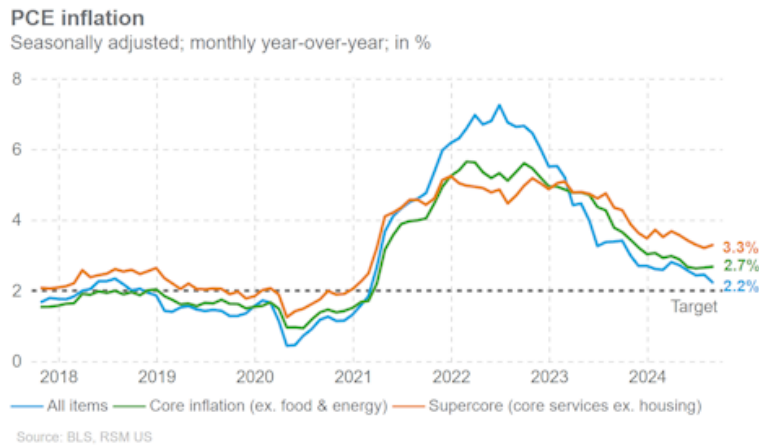


Weekly Market Analysis #529 – 27 September 2024

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This Week



The [Real Economy Blog](#) says PCE is down to 2.2% and declining.

Dynamic Sector Allocation

I haven't included this definition for a couple of years so I thought it was time to send it out again.

The basic idea behind Dynamic Sector Allocation (DSA) is that instead of buying the whole SPX index, it makes more sense to keep your money in those parts of the index that are doing the best, and definitely keep your money out of any parts of the index that are going down.

The guiding principles of DSA are:

1. Keep your money in the sectors that are a) going up, and b) doing better than the SPX index itself.
2. If no sectors are going up faster than the SPX but the SPX is going up, you may as well buy the SPX. (I don't remember ever seeing this happen.)
3. If the SPX and the sectors are going down, be in cash (or a cash-equivalent fund).
4. Your cash position can be as much as 100%.
5. Position size for each SPX sector is generally 10% of your account.
6. Always keep 10% or more in cash (or a cash-equivalent fund).

The net effect of the last 2 principles is that you never hold more than 9 sectors, and you will always be in the best 9 if there are 10 or more sectors that are doing better than the SPX itself.

In theory, DSA can be operated on slope alone. In reality, what I have found is other conditions can reveal that some sectors with perfectly good slopes may be less-than-attractive for various reasons.

The table on page 6 has evolved a little this week. I switched the 8% stop and 21-day stop columns to get the 21-day stop next to the closing price. I also changed the terms in the position column. "Open" is now the more traditional "Hold" (because "Open" seems to me to be too similar to "Buy"). I also added the term "Watch", which means to monitor a security every day. So terms in the *POSITION* column can now be "Hold", "No", "BUY", "SELL", or "Watch".

[Market Barometers](#)

← Use this link to see all the market barometer charts

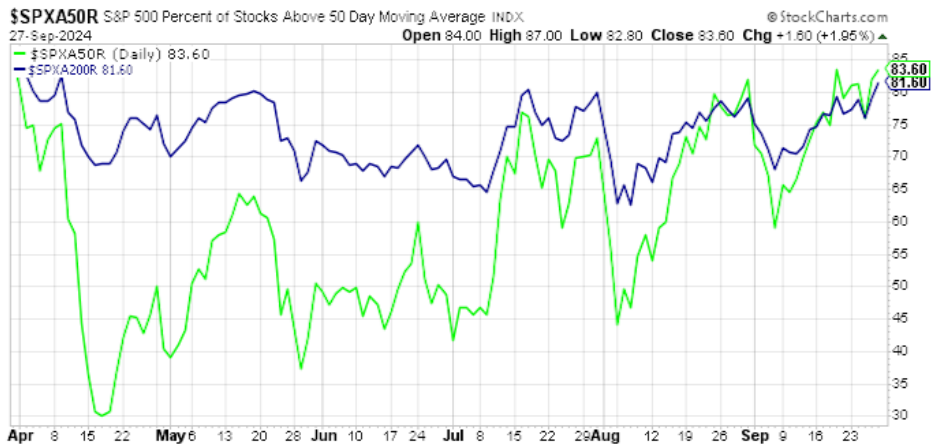
All 5 MTAs are still up but COMPQ is showing red for its fast MTA average. VTI, SPX, and DIA made all-time highs. COMPQ lead the group this week, rising 1.0% from the previous Friday.



