Weekly Market Analysis #550 — 21 February 2025
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This Week

Vic Lederman at Chaikin Research said:

> The S&P 500 today is very different from how it was 20, 10, or even just five years ago...The constituent companies in the index have changed over the years. And so have the weightings. Before 2020, the top 10 constituents of the S&P 500 accounted for between 17% and 27% of the index's total weighting. But over the past few years, their contribution to the overall index has ballooned to historic proportions.

> By mid-2023, the top 10 stocks in the index accounted for about 30% of the overall weighting. Today, that weighting is up to roughly 36%. That's a huge concentration for the S&P 500 on the 10 largest companies. And that means ETFs tracking the S&P 500 are massively undiversified. While they still hold all 500 companies, more than a third of their funds are allocated to just 10 companies.

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Jesse Rothstein, former chief economist at the Department of Labor, Warns about Elon Musk:

> Between the hundreds of thousands of government jobs on the chopping block and the cancellations of countless federal contracts, the economist noted that upcoming employment reports are looking quite scary indeed. "The March employment report (to be released April 4) seems certain to show bigger job losses than any month ever outside of a few in 2008-9 and 2020," the professor wrote in his multi-post thread. "Add on to that enormous private market uncertainty — how could you hire in these conditions? — and this is going to be very, very bad.

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My Opinion

I believe that Trump's plan is to replace tens of thousands of government employees with AI systems. It seems that his plan is to dispose of as many departments, branches, and bureaus as possible and then create AI systems to do the work that used to be done by people. This is a bold move.

However, speaking as a systems architect with 40 years of experience, there is a well-developed procedure — a reliable series of steps — for replacing old systems with new ones:

1. Study the existing system to be sure you know how it works and how it interacts with other systems. This involves technical interviews with the majority of the people who use the existing system and documenting, in detail, how it does what it does.
2. Design a new system that does what the old system does, corrects the problems in the old system, and adds new functionality as needed.
3. Implement a working prototype of the new system.
4. Test the new system against every possible problem, scenario, and shortcoming of the old system. See if the new system's outputs work with other systems that depend on them.
5. Document everything, and train employees on how to use the new system.
6. Choose a cut-over date when there will be minimal disruption as the old system is turned off and the new system takes its place.
7. Prepare everyone for a difficult 6–13 weeks of getting used to the new system.
8. Flip the switch. Praying is allowed.

Trump's plan seems to be:

1. Fire everyone. (Apparently this includes the people who know how the systems actually work.)
2. Then start implementing AI systems to do what the experienced employees used to do.

It will be great if it works.

The MTAs of all five indexes remain solid green this week. All 5 Indexes are down, MoM and WoW.

Week-over-week: VTI: -2.0%, SPX: -1.7%, COMPQ: -2.5%, DIA: -2.6%, IWM: -3.6%

Month-over-month: VTI: -2.1%, SPX: -1.7%, COMPQ: -2.6%, DIA: -2.5%, IWM: -5.0%

A Closer Look

Price rose a little on Tuesday, and more on Wednesday. Then it went down a little on Thursday, and a lot on Friday. The good news is that the SPX is still above $6000. If we look at the last 6 weeks (the highlighted area), the Advance-Decline looks roughly like price. So do the stocks above their 50-day and 200-day averages, except to 200-day line has a much smaller range than the 50-day line. Both averages remain above 50.

S&P Price Chart   Advance-Decline Line   Stocks Above Averages

[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

[Dividend 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 Summary for 21-Feb-2025

Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
GLD	SPDR GOLD SHARES	ETF	UP	2.75:1.17	≡UP≡	999/0	-0.2
XLC	COMMUNICATION SRVCS	ETF	UP	2.71:1.17	«up»	0/2	-0.0
XLF	FINANCIALS	ETF	UP	2.48:1.17	–up–	999/4	-0.1
XLY	CONSUMER DISCR	ETF	UP	2.42:1.17	«DN»	0/12	-0.0
IGM	EXPANDED TECH SECTOR	ETF	UP	1.87:1.17	«up»	999/3	0.1
KBE	S&P BANK SECTOR	ETF	UP	1.65:1.17	–up–	1/5	-0.3
ITA	SPACE & DEFENSE	ETF	UP	1.45:1.17	DN	1/5	-0.4
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.14:1.17	«up»	999/3	0.1
IYT	TRANSPORT NDX	ETF	UP	0.86:1.17	«up»	11/2	0.2
XLI	INDUSTRIALS	ETF	UP	0.66:1.17	«up»	3/5	0.0
XLU	UTILITIES	ETF	UP	0.60:1.17	UP	10/0	0.2
KIE	INSURANCE SECTOR	ETF	UP	0.46:1.18	=UP=	1/4	-0.1
PAVE	INFRASTRUCTURE	ETF	UP	0.18:1.17	«DN»	3/6	0.1
XRT	RETAIL	ETF	UP	0.14:1.17	«DN»	0/15	-0.1
XLE	ENERGY	ETF	DN	0.00:1.17	«DN»	4/0	0.5
SMH	SEMICONDUCTORS	ETF	UP	0.00:1.17	«up»	4/1	0.4
BIL	CASH EQUIVALENT	ETF	DN	0.00:1.17	«UP»	3/0	0.0
XLV	HEALTH CARE	ETF	DN	-0.18:1.17	=UP=	2/4	-0.3
XLP	CONSUMER STAPLES	ETF	UP	-0.21:1.17	UP	9/0	0.0
XLRE	REAL ESTATE	ETF	UP	-0.36:1.17	«up»	9/0	-0.0
XLB	MATERIALS	ETF	DN	-0.68:1.17	«up»	10/5	0.1
ITB	HOME CONSTRUCTION	ETF	DN	-2.97:1.17	=UP=	0/31	-0.2

