Major Market Buy-Sell Review: 09-21-20

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 09-21-20 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.

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S&P 500 Index



- *As noted last week: "While we suspect we will see some attempts at "dip buying," there is a high degree of risk to the market still."&#2013266080;*
- *That attempt failed into Friday's close during options expiration. The market is now oversold short-term, so look for a tradable rally next week.*
- *The break of the 50-dma sets the market up for a test of the 200-dma. It will be very important the market rallies and closes above the 50-dma next week.&#2013266080;*
- *We continue to suggest using rallies to reduce risk and take profits for now.*
- *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



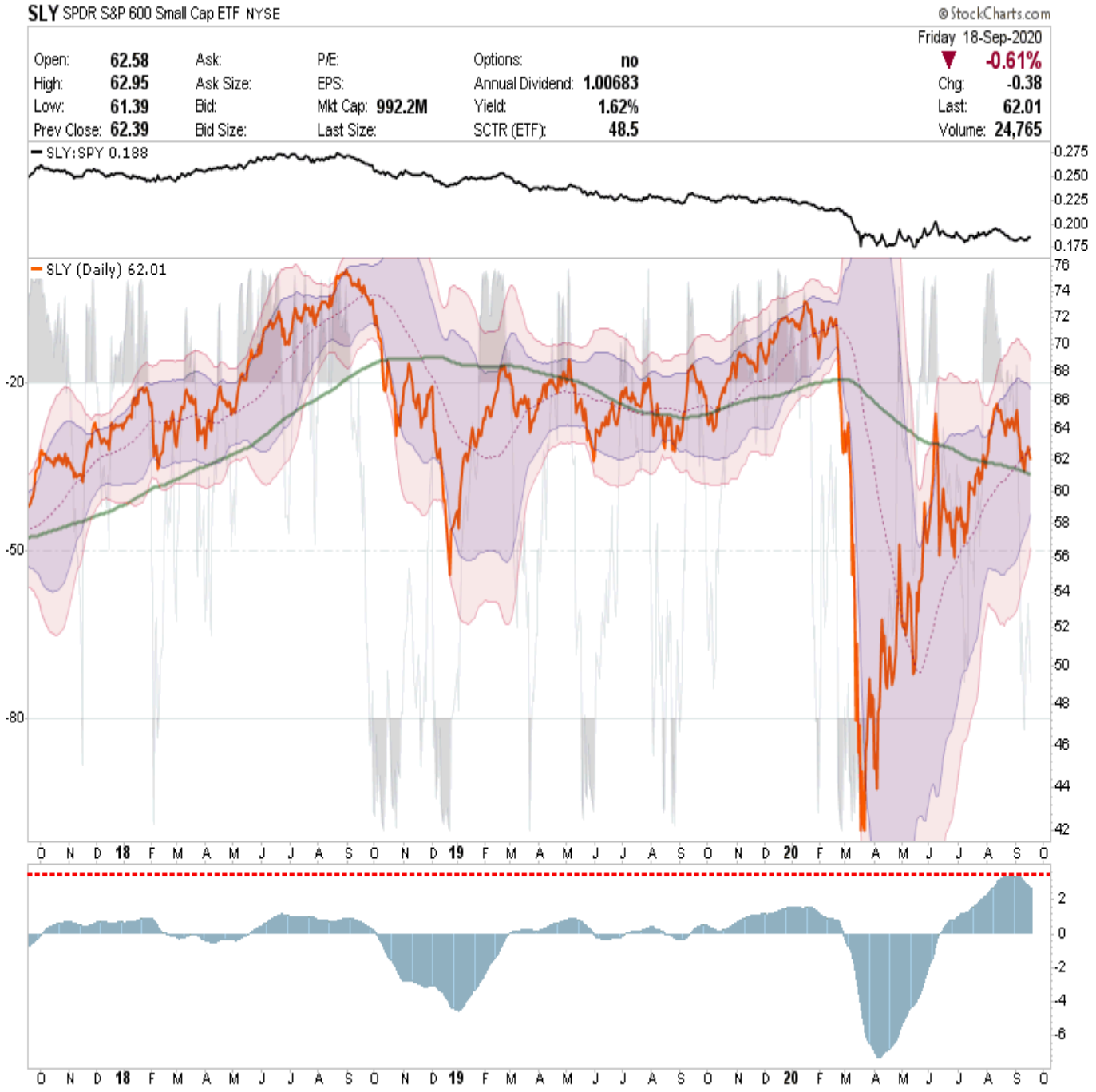
- *The Dow remains in overbought territory but is holding the 50-dma more now.*
- *Use rallies to sell into for now and reduce risk.&#2013266080;*
- *Short-Term Positioning: Bearish*
    - *Last Week: No position.*
    - *This Week: No position.*
    - *Stop-loss moved up to $260*
- *Long-Term Positioning: Bullish*

