

# TA THRASHER ANALYTICS

JULY 9, 2023



WEEKLY RESEARCH & ANALYSIS

BY ANDREW THRASHER, CMT

## SUMMARY OF MODELS

	Current	Wkly Change
Maestro Model	8	Unchanged
Volatility Risk Trigger	72	Unchanged
Risk Appetite Ratios	58	Decreasing
S&P 500 Long-Term Trend	Up	Unchanged

## TABLE OF CONTENTS

Volatility

Equities

Maestro Model

Sector Sentiment

Sectors & Commodity

Sentiment

Trend Models

Sector Rotation: July	
Technology	XLK
Communication	XLC
Consumer Disc.	XLY

Maestro Model	
Trend / Momentum	3
Sentiment / VIX	1
Breadth	2
Economic	0
<b>Total</b>	<b>8</b>

(Breadth is weighted double in model)

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	70%	78%
Nasdaq 100	73%	78%
Nikkei	63%	71%
VIX	21%	14%
10yr Treasury	43%	49%
5yr Treasury	41%	45%
CRB Index	67%	64%
Crude Oil	55%	47%
Gold	23%	23%
U.S. Dollar	73%	75%
Bitcoin	64%	64%

\*Green<25% Red>80%

source: trade-futures.com

## Brief Summary:

Key topics in this week's letter is a continued focus on volatility, several major International markets breaking down, an announced special rebalance of the Nasdaq 100 index, and a potential rotation from tech to energy.

Last week we began to see some increased activity in the VIX, rising briefly on Thursday before moving partially back on Friday. The VRT remains at 72, its signal level, and the divergence in the VVIX and VIX relationship still suggests we could see further upside in volatility.

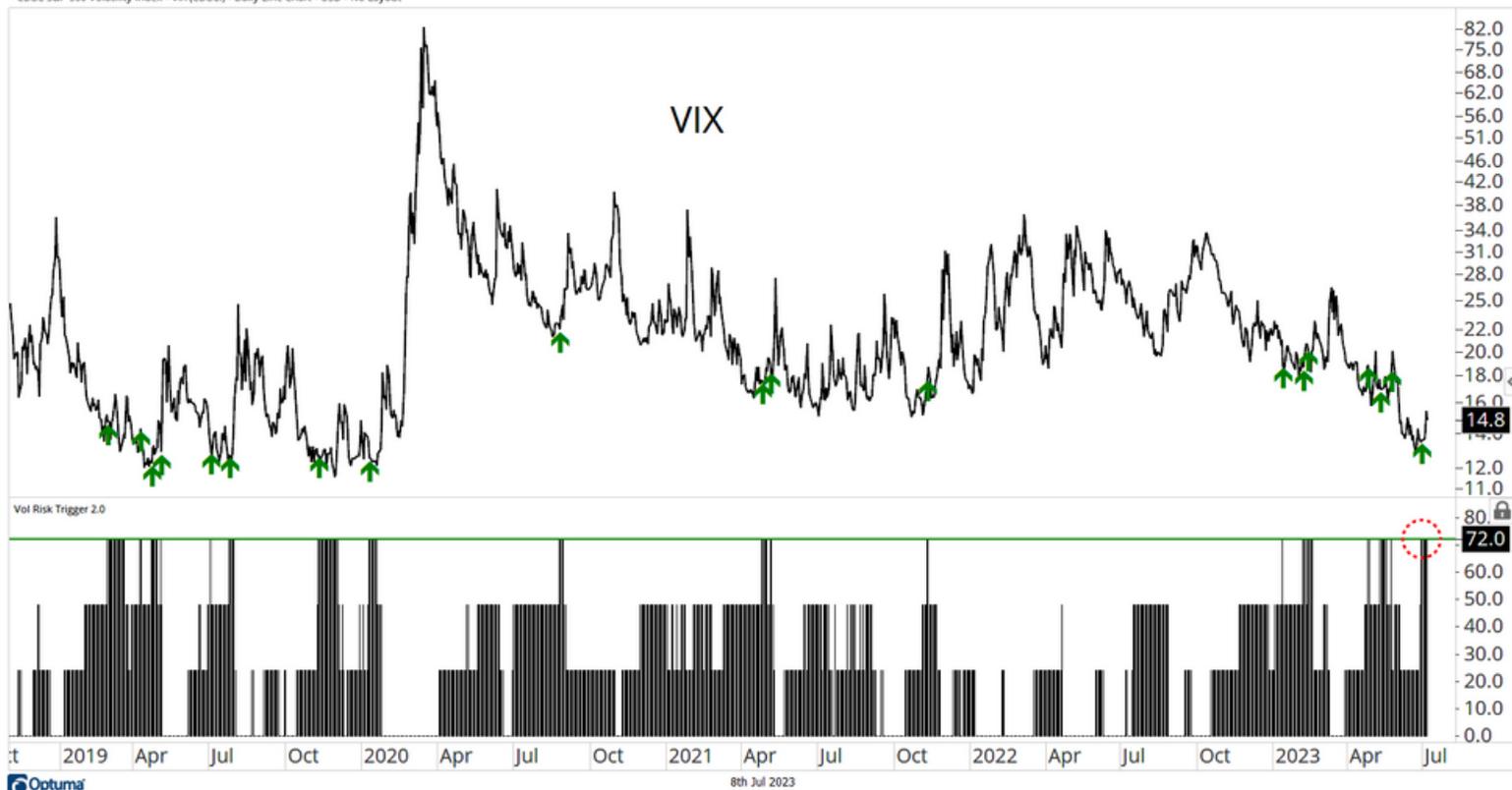
British, French, and German equities have all weakened and failed at key price levels. Germany and Japan notably are close to getting Confirmed 5% Canary signals. Broadly, int'l markets have struggled relative to U.S. equities and that appears to not be letting up soon as these markets begin to soften in an absolute basis as well. This week's letter also takes a look at the British Pound which has a setup that could send it lower.

Nasdaq announced they'll be doing a special rebalance of the Nasdaq 100. This is only the second time a special rebalance has been initiated.

This week we'll get more inflation data on Weds. and Thurs. with CPI and PPI. Currently Fed Futures show an expectation of the Fed hiking rates later this month. On Friday we begin getting Q2 earnings reports as Citi, Wells Fargo, JPMorgan, BlackRock, and State Street all report.

VIX began to move higher last week, rising intraday by 3 points (20%) on Thursday. The VRT remains at 72, holding its signal threshold level and I continue to believe we could see higher levels in volatility.

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



# VOLATILITY: TOP & ENVIRONMENT

VIX remains in a Low Vol Environment status but has risen off its VRT Signal threshold. Part of the reason it's still in a Low Vol Environment is because the curve remains in contango.



# VOLATILITY - CURVE

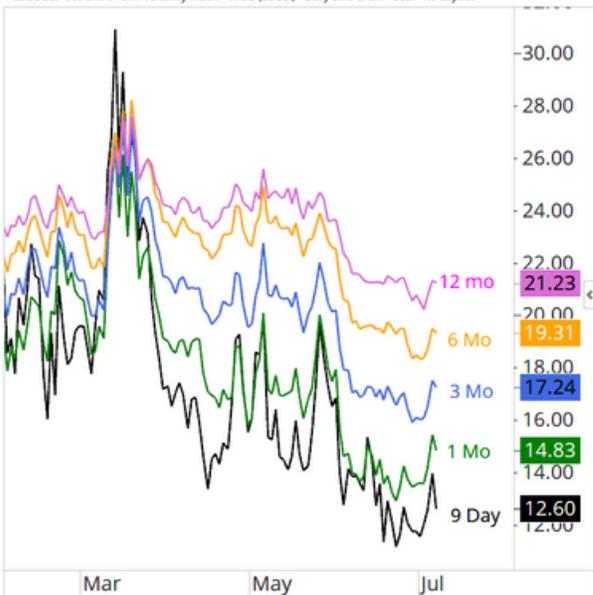


The curve is still in contango but not as steep as it had previously been with 1-month "just" 2.4 points below" 3-month.

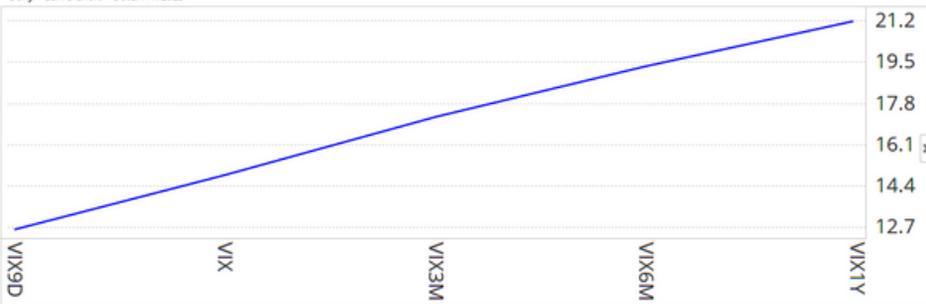
Daily - Watch List - No Layout

Name	Last	1yr %Tile
CBOE S&P 500 Short Term Volatility Index	12.60	0.0617
CBOE S&P 500 Volatility Index	14.83	0.0927
CBOE S&P 500 3-Month Volatility Index	17.24	0.0767
CBOE Mid-Term Volatility Index	19.31	0.0635
CBOE S&P 500 One-Year Volatility Index	21.23	0.0789

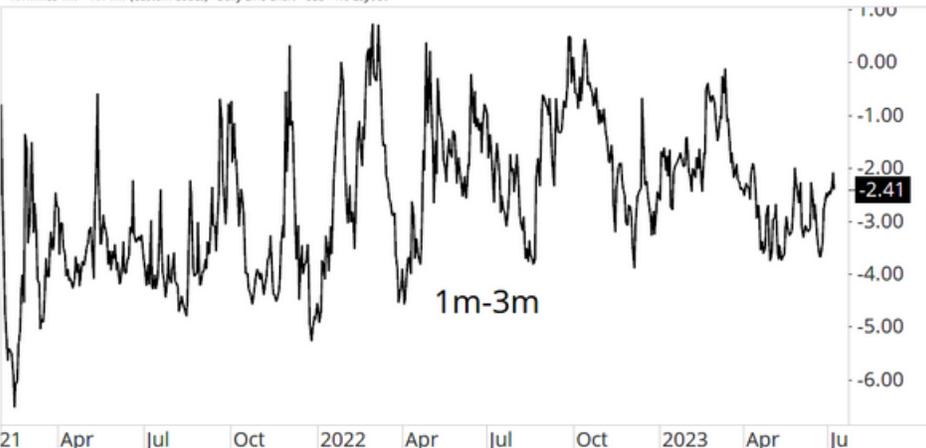
CBOE S&P 500 Short Term Volatility Index - VIX9D (CBOE) - Daily Line Chart - USD - No Layout



Daily - Curve Chart Date: 7/7/2023



VIX Minus VIX - VIX-VIX (Custom Codes) - Daily Line Chart - USD - No Layout



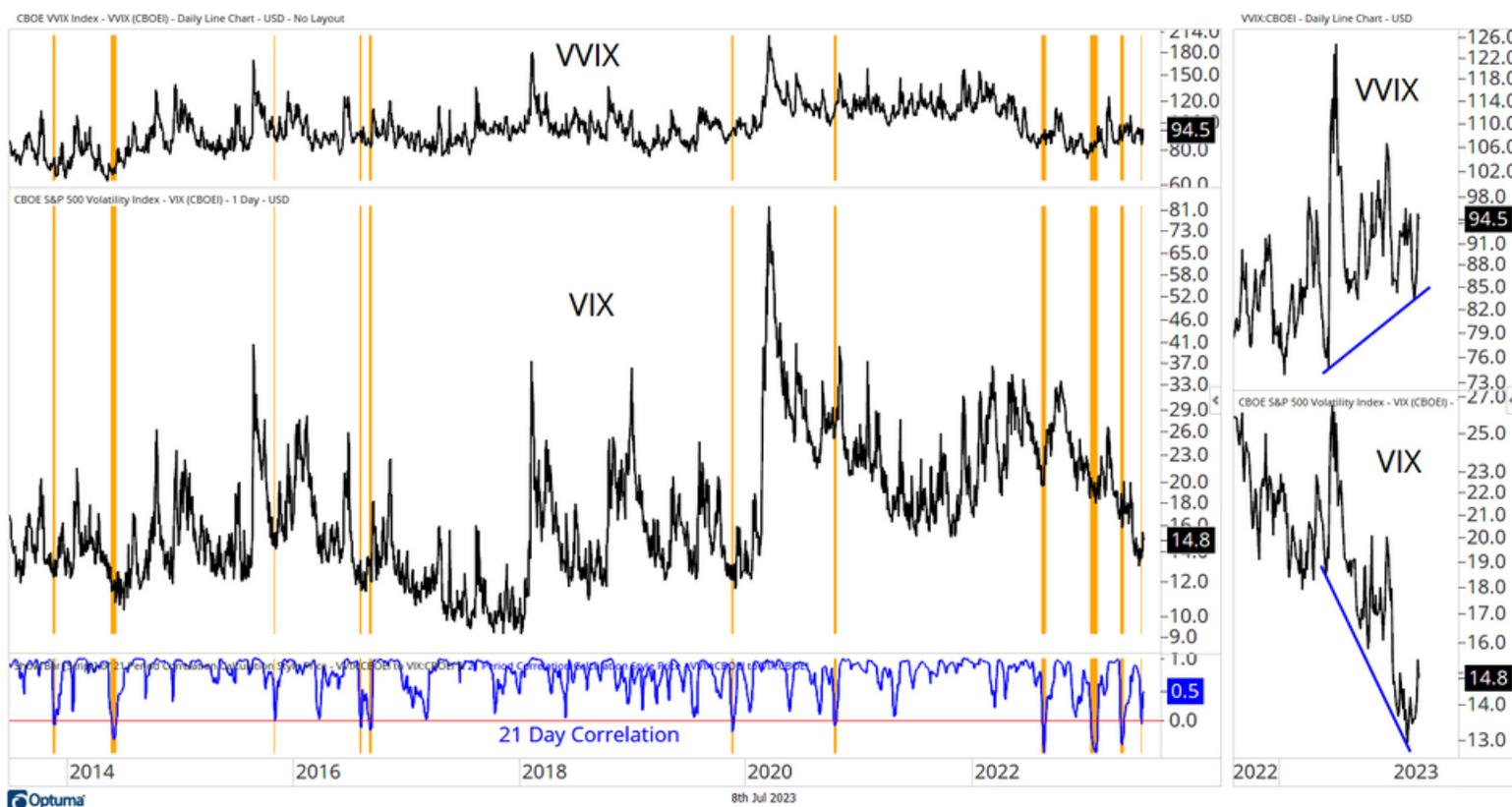
Optima

8th Jul 2023

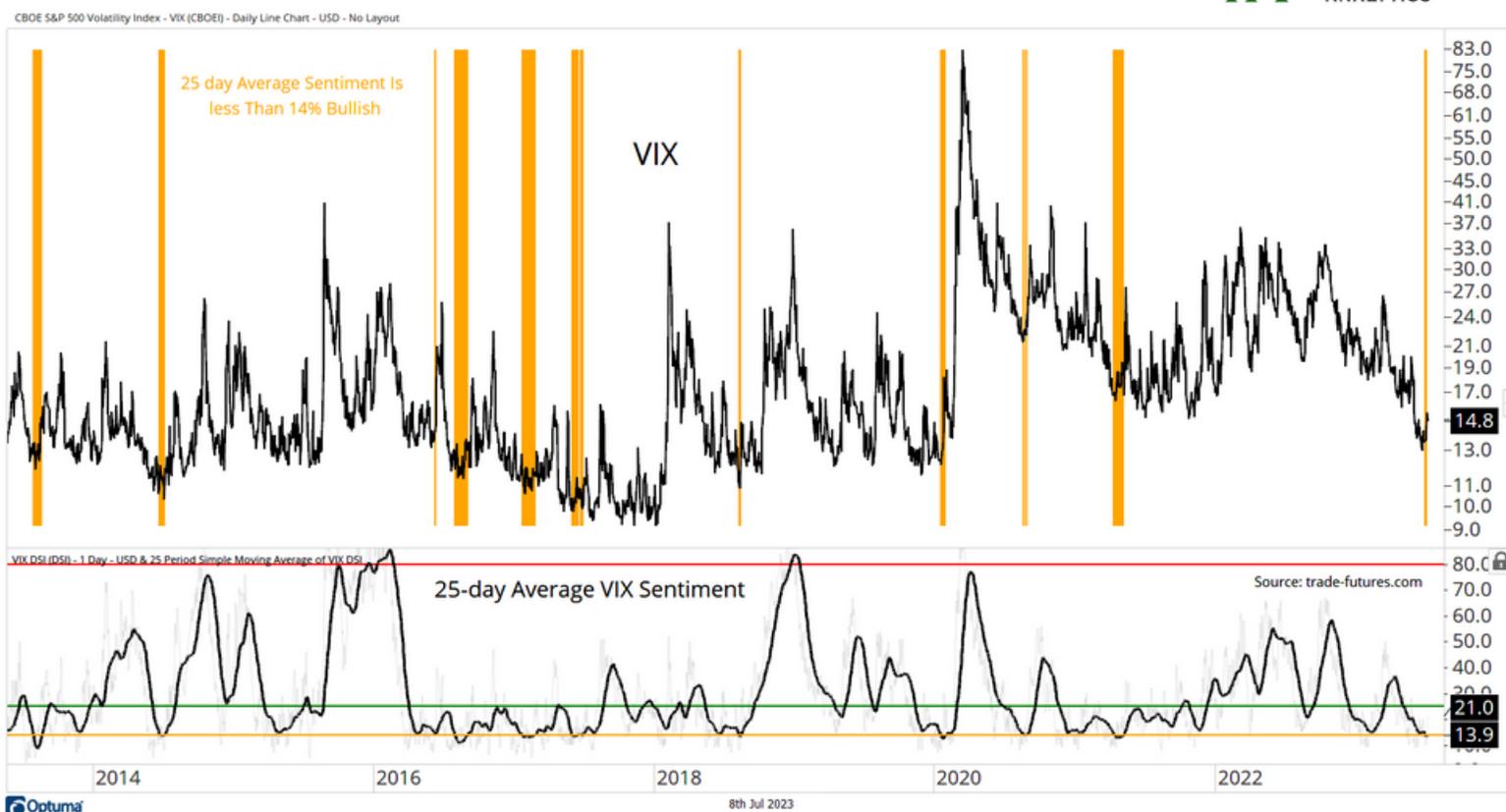
# VOLATILITY - DIVERGENCE



I've discussed the divergence between VVIX and VIX several times in recent weeks, as VIX was making new multi-month lows and VVIX held firm above 70 and eventually above 80 and now 90. The 1-month correlation between the two has now gone negative. Looking at prior instances since 2014, rarely does VIX ignore this break in correlation. Most often we see VIX rise vs. VVIX fall to 'correct' the divergence and bring the two back in line with one another.



Sentiment, via the Daily Sentiment Index (DSI), for the VIX has been low for several weeks. The 25-day average of the DSI is under 14, which is a level we don't see often. I've plotted orange lines when this has occurred since 2013. Again, like the prior chart of the correlation break between VVIX and VIX, when sentiment towards the Volatility Index gets this low for this long, the response has nearly always been a move higher in volatility as sentiment 'corrects' to the upside.

