

Quote of the Week:

You don't tug on Superman's cape. You don't spit into the wind. You don't pull the mask off that old Lone Ranger and you don't mess around with Jim - Jim Croce

Market Observations:

LTTM is currently a broken record. I'm long stocks focusing on the larger trend in the broad indexes. I could probably end this week's issue here, but I will say a few other things.

Looking at "factors" I see momentum stocks (MTUM) are way outperforming value (VLUE) and dividend (DVY) stocks so far YTD. Momentum stocks continue to be the thing to own.

While there is strength pretty much everywhere "under the hood", four sectors/industries stand out by virtue of the volume of single stocks in these sectors/industries at or near highs. They are insurance, banks, oil & gas, and industrials.

Something else I notice is what I will call a relay race – when a given sector/industry takes a breather, another sector/industry steps in to pick up the slack compelling the broad indexes higher.

While it is still not an easy time to be a fast trader (per the LTTM approach), the larger trend remains decidedly up. When you zoom out on a chart of SPY, DIA, or QQQ, the message from the market is clear.

All of this brings to mind the opening quote.

In other news, I notice crude is rallying as a bunch of energy stocks make new highs. Usually, when everything moves together in energy (stocks and crude) it is a message from the market that shouldn't be ignored. But, when I zoom out, I see crude (USO) is in the middle of the range over the past few years which isn't as enticing as stocks given their relentless ascent.

Also in energy, nat gas has had a wild year. It is currently hovering near the lowest levels in the past ~25 years. Too bad futures contracts and the cost of storage/rolls make it impossible to just buy and hold nat gas waiting for an inevitable spike. I suppose we can take solace in the reality that those of us in colder climates can opt to use gas furnaces for heat in lieu of electricity thus reducing our monthly bills a bit (assuming your provider didn't lock your rate).

Outside of that, I also see Bitcoin is down about 14% from recent highs. This is being met with deep faith from the X (Twitter) crowd I follow as the tried and true loyalists tell

the newbies that this is nothing and if they can't handle a 14% drawdown they don't belong. Bitcoin seems intent on continually testing the faith of the faithful.

Admin Note: I started a new publication which explores my views on retirement investing. Feel free to [sign up here](#).

Stock Market Indicators:

Trend: The trend in stocks is up.

Stock Volatility: Volatility has declined to levels that support owning stocks.

Interest Rates: Short-term rates are around 5% which is compelling to many. However, stocks put up a banner year in 2023 so the money market crowd is probably feeling some FOMO which could prompt buying on any stock market rally.

The Fed: The Fed is on hold pending incoming data on the economy and inflation. The latest change in policy was to stop raising rates which, all else equal, was a positive. Combining the two, I think current policy is neutral to slightly positive for stocks. You can find the latest FOMC release [here](#).

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