

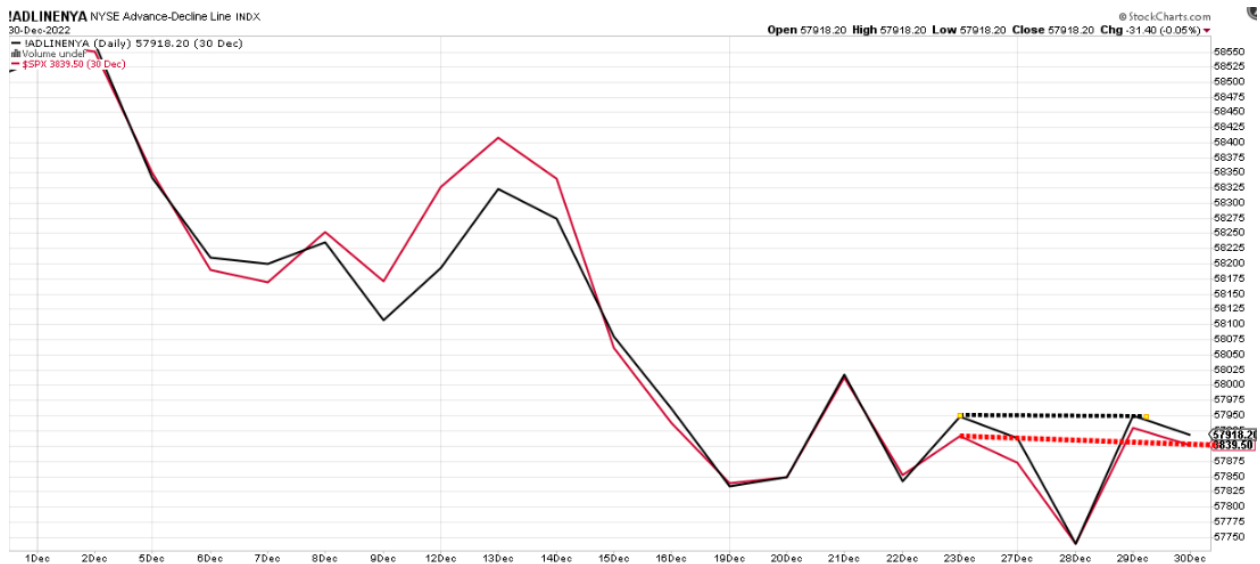
Bear-o-meter shows risk still high

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Its time for the monthly Bear-o-meter risk/return reading. I do this in the first days of each month. I'll make this blog less wordy, given my time crunch today. So, to get right down to it- the Bear-o-meter is firmly in "High risk" territory with a score of 0 (lousy reward vs risk potential). Basically, its wavered around this level since April 2022. I've highlighted lately that the best strategy is to hold some cash, and focus on defensives, materials and commodities until we get a full-out bullish signal from trend and the Bear-o-meter. Below are a few of the observations from today's view:

Breadth

The S&P 500 (black line) put in a higher peak on the very nearterm chart, while the NYSE AD line did not. This is a non-confirmation by breadth which took a point off the Bear-o-meter.

