

December 27, 2023

## Year-End and New Year Insights

### Summary

2023: "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair...."

### Lessons Learned

As we move into the last few trading sessions of 2023 and look towards 2024, I'd like to reflect on some of the lessons I've learned through personal experience and observation over a 40-plus-year career on Wall Street, listed in no particular order. I realize there are many other lessons and would welcome hearing yours.

- Technical analysis is a windsock, not a crystal ball. It doesn't always have the answer, *but it does make you think and ask questions.*
- Don't buck the trend; stay with it.
- Recognize and respect the influence algos/computerized trading ("machines")/CTA positioning have on near-term directional movements within the equity markets. Let volatility in both directions work in your favor, not against you.
- The world is in a constant state of flux. Investors can't change the direction of the wind. Still, they can adjust their sails (portfolios) in an attempt to remain consistent with their investment objectives.
- The reaction to the news is just as important as the news itself. It often provides valuable clues about the strength—or lack thereof—of the underlying environment.
- Markets are strongest when there is broad upside participation, and weakest when upside participation narrows down to a handful of (blue chip) stocks.
- Markets tend to regress to the mean over time.
- Emotions (sentiment) can be the enemy of the trader and investor, as fear and greed play an important part in one's decision-making process.
- We can't control the stock market. We can only try to understand what the stock market is telling us. At Day Hagan we like to say, "*Overweight Statistical Probability. Underweight Emotion.*"
- Even the best-looking chart can fall apart for no apparent reason, so never fall in love with a position. Instead, remain vigilant in managing risk and expectations.
- When trading, if a stock doesn't perform as expected within a short period, either close it out or tighten your stop-loss point.
- If a stock is acting right and the market is "in gear," scale out instead of rushing to take a profit on the whole position.
- Never let a profitable trade turn into a loss, and never let an initial trading position turn into a long-term one because it is at a loss.
- The positions you sell that rise higher don't matter. The ones you don't sell that go lower do. Opportunities are made up more easily than losses.

- Don't think you can consistently buy at the bottom and sell at the top. This can rarely be done on a consistent basis.
- Don't average trading losses; don't put "good money" after "bad."
- No stock in an uptrend has gone bankrupt. Your odds of success improve when you buy stocks when the technical pattern confirms the fundamental opinion.
- Understanding mass psychology (sentiment) is as important as understanding fundamentals and economics.
- When investing, remain objective. Trade and invest in the market you have, not the market you want. Don't keep preconceived ideas or prejudices. Said another way, "the great names in our business... the Paul Tudor Joneses; the Steve Cohens; the Andy Halls; the George Sorosos... all have this same trait: *the ability to shift on a dime when the shifting time comes.*"
- What seems "hard" at the time is usually, over time, right. As Walt Deemer has written, "When the time comes to buy (or sell), you won't want to."
- Sell when you can, not when you must.
- A loss in the stock market is part of the investment and trading process. The key is to not let it turn into a big one, as this could devastate a portfolio.
- Don't make investment or trading decisions based on tips. Tips are something you leave for good service.
- Where there is smoke, there is fire. In other words, bad news is usually not a one-time event.
- **Know your imperfections and take timeouts. Try to keep your priorities in line. Balance the physical, mental, spiritual, relational, and financial needs of life.**

On behalf of the team at Day Hagan Asset Management, I want to offer a heartfelt thank you to those who support our investment philosophy and research efforts! We value your trust and support. To those who do not, we welcome the opportunity to speak with you of how we can support you in 2024.

**Have a wonderful New Year.**

Please let me know if you would like to schedule a call to go over the process and discipline underpinning our **Smart Sector with Catastrophic Stop**, **Smart Sector International**, and/or **Smart Sector Fixed Income** strategies. The disclosures and Fact Sheet information can be found here: <https://dhfunds.com/literature>.

Day Hagan Asset Management appreciates being part of your business, either through our research efforts or investment strategies. Please let us know how we can further support you.

**Art Huprich, CMT®**  
**Chief Market Technician**  
**Day Hagan Asset Management**

—Written 12.26.2023. Chart source: Stockcharts.com unless otherwise noted.

## Upcoming Events

[Day Hagan/Ned Davis Research Smart Sector® with Catastrophic Stop, hosted by Art Day, on January 17, 2024, at 1:15 p.m. ET.](#)

[Day Hagan/Ned Davis Research Smart Sector® with Catastrophic Stop, hosted by Art Day, on January 17, 2024, at 4:15 p.m. ET.](#)

[Day Hagan Technical Analysis, hosted by Art Huprich, CMT, on January 23, 2024, at 4:15 p.m. ET.](#)

## Disclosure

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