

Major Market Buy-Sell Review: 09-07-20

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 09-07-20 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 tend to work better.



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

Major Market Buy/Sell Review 09-07-20

S&P 500 Index

Open: **346.13** Ask: P/E: Options: **yes**
 High: **347.83** Ask Size: EPS: Annual Dividend: **5.72541**
 Low: **334.87** Bid: Mkt Cap: **299.4B** Yield: **1.67%**
 Prev Close: **345.39** Bid Size: Last Size: SCTR (ETF): **82.0**

Friday 4-Sep-2020

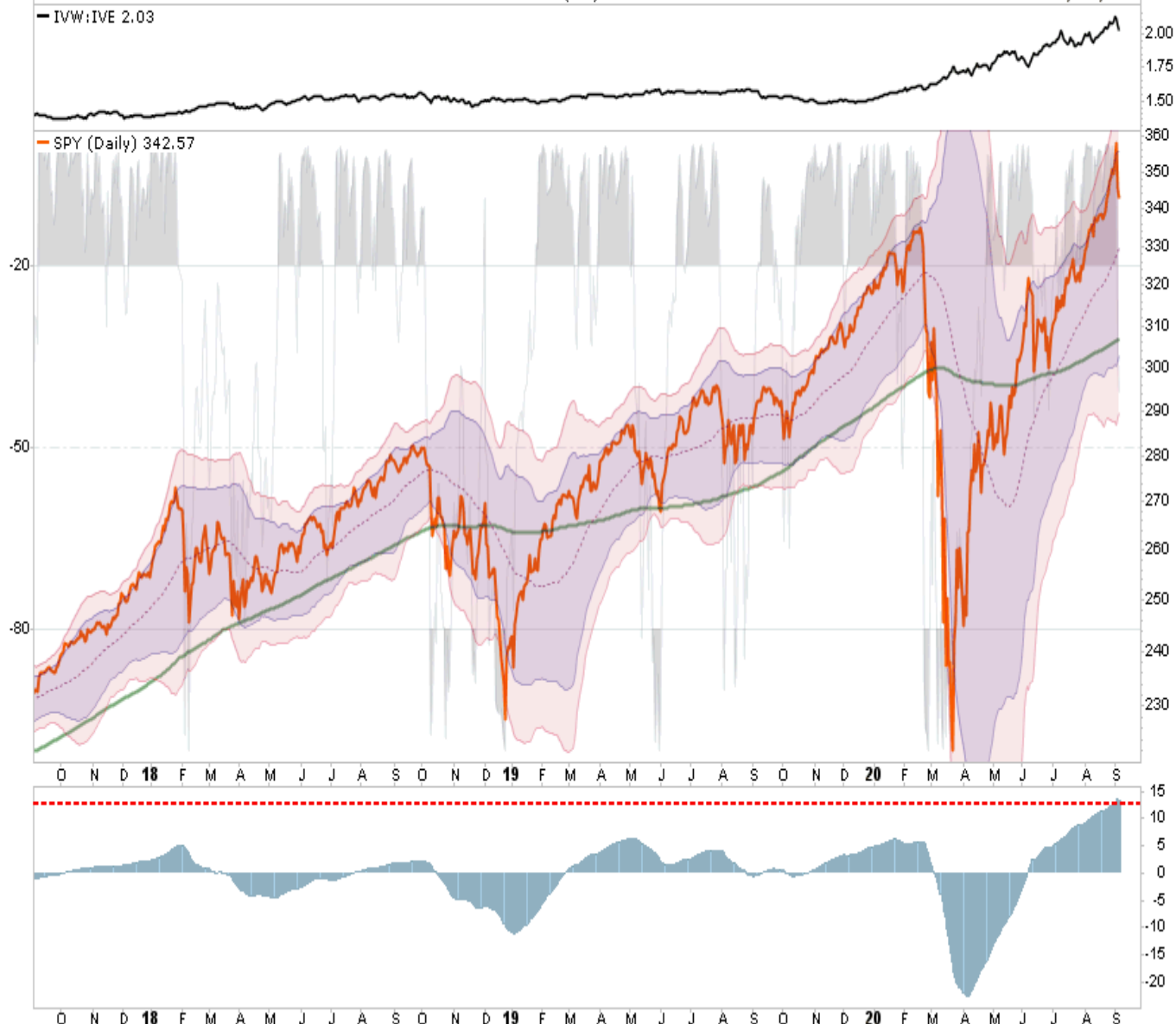
▼ -0.82%

Chg: -2.82

Last: 342.57

Volume: 139,019,216

- IVW:IVE 2.03

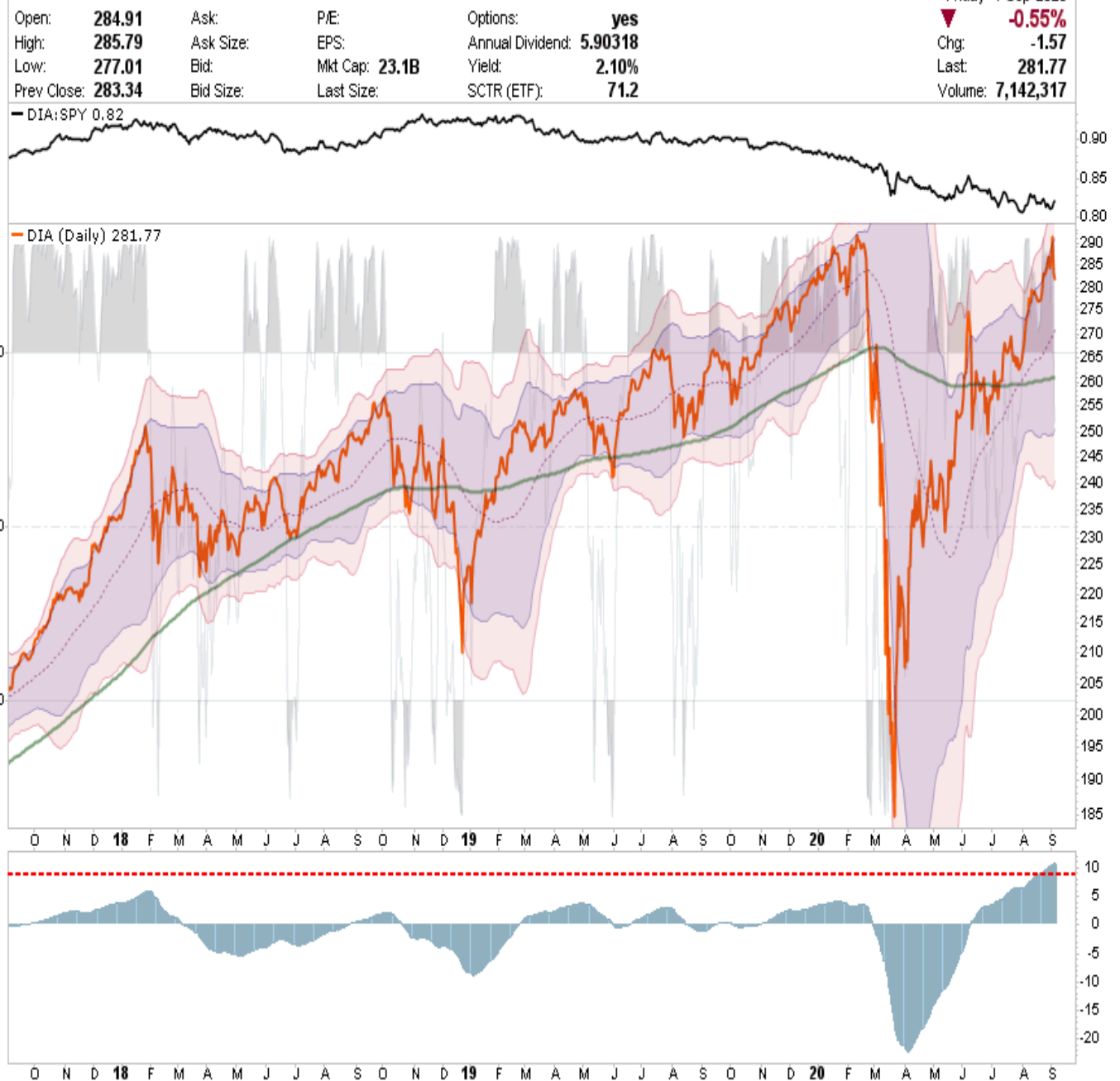


- Last week I wrote: "Wow. SPY is now extraordinarily overbought and pushing well into 3-standard deviations above the 50-dma. As noted in this week's [#Macroview](#), the deviations of WEEKLY measures are at historical extremes. **Such is the point where a correction usually begins to some degree. As noted in our PORTFOLIO COMMENTARY last week, we are now starting to make adjustments for a correction.**"
- That correction came with a vengeance on Thursday and Friday but has done little to reverse the massive overbought conditions. While we suspect we will see some attempts at "dip buying," there is a high degree of risk to the market still.
- Trading positions can be added, but caution is advised.
- Short-Term Positioning: Bullish
 - Last Week: No holdings.
 - This Week: No holdings
 - Stop-loss set at \$310 for trading positions.
 - Long-Term Positioning: Bullish

Dow Jones Industrial Average

DIA SPDR Dow Jones Industrial Average ETF NYSE

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- The Dow continues to underperform other major indices due to its lack of the 5-major FANG stocks, but it did slightly outperform the S&P last week.�
- The Dow remains extremely overbought, and as with the S&P, we will likely see some dip buying next week, but likely that will fail and a test of the 50-dma is likely.
- Trading positions only for now.�
- Short-Term Positioning: Bearish
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss moved up to \$260
- Long-Term Positioning: Bullish

