# BULLISH AND BEARISH VIEWS ON STOCKS, BONDS, AND COMMODITIES

It is well known that any stock, bond, or commodity will vary in time from an under-valued to an over-valued stage and visa-versa. Such extremes are well recognized via an SBS channel construction involving three to twenty-five year historical price windows. Most traders and investors will look at only the bull side of the market by studying just the historical price P(t) versus time t and perhaps an accompanying moving average. What we are suggesting is that before making any transactions one also needs to looks at the inverse of such a P(t) curve. This way one can simultaneously judge the bullish and bearish aspects of the market. It will be our task in this article to examine both prices and their inverses. As we shall see, this makes the type of transaction to be taken at any moment clear.

Let us begin by looking at a twenty five year long price history of the stock General Electric(GE). Here is its price and inverse price over this time range -

The upper part of the chart gives the bullish view for the stock. One holds the stock long between B and S  and stays in cash in the range outside of this uptrend move. The bottom curve represents the price inverse. It is easy to construct this by simply inverting the P(t) versus t curve using a program such as Microsoft paint. Along this bottom curve, which represents the bear view, one goes short between Sh and the next cover point Co. These ranges make up only a limited portion of the entire length of the bottom curve. Looking at both of these graphs simultaneously produces the figure of a horizontal lying Christmas Tree. For a  stock such as GE the tree tapers toward the right. This indicates a stock in a long term downtrend where the gains in the short section ranges exceed the gains in the long section ranges. At the moment GE is a short.

Taking next a stock like TLSA(Tesla Motors) over a three year period, we get a horizontal Christmas Tree pattern which widens to the right as shown-
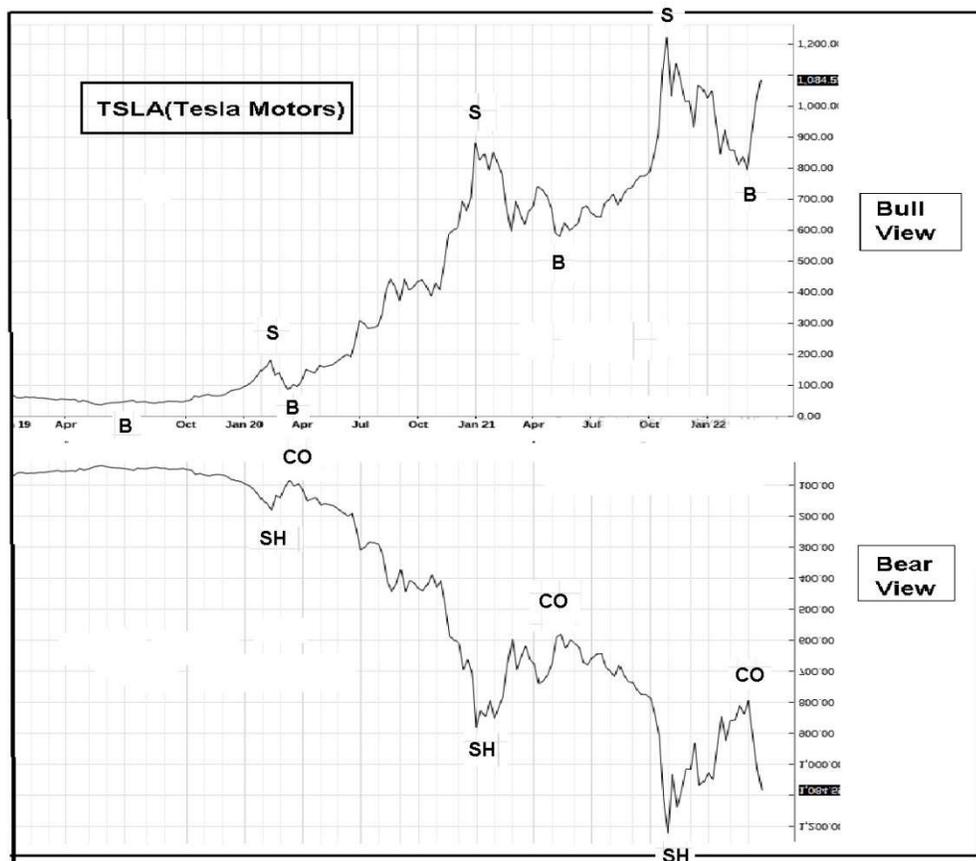


This TESLA chart clearly shows a growth stock in a longer term uptrend. At the moment the stock is a buy until the price rises to about 1300. At the present

time a buy signal is in effect and all TSLA shorts would have been covered a month ago.

