

Sometimes a low is just a low ... and not a shiny new uptrend. The semi washout low in late May, a 5-to-1 down day and a couple of decent up days, seemed to turn things for now. What turned, however, were the Averages and not so much the average stock. If you can't hurry love you certainly can't hurry markets. We all tend to think of it as trending but that's only true if you include sideways as a trend. Markets spend a lot of time going nowhere, consolidating gains or losses. In this case consolidating the 10% gain in the first five months this year. The good news is that 10% in the first five months augurs well for the next seven months. Historically there's a better than 80% win rate after even 5% gains, with the caveat there can be some nasty drawdowns.

The contradiction about this market is that it has been in a momentum correction for almost 3 weeks, though the S&P and NASDAQ made new highs to start the week. The Averages are outperforming the average stock, and that to an even greater extreme on the NAZ. Last week there were more 12-month new lows than new highs there, and the A/D Index made a new low. There always has seemed a bias to the downside in these numbers, so we're not overly concerned. This is, however, the classic pattern of a market top — the Averages remaining strong while most stocks falter. Eventually, there isn't enough liquidity for even the stocks that dominate the Averages. Fortunately, problems like this evolve over time, enough time you will have stopped worrying about them before they matter.

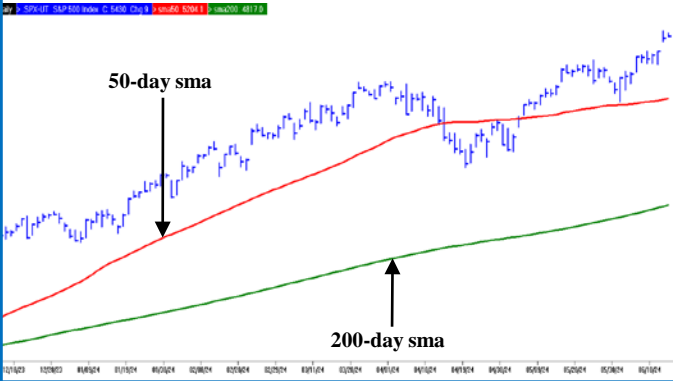
It's Nvidia's (130) world, and the rest are just trying to find a way to play in it. In this case, the rest of them might well be the FANG stocks, the Nvidia's of their day. It's not that they have fared so badly, it's just Nvidia has sucked all the air out of the room. And, of course, there had been that Debbie Downer called Apple (214), which suddenly has come to life. The four names of FANG all are good charts, at or near breakout points. The IYW (150) seems a relevant ETF here, among others. While it's easy to think of these as volatile and therefore risky, over the years they almost seem to have taken on some defensive characteristics, especially in market weakness.

Back in 2014 Blackstone bought 1740 Broadway for 605 million, of which they borrowed 300 million against the 26-story building near Columbus Circle – not exactly a bad neighborhood. The building was recently acquired for less than 200 million, according to the New York Times. Real estate isn't easy, but these guys are supposed to be the experts – and yet. Stick to trading stocks? Like any down and out market there have been a few false dawns here, with more likely to come. A more recent NYT article pointed to the revival in shopping centers where, apparently, pickleball might save the day. While we have little interest in real estate per se, we do follow the regional banks, especially when they act poorly. That said, they did have a good day Wednesday on what wasn't friendly news.

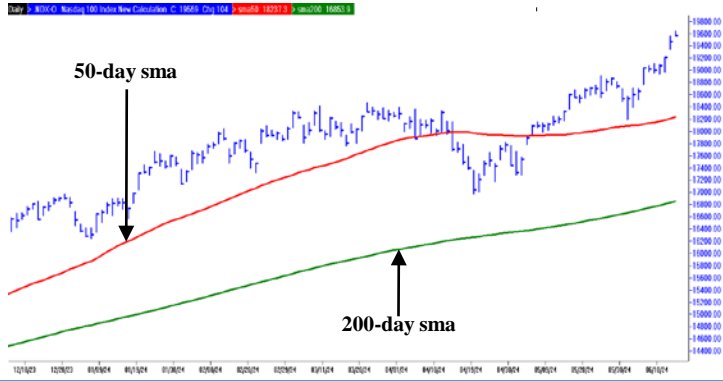
Progress not perfection seemed Powell's message Wednesday, a message seemingly taken by the market as good enough. To look at Parker Hannifin (525), a stock Greenspan used as an economic indicator, or even the Transportation Average, the economy more than rates seems worth a worry. Meanwhile, one day is just that, but a 3-to-1 up day in the A/Ds tells a story more important than the Averages – but no follow through on Thursday. Speaking of the Averages, clearly the NAZ is where it's at. While that's no great insight, the driver from here could expand from AI makers, Nvidia and other Semis, to AI takers, the FANG stocks. Also, we shouldn't forget about Bitcoin, though most days it's tempting. Probably the best investment these days – volume. If these thousand-dollar stocks continue to split 10 for 1, think what it will do for overall volume. Are commissions still based on shares?

