



Modest Nibbling

A few days after the early August market smash, I bought a bit for my taxable account.

However, I only purchased about half of what I intended to, as the market has risen consistently since then.

Years ago, when I managed a hedge fund, I subscribed to an institutional research product called *Lowry's*.

Lowry's has been around for decades. I wouldn't be surprised if it's been around for 100 years.

Lowry's focus is on technical indicators, which, as a balance sheet reader myself, I found helpful because, at the time, technical indicators were not in my wheelhouse.

Based on their research, which dates back a hundred years before they started, it's quite common for the market to rise for about seven days *after* a big smash.

So, what we are witnessing isn't out of the ordinary.

It's to be expected.

The question from here is what happens next.

No one knows.

So, we can only play the odds.

I would not be surprised to see a pullback and a test of the index levels that occurred with the smash.

However, that may not occur.

If the market does not move back to those levels and does not become oversold again in the next week, I will cease buying and return the funds to my money market account.

There surely will be times in the future for aggressive buying.

One key point worth noting, however, is that this rally has been on light volume.

Not a lot of aggressive buying.

That's a red flag.

Here's a chart sent to me by a friend.

Notice the market has risen but the volume has fallen.

That's a bearish divergence and worth keeping an eye on.



Here's an approximate breakdown of the purchases as a total of the funds allocated to new trades.

Schwab Small-Cap ETF (SCHA) – 50%

Schwab Broad Market ETF (SCHB) – 25%

Schwab Emerging Market ETF (SCHE) – 25%

Long-time readers of my newsletters know that I believe the gap between small-caps and large-caps in the U.S. will close.

I do not know when.

But it has to be this way.

It always is.

Eventually, the gap will close because the spread between small-caps and large-caps becomes so vast that "value" buyers come in and start buying the unloved asset class.

That's small-caps.

The gap has been widening for a couple of decades.

And, of course, we know that about seven companies dominate U.S. large caps.

That will change, too.

It always does.

The same is true with emerging markets in that the asset class has lagged badly.

U.S. large-caps have been one of the best-performing asset classes you can own for years.

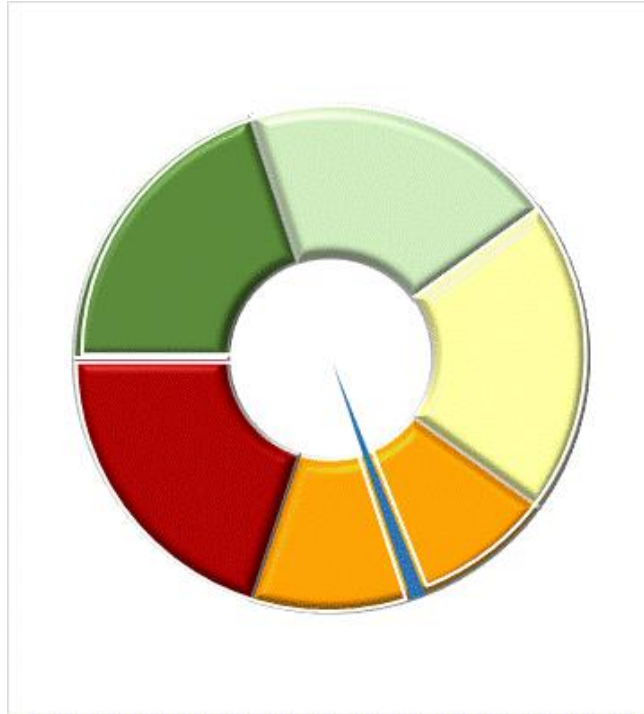
I own plenty, so that has been good.

Chances are you own plenty, too.

