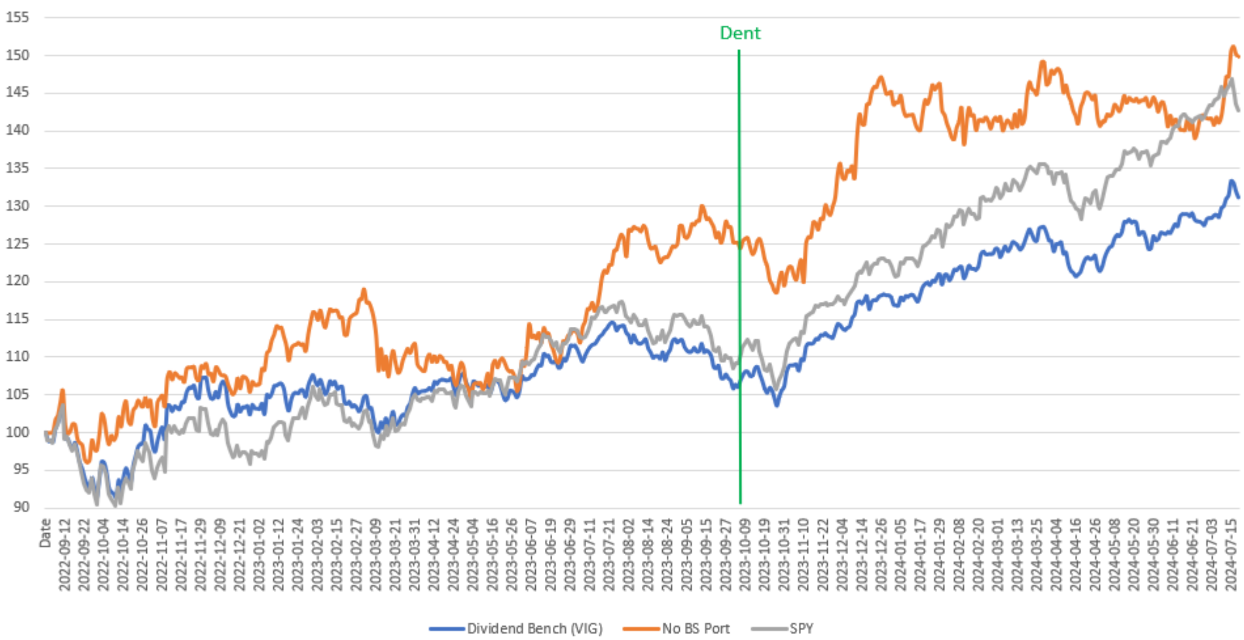
July 22, 2024

The NO BS Growth and Income Portfolio

By John Del Vecchio



No Trades This Week

Current Portfolio July 22, 2024

Ticker	Name	Return	Days Held	Sector
ADM	Archer-Daniels-Midland Co.	4.63%	25	Consumer Non-Cyclicals
BURCA	Burnham Holdings, Inc.	-1.17%	102	Industrials
CBFV	CB Financial Services, Inc.	11.57%	25	Finance
CBKM	Consumers Bancorp, Inc.	-4.24%	60	Finance
FUSB	First US Bancshares, Inc.	8.38%	109	Finance
MCEM	The Monarch Cement Co.	42.68%	312	Non-Energy Materials
RSKIA	George Risk Industries, Inc.	4.08%	74	Technology
SGU	Star Group LP	1.72%	4	Energy
THFF	First Financial Corp. (Indiana)	29.80%	416	Finance
WEYS	Weyco Group, Inc.	34.30%	249	Consumer Cyclicals

All Bulled 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 weakness in the average stock.

See last week's issue for that discussion.

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 bulled up with nowhere to go.

I live my whole life by the George Castanza principle.

