

Major Market Buy/Sell Review: 03-30-20

HOW TO READ THE CHARTS

There are three primary components to each chart:

- 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 have a tendency of working better than when below the zero line.



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

S&P 500 Index

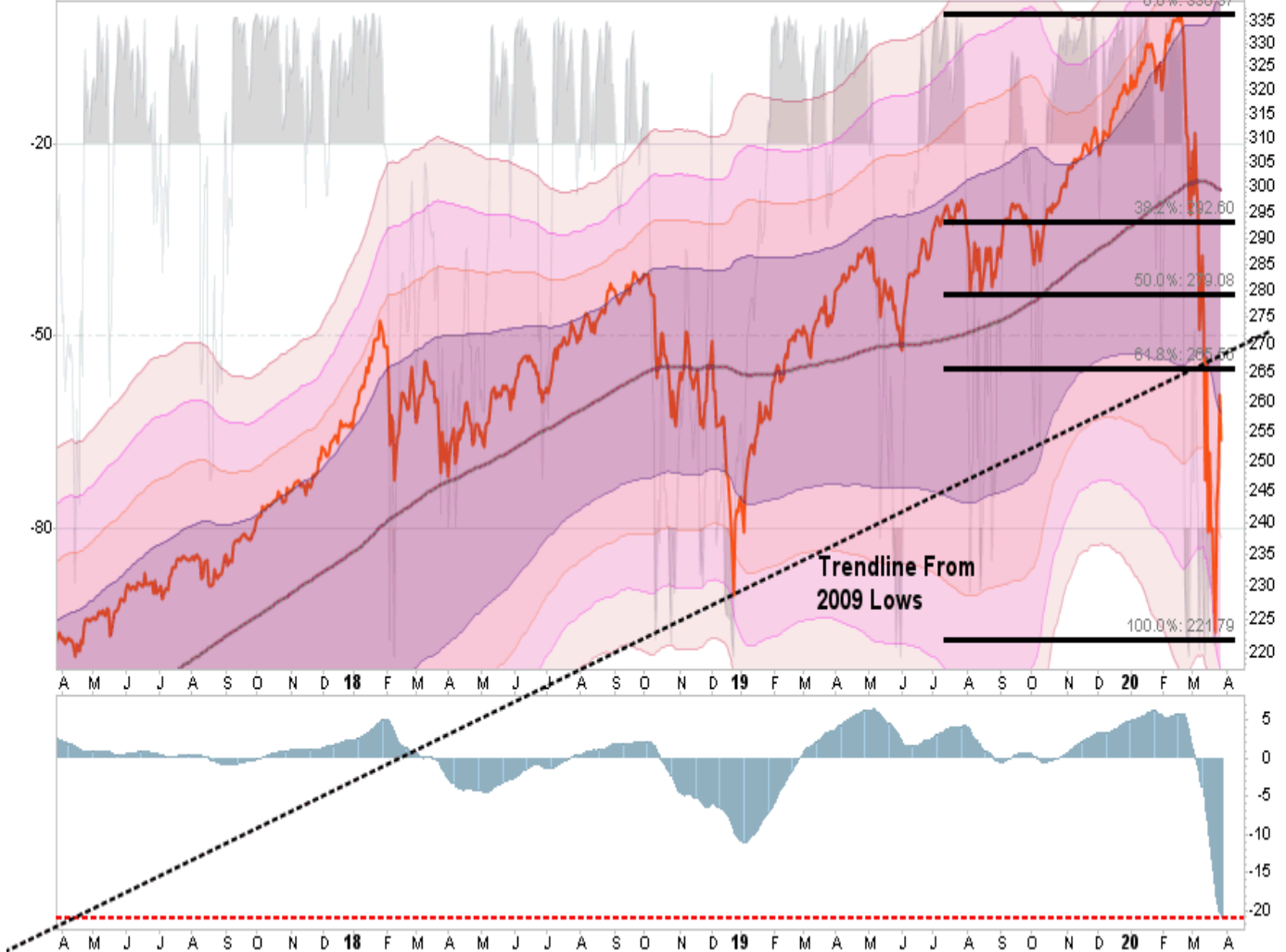
SPY SPDR S&P 500 ETF NYSE

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Friday 27-Mar-2020

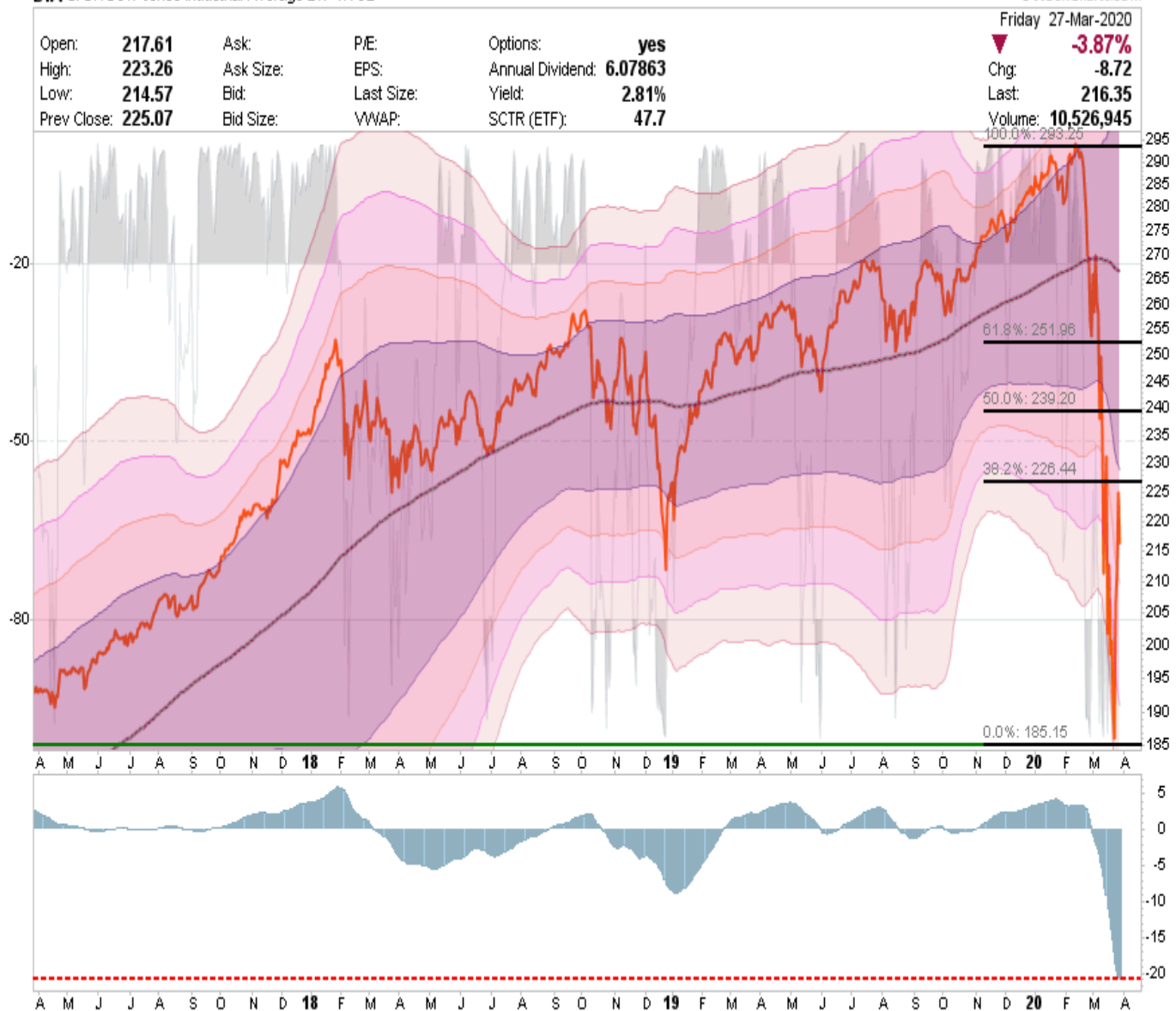
Open: 253.27	Ask:	P/E:	Options: yes
High: 260.81	Ask Size:	EPS:	Annual Dividend: 5.79081
Low: 251.05	Bid:	Last Size:	Yield: 2.29%
Prev Close: 261.20	Bid Size:	VWAP:	SCTR (ETF): 58.7

▼ **-2.98%**
 Chg: **-7.78**
 Last: **253.42**
 Volume: **222,427,072**



