

# TA THRASHER ANALYTICS

JULY 17, 2022



WEEKLY RESEARCH & ANALYSIS

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## SUMMARY OF MODELS

|                             | Current | Wkly Change |
|-----------------------------|---------|-------------|
| Market Health Report        | 0       | Increasing  |
| Volatility Risk Trigger     | 24      | Unchanged   |
| Risk Appetite Ratios        | .26     | Increasing  |
| Bullishish Confidence Score | +5      | Unchanged   |
| S&P 500 Long-Term Trend     | Down    | Unchanged   |

## TABLE OF CONTENTS

Volatility

Equities

Market Health Report

Hedge Fund Stocks

Sectors & Commodity

Sentiment

Trend Models

**I'm excited to share with you that in the next couple of weeks (likely at the beginning of August) I'll be doing a notable update to the Thrasher Analytics letter which will include more actionable content, models, and institutional quality research. For example, the Market Health Report will be getting an update and a new proprietary sentiment indicator will be rolled out.**

**My goal with each week's letter is to consistently provide high quality content on financial markets that you can't find anywhere else - giving each subscriber an extra edge in their own analysis and decision making. I really think you're going to like the improvements and I look forward to hearing your feedback once they have been made!**

| Sector Rotation: July |     |
|-----------------------|-----|
| Energy                | XLE |
| Utilities             | XLU |
| Consumer Staples      | XLP |

| Fixed Income Rotation: Q3 |     |
|---------------------------|-----|
| Emerging Market Debt      | PCY |
| Convertible Bond          | CWB |

| Market Health Report |          |
|----------------------|----------|
| Breadth              | -1       |
| Momentum             | 2        |
| Sentiment            | 1        |
| Trend                | 0        |
| Volatility           | -2       |
| <b>Total</b>         | <b>0</b> |

| Index & Sector |          |            |
|----------------|----------|------------|
|                | Up Trend | Down Trend |
| SPX            |          | X          |
| QQQ            |          | X          |
| XLF            |          | X          |
| XLY            |          | X          |
| XLK            |          | X          |
| XLV            |          | X          |
| XLU            |          | X          |
| XLP            |          | X          |
| XLI            |          | X          |
| XLRE           |          | X          |
| XLE            |          | X          |
| XLB            |          | X          |

| Daily Sentiment Index |           |          |
|-----------------------|-----------|----------|
|                       | % Bullish | 5-day MA |
| S&P 500               | 23%       | 21%      |
| Nasdaq 100            | 32%       | 28%      |
| Nikkei                | 50%       | 45%      |
| VIX                   | 39%       | 44%      |
| 10yr Treasury         | 41%       | 39%      |
| 5yr Treasury          | 35%       | 35%      |
| CRB Index             | 37%       | 39%      |
| Crude Oil             | 74%       | 69%      |
| Gold                  | 33%       | 41%      |
| U.S. Dollar           | 88%       | 91%      |
| Bitcoin               | 18%       | 15%      |

\*Green<25% Red>80%

source: trade-futures.com

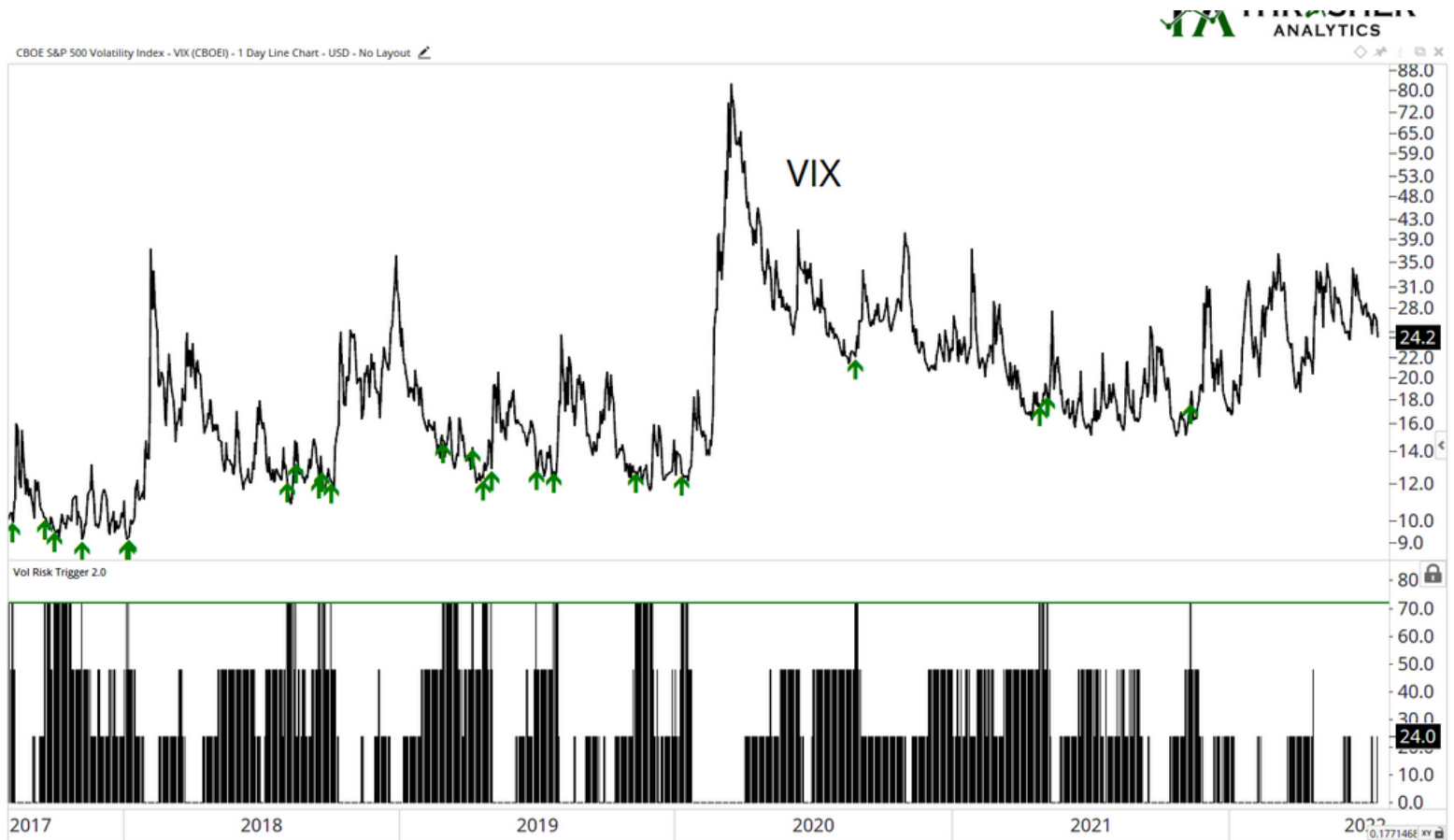
## Brief Summary:

Another slow week with major indices falling roughly -1%. We still aren't seeing signs of risk appetite materially improving with defensive equities still leading and key sectors testing support. This week's letter looks at three specific sectors that are resting just above their respective 2020 highs. The energy sector has slipped into a down trend and also no longer has half its stocks trading above the 200-day moving average. However, I think the bull market in energy is still with us as crude oil tests the 200-day moving average and natural gas has also seen a solid bounce higher. This week I also look at fund flows in the sectors and commodity markets as well as the COT data that shows a strong bearish bias towards metals. Looking longer-term, I think the lack of interest in metals like gold, silver, platinum, and palladium could setup for a contrarian bounce higher. As for equities, large caps are in a short-term consolidation and we haven't had a cluster of breadth thrusts yet. We move further into Q2 earnings season which I continue to believe will produce choppy waters as companies bring down guidance and discuss margin concerns.

# VOLATILITY: VRT



VRT has risen but remains below a signal threshold.



# VOLATILITY: TOP & ENVIRONMENT

VIX went lower last week but moved back into a High Volatility Environment.



# VOLATILITY - CURVE



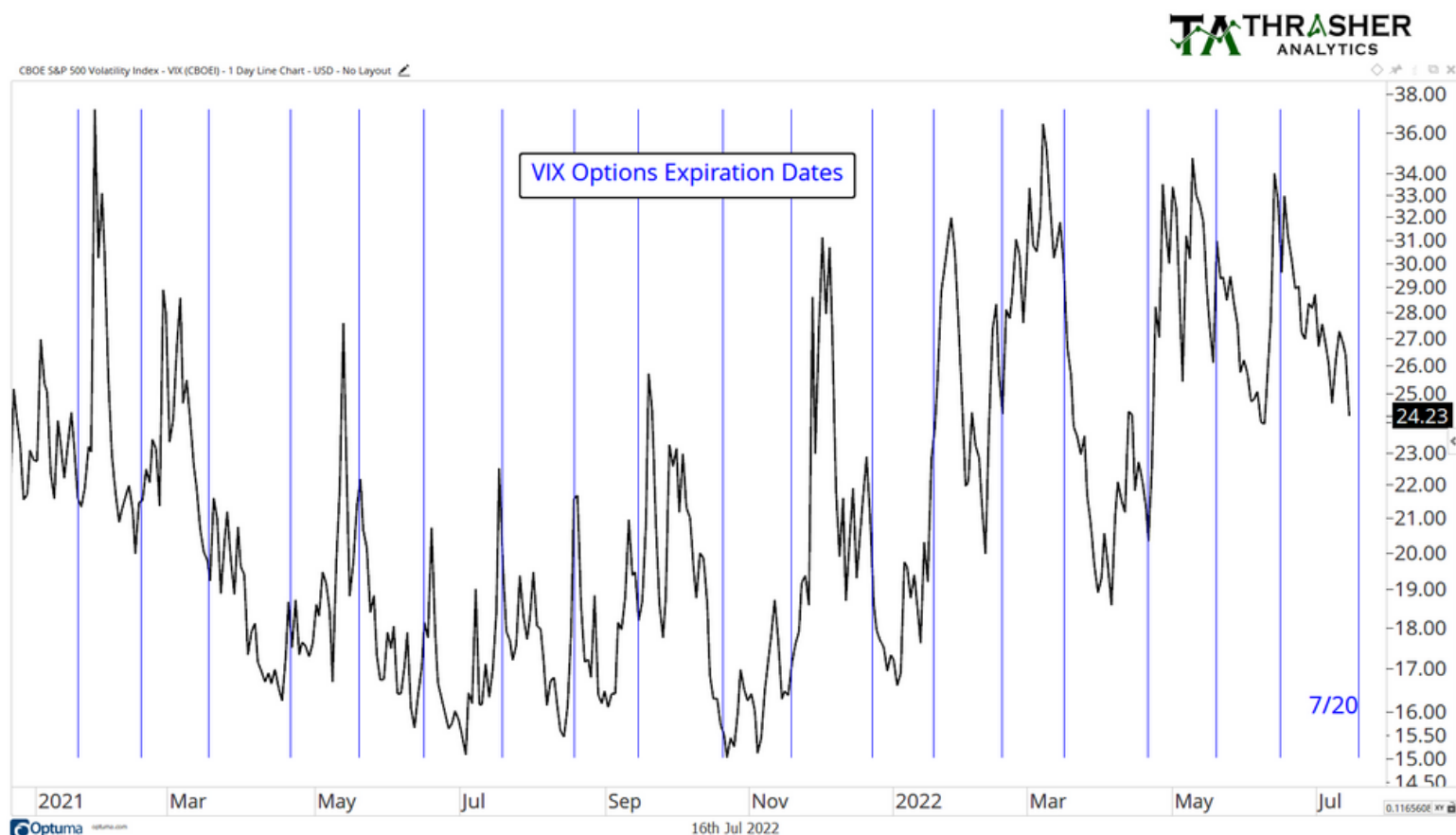
The VIX curve remained in contango this week. 1-month volatility is now 2.85 points below 3-months, hardly an extreme but front month vol is now at the 40th/43rd percentile. It's interesting to see 12-month vol remain elevated above 30 (68th %tile).



# VOLATILITY - OPEX



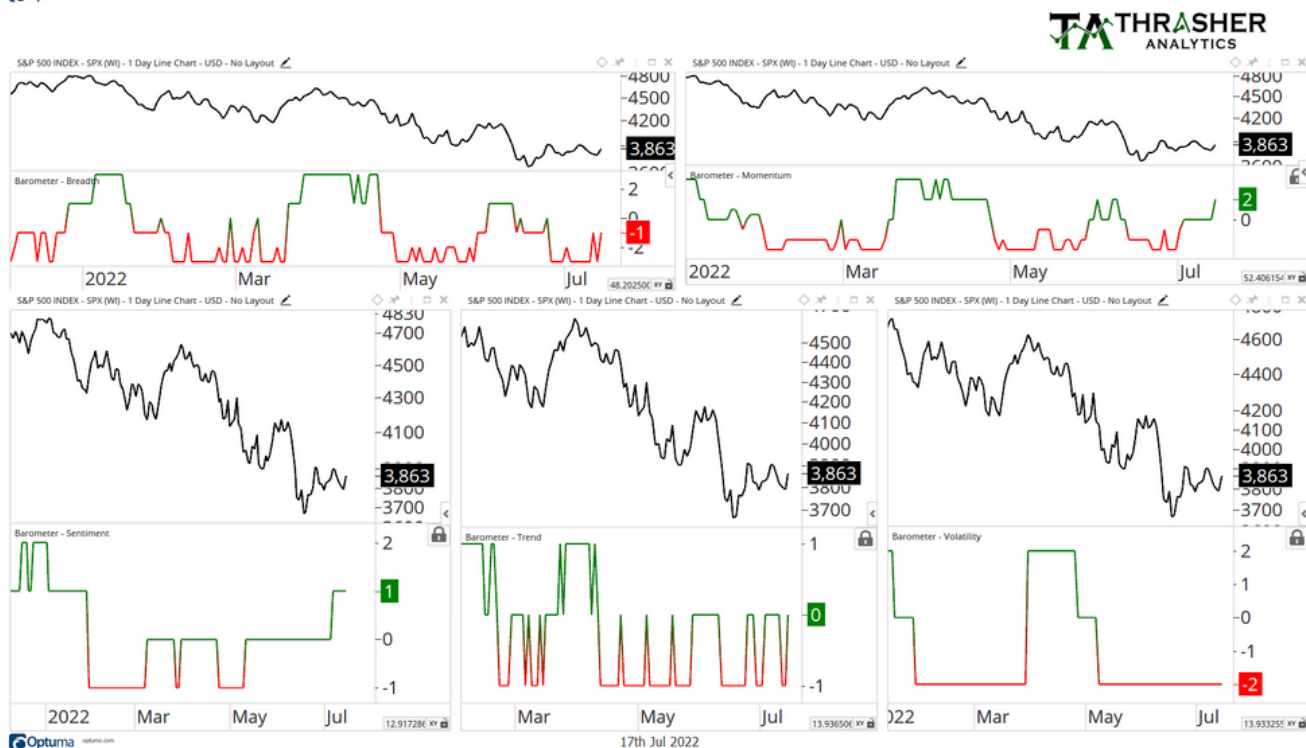
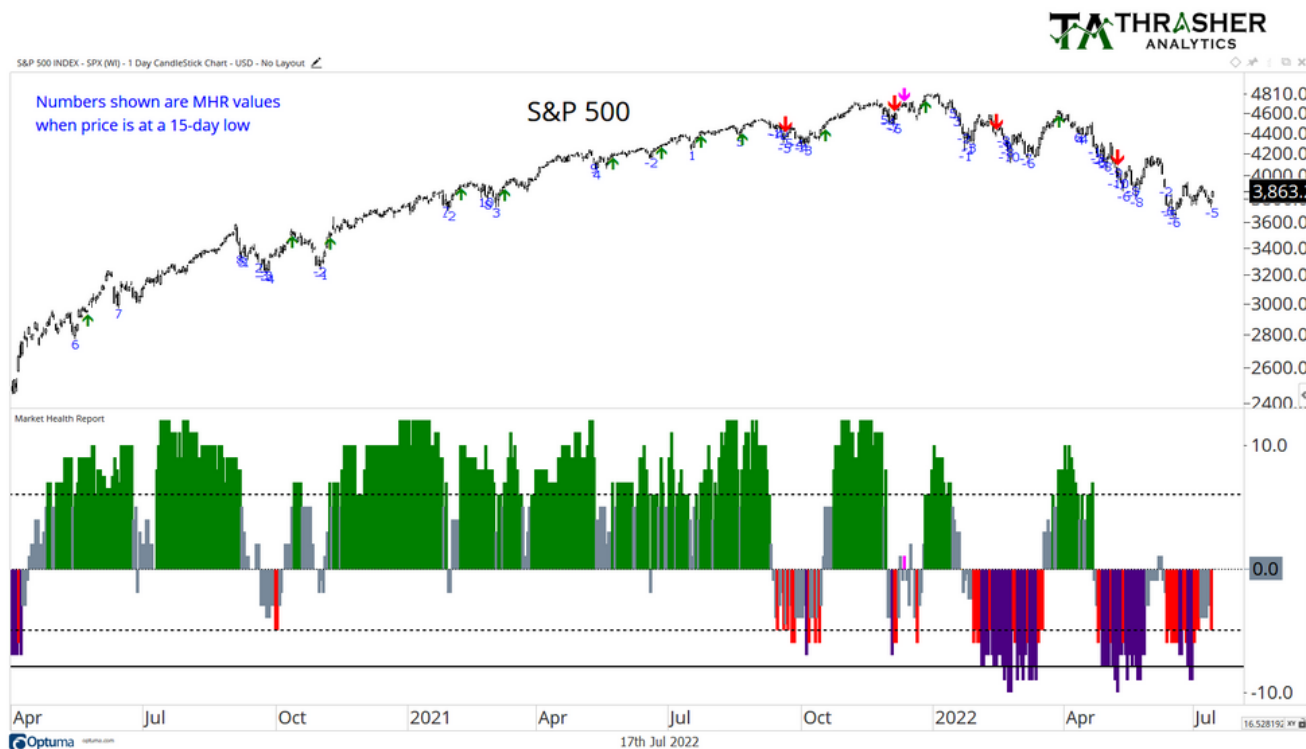
This is option expiration (opex) week for VIX contracts. We've often seen notable changes in volatility coming out of opex weeks as noted by the lines on the chart below. This doesn't mean we are required to see a shift in trend, but quite a few peaks and troughs in volatility come in during this shift in the options calendar.



