

Weekly Market Analysis #440 – 13 January 2023

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This Week

Vitaliy Katsenelson took the crypto world to task this week. Here is an excerpt:

Cryptocurrencies were supposed to offer a new, virtual alternative to the current, mundane, "corrupt" system, in which a few dozen bureaucrats in conference rooms around the world – central bankers – manipulate the most important commodity of all – interest rates – the price of money.

The collapse of FTX (a cryptocurrency exchange that was valued at \$30 billion just a few months ago) and the subsequent bankruptcies revealed what may have started as a kernel of sincere libertarian ideas to stand up to endless money printing and debt creation in our financial system, has been hijacked by what appears to be an immutable flaw of the human condition: our greed and desire to get rich fast.

The cryptocurrency world transformed into an even more corrupt and leveraged system than the one it was attempting to replace. Theft committed by thousands of cryptocurrency and NFT creators made Wall Street, which society loves to hate, look like a group of nuns, as they were stealing money from the public in broad daylight.

He closes with:

Ironically, as much as I criticize the current flawed system, the collapse of crypto was a fascinating experiment. It showed that leaving the financial system to complete anarchy without safeguards, regulation and a fear of the law brings out the worst in us and thus results in thievery and complete chaos.

Even though Vitaliy is a hard-line value investor and I'm a dedicated technician, I read everything he writes because he is a **very** smart guy and I learn things from reading what he writes. [Read his full article here.](#)

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The Manufacturing Purchasing Managers' Index ("PMI") came out on the 4th. This is a monthly survey that asks business owners how things are going. It's based on 10 different aspects of business (e.g., new orders, employment, prices, and so on). Managers rate each category as better, the same, or worse each month. The Institute for Supply Management aggregates the business owners' answers to create the PMI. A number over 50 means conditions got better. Less than 50 means things got worse. The PMI for Jan 4th was 48.4. This is the second month below 50, continuing a decline that started last March.

This is how economic contractions start. The PMI goes below 50, unemployment goes up, and consumer demand goes down. The order of events varies, but a PMI below 50 often leads.

Market Barometers

← Use this link to see all the market barometer charts

Four of the indexes are making higher lows, but COMPQ actually made a lower low near the end of the year.



A Closer Look

The SPX did well this week, closing above its 200-day average, but stopping just short of \$4000. The NYAD did better than the SPX, while the SPXA200R and the SPXA50R weren't quite as enthusiastic as the price index.

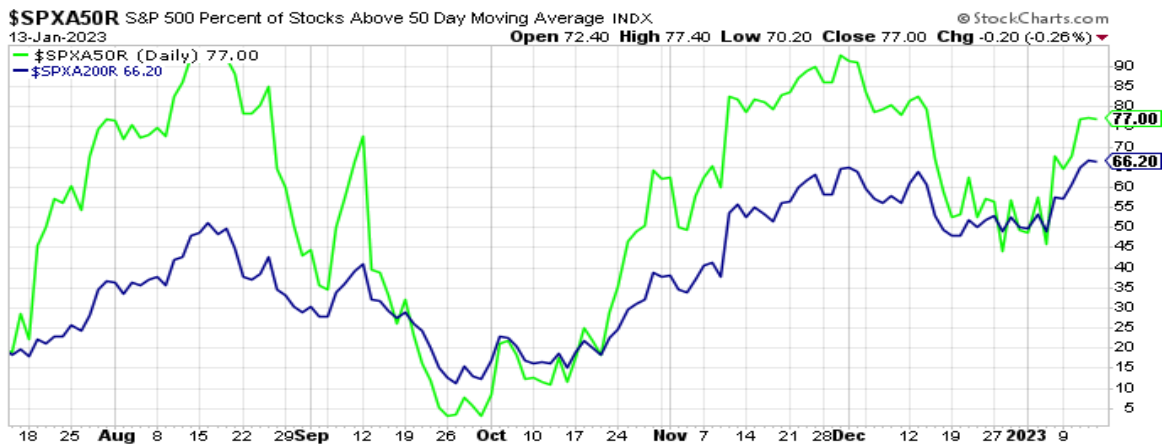


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh–NewLows](#)

