

Weekly Market Analysis #523 — 16 August 2024

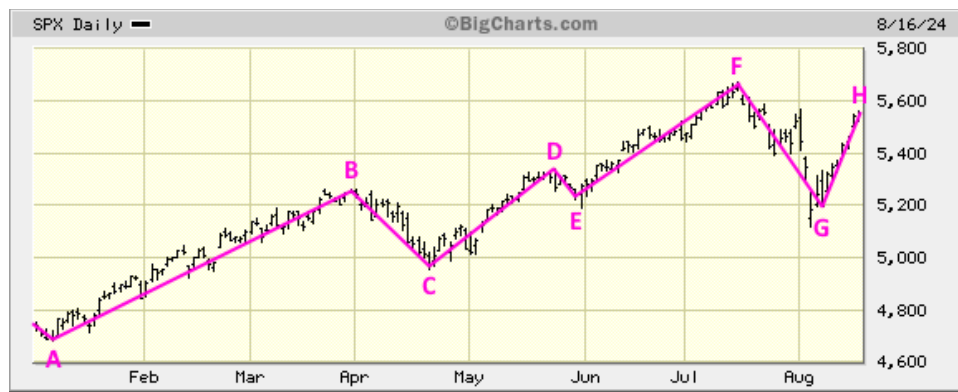
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This Week

Extracting the Signal from the Noise

Wave Theory is very old. It's simple but it's useful. It is the foundation of Elliott Wave Theory and Merrill's M-W patterns. Wave analysis starts by marking the major turns. This requires some judgment and practice. For example, on the SPX chart one person might dismiss the points D and E as being inconsequential and connect C to F with a single straight line. If you would like a more objective approach to marking the peaks and troughs, use the "zigzag" overlay available on StockCharts.COM.



The basic wave analysis rules are: a) shorter and steeper line segments indicate counter-trend movements while longer or less steep line segments are more representative of the trend; b) the traditional technical analysis rule that higher highs and higher lows indicate a rising trend while lower highs and lower lows indicate a falling trend.

On this SPX chart, line segment AB is long and shallow, telling us the trend is up. Line BC is shorter and a little steeper so it's a counter-trend line, and it confirms what AB said. CD is about the same slope as BC but it's longer, so the trend is still up. Also C is higher than A and D is higher than B, more evidence of a rising trend. DE is short and steep, a counter-trend line, while EF is long and shallow, a trend line. E is higher than C and F is higher than D, more proof of an up trend.

FG is shorter and steeper than EF, implying a counter trend move, and seeming to confirm the rising trend. But G is a little lower than E, so it could be a warning. Then too, the rising GH is steeper and shorter than FG.

The shorter and steeper GH says its a counter-trend line, hinting that the trend is turning down. But GH isn't complete yet. It won't be finished until a falling segment appears, so we can't put too much stock in GH yet. Nonetheless, G is lower than E and the current state of GH could be a warning that this last rally might be a bull trap.

If H gets above F then the rally from G to H will be confirmed, but the steepness of the GH line is still somewhat concerning, and the people rushing into the market right now may be in for an unpleasant surprise.

[Market Barometers](#)

← Use this link to see all the market barometer charts

All 5 indexes still have bullish MTAs, even though some are showing some red dots.



Week-over-week: VTI: 3.9%, SPX: 3.9%, COMPQ: 5.3%, DIA: 2.9%, IWM: 3.0%

A Closer Look

The market powered back up this week, ending up 3.9% at \$5554. The advance-decline line confirmed price and so did the stocks above their 50-day averages. The stocks above their 200-day averages wavered on Wednesday but was up the other 4 days.



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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[Inflation Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Analysis for 16-Aug-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
KBE	S&P BANK SECTOR	ETF	UP	4.48:0.29	«UP»	2/1	-0.5
XLRE	REAL ESTATE	ETF	UP	3.79:0.29	UP	97/1	-0.1
ITB	HOME CONSTRUCTION	ETF	UP	3.55:0.29	«DN»	2/1	-0.6
XLU	UTILITIES	ETF	UP	2.74:0.29	UP	96/1	0.2
KIE	INSURANCE SECTOR	ETF	UP	2.06:0.29	≡dn≡	2/1	0.1
ITA	SPACE & DEFENSE	ETF	UP	2.06:0.29	≡UP≡	921/1	0.3
XLV	HEALTH CARE	ETF	UP	1.47:0.29	≡UP≡	999/1	0.3
XLF	FINANCIALS	ETF	UP	1.24:0.29	≡dn≡	3/1	0.2
XLP	CONSUMER STAPLES	ETF	UP	1.19:0.29	≡UP≡	117/1	0.3
XLI	INDUSTRIALS	ETF	UP	0.46:0.29	dn	2/1	0.1
XLC	COMMUNICATION SRVCS	ETF	UP	0.35:0.29	-UP-	5/1	0.3
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	0.30:0.29	=UP=	4/1	0.5
BIL	CASH EQUIVALENT	ETF	DN	0.00:0.29	«UP»	2/1	0.0
XLB	MATERIALS	ETF	UP	-0.20:0.29	-UP-	2/1	0.0
PAVE	INFRASTRUCTURE	ETF	UP	-0.22:0.29	dn	2/2	-0.0
XRT	RETAIL	ETF	UP	-0.48:0.29	-UP-	2/1	0.3
XLY	CONSUMER DISCR	ETF	=DN=	-0.58:0.29	≡UP≡	2/1	0.5
IGM	EXPANDED TECH SECTOR	ETF	UP	-0.84:0.29	UP	4/1	1.2
XLE	ENERGY	ETF	DN	-0.94:0.29	-UP-	2/1	0.2
IYT	TRANSPORT NDX	ETF	DN	-1.00:0.29	dn	2/1	0.3
SMH	SEMICONDUCTORS	ETF	UP	-2.62:0.29	≡UP≡	2/1	2.4

