

Weekly Market Analysis #500 — 8 March 2024

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This Week

Early in the week Canada's central bank said they would be keeping their base interest rate at 5%. On Wednesday, Federal Reserve Chairman Jerome Powell sounded negative as he addressed Congress. He said he wants to see more evidence that inflation is under control, but when he returned Thursday he sounded a little more upbeat, saying that the Fed would start lowering borrowing costs sometime this year. Meanwhile, European Central Bank President Christine Lagarde delivered essentially the same message. She said it isn't time to cut rates yet, but that time is coming, possibly in June.

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Greg Morris reminds us, "...when the financial news noise is constantly parading analysts by touting the PE as overvalued or undervalued, you can count on the fact that they are using the forward PE ratio. The forward ratio is the guess of all the earnings analysts. They are rarely correct. Ignore them."

You can read the [full article here](#).

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Harvard Business School provides a succinct definition of arbitrage:

Arbitrage is an investment strategy in which an investor simultaneously buys and sells an asset in different markets to take advantage of a price difference and generate a profit. While price differences are typically small and short-lived, the returns can be impressive when multiplied by a large volume. Arbitrage is commonly leveraged by hedge funds and other sophisticated investors.

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Gold usually goes the opposite direction from stocks. Lately they have been going up together, which is quite unusual. Gold has gapped up 5 times in as many days, which is almost unheard of. Friday morning the spot price for gold was \$2177 an ounce which puts it at an almost 13-year high.

Gold usually goes up when the US Dollar wilts. Although the dollar has gone down some, it's not enough to explain why gold is climbing so fast.

Vic Lederman at Chaikin Analytics points to the \$1.6 trillion per year deficit the U.S. government is running. The national debt is \$34.4 trillion today, and with current interest rates, servicing the nation's debt will amount to about \$870 billion in 2024. Investors who are paying attention realize this situation unsustainable, and are flocking to the safety of gold.

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Here's a video of Ed D'agostino interviewing [Jacob Shapiro about India](#).

[Market Barometers](#)

← Use this link to see all the market barometer charts

All 5 index MTAs up. SPX and VTI made all-time highs. IWM made a 97-week high.



Week-over-week: VTI 0.40%, SPX 0.39%, COMPQ -0.01%, DIA -0.73%, IWM 0.52%.

A Closer Look

SPX made another all-time high on Thursday, but made a declining outside day on Friday. An outside day has an open and close (real body) wider than the previous days' open and close (real body). In candlestick analysis, this is a [bearish engulfing pattern](#), which is usually followed by a short term downturn. However, the advance-decline line did better than price action, as did stocks above their 50-day averages and stocks above their 200-day averages.



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 08-Mar-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	10.88:3.75	<<DN>>	999/1	0.7
PAVE	INFRASTRUCTURE	ETF	UP	5.81:3.75	up	353/1	0.1
ITB	CAP-WTD HOME CONSTRUCTION	ETF	UP	5.41:3.75	up	898/1	0.3
XRT	EQU-WTD RETAIL	ETF	UP	5.01:3.75	-DN-	1/2	-0.1
IYT	CAP-WTD TRANSPORT NDX	ETF	UP	4.55:3.75	=DN=	999/1	-0.2
XLF	CAP-WTD FINANCIALS	ETF	UP	4.25:3.75	up	104/1	-0.0
XLI	CAP-WTD INDUSTRIALS	ETF	UP	4.16:3.75	up	999/1	0.1
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	4.13:3.75	<<DN>>	1/3	-0.3
XLK	CAP-WTD INFO TECHNOLOGY	ETF	UP	4.01:3.75	up	999/1	-0.0
KIE	INSURANCE SECTOR	ETF	UP	3.84:3.75	up	921/2	-0.0
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	3.74:3.75	up	999/1	-0.0
XLV	CAP-WTD HEALTH CARE	ETF	UP	3.46:3.75	up	2/1	-0.4
ITA	CAP-WTD SPACE & DEFENSE	ETF	UP	2.62:3.75	-up-	898/1	0.2
XLB	CAP-WTD MATERIALS	ETF	UP	2.57:3.75	≡up≡	95/1	0.4
XLY	CAP-WTD CONSUMER DISCR	ETF	UP	2.21:3.75	<<DN>>	1/2	-0.2
XLP	CAP-WTD CONSUMER STAPLES	ETF	UP	2.15:3.75	UP	31/1	0.1
XLRE	CAP-WTD REAL ESTATE	ETF	UP	1.35:3.75	≡up≡	9/1	0.6
XLE	CAP-WTD ENERGY	ETF	DN	1.10:3.75	<<UP>>	19/1	0.3
XLU	CAP-WTD UTILITIES	ETF	DN	0.00:3.75	≡up≡	8/1	0.5

