

Weekly Market Analysis #501 — 15 March 2024

Richard "Doc" Ahrens

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This Week

David Bahnsen said:

The overall multiple of the S&P is expensive, and 1999 comparisons have been used for good reasons (in so much as much of the high valuation has been concentrated in a certain "cool tech" portion of the market) ... But is the problem even worse than imagined? On one hand, the high P/E companies today are legitimately better companies and more established in both revenue and earnings. On the other hand, the quantity of companies trading above 20x, 25x, 30x, 35x, and 40x earnings is significantly higher than it was in 1999. Then, you at least had 43% of the index trading at 15x or cheaper. Today, that number is just 25%.

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Greg Morris wrote:

Martin Pring says the art of technical analysis is to identify trend changes at an early stage and to maintain an investment position until the weight of the evidence indicates that the trend has reversed. Although there are other definitions, Pring's definition is the one I agree with. It is primarily used two ways: predictive and reactive. Most newsletter writers, television experts, and brokerage firm analysts use it to predict the market. The reactive mode means that it is used to measure what the market is doing, then just react to that information. The subject of this book is all about the latter. React, don't predict.

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Almost 100 years ago, Jesse Livermore observed:

There is always a reason for a stock acting the way it does. But also remember that chances are you will not become acquainted with that reason until sometime in the future, when it is too late to act on it profitably.

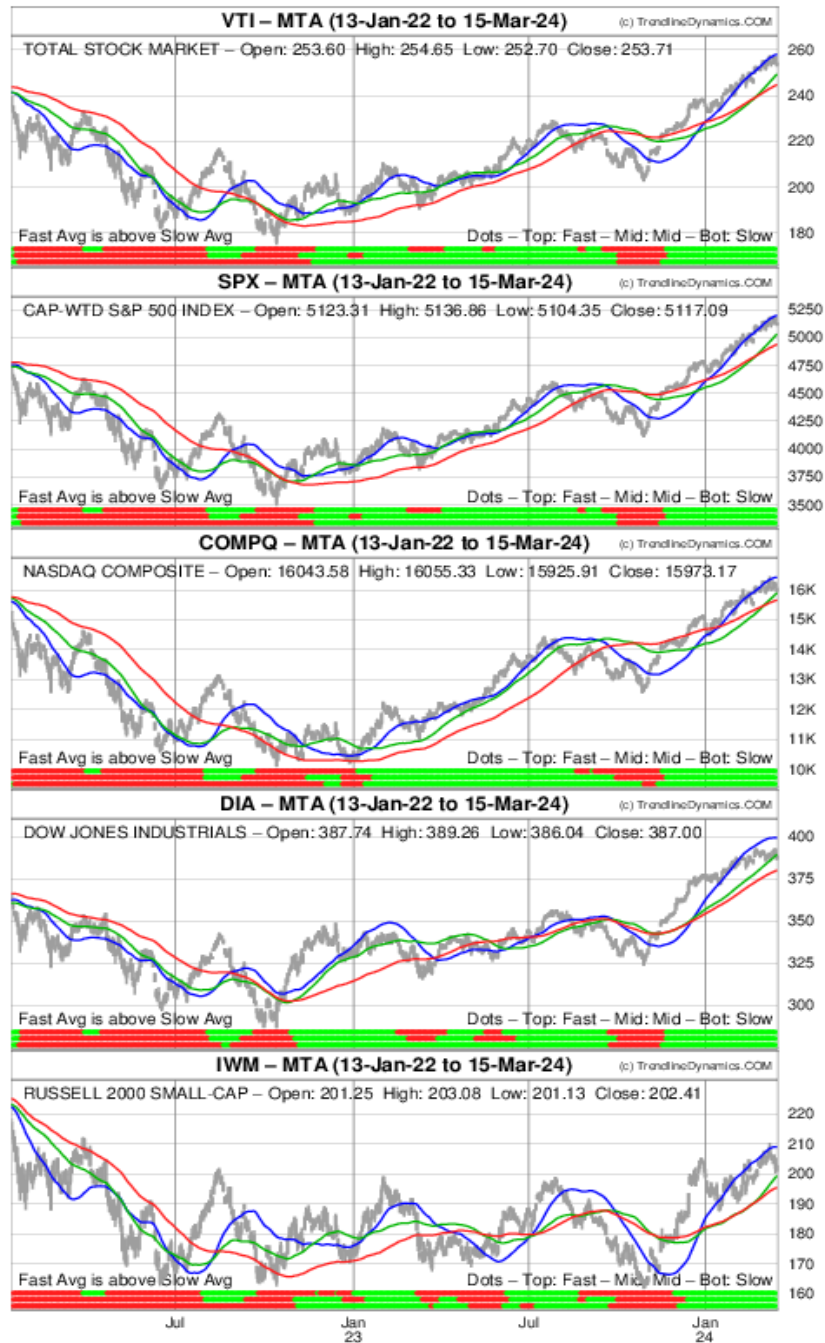
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Steve Blumenthal provides us with another interesting edition of his "[On My Radar](#)".

