

Major Market Buy-Sell Review: 11-02-20

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 11-02-20 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 11-02-20

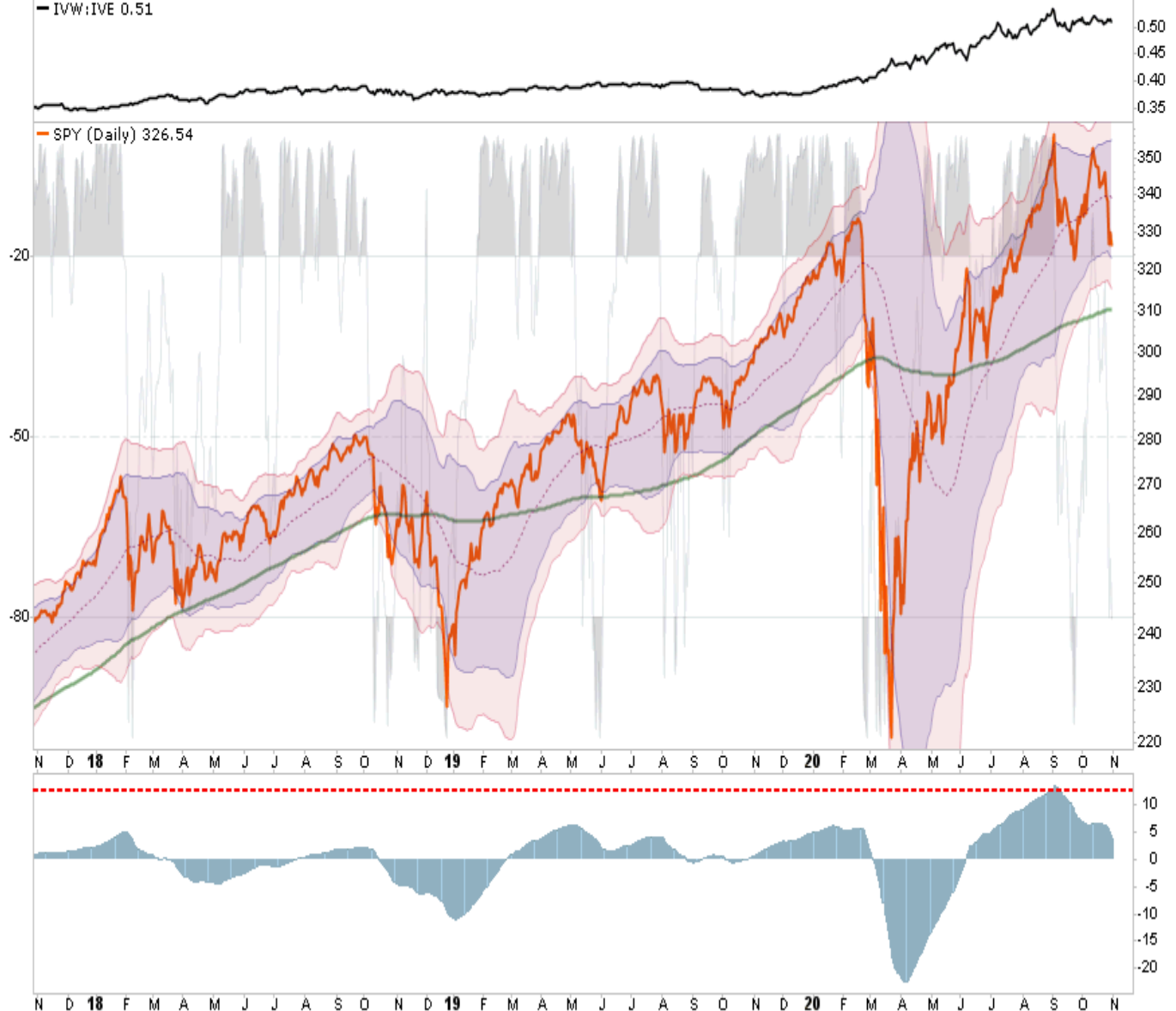
S&P 500 Index

Friday 30-Oct-2020

Open: **328.28** Ask: P/E: Options: **yes**
 High: **329.69** Ask Size: EPS: Annual Dividend: **5.68102**
 Low: **322.60** Bid: Mkt Cap: **283.1B** Yield: **1.74%**
 Prev Close: **329.98** Bid Size: Last Size: SCTR (ETF): **61.1**

