

Weekly Market Analysis #514 — 14 June 2024

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This Week

One factory making CVS-branded pain and fever medications for children used contaminated water. Another made drugs for kids that were too potent. And a third made nasal sprays for babies on the same machines it used to produce pesticides. The drugs were among those sold by CVS Health Corp. under its store-brand label before being recalled. Other US chains have seen their share of recalls for their own store-branded medications, but over the past 10 years the CVS-brand medicines have been recalled about two times more than those from Walgreens Boots Alliance and three times more than those from Walmart. (See: [Fortune report](#))

If I were holding shares of CVS, I might consider moving my money to something more sensible, like bio-degradable concrete or chrome-plated muffler bearings.

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[Tuan Nguyen](#) wrote, "Consumer sentiment dropped to 65.6 in June, a seven-month low, which was much less than expected with declining sentiment on personal finances as the focus, according to the University of Michigan survey released on Friday. The subindex for personal finances fell to 79, the lowest since October."

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A few years ago I wrote an essay criticizing Target Date retirement funds. This week Brian Livingston wrote about TDFs (Target Date Funds). Brian Livingston is an award-winning business journalist, a contributor to MarketWatch and StockCharts, and the author of the book Muscular Portfolios. Here are the high points of what he wrote about TDFs.

In the United States Congress passed a bill in 2019 that encouraged companies to automatically enroll employees in retirement accounts, except for any workers who opted out. As a result, more than 60% of non-retired Americans now have money in a 401(k), a 403(b), or a similar employer-based savings account, according to a Motley Fool article.

Unfortunately for individual investors, so-called "target-date funds" (TDFs) became the investment vehicle that companies assigned most often to employees. In the US, 68% of 401(k) participants hold target-date funds.

TDFs expose investors to a high level of risk. Vanguard's target-date funds, for example, allocate 90% of investors' money to volatile US and international stocks for the first 15 years or so. The other 10% is allocated to bonds. Investopedia calls this an "aggressive allocation."

...Vanguard's TDF underperformance is massive. Over the long term, the S&P 500...turned \$100,000 into \$622,000, while [Vanguard's] VFIFX left you with only \$373,000 in the 14-year period ending June 11, 2024.

Almost no experienced investors put their money into TDFs, while young investors whose employers shove them into TDFs by default go along for the ride until they realize their nest eggs are shrinking instead of growing. Even 401k retirement management companies have quietly admitted that target date funds are "less than optimal" investment vehicles and are "not good choices" for inexperienced investors.

[Market Barometers](#)

← Use this link to see all the market barometer charts

VTI, SPX, and COMPQ made all-time highs this week. DIA and IWM lost ground and are still showing two rows of red dots.



Week-over-week: VTI: 1.4%, SPX: 1.6%, COMPQ: 2.6%, DIA: -0.5%, IWM: -1.2%.

A Closer Look

The SPX rose on Monday and Tuesday, then jumped above \$5400 and stayed there for Wednesday through Friday. The advance-decline line and the stocks above their 50 and 200-day averages declined on Tuesday, Thursday, and Friday, indicating the rises in price did not have broadly-based support.

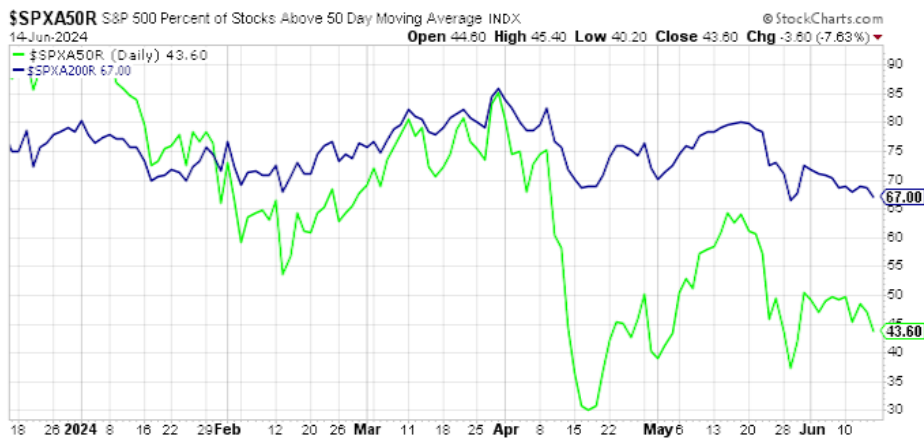


Chart links: [SPX Price](#), [Advances Minus Declines](#), [Stocks Above 50&200 Averages](#), [NewHigh-NewLows](#)