Nasdaq Composite



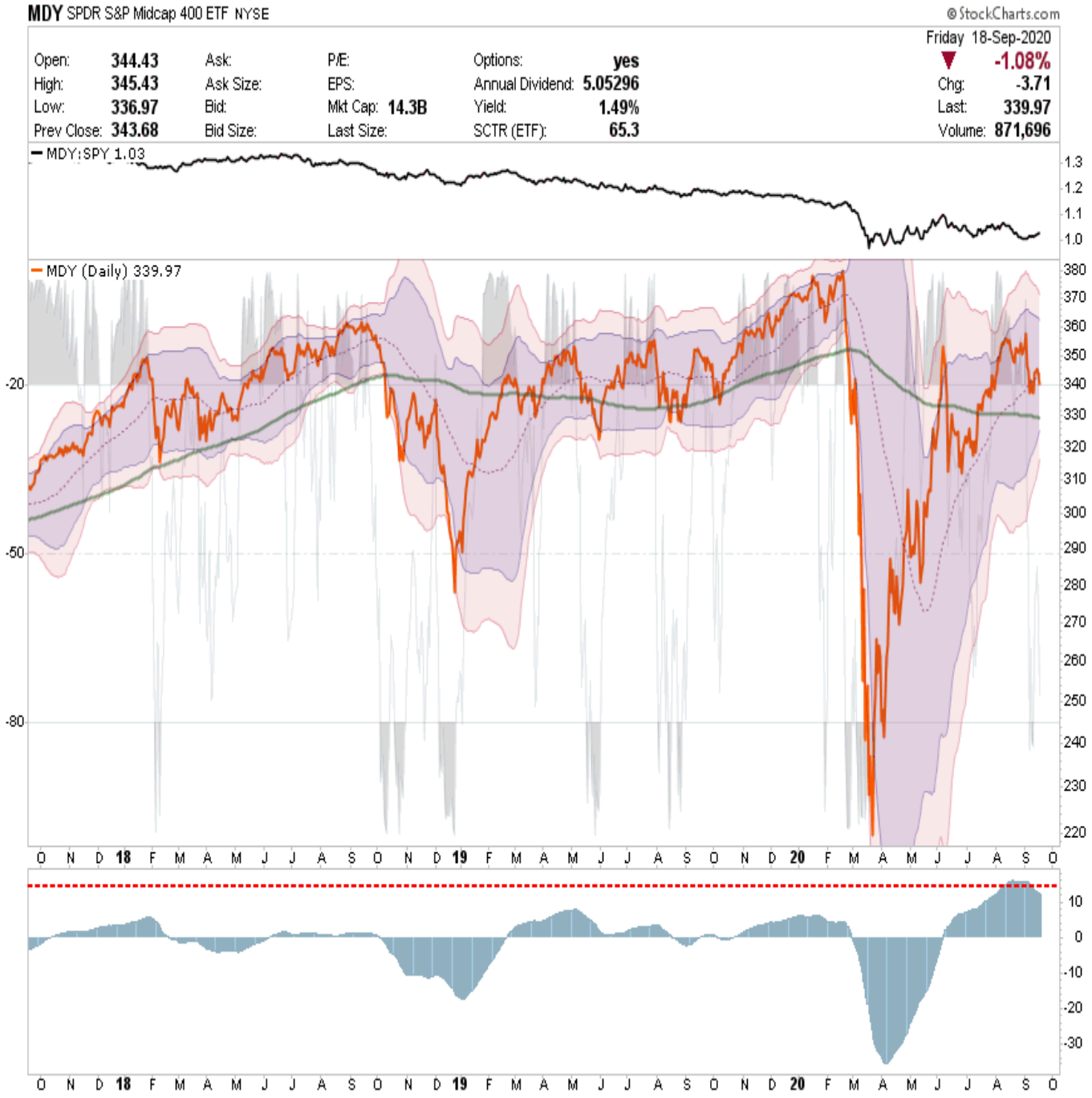
- *QQQ's outperformance of SPY turned down last week as Tech stocks received the brunt of the selloff for a third week.&#2013266080;*
- *The QQQ's are now decently oversold. Look for a rally next week to get back above the 50-dma. If not, the decline will test the 200-dma.&#2013266080;*
- *Use rallies next week to reduce risk and raise cash.&#2013266080;*
- *There is a tradable opportunity for major tech stocks next week. Keep stops very close.*
- *Short-Term Positioning: Bearish.*
    - *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)



