could use that one and sit on a beach drinking fruity cocktails while refreshing our account balances every hour to see how much more money we made.

Therefore, I do not put too much stock in any single indicator. I give the most weight to oversold market indicators because, as I explained last week, I think it is much easier to know when a bottom is in place than a top.

However, to ignore indicators would be foolish too.

This week, I wanted to share two indicators that you might not have seen before.

It's simply worth noting that they suggest trouble ahead for the markets.

First is the *Hindenburg Omen*.

The word "Hindenburg" sounds scary to me because it makes me think of the airship going down in flames in 1937. The term "omen" also sounds scary.

Like a horror movie.

Put the two together, and the phrase "Hindenburg Omen" sounds **really** scary.

I do not know why the indicator is named the "*Hindenburg Omen*."

The chart below comes courtesy of *SentimenTrader.com*.

Here is how *SentimenTrader.com* calculates the indicator.

*“The Hindenburg Omen is a technical warning sign created by James Miekka in the 1990s, based on work from Norman Fosback in the 1970s. It monitors conditions that analysts have looked at throughout history as signifying potential weakness underlying the market. For this particular signal, we use three criteria, which likely differ from other sources: 1) The S&P 500 is above its 50-day moving average, 2) Both new 52-week lows and 52-week highs on the NYSE are greater than 2.8% of all advancing and declining issues, and 3) The NYSE McClellan Oscillator is negative. When the signal triggers, it highlights a “split” market, which is unhealthy. Multiple signals in a cluster are a worrying sign. Traditionally, the signal is canceled after 30 days or if the Oscillator turns positive again, though we’ve seen that it can lead to market trouble several months in advance.”*

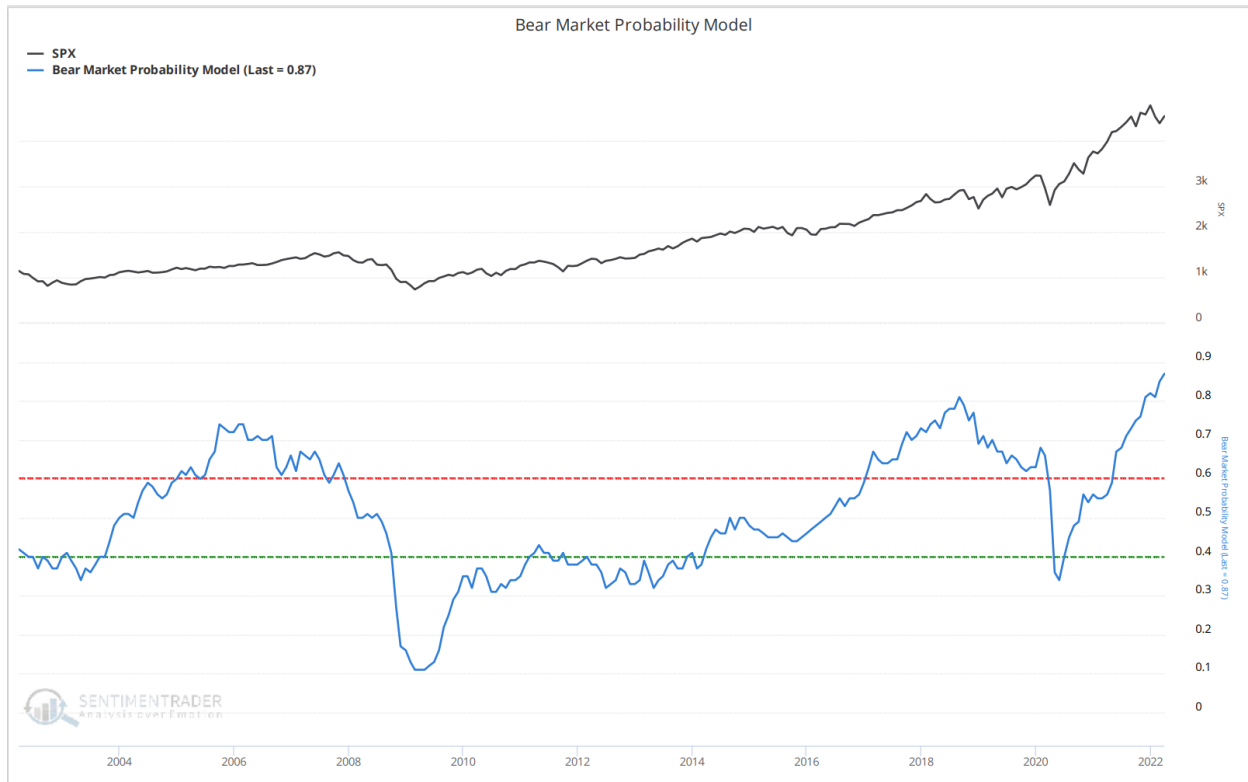
The *Hindenburg Omen* has issued a sell signal. In recent months, the *Omen* has indicated lower stock prices ahead. Just before the COVID smash, the signal was bearish multiple times. Then the market broke lower.