As a third Christmas Tree pattern, look at that for SPY-
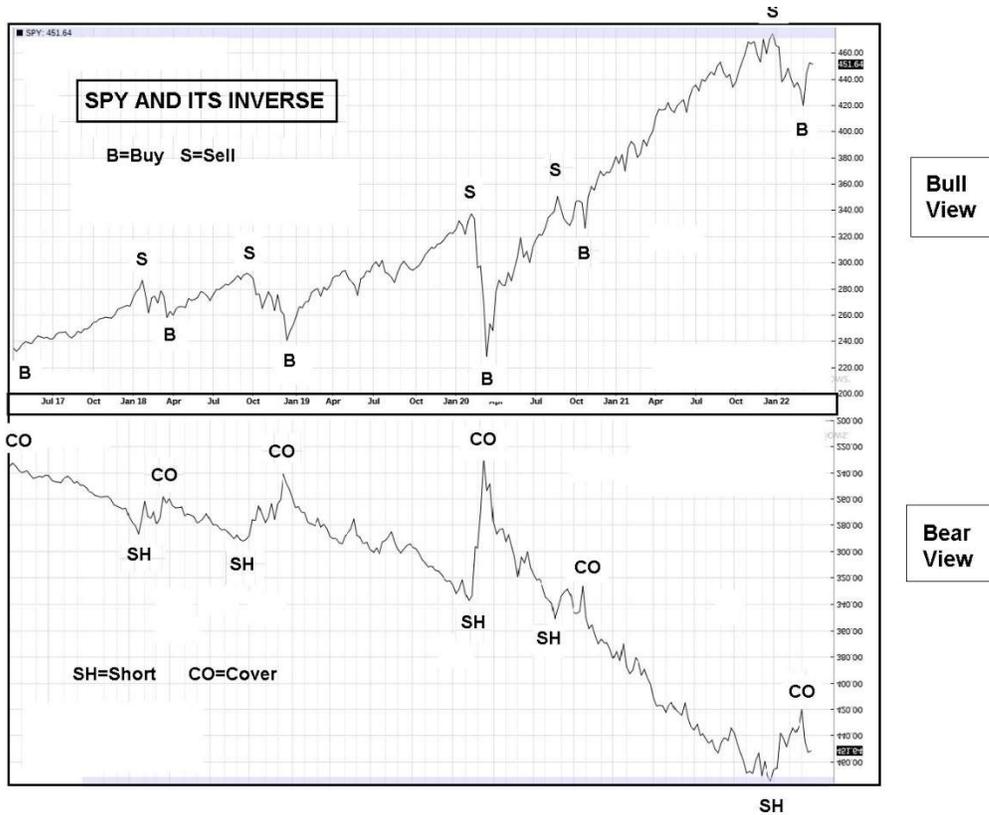


Here the Christmas Tree shape indicates SPY is in a long term uptrend. Over the last decade I have had some good gains with this ETF especially in the B-S ranges found lying between the beginning of 2019 and late 2021. At the moment things are in an uptrend but this may not last in view of the expected upcoming sharp rise in interest rates by the Federal Reserve.

To show that the Christmas Tree pattern continuous to hold for other than stock transactions, consider the corporate bond ETF designated as HYG
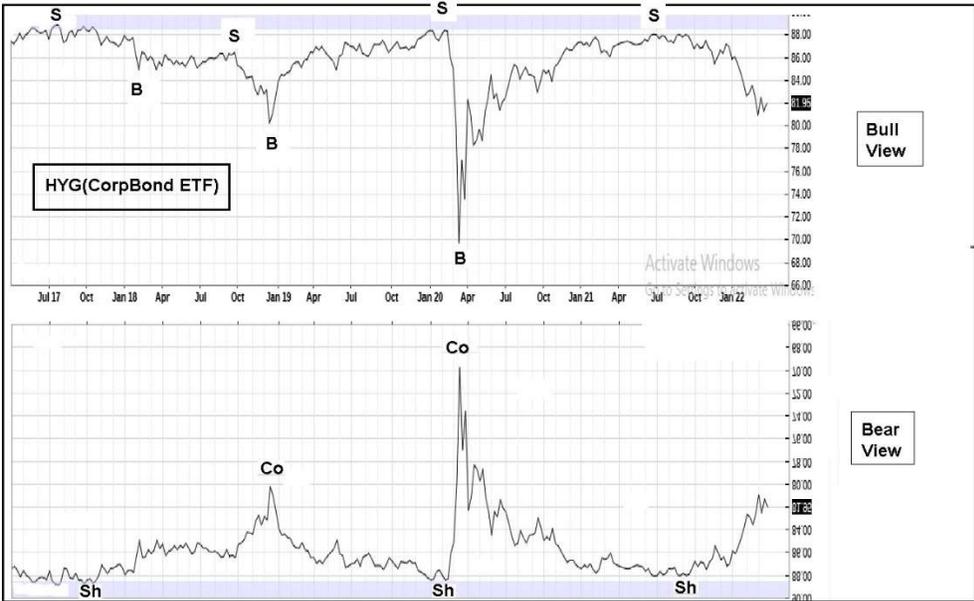
The graph shows that on average over a longer term is neither bullish or bearish. However, for the shorter term HYG is in a downtrend and should have been shorted starting in the middle of 2021. I estimate things could go down in value to about $73 per share.