The week-over-week price changes for the top 5 sectors are: KBE: 3.8%, XLRE: 0.1%, ITB: 1.9%, XLU: 1.1%, KIE: 2.9%.

The Big 7 were all up except GOOGL: AAPL: 4.5%, AMZN: 6.1%, GOOGL: -0.4%, META: 1.9%, MSFT: 3.1%, NFLX: 6.3%, TSLA: 8.1%.

Sector Relative-Strength History

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

Relative Strength History 24-May-2024 to 16-Aug-2024

24 May	31 May	07 Jun	14 Jun	21 Jun	28 Jun	05 Jul	12 Jul	19 Jul	26 Jul	02 Aug	09 Aug	16 Aug
UTILS	UTILS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BANKS	BANKS	BANKS	BANKS
SEMIS	SEMIS	UTILS	UTILS	TECHS	TECHS	TECHS	TECHS	TECHS	SEMIS	BLDRS	BLDRS	REALE
DFEND	DFEND	DFEND	TECHS	UTILS	SP500	SP500	SP500	SP500	TECHS	REALE	REALE	BLDRS
BANKS	TECHS	TECHS	DFEND	SP500	UTILS	COMMS	COMMS	DISCR	SP500	INSUR	UTILS	UTILS
STAPL	BANKS	SP500	SP500	COMMS	COMMS	UTILS	DISCR	BANKS	DISCR	FINAN	INSUR	INSUR
TECHS	STAPL	STAPL	COMMS	DFEND	STAPL	DISCR	UTILS	COMMS	REALE	DISCR	DFEND	DFEND
INFRA	SP500	COMMS	STAPL	STAPL	DFEND	STAPL	STAPL	REALE	COMMS	SP500	FINAN	HLTHY
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	STAPL
INDUS	INSUR	INSUR	FINAN	FINAN	DISCR	REALE	DFEND	UTILS	HLTHY	DFEND	SP500	INDUS
SP500	COMMS	BANKS	INSUR	REALE	REALE	SALES	FINAN	STAPL	UTILS	HLTHY	COMMS	COMMS
MATER	MATER	MATER	MATER	INSUR	FINAN	FINAN	BANKS	INSUR	INSUR	SEMIS	INDUS	SP500
INSUR	INDUS	INFRA	INDUS	MATER	INSUR	INSUR	SALES	DFEND	DFEND	COMMS	DISCR	MATER
COMMS	ENRGY	INDUS	REALE	DISCR	INDUS	INDUS	INSUR	SALES	STAPL	STAPL	INFRA	INFRA
SALES	SALES	HLTHY	BANKS	INDUS	MATER	BANKS	INDUS	INDUS	INDUS	INDUS	MATER	SALES
HLTHY	HLTHY	ENRGY	INFRA	INFRA	BANKS	MATER	MATER	MATER	SALES	SALES	SALES	DISCR
BLDRS	BLDRS	REALE	DISCR	BANKS	INFRA	ENRGY	ENRGY	ENRGY	INFRA	INFRA	TECHS	TECHS
DISCR	DISCR	DISCR	ENRGY	ENRGY	ENRGY	INFRA	TRANS	TRANS	MATER	MATER	ENRGY	ENRGY
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	SEMIS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. KBE	4.48	BANKS	BANKS	11. XLC	0.35	COMMS	COMMUNICATION SRVCS
2. XLRE	3.79	REALE	REAL ESTATE	12. SPX	0.30	SP500	S&P 500
3. ITB	3.55	BLDRS	HOMEBUILDERS	13. XLB	-0.20	MATER	MATERIALS
4. XLU	2.74	UTILS	UTILITIES	14. PAVE	-0.22	INFRA	INFRASTRUCTURE
5. KIE	2.06	INSUR	INSURANCE	15. XRT	-0.48	SALES	RETAIL SALES
6. ITA	2.06	DFEND	AEROSPACE & DEFENSE	16. XLY	-0.58	DISCR	CONSUMER DISCR
7. XLV	1.47	HLTHY	HEALTH CARE	17. IGM	-0.84	TECHS	TECHNOLOGY
8. XLF	1.24	FINAN	FINANCIALS	18. XLE	-0.94	ENRGY	ENERGY
9. XLP	1.19	STAPL	CONSUMER STAPLES	19. IYT	-1.00	TRANS	TRANSPORTATION
10. XLI	0.46	INDUS	INDUSTRIALS	20. SMH	-2.62	SEMIS	SEMICONDUCTORS

The top 9 are the same as last week, although Home Builders and Real Estate switched places and so did Health Care and Financials.

