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16 Juli 2014

Masih Besarkah Kenaikan Bursa Saham AS?

"I see some major turns in markets and the economy happening soon. The optimism based on the stock market exuberance will soon turn. The market does not reflect the real economy but only that all printed money has flowed into the financial markets. Based on any rational criteria the stock market is a massive bubble. I have for some time forecast July as a top but it could last a bit longer. But when a turn happens this will be the start of a secular bear market that will last for a long time. And once the psychology turns, the fragility of the world economy will be exposed."
-- Egon von Greyerz, founder of Matterhorn Asset Management

"When you look at equities as a percentage of financial assets in the US, it is exactly at the extreme it was at the end of 1999 and in 2007. So the retail public is there where they always have been at the end of a cycle. They do not have the financial means anymore to create the final bubble move some are expecting. Maybe institutions could, but the retail investor won't do it. Therefore I think this cycle will probably more likely end with a whimper than with a bang. It might continue for another year or so, maybe with a scary correction sometime late summer or fall this year, followed by another run to the upside which firms the belief that you always have to be fully invested."
-- Felix Zulauf

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Indeks *S&P 500* sudah meningkat dalam 6 kuartal berturut-turut – kenaikan terbaiknya sejak 1998, seperti Anda bisa lihat dalam grafik berikut:

Bob Farrell pernah tulis bahwa *"when all experts and forecasts agree, something else is bound to happen."*

Sekarang, kejadiannya hampir sama. Meskipun kekhawatiran geopolitik meningkat, data-data ekonomi dan fundamental yang melemah, masih tetap ada keyakinan yang luar biasa bahwa *"equities are the only game in town."*

Tentunya, kita sudah sering melihat mentalitas seperti ini apakah itu pada 1929, 1987, 2000 atau 2007. Meskipun berbeda-beda puncaknya, namun seluruhnya punya kesamaan.

Jadi apakah bursa saham AS masih memiliki potensi kenaikan lebih besar, atau justru akan mengalami koreksi (jangka pendek) yang signifikan?

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Greg Guenthner, CMT, seorang *managing editor* dari *The Rude Awakening* dan anggota dari the *Market Technicians Association*, baru-baru ini memberikan hasil pengamatan luasnya pada gerak bursa dan menjelaskan apakah dalam jangka pendek ini kita harus mempersiapkan diri untuk *crash* bursa atau tidak:

“The wise, respectable market watchers at the Wall Street Journal want to know, "Are you ready for the next market crash?"

And they're not alone. The media are becoming obsessed with the possibility of a big drop in the stock market. Bloomberg News cited "concern over a severe pullback" as the reason for yesterday's 0.7% drop in the S&P 500 and the Dow, and whopping 1.35% drop in the Nasdaq.

(That, by the way, marks the biggest one-day drop in the tech-heavy Nasdaq Composite since April. Ouch.)

But is the fear justified? Or is it just a good way to sell newspapers?

The big picture outlook is important, after all, it informs all of your other trading decisions.

Today, we're turning to our trading expert Jonas Elmerraji for a glimpse at where the market might be headed. He'll even reveal the best way for you to play it...

"It makes sense to start with a chart of the S&P 500," Jonas begins. "And looking at the chart, it's clear that even though investor uncertainty is running amok this summer, absolutely nothing has changed in the stock market in close to two years"

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"In other words, the S&P 500 is still bouncing its way higher in a well-defined up trending price channel. Despite all of the noise, we're still in a "buy-the-dips" market...

"There are a couple of important takeaways from the S&P's chart right now. The first is that every single test of that bottom trend line over the last year and a half (seven of them over that stretch) has been an extremely low-risk opportunity to buy stocks," Jonas explains. "And they've paid off incredibly well so far."

But even though we're in a "buy-the-dips" market right now, we're nowhere near a dip...

"The S&P is sitting towards the top of its price range - not near that sweet spot near the bottom of the channel," Jonas concludes. "That means that a correction back down to support looks likely in the short-term. There's a lot more risk between here and the bottom of the channel than there is potential reward between here and the top of the channel."

