

TECHTONIC SHIFT déjà vu 2000 !!

THE TIDES HAVE TURNED

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TECHTONIC SHIFT ?

- One of the reasons for the report is the amount of chatter of how people want to participate in the Nasdaq , Chinese and US Tech Stocks due to the sharp fall in many Tech Stocks.
- Does it make sense to be buying the Dip, Sipping in the DIP, Lump Sum ? (Do not go to the Conclusion Page 😊)
- Lets try to look at that answer from a Technical Perspective with long term charts.

DJIA vs NASDAQ

- Back in 2000's in the Tech Bubble - NASDAQ had a big outperformance over DJIA, which followed by a severe underperformance over a long period of time
- In the below note we have covered few charts
 - DJIA vs Nasdaq – Nasdaq's Outperformance over DJIA in 2000, followed by the Big Fall
 - DJIA vs Nasdaq – The fall of 2008
 - DJIA vs Nasdaq – How many years it took for both to hit new All time highs
 - DJIA vs Nasdaq – Rise of Nasdaq – Outperformance again
 - DJIA vs Nasdaq – Outperformance continued in 2020 and Nasdaq topping out in 2022
 - Ratio Chart – DJIA to Nasdaq – What happened in 2000
 - Ratio Chart – DJIA to Nasdaq – Will the history repeat in 2022?
 - Few stock charts – 2000 crash and 2022 crash – Strikingly similar?
- Looking at all the charts, one should ask whether the current move in Nasdaq is similar to that of 2000 and will Nasdaq - the bellwether index will underperform DJIA going forward?
- In the most recent leg, DJIA has shown some signs of decoupling with Nasdaq.
- Will the IT sector (Led by accelerated digitization post covid) take a pause and will the old economy stocks show their mojo once again?

