

## Weekly Market Analysis #319 – 18 September 2020

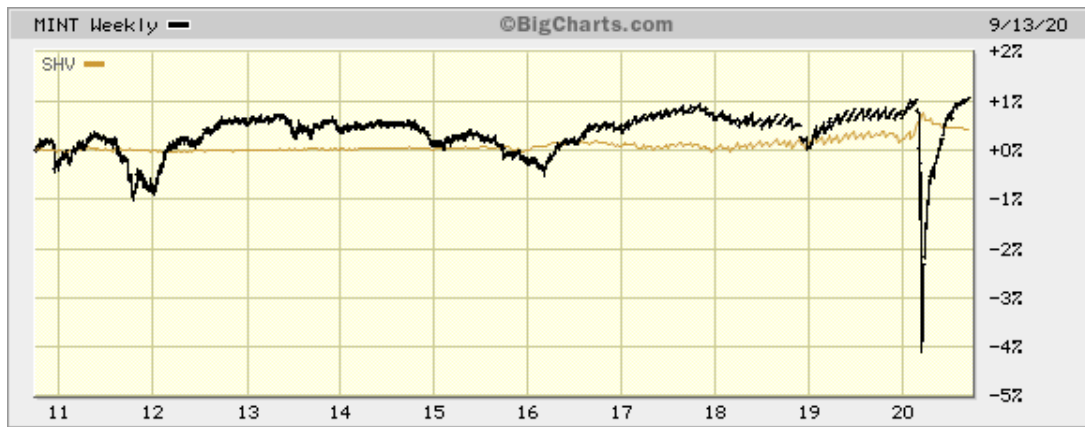
### Richard "Doc" Ahrens

#### This Week

The Dynamic Asset Allocation paper is (finally) approaching completion. I'll be emailing that out to my regular readers this week.

There are some changes in the Core Universe and the Sector Universe. The first change is that I have switched our cash surrogate fund from MINT to SHV.

This chart shows MINT in black and SHV in a sort of mustard color. When stocks fell on their faces in March, MINT did well compared to the stocks, but I was disturbed by its rapid 5% descent. I expect surprises in stock prices. I just don't like them in my cash account.



From now on the cash surrogate account will be displayed at the bottom of the Core Universe table and I'm putting a light gray background on it to call attention to the fact that it's not like the other ETFs.

By the way, if you're happy with MINT, there's no particular rush to sell it just to shift the money into SHV. But if the market starts down in earnest, you might want to move it.

- - - - -

From now on, if any ETF has an average volume of less than 200,000 shares per day, then the background color in the "Description" column will be set to yellow as a warning that it is thinly traded.

