



## Beware the Rally

The market is deeply oversold.

The odds favor a big rally to counter the bear market.

However, if history is a guide, while the rally could be significant, it will likely be short-lived.

The chart on the next page helps put bear market rallies in perspective. The DotCom bust led to a 78.40% loss.

However, there were eight bear market rallies during the bloodbath from 2000-2002.

Eight!

Each one of those rallies was a sucker rally. The rally's purpose was to pick your pocket as investors rushed in only to have the market turn against them.

In addition, many of the rallies were substantial.

For example, a 28.45% rally in four weeks!

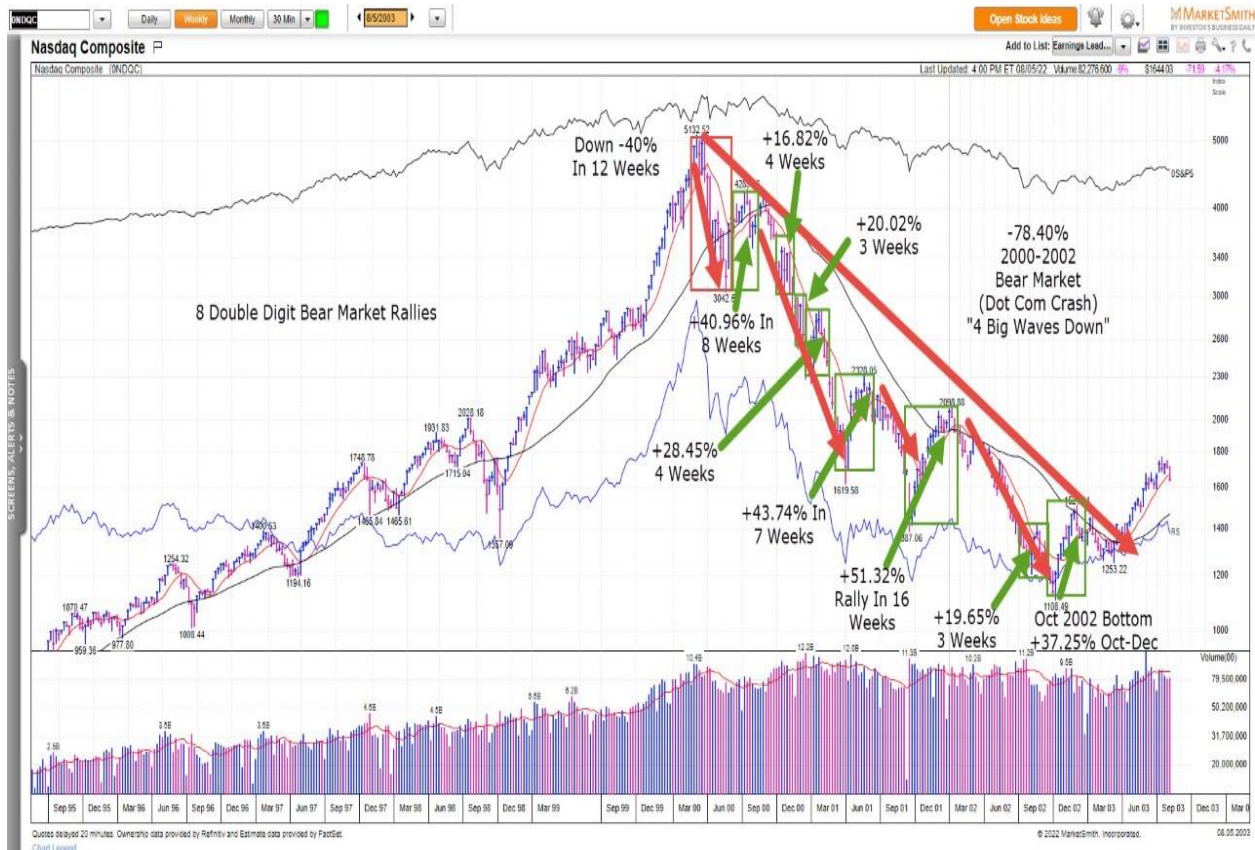
43.74% gains in seven weeks!

51.32% gains in 16 weeks!

40.96% gains in eight weeks!

Those are big moves. Those moves have the effect of lulling investors into complacency.

Now is not the time to be complacent.



Now is the time to be focused.

Plenty of events could come out of left field and lead to a big rally. For example, the war in Ukraine could end sooner than later.

Russia is having a crisis calling up 300,000 civilians to fight in the war. Riots are breaking out. It's 2022, and war is a relic of the past. People don't want to fight. They are not trained. They're going to get mowed down the moment they step foot in Ukraine, and they all know it.

One way to end the war is to have bogus elections in the eastern regions of Ukraine, fold those areas into Russia, claim victory and go home.

The market could rally sharply in such a scenario.

Energy prices could implode.

