

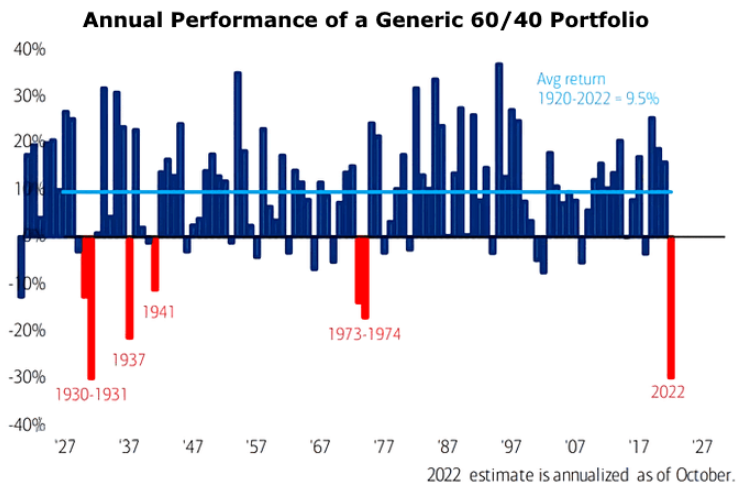
Weekly Market Analysis #434 — 2 December 2022

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This Week

The rationale behind the 60/40 Portfolio (60% stocks and 40% bonds) is that the two classes balance each other. When stocks go down, bonds usually go up, and vice versa.



Unfortunately, these are not usual times. Stocks and bonds have both gone down together, and now a typical 60/40 portfolio is down about 30%, a decrease not seen since 1930. If an investment goes down 30%, it has to rise almost 43% to get back up to where it started.

This is why I got very serious about learning how to do active management in 2003, after the SPX dropped 49% in 2 years, a decline that required a rise of 96.8% to break even.

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The Macro Trend Analyzer (MTA) indicator has now been in forward testing for almost 5 years, and its performance across hundreds of stocks under an array of conditions has been very good. It won't get you in at the bottom or out at the top (and neither will any other method that doesn't involve a crystal ball). But it gets you in when a credible advance is under way, and it gets you out before a serious decline does too much damage. The average exit point under a variety of declines ranges between a 10-14 percent loss. In the last big decline, the MTA issued an exit signal several days before a 15% trailing stop did.

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On Wednesday the Fed hiked the base rate by 50 basis points and the SPX \$134 by the end of the day. On Friday the employment report was good, and the SPX dropped \$50 in one minute. Good news is bad news and bad news is good news. The only traders making money are the quants, who bet on the amount of price change rather than the direction of change.

Market Barometers

← Use this link to see all the market barometer charts

The DJIA and the SPX are green. VTI is not quite green yet. COMPQ is still lagging. IWM is technically green because one day in November all three averages were rising, and that's what it takes to flip the state from red to green; however, IWM's "green" is not very convincing yet. If we count IWM as 1/2 green and 1/2 red, then the total score for the five indexes is 2.5 green and 2.5 red. Overall, it's like when the meteorologists say "partly cloudy"...



A Closer Look

The SPX is flirting with the 200-day average. The NYAD is optimistic. The SPXA50R and SPXA200R, not so much. Another "partly cloudy"...



Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 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 02-Dec-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
EEM	EMERGING MARKETS	ETF	DN	1.4:1.9	up	12/2	0.6
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	4.5:1.9	=UP=	25/1	0.3
IEMG	EMERGING MARKETS	ETF	DN	1.4:1.9	up	12/1	0.6
IGV	SOFTWARE	ETF	DN	-0.3:1.9	=UP=	11/2	0.7
IQLT	GLOBAL QUALITY	ETF	UP	4.6:1.9	=UP=	25/1	0.3
IWM	RUSSELL 2000 SMALL-CAP	ETF	UP	2.1:1.9	=UP=	12/3	0.1
IYT	DOW JONES TRANSPORTS	ETF	UP	2.5:1.9	=UP=	12/2	0.2
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	2.4:1.9	=UP=	14/3	0.3
QQQ	NASDAQ 100	ETF	DN	-0.1:1.9	=UP=	11/3	0.6
RSP	UNWEIGHTED S&P 500	ETF	UP	3.0:1.9	UP	15/2	0.2
SPY	S&P 500 (LARGE-CAP)	ETF	-UP-	1.8:1.9	UP	12/2	0.3
USL	US 12 Month Oil FUND	ETF	DN	-1.3:1.9	<<up>>	2/9	-0.0
USMV	USA MIN VOLATILITY	ETF	UP	2.3:1.9	UP	15/2	0.4
VGK	FTSE EUROPE	ETF	UP	5.4:1.9	=UP=	25/1	0.2
VGT	INFORMATION TECHNOLOGY	ETF	DN	0.8:1.9	=UP=	12/3	0.4
VNQ	U.S. REIT INDEX	ETF	DN	-0.4:1.9	UP	11/2	0.4
VTI	TOTAL STOCK MARKET	ETF	DN	1.8:1.9	UP	12/2	0.3
VUG	LARGE CAP GROWTH	ETF	DN	-0.3:1.9	=UP=	11/3	0.7
COMPQ	NASDAQ COMPOSITE	INDEX	DN	-0.4:1.9	=UP=	11/3	0.7
DIA	DOW JONES INDUSTRIALS	ETF	UP	4.4:1.9	UP	31/2	-0.1
DXY	US DOLLAR INDEX	INDEX	<<DN>>	-1.5:2.0		2/22	-0.2
SPX	S&P 500	INDEX	<<UP>>	1.8:1.9	UP	12/2	0.3

The best core ETF this week is the FTSE Europe. Go figure.

[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 02-Dec-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	DN	0.2:1.9	≡UP≡	12/2	0.3
BGRN	GLOBAL GREEN BOND	ETF	DN	-0.2:1.9	-UP-	11/1	0.4
BND	TOTAL BOND MARKET	ETF	DN	-0.3:1.9	=UP=	12/1	0.4
CBON	CHINESE BONDS	ETF	DN	-1.4:1.9	<<UP>>	8/4	0.4
GOVT	U.S. TREASURY BOND	ETF	DN	-0.5:1.9	=UP=	11/1	0.4
IEI	3-7 YEAR TREASURY BOND	ETF	DN	-0.2:1.9	=UP=	12/1	0.3
IWN	RUSSELL 2000 VALUE	ETF	UP	2.5:1.9	-up-	14/3	-0.1
LQD	INVESTMENT GRADE CORP BOND	ETF	DN	0.3:1.9	=UP=	13/2	0.6
MUB	MUNICIPAL BONDS	ETF	DN	0.3:1.9	≡UP≡	14/1	0.3
PCY	EMERGING MARKET BONDS	ETF	DN	2.3:1.9	=UP=	15/1	1.0
PFF	S&P PREFERRED	ETF	DN	-0.8:1.9	<<UP>>	10/3	0.4
SPYV	S&P 500 (VALUE)	ETF	UP	3.5:1.9	UP	30/2	0.0
TIP	TIPS BOND	ETF	DN	-0.8:1.9	=UP=	11/2	0.7
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	-1.0:1.9	=UP=	11/1	1.1
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	-1.7:1.9	=UP=	10/1	1.6
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	DN	0.1:1.9	=UP=	13/1	0.5
VTV	US LARGE CAP VALUE	ETF	UP	3.8:1.9	UP	31/2	0.0
BIL	CASH EQUIVALENT	ETF	UP	0.0:1.9	<<DN>>	261/4	-0.0
SHV	CASH EQUIVALENT	ETF	DN	0.0:1.9	UP	13/3	-0.0

Value is still in style.

