

# Weekly Market Analysis #517 — 5 July 2024

Richard "Doc" Ahrens

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## This Week

Tuan Nguyen at "The Real Economy Blog" said, "Manufacturing sentiment fell into contraction in June after only three months of barely growing, the Institute for Supply Management reported on Monday. As the Federal Reserve continues to hold interest rates at an elevated level, demand for manufacturing goods has been dampened for most of the year.

The manufacturing index slid to 48.5 from 48.7, the lowest since February. Generally, over a period of time, if the index is above 48.7, it indicates overall expansion and vice versa."

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From Don Kaufman on Friday: "The S&P 500 ended the day red-hot, up 0.54%. But, as happens a lot lately, that heat is courtesy of... one stock. Not that most tech stocks didn't have a great day, but META - that's Facebook to those of us older than 3 - tore it up this session, better than 5%. The market for META options was looking for a \$10 move this week... and it got double that."

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On average, the stock market has returned over 9% a year for 50 years. But statistics gloss over the details. For example, on average every American family has two and a half children and three quarters of a dog.

Jared Dillian explains that most [Americans are gambling with their retirement savings](#). Without really understanding the market or their choices, they're hoping that by the time they need their retirement money, the market will not be in one of the major declines that happens every 10-15 years.

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The program that generated the sector history tables on page 6 had a bug in it. It had to work around a difficult problem (i.e., it had to collect the data in columns, sort it in columns, and then display it in rows). And from time to time it would lose an entry.

It was at version 11, and it had reached a level of complexity where it simply wasn't worth the work it would take to make any more fixes. So starting on Tuesday, I rewrote the whole thing from scratch. I got it done Thursday night while our neighborhood was filled with explosions and gray smoke.

Version 12 of the program is 45% smaller ("only" 500 lines of code instead of 900). It's simpler and more maintainable. (This time I remembered to design it first, put in the comments, and then write code that did what the design said. :-)

BTW, version 12 runs about twice as fast. (And it shifts the color of the text from black to white in cells where the background color is dark. That one change took a couple of hours to figure out. What constitutes "dark" is not a simple question on a computer, since it has no eyes.)

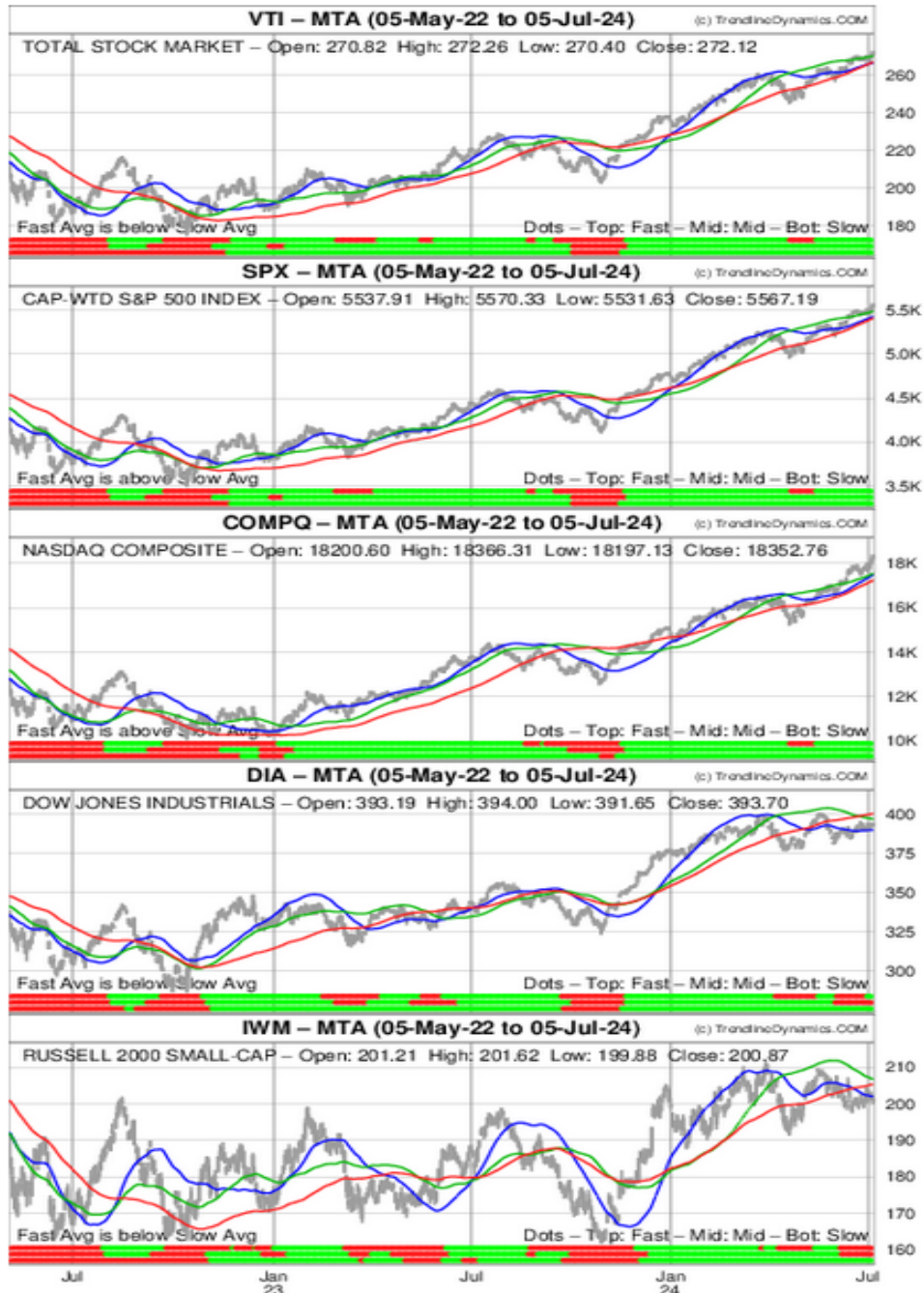
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Murphy's 37<sup>th</sup> Law: Never start a vast project with only half-vast plans.

