

## Major Market Buy-Sell Review: 09-14-20

**HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 09-14-20** 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 09-14-20

### S&P 500 Index

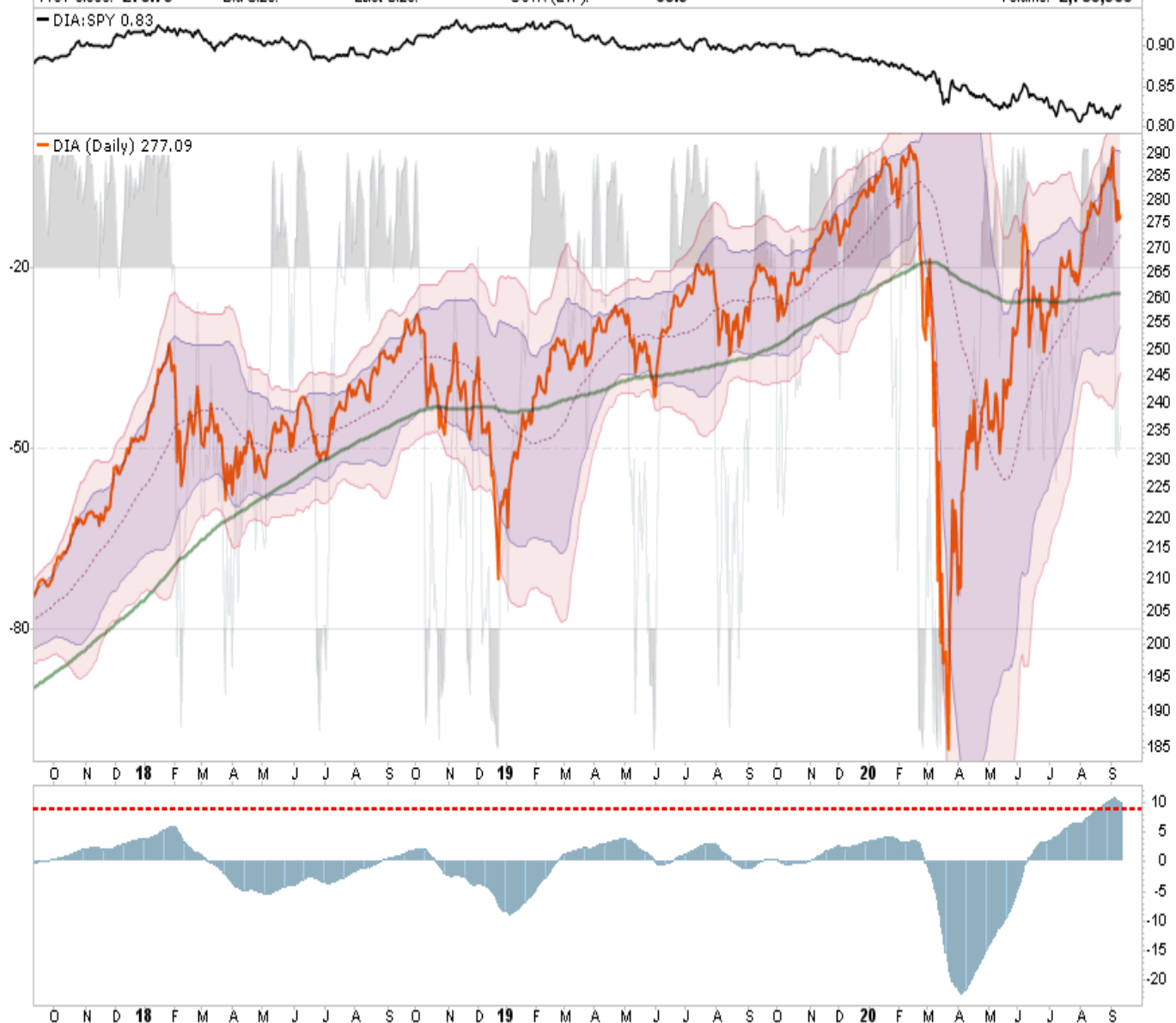


- Last week I wrote: "That correction came with a vengeance on Thursday and Friday but has done little to reverse the massive overbought conditions. While we suspect we will see some attempts at "dip buying," there is a high degree of risk to the market still."
- Such remains the case this week. The market remains stringently overbought, and if the market breaks the 50-dma next week, the 200-dma will become the next target. 2013266080;
- Use rallies to reduce risk, take profits, and potentially add a short-position into.
- 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

Open: **276.95**    Ask:    P/E:    Options: **yes**  
 High: **278.82**    Ask Size:    EPS:    Annual Dividend: **5.90318**  
 Low: **274.96**    Bid:    Mkt Cap: **22.7B**    Yield: **2.13%**  
 Prev Close: **275.79**    Bid Size:    Last Size:    SCTR (ETF): **65.9**