Since late last year, there have been a couple of signals, and now the most recent warning.

I will keep an eye on this indicator going forward.

Next up is a bear market prediction tool monitored by Goldman Sachs that has surged in recent months to its highest level in decades. Here is a chart courtesy of [SentimenTrader.com](https://www.SentimenTrader.com)



This is a model monitored by Goldman Sachs using five fundamental inputs - the U.S. Unemployment Rate, ISM Manufacturing Index, Yield Curve, Inflation Rate, and P/E Ratio.

Each month's reading is ranked versus all other historical readings and assigned a score. The higher the score, the higher the probability of a bear market in the months ahead.

When the model was 20% - 29%, the S&P's average one-year return was +21%.

But when the model was 80% - 89%, that average return plunged to -2%. So the higher the model, the greater the chance for a bear market or negative forward returns.

I am more concerned about this indicator than the *Omen*. This bear market prediction tool is breaking out to the highest level in 20 years.

2022 is shaping up to be a tough year. We may ultimately have a bunch of ups and downs and end up nowhere.

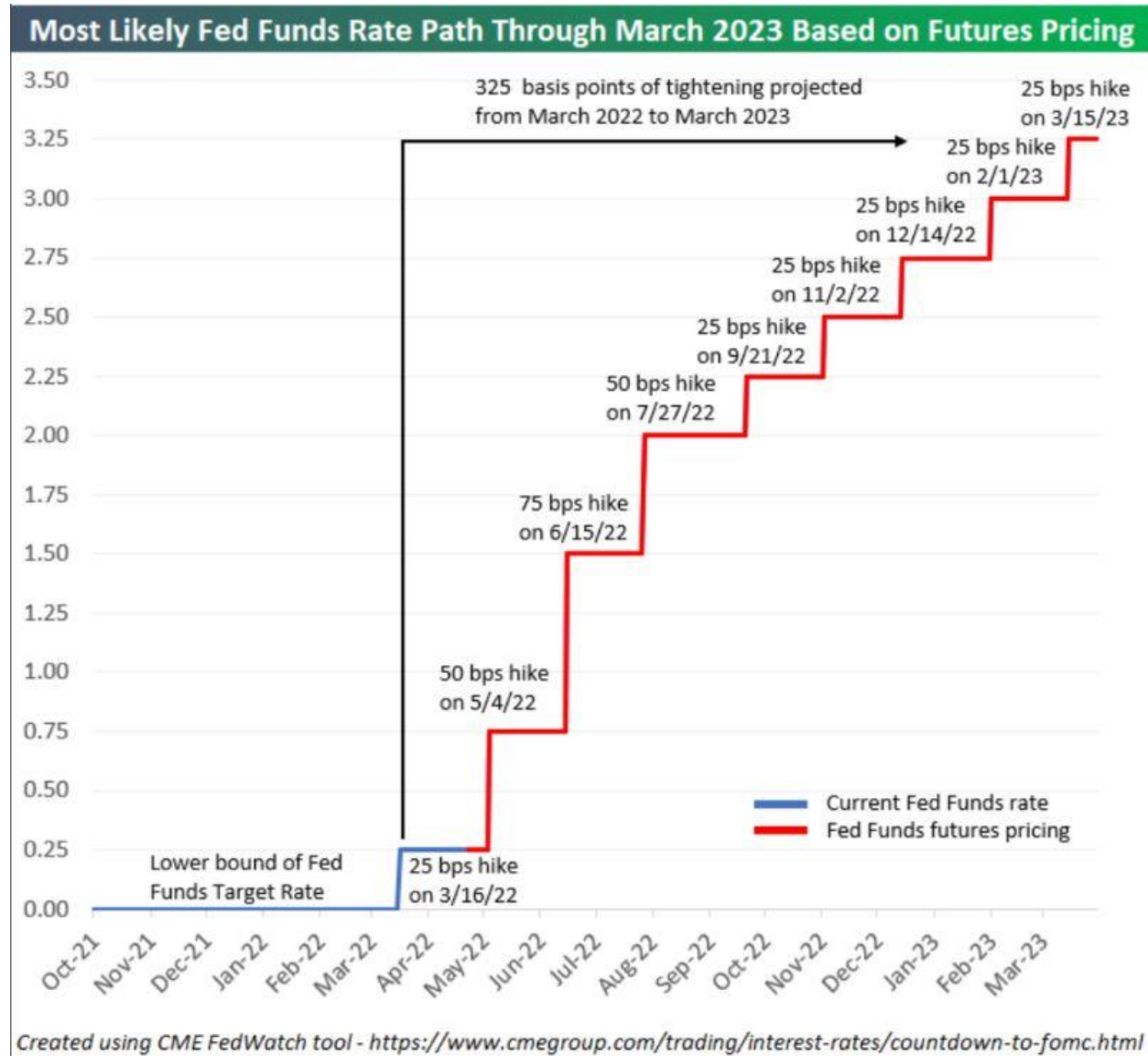
Sort of like trench warfare.