Week-over-week: VTI: 0.2%, SPX: 0.6%, COMPQ: 1.0%, DIA: 0.6%, IWM: -0.6%.

A Closer Look

The SPX was up on Monday and Tuesday, then it made an all-time high on Thursday. On Friday it backed down to \$5738 on average volume. The Advance-Decline line did a little better than price. The stocks above their 50-day and 200-day averages did slightly better than the SPX, and both finished the week over 80.



[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](#)

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[Auxiliary Universe](#)

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[Special Security Universe](#)

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[Sector Universe](#)

← Use this link to get to the live summary table

SPX Sector Universe Analysis for 27-Sep-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLRE	REAL ESTATE	ETF	UP	4.80:1.63	up	1/3	-0.5
ITB	HOME CONSTRUCTION	ETF	UP	4.73:1.63	-DN-	1/2	0.0
XLU	UTILITIES	ETF	UP	4.41:1.63	-up-	999/1	0.1
KIE	INSURANCE SECTOR	ETF	UP	3.43:1.63	DN	950/2	-0.2
KBE	S&P BANK SECTOR	ETF	UP	3.23:1.63	≡DN≡	1/2	-0.2
ITA	SPACE & DEFENSE	ETF	UP	2.78:1.63	-up-	926/1	0.1
XLP	CONSUMER STAPLES	ETF	UP	2.71:1.63	«DN»	1/1	-0.4
XLY	CONSUMER DISCR	ETF	UP	2.67:1.63	UP	136/1	0.5
XLF	FINANCIALS	ETF	UP	2.61:1.63	≡up≡	1/2	-0.2
XLI	INDUSTRIALS	ETF	UP	2.33:1.63	-up-	999/1	0.3
XLV	HEALTH CARE	ETF	UP	1.97:1.63	DN	1/6	-0.4
XLB	MATERIALS	ETF	UP	1.65:1.63	-UP-	999/1	0.6
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.60:1.63	«up»	999/1	0.2
IYT	TRANSPORT NDX	ETF	UP	1.36:1.63	DN	1/1	0.2
PAVE	INFRASTRUCTURE	ETF	UP	1.31:1.63	-up=	381/1	0.6
XLC	COMMUNICATION SRVCS	ETF	UP	1.30:1.63	«UP»	316/1	0.3
IGM	EXPANDED TECH SECTOR	ETF	UP	0.71:1.63	«up»	10/1	0.7
XRT	RETAIL	ETF	DN	0.16:1.63	-UP-	5/1	0.4
BIL	CASH EQUIVALENT	ETF	«UP»	0.00:1.63	-up-	4/1	0.0
SMH	SEMICONDUCTORS	ETF	DN	-1.38:1.63	UP	9/1	1.7
XLE	ENERGY	ETF	DN	-1.57:1.63	=DN=	4/2	0.1

The week-over-week price changes for the top 5 sectors are: XLRE: -0.9%, ITB: 1.0%, XLU: 0.4%, KIE: 0.0%, KBE: -2.6%.

The WoW changes for the Big 7 were mixed: AAPL: -0.2%, AMZN: -1.9%, GOOGL: 0.2%, META: 1.1%, MSFT: -1.7%, NFLX: 0.9%, TSLA: 9.3%

Sector Relative-Strength History

13 weeks of slope history for 20 sector ETFs and the SPX.