Sure, that's a red flag. But there's a big difference between saying that the S&P is likely to correct 4.5% down to 1875 or so, and saying that we're due for a crash.

The market looks like it could very well trickle lower this month as it searches for support. Now's not the time to get aggressive on the long side..."

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What Do the Charts Say?

Jumat lalu John C. Burford, seorang editor di *MoneyWeek Trader*, menulis laporan menarik juga mengenai bursa saham AS, dan tulisannya ini masuk dalam kategori **WAJIB DIBACA** bagi para investor bursa yang serius:

Has the bell rung on the Dow?

"It is said that nobody rings a bell at the Stock Exchange when the market has hit top tick. But recently it seems that many pundits must have at least heard a faint tinkling.

Everywhere you look, they have been falling over themselves forecasting an imminent dip in the stock market. Such widespread opinions are even featured in the pages of the MSM (and even made it to the radio, I note). They reason that the bull market since March 2009 is getting very long in the tooth, volatility is on the floor, complacency is up in the ceiling, and valuations are getting stretched. The market has to fall, surely?

And yesterday, problems at a Portuguese bank surfaced. This seemed to confirm the shaky nature of the banking sector, which lead the way down in stocks in the 2007–2009 crash. Nervous selling resulted.

So is this the end of the bull market? Today I want to look at sentiment readings and the large wedge patterns I have been following for many weeks to see which way the markets are headed.

You can't always rely on your 'gut feeling'

If you have been around the markets for a few years, you will know that bullish conditions can persist for a very long time while the market continues its upward path.

Do you remember the Chairman of the Fed, Alan Greenspan, warning of 'irrational exuberance' in the stock markets back in December 1996? That phrase has entered market lore and even gave birth to the famous bumper sticker seen during the dotcom crash: "I want to be irrationally exuberant again!"

Well, that dampener wasn't nearly enough to break up the party – the Nasdaq zoomed higher and only topped over three years later. That's a painfully long time to be holding a short trade if you merely traded on Greenspan's words!

Although the above conditions are indeed necessary for a major top, they are not sufficient.

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It is one thing to have a 'gut feeling' that stocks are too high, but that is a poor basis on which to base your trading decisions.

Normally, I would take this display of pundit bearishness as a contrarian bullish sign, and indeed, many bulls are doing just that. But I believe this is the incorrect reading this time.

What the sentiment readings tell us

The other point about punditry is this: experts usually toe a party line and are naturally averse to changing their opinions. After all, they have based their reputations on maintaining a particular story.

The 'market is too high' story has been building for many weeks as the market climbed and has now become mainstream.

But the current market is Janus-faced. While the pundits are expecting a decline, professional money managers are certainly not, judging by the various extreme sentiment readings I follow.

Here is just one amazing chart of the Investors Intelligence survey of US advisors:

Chart courtesy www.elliottwave.com

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As you can see, since at least 2005, every time the plurality of bulls over bears reaches the 44-45 level, stocks make a high. But this week, that plurality reached the second highest level since the 1987 top. The highest level was reached in early June.

So what does this information tell us? Simply that professional advisors have created the biggest net bullish herd in 27 years – surely a very noteworthy event. The vast majority of pros do not expect a bothersome dip – a fact borne out by the very low VIX (Fear Index) readings.

Has the market top already been hit?

You can now see what I mean by Janus-faced - the pundits are very bearish while the pros are very bullish. This is typical of a fractured market.

Sentiment-wise, the pundits are closer to the real economy, while the money managers are focused on their next bonus (and whether they can borrow even more to shove into shares).

There has been widespread publicity over the news that the world's central banks are herding together to buy shares. If so, this is bearish because central banks are always behind the curve and, like governments, are always fighting the last war.

Wouldn't it be entirely in keeping with central banks' record if stocks started heading down now?

Over the past couple of days, the market has declined. So I want to look at where we are in relation to the large wedge patterns I have been following for many weeks. To me, that holds the key to any calls for a top

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Here is my long-term wedge going back over three years:

My verdict? I can claim the trend has turned down when the lower line has been broken. But because the market is mid-way between the lines, the uptrend is intact.

