

## Weekly Market Analysis #453 — 14 April 2023

Richard "Doc" Ahrens

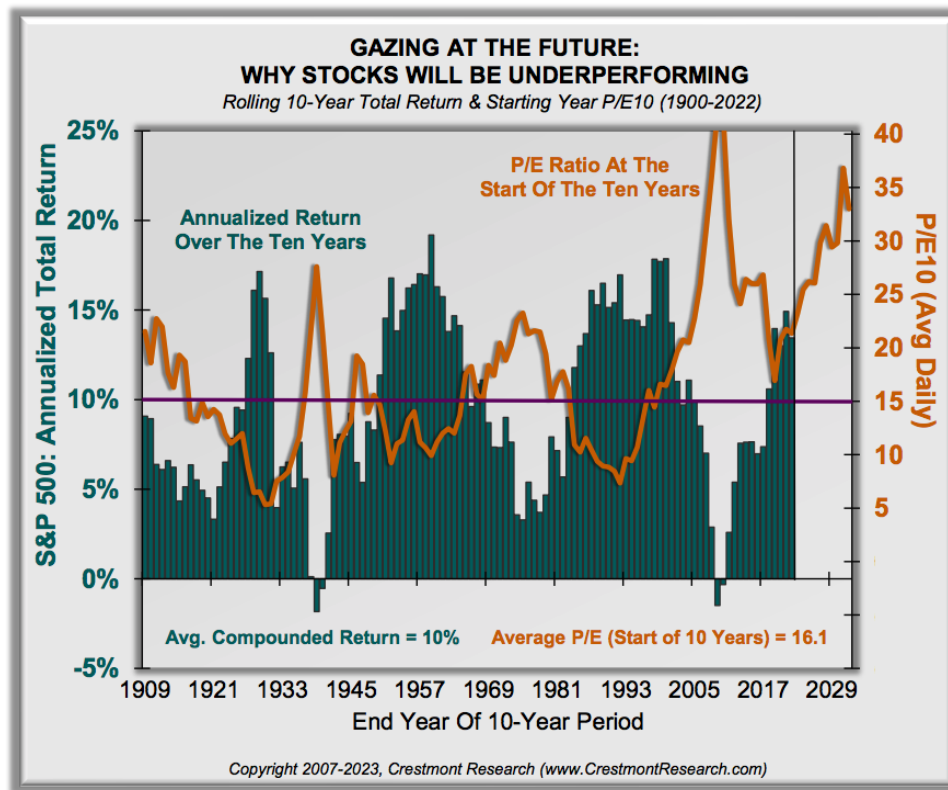
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### This Week

Here's a very important chart from Ed Easterling at CrestmontResearch.COM. The chart was brought to us and explained in detail in this week's [On My Radar](#) by Steve Blumenthal.

Ed Easterling does **really long term** market research. This chart uses data going back to the year 1900. It shows the market's overall P/E ratio (the orange line) and the resulting market return (the green bars).

Notice that the yellow line and the height of the green bars generally move in opposite directions.



Ed's chart shows that the orange line has been above the purple line since about the year 2000. Steve Blumenthal points out, "When the orange P/E 10 line is above the long-term 10% annualized total return purple line, the subsequent 10-year annualized returns are worst."