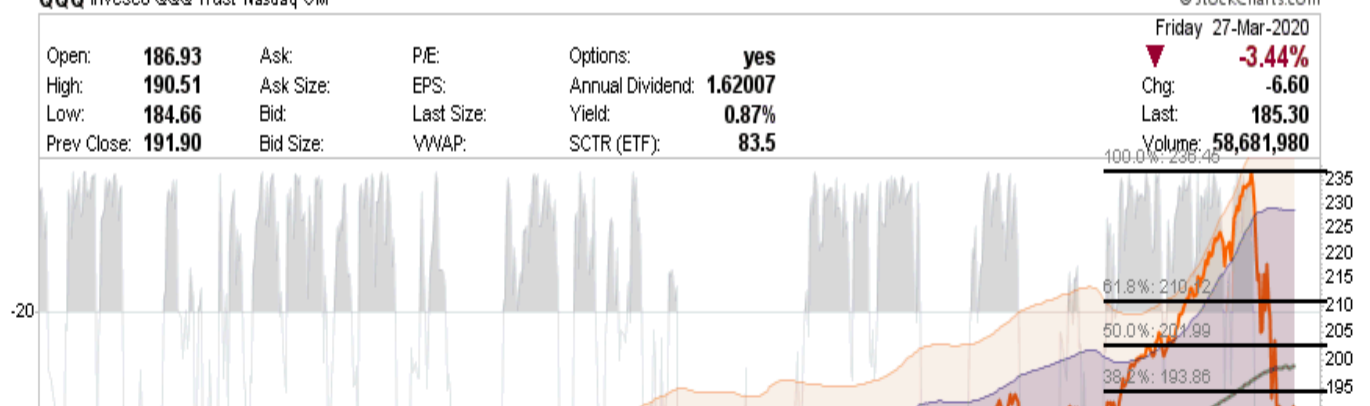
- We previously wrote: "With the market now 3-standard deviations oversold, a bounce is likely next week as it is expected the Fed will cut rates and restart a substantial QE program. A retracement to the 31.8%, 50%, 62.8% levels are possible and each level should be used to reduce equity risk and hedge."
- Well, that bounce finally came and it was a vicious as we expected. While this remains a "bear market" rally, the media was quick to jump on the "Bear market is over" bandwagon. It isn't, and investors will likely pay a dear price in April.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position
 - This Week: No position
 - Stop-loss set at \$220
 - Long-Term Positioning: Bearish