What happened in 2000's



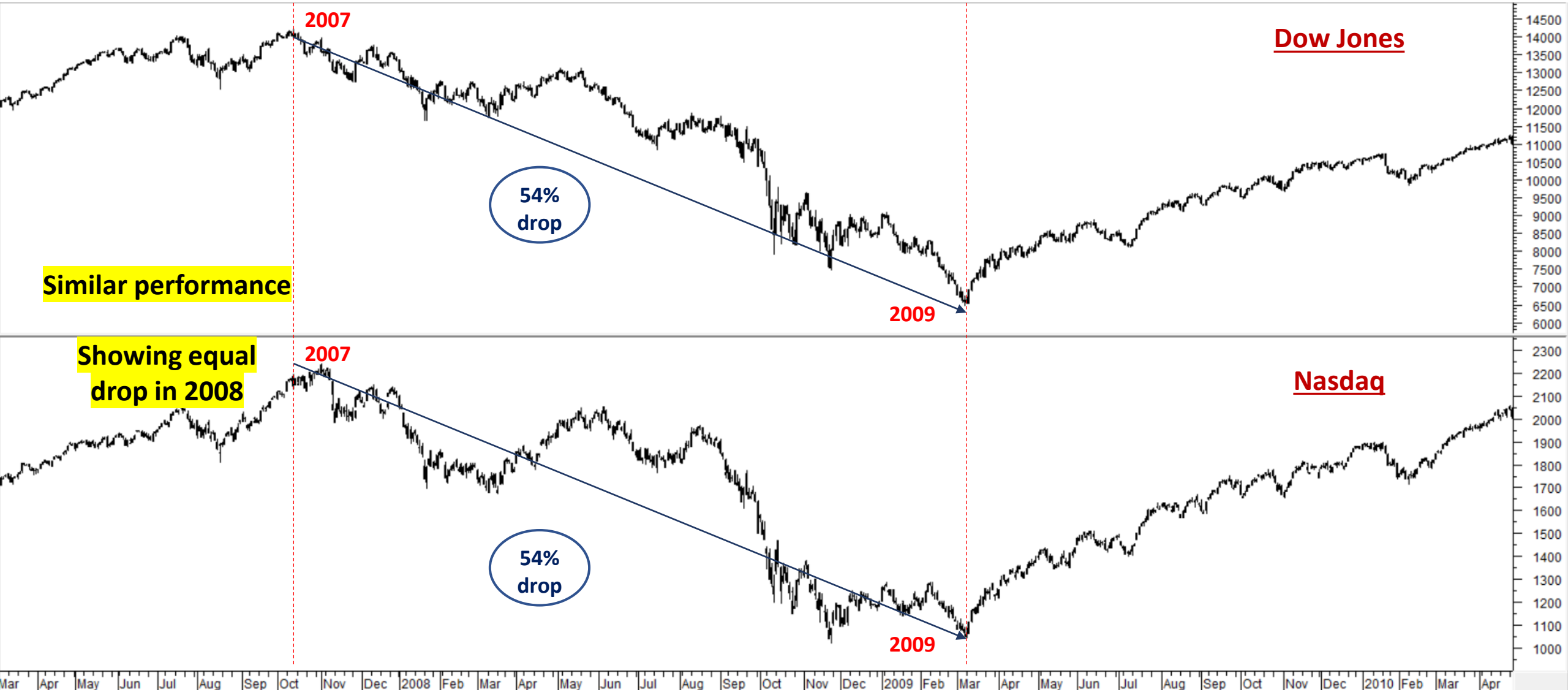
Year 2000 – DJIA vs NASDAQ



2008



Year 2008 – DJIA vs NASDAQ



Time it took back to reach new all time highs



