

Weekly Market Analysis #522 — 9 August 2024

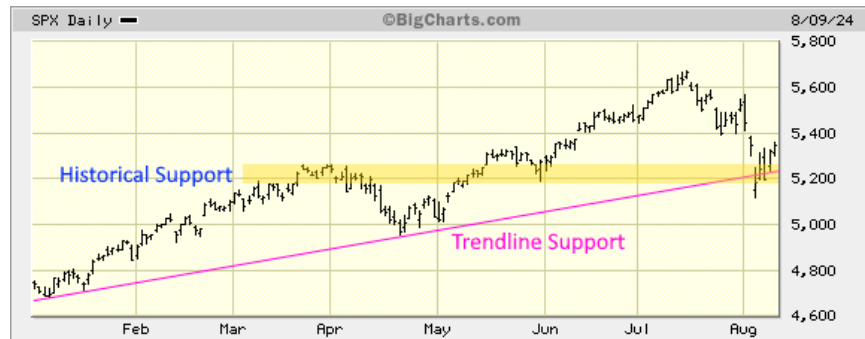
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This Week

One of my readers, veteran analyst Alex Pickard, wrote to me on Tuesday about something interesting he noticed, "Yesterday was the first day in the history of the VIX that it went above 60, while the S&P 500 was above its 200 day moving average. To me, that means this sell off was a black swan event, within a bull market. Now that VIX has come back into the 20s, that signals to me the fear has past, and markets will rally from here."

It looks like last Friday's disappointing July nonfarm payrolls number, plus the evaporation of the Japanese carry trade combined to trigger a big selloff. But it also looks like historical support and trendline support may have blunted the force of the decline.



By Thursday JP Morgan said that three quarters of the global carry trades had been unwound. Also on Thursday, a surprisingly strong report on initial jobless claims may have contributed to the rebound in the market. Ironically, after swinging back and forth between \$5358 to \$5119, the overall change in the SPX from last Friday's close to this Friday's was a big fat \$-2.40 (-0.04%).

By the way, John Mauldin estimates the carry trade will take a number weeks to get fully unwound, considerably longer than what JP Morgan's statement implies.

In Steve Blumenthal's "[On My Radar](#)" report, there are some pretty interesting (or at least thought provoking) notions and charts this week.

This week I received several good ideas from readers for alternatives to BIL and SHV as cash equivalent funds.

- SGOV -- iShares 0-3 Month Treasury Bond ETF -- ExpRat 0.09% -- CurYld 5.19%
- SNAXX -- Schwab Value Advantage MOney Fund -- ExpRat 0.19% -- CurYld 5.29%
- VMRXX -- Vanguard Money Market Reserves -- ExpRat 0.10% -- CurYld 5.29%

Thanks to everyone who responded!

Market Barometers

← Use this link to see all the market barometer charts

VTI and SPX were essentially flat. COMPQ declined a smidge. DIA declined one-half a percent, and IWM went down -1.2%. The first three indexes are showing some red in their MTAs. Interestingly, DIA and IWM are still solid green.



Week-over-week: VTI: 0.01%, SPX: -0.04%, COMPQ: -0.2%, DIA: -0.5%, IWM: -1.2%

A Closer Look

There was an almost audible THUD when the SPX hit \$5150 on Monday. The rest of the week was spent struggling to get back up to break-even. The advance-decline line largely confirmed price. The most notable thing about the stocks above their 50-day averages and 200-day averages was that they finished the week clearly above the 50% line.



