

Weekly Market Analysis #484 — 17 November 2023

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This Week

"Target surged nearly 18% following its earnings announcement on Wednesday. On the other hand, Walmart fell roughly 8% after it announced its latest results yesterday."

Does anybody else see a problem here?

Target and Walmart are relatively old, dull businesses. They buy stuff and sell stuff. When stocks like this jump 10-20 percent in a single day, it means there is a huge amount of volatility in the market. Volatility like this tends to drive technical indicators crazy and it causes them to generate distorted or meaningless signals.

Under these conditions, it is an absolute necessity to scrutinize the charts and take signals from technical indicators with a grain of salt.

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Talking about signs of the slowing economy, Brian Schreiner at CMG Wealth observed:

...last week it was a chilly reception to the newly issued U.S. government bonds. On CNBC, Jim Cramer called the Treasury auction "horrible" and Art Cashin of UBS said it was "absolutely lousy." The next day, Friday, Moody's Investors Service warned that the U.S. debt is in danger of being downgraded.

...This week there are new signs consumers are having trouble. The credit card delinquency rate has doubled since 2021. Personal savings and consumer confidence have both slumped in recent months and both consumers and retailers are planning for a weak holiday season.

Brian is an experienced and canny guy. I read him every week. You can subscribe to his free, Monday-morning newsletter by writing to Brian Schreiner <Brian@cmgwealth.com>.

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Brian Swint at Barron's said:

After keeping interest rates on hold for a second consecutive meeting, Powell talked more about how much inflation was slowing, rather than emphasizing how strong growth has been. Traders can read between the lines—another hike seems unlikely. Separately, the Treasury said it would slow down issuing longer-term debt. That helped push up bond prices, which move inversely to yields. The yield on the 10-year U.S. government bond popped above 5% not too long ago, but now it's back down around 4.7%—more good news for stocks, since higher borrowing costs have been going hand in hand with falling share prices.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All the major indexes except IWM are showing a little green in the bottom row now.



A Closer Look

The SPX gapped up on Tuesday, stopping at the \$4500 level, then went sideways. However, the advance-decline line confirmed price action, as did the stocks above their 50-day and 200-day averages.



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 17-Nov-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLK	CAP-WTD INFO TECHNOLOGY (XXL)	ETF	≡UP≡	1.20:-0.52	UP	999/1	1.0
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	0.69:-0.52	UP	82/1	0.7
ITA	CAP-WTD SPACE & DEFENSE (SML)	ETF	DN	0.64:-0.52	-DN-	11/1	0.7
XLF	CAP-WTD FINANCIALS (XL)	ETF	DN	-0.36:-0.52	UP	14/1	1.1
SPX	CAP-WTD S&P 500 INDEX	INDEX	DN	-0.36:-0.52	UP	11/1	0.8
ITB	CAP-WTD HOME CONSTRUCTION (SML)	ETF	DN	-1.05:-0.52	-up-	11/1	1.9
XRT	EQU-WTD RETAIL (XS)	ETF	DN	-1.06:-0.52	<<UP>>	11/1	1.0
XLU	CAP-WTD UTILITIES (MD)	ETF	DN	-1.26:-0.52	=DN=	8/3	0.5
XLI	CAP-WTD INDUSTRIALS (LG)	ETF	DN	-1.31:-0.52	<<UP>>	10/1	1.2
XLY	CAP-WTD CONSUMER DISCR (XL)	ETF	DN	-1.43:-0.52	UP	9/1	1.2
XLV	CAP-WTD HEALTH CARE (XL)	ETF	DN	-1.54:-0.52	UP	4/1	0.4
XLE	CAP-WTD ENERGY (LG)	ETF	UP	-1.63:-0.52	<<dn>>	2/1	0.0
XLRE	CAP-WTD REAL ESTATE (MD)	ETF	DN	-1.64:-0.52	≡UP≡	8/1	1.3
XLB	CAP-WTD MATERIALS (MD)	ETF	DN	-1.68:-0.52	<<UP>>	9/1	1.0
XLP	CAP-WTD CONSUMER STAPLES (LG)	ETF	DN	-1.78:-0.52	dn	8/1	0.6
IYT	CAP-WTD TRANSPORT NDX	ETF	DN	-2.65:-0.52	UP	9/1	1.7

Energy dropped to 12th place, Health Care to 11th, and Technology sector pole-vaulted from #7 into first place.