Relative Strength History 05-Jul-2024 to 27-Sep-2024

05 Jul	12 Jul	19 Jul	26 Jul	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug	06 Sep	13 Sep	20 Sep	27 Sep
SEMIS	SEMIS	SEMIS	SEMIS	BANKS	BANKS	BANKS	BANKS	BANKS	REALE	REALE	REALE	REALE
TECHS	TECHS	TECHS	BANKS	BLDRS	REALE	REALE	REALE	REALE	BANKS	UTILS	BLDRS	BLDRS
SP500	SP500	SP500	TECHS	REALE	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	UTILS	UTILS
COMMS	COMMS	DISCR	SP500	SEMIS	UTILS	UTILS	UTILS	UTILS	UTILS	INSUR	INSUR	INSUR
UTILS	DISCR	BANKS	DISCR	TECHS	INSUR	DFEND	DFEND	INSUR	INSUR	BANKS	BANKS	BANKS
DISCR	UTILS	COMMS	REALE	UTILS	DFEND	INSUR	INSUR	DFEND	DFEND	STAPL	STAPL	DFEND
STAPL	STAPL	REALE	COMMS	SP500	FINAN	HLTHY	HLTHY	HLTHY	STAPL	DFEND	FINAN	STAPL
DFEND	HLTHY	UTILS	FINAN	INSUR	HLTHY	FINAN	STAPL	STAPL	FINAN	FINAN	DFEND	DISCR
HLTHY	REALE	FINAN	UTILS	FINAN	STAPL	STAPL	FINAN	FINAN	HLTHY	HLTHY	HLTHY	FINAN
SALES	DFEND	HLTHY	BLDRS	DISCR	SP500	COMMS	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS
FINAN	FINAN	STAPL	HLTHY	DFEND	COMMS	SP500	SP500	SP500	SP500	SP500	DISCR	HLTHY
REALE	BANKS	DFEND	INSUR	HLTHY	INDUS	INDUS	COMMS	COMMS	COMMS	DISCR	SP500	MATER
INSUR	SALES	INSUR	DFEND	COMMS	DISCR	MATER	MATER	MATER	MATER	MATER	MATER	SP500
INDUS	INSUR	SALES	STAPL	STAPL	TECHS	INFRA	SALES	SALES	DISCR	COMMS	COMMS	TRANS
BANKS	INDUS	INDUS	INDUS	INDUS	INFRA	SALES	INFRA	INFRA	TRANS	TRANS	TRANS	INFRA
MATER	MATER	MATER	SALES	SALES	MATER	TECHS	TECHS	TECHS	SALES	INFRA	INFRA	COMMS
ENRGY	ENRGY	ENRGY	INFRA	INFRA	SALES	DISCR	DISCR	DISCR	INFRA	TECHS	TECHS	TECHS
INFRA	INFRA	INFRA	MATER	MATER	ENRGY	ENRGY	TRANS	TRANS	TECHS	SALES	SALES	SALES
TRANS	TRANS	TRANS	ENRGY	ENRGY	SEMIS	TRANS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS
BLDRS	BLDRS	BLDRS	TRANS	TRANS	TRANS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1 XLRE	4.80	REALE	REAL ESTATE	11. XLV	1.97	HLTHY	HEALTH CARE
2 ITB	4.73	BLDRS	HOMEBUILDERS	12. XLB	1.65	MATER	MATERIALS
3 XLU	4.41	UTILS	UTILITIES	13. SPX	1.60	SP500	S&P 500
4 KIE	3.43	INSUR	INSURANCE	14. IYT	1.36	TRANS	TRANSPORTATION
5. KBE	3.23	BANKS	BANKS	15. PAVE	1.31	INFRA	INFRASTRUCTURE
6. ITA	2.78	DFEND	AEROSPACE & DEFENSE	16. XLC	1.30	COMMS	COMMUNICATION SRVCS
7. XLP	2.71	STAPL	CONSUMER STAPLES	17. IGM	0.71	TECHS	TECHNOLOGY
8. XLY	2.67	DISCR	CONSUMER DISCR	18. XRT	0.16	SALES	RETAIL SALES
9. XLF	2.61	FINAN	FINANCIALS	19. SMH	-1.38	SEMIS	SEMICONDUCTORS
10. XLI	2.33	INDUS	INDUSTRIALS	20. XLE	-1.57	ENRGY	ENERGY

The first five sectors remained the same. Defense climbed above Staples. Consumer Discretionary jumped 3 places to get above Financials. Industrials held steady for a 6th week.

This Week's Selections

My sector choices last week were: 10% ITA, 10% ITB, 10% KIE, 10% XLI, 10% XLP, 10% XLRE, 10% XLU, 10% XLV, and 20% BIL.

