

# Weekly Market Analysis #444 – 10 February 2023

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## This Week

Drawing trendlines



Always draw the trendline on the "outside" of the trend. That is, if the trend is rising, draw the low line first. If the trend is falling, draw the high trendline first. This is because the outside tends to be more orderly and the inside tends to be noisier (i.e., there's usually more volatility in the direction of price movement).

Some people will tell you that for a rising trend, you have to use the lowest point as your starting point. That's a great theory, but sometimes it's the second lowest point. This time we got lucky. "A" is the lowest.



Once you are happy with the outside trendline, then look for the inside trendline. Start with the highest point and see if you can find a trendline that works. It turns out that every trendline that touches "B" only touches one other high point. We could have used the high point in Dec or Nov, but the one in early October gives us a line that is close to parallel with the low trendline. This gives us a clear illustration of the trend.

You may be thinking that this is suspiciously like one of those example problems the teacher put on the board in algebra class that work out easily and perfectly. Sometimes you get lucky. When I started learning how to draw trendlines I did it with paper charts and a ruler. By the time I found a channel I really liked, I had a dozen trial trendlines going all over the place.

There usually is no nice, neat channel with parallel trendlines. Horizontal trendlines are rare, and horizontal channels are rarer still. Touch count is generally more important than collimation.

One of the things my algebra teacher didn't tell us is that there's usually some guesswork in finding solutions to equations. Be wary of theoreticians who issue strict rules for drawing trendlines. Reality tends to be messy.

## Market Barometers

← Use this link to see all the market barometer charts

All five indexes are up. Four are declining since early Feb. That could mean something; however, February is one of the two worst months of the year, so maybe it's just another February.



## A Closer Look

The SPX did well on Tuesday. The rest of the week, not so much. Sometimes trendlines tell you more than scrutinizing minutiae. The SPX ended the week very close to the centerline of a ~17-week, rising, converging channel. Touch points "C" and "D" are labeled in the order I identified them.



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.

<b>Bullish Universe Analysis for 10-Feb-2023</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">VGK</a>	FTSE EUROPE	ETF	UP	5.8:2.5	up	1/3	-0.8
<a href="#">IEFA</a>	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	5.3:2.5	=up=	1/3	-0.7
<a href="#">MOAT</a>	MORNINGSTAR WIDE MOAT	ETF	UP	4.9:2.5	up	1/2	-0.3
<a href="#">IQLT</a>	GLOBAL QUALITY	ETF	UP	4.9:2.5	up	1/4	-0.6
<a href="#">IEMG</a>	EMERGING MARKETS	ETF	UP	4.5:2.5	up	1/5	-1.0
<a href="#">IGV</a>	SOFTWARE	ETF	UP	4.3:2.5	up	1/2	0.0
<a href="#">VGT</a>	INFORMATION TECHNOLOGY	ETF	UP	3.7:2.5	up	1/1	0.4
<a href="#">IYT</a>	DOW JONES TRANSPORTS	ETF	UP	3.6:2.5	up	1/2	0.0
<a href="#">IWM</a>	RUSSELL 2000 SMALL-CAP	ETF	UP	3.3:2.5	up	1/2	-0.3
<a href="#">COMPQ</a>	NASDAQ COMPOSITE	INDEX	UP	3.3:2.5	up	1/2	0.1
<a href="#">QQQ</a>	NASDAQ 100	ETF	UP	3.3:2.5	up	1/2	0.2
<a href="#">VUG</a>	LARGE CAP GROWTH	ETF	UP	3.2:2.5	=up=	1/2	0.1
<a href="#">VNOQ</a>	U.S. REIT INDEX	ETF	UP	3.2:2.5	=up=	1/2	-0.4
<a href="#">RSP</a>	UNWEIGHTED S&P 500	ETF	UP	3.1:2.5	up	1/2	-0.2
<a href="#">VTI</a>	TOTAL STOCK MARKET	ETF	UP	2.5:2.5	=up=	1/2	-0.0
<a href="#">SPX</a>	S&P 500	INDEX	UP	2.3:2.5	=up=	1/2	-0.0
<a href="#">SPY</a>	S&P 500 (LARGE-CAP)	ETF	UP	2.3:2.5	=up=	1/2	-0.0
<a href="#">DIA</a>	DOW JONES INDUSTRIALS	ETF	UP	1.5:2.5	=up=	4/2	-0.1
<a href="#">USMV</a>	USA MIN VOLATILITY	ETF	UP	0.6:2.5	=up=	1/3	-0.1
<a href="#">USO</a>	UNITED STATES OIL FUTURES	ETF	DN	-0.7:2.5	<<UP>>	2/1	-0.0
<a href="#">DXY</a>	US DOLLAR INDEX	INDEX	DN	-2.0:2.5	None	5/1	0.4

Lots of green this week.