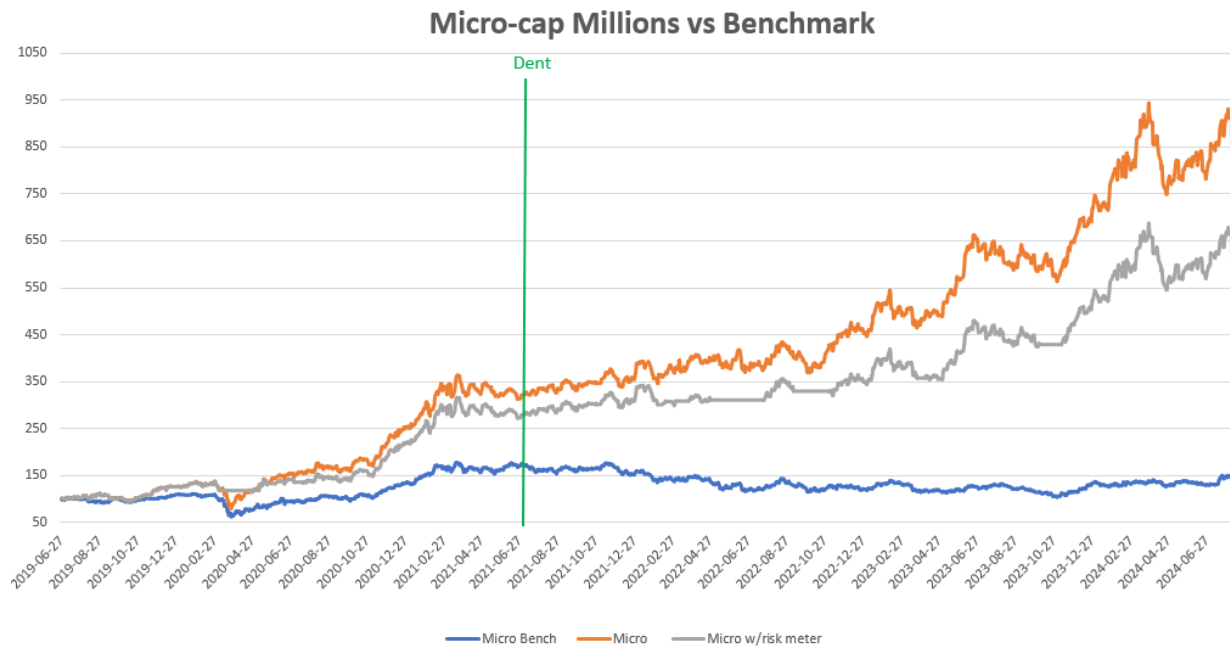
But the easiest money will come from these gaps closing.

No one knows when it will happen, and it could happen quickly.

Thus, one must be prepared ahead of time.



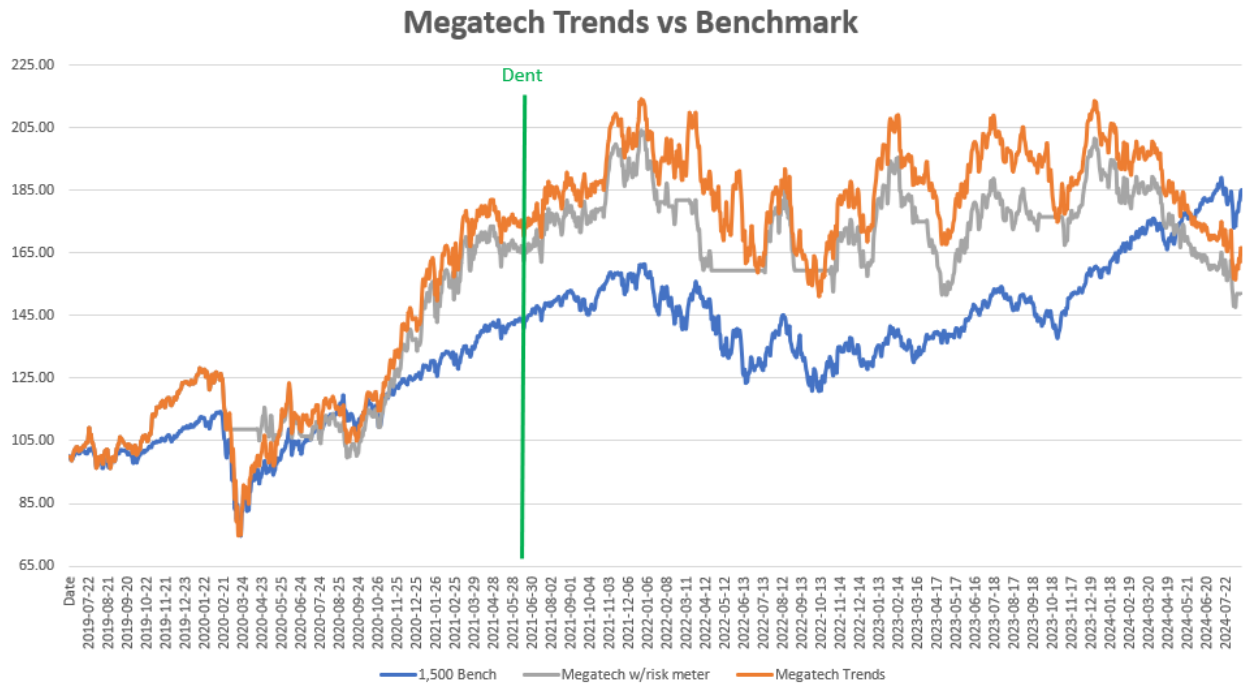
Micro-Cap Millions



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

Ticker	Name	Return	Days Held	Sector
ALOT	AstroNova, Inc.	-16.54%	116	Technology
BWAY	Brainsway Ltd.	32.39%	151	Healthcare
DDI	DoubleDown Interactive Co., Ltd.	0.02%	178	Technology
DSP	Viant Technology, Inc.	103.57%	291	Technology
ELMD	Electromed, Inc.	10.26%	178	Healthcare
KMDA	Kamada Ltd.	-4.15%	25	Healthcare
MPTI	M-tron Industries, Inc.	25.17%	95	Technology
MTLS	Materialise NV	-12.82%	11	Technology
RDVT	Red Violet, Inc.	38.93%	95	Technology
WYY	WidePoint Corp.	39.40%	88	Technology

Mega-Tech Trends



There is one trade this week.

