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ETF Chart Notes for Saturday, March 14th

There are no stock setups today because the breadth models are decidedly bearish, volatility is extremely high and the S&P 500 is well below its 200-day SMA. As with last week, here is a link to an article and paper from Charlie Bilello and Michael Gayed examining the 200-day SMA, risk and leverage.

<http://proactiveadvisormagazine.com/moving-averages-leverage-long-run/>

Note that I added a video to Friday's Commentary: Studying Past Bear Markets and Crashes for Clues and Setups

<https://trendinvestorpro.com/market-timing-models-studying-past-bear-markets-and-crashes-for-clues-and-setups/>

New 52-week Highs

AGG, TLT (and then there were two)

New 52-week Lows

Major Index ETFs: SPY, RSP, MDY, IJR, IWM, MTUM, USMV

Sector SPDRs: XLY, XLF, XLI, XLC, XLV, XLP, XLE, XLB, XLU, XLRE

Equal-Weight Sectors: RCD, EWCO, RYF, RYT, RGI, RYH, RYE, RTM, RHS, RYU, EWRE

Small-cap Sectors: PSCD, PSCF, PSCT, PSCI, PSCM, PSCE, PSCH, PSCC, PSCU

Industry Groups: SKYY, HACK, FINX, FDN, IPAY, BOTZ, IGV, ITB, XHB, XRT, KBE, KRE, KIE, REM, IYR, MJ, IBB, XBI, IHI, FCG, XES, XOP, AMLP, GDX, XME, REMX

Other: VIG, PFF, LQD, HYG, IEMG, EFA

XES -38.88%,GDX -35.4%,AMLP -30.41%,XOP -26.72%,TAN -26.33%,FCG -25%,REM -24.79%,XLE -24.26%,ITB -22.74%,XME -21.15%

UUP +5.46%,AGG -5.09%,XLK -5.31%,HYG -5.88%,XLV -6.68%,XLC -7.29%,QQQ -7.54%,TLT -7.69%,IHF -7.77%,PFF -7.92%

Forget about Relative Strength

There were a slew of 52-week highs a month ago (Valentine's day) and there is now a bigger slew of 52-week lows. What the heck is a slew, anyway? Ten of the eleven sector SPDRs recorded new lows, all eleven equal-weight sector ETFs recorded new lows and all nine small-cap sector ETFs hit new lows. That is some seriously broad weakness. The market went from a raging bull with a few pockets of weakness a month ago to a raging bear with only two major ETFs avoiding the new low list: QQQ and XLK.

https://stockcharts.com/h-sc/ui?s=_SPY&p=D&yr=1&mn=6&dy=0&id=p93869362489&listNum=284&a=727024921

There is no sense twisting this into a positive or something that is less negative. The new low list tells us that the VAST majority of equity-related ETFs are in strong downtrends. They may be oversold and ripe for a bounce, at least they were after Thursday's close, but they are not in uptrends and this kind of price action is NOT bullish.

Historic Levels of Volatility

The first chart shows the S&P 500 SPDR with the 1-day Rate-of-Change exceeding 4% (up and down) every day last week. Insane in the membrane. Prior to last week, there were three more moves in excess of 4%. All told, seven of the ten trading days in March witnessed moves in excess of 4%. This is truly historic and truly volatile. Thus, we have a bear market and historic volatility. Not my cup of tea.

<http://schrts.co/NtgnJGaZ>

SPY Hits First Danger Zone

The S&P 500 is really the only stock-related index we need to analyze right now because most stocks and ETFs will likely follow. Remember, correlations rise in bear markets. The chart below shows the S&P 500 SPDR (SPY) hitting its first danger zone after a crazy 9.29% surge on Friday. Forget the talk about bottom picking, indicators at extremes and oversold conditions. We are in a bear market and bear market rules apply. This means SPY is already near a danger zone after a 9.29% surge. The ETF closed in the 275 area on Monday and Wednesday and this area could mark resistance now. Note that this is a guess. Also note that SPY is overbought after a 9.29% gain in one day.

https://stockcharts.com/h-sc/ui?s=_SPY&p=D&yr=1&mn=2&dy=19&id=p68497943877&listNum=231&a=700024082

The indicator window shows RSI(10) with a danger zone marked in the 40-50 area. RSI is not in the danger zone yet, but this is also an area to watch in the coming days and weeks. A move into this zone would show RSI as mildly overbought and this could also lead to a pullback.

