

HOW TO READ THE MAJOR MARKET BUY-SELL REVIEW 10-19-20 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 10-19-20

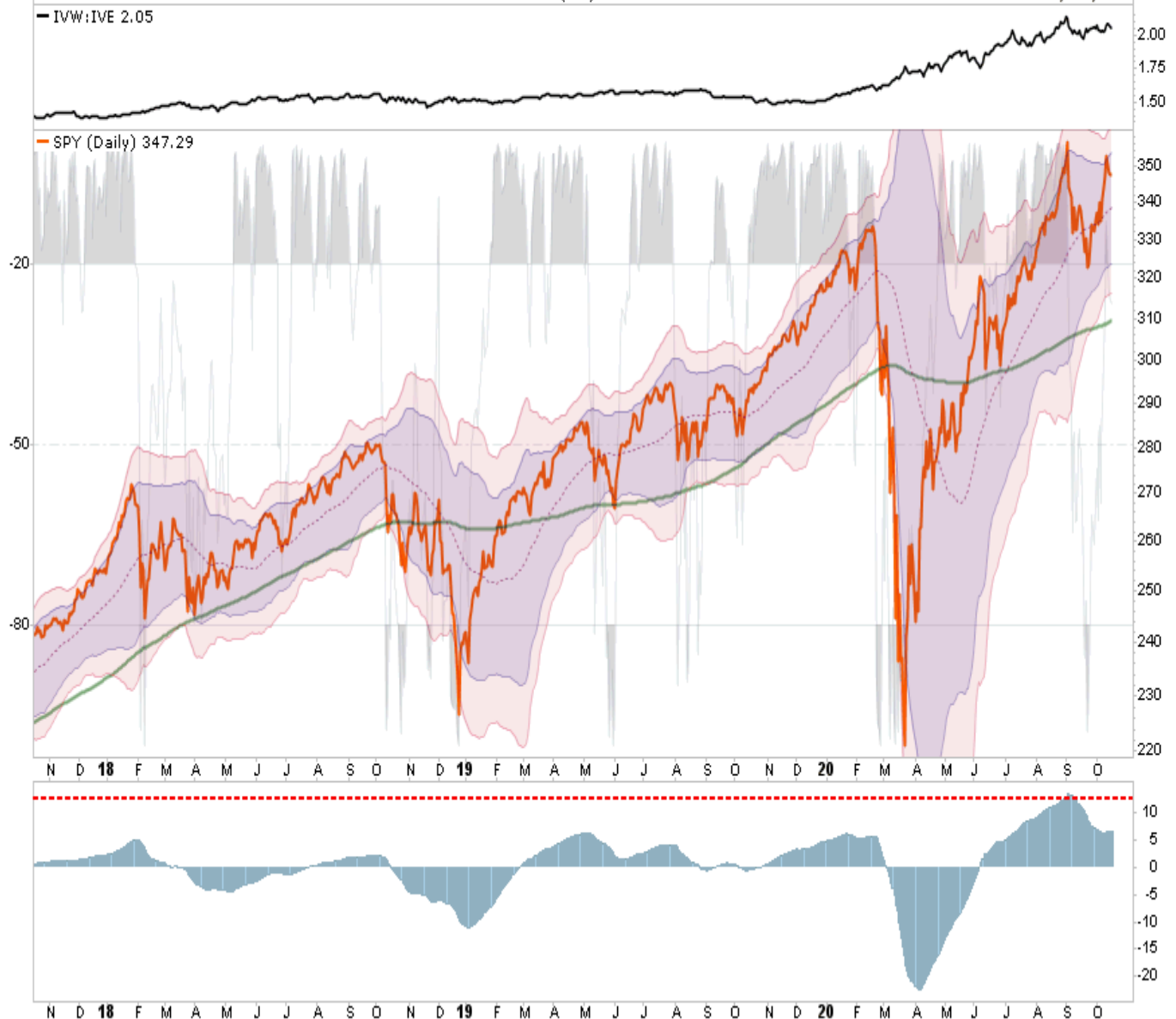
S&P 500 Index

Friday 16-Oct-2020

Open: **348.96** Ask: P/E: Options: **yes**
 High: **350.75** Ask Size: EPS: Annual Dividend: **5.68102**
 Low: **347.10** Bid: Mkt Cap: **300.8B** Yield: **1.64%**
 Prev Close: **347.50** Bid Size: Last Size: SCTR (ETF): **68.7**

