Bert Dohmen's Fearless ETF Trader™

"Celebrating our 43rd Year of Guiding Investors Successfully"*

Issue # 27 – February 21, 2020

(Last Fearless ETF Trader sent: February 19, 2020)

MARKET DATA:

	LAST	CHANGE	%CHG
DJIA	28992.41	-227.57	-0.78
Nasdaq Composite	9576.59	-174.37	-1.79
S&P 500	3337.75	-35.48	-1.05
DJ Total Stock Market	34167.21	-366.00	-1.06
Russell 2000	1678.61	-17.46	-1.03
NYSE Composite	13975.78	-85.70	-0.61
Barron's 400	730.02	-8.53	-1.15
CBOE Volatility	17.08	1.52	9.77

	NYSE	NASDAQ
Issues		
Advancing	884	979
Declining	2,048	2,207
Unchanged	84	120
Total	3,016	3,306
Issues At		
New Highs	176	129
New Lows	87	67
Share Volume		
Total	3,999,092,291	2,800,790,224
Advancing	1,165,783,725	952,449,728
Declining	2,776,844,082	1,814,297,190
Unchanged	56,464,484	34,043,306

Source: wsj.com

MY VIEW:

Markets:

The weakness seen in the markets yesterday spilled over into today's session as all the major averages suffered losses. In fact, three of the major averages were down by more than 1% led by the NASDAQ (-1.8%) and followed by the S&P 500 and Russell 2000 (roughly -1% each).

Although the DJI fell 327 points at its low, it ended with the smallest loss on a percentage basis (-0.8%), as it closed the day lower by 227 points.

Volume was just slightly lower than yesterday as 4 billion shares were exchanged on the NYSE. Yet, the internals turned more heavily on the negative side today with the number of declining stocks 2.3x greater than the number of advancers on both the NYSE and NASDAQ.

Declining volume was about 2.4x heavier than advancing volume on the NYSE and 1.9x heavier on the NASDAQ.

The sector performance was also much more negative as 8 of the 11 S&P sectors closed lower. Technology was hit the hardest, falling 2.3% today. Semiconductors were the biggest drag in the sector, which was one of the worst performing industries today led by big declines in AMD and NVDA. This represents big money going to safety.

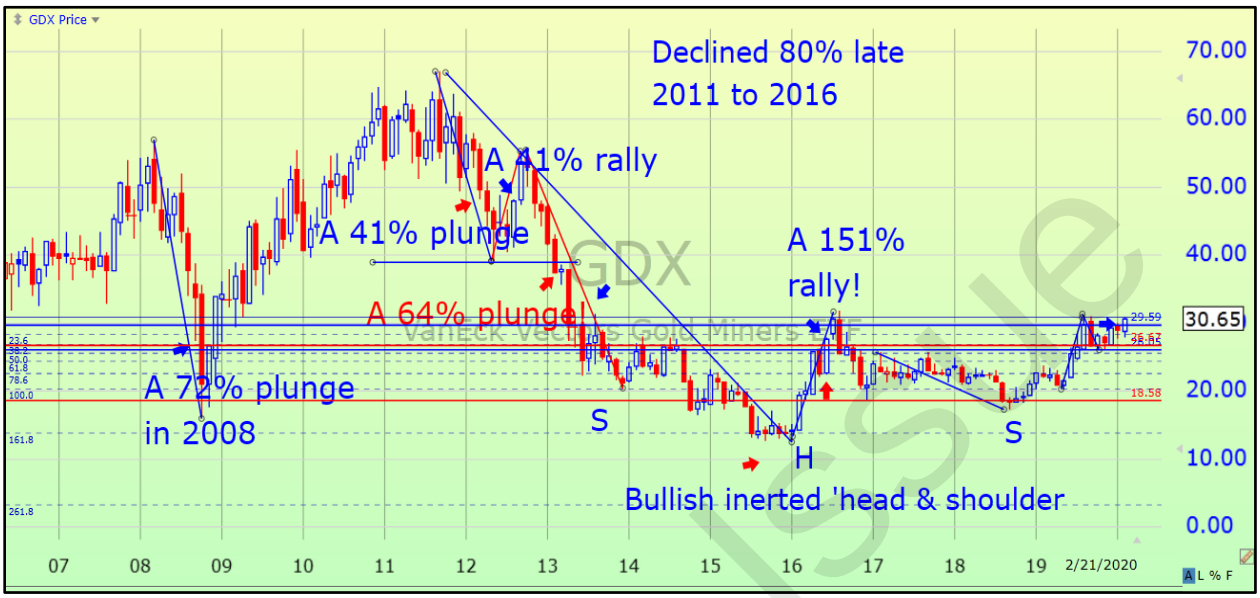
Consumer Discretionary stocks were lower by 1.6% while the Communication Services sector declined 1.4%. This reflects the “risk-off” market action today as a number of the mega cap stocks are categorized in these sectors.