# MARKET HEALTH REPORT



The Market Health Report (MHR) moved up to 0 on Friday with improvements being made in the momentum, sentiment, and trend. Breadth and Volatility are now the only two negative categories but we are still well off a +6 that would signal a 'coast is clear' signal.

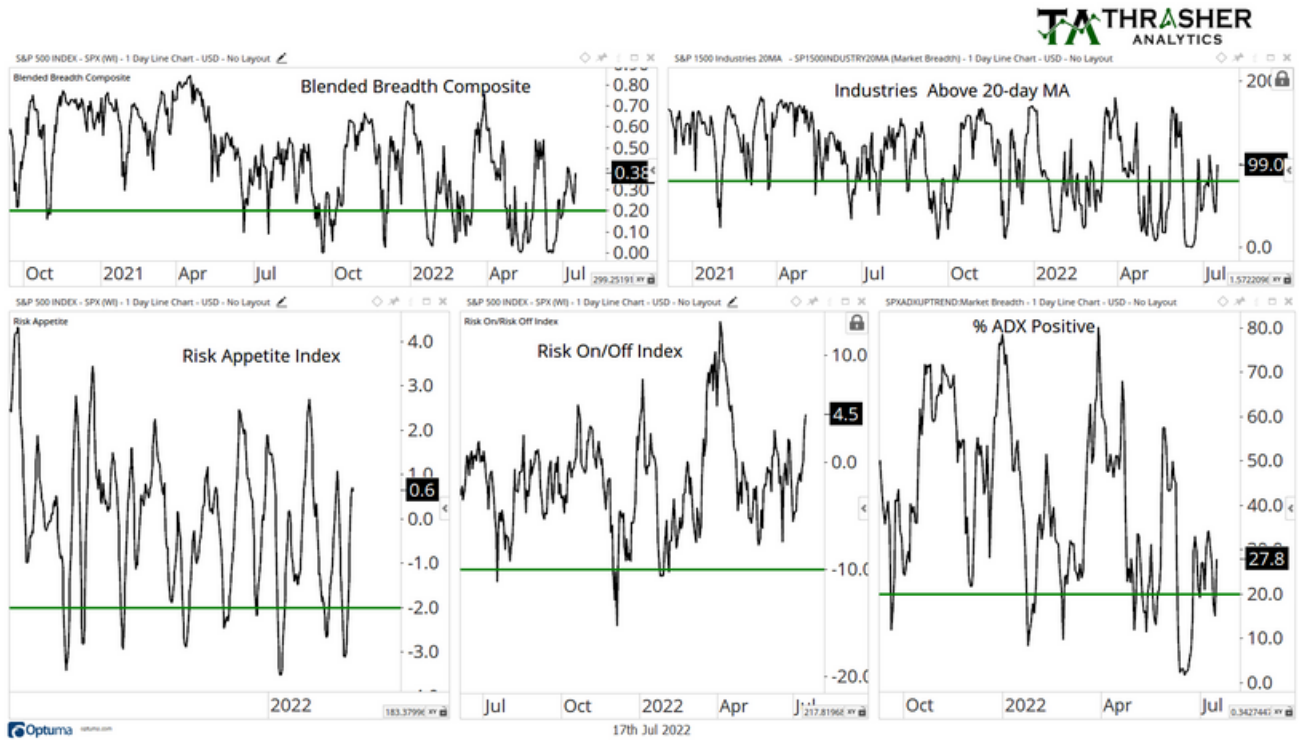
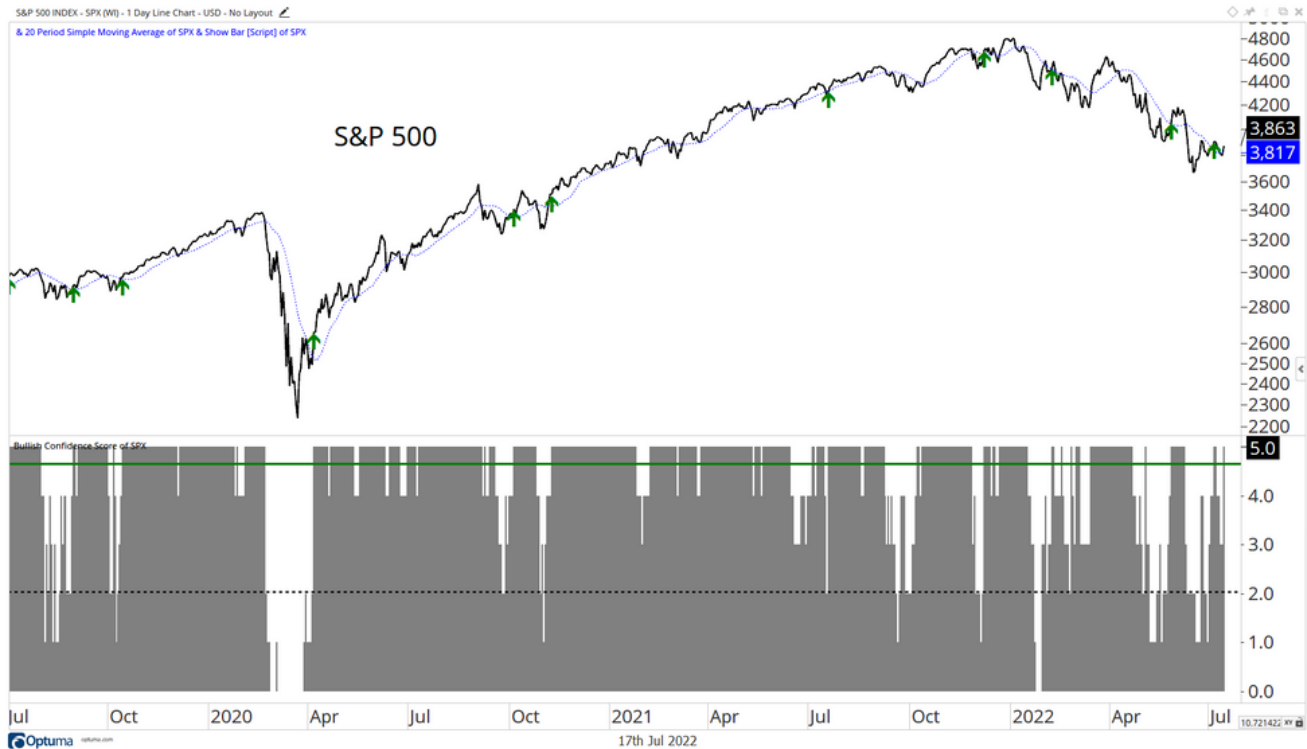




# BULLISH CONFIDENCE SCORE



The Bullish Confidence Score stayed at +5 with all categories now back above their respective thresholds.



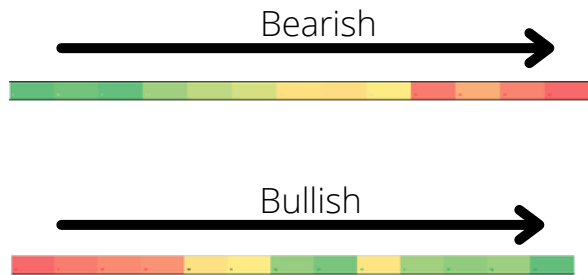
# RISK APPETITE RATIO



Below is a table of 17 gauges of risk appetite such as offense vs. defense sectors, foreign markets vs. domestic, small vs. large cap, lumber vs gold, high beta vs. broad market, high yield debt vs. Treasury debt, etc. The table shows each ratio's 1-year percentile going back the last 35 trading days. As the data improves, it turns green and as it declines it becomes red.

The average Risk Appetite Ratio percentile is at the 26th percentile.

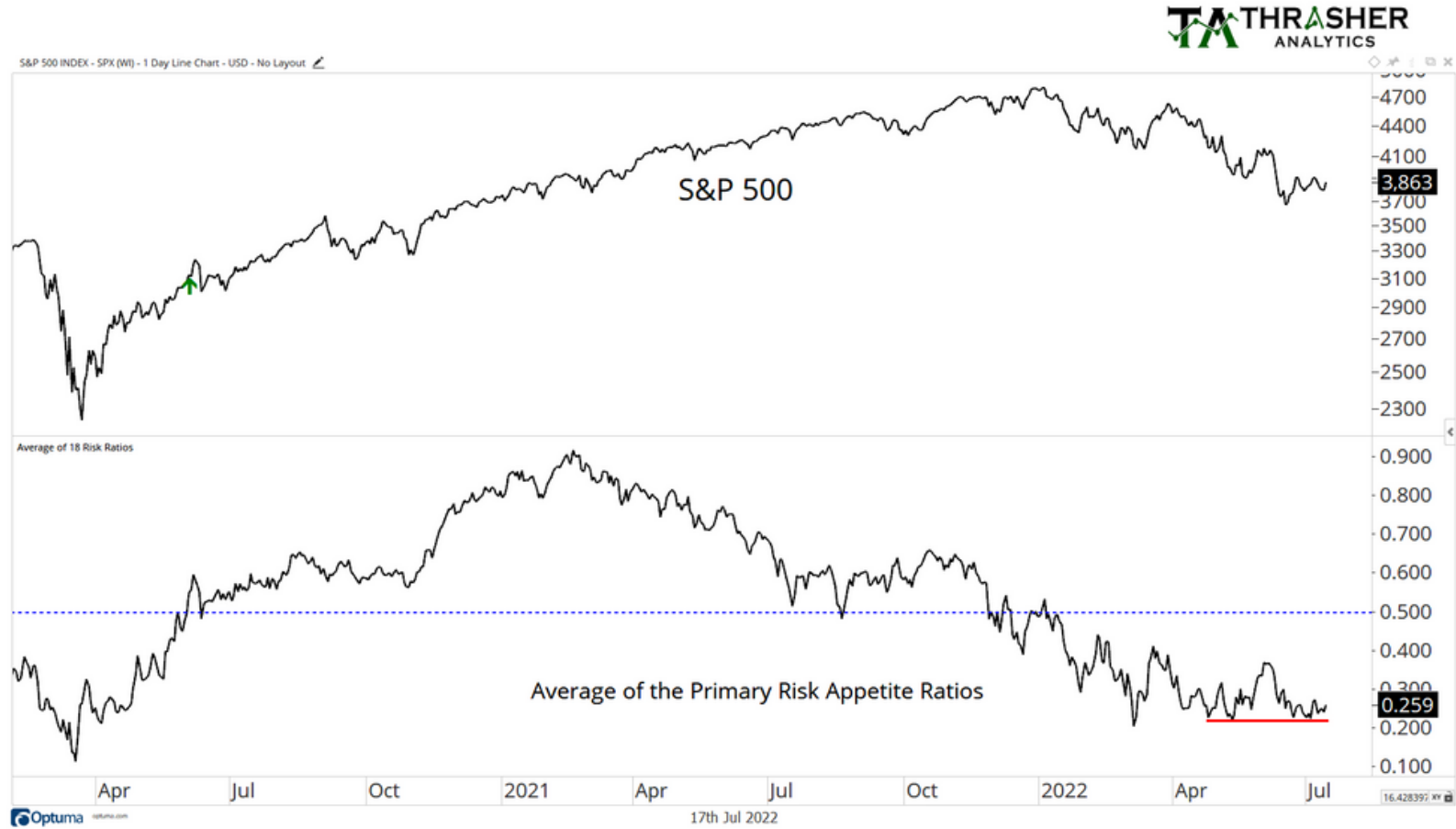
| Risk Metric                 | -35  | -34  | -33  | -32  | -31  | -30  | -29  | -28  | -27  | -26  | -25  | -24  | -23  | -22  | -21  | -20  | -19  | -18  | -17  | -16  | -15  | -14  | -13  | -12  | -11  | -10  | -9   | -8   | -7   | -6   | -5   | -4   | -3   | -2   | -1   | Current |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|---------|
| Emerging Market vs. SPX     | 0.16 | 0.15 | 0.14 | 0.10 | 0.16 | 0.17 | 0.16 | 0.16 | 0.17 | 0.15 | 0.21 | 0.18 | 0.24 | 0.25 | 0.30 | 0.30 | 0.31 | 0.33 | 0.30 | 0.25 | 0.23 | 0.20 | 0.22 | 0.27 | 0.27 | 0.29 | 0.24 | 0.22 | 0.19 | 0.20 | 0.21 | 0.15 | 0.17 | 0.18 | 0.15 | 0.10    |
| EAFE vs. SPX                | 0.44 | 0.40 | 0.36 | 0.29 | 0.29 | 0.28 | 0.29 | 0.30 | 0.31 | 0.28 | 0.28 | 0.18 | 0.21 | 0.23 | 0.20 | 0.23 | 0.30 | 0.29 | 0.25 | 0.22 | 0.16 | 0.15 | 0.15 | 0.24 | 0.23 | 0.26 | 0.20 | 0.05 | 0.03 | 0.03 | 0.04 | 0.01 | 0.07 | 0.10 | 0.02 | 0.00    |
| HY Debt vs. Treasury        | 0.74 | 0.80 | 0.89 | 0.93 | 1.00 | 0.97 | 0.99 | 0.96 | 1.00 | 0.96 | 0.96 | 0.90 | 0.84 | 0.83 | 0.93 | 0.93 | 0.81 | 0.81 | 0.89 | 0.75 | 0.75 | 0.85 | 0.87 | 0.79 | 0.70 | 0.65 | 0.64 | 0.59 | 0.66 | 0.79 | 0.85 | 0.73 | 0.72 | 0.66 | 0.69 | 0.73    |
| Home Construction vs. SPX   | 0.27 | 0.36 | 0.42 | 0.40 | 0.39 | 0.39 | 0.38 | 0.42 | 0.42 | 0.40 | 0.36 | 0.42 | 0.37 | 0.32 | 0.30 | 0.26 | 0.15 | 0.16 | 0.11 | 0.15 | 0.24 | 0.21 | 0.23 | 0.22 | 0.22 | 0.25 | 0.35 | 0.43 | 0.39 | 0.38 | 0.40 | 0.43 | 0.48 | 0.50 | 0.48 | 0.45    |
| Offense vs. Defense Sectors | 0.00 | 0.07 | 0.17 | 0.22 | 0.25 | 0.28 | 0.33 | 0.31 | 0.33 | 0.33 | 0.34 | 0.33 | 0.22 | 0.17 | 0.24 | 0.26 | 0.12 | 0.12 | 0.14 | 0.05 | 0.00 | 0.07 | 0.04 | 0.02 | 0.00 | 0.00 | 0.00 | 0.04 | 0.02 | 0.09 | 0.08 | 0.03 | 0.03 | 0.04 | 0.02 | 0.04    |
| Broker-Dealer vs. SPX       | 0.18 | 0.20 | 0.25 | 0.24 | 0.25 | 0.22 | 0.22 | 0.22 | 0.20 | 0.17 | 0.12 | 0.10 | 0.07 | 0.12 | 0.16 | 0.16 | 0.24 | 0.21 | 0.20 | 0.19 | 0.14 | 0.18 | 0.19 | 0.29 | 0.27 | 0.22 | 0.19 | 0.22 | 0.13 | 0.14 | 0.12 | 0.11 | 0.15 | 0.14 | 0.06 | 0.14    |
| S&P Growth vs. S&P Value    | 0.00 | 0.01 | 0.05 | 0.10 | 0.12 | 0.12 | 0.16 | 0.11 | 0.12 | 0.12 | 0.13 | 0.11 | 0.06 | 0.03 | 0.06 | 0.11 | 0.08 | 0.11 | 0.14 | 0.15 | 0.19 | 0.21 | 0.19 | 0.13 | 0.15 | 0.12 | 0.11 | 0.18 | 0.21 | 0.24 | 0.25 | 0.21 | 0.18 | 0.19 | 0.22 | 0.22    |
| Semiconductor vs. SPX       | 0.19 | 0.24 | 0.30 | 0.36 | 0.37 | 0.33 | 0.40 | 0.34 | 0.33 | 0.33 | 0.28 | 0.27 | 0.23 | 0.15 | 0.19 | 0.21 | 0.09 | 0.14 | 0.15 | 0.10 | 0.03 | 0.08 | 0.08 | 0.06 | 0.00 | 0.00 | 0.00 | 0.01 | 0.02 | 0.12 | 0.14 | 0.10 | 0.13 | 0.17 | 0.25 | 0.27    |
| Consumer Disc. Vs. Staples  | 0.00 | 0.06 | 0.15 | 0.17 | 0.17 | 0.18 | 0.21 | 0.20 | 0.21 | 0.20 | 0.20 | 0.19 | 0.11 | 0.06 | 0.06 | 0.10 | 0.01 | 0.04 | 0.02 | 0.02 | 0.02 | 0.06 | 0.04 | 0.02 | 0.00 | 0.00 | 0.01 | 0.06 | 0.03 | 0.07 | 0.06 | 0.02 | 0.03 | 0.03 | 0.02 | 0.05    |
| Small Cap vs. Utilities     | 0.00 | 0.03 | 0.07 | 0.09 | 0.09 | 0.09 | 0.12 | 0.11 | 0.11 | 0.13 | 0.14 | 0.14 | 0.10 | 0.10 | 0.14 | 0.16 | 0.10 | 0.14 | 0.15 | 0.12 | 0.10 | 0.13 | 0.12 | 0.09 | 0.07 | 0.03 | 0.01 | 0.09 | 0.06 | 0.11 | 0.11 | 0.06 | 0.06 | 0.07 | 0.05 | 0.09    |
| Transports vs. Utilities    | 0.00 | 0.03 | 0.10 | 0.13 | 0.13 | 0.12 | 0.16 | 0.16 | 0.18 | 0.16 | 0.11 | 0.12 | 0.07 | 0.11 | 0.24 | 0.26 | 0.21 | 0.23 | 0.22 | 0.16 | 0.12 | 0.17 | 0.15 | 0.11 | 0.09 | 0.05 | 0.02 | 0.10 | 0.07 | 0.12 | 0.12 | 0.08 | 0.08 | 0.06 | 0.05 | 0.08    |
| Equal Weight vs. Cap Weight | 0.95 | 0.99 | 1.00 | 0.98 | 0.93 | 0.89 | 0.87 | 0.93 | 0.94 | 0.94 | 0.90 | 0.91 | 0.94 | 0.90 | 0.87 | 0.81 | 0.78 | 0.84 | 0.66 | 0.68 | 0.66 | 0.67 | 0.71 | 0.78 | 0.71 | 0.74 | 0.76 | 0.70 | 0.66 | 0.65 | 0.61 | 0.64 | 0.70 | 0.70 | 0.62 | 0.62    |
| Small cap vs. Large Cap     | 0.10 | 0.13 | 0.14 | 0.15 | 0.12 | 0.13 | 0.15 | 0.18 | 0.19 | 0.22 | 0.20 | 0.21 | 0.21 | 0.18 | 0.17 | 0.17 | 0.11 | 0.15 | 0.13 | 0.12 | 0.13 | 0.13 | 0.17 | 0.18 | 0.14 | 0.14 | 0.16 | 0.21 | 0.16 | 0.20 | 0.20 | 0.16 | 0.19 | 0.22 | 0.17 | 0.18    |
| Equities. vs. VIX           | 0.10 | 0.13 | 0.17 | 0.24 | 0.22 | 0.23 | 0.28 | 0.26 | 0.26 | 0.30 | 0.29 | 0.20 | 0.13 | 0.00 | 0.02 | 0.09 | 0.01 | 0.04 | 0.07 | 0.10 | 0.10 | 0.17 | 0.17 | 0.12 | 0.13 | 0.11 | 0.17 | 0.15 | 0.17 | 0.20 | 0.24 | 0.19 | 0.15 | 0.16 | 0.17 | 0.25    |
| Aussie Dollar vs. Yen       | 0.75 | 0.80 | 0.83 | 0.89 | 0.95 | 0.94 | 0.98 | 1.00 | 1.00 | 0.93 | 0.89 | 0.81 | 0.81 | 0.84 | 0.81 | 0.84 | 0.85 | 0.93 | 0.88 | 0.81 | 0.85 | 0.85 | 0.86 | 0.86 | 0.84 | 0.76 | 0.81 | 0.77 | 0.76 | 0.81 | 0.82 | 0.78 | 0.78 | 0.80 | 0.85 | 0.87    |
| Lumber vs. Gold             | 0.20 | 0.20 | 0.23 | 0.24 | 0.20 | 0.15 | 0.13 | 0.17 | 0.14 | 0.14 | 0.11 | 0.11 | 0.09 | 0.07 | 0.09 | 0.11 | 0.11 | 0.12 | 0.16 | 0.16 | 0.17 | 0.16 | 0.16 | 0.17 | 0.19 | 0.23 | 0.22 | 0.22 | 0.22 | 0.26 | 0.25 | 0.26 | 0.24 | 0.24 | 0.24 | 0.29    |
| Copper vs. Gold             | 0.16 | 0.16 | 0.12 | 0.18 | 0.19 | 0.23 | 0.44 | 0.39 | 0.37 | 0.34 | 0.35 | 0.27 | 0.09 | 0.12 | 0.10 | 0.09 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 | 0.03 | 0.05 | 0.06 | 0.02 | 0.00 | 0.00 | 0.03 | 0.15 | 0.11 | 0.05 | 0.00 | 0.01 | 0.00 | 0.02    |
| AVERAGE                     | 0.25 | 0.28 | 0.32 | 0.34 | 0.34 | 0.34 | 0.37 | 0.37 | 0.37 | 0.36 | 0.35 | 0.32 | 0.28 | 0.26 | 0.29 | 0.30 | 0.25 | 0.27 | 0.26 | 0.24 | 0.23 | 0.25 | 0.26 | 0.26 | 0.24 | 0.23 | 0.23 | 0.24 | 0.22 | 0.27 | 0.27 | 0.24 | 0.24 | 0.25 | 0.24 | 0.26    |



