



\$SPX S&P 500 Large Cap Index INDX
14-Feb-2025

Open 6115.52 High 6127.47 Low 6107.62 Close 6114.63 Volume 2.8B Chg -0.44 (-0.01%)

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Chart Trader ETF Report

Tuesday - 18 February 2025

The weight of the evidence remains bullish for stocks (bull market). Large-caps (SPY, QQQ) are leading equal-weights, mid-caps and small-caps (RSP, MDY, IWM). QQQ is leading SPY because the former recorded a fresh 52-wk high last week. SPY is not far behind as a bullish cup-with-handle forms and the ETF challenges rim resistance. The S&P 500 EW ETF (RSP) formed a small consolidation above its breakout zone and a breakout would be positive for the broader market (small-caps and mid-caps)..

Several tech-related ETFs are leading the market. In particular, the Global AI & Tech ETF (AIQ), Cloud Computing ETF (SKYY), Cybersecurity ETF (CIBR), Communication Services SPDR (XLC), ARK Innovation ETF (ARKK) and ARK Fintech Innovation ETF (ARKF) hit new highs this month. The Mag7 ETF (MAGS) is lagging short-term, but leading long-term and forming a bullish triangle pattern. I am also seeing bullish setups in two blockchain ETFs (BLOK, DAPP).

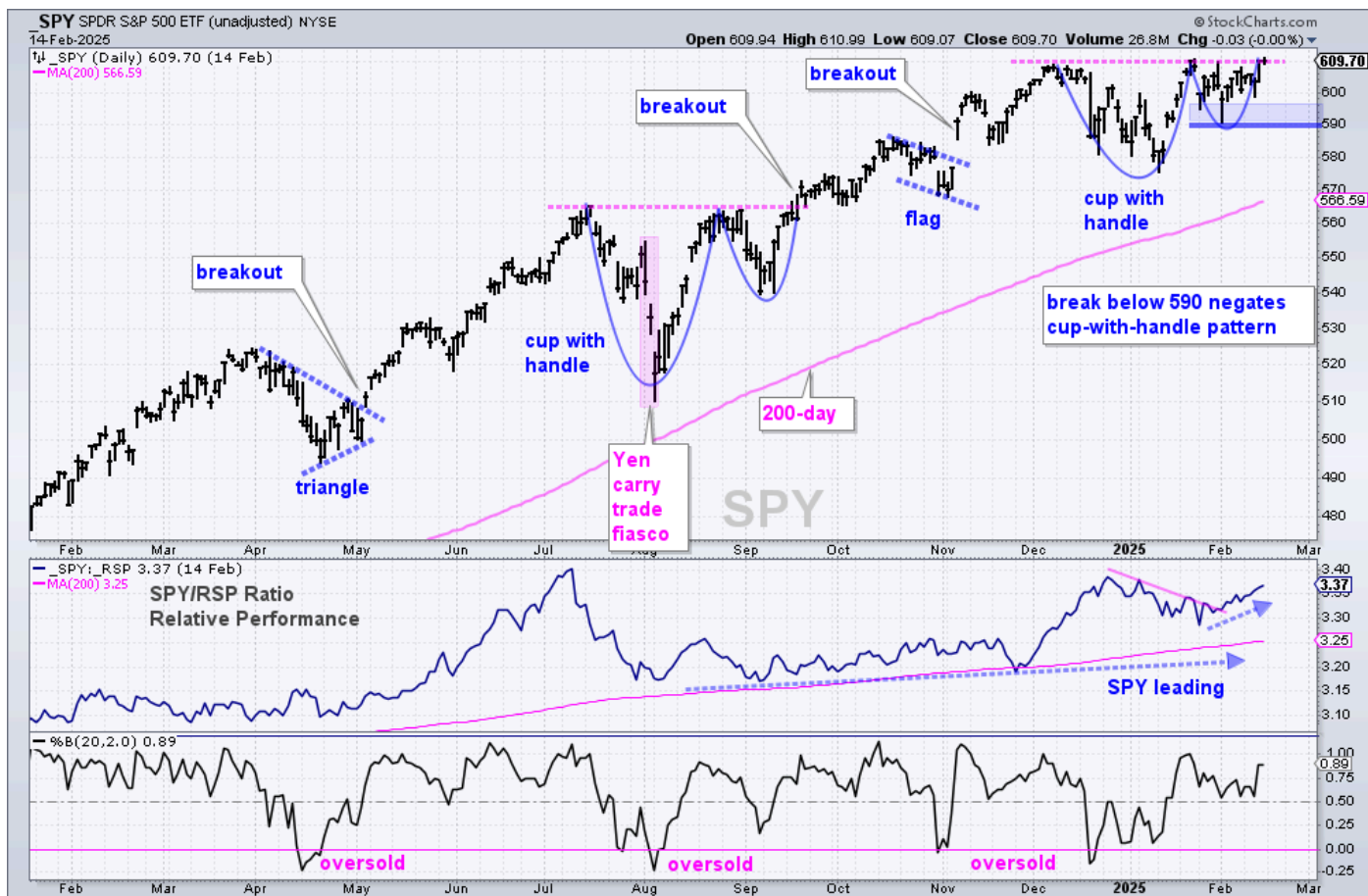
The Industrials SPDR (XLI) fell back the last few weeks, but this decline looks like a bull flag and the ETF is attempting a breakout. Within the sector, I am seeing a bull flag in the Aerospace & Defense ETF (ITA) and an oversold condition in the Aerospace & Defense ETF (XAR). The two infrastructure ETFs are closely tied to the industrial sector and they have short-term bullish pullbacks working.

The Gold SPDR (GLD) continues to lead the market with a 10% gain year-to-date. GLD seems short-term overbought, but there is nothing we can do with this condition. The Bitcoin ETF (IBIT) is setting up with a triangle consolidation and I am watching the downswing within this pattern for the early signal.

- SPY Challenges Rim Resistance of Bullish Cup-with-handle
- QQQ Extends on Breakout and Hits New High
- S&P 500 EW ETF Forms Bullish Pennant after Breakout Surge
- S&P MidCap 400 SPDR Tests Wedge Breakout Zone with Smaller Wedge
- IJR and IWM Consolidate Around Breakout Zone
- Industrials SPDR Attempts Short-term Breakout after Pullback
- Utilities SPDR Holds Wedge Breakout and Establishes Support
- Mag7 ETF Consolidates within Long-term Uptrend
- Cloud ETF Forms Bullish Pennant Near 52-wk high
- Transformational Data ETF Holds Channel Breakout
- Digital Transformation ETF hits Bullish Setup Zone with Falling Wedge
- ITA Aerospace & Defense ETF Forms Bull Flag after New High
- XAR Aerospace & Defense ETF Falls back to Triangle Breakout Zone
- Infrastructure ETFs Break Out of Small Wedges
- Gold SPDR Hits New High to Extend Lead
- Bitcoin ETF Forms Bullish Triangle within Uptrend

