

Weekly Market Analysis #535 – 8 November 2024

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This Week

If You Want to Win, You Need to Plan

It has been estimated that only 10% of investors consistently make money. It has also been estimated that only 10% of investors have a clearly defined investing plan. Coincidence? Not likely. Professional investors know that successful investing depends on making sure the odds are as much in your favor as possible on every investment. And they know that the best way to do that is to have a complete plan in place for every investment before they put their money on the table.

There are several elements to a well-planned investment. At a minimum you need to decide:

1. What are you going to buy.....(are there better alternatives?)
2. Why are you buying it.....(this will be important in the future)
3. How much to buy.....(control the position risk)
4. What to do if the market moves in your favor.....(how will I know when it's time to sell)
5. What to do if the market moves against you.....(how will I know this isn't working?)

What to buy and *why are you are buying it* usually go hand in hand. Write them both down. When you write them down on paper, it lets you see them in a more objective way.

How much to buy boils down to position sizing. It's a key element in risk control.

Items 4 and 5 both have to do with exit strategies. *What to do if the market moves in your favor* is your profit taking exit strategy. How much is enough? How will you know when a rally over?

What to do if the market moves against you is your loss control exit strategy. How will you decide that a position is not working? How much are you willing to lose before you have had enough?

You have to figure out all these things before you place the trade. Before you open the position, you are a fairly objective, rational analyst. The moment you open a position and money is at risk, you lose your objectivity. Without you even knowing it, your emotions take over. Your interpretation of the facts gets blurred. After you open a position, you can no longer write down the same reason you considered buying the security because your perception of what's going on has been altered.

Why does this happen? Because the human mind has difficulty distinguishing between physical danger – like an angry, growling dog – and symbolic danger like losing a credit card. In the mind, the threat of losing money is every bit as real as an encounter with an angry dog.

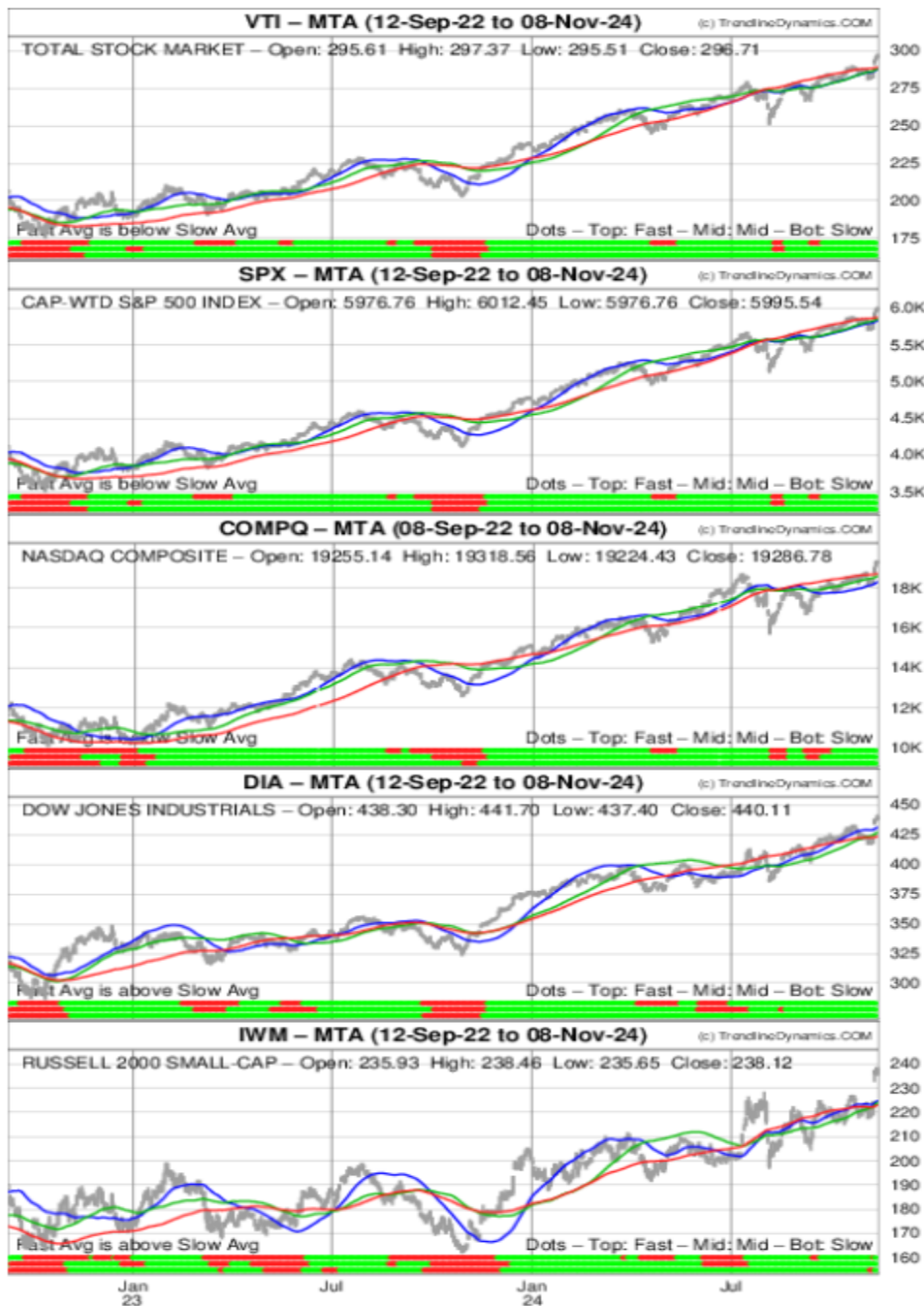
By developing a detailed plan before you enter the investment, you eliminate the element of surprise. This is one of the reasons why it is so important for you to work out your entire plan before entering the investment. It prepares you for each of the things that might happen. Then, no matter what the market does, you already know what you are going to do.

