

Major Market Buy/Sell Review: 06-29-20

HOW TO READ THE MAJOR MARKET BUY/SELL CHARTS FOR THE WEEK OF 06-22-20.

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.

Market Buy/Sell 06-22-20

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. 2 and 3-standard deviations from the 50-dma to show where extreme extensions currently exist.

S&P 500 Index

SPY SPDR S&P 500 ETF NYSE

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Open:	306.16	Ask:	P/E:	Options:	yes	Friday 26-Jun-2020
High:	306.39	Ask Size:	EPS:	Annual Dividend:	5.72541	▼ -2.38%
Low:	299.42	Bid:	Mkt Cap:	Yield:	1.91%	Chg: -7.30
Prev Close:	307.35	Bid Size:	Last Size:	SCTR (ETF):	58.1	Last: 300.05
- IVW:IVE 1.91						Volume: 127,610,568

- *Previously we noted: "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 over the last two weeks with the SPY bouncing off support at the 200-dma and retesting it again on Friday. It is critical the market holds support into next week.�*
- *Some of the overbought condition has been corrected, but not all of it, so there could be more selling pressure in the short-term, particularly with the rise of virus cases again.�*
- *A trading position can still be put on with a stop at the 200-dma.�*
- *Short-Term Positioning: Bullish*
 - *Last Week: No core position*
 - *This Week: No core position*
 - *Stop-loss set at \$295 for trading positions.*
 - *Long-Term Positioning: Bearish*

