

Weekly Market Analysis #432 — 18 November 2022

Richard "Doc" Ahrens

© All Rights Reserved

This Week

Words

In an effort to sound more precise, people have a tendency to add unnecessary detail. For example, instead of just saying "brown", some say "brown in color". When I hear someone say "brown in color" I always wonder "As opposed to what, 'brown in width'?"

Sometimes they do the reverse, they unthinkingly misapply a word, blurring or twisting its definition. Perhaps the usual word may seem dull or passé. For example, saying "I work in the insurance business." may not seem very exciting, so they decide to say "I work in the insurance **industry**". That has more punch to it, and pretty soon other people start using it, too. (Bear with me, this is going somewhere.)

The catch is, the definition of "industry" is "economic activity concerned with the processing of raw materials and manufacture of goods in factories." So "insurance industry" is an oxymoron. There is no manufacturing going on. It is just a business.

So what? As "industry" creeps toward becoming a synonym for "business", it has created some unintended consequences. For example, 16 of the 30 stocks in the Dow Jones Industrial Average aren't really industries. If an "industry" is a business that makes things you can see and touch (but cannot eat or deliver electronically), then less than half of the DJIA stocks qualify. Apple is an industry. They make things. Visa seems like more of a business. They are essentially an electronic bank. They don't really make anything. Home Depot is a retailer. They don't make anything, either.

The point here is, don't take things at face value. Just because some fund or index says it invests in this or that, go look for yourself. "ESG" and "Green" are great buzzwords, but a lot of people who invested in funds or companies that claimed to be ESG or Green got an unpleasant surprise when they took the time to look under the hood.

- - - - -

This week in [Thoughts from the Frontline](#), John Mauldin talks about crypto-currencies. I wasn't going to read it because I never had much interest in them. But since it was written by John, I started reading anyway. At the top of page two he says:

I haven't written much about crypto because, quite frankly, I've never felt the attraction. I'm not against the concept; I understand the philosophical libertarian argument. But I keep trying to find a "use case."

I thought "Wow, that's how I feel about it!", so I had to read the rest of it. John, as usual, talks about a variety of crypto-currency facts and ideas that I hadn't really thought about before. And he explains them in simple, straightforward terms.

I you hold crypto or are thinking about it. This article is well worth reading.

I was introduced to John's writing some 2 decades ago by my dear, departed friend, Mary Peterson. And I have been reading and learning from John's weekly letters ever since.

Market Barometers

← Use this link to see all the market barometer charts

The MTA says the Dow has turned up. It makes sense that the best rated stocks would turn up first. Interestingly, none of the other 4 indexes has made much progress toward turning their MTAs green.



A Closer Look

This week the SPX lost a little ground, scoring only two up days. The NYAD moved with price. The SPXA50R was essentially flat near 83. I added the blue line — stocks that crossed above their 200-day average. That one recently got above its 50% level, which is positive news.



Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above Their 50-day Averages](#), [NewHigh-NewLows](#)

[Bullish Universe](#)

← Use this link to get to the live summary table

These are ETFs that are likely to do well during bull markets.

