

Weekly Market Analysis #507 — 26 April 2024

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This Week

Here's a nasty bit of mythology. Its theme is "what if you missed the 10 best days in the last 20 years". The data is a deviously created subset of the information from the "Ibbotson Study" and is mainly used as a way to convince people that "You can't time the market."

\$10k invested in S&P 500, 2003 - 2023



It is a classic example of lying by telling only those parts of the story that support your thesis.

If we apply a little common sense and then check the data, a significantly different story emerges. Let's start with the question, "When do the biggest up days occur?" Do huge up days happen at market highs? Almost never. They are much more likely to appear near market lows, or specifically near the biggest down days. Big up days are almost always found near emotion-driven down days.

In the last 50 years, over 90% of the largest up days happened within a day or two of a huge down day. If you take out the big up days but leave in the big down days as you're building your equity graph, you're stacking the deck. As an investor, there's no way you can miss the up days and avoid the accompanying down days, so the chart above is a statistical fabrication with no basis in reality.

In short, that chart is complete B.S. (Basic Silliness). And, by the way, there **are several ways** to successfully time the market. The real question is whether you should try to time the market. Most people do badly at it because they either lack a workable plan or sufficient discipline.

If you need some Japanese Yen in the foreseeable future, this would be a good time to buy it. Right now the exchange rate is 158 Japanese Yen to one US dollar. This is a 34-year low and the ratio is so far out of whack that the Bank of Japan will almost have to take steps to support the Yen. If they don't, then Japanese exporters will be doing business at a significant loss.

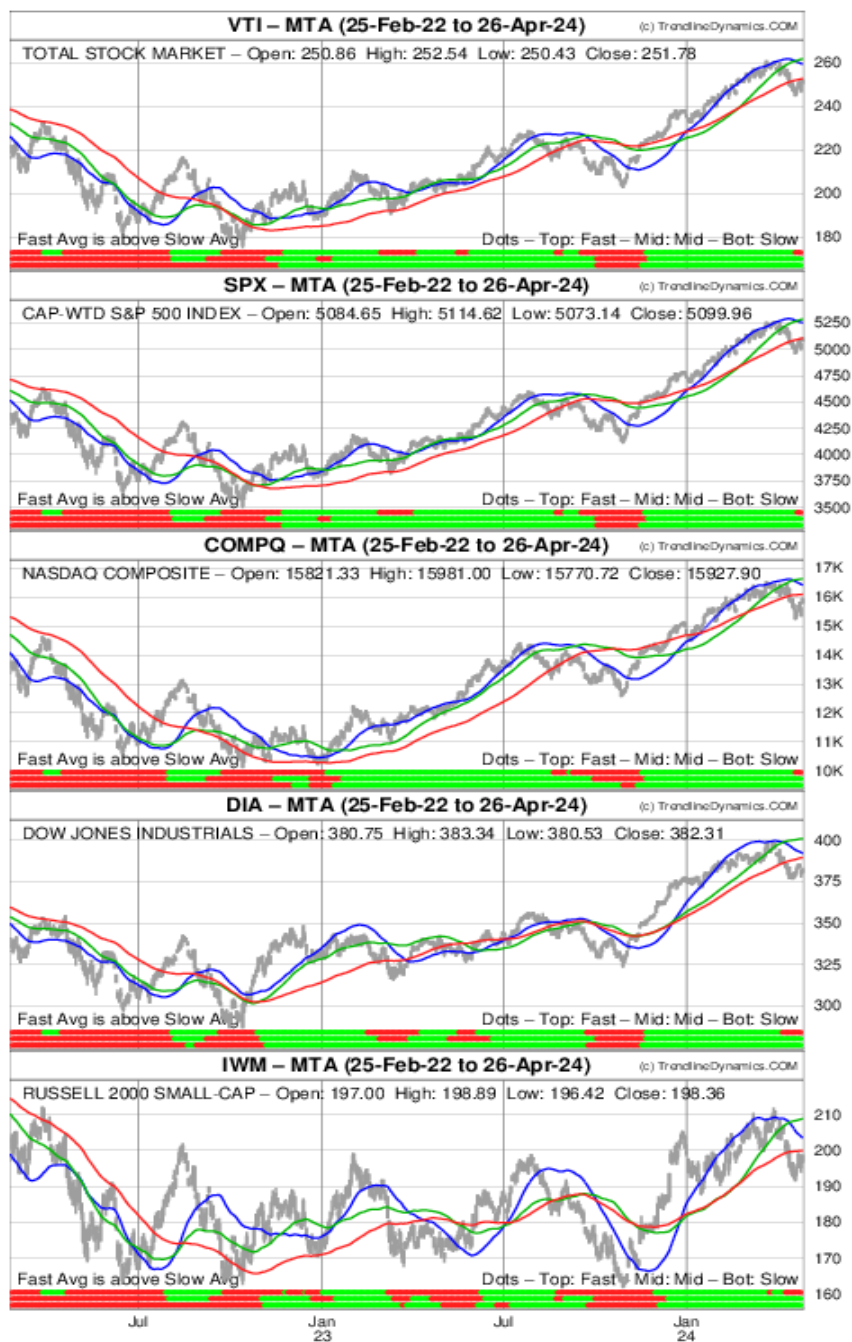
Talking about the present situation, David R. Kotok wrote:

