

Weekly Market Analysis #499 — 1 March 2024

Richard "Doc" Ahrens

© All Rights Reserved

This Week

While the market was expecting an "AI Reality Check" last week, Nvidia surprised nearly everyone by beating earnings and kicking off a new wave of euphoria in the market.

That phrase, "new wave of euphoria" concerns me.

- - - - -

Consumer confidence slipped in January for the first time in four months and fell short of expectations. Consumers are concerned not only about the economy but the political circus, ummm, environment.

- - - - -

On Thursday the PCE numbers were released. These, and other economic numbers came out this week. None of this data was positive. There wasn't a single piece of good economic news all week, and they are all signs of a weak economy. But investors seem happy.

Investors are guessing that a weakening economy will encourage the Fed to cut rates sooner this year. So this bad news for the economy (and American consumers) is, strangely enough, bullish news for equities.

- - - - -

Interested in Crypto?

Pavel Kycek from [Robuxio](#) gave a thoughtful and informative presentation on Andrew Swanscott's weekly [Better System Trader](#) show. Pavel discussed the ins and outs of "Algorithmic Crypto Trading" and emphasized the value of strategy diversification.

- - - - -

GRANOLAS ETF Comparison

"GRANOLAS" refers to 11 European power house stocks: GSK, Roche, ASML, Nestle, Novartis, Novo Nordisk, L'Oreal, LVMH, AstraZeneca, SAP, and Sanofi. They are considered the European stocks that are roughly equivalent to the U.S. "Magnificent Seven" (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla).

When it comes to investing in the European "GRANOLAS", two ETFs immediately come to mind, VGK and EZU. A [long term comparison](#) shows that their returns have been about the same.

However, a [head-to-head comparison](#) show that VGK has about 2.5 times more AUM (assets under management) and almost 40% more average daily volume. Interestingly, EZU has an expense ratio that is almost 5 times higher than VGK.

I just added VGK to the Auxiliary Sector Universe.

[Market Barometers](#)

← Use this link to see all the market barometer charts

SPX, VTI, COMPQ, and DIA made all-time highs. IWM made a 96-week high.



A Closer Look

SPX made a new all-time high on Friday. The advance-decline line confirmed price action, and stocks above their 50-day averages did better than price.