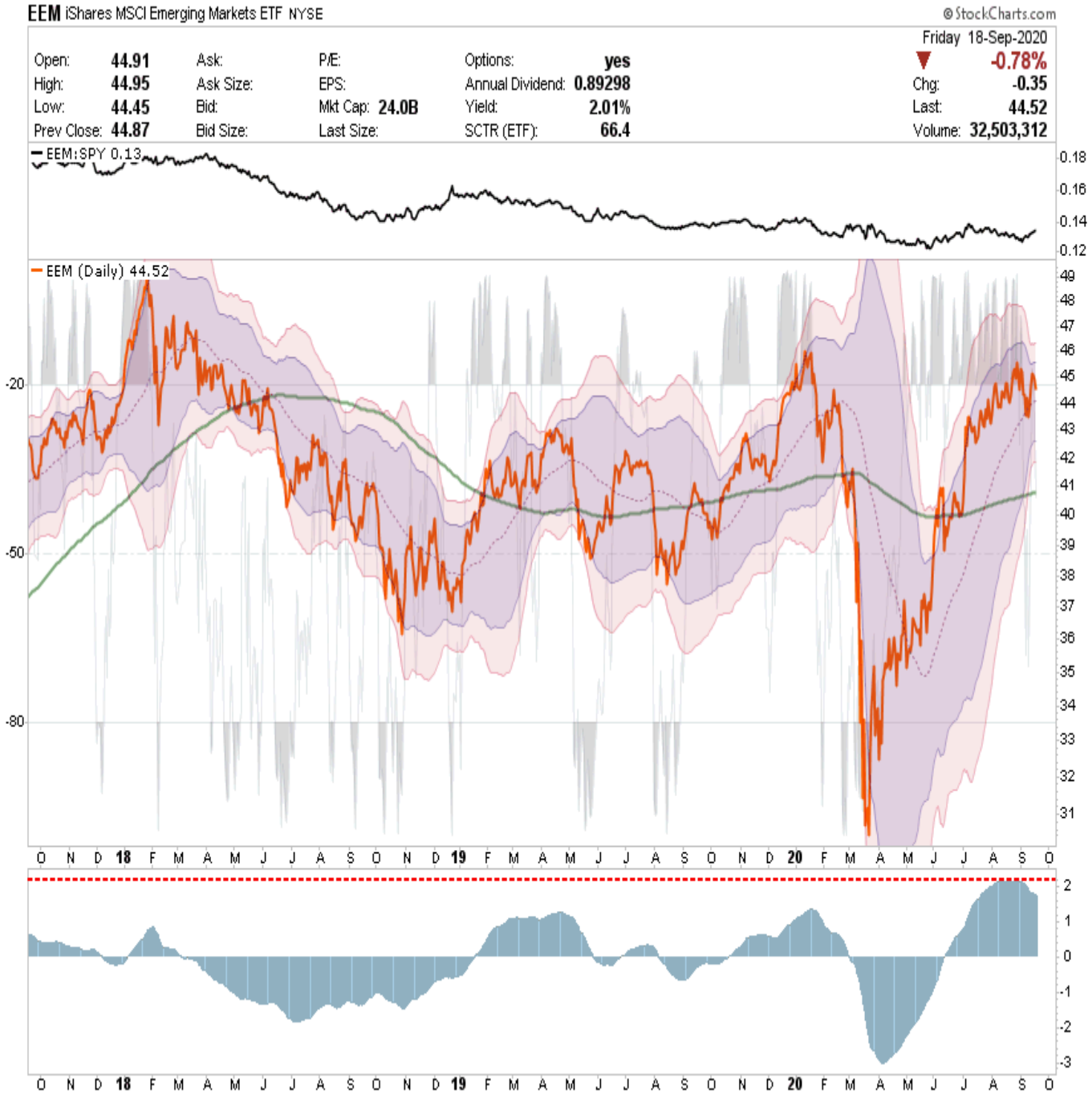
- *The rally in small caps failed the 50-dma this past week, putting the 200-dma into focus.&#2013266080;*
- *The bullish news is the 50-dma did cross above the 200-dma which does add support for small caps at $62.*
- *Small-cap is testing the 200-dma. It must hold these levels but the index is not grossly 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)



