



rhstruthers@gmail.com

Ron Struthers Substack

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Know when to hold-em!
 Know when to fold-em!
 Know where to set stops!
 Know when to run!
 Never count your portfolio
 Until the sells are done..

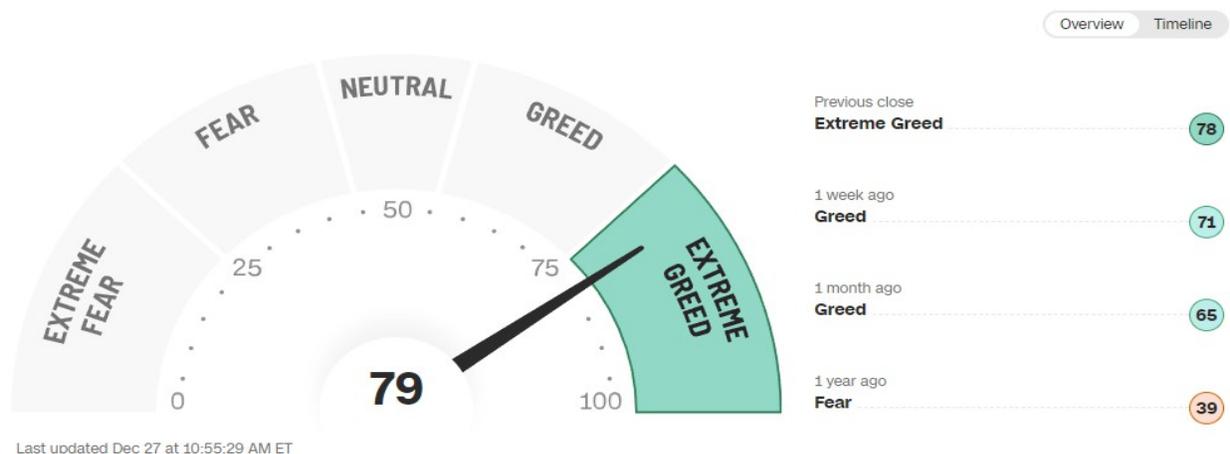
I hope everyone had a great XMAS, but there went Santa Claus, here comes 2024!

This market is a bear trap, plain and simple. Short term the market is way over bought and it has moved close enough to 4,800 for a double top, but will probably extend higher this week as the Santa Claus rally comes to an end. **Beware of January:**

