

Weekly Market Analysis #483 — 10 November 2023

Richard "Doc" Ahrens

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This Week

Thanks to the readers who send in corrections and ideas. There is a very large amount of numbers and facts that go into this report every week, and every one of them is an opportunity for a mistake to creep in. When you report an error, it's a chance for me to fix it and inform all the readers. We can all learn from corrections, suggestions, and respectful dissent.

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A report from Bridgewater Associates said:

We see two big forces that will continue to exert upward pressure on long rates and downward pressure on the economy: 1) the need to sustain a restrictive monetary policy until key economic conditions have settled into their desired levels and 2) an emerging liquidity hole in the bond market.

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A colleague recommended Principal Active High Yield ETF (YLD). It has been stuck in a range between \$17.50 and \$18.25, which is neither here nor there. The important thing is that YLD pays a dividend of 6.8% per year and has maintained a fairly steady dividend since 2015.

When you buy a dividend security, you are essentially buying a stream of income. As long as the company keeps paying that dividend, you don't have to pay too much attention to the market price. The critical questions are:

1. Is this a stable, well-managed company?
2. Has the company consistently been paying dividends steadily?
3. Is the company making enough money to maintain their dividend?
4. What financial conditions could negatively affect the dividend?

We'll talk more about dividend investing going forward.

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David Kotok at Cumberland Advisors said:

In my opinion, the outlook has changed. My view is that the slowdown (recession?) is arriving. Since the market is usually looking ahead 6–9 months, I want to be positioned as the slowdown begins, not after it is confirmed.

With the revisions in the recent labor report, I believe that the trends in labor statistics are showing a change in direction and diminishing intensity of labor force pressures. That trend suggests a slowing economy and may even bring about some recession estimates in the next 1-2-3 quarters.

[Market Barometers](#)

← Use this link to see all the market barometer charts

COMPQ is showing a little green in the bottom row now, but all five indexes still have negative MTAs.



A Closer Look

SPX fell hard on Thursday, stopping at the 50-day average, then bounced back up even harder on Friday. However, the advance-decline line ended the week much lower than price did, and the stocks above their 50-day and 200-day averages also ended somewhat lower. This leads me to think that Friday's advance in price was limited to a few, very-large stocks.



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 10-Nov-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLE	CAP-WTD ENERGY (LG)	ETF	UP	1.10:-1.47	DN	1/16	-0.7
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	-1.00:-1.47	UP	4/1	0.6
XLV	CAP-WTD HEALTH CARE (XL)	ETF	DN	-1.71:-1.47	<<dn>>	3/1	0.2
XLF	CAP-WTD FINANCIALS (XL)	ETF	DN	-1.73:-1.47	dn	7/1	1.0
ITA	CAP-WTD SPACE & DEFENSE (SML)	ETF	DN	-2.14:-1.47	dn	10/1	0.8
SPX	CAP-WTD S&P 500 INDEX	INDEX	DN	-2.30:-1.47	UP	8/1	0.8
XLK	CAP-WTD INFO TECHNOLOGY (XXL)	ETF	DN	-2.44:-1.48	UP	16/1	1.0
XLB	CAP-WTD MATERIALS (MD)	ETF	DN	-2.83:-1.47	<<dn>>	1/1	0.5
XRT	EQU-WTD RETAIL (XS)	ETF	DN	-2.87:-1.47	<<UP>>	1/1	0.4
XLI	CAP-WTD INDUSTRIALS (LG)	ETF	DN	-3.07:-1.47	dn	4/1	1.1
XLP	CAP-WTD CONSUMER STAPLES (LG)	ETF	DN	-3.53:-1.47	<<dn>>	7/1	0.6
XLU	CAP-WTD UTILITIES (MD)	ETF	DN	-3.58:-1.47	DN	1/2	0.3
XLY	CAP-WTD CONSUMER DISCR (XL)	ETF	DN	-4.10:-1.47	UP	4/1	1.3
XLRE	CAP-WTD REAL ESTATE (MD)	ETF	DN	-4.23:-1.47	<<dn>>	1/1	0.9
IYT	CAP-WTD TRANSPORT NDX	ETF	DN	-4.74:-1.47	dn	4/1	1.3
ITB	CAP-WTD HOME CONSTRUCTION (SML)	ETF	DN	-5.82:-1.47	<<UP>>	8/1	1.9

The top 3 are the same as last week.