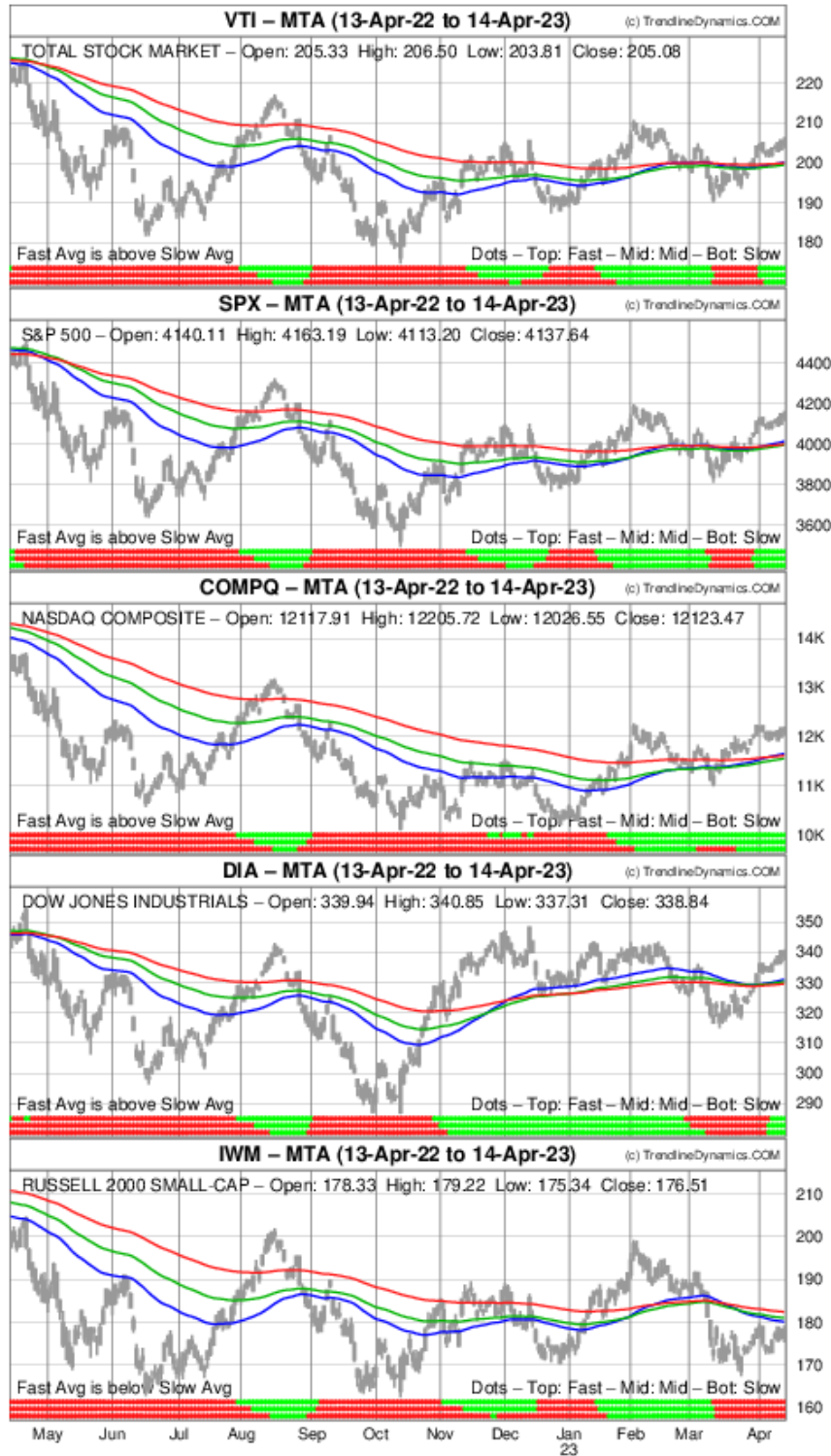
To read the full story, go to Steve's ["For Want of a Nail"](#)

I believe the last rising group of green bars on the chart can be attributed to the artificial support of the market by the Fed's "quantitative easing" starting about 2010. I also believe that there is going to be a price to pay for the Fed's machinations — a price that will make the next decade worse than what we might normally expect.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All the indexes rose a little this week except IWM.



## A Closer Look

The SPX rose on Monday and Thursday, but only managed an advance of 0.8% over last week's close. The NYAD and the stocks above their 50-day averages confirmed price action. The stocks above their 200-day averages were a little more subdued.



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

Last week I removed the universe summary tables because I had the feeling nobody was looking at them. Since no one objected, they will remain as links.

