



Beware the Iceberg?

The *Titanic Syndrome indicator* is flashing warning signs and is signaling the potential for a rough patch for the markets in the coming weeks.

Anything using the word "Titanic" in it tends to grab your attention.

The *Titanic Syndrome* (very scary sounding) was created in 1968 by Bill Omaha.

I have never heard of it.

Therefore, when I was informed that the indicator was on a warning signal, it piqued my curiosity.

According to *SentimenTrader.com*, here's how the indicator works:

"It highlights a technical market condition when stocks have recently been at a high, and then there is a sudden jump in new 52-week lows versus highs on the NYSE. For our purposes, we use the following conditions: 1) The S&P 500 closed at a 52-week high at some point in the past seven sessions, and 2) New 52-week lows outnumber 52-week highs on the NYSE. It is a warning sign that typically precedes trouble over the next 1-3 months."

I find this interesting.

When the market is at new highs, we want to see **a lot** of new highs.

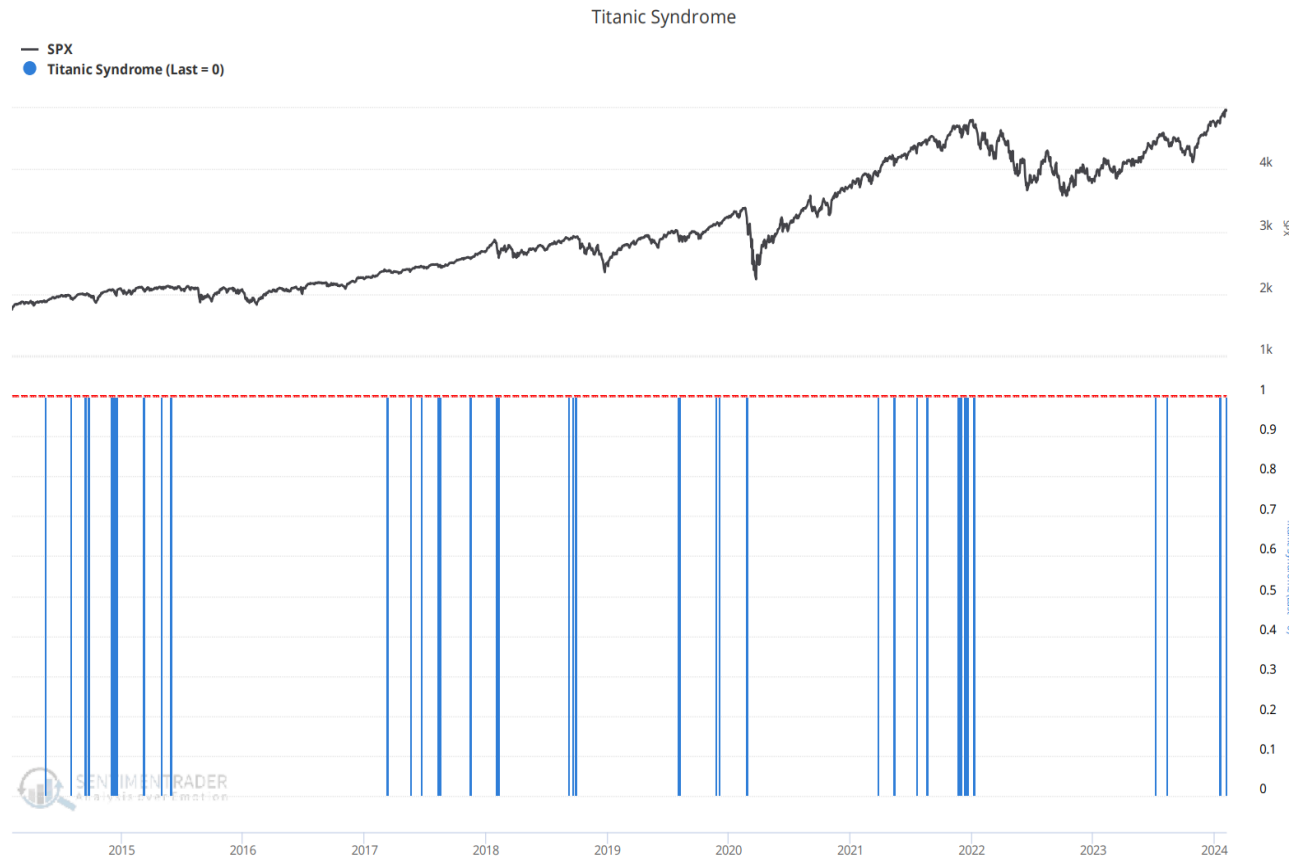
Those new highs confirm the move in the market.