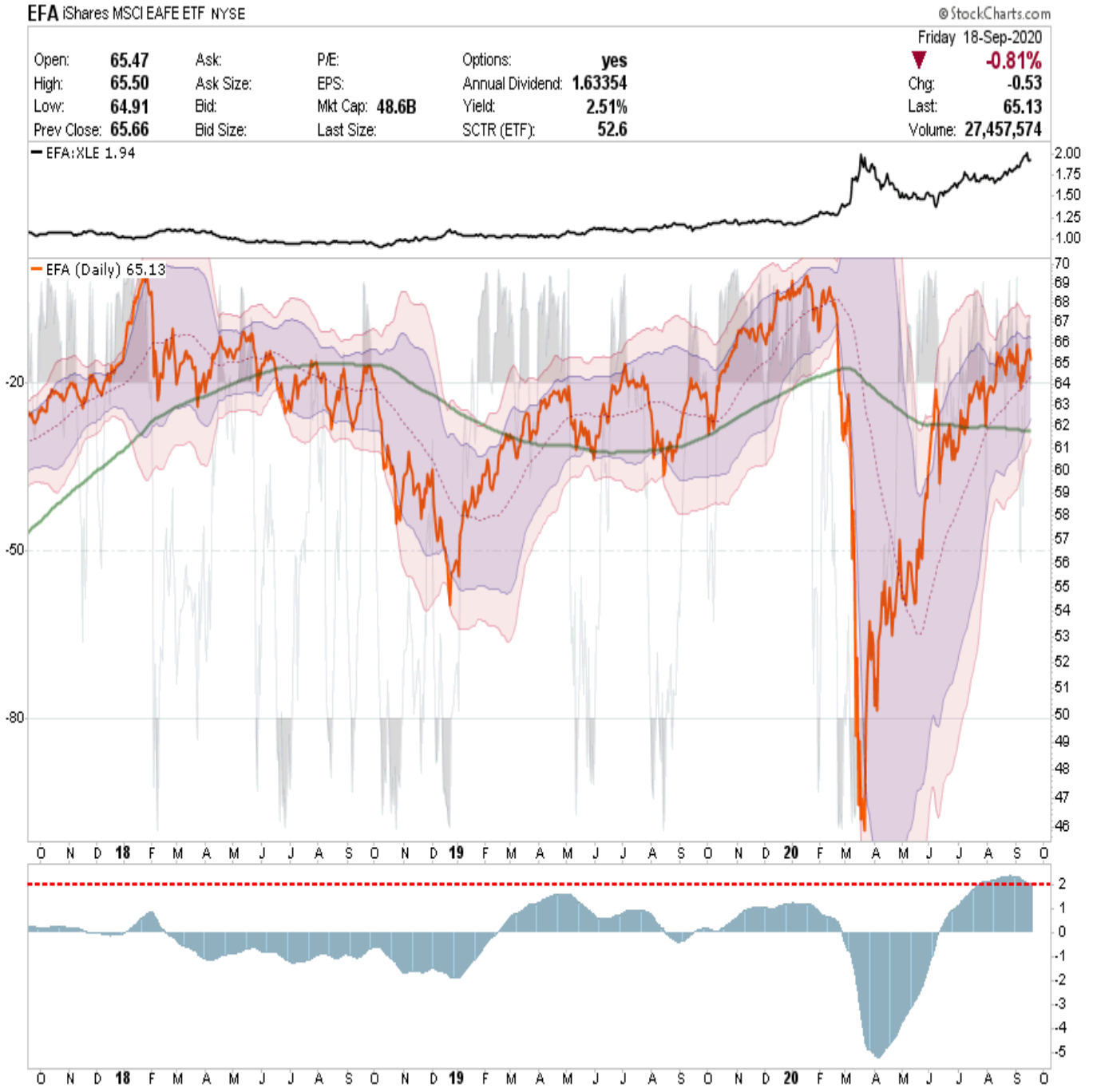
- *The relative performance remains poor as with SLY. However, MDY held up better than SLY last week.&#2013266080;*
- *MDY is testing its 50-dma and holding for now. That must continue next week, otherwise, we will see a test of the 200-dma.&#2013266080;*
- *We continue to avoid mid-caps for the time 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



