Highlights

- Global equities look healthy
- Investors are still upbeat
- Central banks are gradually tightening
- Recession threat is low
- The Bull market is old, but still has legs
- Valuations are high, and likely to go higher
- Geopolicical risks are quite high

Forecast for the U.S. Stock Market

Continuation of uptrend - probability: 60%
Corporate earnings are on the rise. This improving trend should continue for the next 3 or 4 quarters.

Acceleration of uptrend - probability: 10%
Higher interest rates and rising commodity prices, driven by improving global growth prospects, could produce stronger-than-anticipated earnings growth, as energy and financials could see a meaningful profit improvement.

Correction - probability: 20%
A downturn in US and global growth could lead to weaker-than-projected revenues for S&P 500 companies. Wage pressures, accompanied by improving consumer and business demand, could pressure profit margins and earnings growth rates.

Bear market - probability: 10%
Anyone who has been in the market since 2000 should understand that another bear market is inevitable. There are many risks in this market, and a top can come at any time.

Key Market Indicators (KMI)

The KMI is a simple, intuitive display of 4 measures of market health. The value of having this tool in your toolbox is that it helps to answer questions like "How aggressive should I be with my allocations to risk assets?" or "Should I put new money to work right away, or should I hold back for a bit?"

The conditions of the 4 traffic lights this month are mixed, but positive on balance. Market fundamentals and technicals are flashing green. That's why I remain nearly fully invested in risk assets. Risk is flashing yellow, primarily due to stretched valuations and geopolitics. Valuations are the sole red light.

So far, investors are willing to ignore the red light for valuations. They believe that economic growth, expanding employment, infrastructure spending, and lower taxes will keep the bull market going. Is this optimism justified by what's actually happening on the ground? It's up to you do make that call.

The 4 measures of market health for the KMI traffic lights.

1. Fundamental – are companies growing? Sales & earnings increasing? Profit margins expanding?
2. Technical – are stock prices rising? Trading volume increasing? Breadth & leadership o.k.?
3. Valuation – based on earnings & dividend growth, is the market cheap, fair, or expensive?
4. Risk – is a recession coming? Price momentum slipping? Volatility increasing?

The KMI Data Driving the Traffic Lights

Fundamental	Dec	Jan '17	Feb	Mar	Apr	May	June	Trend
Revenue & Earnings	6.82	7.21	7.54	8.28	8.72	9.02	9.14	Up
Profit Margins	8.06	8.16	9.22	7.61	9.88	9.76	9.68	Up
Credit Conditions	5.72	6.04	6.29	6.05	5.73	5.66	6.72	Up

Technical	Dec	Jan '17	Feb	Mar	Apr	May	June	Trend
Momentum	6.40	7.11	6.92	7.86	8.1	8.85	9.02	Up
Breadth	6.88	7.07	7.55	7.61	6.82	7.44	8.11	Up
Leadership	7.04	6.81	6.29	6.05	5.73	5.66	5.41	Down

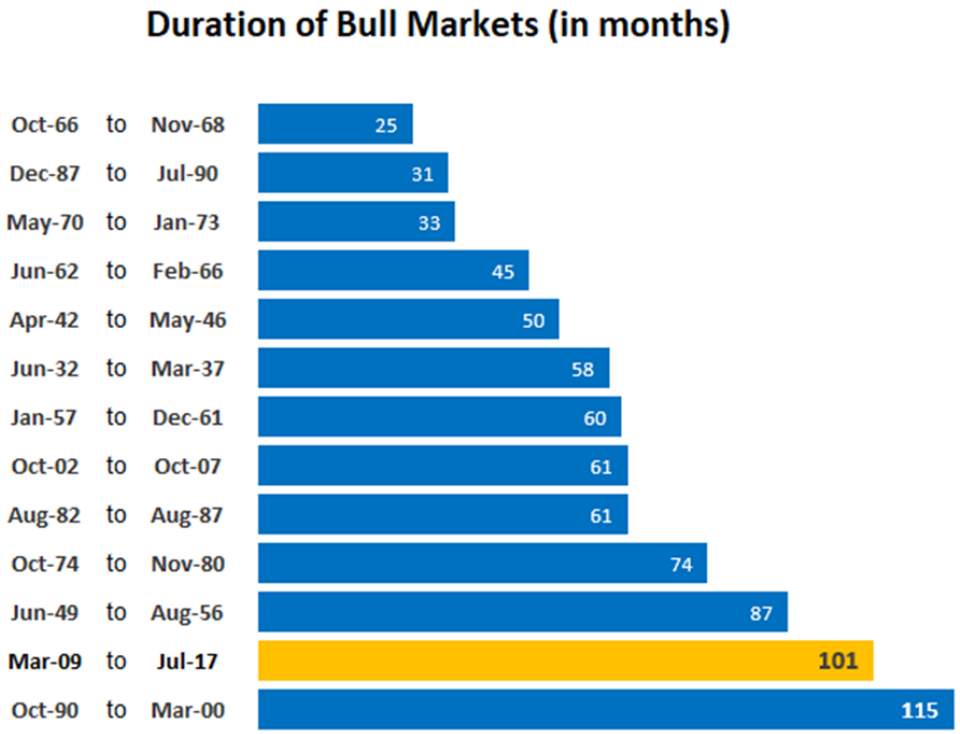
Valuation	Dec	Jan '17	Feb	Mar	Apr	May	June	Trend
Price Ratios	4.14	4.33	4.77	4.28	3.54	3.21	2.82	Down
Risk Premium	5.06	4.16	4.22	3.61	5.88	5.76	4.84	Up
Overbought	2.82	2.44	2.29	2.05	1.73	1.66	1.49	Down

Risk	Dec	Jan '17	Feb	Mar	Apr	May	June	Trend
Recession Threat	7.09	7.14	8.21	6.15	7.62	7.45	8.04	Up
Bear Mkt Threat	7.86	8.07	6.11	6.09	7.21	7.14	6.15	Down
Volatility	6.27	5.04	5.23	6.37	5.81	5.44	5.11	Down

This Aging Bull

This Bull Market Is Not Ready To Die

This is a very long bull market. But bull markets don't die of old age. It's nice to be making successive new highs, but it's just an artifact. A factoid, if you will. Or, an **arti-factoid**. (Copyright pending.) Nothing more, nothing less.