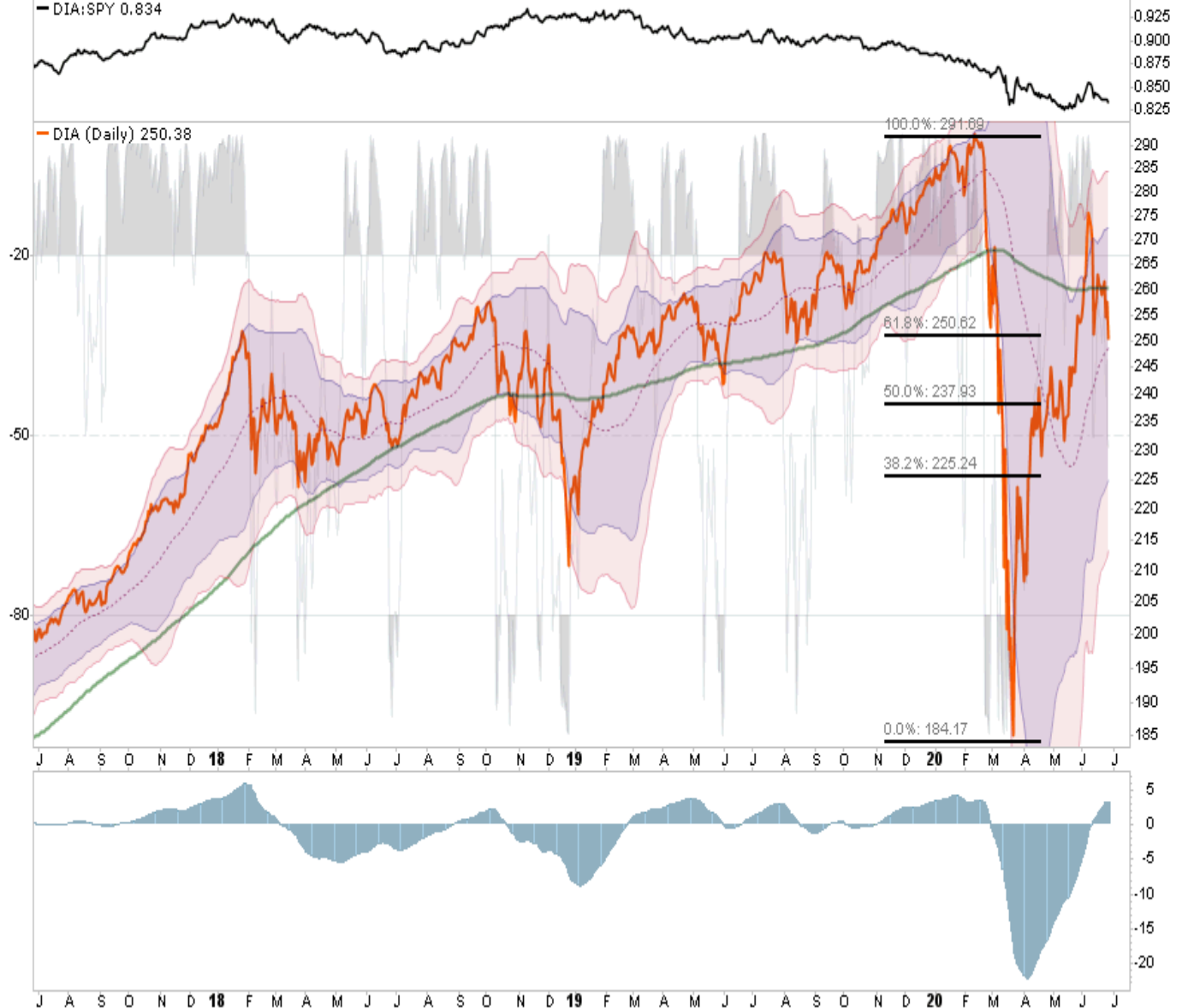
Dow Jones Industrial Average

Open: **255.65** Ask: P/E: Options: **yes**
 High: **256.05** Ask Size: EPS: Annual Dividend: **5.98536**
 Low: **249.70** Bid: Mkt Cap: **21.0B** Yield: **2.39%**
