

Weekly Market Analysis #513 — 7 June 2024

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This Week

On Wednesday, the Bank of Canada cut its base interest rate by 0.25% to 4.75%. Then on Thursday, Christine Lagarde's European Central Bank followed suit, cutting Eurozone rates 25 basis points (0.25%). Based on recent history, the Bank of England, and the Reserve Bank of Australia are expected to do the same and begin reducing rates in the near future.

On Friday, Peter Boockvar said this month's job report has an interesting anomaly. Employers reporting 272,000 new hires, but households reported having 408,000 fewer jobs.

The Atlanta Fed's GDPNow model was forecasting real gross domestic product growth of 1.8% in the second quarter, down from the 2.7% it forecast just last week.

Brian Schreiner mentioned:

U.S. federal government spending now accounts for about 20% of GDP, an all-time high. Much of that spending is not covered by tax receipts, resulting in deficit spending levels of around 6% of GDP, significantly higher than the Eurozone. If the US were to enter a recession, tax revenues would decline, and unemployment benefit payments would rise and, under that scenario, government spending as a percentage of GDP would likely increase. The deficit could reach 10% of GDP, which could drive yields on long-term government bonds significantly higher.

Key measures of consumer spending and personal income weakened in April after posting healthy growth earlier in the year. Real disposable incomes have risen only modestly over the past year, and many Americans are increasingly relying on credit cards and other sources of financing to support their spending.

These factors help explain why real spending — which excludes the impact from inflation — fell in April, with consumers cutting back on spending. The job market also cooling, and companies like Best Buy Co. have noticed a change in recent months as shoppers switch to cheaper brands.

These declines, plus the recent downward revision to the government's estimate for gross domestic product in the first quarter, provide fairly convincing evidence the US economy is coming off the surprisingly strong pace it set in 2023.

However, Bloomberg reported:

The Goldman Sachs trading desk says a flood of cash from passive equity allocations will pour into the stock market in early July, setting up a continuing rally through early summer. How do they know this? "New quarter (Q3), new half year (2H), this is when a wall of money comes into the equity market quickly," Goldman's Scott Rubner wrote in a note to clients. In addition, the bank predicted that share prices should benefit from strong seasonal trends and rising engagement from retail investors.

[Market Barometers](#) ← Use this link to see all the market barometer charts

VTI, SPX, COMPQ, and DIA advanced this week but IWM declined more than 2%. VTI, SPX, and COMPQ made all-time highs this week, but the MTAs for DIA and IWM are both starting to show red dots (declining slope) in the fast average and medium average rows.



Week-over-week: VTI: 1.0%, SPX: 1.3%, COMPQ: 2.4%, DIA: 0.2%, IWM: -2.2%.

A Closer Look

The SPX closed higher on Monday through Wednesday, with Wednesday being an all-time high. Then it stalled on Thursday and Friday. The advance-decline line lagged price significantly and the stocks above their 200-day averages did even worse, declining 5 days in a row.



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

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SPX Sector Universe Analysis for 07-Jun-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	5.78:1.62	UP	999/1	0.5
XLU	UTILITIES	ETF	UP	5.25:1.62	-DN-	1/4	-1.1
ITA	SPACE & DEFENSE	ETF	UP	2.50:1.62	«up»	911/1	-0.0
XLK	INFO TECHNOLOGY	ETF	UP	1.83:1.62	UP	2/1	-0.0
XLP	CONSUMER STAPLES	ETF	UP	1.75:1.62	≡UP≡	2/1	-0.0
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.74:1.62	UP	999/1	0.0
XLC	COMMUNICATION SRVCS	ETF	UP	1.66:1.62	-up-	139/1	0.4
XRT	RETAIL	ETF	UP	1.64:1.62	«DN»	10/1	0.1
XLF	FINANCIALS	ETF	UP	1.12:1.62	UP	1/1	-0.1
KIE	INSURANCE SECTOR	ETF	UP	1.11:1.62	-up-	1/1	-0.2
XLB	MATERIALS	ETF	UP	1.01:1.62	UP	1/1	-0.2
PAVE	INFRASTRUCTURE	ETF	UP	0.76:1.62	-DN-	1/7	-0.7
XLI	INDUSTRIALS	ETF	UP	0.70:1.62	=UP=	1/1	-0.3
XLV	HEALTH CARE	ETF	UP	0.55:1.62	UP	2/1	0.2
XLE	ENERGY	ETF	UP	0.11:1.62	=UP=	1/12	-0.5
XLRE	REAL ESTATE	ETF	DN	-0.18:1.62	≡UP≡	2/1	0.1
XLY	CONSUMER DISCR	ETF	DN	-0.45:1.62	UP	2/1	0.2
ITB	HOME CONSTRUCTION	ETF	UP	-0.81:1.62	«UP»	1/16	-0.3
IYT	TRANSPORT NDX	ETF	DN	-2.37:1.62	=dn=	3/1	0.4