[Bullish Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Analysis for 13-Jun-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	6.89:1.86	UP	999/1	0.9
XLU	UTILITIES	ETF	UP	4.66:1.86	«dn»	1/5	-1.1
XLK	INFO TECHNOLOGY	ETF	UP	2.55:1.86	UP	999/1	0.6
ITA	SPACE & DEFENSE	ETF	UP	2.38:1.86	up	1/2	-0.3
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	2.01:1.86	UP	999/1	0.2
XLC	COMMUNICATION SRVCS	ETF	UP	1.97:1.86	up	1/2	0.0
XLP	CONSUMER STAPLES	ETF	UP	1.68:1.86	«UP»	1/2	-0.2
XRT	RETAIL	ETF	UP	1.58:1.86	-DN-	1/2	-0.2
XLF	FINANCIALS	ETF	UP	0.87:1.86	-up-	2/6	-0.3
KIE	INSURANCE SECTOR	ETF	UP	0.85:1.86	=up=	1/6	-0.4
XLV	HEALTH CARE	ETF	UP	0.84:1.86	«UP»	11/1	0.1
XLB	MATERIALS	ETF	UP	0.73:1.86	«UP»	1/6	-0.2
XLI	INDUSTRIALS	ETF	UP	0.48:1.86	UP	2/1	-0.1
PAVE	INFRASTRUCTURE	ETF	UP	0.23:1.86	«dn»	1/15	-0.3
XLRE	REAL ESTATE	ETF	DN	0.17:1.86	-up-	3/2	0.2
XLY	CONSUMER DISCR	ETF	DN	-0.26:1.86	«up»	5/1	0.4
XLE	ENERGY	ETF	UP	-0.40:1.86	«up»	2/13	-0.4
ITB	HOME CONSTRUCTION	ETF	UP	-1.12:1.86	-DN-	1/18	0.0
IYT	TRANSPORT NDX	ETF	DN	-2.21:1.86	dn	3/1	0.5

The week-over-week price changes for the 4 sectors that did better by long-term slope than the SPX were SMH: 6.2%, XLU: 0.0%, XLK: 5.6%, ITA: -3.1%.

Sector Relative-Strength History

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

Capital-Weighted Sector ETFs Relative Strength History													22-Mar-2024 to 14-Jun-2024	
22 Mar	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May	24 May	31 May	07 Jun	14 Jun		
SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	UTILS	SEMIS	SEMIS		
INFRA	INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY	ENRGY	SEMIS	SEMIS	UTILS	UTILS		
BLDRS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	SEMIS	DFEND	DFEND	DFEND	TECHS		
SALES	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND	STAPL	STAPL	TECHS	DFEND		
INDUS	INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA	INFRA	INFRA	SP500	STAPL	SP500		
FINAN	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	FINAN	TECHS	SP500	COMMS		
INSUR	FINAN	INDUS	FINAN	BLDRS	FINAN	DFEND	MATER	INDUS	ENRGY	INFRA	COMMS	STAPL		
MATER	INSUR	FINAN	COMMS	FINAN	COMMS	FINAN	FINAN	FINAN	INDUS	FINAN	SALES	SALES		
TRANS	ENRGY	INSUR	INDUS	UTILS	DFEND	COMMS	STAPL	MATER	SP500	INSUR	FINAN	HLTHY		
SP500	SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS	SP500	MATER	COMMS	INSUR	FINAN		
COMMS	COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500	INSUR	INSUR	MATER	MATER	INSUR		
TECHS	TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR	COMMS	COMMS	INDUS	INFRA	MATER		
ENRGY	TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS	SALES	TECHS	ENRGY	INDUS	INDUS		
HLTHY	DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES	BLDRS	SALES	SALES	HLTHY	REALE		
DFEND	HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY	TECHS	HLTHY	HLTHY	ENRGY	INFRA		
STAPL	STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	TECHS	HLTHY	BLDRS	BLDRS	REALE	DISCR		
DISCR	DISCR	HLTHY	HLTHY	HLTHY	HLTHY	TECHS	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY		
REALE	UTILS	DISCR	DISCR	DISCR	DISCR	TRANS	TRANS	REALE	REALE	REALE	BLDRS	BLDRS		
UTILS	REALE	REALE	REALE	REALE	REALE	REALE	REALE	TRANS	TRANS	TRANS	TRANS	TRANS		

