

Major Market Buy/Sell Review: 07-13-20

HOW TO READ THE MAJOR MARKET BUY/SELL CHARTS FOR THE WEEK OF 07-13-20.

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.



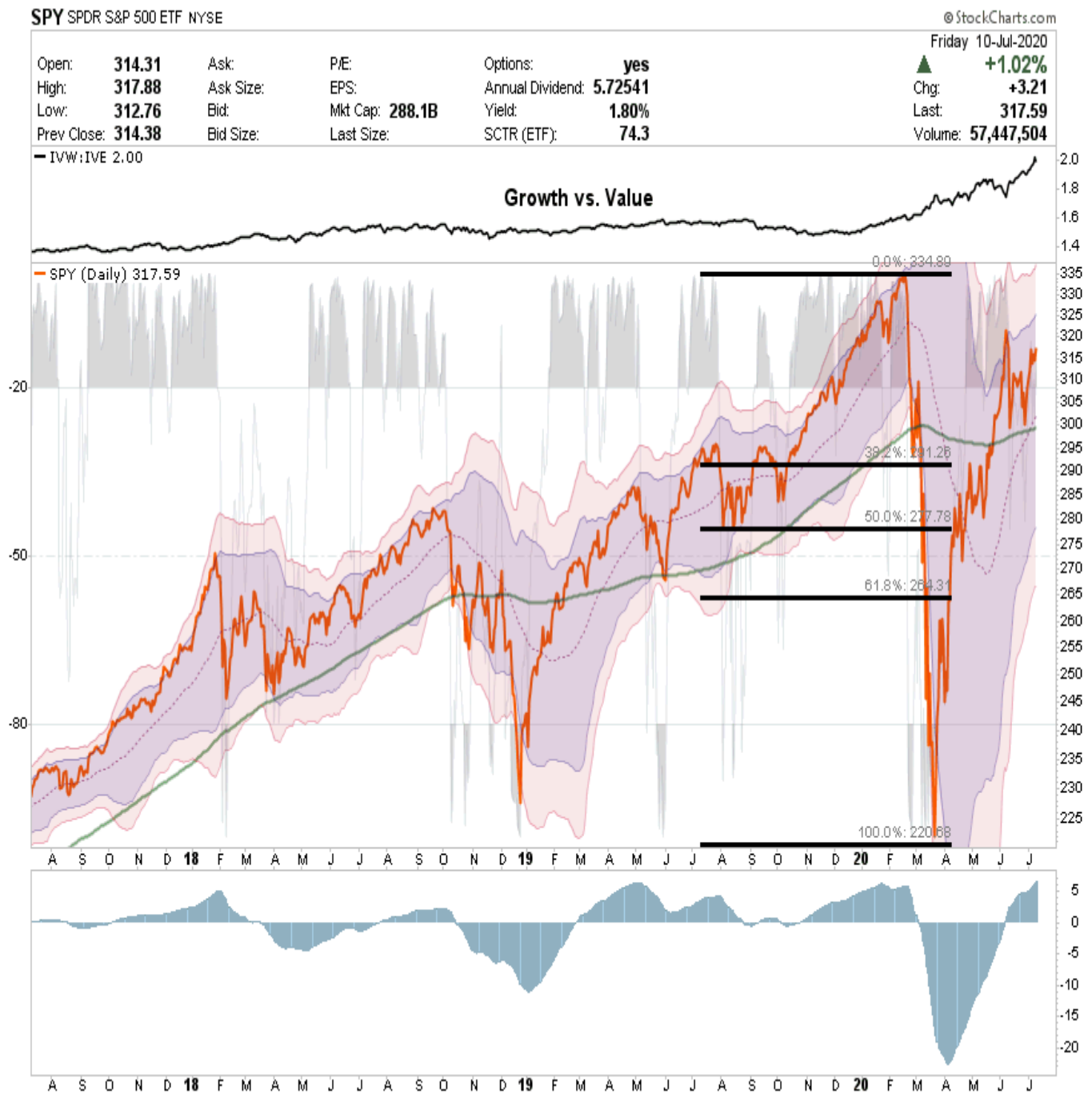
With this basic tutorial, let's review the major markets.

