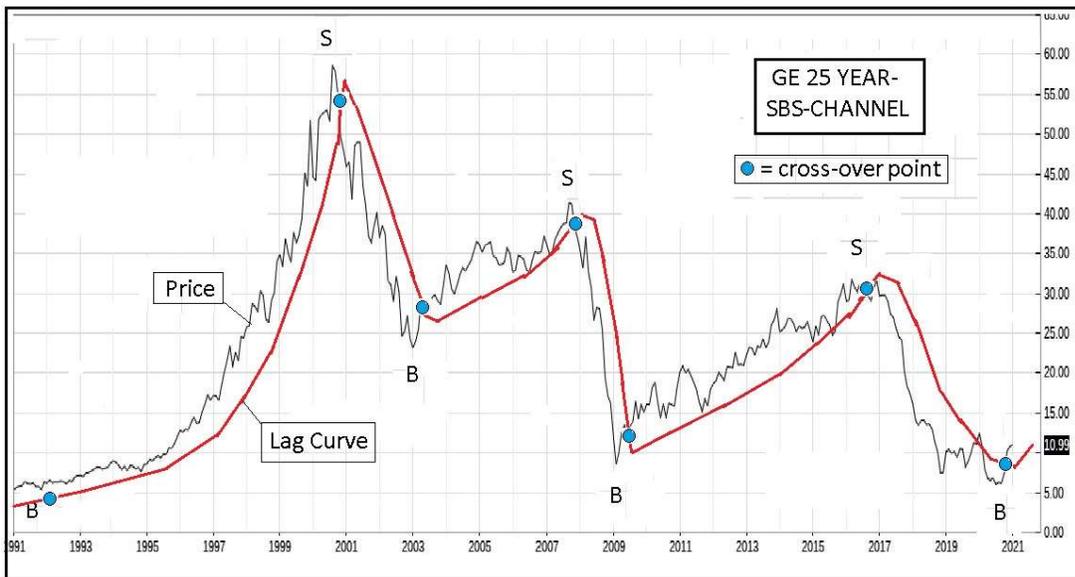


B->p>λ S->p<λ

The cryptic title above represents an abbreviated form of when one should be long or be short of a stock, an index or a commodity. It uses two technical signals which we have used extensively over the past seventy years as a tool for successful market investing. We wish in this article to clarify and expand on the meaning of the above title. With its use I have managed to turn market timing into a profitable lifetime hobby.

To understand the title of this note, we begin by looking at the historical behavior of a stock and a stock index. For this purpose we choose the long term 25 year graphs of GE(General Electric) and SPY(S&P500 Index). The raw data for these can be obtained by going to barchart.com . The modified price forms look as follows-



and-



What is clearly marked on these graphs is that the price historically has local maxima (S) and minima(B).When these occur they present a warning that the price trend is about to reverse. You will notice that a stock or index is cheap or dear whether it lies near B or near S , respectively (these B and S locations follow Barron Rothshield’s humorous accented saying “I buy sheep and sell deer”). The true reversal usually follows shortly after one of these buy(B) or sell(S) signals is given by noting that the hand drawn lag curve(λ) crosses the price at the blue circles referred to as cross-over points. Note that one is working on a yearly time scale so that smaller fluctuations in shorter time periods can be considered noise.

At the moment GE stock is in a buy zone. I would however not act on this signal since GE finds itself in a dying industry producing shoddy appliances, with only its engine business being long term profitable. The SPY index has been in a multiyear uptrend with an S signal expected soon. This signal is being held up by the unprecedented quantitative easing carried out by the Federal Reserve. If Powell is

replaced soon, his successor will continue to follow the money easing approach producing still higher stock prices and inflation rates. In the meanwhile I am still holding SPY long. In the past two years I have managed a 25% return on these investments.

Summarizing the above, we find that any stock or index holding finds itself in either a bull or a bear market denoted by B or S points followed by lag curves crossing the price at cross-over points indicated by blue circles. We have a-

Bull Market when B is followed by a cross-over point after which $p > \lambda$

Bear Market when S is followed by a cross-over point after which $p < \lambda$

I stay long only in Bull Markets and will be short during Bear Markets. If this action is followed consistently, the result will be an overall averaged net gain over the years.

Fourteen stocks in strong uptrends at the moment and probably good for long holding until an S signal appears are the following.

A-\$156.52	AAPL-\$145.85	AMD-\$107,68	BIO-\$752.69
BRKR-\$81.58	CDNS-\$150.59	COST-\$444.30	DG-\$238.00
DHR-\$310.57	EPAM-\$600.00	IGV-\$403.78	LSCC-\$60.18
TEAM-\$332,56	TGT-\$263.01		

The prices are those existing on August 11, 2021. We will look at this list again in a few months to see what has happened.

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August 12, 2021

Gainesville, Florida