



Road to Nowhere?

As expected, the S&P 500 staged a big rally last week off of a deeply oversold market condition.

There may be more room to run.

Take a look at this table. It shows the bullish percent of the major indexes. Bullish percent uses point and figure charts and has been around for a century. Stocks are either in an uptrend or downtrend. There's no guessing.

When these levels get into the teens or 20% range of stocks in bullish patterns, there's not much more downside left in the *short-term*. The selling pressure is exhausted. The odds favor a big bounce.

	%10 Wk	%30 Wk	Bullish %	P&F Status	Changed
NYSE	11.86	8.20	26.87	Bear Confirmed	13-Jun-22
Nasdaq	20.89	12.89	22.73	Bear Confirmed	10-Jun-22
Dow Industrials	20.00	23.33	16.67	Bear Confirmed	14-Jun-22
S&P 500	11.48	11.48	19.06	Bear Confirmed	14-Jun-22
Nasdaq 100	17.35	10.20	33.67	Bull Alert	21-Jun-22
Option Stocks	12.33	11.50	17.50	Bear Confirmed	16-Jun-22

While the *Risk-O-Meter* is in the "red zone," the oversold market takes precedence. As I have mentioned in recent weeks, when the market is this oversold, it's a buying opportunity for long-term money.

I have not been too aggressive as risks are still elevated.

The ideal scenario is a deeply oversold market when risks are low. We have not seen that situation in quite a while.

Expect continued volatility.

In the end, we may end up on the road to nowhere.

Liquidity is still unfavorable. I do not see that changing.

As a result, it's unlikely this is the start of a new bull market. Until the liquidity situation improves, the most likely path is a period of back and forth.

That makes for an excellent market for traders. However, it will likely frustrate long-term investors.

One way this condition can resolve itself is through time.

Enough time could pass to work off the condition of overpriced and oversold markets. It may take a couple of years, but strong companies will continue to generate cash flows. Those companies will buy back stock or raise dividends (or both). As a result, those corporate actions will support stock prices *over time*.

Politicians in D.C. are close to heading home to campaign for the November election. We might not see much out of Washington that would be favorable to the markets. No more pandemic checks and other benefits will expire.

Rates have been on the rise, and indications are the economy is cooling off a bit.

I suspect we are already in a recession.

I have been working on a renovation project. I began the planning phase the last week of April. The project starts on July 5th. Now that I am finalizing aspects of the project, I am shocked at how much things have moved in my favor as a consumer.

It's a total 180-degree reversal from just two months ago.

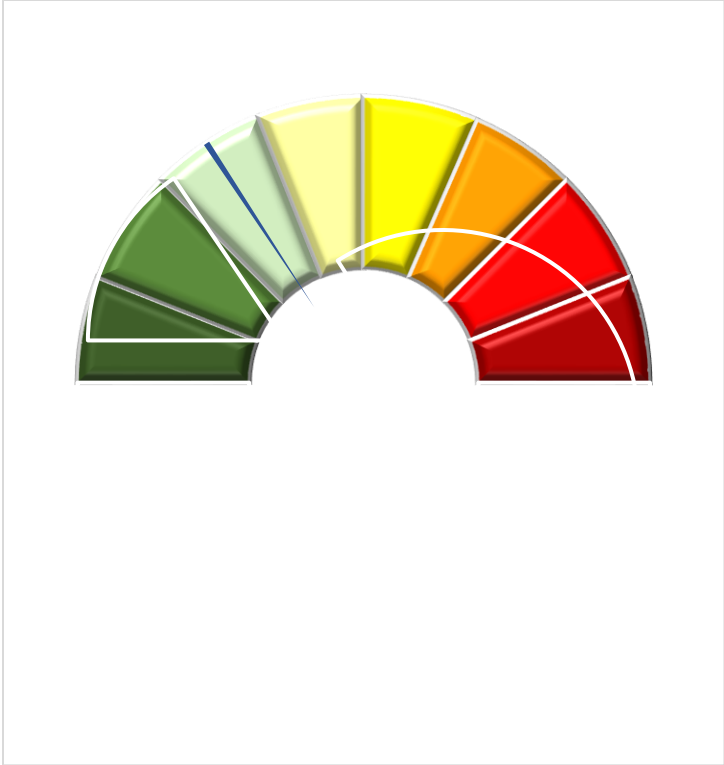
If I even indicate through body language that I'm about to say "no" to something, I get another incentive to reconsider my position. For those that need it, credit terms are surprisingly loose.

