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THE TRADER REVIEW

market forecast & model portfolio

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Markets Like Certainty

Prepared by

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Dear Readers,

AP News

US stocks dive after another stunning reversal as uncertainty reigns about Trump's tariffs

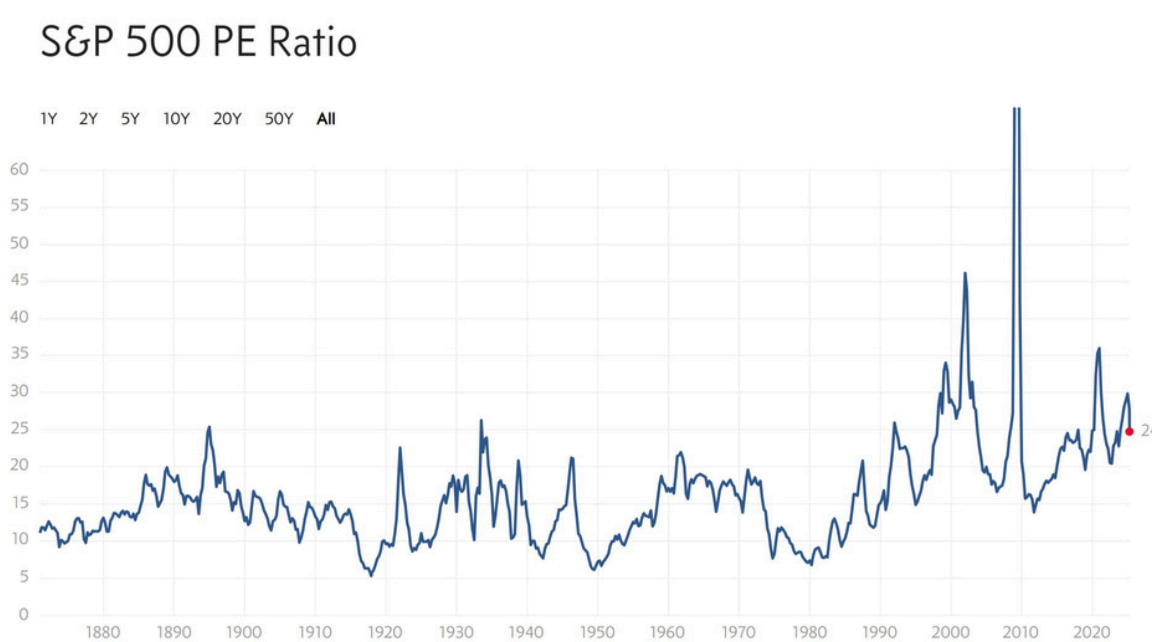
The S&P 500 dropped 1.6% Tuesday after wiping out an early gain of 4.1%, which had it on track for its best day in years.

30 minutes ago

The main things markets don't like is uncertainty. Even bad news is better than waiting for potential bad news. The market, which of course consists of all the companies, CEO's etc needs to have a good template to move forward with business.

So the waiting game is what's even worse for stocks than the tariffs themselves.

I also expet tariffs to lower the P/E's of stocks but I don't think they'll cause a recession.