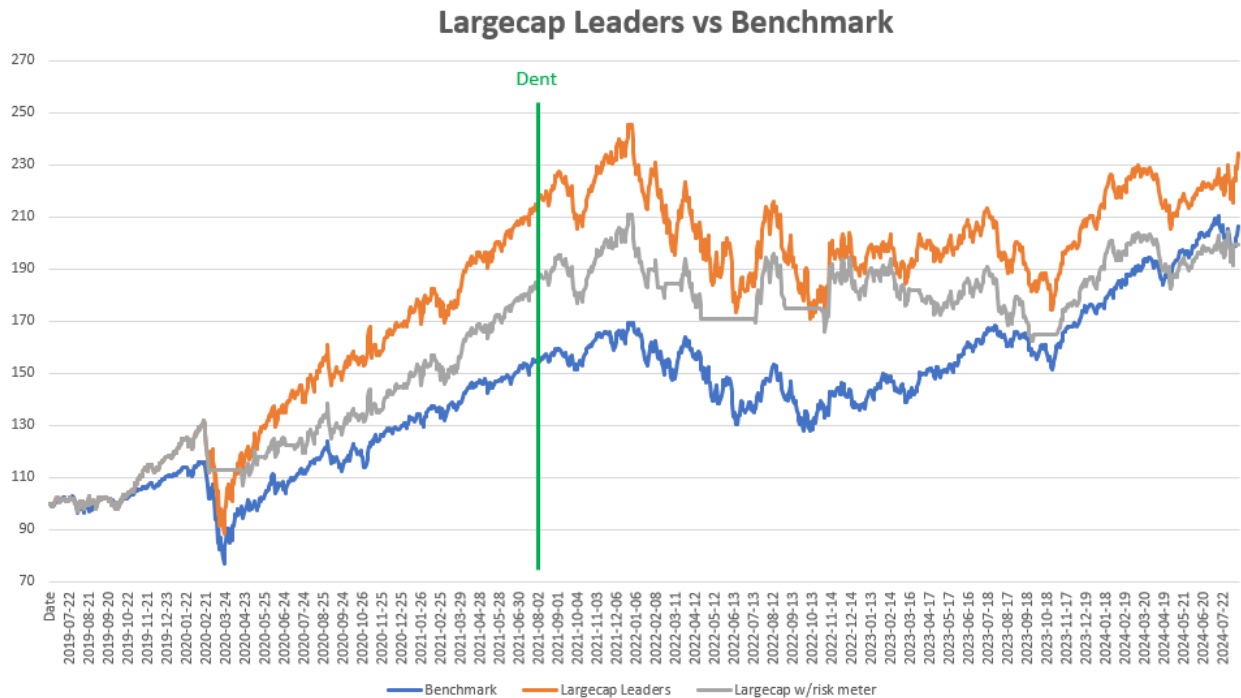
Buy Qorvo, Inc. (Nasdaq: QRVO)

Sell Yelp, Inc. (NYSE: YELP)

Here is the current portfolio.

Ticker	Name	Return	Days Held	Sector
FFIV	F5, Inc.	13.69%	39	Technology
GDDY	GoDaddy, Inc.	13.63%	39	Technology
JAZZ	Jazz Pharmaceuticals Plc	-0.36%	4	Healthcare
JNJ	Johnson & Johnson	-2.73%	11	Healthcare
META	Meta Platforms, Inc.	7.95%	11	Technology
NTAP	NetApp, Inc.	4.06%	21	Technology
NXPI	NXP Semiconductors NV	-6.20%	39	Technology
QCOM	QUALCOMM, Inc.	-13.97%	39	Technology
QRVO	Qorvo, Inc.	0.00%	NEW	Technology
RMBS	Rambus, Inc.	-18.20%	39	Technology

Large Cap Leaders



There is one trade this week.

Buy Bristol Myers Squibb Co. (NYSE: BMY)

Sell Gilead Sciences, Inc. (Nasdaq: GILD)

Here is the current portfolio.

Ticker	Name	Return	Days Held	Sector
AVGO	Broadcom Inc.	11.22%	21	Technology
BMY	Bristol Myers Squibb Co.	0.00%	NEW	Healthcare
FFIV	F5, Inc.	8.57%	207	Technology
GDDY	GoDaddy, Inc.	13.61%	39	Technology
JNJ	Johnson & Johnson	-2.70%	11	Healthcare
META	Meta Platforms, Inc.	-0.38%	39	Technology
NTAP	NetApp, Inc.	1.62%	39	Technology
NXPI	NXP Semiconductors NV	-5.69%	39	Technology
QCOM	QUALCOMM, Inc.	-13.17%	39	Technology
QRVO	Qorvo, Inc.	3.06%	11	Technology

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