

## Weekly Market Analysis #466 — 14 July 2023

Richard "Doc" Ahrens

© All Rights Reserved

### This Week

Ed D'Agostino, publisher for Mauldin Economics said:

The envisioned benefits of ESG investing — owning companies that follow responsible environmental, social, and governance policies — have failed to materialize. Instead, the blind acceptance of ESG precepts has resulted in trillions of dollars being misallocated and zero progress toward its principle target: climate change.

Terrence Keeley, author of *Sustainable: Moving Beyond ESG to Impact Investing*, shows how ESG got the ideology right and the methodology wrong. So far, socially responsible investing hasn't changed anything while handing investors subpar returns.

- - - - -

John Mauldin's Thoughts from the Frontline is titled "[The Flipside of Inflation](#)". Here's his opening paragraph:

The market, and maybe all of us, would like to believe the latest 3% annual CPI number was a harbinger of ever-lower inflation, and we are on the road to 2% inflation by year end. I would argue, "Not so fast." Inflation is far from dead, and CPI will likely go slightly up between now and the end of the year. The Fed has multiple problems we will examine over the next few weeks.

- - - - -

The Federal Trade Commission is investigating OpenAI's ChatGPT, and asking whether the popular chatbot has engaged in "unfair or deceptive practices" by publishing false or disparaging information about people. The agency in its civil subpoena asked OpenAI how it mitigates such risks.

When one asks if a chatbot "engaged" in something, you've already made the mistake of personifying a program. That opens the door to a defense that the chatbot is not competent to stand trial on the grounds that it is an idiot. One has to be careful about the words they use, because those words can lead you right down the garden path to some very surprising conclusions.

## [Market Barometers](#)

← Use this link to see all the market barometer charts

VTI, SPX, and COMPQ all made new highs of at least 63 weeks. DIA made a 31-week high, and the long-suffering IWM made a 20-week high.



## A Closer Look

The SPX made a 64-week high this week. NYAD confirmed price action, as did the percentage of stocks above their 50-day and 200-day averages.



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](#)

← 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-Jul-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XLK</a>	TECHNOLOGY (SPX 11)	ETF	UP	6.2:3.3	UP	78/1	-0.1
<a href="#">XLY</a>	CONSUMER DISCR (SPX 11)	ETF	UP	5.9:3.4	«up»	61/1	0.0
<a href="#">XHB</a>	HOMEBUILDERS	ETF	UP	4.9:3.3	≡UP≡	77/1	0.5
<a href="#">XTN</a>	TRANSPORTATION	ETF	UP	4.0:3.4	«up»	64/1	-0.1
<a href="#">VOX</a>	COMMUNICATION SRVCS	ETF	UP	3.8:3.3	«DN»	62/2	0.4
<a href="#">SPX</a>	S&P 500	INDEX	UP	3.0:3.3	up	64/1	0.1
<a href="#">XLI</a>	INDUSTRIALS (SPX 11)	ETF	UP	1.8:3.4	=up=	999/1	0.1
<a href="#">XLB</a>	MATERIALS (SPX 11)	ETF	UP	0.1:3.3	«up»	18/1	0.2
<a href="#">XLV</a>	HEALTH CARE (SPX 11)	ETF	DN	0.1:3.4	«up»	2/1	-0.1
<a href="#">ITA</a>	U.S. AEROSPACE & DEFENSE	ETF	UP	-0.1:3.3	=up=	172/1	0.0
<a href="#">XLF</a>	FINANCIALS (SPX 11)	ETF	DN	-0.1:3.3	«up»	18/1	0.3
<a href="#">XLRE</a>	REAL ESTATE (SPX 11)	ETF	≡UP≡	-0.3:3.4	«UP»	19/1	0.6
<a href="#">XLP</a>	CONSUMER STAPLES (SPX 11)	ETF	DN	-0.5:3.4	up	1/4	0.1
<a href="#">XRT</a>	RETAIL	ETF	DN	-0.8:3.4	=up=	18/1	0.4
<a href="#">XLU</a>	UTILITIES (SPX 11)	ETF	DN	-0.9:3.4	UP	4/2	0.4
<a href="#">XTL</a>	TELECOM (SPX 11)	ETF	DN	-1.0:3.4	-DN-	12/3	-0.4
<a href="#">XLE</a>	ENERGY (SPX 11)	ETF	DN	-1.7:3.3	«up»	10/1	0.4

XTN pushed its way into the top five.

1. XLK
2. XLY
3. XHB
4. XTN
5. VOX

## Sector Relative-Strength History

13 weeks of slope history for the 16 sector ETFs and the SPX.

