

Weekly Market Analysis #449 — 17 March 2023

Richard "Doc" Ahrens

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This Week

On Wednesday, Credit Suisse revealed that it found "material weakness" in its financial reporting for 2021 and 2022. The bank disclosed that "management did not design and maintain effective controls over the classification and presentation of the consolidated statement of cash flows."

[Translation: Credit Suisse has not been telling the truth about how they do business.]

Nonetheless, the Swiss National Bank stepped in and offered a loan up to 50 billion francs (about \$54 billion US dollars) on Thursday.

The Swiss bank's fall caused a wider banking selloff through the rest of Europe. The French banks BNP Paribas and Societe Generale and the German banks Commerzbank and Deutsche Bank also posted steep declines on Wednesday. By the end of the trading day, the entire banking sector was down 7%.

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Paul J. Davies at Bloomberg said:

Everyone knows that the effects of interest-rate increases come with a time lag. It's tempting to think it's like pressing the brake in a car: Central banks push the pedal a bit, then a bit more and eventually the economy steadily starts to slow down.

The turmoil in banking this week shows this is the wrong analogy. Monetary policy is more like an elastic band: You can pull on it for ages and nothing seems to move until suddenly the other end comes pinging right at you.

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In this week's [Thoughts From the Frontline](#) John Mauldin starts off with what I would rate as the quote of the year. Then John goes on to provide solid insights into what has been going on, including observations about:

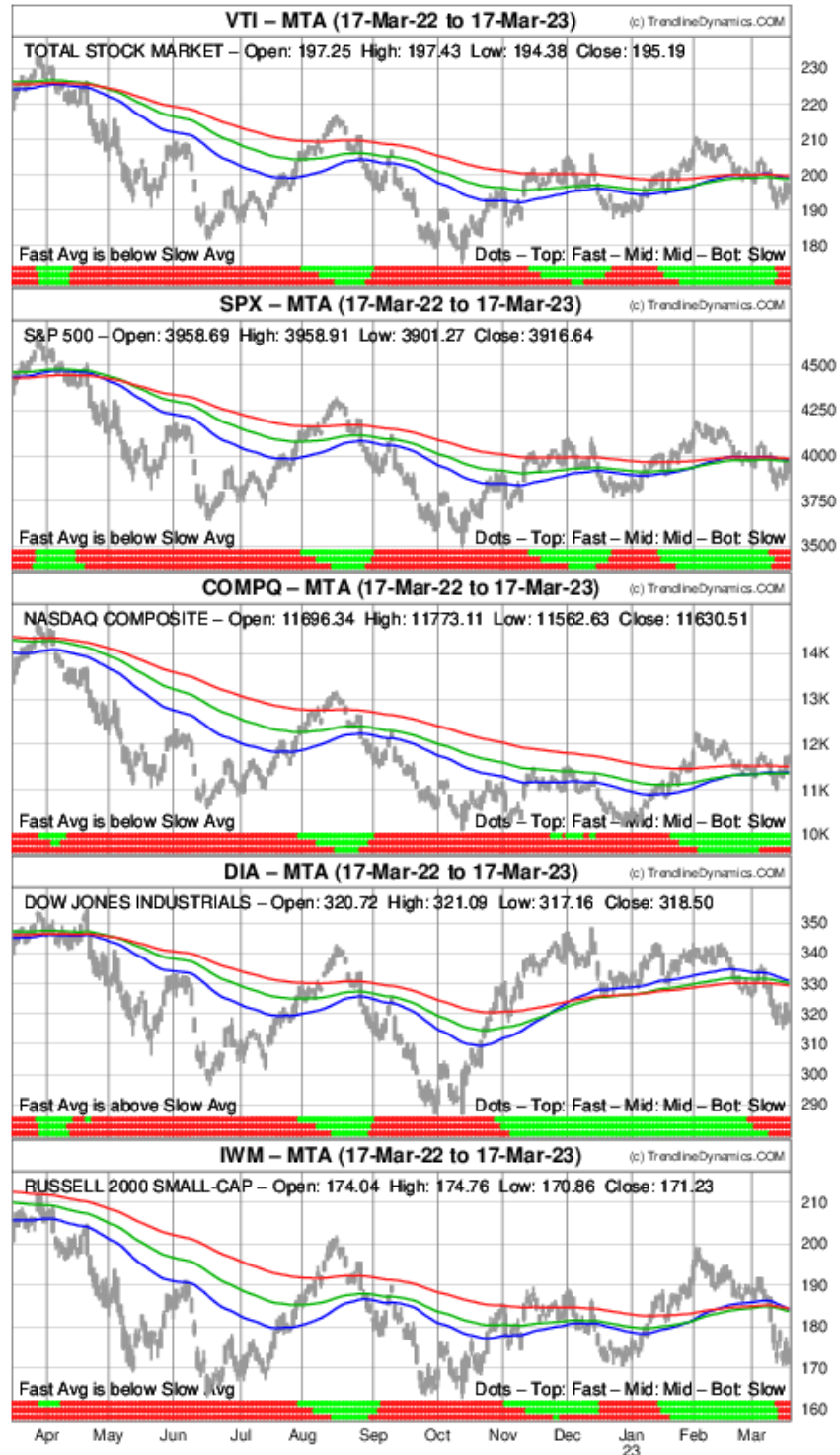
- How the Fed dropped the ball on bank stress testing (page 3)
- How depositors set themselves up for a fall by failing to manage their funds (page 4)
- An unsettling chart that illustrates economic stress (page 7)

