



Harry's Take

May 20, 2025

The Russell 2000 Divergence Continues, Hence, Still Bearish

In the June issue I will look again at the long line of successive tops that are pointing to a major long-term top in stocks, not just another correction ahead. One of the most classic is simply when the small cap stocks do not confirm a new high in the longer-term indices. The Russell 2000 just recently retested its top of 2,459 way back on November 8, 2021. It only made a very slight new high at 2,466 on November 25, 2024, and has fallen as low as 1,733 since on April 8.

Russell 2000 Fails to Make Real New Highs; Hence, Still in Divergence



Source: Investing.com

www.hsdcnt.com

There are many divergences building, but this is the most classic and visible. Until the Russell 2000 can break convincingly above 2,466 it's best to continue to assume that a major long-term top is in process here and it will be

followed by a major crash, not even one of those 20%+ corrections that we get at least once a decade.

The first sign would be if the current rally can break back convincingly above the May 15 high of 2,115...

More in the June issue.

Harry

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

Disclaimer: Copyright 2020 HS Dent Publishing LLC. These e-letters (the "E-letters") are created and authored by Harry Dent (the "Content Creator") and are published and provided for informational purposes only. The information in the E-letters constitutes the Content Creator's opinions. None of the information contained in the E-letters constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person. The Content Creator is not advising and will not advise you personally concerning the nature, potential, value or suitability of any particular security, portfolio of securities, transaction, investment strategy or other matter. To the extent that any of the information contained in the E-letters may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. From time to time, the Content Creators or their affiliates may hold positions or other interests in securities mentioned in the Newsletters and may trade for their own accounts on the information presented. The material in these Newsletters may not be reproduced, copied, or distributed without the express written permission of HS Dent Publishing, LLC.