This Week's Selections

My sector choice for last week was: BIL.

Top ETFs By Slope

Current Holdings				Other Sectors			
Sym	Slope	Sell Stop	Last	Sym	Slope	Long	Last
				KBE	4.48% ↓↓	no	\$51.26 ↓↓
				XLRE	3.79% ↑↑	no	\$41.86 —
				ITB	3.55% —	no	\$114.11 ↓↓
				XLU	2.74% ↑↑	no	\$74.44 ↓
				KIE	2.06% ↑↑	no	\$54.16 ↓
				ITA	2.06% ↑	no	\$143.88 ↑
				XLV	1.47% ↑	no	\$152.87 ↓
				XLF	1.24% ↓↓	no	\$43.77 ↑
BIL	0.00% —	\$90.85	\$91.65 —	XLP	1.19% ↑↑	no	\$80.51 —

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

Analysis

[KBE](#) has 2 full candles above the \$50 line. KB and ATS are up. RSI, CMF, and OBV are neutral, while the MACD is still neutral—. [XLRE](#) took a swipe at \$42 but didn't break it. It did make a 97-week high, and most of the basic charts are up, but not convincingly. [ITB](#)'s basic charts are mixed. [XLU](#)'s basic charts are all essentially up. But price needs to get above psychological and historical resistance near \$75.

[KIE](#)'s basic charts are pretty good, but I'd like to see it get above \$55. [ITA](#) made several opens and closes above \$140, and a 17.7-year new high. All basic charts are up. [XLV](#) punched convincingly up through \$150, and made an all-time high. All basic charts are up. [XLF](#) – all basic charts are up but it needs to get above historical resistance near \$44. [XLP](#) stayed above \$80 on Thursday and Friday, and made a 2.2-year new high. All basic charts are up, but I'd like to see it move away from \$80 and make an all-time high (over \$80.60, which is only inches away).

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Thoughts and Decisions

I'm going to buy ITA and XLV. I'll watch XLP for an open+close above \$80.60. That will show that XLP has gotten away from the gravity pull of \$80 and give it an all-time high.

My sector choice for this week is 10% ITA, 10% XLV, and 80% BIL.

There are quite a few interesting things to look at on the next page.

New Highs

Plenty of new highs this week, including gold (GLD and GLDM) and bonds.

SECURITIES MAKING NEW HIGHS					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
WMT	WALMART STORES	STOCK	UP	2.76	999
XLV	HEALTH CARE	ETF	UP	1.42	999
ITA	SPACE & DEFENSE	ETF	UP	2.00	921
USMV	USA MIN VOLATILITY	ETF	UP	1.83	646
VIG	DIVIDEND APPRECIATION	ETF	UP	1.07	385
XAR	EQU-WTD SPACE & DEFENSE	ETF	UP	1.75	377
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	1.31	358
PM	PHILIP MORRIS INTL	STOCK	UP	6.97	350
GLDM	GOLD MINISHARES	ETF	UP	1.81	309
AZN	ASTRAZENECA	STOCK	UP	2.81	277
NVS	NOVARTIS	STOCK	UP	3.55	277
SAP	SAP AG	STOCK	UP	3.19	277
ABBV	ABBVIE INC	STOCK	UP	5.17	256
PLTR	PALANTIR	STOCK	UP	8.04	177
UWMC	UWM HOLDINGS CORP	HLD	UP	8.52	159
PCY	EMERGING MARKET BONDS	ETF	UP	0.55	117
XLP	CONSUMER STAPLES	ETF	UP	1.22	117
MO	ALTRIA GROUP	HLD	UP	5.06	111
HYG	HIGH-YIELD CORP BOND (HD)	ETF	UP	0.53	101
USIG	USD INVESTMENT GRADE CORPORATE BOND	ETF	UP	0.91	101
XLRE	REAL ESTATE	ETF	UP	3.45	97
XLU	UTILITIES	ETF	UP	2.74	96
VNQ	U.S. REIT INDEX	ETF	UP	3.69	77
UTG	REAVES UTILITY INCOME FUND	CEF	UP	1.98	76
PDM	PIEDMONT OFFICE REALTY TRUST	STOCK	UP	9.54	73
T	A T & T	STOCK	UP	3.35	67
XYLD	S&P 500 COVERED CALL	ETF	UP	-0.40	53

'CEF' is a Closed End Fund

'HLD' is a Holding Company

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