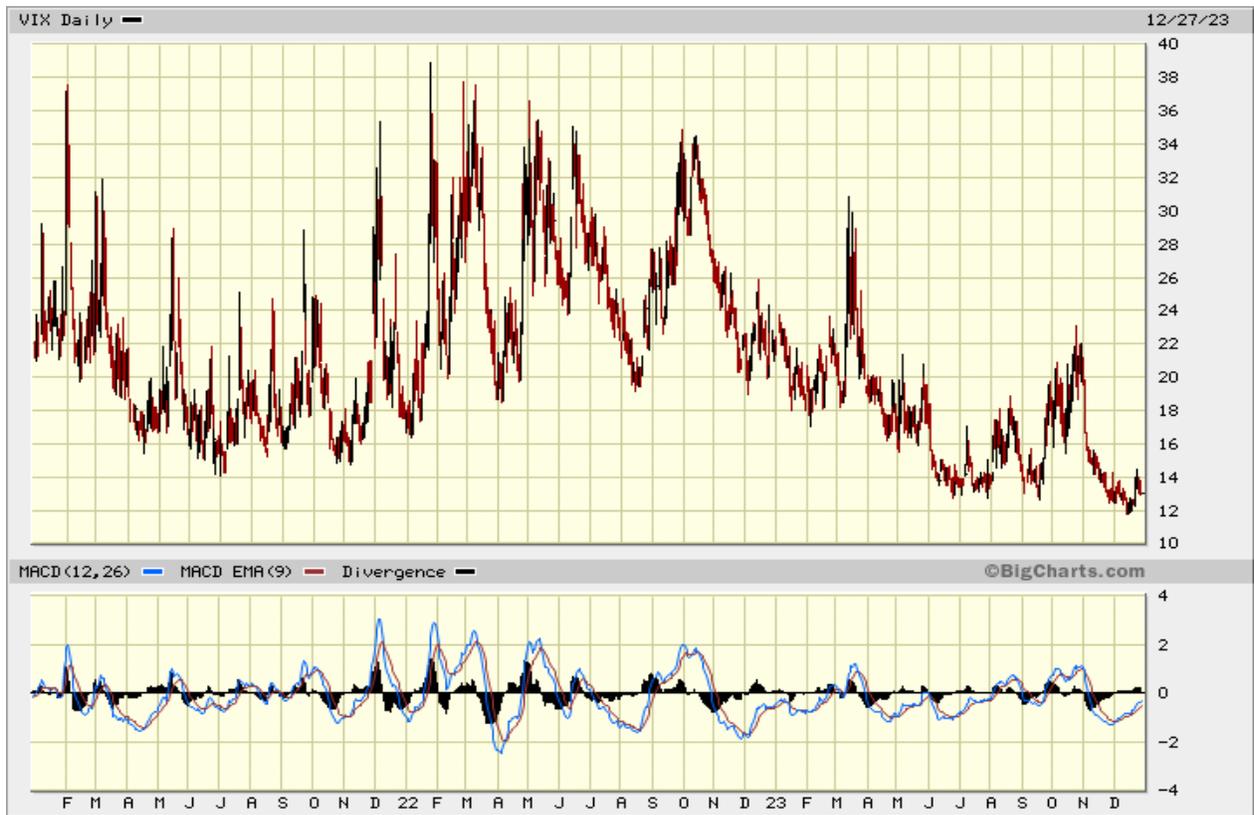
- Active managers had less than 25% exposure to equities in late October. Now, their equity exposure jumped to 97%;
- RSI hit an over bought 80 reading on the S&P 500, the week before XMAS;
- The Russell 2000 has gained 24% over the last 36 trading days, one of the biggest small cap rallies in history;
- S&P 500 notches 8th-week winning streak. The longest in +5 years;
- Week ago Friday investors put a record-breaking \$20.8 billion into SPY, marking the largest single-day inflow for any ETF in history;
- The Volatility Index (VIX) is at 4 year lows showing complacency;
- The [Fear and Greed index](#) shows extreme greed.

Fear & Greed Index

What emotion is driving the market now?
[Learn more about the index](#)



Stocks tend to soon bottom and rally with extreme fear and the opposite for extreme greed. The Volatility Index hit a recent low of 12.



S&P 500



The main reason I believe this market is a bear trap it's the narrow breadth so really a fake out as a bull market. The biggest contributors to the S&P 500's (SP500) banner year have been dubbed the Magnificent Seven. The group that includes Alphabet (GOOGL), Amazon (AMZN), Apple (AAPL), Meta (META), Microsoft (MSFT) Nvidia (NVDA) and Tesla (TSLA) is up a **combined 75% in 2023**, while the remaining **493 companies in the S&P 500 are about 12% higher**, resulting in a 25% YTD gain for the index as a whole.

In reality, the majority of investors are experiencing a bear market rally at best. Sure there are some investors that just focus on these high flying techs and the index ETFs of the NASDAQ and S&P 500, but for the most part these same investors lose that gain when the inevitable down turn occurs.

I see 2024 as one of those years to easily predict the broad outcomes so stay tuned for my 2024 outlook. Probably the best way to describe 2024 will be [Surprise! Surprise! Surprise!!!!!!](#)

Nkarta Inc. NASDAQ:NKTX Recent Price - \$5.45
Entry Price \$3.12 Opinion – sell at \$11.50

Our timing on NKTX was excellent, but it would have been perfect if I picked a week earlier on the \$2.70s, however we have a very large short term gain. I picked the closing price, the day of my report as our entry price.



I mentioned that there could be a short squeeze on the stock and by the looks of the chart it looks like it **could be happening, but I don't think so yet**. The short data for December 15th should be out tomorrow and I would not be surprised if the short position increased. Note the big spike in price and volume in mid October, that is when the short position increased from 3 to 7 million shares. So I checked the [daily short volume](#) that last few days when the stock went up:

- Dec 26th - 320K short volume
- Dec 22nd - 291K short volume
- Dec 21st - 186K short volume

So you can see there was still quite a bit of short selling the last few days. If you see a big spike in volume and price like mid October that could signal the squeeze, I would be a seller. There are only 2 days left in this year, but you never know what will happen. The stock has broken out to the upside and there is not much resistance until around \$12, so that is why I have the sell at \$11.50 for now. I will see what the New Year brings and may suggest a different outlook or profit strategy.

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