

EQUITIES PERSPECTIVE

June 2, 2023
DJIA: 33,061

Party like it's 1999! That is to say, party like you own Tech, and little else. Back then you could put dot-com behind your name and it made it worth another 20%. The same is true now if you're anything AI-ish. The latter is the new, New Economy. Meanwhile, the Old Economy stocks are pretty much everything else. Hence, it's an S&P Index hovering around its highs with fewer than 40% of stocks in uptrends, that is, above their 200-day. This is anything but a healthy backdrop, technically speaking. While this will last until it doesn't – you can't underestimate momentum. The Semis had their best day ever last Thursday, gaining some 11%. When they have gained 5% or more in a day, they're higher a month later more than 70% of the time, according to SentimenTrader.com. Back in 2000 it took a peak in the dot-coms to get the rest of the market going again, by then the rest had become sold out. On the plus side, with better than 3-to-1 A/Ds, Thursday was a surprisingly good day.

Speaking of Tech, it wasn't a pretty picture after hours for those reporting on Wednesday. We don't like to see downside gaps, but we find their significance less when they don't change an overall uptrend. You might want to look to Snowflake (167) as a guide here.

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