RIA Advice

Major Market Buy/Sell Review: 06-15-20

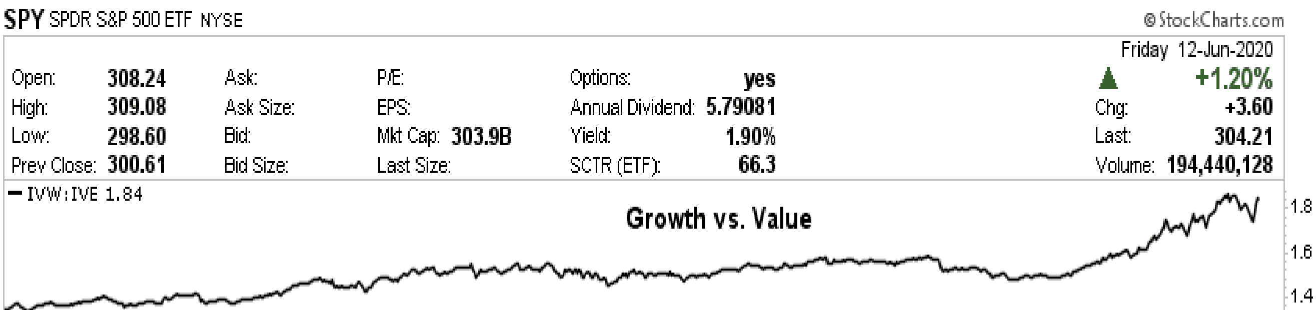
HOW TO READ THE MAJOR MARKET BUY/SELL CHARTS FOR THE WEEK OF 06-15-20.
There are three primary components to each Major Market Buy/Sell chart in this RIAPro review:

- *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.

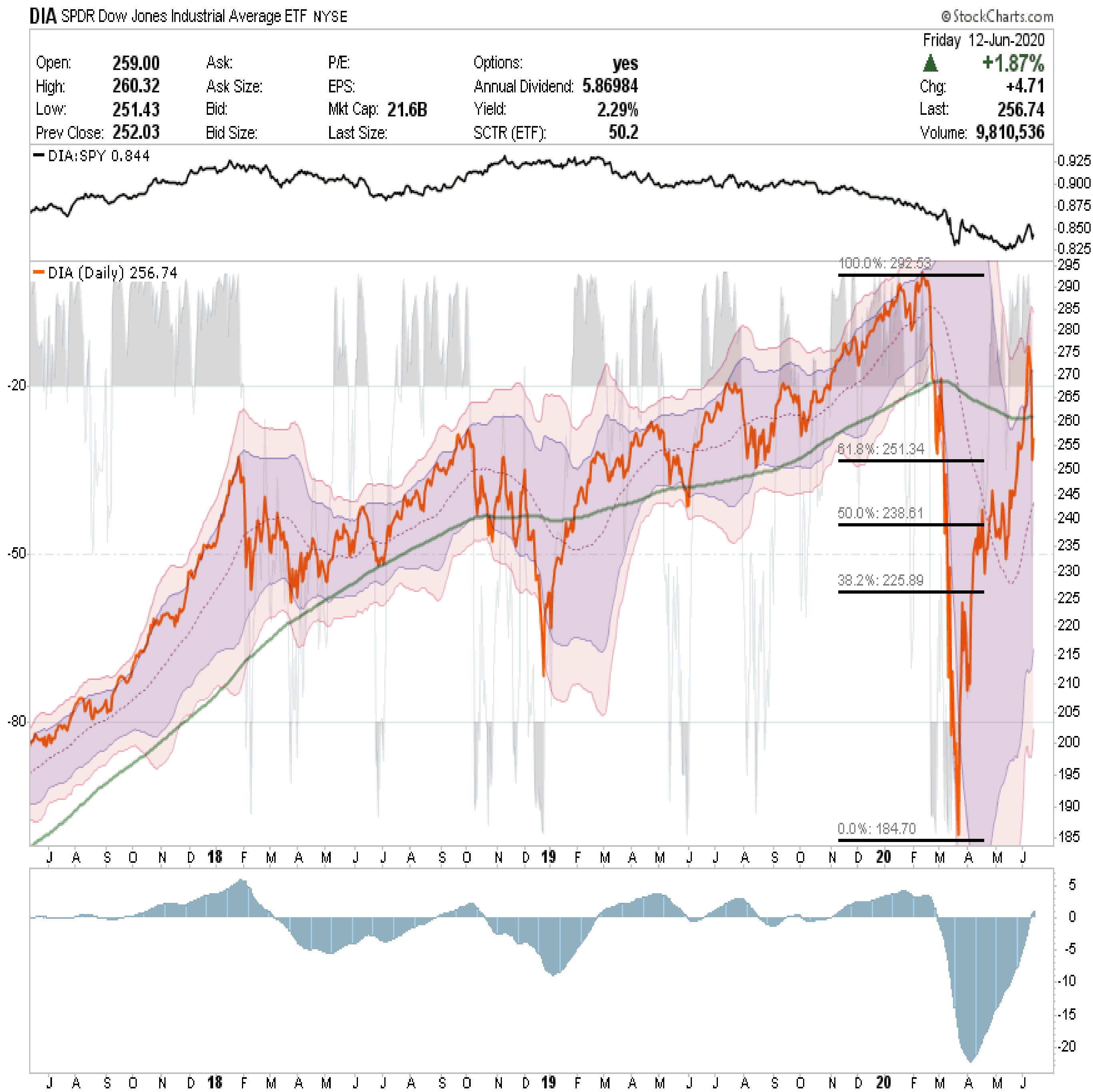
With this basic tutorial, let?s review the major markets. ***NOTE: I have added relative performance information to each Major Market buy/sell review graph. Most every Major Market buy/sell review graph also shows relative performance to the S&P 500 index except for the S&P 500 itself, which compares value to growth, and oil to the energy sector. This week I have added 2 and 3-standard deviations from the 50-dma to show where extreme extensions currently exist.***

