

Weekly Market Analysis #446 — 24 February 2023

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This Week

On Tuesday Barron's said:

All three major U.S. stock indexes fell at least 2%, each booking their worst daily drop since December, as the reality of the further interest-rate hikes seemingly began to set in. It was a significant selloff—the Dow Jones Industrial Average has now wiped out all of its 2023 gains so far, edging into the red for the year.

Traders now see a 21% chance of a 50-basis-points hike at the central bank's March meeting, according to the CME FedWatch tool. It's an abrupt shift—a week ago it was 12%, and a month ago it was 0%.

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CNBC reported that Google is asking cloud employees to share desks and alternate days in some locations to reduce its office space footprint. This seemingly innocuous statement could be a sign that tough times may be approaching for the commercial real estate market. As high tech companies realize that employees can be productive working from home, this provides opportunities for them to cut down on expenses driven by maintaining gigantic office "campuses".

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The Federal Reserve, Federal Deposit Insurance Corp., and Office of the Comptroller of the Currency warned banks of the risks of taking certain deposits from crypto firms...Banks were not discouraged or prohibited from doing business with any industry, but were being reminded to apply existing risk-management principles. But some crypto firms have said it's become increasingly difficult to even open a checking account at some banks.

This makes me wonder. Why would crypto firms need checking accounts? After all, they have been assuring us that digital money is perfectly safe and can be used as a medium of exchange. It seems to me that most people use digital money as a medium for speculation and very few people actually use digital money as currency per se. I seriously doubt if I could pay my utility bill with Bitcoins.

I'm guessing that crypto firms want to open checking accounts to convert their digital money into actual currency — dollars and cents — since the currency aspect of digital "money" isn't quite working out the way the visionaries thought it would.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All the indexes have declined far enough to be close to or involved with their MTA averages.



A Closer Look

The SPX fell substantially on Tuesday, then fell farther, ending the week between its 50-day average and its 200-day average (and below its 19-week rising trendline). The advance-decline line did a little better, but the percentage of stocks above their 50-day averages did worse.

