



Harry's Take

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The Weaker Bounce in the Nasdaq Does Not Bode Well for Stocks

Obviously, I have been saying that the first sharp crash into June 2022 that bottomed in October 2022 on the S&P 500 and in December 2022 on the Nasdaq was finally the sign that stocks had made a major top. The top was on November 21, 2021, for the Nasdaq and on January 4, 2022, for the S&P 500. The fact that a whole series of major stock tops was made around the world between February 2021 and January 2022 itself was a sign of a major top rather than just being another new high that would be followed by a correction before advancing again.

The final bottom of this first crash was in early October on the S&P 500 and in mid-December on the Nasdaq, but they both hit lows together in October, and the December slight new low was more of a retest for the Nasdaq, as the S&P 500 showed more buoyancy. That was the first sign the S&P 500 had begun outperforming the Nasdaq and holding up better.

S&P 500 Leading This Bounce Over the Nasdaq Is not a Good Sign



Source: Investing.com

www.hs-dent.com

This chart shows how the bounce has been relatively stronger for the S&P 500 than for the Nasdaq since the October low. And don't let the minor difference of 21.7% vs. 20.2% fool you. The Nasdaq fell 40% more than the S&P 500; hence, the Nasdaq bounce should be 40% higher, or closer to 30%. Thus, this bounce shows the strong outperformance of the S&P 500 and shows that investors are not confident that we are in a new bull market and are starting to get more defensive...

I clearly think we are NOT in a bull market, as **I think we are increasingly likely to descend into the "crash of a lifetime."**

In this next wave down, stocks are likely to fall by around 60%, and then the final wave to follow should bring the S&P 500 down by 86% or so and the Nasdaq down by up to 92%. A convincing break of 10,088 on the Nasdaq would confirm that the "great crash" is still in process.

Harry

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