Dow Jones Industrial Average



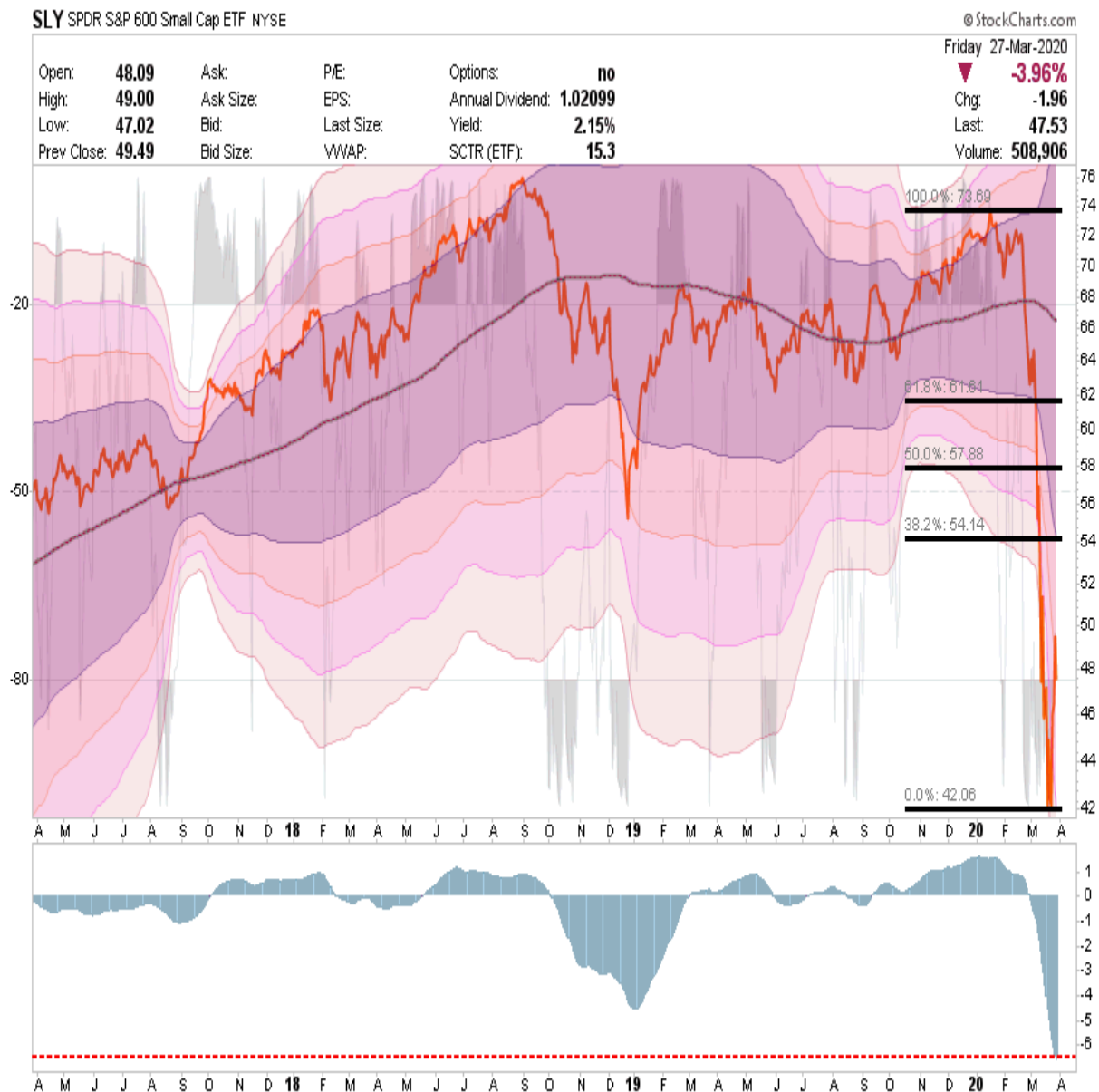
- The same situation exists with DIA.
- The bounce we discussed previously retraced to the 38.2% retracement level and failed. While Monday and Tuesday could see a push higher for quarter end rebalancing, this is still a bear market to be sold into.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss set at \$185
- Long-Term Positioning: Bearish

Nasdaq Composite



- Last Monday, in anticipation of a rally, we put on a small QQQ trade. The rally did occur and ran into resistance at the 38.2% retracement level. We closed out the trade Friday afternoon, as we were unwilling to hold over the weekend.
- We may put on another trade soon, depending on getting the right setup. April promises to be sloppy.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions
 - This Week: No positions
 - Stop-loss set at \$170
- Long-Term Positioning: Bearish due to valuations

