



# Keys To This Week: US Stock Market

**November 2nd, 2023**

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## **Emerging Strategic Buying Opportunity?**

**CPM+: Risk Off as of October 25th  
(from Risk On on October 11th)**

CPM+, our primary quantitative model for the US stock market, which uses the S&P 500 (SPX) as a proxy, will shift to “Risk Off” (decreasing market exposure) as of the close today, October 25th from “Risk On” (increasing market exposure) on October 11th.

**[Click Here for more information about CPM+](#)**

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## Conclusion, Investment Implications, Strategy

This week, the **Tactical** (monthly) portion of **Table 1** retains the previous week's **Negative** distribution of key near-term market factors for the US stock market (which has existed for most of the past three months), *but just barely*. Meanwhile, the **Strategic** (quarterly) portion of the table retains the previous two weeks/ strong **Positive** alignment of key intermediate-term market factors.

**As we have been stating in this space for the past several weeks, S&P 500 (SPX) 4200 is a major decision point for the benchmark index from which its next multi-month trend is likely to begin. Current extremes in market breadth, standard deviation, and investor sentiment — plus formidable yield resistance around 5.00% in the yield of the 10-Year Treasury Note which is currently being rejected—strongly suggest that this decision point is likely to resolve itself to the upside.** All that's missing right now is Tactical confirmation that the market rebound we're expecting has begun — and our Tactical models are getting very close to doing that. The [Asbury 6](#) is currently equally balanced at three red and three green constituent metrics, but today's big rally — if it sticks — may be enough to turn four or more of its constituents positive. **A shift back to Risk On in our [Correction Protection Model \(CPM\)](#) would further confirm a Tactically bullish shift in market internals and a potential new buying opportunity.**

Regarding market **Size, Large Cap** (SPLG) stocks remain in the midst of a March trend of Strategic relative outperformance versus the S&P 1500 (SPTM). Regarding market **Style, Growth** stocks (SPYG) are currently testing their March trend of Strategic relative outperformance trend versus the S&P 500 (SPY), which could result in a new low-risk opportunity to overweight this part of the market. From a **market sector** standpoint, **Energy** (XLE), **Technology** (XLK), and **Real Estate** (XLRE) are currently the top-ranked sectors according to our [SEAF Model](#). **Globally**, our [US vs. The World Model](#) indicates that the **Asia-Pacific Region** has recently been the strongest geographic area outside of the US.

**Strategy: Our Tactical bias has shifted to cautiously Positive as the benchmark S&P 500 (SPX) is rebounding from major support on improving market internals. Our Strategic bias remains Positive as of February 6th.**

THE US STOCK MARKET					
		POSITIVE FACTORS	NEGATIVE FACTORS		
TACTICAL (one to several weeks)		VOLATILITY: THE VIX	PRICE & TREND: SPX	NOVEMBER 2ND, 2023	
		SEASONALITY: SPX	MARKET INTERNALS: THE ASBURY 6?		
			VOLUME: CVI		
STRATEGIC (one to several months)		MARKET BREADTH: NYSE			
		STANDARD DEVIATION: NYSE			
		INVESTOR SENTIMENT: SPX			
		INTERMARKET: 10-YEAR YIELDS			
		SIZE: LARGE CAP STYLE: GROWTH			
ASBURY RESEARCH KEYS TO THIS WEEK MATRIX					

Table 1

*Listed in the order of their importance and expected impact on market direction*

**1. Price, Trend, Chart Patterns: S&P 500 (SPX). NEAR TERM BEARISH. INTERMEDIATE TERM NEUTRAL. STRATEGIC DECISION POINT. Chart 1**

below shows that SPX gapped back above its 200-day moving average this morning which suggests – *but does confirm* – that the index’s October 2022 major uptrend is resuming. However, a sustained rise back above the 4350 area would help to confirm this. This continues to be a Strategic, quarterly inflection/decision point for the index from which its next multi-month sustained trend is likely to begin.



