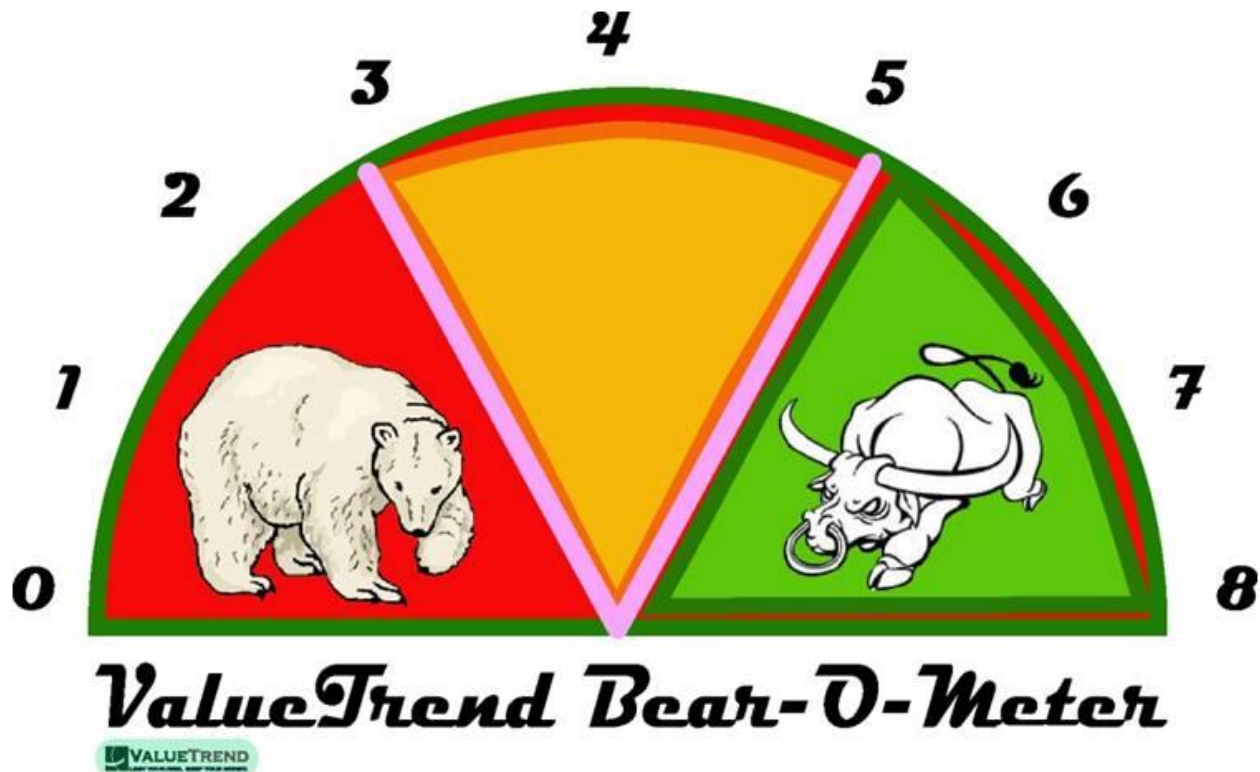


Bear-o-meter continues to read high risk

Published on July 6, 2022

The Bear-o-meter is a compilation of indicators that quantitatively measure the potential risk/reward tradeoffs for the US markets. It follows 11 indicators that broadly measure: Trend, Breadth, Breadth Momentum, Value, Sentiment & Seasonality. No single indicator is the deciding factor. Instead, the meter receives positive, negative or neutral points from each of the 11 indicators, and a total is derived. A reading of 0-3 is high risk. 3-6 is neutral. And 6-8 is bullish.



The formula is not a “secret”. If you know me, I believe in full disclosure. You can buy my book [Smart Money](#) and for less than \$20 learn how to construct the Bear-o-meter yourself. I really dislike it when someone in my industry tries to create an atmosphere of mysticism by calling their process “proprietary”. Gimme a break. That’s marketing BS. Everything comes down to price, volume, momentum, sentiment, breadth, value. Sure, my formula may differ from another, but its not like I have the holy grail, and neither does the local guru with his/her “proprietary” system. BS baffles brains, as they say.

Keith Richards, Portfolio Manager can be contacted at 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.

Anyhow, I track the Bear-o-meter and post a reading in the first week of each month. Its rated 0-8. The lower the score, the higher the risk – higher scores are bullish. The illustration above shows you that there are 3 general zones – Bearish, Neutral, Bullish. Obviously, “3” and “5” are transitional readings from one zone to the next. When you get an entrenched low reading, or a high reading – that’s when you need to pay attention. And that is where we have been since April 7th, 2022. Back then, the meter went from a super long history of “neutral-bullish” scores.... into an uber-low “Bearish” reading of 0 that day. And its stayed there since.

The meter has been extraordinarily helpful in guiding your portfolio posturing if you follow this blog regularly. Since April, we have seen nothing but “0” or “1” at best. And yup, the market has been bearish. So, pay attention, class!

Bear-o-meter still reads “0”

Once again, we have that uber-deep high risk reading coming out of the meter. Nothing much has changed. The Industrials are seeing negative divergence by the transports – again. The market remains below its 200 day SMA. Sentiment is pessimistic, but not at that “washed out” level that I assign bullish points to. The only bullish reading out of the gang was Smart Money/ Dumb Money spread. But that’s one positive indicator, within a heap of negatives. So, I won’t bother posting any charts today. Nothing is materially different from last month’s reading. In a nutshell, without swearing, I will say this market smells like poop.

When to buy

Do you subscribe to the ValueTrend newsletter? If not, I urge you to do so. It comes out about once a month, and provides you with a slightly edited version of the newsletter sent to our clients. Only the specific stock names are missing – but all our other strategic insights are there for you. We’ve been providing this newsletter free of charge to thousands of investors across Canada for more than 15 years. [Click here to subscribe.](#)

Here are the concluding notes from our newest issue, sent out yesterday:

We continue to look for a moment of capitulation – not just fear – that will wash investors fully out of this market. We will not buy until that phase of the bear market appears. Keith managed the ValueTrend Equity Platform during the 2001 and 2008 bear markets. Months and months of pain for investors were NOT REVERSED until investors moved into full, unabridged panic-mode. Ironically, that was when the opportunity arose. **We are not there yet!** Sure, there is fear. But panic? Nope. Not yet. Keith’s sentiment work will offer clues as to when the true moment of panic arrives. As Rothschild said...“The time to buy is when the blood is running on the streets”.

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