Top Sector ETFs By Slope

Symbol	MTA	Slope	8%-Stop	21D-Stop	Close	Position
XLRE	UP	4.80	\$40.75	\$44.31	\$44.29	Watch
ITB	UP	4.73	\$116.63	\$123.10	\$126.77	Hold
XLU	UP	4.41	\$73.99	\$78.24	\$80.42	Hold
KIE	UP	3.43	\$51.96	\$56.00	\$56.48	Watch
KBE	UP	3.23	\$48.16	\$52.50	\$52.35	No
ITA	UP	2.78	\$136.63	\$146.04	\$148.51	Hold
XLP	UP	2.71	\$76.38	\$82.77	\$83.02	Watch
XLY	UP	2.67	\$184.77	\$193.37	\$200.84	No
XLF	UP	2.61	\$41.54	\$44.91	\$45.15	No
XLI	UP	2.33	\$124.04	\$131.55	\$134.83	Hold
XLV	UP	1.97	\$140.78	\$154.63	\$153.02	Sell
XLB	UP	1.65	\$89.17	\$93.77	\$96.92B	Buy
SPX	UP	1.60	\$5,279.12	\$5,643.18	\$5,738.17	INDEX

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

Analysis

[XLRE](#) is only 2 cents below its 21-day stop, but a lot of basic charts are down. [ITB](#) is above psychological support at \$125. Most basic charts are up. [XLU](#) made yet another all-time high and is pushing hard to break psychological resistance at \$80. [KIE](#) is above both stops and made a 950-week high. However...the new high on Sep23 was kind of a fluke and both MACD and CMF have been largely down for the whole month.

[KBE](#) still needs to break \$55 and the basic charts are mixed. [ITA](#) made a 926-week high as it tried but failed to break \$150. RSI, MACD, and CMF are neutral+. [XLP](#)'s longer indicators look good, KB and ATS are okay. RSI, CMF, and OBV are neutral-. MACD is down. [XLY](#) edged up through \$200 and made a 136-week high. All basic charts are all up. If it pulls away from \$200 this week I will buy it.

[XLF](#) – The resistance around \$45.70 is still there. [XLI](#) made a new high. Basic charts look good. [XLV](#)'s consolidation has turned into a decline. Almost all basic charts are down. [XLB](#) made an all-time high. All basic charts are up.

Thoughts and Decisions

Sell XLV. I'm putting a hard stop* on XLRE at \$43.85 and watch it daily. I'm putting a hard stop on KIE at \$55.85 and XLP at \$82.77 and watch them daily, too.

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

* A "hard stop" means that if a security's price closes below the stop price, sell the security at the open of the next market day.

New Highs

10 all-time highs this week.

SECURITIES MAKING NEW HIGHS ON 27-Sep-2024						
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS	
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.97	999	
IGV	SOFTWARE	ETF	UP	1.63	999	
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	2.12	999	
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.60	999	
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.62	999	
VTI	TOTAL STOCK MARKET	ETF	UP	1.66	999	
WMT	WALMART STORES	STOCK	UP	6.41	999	
XLB	MATERIALS	ETF	UP	1.65	999	
XLI	INDUSTRIALS	ETF	UP	2.33	999	
XLU	UTILITIES	ETF	UP	4.41	999	
KIE	INSURANCE SECTOR	ETF	UP	3.43	950	
ITA	SPACE & DEFENSE	ETF	UP	2.78	926	
META	METaverse	ETF	UP	3.15	622	
SLV	SILVER TRUST	ETF	UP	2.11	585	
DBA	DB AGRICULTURE INDEX	ETF	UP	2.00	395	
FIW	POTABLE/WASTE WATER	ETF	UP	1.26	395	
VIG	DIVIDEND APPRECIATION	ETF	UP	2.31	391	
IVE	S&P 500 VALUE	ETF	UP	2.02	389	
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	1.60	386	
IQLT	GLOBAL QUALITY	ETF	UP	1.37	386	
SPYV	S&P 500 (VALUE)	ETF	UP	1.97	386	
VTV	US LARGE CAP VALUE	ETF	UP	2.20	386	
XAR	EQU-WTD SPACE & DEFENSE	ETF	UP	2.50	383	
PAVE	INFRASTRUCTURE	ETF	UP	1.31	381	
IBM	INTERNATIONAL BUSINESS MACHINES	STOCK	UP	6.60	370	
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	2.82	364	
IRM	IRON MOUNTAIN	STOCK	UP	8.21	359	
XLC	COMMUNICATION SRVCS	ETF	UP	1.30	316	
GLDM	GOLD MINISHARES	ETF	UP	3.25	315	
SAP	SAP AG	STOCK	UP	4.12	283	

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