Chg: **-1.04%**
 Last: **326.54**
 Volume: **119,006,512**

IVW:IVE 0.51

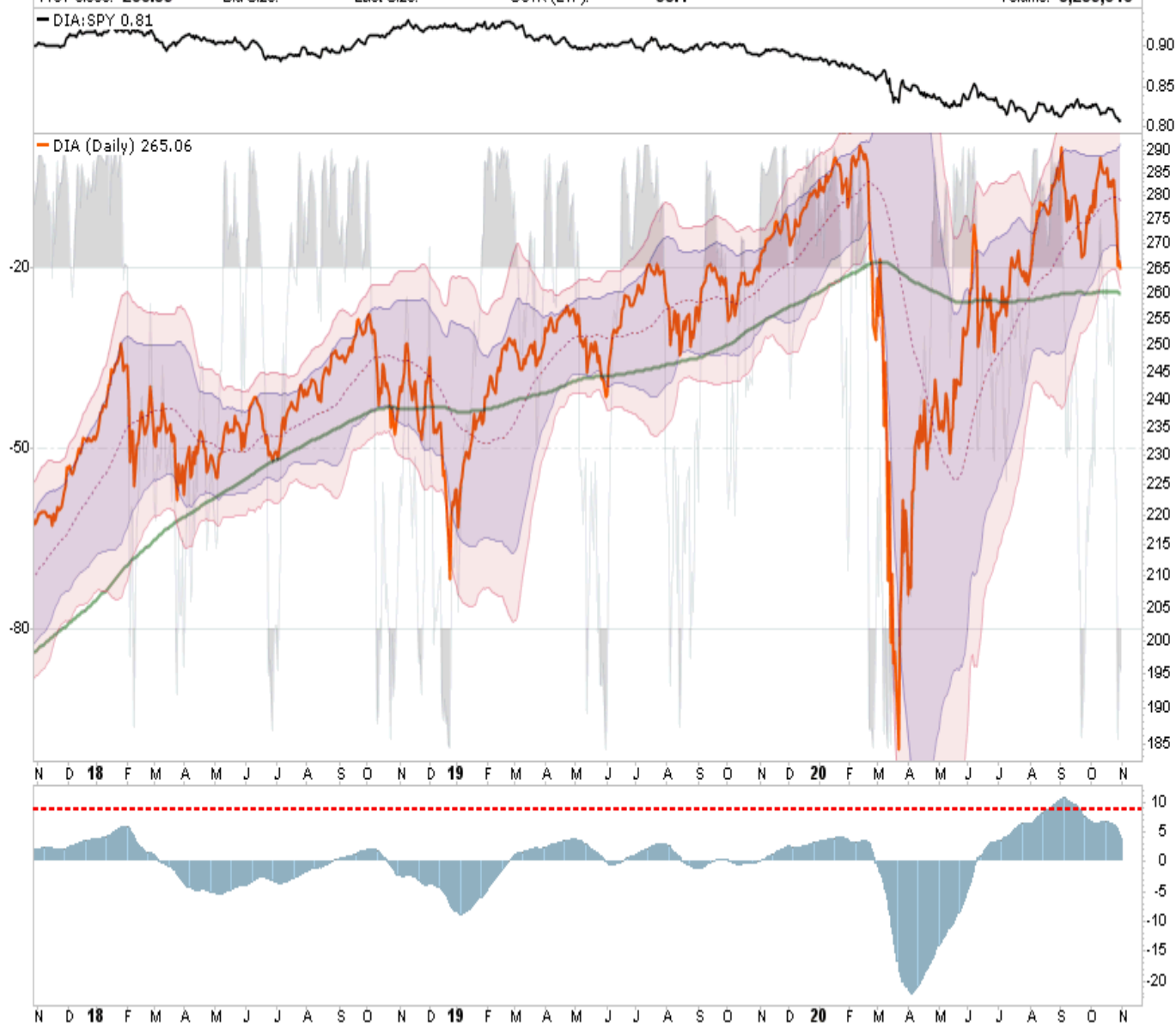


- The market worked off most of the previous overbought condition and is now back to support at the September lows and 2-standard deviations below the 50-dma.�
- Wait until after the election to add trading positions to portfolios.�
- Maintain current exposures for now, but be ready to adjust if more weakness shows up due to a contested election. There is a risk.��
- Short-Term Positioning: Bullish
 - Last Week: No holdings.
 - This Week: Maintaining holdings.
 - Stop-loss set at \$310 for trading positions.
 - Long-Term Positioning: Bullish

Dow Jones Industrial Average

Open: **265.03** Ask: P/E: Options: **yes**
 High: **266.32** Ask Size: EPS: Annual Dividend: **5.86688**
 Low: **261.41** Bid: Mkt Cap: **22.3B** Yield: **2.21%**
 Prev Close: **266.59** Bid Size: Last Size: SCTR (ETF): **35.4**

Friday 30-Oct-2020

▼ **-0.57%**Chg: **-1.53**Last: **265.06**Volume: **5,259,616**

- The Dow is now 3-standard deviations below the mean and very oversold.
- As with SPY, wait until after the election to add exposure.�
- Hold positions for now and maintain stop-loss levels.�
- Short-Term Positioning: Bullish
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss moved up to \$260
- Long-Term Positioning: Bullish

Nasdaq Composite

Open: **274.38** Ask: P/E: Options: **yes**
 High: **275.24** Ask Size: EPS: Annual Dividend: **1.63284**
 Low: **267.07** Bid: Mkt Cap: **130.1B** Yield: **0.61%**
 Prev Close: **276.39** Bid Size: Last Size: SCTR (ETF): **86.2**

