

Major Market Buy-Sell Review: 09-28-20

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 09-28-20 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.

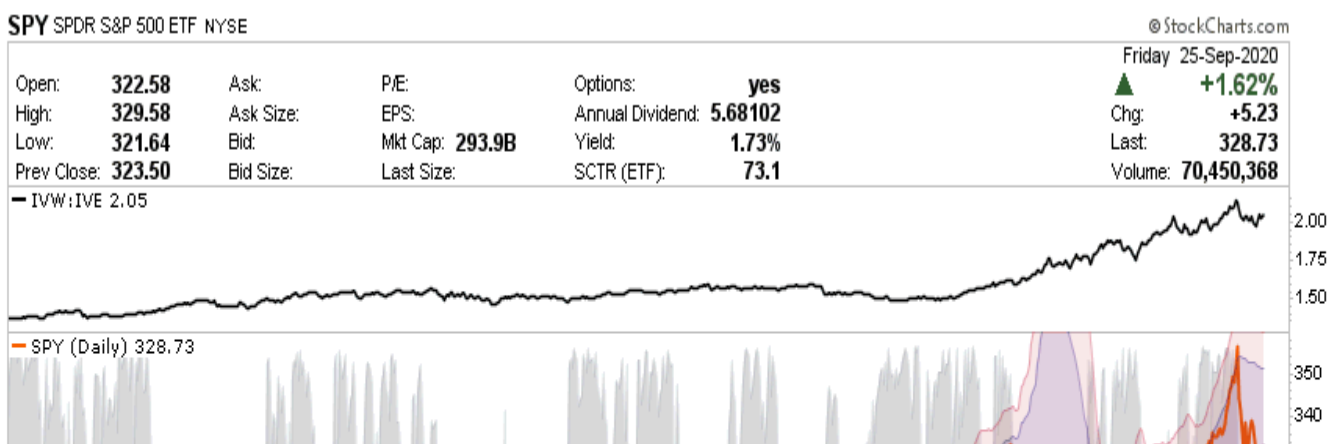
When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise, when the buy/sell indicator is above the ZERO line, investments tend to work better.



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

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S&P 500 Index



- As noted last week: "The market is now oversold short-term, so look for a tradable rally next week."
- It was a bouncy week, but the markets did manage to rally on Thursday and Friday.
- The break of the 50-dma sets the market up for resistance at that level and the 20-dma is now headed to cross lower. It will be very important the market rallies and closes above the 50-dma next week.�
- 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 is now oversold, so a tradeable rally is likely.�
- Like the S&P it will struggle with the 50-dma, so this is still a market to sell into for now until resistance is taken out.�
- 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

