

# Weekly Market Analysis #470 – 11 August 2023

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## This Week

Something interesting showed up in the Sector Slope History table this week. "ENRGY", which is a synonym for XLE, has been living in the basement since the end of May. It's not above the slope of the SPX (yet), but it has been climbing for the last 5 weeks.

Capital-Weighted Sector ETFs Relative Strength History												19-May-2023 to 11-Aug-2023	
19 May	26 May	02 Jun	09 Jun	16 Jun	23 Jun	30 Jun	07 Jul	14 Jul	21 Jul	28 Jul	04 Aug	11 Aug	
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	TRANS	
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	TECHS	
STAPL	STAPL	SP500	SP500	SP500	SP500	SP500	SP500	SP500	TRANS	COMMS	COMMS	COMMS	
SP500	SP500	STAPL	SALES	SALES	SALES	SALES	SALES	TRANS	SP500	SP500	SP500	INDUS	
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	SP500	
HLTHY	HLTHY	UTILS	HLTHY	HLTHY	STAPL	HLTHY	HLTHY	MATER	MATER	FINAN	FINAN	FINAN	
TRANS	TRANS	TRANS	UTILS	INDUS	HLTHY	STAPL	STAPL	HLTHY	FINAN	MATER	MATER	MATER	
DFEND	INDUS	INDUS	INDUS	UTILS	UTILS	DFEND	MATER	DFEND	REALE	REALE	REALE	ENRGY	
INDUS	DFEND	DFEND	DFEND	DFEND	DFEND	MATER	DFEND	FINAN	DFEND	HLTHY	ENRGY	REALE	
REALE	REALE	REALE	REALE	REALE	REALE	UTILS	FINAN	REALE	HLTHY	DFEND	HLTHY	HLTHY	
MATER	MATER	MATER	MATER	MATER	MATER	REALE	REALE	STAPL	STAPL	ENRGY	DFEND	DFEND	
TELCO	TELCO	TELCO	FINAN	FINAN	FINAN	FINAN	UTILS	UTILS	UTILS	STAPL	STAPL	TELCO	
ENRGY	FINAN	FINAN	TELCO	TELCO	TELCO	TELCO	TELCO	ENRGY	ENRGY	UTILS	UTILS	STAPL	
FINAN	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	TELCO	TELCO	TELCO	TELCO	UTILS	

Looking at the [XLE charts](#), we see that it just made a 25-week high, price broke up through a 9-month high trendline, and XLE is pushing hard on psychological and historical resistance at \$90. The MTA has turned completely green, but it will if price does not fall back.



Even though its slope doesn't put it into the top performers, all 6 of its basic charts are positive. I will buy XLE if it breaks up through \$90 this week.

## [Market Barometers](#)

← Use this link to see all the market barometer charts

The market as a whole has declined for two weeks in a row. Even so, the MTAs for all 5 major indexes remain green.



## A Closer Look

This was a second down week for the SPX, but on Friday price declined to within about \$6 of the 50-day average and then rallied, ending the day a little higher. NYA turned up a little on Friday, confirming the small price rally, although percentage of stocks above their 50-day average fell further.

