

Major Market Buy/Sell Review: 06-01-20

HOW TO READ THE MAJOR MARKET BUY/SELL CHARTS FOR THE WEEK OF 05-25-20.
 There are three primary components to each Major Market Buy/Sell chart in this [RIAPro](#) review:

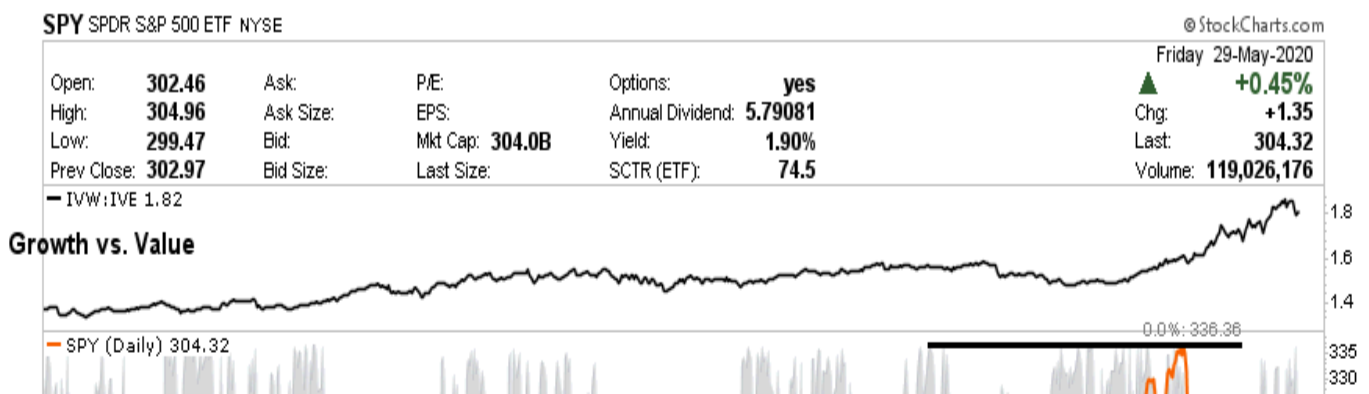
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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 have a tendency of working better.



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



- This past week, the market broke above the 200-dma.
- With that breakout we added a 5% "trading position" to portfolios. We will increase that weighting to 10% on a successful test of support at the 200-dma. This follows what we said last week:
 - "The market remains overbought, so the risk is still high, but taking a trading position on a break above the 200-dma is logical."
- Short-Term Positioning: Bearish ? Market Risk Is High
 - Last Week: No core position
 - This Week: Added 5% Trading Position
 - Stop-loss moved up to \$285 for any positions.
 - Long-Term Positioning: Bearish

Dow Jones Industrial Average



- *DIA is a little different story as it continues to struggle with overhead resistance. This week it rallied above the 61.8% retracement level but remains below the 200-dma.*
- *DIA continue to lag both the S&P and the Nasdaq.*
- *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*

