

Weekly Market Analysis #518 — 12 July 2024

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This Week

On Friday morning, Brian Swint at Barron's wrote:

A cynic who knows the price of everything and the value of nothing might be disappointed with the market's drop on Thursday. An optimist will be pleased with the hefty gains in stocks outside the technology sector.

It was the big tech names of the Magnificent 7 that drove Thursday's declines in the S&P 500 and Nasdaq — in particular Tesla, Nvidia, and Meta Platforms. In an opposite move to what's been happening over the past two years, the dip in these companies with huge market values dragged down the overall index. But most stocks in the S&P 500 had a great day.

In fact, it looks like the start of a beautiful broadening out of the market's strength. What's more, the "Other 493," as Bank of America calls stocks outside the Mag 7, are about to report their first annual increases in profits since 2022, BofA says.

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ETF.COM agreed, "Investors Rotate to RSP From SPY as Inflation Cools — Thursday's cooler-than-expected CPI report sparked a furious rotation in the stock market."

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On Monday, July 8, Brian Schreiner wrote a short but insightful piece on the developing debt crisis. I was going to present excerpts from it, but it is all important and I encourage you to read the [entire article](#) just as he wrote it.

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[The BBC reported](#) "US workers are increasingly going into debt to buy groceries, though some analysts expect wages to catch up with price increases this year, providing some relief.

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On a brighter note, Joseph Brusuelas at [The Real Economy Blog](#) said:

Disinflation in energy and core goods has been the underlying inflation narrative over the past 18 months, and that continued to be the case in the consumer price index for June.

Declines in gasoline prices, used cars and trucks, transportation, and commodities caused a 0.1% decline in the top-line CPI as inflation increased by 3% on a year-ago basis, according to data released by the Bureau of Labor Statistics on Thursday.

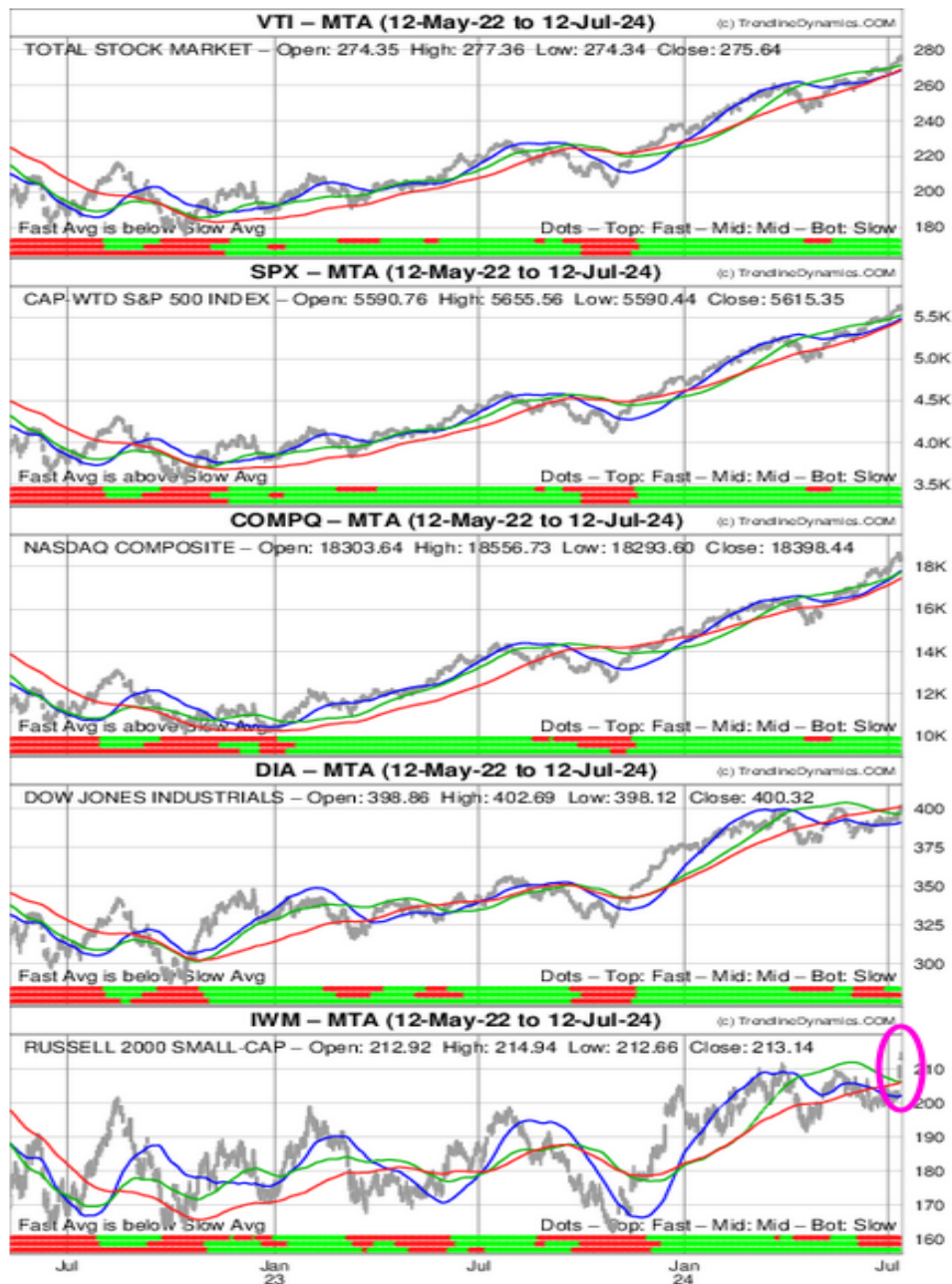
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It is worth noting that after a long advance, churning — sudden, massive shifts of capital — can be a harbinger of a market top. (A market bottom is usually an event. A market top is a process, often marked by: a. flattening prices; b. decreased market breadth; c. increased volatility; d. all of the above.)