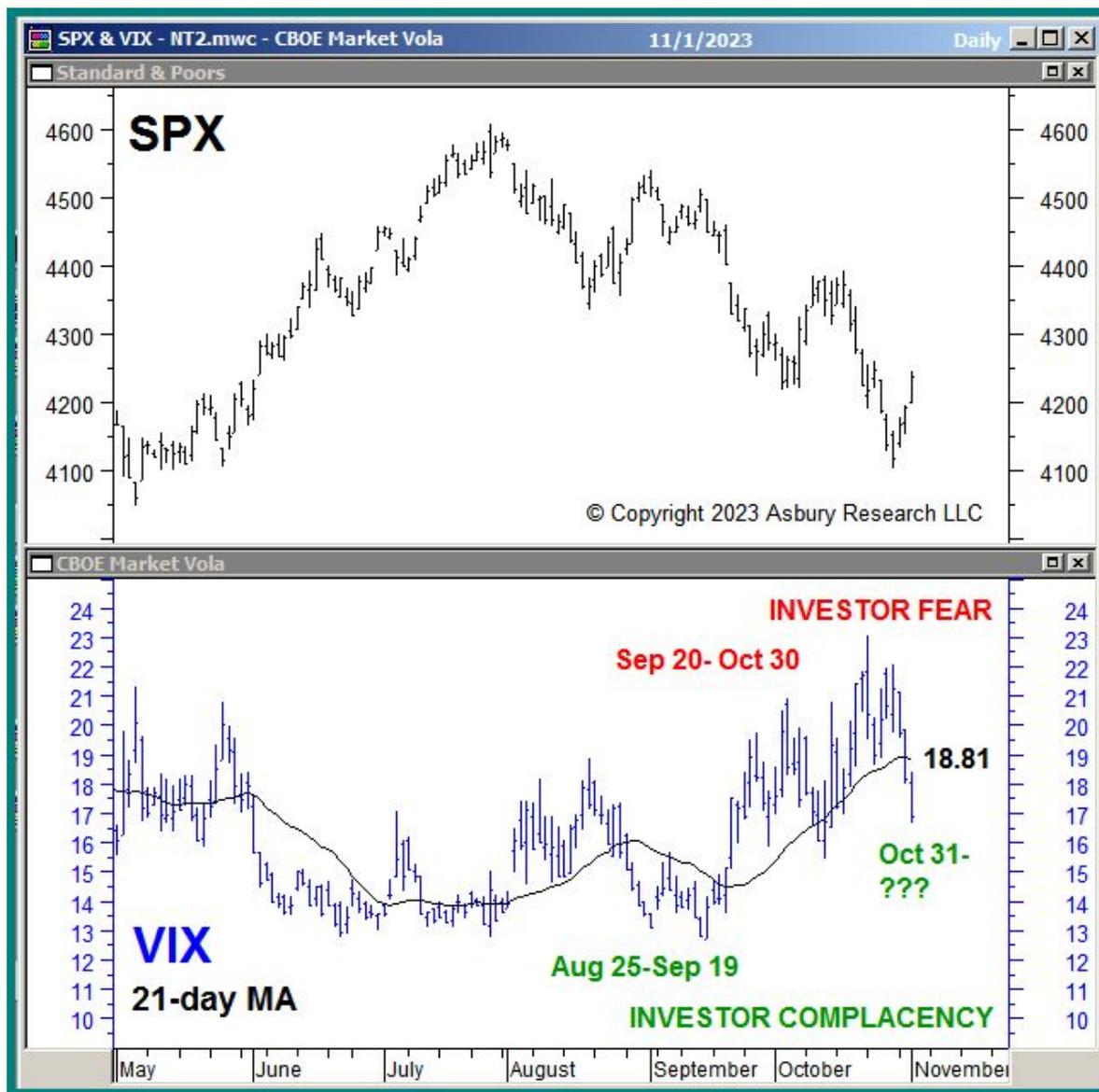
**Chart 1**

**2. Market Internals: Asbury 6. NEAR TERM BEARISH. TACTICAL DECISION POINT.** Table 2 below shows that, through Wednesday November 1st, three of the Asbury 6 constituent metrics have moved back to positive (green). It would take four or more positive constituents to turn the model itself back to a Positive, bullish status from its current Oct 18th Negative status. The dates in each cell indicate when each individual constituent of the “A6” turned either positive (green) or negative (red). Note that we recently made some important upgrades to the “A”. [Click Here For Details.](#)

<b>"ASBURY 6" INTERNAL MARKET METRICS through 11/1/2023</b>		
<b>METRIC</b>	<b>POSITIVE AS OF:</b>	<b>NEGATIVE AS OF:</b>
Rate Of Change: S&P 500	10/30/2023	
Rel Performance: Stocks v HiYld Bonds		10/20/2023
Investor Asset Flows: SPY	10/31/2023	
Volatility: VIX	10/31/2023	
Trading Volume: SPX		10/19/2023
Market Breadth: NYSE		10/19/2023
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**Table 2**

- 3. Volatility: CBOE Volatility Index (VIX). NEAR TERM BULLISH.** The rightmost green highlights show that the VIX declined below its 21-day MA as of Oct 31st after previously being above it since Sep 20th. *This indicates an emerging monthly trend of decreasing investor fear that is characteristic of stock market advances.*



