

## Weekly Market Analysis #505 — 12 April 2024

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### This Week

About 20 years ago I began encouraging my readers to start reading economist John Mauldin. Unlike most economists, John has retained the ability to speak plain English and is willing to take the time to explain complex economic concepts in terms that normal people can understand. He grew up poor in Texas, and knows the actual value of a dollar. You can sign up for a variety of high-quality (and free) sources of information [here](#).

Also, about a decade ago I started recommending the insightful and pragmatic Greg Morris. Greg has a deep scientific and mathematical background and a very low tolerance for notions that are not backed up by verifiable facts (i.e., groundless theories and other myths).

Recently I started reading Keith Fitz-Gerald. Like Greg, Keith knows his stuff and doesn't mince any words about what's going on, in the world and in the markets. You can read about his background [here](#).

Every morning I read his thoughts about the market as soon as it arrives. On Friday I was really impressed with his take on the rumors that Iran was planning to attack Israel. Unlike the panic mongers, Keith's advice was:

There is no doubt that the markets will get rocked if Iran attacks because the computers will unload faster than humans can keep up. That said and speaking bluntly, **I wouldn't spend a lot of time worrying about it** because the markets will be the least of our concerns if things escalate. So, you may as well continue to invest as if the sun is coming up tomorrow and cooler heads will prevail.

I added the boldface emphasis myself because I thought those 10 words were particularly important. You can sign up for Keith's brief and to the point morning letter, "Five with Fitz" for free [here](#).

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I added PDBC to the Inflation Universe. It is an actively managed exchange-traded fund ("ETF") that invests in heavily traded global commodity futures. Unlike most commodity funds, PDBC is structured as an ordinary ETF, so investors are not subject to the usual K-1 tax reporting and it appears they also avoid mark-to-market capital gains taxes.

I'm not up on the tax implications, but the lower taxes may make up for PDBC's slightly lower dividend yield than Invesco's related commodity fund, DBC.

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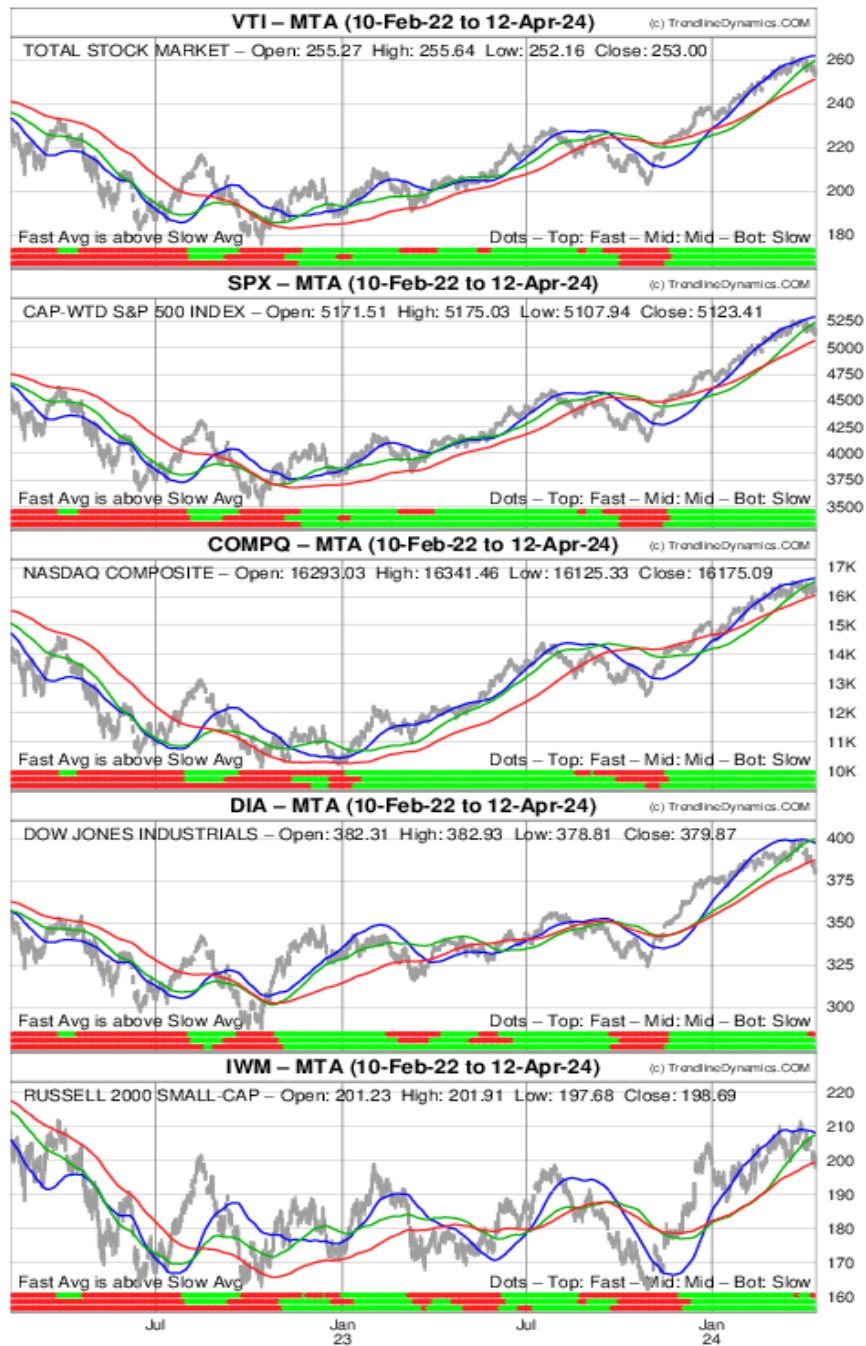
The charts for UUP were temporarily derailed by an unexpectedly large, aperiodic dividend on December 18<sup>th</sup>. I'm thinking about correcting the price series by adjusting prices before the dividend to erase the 6.08% gap. This is not an unusual adjustment to make to the data but it warrants careful thought. There are some notes about this on page 7.

