Weekly Market Analysis #625 — 31 July 2026
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This Week

In this week's Thoughts from the Frontline, John Mauldin examines what happened as the Federal Reserve FOMC committee decided to hold the Fed funds rates on a 9-3 vote. The three dissenters wanted to raise rates. The stock market swooned. The futures market (having already figured out what the Fed was going to do) yawned.

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JC Parets gives a sober (if not depressing) analysis of what often happens to stocks after they have their IPO in his article "The Public Is the Exit". There's a chart about half-way through the article that shows what happens to most stocks during the first three years after their IPO. The chart doesn't look like much until you look at the scale on the right side. And the last 5 years have been awful.

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Steve Blumenthal's "On My Radar" talks about the crash of the South Korean stock market – down 44% from its June highs. To use Buffett's analogy, it turns out that a lot of people were swimming naked when the tide went out.

He goes on to talk about the US:

> ...margin debt hit a record $1.53 trillion in June, up 51.5% year over year, the fastest pace of borrowing in three decades. Investor credit balances (cash minus debt owed) sit at a record negative $1.06 trillion. Leveraged ETF assets, now roughly $179 billion, are 85% concentrated in three sectors: Technology, AI, and Semiconductors.
>
> Concentration plus leverage is how an ordinary correction becomes something else.

It appears that the Zoomer Generation doesn't realize that buying on margin cuts both ways. You make more money if the stock goes up, and you lose more money if the stock price goes down. And their infatuation with 2x and 3x ETFs shows they don't have any idea how they actually work.

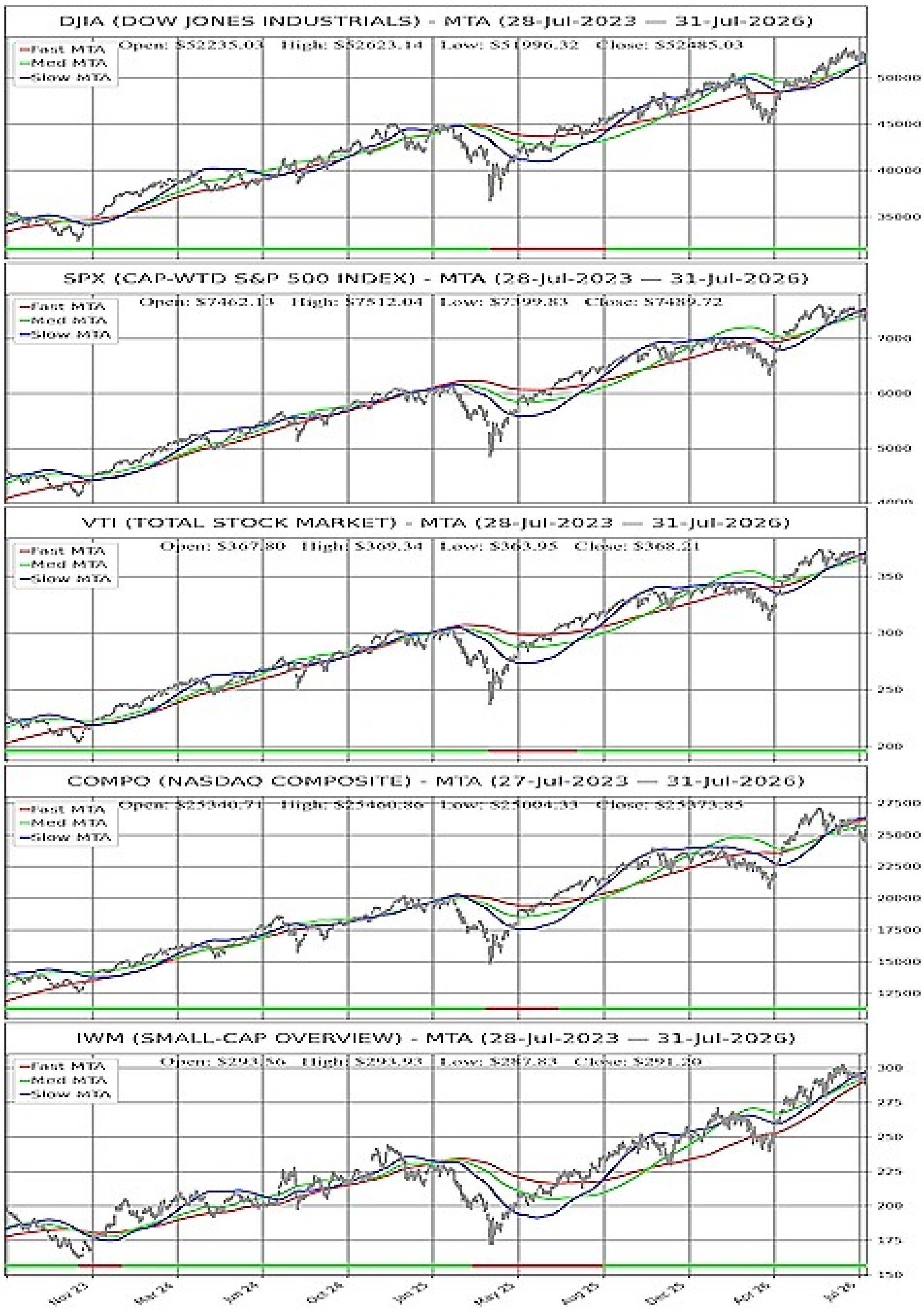
Leveraged ETFs (-3x, -2x, -1x, 2x, 3x) rebalance their accounts every trading day, not once at purchase. Each morning, the fund resets its exposure so that it delivers 2x or 3x the day's return on the underlying index by using swaps, futures, or similar derivatives rather than borrowing money and buying more shares.

