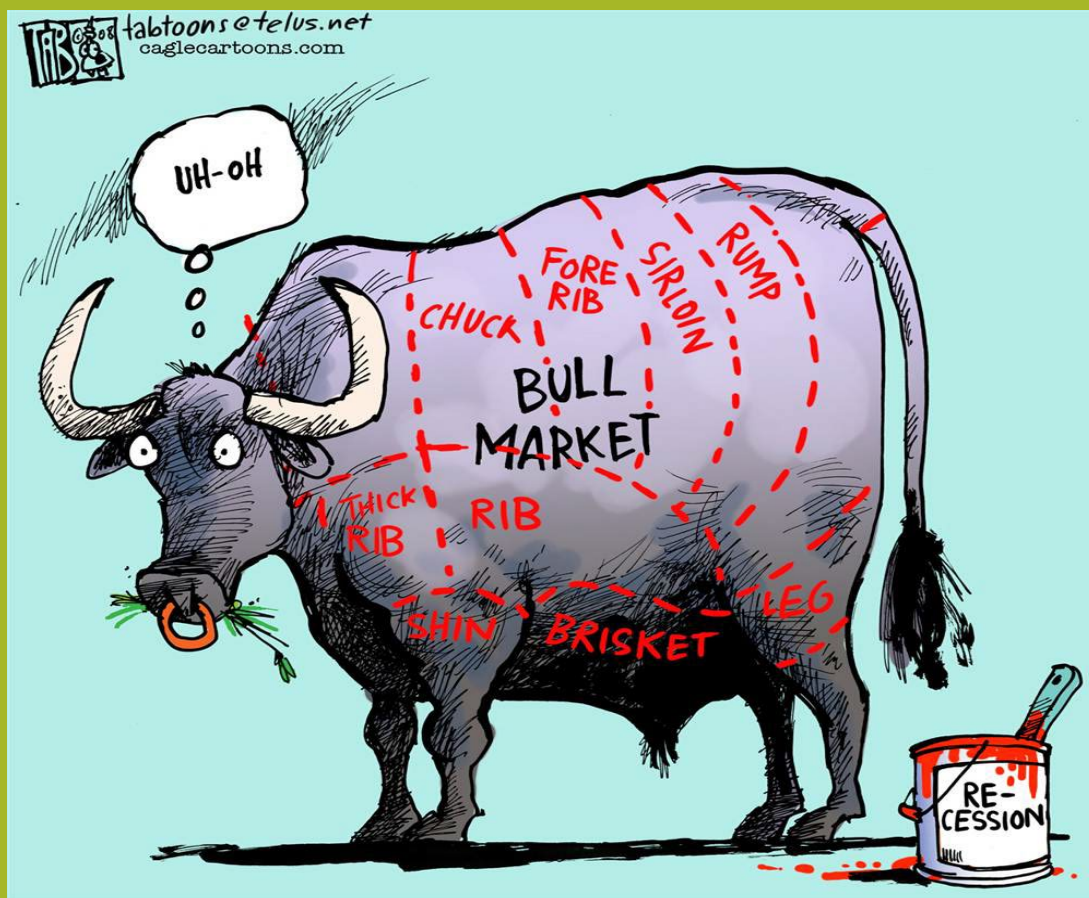


A BULL OR NOT A BULL. THAT IS THE QUESTION



A confusing time for investors

- No clear picture on the market's direction
- Goldman Sachs believes a 25% market correction and recession is coming
- David Rosenberg thinks that a 20% correction is already dialed-in. He feels we are already in a recession.
- Deloitte Global economist suggests a 'soft landing' by 2024
- The Fed now expects a recession.

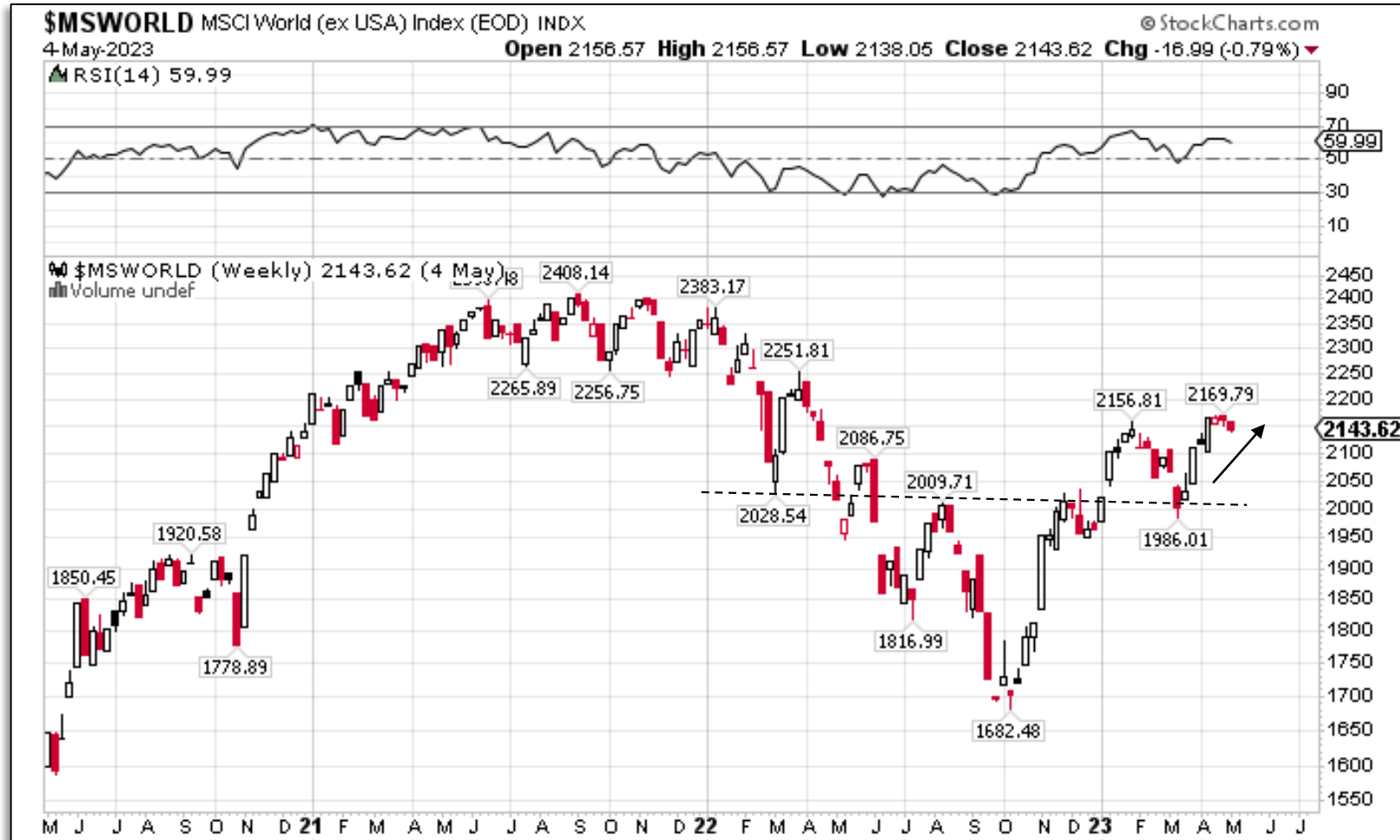
On the bull market side

- Global markets nearing a break out.



On the bull market side

- Global markets without the S&P 500 have broken out. Expected target is 2400.