 Prev Close: **257.44** Bid Size: Last Size: SCTR (ETF): **39.4**

Friday 26-Jun-2020

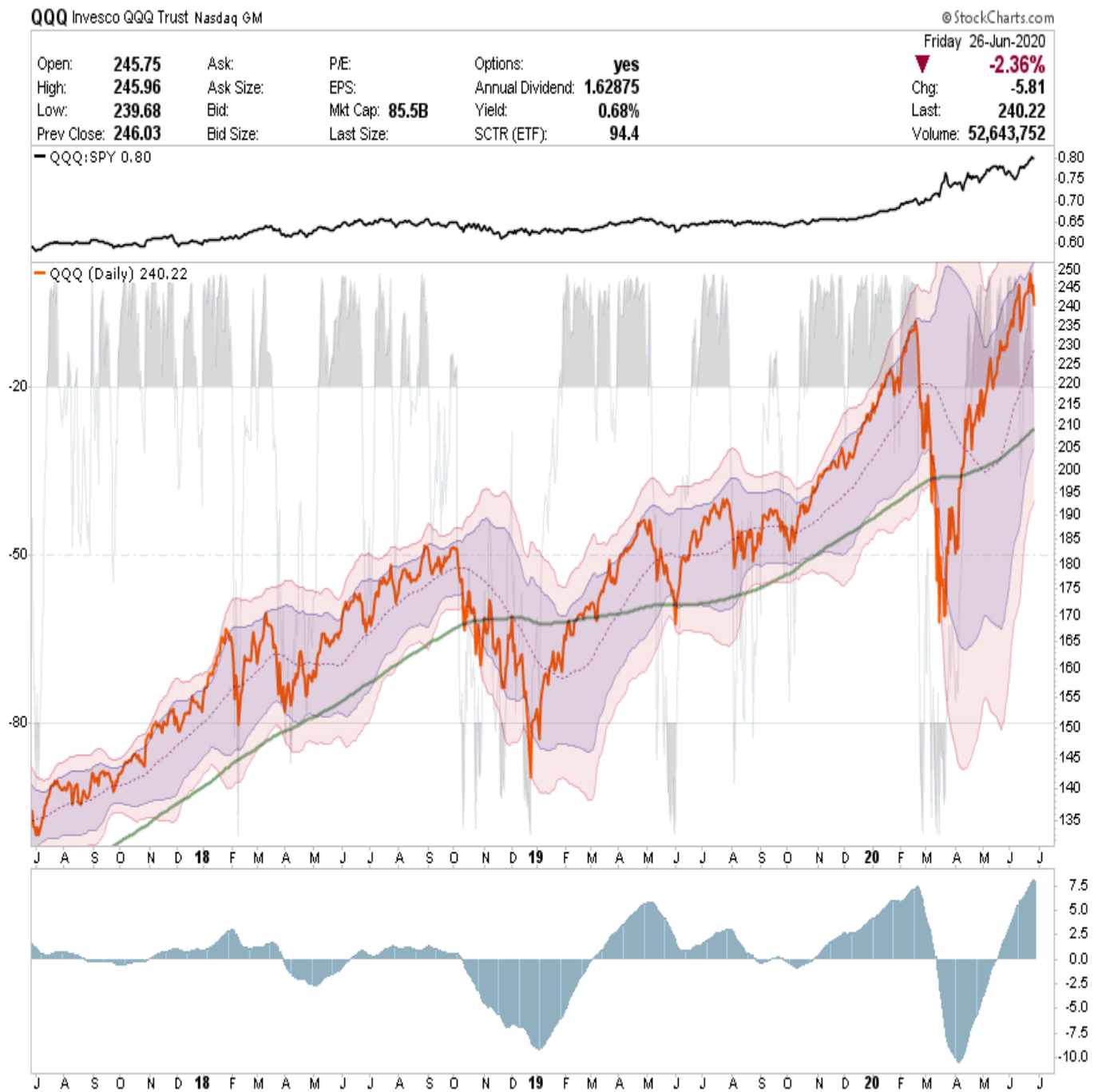
▼ **-2.74%**Chg: **-7.06**Last: **250.38**Volume: **5,309,434**

