

Weekly Market Analysis #528 — 20 September 2024

Richard "Doc" Ahrens

© All Rights Reserved

This Week

The Fed's change of the base interest rate may reduce the dividend yield on BIL, so we need to keep an eye on our cash-equivalent fund. I'm working on a paper for everyone about BIL and the important difference between "dividend yield" and "shareholder return".

I've added two charts to the "basic chart set". In the upper right corner of the basic charts, we now have a Smoothed Slope chart. This is a 4-month, detailed-view of the 3-year Smoothed Slope chart that appears directly below the long-term MTA chart. The detailed view makes Smoothed Slope a lot easier to read. In the upper left corner of the basic charts there is "ARI", the Auto-Regression Indicator. It is something I found last year. It is the output of an esoteric, 3-pass, filtering system.

The Smoothed Slope is very simple. It's the 20-day slope of a 6-month DEMA of price. I adopted [Patrick Mulloy's DEMA](#) for slope some years ago after Marc Chaikin told me he was using it. For want of a better term, the Auto-Regression Indicator is...weird. I'll be writing a paper explaining it.

Both the Smoothed Slope and the Auto-Regression Indicators qualify as "Pure Price" indicators (as opposed to CMF and OBV which mix price and volume in their calculations).

The two-table display on page 6 seemed like a good idea when I started using it a couple of years ago, but as it evolved, it has become difficult to read and even harder to maintain. This week I'm switching to a single table sorted by slope for page 6. This layout has some room for change, so I'm open to suggestions.

Top ETFs By Slope

Symbol	MTA	Slope	21D-Stop	8%-Stop	Close	Position
XLRE	UP	4.99%	\$44.09	\$41.11	\$44.68	Open
ITB	UP	4.33%	\$121.27	\$115.48	\$125.52	Open
XLU	UP	4.09%	\$77.09	\$73.67	\$80.08	Open
KIE	UP	3.42%	\$55.67	\$51.94	\$56.46	Open
KBE	UP	3.38%	\$52.37	\$49.42	\$53.72	No

The current layout has 8 columns. *MTA* will either be "UP" or "DN". The value shown in *SLOPE* should agree with the slope values in the tables on pages 4 and 5. The *21D-Stop* is a tight trailing stop which comes from 21-day average that's the black, center line of the Keltner Band chart. The tight stop is useful when you're thinking about exiting from a fund that seems to be completing a rally. The *8%-Stop* is a wide trailing stop that is useful for making exit decisions from longer-term positions. *CLOSE* is just Friday's closing price. *POSITION* will be "Open", "No", "BUY", or "SELL".

Good article in this week's [Thoughts From The Frontline](#) by John Mauldin.

In his [On My Radar](#), Steve Blumenthal reminds us about the important memos from Howard Marks.

By the way, is anyone going to be unhappy if I remove the MACD+ from the basic charts? A couple of years ago a reader asked me to add the Keltner Band chart. A few months after I did so, I found that the Keltner Bands are much easier for me to read than the MACD or even the MACD plus its histogram.

Let me know. I won't take it away if there are people who are using it.

Market Barometers

← Use this link to see all the market barometer charts

All 5 MTAs are still up and all 5 indexes ended the week up between 1.4% and 2.2%. VTI, SPX and DIA made all-time highs. COMPQ made a 9-week high and IWM made an 8-week high.



Week-over-week: VTI: 1.5%, SPX: 1.4%, COMPQ: 1.5%, DIA: 1.4%, IWM: 2.2%.

A Closer Look

The SPX barely moved on Mon-Wed as the market held its breath waiting for the Fed's announcement. Thursday's reaction was positive but subdued. Friday saw a 120% jump in volume, but price was essentially flat. The Advance-Decline line was similar to price. The stocks above their 50-day and 200-day averages copied the A-D line more than price, but both ended the week above 75, which is very positive.



A big thank you to Mudit for helping me get these charts restored to the Weekly Analysis.