On the bull market side

- The US bond market has bottomed. Stocks and bonds move together. Bonds normally lead stocks.



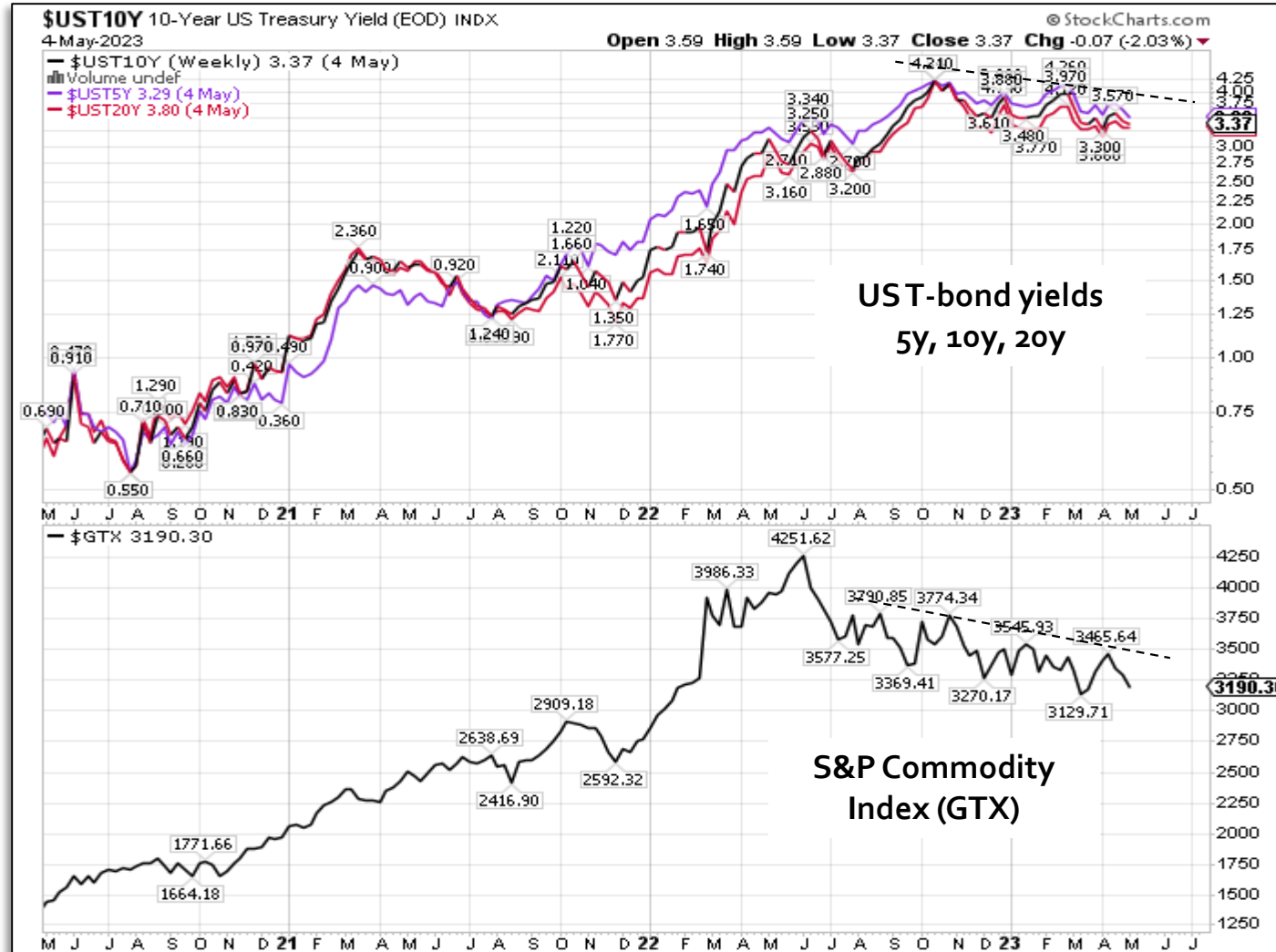
On the bull market side

- Bond prices and bond yield move in the opposite direction



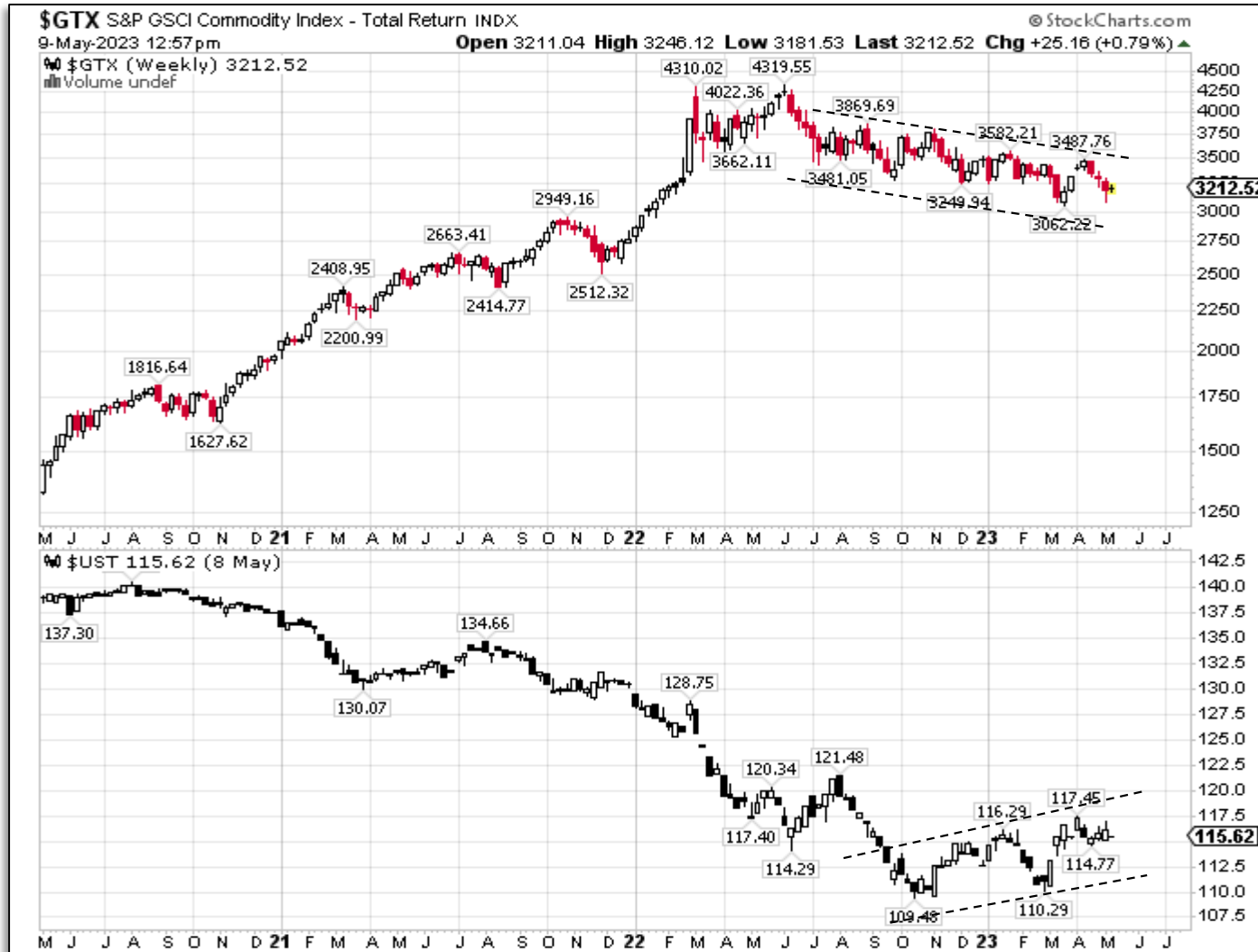
On the bull market side

- The US T-bond yields are cresting. Yields and commodities trend together.



