

Weekly Market Analysis #478 — 6 October 2023

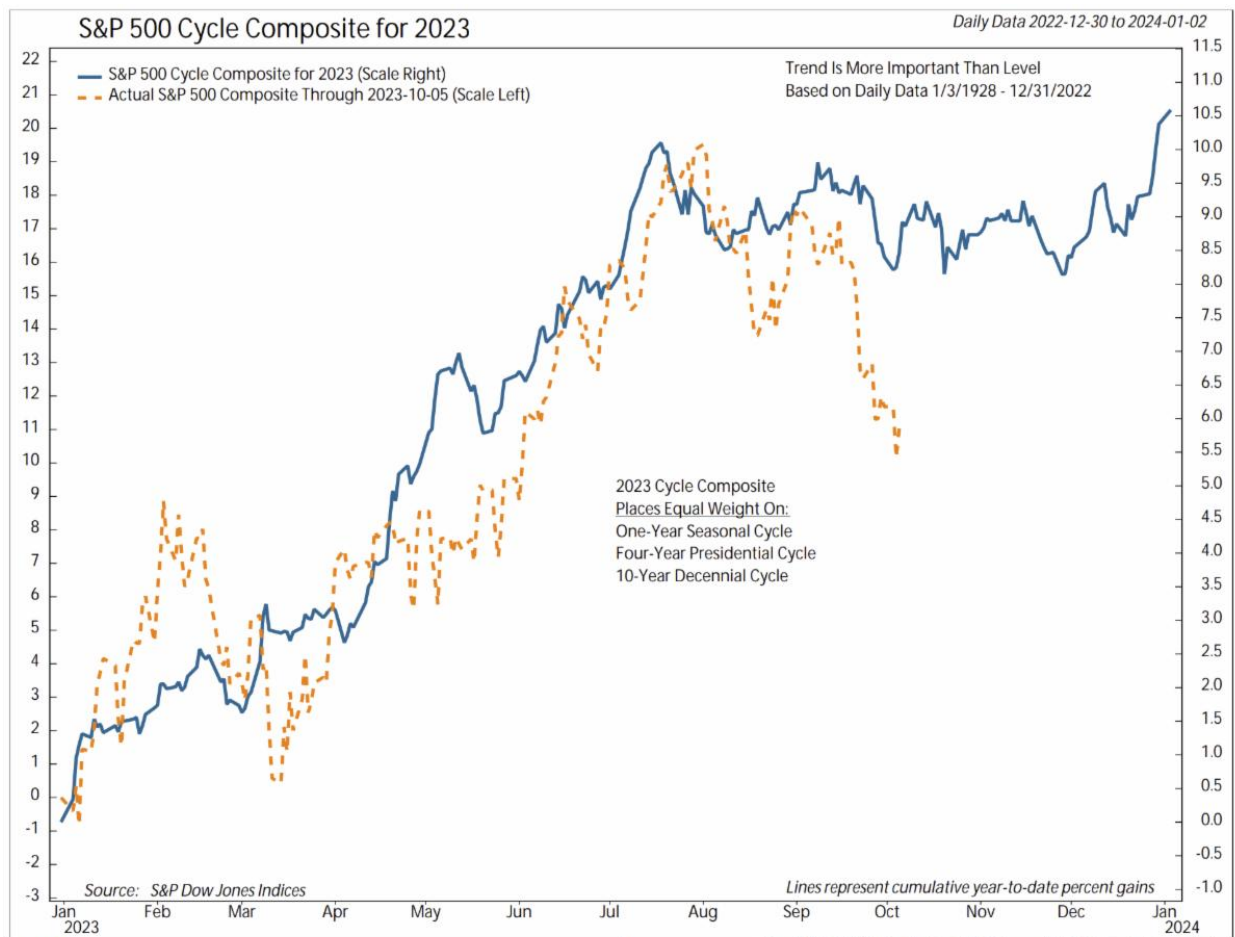
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This Week — The 4-Year Presidential Cycle

The Presidential Cycle is four years long, running from one inauguration to the next. Ned Davis Research created this chart using SPX data going back to 1928. That data is divided into 4 year chunks and normalized so that the corresponding SPX prices in all the four year chunks can be averaged.

