

Weekly Market Analysis #595 — 2 January 2026

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This Week

I had a rather unpleasant Friday evening when I noticed that **none** of the charts had been generated. One after another, the charting programs had crashed as soon as they got started. To make things worse, I had no idea what was causing the problem.

The set of programs that work together to update the website each evening are comprised of about 25-30 thousand lines of code, so figuring out why the charting routines are suddenly crashing for no apparent reason is pretty challenging. After working on the problem Friday night until after midnight (and getting nowhere), I gave up and went to bed.

By noon on Saturday I decided I had better go with the available charts and get to work on the weekly analysis. So most of the charts in this week's report end on December 31st. In other words, they are one day short. In most cases, the data from Friday is inconsequential. Only ITA, PAVE, and SMH had above average volume and slope greater than the SPX, and I did my analysis of those three using charts on stockcharts.com to see that final Friday.

On this week's analysis pages, if the data ends on Wednesday, the page will say, "End of Year". If the data includes Friday, the page will say, "Jan 2".

As soon as I send this week's analysis out, I will go back to trying to find out what is making my charting software crash.

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JC Parets presents a strong case that this bull market has not reached its zenith yet.

In late December, he pointed out that XLF, the financial sector fund, made a [new all-time high](#). On the 26th, he showed us the [Dow Jones Industrials](#), and even the equally-weighted Dow Jones Industrial Average, made new all-time highs. On December 26th, the New York Composite Index (NYSE) and the Russell 3000 (IWM) made [all time highs](#).

On the 29th, the [NYSE Advance-Dedline Line](#) made a new all-time high. And it's not just the United States where markets are climbing. On January 1st JC wrote about the [All Country World Index](#) (ACWI) making a new all-time high.

Even Dow Theory says this is a bull market. Ever since last April the Dow Jones Industrial Average (DJIA) and the Dow Jones Transportation Average (DJTA) have been rising together.

The central principle of technical analysis is: Whatever price is doing now is what it is most likely to do next. It can be going up, down, or sideways, but the odds are that it's going to keep doing whatever it has been doing until something changes.

Right now, the market as a whole is going up. There are parts that aren't. Energy (XLE) has been as flat as a prairie since 2022. Consumer Staples has been wilting since late 2024. So has real estate (XLRE) and Home Construction (ITB). That's why we use sector slope to keep our money in the strong side of the SPX rather than just buying the whole index.

That's also why I spent almost half a year creating that big technicolor block chart on page 4. It shows which sectors are on the plus side of the SPX. It also shows the how each sector has been doing, every week, for the last 3 months in comparison to the others.

Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves. — Peter Lynch

Market Barometers

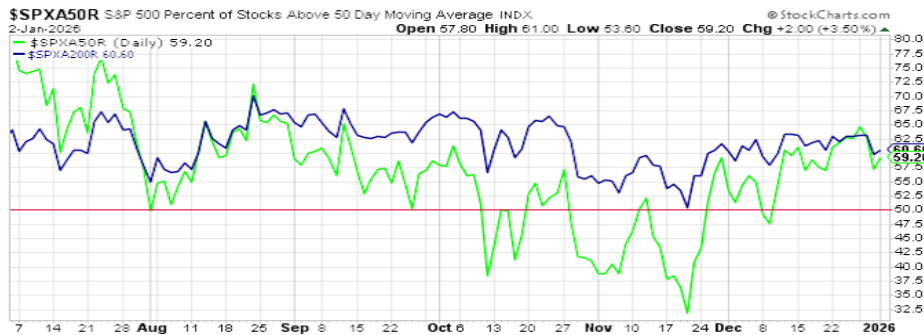
End of Year — All 5 major indexes are up both month-over-month and week-over week, so they all remain solid green.



Month-over-month: DJIA: 1.0%, SPX: 0.1%, VTI: -0.1%, COMPQ: -0.9%, IWM: -0.3%

A Closer Look

Jan 2 — The SPX declined on Monday-Wednesday, then recovered a little on Friday, ending the week near \$6858. BPSPX was essentially flat this week, but positive near 58%. NYAD confirmed price. So did SPXA50R and SPXA200R, but they are both positive at 59 and 60.