▼ **-0.06%**
 Chg: **-0.21**
 Last: **347.29**
 Volume: **86,836,624**

-IVW:IVE 2.05



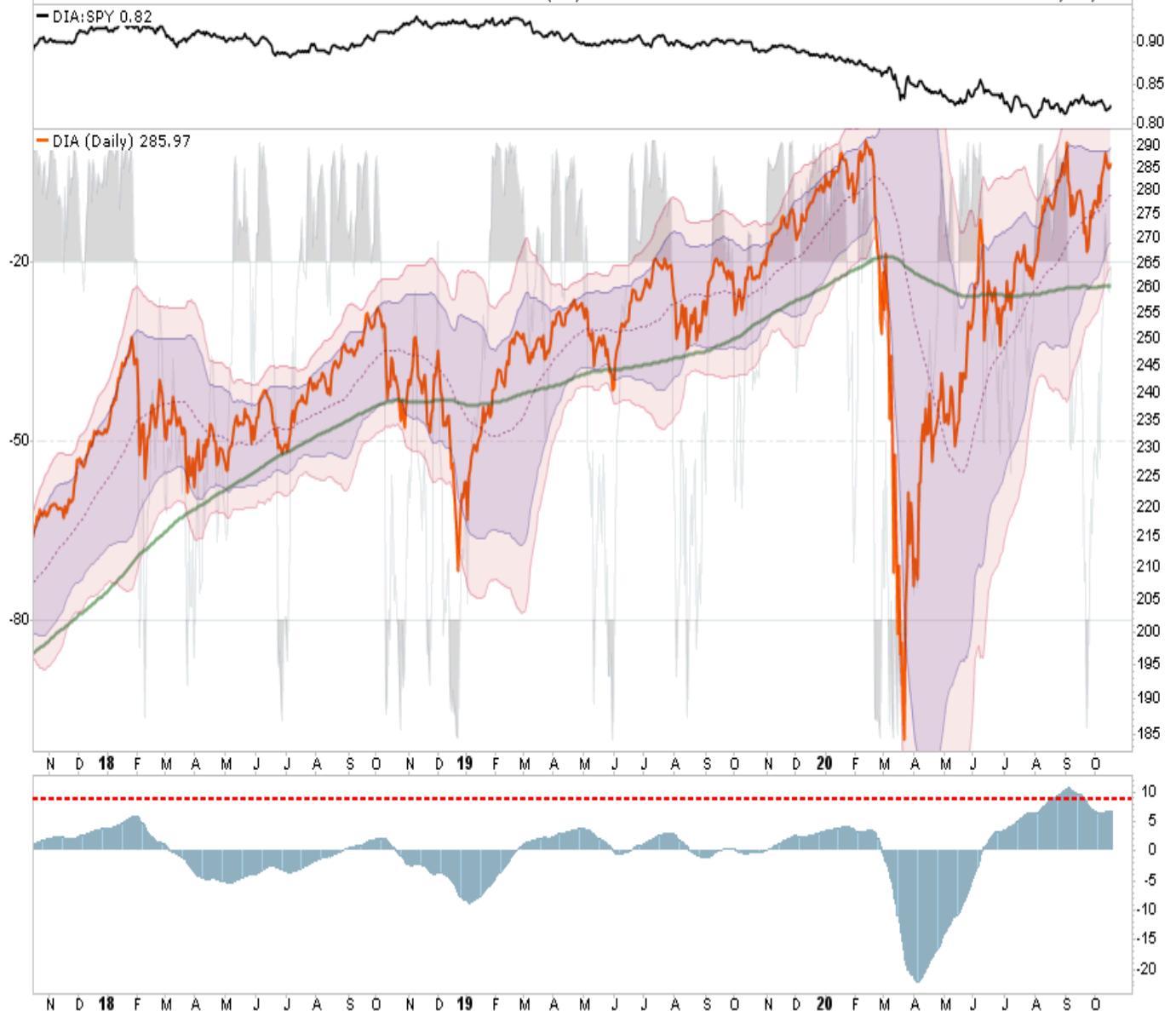
- As noted last week: "The oversold condition that existed last week has now been reversed. While some extreme extensions have been reduced, **the market is likely to run into some decent resistance at the previous highs.**"
- This past week, the market did indeed struggle but is currently holding above the 50-dma.
- Maintain exposures for now, but be ready to adjust if more weakness shows up heading into the election.
- 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

Friday 16-Oct-2020

Open: **286.24** Ask: P/E: Options: **yes**
 High: **288.37** Ask Size: EPS: Annual Dividend: **5.92295**
 Low: **285.89** Bid: Mkt Cap: **23.7B** Yield: **2.07%**
 Prev Close: **284.92** Bid Size: Last Size: SCTR (ETF): **61.6**

▲ **+0.37%**
 Chg: **+1.05**
 Last: **285.97**
 Volume: **2,387,015**



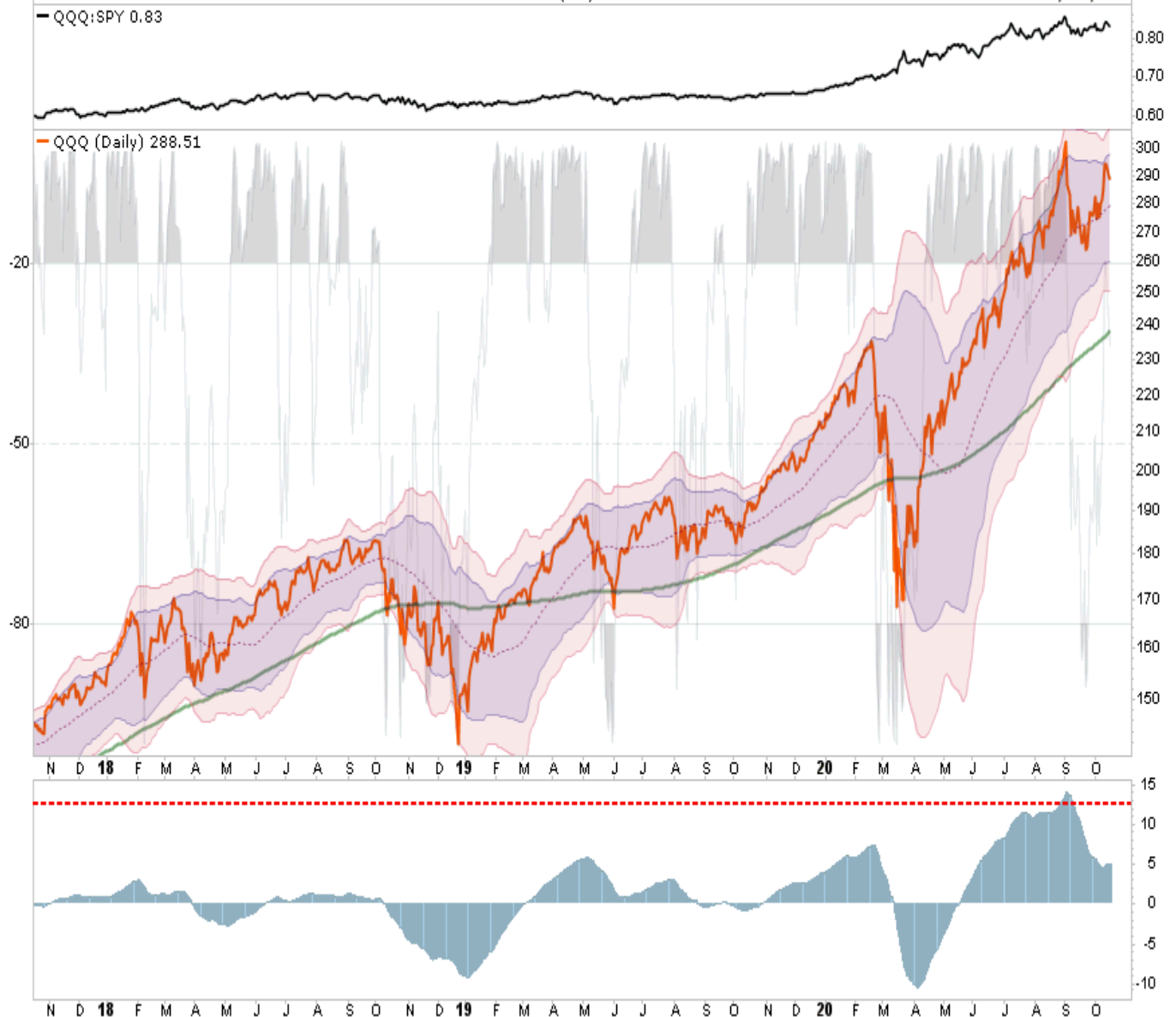
- *The tradeable rally in the Dow we suggested previously has worked well. It is now time to take profits and rebalance risk accordingly.*
- **Short-Term Positioning: Bullish**
 - *Last Week: No position.*
 - *This Week: No position.*
 - *Stop-loss moved up to \$260*
- **Long-Term Positioning: Bullish**

