Wellington Shields

EQUITIES PERSPECTIVE

March 15, 2024
DJIA: 38,905

Underlying fundamentals … way under is how some would seem. With all due respect to companies like Nvidia (879) and Super Micro (1130), underlying fundamentals don't drive those kind of straight up moves. Moves like that come about when at some point investing turns to trading – when stocks are bought not so much for the companies they represent, but simply because they're going higher. Let's not pretend GPUs are any more important than routers back in 2000, or that either are really understood by most doing the recent buying. And let's not pretend there's ever been a shortage of anything that hasn't been met. As for Bitcoin, it's a position we like for exactly that reason. After all, what do we know about Bitcoin. We do know, or hope we know the passive ETFs seem likely to drive Bitcoin just as they have FANG/AI. At least when you buy one of the FANG/AI ETFs you may be buying 10 stocks, with the Bitcoin ETFs you're getting just one thing.

Meanwhile, a correction remains the proverbial watched kettle. Last Friday one seemed more likely when Nvidia reversed and took the market with it. Indeed, Nvidia had what those technicians call an outside day down – higher high and lower low than the previous day on a bar chart. It's a "reversal" pattern but not one we find terribly useful. Nvidia's cohort of sorts Super Micro, had an outside day down Feb 16, and was back to its highs three days later, and from there onward and upward. Certainly there is a correction of sorts when you consider something like the MicroSectors FANG+ ETF (FNGU-311) has gone nowhere for six weeks now. Markets and stocks also correct by going sideways rather than down. The main consideration here is that on average this has not hurt the overall market. And that's what matters.

While Bitcoin gets all the attention of late, in its corner Gold is quietly making new highs. After several failures over the past four years Gold's new high seems promising though, after all, it is Gold we're talking about here – and its history of false dawns. And on a cyclical basis, Gold is in one of its four year down-cycles which persists through the end of this year. Together with Bitcoin's performance, it's easy to argue there's a real interest in investments seen as a store of value, a hedge against currencies and the establishment generally. A look at the weekly chart of the SPDR Gold ETF (GLD-200) which holds Bullion, pretty much says it all. While the miners have lagged, they have moved from having only 5% above their 200-day to 20%, a change that has seen higher prices since 1997, according to SentimenTrader.

Things act better, by things we mean stuff other than the esoteric stuff like AI. It's true of Oil but most dramatic here we're thinking of Copper, at least as measured by the ETF (COPX-41). When we see this, in our simplistic way we think China is rebuilding – again. And the Chinese market does seem to have a turn. Or perhaps more simply the world economically is a better place. Of course stocks like Grainger (992) with their division called "endless assortment" and Fastenal (75) with their very techy nuts and bolts have been telling us that for a while. If there's a bubble in parts of the market, this is why it's not a market bubble. Bubbles occur in segments or sectors of the market and end when only they are moving higher. Back in 2000 the dot-com's were going up and everything else was going down. This market is different.

Most days most stocks go up, but Thursday wasn't one of them. With some 3000 stocks down on the NYSE it wasn't close. Like most such days blame the usual suspect bonds/rates. Bad down days happen. It's the bad up days – poor A/Ds and the Averages up – that are the worry. Lacking virtually any divergences, a setback here should prove temporary. The worry is that in any recovery the A/Ds don't quit on us. While Regional Banks held together almost surprisingly well in light of the NYCB (4) news, it may be premature to say all is well. Tech seems everyone's worry and yet most held together Thursday. Meanwhile, abetted by Tuesday's CPI print, the Fed's message was that it wants to cut, but doesn't think the data will allow it. The market's lack of disappointment here likely stems from the fact cuts are coming, and corporate profits in the meantime are just fine. Of course, higher prices do much to dampen worries.

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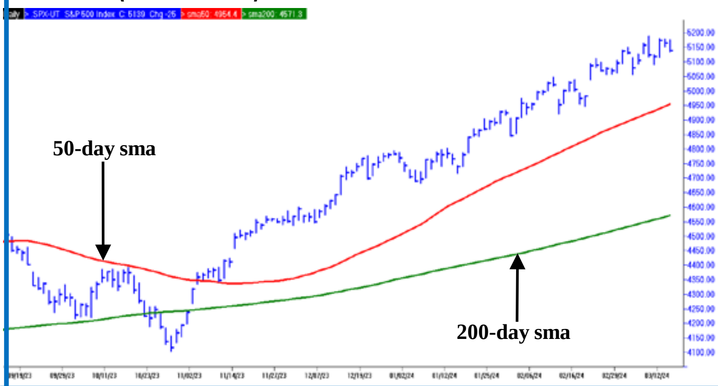
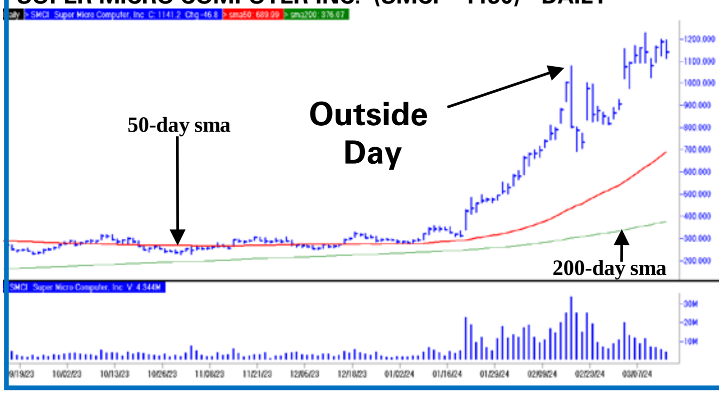
S&P 500 (SPX – 5150) – DAILY