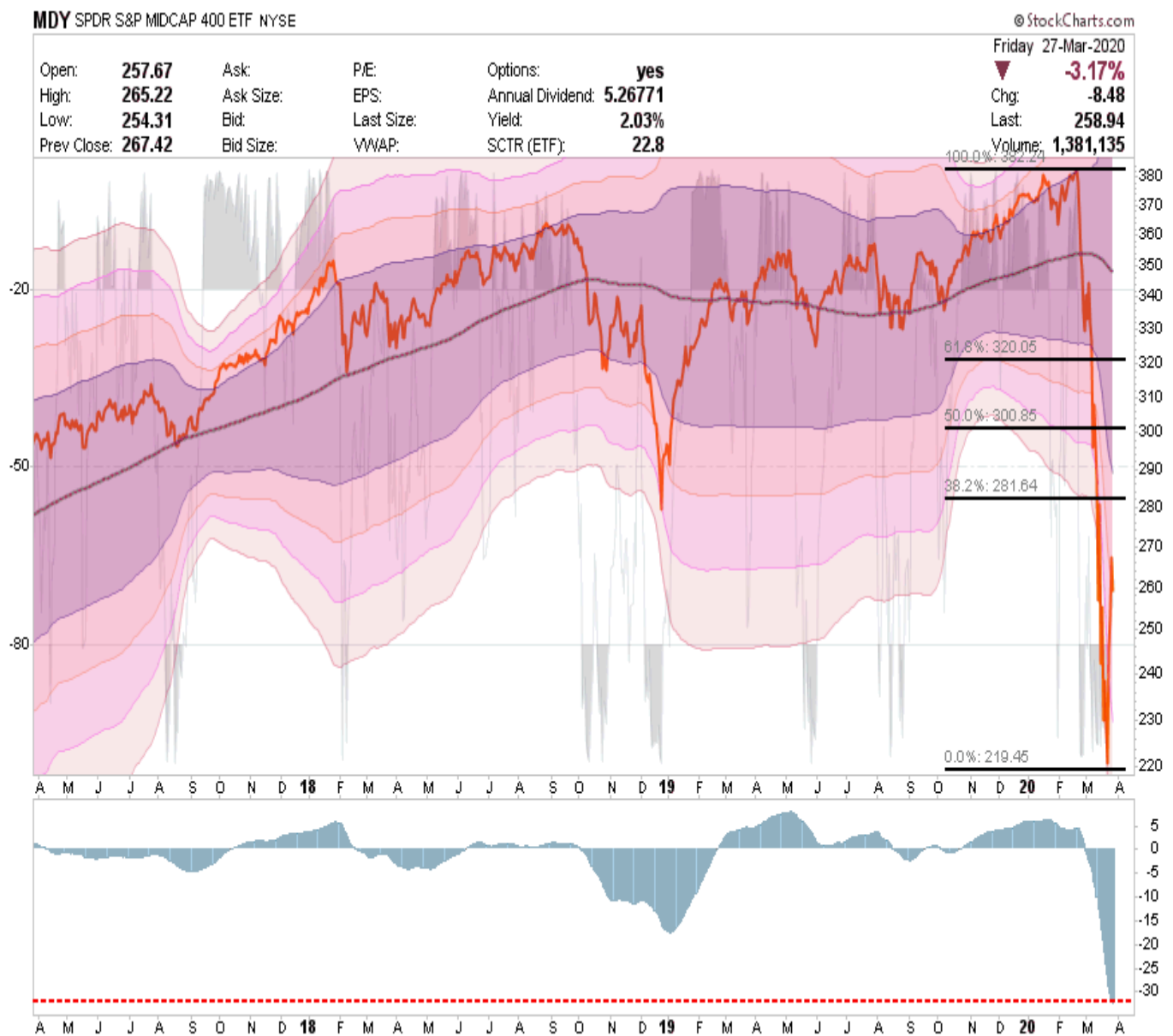
S&P 600 Index (Small-Cap)



- As noted last week, small-caps are extremely oversold, and on a very deep ?sell signal.? They did bounce this past week, but underperformed the major indexes substantially.
- Avoid small-caps. This particular group of stocks are the most susceptible to an economic slowdown from the virus. Use any reflexive rally to step-aside for the time being.
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No positions

- *This Week: No positions.*
- *Stop loss adjusted to \$42 on trading positions.*
- *Long-Term Positioning: Bearish*

S&P 400 Index (Mid-Cap)



