

Weekly Market Analysis #503 — 28 March 2024

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This Week

Jay Bryson is a Managing Director and the Chief Economist for Wells Fargo's Corporate and Investment Bank. He was Wells Fargo's Global Economist between 1998 and 2018. He and his team have written a 5-part series entitled, "Should We Worry About American Debt? Time to Reconsider?"

The summary, conclusions, and the links to the 5 parts can be found [here](#).

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Fast food workers in California will soon see their minimum hourly pay rise to \$20, but that means franchisees will be cutting labor costs by laying off workers, freezing hiring, and shifting tasks to automation. Some chains are reducing hours, canceling delivery services, serving faster-to-prepare menu items, and expanding self-service options.

The wage hike was supposed to help fast food workers deal with increases in living expenses. The unintended consequences will be that many workers will go from \$16 an hour to zero, and customers will see even more increases in fast food prices.

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There was a big jump in Trump Media & Technology Group on its first day of trading Tuesday. The stock opened near \$71 (up about 40% from its starting point) but ended the day near \$58.

Trump Media and Reddit have been billed as "the new meme stocks". The return of the memes could be interpreted as a sign that risk appetite is alive and well. It could also be interpreted as a sign that there are a significant number of people buying stocks without any regard to their value or prospects. It is wise to remember the words of the famous value investor Benjamin Graham, "In the short run markets are a voting machine, but in the long run they are a weighing machine."

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Daniel Kahneman, the father of behavioral finance, died at the age of 90 on Wednesday. One of Kahneman's biggest insights is that humans often don't behave rationally. As Dr. Rande Howell puts it, "We are not logical beings by nature. We are emotional beings who have access to reason."

Kahneman's work showed we base decisions on instinct, small samples of history, and tend to be more fearful of losses than greedy for gains. It's not crazy to think that many investors today focus on small samples and suffer from recency bias—the idea that what just happened is "normal". It shows that people tend to think more of the short term than the long term. And we tend to act as a herd, which has a greater influence on share prices than fundamental analysis.

There is good news in the fact that humans are driven primarily by emotions and heuristics (rules of thumb) rather than cold logic. It explains why markets are not efficient, which means that disciplined traders and investors really can beat the market. (But you knew that...)

Other credible authors on developing a winning market psychology include: Mark Douglas (*Trading in the Zone*), James Montier (*Behavioral Investing*), Van Tharp (*Trade Your Way to Financial Freedom*), Doc Severson (*Hacking the Holy Grail*), Roland Barach (*Mindtraps*), and Dan Ariely (*Predictably Irrational*). Also, psychologist Rande Howell has produced a number of excellent videos that identify the evolutionary root cause of how we can know exactly what to do...and then fail to do it as soon as there is real money involved. (He also shows us how to retain our focus and control the problem.)

[Market Barometers](#)

← Use this link to see all the market barometer charts

VTI and COMPQ lost a small amount this week. SPX and DIA made all-time highs. IWM made a 101-week high.



Week-over-week: VTI -0.09%, SPX +0.24%, COMPQ -0.14%, DIA 0.00%, IWM +1.13%

A Closer Look

SPX declined on Monday and Tuesday, then rose on Wednesday and Thursday, ending the week \$13 higher. (The market was closed on Friday.) The advance-decline did somewhat better than price, as did the stocks above their 50-day averages, and the stocks above their 200-day averages.