# RISK APPETITE RATIO



The average Risk Appetite Ratio percentile finished the week at the 26th percentile.



# EQUITIES - S&P 500 DAILY



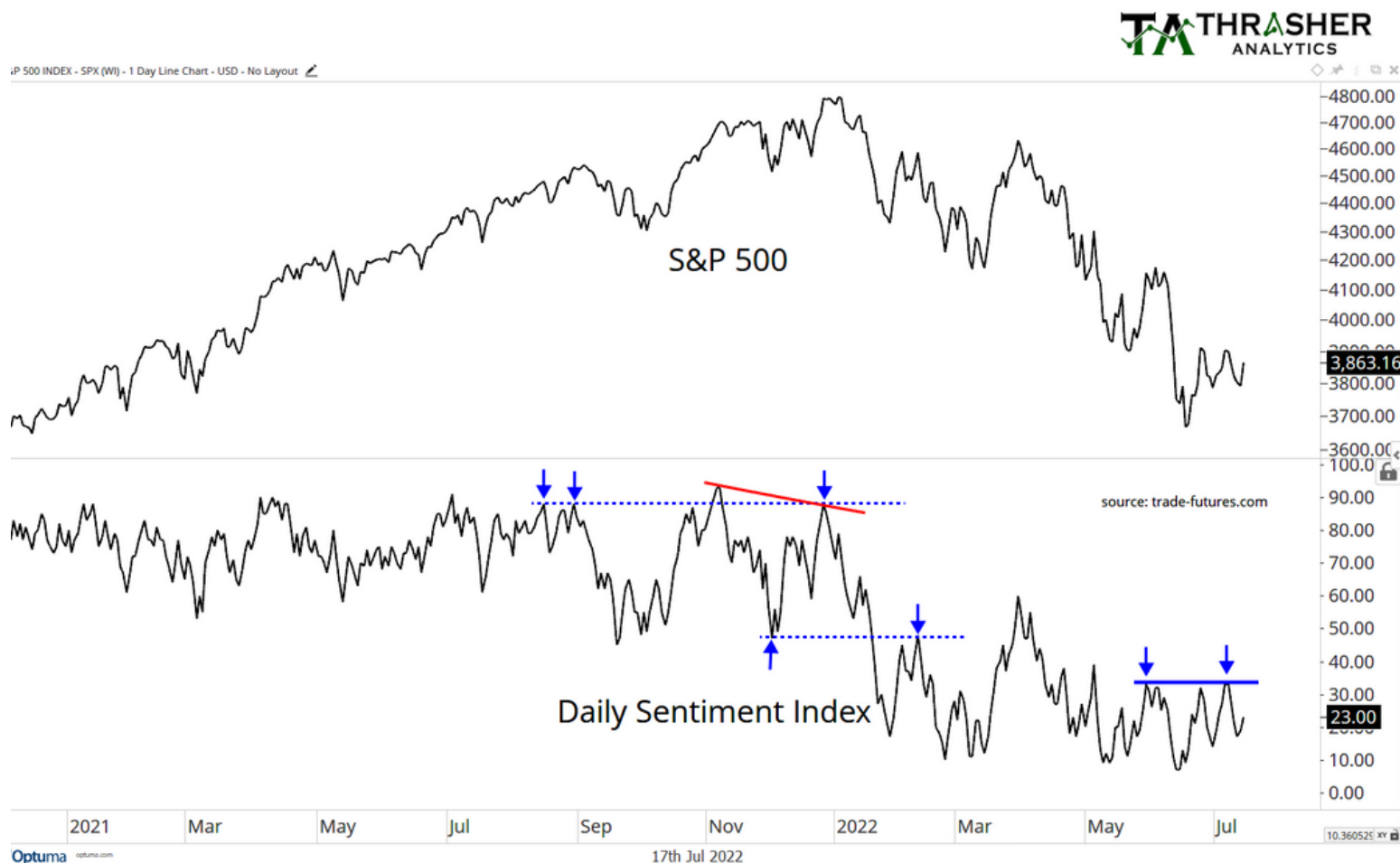
Another quiet week for the S&P 500. The Index fell roughly 1%, unable to get above the short-term range. Not much to say about the daily chart with the latest consolidation around the March 2020 VWAP. Key price levels in certain sectors have my focus more than the index right now and I'll be looking at those later in the letter.



# EQUITIES - SENTIMENT



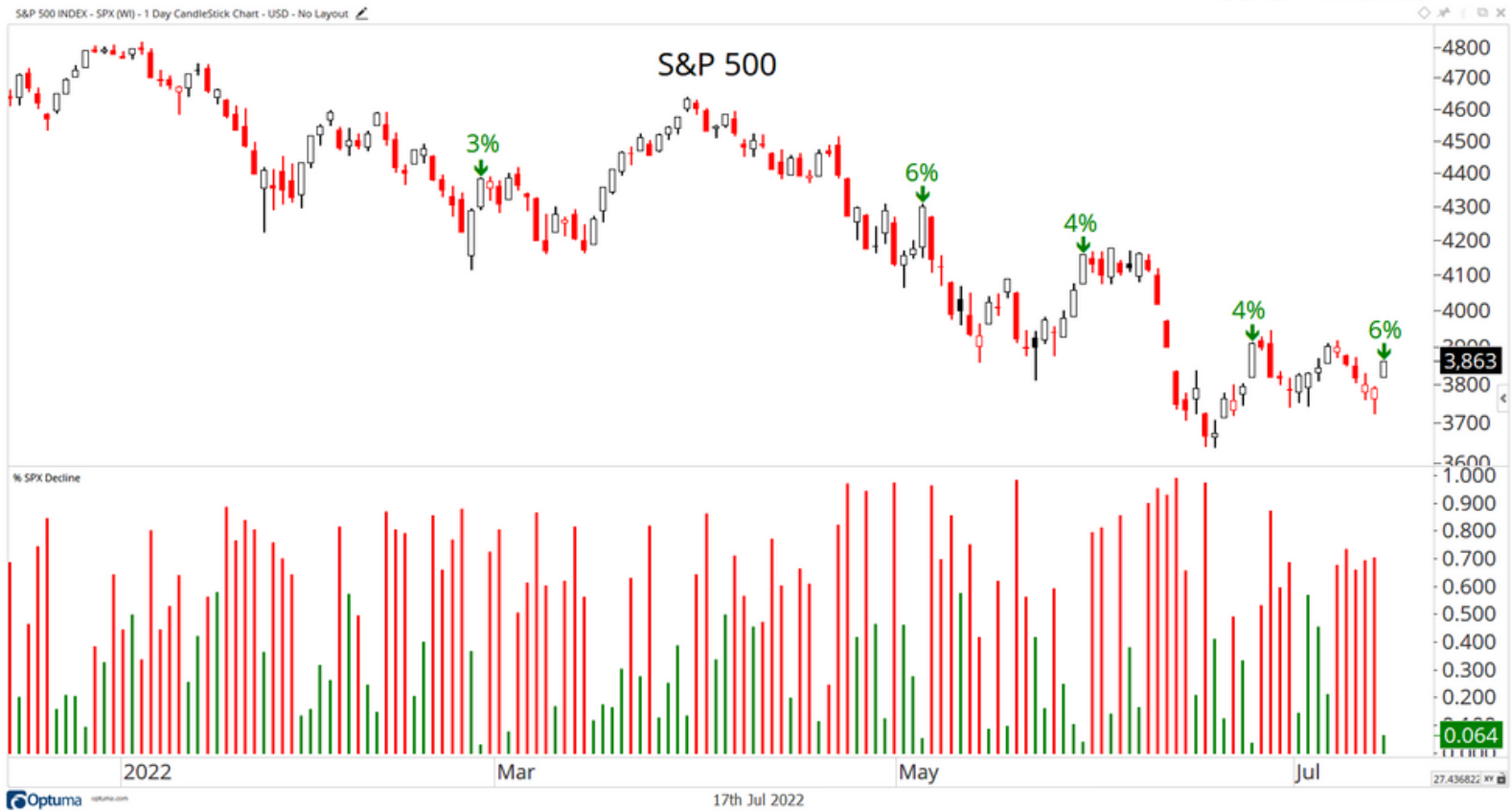
The Daily Sentiment Index (DSI) for the SPX continues to hold below the prior highs, finishing the week at 23% bullish. Buyers want to see an expansion in bullish sentiment, but that's yet to happen just yet.



# EQUITIES - % DECLINES



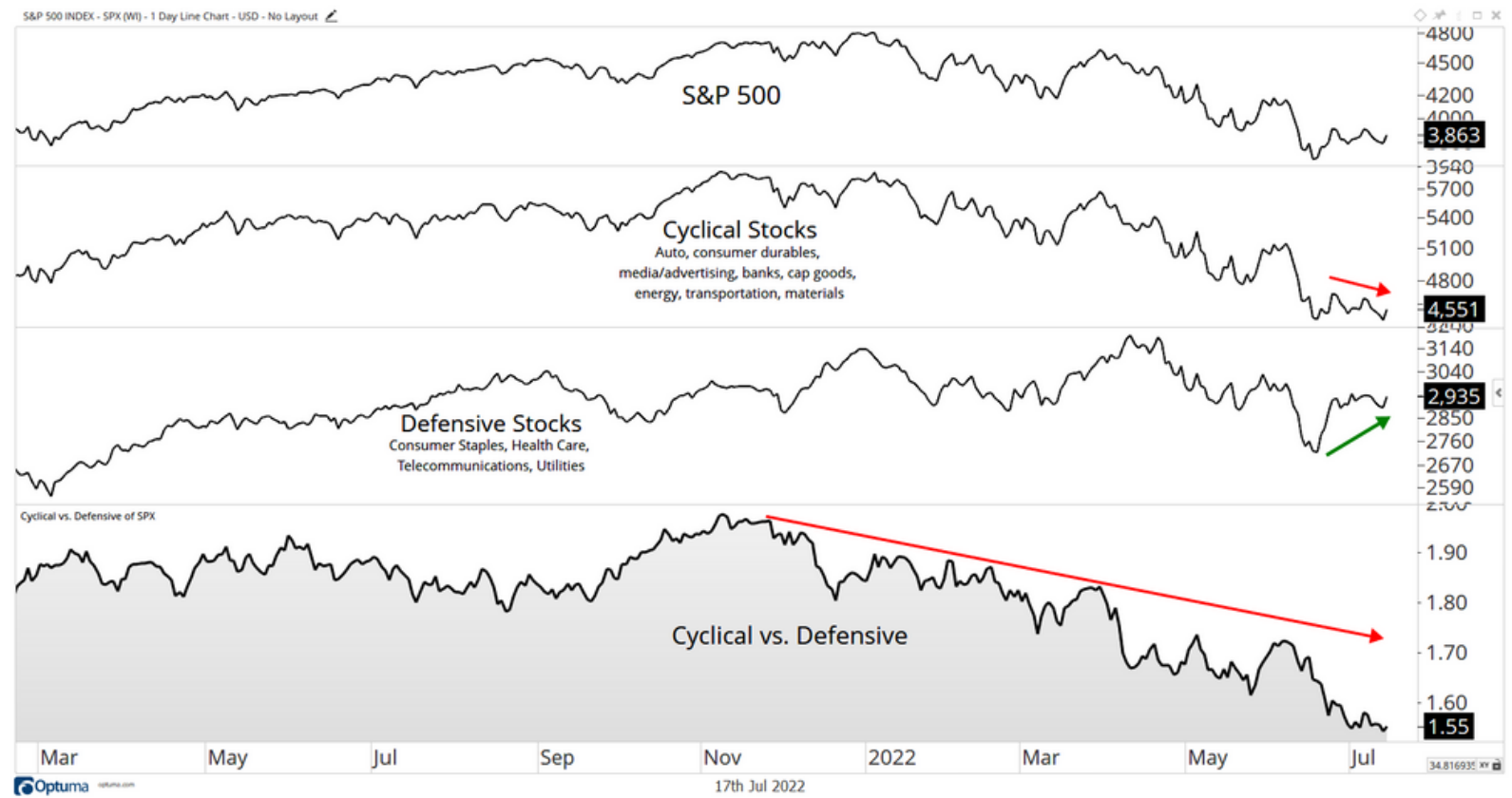
Earlier in the month we had several up days that were accompanied by higher-than-normal number of stocks declining. That led to the pullback last week ahead of Friday's bounce to soak up some of the intra-week decline. Friday's move higher saw just 6% of large cap stocks decline. We've seen four prior days of 6% or less stocks declining during a counter-trend balance. Ranging from 3-6%, each marked the top in a short-term bounce this year. Was Friday's the 5th failed bounce? We'll see if this week gives us some clues but the historical study (with a very small sample size however) isn't support of a continued short-term climb.



