

It's the market that makes the news ... thank goodness. Tariffs now seem almost a common event, DeepSeek has threatened the market's most prized stock, Nvidia (140) and AI itself. The government is in chaos and so too governments around the world in this new fend for yourself environment. There have been a few downdrafts including Thursday's – the others have proven brief, leaving one to question how the market has held together as it has. An impromptu answer would seem you have to know markets. They hear a different drummer, the one of supply and demand. The market hasn't gone down so far apparently because its not ready to go down, this despite multiple opportunities. You can learn a lot about markets by what they do, and sometimes you can learn a lot about markets by what they fail to do.

The market has been in a trading range on two fronts. The first and most important, the level of stocks above the 200-day average has ranged between 50 and 60%. As this measure pretty much defines a stock's trend, it's more than a little disconcerting to see the S&P at a new high, while almost half of NYSE stocks remain in downtrends. This kind of divergence typically ends badly. On the positive side, rather than continue to drop from 70% to a more typical 20 - 30%, the mid-50s has held. The second aspect of the trading range obviously has been the S&P, which for the second time in the last two months finds itself trying to break out. Historically these trading ranges, when within 5% of a high, have positive outcomes more than 70% of the time, according to SentimenTrader.com.

It's interesting that A/Ds have steadily improved, always important, and yet the improvement hasn't been enough to push more stocks above their 200-day. Our suspicion is that it's likely due to the underperformance of most commodities, and even the dichotomy within Tech. Not that long ago Software led, and Semis lagged, now it is pretty much the opposite. Meanwhile, there may be a light at the end of the tunnel for commodities, the light being China. China is the world's largest consumer of copper, and if copper goes the rest usually follow. The Hang Seng has seen 60% of its components move above their 50-day average, and 8% of shares reach a 12-month high. Both typically lead to higher prices.

An ETF we've come back to recently is Momentum Factor (MTUM – 225), which recently made a new high. It is dynamic in the sense there is a formula for adjustment, and at least for this market the top 10 holdings seem a bit of genius. The success here seems not just about winning stocks, but its peculiar diversification. Indeed, who or what AI program would own both Palantir (106) and Philip Morris (152)? When it comes to the latter, you might ask if they got the symbol wrong, but not when you look at the chart. And then there's JP Morgan (267), one of the best of the much needed Financials, given this market's propensity to switch between Financials and Tech.

It's a bull market but a strange one, not one that leaves you feeling all warm and cuddly. Slamming Palantir Wednesday, arguably the leading AI stock, and Walmart (97) Thursday may be part of it. For Palantir, the weakness is a flesh wound, but the leader of your cult is not supposed to be selling, though he sold almost the same amount last year. For Walmart it has been so long since it has taken a hit most have forgotten it happens. It's on the 50-day, which has held for quite a while, and if you need further consoling, look at a monthly chart. In both cases, however, they didn't exactly ignore bad news. Meanwhile, Gold doesn't quit, once again Bullion (GLD - 271) more than the Miners (GDX - 42). Farmers have been hurting and killing USAid makes things worse. Yet Deere (496) acts well!.

Frank D. Gretz

### S&P 500 (SPX - 6117) - DAILY



### NASDAQ 100 (NDX - 22068) - DAILY



### ISHARES USA MOMENTUM FACTOR ETF (MTUM - 225) - DAILY



### ROUNDHILL MAGNIFICENT SEVEN ETF (MAGS - 55) - DAILY



### JP MORGAN CHASE & CO. (JPM - 267) - DAILY



### KLA CORPORATION (KLAC - 778) - DAILY



### PHILIP MORRIS INTERNATIONAL INC. (PM - 152) - DAILY



### CELESTICA INCORPORATED (CLS - 125) - DAILY



### KRANESHARES SCI CHINA INTERNET ETF (KWEB - 36) - DAILY



### DEERE & CO. (DE - 496) - DAILY