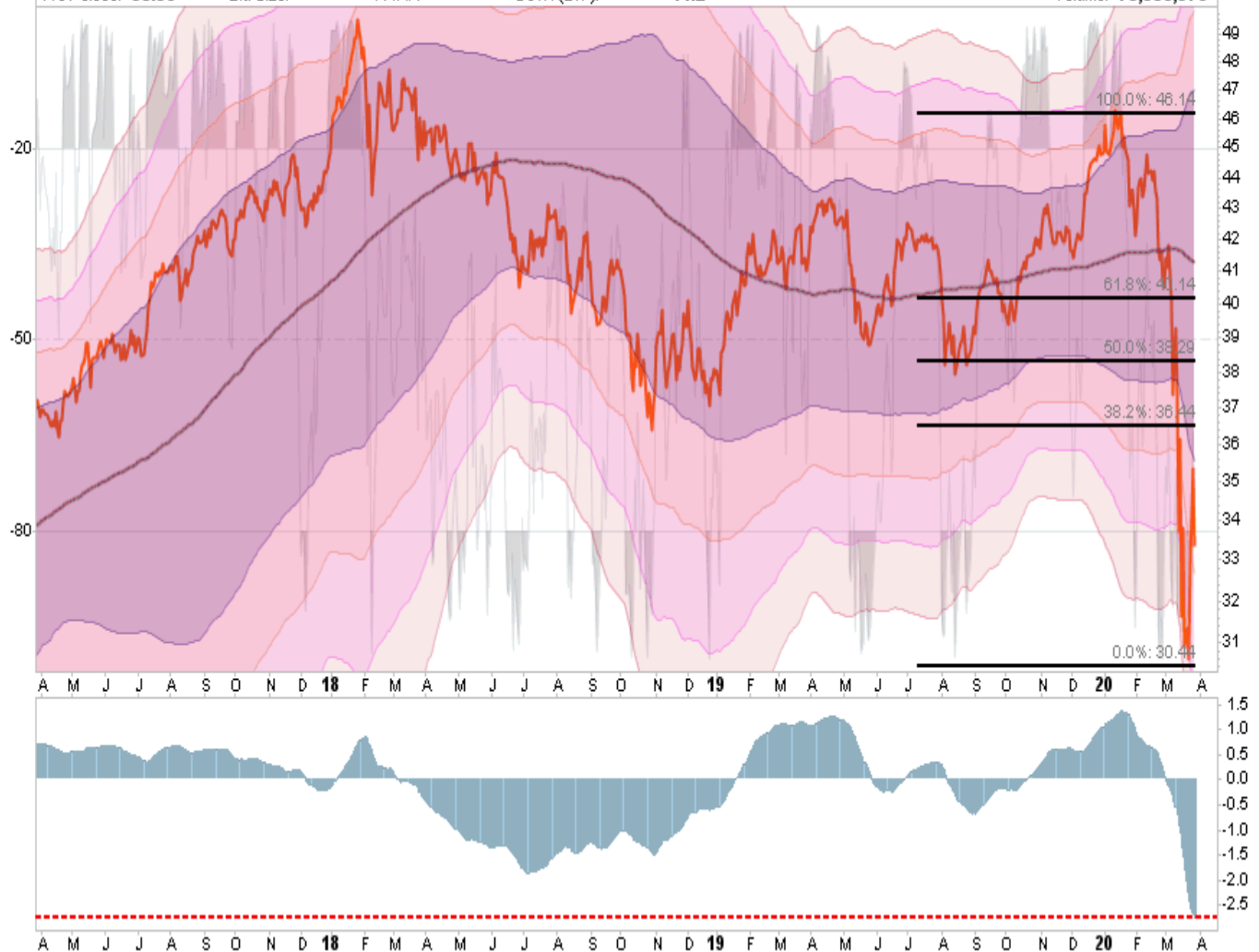
- *As with Small-cap, we have no holdings.*
- *MDY is oversold, and is on a very deep a ?sell signal.? The rally this past week also underperformed the broad market.*
- *As noted last week, "MDY is oversold enough for a counter-trend bounce to sell into. Trading positions only." That rally is likely done for now.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
 - *Last Week: No holding*
 - *This Week: No holding*
- *Long-Term Positioning: Bearish*

Emerging Markets

Friday 27-Mar-2020

Open: **33.45** Ask: P/E: Options: **yes**
 High: **33.96** Ask Size: EPS: Annual Dividend: **0.97413**
 Low: **33.19** Bid: Last Size: Yield: **2.92%**
 Prev Close: **35.36** Bid Size: VWAP: SCTR (ETF): **44.2**

