



All Bullied Up and Nowhere to Go

As we head toward the dog days of summer, I have my foot entirely off the gas when it comes to allocating additional capital to the stock market.

Many people like action.

I prefer to make money.

I have no problem *doing nothing*, especially if that's the correct action to take.

After a massive rally, which has padded my account, one indicator I follow closely has me very concerned about the stock market.

Professionals are bullish. Very bullish. That makes *me* bearish.

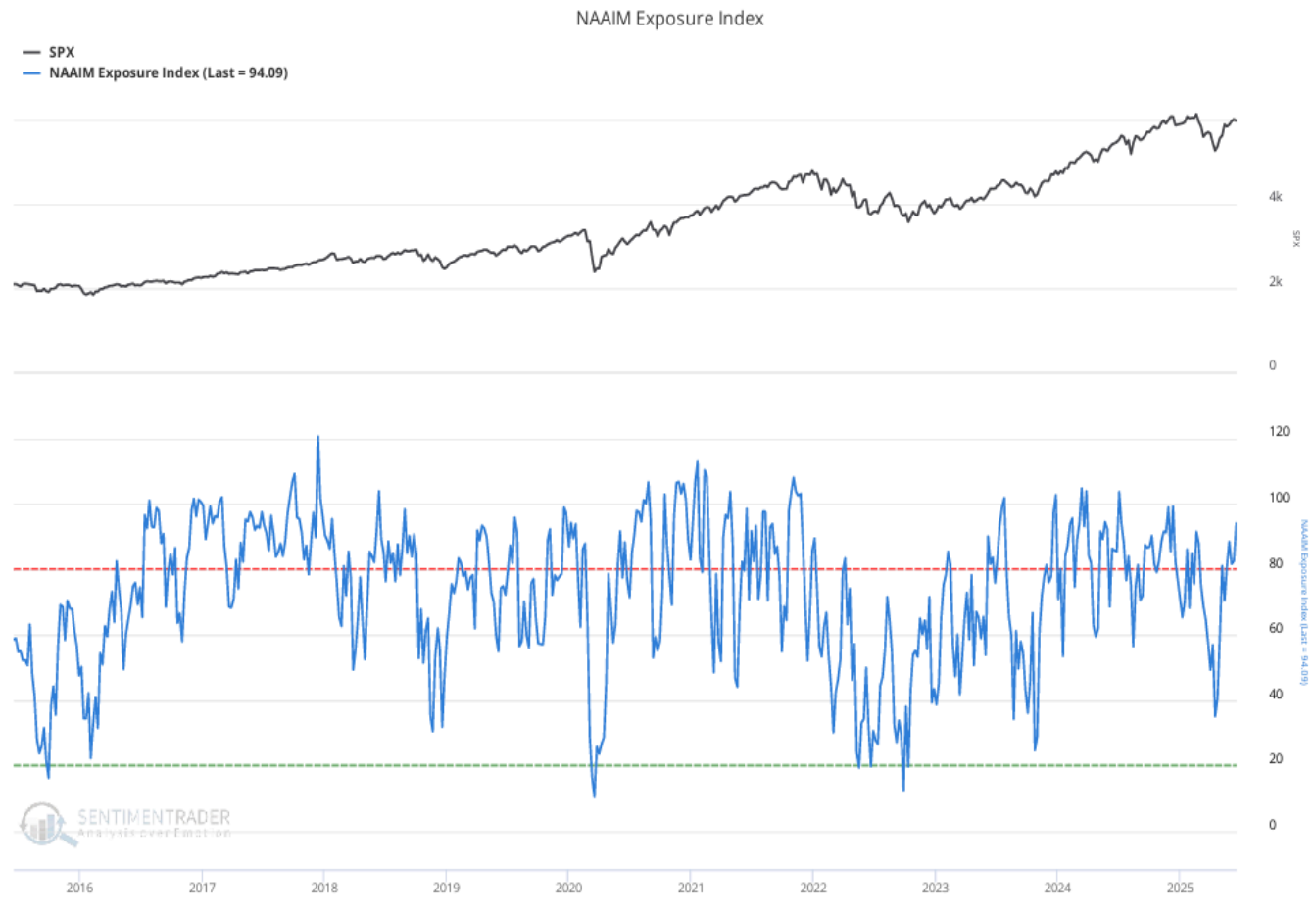
The *National Association of Active Investment Managers Exposure Index* (NAAIM) indicates that professionals are bullish after being underweight stocks during the tariff smash.

As the chart below shows, pros are fully allocated to stocks. When the blue line exceeds the red dotted line, it's time to take the other side of the trade.

Professionals herd together. They hang around together. They attend investment idea dinners and cocktail parties together.

As a group, they are often wrong when leaning in the same direction.

I want to be against them. Now is that time.



I have used this indicator for years. It's important to note that no indicator is correct 100% of the time.

It's a guide.

Markets change. Human nature does not. What's great about the *NAAIM Exposure Index* is it's based on human nature.

Notice that during the tariff surge, the *NAAIM Exposure Index* remained above the green line. That would've been a massive signal to buy stocks aggressively.

However, as I noted in this space, many market indicators were pushed to the floor. I didn't need professionals to be super bearish to take the other side of the trade and buy stocks.

One problem for the markets is that once professionals are fully loaded in stocks, there's not as much buying power available in the future to push markets higher.

We are at that point.

That said, I'm not shorting the market. I'm sitting on my hands. I'm waiting it out. I'm confident there will be a better opportunity to buy stocks from here and that the risk/reward ratio will be much better than it is today.

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