
HedgeFolios Strategy Advisory

“Short-Term Scenario”

11-02-2025

Our Current View:

We see the possibility of having to modify our forecast for November because of new facts. This is very important. **November could have a sharp correction.** Everyone is fully invested, bears have disappeared, and leverage is at an extreme.

When the facts change, we change. It should not change our positive outlook for December.

The algo traders and HFT only care about the shorter term. And whenever the vast majority is on one side of the market as now, they push the market to the opposite side, which would be down in this situation. **Algo traders make money by going against the crowd.**

In early September we wrote that we expected the market to have a good September because the case for weak Septembers was being made continuously by analysts and “experts” in financial media. We said instead that October would be weak. As it turned out, September was a good month for stocks.

But in October the markets were weak in the first half of the month, then rallying toward the end of the month. The large cap indices were able to end with small gains, primarily due to the rise in about a dozen stocks.

Our work now suggests that November could be a poor month, with possibly a sharp correction sometime during the month. Let’s look at the charts.

The daily chart of the very broad **NYSE Composite** below shows it was rejected by strong resistance last week (red horizontal line, yellow shaded areas), then closed below its price at the beginning of October, resulting in a small monthly loss. That is negative.

The Dohmen Money Flow (bottom, red arrow) has been negative since September, which shows buying interest in the broader market has been waning at these high prices.



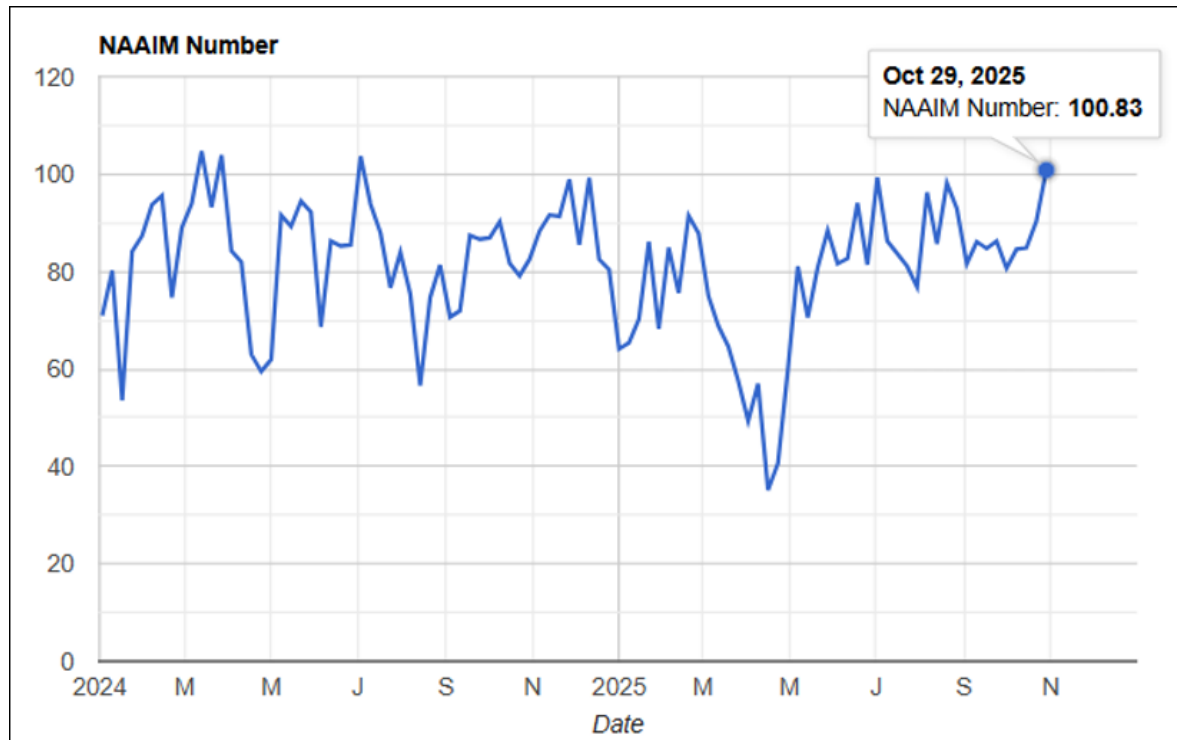
Another sign that the market is getting ready for a correction can be seen in the long-term monthly chart of the **S&P 500** below. It shows it has now reached and slightly exceeded the top of the trading channel going back to 2018 (red diagonal lines).

That upper red line acted as resistance in 2018 and at the peak in late 2021, just before the 2022 bear market. In October it exceeded that upper level, which is an “overshoot.” Notice how the two red lines are parallel. See how beautiful the symmetry is?

This chart suggests a return to reality is needed, and likely, in the near-term. That means it should fall back within the trading channel.