Friday 11-Sep-2020

▲ **+0.47%**Chg: **+1.30**Last: **277.09**Volume: **2,783,903**

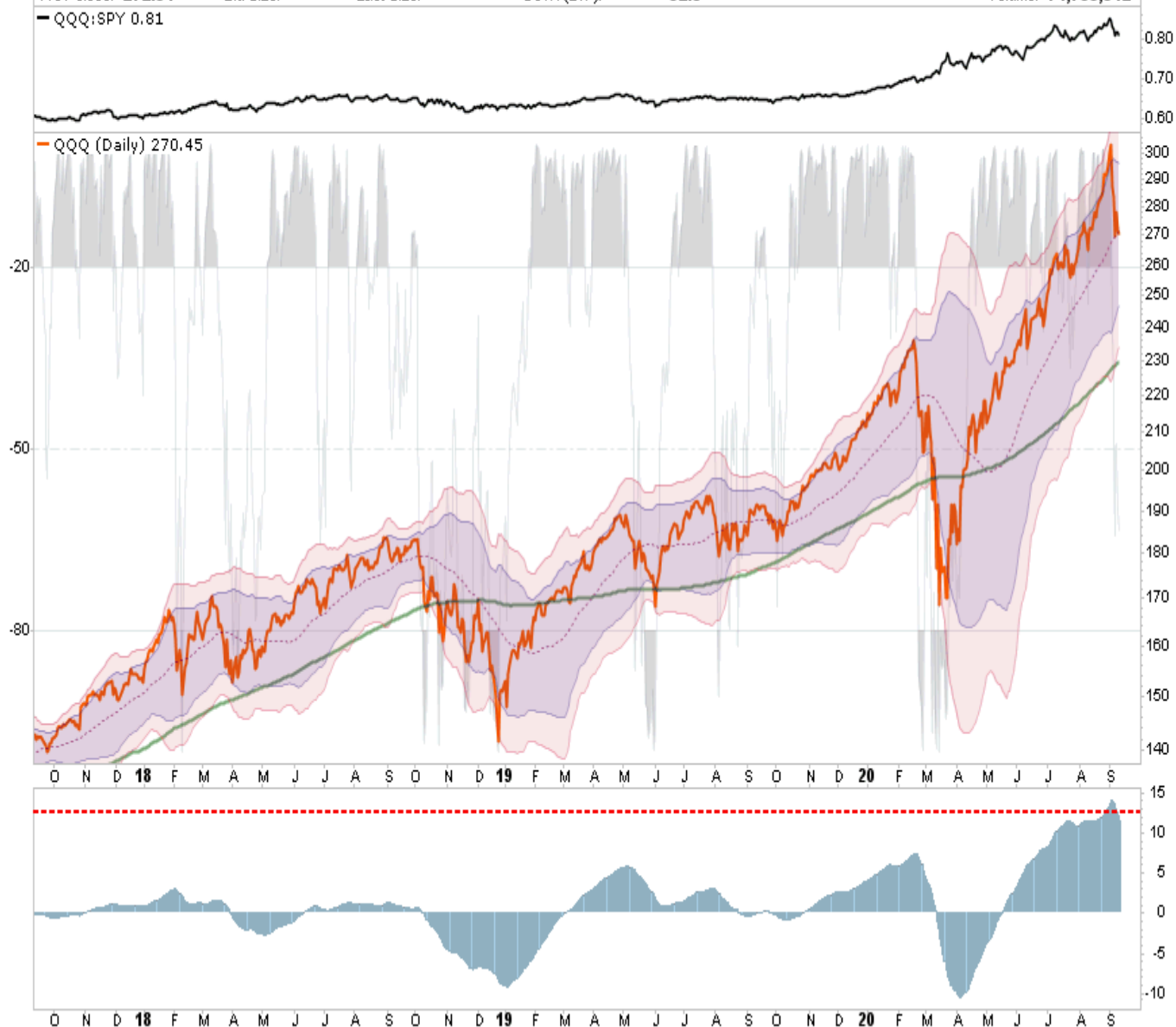
- *The Dow remains extremely overbought, and as with the S&P, we will likely see some dip buying next week, but likely that will fail and a test of the 50-dma is likely.*
- *Use rallies to sell into for now and reduce risk.*
- **Short-Term Positioning: Bearish**
  - *Last Week: No position.*
  - *This Week: No position.*
  - *Stop-loss moved up to \$260*
- **Long-Term Positioning: Bullish**

## Nasdaq Composite

Open: **274.33** Ask: P/E: Options: **yes**  
 High: **275.22** Ask Size: EPS: Annual Dividend: **1.62875**  
 Low: **266.90** Bid: Mkt Cap: **130.6B** Yield: **0.60%**  
 Prev Close: **272.34** Bid Size: Last Size: SCTR (ETF): **92.5**

