



Stratos S&P 500

Market Analysis

Bull Confirmation:
6144

Final Resistance
6015

Primary Resistance:
5927

Intermediate
Support:
5462

Primary Support:
5211

Line in the Sand:
4972

May 16, 2025

WEEKEND AT BERNARD'S



Will the Uncertainty Ever Go Away?

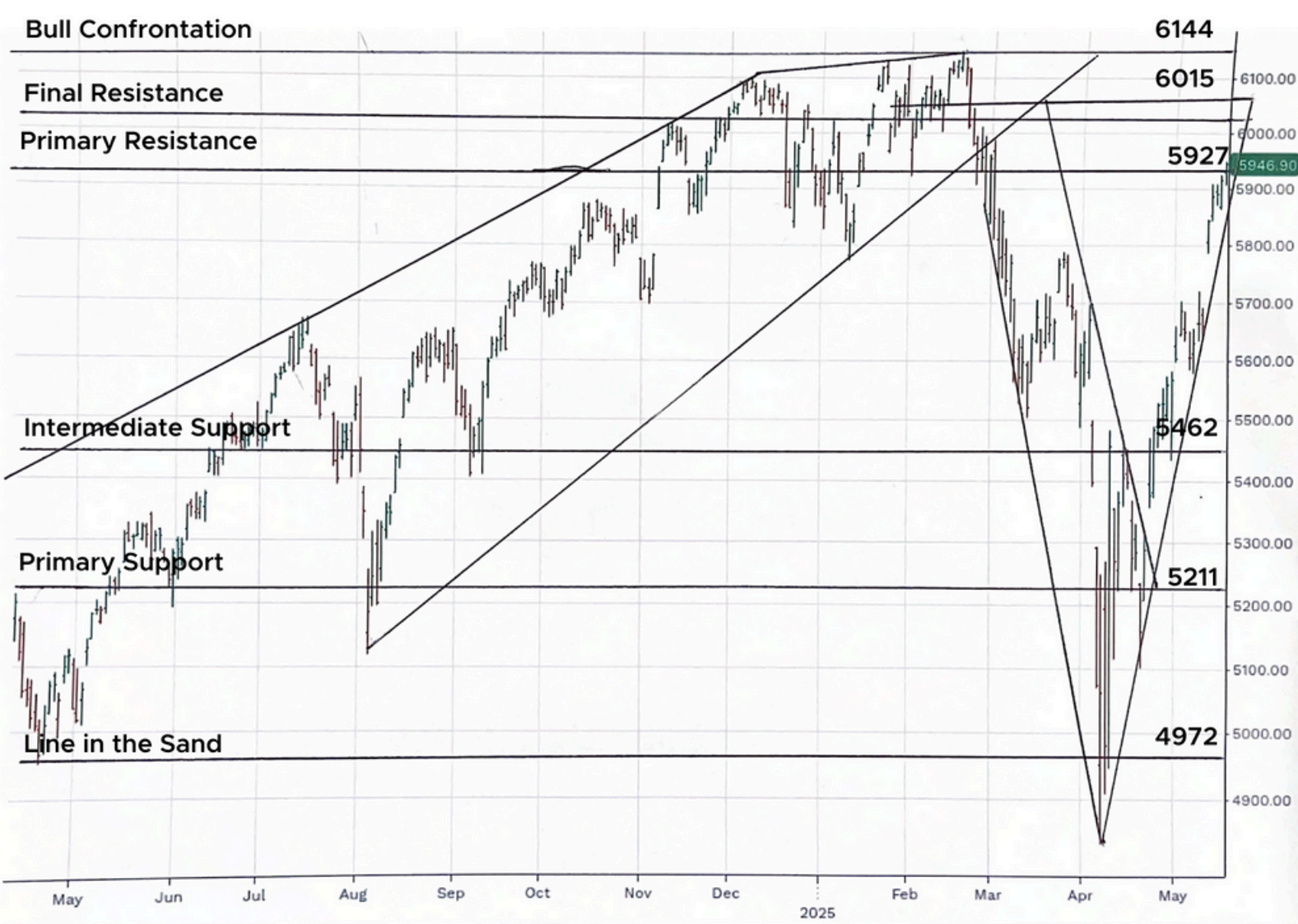
Stratos believes that tariffs are an act of economic war. The U.S. consumer may pay a massive tax but no one knows just how much. The cost of housing and other basic goods should go up because of tariffs and new domestic immigration policies. To put it simply, there's not enough workers to keep our economy growing. U.S. stocks have gone up recently with the anticipation of reduced tariffs, but the market is not concentrating on the likely results of lower economic activity. U.S. stocks are currently considered expensive, and Stratos investments sees no reason why earnings and profits will increase in an environment of uncertainty and fake deals that cannot be counted on. The only thing I am convinced of is this uncertainty is not going away anytime soon under this U.S. leadership.