What kills a bull market?

The primary cause of death for a bull market is the onset of an economic recession. We don't see one coming for at least the next 6 months.

The primary cause of a correction (a market decline of 10-20%) is extreme valuation, combined with deteriorating market internals.

When these things happen, it leads to a regime change, from buy-the-dips to sell-the-rallies. We're not there yet. Hang on until we see tangible signs that the bulls have ceded control to the bears.

Geopolitical Landscape

After easing a bit last month, the geopolitical landscape has been heating up again. There is a laundry list of potentially destabilizing threats. Putin seems to have lost patience with Trump, North Korea just launched a missle that purportedly can reach the U.S. Midwest, China is struggling with a mountain of debt that is worse than ours, and Syria continues to deteriorate, as the flood of refugees continues to the West. These are geopolitical land mines.

As we move into mid-summer, tensions are rising. The combination of high risk potential and an inexperienced cabinet in the White House creates an elevated chance of a policy miscalculation, and/or an aggressive response to threats, whether real or perceived.

The Global Economy

US economic growth is slowly picking up. The average growth over the past five years has been 0.6%, compared to the long-term average of 4.7%, and the pre-WWII average of 6.5%.

The U.S. had a decent GDP report on Friday, but it was still sub-par. While the U.S. economy stuck in low gear, the European economy is gaining momentum. That is keeping global investors optimistic, and funds keep flowing into global markets whenever the slightest market pullback arrives.

Details

The U.S. stock market is booming, setting new high after new high with no end in sight. But non-U.S. markets are doing even better over the past year. The next two tables show which international markets are leading the way.

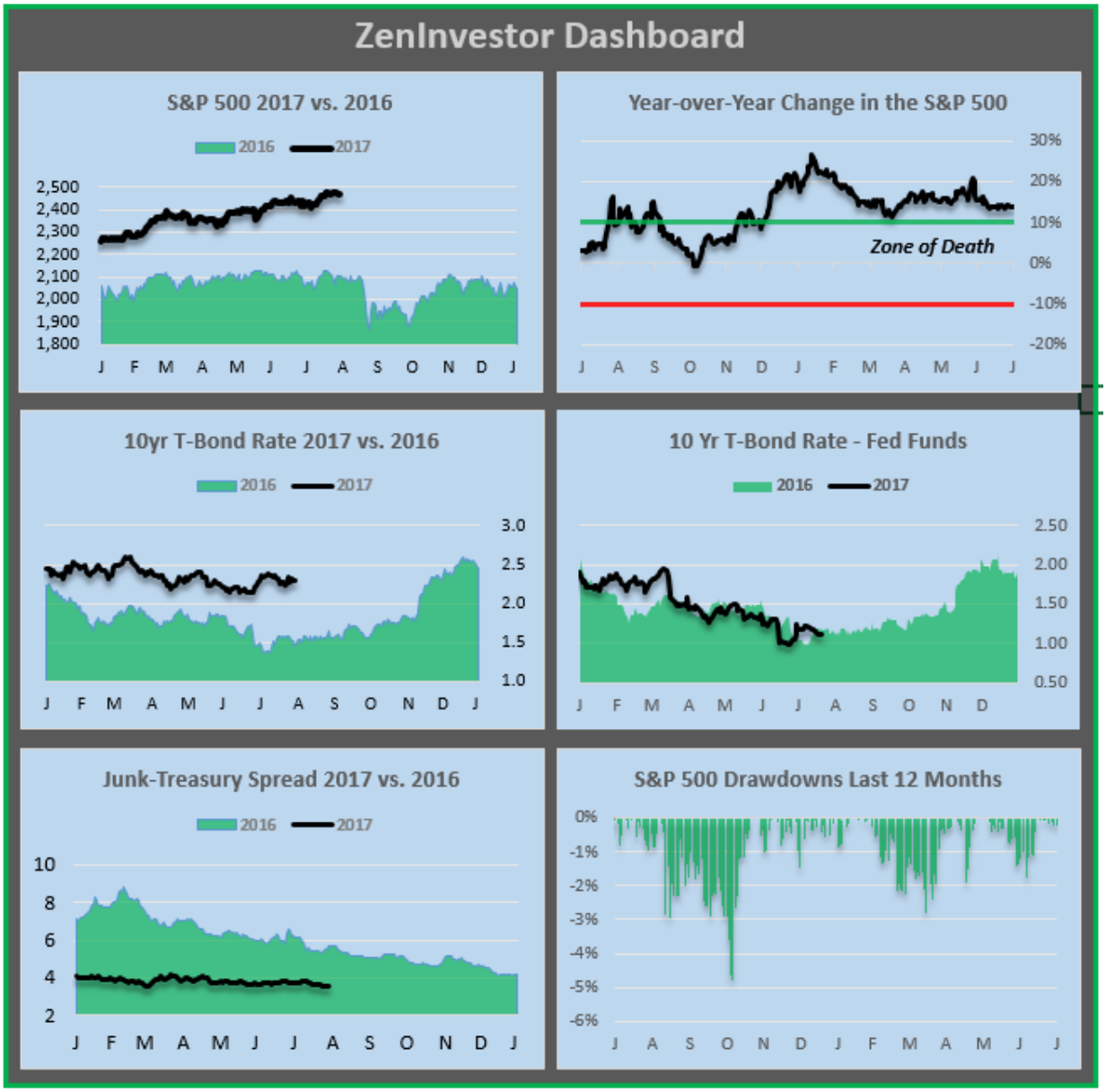
Fund Category	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)
International Equity Funds				
China Region	27.3	26.13	7.91	10.12
India Equity	30.83	24.55	10.68	13.45
Pacific/Asia ex-Japan Stk	26.18	21.73	5.56	8.59
Diversified Emerging Mkts	23.53	21.73	1.54	5.12
Foreign Small/Mid Value	18.07	20.96	3.22	10.75
Europe Stock	17.27	20.03	2.59	9.99
Foreign Small/Mid Growth	22.54	19.84	5.58	11.64
Japan Stock	13.27	19.76	8.32	12.45
Foreign Large Value	15.13	19.58	0.93	8.15
Diversified Pacific/Asia	20.21	19.25	5.93	10.19
Foreign Large Growth	21.46	18.26	3.93	9.39
World Large Stock	15.66	17.36	5.5	11.22
Latin America Stock	20.02	16.38	-6.57	-3.37

