Major Market Buy/Sell Review: 05-25-20

HOW TO READ THE MAJOR MARKET BUY/SELL CHARTS FOR THE WEEK OF 05-25-20.
There are three primary components to each Major Market Buy/Sell chart in this RIAPro review:

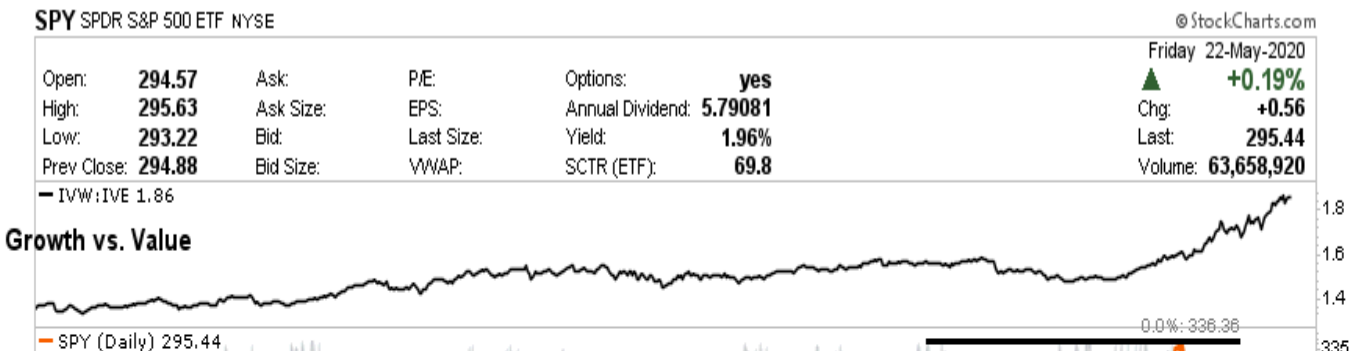
- *The price chart is in orange*
- *The Over Bought/Over Sold indicator is in gray*
- *The Buy / Sell indicator is in blue.*

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.



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



- *This past week, the market rallied and flirted with the 200-dma. However, it was unable to close above that resistance and remained stuck between the 61.8% retracement and the 200-dma.*
- *The market remains overbought, so the risk is still high, but taking a trading position on a break above the 200-dma is logical.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No core position*
    - *This Week: Trading positions only.&#2013266080;*
    - *Stop-loss moved up to $280 for any positions.*
    - *Long-Term Positioning: Bearish*

Dow Jones Industrial Average



- *DIA is a little different story as it continues to struggle with its recent highs. This week it rallied to it again, but is underperforming other markets.*

- *If DIA fails this 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 $235*
- *Long-Term Positioning: Bearish*

Nasdaq Composite



- *QQQ is outperforming SPY by a wide margin, but it is not surprising that 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 continued to push toward all-time highs and will likely accomplish that task in the next week or so.&#2013266080;*

- *The market is extremely overbought short-term so a correction is likely. Take trading positions on pullbacks that hold support above $210.*
- *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 rallied again this week on a potential catch up rotation, but it remains unimpressive.*
- *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 $52 on trading positions.*
- *Long-Term Positioning: Bearish*

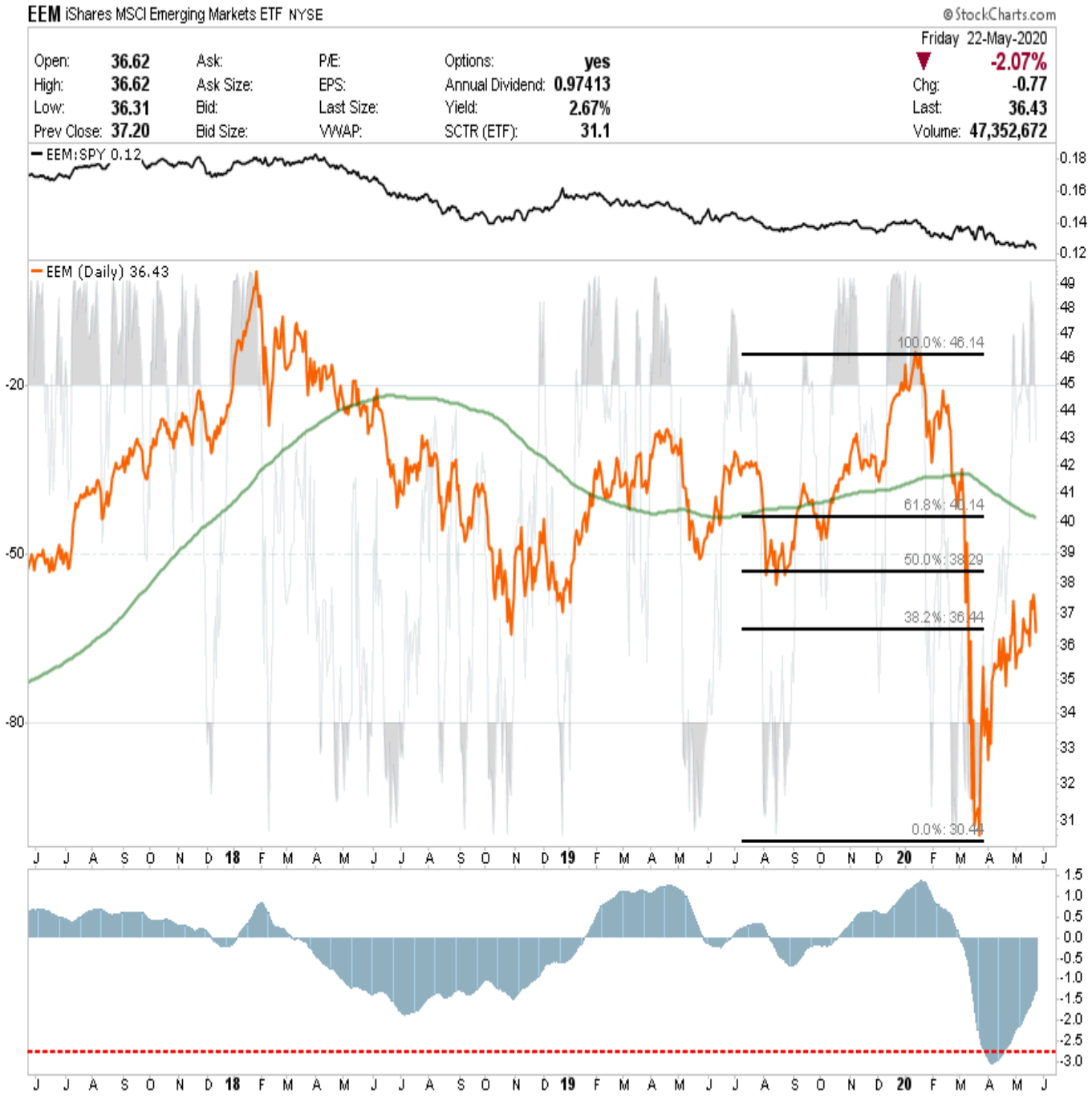
S&P 400 Index (Mid-Cap)