# EQUITIES - CYCLICAL VS. DEFENSE

The relative performance of cyclical vs. defensive stocks continues to favor defense. The chart below shows defensive stocks, most recently led by consumer staples, is off its low while cyclical stocks, held down by energy, is still near its 2022 low.

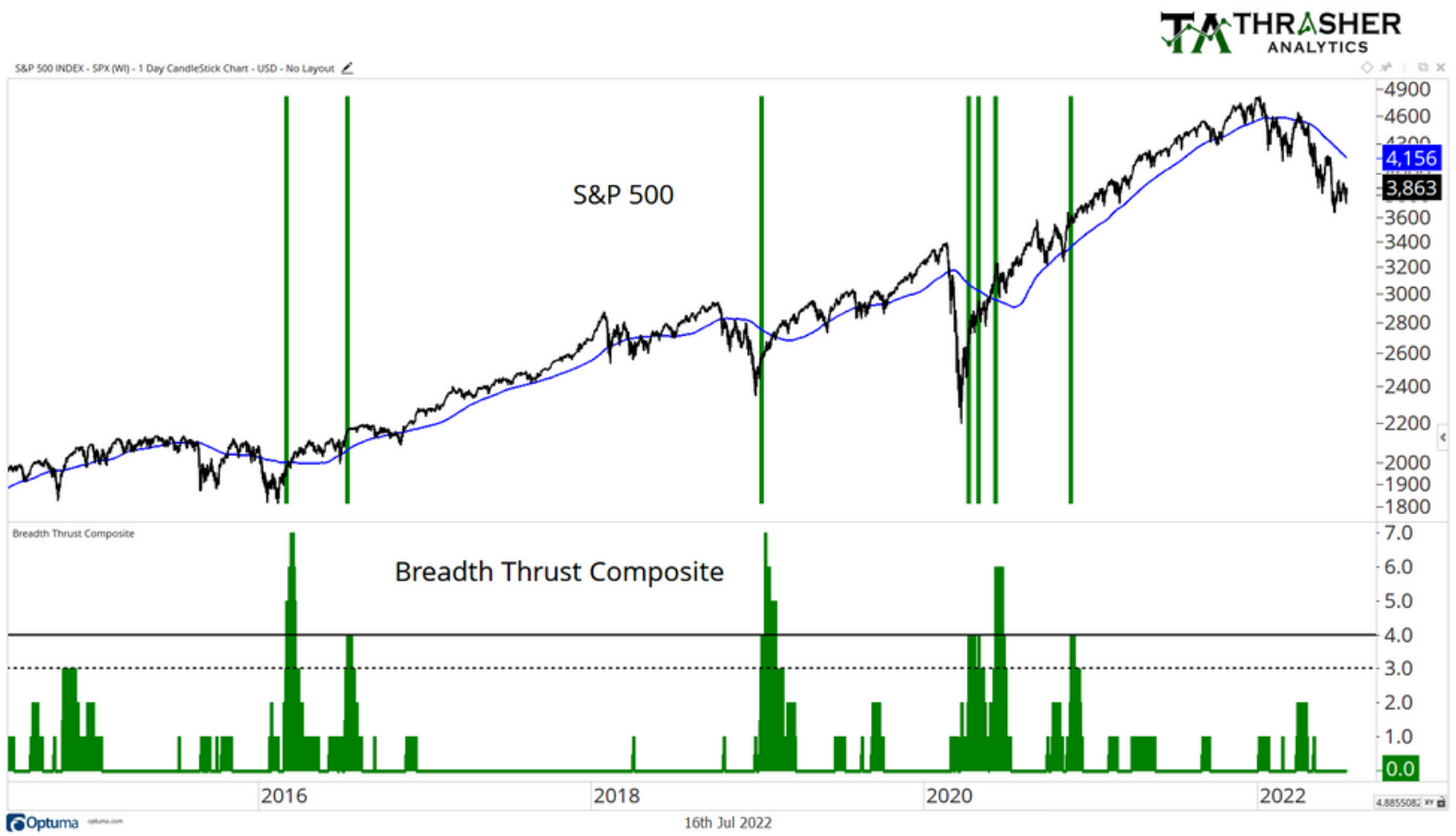
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ANALYTICS



# EQUITY - BREADTH THRUSTS



Below we can see that we've still yet to have a cluster of breadth thrusts to give us a bullish sign that buyers have taken enough control to get stocks moving higher again.





# HEDGE FUND STOCKS



A new section of the report I'll be sharing in the new year will be looking at the most important stocks to hedge funds.

Using the Thrasher Analytics Mean Reversion Indicator (TAMRI), I've sorted the stocks by their combined (Absolute & Relative) score, showing the 1st and 4th quartiles. These are not buy and sell recommendations. These lists show stocks that have potential to mean revert higher (when the TAMRI is low) or revert lower (TAMRI is high). I've also included the 1-year z-score of each stock.

This can act as a great source of idea generation of stocks that hedge funds may be active buyers or sellers in the coming weeks. I'll provide an updated list each week.

| Name  | Ticker | 1W Change   | 1M Change   | 3M Change    | 1yr Z-Score | Mean Reversion Sc |
|---|--------|-------------|-------------|--------------|-------------|-------------------|
| Mean Reversion Score 1st Quartile           |        | AVG: -5.25% | AVG: -4.31% | AVG: -31.87% | AVG: -1.556 | AVG: -58....      |
| Netflix Inc.                                | NFLX   | 1.14%       | 3.37%       | -44.56%      | -1.442      | -67.61            |
| Atlassian Corporation Plc                   | TEAM   | -11.77%     | 2.76%       | -28.81%      | -1.487      | -63.98            |
| Shopify Inc                                 | SHOP   | -12.09%     | -10.25%     | -46.04%      | -1.423      | -63.88            |
| Carvana Co.                                 | CVNA   | -15.30%     | -3.45%      | -79.07%      | -1.442      | -62.26            |
| Workday Inc                                 | WDAY   | -4.93%      | -5.74%      | -37.37%      | -2.046      | -59.99            |
| Advanced Micro Devices Inc.                 | AMD    | 2.22%       | -14.46%     | -12.84%      | -1.540      | -59.98            |
| Mercadolibre Inc                            | MELI   | -2.63%      | -0.25%      | -34.93%      | -1.445      | -58.89            |
| Walt Disney Co (The)                        | DIS    | -0.69%      | -4.23%      | -27.03%      | -1.767      | -55.42            |
| PayPal Holdings Inc                         | PYPL   | 0.65%       | -6.80%      | -27.76%      | -1.237      | -55.18            |
| ServiceNow Inc                              | NOW    | -11.84%     | -7.93%      | -14.13%      | -1.761      | -52.25            |
| Microsoft Corporation                       | MSFT   | -4.09%      | 1.47%       | -8.26%       | -1.599      | -49.98            |
| Meta Platforms, Inc.                        | META   | -3.62%      | -6.19%      | -21.64%      | -1.477      | -49.12            |
| Mean Reversion Score 2nd Quartile           |        | AVG: -1.89% | AVG: -2.76% | AVG: -24.07% | AVG: -1.527 | AVG: -37....      |
| Mean Reversion Score 3rd Quartile           |        | AVG: -3.63% | AVG: 0.36%  | AVG: -24.97% | AVG: -1.329 | AVG: -19....      |
| Mean Reversion Score 4th Quartile           |        | AVG: -2.06% | AVG: 4.45%  | AVG: -5.83%  | AVG: -0.205 | AVG: 0.22         |
| Elastic N.V                                 | ESTC   | -8.66%      | 2.29%       | -19.93%      | -1.047      | -10.34            |
| JD.com                                      | JD     | -2.82%      | -2.03%      | 6.54%        | -0.874      | -8.81             |
| Builders Firstsource Inc                    | BLDR   | 5.10%       | 6.10%       | 4.38%        | 0.042       | -7.85             |
| Palo Alto Networks Inc                      | PANW   | -2.91%      | 2.77%       | -18.80%      | 0.037       | -6.93             |
| WillScot Mobile Mini Holdings Corp          | WSC    | 1.05%       | -7.74%      | -12.38%      | -0.563      | -6.29             |
| Roblox Corporation - Ordinary Shares - Clas | RBLX   | -3.59%      | 43.26%      | -6.11%       | -0.954      | -6.06             |
| Fiserv, Inc.                                | FISV   | 1.18%       | -0.19%      | -5.53%       | -1.213      | -4.72             |
| Alibaba Group Holding Ltd                   | BABA   | -15.27%     | -6.74%      | 7.28%        | -0.885      | -2.51             |
| Uber Technologies Inc                       | UBER   | -3.00%      | -8.64%      | -33.69%      | -1.764      | -2.44             |
| T-Mobile US Inc                             | TMUS   | 1.22%       | 5.26%       | 3.32%        | 1.126       | 17.49             |
| Unitedhealth Group Inc                      | UNH    | 2.14%       | 9.31%       | -0.95%       | 1.606       | 19.38             |
| Humana Inc.                                 | HUM    | 0.86%       | 9.76%       | 5.86%        | 2.026       | 21.72             |

# SECTOR PERFORMANCE



1 Day - Watch List - No Layout



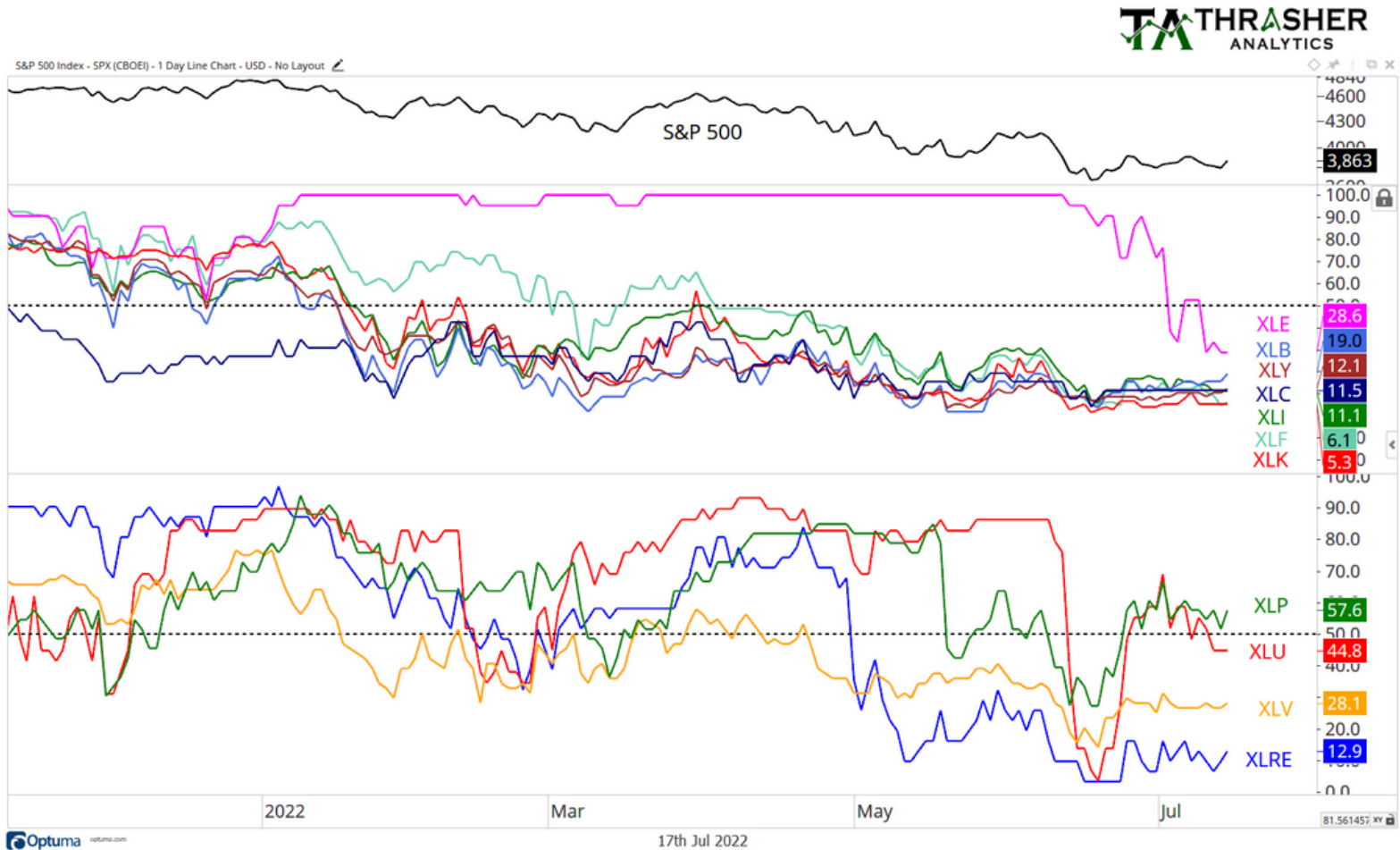
| Ticker    | Name   | 2022        | YTD Rel% to SPX | 1W %   | 1M %        | 3M %    | 6M %    | % from 52Wk High | % from 52Wk Low | % From 20MA | % From 50MA | % From 200MA |
|-----------|--|-------------|-----------------|--------|-------------|---------|---------|------------------|-----------------|-------------|-------------|--------------|
| - Index   |  | AVG: -0.62% |                 |        | AVG: 21.60% |         |         | AVG: 6.15%       |                 |             | AVG: -1.98% |              |
| DJI       | Dow Jones Industrial Average                   | -13.90%     | 6.23%           | -0.16% | 2.02%       | -9.18%  | -12.87% | 15.33%           | 5.51%           | 1.28%       | -1.29%      | -8.36%       |
| SML       | S&P SmallCap 600 Index                         | -18.87%     | 0.09%           | -0.59% | -0.55%      | -11.46% | -18.09% | 23.03%           | 5.11%           | 0.80%       | -2.99%      | -12.52%      |
| MID       | S&P Midcap 400 Index                           | -18.94%     | 0.01%           | -0.72% | -0.28%      | -12.36% | -17.21% | 21.27%           | 5.32%           | 0.91%       | -3.19%      | -12.39%      |
| SPX       | S&P 500 INDEX                                  | -18.95%     | 0.00%           | -0.93% | 1.93%       | -12.05% | -17.15% | 19.83%           | 6.22%           | 1.22%       | -1.86%      | -11.49%      |
| NDY       | NASDAQ 100 Index                               | -26.57%     | -9.41%          | -1.17% | 3.36%       | -13.74% | -23.24% | 28.52%           | 8.57%           | 2.15%       | -0.56%      | -16.06%      |
| - Sectors |  | AVG: 6.38%  |                 |        | AVG: 21.46% |         |         | AVG: 10.67%      |                 |             | AVG: -3.54% |              |
| XLP       | SPDR Consumer Staples Select Sector Fund ETF   | -5.41%      | 16.70%          | 0.05%  | 4.78%       | -7.48%  | -5.31%  | 10.33%           | 6.92%           | 1.33%       | -0.33%      | -1.64%       |
| XLU       | SPDR Utilities Select Sector Fund ETF          | -2.54%      | 20.24%          | -0.09% | 4.48%       | -8.32%  | 0.52%   | 9.67%            | 10.08%          | 1.26%       | -1.60%      | 0.13%        |
| XLK       | SPDR Technology Select Sector Fund ETF         | -23.86%     | -6.07%          | -0.37% | 2.84%       | -9.72%  | -20.14% | 25.23%           | 8.10%           | 2.39%       | -0.73%      | -13.24%      |
| XLV       | SPDR Health Care Select Sector Fund ETF        | -7.59%      | 14.01%          | -0.41% | 6.94%       | -6.09%  | -2.89%  | 9.22%            | 9.64%           | 2.10%       | 1.45%       | -1.30%       |
| XLRE      | SPDR Real Estate Select Sector Fund ETF        | -20.86%     | -2.37%          | -0.56% | 3.02%       | -15.91% | -15.10% | 21.41%           | 6.14%           | 0.48%       | -2.52%      | -11.36%      |
| XLF       | SPDR Financial Select Sector Fund ETF          | -18.62%     | 0.41%           | -0.94% | 0.44%       | -13.85% | -22.17% | 23.78%           | 4.64%           | 0.54%       | -3.74%      | -14.96%      |
| XLY       | SPDR Consumer Discretionary Select Sector Fund | -29.15%     | -12.59%         | -1.05% | 2.32%       | -18.81% | -26.30% | 32.65%           | 8.87%           | 2.25%       | -0.94%      | -18.79%      |
| XLI       | SPDR Industrial Select Sector Fund ETF         | -17.93%     | 1.26%           | -1.22% | -2.14%      | -13.11% | -17.96% | 19.50%           | 3.04%           | -0.22%      | -4.26%      | -12.54%      |
| XLB       | SPDR Materials Select Sector Fund ETF          | -20.49%     | -1.91%          | -1.34% | -7.47%      | -19.11% | -18.87% | 21.95%           | 2.94%           | -2.41%      | -9.70%      | -14.70%      |
| XLC       | SPDR Communication Services Select Sector ETF  | -28.67%     | -12.00%         | -2.29% | 0.58%       | -16.65% | -27.63% | 35.83%           | 5.07%           | 0.55%       | -3.07%      | -20.14%      |
| XLE       | SPDR Energy Select Sector Fund ETF             | 23.59%      | 52.47%          | -3.33% | -16.74%     | -14.10% | 6.32%   | 26.49%           | 51.95%          | -4.34%      | -13.55%     | 0.23%        |

