THE TRADER REVIEW

market forecast & model portfolio

Feb 20, 2025

Prepared by

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Dear Readers,

S&P 500 Performance Following Up January & February (1938-2024)							
Year	Jan %	Feb %	Mar %	nxt 4-mon	1st Half	2nd Half	10-Mon	Full-YR
1938	1.33	6.08	−25.04	1.94	9.57	14.27	16.49	25.21
1943	7.16	5.06	5.27	12.27	26.41	−5.51	6.09	19.45
1945	1.43	6.16	−4.62	4.62	12.65	16.04	21.40	30.72
1950	1.73	1.00	0.41	2.73	5.55	15.38	18.52	21.78
1951	6.12	0.65	−1.83	−3.85	2.69	13.41	9.04	16.46
1954	5.12	0.27	3.02	11.70	17.73	23.18	37.59	45.02
1955	1.81	0.35	−0.49	11.62	14.04	10.85	23.72	26.40
1961	6.32	2.69	2.55	1.89	11.24	10.69	12.78	23.13
1964	2.69	0.99	1.52	5.00	8.89	3.75	8.93	12.97
1967	7.82	0.20	3.94	4.45	12.83	6.43	11.17	20.09
1971	4.05	0.91	3.68	3.05	8.19	2.40	5.52	10.79
1972	1.81	2.53	0.59	0.53	4.95	10.18	10.77	15.63
1975	12.28	5.99	2.17	16.67	38.84	−5.25	10.54	31.55
1983	3.31	1.90	3.31	13.54	19.53	−1.89	11.39	17.27
1985	7.41	0.86	−0.29	5.89	14.72	10.13	16.61	26.33
1986	0.24	7.15	5.28	10.54	18.72	−3.46	6.72	14.62
1987	13.18	3.69	2.64	6.97	25.53	−18.72	−13.06	2.03
1988	4.04	4.18	−3.33	2.12	10.69	1.54	3.70	12.40
1991	4.15	6.73	2.22	1.11	12.40	12.37	13.63	26.31
1993	0.70	1.05	1.87	1.61	3.40	3.53	5.20	7.06
1995	2.43	3.61	2.73	11.77	18.61	13.07	26.37	34.11
1996	3.26	0.69	0.79	4.72	8.88	10.45	15.66	20.26
1997	6.13	0.59	−4.26	11.93	19.49	9.64	22.71	31.01
1998	1.02	7.04	4.99	8.05	16.84	8.41	17.14	26.67
2004	1.73	1.22	−1.64	−0.36	2.60	6.23	5.85	8.99
2006	2.55	0.05	1.11	−0.82	1.76	11.66	10.75	13.62
2011	2.26	3.20	−0.10	−0.50	5.01	−4.77	−5.25	−0.003
2012	4.36	4.06	3.13	−0.26	8.31	4.70	4.43	13.41
2013	5.04	1.11	3.60	6.05	12.63	15.07	22.03	29.60
2017	1.79	3.72	−0.04	2.53	8.24	10.32	13.11	19.42
2019	7.87	2.97	1.79	5.65	17.35	9.82	16.03	28.88
2024	1.59	5.17	3.10	7.15	14.48	7.71	15.41	23.31
		Average:	0.56	5.32	12.90	6.93	12.53	20.45
		Median:	1.83	4.67	12.51	9.73	12.09	20.18
		Best:	5.28	16.67	38.84	23.18	37.59	45.02
		Worst:	−25.04	−3.85	1.76	−18.72	−13.06	−0.003
		% Higher:	68.8	84.4	100.0	81.3	93.8	96.9

When in doubt I turn to the Stock Traders Almanac and see what types of trends we are in and what has happened in the past.

Above you can see that when Jan and Feb are both up, then on 2 times of of 32 times is the market down for the year.

What this tells me is that any gains from the previous year are held onto so that they won't be taxed because there's enough enthusiasm to push the into the next year.
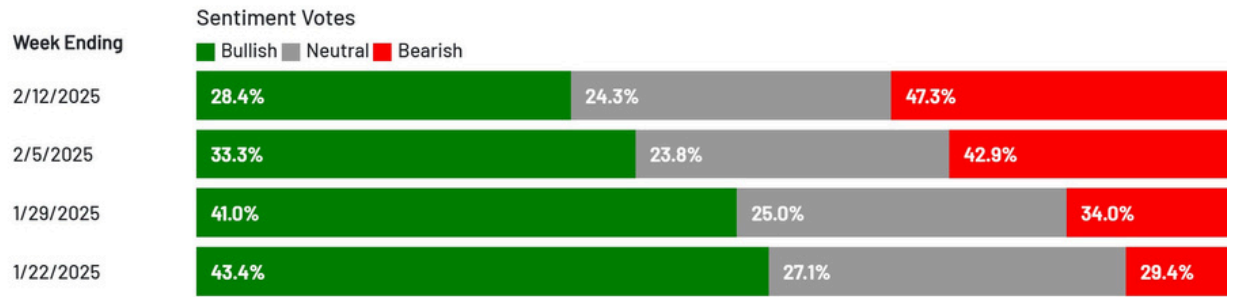
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DOGE

The amount of waste DOGE is finding is incredible. It actually is starting to look like the bundge CAN be blanaced if all the fraud is take taken away without dropping any important programs. Even a simply "grant" for $22 billion I heard can build homes for all homeless vets. But of course, it's better of for things like Sesama Street in Iraq.

Why is this important for stocks? Because a balanced budget means a stronger dollar means more investment flows into the US, especially into tech since tech has do debt. When you invest you want your money back one day that's why no one invests in tech companies in Zimbabwe.

Yes, there really were $100 trillion dollar notedsin Zimbabwe. So, no one invests there. That's the dilemma of the printing press.

AAII Sentiment Weekly Poll

Week Ending	Bullish	Neutral	Bearish
2/12/2025	28.4%	24.3%	47.3%
2/5/2025	33.3%	23.8%	42.9%
1/29/2025	41.0%	25.0%	34.0%
1/22/2025	43.4%	27.1%	29.4%

Sentiment Votes
■ Bullish ■ Neutral ■ Bearish

Above is the chart of the AAII, Association of American Individual Investors. These are "newbies" to the market and are typically almost always wrong and the tops and bottoms.

So, seeing here, they're a little bit oo bearish for me, which means that I think stocks can hang on through a typical rough time of year in Feb/March which is when tech dominates.

March Selloff

I am also not counting out a March selloff in stocks which happened many times from 2000-2010 as tech dominated. Just something to keep in the back of your mind and watch the charts.

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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