

**Weekly Market Analysis #593 — 19 December 2025**  
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**This Week**

On Tuesday, Howard Marks (Oaktree Capital Management) noted, “No one should go all-in without acknowledging that they face the risk of ruin if things go badly. But by the same token, no one should stay all-out and risk missing out on one of the great technological steps forward.”

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On Thursday Barron's said:

Markets look to be overreacting in both directions when it comes to AI, which is still in its early stages. In a recent UBS survey, just 17% of organizations said they were implementing AI projects “at scale.” That suggests predictions of a new world of productivity in 2026 are overblown. But that was up from 11% in October last year, meaning there is growth and a runway for more.

My opinion on this are that a lot of people seem to think that AI is already mature, born full grown, like Athena from Zeus' forehead. AI is definitely a child prodigy, but it is just getting started.

I've been using it for more than a year and it has easily doubled or tripled my productivity, but I know I've only scratched the surface of what I can do with it. It doesn't just help you solve problems, it helps you change the way you THINK about solving problems.

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Some thoughts from this week's [On My Radar](#)

. . .With the Shiller P/E ratio above 40, historical evidence suggests that investors should temper expectations. At these levels, forward real returns for U.S. equities cluster around roughly -2% to +2% annualized over the next decade. That doesn't preclude rallies or innovation; it simply suggests that buying and holding the S&P 500 cap-weighted index may not be optimal.

. . .

Equities

- U.S. equities are likely to underperform relative to select global markets due to today's rich valuations.
- Fed rate cuts support the near-term outlook. Generally, rate cuts after long pauses have been bullish for stocks, and the expansion of reserves has been a bullish development for stocks—more liquidity juice from the juice givers.
- As I update frequently for you in OMR, high valuations limit long-term return potential, even if earnings continue to grow. We'll retake a look in early January.
- AI remains a long-term positive. Certain businesses will prosper, others falter. We believe AI will help our lives in many areas (health care and longevity health, for example), but may cause meaningful disruption to employment.

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Bottom Line

This is not a forecast of a crisis; it's a forecast of lower 10-year equity returns on cap-weighted index investments, with higher dispersion that favors more active vs passive portfolio exposure. A reminder that when valuations are stretched, and capital is no longer free, discipline becomes a strategy.

## Market Barometers

All 5 major indexes are solid green.



Week-over-week: DJIA: -0.7%, SPX: 0.1%, VTI: 0.1%, COMPQ: 0.5%, IWM: -1.2%

Month-over-month: DJIA: 5.2%, SPX: 4.5%, VTI: 5.0%, COMPQ: 5.6%, IWM: 9.5%

## A Closer Look

Monday through Wednesday the SPX declined rapidly, then it recovered to \$6834.50. BPSPX remained positive (> 50) but it did not follow price back up on Thursday and Friday. NYAD confirmed price, but SPXA50R and SPXA200R declined into the end of the week.



[S&P Price](#) [Bullish Percent](#) [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

The Relative Strength History table shows the sector with the highest slope at the top and the sector with the lowest slope at the bottom. The lower table shows the corresponding ETFs and their slopes for the current week.