We certainly **don't want** a bunch of new lows.

New lows are a bearish divergence.

Therefore, the indicator makes sense intuitively.

Here's a chart of the indicator below. The vertical blue lines show when the signal was triggered.



The chart goes back to 2015.

Using my nifty “eyeball” test, the track record looks mixed.

There are plenty of false signals, especially early on, and jumping in and out of the market indexes likely proved costly.

The trend was up.

The trend is your friend until the end when it bends.

On the other hand, just before COVID, the signal saved your ass, and the same before a smash in 2022 and an ugly period in 2023.

Recent performance looks much better.

That said, nothing is perfect.

It's worth being aware that an indicator is bullish or bearish.

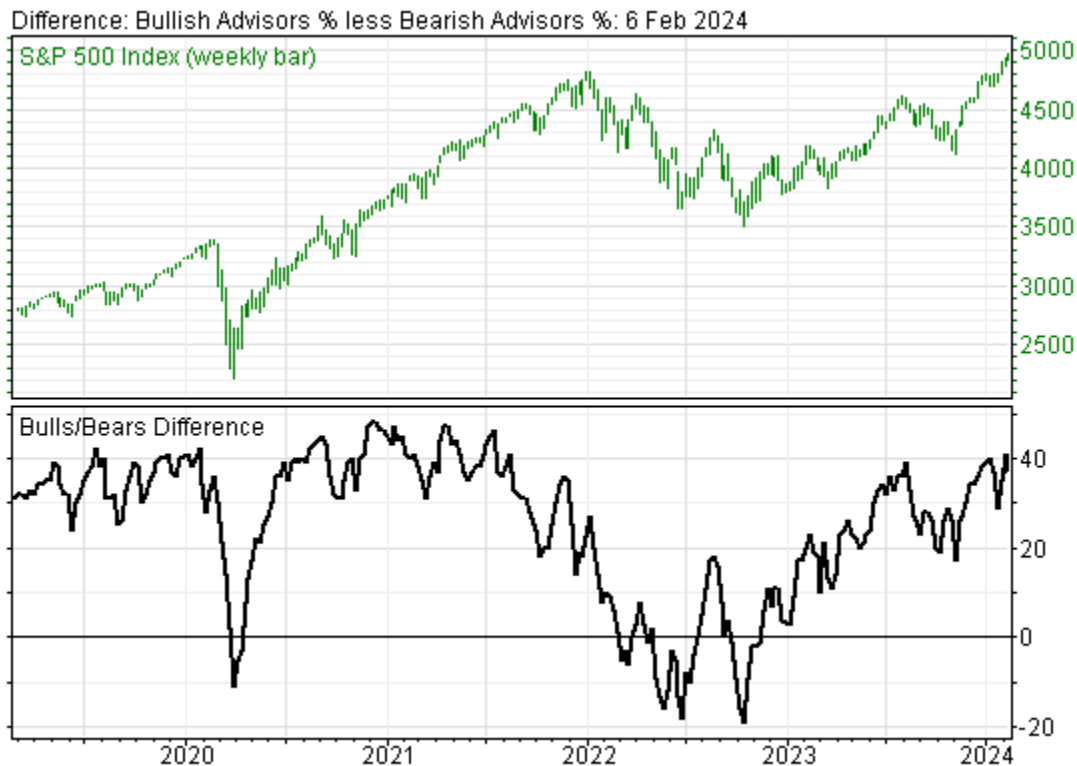
However, in isolation, it might not mean much.

Here's what does matter, though.

The indicator is flashing warning signs at a time when there is too much bullishness in the market.

The spread between bullish and bearish advisors is at 37.

That's concerning.



