

# Weekly Market Analysis #506 — 19 April 2024

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## This Week

The lopsided reality of the "Magnificent Seven" stocks have been responsible for a disproportionate share of broad market performance over the past few years. The seven companies — Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla — represent about 30% of the cap weighted S&P 500 but they have contributed nearly 65% of the index's performance over the past year.

Responsible financial advisors and market analysts are encouraging investors to take a few steps back and pay attention the risk that is building in many of the most popular index funds. As of Friday, 6 of the Big 7 are below their 50-day moving averages, and all 7 ended this week lower than they ended the previous week.

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Agricultural ETFs like DBA are doing well. Agricultural commodities prices tend to rise during inflationary periods. This is good for investors, but not so good as far as what it says about the chances of the Fed lowering interest rates.

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Thanks to [Brian Schreiner](#) at CMGWealth for passing this along: "Mohamed El-Erian said last week that the Fed has lost sight of its overall strategy and has instead turned into a "play-by-play commentator" imposing unnecessary volatility into markets. In another interview El-Erian said, "there are reasons to believe the US economy may slow," and highlighted the fact that a growing number of corporations are raising concerns on their quarterly investor conference calls. Small-business confidence is at the lowest level in more than 11 years."

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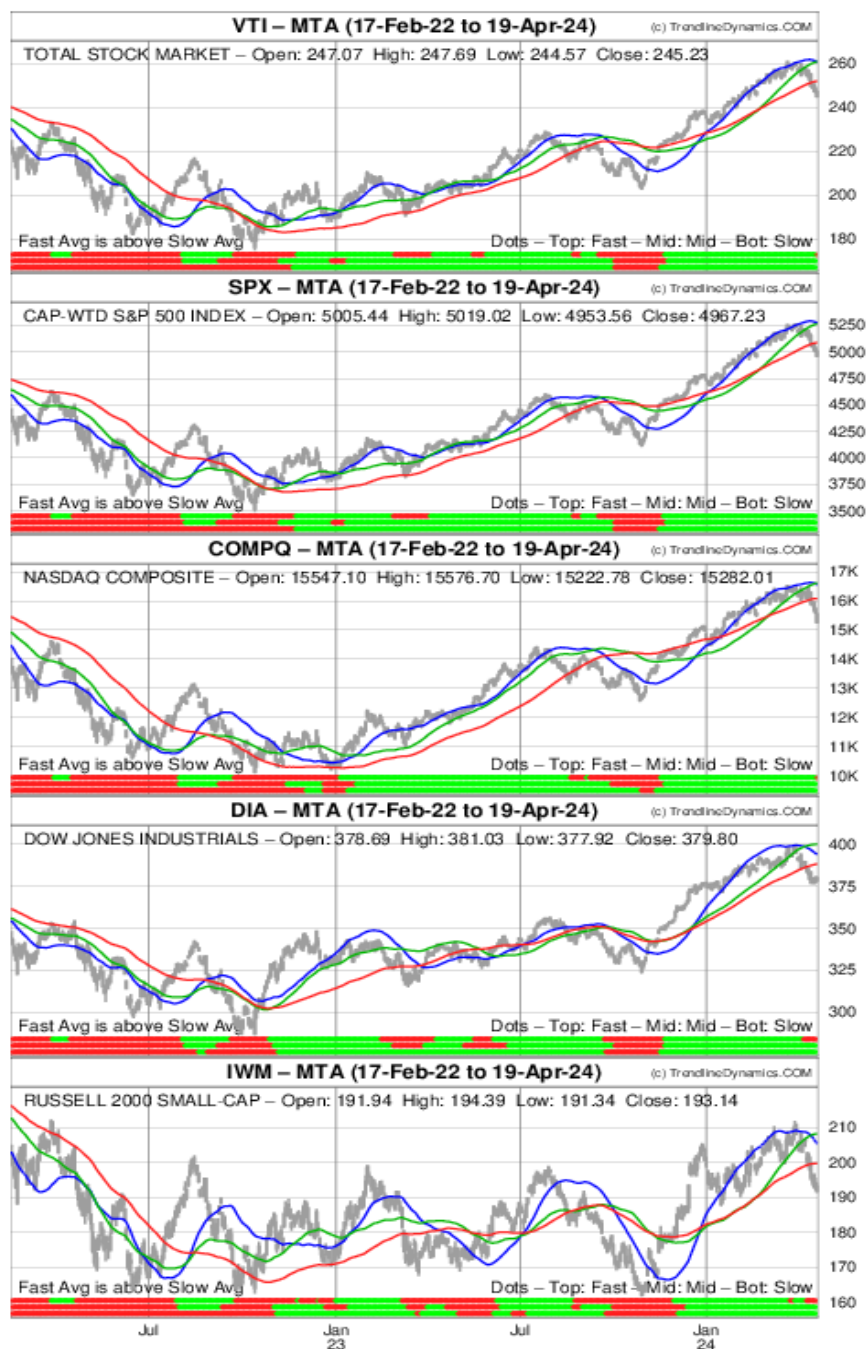
For quite a while it seemed like the Fed was planning on making a first interest rate-cut in June. Now it is beginning to look like it may not come until September. Stronger than expected first-quarter inflation and labor-market data have made Federal Reserve officials less certain about when they might cut interest rates this year. Fed Chairman Jerome Powell said it could take longer than expected to gain confidence that inflation is moving toward its 2% goal.