[Inflation Universe](#)

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

Inflation Universe Analysis for 02-Dec-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
COPX	GLOBAL X COPPER MINERS	ETF	UP	7.7:1.9	≡UP≡	24/2	0.5
CPER	US COPPER INDEX	ETF	DN	3.0:1.9	=UP=	3/2	0.3
DBA	DB AGRICULTURE INDEX	ETF	DN	-1.0:1.9	-up-	2/5	0.0
DBB	BASE METALS	ETF	DN	1.7:1.9	-up-	16/2	0.4
DBC	DB COMMODITY INDEX	ETF	DN	-0.6:1.9	<<DN>>	2/9	-0.2
GDV	MARKET VECTORS GOLD MINERS	ETF	UP	6.4:1.9	≡UP≡	23/2	0.7
GLD	SPDR GOLD SHARES	ETF	UP	1.4:1.9	=UP=	16/2	0.3
INFL	INFLATION BENEFICIARIES	ETF	UP	4.4:1.9	-up-	31/1	-0.1
IVE	S&P 500 VALUE	ETF	UP	3.5:1.9	UP	30/2	0.0
KBWB	BIG BANKS	ETF	DN	2.1:1.9	=UP=	3/2	-0.2
KRBN	GLOBAL CARBON	ETF	DN	1.8:1.9	=UP=	14/1	1.2
LIT	LITHIUM & BATTERY TECH	ETF	DN	-1.3:1.9	<<UP>>	2/7	0.1
PAVE	INFRASTRUCTURE	ETF	UP	4.9:1.9	<<UP>>	32/2	-0.1
PPLT	PLATINUM	ETF	UP	5.4:1.9	-up-	37/1	0.0
REMX	RARE EARTH METALS	ETF	=DN=	1.3:1.9	=UP=	3/4	0.2
SLV	SILVER TRUST	ETF	UP	5.3:1.9	=UP=	30/2	0.8
SMH	SEMICONDUCTORS	ETF	UP	3.9:1.9	=UP=	14/3	0.1
UNG	UNITED STATES NATURAL GAS	ETF	DN	-7.7:1.9	<<DN>>	1/4	-0.2
URA	URANIUM	ETF	DN	0.4:1.9	=UP=	2/2	0.1
VIG	DIVIDEND APPRECIATION	ETF	UP	3.3:1.9	=UP=	15/2	0.2

Leaders this week are copper (COPX), platinum (PPLT), silver (SLV), gold miners (GDV), construction (PAVE), and semiconductors (SMH).

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 02-Dec-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XAR	SPACE & DEFENSE	ETF	UP	4.0:1.9	-UP-	3/4	-0.2
XHB	HOMEBUILDERS	ETF	UP	2.5:1.9	≡UP≡	14/1	0.3
XLB	MATERIALS	ETF	UP	4.8:1.9	UP	25/2	0.1
XLC	COMMUNICATION SRVCS	ETF	DN	-1.5:1.9	UP	11/2	1.1
XLE	ENERGY	ETF	UP	6.3:1.9	≡up≡	1/3	-0.8
XLF	FINANCIALS	ETF	UP	4.6:1.9	UP	31/2	-0.2
XLI	INDUSTRIALS	ETF	UP	5.2:1.9	=UP=	34/2	-0.1
XLK	TECHNOLOGY	ETF	DN	1.1:1.9	=UP=	12/3	0.4
XLP	CONSUMER STAPLES	ETF	UP	2.6:1.9	UP	28/2	0.3
XLRE	REAL ESTATE	ETF	DN	-0.6:1.9	UP	11/2	0.4
XLU	UTILITIES	ETF	<<UP>>	-0.5:1.9	UP	10/2	0.6
XLV	HEALTH CARE	ETF	UP	3.2:1.9	UP	32/2	0.3
XLY	CONSUMER DISCRETIONARY	ETF	DN	-2.2:1.9	=UP=	5/1	1.0
XOP	OIL & GAS EXP & PROD	ETF	UP	4.5:1.9	up	1/6	-1.0
XRT	RETAIL	ETF	DN	3.4:1.9	<<UP>>	14/2	0.2
XTN	S&P TRANSPORTATION	ETF	DN	2.4:1.9	DN	2/3	-0.1

Energy, industrials, materials, financials...

