Major Market Buy/Sell Review: 05-04-20

HOW TO READ THE MAJOR MARKET CHARTS

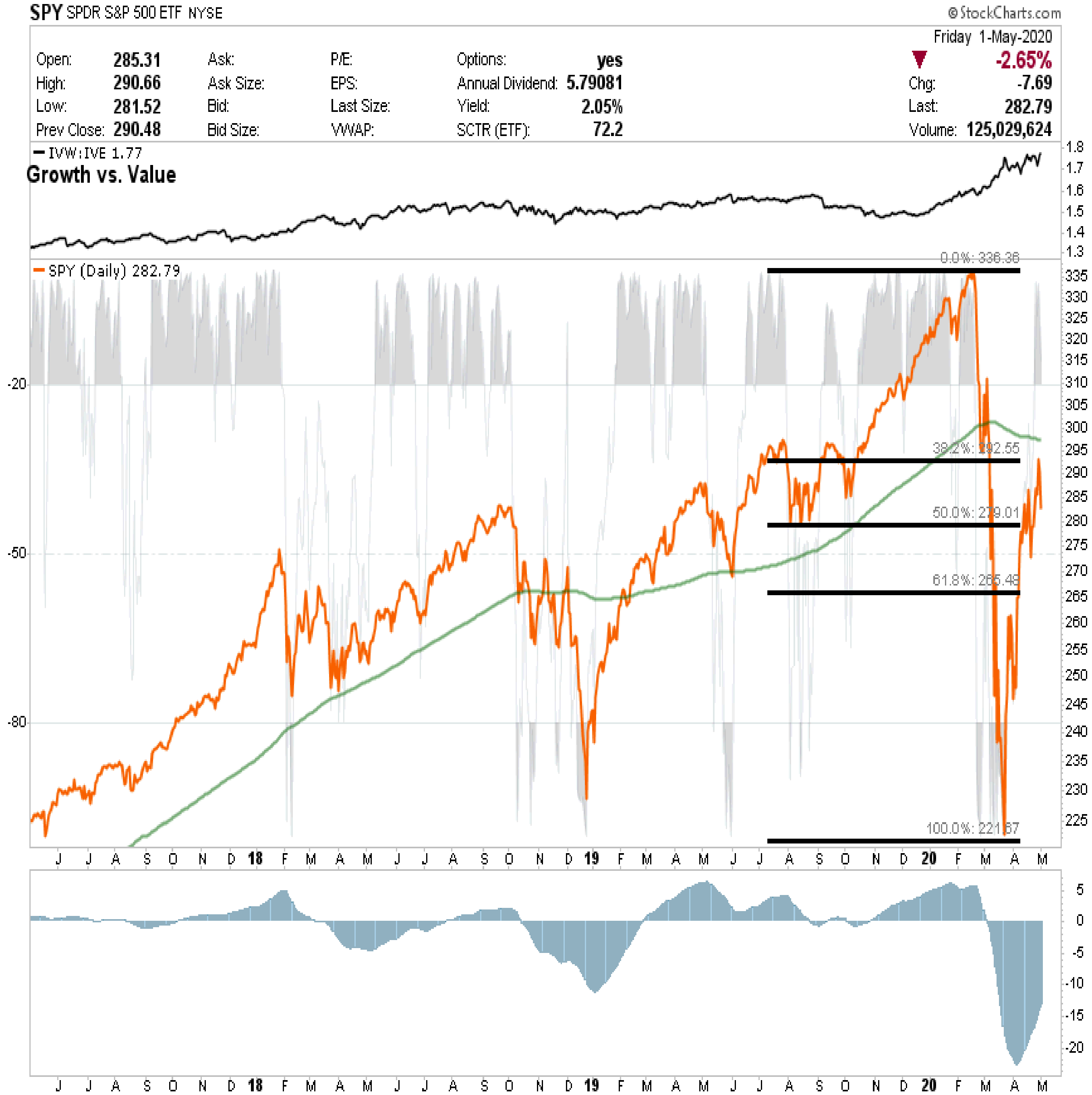
There are three primary components to each Major Market Buy/Sell chart in this RIAPro review:

- *The price chart is in orange*
- *The Over Bought/Over Sold indicator is in gray*
- *The Buy / Sell indicator is in blue.*

When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise when the buy/sell indicator is above the ZERO line investments have a tendency of working better than when below the zero line.