Further showing a move to more defensive areas of the market were the three sectors to close the day higher; Real Estate, Consumer Staples, and Healthcare.

Additionally, the move in the precious metals continues to show money flowing into the safe havens. Gold soared another $23 today to reach $1643/oz, its highest price in seven years. Silver has also been strong, rising to $18.47/oz, its highest settle price since September.

The precious metals sector is easily the most interesting sector right now. We have some good exposure. The long-term (monthly) chart of the ETF for GOLD is nicely bullish. As we have written previously, the old high of 2011 should be exceeded this year. But first, several resistance levels must be broken. The indicator at the bottom is on a strong “buy”.

The GOLD MINERS ETF, GDX, appears to confirms this. Look the bullish long-term “head & shoulder” chart. We call your attention to the 2008 decline ahead of the next bull market. That decline was caused by the credit market crisis in late 2008, which forced hedge funds to sell anything that they could in order to raise cash. It could happen again if there is a strong bear market in general stocks.



The long-term treasury ETF, TLT, also had a big jump today as it soared to a new record high of 148.04. Conversely, treasury yields descended even further as the 2-year yield fell to 1.35% and the 10-year declined to 1.47%. The 30-year treasury plunged to an all-time low of 1.89%. More on this in the commentary section below.

Today’s selloff was also felt in the U.S. Dollar Index (DXY) as it fell from its 2-year high set yesterday. Yet, even the plunge in the dollar didn’t help WTI Crude oil as it slid back to $53.31/bbl after a brief 2-day rise.

Commentary:

Trading at the three major discount brokerage firms, like Schwab, E-trade, and TD Ameritrade was up over 30% in January. The individual investors finally got into the market in a big way, just at the wrong time. The bad thing is that this is happening after an 11-year bull market. Furthermore, the individual investor is emotional and usually the masses get in near a bull market top.

Reality will now return. The selling by the big money into the rally was accomplished. As we have written, they can’t sell large quantities of stock into a declining market. But the frenzy the

past few weeks to get into technology at ridiculous prices was engineered to accomplish the "distribution."

We hear so often from money managers on TV and individual investors that the "virus" didn't bother the stock market and therefore, it must not be a big deal. That's exactly what Wall Street wanted them to think in order to be able to sell their large positions in a process called "distribution." Remember, someone has to own the stocks during a meaningful decline and Wall Street doesn't want to be that "bag holder."

Today we noticed for the first time some concern that the complacency about the detrimental effects of the COVID 19 epidemic was misplaced and that the consequences could be worse than the Wall Street shills had told investors the past weeks. The 'awakening' seems to have started.

We have quoted a multitude of reports the past weeks that this epidemic was "a big deal." Today we heard that car sales in China are down 95%. Just think of this as an indicator, not just for car sales, but for the entire economy and then the global supply chain. You hear a lot about factories around the world stopping because they lack critical parts made in China.

Speculative fever will now turn into concern, and then into fear. We watch the indicators for this. One is the crypto currencies.

Bitcoin's bear market rally since the start of January **this year has gained 71%**. However, this came after a **90% decline since late 2017**. It is still down 69% from that peak at this time.

As you know, we consider the cryptos just a reflection of speculative fever of individuals. Therefore, it reflects the stock market speculation. If the stock bull market ends this year, the cryptos will plunge back to their old lows. That will be painful for the bulls.

Today the yield on 30-year Treasury bonds hit an all-time low, which means the **prices hit a high**. This is a big safe haven play and means that big money is flowing out of stocks into the highest grade bonds. This is another clue that stocks are now being sold in order to go to safety.

Crowd psychology says that people don't get scared when no one else seems to be scared. It's the typical "herd instinct." which is your worst enemy in the markets, except for advice from your broker. Eventually, when the wave emotions turns, the selling starts.

Today, the biggest loser amongst indices was the NASDAQ. However, we need more confirmation that a meaningful downturn is ahead. The probability is high. We will watch it closely.

The COVID 19 virus, aka coronavirus, has now jumped into South Korea. Streets in some of their cities are deserted. Now the realization is starting to sink in, at least those who in the U.S. who listen to foreign media, that this virus is much worse than the government bureaucrats admit.

One article we saw today stated: ***"Research released over the past week has confirmed that COVID-19 is more infectious than SARS and MERS."***

Here is what we found now on a website:

> *COVID-19 is incredibly contagious.*
>
> *COVID-19 transmits extremely easily from person to person. Interpersonal contact doesn't need to be very long; a taxi driver can get the virus from a passenger, for example. The virus may be transmissible even before an infected person develops symptoms. It may also be transmissible for a few days after a person seems to be over the virus; it is possible to get positive virus tests, even after symptoms disappear.* ***Some people may have the disease, but never show symptoms.***

Remember, it doesn't seem serious to most people until they get sick. We wrote as early as one month ago that this has virus has all the characteristics of a weaponized version of a corona virus. If several cases in the U.S. appear, the markets should respond very negatively.

