

Weekly Market Analysis #461 — 9 June 2023

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This Week

On Thursday Brian Swint at Barron's wrote:

...the Bank of Canada has made it very clear that a pause in interest-rate hikes doesn't mean cuts are up next. U.S. stocks and bonds fell on Wednesday on fears that the Federal Reserve will follow suit.

The likelihood that the Fed will take a break in its aggressive interest-rate campaign this month is baked in. The CME FedWatch Tools is showing a 70% chance that policy makers will keep the rate at 5% to 5.25% on June 14.

After that, though, the market sees a 52% chance of a resumption of quarter-point increases in July. A month ago, there was only a 10% chance of that happening.

What changed? A few weeks ago, traders assumed a pause in interest rates would presage interest-rate cuts later this year. Maybe that expectation was based more on hope than on reason, especially since Fed officials always said cuts are unlikely.

The quarter-point move in Canada—the first increase since January—brings home the reality that a pause needn't be a pivot. It can also be a way to slow down increases while fresh data come in. The same happened in Australia, but the pause was even shorter.

It's worth remembering the data don't suggest a pause is particularly needed. Inflation is still way faster than target. Unemployment remains historically low. Traders are only expecting a June pause because several Fed officials have suggested June is a good time to pencil one in.

It's now clear rates can go still higher. After disregarding Fed comments for months, maybe it's time for investors to start taking officials at their word.

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Lots of stocks went absolutely nowhere this week. Could be nerves about next week's Fed meeting.

[Market Barometers](#)

← Use this link to see all the market barometer charts

VTI, SPX, and COMPQ indexes are up. DIA is mostly horizontal, and IWM is not really going anywhere.



A Closer Look

The SPX ended the week at \$4299, close to its previous high of \$4305 on 16-Aug-2022. NYAD broke its down trend but it still lagging price. The percentage of stocks above their 50-day and 200-day averages also rose and did a little better than the NYAD.

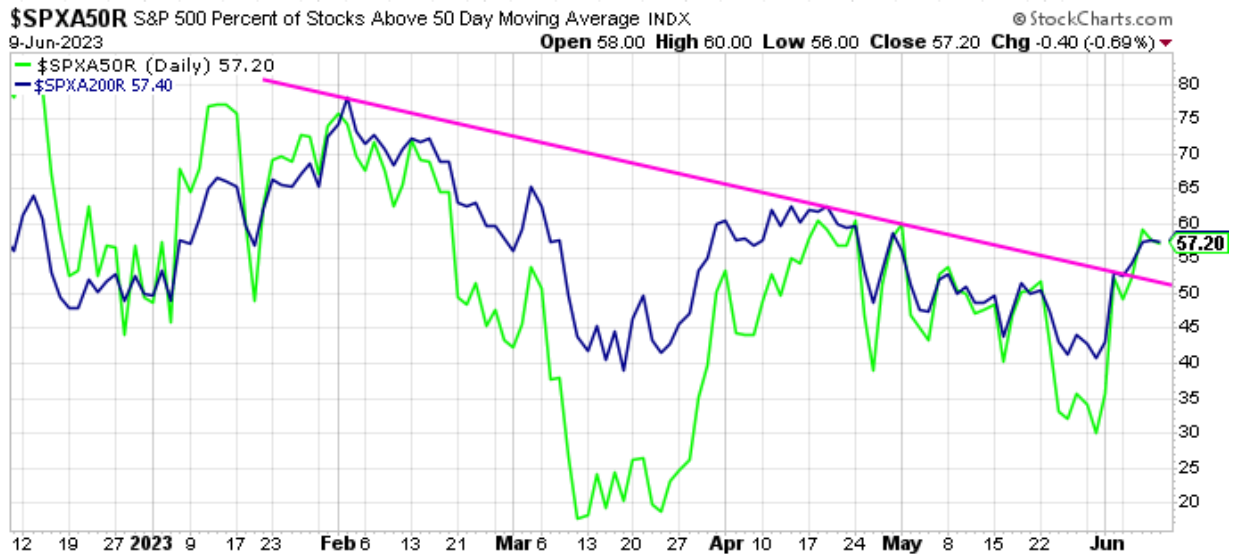


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh–NewLows](#)