DIA:SPY 0.834



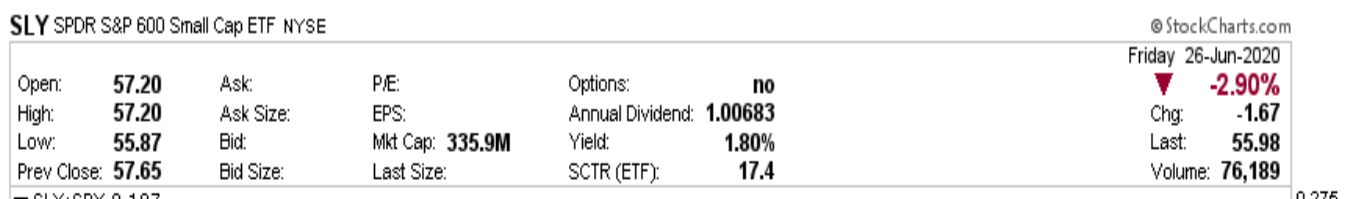
- As with SPY, DIA had also pushed well into 3-standard deviation territory and suggested a short-term corrective pullback was likely to relieve some of that extension.
- DIA continues to lag both the S&P and the Nasdaq, and DIA failed to hold the 200-dma but is holding support at the 61.8% retracement from the low. DIA needs to hold that level next week.
- We added a 5% trading position in the Dow for a catchup trade, but we violated the stop on Friday. As always, by the time a stop is triggered, markets are short-term oversold. We will look for bounce to clear the position. 2013266080;
- Short-Term Positioning: Bearish
 - Last Week: No positions
 - This Week: No positions
 - Stop-loss violated, will sell on a bounce.
- Long-Term Positioning: Bearish

