



Harry's Take

July 12, 2022

TLT Likely To Continue Edging Up From 108 Bottom and To Spike From November Forward

Stocks look like they may be bottoming in their first crash wave down by mid-July, as forecast. TLT also hit strong support at 108, as forecast, and has started to rise. Stocks are likely to bounce into September from this first crash, while T-bond rates will continue to edge up until they trigger the next stock wave down, likely between late September and early next year.

This chart shows what happened in the 2007 stock peak and 2008 financial crisis that followed.

In 2008 Financial Crisis, TLT Spikes 12-13 Months After Stocks Peak



Source: Yahoo! Finance; Investing.com

www.hsdent.com

TLT bottomed in June 2007, four months before stocks peaked in October. TLT continued to edge up into the early stages of the recession into late March, moved sideways into June, and then moved up modestly again. TLT then spiked up sharply between late November and the end of December. That was on a 12- to 13-month lag to the peak between late November for the Nasdaq and January 4 for the S&P 500.

In the current scenario, a similar lag would result in TLT continuing to edge up into year-end and then spiking into January or February of 2023. That would trigger the next sharp wave down in stocks after the first-wave bottom near term and a bounce, likely into September or so. That wave down should bottom around March of 2023 or so. The final stock wave down then is likely to hit from mid-2023 into late 2023 or early 2024.

Stay tuned; the fireworks have started to go off.

Harry

Got a question or comment? You can contact us at info@hsdent.com.