Datatrek summarized things this way: "Without 5 Big Tech names, S&P 500 earnings would be down 6.0 pct in Q1 rather than the consensus estimate of +0.5 pct growth. AMZN, GOOG, META, MSFT and NVDA are the difference. The 'S&P 495' are expected to turn the corner later this year, supporting current equity market valuations".

Market Barometers

← Use this link to see all the market barometer charts

All 5 indexes are showing some red now, meaning the Fast MTA (blue) Average has already turned down. **IF** price remains below the Slow MTA (red) average, then eventually the Medium MTA (green) average will turn down, and later the Slow MTA (red) average will, too.



Week-over-week: VTI: 2.7%, SPX: 2.7%, COMPQ: 4.2%, DIA: 0.7%, IWM: 2.7%, so this week all the indexes are up, at least compared to 5 days ago.

A Closer Look

The SPX had 4 up days (close > open) with Wednesday being a down day. On the week, the index gained over \$132 or about 2.7%. Price ended the week below its 50-day average, but the high on Friday just touched the midpoint (\$5110.50) between the Mar 28th high close and the April 19th low close. The advance-decline line confirmed price action and the stocks above their 50 day averages did, too. But the stocks above their 200 day averages were less enthusiastic.



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 26-Apr-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLE	ENERGY	ETF	UP	5.09:0.98	≡UP≡	2/1	-0.6
SMH	SEMICONDUCTORS	ETF	UP	3.26:0.98	-dn-	2/1	-0.5
PAVE	INFRASTRUCTURE	ETF	UP	2.80:0.98	-UP-	2/1	-0.5
XLU	UTILITIES	ETF	UP	2.30:0.98	UP	37/1	0.3
XLB	MATERIALS	ETF	UP	2.26:0.98	«UP»	2/7	-0.4
XLI	INDUSTRIALS	ETF	UP	2.22:0.98	≡dn≡	2/1	-0.3
XLF	FINANCIALS	ETF	UP	1.90:0.98	dn	3/1	0.1
XLC	COMMUNICATION SRVCS	ETF	UP	1.83:0.98	-UP-	2/12	-0.5
ITA	SPACE & DEFENSE	ETF	UP	1.41:0.98	-dn-	3/1	-0.0
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.17:0.98	«UP»	2/1	-0.2
ITB	HOME CONSTRUCTION	ETF	UP	1.13:0.98	≡dn≡	2/1	-0.5
KIE	INSURANCE SECTOR	ETF	UP	1.08:0.98	dn	2/1	-0.1
XLP	CONSUMER STAPLES	ETF	UP	0.78:0.98	≡UP≡	4/1	0.4
XRT	RETAIL	ETF	UP	0.29:0.98	«UP»	2/1	0.2
IYT	TRANSPORT NDX	ETF	UP	-0.14:0.98	≡dn≡	2/12	-0.4
XLK	INFO TECHNOLOGY	ETF	UP	-0.20:0.98	-dn-	2/1	-0.3
XLV	HEALTH CARE	ETF	UP	-0.44:0.98	≡dn≡	2/1	0.2
XLY	CONSUMER DISCR	ETF	UP	-0.70:0.98	=dn=	2/1	-0.0
XLRE	REAL ESTATE	ETF	DN	-2.01:0.98	-UP-	2/1	-0.1