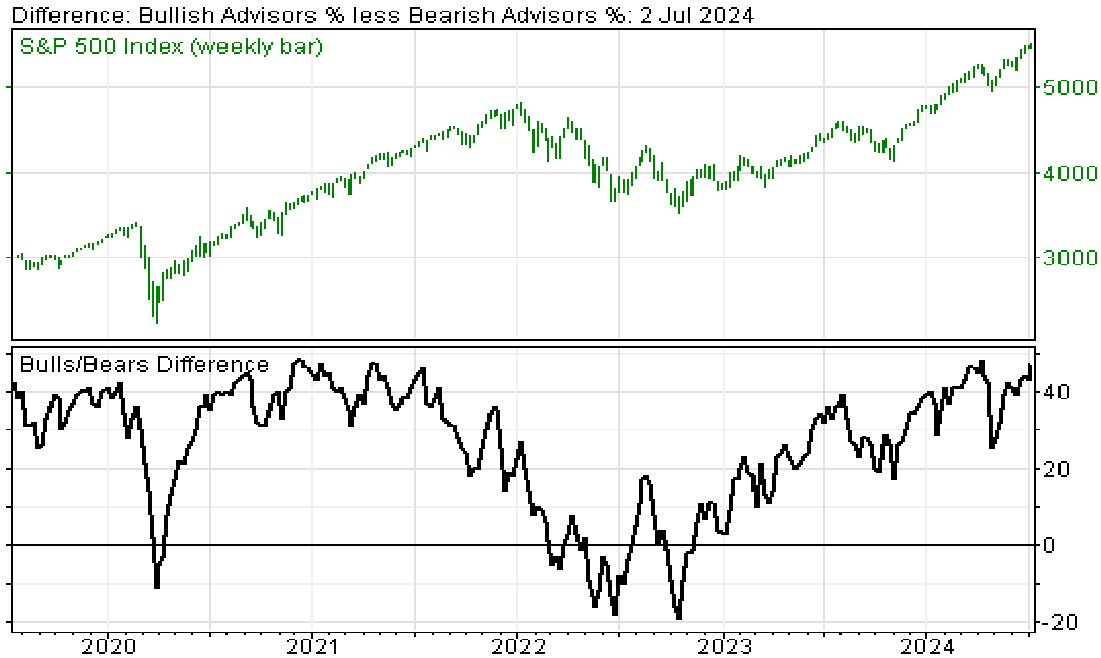
It's an idea I stole from watching *Seinfeld* and I wrote about in my book *Unbounded Wealth.*

I do the opposite of other people.

If I stay out of my own way, I'll end up 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 be thinking about doing the opposite of the masses.



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

*The latest index highs advance the **bulls** to **63.1%,** from 61.5% last issue. That just 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 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 at +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.

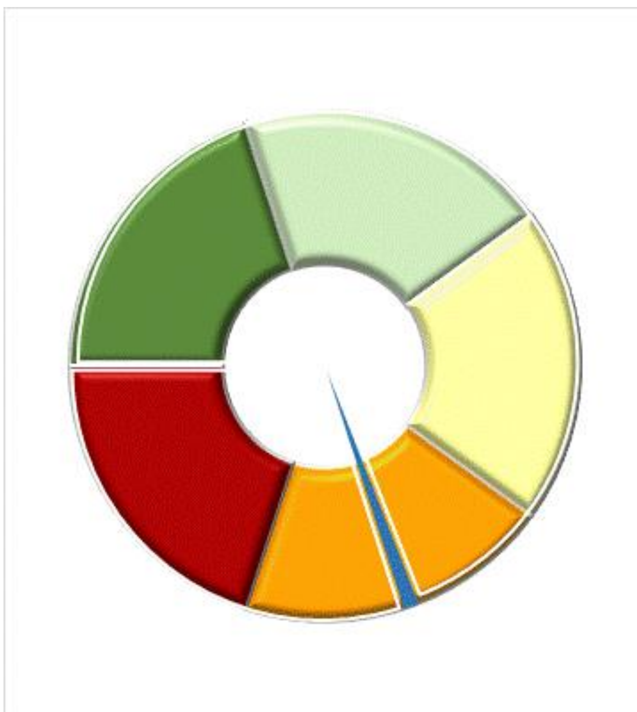
However, you'll see a loss of momentum and have time to react…unless there's an outright crash.

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

As I showed last week, 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!!!



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