THRASHER ANALYTICS

DECEMBE 3, 2023

WEEKLY RESEARCH & ANALYSIS   **BY ANDREW THRASHER, CMT**

SUMMARY OF MODELS

	Current	Wkly Change
Maestro Model	12	Increasing
Volatility Risk Trigger	72	Increasing
Risk Appetite Ratios	.59	Increasing
S&P 500 Long-Term Trend	Up	Unchaged

TABLE OF CONTENTS

Publishing Schedule

A quick note about the December schedule of publishing the weekly Thrasher Analytics letter....

There will not be a letter sent next Sunday (Dec. 10th) but there will be a letter sent the following week, however it will be in your inbox on Monday evening (Dec. 18th). I will be traveling with my family, and not able to publish on the regular schedule. Rather than skip two weeks, I will just be publishing one day late on Dec. 18th.

I appreciate your understanding and I am thankful it is very rare that a week is missed sending out content.

Sector Rotation: December

Financial	XLF
Communication	XLC
Industrial	XLI

Maestro Model

Trend / Momentum	3
Sentiment / VIX	1
Breadth	4
Economic	0
Total	12

(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	76%	68%
Nasdaq 100	71%	66%
Nikkei	76%	75%
VIX	18%	20%
10yr Treasury	68%	63%
5yr Treasury	51%	46%
CRB Index	43%	41%
Crude Oil	28%	34%
Gold	82%	80%
U.S. Dollar	52%	51%
Bitcoin	58%	55%

Green<25% Red>80%

source: trade-futures.com

Brief Summary:

November was the 18th best month and 4th best November since 1950. The Maestro Model Aggressive Bullish Signal nailed the bottom and breadth has continued to expand, showing confirmation of the new uptrend. We now sit at the summer high with momentum extended to the upside and a complete lack of interest in downside hedging as the market shows a strong expectation for stocks to continue melting higher into year-end. And that's a very possible scenario, but we can't ignore the short-term risks that are starting to show themselves. Most notably, at the end of last week we got a VRT signal that opens the door for a spike higher in the VIX. Market leaders, via the Mag 7, have also started to move lower which has given way to new leaders to potentially emerge. Interest rate sensitive corners of the market have ripped higher as the 10yr Treasury retreats as consensus becomes that the Fed is done and is now pricing in the first cut in March or May of next year.

From an equity point of view, things look strong. More stocks are participating in the uptrend and the bulk of large caps have been outperforming the Index. The biggest risk I see right now lies with volatility and the compression in dispersion taking place along with the utter lack of investors entertaining the notion that stocks may not go straight up in December like they did in November.

Volatility: VRT

At the end of last week, the Volatility Risk Trigger produced a signal. The VRT has been sitting at 24 for a couple of weeks and finally had enough of the internal data reach the necessary thresholds to issue a warning that the door is open for a spike higher in the VIX.
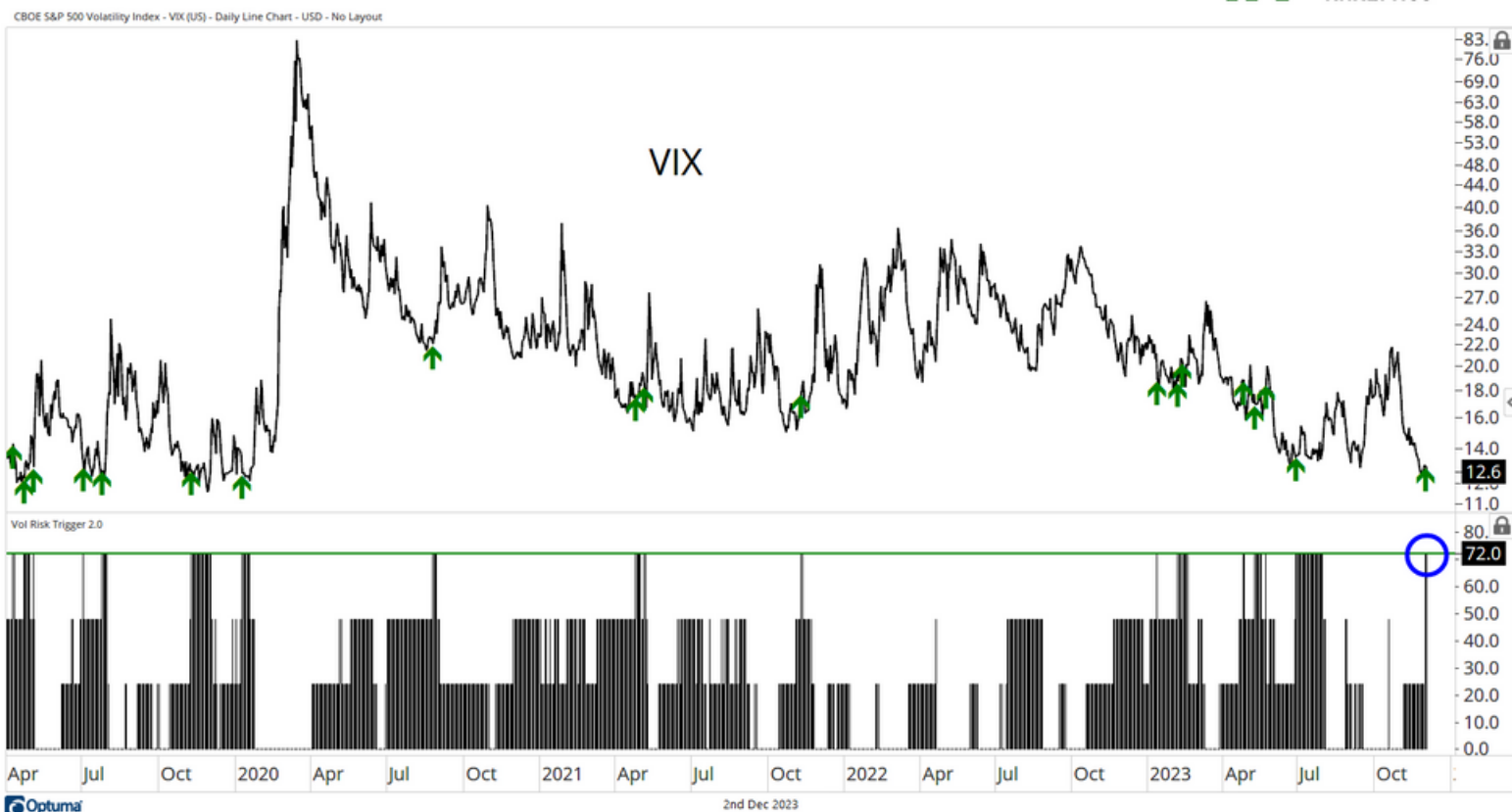
VIX is under 13 and remains in a High Volatility Environment due to the mean-reversion components of the model which are stretched to a historical high level.

Volatility - Curve

We remain in a firm contango curve for volatility. A slight up move in 9-day vol last week, closing the gap towards 30-day but the rest of the curve has a strong slope up to 20.4 for 1-year vol.

Daily - Watchlist - No Layout

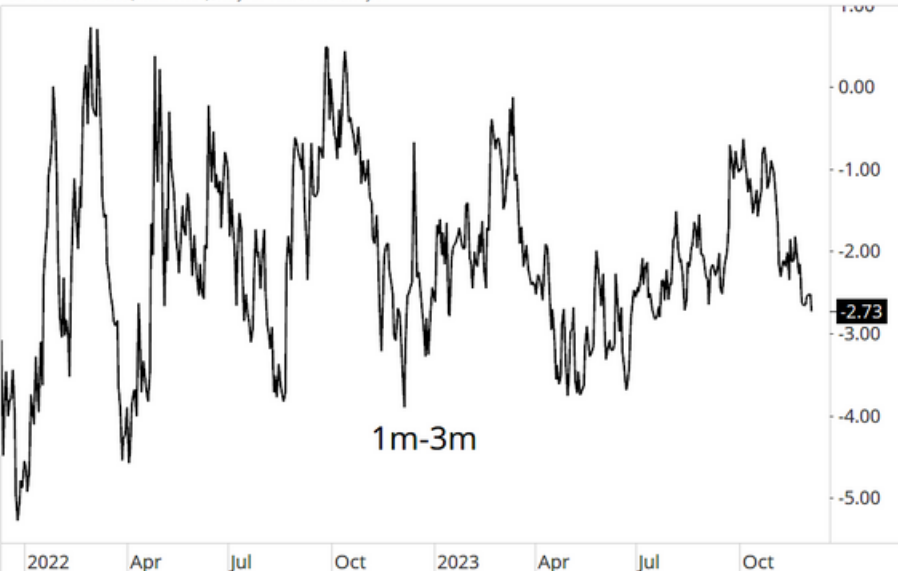| Name	Ticker	Last	1yr %Tile
CBOE S&P 500 Short Term Volatility Index	VIX9D	11.98	0.1019
CBOE S&P 500 Volatility Index	VIX	12.63	0.0121
CBOE S&P 500 3-Month Volatility Index	VIX3M	15.36	0.0195
CBOE Mid-Term Volatility Index	VIX6M	17.83	0.0142
CBOE S&P 500 One-Year Volatility Index	VIX1Y	20.39	0.0694

Volatility - Dispersion

The 20-day standard deviation (dispersion) for spot VIX has fallen to 0.80 as of Friday. I've plotted orange lines when we've been at or below current levels in dispersion. This was the focus of my 2017 Charles Dow Award winning paper, Forecasting a Volatility Tsunami - periods where dispersion was very low and that it created the opportunity for volatility to spike higher. It does, of course, require the VIX to spike but we very rarely see a spike outside of these periods.
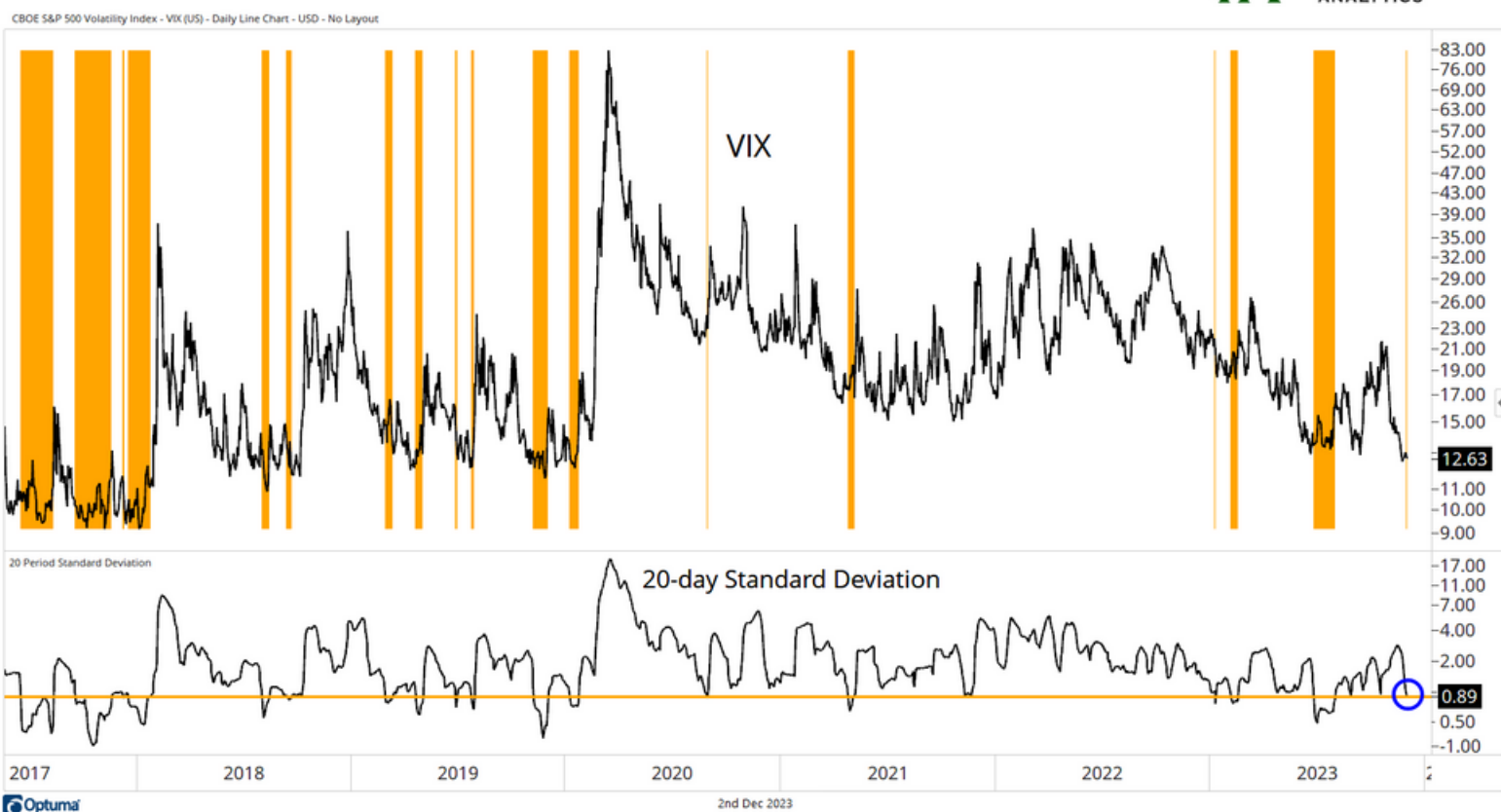
Volatility - VVIX

