

Weekly Market Analysis #445 – 17 February 2023

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This Week

On Tuesday Barron's said, "Major retailers have yet to report, but already earnings per share for the S&P 500 are expected to drop in the fourth quarter in what Credit Suisse Chief U.S. Equity Strategist Jonathan Golub is calling the 'worst earnings season' in 24 years.

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Patrick Watson observed, "For years, the world's largest and most profitable companies have been those with "platforms" they could replicate and sell globally. Playing the same game everywhere is increasingly difficult as the rules diverge both between countries and within them. The old model is breaking down, but it's unclear what will replace it. The investment implications are enormous."

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Callum Keown said, "The belief that a Fed pause, or even pivot, isn't far off has driven the market's run so far in 2023. That belief may now be slipping away, along with some of this year's gains."

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For years the digital currency markets have pretty much been the wild west, with little or no regulation. This week Liz Moyer and Joe Light wrote about the SEC starting to reign in the digital currency markets:

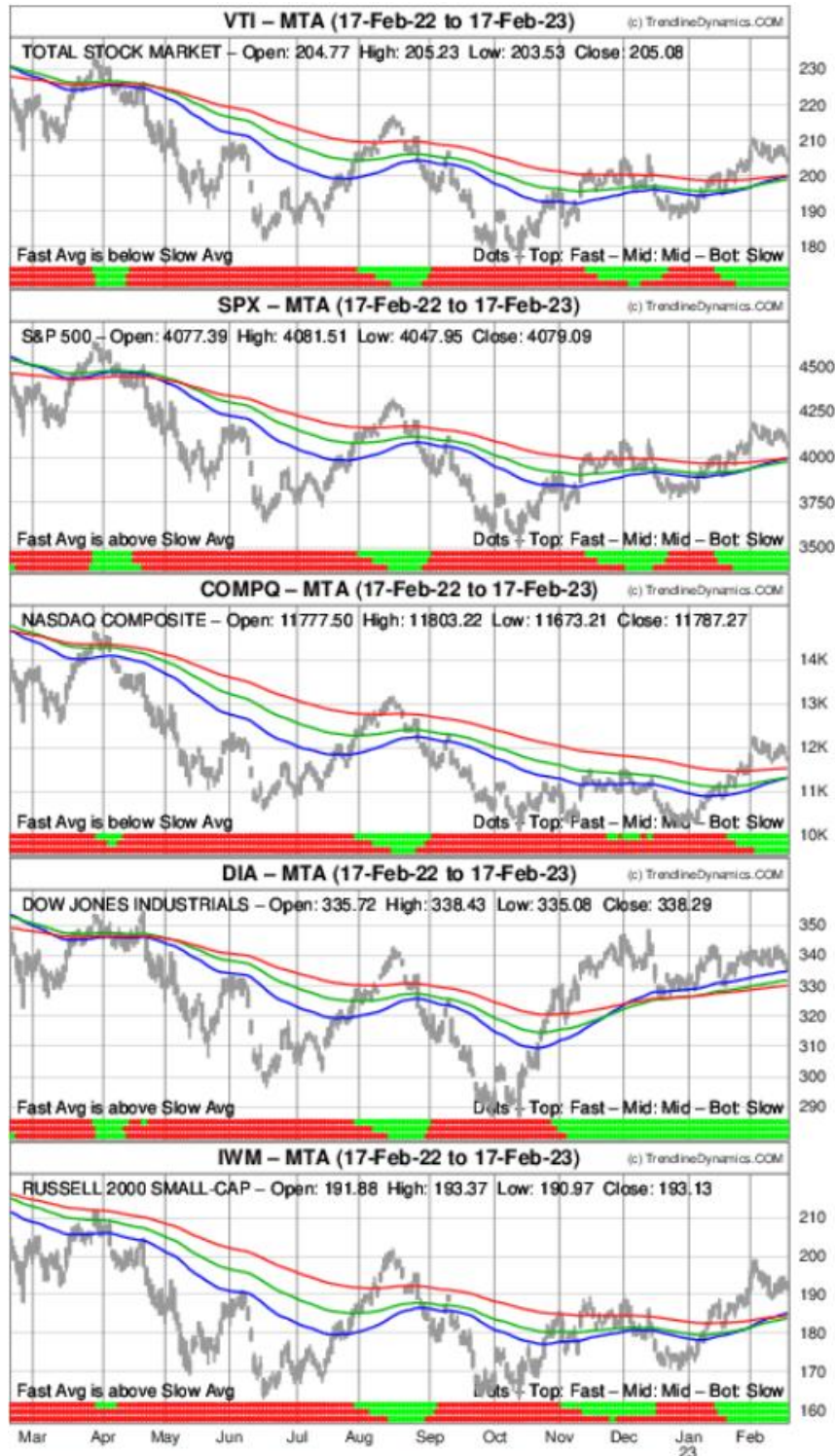
Terraform Labs and its co-founder and CEO Do Kwon face Securities and Exchange Commission accusations they defrauded investors in a multibillion-dollar scheme centered around an "algorithmic" stablecoin called Terra USD. The coin's collapse set off a cascade of failures in the crypto industry...The SEC, suing in a New York federal court, said Kwon and his Singapore-based company raised money from investors by selling unregistered securities including Terra USD.

