

Weekly Market Analysis #510 — 17 May 2024

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This Week

I added three more essays to the [Articles directory](#) on the website.

The first is a detailed discussion on [Support and Resistance](#). It talks about the four general types of Support and Resistance:

- Psychological,
- Historical,
- Trendline, and
- Miscellaneous.

Then it explains each of the four types, and briefly describes the thinking that causes them. In other words, it describes what investors are thinking about that causes areas of support and resistance.

I also added two papers about trendlines. Almost every day I see charts on the internet with sloppily-drawn trendlines. Drawing good trendlines is not that hard once you know the rules and do some practice. I have published two articles about them.

- [Drawing Useful Trendlines](#) Discusses the basics of drawing trendlines and interpreting the information they provide.
- [Advanced Trendlines](#) picks up where the first article leaves off, providing more detail about interpretation and showing examples of when it may be all right to bend the rules to find the strongest trendlines.

These three articles will become very useful in the next few weeks because they provide the foundation for understanding a new (7th) study I will be adding to the "basic charts" in the near future.

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In case you haven't noticed, Walmart is going after retail customers in general (and Amazon in particular) with a vengeance. Due to price increase inflation and package shrink inflation, more and more people with incomes over \$100,000 a year are shopping at Walmart. And Walmart is responding to their upscale shoppers. About 3 weeks ago, Walmart came out with a line of higher-quality products under the "BetterGoods" label. This is an array of private brands that bring customers quality products at Walmart's low prices.

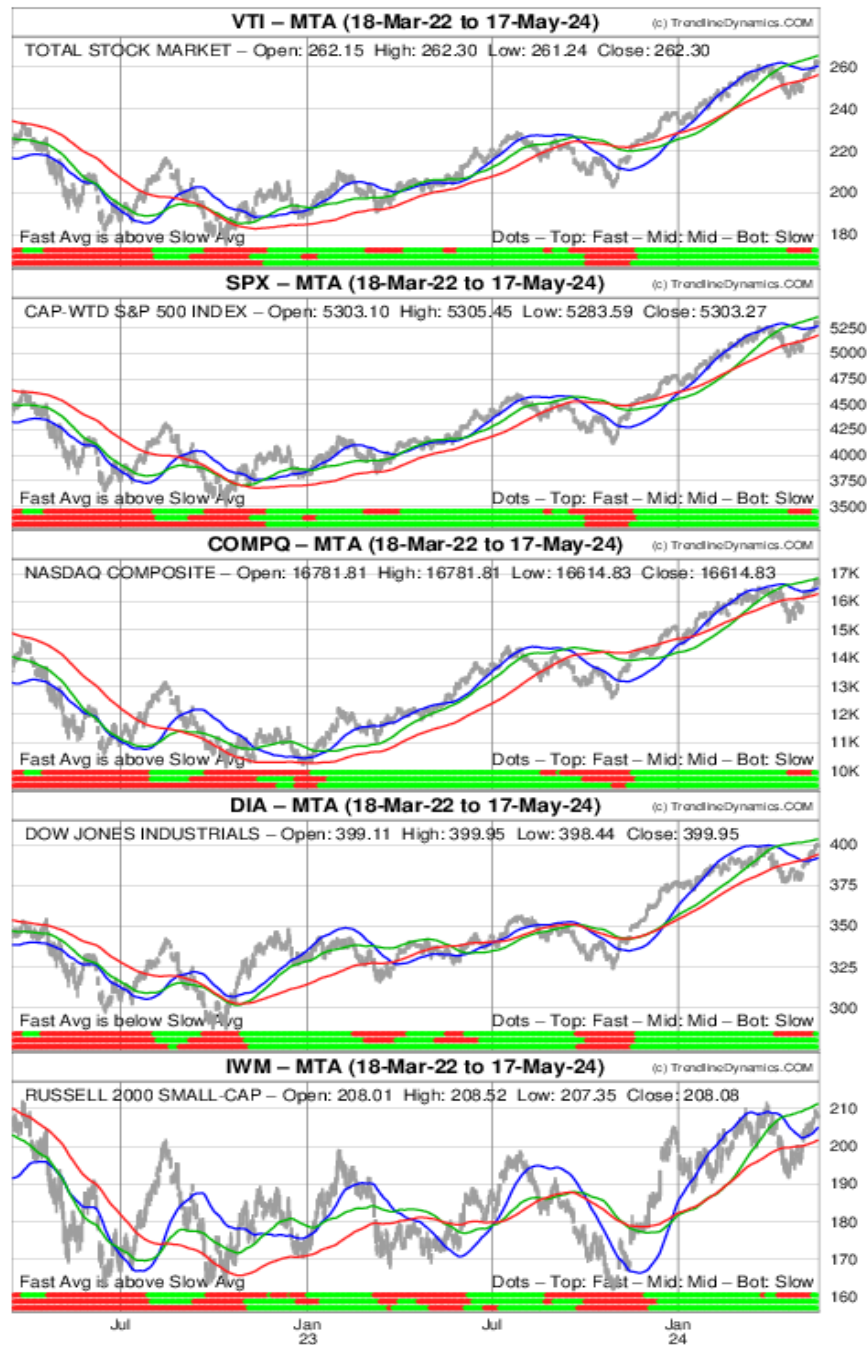
I started comparison shopping at Walmart.COM last year when Amazon ran out of a product I needed. Amazon's price — if and when they got some more — was \$64.95. I found the same item, in stock, at Walmart.COM for \$36.95, more than 40% off Amazon's price. Since then I always check prices on both sites, and Walmart often wins.