Nasdaq Composite



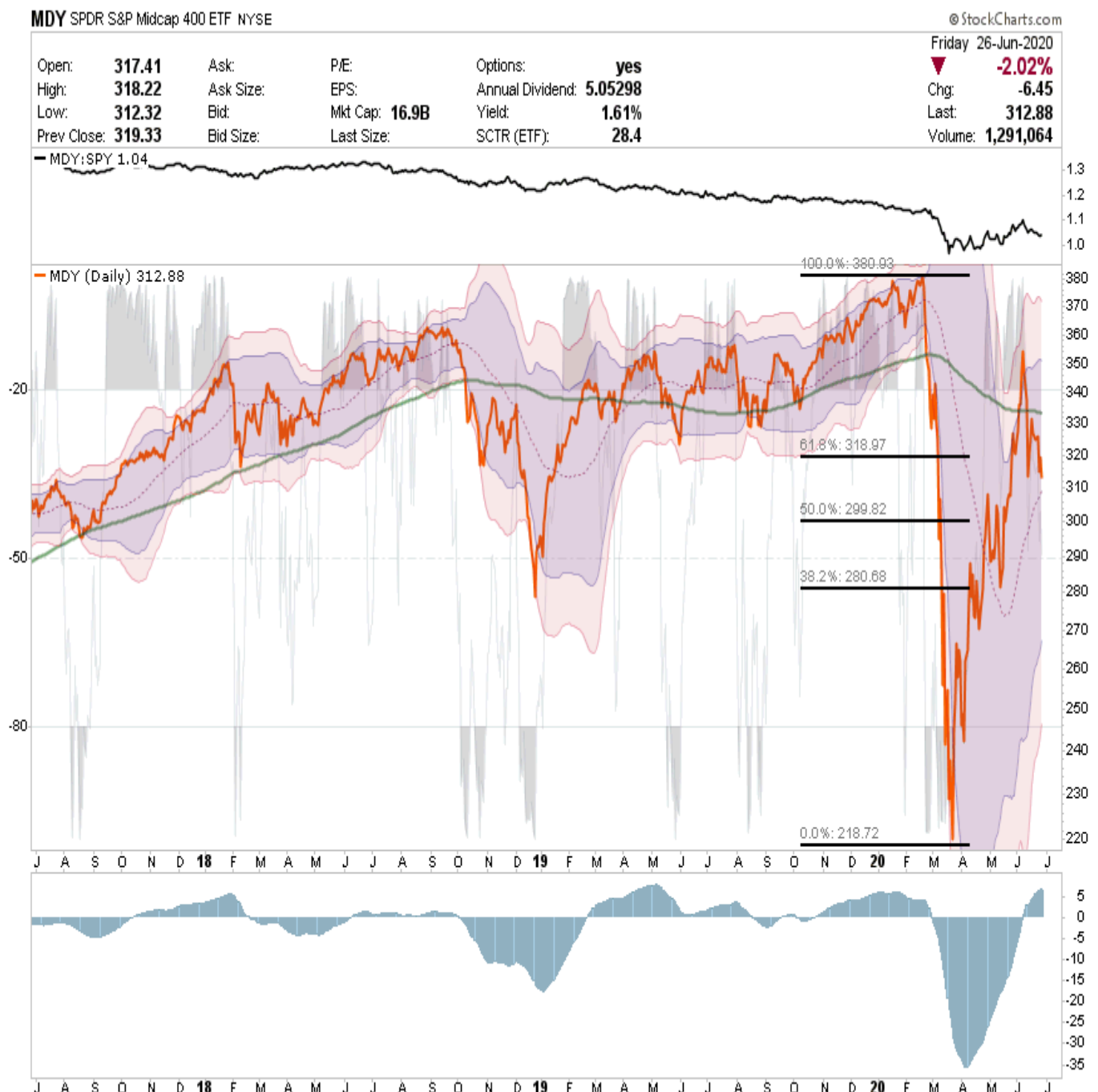
- QQQ's outperformance of SPY continues. #2013266080;
- The QQQ's continue to digest after breaking out to all-time highs.
- The QQQ's are overbought and the buy signal is extended so consolidation or a correction is still possible so maintain stops accordingly and take profits and rebalance as needed.
- 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)