[Market Barometers](#)

← Use this link to see all the market barometer charts

All index MTAs remain up. SPX and VTI made all-time highs on Tuesday.



Week-over-week: VTI -0.28%, SPX -0.13%, COMPQ -0.70%, DIA -0.26%, IWM -2.14%.

A Closer Look

SPX made another all-time high on Tuesday, then declined on Wednesday–Friday. The advance-decline line edged up on Friday. The stocks above their 50-day averages and stocks above their 200-day averages did worse than price.



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

[Bullish Universe](#)

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SPX Sector Universe Analysis for 15-Mar-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	11.05:3.67	-DN-	1/2	-0.7
PAVE	INFRASTRUCTURE	ETF	UP	5.91:3.67	up	1/2	-0.3
ITB	CAP-WTD HOME CONSTRUCTION	ETF	UP	5.40:3.67	up	899/2	-0.3
XRT	EQU-WTD RETAIL	ETF	UP	4.85:3.67	DN	2/3	-0.4
IYT	CAP-WTD TRANSPORT NDX	ETF	UP	4.27:3.67	DN	1/4	-0.5
XLI	CAP-WTD INDUSTRIALS	ETF	UP	4.23:3.67	up	1/1	-0.2
XLF	CAP-WTD FINANCIALS	ETF	UP	4.21:3.67	-up-	109/1	-0.1
KIE	INSURANCE SECTOR	ETF	UP	3.99:3.67	≡UP≡	922/1	-0.0
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	3.73:3.67	<DN>	117/1	-0.2
XLK	CAP-WTD INFO TECHNOLOGY	ETF	UP	3.70:3.67	-up-	999/2	-0.2
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	3.67:3.67	up	999/1	-0.1
XLB	CAP-WTD MATERIALS	ETF	UP	3.41:3.67	up	999/1	0.2
XLV	CAP-WTD HEALTH CARE	ETF	UP	3.26:3.67	<<UP>>	3/2	-0.4
ITA	CAP-WTD SPACE & DEFENSE	ETF	UP	2.50:3.67	up	1/3	-0.3
XLP	CAP-WTD CONSUMER STAPLES	ETF	UP	2.29:3.67	UP	42/2	0.0
XLY	CAP-WTD CONSUMER DISCR	ETF	UP	2.03:3.67	DN	2/4	-0.3
XLE	CAP-WTD ENERGY	ETF	=UP=	2.02:3.67	UP	20/1	0.9
XLRE	CAP-WTD REAL ESTATE	ETF	UP	1.62:3.67	up	1/2	-0.1
XLU	CAP-WTD UTILITIES	ETF	DN	0.66:3.67	up	9/1	0.3

10 sectors did better than the SPX this week.

Sector Relative-Strength History

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

Capital-Weighted Sector ETFs Relative Strength History

22-Dec-2023 to 15-Mar-2024

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

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	11.05	SEMIS	SEMICONDUCTORS
2. PAVE	5.91	INFRA	INFRASTRUCTURE
3. ITB	5.40	BLDRS	HOMEBUILDERS
4. XRT	4.85	SALES	RETAIL SALES
5. IYT	4.27	TRANS	TRANSPORTATION
6. XLI	4.23	INDUS	INDUSTRIALS
7. XLF	4.21	FINAN	FINANCIALS
8. KIE	3.99	INSUR	INSURANCE
9. XLC	3.73	COMMS	COMMUNICATION SRVCS
10. XLK	3.70	TECHS	TECHNOLOGY
11. SPX	3.67	SP500	S&P 500
12. XLB	3.41	MATER	MATERIALS
13. XLV	3.26	HLTHY	HEALTH CARE
14. ITA	2.50	DFEND	AEROSPACE & DEFENSE
15. XLP	2.29	STAPL	CONSUMER STAPLES
16. XLY	2.03	DISCR	CONSUMER DISCR
17. XLE	2.02	ENRGY	ENERGY
18. XLRE	1.62	REALE	REAL ESTATE
19. XLU	0.66	UTILS	UTILITIES

No change in the top 5 sectors this week.

