

Weekly Market Analysis #490 — 29 December 2023

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This Week

The recession that "everybody" was expecting hasn't materialized (at least not yet). Real GDP growth for the 4th quarter of 2023 is estimated at 2.9 percent (using the Atlanta Fed's most recent estimate of 2.3 percent for Q4 growth).

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According to Marc Chaikin, the top three sectors are information technology, communication services, and consumer discretionary. I think that consumer discretionary is right on the cusp of something — that something could be a decline or it could be another advance.

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Barron's says the US is producing record amounts of oil. The government's Strategic Petroleum Reserve has risen to be more than one-half full. Gasoline prices are declining and should continue to do so. I suspect these are the reasons that the energy sector (XLE) is in the basement.

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David Kotok just sent out an email entitled "[War, Defense, & 2024](#)" which examines the global geopolitical situation. It presents a causal analysis that explains what technical analysis is telling us about defense and aerospace securities. As usual, David presents a thoughtful and wide-ranging discussion of what is going on.

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This time of year everybody seems to have an opinion about what's coming. Ignore people who make guesses about what will happen next. 50% of them will be right, so you could do just as well flipping a coin. Listen to the people who talk about what is happening now. Work on identifying trends in world events.

20 years ago Ron Insana published a book called *Trend Watching*. It's worth reading.

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A lot of people think the objective of Dynamic Asset Allocation is to pick winners. It's not. The real objective is to avoid or get out of losers. If you keep your money out of investments that are going down, you will make money.

Buying is easy. Selling is hard. But selling is how you get out of things that are going down before they do too much damage. Selling is also how you capture profits on things that went up and then stopped going up.

Potential comes from the purchase but profit comes from the sale. It takes both a buy and a sell to put money in your pocket.

[Market Barometers](#) ← Use this link to see all the market barometer charts

The major indexes all remain up.



A Closer Look

The SPX made a 100-week high but ended the week up just 0.32%. The advance-decline line did worse than price, while stocks above their 50-day and 200-day averages largely confirmed price.



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 29-Dec-2023							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
ITB	CAP-WTD HOME CONSTRUCTION	ETF	UP	9.71:3.68	up	2/0	-0.5
XRT	EQU-WTD RETAIL	ETF	UP	7.05:3.68	<<up>>	46/0	-0.0
XLRE	CAP-WTD REAL ESTATE	ETF	UP	5.92:3.68	<<up>>	45/0	-0.2
ITA	CAP-WTD SPACE & DEFENSE	ETF	UP	5.24:3.68	up	889/0	-0.4
IYT	CAP-WTD TRANSPORT NDX	ETF	UP	5.01:3.68	up	1/1	-0.5
XLK	CAP-WTD INFO TECHNOLOGY	ETF	UP	4.64:3.68	up	999/0	-0.2
XLF	CAP-WTD FINANCIALS	ETF	UP	4.60:3.68	<<up>>	85/0	-0.2
XLY	CAP-WTD CONSUMER DISCR	ETF	UP	4.11:3.68	up	1/1	-0.3
XLI	CAP-WTD INDUSTRIALS	ETF	UP	3.87:3.68	up	999/0	-0.1
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	3.32:3.68	up	100/0	-0.0
XLB	CAP-WTD MATERIALS	ETF	UP	3.21:3.68	<<up>>	79/1	-0.0
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	2.73:3.68	up	96/0	0.1
XLU	CAP-WTD UTILITIES	ETF	UP	1.71:3.68	<<dn>>	1/0	-0.3
XLV	CAP-WTD HEALTH CARE	ETF	UP	1.70:3.68	<<UP>>	52/0	0.1
XLP	CAP-WTD CONSUMER STAPLES	ETF	DN	1.01:3.68	=UP=	2/0	0.1
XLE	CAP-WTD ENERGY	ETF	DN	-1.53:3.68	-DN-	8/2	0.3

Only one sector, energy, has a negative slope now.

