2025 STOCK MARKET OUTLOOK

Tom Gentile
Founder of Patterns and Profits

TOM'S TRADING ROOM

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INTRODUCTION

Welcome to another New Year… this one marks now a quarter of a century in the Millenium. Think about where we have come from… DVD's and Y2K to Digital Media and Artificial Intelligence. And I have been doing the same thing through it all. Spotting Rules Based Opportunities, Creating Alternative Trading Strategies, and of course, Executing the Trades…

In this report, I want to outline the Presidential Election Cycle, Year 1 of the Trump Administration, and which companies are best suited to move higher in 2025. I will also look at the Money Calendar, what it is and how I use it, as well as those stocks poised for liftoff in the month of January.

Before we begin, I want to remind you that this is for educational advice, and that myself and my companies Gulfport Analytics and TomsTradingRoom LLC are not investment advisors, and do not give specific investment advice.

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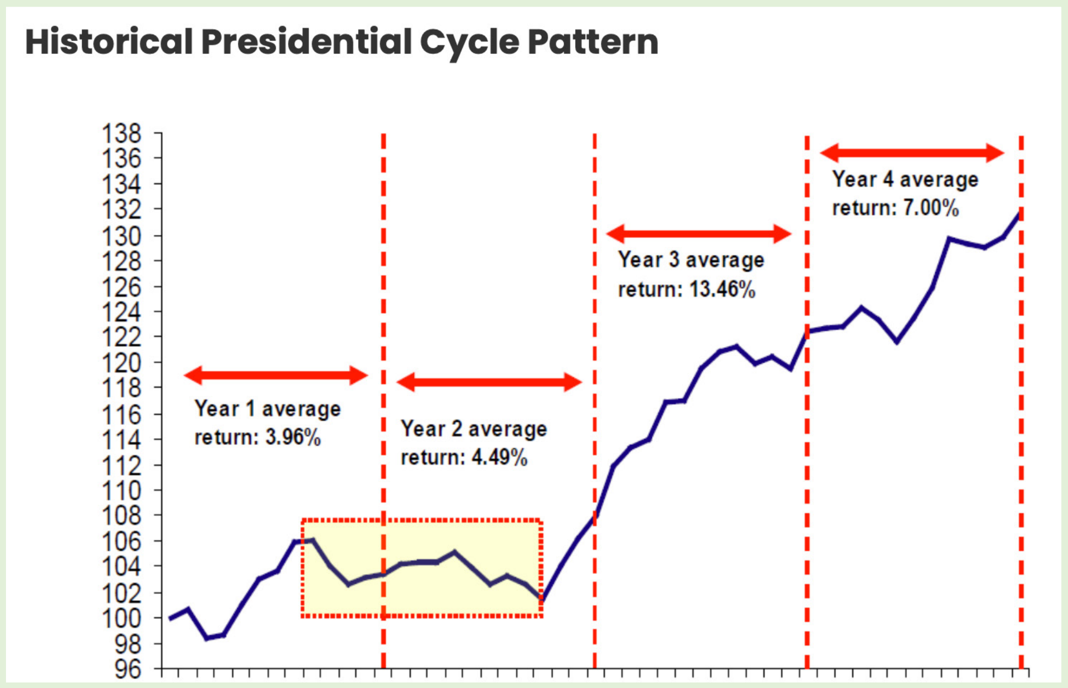
4 YEAR ELECTION CYCLE

The 4-year presidential election cycle theory suggests that the U.S. stock market's performance can be influenced by the political cycle in a somewhat predictable pattern. Without getting into too much fluff, here's a summary based on historical data:



Post-Election Year (Year 1)

Markets often experience a dip as the new administration implements policies, leading to increased uncertainty. Historically, this year has shown weaker stock market returns due to policy adjustments and economic recalibrations.

Midterm Election Year (Year 2)

This year typically experiences higher market volatility, particularly around the midterm elections, as political shifts can lead to legislative gridlock or significant policy changes. Market performance tends to be the weakest of the cycle due to this uncertainty.