Futures traders put the highest probability of a first cut coming in September, at 45%, pushing back once widely held expectations that June would usher in the first one.

## Market Barometers

← Use this link to see all the market barometer charts

DIA and IWM have been showing a trace of red for more than a week. Now COMPQ and VTI are showing a speck of red. SPX is still solid green. None of them will be considered "down" until they show red on all three rows of dots at the same time.



Week-over-week: VTI: -3.07%, SPX: -3.05%, COMPQ: -5.52%, DIA: -0.02%, IWM: -2.79%

## A Closer Look

The SPX has declined for 6 days in a row. Interestingly, the advance-decline line turned up on Friday, as did the stocks above their 50 and 200 day averages. I would take that to mean the average was brought down by declines in the biggest stocks even though the smaller stocks were turning back up.

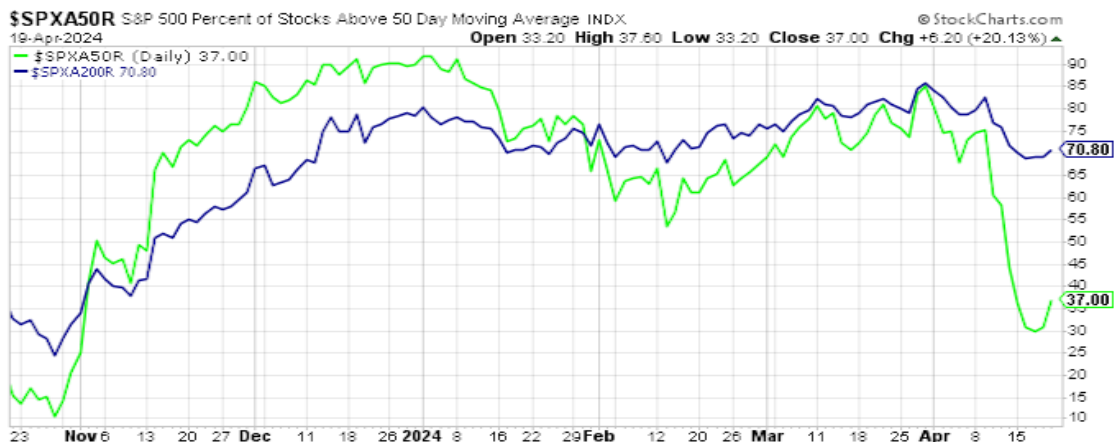


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[Bullish Universe](#)

← Use this link to get to the live summary table

[Bearish Universe](#)

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[Inflation Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Analysis for 18-Apr-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">SMH</a>	SEMICONDUCTORS	ETF	UP	6.09:1.94	≡DN≡	1/7	-1.6
<a href="#">XLE</a>	ENERGY	ETF	UP	5.56:1.94	-DN-	1/3	-1.4
<a href="#">PAVE</a>	INFRASTRUCTURE	ETF	UP	4.33:1.94	-DN-	1/7	-1.1
<a href="#">XLB</a>	MATERIALS	ETF	UP	3.54:1.94	DN	1/6	-0.8
<a href="#">XLI</a>	INDUSTRIALS	ETF	UP	3.16:1.94	≡DN≡	1/7	-0.9
<a href="#">ITB</a>	HOME CONSTRUCTION	ETF	UP	3.02:1.94	≡DN≡	1/8	-2.1
<a href="#">XLC</a>	COMMUNICATION SRVCS	ETF	UP	2.78:1.94	≡DN≡	1/5	-0.6
<a href="#">XLF</a>	FINANCIALS	ETF	UP	2.58:1.94	DN	1/8	-1.2
<a href="#">SPX</a>	CAP-WTD S&P 500 INDEX	INDEX	UP	2.19:1.94	≡DN≡	1/8	-0.9
<a href="#">XLU</a>	UTILITIES	ETF	UP	2.06:1.94	-up-	1/6	-0.5
<a href="#">KIE</a>	INSURANCE SECTOR	ETF	UP	1.98:1.94	DN	1/9	-1.0
<a href="#">ITA</a>	SPACE & DEFENSE	ETF	UP	1.85:1.94	≡DN≡	1/5	-0.6
<a href="#">XRT</a>	RETAIL	ETF	UP	1.63:1.94	DN	1/10	-1.8
<a href="#">XLK</a>	INFO TECHNOLOGY	ETF	UP	1.19:1.94	≡DN≡	1/13	-0.8
<a href="#">IYT</a>	TRANSPORT NDX	ETF	UP	1.04:1.94	≡DN≡	1/10	-1.2
<a href="#">XLP</a>	CONSUMER STAPLES	ETF	UP	0.93:1.94	<<dn>>	1/9	-0.4
<a href="#">XLV</a>	HEALTH CARE	ETF	UP	0.33:1.94	DN	1/15	-1.0
<a href="#">XLY</a>	CONSUMER DISCR	ETF	UP	0.31:1.94	≡DN≡	1/11	-1.1
<a href="#">XLRE</a>	REAL ESTATE	ETF	UP	-0.77:1.94	DN	1/21	-1.9