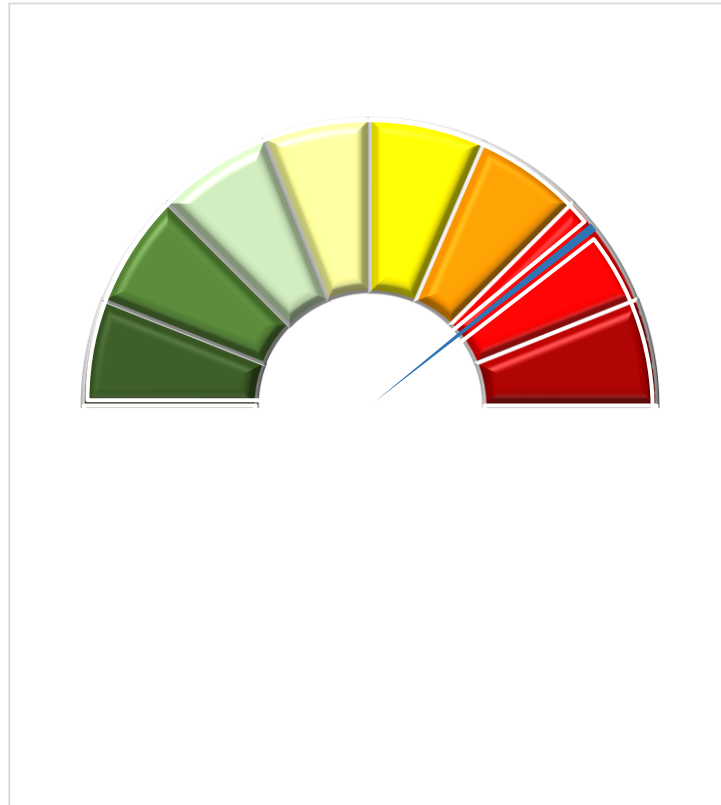
Inflation might ease.

However...

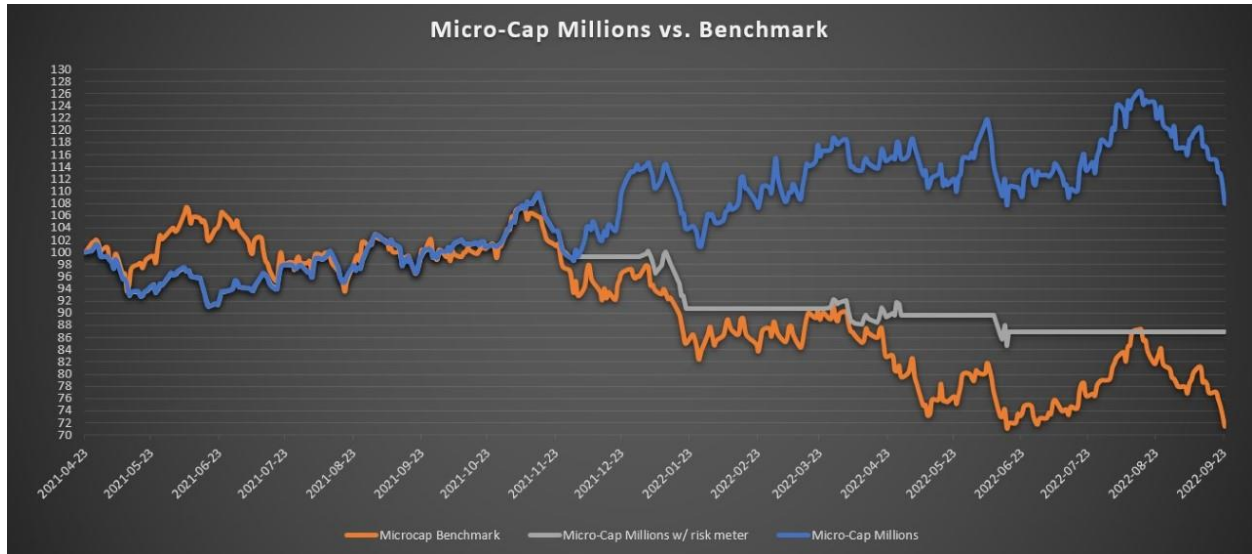
As long as the liquidity situation remains unfavorable, any rally will be a head fake—a classic bear market rally. We saw one this summer. I warned readers that the rally was a classic bear market rally.

That will be the case again unless liquidity turns favorable.

For now, the *Risk-O-Meter* remains in the "red zone."



# Micro-Cap Millions



There is one trade this week.