Relative Strength History 26-Sep-2025 to 19-Dec-2025

26 Sep	03 Oct	10 Oct	17 Oct	24 Oct	31 Oct	07 Nov	14 Nov	21 Nov	28 Nov	05 Dec	12 Dec	19 Dec
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC
TECHS	TECHS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
DFEND	BIOTC	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD
BLDRS	GOLD	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	HLTHY	HLTHY	HLTHY	HLTHY
SALES	DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	HLTHY	TECHS	TECHS	TECHS	TECHS
COMMS	COMMS	COMMS	COMMS	UTILS	UTILS	UTILS	SP500	DFEND	DFEND	SP500	SP500	TRANS
BIOTC	SALES	SALES	INFRA	COMMS	SP500	SP500	HLTHY	SP500	SP500	INFRA	TRANS	INFRA
GOLD	BLDRS	DISCR	SP500	INFRA	INFRA	INFRA	UTILS	UTILS	UTILS	DFEND	INFRA	SP500
DISCR	DISCR	SP500	UTILS	SP500	COMMS	HLTHY	INFRA	INFRA	INFRA	TRANS	ENRGY	BANKS
BANKS	INFRA	INFRA	SALES	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY	DFEND	SALES
INFRA	SP500	BLDRS	DISCR	SALES	HLTHY	COMMS	COMMS	COMMS	COMMS	COMMS	COMMS	DFEND
SP500	BANKS	BANKS	INDUS	HLTHY	SALES	INDUS	INDUS	INDUS	DISCR	INDUS	BANKS	COMMS
INDUS	INDUS	UTILS	TRANS	INDUS	INDUS	TRANS	TRANS	ENRGY	TRANS	BANKS	SALES	ENRGY
TRANS	TRANS	INDUS	BLDRS	TRANS	TRANS	SALES	ENRGY	TRANS	INDUS	UTILS	INDUS	INDUS
FINAN	FINAN	TRANS	BANKS	BLDRS	FINAN	ENRGY	SALES	FINAN	INSUR	INSUR	INSUR	INSUR
ENRGY	UTILS	FINAN	HLTHY	FINAN	ENRGY	FINAN	FINAN	SALES	FINAN	SALES	FINAN	FINAN
UTILS	ENRGY	ENRGY	FINAN	BANKS	BLDRS	BANKS	BANKS	INSUR	BANKS	FINAN	REALE	STAPL
MATER	MATER	HLTHY	ENRGY	ENRGY	BANKS	REALE	REALE	BANKS	SALES	DISCR	BLDRS	BLDRS
INSUR	HLTHY	MATER	MATER	REALE	REALE	BLDRS	INSUR	REALE	REALE	REALE	STAPL	REALE
HLTHY	INSUR	INSUR	INSUR	MATER	MATER	MATER	MATER	MATER	MATER	BLDRS	UTILS	DISCR
REALE	REALE	REALE	REALE	INSUR	INSUR	INSUR	BLDRS	STAPL	STAPL	STAPL	DISCR	UTILS
STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	BLDRS	BLDRS	MATER	MATER	MATER

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. XBI	7.57	BIOTC	BIOTECH	12. XLC	1.03	COMMS	COMMUNICATION SRVCS
2. SMH	4.35	SEMIS	SEMICONDUCTORS	13. XLE	0.99	ENRGY	ENERGY
3. GLD	4.25	GOLD	GOLD	14. XLI	0.77	INDUS	INDUSTRIALS
4. XLV	3.12	HLTHY	HEALTH CARE	15. KIE	0.63	INSUR	INSURANCE
5. IGM	2.25	TECHS	TECHNOLOGY	16. XLF	0.58	FINAN	FINANCIALS
6. IYT	1.82	TRANS	TRANSPORTATION	17. XLP	-0.45	STAPL	CONSUMER STAPLES
7. PAVE	1.54	INFRA	INFRASTRUCTURE	18. ITB	-0.47	BLDRS	HOMEBUILDERS
8. SPX	1.49	SP500	S&P 500	19. XLRE	-0.65	REALE	REAL ESTATE
9. KBE	1.49	BANKS	BANKS	20. XLY	-8.63	DISCR	CONSUMER DISCR
10. XRT	1.29	SALES	RETAIL SALES	21. XLU	-8.91	UTILS	UTILITIES
11. IIA	1.07	DFEND	AEROSPACE & DEFENSE	22. XLB	-9.53	MATER	MATERIALS

The top 5 sectors again remained the same. Transportation rose for a fourth week. Consumer Staples rose for a 3<sup>rd</sup> week, while Utilities fell again.

## Sector Universe

← Use this link to get to the live summary table

The order of the sector ETF's and their synonyms in this SPX Sector Universe Summary table should match the order of the synonyms in the rightmost column of the Relative Strength History Table above. This table provides a quick look at sector MTA status, Relative-Strength, Chaikin Money Flow, the number of weeks since price made a New High and New Low, and the MACD Histogram score.