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 09-Aug-2024 | | | | | | | |
|--|-----------------------|-------|-------|------------|--------|-------|--------|
| Symbol | Description | Instr | MTA 3 | RelStr | CMF | NH/NL | MCHist |
| KBE | S&P BANK SECTOR | ETF | UP | 5.27:0.52 | -dn- | 1/4 | -1.4 |
| ITB | HOME CONSTRUCTION | ETF | UP | 3.56:0.52 | =DN= | 1/4 | -1.2 |
| XLRE | REAL ESTATE | ETF | UP | 3.51:0.52 | <<dn>> | 1/2 | -0.1 |
| XLU | UTILITIES | ETF | UP | 2.25:0.52 | DN | 1/2 | 0.4 |
| KIE | INSURANCE SECTOR | ETF | UP | 1.90:0.52 | <<dn>> | 1/3 | -0.3 |
| ITA | SPACE & DEFENSE | ETF | UP | 1.58:0.52 | <<dn>> | 1/3 | -0.1 |
| XLF | FINANCIALS | ETF | UP | 1.30:0.52 | DN | 1/8 | -0.3 |
| XLV | HEALTH CARE | ETF | UP | 1.22:0.52 | <<dn>> | 1/5 | -0.2 |
| XLP | CONSUMER STAPLES | ETF | UP | 0.93:0.52 | <<dn>> | 1/4 | 0.1 |
| SPX | CAP-WTD S&P 500 INDEX | INDEX | UP | 0.59:0.52 | -dn- | 1/13 | -0.5 |
| XLC | COMMUNICATION SRVCS | ETF | UP | 0.52:0.52 | -dn- | 1/2 | -0.1 |
| XLI | INDUSTRIALS | ETF | UP | 0.36:0.52 | -dn- | 1/6 | -0.2 |
| XLY | CONSUMER DISCR | ETF | UP | 0.19:0.52 | dn | 1/16 | -1.2 |
| PAVE | INFRASTRUCTURE | ETF | UP | 0.00:0.52 | dn | 1/5 | -0.5 |
| BIL | CASH EQUIVALENT | ETF | UP | 0.00:0.52 | UP | 1/1 | -0.0 |
| XLB | MATERIALS | ETF | UP | -0.11:0.52 | <<dn>> | 1/5 | -0.3 |
| XRT | RETAIL | ETF | UP | -0.29:0.52 | <<UP>> | 1/14 | -0.5 |
| IGM | EXPANDED TECH SECTOR | ETF | UP | -0.34:0.52 | <<UP>> | 1/14 | -0.9 |
| XLE | ENERGY | ETF | DN | -0.72:0.52 | DN | 1/22 | -0.7 |
| IYT | TRANSPORT NDX | ETF | DN | -0.89:0.52 | -dn- | 1/35 | -0.4 |
| SMH | SEMICONDUCTORS | ETF | UP | -1.76:0.52 | dn | 1/14 | -1.8 |

The week-over-week price changes for the top 5 sectors are: KBE: -1.1%, ITB: -3.4%, XLRE: -0.1%, XLU: -0.8%, KIE: -0.8%.

The Big 7 were quite mixed: AAPL: -1.6%, AMZN: -0.6%, GOOGL: -1.8%, META: 6.1%, MSFT: -0.6%, NFLX: 3.3%, TSLA: -3.7%.

Sector Relative-Strength History

13 weeks of slope history for 19 sector ETFs and the SPX.