[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 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
VGK	FTSE EUROPE	ETF	UP	5.0:0.1	=UP=	37/1	1.1
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	4.3:0.1	=UP=	31/1	1.0
IQLT	GLOBAL QUALITY	ETF	UP	4.1:0.1	=UP=	37/1	1.0
EEM	EMERGING MARKETS	ETF	-UP-	3.3:0.1	=UP=	30/1	1.0
IEMG	EMERGING MARKETS	ETF	-UP-	3.2:0.1	=UP=	30/1	1.0
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.7:0.1	=UP=	6/1	0.6
RSP	UNWEIGHTED S&P 500	ETF	=UP=	1.4:0.1	=UP=	20/1	0.9
MOAT	MORNINGSTAR WIDE MOAT	ETF	<<UP>>	1.2:0.1	=UP=	19/1	1.2
USMV	USA MIN VOLATILITY	ETF	UP	1.1:0.1	=UP=	4/1	0.3
IYT	DOW JONES TRANSPORTS	ETF	DN	0.7:0.1	UP	6/1	1.3
SPX	S&P 500	INDEX	DN	0.2:0.1	=UP=	4/1	0.8
SPY	S&P 500 (LARGE-CAP)	ETF	DN	0.1:0.1	UP	4/1	0.8
VTI	TOTAL STOCK MARKET	ETF	DN	0.1:0.1	=UP=	4/1	0.8
VNQ	U.S. REIT INDEX	ETF	DN	-0.1:0.1	=UP=	16/1	1.1
IWM	RUSSELL 2000 SMALL-CAP	ETF	DN	-0.3:0.1	UP	6/1	1.2
IGV	SOFTWARE	ETF	DN	-0.7:0.1	UP	4/1	0.8
VGT	INFORMATION TECHNOLOGY	ETF	DN	-0.9:0.1	=UP=	4/1	1.1
VUG	LARGE CAP GROWTH	ETF	DN	-1.6:0.1	=UP=	4/1	1.2
QQQ	NASDAQ 100	ETF	DN	-1.7:0.1	=UP=	4/1	1.1
COMPQ	NASDAQ COMPOSITE	INDEX	DN	-1.7:0.1	=UP=	4/1	1.2
USL	US 12 Month Oil FUND	ETF	DN	-2.3:0.1	<<UP>>	6/1	0.6
DXY	US DOLLAR INDEX	INDEX	DN	-2.3:0.1	None	1/31	-0.1

The foreign ETFs — VGK, IEFA, EEM, and IEMG — led the pack this week, probably due to the weakness of the US Dollar. Value oriented ETFs like IQLT, MOAT, and USMV also did well.

Since late September, the Equal-Weighted SPX (RSP) has been working its way higher than the SPX. This implies that the largest of the large cap stocks are falling (or at least lagging), and they are weighing on the SPX.

[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 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
PCY	EMERGING MARKET BONDS	ETF	UP	3.5:0.1	-UP-	21/1	0.5
SPYV	S&P 500 (VALUE)	ETF	UP	1.8:0.1	UP	37/1	0.9
VTV	US LARGE CAP VALUE	ETF	UP	1.6:0.1	≡UP≡	6/1	0.4
LQD	INVESTMENT GRADE CORP BOND	ETF	DN	1.6:0.1	UP	19/1	0.6
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	1.5:0.1	UP	5/1	0.6
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	1.5:0.1	UP	4/1	0.7
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	DN	1.4:0.1	UP	19/1	0.4
CBON	CHINESE BONDS	ETF	<<UP>>	1.3:0.1	≡UP≡	20/1	0.8
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	DN	1.2:0.1	UP	19/1	0.5
MUB	MUNICIPAL BONDS	ETF	UP	1.1:0.1	UP	21/1	0.2
BND	TOTAL BOND MARKET	ETF	DN	0.9:0.1	≡UP≡	18/1	0.3
BGRN	GLOBAL GREEN BOND	ETF	DN	0.9:0.1	UP	19/1	0.3
GOVT	U.S. TREASURY BOND	ETF	DN	0.6:0.1	UP	17/1	0.3
IEI	3-7 YEAR TREASURY BOND	ETF	DN	0.6:0.1	UP	18/1	0.2
TIP	TIPS BOND	ETF	DN	0.1:0.1	=UP=	5/1	0.3
PFF	S&P PREFERRED	ETF	DN	0.0:0.1	UP	16/1	0.9
SHV	CASH EQUIVALENT	ETF	DN	0.0:0.1	UP	6/1	0.0
BIL	CASH EQUIVALENT	ETF	UP	0.0:0.1	<<UP>>	4/1	0.0
IWN	RUSSELL 2000 VALUE	ETF	DN	-0.3:0.1	UP	6/1	1.3