Friday 11-Sep-2020

▼ **-0.69%**  
 Chg: **-1.89**  
 Last: **270.45**  
 Volume: **71,739,312**



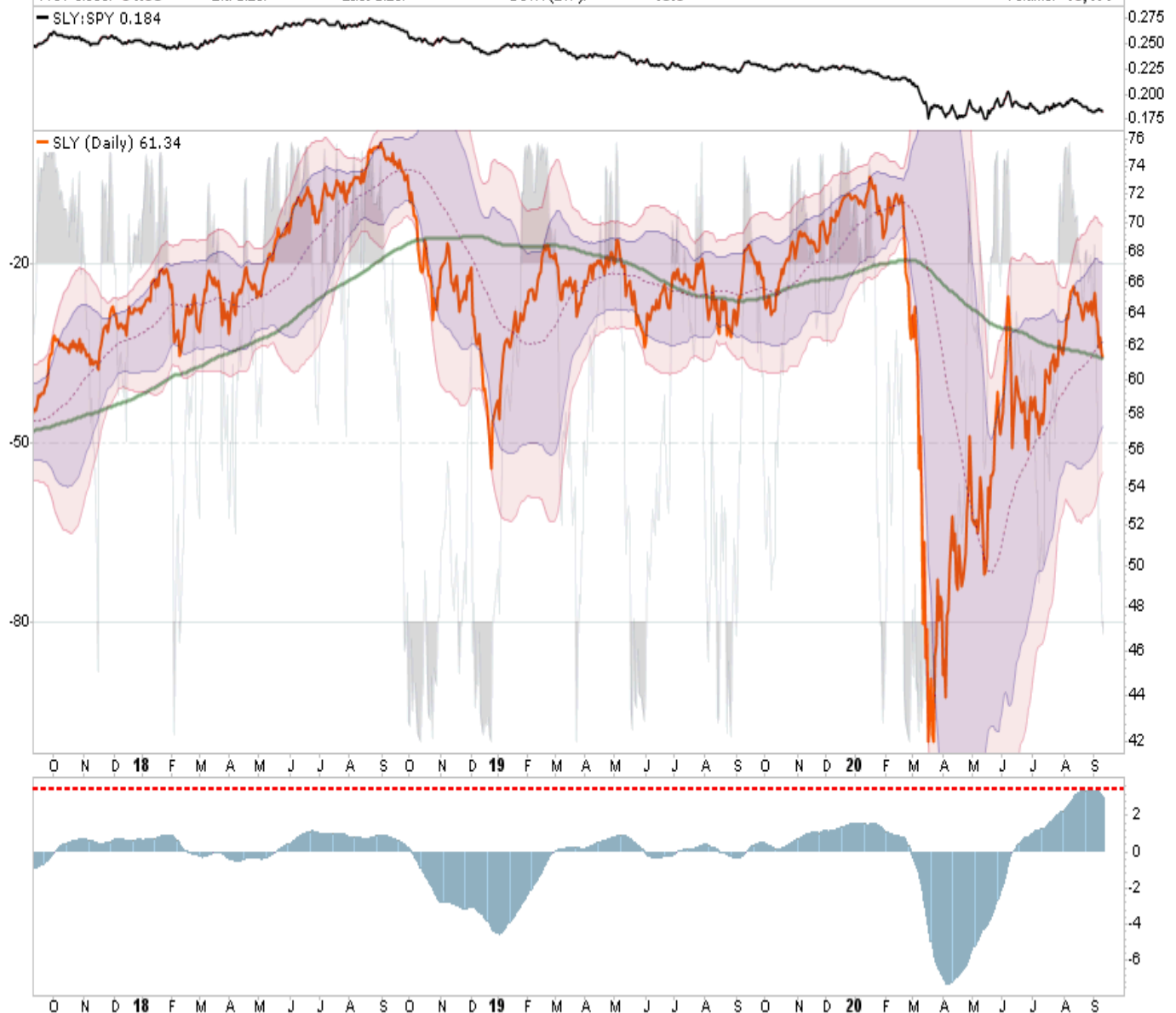
- QQQ's outperformance of SPY turned down last week as Tech stocks received the brunt of the selloff for a second week. 2013266080;
- The QQQ's remain massively overbought, and the buy signal remains grossly extended.
- Use rallies next week to reduce risk and raise cash.
- Short-Term Positioning: Bearish ? 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 11-Sep-2020

Open: **62.15** Ask: P/E: Options: **no**  
 High: **62.15** Ask Size: EPS: Annual Dividend: **1.00683**  
 Low: **60.88** Bid: Mkt Cap: **981.4M** Yield: **1.64%**  
 Prev Close: **61.68** Bid Size: Last Size: SCTR (ETF): **43.6**