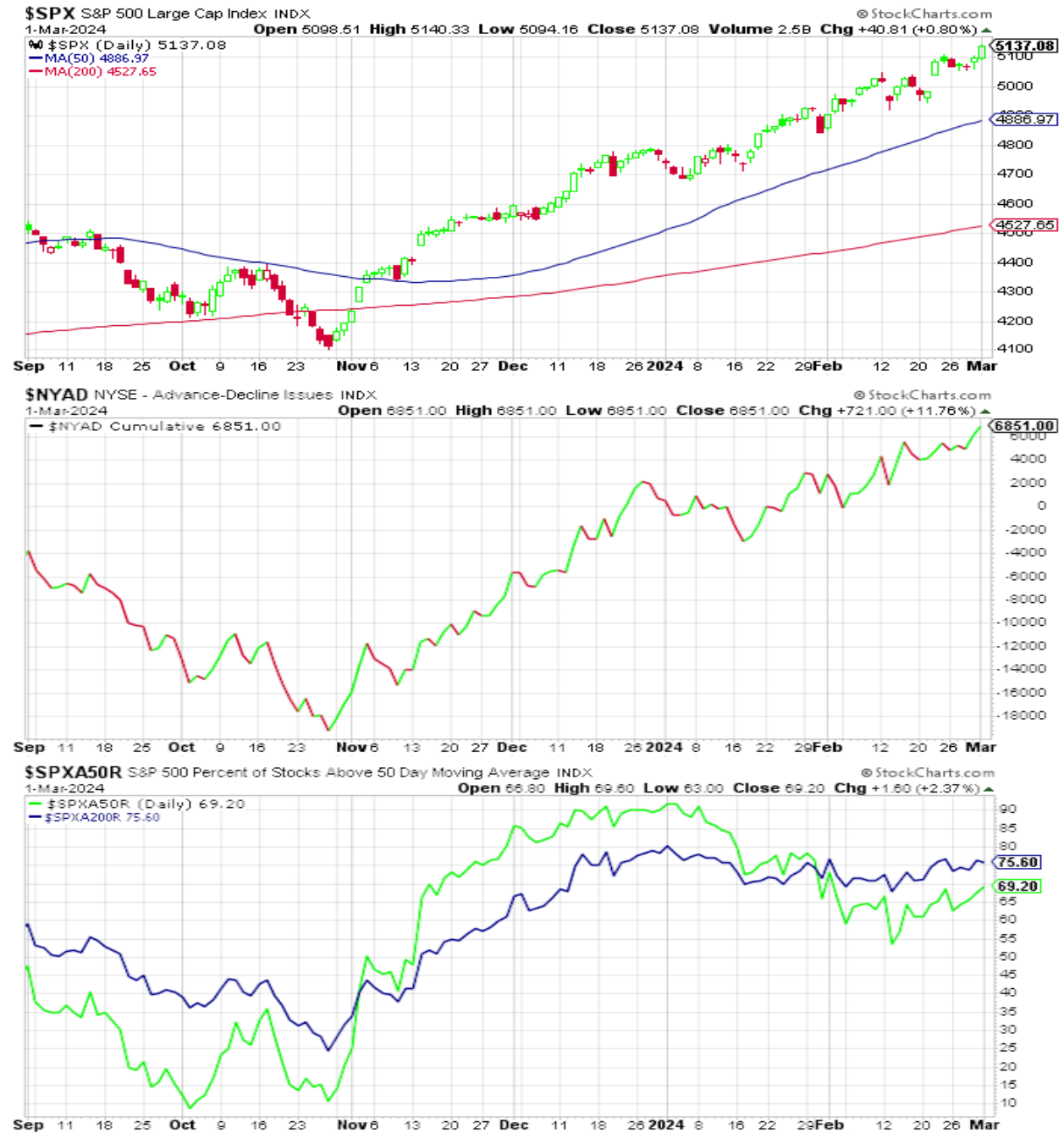


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh–NewLows](#)

[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 01-Mar-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	9.69:3.74	«UP»	999/1	0.4
PAVE	INFRASTRUCTURE	ETF	UP	5.24:3.74	UP	352/1	0.5
ITB	CAP-WTD HOME CONSTRUCTION	ETF	UP	4.93:3.74	-UP-	897/1	0.7
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	4.66:3.74	-UP-	2/2	-0.3
IYT	CAP-WTD TRANSPORT NDX	ETF	UP	4.47:3.74	up	999/1	0.0
XRT	EQU-WTD RETAIL	ETF	UP	4.44:3.74	=up=	94/1	0.9
XLK	CAP-WTD INFO TECHNOLOGY	ETF	UP	4.25:3.74	-UP-	999/1	0.1
XLF	CAP-WTD FINANCIALS	ETF	UP	4.24:3.74	up	103/1	0.1
XLI	CAP-WTD INDUSTRIALS	ETF	UP	3.87:3.74	«UP»	999/1	0.3
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	3.76:3.74	«UP»	999/1	0.1
KIE	INSURANCE SECTOR	ETF	UP	3.68:3.74	«up»	920/1	0.2
XLV	CAP-WTD HEALTH CARE	ETF	UP	3.64:3.74	up	1/2	-0.3
ITA	CAP-WTD SPACE & DEFENSE	ETF	UP	2.26:3.74	=UP=	897/1	0.2
XLY	CAP-WTD CONSUMER DISCR	ETF	UP	2.11:3.74	up	96/1	0.5
XLP	CAP-WTD CONSUMER STAPLES	ETF	UP	2.02:3.74	«UP»	1/1	0.0
XLB	CAP-WTD MATERIALS	ETF	UP	1.70:3.74	=UP=	87/1	0.7
XLRE	CAP-WTD REAL ESTATE	ETF	UP	0.88:3.74	up	7/2	0.7
XLE	CAP-WTD ENERGY	ETF	DN	0.45:3.74	≡up≡	16/2	0.2
XLU	CAP-WTD UTILITIES	ETF	DN	-0.75:3.74	≡UP≡	4/2	0.3

KIE (insurance) is now in the sector universe. 9 sectors performed better than the SPX.