If you want to become consistently profitable in the market, you have to treat investing like a business. Real investing is not glamorous or exciting. It's work. If you don't do the work, your money will be taken away by somebody who did do the work.

In addition, professional investors keep a journal of their investments, an investing log. They record their entire plan for each investment plus impressions they may have about the investment or the market in general. This is a very useful practice. It lets you go back, review your positions, figure out how to reproduce the winning positions, and avoid some of the losses.

[Market Barometers](#) ← Use this link to see all the market barometer charts

All 5 MTAs went up, and went up a lot. In fact, VTI, SPX, COMPQ, and DIA made all time highs. Even IWM made a 2.8-year high.

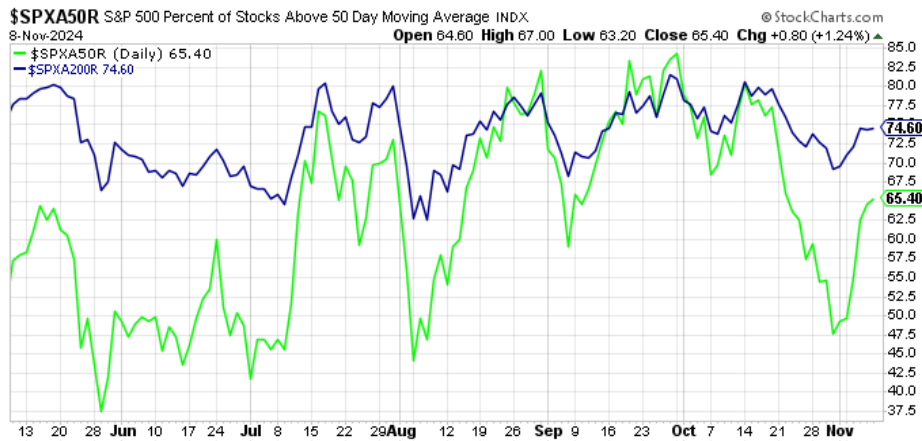


Week-over-week: VTI: 5.1%, SPX: 4.7%, COMPQ: 5.7%, DIA: 4.7%, IWM: 8.7%.

Month-over-month: VTI: 3.7%, SPX: 3.1% , COMPQ: 5.1% , DIA: 2.7% , IWM: 7.6%

A Closer Look

After a flat opening on Monday, the rest of the week was up and away. The Advance-Decline line confirmed price action. The stocks above their 50-day and 200-day averages did, too.



