

Using empirical evidence and studies when making strategic and tactical asset allocations decisions

Rob Zdravevski July 2023

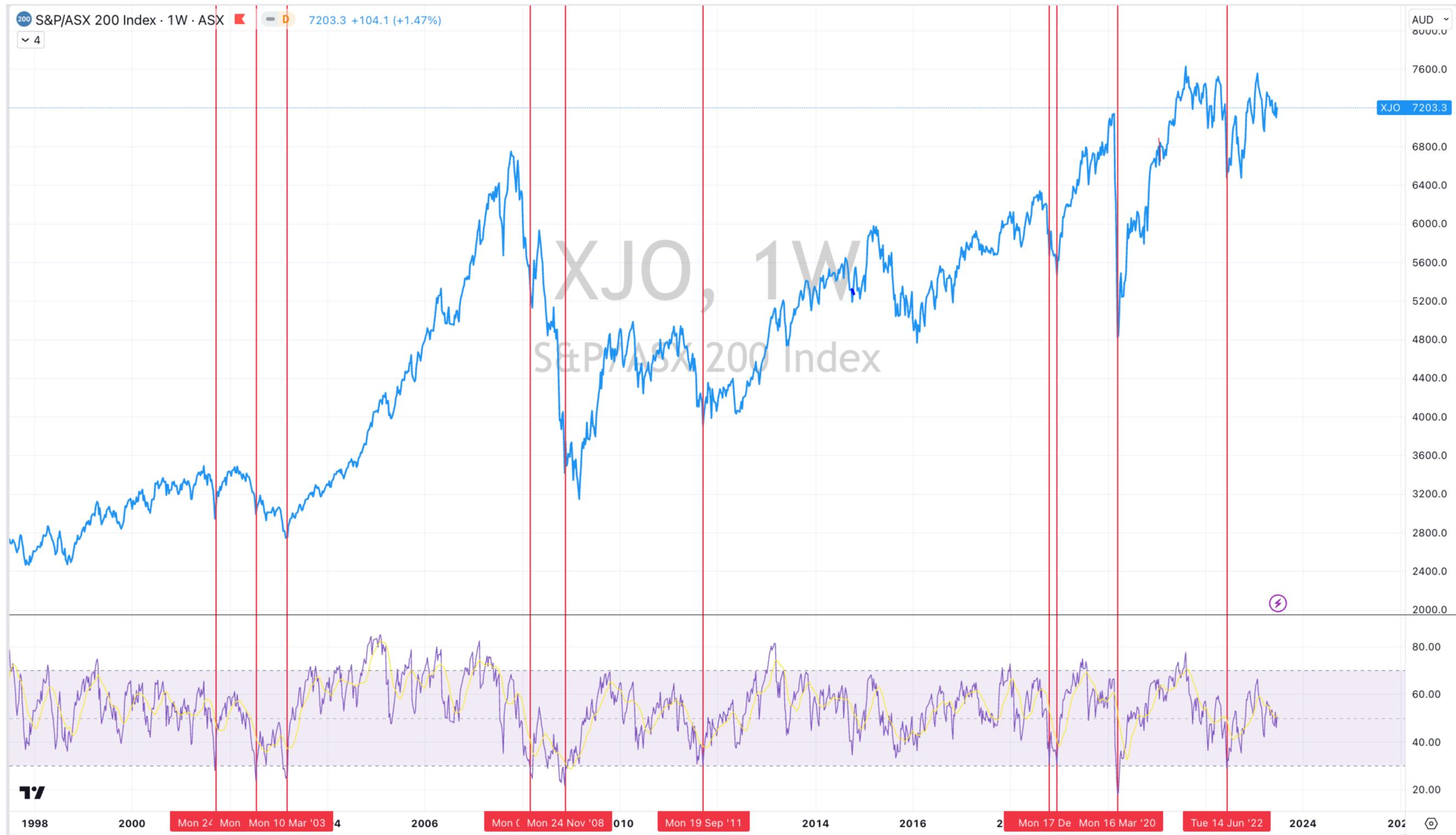


Empirical data helps observing
prices with a contrarian stance

Identify extremes when to deploy capital
and moments when to divest and protect.

Investors often do the wrong thing, at the wrong time

Analysis when to enter and exit markets
always starts with the actual investment target



Such as the 10 moments over the past 25 years when the ASX 200 Index registers an Oversold RSI reading

Also combine valuations,
mathematics, pattern recognition,
sentiment, anecdotes and
experience before making an
investment decision.....