If the *Titanic Syndrome* is correct, and that's a big if, the excessive bullishness in the market suggests the downside is significant.

There's a lot of people leaning in one direction.

The masses are often wrong.

Big time.

When they flee the other way with just a bit of bad news, it creates swift and painful losses.

So, it's worth being aware of the present conditions.

It's no good to predict.

Predictions are like opinions, which are like assholes.

Everyone has one.

I'd much rather *react* than predict.

If the market tumbles, a new trend will form, providing an opportunity for profit.

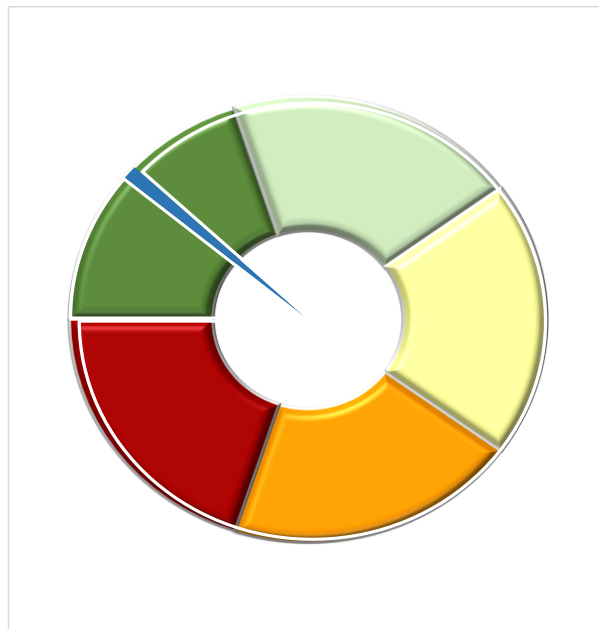
Then, the market will overextend to the downside, the chumps will be washed out from speculative bets, and the ensuing rebound will create another excellent opportunity for profit.

We are not there yet.

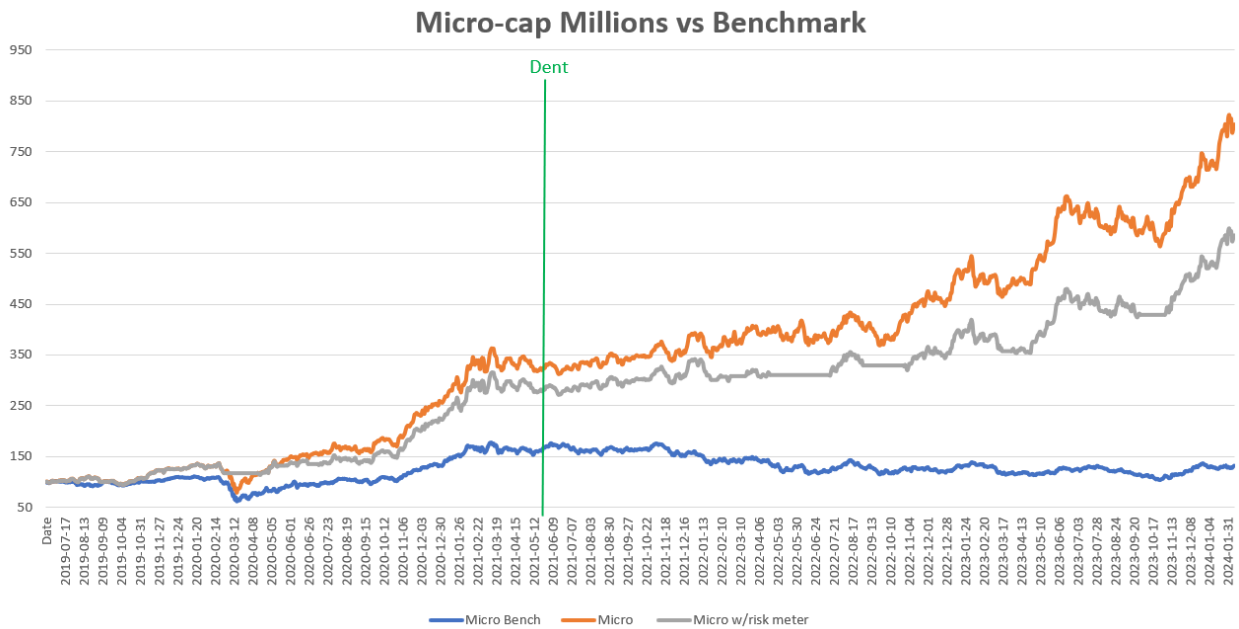
Meanwhile, the *Risk-O-Meter* remains in the "green zone."