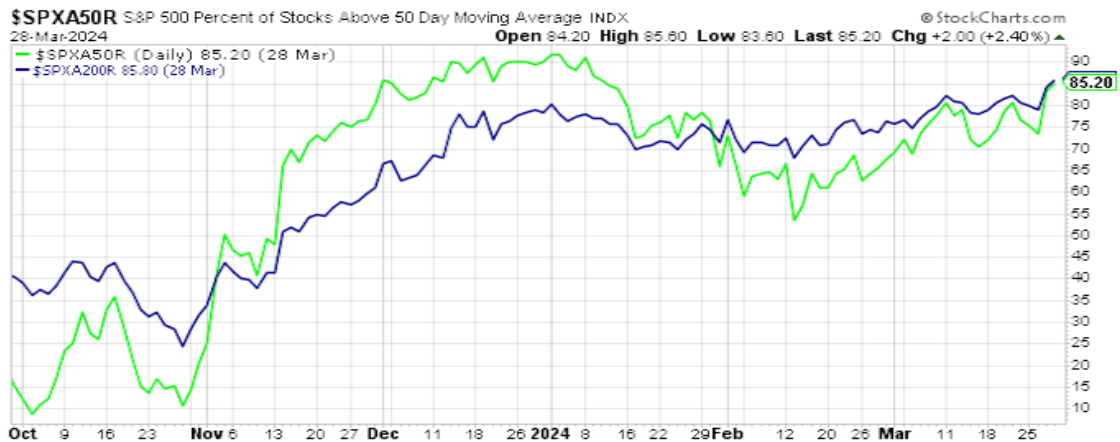


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[Bullish Universe](#)

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SPX Sector Universe Analysis for 28-Mar-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	10.03:3.56	DN	2/1	-0.7
PAVE	INFRASTRUCTURE	ETF	UP	6.15:3.56	-up-	356/1	0.1
ITB	CAP-WTD HOME CONSTRUCTION	ETF	UP	5.81:3.56	-UP-	901/1	0.4
XRT	EQU-WTD RETAIL	ETF	UP	4.84:3.56	-UP-	101/1	0.1
XLI	CAP-WTD INDUSTRIALS	ETF	UP	4.37:3.56	up	999/1	0.1
XLB	CAP-WTD MATERIALS	ETF	UP	4.36:3.56	-UP-	999/1	-0.0
XLF	CAP-WTD FINANCIALS	ETF	UP	4.25:3.56	-UP-	999/1	0.1
KIE	INSURANCE SECTOR	ETF	UP	4.20:3.56	«up»	924/1	0.1
XLE	CAP-WTD ENERGY	ETF	UP	3.75:3.56	-UP-	480/1	0.4
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	3.60:3.56	DN	999/1	0.0
XLC	CAP-WTD COMMUNICATION SRVCS	ETF	UP	3.50:3.56	-dn-	123/1	0.1
IYT	CAP-WTD TRANSPORT NDX	ETF	UP	3.38:3.56	-dn-	1/1	-0.1
XLK	CAP-WTD INFO TECHNOLOGY	ETF	UP	3.03:3.56	«up»	2/1	-0.2
ITA	CAP-WTD SPACE & DEFENSE	ETF	UP	2.64:3.56	«DN»	901/1	0.3
XLV	CAP-WTD HEALTH CARE	ETF	UP	2.54:3.56	=UP=	5/2	0.0
XLP	CAP-WTD CONSUMER STAPLES	ETF	UP	2.30:3.56	up	44/2	-0.0
XLY	CAP-WTD CONSUMER DISCR	ETF	UP	1.91:3.56	«DN»	4/1	0.1
XLU	CAP-WTD UTILITIES	ETF	≡UP≡	1.62:3.56	-UP-	14/2	0.3
XLRE	CAP-WTD REAL ESTATE	ETF	UP	1.28:3.56	-up-	2/5	-0.1

6 sectors made at least 900-week highs. 9 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