The price of an asset is the sum of its
hopes, fears, demand,
supply, popularity and problems.

Allow some of your thinking to
position away from the consensus

It's lonely being contrarian.
The herd is always calling you back.

But don't be contrarian for the sake of it.....

Empirical data is not guessing.

And it provides a basis for your conviction.

Ignore the noise or 'the herd'

Noise costs you time and money

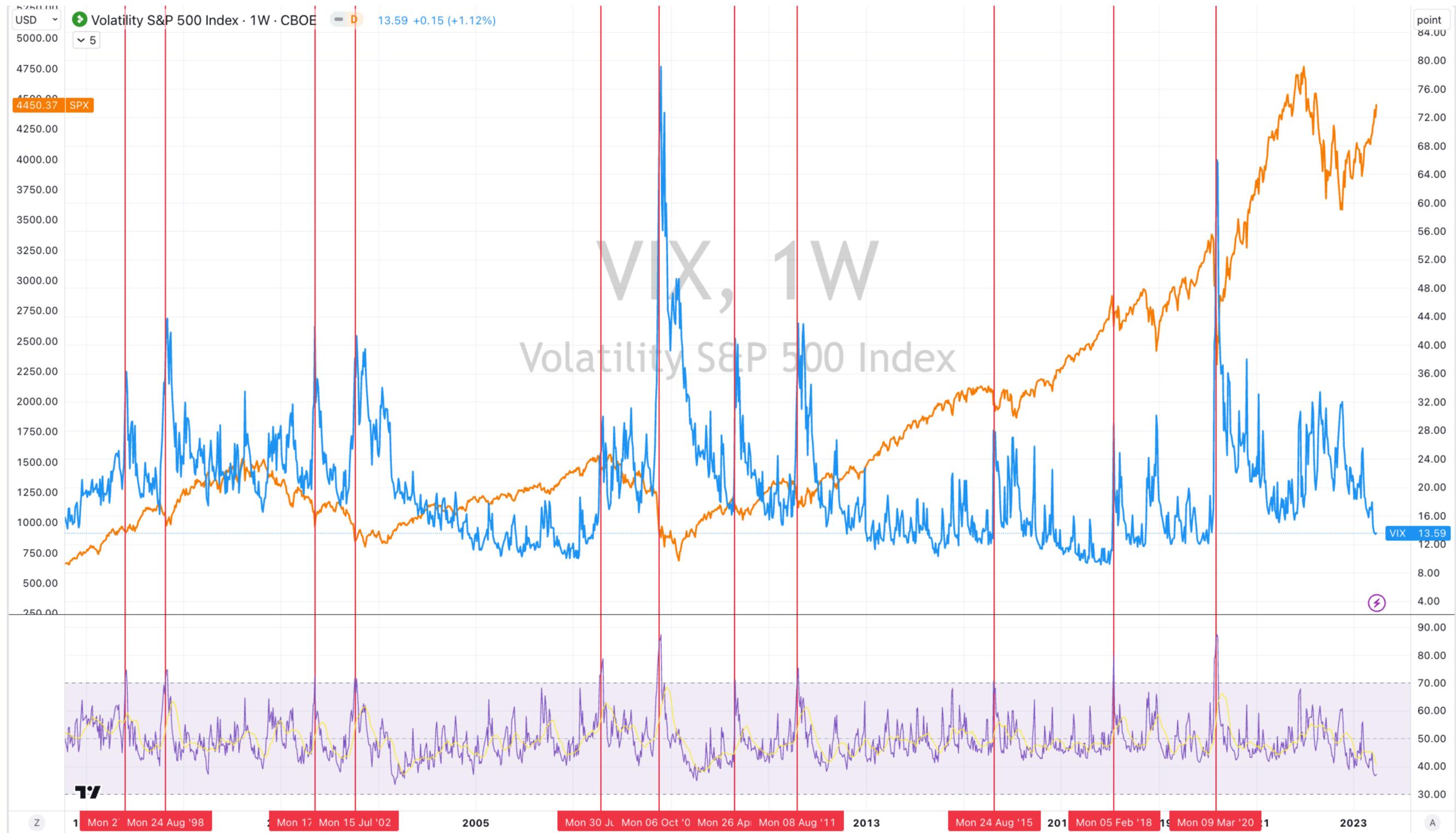


Never used in isolation;
always cross reference against other assets and markets.