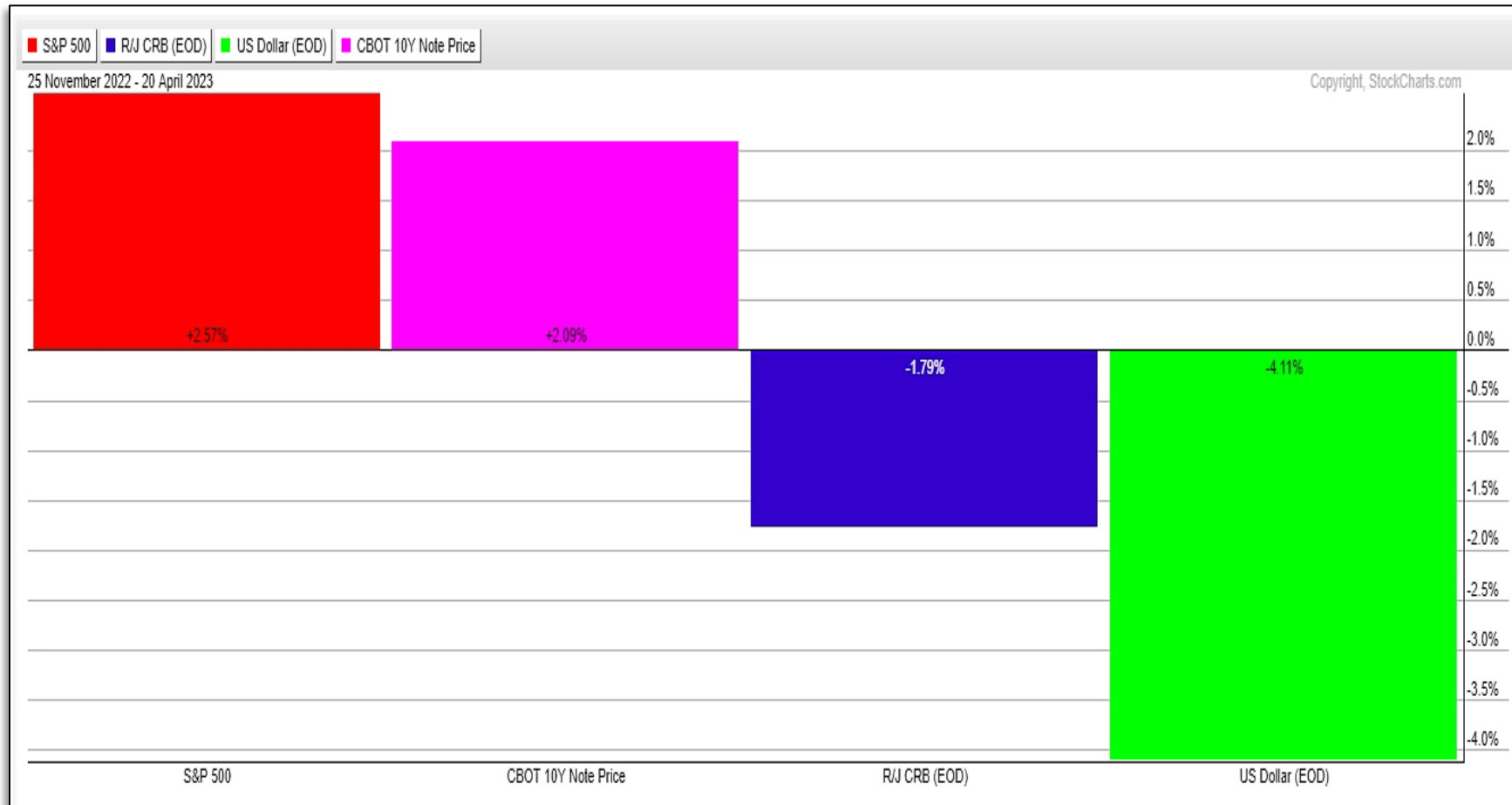
On the bull market side

- Bond prices are starting to rise. Commodities are now trending down.



On the bull market side

- In an inflationary environment, stocks and bonds are positively correlated. The US dollar and commodities are negatively correlated to stocks and bonds.



On the bull market side

- In an inflationary environment, commodities (GTX) are showing slightly higher performance