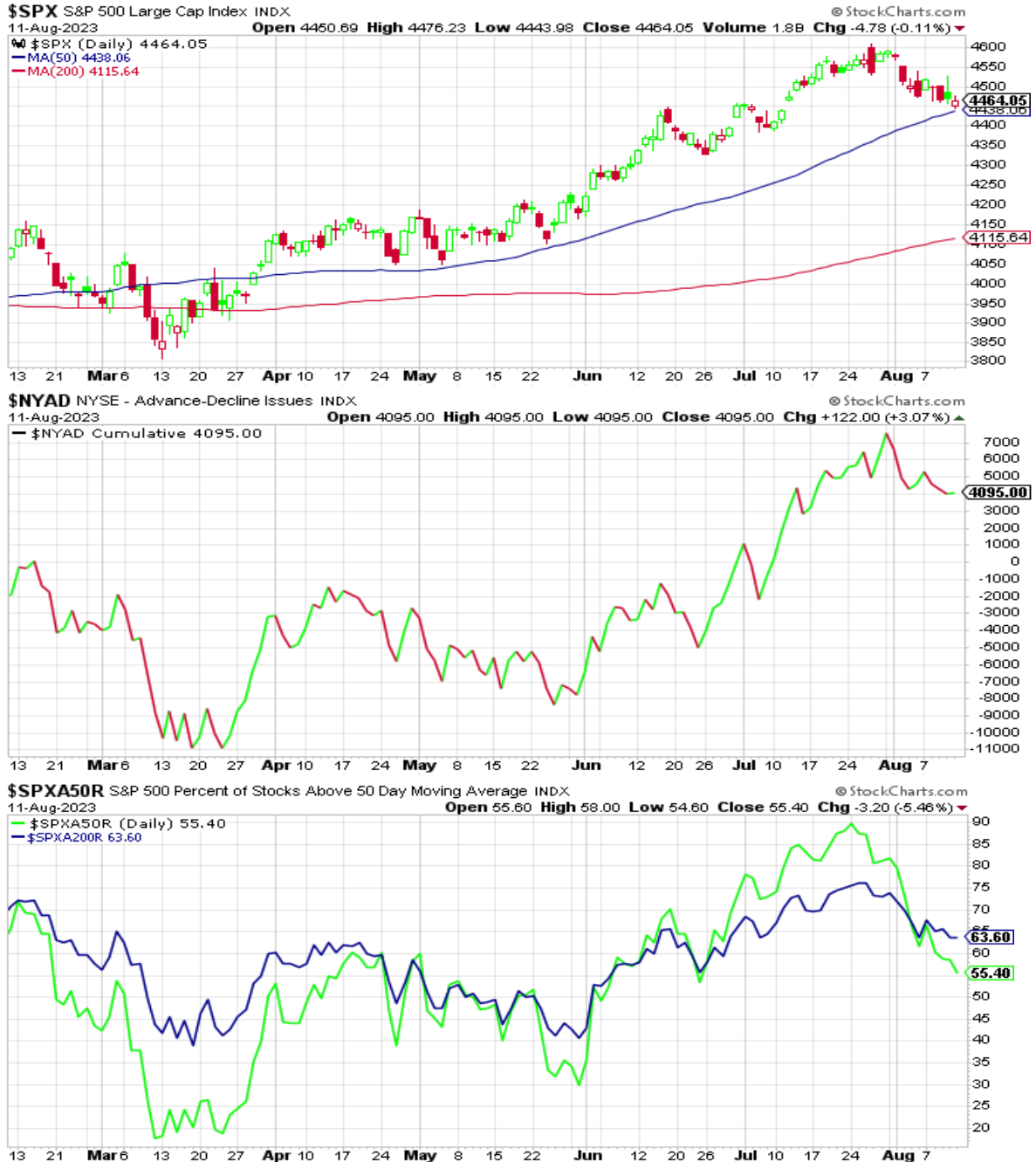


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[Bullish Universe](#)