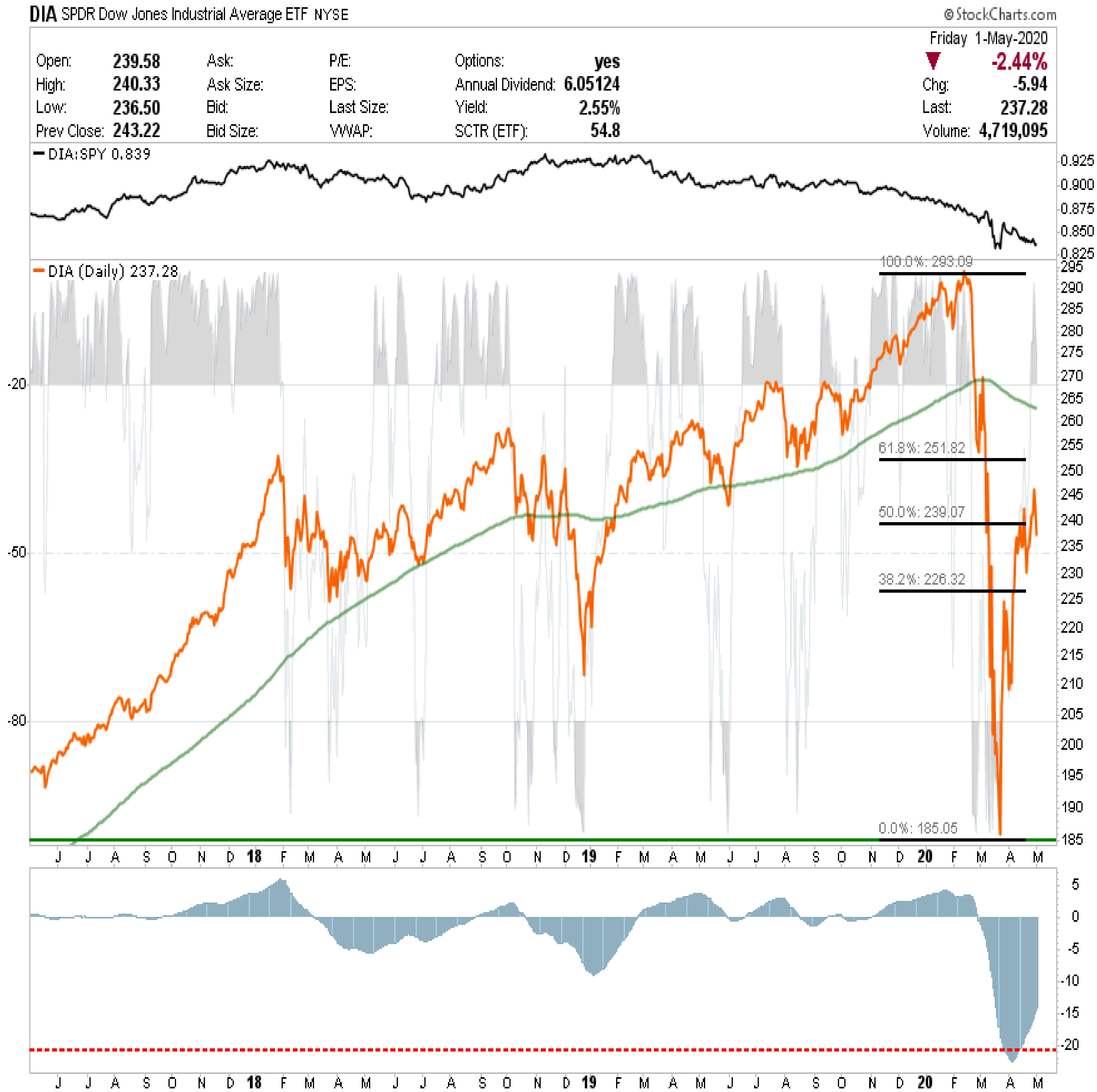
With this basic tutorial let?s review the major markets. ***NOTE: I have added relative performance information to each Major Market buy/sell review graph. Most every Major Market buy/sell review graph also shows relative performance to the S&P 500 index except for the S&P 500 itself which compares value to growth, and oil to the energy sector.&#2013266080;***

S&P 500 Index



- *Last week, SPY failed at the 61.8% retracement level. Given the short-term extreme overbought condition the rally from the lows appears to be complete.&#2013266080;*
- *It is too soon to tell for sure, but our "rental trade" for the "break out," is at risk of being stopped out after raising our stop from $278 to $280 last week.&#2013266080;*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
  - *Last Week: No core position*
  - *This Week: Tightened up stop on "rental" trade.*
  - *Stop-loss moved up to $280*
  - *Long-Term Positioning: Bearish*