The 21-day (1-month) correlation between VIX and VVIX (Volatility of the VIX) has gone negative. While VIX has been declining, VVIX has held fairly firm around 86. This has caused correlation to breakdown in a historically strong relationship between these two. You can see based on the blue arrows on the chart the prior instanced, often seeing VIX move higher to 'fix" the correlation decline.
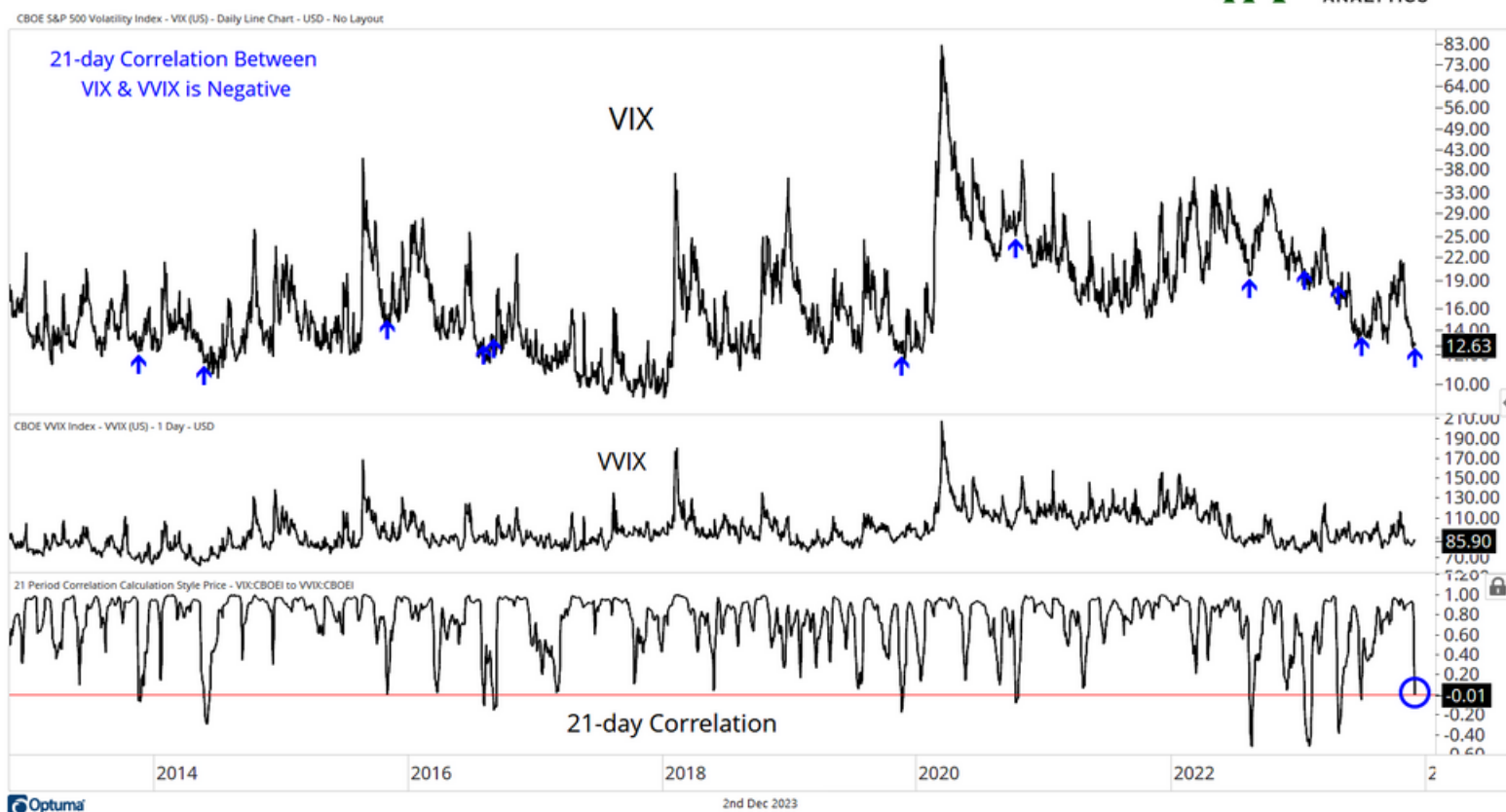
The below table comes from Charlie McElligott, Managing Director and Cross-Asset Strategist at Nomura. Charlie shows here that there's a lack of interest in anyone wanting to hedge downside risk right now. He's doing this through looking at at-the-money (ATM) volatility, Skew, Put, Skew, and Call Skew. You can see his comments at the right of the table, noting there's no demand for downside "left tail" crash protection, instead the demand is chasing after "right tail" melt up type opportunities.

Charlie notes that this alone doesn't mean we will see a market crash or a material decline, but that if one were to occur, most market participants aren't prepared for it. Because of that, a downside move could be exacerbated by the potential "chase" of hedges as volatility rises and those hedges get more expensive.

SPX VOL Percentiles:

Atm Vols	Ticker	Term	Value	5y %tile	6m Trend	6m %tile
	SPX	2w	10.3	12%		21%
		1m	10.7	6%		7%
		2m	11.5	4%		7%
		3m	12.1	2%		3%
		6m	13.2	4%		14%

SPX Skew Trends and 6mo Percentiles:

Skew (25d)	Ticker	Term	Value	5y %tile	6m Trend	6m %tile
	SPX	2w p/c	1.13	4%		9%
		1m p/c	1.24	8%		10%
		2m p/c	1.32	8%		6%
		3m p/c	1.37	9%		2%
		6m p/c	1.46	16%		11%

Put Skew (25d p/atm)	Ticker	Term	Value	5y %tile	6m Trend	6m %tile
	SPX	2w p/atm	1.08	7%		6%
		1m p/atm	1.16	18%		22%
		2m p/atm	1.20	16%		6%
		3m p/atm	1.22	20%		5%
		6m p/atm	1.26	27%		16%

Call Skew (25d c/atm)	Ticker	Term	Value	5y %tile	6m Trend	6m %tile
	SPX	2w c/atm	0.96	97%		80%
		1m c/atm	0.94	98%		84%
		2m c/atm	0.91	97%		90%
		3m c/atm	0.89	97%		90%
		6m c/atm	0.86	89%		64%

-"THE VOL IS DEAD"--LAUGHABLY LOW %ILE RANK ATM VOL, WITH RELENTLESS SELLING OF INDEX VOL FROM PREMIUM INCOME ETFs & FUNDS / OVERWRITERS / UNDERWRITERS / SYSTEMATIC VRP, QIS / STRUCTURED PRODUCTS IN 0-1DTE AND CROWDED DISPERSION BOOKS--STUFFING DEALERS ON ROTTING GAMMA / VEGA, WHICH THEN FORCES THEM TO SHORT FRONT VOLS AS WELL

-SKEW AND PUT SKEW SHOW NO CLIENT NEED / DEMAND FOR DOWNSIDE "LEFT TAIL" CRASH, BECAUSE 1) THERE SIMPLY ISN'T ENOUGH EQUITIES EXPOSURE ON AND 2) FIXED-INCOME IS BACK TO PROVIDING "POSITIVE CARRY TAIL" ON CYCLE TURN RISK FOR REAL-MONEY INVESTORS

-INSTEAD, THE ONLY EQUITIES INDEX OPTIONS DEMAND WE SEE ANYWHERE IS FOR "RIGHT TAIL" CRASH-UP PROTECTION

Maestro Model

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

We are continuing to see improvement in the sub-categories of the Maestro Model. The trend is up 1 point but did pull back slightly last week due to momentum getting stretched to the upside based on several of the inputs. Sentiment/Vol stayed the same and Breadth rose 2 points. This has now pushed the Model above +8, giving a conservative bullish signal.
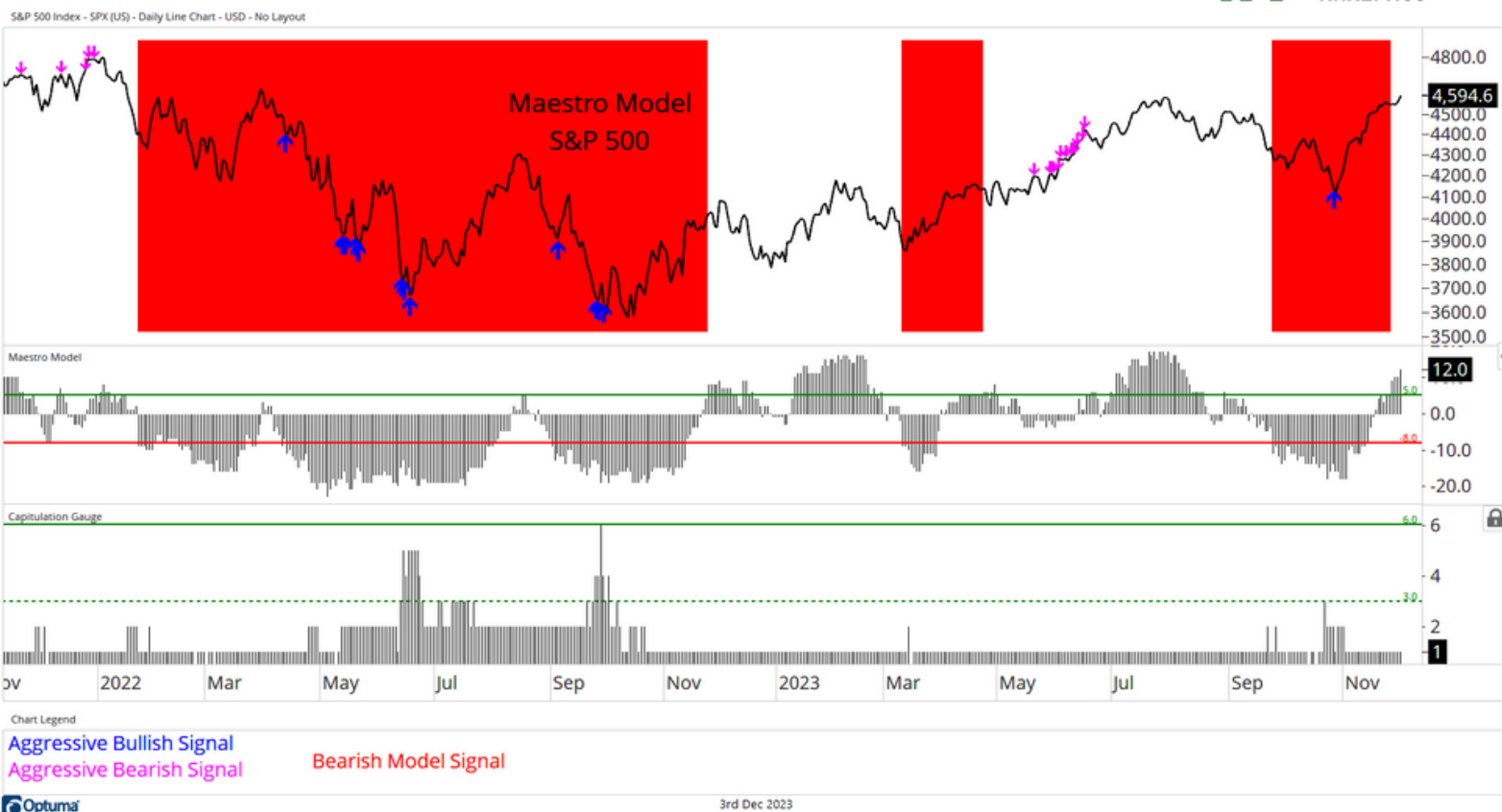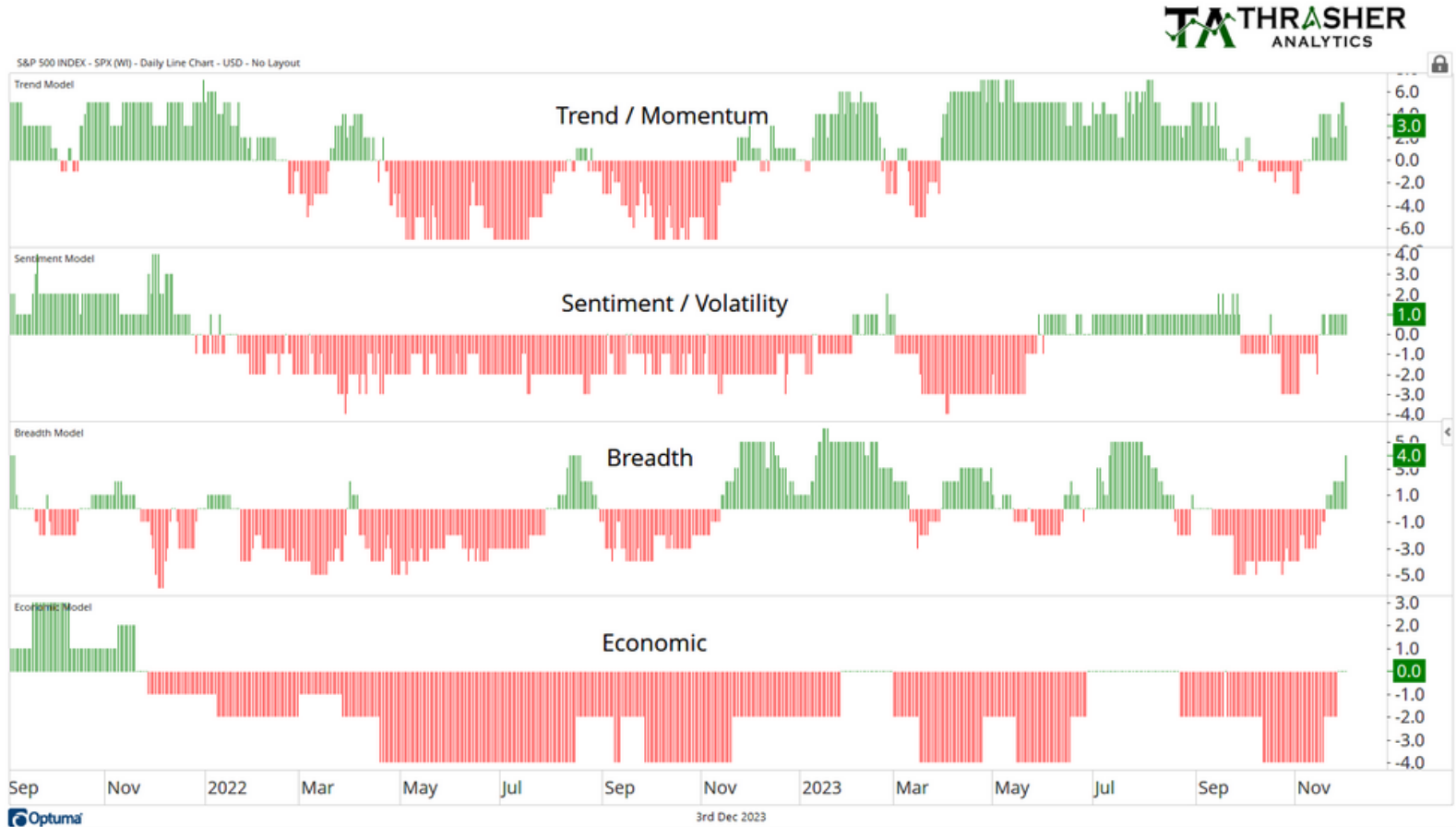
Trend/Momentum and Breadth both up. Economic data also rose and bank stocks improved.