[Market Barometers](#)

← Use this link to see all the market barometer charts

VTI, SPX, and COMPQ made all-time highs. DIA and IWM are still going sideways.



Week-over-week: VTI: 1.7%, SPX: 2.0%, COMPQ: 3.5%, DIA: 0.7%, IWM: -1.0%

## A Closer Look

Every day this week the SPX closed higher than the previous day. The advance-decline line wasn't quite as enthusiastic. The stocks above their 50-day averages rose only on Tuesday. And the stocks above their 200-day averages wasn't enthusiastic at all, declining every day of the week. This implies advances in just the biggest of the big-caps, while the broader market didn't do so well.



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

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| SPX Sector Universe Analysis for 05-Jul-2024 |                       |       |        |            |        |       |        |
|--|-----------------------|-------|--------|------------|--------|-------|--------|
| Symbol                                       | Description           | Instr | MTA 3  | RelStr     | CMF    | NH/NL | MCHist |
| <a href="#">SMH</a>                          | SEMICONDUCTORS        | ETF   | UP     | 7.90:2.16  | -UP-   | 2/0   | -0.6   |
| <a href="#">IGM</a>                          | EXPANDED TECH SECTOR  | ETF   | UP     | 4.40:2.16  | -UP-   | 999/0 | 0.1    |
| <a href="#">SPX</a>                          | CAP-WTD S&P 500 INDEX | INDEX | UP     | 2.48:2.16  | -UP-   | 999/0 | 0.0    |
| <a href="#">XLC</a>                          | COMMUNICATION SRVCS   | ETF   | UP     | 2.20:2.16  | <<UP>> | 305/2 | 0.2    |
| <a href="#">XLU</a>                          | UTILITIES             | ETF   | UP     | 1.42:2.16  | up     | 1/9   | -0.4   |
| <a href="#">XLY</a>                          | CONSUMER DISCR        | ETF   | <<UP>> | 1.05:2.16  | =UP=   | 113/0 | 0.6    |
| <a href="#">XLP</a>                          | CONSUMER STAPLES      | ETF   | UP     | 0.82:2.16  | <<UP>> | 1/5   | -0.2   |
| <a href="#">XLV</a>                          | HEALTH CARE           | ETF   | UP     | 0.68:2.16  | up     | 0/5   | -0.4   |
| <a href="#">ITA</a>                          | SPACE & DEFENSE       | ETF   | UP     | 0.60:2.16  | =UP=   | 2/9   | -0.1   |
| <a href="#">XLRE</a>                         | REAL ESTATE           | ETF   | DN     | 0.29:2.16  | ≡up≡   | 0/1   | -0.1   |
| <a href="#">XRT</a>                          | RETAIL                | ETF   | UP     | 0.24:2.16  | ≡DN≡   | 0/9   | -0.5   |
| <a href="#">XLF</a>                          | FINANCIALS            | ETF   | UP     | 0.13:2.16  | up     | 6/0   | 0.1    |
| <a href="#">BIL</a>                          | CASH EQUIVALENT       | ETF   | UP     | 0.00:2.16  | ≡UP≡   | 0/26  | -0.0   |
| <a href="#">KIE</a>                          | INSURANCE SECTOR      | ETF   | UP     | -0.20:2.16 | =up=   | 1/3   | -0.1   |
| <a href="#">XLI</a>                          | INDUSTRIALS           | ETF   | UP     | -0.43:2.16 | up     | 0/11  | -0.1   |
| <a href="#">XLB</a>                          | MATERIALS             | ETF   | UP     | -0.70:2.16 | <<UP>> | 0/18  | -0.3   |