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A cautious U.S. central bank was concerned enough about recent upticks in inflation and mixed economic data that it would not commit to present or future cuts to the federal funds rate, according to minutes of the bank's Federal Open Market Committee's (FOMC) March meeting.

## Market Barometers

← Use this link to see all the market barometer charts

COMPQ made an all time high on Thursday but still managed to close the week lower than the previous week. None of the other indexes made any sort of new high and they all closed the week lower.



Week-over-week: VTI -1.63%, SPX -1.56%, COMPQ -0.45%, DIA -2.31%, IWM -2.82%

## A Closer Look

Monday closed down a little. Tuesday it rose a little. Then on Wednesday the SPX gapped down, opening at \$5168 and closing even lower. Thursday it opened higher and ended the day at \$5161. On Friday the SPX opened lower and closed at a 4-week low. The advance-decline line did a little worse than price, and the stocks above their 50-day average did considerably worse than price.

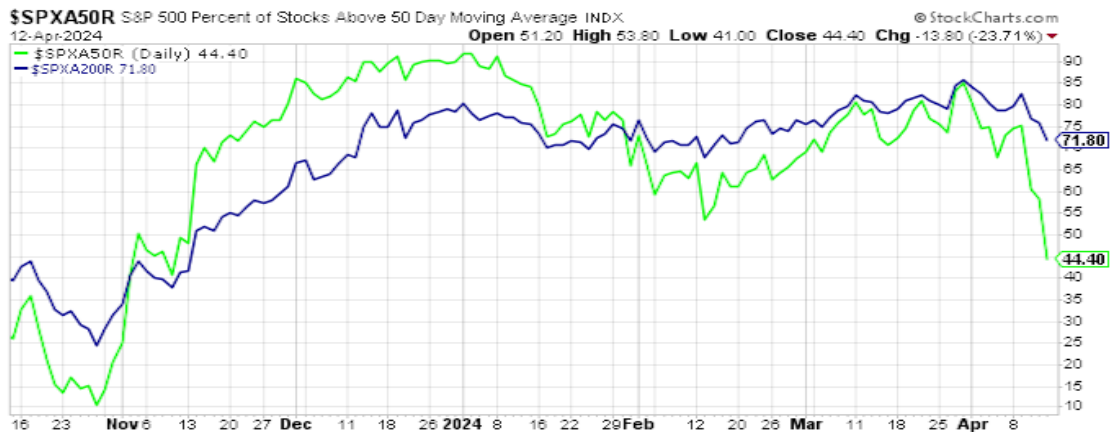


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[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](#)