The market remains overbought.

Therefore, I'm being patient in adding capital to existing positions.



Micro-Cap Millions



There is one trade this week.

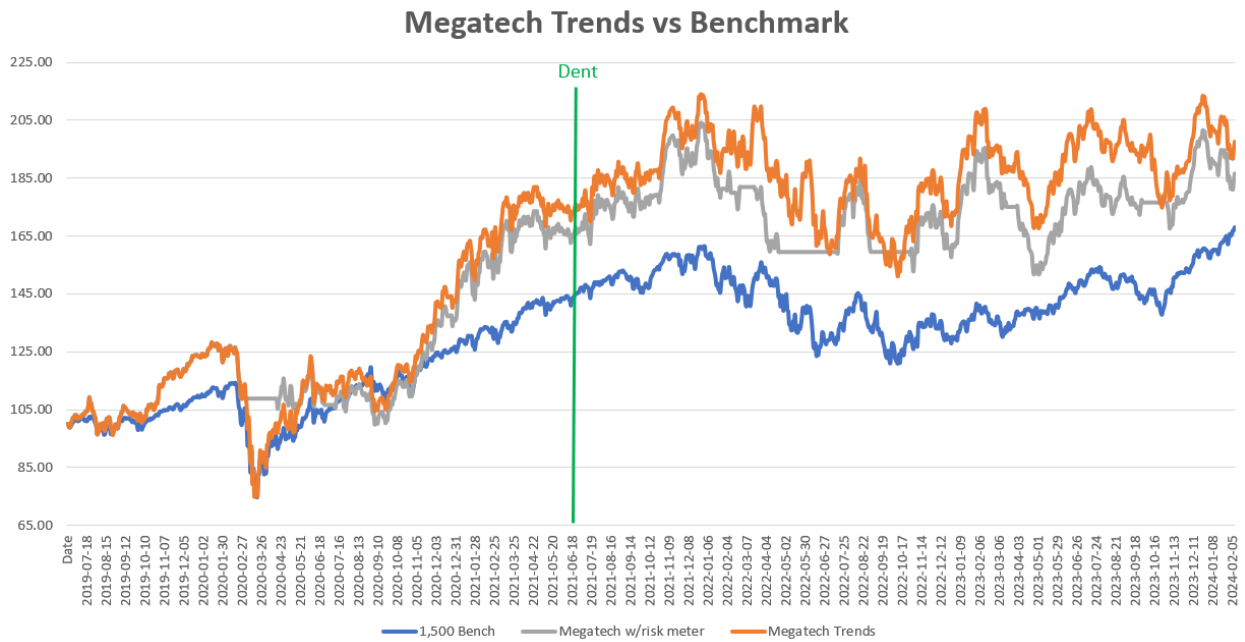
Buy Climb Global Solutions, Inc. (Nasdaq: CLMB)

Sell eGain Corp. (Nasdaq: EGAN)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
CLMB	Climb Global Solutions, Inc.	0.00%	NEW	Technology
CXDO	Crexendo, Inc.	91.69%	53	Technology
DSP	Viant Technology, Inc.	74.94%	102	Technology
DTST	Data Storage Corp.	37.69%	172	Technology
ELTK	Eltek Ltd.	21.87%	53	Technology
GILT	Gilat Satellite Networks Ltd.	17.97%	270	Technology
ITRN	Ituran Location & Control Ltd.	10.43%	249	Telecommunications
MPTI	M-tron Industries, Inc.	6.18%	11	Technology
MTLS	Materialise NV	0.36%	88	Technology
NEPH	Nephros, Inc.	15.53%	45	Healthcare