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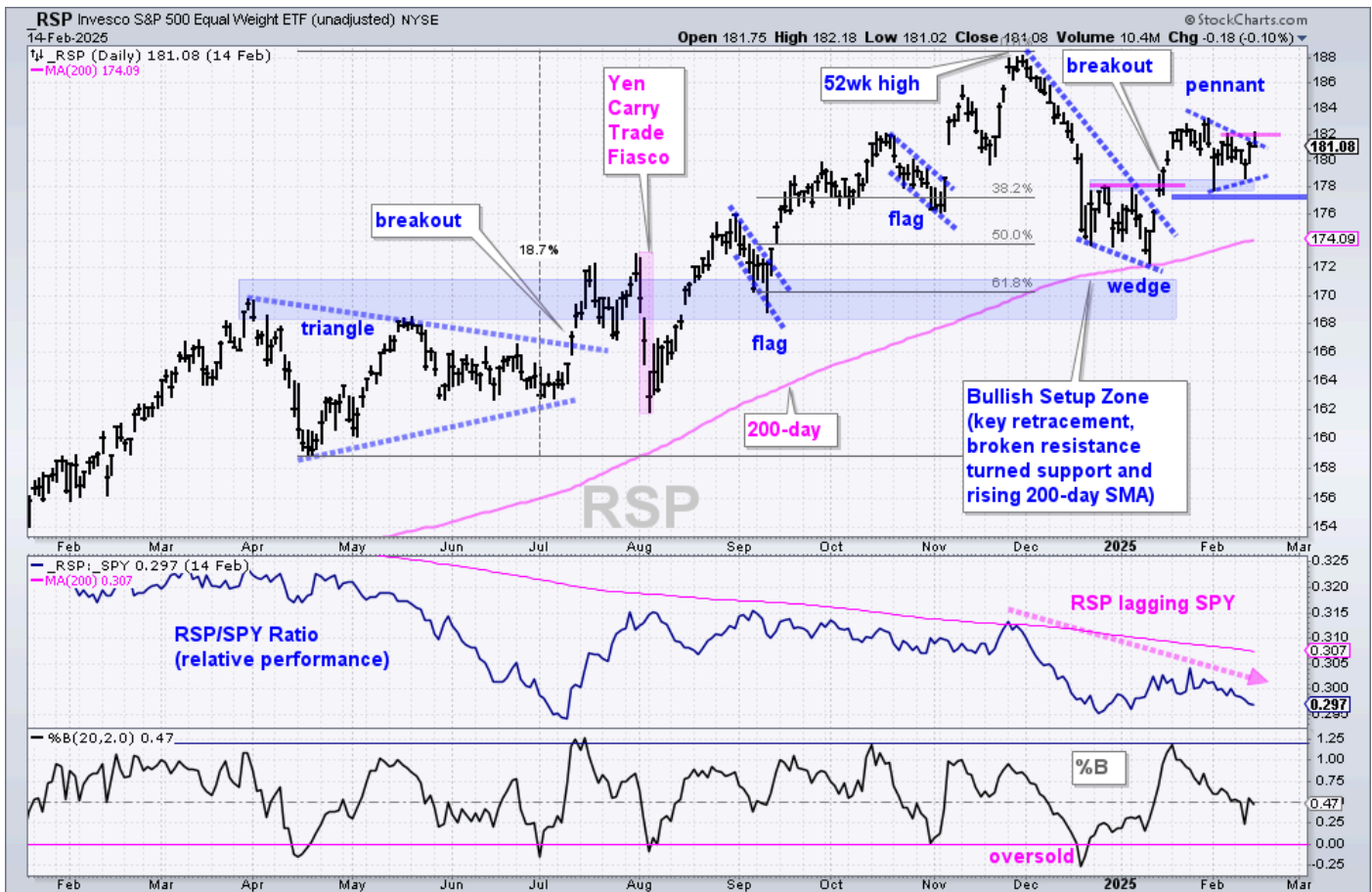
2025-02-18: SPY Challenges Rim Resistance of Bullish Cup-with-handle Pattern // SPY remains in a long-term uptrend as it challenges its prior highs. Medium-term, the ETF consolidated since December as a bullish cup-with-handle pattern takes shape. Popularized by William O'Neil of IBD, cup-with-handle patterns are continuation patterns that form within a bigger uptrend. They represent a consolidation (rest) within the uptrend and a subsequent breakout signals a continuation higher. SPY formed the cup from mid December to mid January and the handle took shape over the last four weeks. A break above rim resistance would confirm the pattern and result in a new high, which is also bullish. Handle support is set at 590 and a break here would negate the pattern. Even with a break at 590, the long-term trend would still be up and I would then wait for the next bullish setup to emerge.

1011 Nasdaq 100 QQQ



2025-02-18: QQQ Extends on Breakout and Hits New High // QQQ is in a leading uptrend as the ETF recorded a fresh 52-wk high. ETFs hitting new highs are in strong uptrends and showing upside leadership. QQQ is the first of the major index ETFs to record a 52-wk high. Short-term, a small wedge formed with a short pullback into early January. Small falling wedges are short-term continuation patterns that take their trading bias from the bigger trend, which is up. Thus, this was a short-term bullish continuation pattern and the mid January breakout around 520 was bullish. QQQ tested the breakout zone with two bounces off the 510 area twice (blue arrows) and continued higher in February. The new high affirms the uptrend. It also means there is no setup on this chart. Re-evaluation support is set at 510. A break below this level would negate the wedge breakout. Even with a break at 510, the long-term trend would still be up and I would then wait for the next bullish setup to emerge.

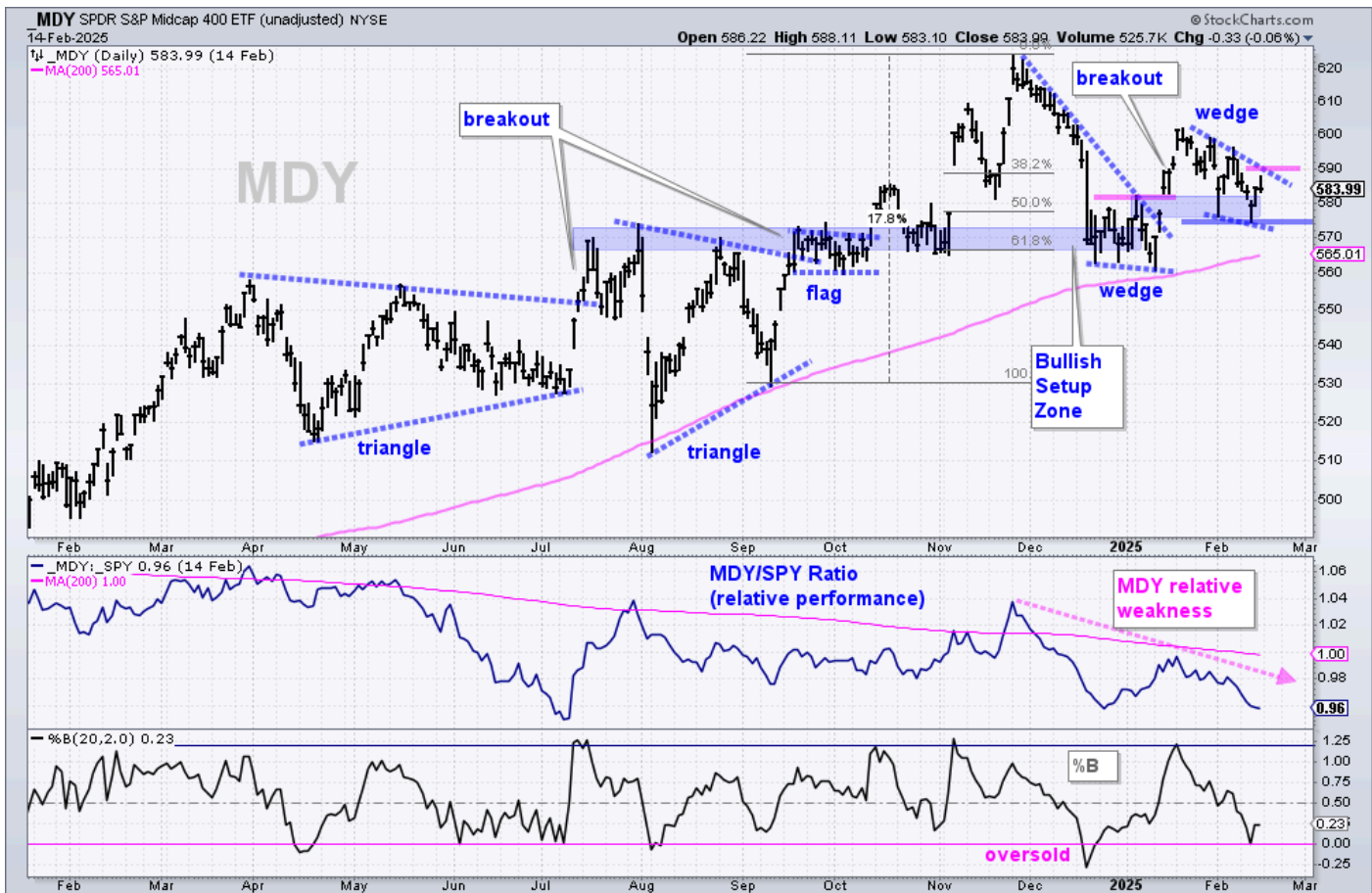
1011 S&P 500 Equal-weight RSP



2025-02-18: RSP Forms Bullish Pennant after Breakout Surge // The S&P 500 EW ETF (RSP) represents the average stock in the S&P 500, while SPY represents large-caps within the S&P 500. The average stock (RSP) is underperforming, which means large-caps (SPY) are outperforming. We can chart relative performance using the price-relative, which is a ratio plot (RSP/SPY). This ratio rises when RSP outperforms and falls when RSP underperforms. Right now, RSP is underperforming SPY because the price-relative is in a clear downtrend (pink arrow line).

Despite relative weakness in RSP, the long-term trend is up as the ETF hit a new high in December, corrected with a falling wedge into January and broke out with a surge in mid January. RSP did not follow through on this breakout surge, but the ETF is consolidating above the breakout zone, which means the breakout is holding (and still bullish). Pennants are short-term continuation patterns that take their bias from the direction of the prior move, which was up. Thus, this is a short-term bullish continuation pattern and a breakout at 182 would be bullish. I would then mark re-evaluation support at 177 (blue line).

1012 S&P 400 MidCap MDY



2025-02-18: MDY Tests Wedge Breakout Zone with Smaller Wedge // The S&P MidCap 400 SPDR (MDY) broke falling wedge resistance at 580 with a gap-surge. This breakout zone turns first support and the ETF is testing the breakout with a pullback the last few weeks. This is the area to watch for firming and a resumption of the breakout. A smaller wedge formed with this pullback and I am marking resistance at 590. A breakout here would be bullish and I would then mark re-evaluation support at 574. A break here would negate both wedge patterns.