[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

Jan 2 — 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 10-Oct-2025 to 02-Jan-2026

10 Oct	17 Oct	24 Oct	31 Oct	07 Nov	14 Nov	21 Nov	28 Nov	05 Dec	12 Dec	19 Dec	26 Dec	02 Jan
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC
BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	GOLD	GOLD
GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	SEMIS	SEMIS
TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY
DFEND	DFEND	DFEND	DFEND	DFEND	DFEND	HLTHY	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS
COMMS	COMMS	UTILS	UTILS	UTILS	SP500	DFEND	DFEND	SP500	SP500	TRANS	TRANS	TRANS
SALES	INFRA	COMMS	SP500	SP500	HLTHY	SP500	SP500	INFRA	TRANS	INFRA	BANKS	BANKS
DISCR	SP500	INFRA	INFRA	INFRA	UTILS	UTILS	UTILS	DFEND	INFRA	BANKS	INFRA	DFEND
SP500	UTILS	SP500	COMMS	HLTHY	INFRA	INFRA	INFRA	TRANS	ENRGY	SP500	SALES	SALES
INFRA	SALES	DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY	DFEND	SALES	SP500	INFRA
BLDRS	DISCR	SALES	HLTHY	COMMS	COMMS	COMMS	COMMS	COMMS	COMMS	DFEND	DFEND	SP500
BANKS	INDUS	HLTHY	SALES	INDUS	INDUS	INDUS	DISCR	INDUS	BANKS	COMMS	COMMS	COMMS
UTILS	TRANS	INDUS	INDUS	TRANS	TRANS	ENRGY	TRANS	BANKS	SALES	ENRGY	INDUS	FINAN
INDUS	BLDRS	TRANS	TRANS	SALES	ENRGY	TRANS	INDUS	UTILS	INDUS	INDUS	FINAN	INDUS
TRANS	BANKS	BLDRS	FINAN	ENRGY	SALES	FINAN	INSUR	INSUR	INSUR	INSUR	INSUR	INSUR
FINAN	HLTHY	FINAN	ENRGY	FINAN	FINAN	SALES	FINAN	SALES	FINAN	FINAN	ENRGY	ENRGY
ENRGY	FINAN	BANKS	BLDRS	BANKS	BANKS	INSUR	BANKS	FINAN	REALE	STAPL	STAPL	STAPL
HLTHY	ENRGY	ENRGY	BANKS	REALE	REALE	BANKS	SALES	DISCR	BLDRS	BLDRS	BLDRS	REALE
MATER	MATER	REALE	REALE	BLDRS	INSUR	REALE	REALE	REALE	STAPL	REALE	REALE	BLDRS
INSUR	INSUR	MATER	MATER	MATER	MATER	MATER	MATER	BLDRS	UTILS	DISCR	DISCR	DISCR
REALE	REALE	INSUR	INSUR	INSUR	BLDRS	STAPL	STAPL	STAPL	DISCR	UTILS	UTILS	UTILS
STAPL	STAPL	STAPL	STAPL	STAPL	STAPL	BLDRS	BLDRS	MATER	MATER	MATER	MATER	MATER

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. XBI	7.31	BIOTC	BIOTECH	12. XLC	1.23	COMMS	COMMUNICATION SRVCS
2. GLD	4.45	GOLD	GOLD	13. XLF	0.99	FINAN	FINANCIALS
3. SMH	4.21	SEMIS	SEMICONDUCTORS	14. XLI	0.93	INDUS	INDUSTRIALS
4. XLV	2.94	HLTHY	HEALTH CARE	15. KIE	0.85	INSUR	INSURANCE
5. IGM	2.06	TECHS	TECHNOLOGY	16. XLE	0.66	ENRGY	ENERGY
6. IYT	1.99	TRANS	TRANSPORTATION	17. XLP	-0.44	STAPL	CONSUMER STAPLES
7. KBE	1.90	BANKS	BANKS	18. XLRE	-0.78	REALE	REAL ESTATE
8. ITA	1.69	DFEND	AEROSPACE & DEFENSE	19. ITB	-0.80	BLDRS	HOMEBUILDERS
9. XRT	1.60	SALES	RETAIL SALES	20. XLY	-12.09	DISCR	CONSUMER DISCR
10. PAVE	1.56	INFRA	INFRASTRUCTURE	21. XLU	-12.81	UTILS	UTILITIES
11. SPX	1.49	SP500	S&P 500	22. XLB	-12.87	MATER	MATERIALS

The top 9 sectors remained essentially the same. This is not unusual because some of the senior traders take two weeks off at the end of the year, returning the Monday after New Years Day.