Bullish Universe Analysis for 18-Nov-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
EEM	EMERGING MARKETS	ETF	DN	-1.3:0.1	-UP-	10/1	1.3
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	DN	1.5:0.1	-UP-	1/1	1.3
IEMG	EMERGING MARKETS	ETF	DN	-1.2:0.1	≡up≡	10/1	1.2
IGV	SOFTWARE	ETF	DN	-1.8:0.1	«DN»	9/1	0.9
IQLT	GLOBAL QUALITY	ETF	DN	1.6:0.1	-UP-	1/1	1.3
IWM	RUSSELL 2000 SMALL-CAP	ETF	DN	1.1:0.1	DN	10/1	0.3
IYT	DOW JONES TRANSPORTS	ETF	DN	0.1:0.1	-UP-	10/1	1.0
MOAT	MORNINGSTAR WIDE MOAT	ETF	DN	0.1:0.1	UP	10/1	1.0
QQQ	NASDAQ 100	ETF	DN	-2.0:0.1	«dn»	9/1	1.2
RSP	UNWEIGHTED S&P 500	ETF	-UP-	1.1:0.1	-UP-	1/1	0.5
SPY	S&P 500 (LARGE-CAP)	ETF	DN	0.1:0.1	-UP-	1/1	0.7
USL	US 12 Month Oil FUND	ETF	UP	-0.6:0.1	«UP»	1/5	-0.7
USMV	USA MIN VOLATILITY	ETF	DN	0.4:0.1	-UP-	10/1	0.4
VGK	FTSE EUROPE	ETF	DN	2.2:0.1	-UP-	1/1	1.3
VGT	INFORMATION TECHNOLOGY	ETF	DN	-1.3:0.1	UP	10/1	1.2
VNQ	U.S. REIT INDEX	ETF	DN	-3.1:0.1	«dn»	1/1	0.9
VTI	TOTAL STOCK MARKET	ETF	DN	0.1:0.1	-dn-	10/1	0.6
VUG	LARGE CAP GROWTH	ETF	DN	-2.1:0.1	dn	9/1	1.2
COMPQ	NASDAQ COMPOSITE	INDEX	DN	-2.1:0.1	«DN»	9/1	1.1
DIA	DOW JONES INDUSTRIALS	ETF	UP	2.8:0.1	-UP-	1/1	0.2
DXY	US DOLLAR INDEX	INDEX	UP	-0.2:0.1		1/14	-0.9
SPX	S&P 500	INDEX	DN	0.0:0.1	-UP-	1/1	0.7

RSP, the equally-weighted version of the S&P 500 managed to get its MTA on.

[Bearish Universe](#)

← Use this link to get to the live summary table

These are ETFs that are likely to do well during bear markets.

Bearish Universe Analysis for 18-Nov-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	DN	-0.8:0.1	UP	9/1	0.4
BGRN	GLOBAL GREEN BOND	ETF	DN	-1.3:0.1	UP	8/1	0.5
BND	TOTAL BOND MARKET	ETF	DN	-1.5:0.1	UP	8/1	0.6
CBON	CHINESE BONDS	ETF	DN	-2.0:0.1	dn	6/1	0.3
GOVT	U.S. TREASURY BOND	ETF	DN	-1.5:0.1	≡UP≡	7/1	0.5
IEI	3-7 YEAR TREASURY BOND	ETF	DN	-0.9:0.1	UP	8/1	0.4
IWN	RUSSELL 2000 VALUE	ETF	-UP-	1.4:0.1	-up-	12/1	0.3
LQD	INVESTMENT GRADE CORP BOND	ETF	DN	-1.7:0.1	UP	8/1	0.9
MUB	MUNICIPAL BONDS	ETF	DN	-0.8:0.1	≡UP≡	9/1	0.5
PCY	EMERGING MARKET BONDS	ETF	DN	-0.7:0.1	UP	10/1	1.1
PFF	S&P PREFERRED	ETF	DN	-2.3:0.1	«DN»	7/1	0.9
SPYV	S&P 500 (VALUE)	ETF	UP	1.8:0.1	-dn-	1/1	0.3
TIP	TIPS BOND	ETF	DN	-1.8:0.1	«DN»	8/1	0.2
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	-3.4:0.1	≡UP≡	7/1	1.2
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	-4.6:0.1	UP	6/1	1.5
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	DN	-1.5:0.1	UP	8/1	0.7
VTV	US LARGE CAP VALUE	ETF	UP	2.1:0.1	«UP»	13/1	0.2
BIL	CASH EQUIVALENT	ETF	UP	0.0:0.1	=UP=	3/2	0.0
SHV	CASH EQUIVALENT	ETF	DN	0.0:0.1	UP	3/1	0.0

Three value stock ETFs — IWN, SPYV, and VTV — are now positive.

[Inflation Universe](#)

These are ETFs that are likely to do well during strong inflation.

