

Weekly Market Analysis #481 — 27 October 2023

Richard "Doc" Ahrens

© All Rights Reserved

This Week

Funds with major cash inflows:

Ticker	Fund Name	Net Inflow (\$MM)
IVV	Ishares Core S&P 500	\$884.96
XLE	Energy Select Sector SPDR	\$619.48
TLT	iShares 20+ Year Treasury Bond	\$608.46
VGIT	Vanguard Intermediate-Term Treasury Index	\$593.62
BIL	SPDR Bloomberg 1-3 Month T-Bill	\$572.51

— — — — — — — — —

Inflation expert Michael Ashton said, "We are no longer talking about the peak in inflation, but on where will inflation end up after it stops receding? The move from 7% down to 4% was the easy part and now comes the hard part. From 4% to 3% is going to be much harder and I don't think we're going to get from 3% to 2% in any sort of sustainable fashion."

— — — — — — — — —

I tested the Smoothed Heikin Ashi on half a dozen securities with a variety of smoothing periods (2..35 days) and several different moving averages (SMA, EMA, ...). Overall, the results of this testing say that even though the SHA is lovely to look at, as a standalone indicator, it doesn't do very well at making money.

I'm going to fiddle with it some more and see if it does better when paired with other indicators. If not, I will probably replace the SHA chart with a Keltner Band chart.

— — — — — — — — —

David R. Kotok published an important article this morning "[Financial Cost of Chaos is Rising](#)". It seems a substantial number of junior congress people have taken it upon themselves to block legislation to raise the debt ceiling and keep the U.S. government in business. Since they haven't been around long enough to understand what happens when the government shuts down, they have no idea what a mess it will make of the US economy...rapidly followed by the global economy.

[Market Barometers](#)

← Use this link to see all the market barometer charts

COMPQ joined the other four indexes, and now it also has a negative MTA.



A Closer Look

SPX went up a little on Monday, peaked on Tuesday, then swept down to a 22-week low on Friday. The advance-decline line roughly followed price. Stocks above their 50-day averages looked a lot like NYAD but the stocks above their 200-day averages did worse.



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 27-Oct-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLE	CAP-WTD ENERGY (LG)	ETF	UP	2.97:-2.10	≡DN≡	1/14	-0.3
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	-0.32:-2.10	DN	2/20	-0.6
XLF	CAP-WTD FINANCIALS (XL)	ETF	=DN=	-0.90:-2.10	DN	1/30	-0.5
XLV	CAP-WTD HEALTH CARE (XL)	ETF	DN	-0.96:-2.10	DN	1/53	-0.4
SPX	CAP-WTD S&P 500 INDEX	INDEX	DN	-1.66:-2.10	DN	1/22	-0.6
XLB	CAP-WTD MATERIALS (MD)	ETF	DN	-2.03:-2.10	DN	1/49	-0.6
XLI	CAP-WTD INDUSTRIALS (LG)	ETF	DN	-2.22:-2.10	DN	1/49	-0.6
XLK	CAP-WTD INFO TECHNOLOGY (XXL)	ETF	UP	-2.30:-2.11	DN	1/22	-0.4
XRT	EQU-WTD RETAIL (XS)	ETF	DN	-2.57:-2.10	DN	1/21	-0.0
XLY	CAP-WTD CONSUMER DISCR (XL)	ETF	≡DN≡	-2.76:-2.10	DN	1/23	-1.1
ITA	CAP-WTD SPACE & DEFENSE (SML)	ETF	DN	-2.90:-2.10	DN	1/3	0.3
IYT	CAP-WTD TRANSPORT NDX	ETF	DN	-3.29:-2.10	DN	1/49	-1.1
XLP	CAP-WTD CONSUMER STAPLES (LG)	ETF	DN	-3.69:-2.10	DN	1/2	0.6
XLRE	CAP-WTD REAL ESTATE (MD)	ETF	DN	-3.83:-2.10	DN	1/173	-0.5
XLU	CAP-WTD UTILITIES (MD)	ETF	DN	-4.06:-2.10	-up-	2/3	0.6
ITB	CAP-WTD HOME CONSTRUCTION (SML)	ETF	DN	-5.01:-2.10	DN	1/27	-0.8

The top three are again the same, and all sectors except XLE have negative slopes.

