

# EQUITIES PERSPECTIVE

May 9, 2025  
DJIA: 41,608

As we predicted... there is no predicting. For the Semis the news broke positively on Wednesday evening. Of course, this comes after Nvidia's (NVDA – 117) recent write-off when news broke the other way. It's a difficult way to go about investing but as they say, deal with it - it's not going away. How best to deal with it is to focus on the basics. In the end it's the market that makes the news and a technically healthy backdrop is the key. News follows price. In good markets the news is good and bad news is temporary, if not altogether ignored. The market has put together a rather remarkable recovery not just in terms of the averages, but the average stock and that's the key to a healthy Market. When most days most stocks go up, the news will take care of itself.

Numbers like the Advance/Declines and stocks above the 200-day moving average, participation in other words, are the key to judging any rally. Rallies that have it will endure, without those, the rally will fail. The structure of a rally sometimes also can offer an insight as to its quality. In this case, that structure is V-shaped, a fast decline and a fast recovery. The more of a decline that is retraced and the quicker it occurs, the more bullish for future returns, according to Sentimentrader.com. So, in this case, it should be a good sign that the S&P has retraced half of its losses, and it did so in 18 days. Much has changed over the last 20 years, decimalization, the proliferation of ETFs and so on, making these V-shaped lows more common. Still, it's one more thing that increases the probability of a credible low.

This rally, of course, is about more than just Tech. Indeed, what speaks to the quality of the rally is as we've said its breadth. Remember the excitement a while back around infrastructure? The spend was always just around the corner. The stocks finally gave up to drift lower, and then some. You don't hear much about infrastructure in these days of cutting everything, but stocks like Vulcan (VMC – 268), Sterling Infrastructure (STRL – 179), Martin Marietta Materials (MLM – 541) and Quanta Services (PWR – 326) have acted particularly well of late. And when is it not a good time to look at what we sometimes call the "sleep at night stocks", those stocks in relatively consistent long-term uptrends. Insurance certainly is one area that fits here, and the waste management stocks another - names like Waste Management (WM – 233), Republic Services (RSG – 249), and Waste Connection (WCN – 196).

There are companies, and there are the stocks of those companies. The two are typically equated, but they are hardly the same. Stocks are pieces of paper, and those pieces of paper are subject to forces of supply and demand well beyond corporate prospects. We're thinking here of Palantir this week, the company versus the stock. Palantir, the company is easy enough to like, Palantir (PLTR – 119) the stock is a different story. Similarly, the company's earnings this week were easy enough to like, the stock's reaction to those earnings not so much. As last week's Barron's pointed out, at some 60x sales there's not much good news that has not been priced in. To look at the chart of Palantir, you might say the same. This seems more about the market, where Tech had become a bit suspect, but this too could be changing.

Ignoring bad news is good, so too is responding to good news. The market did respond to the trade deal and chip news, it did not respond to news from the FOMC that the risk of stagflation is rising. The actual words were quite bleak, "the risk of higher unemployment and higher inflation have risen." For all the hoopla that surrounds the Fed and its meetings, stocks care more about tariffs and Tech than monetary policy, at least for now. Meanwhile, forget Gold as a safe haven, bring on the speculative Bitcoin. Bitcoin is about to break out on this news while Gold is taking a well-deserved rest. Both seem attractive given that throughout history governments have dealt with massive debt by inflating their way out of it.

Frank D. Gretz

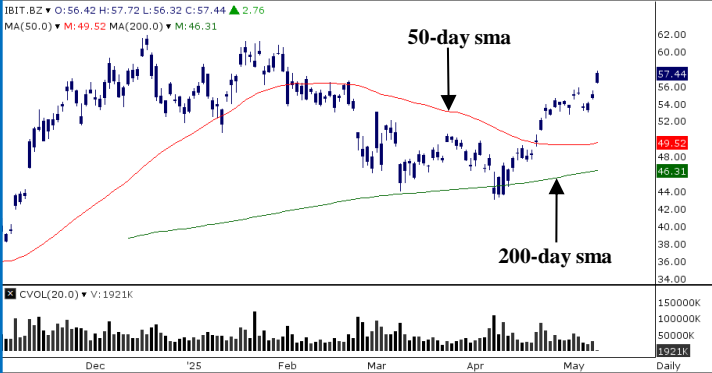
### S&P 500 (SPX - 5664) - DAILY



### NASDAQ 100 (NDX - 20064) - DAILY



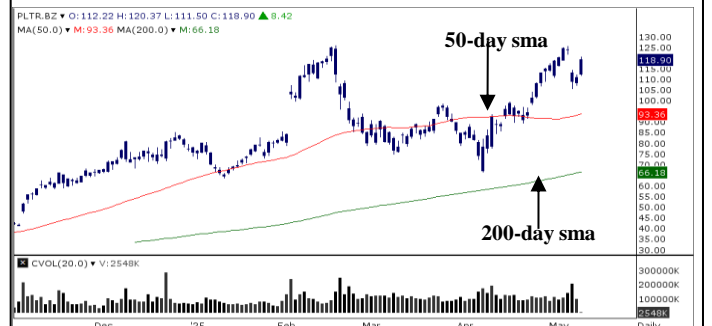
### ISHARES BITCOIN TRUST ETF (IBIT - 58) - DAILY



### SPDR - GOLD TRUST (GLD - 305) - DAILY



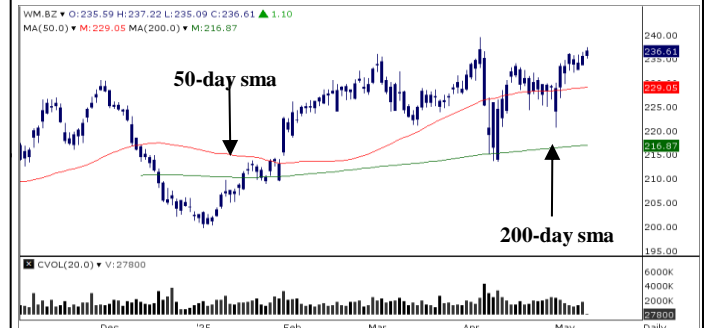
### PALANTIR TECH (PLTR - 119) - DAILY



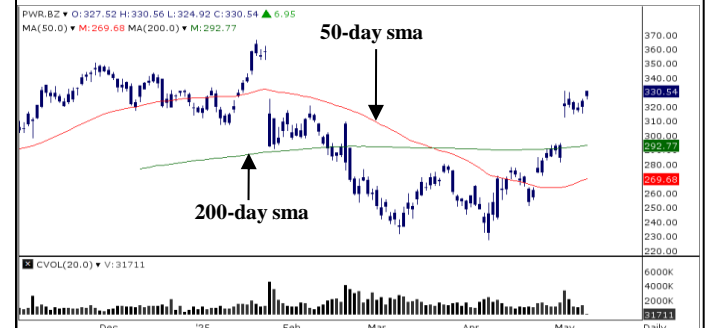
### NVIDIA CORP. (NVDA - 117) - DAILY



### WASTE MGMT (WM - 233) - DAILY



### QUANTA SERVICES (PWR - 326) - DAILY



### ISHARES US INSURANCE TRUST ETF (IAK - 135) - DAILY



### CINTAS CORP. (CTAS - 215) - DAILY

