Keys To This Week: US Stock Market

April 25th, 2022

Market Internals, Relative Performance, Asset Flows Warn Of A Deeper Decline

Correction Protection Model (CPM): Risk Off as of April 12th (from Risk On on March 18th)

Our quantitative model for the US stock market, which uses the S&P 500 (SPX) as a proxy, shifted to "Risk Off" (decreasing market exposure) as of the close on April 12th from "Risk On" (increasing market exposure) on March 18th.

Conclusion, Investment Implications, Strategy

This week, the **Tactical** (monthly) portion of our table retains the previous week's **Negative** distribution of key near-term market factors. Meanwhile, the **Strategic** (quarterly) portion of the table shifts to an even stronger version of last week's **Negative** alignment of key intermediate-term market factors, from the mostly Positive one that existed for the previous three weeks.

Heading into the market close today, the benchmark **S&P 500 (SPX)** is attempting a rebound from an intraday test of **initial underlying support at 4238 to 4223**. However, both Tactical and Strategic market metrics remain weak. Our Tactical models (**Asbury 6**, **Correction Protection Model**) remain Risk Off / Negative, market volatility is elevated, the typical market leaders (Semiconductors, Technology, Small Cap) are all underperforming, broad market seasonality turns negative this week and remains that way through September, and investor assets are aggressively leaving the major US indexes. Until this changes, our bias will remain negative as the stock market remains vulnerable to a deeper decline.

Regarding **Style and Size**, **Value** stocks (SPYV) remain in the midst of a Jan 4th trend of Strategic relative outperformance versus the S&P 500 (spy) and have outperformed by 7.4% since then. Meanwhile, **Mid Cap** stocks are in the midst of a new Apr 14th trend of Strategic relative outperformance versus the SPDR Portfolio S&P 1500 Composite Stock Market ETF (SPTM), replacing the previous Mar 25th trend of Strategic relative outperformance by Large Cap. **Globally**, 8 of the 24 foreign countries tracked by our **US vs. The World Model** are currently outperforming the S&P 500 on both a Tactical and Strategic basis. **Peru** appears to have ended its 1/4 trend of Strategic relative outperformance after outperforming SPY by 22.6%.

Strategy: Our Tactical bias remains Negative as of April 12th. Our longer-term Strategic bias remains Negative as of January 24th.

THE US STOCK MARKET

	POSITIVE FACTORS	NEGATIVE FACTORS
TACTICAL (one to several weeks)		PRICE & TREND: SPX
		MARKET INTERNALS: ASBURY 6
		VOLATILITY: THE VIX
STRATEGIC (one to several months)	INFLUENTIAL STOCKS: APPL	PRICE & TREND: SPX
		REL PERFORMANCE: SOX
		STRATEGIC MOMENTUM: SPX
		INVESTOR SENTIMENT: SPX
	SIZE: MID CAP STOCKS	SEASONALITY: SPX
	STYLE: VALUE STOCKS	

FOR THE WEEK OF APRIL 25, 2022

ASBURY RESEARCH KEYS TO THIS WEEK

Table 1

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

1. **Price & Trend: S&P 500 (SPX). INTERMEDIATE TERM BEARISH. Chart 1** below shows that SPX is in the midst of minor and major downtrends as indicated by its position below the 50- and 200-day moving averages, and is currently testing initial underlying support at 4238 to 4223 which represents the May 2021 high and Jan 24th low. Primary Tactical support is 3.7% below Friday's close at 4158 to 4115 and represents the Feb 24th and Mar 8th lows.

2. **Relative Performance: PHLX Semiconductor (SOX) Index vs. S&P 500 (SPY). INTERMEDIATE TERM BEARISH. TACTICAL DECISION POINT.** The red arrow in the lower panel of **Chart 2** below shows that the market-leading SOX has been underperforming the broad market SPY on a 63-day, quarterly (our Strategic time period) basis since Jan 19th, and that SOX is currently testing its May 2021 relative underperformance low. Sustained relative weakness below this benchmark low would clear the way for even more relative underperformance, which is likely to also be negative for the US broad market.

3. **Influential Stocks: Apple (AAPL). INTERMEDIATE TERM POSITIVE. STRATEGIC DECISION POINT.** The upper panel of **Chart 3** below shows that highly influential AAPL, the largest US stock according to market cap, is currently testing major underlying support at its 200-day MA, currently at 159.05, for the fifth time over the past 13 months. This is where that major uptrend should resume if still valid. Meanwhile, the lower panel shows that AAPL is simultaneously testing its September 2020 relative outperformance extreme versus the S&P 500 for the fifth time. This is where AAPL's Nov 19th trend of Strategic (quarterly) relative outperformance versus the S&P 500 (SPX) should resume if still valid.

