

EQUITIES PERSPECTIVE

April 25, 2025

DJIA: 40,093

A test of the low... Or a test of human nature. Declines of 20% happen, they're no big deal, the proverbial buying opportunity. They are even called healthy, which we understand, but can't quite come to grips with losing money being healthy. The euphemisms/explanations are all true, but corrections are not so easy when you're in them. News follows price, in both directions but obviously now with most of it bad or worse. There's always something to take markets down, but we would argue it's the technical background that is to blame. The market rallied Tuesday because Powell won't be fired, is that a reason to rally? It is if the technical background is in place – the selling for the most part out of the way. The seeming washout low of 4/7 saw a decent rally, but these big volume/volatile lows typically come with their so-called test, meaning a revisit of the low. In doing so recently 12-month lows, volume, and stocks above their 200-day all were less than back on 4/7. It's not about the averages it's diminished selling that makes a test successful – so far so good.

The recent action in Walmart (WMT – 95.85) is interesting. Like the S&P, the stock was washed out back on 4/7, but since then has had a more impressive recovery than the S&P though hardly immune to tariffs. Granted WMT will survive while many small retailers will not, but survive or prosper? The recent action suggests the latter, based not on any retail insight but given the chart already is back above its 50-day, something Costco (COST – 975.48) is yet to accomplish. The monthly chart here shows one of those sleep at night patterns. Meanwhile, a good but hardly sleep at night monthly pattern is that of Philip Morris (PM – 170.99). What we find intriguing is a so-called defensive stock like PM performing as you might have expected in the weakness, but so far more than good in the recent updraft. For many and obvious reasons PM is not an easy stock to embrace, making it all the more intriguing.

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