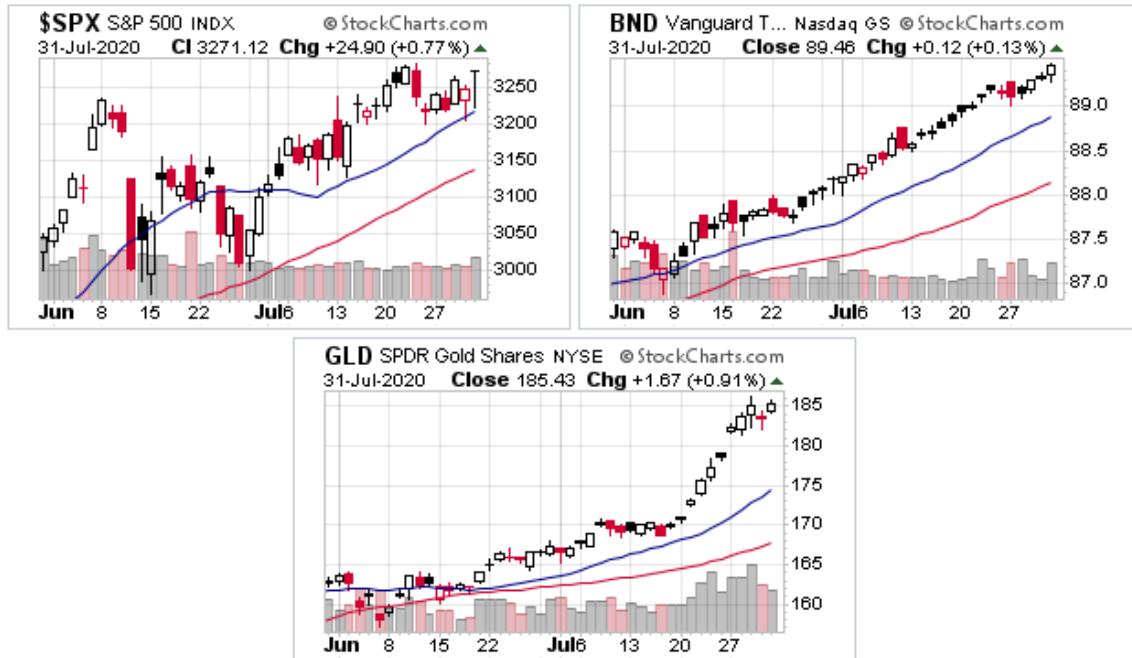


Weekly Market Analysis #312 – 31 July 2020

Richard "Doc" Ahrens

This Week

Usually equities go one way while bonds and gold go the other. It is quite unusual for all three to be headed up at the same time.



This chart array was created by using the StockCharts.COM CandleGlance feature.

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David Rosenberg said: "You have a real bifurcated equity market. Just a handful of stocks account for more than a quarter of the index, which is more concentrated than in 2000 at the peak of the dot-com bubble. If you look at industrials, consumer cyclicals, and financials, they are down 23% from their pre-recession peak."

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[Steve Blumenthal](#) noted:

Governments spend, corporations spend, and people spend. If there is less spending, the economy slows. If there is too much debt, more money has to go toward paying off the debt. If the overall economy slows, earnings slow. This is in conflict with record-high stock market valuations. Government is stepping in with the spending and the manipulation of stock and bond market prices. My point is the stresses are real, large, and not going to go away soon. Thus, seek growth but risk-manage against extreme downside, because no one knows when the confidence in the government's ability to hold up the house will be lost.

[Long-Term Trends](#)

← Use this link to see all the market barometer charts

Markets do not change course overnight. Speculating about the future is a waste of time, but markets trend and *understanding what is happening now tells us what is most likely to happen next.*

After last week's weakness, this week COMPQ came most of the back up to its July 20 high. All four major US indexes are still solid green.



A Closer Look

The SPX finished the week well but did not make it above last week's highest close of \$3276 on July 22. NYAD was not as optimistic as the SPX, declining on Monday, Thursday, and Friday. The VIX remained calm, ending the week at 24.46.



I met Greg Morris back in 1990 when I joined the Dallas Trader's Group. He has always been a source of market wisdom for me. He just published a new article with his son Grant, entitled "[Old Bear, New Trick](#)", which is well worth reading.

[Core Universe](#)

← Use this link to get to the live Core Universe Table and column descriptions

Core Universe Analysis for 31-Jul-2020							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
BND	Total Bond Market	ETF	UP	0.9:2.7	«UP»	520/0	0.0
EEM	Emerging Markets	ETF	UP	3.9:2.7	UP	0/1	-0.4
EFA	Euro/Aust/Asia	ETF	UP	1.7:2.7	=UP=	0/3	-0.3
GLD	Gold	ETF	UP	3.7:2.7	UP	520/0	0.9
IBB	Bio-Tech & Pharma	ETF	UP	4.3:2.7	«DN»	0/6	-0.9
IGV	Software	ETF	UP	5.6:2.7	«UP»	2/0	-0.4
ILF	Latin America	ETF	DN	0.1:2.7	«DN»	0/2	0.2
IWM	R2000 Index	ETF	UP	1.7:2.7	UP	0/0	0.0
IYT	Transportation	ETF	UP	2.1:2.7	=UP=	8/0	0.1
MINT	CASH SURROGATE	ETF	UP	0.3:2.7	=UP=	21/0	-0.0
PFF	S&P Preferred Stocks	ETF	=UP=	0.6:2.7	UP	20/0	0.2
QQQ	NASDAQ 100 Index	ETF	UP	5.8:2.7	UP	2/0	-0.4
SPY	S&P 500 Index	ETF	UP	2.5:2.7	UP	1/0	-0.1
TLT	20+ Year T-Bond	ETF	UP	1.8:2.7	=UP=	14/0	0.3
USMV	US Min Volatility	ETF	UP	0.8:2.7	UP	0/0	0.1
VGK	FTSE Europe	ETF	UP	2.3:2.7	=UP=	0/3	-0.3
VNQ	US Real Estate Sctr	ETF	DN	-0.7:2.7	=UP=	0/0	0.5
VTI	Total Market	ETF	UP	2.7:2.7	UP	1/0	-0.1