Finally let us look at the tree pattern over the interesting time range 1920 through 1940 during which the crash of 1929 occurred. Here is the tree pattern For $DOW1 as constructed from data obtained from barcharts.com-
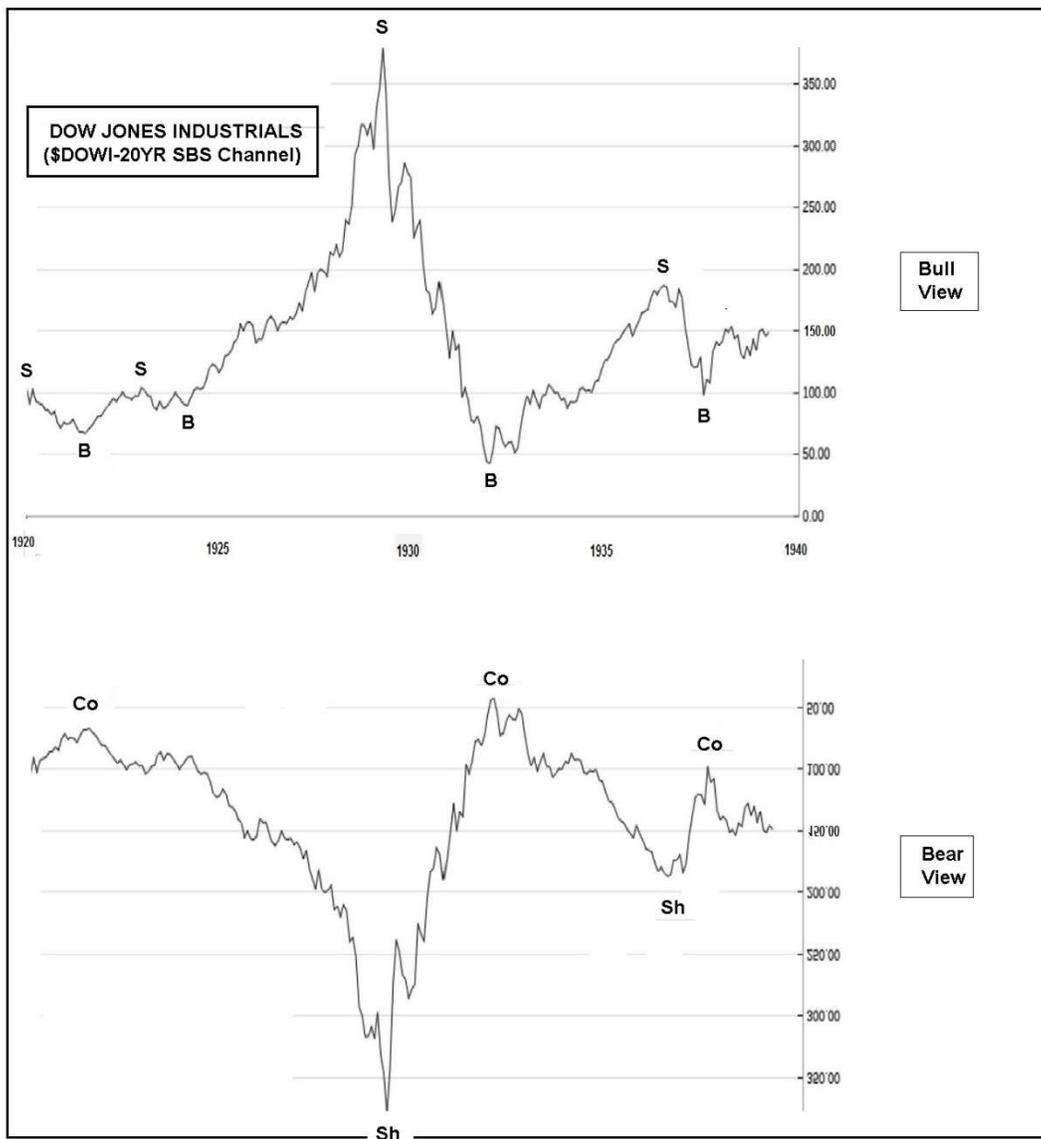
One sees the sharp run-up in prices from 1924 through September of 1929 followed by a sharp drop in prices until the middle of 1932. Although I was not alive at that time, if I had been I could have gained considerable returns on both the long(BtoS) and short(Sh to Co) parts of the DJI market trends shown.

U.H.Kurzweg
April 7, 2020
Gainesville, Florida