Market Buy/Sell 07-13-20

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

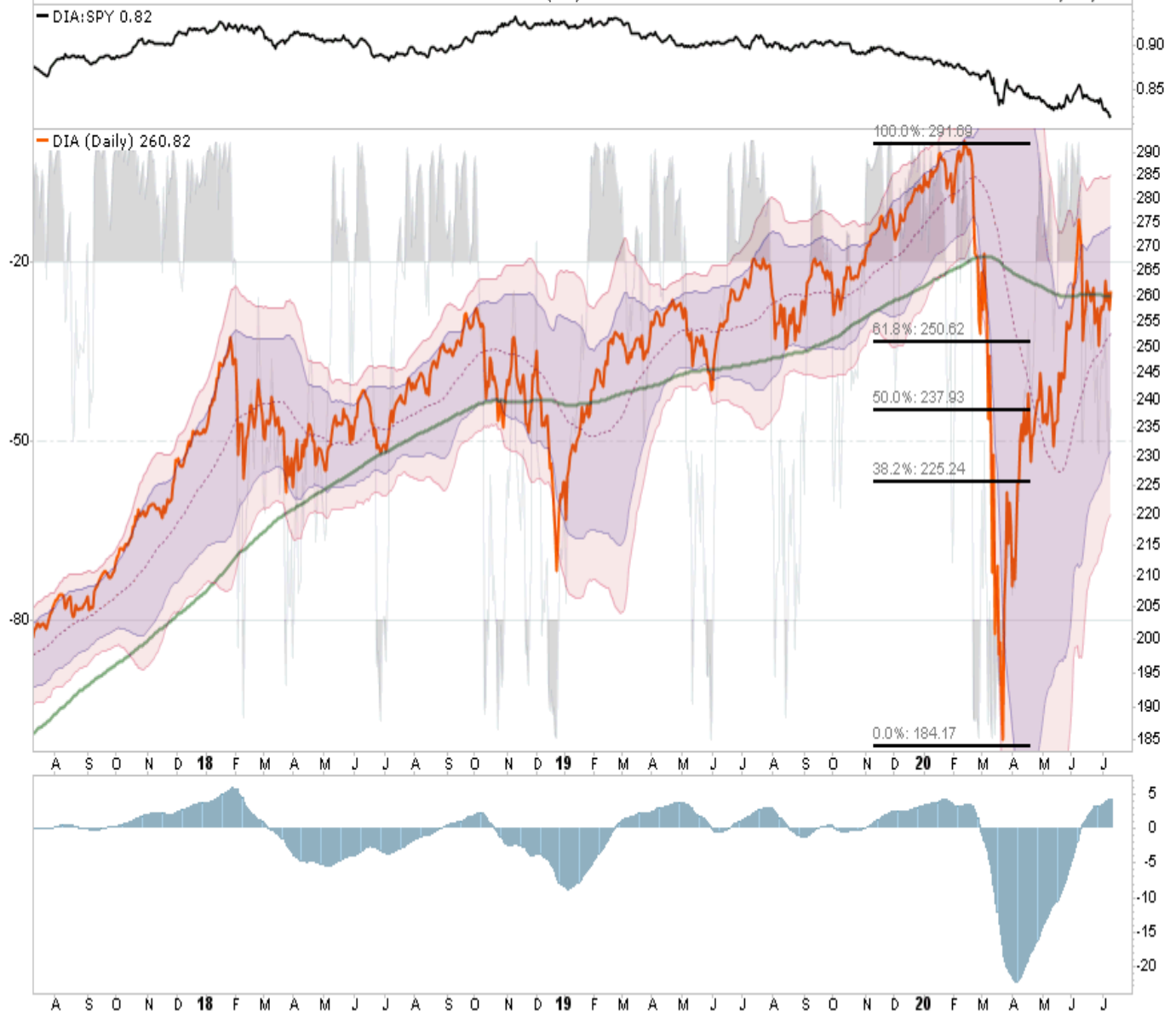


- As noted last week "The market did hold support and bounced above the short-term downtrend."�
- SPY is overbought short-term, but we are holding our trading position for the moment. The market continues to consolidate but next week's earnings may give us a short-term lift to June highs where we will take profits.
- **Short-Term Positioning: Bullish**
 - Last Week: No core position
 - This Week: 5% Trading position.
 - Stop-loss set at \$300 for trading positions.
 - Long-Term Positioning: Bearish

Dow Jones Industrial Average

Open: **257.20** Ask: P/E: Options: **yes**
 High: **261.16** Ask Size: EPS: Annual Dividend: **5.98536**
 Low: **256.46** Bid: Mkt Cap: **21.1B** Yield: **2.29%**
 Prev Close: **257.24** Bid Size: Last Size: SCTR (ETF): **43.5**

Friday 10-Jul-2020

▲ **+1.39%**Chg: **+3.58**Last: **260.82**Volume: **3,102,972**

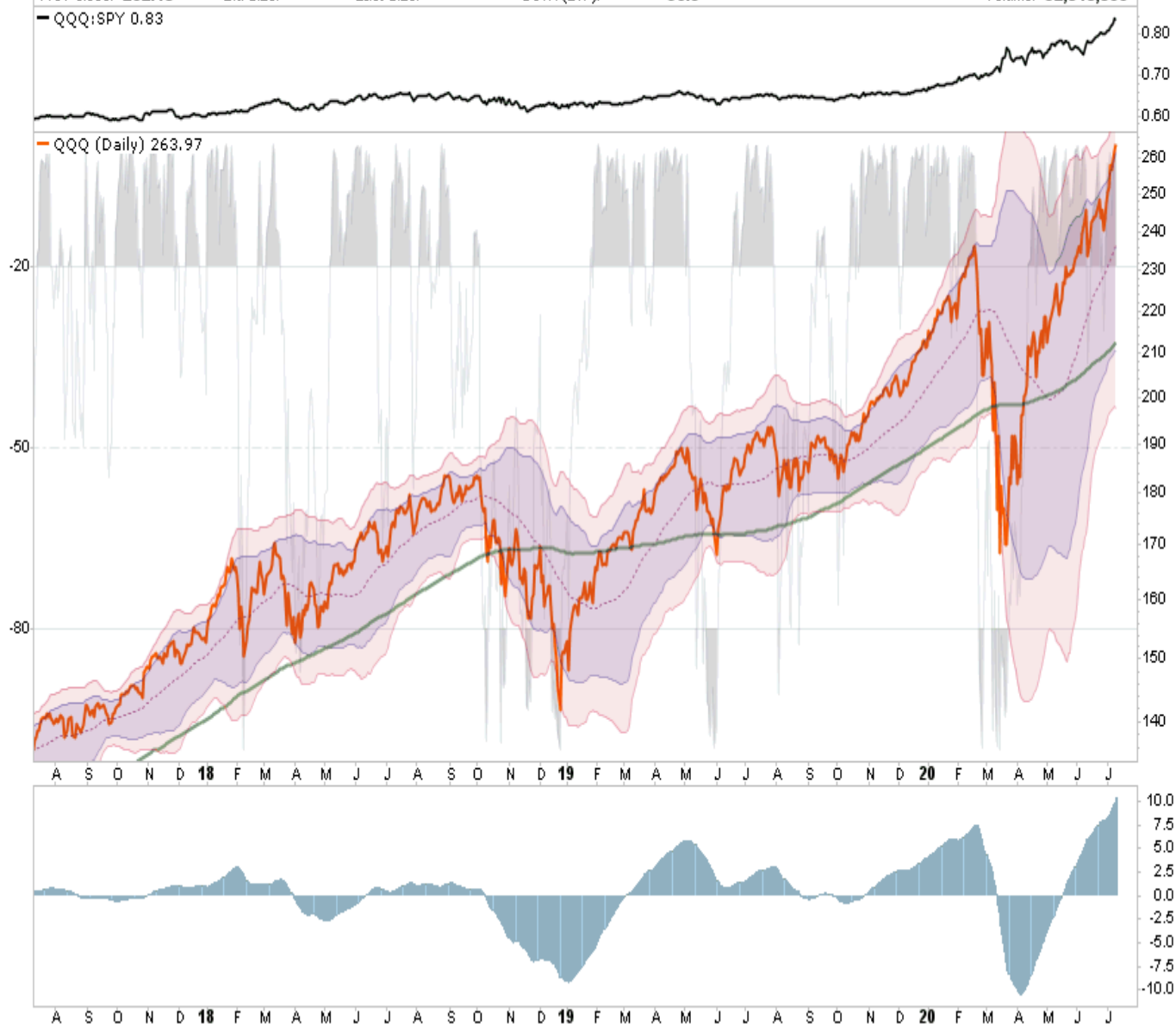
- We had previously added a 5% trading position in the Dow for a catchup trade, but it had violated the stop. We sold 1/2 of the position previously, but held 1/2 into this week.�
- On any rally next week, we are going to sell DIA as it is underperforming relative to other markets currently.�
- Short-Term Positioning: Bearish
 - Last Week: Sold 1/2 of position.
 - This Week: Holding 1/2 of position.
 - Stop-loss set at \$250
- Long-Term Positioning: Bearish