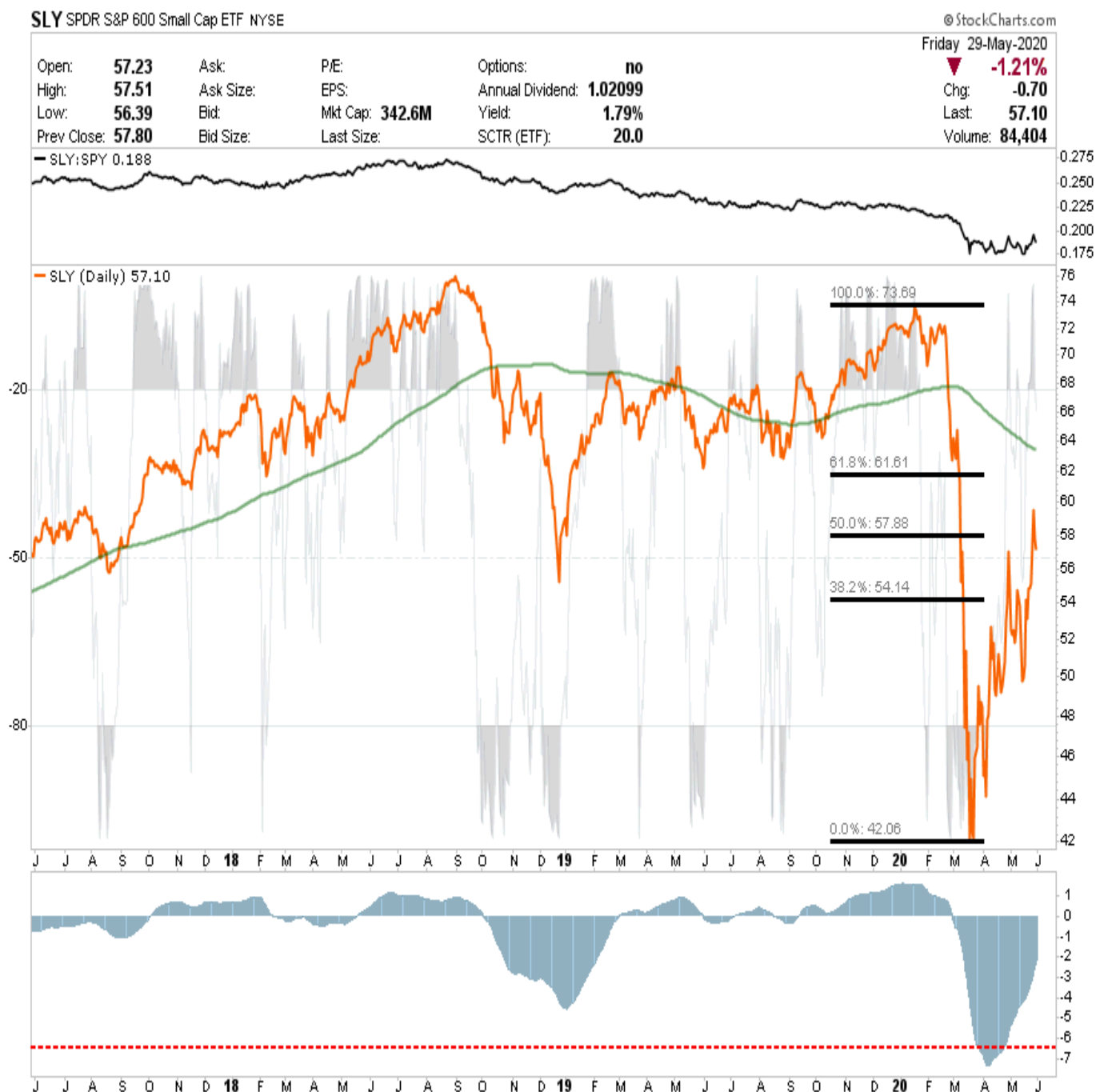
Nasdaq Composite



- *QQQ is outperforming SPY by a wide margin, but it is not surprising that the top-5 stocks in the SPY are also the top-5 in the QQQ and are mostly technology-related shares.*
- *As noted last time: "QQQ continues to push toward all-time highs and will likely accomplish that task in the next week or so."*

- We remain on track for that accomplishment next week.
- The market is extremely overbought short-term so a correction is likely. Take trading positions on pullbacks that hold support above \$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

