Major Market Buy-Sell Review: 11-09-20

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 11-09-20 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.*

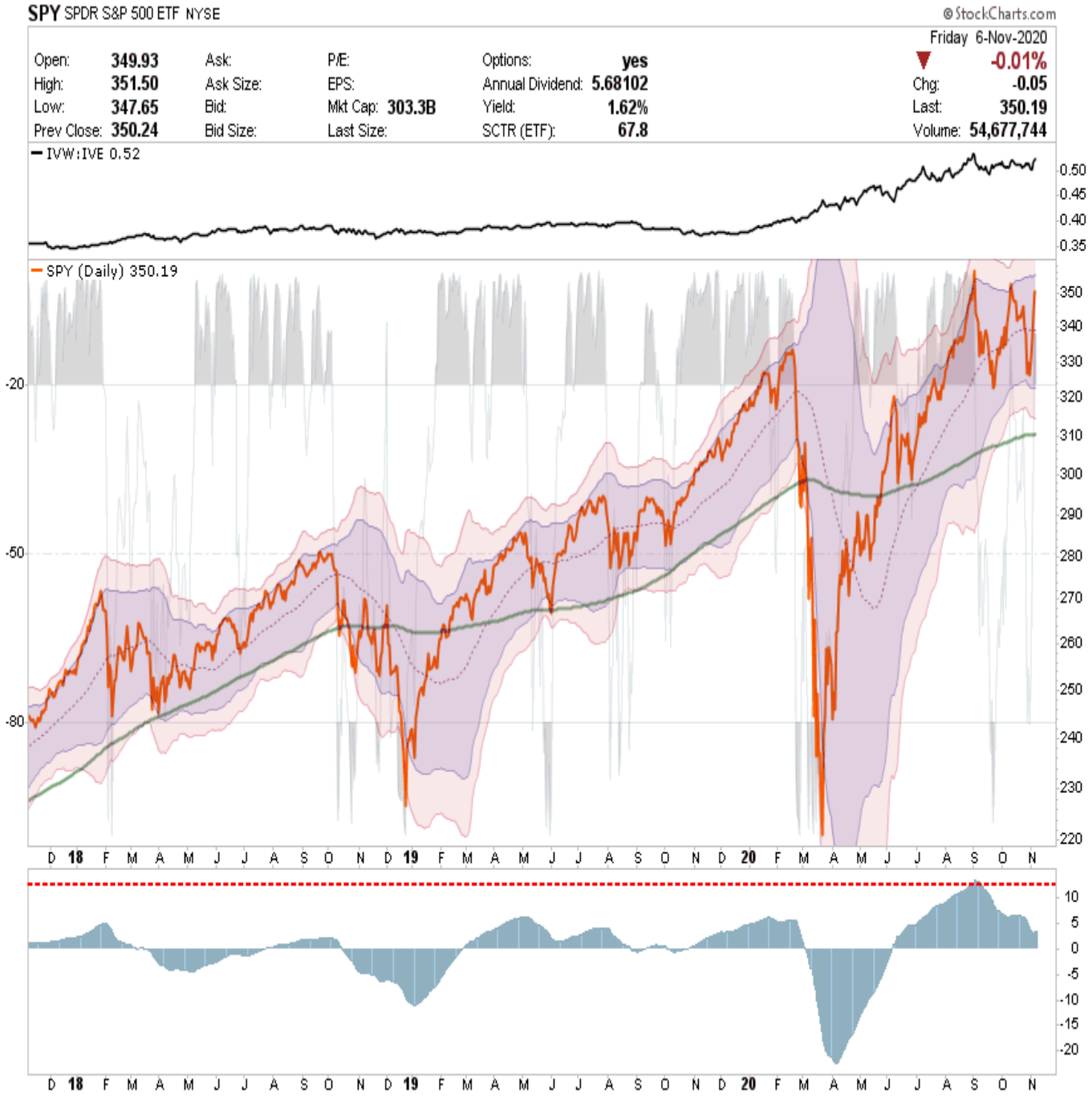
When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise, when the buy/sell indicator is above the ZERO line, investments tend to work better.