S&P 500 Index



- *Last Monday we noted: "Currently the market is back to extremely overbought and the advance has been near vertical. With the SPY pushing into 3-standard deviation territory, profit taking is suggested.* ***We will likely see a short-term reversal to provide a better entry point to add further exposure."***
- *That correction happened last week with the SPY bouncing off support at the 200-dma. Some of the overbought condition has been corrected, but not all of it, so there could be more selling pressure in the short-term.&#2013266080;*
- *A trading position can be put on with a stop at the 200-dma.&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last Week: No core position*
    - *This Week: No core position*
    - *Stop-loss set at $300 for trading positions.*
    - *Long-Term Positioning: Bearish*

Dow Jones Industrial Average

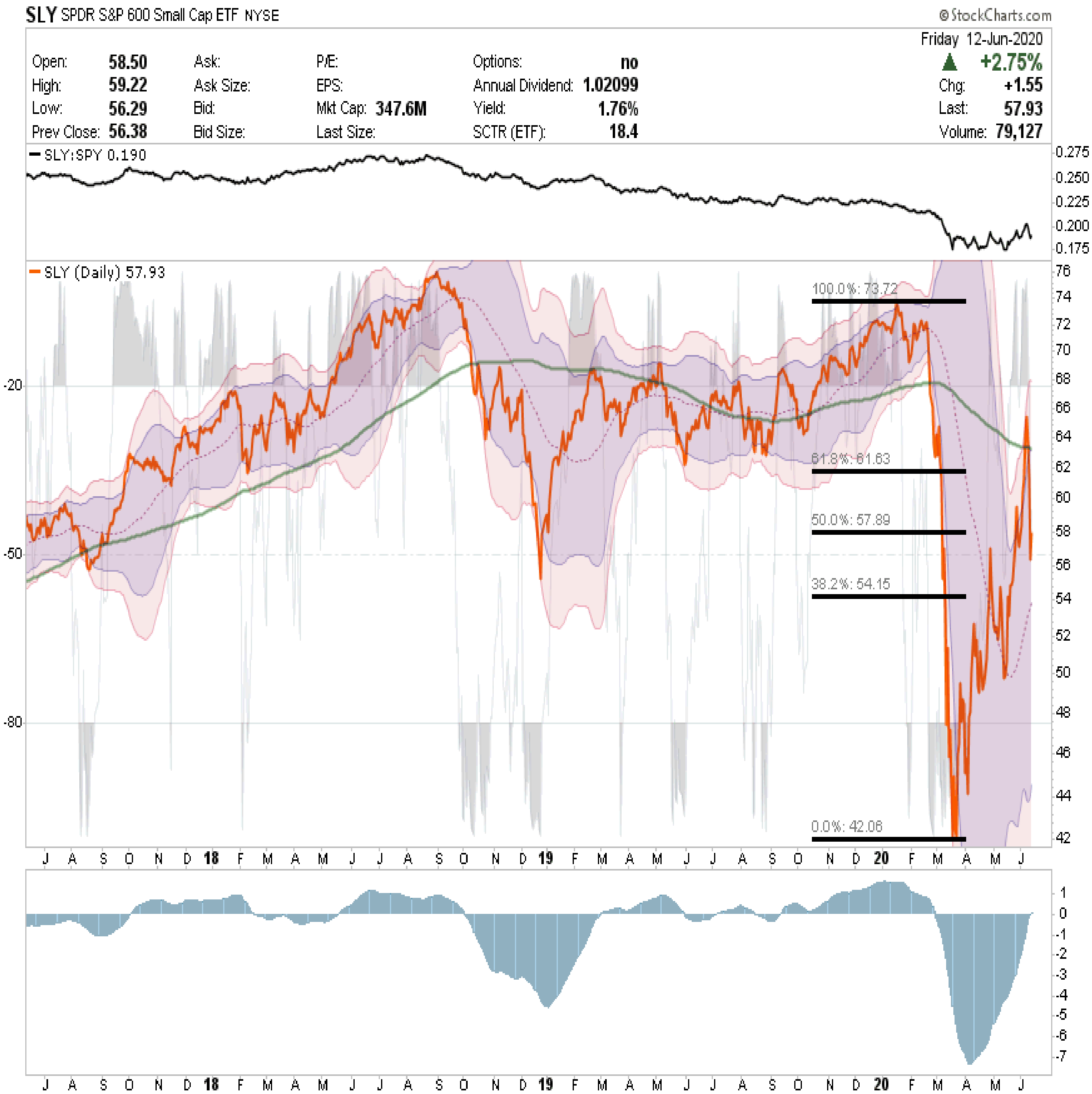


- *As stated previously: **"DIA is also well into 3-standard deviation territory which doesn't happen often. It suggests a short-term corrective pullback to relieve some of that extension."**&#2013266080;*
- *DIA continues to lag both the S&P and the Nasdaq, and the correction broke support at the 200-dma. Stop-loss was violated at $260*
- *Support must hold at the 61.8% retracement of the March sell-off.*
- *Short-Term Positioning: Bearish*
    - *Last Week: No positions*
    - *This Week: No positions*
    - *Stop-loss reset at $251*
- *Long-Term Positioning: Bearish*

