

Weekly Market Analysis #512 — 31 May 2024

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This Week

Nvidia CEO Jensen Huang announced that Nvidia would do a 10-for-1 stock split effective June 7. Stock splits are largely non-events. They calm naïve investors concerns about the stock being overpriced, even though the value of the stock didn't change. (Is NVDA overpriced? I guess that depends on whose analysis you're reading. Be careful of conflating *value* and *price*...)

On Tuesday the "T+1" rule went into effect. The T+1 rule requires that securities trades be settled in one business day. SEC Chair Gary Gensler has promoted T+1 as a way to make markets more resilient, timely, and orderly. Brokers have complained that 1-day settlements may introduce additional risks, although no one seems to be saying what those risks are.

Salesforce missed earnings by 0.1%, the stock dropped 19%, and nobody seemed surprised. (?)

Marc Chaikin was talking about gold on Tuesday. He recommended Sprott Gold Miners ETF (SGDM). I've been tracking VanEck Gold Miners ETF (GDX) for some years. His recommendation of Sprott Gold Miners made me wonder if SGDM was better than GDX. So I compared the two funds. Things I look at early on are low expense ratio, stability, liquidity, and yield (if any).

ETF.com has a useful tool for doing quick comparisons of ETFs. Here is the URL for comparing SGDM and GDX: <https://www.etf.com/tools/etf-comparison/SGDM-vs-GDX> and some metrics:

| FUNDS | SGDM | GDX | |
|-------------------------|-----------|-----------|---------------------------------|
| EXPENSE RATIO | 0.50% | 0.51% | management costs are the same |
| ASSETS UNDER MANAGEMENT | \$252.55M | \$13.83B | GDX is clearly more popular |
| AVERAGE DAILY \$ VOLUME | \$880.80K | \$873.38M | GDX has much more liquidity |
| DISTRIBUTION YIELD | 1.24% | 1.40% | GDX has a slightly higher yield |

The ETF.COM comparison also shows the top 10 holdings and percentage sizes, which provides a cursory look at how the fund invests.

The next thing I look at is the relative performance over the long term. For this I go to bigcharts.marketwatch.com and bring up a [price chart comparing the funds for 10-years](#).