Market Barometers

← Use this link to see all the market barometer charts

VTI, SPX, COMPQ, and DIA made all-time highs this week. IWM gapped up on Thursday and again on Friday to make a 2.4-year high. This is very odd. An ETF holding ~2000 securities should not go up more than 6% in a week, especially when the top 10 holdings constitute just 3.41% of the fund. Gapping up two days in a row implies the move was due to money flowing into the IWM fund itself.



Week-over-week: VTI: 1.3%, SPX: 0.9%, COMPQ: 0.2%, DIA: 1.7%, IWM: 6.1%

A Closer Look

Wednesday's rise in the SPX and fall on Thursday were about equal. Even without the high close on Wednesday, the SPX would have set a new high on Friday. Unlike price, the advance-decline line rose sharply Wednesday, Thursday, and Friday, signaling increased market breadth. The stocks above their 50-day and 200-day averages confirmed the advance-decline line.



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

[Bullish Universe](#)

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SPX Sector Universe Analysis for 12-Jul-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMICONDUCTORS	ETF	UP	8.01:2.39	-DN-	999/1	-0.1
IGM	EXPANDED TECH SECTOR	ETF	UP	4.80:2.39	-up-	999/1	-0.1
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	2.76:2.39	-up-	999/1	0.1
XLC	COMMUNICATION SRVCS	ETF	UP	2.40:2.39	-up-	306/1	-0.0
XLY	CONSUMER DISCR	ETF	UP	1.98:2.39	-up-	115/1	0.5
XLU	UTILITIES	ETF	UP	1.03:2.39	=UP=	5/1	0.7
XLP	CONSUMER STAPLES	ETF	UP	0.76:2.39	-up-	3/1	0.0
XLRE	REAL ESTATE	ETF	DN	0.73:2.39	UP	17/1	0.5
XLV	HEALTH CARE	ETF	UP	0.66:2.39	≡UP≡	999/1	0.2
ITA	SPACE & DEFENSE	ETF	UP	0.39:2.39	≡up≡	3/1	0.1
XLF	FINANCIALS	ETF	UP	0.35:2.39	-UP-	8/2	0.3
XRT	RETAIL	ETF	UP	0.00:2.39	-UP-	5/10	0.3
BIL	CASH EQUIVALENT	ETF	UP	0.00:2.39	-DN-	2/1	-0.0
KIE	INSURANCE SECTOR	ETF	UP	-0.18:2.39	-UP-	7/1	0.3
XLI	INDUSTRIALS	ETF	UP	-0.46:2.39	<<up>>	7/2	0.3
XLB	MATERIALS	ETF	UP	-0.84:2.39	=UP=	5/1	0.5
XLE	ENERGY	ETF	DN	-1.09:2.39	-UP-	1/3	0.1
IYT	TRANSPORT NDX	ETF	DN	-1.42:2.39	-UP-	8/3	0.3
PAVE	INFRASTRUCTURE	ETF	UP	-1.64:2.39	<<up>>	6/20	0.6
ITB	HOME CONSTRUCTION	ETF	DN	-2.70:2.39	-UP-	8/1	1.1

The week-over-week price changes for the top 5 sectors are: SMH: 1.8%, IGM: -0.6%, XLC: -1.7%, XLY: 1.2%, XLU: 4.0%.