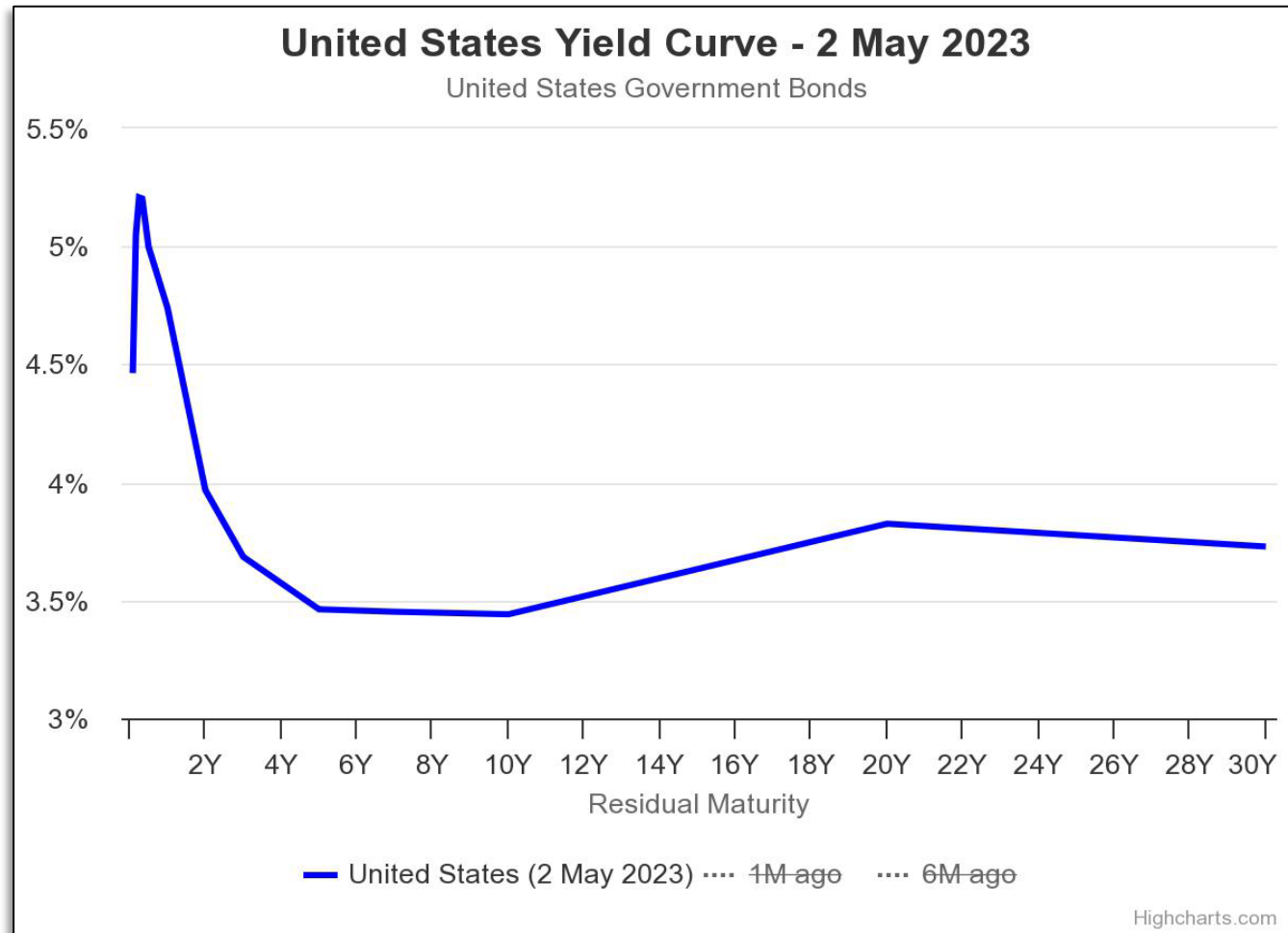
On the bull market side

- The VIX is suggesting that volatility and market concerns are low.



On the Bear market side

- US yield curve is inverted. It has been inverted for 40 weeks.



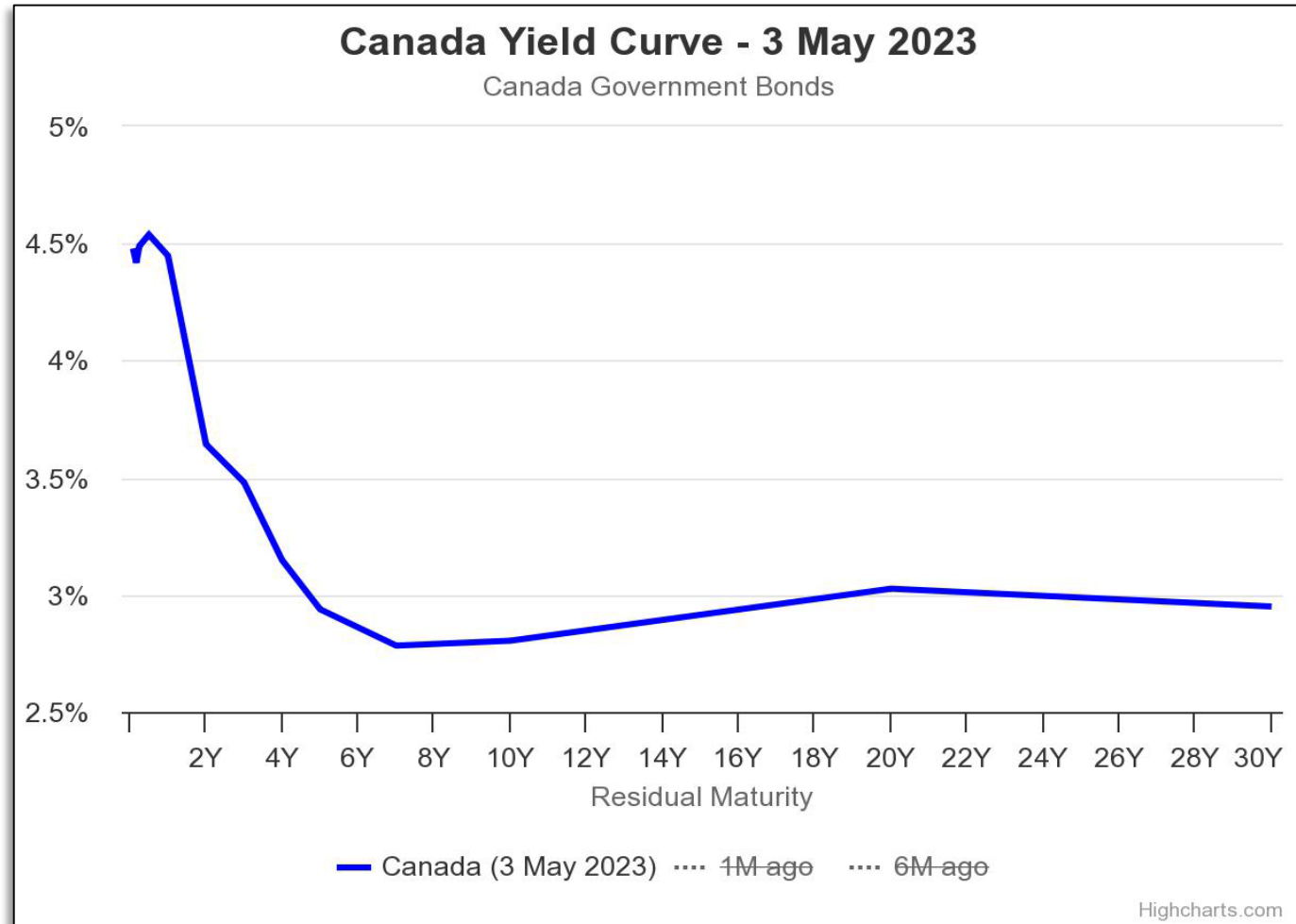
On the Bear market side

- Since the 1960s, every time the yield curve has inverted, there has been a recession and market correction. Our greatest concern.