TLT Hits Potential Reversal Zone

There are only two other charts worth mentioning: TLT and GLD. The first chart shows the 20+ Yr Treasury Bond ETF (TLT) falling hard the last four days and moving into the 50-61.8% retracement zone. TLT was going parabolic in early March and this decline alleviates the overbought extremes. In addition, TLT is still well above its rising 200-day SMA and RSI is in a potential reversal zone (mildly oversold in the 40-50 zone). A bullish setup is in the works with TLT.

https://stockcharts.com/h-sc/ui?s=_TLT&p=D&yr=1&mn=2&dy=10&id=p34637533162&listNum=231&a=700024134

GLD Becomes Oversold in an Uptrend

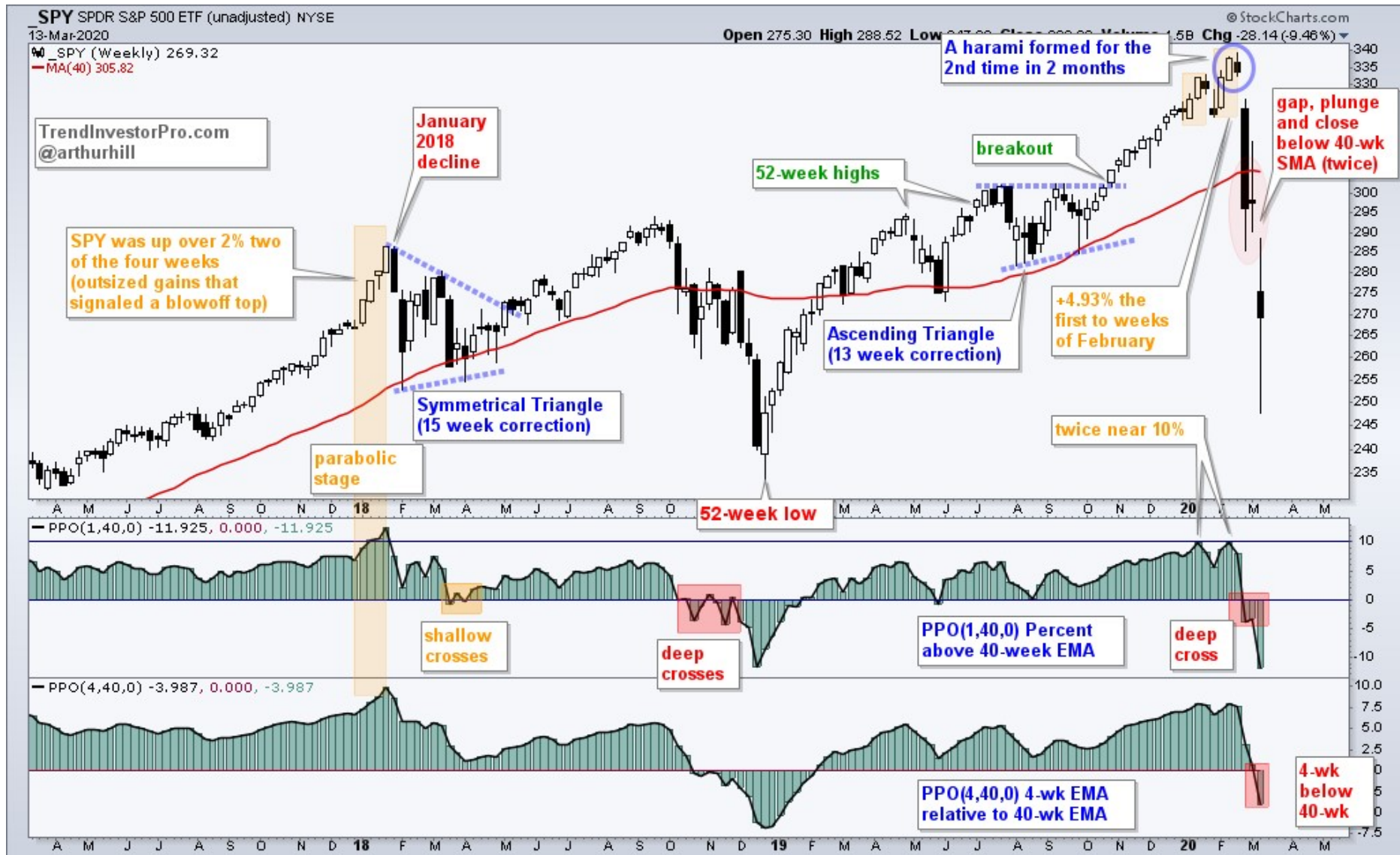
The next chart shows the Gold SPDR (GLD) breaking below its February lows with a sharp decline. Note that the Silver ETF (SLV) broke down in early March and the Gold Miners ETF (GDX) hit a 52-week low this week. Clearly, silver and GDX are not immune to broad market weakness. Gold is also not immune, but it is above its rising

200-day SMA and RSI is short-term oversold (<30). This is an mean-reversion setup within a bigger uptrend.