The blue line in this chart is what the market did, on average, during the third year of all the Presidential Cycles. Ned Davis also publishes a 4 year chart but this one-year chart makes it easier to see what's going on this year.



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Notice that the average peaked in mid-July and this year's SPX peaked on July 31st. The average declines gradually until Thanksgiving, while the actual SPX has declined much faster. At this point, the real SPX is rapidly approaching its February 2nd closing price of about \$4180.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All the indexes except COMPQ have negative MTAs.



A Closer Look

The SPX made an 18-week low. It made a really big advance on Friday, but it is clearly making lower highs and lower lows for the last 2 months. So are NYAD and Stocks above their 50 and 200 day averages. There is some support at \$4200, \$4150, and \$4100, so watch those levels.



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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[Sector Universe](#)

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| SPX Sector Universe Analysis for 06-Oct-2023 | | | | | | | |
|--|---------------------------------|-------|-------|-------------|------|-------|--------|
| Symbol | Description | Instr | MTA 3 | RelStr | CMF | NH/NL | MCHist |
| XLE | CAP-WTD ENERGY (LG) | ETF | UP | 4.84:-1.07 | ≡dn≡ | 1/11 | -1.0 |
| XLF | CAP-WTD FINANCIALS (XL) | ETF | UP | 0.91:-1.07 | =dn= | 1/18 | -1.0 |
| XLC | CAP-WTD COMMUNICATION SRVCS | ETF | UP | 0.35:-1.07 | «UP» | 3/2 | -0.2 |
| XLY | CAP-WTD CONSUMER DISCR (XL) | ETF | UP | -0.11:-1.07 | =dn= | 2/18 | -0.7 |
| SPX | CAP-WTD S&P 500 INDEX | INDEX | ≡DN≡ | -0.27:-1.07 | «UP» | 2/18 | -0.6 |
| XLV | CAP-WTD HEALTH CARE (XL) | ETF | DN | -0.28:-1.07 | -UP- | 2/18 | -0.3 |
| XLB | CAP-WTD MATERIALS (MD) | ETF | DN | -0.42:-1.07 | dn | 1/18 | -0.3 |
| XLI | CAP-WTD INDUSTRIALS (LG) | ETF | DN | -0.55:-1.07 | =dn= | 1/18 | -0.5 |
| XLK | CAP-WTD INFO TECHNOLOGY (XXL) | ETF | UP | -1.09:-1.09 | «UP» | 3/1 | -0.1 |
| IYT | CAP-WTD TRANSPORT NDX | ETF | DN | -1.09:-1.07 | «UP» | 1/17 | -0.2 |
| XRT | EQU-WTD RETAIL (XS) | ETF | «DN» | -1.16:-1.07 | «dn» | 1/18 | -0.0 |
| ITB | CAP-WTD HOME CONSTRUCTION (SML) | ETF | DN | -1.75:-1.07 | =dn= | 1/18 | -0.9 |
| XLRE | CAP-WTD REAL ESTATE (MD) | ETF | DN | -1.99:-1.07 | =dn= | 1/170 | -1.1 |
| ITA | CAP-WTD SPACE & DEFENSE (SML) | ETF | DN | -2.27:-1.07 | «dn» | 1/48 | -0.4 |
| XLP | CAP-WTD CONSUMER STAPLES (LG) | ETF | DN | -2.48:-1.07 | «dn» | 1/50 | -0.6 |
| XLU | CAP-WTD UTILITIES (MD) | ETF | DN | -2.53:-1.07 | ≡dn≡ | 1/165 | -1.5 |

The top three remained the same. From four on down, they all had negative slopes. And XLC looked pretty anemic with a slope less than 0.5% per month.

1. XLE — energy
2. XLF — financials
3. XLC — Communication Services

Sector Relative-Strength History

13 weeks of slope history for the 15 sector ETFs and the SPX.