Nasdaq Composite

Friday 16-Oct-2020

Open: **291.80** Ask: P/E: Options: **yes**
 High: **293.27** Ask Size: EPS: Annual Dividend: **1.63284**
 Low: **288.15** Bid: Mkt Cap: **142.2B** Yield: **0.57%**
 Prev Close: **290.10** Bid Size: Last Size: SCTR (ETF): **89.7**

▼ **-0.55%**
 Chg: **-1.59**
 Last: **288.51**
 Volume: **39,050,392**



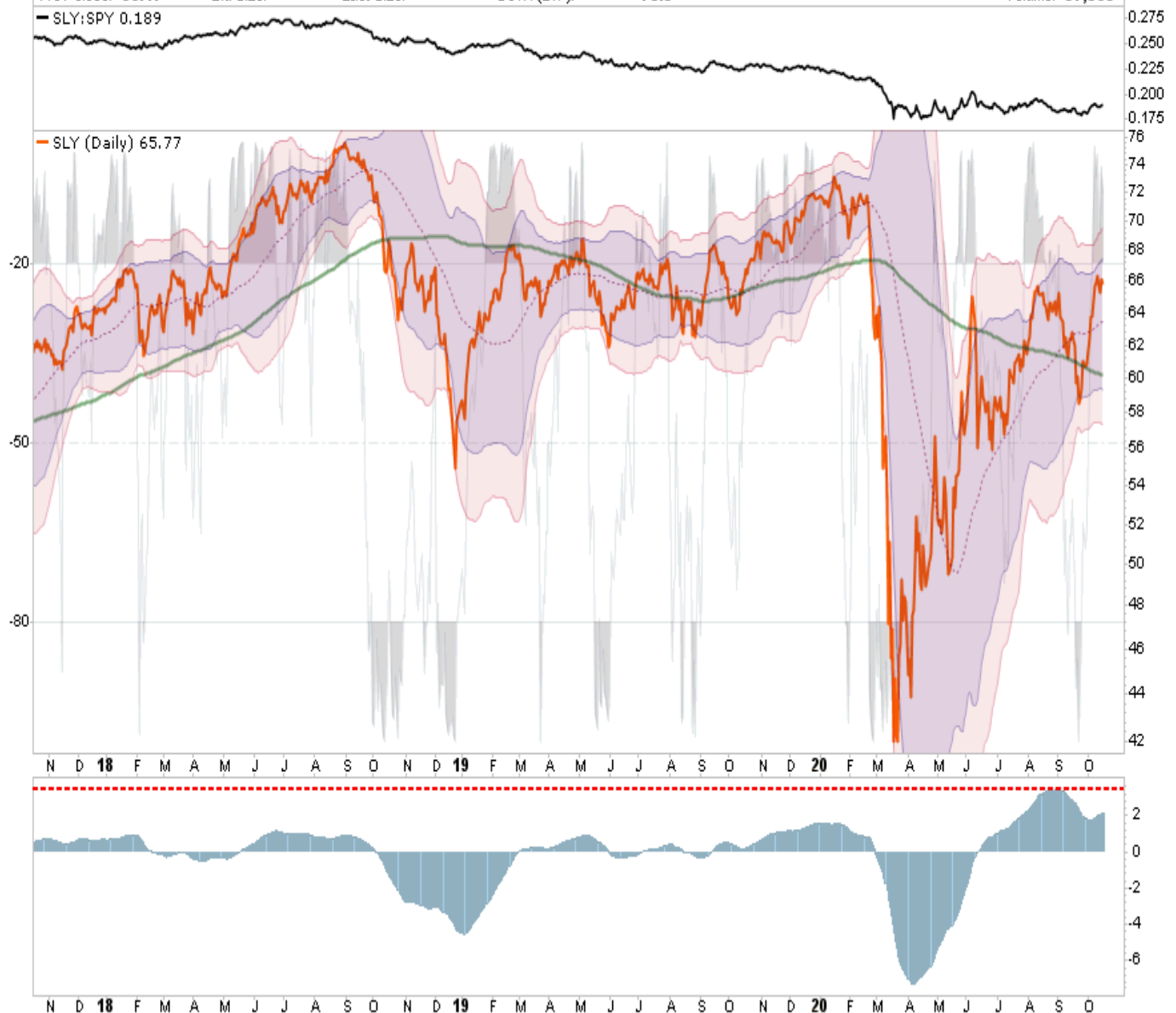
- The Nasdaq continues to work off its more extreme buy signal and has continued to hold above the 50-dma.
- If the market correction continues to hold support, such will likely provide a good opportunity to add exposure aggressively.
- The tradeable opportunity in Technology stocks recommended previously has passed for now. 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 16-Oct-2020

Open: **66.30** Ask: P/E: Options: **no**
 High: **66.32** Ask Size: EPS: Annual Dividend: **0.85961**
 Low: **65.77** Bid: Mkt Cap: **1.05B** Yield: **1.31%**
 Prev Close: **66.17** Bid Size: Last Size: SCTR (ETF): **75.5**