Transports (IYT) had a 4:1 split on Thursday, adjusting the price from ~\$280 to ~\$70. For TA, we shift the entire price history up to the split by dividing all pre-split prices by 4.

KIE's slope edged above the SPX's this week, joining 9 other sectors performing better than the SPX.

Sector Relative-Strength History

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

Capital-Weighted Sector ETFs Relative Strength History							15-Dec-2023 to 08-Mar-2024					
15 Dec	22 Dec	29 Dec	05 Jan	12 Jan	19 Jan	26 Jan	02 Feb	09 Feb	16 Feb	23 Feb	01 Mar	08 Mar
BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
SEMIS	SALES	SALES	SALES	SALES	SALES	SEMIS	BLDRS	BLDRS	BLDRS	COMMS	INFRA	INFRA
SALES	SEMIS	REALE	REALE	REALE	SEMIS	SALES	TECHS	COMMS	COMMS	BLDRS	BLDRS	BLDRS
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	TRANS
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	INDUS
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	TECHS
INDUS	DISCR	DISCR	INDUS	TECHS	INDUS	SP500	TRANS	SALES	SALES	SALES	SP500	INSUR
INSUR	INDUS	INDUS	DISCR	DISCR	SP500	HLTHY	REALE	INDUS	INDUS	INDUS	INSUR	SP500
INFRA	SP500	SP500	SP500	SP500	HLTHY	INDUS	INDUS	INSUR	INSUR	INSUR	HLTHY	HLTHY
SP500	MATER	MATER	MATER	HLTHY	COMMS	DFEND	INSUR	STAPL	DFEND	DFEND	DFEND	DFEND
COMMS	COMMS	COMMS	COMMS	MATER	DISCR	INSUR	DFEND	DFEND	STAPL	STAPL	DISCR	MATER
MATER	INSUR	INSUR	HLTHY	COMMS	MATER	DISCR	STAPL	REALE	DISCR	DISCR	STAPL	DISCR
UTILS	UTILS	UTILS	INSUR	INSUR	INSUR	MATER	DISCR	REALE	DISCR	MATER	MATER	STAPL
HLTHY	HLTHY	HLTHY	UTILS	UTILS	STAPL	STAPL	MATER	MATER	MATER	REALE	REALE	REALE
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	UTILS

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	10.88	SEMIS	SEMICONDUCTORS
2. PAVE	5.81	INFRA	INFRASTRUCTURE
3. ITB	5.41	BLDRS	HOMEBUILDERS
4. XRT	5.01	SALES	RETAIL SALES
5. IYT	4.55	TRANS	TRANSPORTATION
6. XLF	4.25	FINAN	FINANCIALS
7. XLI	4.16	INDUS	INDUSTRIALS
8. XLC	4.13	COMMS	COMMUNICATION SRVCS
9. XLK	4.01	TECHS	TECHNOLOGY
10. KIE	3.84	INSUR	INSURANCE
11. SPX	3.74	SP500	S&P 500
12. XLV	3.46	HLTHY	HEALTH CARE
13. ITA	2.62	DFEND	AEROSPACE & DEFENSE
14. XLB	2.57	MATER	MATERIALS
15. XLY	2.21	DISCR	CONSUMER DISCR
16. XLP	2.15	STAPL	CONSUMER STAPLES
17. XLRE	1.35	REALE	REAL ESTATE
18. XLE	1.10	ENRGY	ENERGY
19. XLU	-0.01	UTILS	UTILITIES

COMMS dropped out of the top 5 sectors and Sales jumped into its place.