Sector Relative-Strength History

13 weeks of slope history for 18 sector ETFs and the SPX.

08 Dec	15 Dec	22 Dec	29 Dec	05 Jan	12 Jan	19 Jan	26 Jan	02 Feb	09 Feb	16 Feb	23 Feb	01 Mar
BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
TECHS	SEMIS	SALES	SALES	SALES	SALES	SALES	SEMIS	BLDRS	BLDRS	BLDRS	COMMS	INFRA
DFEND	SALES	SEMIS	REALE	REALE	REALE	SEMIS	SALES	TECHS	COMMS	COMMS	BLDRS	BLDRS
SEMIS	DFEND	REALE	SEMIS	SEMIS	SEMIS	REALE	TECHS	FINAN	TECHS	TECHS	INFRA	COMMS
SALES	TECHS	DFEND	DFEND	DFEND	FINAN	FINAN	FINAN	COMMS	FINAN	INFRA	TECHS	TRANS
REALE	REALE	TECHS	TRANS	INFRA	INFRA	INFRA	REALE	SALES	INFRA	FINAN	FINAN	SALES
FINAN	FINAN	TRANS	INFRA	TRANS	TRANS	TRANS	INFRA	INFRA	SP500	TRANS	TRANS	TECHS
INSUR	TRANS	FINAN	TECHS	FINAN	DFEND	TECHS	COMMS	SP500	HLTHY	SP500	SP500	FINAN
COMMS	DISCR	INFRA	FINAN	TECHS	INDUS	DFEND	TRANS	HLTHY	TRANS	HLTHY	HLTHY	INDUS
SP500	INDUS	DISCR	DISCR	INDUS	TECHS	INDUS	SP500	TRANS	SALES	SALES	SALES	SP500
DISCR	INSUR	INDUS	INDUS	DISCR	DISCR	SP500	HLTHY	REALE	INDUS	INDUS	INDUS	INSUR
TRANS	INFRA	SP500	SP500	SP500	SP500	HLTHY	INDUS	INDUS	INSUR	INSUR	INSUR	HLTHY
INDUS	SP500	MATER	MATER	MATER	HLTHY	COMMS	DFEND	INSUR	STAPL	DFEND	DFEND	DFEND
INFRA	COMMS	COMMS	COMMS	COMMS	MATER	DISCR	INSUR	DFEND	DFEND	STAPL	STAPL	DISCR
UTILS	MATER	INSUR	INSUR	HLTHY	COMMS	MATER	DISCR	STAPL	REALE	DISCR	DISCR	STAPL
MATER	UTILS	UTILS	UTILS	INSUR	INSUR	INSUR	MATER	DISCR	DISCR	REALE	MATER	MATER
STAPL	HLTHY	HLTHY	HLTHY	UTILS	UTILS	STAPL	STAPL	MATER	MATER	MATER	REALE	REALE
HLTHY	STAPL	STAPL	STAPL	STAPL	STAPL	UTILS	UTILS	UTILS	UTILS	ENRGY	ENRGY	ENRGY
ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	9.69	SEMIS	SEMICONDUCTORS
2. PAVE	5.24	INFRA	INFRASTRUCTURE
3. ITB	4.93	BLDRS	HOMEBUILDERS
4. XLC	4.66	COMMS	COMMUNICATION SRVCS
5. IVT	4.47	TRANS	TRANSPORTATION
6. XRT	4.44	SALES	RETAIL SALES
7. XLK	4.25	TECHS	TECHNOLOGY
8. XLF	4.24	FINAN	FINANCIALS
9. XLI	3.87	INDUS	INDUSTRIALS
10. SPX	3.76	SP500	S&P 500
11. KIE	3.68	INSUR	INSURANCE
12. XLV	3.64	HLTHY	HEALTH CARE
13. ITA	2.26	DFEND	AEROSPACE & DEFENSE
14. XLY	2.11	DISCR	CONSUMER DISCR
15. XLP	2.02	STAPL	CONSUMER STAPLES
16. XLB	1.70	MATER	MATERIALS
17. XLRE	0.88	REALE	REAL ESTATE
18. XLE	0.45	ENRGY	ENERGY
19. XLU	-0.75	UTILS	UTILITIES

The top 5 sectors remained the same this week, although the order changed. KIE ("INSUR") finished the week just below the SPX.

