

---

## HedgeFolios Strategy Advisory

# â??A Monumental Change For the U.S. Will Bring Prosperityâ??

02-05-2025

### Our Current View:

After a poorer looking market last week, indices are now looking more positive. Despite **the tariff news over the weekend**, which caused the index futures to plunge overnight on Sunday-Monday, stocks were able to quickly rebound off the Monday morning lows and build upon that momentum over past two days.

As a result, the major indices are once again climbing their way back to their previous highs.

The volatility the past 10 months has been a bit unusual. Ahead of the election, the uncertainty about the Washington leadership was a good excuse, but since election the volatility seems to have even increased.

Below is the daily chart of the broad NYSE Composite since last April (10 months ago). Notice the roller coaster ride throughout, leading to the late November peak. It then **fell over 7% in early to mid-December** last year, which is unusual because of the seasonal upward bias.

However, since the start of 2025, it has been much stronger than most of the major indices, **up 5.4% YTD**. This is a positive for the broader market, showing the reliance on the largest cap stocks has dissipated and more stocks are participating in the rally.



The 2 day chart of the NASDAQ COMP below goes back 12 months and shows our proprietary deviation channel over that period. When it penetrates the bands, it signals that it is time for a reversal. Currently, it is in the middle of the channel and has room to go to a new high given the recent buying strength.



The daily chart of the **â??% of Nasdaq 100 stocks above their 200-day m.a.â??** indicator below shows that currently **over 68%** stocks in that index are above their 200-day m.a.â??s (yellow shaded area). Thatâ??s quite positive, especially considering that at the start of the year the indicator was **at 50%**. This shows **more and more stocks are rising** above their long-term moving averages, which is constructive for the top 100 tech stocks.

The MACD (bottom) has been climbing higher since the early 2025 low showing steady upward momentum. Therefore, despite the ups and downs weâ??ve seen lately in the major indices, the indicator shows a more consistent up-trend in the Nasdaq 100 over the past few weeks.



**GOLD SHINES:** Today, GOLD hit a new all-time high of \$2884. We like the fact that GOLD has not been promoted in the media very much. That suggests the up-move is real and probably will go higher. Our gold price target for a long time has been above \$3000, and eventually higher.

We are getting closer to the first target. Below is the weekly chart of GLD, the ETF for Gold. The current move of GLD may encounter resistance in the 275 area, which is another 4% higher from here.



We don't have a price target after that, just a **time target based on cycles**. The secular cycles suggest the current secular bull market, that started in **2001, could go to the year 2030-2031**.

**As we always caution that we would not use leverage.**

**EARNINGS & DISASTERS:** The volatility of many well-known individual stocks is of course much greater than the volatility seen in the indices. We still see surprising declines in stocks that announce decent to good quarterly results.

The past two days, while the indices rallied nicely, during the after-hour trading there were some negative reversals. If interested, just take a look at the charts of a few recent firms that reported earnings including CMG, AMD, MRK, and SWKS, among others.

This is a good time to focus on diversified investments as we suggest in our HedgeFolios. This protects against sudden, sharp, manipulated plunges often seen in individual stocks. With HedgeFolios, you can participate in sector performance, which reduces risk.

**A REVIVAL OF "COMMON SENSE":** Our view is that the "Dream Team" taking over in Washington will be a huge advantage for the US over other countries around the world. "Woke is broke." **Common sense is back.**

In Germany, where the leftists went literally berserk over the last 20 years, their stock market is within reach of making a new record high. The youngest political party in Germany, "AfD" (which stands for "Alternative for Deutschland" i.e. Germany) is almost certain to be in control after February. That will enable "common sense" to prevail once again in this very industrious and intelligent nation. However, it takes time.

This year, **France and the UK may also return to "common sense" leadership.** People are sick and tired paying for food, rooms, health, etc. for millions of undocumented migrants. Many of them turned out to be violent, don't work, and rob and rape instead, while getting welfare for their "contribution" to society. **People just want their countries back.**

A swing back to common sense globally could give the world a decade of prosperity. The expansion of common sense in the US will create growth in other countries that also take the proper steps.

**CONCLUSION:** We have written the past months that many stocks are at or near historic valuation highs. Some analysts suggest that the markets are in an "investment frenzy," which is now near its peak. We have a different view.

There has been a monumental change in the leadership of the US. If the planned tax cuts are implemented, it would unleash a long period of prosperity. **Companies from around the world would rush in to get the low tax rates, avoid the tariffs, and share in the US prosperity.**

This is why we remind our members that investment "frenzies" are not a "timing tool." Markets can stay overvalued for several years, as in the "Roaring Twenties" leading up to the 1929 Crash. With the new administration now in place in Washington, we could see an era of prosperity

---

similar to the 1920s once again.

Our HedgeFolios:

Today (February 5) we made a few changes to our models by adding exposure to the Gold trust ETF (GLD) along with the Ark Innovation ETF (ARKK). We then chose to purchase the short-term 1-3 month T-Bill ETF (BIL) with most of our cash in order to earn some yield (currently around 4.22%). T-bills not only offer income but safety for your money.

We held on to our partial positions in a number of AI, technology, IPO, and Private Equity ETFs in order to participate on the upside. Remember, we reduced the original allocations to these ETFs in late December in order to lower our risk to volatility in January, which turned out to be a great decision given January's volatility.

Our Utilities and long-term T-bond ETFs are having nice rebounds, which we anticipate will continue. In fact, today the long-term T-bond ETF (TLT) bounced nearly 1.8%, gapping higher above resistance. This will be a great safe haven for investors as yields decline and market volatility becomes more frequent.

After today's changes we now have **10% cash** in our 5 models, with 41%-51% in the BIL (cash substitute). The major indices have struggled since their December highs and have yet to get back to those highs. Therefore, **low exposure has been prudent** over the past few weeks during the short-lived ups and downs. Once we get confirmation of the next direction for the markets, we will implement new positions accordingly.

Our Conclusion:

This is a good time to focus on diversified investments as we suggest in our HedgeFolios. This protects against sudden, sharp, manipulated plunges often seen in individual stocks. With HedgeFolios, you can participate in sector performance, which reduces risk.

So far, the performance of the new people in charge in Washington is one for the history books. Never in 100 years has any President has changed so many things that have needed to be changed for decades. The cesspool of corruption may be reduced or even eliminated for the benefit of every American.

The very successful people in charge don't need to steal or take bribes to pay their mortgage. They can focus on what is great for the country.

This should bring prosperity and as inflation declines it will bring down interest rates while the economy experiences true, healthy growth, instead of the prior growth fueled by excessive money creation that only increases debt astronomically.

Common sense has returned, thanks to great Americans who are sacrificing a peaceful existence and instead are working for the benefit of all America.

---

.Wishing you successful investing,

Bert Dohmen and Dion Dohmen