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[Auxiliary Universe](#)

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[Special Security Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Analysis for 12-Apr-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">SMH</a>	SEMICONDUCTORS	ETF	UP	7.72:2.74	<<dn>>	2/1	-0.8
<a href="#">XLE</a>	ENERGY	ETF	UP	5.77:2.74	up	1/2	-0.3
<a href="#">PAVE</a>	INFRASTRUCTURE	ETF	UP	5.33:2.74	<<DN>>	1/4	-0.8
<a href="#">ITB</a>	HOME CONSTRUCTION	ETF	UP	4.40:2.74	<<dn>>	1/6	-1.4
<a href="#">XLB</a>	MATERIALS	ETF	UP	4.28:2.74	<<DN>>	999/5	-0.6
<a href="#">XLI</a>	INDUSTRIALS	ETF	UP	3.80:2.74	<<dn>>	1/4	-0.6
<a href="#">XLF</a>	FINANCIALS	ETF	UP	3.47:2.74	=DN=	2/7	-0.9
<a href="#">XLC</a>	COMMUNICATION SRVCS	ETF	UP	3.29:2.74	<<up>>	1/3	-0.3
<a href="#">KIE</a>	INSURANCE SECTOR	ETF	UP	3.10:2.74	DN	1/8	-0.8
<a href="#">XRT</a>	RETAIL	ETF	UP	2.98:2.74	<<DN>>	1/8	-1.4
<a href="#">SPX</a>	CAP-WTD S&P 500 INDEX	INDEX	UP	2.88:2.74	<<dn>>	1/4	-0.6
<a href="#">XLU</a>	UTILITIES	ETF	UP	2.32:2.74	<<up>>	16/2	-0.3
<a href="#">ITA</a>	SPACE & DEFENSE	ETF	UP	2.32:2.74	=dn=	1/4	-0.5
<a href="#">XLK</a>	INFO TECHNOLOGY	ETF	UP	1.95:2.74	≡UP≡	2/1	-0.2
<a href="#">IYT</a>	TRANSPORT NDX	ETF	UP	1.89:2.74	-dn-	1/8	-0.6
<a href="#">XLP</a>	CONSUMER STAPLES	ETF	UP	1.44:2.74	<<DN>>	2/8	-0.5
<a href="#">XLV</a>	HEALTH CARE	ETF	UP	1.07:2.74	-DN-	1/11	-0.9
<a href="#">XLY</a>	CONSUMER DISCR	ETF	UP	1.01:2.74	≡UP≡	2/8	-0.4
<a href="#">XLRE</a>	REAL ESTATE	ETF	UP	0.28:2.74	<<DN>>	2/18	-0.8

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

19-Jan-2024 to 12-Apr-2024

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

### Details

Symbol	Slope	Synonym	Sector Name
1. SMH	7.72	SEMIS	SEMICONDUCTORS
2. XLE	5.77	ENRGY	ENERGY
3. PAVE	5.33	INFRA	INFRASTRUCTURE
4. ITB	4.40	BLDRS	HOMEBUILDERS
5. XLB	4.28	MATER	MATERIALS
6. XLI	3.80	INDUS	INDUSTRIALS
7. XLF	3.47	FINAN	FINANCIALS
8. XLC	3.29	COMMS	COMMUNICATION SRVCS
9. KIE	3.10	INSUR	INSURANCE
10. XRT	2.98	SALES	RETAIL SALES
11. SPX	2.88	SP500	S&P 500
12. ITA	2.32	DFEND	AEROSPACE & DEFENSE
13. XLU	2.32	UTILS	UTILITIES
14. XLK	1.95	TECHS	TECHNOLOGY
15. IYT	1.89	TRANS	TRANSPORTATION
16. XLP	1.44	STAPL	CONSUMER STAPLES
17. XLV	1.07	HLTHY	HEALTH CARE
18. XLY	1.01	DISCR	CONSUMER DISCR
19. XLRE	0.28	REALE	REAL ESTATE

The top 5 sectors this week are the same as last week, although Energy rose again, pushing infrastructure and home builders down a notch.