Through the first third of the year, that has been the case.

One factor that could change the trading band that has been established is a change in the liquidity picture.

I mentioned this last week. The market has discounted higher rates and the withdrawal of liquidity. Should that trend change for some reason, the market could rip higher, and we should see considerable gains in a short period.

Here is a chart of rate expectations below. This is the consensus and it is very aggressive relative to recent history. Should it change (and rates do not go up as much as expected) there is huge upside to the market.

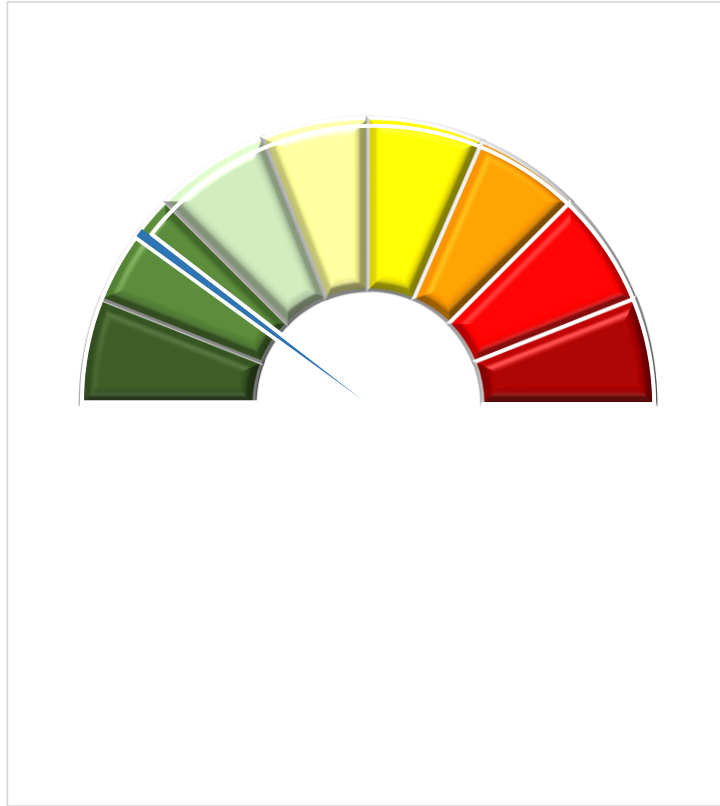


Lastly, the U.S. Dollar is breaking out to five-year highs. The Dollar traded higher in the lead-up to COVID lockdowns, but I am backing that out as an extreme event.

I have expressed concern that the Dollar did not rally as it should have with the Russian invasion of Ukraine. Recently, the Dollar has been off to the races.

