



# *Harry's Take*

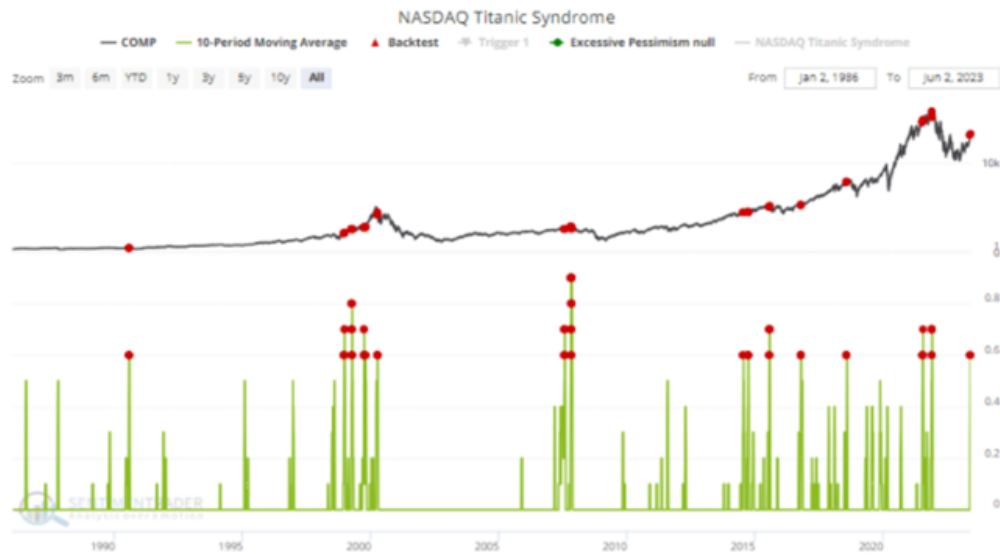
June 13, 2023

## **Titanic Syndrome Indicator That Called November 2021 Nasdaq Top Just Gave Sell Signal Again**

A number of indicators I have shown in my monthly newsletter have been calling for a top in this time frame. Here is another, lesser-known signal called the Titanic Syndrome, created by Bill Omaha in the 1960s. This comes from SentimenTrader recently.

This indicator is triggered by new highs accompanied by a sudden jump in new 52-week lows vs. highs on the Nasdaq. In other words, the top stocks that most drive the index are making new highs, while the broader market is simultaneously making more new lows, i.e., the troops aren't following the generals! That is the very definition of narrowing breadth in a rally, which is one of the primary indicators that the party looks like it is about over. The small-cap Russell 2000 also has lagged the larger-cap S&P 500 and Nasdaq indices in this bounce since early October 2022, increasingly so since February.

## Nasdaq Sell Signal That Called the Late 2021 All-Time High Hits Now!



Source: <https://lmtr.com/titanic-sell-signal/>

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Note that this indicator was not triggered by the very-strong fourth-wave rally from mid-June to mid-August after the first sharp crash from late November 2021 into mid-June 2022. At that time, it could have been a credible first-wave low with a two-wave bounce about to turn down into a third wave down. Not triggering back then adds to this indicator's credibility.

But instead, this indicator is now being triggered after that first wave fell further from mid-August into early October and was followed by this very long two-wave bounce into early June that is now way overdue to peak. It's possible, as in late 2021, that this indicator will be triggered another time or two very near term before stocks roll over, as has occurred in the past. But for getting out or going short, it's better to be a bit too soon here rather than late, as the most dynamic wave looks to hit next.

Recall that my forecasts have been for this next third wave or middle wave to take the markets down by around 60% from the top in November 2021, all the way back to the March 2020 COVID lows. If this happens, that's when investors will realize that the Fed has lost their battle against the markets... and the markets finally will get "the pause that refreshes." This crash of our

lifetime is then likely to see a final or fifth wave down that would bottom somewhere between mid- and late 2024.

Don't miss the Rant this Friday, June 16, where I will discuss the biggest and likely final divergence between the Nasdaq and Bitcoin.

Harry

Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).