[Bullish 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 09-Jun-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLK	TECHNOLOGY (SPX 11)	ETF	UP	5.3:1.9	«DN»	1/2	0.0
XLC	COMMUNICATION SRVCS	ETF	UP	4.6:1.9	=up=	57/1	0.0
XLY	CONSUMER DISCR (SPX 11)	ETF	UP	2.8:1.9	«up»	37/1	0.9
XHB	HOMEBUILDERS	ETF	UP	2.1:1.9	UP	70/1	0.9
XLP	CONSUMER STAPLES (SPX 11)	ETF	DN	0.5:1.9	UP	1/1	-0.1
XLV	HEALTH CARE (SPX 11)	ETF	DN	-0.5:1.9	-UP-	3/1	0.2
XTN	TRANSPORTATION	ETF	UP	-0.8:1.9	«up»	13/1	1.3
XLU	UTILITIES (SPX 11)	ETF	DN	-0.9:1.9	=UP=	4/1	0.4
XLI	INDUSTRIALS (SPX 11)	ETF	UP	-1.1:1.9	UP	13/1	0.6
ITA	U.S. AEROSPACE & DEFENSE	ETF	DN	-1.7:1.9	≡UP≡	7/1	0.7
XLRE	REAL ESTATE (SPX 11)	ETF	DN	-1.7:1.9	≡UP≡	6/1	0.8
XLB	MATERIALS (SPX 11)	ETF	UP	-2.1:1.9	UP	6/1	0.6
XLF	FINANCIALS (SPX 11)	ETF	DN	-2.9:1.9	UP	7/1	0.5
XLE	ENERGY (SPX 11)	ETF	DN	-3.6:1.9	≡UP≡	6/1	0.7
XRT	RETAIL	ETF	DN	-3.7:1.9	UP	7/1	1.5
XTL	TELECOM (SPX 11)	ETF	DN	-5.1:1.9	UP	6/1	0.9

No change in the top 5 this week.

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%, VUG 10%, XLC 10%, XLK 10%, and BIL 30%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
QQQ	5.4 ↑↑	\$344.75	\$354.50—
XLK	5.3 ↑↑	\$157.60	\$166.01—
VGT	5.0 ↑↑	\$402.80	\$422.18—
XLC	4.6 —	\$59.85	\$63.21 —
VUG	4.5 ↑↑	\$266.85	\$270.81—
IGV	4.2 ↑↑	\$313.50	\$330.26—
ITB	3.5 ↓↓	\$73.60	\$78.78 ↑↑

Other High-Slope ETFs

Sym	Slope	Long	Last
SMH	4.1 ↑↑	no	\$146.84—
XLY	2.8 ↑↑	no	\$161.20↑↑
ARKW	2.2 ↑	no	\$54.63 —
XHB	2.1 —	no	\$74.69 ↑↑
ARKG	2.1 —	no	\$33.32 —
ARKK	2.0 ↑	no	\$42.51 ↑↑
XBI	1.9 ↑↑	no	\$87.66 ↑
MOAT	1.7 —	no	\$77.60 —

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

Analysis

6 out of 7 of my holdings were essentially flat this week.

[QQQ](#) made a 59-week high but remained just below \$355. [XLK](#) remained just above \$165. [VGT](#) swung below \$420 and then back above \$420 on Friday. [XLC](#) made a 57-week high and ended the week unchanged. [VUG](#) dropped below \$270 on Wednesday and ended the week just above it. [IGV](#) made a 59-week high but is still oscillating around the \$330 level. [ITB](#)'s gap up did not fall closed. ITB took off and made a 72-week high, ending the week just below \$80.

[SMH](#) was flat near \$147. [XLY](#) made a 37-week high, ending the week just above \$160. [ARKW](#) needs to get above \$64 to be a buy. [XHB](#) made a 70-week high, powering up to the \$75 area.

[ARKG](#) and [ARKK](#) have been in the doldrums for over a year. [XBI](#) still needs to get above \$90 or maybe \$95 before XBI gets interesting. [MOAT](#) made a 79-week high. All basic charts are up with positive CMF and OBV rising.

Thoughts and Decisions

MOAT is a minor conundrum. It's not a powerful climber and it pays only a tiny dividend (1%/year), but it seems like it could be profitable. I have to think about it.

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