Sector Universe

← Use this link to get to the live summary table

End of Year — 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 31-Dec-2025								
Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	7.31:1.48	=DN=	207/1	-0.5
GLD	GOLD	SPDR GOLD SHARES	ETF	UP	4.45:1.48	=up=	999/2	0.2
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	4.21:1.48	DN	2/1	0.1
XLV	HLTHY	HEALTH CARE	ETF	UP	2.94:1.48	dn	2/2	-0.1
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	2.06:1.48	<<DN>>	2/2	0.0
IYT	TRANS	TRANSPORT NDX	ETF	UP	1.99:1.48	=up=	0/4	-0.3
KBE	BANKS	S&P BANK SECTOR	ETF	UP	1.90:1.48	DN	0/3	-0.4
ITA	DFEND	SPACE & DEFENSE	ETF	UP	1.69:1.48	-DN-	989/1	0.8
XRT	SALES	RETAIL	ETF	UP	1.60:1.48	DN	0/4	-0.3
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	1.56:1.48	<<DN>>	2/5	-0.0
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	1.49:1.48	<<DN>>	999/1	0.1
XLC	COMMS	COMMUNICATION SRVCS	ETF	UP	1.23:1.48	<<DN>>	13/1	0.1
XLF	FINAN	FINANCIALS	ETF	UP	0.99:1.48	=DN=	999/2	0.2
XLI	INDUS	INDUSTRIALS	ETF	UP	0.93:1.48	=DN=	2/2	0.1
KIE	INSUR	INSURANCE SECTOR	ETF	DN	0.85:1.48	UP	37/3	0.0
XLE	ENRGY	ENERGY	ETF	DN	0.66:1.48	=dn=	2/0	-0.2
XLP	STAPL	CONSUMER STAPLES	ETF	DN	-0.44:1.48	DN	1/1	-0.2
XLRE	REALE	REAL ESTATE	ETF	DN	-0.78:1.48	<<dn>>	2/1	-0.0
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	-0.80:1.48	<<DN>>	0/5	-0.6
XLY	DISCR	CONSUMER DISCR	ETF	UP	-12.09:1.48	DN	3/3	0.3
XLU	UTILS	UTILITIES	ETF	DN	-12.81:1.48	dn	1/1	-0.0
XLB	MATER	MATERIALS	ETF	DN	-12.87:1.48	UP	3/2	0.5

MoM price changes for the top 5 sectors: [XBI](#): -0.3%, [GLD](#): 2.9%, [SMH](#): 2.5%, [XLV](#): 0.3%, [IGM](#): -1.5%

MoM price changes for the Mag 7 plus AVGO: [AAPL](#): -4.6%, [AMZN](#): -2.5%, [AVGO](#): -8.7%, [GOOGL](#): -1.4%, [META](#): 1.7%, [MSFT](#): -1.0%, [NFLX](#): -12.5%, [TSLA](#): -1.9%

This Week's Selections

End of Year (except as noted in individual entries)

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

Top Sector ETFs By Slope as of 31-Dec-2025

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XBI	UP	Up	7.31%	\$116.20	\$121.93	Hold 10%
GLD	UP	Up	4.45%	\$383.40	\$396.31	Hold 10%
SMH	UP	Up	4.21%	\$344.17	\$360.13	Hold 10%
XLV	UP	Up	2.94%	\$146.07	\$154.80	Hold 10%
IGM	UP	Up	2.06%	\$123.48	\$129.16	no
IYT	UP	Up	1.99%	\$70.33	\$74.51	Hold 10%
KBE	UP	Up	1.90%	\$57.77	\$60.69	no
ITA	UP	Up	1.69%	\$202.58	\$214.69	Watch +
XRT	UP	Up	1.60%	\$81.66	\$85.29	no
PAVE	UP	Up	1.56%	\$45.77	\$47.79	no
SPX	UP	Up	1.49%	\$6377.49	\$6845.50	INDEX
XLC	UP	Up	1.23%	\$109.86	\$117.72	no

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

Note

SMH manual stop is still \$344.17 while the 8% stop is still below that at \$336.59.

