THE TRADER REVIEW

market forecast & model portfolio

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Trading the Rebound

Prepared by

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Dear Readers,

A 10% pullback isn't a bear market but nonetheless it's still not fun. But trading the rebound can be and we've been in some leveraged ETF's in certain sectors as well as one of my favorites.

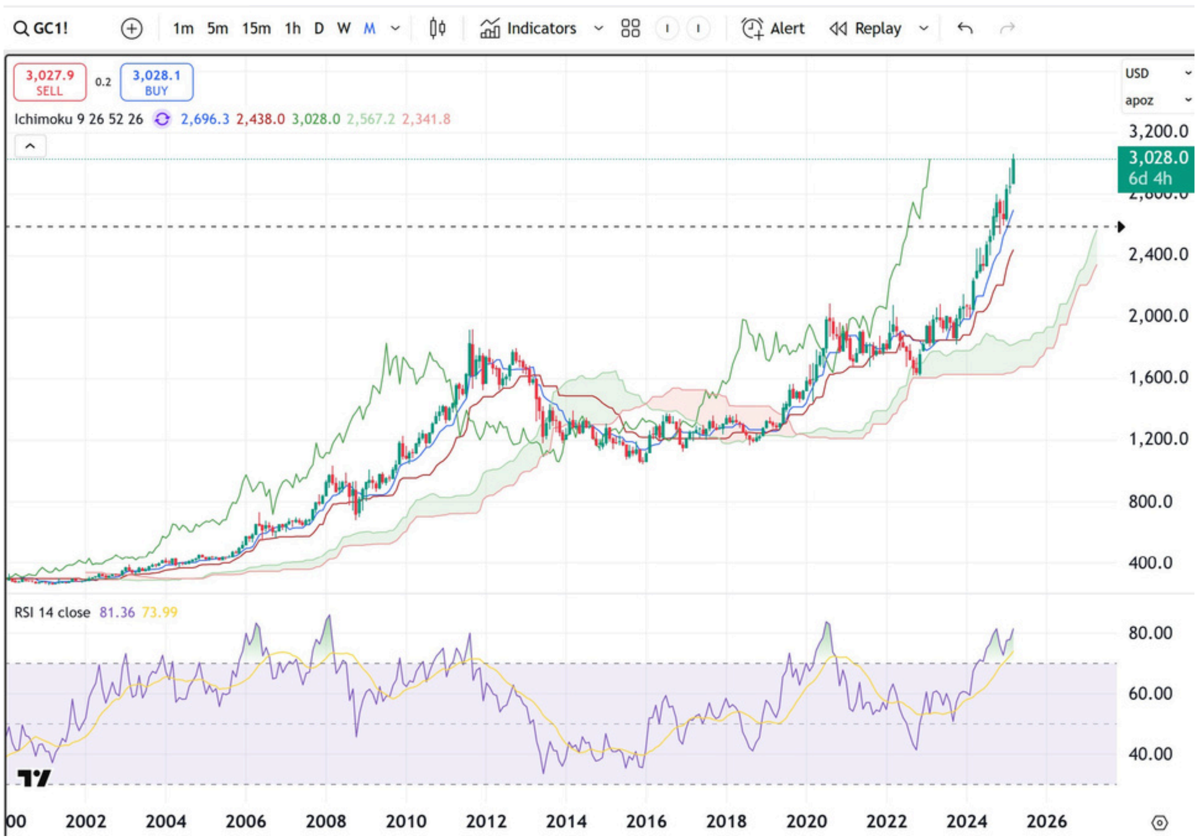
Also, since last week Chevron is up nicely as I had anticipated from $160 to $165.

Now the only thing I are about is CVX holding the blue line where the arrow is which is the short term trend line.

'Not the end of the world if US quits Nato,' says former defence secretary

The Independent | 17 days ago

Not the end of the world if US quits Nato,' says former defence secretary - Starmer and EU leaders must warn 'naive' Trump: 'We ain't going anywhere,' declares Ben Wallace



Gold has really surpassed all expectations as gold is typically an inflation hedge due to war. Since war causes inflation due to deficit spending. But in this case I think we'll have to seriously wait until there really is a peace agreement and even then Europe seems determined to perhaps really increase their military spending for real this time with the US threat to pull out of NATO which, of course, they won't. Gold went from $300 to $500 during Reagan's second term and then went down for 15 years. So gold is also a war risk indicator. "Tear Down This Wall" was in 1987 in the middle of the gold bull market. After the wall went down, so did gold for over 10 years. Gold sure seems overbought on the monthly RSI so unless it goes parabolic from here, it's difficult to tell the next move. Trust the chart.

Here's the S&P500.

This is no place to be a hero. But rather yet to look for sectors that can rally while the overall market indices are not.

Keep in mind however, that during catastrophic crashes only two things go up I know of. The US dollar, and bonds like the ETF TLT that we made 100% on the calls in the 2020 crash. So, keep your eye on TLT always as it's a risk indicator and can, at times, be a pre-cursor to a crash.

During big tech rallies I recall March selloffs which I wrote about in February, so at this time I am looking very closely at oil as it's a global risk play (which means it could go up)

Fed keeps interest rates unchanged, sticks with forecast for 2 rate cuts in 2025

USA TODAY | 6 days ago

The Federal Reserve kept its forecast for two **rate** cuts this year amid Trump's tariffs, which are expected to push up inflation and slow the economy

Fed Update

“Everything Known is Discounted”

The market discounts everything. Everything known is priced in. Of course, we make money since it’s priced in by humans and humans overreact to the market.

FDA approval coming up soon for a blockbuster biotech? It’s already priced in. New chip NVIDIA has been talking about coming online soon? Already priced in.

Two price cuts already priced in the Fed puts a “floor” in stocks. As well as how eager the Fed is to change their mind.

For now I think we can rally up to near the old highs and then re-assess.

Also, get into sectors that are at yearly highs, like in some oil stocks and others instead of just focusing on bottom fishing.

Good Trading!

Neil Batho

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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