

SEPTEMBER 26, 2023

# WEEKEND AT BERNARD'S

## Stratos Self Check

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Where would you like to invest? Stratos provides specific targets, entry points, and pivot points tied to our five-step theory because we feel it is distinctive in our industry. Stratos Self Check is a way for us to evaluate how accurate our communications about the S&P 500 (4274), inflation, interest rates, oil prices, precious metals, and other key markets are.

In our June blog, "[Is AI the New Roaring '20s?](#)" Stratos anticipated that the U.S. stock market would continue higher, peaking in the summer. On August 28 in our blog, "[Five Steps Up. How Many Down?](#)" we suggested the S&P had made a short-term high for the year on July 27 when it closed at 4607. We also stated that we expected further weakness in September and October if we had a normal correction in this bull cycle.

In August, we believed the market could experience a down period, possibly testing our **initial support level of 4347**. Stratos felt our fifth step (4527) as an ideal technical pivot point on August 28. On August 31 and September 1, the S&P 500 traded above 4527. The highest close was 4507 on August 31. Since then, the S&P 500 has pulled back and again retested our initial support of 4347 on September 21. We believed a move back above our pivot point would be unusual after such a strong rally starting in October 2022, a breakout in the beginning of summer 2023, and only a one step pullback, which has now been tested twice.

As we suggested in August, we think there is further likelihood that the market could continue lower for the short-term. Our **intermediate support level is 4176**, and our **primary support level is 3947**, which we believe would be an excellent reentry point to consider if possible in this bull cycle if appropriate for your situation.

Stratos continues to see relative strength in the S&P 500 based on short-term negative news, which may worsen. However if the market chooses not to focus on the negative and the S&P closes above our pivot point of 4527, we would expect a breakout rally of about 15%, which would reach new highs in the S&P at 5207.

For the first six months of 2023, Stratos continued to maintain that oil prices likely had a put at \$65, which was tested at the end of May and early June. Our upside price target is \$191 based on the possibility of increased demand and supply disruption. Stratos' new technical range in oil is between \$80 and \$110 with the lower end being a good reentry point to consider if appropriate.

As we suggested in our last two blogs, we expect interest rates can still move up. We are not surprised with the Fed's recent actions, indicating the possibility of more rate hikes. Based on our research, we anticipate that higher oil and



### Stratos S&P 500 Market Analysis

**Initial Support:**  
4347

**Intermediate  
Support:**  
4176

**Primary Support:**  
3947

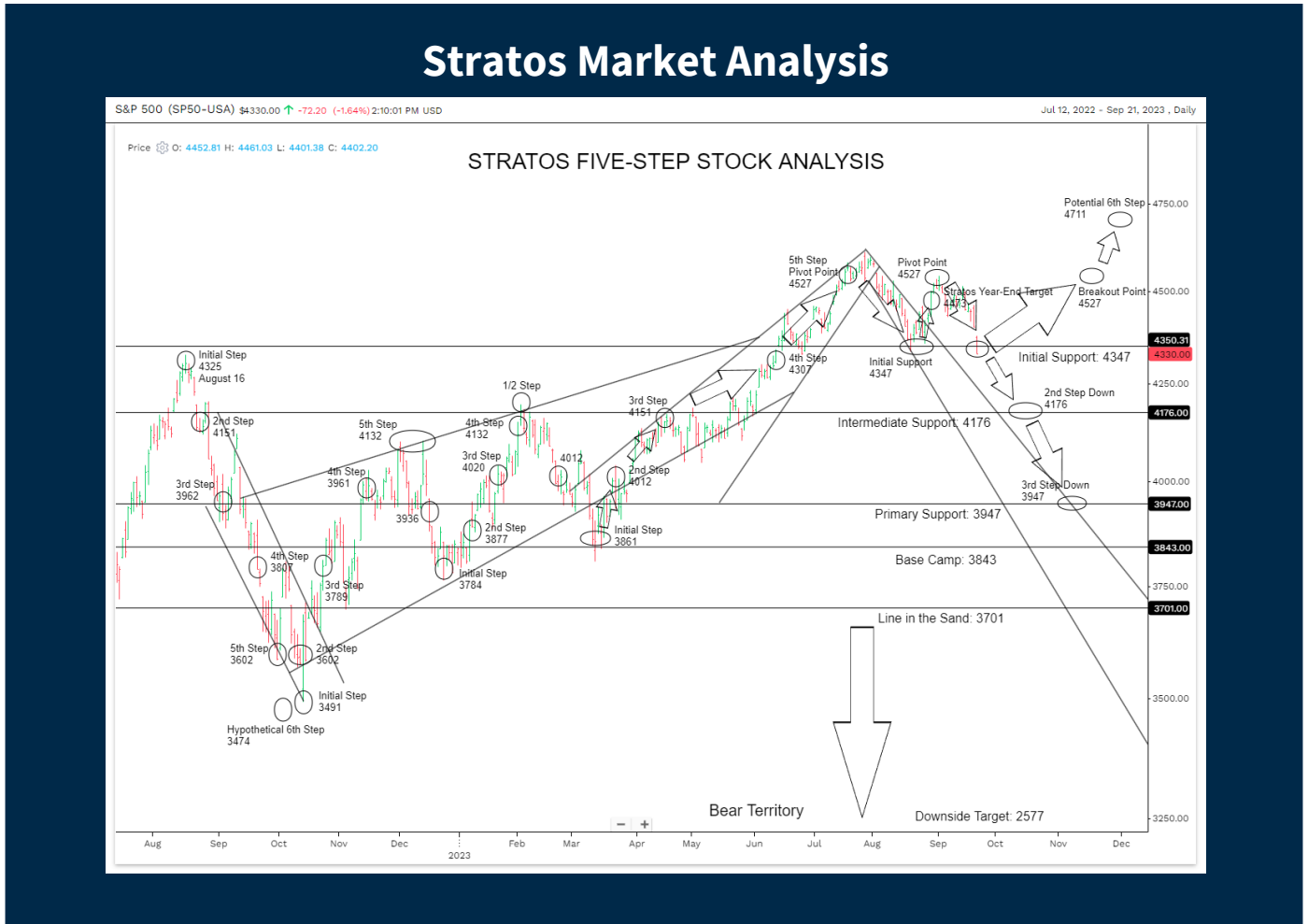
**Base Camp Support:**  
3843

**Line in the Sand:**  
3701

**Downside Target:**  
2577

commodity prices in general, will continue for the next three to five years with interest rates moving slightly higher over the next six months. Stocks normally lead the economy higher when most economic indicators are pointing down, which is currently taking place. The question we have is, “How much of a correction are we going to get?”

Have a look at the chart below to help visualize what we have written.



**Good Trading for the Long Term!**

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**Bernard K. Semon**  
**VICE PRESIDENT, INVESTMENTS**  
**PORTFOLIO MANAGER - STRATOS INVESTMENTS**

Bernard.Semon@RaymondJames.com  
 D 915.534.4005 F 844.597.8378  
 4503 N. Mesa, El Paso, TX 79912  
**StratosRJ.com**



Stratos Investments of Raymond James  
 @stratosinvestrj  
 bernardsemon