



All Bullied Up

As I have talked about the last couple of weeks, the performance of Nvidia stock has been **the key** contributor to index returns in 2024.

Investors see the indexes up, and it makes them bullish.

However, few stocks are participating, and Nvidia's strength is masking the weakness of the average stock.

Instead of being bullish, investors should be concerned.

At extreme levels of bullishness, *I am concerned*.

We are at extreme levels, and folks are all bullied up with nowhere to go.

I live my life by the George Costanza Principle.

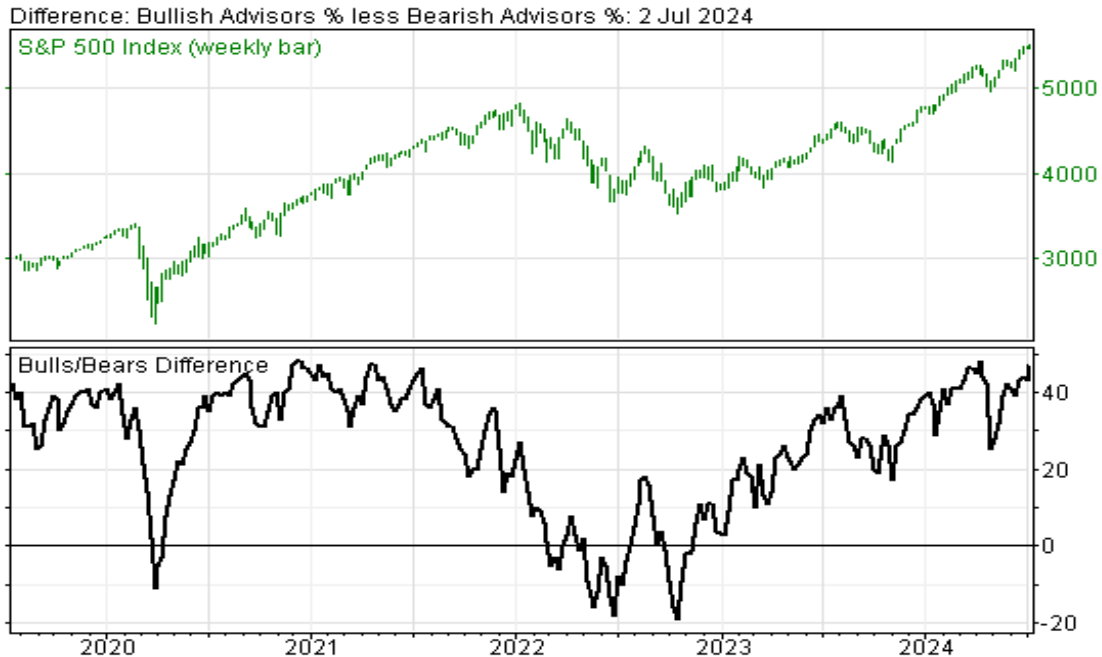
I stole this idea from watching *Seinfeld* and wrote about it in my book *Unbounded Wealth*.

I do the opposite of other people.

If I stay out of my way, I'll be much better off than most people.

It works.

Here's a chart of the bullish and bearish advisors courtesy of *Investors Intelligence*, showing we need to think about doing the opposite of the masses.



What follows is a snippet of the discussion from *Investors Intelligence* that helps provide context for where we are today and the risks involved.

*The latest index highs advance the **bulls** to **63.1%**, from 61.5% last issue. That exceeds the end of Mar peak count of 62.5% for the most bulls since 2021. Remember, market tops form over months, and lofty bull readings can persist. Market bottoms occur much quicker! Bulls above 60% point to elevated risk, suggesting limited funds on the sidelines to power markets higher. After the late May peak markets retreated just over 5% and the bulls fell to 46.2%. That was near their late Sep-23 count of 42.9%. In a bull market those lower bulls signal diminished risk to buy. Lofty bull numbers are negative for contrarians. After a significant bear market decline, such as in 2022 (after the 2021 top signals), we expect to see the bulls below 30%. This occurred early Oct-22 (bulls at just 25.0%) suggesting a major market trend shift and buying chance.*

*The **bears** fell to **16.9%**, from 18.5% last week. That is the fewest since just 14.1% bears late Mar-24, which also saw the last high for the bulls. Those shifting away from long-term pessimism want to participate in the market advance before the major selloff they still anticipate occurs. The remaining bears express doubt at the Fed's scenario that falling inflation will allow rate cuts by year's end. Some project a worldwide recession, including a negative for the US economy.*

*The **bull-bear spread** expanded **+46.2%**, from +43.0% last issue. The **difference** holds in the elevated risk danger zone above 40%, approaching the end of Mar extreme of*

+48.3%. After that stocks declined and the bull-bear spread contracted to +24.7%, lowering risk. That may certainly occur again. Spreads above 40% signal elevated danger as they expand. Smaller differences, such as +17.2% late Oct-23, are buying chances in a bull market. In a bear market, such as late 2022, there were nine weeks with more bears than bulls (a negative spread), including -19.1% early Oct-22. Negative differences signal diminished risk and allow for broad accumulation.