Nasdaq Composite

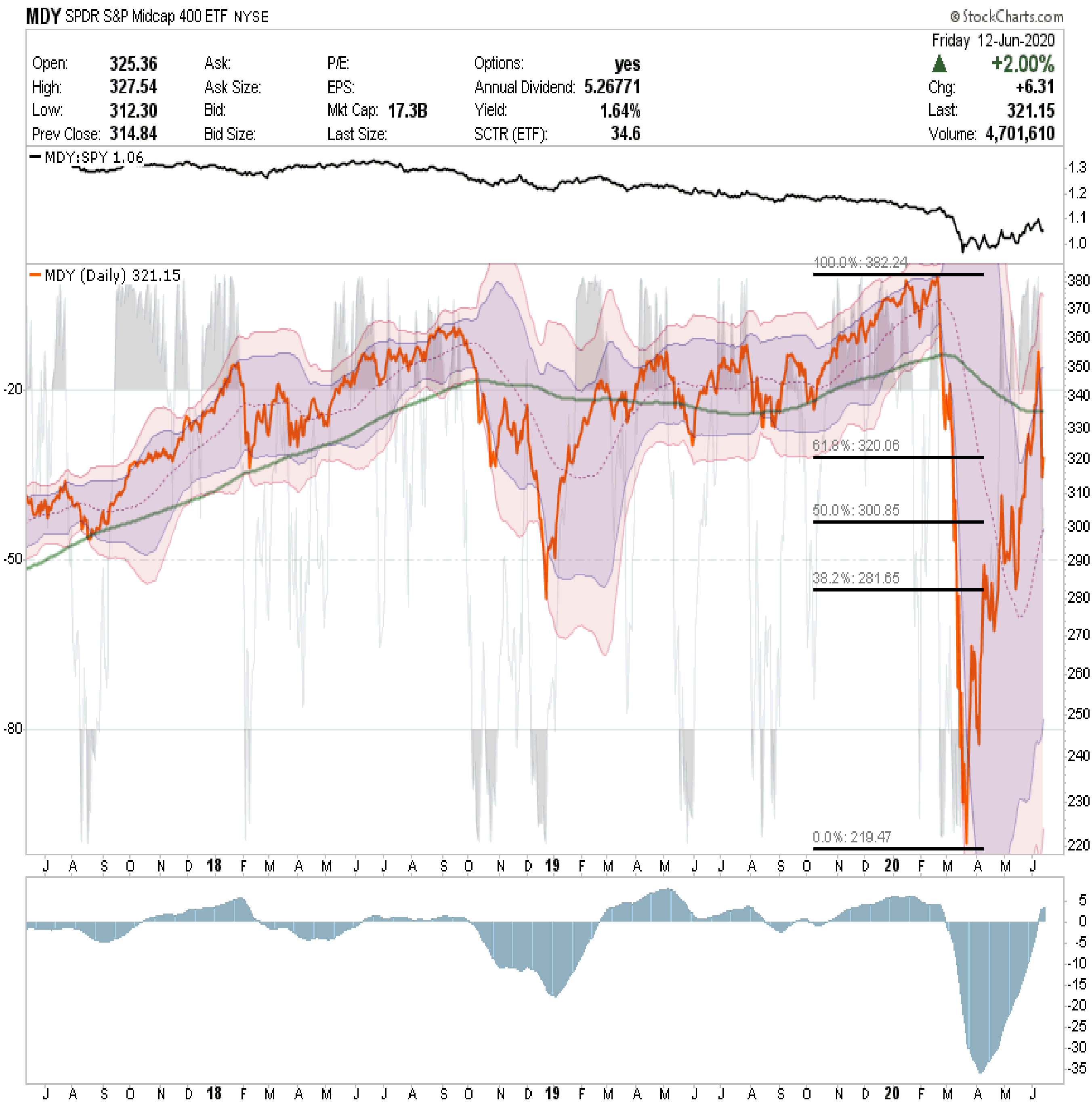
- *QQQ's outperformance of SPY returned last week with the correction as money fled the momentum chase back into liquidity. (We discussed our move to [defense on Tuesday](#))*
- *The QQQ's are testing it's previous breakout level, so if it can hold and turn it into support such would be bullish.*
- *The QQQ's are overbought and the buy signal is extended so consolidation or a correction is still possible so maintain stops accordingly and take profits and rebalance as needed.*
- *Short-Term Positioning: Bearish ? Extension above 200-dma.*
    - *Last Week:&#2013266080;No positions*
    - *This Week: No positions*
    - *Stop-loss moved up to $225*
- *Long-Term Positioning: Bullish*

S&P 600 Index (Small-Cap)