[Sector Charts](#)

Last week's Dynamic Asset Allocations were: BND 20% (my stop \$87.85), EEM 10% (my stop \$41.85), GLD 20% (my stop moved up to \$166.19), IGV 20% (my stop still \$283.35), QQQ 20% (adjusted stop \$249.40), and MINT 10%.

BND made yet another all time high. EEM has several indicators turning down but it is still above its stop. GLD made an all-time high and broke above resistance at \$185. IGV remains above its stop, so does QQQ. For all ETFs except for BND (and MINT), we will use a 5% stop going forward.

This week's selections are still the same ETFs but a few of the stops changed: BND 20% (my stop \$87.85), EEM 10% (5% stop \$41.94), GLD 20% (5% stop \$176.16), IGV 20% (5% stop open a bit to \$282.34), QQQ 20% (5% stop \$253.44), and MINT 10%.

BND's stop is much closer than 5% because its volatility is significantly lower than the other ETFs.

[Sector Universe](#)

← Use this link to get to the live Sector Universe Table and column descriptions

Sector Universe Analysis for 31-Jul-2020							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XAR	Space & Defense Sctr	ETF	DN	-1.7:2.6	dn	0/3	-0.1
XLB	Materials Sctr	ETF	UP	3.9:2.6	«UP»	0/3	-0.3
XLC	Communication Sctr	ETF	UP	3.5:2.6	UP	107/0	-0.2
XLE	Energy Sctr	ETF	DN	-4.2:2.6	«UP»	0/3	0.1
XLF	Financial Sctr	ETF	DN	-0.9:2.6	UP	0/0	0.1
XLI	Industrial Sctr	ETF	UP	0.9:2.6	=UP=	0/0	0.0
XLK	Technology Sctr	ETF	UP	4.7:2.6	UP	520/0	-0.3
XLP	Consumer Staples Sctr	ETF	UP	1.2:2.6	UP	21/0	0.2
XLRE	Real Estate Sctr	ETF	DN	-0.1:2.6	UP	0/0	0.5
XLU	Utilities Sctr	ETF	-UP-	-0.3:2.6	≡UP≡	7/0	0.3
XLV	Health Care Sctr	ETF	UP	2.2:2.6	-UP-	0/1	0.0
XLY	Consumer Discret Sctr	ETF	UP	4.3:2.6	UP	1/0	-0.1
XRT	Retail Sctr	ETF	UP	5.5:2.6	UP	0/0	0.2
XTN	Transportation Sctr	ETF	UP	1.3:2.6	dn	0/0	-0.3

[Auxiliary Universe Charts](#)

The SPX sectors with the greatest relative strength this week changed slightly: XRT, XLK, XLY, XLB, XLC, and XLV.

Auxiliary Universe Analysis for 31-Jul-2020							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
FIVG	5G Networking Sctr	ETF	UP	3.9:2.7	=UP=	71/0	0.2
HACK	Cyber Security	ETF	UP	4.1:2.7	-UP-	288/0	0.3
IHI	U.S. Medical Devices	ETF	UP	3.5:2.7	-UP-	0/0	0.3
IYT	Transportation	ETF	UP	2.1:2.7	=UP=	8/0	0.1
QTUM	Quantum Computing Sctr	ETF	UP	4.9:2.7	=UP=	96/0	-0.1
ROBO	Robot/Automation Sctr	ETF	UP	4.6:2.7	=UP=	0/1	-0.1
SLV	Silver Trust	ETF	UP	8.9:2.7	UP	0/1	2.0
SNSR	Internet of Things	ETF	UP	5.1:2.7	UP	0/0	-0.2
SOXX	Semiconductor Sctr	ETF	UP	5.3:2.7	UP	520/0	-0.0
SRVR	Data & Transmission REIT	ETF	UP	2.8:2.7	=UP=	0/0	0.2
USO	US Oil	ETF	DN	-21.7:2.7	UP	0/3	-0.4
XBI	Bio-Tech Sctr	ETF	UP	6.4:2.7	«DN»	0/6	-1.0
XHB	Homebuilders Sctr	ETF	UP	5.7:2.7	UP	0/0	0.5
XHE	Healthcare Equip Sctr	ETF	UP	4.3:2.7	=UP=	479/0	-0.0
XME	Metals & Mining Sctr	ETF	UP	2.2:2.7	=UP=	0/2	0.2
XOP	Oil+Gas Expl+Prod	ETF	DN	-3.5:2.7	-UP-	0/0	0.3
XPH	Pharmaceuticals Sctr	ETF	UP	1.8:2.7	dn	0/5	-0.3

[Core Universe Charts](#)

The 5% stop for SOXX moved up to \$276.99.