Weekly Market Analysis #637 — 23 October 2026
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This Week

Steve Blumenthal, in this week's On My Radar talks about leverage. In this case *leverage* means borrowing money to increase the number of shares one can buy in the market.

Steve opens with this quote from Howard Marks, "We may never know where we're going, but we'd better have a good idea where we are." Then Steve observes:

> Leverage is the accelerant in every market cycle. On the way up, it feels like genius. On the way down, it forces selling at exactly the wrong time. Today, margin debt sits near a record 4.6% of GDP, investors hold a larger share of their portfolios in stocks than at any time on record, and the current bull market is one of the longest and strongest since 1928. Only two bull markets, the one that ended in 1946 and the great 1990s run that ended in 1998, lasted longer and gained more.
>
> None of that tells us when this cycle ends. It does tell us where we are, and that is where good risk management begins.

A bit later he gets down to nuts and bolts:

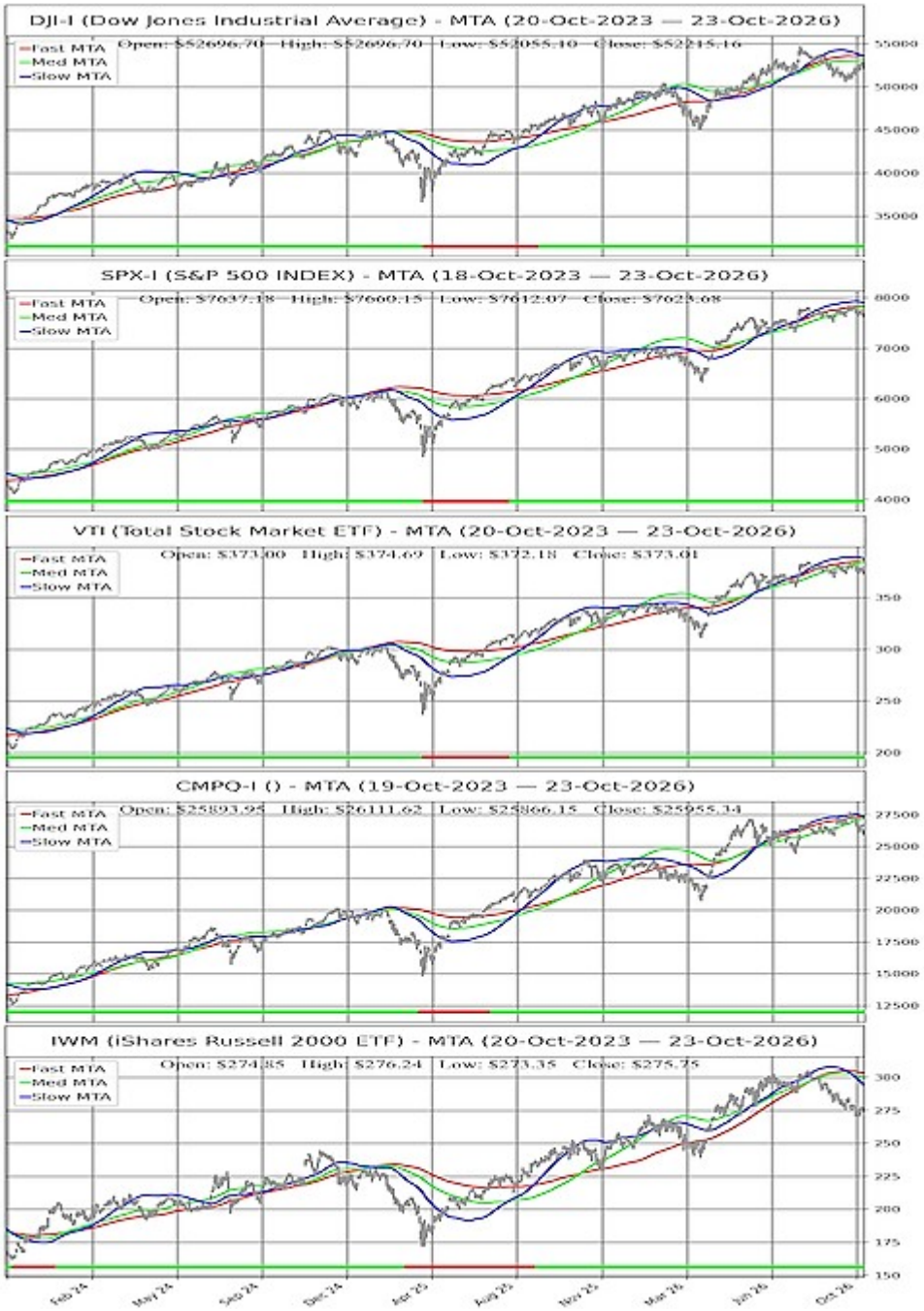
> Leverage doesn't start the fire. It decides how hot the fire burns once something does.
>
> FINRA margin debt hit a record $1.50 trillion in June. Then came something interesting. July saw the largest one-month dollar decline on record (about −$85 billion). Investors shrugged and went right back to borrowing: $1.45 trillion in August and $1.48 trillion in September, up roughly 31% from a year ago.
>
> Back in Rising Tide (OMR July 3), I shared that margin debt stood at $1.42 trillion, or 4.45% of GDP. Today, it sits at roughly 4.6% of GDP, the highest reading on record, dating back to 1997. Relative to the size of the economy that ultimately has to support it, this is the most leveraged the U.S. stock market has ever been.