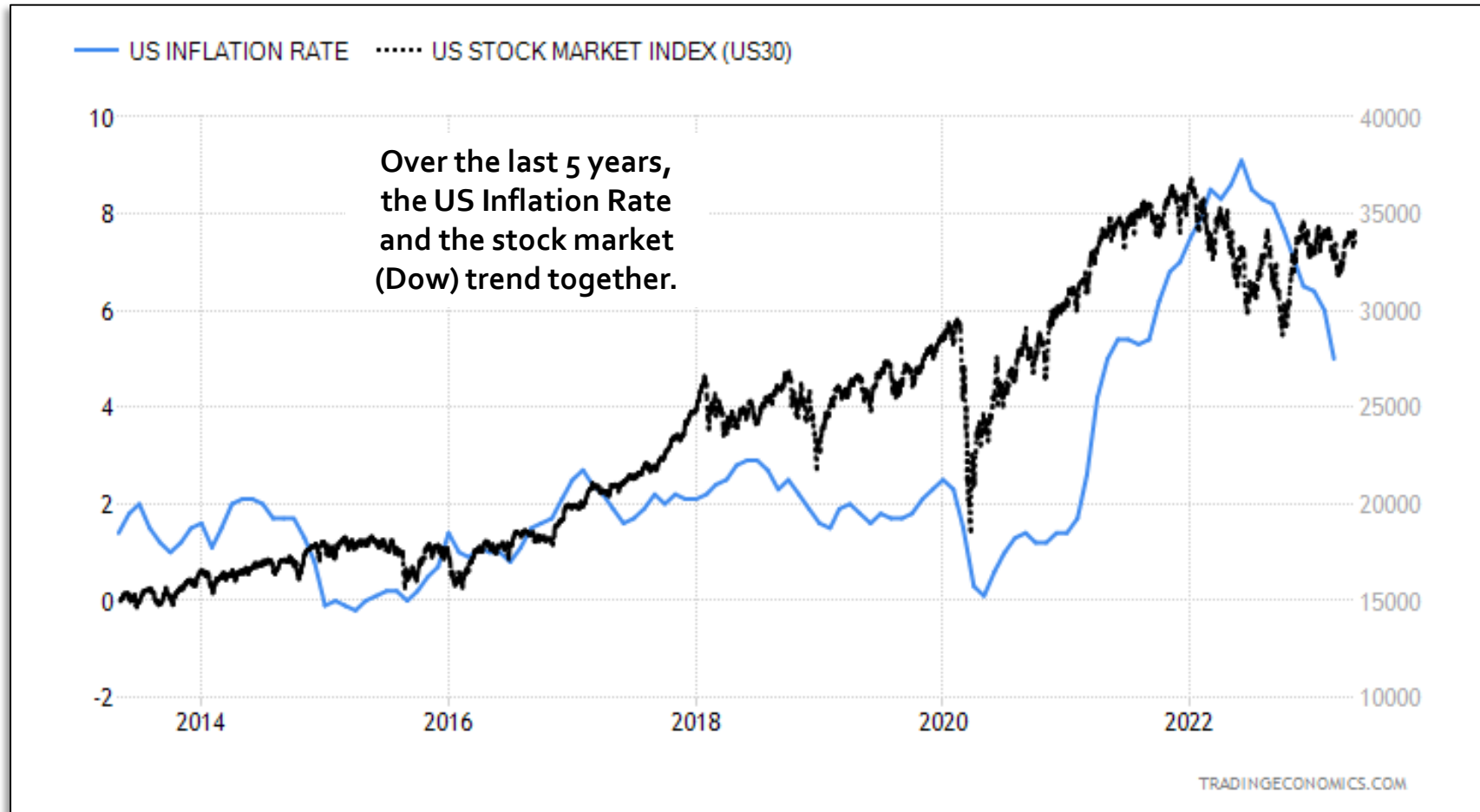
On the Bear market side

- Canada's yield curve is inverted. It has been inverted for 41 weeks.



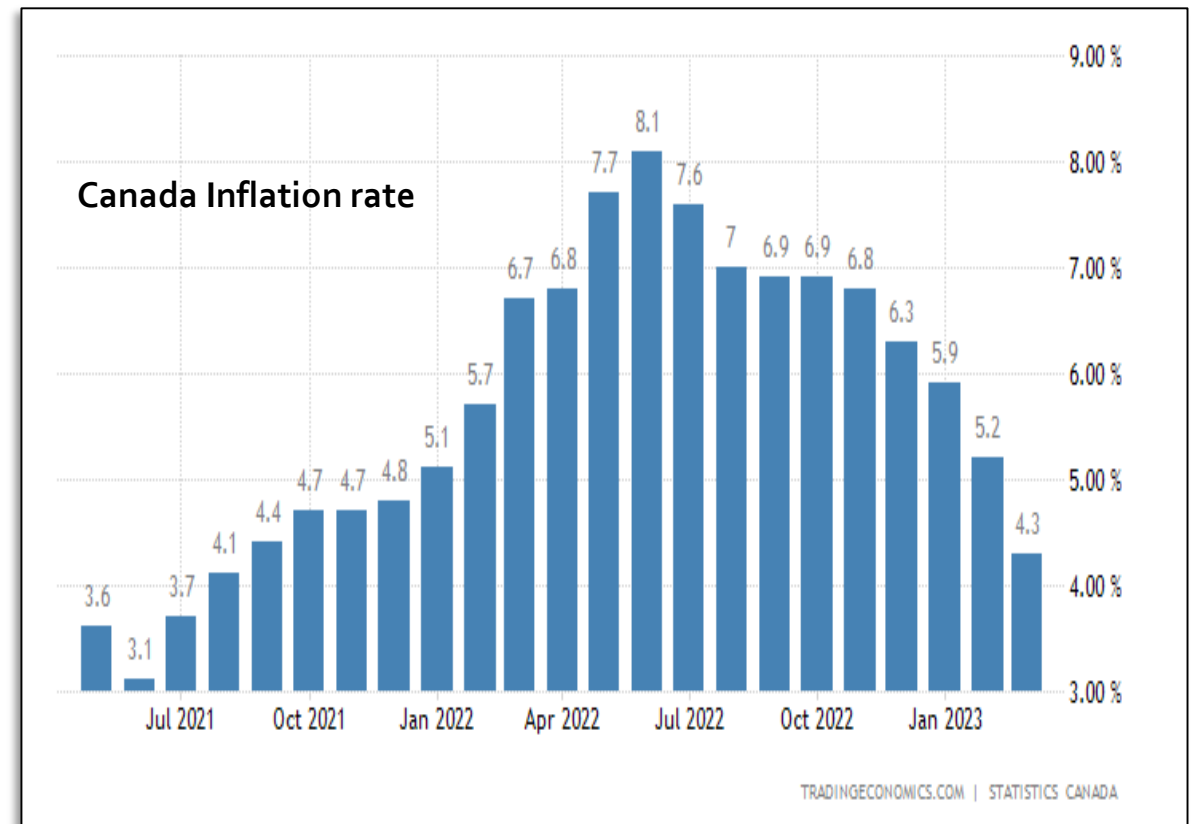
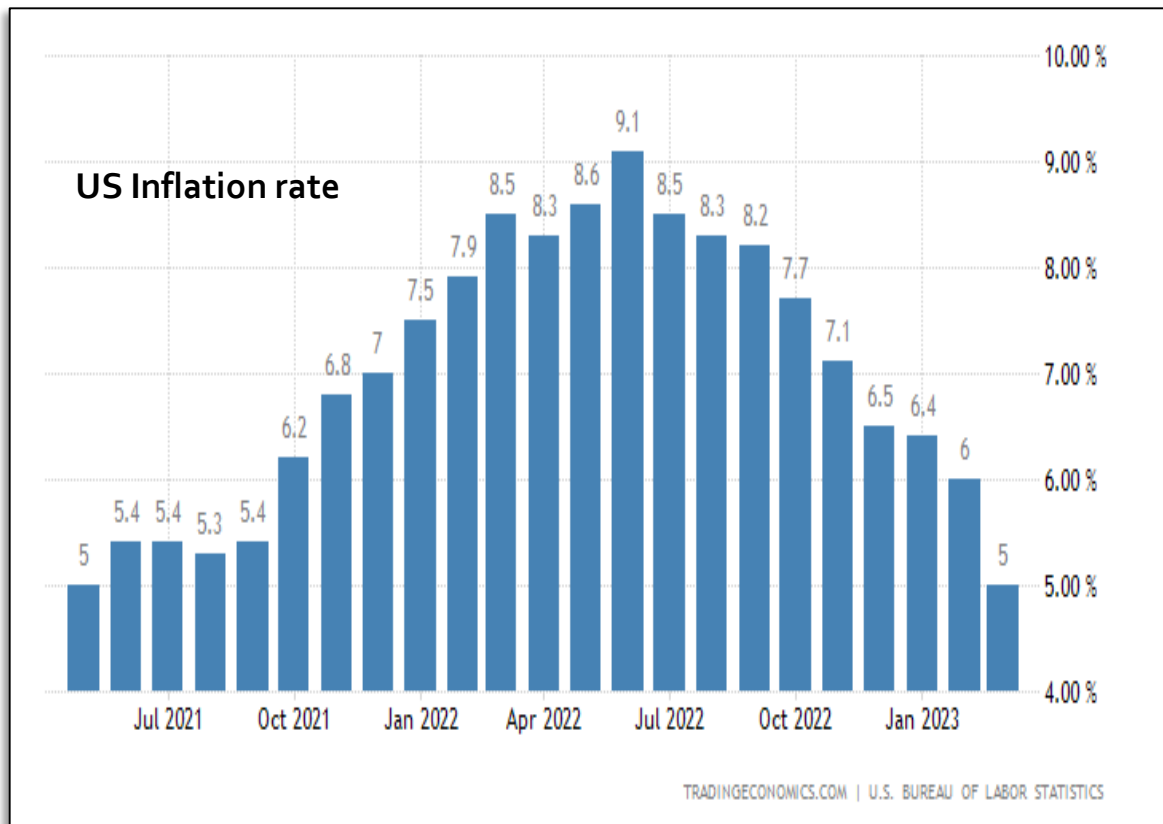
On the Bear market side

- Inflation is easing. Markets and the US Inflation Rate are positively correlated.