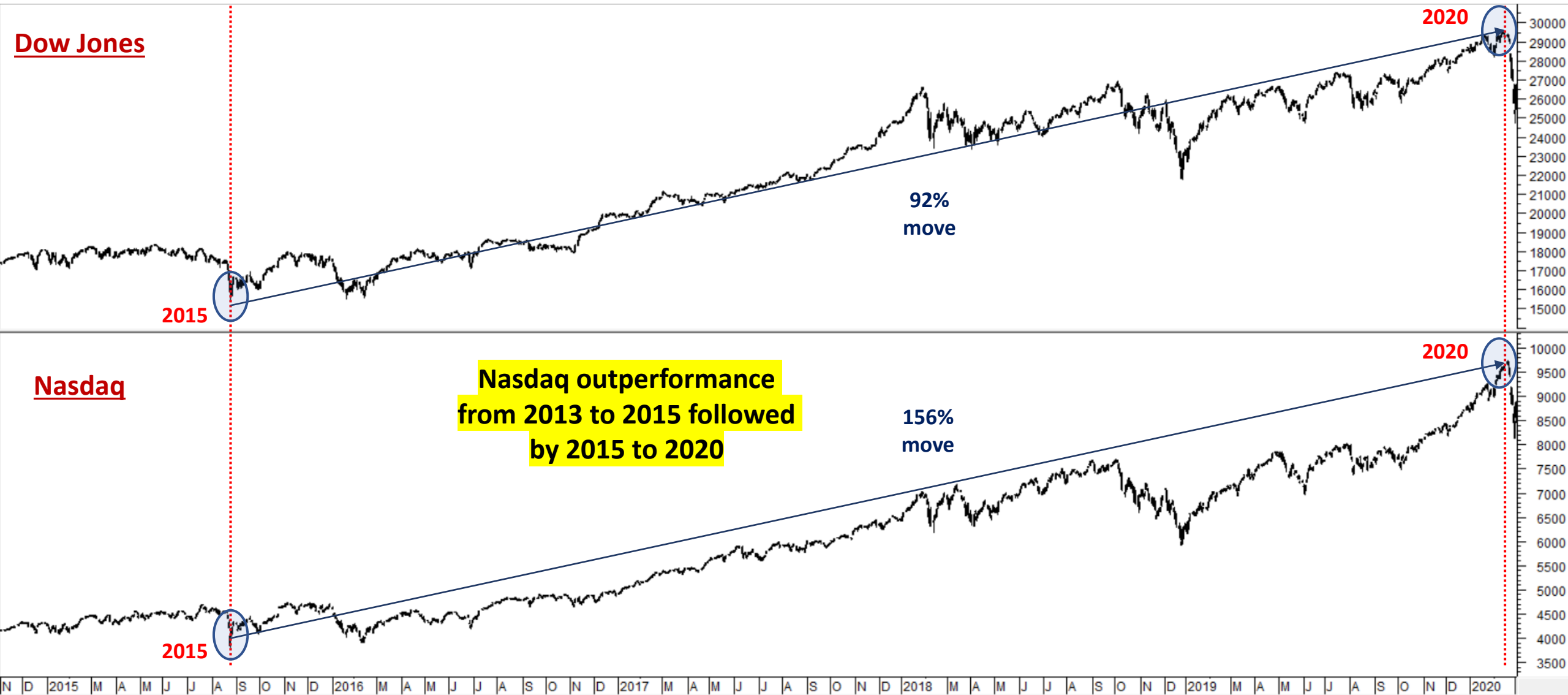
New ATH – DJIA vs NASDAQ



Nasdaq taking the lead again



2015 to 2020 – DJIA vs NASDAQ



Déjà vu – 2000's ?