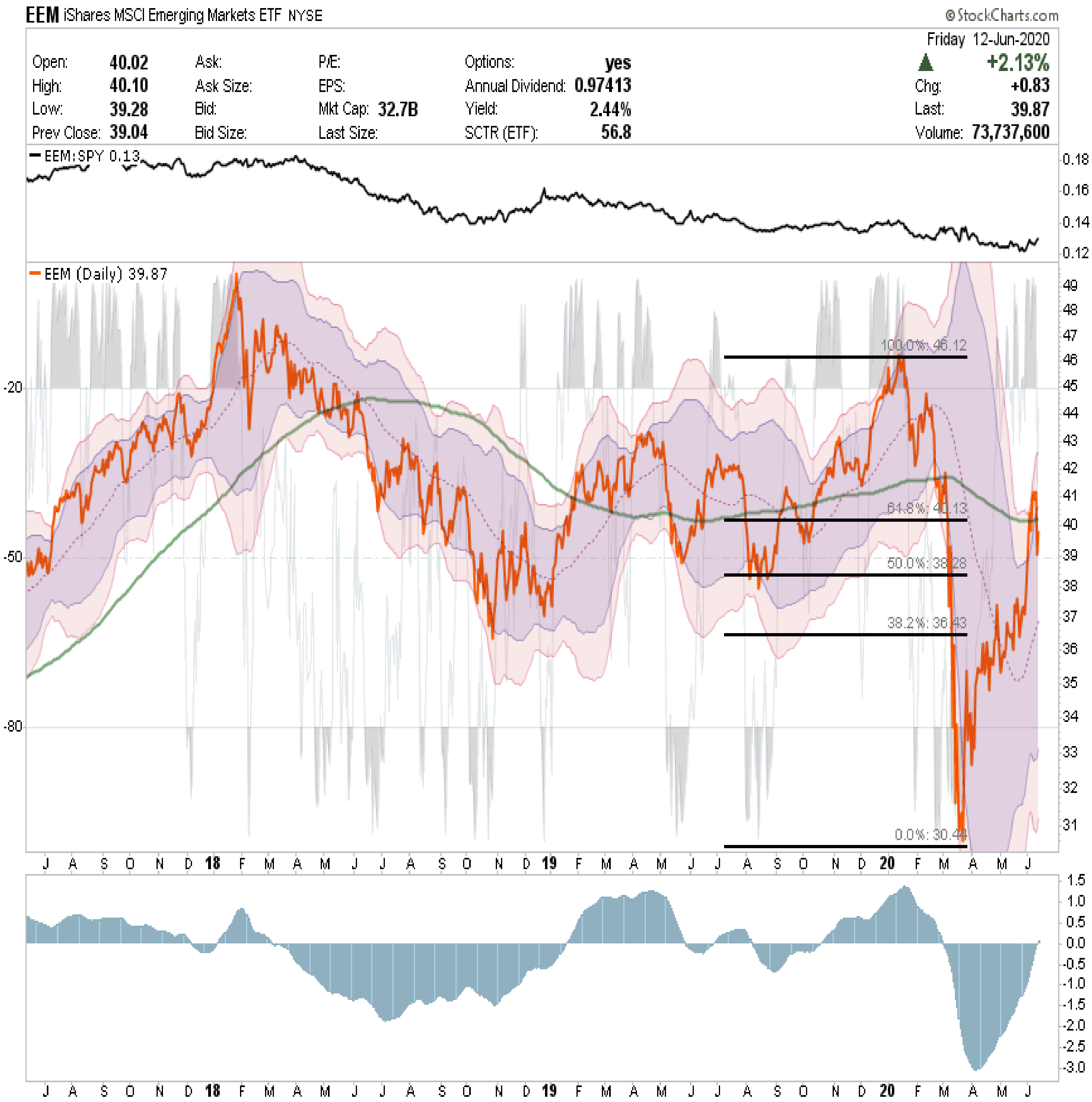
- *As stated last Monday, **"SLY is pushing limits of a 3-standard deviation extension, so if you are long small-caps take profits on Monday and rebalance risk. We will likely see a correction soon."***
- *That correction was swift and sharp with small-caps failing at the 200-dma resistance and failing support at the 50% retracement of the March correction.*
- *The previous stop-loss at $58 was violated.*
- *We still have an "avoid small-caps" stance at the moment due to earnings risk and underperformance*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No positions*
    - *This Week: No positions.*
    - *Stop-loss reset at $54*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)



