

Weekly Market Analysis #460 – 2 June 2023

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This Week

This morning Barron's said there was:

...a dramatic shift in expectations for the Federal Reserve's upcoming meeting on June 14. A week ago, markets were expecting another quarter-point increase, according to the CME FedWatch tool. Now there's a 71% chance of a hold.

Chairman Jerome Powell made it clear at the last Fed meeting that policy makers will be data dependent in future rate decisions.

That second part makes me wonder. If "policy makers will be data dependent in future rate decisions", then what were they doing in the past? (Oops, sorry, rude question)

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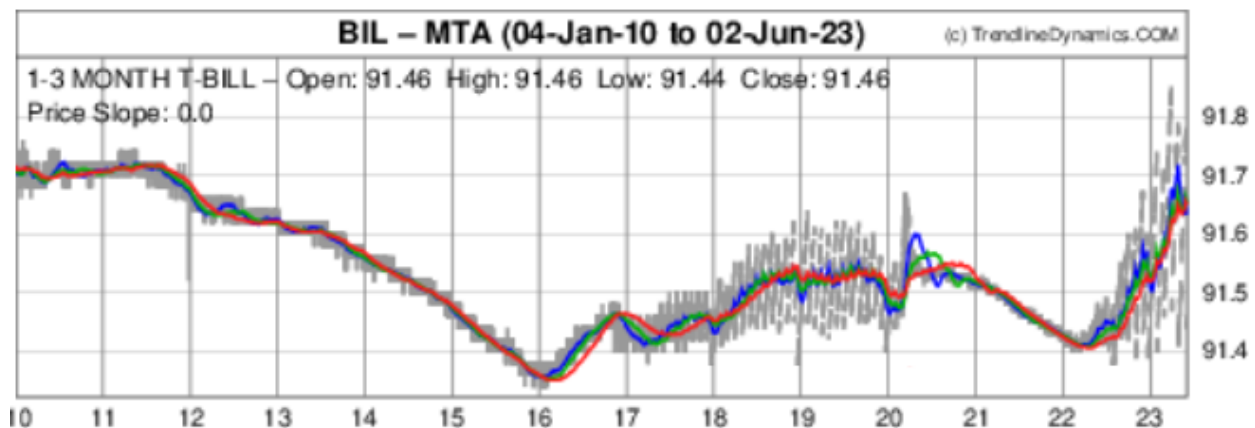
In case you're wondering why US legislator waited until the last minute to pass the new debt ceiling bill, the purpose is to force Biden to sign it whether he likes it or not. If Biden doesn't sign it and the economy goes face down in the dirt, then the legislators (and just about everybody else) will put the blame on him.

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It seems that lots of people are taking big positions in money market funds. Apparently they haven't read the fine print. Decades ago money market funds were essentially like bank accounts: a) you put your money in; b) you got a lousy return; c) but at least you were assured of protecting your principal.

Now the fine print on all the money markets I've seen lately says, "By the way, you could lose money investing here." but they won't say how much. I dislike unspecified risks.

Using BIL as a cash equivalent since 2010 looks like this:



At first this looks pretty jumpy, but look at the scale on the right side. Each vertical division represents 10 cents. The worst year on the chart was 2015, when price dropped from \$91.46 to \$91.36. That's an annual decline of a hair over one tenth of one percent (0.1093%). The 5-year decline from Jan 2011 to Dec 2015 was from \$91.72 to \$91.36 — slightly less than 4/10 of one percent.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All 5 indexes are up except IWM.



A Closer Look

The SPX closed above \$4200 on 4 of the last 5 market days and made a 40-week. NYAD and the stocks above their 50-day and 200-day averages move with price during the week. But look at the three charts from Feb 2 (A) to the present. While price moved sideways and then rallied, Advances–Declines and the percentage of stocks above their 50-day and 200-day averages lost ground and are still losing ground. Rising prices and falling Advances–Declines says buying is concentrated in the large cap stocks.



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

[Bearish Universe](#)

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[Inflation Universe](#)

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[Auxiliary Universe](#)

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[Special Security Universe](#)

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[Sector Universe](#)

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Sector names followed by "(SPX 11)" are members of the 11 major SPX sectors.