1013 S&P 600 SmallCap IJR



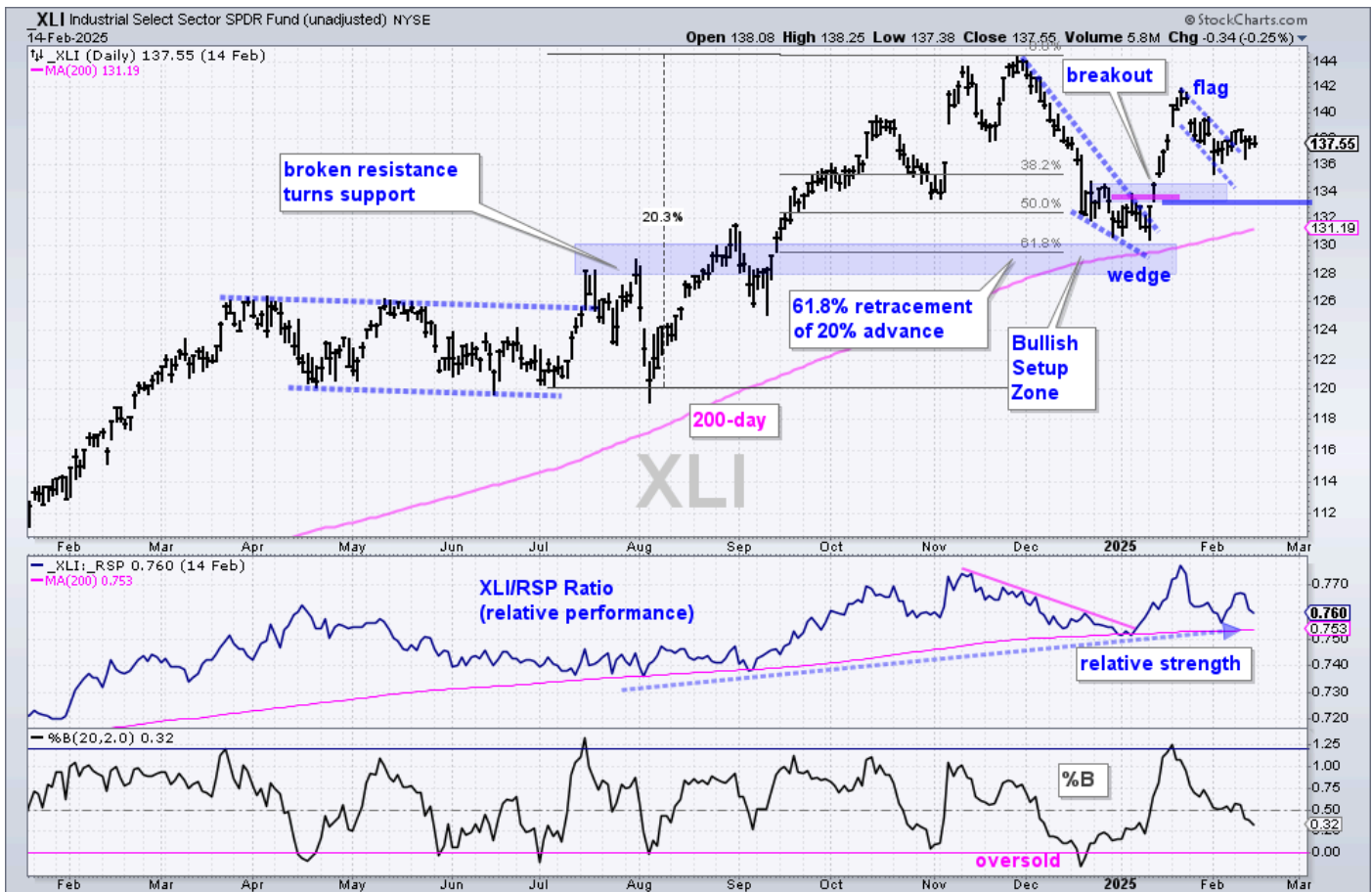
2025-02-18: IJR Consolidates Around Breakout Zone // The S&P SmallCap 600 SPDR (IJR) broke falling wedge resistance at 118 and then stalled with choppy trading in the breakout zone. Despite the struggle, the breakout remains in play and I am marking my re-evaluation level at 115. A small wedge is taking shape the last few weeks with short-term resistance at 119. A breakout here would be bullish and I would then mark re-evaluation support at 115. A close below 115 would negate both wedge patterns. The middle window shows the IJR/SPY ratio in a downtrend and well below its 200-day SMA. Small-caps are lagging large-caps.

1014 Russell 2000 SmallCap IWM



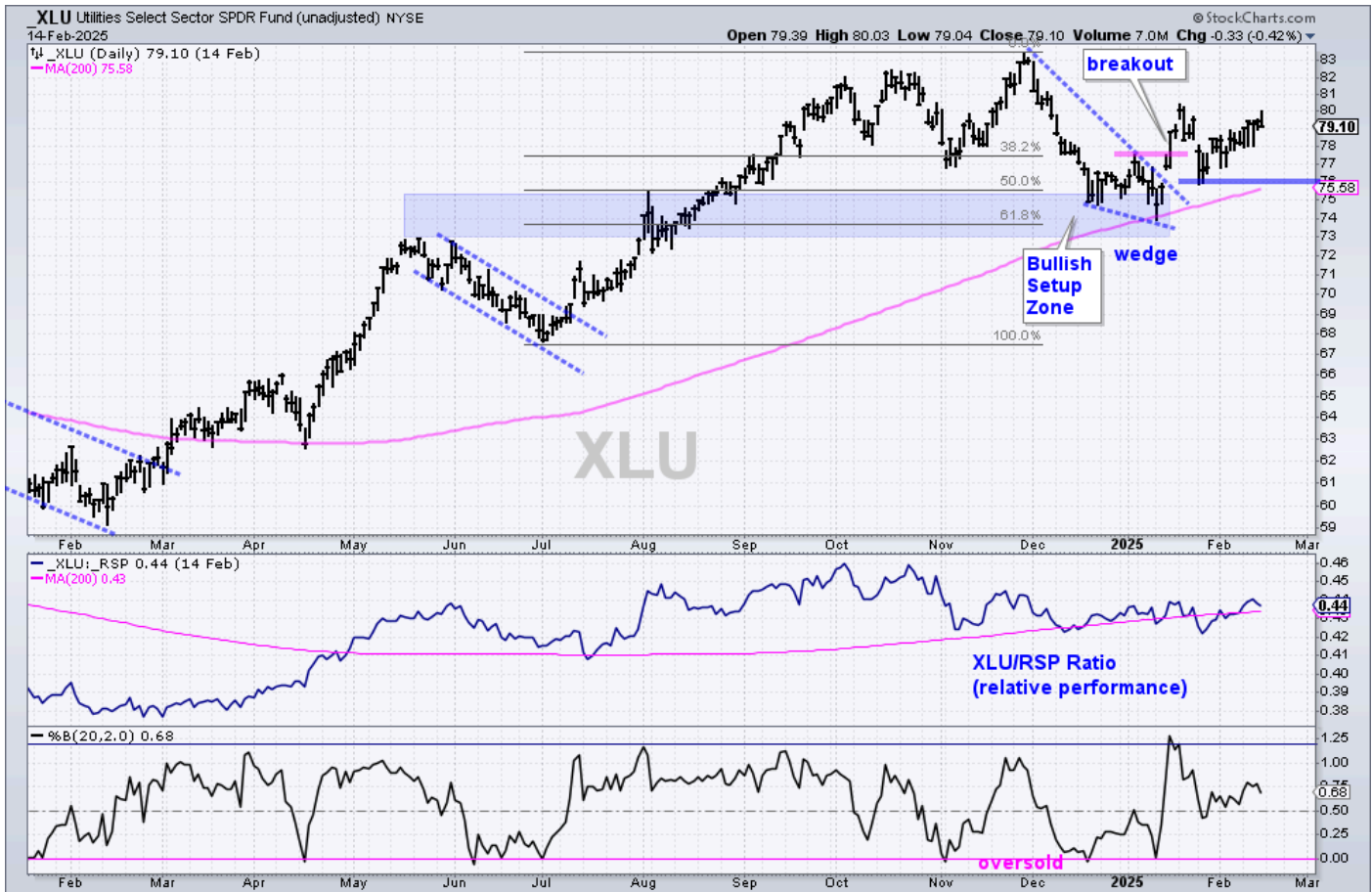
2025-02-18: IWM Consolidates around Breakout Zone // The Russell 2000 ETF (IWM) broke falling wedge resistance at 228 and then consolidated around this breakout zone. Overall, the cup is half full because the long-term trend is still up and the wedge breakout is still active. Shorter-term, I see a pennant type consolidation forming the last few weeks and a breakout at 230 would be short-term bullish. IWM bounced off the 220-222.5 area twice in February so my re-evaluation level is set at 220. A close below 220 would negate the bullish patterns. The middle window shows the price-relative (IWM/RSP ratio) falling since December as IWM lags the S&P 500 EW ETF (RSP).