[S&P Price Chart](#)

[Advance-Decline Line](#)

[Stocks Above Averages](#)

[Bullish Universe](#)

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[Bearish Universe](#)

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[Sector Universe](#)

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SPX Sector Universe Summary for 08-Nov-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
KBE	S&P BANK SECTOR	ETF	UP	3.70:1.91	=UP=	956/2	1.3
GLD	SPDR GOLD SHARES	ETF	UP	3.44:1.91	up	1/4	-0.5
PAVE	INFRASTRUCTURE	ETF	UP	3.42:1.91	=UP=	387/1	1.0
XLF	FINANCIALS	ETF	UP	3.08:1.91	=UP=	999/4	0.7
XLY	CONSUMER DISCR	ETF	UP	2.99:1.91	-UP-	999/1	1.2
IYT	TRANSPORT NDX	ETF	UP	2.66:1.91	-DN-	999/1	0.8
XLI	INDUSTRIALS	ETF	UP	2.64:1.91	<<UP>>	999/1	1.0
XLC	COMMUNICATION SRVCS	ETF	UP	2.64:1.91	-UP-	322/1	0.6
XLU	UTILITIES	ETF	UP	2.41:1.91	≡dn≡	1/9	0.7
IGM	EXPANDED TECH SECTOR	ETF	UP	2.23:1.91	=UP=	999/1	1.2
KIE	INSURANCE SECTOR	ETF	UP	2.12:1.91	<<dn>>	3/5	0.9
ITA	SPACE & DEFENSE	ETF	UP	2.06:1.91	-dn-	932/1	1.4
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.84:1.91	-dn-	999/1	0.9
XLRE	REAL ESTATE	ETF	UP	1.35:1.91	<<UP>>	1/11	0.3
XLB	MATERIALS	ETF	UP	1.18:1.91	DN	2/1	0.5
SMH	SEMICONDUCTORS	ETF	UP	1.10:1.91	-dn-	4/1	1.3
ITB	HOME CONSTRUCTION	ETF	UP	1.01:1.91	=UP=	2/1	1.1
XRT	RETAIL	ETF	UP	0.44:1.91	-dn-	132/1	0.6
XLE	ENERGY	ETF	DN	0.36:1.91	-UP-	24/1	1.2
XLP	CONSUMER STAPLES	ETF	UP	0.06:1.91	DN	2/12	0.4
BIL	CASH EQUIVALENT	ETF	UP	0.00:1.91	UP	1/1	-0.0
XLV	HEALTH CARE	ETF	DN	-0.74:1.91	-dn-	2/13	0.6

MoM price changes for the top sectors were: KBE: 10.1%, GLD: 1.0%, PAVE: 7.7%, XLF: 5.8%, XLY: 9.4%, IYT: 3.1%

MOM changes for the Big 7 were: AAPL: -0.3%, AMZN: 10.3%, GOOGL: 9.3%, META: -0.2%, MSFT: 1.7%, NFLX: 9.7%, TSLA: 47.5%