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

Sector Relative-Strength History

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

04 Aug	11 Aug	18 Aug	25 Aug	01 Sep	08 Sep	15 Sep	22 Sep	29 Sep	06 Oct	13 Oct	20 Oct	27 Oct
BLDRS	BLDRS	BLDRS	BLDRS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY
DISCR	TRANS	TRANS	TRANS	BLDRS	TRANS	FINAN	FINAN	FINAN	FINAN	FINAN	COMMS	COMMS
TRANS	DISCR	DISCR	ENRGY	TRANS	BLDRS	DISCR	DISCR	COMMS	COMMS	COMMS	FINAN	FINAN
TECHS	TECHS	COMMS	DISCR	FINAN	FINAN	TRANS	COMMS	DISCR	DISCR	HLTHY	HLTHY	HLTHY
COMMS	COMMS	SALES	FINAN	DISCR	DISCR	BLDRS	INDUS	SP500	SP500	SP500	SP500	SP500
SP500	INDUS	FINAN	SALES	SALES	INDUS	COMMS	SP500	INDUS	HLTHY	MATER	MATER	MATER
INDUS	SALES	TECHS	COMMS	INDUS	COMMS	INDUS	TRANS	MATER	MATER	DISCR	INDUS	INDUS
SALES	SP500	INDUS	INDUS	COMMS	SALES	SALES	BLDRS	HLTHY	INDUS	INDUS	DISCR	TECHS
FINAN	FINAN	ENRGY	SP500	SP500	SP500	SP500	MATER	TRANS	TECHS	TECHS	TECHS	SALES
MATER	MATER	SP500	TECHS	TECHS	MATER	MATER	SALES	TECHS	TRANS	SALES	SALES	DISCR
REALE	ENRGY	MATER	MATER	MATER	TECHS	TECHS	HLTHY	SALES	SALES	TRANS	TRANS	DFEND
ENRGY	REALE	REALE	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	BLDRS	BLDRS	REALE	DFEND	TRANS
HLTHY	HLTHY	HLTHY	REALE	DFEND	DFEND	DFEND	REALE	REALE	REALE	DFEND	REALE	STAPL
DFEND	DFEND	DFEND	DFEND	REALE	REALE	REALE	DFEND	DFEND	DFEND	BLDRS	STAPL	REALE
STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	UTILS	STAPL	STAPL	UTILS	UTILS
UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	STAPL	UTILS	UTILS	BLDRS	BLDRS

Legend

Cap-Wtd	Equal-Wtd	Synonym	Sector Name	Cap-Wtd	Equal-Wtd	Synonym	Sector Name
11. ITA -2.90	7. XAR -2.33	DFEND	AEROSPACE & DEFENSE	7. XLI -2.22	8. RSPN -2.49	INDUS	INDUSTRIALS
2. XLC -0.32	6. RSPC -2.32	COMMS	COMMUNICATION SRVCS	6. XLB -2.03	4. RSPM -2.04	MATER	MATERIALS
10. XLY -2.76	14. RSPD -4.13	DISCR	CONSUMER DISCR	14. XLRE -3.83	13. RSPR -3.61	REALE	REAL ESTATE
13. XLP -3.69	16. RSPS -5.36	STAPL	CONSUMER STAPLES	9. XRT -2.57	9. XRT -2.57	SALES	RETAIL
1. XLE 2.97	1. RSPG 3.18	ENRGY	ENERGY	5. SPX -1.66	3. SPX -1.66	SP500	S&P 500
3. XLF -0.90	2. RSPF -0.55	FINAN	FINANCIALS	8. XLK -2.30	5. RSPT -2.11	TECHS	TECHNOLOGY
4. XLV -0.96	10. RSPH -3.30	HLTHY	HEALTH CARE	12. IYT -3.29	15. XTN -4.63	TRANS	TRANSPORTATION
16. ITB -5.01	12. XHB -3.60	BLDRS	HOMEBUILDERS	15. XLU -4.06	11. RSPU -3.52	UTILS	UTILITIES

Nothing moved in the top 6.

This Week's Selections

My choices for last week were: BIL 80% and XLE 20%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
BIL	-2.10%	\$90.85	\$91.81
XLE	2.97%	\$88.87	\$84.63

High-Slope Sectors ETFs

Sym	Slope	Long	Last
XLC	-0.32% ↓↓	no	\$63.09 ↓↓
XLF	-0.90% ↓↓	no	\$31.45 ↓↓
XLV	-0.96% ↓↓	no	\$123.14 ↓↓
SPX	-1.66% ↓↓	Index	\$4117.37 ↓↓
XLB	-2.03% ↓↓	no	\$ 74.95 ↓↓
XLI	-2.22% ↓↓	no	\$ 96.44 ↓↓
XLK	-2.30% ↓↓	no	\$161.12 ↓↓
XRT	-2.57% ↓↓	no	\$57.91 ↓↓

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

Analysis

[XLE](#) made a 14-week low, closing well below my stop. [XLC](#) gapped down to a 20-week low. [XLF](#) fell to a 30-week low. [XLV](#) thudded to a 53-week low.

[XLB](#) showed some support near \$75, but hit a 49-week low anyway, [XLI](#) matched XLB's 49-week low. [XLK](#) "only" made a 22-week low. [XRT](#) seems to have found support on a 3-year, gradually rising trendline after easing to a 21-week low.

— — — — — — — — — —

Thoughts and Decisions

XLE is out, so this week my holdings are back to 100% BIL.

Other Securities You May Find Interesting

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

DBC got swept down by the market decline, but managed to recover later, ending the week at \$25.00. Basic charts are mixed.

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

Followed the market downward.

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

Advanced Monday through Thursday, then followed the market down on Friday.

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

URA is holding fairly steadily above \$25 despite the broader market.

[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.

Lost some ground this week but remains above psychological and historical support at \$75.

[UUP](#) — US Dollar ETF

After getting beaten down on Tuesday, price jumped back up and made a 49-week high.

©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.