▼ **-5.68%**
 Chg: **-2.01**
 Last: **33.35**
 Volume: **73,350,976**



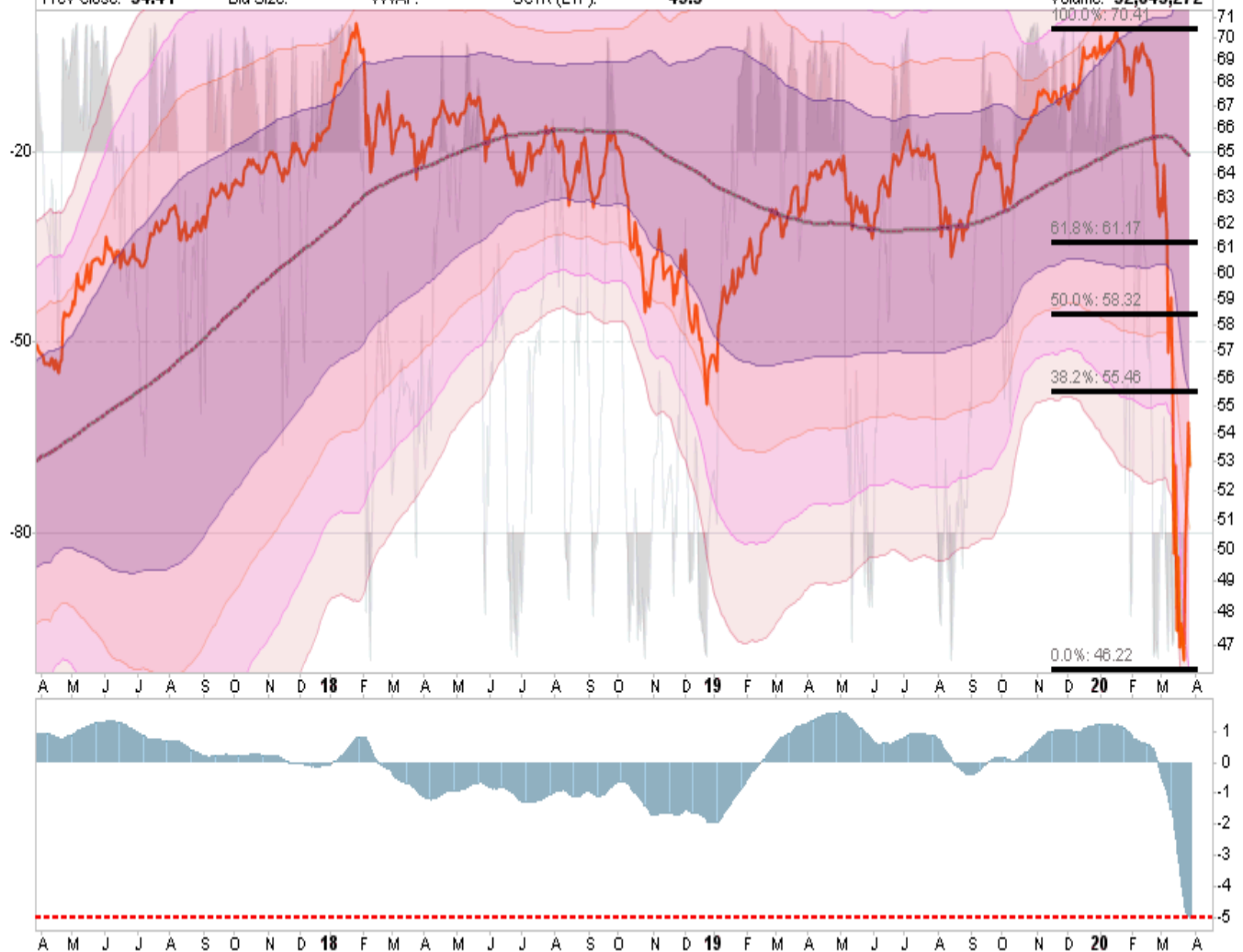
- As noted last week, EEM was extremely oversold and on a deep sell-signal. A bounce was likely which occurred.
- We previously stated that investors should use counter-trend rallies to sell into. **Do that now.**
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position
 - This Week: No position.
 - Stop-loss set at \$30 for trading positions.
- Long-Term Positioning: Bearish

International Markets

Friday 27-Mar-2020

Open: **52.44** Ask: P/E: Options: **yes**
 High: **53.74** Ask Size: EPS: Annual Dividend: **2.15193**
 Low: **52.04** Bid: Last Size: Yield: **4.07%**
 Prev Close: **54.41** Bid Size: VWAP: SCTR (ETF): **49.5**

▼ **-2.85%**
 Chg: **-1.55**
 Last: **52.86**
 Volume: **52,045,272**



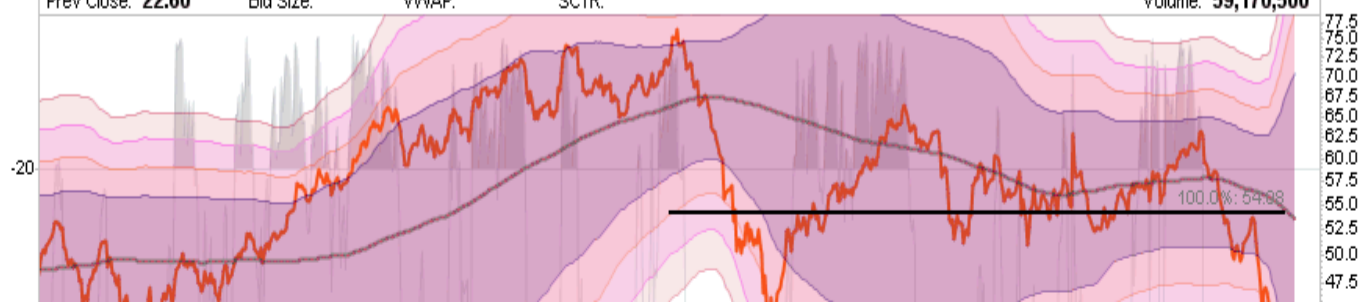
- Like EEM, EFA was also sold previously. as we return our focus back to large cap value.
- As noted last week: "EFA is very sold and on a deep sell signal. A reflexive rally is likely. Use those levels to sell into." **Do so this week.**
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No position.
 - This Week: No position.
 - Stop-loss set at \$46 for trading positions.
- Long-Term Positioning: Bearish

West Texas Intermediate Crude (Oil)