[Bullish Universe](#)

← Use this link to get to the live summary table

[Bearish Universe](#)

← Use this link to get to the live summary table

[Inflation Universe](#)

← Use this link to get to the live summary table

[Auxiliary Universe](#)

← Use this link to get to the live summary table

[Special Security Universe](#)

← Use this link to get to the live summary table

[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 20-Sep-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLRE	REAL ESTATE	ETF	UP	4.99:1.35	≡up≡	106/2	-0.2
ITB	HOME CONSTRUCTION	ETF	UP	4.33:1.35	«up»	926/1	0.6
XLU	UTILITIES	ETF	UP	4.09:1.35	UP	999/1	0.2
KIE	INSURANCE SECTOR	ETF	UP	3.42:1.35	=DN=	949/1	-0.1
KBE	S&P BANK SECTOR	ETF	UP	3.38:1.35	«up»	8/1	0.3
XLP	CONSUMER STAPLES	ETF	UP	2.88:1.35	≡up≡	999/3	-0.4
XLF	FINANCIALS	ETF	UP	2.65:1.35	-UP-	3/1	0.0
ITA	SPACE & DEFENSE	ETF	UP	2.62:1.35	-UP-	925/1	0.2
XLV	HEALTH CARE	ETF	UP	2.35:1.35	-DN-	999/2	-0.2
XLI	INDUSTRIALS	ETF	UP	1.87:1.35	-UP-	999/1	0.3
XLY	CONSUMER DISCR	ETF	UP	1.65:1.35	«UP»	135/1	0.6
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.30:1.35	«UP»	999/1	0.3
XLB	MATERIALS	ETF	UP	1.10:1.35	=DN=	999/1	0.3
XLC	COMMUNICATION SRVCS	ETF	UP	0.93:1.35	«UP»	315/1	0.4
IYT	TRANSPORT NDX	ETF	-UP-	0.87:1.35	DN	23/1	0.2
PAVE	INFRASTRUCTURE	ETF	UP	0.46:1.35	UP	380/1	0.7
IGM	EXPANDED TECH SECTOR	ETF	UP	0.17:1.35	«UP»	9/1	0.7
BIL	CASH EQUIVALENT	ETF	DN	0.00:1.35	-UP-	3/1	0.0
XRT	RETAIL	ETF	DN	-0.20:1.35	-DN-	3/1	0.4
XLE	ENERGY	ETF	DN	-1.56:1.35	dn	3/1	0.4
SMH	SEMICONDUCTORS	ETF	DN	-2.05:1.35	«UP»	3/2	1.0

The week-over-week price changes for the top 5 sectors are: XLRE: -1.2%, ITB: 1.3%, XLU: 2.0%, KIE: 1.0%, KBE: 3.2%.

The WoW changes for the Big 7 were all positive with AAPL: 2.6%, AMZN: 2.7%, GOOGL: 3.9%, META: 7.0%, MSFT: 1.1%, NFLX: 0.6%, TSLA: 3.5%.