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

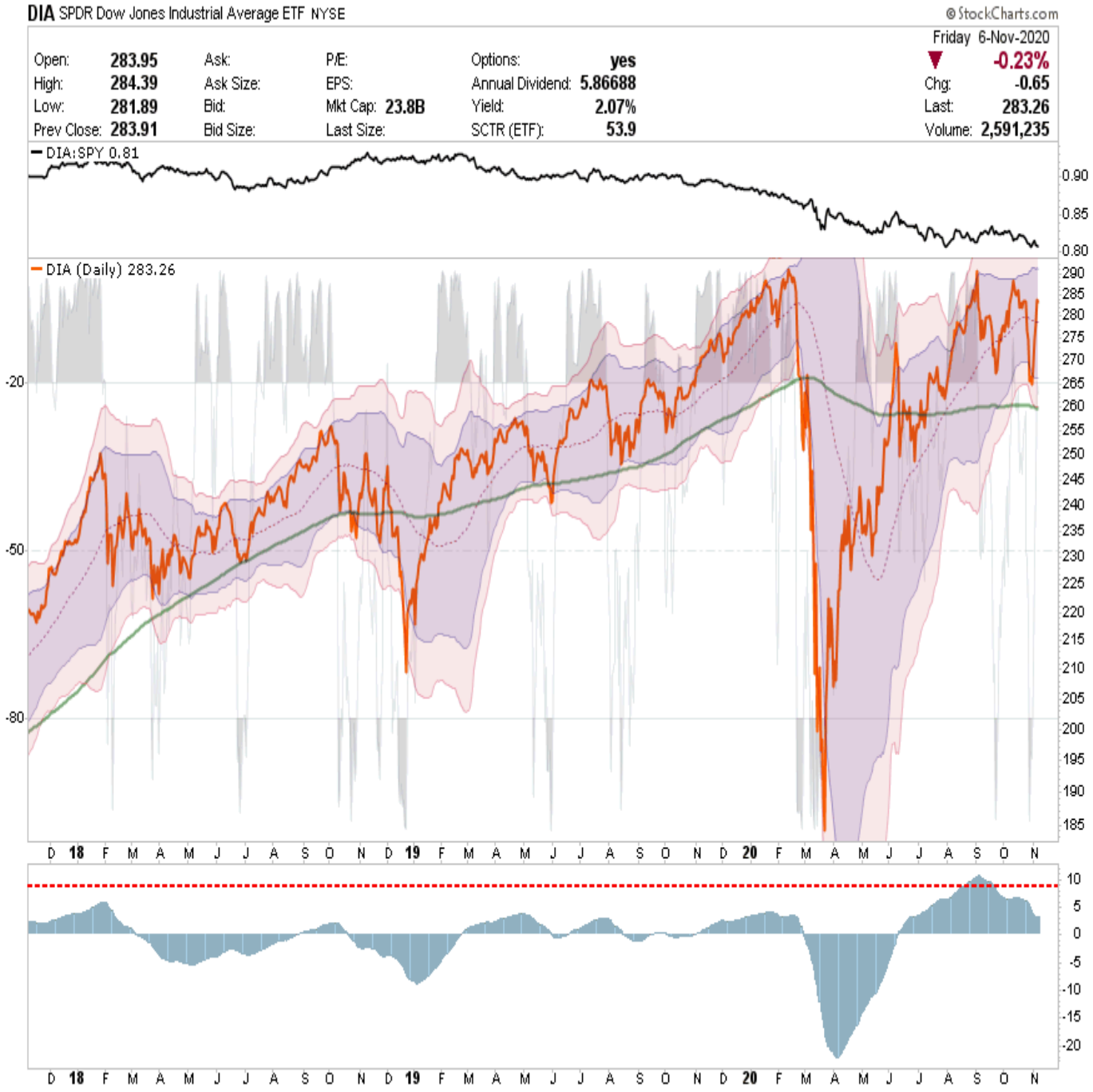
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S&P 500 Index