Chg: **-0.40**
 Last: **65.77**
 Volume: **37,569**



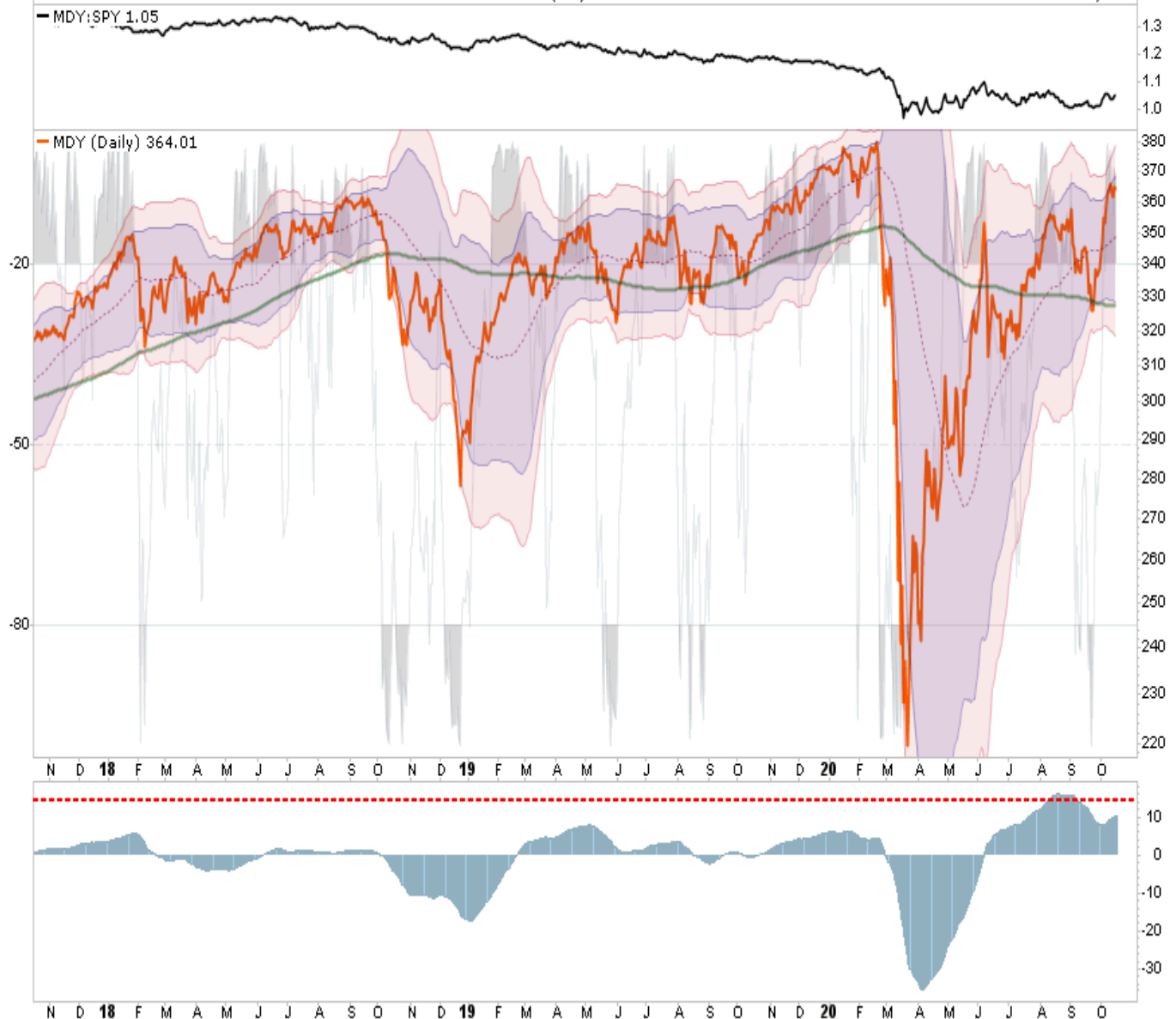
- The rally in small caps has gotten a bit overbought and has again become very deviated from its long-term mean.
- Risk is currently to the downside, but there is a chase to gain exposure to lagging sectors by investors right now.
- It is still suggested to use the current rally to rebalance positions until the downtrend is reversed.
- Short-Term Positioning: Bullish
 - Last Week: No positions
 - This Week: No positions.
 - Stop-loss violated.
- Long-Term Positioning: Bearish

S&P 400 Index (Mid-Cap)

Friday 16-Oct-2020

Open: 365.78	Ask:	P/E:	Options: yes
High: 366.66	Ask Size:	EPS:	Annual Dividend: 4.71345
Low: 363.97	Bid:	Mkt Cap: 15.3B	Yield: 1.29%
Prev Close: 364.95	Bid Size:	Last Size:	SCTR (ETF): 78.5