**Chart 2**

**4. Volume: NYSE Cumulative Volume Index. NEAR TERM BEARISH. TACTICAL DECISION POINT.** The red highlights in **Chart 2** below show that, outside of a brief period between Oct 16th and 18th, the NYSE Cumulative Volume Index (CVI) has been below its 21-day MA since mid-August. *Declining volume indicates a lack of urgency to buy and is characteristic of stock market declines. As long as this trend of declining CVI remains intact, stock market rallies are likely to be relatively muted and unsustainable.*



**Chart 3**

- 5. Market Breadth: % Of NYSE Composite (NYSE) Stocks Trading Above Their 40-day Moving Average. INTERMEDIATE TERM BULLISH.** The green highlights in **Chart 4** below show that this metric is currently hovering at a multi-year weak extreme (lower panel) that, as a contrary indicator, has coincided with or closely led every significant bottom in the S&P 500 (upper panel) during the past 18 months.



**Chart 4**

**6. Standard Deviation: NYSE Stocks. NEAR TO INTERMEDIATE TERM**

**BULLISH.** The green highlights in **Chart 5** below show that the percentage of NYSE stocks trading one standard deviation *above* their 40-day MA is hovering at a low extreme of 5% that has previously coincided with or closely led every significant bottom in the S&P 500 (upper panel) since 2022.