Nasdaq Composite

Open: **262.00** Ask: P/E: Options: **yes**
 High: **264.23** Ask Size: EPS: Annual Dividend: **1.62875**
 Low: **259.26** Bid: Mkt Cap: **124.1B** Yield: **0.62%**
 Prev Close: **262.18** Bid Size: Last Size: SCTR (ETF): **96.0**

Friday 10-Jul-2020

▲ **+0.68%**
 Chg: **+1.79**
 Last: **263.97**
 Volume: **32,818,866**

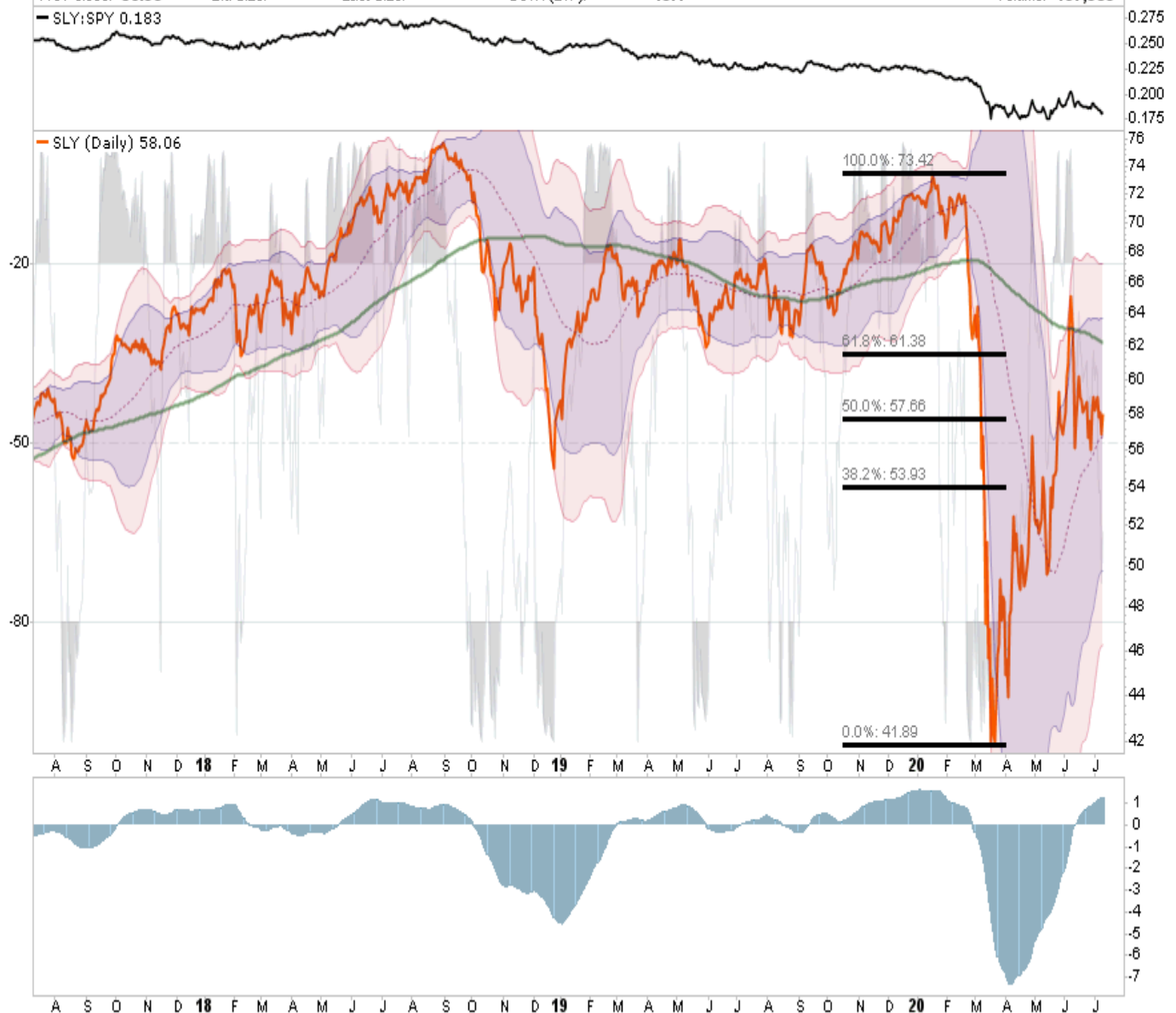


- *QQQ's outperformance of SPY continues. It has now reached "ridiculous" extremes.*
- *The QQQ's are massively overbought, the buy signal is extremely extended, and QQQ are 3-standard deviations above the 200-dma. This will correct.*
- *Take profits and rebalance as needed.*
- *Short-Term Positioning: Bearish ? Extension above 200-dma.*
 - *Last Week: No positions*
 - *This Week: No positions*
 - *Stop-loss moved up to \$240*
- *Long-Term Positioning: Bullish*