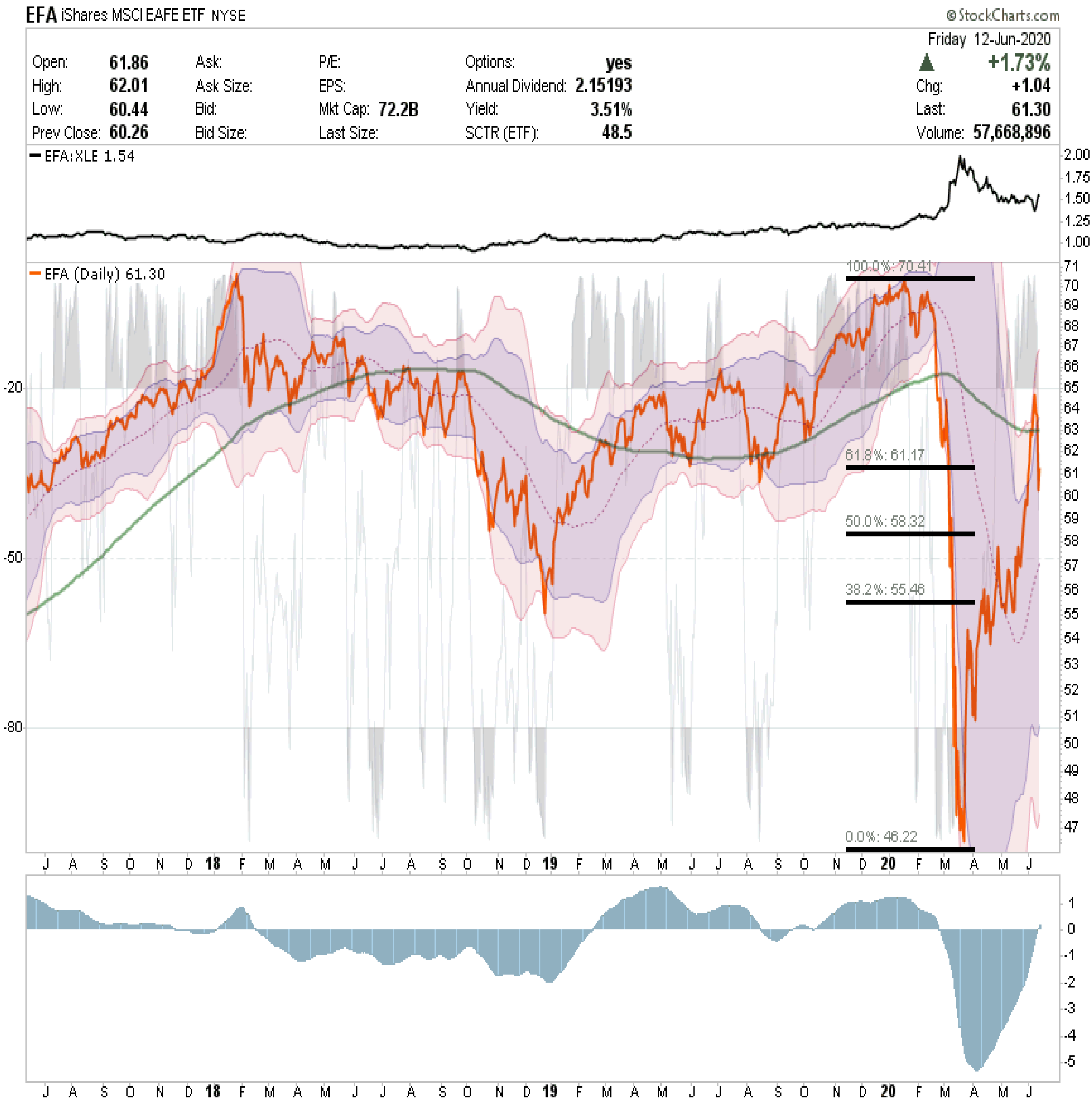
- *The relative performance remains poor as with SLY. MDY also failed its breakout above the 200-dma resistance.&#2013266080;*
- *We suggested last time that **"We will likely see a correction sooner than later, so take profits and rebalance risk accordingly."**&#2013266080;*
- *The $320 stop-loss was violated with the break of the 61.8% retracement level of the March correction.*
- *Short-Term Positioning: Bearish*
  - *Last Week: No holding*
  - *This Week: No holding*
  - *Stop Loss reset at $300*
- *Long-Term Positioning: Bearish*

Emerging Markets



- *Emerging continue to underperform the S&P 500 and Nasdaq. Maintain domestic exposure for now.&#2013266080;*
- *We stated previously the sharp surge in EEM on a "catch up" rotation would likely fade quickly. We previously suggested taking profits and rebalancing risk.&#2013266080;*
- *There is dollar risk to international markets so pay attention to it.*
- *Short-Term Positioning: Bearish*
  - *Last Week: No position*
  - *This Week: No position.*
  - *Stop-loss remains at $38 for trading positions.*
- *Long-Term Positioning: Bearish*