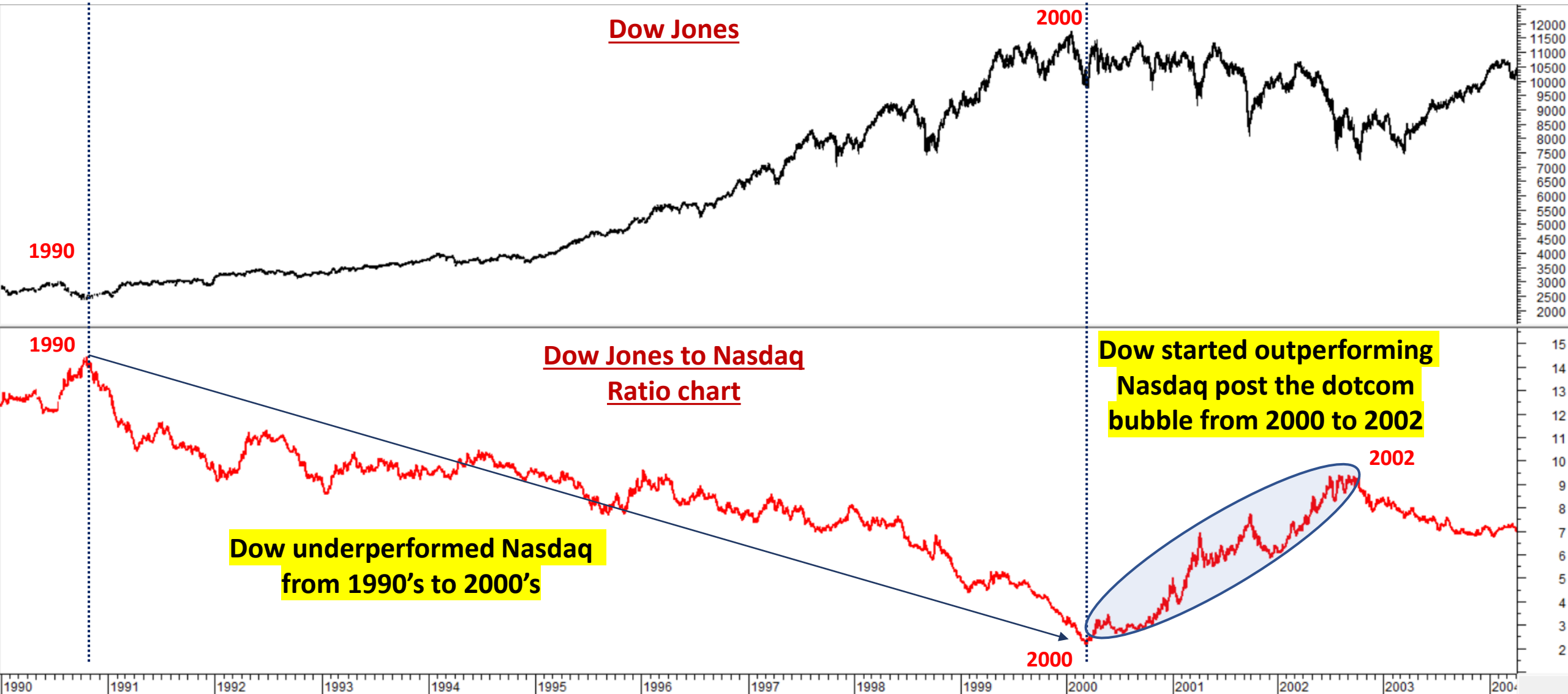
2020 to 2022 – DJIA vs NASDAQ



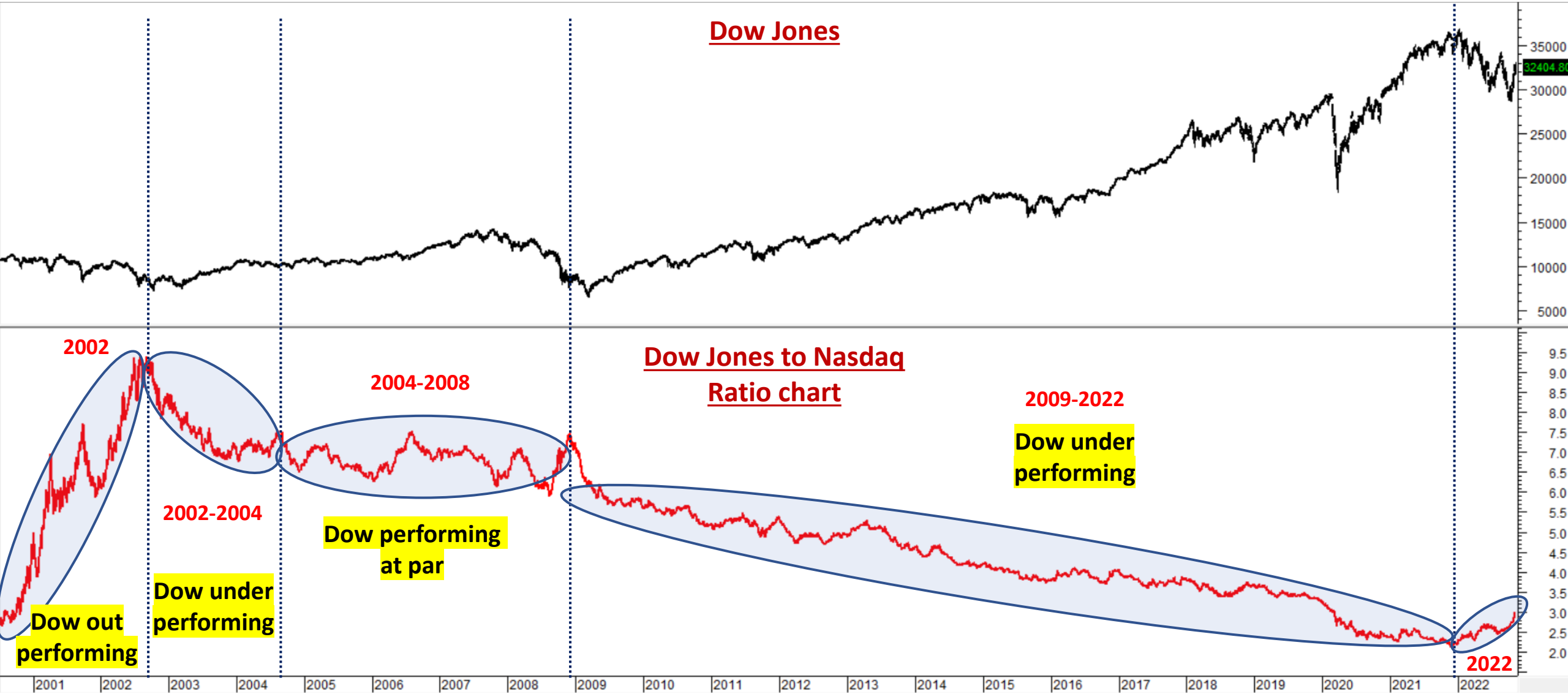
Ratio Charts



