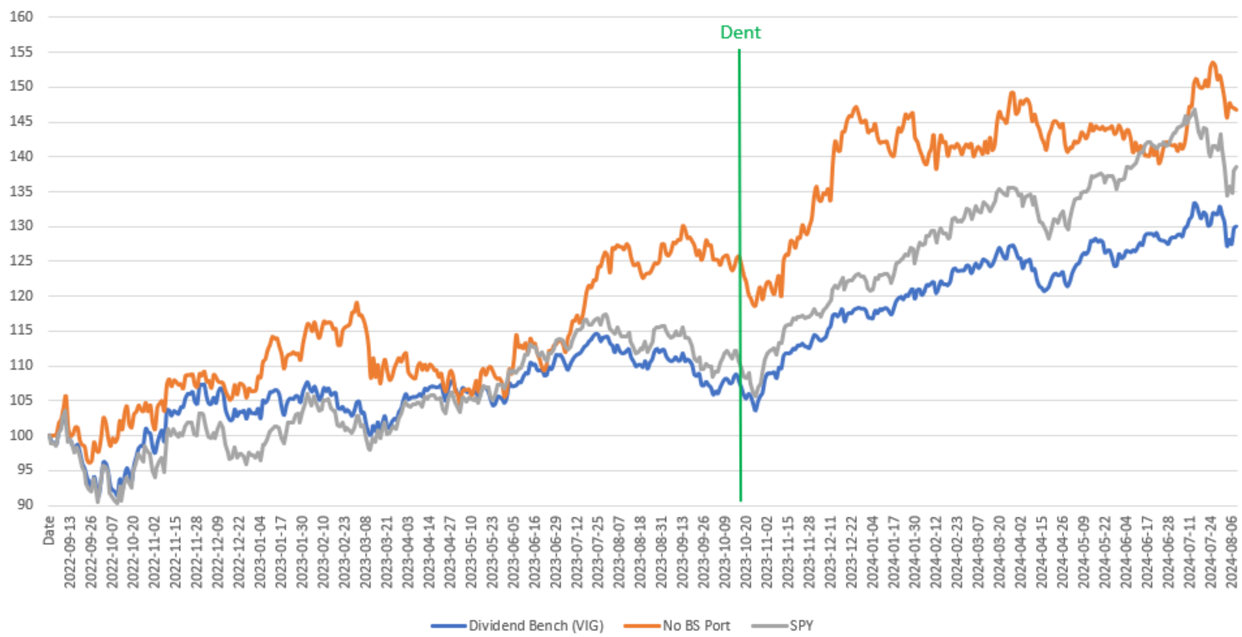
August 12, 2024

The NO BS Growth and Income Portfolio

By John Del Vecchio



Two Trades This Week

Buy Hyster-Yale (NYSE: HY) and Sunoco (NYSE: SUN)

Sell UGI Corp. (NYSE: UGI) and Weyco Group (Nasdaq: WEYS)

Current Portfolio August 12, 2024

Ticker	Name	Return	Days Held	Sector
CBKM	Consumers Bancorp, Inc.	1.65%	81	Finance
CGECF	Cogeco, Inc.	-0.69%	4	Telecommunications
EFIN	Eastern Michigan Financial Corp.	0.56%	14	Finance
FMC	FMC Corp.	-1.67%	4	Non-Energy Materials
FUSB	First US Bancshares, Inc.	10.00%	130	Finance
HY	Hyster-Yale, Inc.	0.00%	new	Industrials
MCEM	The Monarch Cement Co.	35.71%	333	Non-Energy Materials
RSKIA	George Risk Industries, Inc.	8.17%	95	Technology
SUN	Sunoco LP	0.00%	new	Energy
WKC	World Kinect Corp.	-2.06%	4	Energy

Warren Buffett Warning

Warren Buffett's favorite stock market indicator has been flashing red for *years*.

As the chart below shows, equity values as a percentage of GDP are *well* above the upper limit "warning sign" and have been since about 2014.

From a perspective, compare today's values to those of 2000 during the Dot Com Bubble.

The Dot Com Bubble pales in comparison.

Compared with historical extremes on the chart, today's values seem absurd.

Of course, equity values as a percentage of GDP are *not* a market timing signal.

Not a good one anyway.

If it were, it would have missed a *massive rally* in the last ten years.

Buffett's favorite indicator *is* a measure of risk.

Indicators are a guide only.

Just because an indicator is flashing warning signs does not mean the stock market will crash.

No one knows what’s going to happen.

The indicator means that when the market turns, the downside is significant because market valuations are stretched.

Thus, if we expect 15-20% losses in an ordinary course of business, we might see 30-60% losses from here.

We won’t know until the bloodbath is over.

The risk/reward ratios could be more favorable.

At least, not compared to 2009, when buying stocks was a layup.

That said, the trend is still up, and trends are the most important indicator.

Price captures everything.

Nothing better indicates where we are headed than the price trend.

The trend is your friend until then end when it bends.

When this one bends, brace yourself (and a new trend will start to the downside) because we are deep into the danger zone.