Capital-Weighted Sector ETFs Relative Strength History

14-Jul-2023 to 06-Oct-2023

| 14 Jul | 21 Jul | 28 Jul | 04 Aug | 11 Aug | 18 Aug | 25 Aug | 01 Sep | 08 Sep | 15 Sep | 22 Sep | 29 Sep | 06 Oct |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| TECHS | DISCR | BLDRS | BLDRS | BLDRS | BLDRS | BLDRS | ENRGY | ENRGY | ENRGY | ENRGY | ENRGY | ENRGY |
| DISCR | BLDRS | DISCR | DISCR | TRANS | TRANS | TRANS | BLDRS | TRANS | FINAN | FINAN | FINAN | FINAN |
| BLDRS | TECHS | TECHS | TRANS | DISCR | DISCR | ENRGY | TRANS | BLDRS | DISCR | DISCR | COMMS | COMMS |
| COMMS | COMMS | TRANS | TECHS | TECHS | COMMS | DISCR | FINAN | FINAN | TRANS | COMMS | DISCR | DISCR |
| SP500 | TRANS | COMMS | COMMS | COMMS | SALES | FINAN | DISCR | DISCR | BLDRS | INDUS | SP500 | SP500 |
| TRANS | SP500 | SP500 | SP500 | INDUS | FINAN | SALES | SALES | INDUS | COMMS | SP500 | INDUS | HLTHY |
| INDUS | INDUS | INDUS | INDUS | SALES | TECHS | COMMS | INDUS | COMMS | INDUS | TRANS | MATER | MATER |
| MATER | MATER | FINAN | SALES | SP500 | INDUS | INDUS | COMMS | SALES | SALES | BLDRS | HLTHY | INDUS |

Equal-Weighted Sector ETFs Relative Strength History

14-Jul-2023 to 06-Oct-2023

| 14 Jul | 21 Jul | 28 Jul | 04 Aug | 11 Aug | 18 Aug | 25 Aug | 01 Sep | 08 Sep | 15 Sep | 22 Sep | 29 Sep | 06 Oct |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BLDRS | BLDRS | BLDRS | BLDRS | BLDRS | BLDRS | ENRGY | ENRGY | ENRGY | ENRGY | ENRGY | ENRGY | ENRGY |
| TRANS | TRANS | TRANS | TRANS | TRANS | TRANS | BLDRS | BLDRS | BLDRS | BLDRS | FINAN | FINAN | FINAN |
| TECHS | TECHS | INDUS | INDUS | ENRGY | ENRGY | TRANS | TRANS | FINAN | FINAN | BLDRS | BLDRS | SP500 |
| SP500 | INDUS | TECHS | TECHS | INDUS | FINAN | FINAN | FINAN | TRANS | INDUS | INDUS | SP500 | MATER |
| INDUS | SP500 | SP500 | DISCR | DISCR | INDUS | INDUS | INDUS | INDUS | TRANS | SP500 | TECHS | TECHS |
| DISCR | DISCR | DISCR | SP500 | FINAN | SALES | SALES | SALES | SALES | SALES | TECHS | INDUS | BLDRS |
| COMMS | COMMS | COMMS | ENRGY | TECHS | DISCR | DISCR | SP500 | SP500 | TECHS | MATER | MATER | INDUS |
| DFEND | DFEND | SALES | SALES | SALES | TECHS | SP500 | TECHS | TECHS | SP500 | SALES | SALES | SALES |