<https://stockcharts.com/h-sc/ui?s=GLD&p=D&yr=1&mn=2&dy=19&id=p68497943877&listNum=231&a=700024137>

Be Careful out There!

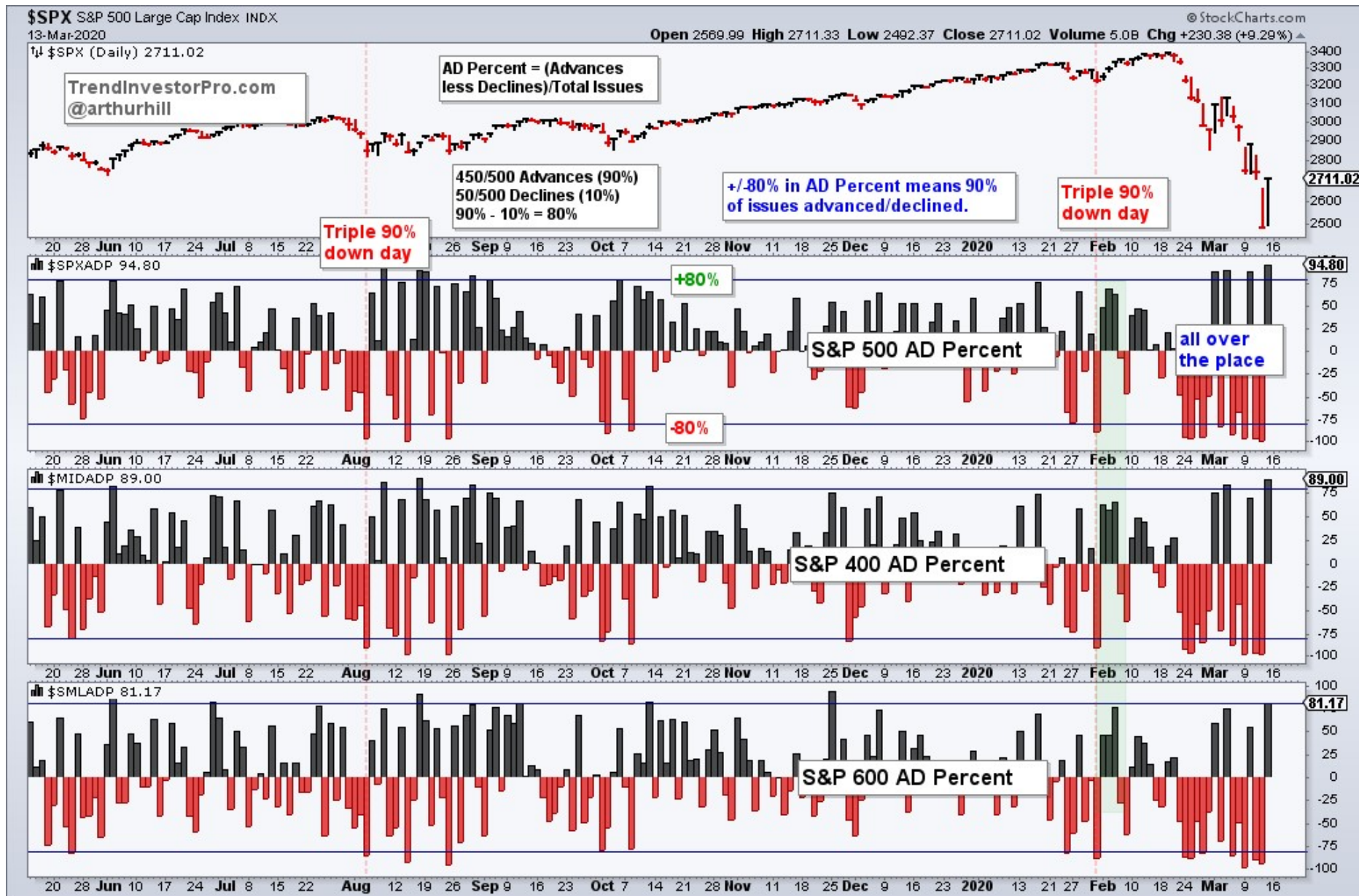
Even though TLT and GLD could be ripe for a bounce, last week's decline reminds us that they are not immune to whatever is going on out there. We are in a bear market and bad things happen in bear markets. Treasury bonds are the ultimate safe-haven and the natural alternative to stocks. Gold less so.



