

DECEMBER 19, 2023

WEEKEND AT BERNARD'S

The Next Bull Market Is Here

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Over the last eight weeks, U.S. stocks have had a historic move up. Stratos Market Analysis anticipated each step higher in our previous blogs. In Stratos' October blog, "[How Many More Steps Down?](#)" when the S&P (4768) was at 4136, we boldly suggested that stocks were 20%-25% undervalued over the short term. In our November blog, "[The Roaring '20s Are Back,](#)" Stratos Investments predicted that this bull market could turn into a stampede over the next five to seven years, with our projected price target in the S&P of **10,127**. We are suggesting that the lows in October will provide a floor with a potential multi-year bottom for the S&P.

Stratos predicted our second step up in the S&P 500 of 4347 would be a breakout point. As we have mentioned in previous blogs, we consider our third step (4527) a pivot point, which led us to our fourth step (4711). We are surprised the rally has taken place in such a short time, but it helps confirm our research that the October low (4103) is in. The S&P 500 could be in a four to six year new bull cycle. We expect that our primary resistance of 4925 (Step 5), which is approximately 20% higher than October's low, will be tested sometime in the first quarter of next year. We are less confident that our short-term bull target and sixth step (5129) will be tested without some technical pullback. That would indicate an approximate 25% return from our October S&P lows.

The war in the Middle East has changed U.S. equity market sentiment completely. It has become more important to preserve the U.S. economy than to reduce inflation. Because of geopolitical events, the Fed is less capable of controlling inflation. It has reversed its policy of increasing interest rates and is taking a victory lap. The Fed plans to reduce short-term yields three or four times in the next year. It does not hurt that the Bloomberg Commodity Index is down about 10% in 2023. Stratos' target for the 10-year U.S. Treasury is slightly under 3%, which could add a tailwind to the equity rally. This change in policy



Stratos S&P 500 Market Analysis

Stratos Bull Target:
5129

Primary Resistance:
4925

Initial Support:
4572

Pivot Point
4527

**Intermediate
Support:**
4383

Primary Support:
4192

Base Camp Support:
4021

Line in the Sand:
3874

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makes the U.S. markets more attractive because they are insulated from some of these geopolitical risks.

Next year, the U.S. election may affect the Fed's policies, and political pressures from the election cycle also make sense. In 2020, the current Fed chairman was asked to cut interest rates to 0%, which he did, or possibly lose his job. Stratos expects similar political pressures in 2024.

Stratos anticipates commodity prices will move higher in 2024. As we stated last month, we expect oil prices to hold \$68, which was recently retested and is now slightly higher than it was a month ago. We expect oil to test \$106 sometime in 2024. Stratos anticipates that precious metals will move significantly higher. Our target for gold (\$2053) is \$3411, and we expect silver (\$24.33) to trade above \$56 sometime in the next three to five years.

Stratos expects 2024 to be a good year for stocks, bonds, and commodities.

Good Trading for the Long Term!

Stratos Market Analysis






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