Back in 2006, John published a letter about the mathematical implications of "ubiquity" and described a fascinating experiment in complexity and instability. He updated that letter in the 2021 essay, "[Ubiquity, Complexity, and Sandpiles](#)". It provides deep insights into instability, and is well worth the few minutes it takes to read it. (The text is only the first third of the webpage, the rest is comments and such.)

[Market Barometers](#)

← Use this link to see all the market barometer charts

Despite the noise and the fury, VTI, SPX, and COMPQ closed Friday slightly higher than they did on the previous Friday. DIA moved down \$1.23 this week and IWM moved down about \$5.



A Closer Look

The SPX rose significantly on Tuesday and Thursday, but ended the week at \$3916.64. The advance-decline line went negative, and the percentage of stocks above their 50-day and 200-day averages both remained below 50%.



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-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
VGT	INFORMATION TECHNOLOGY	ETF	UP	3.1:0.3	-UP-	4/1	0.2
IGV	SOFTWARE	ETF	UP	3.0:0.3	=UP=	2/1	-0.0
QQQ	NASDAQ 100	ETF	UP	2.7:0.3	-UP-	4/1	0.4
COMPQ	NASDAQ COMPOSITE	INDEX	UP	2.0:0.3	=UP=	4/1	0.0
VUG	LARGE CAP GROWTH	ETF	UP	2.0:0.3	=UP=	4/1	0.2
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	1.6:0.3	<<dn>>	1/8	-0.2
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	1.3:0.3	=UP=	1/10	-0.6
IYT	DOW JONES TRANSPORTS	ETF	<<DN>>	0.9:0.3	dn	1/10	-0.7
IQLT	GLOBAL QUALITY	ETF	UP	0.9:0.3	=UP=	1/10	-0.4
VTI	TOTAL STOCK MARKET	ETF	≡DN≡	0.4:0.3	=UP=	1/10	-0.3
SPY	S&P 500 (LARGE-CAP)	ETF	DN	0.3:0.3	=UP=	1/10	-0.2
SPX	S&P 500	INDEX	DN	0.3:0.3	-UP-	1/10	-0.2
IWM	RUSSELL 2000 SMALL-CAP	ETF	≡DN≡	0.1:0.3	<<DN>>	1/11	-1.3
DXY	US DOLLAR INDEX	INDEX	DN	-0.2:0.3	None	1/4	-0.2
RSP	UNWEIGHTED S&P 500	ETF	=DN=	-0.3:0.3	=UP=	1/17	-1.0
IEMG	EMERGING MARKETS	ETF	DN	-0.5:0.3	-UP-	1/17	-0.3
VNQ	U.S. REIT INDEX	ETF	DN	-0.8:0.3	<<dn>>	1/20	-0.7
DIA	DOW JONES INDUSTRIALS	ETF	DN	-0.9:0.3	-UP-	1/19	-0.5
USMV	USA MIN VOLATILITY	ETF	DN	-1.1:0.3	-UP-	1/1	-0.0
USO	UNITED STATES OIL FUTURES	ETF	DN	-2.5:0.3	<<up>>	1/59	-1.6