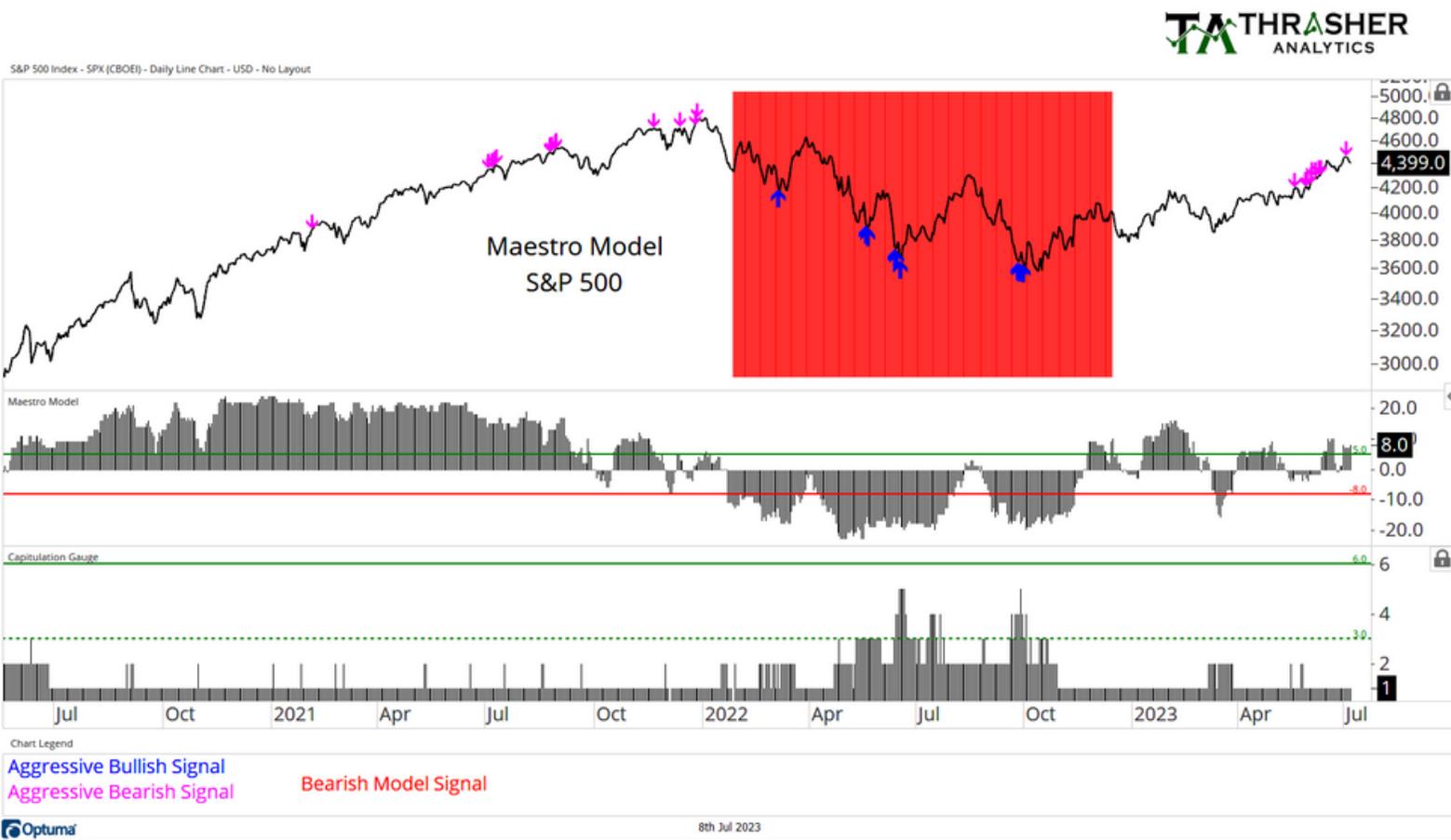


# MAESTRO MODEL



Please be sure to check out the Maestro Model Summary PDF in the Archive on the website.

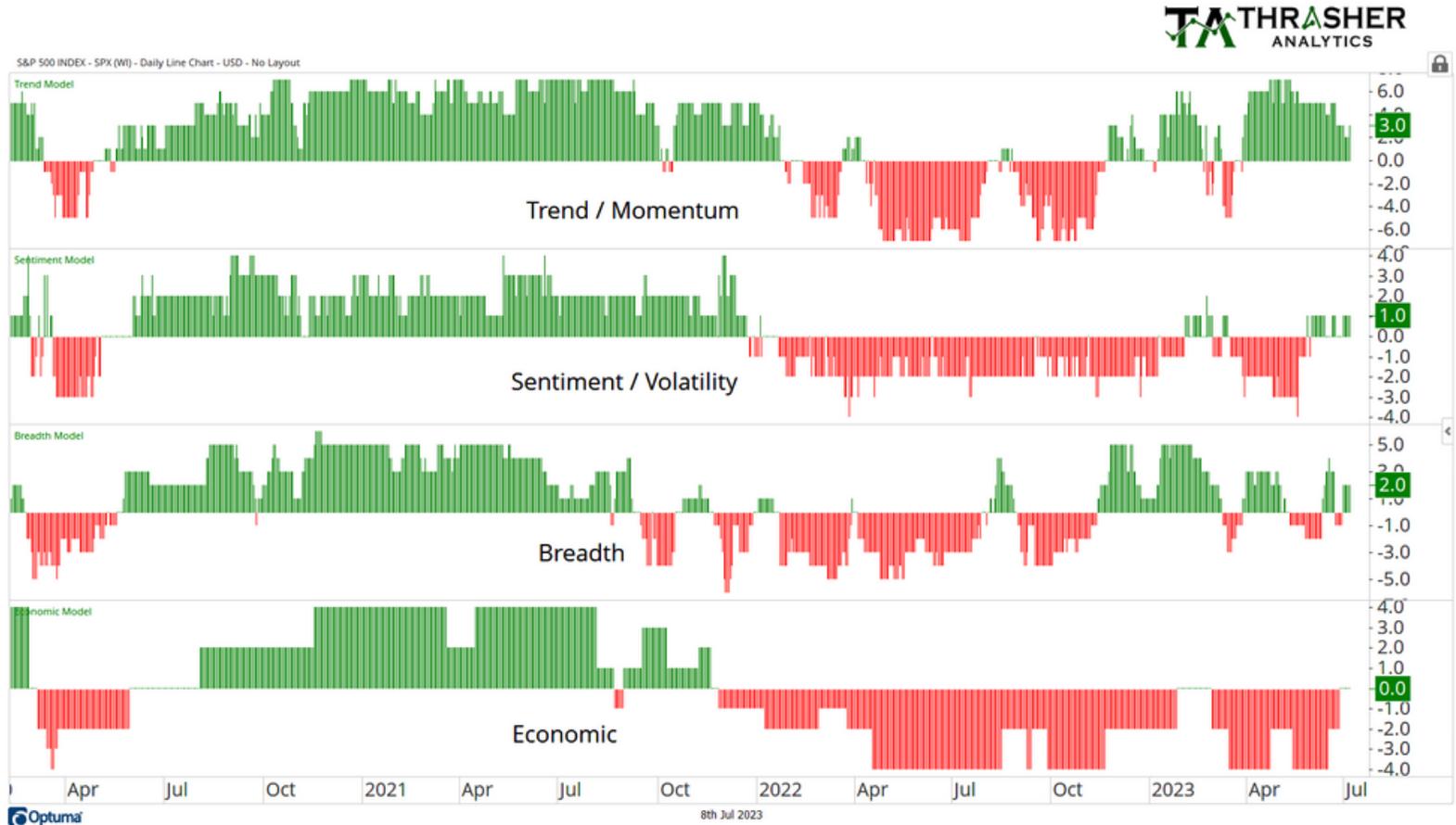
The Maestro Model stayed at +8 last week, each category didn't finish the week with a change from last Friday.



# MAESTRO MODEL - CATEGORIES



No changes by the end of the week in any of the categories.



# SENTIMENT SCORE



XLE has had 6 breadth thrusts and currently has the highest average stock sentiment since late-January '23.



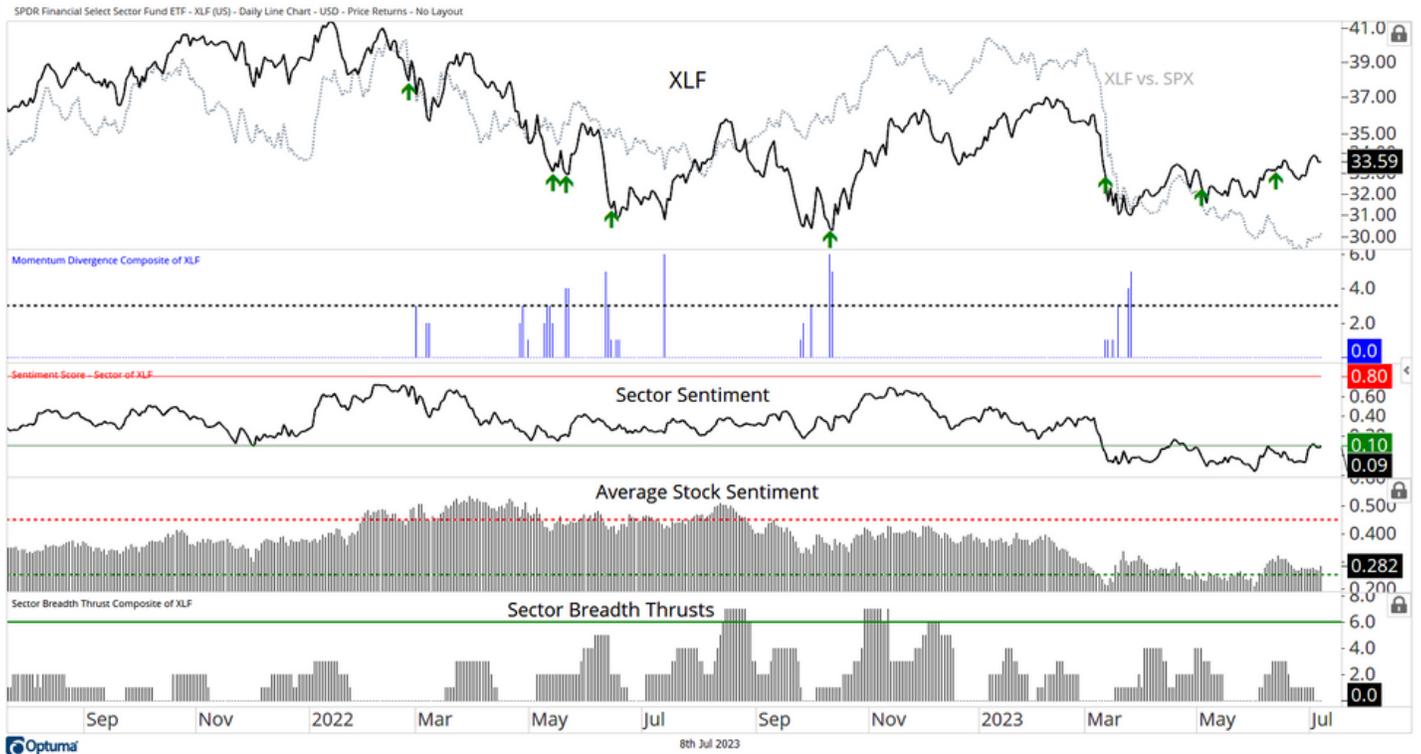
Daily - Watch List - No Layout

Sector	Ticker	Sector Sentiment	Change in Score	1W Perf	1M Perf	3M Perf
SPDR Consumer Discretionary Select Sector Fund ETF	XLY	0.61	0.00	-0.26%	7.18%	16.86%
SPDR Communication Services Select Sector ETF	XLC	0.50	-0.03	-0.05%	3.47%	10.39%
SPDR Technology Select Sector Fund ETF	XLK	0.46	0.02	-1.52%	4.77%	14.85%
SPDR Materials Select Sector Fund ETF	XLB	0.36	-0.04	-1.97%	1.61%	2.02%
SPDR Industrial Select Sector Fund ETF	XLI	0.27	-0.02	-1.04%	3.62%	8.62%
SPDR Real Estate Select Sector Fund ETF	XLRE	0.19	0.06	0.27%	0.67%	1.86%
SPDR Consumer Staples Select Sector Fund ETF	XLP	0.17	0.07	-0.96%	1.00%	-2.52%
SPDR Financial Select Sector Fund ETF	XLF	0.09	0.03	-0.36%	1.27%	5.00%
SPDR Utilities Select Sector Fund ETF	XLU	0.03	0.06	-0.08%	-1.65%	-6.33%
SPDR Energy Select Sector Fund ETF	XLE	0.01	0.02	-0.47%	-1.63%	-4.93%
SPDR Health Care Select Sector Fund ETF	XLV	0.00	-0.10	-2.81%	-0.15%	-3.39%

# SENTIMENT SCORE: XLF & XLY



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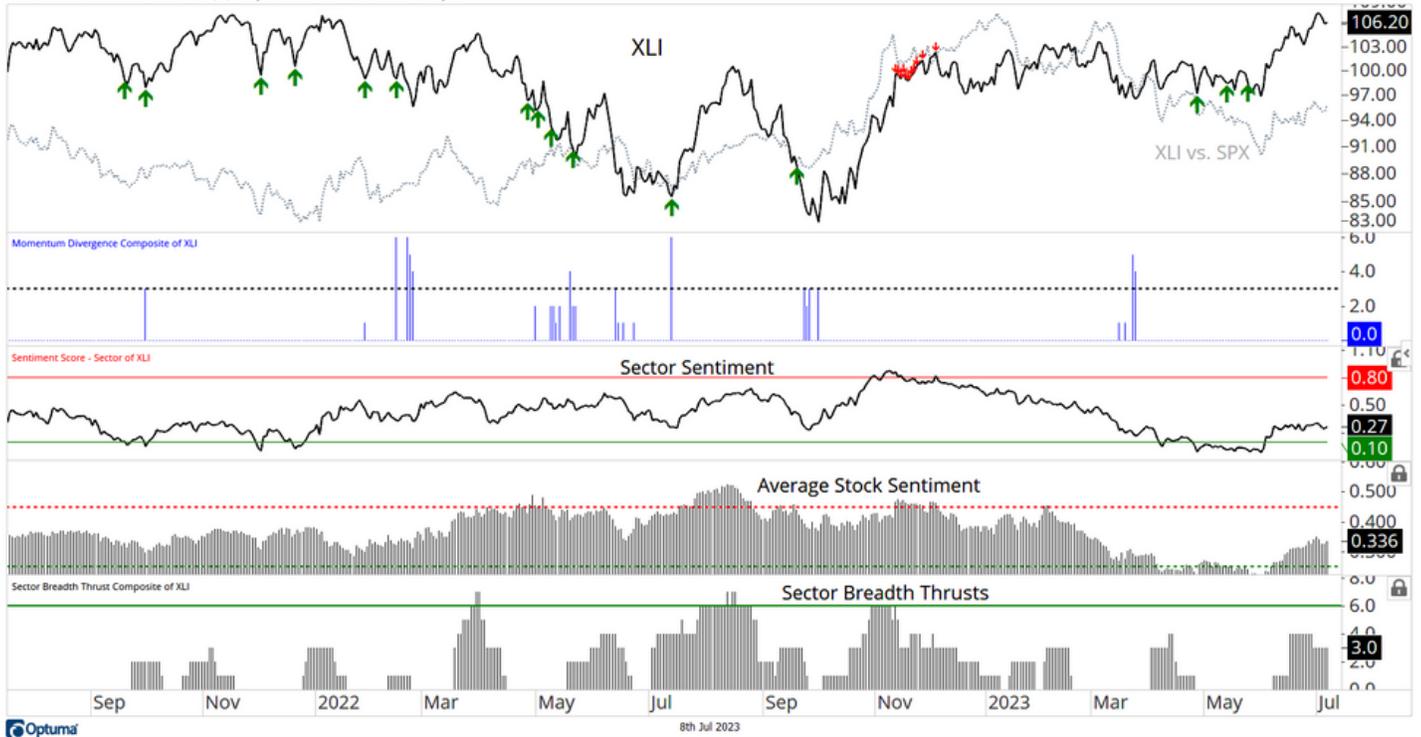


# SENTIMENT SCORE: XLI & XLB



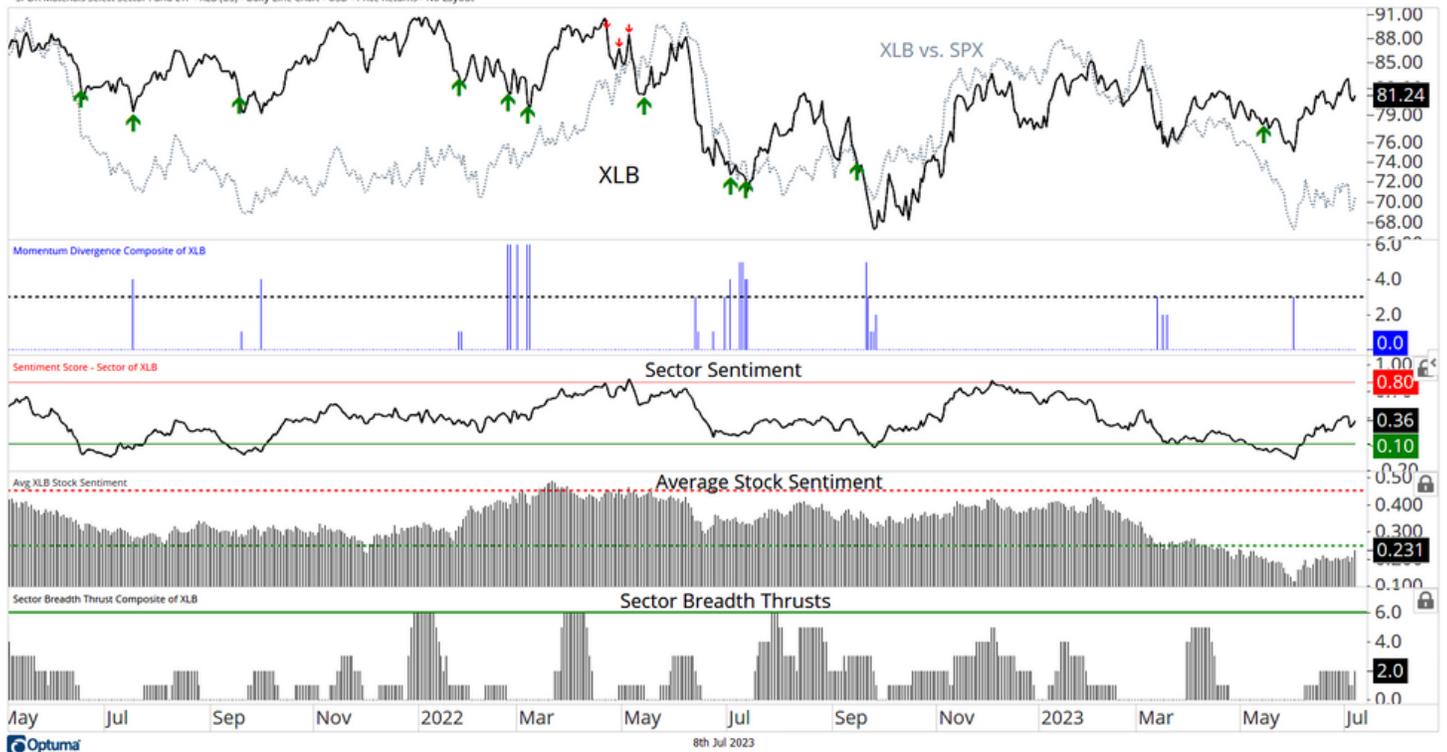
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SPDR Industrial Select Sector Fund ETF - XLI (US) - Daily Line Chart - USD - Price Returns - No Layout