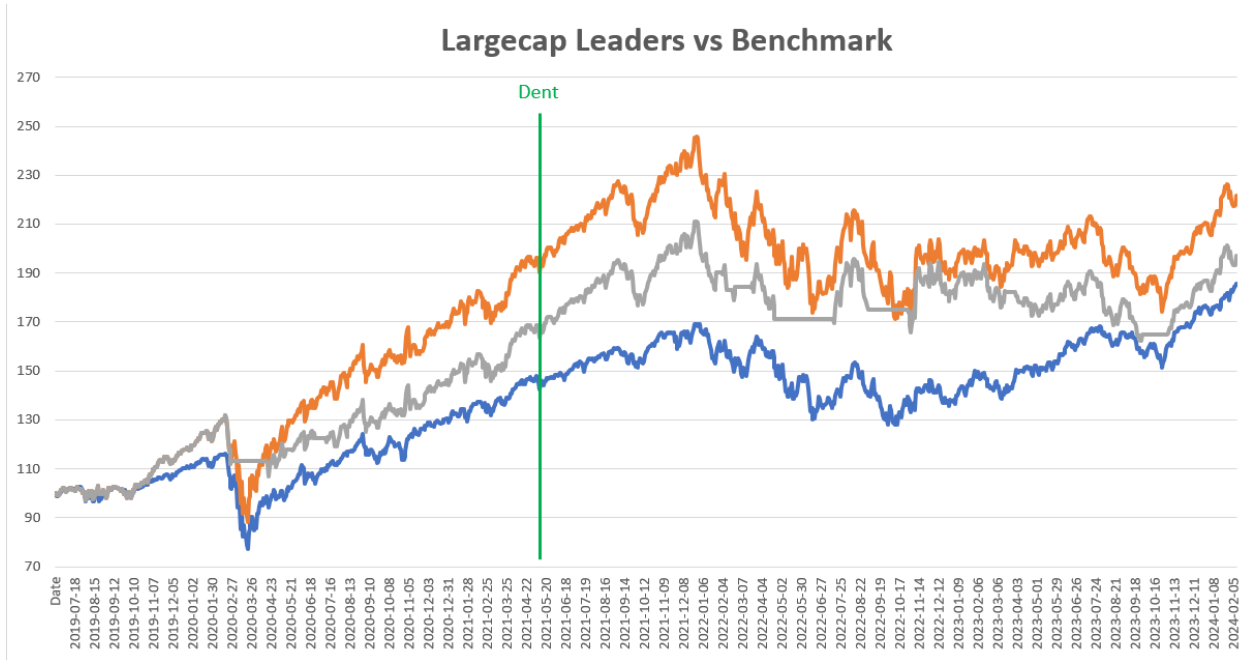
Mega-Tech Trends



There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BMY	Bristol Myers Squibb Co.	-0.60%	18	Healthcare
CNXN	PC Connection, Inc.	12.98%	95	Technology
COLL	Collegium Pharmaceutical, Inc.	1.49%	18	Healthcare
DXC	DXC Technology Co.	2.03%	4	Technology
OSUR	OraSure Technologies, Inc.	-5.27%	11	Healthcare
SCSC	ScanSource, Inc.	0.30%	11	Technology
SWKS	Skyworks Solutions, Inc.	0.44%	11	Technology
THRY	Thryv Holdings, Inc.	1.56%	11	Technology
XRX	Xerox Holdings Corp.	-2.99%	11	Technology
YELP	Yelp, Inc.	1.97%	4	Technology

Large Cap Leaders



There are no trades this week. Here is the current portfolio:

ABBV	AbbVie, Inc.	3.21%	4	Healthcare
ACN	Accenture PLC	2.14%	18	Technology
AMAT	Applied Materials, Inc.	10.66%	18	Technology
APH	Amphenol Corp.	32.76%	102	Technology
BMJ	Bristol Myers Squibb Co.	0.22%	11	Healthcare
CHTR	Charter Communications, Inc.	-22.79%	11	Telecommunications
CMCSA	Comcast Corp.	-2.95%	18	Telecommunications
FFIV	F5, Inc.	3.62%	18	Technology
MSFT	Microsoft Corp.	32.66%	137	Technology
TEL	TE Connectivity Ltd.	-0.30%	11	Technology

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