The market's fear of heights

Let's zoom in on the shorter-time frame from the February low:

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This wedge is very clean with accurate touch points on both lines – including yesterday's sell-off low (which confirmed the lower line as solid support, so far).

My verdict? With no break of the wedge, the uptrend is intact. It would take a break of yesterday's low to turn the short-term trend down.

But momentum has been weakening since the March high with a series of lower highs, so buying is drying up.

But with the market sentiment swinging between bullish (the pros) and bearish (the rest of us), I believe volatility will start to increase with wider and wider swings."

Selanjutnya Tyler Durden dari www.zerohedge.com memiliki sejumlah bukti akan mendekatnya bahaya untuk perubahan tren mendadak/seketika,

Berikut 3 dari laporannya terakhir, yang mungkin bisa membuat Anda sedikit lebih waspada terhadap potensi resiko yang menanti di depan:

1) *It's Never Different This Time – 1987 or 2014?* (June 20th)

While the price analogs of the last few year's exuberance in US equity markets are enough to worry all but the most systemically bullish "believer"; we suspect the following article from the LA Times In the Spring of 1987 will raise a few hairs on the back of the neck of perpetually optimistic extrapolator...

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It's never different this time..

> *"One of the largest bullish factors is burgeoning worldwide liquidity, thanks to expansive monetary policies by central banks. That has helped fuel a surge of foreign investing that could propel US stocks higher, regardless of what happens to the American economy, some analysts say...*
>
> *Low interest rates also help stocks by making Treasury securities, certificates of deposit and other interest-paying investments less attractive. The sluggish economy, meanwhile, keeps the Federal Reserve from driving up interest rates and prevents inflation from overheating...*
>
> *Also, the sluggish economy--by keeping manufacturing rates low--discourages money from flowing out of financial assets into such investments as factories and machinery."*
>
> ***- LA Times, March 8, 1987; a few months before the October 1987 crash***

Read that again!!

Never different.

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2) *The Market Has Never Been More Fearful Of An Extreme Event* *(June 23th)*

*"**There's something going on in derivatives land**," is the warning from ADM's Andy Ash and as Paul Mylchreest notes the relationship between VIX and SKEW suggests the **options market is pricing in the possibility of a major market event**. The process enables professionals to maintain the illusion of calmness in VIX while hedging their positions (as they attempt to unwind as we have shown). Whether this 'event' is a crash or melt-up is historically unclear but given the taper and the trend of the last few years, we suspect the former more likely that the latter.*

Via ADM Investor Services' Paul Mylchreest,

*A rather thought-provoking chart which we've been looking at is the ratio of the SKEW (the chance of an extreme or outlier event, i.e. OTM versus ATM options) versus the VIX (the expectations for more 'normal' day-to-day volatility - the price of hedging implied by ATM options)... and is an **indicator of how the market is pricing the possibility of a potential black swan event.***

You can see how extended we are right now… (actually at record highs)

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While (curiously) 2000 didn't register, the two previous highs in the SKEW/VIX ratio were 1994 and 2007 which turned out to be pivotal dates in terms of changes in market direction.