Sentiment Score

Big change in the sentiment data with Real Estate now the highest-ranking sector for sentiment, followed by Financials and Tech.
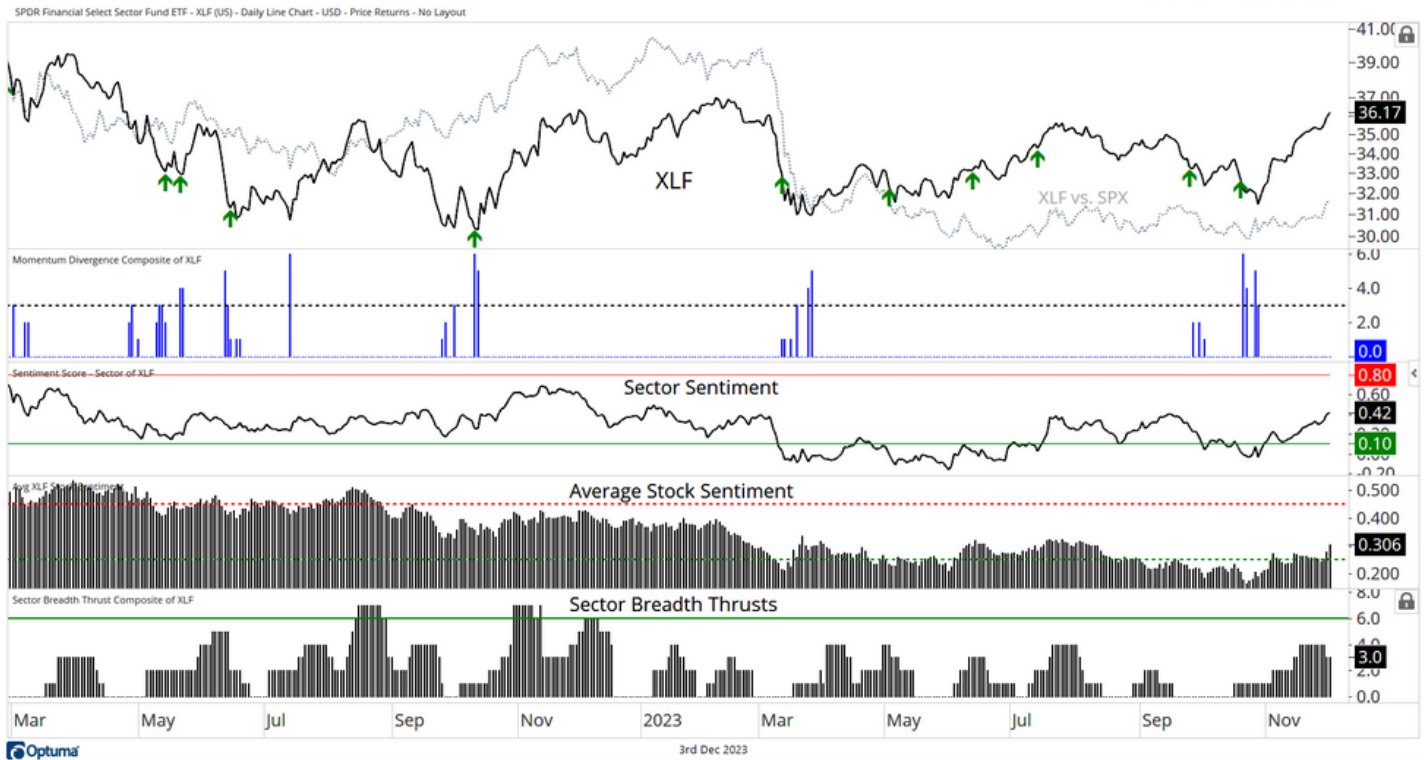
Daily - Watchlist - No Layout

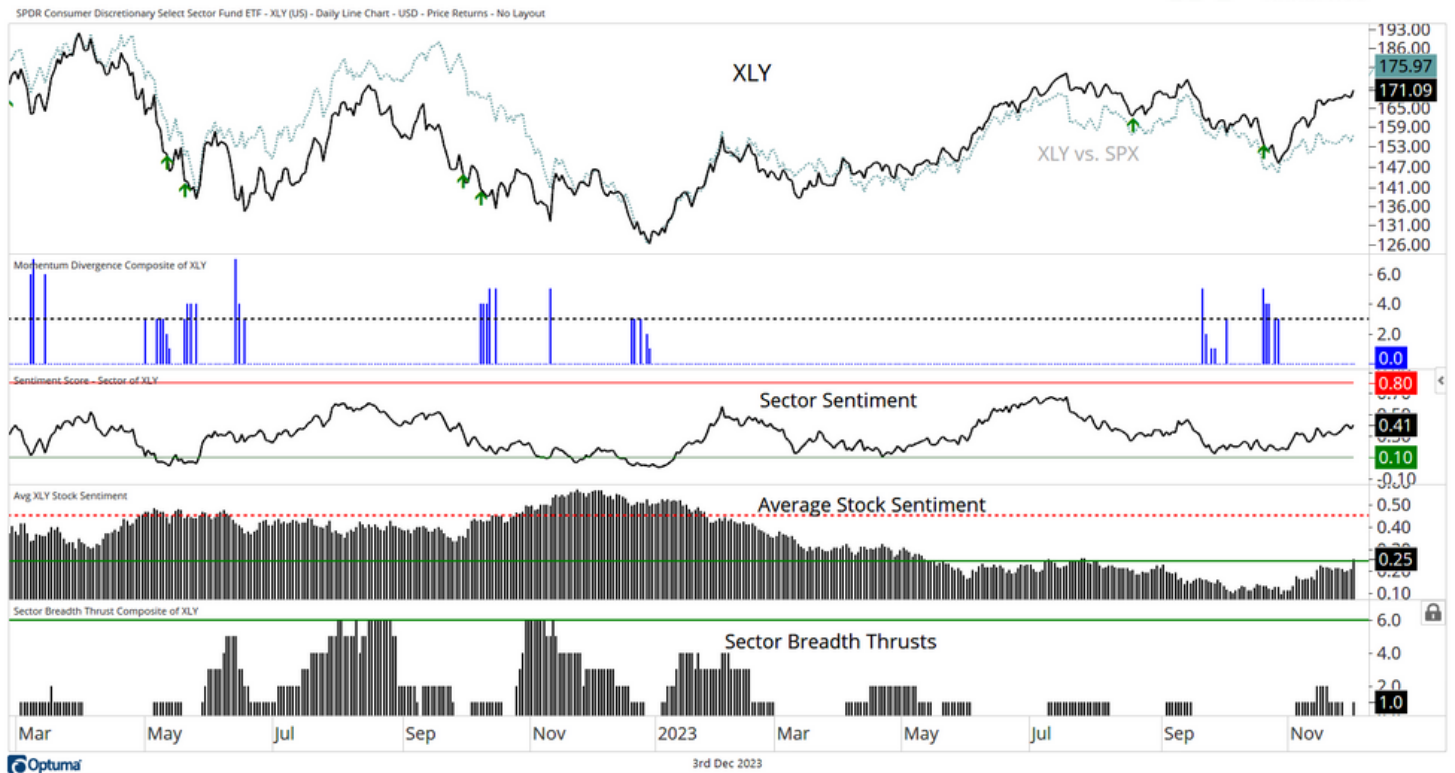| Sector	Ticker	Sector Sentiment	Change in Score	1W Perf	1M Perf	3M Perf
SPDR Real Estate Select Sector Fund ETF	XLRE	0.56	0.22	4.65%	14.25%	2.73%
SPDR Financial Select Sector Fund ETF	XLF	0.42	0.09	2.23%	11.05%	4.27%
SPDR Technology Select Sector Fund ETF	XLK	0.42	0.01	0.63%	11.01%	5.32%
SPDR Consumer Discretionary Select Sector Fund ETF	XLY	0.41	0.08	1.69%	11.11%	0.84%
SPDR Communication Services Select Sector ETF	XLC	0.38	-0.10	-1.48%	6.46%	4.19%
SPDR Materials Select Sector Fund ETF	XLB	0.28	0.14	2.75%	9.53%	-0.56%
SPDR Industrial Select Sector Fund ETF	XLI	0.24	0.11	2.26%	10.19%	-0.06%
SPDR Utilities Select Sector Fund ETF	XLU	0.23	0.00	1.34%	5.23%	1.42%
SPDR Health Care Select Sector Fund ETF	XLV	0.12	-0.08	0.53%	5.63%	-1.30%
SPDR Consumer Staples Select Sector Fund ETF	XLP	0.12	0.05	0.77%	4.66%	-1.65%
SPDR Energy Select Sector Fund ETF	XLE	0.03	0.00	0.11%	0.04%	-6.30%

Sentiment Score: XLF & XLY

SPDR Real Estate Select Sector Fund ETF - XLRE (US) - Daily Line Chart - USD - Price Returns - No Layout

XLRE

XLRE vs. SPX

Momentum Divergence Composite of XLRE

Sentiment Score - Sector of XLRE

Sector Sentiment

Avg XLRE Stock Sentiment

Average Stock Sentiment

Sector Breadth Thrust Composite of XLRE

Sector Breadth Thrusts

3rd Dec 2023

SPDR Communication Services Select Sector ETF - XLC (US) - Daily Line Chart - USD - Price Returns - No Layout

XLC

XLC vs. SPX

Momentum Divergence Composite of XLC

Sentiment Score - Sector of XLC

Sector Sentiment

XLC Stock Sentiment

Average Stock Sentiment

Sector Breadth Thrust Composite of XLC

Sector Breadth Thrusts

3rd Dec 2023
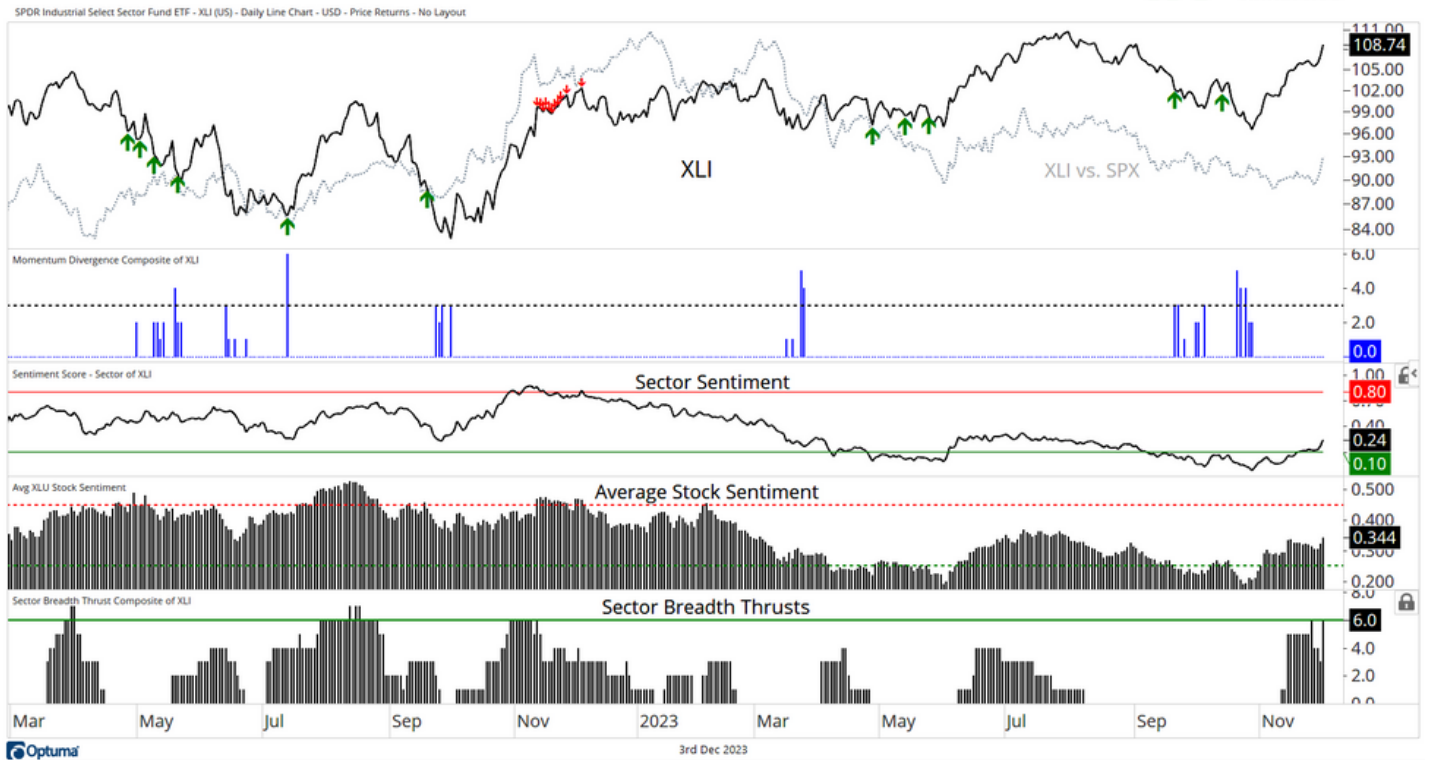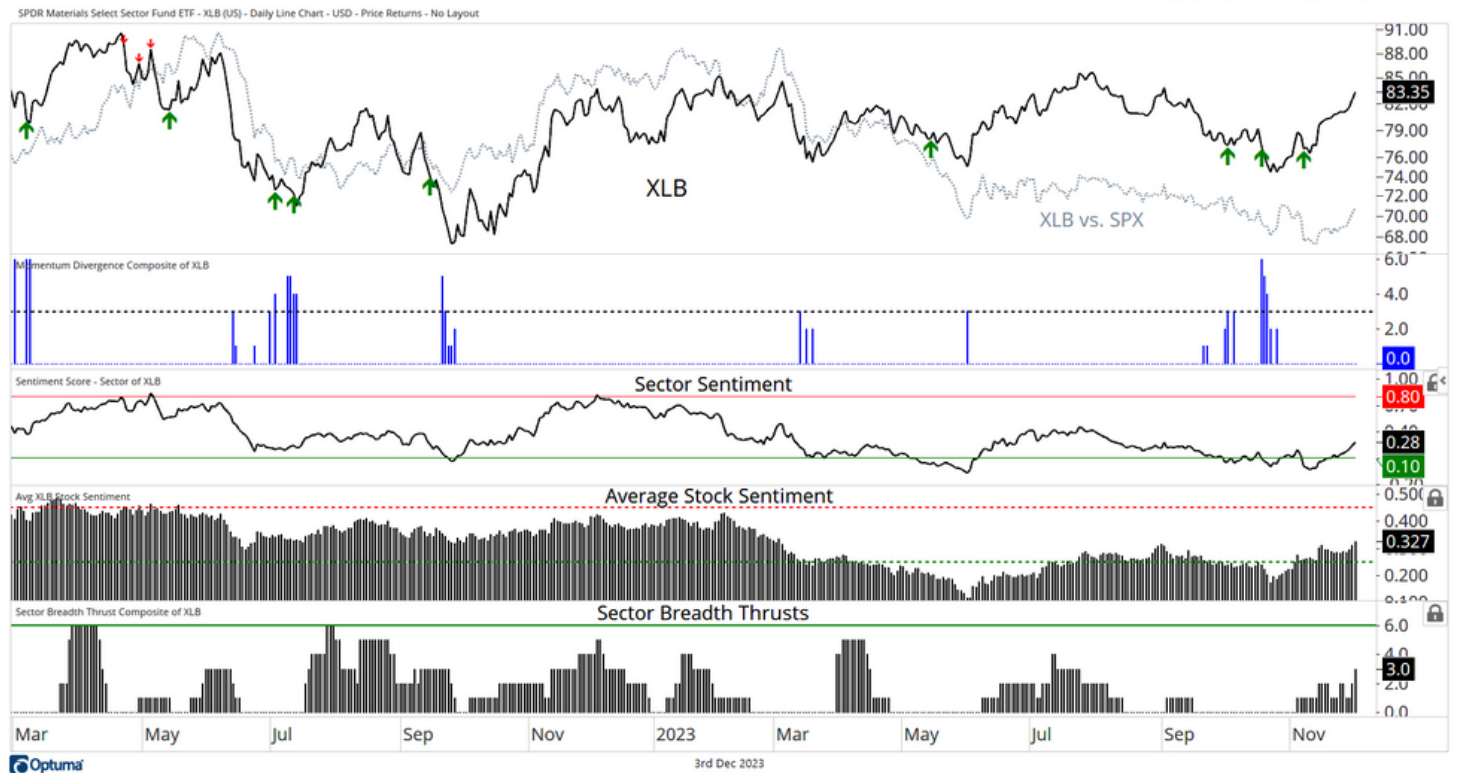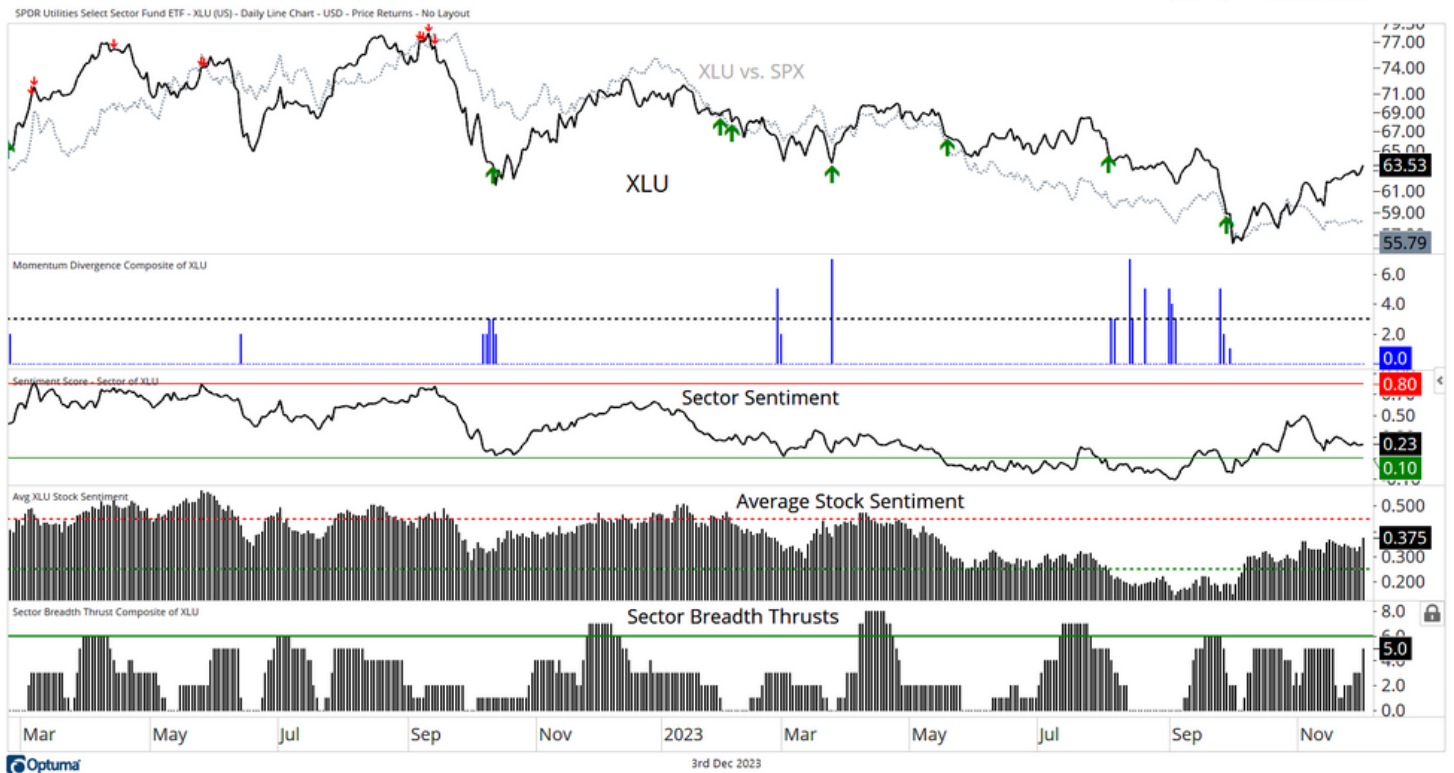
SPDR Technology Select Sector Fund ETF - XLK (US) - Daily Line Chart - USD - Price Returns - No Layout
Relative Index Comparison to S&P 500 INDEX of XLK & SPDR Technology Select Sector Fund ETF - XLK (US) - 1 Day - USD & Show Bar [Script] of XLK & Show Bar [Script] of XLK
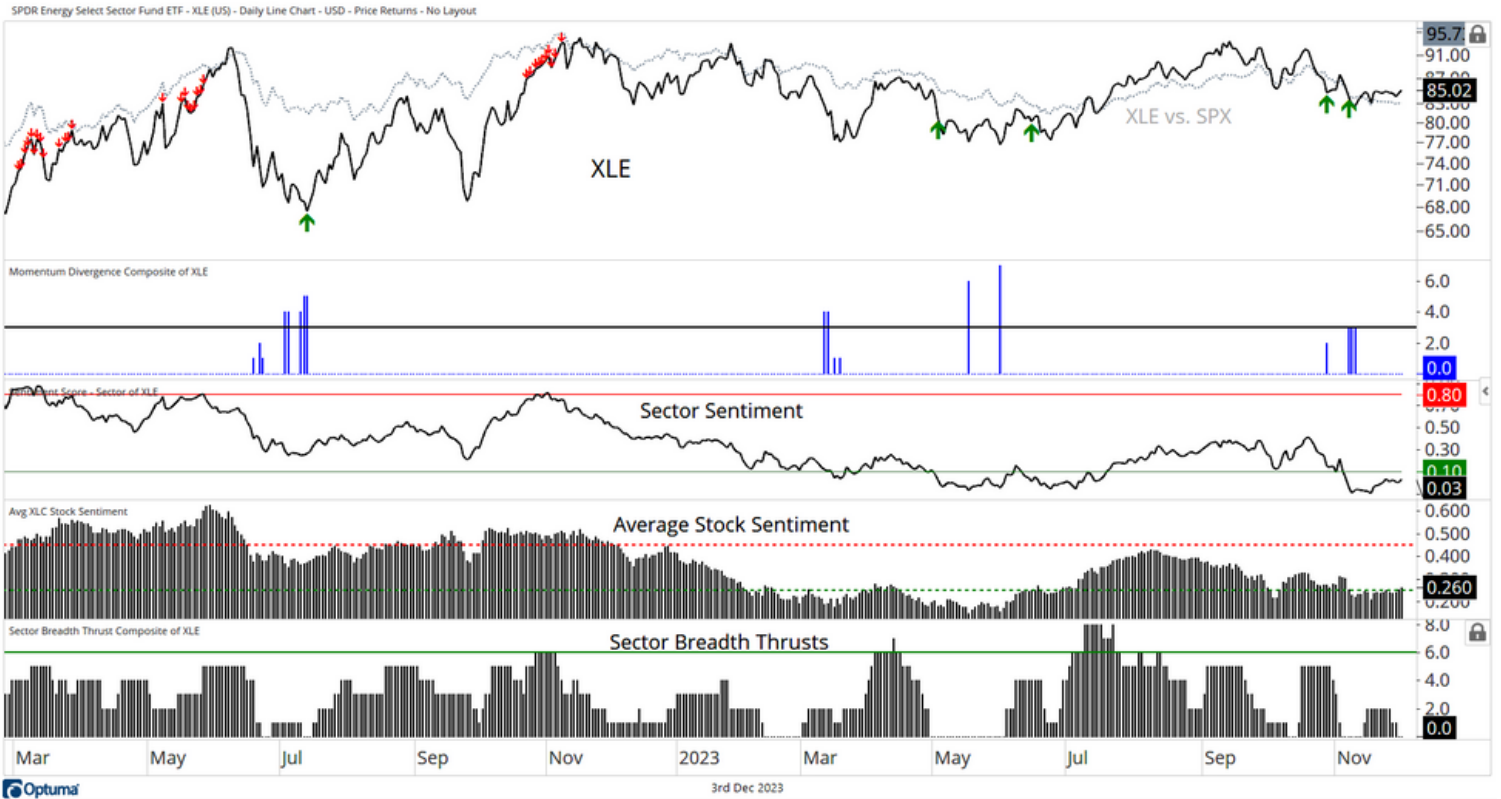
XLK
XLK vs. SPX
Momentum Divergence Composite of XLK
Sentiment Score - Sector of XLK
Sector Sentiment
Avg XLK Stock Sentiment
Average Stock Sentiment
Sector Breadth Thrust Composite of XLK
Sector Breadth Thrusts