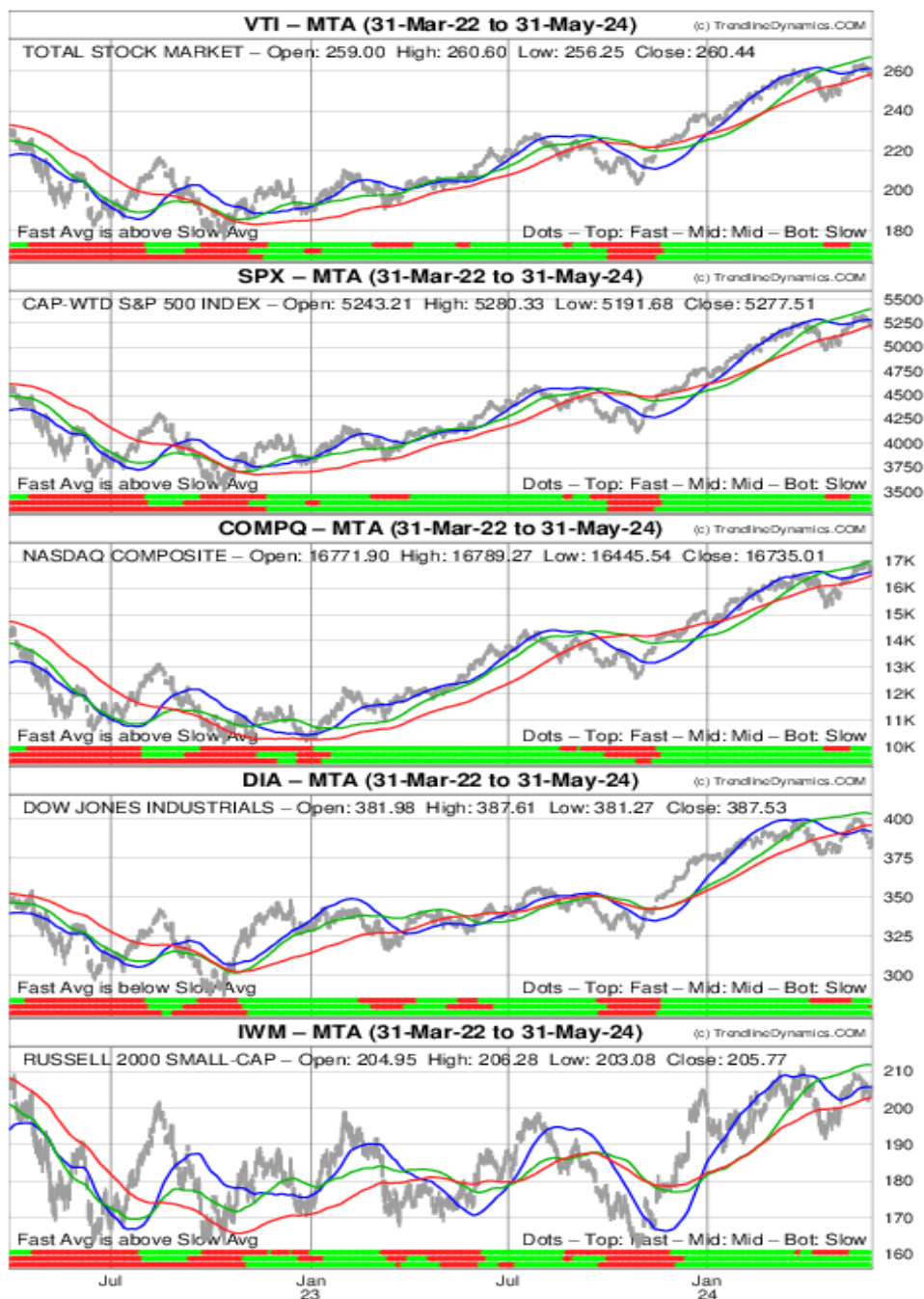


These are only cursory comparisons but they often reveal telling differences.

Market Barometers

← Use this link to see all the market barometer charts

VTI, SPX, and DIA declined a small amount. COMPQ declined the most (-1.1%) while IWM was very slightly up for the week. All 5 indexes have positive MTAs, although DIA (used as a surrogate for the DJIA index) is showing a hint of red for the middle-length MTA average.



Week-over-week: VTI: -0.5%, SPX: -0.5%, COMPQ: -1.1%, DIA: -0.8%, IWM: 0.2%.

A Closer Look

The SPX fell \$27.21 this week (-0.51%). The advance-decline line fell further (Tue, Wed), then rose higher (Thu, Fri) than price, which is unusual. Stocks above their 50-day averages matched the NYAD. Stocks above their 200-day averages followed a similar pattern but were more subdued.



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](#)

← Use this link to get to the live summary table

| SPX Sector Universe Analysis for 31-May-2024 | | | | | | | |
|--|-----------------------|-------|-------|------------|------|-------|--------|
| Symbol | Description | Instr | MTA 3 | RelStr | CMF | NH/NL | MCHist |
| XLU | UTILITIES | ETF | UP | 5.56:1.49 | «UP» | 1/3 | -0.7 |
| SMH | SEMICONDUCTORS | ETF | UP | 4.54:1.49 | -up- | 999/1 | 0.6 |
| ITA | SPACE & DEFENSE | ETF | UP | 2.39:1.49 | «UP» | 1/4 | -0.2 |
| XLP | CONSUMER STAPLES | ETF | UP | 1.75:1.49 | «up» | 1/4 | -0.3 |
| SPX | CAP-WTD S&P 500 INDEX | INDEX | UP | 1.55:1.49 | «UP» | 1/3 | -0.1 |
| XLK | INFO TECHNOLOGY | ETF | UP | 1.42:1.49 | «UP» | 999/2 | -0.1 |
| PAVE | INFRASTRUCTURE | ETF | UP | 1.42:1.49 | ≡DN≡ | 0/4 | -0.3 |
| XLF | FINANCIALS | ETF | UP | 1.40:1.49 | -UP- | 1/4 | -0.3 |
| KIE | INSURANCE SECTOR | ETF | UP | 1.33:1.49 | -UP- | 1/4 | -0.2 |
| XLC | COMMUNICATION SRVCS | ETF | UP | 1.26:1.49 | «UP» | 136/1 | 0.1 |
| XLB | MATERIALS | ETF | UP | 1.22:1.49 | -UP- | 1/4 | -0.2 |
| XLI | INDUSTRIALS | ETF | UP | 1.14:1.49 | «UP» | 0/6 | -0.4 |
| XRT | RETAIL | ETF | UP | 0.98:1.49 | =dn= | 2/1 | 0.1 |
| XLE | ENERGY | ETF | UP | 0.98:1.49 | «dn» | 1/11 | -0.3 |
| XLV | HEALTH CARE | ETF | UP | 0.32:1.49 | «UP» | 0/4 | -0.3 |
| ITB | HOME CONSTRUCTION | ETF | UP | -0.43:1.49 | «UP» | 1/6 | -0.4 |
| XLY | CONSUMER DISCR | ETF | DN | -0.54:1.49 | «UP» | 1/1 | -0.2 |
| XLRE | REAL ESTATE | ETF | DN | -0.59:1.49 | «UP» | 1/4 | -0.2 |
| IYT | TRANSPORT NDX | ETF | DN | -2.18:1.49 | «UP» | 1/24 | -0.5 |