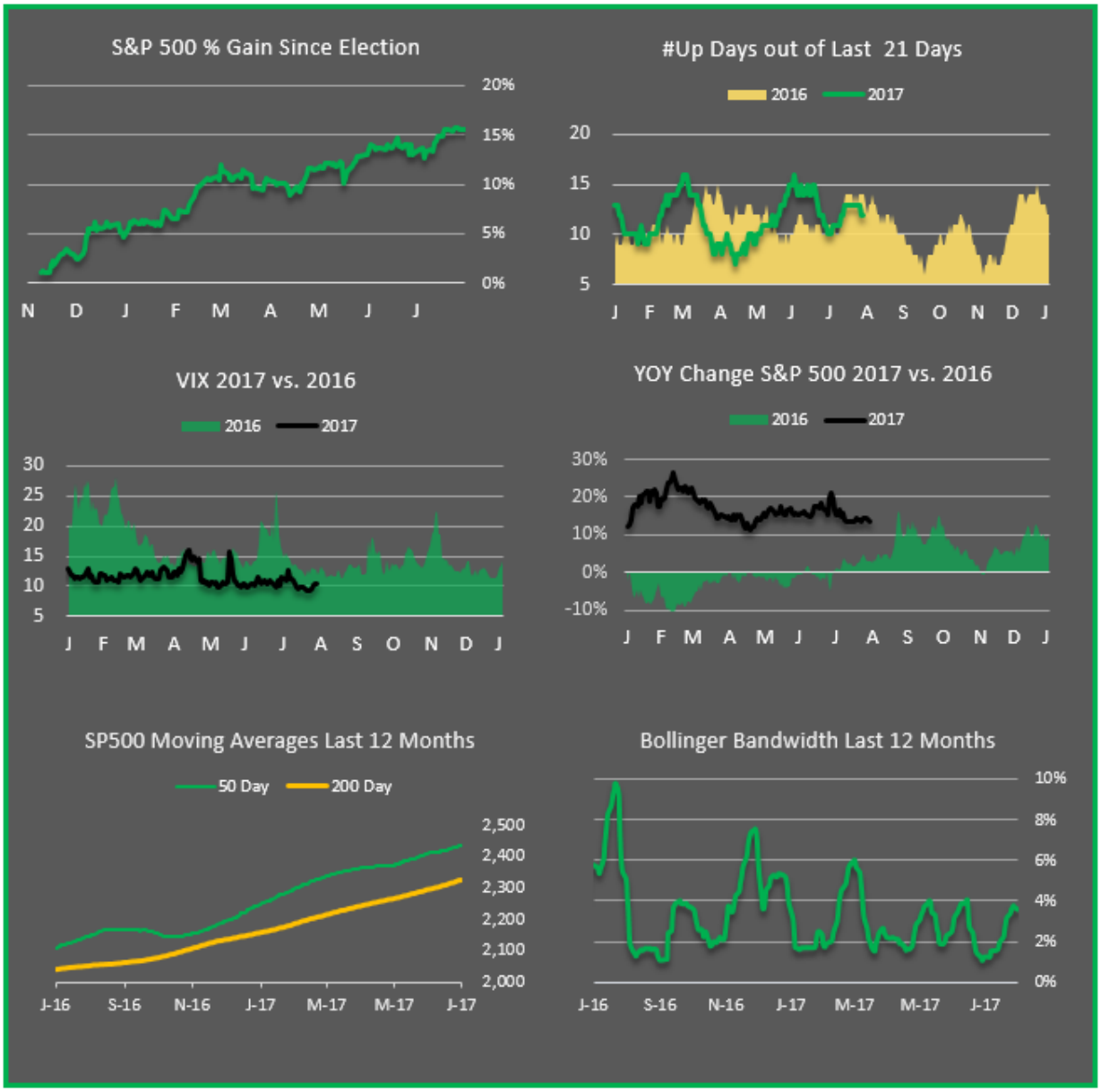
International ETFs

International					
Emerging Mkts	EMQQ Emerging Markets Intrnt & Ecmrc ETF	EMQQ	0.86	50.0	47.0
China Region	WisdomTree China ex-State-Owd Entpr ETF	CXSE	0.53	47.4	52.5
Country Funds	VanEck Vectors India Small-Cap ETF	SCIF	0.78	45.1	38.3
Country Funds	VanEck Vectors Poland ETF	PLND	0.60	43.9	47.2
China Region	PowerShares Golden Dragon China ETF	PGJ	0.70	43.6	41.7
Country Funds	iShares MSCI Turkey ETF	TUR	0.64	39.1	29.1
Country Funds	First Trust Chindia ETF	FNI	0.60	37.7	34.3
Country Funds	Global X MSCI Greece ETF	GREK	0.62	36.8	48.9
Country Funds	VanEck Vectors Brazil Small-Cap ETF	BRF	0.59	36.6	36.2
Country Funds	iShares MSCI Austria Capped ETF	EWO	0.48	36.4	54.1
Country Funds	iShares MSCI South Korea Capped ETF	EWY	0.64	34.3	34.4
Country Funds	iShares MSCI Germany Small-Cap ETF	EWGS	0.59	33.7	34.8
China Region	iShares MSCI China ETF	MCHI	0.64	33.4	33.8
Emerging Mkts	WisdomTree EmMkts ex-Stt-Ownd EntrprsETF	XSOE	0.58	32.6	32.4
China Region	SPDR® S&P China ETF	GXC	0.59	32.2	33.8
Country Funds	iShares MSCI Mexico Capped ETF	EWW	0.48	31.8	14.0
Country Funds	Deutsche X-trackers MSCI Italy Hedged Eq	DBIT	0.45	30.2	32.7
Asia ex-Japan	iShares Asia 50 ETF	AIA	0.50	30.2	31.4
Global Real Estate	Tierra XP Latin America Real Estate ETF	LARE	0.79	30.1	9.2
Asia ex-Japan	iShares MSCI Emerging Markets Asia ETF	EEMA	0.49	29.9	27.6
Country Funds	iShares MSCI Denmark Capped ETF	EDEN	0.53	29.8	19.4
Country Funds	WisdomTree India Earnings ETF	EPI	0.84	29.5	26.5
Foreign Large Growth	First Trust International IPO ETF	FPXI	0.71	29.3	32.6
Asia ex-Japan	iShares MSCI All Country Asia ex Jpn ETF	AAXJ	0.72	28.9	25.9
Country Funds	First Trust South Korea AlphaDEX® ETF	FKO	0.08	28.7	19.9