▼ **-0.26%**
 Chg: **-0.94**
 Last: **364.01**
 Volume: **539,705**



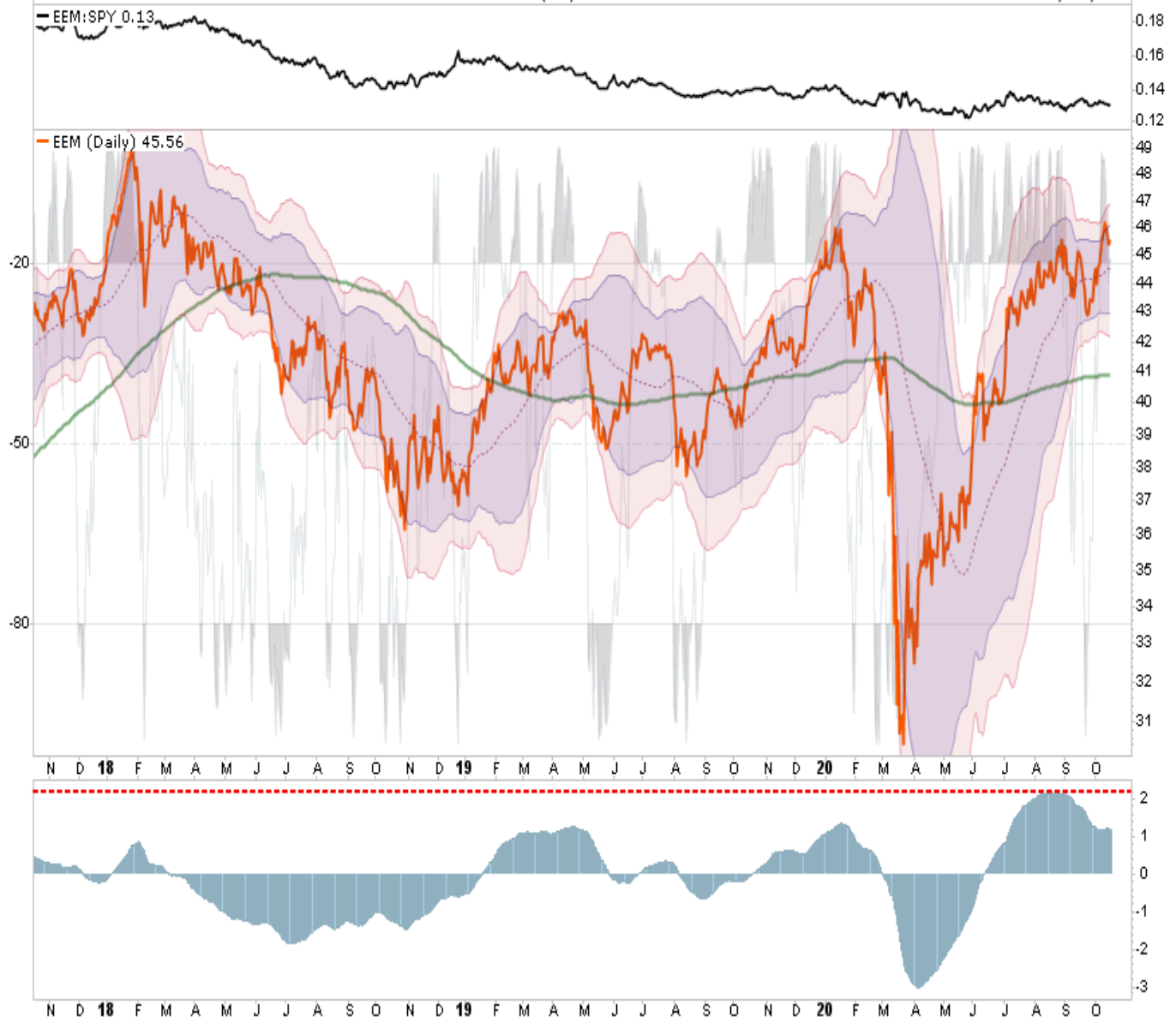
- *MDY performed better than SLY last week, but it is extremely extended from its long-term mean like SLY.*
- *The tradeable opportunity in Mid-caps we discussed previously is likely over for now. Keep stops tight at the 50-dma for now. Look for pullbacks to support to add exposure.*
- *The \$330 stop-loss remains intact, but just barely.*
- *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 16-Oct-2020

Open: 45.56	Ask:	P/E:	Options: yes
High: 45.69	Ask Size:	EPS:	Annual Dividend: 0.89298
Low: 45.41	Bid:	Mkt Cap: 24.6B	Yield: 1.96%
Prev Close: 45.40	Bid Size:	Last Size:	SCTR (ETF): 68.8

▲ **+0.35%**
 Chg: **+0.16**
 Last: **45.56**
 Volume: **31,307,176**



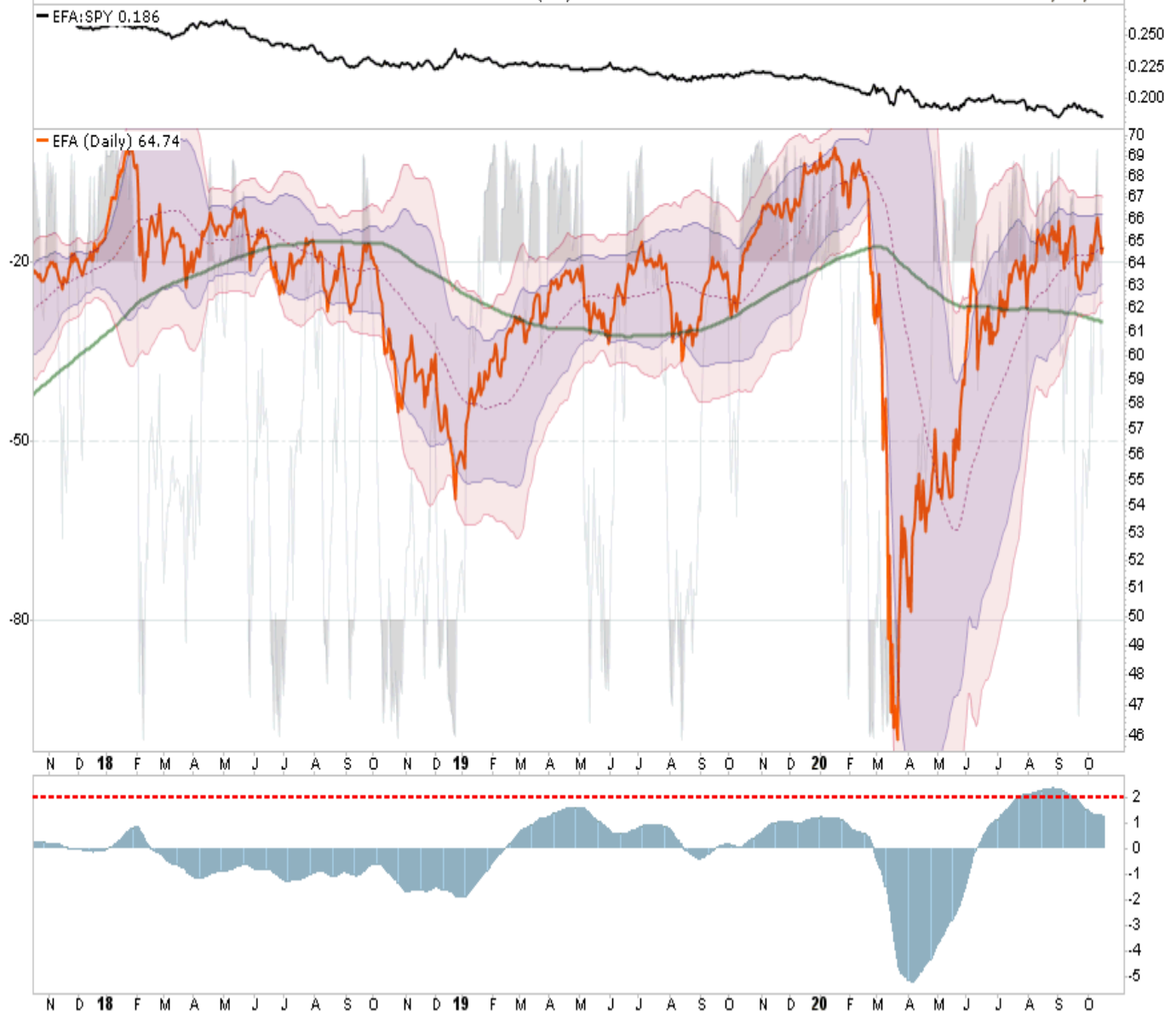
- *Emerging markets had performed better on a relative basis during the correction. Still, now they are pushing back into 3-standard deviation territory, which has previously been a good opportunity to take profits.*
- *EEM is no longer oversold, so use this rally to reduce risk temporarily.*
- **Short-Term 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 16-Oct-2020