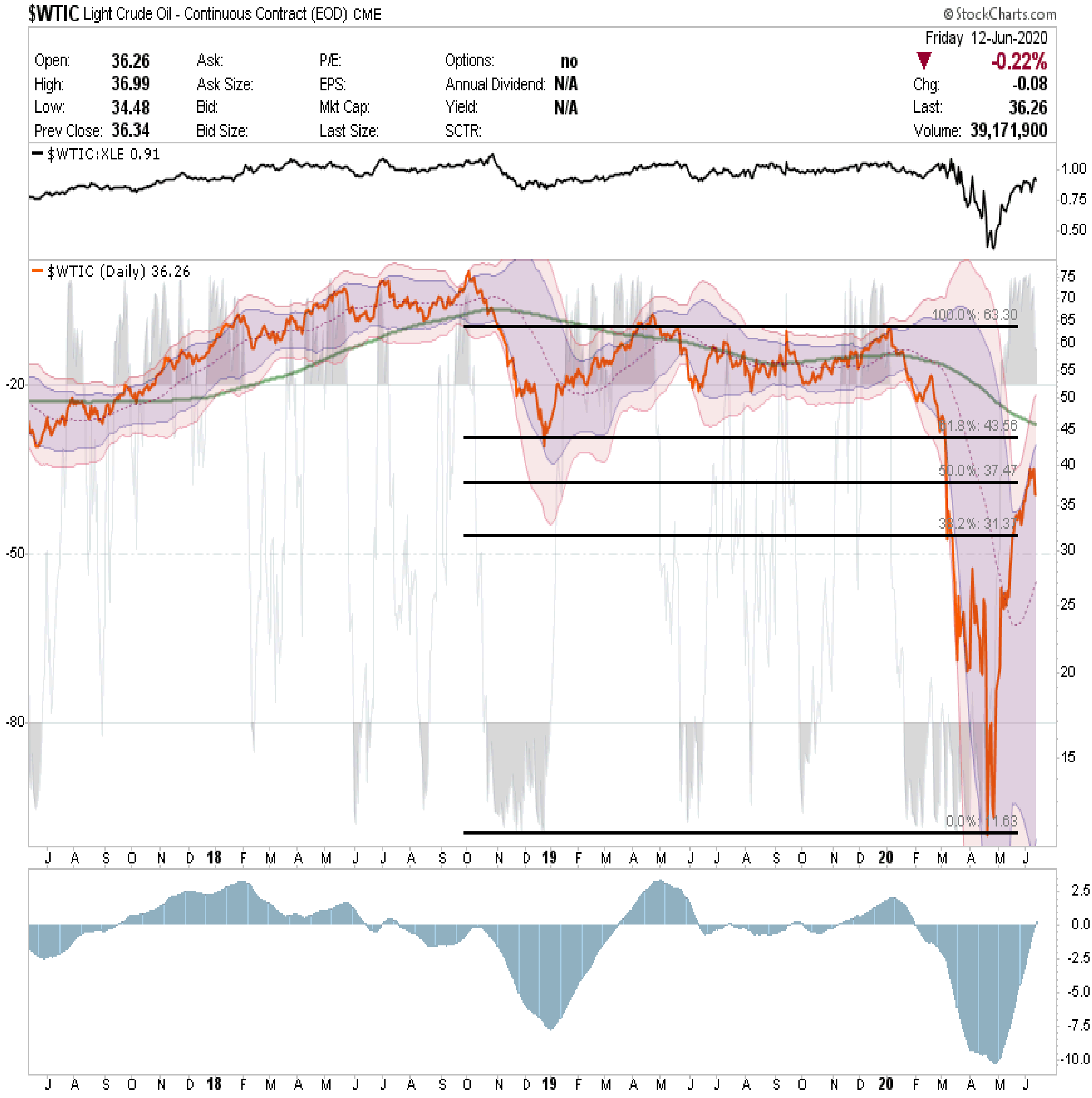
International Markets



- *Overall, like EEM, EFA is grossly underperforming the domestic markets.&#2013266080;*

- *As with EEM, EFA had a big spurt of a "catch up" trade but that ended last week.&#2013266080;*
- *EFA failed at the 200-dma resistance, and the 61.8% retracement support.*
- *The $61 stop level was also violated.*
- *Short-Term Positioning: Bearish*
  - *Last Week: No position.*
  - *This Week: No position.*
  - *Stop-loss reset at $59*
- *Long-Term Positioning: Bearish*

West Texas Intermediate Crude (Oil)



- *Oil prices failed at the 50% retracement level last week and are overbought.*
- *We suggested last: **"Look for a correction to reverse some of the extreme overbought."&#2013266080;**That correction began last week.&#2013266080;*

