



Harry's Take

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TLT Finally Looking To Break Out of Current Channel Pattern

A lot of subscribers know I'm bullish on the Treasury bonds and the TLT (20-year) and TMF (3X) ETFs in a deflationary downturn. But many keep asking when TLT is really going to run. The short answer is, "When there is blood in the streets." In the deep recession of 2008, TLT edged up into early 2008 and then exploded from mid-2008 into the very end of that year in the worst of the crisis. TLT actually peaked a few months ahead of the stock bottom in early March 2009.

This scenario looks similar thus far. TLT bottomed in September 2022 at 91.85 and has edged up to just over 107. It is anticipating a recession, as are the stock markets, but the recession hasn't quite showed itself yet. When it does, TLT should roar up toward my target of \$186+, which I have shown many times before.

A TLT Break Out of This Channel Would Cement That 91.85 Bottom



This chart shows that TLT has been trading in a channel between 99 on the bottom and 109.50 at the top between November 2022 and now. There are two possible scenarios here: (1) TLT retests the bottom of the channel at 99 (or close to that) one more time, and then breaks above 109.50 to a near-term target of \$142 and an ultimate high of \$186+ or (2) it just breaks upward above 109.50 from here and follows the same path.

A break down to 99-100 would be the best and a slam-dunk buy and you should put a stop below 97. If not, a convincing break above 109.50 would be a buy signal as well. Investors in TLT (or TMF) obviously should hold here and sell only if TLT breaks below 97.

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