Here's Where the Big Money Is Flowing Now

The mission of *Inside TradeSmith* is to let you in on what's going on behind the scenes at our company.

That means new products, software tools, and other innovations that our research team is constantly adding to the platform.

And it also means bringing you timely and unique insights from our ultimate *TradeSmith* insiders, our top investment analysts.

That's why I caught up with Jason Bodner recently, a former Wall Street trader who manages our *TradeSmith Investment Report* and his unique *Quantum Edge Pro* trading service.

Jason is a seasoned pro with extensive Wall Street background on an institutional trading desk. This guy can tell you amazing war stories about the inner workings of the street.

But Jason's special skill is ignoring the day-to-day market noise and focusing on what's most important. Specifically, following where the "Big Money" is flowing via institutional buyers into certain sectors and stocks.

So, here is Jason's take on the state of today's markets, and what he sees ahead through year-end and coming up in 2024.

Mike Burnick: Jason, for readers who may not know your background, let's start with your experience on Wall Street as an institutional trader and what you learned from that.

Jason Bodner: Sure. So, I was heading a trading desk at Cantor Fitzgerald back in 2010. My job was to match up big institutional buyers and sellers. One day I got a call from a money manager friend at another big bank. He wanted to buy shares of a stock for one of his big clients.

So, I dug deep into my "Rolodex," and by the end of the trading day I had sold my friend a million shares of this stock valued at about $20 million. That's Big Money already, but there was much more to come.

By the end of that month, I sold my friend around 20 million shares of this one stock. And the price was surging higher. Later, I discovered that a $20 billion hedge fund had acquired more than *50 million* shares of this stock in total from me and other institutional traders.

And the stock price had soared more than 70% higher in the process.

That experience was a revelation. It made me realize how important it is to track the big money flows in markets.

Mike: And that's what started your distinctive analysis of Big Money flows in the stock market.

Jason: Yes, it's this institutional Big Money that actually *moves* stocks. And naturally they try to disguise it as best they can by spreading their buy and sell orders around to multiple trading desks over many days or even weeks.

But they always leave "footprints" that savvy investors can follow if you know exactly what to look for. And you can profit off that knowledge of where the Big Money is flowing.

That was the beginning of my proprietary analytics-based Quantum Score that evaluates the health and potential of more than 6,000 stocks. And it does so every day the market is open.

It's a system that lets me spot the footprints of Big Money investors buying and selling.

Mike: **I imagine those footprints are not visible to most investors.**

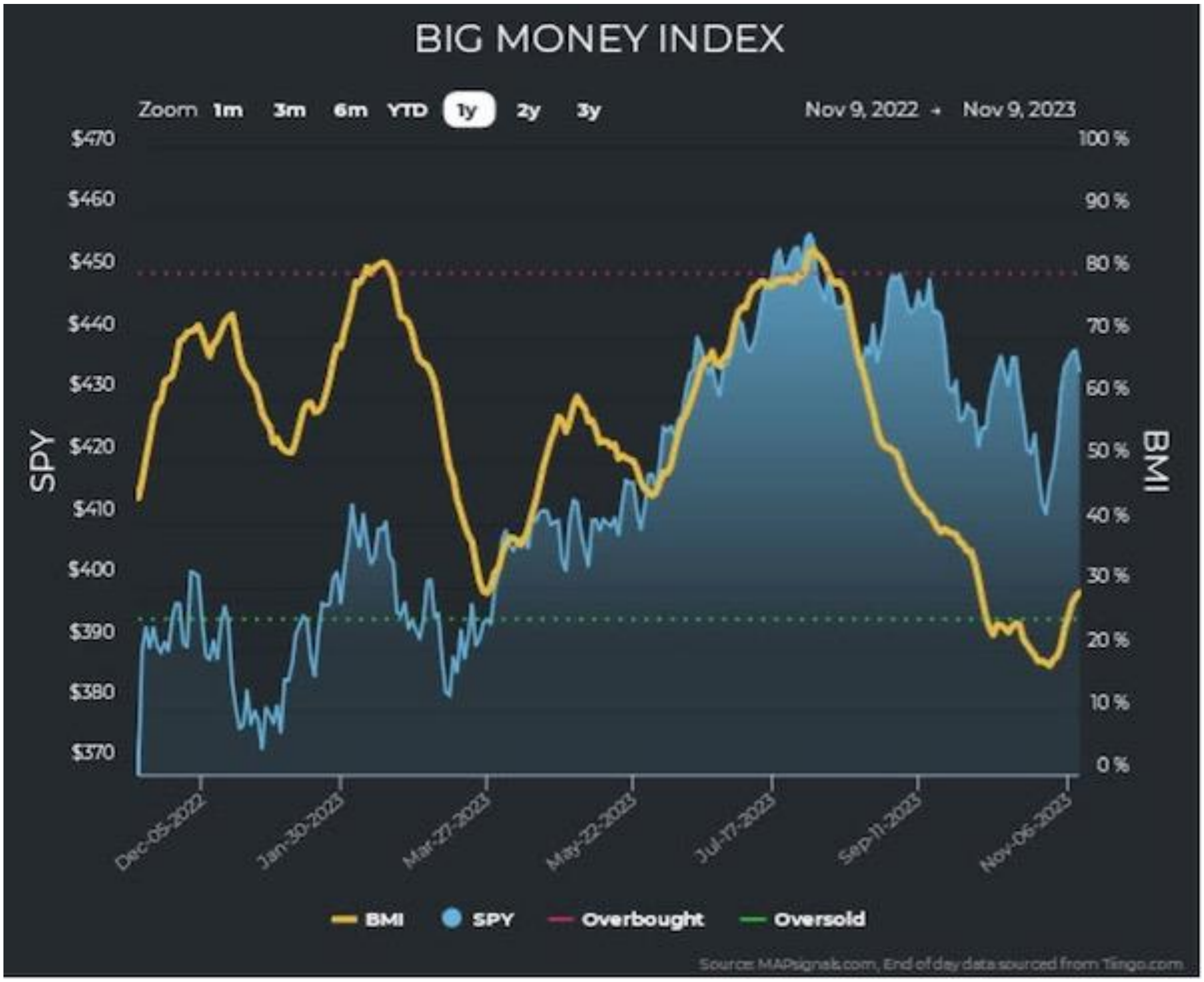
Jason: But they are visible to me, thanks to my Quantum Edge system. I took everything I learned about institutional order flow and condensed it into a simple signal that I call my Big Money buy signal. This indicator is triggered whenever large institutional buying is just getting started in any of the more than 6,000 stocks I track daily.