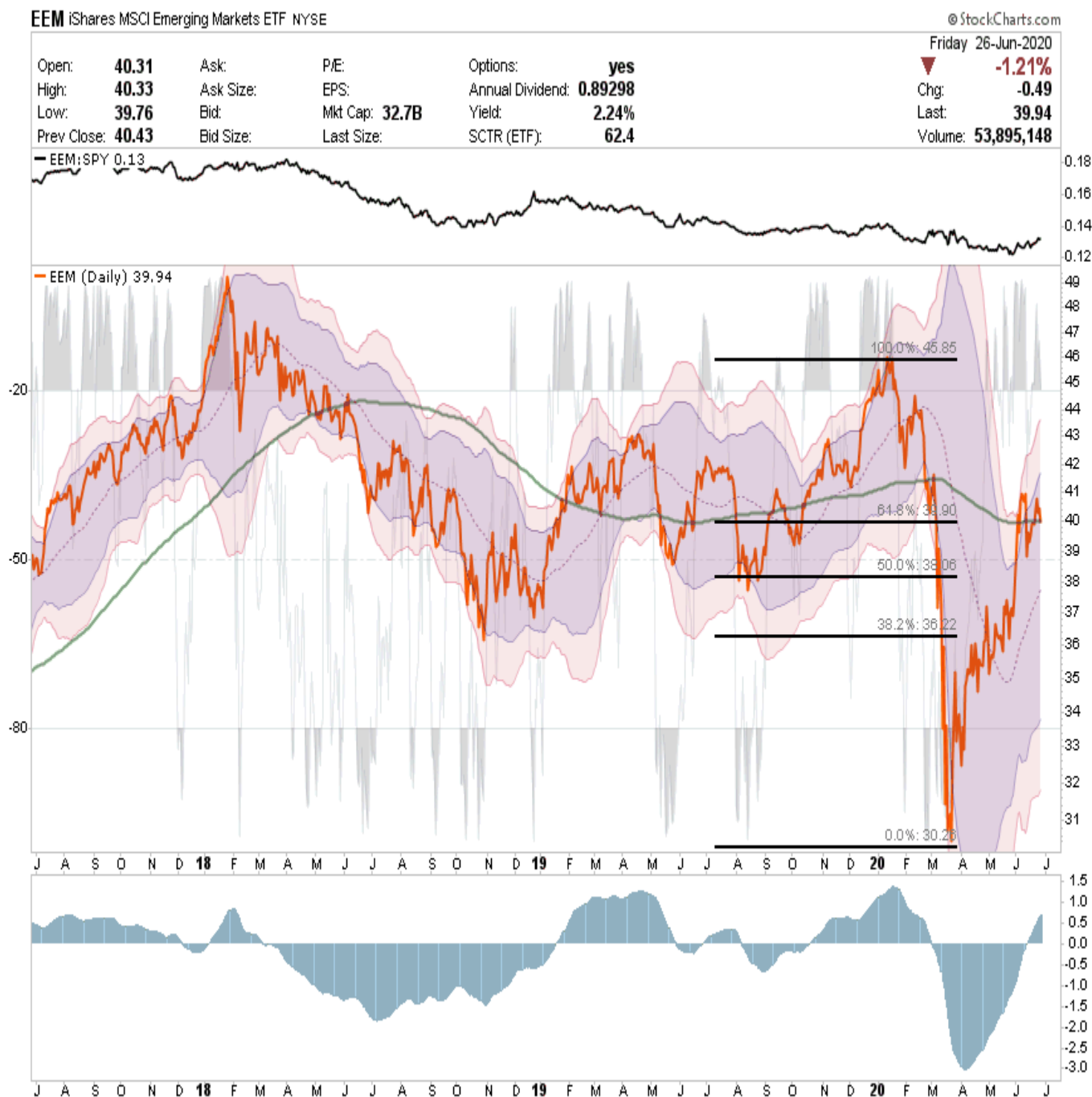
- As stated previously, **"SLY is pushing limits of a 3-standard deviation extension, so if you are long small-caps take profits on Monday and rebalance risk. We will likely see a correction soon."**
- That correction was swift and sharp with small-caps failing at the 200-dma resistance and failing support 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 \$56
- 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.�
- We suggested previously, as with Small-Caps **"We will likely see a correction sooner than later, so take profits and rebalance risk accordingly."**�
- The \$320 stop-loss was violated.�
- Short-Term Positioning: Bearish
 - Last Week: No holding
 - This Week: No holding
 - Stop Loss reset at \$310
- Long-Term Positioning: Bearish