4. **Market Internals: Asbury 6. NEAR TERM BEARISH. Table 2** below shows that, through the close on Friday, Apr 22nd, all Asbury 6 constituent metrics are negative (red). The "A6" model itself has been on a Negative (bearish) status since April 12th and the benchmark S&P 500 has declined by 4.5% since then. Four or more metrics in one direction indicate a Tactical bias. The dates in each cell indicate when each individual constituent of the A6 turned either positive (green) or negative (red). When all Asbury 6 are negative, market internals are the least conducive to adding equities exposure to portfolios

"ASBURY 6" INTERNAL MARKET METRICS through 4/22/2022		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX		4/18/2022
Rel Performance: Stocks v HiYld Bonds		4/21/2022
Investor Asset Flows: SPY		4/11/2022
Corporate Bond Spreads		4/22/2022
Trading Volume: SPX		4/12/2022
Market Breadth: NYSE		4/21/2022
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Table 2

5. **Volatility: CBOE Volatility Index (VIX). NEAR TERM BEARISH.** The lower panel of **Chart 4** below shows that the VIX jumped above 24.00 on Friday and has moved even higher today. *We view the 24.00 area as the line of demarcation between a Tactical buying opportunity in the benchmark S&P 500 and a sustainable market decline.* As long as the VIX remains above 24.00, Friday's collapse is likely to continue.

6. **Strategic Price Momentum: S&P 500 (SPX) Quarterly Rate of Change.** **INTERMEDIATE TERM BEARISH.** The rightmost red highlights in **Chart 5** below show that the S&P 500's (SPX) 13-week rate-of-change (QROC) has been below its zero line since Jan 21st to indicate a quarterly, Strategic decline, just like those that occurred during Feb-May 2020 and between Oct 2018-Feb 2019. It would take a rise back above the zero line to indicate that the current Strategic market decline is over.

7. **Investor Sentiment: S&P 500 (SPX) & Investor's Intelligence Survey.** **NEAR TO INTERMEDIATE TERM BEARISH.** **STRATEGIC DECISION POINT.** **Chart 6** below shows that a survey of intermediate to long term oriented stock market newsletter writers is closing in on — *but has not yet reached* — a 20-year least bullish extreme that has previously coincided with or closely led every significant major US broad market bottom since 2010.

8. **Seasonality: S&P 500 (SPX).** **NEAR TO INTERMEDIATE TERM BEARISH.** The green highlights in **Chart 7** below show that the first 3 weeks of April (which have just passed) include 3 of the 4 strongest of the entire 2nd Quarter in the S&P 500 based on data since 1957, and that this week kicks off a sharp bearish change in this pattern during which 6 of the next 10 weeks are negative.

9. **Size: Mid Cap Stocks: SPDR Portfolio S&P 400 Mid Cap ETF (SPMD).** **INTERMEDIATE TERM POSITIVE FOR MID CAP.** The rightmost green highlights in the lower panel of **Chart 8** below show that SPMD is in the midst of a new Apr 14th trend of Strategic (quarterly) relative outperformance versus the SPDR Portfolio S&P 1500 Composite Stock Market ETF (SPTM) — which replaces the previous Mar 25th trend of Strategic relative outperformance by Large Cap.

10. **Style, Growth vs Value: SPDR Portfolio S&P 500 Value ETF (SPYV).** **INTERMEDIATE-TERM POSITIVE FOR VALUE.** **Chart 9** below shows that SPYV remains in the midst of a Jan 4th trend of Strategic relative *outperformance* versus the SPDR S&P 500 ETF (SPY). SPYV has outperformed SPY by 7.4% since then. Outperformance by Value stocks is typically seen as a defensive posture by the market.


SPX support13.mwc - Standard & Poors
4/25/2022
Daily
S&P 500
200-day MA
50-day MA
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Jan 4
Mar 29
4637
Feb 2,9
Sep 2
Apr 21
4513
4496
4401
May 2021
Oct 1
Jly 19
Jan 24
4238-4223
Mar 8
4158-4115
Feb 24
May 13,19
4057
4800
4700
4600
4500
4400
4300
4200
4100
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022
Mar
Apr
May
Jun
Jul

Chart 1


SOX RP.mwc - PHLX Semiconduct
4/25/2022
Daily
PHLX Semiconduct
SOX
200-day MA
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Jan 4
3474
Oct 12
Jan 24
May 2021
Relative Performance(SPDRs S&P 500 Tr)
REL PERFORMANCE:
SOX vs SPY 63-day MA
Dec 8
Mar 29
Jan 19
May 2021
2021 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2022 Mar Apr May Ju