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

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

Relative Strength History 19-Apr-2024 to 12-Jul-2024

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

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. SMH	8.01	SEMIS	SEMICONDUCTORS	11. XLF	0.35	FINAN	FINANCIALS
2. IGM	4.80	TECHS	TECHNOLOGY	12. XRT	-0.02	SALES	RETAIL SALES
3. SPX	2.76	SP500	S&P 500	13. KIE	-0.18	INSUR	INSURANCE
4. XLC	2.40	COMMS	COMMUNICATION SRVCS	14. XLI	-0.46	INDUS	INDUSTRIALS
5. XLY	1.98	DISCR	CONSUMER DISCR	15. XLB	-0.84	MATER	MATERIALS
6. XLU	1.03	UTILS	UTILITIES	16. XLE	-1.09	ENRGY	ENERGY
7. XLP	0.76	STAPL	CONSUMER STAPLES	17. IYT	-1.42	TRANS	TRANSPORTATION
8. XLRE	0.73	REALE	REAL ESTATE	18. PAVE	-1.64	INFRA	INFRASTRUCTURE
9. XLV	0.66	HLTHY	HEALTH CARE	19. ITB	-2.70	BLDRS	HOMEBUILDERS
10. ITA	0.39	DFEND	AEROSPACE & DEFENSE				

The first four sectors remained the same. In positions 5 and 6, Consumer Discretionary and Utilities switched places.

Other Securities

These are potentially interesting securities sorted by the number of weeks since they were at or above their current price level (i.e., their "new high" rank). I expanded the list...perhaps too much. It's still a work in progress.

SYMBOL	COMPANY	TYPE	MTA	SLOPE	NEW_HIGH
AAPL	APPLE	STOCK	UP	9.35	999 weeks
SPY	S&P 500 (LARGE-CAP)	ETF	UP	2.73	999 weeks
QQQ	NASDAQ 100	ETF	UP	4.31	999 weeks
WMT	WALMART STORES	STOCK	UP	5.10	999 weeks
VTI	TOTAL STOCK MARKET	ETF	UP	2.35	999 weeks
VGT	INFORMATION TECHNOLOGY	ETF	UP	5.35	999 weeks
USMV	USA MIN VOLATILITY	ETF	UP	1.04	641 weeks
GOOGL	ALPHABET INC	STOCK	UP	5.65	384 weeks
HTGC	HERCULES CAPITAL	STOCK	UP	3.75	384 weeks
VUG	LARGE CAP GROWTH	ETF	UP	4.51	384 weeks
VIG	DIVIDEND APPRECIATION	ETF	UP	1.12	380 weeks
IRM	IRON MOUNTAIN	STOCK	UP	6.77	348 weeks
PRU	PRUDENTIAL FINANCIAL	STOCK	UP	1.30	325 weeks
NVS	NOVARTIS	STOCK	UP	3.58	272 weeks
ASML	ADVANCED SEMICONDUCTOR MANUFACTURING	STOCK	UP	5.21	272 weeks
KMI	KINDER MORGAN	STOCK	UP	3.04	220 weeks
INFL	INFLATION BENEFICIARIES	ETF	UP	1.98	176 weeks
PLTR	PALANTIR	STOCK	UP	7.39	141 weeks
IBB	BIO-TECH & PHARMA	ETF	UP	1.46	127 weeks
STK	SELIGMAN PREMIUM TECHNOLOGY	CEF	UP	2.56	122 weeks
EMXC	EMERGING MARKETS x CHINA	ETF	UP	2.06	121 weeks
CSQ	CALAMOS STRATEGIC	CEF	UP	2.70	114 weeks
IEMG	EMERGING MARKETS	ETF	UP	1.68	114 weeks
EEM	EMERGING MARKETS	ETF	UP	1.76	113 weeks
GDX	MARKET VECTORS GOLD MINERS	ETF	UP	2.66	112 weeks
PM	PHILIP MORRIS INTL	STOCK	UP	2.89	106 weeks
BFH	BREAD FINANCIAL HOLDINGS	STOCK	UP	6.89	105 weeks
BSTZ	SCIENCE AND TECHNOLOGY	CEF	UP	3.89	92 weeks
ETV	TAX-MANAGED BUY-WRITE	CEF	UP	2.28	85 weeks
IIPR	INNOVATIVE INDUSTRIAL PROPERTIES	STOCK	UP	2.37	80 weeks
PDM	PIEDMONT OFFICE REALTY TRUST	STOCK	UP	3.62	67 weeks
MO	ALTRIA GROUP	HLD	UP	2.56	61 weeks
ARKQ	AI & ROBOTICS	ETF	UP	1.89	50 weeks

Make your own decisions about whether they constitute viable investments.

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