[Bearish Universe](#)

← Use this link to get to the live summary table

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

<b>Bearish Universe Analysis for 10-Feb-2023</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">PCY</a>	EMERGING MARKET BONDS	ETF	UP	3.6:2.5	up	1/4	-0.8
<a href="#">SPYV</a>	S&P 500 (VALUE)	ETF	UP	3.3:2.5	up	1/2	-0.2
<a href="#">IWN</a>	RUSSELL 2000 VALUE	ETF	UP	3.1:2.5	up	1/2	-0.2
<a href="#">PFF</a>	S&P PREFERRED	ETF	UP	2.8:2.5	up	1/3	-0.7
<a href="#">TLT</a>	U.S. 20+ YEAR T-BOND	ETF	DN	2.1:2.5	-DN-	1/5	-0.8
<a href="#">LQD</a>	INVESTMENT GRADE CORP BOND	ETF	UP	2.0:2.5	-DN-	1/5	-0.6
<a href="#">TLH</a>	10-20 YEAR T-BOND INDEX	ETF	DN	2.0:2.5	-DN-	1/5	-0.7
<a href="#">CBON</a>	CHINESE BONDS	ETF	UP	1.9:2.5	DN	1/5	-0.5
<a href="#">ANGL</a>	FALLEN ANGEL HIGH YIELD BOND	ETF	UP	1.7:2.5	-up-	1/5	-0.4
<a href="#">USIG</a>	USD INVESTMENT GRADE CORPORATE BOND	ETF	UP	1.7:2.5	-DN-	1/5	-0.5
<a href="#">VTV</a>	US LARGE CAP VALUE	ETF	UP	1.4:2.5	<UP>	1/3	-0.1
<a href="#">MUB</a>	MUNICIPAL BONDS	ETF	UP	1.3:2.5	DN	1/4	-0.3
<a href="#">BGRN</a>	GLOBAL GREEN BOND	ETF	UP	1.2:2.5	-DN-	1/5	-0.4
<a href="#">BND</a>	TOTAL BOND MARKET	ETF	UP	1.2:2.5	-DN-	1/5	-0.4
<a href="#">GOVT</a>	U.S. TREASURY BOND	ETF	DN	0.8:2.5	-DN-	1/5	-0.4
<a href="#">IEI</a>	3-7 YEAR TREASURY BOND	ETF	DN	0.7:2.5	DN	1/5	-0.3
<a href="#">TIP</a>	TIPS BOND	ETF	DN	0.6:2.5	DN	1/5	-0.3
<a href="#">SHV</a>	CASH EQUIVALENT	ETF	UP	0.1:2.5	=DN=	2/1	-0.0
<a href="#">BIL</a>	CASH EQUIVALENT	ETF	UP	0.0:2.5	-DN-	2/1	-0.0