2040 Industrials SPDR XLI



2025-02-18: XLI Attempts Short-term Breakout after Pullback // The Industrials SPDR (XLI) is in a long-term uptrend with a new high in early December and price above the rising 200-day SMA. Medium-term, XLI reversed off a Bullish Setup Zone and broke out of a falling wedge pattern in mid January. The ETF became short-term overbought after an 8 day eight percent surge to 142 and then fell back to 136 with a small falling flag. This is a short-term bullish continuation pattern and XLI attempting a to break out. I am not going to mark a re-evaluation level for this small flag. Instead, I will continue to use 133 as the re-evaluation level. This area marks the mid January wedge breakout. A close below 133 would negate this breakout and call for a re-evaluation.

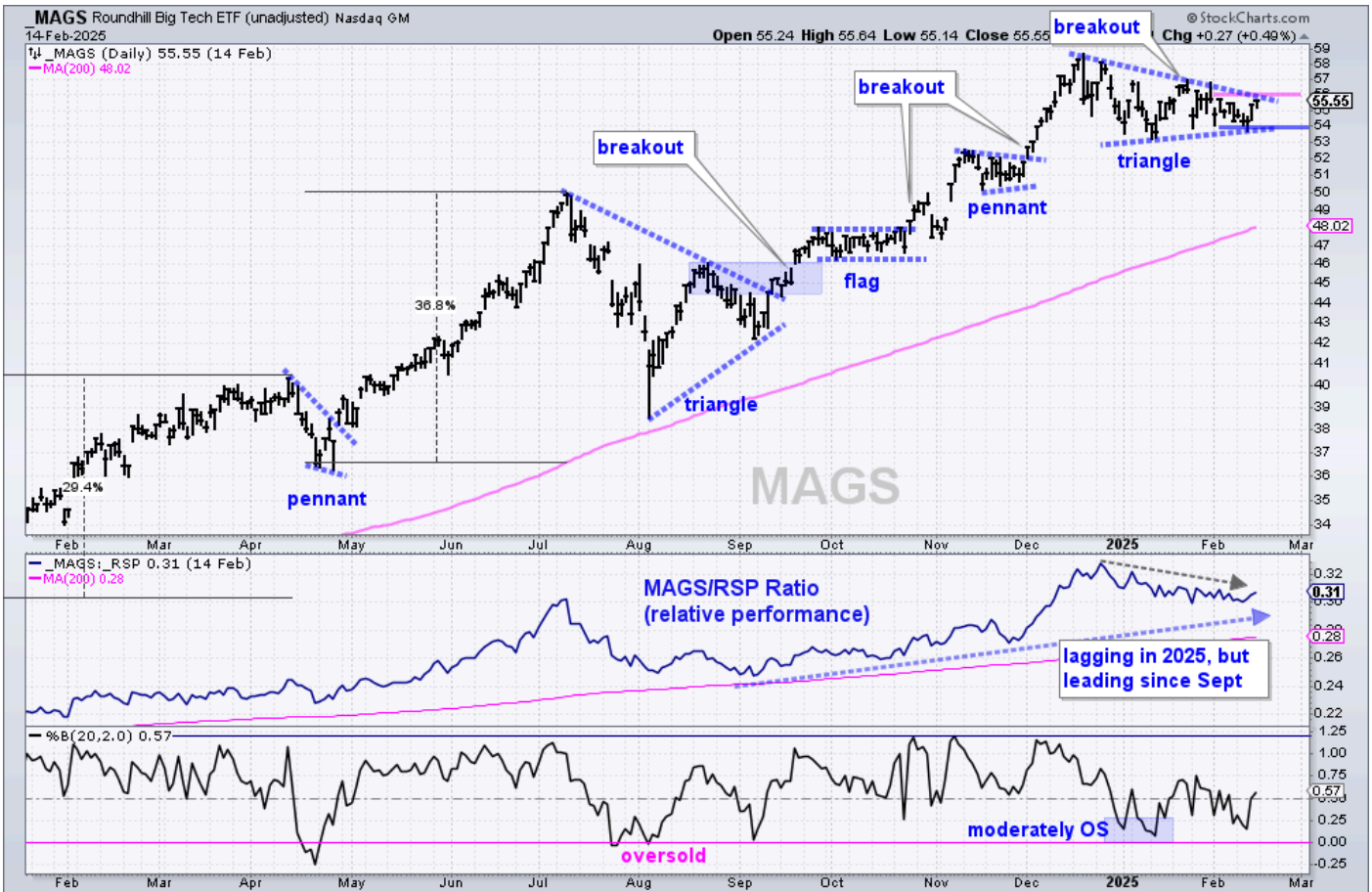
2100 Utilities SPDR XLU



2025-02-18: XLU Holds Wedge Breakout and Establishes Support // The Utilities SPDR (XLU) is in a long-term uptrend with a new high in December and price above the 200-day SMA. A falling wedge formed into mid January and XLU broke out with a surge above 78. Trading then turned choppy as some AI related utility stocks turned volatile (CEG, VST). Overall, the wedge breakout is holding and remains bullish until proven otherwise. XLU bounced off 76 in late January and this level marks re-evaluation support. A close below 76 would negate the breakout and call for a re-evaluation.

Top Ten Stocks: NEE, SO, CEG, DUK, AEP, SRE, VST, D, PEG, EXC

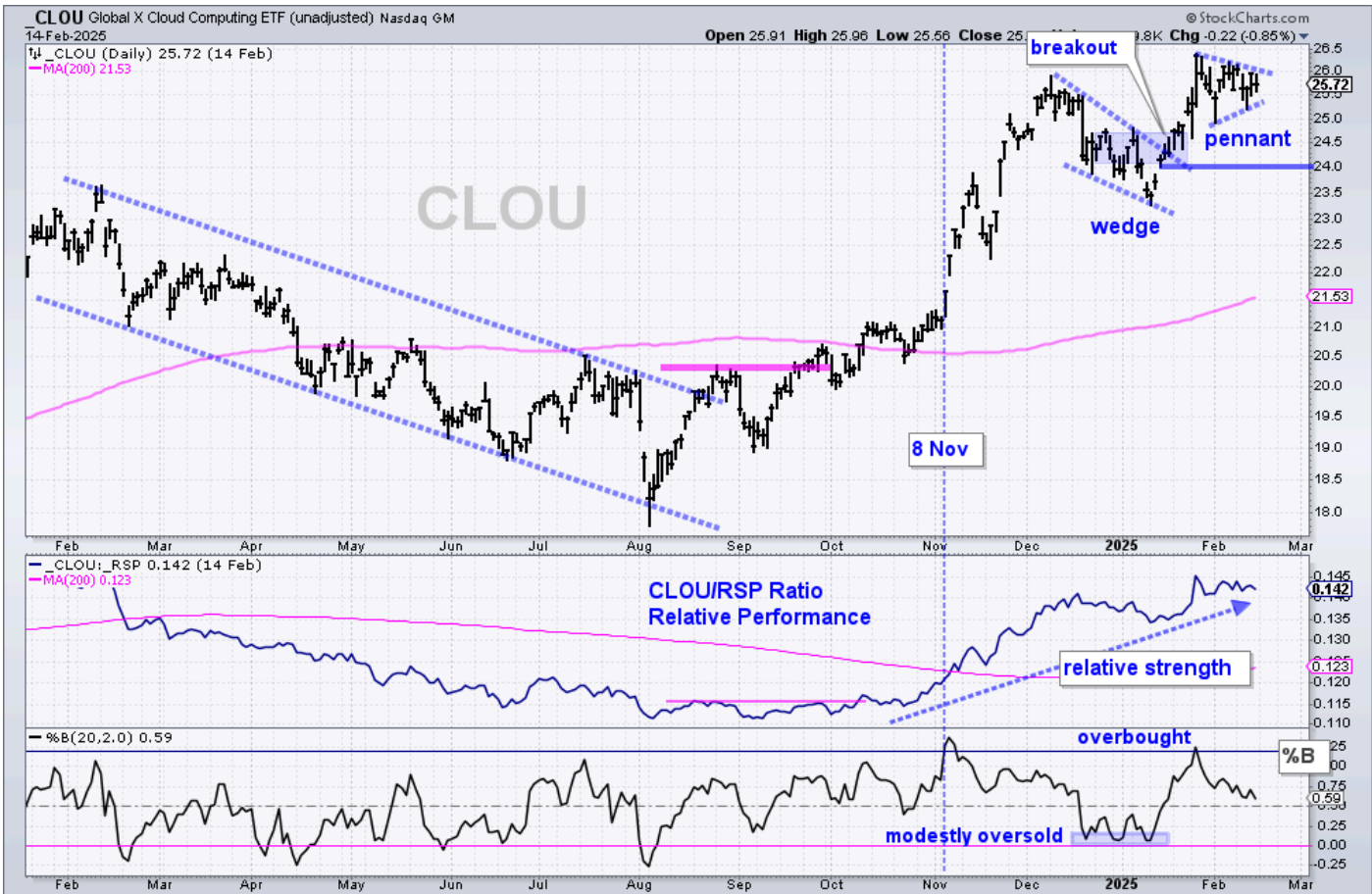
3000 Mag7 MAGS



2025-02-18: MAGS Consolidates within Long-term Uptrend // The Mag7 ETF (MAGS) is a long-term leader and a short-term laggard. Long-term, MAGS is in an uptrend with a 52-wk high in December and price well above the rising 200-day SMA. MAGS was up 64% in 2024 and remains one of the top performing ETFs over the last 9-12 months. Short-term, MAGS consolidated in 2025 with a triangle, which is a continuation pattern. I am marking triangle resistance at 56 and a breakout here would be short-term bullish. Such a move would signal a continuation of the long-term uptrend, and open the door to new highs. Re-evaluation support is set at 54 and a break here would negate the triangle. Keep in mind that a break of the re-evaluation level would not be long-term bearish. The long-term trend would still be up and I would then wait for the next bullish setup to emerge.