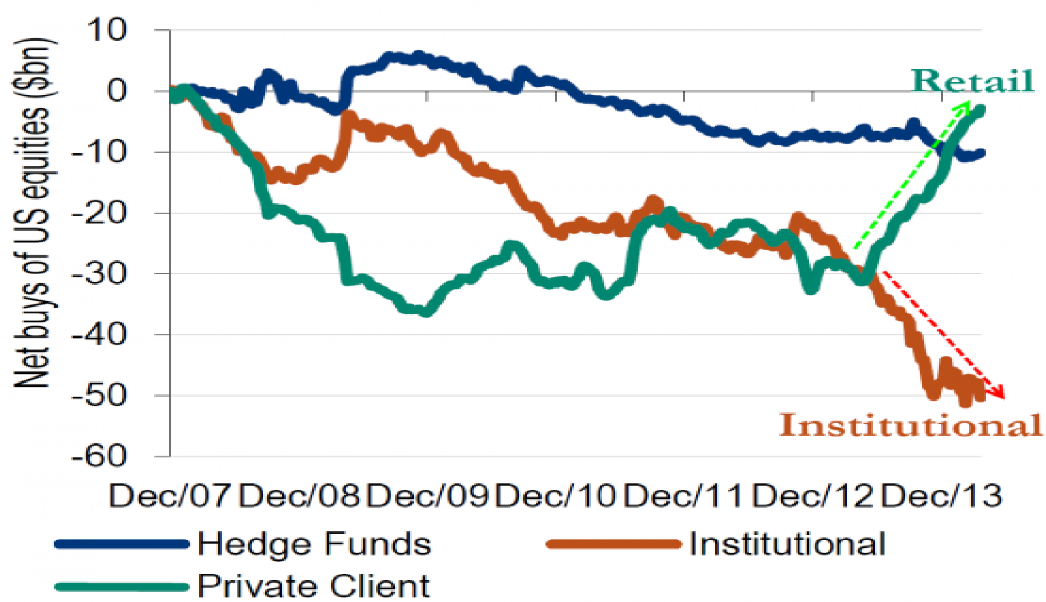
One up and one down... ***Which does it look like this time?***

* * *

Think briefly about who is buying and who is selling? *Think about who is buying deep OTM protection? Smells like the professionals are a little less sanguine than their chatter suggests...*

Institutional clients are dumping equities off to retail clients... thank you very much...

Chart 1: Cumulative net buys of US equities by BofAML client types ($bn), 2008-present



Source: Bank of America Merrill Lynch

and those that can't dump their assets are hedging aggressively (while maintaining the illusion with VIX that all is well)

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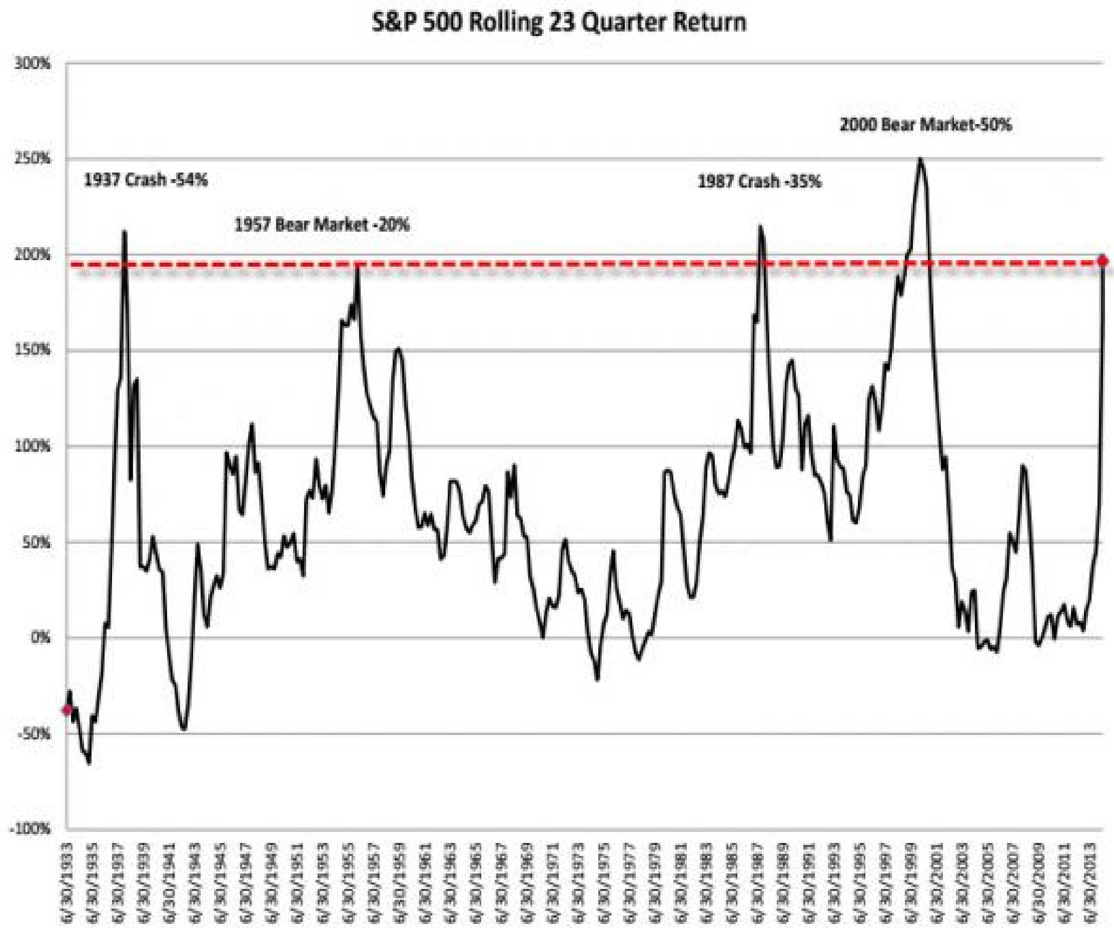
3) *What Happened The Last 4 Times Stocks Rallied For 23 Quarters?* *(July 3rd)*