S&P 600 Index (Small-Cap)

Open: **56.69** Ask: P/E: Options: **no**
 High: **58.06** Ask Size: EPS: Annual Dividend: **1.00683**
 Low: **56.69** Bid: Mkt Cap: **929.0M** Yield: **1.73%**
 Prev Close: **56.90** Bid Size: Last Size: SCTR (ETF): **19.4**

Friday 10-Jul-2020

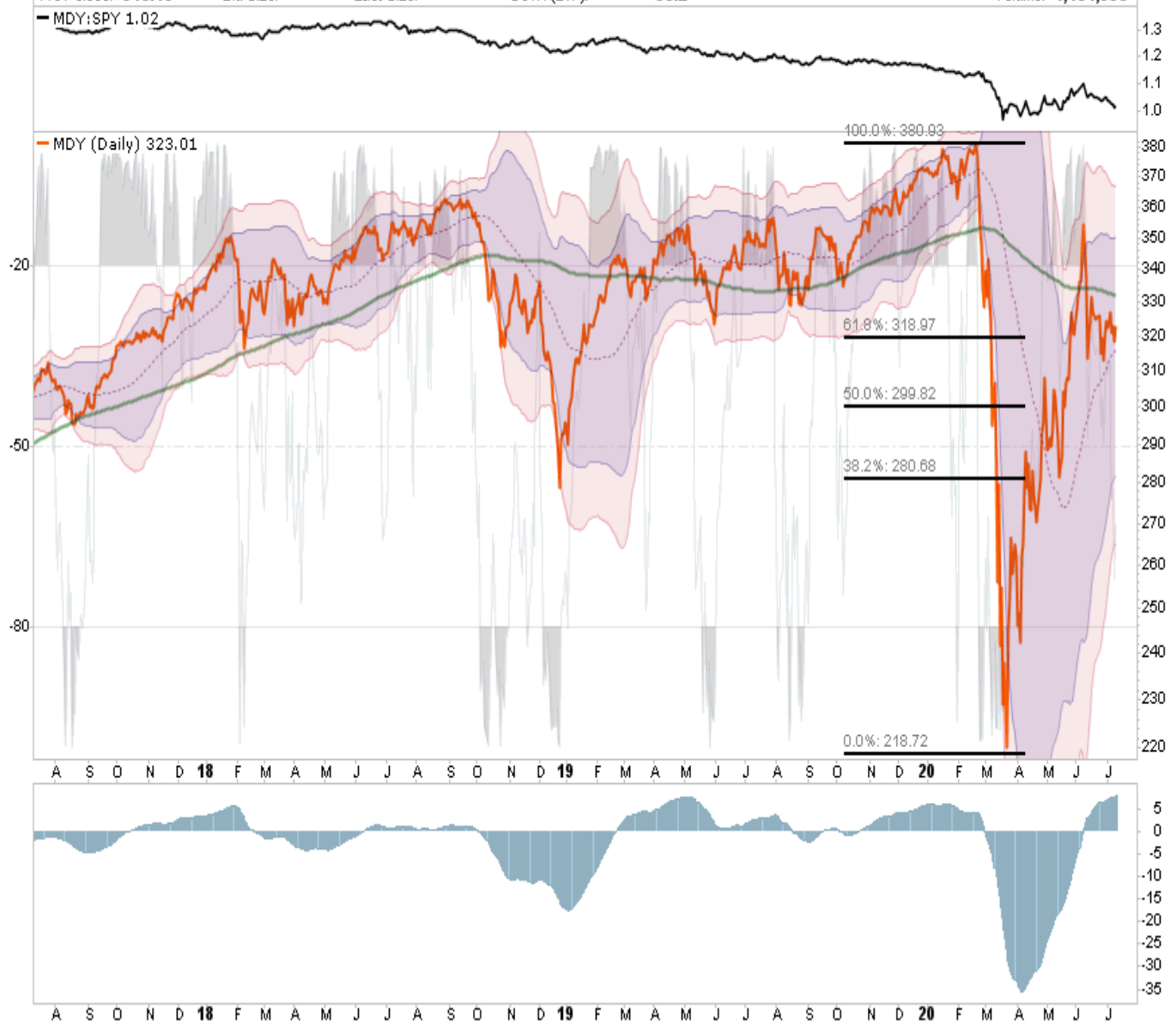
▲ **+2.03%**Chg: **+1.16**Last: **58.06**Volume: **107,989**

- The correction in small-caps continues with small caps back to underperforming large caps.
- With small-caps very susceptible to weak economic growth, we are still avoiding this area of the market. #2013266080;
- The previous stop-loss at \$58 was violated.
- 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)

Open: **318.74** Ask: P/E: Options: **yes**
 High: **323.06** Ask Size: EPS: Annual Dividend: **5.05296**
 Low: **317.70** Bid: Mkt Cap: **13.9B** Yield: **1.56%**
 Prev Close: **318.46** Bid Size: Last Size: SCTR (ETF): **30.2**