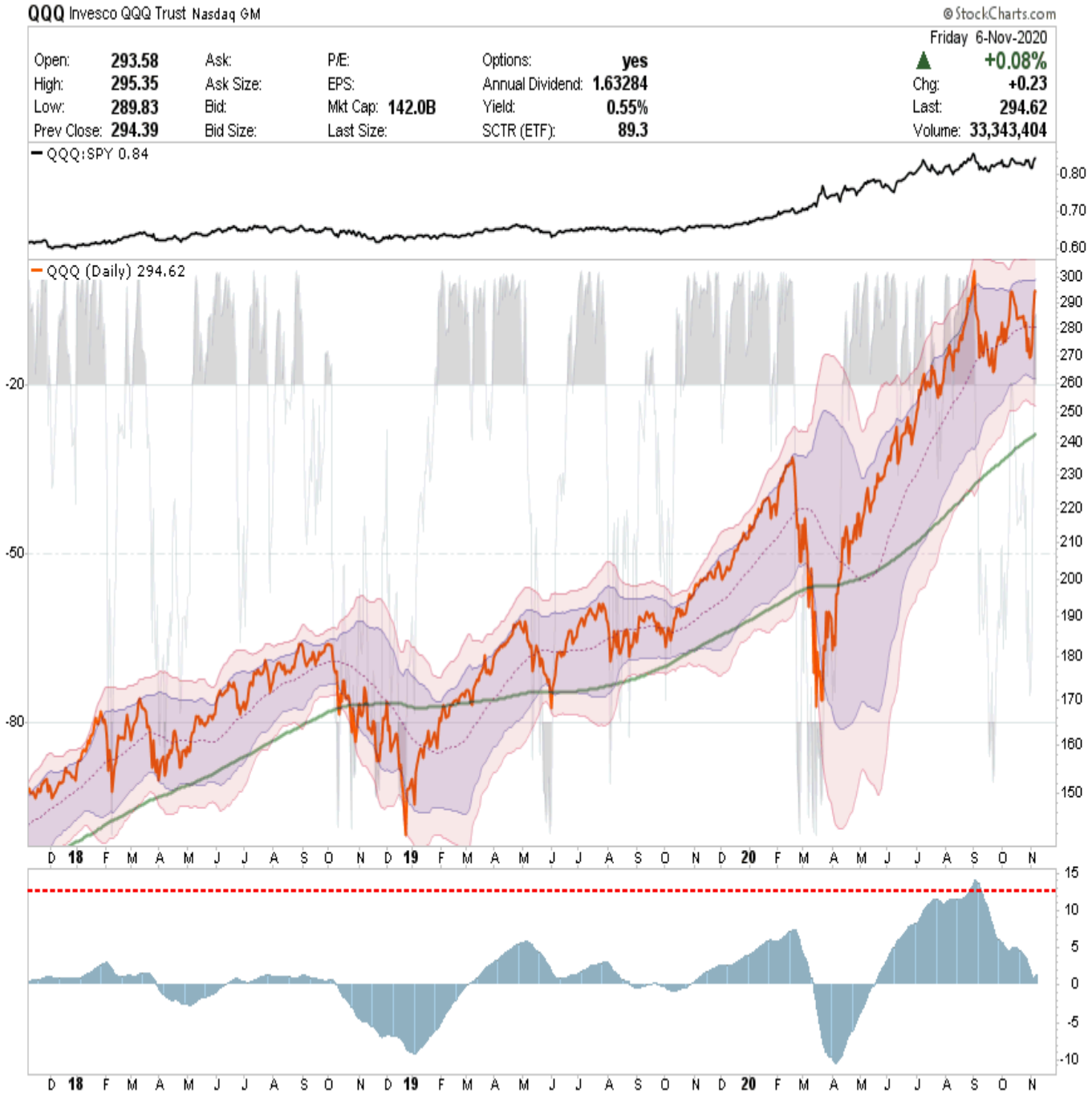
- *As noted last week: "The market worked off most of the previous overbought condition and is now back to support at the September lows and 2-standard deviations below the 50-dma.&#2013266080;Wait until after the election to add trading positions to portfolios."*
- *On Wednesday, we added exposures to our portfolios, primarily in Technology and Healthcare, as noted in the portfolio update.&#2013266080;*
- *Maintain current exposures for now, but the market has already reverted to overbought. Volatility will likely be high at the end of the year.&#2013266080;&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last Week: Maintaining holdings.*
    - *This Week: Maintaining holdings.*
    - *Stop-loss set at $310 for trading positions.*
    - *Long-Term Positioning: Bullish*

Dow Jones Industrial Average



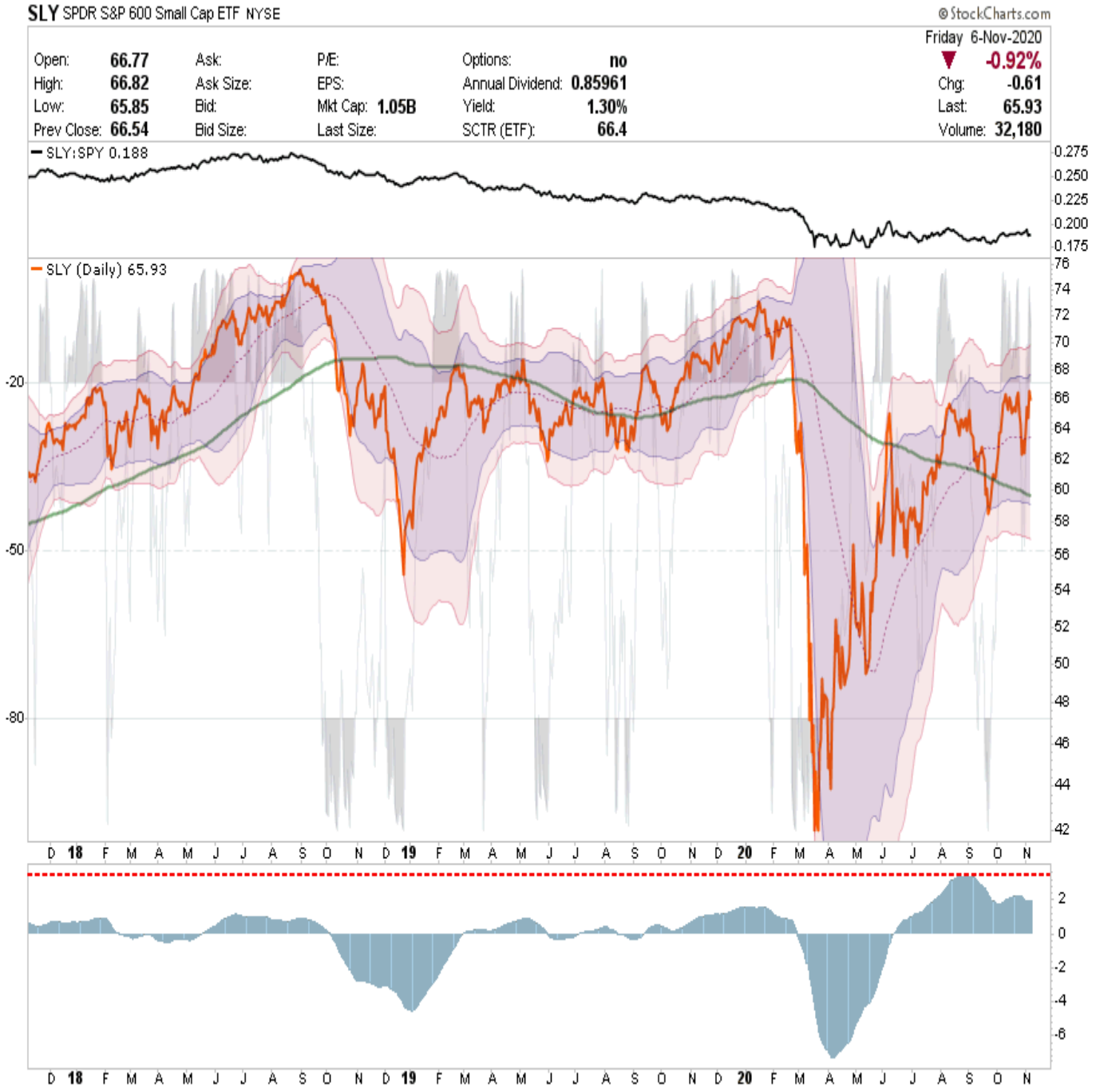
- *As with SPY, the Dow has also completely reversed its oversold condition in one-week and is pushing back into resistance.&#2013266080;*
- *While there is upside currently if you are not already in, wait for weakness now to buy.*
- *Hold positions for now and maintain stop-loss levels.&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last Week: No position.*
    - *This Week: No position.*
    - *Stop-loss moved up to $260*
- *Long-Term Positioning: Bullish*