Dow Jones Industrial Average



- *DIA is a little different story as it failed at the 50% retracement and closed below it.*
- *Also, on a relative basis, SPY continues to smartly outperform DIA by a large margin.*
- *If DIA fails to gain traction next week, we will likely see a retest of previous support at the 38% retracement level.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
  - *Last Week: No positions*
  - *This Week: No positions*
  - *Stop-loss moved up to $226*
- *Long-Term Positioning: Bearish*

Nasdaq Composite

- QQQ&#2013266080;is outperforming the SPY by a wide margin, but not surprising given the top-5 stocks in the SPY are also the top-5 in the QQQ and are mostly technology related shares.&#2013266080;
- Last week QQQ held support at the 61.8% retracement, but I suspect we may be set to lose that support in the next week or so.&#2013266080;
- The market is extremely overbought short-term so a period of correction is coming. Take profits and rebalance risk accordingly.&#2013266080;
- Short-Term Positioning: Bearish ? Market Risk Is High
    - Last Week:&#2013266080;No positions
    - This Week: No positions
    - Stop-loss remains at $200
- Long-Term Positioning: Bearish due to valuations

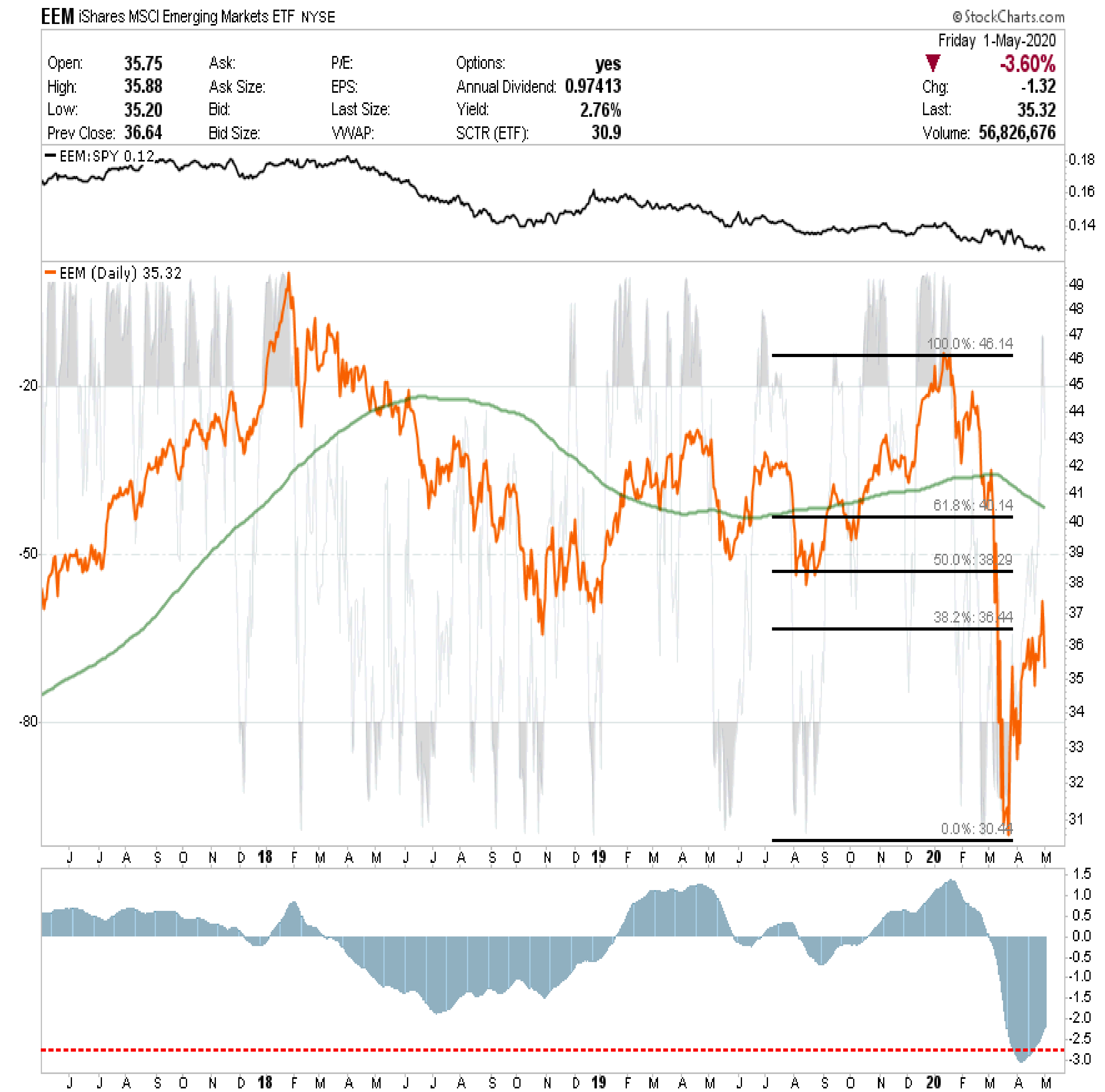
S&P 600 Index (Small-Cap)