TA THRASHER ANALYTICS

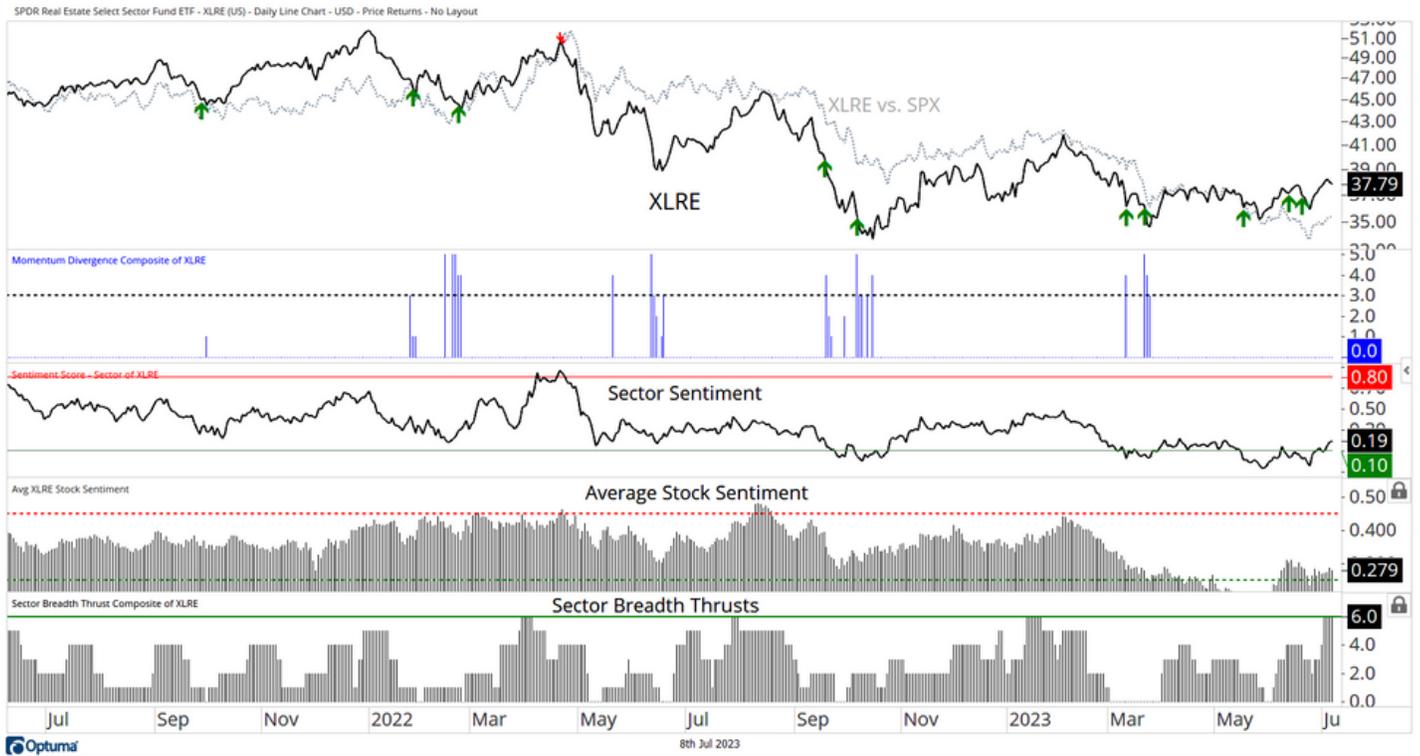
SPDR Materials Select Sector Fund ETF - XLB (US) - Daily Line Chart - USD - Price Returns - No Layout



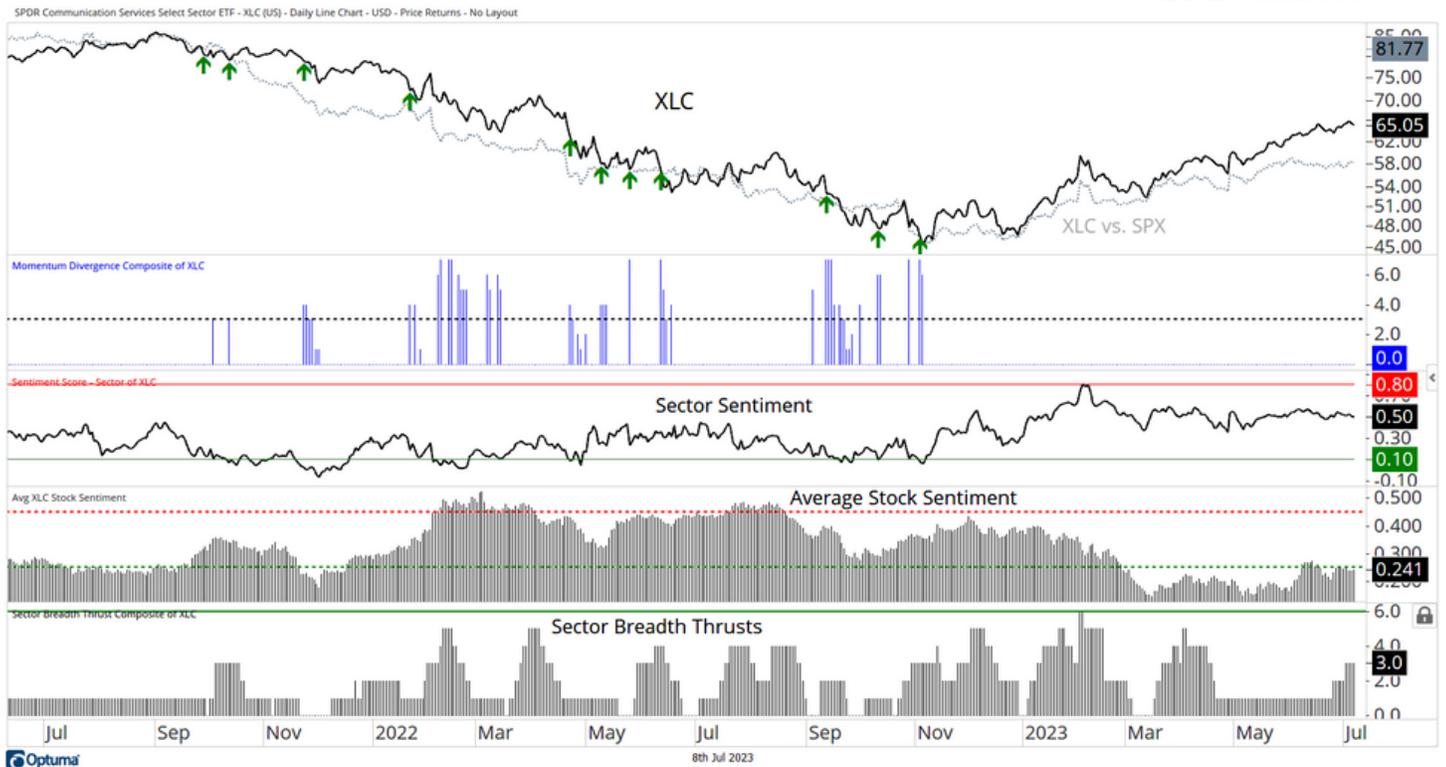
# SENTIMENT SCORE: XLRE & XLC



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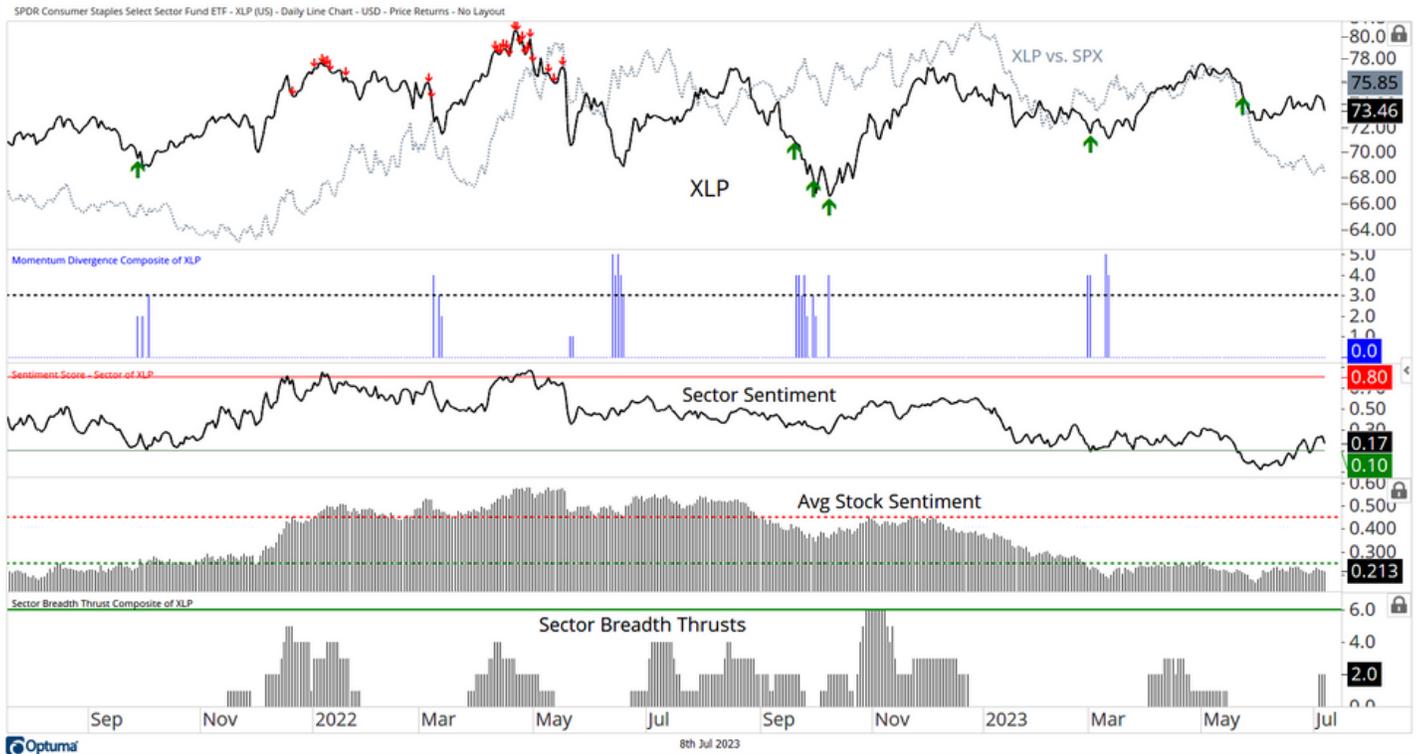
TA THRASHER ANALYTICS



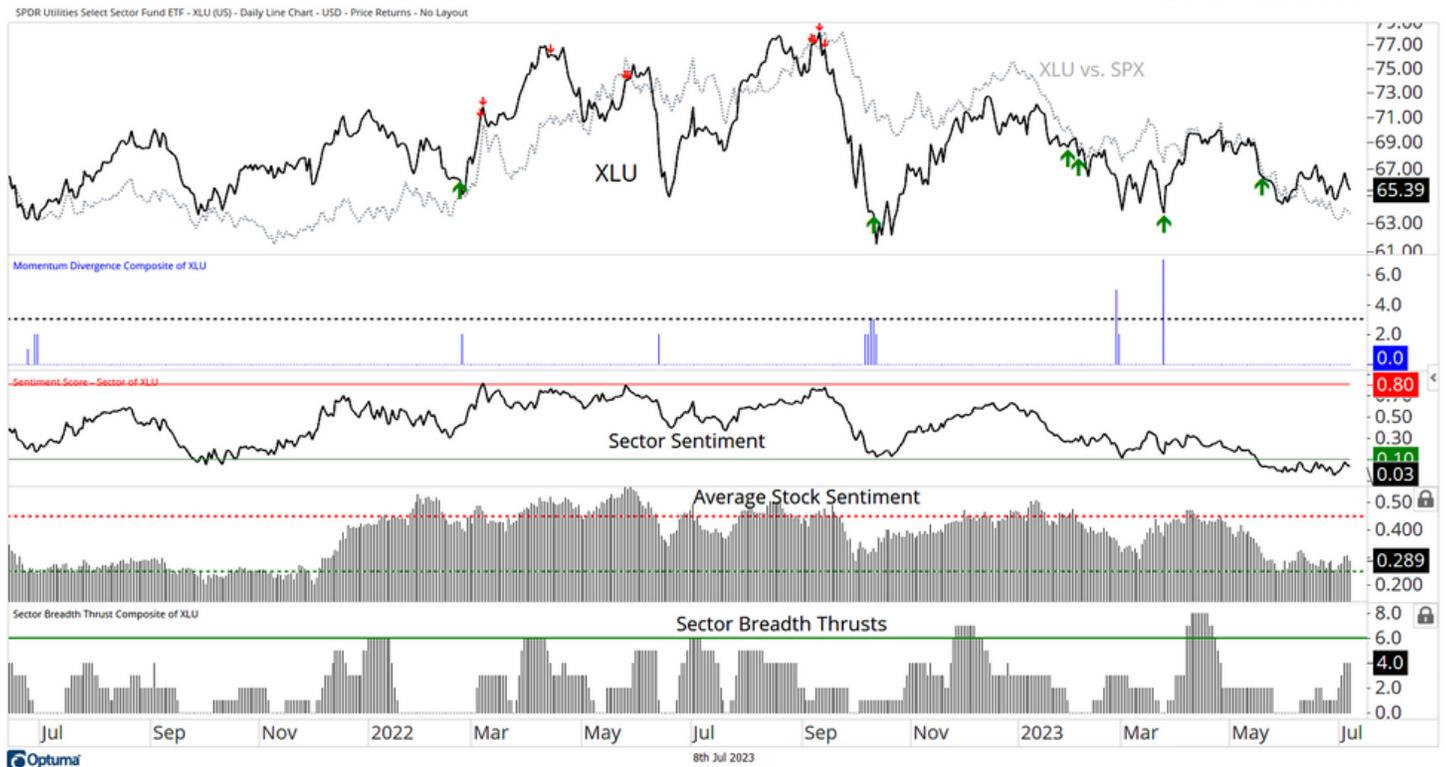
# SENTIMENT SCORE: XLP & XLU



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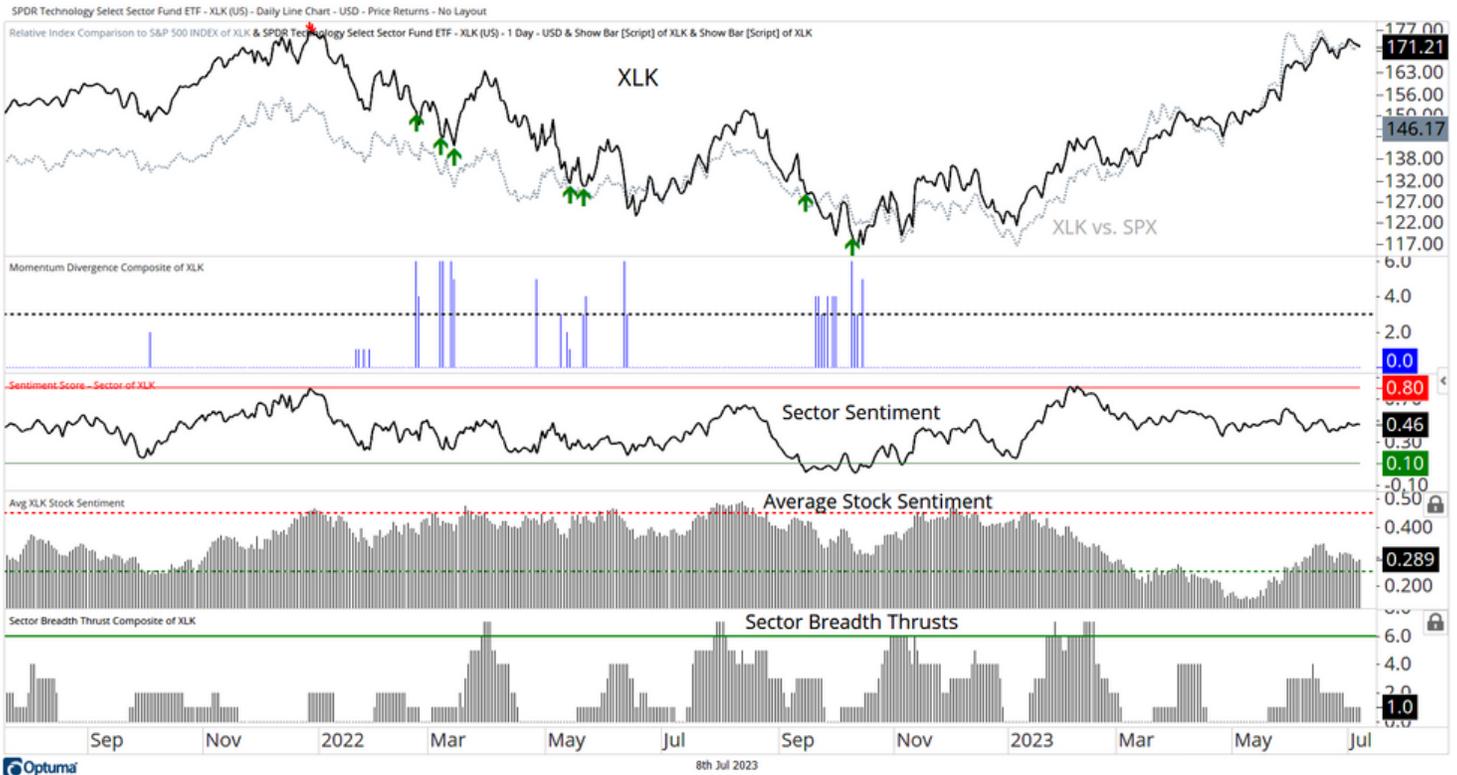
**TA THRASHER**  
ANALYTICS



