

# EQUITIES PERSPECTIVE

April 26, 2024

DJIA: 38,085

We have 5% ... do we hear 10%? It had looked like a 5% correction might do it, then the bottom fell out of the Metaverse. We're not quite sure how much this might change things, but we expect not much. Over the years there have been plenty of 5% corrections that have led to little more. A couple of things come into play here, including the six straight months without even a 2% correction. Big momentum is hard to kill. The length of the 5% correction at less than 15 days also argues for little more – quick is better. Finally, odds are for less when above the 200-day. And while brief, we did see some real selling in the three days of 90% down volume. It's complicated, but we don't see that Meta (441) will change things dramatically.

After last week, of course, it's less about the S&P and more about the NASDAQ. AI's poster child Nvidia (826) took quite a hit, as did Super Micro (787). We've noted the suspect volume pattern in the latter, more than the former, but the patterns are similar. Both have bounced, but now comes the hard part. The outlook for Tech is now more difficult too because of what is happening with yields. Treasury yields across-the-board are at three-month highs, a change from which they tend to move higher still. This is a good backdrop for defensive shares for growth not so much – as you will recall from just a couple of years ago. Another non-winner here is Homebuilding, where the stocks show signs of peaking. There are two important measures of housing, Permits and Starts. When one is positive, either one, that's good for the stocks. When like now both are negative, it's not good for the stocks.

When it comes to the stock market, we strongly believe what we all know isn't worth knowing. Call it discounted, priced-in, whatever. Of course, there are no objective measures here. In the case of Tesla (170), certainly the problems were well advertised, and the price down significantly. Still, you never know. It's more instinct than anything. Having the wind at your back certainly helps. Wednesday's market didn't hurt. For Tesla, the rally may be a start, but it's just that. The stock faces the problem similar to Nvidia and Super Micro, a falling 50-day around 175. For Tesla that should prove formidable resistance, as it did in February. Meanwhile, GM's (46) little correction held its 50-day and the stock actually gapped higher a few days ago.

Texas Instruments (175) gapped higher Wednesday, does anyone care? It's all about Nvidia and its pal Super Micro. Both had tough weeks last week, damaging to their charts. After sharp breaks, in this case below their respective 50-day averages, those averages turn to resistance. A saying among those technical types is that the stocks then typically rally to kiss the 50-day goodbye – that is they stop at resistance and resume the downtrends. Then, too, it's always possible they blow right through resistance, but certainly it's something to consider. If you liken the break in these stocks to that of Cisco (48) in 2000, it's possible. However, Cisco's initial break was followed by a several month trading range – then the real break. These big uptrends don't die in a hurry.

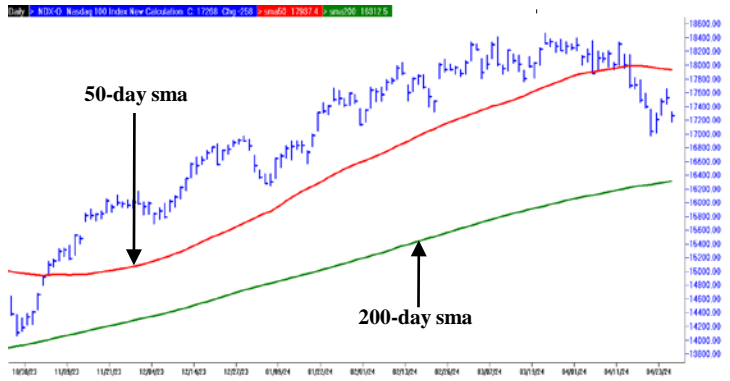
Some things are hard to explain. Meta cuts costs the stock goes up. Meta invests in its future the stock goes down. And what does all that have to do with Microsoft (399) – sympathetic weakness, psychological common ground. Of course, there is the practical common ground of being in the same ETFs. Buy or sell one you get them all. We see these as a big part of Tech's success, and on days like Thursday it's vice versa. We suspect one day these passive ETFs will become a big problem but, of course, what day? Meanwhile, we think we saw Superman and Clark Kent together. At least that's an image we conjure up whenever we see both Gold and Bitcoin rally together. After a little setback Gold is back to acting well. Bitcoin didn't rally going into last weekend's halving, but the ETFs are acting reasonably well.