Chart 2


AAPL RP.mwc - Apple Inc
4/25/2022
Daily
Apple Inc
AAPL
200-day MA
Jan 3
159.05
NOW
Jan 24
Oct 5
Jun 3
Mar 2021
Copyright 2022 Asbury Research LLC
Relative Performance(Standard & Poors)
Sep 2020
Jan 2021
Dec 10, Jan 4, Apr 4
Nov 19
Jun 2021
REL PERFORMANCE:
AAPL v SPX 63-day MA

Chart 3

SPX & VIX - NT2.mwc - CBOE Market Vola
4/25/2022
Daily
Standard & Poors
S&P 500
4800
4700
4600
4500
4400
4300
4200
4100
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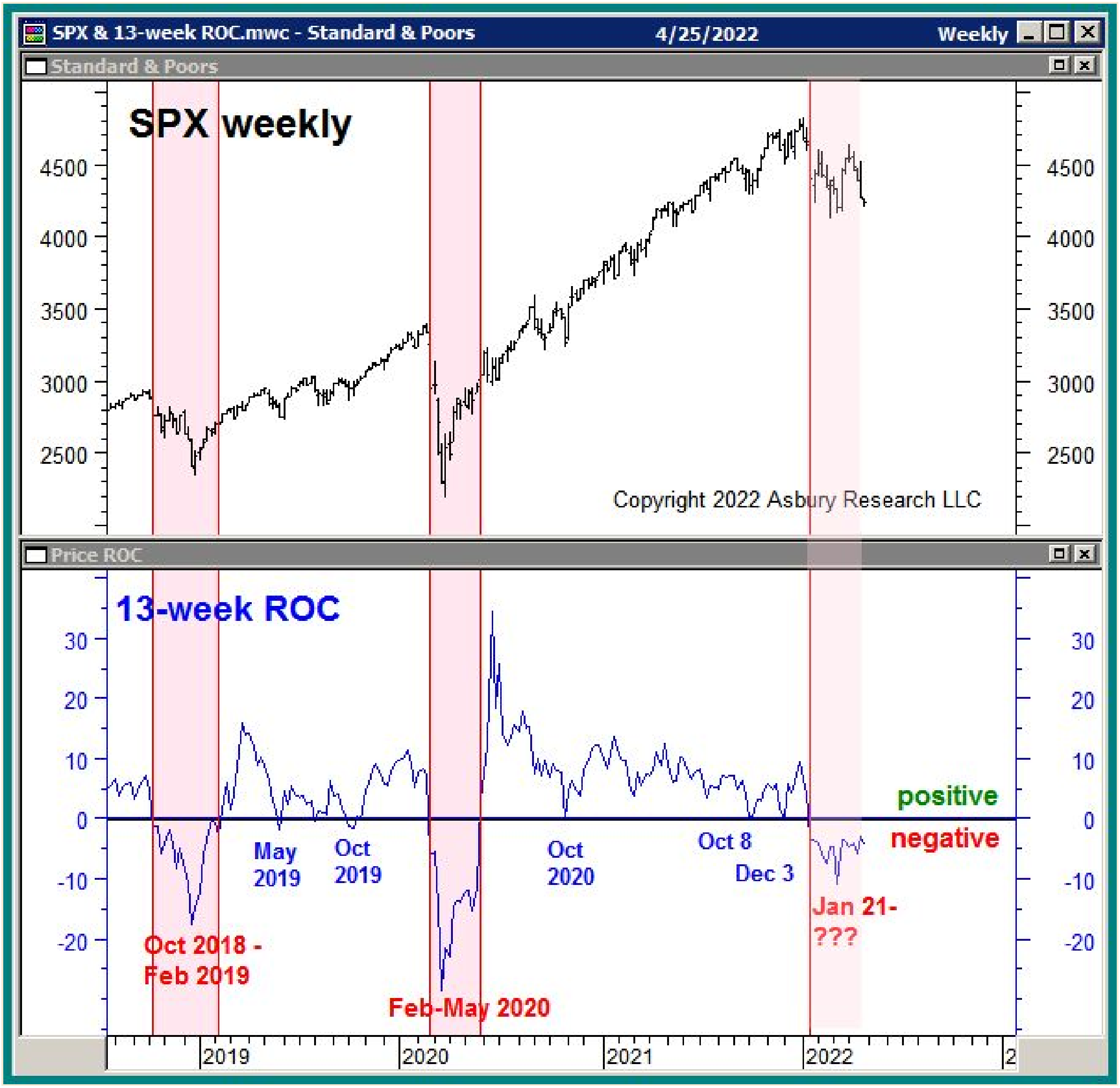
CBOE Market Vola
VIX
21-day MA
Nov 26-
Dec 6
Jan 20-31
Feb 11- Mar 14th
INVESTOR FEAR
Apr 22-
???
Dec 20
CORRECTION/
DOWNTREND
PULLBACK
24.00
Feb 1-10
Mar 18- Apr 21
INVESTOR COMPLACENCY
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
October
November
December
2022
February
March
April
May