Terra USD was as large as \$18 billion. It aimed to keep its peg to the dollar using an algorithm and trading in a related token called Luna. The stablecoin's crash in May directly or indirectly led to the bankruptcies of Three Arrows Capital, Voyager Digital, and FTX.

Market Barometers

← Use this link to see all the market barometer charts

All five indexes are up according to the MTA; however, all five are lower than they were at the start of February. The advance-decline line and the number of stocks above their 50-day averages are also down since the start of February. The market has been in a general decline for almost 3 weeks.



A Closer Look

The SPX fumbled around this week, but a cautionary pattern emerged: a) high close, Feb 2, \$4179.76; b) low close, Feb 9, \$4081.50; c) high close, Feb 15, \$4147; d) low close, Feb 17, \$4079.09. In short, we see lower highs and lower lows. Granted, these are small moves in a short period, but it bears watching.

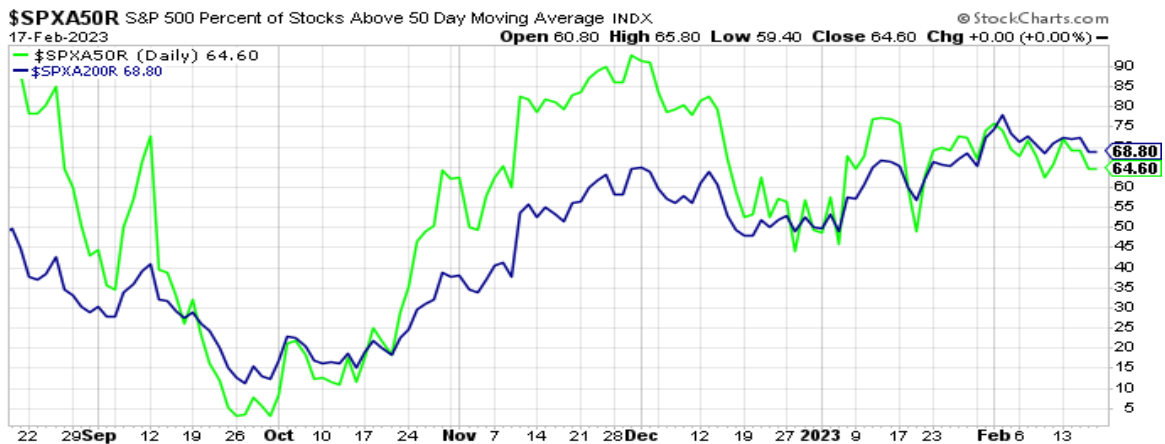


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[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 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	5.2:2.9	-up-	2/1	-0.6
IGV	SOFTWARE	ETF	UP	5.1:2.9	-up-	2/1	-0.6
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	4.8:2.9	≡UP≡	2/1	-0.5
VGT	INFORMATION TECHNOLOGY	ETF	UP	4.8:2.9	-up-	24/2	-0.4
IQLT	GLOBAL QUALITY	ETF	UP	4.5:2.9	=UP=	2/1	-0.5
QQQ	NASDAQ 100	ETF	UP	4.3:2.9	-up-	2/1	-0.5
COMPQ	NASDAQ COMPOSITE	INDEX	UP	4.2:2.9	«UP»	2/1	-0.5
VUG	LARGE CAP GROWTH	ETF	UP	4.1:2.9	«UP»	2/1	-0.5
IEMG	EMERGING MARKETS	ETF	UP	3.8:2.9	=UP=	1/6	-0.8
IYT	DOW JONES TRANSPORTS	ETF	UP	3.7:2.9	≡UP≡	1/3	-0.5
IWM	RUSSELL 2000 SMALL-CAP	ETF	UP	3.6:2.9	«UP»	2/1	-0.3
VNQ	U.S. REIT INDEX	ETF	UP	3.3:2.9	=UP=	2/3	-0.8
RSP	UNWEIGHTED S&P 500	ETF	UP	3.2:2.9	«UP»	2/1	-0.3
VTI	TOTAL STOCK MARKET	ETF	UP	2.8:2.9	«UP»	2/1	-0.2
SPX	S&P 500	INDEX	UP	2.7:2.9	«UP»	2/3	-0.3
SPY	S&P 500 (LARGE-CAP)	ETF	UP	2.6:2.9	«UP»	2/1	-0.2
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.5:2.9	«UP»	5/1	-0.1
USMV	USA MIN VOLATILITY	ETF	UP	0.5:2.9	UP	2/1	-0.0
USO	UNITED STATES OIL FUTURES	ETF	DN	-0.5:2.9	UP	1/2	-0.1
DXY	US DOLLAR INDEX	INDEX	DN	-1.6:2.9	None	6/1	0.3

