



Bert Dohmen's SMARTER TRADER™

The Premier Advisory for Active Traders

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

Issue # 47 – March 20, 2020

(Last Smarter Trader sent: March 19, 2020)

MARKET DATA:

	LAST	CHANGE	%CHG
DJIA	19173.98	-913.21	-4.55
Nasdaq Composite	6879.52	-271.06	-3.79
S&P 500	2304.92	-104.47	-4.34
DJ Total Stock Market	23104.72	-1011.93	-4.20
Russell 2000	1014.05	-44.70	-4.22
NYSE Composite	9133.16	-328.15	-3.47
Barron's 400	468.93	-20.20	-4.13
CBOE Volatility	66.04	-5.96	-8.28

	NYSE	NASDAQ
Issues		
Advancing	1,317	1,305
Declining	1,703	2,026
Unchanged	36	52
Total	3,056	3,383
Issues At		
New Highs	1	8
New Lows	299	336
Share Volume		
Total	9,212,826,003	5,355,790,423
Advancing	3,465,324,504	2,131,903,426
Declining	5,715,439,417	3,189,080,034
Unchanged	32,062,082	34,806,963

Source: wsj.com

MY VIEW:

Markets:

In yesterday's issue we pointed out that despite the rally, there were a number of negative signals we saw that indicated today would see yet another selloff. As we saw, although the major indices traded water in positive territory early on, the selling came in around noon EST and never let up.

Dohmen Research, Inc.

P. O. BOX 49-2433, Los Angeles CA 90049

Telephone: (310) 476-6933 | www.dohmencapital.com | client@dohmencapital.com

*refers to Dohmen Capital Holdings Inc. and predecessor

© Copyright 2020

Page 1 of 12

By the close the DJI was the weakest of the major averages today as it suffered a 913-point loss (-4.6%). It is now down 35% from its high in mid-February, just over four weeks ago. The S&P 500 fell 4.3% while the NASDAQ fared the best, although it was down 3.8%.

For the week, the S&P 500 fell 15%, the DJI dropped 17.3%, and the important broad market index, VALUG, was down 18.0%. As you can imagine, **so far this was the worst performing week for stocks during this current market crash.**

Volume soared to 9.2 billion shares traded on the NYSE, about 14% higher than yesterday. However, today was “quadruple-witching,” where futures and options contracts expired, which contributed somewhat to the high volume.

The internals were not heavily skewed on the negative side today despite the hefty declines. However, we don’t believe the internals today are meaningful because of the triple expiration date.

Declining volume was heavier than advancing volume by 1.6x and 1.5x on the NYSE and NASDAQ, respectively.

Also, the number of new 52-week lows dropped to 299 on the NYSE today, far fewer than we had seen throughout the week and even yesterday when that number was at 1051.

All but one S&P sector closed in the red led by Utilities, a defensive sector, falling nearly 8.2%. Other defensive sectors followed as Consumer Staples dropped 6.5% and Real Estate declined by 5.5%.

The leaders included Energy, the only sector higher with a 1% gain, followed by Consumer Discretionary and Financials. These sectors shouldn’t be rising in an environment like this and indicated they were getting short-squeezed today.

First off: WTI crude oil plunged 15.5% today to settle at 23.40/bbl, which typically would have brought down the energy sector with it.

Secondly: why would consumer discretionary stocks rise when the consumer isn’t spending any money on any “discretionary” items right now?

Third: Yields declined today, which is negative for Financial stocks and thus typically weighs on this sector. Be wary of the artificial gains in these sectors, and in a number of specific stocks.

Today we saw the cruise lines soar between 25% to 38% at their highs. Did they get a sudden influx of new reservations overnight? We doubt it. It is just a case of squeezing short. That usually lasts a few days, if that.

Casinos also soared higher, one was even up as much as 94% intraday. Are people suddenly rushing back into casinos to lose what little money they have left? Nope. Another short squeeze.

For the first time in three days, the dollar index declined, down 1% to 101.95 after reaching its highest level since January 2017 intraday.

This allowed the precious metals to push higher as gold climbed higher by \$28 to \$1498/oz while silver bounced off its lowest level since 2009 for a 4.5% gain today, settling at 12.61/oz.

Yields dropped lower today, selling off into the close as the 10-year dropped below 1% once again to 0.91%. This shows a rush back into safe haven treasury bonds as the TLT (ETF for 20+ year Treasury bonds) soared an amazing 7.5% today. That's the biggest one-day rise we can remember seeing in the TLT.

Commentary:

The DJI turned from being up about 500 to down 993. It confirmed what we had said the past weeks: "don't buy a bear market bounce." This is a very serious crash. Don't listen to the fools from Wall Street.

The charts look pretty bad again after today's failed rally. The DJI and S&P 500 indices closed at new crash lows, but the others didn't. That may provide a little spark of hope for the bulls of at least a bounce. Here is the S&P 500.



Dohmen Research, Inc.