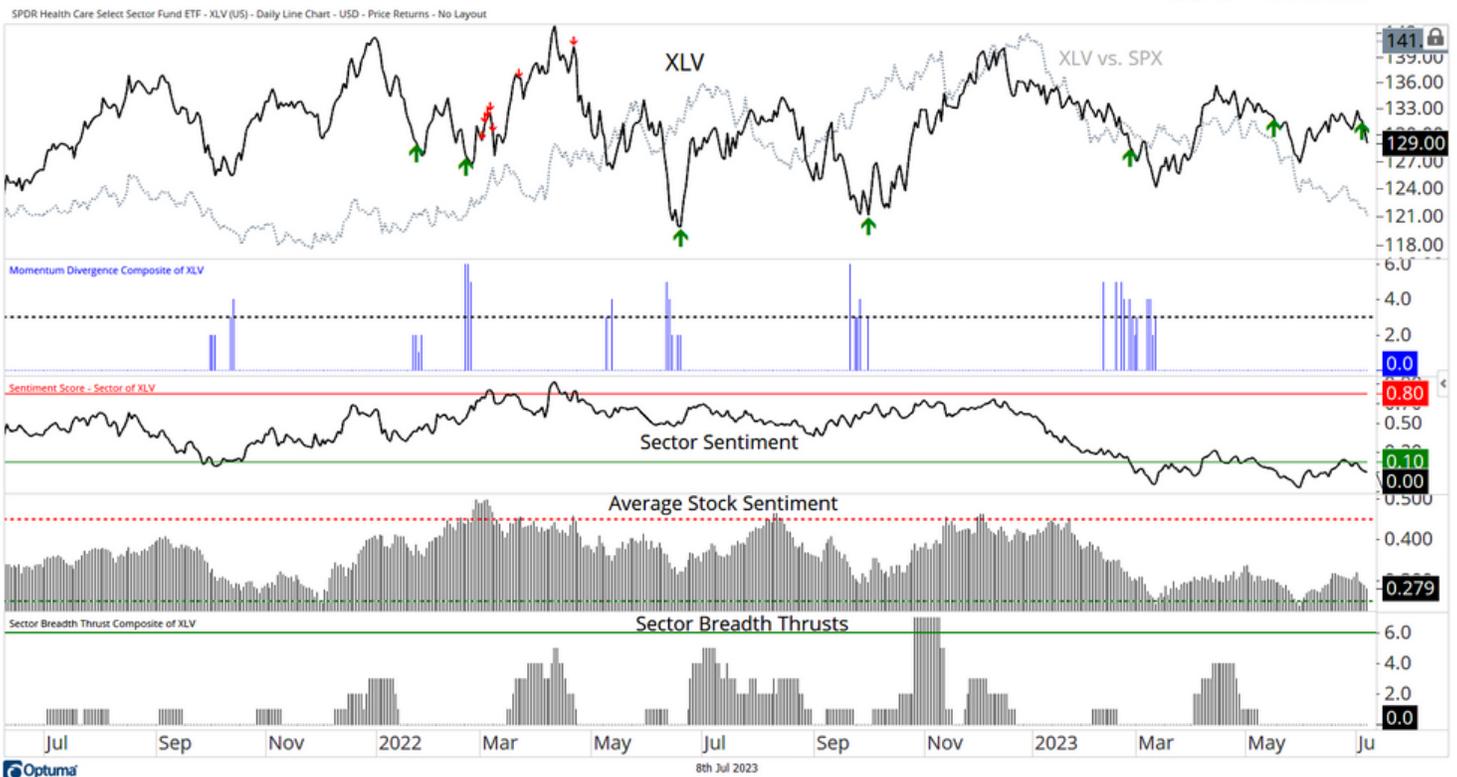
# SENTIMENT SCORE: XLK & XLV



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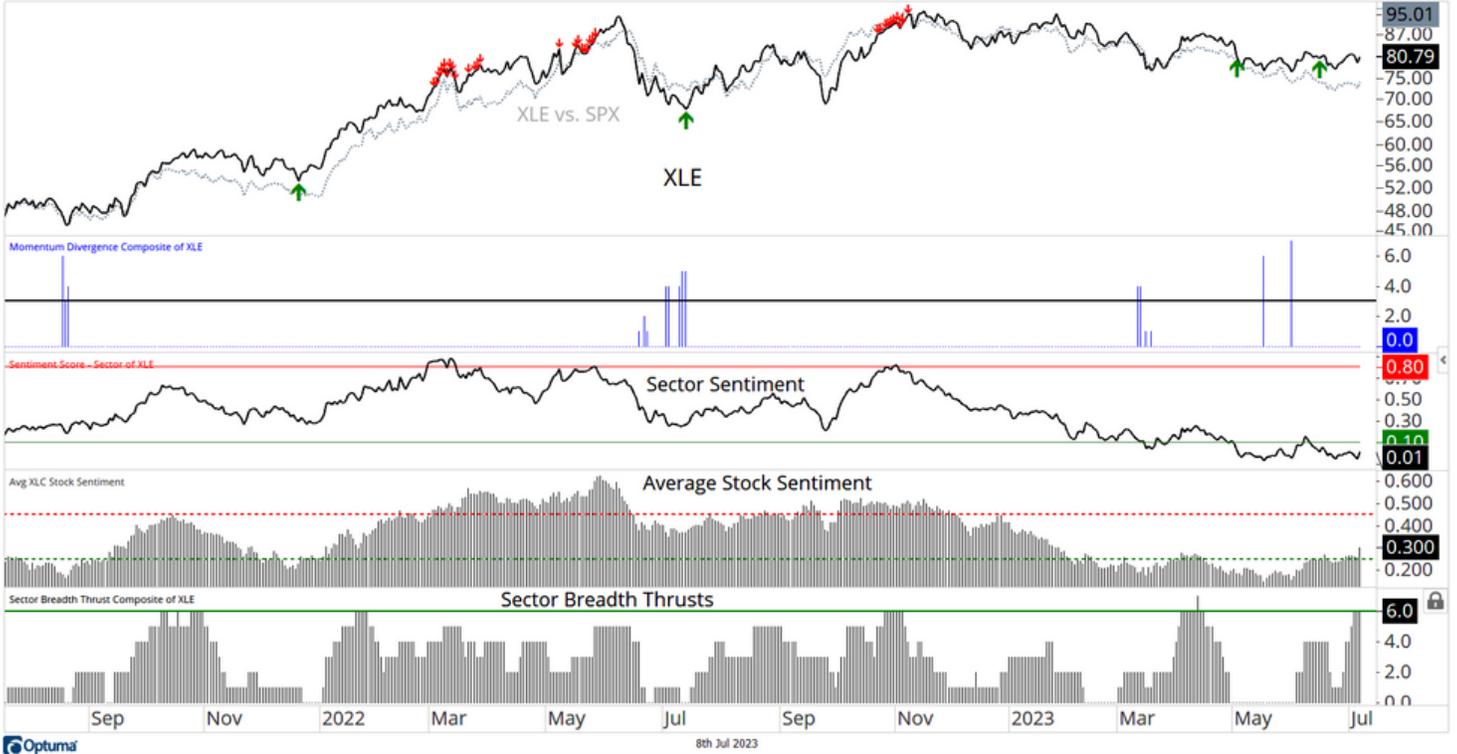


# SENTIMENT SCORE: XLE



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SPDR Energy Select Sector Fund ETF - XLE (US) - Daily Line Chart - USD - Price Returns - No Layout



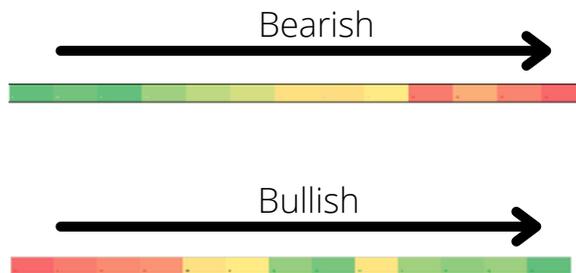
# RISK APPETITE RATIO



Below is a table of 16 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 58th percentile.

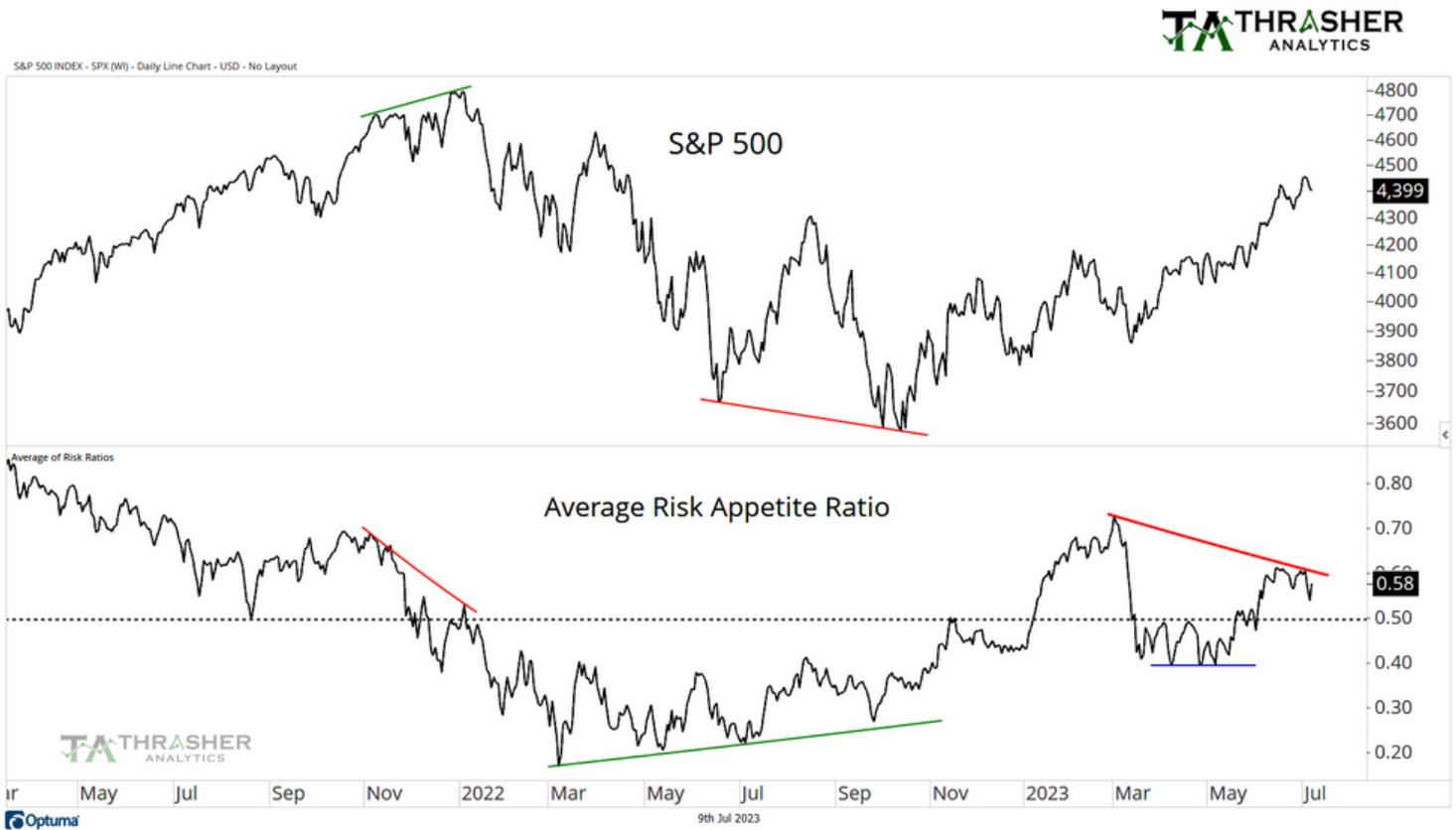
Risk Metric	-35	-34	-33	-32	-31	-30	-29	-28	-27	-26	-25	-24	-23	-22	-21	-20	-19	-18	-17	-16	-15	-14	-13	-12	-11	-10	-9	-8	-7	-6	-5	-4	-3	-2	-1	Current
Emerging Market vs. SPX	0.34	0.30	0.23	0.25	0.28	0.26	0.26	0.21	0.23	0.18	0.16	0.20	0.21	0.22	0.25	0.21	0.21	0.23	0.19	0.21	0.24	0.22	0.24	0.17	0.18	0.16	0.13	0.16	0.16	0.13	0.08	0.06	0.11	0.09	0.03	0.10
EAFE vs. SPX	0.89	0.85	0.78	0.82	0.82	0.80	0.76	0.70	0.68	0.62	0.59	0.62	0.61	0.59	0.62	0.49	0.51	0.49	0.47	0.48	0.50	0.49	0.51	0.47	0.51	0.45	0.40	0.43	0.42	0.42	0.39	0.40	0.38	0.33	0.27	0.33
HY Debt vs. Treasury	0.56	0.59	0.62	0.66	0.70	0.66	0.65	0.66	0.65	0.63	0.57	0.57	0.65	0.65	0.63	0.68	0.65	0.66	0.64	0.69	0.66	0.63	0.64	0.59	0.57	0.61	0.56	0.56	0.58	0.59	0.67	0.63	0.64	0.67	0.69	0.72
Home Construction vs. SPX	0.95	0.97	1.00	0.92	0.87	0.84	0.86	0.84	0.80	0.81	0.73	0.78	0.88	0.84	0.98	1.00	0.95	0.93	0.94	0.97	0.90	0.92	0.93	0.98	1.00	0.96	1.00	1.00	1.00	0.98	0.99	0.97	0.94	0.90	0.84	0.87
Offense vs. Defense Sectors	0.66	0.78	0.90	0.87	0.89	0.88	0.88	1.00	1.00	1.00	0.89	0.95	1.00	0.97	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.99	0.96	0.97	0.93	0.92	0.91	0.91	0.99	1.00	1.00	1.00	1.00	0.96	0.94	1.00
Broker-Dealer vs. SPX	0.01	0.03	0.01	0.00	0.01	0.04	0.02	0.02	0.01	0.01	0.00	0.00	0.05	0.03	0.07	0.13	0.10	0.10	0.01	0.04	0.06	0.05	0.04	0.03	0.01	0.00	0.00	0.00	0.00	0.01	0.07	0.03	0.06	0.02	0.00	0.03
S&P Growth vs. S&P Value	0.50	0.48	0.49	0.50	0.51	0.50	0.51	0.60	0.60	0.60	0.59	0.61	0.59	0.59	0.55	0.51	0.53	0.54	0.57	0.56	0.56	0.54	0.54	0.58	0.57	0.62	0.61	0.56	0.55	0.57	0.55	0.57	0.56	0.57	0.58	0.55
Semiconductor vs. SPX	0.76	0.81	0.90	0.88	0.88	0.87	0.84	1.00	1.00	1.00	0.94	0.96	0.90	0.87	0.89	0.88	0.90	0.90	0.97	0.99	1.00	0.94	0.94	0.95	0.89	0.90	0.87	0.87	0.93	0.90	0.88	0.89	0.92	0.86	0.85	0.86
Consumer Disc. Vs. Staples	0.44	0.51	0.58	0.55	0.59	0.59	0.60	0.61	0.68	0.75	0.71	0.76	0.79	0.82	0.88	0.86	0.89	0.92	0.99	1.00	0.97	0.96	0.95	1.00	0.94	0.97	0.95	0.89	0.96	1.00	1.00	1.00	1.00	1.00	0.95	1.00
Small Cap vs. Utilities	0.41	0.52	0.56	0.54	0.59	0.59	0.57	0.59	0.64	0.64	0.56	0.64	0.75	0.67	0.79	0.79	0.75	0.74	0.77	0.82	0.77	0.76	0.70	0.77	0.72	0.72	0.72	0.68	0.75	0.84	0.89	0.86	0.84	0.74	0.72	0.80
Transports vs. Utilities	0.56	0.64	0.67	0.66	0.66	0.66	0.63	0.73	0.74	0.76	0.66	0.75	0.78	0.72	0.75	0.77	0.76	0.74	0.77	0.81	0.86	0.88	0.84	0.86	0.83	0.88	0.91	0.94	1.00	1.00	1.00	0.96	0.96	0.90	0.92	0.97
Equal Weight vs. Cap Weight	0.00	0.01	0.00	0.00	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.05	0.08	0.17	0.13	0.10	0.08	0.11	0.08	0.07	0.11	0.06	0.09	0.03	0.02	0.10	0.11	0.09	0.12	0.10	0.11	0.09	0.08	0.13
Small cap vs. Large Cap	0.01	0.10	0.08	0.05	0.13	0.18	0.15	0.04	0.02	0.00	0.00	0.01	0.15	0.07	0.24	0.37	0.30	0.24	0.20	0.23	0.15	0.12	0.12	0.12	0.14	0.07	0.02	0.05	0.07	0.10	0.15	0.11	0.11	0.05	0.00	0.09
Equities. vs. VIX	0.77	0.89	0.98	0.91	0.87	0.74	0.63	0.70	0.81	0.85	0.80	1.00	1.00	0.98	1.00	1.00	1.00	0.98	0.88	0.93	1.00	0.95	1.00	0.96	1.00	1.00	0.93	0.85	0.91	0.94	0.94	0.95	0.95	0.89	0.77	0.82
Aussie Dollar vs. Yen	0.41	0.46	0.41	0.38	0.37	0.41	0.41	0.37	0.33	0.38	0.48	0.48	0.55	0.55	0.56	0.61	0.64	0.70	0.72	0.84	0.91	0.90	0.79	0.83	0.85	0.78	0.78	0.82	0.74	0.78	0.78	0.84	0.85	0.82	0.75	0.71
Copper vs. Gold	0.00	0.09	0.07	0.08	0.05	0.02	0.00	0.05	0.12	0.08	0.06	0.10	0.16	0.18	0.18	0.21	0.20	0.21	0.20	0.32	0.36	0.36	0.35	0.39	0.43	0.45	0.34	0.31	0.32	0.27	0.23	0.27	0.31	0.30	0.29	0.31
AVERAGE	0.46	0.50	0.52	0.50	0.51	0.50	0.49	0.51	0.52	0.52	0.48	0.52	0.57	0.55	0.59	0.60	0.60	0.59	0.59	0.62	0.63	0.61	0.61	0.61	0.60	0.59	0.57	0.57	0.59	0.60	0.61	0.60	0.61	0.57	0.54	0.58



# RISK APPETITE RATIO



Risk appetite fell a couple points to the 58th %tile and still has a divergence from the prior 2023 high but still is holding above 50.



# HIGH & LOW REL. STRENGTH LIST

Each week will take a look at the stocks making new 6-month highs (on the left) and lows (on the right) relative to the S&P 500. This list will be of large cap stocks and grouped based on their sector. If it's making a 6-month AND a 12-month relative high (or low) then it'll be shown in green (or red) and if it's a new 12-month absolute new high (price) then it will be in bold. This type of scan be useful in seeing what stocks are showing strength as well as which sectors have the most stocks making relative gains. We can also get insight into the breadth of the market based on whether there are more new relative highs or lows each week. I hope you find this useful as a source of idea generation and a unique view on the broad health of the market.

New high list went from 8 to 6 and new low list decreased from 29 to 23.



New 6-Month Relative Performance High List										
XLY	XLK	XLF	XLC	XLI	XLB	XLE	XLP	XLV	XLU	XLRE
CCL	NTAP			HWM						
LYV				FLT						
				FDX						
										
New 12-month Absolute High				Total 6m RS Highs:						
New 12-month Relative High				6						

New 6-Month Relative Performance Low List										
XLY	XLK	XLF	XLC	XLI	XLB	XLE	XLP	XLV	XLU	XLRE
NKE	MU	MKTX	T	AXON			HRL	HUM	NEE	
YUM	FDS						GIS	ELV		
							CL	MTD		
							KMB	JNJ		
								DHR		
								AMGN		
								REGN		
								HOLX		
								GILD		
								BIIB		
								BMJ		
										
New 12-month Absolute Low				Total 6m RS Lows:						
New 12-month Relative Low				23						

# EQUITIES - S&P 500 DAILY



With the pullback in the S&P 500 we have a possible new short-term level of resistance near 4400 that's accompanied by a lower-high the Relative Strength Index (RSI) creating a bearish divergence. No major changes on the daily chart, we still are above the August high and last week's pullback was minor.

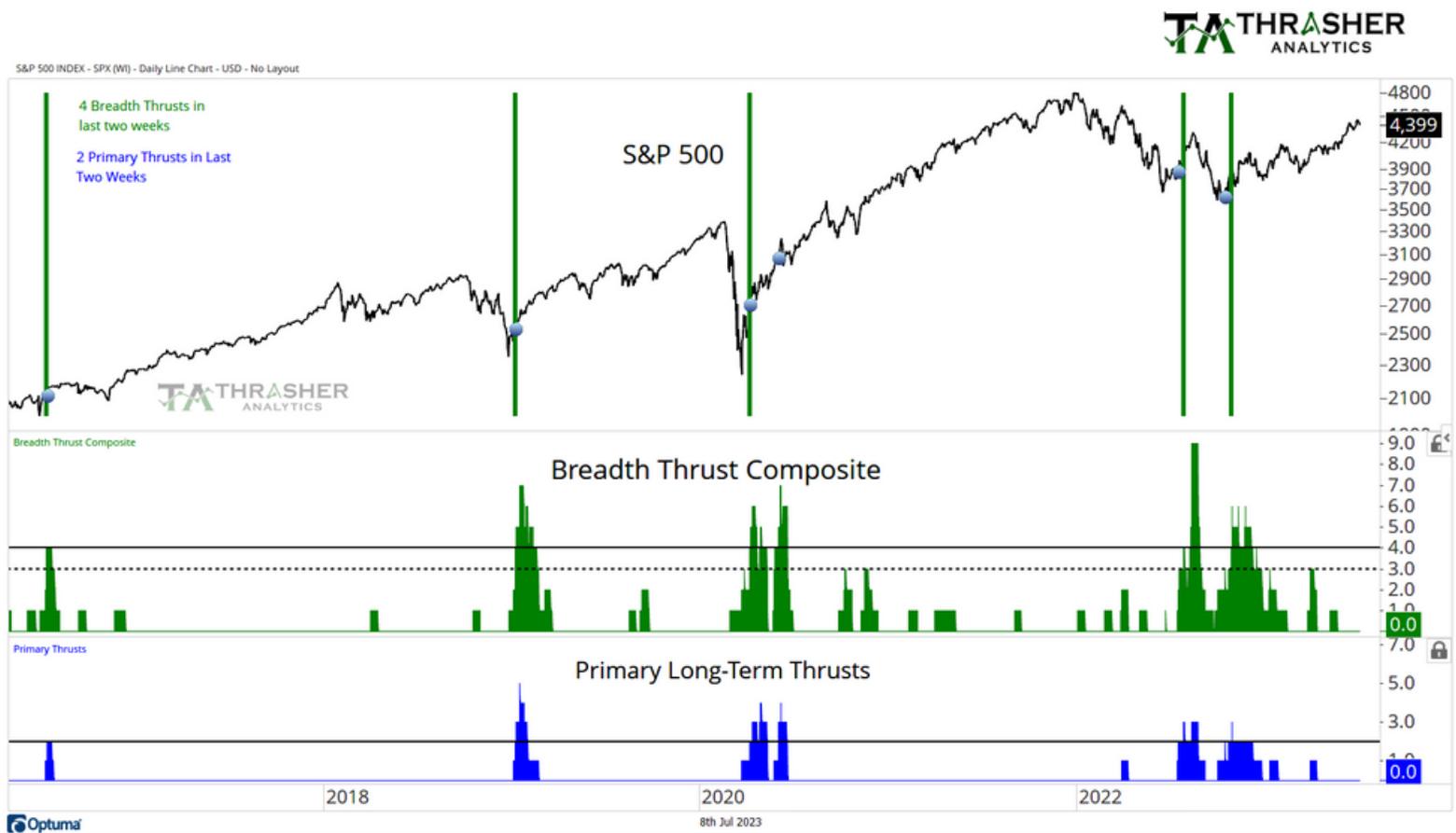


# EQUITIES - BREADTH THRUSTS



*I've added an add'l section of the breadth thrust composite chart, titled Primary Long-Term Thrusts. These are the handful of thrusts that are in the original composite that have the best track record and only have the highest bar to clear to signal. The original composite is still what 'feeds' the breadth category of the Maestro Model.*

Thrust count sits at 0.