CURRENT POSITIONS—BULLISH (BUYS):

Our bullish positions were mixed today with our Gold Miner ETF hitting a new 3-year high. **We would sell two positions, indicated below.**

Symbol	Name	Price	$ Day Change
GDXJ	**VanEck Vectors Junior Gold Miners ETF**	**44.91**	**+1.18**
Jumped higher by another 2.8%, reaching its highest level since September 2016. The chart looks excellent.			
VPU	**Vanguard Utilities Index Fund ETF**	**154.81**	**-0.24**
Marginally changed. This is a great ETF for these incredible times.			
ARKK	**ARK Innovation ETF**	**58.61**	**-1.28**
Slid back to 58.61 as this ETF was hit hard by the weakness in Tech today. **We would sell.**			
ARKG	**ARK Genomic Revolution ETF**	**36.41**	**-0.73**
Declined to 36.41 amid today's "risk-off" sentiment, causing declines in a number of Biotech firms. Technicals look strong. **We would sell.**			

New subscribers: we would not implement new positions in the above.

CONCLUSION:

We believe that today's shift in sentiment towards the cautious side is the first phase towards a significant shift in attitude. We would be very cautious now.

Wishing you successful trading,

Bert Dohmen and Team

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.

***Important**: Always remember that the ultimate decision of what to buy, sell, and sell short is up to the individual. Our information, forecasts, and securities are merely suggestions. You should always research all investment opportunities yourself.*

We strongly recommend that you take two minutes to sign up for **TWITTER** and follow @bertdohmen. Please visit **https://twitter.com/BertDohmen.** There are lots of valuable messages during the day regarding the markets, economy, events, etc.

Please **click this link** to subscribe to our YouTube Channel and receive all of our video updates instantly.

HOW TO CONTACT US:

The best way to contact us is via e-mail. Your e-mail will be answered within 24 hours. office@dohmencapital.com
If for any reason you need to call our office, please leave a short but clear message with your name and telephone number.

WHAT "AREA" MEANS IN Fearless ETF 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.

DISCLAIMER:

Dohmen Capital Holdings Inc., hereinafter called "Firm," is an economic research and Publishing Company and not a Registered Investment Advisor. The content, analysis and forecasts are based on our research and decades of experience but is only our opinion, designed to prompt an educational discussion and intellectual curiosity. You may wish to discuss any of the content with your registered investment advisor.

The information contained herein is for general education purposes and is not intended as specific advice or recommendations to any person or entity. Any reference to a transaction, trade, position, holding, security, market, or level is purely meant to educate readers about possible risks and opportunities in the marketplace and are not meant to imply that any person or entity should take any action whatsoever without first evaluating such action(s) in light of their own situation either on their own or through a professional advisor.

If a person or entity does not believe they are qualified to make such decisions, they should seek professional advice. The security prices listed are for reference only and are in no way intended to represent an actual trade, entry price or exit price conducted by the Firm, or by any principal or employee of the Firm, or any related company or individual. This information is not a substitute for professional advice of any nature, including tax, legal, and financial. While we believe the information contained herein to be accurate, all numbers should be verified by the reader through independent sources. Trading securities, options, futures, or any other security involves risk and can result in the immediate and substantial loss of the capital invested. Every reader/recipient is responsible for his or her own investment decisions. At various times the principal of the Firm, portfolios managed by companies related to the principal of the Firm, may own, buy or sell the securities discussed for the purposes of investment or trading.

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/)

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/)

IMPORTANT NOTE: Due to a high increase of new subscriptions to our various services, and questions regarding the latest changes to all subscriptions, we would very much appreciate it if you could contact us via email: client@dohmencapital.com Or: office@dohmencapital.com This is the most efficient way of reaching us. Our offices will reply to you within 24 hours. You can always call our office if it is absolutely necessary.

Thank you very much for your consideration.

COPYRIGHT NOTICE

SUGGESTIONS REGARDING THE "SUBSCRIBER AREA" OF OUR WEBSITE:

An easier way to renew: Now you can renew your subscription by going to our website's HOME PAGE: www.dohmencapital.com and clicking on the "RENEW NOW" link, located at the top right corner of the page.

IMPORTANT: Logging out: After you have read or printed the service from our website, BE

SURE TO CLICK ON THE "'LOG OUT"' BUTTON. If you do not, then you may have difficulty getting back in, and may receive error messages, such as "your subscription has expired."