Chg: **-0.55%**  
 Last: **61.34**  
 Volume: **46,477**



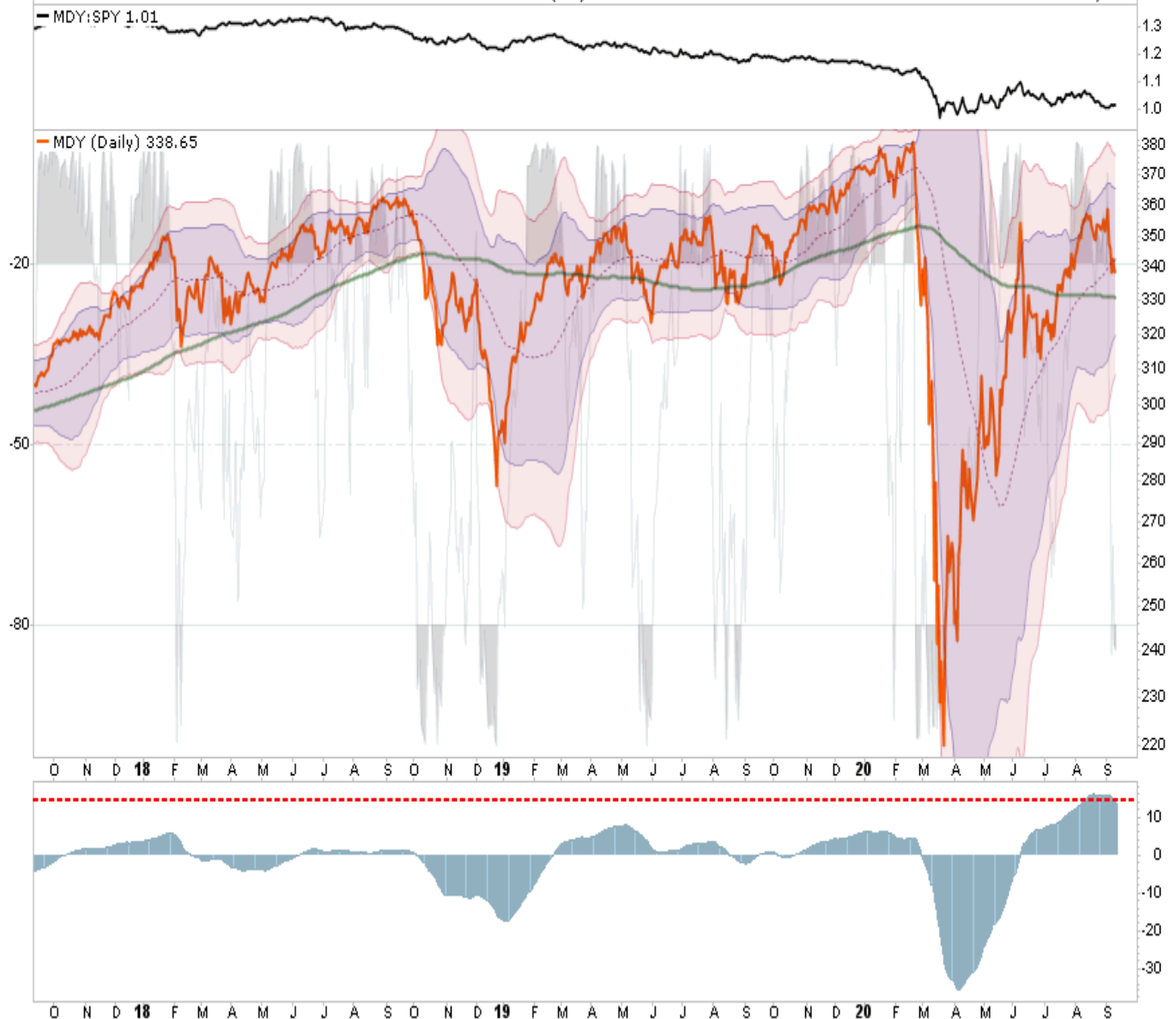
- The rally in small caps failed this past week after pushing into extreme overbought territory and small caps traded sideways.&#2013266080;
- The bullish news is the 50-dma is crossing above the 200-dma which will add support for small caps at \$62.
- Small-cap is testing the 200-dma. It must hold these levels but the index is not grossly oversold. Risk is to the downside currently.&#2013266080;
- Short-Term Positioning: Bearish ? Market Risk Is High
  - Last Week: No positions
  - This Week: No positions.
  - Stop-loss reset at \$60
- Long-Term Positioning: Bearish

## S&P 400 Index (Mid-Cap)

Friday 11-Sep-2020

Open: <b>340.83</b>	Ask:	P/E:	Options: <b>yes</b>
High: <b>341.00</b>	Ask Size:	EPS:	Annual Dividend: <b>5.05296</b>
Low: <b>335.57</b>	Bid:	Mkt Cap: <b>14.6B</b>	Yield: <b>1.49%</b>
Prev Close: <b>338.86</b>	Bid Size:	Last Size:	SCTR (ETF): <b>56.1</b>