# EQUITIES - BREADTH



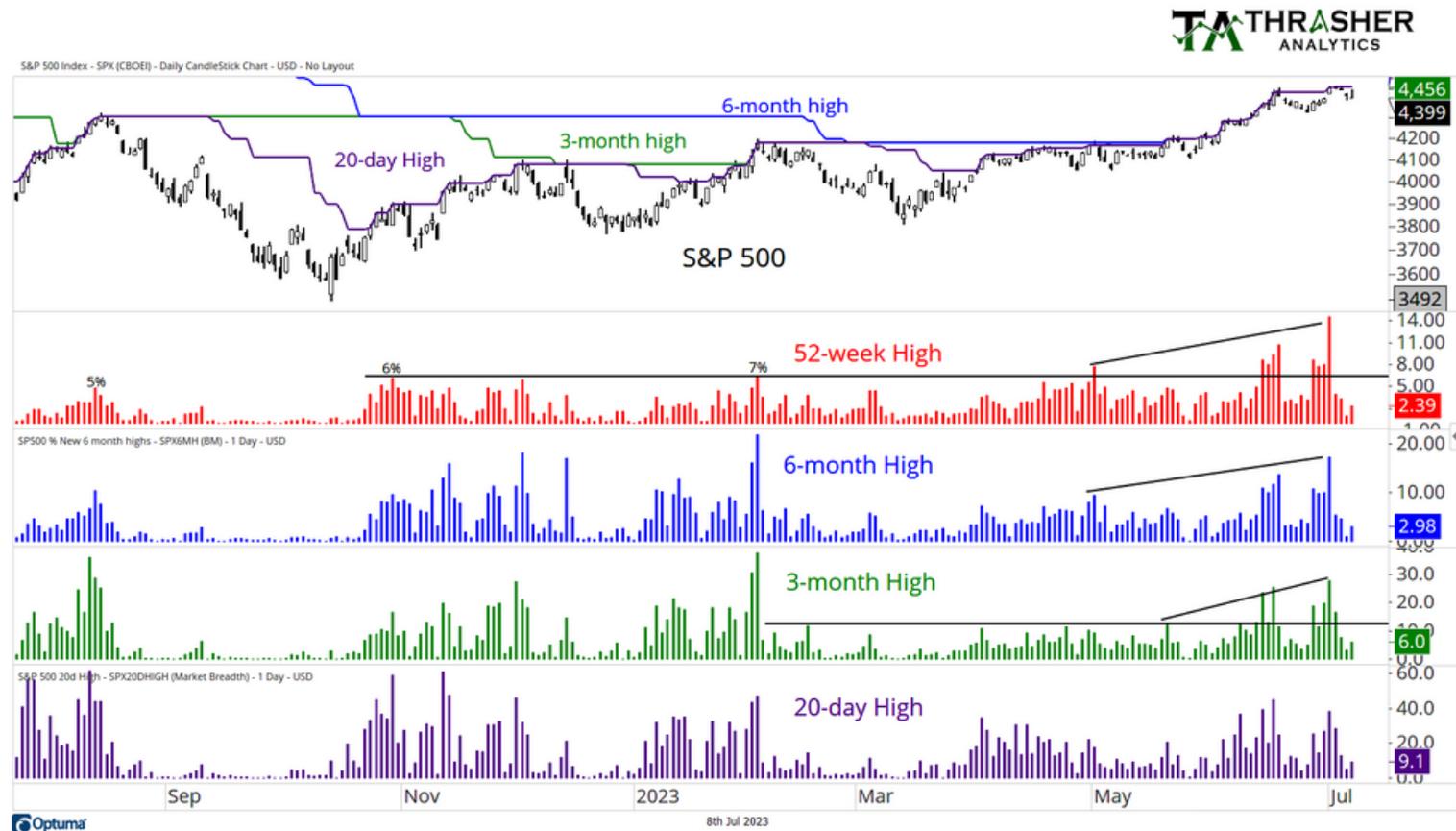
Below is a table showing the changes in breadth data over the last 35 days. This provides insight into whether bullish or bearish data is improving or declining.

	35 Days Ago	30 Days Ago	25 Days Ago	20 Days Ago	15 Days Ago	10 Days Ago	5 Days Ago	Current
<b>Moving Average Breadth</b>								
S&P 500 % above 200-day MA	42.0	44.1	38.0	53.7	55.9	55.1	59.4	61.8
Nasdaq 100 % above 200-day MA	59.4	65.3	66.3	69.3	76.2	73.3	72.3	71.3
S&P 500 % above 50-day MA	39.4	40.8	28.6	56.7	61.8	58.6	67.6	71.8
Nasdaq 100 % above 50-day MA	49.5	55.4	52.5	61.4	71.3	76.2	70.3	74.3
S&P 500 % above 20-day MA	28.0	35.4	28.6	73.6	79.1	68.2	72.4	63.2
Nasdaq 100 % above 20-day MA	49.5	53.5	51.5	68.3	82.2	71.3	57.4	45.5
<b>Bullish Breadth</b>								
S&P 500 % RSI(14) > 70	4.0	1.2	2.6	4.0	8.4	5.2	11.9	3.8
Nasdaq 100 % RSI(14) > 70	7.9	7.9	11.9	4.0	13.9	7.9	6.9	2.0
S&P 400 % New 52 week highs	1.5	0.7	0.7	10.2	6.0	1.5	11.2	3.5
S&P 600 % New 52 week highs	1.2	1.0	0.8	10.2	3.5	2.0	7.0	1.2
S&P 500 % New 52 week highs	2.8	1.0	1.0	4.2	8.0	2.6	8.0	2.4
Nasdaq 100 % New 52 week highs	5.0	4.0	2.0	2.0	6.9	2.0	3.0	2.0
S&P 500 % New 6 month highs	3.8	0.8	1.0	5.8	9.9	2.8	9.9	3.0
Nasdaq 100 % New 6 month highs	8.9	4.0	3.0	5.9	10.9	5.0	5.0	2.0
<b>Bearish Bearish</b>								
S&P 500 % RSI(14) < 30	6.8	2.6	11.1	2.2	1.2	0.8	1.0	1.0
Nasdaq 100 % RSI(14) < 30	4.0	1.0	5.0	2.0	0.0	1.0	1.0	2.0
S&P 400 % New 52 week lows	3.7	1.2	3.7	0.2	0.0	1.7	0.2	1.5
S&P 600 % New 52 week lows	4.8	0.8	6.2	0.2	1.7	2.0	1.5	0.8
S&P 500 % New 52 week lows	2.8	0.2	4.2	0.0	0.4	0.8	0.6	0.8
Nasdaq 100 % New 52 week lows	2.0	0.0	3.0	0.0	0.0	1.0	1.0	0.0
S&P 500 % New 6 month lows	6.8	1.6	11.3	1.0	0.6	1.8	1.6	1.6
Nasdaq 100 % New 6 month lows	3.0	0.0	3.0	2.0	0.0	3.0	4.0	2.0

# EQUITIES - NEW HIGHS



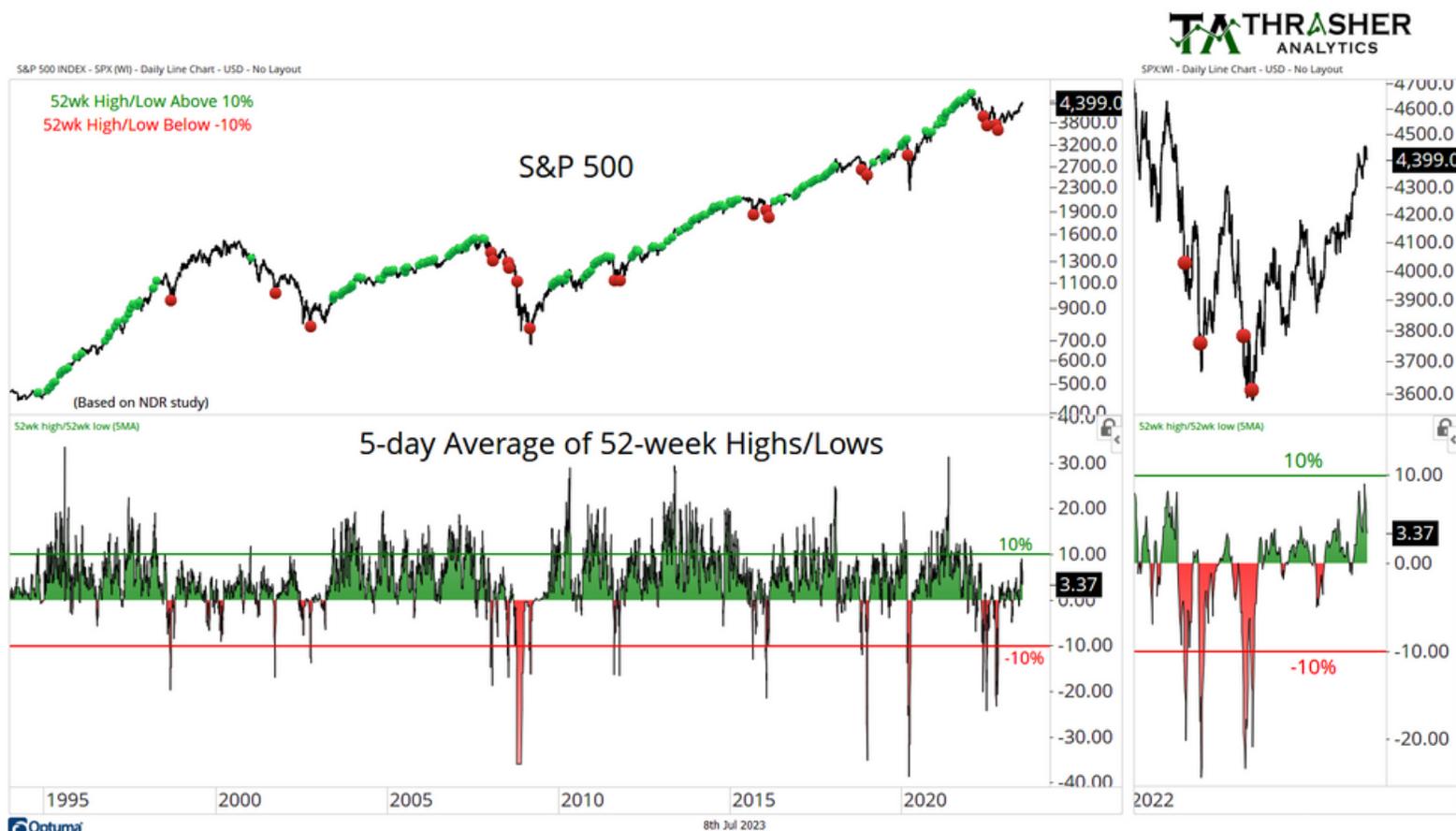
While stocks saw a slight pullback last week I don't want to forget we did see breadth see a good improvement into that most recent high. Expansion was shown across timeframes with nearly 15% of stocks hitting a recent 52-week high.



# EQUITIES - NEW HIGHS



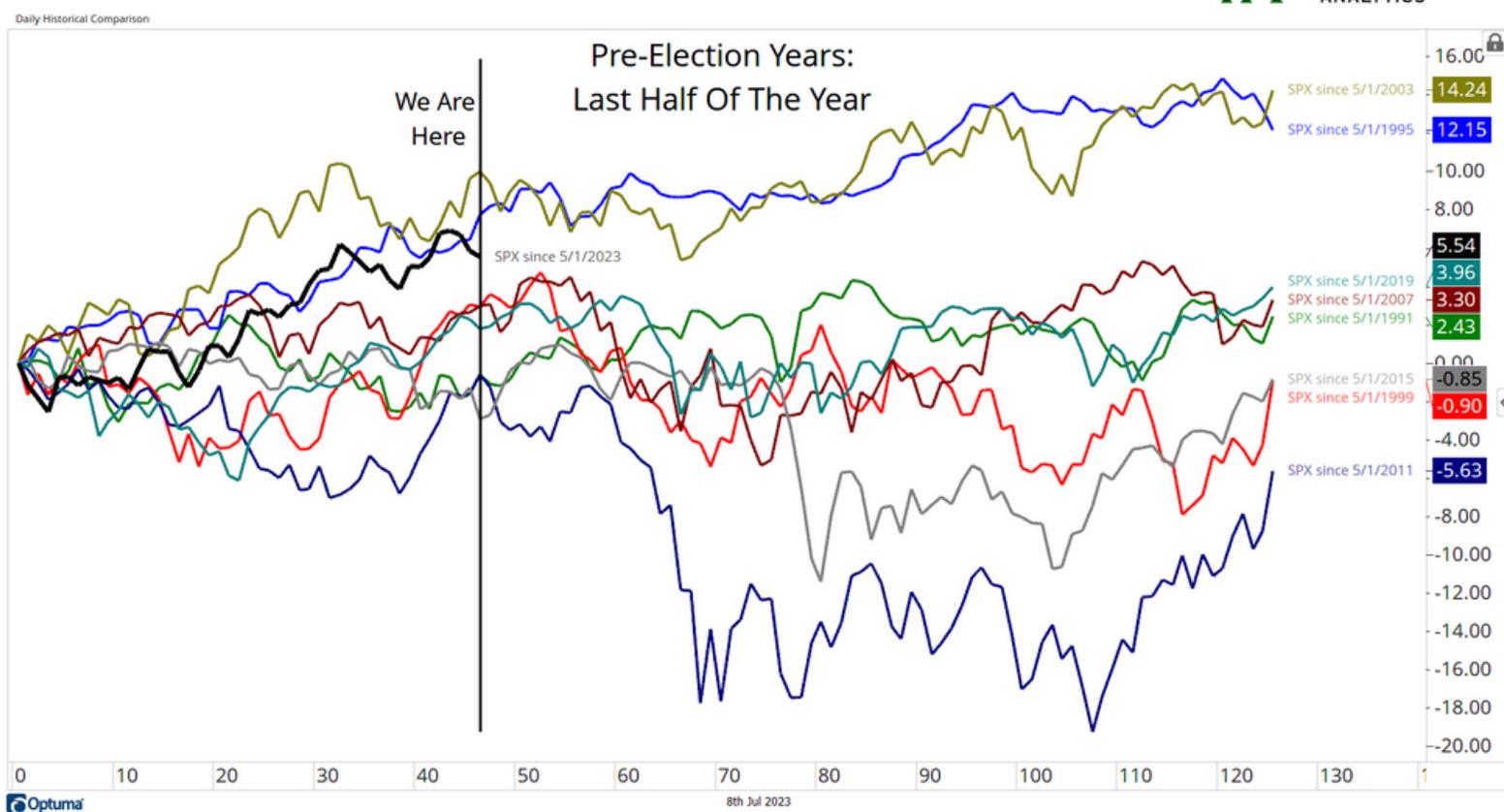
While we've seen a good improvement in breadth, we still haven't reached that important 10% net new high level that's been a characteristic of each new bull market over the last nearly 30 years. We got close, hitting 9% but then last week's dip moved us to 3.37%.



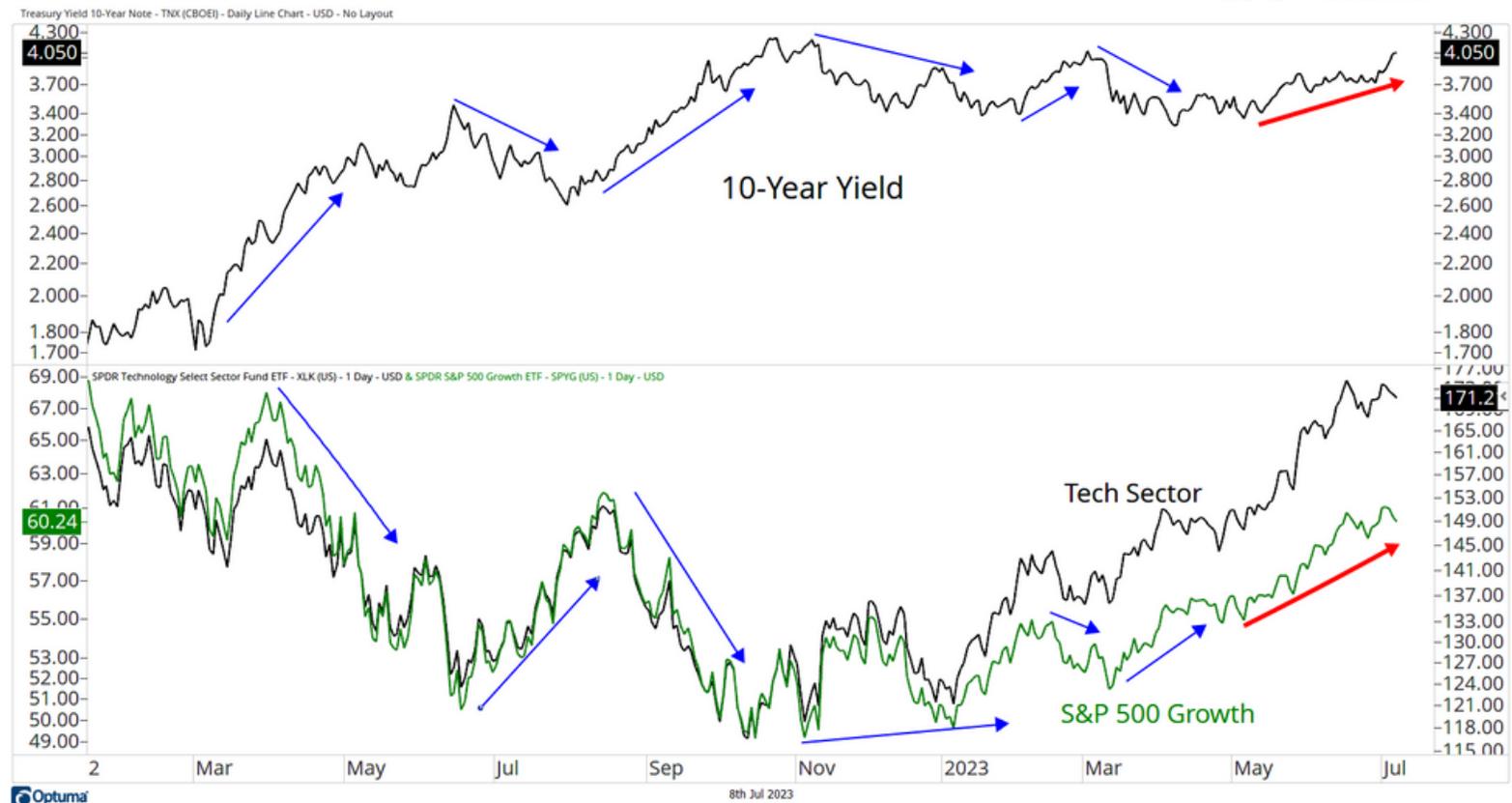
# EQUITIES - PRE-ELECTION



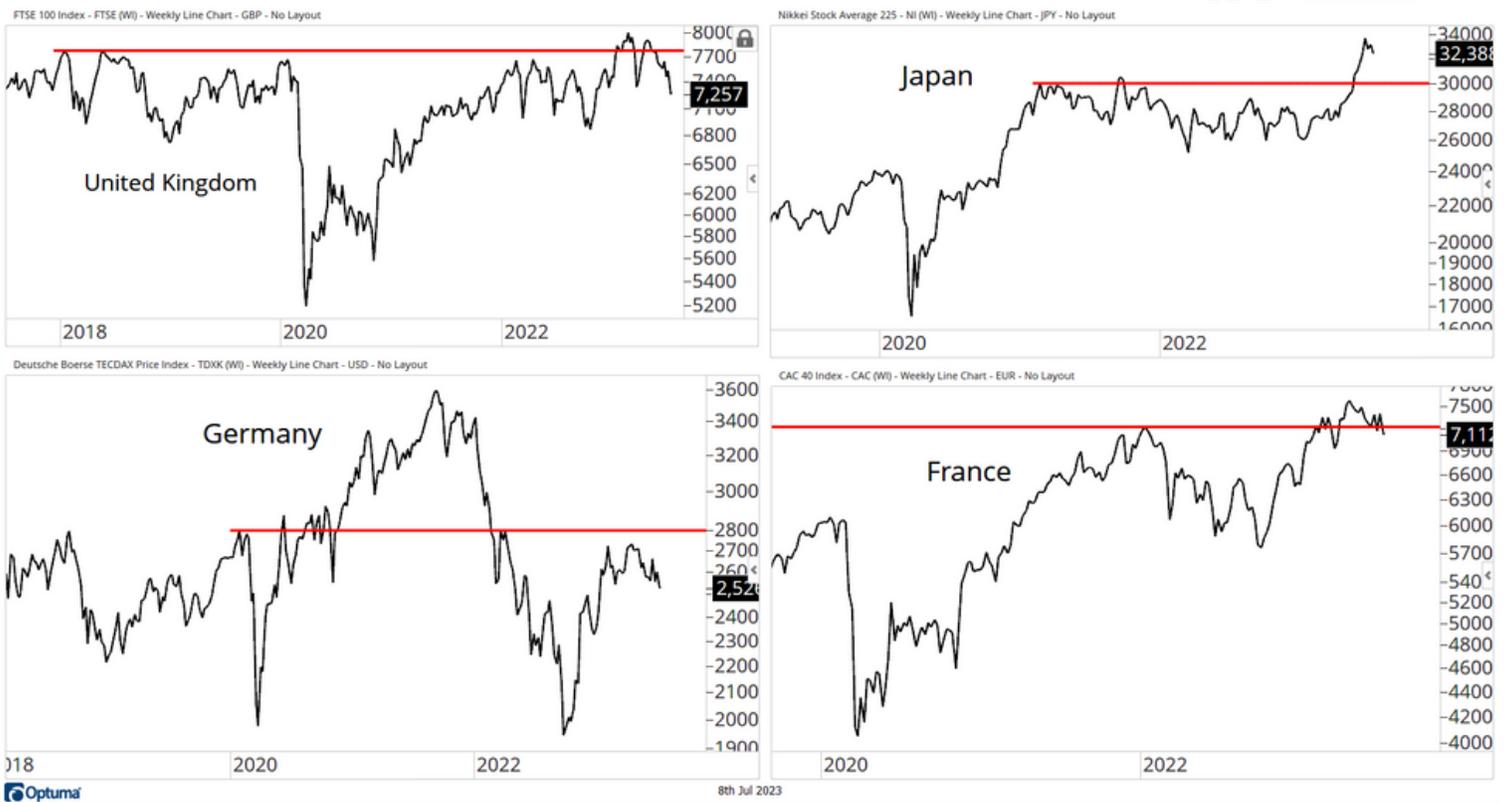
As we closed the book on the 2nd quarter, we move into the back half of 2023 and into the last half of the pre-election year seasonal pattern. 2023 did a good job tracking the typically path of a pre-election year in the first six months, so we'll see if it does the same for the second six. Unfortunately, the second six months of a pre-election year haven't been the most kind to equities in several instances. We can see on the chart below that many pre-election years saw pull backs begin in July/August before an end-of-year rally. Take a look at 2011, 1999, 2019, and 2007. Even 2003, the strongest of the last eight pre-election years saw a summer consolidation and slight pullback before a strong finish to the year. Something to keep in mind this summer.