1. XLE — energy
2. XLC — Communication Services
3. XLV — Health Care

Capital-Weighted Sector ETFs Relative Strength History

18-Aug-2023 to 10-Nov-2023

18 Aug	25 Aug	01 Sep	08 Sep	15 Sep	22 Sep	29 Sep	06 Oct	13 Oct	20 Oct	27 Oct	03 Nov	10 Nov
BLDRS	BLDRS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY
TRANS	TRANS	BLDRS	TRANS	FINAN	FINAN	FINAN	FINAN	FINAN	COMMS	COMMS	COMMS	COMMS
DISCR	ENRGY	TRANS	BLDRS	DISCR	DISCR	COMMS	COMMS	COMMS	FINAN	FINAN	HLTHY	HLTHY
COMMS	DISCR	FINAN	FINAN	TRANS	COMMS	DISCR	DISCR	HLTHY	HLTHY	HLTHY	FINAN	FINAN
SALES	FINAN	DISCR	DISCR	BLDRS	INDUS	SP500	SP500	SP500	SP500	SP500	SP500	DFEND
FINAN	SALES	SALES	INDUS	COMMS	SP500	INDUS	HLTHY	MATER	MATER	MATER	MATER	SP500
TECHS	COMMS	INDUS	COMMS	INDUS	TRANS	MATER	MATER	DISCR	INDUS	INDUS	TECHS	TECHS
INDUS	INDUS	COMMS	SALES	SALES	BLDRS	HLTHY	INDUS	INDUS	DISCR	TECHS	DFEND	MATER
ENRGY	SP500	SP500	SP500	SP500	MATER	TRANS	TECHS	TECHS	TECHS	SALES	INDUS	SALES
SP500	TECHS	TECHS	MATER	MATER	SALES	TECHS	TRANS	SALES	SALES	DISCR	SALES	INDUS
MATER	MATER	MATER	TECHS	TECHS	HLTHY	SALES	SALES	TRANS	TRANS	DFEND	STAPL	STAPL
REALE	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	BLDRS	BLDRS	REALE	DFEND	TRANS	DISCR	UTILS
HLTHY	REALE	DFEND	DFEND	DFEND	REALE	REALE	REALE	DFEND	REALE	STAPL	UTILS	DISCR
DFEND	DFEND	REALE	REALE	REALE	DFEND	DFEND	DFEND	BLDRS	STAPL	REALE	TRANS	REALE
STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	UTILS	STAPL	STAPL	UTILS	UTILS	REALE	TRANS
UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	STAPL	UTILS	UTILS	BLDRS	BLDRS	BLDRS	BLDRS

Legend

Cap-Wtd	Equal-Wtd	Synonym	Sector Name	Cap-Wtd	Equal-Wtd	Synonym	Sector Name
5. ITA -2.14	3. XAR -1.77	DFEND	AEROSPACE & DEFENSE	10. XLI -3.07	10. RSPN -3.50	INDUS	INDUSTRIALS
2. XLC -1.00	5. RSPC -2.77	COMMS	COMMUNICATION SRVCS	8. XLB -2.83	7. RSPM -2.99	MATER	MATERIALS
13. XLY -4.10	14. RSPD -5.21	DISCR	CONSUMER DISCR	14. XLRE -4.23	11. RSPR -4.28	REALE	REAL ESTATE
11. XLP -3.53	15. RSPS -5.29	STAPL	CONSUMER STAPLES	9. XRT -2.87	6. XRT -2.87	SALES	RETAIL
1. XLE 1.10	1. RSPG 1.72	ENRGY	ENERGY	6. SPX -2.30	4. SPX -2.30	SP500	S&P 500
4. XLF -1.73	2. RSPF -1.39	FINAN	FINANCIALS	7. XLK -2.44	9. RSPT -3.24	TECHS	TECHNOLOGY
3. XLV -1.71	12. RSPH -4.31	HLTHY	HEALTH CARE	15. IYT -4.74	16. XTN -6.45	TRANS	TRANSPORTATION
16. ITB -5.82	13. XHB -4.82	BLDRS	HOMEBUILDERS	12. XLU -3.58	8. RSPU -3.08	UTILS	UTILITIES

Sector Relative-Strength History

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

In the top 4 remained steady. Aerospace and Defense moved up to 5th place as SPX moved down to 6th. Technology stocks held at 7th and Materials fell to 8th.

Also Ran: Consumer Staples (XLP) held onto 11th place and Utilities moved up to 12th.

This Week's Selections

My choice for last week were: BIL 100%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
BIL	0.00%	\$90.85	\$91.58

High-Slope Sectors ETFs

Sym	Slope	Long	Last
XLE	1.10% ↓↓	no	\$83.41 ↓↓
XLC	-1.00% ↓↓	no	\$68.47 ↑
XLV	-1.71% ↓↓	no	\$126.27 ↓
XLF	-1.73% ↓↓	no	\$33.91 —
ITA	-2.14% ↑	no	\$113.96 —
SPX	-2.30% ↓↓	Index	\$4415.24 ↑
XLK	-2.44% ↓↓	no	\$179.52 ↑↑
XLB	-2.83% ↓↓	no	\$77.36 ↓

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

Analysis

[XLE](#) has been declining in price with net negative money flow since mid-September. It's still at the top of the sector slope list only because all the others have declined faster than it did.

[XLC](#) has been gradually declining since the end of July. It's largely mimicking the SPX, which is no surprise if you look at [its top 10 holdings](#).

[XLV](#) is in a converging channel with a negative bias for almost a year (see 46 week channel).

[XLF](#)'s declining channel goes back to Jan, 22.

[ITA](#) is in a 123-week converging, upward-sloping channel. It's MTA is down but showing a hint of an up turn. I should have recognized the decline from Sep 6th to Oct 5th as an exhaustion sell off but I missed it.

[SPX](#) closed above \$4400 but on just average volume, so the jury is still out on where it's going next.

[XLK](#) will make an all-time high if it closes above \$180.26 (75 cents higher).

[XLB](#) has been making lower highs and lower lows since the end of July.

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Thoughts and Decisions

The only reason XLC got above \$68 was the big bounce in SPX on Friday. I'm still not overly confident in it, but a close above \$68.81 will give XLC a 1-year new high. ITA is trying but its money flow is weak. I will buy XLK if it has a same-day open and close above \$180.

Other Securities You May Find Interesting

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

DBC found support near \$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

Found support near \$26.

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

Is in a range between \$42 and \$44.

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

Waiting for price to get above \$28 to buy the other half position, but I will sell the first half position if price gets below \$25.75.

[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's money flow is negative and price is now down near \$70.

[UUP](#) — US Dollar ETF

The dollar is in a range between \$29.50 and \$30.00.

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