



Harry's Take

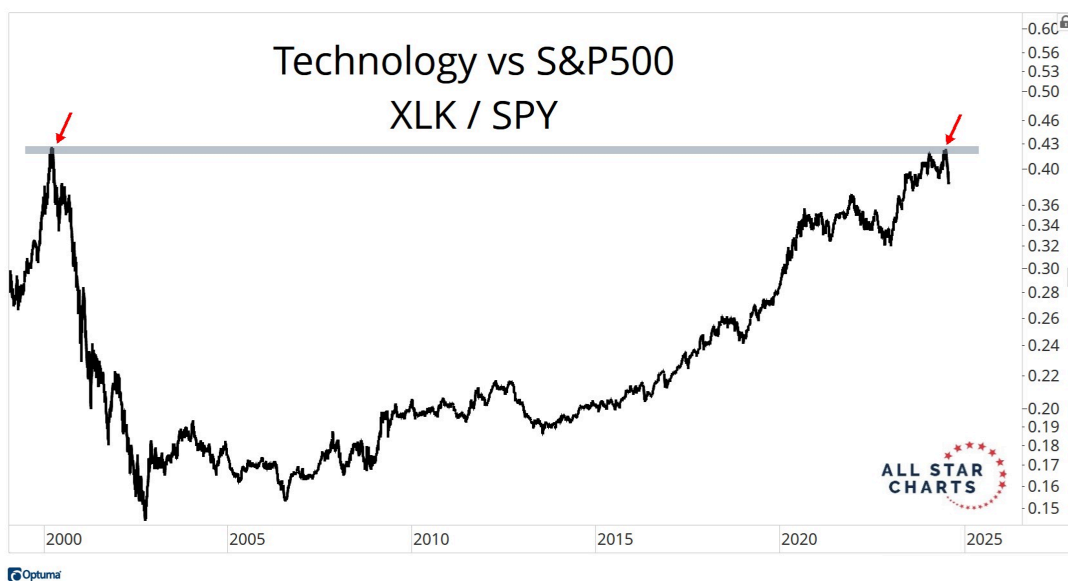
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Another Sign of Speculative Fervor

At the top of a major bull market as opposed to a correction on the way up, you don't just look for healthy growth in bullish expectations, you expect to see signs of increasing speculation. As investors get more bullish and confident, they start adding leverage as well as focusing more on the speculative sectors, like technology. It's in the later stages of a longer bull run or bubble that everyday investors pile into the largest tech stocks, as we have already seen in spades.

This chart shows another measure of increasing speculative sentiment. It measures the XLK (technology sector) to SPY (S&P 500) ETF ratio of buying.

Another Sign of a Long-Term Top: High Speculation in Tech Stocks



Source: <https://allstarcharts.com/>

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This ratio just hit the same level as in early 2000 just before the first tech bubble peak and crash, and it looks like it already knows it did it. It may be running downhill already!

Harry

Got a question or comment? You can contact us at info@hsdent.com.