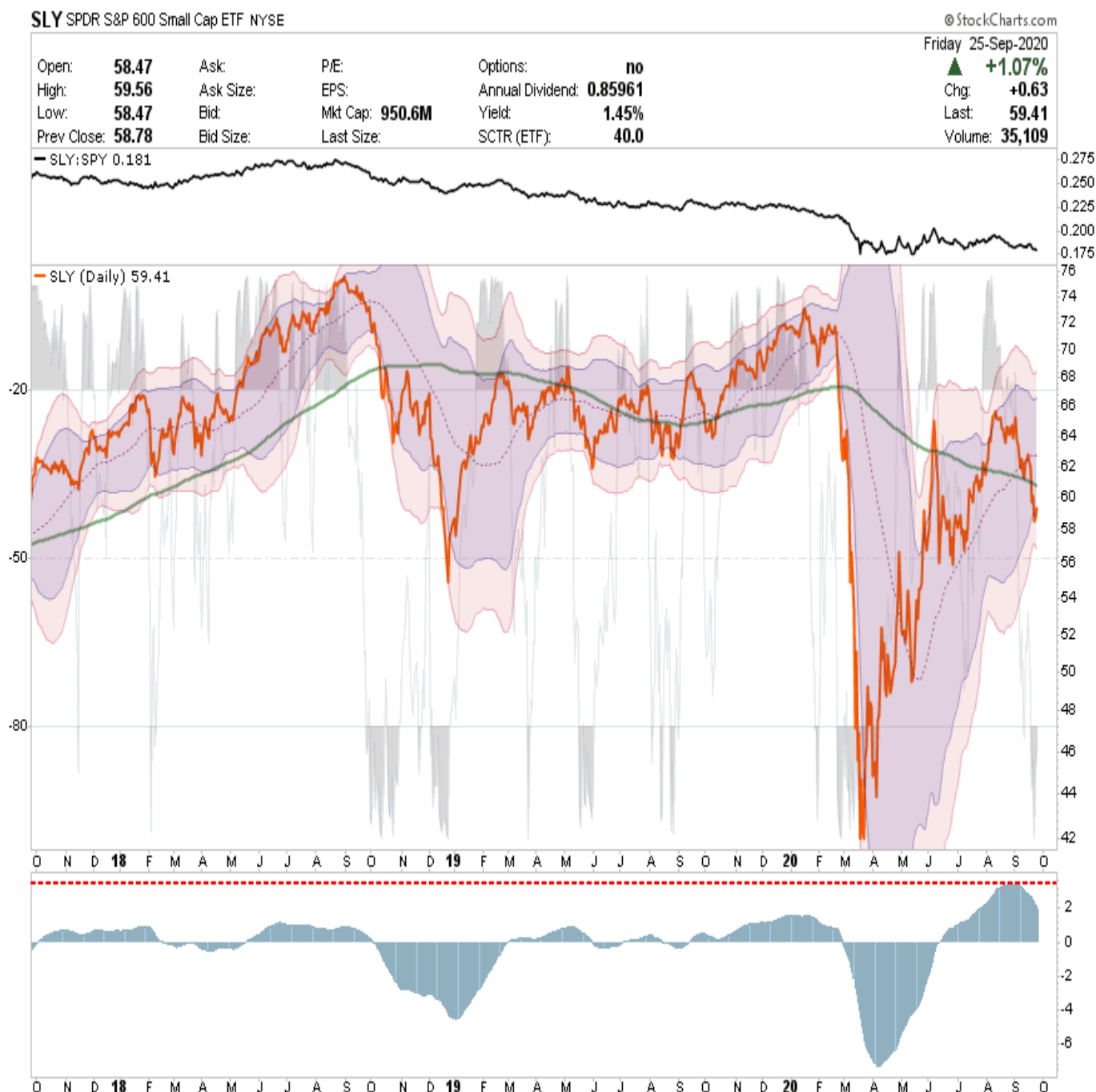
Nasdaq Composite



- As we wrote last week: "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."�

- The Nasdaq failed to get above the 50-dma, if it fails at that level, we are likely going to see additional weakness.
- As stated last week: "There is a tradable opportunity for major tech stocks next week. Keep stops very close." - That advice remains going into next this week.�
- Short-Term Positioning: Bearish.
 - Last Week: No changes this week.
 - This Week: Taking profits.
 - Stop-loss moved up to \$240
- Long-Term Positioning: Bullish