There's a ton of inventory that needs to be blown out.

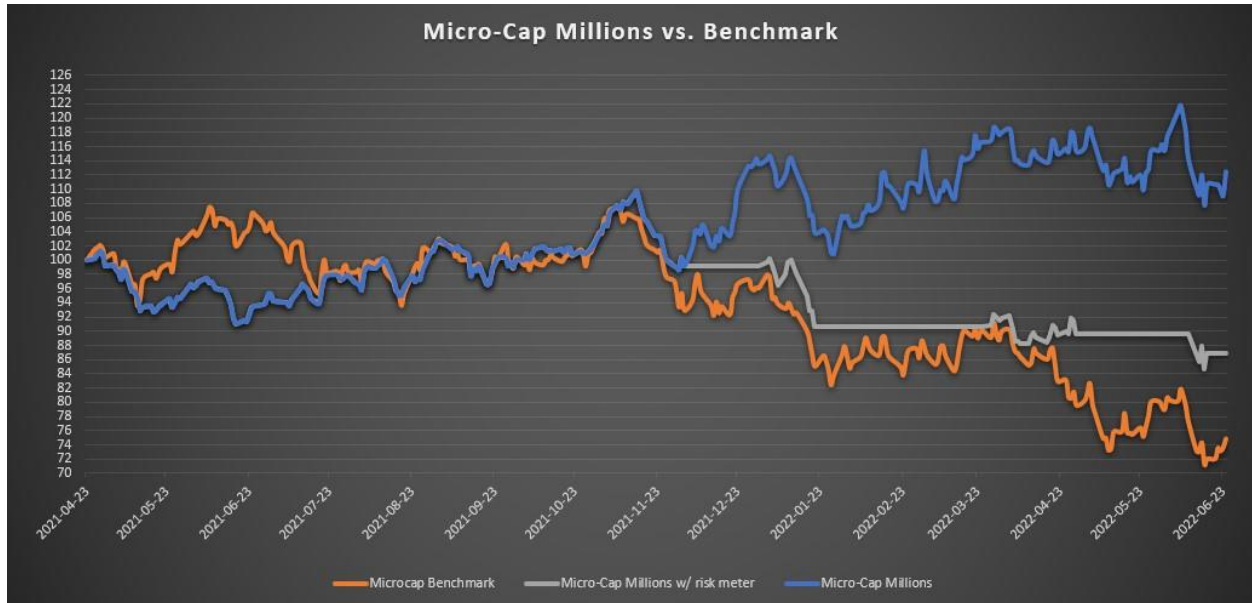
That doesn't happen in robust economies.

I continue to nibble a bit here and there in my taxable account. I have mainly been focused on broad stock market indexes in the U.S.

The *Investable Risk-O-Meter* and *Levered ETF Strategy* will be updated in the next issue, so we will see how those strategies may have changed. They've been conservative for several months recently.



Micro-Cap Millions



There is one trade this week.