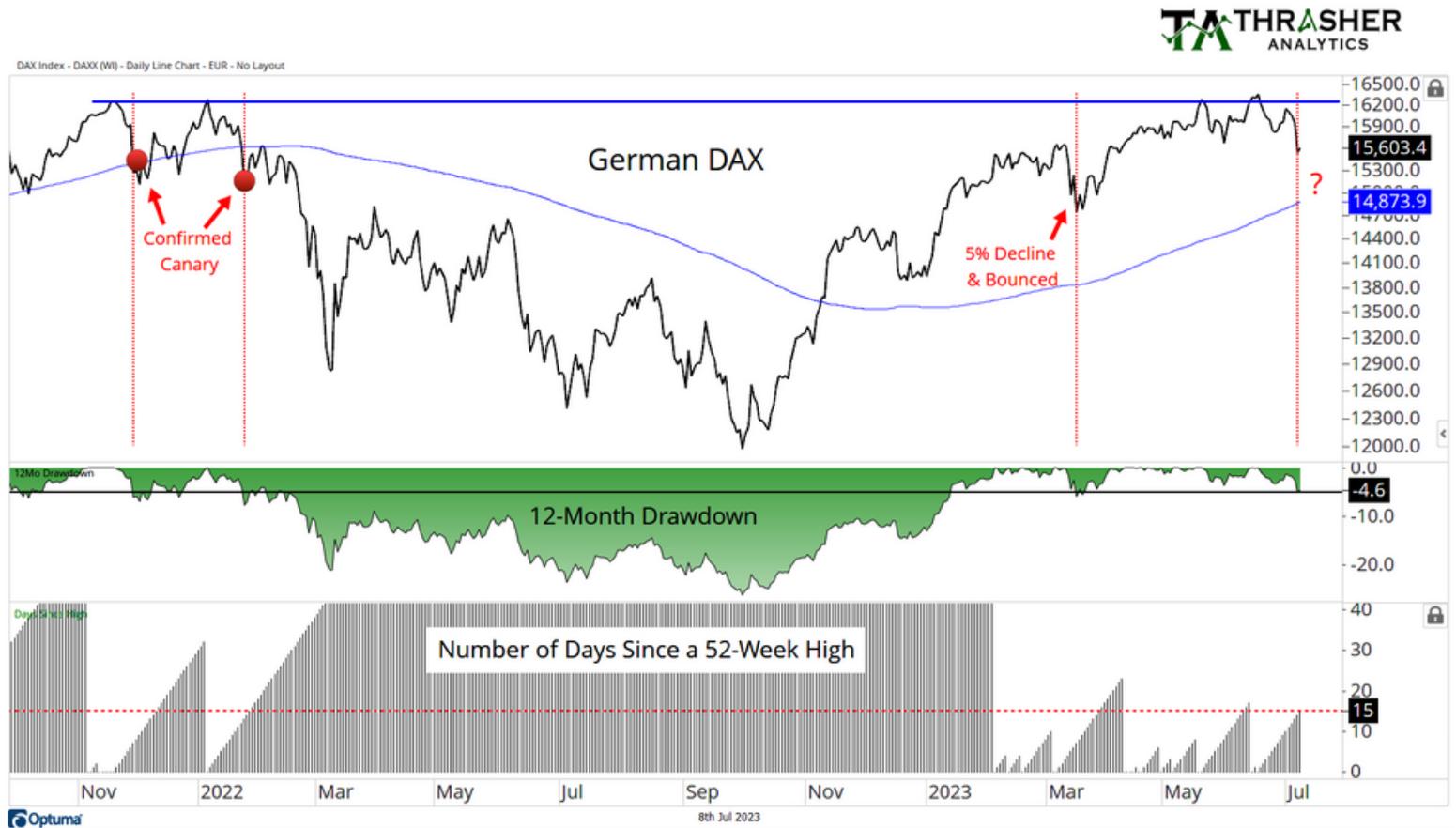
I've written numerous times about the relationship between the 10-yr yield and growth stocks. Specifically, the negative correlation between the two and how the strength in tech/growth can be confirmed by a drop in the yield of 10-year bonds. The chart below shows several examples of this relationship as it played out throughout 2022 and the first part of 2023. However, that relationship has recently broken. While the 10-yr yield has been rising, breaking back above 4%, tech and growth stocks have also continued to rally. Historically, growth and tech stocks don't do well in rising rate environments (as we saw in 2022) due to their sensitivity to interest rates. They saw a strong rally at the start of the year as the market began to price in the expectation that the Fed was ending its rate hike cycle. But we now are seeing Fed Futures price in another hike this month with Powell and other Fed officials being vocal that they are still determined to squash the last remaining bits of inflation. Rates have begun creeping higher, but growth stocks are ignoring this shift in change. How long can this last? We'll find out...



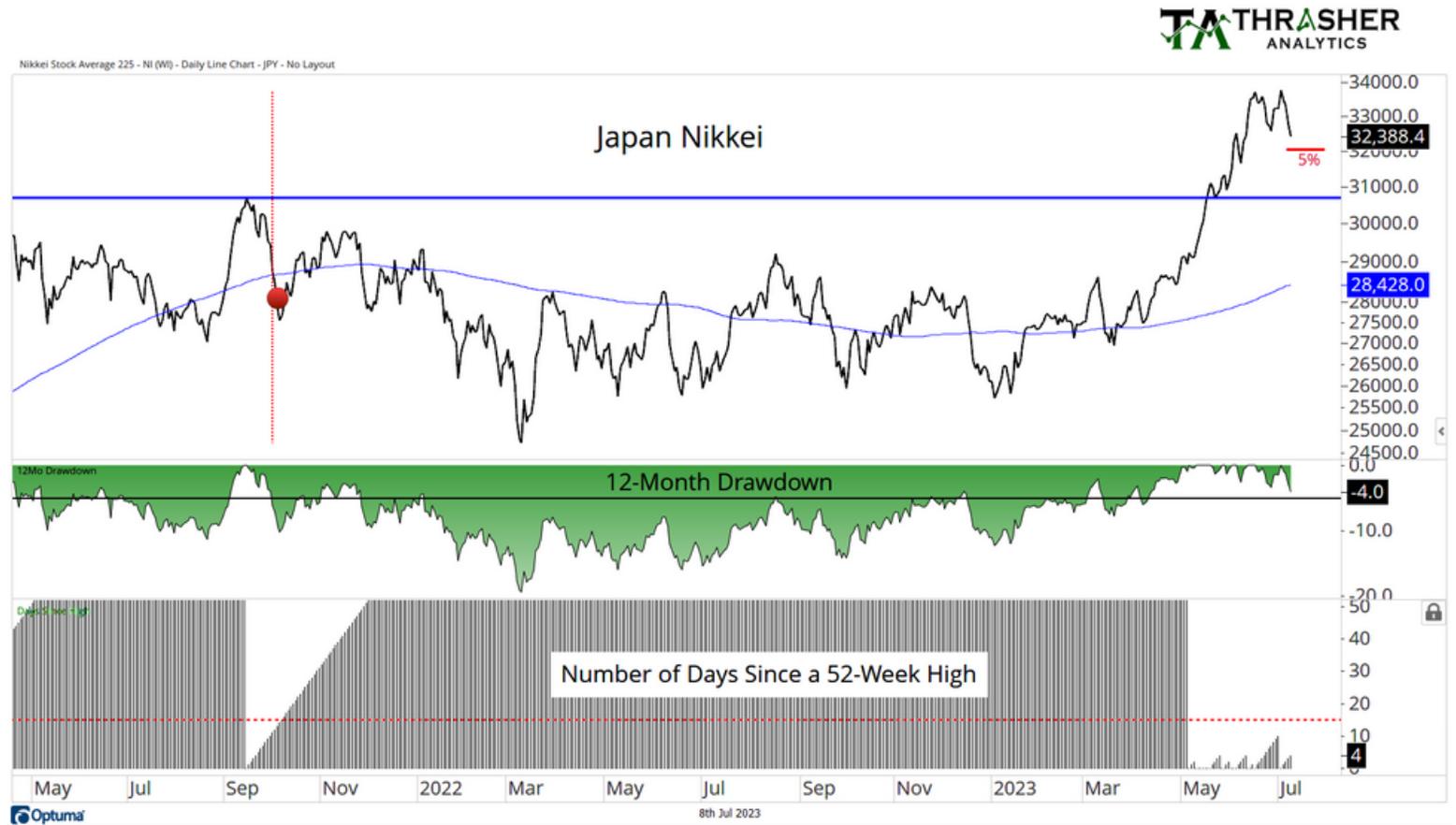
Four of the major international markets are the UK, Japan, Germany, and France. Of course, there's also China and numerous others, but I think understanding how these specific four are moving gives us a lot of key insight into the behavior of int'l equities. Recently all four of these (at varying degrees) have begun to weaken. The UK failed to hold 7700, the 2018 high. France failed its 2022 test. Germany was unable to rally to its 2020 high. Finally, Japan, one of the strongest int'l markets has begun to dip lower as well but the Nikkei is still above the key 30000 level.



Earlier this year I won both the Charles Dow Award and the Founders award for my paper, The 5% Canary. The paper looked in major equity indices that occurred from major highs and happened in a very short period of time (to describe a long paper in a single sentence!). Coming into 2022 we saw two Confirmed Canary signals (5% declines that then break the 200-day MA) in the German Dax Index. This led to a further decline throughout the year as stocks continued to sell off. Recently we saw a 5% drop that was immediately bought and sent the DAX back to test a new potentially high. But that failed and now we have another 5% decline that took just 14 days to occur. This is setting up for another possible Confirmed Canary and further weakness in the German market.



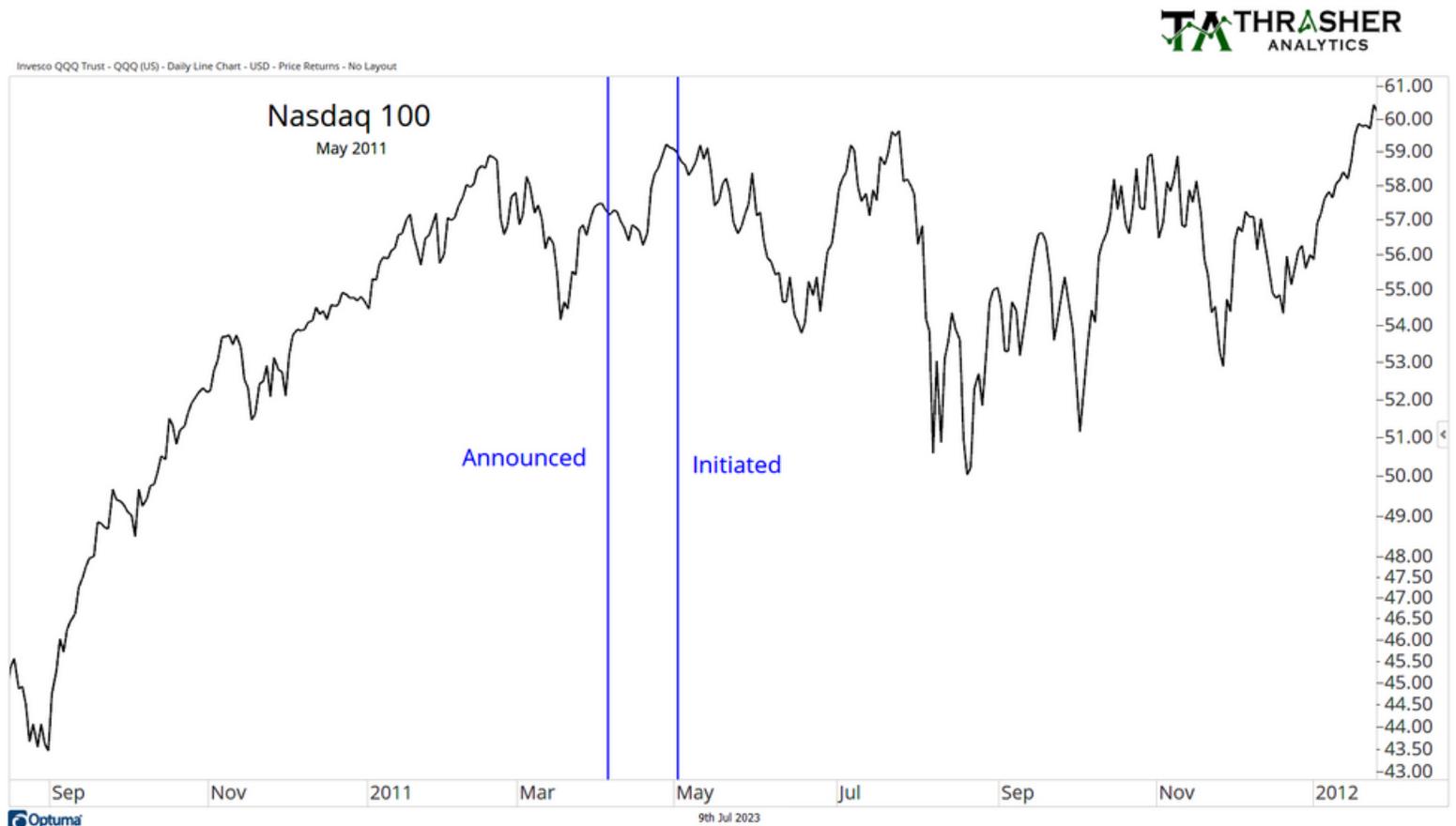
Japan's Nikkei is another market I'm watching for a possible 5% Canary signal as it's dropped 4% recently. The Nikkei is well above its 200-day moving average but saw that initial 4% decline occur in less than one week and the daily chart is starting to look like a possible double top pattern.



# EQUITIES - NASDAQ REBALANCE 1

Something that's only happened one other time will be occurring again last this month. Nasdaq announced that on July 24th, they will be doing a special rebalance of the Nasdaq 100. This won't change the securities within the index, but rebalancing the weightings of each constituent after the index has become 'unbalanced'.

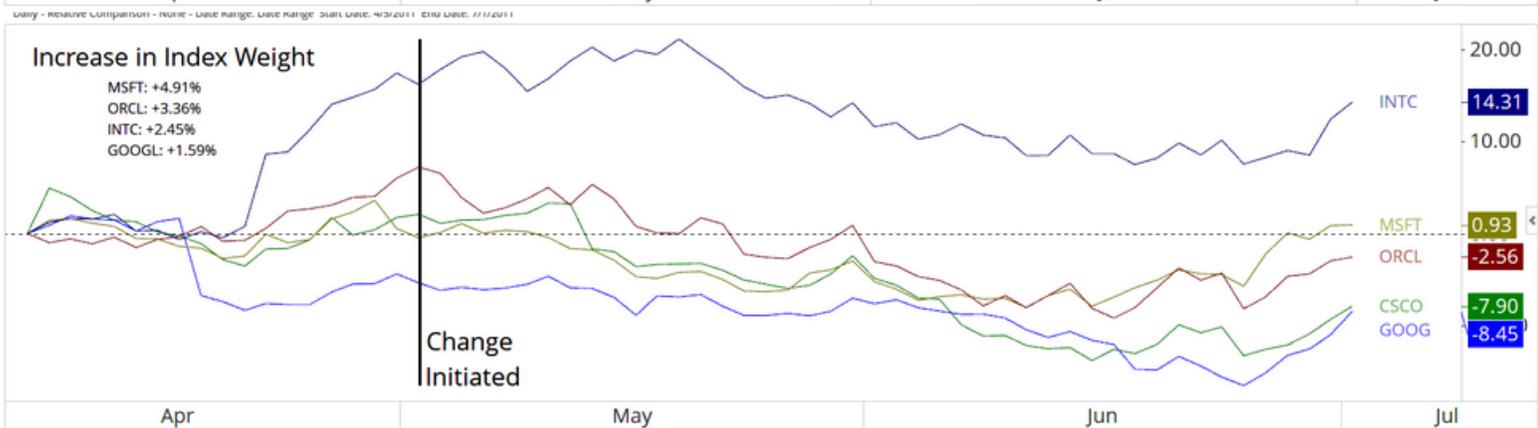
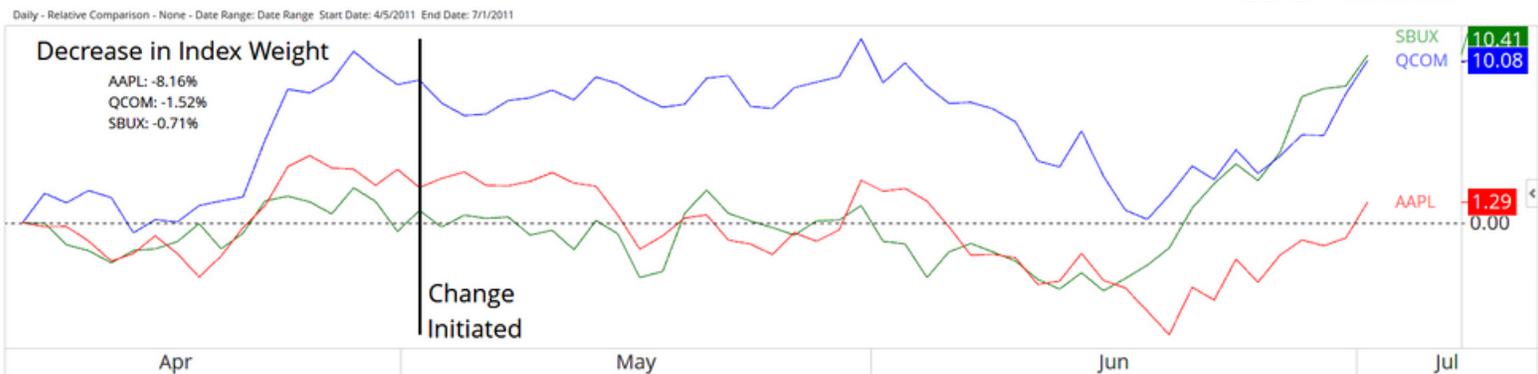
Nasdaq said that in 2010 they studied the concept of doing special rebalances and the only other time one has been done was in 2011, not giving us a lot of sample size to work with to evaluate the implications of the action. On the chart below I've plotted blue lines when the special rebalance was announced and then initiated. Again, this is a sample size of 1 so we can't put too much weight on it, but we did see a temporary negative reaction to the Index. I'd also note there were many other developments taking place in the summer of 2011, so it wasn't necessarily all a result of this rebalance that caused stocks to pull back.