## [Inflation Universe](#)

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

<b>Inflation Universe Analysis for 10-Feb-2023</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">COPX</a>	GLOBAL X COPPER MINERS	ETF	UP	8.9:2.5	=DN=	1/5	-1.4
<a href="#">SMH</a>	SEMICONDUCTORS	ETF	UP	7.5:2.5	up	1/2	-0.1
<a href="#">GDV</a>	MARKET VECTORS GOLD MINERS	ETF	UP	7.0:2.5	-DN-	1/6	-1.4
<a href="#">GDVJ</a>	JUNIOR GOLD MINERS	ETF	UP	6.7:2.5	DN	1/7	-1.6
<a href="#">CPER</a>	US COPPER INDEX	ETF	UP	6.2:2.5	-up-	1/5	-1.0
<a href="#">URA</a>	URANIUM	ETF	UP	5.1:2.5	DN	1/3	-1.1
<a href="#">DBB</a>	BASE METALS	ETF	UP	4.8:2.5	«DN»	1/5	-1.3
<a href="#">KBWB</a>	BIG BANKS	ETF	UP	4.4:2.5	up	25/2	-0.2
<a href="#">PAVE</a>	INFRASTRUCTURE	ETF	UP	3.9:2.5	UP	1/2	-0.1
<a href="#">GLD</a>	SPDR GOLD SHARES	ETF	UP	3.9:2.5	-DN-	1/5	-0.7
<a href="#">IVE</a>	S&P 500 VALUE	ETF	UP	3.3:2.5	up	1/2	-0.2
<a href="#">SLV</a>	SILVER TRUST	ETF	UP	3.0:2.5	DN	1/10	-1.3
<a href="#">REMX</a>	RARE EARTH METALS	ETF	UP	2.9:2.5	«DN»	1/3	-1.3
<a href="#">LIT</a>	LITHIUM & BATTERY TECH	ETF	UP	1.7:2.5	up	1/3	-0.6
<a href="#">INFL</a>	INFLATION BENEFICIARIES	ETF	UP	1.6:2.5	=DN=	1/4	-0.4
<a href="#">VIG</a>	DIVIDEND APPRECIATION	ETF	UP	1.5:2.5	-up-	1/2	-0.1
<a href="#">DBA</a>	DB AGRICULTURE INDEX	ETF	DN	-0.1:2.5	«UP»	2/2	0.2
<a href="#">DBC</a>	DB COMMODITY INDEX	ETF	DN	-1.0:2.5	«dn»	1/1	-0.2
<a href="#">UNG</a>	UNITED STATES NATURAL GAS	ETF	DN	-27.7:2.5	«UP»	2/1	1.3

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 10-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XLC</a>	COMMUNICATION SRVCS	ETF	UP	6.5:2.5	up	1/2	-0.8
<a href="#">XHB</a>	HOMEBUILDERS	ETF	UP	6.4:2.5	up	1/2	-0.4
<a href="#">XRT</a>	RETAIL	ETF	UP	5.6:2.5	up	1/2	-0.4
<a href="#">XTN</a>	S&P TRANSPORTATION	ETF	UP	5.5:2.5	-DN-	1/2	-0.2
<a href="#">XAR</a>	SPACE & DEFENSE	ETF	UP	4.5:2.5	up	41/2	-0.2
<a href="#">XLK</a>	TECHNOLOGY	ETF	UP	3.5:2.5	up	23/1	0.4
<a href="#">XLRE</a>	REAL ESTATE	ETF	UP	3.2:2.5	<<UP>>	1/2	-0.5
<a href="#">XLB</a>	MATERIALS	ETF	UP	3.1:2.5	up	1/3	-0.6
<a href="#">XLF</a>	FINANCIALS	ETF	UP	3.0:2.5	=up=	41/2	-0.1
<a href="#">XLY</a>	CONSUMER DISCRETIONARY	ETF	≡UP≡	2.8:2.5	up	1/2	0.0
<a href="#">XLI</a>	INDUSTRIALS	ETF	UP	2.4:2.5	=up=	1/2	-0.0
<a href="#">XLE</a>	ENERGY	ETF	UP	0.9:2.5	<<UP>>	2/5	-0.2
<a href="#">XLV</a>	HEALTH CARE	ETF	UP	-0.2:2.5	up	1/13	-0.1
<a href="#">XLP</a>	CONSUMER STAPLES	ETF	DN	-0.4:2.5	<<UP>>	1/3	-0.1
<a href="#">XLU</a>	UTILITIES	ETF	DN	-0.8:2.5	<<UP>>	1/13	-0.5

**The top five SPX sectors this week were:**

1. XLC
2. XHB
3. XRT
4. XTN
5. XAR

The leaders are the same as last week, but they are jostling around.

