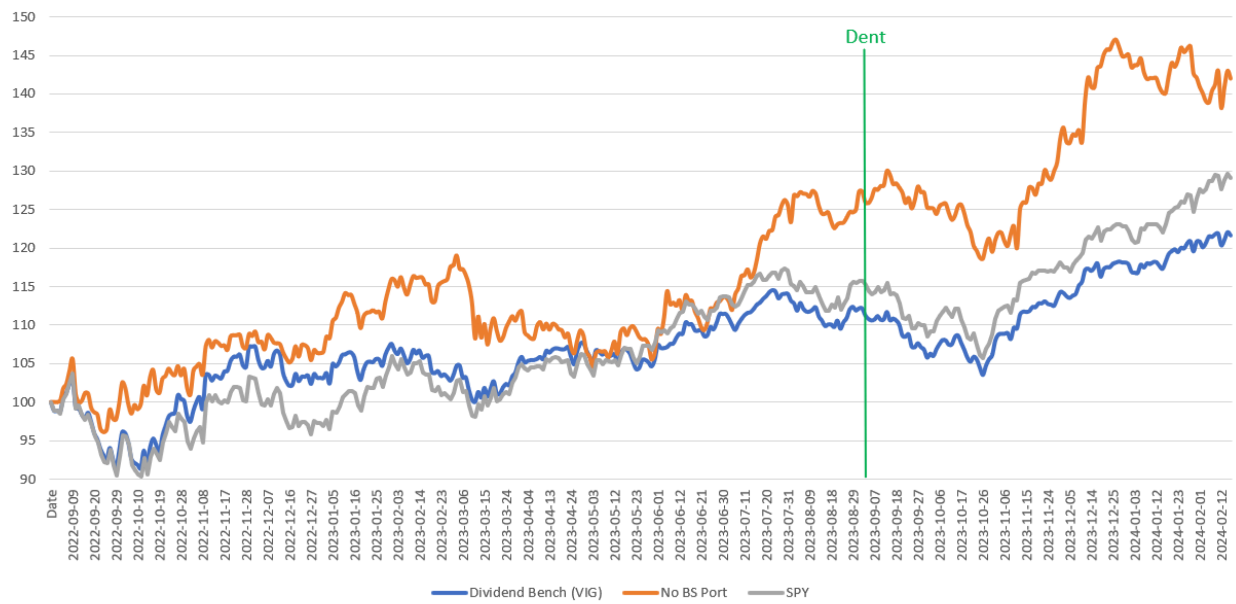
February 19, 2024

The NO BS Growth and Income Portfolio

By John Del Vecchio



New Trades this week: No Trade

Current Portfolio February 19, 2024

Ticker	Name	Return	Days Held	Sector
AVT	Avnet, Inc.	-6.59%	158	Technology
CIVB	Civista Bancshares, Inc.	5.94%	102	Finance
FISI	Financial Institutions, Inc.	17.54%	95	Finance
HVT	Haverty Furniture Cos., Inc.	38.24%	277	Consumer Cyclicals
MCEM	The Monarch Cement Co.	10.00%	158	Non-Energy Materials
PSX	Phillips 66	53.05%	284	Energy
SCHL	Scholastic Corp.	1.97%	25	Consumer Services
THFF	First Financial Corp. (Indiana)	14.23%	262	Finance
VLO	Valero Energy Corp.	8.00%	123	Energy
WEYS	Weyco Group, Inc.	32.06%	95	Consumer Cyclicals

Red Flag Alert

Last week, I talked about how the *Titanic Syndrome* is flashing warning signs that the market is in trouble.

Whether or not the major indexes hit the iceberg and sink to the abyss is anyone's guess.

However, following up on last week's theme of deteriorating conditions among stocks outside the handful of giant companies driving the market higher, I wanted to share another indicator.

The indicator is called the *Hi-Lo Logic Index*.

Like the *Titanic Syndrome*, the *Hi-Lo Logic Index* is new to me.

The index was created in 1979 by Norman Fosback. I remember having his book in our home library as a young kid, but I do not specifically recall the *Hi-Lo Logic Index*.

According to *SentimenTrader.com*, here's how the indicator is constructed.

"*Intended as a way to observe "split" market conditions, it looks for times when there are both a large number of 52-week highs AND 52-week lows among securities on the exchange. When there are a lot of both, the market is severely split between winners and losers, and it tends to be negative for stocks. When there is a very low number, then the market is heavily one-sided, which tends to be a positive for stocks. The indicator is traditionally interpreted over a longer time frame, so we suggest viewing it with a 10-day moving average."*

It's another way of measuring breadth.

There is no question that market breadth has diverged from higher index values.

This bearish divergence is a warning sign.

Our very own *Risk-O-Meter* is flashing the same red flag.

What's concerning about the *Hi-Lo Logic Index* is that it's at the highest level in 20 years.