Inflation Universe Analysis for 18-Nov-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
COPX	GLOBAL X COPPER MINERS	ETF	=UP=	4.0:0.1	<<up>>	1/1	1.4
CPER	US COPPER INDEX	ETF	DN	1.9:0.1	<<up>>	1/2	0.2
DBA	DB AGRICULTURE INDEX	ETF	DN	-1.1:0.1	UP	2/2	0.0
DBB	BASE METALS	ETF	DN	0.0:0.1	UP	12/1	0.9
DBC	DB COMMODITY INDEX	ETF	UP	-0.2:0.1	<<UP>>	1/3	-0.4
GDV	MARKET VECTORS GOLD MINERS	ETF	DN	2.4:0.1	<<UP>>	1/1	1.3
GLD	SPDR GOLD SHARES	ETF	DN	0.0:0.1	UP	14/1	0.8
INFL	INFLATION BENEFICIARIES	ETF	UP	2.8:0.1	-UP-	23/1	0.4
IVE	S&P 500 VALUE	ETF	UP	1.7:0.1	-UP-	12/1	0.3
KBWB	BIG BANKS	ETF	DN	0.8:0.1	-UP-	1/1	0.1
KRBN	GLOBAL CARBON	ETF	DN	-0.6:0.1	<<up>>	3/1	-0.4
LIT	LITHIUM & BATTERY TECH	ETF	DN	-1.3:0.1	<<DN>>	1/2	-0.3
PAVE	INFRASTRUCTURE	ETF	UP	3.0:0.1	<<UP>>	1/1	0.5
PPLT	PLATINUM	ETF	UP	4.6:0.1	=up=	1/2	-0.2
REMX	RARE EARTH METALS	ETF	=UP=	0.4:0.1	DN	1/2	-0.2
SLV	SILVER TRUST	ETF	UP	3.2:0.1	<<up>>	23/2	0.3
SMH	SEMICONDUCTORS	ETF	DN	-0.6:0.1	<<up>>	12/1	1.9
UNG	UNITED STATES NATURAL GAS	ETF	DN	-11.9:0.1	=UP=	2/1	1.9
URA	URANIUM	ETF	DN	-0.4:0.1	<<UP>>	1/1	0.1
VIG	DIVIDEND APPRECIATION	ETF	≡UP≡	1.3:0.1	-UP-	12/1	0.5

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 18-Nov-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XAR	SPACE & DEFENSE	ETF	UP	2.8:0.1	up	1/1	-0.0
XHB	HOMEBUILDERS	ETF	DN	0.5:0.1	-UP-	1/1	1.1
XLB	MATERIALS	ETF	≡UP≡	2.3:0.1	-dn-	1/1	0.8
XLC	COMMUNICATION SRVCS	ETF	DN	-3.5:0.1	«dn»	4/1	1.3
XLE	ENERGY	ETF	UP	7.1:0.1	-UP-	412/1	-0.4
XLF	FINANCIALS	ETF	UP	2.9:0.1	-UP-	1/1	0.3
XLI	INDUSTRIALS	ETF	UP	3.3:0.1	-UP-	13/1	0.4
XLK	TECHNOLOGY	ETF	DN	-1.2:0.1	UP	10/1	1.2
XLP	CONSUMER STAPLES	ETF	≡UP≡	0.6:0.1	-UP-	12/1	0.3
XLRE	REAL ESTATE	ETF	DN	-3.4:0.1	«dn»	1/1	1.0
XLU	UTILITIES	ETF	DN	-3.1:0.1	«UP»	7/1	0.9
XLV	HEALTH CARE	ETF	UP	1.9:0.1	«up»	1/1	0.0
XLY	CONSUMER DISCRETIONARY	ETF	DN	-3.3:0.1	-dn-	1/1	0.7
XOP	OIL & GAS EXP & PROD	ETF	UP	5.5:0.1	-UP-	23/1	-0.4
XRT	RETAIL	ETF	DN	1.1:0.1	«dn»	10/1	0.8
XTN	S&P TRANSPORTATION	ETF	DN	0.9:0.1	-UP-	12/1	0.6

50% of the 16 sectors are now advancing as measured by their MTAs.

[Auxiliary Universe](#)