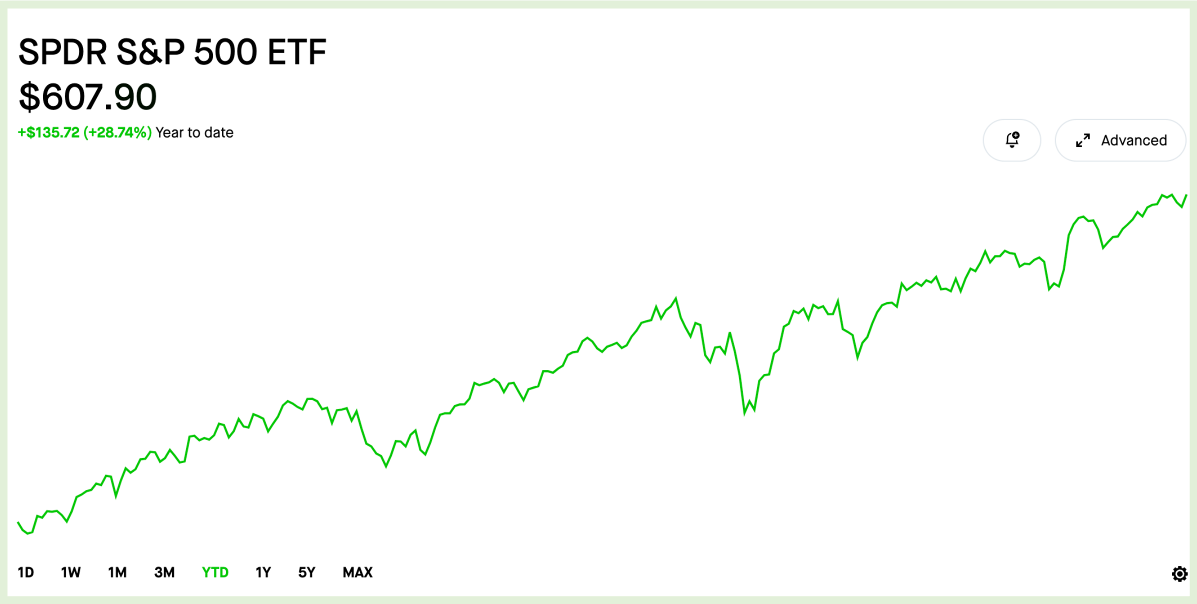
Pre-Election Year (Year 3)

Market performance historically peaks in this year. Incumbent presidents often push for policies that stimulate the economy to enhance their re-election chances or benefit their party. From 1928 to 2022, the third year of the presidential cycle has produced positive S&P 500 returns 78% of the time with an average return of about 13.5%.

Election Year (Year 4)

Performance can be variable. The market might react to the election outcomes, campaign promises, and the potential for changes in economic policy. Historically, there's a tendency for markets to rally after the election as uncertainty diminishes, with an average return of around 7% from 1928 to 2012 according to Merrel Lynch.

HOW THIS YEAR FARED



As of Mid December, the S&P 500 is close to a 28% return for 2025.

But here's the Big News... Nearly half of those gains came AFTER the Election Results.

BTW I have TWO WORDS to say to all who joined us for our Election Day Webinar and received our Election Day Report in October where we outlined the stocks and trades most poised to go higher after the Election...

YOU'RE WELCOME!

We can pat ourselves on the back for this one, but for everyone else who missed out, let's move on to 2025...

BEST SECTORS AND STOCKS FOR 2025

Considering the incoming administration of Donald Trump, who is scheduled to be inaugurated on January 20, 2025, and the expected policy, these are the sectors that should benefit the most.

Financials

Trump's previous term saw deregulation in the banking sector, potentially boosting financial stocks. Lower taxes and relaxed regulations could continue to benefit this sector.

Let's start with JP Morgan Chase JPM.

One of the strongest balance sheets in the industry, mostly due to a huge stable of low rate deposits. They also rate high for efficiency and leadership under Jamie Dimon.

Goldman Sachs GS

Two words come to mind... Market Dominance. Goldman Sachs is renowned for its advisory services in M&A, IPOs, and bond markets. They receive substantial advisory fees for these services.

Energy: A Trump administration is likely to favor fossil fuels, potentially leading to increased investments in oil and gas. Policies might involve deregulating environmental standards, which could boost energy companies' profits.

Exxon Mobile XOM

Think **Exxon Mobile XOM** has an incredible balance sheet. The amount they earn in interest exceeds their liabilities, so that says something about this company. Also they tend to be greedy when others are fearful, an old saying by Warren Buffett.

Chevron CVX

Chevron CVX is also a dominate player in this field, and I am talking the Permian Basin for starters. This is one of the most productive oil fields globally. Also, acquisitions like Noble Energy, have expanded its footprint here, positioning it for growth in North American shale.