 MoM price changes for the top 5 sectors were mixed: GLD: 6.6%, XLC: 3.5%, XLF: 0.1%, XLY: -5.6%, IGM: -2.8%

 MoM price changes for the big seven are also mixed: AAPL: 9.8%, AMZN: -8.0%, GOOGL: -9.3%, META: 9.6%, MSFT: -8.6%, NFLX: 1.9%, TSLA: -18.1%

Sector Relative-Strength History

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

Relative Strength History 29-Nov-2024 to 21-Feb-2025

29 Nov	06 Dec	13 Dec	20 Dec	27 Dec	03 Jan	10 Jan	17 Jan	24 Jan	31 Jan	07 Feb	14 Feb	21 Feb
BANKS	BANKS	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	DISCR	GOLD
DISCR	DISCR	BANKS	BANKS	COMMS	COMMS	COMMS	COMMS	TECHS	COMMS	FINAN	COMMS	COMMS
FINAN	FINAN	FINAN	COMMS	BANKS	TECHS	TECHS	TECHS	COMMS	FINAN	COMMS	FINAN	FINAN
INFRA	INFRA	COMMS	FINAN	TECHS	BANKS	FINAN	FINAN	FINAN	TECHS	GOLD	GOLD	DISCR
COMMS	COMMS	INFRA	TECHS	FINAN	FINAN	BANKS	SP500	GOLD	GOLD	TECHS	TECHS	TECHS
INSUR	INSUR	INSUR	INFRA	SALES	SALES	SALES	BANKS	SP500	BANKS	BANKS	BANKS	BANKS
INDUS	TRANS	TECHS	SALES	SP500	SP500	SP500	GOLD	BANKS	SP500	DFEND	DFEND	DFEND
TRANS	INDUS	SALES	INSUR	INFRA	INSUR	GOLD	SALES	SEMIS	DFEND	SP500	SP500	SP500
UTILS	TECHS	INDUS	SP500	INSUR	INFRA	INSUR	SEMIS	SALES	SALES	INDUS	TRANS	TRANS
TECHS	UTILS	TRANS	INDUS	INDUS	GOLD	SEMIS	DFEND	DFEND	INDUS	TRANS	INDUS	INDUS
DFEND	SP500	SP500	TRANS	GOLD	INDUS	INFRA	INDUS	INDUS	TRANS	SALES	UTILS	UTILS
SP500	SALES	UTILS	UTILS	TRANS	DFEND	INDUS	INSUR	INFRA	SEMIS	INSUR	INSUR	INSUR
GOLD	DFEND	DFEND	DFEND	DFEND	UTILS	DFEND	TRANS	TRANS	INFRA	INFRA	SALES	INFRA
SALES	GOLD	GOLD	GOLD	UTILS	TRANS	UTILS	INFRA	UTILS	UTILS	UTILS	INFRA	SALES
REALE	REALE	REALE	REALE	STAPL	STAPL	TRANS	UTILS	INSUR	INSUR	SEMIS	SEMIS	ENRGY
ENRGY	ENRGY	ENRGY	STAPL	SEMIS	SEMIS	STAPL	STAPL	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS
BLDRS	BLDRS	STAPL	ENRGY	REALE	REALE	REALE	ENRGY	STAPL	STAPL	HLTHY	HLTHY	HLTHY
STAPL	STAPL	BLDRS	SEMIS	ENRGY	ENRGY	ENRGY	REALE	REALE	HLTHY	STAPL	STAPL	STAPL
MATER	MATER	SEMIS	BLDRS	MATER	MATER	HLTHY	HLTHY	HLTHY	REALE	REALE	REALE	REALE
SEMIS	SEMIS	MATER	MATER	BLDRS	HLTHY	MATER	MATER	MATER	MATER	MATER	MATER	MATER
HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. GLD	2.75	GOLD	GOLD	12. KIE	0.46	INSUR	INSURANCE
2. XLC	2.71	COMMS	COMMUNICATION SRVCS	13. PAVE	0.18	INFRA	INFRASTRUCTURE
3. XLF	2.48	FINAN	FINANCIALS	14. XRT	0.14	SALES	RETAIL SALES
4. XLY	2.42	DISCR	CONSUMER DISCR	15. XLE	0.03	ENRGY	ENERGY
5. IGM	1.87	TECHS	TECHNOLOGY	16. SMH	0.02	SEMIS	SEMICONDUCTORS
6. KBE	1.65	BANKS	BANKS	17. XLV	-0.18	HLTHY	HEALTH CARE
7. ITA	1.45	DFEND	AEROSPACE & DEFENSE	18. XLP	-0.21	STAPL	CONSUMER STAPLES
8. SPX	1.14	SP500	S&P 500	19. XLRE	-0.36	REALE	REAL ESTATE
9. IYT	0.86	TRANS	TRANSPORTATION	20. XLB	-0.68	MATER	MATERIALS
10. XLI	0.66	INDUS	INDUSTRIALS	21. ITB	-2.97	BLDRS	HOMEBUILDERS
11. XLU	0.60	UTILS	UTILITIES				