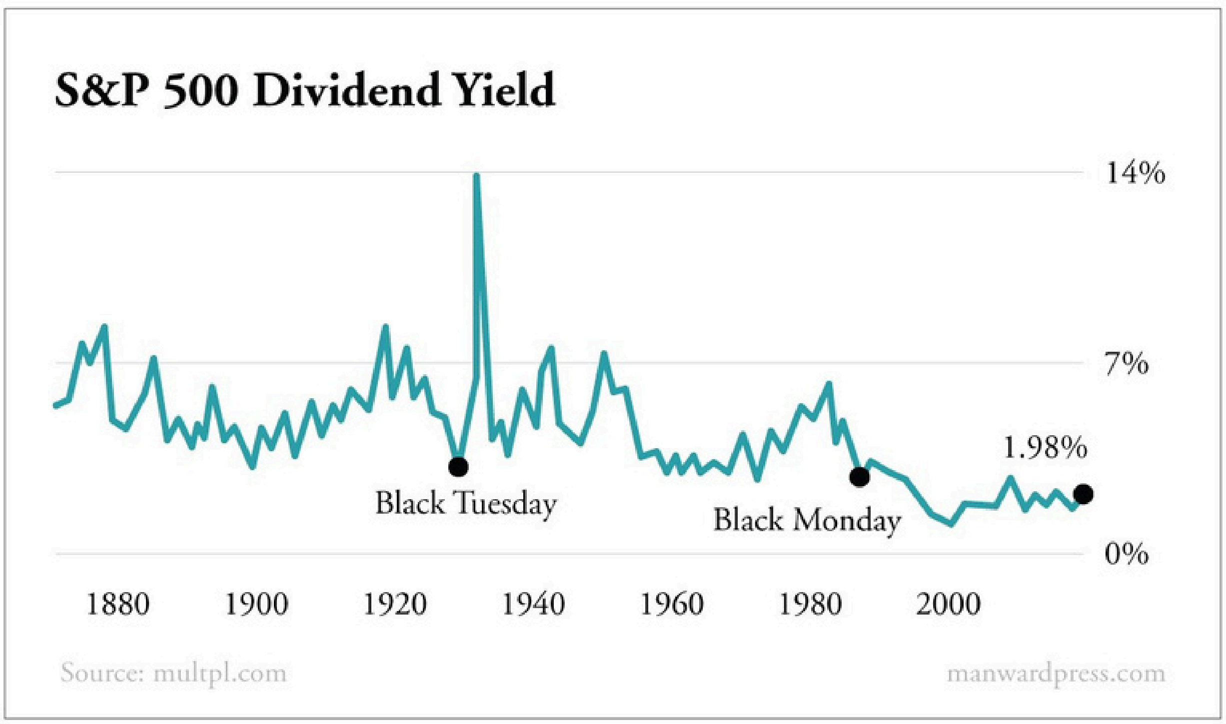


I used this chart to get us out of a few crashes in the past.

The top of the average range is about 20. The mid point is 15.

If you look back on the chart however, as the P/E's go up, the fividend rate goes down. Most companies were chasing growth and not cutting the $ amount of dividends but not raising them as fast as the stock therefore the yield goes down. For example, Exxon has a clear history of raising dividends, but if the stock goes up, the yield goes down.

So looking at this, I think it's possible companies pay more dividends with more tariffs. That would lower the P/E potentially. That's when a stock is an "investment" (you get paid) rather than a "speculation" (growth only forget getting paid stock price only matters).



Waiting Game

In a situation like right now with a constant back and forth especially between the big trading partners, I prefer to wait it out until there is some more information on the table and the market has a more clear path forward regarding tariffs.

I do see potentially more jobs being created in the US, a higher GDP, but keep in mind the market P/E is still quite high as you don't just have stock rallies you have P/E rallies as well when things get hot.

So at this moment I want to wait to see if things cool off a bit.

Meet The Expert

Neil Batho

Long-Time Trader & Investor

Neil writes commentary on the market, economy, finance, and trends in the marketplace in order to get you in the picks and sectors that can move right now.

Neil issues model portfolios for individual traders to trade in Stocks/ETFs, Options, and Crypto.

Neil has a Bachelor in Finance, Minor in Economics, and was an NCAA Div. 1 ski racer and on the University Dean's List and a former Series 7, 63, 65 fully licensed Financial Advisor.

Neil uses his knowledge and experience to see "through" what the Fed is saying while using historical trend analysis to get you into trades like technology since 2022 since he knew rising interest rates favor tech stocks since tech companies have billions in cash.

Long term readers were also warned of the crashes in 2009 and 2020, profiting in a big way on the downside while buying at the bottom. Or, at least staying out.

Recent successes were 55% in 2022 when the S&P500 was down -18% due in large part to being in the right sectors. Oil, Natural Gas, and Potash. In fact, energy was the only sector up the entire year proving that sector allocation is the most important thing in trading as we were heavily weighted in energy since the first trading day of the year. A $100,000 account in the S&P500 would have been only $82,000 at the end of 2022, while an account trading our picks would have been at $155,000, an 89% difference. We are still well ahead of the market since 2020.

Risk Disclaimer

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