[[On Wednesday, Keith Fitz-Gerald wrote about Walmart, ending his analysis with "WMT is flat in the low \$60 range as I type but I don't think it'll stay that way for long." On Thursday, Walmart stock jumped from just under \$60 to \$63 at the open, and it ended the day over \$64.]]

Market Barometers

← Use this link to see all the market barometer charts

Four major indexes made all-time highs this week. IWM got close to a 29-week high but didn't quite make it. All 5 indexes now have all three averages rising, so their MTAs are solid green again.



Week-over-week: All the indexes advanced this week — VTI: 1.6%, SPX: 1.5%, COMPQ: 1.7%, DIA: 1.2%, IWM: 1.8%.

A Closer Look

The SPX was weak on Monday but very strong on Tuesday and Wednesday, then it was quiet on Thursday and Friday. The advance-decline line confirmed price action, as did the stocks above their 50-day averages. Stocks above their 200-day averages did even better. The number of stocks above their 50-day averages are now over 60%.



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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[Inflation Universe](#)

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[Auxiliary Universe](#)

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[Special Security Universe](#)

← Use this link to get to the live summary table

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 17-May-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLU	UTILITIES	ETF	UP	4.83:1.00	up	72/1	0.6
XLE	ENERGY	ETF	UP	2.42:1.00	<<UP>>	3/1	-0.0
SMH	SEMICONDUCTORS	ETF	UP	2.42:1.00	UP	10/1	1.3
ITA	SPACE & DEFENSE	ETF	UP	2.08:1.00	<<UP>>	908/1	0.1
PAVE	INFRASTRUCTURE	ETF	UP	1.70:1.00	-up-	6/1	0.3
XLP	CONSUMER STAPLES	ETF	UP	1.59:1.00	<<up>>	103/1	0.4
XLI	INDUSTRIALS	ETF	UP	1.53:1.00	-DN-	1/1	0.2
XLF	FINANCIALS	ETF	UP	1.46:1.00	<<UP>>	999/1	0.4
XLB	MATERIALS	ETF	UP	1.37:1.00	<<UP>>	6/1	0.3
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.06:1.00	UP	999/1	0.5
KIE	INSURANCE SECTOR	ETF	UP	1.00:1.00	<<UP>>	7/1	0.4
XLC	COMMUNICATION SRVCS	ETF	UP	0.92:1.00	UP	5/1	0.6
XRT	RETAIL	ETF	UP	0.55:1.00	DN	7/1	0.8
ITB	HOME CONSTRUCTION	ETF	UP	0.21:1.00	-dn-	7/1	0.5
XLK	INFO TECHNOLOGY	ETF	<<UP>>	0.00:1.00	-dn-	999/1	1.0
XLV	HEALTH CARE	ETF	UP	-0.18:1.00	UP	7/1	0.7
XLY	CONSUMER DISCR	ETF	UP	-0.44:1.00	<<UP>>	1/2	0.2
XLRE	REAL ESTATE	ETF	DN	-1.26:1.00	-DN-	6/1	0.9
IYT	TRANSPORT NDX	ETF	DN	-1.32:1.00	-DN-	3/1	0.5

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													23-Feb-2024 to 17-May-2024												
23 Feb	01 Mar	08 Mar	15 Mar	22 Mar	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May	23 Feb	01 Mar	08 Mar	15 Mar	22 Mar	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	
COMMS	INFRA	INFRA	INFRA	INFRA	INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY	ENRGY	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	SEMIS	
BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	INFRA	COMMS	SALES	SALES	SALES	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND
INFRA	COMMS	SALES	SALES	SALES	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND	TECHS	TRANS	TRANS	TRANS	INDUS	INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA	INFRA
TECHS	TRANS	TRANS	TRANS	INDUS	INDUS	MATER	MATER	INDUS	MATER	INDUS	MATER	INDUS	INFRA	FINAN	SALES	FINAN	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
FINAN	SALES	FINAN	INDUS	FINAN	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
TRANS	TECHS	INDUS	FINAN	INSUR	FINAN	INDUS	FINAN	BLDRS	FINAN	DFEND	MATER	INDUS	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
SP500	FINAN	COMMS	INSUR	MATER	INSUR	FINAN	COMMS	FINAN	COMMS	FINAN	FINAN	FINAN	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
HLTHY	INDUS	TECHS	COMMS	TRANS	ENRGY	INSUR	INSUR	UTILS	DFEND	COMMS	STAPL	MATER	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
SALES	SP500	INSUR	TECHS	SP500	SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS	SP500	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
INDUS	INSUR	SP500	SP500	COMMS	COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500	INSUR	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
INSUR	HLTHY	HLTHY	MATER	TECHS	TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR	COMMS	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
DFEND	DFEND	DFEND	HLTHY	ENRGY	TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS	SALES	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
STAPL	DISCR	MATER	DFEND	HLTHY	DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES	BLDRS	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
DISCR	STAPL	DISCR	STAPL	DFEND	HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY	TECHS	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
MATER	MATER	STAPL	DISCR	STAPL	STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	DISCR	HLTHY	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
REALE	REALE	REALE	ENRGY	DISCR	DISCR	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	DISCR	DISCR	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
ENRGY	ENRGY	ENRGY	REALE	REALE	UTILS	DISCR	DISCR	DISCR	DISCR	TRANS	TRANS	REALE	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	
UTILS	UTILS	UTILS	UTILS	UTILS	REALE	REALE	REALE	REALE	REALE	REALE	REALE	REALE	SP500	FINAN	COMMS	INSUR	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	

