



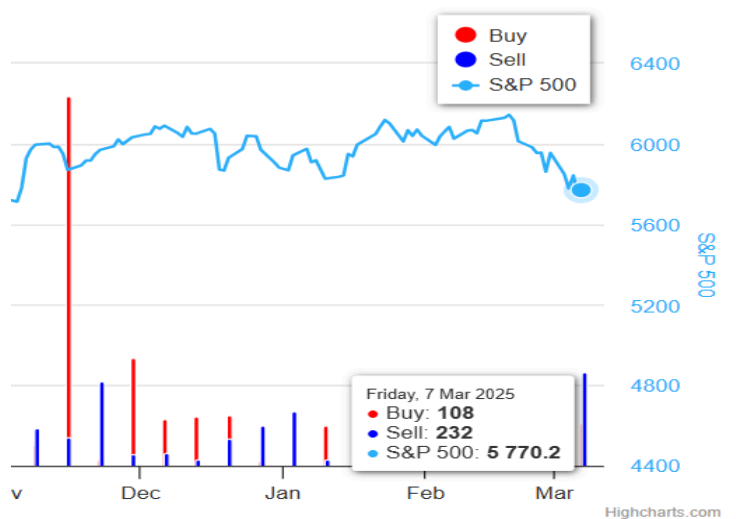
Buying the Dip 3-13-25

I continued to buy the dip over the past few days despite my plans to back off early last week. My reasons are twofold: part technical and part news driven.

On the technical front, I noticed that the indicator that informed me of the deeply oversold conditions in the market—*Investors Intelligence's Short-Term Composite*—had generated a *bullish divergence*. The indexes got hit hard, but the indicator rallied slightly.

After Monday's bloodbath. The indicator came back in. So that was a temporary positive blip. Of course, over the weekend I cannot predict what will happen on Monday partly driven by a conversation between the president and Maria Bartiromo.

I suspected that we'd start to see more selling climaxes—that is, stocks making new lows but finishing the week higher. This is something I could only know after the fact (I need to wait until Saturday for the data). But I was correct. The data show that selling climaxes outpaced buying climaxes by over two to one. That's an objective sign of accumulation in the market.



It's possible we could see more this week depending on how the second half of the week shapes up.

I didn't buy the dip on Monday or Tuesday but did so Wednesday morning.

The second reason is news driven. First, I generally do not consume news. I do not own a TV, and I do not watch the news. Despite having been a guest on *CNBC* many times, I view news as hazardous to your financial health. I've written about the dangers of news with supporting data in my book *Unbounded Wealth*.

In addition, the handful of times I had personal knowledge of something reported in the news, it's *always* been misreported. Therefore, I am skeptical of the reporting of the millions of news items I know nothing about.

In other words, there's plenty of fake news—plenty of propaganda. There's also a narrative that "they" want you to believe. We are constantly being gaslit.

That said, I decided to go down the rabbit hole to try to figure out the tariff situation. I came up short of finding anything I thought was even remotely objective about the issue. The markets are tanking because of it, and having proper insight into an obscure topic for Americans would be helpful. If you've found anything, please send it my way! I would appreciate it.

At best, the analysis is superficial and overly simplistic.

For example, costs will be passed directly onto the consumer as a tax. The reality is much more nuanced.

After digging, and digging, and digging, I saw this, which is interesting.

Let's make a deal Walmart asks Chinese suppliers to slash prices as it faces Trump tariffs: report



Of course, anyone who has been breathing oxygen for 30-40 years knows Wal-Mart aggressively squeezes its suppliers. Furthermore, the company regularly loses money on thousands of products on its shelves at any time. Wal-Mart alone is responsible for an over 1% reduction in inflation in the U.S.

It's not that simple that costs will just be pushed onto consumers. Maybe. Maybe not.

The other "conventional wisdom " is that governments that have tariffs imposed on them will not bear the costs.

Except maybe they will...



Manitoba offers tax deferrals to businesses in wake of tariffs

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If I'm an exporter with my business in Manitoba and the government cuts or defers a tax as an offset, what will I do? I will use that to keep prices competitive and weather the storm. It's an advantage over those who don't.

The narrative is that this is terrible for the U.S. despite many other countries imposing tariffs on U.S. products. If it's good enough for them, why is it not good enough for the U.S.?

Sensational headlines about Canadian retailers pulling bottles of Jack Daniels off the shelves make it sound like death for the manufacturer and the loss of jobs (fake news). Those sales account for less than 1% of Brown Forman's top line. The company has already factored it into financial guidance and the stock rallied nearly 11.5% on the week of earnings.

About 99% of the beer sold by Anheuser-Busch sold in the U.S. is made...wait for it...in the U.S. And that's what the pro tariff folks want. Substitution.

All this is to say that we are most definitely being gaslit, and the reality is more nuanced.

Where is the analysis of the total impact of tax policy, regulations, energy policy, and small business policy just to name a few?

If tariffs affect the average family by \$2,000 what if the net impact of all of the above is actually *more* money in people's pockets and real incomes rise?

In today's TikTok world of 3-second sound bites, we don't get that analysis.

The flimflam narratives are not why I decided to dive back in and buy more stock. That had to do with deciding to perform Chinese Water Torture on myself and read through reader comments on numerous news articles.

In other words, what do Joe Sixpack or the investing public think? There should be a disclaimer that says, “read comments of news articles at your own risk!”

The common refrain is that Trump and his advisors are idiots.

I have had personal, high-level dealings with Cantor Fitzgerald. Cantor Fitzgerald is one of the most successful trading firms in the world, and I wouldn't be surprised if it's also the most successful fixed-income trading firm.

I never met Mr. Lutnick, but I dealt with high-level executives just beneath him. I have visited Cantor's NYC headquarters many times and participated in numerous meetings on their trading floor. I had friends at the firm help facilitate those meetings.

They're anything *but* idiots. They're wolves. They're sharks. Very tough. After a while, I decided to walk away from a potential business venture. I felt like I was dealing with the Corleone Family.

Walking away was best for me. Nothing personal. Just business.

I wouldn't want to be the counterpart sitting across a table from Howard Lutnick negotiating a trade deal. He would go Hannibal Lecter on them. He would carve out their liver, eat it in front of them, and wash it down with a bottle of Chianti.

That's what the other countries face.

He won't be brought to tears like Trudeau was the other day talking about tariffs.

He will drink those tears.

I'm thrilled Howard Lutnick is on our side. Secretary of Treasury Scott Bessent, too. He was a highly successful global macroeconomic trader. This involves betting on currencies, commodities, interest rates, and stock indexes, often using *massive* leverage.

To be successful, one must have deep knowledge of the global economy's three-dimensional chess game. Bessent is among the 0.01% of the best.

If anything, these folks are the most qualified at their jobs in recent history.

Now, *maybe* they're wrong. Maybe.

But they're world-class traders. And do you know what world-class traders do?

They figure out they are wrong quickly and cut their losses short.

So, I decided to bet some more on stock indexes and take advantage of the oversold market, which is showing signs of bullish divergences. I also bet that the smartest guys in the room will figure it out and not push an agenda too far if they don't have leverage over the other side.

Let's see how this plays out!

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