Sector Relative-Strength History

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

06 Oct	13 Oct	20 Oct	27 Oct	03 Nov	10 Nov	17 Nov	24 Nov	01 Dec	08 Dec	15 Dec	22 Dec	29 Dec
ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	TECHS	TECHS	TECHS	BLDRS	BLDRS	BLDRS	BLDRS
FINAN	FINAN	COMMS	COMMS	COMMS	COMMS	COMMS	DFEND	DFEND	TECHS	SALES	SALES	SALES
COMMS	COMMS	FINAN	FINAN	HLTHY	HLTHY	DFEND	COMMS	BLDRS	DFEND	DFEND	REALE	REALE
DISCR	HLTHY	HLTHY	HLTHY	FINAN	FINAN	FINAN	BLDRS	COMMS	SALES	TECHS	DFEND	DFEND
SP500	SP500	SP500	SP500	SP500	DFEND	SP500	FINAN	FINAN	REALE	REALE	TECHS	TRANS
HLTHY	MATER	MATER	MATER	MATER	SP500	BLDRS	SP500	SP500	FINAN	FINAN	TRANS	TECHS
MATER	DISCR	INDUS	INDUS	TECHS	TECHS	SALES	SALES	SALES	COMMS	TRANS	FINAN	FINAN
INDUS	INDUS	DISCR	TECHS	DFEND	MATER	UTILS	UTILS	REALE	SP500	DISCR	DISCR	DISCR
TECHS	TECHS	TECHS	SALES	INDUS	SALES	INDUS	DISCR	DISCR	DISCR	INDUS	INDUS	INDUS
TRANS	SALES	SALES	DISCR	SALES	INDUS	DISCR	REALE	UTILS	TRANS	SP500	SP500	SP500
SALES	TRANS	TRANS	DFEND	STAPL	STAPL	HLTHY	INDUS	INDUS	INDUS	COMMS	MATER	MATER
BLDRS	REALE	DFEND	TRANS	DISCR	UTILS	ENRGY	MATER	MATER	UTILS	MATER	COMMS	COMMS
REALE	DFEND	REALE	STAPL	UTILS	DISCR	REALE	STAPL	TRANS	MATER	UTILS	UTILS	UTILS
DFEND	BLDRS	STAPL	REALE	TRANS	REALE	MATER	HLTHY	STAPL	STAPL	HLTHY	HLTHY	HLTHY
STAPL	STAPL	UTILS	UTILS	REALE	TRANS	STAPL	TRANS	HLTHY	HLTHY	STAPL	STAPL	STAPL
UTILS	UTILS	BLDRS	BLDRS	BLDRS	BLDRS	TRANS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY

Legend

Cap-Wtd	Equal-Wtd	Synonym	Sector Name	Cap-Wtd	Equal-Wtd	Synonym	Sector Name
4. IIA 5.24	3. XAR 5.67	DFEND	AEROSPACE & DEFENSE	9. XLI 3.87	9. RSPN 4.06	INDUS	INDUSTRIALS
12. XLC 2.73	12. RSPC 3.08	COMMS	COMMUNICATION SRVCS	11. XLB 3.21	10. RSPM 3.58	MATER	MATERIALS
8. XLY 4.11	8. RSPD 5.02	DISCR	CONSUMER DISCR	3. XLRE 5.92	5. RSPR 5.62	REALE	REAL ESTATE
15. XLP 1.01	15. RSPS 1.27	STAPL	CONSUMER STAPLES	2. XRT 7.05	2. XRT 7.05	SALES	RETAIL
16. XLE -1.53	16. RSPG -1.18	ENRGY	ENERGY	10. SPX 3.32	11. SPX 3.32	SP500	S&P 500
7. XLF 4.60	4. RSPF 5.65	FINAN	FINANCIALS	6. XLK 4.64	6. RSPT 5.52	TECHS	TECHNOLOGY
14. XLV 1.70	13. RSPH 3.01	HLTHY	HEALTH CARE	5. IYT 5.01	7. XTN 5.10	TRANS	TRANSPORTATION
1. ITB 9.71	1. XHB 8.67	BLDRS	HOMEBUILDERS	13. XLU 1.71	14. RSPU 1.93	UTILS	UTILITIES

The top 4 sectors remained unchanged. In positions 5 and 6, transports and technology switched places. Finance has been losing ground since November while transports have been climbing.