Friday 30-Oct-2020

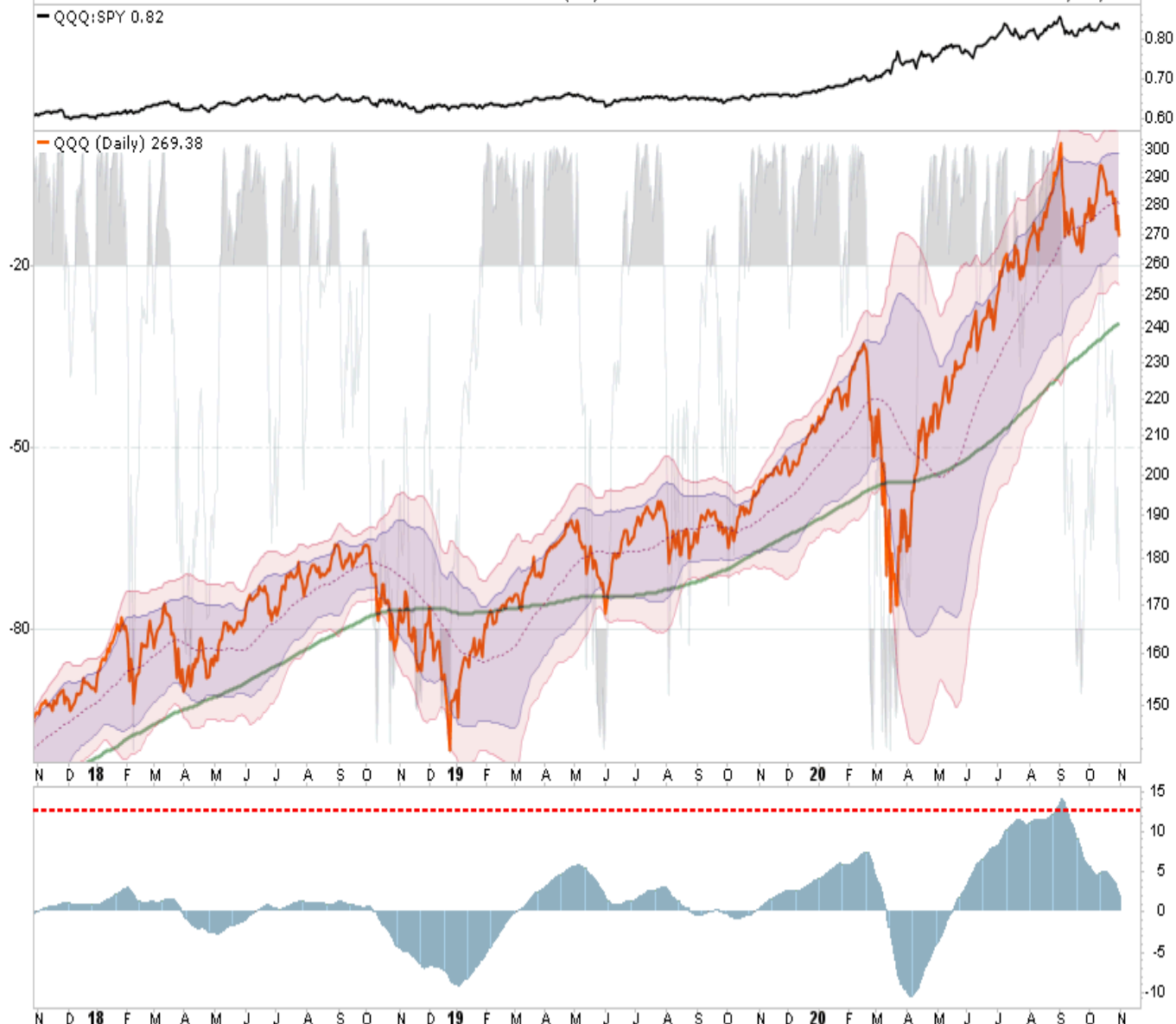
▼ **-2.54%**

Chg: **-7.01**

Last: **269.38**

Volume: **64,356,284**

— QQQ:SPY 0.82



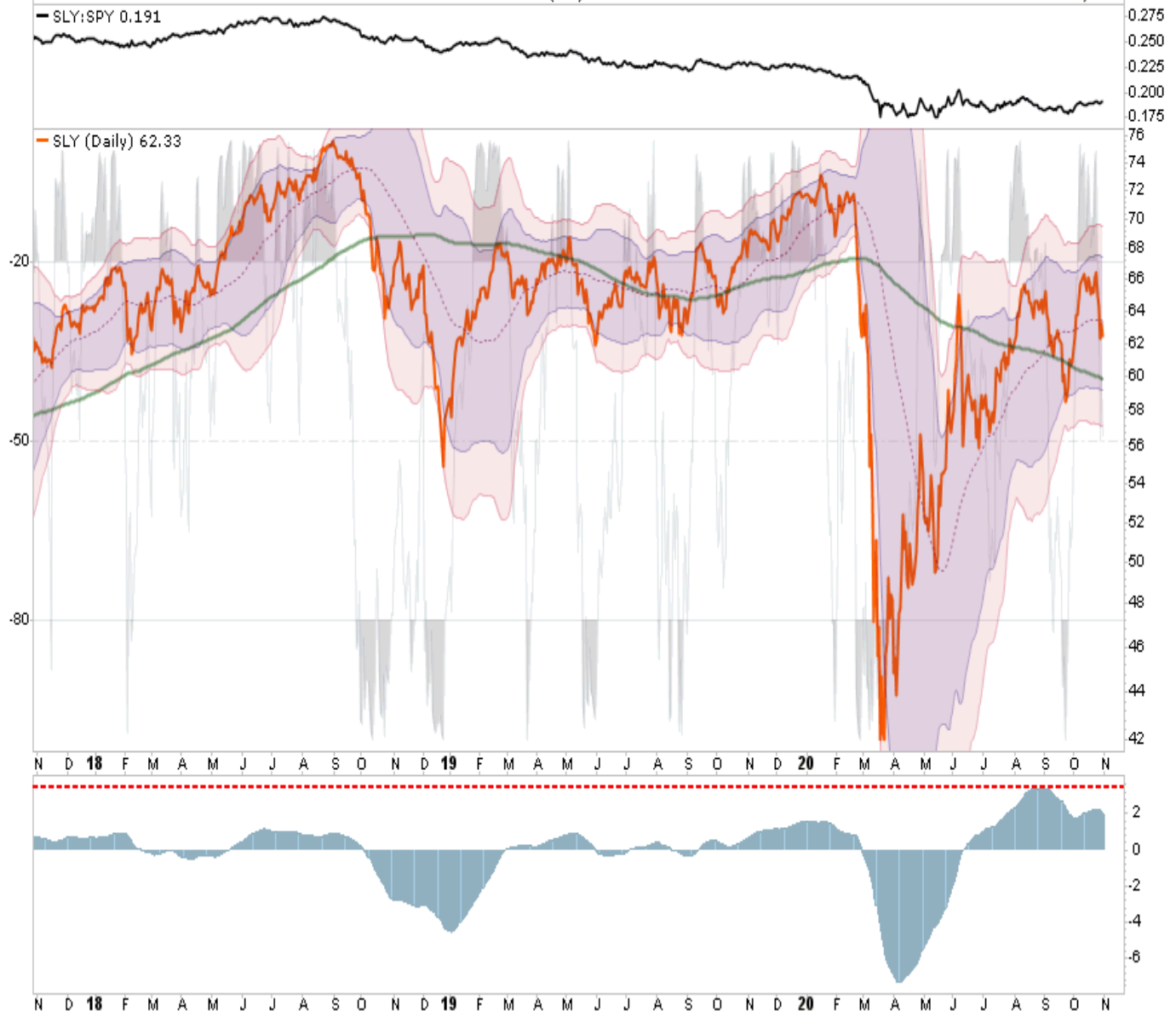
- The Nasdaq continues to work off its overbought condition and continues to reduce excess conditions. The underperformance relative to the S&P 500 is likely going to provide another good trading opportunity soon.�
- If the market correction continues to hold support, such will likely provide a good opportunity to add exposure aggressively.�
- Wait until after the election.�
- Hold current positions and honor stop losses.
- Short-Term Positioning: Bullish
 - Last Week: No changes this week.
 - This Week: No changes this week.
 - Stop-loss moved up to \$240
- Long-Term Positioning: Bullish