# EQUITIES - NASDAQ REBALANCE 2

What about the reaction to the stocks impacted by the special rebalance? The biggest change in 2011 was a reduction in Apple after its strong performance. QCOM and SBUX also saw declines (and many others but they were very minor) in their weightings. Meanwhile, MSFT, ORCL, INTC, and GOOGL saw the largest increases. Below we can see the performance of both groups. The performance shown begins on the announcement date, with a black line showing when the change was initiated in May '11. Apple saw a decline of about 6% before rallying back. Interestingly, the stocks that saw their index weight increase, actually saw a larger negative reaction. So much for efficient markets!

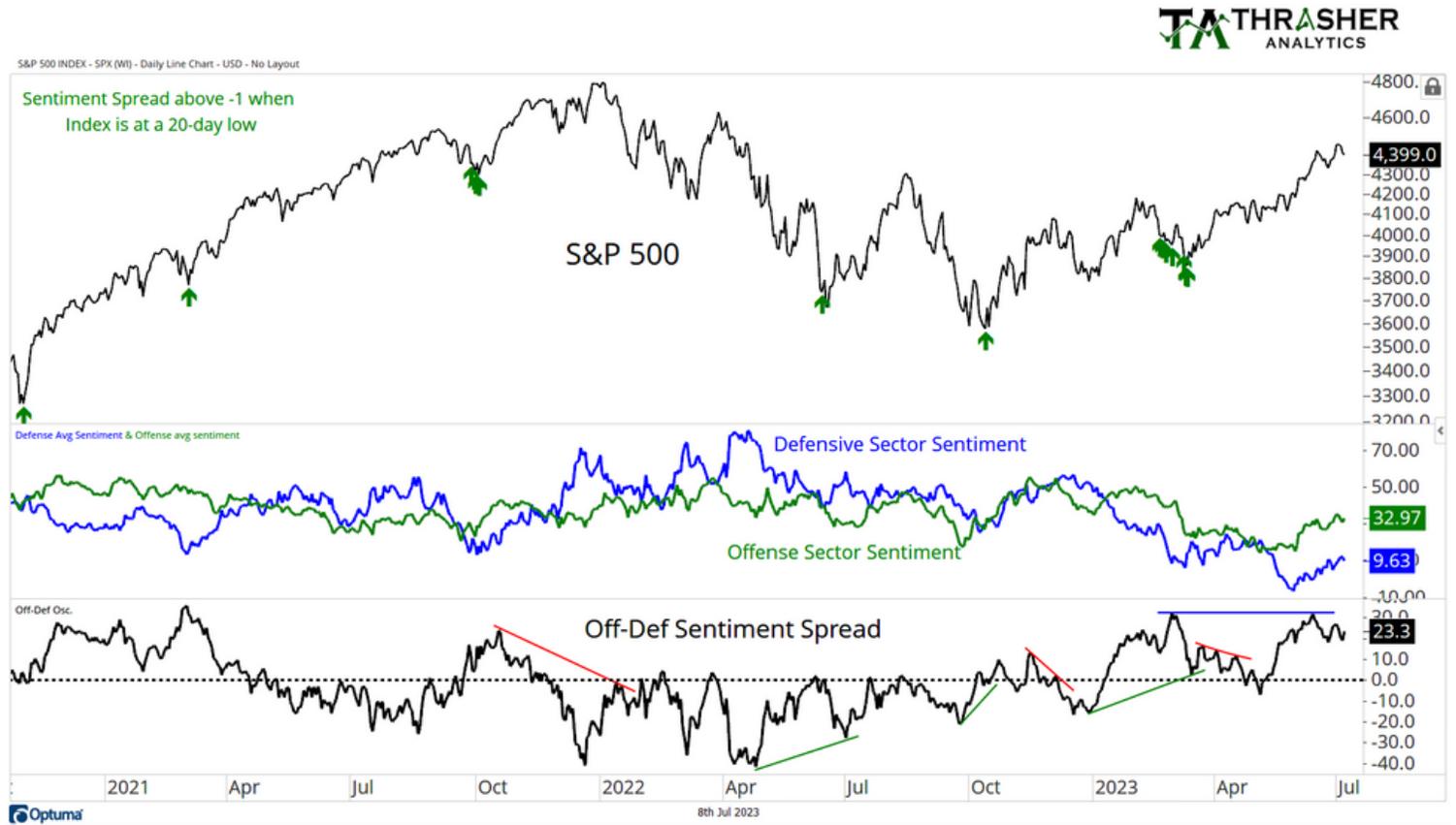
The recent dip in U.S. equities could be a result of some frontrunning ahead of this rebalance. While Nasdaq hasn't sited the specific changes, it's not hard to imagine that it'll be the Magnificent 7 (AAPL, NVDA, MSFT, TSLA, FB, GOOGL, AMZN) that get put on the chopping block. This could be a positive for the market, making the Index a little less reliant on such a heavy weighting in a few names. We'll see in the coming weeks how traders digest the change.



# EQUITIES - SECTOR SENTIMENT



No major changes to the sentiment groups.



# SECTOR PERFORMANCE



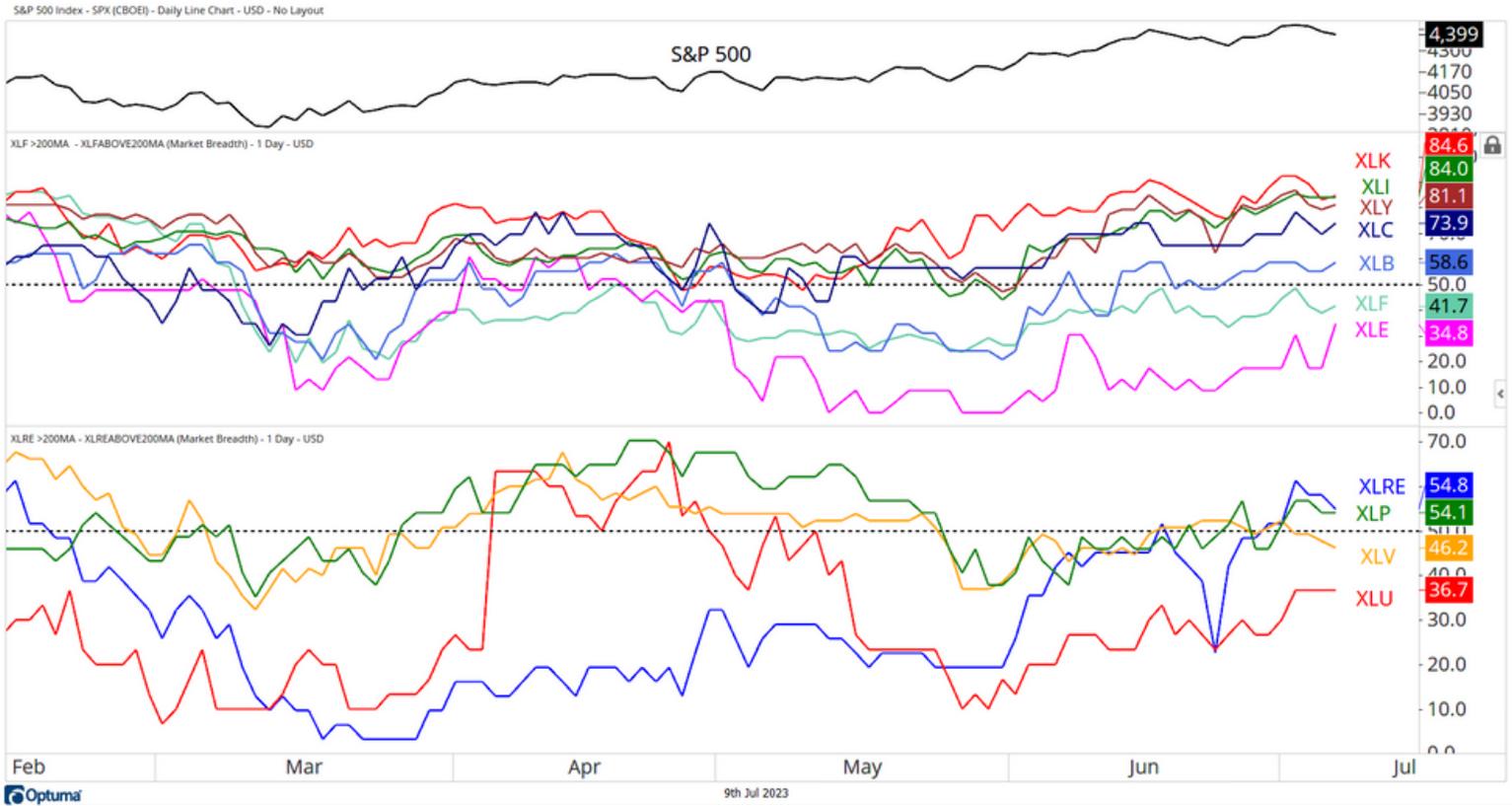
Daily - Performance - No Layout

Ticker	Name	2023	YTD Rel% to SPX	1W %▼	1M %	3M%	6M%	% from 52Wk High	% from 52Wk Low	% From 20MA	% From 50MA	% From 200MA
- Index		AVG: -1.52%			AVG: 3.98%			AVG: 24.04%			AVG: 3.35%	
MID	S&P Midcap 400 Index	7.11%	-0.75%	-0.73%	1.35%	6.38%	4.55%	4.95%	19.09%	1.12%	3.99%	4.88%
NDY	NASDAQ 100 Index	37.45%	-0.17%	-0.94%	5.13%	15.11%	36.20%	1.62%	44.02%	0.55%	6.05%	21.01%
SPX	S&P 500 INDEX	14.57%	0.00%	-1.16%	3.08%	7.16%	12.94%	1.34%	25.99%	0.39%	3.48%	9.63%
SML	S&P SmallCap 600 Index	3.65%	-7.26%	-1.36%	-1.59%	4.33%	1.18%	9.17%	13.42%	-0.04%	2.98%	1.61%
DJI	Dow Jones Industrial Average	1.77%	0.59%	-1.96%	0.21%	0.75%	0.31%	2.82%	17.70%	-0.89%	0.25%	2.30%
- Sectors		AVG: 2.22%			AVG: 7.91%			AVG: 23.52%			AVG: 2.44%	
XLRE	SPDR Real Estate Select Sector Fund ETF	2.33%	-20.97%	0.27%	0.67%	1.86%	-0.24%	17.61%	14.08%	1.35%	2.45%	1.07%
XLC	SPDR Communication Services Select Sector ETF	35.55%	-9.27%	-0.05%	3.47%	10.39%	29.07%	1.48%	45.01%	0.95%	4.76%	18.99%
XLU	SPDR Utilities Select Sector Fund ETF	-7.25%	-1.02%	-0.08%	-1.65%	-6.33%	-7.90%	16.40%	8.35%	-0.91%	-1.82%	-3.52%
XLY	SPDR Consumer Discretionary Select Sector Fund	31.13%	-10.24%	-0.26%	7.18%	16.86%	28.24%	3.08%	34.42%	1.64%	8.12%	16.05%
XLF	SPDR Financial Select Sector Fund ETF	-1.78%	-6.80%	-0.36%	1.27%	5.00%	-5.06%	9.47%	13.52%	0.93%	2.66%	-0.09%
XLE	SPDR Energy Select Sector Fund ETF	-7.64%	57.72%	-0.47%	-1.63%	-4.93%	-7.73%	14.70%	23.38%	0.95%	1.08%	-3.90%
XLP	SPDR Consumer Staples Select Sector Fund ETF	-1.46%	3.22%	-0.96%	1.00%	-2.52%	-3.06%	5.60%	11.01%	-0.59%	-1.76%	-0.05%
XLI	SPDR Industrial Select Sector Fund ETF	8.14%	8.75%	-1.04%	3.62%	8.62%	5.24%	1.32%	28.34%	1.19%	4.71%	7.97%
XLK	SPDR Technology Select Sector Fund ETF	37.58%	6.69%	-1.52%	4.77%	14.85%	37.26%	2.89%	51.55%	0.28%	5.84%	21.81%
XLB	SPDR Materials Select Sector Fund ETF	4.58%	-2.86%	-1.97%	1.61%	2.02%	1.08%	5.42%	21.53%	0.39%	2.45%	3.25%
XLV	SPDR Health Care Select Sector Fund ETF	-5.04%	-0.80%	-2.81%	-0.15%	-3.39%	-4.92%	9.01%	7.54%	-1.70%	-1.64%	-1.70%

# SECTOR - BREADTH 200-MA



Notable improvement to XLE breadth, rising to 34.8% of stocks above the 200-day MA. XLV dropped back under 50%.



# SECTOR - TECH VS. ENERGY



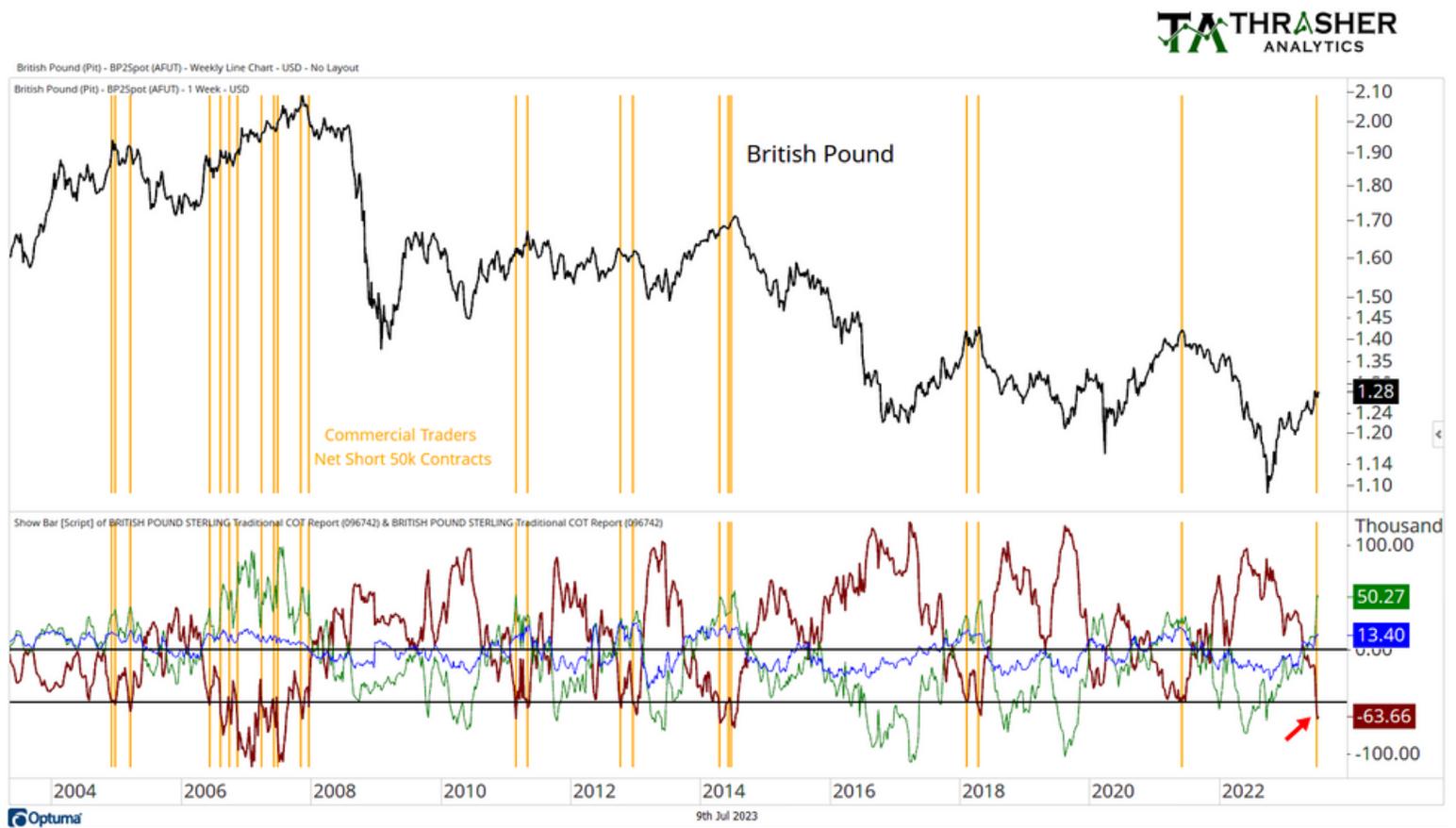
The relationship between technology stocks vs. energy stocks saw a large decline during most of 2022 only to reverse into 2023 as tech began to lead again. However, we now have a bearish momentum divergence for the ratio of XLK vs. XLE which suggests we could see a reversal in trend that favors energy in the coming days/weeks.



# FOREX - BRITISH POUND



I haven't discussed the British Pound in quite a while, it's not a currency that gets a great deal of attention but recently its COT data has begun to look interesting. Commercial Traders are now holding a very large net-short position in the Pound, -63,000 contracts which is the largest since 2014. I've plotted orange lines when Commercial Traders have gone net short by 50,000 or more contracts. This has marked several key turning points in the Pound, often seeing it turn lower - especially since it started its long-term down trend in 2008. Each time the Pound has put in a counter-trend rally, Commercial Traders have bet against it, and once they got to over 50,000 contracts net short, the short-term rally ended and the currency began to reverse lower again.



