

Weekly Market Analysis #469 — 4 August 2023

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This Week

I believe the most important article you can read this week is John Mauldin's "[Turning Time, Part 2](#)". The previous article, "[Turning Time](#)", lays the foundation, but the

Fitch downgraded the U.S. government's credit rating from AAA to AA+, saying they expected to see "fiscal deterioration," over the next three years, along with a growing government debt burden. It seems that Fitch, like the rest of us, is tired of politicians playing games of chicken based on the debt ceiling.

Keith Fitz-Gerald observed:

Gambler's Ruin is an idea borrowed from probability theory and statistics that describes a situation in which a gambler with a limited amount of money, playing a game of chance against an opponent with a bigger pile of money, will eventually lose all their funds and be unable to continue playing.

The classic example of Gambler's Ruin involves a simple betting game like flipping a fair coin or, in this case, buying a stock like TUP. Two players, A and B, start with a certain amount of money each and bet on the outcome of each coin flip. If the coin comes up heads, player A wins a dollar from player B, and if it comes up tails, player B wins a dollar from player A.

Due to the random nature of the coin flips, if both players have equal amounts of money to begin with, the game can go on for a very long time before one player eventually wins all the money from the other. But if one player starts with a significantly larger amount of money, their chance of winning all the money goes up proportionately, leading to the other player's "ruin."

In short, account size (and position size) matters.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All five indexes declined, but the MTAs remain green.



A Closer Look

This was a down week for the SPX, although the NYA turned up a little on Friday. The percentage of stocks above their 50-day and 200-day averages confirmed price action.



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

[Bullish Universe](#)

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[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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SPX Sector Universe Analysis for 04-Aug-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XHB	HOMEBUILDERS	ETF	UP	7.0:3.5	up	80/2	-0.7
XTN	TRANSPORTATION	ETF	UP	7.0:3.5	«up»	68/3	-1.2
XLY	CONSUMER DISCR (SPX 11)	ETF	UP	6.3:3.5	≡DN≡	2/5	-0.7
XLK	TECHNOLOGY (SPX 11)	ETF	UP	5.6:3.5	=DN=	2/5	-0.8
VOX	COMMUNICATION SRVCS	ETF	UP	4.2:3.5	-DN-	65/1	-0.2
SPX	S&P 500	INDEX	UP	3.7:3.5	DN	68/3	-0.4
XLI	INDUSTRIALS (SPX 11)	ETF	UP	3.6:3.5	«DN»	999/4	-0.5
XLF	FINANCIALS (SPX 11)	ETF	UP	2.9:3.5	«up»	1/3	-0.5
XRT	RETAIL	ETF	UP	2.8:3.5	«DN»	23/1	-0.3
XLB	MATERIALS (SPX 11)	ETF	UP	2.1:3.5	«DN»	58/2	-0.4
XLRE	REAL ESTATE (SPX 11)	ETF	UP	1.6:3.5	«DN»	1/5	-0.6
XLE	ENERGY (SPX 11)	ETF	DN	1.3:3.5	«up»	23/1	0.2
XLV	HEALTH CARE (SPX 11)	ETF	UP	1.0:3.5	DN	1/3	-0.2
ITA	U.S. AEROSPACE & DEFENSE	ETF	UP	0.6:3.5	=up=	4/2	-0.2
XLP	CONSUMER STAPLES (SPX 11)	ETF	DN	0.1:3.5	«DN»	1/3	-0.1
XTL	TELECOM (SPX 11)	ETF	DN	0.0:3.5	-up-	1/10	-0.6
XLU	UTILITIES (SPX 11)	ETF	DN	-0.1:3.5	≡DN≡	1/18	-0.7

XLY and XLK swapped places.

