

# EQUITIES PERSPECTIVE

November 15, 2024

DJIA: 43,750

So far so good for Trump 2.0 ... but can these knee-jerk reactions be trusted? Specifically, are knee-jerk reactions to elections to be trusted? The answer, of course, it depends. Interestingly, it's the character of the reaction that's important, the rally in stocks being only a part of it. Gold has been almost surprisingly weak, but based on history that has been positive – strong Gold has been associated with poor returns. Other positive elements include the strong dollar and the decent A/Ds. The rally so far has seen simultaneous all-time highs in what can be called the cyclical areas of discretionary stocks, Industrials, Financials, and Tech. Strength in these areas has led to positive future returns.

Not all of Tech is being treated equally, at least when it comes to Software and the Semis. The latter is apparently being viewed as a Biden legacy – the Chips Act. This likely will change, but unlikely to the detriment of Software. We have always thought that someplace along the line there would be a speculative blowoff of sorts, and we suppose Bitcoin is threatening. Quantum computing stocks, many of which are low priced, also seem on the move. IONQ (26), where the company and the symbol are the same, also has been strong. And then there are the power companies like Talen (203), which just reported a good number, and Vistra (139). Like AI and data centers there are associated companies here like Nuscale (25) that builds the small reactors. Meanwhile, while still a good chart, we wonder how many Democrats will be Tesla (311) buyers.

Could Gold and Bitcoin actually be the same? Ever notice you never see Superman and Clark Kent together? Similarly, you never seem to see Bitcoin and Gold go together. As much as they try, Gold and what drives it is hard to explain. It's said Gold is an inflation hedge, yet in 1929 and after it proved a hedge against deflation. Similarly, Gold has ignored many opportunities to rally in times of trouble, even panic. It seems to cycle in a timeframe unknown to mere mortals. What is troubling Gold now seems the dollar strength, but who knows – correlation doesn't mean causation. Or maybe the trouble with Gold recently is Bitcoin and its success. Gold on this pullback looks attractive, as does Bitcoin.

To borrow from the Graduate, the word is garbage. More tastefully, Waste Management (222), Waste Connection (184), and Republic Resources (209). No tariffs, no supply chain problems, plenty of demand and excellent charts, what's not to like. They also fit the category of what we call long-term uptrends, with decent short-term patterns. The obvious advantage for these stocks in long-term uptrends is having the proverbial wind at their back. And there's reason for these patterns – a franchise, superior management, whatever. People like to say they're long-term investors, yet they end up buying stocks in long-term trading ranges. Among other stocks in this category are the often-mentioned Cintas (217), Grainger (1176), and Parker Hannifin (698). Back on track also seem Accenture (370) and McKesson (625).

So what could come undone? For stocks, as always it's about the average stock, the A/Ds and stocks above their 200-day, not the Averages. All fine for now and not to look for trouble, but what might change? For stocks, that could be bonds, which already seem a worry. Rates surged on the election results on the fear of what tax cuts and tariffs would mean for inflation. They since have settled but they are important together with the A/Ds. To curb too much enthusiasm you might consider this. The two markets have nothing in common, so for now it's just coincidence it, but at this very early stage this market is tracking the very early Hoover Post-Election market in 1928.