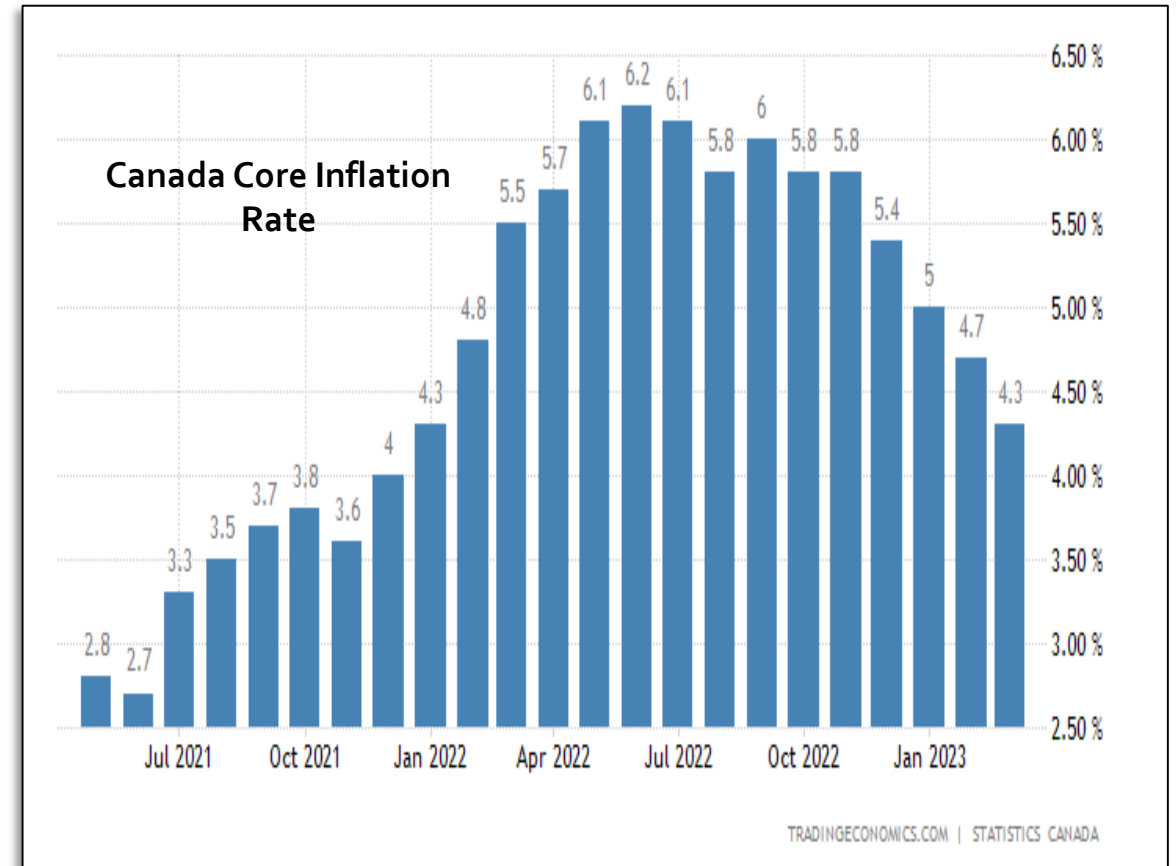
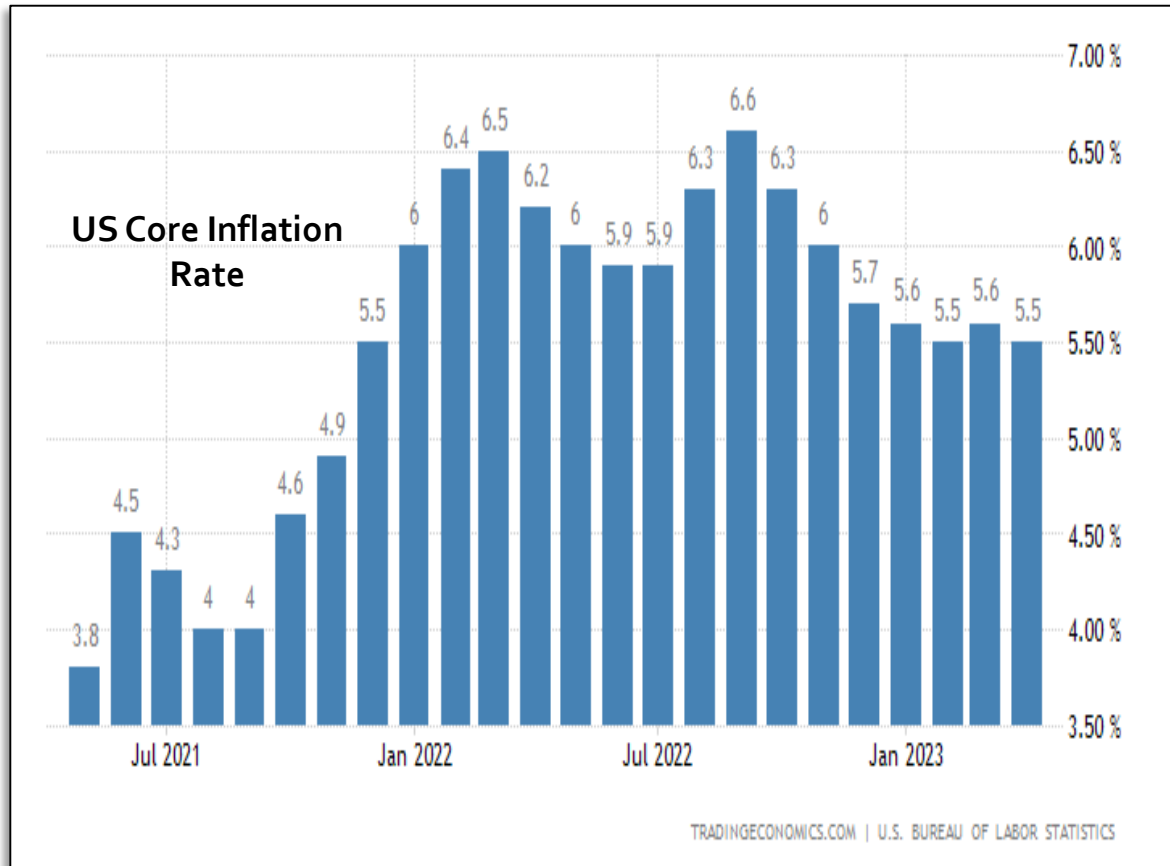
On the Bear market side

- Inflationary pressures soared in 2021, peaked in June 2022, now declining.