Open: **64.65** Ask: P/E: Options: **yes**
 High: **65.02** Ask Size: EPS: Annual Dividend: **1.63354**
 Low: **64.60** Bid: Mkt Cap: **47.2B** Yield: **2.52%**
 Prev Close: **64.44** Bid Size: Last Size: SCTR (ETF): **42.7**

▲ **+0.47%**
 Chg: **+0.30**
 Last: **64.74**
 Volume: **15,227,590**



- *International markets performed worse than emerging markets last week but are not as grossly extended either.*
- *As long as the 50-dma holds, positions can be maintained. However, please pay attention to the dollar as it has begun gaining some strength.*
- *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: **41.16** Ask: P/E: Options: **no**
 High: **41.30** Ask Size: EPS: Annual Dividend: **N/A**
 Low: **40.34** Bid: Mkt Cap: Yield: **N/A**
 Prev Close: **41.24** Bid Size: Last Size: SCTR:

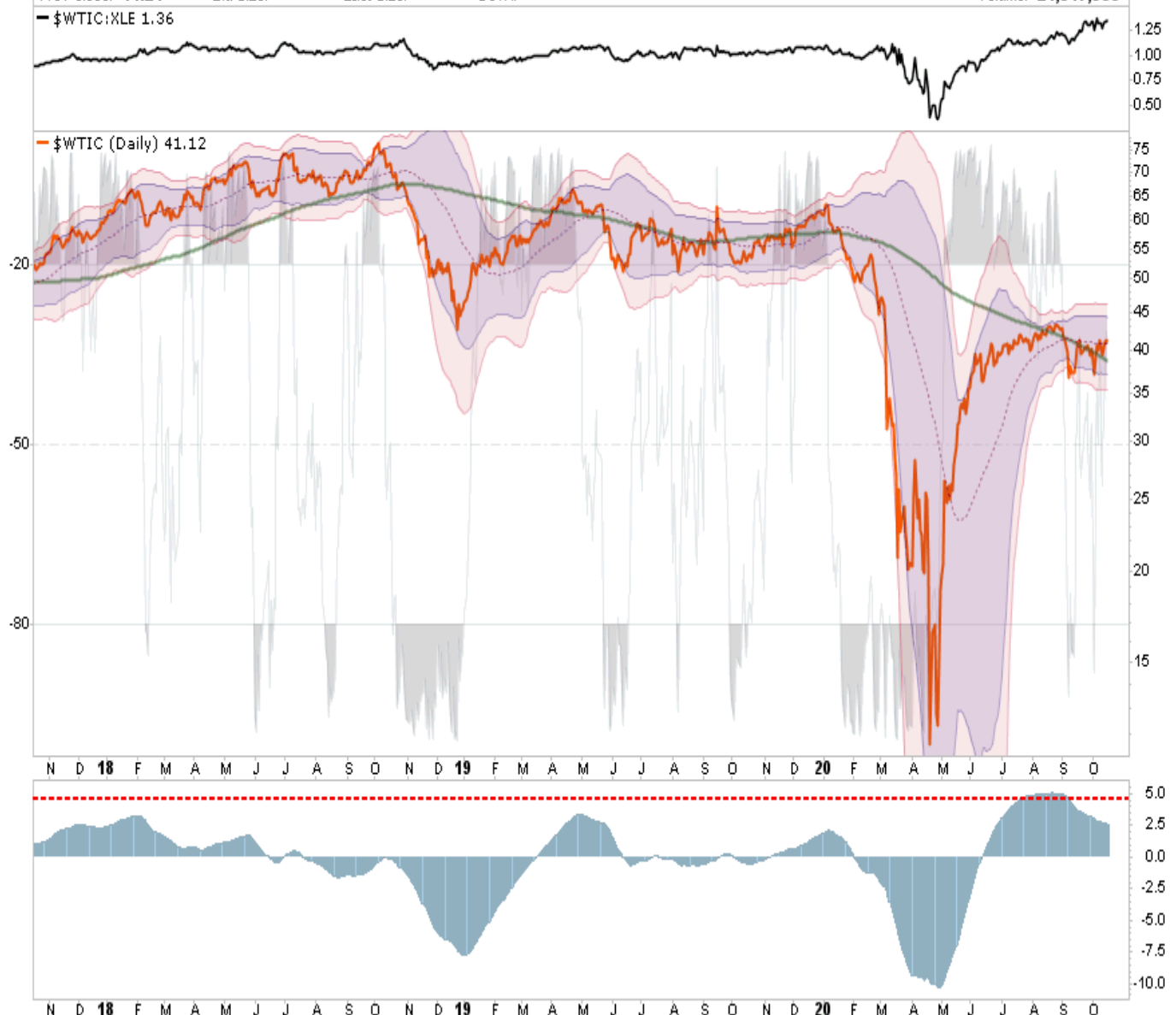
Friday 16-Oct-2020

▼ **-0.29%**

Chg: **-0.12**

Last: **41.12**

Volume: **24,547,900**



- The rally in oil occurred and finally broke above the 200-dma. The worst may be over for now in oil if prices can hold above these levels.
- Energy stocks, unfortunately, are not performing with the rally in oil. However, there may be a point where the historical correlation comes back into play, and we see a strong rally in energy.
- Historically, the worst-performing sector in the market in any given year has tended to be one of the leaders in the following year.
- Short-Term Positioning: Bearish
 - Last Week: Hold positions
 - This Week: Hold positions
 - Stop for trading positions at \$32.50
- Long-Term Positioning: Bearish