Top Sectors: Energy and Technology

# SECTOR - BREADTH



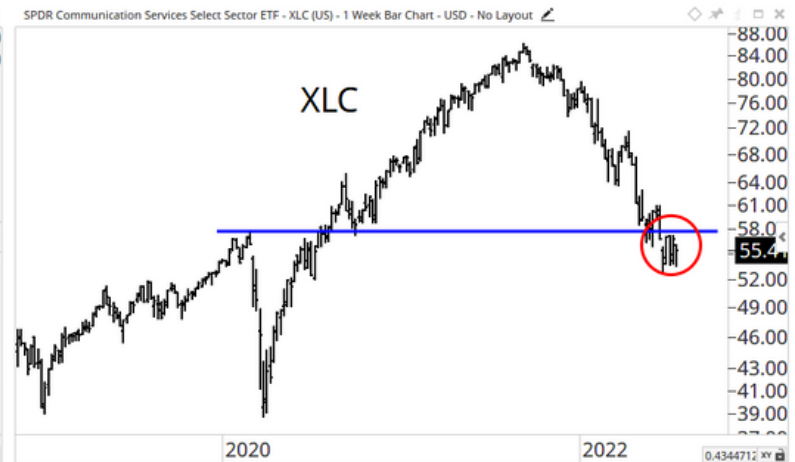
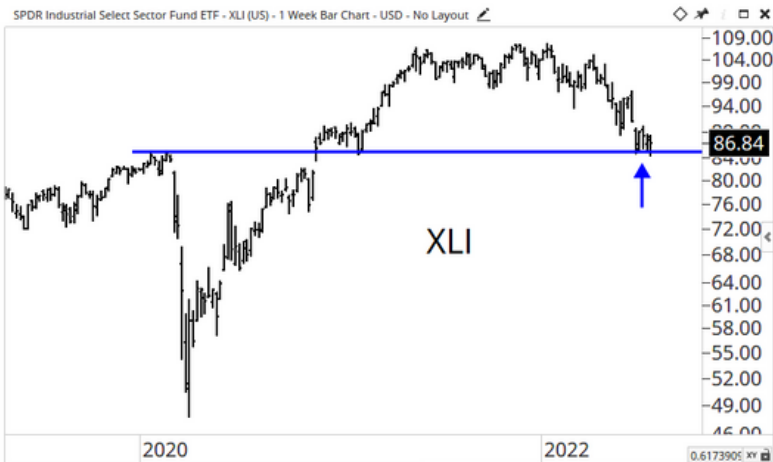
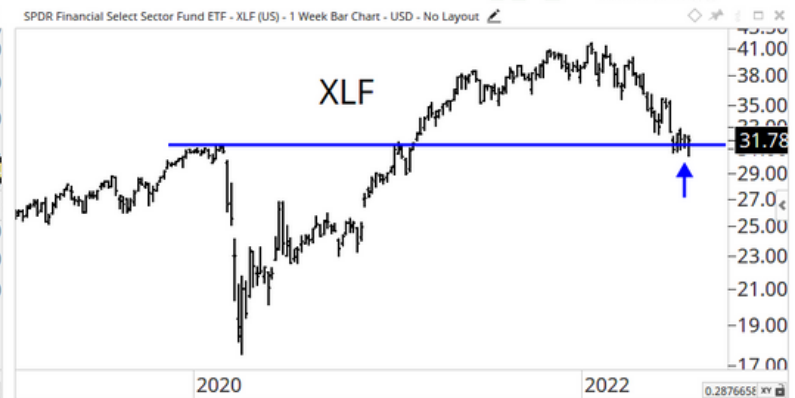
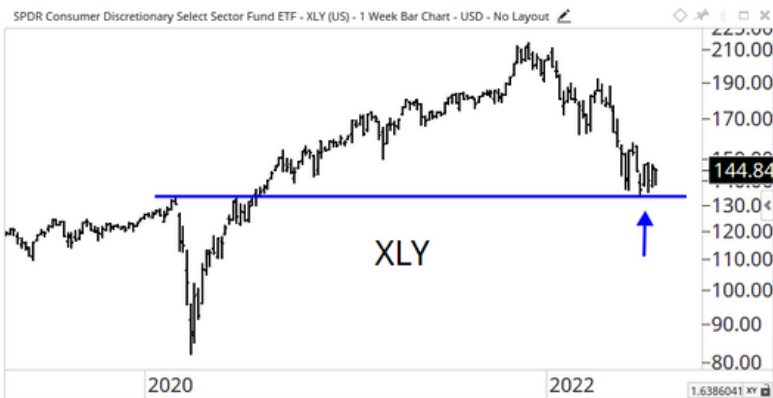
Energy had a good run but last week saw a move under 50% of its stocks trading above the 200-day MA. As of Friday, just Consumer Staples has at least half above the long-term moving average.



# SECTOR - KEY SUPPORT



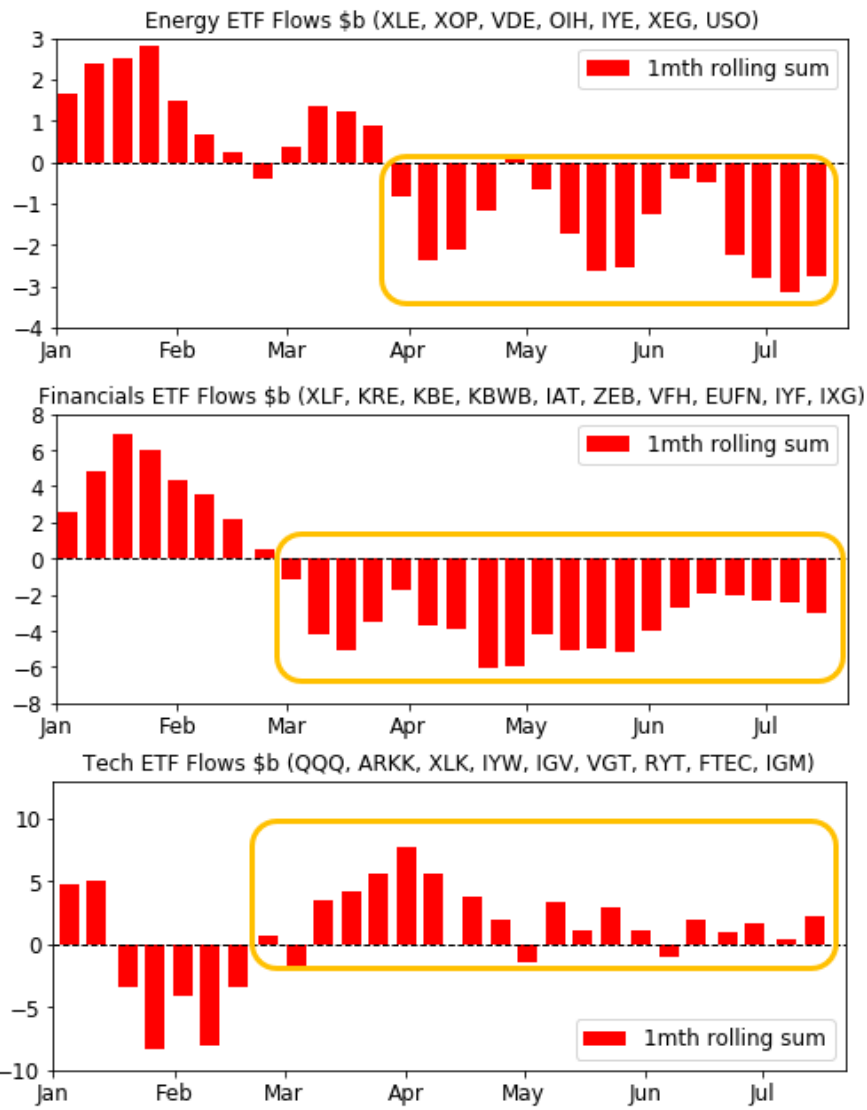
Three key sectors are at critical support right now and I think they provide good insight into where we go next from here in the equity market. XLY, XLF, and XLI are all testing their respective 2020 high. XLK, XLE, and XLP are still well above their 2020 highs and XLC (shown below), XLRE, and XLU have already made clean breaks of their own 2020 peaks. I'm watching XLY, XLF, and XLI closely in the coming weeks to see if these levels are defended by bulls, should they break could give clues that sellers still remain in control and we see another leg lower in U.S. equities.



# SECTOR - FUND FLOWS



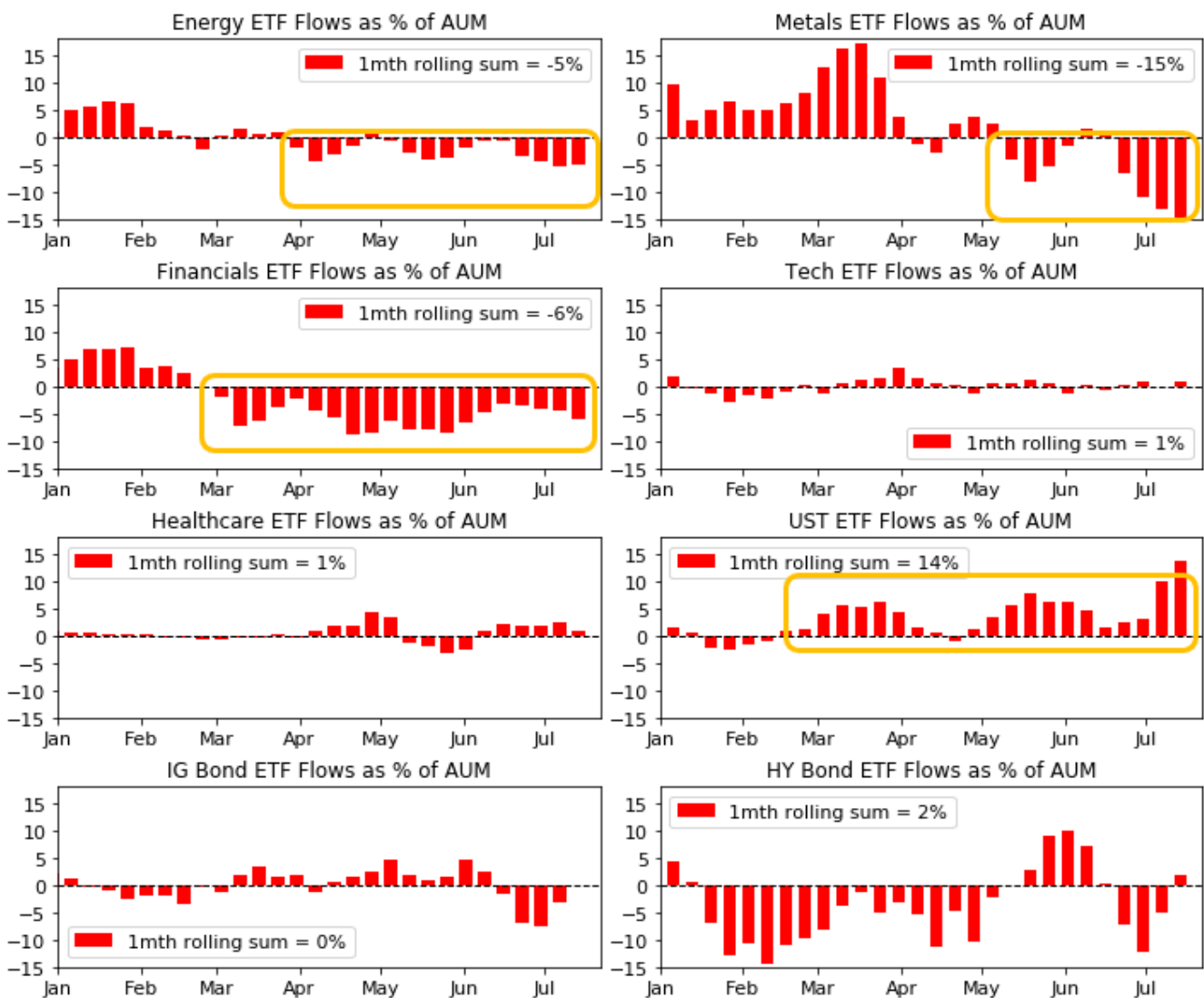
The next two pages of charts come from [Brax Research](#) and show fund flows into sector ETFs. The first of the two charts focus on energy, financials, and tech ETFs. While energy show tremendous strength earlier in the year compared to the rest of the market, since April they've had fund outflows with investors still chasing after tech stocks and tech ETFs experiencing inflows. If investors were really at 'peak fear' then you'd think they wouldn't be trying to 'buy the dip' for several months in beaten up tech stocks.



# SECTOR - FUND FLOWS



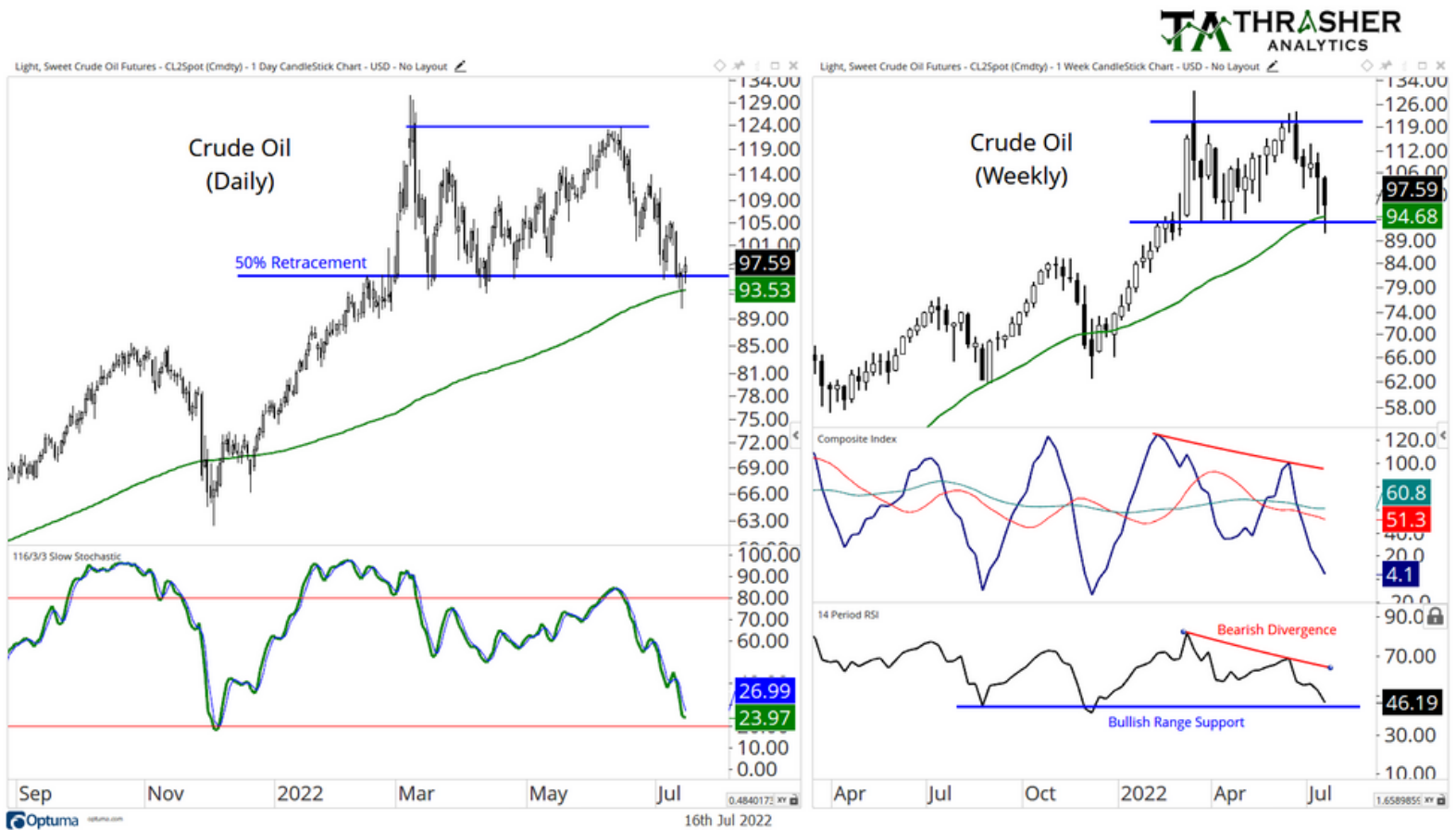
This next chart looks at fund flows as a percent of assets under management for energy, metals, financials, tech, health care, treasury, investment grade bonds, and high yield bond ETFs. There's been many calls for 'peak energy' already but we haven't even seen a shift into energy funds seeing net inflows! Same for metals, sentiment towards commodities remains sour while Treasury's continue to pull in funds regardless of what the Fed is doing with rates. This is just one view, but I think one takeaway is that energy could still have juice left to squeeze as it appears there's still a lot of underweight energy exposure across investors and same goes for metals which I'll be talking about in this week's letter as well.