[Auxiliary Universe](#)

← Use this link to get to the live summary table

<b>Auxiliary Universe Analysis for 10-Feb-2023</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">ARKW</a>	NEXT GENERATION INTERNET	ETF	DN	10.2:2.5	<<DN>>	1/2	-0.8
<a href="#">ARKK</a>	DISRUPTIVE INNOVATION	ETF	DN	8.6:2.5	up	1/2	-0.6
<a href="#">ITB</a>	U.S. HOME CONSTRUCTION	ETF	UP	7.9:2.5	up	1/2	-0.5
<a href="#">SOXX</a>	PHLX SEMICONDUCTORS	ETF	UP	7.5:2.5	up	1/2	-0.0
<a href="#">XME</a>	METALS AND MINING	ETF	UP	5.7:2.5	up	1/3	-0.8
<a href="#">ARKQ</a>	AI & ROBOTICS	ETF	=UP=	5.5:2.5	up	1/2	-0.1
<a href="#">ARKG</a>	GENOMIC REVOLUTION	ETF	DN	4.4:2.5	-DN-	1/3	-1.0
<a href="#">XBI</a>	BIOTECHNOLOGY	ETF	UP	4.2:2.5	=up=	1/3	-1.1
<a href="#">FIVG</a>	FIFTH GENERATION NETWORKS	ETF	UP	3.5:2.5	up	1/2	-0.3
<a href="#">SRVR</a>	DATA & TRANSMISSION REIT	ETF	DN	3.2:2.5	dn	1/3	-0.9
<a href="#">IHI</a>	U.S. MEDICAL DEVICES	ETF	UP	3.0:2.5	up	1/2	-0.5
<a href="#">KIE</a>	INSURANCE SECTOR	ETF	UP	2.7:2.5	-up-	867/1	0.1
<a href="#">FIW</a>	POTABLE/WASTE WATER	ETF	UP	2.7:2.5	up	1/2	-0.1
<a href="#">WOOD</a>	GLOBAL TIMBER & FORESTRY	ETF	UP	2.6:2.5	up	1/3	-0.8
<a href="#">IBB</a>	BIO-TECH & PHARMA	ETF	UP	2.0:2.6	up	1/5	-0.6
<a href="#">PPH</a>	PHARMACEUTICALS	ETF	UP	1.9:2.5	up	2/1	-0.2
<a href="#">HACK</a>	CYBER SECURITY	ETF	DN	1.4:2.5	up	1/2	0.4
<a href="#">VDE</a>	VANGUARD ENERGY ETF	ETF	UP	0.5:2.5	DN	2/5	-0.2
<a href="#">XOP</a>	OIL & GAS EXP & PROD	ETF	<<DN>>	-1.6:2.5	<<UP>>	2/5	-0.2



[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 10-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">NVEC</a>	NVE CORP	STOCK	UP	8.0:2.5	<<UP>>	3/1	-0.1
<a href="#">LYB</a>	LYONDELL BASELL INDUSTRIES	STOCK	UP	7.8:2.5	=up=	34/1	0.1
<a href="#">RMAX</a>	REMAX	STOCK	UP	7.8:2.5	-up-	1/2	-0.8
<a href="#">UWMC</a>	UWM HOLDINGS CORP	STOCK	UP	7.3:2.5	up	1/3	-1.2
<a href="#">NDMO</a>	DYNAMIC MUNICIPAL OPPTY	CEF	UP	6.4:2.5	-up-	25/1	0.6
<a href="#">NEM</a>	NEWMONT MINING	STOCK	UP	6.2:2.5	=DN=	1/6	-1.6
<a href="#">BSTZ</a>	SCIENCE AND TECHNOLOGY	CEF	DN	4.9:2.5	-DN-	1/2	-0.1
<a href="#">XRX</a>	XEROX	STOCK	UP	4.8:2.5	UP	1/2	-0.7
<a href="#">GTY</a>	GETTY REALTY	STOCK	UP	4.4:2.5	<<up>>	1/3	-0.7
<a href="#">RQI</a>	C&S QUALITY INCOME REALTY	CEF	UP	4.3:2.5	-up-	1/2	-0.1
<a href="#">MPW</a>	MEDICAL PROPERTIES	STOCK	DN	3.9:2.5	≡DN≡	1/5	-2.4
<a href="#">BNS</a>	BANK OF NOVA SCOTIA	STOCK	-UP-	3.7:2.5	=up=	1/2	0.2
<a href="#">BMO</a>	BANK OF MONTREAL	STOCK	UP	3.7:2.5	up	24/1	-0.1
<a href="#">AWP</a>	ABERDEEN GLOBAL PREMIER	CEF	DN	3.7:2.5	up	1/2	-0.6
<a href="#">VZ</a>	VERIZON COMMUNICATIONS	STOCK	DN	3.4:2.6	-up-	1/3	-1.1
<a href="#">PDM</a>	PIEDMONT OFFICE REALTY TRUST	STOCK	DN	3.0:2.5	≡up≡	1/3	-0.6
<a href="#">CSQ</a>	CALAMOS STRATEGIC	CEF	UP	2.8:2.5	-up-	1/1	0.1
<a href="#">HTGC</a>	HERCULES CAPITAL	STOCK	UP	2.7:2.5	=up=	1/2	-0.3
<a href="#">PM</a>	PHILIP MORRIS INTL	STOCK	UP	2.6:2.5	<<UP>>	1/3	-0.5