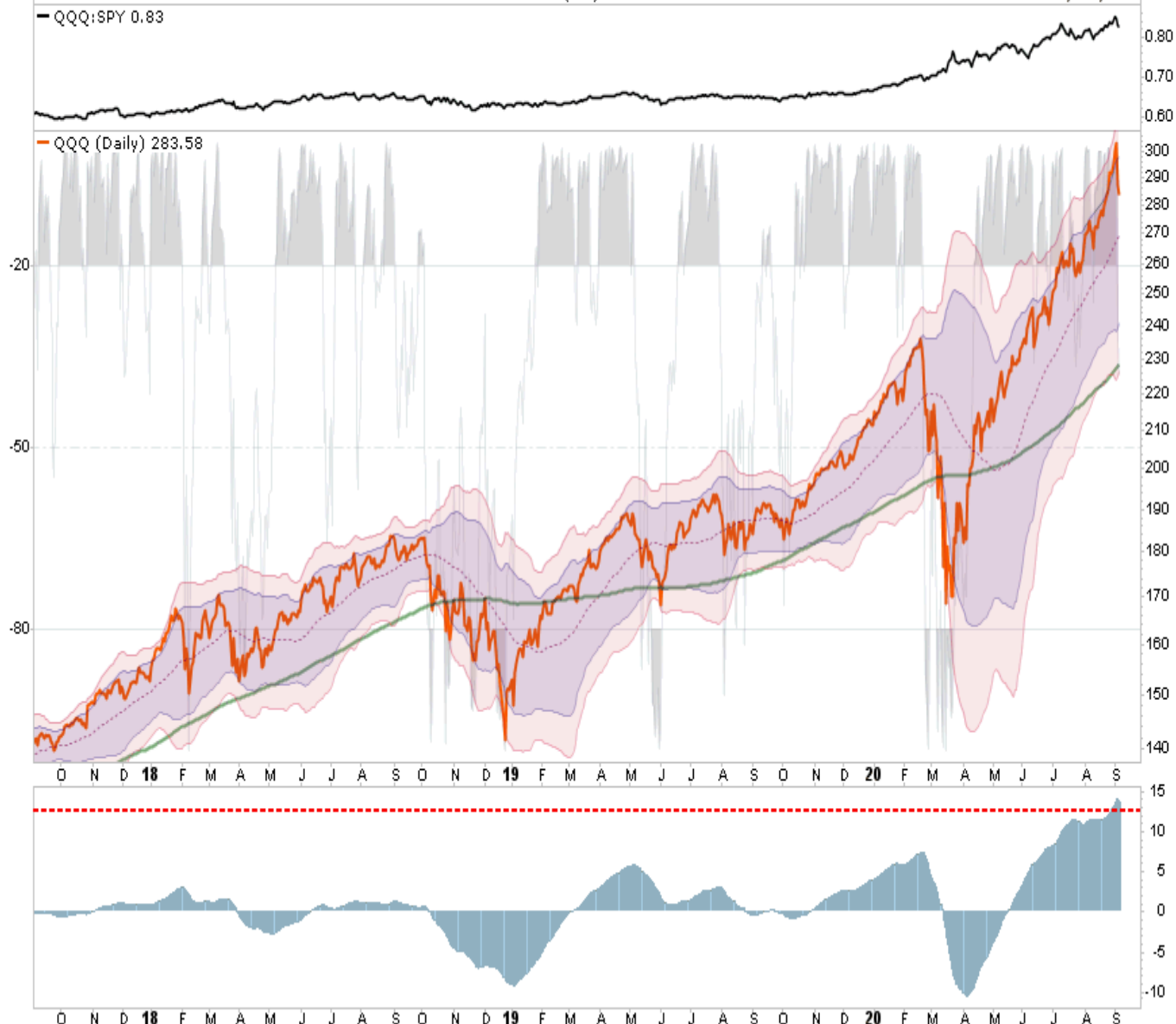
Nasdaq Composite

Friday 4-Sep-2020

Open: **285.76** Ask: P/E: Options: **yes**
 High: **288.93** Ask Size: EPS: Annual Dividend: **1.62875**
 Low: **271.80** Bid: Mkt Cap: **134.4B** Yield: **0.57%**
 Prev Close: **287.41** Bid Size: Last Size: SCTR (ETF): **96.4**

Chg: **-1.33%**
 Last: **283.58**
 Volume: **123,381,544**

— QQQ:SPY 0.83



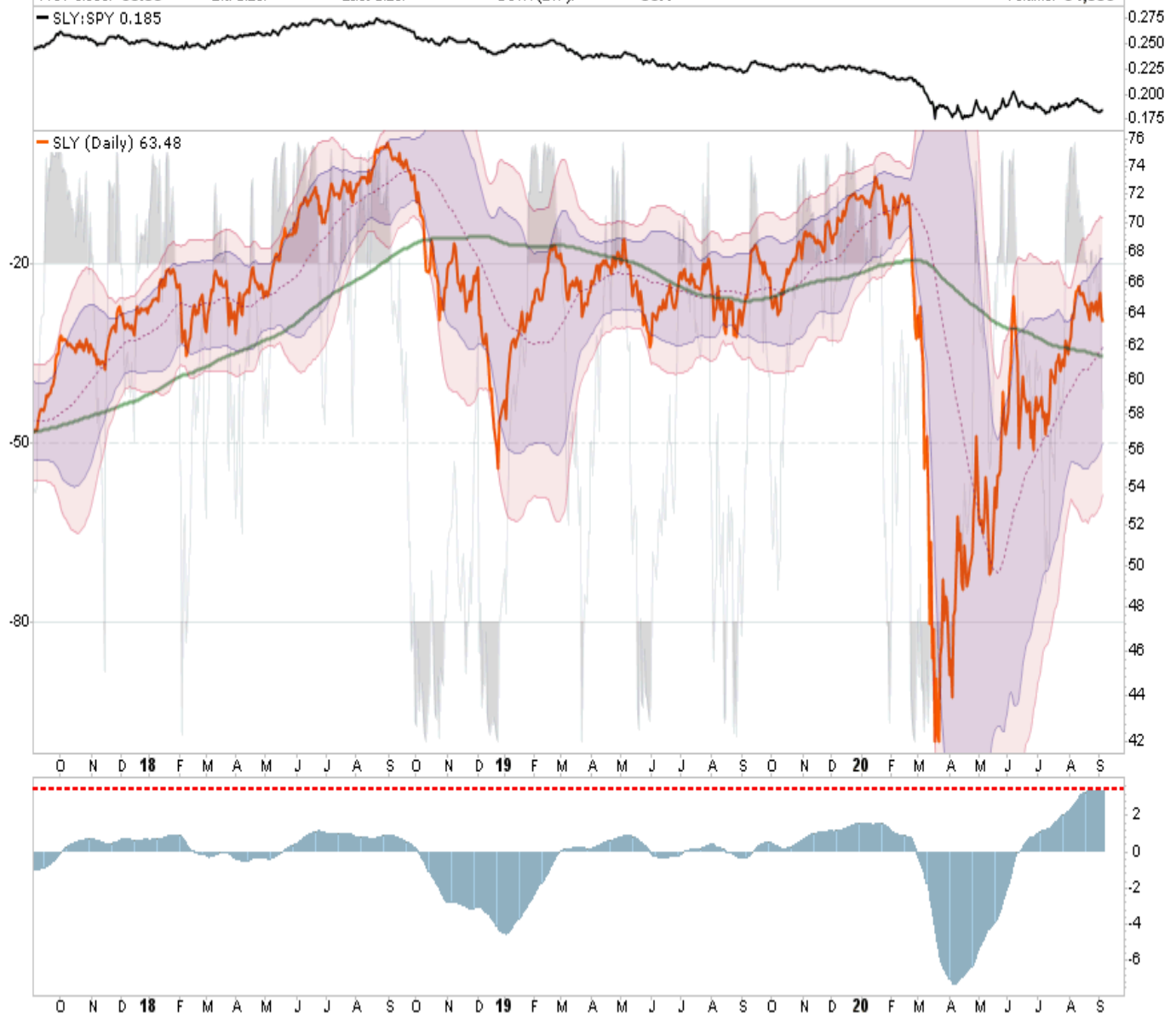
- QQQ's outperformance of SPY turned down last week as Tech stocks received the brunt of the selloff.
- The QQQ's remain massively overbought, and the buy signal remains grossly extended. QQQ is pushing up well into 3-standard deviations above the 50-dma. A further correction is likely.
- We added some short-term trading positions to our current technology stock holdings on Friday. On a bounce we will likely sell them. 2013266080;
- Short-Term Positioning: Bearish ? Extension above 200-dma.
 - Last Week: No changes this week.
 - This Week: Taking profits.
 - Stop-loss moved up to \$240
- Long-Term Positioning: Bullish

