Bert Dohmen's
SMARTER STOCK TRADER™

The Premier Advisory for Active Stock Traders

"Celebrating Our 49th* Year of Guiding Investors Successfully"

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MARKET DATA:

	LAST	CHANGE	%CHG
DJIA	44627.59	71.25	0.16
Nasdaq Composite	20056.25	14.99	0.07
S&P 500	6144.15	14.57	0.24
DJ Total Stock Market	61024.05	70.58	0.12
Russell 2000	2282.46	-7.90	-0.34
NYSE Composite	20228.20	-12.19	-0.06
Barron's 400	1306.95	-6.07	-0.46
CBOE Volatility	15.27	-0.08	-0.52

	NYSE	NASDAQ
Issues		
Advancing	1,185	2,033
Declining	1,572	2,397
Unchanged	94	167
Total	2,851	4,597
Issues At		
New Highs	78	164
New Lows	65	118
Share Volume		
Total	4,639,078,699	8,321,216,219
Advancing	2,226,966,501	4,997,283,885
Declining	2,372,951,845	3,265,802,701
Unchanged	39,160,353	58,129,633

Source: wsj.com

MARKETS:

The past two days the major indices all opened in negative territory. But toward the end of the trading session they were propelled into the green. However, today's gains were rather mild.

Today the S&P 500 led all other indices with a 0.2% gain followed by the DJI's 71-point rise. The NASDAQ Comp closed up a fraction while the Russell 2000 was the lone index to settle lower, down 0.3%.

It looks like the markets are showing waning momentum. While Sentiment is uniformly bullish, even spreading to the EU, based on the decisive actions of the new Dream Team in Washington, the technicals are increasingly looking toppy.

Because the good news is already well-known, we wish to point out some of the **shorter term negatives**. Remember, when you make an omelet, you have to break some eggs.

Removing the incredibly large corruption, fraud, and waste being exposed means revenues for companies that have been feeding at the public trough far too long will now see diminished income.

Unemployment in the Washington area and counties will skyrocket, home prices in that area will plunge, companies will close, office buildings in Washington will go empty, real estate firms will suffer, among other consequences. But the rest of the country should benefit

Let's look at the recent trading action in a few important charts. Last Thursday we pointed out how the daily chart of the QQQ (the ETF for the NASDAQ 100) had *"a potentially bullish upside breakout ahead…and set a new record high soon."*

The **Dohmen Money Flow** (bottom) on Thursday suggested a breakout, which we got the past two days. Currently it is still nicely positive but has reached the highs seen in mid-October and mid-December of last year. This suggests it is getting a bit stretched to the upside. See the daily chart of the QQQ below.

The last three days we have seen small moves higher in the S&P 500 in the last 30 minutes of trading so that financial TV can **declare "the market closed at a new record high."** That smells too much like a trap to us.

It could just be our suspicious nature, but these miniscule bumps near the close of trading are not being confirmed by other more important indices. **Remember that the S&P has 500 stocks, but about a dozen make up most of the movement. That makes it easy for the algo-traders to manipulate that index.**

Let's compare the cap-weighted S&P 500 with equal-weight S&P 500 (SPEW). The first chart below is the daily chart of the cap-weighted S&P 500, which reached an incremental new record high today.

On Thursday we said about the S&P 500 chart, *"we believe that the resistance will now be exceeded (short below horizontal line), which would turn the chart bullish."* We also showed how the Dohmen Money Flow reversed upward that day after it was pointing lower the prior day, a reversal that we considered to be positive for the S&P 500.

However, the equal-weight S&P 500 (SPEW) is still **nearly 3% away from reaching a record high**. To technical analysts that is **a bearish divergence.**

On the daily chart of the SPEW below we can see it is now just above the 61.8% Fibonacci Retracement level of its November 2024-January 2025 decline (pink horizontal line). As you can see, this level has acted as resistance a few times since mid-January.

Of course, if it can break out in the coming days and close above the 7422 area on at two consecutive closes, then it would be a positive signal for the broader group of stocks.

Another, more important index that has also not yet set a new record high is the broader NYSE COMP. This is another index that has a bearish divergence from the S&P 500.

That divergence can be cancelled by the NYSE COMP climbing to a new high in the coming days/weeks (upper red horizontal line on daily chart below).

Dohmen Capital Holdings
P. O. BOX 7041, Incline Village, NV 89450
dohmencapital.com | client@dohmencapital.com

Today we saw some big casualties, such as Palantir (PLTR) (chart is below), which we warned about in our February 12 issue saying,

> "we would be very careful with Palantir (PLTR). Much of its business is with the Federal government. DOGE is a danger for such firms. A big plunge one morning has a good probability."