This Week's Selections

My list of choices for last week said: ITB 10%, PAVE 10%, SMH 10%, XLC 10%, XLF 10%, XLI 10%, XLK 10%, XLV 10%, BIL 20%.

Top ETFs By Slope

Current Holdings				Other Sectors			
Sym	Slope	Sell Stop	Last	Sym	Slope	Long	Last
SMH	10.88% ↑↑	\$216.92	\$224.99 ↑↑	XRT	5.01% ↑↑	no	\$75.62 ↓
PAVE	5.81% ↑↑	\$37.70	\$38.30 ↑↑	IYT	4.55% —	no	\$70.19 —
ITB	5.41% ↑↑	\$107.29	\$109.77 —	KIE	3.84% ↑↑	no	\$49.98 ↑↑
XLF	4.25% —	\$40.11	\$40.62 ↑	SPX	3.74% ↓	Index	\$5123.70 ↓
XLI	4.16% ↑↑	\$120.66	\$122.30 ↑↑	ITA	2.62% ↑↑	no	\$129.18 ↑↑
XLC	4.13% ↓↓	SOLD	\$79.59 —	XLB	2.57% ↑↑	no	\$89.35 ↑↑
XLK	4.01% ↓↓	\$203.68	\$207.35 ↓	XLY	2.21% ↑↑	no	\$180.31 ↓
XLV	3.46% ↓	\$144.64	\$146.43 —	XLP	2.15% ↑↑	no	\$75.16 ↑
BIL	0.00% —	\$90.85	\$91.53 —	XLRE	1.35% ↑	no	\$40.17 ↑↑

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

Analysis

[SMH](#) set another all-time high on Thursday followed by a big, heavy volume, bearish engulfing day on Friday. Its ATS moved up to \$216.92. [PAVE](#) made another 6¾ year high. The ATS low stop is now \$37.70. [ITB](#) made a 17¼-year high and is overbought. Its ATS is \$107.29. [XLF](#) continues to edge upward, making another 2-year high and its ATS is now at \$40.11.

[XLI](#) set yet another all-time high. ATS low stop is at \$120.66. [XLC](#) closed below the ATS stop on Tuesday, triggering a sell signal. Fortunately, it opened next day at \$78.96 and I was able to close the position at \$78.90. March 1st was the only time price made it above \$80. [XLK](#) made an all-time high on Thursday but ended the week at 207.35. [XLV](#) closed at \$144.72 on Feb 29th, pennies above my manual stop of \$144.65, so I didn't sell. After that it did not close below \$145.

[XRT](#) touched \$75 three times this week and bounced up off it, but money flow is clearly negative. [IYT](#) (adjusted for the 4:1 split) held above \$70 on Wednesday through Friday. Its CMF has fallen for 3 weeks. [KIE](#) made another 17.7-year high. This week it broke up through psychological resistance at \$50. [SPX](#) made another all-time high, RSI+ and MACD+ remain neutral and CMF has been falling for 2 weeks.

[ITA](#) made a fresh 17.25-year high. All basic charts are still up. [XLB](#) made a 95-week high. All basic charts are up but CMF fell rapidly this week. [XLY](#) – All 6 basic charts are either down or neutral. [XLP](#) broke \$75 but fell back to it on Friday. Basic charts are up or neutral. [XLRE](#) is trying to break up through psychological, historical, and minor trendline resistance at \$40.

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Thoughts and Decisions

If I were still holding XLC I would sell it Monday. Watch XLV daily and exit if it closes below its ATS.

My sector choices for this week : ITB 10%, PAVE 10%, SMH 10%, XLF 10%, XLI 10%, XLK 10%, XLV 10%, BIL 30%.

Other Securities You May Find Interesting

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

Flat for 9 weeks

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

Trying to break up out of \$26–\$28 range.

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

Money flow may be turning up. Might become interesting if it gets above \$30.

[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.

Needs to get above \$75.

x [UUP](#) — US Dollar ETF

Nothing useful going on here.