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

Sector Relative-Strength History

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

Capital-Weighted Sector ETFs Relative Strength History

12-May-2023 to 04-Aug-2023

May 12	May 19	May 26	Jun 02	Jun 09	Jun 16	Jun 23	Jun 30	Jul 07	Jul 14	Jul 21	Jul 28	Aug 04
TECHS	BLDRS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	DISCR	BLDRS	BLDRS
BLDRS	TECHS	BLDRS	BLDRS	BLDRS	COMMS	DISCR	DISCR	DISCR	DISCR	BLDRS	DISCR	DISCR
COMMS	COMMS	COMMS	COMMS	COMMS	BLDRS	COMMS	BLDRS	BLDRS	BLDRS	TECHS	TECHS	TRANS
DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	BLDRS	COMMS	COMMS	COMMS	COMMS	TRANS	TECHS
SP500	STAPL	STAPL	SP500	SP500	SP500	SP500	SP500	SP500	SP500	TRANS	COMMS	COMMS
STAPL	SP500	SP500	STAPL	SALES	SALES	SALES	SALES	SALES	TRANS	SP500	SP500	SP500
UTILS	SALES	SALES	SALES	STAPL	STAPL	TRANS	TRANS	TRANS	SALES	SALES	SALES	SALES
SALES	UTILS	UTILS	HLTHY	TRANS	TRANS	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS
HLTHY	HLTHY	HLTHY	UTILS	HLTHY	HLTHY	STAPL	HLTHY	HLTHY	MATER	MATER	FINAN	FINAN
DFEND	TRANS	TRANS	TRANS	UTILS	INDUS	HLTHY	STAPL	STAPL	HLTHY	FINAN	MATER	MATER
TRANS	DFEND	INDUS	INDUS	INDUS	UTILS	UTILS	DFEND	MATER	DFEND	REALE	REALE	REALE
INDUS	INDUS	DFEND	DFEND	DFEND	DFEND	DFEND	MATER	DFEND	FINAN	DFEND	HLTHY	ENRGY
MATER	REALE	REALE	REALE	REALE	REALE	REALE	UTILS	FINAN	REALE	HLTHY	DFEND	HLTHY
REALE	MATER	MATER	MATER	MATER	MATER	MATER	REALE	REALE	STAPL	STAPL	ENRGY	DFEND
TELCO	TELCO	TELCO	TELCO	FINAN	FINAN	FINAN	FINAN	UTILS	UTILS	UTILS	STAPL	STAPL
ENRGY	ENRGY	FINAN	FINAN	TELCO	TELCO	TELCO	TELCO	TELCO	ENRGY	ENRGY	UTILS	UTILS
FINAN	FINAN	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	TELCO	TELCO	TELCO	TELCO

Cap-Wtd	Synonym	Description
ITA 0.6	DFEND	AEROSPACE & DEFENSE
ITB 6.8	BLDRS	HOMEBUILDERS
XLB 2.1	MATER	MATERIALS
VOX 4.2	COMMS	COMMUNICATION SRVCS
XLE 1.3	ENRGY	ENERGY
XLF 2.9	FINAN	FINANCIALS
XLI 3.6	INDUS	INDUSTRIALS
XLK 5.6	TECHS	TECHNOLOGY
XLP 0.1	STAPL	CONSUMER STAPLES
XLRE 1.6	REALE	REAL ESTATE
XLU -0.1	UTILS	UTILITIES
XLV 1.0	HLTHY	HEALTH CARE
XLY 6.3	DISCR	CONSUMER DISCR
RTH 3.6	SALES	RETAIL
IYZ -0.1	TELCO	TELECOM
IYT 5.6	TRANS	TRANSPORTATION
SPX 3.7	SP500	S&P 500

Using more-readable synonyms for the sectors opens the door for another step forward in the sector analysis. You'll see what next week.

This Week's Selections

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

Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Stop	Last	Sym	Slope	Long	Last
IGV	6.4 —	\$354.75	\$346.74—	ARKW	9.1	no	\$61.65 ↓
XLY	6.3 ↓↓	\$168.75	\$171.55—	ARKK	8.5	no	\$45.38 ↓
QQQ	6.0 ↓↓	\$368.35	\$372.04 ↓	ARKG	8.3	no	\$33.99 ↓
XLK	5.6 ↓↓	\$174.35	\$171.16 ↓	XTN	7.0	no	\$84.84 ↓
VUG	5.3 ↓	\$281.75	\$283.09 ↓	XHB	7.0	no	\$83.87 ↓
				ARKQ	7.0	no	\$56.40 ↓
				ITB	6.8	no	\$88.07 ↓
				SMH	6.7	no	\$154.25 ↓

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

Analysis

[IGV](#) and [XLK](#) closed below their trailing stops so it's time to sell to those. The others lost some ground so we'll see what happens in the coming week.

[ARKW](#) – MACD+ didn't turn up and price didn't remain above \$65. [ARKK](#) price didn't get above \$50.

[ARKG](#) keep waiting for MACD+. [XTN](#) – retreated less than most stocks, wait for MACD+ to turn up.

[XHB](#) wait for price above \$85 and MACD+. [ARKQ](#) wait for price above \$60 and MACD+. [ITB](#) wait for price above \$90 and MACD+. [SMH](#) – wait for price above \$160 and MACD+.

Thoughts and Decisions

Weird week. The ETFs in the top 8 were the same as last week, although they did trade ranks some. IGV and XLK are out.

My choices for this week are: QQQ 10%, VUG 10%, XLY 10%, and BIL 70%.

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