

Weekly Market Analysis #509 — 10 May 2024

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This Week

On Tuesday morning, Callum Keown at Barron's started by saying, "Ignore the high-profile AI disappointments for a moment..." My question is, what disappointments? AI is nothing less than a new era. It is like the industrial revolution, the advent of the electrical power grid, the exploration of space, the birth of the internet, and the invention of the cell phone.

The early history of steam power was littered with death and destruction. The electrical power grid still has spectacular failures, including the incineration of entire towns (e.g., Paradise, California). The pursuit of space exploration has cost the lives of thousands of willing participants since the time of Robert Goddard.

Does anyone seriously expect AI to emerge, perfect and fully-formed, like Athena from Zeus' forehead?

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Berkshire Hathaway was holding about \$185 billion in cash at the end of the first quarter. Warren Buffett said it is likely to expand \$200 billion this quarter. Why are they sitting on so much cash? They can't find anything worth buying right now. Buffett said that until they figure out a way to invest it effectively, they will remain in cash. When Berkshire Hathaway can't find anything worth buying, it means there really isn't much worth buying in the stock market.

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Mindie Kniss, PhD, is a Certified High Performance & Mindset Coach. This week she wrote:

The Negativity Effect

There's something called the Negativity Effect which is our natural inclination to focus on the negative vs. the positive.

Are you focusing on what you don't have instead of recognizing what you do have?

This is hardwired into our brains from back in the day when we had to recognize threats in order to stay alive. While this was great to preserve the human race, the problem is that today our brains often dwell on negative thoughts or events even though no danger exists.

...don't focus too heavily on any one trading loss, whether that be a single trade, a losing day, week, month, or year.

This isn't about wearing rose-colored glasses and ignoring your weaknesses. You should absolutely be aware of them and seek to strengthen your game. But it's also important to realize when our thoughts are hijacked by the Negativity Effect and counteract it by re-minding our brains what is going well.

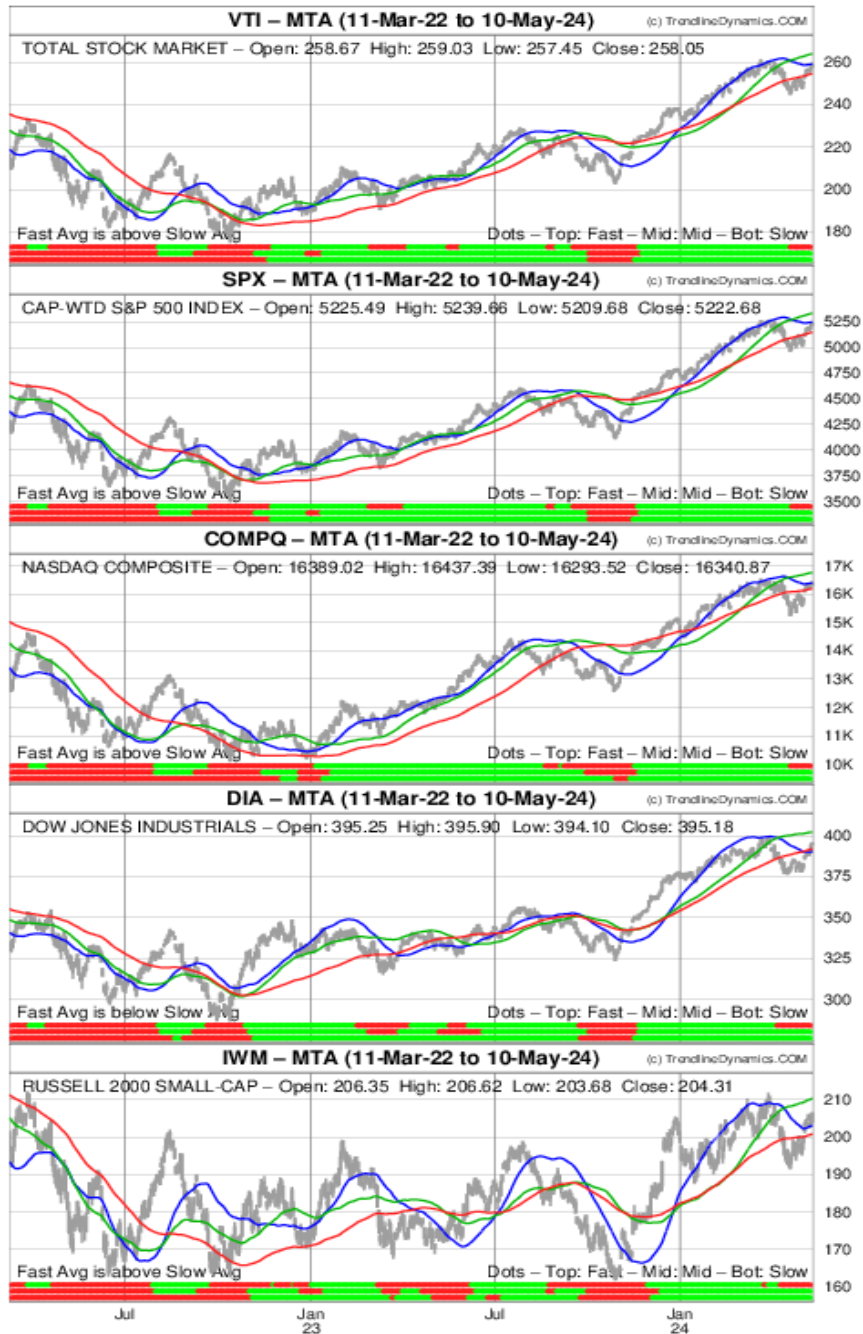
When you do this consistently, new neural pathways are created as "neurons that fire together, wire together."