1. XLK — Technology
2. XLC — Communication Services
3. ITA — Defense and Aerospace

Capital-Weighted Sector ETFs Relative Strength History

25-Aug-2023 to 17-Nov-2023

25 Aug	01 Sep	08 Sep	15 Sep	22 Sep	29 Sep	06 Oct	13 Oct	20 Oct	27 Oct	03 Nov	10 Nov	17 Nov
BLDRS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	TECHS
TRANS	BLDRS	TRANS	FINAN	FINAN	FINAN	FINAN	FINAN	COMMS	COMMS	COMMS	COMMS	COMMS
ENRGY	TRANS	BLDRS	DISCR	DISCR	COMMS	COMMS	COMMS	FINAN	FINAN	HLTHY	HLTHY	DFEND
DISCR	FINAN	FINAN	TRANS	COMMS	DISCR	DISCR	HLTHY	HLTHY	HLTHY	FINAN	FINAN	FINAN
FINAN	DISCR	DISCR	BLDRS	INDUS	SP500	SP500	SP500	SP500	SP500	SP500	DFEND	SP500
SALES	SALES	INDUS	COMMS	SP500	INDUS	HLTHY	MATER	MATER	MATER	MATER	SP500	BLDRS
COMMS	INDUS	COMMS	INDUS	TRANS	MATER	MATER	DISCR	INDUS	INDUS	TECHS	TECHS	SALES
INDUS	COMMS	SALES	SALES	BLDRS	HLTHY	INDUS	INDUS	DISCR	TECHS	DFEND	MATER	UTILS
SP500	SP500	SP500	SP500	MATER	TRANS	TECHS	TECHS	TECHS	SALES	INDUS	SALES	INDUS
TECHS	TECHS	MATER	MATER	SALES	TECHS	TRANS	SALES	SALES	DISCR	SALES	INDUS	DISCR
MATER	MATER	TECHS	TECHS	HLTHY	SALES	SALES	TRANS	TRANS	DFEND	STAPL	STAPL	HLTHY
HLTHY	HLTHY	HLTHY	HLTHY	TECHS	BLDRS	BLDRS	REALE	DFEND	TRANS	DISCR	UTILS	ENRGY
REALE	DFEND	DFEND	DFEND	REALE	REALE	REALE	DFEND	REALE	STAPL	UTILS	DISCR	REALE
DFEND	REALE	REALE	REALE	DFEND	DFEND	DFEND	BLDRS	STAPL	REALE	TRANS	REALE	MATER
STAPL	STAPL	STAPL	STAPL	STAPL	UTILS	STAPL	STAPL	UTILS	UTILS	REALE	TRANS	STAPL
UTILS	UTILS	UTILS	UTILS	UTILS	STAPL	UTILS	UTILS	BLDRS	BLDRS	BLDRS	BLDRS	TRANS