Frank D. Gretz

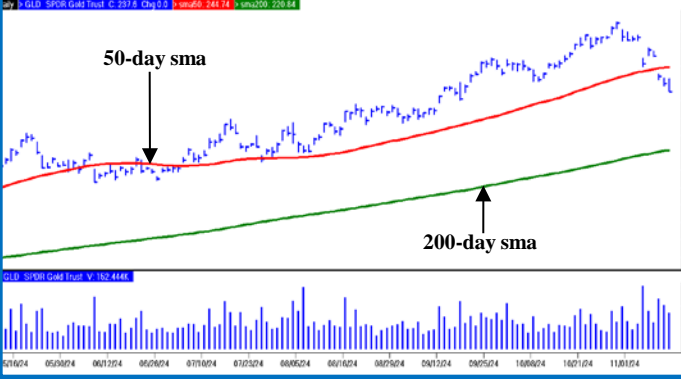
### S&P 500 (SPX - 5949) - DAILY



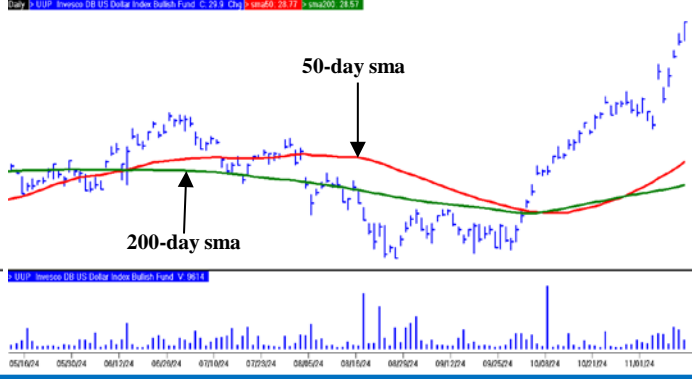
### NASDAQ 100 (NDX - 20896) - DAILY



### SPDR GOLD TRUST (GLD - 237) - DAILY



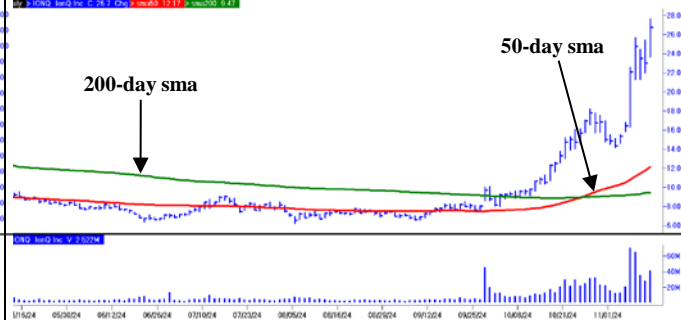
### INVESCO DB US DOLLAR IND BULLISH FUND (UUP - 30) - DAILY



### ISHARES 20+ YEAR TREASURY BOND ETF (TLT - 90) - DAILY



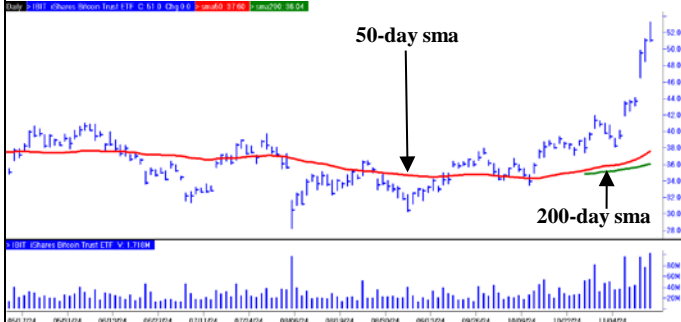
### IONQ INC. (IONQ - 26) - DAILY



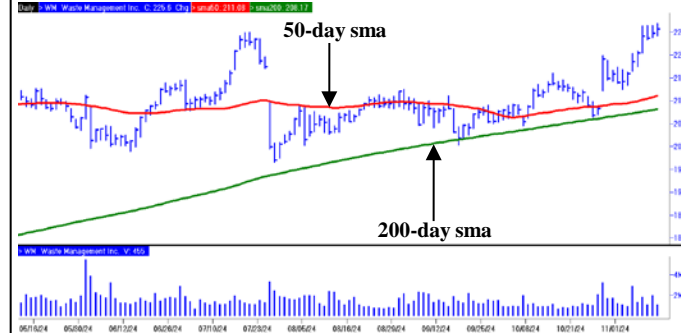
### COINSHARES VALKYRIE BITCOIN MINERS ETF (WGMI - 26) - DAILY



### ISHARES BITCOIN TRUST ETF (IBIT - 50) - DAILY



### WASTE MANAGEMENT INC. (WM - 222) - DAILY



### WASTE MANAGEMENT INC. (WM - 222) - MONTHLY