Relative Strength History 17-May-2024 to 09-Aug-2024

| 17 May | 24 May | 31 May | 07 Jun | 14 Jun | 21 Jun | 28 Jun | 05 Jul | 12 Jul | 19 Jul | 26 Jul | 02 Aug | 09 Aug |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| UTILS | UTILS | UTILS | SEMIS | SEMIS | SEMIS | SEMIS | SEMIS | SEMIS | SEMIS | BANKS | BANKS | BANKS |
| ENRGY | SEMIS | SEMIS | UTILS | UTILS | TECHS | TECHS | TECHS | TECHS | TECHS | SEMIS | BLDRS | BLDRS |
| SEMIS | DFEND | DFEND | DFEND | TECHS | UTILS | SP500 | SP500 | SP500 | SP500 | TECHS | REALE | REALE |
| DFEND | BANKS | TECHS | TECHS | DFEND | SP500 | UTILS | COMMS | COMMS | DISCR | SP500 | INSUR | UTILS |
| BANKS | STAPL | BANKS | SP500 | SP500 | COMMS | COMMS | UTILS | DISCR | BANKS | DISCR | FINAN | INSUR |
| INFRA | TECHS | STAPL | STAPL | COMMS | DFEND | STAPL | DISCR | UTILS | COMMS | REALE | DISCR | DFEND |
| STAPL | INFRA | SP500 | COMMS | STAPL | STAPL | DFEND | STAPL | STAPL | REALE | COMMS | SP500 | FINAN |
| INDUS | FINAN | INFRA | SALES | SALES | SALES | HLTHY | HLTHY | REALE | FINAN | FINAN | UTILS | HLTHY |
| FINAN | ENRGY | FINAN | FINAN | HLTHY | HLTHY | SALES | DFEND | HLTHY | HLTHY | BLDRS | TECHS | STAPL |
| MATER | INDUS | INSUR | INSUR | FINAN | FINAN | DISCR | REALE | DFEND | UTILS | HLTHY | DFEND | SP500 |
| SP500 | SP500 | COMMS | BANKS | INSUR | REALE | REALE | SALES | FINAN | STAPL | UTILS | HLTHY | COMMS |
| INSUR | MATER | MATER | MATER | MATER | INSUR | FINAN | FINAN | BANKS | INSUR | INSUR | SEMIS | INDUS |
| TECHS | INSUR | INDUS | INFRA | INDUS | MATER | INSUR | INSUR | SALES | DFEND | DFEND | COMMS | DISCR |
| COMMS | COMMS | ENRGY | INDUS | REALE | DISCR | INDUS | INDUS | INSUR | SALES | STAPL | STAPL | INFRA |
| SALES | SALES | SALES | HLTHY | BANKS | INDUS | MATER | BANKS | INDUS | INDUS | INDUS | INDUS | MATER |
| BLDRS | HLTHY | HLTHY | ENRGY | INFRA | INFRA | BANKS | MATER | MATER | MATER | SALES | SALES | SALES |
| HLTHY | BLDRS | BLDRS | REALE | DISCR | BANKS | INFRA | ENRGY | ENRGY | ENRGY | INFRA | INFRA | TECHS |
| DISCR | DISCR | DISCR | DISCR | ENRGY | ENRGY | ENRGY | INFRA | TRANS | TRANS | MATER | MATER | ENRGY |
| REALE | REALE | REALE | BLDRS | BLDRS | BLDRS | TRANS | TRANS | INFRA | BLDRS | ENRGY | ENRGY | TRANS |
| TRANS | TRANS | TRANS | TRANS | TRANS | TRANS | BLDRS | BLDRS | BLDRS | INFRA | TRANS | TRANS | SEMIS |

Details

| Symbol | Slope | Synonym | Sector Name | Symbol | Slope | Synonym | Sector Name |
|---------|-------|---------|---------------------|----------|-------|---------|---------------------|
| 1. KBE | 5.27 | BANKS | BANKS | 11. XLC | 0.52 | COMMS | COMMUNICATION SRVCS |
| 2. ITB | 3.56 | BLDRS | HOMEBUILDERS | 12. XLI | 0.36 | INDUS | INDUSTRIALS |
| 3. XLRE | 3.51 | REALE | REAL ESTATE | 13. XLY | 0.19 | DISCR | CONSUMER DISCR |
| 4. XLU | 2.25 | UTILS | UTILITIES | 14. PAVE | 0.00 | INFRA | INFRASTRUCTURE |
| 5. KIE | 1.90 | INSUR | INSURANCE | 15. XLB | -0.11 | MATER | MATERIALS |
| 6. ITA | 1.58 | DFEND | AEROSPACE & DEFENSE | 16. XRT | -0.29 | SALES | RETAIL SALES |
| 7. XLF | 1.30 | FINAN | FINANCIALS | 17. IGM | -0.34 | TECHS | TECHNOLOGY |
| 8. XLV | 1.22 | HLTHY | HEALTH CARE | 18. XLE | -0.72 | ENRGY | ENERGY |
| 9. XLP | 0.93 | STAPL | CONSUMER STAPLES | 19. IYT | -0.89 | TRANS | TRANSPORTATION |
| 10. SPX | 0.59 | SP500 | S&P 500 | 20. SMH | -1.76 | SEMIS | SEMICONDUCTORS |

The top three remained the same. Utilities pushed Insurance out of place #4, and Defense took over #5.