U.S. Markets

Below are two sets of charts that are part of my personal market dashboard. I use them to get an overall sense of current trends, and whether these trends are more likely to continue, or possibly begin to roll over.





Forecast for the U.S. Economy

Moderate expansion - Probability: 70%
Corporate earnings are on the rise. This improving trend should continue with S&P 500 earnings growth turning even more positive in the 2ND quarter. The pickup in growth overseas will help the U.S. economy in two ways. Higher demand for our exports, and increased foreign earnings for U.S. based companies with overseas operations.

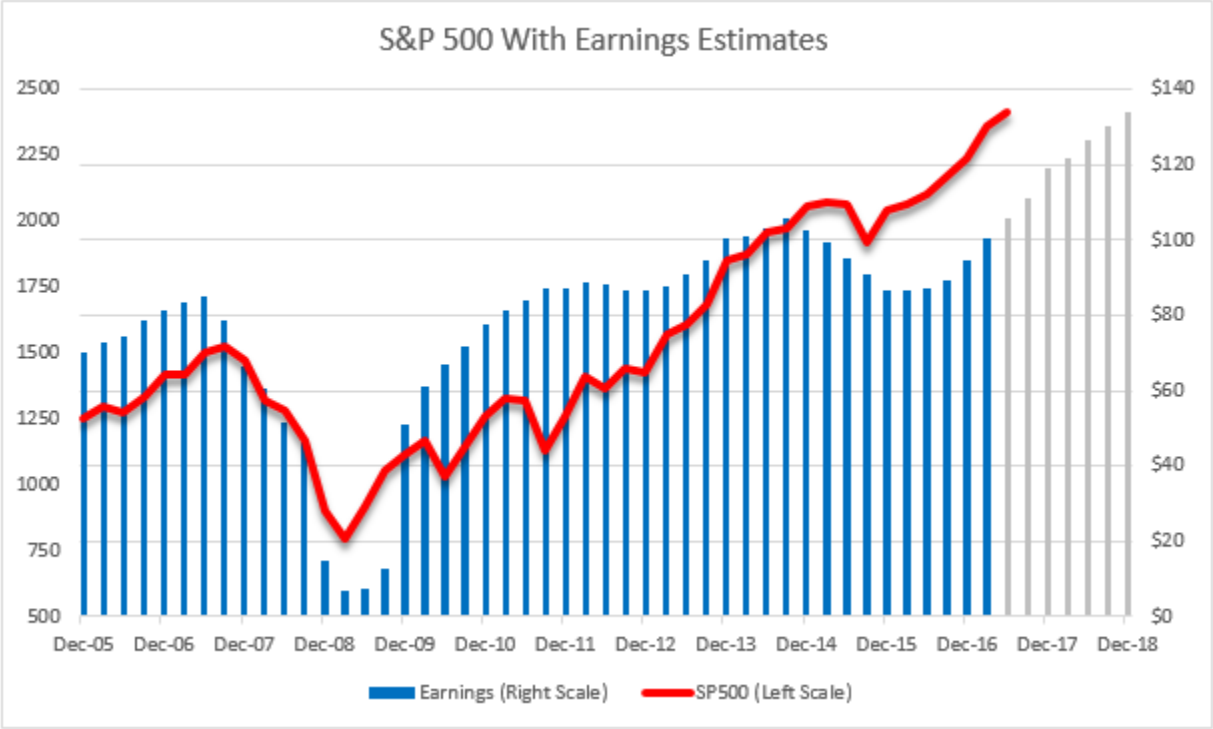
Strong expansion - Probability: 10%
Higher interest rates and rising commodity prices, driven by improving global growth prospects, could produce stronger-than-anticipated S&P 500 EPS growth as energy and financials – roughly 25% of S&P 500 profits – could see a meaningful profit improvement.

Growth recession - Probability: 10%
A downturn in US and global growth could lead to weaker-than-projected revenues for S&P 500 companies. Wage pressures, unaccompanied by improving consumer and business demand, could pressure profit margins and earnings growth rates.

Outright recession - Probability: 10%
Our indicators, both leading and coincident, point to continued growth in the U.S. We view the election of Donald Trump as a source of uncertainty for the global economy and markets. Other risks would be a major terrorist attack, a policy mistake by the Fed, or the onset of a trade war between the U.S. and China or Mexico or Canada.