| <a href="#">XLE</a>                          | ENERGY                | ETF   | DN     | -0.95:2.16 | =DN=   | 5/2   | 0.5    |
| <a href="#">PAVE</a>                         | INFRASTRUCTURE        | ETF   | UP     | -1.51:2.16 | <<up>> | 0/19  | -0.2   |
| <a href="#">IYT</a>                          | TRANSPORT NDX         | ETF   | DN     | -1.73:2.16 | <<up>> | 0/1   | 0.4    |
| <a href="#">ITB</a>                          | HOME CONSTRUCTION     | ETF   | <<DN>> | -2.79:2.16 | DN     | 0/28  | -0.6   |

The week-over-week price changes for the top 5 sectors are: SMH: 3.5%, IGM: 3.5%, XLC: 2.5%, XLU: 0.6%, XLY: 3.8%

## The New, Improved Version of – Sector Relative-Strength History

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

Relative Strength History 12-Apr-2024 to 05-Jul-2024

| 12 Apr | 19 Apr | 26 Apr | 03 May | 10 May | 17 May | 24 May | 31 May | 07 Jun | 14 Jun | 21 Jun | 28 Jun | 05 Jul |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| SEMIS  | ENRGY  | ENRGY  | ENRGY  | UTILS  | UTILS  | UTILS  | UTILS  | SEMIS  | SEMIS  | SEMIS  | SEMIS  | SEMIS  |
| ENRGY  | SEMIS  | SEMIS  | UTILS  | ENRGY  | SEMIS  | SEMIS  | SEMIS  | UTILS  | UTILS  | TECHS  | TECHS  | TECHS  |
| INFRA  | INFRA  | INFRA  | SEMIS  | SEMIS  | ENRGY  | DFEND  | DFEND  | DFEND  | TECHS  | UTILS  | SP500  | SP500  |
| BLDRS  | MATER  | UTILS  | INFRA  | DFEND  | DFEND  | STAPL  | TECHS  | TECHS  | DFEND  | SP500  | UTILS  | COMMS  |
| MATER  | INDUS  | MATER  | INDUS  | INFRA  | INFRA  | TECHS  | STAPL  | STAPL  | SP500  | COMMS  | COMMS  | UTILS  |
| TECHS  | TECHS  | INDUS  | MATER  | INDUS  | STAPL  | INFRA  | SP500  | SP500  | COMMS  | DFEND  | STAPL  | DISCR  |
| INDUS  | COMMS  | FINAN  | DFEND  | MATER  | INDUS  | FINAN  | INFRA  | COMMS  | STAPL  | STAPL  | DFEND  | STAPL  |
| FINAN  | BLDRS  | COMMS  | FINAN  | FINAN  | FINAN  | ENRGY  | FINAN  | SALES  | SALES  | SALES  | HLTHY  | HLTHY  |
| COMMS  | FINAN  | DFEND  | COMMS  | STAPL  | MATER  | INDUS  | INSUR  | FINAN  | HLTHY  | HLTHY  | SALES  | DFEND  |
| INSUR  | UTILS  | TECHS  | STAPL  | COMMS  | SP500  | SP500  | COMMS  | INSUR  | FINAN  | FINAN  | DISCR  | REALE  |
| SALES  | SP500  | SP500  | SP500  | SP500  | INSUR  | MATER  | MATER  | MATER  | INSUR  | REALE  | REALE  | SALES  |
| SP500  | INSUR  | BLDRS  | TECHS  | INSUR  | TECHS  | INSUR  | INDUS  | INFRA  | MATER  | INSUR  | FINAN  | FINAN  |
| DFEND  | DFEND  | INSUR  | INSUR  | TECHS  | COMMS  | COMMS  | ENRGY  | INDUS  | INDUS  | MATER  | INSUR  | INSUR  |
| UTILS  | SALES  | STAPL  | BLDRS  | BLDRS  | SALES  | SALES  | SALES  | HLTHY  | REALE  | DISCR  | INDUS  | INDUS  |
| TRANS  | STAPL  | SALES  | SALES  | SALES  | BLDRS  | HLTHY  | HLTHY  | ENRGY  | INFRA  | INDUS  | MATER  | MATER  |
| STAPL  | TRANS  | TRANS  | HLTHY  | HLTHY  | HLTHY  | BLDRS  | BLDRS  | REALE  | DISCR  | INFRA  | INFRA  | ENRGY  |
| HLTHY  | HLTHY  | HLTHY  | DISCR  | DISCR  | DISCR  | DISCR  | DISCR  | DISCR  | ENRGY  | ENRGY  | ENRGY  | INFRA  |
| DISCR  | DISCR  | DISCR  | TRANS  | TRANS  | REALE  | REALE  | REALE  | BLDRS  | BLDRS  | BLDRS  | TRANS  | TRANS  |
| REALE  | REALE  | REALE  | REALE  | REALE  | TRANS  | TRANS  | TRANS  | TRANS  | TRANS  | TRANS  | BLDRS  | BLDRS  |