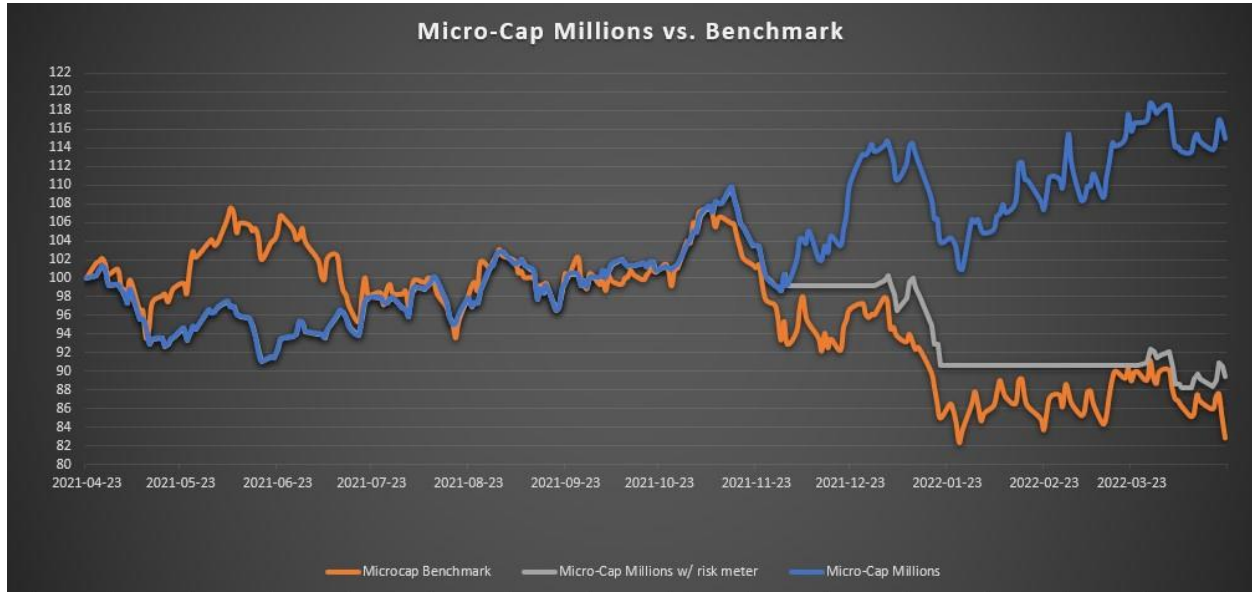
I have no idea why it took so long for the breakout. However, with all the crises going on in the world, we want to see the Dollar see strength!

We finally have it!



# Micro-Cap Millions

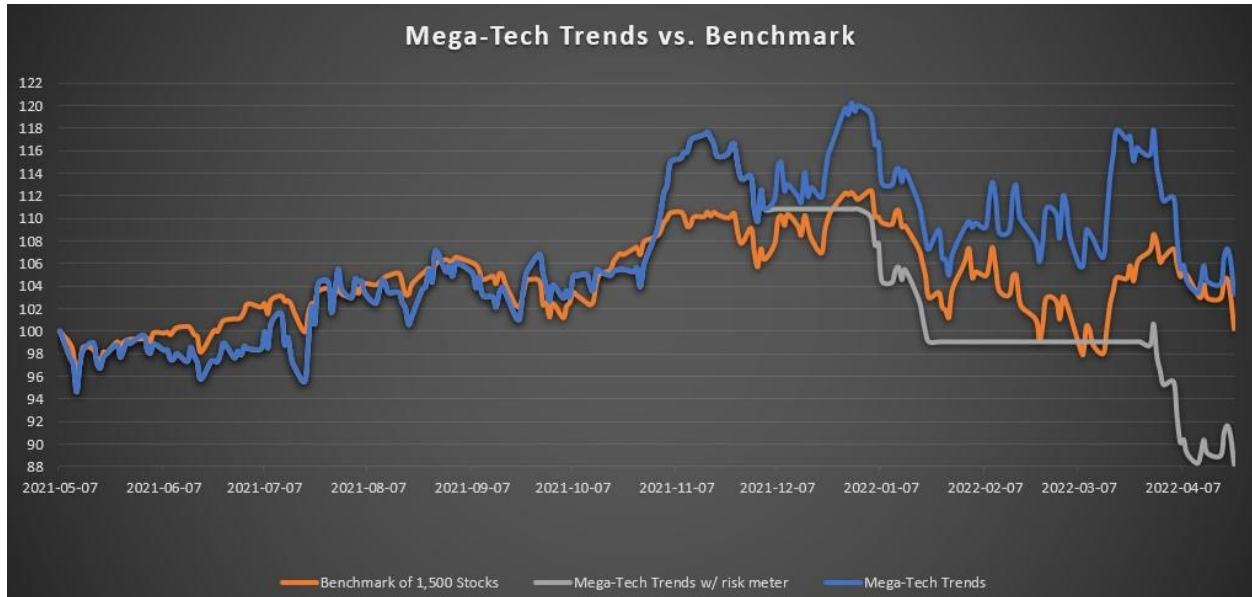
The market has gone from oversold to **very** oversold. It's been very tough to invest in technology stocks. Nothing goes straight up and losses do happen. It's part of the business of trading. Micro-caps have been doing great though