When money floods into a stock or ETF with unusual volume and volatility, my system generates a buy signal. And when money is cascading out of a stock or ETF, it generates a sell signal.

The goal is to spot Wall Street's biggest trades in real time, before they move the market.

Mike: **So, what is your Big Money flow analysis telling you about the stock market today?**

Jason: It's saying good things. In fact, my Big Money Index (BMI) flashed a buy signal back in early November, just as stocks were bottoming after a 10% correction from late July. Here is that signal so you can see for yourself.



The BMI is simply an aggregate moving average of all the buy or sell signals in stocks over a 25-day time frame. And as you can see, this Big Money indicator oscillates from above 80% to below 25% over time. And this tells you when the overall stock market is overbought or oversold, respectively.

When the BMI gets oversold, like it did in October, the S&P 500 has a roughly 80% chance historically of being higher six months later.

Mike: How much higher do stocks typically rally after a BMI buy signal like this?

Jason: Going back to 1990, the BMI reached an extreme low like this 129 times. Stocks were higher one year later 100% of the time and delivered you an average gain of 24.7%. And remember, this period covers more than 30 years of market history, including the 2000 tech bubble, 9/11, and the Great Financial Crisis in 2008.

Mike: That’s an amazingly consistent buy signal for stocks, not to mention a very profitable one. So, where are you seeing the Big Money flowing right now?

Jason Bodner: All sectors had a big increase of money flowing in last month. Perhaps even more telling is that the Big Money *selling* has evaporated from all sectors. If this were only a temporary rotational rally, we would see selling in some sectors and big inflows in others. But that's not what we see here. It's a one-way street of Big Money flowing into stocks.

In terms of sectors, technology and consumer discretionary are at the top of my rankings, which is great. Having growth areas leading the way out of the recent correction bodes well for a sustained bull market.

Mike: And before we wrap up, here's the really big question: What will 2024 bring for stocks?

Jason Bodner: Well, money is moving into stocks. Interest rates are falling, even with the Fed not yet cutting rates. But when they do, I suspect we will see a tidal wave of Big Money moving into stocks. And that should trigger a sustained move higher for the market well into next year.

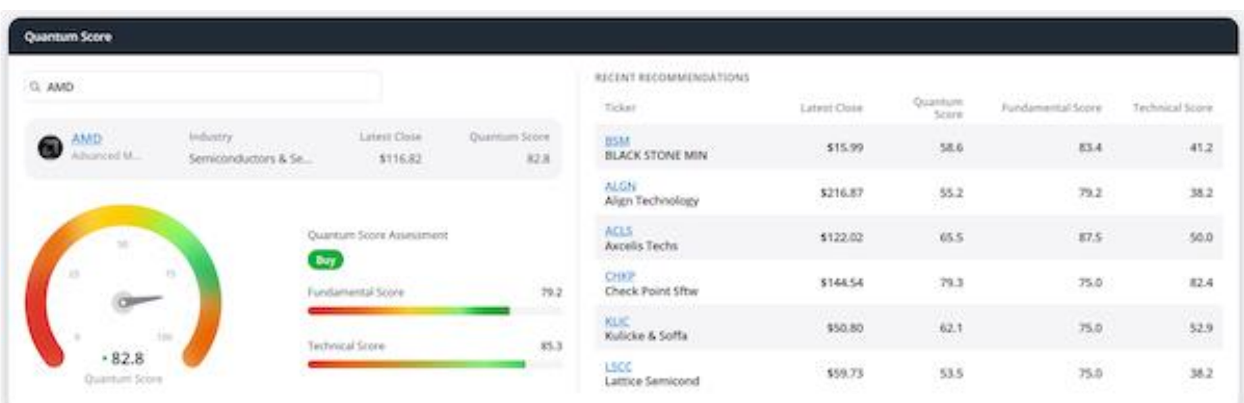
We want to own the highest-rated stocks that will be on the receiving end of that wave of cash.

Mike: Thanks, Jason.

Mike Burnick's Bottom Line: Jason's stock analysis goes even deeper than the Big Money signal. As you know, he also tracks fundamental and technical strength of individual stocks using his Quantum Score.

Today, we released an update for anyone with access to *Quantum Edge Pro* that gives you direct access to Jason's Quantum Score for any stock he tracks — all within the ***TradeSmith Finance*** platform you're already using.

Just go to your homepage, scroll down, and find the new tool just below the Market Health section. Here's what it looks like.



Type in any ticker, and the tool will automatically return the overall Quantum Score as well as the Fundamental and Technical scores that make it up. If it's in the green area where Jason recommends buying stocks, it'll also flash a buy signal.

Remember, you can find **his portfolio on *TradeSmith Finance* here** and catch up on his **columns and trade recommendations here**.

Good investing,

Mike Burnick
Senior Analyst, *TradeSmith*