## HOW TO READ THE MAJOR MARKET CHARTS

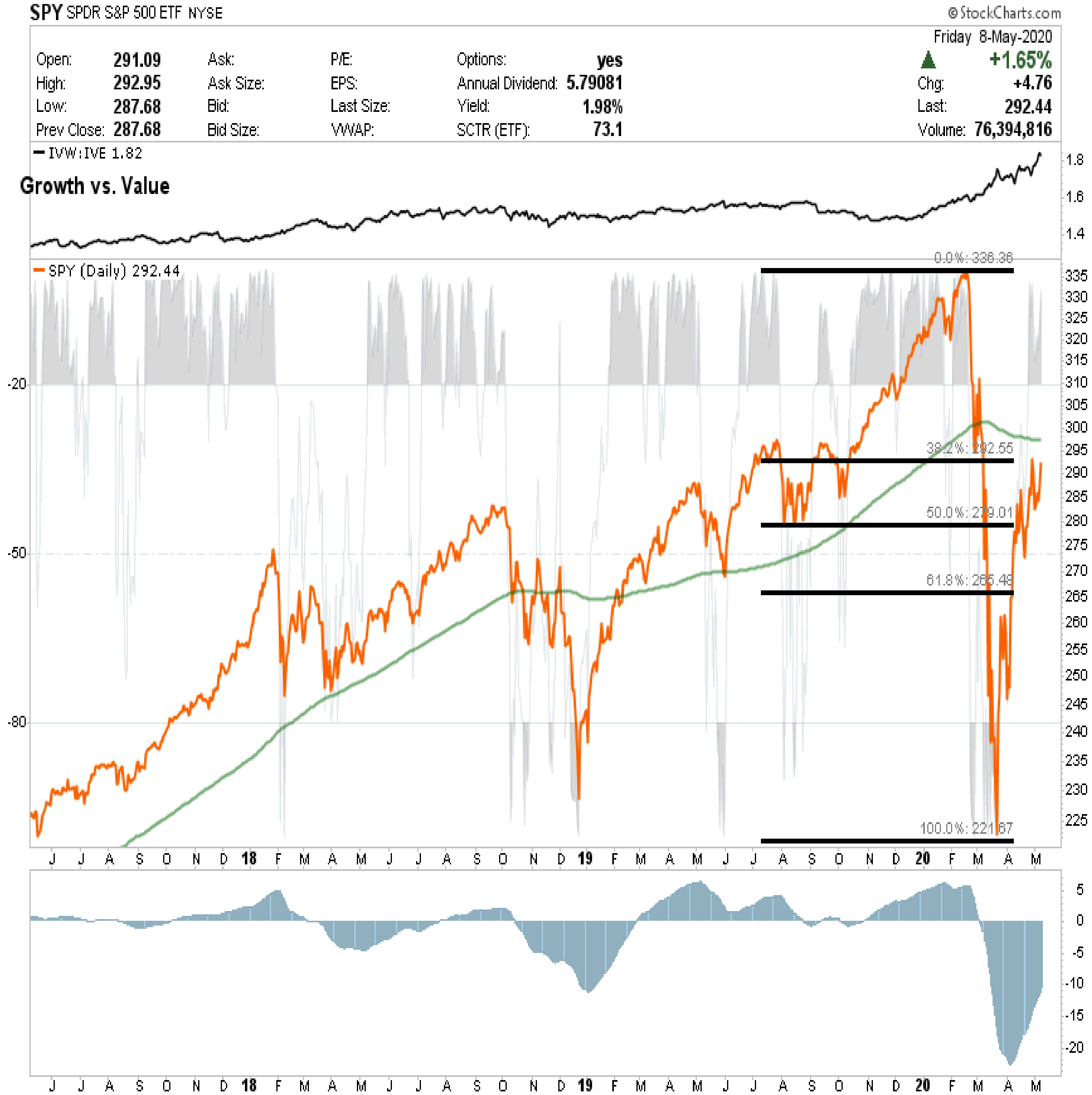
There are three primary components to each Major Market Buy/Sell chart in this RIAPro review:

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


With this basic tutorial let?s review the major markets. ***NOTE: I have added relative performance information to each Major Market buy/sell review graph. Most every Major Market buy/sell review graph also shows relative performance to the S&P 500 index except for the S&P 500 itself which compares value to growth, and oil to the energy sector.***