Note that MAGS is an equal-weight ETF and the seven holdings are rebalanced quarterly. These include NVDA, AMZN, AAPL, GOOGL, META, MSFT, TSLA.

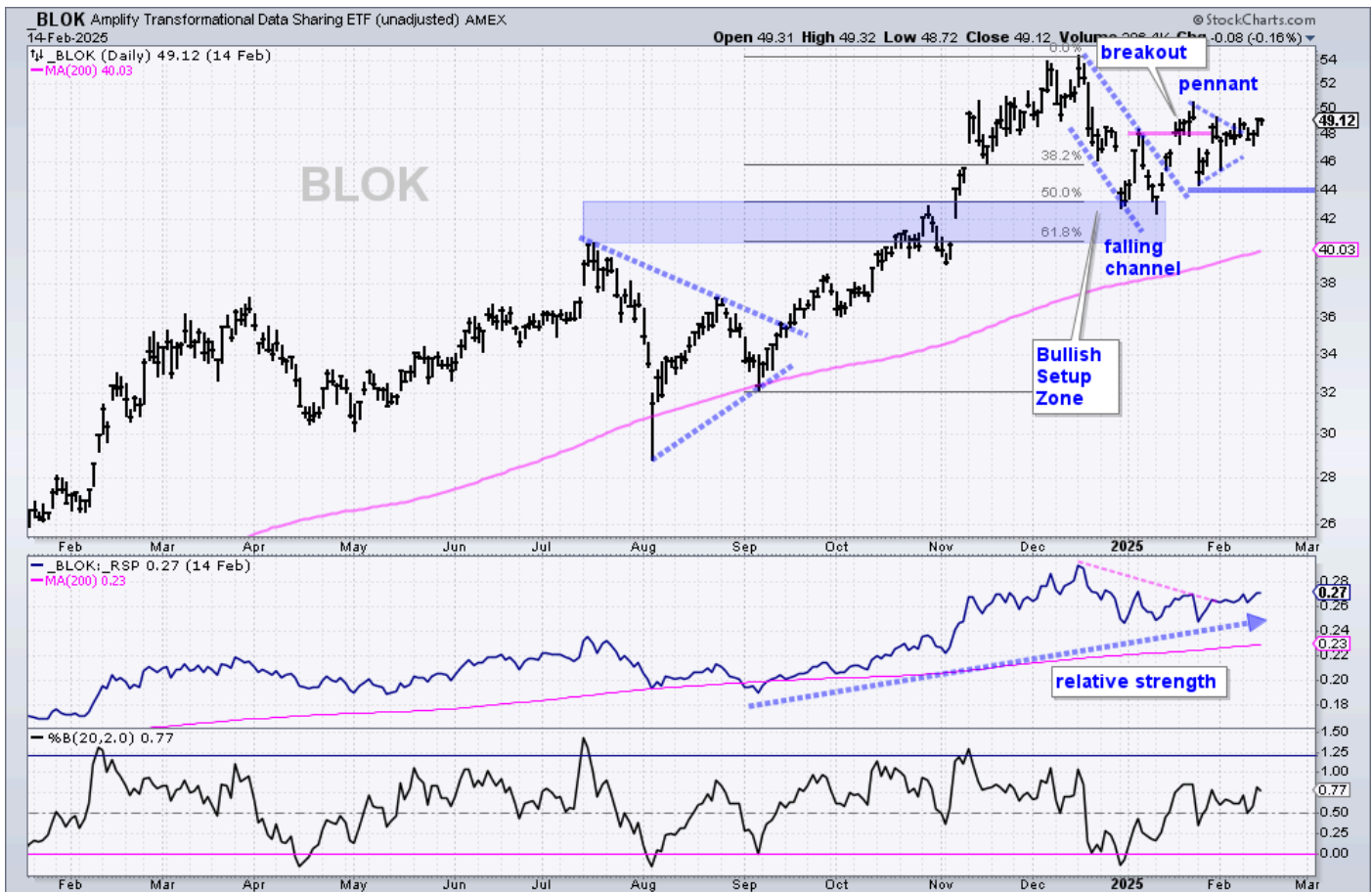
3010 TE Cloud CLOU



2025-02-18: CLOU Forms Bullish Pennant Near 52-wk high // The Cloud ETF (CLOU) is leading within the tech sector as it recorded a 52-wk high in late January. The middle window shows the price-relative (CLOU/RSP ratio) also hitting a 52-wk high in late January, which means CLOU is outperforming the broader market. Short-term, the ETF surged from 23.5 to 26.5 in the second half of January and consolidated with a pennant. This is a short-term bullish continuation pattern and a breakout would open the door to more new highs. Pennants are prone to whipsaws, which means we could see an upside breakout and then a move below the pennant lows. Technically, this means the pennant failed. However, it would not affect the long-term uptrend or the wedge breakout from mid January. As such, I am leaving my re-evaluation level at 24 for now. A move below 24 would negate the wedge breakout and I would then wait for the next bullish setup to emerge.

CLOU Top Holdings: TWLO, SNOW, SHOP, WIX, HUBS, DBX, NOW, PCOR, QLYS, CRM

3011 CY BlockChain Data BLOK

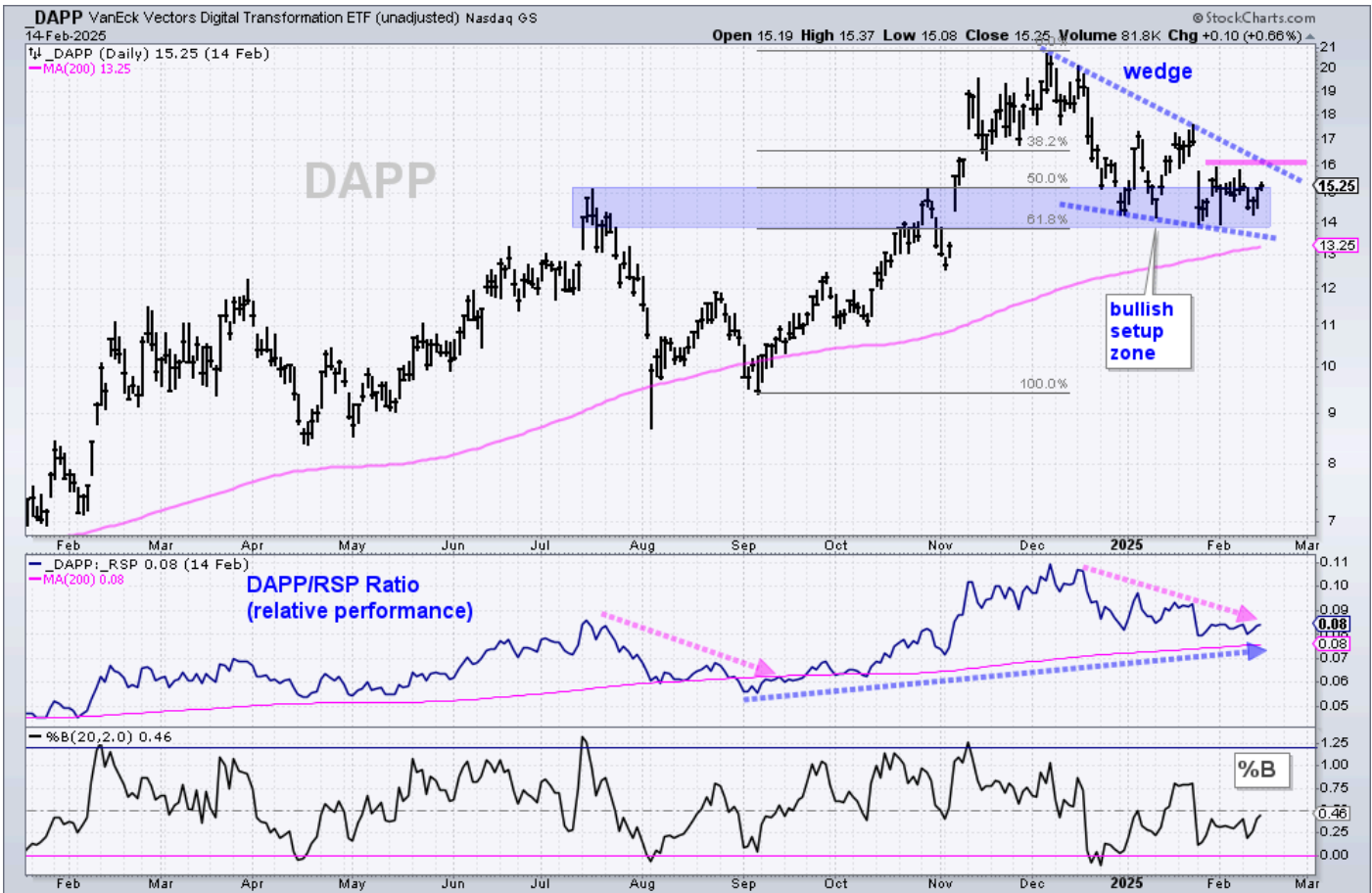


2025-02-18: BLOK Holds Channel Breakout and Breaks Pennant Line // The Transformational Data Sharing ETF (BLOK) is a thematic ETF based on blockchain and crypto. As expected, this ETF has above average volatility (risk). For example, BLOK surged over 60% from early September to mid December and then fell 20% into mid January. Expect a wide ride here.