Does this look sustainable to you? Of course, it's different this time, right?

The S&P 500 is in the 23rd quarter of its recovery - and shows a 196% gain.... ***the last four moves of similar magnitude ended very badly.***



H/t Geoffrey Batt

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John Hussman's Rant

Dalam *Weekly Market Comment* tanggal 28 Mei lalu, John Hussman memberikan peringatan keras namun agak unik kepada para investor:

Someone Is Going To Have To Hold Stocks At These Prices

"**I'm sometimes viewed as an evil quant, sitting in a dimly lit room, stroking a hairless cat ironically named Mr. Whiskers, and hoping for the worst.** That's undoubtedly because of my view that all of the market's gains since roughly April 2010 are likely to be wiped out in a rather ordinary completion to the present market cycle, coupled with my broader criticisms of Fed-induced speculation and other ill-conceived policies. If you've been with us for a while, you know that I take no joy in market plunges, and my adamant concern about severe losses this time around reflects an extreme discomfort with having been right about the other two 50% losses in recent memory *(not to mention becoming constructive in-between, though my fiduciary stress-testing inclinations in 2009 clearly did us no good in the face of QE – see Setting the Record Straight for the full narrative).* **Some also have the impression that our objective is to talk the markets down, in a way that interferes with their bullish outlook.**

The reality is this. While we certainly hope to provide evidence and data sufficient for disciplined investors to maintain their confidence in our full-cycle approach, we have no particular desire to convert disciplined buy-and-hold investors or reckless speculators to our views (though I do think "buy-and-hold" investors with horizons shorter than 7-10 years have poorly matched their strategy with their objectives). Meanwhile, given that the majority of my income is directed to charity, I have a rather vested interest in doing good for others over time (undoubtedly, my particular focus on finance and autism research demands unusual patience, long horizons, a deep respect for evidence, and no expectation that progress evolves smoothly).