P. O. BOX 49-2433, Los Angeles CA 90049

Telephone: (310) 476-6933 | www.dohmencapital.com | client@dohmencapital.com

*refers to Dohmen Capital Holdings Inc. and predecessor

© Copyright 2020

Page 3 of 12

The U.S. closed the borders with Canada and Mexico today. Great move, we mean it. The U.S. is a paradise for people from abroad without jobs, without education, perhaps a disease, who want free healthcare and unemployment checks. It is NOT 'racist' to take care of hard working Americans first.

There will be huge, unprecedented 'money printing' the way it is. We could see \$30 TRILLION or more of credit fabricated by the Fed and the US Treasury over the next two years. GDP of the US is about \$20 TRILLION. Eventually, that will stop the market decline. The goal of the central banks now is to create noticeable price inflation. We doubt they can achieve that.

Our forecasts continue to come true. We had predicted that the TRUMP BULL MARKET would be completely erased, no fault of his. That happened.

We predicted that the virus would be much more contagious than others, but perhaps not as deadly. That is now confirmed by the numbers.

We predicted that the stock crash would be like 1929. Today, we saw this chart confirming that. It wasn't 'rocket science' to predict that if you believe as we do that market moves and patterns repeat because they reflect human emotions.



What do we do with this info? If stocks so far mirror the pattern of 1929, is it possible that the economy will do so as well?

We are not alarmists, but realists. Just read some of issues of the award-winning **Wellington Letter** of this year. We called it step by step.

We even wrote several times **the past 3 years that ahead of the Nov. 2020 election, there would be a stock market crash, followed by a deep recession/depression.** The cycles called for that.

The big up-move in the S&P 500 the 4 months before this year's top was a classical "blow off" top. These usually come before a crash.

We wish we could be more cheerful. But we never use the word "hope" as that never changes anything.

Now we hear analysts saying that the stock market always comes back and that the average recovery time is **"only" 3.5 years.** Furthermore, they say "it is not possible to time the market." Really?!

We have spoken to some non-subscribers and they are convinced that they can stay fully invested, because they believe the fairy tale that stocks always come back. Believe us, this time there will be many companies going to the graveyard.

Investors won't be able to wait for the next bull market. We use a sector timing strategy. That's why in **HedgeFolios** we started reducing long positions in January according to our sector signals. By mid-February we only had medium Treasuries, which gained nicely, some cash, and then the inverse ETFs for the folios that allow those. (<https://hedgefolios.com/>)

We could discuss some longer-term optimistic facts, but that might just encourage some impatient investors to buy now. That would be a mistake. At a real bottom, we want to be able to pick up incredible bargains. After the 1929 crash, **that took till 1932.**

The first investment firm just went out of business, Ronin Capital, a CME market maker. It was closed down as it could not meet capital requirements. It's the first, but not last, of the meltdown we are seeing. We noticed today that no one in the media advised "bargain hunting." This usually happens at the half-way point of a bear market.

The manipulated rally early today was met again by a lot of selling. Sellers took advantage of the small demand and raised more cash. The rush to cash is incredible. Even Utilities, which have great value, plunged. Cash or Treasuries are preferred.

The past days we still found people asking "what stocks would be good to buy now?" That means sentiment is not anywhere near where it will be at a bear market bottom. Today we are in "isolation" and don't understand those questions. Even the tennis courts were shut down.

Others ask, I am not a subscriber and didn't sell. What should I do now?

We have written the past 10 years, read our book, *Financial Apocalypse* (<https://dohmencapital.com/books-by-bert-dohmen/>), a chronological account of the entire 2008 crisis. We called it, the "Guide for the next Crisis." The key to success is "preparedness."

We don't write this to sell a few books. Book sales don't make anyone rich. We just wanted people to be informed. Most people apparently don't read books anymore.

Anyone who doesn't prepare for contingencies will eventually suffer the consequences. Many large companies will find that out now because they depleted their cash with buying back their stocks and manipulating their prices higher. Now they have to be bailed out with taxpayer money.

The governor of California, in his infinite wisdom, ordered all people in the state to stay home.

"This means Californians should stay home, but can leave for essential work and necessary errands."

The words "necessary errands" were not defined. Is it a trip to the girl or boyfriend? That could be necessary. How about the liquor or grocery store?

Cuomo Orders "100%" Of New Yorkers To Stay Home, Schwab closed all offices but of course has online trading.

Italy Confirms Another 600 Deaths As 'Martial Law' Declared.

We wish to point out again as we did previously, the 'hysteria,' especially at state and local governments, is much more dangerous than the virus.

Looking at it unemotionally, it is a marvel of how mass hysteria can be created by something not that significant. This is one for the text books. Decades from now psychologist will be writing about this and wonder, why government officials world-wide responded like this.

In the US so far and as of TODAY, there are 205 deaths from the Wuhan virus. **But last flu season, there were over 70,000 deaths from the flu.**

Do you understand why we are suspicious about the mass hysteria caused by all the state and local governments? Because of their actions, the economy is going from strength to an overnight depression. Many large companies have zero sales.

This is insane, driving the country and the world into depression because of far fewer deaths than caused by the flu, the cold, or even bicycles. There are 45,000 car fatalities each year, over 500,000 deaths because of medical errors in hospitals, etc.

Dohmen Research, Inc.