Overall, BLOK is in a long-term uptrend with a new high in mid December and price well above the rising 200-day SMA. A falling channel correction took place into mid January and the ETF found support in a Bullish Setup Zone (blue shading). BLOK broke out with a surge in mid January and this signals a continuation of the long-term uptrend. Short-term, the ETF formed a pennant into February and is breaking out again. I view these breakouts as bullish and will set my re-evaluation level at 44. A close below this level would negate the patterns, but not affect the long-term uptrend.

Top Holdings: HOOD, Metaplanet (Japan), COIN, BRPHF, MSTR, CORZ, XYZ, NU, BYON, CLSK

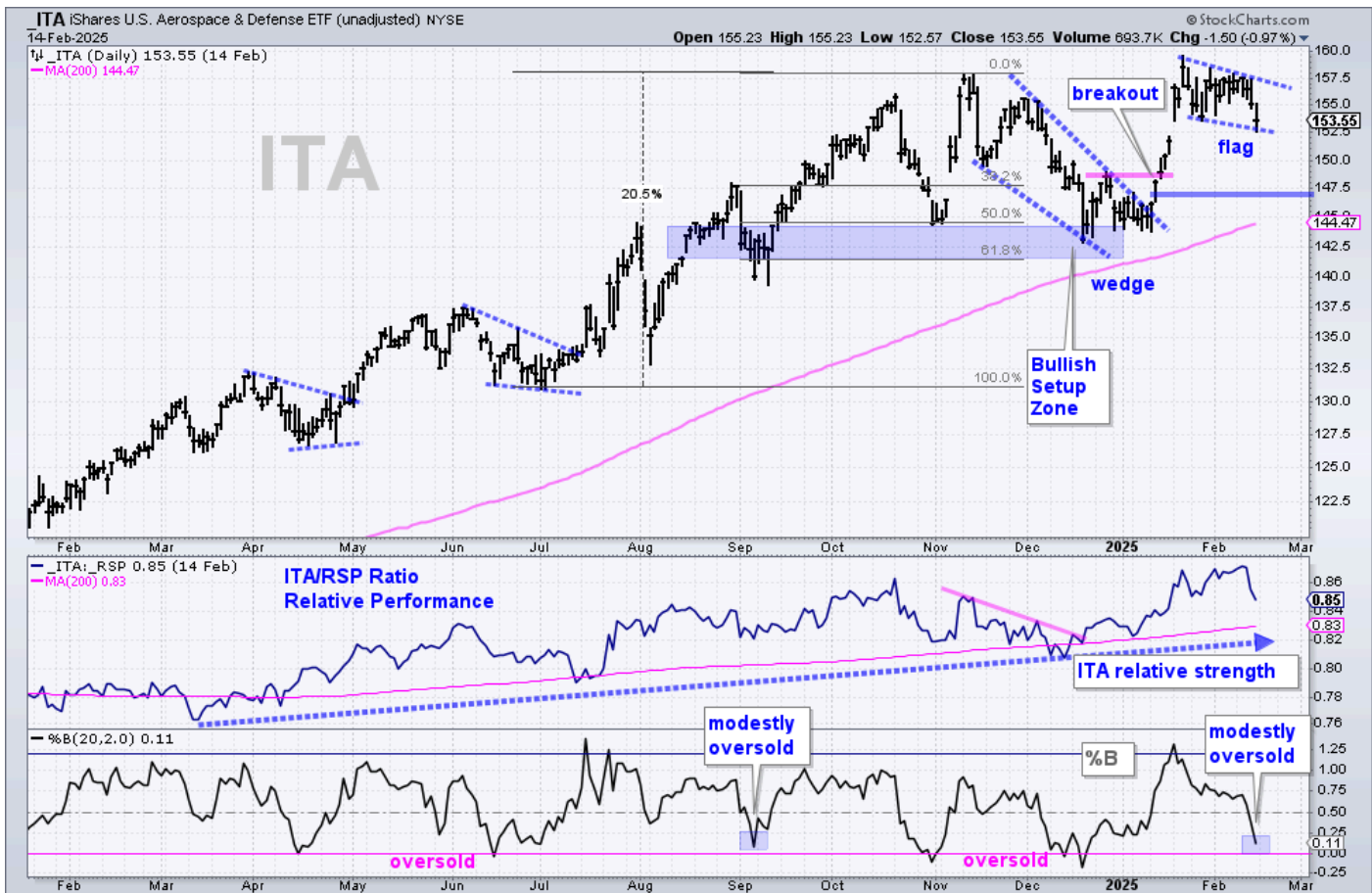
2015 CY Digital Transformation DAPP



2025-02-18: DAPP hits Bullish Setup Zone with Falling Wedge // The Digital Transformation ETF (DAPP) focuses on blockchain-related technology. DAPP is in a long-term uptrend with a new high in December and price above the rising 200-day SMA. The ETF corrected over the last few months with a falling wedge that retraced around 61.8 percent of the prior decline and returned to the July-October highs. These broken resistance levels turn into support. Taken together, support and the Fibonacci retracement mark a Bullish Setup Zone that can give way to a reversal. Falling wedge patterns are also typical for corrections within bigger uptrends. Just as important, this pattern provides traders with a level to watch for a breakout. I am marking resistance at 16 and a breakout here would reverse the falling wedge. This would signal a continuation of the bigger uptrend and I would then mark re-evaluation support at 14. The middle window shows the price-relative (DAPP/RSP ratio) correcting within a long-term uptrend. A breakout at .09 would show a return to relative strength.

Top Holdings: COIN, MSTR, XYZ, RIOT, BTDR, CORZ, MARA, APLD, CLSK, Northern Data (Germany)