Sector Relative-Strength History

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

Relative Strength History													16-Aug-2024 to 08-Nov-2024	
16 Aug	23 Aug	30 Aug	06 Sep	13 Sep	20 Sep	27 Sep	04 Oct	11 Oct	18 Oct	25 Oct	01 Nov	08 Nov		
BANKS	BANKS	BANKS	REALE	REALE	REALE	REALE	BLDRS	UTILS	BLDRS	UTILS	UTILS	BANKS		
REALE	REALE	REALE	BANKS	UTILS	BLDRS	BLDRS	UTILS	BLDRS	UTILS	BLDRS	INFRA	INFRA		
BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	UTILS	UTILS	REALE	REALE	DFEND	DFEND	BANKS	FINAN		
UTILS	UTILS	UTILS	UTILS	INSUR	INSUR	INSUR	INSUR	DFEND	INDUS	INFRA	FINAN	DISCR		
DFEND	DFEND	INSUR	INSUR	BANKS	BANKS	BANKS	DISCR	DISCR	DISCR	INDUS	DISCR	TRANS		
INSUR	INSUR	DFEND	DFEND	STAPL	STAPL	DFEND	DFEND	INSUR	INFRA	BANKS	INDUS	COMMS		
HLTHY	HLTHY	HLTHY	STAPL	DFEND	FINAN	STAPL	INDUS	INDUS	INSUR	INSUR	DFEND	INDUS		
FINAN	STAPL	STAPL	FINAN	FINAN	DFEND	DISCR	BANKS	INFRA	REALE	DISCR	TRANS	UTILS		
STAPL	FINAN	FINAN	HLTHY	HLTHY	HLTHY	FINAN	FINAN	FINAN	BANKS	FINAN	INSUR	TECHS		
SP500	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS	STAPL	BANKS	FINAN	REALE	COMMS	INSUR		
COMMS	COMMS	SP500	SP500	SP500	DISCR	HLTHY	MATER	MATER	TRANS	TRANS	TECHS	DFEND		
INDUS	SP500	COMMS	COMMS	DISCR	SP500	MATER	INFRA	COMMS	MATER	TECHS	SP500	SP500		
MATER	MATER	MATER	MATER	MATER	MATER	SP500	SP500	SP500	TECHS	COMMS	REALE	REALE		
INFRA	SALES	SALES	DISCR	COMMS	COMMS	TRANS	COMMS	STAPL	COMMS	SP500	BLDRS	MATER		
SALES	INFRA	INFRA	TRANS	TRANS	TRANS	INFRA	TRANS	TRANS	SP500	MATER	MATER	SEMIS		
TECHS	TECHS	TECHS	SALES	INFRA	INFRA	COMMS	HLTHY	TECHS	STAPL	SEMIS	SEMIS	BLDRS		
DISCR	DISCR	DISCR	INFRA	TECHS	TECHS	TECHS	TECHS	HLTHY	SEMIS	STAPL	STAPL	SALES		
ENRGY	TRANS	TRANS	TECHS	SALES	SALES	SALES	SALES	SALES	HLTHY	SALES	SALES	ENRGY		
TRANS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS	SEMIS	SEMIS	SALES	ENRGY	ENRGY	STAPL		
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY	ENRGY	HLTHY	HLTHY	HLTHY		

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. KBE	3.70	BANKS	BANKS	11. ITA	2.06	DFEND	AEROSPACE & DEFENSE
2. PAVE	3.42	INFRA	INFRASTRUCTURE	12. SPX	1.84	SP500	S&P 500
3. XLF	3.08	FINAN	FINANCIALS	13. XLRE	1.35	REALE	REAL ESTATE
4. XLY	2.99	DISCR	CONSUMER DISCR	14. XLB	1.18	MATER	MATERIALS
5. IYT	2.66	TRANS	TRANSPORTATION	15. SMH	1.10	SEMIS	SEMICONDUCTORS
6. XLC	2.64	COMMS	COMMUNICATION SRVCS	16. ITB	1.01	BLDRS	HOMEBUILDERS
7. XLI	2.64	INDUS	INDUSTRIALS	17. XRT	0.44	SALES	RETAIL SALES
8. XLU	2.41	UTILS	UTILITIES	18. XLE	0.36	ENRGY	ENERGY
9. IGM	2.23	TECHS	TECHNOLOGY	19. XLP	0.06	STAPL	CONSUMER STAPLES
10. KIE	2.12	INSUR	INSURANCE	20. XLV	-0.74	HLTHY	HEALTH CARE

There was a sudden outflow from the Utilities sector this week, dropping it from 1st place to 8th. Infrastructure held steady at #2. Banks jumped to #1 and Financials rose to #3.

I will add GLD to these tables next week. I have been holding off because I suspected that GLD would decline after the election, and I didn't want any of my readers jumping into it just in time for the top. Maybe it will consolidate and then continue climbing. Then again, maybe it will just go into an outright decline.

This Week's Selections

My sector choices last week were: 10% IYT, 10% PAVE, 10% XLC, 10% XLF, and BIL 60%.

Top Sector ETFs By Slope

Symbol	MTA	Slope	8%-Stop	21D-Stop	Close	Position
KBE	UP	3.7	\$54.76	\$55.66	\$59.52	Watch+
GLD	UP	3.44	\$228.12	\$250.09	\$247.96	No
PAVE	UP	3.42	\$41.48	\$42.32	\$45.09	Hold
XLF	UP	3.08	\$45.25	\$47.27	\$49.19	Hold
XLY	UP	2.99	\$197.91	\$201.84	\$215.12	No
IYT	UP	2.66	\$67.33	\$70.64	\$73.18	Hold
XLI	UP	2.64	\$130.72	\$137.00	\$142.09	No
XLC	UP	2.64	\$88.49	\$92.50	\$96.18	Hold
XLU	UP	2.41	\$72.85	\$79.31	\$79.18	Watch+
IGM	UP	2.23	\$93.90	\$98.03	\$102.07	Watch+
KIE	UP	2.12	\$53.94	\$57.18	\$58.63	No
ITA	UP	2.06	\$143.35	\$149.65	\$155.82	Watch+
SPX	UP	1.84	\$5,515.90	\$5,821.64	\$5,995.54	INDEX

