

## Bear-o-meter report for August 2023

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This is monthly Bear-o-meter report. New readers should use the search engine to read more about how the meter works. But in a nutshell, its a risk/reward reading of the US markets that takes a look at trend, sentiment, breadth, seasonality, value, and breadth momentum. Its a quantitative reading of the current trade off between risk and return on the markets. No opinions, just the facts.

Subscribers to our “ValueTrend update” newsletter will receive the newest issue in their mailboxes today. We discussed the factors – which included the Bear-o-meter readings since May, that drove us to hold cash into the current correction. We also discuss our current investment strategy. If you don’t subscribe, click [here](#).

“The antithesis of courage is not fear. It is compliance”- Clyde D0-something, independent freedom reporter.

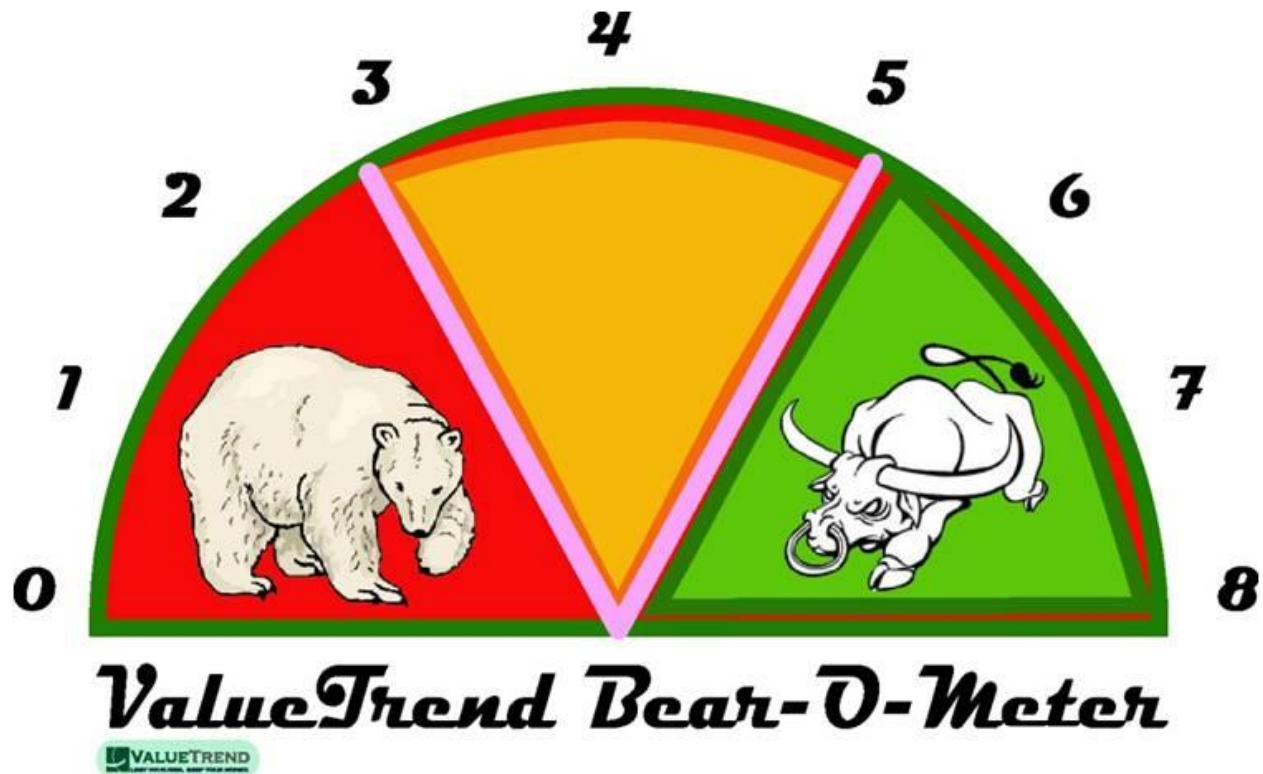
Because the Bear-o-meter incorporates breadth and sentiment, it can take a contrarian (aka against the current market direction) viewpoint. For the past 2 months, the meter has been reading “2”, which is a higher risk (although not run for the hills level) level. It seems that this caution flag was accurate. Now, the reading has moved to “3”. That’s hovering on neutral insofar as risk/reward goes – but it still has one toe in the higher-risk water, so to speak.

The 2 to 3 upgrade came from one of the breadth indicators. Breadth has been improving as we witness some of the value stocks and materials resurrect themselves of late. More on that in the newsletter.

So, in a nutshell, I believe we still have reasons to be cautious – and I continue to endorse taking a strategically lower risk stance in ones portfolio at this time. I note in the newsletter that the SPX could touch 4200-4300 in the current correction before the real opportunity arrives.

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He may hold positions in the securities mentioned. The opinions expressed are those solely of Keith Richards and may not necessarily reflect those of its employees or affiliates. The contents are for informational purposes only and do not represent investment advice.



### Final thought—from BearTraps:

*“If you are a Republican, it’s a lot LESS dangerous to force a government shutdown than inflict a US default on global markets. The GOP knows the Dems are trying to impact the 2024 election. If you are the House Freedom Caucus, what is your next move with the latest Fitch action in your back pocket? The beast inside the market knows this, and so does Warren Buffett. This oracle has been busy taking his cash pile up by 36% year over year, to a near-record \$147B. Buffett is backing up the truck on T-Bills near 5% this summer, NOT US equities.”*

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