S&P 600 Index (Small-Cap)

Friday 4-Sep-2020

Open: **64.50** Ask: P/E: Options: **no**
 High: **64.56** Ask Size: EPS: Annual Dividend: **1.00683**
 Low: **62.51** Bid: Mkt Cap: **1.02B** Yield: **1.59%**
 Prev Close: **63.80** Bid Size: Last Size: SCTR (ETF): **50.1**

Friday 4-Sep-2020
 ▼ **-0.50%**
 Chg: **-0.32**
 Last: **63.48**
 Volume: **94,556**

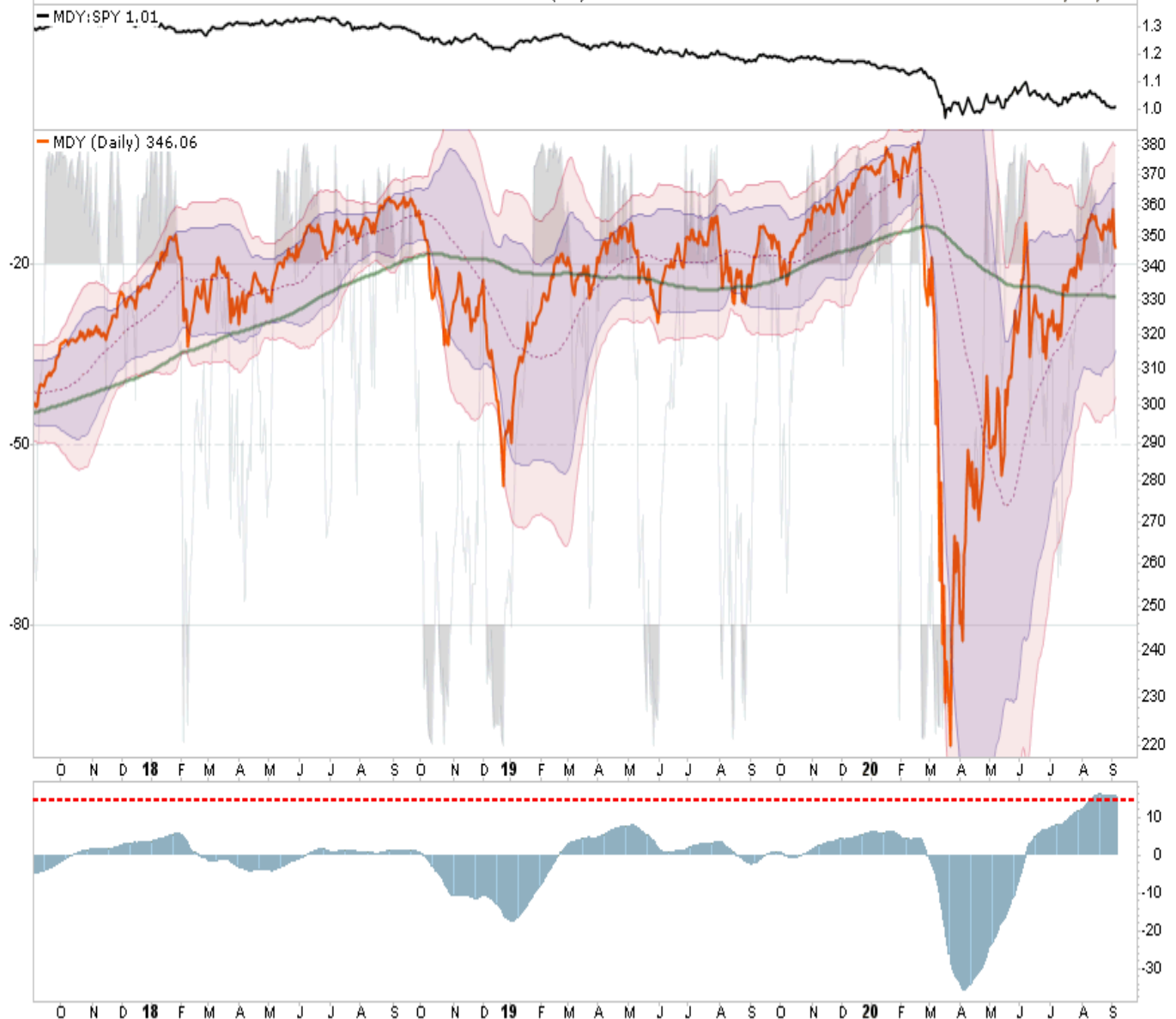


- The rally in small caps failed this past week after pushing into extreme overbought territory and small caps traded sideways.�
- The bullish news is the 50-dma is crossing above the 200-dma which will add support for small caps at \$62.
- Trading positions can be added at that support level for now.�
- Support is critical at the \$62 level.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss reset at \$62
- Long-Term Positioning: Bearish

S&P 400 Index (Mid-Cap)

Open: **350.93** Ask: P/E: Options: **yes**
 High: **351.92** Ask Size: EPS: Annual Dividend: **5.05296**
 Low: **339.38** Bid: Mkt Cap: **14.9B** Yield: **1.46%**
 Prev Close: **347.75** Bid Size: Last Size: SCTR (ETF): **51.3**