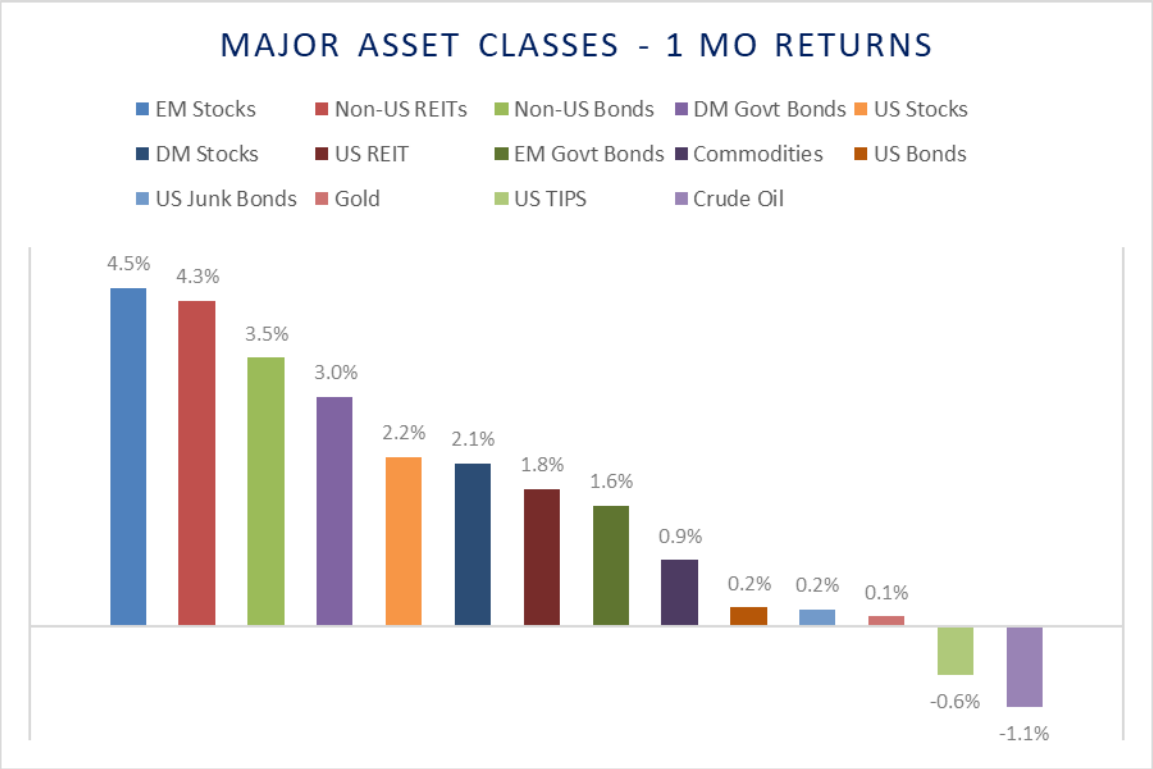
The Earnings Picture

This next chart shows the relationship between corporate earnings and the S%P 500. Starting in January 2015, the market began to outperform the earnings trend. Being a discounting mechanism, the market is anticipating faster earnings growth, and has priced itself to reflect that optimism.



Asset Class Leaders & Laggards

As I noted earlier, the U.S. stock market has now fallen behind foreign stock markets. On a 1-month basis, we can see that Emerging Market stocks rose twice as much as U.S. stocks. Crude Oil was the worst performer in July.



Picks & Pans

10 Best ETFs: The 10 most undervalued asset class ETFs

Symbol	Name	1 Year
GAZ	iPath Bloomberg Natural Gas Subindex Total Return ETN	-45.45%
NIB	iPath Bloomberg Cocoa Subindex Total Return ETN	-30.76%
EGPT	VanEck Vectors Egypt Index ETF	-30.20%
SGG	iPath Bloomberg Sugar Subindex Total Return ETN	-29.19%
SIL	Silver Miners ETF	-27.84%
GDXJ	VanEck Vectors Junior Gold Miners ETF	-26.41%
UNG	United States Natural Gas Fund	-22.51%
AXJV	iShares Edge MSCI Min Vol Asia ex Japan ETF	-21.83%
PTM	ETRACS CMCI Long Platinum Total Return ETN	-21.17%
JJS	iPath Bloomberg Softs Subindex Total Return ETN	-19.45%

10 Worst ETFs: The 10 most overvalued asset class ETFs

Symbol	Name	1 Year
CXSE	WisdomTree China ex-State-Owned Co.	56.87%
EWO	iShares MSCI Austria Capped ETF	54.63%
ARKW	Web X.0 ETF	54.10%
PSI	PowerShares Dynamic Semiconductors Portfolio ETF	51.89%
EUFN	iShares MSCI Europe Financials ETF	49.54%
EMQQ	Emerging Markets Internet & eCommerce ETF	48.51%
EPOL	iShares MSCI Poland Capped ETF	48.34%
GREK	The Global X MSCI Greece ETF	46.41%
RSXJ	VanEck Vectors Russia Small-Cap ETF	45.06%
ARKK	Ark Innovation ETF	44.78%
KOL	VanEck Vectors Coal ETF	45.29%

10 Best Stocks: 10 fairly-priced stocks with rising earnings estimates

Company	Ticker	Current Price	Avg Daily $Volume	P/E using 12 mo Est	Price/ Sales	Price/ Book	Earnings Est Revisions	Technical Grade	Funda-mental Grade
Hitachi	HTHIY	$68.00	4,473,706	11.39	0.38	0.90	8.94	B	A
Jetblue Airways	JBLU	$22.06	110,138,136	10.82	1.06	1.84	8.20	A	A
Kaiser Aluminum	KALU	$94.39	15,340,797	17.46	1.17	2.08	12.72	A	B
Klx Inc	KLXI	$52.54	17,659,290	18.73	1.73	1.21	13.72	A	B
Posco-Adr	PKX	$73.79	15,219,195	9.55	0.48	0.57	21.16	B	A
Sk Telecom Co	SKM	$27.51	10,996,884	8.93	1.24	1.38	17.56	B	A
Volkswagen-Adr	VLKAY	$31.62	5,113,414	6.16	0.32	0.77	15.78	A	B

Only 7 stocks qualified for this strict screening algo. I considered loosening the parameters to get 10 names, but decided to stay true to the algo rules. With market valuations as stretched as they are now, there are just fewer cheap stocks out there.

