

Weekly Market Analysis #597 — 16 January 2026

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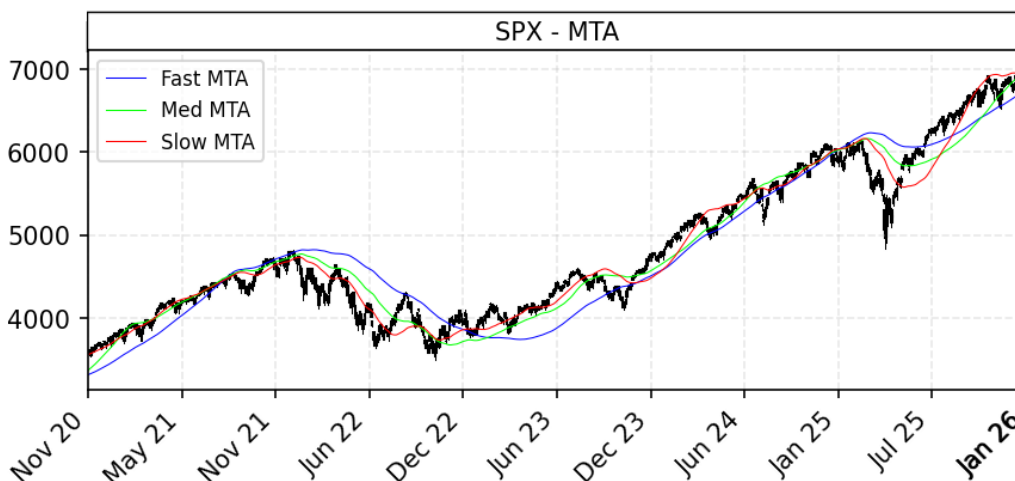
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This Week

From the time I sent out the last Weekly Analysis until noon on Friday, I spent the entire week writing a very detailed program design document. It contained just about everything I know about stock market charts. On Friday I handed it to Claude.AI. It took Claude less than 3 seconds to read my 4000 word design, then it started writing Python as fast as the terminal window could print it. 4 minutes later, I had a complete Python program – some 500 lines of code.

By late in the evening, I had replaced my old version of Python with a new one, and I had downloaded half a dozen libraries the new program needed. I typed "python3 chart_generator.py" into the computer, fully expecting the program to fail completely. To my surprise (and relief) it loaded the chart data and a few seconds later I had a finished PNG file.

I needed to make some corrections to my design document and run it through Claude again, but here's the finished chart.



I need to talk to Claude about putting the Y-Scale on the right side of the chart and a couple of other details. But at least we know it works.

The next step is to convert a dozen or so sections of code in my PHP market analysis program from using the C charting routines to using the Python program.

The amazing thing is that writing the thousands of line of C code it took to generate the old charts took a couple of years. Nobody had any decent plotting software 30 years ago, so if you wanted it, you had to write it from scratch. And the only way to see your charts was to send them to a PostScript printer. So I had to write a C program that wrote PostScript. (PostScript is a stack-oriented language, so all the instructions have to be written more or less backwards. Fun times!)