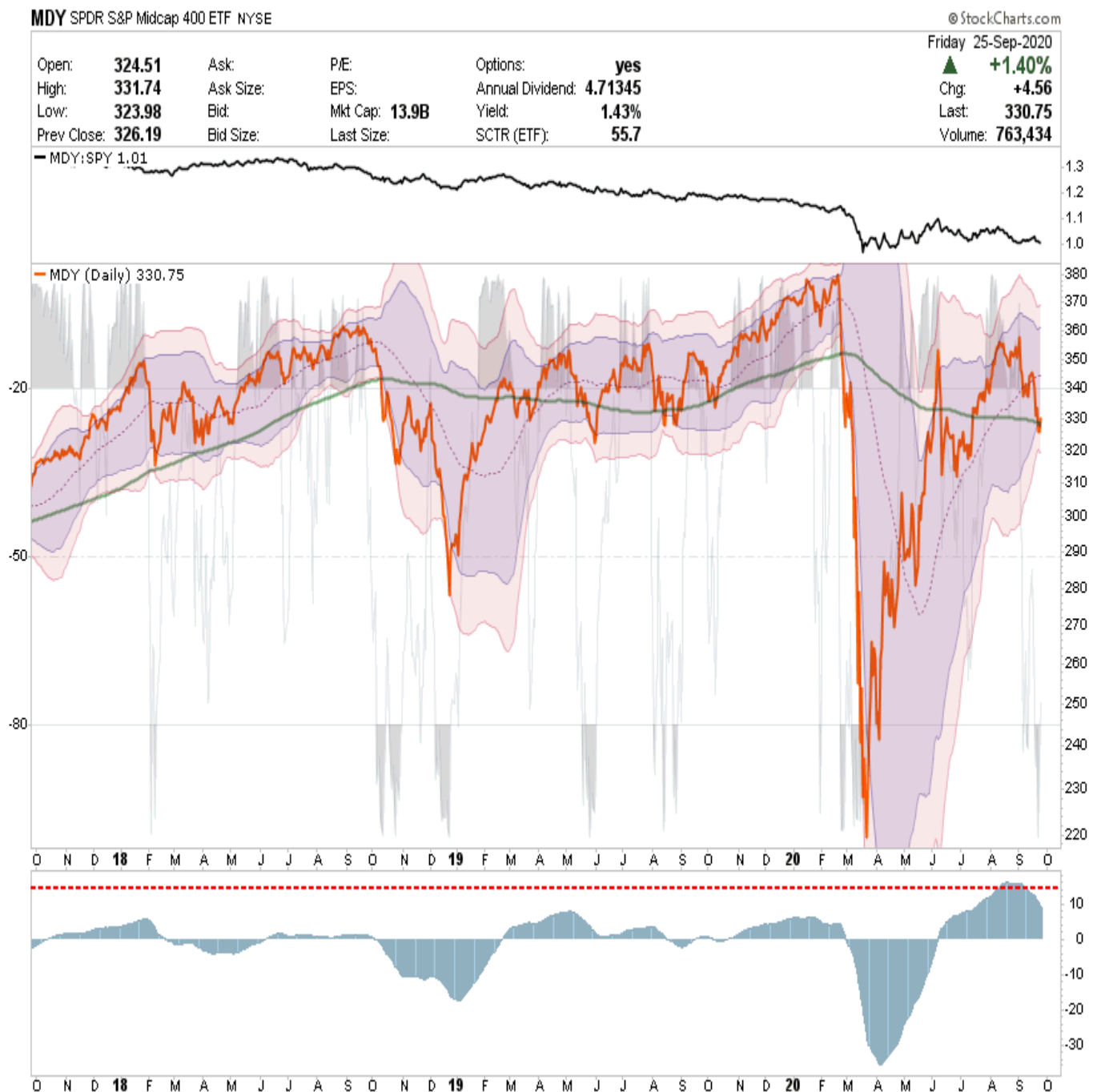
S&P 600 Index (Small-Cap)



- The rally in small caps failed the 50-dma this past week, and have taken out the 200-dma.�

- The bullish news is the 50-dma did cross above the 200-dma but did little to provide support.�
- Risk is to the downside currently.�
- Stops were violated, close-out positions on a rally next week.�
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss violated.
- Long-Term Positioning: Bearish