As I predicted on April 21st, the S&P 500 (**5934**) has shot up from 5158 to today's high of 5935 and has now penetrated Stratos primary resistance level of 5927. I forecasted this rapid recovery is now an opportunity to sell weak holdings and trim profits, anticipating either a technical pullback or the possibility of a major U.S. stock market collapse. I wrote in February that the U.S. stock market would be resilient with the new U.S. administration, which I called the "Honeymoon Period". So far the damage has been minimal considering the changes in U.S. internal and global policies. Stratos predicts this time is about to come to an end. I expect the S&P 500 to not test our final resistance level of 6015. A close above our final resistance level would indicate the S&P 500 is in no man's land. A settlement above 6144 would confirm that the bull market is intact.

From a technical standpoint, I do not know if this is a bull rally in a bear market, or our Line in the Sand at 4972 was a true indicator to buy, which I did on April 7th, the day that S&P 500 traded this year's low of 4835. Stratos new intermediate support level is 5462. I am now raising my primary support level to 5211, as a possible re-entry point if stocks correct as I expect, basically retracing the last 30 days of gains. If our Line in the Sand is broken, our year-end target is 4615.

My best case scenario is that the U.S. stock market is able to absorb new tariffs and all the other issues, making new highs to put most of this behind us. I don't think so. Realistically, I see no reason to expect U.S. stocks to do well with the current, economic policies that are not proven. The likelihood of stagflation seems almost inevitable, especially if millions of Americans lose their health benefits because of tax policies. A happy ending seems implausible.

Stratos anticipates long-term, U.S. fixed income bonds may become toxic and are not going to be able to keep up with inflation. I expect the ten year treasury, with a current yield of 4.4%, will go above 5%, which could trigger selling in U.S. stocks. With a weaker dollar, and higher taxes based on tariffs, the U.S. consumer may have less disposable income, which will probably cause a recession. I expect unemployment to go up soon, and GDP to go negative in the third quarter if tariffs are in place.



Good Trading for the Long Term

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Oil prices (\$61) have already been priced for a recession, and I expect energy prices will not go down significantly, but go up eventually. Stratos recommends buying oil and material stocks at this time because I believe these sectors will do well in this inflationary cycle. Higher prices in energy and commodities should be expected as the dollar has already weakened by 10% this year. If the FED cuts interest rates because they are politically pressured to support the economy, these actions may result in further weakness in the dollar and prove to be inflationary. These factors together may result in stagflation. Stratos sees no stimulus for growth, given constant, daily market uncertainty.

Stratos' is very concerned about false information, lack of accountability, and U.S. stock market manipulation, which is not good for the U.S.. Last month, I suspect there were two moments of market manipulation on April the 7th and April the 9th, that may be politically driven. If this pattern continues, and there's no one to stop it, because all the people who are supposedly policing have been fired or demoted, the U.S. stock market will not have much of a foundation to go up on. I hope I'm wrong, and when our market goes higher, Stratos will be happy, but for now, don't close your eyes. If you do, you might have a lot less.

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