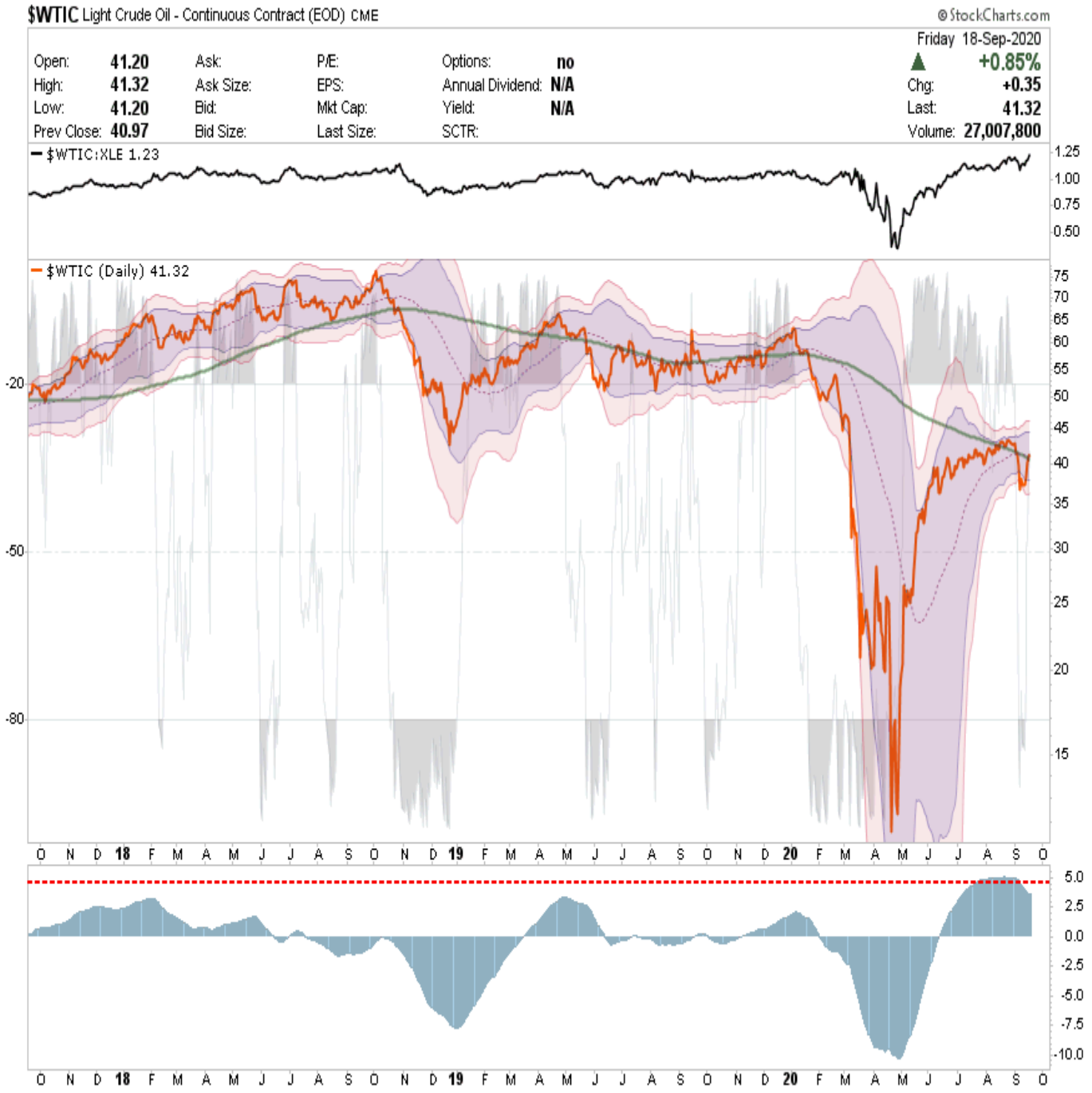
- *Emerging markets have performed better on a relative basis during the correction and have turned up relative to the S&P 500.*
- *EEM is working off the overbought condition. If it can hold support and complete the process there will be a tradeable opportunity.*
- *The dollar decline, responsible for EEM performance, is well overdone. Look for a counter-trend rally, which will push EEM lower.&#2013266080;*
- *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



- *EFA is performing better and holding support at the 50-dma.*
- *The dollar is extremely oversold, so a rally in the dollar could impact the EFA.&#2013266080;*
- *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)



- *We noted last week that "Oil is currently 3-standard deviations oversold so a bounce is likely next week. However, a continued dollar rally could halt that."*
- *The rally in oil occurred but did little to help the energy sector.&#2013266080;*
- *Oil is currently testing resistance at the 200-dma. It needs to clear that if energy is going to get a lift.&#2013266080;*
- *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 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.&#2013266080;*
- *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)



- *Bonds continued to hold up last week and is continuing its consolidation process.&#2013266080;*
- *There is still upside potential in bonds from the current oversold condition.&#2013266080;*
- *Furthermore, the "sell signal" is now at levels that have typically preceded more massive rallies in bonds.&#2013266080;*
- *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.&#2013266080;*
- *Traders can add positions to hedge portfolios, but there is not likely a colossal move available currently given the current market dynamics.&#2013266080;*
- *Stop-loss adjusted to $92.*