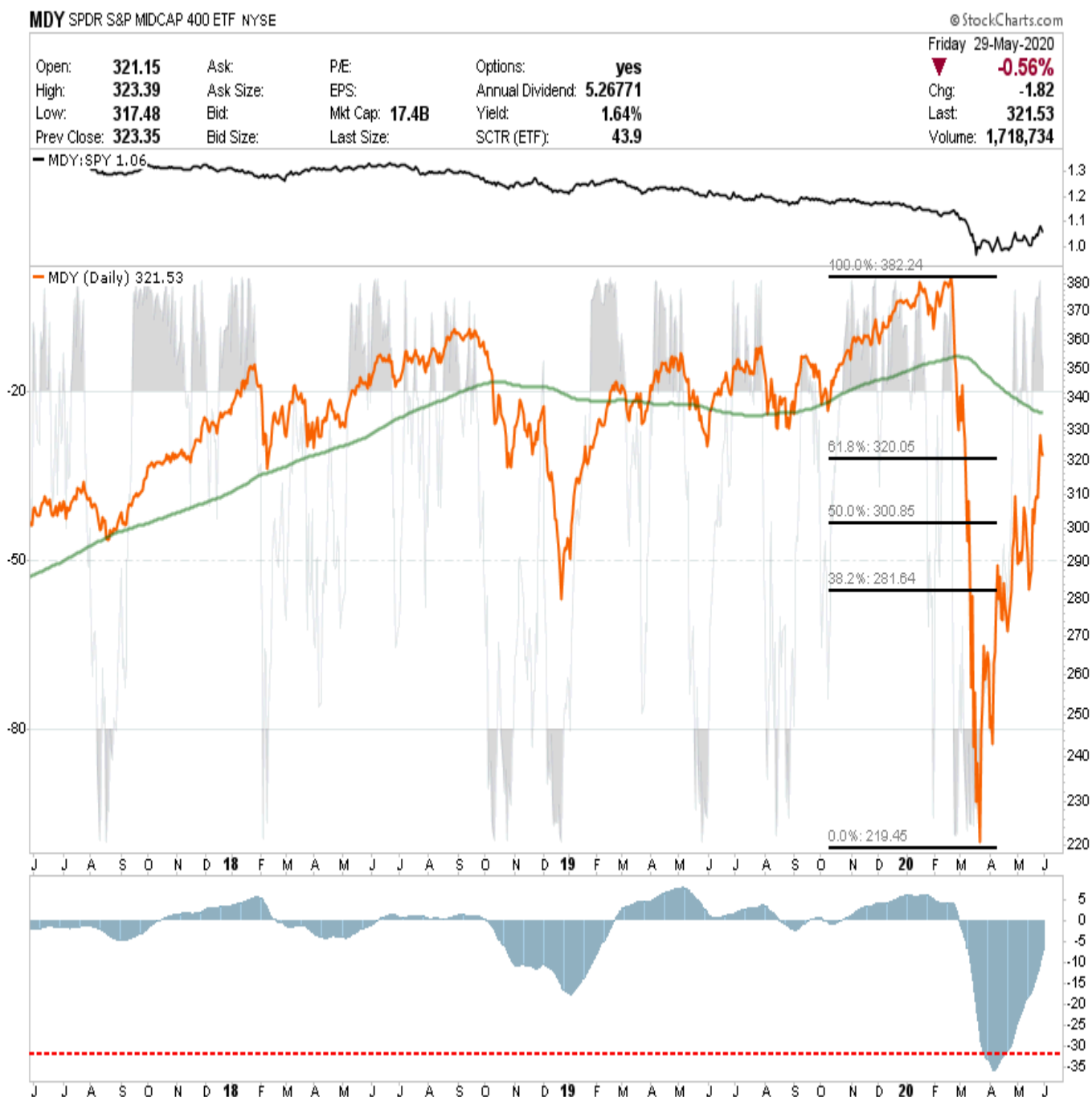
S&P 600 Index (Small-Cap)



- Small caps rallied again this week on a potential catch up rotation, but it remains unimpressive. On Thursday and Friday that rally failed to hold above the 50% retracement.