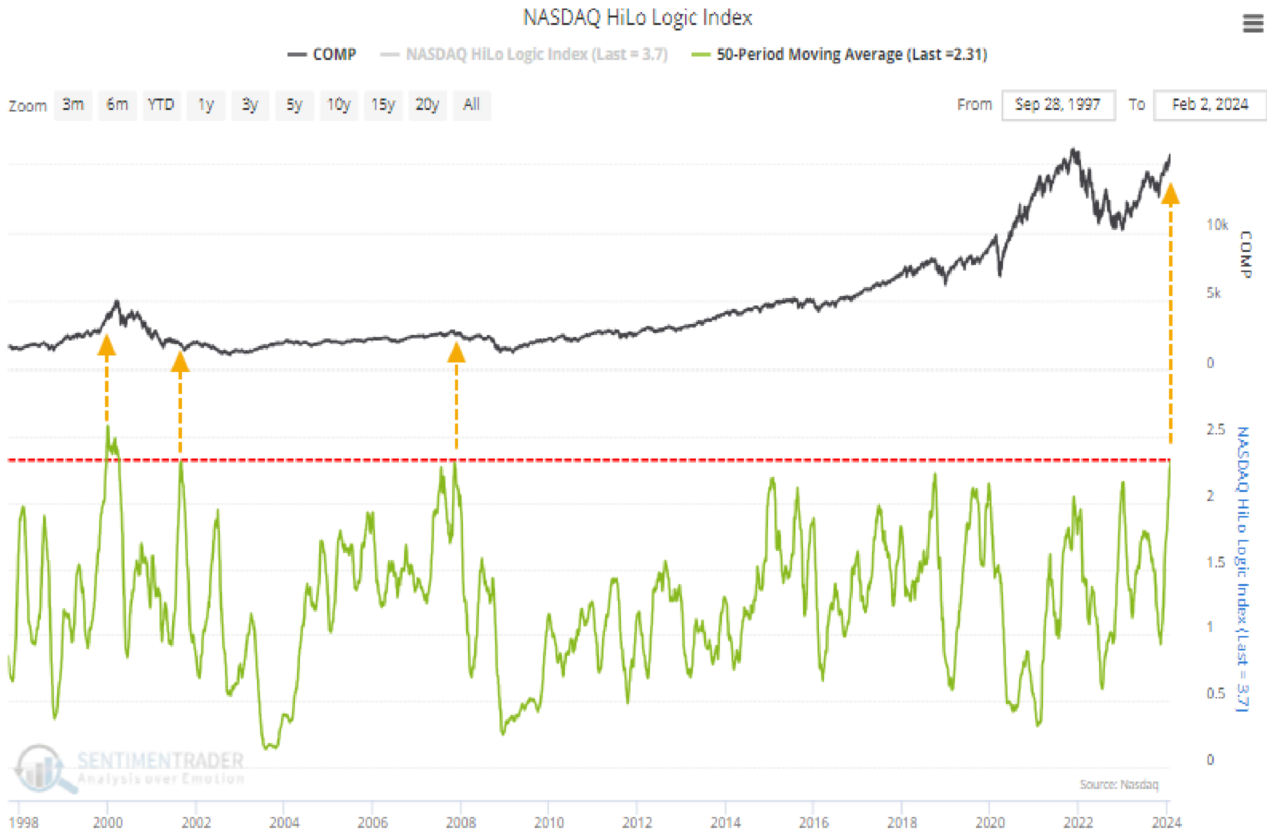
As a result, the indicator is screaming at the top of its lungs that market conditions are unhealthy despite the indexes near all-time highs.

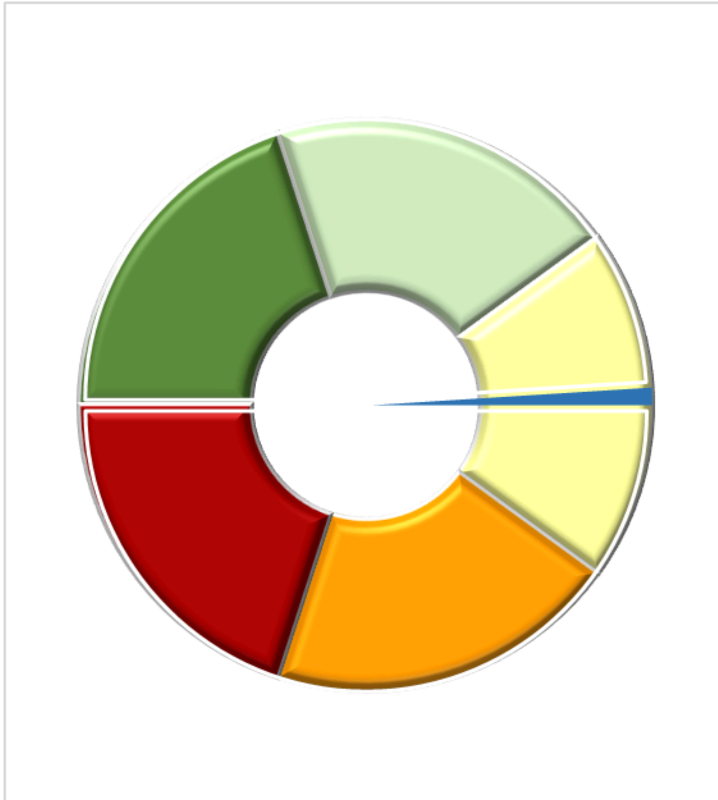
This century's three prior "sell" signals were all met with aggressive selling soon after that.

Again, anything can happen from here, and no one can predict with certainty what will happen in the market over the short term.

That said, it's worth noting that the underlying conditions of the market could be better.

At the very least, traders should consider tightening stops to protect profits.





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