Nasdaq Composite



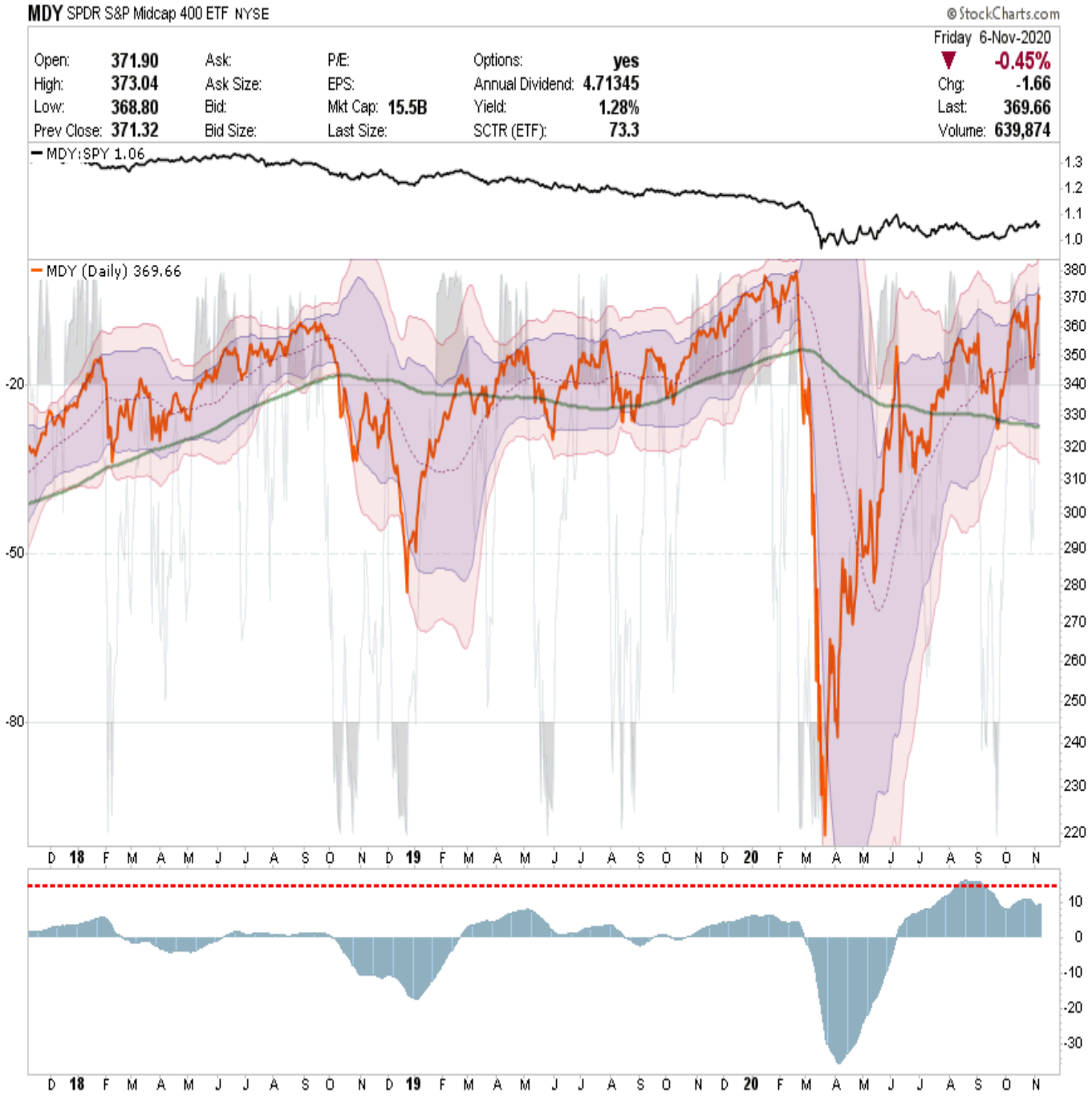
- *The Nasdaq is in the best technical shape. It worked off most of its overbought conditions, held important support, and has rallied.*
- *As noted last week: "The underperformance relative to the S&P 500 is likely going to provide another good trading opportunity soon."*
- *That occurred this week, and we added exposure there. (See portfolio commentary)*
- *Markets are back to short-term overbought, so use corrections to add to holdings.*
- *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)