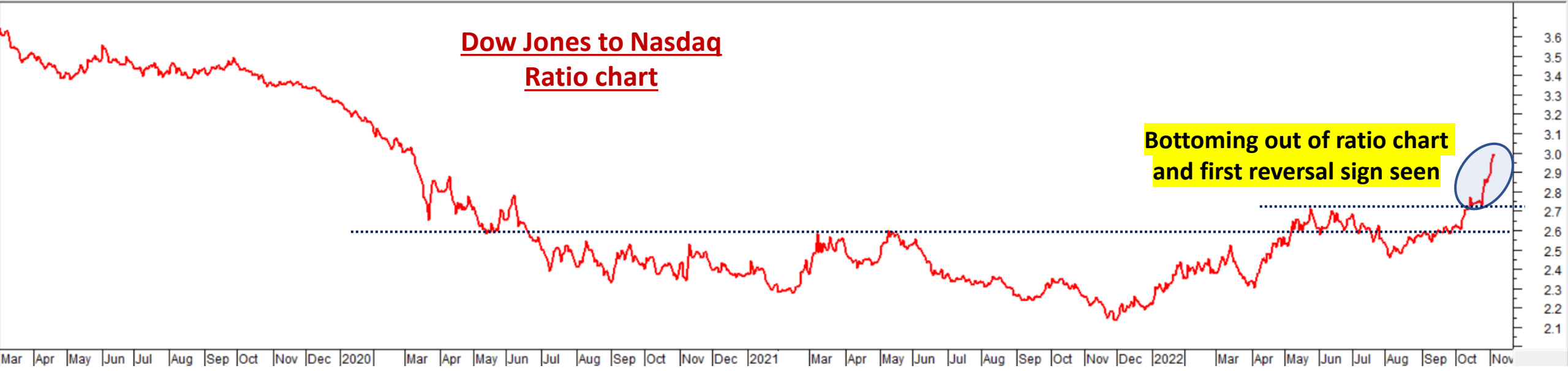
Ratio Chart - DJIA to NASDAQ



Ratio Chart - DJIA to NASDAQ - Will the history repeat ?