- 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

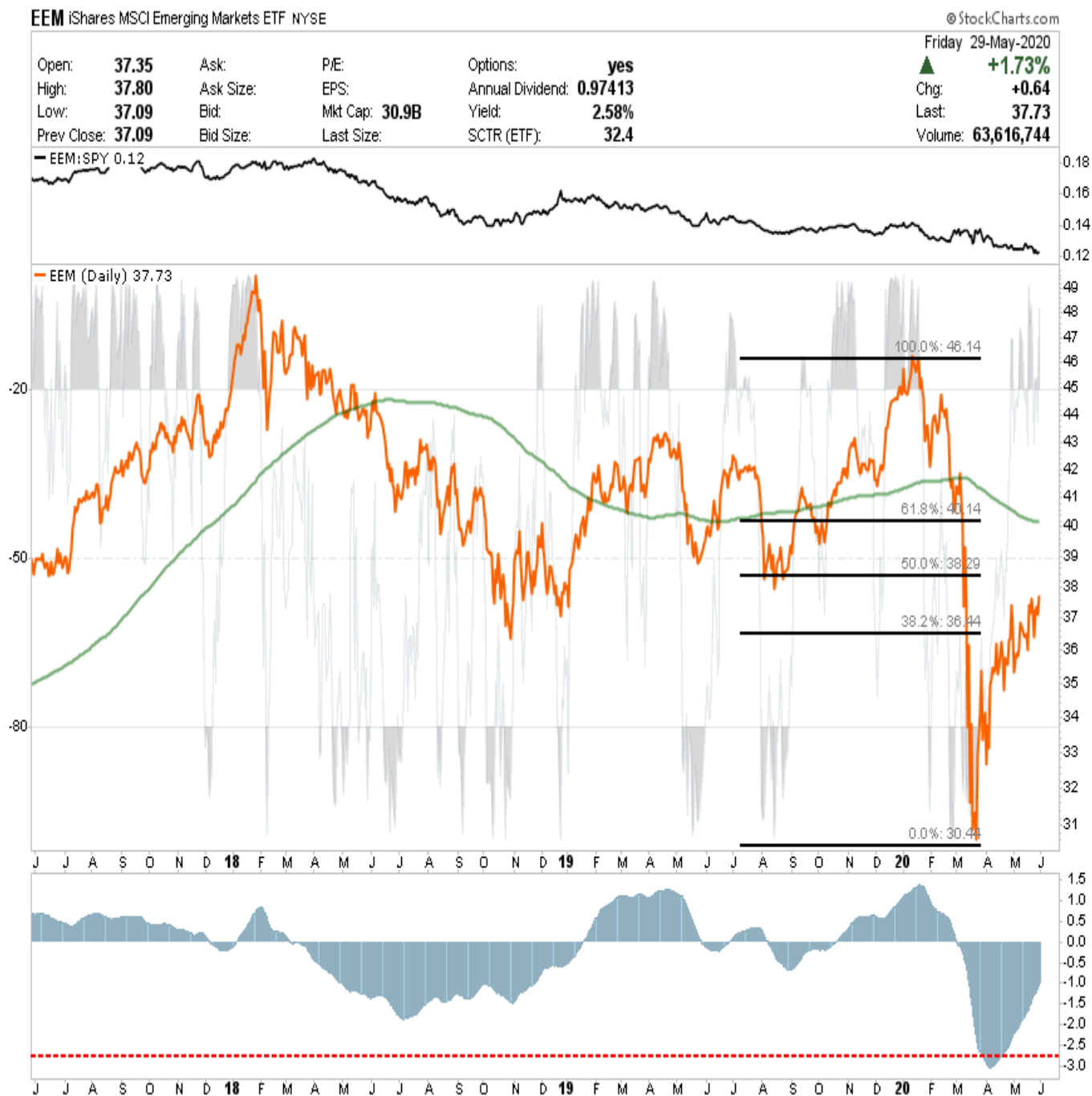
S&P 400 Index (Mid-Cap)



- As with Small-caps, we have no holdings.
- The relative performance remains poor. MDY pushed above the 61.8% retracement level but is struggling with resistance at the 200-dma. This rally will likely fail in the next week or so.
- Mid-caps are back to very overbought. Keep stops tight.