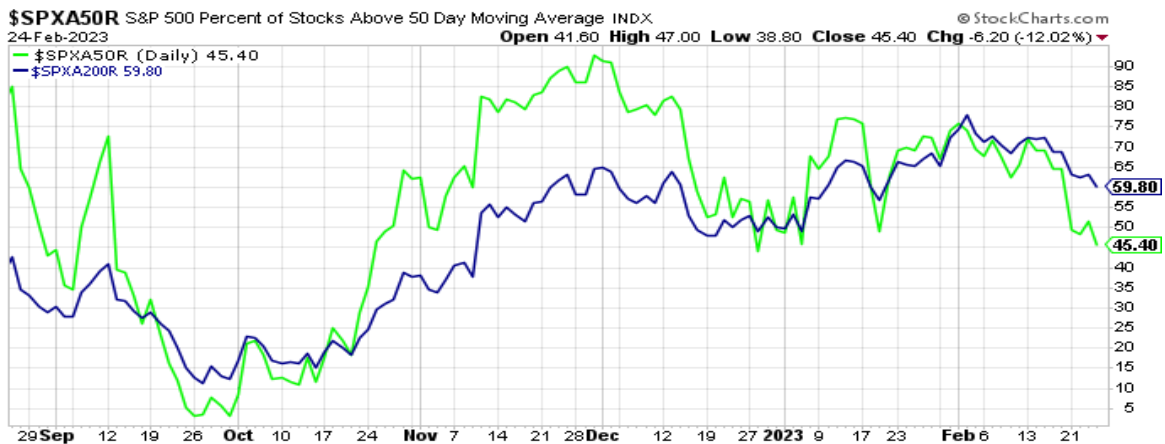


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[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 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
IGV	SOFTWARE	ETF	UP	4.9:2.5	-up-	0/4	-1.1
VGT	INFORMATION TECHNOLOGY	ETF	UP	4.6:2.5	≡DN≡	0/3	-1.0
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	4.6:2.5	-up-	0/5	-1.0
QQQ	NASDAQ 100	ETF	UP	4.2:2.5	up	0/4	-1.2
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	4.1:2.5	≡up≡	0/6	-0.7
COMPQ	NASDAQ COMPOSITE	INDEX	UP	4.0:2.5	≡up≡	0/4	-1.3
VUG	LARGE CAP GROWTH	ETF	UP	3.8:2.5	≡up≡	0/4	-1.2
IQLT	GLOBAL QUALITY	ETF	UP	3.8:2.5	-UP-	0/7	-0.7
IWM	RUSSELL 2000 SMALL-CAP	ETF	UP	3.3:2.5	«UP»	0/4	-0.7
IYT	DOW JONES TRANSPORTS	ETF	UP	3.1:2.5	≡DN≡	0/4	-0.9
VNQ	U.S. REIT INDEX	ETF	UP	2.8:2.5	≡up≡	0/6	-1.2
RSP	UNWEIGHTED S&P 500	ETF	UP	2.7:2.5	≡up≡	0/5	-0.6
IEMG	EMERGING MARKETS	ETF	UP	2.7:2.5	≡up≡	0/7	-0.9
VTI	TOTAL STOCK MARKET	ETF	UP	2.5:2.5	≡up≡	0/5	-0.6
SPX	S&P 500	INDEX	UP	2.3:2.5	≡up≡	0/5	-0.5
SPY	S&P 500 (LARGE-CAP)	ETF	UP	2.3:2.5	≡up≡	0/5	-0.5
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.0:2.5	≡up≡	0/9	-0.4
USMV	USA MIN VOLATILITY	ETF	«DN»	0.2:2.5	≡up≡	0/14	-0.3
USO	UNITED STATES OIL FUTURES	ETF	DN	-0.9:2.5	«UP»	1/3	-0.5
DXV	US DOLLAR INDEX	INDEX	DN	-1.2:2.5	None	11/0	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 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
IWN	RUSSELL 2000 VALUE	ETF	UP	3.1:2.5	≡up≡	0/4	-0.6
SPYV	S&P 500 (VALUE)	ETF	UP	2.8:2.5	≡up≡	0/5	-0.5
PFF	S&P PREFERRED	ETF	UP	2.4:2.5	≡up≡	0/6	-0.7
PCY	EMERGING MARKET BONDS	ETF	UP	2.1:2.5	≡DN≡	0/8	-0.7
CBON	CHINESE BONDS	ETF	UP	1.1:2.5	DN	0/8	-0.6
VTV	US LARGE CAP VALUE	ETF	UP	1.0:2.5	≡up≡	0/5	-0.3
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	-DN-	0.9:2.5	«dn»	0/7	-0.3
LQD	INVESTMENT GRADE CORP BOND	ETF	≡DN≡	0.8:2.5	«dn»	0/7	-0.6
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	≡DN≡	0.8:2.5	«dn»	0/7	-0.5
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	0.7:2.5	«up»	0/7	-0.7
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	0.7:2.5	«DN»	0/7	-0.7
MUB	MUNICIPAL BONDS	ETF	UP	0.7:2.5	≡DN≡	0/13	-0.4
BGRN	GLOBAL GREEN BOND	ETF	≡DN≡	0.6:2.5	«UP»	0/7	-0.3
BND	TOTAL BOND MARKET	ETF	DN	0.4:2.5	≡DN≡	0/7	-0.4
TIP	TIPS BOND	ETF	DN	0.3:2.5	-dn-	0/7	-0.3
GOVT	U.S. TREASURY BOND	ETF	DN	0.2:2.5	«dn»	0/14	-0.3
IEI	3-7 YEAR TREASURY BOND	ETF	DN	0.1:2.5	«dn»	0/14	-0.2
SHV	CASH EQUIVALENT	ETF	UP	0.1:2.5	UP	3/1	0.0
BIL	CASH EQUIVALENT	ETF	UP	0.0:2.5	=UP=	3/1	0.0

[Inflation Universe](#)

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

Inflation Universe Analysis for 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	7.6:2.5	-up-	0/4	-1.1
COPX	GLOBAL X COPPER MINERS	ETF	UP	5.7:2.5	=DN=	1/7	-1.1
CPER	US COPPER INDEX	ETF	UP	4.7:2.5	-up-	3/7	-0.4
KBWB	BIG BANKS	ETF	UP	4.2:2.5	≡up≡	0/4	-1.2
PAVE	INFRASTRUCTURE	ETF	UP	4.0:2.5	«UP»	0/4	-0.5
URA	URANIUM	ETF	UP	3.7:2.5	«dn»	0/7	-1.4
IVE	S&P 500 VALUE	ETF	UP	2.8:2.5	=up=	0/5	-0.5
DBB	BASE METALS	ETF	UP	2.7:2.5	-dn-	2/7	-0.6
GDX	MARKET VECTORS GOLD MINERS	ETF	-DN-	2.0:2.5	«UP»	0/14	-1.8
GLD	SPDR GOLD SHARES	ETF	UP	2.0:2.5	=DN=	0/8	-0.5
REMX	RARE EARTH METALS	ETF	=DN=	1.7:2.5	DN	0/6	-1.7
LIT	LITHIUM & BATTERY TECH	ETF	«DN»	1.5:2.5	≡DN≡	0/6	-2.0
GDXJ	JUNIOR GOLD MINERS	ETF	≡DN≡	1.3:2.5	«UP»	0/14	-1.6
VIG	DIVIDEND APPRECIATION	ETF	UP	1.1:2.5	≡up≡	0/5	-0.4
DBA	DB AGRICULTURE INDEX	ETF	UP	1.0:2.5	=up=	22/2	0.1
INFL	INFLATION BENEFICIARIES	ETF	UP	0.5:2.5	«UP»	0/7	-1.0
SLV	SILVER TRUST	ETF	≡DN≡	-0.2:2.5	=DN=	1/15	-0.9
DBC	DB COMMODITY INDEX	ETF	DN	-1.3:2.5	«UP»	1/6	-0.3
UNG	UNITED STATES NATURAL GAS	ETF	DN	-28.6:2.5	«UP»	1/314	2.7