Sector Relative Strength History						21-Apr-2023 to 14-Jul-2023						
Apr 21	Apr 28	May 05	May 12	May 19	May 26	Jun 02	Jun 09	Jun 16	Jun 23	Jun 30	Jul 07	Jul 14
XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK	XLK
VOX	VOX	VOX	VOX	VOX	VOX	VOX	VOX	VOX	XLY	XLY	XLY	XLY
XLY	XLY	XLY	XLY	XLY	XLY	XLY	XLY	XLY	VOX	VOX	XHB	XHB
XHB	SPX	XHB	XHB	XHB	XHB	XHB	XHB	XHB	XHB	XHB	VOX	XTN
SPX	XHB	SPX	SPX	XLP	XLP	SPX	SPX	SPX	SPX	SPX	SPX	VOX
ITA	XLP	XLP	XLP	SPX	SPX	XLP	XLP	XLP	XTN	XTN	XTN	SPX
XLP	ITA	XLU	XLU	XLU	XLU	XLV	XLV	XTN	XLI	XLI	XLI	XLI
XLU	XLU	ITA	XLV	XLV	XLV	XLU	XTN	XLV	XLP	XLV	XLV	XLB
XLI	XLV	XLV	ITA	ITA	XTN	XTN	XLU	XLI	XLV	XLP	XLP	XLV
XLB	XLI	XLI	XLI	XLI	XLI	XLI	XLI	XLU	XLU	ITA	ITA	ITA
XLV	XLB	XLB	XLB	XLRE	ITA	ITA	ITA	ITA	ITA	XLU	XLB	XLF
XLRE	XLRE	XLRE	XLRE	XTN	XLRE	XLRE	XLRE	XLRE	XLRE	XLRE	XLRE	XLRE
XTN	XTN	XTN	XTN	XLB	XLB	XLB	XLB	XLB	XLB	XLRE	XLF	XLP
XRT	XLE	XLE	XLE	XLE	XRT	XLF	XLF	XLF	XLF	XLF	XLU	XRT
XTL	XRT	XRT	XRT	XRT	XLF	XRT	XLE	XLE	XLE	XRT	XRT	XLU
XLE	XTL	XTL	XLF	XLF	XLE	XLE	XRT	XRT	XRT	XLE	XTL	XTL
XLF	XLF	XLF	XTL	XTL	XTL	XTL	XTL	XTL	XTL	XTL	XLE	XLE

### Legend and Most Recent Slopes

ITA -0.1 U.S. AEROSPACE & DEFENSE	XLI 1.8 INDUSTRIALS	XLY 5.9 CONSUMER DISCR
XHB 4.9 HOMEBUILDERS	XLK 6.2 TECHNOLOGY	XRT -0.8 RETAIL
XLB 0.1 MATERIALS	XLP -0.5 CONSUMER STAPLES	XTL -1.0 TELECOM
VOX 3.8 COMMUNICATION SRVCS	XLRE -0.3 REAL ESTATE	XTN 4.0 TRANSPORTATION
XLE -1.7 ENERGY	XLU -0.9 UTILITIES	SPX 3.0 S&P 500
XLF -0.1 FINANCIALS	XLV 0.1 HEALTH CARE	-----

XLK and XLY continue to lead. XHB is doing well. XTN jumped into 4<sup>th</sup> place while VOX continues to move down.

## This Week's Selections

My choices for last week were: QQQ 10%, VUG 10%, and BIL 70%.

### Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Stop	Last	Sym	Slope	Long	Last
QQQ	6.4 —	\$368.35	\$379.07 ↑	SMH	7.2	no	\$156.90 ↑
VUG	5.4 —	\$281.75	\$289.21 ↑	XLK	6.2	BUY	\$175.99 ↑
				IGV	6.1	BUY	\$358.43 ↑
				ARKQ	6.1	no	\$57.70 —
				VGT	6.0	no	\$448.47 ↑
				XLY	5.9	BUY	\$174.92 ↑
				ARKG	5.8	no	\$36.26 ↑
				ARKW	5.6	no	\$65.12 ↑

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

### Analysis

[QQQ](#) moved up strongly and made a 75-week high. [VUG](#) also moved up well, made a 64-week high, and has strong money flow.

[SMH](#) made a 78-week high and all 6 basic charts are positive. It has some historical resistance in the high \$150s (late 2021 and early 2022), trendline resistance near \$158, and psychological resistance near \$160. [XLK](#) also made a 78-week high and 5 out of 6 basic charts are positive. [IGV](#) made a 71-week high and all 6 basic charts are positive. [ARKQ](#) made a 46-week high and 5 out of 6 basic charts are positive, but it has psychological and historical resistance around \$60.

[VGT](#) made a 77-week high, 5 out of 6 basic charts are positive, but it is in psychological and historical resistance around \$450. [XLY](#) made a 61-week high and all the basic charts look great...but it is approaching significant historical resistance around \$180. [ARKG](#) gapped up on Wednesday and it looks like it could be setting up for an island reversal (i.e., getting ready to gap back down). The big fly in the ointment is psychological and historical resistance around \$40. [ARKW](#) reached a 60-week high but the really interesting thing is that it made a power move up this week – in other words, rising prices on above average volume. If it opens going up on Monday I might take a position, even though it's facing psychological and historical resistance around \$75.

### Thoughts and Decisions

After my initial look at the charts, I was ready to buy SMH but a second look showed 3 kinds of resistance between its current price and \$160, so I'm going to wait until it gets above \$160. XLK, IGV, and XLY all look strong to me. I'm going to watch ARKW for a rising open on Monday.

My choices for this week are: IGV 10%, QQQ 10%, VUG 10%, XLK 10%, XLY 10%, and BIL 50%.

©2023 Trendline Dynamics ("TLD") is not a registered investment advisor. The purpose of this educational newsletter is to impart technical analysis and trading skills by showing how they are used in real time and on real securities. The contents of this newsletter are only my opinions and descriptions of how I trade. No mention of a particular security, index, derivative, or other instrument in the newsletter constitutes a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security, index, or derivative for anyone other than myself. TLD hereby expressly disclaims any and all representations and warranties that: (a) the content of its newsletters is correct, accurate, complete, or reliable; (b) any of its newsletters will be available at any particular time or place, or in any particular medium; and (c) that any omission or error in any of its newsletters will be corrected. TLD's newsletter is published and distributed in accordance with applicable United States and foreign copyright and other laws. Without the prior written consent of TLD, no person or entity, directly or indirectly, may copy, reproduce, recompile, decompile, disassemble, reverse engineer, distribute, publish, display, perform, modify, upload to create derivative works from, transmit, or in any way exploit all or any part of TLD's website, its newsletter, or any other material belonging to TLD. At any given time TLD's principals may or may not have a financial interest in any or all of the securities, funds, bonds, and/or commodities mentioned.