

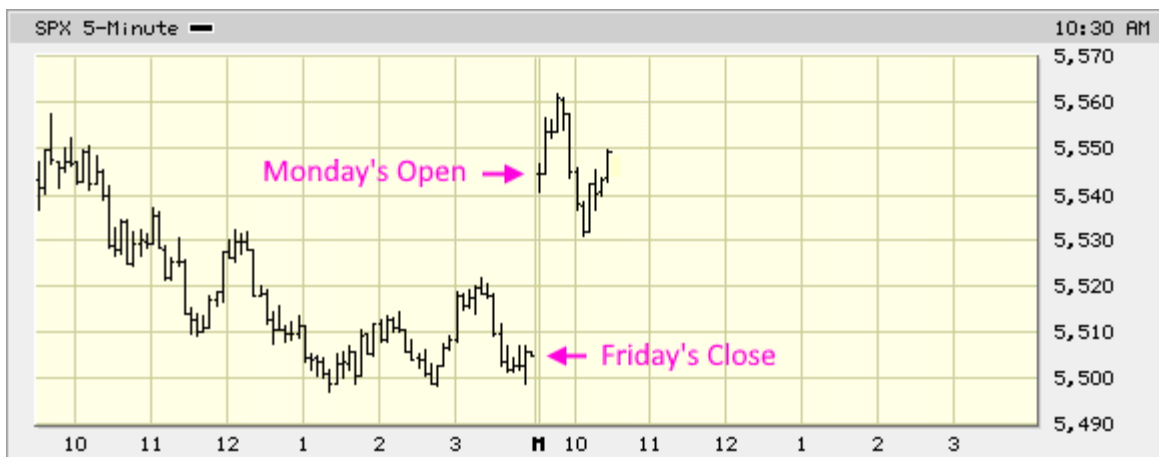
## Follow-Up to 19-July-2024

I seldom look at the markets except on the weekends. Most of the time, daily changes are little more than statistical noise. And they cause psychological noise — fear, anxiety, upset, fleeting elation or sadness, and so on. This, in turn, interferes with calm and deliberate analysis of what the data is telling us.

In addition, I never watch "financial" television like CNBC, although I do watch recorded interviews with credible investors and analysts. Live "financial" television tries to make the markets exciting. If you want excitement, go to the circus. Investing is a business, and those who treat it as such make money. There are occasional gratifying moments, but mostly it's just work, and focusing on protecting your capital.

As Buffett says, "Rule #1 is don't lose money. And Rule #2 is never forget Rule #1."

On Friday I said that I would look at XLC and XLY an hour after the open on Monday. Why an hour? Japanese traders say, "The first hour is the rudder of the day." There is some pragmatic value in this. Lots of "at the open" orders build up while the market is closed. Those all get filled at or near the open, and can introduce sizable price distortions and subsequent ripples. For example, here's this morning's SPX:



Price gapped up from Friday's \$5505.00 close to Monday's \$5544.54 open. Then price oscillated up and down for the first hour. But the ringing was pretty well centered around the open, implying that neither the bulls nor the bears had taken over yet.

On the next page we'll look at XLC and XLY.

Like the SPX, XLC gapped up a little at the open.



But it was unable to sustain the advantage and it fell back to Friday's afternoon range, and even a little below it. This is not good news. Now there is overhead supply (historical resistance) right around \$85.25 and people who bought Friday afternoon may be wanting to get out even if they can.

XLY also gapped up more strongly at the open



And even though it fell back (much like XLC) but its opening jump was sufficient to keep its price in the \$188.50 to \$190.00 range, above Friday afternoon's range.

As such, I'm going to close out XLC now, but keep an eye on XLY throughout the day. If XLY remains steady or rises, then I'll keep it for now.