# COMMODITY - CRUDE OIL

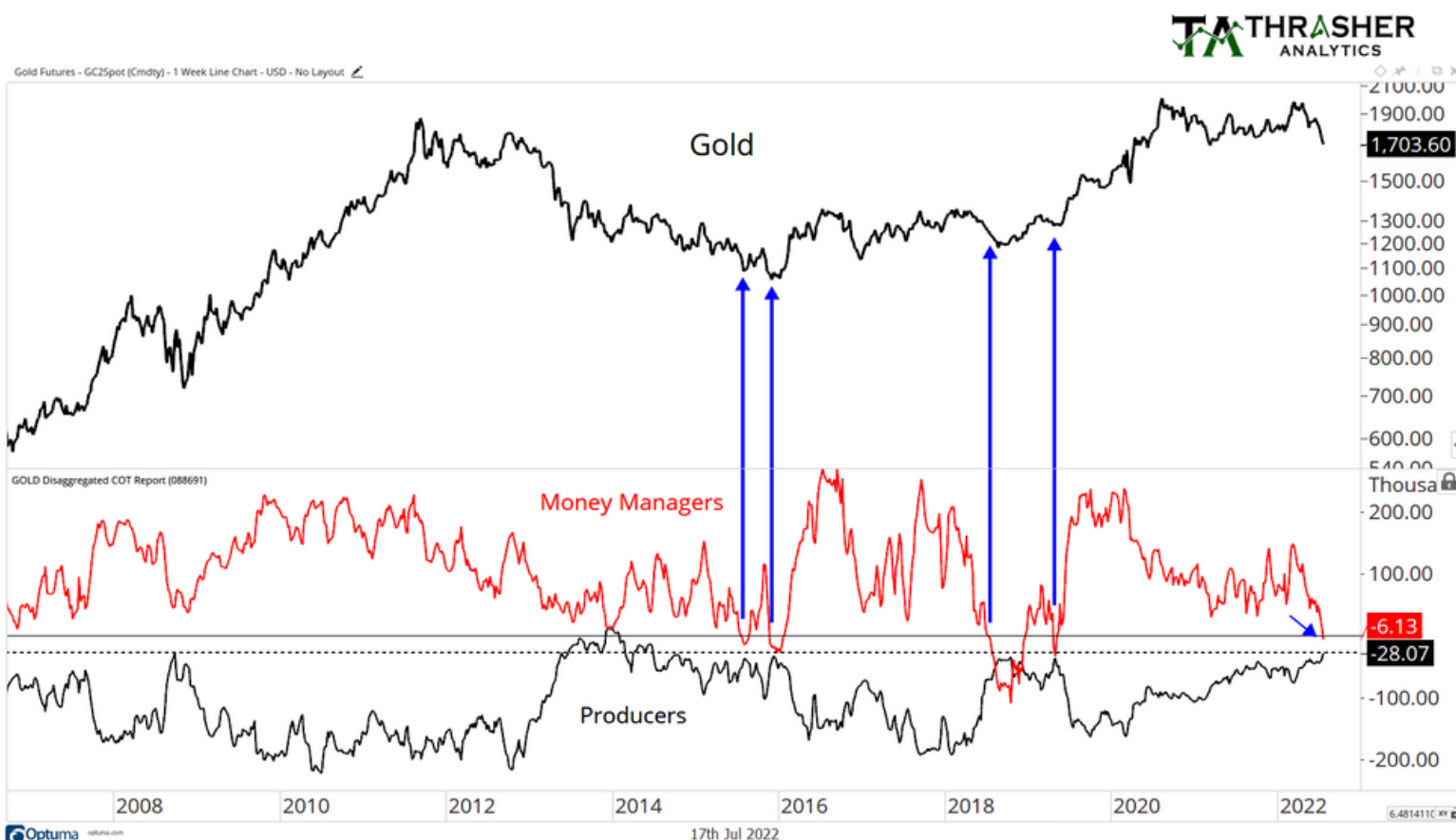


Below is a simple daily and weekly chart of crude oil. The latest drop in price has now retraced half of the advance from the end of last year. A 50% retracement is a healthy pullback and not uncommon to see in the middle of longer-term trends. Oil is also testing and holding (so far) the 200-day moving average and momentum (bottom panel) is near 'oversold' levels. Looking at the weekly chart, we can see a multi-week consolidation above the 40-day MA that was produced after momentum created a bearish divergence but RSI is still holding above long-term bullish range support. The catalysts that moved energy markets higher (lack of supply) are still plaguing the economy and could be exacerbated even more by further actions Russia.



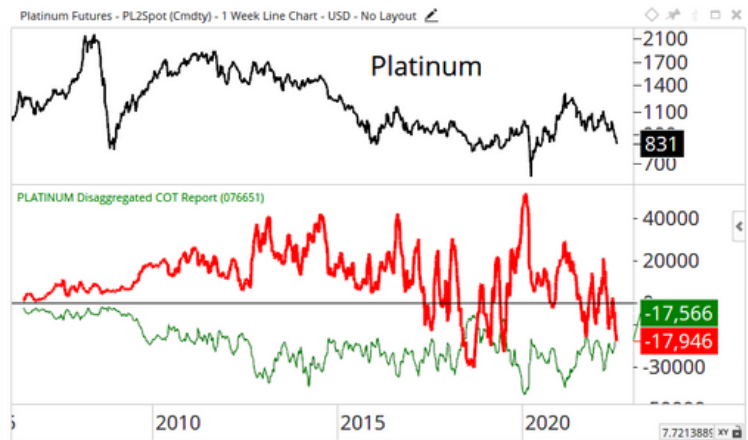
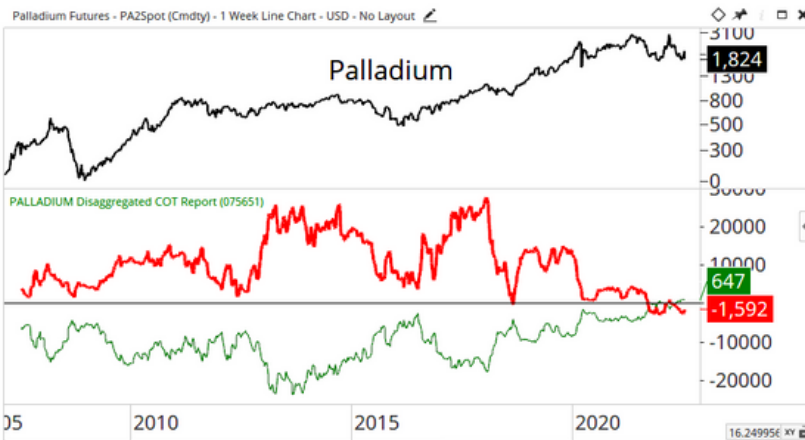
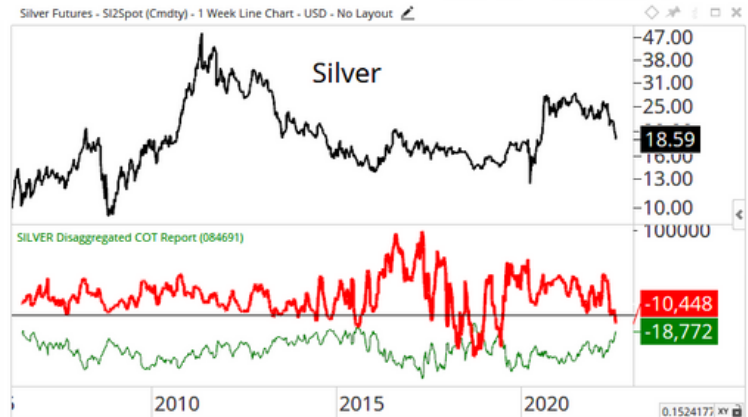
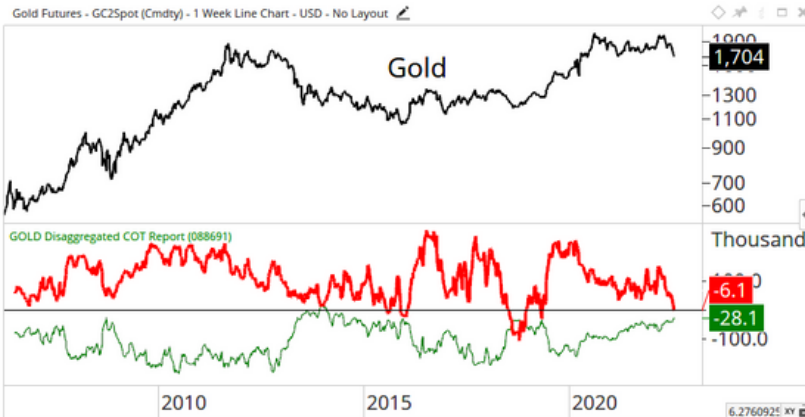
I shared a version of the below chart of gold's COT data last week. I wrote that Money managers were close to becoming net-short gold futures. Well, last week they made that flip, now holding the first net-short since 2019. Since 2008, they've been net-short in just four prior instances which I've marked with blue arrows. While it's a small sample, where did gold prices go from there? It wasn't always immediate, but each time we saw gold rally in the coming weeks/months. Meanwhile, producers are now holding a higher net-position than the last two times Money Managers went short. Those that actually use gold in their business are showing strong signs of bullishness based on this COT data.

We can see the same type of setups in other metals as well, more on the next page.

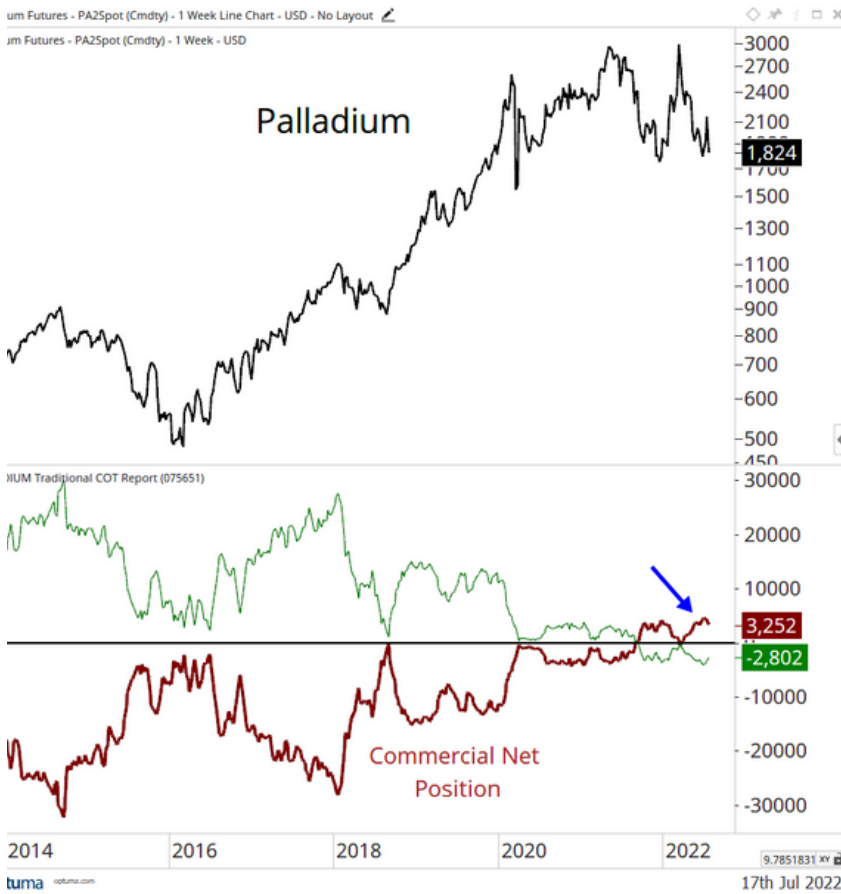




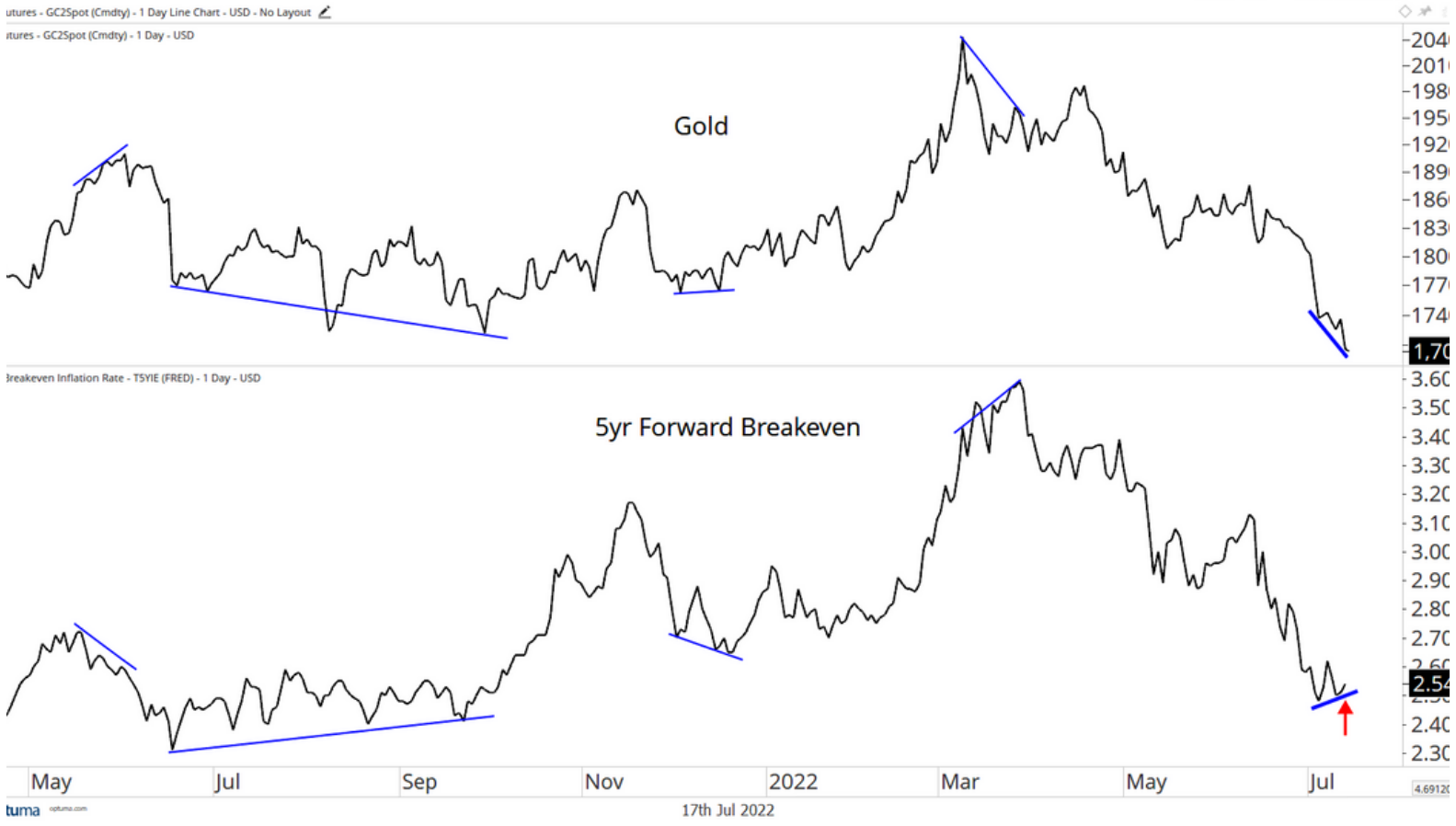
Below is a look at the COT data for gold, silver, palladium, and platinum. Money Managers are now net-short in all of these metals. Everyone hates metals right now and that collective consensus typically a contrarian bullish for metals! We'll look closer at palladium and platinum on the next page.



Here's a closer look at palladium and platinum but with the traditional instead of the disaggregated COT data. We can see that Commercial Traders just went net-long platinum futures for the first time since 2018.



Taking a step away from the COT data, I have one last metals-related chart to share. This time we're again looking at gold and the 5-year forward breakeven rate. This is a measure of where markets think 5yr inflation will be in 5 years. It peaked earlier this year ahead of gold prices and has been working its way lower. Notice when 5yr breakevens diverge from gold, we often see gold respond with its own trend change. Most recently, we've seen a higher-low (albeit a very small one) in breakevens while gold made a lower-low. If inflation expectations begin to rise, then that should suggest gold prices bounce as well. While gold has been a terrible inflation hedge over the last 12-months, it does track the 5yr breakeven rate pretty closely so we want to keep a close eye on this chart if gold prices do reverse course and move higher.