Frank D. Gretz

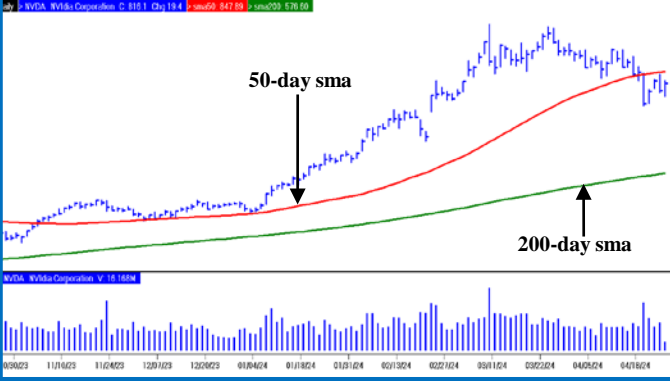
### S&P 500 (SPX - 5044) - DAILY



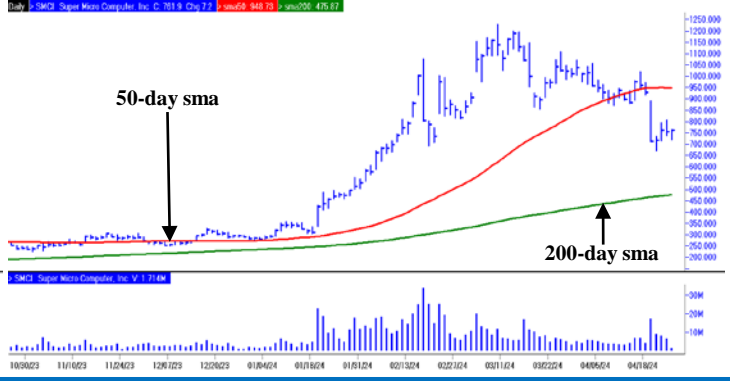
### NASDAQ 100 (NDX - 17430) - DAILY



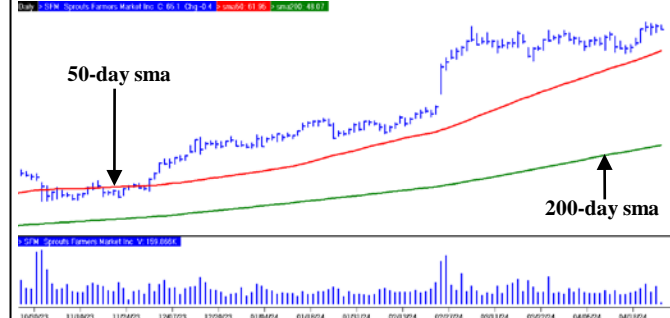
### NVIDIA CORPORATION (NVDA - 826) - DAILY



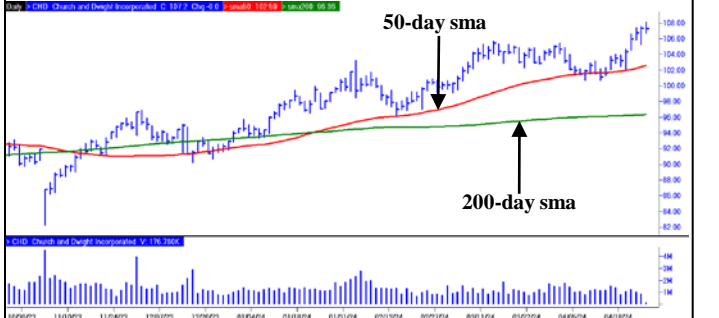
### SUPER MICRO COMPUTER INC. (SMCI - 787) - DAILY



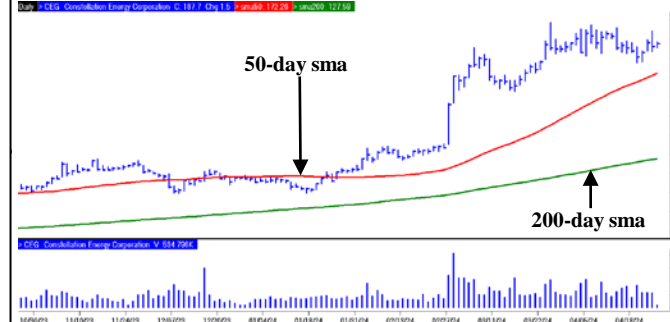
### SPROUTS FARMERS MARKET INC. (SFM - 66) - DAILY



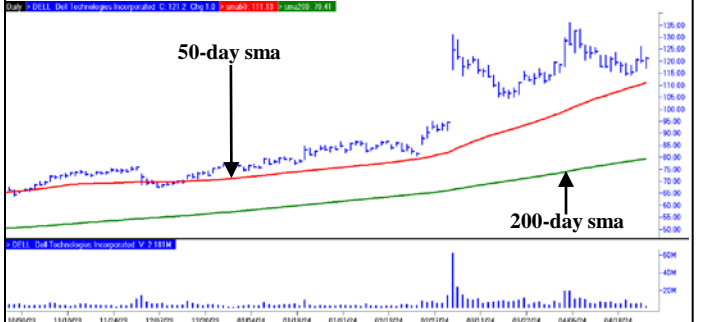
### CHURCH & DWIGHT INC. (CHD - 107) - DAILY



### CONSTELLATION ENERGY CORP. (CEG - 188) - DAILY



### DELL TECHNOLOGIES INC. (DELL - 125) - DAILY



### TESLA INC. (TSLA - 170) - DAILY



### GENERAL MOTORS COMPANY (GM - 46) - DAILY