Now, the rally will continue until it doesn't.

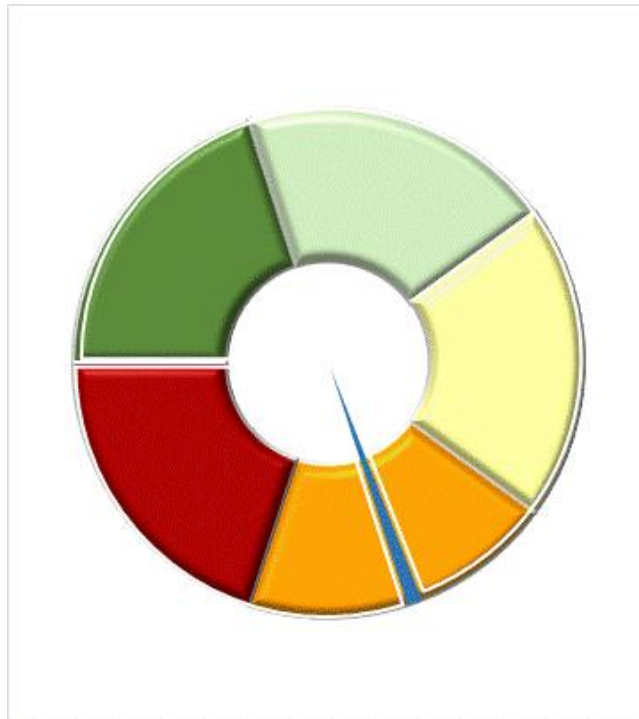
However, you'll see a loss of momentum and have time to react...unless there's an outright crash.

That said, we are in a unique situation where Nvidia is masking a bear market in many stocks.

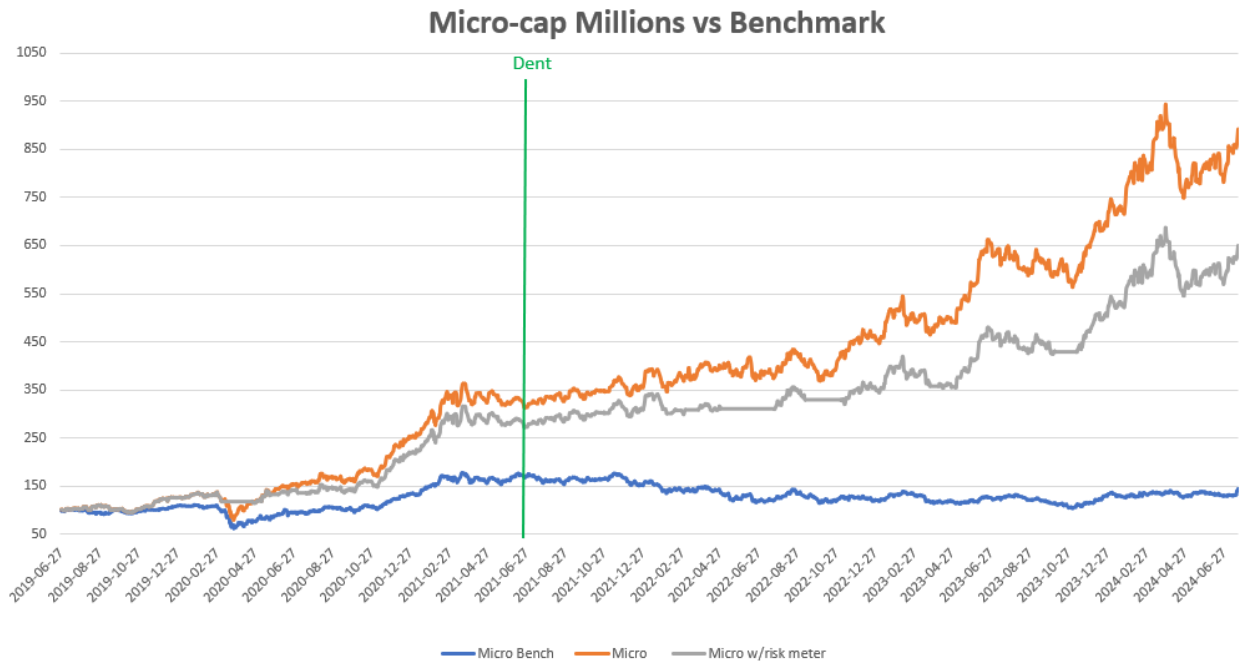
As I showed a couple of weeks ago, more stocks are hitting 52-week lows than 52-week highs, even though the index is making multi-year highs.