### S&P 500 Index




- *Week before last, SPY failed at the 61.8% retracement level. This past week, the market rallied to test it a second time. Given the short-term extreme overbought condition the rally is very extended so a failure could well occur.*
- *We sold our previous "rental trade" near the last attempt at the resistance level.*
- *If we get a confirmed breakout above resistance, and the 200-dma, old highs come into focus. We will add trading positions if that occurs.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No core position*
    - *This Week: No position.*
    - *Stop-loss moved up to $280 for any positions.*
    - *Long-Term Positioning: Bearish*

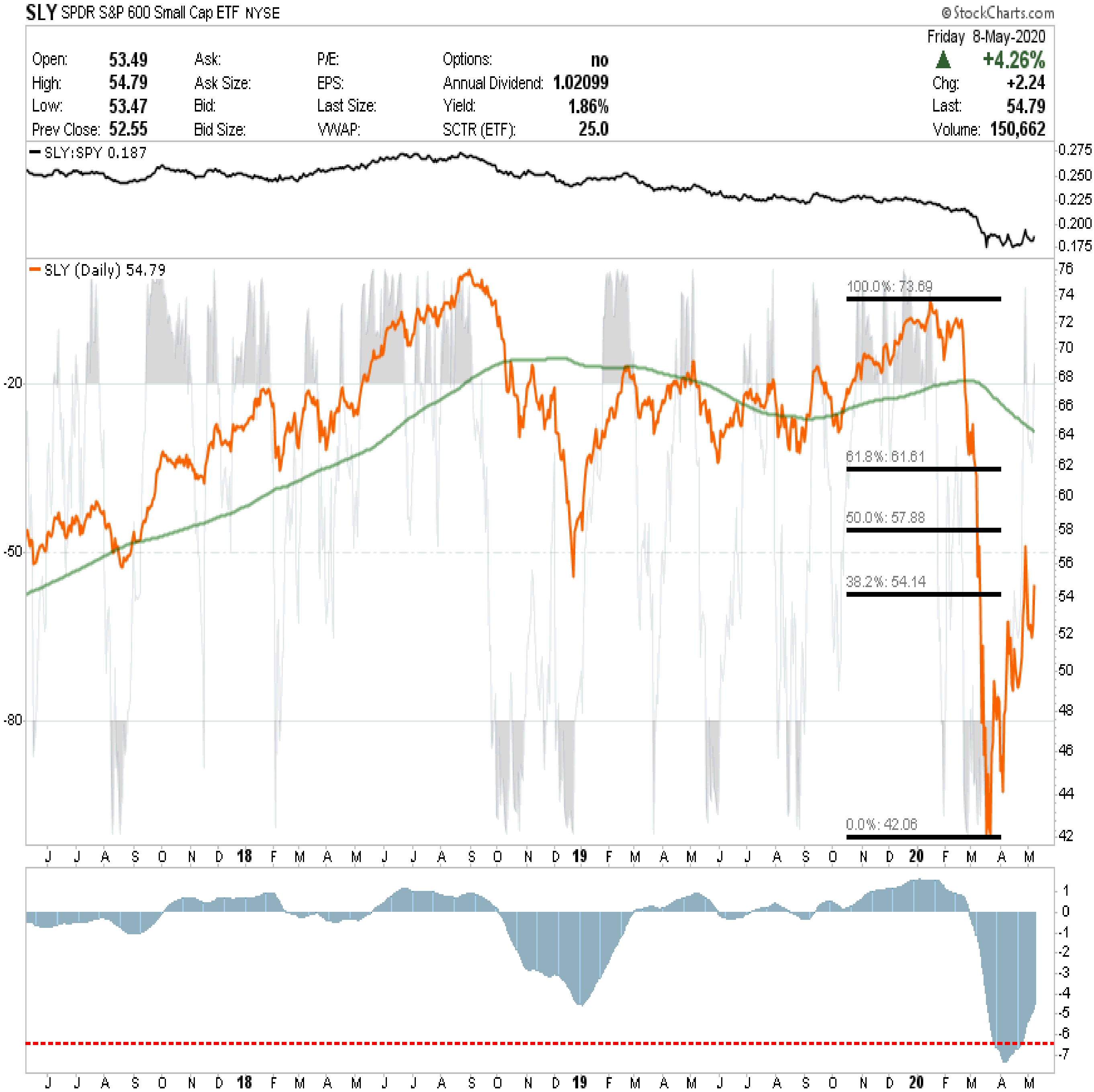
## Dow Jones Industrial Average


- *DIA is a little different story as it failed at the 50% retracement and closed below it. This week it rallied above it again but is underperforming other majors.*
- *If DIA fails this next week, we will likely see a retest of previous support at the 38% retracement level.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No positions*
    - *This Week: No positions*
    - *Stop-loss moved up to $235*
- *Long-Term Positioning: Bearish*

