Wellington Shields

EQUITIES PERSPECTIVE

September 17, 2021
DJIA: 34,751

And the days, those up-days, dwindle down to a precious few…when you reach September. A lyric, somewhat paraphrased, that's borne out by history – September is a tough month for stocks. How else would you explain a market that goes from 8 of 10 up days through September 2, to 5 consecutive down days. The disturbing part of this change is it came on news we would argue should have been considered positive – a benign jobs number and, hence, a benign Fed. The Labor Day holiday saw Europe higher, but no rally when NY reopened Tuesday. It didn't get better until Monday which itself was another of those mixed days – Dow up, NAZ down, and down big for some of those strong stocks. The good news is the rally saw respectable A/D's on the back of financials and energy stocks, of which there are many. Still, the numbers are the numbers. Rotation has characterized this market all year, but in this case risk comes with it.

In this market characterized by rotation, suppose we were to suggest Uranium is the new Bitcoin, and Oil is the new Tech. We haven't completely embraced this idea, but we can see the possibility. To begin, as measured by GBTC (38), Bitcoin is stalled but still seems trending higher. Meanwhile, Uranium has become the Bitcoin of yore – see, for example, the URA ETF (28) or the go-to stock here, Cameco (24). As for Oil versus Tech, it's a stretch if not outright dubious, it's tantamount to buying anti-growth versus growth. To get there you have to make that leap that's very difficult for most – you have to distinguish between companies and their stocks. Not that long ago there were no oil stocks above their 50 day average, in a sector that is down to about a 3% weight in the S&P. That strikes us as sold out, and that has begun to change – XOP (89), the S&P Oil ETF, now is above its 50 day. At the other end of the spectrum, five tech stocks are a quarter of the S&P market-cap.

Tech/growth stocks are here to stay, and you can quote that. The question is, which ones? For now the FANG stocks and a few others are like bologna on Wonder Bread with Miracle Whip – they're this market's comfort food. As long as the market holds together, it should stay that way. What is of concern, though, is the idea of "durable technology," an oxymoron if ever there was one. RCA really did change the world. Is it real, or is it Memorex? Burroughs and Digital Equipment – those were go-to stocks. And then there are the zombies of Tech, Xerox (21), Blackberry (10), Hewlett-Packard (28), Nokia (6) and so on. Even when it comes to the best of Tech, you have to ask, when is too much enough? Companies are not their stocks, stocks are just pieces of paper. Even great companies can find their paper without anyone left to buy.

Lithium. It doesn't quite have the ring of "plastics" in *The Graduate*. Yet batteries are all the rage – they even have their own ETF, BATT (18) – and batteries are about lithium. And yes, there's an ETF here as well, LIT (84). The problem here, and with BATT and other of these ETF's, many of the components are Chinese companies. While we doubt Beijing is about to come down on lithium as they have Tech and now Gaming, who needs it. Companies like Albermarle (231) and Lithium Americas (23) offer attractive alternatives. Another play on batteries, rather than lithium, is Tesla (757), the largest position in BATT – together with other names you don't say in polite company. Somewhat ironically, most of the secondary EV makers, the Fiskers (13), and so on, do not look good.

The recent jobs numbers seemed benign enough to preclude any hasty Fed action. This Tuesday's less than expected CPI number seemed the same. Both, in other words, were numbers the market could have taken and run with. The idea that the market did not and, in Tuesday's case, declined sharply, is troublesome. When good news isn't good news, it's a bad market. For the first time in 10 months fewer than 75% of stocks in the S&P 500 are above their 200 day average. This kind of change doesn't kill uptrends, but it is a reminder of how dominant the S&P has been. For all of the NYSE the number is only around 60%, while for an even more extensive database like that of Worden, the number is only 43%. Wednesday's rally was respectable – with A/D's two-to-one up, not the weak rally about which we worry. Thursday's mess had the look of an option expiration week, which this is. September is a tough month, we expect it to stay that way.

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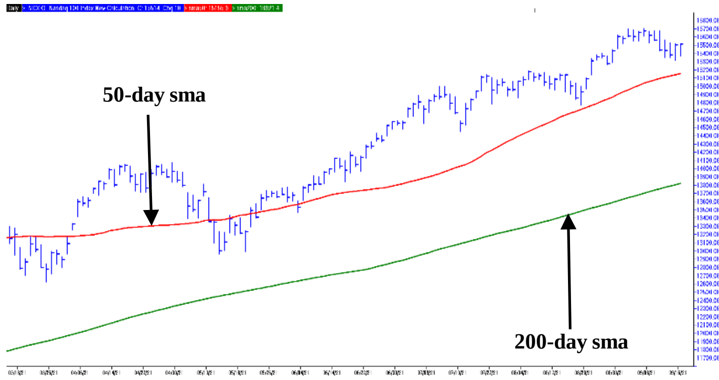
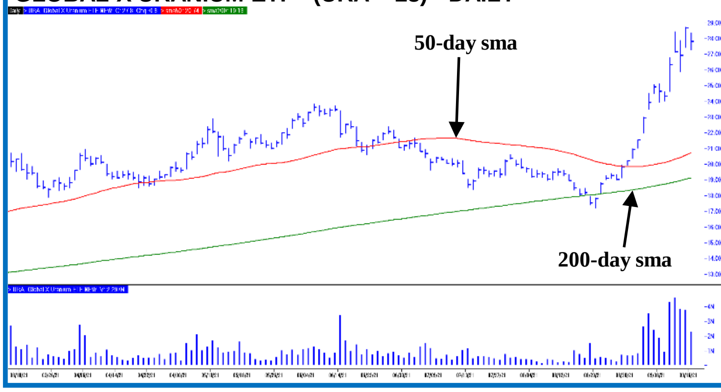
S&P 500 (SPX – 4474) – DAILY

