

Weekly Market Analysis #515 — 21 June 2024

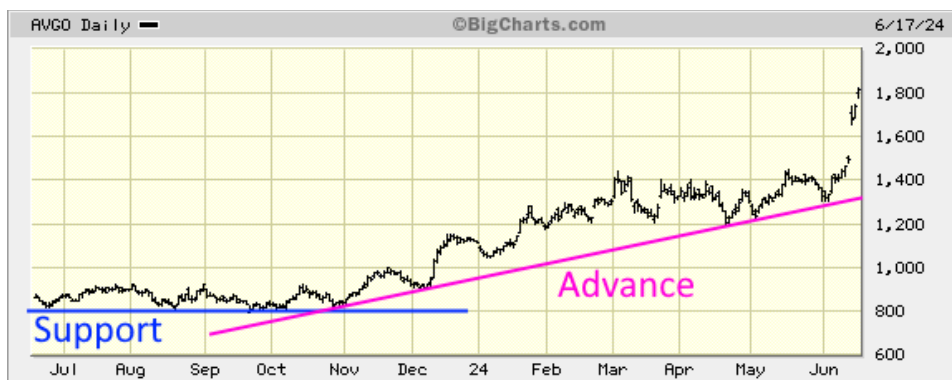
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This Week

Keith Fitz-Gerald, JC Parets, and other market experts tell us, "**When in doubt, zoom out.**"

Then there are the newsletters that focus on excitement. This week one of them was touting Broadcom (AVGO) and showed a chart like this:



It shows Broadcom with support near \$800, a nice advance from November through June, and then an impressive jump up to near \$1800. **But...** if we zoom out to a 10-year chart, we see:



This is a classic example of a stock "going parabolic" (i.e., price climbing at a steeper and steeper rate). As the slope of the advance approaches vertical, the odds of the advance being sustainable approach zero, and the risk of buying near the top grows very, very rapidly.

Part of the excitement is that Broadcom announced a 10-for-1 stock split on Monday. This means if you have 10 shares now, you will have a hundred shares after the split next month. But the shares will only be worth \$180 instead of \$1800 so, in fact, nothing changed. Your \$18,000 worth of AVGO will still be worth \$18,000. You'll just have cheap shares instead of costly ones.

People get excited about stock splits, but after a split there is no guarantee the price will go up. In many cases, the price goes down after a split, so it's safer to wait until after the split and see what develops. All a stock split does is change the scale on the right side of the chart. Here, \$1800 becomes \$180. \$1600 becomes \$160, and so on. That's basically all that happens.

A stock split changes the price, but it doesn't change the value. It's just bookkeeping.

Market Barometers

← Use this link to see all the market barometer charts

[VTI](#), [SPX](#), and [COMPQ](#) made all-time highs again this week. VTI and SPX are both in tight, rising, 25-week channels. COMPQ is in a tight, rising 33-week channel. All 3 have strong, rising, relative strength numbers. The trends of [DIA](#) and [IWM](#) are closer to horizontal than rising. They both have relative strength numbers that are declining toward zero.



Week-over-week: VTI: 0.6%, SPX: 0.6%, COMPQ: 0.6%, DIA: 1.3%, IWM: 0.8%

A Closer Look

The SPX rose on Monday and Tuesday, jumped to open at \$5500 on Thursday, retreated to \$5473 by the close, lost a little more ground on Friday, and ended the week at \$5464.62. The advance-decline line was slightly more positive on Thursday and Friday. And the stocks above their 50 and 200-day averages were definitely more positive than price on Thursday and Friday.



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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[Sector Universe](#)