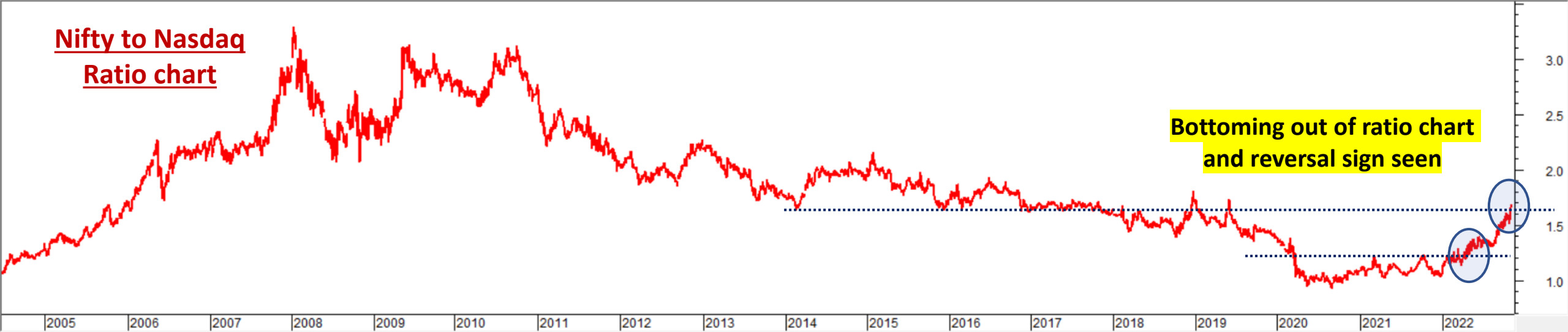
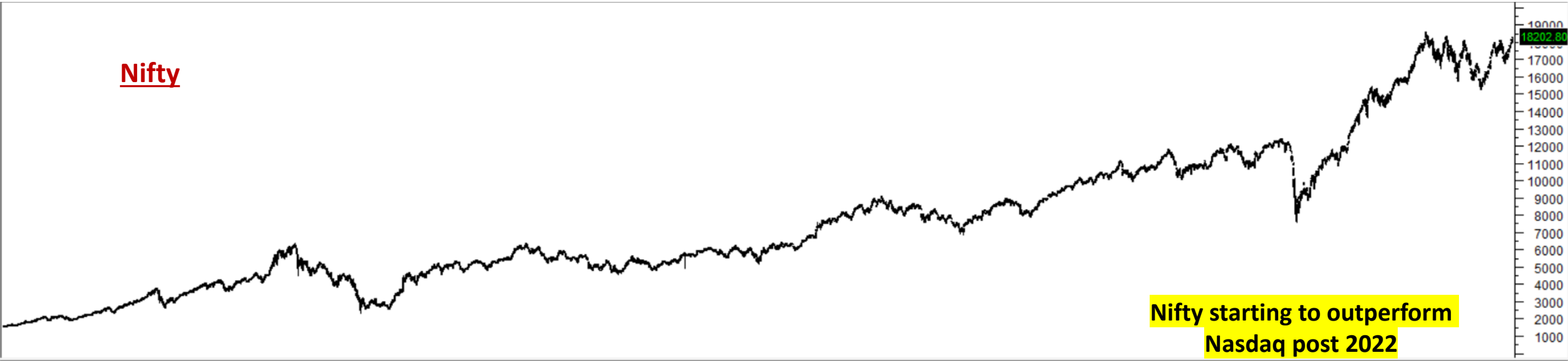