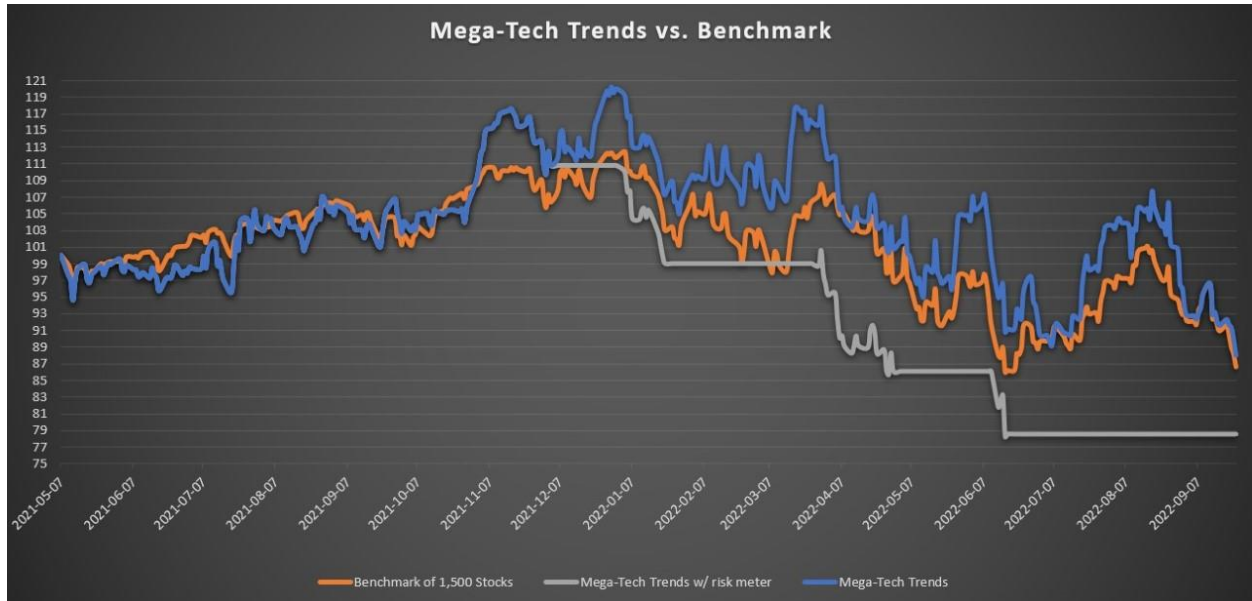
**Buy Genfit SA (Nasdaq: Nasdaq: GNFT)**

**Sell Assertio Holdings, Inc. (ASRT)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BELFB	Bel Fuse, Inc.	-11.47%	32	Technology
CTG	Computer Task Group, Inc.	-27.25%	109	Technology
EDAP	EDAP TMS SA	-8.65%	17	Healthcare
<b>GNFT</b>	<b>Genfit SA</b>	<b>0.00%</b>	<b>NEW</b>	<b>Healthcare</b>
HCKT	The Hackett Group, Inc.	-16.33%	186	Technology
MRAM	Everspin Technologies, Inc.	-8.77%	17	Technology
PCTI	PCTEL, Inc.	-4.69%	39	Technology
PERI	Perion Network Ltd.	11.81%	67	Technology
UTMD	Utah Medical Products, Inc.	-7.13%	11	Healthcare
WSTG	Wayside Technology Group, Inc.	-28.00%	123	Technology

# Mega-Tech Trends



There is one trade this week.

**Buy CDW Corp. (Nasdaq: CDW)**

**Sell Advanced Energy Industries. Inc. (Nasdaq: AEIS)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AMKR	Amkor Technology, Inc.	-24.64%	46	Technology
CDW	CDW Corp.	0.00%	NEW	Technology
CNXN	PC Connection, Inc.	-7.13%	46	Technology
CRUS	Cirrus Logic, Inc.	0.12%	11	Technology
JBL	Jabil, Inc.	-5.22%	53	Technology
NTAP	NetApp, Inc.	-10.96%	17	Technology
SANM	Sanmina Corp.	-9.14%	46	Technology
SGH	SMART Global Holdings, Inc.	-6.06%	17	Technology
TTMI	TTM Technologies, Inc.	-18.76%	39	Technology

# Large Cap Leaders



There are three trades this week.

**Buy Apple, Inc. (AAPL), Bio-Rad Labs, Inc. (BIO), and Monolithic Power (MPWR)**

**Sell AbbVie, Inc. (NYSE: ABBV), Analog Devices (Nasdaq: ADI), and NetApp, Inc. (Nasdaq: NTAP)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AAPL	Apple, Inc.	0.00%	NEW	Technology
APH	Amphenol Corp.	-12.61%	228	Technology
AVGO	Broadcom, Inc.	-6.01%	95	Technology
BIO	Bio-Rad Laboratories, Inc.	0.00%	NEW	Healthcare
CDW	CDW Corp.	-6.39%	4	Technology
MCHP	Microchip Technology, Inc.	-12.99%	46	Technology
MPWR	Monolithic Power Systems, Inc.	0.00%	NEW	Technology
MRK	Merck & Co., Inc.	-1.07%	4	Healthcare
SNPS	Synopsys, Inc.	-16.45%	32	Technology
WST	West Pharmaceutical Services, Inc.	-12.74%	17	Healthcare

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