[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 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
IWN	RUSSELL 2000 VALUE	ETF	UP	3.4:2.9	UP	2/1	-0.3
SPYV	S&P 500 (VALUE)	ETF	UP	3.3:2.9	«UP»	2/1	-0.3
PCY	EMERGING MARKET BONDS	ETF	UP	2.9:2.9	«up»	1/5	-0.8
PFF	S&P PREFERRED	ETF	UP	2.8:2.9	«UP»	2/1	-0.6
CBON	CHINESE BONDS	ETF	UP	1.6:2.9	DN	1/6	-0.6
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	1.4:2.9	«dn»	1/6	-0.9
LQD	INVESTMENT GRADE CORP BOND	ETF	UP	1.4:2.9	«dn»	1/6	-0.7
VTV	US LARGE CAP VALUE	ETF	UP	1.4:2.9	UP	10/1	-0.1
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	1.4:2.9	UP	1/6	-0.8
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	UP	1.4:2.9	-DN-	1/6	-0.4
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	UP	1.3:2.9	DN	1/6	-0.6
MUB	MUNICIPAL BONDS	ETF	UP	1.1:2.9	«dn»	1/7	-0.4
BGRN	GLOBAL GREEN BOND	ETF	UP	0.9:2.9	-DN-	1/6	-0.4
BND	TOTAL BOND MARKET	ETF	-DN-	0.8:2.9	«dn»	1/6	-0.4
GOVT	U.S. TREASURY BOND	ETF	DN	0.5:2.9	DN	1/7	-0.4
TIP	TIPS BOND	ETF	DN	0.5:2.9	«dn»	1/6	-0.3
IEI	3-7 YEAR TREASURY BOND	ETF	DN	0.4:2.9	«dn»	1/7	-0.3
SHV	CASH EQUIVALENT	ETF	UP	0.1:2.9	≡UP≡	3/1	0.0
BIL	CASH EQUIVALENT	ETF	UP	0.0:2.9	«UP»	3/1	0.0

[Inflation Universe](#)

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

Inflation Universe Analysis for 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	8.4:2.9	«up»	2/3	-0.7
COPX	GLOBAL X COPPER MINERS	ETF	UP	7.5:2.9	=UP=	2/1	-0.8
CPER	US COPPER INDEX	ETF	UP	5.4:2.9	UP	2/1	-0.4
URA	URANIUM	ETF	UP	5.0:2.9	«dn»	2/1	-0.9
KBWB	BIG BANKS	ETF	UP	4.8:2.9	«UP»	1/3	-0.7
GDJ	MARKET VECTORS GOLD MINERS	ETF	UP	4.6:2.9	«UP»	1/8	-1.4
PAVE	INFRASTRUCTURE	ETF	UP	4.2:2.9	UP	2/1	-0.1
GDJ	JUNIOR GOLD MINERS	ETF	UP	3.9:2.9	«UP»	1/8	-1.5
DBB	BASE METALS	ETF	UP	3.7:2.9	«dn»	1/6	-0.9
IVE	S&P 500 VALUE	ETF	UP	3.4:2.9	UP	2/1	-0.3
REMX	RARE EARTH METALS	ETF	UP	2.9:2.9	«DN»	1/5	-1.7
GLD	SPDR GOLD SHARES	ETF	UP	2.9:2.9	«UP»	1/6	-0.6
LIT	LITHIUM & BATTERY TECH	ETF	UP	2.4:2.9	«up»	1/4	-1.3
VIG	DIVIDEND APPRECIATION	ETF	UP	1.5:2.9	UP	2/1	-0.1
INFL	INFLATION BENEFICIARIES	ETF	UP	1.3:2.9	UP	2/6	-0.5
SLV	SILVER TRUST	ETF	UP	1.1:2.9	«dn»	1/11	-0.9
DBA	DB AGRICULTURE INDEX	ETF	=UP=	0.4:2.9	UP	20/1	0.3
DBC	DB COMMODITY INDEX	ETF	DN	-1.1:2.9	dn	2/2	-0.2
UNG	UNITED STATES NATURAL GAS	ETF	DN	-28.1:2.9	-dn-	2/314	1.9