**Chart 5**

**7. Investor Sentiment: S&P 500 (SPX). NEAR TO INTERMEDIATE TERM**

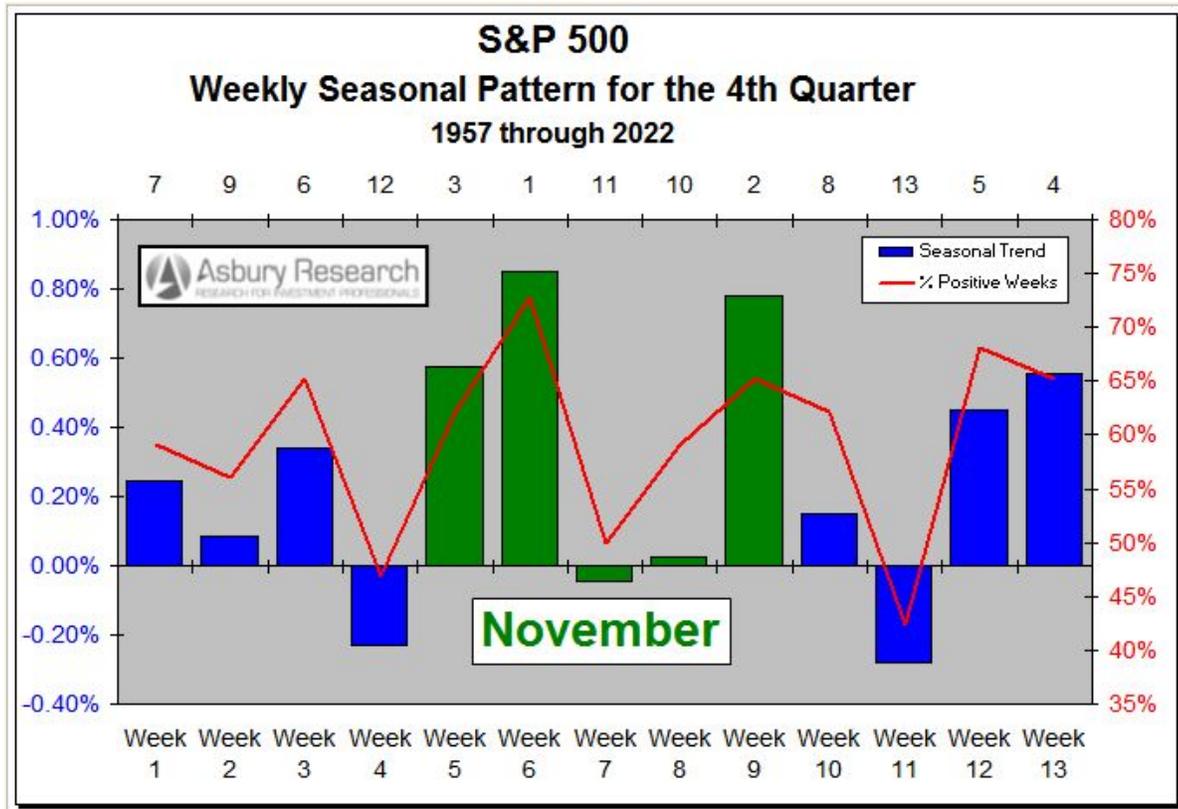
**BULLISH.** Chart 5 below shows that a daily survey of short- to intermediate-term oriented futures traders has reached a *least bullish* extreme that has previously coincided with or led what have been the most important bottoms in the S&P 500 since 2018.



**Chart 6**

## 8. Seasonality: S&P 500 (SPX): NEAR TO INTERMEDIATE TERM BULLISH.

**Chart 7** below shows that the 4th quarter seasonal trend in the S&P 500 becomes significantly stronger in November and December, based on data since 1957. Moreover, the green highlights show that November includes the three seasonally strongest weeks of the entire 4th Quarter.



**Chart 7**

**9. US Interest Rates: US 10-Year Treasury Yields: INTERMEDIATE TERM BEARISH FOR STOCKS.**

**Chart 8** below plots the yield of the US 10-Year Treasury Note weekly since 2004 and shows that these benchmark yields are testing a major, long-term band of overhead resistance at 5.00% to 5.23%, the latter which is the 2006-2007 yield highs. *The 5.00% to 5.23% area is unlikely to be significantly broken, if at all, without at least a multi-month decline first. We believe a decline from 5.00% in these yields would help to fuel a stock market rebound.*



**Chart 8**

**10. Style: Growth vs Value: SPDR Portfolio S&P 500 Growth ETF (SPYG). INTERMEDIATE TERM POSITIVE FOR GROWTH. STRATEGIC DECISION POINT.** The upper panel of **Chart 9** below shows that Growth, which has already outperformed the S&P 500 (SPY) by 4% since March, is currently testing its quarterly trend of relative outperformance versus the broad market index. This is an important Strategic decision point for Growth on both an outright and relative basis and may be an emerging new buy/overweight opportunity.