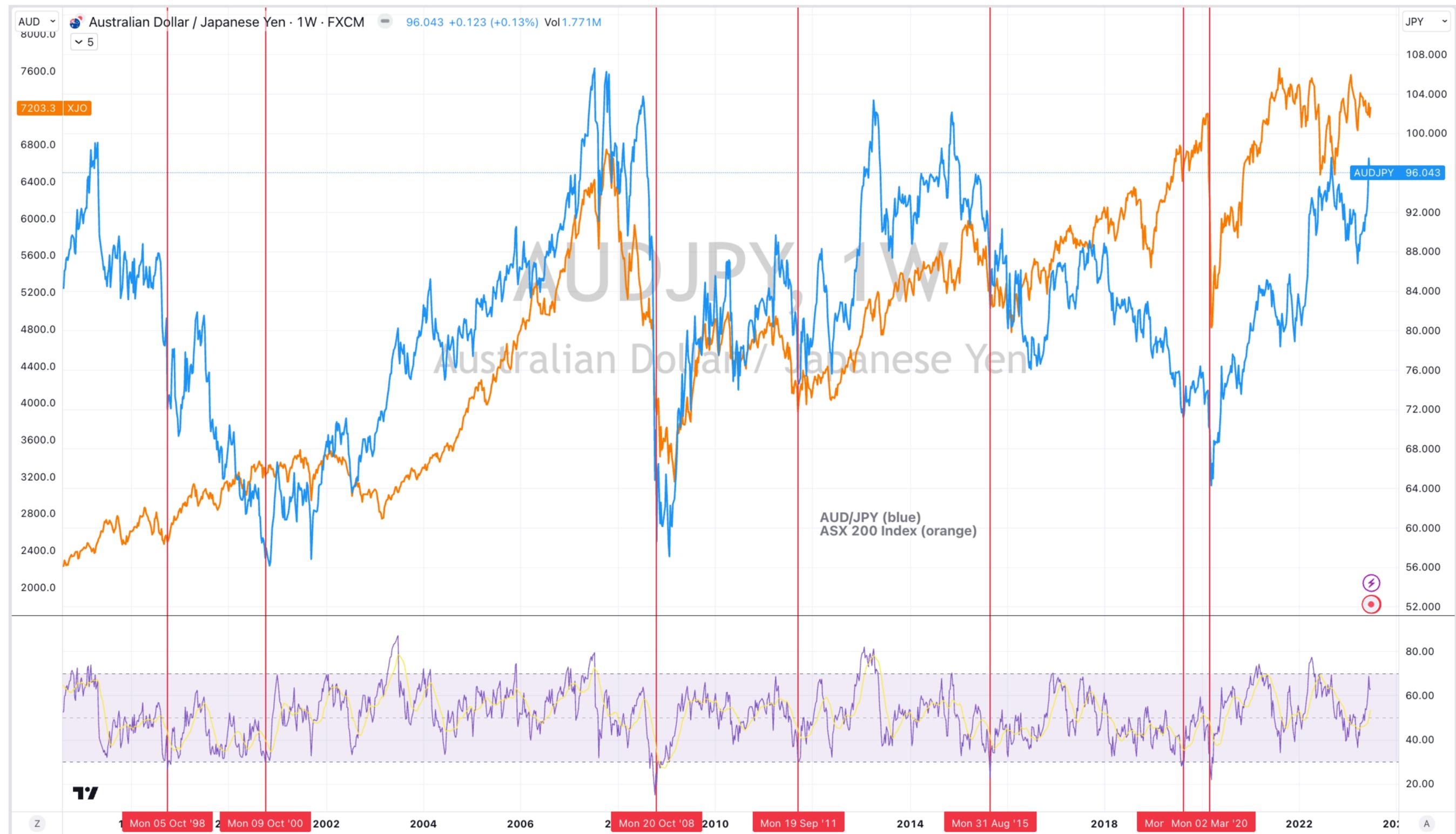
For example, you would **notably** buy equities when.....