The market hasn't turned down yet, but when it does, that record amount of margin will force the rapid selling of leveraged positions. And that will increase the market's rate of decline.

By the way, the sales of margin positions isn't always voluntary. If the risk manager at a stock broker sees a heavily margined position getting into trouble, the risk manager will reach out to the investor and tell them how much cash they must add to their account to avoid having the position closed. If the investor doesn't comply with the margin call, the risk manager will liquidate the position to cover the broker's risk.

Market Barometers

DJI-I continued its advance but the other 4 indexes were lower month-over-month. All 5 MTAs remain up.



M-o-M: DJI-I: 1.4%, SPX-I: -1.1%, VTI: -1.4%, CMPQ-I: -3.6%, IWM: -2.2%

A Closer Look

The SPX made a try for $7750, then fell back on Thursday and Friday. nonetheless BPSPX rose to 50%. NYAD continues to chop sideways, while, the SPXA50R and the SPXA200R mimicked BPSPX and both ended the week above 58%.



[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 31-Jul-2026 to 23-Oct-2026

31 Jul	07 Aug	14 Aug	21 Aug	28 Aug	04 Sep	11 Sep	18 Sep	25 Sep	02 Oct	09 Oct	16 Oct	23 Oct
BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	ENRGY	ENRGY	ENRGY	ITECH	ENRGY	ENRGY
SEMIS	SEMIS	SEMIS	HLTHY	HLTHY	ENRGY	ENRGY	BIOTC	BIOTC	BIOTC	SEMIS	ITECH	HLTHY
INSUR	INSUR	INSUR	ENRGY	ENRGY	HLTHY	HLTHY	HLTHY	HLTHY	ITECH	ENRGY	SEMIS	ITECH
BANKS	BANKS	BANKS	INSUR	FINAN	FINAN	ITECH	ITECH	ITECH	SEMIS	BIOTC	HLTHY	SEMIS
TRANS	ITECH	ITECH	SEMIS	INSUR	ITECH	FINAN	FINAN	SEMIS	HLTHY	HLTHY	SP500	SP500
ITECH	FINAN	FINAN	BANKS	ITECH	INSUR	INSUR	INSUR	SP500	SP500	SP500	BIOTC	BIOTC
HLTHY	TRANS	HLTHY	ITECH	SEMIS	BANKS	SEMIS	SP500	FINAN	FINAN	FINAN	FINAN	STAPL
FINAN	HLTHY	TRANS	FINAN	BANKS	SEMIS	SP500	SEMIS	INSUR	INSUR	INSUR	INSUR	INSUR
INDUS	INDUS	ENRGY	TRANS	SP500	SP500	BANKS	BANKS	EUROP	EUROP	COMMS	COMMS	SALES
SP500	SP500	INDUS	SP500	TRANS	EUROP	EUROP	EUROP	BANKS	COMMS	EUROP	STAPL	FINAN