S&P 600 Index (Small-Cap)

Friday 30-Oct-2020

Open: **62.76** Ask: P/E: Options: **no**
 High: **63.19** Ask Size: EPS: Annual Dividend: **0.85961**
 Low: **61.82** Bid: Mkt Cap: **997.3M** Yield: **1.38%**
 Prev Close: **63.21** Bid Size: Last Size: SCTR (ETF): **71.0**

Friday 30-Oct-2020
 ▼ **-1.39%**
 Chg: **-0.88**
 Last: **62.33**
 Volume: **106,401**



- We noted last week: "The rally in small caps is extremely overbought and has again become very deviated from its long-term mean. Risk is currently to the downside."
- It is still suggested to use the current rally to rebalance positions, particularly as the rally in the dollar gains some traction.
- Short-Term Positioning: Bullish
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss set at \$60
- Long-Term Positioning: Bearish

S&P 400 Index (Mid-Cap)

Open: **347.01** Ask: P/E: Options: **yes**
 High: **348.93** Ask Size: EPS: Annual Dividend: **4.71345**
 Low: **341.80** Bid: Mkt Cap: **14.5B** Yield: **1.36%**
 Prev Close: **348.71** Bid Size: Last Size: SCTR (ETF): **74.0**

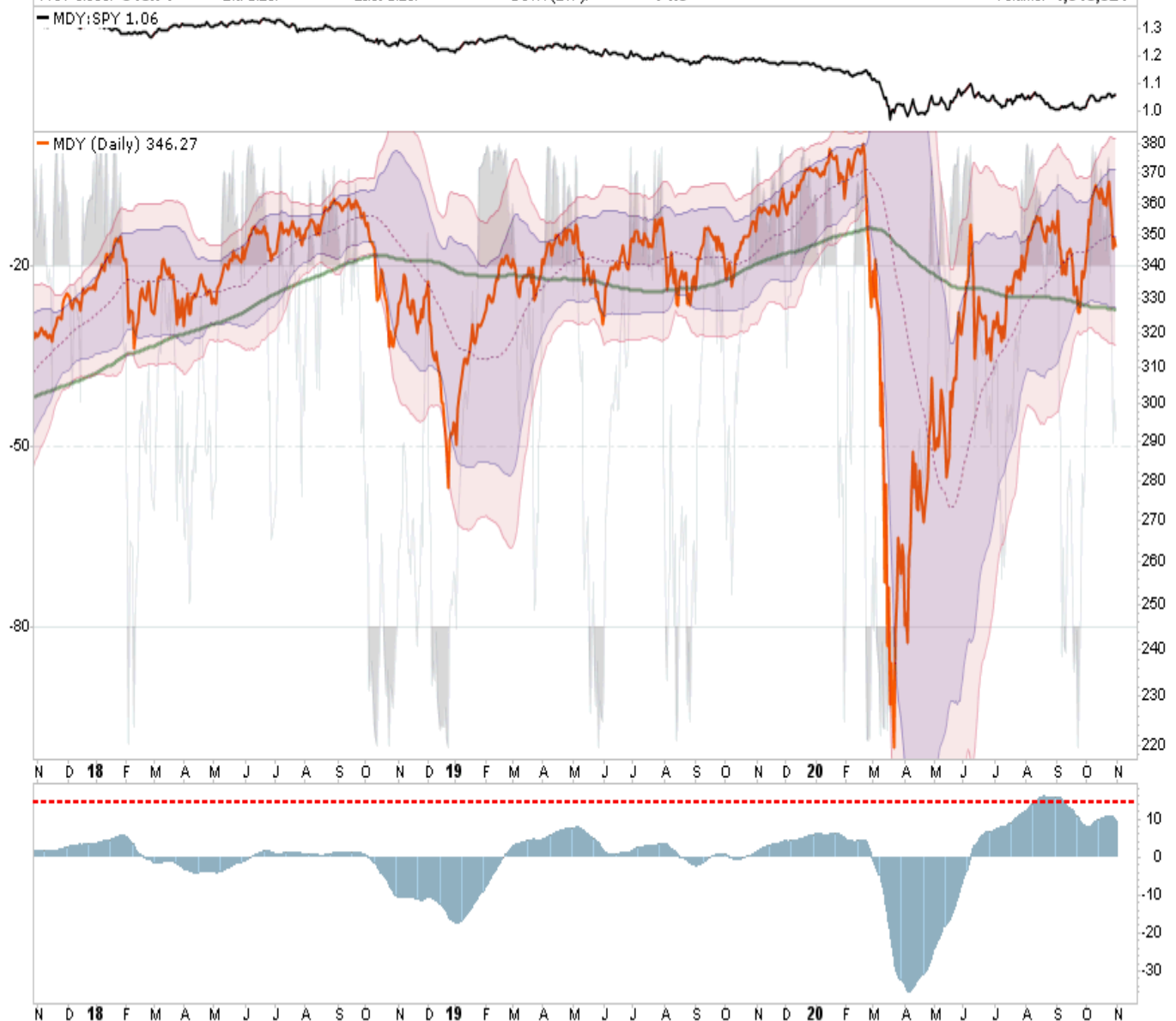
Friday 30-Oct-2020

▼ -0.70%

Chg: -2.44

Last: 346.27

Volume: 1,618,021



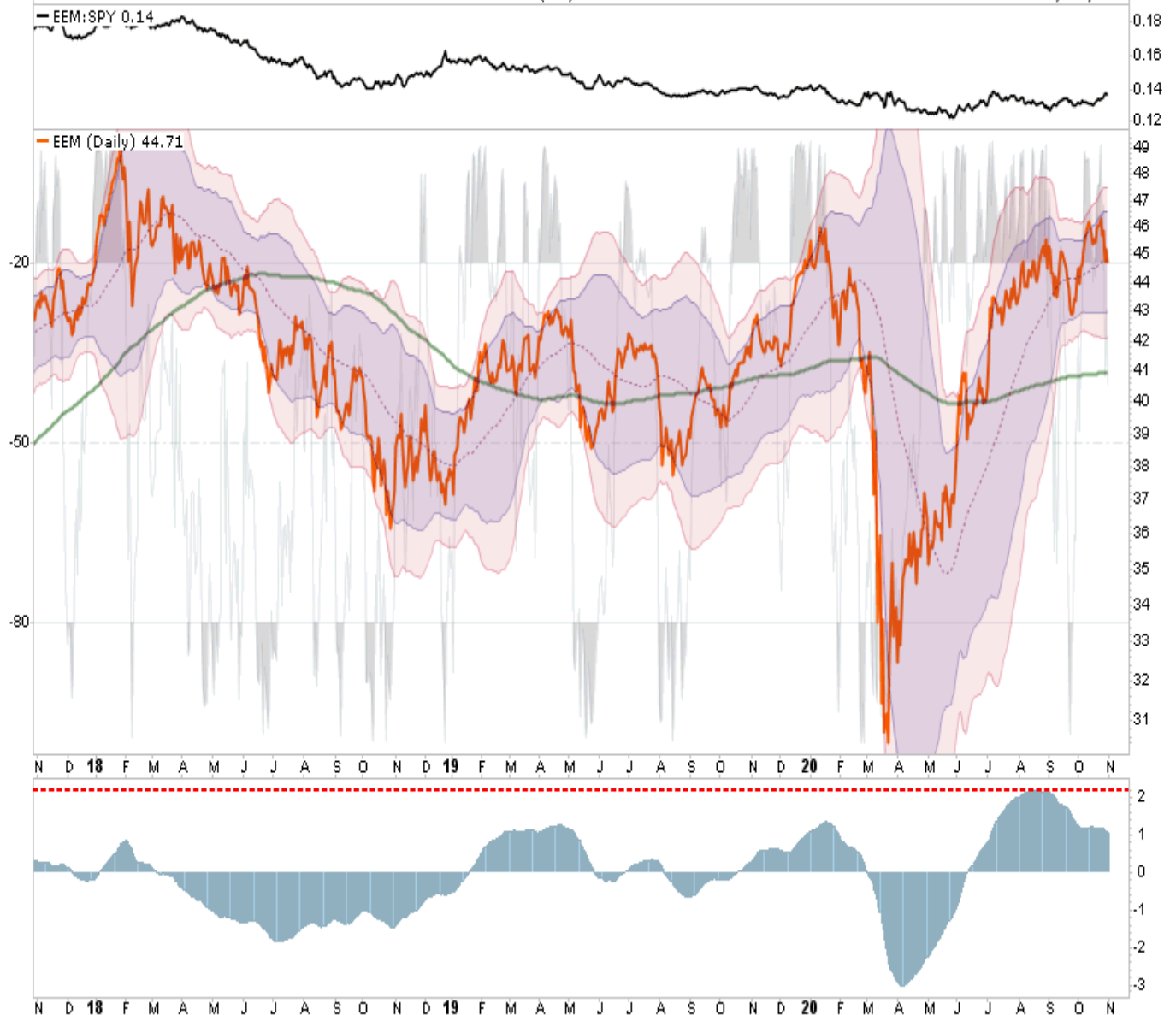
- MDY performed better than SLY last week, but it also began to correct its overbought condition, as noted last week. 2013266080;
- As stated: "The tradeable opportunity in Mid-caps we discussed previously is likely over for now. Keep stops tight at the 50-dma for now. Look for pullbacks to support to add exposure."
- That advice still stands, and an opportunity may be coming soon.
- The \$330 stop-loss remains intact, but just barely. 2013266080;
- Short-Term Positioning: Bullish
 - Last Week: No holding
 - This Week: No holding
 - Stop Loss is set at \$330
- Long-Term Positioning: Bullish