Friday 10-Jul-2020

▲ **+1.43%**Chg: **+4.55**Last: **323.01**Volume: **1,181,998**

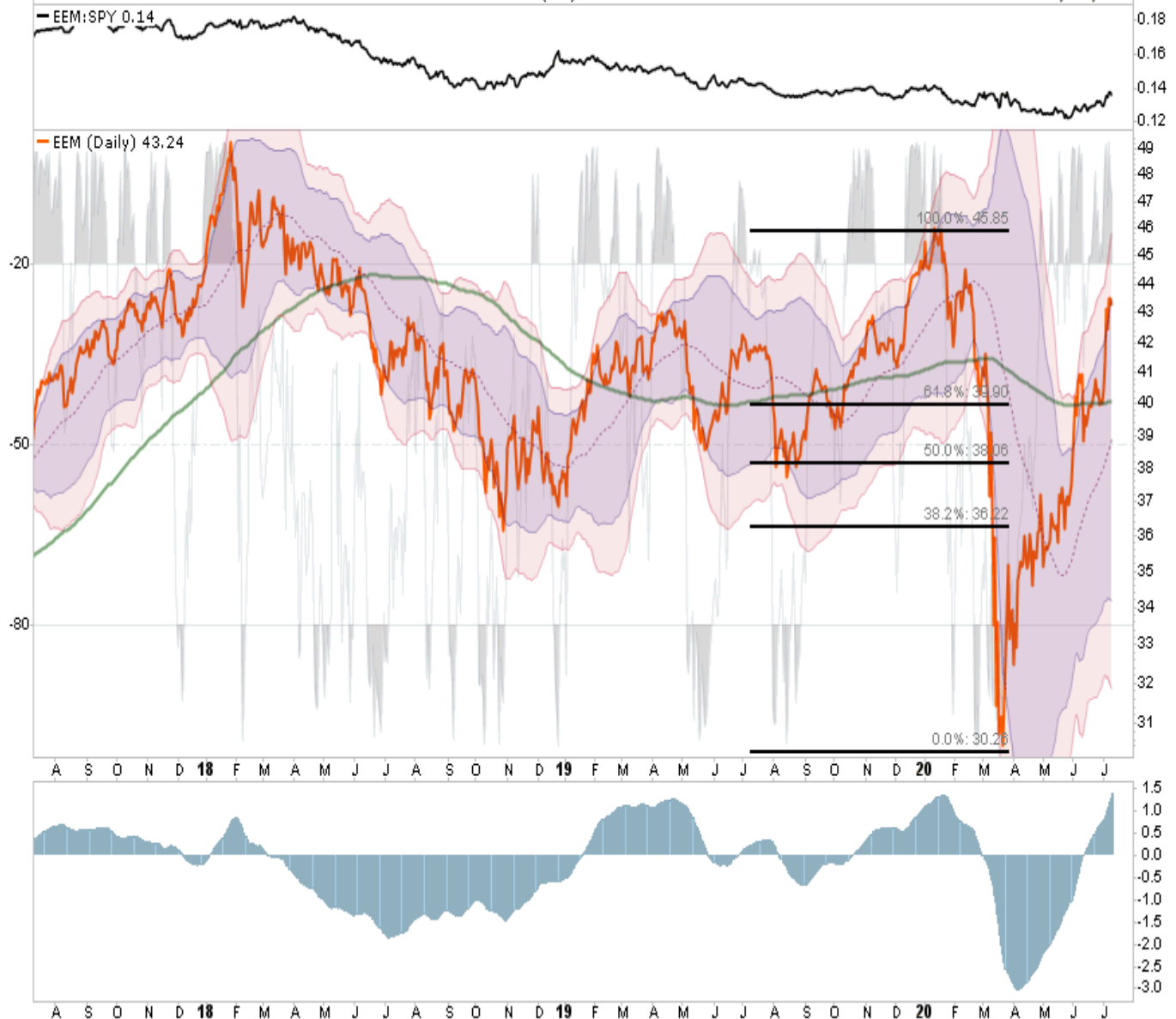
- The relative performance remains poor as with SLY. MDY also failed its breakout above the 200-dma resistance. 2013266080;
- We are also avoiding mid-caps for the time being until relative performance improves.
- The \$320 stop-loss was violated, but MDY is trying to hold support at the 61.8% retracement. Reduce if needed. 2013266080;
- Short-Term Positioning: Bearish
 - Last Week: No holding
 - This Week: No holding
 - Stop Loss reset at \$310
- Long-Term Positioning: Bearish

Emerging Markets

Friday 10-Jul-2020

Open: **43.23** Ask: P/E: Options: **yes**
 High: **43.30** Ask Size: EPS: Annual Dividend: **0.89298**
 Low: **42.95** Bid: Mkt Cap: **23.7B** Yield: **2.07%**
 Prev Close: **43.52** Bid Size: Last Size: SCTR (ETF): **80.4**