SPX Sector Universe Summary for 19-Dec-2025								
Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
<a href="#">XBI</a>	BIOTC	BIOTECHNOLOGY	ETF	UP	7.57:1.50	=DN=	2/2	-0.8
<a href="#">SMH</a>	SEMIS	SEMICONDUCTORS	ETF	UP	4.35:1.50	=DN=	1/3	-0.5
<a href="#">GLD</a>	GOLD	SPDR GOLD SHARES	ETF	UP	4.25:1.50	up	8/0	0.2
<a href="#">XLV</a>	HLTHY	HEALTH CARE	ETF	UP	3.12:1.50	-DN-	2/0	-0.3
<a href="#">IGM</a>	TECHS	EXPANDED TECH SECTOR	ETF	UP	2.25:1.50	=up=	1/3	-0.4
<a href="#">IYT</a>	TRANS	TRANSPORT NDX	ETF	UP	1.82:1.50	«UP»	0/2	0.2
<a href="#">PAVE</a>	INFRA	INFRASTRUCTURE	ETF	UP	1.54:1.50	=DN=	0/3	0.1
<a href="#">KBE</a>	BANKS	S&P BANK SECTOR	ETF	UP	1.49:1.50	=DN=	1/0	0.8
<a href="#">SPX</a>	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	1.49:1.50	=DN=	1/3	-0.1
<a href="#">XRT</a>	SALES	RETAIL	ETF	UP	1.29:1.50	DN	0/1	0.6
<a href="#">ITA</a>	DFEND	SPACE & DEFENSE	ETF	UP	1.07:1.50	«up»	7/1	0.7
<a href="#">XLC</a>	COMMS	COMMUNICATION SRVCS	ETF	UP	1.03:1.50	-DN-	0/2	0.2
<a href="#">XLE</a>	ENRGY	ENERGY	ETF	DN	0.99:1.50	DN	0/6	-0.3
<a href="#">XLI</a>	INDUS	INDUSTRIALS	ETF	UP	0.77:1.50	=DN=	0/1	0.2
<a href="#">KIE</a>	INSUR	INSURANCE SECTOR	ETF	DN	0.63:1.50	«UP»	36/0	0.3
<a href="#">XLF</a>	FINAN	FINANCIALS	ETF	UP	0.58:1.50	=DN=	999/1	0.5
<a href="#">XLP</a>	STAPL	CONSUMER STAPLES	ETF	DN	-0.45:1.50	-DN-	8/1	0.2
<a href="#">ITB</a>	BLDRS	HOME CONSTRUCTION	ETF	UP	-0.47:1.50	DN	0/4	-0.1
<a href="#">XLRE</a>	REALE	REAL ESTATE	ETF	DN	-0.65:1.50	-DN-	1/34	-0.0
<a href="#">XLY</a>	DISCR	CONSUMER DISCR	ETF	UP	-8.63:1.50	-DN-	2/0	-6.9
<a href="#">XLU</a>	UTILS	UTILITIES	ETF	UP	-8.91:1.50	«DN»	1/504	-7.9
<a href="#">XLB</a>	MATER	MATERIALS	ETF	DN	-9.53:1.50	dn	2/0	-6.6

MoM price changes for the top 5 sectors: XBI: 8.4%, SMH: 9.6%, GLD: 6.4%, XLV: 2.3%, IGM: 5.9%

MoM price changes for the Mag 7 plus AVGO: AAAPL: 2.8%, AMZN: 4.7%, AVGO: -1.9%, GOOGL: 6.1%, META: 11.8%, MSFT: 1.6%, NFLX: -10.7%, TSLA: 21.8%

## This Week's Selections

Last week my sector choices were: GLD, IYT, SMH, XBI, XLV, BIL (50%).

### Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XBI	UP	Up	7.57%	\$113.77	\$123.43	Hold 10%
SMH	UP	Up	4.35%	\$344.17	\$356.23	Hold 10%
GLD	UP	Up	4.25%	\$367.35	\$399.02	Hold 10%
XLV	UP	Up	3.12%	\$146.07	\$154.94	Hold 10%
IGM	UP	Up	2.25%	\$123.48	\$129.50	no
IYT	UP	Up	1.82%	\$70.33	\$75.03	Hold 10%
PAVE	UP	Up	1.54%	\$45.77	\$48.56	no
KBE	UP	Up	1.49%	\$57.77	\$62.62	no
SPX	UP	Up	1.49%	\$6348.92	\$6834.50	INDEX
XRT	UP	Up	1.29%	\$81.66	\$87.51	no
ITA	UP	Up	1.07%	\$196.80	\$213.91	no

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

### Note

On Wednesday SMH closed below its 8% stop (\$344.17). Since Wednesday made a local low, the trailing stop algorithm adjusted the 8% stop downward from \$344.17 to \$319.47. On Thursday price rose above the \$344 stop and I manually restored the \$344.17 stop. This has happened before so this week I am going to see if I can make the algorithm handle these situations (1-day downward spikes) better.