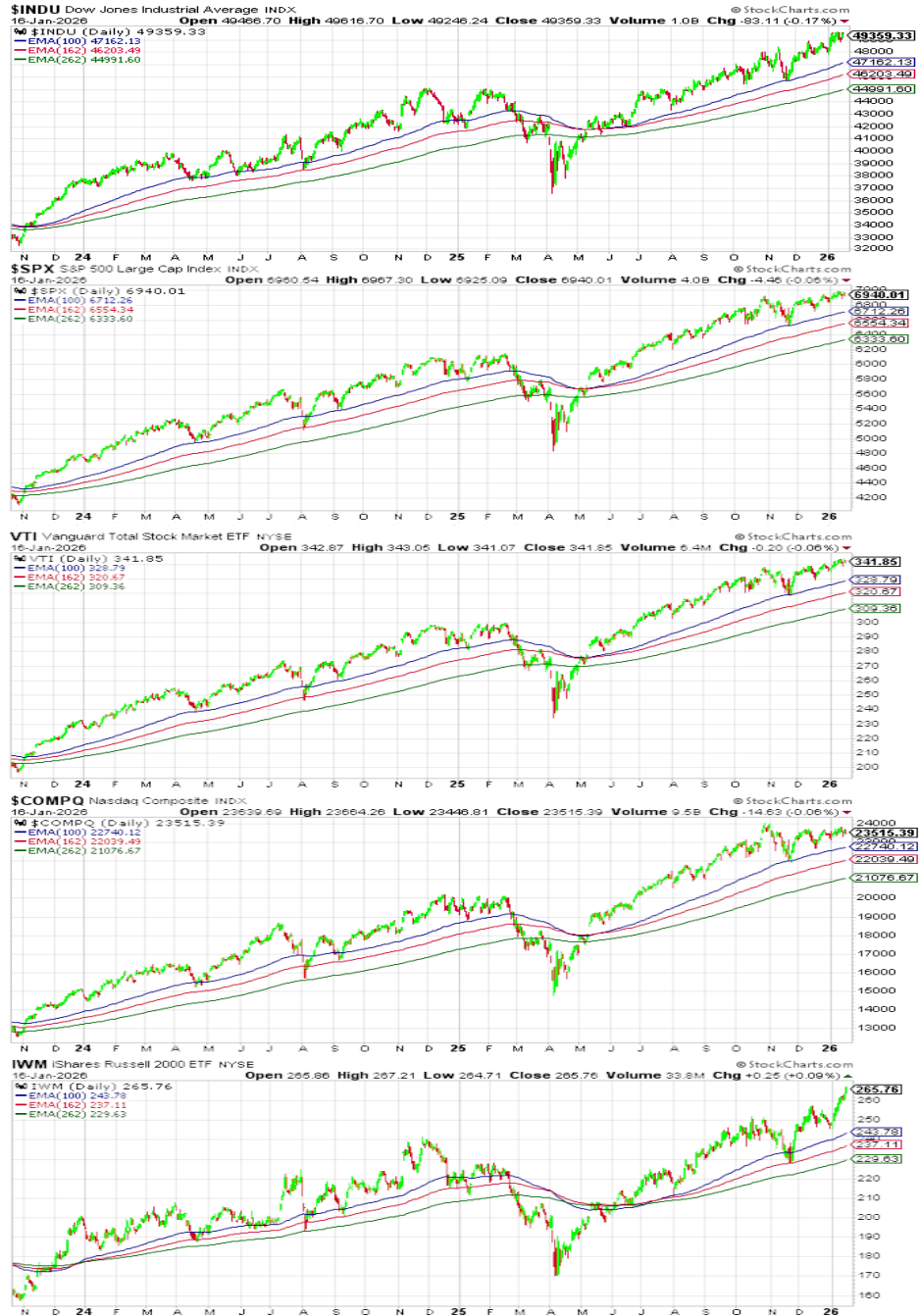
Using AI, it took a week of writing down everything I wanted, and then a matter of minutes to generate the code. It is truly amazing.

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I'm sure some things happened in the market this week, but my brain was elsewhere

Market Barometers

I shortened the periods on the averages to get an EMA (Exponential Moving Average) to simulate an EPMA (End-Point Moving Average). It's sort of like using a wrench for a hammer, but here are rough equivalents of the MTA charts. Next week we'll do better, but 5 major indexes are still going upward.



Month-over-month: DJIA: 3.1%, SPX: 3.3%, VTI: 3.4%, COMPQ: 3.6%, IWM: 7.5%

A Closer Look

The SPX made an all-time high on Monday, but then moved gradually down this week, closing at \$6940. BPSPX did a little better than price, ending the week at 69. NYAD did much better than price., as did SPXA50R and SPXA200R, finishing Friday at 69 and 72. Price did not impress, but the 3 market internals charts are all very strong.



[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 24-Oct-2025 to 16-Jan-2026