Gold

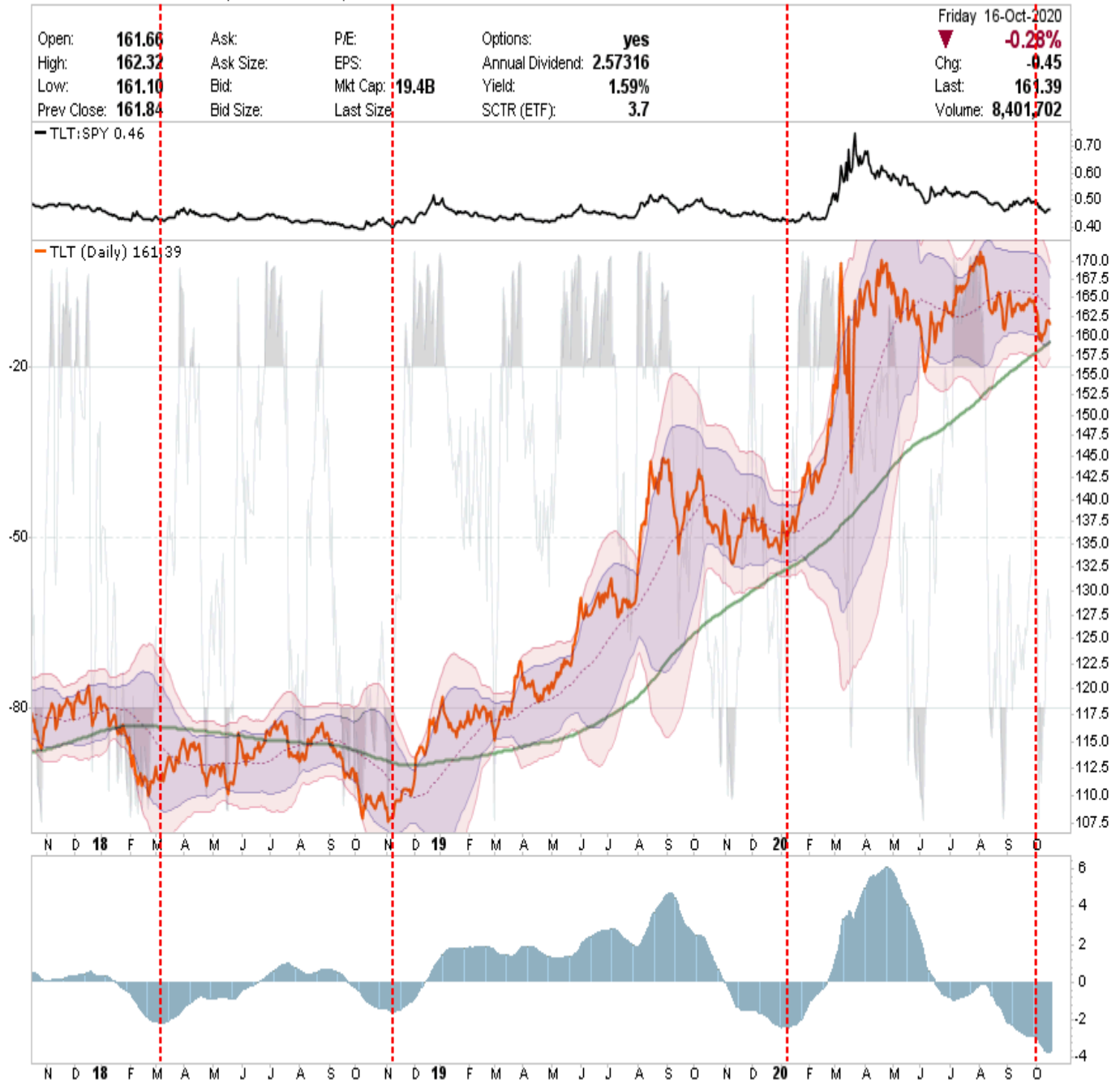
Open: **179.22** Ask: P/E: **-17.23** Options: **yes**
 High: **179.32** Ask Size: EPS: **-10.35** Annual Dividend: **N/A**
 Low: **178.13** Bid: Mkt Cap: **77.9B** Yield: **N/A**
 Prev Close: **178.92** Bid Size: Last Size: SCTR (ETF): **32.0**

Friday 16-Oct-2020
 ▼ **-0.35%**
 Chg: **-0.62**
 Last: **178.30**
 Volume: **7,044,531**



- After previously adding to our positions in GDX and IAU, we continue to hold our positions.
- The sector is currently on a sell-signal and is not extremely oversold. However, further consolidation may provide a perfect entry point to add further exposure.
- Stops are reset at \$165.
- We believe downside risk is relatively limited, but as always, maintain stops.
- Short-Term Positioning: Bullish
 - Last week: Added 1% to GDX and IAU
 - This week: No changes this week.
 - Stop-loss adjusted to \$165
 - Long-Term Positioning: Bullish

Bonds (Inverse Of Interest Rates)



- Bonds continued to hold up last week and is continuing its consolidation process.
- There is still upside potential in bonds from the current oversold condition.
- Furthermore, the "sell signal" is now at levels that have typically preceded more massive rallies in bonds.
- Investors can still add to Treasuries at current levels.
- Short-Term Positioning: Neutral
 - Last Week: Hold positions.
 - This Week: Sold AGG and added a 5% position in PFF.
 - Stop-loss moved up to \$157.50
 - Long-Term Positioning: Bullish