Friday 4-Sep-2020

▼ **-0.49%**Chg: **-1.69**Last: **346.06**Volume: **1,239,994**

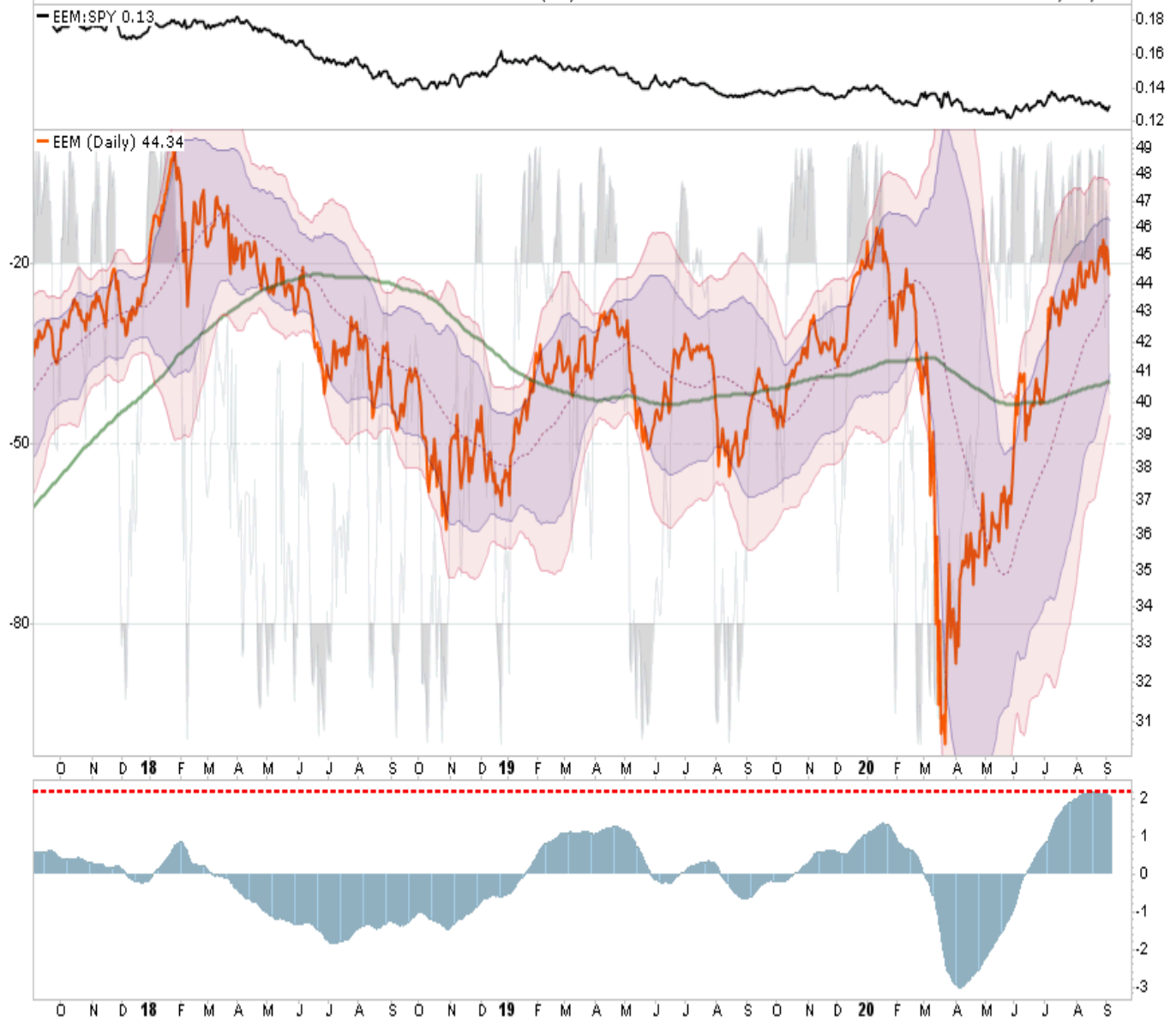
- The relative performance remains poor as with SLY. However, MDY also corrected a bit last week.�
- We continue to avoid mid-caps for the time being until relative performance improves.
- Trading positions can be added on a pullback to support at \$340.
- The \$330 stop-loss remains.�
- Short-Term Positioning: Bearish
 - Last Week: No holding
 - This Week: No holding
 - Stop Loss reset at \$330
- Long-Term Positioning: Bearish

Emerging Markets

Friday 4-Sep-2020

Open: **44.42** Ask: P/E: Options: **yes**
 High: **44.65** Ask Size: EPS: Annual Dividend: **0.89298**
 Low: **43.58** Bid: Mkt Cap: **23.9B** Yield: **2.01%**
 Prev Close: **44.32** Bid Size: Last Size: SCTR (ETF): **67.0**