Technology:

Despite potential regulatory changes, the technology sector's growth is driven by long-term trends like AI and digital transformation. Continued innovation and consumer reliance on technology might mitigate any short-term policy impacts.

Number One stock to consider here is TSLA.

Not only do they have what I feel is the best tech in the industry, but they are widespread, with Autonomy but also Robotic technology, and more coming every day.

Can’t rule out Nvidia.

They continue to defy gravity as the AI chip maker with a huge demand for present and future chip delivery.

NEW ADDITIONS FOR 2025

Trump says he's going to be a Pro-Crypto President, wants to build a strategic reserve, and has already put forth names for his cabinet that are Pro-Crypto. His VP, JD Vance owns about $250,000 in crypto so he has backup by his side. With that being said, here are my picks for our Crypto Traders...

Bitcoin BTC...

I own this in a big way, as an early miner, and a buyer over the last several years. 2 years ago I would have considered BTC an underweight at 15k! A lot has happened since then, and while I do think we top out later in 2025, I still see a big upside between now and then.

Coinbase Global Inc. (COIN):

Trump's interest in cryptocu rrency could lead to a more crypto-friendly environment, benefiting platforms like Coinbase.

THE WILDCARDS FOR 2025 – ROBOTICS AND QUANTUM COMPUTING

Robotics and Quantum computing really hit the charts years ago, but have been quite the chatter this year as what comes next after AI. We could immediately pivot back to TSLA for Robotics, but I wanted to share two new assets I am watching in the coming year...

RBOTZ

The Global X Robotics and AI ETF... It's been around for years now, and its All Time High is $40 back in 2021. Since then it dropped to $17.5 before rebounding big in the last 2 years. As focus shifts more into this field, expect this ETF to make a run for its ATH.

IBM

IBM believe it or not, is our pick for top stock in Quantum Computing for 2025. Though it might not have the explosive growth that a smaller quantum company would, it also doesn't come with the risk as big blue has deep pockets. New ATHs for IBM are in the cards for 2025.

Now that you have my top picks for 2025, let's talk about what should breakout in January. For that I will need to look at the seasonals for these stocks to determine first out of the gate! For that, I need the Money Calendar.

THE JANUARY EFFECT AND THE JANUARY 2025 EFFECT

Let’s talk about the January effect as many traders have heard of, and my January Effect which nobody knows of (unless you have already read this report).

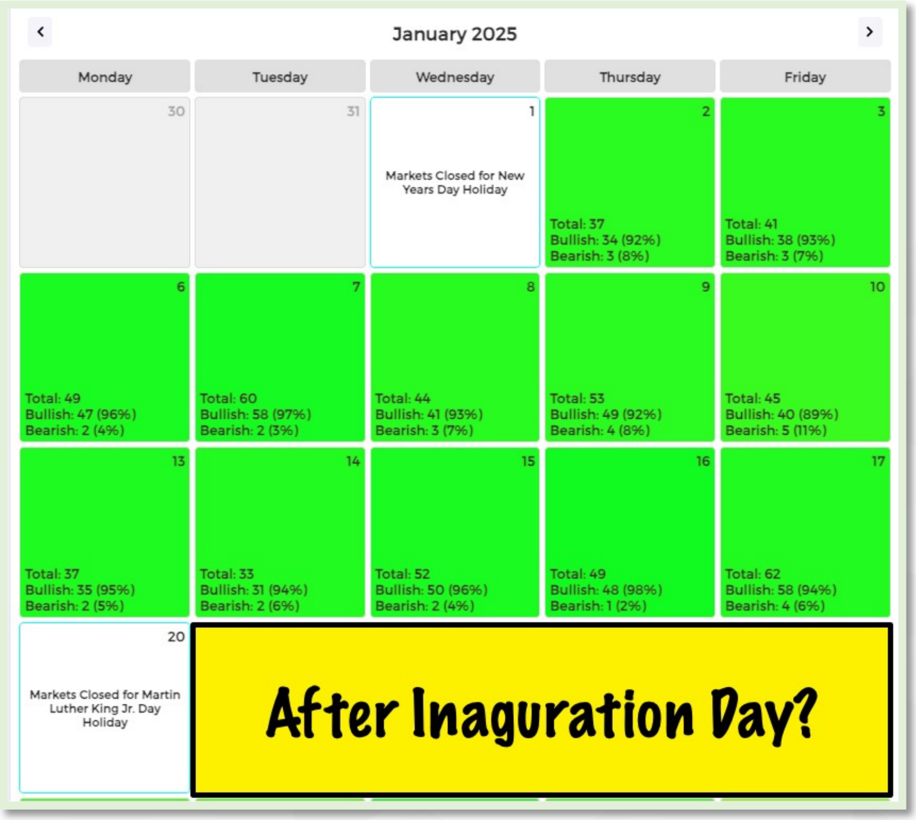
The **January Effect** refers to a perceived seasonal increase in stock prices during the month of January. It suggests that stock prices, particularly those of small-cap stocks, tend to rise more in January than in any other month. This pattern has been observed historically, leading to the belief that there's an annual "bump" in stock market performance at the beginning of the year.