Only 4 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 | | | | | | | | | | | | | 08-Mar-2024 to 31-May-2024 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------------------|--|
| 08 Mar | 15 Mar | 22 Mar | 28 Mar | 05 Apr | 12 Apr | 19 Apr | 26 Apr | 03 May | 10 May | 17 May | 24 May | 31 May | | |
| SEMIS | SEMIS | SEMIS | SEMIS | SEMIS | SEMIS | ENRGY | ENRGY | ENRGY | UTILS | UTILS | UTILS | UTILS | | |
| INFRA | INFRA | INFRA | INFRA | INFRA | ENRGY | SEMIS | SEMIS | UTILS | ENRGY | ENRGY | SEMIS | SEMIS | | |
| BLDRS | BLDRS | BLDRS | BLDRS | BLDRS | INFRA | INFRA | INFRA | SEMIS | SEMIS | SEMIS | DFEND | DFEND | | |
| SALES | SALES | SALES | SALES | ENRGY | BLDRS | MATER | UTILS | INFRA | DFEND | DFEND | STAPL | STAPL | | |
| TRANS | TRANS | INDUS | INDUS | MATER | MATER | INDUS | MATER | INDUS | INFRA | INFRA | INFRA | SP500 | | |
| FINAN | INDUS | FINAN | MATER | SALES | INDUS | COMMS | INDUS | MATER | INDUS | STAPL | FINAN | TECHS | | |
| INDUS | FINAN | INSUR | FINAN | INDUS | FINAN | BLDRS | FINAN | DFEND | MATER | INDUS | ENRGY | INFRA | | |
| COMMS | INSUR | MATER | INSUR | FINAN | COMMS | FINAN | COMMS | FINAN | FINAN | FINAN | INDUS | FINAN | | |
| TECHS | COMMS | TRANS | ENRGY | INSUR | INSUR | UTILS | DFEND | COMMS | STAPL | MATER | SP500 | INSUR | | |
| INSUR | TECHS | SP500 | SP500 | COMMS | SALES | SP500 | SP500 | STAPL | COMMS | SP500 | MATER | COMMS | | |
| SP500 | SP500 | COMMS | COMMS | SP500 | SP500 | INSUR | BLDRS | SP500 | SP500 | INSUR | INSUR | MATER | | |
| HLTHY | MATER | TECHS | TRANS | TRANS | DFEND | DFEND | INSUR | INSUR | INSUR | COMMS | COMMS | INDUS | | |
| DFEND | HLTHY | ENRGY | TECHS | DFEND | UTILS | SALES | STAPL | BLDRS | BLDRS | SALES | TECHS | ENRGY | | |
| MATER | DFEND | HLTHY | DFEND | TECHS | TECHS | TECHS | SALES | SALES | SALES | BLDRS | SALES | SALES | | |
| DISCR | STAPL | DFEND | HLTHY | UTILS | TRANS | STAPL | TRANS | HLTHY | HLTHY | TECHS | HLTHY | HLTHY | | |
| STAPL | DISCR | STAPL | STAPL | STAPL | STAPL | TRANS | TECHS | DISCR | TECHS | HLTHY | BLDRS | BLDRS | | |
| REALE | ENRGY | DISCR | DISCR | HLTHY | HLTHY | HLTHY | TECHS | DISCR | DISCR | DISCR | DISCR | DISCR | | |
| ENRGY | REALE | REALE | UTILS | DISCR | DISCR | DISCR | DISCR | TRANS | TRANS | REALE | REALE | REALE | | |
| UTILS | UTILS | UTILS | REALE | REALE | REALE | REALE | REALE | REALE | REALE | TRANS | TRANS | TRANS | | |

Details

| Symbol | Slope | Synonym | Sector Name |
|----------|-------|---------|---------------------|
| 1. XLU | 5.56 | UTILS | UTILITIES |
| 2. SMH | 4.54 | SEMIS | SEMICONDUCTORS |
| 3. ITA | 2.39 | DFEND | AEROSPACE & DEFENSE |
| 4. XLP | 1.75 | STAPL | CONSUMER STAPLES |
| 5. SPX | 1.55 | SP500 | S&P 500 |
| 6. XLK | 1.42 | TECHS | TECHNOLOGY |
| 7. PAVE | 1.42 | INFRA | INFRASTRUCTURE |
| 8. XLF | 1.40 | FINAN | FINANCIALS |
| 9. KIE | 1.33 | INSUR | INSURANCE |
| 10. XLC | 1.26 | COMMS | COMMUNICATION SRVCS |
| 11. XLB | 1.22 | MATER | MATERIALS |
| 12. XLI | 1.14 | INDUS | INDUSTRIALS |
| 13. XLE | 0.98 | ENRGY | ENERGY |
| 14. XRT | 0.98 | SALES | RETAIL SALES |
| 15. XLV | 0.32 | HLTHY | HEALTH CARE |
| 16. ITB | -0.43 | BLDRS | HOMEBUILDERS |
| 17. XLY | -0.54 | DISCR | CONSUMER DISCR |
| 18. XLRE | -0.59 | REALE | REAL ESTATE |
| 19. IYT | -2.18 | TRANS | TRANSPORTATION |

The top 4 sectors remained the same. The SPX moved up 4 levels to #5, and Technology jumped 7 places to #6. Energy dropped from #7 to #13.