When the U.S. 5 year bond yield minus 5 year breakeven inflation rate registers a weekly RSI oversold reading, it is time to accumulate equities such as the S&P 500 appearing as the orange line in the chart

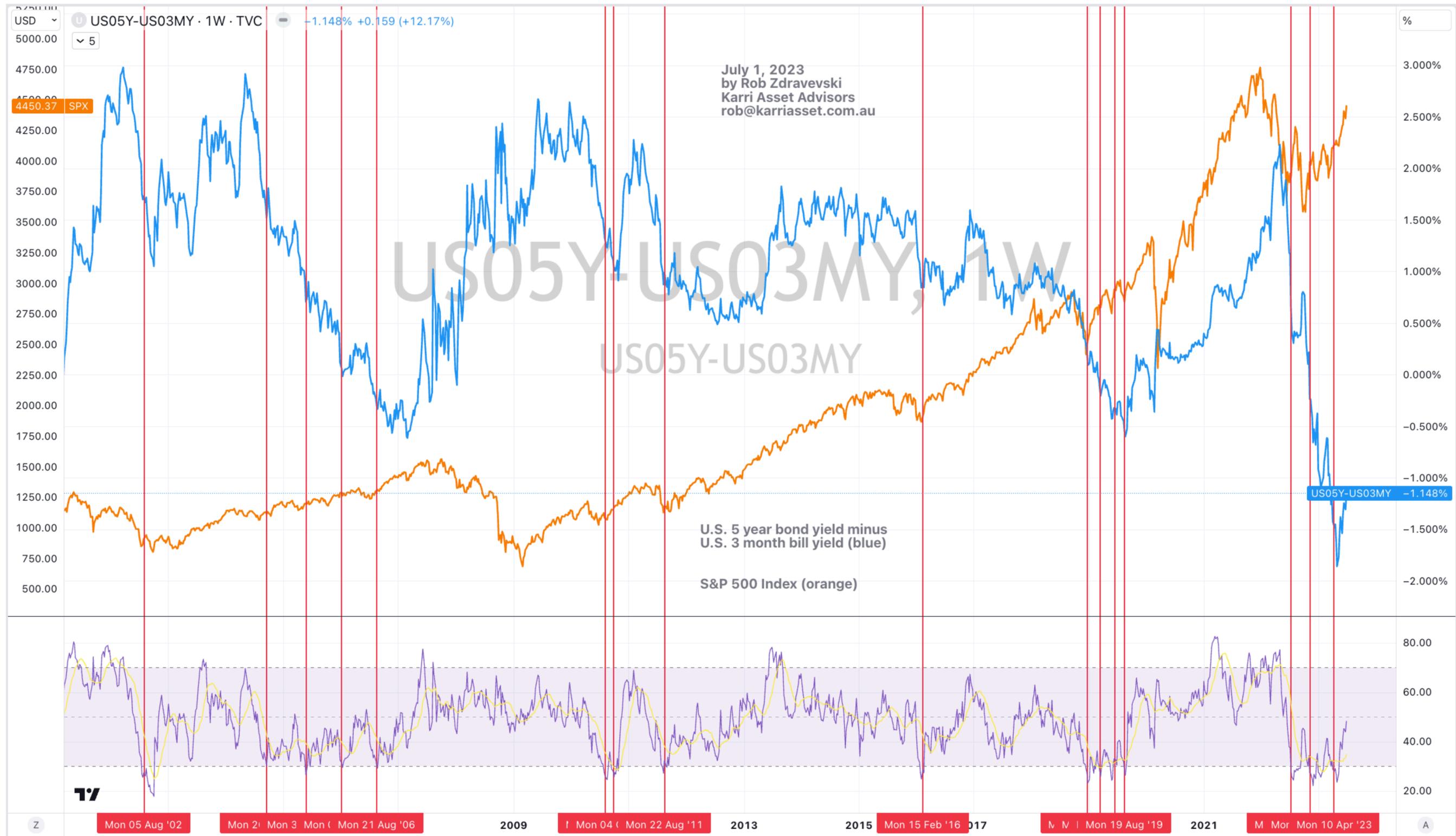


When the VIX index registers a weekly RSI Oversold reading, then you accumulate equities. The S&P 500 Index appears in orange.



When the AUD/JPY registers a weekly Oversold RSI, then you notably buy equities.
The ASX 200 Index appears is the orange line.

Although, in between those notable times,
there are signals to suggest probability
that rallies extend and continue



When the U.S. 5 year bond yield minus U.S. 3 month bill yield "spread" registers a weekly oversold reading, the rally (advance) in equity markets extends and continues.....



And stock market indices are extended when compared to their historical stretches above their 200 week moving average

But it's a market to 'rent' and not to 'own'.

It's a market to 'date' and not 'marry'....

While it may extend,
not a market to be 100% invested.

This rally is based on momentum and
not rooted in deep value or being contrarian.

Thank You

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