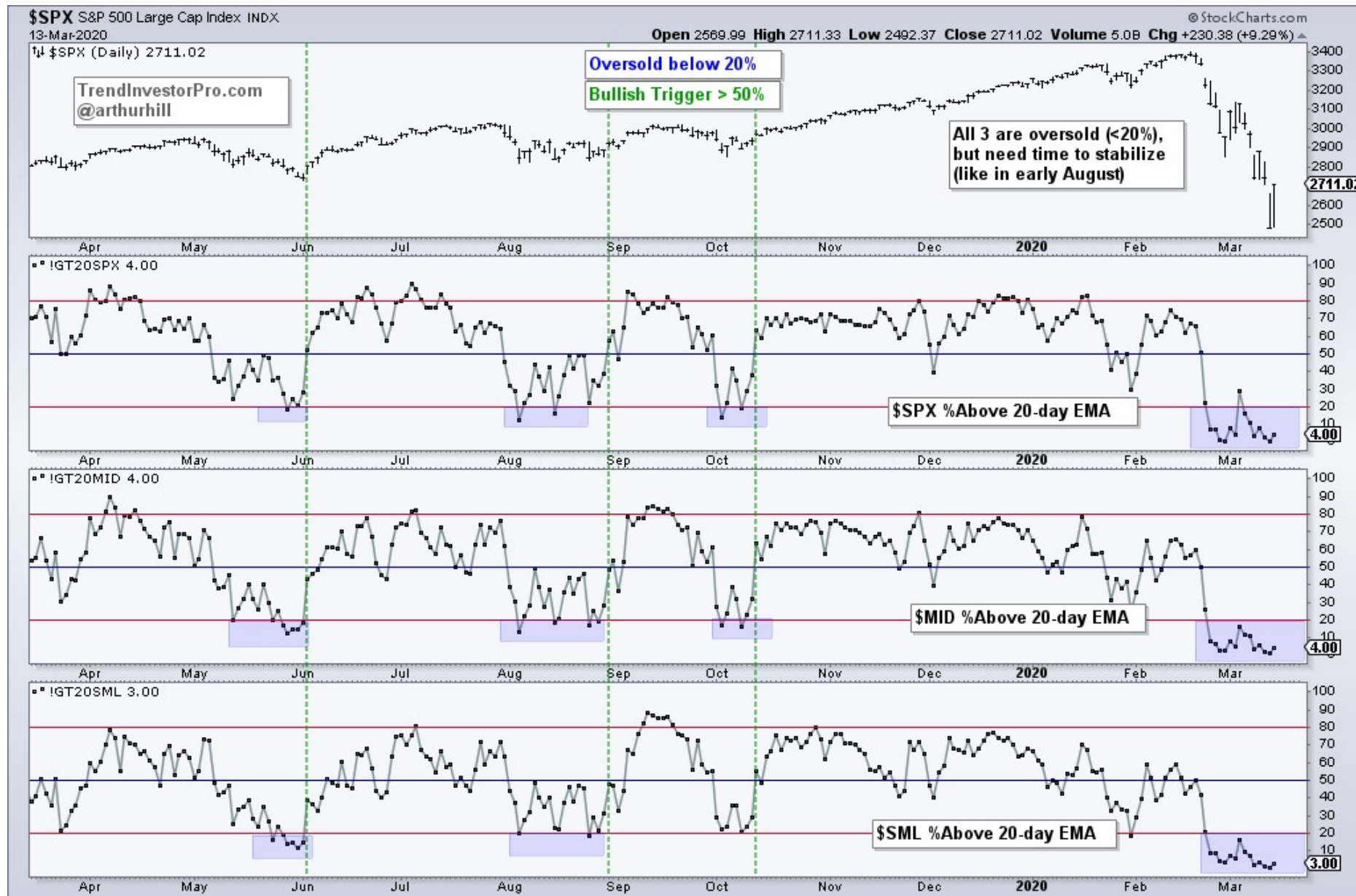
1001 SPX ROC1



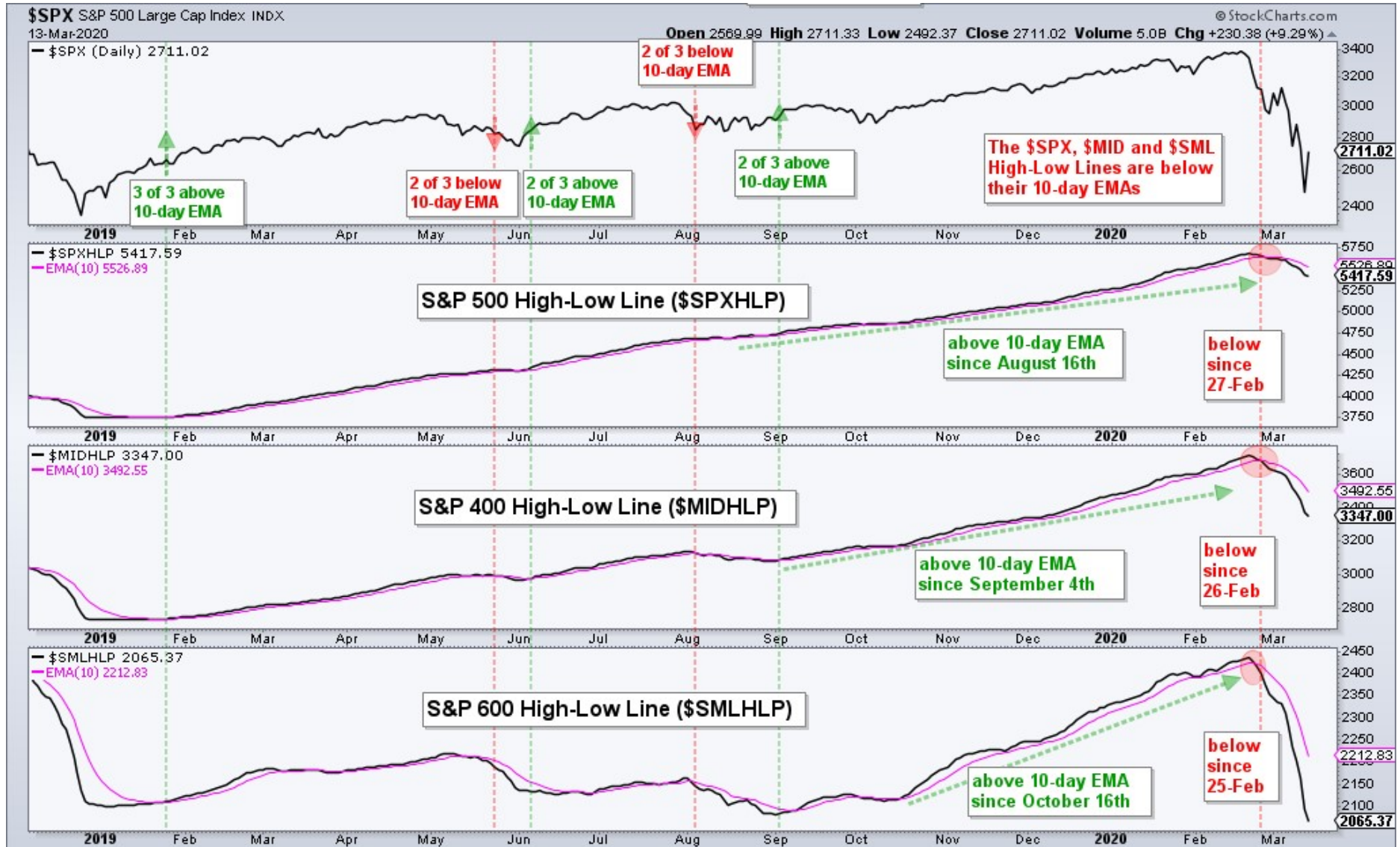
1002 BR Index AD Percent 1-day