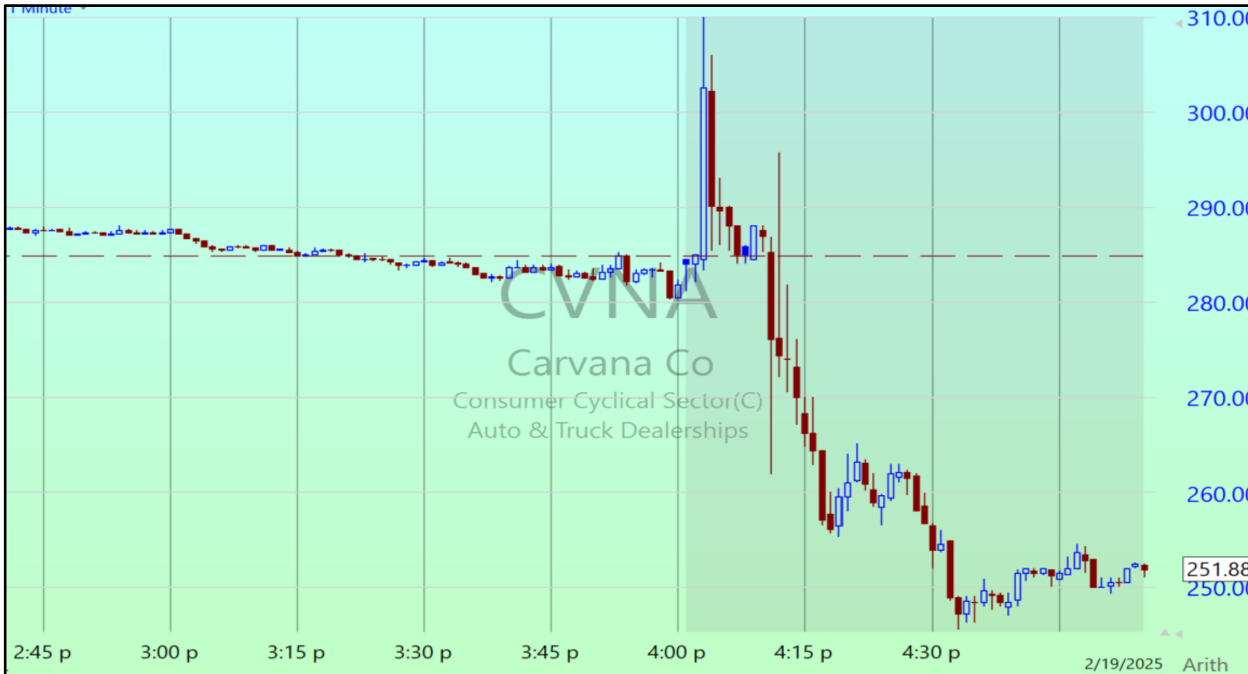
Because it mostly has governmental contracts, we have always considered that to be a potentially dangerous factor. It may become a victim of cost cutting in Washington. If DOGE finds irregularities, there could be a very large decline.

Palantir's chart looks way overextended to us. Today it **plunged over 10%.** The stock is up around 350% the past year. It could give up half that gain in a correction. See the daily chart below:

CARVANA (CVNA), which sells used cars online, reported **excellent results** after the close. However, the stock **plunged as much as 13%** on the news.

We wrote about such after-hours trading behavior recently when companies report their quarterly earnings. Stocks declining on good news are a sign that big money is leaving the market when buying surges are used for dumping. Below is a 1-minute (each bar is 1-min) chart of CVNA post-close trading. That shows dumping.

It shows that the **high after the close was 310, before plunging to below 250**. That is called a "bull trap." Imagine the poor traders who got sucked in because of good results and then lost over $60 per share in a few minutes. We suggest **not** to trade in post or pre-market hours. That's when traders are fed to the sharks.



A continuing disaster is TRADEDESK (TTD). It **plunged about 30%** in a day recently and continues to decline. The red line at the bottom is support. That should lead to a bounce.

We point out some of the big decliners to counter the media-fueled bullishness. This is not the time to throw caution to the wind. We are bullish on the market for the long term. However, that doesn't cancel periodic stiff corrections.

The greater the bullish sentiment, the sharper the correction.

One fear that is fueled by economists is tariffs. We see the Fed (more on this below) and economists in the media ringing the alarm bells. As you know, we have a different view.

If **big tax cuts** occur, tariffs are part of the package to bring manufacturing back to the US. Economists always see things in isolation. A smart and successful businessman uses combinations. It's like checkers vs chess.

