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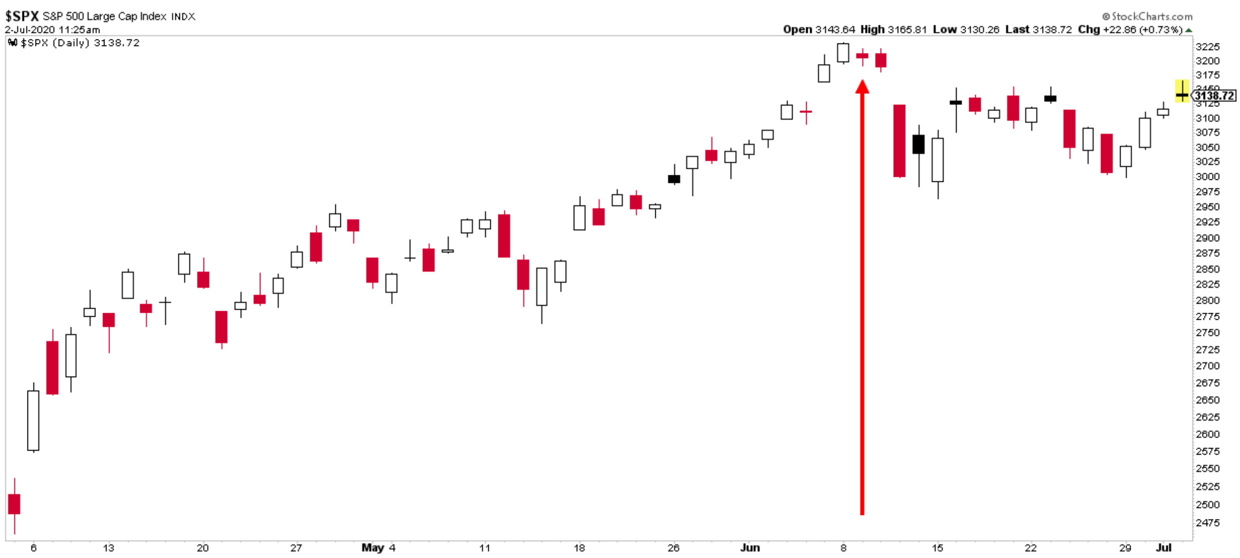
Bear-o-meter reads...boring!

Published on July 2, 2020

The Bear-o-meter read a cautious "2" last month. That reading on June 9th turned out to be a decent reading, given the volatility we have seen since then. The arrow on the SPX chart below shows the date of that reading.



Well, here we are a month later, having lived through a "too close for comfort" test of the 200 day SMA. This is why I use a 3-day (minimum) trading rule. I was prepared to sell on a breach of that SMA, which lay near 3000 at the time (its about 3030 right now). The brief break didn't last long enough to trigger a more aggressive cash stance, beyond a slight adjustment into more cash we made around the time of the more bearish reading. We used the dip, after confirming it didn't break the 200 day SMA, to add a bit more equity. But we focused strictly on value plays – plus added a bit more gold. Otherwise, we still hold about 22% cash in our equity model, and about 25% cash in the Aggressive Equity model.

Ya bore me

The Bear-o-meter has moved back to neutral territory. This is where it likes to reside. The current reading is "4". This implies that we don't have much in the way of overdone sentiment studies. It implies that breadth is reasonable, albeit nothing to write home about.