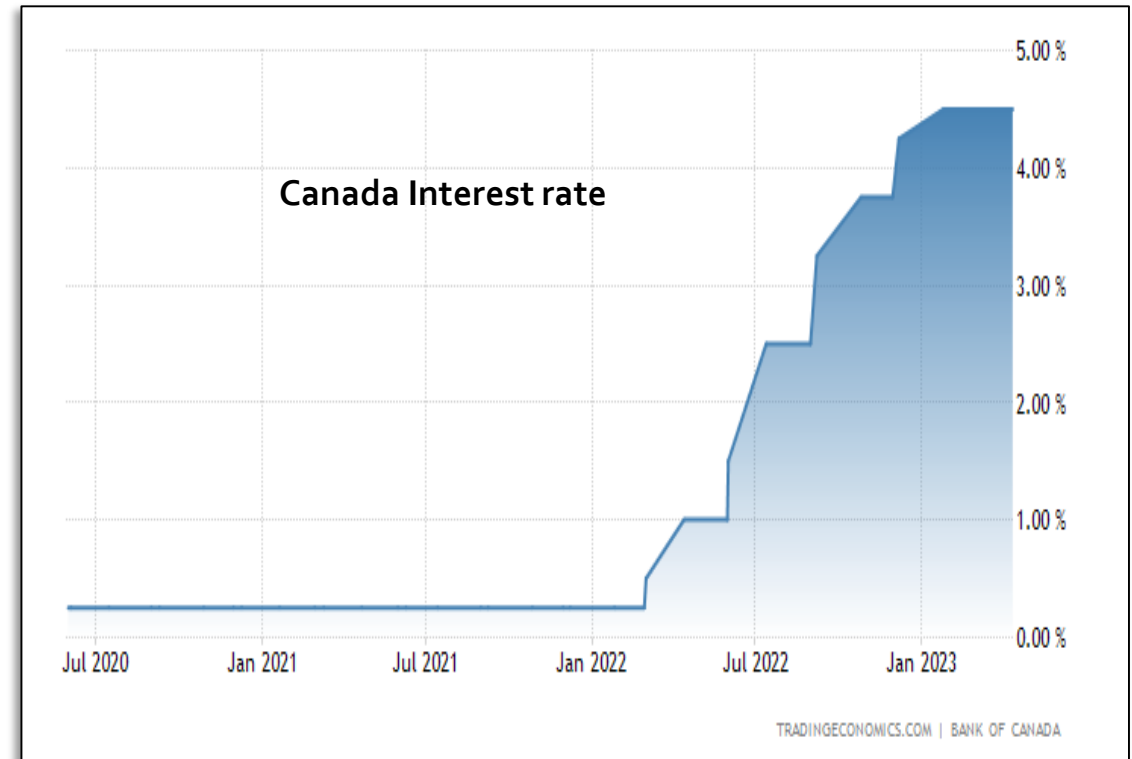
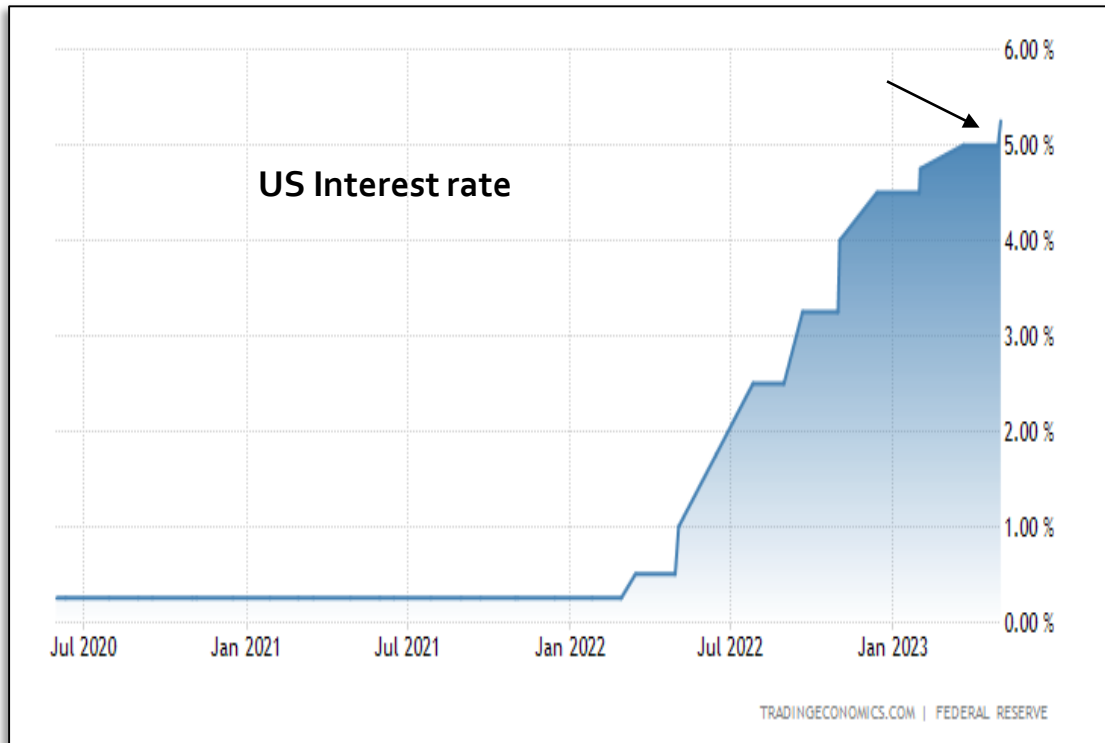
On the Bear market side

- Core Inflation Rates are slowly declining. Still higher than 2021 levels.