Legend

Cap-Wtd	Equal-Wtd	Synonym	Sector Name	Cap-Wtd	Equal-Wtd	Synonym	Sector Name
3. ITA 0.64	1. XAR 1.21	DFEND	AEROSPACE & DEFENSE	9. XLI -1.31	10. RSPN -1.55	INDUS	INDUSTRIALS
2. XLC 0.69	6. RSPC -0.92	COMMS	COMMUNICATION SRVCS	14. XLB -1.68	11. RSPM -2.08	MATER	MATERIALS
10. XLY -1.43	13. RSPD -2.86	DISCR	CONSUMER DISCR	13. XLRE -1.64	12. RSPR -2.08	REALE	REAL ESTATE
15. XLP -1.78	14. RSPS -3.19	STAPL	CONSUMER STAPLES	7. XRT -1.06	8. XRT -1.06	SALES	RETAIL
12. XLE -1.63	4. RSPG -0.51	ENRGY	ENERGY	5. SPX -0.36	3. SPX -0.36	SP500	S&P 500
4. XLF -0.36	2. RSPF -0.12	FINAN	FINANCIALS	1. XLK 1.20	7. RSPT -1.00	TECHS	TECHNOLOGY
11. XLV -1.54	15. RSPH -3.46	HLTHY	HEALTH CARE	16. IYT -2.65	16. XTN -4.64	TRANS	TRANSPORTATION
6. IIB -1.05	9. XHB -1.35	BLDRS	HOMEBUILDERS	8. XLU -1.26	5. RSPU -0.84	UTILS	UTILITIES

Sector Relative-Strength History

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

Also Ran: Consumer Staples (XLP) fell 4 places to become second to last.

This Week's Selections

My choice for last week was: BIL 100%.

Top ETFs By Slope

Current Holdings				High-Slope Sectors ETFs			
Sym	Slope	Stop	Last	Sym	Slope	Long	Last
BIL	0.00%	\$90.85	\$91.58	XLK	1.20% ↑	BUY	\$182.80 ↑↑
				XLC	0.69% ↑	BUY	\$70.07 ↑↑
				ITA	0.64% ↑↑	no	\$115.75 ↑↑
				XLF	-0.36% ↓↓	no	\$35.01 ↑↑
				SPX	-0.36% ↑	Index	\$4514.02↑↑
				ITB	-1.05 ↑↑	no	\$86.71 ↑↑
				XRT	-1.06 ↑↑	no	\$63.25 ↑
				XLU	-1.26 ↑↑	no	\$62.29 ↑

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

Analysis

[XLK](#) made an all-time high this week closing above \$180.26 and then some. All basic charts are up. [XLC](#) is still mimicking the SPX, which makes me wonder about the durability of the 82-week new high it just made. Also, even though all basic charts are up, there's a chance XLC may be stuck near \$70. [ITA](#) is climbing nicely, although I see a lot of SPX influence in its price. Its MTA is close to turning positive, but its CMF remains sullenly negative. [XLF](#)'s bounced up off \$31.45 on Oct 27th, creating a confirmed, rising trendline. On Friday it broke up through a 2-touch descending trendline. But for the last two weeks it has had mostly below-average volume. So even though all 6 basic charts are up, the MTA is down, and it's right in an area of psychological and historical resistance. (See also: Detailed Chart Mark Up on page 7.)

[SPX](#) closed above \$4500 but it still has a way to go to break the July high of \$4589. [ITB](#) has all basic charts up. It also has significant overhead supply (historical resistance) between \$87.50 and \$90. [XRT](#) is in a very strong 16-week converging, downward-sloping channel. [XLU](#) has a solidly downward MTA plus two downward-sloping channels.

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Thoughts and Decisions

High tech and Communication Services look good, but they could be swept back down if the SPX turns back down. My guess is that the SPX will consolidate and then advance again, and XLK and XLC will lead the advance. So I'm taking positions in those two sectors, but with tight stops in case I'm not as smart as my mother thinks I am.

Choices for this week are: XLC 10% (exit if price closes below its ATS), XLK 10% (exit if price closes below its ATS), and BIL 80%.

See Uranium on next page.

Other Securities You May Find Interesting

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

DBC broke support near \$24. Bad money flow.

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

Continues to flirt with support \$26.

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

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

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

Cleared \$28 and made a 101-week new high. Buy the other half position.

[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.

Made a 17-week low. Bad money flow.

[UUP](#) — US Dollar ETF

Now below \$29.50. Money flow negative.

Detailed Chart Mark Up for XLF



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