- **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 underperforming the S&P 500 and Nasdaq. Maintain domestic exposure for now.*
- *We previously stated that investors should use counter-trend rallies to liquidate. EEM is testing previous highs but is struggling to gain traction.*
- **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



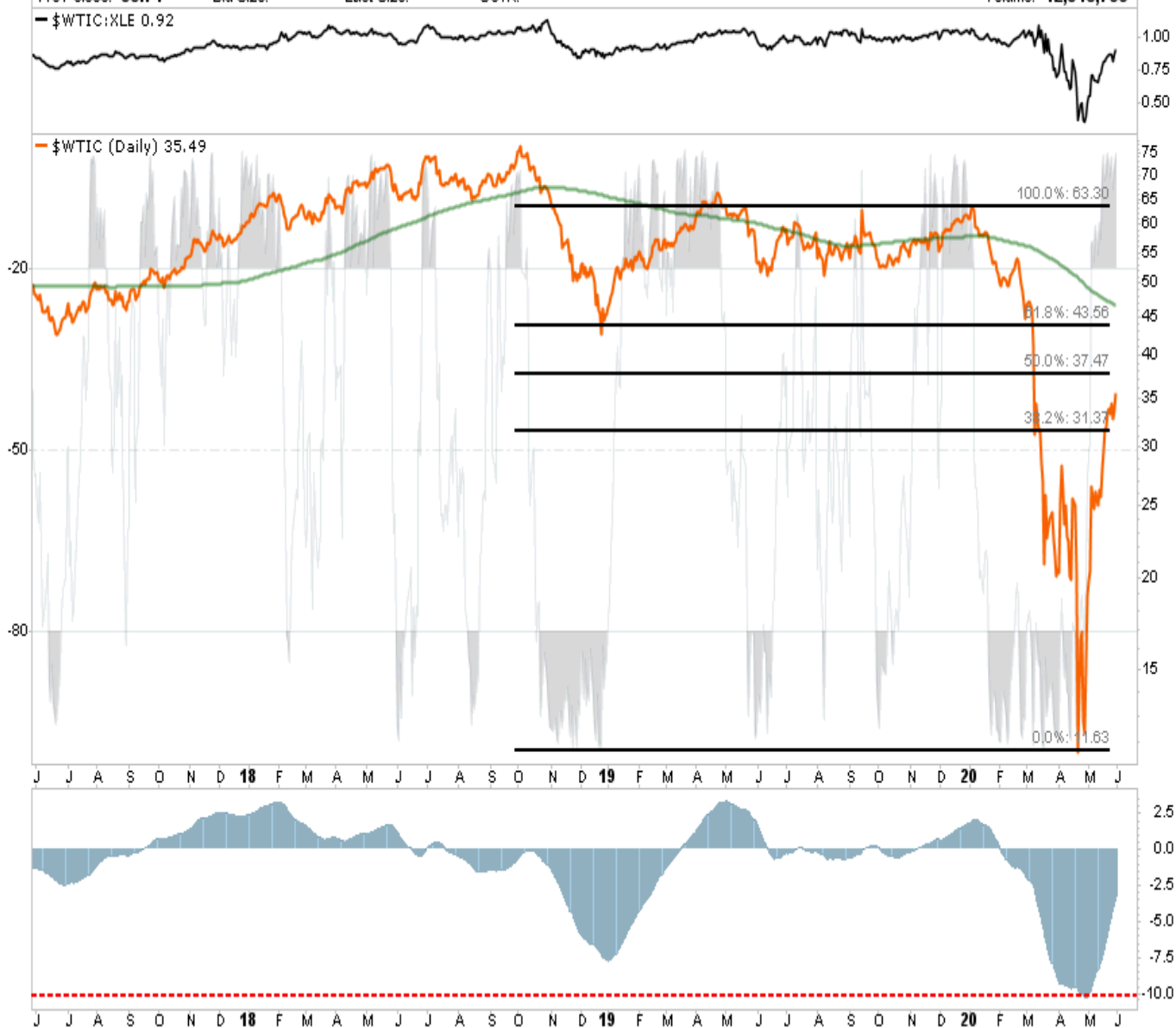
- *EFA is performing a little better than EEM but not by much.*
- *The rally cleared the 50% retracement level but is now testing the 61.8% resistance. There is still nothing to get excited about currently, and the overbought condition is concerning.*
- *Relative performance is extremely poor.*
- *Remain 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)