10 Best Shorts: The 10 most overvalued stocks

Company	Ticker	Current Price	Avg Daily Volume	P/E using 12 mo Est	Debt/ Equity	% Chg Earnings Est This Year	% Chg Earnings Est Next Year	Technical Grade	Funda-mental Grade
Alamos Gold Inc	AGI	$7.08	1,805,488	51.8	0.0	-50.0	-34.5	F	D
Apache Corp	APA	$50.01	3,137,897	75.2	1.1	-63.9	-58.3	D	F
Blackbaud Inc	BLKB	$91.84	204,097	52.9	1.4	-2.4	-2.0	C	D
Contl Resources	CLR	$33.52	3,228,512	109.3	1.5	-82.4	-60.7	D	D
Covanta Holding	CVA	$14.40	1,266,336	1798.4	6.7	-27.1	-35.1	D	D
Keyw Holding Cp	KEYW	$8.72	198,899	53.2	0.4	-80.6	-4.8	F	F
Line Corp -Adr	LN	$35.41	129,692	88.3	0.0	-6.7	-41.4	D	D

The stocks in the above table are the bottom of the barrel, in terms of high valuations, and low marks for fundamental and technical soundness. Consider them as short candidates, but do your own due diligence before acting on them. Some of them are hard to borrow, so you may not be able to short them at all.

Key Recession Indicators

The risk of the US economy sliding into recession in the next 6 months is very low - just 10% as of the end of April. We base this estimate on a combination of factors (see the table below) that have proven accurate in calling turns in the business cycle. Our model will tell us when the conditions are in place for a turn in the cycle.

The latest readings (for May 2017) show a slight improvement over last month's numbers. The two leading indicators, Market Stress and Market Trend, are forecasting continued economic growth and positive market momentum for the next 3 to 6 months. The coincident indicators are confirming this outlook.

The takeaway from all of this is that the economy is strong enough to support the stock market. In the absence of a recession, corrections in the stock market are limited. It's not unusual to see a 10% to 15% decline in the market without a recession taking place. We think the probability of a correction of this magnitude, in the next 3-6 months, is about 40%. That's high enough for us to raise a little cash, so that we will be in a better position to buy stocks at cheaper prices over the next few months.

Recession Watch

Recession Watch

Indicator	Dec	Jan-17	Feb	Mar	Apr	May	Jun	Jul (est)
R-Score	355	278	256	279	258	269	272	265
Employment	1.7	1.8	1.8	1.7	1.6	1.5	1.4	1.5
Ind Production	0.8	0.0	0.3	1.5	1.2	1.7	1.6	1.7
Market Trend	9.5	17.5	19.1	14.4	15.3	13.7	15.1	15.6
Market Stress	15.5	19.5	26.4	24.7	22.5	25.1	27.7	25.2
Junk Spread	4.2	4.0	4.1	3.9	3.7	3.6	3.7	3.8

Red numbers indicate warning, based on these parameters:

R-Score	< 200	This indicator combines the treasury yield curve, inflation, and unemployment.
Employment	< 1%	Year-on-year changes in private non-farm employment.
Ind Production	< 1%	Year-on-year changes in industrial production.
Market Trend	< -5%	Year-on-year changes in the S&P 500 index.
Market Stress	< 0	△△Combination of stock market price change and the unemployment rate change.
Junk Spread	> 7.5%	Difference between Junk bond yield and Treasury bond yield

Our Forecast of Asset Prices

12 Month Forecast of Asset Prices

Asset Class	Benchmark	Current Value	12 Month Forecast
Stocks			
U.S.	S&P 500	2472	2250
Non-U.S. Developed	VEA	42.42	43.50
Emerging Markets	EEM	43.75	44.00
Bonds			
U.S. Govt	10yr T-Bond	2.3%	2.9%
U.S. Corporate	Current Yield	3.1%	4.2%
U.S. High Yield	Current Yield	5.4%	6.8%
Munis	Current Yield	1.9%	2.5%
Other			
Gold	Spot	1275	1300
Oil	WTI	49.79	53
NatGas	Henry Hub	2.99	3.45

As of 7/29/17 *Source: Bloomberg; Atlanta Fed; UBS*

The risks of a serious policy mistake by the new administration will probably cause a spike in volatility at some point. The question then becomes, how resilient will the economy be to these events? That's why I'm calling for a flat year. And it would not surprise me to see an intra-year drawdown on the order of 15% or so, before recovering to end the year flat.

As long as the internal indicators of market health and economic expansion remain positive, I will continue to advocate a fully invested asset allocation. As I said earlier, raising a little extra cash would be fine, but take it slow.

Subscribers to this letter will get advanced warning from me before I go public with a major change to a defensive posture.

Asset allocation

Our asset allocation models have not changed from last month. The global economy is growing, earnings are improving, stock markets are rallying, and valuations are reasonable except in the U.S. market. As long as the status quo continues, our allocations won't change much, if at all.

Our Current Asset Allocation

Asset allocation: taxable

Investor Risk Profile ----->	Conservative	Moderate	Aggressive
Summary			
Stocks	**33.5**	**38.0**	**53.0**
Bonds	**37.5**	**35.0**	**25.0**
Commodities	**4.0**	**5.0**	**5.0**
Cash	**12.0**	**10.0**	**8.0**
Non-traditional assets	**13.0**	**12.0**	**9.0**
	100.0	**100.0**	**100.0**
Details			
US Large Cap Stocks	8.0	10.0	14.0
US Mid Cap Stocks	4.0	6.0	8.0
US Small Cap Stocks	4.0	3.0	5.0
US Stocks Total	**16.0**	**19.0**	**27.0**
Intl Developed Mkt Stocks	9.5	10.0	14.0
Intl Emerging Mkt Stocks	8.0	9.0	12.0
Non-US Stocks Total	**17.5**	**19.0**	**26.0**
US Treasury Bonds	5.0	3.0	2.0
US Muni Bonds	20.0	17.0	9.0
US Corporate Bonds	3.0	4.0	2.0
US High Yield Bonds	3.5	4.0	5.0
US Bonds Total	**31.5**	**28.0**	**18.0**
Intl Developed Mkt Bonds	3.0	3.0	2.0
Intl Emerging Mkt Bonds	3.0	4.0	5.0
Non-US Bonds Total	**6.0**	**7.0**	**7.0**
Cash Total	**12.0**	**10.0**	**8.0**
Energy	1.0	1.0	1.0
Precious Metals	1.0	1.0	1.0
Crops & Livestock	2.0	3.0	3.0
Commodities Total	**4.0**	**5.0**	**5.0**
Hedge Funds	8.0	6.0	4.0
Managed Futures	5.0	6.0	5.0
Non-traditional assets Total	13.0	12.0	9.0
	100.0	100.0	100.0

As of 7/28/17

(The above allocation is for taxable accounts with an investment horizon of 20 or more years.)