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SPX Sector Universe Analysis for 21-Jun-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	8.42:2.08	-up-	999/1	0.3
XLK	INFO TECHNOLOGY	ETF	UP	3.68:2.09	-up-	999/0	0.7
XLU	UTILITIES	ETF	UP	3.58:2.08	=UP=	0/6	-0.7
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	2.31:2.08	-up-	999/0	0.2
XLC	COMMUNICATION SRVCS	ETF	UP	1.96:2.08	-UP-	2/1	-0.1
ITA	SPACE & DEFENSE	ETF	UP	1.73:2.08	=UP=	1/0	-0.3
XLP	CONSUMER STAPLES	ETF	UP	1.44:2.08	<<up>>	2/0	-0.1
XRT	RETAIL	ETF	UP	1.33:2.08	=dn=	1/0	-0.3
XLV	HEALTH CARE	ETF	UP	0.88:2.08	UP	2/2	0.0
XLF	FINANCIALS	ETF	UP	0.49:2.08	UP	3/0	0.0
XLRE	REAL ESTATE	ETF	DN	0.36:2.08	-UP-	0/1	0.1
KIE	INSURANCE SECTOR	ETF	UP	0.35:2.08	=UP=	3/0	0.0
XLB	MATERIALS	ETF	UP	0.29:2.08	<<UP>>	1/0	-0.1
XLI	INDUSTRIALS	ETF	UP	0.14:2.08	UP	3/0	0.1
XLY	CONSUMER DISCR	ETF	DN	0.00:2.08	=UP=	12/0	0.5
BIL	CASH EQUIVALENT	ETF	UP	0.00:2.08	<<dn>>	3/0	0.0
PAVE	INFRASTRUCTURE	ETF	UP	-0.37:2.08	=UP=	1/0	-0.1
XLE	ENERGY	ETF	UP	-1.01:2.08	<<DN>>	1/0	0.1
ITB	HOME CONSTRUCTION	ETF	UP	-1.55:2.08	<<UP>>	1/1	-0.0
IYT	TRANSPORT NDX	ETF	DN	-2.30:2.08	UP	1/0	0.4

The week-over-week price changes for the 3 sectors that did better by long-term slope than the SPX were SMH: -1.1%, XLK: 0.3%, XLU: -0.8%, SPX: 0.6%. For SMH, XLK, and XLU, that's an average of about -0.5%. (The average 5-day change in the SPX this year has been ±1.189%, so even SMH's change of -1.1% falls under the heading of statistical noise.)

Sector Relative-Strength History

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

Capital-Weighted Sector ETFs Relative Strength History													28-Mar-2024 to 21-Jun-2024													
28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May	24 May	31 May	07 Jun	14 Jun	21 Jun	28 Mar	05 Apr	12 Apr	19 Apr	26 Apr	03 May	10 May	17 May	24 May	31 May	07 Jun	14 Jun	21 Jun	
SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	UTILS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	UTILS	UTILS	UTILS	UTILS	SEMIS	SEMIS	SEMIS	
INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY	ENRGY	SEMIS	SEMIS	UTILS	UTILS	TECHS	INFRA	INFRA	ENRGY	SEMIS	SEMIS	UTILS	ENRGY	ENRGY	SEMIS	SEMIS	UTILS	UTILS	TECHS	
BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	SEMIS	DFEND	DFEND	DFEND	DFEND	TECHS	BLDRS	BLDRS	INFRA	INFRA	INFRA	SEMIS	SEMIS	DFEND	DFEND	DFEND	DFEND	TECHS	UTILS	
SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND	STAPL	STAPL	TECHS	DFEND	SP500	SALES	ENRGY	BLDRS	MATER	UTILS	INFRA	DFEND	DFEND	STAPL	STAPL	TECHS	DFEND	SP500	
INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA	INFRA	INFRA	SP500	STAPL	SP500	COMMS	INDUS	MATER	MATER	INDUS	MATER	INDUS	INFRA	INFRA	INFRA	SP500	STAPL	SP500	COMMS	
MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	FINAN	TECHS	SP500	COMMS	DFEND	MATER	SALES	INDUS	COMMS	INDUS	MATER	INDUS	STAPL	FINAN	TECHS	SP500	COMMS	DFEND	
FINAN	INDUS	FINAN	BLDRS	FINAN	DFEND	MATER	INDUS	ENRGY	INFRA	COMMS	STAPL	STAPL	FINAN	INDUS	FINAN	BLDRS	FINAN	DFEND	MATER	INDUS	ENRGY	INFRA	COMMS	STAPL	STAPL	
INSUR	FINAN	COMMS	FINAN	COMMS	FINAN	FINAN	FINAN	INDUS	FINAN	SALES	SALES	SALES	INSUR	FINAN	COMMS	FINAN	COMMS	FINAN	FINAN	FINAN	INDUS	FINAN	SALES	SALES	SALES	
ENRGY	INSUR	INSUR	UTILS	DFEND	COMMS	STAPL	MATER	SP500	INSUR	FINAN	HLTHY	HLTHY	ENRGY	INSUR	INSUR	UTILS	DFEND	COMMS	STAPL	MATER	SP500	INSUR	FINAN	HLTHY	HLTHY	
SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS	SP500	MATER	COMMS	INSUR	FINAN	FINAN	SP500	COMMS	SALES	SP500	SP500	STAPL	COMMS	SP500	MATER	COMMS	INSUR	FINAN	FINAN	
COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500	INSUR	INSUR	MATER	MATER	INSUR	REALE	COMMS	SP500	SP500	INSUR	BLDRS	SP500	SP500	INSUR	INSUR	MATER	MATER	INSUR	REALE	
TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR	COMMS	COMMS	INDUS	INFRA	MATER	INSUR	TRANS	TRANS	DFEND	DFEND	INSUR	INSUR	INSUR	COMMS	COMMS	INDUS	INFRA	MATER	INSUR	
TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS	SALES	TECHS	ENRGY	INDUS	INDUS	MATER	TECHS	DFEND	UTILS	SALES	STAPL	BLDRS	BLDRS	SALES	TECHS	ENRGY	INDUS	INDUS	MATER	
DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES	BLDRS	SALES	SALES	HLTHY	REALE	INDUS	DFEND	TECHS	TECHS	TECHS	SALES	SALES	SALES	BLDRS	SALES	SALES	HLTHY	REALE	INDUS	
HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY	TECHS	HLTHY	HLTHY	ENRGY	INFRA	DISCR	HLTHY	UTILS	TRANS	STAPL	TRANS	HLTHY	HLTHY	TECHS	HLTHY	HLTHY	ENRGY	INFRA	DISCR	
STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	TECHS	HLTHY	BLDRS	BLDRS	REALE	DISCR	INFRA	STAPL	STAPL	STAPL	TRANS	TECHS	DISCR	TECHS	HLTHY	BLDRS	BLDRS	REALE	DISCR	INFRA	
DISCR	HLTHY	HLTHY	HLTHY	TECHS	TECHS	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY	DISCR	HLTHY	HLTHY	HLTHY	TECHS	TECHS	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY	
UTILS	DISCR	DISCR	DISCR	DISCR	TRANS	TRANS	REALE	REALE	REALE	REALE	BLDRS	BLDRS	UTILS	DISCR	DISCR	DISCR	DISCR	TRANS	TRANS	REALE	REALE	REALE	REALE	BLDRS	BLDRS	BLDRS
REALE	REALE	REALE	REALE	REALE	REALE	REALE	REALE	TRANS	TRANS	TRANS	TRANS	TRANS	REALE	REALE	REALE	REALE	REALE	REALE	REALE	TRANS	TRANS	TRANS	TRANS	TRANS	TRANS	TRANS