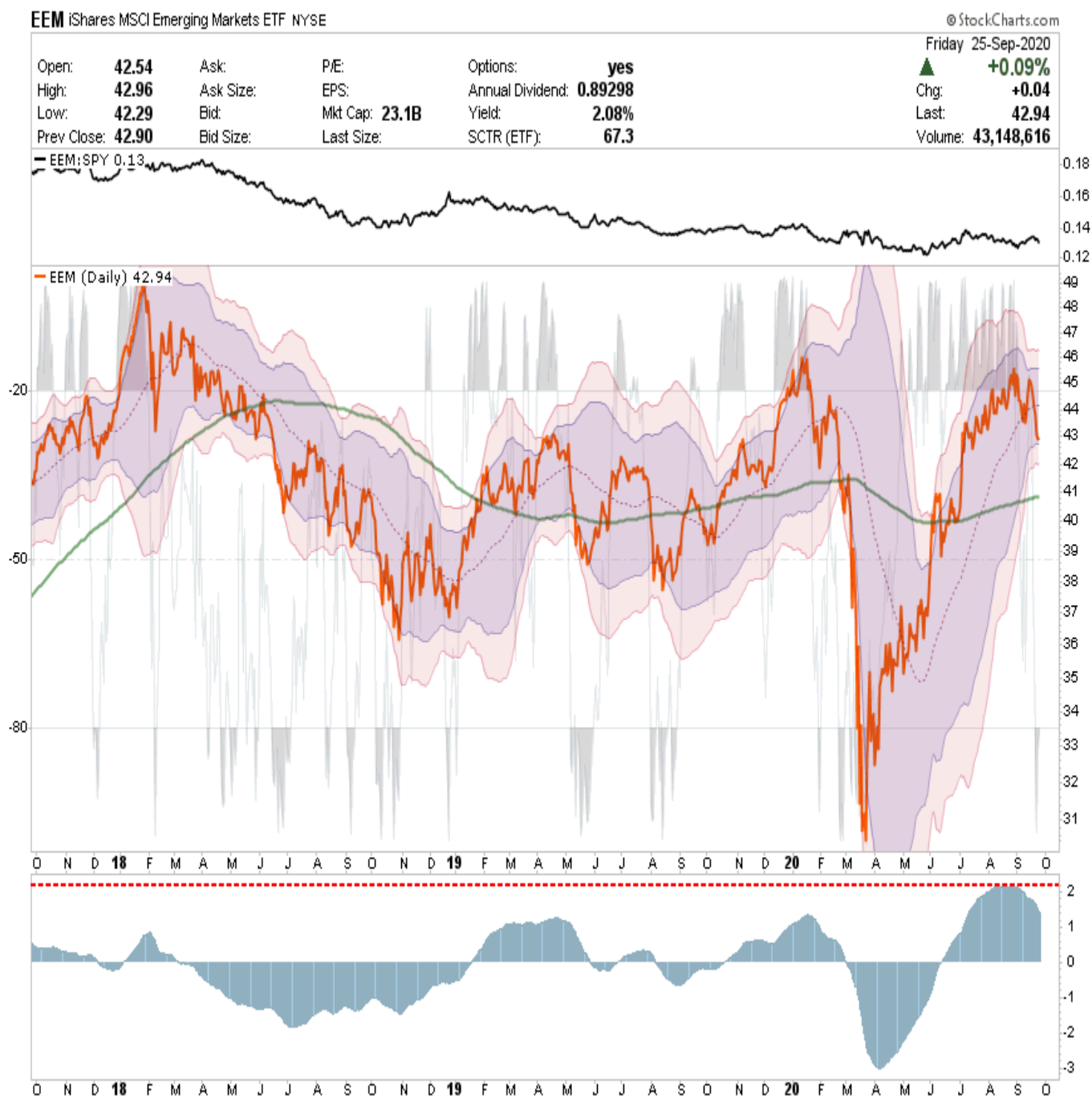
S&P 400 Index (Mid-Cap)



- The relative performance remains poor as with SLY. However, MDY held up better than SLY last week.�

- *MDY is testing its 200-dma and holding for now. That must continue next week, otherwise, we will see further weakness.*
- *We continue to avoid mid-caps for the time being until relative performance improves.*
- *The \$330 stop-loss remains intact, but just barely.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No holding*
 - *This Week: No holding*
 - *Stop Loss is set at \$330*
- *Long-Term Positioning: Bearish*