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLC	COMMUNICATION SRVCS	ETF	UP	6.0:2.5	«UP»	0/5	-1.9
XHB	HOMEBUILDERS	ETF	UP	5.9:2.5	«UP»	0/4	-1.3
XRT	RETAIL	ETF	UP	5.6:2.5	≡up≡	0/4	-1.5
XTN	S&P TRANSPORTATION	ETF	UP	5.4:2.5	-dn-	0/4	-1.2
XAR	SPACE & DEFENSE	ETF	UP	4.7:2.5	«UP»	0/2	-0.3
XLK	TECHNOLOGY	ETF	UP	4.4:2.5	-up-	0/3	-1.0
XLY	CONSUMER DISCRETIONARY	ETF	UP	3.9:2.5	«UP»	0/4	-1.5
XLRE	REAL ESTATE	ETF	UP	2.7:2.5	≡up≡	0/6	-1.3
XLF	FINANCIALS	ETF	UP	2.6:2.5	≡up≡	0/5	-0.5
XLB	MATERIALS	ETF	UP	2.1:2.5	«UP»	0/7	-0.5
XLI	INDUSTRIALS	ETF	UP	2.1:2.5	≡up≡	0/4	-0.4
XLE	ENERGY	ETF	UP	-0.1:2.5	«dn»	1/9	-0.8
XLP	CONSUMER STAPLES	ETF	DN	-0.5:2.5	«UP»	0/2	0.0
XLV	HEALTH CARE	ETF	≡DN≡	-0.8:2.5	=DN=	0/17	-0.2
XLU	UTILITIES	ETF	DN	-1.5:2.5	≡up≡	0/2	-0.2

Again, the top five SPX sectors remain the same.

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 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ARKW	NEXT GENERATION INTERNET	ETF	DN	12.7:2.5	up	0/2	-2.4
ARKK	DISRUPTIVE INNOVATION	ETF	DN	10.4:2.5	≡up≡	0/4	-2.4
ARKQ	AI & ROBOTICS	ETF	UP	7.0:2.5	≡up≡	0/4	-1.7
ITB	U.S. HOME CONSTRUCTION	ETF	UP	6.8:2.5	«UP»	0/5	-1.4
XME	METALS AND MINING	ETF	UP	4.5:2.5	up	0/6	-0.8
FIVG	FIFTH GENERATION NETWORKS	ETF	UP	3.4:2.5	«DN»	0/5	-1.0
ARKG	GENOMIC REVOLUTION	ETF	DN	3.3:2.5	«DN»	0/6	-1.8
KIE	INSURANCE SECTOR	ETF	UP	2.7:2.5	≡up≡	0/4	-0.3
HACK	CYBER SECURITY	ETF	UP	2.7:2.5	≡up≡	0/3	-0.4
FIW	POTABLE/WASTE WATER	ETF	UP	2.7:2.5	≡up≡	0/4	-0.4
XBI	BIOTECHNOLOGY	ETF	UP	2.5:2.5	«DN»	0/6	-1.2
SRVR	DATA & TRANSMISSION REIT	ETF	DN	2.1:2.5	«up»	0/7	-1.4
IHI	U.S. MEDICAL DEVICES	ETF	UP	1.8:2.5	up	0/8	-0.8
WOOD	GLOBAL TIMBER & FORESTRY	ETF	-DN-	1.4:2.5	≡DN≡	0/8	-0.9
PPH	PHARMACEUTICALS	ETF	UP	1.2:2.5	up	0/12	-0.2
IBB	BIO-TECH & PHARMA	ETF	UP	0.7:2.6	«DN»	0/16	-0.9
VDE	VANGUARD ENERGY ETF	ETF	UP	-0.3:2.5	«dn»	1/10	-0.8
XOP	OIL & GAS EXP & PROD	ETF	DN	-1.9:2.5	«UP»	1/7	-0.6