▼ **-0.06%**  
 Chg: **-0.21**  
 Last: **338.65**  
 Volume: **665,689**



- The relative performance remains poor as with SLY. However, MDY held up better than SLY last week.&#2013266080;
- MDY is testing its 50-dma and holding for now. That must continue next week, otherwise, we will see a test of the 200-dma.&#2013266080;
- We continue to avoid mid-caps for the time being until relative performance improves.
- The \$330 stop-loss remains.&#2013266080;
- Short-Term Positioning: Bearish
  - Last Week: No holding
  - This Week: No holding
  - Stop Loss reset at \$330
- Long-Term Positioning: Bearish

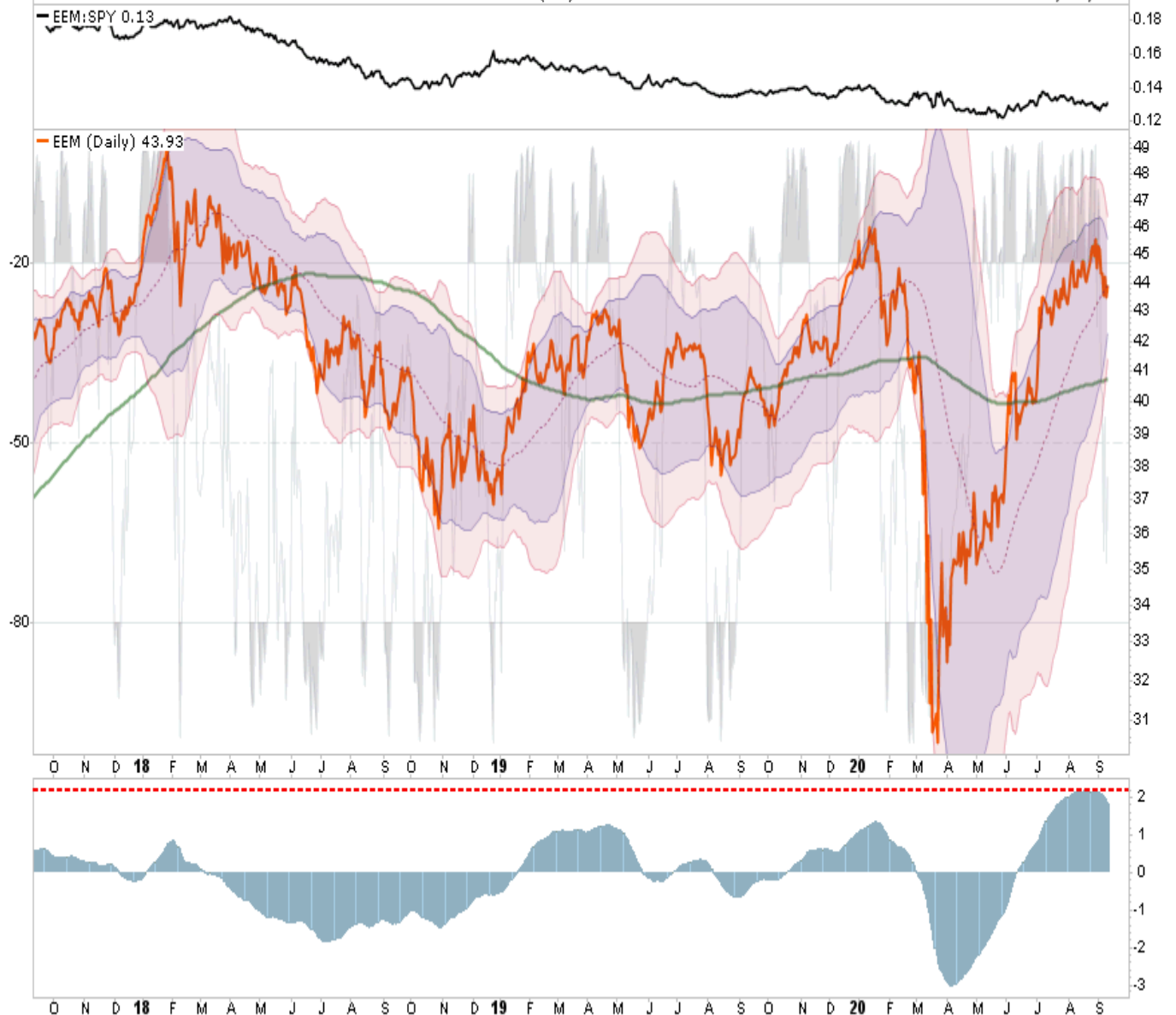
## Emerging Markets



Friday 11-Sep-2020

Open: **44.11**    Ask:    P/E:    Options: **yes**  
 High: **44.25**    Ask Size:    EPS:    Annual Dividend: **0.89298**  
 Low: **43.71**    Bid:    Mkt Cap: **23.7B**    Yield: **2.03%**  
 Prev Close: **43.51**    Bid Size:    Last Size:    SCTR (ETF): **69.7**