▲ **+0.05%**
 Chg: **+0.02**
 Last: **44.34**
 Volume: **62,284,480**



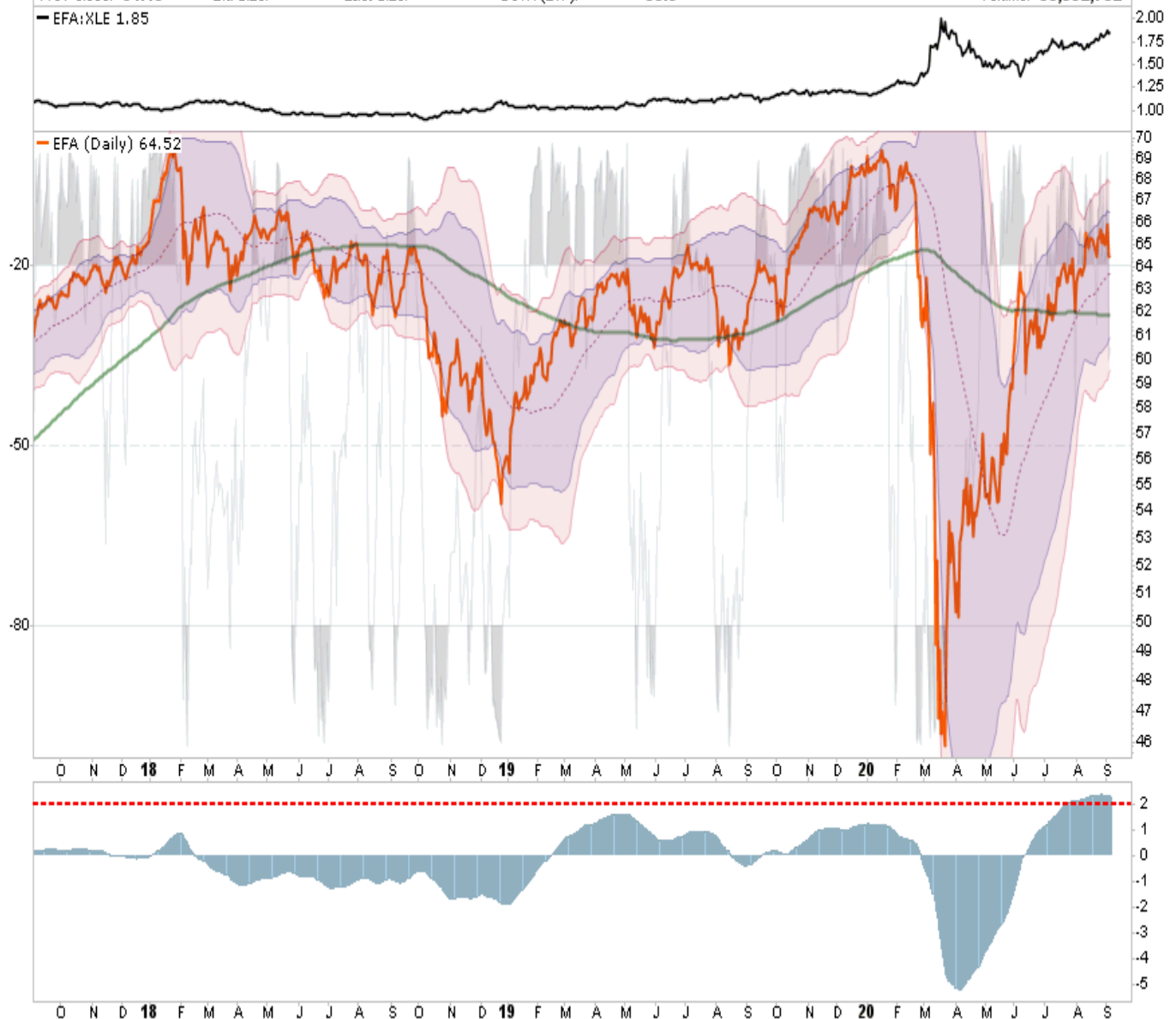
- *Emerging markets have performed better on a relative basis during the correction.*
- *However, they remain extremely extended and well deviated above their 200-dma.*
- *As with all other markets, the buy signal is at the highest level on record.*
- *The dollar decline, responsible for EEM performance, is well overdone. Look for a counter-trend rally, which will push EEM lower.*
- **Short-Term Positioning: Bullish**
 - Last Week: No position
 - This Week: No position.
 - Stop-loss remains at \$40 for trading positions.
- **Long-Term Positioning: Bearish**

International Markets

Friday 4-Sep-2020

Open: **64.69** Ask: P/E: Options: **yes**
 High: **64.85** Ask Size: EPS: Annual Dividend: **1.63354**
 Low: **63.35** Bid: Mkt Cap: **48.1B** Yield: **2.53%**
 Prev Close: **64.43** Bid Size: Last Size: SCTR (ETF): **53.0**

▲ **+0.14%**
 Chg: **+0.09**
 Last: **64.52**
 Volume: **33,992,752**



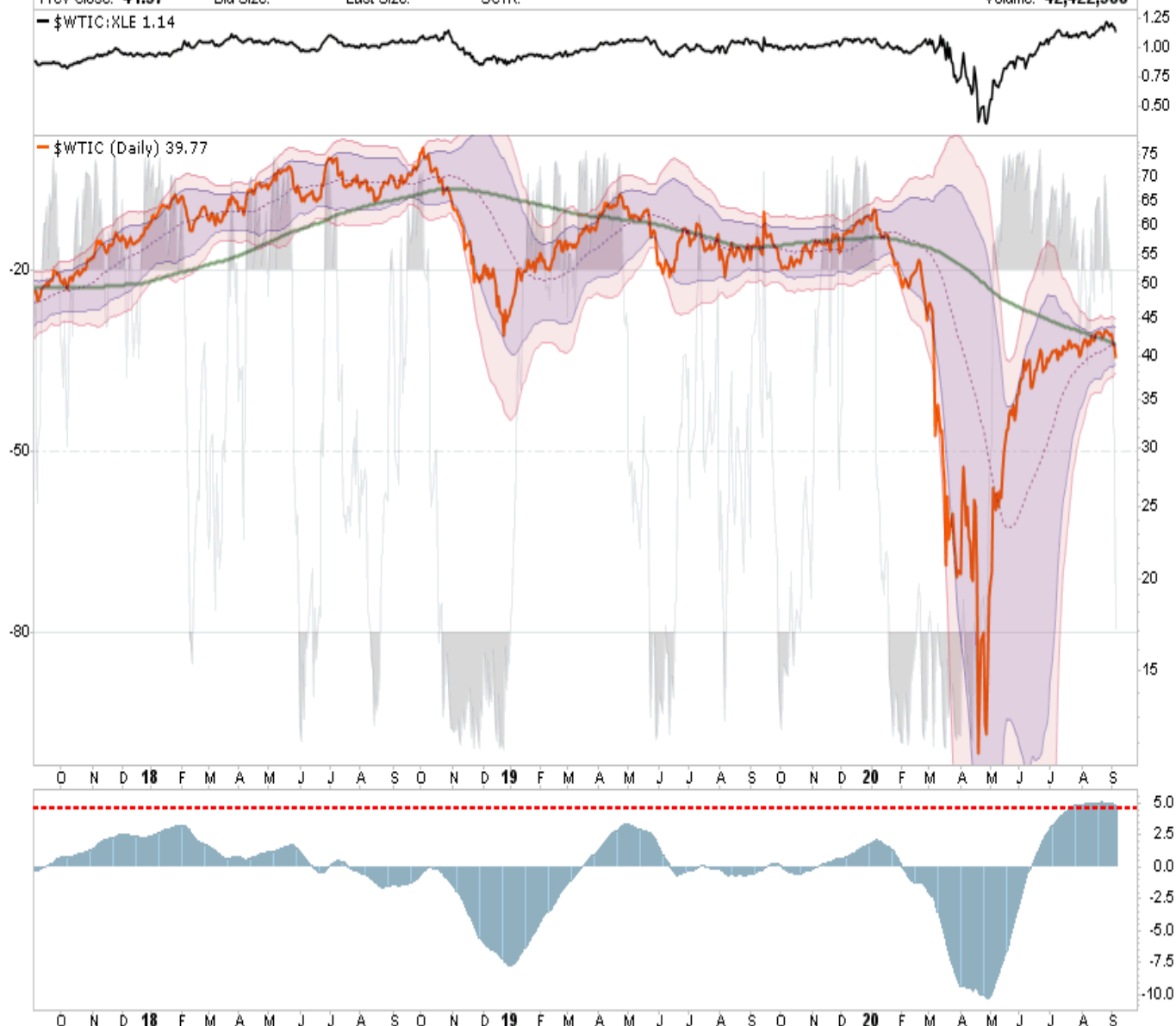
- *EFA was holding up better. It will be necessary for EFA to hold support at the 200-dma, but the overbought condition puts this at risk.*
- *The dollar is extremely oversold, so a rally in the dollar could impact the EFA.*
- **Short-Term Positioning: Bearish**
 - *Last Week: No position.*
 - *This Week: No position.*
 - *Stop-loss set at \$62*
- **Long-Term Positioning: Bearish**