- *As with Small-caps, we have no holdings.&#2013266080;*
- *The relative performance remains poor. MDY pushed above the 50% retracement level but is struggling with resistance at recent highs.&#2013266080;*
- *As with SLY, we need to see some follow-through.&#2013266080;*
- *Mid-caps are working off their extreme overbought condition, so we will see if a tradeable opportunity occurs.&#2013266080;*

- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No holding*
    - *This Week: No holding*
    - *Stop Loss moved up to $290 for trading positions.&#2013266080;*
- *Long-Term Positioning: Bearish*

Emerging Markets



- *As with small and mid-cap stocks, emerging, and international markets are underperforming the S&P 500 and Nasdaq. Maintain domestic exposure for now.&#2013266080;*
- *We previously stated that investors should use counter-trend rallies to liquidate. EEM turned lower last week and is testing support at the 38.2% retracement level. It must hold.&#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



- *EFA is performing a little better than EEM but not by much.&#2013266080;*
- *The rally cleared the 38.2% retracement level but failed at recent highs. There is still nothing to get excited about currently, and the overbought condition is concerning.*
- *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 $54 for trading positions.*
- *Long-Term Positioning: Bearish*

West Texas Intermediate Crude (Oil)



- *Oil prices continued their torrid rally this past week and broke above the 38.2% retracement level.*
- *Prices are very extended and grossly overbought. Look for a correction as we head into June.*
- *We are continuing to hold our positions in XLE, but it is very overbought currently. We are going to wait for a correction this summer to add to our holdings at better prices.*
- *We continue to carry very tight stops.&#2013266080;*
- *Short-Term Positioning: Bearish*
    - *Last Week: Hold positions*
    - *This Week: Hold positions*
    - *Stops Triggered for any direct crude oil positions.*
- *Long-Term Positioning: Bearish*

Gold



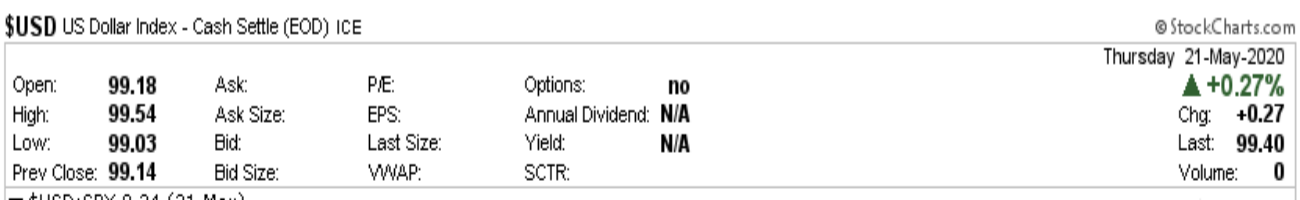
- *We remain long our current position in IAU and GDX.&#2013266080;*
- *This past week Gold broke out to new highs, and we did increase our weighting in IAU.*
- *We took profits and rebalanced back to our original weighting in GDX previously, and need a small pullback to increase out weightings.&#2013266080;*
- *The sectors are VERY overbought short-term, so a pullback is likely. Use pullbacks to add to current holdings.&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last week: Hold positions.*
    - *This week: Hold positions*
    - *Stop-loss moved up to $150*
    - *Long-Term Positioning: Bullish*

Bonds (Inverse Of Interest Rates)



- *Bonds have now corrected and got back to oversold while holding support. Such sets us up for two events - a rally in bonds, as the stock market corrects.*
- *We added again to both TLT and IEF in our portfolios to hedge against our modest increases in equity risk.&#2013266080;*
- *Short-Term Positioning: Neutral*
    - *Last Week: Hold positions*
    - *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*