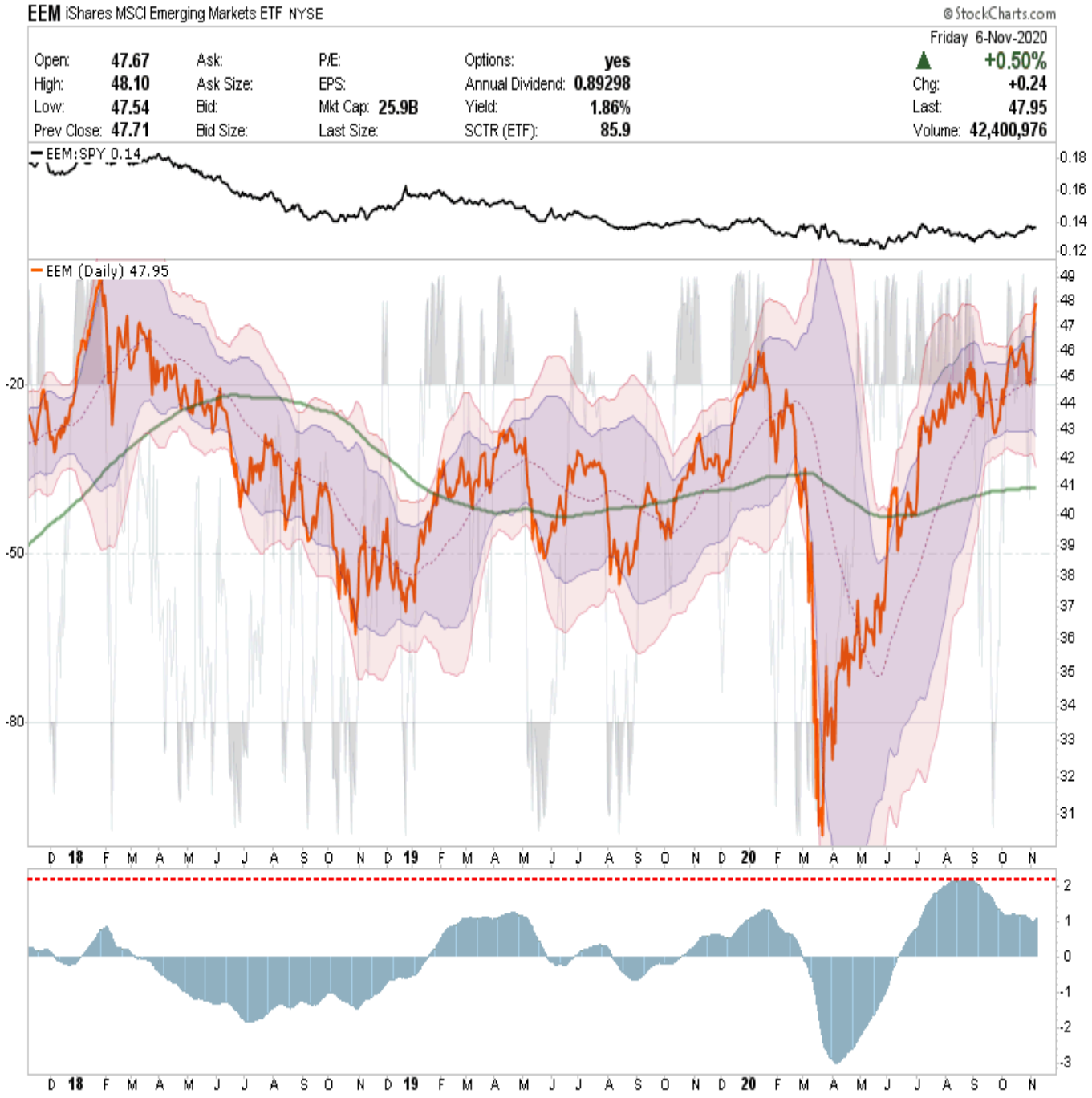
- *While small-cap also rallies this past week, performance continues to lag the broader markets.*
- *SLY is back to overbought.*
- *We suggested previously to "use the current rally to rebalance position." That advice remains this week as well.&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last Week: No positions*
    - *This Week: No positions.*
    - *Stop-loss set at $60*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)