- - - - -

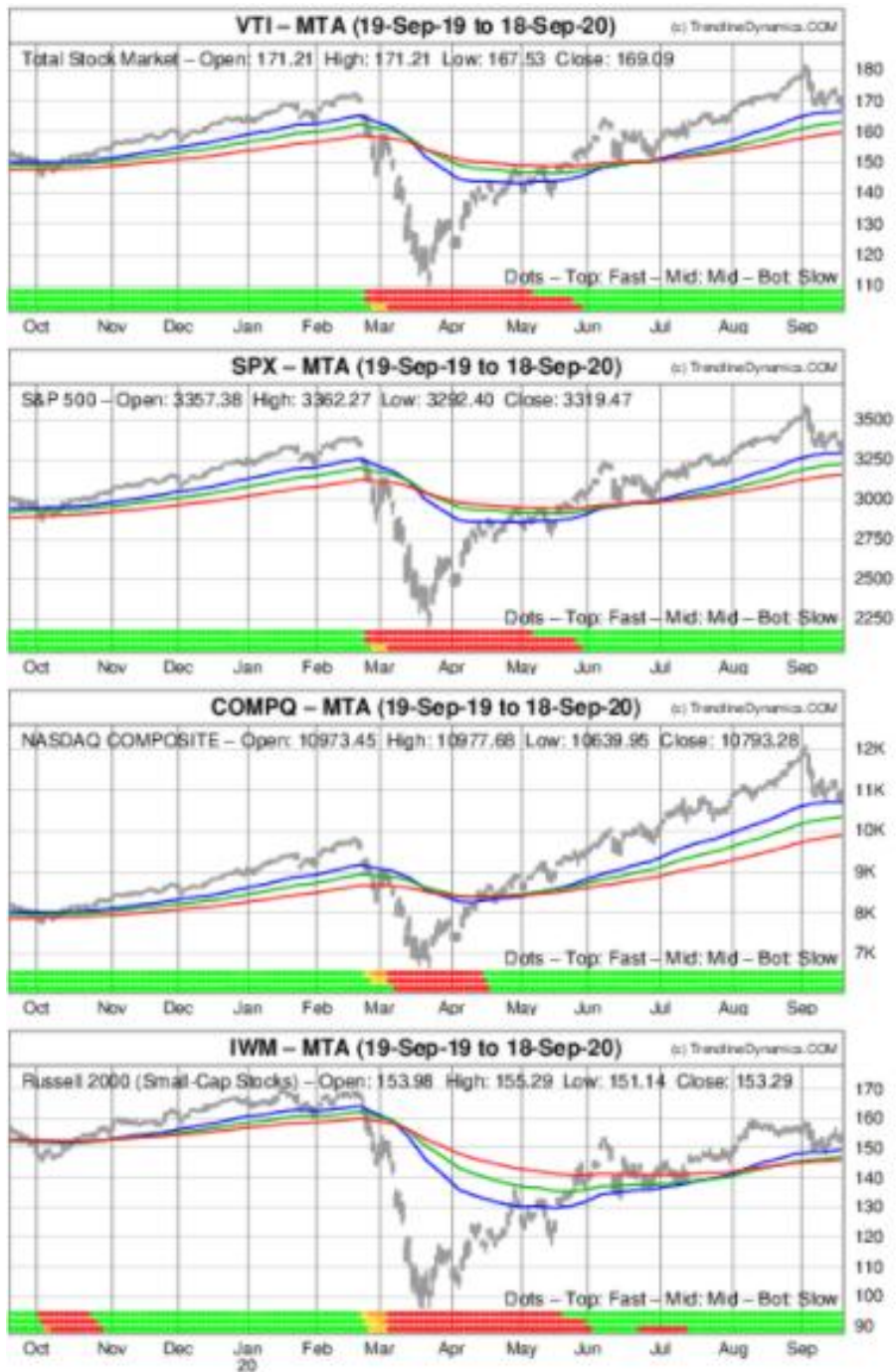
I dropped XTN from the Sector Universe because it is just too thinly traded. According to Yahoo Finance, its average daily volume is down to 55,000 shares a day. When a security has so little volume, the spread (the difference between the bid price and the ask price) widens, and in a fast decline you may not find any buyers at all.

## [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.*

The SPX and COMPQ indexes are very close to the fast moving average of the MTA, but the MTAs for all 4 indexes are still solid green.



## A Closer Look

The SPX closed below its 50-day average on Friday. NYAD is more-or-less tracking price for the last 3 weeks. The SPXA50R is at a 2-month low, and VIX continues napping just below 26 (higher than its 20-year average, but low based on recent activity).



