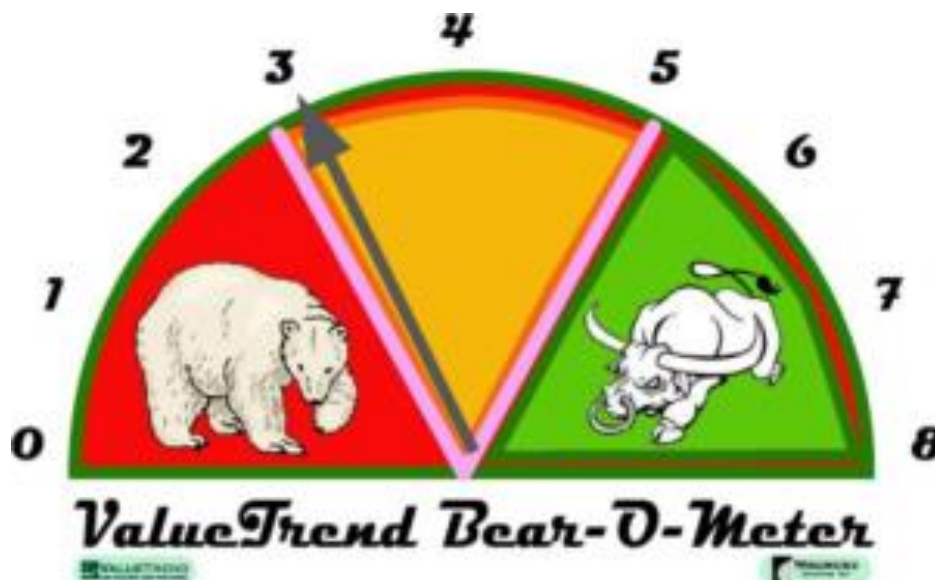


## Bear-o-meter stays in the neutral zone

Published on May 1, 2017

I recently promised that I'd post my latest reading of the Bear-o-meter in early May. As a refresher, to those new to the blog, the Bearometer is a compilation of 12 indicators. 2 are trend indicators, 4 are breadth indicators (although I use 2 of them as momentum indicators), 1 is a value indicator, 3 are sentiment indicators, and one is plain old seasonality (best/worst 6 months). Each indicator can earn a positive, negative or neutral score. Some of the indicators are read twice—for example, I look at slopes as well as relative positions for the A/D line and moving averages.

The Bear-o-meter provides a relative risk/reward reading. A low score indicates more risk – a high score indicates less risk –all relative to potential returns. It can be used as a guideline to measure risk vs. reward—understanding that both are always present on the market. Just because the Bear-o-meter reads low does not mean there is no potential for further upside, and vice versa for a high reading. You get the idea.



Currently, the compilation suggests a reading of “3”. This is the same level that it read on March 7<sup>th</sup>. Since the March 7<sup>th</sup> reading, the market has been flat (slightly down actually). So far, the indicator looks to have painted an accurate picture of the reward/risk potential. Of interest, almost all of the positive scores on the indicator this time came from trend and cumulative AD line breadth. All other factors in the compilation read neutral or outright bearish.

Keith Richards, Portfolio Manager can be contacted at [krichards@valuetrend.ca](mailto:krichards@valuetrend.ca)

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.

The message for now is—don't run for the exit, but certainly keep a bit of cash in your accounts and focus exclusively on only the highest quality equities you can hold. The Bear-o-meter continues to point towards a flat, possibly even choppy ride at this time. I'll revisit the Bear-o-meter in a few weeks and post its reading.

**Please note – our Performance Results for April 2017 can be seen [here](#).**

Keith Richards, Portfolio Manager can be contacted at [krichards@valuetrend.ca](mailto:krichards@valuetrend.ca)

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.