# DAILY SENTIMENT INDEX



Daily - DSI - No Layout

Code	% Bullish ▲	5-day MA	History
Corn DSI	17	15	
Palladium DSI	20	16	
VIX DSI	21	14	
Platinum DSI	21	18	
Yen DSI	23	16	
Gold DSI	23	23	
Swiss Franc DSI	25	18	
Silver DSI	25	24	
Coffee DSI	29	29	
Natural Gas DSI	33	34	
Copper DSI	34	31	
Wheat DSI	35	34	
Cotton DSI	35	31	
EuroDollar DSI	38	40	
5YR DSI	41	45	
10Y DSI	43	49	
Sugar DSI	50	44	
Lumber DSI	52	45	
Heating Oil DSI	53	43	

Daily - DSI - No Layout

Code	% Bullish ▲	5-day MA	History
Euro DSI	53	48	
Crude Oil DSI	55	47	
Australian Dollar DSI	58	58	
New Zealand Dollar DSI	61	59	
Soybean DSI	62	70	
Orange Juice DSI	63	51	
Nikkei DSI	63	71	
British Pound DSI	64	59	
Bitcoin DSI	64	64	
CRB Index DSI	67	64	
SPX DSI	70	78	
Lean Hog DSI	72	76	
US Dollar DSI	73	75	
Nasdaq DSI	73	78	
Cocoa DSI	75	84	
Gasoline DSI	79	72	
Mexican Peso DSI	83	85	
Cattle DSI	83	82	

Type Code or Name to add an item to the watchlist

Source: trade-futures.com

# DAILY SENTIMENT INDEX



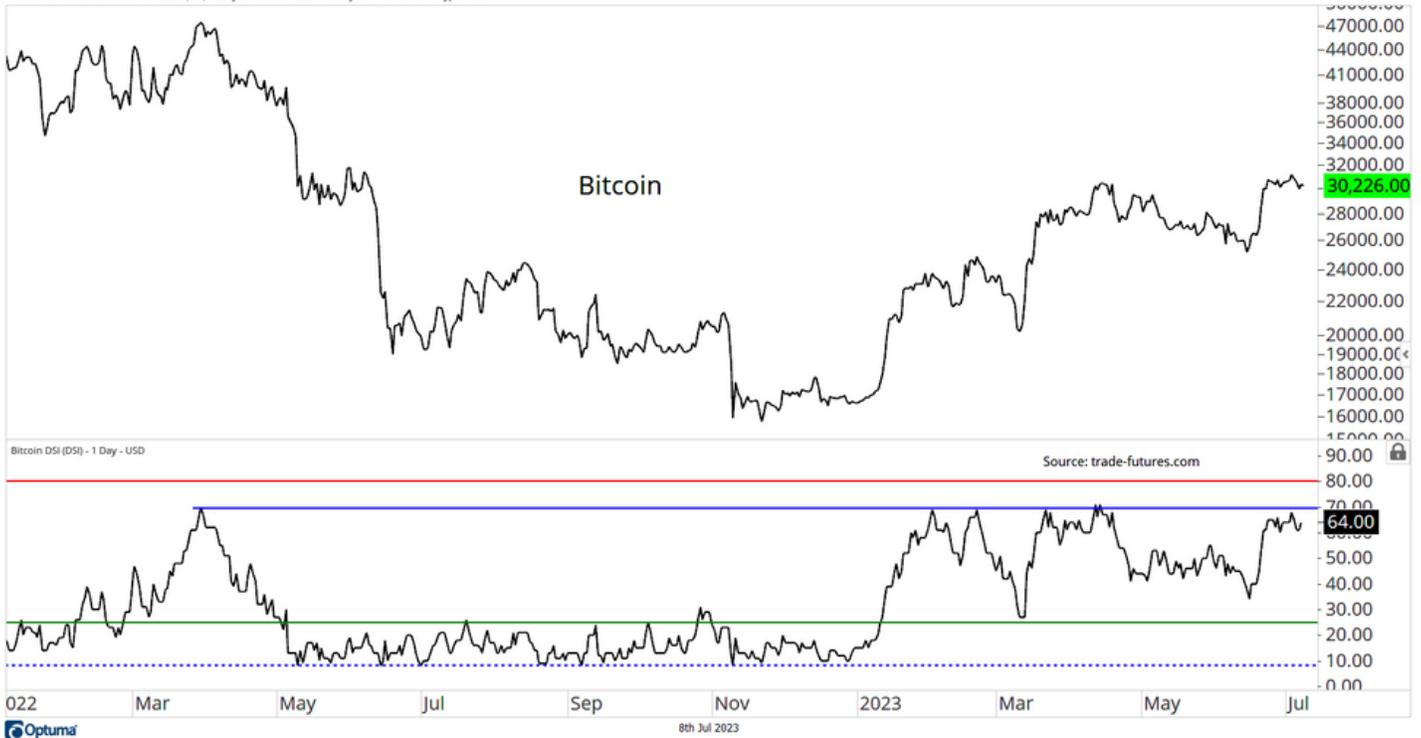
**TA THRASHER**  
ANALYTICS

10 Year US Treasury Note - TYSpot (AFUT) - Daily Line Chart - USD - No Layout



**TA THRASHER**  
ANALYTICS

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

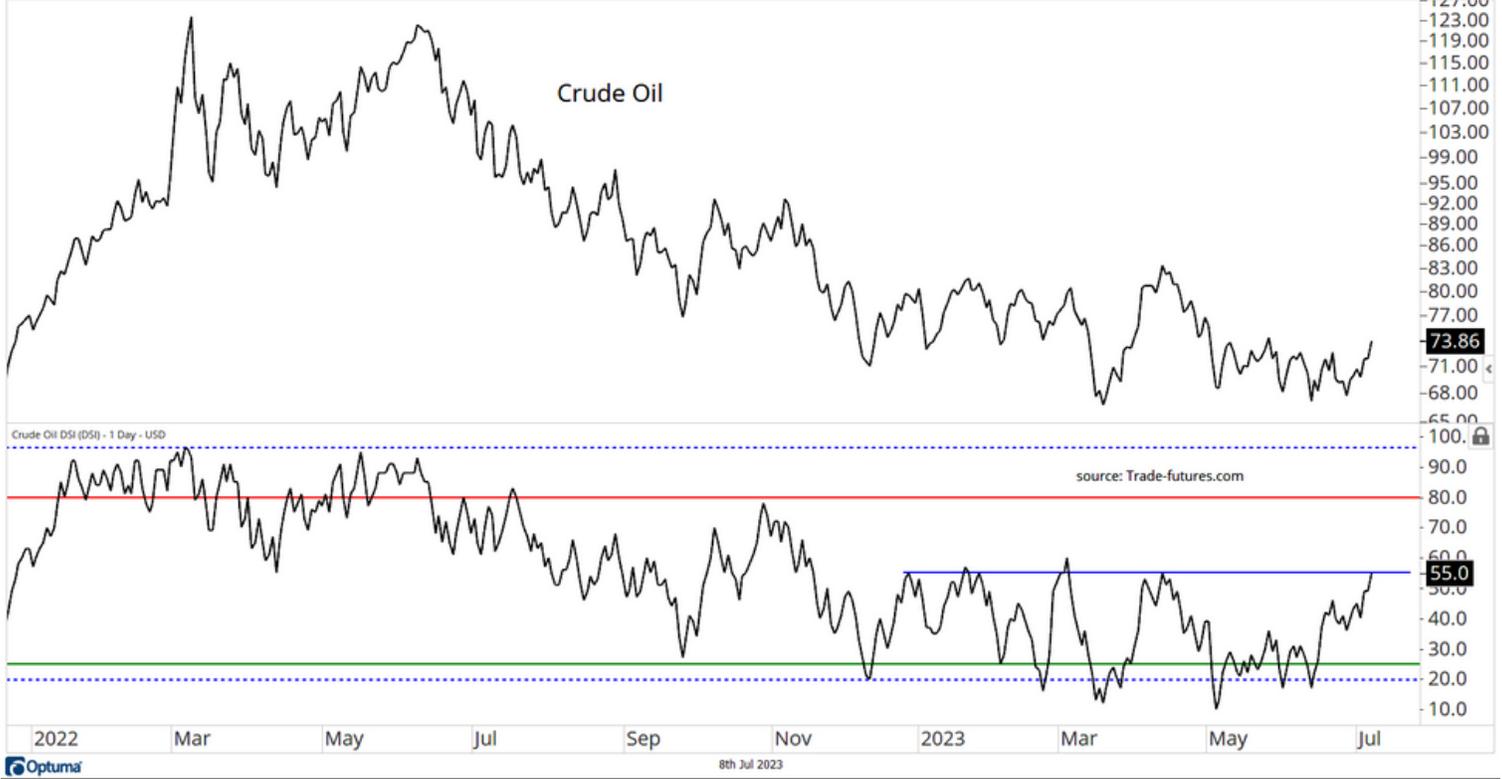


# DAILY SENTIMENT INDEX



**TA THRASHER**  
ANALYTICS

Crude Oil Light Sweet NYMEX - OILSW (W) - Daily Line Chart - USD - No Layout



**TA THRASHER**  
ANALYTICS

Gold Futures - GC2Spot (AFUT) - Daily Line Chart - USD - No Layout



# DAILY SENTIMENT INDEX



**TA THRASHER**  
ANALYTICS

U.S. Dollar Index - DXSpot (AFUT) - Daily Line Chart - USD - No Layout



**TA THRASHER**  
ANALYTICS

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

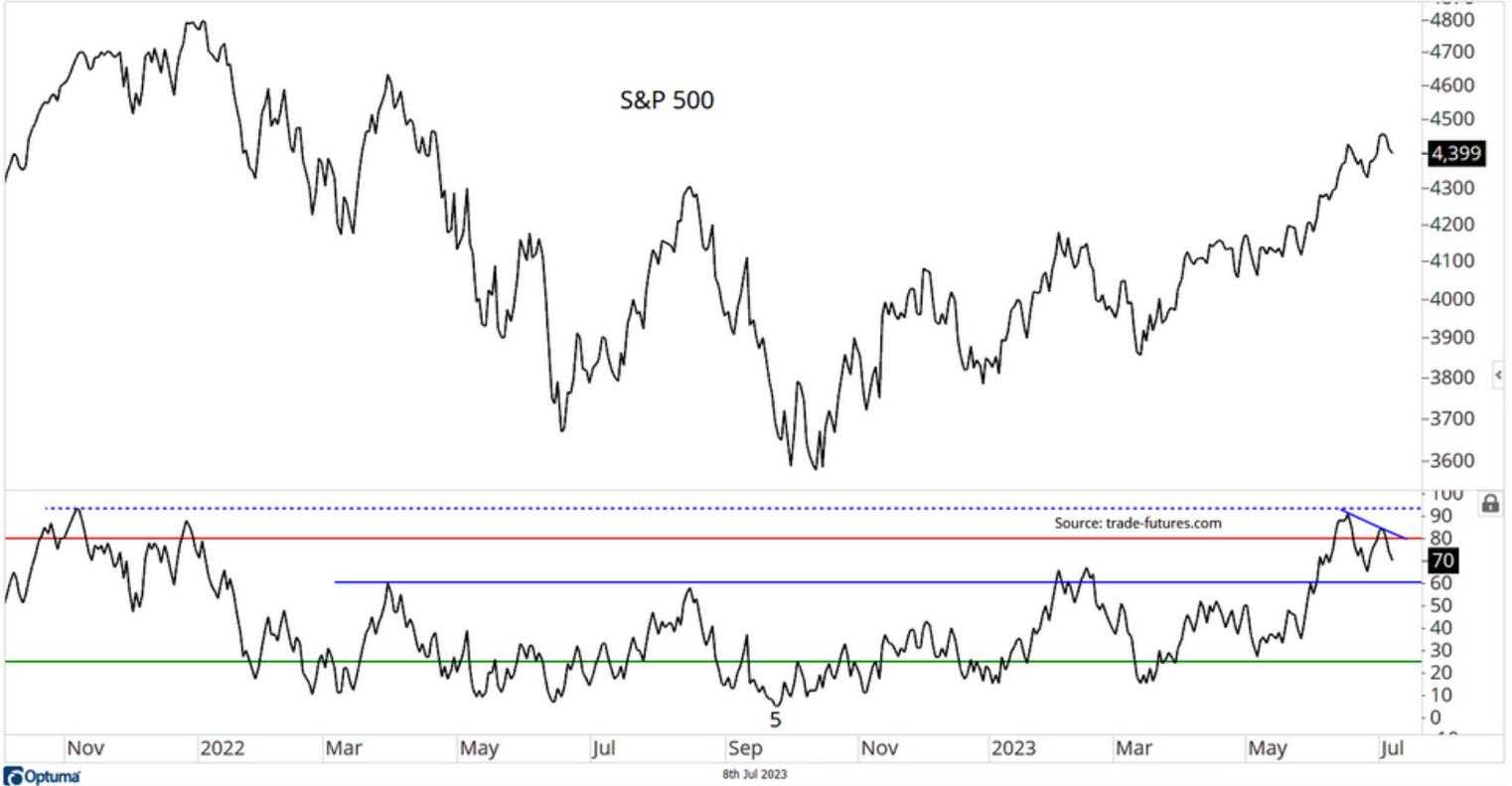


# DAILY SENTIMENT INDEX



**TA THRASHER**  
ANALYTICS

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



**TA THRASHER**  
ANALYTICS

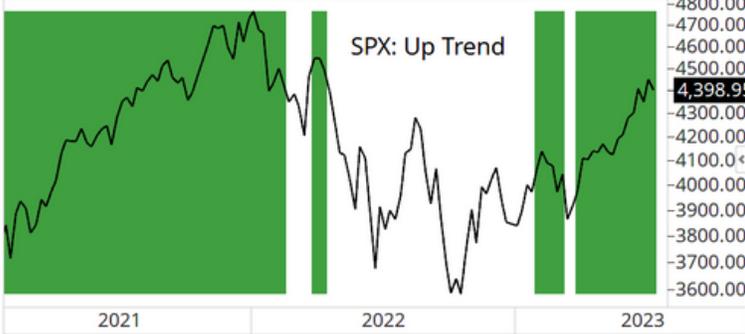
NASDAQ 100 Index - NDY (WT) - Daily Line Chart - USD - No Layout



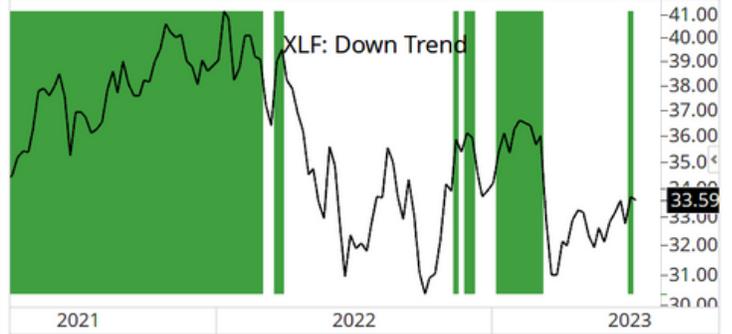
# TREND MODELS



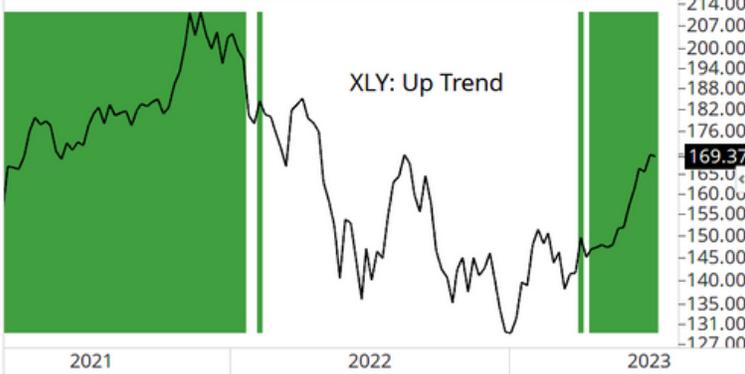
S&P 500 INDEX - SPX (W) - Weekly Line Chart - USD - No Layout



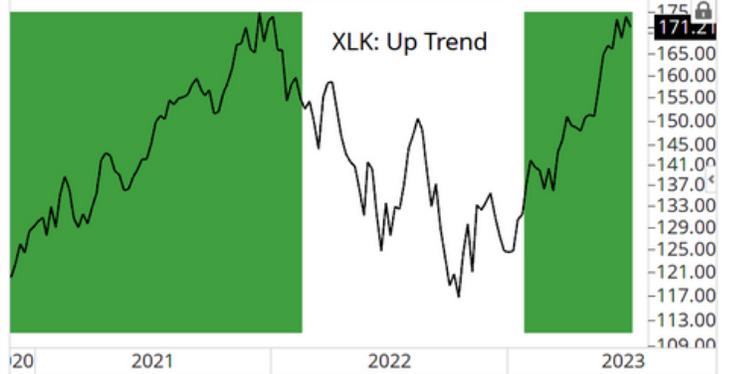
SPDR Financial Select Sector Fund ETF - XLF (US) - Weekly Line Chart - USD - Price Returns - No Layout



SPDR Consumer Discretionary Select Sector Fund ETF - XLY (US) - Weekly Line Chart - USD - Price Returns - No Layout



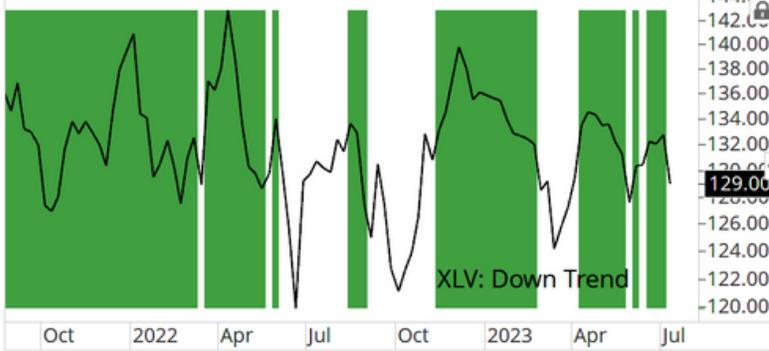
SPDR Technology Select Sector Fund ETF - XLK (US) - Weekly Line Chart - USD - Price Returns - No Layout



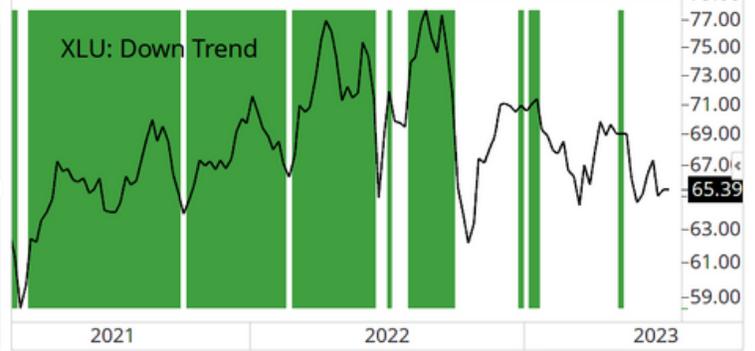
# TREND MODELS



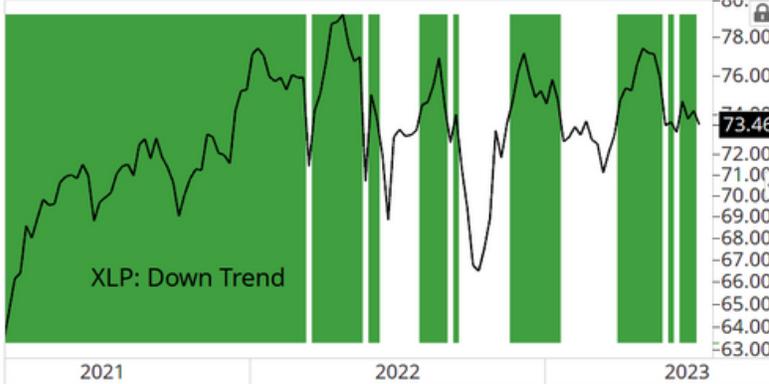
SPDR Health Care Select Sector Fund ETF - XLV (US) - Weekly Line Chart - USD - Price Returns - No Layout



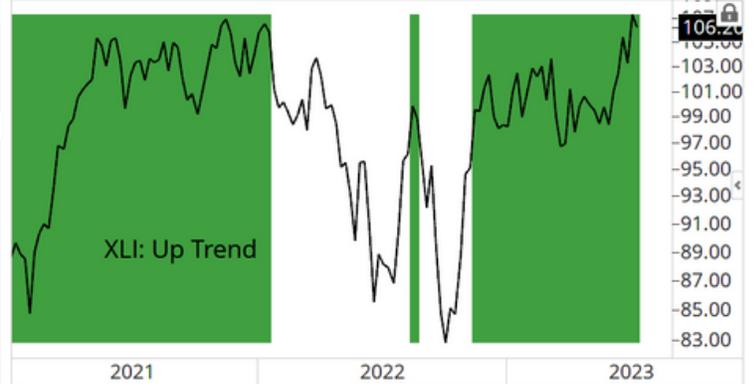
SPDR Utilities Select Sector Fund ETF - XLU (US) - Weekly Line Chart - USD - Price Returns - No Layout



SPDR Consumer Staples Select Sector Fund ETF - XLP (US) - Weekly Line Chart - USD - Price Returns - No Layout

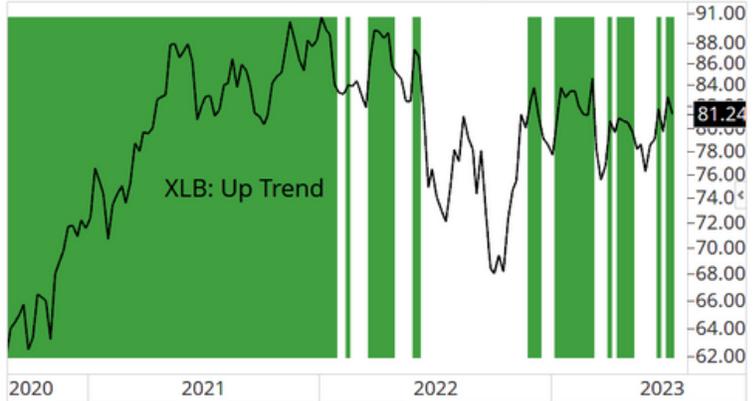


SPDR Industrial Select Sector Fund ETF - XLI (US) - Weekly Line Chart - USD - Price Returns - No Layout



8th Jul 2023

# TREND MODELS



8th Jul 2023

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