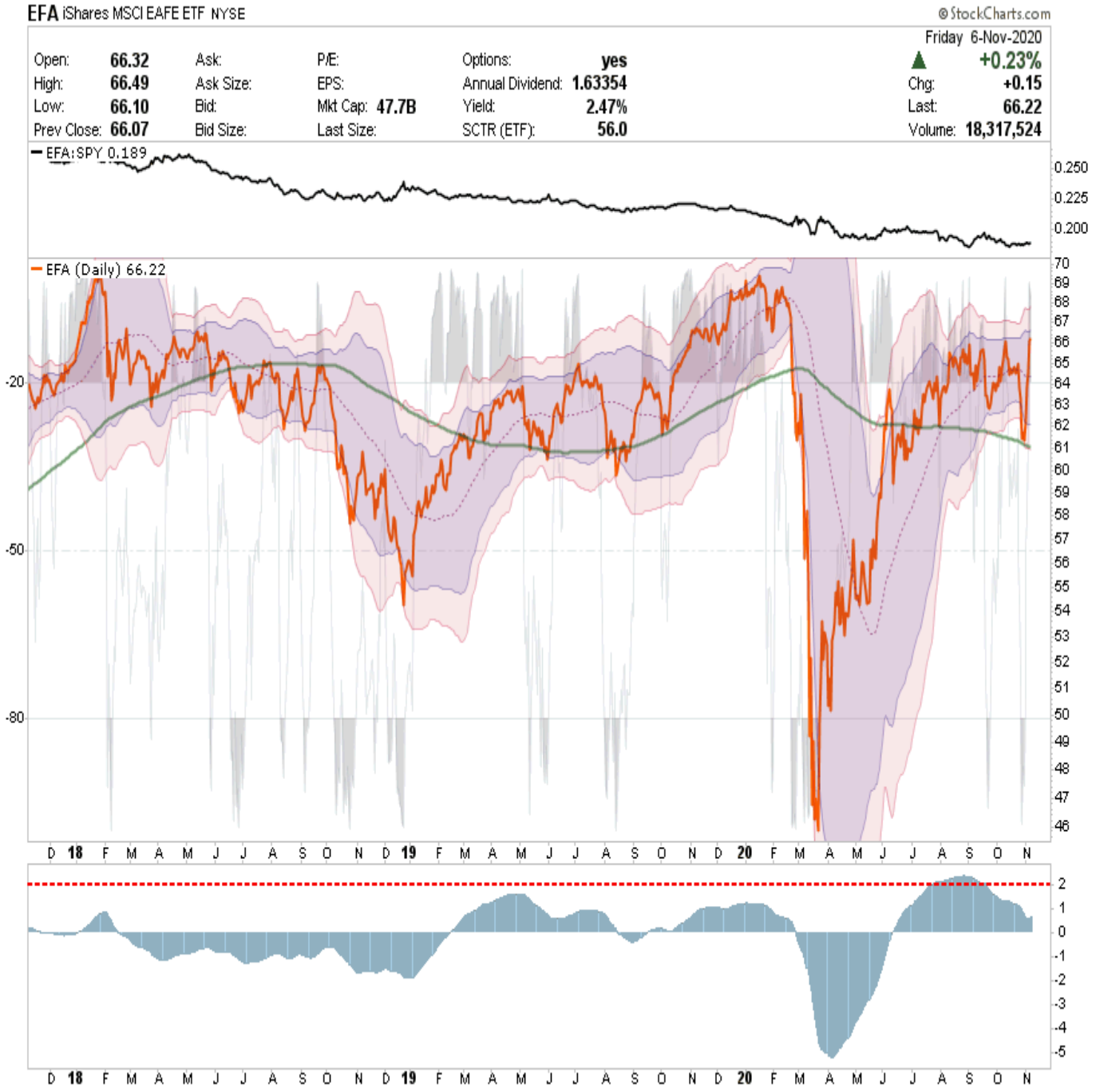
- *MDY performed better than SLY last week but is back to more extreme overbought levels and continues to underperform the broad markets.&#2013266080;*
- *We noted last week to: "Keep stops tight at the 50-dma for now. Look for pullbacks to support to add exposure."*
- *That opportunity came and went in a week. Wait for a pullback to the 50-dma that holds to add support.&#2013266080;*
- *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