### Details

| Symbol   | Slope | Synonym | Sector Name         | Symbol   | Slope | Synonym | Sector Name    |
|----------|-------|---------|---------------------|----------|-------|---------|----------------|
| 1. SMH   | 7.90  | SEMIS   | SEMICONDUCTORS      | 11. XRT  | 0.24  | SALES   | RETAIL SALES   |
| 2. IGM   | 4.40  | TECHS   | TECHNOLOGY          | 12. XLF  | 0.13  | FINAN   | FINANCIALS     |
| 3. SPX   | 2.48  | SP500   | S&P 500             | 13. KIE  | -0.20 | INSUR   | INSURANCE      |
| 4. XLC   | 2.20  | COMMS   | COMMUNICATION SRVCS | 14. XLI  | -0.43 | INDUS   | INDUSTRIALS    |
| 5. XLU   | 1.42  | UTILS   | UTILITIES           | 15. XLB  | -0.70 | MATER   | MATERIALS      |
| 6. XLY   | 1.05  | DISCR   | CONSUMER DISCR      | 16. XLE  | -0.95 | ENRGY   | ENERGY         |
| 7. XLP   | 0.82  | STAPL   | CONSUMER STAPLES    | 17. PAVE | -1.51 | INFRA   | INFRASTRUCTURE |
| 8. XLV   | 0.68  | HLTHY   | HEALTH CARE         | 18. IYT  | -1.73 | TRANS   | TRANSPORTATION |
| 9. ITA   | 0.60  | DFEND   | AEROSPACE & DEFENSE | 19. ITB  | -2.79 | BLDRS   | HOMEBUILDERS   |
| 10. XLRE | 0.29  | REALE   | REAL ESTATE         |          |       |         |                |

Semiconductors and Technology continue to lead. Communications Services moved up into 4<sup>th</sup> position, pushing Utilities down to #5.

## This Week's Selections

My sector choices for last week were: 10% IGM, 10% SMH, 10% XLC, and BIL 70%.