### Analysis

[XBI](#) is in a 4-week consolidation mostly between \$120 and \$125. [SMH](#) collapsed suddenly on Wednesday morning, then found support near \$340. Since it was below its 8% stop I was watching it on Thursday morning. Thursday it gapped up above \$350, so I waited. It faded during the day but remained above the \$344 stop so I didn't sell it. [GLD](#) got above \$400 on Thursday and Friday, but closed just below it. [XLV](#) is now hovering near \$155 and bounced up off it on Wednesday. [IGM](#) found support near \$125 but remained below \$130.

[IYT](#) found support near \$75 and money flow turned positive on Friday. [PAVE](#) is showing support around \$48.50. [KBE](#) made a nice 3-week rise but now it's flirting with \$62.50 and its money flow seems to have stalled. After touching \$6901 on Dec 11, [SPX](#) has retreated to around \$6800, although it made \$6834 on Friday. [XRT](#) peaked around \$90 seven days ago, but now it has stalled around \$87.50. [ITA](#) got thumped in November but found support near \$200. It needs to get above \$215 to become interesting.

### Thoughts and Decisions

Since SMH's downward spike had no follow through, I didn't sell it even though its Wednesday close was below the 8% stop. My sector choices this week are still: GLD, IYT, SMH, XBI, XLV, BIL (50%).

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## New Highs and New Lows

There were 3 all-time highs this week with SLV, GDX, COPX, and TSLA as long-time highs

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 19-Dec-2025					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
JNJ	JOHNSON AND JOHNSON (DK)	STOCK	UP	4.98	999
WMT	WALMART STORES	STOCK	UP	3.08	999
XLF	FINANCIALS	ETF	UP	0.58	999
SLV	SILVER TRUST	ETF	UP	11.11	989
GDX	MARKET VECTORS GOLD MINERS	ETF	UP	7.55	986
COPX	GLOBAL X COPPER MINERS	ETF	UP	7.71	789
TSLA	TESLA MOTORS	STOCK	UP	4.80	779
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	1.17	447
NVS	NOVARTIS	STOCK	UP	2.19	345
GSK	GLAXOSMITHKLINE PLC	STOCK	UP	5.05	344
VGK	FTSE EUROPE	ETF	UP	1.31	343
RY	ROYAL BANK OF CANADA (DS 1870)	STOCK	UP	4.37	307
TD	TORONTO-DOMINION BANK (DS 1857)	STOCK	UP	4.80	307
CM	CANADIAN IMPERIAL BANK (DS 1868)	STOCK	UP	4.91	306
VTV	US LARGE CAP VALUE	ETF	UP	1.31	306
EUFN	EUROPEAN BANKS	ETF	UP	2.16	267
BNS	BANK OF NOVA SCOTIA (DS 1833)	STOCK	UP	5.08	187
DBB	BASE METALS	ETF	UP	2.85	178
PANL	PANGAEA LOGISTICS	STOCK	UP	12.82	61
KRE	KBW REGIONAL BANKS	ETF	UP	1.65	53
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 19-Dec-2025					
XLU	UTILITIES	ETF	UP	-8.91	504
NSRGY	NESTLE	STOCK	UP	-1.02	344
CLX	CLOROX (DK)	STOCK	DN	-5.16	307
ADDYY	ADIDAS AG	STOCK	DN	-5.66	283
NTOIJ	NESTE OYJ	STOCK	DN	-2.65	283
PSA	PUBLIC STORAGE (DA)	STOCK	DN	-2.21	83
VICI	VICI PROPERTIES	ETF	DN	-3.32	73
COST	COSTCO WHOLESALE	STOCK	DN	-2.35	69