24 Oct	31 Oct	07 Nov	14 Nov	21 Nov	28 Nov	05 Dec	12 Dec	19 Dec	26 Dec	02 Jan	09 Jan	16 Jan
SEMIS	SEMIS	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC
BIOTC	BIOTC	BIOTC	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	GOLD	GOLD	SEMIS	SEMIS
GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD	SEMIS	SEMIS	GOLD	GOLD
TECHS	TECHS	TECHS	TECHS	TECHS	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	DFEND
DFEND	DFEND	DFEND	DFEND	HLTHY	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	DFEND	HLTHY
UTILS	UTILS	UTILS	SP500	DFEND	DFEND	SP500	SP500	TRANS	TRANS	TRANS	TRANS	TRANS
COMMS	SP500	SP500	HLTHY	SP500	SP500	INFRA	TRANS	INFRA	BANKS	BANKS	BANKS	SALES
INFRA	INFRA	INFRA	UTILS	UTILS	UTILS	DFEND	INFRA	BANKS	INFRA	DFEND	TECHS	BANKS
SP500	COMMS	HLTHY	INFRA	INFRA	INFRA	TRANS	ENRGY	SP500	SALES	SALES	SALES	INFRA
DISCR	DISCR	DISCR	DISCR	DISCR	ENRGY	ENRGY	DFEND	SALES	SP500	INFRA	INFRA	TECHS
SALES	HLTHY	COMMS	COMMS	COMMS	COMMS	COMMS	COMMS	DFEND	DFEND	SP500	SP500	INDUS
HLTHY	SALES	INDUS	INDUS	INDUS	DISCR	INDUS	BANKS	COMMS	COMMS	COMMS	FINAN	SP500
INDUS	INDUS	TRANS	TRANS	ENRGY	TRANS	BANKS	SALES	ENRGY	INDUS	FINAN	COMMS	ENRGY
TRANS	TRANS	SALES	ENRGY	TRANS	INDUS	UTILS	INDUS	INDUS	FINAN	INDUS	INDUS	FINAN
BLDRS	FINAN	ENRGY	SALES	FINAN	INSUR	INSUR	INSUR	INSUR	INSUR	INSUR	ENRGY	COMMS
FINAN	ENRGY	FINAN	FINAN	FINAN	SALES	FINAN	FINAN	FINAN	ENRGY	ENRGY	INSUR	INSUR
BANKS	BLDRS	BANKS	BANKS	INSUR	BANKS	FINAN	REALE	STAPL	STAPL	STAPL	STAPL	BLDRS
ENRGY	BANKS	REALE	REALE	BANKS	SALES	DISCR	BLDRS	BLDRS	BLDRS	REALE	BLDRS	STAPL
REALE	REALE	BLDRS	INSUR	REALE	REALE	REALE	STAPL	REALE	REALE	BLDRS	REALE	REALE
MATER	MATER	MATER	MATER	MATER	MATER	BLDRS	UTILS	DISCR	DISCR	DISCR	DISCR	DISCR
INSUR	INSUR	INSUR	BLDRS	STAPL	STAPL	STAPL	DISCR	UTILS	UTILS	UTILS	MATER	MATER
STAPL	STAPL	STAPL	STAPL	BLDRS	BLDRS	MATER	MATER	MATER	MATER	MATER	MATER	UTILS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. XBI	6.27	BIOTC	BIOTECH	12. SPX	1.53	SP500	S&P 500
2. SMH	5.16	SEMIS	SEMICONDUCTORS	13. XLE	1.30	ENRGY	ENERGY
3. GLD	4.76	GOLD	GOLD	14. XLF	1.19	FINAN	FINANCIALS
4. ITA	3.63	DFEND	AEROSPACE & DEFENSE	15. XLC	1.16	COMMS	COMMUNICATION SRVCS
5. XLV	2.77	HLTHY	HEALTH CARE	16. KIE	0.57	INSUR	INSURANCE
6. IYT	2.45	TRANS	TRANSPORTATION	17. ITB	0.00	BLDRS	HOMEBUILDERS
7. XRT	2.16	SALES	RETAIL SALES	18. XLP	-0.10	STAPL	CONSUMER STAPLES
8. KBE	2.15	BANKS	BANKS	19. XLRE	-0.64	REALE	REAL ESTATE
9. PAVE	1.95	INFRA	INFRASTRUCTURE	20. XLY	-14.19	DISCR	CONSUMER DISCR
10. IGM	1.81	TECHS	TECHNOLOGY	21. XLB	-14.45	MATER	MATERIALS
11. XLI	1.68	INDUS	INDUSTRIALS	22. XLU	-15.31	UTILS	UTILITIES