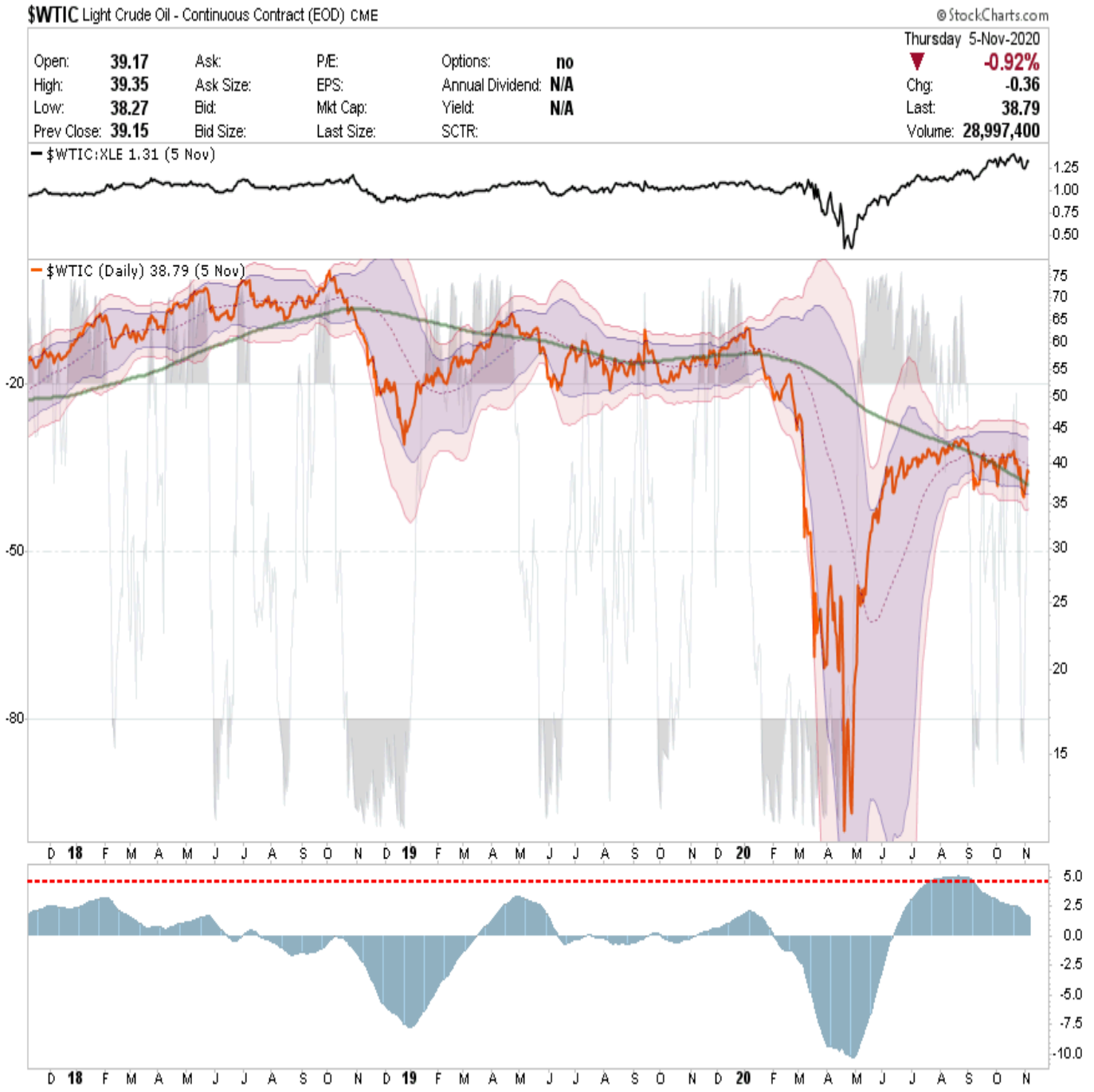
- *Emerging markets went ballistic post-election as the dollar dropped with the split-Congress outcome.&#2013266080;*
- *EEM is grossly extended and overbought. Take profits and reduce the risk for now and look for a pullback to the 50-dma for a trading opportunity.&#2013266080;*
- *Short-Term Positioning: Bullish*
    - *Last Week: No position*
    - *This Week: No position.*
    - *Stop-loss moved to $44 for trading positions.*
- *Long-Term Positioning: Bullish*

International Markets



- *International markets performed worse than emerging markets last week.*
- *After getting oversold and sitting on the 200-dma, the bounce was sharp and is now back to extreme overbought. Take profits and reduce positions for now.&#2013266080;*
- *Look for a pullback to the 50-dma for a trade.*
- *Maintain stops.*
- *Short-Term Positioning: Bullish*
    - *Last Week: No position.*
    - *This Week: No position.*
    - *Reset stop-loss at $62*
- *Long-Term Positioning: Bullish*

West Texas Intermediate Crude (Oil)