This Week's Selections

My choices for last week were: ITA 10%, ITB 10%, XLC 10%, XLI 10%, XLF 10%, XLK 10% XLRE 10%, XLY 10%, and BIL 20%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
ITB	9.71% ↑↑	\$98.83	\$101.70—
XLRE	5.92% ↑↑	\$38.26	\$40.06 ↑
ITA	5.24% ↑↑	\$123.93	\$126.59↑↑
XLK	4.64% —	\$188.37	\$192.48—
XLF	4.60% ↑↑	\$36.85	\$37.60 —
XLY	4.11% ↑↑	\$178.50	\$178.81—
XLI	3.87% ↑↑	\$110.65	\$113.99 ↑
XLC	2.73% ↑↑	\$71.03	\$72.66 —
BIL	0.00% —	\$90.85	\$91.39 —

High-Slope Sectors ETFs

Sym	Slope	Long	Last
XRT	7.05% ↑↑	no	\$72.32 ↑↑
IYT	5.01% ↑↑	no	\$262.27 ↓
SPX	3.32%	Index	\$4769.83↑↑
XLB	3.21%	no	\$85.54 —
XLU	1.71% —	no	\$63.33 —
XLV	1.70%	no	\$136.38 ↑↑
XLP	1.01%	no	\$72.03 ↑

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

Analysis

[ITB](#) hasn't gone anywhere in over 2 weeks and CMF is declining toward 1. [XLRE](#) is lower than it was on Dec 14th. It's essentially resting on \$40 and it's CMF has declined to 1. [ITA](#) made a 17.28-year high. It's price is still inching upward and its CMF is slightly up. [XLK](#) made another all-time high. Its CMF is declining but still above 2.7 and its OBV is up.

[XLF](#) made an 85-week high. Price and CMF both rose a little. I tightened my stop a little to \$36.85. [XLY](#)'s CMF declined to 1.5 and OBV edged lower. Price is only pennies away from breaking down through the trailing stop. [XLI](#) made yet another all-time high. Price is still rising, CMF is holding steady above 2, and OBV is up. [XLC](#) made a 96-week high and all 6 basic charts are up.

[XRT](#) made another 46-week high. 5 basic charts are up and the MACD is essentially neutral. [IYT](#) is trying to break through a 21-month, confirmed, high trendline, but its CMF has been in a decline since late November. [SPX](#) made a 100-week high, CMF and OBV are positive, although CMF was overbought on Dec 18th on Tuesday and is pushing up toward the Dec 2021 high. 5 basic charts are up and MACD is neutral—.

[XLB](#) broke its July peak and made a 79-week high. CMF remains neutral. Volume remains low but that is normal for the last week in the year. [XLU](#)'s basic charts are all hovering around neutral. [XLV](#) basic charts are all up. [XLP](#) all basic charts are up.

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Thoughts and Decisions

At this point I think the smartest thing to do is sit and wait. Keep an eye on the stop levels. We'll know a lot more a week from now as the new year gets underway.

My sector choices for this week remain: ITA 10%, ITB 10%, XLC 10%, XLI 10%, XLF 10%, XLK 10% XLRE 10%, XLY 10%, and BIL 20%.

Other Securities You May Find Interesting

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

Still No

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

Still possible support near \$26.

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

Price is above 21-day average and \$45 level. ATS is up, CMF and OBV are up.

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

Made 107-week high, then gapped down more than 6% on Thursday. CMF is negative. OBV is flattish.

[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.

Peeked over \$70 and then beat a hasty retreat. CMF is seriously negative.

[UUP](#) — US Dollar ETF

Made an 85-week low.

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