The top 6 sectors remained largely the same except for some minor shuffling. Defense and Aerospace rose 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 16-Jan-2026								
Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	6.27:1.55	<<up>>	211/0	-0.3
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	5.16:1.55	-DN-	999/0	0.7
GLD	GOLD	SPDR GOLD SHARES	ETF	UP	4.76:1.55	up	999/1	0.4
ITA	DFEND	SPACE & DEFENSE	ETF	UP	3.63:1.55	=UP=	992/0	1.4
XLV	HLTHY	HEALTH CARE	ETF	UP	2.77:1.55	<<up>>	0/2	-0.0
IYT	TRANS	TRANSPORT NDX	ETF	UP	2.45:1.55	UP	999/1	0.2
XRT	SALES	RETAIL	ETF	UP	2.16:1.55	UP	203/1	0.3
KBE	BANKS	S&P BANK SECTOR	ETF	UP	2.15:1.55	<<DN>>	999/1	-0.2
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	1.95:1.55	UP	447/0	0.4
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	1.81:1.55	<<DN>>	4/0	0.1
XLI	INDUS	INDUSTRIALS	ETF	UP	1.68:1.55	UP	999/0	0.7
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	1.53:1.55	<<DN>>	999/0	0.0
XLE	ENRGY	ENERGY	ETF	UP	1.30:1.55	=dn=	57/0	0.6
XLF	FINAN	FINANCIALS	ETF	UP	1.19:1.55	-DN-	0/5	-0.5
XLC	COMMS	COMMUNICATION SRVCS	ETF	UP	1.16:1.55	-DN-	0/6	-0.3
KIE	INSUR	INSURANCE SECTOR	ETF	DN	0.57:1.55	DN	0/5	-0.4
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	0.00:1.55	UP	16/0	1.5
XLP	STAPL	CONSUMER STAPLES	ETF	DN	-0.10:1.55	UP	20/0	0.5
XLRE	REALE	REAL ESTATE	ETF	DN	-0.64:1.55	=UP=	11/0	0.2
XLY	DISCR	CONSUMER DISCR	ETF	UP	-14.19:1.55	UP	5/1	3.1
XLB	MATER	MATERIALS	ETF	DN	-14.45:1.55	UP	6/0	3.2
XLU	UTILS	UTILITIES	ETF	DN	-15.31:1.55	=UP=	6/0	3.3

MoM price changes for the top 5 sectors: [XBI](#): 2.7%, [SMH](#): 18.0%, [GLD](#): 5.5%, [ITA](#): 19.0%, [XLV](#): 1.3%

MoM price changes for the Mag 7 plus AVGO: [AAPL](#): -6.0%, [AMZN](#): 8.1%, [AVGO](#): 7.9%, [GOOGL](#): 11.2%, [META](#): -4.5%, [MSFT](#): -3.4%, [NFLX](#): -7.2%, [TSLA](#): -6.4%

This Week's Selections

Last week my sector choices were: GLD, ITA, IYT, SMH, XBI, XLF, XLI, XLV, BIL (20%).

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

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XBI	UP	Up	6.27%	\$116.67	\$124.18	Hold 10%
SMH	UP	Up	5.16%	\$368.36	\$400.39	Hold 10%
GLD	UP	Up	4.76%	\$391.86	\$421.29	Hold 10%
ITA	UP	Up	3.63%	\$224.27	\$243.77	Hold 10%
XLV	UP	Up	2.77%	\$146.89	\$155.74	Hold 10%
IYT	UP	Up	2.45%	\$72.05	\$77.80	Hold 10%
XRT	UP	Up	2.16%	\$83.61	\$90.42	no
KBE	UP	Up	2.15%	\$58.48	\$63.26	no
PAVE	UP	Up	1.95%	\$47.44	\$51.57	BUY
IGM	UP	Up	1.81%	\$123.48	\$130.53	no
XLI	UP	Up	1.68%	\$153.55	\$166.90	Hold 10%
SPX	UP	Up	1.53%	\$6419.09	\$6940.01	INDEX
XLF	UP	Up	1.19%	\$51.89	\$54.44	Hold 10%

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

Analysis

[XBI](#) made another 4-year high on Wednesday, and then fell back into its \$120 and \$125 range, again. [SMH](#) made another all-time high. [GLD](#) broke out and made an all-time high. [ITA](#) made a 992-week (19 year) high. [XLV](#) declined a little, ending the week at \$155.74, but CMF increased. [IYT](#) made another all-time high this week, and CMF increased significantly.

[XRT](#) increased its smoothed slope, made a 203-week (~4-year high), its CMF moved into positive territory, and price is above \$90. Psychological resistance notwithstanding, follow through next week will make this a buy. [KBE](#)'s RSI is at 59 but CMF has been below zero for a month. [PAVE](#) made a 447-week (8.6-year) high and punched up though \$50 on steadily rising CMF. That counts as follow through.

[IGM](#) is still going sideways (see detail on next page). [XLI](#) made another all-time high, and gapped up on 3 of the 5 days this week. [SPX](#) made an all-time high but edged downward, closing at \$6940. [XLF](#) dropped significantly on Tuesday, found support near \$54, then climbed gradually on Wednesday through Friday.

Thoughts and Decisions

Buy a 10% position in PAVE.

My sector choices this week are: GLD, ITA, IYT, PAVE, SMH, XBI, XLF, XLI, XLV, and BIL (10%).

IGM Detail

IGM continues to waddle sideways and is starting to encroach on the lower, rising, 3-touch (*confirmed*) trendline. Its RSI has been flirting with 50 (the neutral line) for a month and its CMF is rising but still below zero.



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