3rd Dec 2023
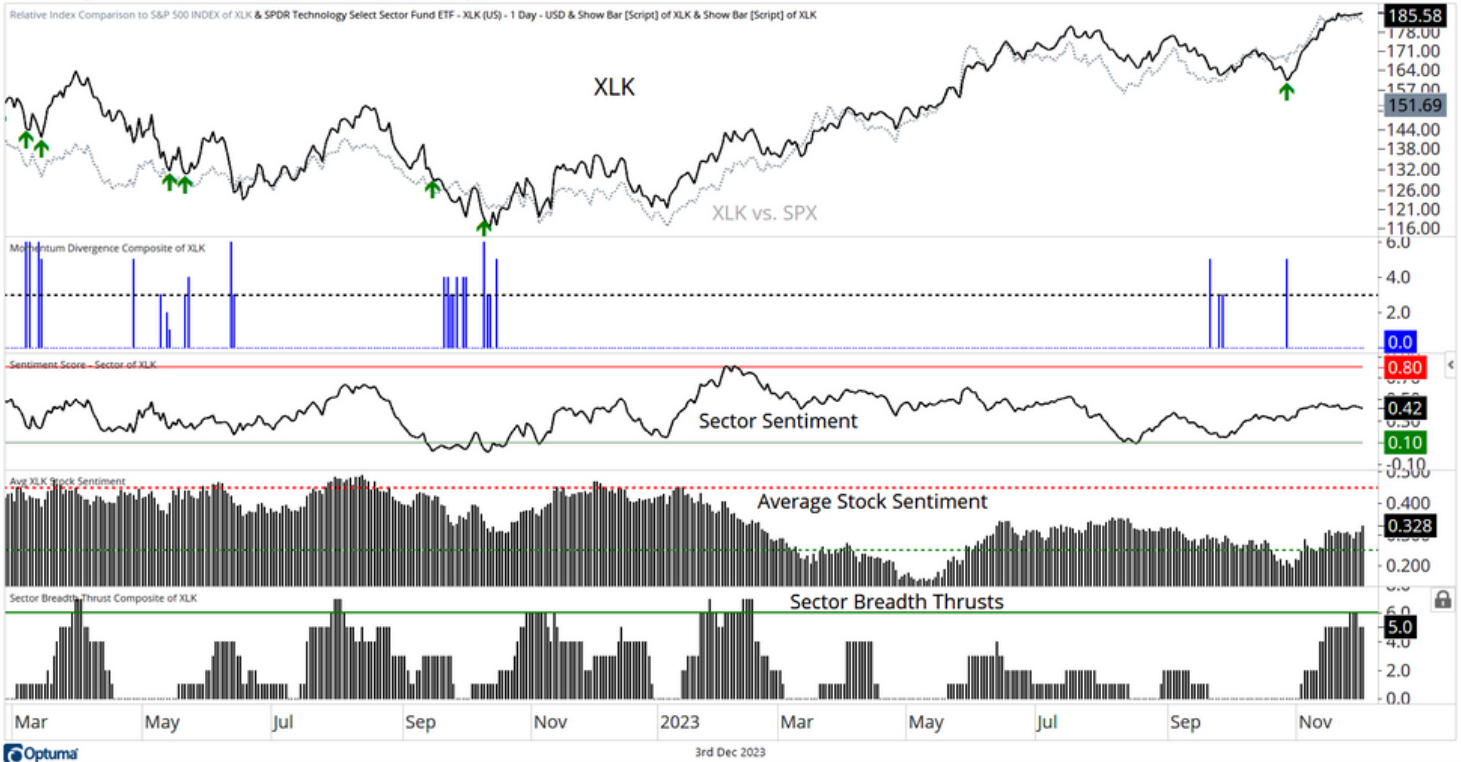
SPDR Health Care Select Sector Fund ETF - XLV (US) - Daily Line Chart - USD - Price Returns - No Layout

XLV
XLV vs. SPX
Momentum Divergence Composite of XLV
Sentiment Score - Sector of XLV
Sector Sentiment
Avg XLV Stock Sentiment
Average Stock Sentiment
Sector Breadth Thrust Composite of XLV
Sector Breadth Thrusts

3rd Dec 2023

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

XLE vs. SPX

XLE

Momentum Divergence Composite of XLE

Sector Sentiment

Avg XLC Stock Sentiment — Average Stock Sentiment

Sector Breadth Thrust Composite of XLE — Sector Breadth Thrusts

3rd Dec 2023

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 59th 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	0.04	0.05	0.03	0.02	0.01	0.03	0.03	0.03	0.06	0.06	0.09	0.11	0.10	0.05	0.04	0.03	0.09	0.11	0.09	0.06	0.05	0.01	0.01	0.05	0.08	0.03	0.03	0.05	0.03	0.00	0.00	0.00	0.03	0.01	0.00	0.00
EAFE vs. SPX	0.22	0.20	0.18	0.18	0.16	0.16	0.18	0.19	0.18	0.21	0.24	0.25	0.25	0.23	0.17	0.12	0.12	0.07	0.01	0.00	0.05	0.00	0.02	0.06	0.04	0.03	0.11	0.08	0.07	0.06	0.10	0.09	0.09	0.11	0.08	0.11
HY Debt vs. Treasury	0.93	0.84	0.92	0.95	0.97	1.00	0.98	0.95	0.91	0.99	0.93	0.95	0.97	1.00	0.93	0.88	0.90	0.92	0.86	0.78	0.86	0.86	0.86	0.80	0.85	0.80	0.79	0.77	0.78	0.77	0.82	0.75	0.76	0.73	0.77	0.72
Home Construction vs. SPX	0.61	0.61	0.62	0.63	0.55	0.51	0.52	0.53	0.48	0.45	0.53	0.54	0.55	0.57	0.66	0.67	0.74	0.67	0.68	0.67	0.65	0.65	0.63	0.82	0.80	0.79	0.84	0.81	0.77	0.78	0.80	0.80	0.76	0.82	0.81	0.93
Offense vs. Defense Sectors	1.00	0.94	0.95	0.96	0.91	0.90	0.86	0.87	0.85	0.81	0.78	0.85	0.85	0.85	0.88	0.91	0.93	0.91	0.91	0.93	0.96	1.00	1.00	1.00	0.99	1.00	1.00	0.97	0.96	0.95	0.95	0.96	0.98	0.96	0.97	0.97
Broker-Dealer vs. SPX	0.10	0.09	0.11	0.12	0.07	0.06	0.08	0.07	0.04	0.06	0.14	0.08	0.09	0.10	0.08	0.12	0.16	0.16	0.14	0.15	0.17	0.16	0.15	0.15	0.16	0.15	0.17	0.17	0.17	0.18	0.19	0.20	0.18	0.22	0.24	0.27
S&P Growth vs. S&P Value	1.00	0.99	0.98	0.96	0.97	0.95	0.93	0.95	0.95	0.90	0.84	0.85	0.82	0.80	0.82	0.83	0.78	0.82	0.84	0.87	0.86	0.88	0.90	0.84	0.82	0.83	0.82	0.83	0.85	0.82	0.79	0.80	0.80	0.78	0.75	0.71
Semiconductor vs. SPX	0.96	0.90	0.90	0.87	0.85	0.85	0.83	0.85	0.86	0.79	0.80	0.83	0.78	0.79	0.83	0.85	0.89	0.88	0.89	0.90	0.92	1.00	0.98	1.00	0.99	1.00	1.00	0.95	0.93	0.92	0.93	0.90	0.94	0.89	0.88	0.88
Consumer Disc. Vs. Staples	1.00	0.92	0.94	0.94	0.85	0.79	0.76	0.77	0.77	0.70	0.68	0.75	0.73	0.74	0.78	0.82	0.86	0.86	0.88	0.89	0.84	0.87	0.88	0.95	0.93	0.93	0.96	0.98	0.96	0.95	0.94	0.95	0.96	0.97	0.94	0.97
Small Cap vs. Utilities	0.75	0.67	0.69	0.75	0.70	0.68	0.66	0.66	0.60	0.50	0.48	0.51	0.50	0.50	0.48	0.51	0.60	0.55	0.57	0.56	0.55	0.57	0.62	0.68	0.70	0.61	0.66	0.69	0.63	0.64	0.65	0.63	0.60	0.66	0.66	0.73
Transports vs. Utilities	0.87	0.89	0.80	0.82	0.86	0.77	0.77	0.81	0.78	0.71	0.62	0.54	0.58	0.63	0.61	0.61	0.60	0.61	0.63	0.64	0.66	0.65	0.68	0.71	0.72	0.67	0.69	0.72	0.72	0.72	0.72	0.68	0.65	0.67	0.70	0.76
Equal Weight vs. Cap Weight	0.00	0.02	0.03	0.06	0.05	0.02	0.02	0.00	0.00	0.02	0.08	0.04	0.01	0.03	0.00	0.02	0.06	0.02	0.00	0.00	0.00	0.00	0.00	0.05	0.07	0.04	0.06	0.04	0.04	0.05	0.06	0.06	0.05	0.07	0.10	0.15
Small cap vs. Large Cap	0.00	0.00	0.03	0.08	0.04	0.01	0.01	0.00	0.01	0.00	0.07	0.03	0.00	0.02	0.00	0.03	0.12	0.05	0.02	0.00	0.00	0.00	0.01	0.15	0.15	0.07	0.12	0.12	0.07	0.08	0.11	0.10	0.08	0.11	0.10	0.20
Equities. vs. VIX	0.63	0.47	0.59	0.54	0.45	0.34	0.32	0.36	0.43	0.33	0.29	0.26	0.32	0.42	0.52	0.64	0.72	0.72	0.73	0.77	0.68	0.81	0.75	0.84	0.84	0.82	0.88	0.94	0.94	1.00	0.97	0.97	0.93	0.94	0.99	0.99
Aussie Dollar vs. Yen	0.69	0.76	0.81	0.78	0.76	0.73	0.76	0.80	0.75	0.78	0.75	0.78	0.88	0.92	0.95	0.98	1.00	0.95	0.93	0.90	0.90	0.94	1.00	1.00	0.91	0.90	0.89	0.89	0.94	0.96	0.98	0.97	0.96	0.90	0.94	0.95
Copper vs. Gold	0.22	0.08	0.11	0.10	0.05	0.02	0.00	0.04	0.07	0.03	0.01	0.03	0.07	0.08	0.09	0.10	0.10	0.16	0.14	0.13	0.12	0.11	0.17	0.15	0.20	0.14	0.18	0.26	0.22	0.18	0.19	0.13	0.13	0.11	0.16	0.18
AVERAGE	0.56	0.53	0.54	0.55	0.52	0.49	0.48	0.49	0.48	0.46	0.46	0.46	0.47	0.48	0.49	0.51	0.54	0.53	0.52	0.52	0.52	0.53	0.54	0.58	0.58	0.55	0.57	0.58	0.57	0.57	0.58	0.56	0.56	0.56	0.57	0.59