That daily reset is the whole story, and it's why these funds can badly diverge from 2x or 3x an index over any period longer than a day. For example: if an index goes up 10% one day and down 10% the next (roughly flat over two days — actually down about 1% due to compounding), a naive 2x fund doesn't return -2%. It returns 2x each day separately: up 20% day one, down 20% day two — and 1.20 × 0.80 = 0.96, a 4% loss, even though the underlying index only lost about 1%.

Leveraged funds were never intended for longer-term investing.

[Market Barometers](#)

The DJIA was the only index that was up for the month of July, and it was only up 0.3%. All the others were down, with COMPQ (NASDAQ) and IWM (the small caps) doing the worst. All 5 MTAs remain up, but none of the indexes made a new high.



Month-over-Month: DJIA: 0.3%, SPX: -0.1%, VTI: -0.5%, COMPQ: -3.2%, IWM: -3.1%

A Closer Look

The SPX has been declining for 9 weeks since it's all-time high on June 2nd. On Wednesday it made a 7-week low. Interestingly, the BPSPX did significantly better than price, ending the week above 64%. The NYAD found its own path. The SPXA50R and the SPXA200R both popped on Tuesday, but the SPXA50R declined rapidly after that to close the week near 62%.

[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 08-May-2026 to 31-Jul-2026