West Texas Intermediate Crude (Oil)

Friday 4-Sep-2020

Open: **41.25** Ask: P/E: Options: **no**
 High: **41.87** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **39.35** Bid: Mkt Cap: Yield: **N/A**
 Prev Close: **41.37** Bid Size: Last Size: SCTR:

Chg: **-3.87%**
 Last: **39.77**
 Volume: **42,422,900**

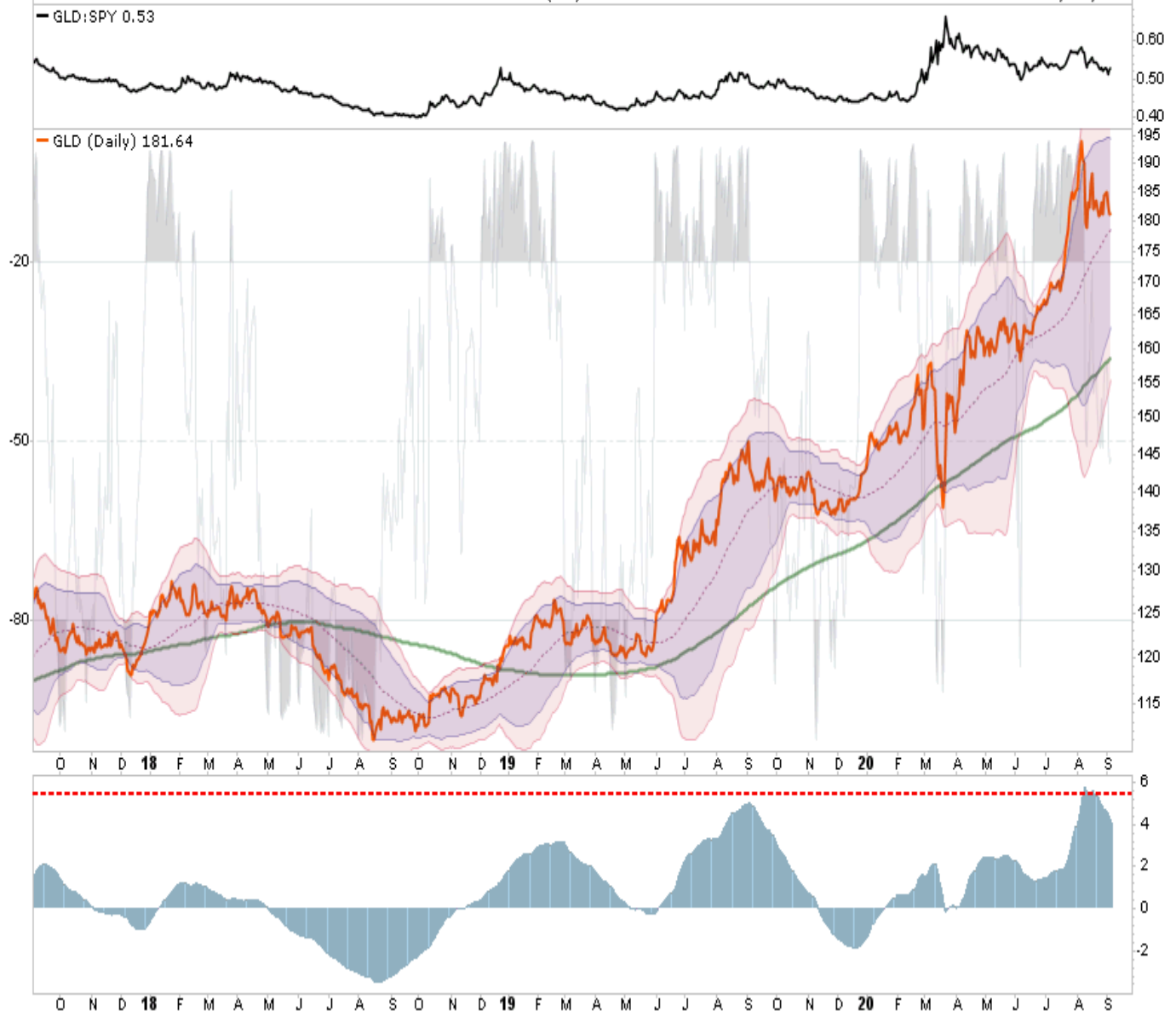


- We noted last week that "Oil prices are struggling to move higher but did manage to climb above the 200-dma."
- That quickly failed this past week with a sharp decline in oil prices after pushing up against 3-standard deviations and an extreme overbought condition;
- Pay attention to the risk;
- Oil is also subject to a reversal in the dollar as well;
- Short-Term Positioning: Bearish
 - Last Week: Hold positions
 - This Week: Hold positions
 - Stop for trading positions at \$32.50
- Long-Term Positioning: Bearish