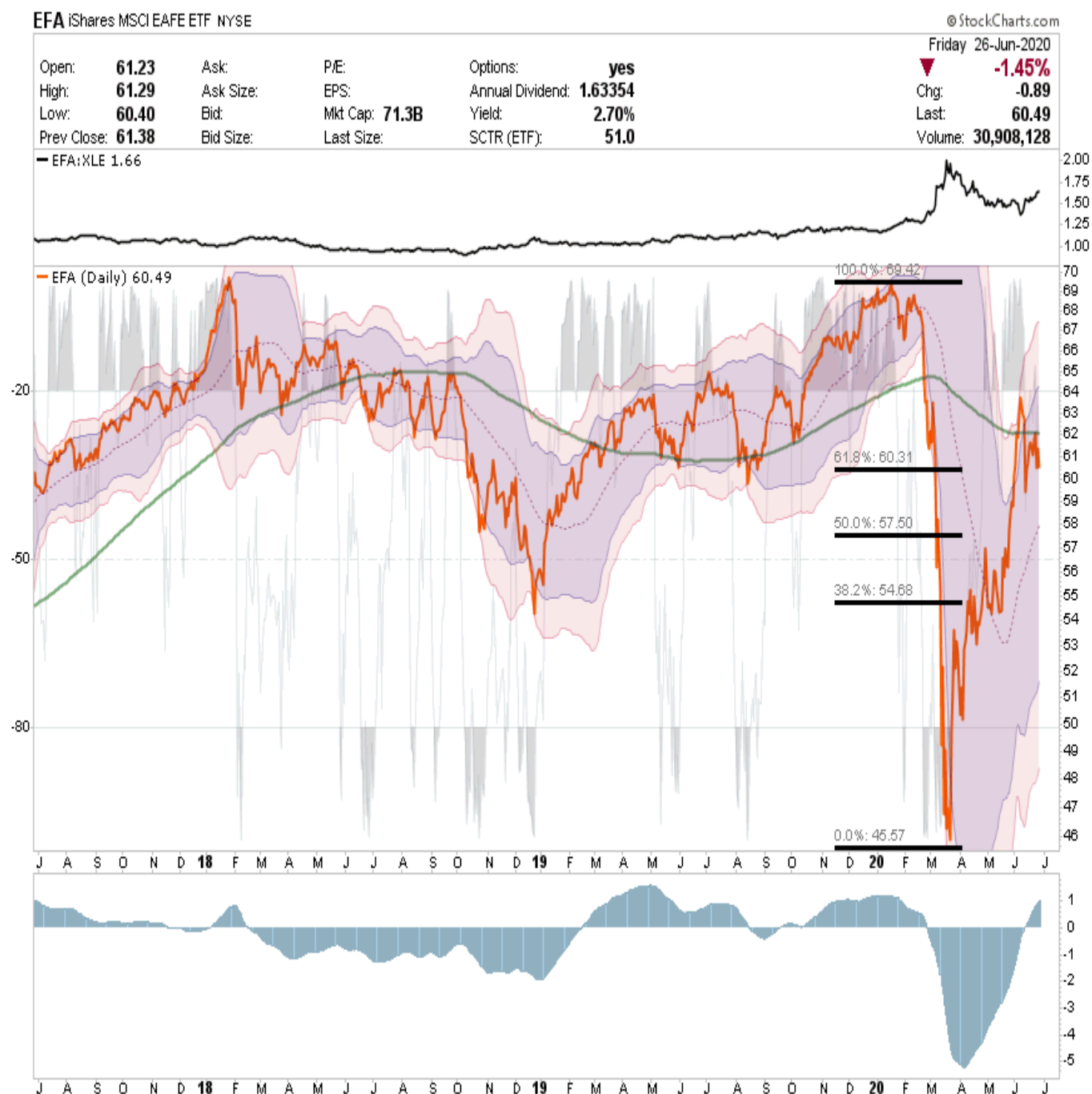
Emerging Markets



- Emerging markets performed much better on a relative basis this past week. However, I suspect it will be short-lived as the virus resurfaces globally.�

- *There is dollar risk to international markets so pay attention to it for clues as to when to leave the emerging markets trade.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No position*
 - *This Week: No position.*
 - *Stop-loss remains at \$38 for trading positions.*
- *Long-Term Positioning: Bearish*