05-Jan-2024 to 28-Mar-2024

05 Jan	12 Jan	19 Jan	26 Jan	02 Feb	09 Feb	16 Feb	23 Feb	01 Mar	08 Mar	15 Mar	22 Mar	28 Mar
BLDRS	BLDRS	BLDRS	BLDRS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
SALES	SALES	SALES	SEMIS	BLDRS	BLDRS	BLDRS	COMMS	INFRA	INFRA	INFRA	INFRA	INFRA
REALE	REALE	SEMIS	SALES	TECHS	COMMS	COMMS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS
SEMIS	SEMIS	REALE	TECHS	FINAN	TECHS	TECHS	INFRA	COMMS	SALES	SALES	SALES	SALES
DFEND	FINAN	FINAN	FINAN	COMMS	FINAN	INFRA	TECHS	TRANS	TRANS	TRANS	INDUS	INDUS
INFRA	INFRA	INFRA	REALE	SALES	INFRA	FINAN	FINAN	SALES	FINAN	INDUS	FINAN	MATER
TRANS	TRANS	TRANS	INFRA	INFRA	SP500	TRANS	TRANS	TECHS	INDUS	FINAN	INSUR	FINAN
FINAN	DFEND	TECHS	COMMS	SP500	HLTHY	SP500	SP500	FINAN	COMMS	INSUR	MATER	INSUR
TECHS	INDUS	DFEND	TRANS	HLTHY	TRANS	HLTHY	HLTHY	INDUS	TECHS	COMMS	TRANS	ENRGY
INDUS	TECHS	INDUS	SP500	TRANS	SALES	SALES	SALES	SP500	INSUR	TECHS	SP500	SP500
DISCR	DISCR	SP500	HLTHY	REALE	INDUS	INDUS	INDUS	INSUR	SP500	SP500	COMMS	COMMS
SP500	SP500	HLTHY	INDUS	INDUS	INSUR	INSUR	INSUR	HLTHY	HLTHY	MATER	TECHS	TRANS
MATER	HLTHY	COMMS	DFEND	INSUR	STAPL	DFEND	DFEND	DFEND	DFEND	HLTHY	ENRGY	TECHS
COMMS	MATER	DISCR	INSUR	DFEND	DFEND	STAPL	STAPL	DISCR	MATER	DFEND	HLTHY	DFEND
HLTHY	COMMS	MATER	DISCR	STAPL	REALE	DISCR	DISCR	STAPL	DISCR	STAPL	DFEND	HLTHY
INSUR	INSUR	INSUR	MATER	DISCR	DISCR	REALE	MATER	MATER	STAPL	DISCR	STAPL	STAPL
UTILS	UTILS	STAPL	STAPL	MATER	MATER	MATER	REALE	REALE	REALE	ENRGY	DISCR	DISCR
STAPL	STAPL	UTILS	UTILS	UTILS	UTILS	ENRGY	ENRGY	ENRGY	ENRGY	REALE	REALE	UTILS
ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	REALE

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	10.03	SEMIS	SEMICONDUCTORS
2. PAVE	6.15	INFRA	INFRASTRUCTURE
3. ITB	5.81	BLDRS	HOMEBUILDERS
4. XRT	4.84	SALES	RETAIL SALES
5. XLI	4.37	INDUS	INDUSTRIALS
6. XLB	4.36	MATER	MATERIALS
7. XLF	4.25	FINAN	FINANCIALS
8. KIE	4.20	INSUR	INSURANCE
9. XLE	3.75	ENRGY	ENERGY
10. SPX	3.60	SP500	S&P 500
11. XLC	3.50	COMMS	COMMUNICATION SRVCS
12. IVT	3.38	TRANS	TRANSPORTATION
13. XLK	3.03	TECHS	TECHNOLOGY
14. ITA	2.64	DFEND	AEROSPACE & DEFENSE
15. XLV	2.54	HLTHY	HEALTH CARE
16. XLP	2.30	STAPL	CONSUMER STAPLES
17. XLY	1.91	DISCR	CONSUMER DISCR
18. XLU	1.62	UTILS	UTILITIES
19. XLRE	1.28	REALE	REAL ESTATE

The top 5 sectors remained unchanged. Energy got above SPX this week.

This Week's Selections

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

Top ETFs By Slope

Current Holdings				Other Sectors			
Sym	Slope	Sell Stop	Last	Sym	Slope	Long	Last
PAVE	6.15% ↑↑	\$38.17	\$39.81 ↑↑	SMH	10.03% ↓↓	no	\$224.99 ↓
XLI	4.37% ↑↑	\$122.09	\$125.96 ↑↑	ITB	5.81% ↑↑	no	\$115.84 ↑↑
XLF	4.25% —	\$40.70	\$42.12 ↑↑	XRT	4.84% ↓	no	\$78.99 ↑↑
KIE	4.20% ↑↑	\$50.22	\$52.07 ↑	XLB	4.36% ↑↑	no	\$92.89 ↑↑
XLK	3.03% ↓↓	\$205.68	\$208.27 ↑↑	XLE	3.75% ↑	no	\$94.41 ↑↑
				SPX	3.60% —	Index	\$5254.35↑↑
				XLC	3.50% ↓↓	no	\$81.66 —
				IYT	3.38% ↓↓	no	\$70.39 —
BIL	0.00% —	\$90.85	\$91.80 —	ITA	2.64% ↑↑	no	\$131.93 ↑↑