<b>Core Universe Analysis for 18-Sep-2020</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">BND</a>	Total Bond Market	ETF	UP	0.3:3.4	DN	0/1	0.0
<a href="#">EEM</a>	Emerging Markets	ETF	UP	3.2:3.4	«DN»	0/1	-0.1
<a href="#">EFA</a>	Euro/Aust/Asia	ETF	UP	1.9:3.4	DN	3/1	-0.0
<a href="#">GLD</a>	Gold	ETF	UP	3.0:3.4	«DN»	0/1	-0.1
<a href="#">IBB</a>	Bio-Tech & Pharma	ETF	UP	0.6:3.4	-UP-	6/0	0.9
<a href="#">IGV</a>	Software	ETF	UP	5.0:3.4	up	0/1	-0.8
<a href="#">IWM</a>	R2000 Index	ETF	UP	2.7:3.4	«dn»	0/0	-0.3
<a href="#">IYT</a>	Transportation	ETF	UP	6.6:3.4	«up»	99/0	-0.2
<a href="#">PFF</a>	S&P Preferred Stocks	ETF	UP	1.3:3.4	DN	0/1	-0.1
<a href="#">QQQ</a>	NASDAQ 100 Index	ETF	UP	5.5:3.4	=DN=	0/5	-1.3
<a href="#">SPY</a>	S&P 500 Index	ETF	UP	3.3:3.4	DN	0/6	-0.9
<a href="#">TLT</a>	20+ Year T-Bond	ETF	UP	0.1:3.4	DN	0/1	0.1
<a href="#">USMV</a>	US Min Volatility	ETF	UP	1.4:3.4	≡DN≡	0/1	-0.2
<a href="#">VGK</a>	FTSE Europe	ETF	UP	2.3:3.4	DN	2/0	-0.1
<a href="#">VNQ</a>	US Real Estate Sctr	ETF	DN	0.7:3.4	-DN-	0/4	-0.1
<a href="#">VTI</a>	Total Market	ETF	UP	3.4:3.4	«DN»	0/1	-0.8
<a href="#">SHV</a>	CASH SURROGATE	ETF	UP	-0.0:3.4	DN	2/28	-0.0

[Sector Charts](#)

Last week's choices were: EEM 20% (5% stop \$43.27), IYT 20% (5% stop \$192.99), and MINT 60%.

Reviewing the top 10 ETFs by RelStr: IYT is still doing well and made a 99-week new high. QQQ is declining. IGV, VTI, and SPY are struggling. EEM lost a little ground but is still above its 5% stop. GLD is still flat. IWM is up and down between \$150 and \$160. VGK is having trouble getting above \$150, and EFA has a marginally positive slope.

This week remains largely the same except for the changeover from MINT to SHV: EEM 20% (5% stop \$43.27), IYT 20% (5% stop \$ 194.78), and SHV 60%.

[Sector Universe](#)

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

<b>Sector Universe Analysis for 18-Sep-2020</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XAR</a>	Space & Defense Sctr	ETF	DN	0.2:3.3	DN	2/0	0.1
<a href="#">XLB</a>	Materials Sctr	ETF	UP	4.6:3.3	up	520/1	0.2
<a href="#">XLC</a>	Communication Sctr	ETF	UP	4.2:3.3	DN	0/6	-1.0
<a href="#">XLE</a>	Energy Sctr	ETF	DN	-4.3:3.3	«dn»	2/0	-0.3
<a href="#">XLF</a>	Financial Sctr	ETF	UP	0.9:3.3	DN	0/1	-0.4
<a href="#">XLI</a>	Industrial Sctr	ETF	UP	3.7:3.3	«DN»	2/0	-0.1
<a href="#">XLK</a>	Technology Sctr	ETF	UP	5.4:3.3	DN	0/5	-1.3
<a href="#">XLP</a>	Consumer Staples Sctr	ETF	UP	2.4:3.3	DN	0/5	-0.5
<a href="#">XLRE</a>	Real Estate Sctr	ETF	UP	0.8:3.3	=DN=	0/1	-0.0
<a href="#">XLU</a>	Utilities Sctr	ETF	-DN-	-0.2:3.3	DN	0/9	0.0
<a href="#">XLV</a>	Health Care Sctr	ETF	UP	1.6:3.3	DN	0/1	-0.2
<a href="#">XLY</a>	Consumer Discret Sctr	ETF	UP	5.4:3.3	DN	0/5	-1.0
<a href="#">XRT</a>	Retail Sctr	ETF	UP	6.8:3.3	DN	0/1	-1.1

[Auxiliary Universe Charts](#)

Since this letter is oriented toward retail investors, I decided to lower my liquidity standard from 500K shares per day to 200K. Since none of us are working large positions, 200K is a reasonable volume level. According to Yahoo Finance, XAR only has an average volume of 146K shares per day, so it got flagged as thinly traded. I did remove XTN because at 20K average shares per day, it just doesn't have enough liquidity to be included here.