[Inflation Universe](#)

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

Inflation Universe Analysis for 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
COPX	GLOBAL X COPPER MINERS	ETF	UP	9.1:0.1	UP	31/1	1.5
GDX	MARKET VECTORS GOLD MINERS	ETF	UP	8.4:0.1	UP	31/1	1.2
SLV	SILVER TRUST	ETF	UP	7.8:0.1	«dn»	37/1	-0.4
CPER	US COPPER INDEX	ETF	UP	5.0:0.1	=UP=	30/1	1.4
GLD	SPDR GOLD SHARES	ETF	UP	3.6:0.1	UP	37/1	0.6
DBB	BASE METALS	ETF	UP	2.9:0.1	=UP=	29/1	1.4
PAVE	INFRASTRUCTURE	ETF	UP	2.2:0.1	≡UP≡	40/1	1.1
IVE	S&P 500 VALUE	ETF	UP	1.7:0.1	≡UP≡	37/1	0.8
SMH	SEMICONDUCTORS	ETF	DN	1.7:0.1	≡UP≡	4/1	1.6
VIG	DIVIDEND APPRECIATION	ETF	UP	1.6:0.1	=UP=	4/1	0.5
INFL	INFLATION BENEFICIARIES	ETF	UP	1.0:0.1	≡UP≡	6/1	0.6
URA	URANIUM	ETF	«UP»	0.2:0.1	UP	17/1	1.3
KBWB	BIG BANKS	ETF	DN	-0.4:0.1	UP	6/1	1.2
DBA	DB AGRICULTURE INDEX	ETF	DN	-0.8:0.1	«dn»	1/24	-0.3
DBC	DB COMMODITY INDEX	ETF	DN	-2.4:0.1	=UP=	6/1	0.5
REMX	RARE EARTH METALS	ETF	DN	-4.5:0.1	-UP-	4/1	2.4
LIT	LITHIUM & BATTERY TECH	ETF	DN	-5.4:0.1	=UP=	4/1	1.9
UNG	UNITED STATES NATURAL GAS	ETF	DN	-19.1:0.1	-DN-	1/81	-3.1

The first five of these figure prominently in the currently holdings.

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XHB	HOMEBUILDERS	ETF	UP	3.1:0.1	UP	20/1	1.3
XAR	SPACE & DEFENSE	ETF	UP	2.9:0.1	UP	35/1	0.8
XLI	INDUSTRIALS	ETF	UP	2.7:0.1	≡UP≡	40/1	0.6
XLB	MATERIALS	ETF	UP	2.3:0.1	UP	30/1	1.3
XLV	HEALTH CARE	ETF	UP	1.5:0.1	≡UP≡	1/8	-0.2
XLF	FINANCIALS	ETF	UP	1.5:0.1	UP	6/1	0.9
XLP	CONSUMER STAPLES	ETF	UP	1.4:0.1	«UP»	1/1	-0.1
XLU	UTILITIES	ETF	UP	1.3:0.1	«UP»	4/1	0.0
XLE	ENERGY	ETF	UP	0.2:0.1	≡UP≡	6/1	0.8
XLC	COMMUNICATION SRVCS	ETF	DN	0.1:0.1	UP	17/1	1.6
XLRE	REAL ESTATE	ETF	DN	0.1:0.1	UP	16/1	1.2
XRT	RETAIL	ETF	DN	0.0:0.1	UP	5/1	1.6
XTN	S&P TRANSPORTATION	ETF	DN	-0.5:0.1	UP	8/1	2.0
XLK	TECHNOLOGY	ETF	DN	-0.9:0.1	≡UP≡	4/1	1.1
XLY	CONSUMER DISCRETIONARY	ETF	DN	-3.6:0.1	≡UP≡	4/1	1.2

Another approach to beating the market is to keep your money in the sectors that are going up the best (assuming there are any going up), and staying out of the sectors that are climbing weakly or going down. The sectors can be analyzed just like we analyze other ETFs.

Analysis of Top Sectors

[XHB](#) made an 20-week high moving up through \$65. All its short-term charts are up.

[XAR](#) powered up from \$110 to \$115, made a 35-week high, and all its short-term charts are up.

[XLI](#) made a 40-week high, closing above \$100. All its short-term charts are up.

[XLB](#) made a 30-week high. All 6 basic charts are up but it's facing overhead supply from \$85 to \$91.