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLC	COMMUNICATION SRVCS	ETF	UP	6.7:2.9	«UP»	1/1	-1.4
XHB	HOMEBUILDERS	ETF	UP	6.6:2.9	=UP=	2/1	-0.7
XRT	RETAIL	ETF	UP	6.2:2.9	«UP»	2/1	-0.5
XTN	S&P TRANSPORTATION	ETF	UP	5.9:2.9	≡dn≡	1/1	-0.7
XAR	SPACE & DEFENSE	ETF	UP	4.8:2.9	«UP»	42/1	-0.0
XLK	TECHNOLOGY	ETF	UP	4.6:2.9	-up-	24/2	-0.3
XLY	CONSUMER DISCRETIONARY	ETF	UP	4.0:2.9	«UP»	2/1	-0.4
XLRE	REAL ESTATE	ETF	UP	3.3:2.9	=UP=	2/3	-0.8
XLF	FINANCIALS	ETF	UP	3.1:2.9	«UP»	2/1	-0.2
XLB	MATERIALS	ETF	UP	2.8:2.9	«UP»	2/4	-0.5
XLI	INDUSTRIALS	ETF	UP	2.5:2.9	UP	45/1	-0.0
XLE	ENERGY	ETF	UP	0.8:2.9	-DN-	1/6	-0.5
XLV	HEALTH CARE	ETF	UP	-0.5:2.9	«UP»	2/14	-0.0
XLP	CONSUMER STAPLES	ETF	DN	-0.5:2.9	UP	2/1	0.1
XLU	UTILITIES	ETF	DN	-1.1:2.9	UP	2/1	0.2

The top five SPX sectors this week have not changed:

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

[Auxiliary Universe](#)

← Use this link to get to the live summary table

Auxiliary Universe Analysis for 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ARKW	NEXT GENERATION INTERNET	ETF	DN	12.4:2.9	=up=	2/1	-0.6
ARKK	DISRUPTIVE INNOVATION	ETF	DN	10.4:2.9	<<UP>>	2/1	-0.8
ITB	U.S. HOME CONSTRUCTION	ETF	UP	7.8:2.9	=UP=	2/3	-1.0
ARKQ	AI & ROBOTICS	ETF	UP	6.8:2.9	<<UP>>	2/1	-0.7
XME	METALS AND MINING	ETF	UP	5.4:2.9	<<up>>	2/1	-0.4
ARKG	GENOMIC REVOLUTION	ETF	DN	4.5:2.9	=UP=	1/1	-1.3
FIVG	FIFTH GENERATION NETWORKS	ETF	UP	3.9:2.9	=up=	2/1	-0.4
XBI	BIOTECHNOLOGY	ETF	UP	3.5:2.9	<<UP>>	1/5	-0.9
KIE	INSURANCE SECTOR	ETF	UP	3.0:2.9	<<UP>>	868/1	-0.0
SRVR	DATA & TRANSMISSION REIT	ETF	DN	3.0:2.9	=UP=	1/5	-1.0
FIW	POTABLE/WASTE WATER	ETF	UP	3.0:2.9	UP	2/1	-0.1
IHI	U.S. MEDICAL DEVICES	ETF	UP	2.5:2.9	up	1/3	-0.6
HACK	CYBER SECURITY	ETF	UP	2.4:2.9	<<UP>>	22/1	0.1
WOOD	GLOBAL TIMBER & FORESTRY	ETF	UP	2.2:2.9	up	2/6	-0.7
PPH	PHARMACEUTICALS	ETF	UP	1.6:2.9	=up=	5/7	-0.0
IBB	BIO-TECH & PHARMA	ETF	UP	1.5:2.9	=up=	2/6	-0.3
VDE	VANGUARD ENERGY ETF	ETF	UP	0.5:2.9	<<DN>>	1/6	-0.5
XOP	OIL & GAS EXP & PROD	ETF	DN	-1.2:2.9	<<DN>>	1/6	-0.4