Friday 27-Mar-2020

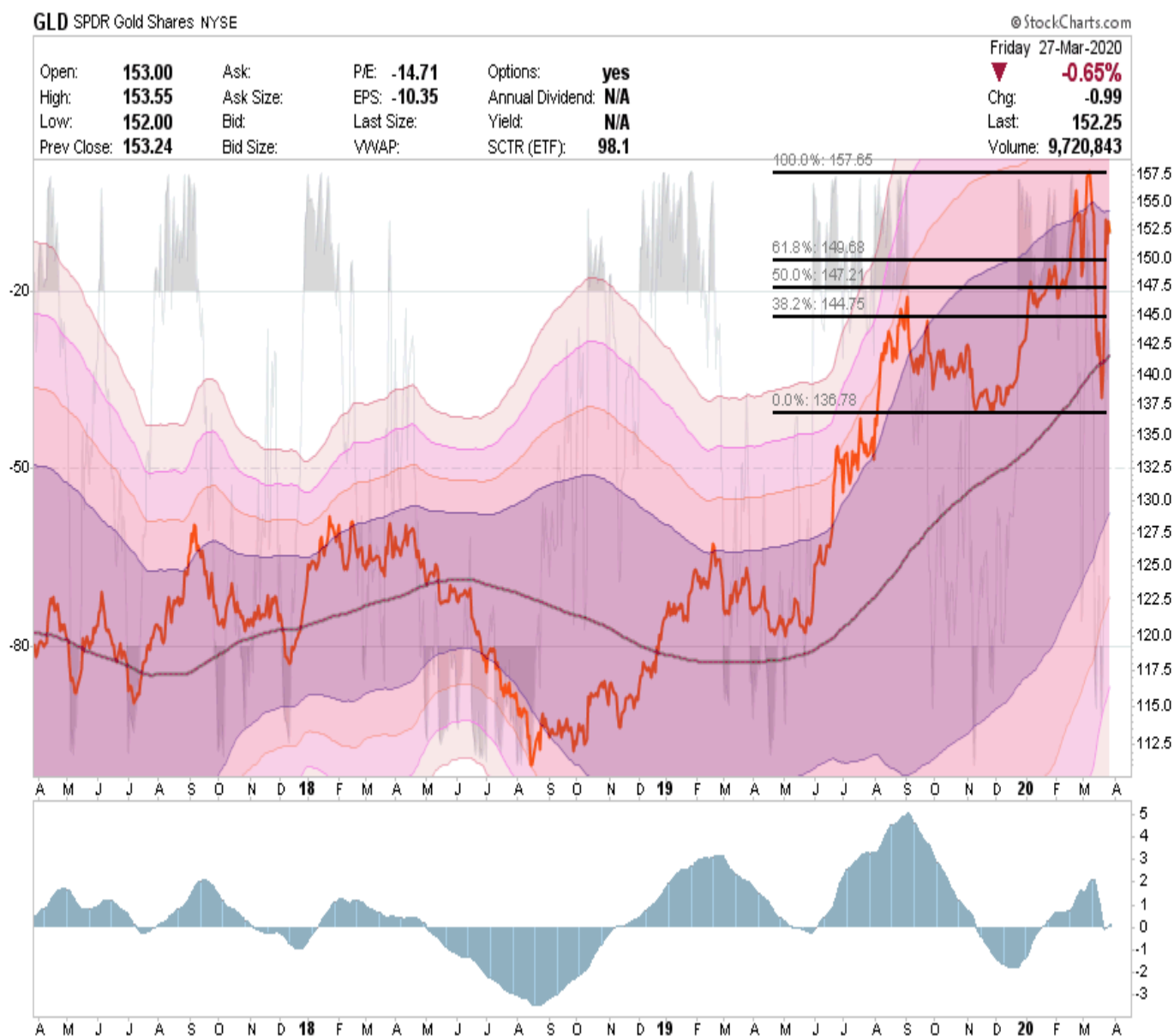
Open: **23.29** Ask: P/E: Options: **no**
 High: **23.44** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **20.88** Bid: Last Size: Yield: **N/A**
 Prev Close: **22.60** Bid Size: VWAP: SCTR:

▼ **-4.82%**
 Chg: **-1.09**
 Last: **21.51**
 Volume: **59,170,500**



- We still like the sector from a ?value? perspective and expect that we will wind up making a lot of money here. We clearly aren't at lows yet, so be patient.
- Oil continues to weaken and supplies are building as economic shutdowns are not good for the crude market. Bankruptcies are rising as well.
- Avoid for now.
- Short-Term Positioning: Bearish
 - Last Week: No positions
 - This Week: No positions.
 - Stops Triggered for any direct crude oil positions.
- Long-Term Positioning: Bearish