----- cut here -----

[XLV](#) has made 3 tries to break \$140 in the last 13 months. After the last try, it retreated to \$135 and stayed there. CMF popped up this week but it barely moved price.

[XLF](#)'s 6 short-term charts are positive but it's struggling to get above \$36.

[XLP](#) has been flat for 4 weeks. Its basic charts are somewhere between apathetic and indifferent.

[XLU](#) seems to be half-heartedly trying to get up through \$72.50.

[Auxiliary Universe](#)

← Use this link to get to the live summary table

Auxiliary Universe Analysis for 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ITB	U.S. HOME CONSTRUCTION	ETF	UP	5.2:0.1	≡UP≡	42/1	1.3
PPH	PHARMACEUTICALS	ETF	UP	3.5:0.1	=UP=	1/1	-0.1
XME	METALS AND MINING	ETF	UP	2.7:0.1	UP	31/1	1.7
IHI	U.S. MEDICAL DEVICES	ETF	UP	2.6:0.1	≡UP≡	20/2	0.4
IBB	BIO-TECH & PHARMA	ETF	UP	2.0:0.1	≡UP≡	4/2	0.5
KIE	INSURANCE SECTOR	ETF	UP	1.9:0.1	≡UP≡	864/1	0.5
SOXX	PHLX SEMICONDUCTORS	ETF	DN	1.6:0.1	≡UP≡	4/1	1.6
XBI	BIOTECHNOLOGY	ETF	DN	1.3:0.1	≡UP≡	17/2	1.0
FIW	POTABLE/WASTE WATER	ETF	UP	1.3:0.1	≡UP≡	20/1	0.9
WOOD	GLOBAL TIMBER & FORESTRY	ETF	DN	1.1:0.1	=UP=	6/1	0.8
SRVR	DATA & TRANSMISSION REIT	ETF	DN	0.1:0.1	≡UP≡	16/1	1.2
FIVG	FIFTH GENERATION NETWORKS	ETF	DN	0.1:0.1	=UP=	6/1	1.5
VDE	VANGUARD ENERGY ETF	ETF	UP	-0.4:0.1	≡UP≡	6/1	0.8
HACK	CYBER SECURITY	ETF	DN	-1.4:0.1	≡UP≡	1/1	0.1
ARKQ	AI & ROBOTICS	ETF	DN	-3.6:0.1	UP	5/1	1.8
XOP	OIL & GAS EXP & PROD	ETF	DN	-4.1:0.1	≡UP≡	5/1	0.9
ARKG	GENOMIC REVOLUTION	ETF	DN	-4.2:0.1	UP	6/1	1.7
ARKW	NEXT GENERATION INTERNET	ETF	DN	-5.3:0.1	UP	6/1	1.8
ARKK	DISRUPTIVE INNOVATION	ETF	DN	-5.3:0.1	UP	5/1	1.8

I have a tendency to look at US Home Construction in the lead and say "Seriously?" But you can't argue with the chart. With ITB at the top of the list, then you have to start thinking about, "What's causing this?"

Maybe this is being caused by a rush to buy houses before the Fed pushes mortgage rates out of the reach of the average buyer. . .

What do you think?

[Special Security Universe](#)

← Use this link to get to the live summary table

This is the top half (or so) of the universe.

Special Security Universe Analysis for 13-Jan-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
NVEC	NVE CORP	STOCK	UP	7.6:0.1	UP	74/1	1.2
NEM	NEWMONT MINING	STOCK	=UP=	7.3:0.1	UP	25/1	1.5
GTY	GETTY REALTY	STOCK	UP	5.6:0.1	-up-	2/1	-0.0
PM	PHILIP MORRIS INTL	STOCK	UP	4.0:0.1	up	1/1	-0.4
GUT	GABELLI UTILITY TRUST	CEF	UP	3.5:0.1	≡DN≡	16/1	0.2
LYB	LYONDELL BASELL INDUSTRIES	STOCK	=UP=	2.9:0.1	UP	29/1	2.5
SPOK	SPOK HOLDINGS	STOCK	UP	2.4:0.1	-UP-	1/2	0.0
VZ	VERIZON COMMUNICATIONS	STOCK	DN	2.1:0.1	«UP»	1/1	1.2
AM	US LOW VOL HIGH DIV	ETF	UP	1.9:0.1	«UP»	31/1	0.8
XRX	XEROX	STOCK	DN	1.5:0.1	UP	19/1	1.9
MO	ALTRIA GROUP	STOCK	UP	1.4:0.1	≡DN≡	1/1	-0.2
IIPR	INNOVATIVE INDUSTRIAL PROPERTIES	STOCK	DN	1.4:0.1	UP	4/1	1.8
UWMC	UWM HOLDINGS CORP	STOCK	DN	1.1:0.1	UP	3/1	1.3
NDMO	DYNAMIC MUNICIPAL OPPTY	CEF	DN	1.0:0.1	UP	6/1	1.4
BTI	BRITISH AMERICAN TOBACCO	STOCK	-DN-	0.9:0.1	≡DN≡	1/8	-1.0
UTF	C&S INFRASTRUCTURE	CEF	DN	0.8:0.1	UP	16/1	0.9
UTG	REAVES UTILITY INCOME FUND	MUTUAL	DN	0.8:0.1	UP	4/1	0.9
KMI	KINDER MORGAN	STOCK	UP	0.6:0.1	UP	6/1	0.7

