

MARKET NOTE . . .

With the exception of Lawrence Welk... most Semiconductors are acting well again. And they likely hold the key to what the market has in mind. There's an ETF somewhat pretentiously named Artificial Intelligence Supercycle, symbol AIS (76), which is pretty much SMH (619), which pretty much says it all. And it's the Semi/AI stocks that drive this increasingly narrow market, and that to the point the numbers, the tangibles, are screaming correction. Oil, rates, war, and inflation argue the same, but where is the correction? Well, while everyone worries about Oil, Oil companies are doing just fine. Meanwhile, rates are crushing Financial stocks, but they don't much dominate the averages. It's Tech that does, leading this to a look of 1999. If that sounds scary it's not, provided you know what to expect. There was plenty of money to be made in the dotcoms back then – of course, until there wasn't. The same seems increasingly likely now in the AI stocks.

Earlier this year when the AI love-in began, Microsoft (MSFT - 513) was thought a beneficiary, then not, and now again. While we dare not tread funnymentially, we can and do say it is one of the better charts around. Tracking the Mag 7 these days also has included tracking the SO-SO 3 OR 4. On top of that, they shuffle. That said, the MAGS ETF (72) itself looks attractive, consolidating above an important breakout a week or so ago. Then there's the other Tech, Biotech. We generally prefer to just go with the ETFs here, and the XBI (155) thinking the smaller names to be the more likely acquired. However, in this case we somewhat prefer the cap-weighted IBB (206).

Frank D. Gretz

MICROSOFT CORP (MSFT - 513)



ROUNDHILL MAG 7 ETF (MAGS - 71)



NASDAQ BIOTECH ETF (IBB - 206)



CHARLES SCHWAB CORP (SCHW - 98)



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