This Week's Selections

My list of choices for last week said: ITA 10%, ITB 10%, PAVE 10%, SMH 10%, XLC 10%, XLI 10%, XLF 10%, XLV 10%, and BIL 20%. There was an error in it. "ITA" should have been "XLK". So the list should have been ITB 10%, PAVE 10%, SMH 10%, XLC 10%, XLF 10%, XLI 10%, XLK 10%, XLV 10%, BIL 20%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Stop	Last
SMH	9.69% ↑↑	\$206.46	\$220.54↑↑
PAVE	5.24% ↑↑	36.95	\$37.96 ↑↑
ITB	4.93% ↑	\$104.87	\$109.64↑↑
XLC	4.66% ↓	\$78.50	\$80.02 ↑↑
XLK	4.24% ↓↓	\$203.68	\$210.76↑↑
XLF	4.24% ↑	\$39.88	\$40.29 —
XLI	3.87% ↑↑	\$119.46	\$121.52↑↑
XLV	3.64% ↑↑	\$144.65	\$146.34 ↓
BIL	0.00% —	\$90.85	\$91.45 —

High-Slope Sectors ETFs

Sym	Slope	Long	Last
IYT	4.47% ↑↑	no	\$281.78 ↑↑
XRT	4.44% ↑↑	no	\$77.02 ↑↑
SPX	3.76% ↑	Index	\$5137.1 ↑↑
KIE	3.68% ↑↑	no	\$49.58 ↑↑
ITA	2.26% ↑↑	no	\$127.89 ↑↑
XLY	2.11% ↑↑	no	\$185.02 ↑↑
XLP	2.02% ↑↑	no	\$74.46 —
XLB	1.70% ↑↑	no	\$87.96 ↑↑
XLRE	0.88% —	no	\$39.54 ↑↑

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

Analysis

[SMH](#) gapped up to another all-time high and is somewhat overbought. [PAVE](#) made another 6¾ year high and is overbought by a number of measures. [ITB](#) made another 17-year high and is overbought. [XLC](#) has been flat for 4 weeks and ended the week right at \$80.

[XLK](#) broke out of \$200..\$210 range and made an all-time high. [XLF](#) made another 2-year high and has closed just above \$40 for 7 days in a row. [XLI](#) made another all-time high and is clearly overbought. [XLV](#) peaked at \$147.86, may have found support near \$145 on Thursday. Needs watching.

[IYT](#) made yet another all-time high although its trend is essentially flat. [XRT](#) made a 94 week high. All 6 basic charts are positive, although CMF is weakening. [SPX](#) made an all-time high, but its RSI+ and MACD+ still remain stubbornly neutral. [KIE](#) made a 17.7-year high. It's first attempt to break psychological resistance at \$50 failed.

[ITA](#) broke out, making a 17.25-year high. All basic charts are up. [XLY](#) made a 96 week high. All 6 basic charts are positive, but CMF is weakening. [XLP](#) needs to break \$75 to become interesting. [XLB](#) made an 87-week high. All basic charts are up and money flow is strong. [XLRE](#) is in a 69-week descending, converging channel.

— — — — — — — — — — — — — —

Thoughts and Decisions

Everything looks overheated. I'm applying the ATS Low Stop to all the current sector positions except XLV. XLV's low ATS stop is already broken so I assigned \$144.65.

My sector choices for this week : ITB 10%, PAVE 10%, SMH 10%, XLC 10%, XLF 10%, XLI 10%, XLK 10%, XLV 10%, BIL 20%.

Other Securities You May Find Interesting

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

Flat for 2 months

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

Oscillating in the \$26–\$28 range.

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

Now on page 6

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

Looks like it found support near \$27, but money flow is negative.

[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.

Pushing pretty hard on \$75 this week.

[UUP](#) — US Dollar ETF

Price did not break out of the converging channel. It just went sideways through the crossover point. This is the first time I've ever seen this happen...for any security.



©2024 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.