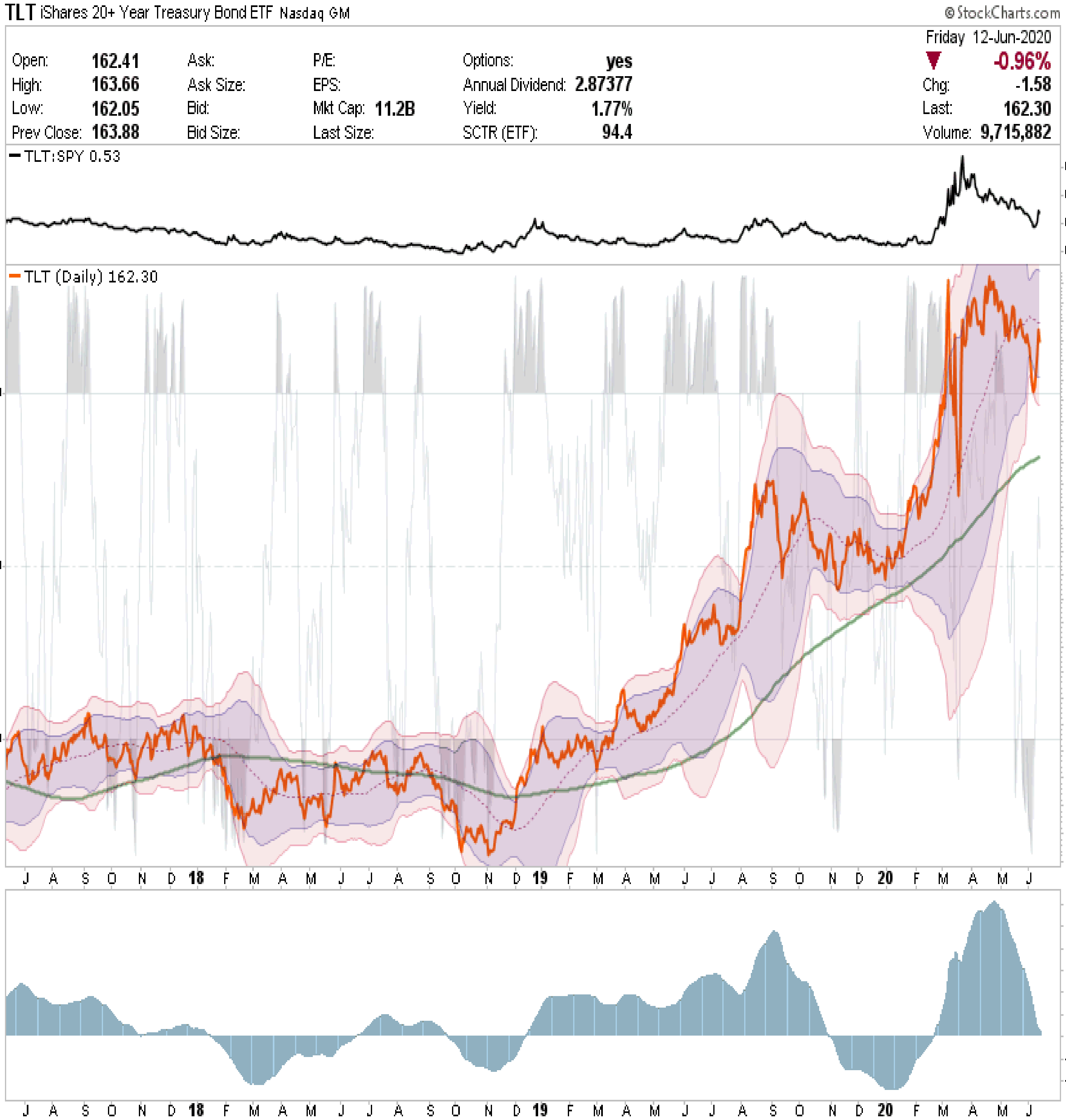
- *Oil should hold support between $30 and $35 and we will look to increase our holdings on pullbacks.*
- *Short-Term Positioning: Bearish*
  - *Last Week: Hold positions*
  - *This Week: Hold positions*
  - *Stop for trading positions at $32.50*
- *Long-Term Positioning: Bearish*

Gold

- *We remain long our current position in IAU.&#2013266080;*
- *This past week Gold rallied with the pickup in volatility in the market. It continues to consolidate it recent advance and if support can hold a move higher would be expected. (Such would likely coincide with a bigger correction in stocks.)*
- *We believe downside risk is fairly limited, but as always maintain stops.*

- *Short-Term Positioning: Bullish*
    - *Last week: Hold positions.*
    - *This week: Hold positions*
    - *Stop-loss remains at $155*
    - *Long-Term Positioning: Bullish*

Bonds (Inverse Of Interest Rates)



- *As noted last week:* ***"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. While we haven't had a correction in stocks yet, bonds suggest it is coming soon. Bonds are now pushing into 3-standard deviations oversold. Historically, this has been a good buying opportunity.&#2013266080;***
- *We noted that we had added to both TLT and IEF in our portfolios to hedge against our increases in equity risk.&#2013266080;*

- *That hedge worked well this past week during the stock market correction as bonds rallied. There is still more upside potential in rates if volatility continues this week.*
- *Short-Term Positioning: Neutral*
  - *Last Week: Hold positions*
  - *This Week: Hold positions*
  - *Stop-loss moved up to $155*
  - *Long-Term Positioning: Bullish*

U.S. Dollar

- *Last week: **"While the dollar has sold off, and helped fuel a rather torrid stock and commodity rally, we are likely closer to a bottom."&#2013266080;***
- *With the USD extremely oversold, and well into 3-standard deviations below the 50-dma, the rally this past week was likely. This is still likely a good entry point to add to dollar holdings.&#2013266080;*

- *The deep underperformance of UUP versus SPY has a habit of reversing sharply. We could be setting up for one of those reversals now.&#2013266080;*
- *Stop-loss adjusted to $95*