REALE	DFEND	DFEND	DFEND	EUROP	MATER	MATER	MATER	MATER	BANKS	STAPL	SALES	COMMS
INFRA	ENRGY	SP500	INDUS	INDUS	TRANS	TRANS	STAPL	COMMS	MATER	BANKS	EUROP	MATER
ENRGY	INFRA	INFRA	EUROP	DFEND	INDUS	STAPL	TRANS	STAPL	STAPL	MATER	MATER	EUROP
DFEND	REALE	EUROP	INFRA	MATER	STAPL	INDUS	REALE	GOLD	SALES	SALES	BANKS	DISCR
EUROP	EUROP	REALE	REALE	INFRA	REALE	REALE	GOLD	TRANS	GOLD	INDUS	DISCR	BANKS
STAPL	MATER	MATER	MATER	REALE	SALES	SALES	SALES	SALES	TRANS	TRANS	INDUS	TRANS
MATER	STAPL	SALES	SALES	STAPL	DFEND	INFRA	COMMS	REALE	INDUS	INFRA	TRANS	INDUS
BLDRS	SALES	STAPL	STAPL	SALES	INFRA	GOLD	INDUS	INDUS	REALE	GOLD	INFRA	REALE
UTILS	BLDRS	BLDRS	BLDRS	BLDRS	DISCR	DFEND	DISCR	DISCR	INFRA	DISCR	REALE	INFRA
SALES	UTILS	DISCR	DISCR	DISCR	GOLD	DISCR	INFRA	INFRA	DISCR	REALE	GOLD	GOLD
DISCR	DISCR	UTILS	UTILS	GOLD	BLDRS	COMMS	BONDS	BONDS	BONDS	BONDS	UTILS	UTILS
BONDS	BONDS	COMMS	COMMS	COMMS	COMMS	BLDRS	DFEND	DFEND	BLDRS	UTILS	BONDS	BONDS
COMMS	COMMS	BONDS	BONDS	UTILS	BONDS	BONDS	BLDRS	BLDRS	DFEND	BLDRS	BLDRS	BLDRS
GOLD	GOLD	GOLD	GOLD	BONDS	UTILS	UTILS	UTILS	UTILS	UTILS	DFEND	DFEND	DFEND
NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR

Details

Symbol	Slope	Synonym	Sector Name
1. XLE	3.35	ENRGY	ENERGY
2. XLV	2.34	HLTHY	HEALTH CARE
3. IGM	2.05	ITECH	INFO TECHNOLOGY
4. SMH	1.27	SEMIS	SEMICONDUCTORS
5. SPX-I	0.98	SP500	S&P 500
6. XBI	0.55	BIOTC	BIOTECH
7. XLP	0.19	STAPL	CONSUMER STAPLES
8. KIE	0.10	INSUR	INSURANCE
9. RTH	-0.08	SALES	RETAIL SALES
10. XLF	-0.15	FINAN	FINANCIALS
11. XLC	-0.65	COMMS	COMMUNICATION SRVCS
12. XLB	-0.75	MATER	MATERIALS
13. VGK	-0.89	EUROP	EUROPE
14. XLY	-1.08	DISCR	CONSUMER DISCR
15. KBE	-1.32	BANKS	BANKS
16. IYT	-1.44	TRANS	TRANSPORTATION
17. XLI	-1.52	INDUS	INDUSTRIALS
18. XLRE	-1.56	REALE	REAL ESTATE
19. PAVE	-1.60	INFRA	INFRASTRUCTURE
20. GLD	-2.01	GOLD	GOLD
21. XLU	-2.17	UTILS	UTILITIES
22. PTY	-2.77	BONDS	CASH EQUIVALENT
23. ITB	-3.05	BLDRS	HOMEBUILDERS
24. ITA	-3.54	DFEND	AEROSPACE & DEFENSE
25. URA	-5.95	NUCLR	NUCLEAR ENERGY

The top six sectors remained essentially the same except for a little jostling.

SPX-I is still ahead of 80% of the sectors, with only XLE, IGM, SMH, and XLV ahead of it. The index is likely to remain between 6 and 20 most of the time. 5 is only a little outside the expected range, so its more of an oddity than a concern right now. And this is a very small sample set, so the implied variance is large, being ±4%.

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 23-Oct-2026

Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLE	ENRGY	Energy SPDR ETF	ETF	UP	3.35:0.77	UP	999/1	0.5
XLV	HLTHY	Health Care SPDR ETF	ETF	UP	2.34:0.77	«up»	999/0	0.5
IGM	ITECH	Expanded Tech Sector ETF	ETF	UP	2.05:0.77	-DN-	0/8	-0.8
SMH	SEMIS	VanEck Semiconductor ETF	ETF	UP	1.27:0.77	DN	0/12	-2.7
SPX-I	SP500	S&P 500 INDEX	INDEX	UP	0.98:0.78	-DN-	1/5	-0.5
XBI	BIOTC	SPDR S&P Biotech ETF	ETF	UP	0.55:0.76	«dn»	1/0	-2.2
XLP	STAPL	Consumer Staples SPDR ETF	ETF	UP	0.19:0.77	«up»	33/0	-0.0
KIE	INSUR	SPDR S&P Insurance ETF	ETF	UP	0.10:0.77	UP	7/0	-0.5
RTH	SALES	VanEck Retail ETF	ETF	UP	-0.08:0.76	up	10/1	-0.0
XLF	FINAN	Financial SPDR ETF	ETF	UP	-0.15:0.77	UP	5/0	-0.6
XLC	COMMS	Communication Services SPDR ETF	ETF	DN	-0.65:0.77	=DN=	0/13	0.0
XLB	MATER	Materials SPDR ETF	ETF	UP	-0.75:0.77	UP	6/0	-0.9
VGK	EUROP	FTSE Europe ETF	ETF	UP	-0.89:0.76	«UP»	3/1	-0.9
XLY	DISCR	Consumer Discretionary SPDR ETF	ETF	DN	-1.08:0.77	=up=	7/1	-0.3
KBE	BANKS	SPDR S&P Bank ETF	ETF	DN	-1.32:0.77	-UP-	5/0	-1.3
IYT	TRANS	Transportation Average ETF	ETF	UP	-1.44:0.77	-UP-	6/2	-1.6
XLI	INDUS	Industrial SPDR ETF	ETF	DN	-1.52:0.77	-UP-	1/28	-1.6
XLRE	REALE	Real Estate SPDR ETF	ETF	DN	-1.56:0.77	«dn»	5/0	-1.1
PAVE	INFRA	Global X U.S. Infrastructure Development ETF	ETF	DN	-1.60:0.77	=UP=	1/28	-1.9
GLD	GOLD	Gold	ETF	DN	-2.01:0.77	-DN-	0/14	-0.2
XLU	UTILS	Utilities SPDR ETF	ETF	DN	-2.17:0.77	-UP-	6/1	-0.9
PTY	BONDS	PIMCO	CEF	DN	-2.77:0.76	UP	0/1	-1.3
ITB	BLDRS	U.S. Home Construction ETF	ETF	DN	-3.05:0.77	-UP-	7/0	-0.9
ITA	DFEND	U.S. Aerospace & Defense ETF	ETF	DN	-3.54:0.77	«UP»	0/45	-2.4
URA	NUCLR	Global X Uranium ETF	ETF	DN	-5.95:0.77	«dn»	0/69	-1.7

MoM price changes for the top 5 sectors: XLE: 11.2%, XLV: 6.2%, IGM: -6.9%, SMH: -12.3%, SPY-I: -1.1%

MoM price changes for the Big 8 (the Mag 7 plus AVGO): AAPL: 3.2%, AMZN: -0.5%, AVGO: -9.4%, GOOGL: -5.2%, META: -13.6%, MSFT: 4.8%, NFLX: -7.7%, TSLA: -2.1%

This Week's Selections

x Last week my sector choices were: IGM (10%), XLE (10%), XLV (10%), and PTY (70%).

Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XLE	UP	Up	3.3484%	$63.78	$69.33	HOLD
XLV	UP	Up	2.3431%	$166.80	$179.28	HOLD
IGM	UP	Up	2.0496%	was $160.25	$157.37	**SELL**
SMH	UP	Up	1.2716%	Off	$527.20	no
SPX-I	UP	Up	0.9759%	$7193.42	$7623.68	INDEX
XBI	UP	Up	0.5452%	Off	$149.54	no

Analysis

XLE made another all-time high as it approached $70 with strong money flow. XLV is flirting with $180 and also made an all-time high. IGM made an open and a close below $160.25, its 8% stop, on Thursday. Time to get out. SMH continues to decline. SPX-I descended from $7659.44 last Friday to 7623.68 this Friday, a 5-week low. XBI bounced above $150, then settled back down to it.

Thoughts and Decisions

The breaking of its 8% stop says the probability of further losses now outweighs the probability of further gains, so I'm selling IGM. This makes the sector choices for this week: XLE (10%), XLV (10%), and PTY (80%).

As I noted on page 4, the leadership in this market is getting very narrow. This means one of a couple of things could happen.

- The market could turn down.
- The number of rising stocks could broaden and the market could turn up.
- The broadest indexes SPX, VTI, COMPQ are flat, so the market could continue to go sideways.

The only thing we can be sure of is that the market "reporters" will continue to exaggerate every little up or down, trying to predict something which is unpredictable. (The word *charlatan* applies here. It means someone who pretends to know more than they do.)

New Highs and Lows

Looks like some money is rolling into commodities (see DBC).

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 23-Oct-2026					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
XLE	Energy SPDR ETF	ETF	UP	3.34844	999
XLV	Health Care SPDR ETF	ETF	UP	2.34311	999
DBC	Invesco DB Commodity Index Tracking Fund	ETF	UP	3.58090	910
USMV	MSCI USA Min Vol Factor ETF	ETF	UP	0.82123	755
XOP	SPDR S&P Oil & Gas Exploration & Production ETF	ETF	UP	3.51906	608
IVE	S&P 500 Value ETF	ETF	UP	0.52148	493
ABBV	AbbVie Inc.	common stock	UP	4.14844	365
CVX	Chevron	common stock	UP	3.71922	365
KO	The Coca-Cola	common stock	UP	2.33492	349
TD	The Toronto-Dominion Bank	common stock	UP	0.95709	349
XOM	ExxonMobil Holdings	common stock	UP	3.46267	349
SPYV	SPDR Portfolio S&P 500 Value ETF	ETF	UP	0.51885	348
BRK-A	Berkshire Hathaway Inc.	common stock	UP	1.43951	329
PDBC	Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF	ETF	UP	3.58522	219
BIIB	Biogen Inc.	common stock	UP	4.17484	140
SJM	The J. M. Smucker	common stock	UP	2.55147	137
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 23-Oct-2026					
MO	Altria Group	Inc.	0.7998	0.77348	462
USO	United States Oil Fund	LP	2.9806	0.77348	440
PFF	Preferred and Income Securities ETF	ETF	DN	-1.46762	150
ANGL	VanEck Fallen Angel High Yield Bond ETF	ETF	DN	-1.46494	77
URA	Global X Uranium ETF	ETF	DN	-5.95035	69
PFXF	VanEck Preferred Securities ex Financials ETF	ETF	DN	-1.13820	67
REMX	VanEck Rare Earth and Strategic Metals ETF	ETF	DN	-8.97613	61
FN	Fabrinet	common stock	DN	-6.97220	59
XAR	SPDR S&P Aerospace & Defense ETF	ETF	DN	-4.85181	57

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