Studies have shown that from 1926 through 2010, January was the best month for stock returns in the S&P 500, with average returns significantly higher than in other months. Small-cap stocks often outperform large-cap stocks during this period.

Reasons why this may happen include the following: Tax-Loss Selling, whereby Investors sell off losing stocks towards the end of the year to claim tax deductions, then buy back or invest in new stocks in January, pushing up prices. Fund managers might sell off stocks that have performed poorly in December to report better-looking portfolios at year-end, then reinvest in these or similar stocks in January.

SO WHAT IS MY JANUARY EFFECT?

Well it's the same effect I look at every month, its seasonal strategies based on individual stock patterns. Here's what I mean:



What is the Money Calendar?

The Money Calendar is one of the most celebrated seasonal stock picking tools ever created for Rules Based Trading. It's a marvel of technology that my team and I created that tells you:

- WHICH stocks are slated to make the biggest moves…
- HOW long those moves will likely last, and…
- HOW big those moves will likely be.

Now here's what I find the most incredible. Historically, these trades have been winners 90% of the time. And thats with millions of data price points and a minimum of 10 years of history!

And the Money Calendar uses that data to predict future winners with incredible accuracy. Let me show you how this all works...

That calendar above shows the stocks that fit the 90% or better winners over the last 10 years. Those picks represent a fraction of the 1% of the listed tradable stocks. Let's look inside January 17th...

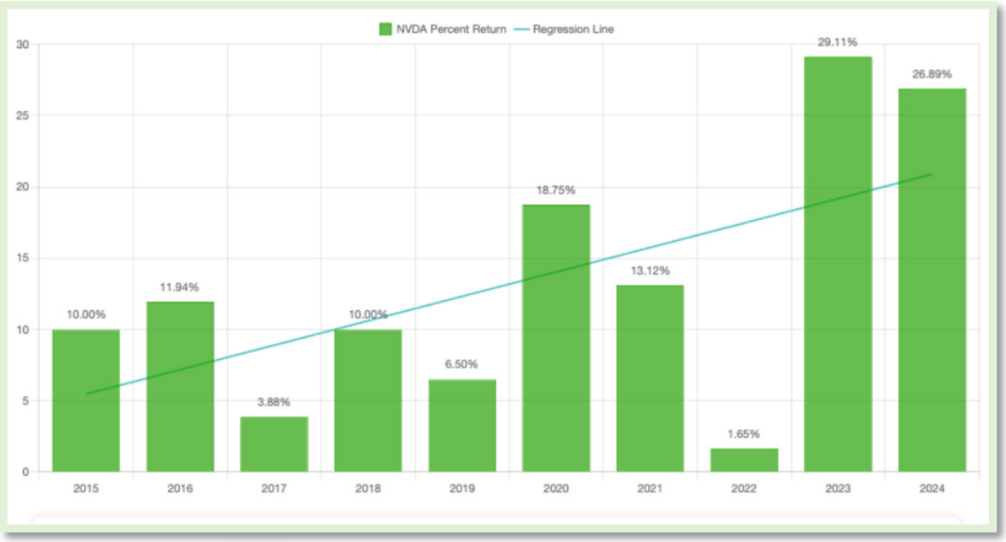
Symbol	Total Trades	Days Held	Percent Return	Avg. % Return
BIIB	1	40	37.72%	3.77%
NVDA	6	21	131.84%	13.18%
AMGN	8	35	52.29%	5.23%
PANW	2	20	71.98%	7.20%

Here are the Top Stocks being flagged for Bullish Opportunities on January 17th. Of the Top 4, two are Biogenetics, and two are Technolgy Companies.

Interesting, but from here I can look at the individual stocks. Let's take a more detailed look at NVDA...