Sector Relative-Strength History

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

28 Jun	05 Jul	12 Jul	19 Jul	26 Jul	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug	06 Sep	13 Sep	20 Sep
SEMIS	SEMIS	SEMIS	SEMIS	BANKS	BANKS	BANKS	BANKS	BANKS	BLDRS	REALE	REALE	REALE
TECHS	TECHS	TECHS	TECHS	SEMIS	BLDRS	BLDRS	REALE	BLDRS	REALE	BLDRS	UTILS	BLDRS
SP500	SP500	SP500	SP500	TECHS	REALE	REALE	BLDRS	REALE	BANKS	BANKS	BLDRS	UTILS
UTILS	COMMS	COMMS	DISCR	SP500	INSUR	UTILS	UTILS	UTILS	UTILS	UTILS	INSUR	INSUR
COMMS	UTILS	DISCR	BANKS	DISCR	FINAN	INSUR	INSUR	INSUR	INSUR	INSUR	BANKS	BANKS
STAPL	DISCR	UTILS	COMMS	REALE	DISCR	DFEND	DFEND	DFEND	DFEND	DFEND	STAPL	STAPL
DFEND	STAPL	STAPL	REALE	COMMS	SP500	FINAN	HLTHY	HLTHY	HLTHY	STAPL	FINAN	FINAN
HLTHY	HLTHY	REALE	FINAN	FINAN	UTILS	HLTHY	FINAN	STAPL	STAPL	FINAN	HLTHY	DFEND
SALES	DFEND	HLTHY	HLTHY	BLDRS	TECHS	STAPL	STAPL	FINAN	FINAN	HLTHY	DFEND	HLTHY
DISCR	REALE	DFEND	UTILS	HLTHY	DFEND	SP500	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS
REALE	SALES	FINAN	STAPL	UTILS	HLTHY	COMMS	COMMS	COMMS	COMMS	SP500	SP500	DISCR
FINAN	FINAN	BANKS	INSUR	INSUR	SEMIS	INDUS	SP500	SP500	SP500	COMMS	DISCR	SP500
INSUR	INSUR	SALES	DFEND	DFEND	COMMS	DISCR	MATER	MATER	MATER	MATER	MATER	MATER
INDUS	INDUS	INSUR	SALES	STAPL	STAPL	INFRA	INFRA	SALES	SALES	TRANS	TRANS	COMMS
MATER	BANKS	INDUS	INDUS	INDUS	INDUS	MATER	SALES	INFRA	INFRA	DISCR	COMMS	TRANS
BANKS	MATER	MATER	MATER	SALES	SALES	SALES	DISCR	DISCR	DISCR	INFRA	INFRA	INFRA
INFRA	ENRGY	ENRGY	ENRGY	INFRA	INFRA	TECHS	TECHS	TRANS	TRANS	SALES	TECHS	TECHS
ENRGY	INFRA	TRANS	TRANS	MATER	MATER	ENRGY	ENRGY	TECHS	TECHS	TECHS	SALES	SALES
TRANS	TRANS	INFRA	BLDRS	ENRGY	ENRGY	TRANS	TRANS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY
BLDRS	BLDRS	BLDRS	INFRA	TRANS	TRANS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1 XLRE	4.99	REALE	REAL ESTATE	11 XLY	1.65	DISCR	CONSUMER DISCR
2 ITB	4.33	BLDRS	HOMEBUILDERS	12. SPX	1.30	SP500	S&P 500
3 XLU	4.09	UTILS	UTILITIES	13 XLB	1.10	MATER	MATERIALS
4 KIE	3.42	INSUR	INSURANCE	14. XLC	0.93	COMMS	COMMUNICATION SRVCS
5. KBE	3.38	BANKS	BANKS	15. IYT	0.87	TRANS	TRANSPORTATION
6. XLP	2.88	STAPL	CONSUMER STAPLES	16. PAVE	0.46	INFRA	INFRASTRUCTURE
7. XLF	2.65	FINAN	FINANCIALS	17. IGM	0.17	TECHS	TECHNOLOGY
8. ITA	2.62	DFEND	AEROSPACE & DEFENSE	18 XRT	-0.20	SALES	RETAIL SALES
9. XLV	2.35	HLTHY	HEALTH CARE	19. XLE	-1.56	ENRGY	ENERGY
10. XLI	1.87	INDUS	INDUSTRIALS	20. SMH	-2.05	SEMIS	SEMICONDUCTORS

Top to bottom, there were only minor differences since last week. UTILS and BLDRS exchanged places. HLTHY and DFEND switched. DISCR overtook the SPX. And COMMS moved ahead of TRANS. But looking at the overall picture, almost nothing happened. Only eight sectors out of 20 moved, and no sector moved more than one rank.

This Week's Selections

My sector choices last week were: 10% ITB, 10% KIE, 10% XLP, 10% XLRE, 10% XLU, 10% XLV and 40% BIL.

Top Sector ETFs By Slope

Symbol	MTA	Slope	21D-Stop	8%-Stop	Close	Position
XLRE	UP	4.99%	\$44.09	\$41.11	\$44.68	Open
ITB	UP	4.33%	\$121.27	\$115.48	\$125.52	Open
XLU	UP	4.09%	\$77.09	\$73.67	\$80.08	Open
KIE	UP	3.42%	\$55.67	\$51.94	\$56.46	Open
KBE	UP	3.38%	\$52.37	\$49.42	\$53.72	No
XLP	UP	2.88%	\$82.70	\$76.4i	\$83.05	Open
XLF	UP	2.65%	\$44.77	\$42.01	\$45.66	No
ITA	UP	2.62%	\$144.31	\$136.06	\$147.89	BUY
XLV	UP	2.65%	\$155.22	\$142.86	\$155.28	Open
XLI	UP	1.87%	\$129.73	\$122.53	\$133.18	BUY
XLY	UP	1.65%	\$189.21	\$180.95	\$196.69	No
SPX	UP	1.30%	\$5,585.22	\$5,246.35	\$5,702.55	INDEX

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

Analysis

[XLRE](#) made a 106-week high. Most basic charts are up and price is above both the tight stop (21D) and the wide stop (8%).

[ITB](#) made a 926-week high. Basic charts are up and price is above both stops.