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

Analysis

[PAVE](#) made another 6.8-year high. KB and ATS are up. RSI and MACD are slightly positive. CMF and OBV are mildly up. It may hit resistance near \$40. [XLI](#) made another all-time high. KB and ATS are up. RSI and MACD are neutral. CMF and OBV are weakly up. [XLF](#) also made another all-time high. KB and ATS are up. RSI and MACD are neutral. CMF and OBV are rising well. [KIE](#) made another 17¼-year highs on Wed and Thu. Five basic charts are up. MACD is neutral+ (mildly positive). [XLK](#) has been horizontal for 4 weeks. KB and ATS are flat. RSI is down and MACD is neutral- (mildly negative). CMF is still making lower highs and approaching zero. OBV declined this week.

[SMH](#) made a Mar 7th high and a lower Mar 21st high. KB's 21-day average is barely rising and ATS is flat. MACD and RSI are down. CMF is down and OBV is making lower highs. [ITB](#) made a 17.33-year high. KB and ATS are both up. Adjusted RSI is at 54.5 and MACD Histogram is at +0.40. CMF and OBV are both rising. [XRT](#) made a 101-week high. KB and ATS are up. RSI is up, MACD Hist is neutral+ at 0.14. CMF and OBV are both rising. [XLB](#) made another all-time high. KB and ATS continue to rise. RSI and MACD are positive but below their Mar 14 highs. CMF is positive but falling, while OBV has made a small turn up. [XLE](#) made a 9.23 year high and broke up through a 69-week, confirmed, high trendline. KB and ATS are up since Jan 25. RSI and MACD are up, as are CMF and OBV.

[SPX](#) made another all-time high. Its KB and ATS are up. Adjusted RSI and MACD are neutral. CMF is negative and OBV remains flat after 7 weeks. [XLC](#) made another 2.36-year high. KB and ATS are positive. RSI, MACD, and OBV are essentially neutral. CMF is negative. [IYT](#)'s KB and ATS are flat. RSI is negative, MACD is neutral-. CMF is negative, and OBV is more down than up. [ITA](#) made a 17.32-year high. KB and ATS are up. RSI and MACD are up. CMF is neutral and OBV is up.

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Thoughts and Decisions

SMH is stalled right now. If ITB has a day with an open and a close above \$115 then I will buy it. XRT might become interesting if it gets above \$80. XLB has made a nice advance but I'm concerned about its declining CMF.

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

Other Securities You May Find Interesting

[COPX](#) — Global Copper Miners — tracks global companies involved in the copper mining industry

MTA is up. Price made a 97-week high. Smoothed Slope is greater than SPX. All 6 basic charts are up.

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

Price made yet another 7-year high. All 6 basic charts are still up.

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

MTA is down. Price has been making lower highs and lower lows since June 2022. 91-week, confirmed, descending channel is still in force. Historical resistance near \$23 is still holding.

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

EPD made a 4.38-year high. When looking at a short or medium length chart, EPD looks pretty good.

When we zoom out to a [10-year chart](#), it becomes evident that there is a significant amount of historical resistance between \$29 and \$30 in the period of 2015 to 2019.

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

KB is flat, ATS rising, RSI neutral, MACD rising, CMF rising, OBV bottomed on Mar 14, rising some. As recently as the Q4 2021, there has been historical resistance up to \$31.60.

[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.

USO is in a 52-week rising, strong, well-collimated channel. It is also facing psychological and historical resistance near \$80.

[UUP](#) — US Dollar ETF

KB, ATS, and RSI are up. MACD is neutral+. CMF and OBV are up. But bear in mind that MTA is still down.