[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 24-Feb-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
LYB	LYONDELL BASELL INDUSTRIES	STOCK	UP	7.5:2.5	up	0/4	-0.9
NVEC	NVE CORP	STOCK	UP	7.2:2.5	≡up≡	0/2	-0.2
UWMC	UWM HOLDINGS CORP	STOCK	UP	6.9:2.5	up	0/2	-1.0
NDMO	DYNAMIC MUNICIPAL OPPTY	CEF	UP	6.1:2.5	«DN»	1/0	-1.7
HTGC	HERCULES CAPITAL	STOCK	UP	5.3:2.5	-UP-	0/1	0.7
RMAX	REMAX	STOCK	«DN»	5.1:2.5	up	0/7	-3.2
BSTZ	SCIENCE AND TECHNOLOGY	CEF	DN	4.9:2.5	DN	0/5	-2.1
BNS	BANK OF NOVA SCOTIA	STOCK	UP	4.2:2.5	up	0/4	-1.2
XRX	XEROX	STOCK	UP	3.9:2.5	≡up≡	0/4	-0.5
RQI	C&S QUALITY INCOME REALTY	CEF	UP	3.7:2.5	=DN=	0/6	-1.5
AWP	ABERDEEN GLOBAL PREMIER	CEF	DN	3.4:2.5	-DN-	0/6	-1.5
SPOK	SPOK HOLDINGS	STOCK	UP	3.3:2.5	UP	51/1	1.2
BMO	BANK OF MONTREAL	STOCK	UP	3.2:2.5	up	0/6	-0.9
CSQ	CALAMOS STRATEGIC	CEF	UP	2.9:2.5	DN	0/5	-0.8
PDM	PIEDMONT OFFICE REALTY TRUST	STOCK	DN	2.9:2.5	≡DN≡	0/6	-2.2
GTY	GETTY REALTY	STOCK	UP	2.7:2.5	up	2/7	-0.4
EPD	ENTERPRISE PRODUCTS PRTNRS LP	STOCK	UP	2.5:2.5	up	0/2	-0.5

This Week's Selections

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

Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Long	Last	Sym	Slope	Long	Last
NVEC	7.2 ↓	yes	\$75.11 —	SMH	7.6 ↓	no	\$238.21 ↓
ITB	6.8 ↓	sell	\$66.85 ↓	ARKQ	7.0 ↑↑	no	\$48.52 ↑
COPX	5.7 ↓↓	sell	\$36.72 ↓	IGV	4.9 ↓	no	\$278.36 ↓
IEFA	4.1 ↓↓	yes/watch	\$64.72 ↓	VGT	4.6 ↓	no	\$350.92 ↓↓
PAVE	4.0 ↓	yes/watch	\$28.85 ↓	MOAT	4.6 ↓	no	\$70.20 ↓
				XME	4.5 ↓↓	no	\$53.79 ↓
				QQQ	4.2 ↓	no	\$291.85 ↓↓
				KBWB	4.2 ↓	no	\$56.03 ↓↓

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

Analysis

I'm going to sell ITB because it closed below my stop \$67.85 and it broke a 17-week trendline (see next page). I'm also selling COPX because it's below my stop of \$38.45 and all the basic charts are negative.

NVEC is clinging to \$75 and has positive moneyflow. IEFA is 13 cents below my stop at \$64.85 but it has really strong moneyflow. If price goes down on Monday I'll sell before the close. If it gets back above \$65, then I'll hold it and continue watching it. PAVE is in a similar situation. It's 10 cents above my stop \$28.75, so I'm going to watch this one Monday, also.

SMH basic charts are all down. I'm still waiting for a close above \$250. ARKQ has strong moneyflow but the other four basic charts are down since early Feb. IGV is below \$280. Moneyflow is neutral. All four other basic charts are down. VGT may find support at \$350, but all six basic charts are down.

MOAT may find support at \$70 but moneyflow is neutral and the other four basic charts are down. XME may find support at \$52.50, et cetera. QQQ has positive CMF but neutral OBV and everything else is down for now. KBWB has strong moneyflow. It may find support near \$55.

Thoughts and Decisions

So my choices for this week are: IEFA 10%, NVEC 10%, PAVE 10%, and BIL 70%.

But I'm going to watch IEFA and PAVE very closely.

Trendline Details

My software saw the low trendline being through the lows in mid-October and late February, with a near miss in early November. So it came up with this a-b trendline that scores 2.5 touches. This sounds peculiar but the 0.5 comes from the near miss.



The software doesn't have rules for finding crossover touches. By using the low at the end of December, we get a three-touch trendline for which the high of Friday is the third touchpoint.



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