3040 IN AeroDefense ITA



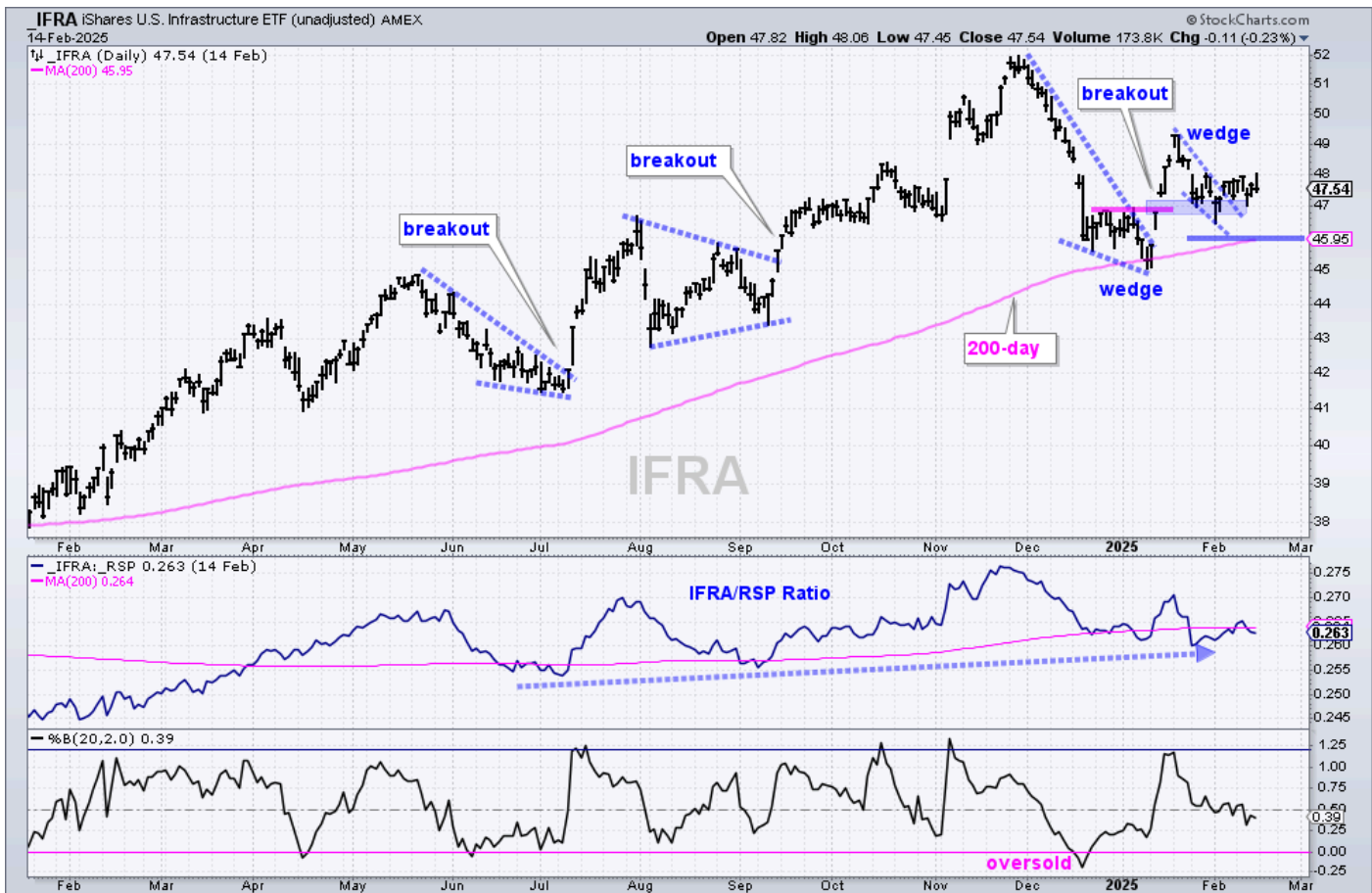
2025-02-18: ITA Forms Bull Flag after New High // The Aerospace & Defense ETF (ITA) is in a leading uptrend with price hitting a new high in late January and the price-relative (ITA/RSP ratio) hitting a new high in February. Short-term, the ETF surged 10% in mid January and then consolidated into February. It is possible that a falling flag is taking shape. This is a bullish continuation pattern that would be confirmed with a breakout at 158. The indicator window shows Percent-B dipping below .25 to become modestly oversold. This means price is near the lower Bollinger Band (20,2). A dip below 0 is considered oversold because this means the close is below the lower Bollinger Band. Bollinger Bands are set two standard deviations above/below the 20-day SMA. Thus, a close below the lower Bollinger Band means price is two standard deviations below the 20-day SMA (oversold). Notice how ITA became modestly oversold in early September with a sharp pullback. These modestly oversold readings can pave the way for an oversold bounce.

3040 IN AeroDefense XAR



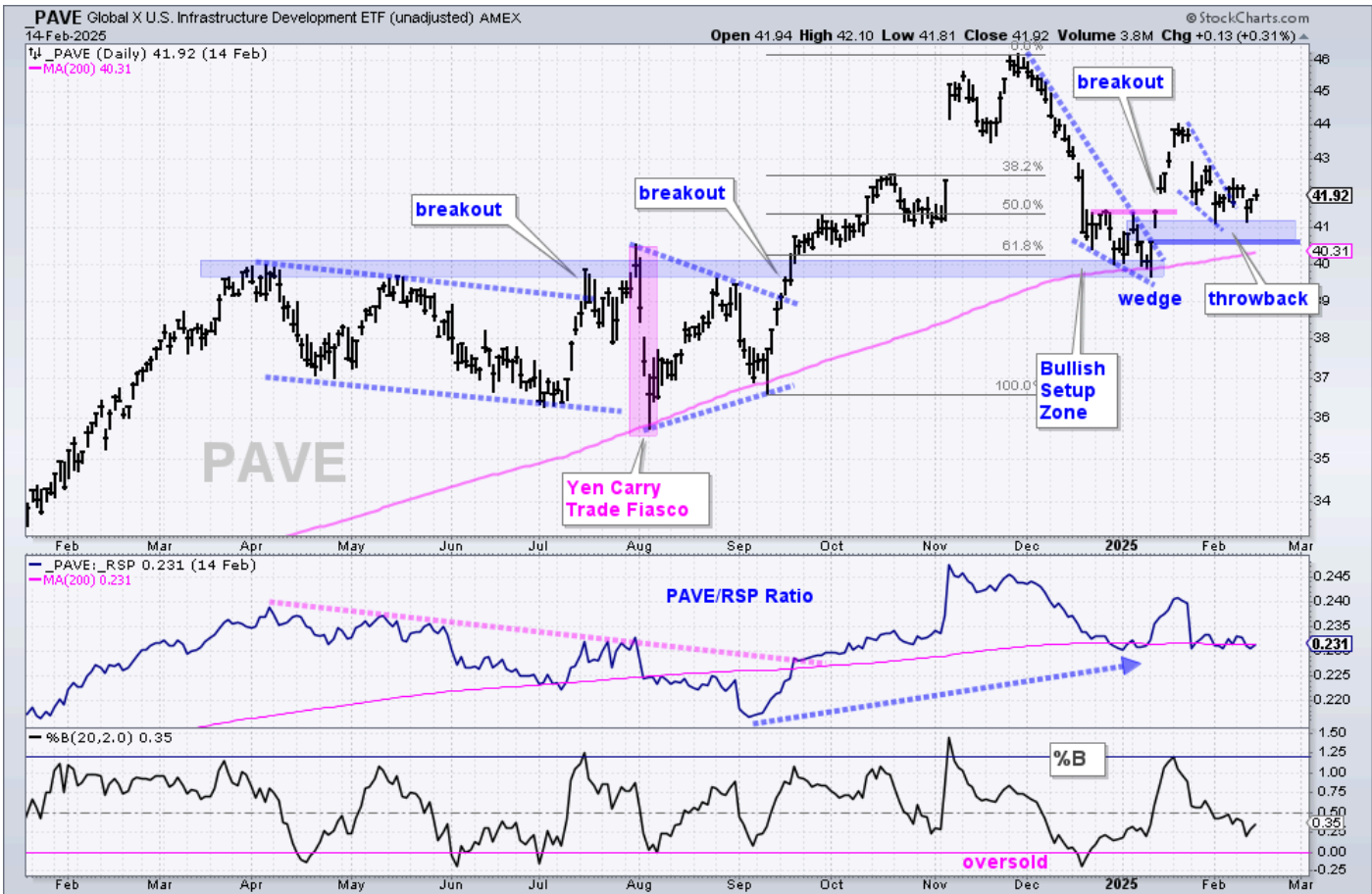
2025-02-18: XAR Falls back to Triangle Breakout Zone // The Aerospace & Defense ETF (XAR) is a modified equal-weight ETF that tracks the holdings of the S&P 500 Aerospace and Defense Index. XAR is also a long-term leader with a new high in January and price well above the 200-day SMA. The ETF broke out of a triangle in mid January, hit a new high and then fell back in February. This decline returned to the breakout zone, which should offer some support. Also notice that Percent-B fell to .01, which means the close is right at the lower Bollinger Band (20,2). This is a short-term oversold condition. With XAR trading in a support zone, traders should be on alert for firming and a possible short-term reversal. A small wedge defines the short-term downswing and a breakout at 173 would reverse this slide.

3040 IN Infrastructure INFR



2025-02-18: IFRA Breaks Out of Small Wedge // The Infrastructure ETF (IFRA) sports two wedge breakouts. Medium-term, a falling wedge formed after the new high in late November and IFRA broke out with a surge in mid January. Short-term, the ETF formed a smaller wedge with a pullback to the breakout zone in the 47 area. IFRA broke out of this wedge on February 5th. My re-evaluation support level is based on the mid January breakout. A close below 46 would negate this breakout.

3040 IN Infrastructure PAVE



2025-02-18: PAVE Tests Breakout Zone with Throwback // The Global Infrastructure ETF (PAVE) also sports two wedge breakouts. Medium-term, a falling wedge formed after the new high in late November and PAVE broke out with a surge in mid January. Short-term, the ETF formed a smaller wedge with a pullback to the breakout zone in the 41.5 area. PAVE broke out of this wedge on February 6th. My re-evaluation support level is based on the mid January breakout. A close below 40.5 would negate this breakout.