Chg: **-0.64%**
 Last: **43.24**
 Volume: **45,293,476**



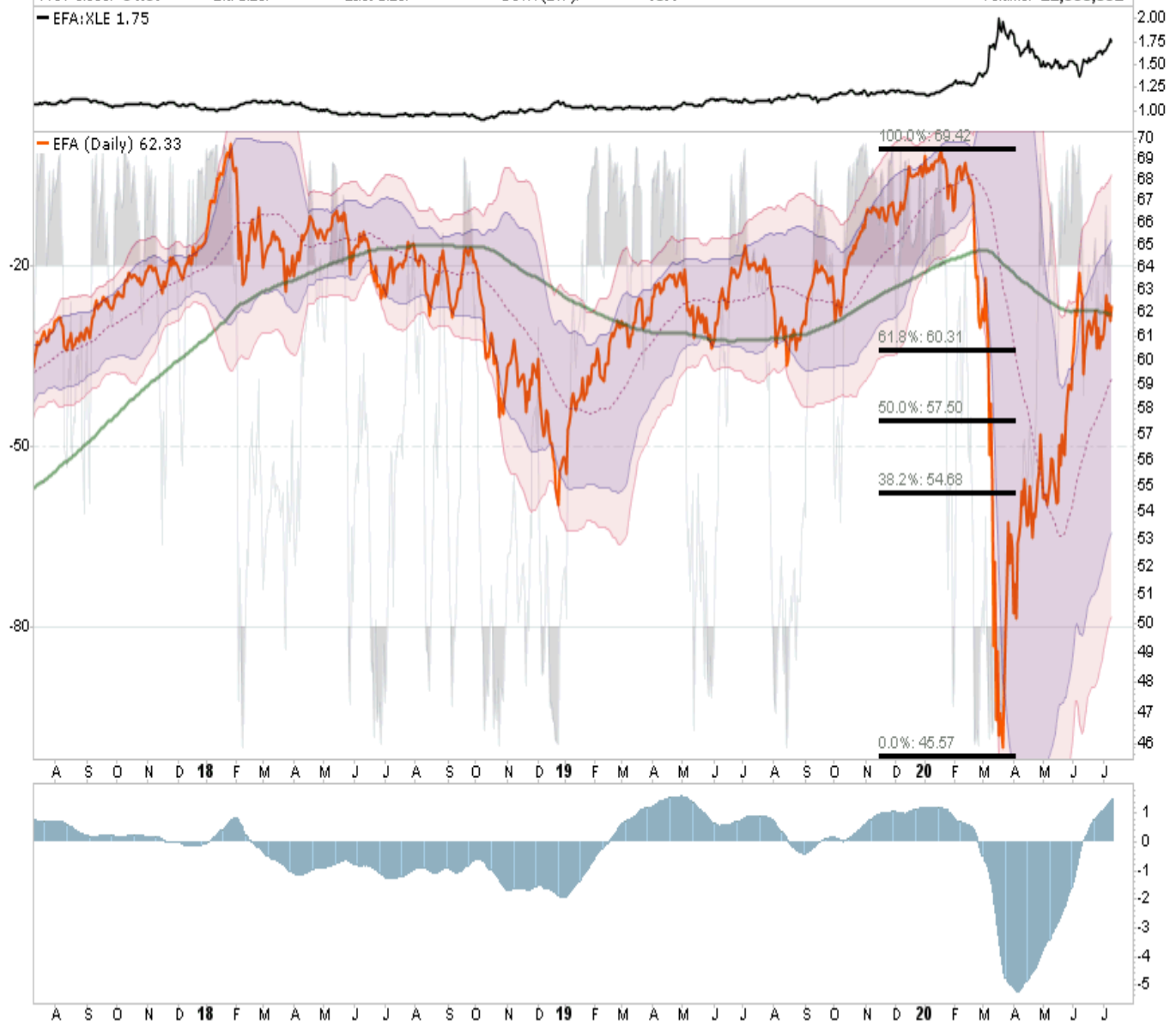
- Emerging markets have performed better on a relative basis but is now extremely extended.�
- Take profits and rebalance risk in portfolios.�
- Look for a correction that does not violate the 200-dma to add a trading position.�
- There is dollar risk to international markets so pay attention to it for 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 \$40 for trading positions.
- Long-Term Positioning: Bearish

International Markets

Friday 10-Jul-2020

Open: **61.92** Ask: P/E: Options: **yes**
 High: **62.36** Ask Size: EPS: Annual Dividend: **1.63354**
 Low: **61.73** Bid: Mkt Cap: **46.5B** Yield: **2.62%**
 Prev Close: **61.67** Bid Size: Last Size: SCTR (ETF): **48.1**

▲ **+1.07%**
 Chg: **+0.66**
 Last: **62.33**
 Volume: **22,008,832**



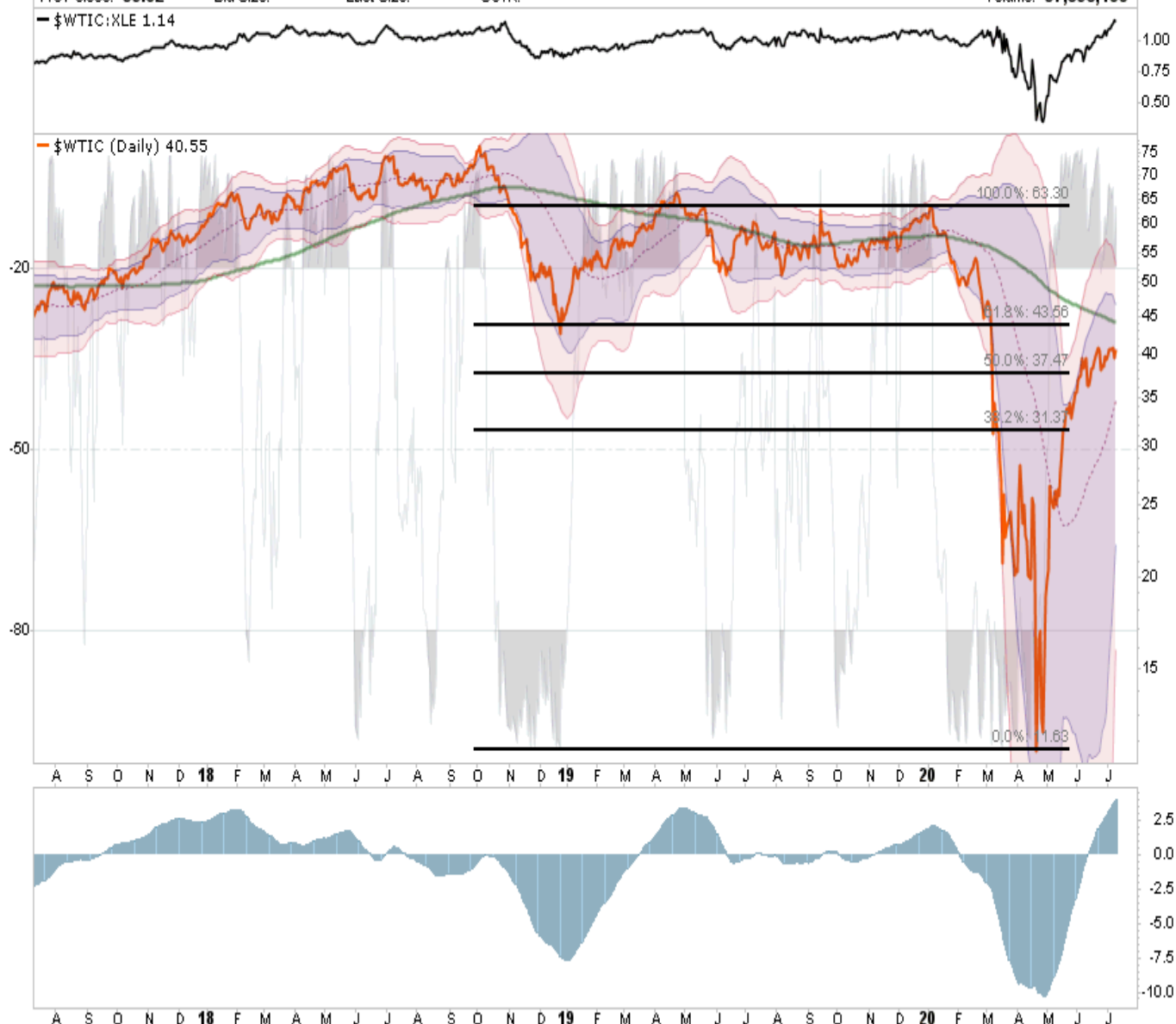
- Overall, like EEM, EFA is holding up better this past week. 2013266080;
- EFA has been struggling to hold its 200-dma but is not grossly extended.
- We added a 3% trading position this week with a tight stop at \$60
- As with EEM, EFA is dollar sensitive, so watch it for clues as to when to exit positions.
- Short-Term Positioning: Bearish
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss set at \$60
- Long-Term Positioning: Bearish