Legend

| Cap-Wtd | Equal-Wtd | Synonym | Sector Name | Cap-Wtd | Equal-Wtd | Synonym | Sector Name |
|---------------|----------------|---------|---------------------|----------------|----------------|---------|----------------|
| 14. ITA -2.27 | 11. XAR -1.74 | DFEND | AEROSPACE & DEFENSE | 8. XLI -0.55 | 7. RSPN -0.66 | INDUS | INDUSTRIALS |
| 3. XLC 0.35 | 9. RSPC -1.28 | COMMS | COMMUNICATION SRVCS | 7. XLB -0.42 | 4. RSPM -0.41 | MATER | MATERIALS |
| 4. XLY -0.11 | 12. RSPD -1.87 | DISCR | CONSUMER DISCR | 13. XLRE -1.99 | 10. RSPR -1.65 | REALE | REAL ESTATE |
| 15. XLP -2.48 | 16. RSPS -3.76 | STAPL | CONSUMER STAPLES | 11. XRT -1.16 | 8. XRT -1.16 | SALES | RETAIL |
| 1. XLE 4.84 | 1. RSPG 5.17 | ENRGY | ENERGY | 5. SPX -0.27 | 3. SPX -0.27 | SP500 | S&P 500 |
| 2. XLF 0.91 | 2. RSPF 1.27 | FINAN | FINANCIALS | 9. XLK -1.09 | 5. RSPT -0.42 | TECHS | TECHNOLOGY |
| 6. XLV -0.28 | 14. RSPH -2.16 | HLTHY | HEALTH CARE | 10. IYT -1.09 | 13. XTN -2.06 | TRANS | TRANSPORTATION |
| 12. ITB -1.75 | 6. XHB -0.47 | BLDRS | HOMEBUILDERS | 16. XLU -2.53 | 15. RSPU -2.37 | UTILS | UTILITIES |

The top 5 didn't budge. Energy and Financials are still at the top of the list. Communication Services remained at #3, Discretionary Spending stayed at #4, and the SPX is still #5.

This Week's Selections

My choice for last week was: BIL 100%

Top ETFs By Slope

Current Holdings

| Sym | Slope | Stop | Last |
|-----|---------|---------|---------|
| BIL | 0.00% — | \$90.85 | \$91.53 |
| | | | |
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High-Slope Sectors ETFs

| Sym | Slope | Long | Last |
|-----|-----------|-------|------------|
| XLE | 4.84% ↓ | no | \$85.73 ↓ |
| XLF | 0.91% ↓↓ | no | \$33.04 — |
| XLC | 0.35% ↓↓ | no | \$66.91 ↑ |
| XLY | -0.11% ↓↓ | no | \$160.61 — |
| SPX | -0.27% ↓↓ | Index | \$4308.50↑ |
| XLV | -0.28% ↓↓ | no | \$130.01 ↑ |
| XLB | -0.42% ↓↓ | no | \$77.99 — |
| XLI | -0.55% ↓↓ | no | \$100.78 — |

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

Analysis

[XLE](#) fell through support near \$90 to possible support near \$85. [XLF](#)'s money flow is turning up, although price made an 18-week low. [XLC](#) may be turning up, although the MACD and the OBV haven't turned up yet. [XLY](#) – SHA, ATS, and MACD are down.

[XLV](#) – MTA and Slope are down. ATS, RSI, OBV, and CMF turned up. MACD and SHA may turn up soon. [XLB](#) — MTA and Slope are down. 18-week low. SHA, ATS, and MACD are down, although CMF is turning up. [XLI](#) – all indicators down. Hint of a turn up in CMF.

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Thoughts and Decisions

There may be a turn up in the coming week, but right now none of the sectors are worth risking money on.

So my choice for this week, again, is to stay 100% in BIL until something breaks out to the upside..

Other Securities You May Find Interesting

[DBC](#) — DB Commodity Index ETF — tracks a diversified commodity index

DBC fell just below \$24.

[EPD](#) — Enterprise Products Partners — provider of midstream energy services to producers of natural gas, natural gas liquids (NGLs), crude oil, petrochemicals and refined products

EPD is back to flirting with \$27.

[KIE](#) — SPDR S&P Insurance Sector ETF

KIE found support near \$42.

[URA](#) — Uranium — global uranium mining industry ETF

URA dropped ~6.6% in the last 9 days to end the week just above \$26..

[USO](#) — United States Oil Fund — invests primarily in futures contracts for light, sweet crude oil, other types of crude oil, diesel-heating oil, gasoline, natural gas, and other petroleum-based fuels.

USO fell 10.5% in 7 days to end the week a little over \$74..

[UUP](#) — US Dollar ETF

UUP is still climbing according to SHA, ATS, RSI, and MACD+; however; its money flow has declined 4 days in a row.

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