Analysis

[XBI](#) has spent about 80% of the last 25 days closing between \$120 and \$125 and many of the basic charts are negative, but the medium and long-term charts remain up. [GLD](#) declined but found support near \$400. [SMH](#) has spent most of its time between \$340 and \$375 for the last 3 months. It ended Friday at \$373.30, which is close to a new high. [XLV](#) has been flirting with \$155 for the last 13 days. [IGM](#) has spent almost all its time between \$125 and \$135 since late September. [IYT](#) has been above \$75 for most of the last 21 days. It closed at \$75.32 on Friday. Despite a decline for the last couple of weeks, its RSI bounced up off 50 on Friday, which is usually a reliable positive sign.

[KBE](#) has been in a decline since the second week in December. [ITA](#) closed at \$221.80 on Friday, up 3.35% on the day on strong volume. That makes a 990 week high. If there's follow through next week, this will be a buy. [XRT](#) has been in a decline since Dec 11th. [PAVE](#) made a run at \$50, then fell back, but seems to have found support near \$48 and ended Friday at \$48.85. [SPX](#) spent about 20 out of the last 25 days between \$6800 and \$6900. [XLC](#) — KB, ATS, RSI and MACD all say this has been climbing since the end of December..

Thoughts and Decisions

I'm going to watch ITA to see if Friday's big up day was the start of a new leg up.

My sector choices this week are still: GLD, IYT, SMH, XBI, XLV, BIL (50%).

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New Highs and New Lows

End of Year — There were 6 all-time highs this week with 3 more long-time highs, and there were no all-time lows.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 31-Dec-2025					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
DJIA	DOW JONES INDUSTRIALS	INDEX	UP	1.59	999
GLD	SPDR GOLD SHARES	ETF	UP	4.45	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.49	999
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.49	999
VTI	TOTAL STOCK MARKET	ETF	UP	1.49	999
XLF	FINANCIALS	ETF	UP	0.99	999
SLV	SILVER TRUST	ETF	UP	14.10	990
ITA	SPACE & DEFENSE	ETF	UP	1.69	989
GDX	MARKET VECTORS GOLD MINERS	ETF	UP	8.00	987
COPX	GLOBAL X COPPER MINERS	ETF	UP	8.78	790
KBWB	BIG BANKS	ETF	UP	3.50	454
IQLT	GLOBAL QUALITY	ETF	UP	1.07	448
CSQ	CALAMOS STRATEGIC	CEF	UP	0.95	407
GLDM	GOLD MINISHARES	ETF	UP	4.48	378
GSK	GLAXOSMITHKLINE PLC	STOCK	UP	4.70	346
NVS	NOVARTIS	STOCK	UP	2.66	346
VGK	FTSE EUROPE	ETF	UP	1.50	344
JPM	JPMORGAN CHASE	STOCK	UP	1.91	324
RY	ROYAL BANK OF CANADA (DS 1870)	STOCK	UP	5.24	308
TD	TORONTO-DOMINION BANK (DS 1857)	STOCK	UP	5.65	308
EUFN	EUROPEAN BANKS	ETF	UP	2.66	268
XBI	BIOTECHNOLOGY	ETF	UP	7.31	207
BNS	BANK OF NOVA SCOTIA (DS 1833)	STOCK	UP	5.30	190
DBB	BASE METALS	ETF	UP	2.96	180
LIT	LITHIUM & BATTERY TECH	ETF	UP	7.46	124
QLTY	GMO U.S. QUALITY	ETF	UP	2.32	106
MRK	MERCK (DA)	STOCK	DN	6.48	59
XOM	EXXON MOBIL (DK)	STOCK	UP	1.50	55
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 31-Dec-2025					
NSRGY	NESTLE	STOCK	UP	-2.30	346
DUAVF	DASSAULT AVIATION	STOCK	UP	-2.75	291
ADDYY	ADIDAS AG	STOCK	DN	-5.84	285
NTOIY	NESTE OYJ	STOCK	DN	0.25	285