Of course, Buffett sees this too.

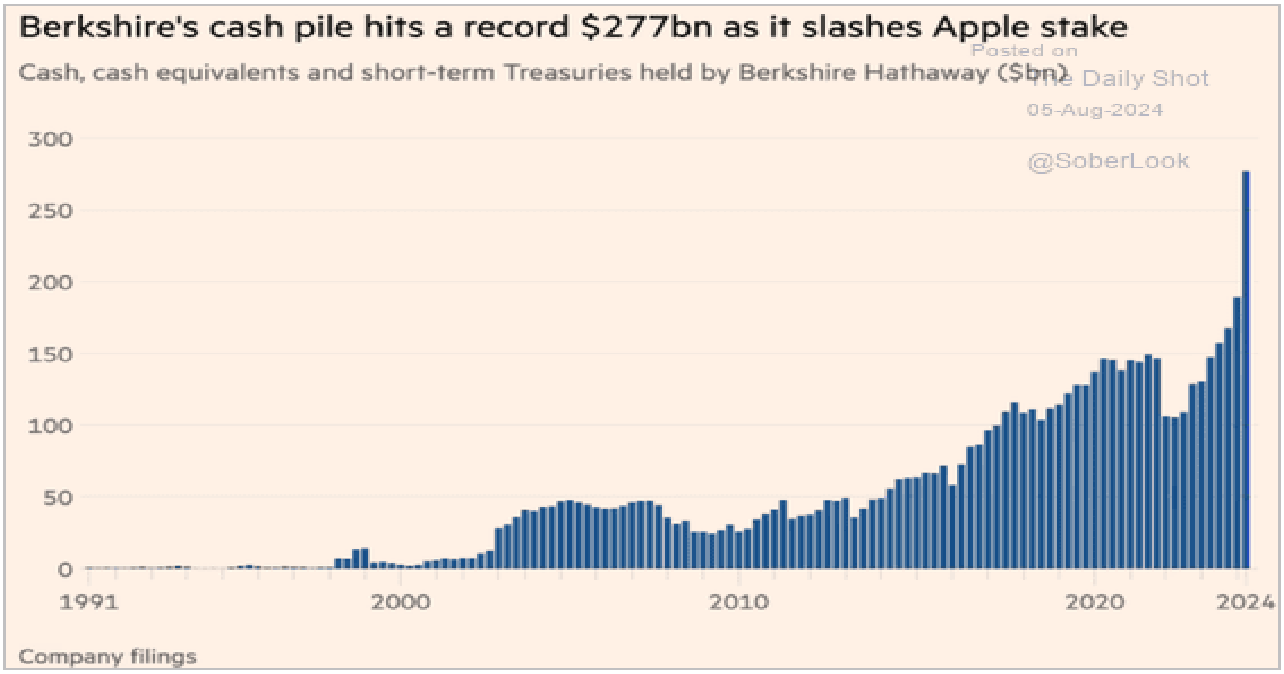
And he's taking action.

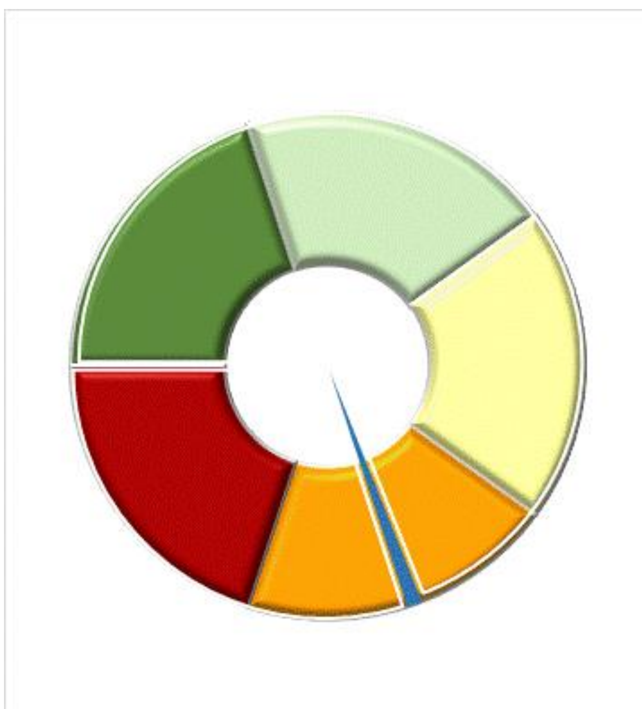
Take a look at his cash stockpile!

Buffett's favorite indicator generated more extreme readings as time passed, and his cash pile exploded.

Meanwhile, he's been blowing out of stock of the best companies in the world.

Just something to be aware of…


Berkshire's cash pile hits a record $277bn as it slashes Apple stake
Cash, cash equivalents and short-term Treasuries held by Berkshire Hathaway ($bn)
Posted on
The Daily Shot
05-Aug-2024
@SoberLook
300
250
200
150
100
50
0
1991
2000
2010
2020
2024
Company filings



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