Frank D. Gretz

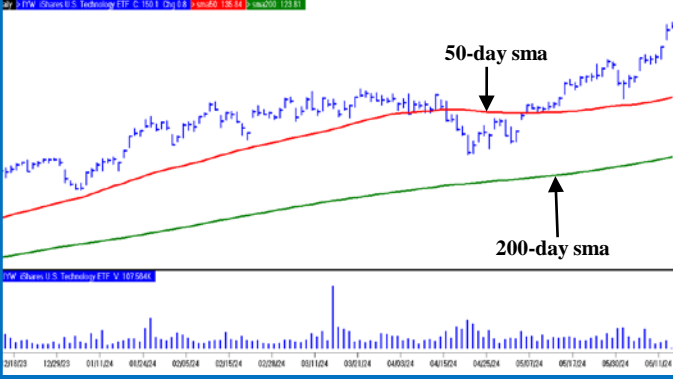
S&P 500 (SPX - 5437) - DAILY



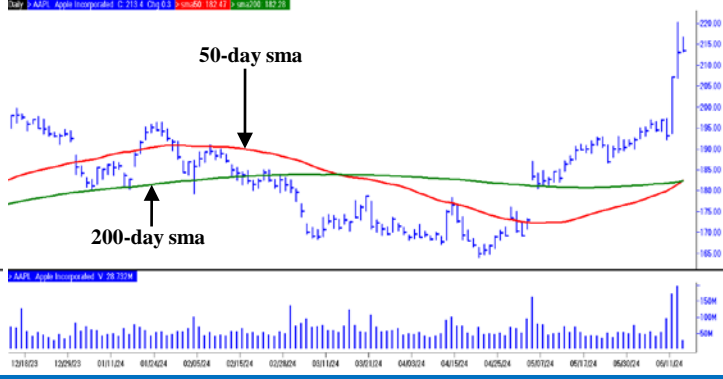
NASDAQ 100 (NDX - 19576) - DAILY



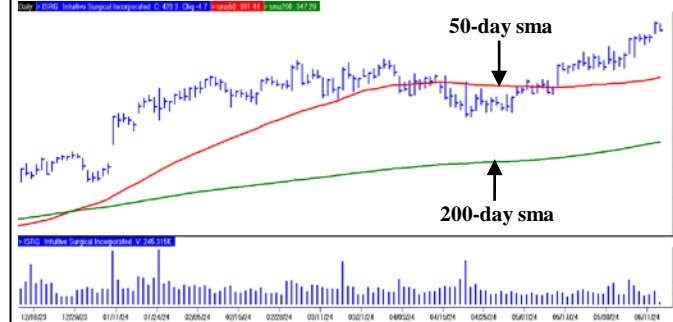
ISHARES US TECHNOLOGY ETF (IYW - 150) - DAILY



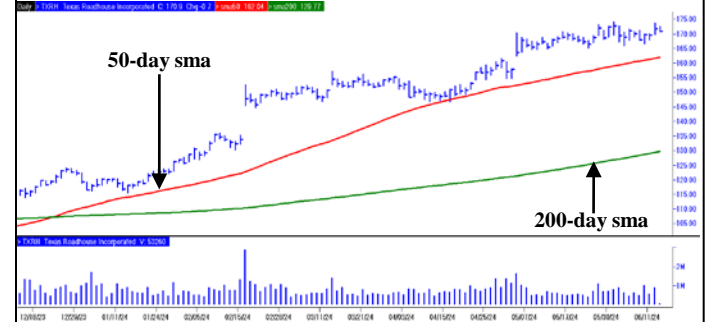
APPLE INCORPORATED (AAPL - 214) - DAILY



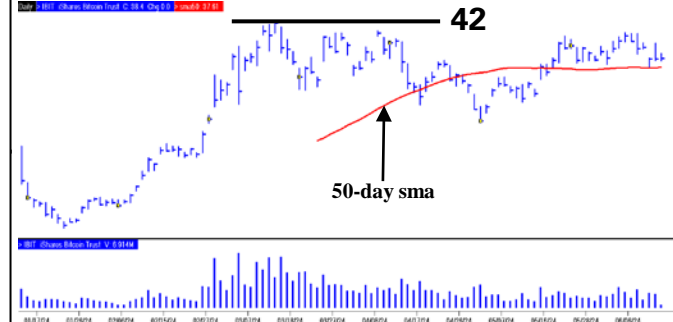
INTUITIVE SURGICAL INC. (ISRG - 423) - DAILY



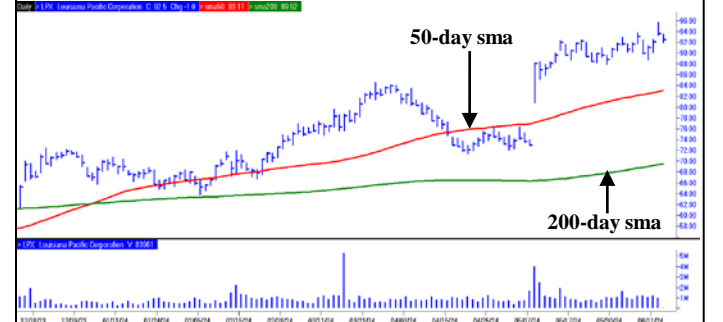
TEXAS ROADHOUSE INC. (TXRH - 171) - DAILY



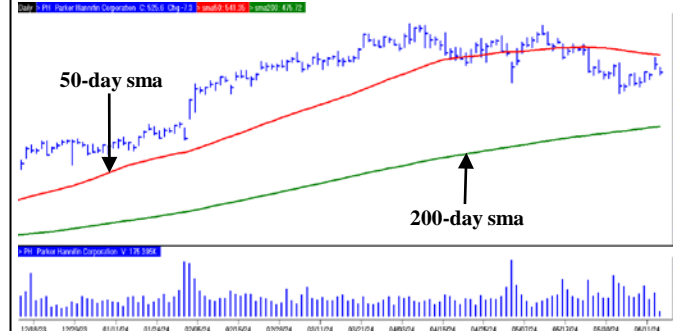
ISHARES BITCOIN TRUST (IBIT - 38) - DAILY



LOUISIANA PACIFIC CORP. (LPX - 94) - DAILY



PARKER HANNIFIN CORP. (PH - 529) - DAILY



ISHARES US TRANSPORTATION ETF (IYT - 64) - DAILY