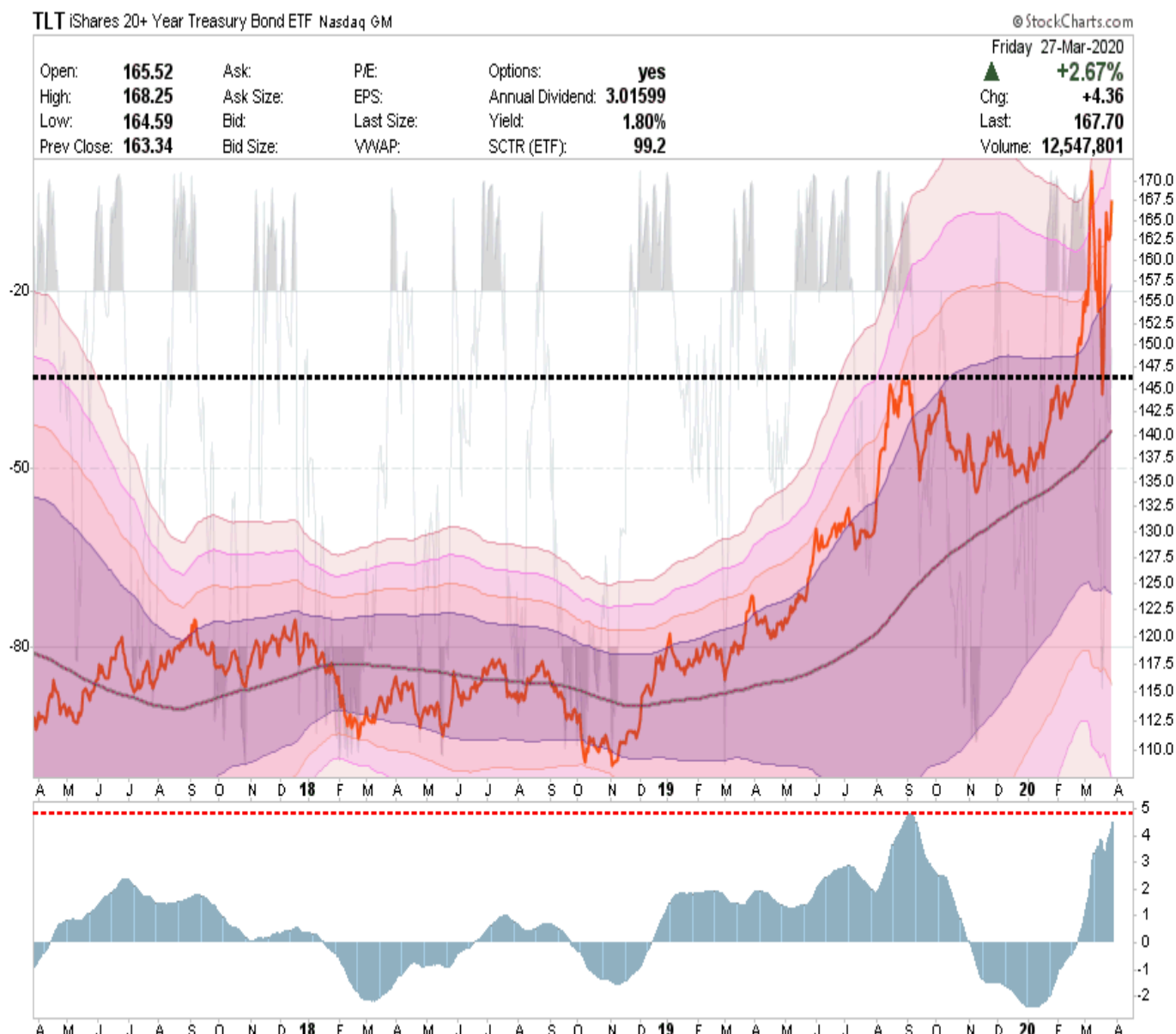
Gold



- Last week we noted: "It seems that liquidation event may be passing. If Gold can climb back above the 200-dma we will look to add back our holdings.
- It did.
- We added to our position in IAU and continue to have a small holding in GDX, as the previous liquidation left a lot of value in the sector.
- Short-Term Positioning: Bullish

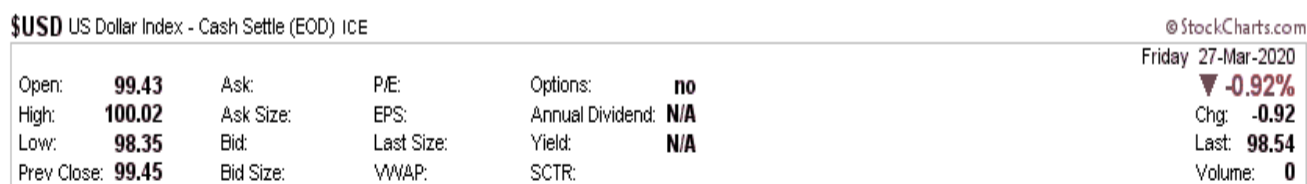
- Last week: Hold positions.
- This week: Added to position
- Stop-loss set at \$137.50.
- Long-Term Positioning: Bullish

Bonds (Inverse Of Interest Rates)



- We have reduced our overall bond exposure, because we are running a very reduced equity exposure currently. This aligns our "hedge" of fixed income relative to our equity book.
- We remain very cautious on our bond exposure currently, and will look to add to that exposure once the credit markets calm down a bit.
- Short-Term Positioning: Neutral
 - Last Week: Hold positions
 - This Week: Hold positions
 - Stop-loss is moved up to \$147.50
 - Long-Term Positioning: Bullish

U.S. Dollar



- *Previously we stated: "This past week, the dollar surged through that resistance and is now extremely overbought short-term. **Looking for a reflexive rally in stocks next week that pulls the dollar back towards the breakout level of last week.**"*
- *That occurred this past week, and the dollar is now approaching its moving average support.*
- *The credit crisis, and rush to cash, sent the dollar surging to 7-deviations above the mean. As we noted previously, with the credit markets calming down we are starting to see previous relationships between asset classes return to normal.*
- *The dollar has reversed its sell signal, which suggests dollar strength may be with us for a while longer.*