## This Week's Selections

Decisions for last week were: COPX 10%, GDY 10%, IEFA 10%, IEMG 10%, ITB 10%, NVEC 10%, PAVE 10%, SLV 10%, and BIL 20%.

### Top ETFs By Slope

Sym	Slope	Long	Last
COPX	8.9 ↓	yes	\$38.45 ↓↓
NVEC	8.0 ↓↓	yes	\$75.94 ↑↑
ITB	7.9 ↑↑	yes	\$69.40 ↓
SMH	7.5 ↑↑	no	\$244.01 ↓
GDY	7.0 ↓↓	yes	\$29.62 ↓↓
XME	5.7 ↓	no	\$55.26 ↓
IEFA	5.3 ↓	yes	\$66.23 ↓
URA	5.1 —	no	\$22.64 ↑
MOAT	4.9 ↑	no	\$72.56 ↓
IQLT	4.9 ↓	no	\$34.63 ↓
IEMG	4.5 ↓	yes	\$49.57 ↓↓
PAVE	3.9 ↑↑	yes	\$28.99 ↓

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

### Analysis

[COPX](#) closed below \$40 all week. Money flow is negative and all 6 basic charts are down. The trend-adjusted RSI is already oversold, so we could see a bounce off historical support near \$37.50. The average close during December was \$36.21. [NVEC](#) despite the drop near the end of January that turned slope down, NVEC has risen for the last two weeks, money flow has remained positive, and RSI and MACD are turning up. [ITB](#) fell this week, but is only a little below \$70 now. [SMH](#) dropped 2% this week. Money flow remains good and RSI is above 50. [GDY](#) money flow is negative and price is below \$30. [XME](#) is just above \$56. CMF is positive but 4 out of 6 basic charts are negative.

[IEFA](#) has good money flow but price has been stuck between \$66 and \$67.50 for 4 weeks. [URA](#) bounced up off \$22 while RSI bounced up off 50, but CMF has been below zero for 6 days. [MOAT](#) is mixed right now. [IQLT](#) had a month of money in-flows but spent the last 4 weeks between \$34 and \$35.50. [IEMG](#) also had a month of money in-flows but is having trouble getting above \$50. [PAVE](#) challenged \$30 last week and made a multi-year high, but this week it is having trouble staying above \$29.

### Thoughts and Decisions

I sold SLV on Monday for \$20.48. Sell COPX if it closes below \$35.85. Keep NVEC but maintain \$69.65 stop. ITB looks pretty good (see page 11). SMH also looks healthy. If it bounces up off \$240, I'll buy it. Sell GDY if it closes below \$29.25. XME might becoming interesting if it bounces up off \$55.

I'll sell IEFA if it closes below \$64.85. URA still doesn't look like a buy yet. I'll pass on MOAT for now. IQLT is still consolidating. I'll sell IEMG if it close below \$48.55. Sell PAVE if it closes below \$28.43.

So my decisions for this week are still COPX 10%, GDY 10%, IEFA 10%, IEMG 10%, ITB 10%, NVEC 10%, PAVE 10%, and BIL 30%.

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I'm not too concerned about the recent down move in ITB because the decline was accompanied by decreasing volume, meaning it was more a matter of disinterest rather than traders actively unloading the security.



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