▲ **+0.97%**  
 Chg: **+0.42**  
 Last: **43.93**  
 Volume: **49,398,380**



- *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**

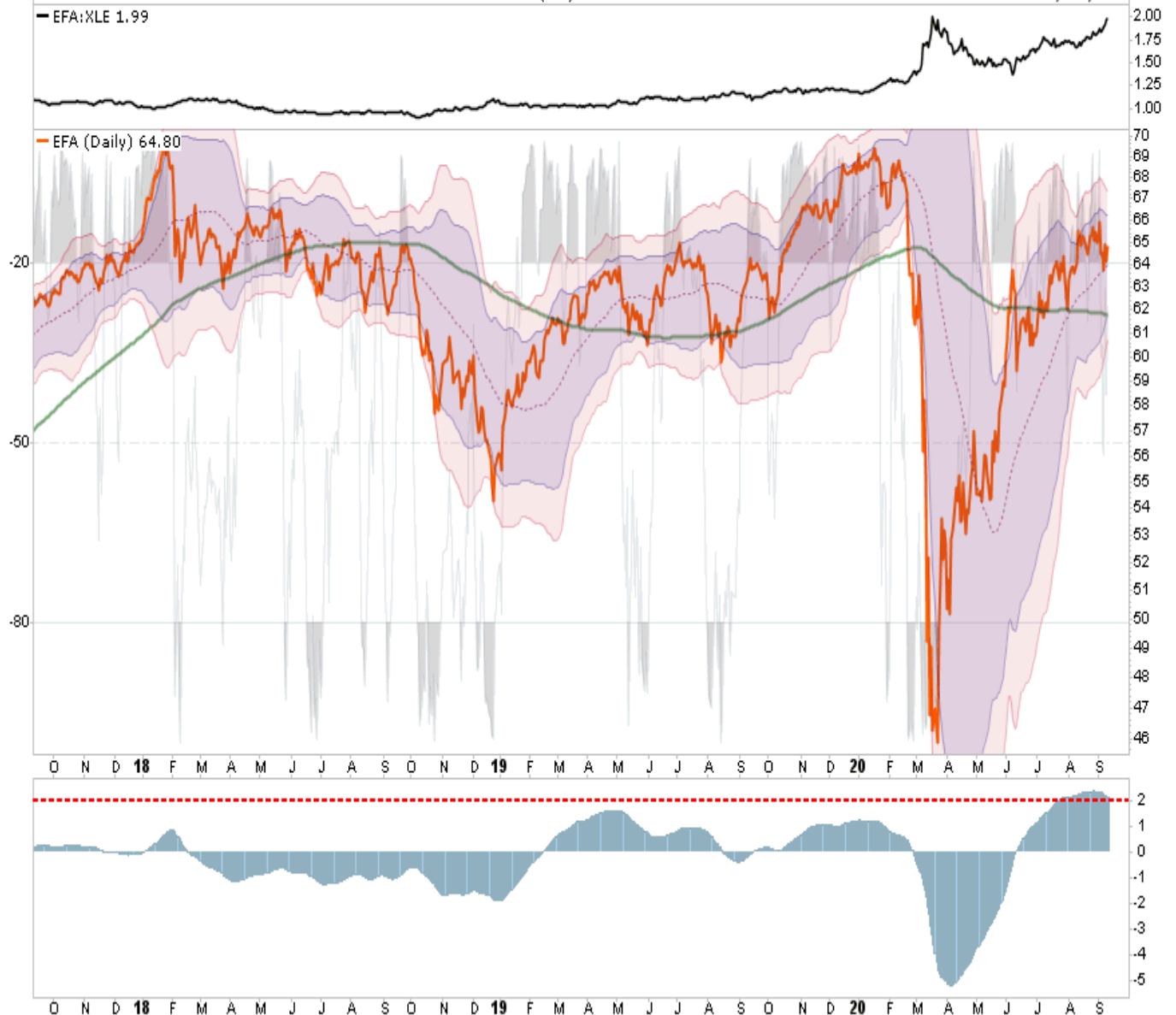
## International Markets

Friday 11-Sep-2020

Open: **64.95**    Ask:    P/E:    Options: **yes**  
 High: **65.14**    Ask Size:    EPS:    Annual Dividend: **1.63354**  
 Low: **64.53**    Bid:    Mkt Cap: **48.3B**    Yield: **2.52%**  
 Prev Close: **64.16**    Bid Size:    Last Size:    SCTR (ETF): **65.8**