In the slopes of the top 12 levels, 4 sectors went up, 6 went down, one (ITA) remained flat, and the SPX moved up slightly (from 1.36 to 1.55). So the SPX rise in the rankings was more due to sector slopes declining below it rather than a big rise in the slope of the SPX.

This Week's Selections

My sector choices for last week were: 10% ITA, 10% SMH, 10% XLF, 10% XLU, and BIL 60%.

Top ETFs By Slope

Current Holdings

| Sym | Slope | Sell Stop | Last |
|-----|----------|-----------|------------|
| XLU | 5.56% ↑↑ | \$70.65 | \$77.72 ↑ |
| SMH | 4.54% ↑↑ | \$236.65 | \$240.48 ↓ |
| ITA | 2.39% — | \$133.84 | \$136.02 ↑ |
| XLF | 1.40% ↓ | \$40.85 | \$41.64 — |
| | | | |
| | | | |
| | | | |
| | | | |
| BIL | 0.00% — | \$90.85 | \$91.82 — |

Other Sectors

| Sym | Slope | Long | Last |
|------|----------|-------|--------------|
| XLP | 1.75% ↓ | no | \$77.34 — |
| SPX | 1.55% ↑ | Index | \$5,277.51 ↓ |
| XLK | 1.42% ↑↑ | no | \$215.19 ↓ |
| PAVE | 1.42% ↓↓ | no | \$38.70 ↓ |
| KIE | 1.33% — | no | \$51.16 ↑ |
| XLC | 1.26% ↑↑ | no | \$83.26 ↑↑ |
| XLB | 1.22% ↓ | no | \$91.53 — |
| XLI | 1.14% ↓↓ | no | \$123.51 ↓↓ |
| XRT | 0.98% ↑↑ | no | \$77.52 ↑ |

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

Analysis

[XLU](#) — On Wednesday, XLU closed below my \$70.65 stop. I was ready to put in a sell order the next morning but it opened at \$70.74, so I didn't sell. Despite the dip, XLU ended the week back above \$72.50. [SMH](#) made another all-time high on Tuesday. It declined after that, closing just above \$240. [ITA](#) declined for several days, then found support near \$132.50. All the basic charts were down on Wednesday so I really should have sold it but I hesitated. Even though price came back, I should have followed my plan and sold...not hesitated. [XLF](#) closed Wednesday at \$40.82, 3 cents below my stop. A few cents makes it a judgment call. Then it opened on Thursday at \$40.86 so I watched it during the day.

[XLP](#) has ATS, RSI, MACD, and OBV down, with CMF neutral and KB neutral+. [XLK](#) made an all-time high at \$216.10, then dropped almost 5% before ending the week just above \$210. [PAVE](#) — declining since its Mar 28th high. [KIE](#) — declining since its Mar 28th high.

[XLC](#) made a 2.62-year high. Money flow is strong. An open and a close above \$83 could signal the start of another leg up. [XLB](#) — declining since its Apr 9th high. [XLI](#) is declining since its Mar 28th high. [XRT](#) needs to get above its Mar 28th high (\$78.99).

Thoughts and Decisions

The [dragonfly doji](#) in XLK on Friday is intriguing. It could signal a turn up. Then again, it might be just indigestion. The [bullish engulfing](#) on Friday for XLC might also be interesting, but I need some follow through to be more confident. Other than those two, I don't see anything worth buying.

So my choices for this week are still: 10% ITA, 10% SMH, 10% XLF, 10% XLU, and BIL 60%.

Other Securities You May Find Interesting

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

COPX remains below \$50.

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

If DBA can remain above \$25 it will become interesting.

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

DBC seems to be having trouble getting above \$24.

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

Declining since its Apr 3rd high.

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

Still flirting with \$32 and the CMF is still hanging around zero.

[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.

Seems to be stuck in a gravity well near \$75. ("Gravity well" was a term that refers to an area or level that price can't seem to get away from. I first heard it used by Don Kaufman some years ago.)

[UUP](#) — US Dollar ETF

UUP is in a 29-week, well-collimated, declining channel.