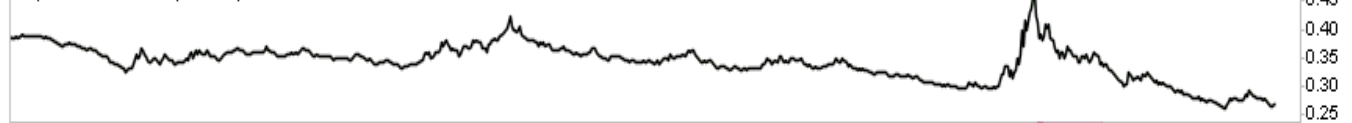
U.S. Dollar

Thursday 15-Oct-2020

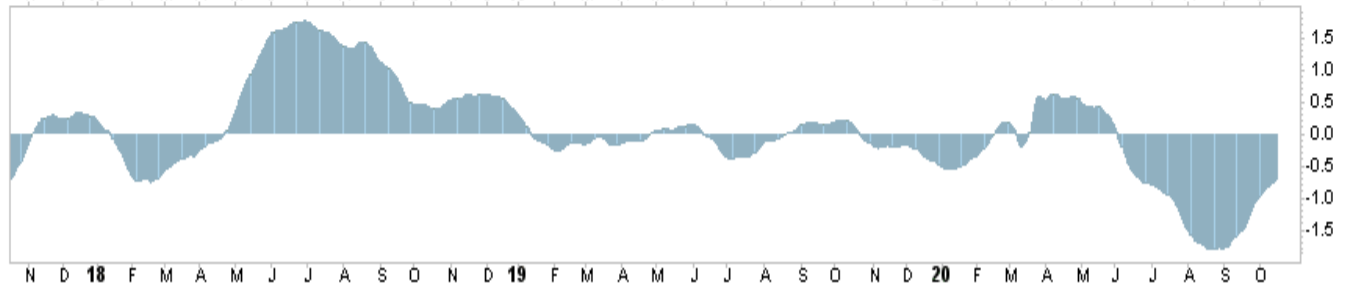
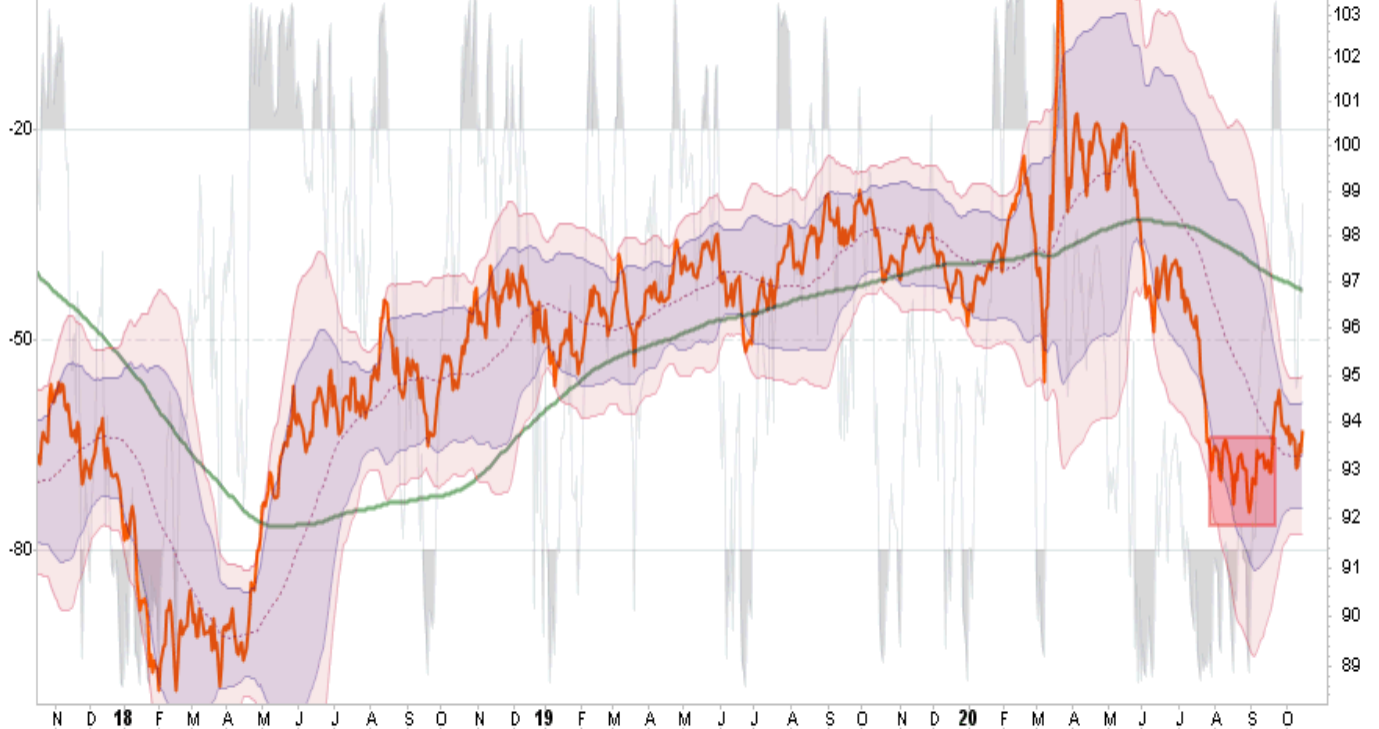
Open: 93.43	Ask:	P/E:	Options: no
High: 93.93	Ask Size:	EPS:	Annual Dividend: N/A
Low: 93.36	Bid:	Mkt Cap:	Yield: N/A
Prev Close: 93.37	Bid Size:	Last Size:	SCTR:

▲ **+0.53%**
 Chg: **+0.50**
 Last: **93.86**
 Volume: **0**

— \$USD:SPY 0.27 (15 Oct)



— \$USD (Daily) 93.86 (15 Oct)



- The dollar rally stumbled this past week and is testing the 50-dma and did hold that support.
- If the dollar just formed a higher low, we could see a stronger rally in the weeks ahead. This will be good for bonds and not-so-good for stocks and commodities.
- Watch for the buy signal in the lower panel of the chart for a signal to go long the \$USD.
- Subsequently, a dollar rally will devalue international and emerging market holdings, so act accordingly.
- Use weakness to add to positions that hold the 50-dma.
- Stop-loss adjusted to \$92.