This Week's Selections

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

Top ETFs By Slope

Current Holdings				Other Sectors			
Sym	Slope	Sell Stop	Last	Sym	Slope	Long	Last
SMH	11.05%↑↑	SELL	\$217.84 ↓	XRT	4.85% ↓	no	\$75.61 —
PAVE	5.91% ↑↑	\$37.74	\$38.14 ↓	IYT	4.27% ↓	no	\$68.55 —
ITB	5.40% —	SELL	\$108.13 ↓	KIE	3.99% ↑↑	BUY	\$50.78 ↑↑
XLI	4.23% ↑↑	\$120.93	\$122.04—	XLC	3.73% ↓↓	no	\$79.29 ↓
XLF	4.21% —	\$40.38	\$40.79 ↑↑	SPX	3.67% ↓↓	Index	\$5117.1 ↓↓
XLK	3.70% ↓↓	\$205.28	\$205.63↓↓	XLB	3.41% ↑↑	no	\$90.80 ↑↑
XLV	3.26% ↓↓	SELL	\$145.36 ↓	ITA	2.50% ↓	no	\$127.21 ↓
				XLP	2.29% ↑↑	no	\$75.53 ↑↑
BIL	0.00% —	\$90.85	\$91.63 —	XLY	2.03% ↓	no	\$178.05 ↓↓

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

Analysis

[SMH](#) closed below its ATS on Friday. CMF and KB are neutral. The other 4 basic charts are negative. [PAVE](#) has 4 basic charts down, 1 neutral, and 1 barely positive. [ITB](#) closed below its ATS on Thursday. CMF, OBV, KB are neutral. RSI is down and MACD is slightly negative. [XLI](#)'s ATS, RSI, and OBV are neutral, KB is slightly up, MACD is slightly down. CMF is declining but still positive at 1.57.

[XLF](#) made 2-year high. KB, ATS, CMF, and OBV are up. RSI and MACD are slightly down. [XLK](#) made an all-time high on Tuesday, then ended the week lower than last week. KB, MACD, and OBV are slightly down. ATS is flat but price is flirting with the low stop. RSI is down. CMF is slightly positive. [XLV](#)'s KB and ATS are a little negative while its RSI, MACD, and OBV are clearly negative. CMF is very slightly positive at 0.53.

[XRT](#)'s KB is barely positive, ATS is negative, RSI, MACD, and CMF are negative. OBV is up. [IYT](#) has all 6 basic charts down. [KIE](#) rose away from \$50 ended the week on yet another 17¼-year high. 5 basic charts are up. MACD is neutral but can be ignored. (I'll write about that this week.) [XLC](#) has all basic charts either down or neutral.

[SPX](#) has all charts either down or neutral except CMF, which is barely positive at 0.57. [XLB](#) made an all-time high. All charts are up except OBV which is flat. [ITA](#) has KB and MACD slightly down, ATS and RSI down, CMF barely up, and OBV trying to turn up. [XLP](#) KB, ATS, CMF, and OBV are up. RSI is down, and MACD is flat. [XLY](#) – All 6 basic charts are down.

Thoughts and Decisions

Sell SMH, ITB, and XLV. Watch PAVE, XLI, XLF, XLK every day for an exit signal.

This may come back and bite me, but I'm going to buy KIE. I'll use its ATS as a hard stop at first.

My sector choices for this week are: KIE 10%, PAVE 10%, XLF 10%, XLI 10%, XLK 10%, BIL 50%.

Other Securities You May Find Interesting

[DBA](#) — DB Agricultural Index ETF — tracks agricultural commodity index

Price rose rapidly to a 7-year high this week and all basic charts are up.

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

Flat for 9 weeks but now rising. All basic charts are up.

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

Broke up of its \$26–\$28 range. All basic charts are up, but I would keep a tight stop on this if I bought it.

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

Stuck near \$28. Money flow coming 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.

Above \$75. OBV is up but CMF is weak at -0.85.

x [UUP](#) — US Dollar ETF

More or less flat since mid-January.

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