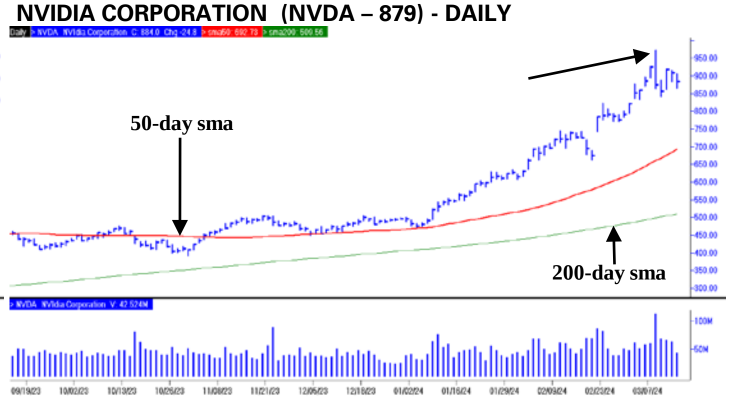


NASDAQ 100 (NDX – 18014) – DAILY

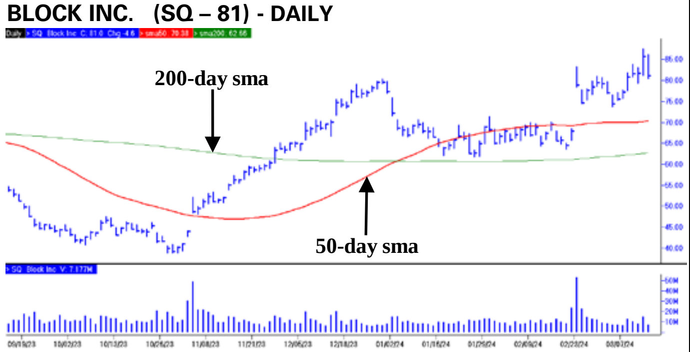
SUPER MICRO COMPUTER INC. (SMCI – 1130) - DAILY



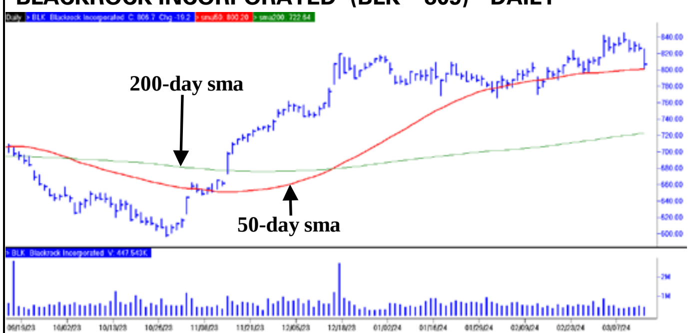
NVIDIA CORPORATION (NVDA – 879) - DAILY



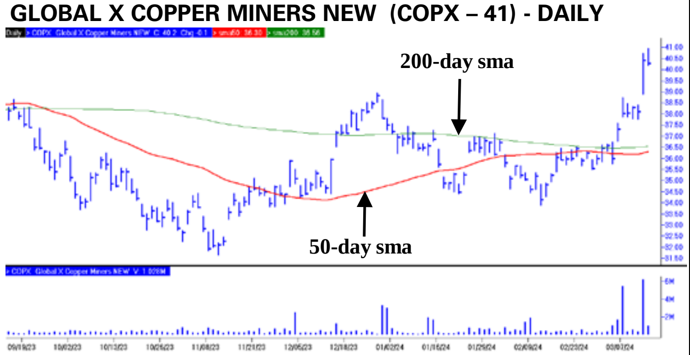
BLOCK INC. (SQ – 81) - DAILY



BLACKROCK INCORPORATED (BLK – 809) - DAILY

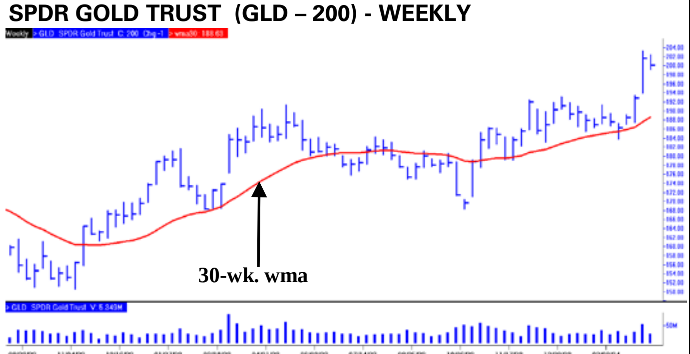


GLOBAL X COPPER MINERS NEW (COPX – 41) - DAILY



TIDEWATER INC. NEW (TDW – 85) - DAILY

SPDR GOLD TRUST (GLD – 200) - WEEKLY



VANECK GOLD MINERS ETF (GDX – 30) - WEEKLY