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<b>SPX Sector Universe Analysis for 11-Aug-2023</b>							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XHB</a>	HOMEBUILDERS	ETF	UP	7.1:2.9	=up-	2/3	-0.8
<a href="#">XTN</a>	TRANSPORTATION	ETF	UP	7.1:3.0	up	1/5	-1.2
<a href="#">XLY</a>	CONSUMER DISCR (SPX 11)	ETF	UP	5.9:3.0	=DN=	2/1	-0.5
<a href="#">XLK</a>	TECHNOLOGY (SPX 11)	ETF	UP	4.9:2.9	=DN=	1/9	-1.2
<a href="#">VOX</a>	COMMUNICATION SRVCS	ETF	UP	4.1:2.9	=DN=	2/3	-0.4
<a href="#">XLI</a>	INDUSTRIALS (SPX 11)	ETF	UP	3.7:3.0	-DN-	1/1	-0.4
<a href="#">SPX</a>	S&P 500	INDEX	UP	3.6:2.9	-DN-	2/5	-0.5
<a href="#">XLF</a>	FINANCIALS (SPX 11)	ETF	UP	3.6:2.9	=up=	2/4	-0.5
<a href="#">XRT</a>	RETAIL	ETF	UP	3.5:3.0	-DN-	1/4	-0.7
<a href="#">XLB</a>	MATERIALS (SPX 11)	ETF	UP	2.5:2.9	DN	1/5	-0.7
<a href="#">XLE</a>	ENERGY (SPX 11)	ETF	DN	2.4:2.9	«UP»	25/1	0.3
<a href="#">XLRE</a>	REAL ESTATE (SPX 11)	ETF	UP	1.7:3.0	UP	1/1	-0.4
<a href="#">XLV</a>	HEALTH CARE (SPX 11)	ETF	UP	1.2:3.0	«dn»	2/1	0.0
<a href="#">ITA</a>	U.S. AEROSPACE & DEFENSE	ETF	UP	0.7:2.9	up	2/1	0.0
<a href="#">XLP</a>	CONSUMER STAPLES (SPX 11)	ETF	DN	0.2:3.0	DN	1/1	-0.3
<a href="#">XTL</a>	TELECOM (SPX 11)	ETF	DN	0.0:3.0	«UP»	4/1	0.5
<a href="#">XLU</a>	UTILITIES (SPX 11)	ETF	DN	-0.3:3.0	DN	1/19	-0.6

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. (Latest changes discussed below)

Capital-Weighted Sector ETFs Relative Strength History													19-May-2023 to 11-Aug-2023	
19 May	26 May	02 Jun	09 Jun	16 Jun	23 Jun	30 Jun	07 Jul	14 Jul	21 Jul	28 Jul	04 Aug	11 Aug		
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	TRANS		
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	TECHS		
STAPL	STAPL	SP500	SP500	SP500	SP500	SP500	SP500	SP500	TRANS	COMMS	COMMS	COMMS		
SP500	SP500	STAPL	SALES	SALES	SALES	SALES	SALES	TRANS	SP500	SP500	SP500	INDUS		
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	SP500		

Equal-Weighted Sector ETFs Relative Strength History													19-May-2023 to 11-Aug-2023	
19 May	26 May	02 Jun	09 Jun	16 Jun	23 Jun	30 Jun	07 Jul	14 Jul	21 Jul	28 Jul	04 Aug	11 Aug		
BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	TRANS		
STAPL	STAPL	STAPL	TECHS	TECHS	TECHS	TECHS	TECHS	TRANS	TRANS	TRANS	TRANS	BLDRS		
UTILS	UTILS	TECHS	STAPL	TRANS	TRANS	TRANS	TRANS	TECHS	TECHS	INDUS	INDUS	ENRGY		
HLTHY	TECHS	UTILS	DISCR	STAPL	INDUS	INDUS	INDUS	INDUS	INDUS	TECHS	TECHS	INDUS		
TECHS	HLTHY	DISCR	INDUS	INDUS	COMMS	COMMS	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR		
DISCR	DISCR	HLTHY	TRANS	COMMS	DISCR	DISCR	COMMS	COMMS	COMMS	COMMS	ENRGY	TECHS		
COMMS	COMMS	COMMS	COMMS	DISCR	STAPL	DFEND	DFEND	DFEND	SP500	SP500	SALES	FINAN		
INDUS	INDUS	INDUS	UTILS	UTILS	DFEND	SP500	SP500	SP500	DFEND	ENRGY	SP500	SALES		