08 May	15 May	22 May	29 May	05 Jun	12 Jun	18 Jun	26 Jun	02 Jul	10 Jul	17 Jul	24 Jul	31 Jul
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BIOTC
ENRGY	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	TECHS	BIOTC	BIOTC	BIOTC	SEMIS
BIOTC	BIOTC	ENRGY	ENRGY	ENRGY	ENRGY	TRANS	BIOTC	BIOTC	TECHS	TECHS	TECHS	INSUR
TECHS	ENRGY	BIOTC	BIOTC	SP500	SP500	INFRA	TRANS	TRANS	TRANS	TRANS	TRANS	BANKS
INFRA	INFRA	INFRA	INFRA	INFRA	TRANS	SP500	INFRA	INFRA	BANKS	BANKS	BANKS	TRANS
NUCLR	NUCLR	SP500	SP500	TRANS	INFRA	BIOTC	SP500	BANKS	INFRA	INSUR	INSUR	TECHS
MATER	SP500	TRANS	TRANS	BIOTC	BIOTC	ENRGY	INDUS	INDUS	INDUS	INDUS	HLTHY	HLTHY
TRANS	MATER	REALE	REALE	REALE	REALE	REALE	BANKS	SP500	SP500	HLTHY	FINAN	FINAN
INDUS	TRANS	MATER	INDUS	INDUS	INDUS	INDUS	REALE	REALE	INSUR	INFRA	INDUS	INDUS
SP500	INDUS	INDUS	MATER	MATER	EUROP	BANKS	ENRGY	DFEND	HLTHY	SP500	INFRA	SALES
REALE	REALE	NUCLR	EUROP	EUROP	BANKS	MATER	MATER	HLTHY	DFEND	FINAN	SP500	REALE
BANKS	BANKS	EUROP	BANKS	BANKS	MATER	EUROP	DFEND	MATER	FINAN	DFEND	REALE	SP500
EUROP	EUROP	BANKS	NUCLR	STAPL	STAPL	DFEND	EUROP	EUROP	REALE	REALE	SALES	INFRA
UTILS	STAPL	STAPL	STAPL	DISCR	DFEND	STAPL	HLTHY	INSUR	SALES	SALES	DFEND	ENRGY
GOLD	UTILS	DISCR	DISCR	NUCLR	DISCR	HLTHY	FINAN	SALES	MATER	EUROP	ENRGY	DFEND
STAPL	DISCR	COMMS	COMMS	DFEND	HLTHY	FINAN	STAPL	FINAN	EUROP	BLDRS	EUROP	EUROP
DISCR	GOLD	UTILS	UTILS	COMMS	FINAN	DISCR	SALES	BLDRS	BLDRS	MATER	MATER	STAPL
COMMS	COMMS	GOLD	DFEND	UTILS	SALES	SALES	INSUR	ENRGY	STAPL	STAPL	BLDRS	MATER
SALES	SALES	INSUR	FINAN	FINAN	COMMS	INSUR	DISCR	STAPL	ENRGY	ENRGY	STAPL	BLDRS
DFEND	DFEND	FINAN	INSUR	HLTHY	INSUR	UTILS	UTILS	UTILS	UTILS	UTILS	UTILS	UTILS
FINAN	FINAN	DFEND	GOLD	SALES	UTILS	COMMS	BLDRS	DISCR	DISCR	DISCR	DISCR	DISCR
INSUR	INSUR	SALES	SALES	INSUR	NUCLR	BLDRS	COMMS	BONDS	BONDS	BONDS	BONDS	BONDS
HLTHY	HLTHY	HLTHY	HLTHY	GOLD	GOLD	GOLD	BONDS	COMMS	COMMS	COMMS	COMMS	COMMS
BLDRS	BONDS	BONDS	BONDS	BONDS	BLDRS	NUCLR	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD
BONDS	BLDRS	BLDRS	BLDRS	BLDRS	BONDS	BONDS	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR

Details

Symbol	Slope	Synonym	Sector Name
1. XBI	5.22	BIOTC	BIOTECH
2. SMH	4.68	SEMIS	SEMICONDUCTORS
3. KIE	3.21	INSUR	INSURANCE
4. KBE	2.82	BANKS	BANKS
5. IYT	2.73	TRANS	TRANSPORTATION
6. IGM	2.53	TECHS	TECHNOLOGY
7. XLV	2.30	HLTHY	HEALTH CARE
8. XLF	2.17	FINAN	FINANCIALS
9. XLI	1.71	INDUS	INDUSTRIALS
10. XRT	1.42	SALES	RETAIL SALES
11. XLRE	1.37	REALE	REAL ESTATE
12. SPX	1.34	SP500	S&P 500
13. PAVE	1.33	INFRA	INFRASTRUCTURE

Symbol	Slope	Synonym	Sector Name
14. XLE	1.17	ENRGY	ENERGY
15. ITA	1.10	DFEND	AEROSPACE & DEFENSE
16. VGK	0.68	EUROP	EUROPE
17. XLP	0.50	STAPL	CONSUMER STAPLES
18. XLB	0.46	MATER	MATERIALS
19. ITB	0.18	BLDRS	HOMEBUILDERS
20. XLU	0.16	UTILS	UTILITIES
21. XLY	-0.86	DISCR	CONSUMER DISCR
22. PTY	-1.26	BONDS	CASH EQUIVALENT
23. XLC	-1.65	COMMS	COMMUNICATION SRVCS
24. GLD	-3.46	GOLD	GOLD
25. URA	-5.89	NUCLR	NUCLEAR ENERGY

Biotech took over 1st place while Semis dropped to #2.Technology dropped from 3rd to 6th. The SPX continued its 7-week decline as Insurance jumped to 3rd.