Bearish

Bullish
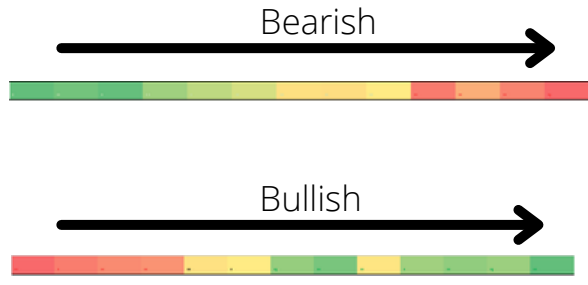
Risk Appetite Ratio

The Average Risk Appetite Ratio has continued to inch higher but is still far from the levels seen in the summer.
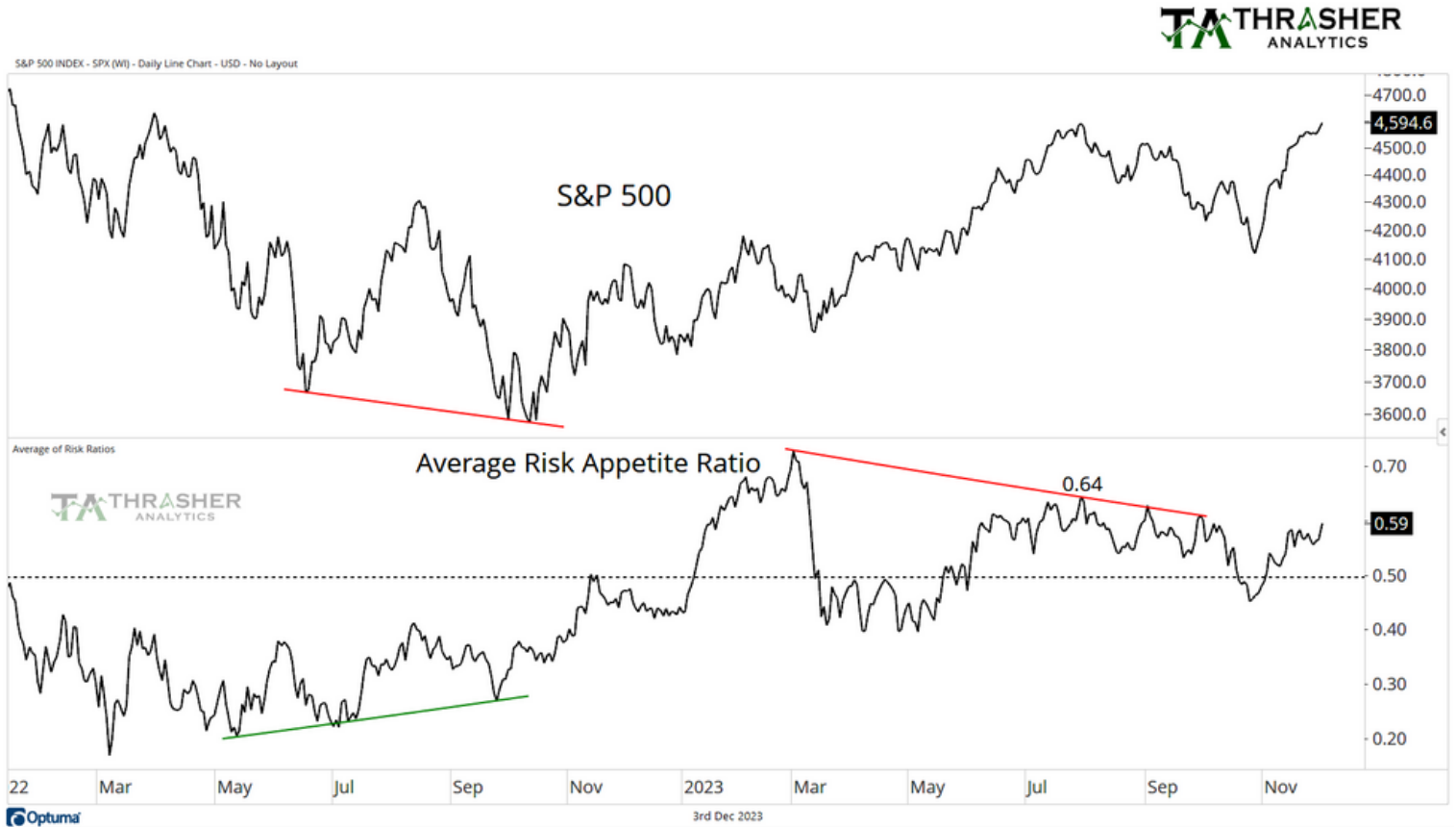
Equities - Breadth

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
Moving Average Breadth								
S&P 500 % above 200-day MA	38.8	35.0	27.0	37.8	36.6	48.2	54.7	62.6
Nasdaq 100 % above 200-day MA	62.4	57.0	45.0	52.0	54.0	68.0	71.0	72.0
S&P 500 % above 50-day MA	26.4	21.3	14.3	39.8	40.4	66.1	75.9	84.7
Nasdaq 100 % above 50-day MA	48.5	31.0	15.0	46.0	48.0	66.0	74.0	78.0
S&P 500 % above 20-day MA	40.6	32.2	23.5	59.8	58.5	83.1	90.9	88.9
Nasdaq 100 % above 20-day MA	23.8	62.4	36.0	18.0	51.0	59.0	86.0	87.0
Bullish Breadth								
S&P 500 % RSI(14) > 70	0.4	2.8	0.0	0.2	3.8	7.4	11.9	15.5
Nasdaq 100 % RSI(14) > 70	0.0	5.9	0.0	0.0	0.0	1.0	16.0	26.0
S&P 400 % New 52 week highs	1.3	1.8	0.8	0.8	3.5	1.5	1.8	4.3
S&P 600 % New 52 week highs	0.7	0.2	0.0	0.5	3.3	0.8	2.8	3.5
S&P 500 % New 52 week highs	3.8	0.4	0.0	2.2	4.0	3.4	4.4	11.3
Nasdaq 100 % New 52 week highs	12.9	2.0	0.0	1.0	7.0	6.0	5.0	6.0
S&P 500 % New 6 month highs	5.2	1.4	0.0	3.6	4.4	5.2	6.8	16.1
Nasdaq 100 % New 6 month highs	0.0	14.9	2.0	0.0	2.0	7.0	8.0	5.0
Bearish Bearish								
S&P 500 % RSI(14) < 30	15.1	10.4	12.3	24.9	2.4	3.2	0.4	0.0
Nasdaq 100 % RSI(14) < 30	6.9	6.9	5.0	20.0	4.0	5.0	1.0	0.0
S&P 400 % New 52 week lows	5.0	5.0	7.0	6.8	3.3	3.3	0.0	0.0
S&P 600 % New 52 week lows	7.9	8.5	7.0	7.2	4.2	5.7	0.7	0.3
S&P 500 % New 52 week lows	7.6	7.4	7.2	1.8	2.4	0.4	0.0	0.2
Nasdaq 100 % New 52 week lows	4.0	5.0	6.0	1.0	2.0	0.0	0.0	0.0
S&P 500 % New 6 month lows	11.3	10.7	12.1	3.2	3.0	0.6	0.0	0.2
Nasdaq 100 % New 6 month lows	9.9	8.9	7.0	13.0	2.0	3.0	1.0	0.0

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 6-Month Relative Performance High List

XLY	XLK	XLF	XLC	XLI	XLB	XLE	XLP	XLV	XLU	XLRE
LULU	PTC	PNC	GRMN	IR	CE					SPG
EXPE	NOW	KEY		WAB						AMT
	IT	FITB		PKG						
	FICO	BK		WRK						
	CRM	MCO		PHM						
	IBM									
	GEN									
	APH									

New 12-month Absolute High	Total 6m RS Highs:
New 12-month Relative High	24

New 6-Month Relative Performance Low List

XLY	XLK	XLF	XLC	XLI	XLB	XLE	XLP	XLV	XLU	XLRE
						OXY	WMT	PFE		

New 12-month Absolute Low	Total 6m RS Lows:
New 12-month Relative Low	3

Strength continues to come into equities, pushing the S&P 500 back to the summer highs. Momentum on the daily chart is still above 70. However, on the weekly chart the 14-period RSI is at 62, creating a bearish divergence as price has shown more strength than the momentum indicator. This divergence isn't required to be resolved by price declining, it also be resolved by momentum playing "catch up" or price going sideways. The divergence is a yellow warning flag but not a call for immediate collapse. To the upside, the March 2022 high would be the next time. If we see weakness in the SPX, the first level of possible support I'll be watching is around 4500-4510, the Sept. high area.