Lastly, we see now that the National Association of Active Investment Managers (NAAIM) exposure index has once again climbed just **over 100%, meaning these managers have fully loaded on US equities**. The last time it got over 100% was on July 3 this year. Of course, this is not a precise timing tool, but it is yet another signal that investors are “all bulled up.”



GOLD & SILVER: A big unknown is how **Silver and Gold** will behave during November. Will they be dragged down with the broad market, or provide a safe haven?

Although we have written many times to **take a longer term approach with this sector**, when a correction can cause a 38%-50% decline, reality is that the long-term is often forgotten. Many investors cannot tolerate such corrections. Therefore, they have to decide ahead of time how to handle it.

The past three trading days, gold fell below the important \$4000/oz price, although it has held up well and is now hovering right around that level. That's roughly a **10% correction** from its all-time high set on October 20 when it reached \$4380/oz.

We use the chart of the **ETF for Gold, GLD**, because it gives us volume. That way we can use the “Dohmen Money Flow” indicator. On the 2 day chart below we can see the first phase of the correction, the rally attempt, and now what may be an eventual second leg of the correction.

Our preliminary target is the “X”, right around the red horizontal line, which is the next downside support and the very important 50% retracement level of the rise since the July low. Money flow (bottom) has not turned down yet but could do so soon.



The ETF for silver, SLV, actually rallied the past two trading days while gold had a mild decline. The **SLV had a 15% correction** recently.

Currently, SLV is trading around first support. However, it may need to fall a bit more to get to stronger support, perhaps another 6% to the 40 area (currently at 43.23) in the near term. We believe a little more of a dip to scare out the weak hands is probable.

The 2 day chart of SLV below is similar to the GLD chart above and is also showing the Dohmen Money Flow (bottom) being indecisive now. The middle blue horizontal line was the 23.6% Fibonacci retracement, which was briefly broken last week. After the bounce, the maximum downside for SLV we see is a decline to the red line, the 38.2% Fibonacci retracement ("X"), which is more important.

If it falls to the 50% Fibonacci retracement, it would be another 15% down from where it is now. That would be scary to many investors.



However, for the longer term, we see a warning signal perhaps for early 2026 in the gold and silver sector: On October 22, it was reported that **Tucker Carlson** has launched a **gold and silver firm called Battalion Metals** in partnership with precious metals dealer Chris Olson. It's designed to **sell physical gold and silver bullion**.

When celebrities start investment firms, although their expertise is not in the financial markets, it is often a good signal of an approaching top. Nothing against Tucker. We like him for his courage to discuss anti-corruption topics. We always listen to his podcasts.

CONCLUSION: Although our cycle studies show that the **ultimate secular top** in gold and silver prices may not come till the year 2030, a correction of 38% to 50% do occur in a secular precious metals bull market. That would be painful, although it is not our forecast at this time. The warning has already been sent by the October correction in gold and silver.

Our HedgeFolios:

Last week we sold a few of our newer positions given our analysis and potential November market scenario above. Those **included ETFs in the defense and aerospace sector, technology, uranium, and copper miners, across our Opportunistic and Global Equity models**. We believe it is more prudent to err on the side of caution at this time.

In the Income, Global Conservative, and US Conservative models, we also exited the uranium and copper miners ETFs.

We decided to hold on to all our precious metals positions because as we've explained many times it's best to take a longer term approach with this sector. We also wrote in our last Strategy Advisory that *"In precious metals, we prefer riding out a correction for such longer term positions, of course with a mental stop in case it crashes, which we do not expect at this time."*

We now hold between 28-39% in cash across our five models.

Our Conclusion:

The above is our likely scenario for November based on the weight of the evidence. We believe the problem with a rally in November is that the indices are now at or approaching strong important resistance. It would be difficult for the rally to continue next month.

Therefore, a better scenario would be a correction in November to scare the bulls and overleveraged investors, make some quick profits for the algo traders, and then have a good rally sometime in December from lower levels.

After a correction in November, we should have the good year-end rally in December that we had looked for due to several reasons, the most powerful being institutional portfolio “window dressing.”

Therefore, we would be cautious on all the markets now, although we expect a seasonally positive December, before heading into a potentially shocking year in 2026.

Wishing you successful investing,

Bert Dohmen and Dion Dohmen

*P.S. we've had a number of requests **to resume the popular private consultations with Bert Dohmen**. If you are interested in talking one-on-one with Mr. Dohmen (impersonal analysis and forecasts only, not related to specific securities or investments) please [click this link](#), or send an email to client@dohmencapital.com with subject line “Consultation Request”.*

Once received, we will reply back with available time slots. Payment must be made in advance (credit card only). Consultations are in 15-minute increments at the rate of \$600 per 15 minutes.