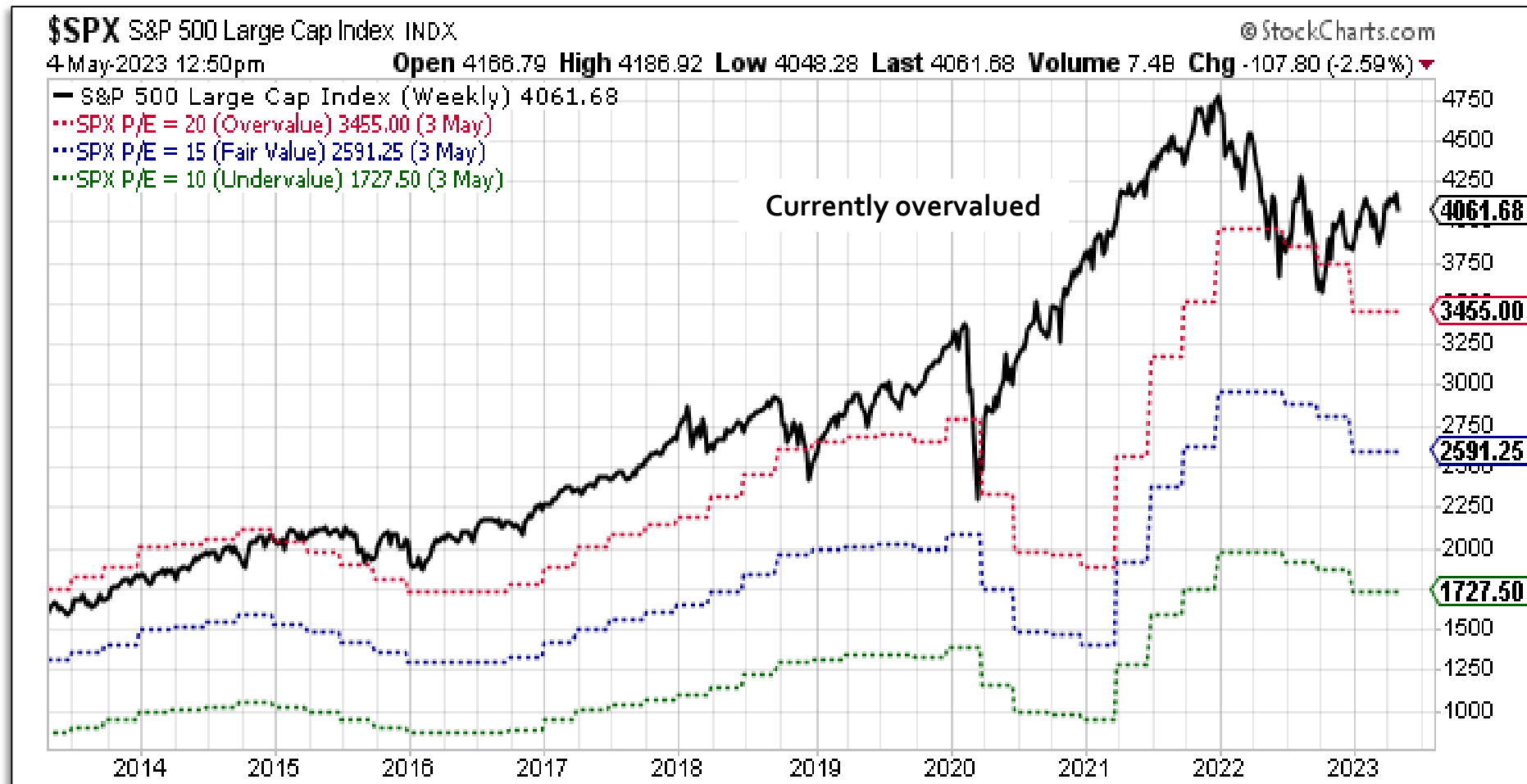
On the Bear market side

- Interest rates have not started to decline. No pivot yet.



On the Bear market side

- The S&P 500 has been mainly overvalued since 2016.



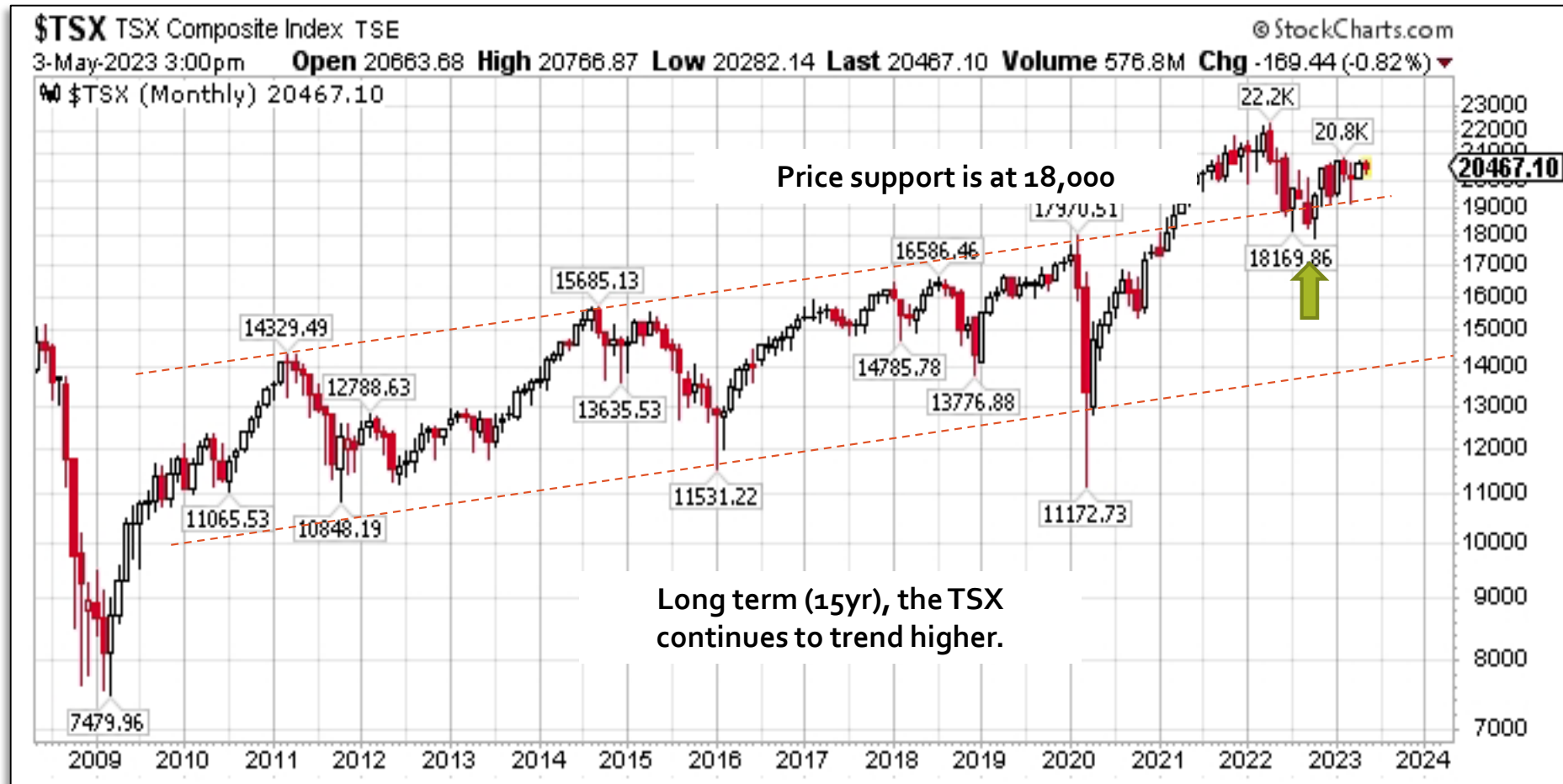
On the bull market side

- The benchmark S&P 500 is still trending up.



On the bull market side

- The TSX remains in a long term upward trend.



A bull or not a bull. That is the question

- Weighing the evidence

- 1) Many economists are pointing to a recession. The challenge with economics is that for every indicator pointing in one direction there is another indicator pointing in the opposite direction.
- 2) Fundamentals (P/E ratio) for the S&P 500 is overvalued. The benchmark index has been mainly overvalued since 2016.
- 3) The US T-bond prices appear to be bottoming. Stocks and bond normally move together with bonds leading. The US bond market is \$51.3 trillion. The NYSE is \$22.8 trillion. The tail (stocks) does not wag the dog (bonds).
- 4) The inverted yield curve remains a concern. Since the 1960s, every inverted curve has created a recession and market correction. But not all recessions are the same in duration or depth.
- 5) Markets still remains in a long-term (14-year) upward trend. No signs of breaking out of that trend.

A bull or not a bull. Our conclusion.

It all depends on the measures that are used

- 1) Inflation is declining. The rise interest rates are having the desired effect.
- 2) Q1 earnings were generally outperforming expectation. 77% were above 5y averages, 73% were above 10y averages.
- 3) Stock markets are continuing to advance with no signs of weakness.

We expect markets to continue advancing in Q3. S&P 500 target is 4,250, then 4,550. TSX target is 22,500

A bull or not a bull. That is the question

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