THE TRADER REVIEW

market forecast & model portfolio

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Perception IS Reality

Prepared by

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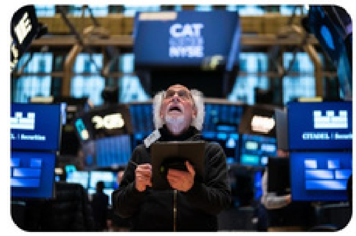
Dear Readers,

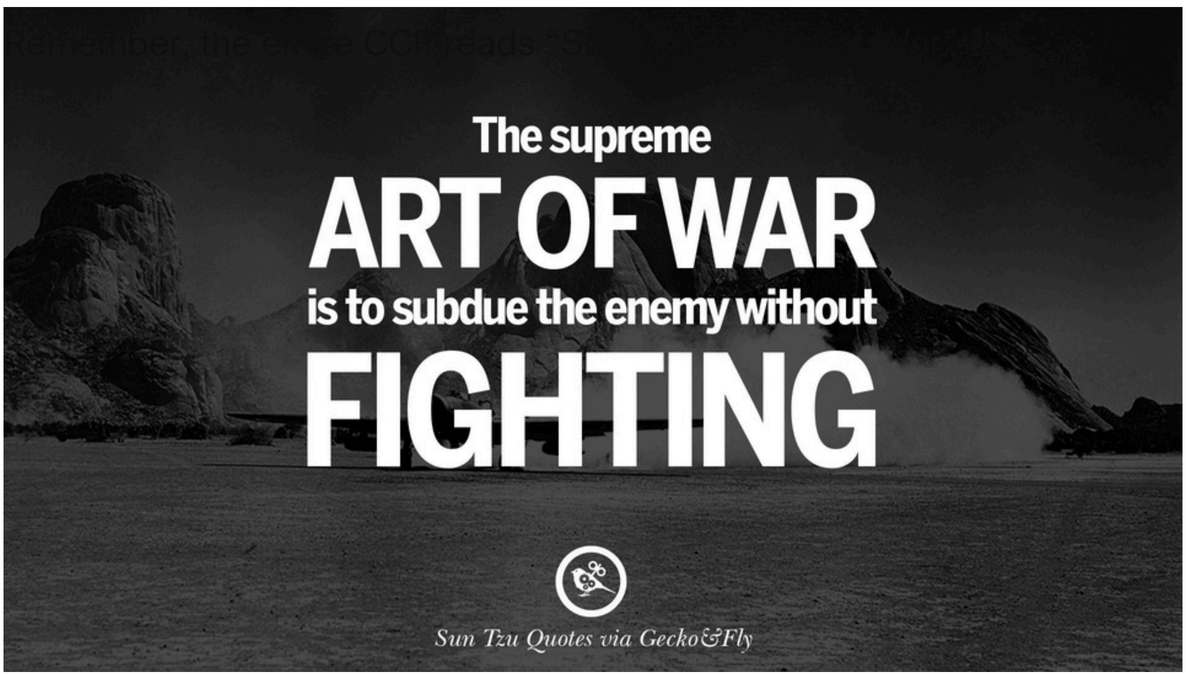
[Stock market today: Dow, S&P 500, Nasdaq futures plunge as Nvidia reveals costly limits on China exports]



Yahoo Finance UK | 24 minutes ago

US stock futures fell after Nvidia revealed costly new curbs on chip exports to China, and investors grappled with uncertainty over President Trump's trade policy.

The world was a lot safer in the 1990's before China was in full swing.



You may not know this but China is at war with the US. Large portions of fentanyl come from China. 400,000 - 500,000 Americans die of fentanyl overdoses each year. But now that the border is closed we'll see what the new numbers look like.

“A single death is a tragedy; a million deaths is a statistic.” - Stalin

The thing about the markets is that they like certainty.

If there was free trade all over the world the market would go way way up.

Some countries would lose out entirely.

Some would gain.

There is a balance between doing what's best for globalist stocks like NVDA and what's best for the country.

Right now there is a lot of uncertainty. If companies don't have clear knowledge of what things will be like in 3, 6, 12 months they have to delay projects, have layoffs, scrap plans.

Even though some of those things may not have happened, the market knows that they ***could*** happen.

Therefore, uncertainty in global trade = uncertainty in markets.

To catch a really great trend you need to have enough certainty, but not all, so that you can get in early and hold.

We did that in November 2 years ago when stocks were really falling, and then made a huge 20% gain at the end of the year. At that time, there was more certainty that war would de-escalate more than expected in the Middle East. At least at that time.

Although we aren't "news traders" we need to be keenly aware of "tariff talk" and really see what's the end goal here. Maybe the goal was always to hit China hard while not singling them out at the beginning. "It's not my fault China started it". Remember, in everything you need the "moral authority" for the masses to be on your side.

Like Ukraine so many think they have the moral authority and I was always against it since I did the numbers and you cant win when outnumbered 5 to 1 and have no money. But perception, even though not reality can actually work exactly like it is reality. Until the gig is up.

Keep your eye on earnings and realize we're going into "Sell in May and Go Away" as the best 6 months of the year are historically November - April.

The Presidential Cycle

See in the chart below that the first year in the Presidential Cycle is the worst year out of the four for stocks. Why? Because too much uncertainty. Then the midterms come along. I recall the third year really did play out in the markets as the midterms are over and then the money and "goodies" start flowing for a re-election campaign either to run again or have someone from your own party you're backing.

It's all about certainty... but not too much... so you can get in ahead of the trend.

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.

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