### Legend

Cap-Wtd	Equal-Wtd	Synonym	Sector Name	Cap-Wtd	Equal-Wtd	Synonym	Sector Name
14. ITA 0.7	13. XAR 1.9	DFEND	AEROSPACE & DEFENSE	12. XLRE 1.7	10. RSPR 2.5	REALE	REAL ESTATE
1. ITB 6.7	2. XHB 7.1	BLDRS	HOMEBUILDERS	17. XLU -0.3	15. RSPU 0.2	UTILS	UTILITIES
10. XLB 2.5	12. RSPM 2.3	MATER	MATERIALS	13. XLV 1.2	14. RSPH 1.1	HLTHY	HEALTH CARE
5. VOX 4.1	11. RSPC 2.4	COMMS	COMMUNICATION SRVCS	3. XLY 5.9	5. RSPD 3.9	DISCR	CONSUMER DISCR
11. XLE 2.4	3. RSPG 4.7	ENRGY	ENERGY	7. RTH 3.7	8. XRT 3.5	SALES	RETAIL
9. XLF 3.6	7. RSPF 3.7	FINAN	FINANCIALS	15. IYZ 0.4	16. XTL -0.0	TELCO	TELECOM
6. XLI 3.8	4. RSPN 4.5	INDUS	INDUSTRIALS	2. IYT 5.9	1. XTN 7.1	TRANS	TRANSPORTATION
4. XLK 4.8	6. RSPT 3.9	TECHS	TECHNOLOGY	8. SPX 3.6	9. RSP 2.9	SP500	S&P 500
16. XLP 0.2	17. RSPS -0.2	STAPL	CONSUMER STAPLES				

Most people are only aware of the cap-weighted sector funds like XLE (energy), XLF (financials), and XLK (techs). But there are also equal-weighted sector funds like RSPG (energy), RSPF (financials), and RSPT (techs). When all stocks in a funds are equally weighted, then the large-cap stocks don't distort the fund's index. By comparing the two kinds of funds, we can tell how much influence the large-cap stocks are having.

I tried doing the cap-weighted and equal-weighted tables using the real ETF symbols, and found that it was very confusing. So I created the 5-character synonyms to make it easier to compare the two tables. If we look at BLDRS (ITB and XHB) in the two tables, we see that in the cap-weighted world there is more volatility, while in the equal-weighted world BLDRS are pretty stable. Importantly, the equal-weighted BLDRS and the cap-weighted BLDRS are, overall, moving in very similar ways. This tells us that the BLDRS are not being overly influenced by a few large-cap stocks.

In order to get all this data on a single page, I restricted the first two tables to the top 8 ETFs. There is more information to be gleaned from this data, and I will be writing about it in coming reports.

## This Week's Selections

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

### Top ETFs By Slope

Current Holdings				Other High-Slope ETFs			
Sym	Slope	Stop	Last	Sym	Slope	Long	Last
XLY	5.9 ↓↓	\$168.75	\$169.72 ↓	ARKW	8.8	no	\$57.96 ↓
QQQ	5.4 ↓↓	\$368.35	\$366.24 ↓	ARKK	8.2	no	\$42.75 ↓
VUG	4.9 ↓↓	\$281.75	\$280.01 ↓	ARKG	7.6	no	\$31.88 ↓
				XTN	7.1	no	\$83.24 ↓
				XHB	7.1	no	\$83.24 —
				KBE	6.9	no	\$41.33 ↓
				ITB	6.7	no	\$87.21 ↓
				ARKQ	6.5	no	\$54.47 ↓

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

### Analysis

QQQ and VUG closed below their trailing stops. They may turn back up next week or the week after, so just because I will be selling them doesn't mean I will stop watching them. XLY is very close to its trailing stop so keep an eye on it.

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[ARKW](#), [ARKK](#), [ARKG](#), [ARKQ](#), and [XTN](#) are still headed downward. [XHB](#) is flat between \$82.50 and \$85.00. [KBE](#) has positive CMF but price not responding to the buying yet. Wait for MACD+ to turn up. [ITB](#) is still waiting for price above \$90 and MACD+. [SMH](#) – wait for price above \$160 and MACD+.

### Thoughts and Decisions

I am relying on the MACD+ more and more to make entry decisions. The original MACD created by Gerald Appel became too popular after a while, which made it ineffective. When an indicator gets too popular, it becomes the market and then it doesn't provide any advantage. Now there are lots of other indicators and many consider the MACD to be old-fashioned, so the MACD has become useful again.

I'm selling QQQ and VUG because they broke their respective trailing stops. .

My choices for this week are: XLY 10%, and BIL 90%, but I will be watching for the market to turn up, which should provide a broad spectrum of entry opportunities.