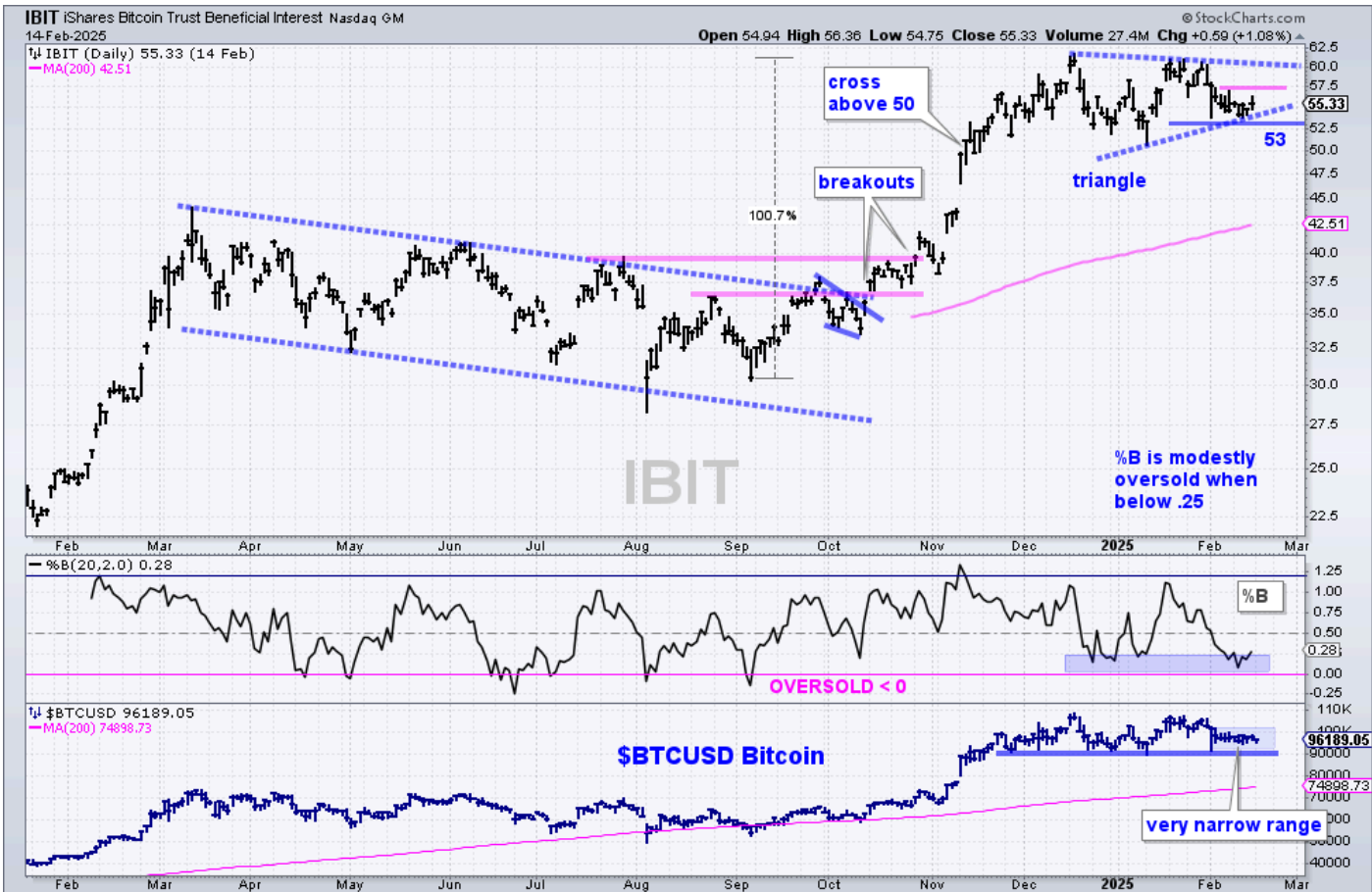
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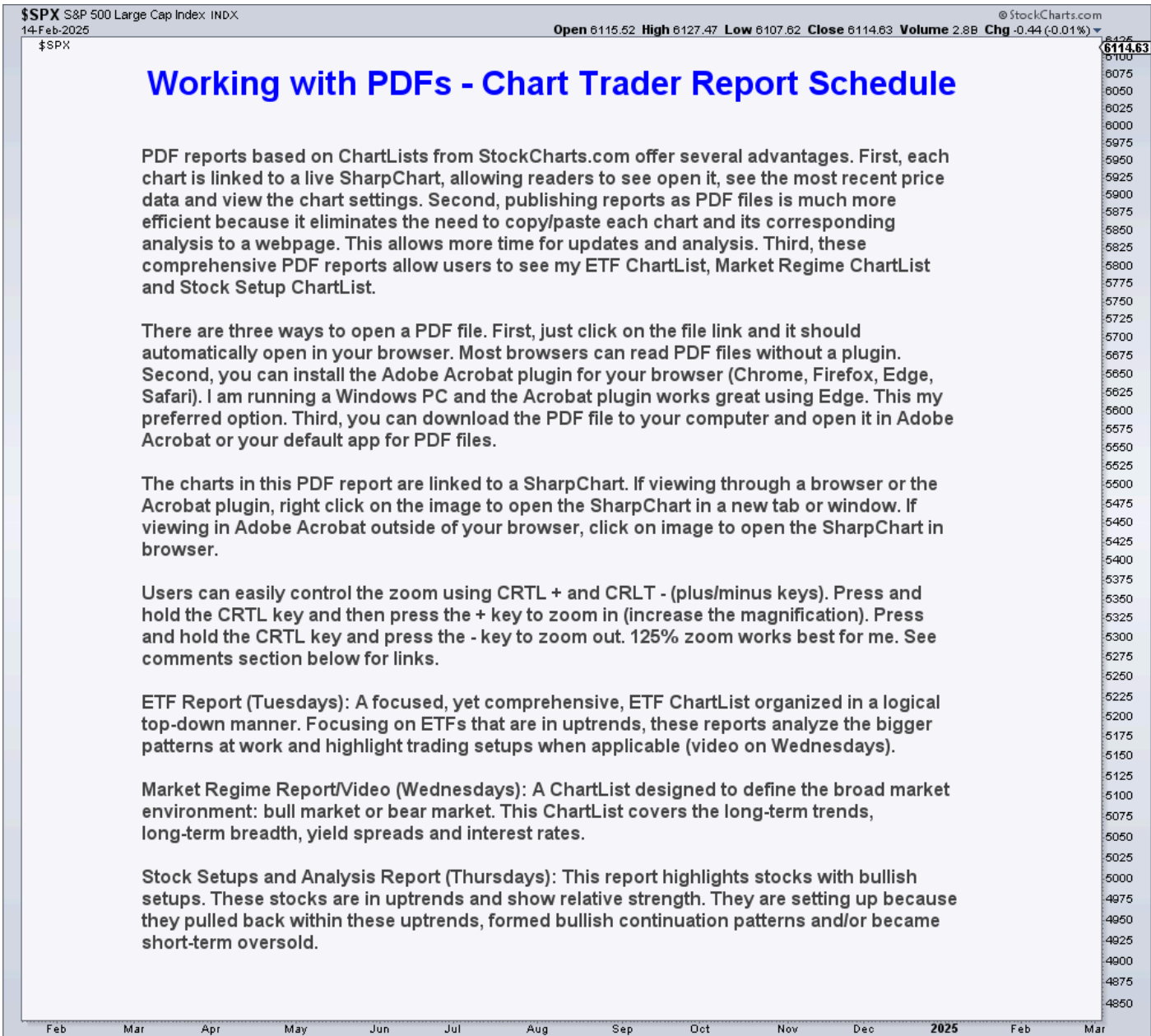
2025-02-18: GLD Hits New High to Extend Lead // There is no change for the trend, dominant pattern or support level for the Gold SPDR (see below). GLD hit a new high and then fell 1.5% on Friday. Overall, the ETF is up 10% year-to-date and looking short-term overbought. There is not much we can do when an ETF becomes overbought in a long-term uptrend. Overbought conditions stem from strong buying pressure, which is bullish. The overbought condition means there is no setup on the price chart. GLD is simply in a confirmed uptrend. Should GLD start to pullback, I would use broken resistance levels and retracements to mark a Bullish Setup Zone.

GLD broke triangle resistance on January 10th and extended higher with new highs throughout February. Overall, GLD is in a long-term uptrend and the triangle was a consolidation within this uptrend. This makes it a bullish continuation pattern with the breakout signaled a continuation of the long-term uptrend. I am marking re-evaluation support at 240. Instead of showing GLD relative to the S&P 500 EW ETF (RSP), I am showing it relative to the WisdomTree Continuous Commodity ETF (GCC), which is an equal weight commodity ETF. This ratio turned up the last few weeks as gold started outperforming the average commodity.

7200 CY BitCoin IBIT



2025-02-18: IBIT Forms Bullish Triangle within Uptrend // The Bitcoin ETF (IBIT) doubled from early September to mid December and then consolidated with a triangle into February. This 15 week 100% surge created an overbought condition and the ETF worked off this condition with a consolidation. A triangle within an uptrend is a bullish continuation pattern and a breakout at 61 would signal a continuation higher. There are swings within the triangle and we can use the most recent downswing to get the jump on a bigger breakout. ITB fell from 61 to 53 the last few weeks with downswing resistance marked at 57.5 (pink line). A breakout here would reverse the short-term slide, and increase the chances of a bigger triangle breakout. I am using the February lows to mark re-evaluation support at 53. A break here would negate the triangle. This would not affect the long-term uptrend so I would then wait for the next bullish setup to emerge.



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