[Bullish Universe](#) ← Use this link to get to the live summary table

[Bearish Universe](#) ← Use this link to get to the live summary table

[Inflation Universe](#) ← Use this link to get to the live summary table

[Auxiliary Universe](#) ← Use this link to get to the live summary table

[Special Security Universe](#) ← Use this link to get to the live summary table

[Sector Universe](#) ← Use this link to get to the live summary table

SPX Sector Universe Analysis for 14-Apr-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XLC</a>	COMMUNICATION SRVCS	ETF	UP	4.7:0.6	≡up≡	10/2	0.3
<a href="#">XLK</a>	TECHNOLOGY	ETF	UP	4.6:0.6	=up=	1/2	-0.3
<a href="#">XLY</a>	CONSUMER DISCRETIONARY	ETF	DN	1.0:0.6	-UP-	1/2	0.2
<a href="#">XLP</a>	CONSUMER STAPLES	ETF	UP	0.7:0.6	<<up>>	13/1	0.2
<a href="#">ITA</a>	U.S. AEROSPACE & DEFENSE	ETF	UP	0.6:0.6	-UP-	6/1	0.3
<a href="#">XHB</a>	HOMEBUILDERS	ETF	UP	0.5:0.6	UP	2/1	0.4
<a href="#">XLU</a>	UTILITIES	ETF	<<UP>>	-0.2:0.6	UP	1/1	0.7
<a href="#">XLV</a>	HEALTH CARE	ETF	=UP=	-0.3:0.6	<<up>>	13/1	0.8
<a href="#">XLI</a>	INDUSTRIALS	ETF	DN	-0.5:0.6	-UP-	2/1	0.3
<a href="#">XLB</a>	MATERIALS	ETF	=UP=	-0.7:0.6	UP	5/1	0.6
<a href="#">XLE</a>	ENERGY	ETF	=UP=	-1.8:0.6	up	6/1	0.9
<a href="#">XLRE</a>	REAL ESTATE	ETF	DN	-2.1:0.6	<<DN>>	5/2	0.8
<a href="#">XTN</a>	S&P TRANSPORTATION	ETF	DN	-2.2:0.6	<<up>>	5/1	0.9
<a href="#">XRT</a>	RETAIL	ETF	DN	-2.5:0.6	=DN=	2/1	0.7
<a href="#">XLF</a>	FINANCIALS	ETF	DN	-4.2:0.6	UP	5/1	1.1

Consumer Staples nudged its way into the top 5 this week.

1. XLC
2. XLK
3. XLY
4. XLP
5. ITA

## This Week's Selections

My choices for last week were: GLD 10%, NVEC 10%, SMH 10%, VGT 10%, and BIL 60%.

### Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Long	Last	Sym	Slope	Long	Last
NVEC	5.0 ↑↑	yes	\$83.66 ↑	ARKW	5.8 —	no	\$51.79 ↑
SMH	4.9 ↓	yes	\$252.08—	QQQ	4.3 ↑↑	no	\$318.57—
VGT	4.3 ↑↑	yes	\$380.07—	SLV	4.2 ↑↑	no	\$23.31 ↑↑
GLD	3.7 ↑↑	yes	\$186.36—	IGV	4.1 ↑↑	no	\$301.24—
				VUG	3.3 ↑↑	no	\$248.88—
				ITB	2.5 —	no	\$70.36 ↑
				IQLT	2.0 ↑↑	no	\$36.15 ↑
				MOAT	1.7 ↑↑	no	\$73.44 ↑

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

### Analysis

[NVEC](#) advanced and made a 198-week high. [SMH](#) retreated a bit but remained above \$250. [VGT](#) closed 7 cents above \$380, but CMF is positive. [GLD](#) made a 56-week high, got above \$185, and held there.

[ARKW](#) price has been essentially horizontal since the beginning of February. [QQQ](#) closed below \$320 on April 4<sup>th</sup> and has remained there. [SLV](#) made a 50-week high but it looks like the current rally may have run its course. [IGV](#) bars are straddling \$300 but are not convincingly above it yet.

[VUG](#) still hasn't closed above \$250. [ITB](#) seems stuck near \$70. [IQLT](#) got through resistance at \$35.50, made a new 51-week high, and all 6 basic charts are up. The only remaining obstacle is a 25-week, confirmed trendline at \$36.52. [MOAT](#) has good money flow but the other 4 basic charts seem uninspired.

### Thoughts and Decisions

GLD, NVEC, SMH, and VGT are doing well in the face of a volatile (choppy) market. Even though IQLT isn't near the top of the slope list, it's the only one that looks good. If it breaks up through that 25-week trendline, I will buy it.

So this week my choices are still: GLD 10%, NVEC 10%, SMH 10%, VGT 10%, and BIL 60%.

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