[Sector Universe](#) ← **Use this link to get to the live summary table**

The order of the sector ETFs 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-Jul-2026

Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	5.22:1.37	DN	1/6	1.0
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	4.68:1.37	DN	0/12	-2.9
KIE	INSUR	INSURANCE SECTOR	ETF	UP	3.21:1.37	«up»	999/1	1.5
KBE	BANKS	S&P BANK SECTOR	ETF	UP	2.82:1.37	«up»	2/0	0.7
IYT	TRANS	TRANSPORT NDX	ETF	UP	2.73:1.37	«dn»	0/5	0.6
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	2.53:1.37	-UP-	1/12	-0.5
XLV	HLTHY	HEALTH CARE	ETF	UP	2.30:1.37	«UP»	999/1	0.7
XLF	FINAN	FINANCIALS	ETF	UP	2.17:1.37	-UP-	999/0	1.0
XLI	INDUS	SPX INDUSTRIALS	ETF	UP	1.71:1.37	«UP»	3/6	0.1
XRT	SALES	RETAIL	ETF	UP	1.42:1.37	≡UP≡	230/0	0.4
XLRE	REALE	REAL ESTATE	ETF	UP	1.37:1.37	DN	213/1	0.3
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	1.34:1.37	«UP»	1/7	-0.1
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	1.33:1.37	=DN=	0/9	-0.9
XLE	ENRGY	ENERGY	ETF	UP	1.17:1.37	DN	1/2	-0.9
ITA	DFEND	SPACE & DEFENSE	ETF	UP	1.10:1.37	-dn-	3/1	0.1
VGK	EUROP	FTSE EUROPE	ETF	UP	0.68:1.37	-UP-	373/0	-0.1
XLP	STAPL	CONSUMER STAPLES	ETF	UP	0.50:1.37	=dn=	20/1	-0.0
XLB	MATER	MATERIALS	ETF	UP	0.46:1.37	-DN-	6/1	-1.6
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	0.18:1.37	=DN=	3/7	0.4
XLU	UTILS	UTILITIES	ETF	UP	0.16:1.37	≡DN≡	0/7	-0.1
XLY	DISCR	CONSUMER DISCR	ETF	DN	-0.86:1.37	-dn-	2/0	-0.2
PTY	BONDS	PIMCO CORP & INCOME OPPTY	CEF	DN	-1.26:1.37	-dn-	1/192	0.4
XLC	COMMS	COMMUNICATION SRVCS	ETF	DN	-1.65:1.37	-dn-	1/0	-0.8
GLD	GOLD	SPDR GOLD SHARES	ETF	DN	-3.46:1.37	«UP»	1/1	-4.1
URA	NUCLR	NUCLEAR ENERGY	ETF	DN	-5.89:1.37	-UP-	0/47	-5.4

MoM price changes for the top 5 sectors: XBI: -7.1%, SMH: -17.6%, KIE: 5.3%, KBE: 2.1%, IYT: -2.1%. XBI got beaten down, but SMH got beaten down even worse. Insurance and banks did all right, and Transports declined a little.

MoM price changes for the Big 8 (the Mag 7 plus AVGO): AAPL: 6.8%, AMZN: 13.9%, AVGO: 3.1%, GOOGL: -0.3%, META: -1.2%, MSFT: 24.6%, NFLX: 0.4%, TSLA: -26.0%

This Week's Selections

Last week my sector choices were: IYT (10%), PAVE (10%), XBI (10%), and PTY (70%).

Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XBI	UP	Up	5.2211%	Off	$147.01	SOLD
SMH	UP	Up	4.6839%	Off	$540.53	no
KIE	UP	Up	3.2095%	$61.13	$64.24	Watch +
KBE	UP	Up	2.8198%	$65.59	$69.65	Watch +
IYT	UP	Up	2.7340%	$82.81	$84.89	WATCH –
IGM	UP	Up	2.5337%	Off	$153.51	no
XLV	UP	Up	2.3043%	$153.88	$162.55	no
XLF	UP	Up	2.1679%	$52.99	$56.94	BUY
XLI	UP	Up	1.7103%	$170.72	$179.84	no
XRT	UP	Up	1.4230%	$84.20	$89.78	no
XLRE	UP	Up	1.3711%	$42.33	$45.07	no
SPX	UP	Up	1.3356%	$7001.00	$7489.72	INDEX
PAVE	UP	Up	1.3283%	$55.19	$56.36	SELL

Analysis

XBI had an open and a close below its 8% low stop on Tuesday, then it opened even lower (and below $150) on Wednesday so I sold it. SMH bounced up off support near $500 on Wednesday but all basic charts are down. KIE made an all-time high on Tuesday and then fell below $65 again. KBE — Still waiting for an open and a close above $70. IYT declined every day this week except Friday when it stalled at $85. IGM has been declining since the beginning of June. XLV made an all-time high on Tuesday and then fell below $165 again.