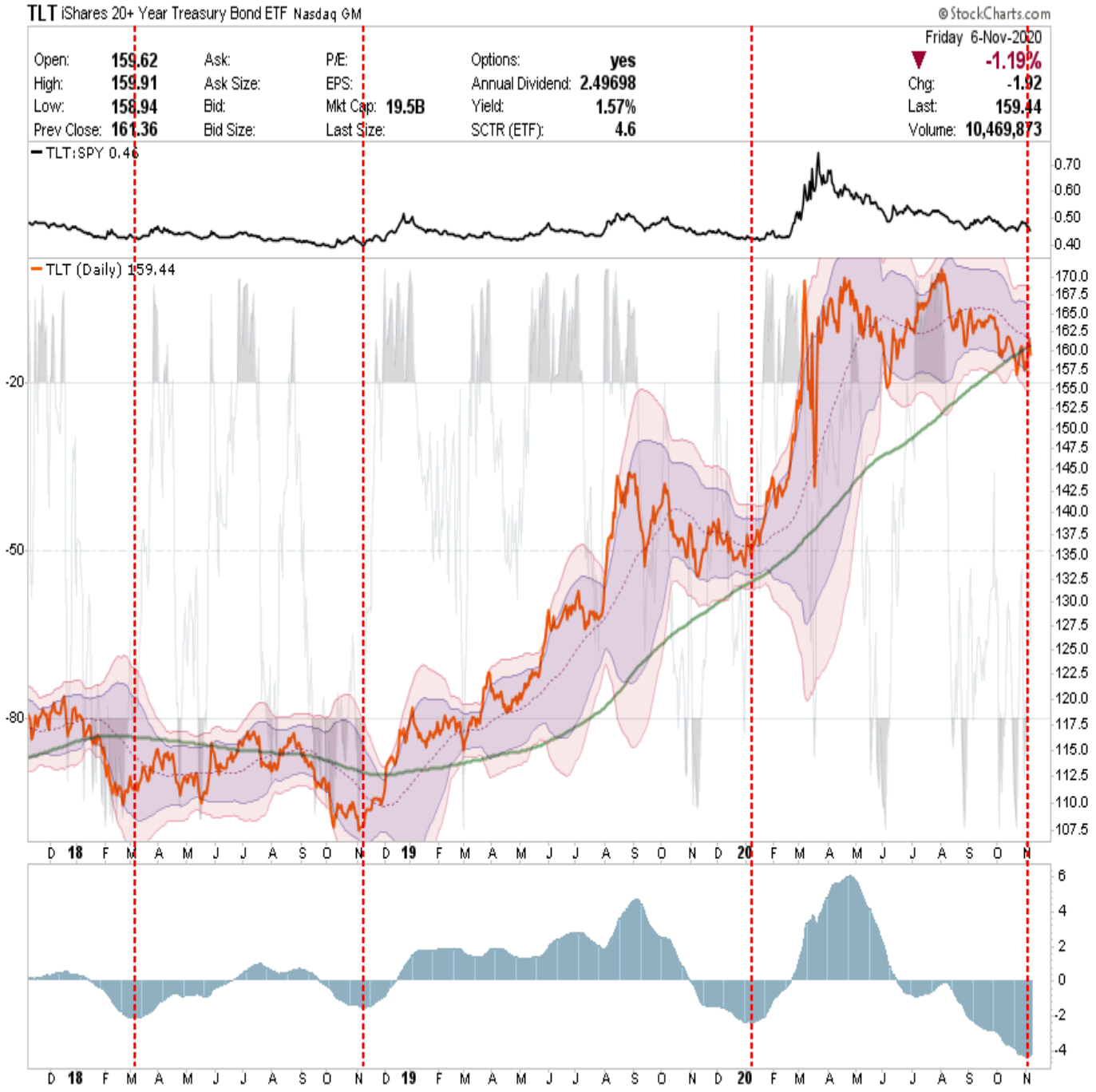
- *The rally in oil came last week with the election now that the threat of a "fracking ban" has been mostly eliminated.&#2013266080;*
- *Oil broke above the 200-dma, and energy stocks gained some traction. It is too early to jump in, but a bottom may be forming for a reasonable opportunity.&#2013266080;*
- *Short-Term Positioning: Bearish*
    - *Last Week: Hold positions*
    - *This Week: Hold positions*
    - *Stop for trading positions at $32.50*
- *Long-Term Positioning: Bearish*

Gold



- *After previously adding to our positions in GDX and IAU, we continue to hold our positions.&#2013266080;*
- *Last week, gold and gold miners rallied sharply with the election outcome.&#2013266080;*
- *We are going to look to add to our positions on any weakness next week.*
- *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 remain at historically very extreme oversold conditions. They bounced nicely last week but are not trading correctly just yet.&#2013266080;*
- *The upside potential in bonds from the current oversold condition is good and will coincide with a larger stock correction.&#2013266080;*
- *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.&#2013266080;*
- *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



- *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.*