Gold

Open: **180.95** Ask: P/E: **-17.55** Options: **yes**
 High: **182.10** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
 Low: **180.05** Bid: Mkt Cap: **77.7B** Yield: **N/A**
 Prev Close: **181.14** Bid Size: Last Size: SCTR (ETF): **75.6**

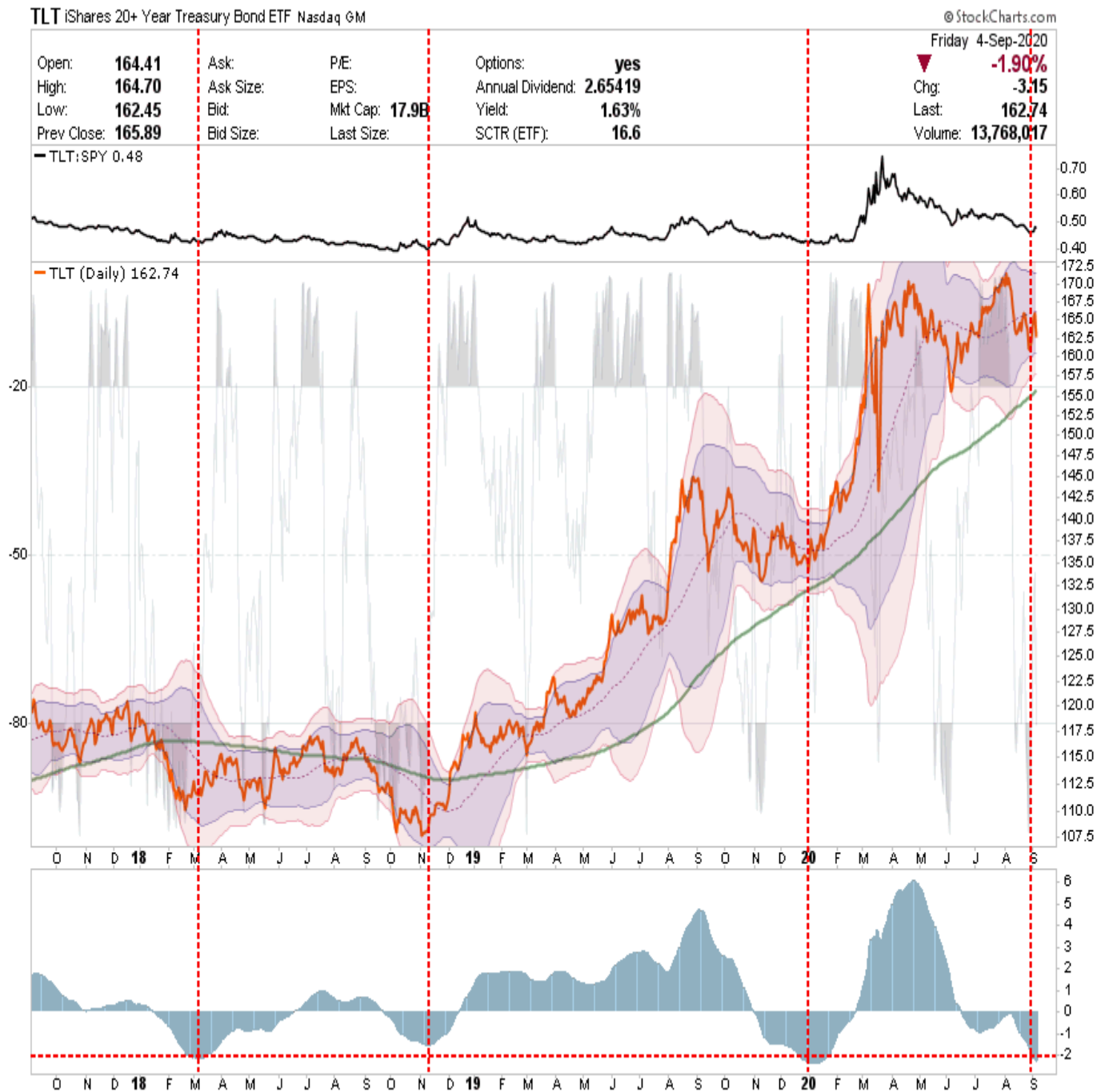
Friday 4-Sep-2020

▲ **+0.28%**Chg: **+0.50**Last: **181.64**Volume: **11,565,340**

- We remain long in our current position in IAU, but as noted last week, "after taking profits previously, we used the correction back to support to add a little to both IAU and GDX."
- Keep sizing relatively small for now. Gold is consolidating and is close to testing support at the 50-dma where it must hold.
- Set stops at \$175
- We believe downside risk is relatively limited, but as always, maintain stops.
- Short-Term Positioning: Bullish
 - Last week: Hold positions.
 - This week: Added 1% to current holdings of IAU and GDX. (See portfolio commentary.)
 - Stop-loss moved up to \$175
 - Long-Term Positioning: Bullish

Bonds (Inverse Of Interest Rates)

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- As noted two weeks ago, "the correction in bonds occurred last week, and on Friday, we used the dip to add to our TLT position."�
- On Friday we sold that added position to take profits on news the "Chinese threatened to dump bonds in retaliation to Trump's threats."� This is a non-threat and we will likely see bonds rally next week.�
- There is still upside potential in bonds from the current oversold condition.�
- Furthermore, the "sell signal" is now at levels that have typically preceded more massive rallies in bonds.�
- Investors can still add to Treasuries at current levels.
- Short-Term Positioning: Neutral
 - Last Week: Hold position.
 - This Week: Hold positions.
 - Stop-loss moved up to \$155

- Long-Term Positioning: Bullish

U.S. Dollar



- The dollar continues to hold support for now, but the oversold condition is more extreme.
- Given a large number of analysts with "bearish" forecasts on the dollar, the probability of a dollar rally has risen. **We have built a trading position for a counter-rally to hedge our energy and gold holdings.**
- Traders can add positions to hedge portfolios, but there is not likely a colossal move available currently given the current market dynamics.
- Stop-loss adjusted to \$92.