## Nasdaq Composite


- *QQQ is outperforming SPY by a wide margin, but not surprising given the top-5 stocks in the SPY are also the top-5 in the QQQ and are mostly technology related shares.*
- *Last week QQQ held support at the 61.8% retracement, and rallied sharply last week. The Nasdaq will likely test all-time highs in the next couple of weeks.*
- *The market is extremely overbought short-term so a correction is likely. Trading positions can be set on pullbacks that hold support at $210.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No positions*
    - *This Week: No positions*
    - *Stop-loss remains at $200*
- *Long-Term Positioning: Bearish due to valuations*

## S&P 600 Index (Small-Cap)

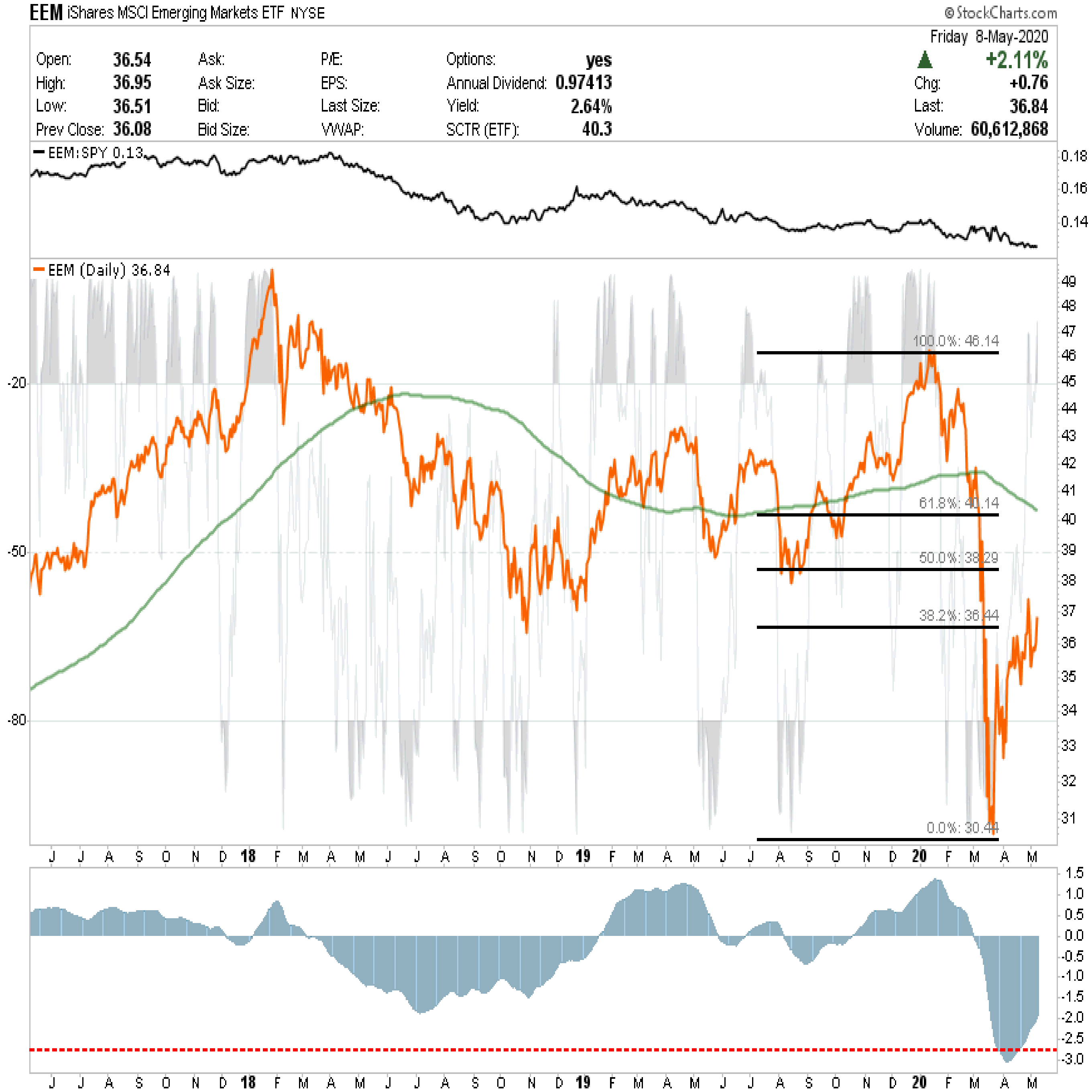



- *Small caps tried to rally again this week, but weakly so.*
- *While small-caps did break above the 38.2% retracement level, it did so barely. We need to see some follow through next week.*
- *No change to our positioning on Small-caps which are still "no place to be as both small and mid-cap companies are going to be hardest hit by the virus."*
- *Avoid small-caps.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No positions*
    - *This Week: No positions.*
    - *Stop loss adjusted to $52 on trading positions.*
- *Long-Term Positioning: Bearish*

## S&P 400 Index (Mid-Cap)


- *As with Small-caps, we have no holdings.*
- *Relative performance continues to remain exceedingly poor. MDY failed at the 50% retracement level previously and is trying to break above it again last week.*
- *As with SLY we need to see some follow through.*
- *Mid-caps are extremely overbought, take profits, and rebalance risk accordingly as we head into the summer.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No holding*
    - *This Week: No holding*
    - *Stop Loss moved up to $290 for trading positions.*
- *Long-Term Positioning: Bearish*

## Emerging Markets




- *As with small and mid-cap stocks, emerging and international markets are under-performing the S&P 500 and Nasdaq. Maintain domestic exposure for now.*
- *We previously stated that investors should use counter-trend rallies to sell into.* ***If you haven't done so, do so.***
- *Short-Term Positioning: Bearish ? Market Risk Is High*
  - *Last Week: No position*
  - *This Week: No position.*
  - *Stop-loss moved up to $35 for trading positions.*
- *Long-Term Positioning: Bearish*

## International Markets


- *Same with EFA as with EEM.*
- *The rally did hold the 38.2% retracement level as support, but did so without a lot of conviction.*