- *Small caps had a "moment" last week where it looked like a rotation was beginning. However, that moment lasted about as long as a "big foot" sighting.&#2013266080;*
- *While small-caps did break above the 38.2% retracement level, it failed to hold.&#2013266080;*
- *No change to our positioning on Small-caps which are still "no place to be as both small and mid-cap companies are going to be hardest hit by the virus."*
- *Avoid small-caps.&#2013266080;*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No positions*
    - *This Week: No positions.*
    - *Stop loss adjusted to $48 on trading positions.*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)

- *As with Small-caps, we have no holdings.&#2013266080;*
- *Relative performance continues to remain exceedingly poor. MDY failed at the 50% retracement level and is at risk of a much slower economic environment.*
- *Mid-caps are extremely overbought, take profits and rebalance risk accordingly as we head into the summer.&#2013266080;*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No holding*
    - *This Week: No holding*
    - *Stop Loss moved up to $275 for trading positions.&#2013266080;*
- *Long-Term Positioning: Bearish*

Emerging Markets



- *As with small and mid-cap stocks, emerging and international markets are under-performing the S&P 500 and Nasdaq. Maintain domestic exposure for now.&#2013266080;*
- *We previously stated that investors should use counter-trend rallies to sell into.* ***If you haven't done so, do so.*** *Emerging markets failed to hold the 38.2% retracement level and we are likely to see a retest of lows this summer.&#2013266080;*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No position*
    - *This Week: No position.*
    - *Stop-loss moved up to $35 for trading positions.*
- *Long-Term Positioning: Bearish*

International Markets

- *Same with EFA as with EEM.&#2013266080;*
- *The rally failed the break above the 38.2% retracement and relative performance remains exceedingly weak.&#2013266080;*
- *Remain out of these markets for the time being.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No position.*
    - *This Week: No position.*
    - *Stop-loss moved up to $53 for trading positions.*
- *Long-Term Positioning: Bearish*

West Texas Intermediate Crude (Oil)

- *This past week, oil prices finally rallied a bit from "deep" oversold conditions. This is likely a gift to clear direct crude oil positions as the June oil contract begins to roll. Another collapse in oil prices is likely when we get to that point in a few weeks. Storage remains a problem.&#2013266080;*
- *Use this rally to clear positions in your portfolio for now.*
- *We have not changed out stance on the sector from a ?value? perspective, however, and we previously nibbled into XOM, CVX, and XLE as oil stocks are exhibiting strong relative performance to oil. This suggests most of the risk has been pulled out of the sector. We are still carrying very tight stops though.&#2013266080;*
- *Short-Term Positioning: Bearish*
    - *Last Week: XOM, CVX, and XLE*
    - *This Week: Hold positions*
    - *Stops Triggered for any direct crude oil positions.*
- *Long-Term Positioning: Bearish*

Gold

- *We remain long our current position in IAU and GDX.&#2013266080;*
- *This past week Gold has been struggling at previous highs but is also holding the breakout support levels.&#2013266080;*
- *The sectors are VERY overbought short-term so a pullback is likely which can be used to add to current holdings.&#2013266080;*
- *Short-Term Positioning: Bullish*
  - *Last week: Hold positions.*
  - *This week: Hold positions - Positions can now be added at 157.50*
  - *Stop-loss moved up to $150*
  - *Long-Term Positioning: Bullish*

Bonds (Inverse Of Interest Rates)

- *Bonds are back to "crazy" overbought with the Fed buying everything from the banks who are happy to mark-up prices and sell it to them.&#2013266080;*
- *As we have been adding equity exposure to portfolios, we needed to increase our "hedge" against equity risk accordingly.&#2013266080; We added a position of TLT for just this reason.&#2013266080;*
- *Short-Term Positioning: Neutral*
  - *Last Week: Added 7.5% position of TLT*
  - *This Week: Hold positions*
  - *Stop-loss is $150.00*
  - *Long-Term Positioning: Bullish*

U.S. Dollar

- *We previously added a position to the Dollar to hedge against the global dollar shortage issue.&#2013266080;*
- *Our reasoning was explained in detail in* ***["Our 5-Favorite Positions Right Now"]***
- *Stop loss remains at $98*