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

Analysis

[KBE](#) gapped up to the \$60 area, making an 18-year high. [GLD](#) has been declining for 7 days. It gapped down when stocks gapped up this week. [PAVE](#) gapped up and held near its 7.4-year high around \$45. [XLF](#) gapped up to an all-time high near \$49.

[XLY](#) gapped up a little on Wednesday, then climbed Thursday and Friday, forming the bullish candlestick pattern called Three White Soldiers on 60% above-average volume. [IYT](#) — like other leading sectors, IYT gapped up to a new high on Wednesday then gave some back in the next two days. [XLI](#) gapped up, fell a little, then made a higher high on Friday. [XLC](#) made another 6 year high this week, gapping up twice to arrive near \$96.

[XLU](#) — After declining for 3 weeks, XLU found support near \$77.50 and ended the week near \$79 on heavy volume. [IGM](#) — Like XLC, IGM gapped up twice, ending the week above \$100, but mostly on below average volume. [KIE](#) gapped up, getting close to but not above its October high. [ITA](#) declined for 2 weeks, then unsteadily rose this week to make a 17.9-year high.

Thoughts and Decisions

KBE, the banking sector jumped 9.8% in just a few days. That's euphoria, but if it breaks up through \$60 I will buy it. XLU has been declining for about 3 weeks. If it breaks up through \$80 I will buy it, too. I suspect IGM will hold above \$100, and if it does, I will buy that. I think ITA will have a short consolidation and then move higher. So all four of these will be on my buy-watch list.

So my choices for this week are still: 10% IYT, 10% PAVE, 10% XLC, 10% XLF, and BIL 60%.

New Highs

There were 17 all-time highs this week.

SECURITIES MAKING NEW HIGHS ON 08-Nov-2024					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
COF	CAPITAL ONE FINANCIAL	STOCK	UP	6.29	999
COMPQ	NASDAQ COMPOSITE	INDEX	UP	2.07	999
DIA	DOW JONES INDUSTRIALS	ETF	UP	1.78	999
IGM	EXPANDED TECH SECTOR	ETF	UP	2.23	999
IGV	SOFTWARE	ETF	UP	3.49	999
IYT	TRANSPORT NDX	ETF	UP	2.66	999
NFLX	NETFLIX	STOCK	UP	4.33	999
NVDA	NVIDIA	STOCK	UP	6.60	999
QQQ	NASDAQ 100	ETF	UP	1.75	999
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	1.74	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.84	999
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.83	999
VGT	INFORMATION TECHNOLOGY	ETF	UP	2.27	999
VTI	TOTAL STOCK MARKET	ETF	UP	1.90	999
XLF	FINANCIALS	ETF	UP	3.08	999
XLI	INDUSTRIALS	ETF	UP	2.64	999
XLY	CONSUMER DISCR	ETF	UP	2.99	999
KBE	S&P BANK SECTOR	ETF	UP	3.70	956
ITA	SPACE & DEFENSE	ETF	UP	2.06	932
DFS	DISCOVER FINANCIAL SERVICES	STOCK	UP	6.13	877
XME	METALS AND MINING	ETF	UP	3.65	670
USMV	USA MIN VOLATILITY	ETF	UP	1.32	657
FIW	POTABLE/WASTE WATER	ETF	UP	0.88	401
VUG	LARGE CAP GROWTH	ETF	UP	2.07	401
VIG	DIVIDEND APPRECIATION	ETF	UP	1.46	397
IVE	S&P 500 VALUE	ETF	UP	1.37	395
IWN	RUSSELL 2000 VALUE	ETF	UP	1.57	392
SPYV	S&P 500 (VALUE)	ETF	UP	1.40	392
VTV	US LARGE CAP VALUE	ETF	UP	1.56	392
XAR	EQU-WTD SPACE & DEFENSE	ETF	UP	2.59	389

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