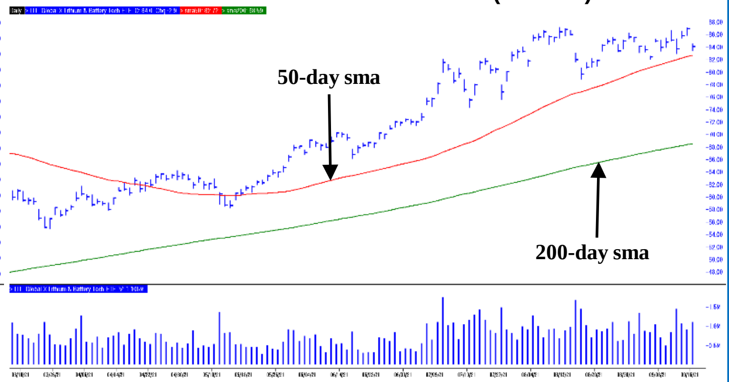
NASDAQ 100 (NDX – 15516) – DAILY



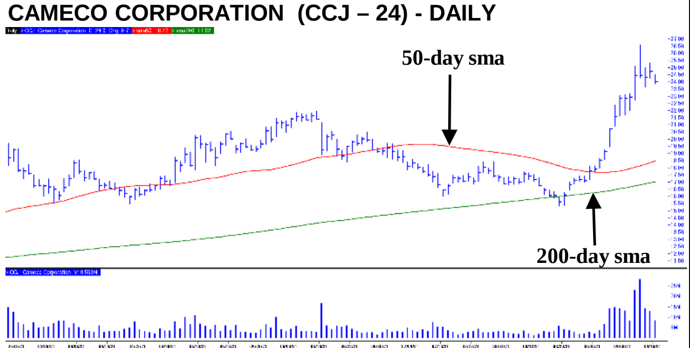
GLOBAL X URANIUM ETF (URA – 28) - DAILY



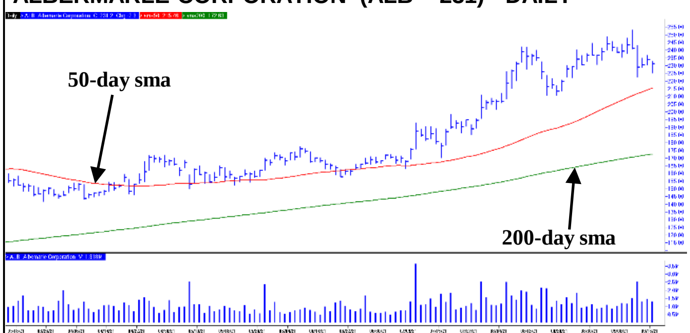
GLOBAL X LITHIUM & BATTERY TECH ETF (LIT – 84) - DAILY



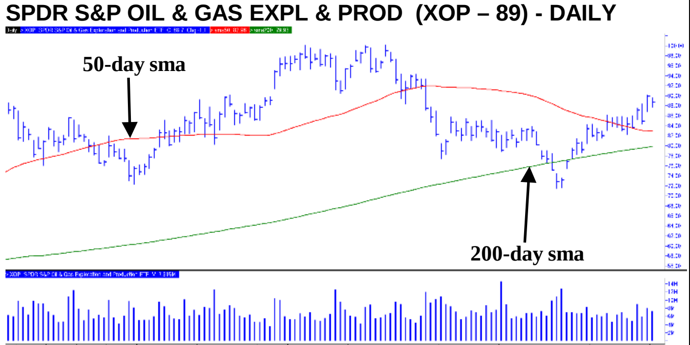
CAMECO CORPORATION (CCJ – 24) - DAILY



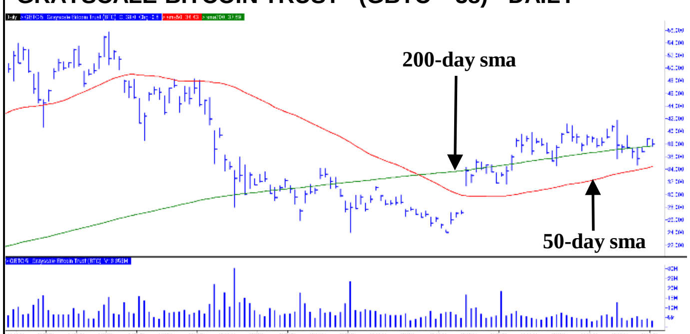
ALBERMARLE CORPORATION (ALB – 231) - DAILY



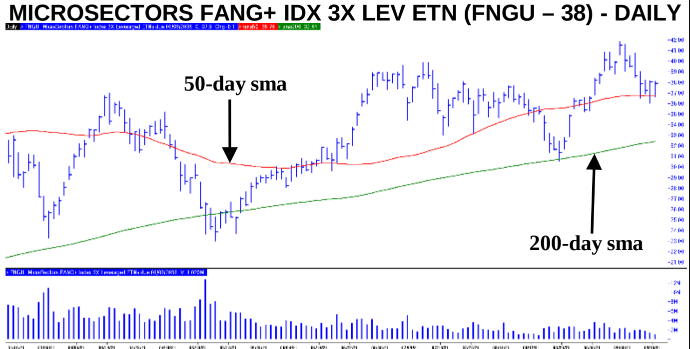
SPDR S&P OIL & GAS EXPL & PROD (XOP – 89) - DAILY



GRAYSCALE BITCOIN TRUST (GBTC – 38) - DAILY



MICROSECTORS FANG+ IDX 3X LEV ETN (FNGU – 38) - DAILY



TESLA INC. (TSLA – 757) - DAILY