[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-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
TIP	TIPS BOND	ETF	DN	0.2:0.3	≡DN≡	14/1	0.2
PCY	EMERGING MARKET BONDS	ETF	DN	0.1:0.3	-DN-	1/4	-0.1
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	0.1:0.3	≡DN≡	6/1	0.7
SPYV	S&P 500 (VALUE)	ETF	UP	0.1:0.3	<<dn>>	1/11	-0.5
SHV	CASH EQUIVALENT	ETF	UP	0.1:0.3	≡up≡	59/1	0.0
BIL	CASH EQUIVALENT	ETF	UP	0.0:0.3	DN	6/1	0.0
CBON	CHINESE BONDS	ETF	DN	0.0:0.3	=dn=	4/1	0.2
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	0.0:0.3	=DN=	6/1	0.8
BGRN	GLOBAL GREEN BOND	ETF	DN	0.0:0.3	DN	6/1	0.3
MUB	MUNICIPAL BONDS	ETF	DN	0.0:0.3	DN	4/1	0.3
GOVT	U.S. TREASURY BOND	ETF	DN	-0.1:0.3	≡DN≡	6/1	0.4
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	DN	-0.1:0.3	-dn-	2/1	0.0
IEI	3-7 YEAR TREASURY BOND	ETF	DN	-0.2:0.3	=DN=	8/1	0.4
BND	TOTAL BOND MARKET	ETF	DN	-0.2:0.3	DN	6/1	0.4
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	DN	-0.2:0.3	DN	4/1	0.3
LQD	INVESTMENT GRADE CORP BOND	ETF	DN	-0.4:0.3	DN	5/1	0.4
PFF	S&P PREFERRED	ETF	DN	-0.5:0.3	DN	1/18	-0.9
IWN	RUSSELL 2000 VALUE	ETF	DN	-0.6:0.3	<<DN>>	1/21	-1.5
VTV	US LARGE CAP VALUE	ETF	DN	-1.1:0.3	-UP-	1/20	-1.0

[Inflation Universe](#)

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

Inflation Universe Analysis for 17-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	4.9:0.3	=UP=	4/3	0.2
PAVE	INFRASTRUCTURE	ETF	UP	1.8:0.3	DN	1/10	-1.6
CPER	US COPPER INDEX	ETF	UP	1.6:0.3	<<up>>	2/10	-0.6
GLD	SPDR GOLD SHARES	ETF	UP	1.0:0.3	UP	46/1	0.9
DBA	DB AGRICULTURE INDEX	ETF	-DN-	0.6:0.3	DN	1/7	-0.4
COPX	GLOBAL X COPPER MINERS	ETF	UP	0.2:0.3	<<UP>>	1/15	-1.3
IVE	S&P 500 VALUE	ETF	UP	0.1:0.3	=UP=	1/11	-0.5
VIG	DIVIDEND APPRECIATION	ETF	DN	-0.6:0.3	-UP-	1/17	-0.3
DBB	BASE METALS	ETF	DN	-0.8:0.3	≡UP≡	1/10	-0.4
GDX	MARKET VECTORS GOLD MINERS	ETF	DN	-1.7:0.3	-UP-	5/1	2.0
URA	URANIUM	ETF	DN	-2.0:0.3	-dn-	1/21	-1.5
DBC	DB COMMODITY INDEX	ETF	DN	-2.2:0.3	<<up>>	1/56	-0.6
INFL	INFLATION BENEFICIARIES	ETF	DN	-2.3:0.3	-dn-	1/20	-0.8
GDXJ	JUNIOR GOLD MINERS	ETF	DN	-2.4:0.3	<<UP>>	5/1	1.7
LIT	LITHIUM & BATTERY TECH	ETF	DN	-2.9:0.3	-dn-	1/10	-1.1
SLV	SILVER TRUST	ETF	DN	-2.9:0.3	<<dn>>	6/1	2.1
KBWB	BIG BANKS	ETF	DN	-3.4:0.3	=dn=	1/119	-4.6
REMX	RARE EARTH METALS	ETF	DN	-3.6:0.3	<<DN>>	1/99	-1.7
UNG	UNITED STATES NATURAL GAS	ETF	DN	-24.0:0.3	<<up>>	2/3	0.4

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 17-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLK	TECHNOLOGY	ETF	UP	3.1:0.3	=UP=	4/1	0.3
XLC	COMMUNICATION SRVCS	ETF	UP	2.9:0.3	=UP=	4/8	0.3
XHB	HOMEBUILDERS	ETF	UP	2.5:0.3	<<DN>>	1/8	-0.6
XAR	SPACE & DEFENSE	ETF	UP	2.4:0.3	<<up>>	1/8	-1.4
XTN	S&P TRANSPORTATION	ETF	<<DN>>	1.5:0.3	=dn=	1/10	-1.6
XLY	CONSUMER DISCRETIONARY	ETF	DN	1.1:0.3	=UP=	2/1	-0.4
XLI	INDUSTRIALS	ETF	UP	0.7:0.3	<<dn>>	1/17	-1.0
XRT	RETAIL	ETF	DN	0.1:0.3	=dn=	1/10	-1.4
XLB	MATERIALS	ETF	<<DN>>	-0.2:0.3	<<DN>>	1/18	-1.2
XLRE	REAL ESTATE	ETF	DN	-0.8:0.3	<<dn>>	1/1	-0.4
XLP	CONSUMER STAPLES	ETF	DN	-1.0:0.3	=UP=	2/1	0.2
XLF	FINANCIALS	ETF	DN	-1.3:0.3	<<DN>>	1/21	-2.3
XLV	HEALTH CARE	ETF	DN	-2.3:0.3	-UP-	2/1	0.2
XLU	UTILITIES	ETF	DN	-2.3:0.3	<<dn>>	4/1	0.8
XLE	ENERGY	ETF	-DN-	-2.8:0.3	<<dn>>	1/23	-1.8

The top five SPX sectors remained the same, but they changes seats on the bus.