5 sectors did better than the SPX this week. Their week-over-week changes were positive except for XLU: SMH: 4.9%, XLU: -3.8%, ITA: 0.3%, XLK: 2.6%, XLP: 0.4%.

Sector Relative-Strength History

13 weeks of slope history for 18 sector ETFs and the SPX.

15 Mar	22 Mar	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May	24 May	31 May	07 Jun
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	UTILS	SEMIS
INFRA	INFRA	INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY	ENRGY	SEMIS	SEMIS	UTILS
BLDRS	BLDRS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	SEMIS	DFEND	DFEND	DFEND
SALES	SALES	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND	STAPL	STAPL	TECHS
TRANS	INDUS	INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA	INFRA	INFRA	SP500	STAPL
INDUS	FINAN	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	FINAN	TECHS	SP500
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	SALES
COMMS	TRANS	ENRGY	INSUR	INSUR	UTILS	DFEND	COMMS	STAPL	MATER	SP500	INSUR	FINAN
TECHS	SP500	SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS	SP500	MATER	COMMS	INSUR
SP500	COMMS	COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500	INSUR	INSUR	MATER	MATER
MATER	TECHS	TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR	COMMS	COMMS	INDUS	INFRA
HLTHY	ENRGY	TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS	SALES	TECHS	ENRGY	INDUS
DFEND	HLTHY	DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES	BLDRS	SALES	SALES	HLTHY
STAPL	DFEND	HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY	TECHS	HLTHY	HLTHY	ENRGY
DISCR	STAPL	STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	TECHS	HLTHY	BLDRS	BLDRS	REALE
ENRGY	DISCR	DISCR	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	DISCR	DISCR	DISCR	DISCR	DISCR
REALE	REALE	UTILS	DISCR	DISCR	DISCR	DISCR	TRANS	TRANS	REALE	REALE	REALE	BLDRS
UTILS	UTILS	REALE	REALE	REALE	REALE	REALE	REALE	REALE	TRANS	TRANS	TRANS	TRANS

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	5.78	SEMIS	SEMICONDUCTORS
2. XLU	5.25	UTILS	UTILITIES
3. ITA	2.50	DFEND	AEROSPACE & DEFENSE
4. XLK	1.83	TECHS	TECHNOLOGY
5. XLP	1.75	STAPL	CONSUMER STAPLES
6. SPX	1.74	SP500	S&P 500
7. XLC	1.66	COMMS	COMMUNICATION SRVCS
8. XRT	1.64	SALES	RETAIL SALES
9. XLF	1.12	FINAN	FINANCIALS
10. KIE	1.11	INSUR	INSURANCE
11. XLB	1.01	MATER	MATERIALS
12. PAVE	0.76	INFRA	INFRASTRUCTURE
13. XLI	0.70	INDUS	INDUSTRIALS
14. XLV	0.55	HLTHY	HEALTH CARE
15. XLE	0.11	ENRGY	ENERGY
16. XLRE	-0.18	REALE	REAL ESTATE
17. XLY	-0.45	DISCR	CONSUMER DISCR
18. IIB	-0.81	BLDRS	HOMEBUILDERS
19. IYT	-2.37	TRANS	TRANSPORTATION

The same 6 sectors are still in the top 6 slots, but not in the same order. Semiconductors pushed Utilities out of first place and Technology pushed Consumer Staples out of 4th place.

Other Securities You May Find Interesting

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

All basic charts are down except CMF, which is marginally positive at 0.52.

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

If DBA can remain above \$25 (and CMF gets out of the basement) this will become interesting.

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

CMF is neutral and OBV is negative. Basic price charts are all 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

The only thing interesting about EPD is that its CMF just went positive.

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

All basic charts are down.

[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.

All basic charts are down.

[UUP](#) — US Dollar ETF

UUP's MTA is still down. Price gapped up on Friday (and gaps frequently fall back closed). Money flow is essentially flat.