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STRATOS
Investments of OneSeven

WEEKEND AT BERNARD'S Roller Coasters Usually End Up Down Is the U.S. Stock Market in Trouble?

In less than 90 days, the U.S. stock market has gone from record highs and a strong economy, into a 80% probability that the U.S. is heading towards a recession this year. As we stated last month, Stratos believes that we are now in a bear market for U.S. stocks. The S&P 500 price (5158) has fallen significantly from a high of 6147 on February 19th, 2025, to a recent low close level of 4986. As we mentioned in our March blog, "The Bull Market May Be Over For Us Stocks", Stratos stated that our Line In The Sand is 4972. This was tested on April 7th, 2025. As we predicted, a bull market rally in a bear market is now in process and recently rebounded back to 5481. We expect over the next few weeks that the S&P 500 may trade above Stratos initial resistance of 5592 and give investors an opportunity to sell weak holdings at intermediate resistance level of 5783. Our primary resistance is 5927.

Based on the uncertainty created by unproven economic policies, Stratos expects the S&P 500 could fall at least 25-50%. Until Americans feel this type of financial crisis, Stratos does not expect any meaningful political change that would recover confidence that has been lost with our global trade partners. Although we expect the market to drift higher over the next few weeks, the fact our Line In The Sand was penetrated three times this month is a strong indicator that the market may have further downside and it is more likely to fail because of this. Although we are optimistic for the short-term, at any time if our Line in The Sand is breached, we project our initial downside target of 4615 will be breached before the end of the year. We hope we are wrong. A close above our final resistance level of 6015 would indicate the bull market is still intact.

During the last month, the 25% sell off in oil was a direct response to the tariffs, recession fears and uncertainty. We believe the majority of the damage has been done to the price of oil and expect oil stocks to move significantly higher over the next year. As we recently stated, when gold (\$3,371) was just at \$3,000, gold has now traded above our initial resistance level of 3400. We still expect gold to go up but we recognize that it has been inflated by 10% this year alone with a dollar weakening by the same amount. Stratos still thinks silver (\$33) is an excellent buy, and is undervalued. In addition, Stratos is recommending a re-entry into palladium and platinum.

Stratos S&P 500

Market Analysis

**Final Resistance:
6015**

**Primary Resistancy:
5927**

**Intermediate Resistance:
5783**

**Initial Resistance:
5592**

**Line in the Sand:
4972**





The Big Story is the fact that the U.S. dollar is down almost 10% in the last 60 days and long term bonds may become toxic. Stratos believes this is inflationary and will continue the trend of higher commodity prices which could result in the likelihood of much higher, long-term interest rates. When FED chairman Powell is forced to cut interest rates, or lose his job, either one could be upsetting for the bond market, and eventually negative for the dollar.

Rarely do political events affect the economic and global balance in such a short period of time. Since the United States' new government has chosen to not be the leader of the free world and align ourselves with the Russian dictator Putin, it makes complete sense that countries from Europe, and the far east, including Japan, will stop buying U.S. treasuries. Stratos expects the new economic and political policies to create self, inflictive pain to the U.S. stock markets in particular, and world equity markets in general.

"Good Trading for the Long Term."

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