[Auxiliary Universe](#)

← Use this link to get to the live summary table

Auxiliary Universe Analysis for 02-Dec-2022							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ARKG	GENOMIC REVOLUTION	ETF	DN	-1.2:1.9	<<UP>>	2/6	0.1
ARKK	DISRUPTIVE INNOVATION	ETF	DN	-2.8:1.9	=UP=	2/3	0.9
ARKQ	AI & ROBOTICS	ETF	DN	-3.2:1.9	=UP=	2/3	0.9
ARKW	NEXT GENERATION INTERNET	ETF	DN	-3.3:1.9	=UP=	2/2	1.0
FIVG	FIFTH GENERATION NETWORKS	ETF	DN	0.8:1.9	=UP=	12/2	0.4
FIW	POTABLE/WASTE WATER	ETF	UP	3.5:1.9	=UP=	15/2	0.2
HACK	CYBER SECURITY	ETF	DN	0.1:1.9	=UP=	12/2	0.5
IBB	BIO-TECH & PHARMA	ETF	UP	4.9:1.9	-UP-	45/3	0.1
IHI	U.S. MEDICAL DEVICES	ETF	DN	1.6:1.9	≡UP≡	12/2	0.6
ITB	U.S. HOME CONSTRUCTION	ETF	UP	3.5:1.9	UP	15/2	0.4
KIE	INSURANCE SECTOR	ETF	UP	4.1:1.9	≡UP≡	858/2	0.1
PPH	PHARMACEUTICALS	ETF	UP	2.5:1.9	UP	22/1	0.7
SOXX	PHLX SEMICONDUCTORS	ETF	DN	3.3:1.9	=UP=	14/3	0.1
SRVR	DATA & TRANSMISSION REIT	ETF	DN	-1.6:1.9	≡UP≡	10/2	0.5
VDE	VANGUARD ENERGY ETF	ETF	UP	6.1:1.9	up	1/3	-0.9
WOOD	GLOBAL TIMBER & FORESTRY	ETF	DN	2.3:1.9	UP	12/3	-0.2
XBI	BIOTECHNOLOGY	ETF	DN	0.8:1.9	<<UP>>	11/3	0.8
XME	METALS AND MINING	ETF	UP	4.6:1.9	<<UP>>	25/2	0.5

Energy, biotech, metals and mining, insurance

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[Stock Universe](#) Top 10 Stocks (with positive slopes) sorted by slope on December 2

1. NVEC 14.5 ↓
2. UWMC 11.8 ↑↑
3. WBA 7.7 ↑↑
4. GTY 6.8 ↑↑
5. SPOK 5.8 ↓↓
6. AM 5.0 ↑↑
7. IRM 3.3 ↑↑
8. PM 2.5 ↑↑
9. BMO 2.5 ↑↑
10. KMI 2.2 ↑↑

This Week's Selections

Last week's choices were: KIE 10%, NVEC 10%, SPOK 10%, VDE 10%, and BIL 60%.

Top 10 (minus 1) ETFs By Slope

Sym	Slope	Long	Last
NVEC	14.5 ↓	yes	\$64.23
COPX	7.7 ↑↑	no	\$36.94
GDY	6.4 ↑↑	no	\$29.92
VDE	6.1 ↓	yes	\$126.28
SPOK	5.8 ↓↓	yes	\$8.00
VGK	5.4 ↑↑	no	\$57.56
PAVE	4.9 ↑↑	no	\$28.12
IBB	4.9 ↑↑	no	\$138.43
IQLT	4.6 ↑↑	no	\$33.75
KIE	4.1 ↑↑	yes	\$42.62

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

Analysis

[NVEC](#) pulled back below \$65. [COPX](#) gapped above \$35. Strong money flow. 24-week high. [GDY](#) pushing on \$30. Strong money flow. 23-week high. [VDE](#) in 5-week channel between \$125-\$130. Money flow positive but weakening. [SPOK](#) dipped below \$8 this week. Money flow negative.

[VGK](#) climbing. 25-week new. Strong, rising money flow. [PAVE](#) above \$28. Good money flow. 32-week high. [IBB](#) above \$138. Money flow pulled up to positive. 45-week new high. [IQLT](#) price is up. Money flow is, too. 25-week new high. [KIE](#) just made a **16-year**, all-time new high.

My Decisions

I'm going to buy COPX and PAVE. Wait for GDY to break \$30. Keep an eye on VDE. Monitor SPOK and sell on close below \$7.50.

My decision for this week is COPX 10%, KIE 10%, NVEC 10%, PAVE 10% , SPOK 10%, VDE 10%, and BIL 40%.