P. O. BOX 49-2433, Los Angeles CA 90049

Telephone: (310) 476-6933 | www.dohmencapital.com | client@dohmencapital.com

*refers to Dohmen Capital Holdings Inc. and predecessor

© Copyright 2020

Page 6 of 12

Why don't they talk about this on TV and stop the hysteria?!

An article says that "After the Great Depression, the Democratic party attracted urban workers, blacks, and Jews from the Republican party with the New Deal." In other words, the Dem party grew. Is it possible that when tens of millions of unemployed riot in the streets as they go hungry and can't pay the rent, they will blame capitalism and call for socialism as the savior? The socialists must be loving this.

New Wellington Letter Now Available!

Our latest ***Special Bulletin*** of the ***Wellington Letter*** was recently published on **March 15, 2020**, titled

"The Fed Panics!"

Click or copy: <https://dohmencapital.com/services/wellington-letter/>
to sign up and get our newly released issue today!

CURRENT POSITIONS—BUYS (LONGS):

Our long positions couldn't avoid the selling today. Two of these are biotech firms that have products being tested now in the fight against the COVID-19 VIRUS. **We would sell two** and hold the other two.

Symbol	Name	Price	\$ Day Change
GILD	Gilead Sciences Inc	73.26	-5.29

After soaring to its highest level since 2018 intraday yesterday, today it retreated to 73.26, although it was on lower volume. It is a leader in the fight against HIV. Traders seem to have become impatient with its drug, Remdesivir, an HIV drug, which is now being tested in China against the virus. As we had written, this is a risky position.

MRNA	Moderna Inc	28.20	-0.07
Marginally changed on low volume The timeline for possible testing and approval of their drug against the virus is much longer.			
COST	Costco Wholesale Corp	290.42	-14.80
Slight pull back after running into resistance at its 50-day m.a. It is doing huge business. The caution would be that if the virus crisis ends, people have lots of inventory to digest before going to Costco again. We would sell.			
WMT	Walmart Inc	113.97	-5.48
Also had a slight pullback. Opened higher but couldn't hold on to gains, closing slightly lower today. Same story as COST. We would sell.			

New subscribers: we would not implement new positions.

CURRENT POSITIONS—SHORT SALES:

Our short positions, for experienced traders willing to take a higher risk, were mostly lower with one plunging more than 9%. This is what we want to see on the short side. We believe the energy sector is even more vulnerable now than previously. The caveat is that Washington could impose oil tariffs. We would lighten up shorts in this sector.

Symbol	Name	Price	\$ Day Change
FANG	Diamondback Energy Inc	18.59	-0.10
Slight decline. This is an oil & gas E&P firm, terrible sector to be in right now. We would close out.			
XEC	Cimarex Energy Co	14.80	-1.58
Plunged 9.7% today as it erased its early morning gains. Another oil & gas exploration firm that is currently trading around all-time lows. We would close out.			
APA	Apache Corp	4.83	-0.12
Also sold off after early gains, falling 2.4%. This is also an oil firm. We would close out.			

OXY	Occidental Petroleum Corp	10.23	-0.60
Plunged 5.5% as it had a gradual decline throughout the day. Has huge amount of debt. Not good when cash flow disappears. We would close out.			
RCL	Royal Caribbean Cruises Ltd	23.81	+1.40
Popped higher by 25% at the open, along with other cruise firms, on a short squeeze but quickly erased a good amount of those artificial gains by the close. We can't imagine that they have any bookings now. They are probably going to be bailed out in some way. We would close out.			

New subscribers: we would not implement new positions.

CONCLUSION:

A bounce can occur at any time and be strong as shorts run for cover. It's never smart to be the overstay a winning position to the extreme.

Wishing you a wonderful weekend,

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.

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.

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.

Be sure to Follow Bert Dohmen on Twitter: <https://twitter.com/BertDohmen>. We post several items of interest each day. Some have links to interviews, charts, etc. It takes less than a minute to register with Twitter and you can get my short messages during the market day.

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 SMARTE 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

We respectfully remind you that all FEDERAL copyright laws still apply with email delivery and that the newsletter, interim reports and attached articles cannot be re-transmitted, duplicated or copied, in full or in part, without our prior written consent.

The unauthorized disclosure or interception of email is a federal crime. This email is intended only for the use of those to whom it is addressed. Bert Dohmen's SMARTER TRADER and the computer file which contains it are protected by US copyright laws and international copyright agreements. All rights are reserved. The service and its content are for personal use of the subscriber only. Copying or retransmission of this report, except with written permission, is strictly prohibited. You may not, under any conditions, retransmit or send this report or any portion thereof, by any means, to any other location within or outside your company. Financial planners or investment professionals who wish to transmit the service to their clients may be able to obtain multiple subscription discounts. All commentary is provided for educational purposes only. Information contained in this service is NOT a solicitation to buy any security. This material is based upon information we consider reliable. However, accuracy is not guaranteed. Subscribers should always do their own investigation before investing in any security.

You should not consider our trading ideas as investment advice. We are not acting as your investment advisor (including, without limitation, in relation to investment, accounting, tax or legal matters) and the provision of this subscription service to you will not give rise to any fiduciary or equitable duties on our part.