## This Week's Selections

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

### Top ETFs By Slope

#### Current Holdings

Sym	Slope	Sell Stop	Last
PAVE	5.33% ↓↓	\$38.85	\$38.38 ↓
XLI	3.80% ↓↓	\$123.65	\$122.90 ↓
XLF	3.47% ↓↓	\$40.70	\$40.60 ↓↓
KIE	3.10% ↓↓	\$50.45	\$48.32 ↓↓
BIL	0.00% —	\$90.85	\$91.58 —

#### Other Sectors

Sym	Slope	Long	Last
SMH	7.72% ↓↓	no	\$220.68 ↓↓
XLE	5.77% ↑↑	no	\$96.13 ↑↑
ITB	4.40% ↓↓	no	\$107.26 ↓↓
XLB	4.28% ↓	no	\$89.92 ↓
XLC	3.29% ↓↓	no	\$81.33 ↓
XRT	2.98% ↓↓	no	\$71.88 ↓↓
SPX	2.88% ↓↓	Index	\$5123.41 ↓↓
XLU	2.32% —	no	\$64.20 ↓
ITA	2.32% ↓	no	\$127.72 ↓

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

### Analysis

[PAVE](#) closed below \$38.85 on Wednesday and stayed there. [XLI](#) opened below the \$123.65 level on Friday and went down from there. [XLF](#) closed below \$40.70 on Thursday. [KIE](#) closed below \$50.45 on Tuesday and then fell further.

[SMH](#) has been flat for 6 weeks. [XLE](#) formed a large bearish engulfing candle in heavy trading on Friday. [ITB](#)'s money flow is flat but the other 6 basic charts are now down. [XLB](#) — KB, ATS, RSI and MACD are down. CMF is neutral— and OBV is turning down. [XLC](#)'s KB is still slightly up. ATS turned down Friday. RSI and MACD are down. CMF is neutral+ but OBV seems like it is turning down.

[XRT](#) — 5 of 6 basic charts are down and OBV seems like it is turning down. [SPX](#)'s KB, ATS, RSI and MACD are down. CMF and OBV are neutral—. [XLU](#) made an attempt at a nice rally from Feb 16 to Tuesday, then on Wed through Fri dropped back below \$65. CMF is still positive, but CMF and OBV look like they are turning down. [ITA](#) — All 6 basic charts are down.

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### Thoughts and Decisions

I sold KIE on Wednesday when it opened lower than Tuesday's close. Now I'm going to sell PAVE, XLI, and XLF. I don't see any sector worth buying this week, so I'm moving my money to "cash" (BIL).

My choice for this week is: BIL 100%.

## Other Securities You May Find Interesting

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

Price made a 102-week high. All basic charts are up.

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

Price made a 7.13-year high. MACD is neutral-, but all other basic charts are up.

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

Money flow is slowing a little but 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

EPD appears to have peaked on April 3rd.

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

For the last 18 months PDBC looks very much like DBC on a slightly lower price scale.

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

URA is above \$30 but I'm still waiting for it to get above its February 1<sup>st</sup> close.

[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 has gotten above the \$80 level, but there is historical resistance from here up to about \$83. If price gets above that, then the nearest historical resistance will be 22 months away instead of just 6 months. (The strength of historical resistance decays by the square of time.)

USO's MACD and OBV appear to be turning down, but the other basic charts are all up.

[UUP](#) — US Dollar ETF

Basic charts remain up.

UUP has paid dividends in a somewhat random manner. Usually they are small enough not to disrupt the technical charts, but the \$1.75 dividend in December was 6.08457%, displacing the time series far enough to leave a sizable gap that caused several indicators to go off in the weeds.

Dec 18, 2023	1.75 Dividend
Dec 19, 2022	0.25 Dividend
Dec 23, 2019	0.53 Dividend
Dec 24, 2018	0.28 Dividend
Dec 18, 2017	0.02 Dividend
Dec 15, 2008	0.17 Dividend

I'm seriously thinking about adjusting the prices prior to December 18<sup>th</sup>. Let me know if you have an opinion on this matter.