Details

Symbol	Slope	Synonym	Sector Name
1. XLU	4.83	UTILS	UTILITIES
2. XLE	2.42	ENRGY	ENERGY
3. SMH	2.42	SEMIS	SEMICONDUCTORS
4. ITA	2.08	DFEND	AEROSPACE & DEFENSE
5. PAVE	1.70	INFRA	INFRASTRUCTURE
6. XLP	1.59	STAPL	CONSUMER STAPLES
7. XLI	1.53	INDUS	INDUSTRIALS
8. XLF	1.46	FINAN	FINANCIALS
9. XLB	1.37	MATER	MATERIALS
10. SPX	1.06	SP500	S&P 500
11. KIE	1.00	INSUR	INSURANCE
12. XLC	0.92	COMMS	COMMUNICATION SRVCS
13. XRT	0.55	SALES	RETAIL SALES
14. ITB	0.21	BLDRS	HOMEBUILDERS
15. XLK	0.02	TECHS	TECHNOLOGY
16. XLV	-0.18	HLTHY	HEALTH CARE
17. XLY	-0.44	DISCR	CONSUMER DISCR
18. XLRE	-1.26	REALE	REAL ESTATE
19. IYT	-1.32	TRANS	TRANSPORTATION

The top 5 this week are the same as the top 5 last week.

This Week's Selections

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

Top ETFs By Slope

Current Holdings

Sym	Slope	Sell Stop	Last
XLU	4.83% ↑↑	\$70.65	\$72.34 ↑↑
ITA	2.08% ↑↑	\$133.84	\$135.50 ↑↑
XLP	1.59% ↑↑	\$76.88	\$78.21 ↑↑
BIL	0.00% —	\$90.85	\$91.65 —

Other Sectors

Sym	Slope	Long	Last
XLE	2.42% ↓↓	no	\$94.96 ↑
SMH	2.42% ↑	no	\$230.25 ↑↑
PAVE	1.70% —	no	\$38.98 ↓
XLI	1.53% —	no	\$125.33 ↓
XLF	1.46% ↑	no	\$42.49 ↑↑
XLB	1.37% —	no	\$92.15 ↑↑
SPX	1.06% ↑	Index	\$5303.27↑↑
KIE	1.00% ↑↑	no	\$51.83 ↑↑
XLC	0.92% ↑↑	no	\$82.61 ↑↑

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

Analysis

[XLU](#) made a 72-week high and all basic charts are positive. [ITA](#) made a 17.46-year high and all basic charts remain up. [XLP](#) made a 103-week high and all basic charts are up.

[XLE](#) has most basic charts either neutral or neutral+. [SMH](#)'s basic charts are up. [PAVE](#) will get interesting when it gets above \$40. [XLI](#) is having trouble breaking away from \$125.

[XLF](#) made an all-time high and all basic charts are up. [XLB](#) — for the last 6 days, price has been essentially flat. [KIE](#) — on Mar 28th price closed at \$52.07. I don't think KIE will get interesting until it's above \$52. [XLC](#) — price closed at \$82.81 on April 3rd. Right now we're closing below that.

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Thoughts and Decisions

XLF is in a well-formed 21-week rising channel, and With XLF making an all-time high and having all basic charts are up, it's hard to find a reason to avoid buying it.

So my choices for this week are: 10% ITA, 10% XLF, 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 made a 12-year high and it punched through psychological and historical resistance around \$50. If it holds above \$50, I will buy it.

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

Flirting with \$23.50. Not a buy.

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

Gapped up to \$23.71 on heavy volume. We'll see if it holds or falls back.

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

4 out of 6 basic charts are down. Slope is falling.

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

Made a 7-year high. If it holds above \$32, I will buy some.

[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.

Currently declining.

[UUP](#) — US Dollar ETF

Declining.

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