1003 BR Index %Above20



1004 BR Index HL Lines



1010 S&P 500 (SPY)



1011 S&P 500 Equal Weight (RSP)



1012 S&P 400 MidCap (MDY)



1013 S&P 600 SmallCap (IJR)



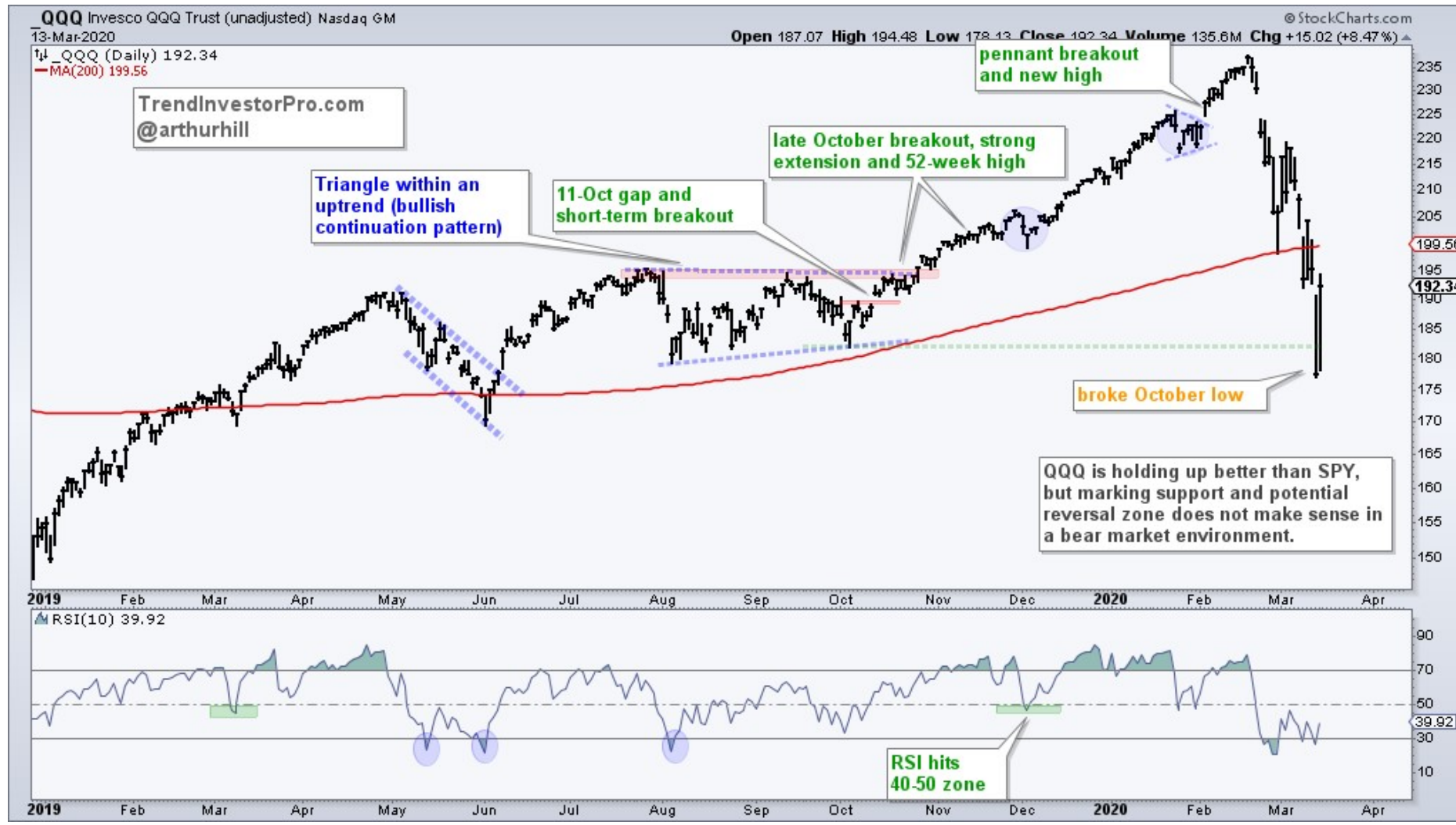
1014 Russell 2000 SmallCap (IWM)