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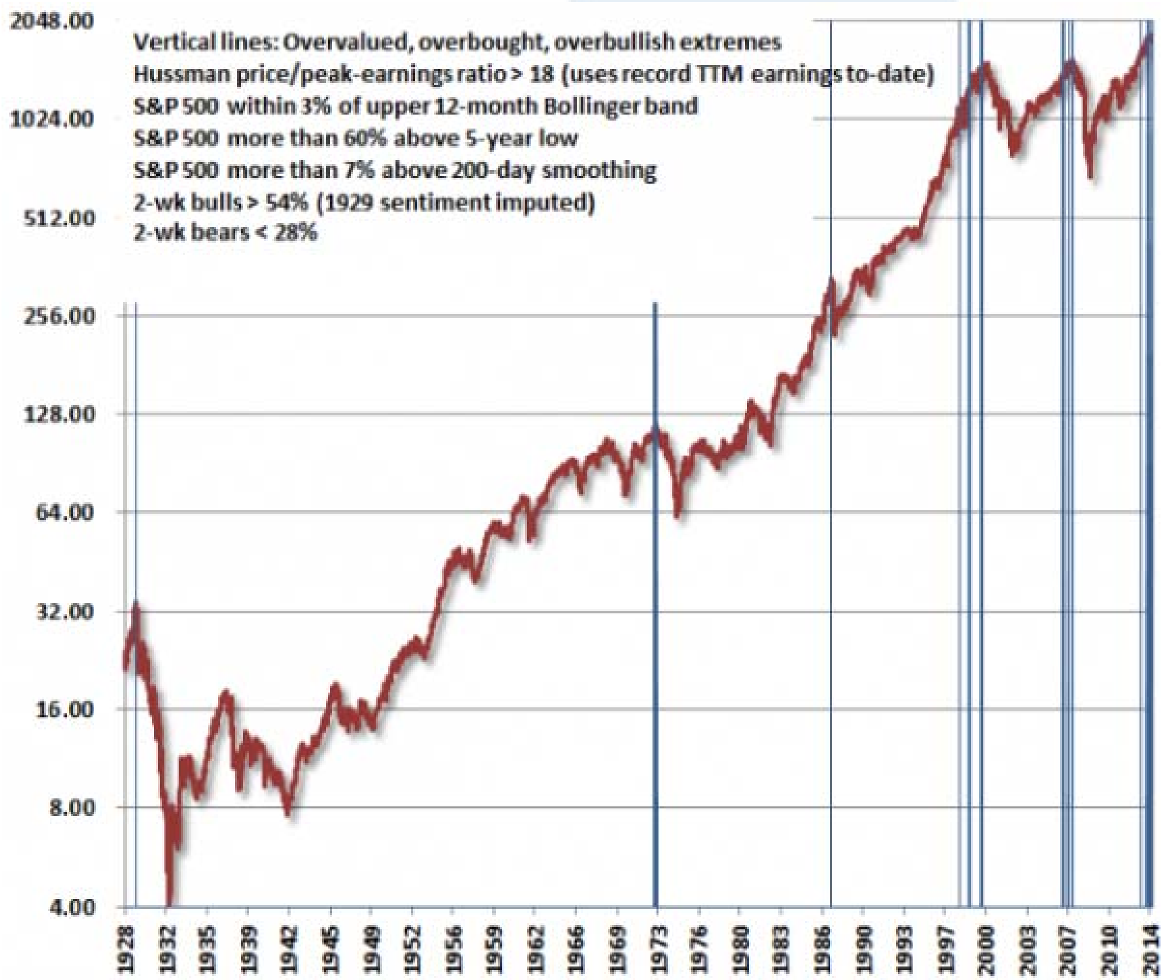

Yet as much as we focus on the long-term good, equilibrium creates an unfortunate constraint: by encouraging one investor to defend their financial security by selling overvalued stocks, the result is that someone else must end up buying the stock at these same levels. *That poor soul, we expect, is likely to be worse off for the trade. That may explain my philosophical aversion to speculating in steeply overvalued markets, and my ethical objection to policies like quantitative easing that encourage it. In order to profitably exit that speculation, someone else must be guaranteed misery.*

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In a financial market where price signals encourage savings to be allocated toward productive uses, what helps an individual investor often helps the entire economy. ***But in a severely distorted and speculative market, any effort to help one investor is really quite a zero-sum game that requires someone else to be injured. This is just an unhappy result that years of quantitative easing have now foisted upon us.***

Accordingly, I am changing my guidance. For those investors who trust our analysis and discipline, no change of course is encouraged. But ***for those who find our work to be a constant source of irritation to be regarded with open disdain, I am retracting all of it herewith – for you alone mind you – and I leave you free to buy with both hands to whatever extent you are inclined.*** *Not that I encourage it really – that would be bad Karma – but someone is going to have to hold equities at these prices. It would best be those who are fully aware of our concerns and prefer to reject them. So the more you dislike my work, and particularly if you are nasty about it,* ***I have no objection to you accumulating – perhaps on margin – as much stock from other investors as possible.****”*

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Agar tetap ceria, di akhir laporan ini saya sertakan sejumlah gambar-gambar lucu:

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Terima kasih sudah membaca dan semoga beruntung!

Regards,
Nico Omer Jonckheere
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