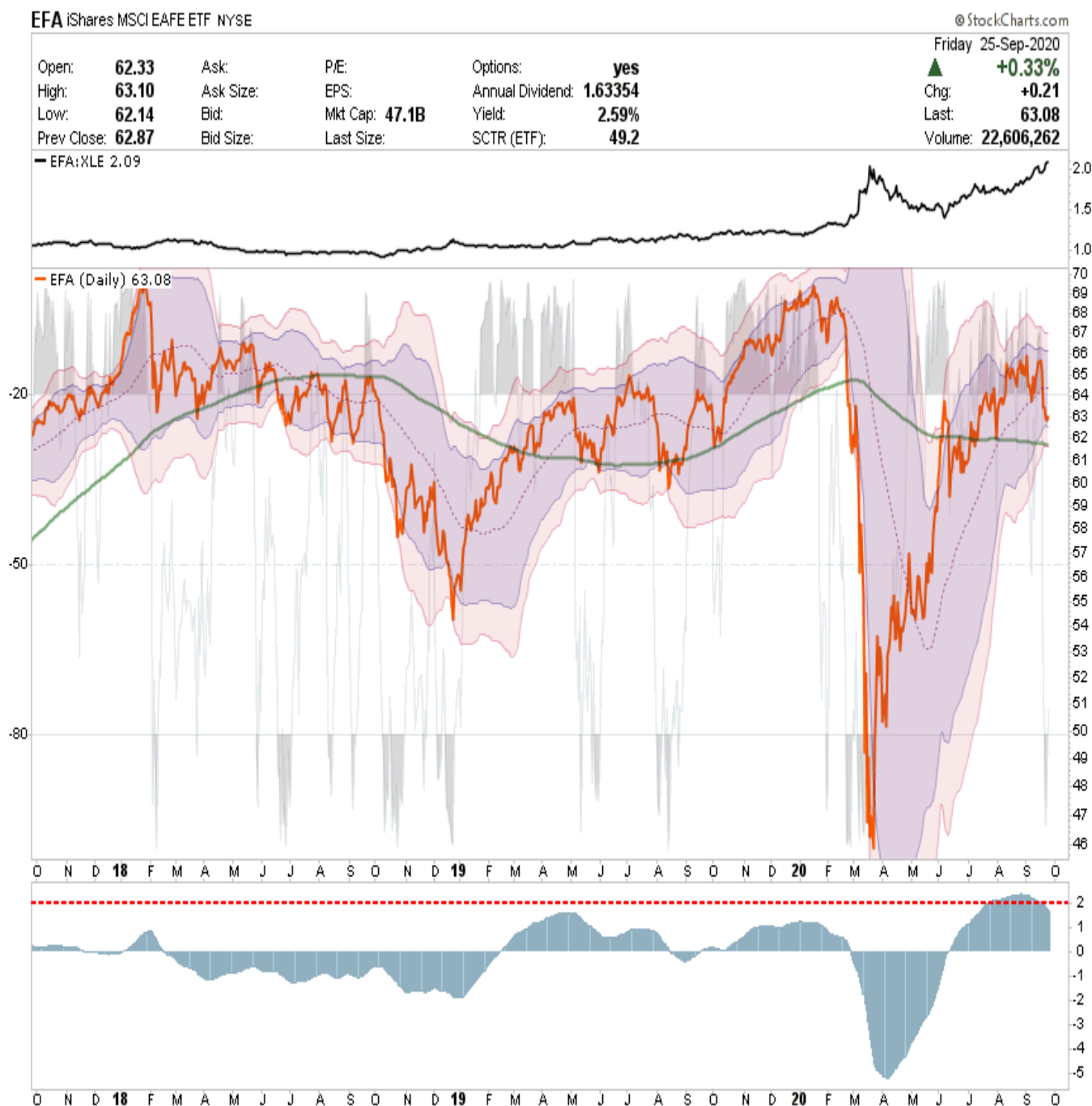
Emerging Markets



- *Emerging markets had performed better on a relative basis during the correction, but failed this past week.*

- *EEM is oversold. But we warned that a dollar rally would impact this sector. That happened and it did.*
- *The dollar decline was responsible for EEM's performance, it is now payback with the dollar rally.*
- *Short-Term Positioning: Bullish*
 - *Last Week: No position*
 - *This Week: No position.*
 - *Stop-loss moved to \$42 for trading positions.*
- *Long-Term Positioning: Bearish*