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

[Auxiliary Universe](#)

← Use this link to get to the live summary table

Auxiliary Universe Analysis for 17-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ARKW	NEXT GENERATION INTERNET	ETF	DN	7.9:0.3	=UP=	4/1	-0.2
ARKK	DISRUPTIVE INNOVATION	ETF	DN	5.0:0.3	=UP=	2/1	-0.5
ARKQ	AI & ROBOTICS	ETF	UP	3.9:0.3	<<dn>>	1/7	-1.1
ITB	U.S. HOME CONSTRUCTION	ETF	UP	3.3:0.3	-dn-	2/1	-0.0
HACK	CYBER SECURITY	ETF	-DN-	1.3:0.3	-UP-	1/8	-0.5
XME	METALS AND MINING	ETF	UP	0.7:0.3	<<dn>>	1/10	-1.8
FIVG	FIFTH GENERATION NETWORKS	ETF	DN	0.6:0.3	-UP-	1/10	-0.2
FIW	POTABLE/WASTE WATER	ETF	UP	0.3:0.3	=UP=	1/10	-0.6
IHI	U.S. MEDICAL DEVICES	ETF	DN	-0.6:0.3	=UP=	2/1	0.0
KIE	INSURANCE SECTOR	ETF	-DN-	-0.7:0.3	<<DN>>	1/21	-2.1
PPH	PHARMACEUTICALS	ETF	DN	-0.9:0.3	<<up>>	1/16	-0.4
WOOD	GLOBAL TIMBER & FORESTRY	ETF	DN	-1.3:0.3	-UP-	1/18	-0.8
SRVR	DATA & TRANSMISSION REIT	ETF	DN	-1.3:0.3	<<DN>>	2/1	0.1
XBI	BIOTECHNOLOGY	ETF	DN	-1.8:0.3	dn	1/1	-0.8
IBB	BIO-TECH & PHARMA	ETF	DN	-1.9:0.3	=UP=	2/1	-0.0
ARKG	GENOMIC REVOLUTION	ETF	DN	-2.5:0.3	<<dn>>	1/1	-0.2
VDE	VANGUARD ENERGY ETF	ETF	=DN=	-2.9:0.3	-UP-	1/23	-1.9
XOP	OIL & GAS EXP & PROD	ETF	DN	-3.8:0.3	-dn-	1/24	-1.7

[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-Mar-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SPOK	SPOK HOLDINGS	STOCK	UP	9.5:0.3	up	2/3	-1.8
UWMC	UWM HOLDINGS CORP	STOCK	UP	6.1:0.3	=UP=	1/1	-0.1
NVEC	NVE CORP	STOCK	UP	4.9:0.3	<<DN>>	1/2	-0.6
LYB	LYONDELL BASELL INDUSTRIES	STOCK	<<DN>>	2.1:0.3	-dn-	1/10	-1.9
NDMO	DYNAMIC MUNICIPAL OPPTY	CEF	UP	2.0:0.3	DN	1/9	-0.4
MO	ALTRIA GROUP	STOCK	UP	1.4:0.3	<<DN>>	2/6	-0.3
GTY	GETTY REALTY	STOCK	UP	1.3:0.3	<<up>>	6/1	0.4
RTL	NECESSITY RETAIL REIT	ETF	<<DN>>	1.1:0.3	<<DN>>	1/10	-1.7
BSTZ	SCIENCE AND TECHNOLOGY	CEF	DN	1.1:0.3	-dn-	1/10	-1.1
EPD	ENTERPRISE PRODUCTS PRTNRS LP	STOCK	UP	1.0:0.3	-dn-	1/8	-0.7
RA	BROOKFIELD REAL ASSETS	CEF	DN	0.8:0.3	DN	1/10	-1.1
HTGC	HERCULES CAPITAL	STOCK	≡DN≡	0.3:0.3	<<dn>>	1/23	-3.7
IRM	IRON MOUNTAIN	STOCK	UP	0.3:0.3	<<DN>>	1/9	-0.5
XRX	XEROX	STOCK	=DN=	0.3:0.3	<<DN>>	1/10	-1.5
IEP	ICAHN ENTERPRISES	STOCK	=DN=	0.0:0.3	=dn=	1/11	-0.6