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

02-Feb-2024 to 26-Apr-2024

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

Details

Symbol	Slope	Synonym	Sector Name
1. XLE	5.09	ENRGY	ENERGY
2. SMH	3.26	SEMIS	SEMICONDUCTORS
3. PAVE	2.80	INFRA	INFRASTRUCTURE
4. XLU	2.30	UTILS	UTILITIES
5. XLB	2.26	MATER	MATERIALS
6. XLI	2.22	INDUS	INDUSTRIALS
7. XLF	1.90	FINAN	FINANCIALS
8. XLC	1.83	COMMS	COMMUNICATION SRVCS
9. ITA	1.41	DFEND	AEROSPACE & DEFENSE
10. SPX	1.17	SP500	S&P 500
11. ITB	1.13	BLDRS	HOMEBUILDERS
12. KIE	1.08	INSUR	INSURANCE
13. XLP	0.78	STAPL	CONSUMER STAPLES
14. XRT	0.29	SALES	RETAIL SALES
15. IYT	-0.14	TRANS	TRANSPORTATION
16. XLK	-0.20	TECHS	TECHNOLOGY
17. XLV	-0.44	HLTHY	HEALTH CARE
18. XLY	-0.70	DISCR	CONSUMER DISCR
19. XLRE	-2.01	REALE	REAL ESTATE

The top 3 sectors this week are the same as last week. Utilities rose 5 levels to push Materials out of position #4. Materials and Industrials are now in positions #5 and #6, respectively.

This Week's Selections

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

Top ETFs By Slope

Current Holdings				Other Sectors			
Sym	Slope	Sell Stop	Last	Sym	Slope	Long	Last
				XLE	5.09% ↓↓	no	\$95.74 ↑
				SMH	3.26% ↓↓	no	\$217.64 ↑
				PAVE	2.80% ↓↓	no	\$38.15 ↑
				XLU	2.30% ↑↑	no	\$66.19 ↑↑
				XLB	2.26% ↓↓	no	\$89.52 ↑
				XLI	2.22% ↓↓	no	\$122.66 ↑
				XLF	1.90% ↓↓	no	\$40.82 —
				XLC	1.83% ↓↓	no	\$80.11 ↑
BIL	0.00% —	\$90.85	\$91.76 —	ITA	1.41% ↓↓	no	\$129.53 ↑↑

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

Analysis

[XLE](#) is mixed and facing psychological resistance at \$100. [SMH](#) found support near \$200. It looks like it's turning up but it's approaching minor psychological resistance at \$220. [PAVE](#) is turning up but it's not far from historical and psychological resistance at \$40. [XLU](#) made a 37-week high. Basic charts are positive. Money flow is positive but there is a lot of historical resistance between it's current price and ~\$72.

[XLB](#) had a good week but not good enough to qualify as a clear turn up. [XLI](#)'s basic charts are neutral to down. There are signs of a coming turn up, but it's not here yet. [XLF](#) rose on Monday, then went flat. [XLC](#) got thumped on Thursday when Meta Platforms Inc. sold off hard, falling over 15%. XLC has 29% of its portfolio in Meta. I expected better and I'm going to look for a Communications ETF with a more sensible portfolio. [ITA](#) has basically been flat for the last 3 weeks.

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Thoughts and Decisions

XLU was the only sector with rising slope this week. All its basic charts are up, so I'm going to take a position in it; however, I'm going to watch it carefully. If price closes below the lower ATS stop or the black line in the KB chart, I will sell it right away.

My choice for this week are: 10% XLU and BIL 90%.

Other Securities You May Find Interesting

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

COPX made a 12-year high. All basic charts are up except MACD and OBV, which both peaked on Apr 11. RSI bounced up off the 50 level 3 days ago, which could point to the start of another leg up.

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

Price made a 7.17-year high, but the basic charts suggest DBA is currently in a consolidation period.

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

If DBC gets above \$24 it might become interesting.

[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 has been trading between \$28 and \$30 for the last ~7 weeks. The basic charts are biased toward the down side.

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

PDBC continues to mimic DBC. Time to drop one or the other. I'll do that this week.

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

URA has been flat for two weeks, hovering just above \$29.

[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 above the \$80 level, but the basic chart are mixed. There could be a turn up in the offing, maybe.

[UUP](#) — US Dollar ETF

Ironically, UUP has been flat for two weeks, hovering just below \$29.