<b>Auxiliary Universe Analysis for 18-Sep-2020</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">FIVG</a>	5G Networking Sctr	ETF	UP	2.7:3.5	DN	0/0	-0.5
<a href="#">HACK</a>	Cyber Security	ETF	UP	2.8:3.4	DN	0/1	-0.9
<a href="#">IHI</a>	U.S. Medical Devices	ETF	UP	3.4:3.4	up	0/1	-0.3
<a href="#">QTUM</a>	Quantum Computing Sctr	ETF	UP	3.7:3.5	-UP-	0/0	-0.6
<a href="#">ROBO</a>	Robot/Automation Sctr	ETF	UP	4.1:3.4	-UP-	0/0	-0.1
<a href="#">SLV</a>	Silver Trust	ETF	UP	12.2:3.4	«DN»	0/1	-1.3
<a href="#">SNSR</a>	Internet of Things	ETF	UP	3.9:3.4	DN	0/1	-0.5
<a href="#">SOXX</a>	Semiconductor Sctr	ETF	UP	4.6:3.4	«DN»	0/1	-0.8
<a href="#">SRVR</a>	Data & Transmission REIT	ETF	UP	1.0:3.4	=DN=	0/1	-0.1
<a href="#">USO</a>	US Oil	ETF	DN	-16.1:3.4	=UP=	2/0	-0.0
<a href="#">XBI</a>	Bio-Tech Sctr	ETF	UP	1.8:3.4	UP	8/0	1.4
<a href="#">XHB</a>	Homebuilders Sctr	ETF	UP	6.9:3.4	«DN»	0/1	-0.3
<a href="#">XHE</a>	Healthcare Equip Sctr	ETF	UP	2.8:3.4	≡up≡	0/1	-0.0
<a href="#">XME</a>	Metals & Mining Sctr	ETF	UP	4.6:3.4	«DN»	29/0	0.1
<a href="#">XOP</a>	Oil+Gas Expl+Prod	ETF	DN	-3.3:3.4	-dn-	2/0	-0.6
<a href="#">XPH</a>	Pharmaceuticals Sctr	ETF	UP	1.2:3.4	«dn»	29/0	0.2

[Core Universe Charts](#)

SLV remains in its horizontal channel that is now over a month long.

By the 200k volume measure, HACK is now counted as reasonably liquid, and the more thinly traded ETFs are now clearly visible.

©2020 Trendline Dynamics ("TLD") is not a registered investment advisor. The purpose of this educational newsletter is to impart technical analysis and trading skills by showing how they are used in real time on real securities. The contents of this newsletter are only my opinions and descriptions of how I trade. No mention of a particular security, index, derivative, or other instrument in the newsletter constitutes a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security, index, or derivative for anyone other than myself. TLD hereby expressly disclaims any and all representations and warranties that: (a) the content of its newsletters is correct, accurate, complete, or reliable; (b) any of its newsletters will be available at any particular time or place, or in any particular medium; and (c) that any omission or error in any of its newsletters will be corrected. TLD's newsletter is published and distributed in accordance with applicable United States and foreign copyright and other laws. Without the prior written consent of TLD, no person or entity, directly or indirectly, may copy, reproduce, recompile, decompile, disassemble, reverse engineer, distribute, publish, display, perform, modify, upload to create derivative works from, transmit, or in any way exploit all or any part of TLD's website, its newsletter, or any other material belonging to TLD. At any given time TLD's principals may or may not have a financial interest in any or all of the securities, funds, bonds, and/or commodities mentioned.