West Texas Intermediate Crude (Oil)

Friday 10-Jul-2020

Open: **39.58** Ask: P/E: Options: **no**
 High: **40.77** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **38.54** Bid: Mkt Cap: Yield: **N/A**
 Prev Close: **39.62** Bid Size: Last Size: SCTR:

▲ **+2.35%**
 Chg: **+0.93**
 Last: **40.55**
 Volume: **37,898,400**



- Oil prices are struggling to hold the 50% retracement level again this week but remain grossly overbought. 2013266080;
- We suggested last: **"Look for a correction to reverse some of the extreme overbought."** 2013266080; That hasn't occurred yet, but is still likely.
- Energy stocks are underperforming oil prices currently which suggests more trouble in the sector. However, there remains relative value in some energy companies which may perform better than oil prices in the near-term. 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

GLD SPDR Gold Shares NYSE

@StockCharts.com

Open: **169.95** Ask: P/E: **-16.35** Options: **yes**
 High: **170.15** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
 Low: **168.57** Bid: Mkt Cap: **69.5B** Yield: **N/A**
 Prev Close: **169.63** Bid Size: Last Size: SCTR (ETF): **88.7**

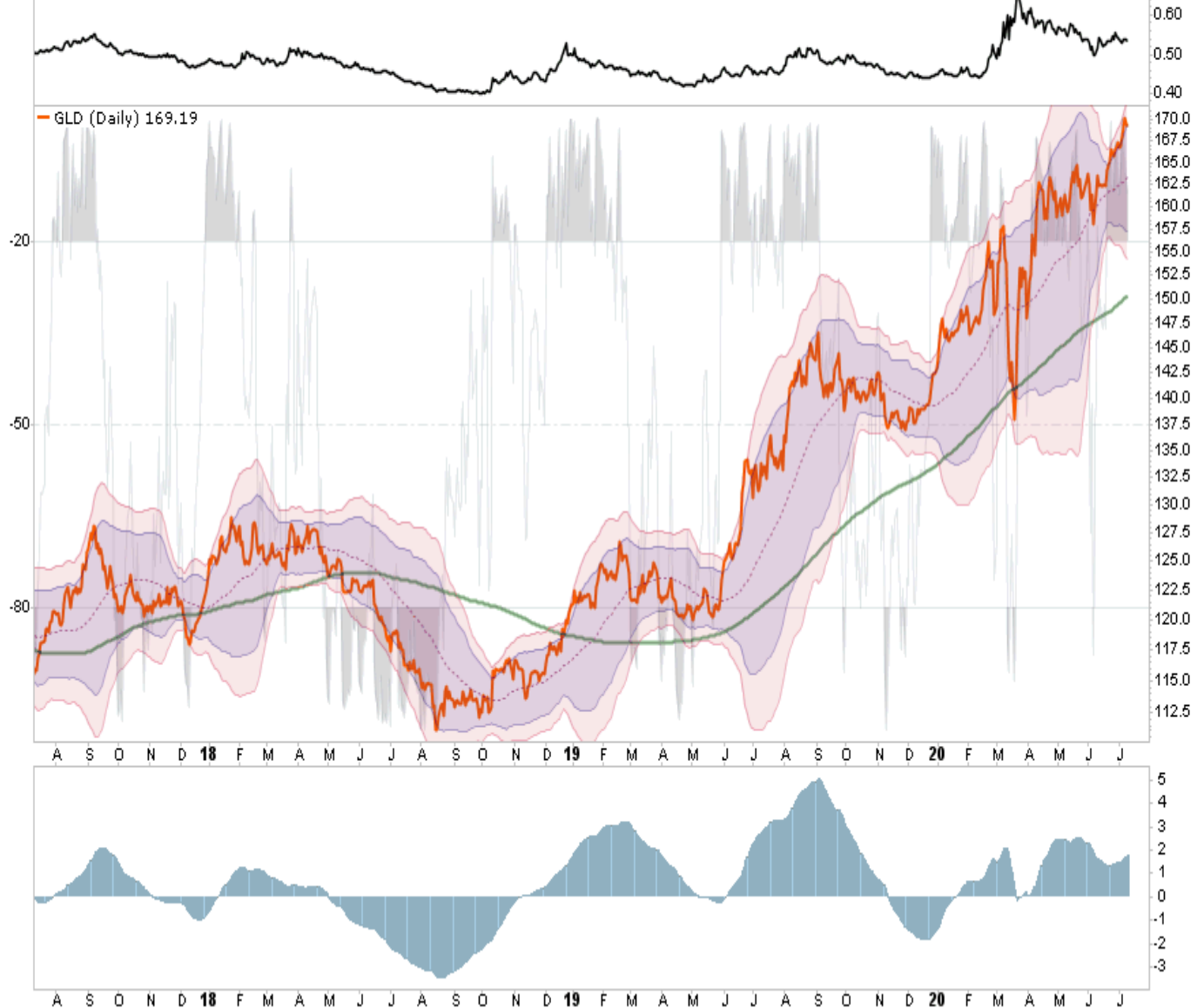
Friday 10-Jul-2020

Chg: **-0.26%**

Last: **169.19**

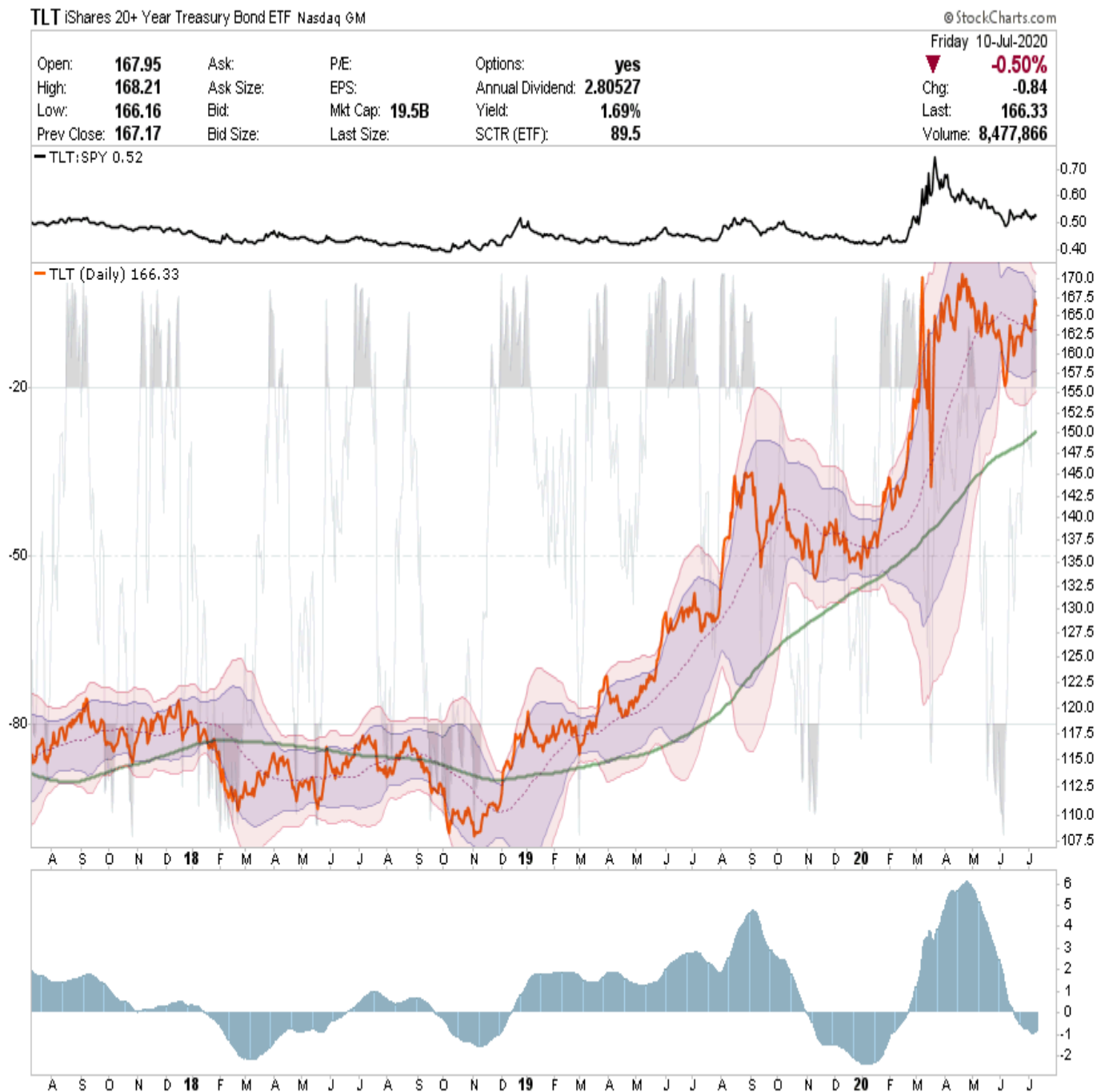
Volume: **8,210,833**

GLD:SPY 0.53



- We remain long our current position in IAU.�
- Over the last couple of weeks Gold rallied and broke out to new highs. However, the position is extremely overbought and pushing 3-standard deviations above the 50-dma.�
- We suggest taking some profits for now and look for a pullback to increase our sizing.�
- 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)



- TLT had been wrestling with the 50-dma and was not grossly extended. We noted last week that "there is more room for TLT to rally this next week."
- That rally did continue this week and now bonds are very overbought.
- We noted that we had added to both TLT in our portfolios to hedge against our increases in equity risk. We have also swapped IEF and SHY for MBB and AGG to increase duration and yield.
- There is still upside potential in rates if volatility continues this week, so we are holding positions for now.
- 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."**
- We think that may still be the case given the large number of analysts with "bearish" forecasts on the dollar.
- With the USD still oversold, there is potential for a further rally in the dollar. (This won't play well with EEM and EFA so we are watching our positions closely.)
- 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