Ratio Chart – DJIA to NASDAQ – Zoomed up

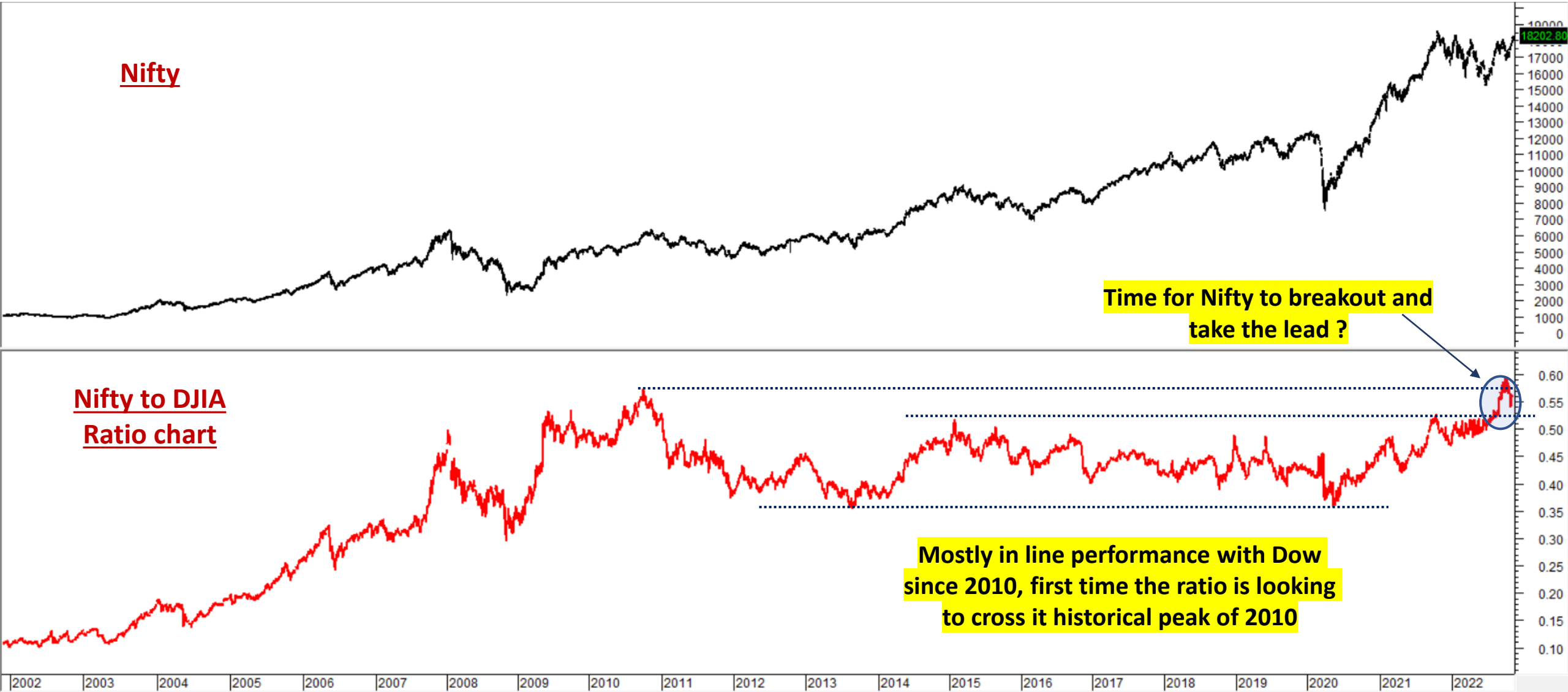


Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2020 | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2022 | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov

Ratio Chart – NIFTY to NASDAQ



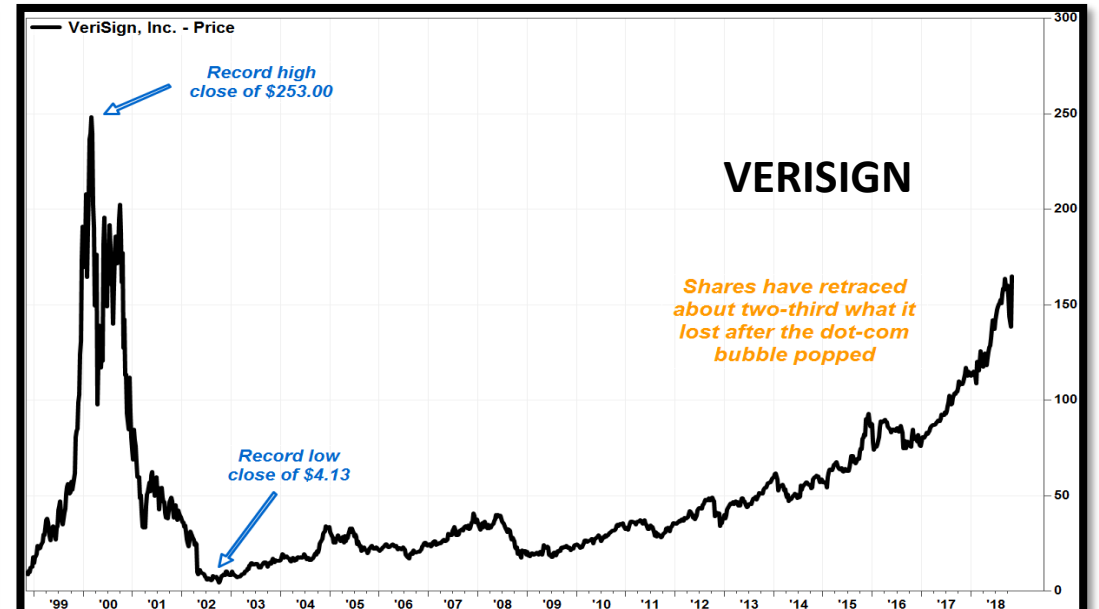
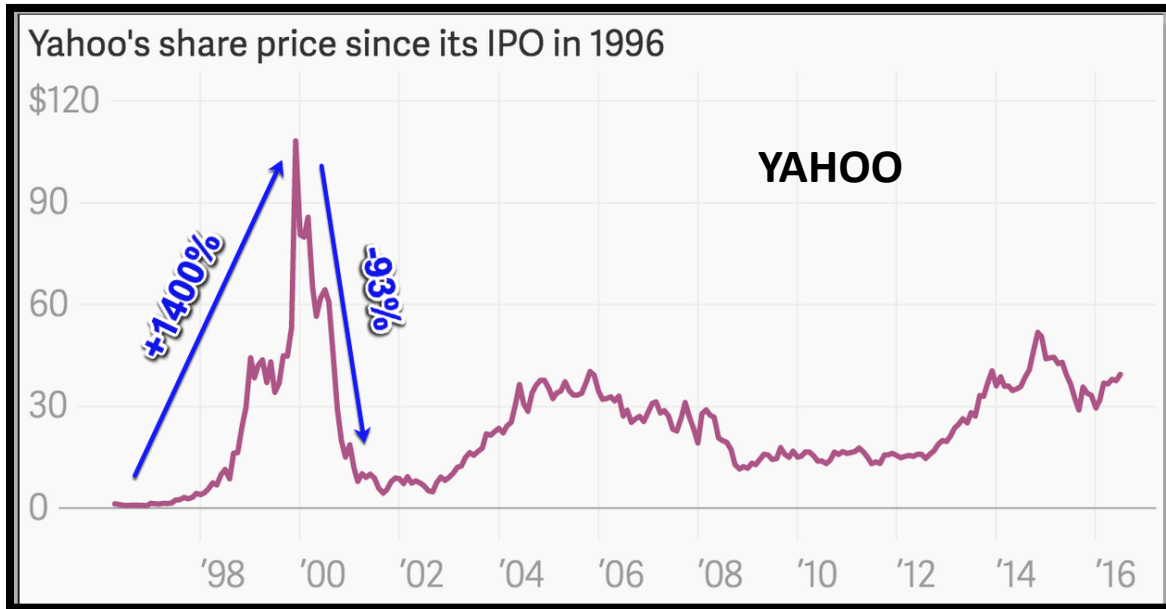
Ratio Chart - NIFTY to DJIA



Nasdaq examples – 2000 vis-à-vis 2022



Dotcom Crash - Back in 2000's



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Nasdaq Fall – 2022 – déjà vu



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Old Economy Stocks – Mojo back ?



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2007 2009 2011 2013 2015 2017 2019 2021 2023

USD ~
190.00
180.00
170.00
160.00
150.00
140.00
130.00
120.00
110.00
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00



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Dollar Index – The Game Changer



Dollar Index – The GameChanger ?



Conclusion



Tectonic Shift – Conclusion

- Do you still want to do a SIP or DIP ? For us the answer is NO NO NO unless one is looking at a decade or more and ready to underperform for 1-2-5-10 years.
- Its déjà vu 2000 for a lot of Tech Stocks in the US.

TECTONIC SHIFT

1. In the US large energy stocks are at an All Time Highs.
 2. Indian Indices outperforming.
 3. Hong Kong and Chinese Tech at multi-decade lows.
 4. EUR-USD at parity.
 5. Interest Rate Hikes across the world. Inflation Etc. Etc
- Dollar Index is the key. If that also makes a major top the shift will become more aggressive.
 - Nasdaq and a lot of Tech Stocks to underperform for much longer than expected. Few Survive Many Die.
 - **Simply put India First. Dip , Sip, Dunk or whatever strategy.**
 - **Smallcaps yet to catch up with the Nifty/Sensex. Focus on India across market caps.**
 - **Smallcaps more interesting.**

Thank You For Reading



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