SPX Sector Universe Analysis for 02-Jun-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLK	TECHNOLOGY (SPX 11)	ETF	UP	4.7:1.4	≡up≡	70/1	0.7
XLC	COMMUNICATION SRVCS	ETF	UP	4.5:1.4	UP	56/0	0.3
XLY	CONSUMER DISCR (SPX 11)	ETF	UP	2.6:1.4	=UP=	35/1	0.4
XHB	HOMEBUILDERS	ETF	UP	2.2:1.4	«UP»	2/5	-0.2
XLP	CONSUMER STAPLES (SPX 11)	ETF	-DN-	1.1:1.4	«UP»	1/10	-0.6
XLV	HEALTH CARE (SPX 11)	ETF	DN	-0.2:1.4	-UP-	2/10	-0.2
XLU	UTILITIES (SPX 11)	ETF	DN	-0.3:1.4	=dn=	1/10	-0.4
XTN	TRANSPORTATION	ETF	DN	-1.0:1.4	-UP-	12/1	0.5
XLI	INDUSTRIALS (SPX 11)	ETF	UP	-1.2:1.4	-UP-	6/10	0.1
ITA	U.S. AEROSPACE & DEFENSE	ETF	-DN-	-1.4:1.4	«UP»	2/19	0.1
XLRE	REAL ESTATE (SPX 11)	ETF	DN	-1.6:1.4	-UP-	3/0	0.2
XLB	MATERIALS (SPX 11)	ETF	DN	-1.9:1.4	«UP»	2/29	0.0
XLF	FINANCIALS (SPX 11)	ETF	DN	-3.1:1.4	UP	5/4	0.2
XRT	RETAIL	ETF	DN	-3.3:1.4	«UP»	2/34	-0.4
XLE	ENERGY (SPX 11)	ETF	DN	-3.5:1.4	«UP»	1/33	0.1
XTL	TELECOM (SPX 11)	ETF	DN	-5.4:1.4	UP	5/1	1.1

More switching places, but last week's top 5 are this week's top 5.

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

This Week's Selections

My choices for last week were: IGV 10%, ITB 10%, QQQ 10%, VGT 10%, XLC 10%, XLK 10%, and BIL 40%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
QQQ	4.9 ↑↑	\$339.75	\$354.65↑↑
XLK	4.7 ↑↑	\$157.60	\$166.90↑↑
XLC	4.5 ↑	\$59.85	\$63.16 ↑↑
VGT	4.5 ↑↑	\$402.80	\$424.10↑↑
ITB	3.9 ↓↓	\$73.60	\$76.97 ↑
IGV	3.6 ↑↑	\$313.50	\$330.18↑↑

Other High-Slope ETFs

Sym	Slope	Long	Last
VUG	4.2 ↑↑	no	\$271.31↑↑
SMH	2.7 ↑↑	no	\$146.14 ↓
XLY	2.6 ↑↑	no	\$157.00↑↑
XHB	2.2 ↓↓	no	\$72.66 ↑
ARKW	2.0 ↓↓	no	\$54.10 ↑↑
DBA	1.7 ↓↓	no	\$20.88 ↑
MOAT	1.6 ↓↓	no	\$76.98 ↑
XBI	1.5 ↑↑	no	\$86.43 ↑

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

Analysis

[QQQ](#) made a 58-week high pushing through \$350. [XLK](#) made a 70-week high working up and down around \$165. [XLC](#) made a 56-week high and is starting to rise away from \$62.50. [VGT](#) made a 59-week high, ending the week above \$420. [ITB](#) climbed on Thursday and gapped up on Friday but did not regain its May 18th high. [IGV](#) made a 57-week high and is flirting with the \$330 level.

[VUG](#) made a 56-week high and all 6 basic charts are still up. [SMH](#) made a 69-week high but is facing significant overhead supply around \$150. [XLY](#) made a 35-week high and is rising away from \$150 but it will hit major resistance near \$160. [XHB](#) gapped up, jumping over the \$70 level on Friday, but it didn't best the high it made on May 18th.

[ARKW](#) formed a 10-month base with a low at the end of 2022. It's working on breaking out but it's not there yet. [DBA](#) needs to get over \$21.30 before it is worth looking at. [MOAT](#) made a 77-week high. CMF is positive but OBV is flattish. [XBI](#) needs to get above \$90 or maybe \$95 before XBI gets interesting.

Thoughts and Decisions

I should have deleted the word "remain" from last week's pick list. Oops.

I'm going to add VUG, the Large Cap Growth ETF, this week. And consider that \$73.60 as a hard stop on ITB, the home builders. After the gap up on Friday, it could go either way next week. Gaps often fall shut.

My choices for this week are: IGV 10%, ITB 10%, QQQ 10%, VGT 10%, VUG 10%, XLC 10%, XLK 10%, and BIL 30%.