← Use this link to get to the live summary table

Auxiliary Universe Analysis for 18-Nov-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ARKG	GENOMIC REVOLUTION	ETF	DN	-0.7:0.1	«DN»	1/1	0.1
ARKK	DISRUPTIVE INNOVATION	ETF	DN	-3.5:0.1	=DN=	1/1	0.9
ARKQ	AI & ROBOTICS	ETF	DN	-4.4:0.1	«DN»	3/1	0.6
ARKW	NEXT GENERATION INTERNET	ETF	DN	-3.8:0.1	«DN»	3/1	0.4
FIVG	FIFTH GENERATION NETWORKS	ETF	DN	-1.7:0.1	-UP-	9/1	1.0
FIW	POTABLE/WASTE WATER	ETF	UP	1.8:0.1	«dn»	12/1	0.5
HACK	CYBER SECURITY	ETF	DN	-1.2:0.1	≡up≡	3/1	0.3
IBB	BIO-TECH & PHARMA	ETF	UP	3.9:0.1	up	43/1	0.3
IHI	U.S. MEDICAL DEVICES	ETF	DN	-0.2:0.1	DN	1/1	0.6
ITB	U.S. HOME CONSTRUCTION	ETF	DN	1.3:0.1	-UP-	1/1	0.9
KIE	INSURANCE SECTOR	ETF	UP	3.1:0.1	=up=	1/1	-0.2
PPH	PHARMACEUTICALS	ETF	DN	0.6:0.1	«UP»	12/1	0.1
SOXX	PHLX SEMICONDUCTORS	ETF	DN	-0.9:0.1	«up»	12/1	1.7
SRVR	DATA & TRANSMISSION REIT	ETF	DN	-5.1:0.1	DN	1/1	1.5
VDE	VANGUARD ENERGY ETF	ETF	UP	6.9:0.1	-UP-	301/1	-0.4
WOOD	GLOBAL TIMBER & FORESTRY	ETF	DN	0.4:0.1	UP	1/1	0.8
XBI	BIOTECHNOLOGY	ETF	DN	0.6:0.1	=DN=	1/1	0.1
XME	METALS AND MINING	ETF	UP	2.5:0.1	«up»	12/1	0.2

VDE continues to do well. IBB moves ahead as KIE remains in horizontal channel.

= = = = = = = = = = = = =

[Stock Universe](#) Top 10 Stocks (with positive slopes) sorted by slope on November 18

1. NVEC 14.8 ↑↑
2. SPOK 8.2 ↓
3. SPG 7.5 ↑↑
4. SCCO 6.9 ↑↑
5. GTY 5.4 ↑↑
6. UWMC 5.3 ↑↑
7. PRU 5.1 ↑↑
8. AM 4.5 ↑↑
9. BP 4.4 ↑↑
10. SLX 4.1 ↑↑

This Week's Selections

Last week's choices were: NVEC 10%, SPOK 10%, VDE 10%, and BIL 70%.

Top 10 (minus 1) ETFs By Slope

Sym	Slope	Long	Last
NVEC	14.8 ↑↑	yes	\$66.17
SPOK	8.2 ↓	yes	\$8.19
VDE	6.9 ↑↑	yes	\$128.25
PPLT	4.6 ↑↑	no	\$90.95
COPX	4.0 ↑↑	no	\$33.46
IBB	3.9 ↑↑	no	\$133.74
SLV	3.2 ↑↑	no	\$19.25
KIE	3.1 ↑↑	no	\$41.22
PAVE	3.0 ↑↑	no	\$27.35
INFL	2.8 ↑↑	no	\$32.35

Legend: Up: ↑, Down: ↓, Flat/Stable: —

Analysis

[NVEC](#) seems to have run into significant overhead supply (historical resistance) near \$65, so even though CMF is positive, price is not making any headway for now. [SPOK](#) declined this week but found support (substantial demand) at \$8. [VDE](#) declined with the market, but its CMF actually advanced. [PPLT](#) completed an "island reversal" (i.e., it gapped up last week and it gapped back down this week). However, it remained above historical and psychological support at \$90. [COPX](#) briefly got above \$35 then declined below \$34, but its CMF remains positive.

[IBB](#) edged above historical resistance at \$135 and then the market decline swept it back down again. [SLV](#) peeked over the \$20 level then it, too, fell back down. [KIE](#) spent a 3rd week in the \$40-\$42 range. OBV is up but CMF is less positive. [PAVE](#) money flow remains positive since late October as price holds above \$27. [INFL](#) held above \$32.

My Decisions

I didn't find any compelling reason to buy or sell any securities this. PPLT is still jumpy. COPX is a wait for > \$35, KIE is still a wait for > \$42, IBB is a wait for > \$135, and PAVE is a wait for > \$28.

So my decision for this week is to keep NVEC 10%, SPOK 10%, VDE 10%, and BIL 70%.