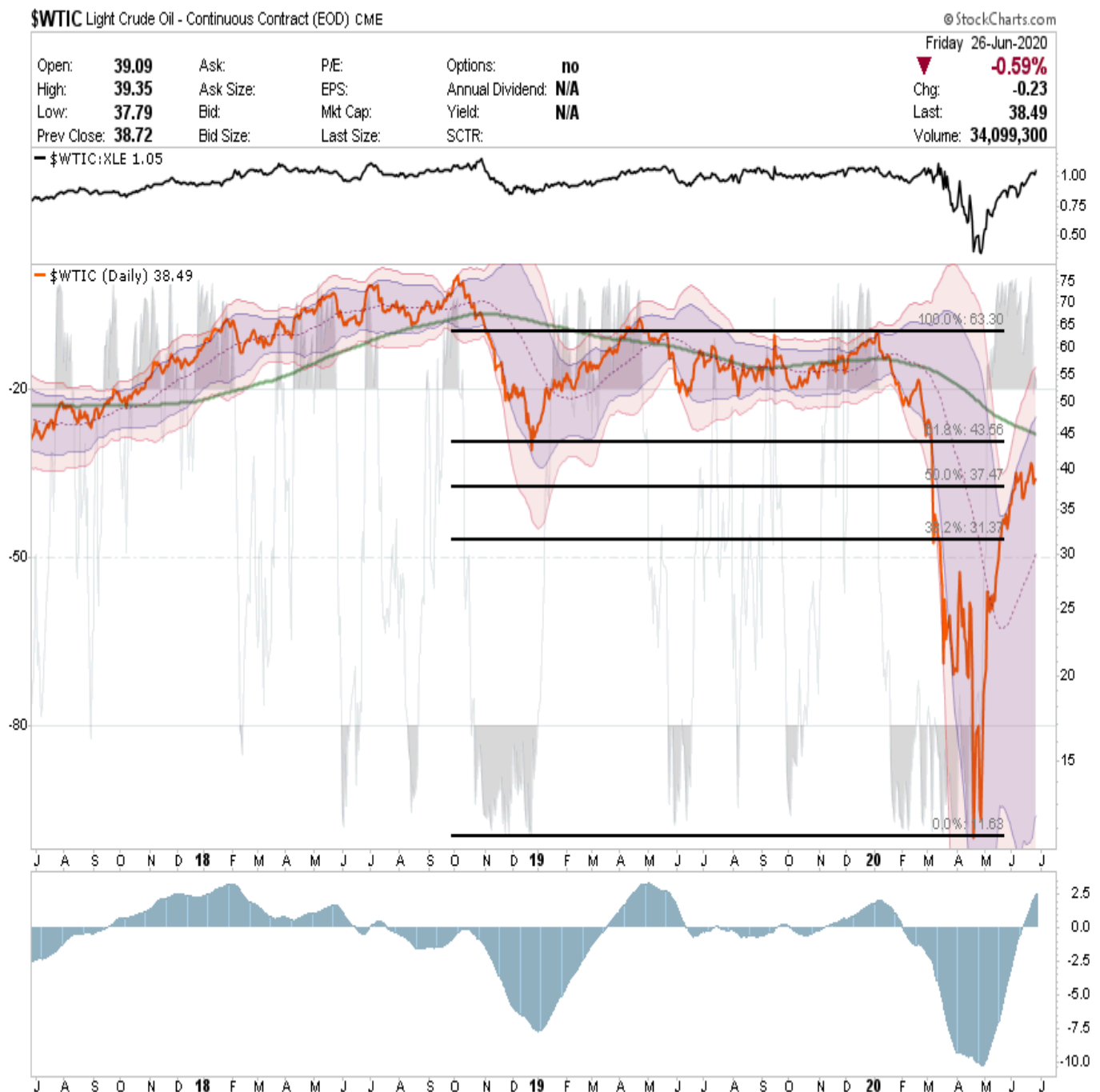
International Markets



- *Overall, like EEM, EFA is holding up better this past week.*
- *As with EEM, EFA is dollar sensitive, so watch it for clues as to when to exit positions.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No position.*
 - *This Week: No position.*

- *Stop-loss reset at \$60*
- *Long-Term Positioning: Bearish*

West Texas Intermediate Crude (Oil)



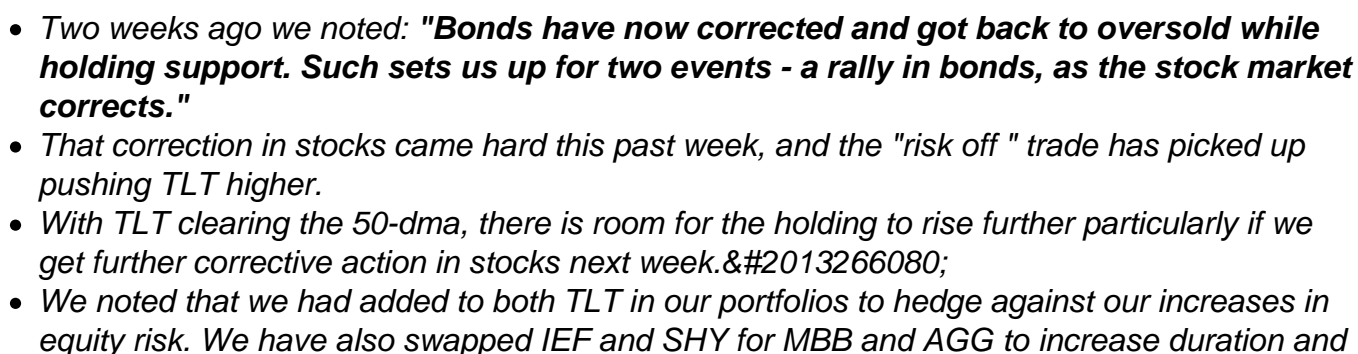
- *Oil prices are struggling to hold the 50% retracement level again this week but remain grossly overbought.*
- *We suggested last: **"Look for a correction to reverse some of the extreme overbought."** That hasn't occurred yet, but is still likely. Energy stocks are underperforming oil prices currently which suggests more trouble in the sector.*
- *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.*
- *This past week Gold rallied and broke out to new highs. However, the position is extremely overbought.*
- *We are looking to potentially take some profits for now and look for a pullback to increase our sizing. We noted previously that gold would likely rise with a correction in stocks. That occurred this past week.*
- *We believe downside risk is fairly limited, but as always maintain stops.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold positions.*



yield.

- 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



- Previously we stated, **"While the dollar has sold off, and helped fuel a rather torrid stock and commodity rally, we are likely closer to a bottom."** With the USD extremely oversold, and well into 3-standard deviations below the 50-dma, the rally this past week was likely."

- *The dollar is struggling to move higher but remains oversold. Trading positions can be added to hedge portfolios but there is not a huge move available currently given the current market dynamics.*
- *Stop-loss adjusted to \$95*