This Week's Selections

My sector choice for last week was: BIL. I was going to add a 10% position in XLV, but it got clobbered on Mon-Wed, so I decided to pass on that.

Top ETFs By Slope

| Current Holdings | | | | Other Sectors | | | |
|------------------|---------|-----------|-----------|---------------|----------|------|-------------|
| Sym | Slope | Sell Stop | Last | Sym | Slope | Long | Last |
| | | | | KBE | 5.27% ↓ | no | \$49.38 ↓↓ |
| | | | | ITB | 3.56% ↑↑ | no | \$111.98 ↓↓ |
| | | | | XLRE | 3.51% ↑↑ | no | \$41.81 — |
| | | | | XLU | 2.25% ↑↑ | no | \$73.61 ↓ |
| | | | | KIE | 1.90% ↑↑ | no | \$52.63 ↓ |
| | | | | ITA | 1.58% — | no | \$140.22 ↑ |
| | | | | XLF | 1.30% ↓ | no | \$42.40 ↑ |
| | | | | XLV | 1.22% ↓ | no | \$149.98 ↓ |
| BIL | 0.00% — | \$90.85 | \$91.54 — | XLP | 0.93% ↑↑ | no | \$79.15 — |

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

Analysis

[KBE](#) fell further this week. Price is below \$50 and basic charts are down. [ITB](#)'s basic charts are down except for RSI. OBV is showing a small turn up. [XLRE](#) held up. KB, ATS, and RSI are up. MACD and CMF are neutral-. OBV is up for a second week. [XLU](#) all basic charts are up except CMF, which is neutral-, but it is approaching psychological and historical resistance near \$75.

[KIE](#) found support near \$52 but its basic charts are mixed. [ITA](#) closed just above \$140 but its basic charts are mixed. Watch for an open and a close above \$140. [XLF](#) basic charts are mostly down.

[XLV](#) did poorly in the first half of the week, but got within 2 cents of \$150 on Friday. Its basic charts are mixed so wait and see. [XLP](#)'s basic charts are mixed.

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Thoughts and Decisions

This week XLRE, XLU, and XLV seem to be the best, but none of them are quite ripe yet. Watch for XLRE to get out of the \$40-\$42 range noted last week. Watch for XLU to get above \$75. And look for XLV to make an open and a close above \$150 or, better still, above \$151.

My sector choice for this week is still 100% BIL.

New Highs

Only 10 of our 200+ securities made new highs this week.

| SECURITIES MAKING NEW HIGHS | | | | | |
|-----------------------------|------------------------|-------|-----|-------|-------|
| SYMBOL | COMPANY | INSTR | MTA | SLOPE | WEEKS |
| MOAT | MORNINGSTAR WIDE MOAT | ETF | UP | 1.10 | 357 |
| AZN | ASTRAZENECA | STOCK | UP | 2.06 | 276 |
| ABBV | ABBVIE INC | STOCK | UP | 4.07 | 255 |
| PLTR | PALANTIR | STOCK | UP | 6.55 | 176 |
| SPG | SIMON PROPERTY GROUP | STOCK | UP | 1.09 | 129 |
| UTF | C&S INFRASTRUCTURE | CEF | UP | 2.58 | 73 |
| T | A T & T | STOCK | UP | 3.51 | 66 |
| IEI | 3-7 YEAR TREASURY BOND | ETF | UP | 0.99 | 64 |
| TIP | TIPS BOND | ETF | UP | 0.58 | 63 |
| O | REALTY INCOME | STOCK | UP | 4.42 | 52 |

'CEF' is a Closed End Fund

'HLD' is a Holding Company

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