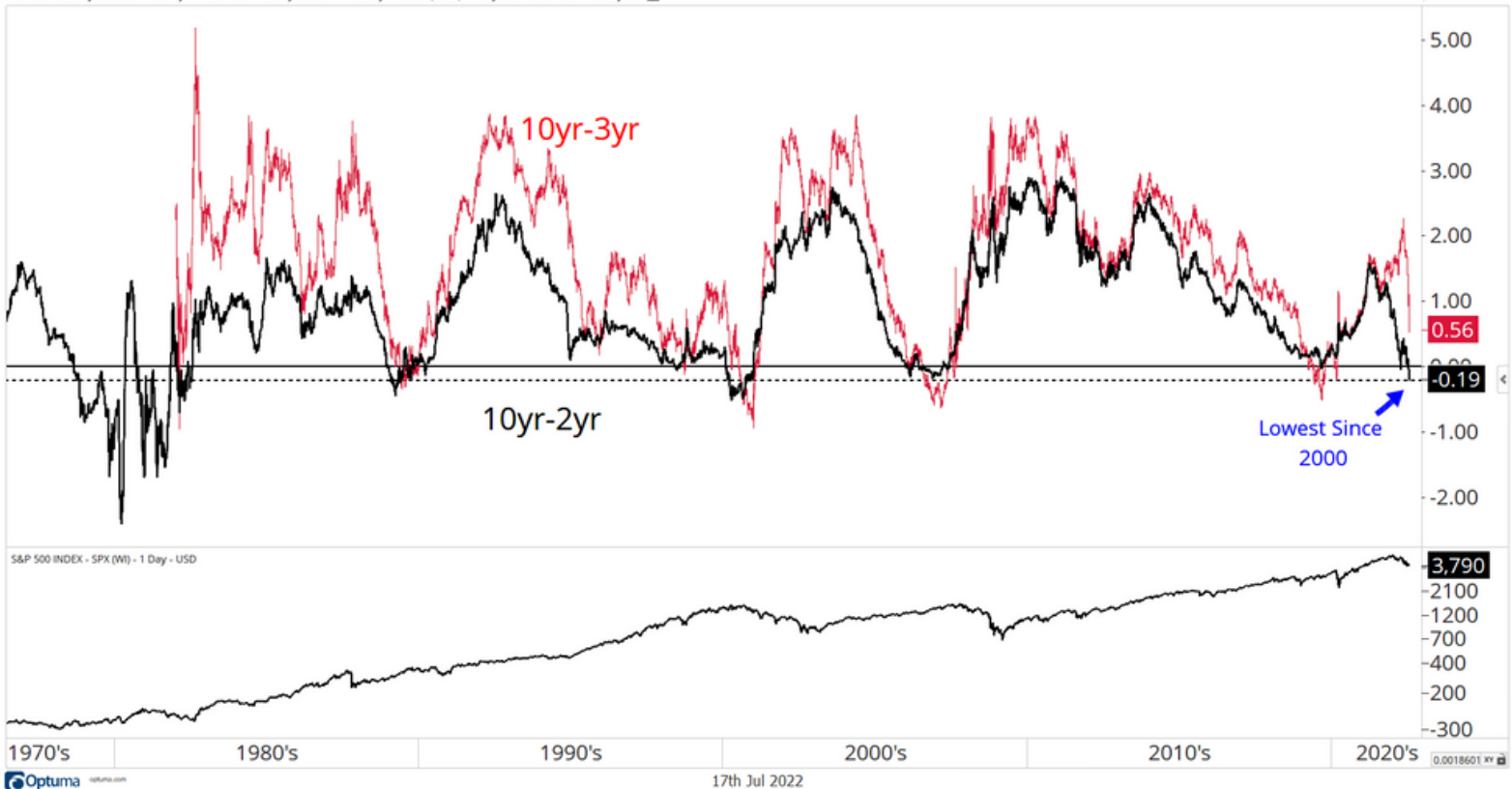
# FIXED INCOME - YIELD CURVE



The latest inversion of the yield curve has gotten a lot of media attention lately. Below I show two versions of the curve: 10yr-2yr and 10yr-3yr. The former has fallen to -0.19 which is the lowest since the 2000s. Not even during the Financial Crisis did we see such an inversion in the 10s and 2s. The 3-year has remained firm and we haven't seen an inversion there yet, but the move in the 2s is quite notable.



10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity - T10Y2Y (FRED) - 1 Day Line Chart - USD - No Layout



# DAILY SENTIMENT INDEX



| Code                  | % Bullish ^ | 5-day MA | History | Code             | % Bullish ^ | 5-day MA | History |
|-----------------------|-------------|----------|---------|------------------|-------------|----------|---------|
| Wheat DSI             | 10          | 15       |         | Cattle DSI       | 33          | 39       |         |
| Yen DSI               | 11          | 10       |         | Platinum DSI     | 34          | 34       |         |
| Euro DSI              | 13          | 10       |         | 5YR DSI          | 35          | 35       |         |
| Silver DSI            | 14          | 13       |         | CRB Index DSI    | 37          | 39       |         |
| Copper DSI            | 14          | 12       |         | VIX DSI          | 39          | 44       |         |
| British Pound DSI     | 15          | 11       |         | Soybean DSI      | 39          | 42       |         |
| Australian Dollar DSI | 15          | 13       |         | 10Y DSI          | 41          | 39       |         |
| Cotton DSI            | 17          | 19       |         | Nikkei DSI       | 50          | 45       |         |
| Cocoa DSI             | 17          | 15       |         | Corn DSI         | 51          | 48       |         |
| Swiss Franc DSI       | 18          | 14       |         | Mexican Peso DSI | 60          | 55       |         |
| Bitcoin DSI           | 18          | 15       |         | Gasoline DSI     | 60          | 61       |         |
| Coffee DSI            | 20          | 22       |         | Sugar DSI        | 61          | 59       |         |
| EuroDollar DSI        | 22          | 19       |         | Lumber DSI       | 65          | 66       |         |
| SPX DSI               | 23          | 21       |         | Natural Gas DSI  | 70          | 66       |         |
| Orange Juice DSI      | 24          | 29       |         | Lean Hog DSI     | 70          | 70       |         |
| Palladium DSI         | 30          | 46       |         | Heating Oil DSI  | 70          | 65       |         |
| Nasdaq DSI            | 32          | 28       |         | Crude Oil DSI    | 74          | 69       |         |
| Gold DSI              | 33          | 41       |         | US Dollar DSI    | 88          | 91       |         |

Source: trade-futures.com

# DAILY SENTIMENT INDEX



THRASHER ANALYTICS

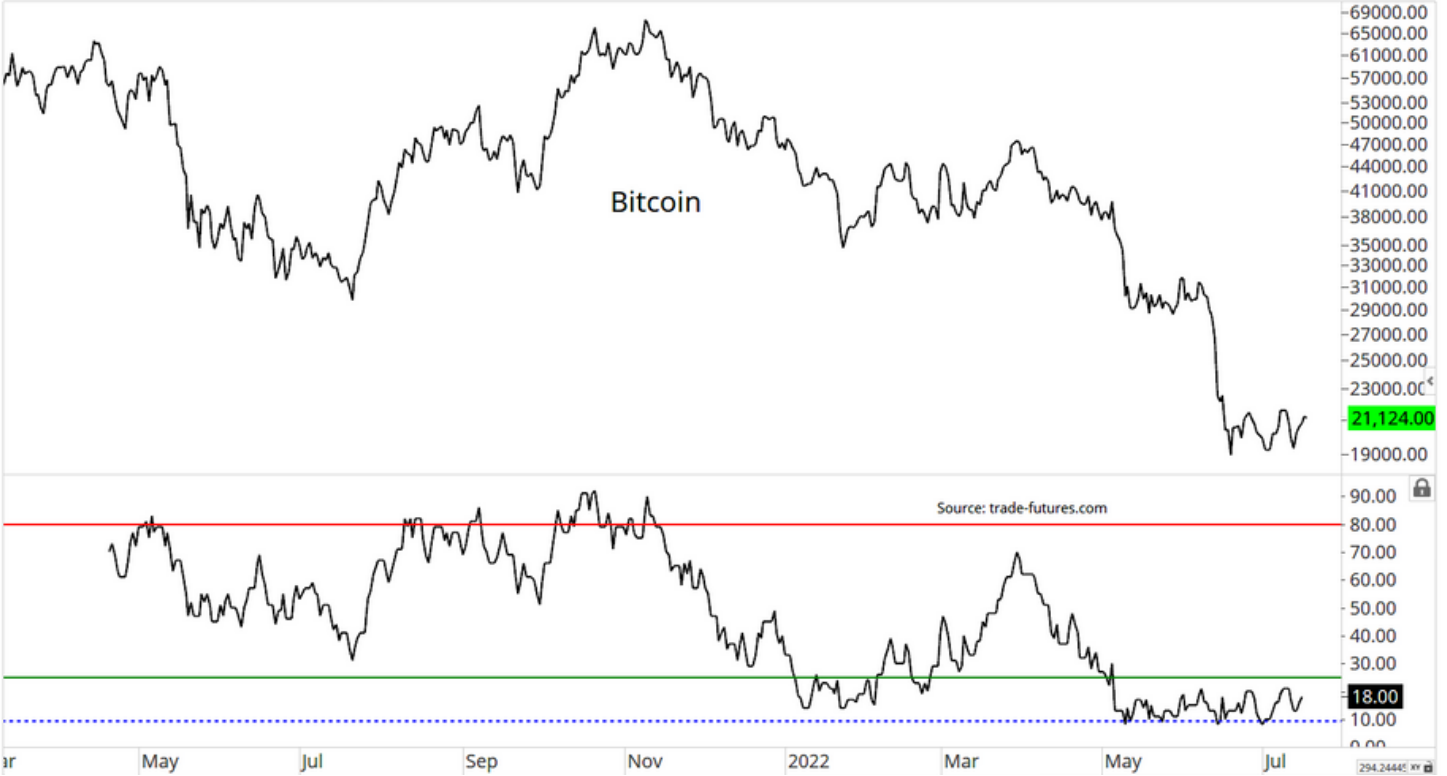


# DAILY SENTIMENT INDEX

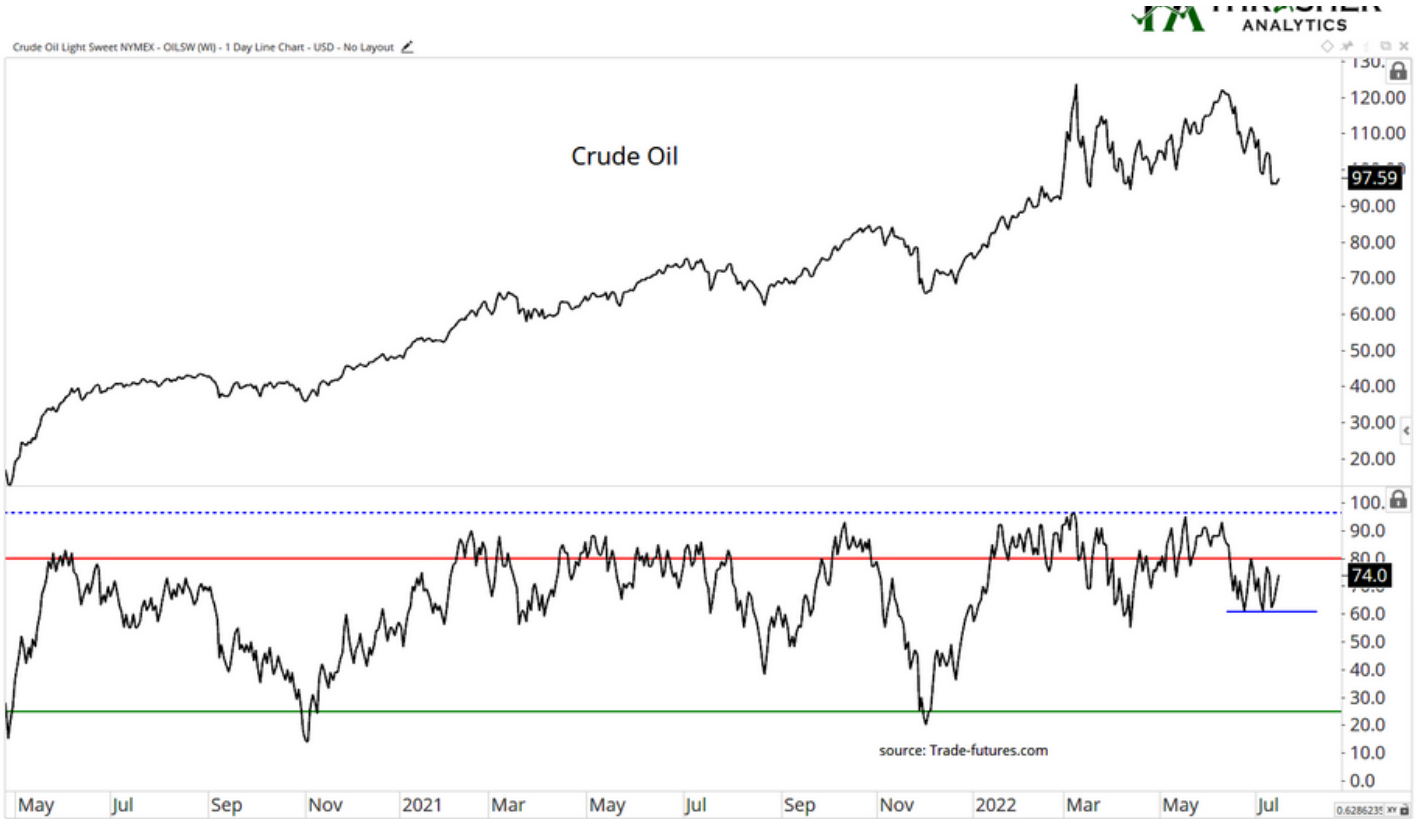


THRASHER ANALYTICS

Bitcoin/United States dollar - BTCUSD (CW) - 1 Day Line Chart - USD - No Layout --- Data from Cryptowatch