- *Remain out of these markets for the time being.*
- *Short-Term Positioning: Bearish ? Market Risk Is High*
    - *Last Week: No position.*
    - *This Week: No position.*
    - *Stop-loss moved up to $54 for trading positions.*
- *Long-Term Positioning: Bearish*

## West Texas Intermediate Crude (Oil)


- *This past week, oil prices finally rallied a bit from "deep" oversold conditions. Oil prices are now back to overbought short-term. Storage remains a problem.*
- *We are continuing to hold our positions in XLE but it is very overbought currently. We are going to wait for a correction this summer to add to our holdings at better prices.*
- *We are still carrying very tight stops though.*
- *Short-Term Positioning: Bearish*
    - *Last Week: Hold positions*
    - *This Week: Hold positions*
    - *Stops Triggered for any direct crude oil positions.*
- *Long-Term Positioning: Bearish*

## Gold


- *We remain long our current position in IAU and GDX.*
- *This past week Gold has been struggling at previous highs but is also holding the breakout support levels.*
- *We took profits and rebalanced back to our original weighting in GDX which was up 36% since we added the position.*
- *The sectors are VERY overbought short-term so a pullback is likely which can be used to add to current holdings.*
- *Short-Term Positioning: Bullish*
  - *Last week: Hold positions.*
  - *This week: Hold positions*
  - *Stop-loss moved up to $150*
  - *Long-Term Positioning: Bullish*

## Bonds (Inverse Of Interest Rates)


- *As noted previously: "Bonds are back to 'crazy' overbought with the Fed buying everything from the banks who are happy to mark-up prices and sell it to them."*
- *We finally got a bit of a pullback this week.*
- *TLT is holding support and needs to continue to hold these levels and work off more of the overbought condition.*
- *As we have been adding equity exposure to portfolios, we needed to increase our "hedge" against equity risk accordingly. We will continue to add positions of TLT as a hedge and for capital appreciation as yields approach zero later this year.*
- *Short-Term Positioning: Neutral*
    - *Last Week: Hold positions*
    - *This Week: Hold positions*
    - *Stop-loss is $150.00*
    - *Long-Term Positioning: Bullish*

## U.S. Dollar


- *We previously added a position to the Dollar to hedge against the global dollar shortage issue.*
- *Our reasoning was explained in detail in **["Our 5-Favorite Positions Right Now"]***
- *Stop loss remains at $98*