Emerging Markets

Friday 30-Oct-2020

Open: **44.85** Ask: P/E: Options: **yes**
 High: **44.92** Ask Size: EPS: Annual Dividend: **0.89298**
 Low: **44.41** Bid: Mkt Cap: **24.1B** Yield: **2.00%**
 Prev Close: **45.22** Bid Size: Last Size: SCTR (ETF): **88.6**

Chg: **-1.13%**
 Last: **44.71**
 Volume: **63,967,472**



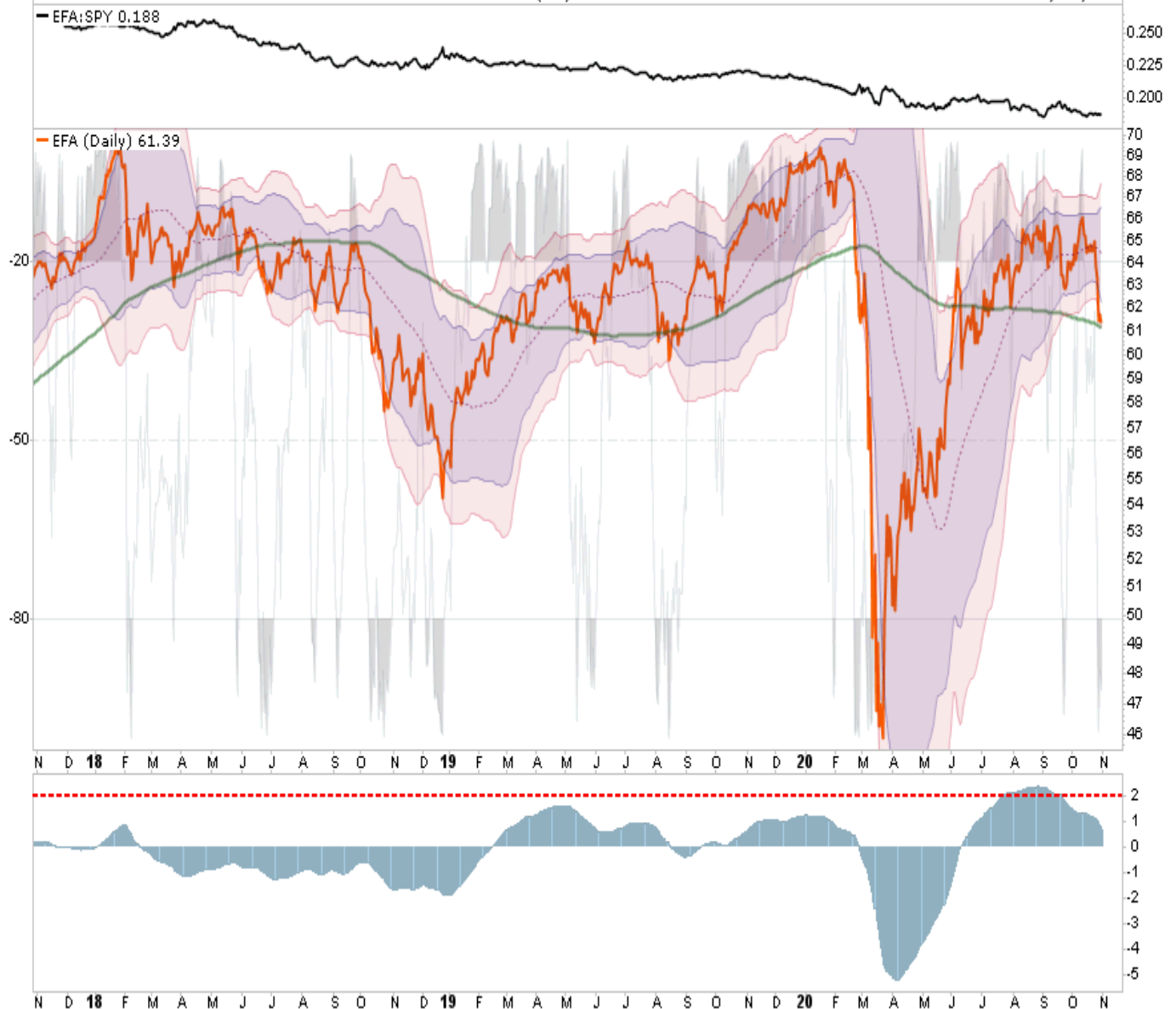
- As we stated last week, Emerging markets were extraordinarily overbought and deviated from the longer-term mean. We recommended taking profits and reduce exposure for now.
- The dollar is continuing to build a bottom and has turned up, applying pressure to international exposure. Be careful.
- Short-Term Positioning: Bullish
 - Last Week: No position
 - This Week: No position.
 - Stop-loss moved to \$42 for trading positions.
- Long-Term Positioning: Bullish

International Markets

Friday 30-Oct-2020

Open: **61.44** Ask: P/E: Options: **yes**
 High: **61.53** Ask Size: EPS: Annual Dividend: **1.63354**
 Low: **60.97** Bid: Mkt Cap: **44.2B** Yield: **2.66%**
 Prev Close: **61.71** Bid Size: Last Size: SCTR (ETF): **31.2**