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 has rose to +3 with several new thrusts emerging last week.
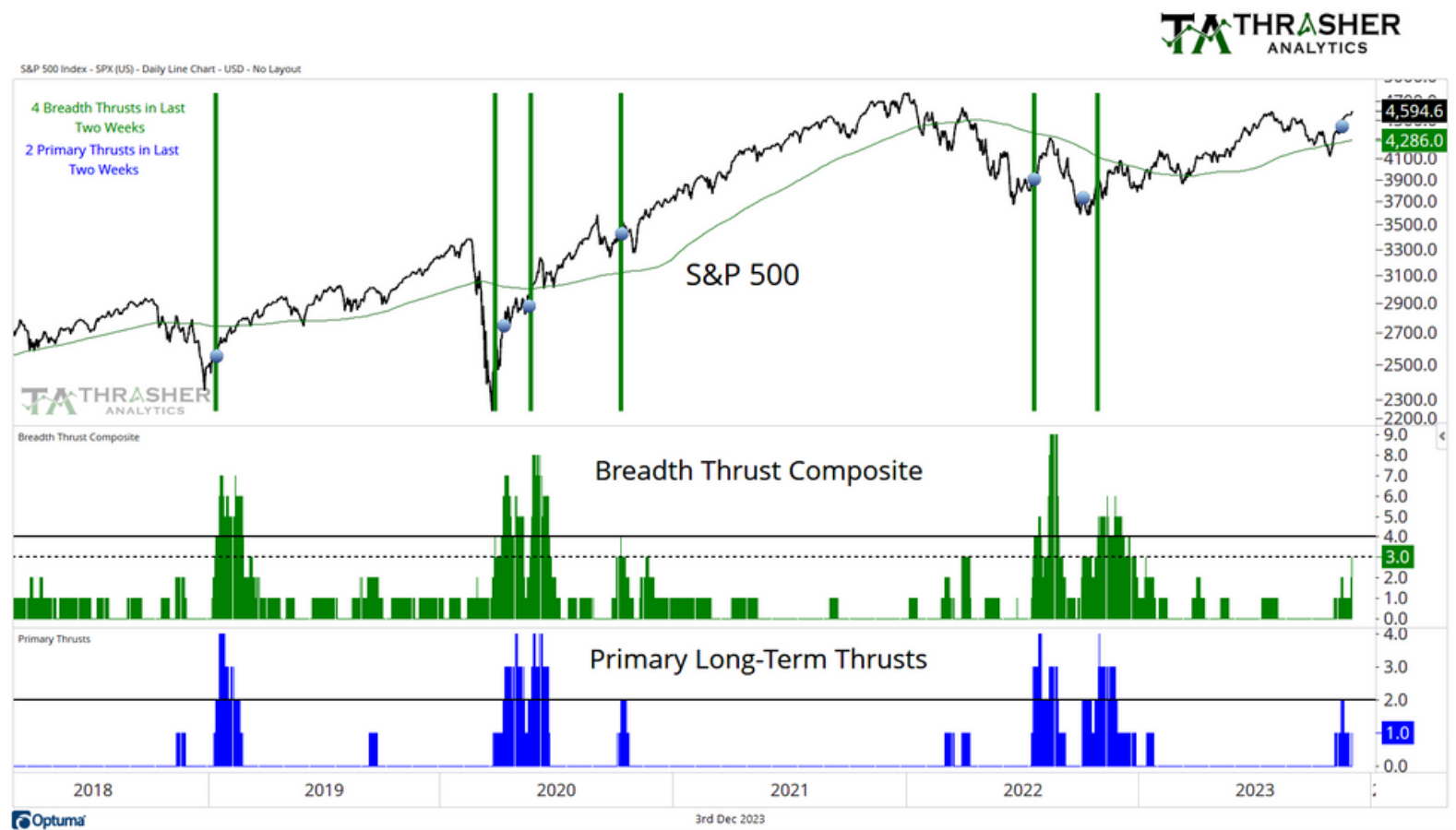
The new high list across time frames have continued to expand and we are nearing levels not seen since the summer. In fact, on Friday we hit 61% of stocks making a 20-day low, exceeding the levels hit in the summer months. Individual stock breadth continues to show confirmation of the current up trend, a bullish intermediate catalyst for the market.
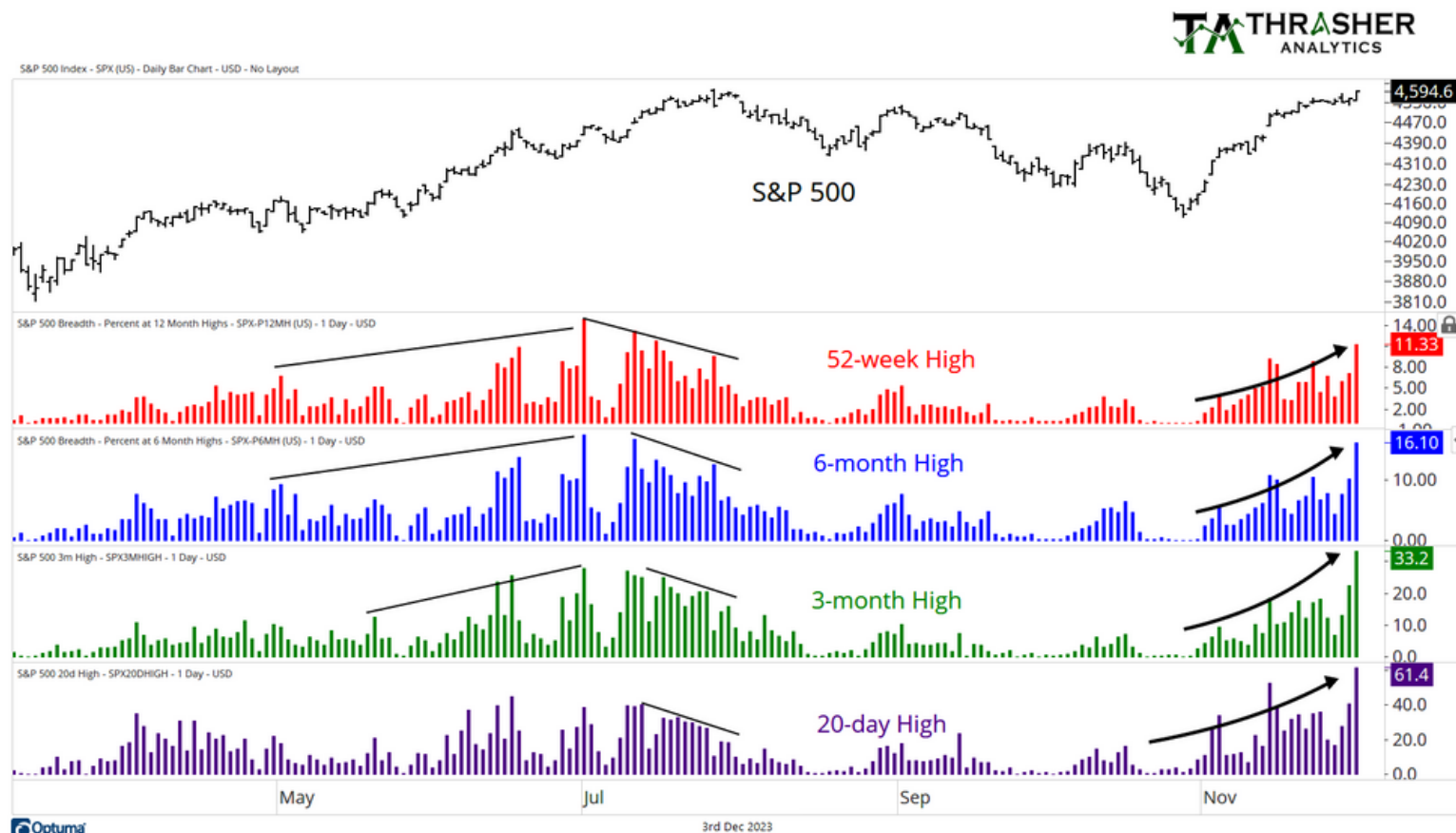
One area of breadth that's showing less bullishness is the number of new highs in large cap industries. At the start of the summer down trend, we were hitting levels in the 20% range of new 52-week highs. I've smoothed the data on the chart below over 5-day, and we can see that the current level of 4.5% over the last 5-day (7.5% on Friday) is well off what we had in the summer. This isn't a huge shock; the market is still recovering, and the early bulk of the strength came from the mag 7 stocks. That's sense begun to broaden out but on a broad industry level, there still much level to be desired.
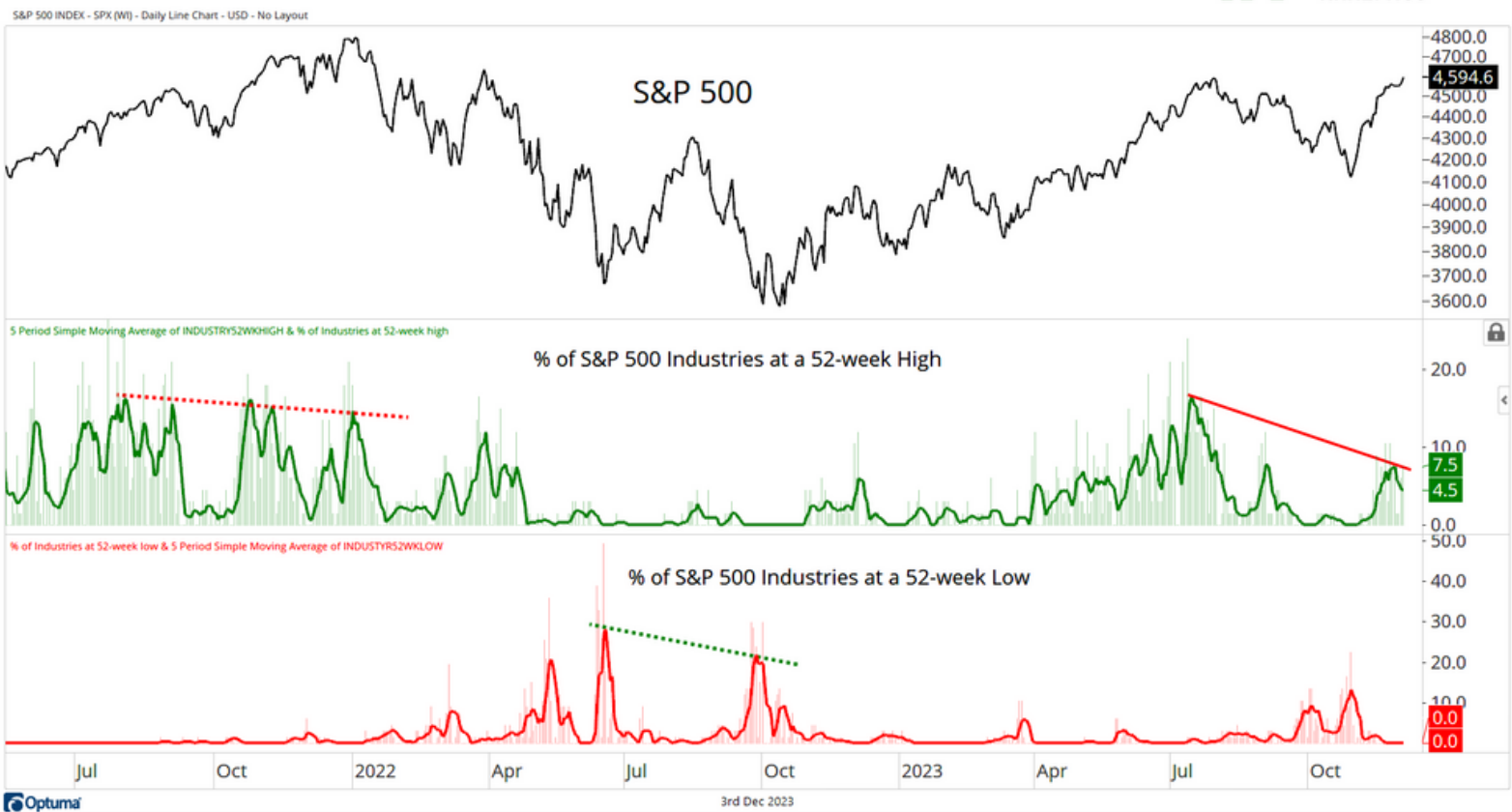
On the prior page I mentioned that the rally has broadened out after the initial Mag 7 leadership. We can see that on the chart below which looks at the percent of stocks outperforming the S&P 500 each day and in the bottom panel, looking at just positive days of performance for the Index. For example, on Friday we had 73% of stocks outperform, regularly seeing 60+% days. Notice what we had in the summer, on up days towards the peak, we hadn't had a day above 60% when the Index was positive. This meant fewer stocks were able to keep up with the Index (which I discussed at-length in real time during the lead up to the high). That's not the case today, now we are seeing much more participation and strength in stocks behind just the Mag 7.
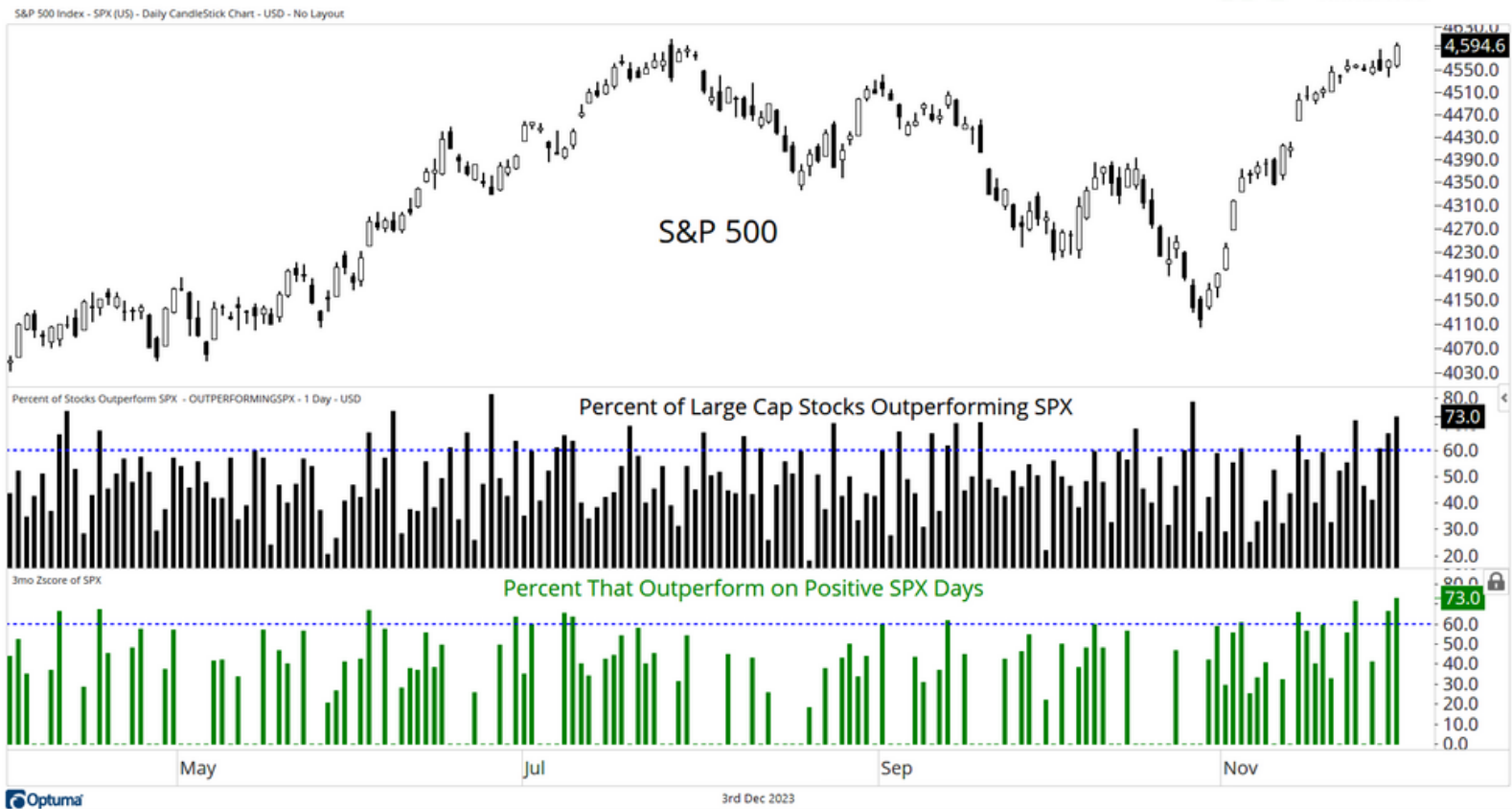
While talking about the Magnificent 7, let's take a look at their performance recently. In the bottom panel of the chart below we can see the strength in equal weight S&P 500, showing a strong move higher. Meanwhile, the Mag 7 is threatening to make a failed breakout, dropping at the end of last week back to the July high. This is a double-edged sword, it's encouraging to see an increase in participation, but because of the weight of the Mag 7 carries within the Index, if they begin to decline it can produce a headwind for the broad market. The most "ideal" situation is to see the groups rise together vs. develop a negative correlation as they are starting to do now.
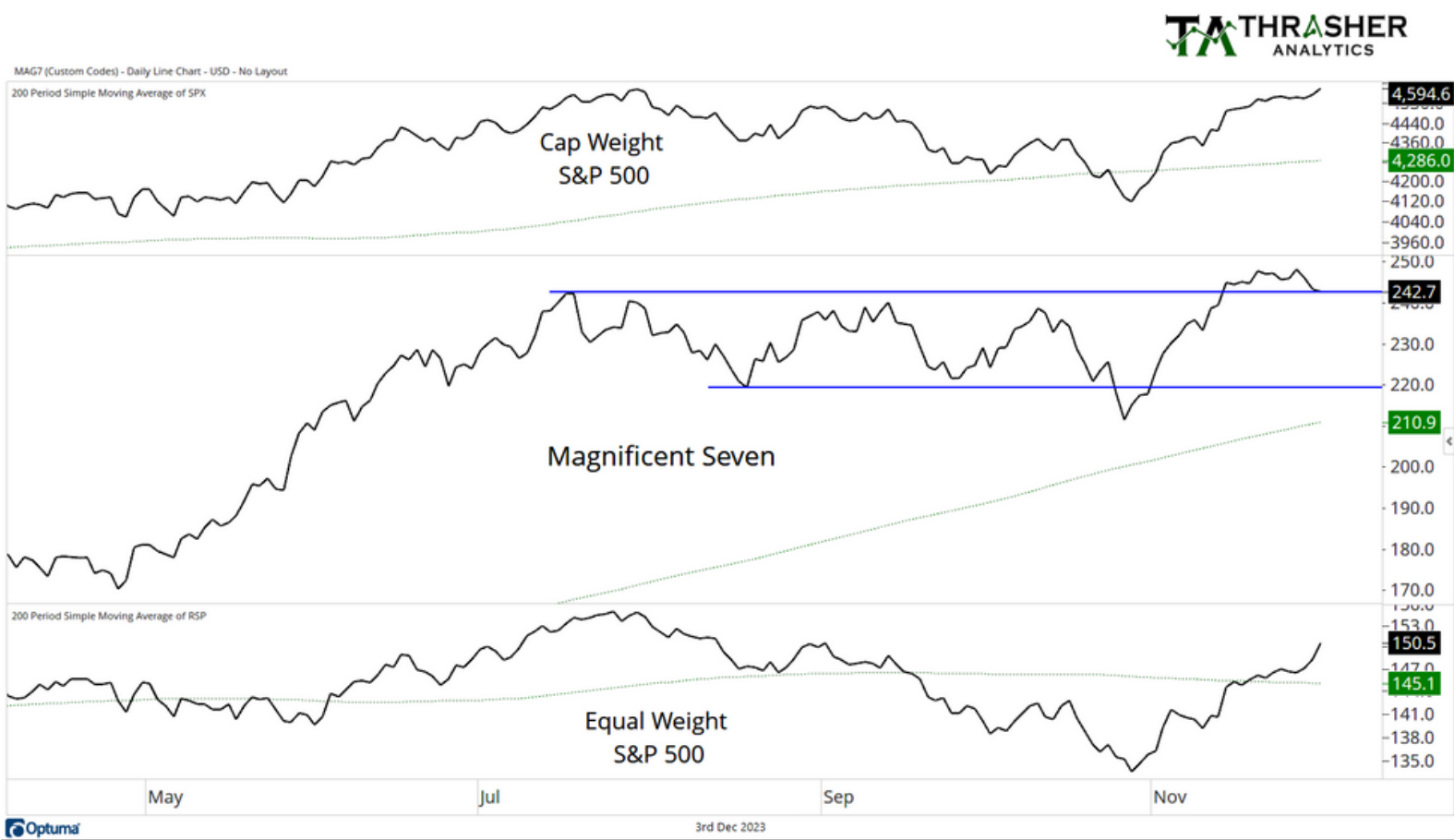
Checking back in on the group of stocks I shared several weeks ago that should do well if we saw rates continue to decline. Value has continued to rise, and real estate and small caps have produced a solid performance. As have banks and utilities. These interest rates sensitive group of stocks are suggesting rates are expected to continue to move lower.
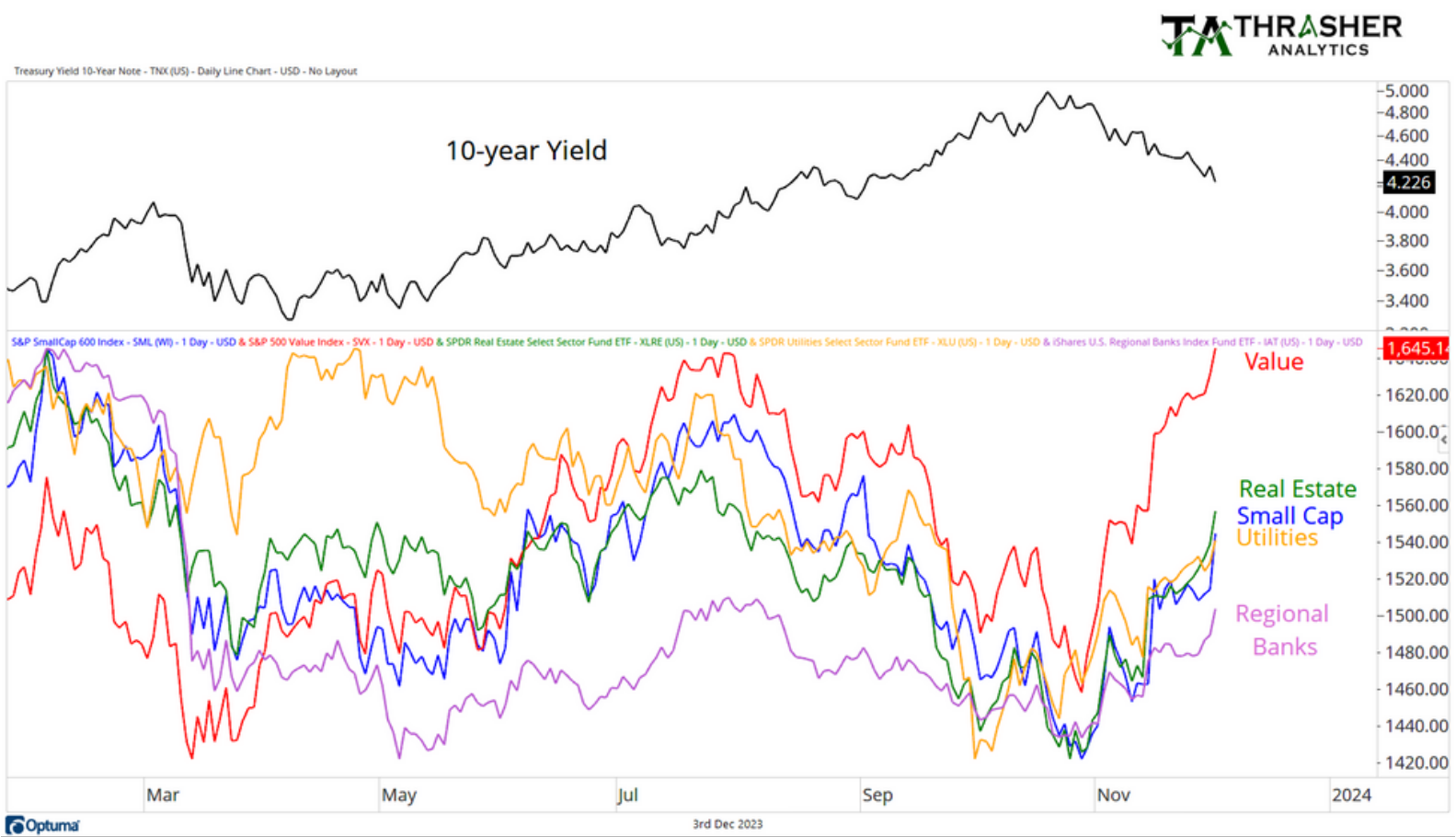
Defense sector sentiment is starting to gain ground on Offense sentiment. While they are both rising, note the Spread is starting to decline due to the strength in Defense sentiment.
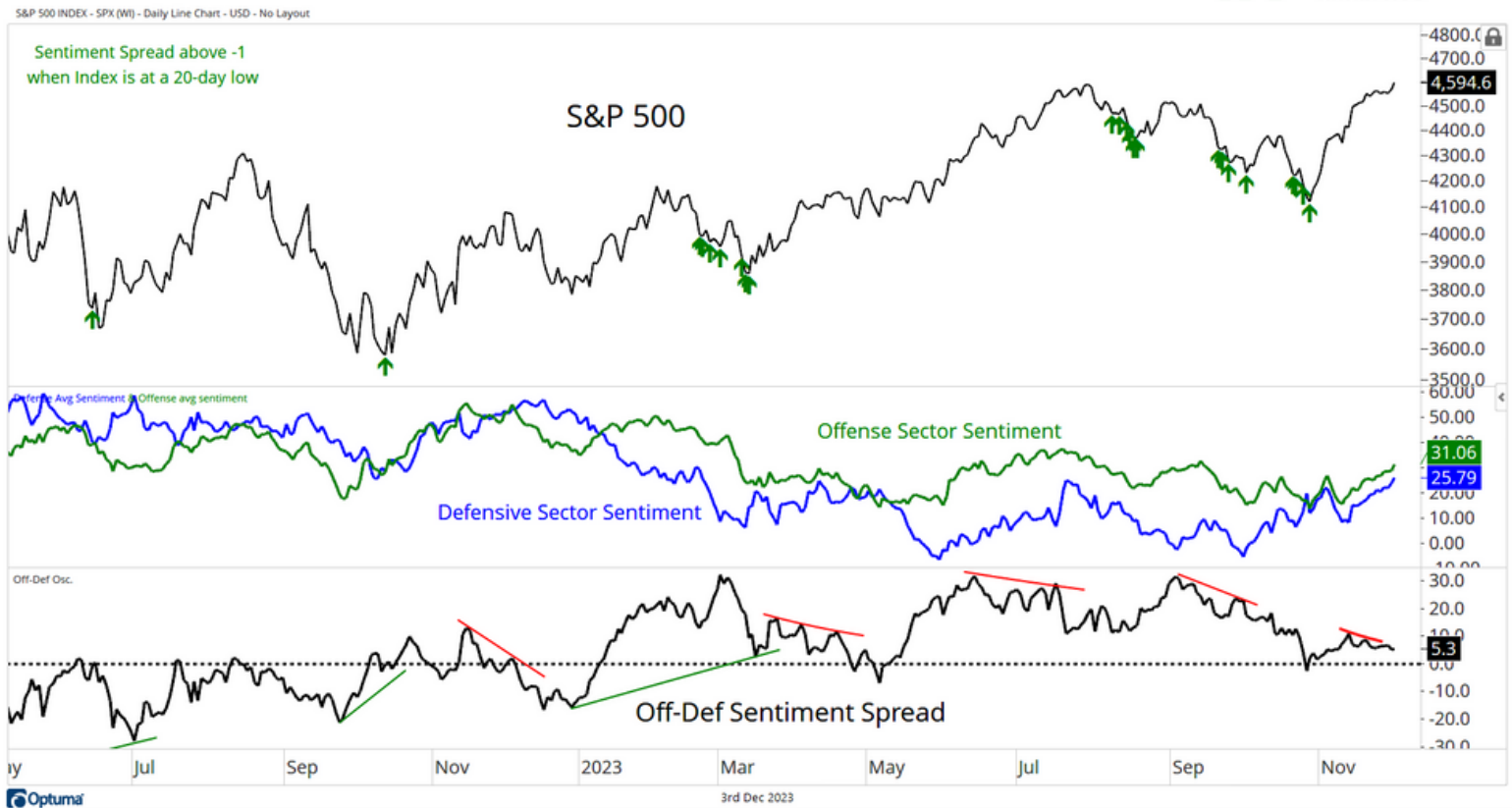
ETF Fund FLow