You can't necessarily control which thoughts pop into your head, but you do have the choice to dwell on them or re-focus your attention on something else.

[Market Barometers](#)

← Use this link to see all the market barometer charts

The MTA is up for all 5 indexes again this week.



Week-over-week: All the indexes advanced again this week — VTI: 1.8%, SPX: 1.9%, COMPQ: 1.1%, DIA: 2.2%, IWM: 1.2%.

A Closer Look

The SPX had only one minor down day this week, and price was above its 50-day average on all 5 days. The advance-decline line had two down days, but the the stocks above their 50 and 200 day averages confirmed price action.



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

[Bullish Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Analysis for 10-May-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLU	UTILITIES	ETF	UP	3.71:0.53	UP	67/1	1.0
XLE	ENERGY	ETF	UP	3.13:0.53	<<DN>>	2/1	-0.6
SMH	SEMICONDUCTORS	ETF	UP	1.84:0.53	<<dn>>	4/1	1.0
ITA	SPACE & DEFENSE	ETF	UP	1.75:0.53	UP	907/1	0.3
PAVE	INFRASTRUCTURE	ETF	UP	1.64:0.53	=UP=	5/1	0.6
XLI	INDUSTRIALS	ETF	UP	1.47:0.53	=UP=	6/1	0.4
XLB	MATERIALS	ETF	UP	1.31:0.53	≡UP≡	5/1	0.4
XLF	FINANCIALS	ETF	UP	1.18:0.53	-UP-	6/1	0.4
XLP	CONSUMER STAPLES	ETF	UP	1.05:0.53	UP	102/1	0.4
XLC	COMMUNICATION SRVCS	ETF	UP	0.82:0.53	UP	4/1	0.6
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	0.66:0.53	UP	6/1	0.5
KIE	INSURANCE SECTOR	ETF	UP	0.59:0.53	UP	6/1	0.6
ITB	HOME CONSTRUCTION	ETF	UP	0.00:0.53	-dn-	5/1	0.8
XRT	RETAIL	ETF	UP	-0.39:0.53	=UP=	5/1	0.8
XLV	HEALTH CARE	ETF	UP	-0.66:0.53	-UP-	5/1	0.8
XLK	INFO TECHNOLOGY	ETF	DN	-0.68:0.53	dn	4/1	0.9
XLY	CONSUMER DISCR	ETF	UP	-0.69:0.53	<<dn>>	2/1	0.5
IYT	TRANSPORT NDX	ETF	≡DN≡	-1.34:0.53	-UP-	2/1	0.6
XLRE	REAL ESTATE	ETF	DN	-2.11:0.53	-UP-	5/1	1.0

The same 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													16-Feb-2024 to 10-May-2024	
16 Feb	23 Feb	01 Mar	08 Mar	15 Mar	22 Mar	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May		
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS		
BLDRS	COMMS	INFRA	INFRA	INFRA	INFRA	INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY		
COMMS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS		
TECHS	INFRA	COMMS	SALES	SALES	SALES	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND		
INFRA	TECHS	TRANS	TRANS	TRANS	INDUS	INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA		
FINAN	FINAN	SALES	FINAN	INDUS	FINAN	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS		
TRANS	TRANS	TECHS	INDUS	FINAN	INSUR	FINAN	INDUS	FINAN	BLDRS	FINAN	DFEND	MATER		
SP500	SP500	FINAN	COMMS	INSUR	MATER	INSUR	FINAN	COMMS	FINAN	COMMS	FINAN	FINAN		
HLTHY	HLTHY	INDUS	TECHS	COMMS	TRANS	ENRGY	INSUR	INSUR	UTILS	DFEND	COMMS	STAPL		
SALES	SALES	SP500	INSUR	TECHS	SP500	SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS		
INDUS	INDUS	INSUR	SP500	SP500	COMMS	COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500		
INSUR	INSUR	HLTHY	HLTHY	MATER	TECHS	TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR		
DFEND	DFEND	DFEND	DFEND	HLTHY	ENRGY	TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS		
STAPL	STAPL	DISCR	MATER	DFEND	HLTHY	DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES		
DISCR	DISCR	STAPL	DISCR	STAPL	DFEND	HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY		
REALE	MATER	MATER	STAPL	DISCR	STAPL	STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	TECHS		
MATER	REALE	REALE	REALE	ENRGY	DISCR	DISCR	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	DISCR		
ENRGY	ENRGY	ENRGY	ENRGY	REALE	REALE	REALE	UTILS	DISCR	DISCR	DISCR	TRANS	TRANS		
UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	REALE	REALE	REALE	REALE	REALE	REALE	REALE		