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BTN	Ballantyne Strong Inc	-2.87%	11	Technology
CPHC	Canterbury Park Holding Corp	11.22%	11	Consumer Services
CYBE	CyberOptics Corp	15.25%	11	Technology
HCKT	Hackett Group Inc (The)	13.22%	32	Technology
HSII	Heidrick & Struggles International Inc	-2.88%	256	Business Services
HSON	Hudson Global Inc	19.91%	59	Business Services
ISDR	Issuer Direct Corp	-4.88%	32	Technology
NTIP	Network-1 Technologies Inc	-9.96%	144	Technology
SGA	Saga Communications Inc.	5.10%	256	Consumer Services
WTT	Wireless Telecom Group Inc.	-16.84%	123	Technology

# Mega-Tech Trends



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ACLS	Axcelis Technologies Inc.	9.53%	227	Technology
AMN	AMN Healthcare Services Inc.	11.62%	39	Healthcare
CNXC	Concentrix Corp	-20.96%	81	Technology
CNXN	PC Connection Inc	-5.01%	7	Technology
FORR	Forrester Research Inc	3.25%	7	Business Services
HOLX	Hologic Inc	0.53%	158	Healthcare
JBL	Jabil Inc	-8.34%	32	Technology
KFY	Korn Ferry	-11.39%	123	Business Services
MCS	Marcus Corp (The)	-4.23%	25	Consumer Services
PLAB	Photronics Inc	-10.19%	39	Technology



# Large-Cap Leaders



There is one trade this week.

**Buy Abbott Laboratories (NYSE: ABT)**

**Sell Danaher Corp. (NYSE: DHR)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ABT	Abbott Laboratories	0.00%	NEW	Healthcare
ADI	Amphenol Corp	-1.02%	46	Technology
ANET	Analog Devices Inc	-4.70%	53	Technology
APH	Arista Networks Inc	-11.83%	74	Technology
AVGO	Broadcom Inc	1.57%	39	Technology
CDNS	Cadence Design Systems Inc	-4.28%	46	Technology
MSFT	Micron Technology Inc.	-3.79%	263	Technology
MU	Microsoft Corp	-12.59%	32	Technology
PAYX	Paychex Inc.	-5.42%	18	Business Services
STE	Steris Plc	3.28%	59	Healthcare



**DISCLAIMER:**

**THIS COMMUNICATION IS FOR EDUCATIONAL AND INFORMATION PURPOSES AND DOES NOT CONSTITUTE INVESTMENT ADVICE.** Any Publishing Service offered by HSD Publishing is for educational and informational purposes only and **should NOT be construed as a securities-related offer of solicitation or be relied upon as personalized investment advice.** HSD Publishing strongly recommends that you consult a licensed or registered professional before making any investment decision.

**THE RESULTS PRESENTED ARE NOT TYPICAL OR VERIFIED.** HSD Publishing has not verified information regarding the historical trading performance presented. Subscribers' trading results have **NOT been tracked or verified**, past performance is not necessarily indicative of future results, **and the results presented in this communication are NOT TYPICAL.** Actual results will vary widely given a variety of factors, such as experience, skill, risk mitigation practices, market dynamics, and the amount of capital deployed. Investing in securities is speculative and carries a high degree of risk; you may lose some, all, or possibly more than your original investment.

**HS DENT IS NOT AN INVESTMENT ADVISOR NOR A REGISTERED BROKER.** Neither HSD Publishing nor any of its owners or employees is registered as a securities broker-dealer, broker, investment advisor (IA), or IA representative with the U.S. Securities and Exchange Commission, any state securities or regulatory authority, or any self-regulatory organization.

**WE MAY HOLD THE SECURITIES DISCUSSED.** HSD Publishing has not been paid directly or indirectly by the issuer of any security mentioned in the Services. However, HS Dent, its owners, and its employees may purchase, sell, or hold long or short positions in securities of the companies mentioned in this and future communications.

John Del Vecchio is not an employee or partner of HSD Publishing. HSD Publishing is acting solely as the marketing arm for John Del Vecchio and Unbounded Wealth: Max Profits.

© 2022 HSD PUBLISHING. ALL RIGHTS RESERVED. 15016 Mountain Creek Trail Frisco, TX 77573.