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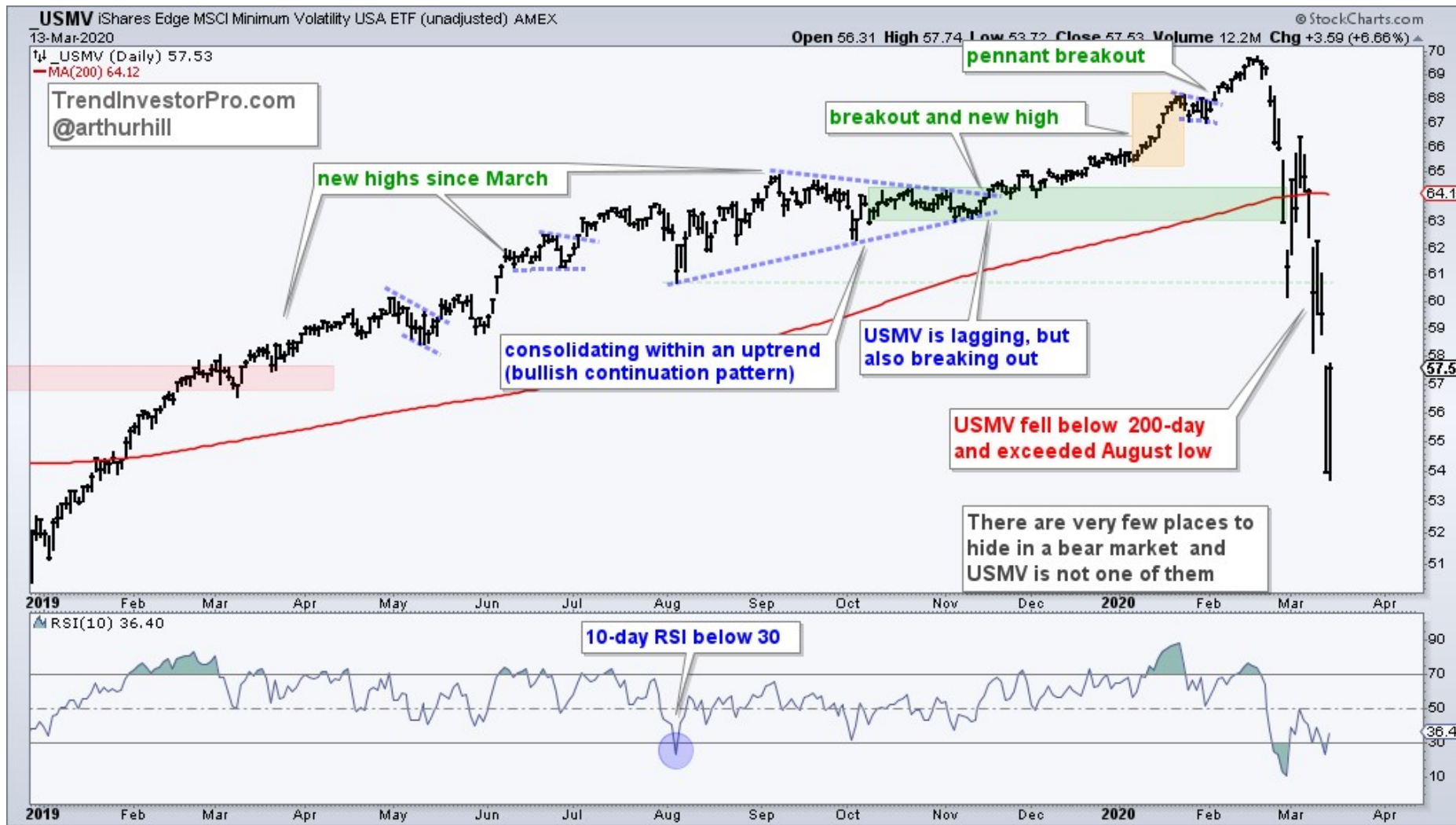
1015 Nasdaq 100 Trust (QQQ)



1034 Factor S&P 500 Momentum (MTUM)



1035 Factor S&P 500 Minimum Volatility (USMV)



2010 Technology Sector (XLK)



2020 Consumer Discretionary Sector (XLY)



2030 Financial Sector (XLF)



2040 Industrials Sector (XLI)



2050 Communications Services Sector (XLC)



2060 Healthcare Sector (XLV)



2070 Consumer Staples Sector (XLP)





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2080 Energy Sector (XLE)



2090 Basic Materials (XLB)



2100 Utilities SPDR (XLU)



2110 Real Estate Sector (XLRE)



3010 TE Cloud Computing (SKYY)



3010 TE Cyber Security (HACK)



3010 TE FinTech (FINX)



3010 TE Internet (FDN)



3010 TE Mobile Payments (IPAY)



3010 TE Robotics and AI (BOTZ)





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3010 TE Semiconductor (SOXX)