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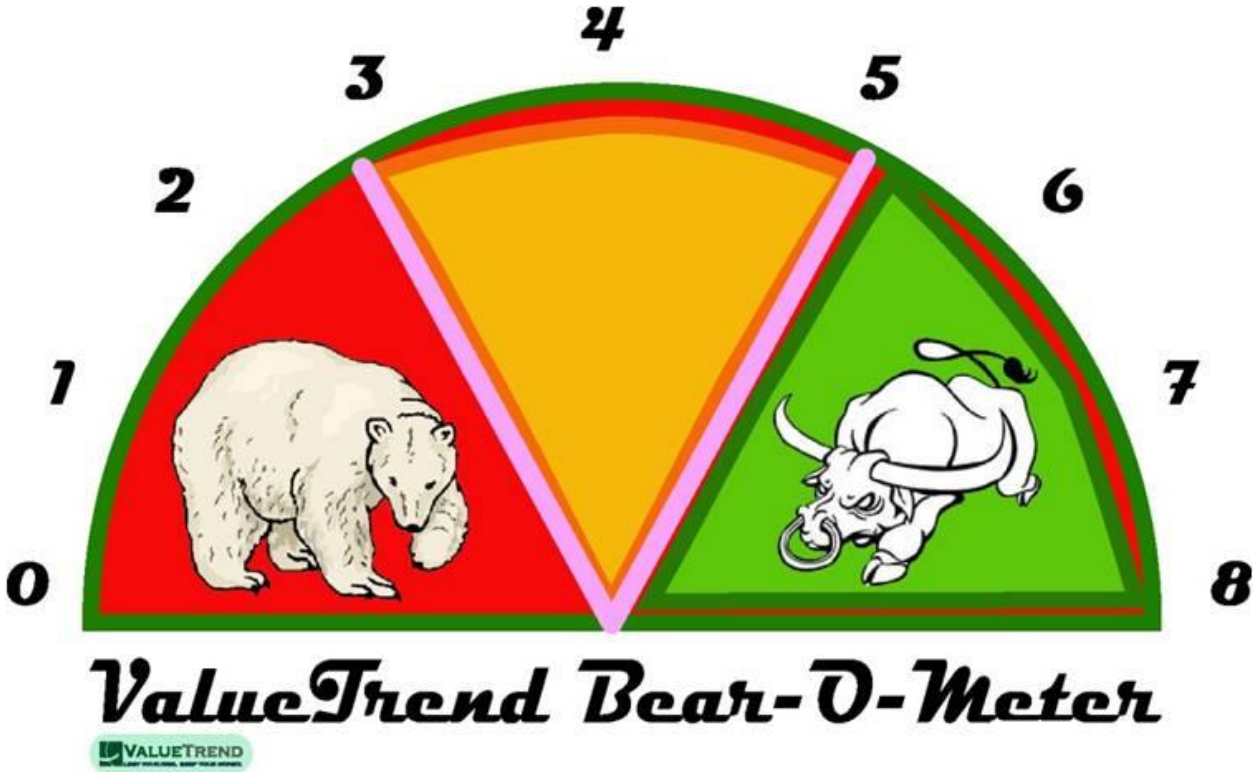
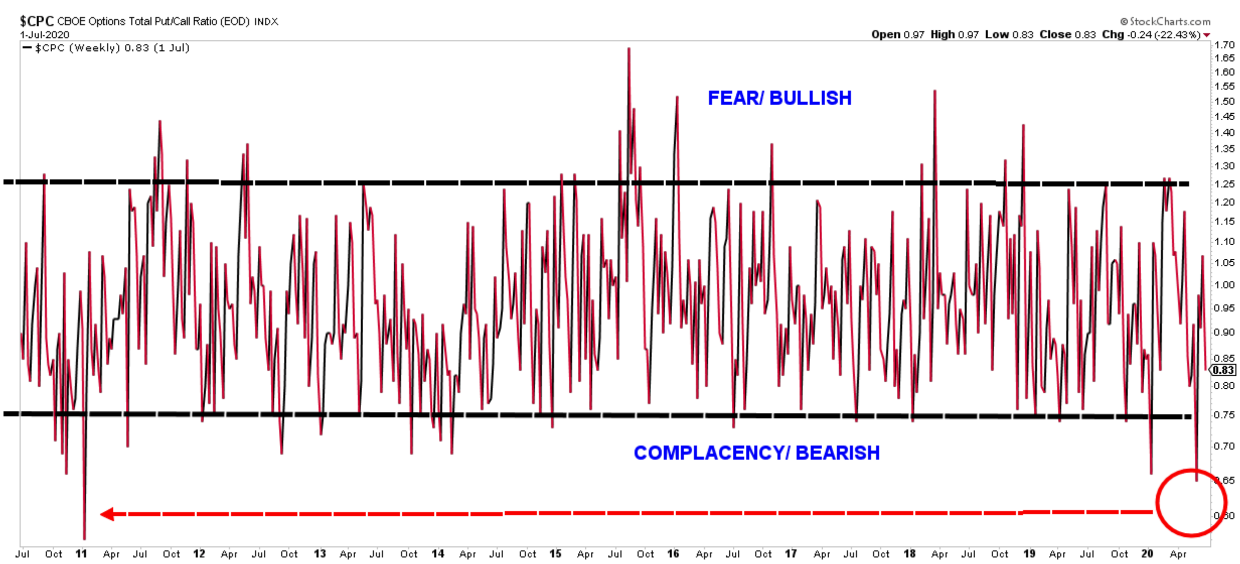


Even the put/call ratio, which was way into bearish (complacency) territory last month, is neutral. Here's the updated put/call chart with my notations still on it from last month. Its reading 0.83. Anything below 0.75 indicates complacency (bearish) – and above 1.25 suggests fear (bullish). In other words…neutral. Like most of the other indicators in the compilation.



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Conclusion

Summer doldrums for now, it appears. Possibly more directionless chop like we saw in June after the initial selloff. The Bear-o-meter doesn't give us much to chew on right now, so we should just revert to the traditional price charts when viewing markets. I'm still happy with a bit of cash, some gold (I look to add more this month potentially), and we are somewhat biased towards value stocks in the main Equity Platform we run.

Come August, I would think that some of the trends involving pre-election selloffs that I covered on this blog might be worth watching. I'm off to the cottage next week, so no blogs. But I'll be back July 13th to post a new one. Hopefully the Bear-o-meter is right, and nothing much happens…we shall see!

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