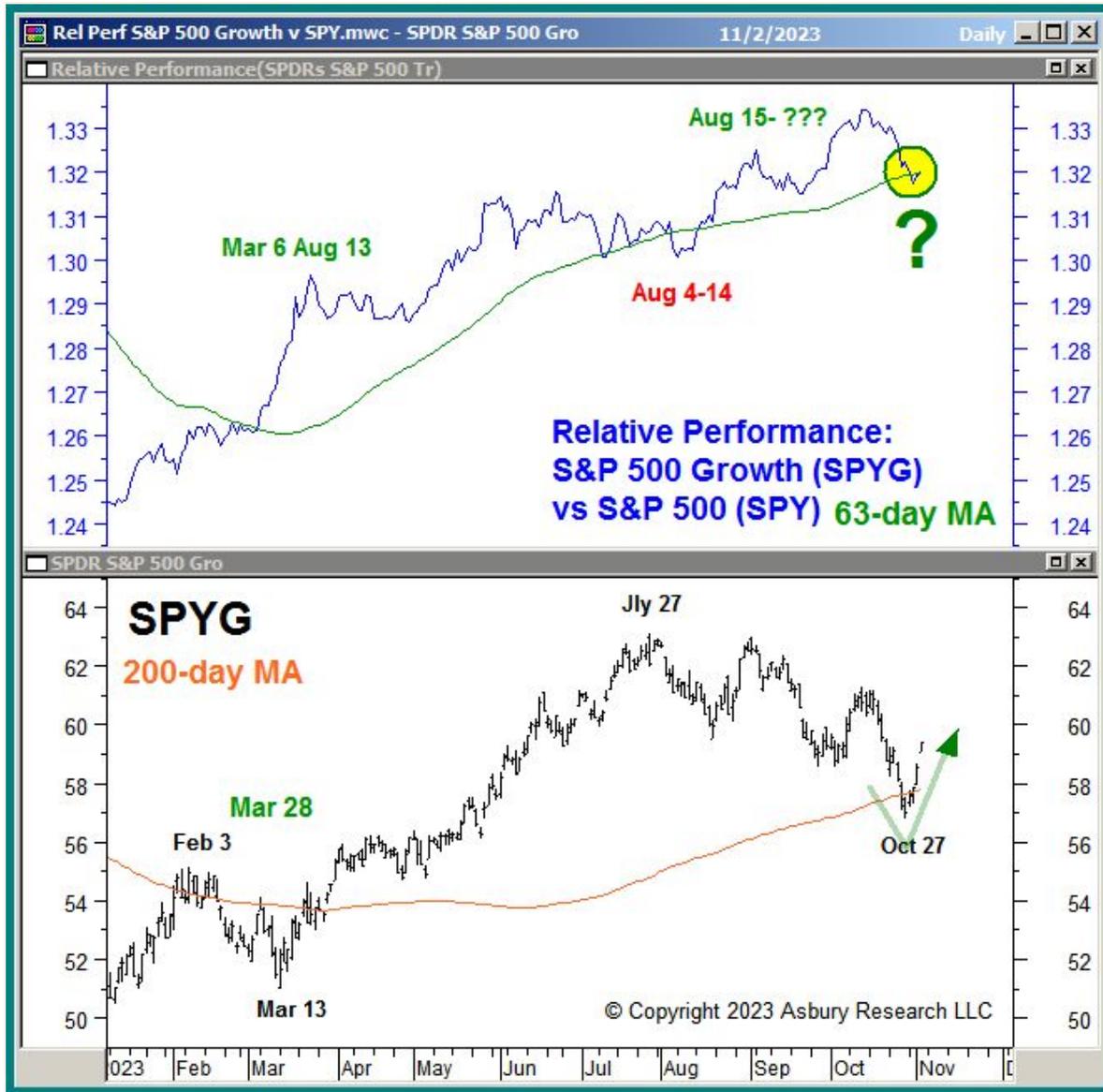


Chart 9

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