Chg: **-0.32**
 Last: **61.39**
 Volume: **35,424,296**



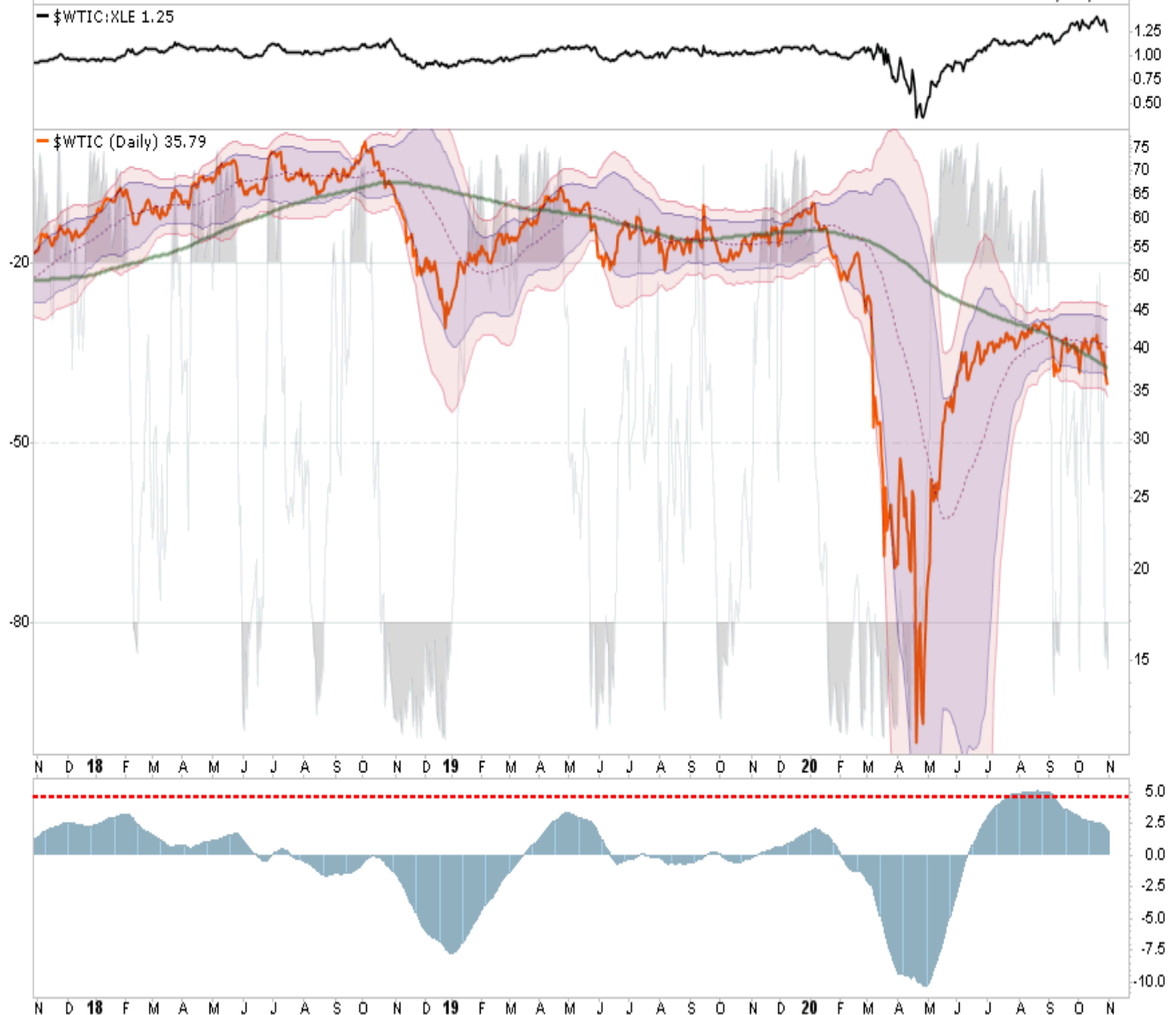
- *International markets performed worse than emerging markets last week and are now extremely oversold and sitting on the 200-dma.*
- *Part of this is due to the dollar rally; the other part is the surge in virus cases and the shuttering of economies.*
- *Avoid international for the time being.*
- *Maintain stops.*
- *Short-Term Positioning: Bullish*
 - *Last Week: No position.*
 - *This Week: No position.*
 - *Stop-loss set at \$62*
- *Long-Term Positioning: Bullish*

West Texas Intermediate Crude (Oil)

Open: **36.07** Ask: P/E: Options: **no**
 High: **36.60** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **35.21** Bid: Mkt Cap: Yield: **N/A**
 Prev Close: **36.17** Bid Size: Last Size: SCTR:

Friday 30-Oct-2020

▼ **-1.05%**
 Chg: **-0.38**
 Last: **35.79**
 Volume: **37,250,300**



- The rally in oil occurred but broke back below the 200-dma.
- We had hoped the worst was over for now in oil, but that turned out not to be the case.
- Energy stocks, unfortunately, are still not performing.
- 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: **177.18** Ask: P/E: **-17.02** Options: **yes**
 High: **177.36** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
 Low: **175.95** Bid: Mkt Cap: **76.3B** Yield: **N/A**
 Prev Close: **175.40** Bid Size: Last Size: SCTR (ETF): **57.7**

Friday 30-Oct-2020
 ▲ **+0.46%**
 Chg: **+0.80**
 Last: **176.20**
 Volume: **7,253,984**



- After previously adding to our positions in GDX and IAU, we continue to hold our positions.
- However, the selloff last week did push the metal and miners back to oversold.
- At 2-standard deviations below the 50-dma, we are setting up for an excellent counter-trend rally.
- Stops are reset at \$165.
- We believe downside risk is relatively limited, but as always, maintain stops.
- Short-Term Positioning: Bullish
 - Last week: No changes this week.
 - This week: No changes this week.
 - Stop-loss adjusted to \$165
 - Long-Term Positioning: Bullish