Below is a table with fund flow data through Thursday of last week.

Daily - ETF Flows - Fund Flows Layout

Name	Ticker	Net Flows YTD	Net Flows 1 Month	Net Flows 3 Month	1 Month Flow % of AUM ⌄	⊞
− Bond ETFs						
iShares iBoxx $ Investment Grade Corporate Bond ETF	LQD	-4,166,730,738	1,727,245,781	-1,846,996,217	5.52%	
iShares 20+ Year Treasury Bond ETF	TLT	22,644,331,698	2,498,568,033	6,972,502,554	5.45%	
iShares 7-10 Year Treasury Bond ETF	IEF	6,083,478,329	-175,218,351	-97,314,620	-0.63%	
iShares TIPS Bond ETF	TIP	-3,255,665,736	-627,709,840	-1,584,476,525	-3.22%	
iShares 1-3 Year Treasury Bond ETF	SHY	-1,348,579,900	-939,495,188	135,966,664	-3.57%	
iShares 10-20 Year Treasury Bond ETF	TLH	1,608,974,402	-309,878,720	-103,575,723	-4.37%	
iShares 3-7 Year Treasury Bond ETF	IEI	983,349,137	-931,815,244	-800,296,598	-7.33%	
− SPDR Equity ETFs						
SPDR Financial Select Sector Fund ETF	XLF	-82,683,888	1,495,936,910	-1,993,800,093	4.59%	
SPDR Communication Services Select Sector ETF	XLC	2,920,137,539	513,297,347	-258,674,384	3.47%	
SPDR Technology Select Sector Fund ETF	XLK	-448,867,100	1,827,478,383	1,615,284,556	3.30%	
SPDR Real Estate Select Sector Fund ETF	XLRE	-146,509,090	151,759,818	292,781,508	3.14%	
SPDR Consumer Discretionary Select Sector Fund ETF	XLY	1,126,639,431	391,093,146	271,535,947	2.23%	
SPDR S&P 500 ETF	SPY	10,048,035,555	6,822,895,063	17,494,004,662	1.56%	
SPDR Energy Select Sector Fund ETF	XLE	-1,531,687,583	-422,827,075	1,855,364,752	-1.13%	
SPDR Utilities Select Sector Fund ETF	XLU	-701,127,897	-167,652,826	-704,483,267	-1.21%	
SPDR Health Care Select Sector Fund ETF	XLV	-3,527,533,334	-770,933,899	-2,621,878,518	-2.08%	
SPDR Industrial Select Sector Fund ETF	XLI	131,696,546	-486,520,786	-740,542,088	-3.33%	
SPDR Materials Select Sector Fund ETF	XLB	-64,208,462	-183,886,135	-246,526,381	-3.38%	
SPDR Consumer Staples Select Sector Fund ETF	XLP	-629,749,938	-842,300,702	-802,112,652	-5.37%	

Daily - Performance - No Layout - Data to 12/2/2023

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: -1.84%					AVG: 2.89%	AVG: 22.68%		AVG: 6.14%	
SML	S&P SmallCap 600 Index	4.06%	-13.04%	2.62%	10.61%	-2.81%	6.07%	8.81%	13.05%	4.54%	6.38%	2.14%
MID	S&P Midcap 400 Index	8.03%	-9.72%	2.55%	10.27%	-1.65%	8.22%	4.28%	13.06%	4.71%	6.41%	3.69%
DJI	Dow Jones Industrial Average	9.35%	-8.62%	2.42%	8.93%	4.04%	9.63%	0.05%	15.32%	4.01%	6.63%	6.97%
SPX	S&P 500 INDEX	19.67%	0.00%	0.77%	8.42%	1.75%	8.85%	0.27%	22.05%	2.44%	5.39%	7.20%
NDY	NASDAQ 100 Index	46.23%	22.20%	0.10%	9.09%	3.27%	10.77%	1.04%	49.91%	2.12%	5.88%	12.04%
– Sectors			AVG: -6.29%					AVG: 5.75%	AVG: 22.66%		AVG: 5.32%	
XLRE	SPDR Real Estate Select Sector Fund ETF	2.92%	-13.99%	4.65%	14.25%	2.73%	5.44%	9.95%	18.82%	6.30%	10.34%	4.27%
XLB	SPDR Materials Select Sector Fund ETF	7.30%	-10.34%	2.75%	9.53%	-0.56%	9.64%	2.97%	12.14%	4.54%	6.57%	4.12%
XLI	SPDR Industrial Select Sector Fund ETF	10.72%	-7.48%	2.26%	10.19%	-0.06%	10.86%	2.14%	14.23%	4.11%	6.58%	5.70%
XLF	SPDR Financial Select Sector Fund ETF	5.76%	-11.62%	2.23%	11.05%	4.27%	12.68%	2.52%	19.02%	4.22%	7.66%	7.76%
XLY	SPDR Consumer Discretionary Select Sector Fund	32.46%	10.69%	1.69%	11.11%	0.84%	11.53%	3.77%	35.79%	3.25%	6.44%	8.02%
XLU	SPDR Utilities Select Sector Fund ETF	-9.89%	-24.70%	1.34%	5.23%	1.42%	-1.43%	13.90%	15.99%	2.65%	5.47%	-1.75%
XLP	SPDR Consumer Staples Select Sector Fund ETF	-4.83%	-20.47%	0.77%	4.66%	-1.65%	-2.29%	8.83%	8.85%	1.84%	3.46%	-2.33%
XLK	SPDR Technology Select Sector Fund ETF	49.13%	24.62%	0.63%	11.01%	5.32%	11.83%	0.71%	53.61%	2.48%	7.96%	13.98%
XLV	SPDR Health Care Select Sector Fund ETF	-2.96%	-18.91%	0.53%	5.63%	-1.30%	2.46%	7.01%	7.54%	2.32%	2.55%	0.85%
XLE	SPDR Energy Select Sector Fund ETF	-2.80%	-18.78%	0.11%	0.04%	-6.30%	9.65%	9.25%	12.83%	0.75%	-2.08%	0.53%
XLC	SPDR Communication Services Select Sector ETF	45.68%	21.73%	-1.48%	6.46%	4.19%	10.83%	2.22%	50.42%	0.71%	3.58%	10.46%

THRASHER ANALYTICS

Below is a look at each sector's relative performance trend against the S&P 500.