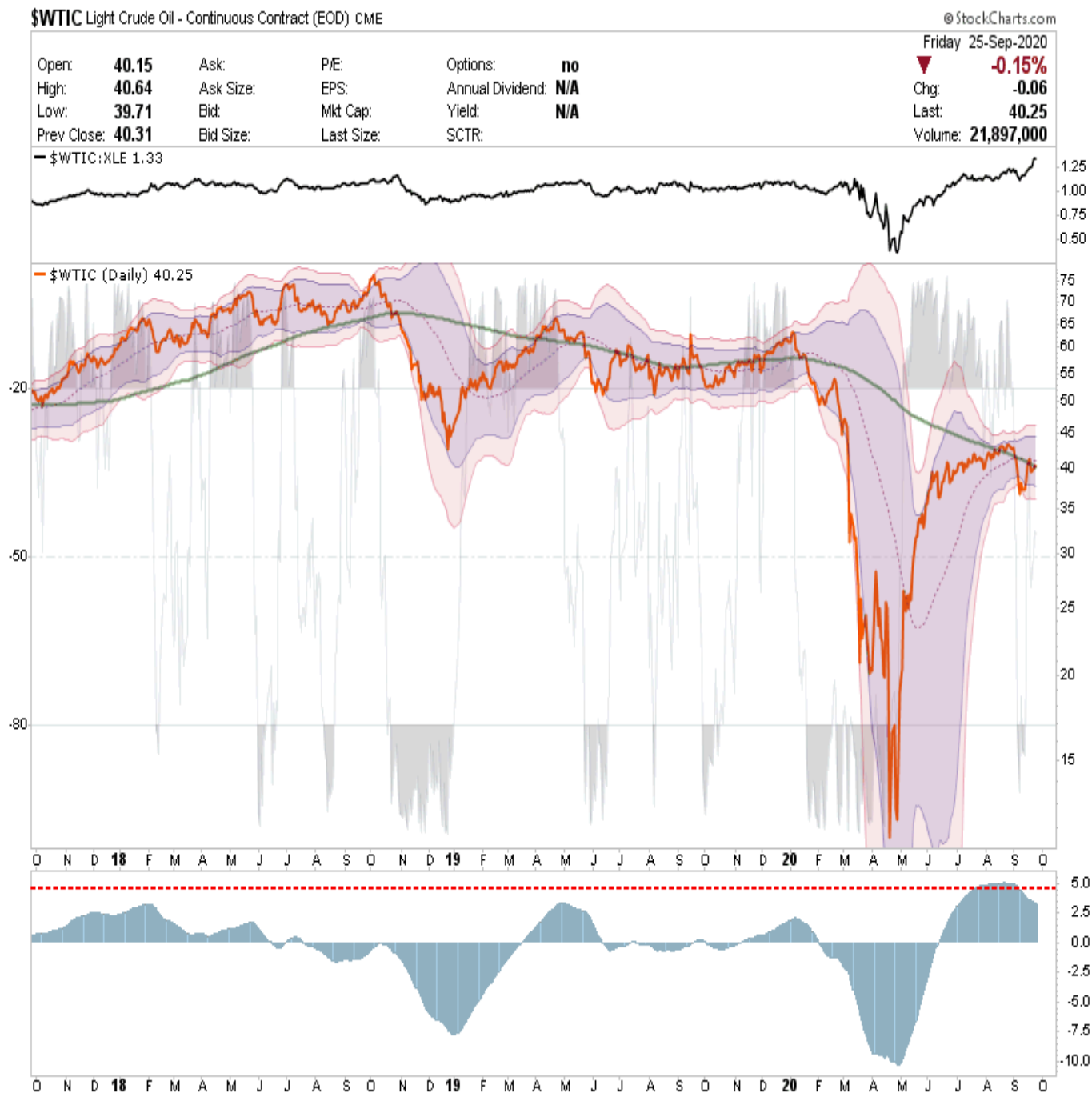
International Markets



- *The dollar rally is impacting international markets the same as emerging.*
- *Maintain stops and pay attention to the dollar for now.*

- **Short-Term Positioning: Bearish**
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss set at \$62
- **Long-Term Positioning: Bearish**