Bonds (Inverse Of Interest Rates)



- Bonds struggled last week and are now at historically very extreme oversold conditions. 202013266080;
- There is a lot of upside potential in bonds from the current oversold condition, which will coincide with a larger correction in stocks. 202013266080;
- The "sell signal" is now at levels that have typically preceded more massive rallies in bonds, so continue to maintain exposure.
- Investors can add to Treasuries at current levels. Post-election, we will take our duration much further out. 202013266080;
- Short-Term Positioning: Neutral
 - Last Week: Hold positions.
 - This Week: Hold reduced positions.
 - Stop-loss moved up to \$157.50
 - Long-Term Positioning: Bullish

U.S. Dollar

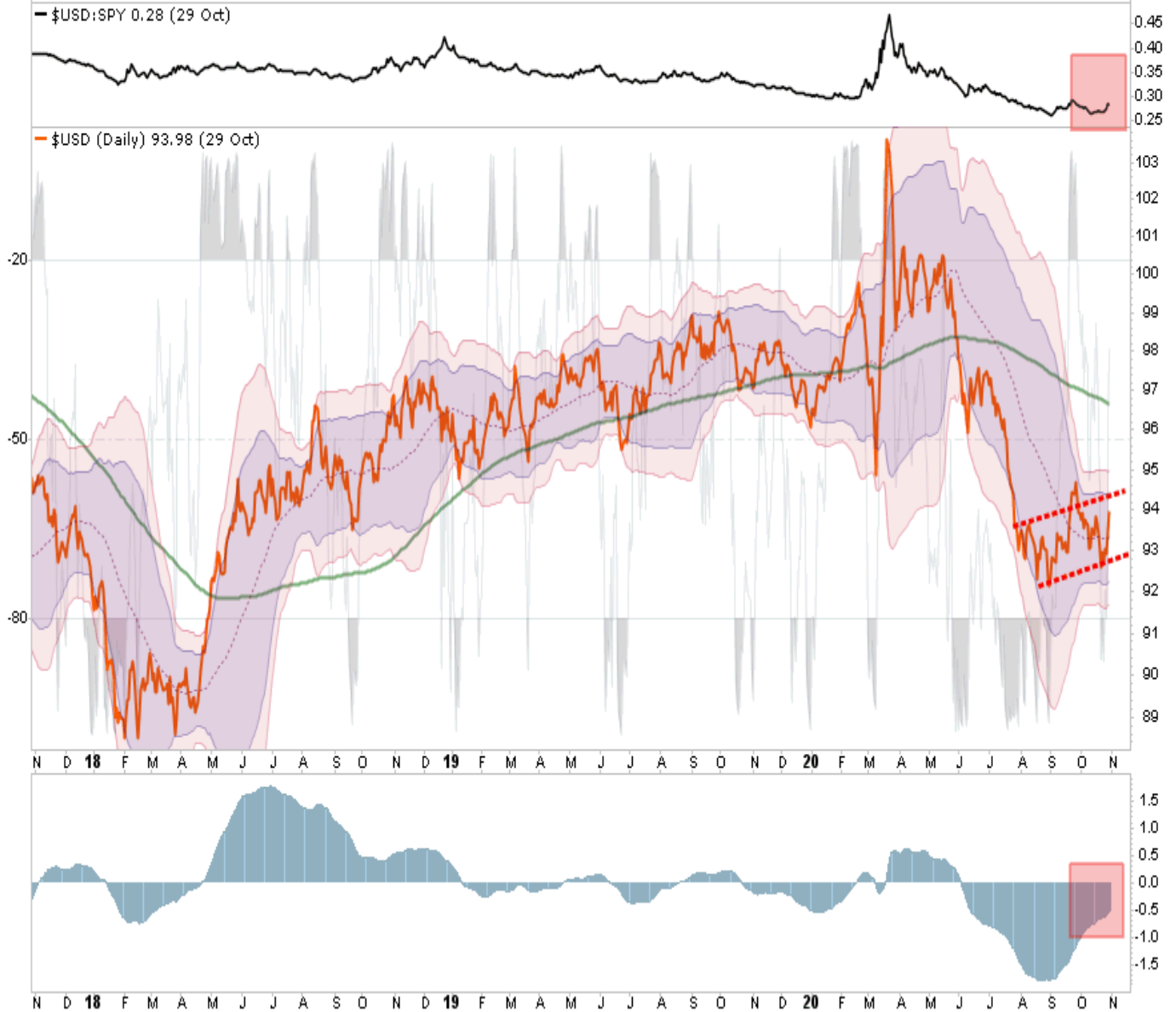
\$USD US Dollar Index - Cash Settle (EOD) ICE

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Thursday 29-Oct-2020

Open: **93.47** Ask: P/E: Options: **no**
 High: **94.14** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **93.36** Bid: Mkt Cap: Yield: **N/A**
 Prev Close: **93.41** Bid Size: Last Size: SCTR:

Chg: **+0.57**
 Last: **93.98**
 Volume: **0**



- The dollar rally stumbled last week and retested previous lows.
- However, the bottoming process continued, and the dollar has now set a higher lower and is building an uptrend channel.
- A breakout above that trend and the dollar rally will be on. Such will be bad for international stocks and commodities, so watch the dollar closely.
- Traders can continue to build a position here with a stop loss at recent lows. 2013266080;
- Stop-loss adjusted to \$92.