[XLU](#) made another all-time high and all basic charts are up. Price is above both stops.

[KIE](#) is above both stops and made a 949-week high.

[KBE](#) needs to break \$55.

[XLP](#) again made an all-time high. It's flirting with its tight stop near \$82.50 but that's also a support level, and all basic charts are up.

[XLF](#) basic charts seem to be good, but XLF seems to be hitting resistance around \$45.70.

[ITA](#) made a 925-week high. All charts are up.

[XLV](#) is an the 5th week of consolidation. It needs to clear \$157.50 to become interesting.

[XLI](#) – The DJIA made a new high and XLI did, too. Basic charts look good.

[XLY](#)'s basic charts are all up. The tricky part is that there is both historical resistance (about 2 years ago near \$200) and psychological resistance, also.

– – – – – – – – – – – – –

Thoughts and Decisions

Neither ITA nor XLI are near the top of the slope list, but both have strong basic charts. Also, ITA made a 925-week high and XLI made an all-time high. So I'm going to take positions in both of those.

Listing sectors in alphabetic order, my choices for this week are 10% ITA, 10% ITB, 10% KIE, 10% XLI, 10% XLP, 10% XLRE, 10% XLU, 10% XLV and reduce BIL to 20%.

New Highs

10 all-time highs this week plus a good number of long-time highs.

SECURITIES MAKING NEW HIGHS ON 20-Sep-2024					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.72	999
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	1.86	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.30	999
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.36	999
VTI	TOTAL STOCK MARKET	ETF	UP	1.34	999
XLB	MATERIALS	ETF	UP	1.10	999
XLI	INDUSTRIALS	ETF	UP	1.87	999
XLP	CONSUMER STAPLES	ETF	UP	2.88	999
XLU	UTILITIES	ETF	UP	4.09	999
XLV	HEALTH CARE	ETF	UP	2.35	999
KIE	INSURANCE SECTOR	ETF	UP	3.42	949
ITB	HOME CONSTRUCTION	ETF	UP	4.33	926
ITA	SPACE & DEFENSE	ETF	UP	2.62	925
USMV	USA MIN VOLATILITY	ETF	UP	2.83	650
META	METaverse	ETF	UP	2.21	621
FIW	POTABLE/WASTE WATER	ETF	UP	0.97	394
VIG	DIVIDEND APPRECIATION	ETF	UP	2.17	390
IVE	S&P 500 VALUE	ETF	UP	1.93	388
SPYV	S&P 500 (VALUE)	ETF	UP	1.91	385
VTV	US LARGE CAP VALUE	ETF	UP	2.03	385
PAVE	INFRASTRUCTURE	ETF	UP	0.46	380
IBM	INTERNATIONAL BUSINESS MACHINES	STOCK	UP	5.76	369
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	2.73	363
IRM	IRON MOUNTAIN	STOCK	UP	8.67	358
XLC	COMMUNICATION SRVCS	ETF	UP	0.93	315
GLDM	GOLD MINISHARES	ETF	UP	2.77	314
SAP	SAP AG	STOCK	UP	3.83	282
VGK	FTSE EUROPE	ETF	UP	1.08	280
INFL	INFLATION BENEFICIARIES	ETF	UP	3.01	186
PLTR	PALANTIR	STOCK	UP	12.13	182

©2024 Trendline Dynamics ("TLD") is not a registered investment advisor. The purpose of this educational newsletter is to impart technical analysis and trading skills by showing how they are used in real time and on real securities. The contents of this newsletter are only my opinions and descriptions of how I trade. No mention of a particular security, index, derivative, or other instrument in the newsletter constitutes a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security, index, or derivative for anyone other than myself. TLD hereby expressly disclaims any and all representations and warranties that: (a) the content of its newsletters is correct, accurate, complete, or reliable; (b) any of its newsletters will be available at any particular time or place, or in any particular medium; and (c) that any omission or error in any of its newsletters will be corrected. TLD's newsletter is published and distributed in accordance with applicable United States and foreign copyright and other laws. Without the prior written consent of TLD, no person or entity, directly or indirectly, may copy, reproduce, recompile, decompile, disassemble, reverse engineer, distribute, publish, display, perform, modify, upload to create derivative works from, transmit, or in any way exploit all or any part of TLD's website, its newsletter, or any other material belonging to TLD. At any given time TLD's principals may or may not have a financial interest in any or all of the securities, funds, bonds, and/or commodities mentioned.