 The top 10 were almost the same except for one thing: Gold exchanged places with Discretionary Spending. Gold jumped from 4th to 1st and Discretionary Spending dropped from 1st to 4th. SPX is still in 8th place.

This Week's Selections

My sector choices last week were: GLD 10%, IGM 10%, XLC 10%, XLF 10%, XLY 10%, and BIL 50%.

Top Sector ETFs By Slope

Symbol	MTA	Slope	8% Stop	Close	Position
GLD	UP	2.75%	$249.31	$270.74	Hold
XLC	UP	2.71%	$96.89	$103.02	Hold
XLF	UP	2.48%	$48.01	$50.75	Hold
XLY	UP	2.42%	$220.28	$218.39	**SELL**
IGM	UP	1.87%	$99.78	$104.41	Hold
KBE	UP	1.65%	$55.13	$56.53	No
ITA	UP	1.45%	$145.82	$149.31	No
SPX	UP	1.14%	$5,652.62	$6,013.13	INDEX

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

Analysis

GLD made another all-time high. Basic charts are all up except MACD.   XLC — all basic charts are starting to turn down but KB and CMF remain positive.   XLF made an all-time high but it remains in a 5-week horizontal channel between $50 and ~$52 while its mid-term ARI and Smoothed slope are still up. XLY made a 12-week low, closed below its 8% stop, and 5 out of 6 basic charts are down.

IGM made a second all-time high on Tuesday. All basic charts are starting to turn down. ARI is still rising and IGM continues to ride the centerline of a 67-week rising channel.   KBE dropped out of its $57.50–$60.00 consolidation for 4 weeks. All basic charts are turning down.   ITA's price closed below psychological and historical support at $150 and all basic charts are down now.   SPX is in he middle of a 66-week rising channel. Money flow remains good and as long as price remains above $6000, the market should be all right.

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Thoughts and Decisions

I'm selling XLY. So my choices for this week are: GLD 10%, IGM 10%, XLC 10%, XLF 10%, and BIL 60%.

New Highs

16 securities made all-time highs.

SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
	SECURITIES MAKING NEW HIGHS ON 21-Feb-2025				
DBA	DB AGRICULTURE INDEX	ETF	UP	2.06	999
GLD	SPDR GOLD SHARES	ETF	UP	2.75	999
GLDM	GOLD MINISHARES	ETF	UP	2.76	999
GS	GOLDMAN SACHS GROUP	STOCK	UP	5.18	999
HTGC	HERCULES CAPITAL	STOCK	UP	2.06	999
IBM	INTERNATIONAL BUSINESS MACHINES (DK)	STOCK	UP	4.75	999
IGM	EXPANDED TECH SECTOR	ETF	UP	1.87	999
JPM	JPMORGAN CHASE	STOCK	UP	4.99	999
PM	PHILIP MORRIS INTL	STOCK	UP	4.44	999
QLTY	GMO U.S. QUALITY	ETF	DN	1.10	999
QQQ	NASDAQ 100	ETF	UP	1.51	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.14	999
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.12	999
VIG	DIVIDEND APPRECIATION	ETF	UP	0.84	999
VTI	TOTAL STOCK MARKET	ETF	UP	1.15	999
XLF	FINANCIALS	ETF	UP	2.48	999
T	A T & T (DA)	STOCK	UP	4.12	250
SPXX	S&P 500 DYNAMIC OVERWRITE	CEF	UP	1.98	155
JGH	GLOBAL HIGH INCOME	CEF	UP	0.61	141
UGI	UGI CORP	STOCK	UP	6.89	91
UNG	UNITED STATES NATURAL GAS	ETF	UP	12.10	55