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	7.22	SEMIS	SEMICONDUCTORS
2. XLU	4.45	UTILS	UTILITIES
3. XLK	2.78	TECHS	TECHNOLOGY
4. IIA	2.24	DFEND	AEROSPACE & DEFENSE
5. SPX	2.07	SP500	S&P 500
6. XLC	1.97	COMMS	COMMUNICATION SRVCS
7. XLP	1.60	STAPL	CONSUMER STAPLES
8. XRT	1.47	SALES	RETAIL SALES
9. XLV	0.86	HLTHY	HEALTH CARE
10. XLF	0.75	FINAN	FINANCIALS
11. KIE	0.69	INSUR	INSURANCE
12. XLB	0.63	MATER	MATERIALS
13. XLI	0.37	INDUS	INDUSTRIALS
14. XLRE	0.21	REALE	REAL ESTATE
15. PAVE	0.08	INFRA	INFRASTRUCTURE
16. XLY	-0.24	DISCR	CONSUMER DISCR
17. XLE	-0.58	ENRGY	ENERGY
18. ITB	-1.23	BLDRS	HOMEBUILDERS
19. IYT	-2.26	TRANS	TRANSPORTATION

The sectors in the top 4 slots are the same as last week, but not in exactly the same order. Semiconductors continued to lead Utilities but Technology took the 3rd slot, pushing Defense and Aerospace down to 4th.

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
SMH	7.22% ↑↑	\$236.65	\$267.89 ↑
XLK	2.78% ↑↑	\$219.65	\$227.67 —
ITA	2.24% ↓	\$133.84	\$132.29 ↓
XLF	0.75% ↓↓	\$40.85	\$40.65 ↓
BIL	0.00% —	\$90.85	\$91.62 —

Other Sectors

Sym	Slope	Long	Last
XLU	4.45% ↓	no	\$70.11 —
SPX	2.07% ↑↑	Index	\$5,431.60↑↑
XLC	1.97% ↑↑	no	\$84.13 ↓
XLP	1.60% —	no	\$76.75 ↓
XRT	1.47% ↓	no	\$74.79 ↓↓
XLV	0.86% ↑↑	no	\$145.88 ↓
KIE	0.69% ↓↓	no	\$48.97 ↓↓
XLB	0.63% ↓↓	no	\$88.98 ↓↓
XLI	0.37% ↓↓	no	\$121.15 —

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

Analysis

[SMH](#) made an all-time high on Friday. All basic charts are up. [XLK](#) also made an all-time high on Friday. All basic charts are up. [ITA](#) has been falling for more than a week and broke my stop. [XLF](#) has been declining, all basic charts are down, and it broke my stop.

[XLU](#) is clinging to \$70. 5 basic charts are down and CMF is barely positive at 0.54. [XLC](#) has made several unsuccessful tries to break \$85. Although KB and ATS are up, RSI and MACD are neutral-. CMF is positive but OBV seems to be turning down. [XLP](#)'s CMF is mildly positive and rising, but the other basic charts are all down. [XRT](#) is making higher lows but it is also making lower highs. Basic charts are all down.

[XLV](#)'s basic chart are mostly positive but it needs to get above \$148 to become interesting. [KIE](#) is back below \$50. CMF is neutral+ but the other 5 charts are down. [XLB](#) is back below \$90. CMF is strong but the rest of the basic charts are down. [XLI](#) has five charts down despite a positive and rising CMF.

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Thoughts and Decisions

Sell ITA and XLF. I don't see any other sectors strong enough to buy.

My choices for this week are: 10% SMH, 10% XLK, and BIL 80%.

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 negative at -0.29 .

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

KB, ATS, and MACD are up. RSI and OBV are neutral. CMF is hold steady at -2 .

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

RSI, MACD, CMF are negative, KB is neutral. OBV was rising but went flat on Thursday and Friday. ATS says up, but is unconvincing.

[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 remains flat to neutral despite a strong CMF.

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

Five basic charts are down. OBV may be turning up

[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.

KB, ATS, and MACD are up. Price is above psychological resistance \$75. There is local overhead supply up to \sim \$82.50 (i.e., historical resistance). OBV is rising but CMF is falling.

[UUP](#) — US Dollar ETF

UUP's MTA has turned up and price made a 25-week high. KB, ATS, RSI and MACD are up. Price gapped up on Friday (again). Money flow has turned up. This all sounds good but there is significant overhead supply in place from the second half of 2023.