Asset allocation: tax-deferred

Investor Risk Profile ----->	Conservative	Moderate	Aggressive
Summary			
Stocks	**29.0**	**38.0**	**51.0**
Bonds	**42.0**	**35.0**	**27.0**
Commodities	**6.0**	**5.0**	**5.0**
Cash	**14.0**	**12.0**	**10.0**
Non-traditional assets	**9.0**	**10.0**	**6.0**
	100.0	**100.0**	**99.0**
Details			
US Large Cap Stocks	9.0	12.0	17.0
US Mid Cap Stocks	3.0	5.0	7.0
US Small Cap Stocks	2.0	3.0	6.0
US Stocks Total	**14.0**	**20.0**	**30.0**
Intl Developed Mkt Stocks	10.0	10.0	12.0
Intl Emerging Mkt Stocks	5.0	8.0	9.0
Non-US Stocks Total	**15.0**	**18.0**	**21.0**
US Treasury Bonds	20.0	15.0	10.0
US Muni Bonds	0.0	0.0	0.0
US Corporate Bonds	7.0	5.0	2.0
US High Yield Bonds	8.0	8.0	8.0
US Bonds Total	**35.0**	**28.0**	**20.0**
Intl Developed Mkt Bonds	4.0	3.0	2.0
Intl Emerging Mkt Bonds	3.0	4.0	5.0
Non-US Bonds Total	**7.0**	**7.0**	**7.0**
Cash Total	**14.0**	**12.0**	**11.0**
Energy	2.0	2.0	2.0
Precious Metals	2.0	1.0	1.0
Crops & Livestock	2.0	2.0	2.0
Commodities Total	**6.0**	**5.0**	**5.0**
Hedge Funds	6.0	6.0	3.0
Managed Futures	3.0	4.0	3.0
Non-traditional assets Total	9.0	10.0	6.0
	100.0	100.0	100.0

As of 7/28/17

(The above allocation is for tax-deferred accounts with an investment horizon of 20 or more years.)

Final Thoughts

Even though I'm a little concerned about the sustainability of the global economic expansion and the attendant bull market in stocks and bonds, I remain steadfast in my risk positioning. I remain nearly fully invested for now, because I've been through this before.

At the risk of dating myself, I began my career just when the severe bear market of 1973-1974 was about to hit. I wasn't a trader at the time, but I visited the trading desk frequently. I was fascinated by the buzz in the room. It was tense, frenetic, with lots of swearing and shouting. It was total chaos until the head trader managed to restore order.

I have since gone through several more bear markets, as a trader and a portfolio manager. I learned from each experience that it was a mistake to overreact. Before a bear market arrives, there is plenty of chatter among the cognoscenti about impending doom and gloom.

There are pleas to family, friends, and top clients to head for the bunker before it's too late. But I learned that it's much more likely for the market to bounce back from a sharp and sudden drop, and perhaps even make a few new highs, than to go straight down. I developed a process that takes this into account.

I try my best to listen to the data, rather than my amygdala. I have my own set of indicators for the market and the economy. They are not foolproof, but they have saved me and my clients a lot of money, time, aggravation, and worry over the years.

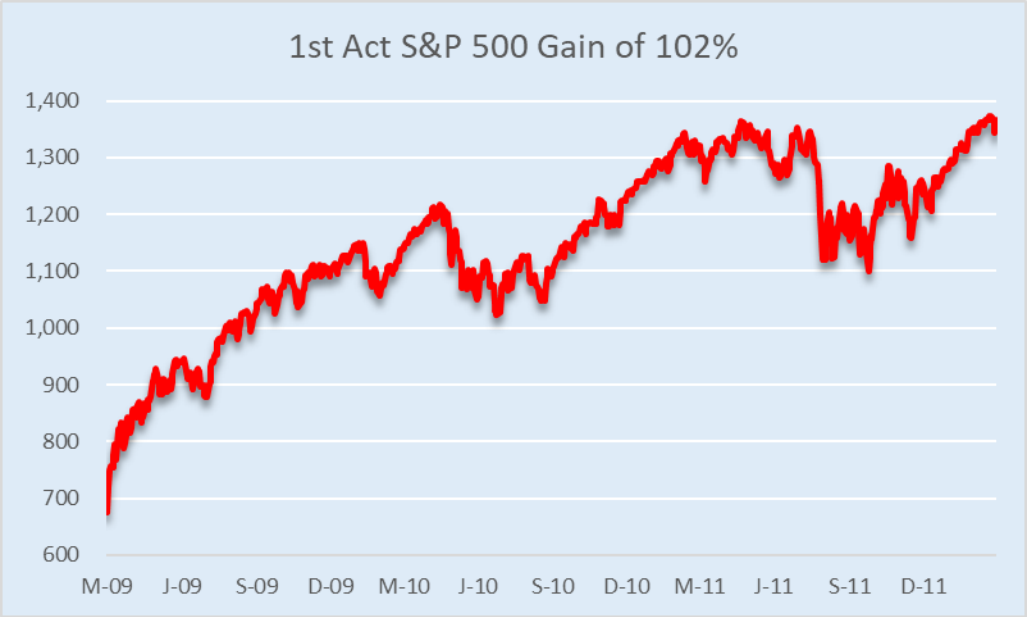
The U.S. stock market today is priced for perfection. Investors are acting as if the pro-growth Trump agenda will become a reality, and soon. I think this might be a little too optimistic.

In my view, we are in the third act of this historic bull market. We haven't yet seen the blow-off stage. That can take months, or even years to play out.