All Offense Sectors now have over half of their stocks above the 200-day moving average. Real Estate has seen a big improvement, rising to 64.5% but the rest of Defensive Sectors are below 50%.
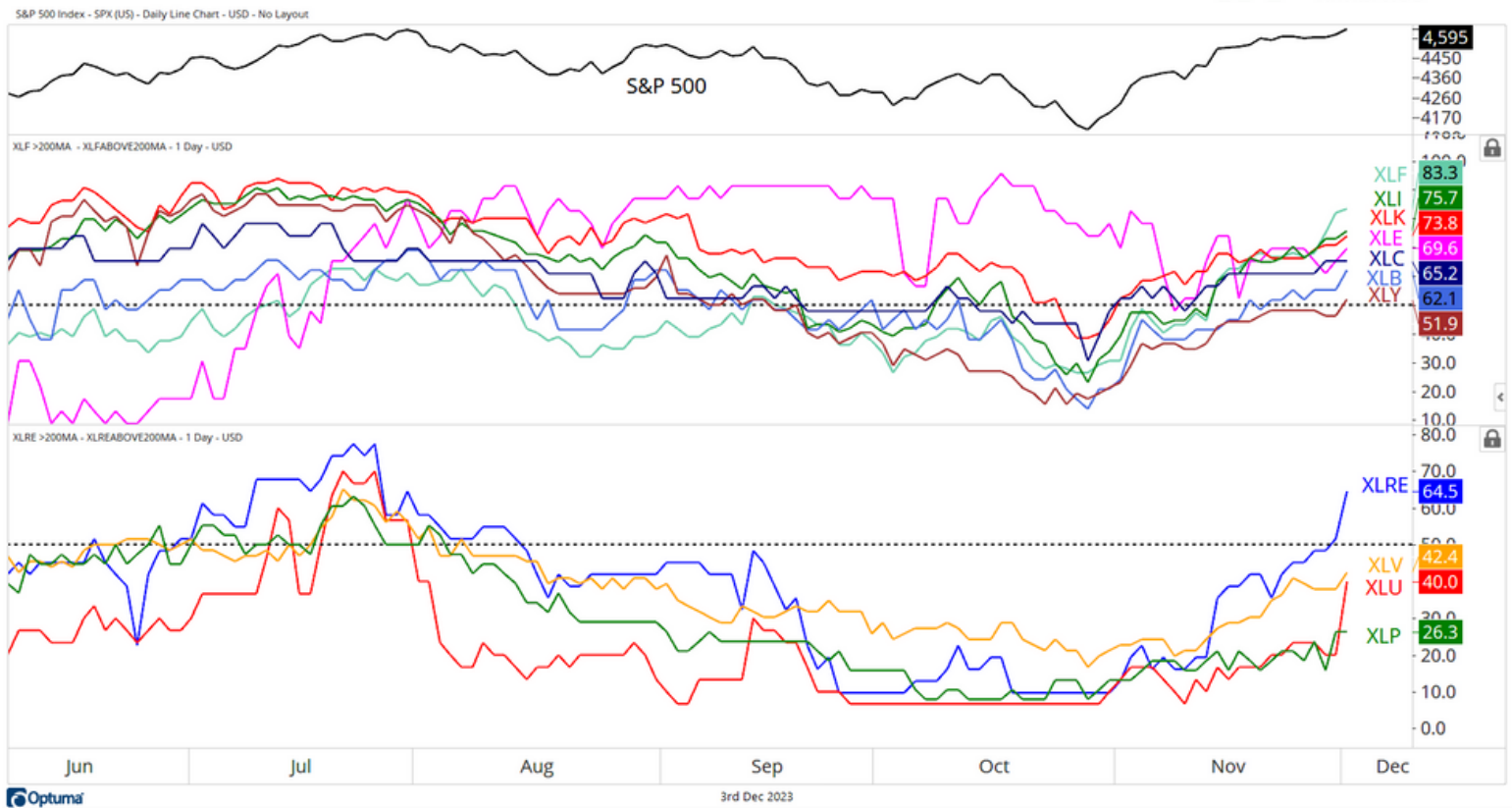
Daily Sentiment Index

Daily - DSI - No Layout

Code	History	% Bullish ⌃	5-day MA
Natural Gas DSI		10	11
Palladium DSI		13	21
Lean Hog DSI		16	15
Cattle DSI		16	24
VIX DSI		18	20
Corn DSI		21	14
Lumber DSI		27	30
Crude Oil DSI		28	34
Cotton DSI		28	26
Yen DSI		30	26
Wheat DSI		34	22
Heating Oil DSI		37	46
EuroDollar DSI		43	38
CRB Index DSI		43	41
Platinum DSI		44	44
Australian Dollar DSI		44	40
Soybean DSI		46	53
5YR DSI		51	46
US Dollar DSI		52	51

Daily - DSI - No Layout

Code	History	% Bullish ⌃	5-day MA
Gasoline DSI		54	60
Sugar DSI		57	74
Euro DSI		58	64
Copper DSI		58	50
Bitcoin DSI		58	55
British Pound DSI		60	57
New Zealand Dollar DSI		61	57
Orange Juice DSI		63	75
Coffee DSI		64	54
10Y DSI		68	63
Nasdaq DSI		71	66
Swiss Franc DSI		75	70
SPX DSI		76	68
Nikkei DSI		76	75
Mexican Peso DSI		77	77
Cocoa DSI		81	88
Gold DSI		82	80
Silver DSI		85	81
Type Code or Name to add an item to the watchlist			

Source: trade-futures.com

Daily Sentiment Index

10yr Treasury Bond

Source: trade-futures.com

3rd Dec 2023

Bitcoin

Source: trade-futures.com

3rd Dec 2023
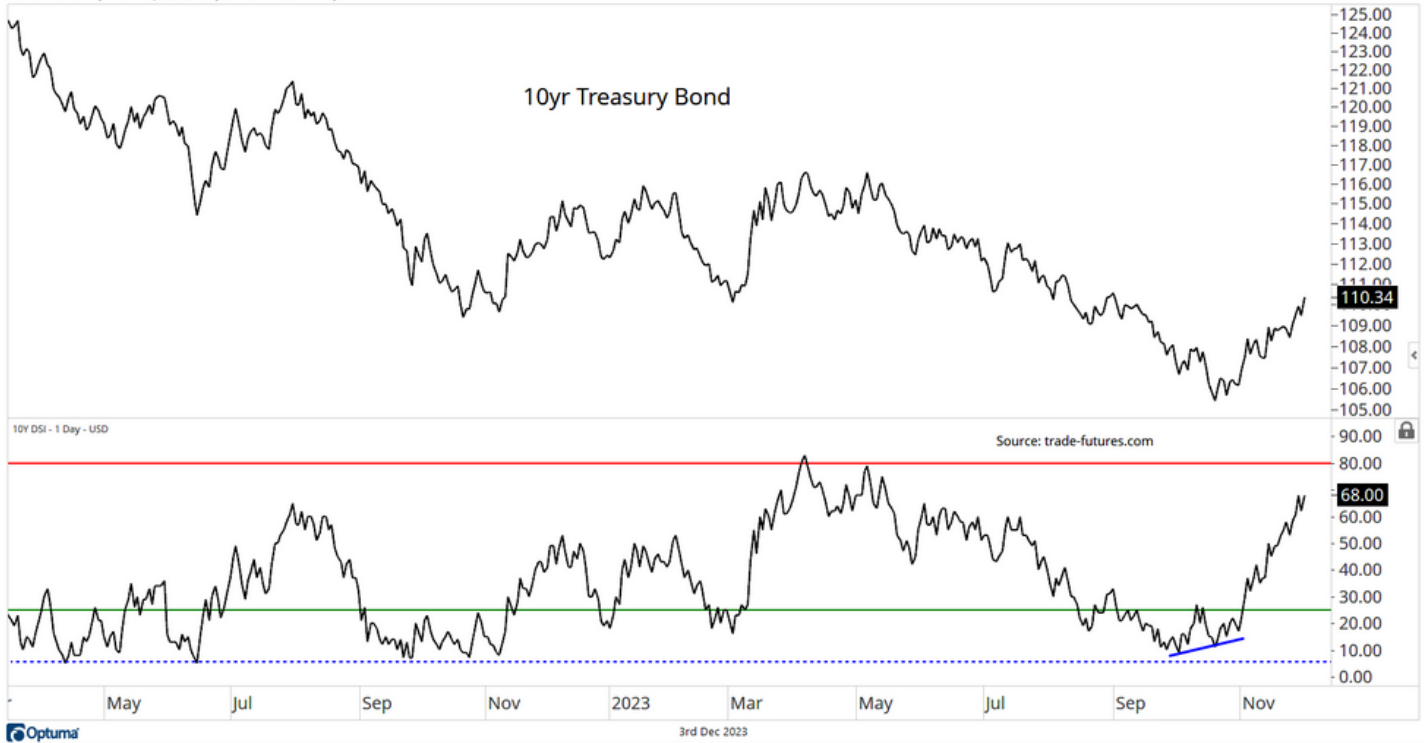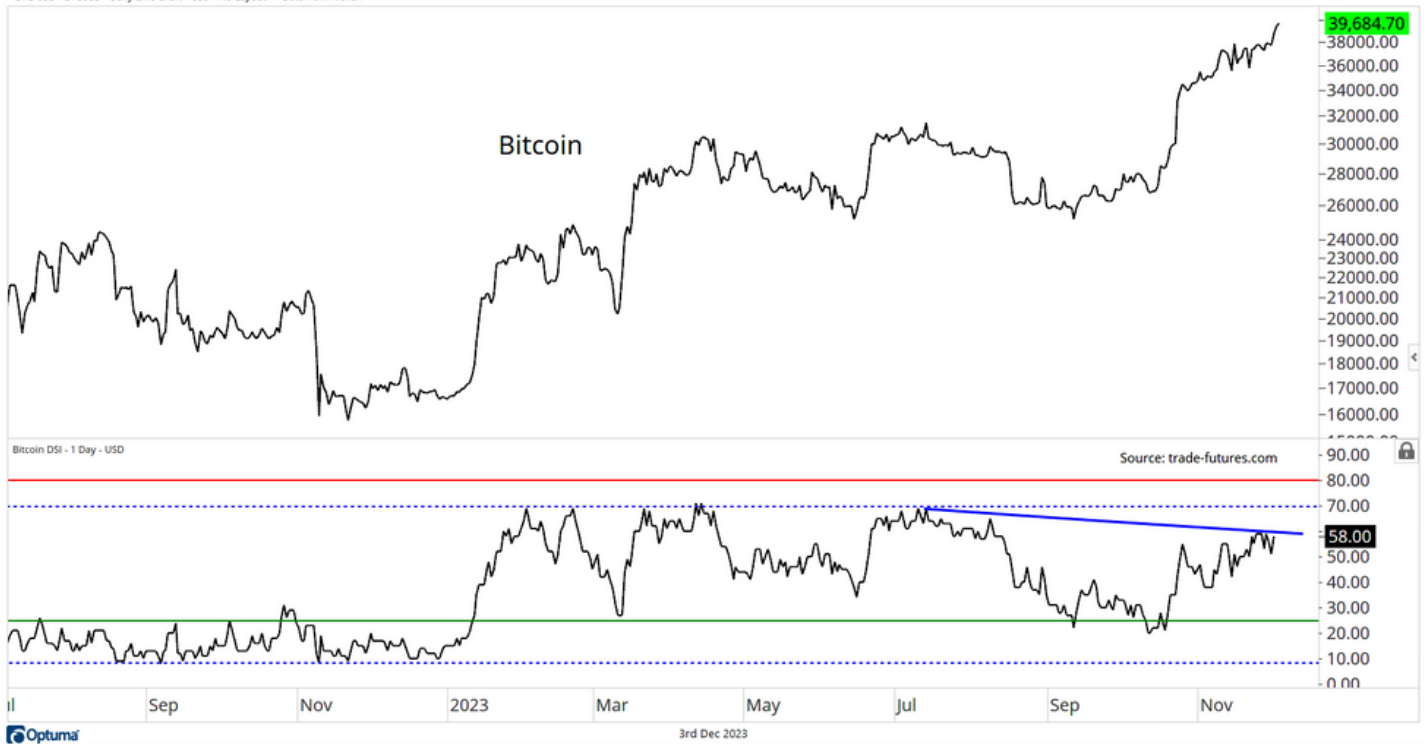
Daily Sentiment Index

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

U.S. Dollar

Source: trade-futures.com

3rd Dec 2023

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

VIX

Source: trade-futures.com

3rd Dec 2023

Daily Sentiment Index

S&P 500

SPX DSI (DSI) - Line Chart

Nasdaq 100

Nasdaq DSI - 1 Day - USD

Source: trade-futures.com

3rd Dec 2023

Trend Models

Trend Models

Invesco QQQ Trust - QQQ (US) - Weekly Line Chart - USD - Price Returns - No Layout

QQQ: Up Trend — 389.94
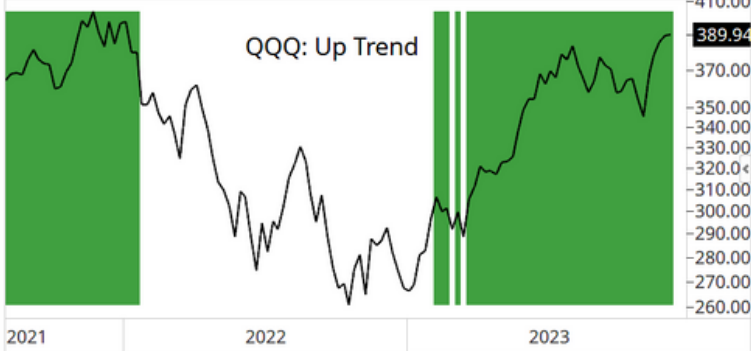
SPDR Real Estate Select Sector Fund ETF - XLRE (US) - Weekly Line Chart - USD - Price Returns - No Layout

XLRE: Down Trend — 38.01

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

XLE: Down Trend — 85.02
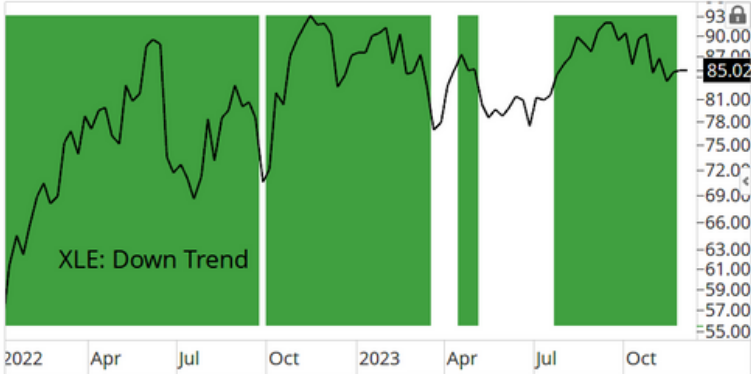
SPDR Materials Select Sector Fund ETF - XLB (US) - Weekly Line Chart - USD - Price Returns - No Layout

XLB: Up Trend — 83.35

Optuma   3rd Dec 2023

DISCLAIMER: