

Gold Miners Enter The Bears Den

Many investors consider a decline of 20% or more to be a bear market. We can debate the merit of the random 20% figure, but according to that definition, gold miners, down 25% from its peak on October 22, are in a bear market. We have noted numerous times in the last month or so that gold and gold miners were getting very overbought based on their technicals. Furthermore, our recent article ? [Why Is Gold Surging?](#) ? highlights how the price of gold is diverging from its fundamentals. As we wrote:

*The speculative atmosphere can continue, but beware because gold is getting overbought and deviating from its long-term fundamental drivers. **When speculative momentum fails, gold may eventually catch down to its fundamental relationships.***

The [SimpleVisor](#) graph below shows the technical situation of gold miners to better gauge what may be in store for miner share prices. The three circles compare the current environment to early 2023, the last time gold miners (GDX) were this oversold. Gold miners are sitting on top of their 200-day moving average with very oversold MACD and RSI readings. In 2023, GDX had a double bottom before a 20+% rally pushed it above the prior peak. Gold miners are due for a bounce. The bounce in 2023 was relatively short-lived. If gold is genuinely in a longer-term bull market and gold miners follow the price of gold, the current technical setup argues this is an excellent time to take a chance on gold miners. Conversely, trade with caution if gold is rallying for speculative reasons and not underlying fundamentals.



What To Watch Today

Earnings

Tuesday Nov 19	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Walmart WMT.US	0.53	1.53		167.61B	160.8B		\$681.23B	Q3	PM ★
Lowe's Companies LOW.US	2.81	3.27		19.91B	20.47B		\$154.22B	Q3	PM ★
Keysight Technologies KEYS.US	1.57	1.99		1.26B	1.31B		\$26.33B	Q4	AM ★
Jacobs Engineering JEC.US	1.82	1.90		4.5B	4.3B		\$17.63B	Q4	AM ★
Burlington Stores BURL.US	1.55	0.98		2.55B	2.29B		\$17.23B	Q3	AM ★
Dollar Tree DLTR.US	1.06	0.97		7.45B	7.31B		\$14.24B	Q3	PM ★
Dolby Laboratories DLB.US	0.45	0.65		307.94M	290.6M		\$6.93B	Q4	PM ★
American Eagle Outfitters AEO	0.47	0.49		1.31B	1.3B		\$3.62B	Q3	PM ★
Energizer ENR.US	1.17	1.20		805.59M	811.1M		\$2.44B	Q4	PM ★
La-Z-Boy LZB.US	0.64	0.74		505.98M	511M		\$1.84B	Q2	PM ★
Guess GES.US	0.55	0.49		748.29M	651.2M		\$904.6M	Q3	PM ★

Economy

Tuesday November 19 2024			Actual	Previous	Consensus	Forecast		
07:30 AM	US	Building Permits Prel OCT		1.425M	1.43M	1.46M		
07:30 AM	US	Building Permits MoM Prel OCT		-3.1%		2.5%		
07:30 AM	US	Housing Starts OCT		1.354M	1.34M	1.35M		
07:30 AM	US	Housing Starts MoM OCT		-0.5%		-0.2%		
07:55 AM	US	Redbook YoY NOV16		4.8%				
10:30 AM	US	42-Day Bill Auction		4.555%				
03:30 PM	US	API Crude Oil Stock Change NOV15		-0.777M				

Market Trading Update

Yesterday, we discussed the recent market reversal, which was expected after a sharp post-election jump. Such a pullback should be expected when markets are as overbought as they were. However, that pullback was needed to provide a setup for the continuation of the year-end rally. However, as noted in this weekend's [Bull Bear Report](#), gold and bonds have gotten very oversold as portfolios were re-risked on the post-election outcome. As we showed in the Risk/Reward analysis, the Dollar has gotten very overbought and extended, with Gold and Gold Miners pushing deeply oversold conditions.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT		MONTH END	REL S&P	RISK RANGE		% DEV - Short MA	% DEV - Long MA	MIA XVER SIGNAL
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	LONG WMA	PRICE	BETA	HIGH	LOW			
IVV	ISHARS-SP500	588.66	(2.87)	0.20	4.15	11.08	30.01	574.32	549.32	571.24	1.00	585.52	556.96	2%	7%	BULLISH
XLB	SPDR-MATLS SELS	91.28	(1.30)	(6.71)	(5.71)	(11.35)	(16.29)	93.99	91.64	93.39	1.07	96.72	90.06	-3%	0%	BULLISH
XLC	SPDR-COMM SV SS	95.15	1.00	4.09	4.60	3.20	5.78	89.88	85.86	92.04	1.02	95.28	88.80	0%	11%	BULLISH
XLE	SPDR-EGY SELS	94.73	3.12	4.66	0.66	(9.43)	(18.16)	89.85	91.33	88.59	1.20	91.86	85.32	5%	4%	BEARISH
XLF	SPDR-FINL SELS	49.87	3.46	4.52	8.10	8.09	12.43	46.10	43.35	46.48	1.05	48.13	44.83	0%	15%	BULLISH
XLK	SPDR-TECH SELS	228.71	(1.49)	(1.16)	(2.02)	(2.25)	(4.90)	224.69	218.02	222.24	1.13	230.32	214.16	2%	5%	BULLISH
XLJ	SPDR-INDU SELS	139.11	(0.02)	(0.32)	3.46	1.55	1.71	134.17	127.66	133.83	1.07	138.61	129.05	4%	9%	BULLISH
XLP	SPDR-CONS STPL	79.96	1.01	(2.98)	(6.44)	(7.89)	(14.94)	81.92	78.81	80.12	0.59	82.60	77.64	-2%	1%	BULLISH
XLRE	SPDR-RE SELS	42.98	(0.04)	(4.14)	(5.04)	1.88	(10.52)	43.83	40.63	43.20	0.98	44.70	41.70	-2%	0%	BULLISH
XLU	SPDR-UTIL SELS	79.25	2.16	(3.50)	0.93	(2.10)	(2.78)	78.69	72.94	79.91	0.59	82.38	77.44	1%	9%	BULLISH
XLV	SPDR-HLTH CR	141.84	(3.48)	(7.58)	(12.90)	(12.37)	(19.41)	152.49	148.02	146.87	0.68	151.54	142.20	-7%	-4%	BULLISH
XLX	SPDR-CONS DISCR	213.44	1.29	6.78	9.47	10.22	(2.31)	196.62	186.38	196.89	1.20	204.17	189.61	9%	15%	BULLISH
XTN	SPDR-SP TRANSP	91.60	2.07	7.38	12.57	7.82	(5.28)	82.09	79.80	83.77	1.32	86.97	80.57	12%	15%	BULLISH
SDY	SPDR-SP DIV ETF	139.67	0.75	(3.00)	(3.11)	(3.73)	(11.65)	140.13	133.72	138.18	0.86	142.82	133.54	0%	4%	BULLISH
RSP	INVS-SPS EQ ETF	180.94	0.36	(0.72)	(0.34)	(1.93)	(5.64)	177.45	170.13	176.29	1.05	182.55	170.03	2%	0%	BULLISH
SPSM	SPDR-PRT SC	46.89	(0.93)	1.89	(0.68)	(1.19)	(5.40)	45.16	43.38	44.33	1.11	45.93	42.73	4%	0%	BULLISH
MDY	SPDR-SP MC 400	586.13	(0.61)	0.17	(0.62)	(3.76)	(3.62)	588.60	561.38	565.60	1.10	585.99	545.21	3%	0%	BULLISH
EEM	ISHARS-EMG MKT	42.95	(1.73)	(6.67)	(6.18)	(8.30)	(20.89)	44.45	43.06	44.45	0.73	45.89	43.01	-3%	0%	BULLISH
EFA	ISHARS-EAFE	77.13	(0.49)	(6.07)	(11.02)	(16.07)	(22.66)	81.24	79.98	79.22	0.88	81.90	76.54	-5%	-4%	BULLISH
IAU	ISHARS-GOLD TR	48.37	(2.52)	(6.04)	(2.16)	(1.12)	(1.02)	49.45	46.40	51.84	0.20	53.24	50.44	-2%	4%	BULLISH
GDX	VANECK-GOLD MNR	35.51	(6.92)	(17.91)	(13.88)	(10.48)	(5.11)	39.55	36.70	40.34	0.96	41.74	38.94	-10%	-3%	BULLISH
UUP	INVS-DB US5 BU	30.08	3.97	3.41	3.44	(6.16)	(27.35)	28.69	28.71	29.20	(0.22)	29.87	28.53	6%	5%	BEARISH
BOND	PIMCO-ACTV BOND	91.12	1.25	(2.27)	(7.48)	(10.40)	(27.39)	93.39	92.00	91.92	0.26	94.46	89.38	-2%	-1%	BULLISH
TLT	ISHARS-20+YTB	90.08	(0.53)	(4.24)	(12.59)	(11.49)	(29.97)	95.82	93.66	92.45	0.28	95.02	89.88	-4%	-4%	BULLISH
BNDX	VANGD-TTL INT B	49.96	2.21	(0.76)	(4.15)	(7.98)	(27.76)	50.01	49.32	49.82	0.19	51.16	48.48	0%	1%	BULLISH
HYG	ISHARS-HIX HYCB	79.23	1.36	(0.92)	(4.36)	(8.35)	(24.05)	79.48	78.11	79.14	0.45	81.47	76.81	0%	1%	BULLISH



RISK RANGE REPORT

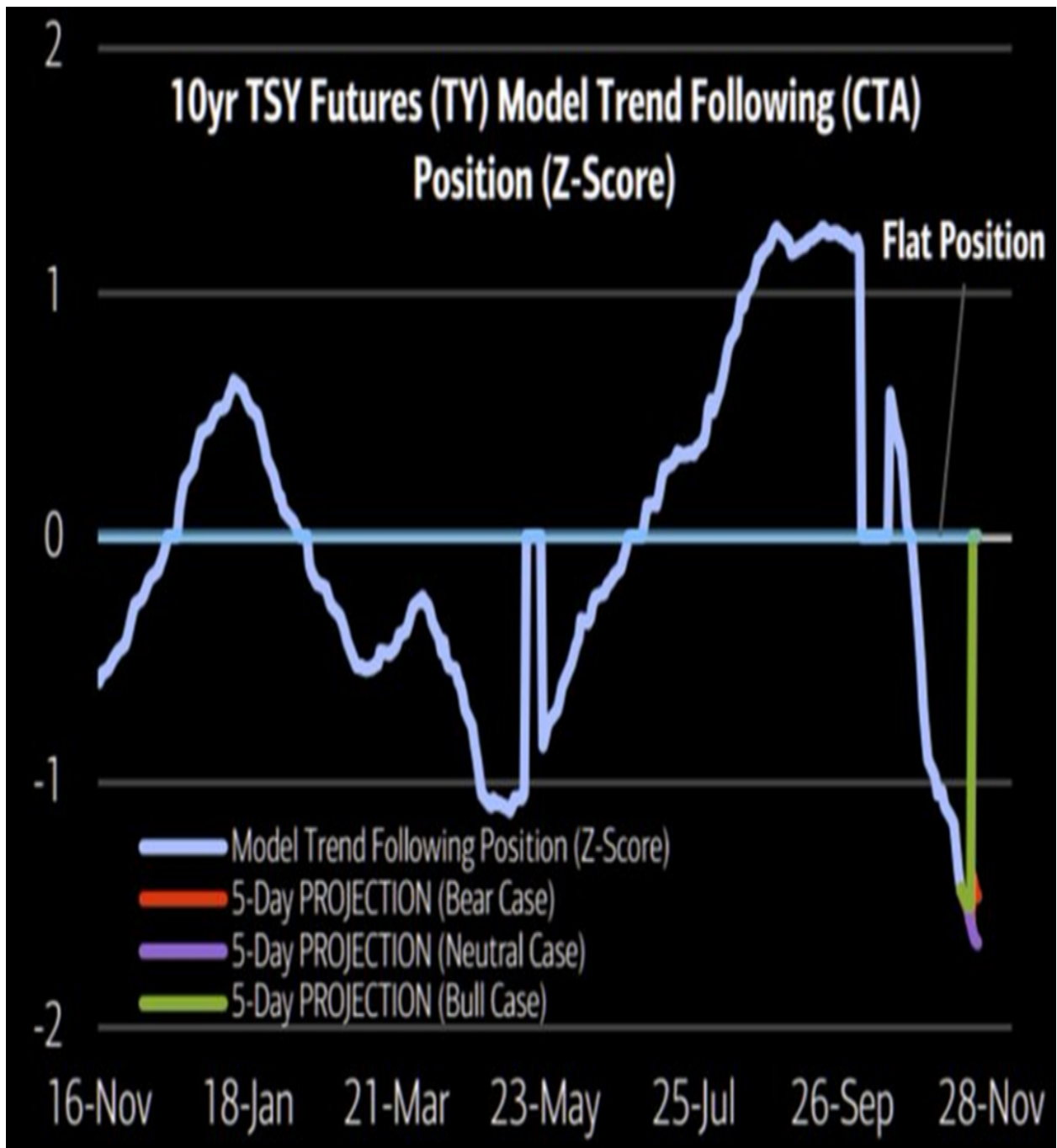


Gold currently held support at the 100-DMA and is oversold enough for a decent reflexive rally into year-end. However, gold must contend with overhead resistance at the 20 and 50-DMA. With momentum and relative strength decently oversold, a tradeable rally is likely. However, we suspect that rallies will be met by sellers who bought late into the run-up and are now trapped in their positions.



TradingView

Bonds are also very oversold, with a very large net-short position by commercial traders, which historically is a decent setup for a reversal rally. All that is needed is both a dollar reversal and a catalyst, like some weaker economic data over the coming month.



Bonds are sitting on support that dates back to the June lows, but they will have to deal with multiple levels of overhead resistance. However, given the current oversold conditions, a near-term rally to 93-94 is likely.



Bond prices are driven by position traders in the short term, but in the long term, the economic fundamentals still favor higher prices over the next several years.

Trade accordingly.

THE Bull Bear REPORT
BY SimpleVisor™

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Kobeissi's ?Shocking Stat?

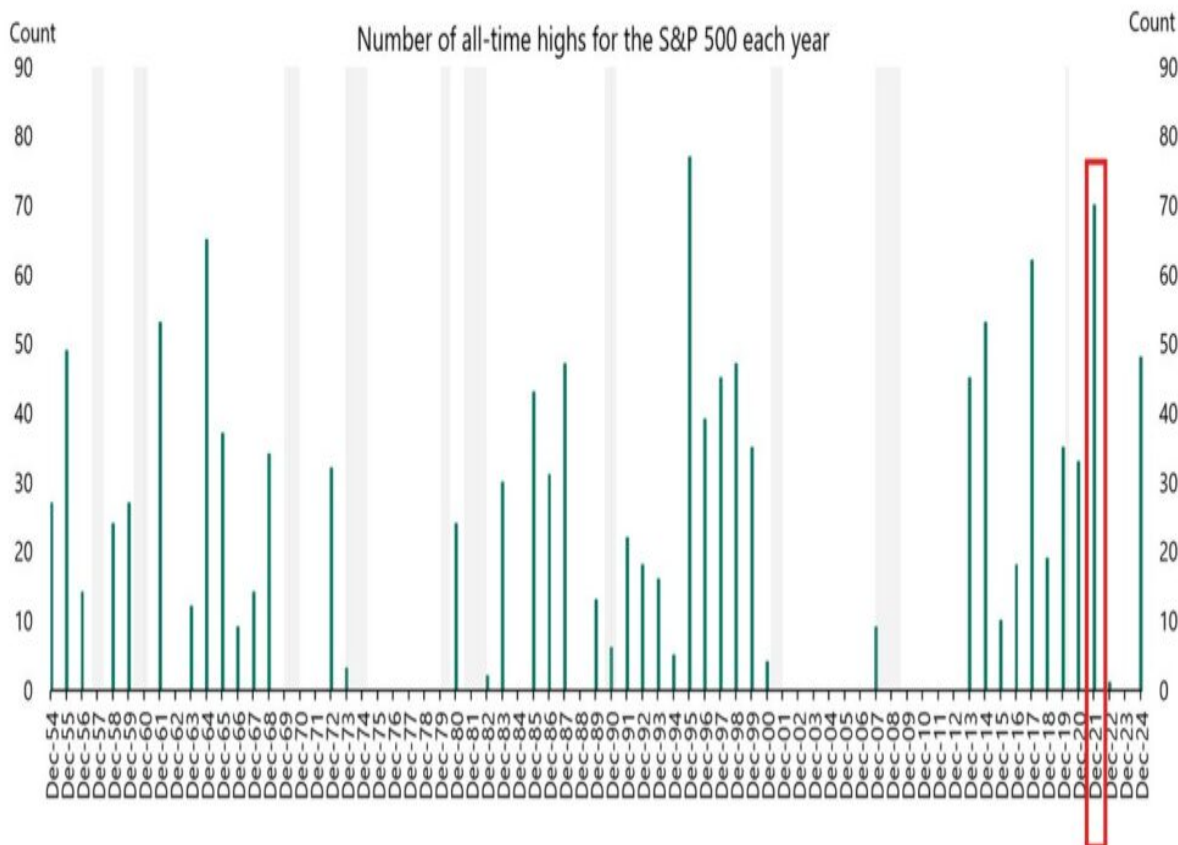
The graph below, courtesy of Apollo Management, shows the number of record highs per year. In 2024, with a month and a half remaining, the market has already hit a record high on 50 days. As highlighted in red, 2021 was the last year we saw 50 or more record highs. The Kobeissi Letter, which shared the graph below, asks what happened in 2022 and the years following other instances of 45 or more record highs. Per the Kobeissi Letter:

So what happened in 2021 after the S&P 500 hit 70+ all time highs? It was followed by the bear market of 2022 where many tech stocks fell over -50%. In fact, the entire 2021 gain was undone in that following year.

Since 2000, every year with 45+ all time highs has been followed by a red year. The average decline in this time was -8.8%.

APOLLO

The S&P 500 has closed at an all-time high 50 times this year



Industrials vs. Materials- A Tale Of Two Cyclical

The industrial and material sectors are often well correlated as they tend to be good barometers of the economy. However, materials shares have recently lagged behind the industrial sector significantly, giving us two different economic outlooks. The first graphic below, courtesy of [SimpleVisor](#), shows that materials are now oversold versus the S&P 500, while industrials are overbought. The next set of graphics helps better show the divergence from the normal relationship between the two sectors.

The blue line in the second graphic charts the price ratio of XLI vs XLB. As shown, the relationship was steady until a few weeks ago, when XLI started to outperform XLB grossly. The three technical indicators below the ratio chart show that the relationship is getting long in the tooth and is likely due for a reversal. The third graphic highlights that the price ratio between the two sectors is now 2.64 standard deviations from its norm based on the last year of trading. Lastly, the final table provides us the relative scores on sector-to-sector relationships instead of sector-to-market. The

score of .56 highlights that materials are grossly oversold versus industrials.

If you click the Top 10 Holdings in the sector analysis shown in the first graphic, you can see the top ten holdings of each ETF to get a better understanding of why they are diverging. Moreover, the leaders and laggards may provide a few trade ideas. Charting two stocks in the two-symbol money flow (similar to the second graphic) will give a technical backdrop for any relationship you wish to see.

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Performance Analysis Factor Analysis Screener Stock Summary Strategy Builder				
Sectors Factors				
Sectors Analysis - Absolute and Relative Score (vs SPY)				
Symbol Name		Top 10 Holdings	Absolute Score ↑↓	Relative Score (vs SPY) ↑↓
XLV	Health Care		-0.61 ↻	-0.86 ↻
XLB	Materials		-0.50 ↻	-0.79 ↻
XLP	Consumer Staples		-0.14 ↻	-0.51 ↻
XLRE	Real Estate		-0.22 ↻	-0.39 ↻
XLK	Technology		0.10 ↻	-0.24 ↻
XLU	Utilities		-0.11 ↻	-0.20 ↻
SPY			0.33 ↻	0.00 ↻
XLE	Energy		0.53 ↻	0.23 ↻
XLI	Industrials		0.33 ↻	0.31 ↻
XLC	Communication Services		0.57 ↻	0.48 ↻
XTN	Transportation		0.71 ↻	0.59 ↻
XLY	Consumer Discretionary		0.66 ↻	0.71 ↻
XLF	Financial		0.73 ↻	0.81 ↻



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Factors Sectors Custom

SPY Excess Returns Over Time

Score Days: 21 63 252

SPY Excess Return Correlations

Type: z-Score **Style Rank**

Excess Return Z-Score and Rank

Price data of 2024-9-17 20:09:00 EST

Click on score to see score trend over time.

Name	Symbol	XLB	XLC	XLE	XLF	XLI	XLK	XLP	XLRE	XLU	XLV	XLX	XTN
Materials	XLB	•	0.40	-0.55	-2.84	-2.84	1.06	-0.97	-1.05	-1.66	0.37	-0.42	-1.44
Communication Services	XLC	-0.40	•	-0.76	-1.33	-1.21	2.42	-0.81	-0.86	-1.18	-0.18	-1.87	-2.45
Energy	XLE	0.55	0.76	•	-1.02	-0.34	1.29	-0.11	-0.22	-0.84	0.68	0.04	-0.76
Financial	XLF	2.84	1.33	1.02	•	1.32	1.75	1.59	0.93	-0.49	2.38	0.77	0.00
Industrials	XLI	2.84	1.21	0.34	-1.32	•	1.78	0.30	0.00	-0.99	1.69	0.39	-0.75
Technology	XLK	-1.06	-2.42	-1.29	-1.75	-1.78	•	-1.37	-1.34	-1.51	-0.87	-1.07	-1.00
Consumer Staples	XLP	0.97	0.81	0.11	-1.39	-0.30	1.37	•	-0.34	-1.57	1.94	0.15	-0.65
Real Estate	XLRE	1.05	0.86	0.22	-0.93	0.00	1.34	0.34	•	-1.50	1.20	0.29	-0.53
Utilities	XLU	1.66	1.18	0.84	0.49	0.99	1.51	1.57	1.50	•	1.82	0.79	0.23
Health Care	XLV	-0.37	0.18	-0.68	-2.38	-1.69	0.87	-1.94	-1.20	-1.83	•	-0.54	-1.29
Consumer Discretionary	XLX	0.42	1.87	-0.04	-0.77	-0.39	1.07	-0.15	-0.29	-0.79	0.54	•	-2.33
Transportation	XTN	1.44	2.45	0.76	0.00	0.75	2.00	0.65	0.53	-0.23	1.29	2.33	•

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Performance Analysis Factor Analysis Screener Stock Summary Strategy Builder

Factors Sectors Custom

SPY Excess Returns Over Time SPY Excess Return Correlations Excess Return Z-Score and Rank Excess Return Z-Score and Rank - Filtered

Corr. Days: 252 126 21 edit update Price data of 2024-11-17 20:00:00 EST

Name	Symbol	XLB	XLC	XLE	XLF	XLI	XLK	XLP	XLRE	XLU	XLV	XLY	XTN
Materials	XLB		-0.06	0.39	0.39	0.56	-0.51	0.43	0.48	0.50	0.41	0.03	0.36
Communication Services	XLC	-0.06		-0.01	-0.03	-0.17	-0.21	0.05	-0.05	0.01	-0.05	-0.02	-0.08
Energy	XLE	0.39	-0.01		0.46	0.41	-0.50	0.26	0.19	0.33	0.19	-0.09	0.28
Financial	XLF	0.39	-0.03	0.46		0.56	-0.67	0.34	0.29	0.38	0.37	-0.01	0.43
Industrials	XLI	0.56	-0.17	0.41	0.56		-0.44	0.19	0.32	0.30	0.30	0.08	0.66
Technology	XLK	-0.51	-0.21	-0.50	-0.67	-0.44		-0.68	-0.54	-0.63	-0.66	0.00	-0.27
Consumer Staples	XLP	0.43	0.05	0.26	0.34	0.19	-0.68		0.55	0.66	0.70	-0.14	-0.01
Real Estate	XLRE	0.48	-0.05	0.18	0.29	0.32	-0.54	0.55		0.64	0.54	0.03	0.22
Utilities	XLU	0.50	0.01	0.33	0.38	0.30	-0.63	0.66	0.64		0.55	-0.11	0.07
Health Care	XLV	0.41	-0.05	0.19	0.37	0.30	-0.66	0.70	0.54	0.55		-0.25	0.07
Consumer Discretionary	XLY	0.03	-0.02	-0.09	-0.01	0.08	0.00	-0.14	0.03	-0.11	-0.25		0.26
Transportation	XTN	0.36	-0.08	0.29	0.43	0.66	-0.27	-0.01	0.22	0.07	0.07	0.26	

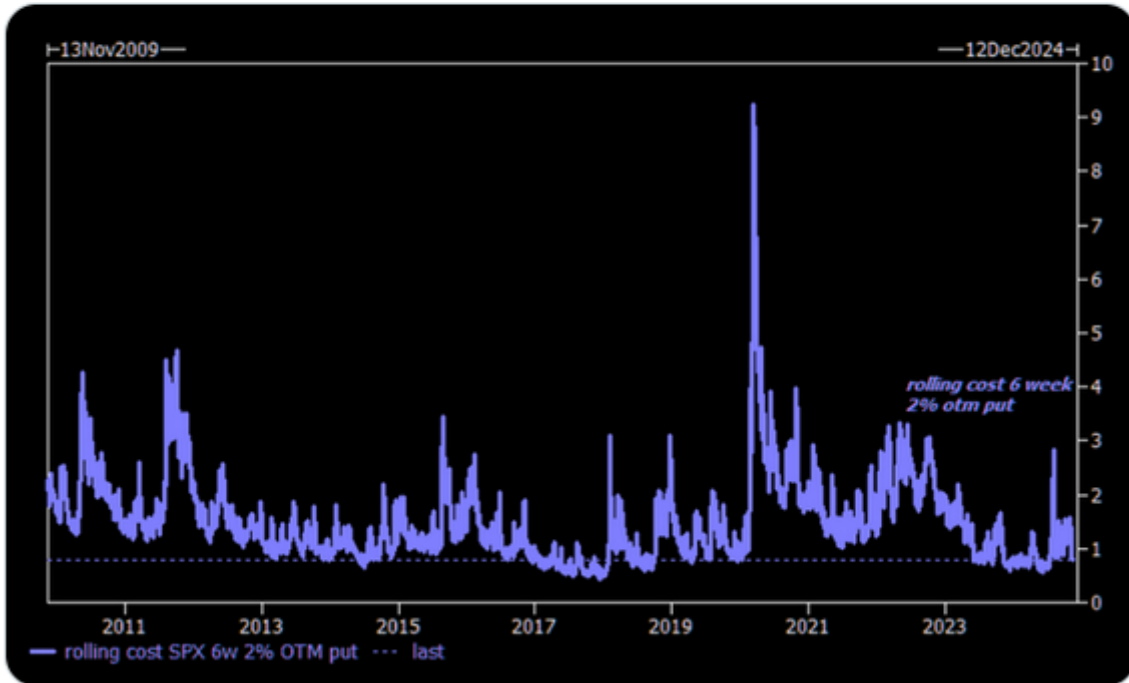
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...

In the last 15 years, the cost of a 6-week 2% out-of-the-money put has been cheaper only about 10% of the time. GS



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