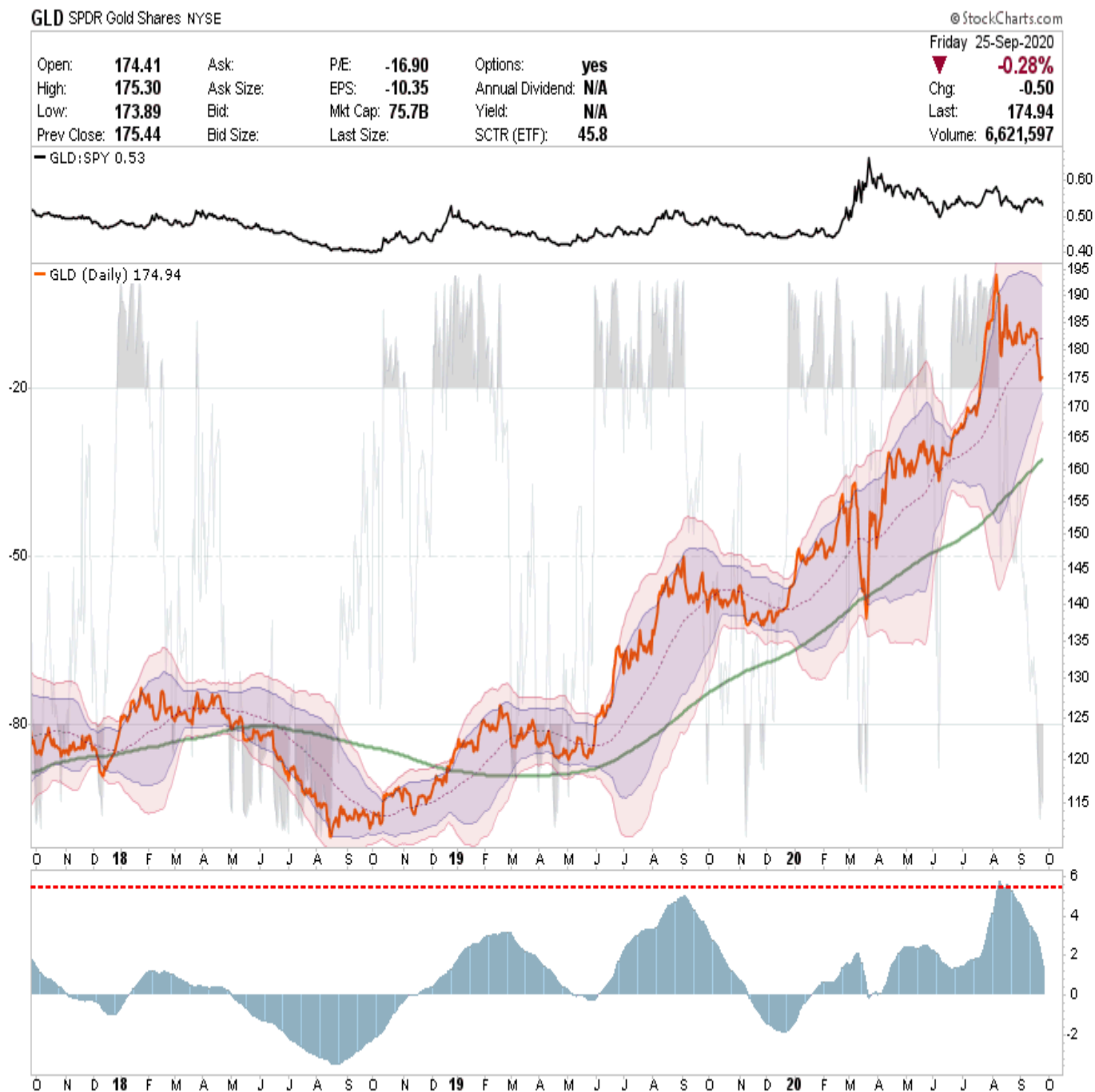
West Texas Intermediate Crude (Oil)



- We noted previously 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. Energy stocks remain under tremendous pressure currently.
- 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 we discussed in our portfolio updates this week, we reduced those positions further due to the rally in the dollar.�
- Gold took out support at the 50-dma. We are looking to increase our exposure when gold gets extremely oversold or the dollar rally appears to be over.�
- Stops are set at \$175 and that level is barely holding currently.�
- 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