8 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

26-Jan-2024 to 19-Apr-2024

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

### Details

Symbol	Slope	Synonym	Sector Name
1. XLE	5.47	ENRGY	ENERGY
2. SMH	5.43	SEMIS	SEMICONDUCTORS
3. PAVE	4.00	INFRA	INFRASTRUCTURE
4. XLB	3.33	MATER	MATERIALS
5. XLI	2.93	INDUS	INDUSTRIALS
6. XLC	2.61	COMMS	COMMUNICATION SRVCS
7. ITB	2.58	BLDRS	HOMEBUILDERS
8. XLF	2.39	FINAN	FINANCIALS
9. XLU	2.04	UTILS	UTILITIES
10. SPX	1.96	SP500	S&P 500
11. KIE	1.77	INSUR	INSURANCE
12. ITA	1.71	DFEND	AEROSPACE & DEFENSE
13. XRT	1.30	SALES	RETAIL SALES
14. XLK	0.89	TECHS	TECHNOLOGY
15. XLP	0.85	STAPL	CONSUMER STAPLES
16. IYT	0.76	TRANS	TRANSPORTATION
17. XLV	0.15	HLTHY	HEALTH CARE
18. XLY	0.08	DISCR	CONSUMER DISCR
19. XLRE	-1.07	REALE	REAL ESTATE

The top 3 sectors this week are the same as last week as Energy rose to the top of the list. Home builders fell from 4<sup>th</sup> to 7<sup>th</sup>, while Materials and Industrials rose to 4<sup>th</sup> and 5<sup>th</sup>, respectively.

**This Week's Selections**

My sector choices for last week were: BIL 100%.

**Top ETFs By Slope**

**Current Holdings**

Sym	Slope	Sell Stop	Last
BIL	0.00% —	\$90.85	\$91.58 —

**Other Sectors**

Sym	Slope	Long	Last
XLE	5.47% ↓	no	\$94.97 ↓
SMH	5.43% ↓↓	no	\$199.21 ↓↓
PAVE	4.00% ↓↓	no	\$37.28 ↓↓
XLB	3.33% ↓↓	no	\$88.96 ↓↓
XLI	2.93% ↓↓	no	\$120.47 ↓↓
XLC	2.61% ↓↓	no	\$79.47 ↓↓
ITB	2.58% ↓↓	no	\$102.36 ↓↓
XLF	2.39% ↑	no	\$40.38 ↑
XLU	2.04% ↓	no	\$65.43 ↑

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

**Analysis**

[XLE](#) peaked on April 5<sup>th</sup>. Within a few days, all the basic charts turned down. Interestingly enough, the raw (unadjusted) RSI bounced up off 50 on Thursday, which may signal a turn up. [SMH](#) – all basic charts are down. Several are oversold. Price may find support near \$200. [PAVE](#)'s basic charts are all down. [XLB](#) – all basic charts are down although OBV is currently showing a tentative up turn.

[XLI](#) has been declining since its March 28<sup>th</sup> close. All basic charts are down. RSI is oversold. [XLC](#)'s basic charts are down. RSI is oversold. [ITB](#) – all 6 basic charts are down and its RSI is also oversold. [XLF](#) rose on Wednesday, Thursday, and Friday, ending the week 0.8% higher than the previous Friday. All basic charts are showing a mild turn up. [XLU](#)'s KB, ATS, and CMF are up. Raw RSI is up. MACD and OBV are turning up.

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**Thoughts and Decisions**

7 of 9 "top" sectors had week-over-week price declines and 8 of 9 top sectors had slope declines. I'm going to wait for things to stabilize before getting back in.

My choice for this week remains: BIL 100%.

## Other Securities You May Find Interesting

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

Price declined but found support near \$45. KB, ATS, RSI are up. CMF is positive. OBV is making higher highs and higher lows. MACD is down.

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

Price made a 7.15-year high. MACD is neutral, but all other basic charts are up.

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

DBC has been in a long-term decline since late May of 2022, and this last advance seems to be running out of steam.

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

Wave Phase Theory says a long, low-slope advance followed by a short, steep decline is bullish, especially when the decline retraces about 50% of the advance. That second part could get broken by another down week, but the basic charts all showed the start of a turn up this week.

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

PDBC continues to mimic DBC. If this continues, I'm going to delete one or the other from my database.

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

All six basic charts are down and price is back below \$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.

USO is back below the \$80 level. The four price charts (KB, ATS, RSI, and MACD) have all turned down. The price+volume charts (CMF and OBV) are still positive, but both are heading lower.

x [UUP](#) — US Dollar ETF

Price made a 17-week high and all 6 basic charts are up.

Adjusting away the price disconnect caused by that large dividend payment on December 18<sup>th</sup> turned out to create an even worse problem, so after trying it I decided it was a bad idea.