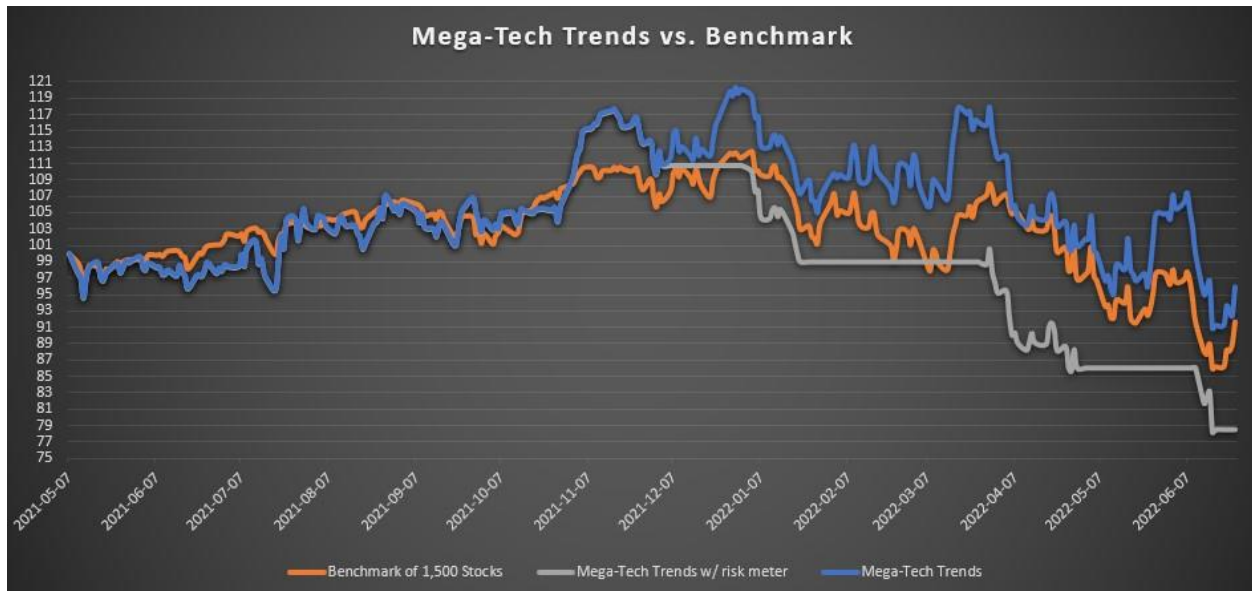
Buy Assertio Holdings, Inc. (Nasdaq: ASRT)

Sell Zedge, Inc. (NYSE: ZDGE)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ASRT	Assertio Holdings Inc	0.00%	NEW	Healthcare
CPHC	Canterbury Park Holding Corp	11.74%	74	Consumer Services
CTG	Computer Task Group Inc	-2.22%	18	Technology
HCKT	Hackett Group Inc (The)	-9.98%	95	Technology
HSON	Hudson Global Inc	10.81%	122	Business Services
NL	NL Industries Inc.	23.19%	32	Non-Energy Materials
QIPT	Quipt Home Medical Corp	-1.24%	18	Healthcare
RGP	Resources Connection Inc	23.71%	46	Business Services
SCSC	ScanSource Inc	-15.80%	25	Technology
WSTG	Wayside Technology Group	-8.27%	32	Technology

Mega-Tech Trends



There is one trade this week.

Buy NetScout Systems, Inc. (Nasdaq: NTCT)

Sell Concentrix Corp. (Nasdaq: CNXC)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
CDW	CDW Corp	2.58%	32	Technology
CRUS	Cirrus Logic Inc.	-6.38%	11	Technology
DIOD	Diodes Inc	-12.35%	18	Technology
HUM	Humana Inc.	6.62%	4	Healthcare
KFY	Korn Ferry	-21.74%	186	Business Services
LFUS	Littelfuse Inc	-2.79%	39	Technology
NTCT	NetScout Systems Inc	0.00%	NEW	Technology
PLAB	Photronics Inc	19.16%	102	Technology
SCSC	ScanSource Inc	-15.46%	18	Technology
SGH	SMART Global Holdings Inc	6.88%	4	Technology

Large-Cap Leaders



There is one trade this week.

Buy Fortinet, Inc. (Nasdaq: FTNT)

Sell Advanced Micro Devices, Inc. (Nasdaq: AMD)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADI	Analog Devices Inc	-10.66%	25	Technology
APH	Amphenol Corp	-16.39%	137	Technology
AVGO	Broadcom Inc	2.09%	4	Technology
CDNS	Cadence Design Systems Inc	1.89%	109	Technology
CDW	CDW Corp	-3.68%	46	Technology
FTNT	Fortinet Inc	0.00%	NEW	Technology
HOLX	Hologic Inc	-4.29%	46	Healthcare
HUM	Humana Inc.	2.76%	53	Healthcare
IT	Gartner Inc	-1.66%	39	Technology
MRK	Merck & Co Inc	6.82%	11	Healthcare

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