FED MINUTES: The Fed minutes of its January 28-29 meeting were published today, which explained why they decided not to change interest rates or monetary policy. According to the minutes, the Fed needs to see inflation coming down before another rate cut.

The FOMC also pointed out concerns that tariffs would cause inflation to rise as firms "would attempt to pass on to consumers higher input costs arising from potential tariffs."

In our opinion, there is just too much discussion about "what the Fed will do." The new team in Washington is focusing on true policy and strategy, not monetary manipulations and fake economic statistics. A real economy based on facts and sound policies **doesn't need a central bank to manipulate interest rates.** Central banks are very bad at it. The Free Markets can do a much better job.

CURRENT POSITIONS—LONGS:

Our long positions were a bit mixed today. The charts are getting overextended. **We would be cautious and sell a few positions as noted below.**

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Dohmen Capital Holdings
P. O. BOX 7041, Incline Village, NV 89450
dohmencapital.com | client@dohmencapital.com

CONCLUSION:

Markets don't go up forever. All the good news is in the market. We see the likelihood of at least a market correction. Given the amount of leverage used by non-professional speculators, a correction could be sharp.

Wishing you successful trading,

Bert Dohmen and Dion Dohmen

IMPORTANT NOTE: we will publish a new issue only when:

1. There is a change in our positions, or
2. There is a new recommendation, or
3. There is an important event we consider significant to our trading strategy

This will also make it less tedious for our valued subscribers. Time is precious for all of us.

We hope you will support us on this clarification of our publishing schedule. We look forward to continuing to help you become a better, more informed, and more successful trader.

DISCLAIMER for ALL POSITIONS: We (Dohmen Capital) usually try not to have positions in the stocks mentioned and instead go into the same sector with a similar stock for ourselves. This is to avoid any appearance of conflict. However, if there are not enough stocks with good volume and fundamentals in the sector so that we have an alternative for our own accounts, we may have positions in any of the stocks mentioned in the services from time to time. Those buys and sells may be different than the suggestions in this service.

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HOW TO CONTACT US:

The best way to contact us is via e-mail. Your e-mail will be answered, usually within 24-48 hours. office@dohmencapital.com

WHAT “AREA” MEANS IN SMARTER STOCK TRADER:

When I give advice to buy or sell in certain price area, I do it so that not all of our orders are sitting at exactly the same price. By “area”, I mean a range. Our rules of thumb are as follows:

[< than $15] = ± 0.25; [< than $30] = ± 0.50; [< than $50] = ± 0.75; [< than $100] = ± $1.00; [> than $100] = ± $1.50.

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BOOKS by Bert Dohmen:

PRELUDE TO MELTDOWN ($15)

The truth behind the global financial crisis of 2008 REVEALED! This book may save you a fortune! Bert Dohmen, who warned at the beginning of 2008, that starting in September ’08 the global financial markets would teeter on the brink. (go to http://dohmencapital.com/PreludetoMeltdown.html)

FINANCIAL APOCALYPSE ($25)

Do you want to know where the global markets are likely to go over the next several years and how to interpret the clues for yourself instead of listening to the pundits? Here is the book that will show you. It is a step by step account of the 2008 financial crisis, with charts, technical indicators, and credit market analysis, which gave us all the clues that in the fall of the year we would encounter something similar to 1929. This book is the road map for the next global crisis. It’s a collector’s item and can be used as a reference book to see what Wall Street tells investors to keep them in the markets even while they are selling themselves.
(go to http://bookapocalypse.com/)

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dohmencapital.com | client@dohmencapital.com

THE COMING CHINA CRISIS (Edited Edition) ($25)

Bert Dohmen's SPECIAL E-book on the coming China Crisis presents the case that China will produce a Tsunami throughout the global economies. China was the locomotive of the globe, the financing mechanism for the immense US debt, the source of incredible demand for commodities and oil, and the economic power of Asia. That is changing now.
(go to http://dohmencapital.com/thechinaCrisis.htm)

THE CHINA CRISIS IS HERE ($20)

In this special follow up e-book to the prescient *The Coming China Crisis*, Bert Dohmen explains the true China credit crisis actually started in 2014, when overnight interest rates tripled from one day to the next. That was quickly covered up with massive credit creation by the government. The result was an immense stock market bubble. All bubbles eventually implode and that is exactly what happened to the "China bubble," which burst in June 2015. Wealth equivalent to half of China's GDP was wiped out in a matter of weeks. (go to http://dohmencapital.com/the-china-crisis-is-here/)