[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 17-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
LYB	LYONDELL BASELL INDUSTRIES	STOCK	UP	8.4:2.9	-up-	35/2	-0.5
RMAX	REMAX	STOCK	UP	8.0:2.9	«up»	2/6	-2.7
NVEC	NVE CORP	STOCK	UP	7.9:2.9	UP	4/1	0.0
UWMC	UWM HOLDINGS CORP	STOCK	UP	7.5:2.9	-up-	2/1	-0.8
NDMO	DYNAMIC MUNICIPAL OPPTY	CEF	UP	6.7:2.9	«DN»	26/4	-2.0
BSTZ	SCIENCE AND TECHNOLOGY	CEF	DN	5.7:2.9	-DN-	2/4	-1.4
XRX	XEROX	STOCK	UP	4.8:2.9	«UP»	3/1	-0.3
RQI	C&S QUALITY INCOME REALTY	CEF	UP	4.6:2.9	≡up≡	2/3	-0.9
BNS	BANK OF NOVA SCOTIA	STOCK	UP	4.5:2.9	up	22/3	-0.5
AWP	ABERDEEN GLOBAL PREMIER	CEF	DN	4.1:2.9	up	2/1	-0.6
BMO	BANK OF MONTREAL	STOCK	UP	3.9:2.9	up	1/3	-0.4
HTGC	HERCULES CAPITAL	STOCK	UP	3.9:2.9	≡UP≡	40/1	0.9
PDM	PIEDMONT OFFICE REALTY TRUST	STOCK	DN	3.7:2.9	up	2/4	-1.2
NEM	NEWMONT MINING	STOCK	=DN=	3.6:2.9	«UP»	1/11	-1.7
GTY	GETTY REALTY	STOCK	UP	3.6:2.9	up	1/6	-0.6
MPW	MEDICAL PROPERTIES	STOCK	DN	3.4:2.9	=UP=	4/1	0.1
CSQ	CALAMOS STRATEGIC	CEF	UP	3.4:2.9	«DN»	1/3	-0.5

This Week's Selections

My choices for last week were: COPX 10%, GDY 10%, IEFA 10%, IEMG 10%, ITB 10%, NVEC 10%, PAVE 10%, and BIL 30%.

I've decided to split the ETFs By Slope table into two parts in order to make it easier to see what's what.

Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Long	Last	Sym	Slope	Long	Last
NVEC	7.9 —	yes	\$75.54 —	SMH	7.9 ↑↑	no	\$242.77 ↑
ITB	7.8 —	yes	\$68.65 ↓	ARKQ	6.8 ↑↑	no	\$50.46 ↑
COPX	7.5 ↓↓	yes	\$39.19 ↑	XME	5.4 ↓	no	\$56.18 ↑
IEFA	4.8 ↓↓	yes	\$66.55 ↑	MOAT	5.2 ↑↑	no	\$72.60 —
GDY	4.6 ↓↓	sell	\$28.41 ↓↓	IGV	5.1 ↑↑	no	\$284.75 —
PAVE	4.2 ↑↑	yes	\$29.51 ↑	URA	5.0 —	no	\$22.10 ↓
IEMG	3.8 ↓↓	sell	\$49.05 ↓↓	VGT	4.8 ↑↑	no	\$360.52 ↓↓
				KBWB	4.8 ↑↑	no	\$57.46 ↓↓

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

Analysis

GDY showed no inclination of turning back up this week so it's time to unload that. IEMG broke below \$50 last week and continued down this week. It didn't close below \$48.55, but it's clear that risk is outweighing potential reward for IEMG.

NVEC's slope has leveled out and price closed above \$75 for 5 out of the six last days. ITB got above \$70 and then fell back. I'm going to put a stop on it at \$67.85. That's tight but it's been declining since the high on Feb 2. COPX has been declining since Feb 1 so I'm raising my stop on it to \$38.45. IEFA has been flat for 5 weeks. I'm maintaining my stop at \$64.85. PAVE, like many others, has been declining since Feb 2. I'm going to move its stop up to \$28.75

SMH is kind of volatile. Wait for a clean close above \$250 and supporting indications. ARKQ — wait for a close above \$52.50. XME will become interesting when it gets above \$60. MOAT is being moved by the market — short-term lower highs and lower lows. IGV has historical, psychological, and trendline resistance at \$300. URA has short-term support at \$22 but there's lots of overhead supply (all the way up to \$30.mumble). VGT is stalled below \$370. KBWB — the big banks look slightly worse than the SPX this month.

Thoughts and Decisions

The reason I am being so cautious at this point is what I'm seeing in the Market Barometers (Page 2) and the Closer Look (Page 3). If the market breaks back above the early February highs then the whole picture will be much more positive. But it's like there's a big cloud over the market. I know, right now it's just hints and implications, but that's why I am putting tight stops on almost everything.

So my choices for this week are: COPX 10%, IEFA 10%, ITB 10%, NVEC 10%, PAVE 10%, and BIL 50%.

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