▲ **+1.00%**  
 Chg: **+0.64**  
 Last: **64.80**  
 Volume: **29,958,948**

EFA:XLE 1.99



- *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**

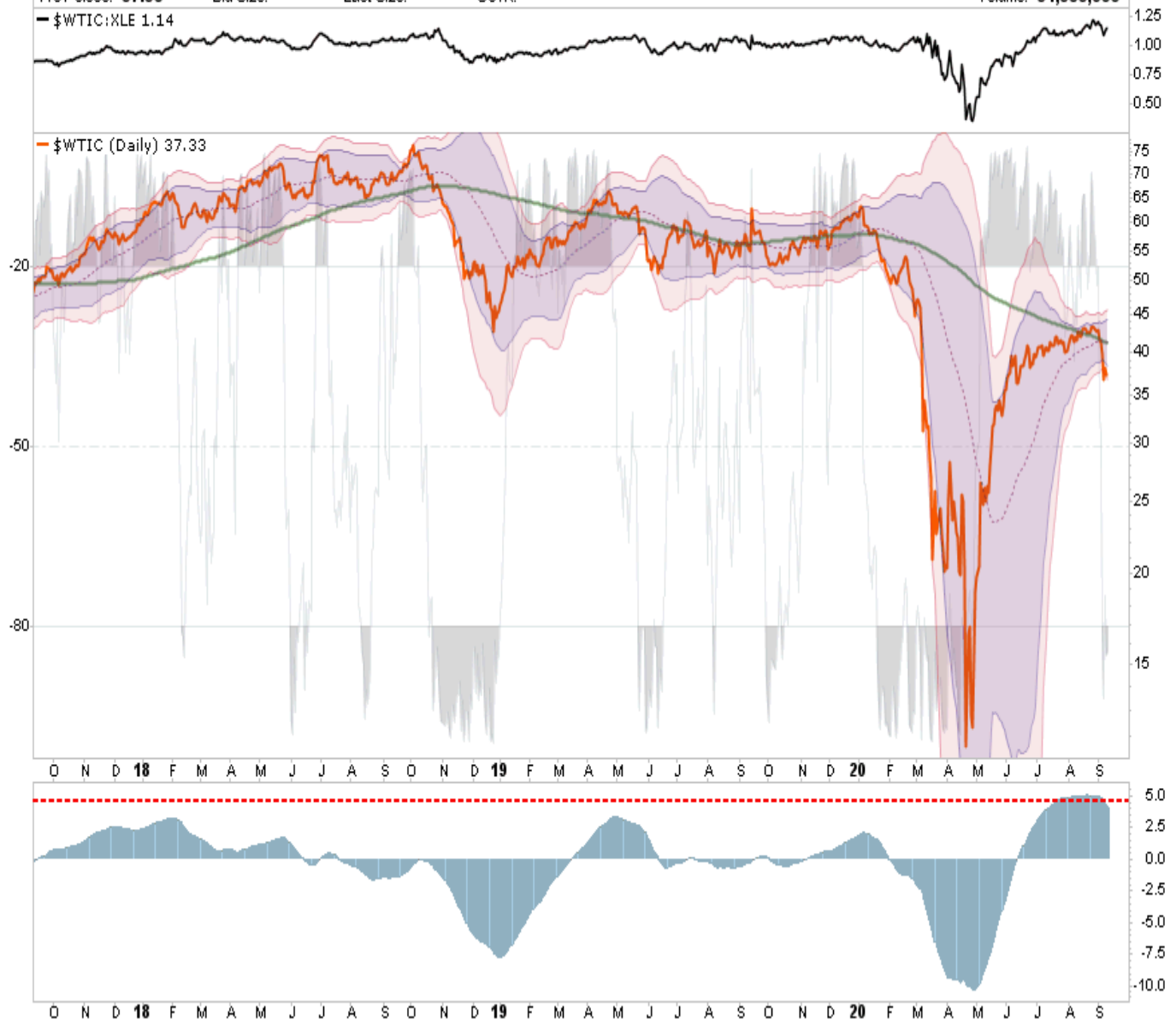
## West Texas Intermediate Crude (Oil)



Friday 11-Sep-2020

Open: **37.01** Ask: P/E: Options: **no**  
 High: **37.82** Ask Size: EPS: Annual Dividend: **N/A**  
 Low: **36.67** Bid: Mkt Cap: Yield: **N/A**  
 Prev Close: **37.30** Bid Size: Last Size: SCTR:

▲ **+0.08%**  
 Chg: **+0.03**  
 Last: **37.33**  
 Volume: **34,353,600**



- We noted last week that the rally above the 200-dma quickly failed after pushing up against 3-standard deviations and an extreme overbought condition.;
- Pay attention to the risk.;
- Oil is currently 3-standard deviations oversold so a bounce is likely next week. However, a continued dollar rally could halt that.;
- We are reducing our energy exposure for the time being to reduce our performance drag until the sector begins to improve.
- Short-Term Positioning: Bearish
  - Last Week: Hold positions
  - This Week: Sold XOM
  - Stop for trading positions at \$32.50
- Long-Term Positioning: Bearish