### Top ETFs By Slope

#### Current Holdings

| Sym | Slope    | Sell Stop | Last       |
|-----|----------|-----------|------------|
| SMH | 7.90% ↓↓ | \$259.65  | \$269.72 ↑ |
| IGM | 4.40% ↑↑ | \$94.65   | \$97.61 ↑↑ |
| XLC | 2.20% —  | \$84.85   | \$87.76 ↑↑ |
|     |          |           |            |
|     |          |           |            |
|     |          |           |            |
|     |          |           |            |
|     |          |           |            |
| BIL | 0.00% —  | \$90.85   | \$91.49 —  |

#### Other Sectors

| Sym  | Slope    | Long  | Last         |
|------|----------|-------|--------------|
| SPX  | 2.48% —  | Index | \$5,567.19 ↑ |
| XLU  | 1.42% ↓↓ | no    | \$68.55 —    |
| XLY  | 1.05% ↑↑ | no    | \$189.30 ↑↑  |
| XLP  | 0.82% ↓↓ | no    | \$77.38 ↑↑   |
| XLV  | 0.68% ↓  | no    | \$144.41 ↓↓  |
| ITA  | 0.60% ↓↓ | no    | \$132.40 —   |
| XLRE | 0.29% ↓  | no    | \$38.30 —    |
| XRT  | 0.24% ↓↓ | no    | \$73.45 ↓↓   |
| XLF  | 0.13% ↓↓ | no    | \$41.54 ↑    |

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

### Analysis

[SMH](#) rose far enough this week that I adjusted my stop up. [IGM](#) made an all-time high. [XLC](#) made an 5.87-year high, 5 basic charts are positive and MACD is neutral+.

[XLU](#) is declining steadily since May. [XLY](#) made a 2-year high. [XLP](#) has been declining since May. There seems to be some support near \$76. [XLV](#) seems to be stuck in a range between \$140 and \$148.

[ITA](#)'s slope has been working lower since January. [XLRE](#) has positive money flow but it's not causing price to rise. [XRT](#) is vapid. [XLF](#)'s slope is approaching zero.

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### Thoughts and Decisions

XLY's MTA just turned green. If it closes above \$190 I'll think seriously about buying it.

My choices for this week are still: 10% IGM, 10% SMH, 10% XLC, and BIL 70%.

## Other Securities

This is my first cut at automating the process of identifying potentially interesting securities based on their slope and the number of weeks since they were at or above their current price level (i.e., their "new high" rank).

| SYMBOL | COMPANY                              | TYPE  | MIA | SLOPE | NEW_HIGH  |
|--------|--------------------------------------|-------|-----|-------|-----------|
| VGT    | INFORMATION TECHNOLOGY               | ETF   | UP  | 4.87  | 999 weeks |
| WMT    | WALMART STORES                       | STOCK | UP  | 5.00  | 999 weeks |
| HTGC   | HERCULES CAPITAL                     | STOCK | UP  | 3.23  | 383 weeks |
| VUG    | LARGE CAP GROWTH                     | ETF   | UP  | 4.09  | 383 weeks |
| IRM    | IRON MOUNTAIN                        | STOCK | UP  | 5.88  | 347 weeks |
| ASML   | ADVANCED SEMICONDUCTOR MANUFACTURING | STOCK | UP  | 4.76  | 271 weeks |
| SAP    | SAP AG                               | STOCK | UP  | 1.84  | 271 weeks |
| DFS    | DISCOVER FINANCIAL SERVICES          | STOCK | UP  | 1.49  | 145 weeks |
| PLTR   | PALANTIR                             | STOCK | UP  | 4.61  | 140 weeks |
| STK    | SELIGMAN PREMIUM TECHNOLOGY          | CEF   | UP  | 2.13  | 121 weeks |
| EMXC   | EMERGING MARKETS x CHINA             | ETF   | UP  | 1.28  | 119 weeks |
| CSQ    | CALAMOS STRATEGIC                    | CEF   | UP  | 2.35  | 113 weeks |
| INFL   | INFLATION BENEFICIARIES              | ETF   | UP  | 1.17  | 111 weeks |
| BFH    | BREAD FINANCIAL HOLDINGS             | STOCK | UP  | 5.90  | 99 weeks  |
| BSTZ   | SCIENCE AND TECHNOLOGY               | CEF   | UP  | 3.78  | 91 weeks  |

\* 'CEF' is a Closed End Fund

Keep in mind that these are only two of many characteristics, so you need to make your own decisions about whether they constitute viable investments.

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