

## Starboard Weekly Report Ending December 1, 2017 Charts of the Week



**\$COMPQ** Nasdaq Composite INDX

01-Dec-2017, 11:55 ET, daily, O: 6,844.04, H: 6,872.174, L: 6,737.162, C: 6,788.377, V: 1069948032, Chg: -85.595 (-1.25%)

No recent chart pattern found

Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



The top weekly long term study is from Kimble Charting and the bottom daily point and figure chart (P&F) is from StockCharts.Com. Both show the precarious nature of the tech stock rally.

## **TECHNICAL**

If the long-term picture changes and breaks further to the upside it will defy *everything* I have ever learned during my entire investment career. The bottom P&F chart is showing from today's stock market action that we have a reversal underway. However, in this skyrocketing market environment that will not mean anything until the Nasdaq Composite Index trades at 6,550. That level would also reverse the rising channel in the top chart. It is interesting to note that the NASDAQ topped on Tuesday at just above 6,900 while the Dow continued making its weekly high into Thursday. The reason for this was a rotation from tech into banks. Tech is a much more volatile segment than banks and has brought the NASDAQ back to levels similar to the year 2000. Should we return to the bottom, then the channel depicted in the top chart would be a 76% decline from current levels. Very few believe that this can happen; and that might be the most compelling reason why it can.

## **FUNDAMENTAL**

The NASDAQ is up 37% since Trump's election. The economy this week showed 3.3% growth in GDP and a 2.5% increase in Gross Domestic Income (GDI). These are stronger numbers than we have seen in years and are based on optimism related to the tax decrease. There is an old Wall Street saw "buy the rumor, sell the news". That is very likely to happen. If the NASDAQ goes back to the beginning of Trump's presidency, we will have only traveled half the channel shown in the top chart. Today's technical and fundamental excesses of the technology sector are only exceeded by the year 2000 Tech bubble; the last top of the rising channel in the Kimble chart study. If we return to the bottom of this chart channel then we would produce the same 76% downside as took place in 2000.

## **ASIDE**

"The chief beginning of evil is goodness in excess." Greek poet Menander

A rising stock market is the goodness. The beginning of evil is the elitist governmental and big bank/business corruption that advancing markets have created in our society. Hopefully this elitist movement will end, along with the excesses. Historically, these excesses are similar to the social problems that occurred during the late 1920's.

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