Details

Symbol	Slope	Synonym	Sector Name
1. XLU	3.71	UTILS	UTILITIES
2. XLE	3.13	ENRGY	ENERGY
3. SMH	1.84	SEMIS	SEMICONDUCTORS
4. ITA	1.75	DFEND	AEROSPACE & DEFENSE
5. PAVE	1.64	INFRA	INFRASTRUCTURE
6. XLI	1.47	INDUS	INDUSTRIALS
7. XLB	1.31	MATER	MATERIALS
8. XLF	1.18	FINAN	FINANCIALS
9. XLP	1.05	STAPL	CONSUMER STAPLES
10. XLC	0.82	COMMS	COMMUNICATION SRVCS
11. SPX	0.66	SP500	S&P 500
12. KIE	0.59	INSUR	INSURANCE
13. ITB	-0.03	BLDRS	HOMEBUILDERS
14. XRT	-0.39	SALES	RETAIL SALES
15. XLV	-0.66	HLTHY	HEALTH CARE
16. XLK	-0.68	TECHS	TECHNOLOGY
17. XLY	-0.69	DISCR	CONSUMER DISCR
18. IYT	-1.34	TRANS	TRANSPORTATION
19. XLRE	-2.11	REALE	REAL ESTATE

Most sector slopes continue to decline, but XLU (Utilities) rose for a 7th straight week, pushing Energy into 2nd place.

This Week's Selections

My sector choices for last week were: 10% ITA, 10% XLU, and BIL 80%.

Top ETFs By Slope

Current Holdings

Sym	Slope	Sell Stop	Last
XLU	3.71% ↑↑	\$68.49	\$71.27 ↑↑
ITA	1.75% ↑↑	\$132.29	\$135.08 ↑↑
BIL	0.00% —	\$90.85	\$91.56 —

Other Sectors

Sym	Slope	Long	Last
XLE	3.13% ↓↓	no	\$93.83 ↓
SMH	1.84% ↓↓	no	\$223.30 ↑
PAVE	1.64% ↓↓	no	\$39.38 ↑
XLI	1.47% ↓↓	no	\$125.68 ↑
XLB	1.31% ↓↓	no	\$91.84 ↑
XLF	1.18% ↓↓	no	\$41.83 ↑
XLP	1.05% ↑↑	no	\$77.62 ↑
XLC	0.82% ↓↓	no	\$81.79 ↑
SPX	0.66% —	Index	\$5222.68 ↑

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

Analysis

[XLU](#) made a 67-week high and all basic charts are positive. Several indicators are overbought; however, many indicators can get overbought and stay that way for weeks, so it's not something to sit and worry about. [ITA](#) made another 17.4-year high and all basic charts are up.

[XLE](#) has all basic charts either down or neutral. [SMH](#)'s ATS, MACD, and OBV are up. KB is mildly up, while RSI and CMF are neutral. [PAVE](#) has positive basic charts but it also has psychological and historical resistance 62 cents away at \$40. [XLI](#)'s basic charts are up. There is a little bit of historical resistance remaining from March 27th and 28th just below \$126.

[XLB](#) — all basic charts are up except CMF which is neutral+. There is some historical resistance from Mar 27th to April 9th. [XLF](#) has all basic charts up now. [XLP](#) made a 102-week high and all basic charts are up. [XLC](#) — all basic charts are up. There is recent historical resistance from Mar 21st to April 16th.

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Thoughts and Decisions

XLP doesn't have much sizzle with slope at 1.05% a month; however... It has made an almost-2-year high, its slope has been going up for several weeks, and all other signs are positive. As long as the market doesn't go face down in the dirt, XLP should keep rising, so I'm going to buy it.

My choices for this week are: 10% ITA, 10% XLP, 10% XLU, and BIL 70%.

Other Securities You May Find Interesting

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

COPX continues to edge higher, although not at the high slope it displayed from March 1st to April 9th. Now it's approaching psychological resistance around \$50. There's also some [distant historical resistance](#) in the same area.

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

Nothing to see here. Move along. Move along.

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

Still going down.

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

Basic charts are more neutral than up.

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

5 out of 6 basic charts are up but CMF is still neutral so I'm undecided about this one.

[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.

Clearly declining in the short term.

[UUP](#) — US Dollar ETF

Basic charts are mixed.

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