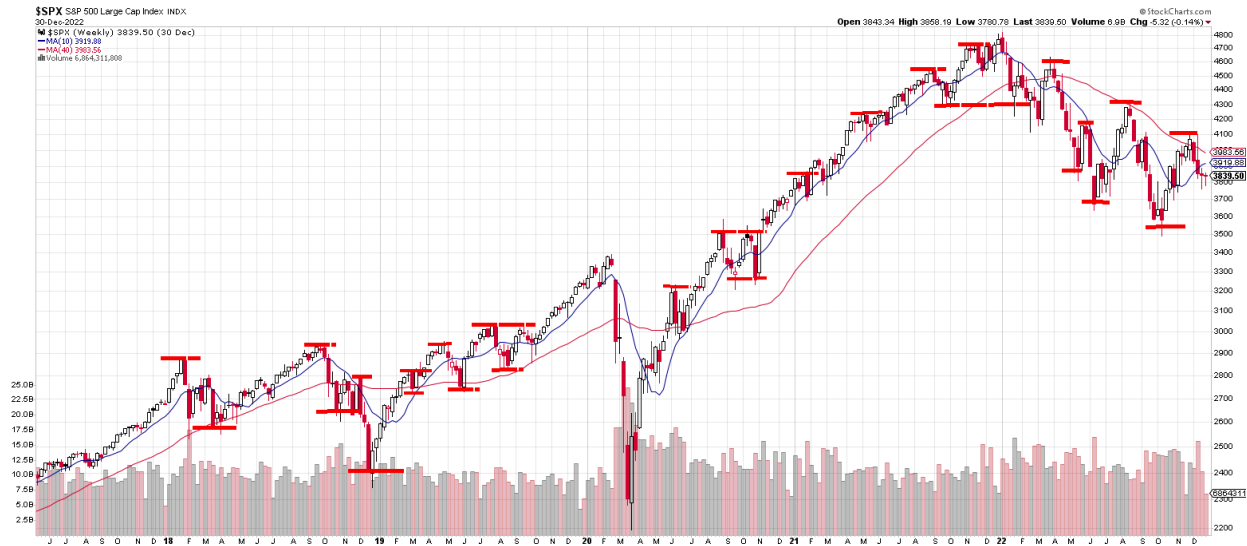


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SPX below 50 day MA

As the chart below illustrates, the market has not only failed at the 200 day SMA, its now below the 50 days SMA again.

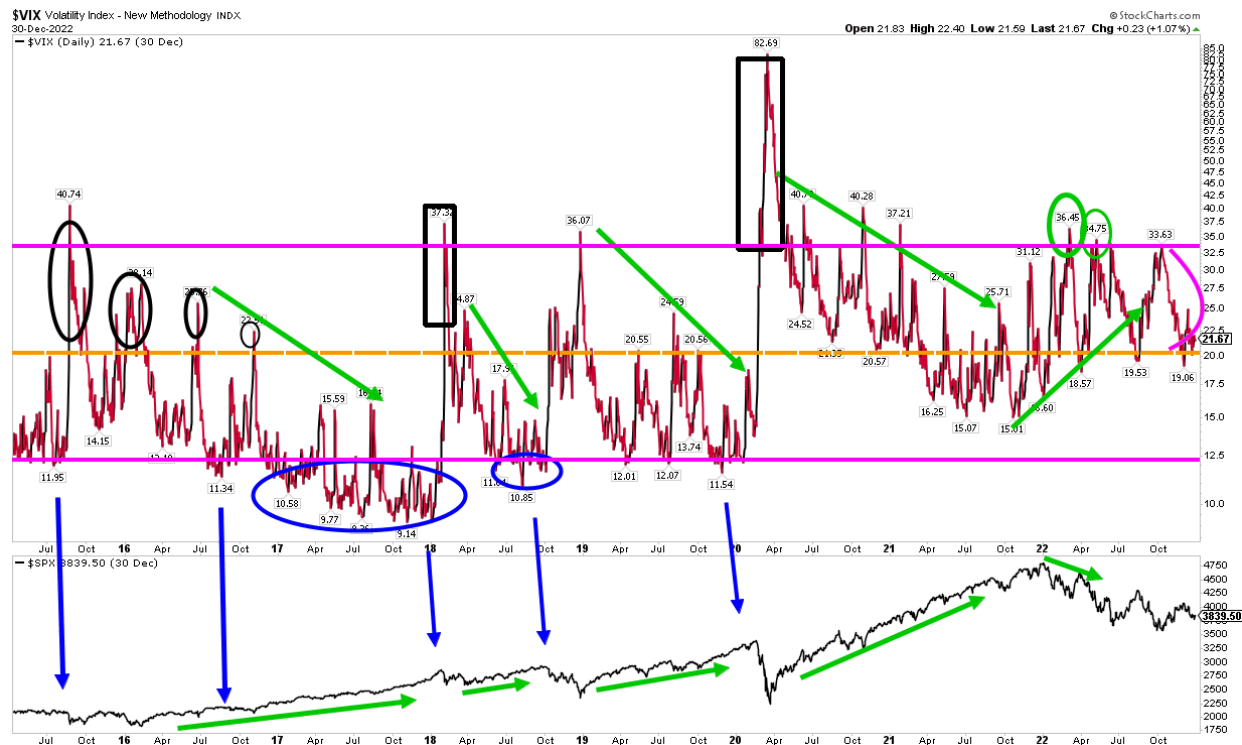


VIX is long termed neutral, but short termed bullish

The VIX tends to bounce off of around 20 lately – and peaks at around 33. The range can be seen by my lines on the chart below—marked by my pink parabola line. While its not signaling the capitulation bottom has arrived yet, it may illustrate the potential of a nearermed small rally or consolidation give the pattern.

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Final thoughts

Every now and then I have a bit of an “epiphany” surrounding the markets. Examples of this include my “counter-expert” opinion on non-transient inflation in 2020. Another was buying unpopular commodities at depressed prices in 2020. On a lesser level, I also took “counter-expert” opinions when I looked for more bear market action despite market pundits screaming “bear market bottom” this past August, and again in November.

Important blog coming: This weekend I was reviewing some market history. I believe I have uncovered some vital information based on that study which could prove useful for your trading profits in 2023. I’m finishing the research now, and should have a pretty exciting blog report coming later this week. Stay tuned.

Can you do me a favor?

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I thank you in advance!

Keith

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