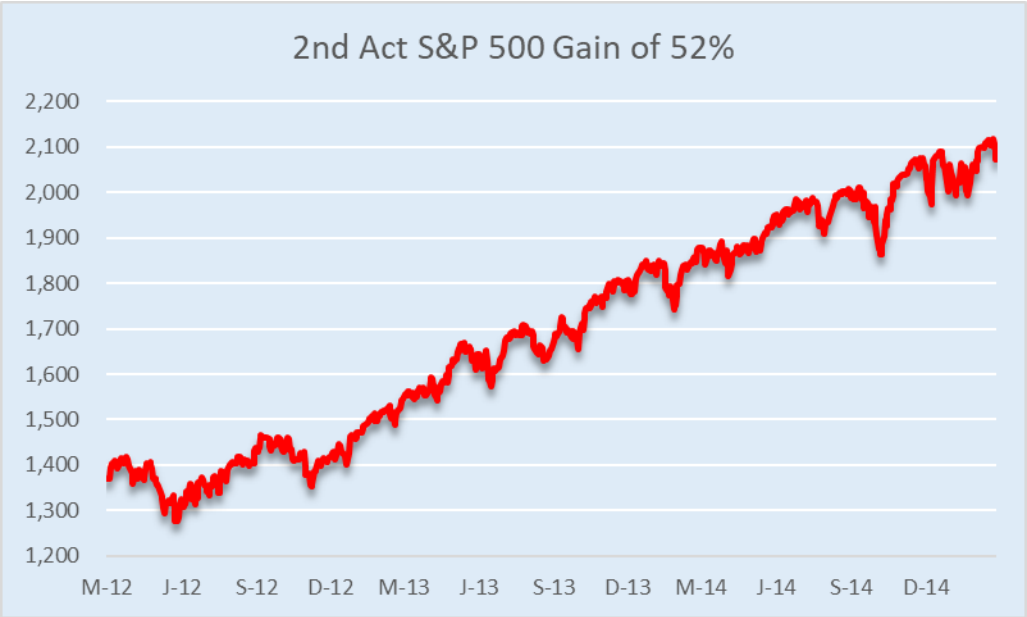
An Historic Bull Market in III Acts

To get a sense of the diminishing strength of this bull market as it ages, I arbitrarily subdivided the full eight years (2009-present) into three segments, or Acts.

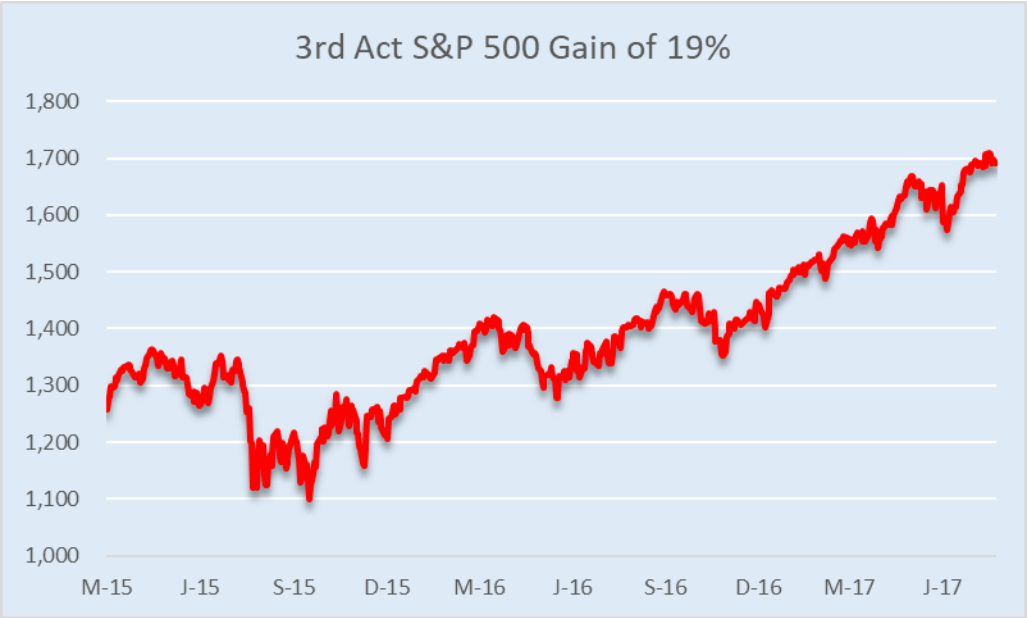
The 1st act was from 2009-2012. It was by far the strongest phase of the bull. This is typical for major bull markets.



The 2nd act was from 2012-2015. You can clearly see the slowing of the rate of increase on the chart.



The 3rd act, which we're in now, is weaker still. Again, that's typical for bull markets.



As I said earlier, this segmentation scheme is arbitrary. There are many ways to describe the phases of a bull or bear market, but for simplicity I chose 3 years for Acts I and II, and 2 ½ years (and counting) for Act III.

It's quite possible that Act III could see an acceleration, and end up being stronger than Act II or ACT III. But the odds are against that happening.

I'll leave you with one piece of advice on this topic. Don't allow yourself to become The Greater Fool. If you are tempted to buy a stock, bond, or fund simply based on "fear of missing out," or "there is no alternative," there is a good chance

you might be counting on a Greater Fool to come along and take it off your hands at a higher price. That is usually a mistake. For a more detailed explanation of The Greater Fool Theory, see this article.

Am I giving conflicting signals here? No, but I am experiencing conflicting emotions. There is some tension between my rising fear of the end of this bull market, and my duty to give the best possible advice to my clients. If you will indulge me one last time to use a metaphor (or is it allegory?), here it is.

The Whites of Their Eyes

The famous order "Don't fire until you see the whites of their eyes" was popularized in stories about the battle of Bunker Hill. Whether it was actually said in this battle, it was clear that the colonial military leadership were regularly reminding their troops to hold their fire until the moment when it would have the greatest effect, especially in situations where their ammunition would be limited. *Source.*