XLF made an all-time high, its SSlope is greater than the SPX's, and its above $56. XLI money flow is rising, but price is still fluctuating around $180. XRT made a 230-week high (4-year), it's SSlope is marginally higher than SPX's, and all basic charts are up. XLRE made a 213-week high and its SSlope is the same as the SPX. SPX's SSlope bounced up at the end of April, but after making an all-time high on June 6th it pulled back and then went horizontal. PAVE's OBV has been flat since February and its price has mostly been between $55 and $60 since April.

Thoughts and Decisions

I sold XBI on Wednesday. I expect IYT to bounce back up from $85. If it doesn't then it will be time to sell it, too. I can't justify holding on to PAVE any longer because right now I can make more money from PTY's dividends.

My sector choices for this week are: IYT (10%), XLF (10%), and PTY (80%).

New Highs and Lows

Six all-time highs this week and one all-time low.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 31-Jul-2026					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
AAPL	APPLE	STOCK	UP	4.38455	999
GDV	GABELLI DIVIDEND & INCOME	CEF	UP	1.06752	999
KIE	INSURANCE SECTOR	ETF	UP	3.20946	999
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	1.74562	999
XLF	FINANCIALS	ETF	UP	2.16786	999
XLV	HEALTH CARE	ETF	UP	2.30435	999
USMV	USA MIN VOLATILITY	ETF	UP	0.61621	743
VIG	DIVIDEND APPRECIATION	ETF	UP	1.39578	482
IVE	S&P 500 VALUE	ETF	UP	1.34294	481
IEFA	EUROPE/AUSTRALIA/FAR-EAST	ETF	UP	0.58363	478
IQLT	GLOBAL QUALITY	ETF	UP	0.85304	478
PM	PHILIP MORRIS INTL	STOCK	UP	2.60593	470
MOAT	MORNINGSTAR WIDE MOAT	ETF	UP	1.09105	456
MO	ALTRIA GROUP (DK)	HLD	UP	1.87385	450
VGK	FTSE EUROPE	ETF	UP	0.68207	373
ABBV	ABBVIE INC	STOCK	UP	4.72130	353
JPM	JPMORGAN CHASE	STOCK	UP	3.27016	353
KO	COCA COLA (DK)	STOCK	UP	2.49959	337
SPYV	S&P 500 (VALUE)	ETF	UP	1.32137	336
VTV	US LARGE CAP VALUE	ETF	UP	2.08359	336
AMGN	AMGEN	STOCK	UP	2.32899	332
BYD	BOYD GAMING	STOCK	UP	1.04879	314
EUFN	EUROPEAN BANKS	ETF	UP	2.21748	297
VALUG	VALUELINE GEOMETRIC INDEX	INDEX	UP	3.49436	237
XRT	RETAIL	ETF	UP	1.42301	230
FRT	FEDERAL REALTY INVT (DK)	STOCK	UP	3.46881	226
MGA	MAGNA INTERNATIONAL/STOCK	x	UP	3.19581	221
BTO	HANCOCK FINANCIAL OPPTY	CEF	UP	2.78894	218
XLRE	REAL ESTATE	ETF	UP	1.37106	213
VNQ	U.S. REIT INDEX	ETF	UP	1.62304	198
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 31-Jul-2026					
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	-0.87648	999
UNG	UNITED STATES NATURAL GAS	ETF	DN	-2.88438	486
CCI	CROWN CASTLE INTL	STOCK	DN	-3.70887	332
DUAVF	DASSAULT AVIATION	STOCK	DN	-5.92821	319
PTY	PIMCO CORP & INCOME OPPTY	CEF	DN	-1.25993	192
UTHY	US 30-Year Bond	ETF	DN	-0.87700	167
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	-0.76719	138
CRWD	CROWDSTRIKE	STOCK	UP	-16.09006	137
TIP	TIPS BOND	ETF	DN	-0.73882	76
LQD	INVESTMENT GRADE CORP BOND	ETF	DN	-0.65890	59
BND	TOTAL BOND MARKET	ETF	UP	-0.43172	58
PFF	PREFERRED AND INCOME SECURITIES	ETF	DN	-0.75359	58
TSLA	TESLA MOTORS	STOCK	DN	-3.88065	53