## Gold

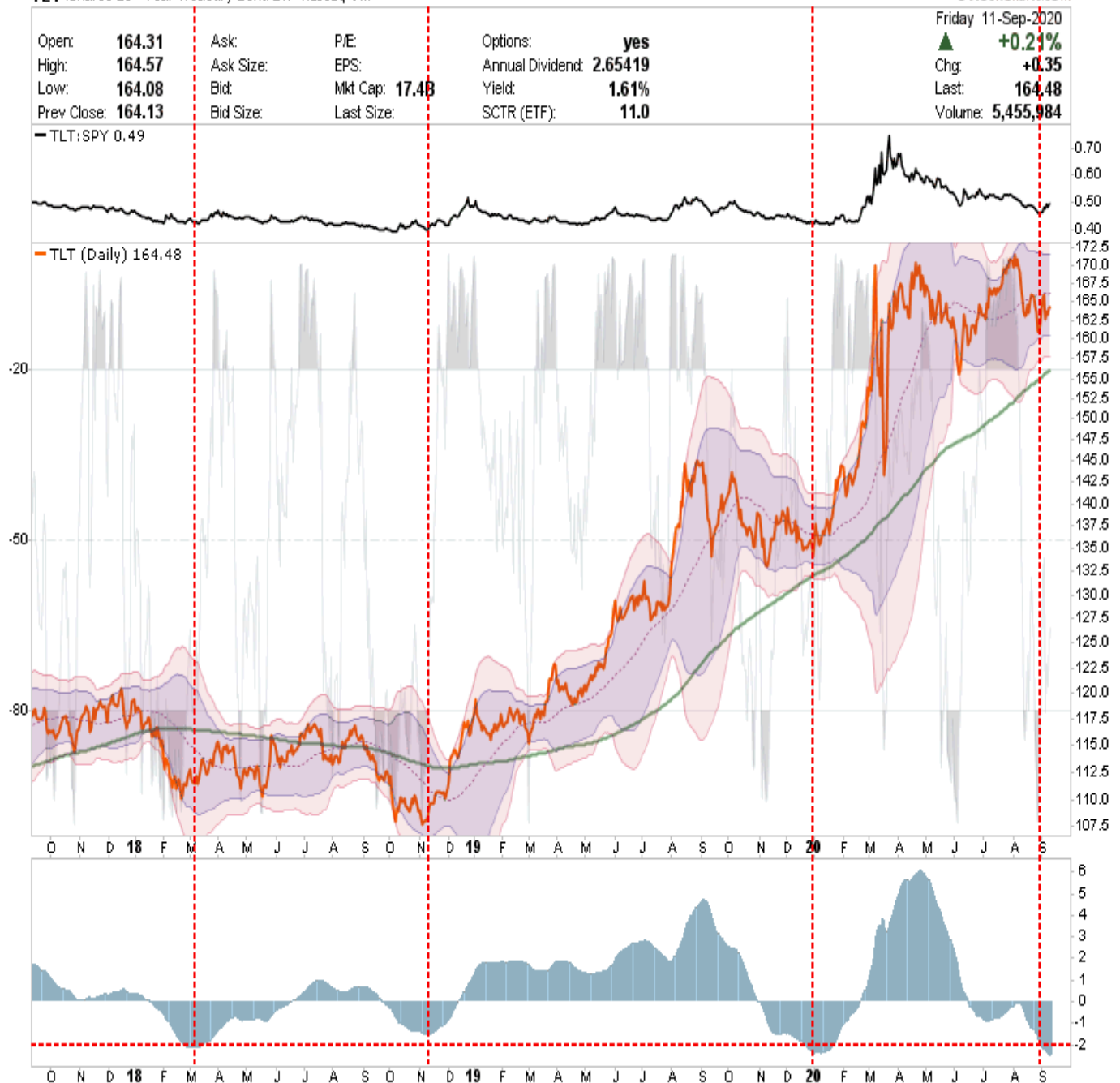
Open: **183.14** Ask: P/E: **-17.63** Options: **yes**  
 High: **183.55** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**  
 Low: **182.01** Bid: Mkt Cap: **77.9B** Yield: **N/A**  
 Prev Close: **182.46** Bid Size: Last Size: SCTR (ETF): **61.9**

Friday 11-Sep-2020

▼ **-0.01%**Chg: **-0.01**Last: **182.45**Volume: **7,658,966**

- 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."
- Gold is consolidating and is close to testing support at the 50-dma where it must hold. We are looking to increase our exposure if that support holds.
- 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: Hold positions.
  - Stop-loss moved up to \$175
  - Long-Term Positioning: Bullish

## Bonds (Inverse Of Interest Rates)



- As noted last week: "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."
- The rally in bonds this past week picked up some steam as we anticipated. 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

**\$USD** US Dollar Index - Cash Settle (EOD) ICE

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Thursday 10-Sep-2020

Open: <b>93.25</b>	Ask:	P/E:	Options: <b>no</b>
High: <b>93.44</b>	Ask Size:	EPS:	Annual Dividend: <b>N/A</b>
Low: <b>92.68</b>	Bid:	Mkt Cap:	Yield: <b>N/A</b>
Prev Close: <b>93.24</b>	Bid Size:	Last Size:	SCTR:

▲ **+0.08%**  
Chg: **+0.07**  
Last: **93.32**  
Volume: **0**

— \$USD:SPY 0.28 (10 Sep)

— \$USD (Daily) 93.32 (10 Sep)



- 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.
- 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.