That **rarely** happens.

As a result, you need to be on high alert!!!



Micro-Cap Millions



There is one trade this week.

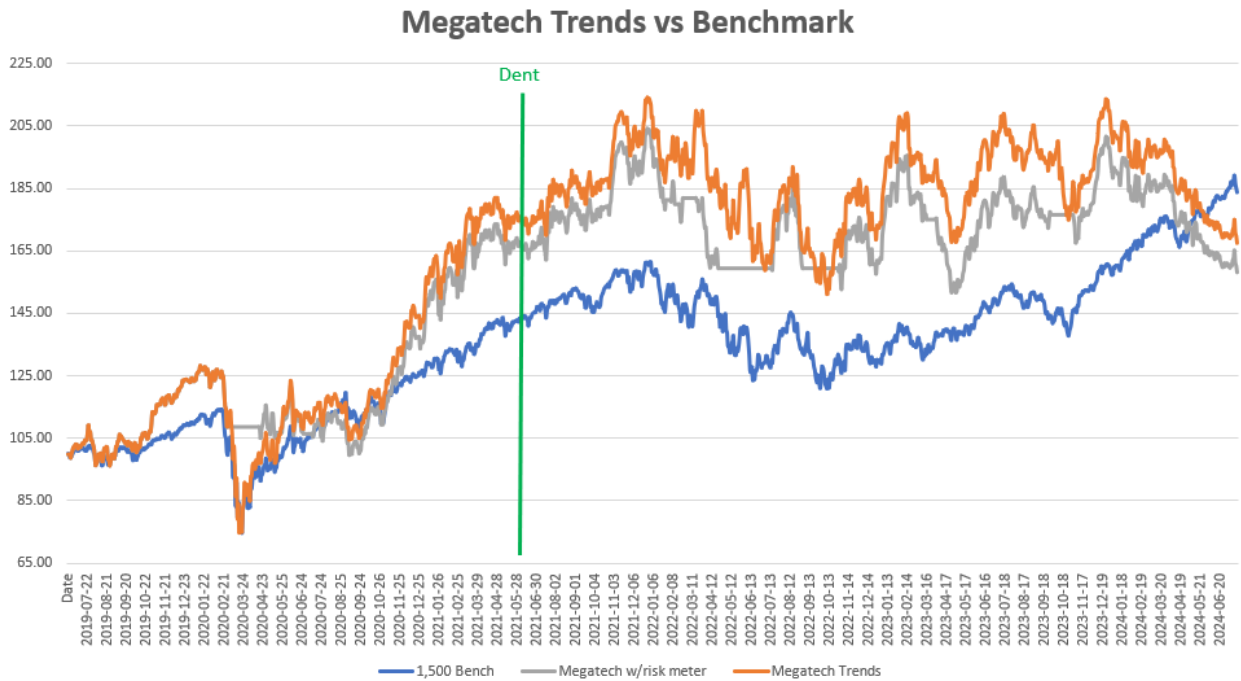
Buy Kamada Ltd. (Nasdaq: KMDA)

Sell Acacia Research Group (Nasdaq: ACTG)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ALOT	AstroNova, Inc.	-11.58%	88	Technology
BWAY	Brainsway Ltd.	12.34%	123	Healthcare
DDI	DoubleDown Interactive Co., Ltd.	-9.06%	150	Technology
DSP	Viant Technology, Inc.	116.14%	263	Technology
ELMD	Electromed, Inc.	14.56%	150	Healthcare
IMMR	Immersion Corp.	46.27%	67	Technology
KMDA	Kamada Ltd.	0.00%	NEW	Healthcare
MPTI	M-tron Industries, Inc.	11.03%	67	Technology
RDVT	Red Violet, Inc.	23.32%	67	Technology
WYY	WidePoint Corp.	35.31%	60	Technology