\$WTIC Light Crude Oil - Continuous Contract (EOD) CME

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Open: 33.68	Ask:	P/E:	Options: no	Friday 29-May-2020
High: 35.77	Ask Size:	EPS:	Annual Dividend: N/A	▲ +5.28%
Low: 32.36	Bid:	Mkt Cap:	Yield: N/A	Chg: +1.78
Prev Close: 33.71	Bid Size:	Last Size:	SCTR:	Last: 35.49
				Volume: 42,518,700



- Oil prices continued their torrid rally this past week and are now pushing up to the 50% retracement level.
- Prices are very extended and grossly overbought. Look for a correction as we head into June.
- 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 continue to carry very tight stops.
- 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

GLD SPDR Gold Shares: NYSE

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Open: **162.58** Ask: P/E: **-15.74** Options: **yes**
High: **163.40** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
Low: **162.32** Bid: Mkt Cap: **46.9B** Yield: **N/A**
Prev Close: **161.72** Bid Size: Last Size: SCTR (ETF): **94.1**

Friday 29-May-2020

▲ **+0.74%**

Chg: **+1.19**

Last: **162.91**

Volume: **12,577,000**



- We remain long our current position in IAU and GDX.
- This past week Gold continues to consolidate around recent highs. We previously increased our weighting in IAU.
- We took profits and rebalanced back to our original weighting in GDX previously, and need a small pullback to increase our weightings.
- The sectors are VERY overbought short-term, so a pullback is likely. Use pullbacks 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)

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM

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Open: 162.71	Ask:	P/E:	Options: yes	Friday 29-May-2020
High: 164.09	Ask Size:	EPS:	Annual Dividend: 2.93312	▲ +0.71%
Low: 162.35	Bid:	Mkt Cap: 11.3B	Yield: 1.79%	Chg: +1.16
Prev Close: 162.43	Bid Size:	Last Size:	SCTR (ETF): 90.6	Last: 163.59
				Volume: 14,632,434