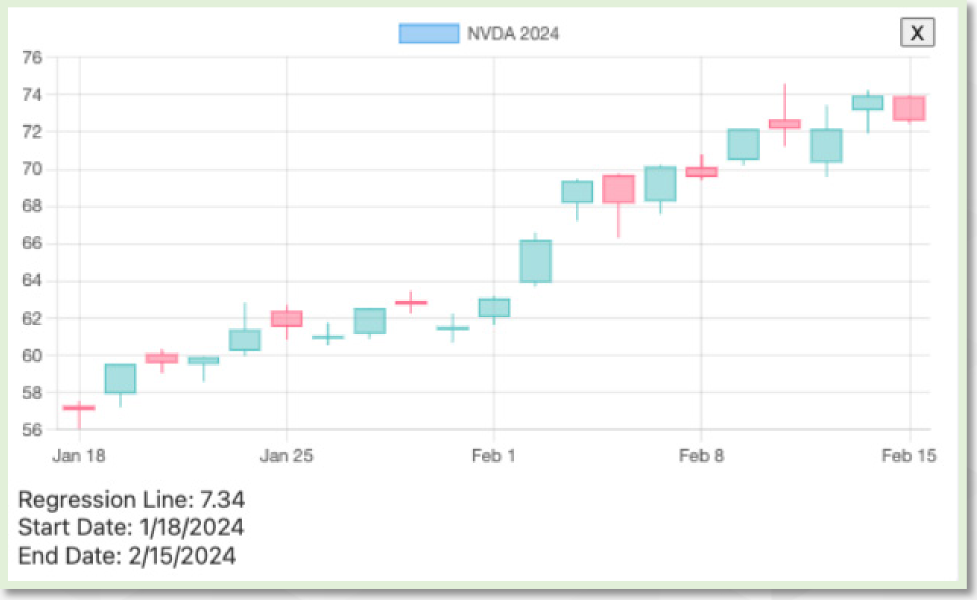
From the table above, this tells me that for the last 10 years, buying NVDA on January 17th and selling it 21 trading days later has netted an overall profit of 131% which averages out to 13% per year. That's in just 21 trading days! More than the Markets average in a year!

Now let's open this trade up to view all the details...



This graph shows me each year over the last 10 years what the profits (or losses) look like when buying the stock on January 17th and selling it 21 trading days later (around mid February)

First thing I notice is there is not a losing year in the last 10 years. Second thing I notice is that the regression line is rising, meaning that this pattern on average keeps getting better and better! Here's what last years chart looked like from beginning to ending dates for NVDA:



Since this proprietary seasonal software looks at trading days only, the first day to trade this pattern last year was January 18th, and ran through February 15. What a move NVDA made during the pattern last year…

So not only does NVDA look like a winner for 2025, but it seems to be a winner near the beginning of the year too when it comes to seasonals. You can find out more about The Money Calendar Software by clicking on the following link: http://themoneycalendar.com

WHAT COULD SHOCK THE STOCK MARKET?

One thing the stock market doesn't like is change, and since all 3 branches of government will be controlled by the Republicans, change may not be a good thing when it comes to Wall Street. In fact, many times all 3 branches of government were controlled by one party did result in the first year being a volatile one in the stock market. Here are some other things to consider:

- **Policy Uncertainty:** The effectiveness of these investments hinges on policy execution, which can be unpredictable, especially with a divided Congress.
- **Global Influences:** Sectors like technology and energy are heavily influenced by global markets and policies, not just U.S. elections.
- **Economic Fundamentals:** While elections introduce volatility, economic indicators like employment, inflation, and interest rates typically exert a stronger influence on market performance.

To conclude, while historical data suggests patterns in market behavior around election cycles, investors should remain vigilant about broader economic conditions and policy outcomes. Diversification across sectors and maintaining a long-term investment strategy can help manage risks associated with political cycles.

The Money Calendar attempts to accomplish both areas of risk by applying a simple rules based trading approach to all stocks, and filters down to just a fraction of stocks that meet our seasonal criteria. It also finds both Bullish and Bearish Opportunities, so you're never sitting out a correction in the markets.

Our team offers a variety of services around the Money Calendar. From our simple stock alert service called Stock Cycles Trader, to our Professional Options Alert Service, Timed Trader Pro. These are found at www.gulfportanalytics.com

Additionally we offer software packages including Mastery Classes with the Money Calendar, also available at www.gulfportanalytics.com

I hope you enjoyed this special January Edition!

Happy New Year!

Tom Gentile

America's #1 Pattern Trader

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