Wellington Shields

EQUITIES PERSPECTIVE

August 14, 2026
DJIA: 53,840

That week-old buy list… rip it up. It's not that the names are necessarily wrong, it's dated. How many Oil stocks are on the list, let alone Gold stocks? Every market has its periods of rotation, this market seems to have them on steroids. We still favor the Invesco Equal-Weight S&P 500 ETF (RSP - 223) over the S&P 500 Index (SPX - 7799), and the iShares Tech-Software ETF (IGV - 106) over the VanEck Semiconductor ETF (SMH - 589), but last week it didn't much matter – the week was that good. The Advance/Decline Index is at new highs, 60% of NYSE stocks are above their 200-day, and 70% for the large-cap dominated S&P itself. While large caps rule the averages, the RSP and A/Ds say there's more to this market.

Gold has been in a correction, but most importantly it's a correction in an overall uptrend. For GLD (399) a move below 360 would challenge that, but the recent strength makes that doubtful anytime soon. As for the strength, obviously inflation remains stubborn, but that hasn't always been a driver for Gold. And, indeed, during the Great Depression Gold did well, and that was a deflationary period. Then there is the Central Bank buying, up some 60% in the second quarter versus a year ago. Not that long ago, however, Central Bank buying was something you wanted to fade. And, if so important, why was Gold down in the second quarter? There are always explanations for these moves in Gold, but Gold is a bit of a mystery. At least the positive chart is not.

While Gold is thought of as a hedge, as per the above, we are not sure of what. Meanwhile, particularly given the recent resiliency and given the times, it may be Oil that is the better hedge. The charts work here from Exxon (XOM - 159) to Transocean (RIG - 6). In terms of supply and demand, at only around 3% of the S&P, Energy isn't exactly over-owned. A little different story might be Copper, which we have tended to think of as a China story. There is that, but there's also an AI story. Copper is required for power distribution, cooling systems, servers and plain old wiring. In total, the metal is said to account for approximately 6% of total data center capital expenditures. And Freeport (FCX - 67) is bumping up against its highs.

If we had a list of our investment beliefs, foremost might be the idea that what we all know isn't worth knowing. What we all know isn't worth knowing because it's priced in, discounted as they say. We alluded to this last time in regard to earnings per se, versus the far more important surprise in earnings. It came to mind again this week regarding SpaceX (SPCX - 141), a stock with too little history to offer a technical comment. We couldn't help but muse, however, that the company's first lock-up period ended August 6, pretty much the day of the recent low. It would seem the anticipatory selling made that low possible. You might also recall anticipatory selling made possible a market low the day Russia invaded Ukraine.

While we harbor concerns about many aspects of this market, for now they are just concerns. One, of course, is the Bond chart. How can that not be a worry, crowding out by AI demand? Yet, worry has not shown up in the reality of any impact on Financial stocks, which should be the proverbial canary. Even the KKRs act well again. And as Financials are numerous, they have an impact on our favorite indicator, the A/Ds – so far so good. Meanwhile, among the charts on the other side are two of our favorite technical patterns - those being stocks which almost from out of the depths, blow through the 50-day, consolidate and seem ready to go again. In this case, those would be LMT (598) and TEVA (37).

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S&P 500 (SPX – 7799) - DAILY

NASDAQ 100 (NDX – 30085) - DAILY

ISHARES 20+ YR TREASURY BOND (TLT – 83) - DAILY

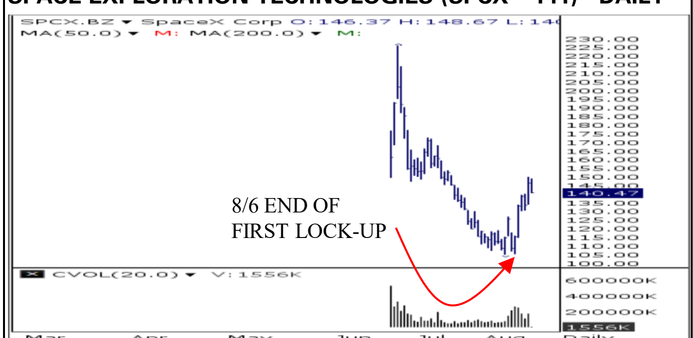
STATE STREET FINANCIALS ETF (XLF – 58) - DAILY

VALERO ENERGY (VLO – 343) - DAILY

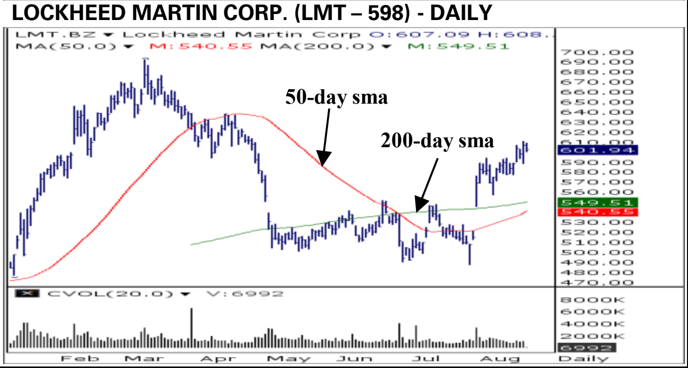
EXXON MOBIL (XOM – 159) - DAILY

VANECK GOLD MINERS ETF (GDX – 88) - DAILY

SPACE EXPLORATION TECHNOLOGIES (SPCX – 141) - DAILY



LOCKHEED MARTIN CORP. (LMT – 598) - DAILY



TEVA PHARMACEUTICALS (TEVA– 37) - DAILY