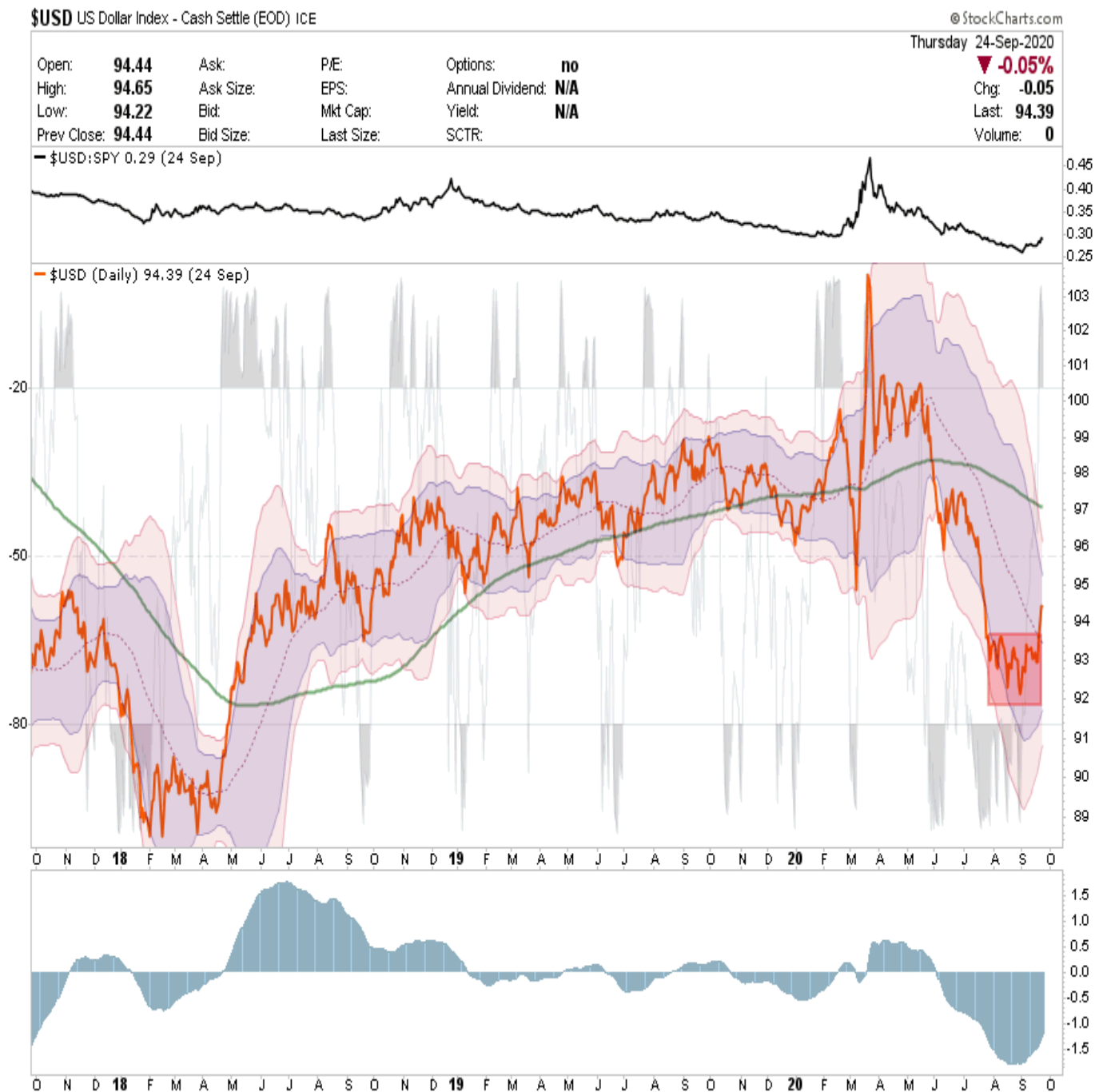
Bonds (Inverse Of Interest Rates)



- Bonds continued to hold up last week and is continuing its consolidation process.
- 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: We sold 50% of AGG, added a position in IEF, and added to MBB.*
 - *Stop-loss moved up to \$157.50*
 - *Long-Term Positioning: Bullish*

U.S. Dollar



- *As we have discussed over the last two months: "Given a large number of analysts with "bearish" forecasts on the dollar, the probability of a dollar rally has risen."*
- *We also suggested that Traders can add positions to hedge portfolios, but there is not likely a colossal move available currently given the current market dynamics;*
- *That rally has started. However, the dollar is overbought short-term. Use weakness to add to positions that holds the 50-dma;*

- *Stop-loss adjusted to \$92.*