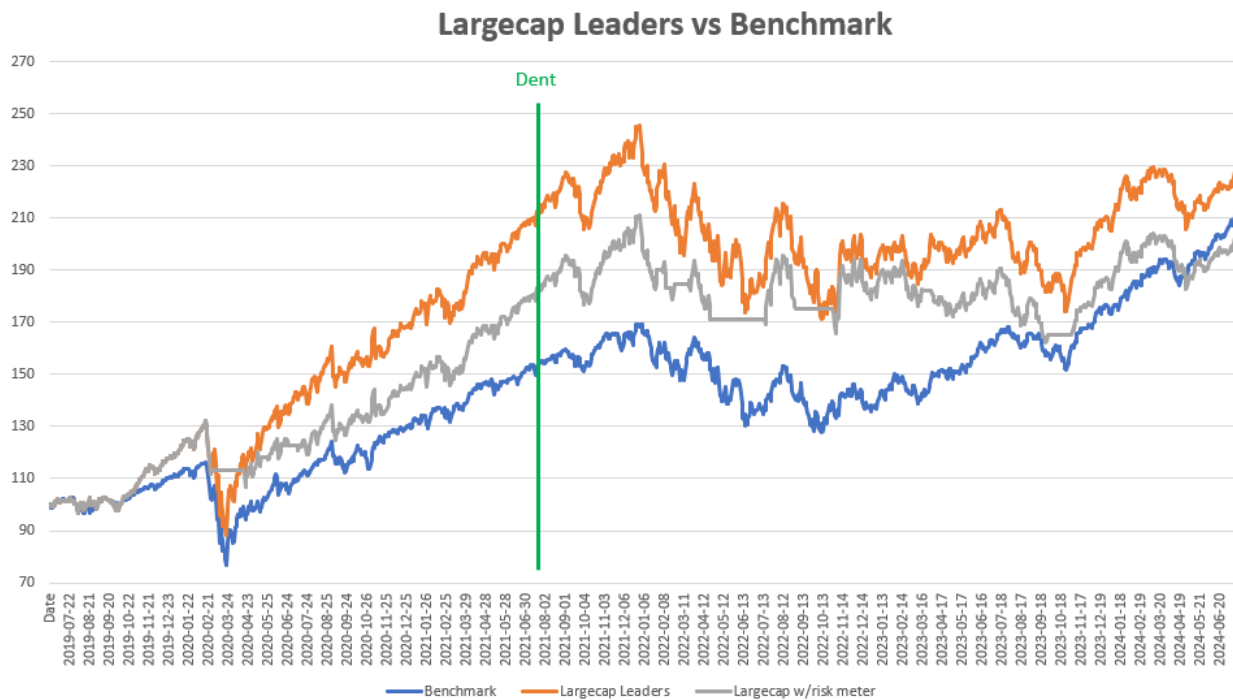
Mega-Tech Trends



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

Ticker	Name	Return	Days Held	Sector
ABBV	AbbVie, Inc.	3.03%	11	Healthcare
ATEN	A10 Networks, Inc.	-1.02%	11	Technology
CVLT	Commvault Systems, Inc.	-2.32%	11	Technology
DLB	Dolby Laboratories, Inc.	-1.16%	11	Technology
FFIV	F5, Inc.	1.95%	11	Technology
GDDY	GoDaddy, Inc.	0.84%	11	Technology
NXPI	NXP Semiconductors NV	-1.53%	11	Technology
QCOM	QUALCOMM, Inc.	-8.96%	11	Technology
RMBS	Rambus, Inc.	-5.82%	11	Technology
YELP	Yelp, Inc.	2.34%	11	Technology

Large Cap Leaders



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

Ticker	Name	Return	Days Held	Sector
ABBV	AbbVie, Inc.	3.03%	11	Healthcare
FFIV	F5, Inc.	-2.63%	179	Technology
GDDY	GoDaddy, Inc.	0.84%	11	Technology
GILD	Gilead Sciences, Inc.	8.80%	11	Healthcare
GRMN	Garmin Ltd.	5.03%	11	Technology
IBM	International Business Machines Corp.	4.11%	11	Technology
META	Meta Platforms, Inc.	-10.80%	11	Technology
NTAP	NetApp, Inc.	-2.19%	11	Technology
NXPI	NXP Semiconductors NV	-1.51%	11	Technology
QCOM	QUALCOMM, Inc.	-8.87%	11	Technology

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