3010 TE Software (IGV)



3020 CD Home Construction (ITB)



3020 CD Homebuilders (XHB)



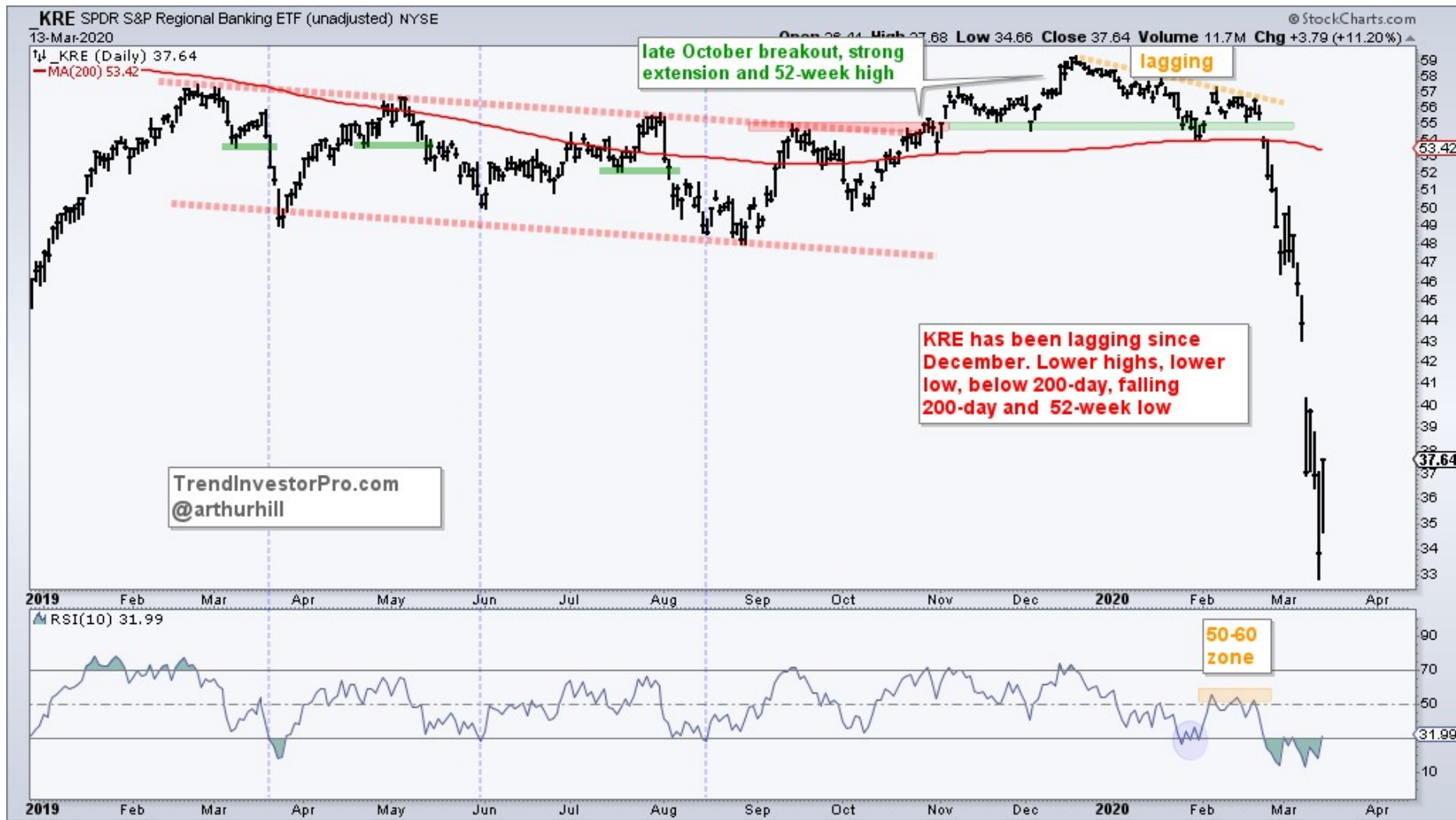
3020 CD Retail (XRT)



3030 FI Bank (KBE)



3030 FI Banks Regional (KRE)



3030 FI Insurance (KIE)



3030 FI Mortgage REIT (REM)



3030 FI REIT (IYR)





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3040 IN Aerospace & Defense (XAR)



3040 IN Solar Energy (TAN)



3060 HC Alternative Harvest (MJ)



3060 HC Biotech (IBB)



3060 HC Biotech (XBI)



3060 HC HealthCare Providers (IHF)



3060 HC Medical Devices (IHI)



3080 EN Natural Gas Index Fund (FCG)



3080 EN Oil & Gas Equipment & Services (XES)



3080 EN Oil & Gas Exploration & Production (XOP)





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3085 EN MLP (AMLP)



3090 BM Gold Miners (GDX)



3090 BM Metals & Mining (XME)



3090 BM Rare Earth Metals (REMX)



3900 DV Dividend Appreciation (VIG)



3900 DV Preferred Stock Fund (PFF)



4010 Aggregate Bond Fund (AGG)



4014 Treasuries 20 YR T-Bond Fund (TLT)



4020 Corporate Investment Grade Bond Fund (LQD)



4031 Corporate High Yield Bond ETF (HYG)





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5021 PM Gold Trust (GLD)



5021 PM Silver Trust (SLV)



6010 EM Core Emerging Markets (IEMG)



6010 World MSCI EAFE ETF (EFA)



7000 US Dollar Index (with UUP)