# DAILY SENTIMENT INDEX





# DAILY SENTIMENT INDEX



THRASHER ANALYTICS

Gold Futures - GCSpot (NYMEX) - 1 Day Line Chart - USD - No Layout

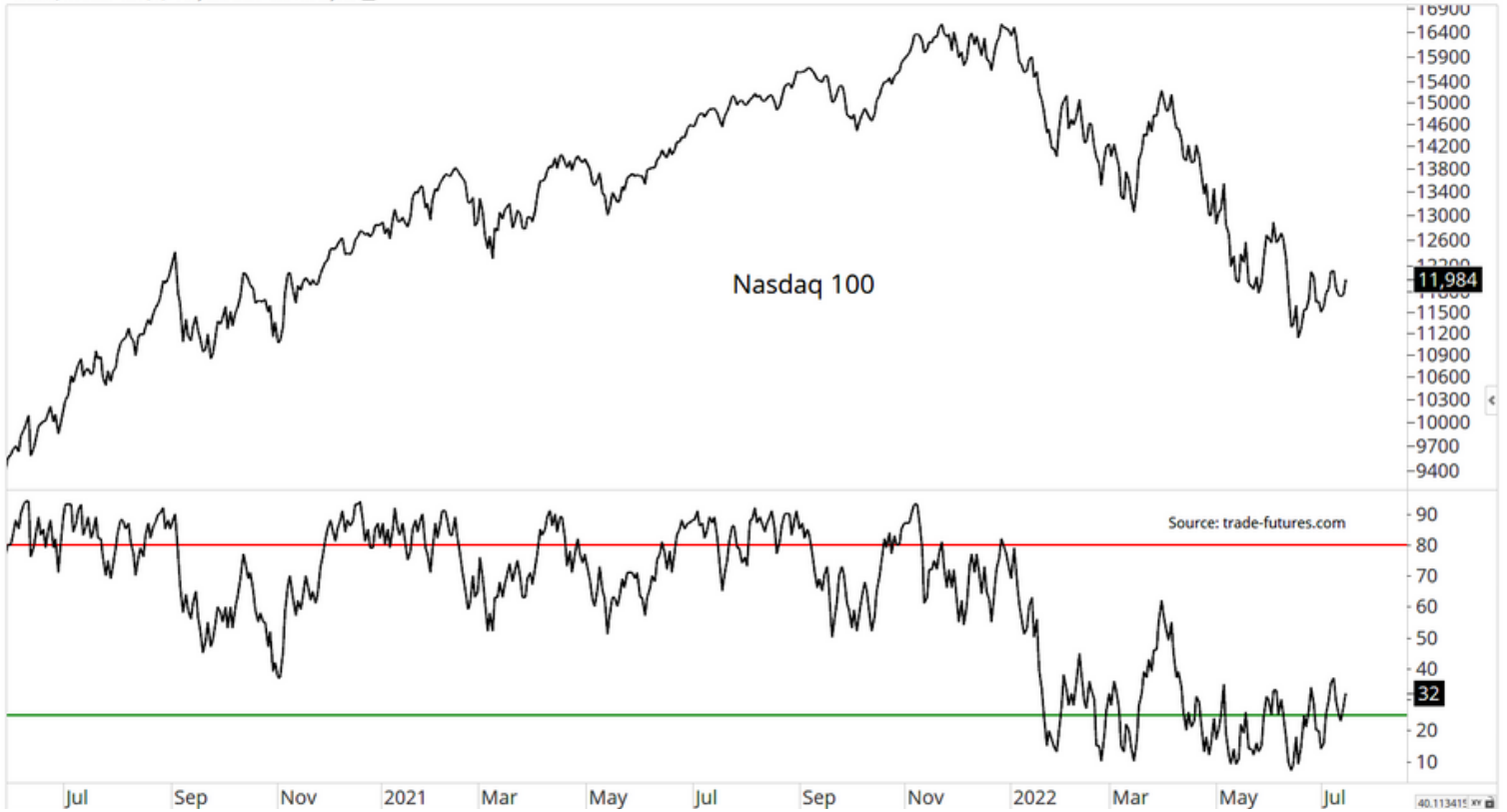


# DAILY SENTIMENT INDEX



THRASHER ANALYTICS

NASDAQ 100 Index - NDY (W) - 1 Day Line Chart - USD - No Layout

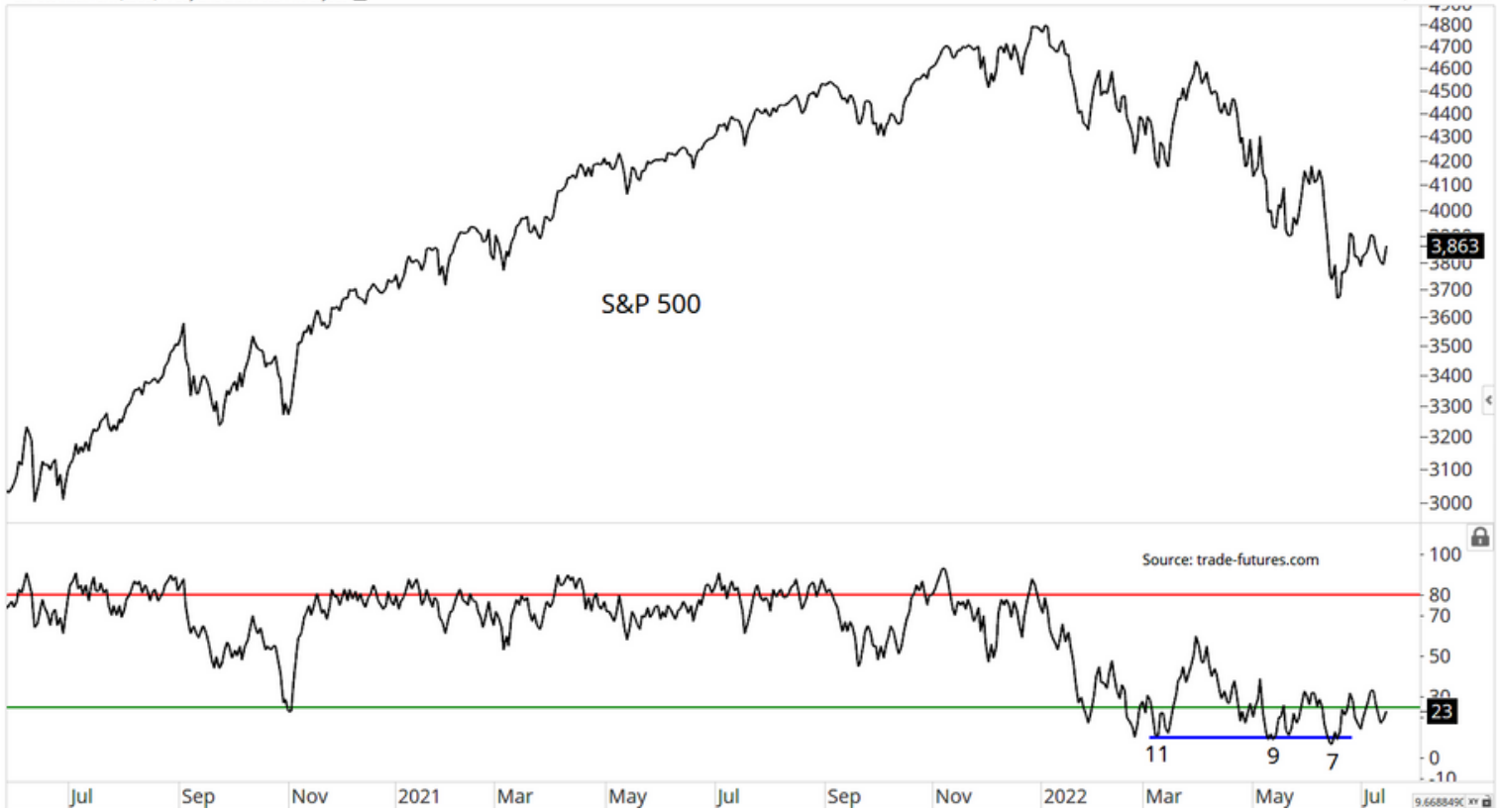


# DAILY SENTIMENT INDEX

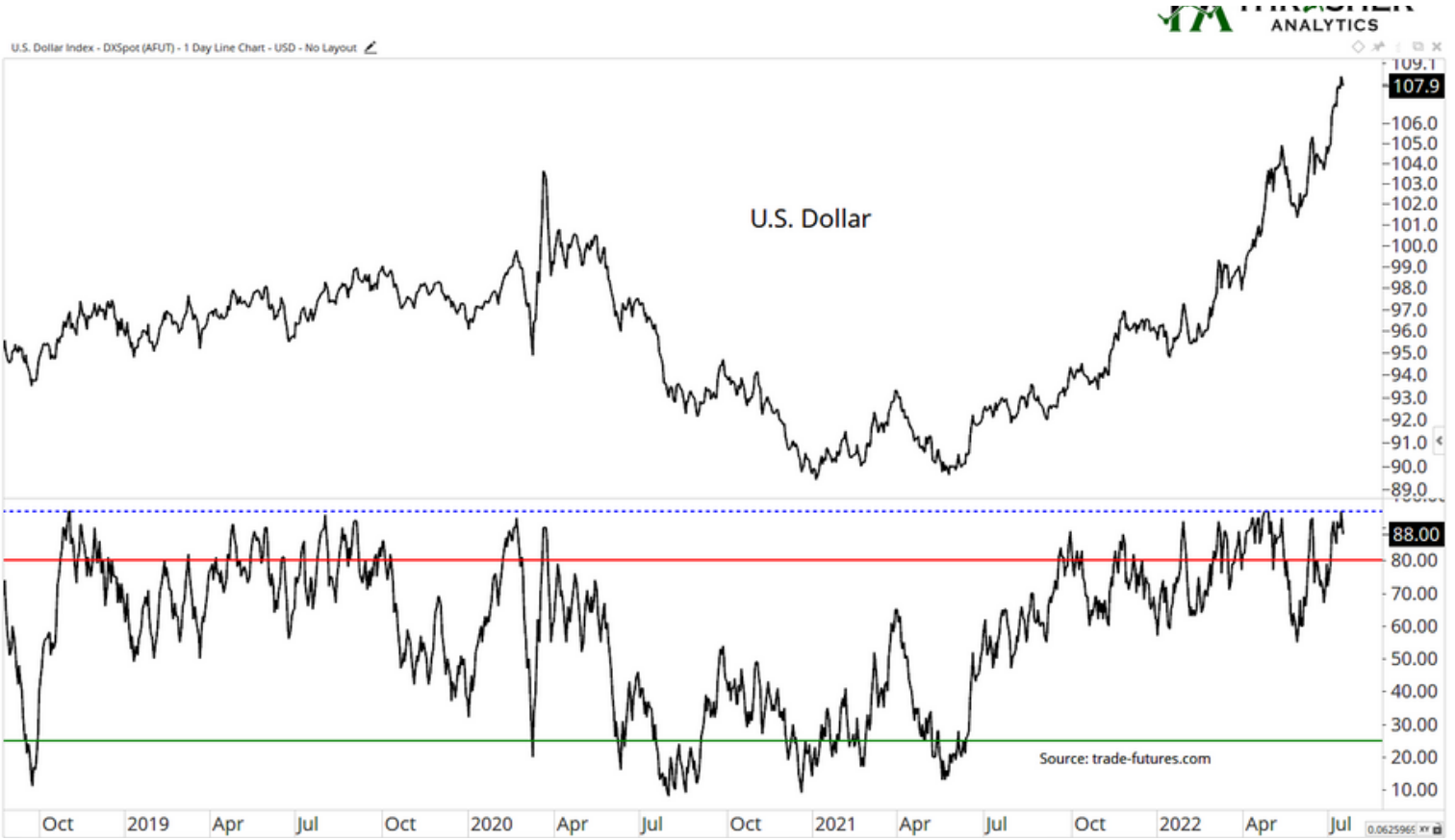


THRASHER ANALYTICS

S&P 500 Index - SPX (CBOE) - 1 Day Line Chart - USD - No Layout



# DAILY SENTIMENT INDEX



# DAILY SENTIMENT INDEX



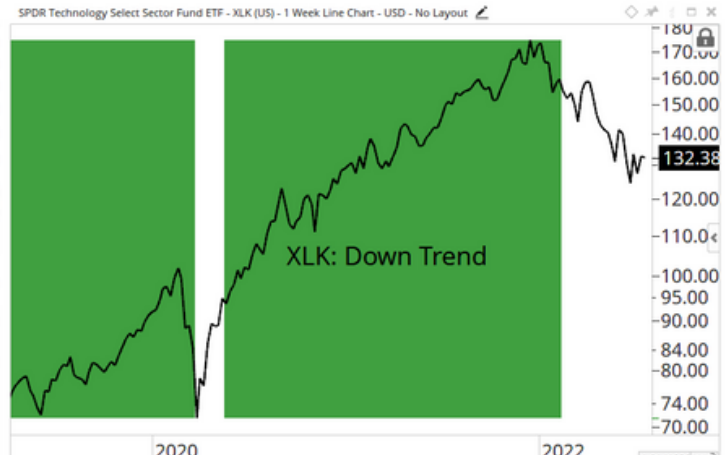
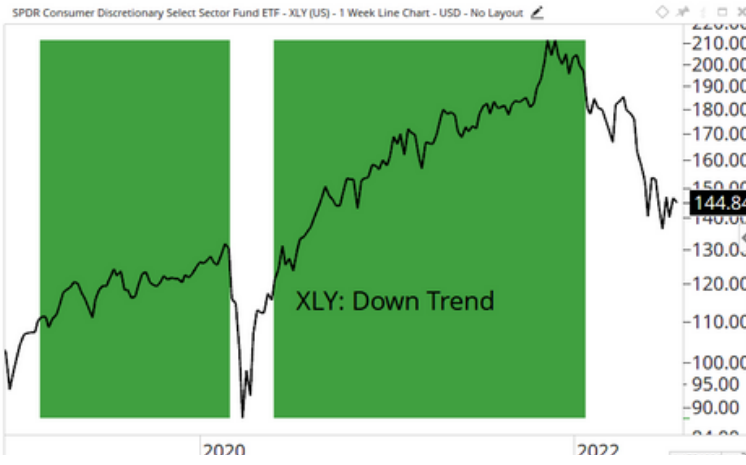
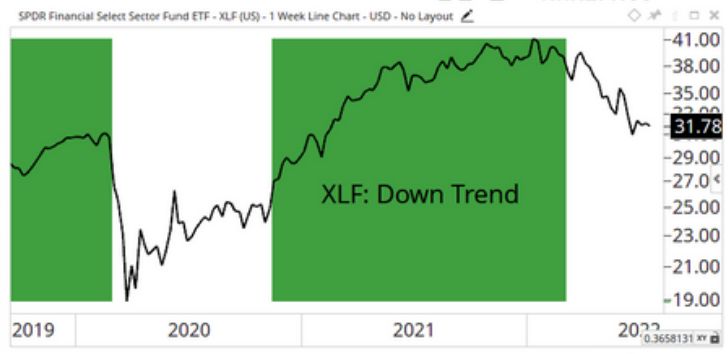
CBOE S&P 500 Volatility Index - VIX (CBOE) - 1 Day Line Chart - USD - No Layout



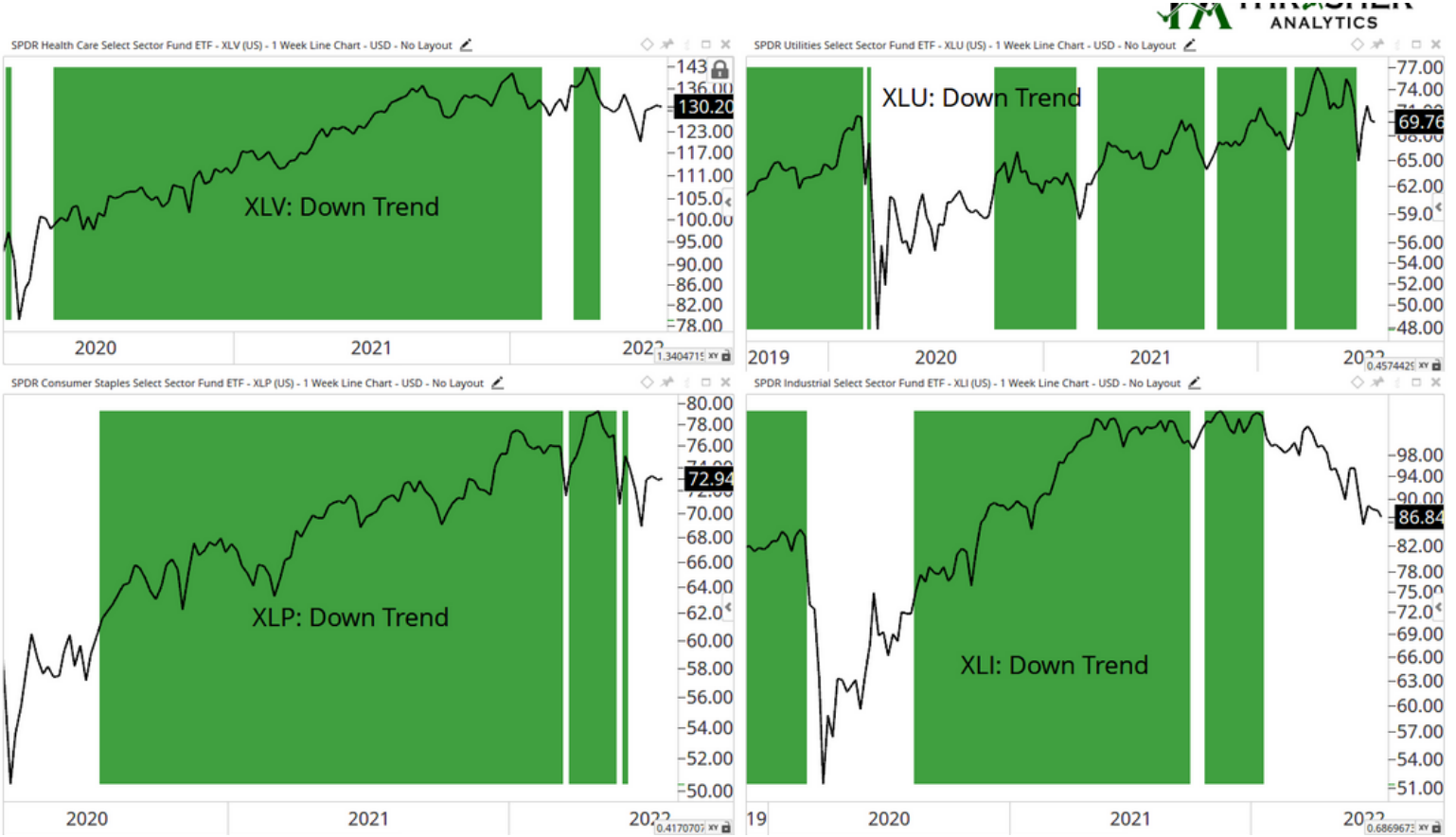
# TREND MODELS



ANALYTICS



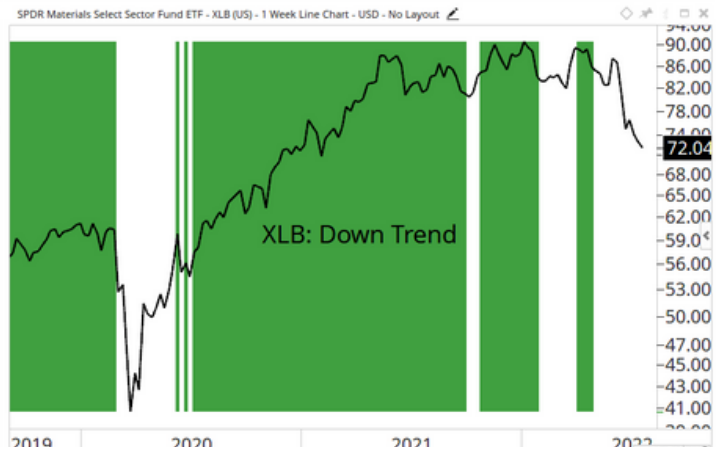
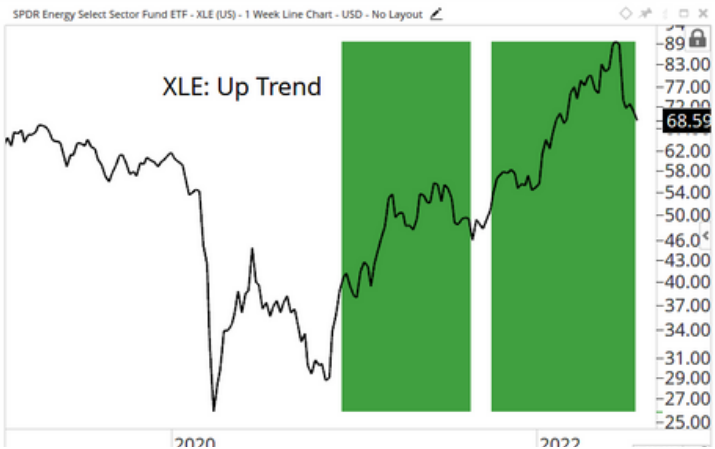
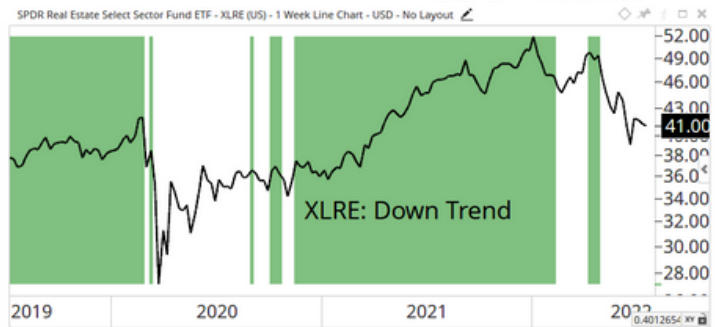
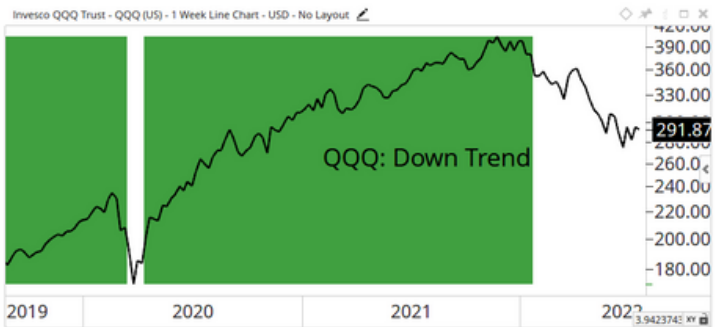
# TREND MODELS



# TREND MODELS



ANALYTICS





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<http://thrasheranalytics.com/terms-of-service-agreement>.