Details

Symbol	Slope	Synonym	Sector Name
1. SMH	8.42	SEMIS	SEMICONDUCTORS
2. XLK	3.68	TECHS	TECHNOLOGY
3. XLU	3.58	UTILS	UTILITIES
4. SPX	2.31	SP500	S&P 500
5. XLC	1.96	COMMS	COMMUNICATION SRVCS
6. ITA	1.73	DFEND	AEROSPACE & DEFENSE
7. XLP	1.44	STAPL	CONSUMER STAPLES
8. XRT	1.33	SALES	RETAIL SALES
9. XLV	0.88	HLTHY	HEALTH CARE
10. XLF	0.49	FINAN	FINANCIALS
11. XLRE	0.36	REALE	REAL ESTATE
12. KIE	0.35	INSUR	INSURANCE
13. XLB	0.29	MATER	MATERIALS
14. XLI	0.14	INDUS	INDUSTRIALS
15. XLY	0.03	DISCR	CONSUMER DISCR
16. PAVE	-0.37	INFRA	INFRASTRUCTURE
17. XLE	-1.01	ENRGY	ENERGY
18. ITB	-1.55	BLDRS	HOMEBUILDERS
19. IYT	-2.30	TRANS	TRANSPORTATION

Semiconductors continue to lead while Technology edged out Utilities. SPX's relative slope rose to 2.31, moving it up to 4th place.

Other Securities You May Find Interesting

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

COPX is currently in a downtrend, but money flow may be signaling the start of an up turn.

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

All basic charts are down or turning down.

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

Needs to get above \$24 to become interesting.

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

An upward burst of CMF in June failed to move EPD's price.

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

Appears to have found support near \$30.

[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.

If price gets above \$80, there is historical resistance up to ~\$82.50 and trendline resistance in the same neighborhood.



[UUP](#) — US Dollar ETF

UUP made a 26-week high. All basic charts are up but there is still historical resistance up to just above \$30 from the second half of 2023.