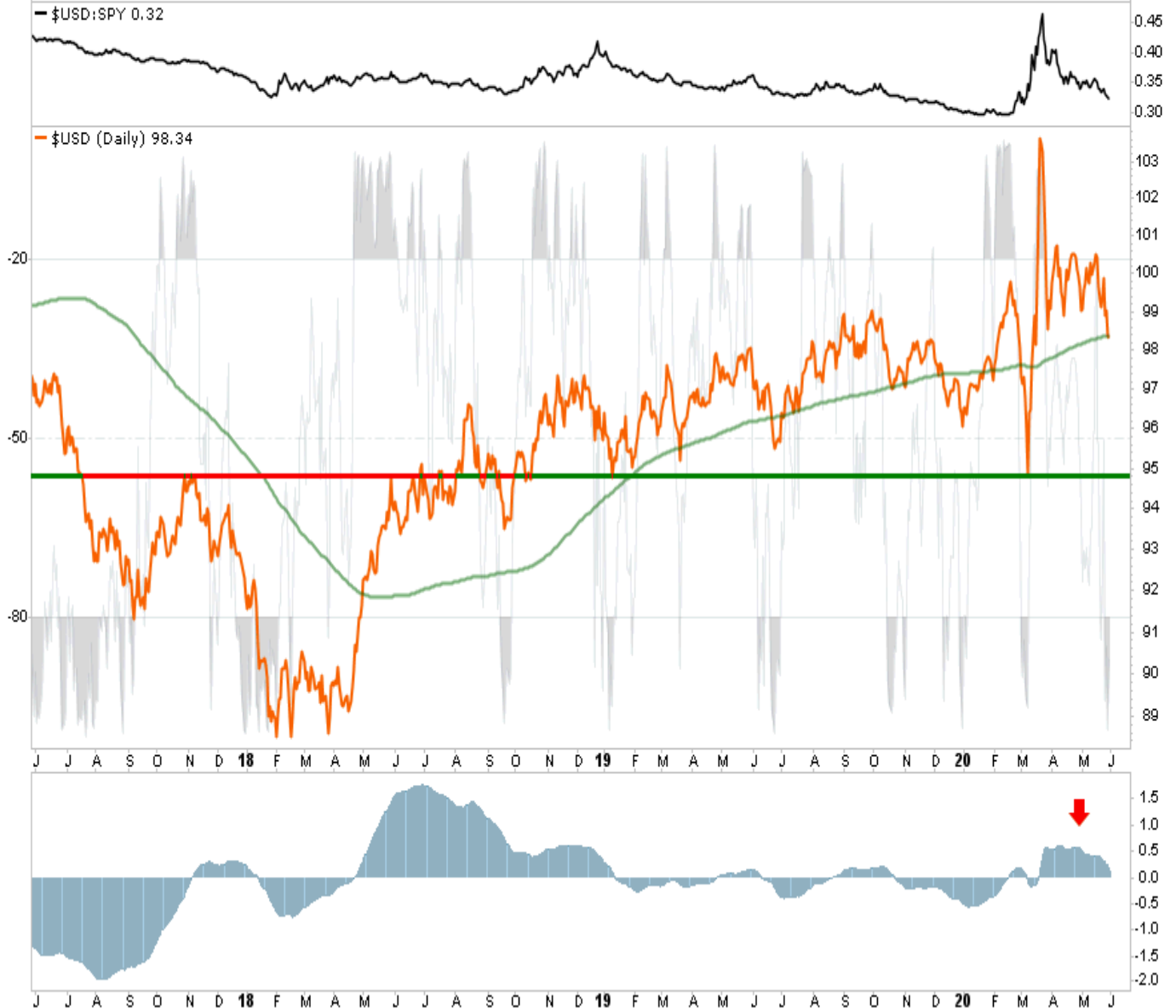


- *Bonds have now corrected and got back to oversold while holding support. Such sets us up for two events - a rally in bonds, as the stock market corrects.*
- *While we haven't had a correction in stocks yet, bonds suggest it is coming soon.*
- *We added again to both TLT and IEF in our portfolios to hedge against our modest increases in equity risk.*
- *Short-Term Positioning: Neutral*
 - *Last Week: Hold positions*
 - *This Week: Hold positions*
 - *Stop-loss is \$150.00*
 - *Long-Term Positioning: Bullish*

U.S. Dollar

Open:	98.47	Ask:	P/E:	Options:	no
High:	98.55	Ask Size:	EPS:	Annual Dividend:	N/A
Low:	97.93	Bid:	Mkt Cap:	Yield:	N/A
Prev Close:	98.37	Bid Size:	Last Size:	SCTR:	

Chg:	-0.03
Last:	98.34
Volume:	0



- We previously added a position to the Dollar to hedge against the global dollar shortage issue.
- USD is testing important support at the 200-dma and must hold. We expect with the dollar oversold a rally is coming soon.
- Our reasoning was explained in detail in ["Our 5-Favorite Positions Right Now."](#)
- Stop-loss remains at \$98