This Week's Selections

Decision for last week were: COPX 10%, GDX 10% KIE 10%, NVEC 10%, PAVE 10%, SLV 10%, and BIL 40%.

Top ETFs By Slope

Sym	Slope	Long	Last
COPX	9.1 ↑	yes	\$41.07 ↑↑
GDX	8.4 ↑↑	yes	\$32.65 ↑↑
SLV	7.8 ↓	yes	\$22.33 ↑↑
NVEC	7.6 ↑	yes	\$75.00 ↑↑
ITB	5.2 ↑↑	no	\$66.54 ↑↑
CPER	5.0 ↑↑	no	\$25.55 ↑↑
IEFA	4.3 ↑	no	\$66.14 ↑↑
IQLT	4.1 —	no	\$34.73 ↑↑
GLD	3.6 ↑↑	no	\$178.76 ↑↑
PPH	3.5 ↑	no	\$79.50 ↓
PCY	3.5 —	no	\$19.68 ↑↑
EEM	3.3 ↑↑	no	\$41.30 ↑
PAVE	2.2 —	yes	\$28.43 ↑↑
KIE	1.9 —	yes	\$42.78 ↑↑

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

Analysis

[COPX](#) made a 31-week high as it walked up through \$40. All 6 of its basic charts are up. [GDX](#) made a 31-week high and is still cooking. All 6 basic charts are up. [SLV](#) made a 37-week high although it has been hanging around \$22 for 4 weeks. [NVEC](#) made a 74-week high and ended the week right at \$75. All 6 basic charts are up. [ITB](#) made a 42-week high and pushed up through \$65. All 6 basic charts are up.

[CPER](#) made a 30-week high and gapped up above \$25 with a full candle above \$23. All 6 basic charts are up but CPER has been moving up fast and may have to take a break before going higher. [IEFA](#) made a 31-week high and all 6 basic charts are rising well. [IQLT](#) made a 37-week high. All basic charts are up but IQLT is facing resistance at \$35. [GLD](#) made a 37-week high. All 6 basic charts are up. A close above \$180 will leave most resistance behind it. [PPH](#) is setting up for another run at \$80. Most basic charts are up.

[PCY](#) is close to \$20 but money flow is neutral. [EEM](#) made a 30-week high and broke up through \$40. All 6 basic charts are up. [PAVE](#) pushed above \$28 and made a 40-week high. Now RSI, MACD, and OBV are all up. [KIE](#) made a 16-year high. So much for being a weak holding.

Thoughts and Decisions

That one big up day in the SPX set up a rally. We'll see what effect earnings season has. There are several candidates that look good this week, but I don't want to be more than 80% invested right now (and never more than 90%). I'm already holding 6 positions, so that leaves 2 to be filled.

So I'm going to hold COPX and GDX, and maintain \$20.85 stop on SLV. Hold NVEC. Buy ITB – it has strong price, strong slope, and 6 basic charts up. CPER collides with COPX. IEFA looks good, but it didn't

make this week's cut. IQLT is facing resistance at \$35. GLD collides with GDX. PPH is a buy above \$80. PCY is a buy above \$20. Buy EEM – strong price and strong slope, 6 up. Hold PAVE and KIE.

So my decisions for this week are COPX 10%, EEM 10%, ITB 10%, GDX 10%, KIE 10%, NVEC 10%, PAVE 10%, SLV 10%, and BIL 20%.

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There are several ways to invest in copper, depending on how you want to go at it...



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