Chart 4


SPX & 13-week ROC.mwc - Standard & Poors
4/25/2022
Weekly
Standard & Poors
SPX weekly
4500
4000
3500
3000
2500
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Price ROC
13-week ROC
30
20
10
0
-10
-20
positive
negative
May 2019
Oct 2019
Oct 2020
Oct 8
Dec 3
Oct 2018 - Feb 2019
Feb-May 2020
Jan 21- ???
2019
2020
2021
2022

Chart 5


S&P & II Bulls - Bears2.mwc - AAII Bull/Bear
Weekly
Weekly
Standard & Poors
S&P 500
5000
4500
4000
3500
3000
2500
2000
1500
1000
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II Bull-Bear
Investors Intelligence
Bulls minus Bears
MOST BULLISH
LEAST BULLISH
50
40
30
20
10
0
-10
Sep 2010
Sep 2011
Mar 2016
Mar 2020
Mar 11
?
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Chart 6

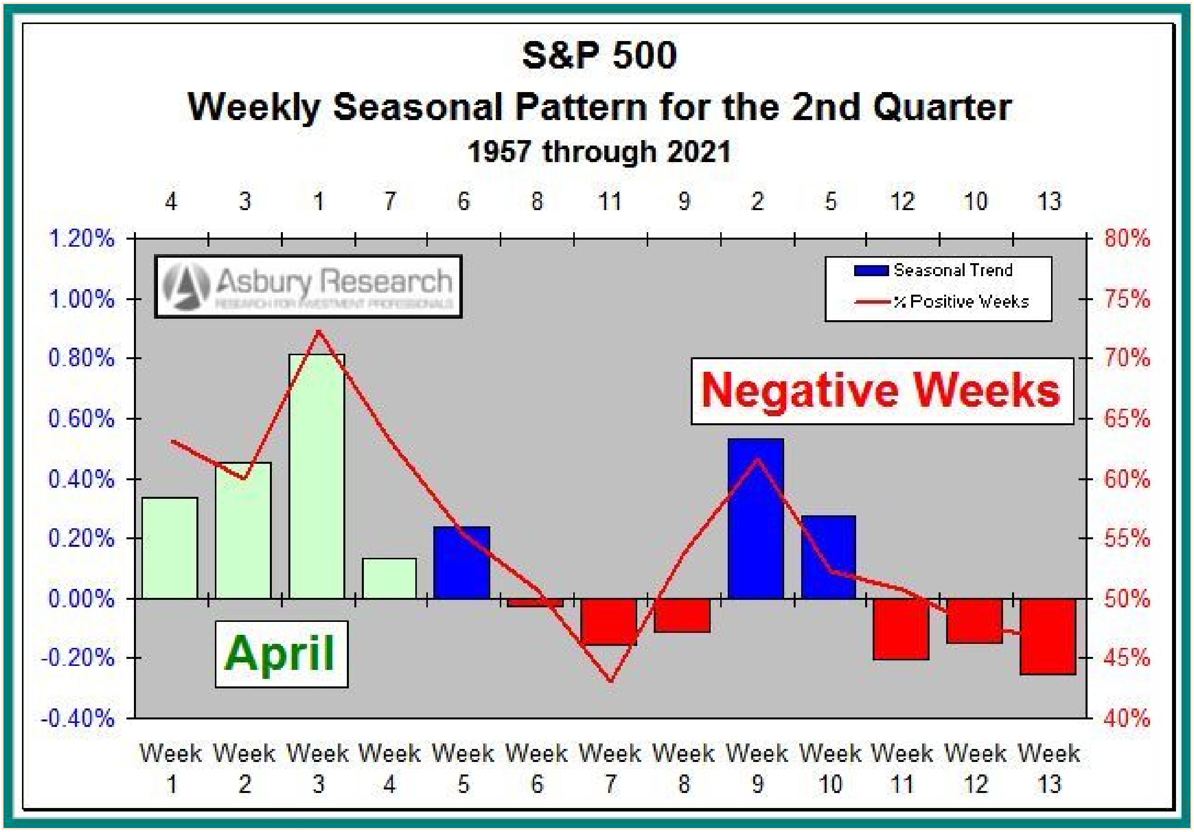
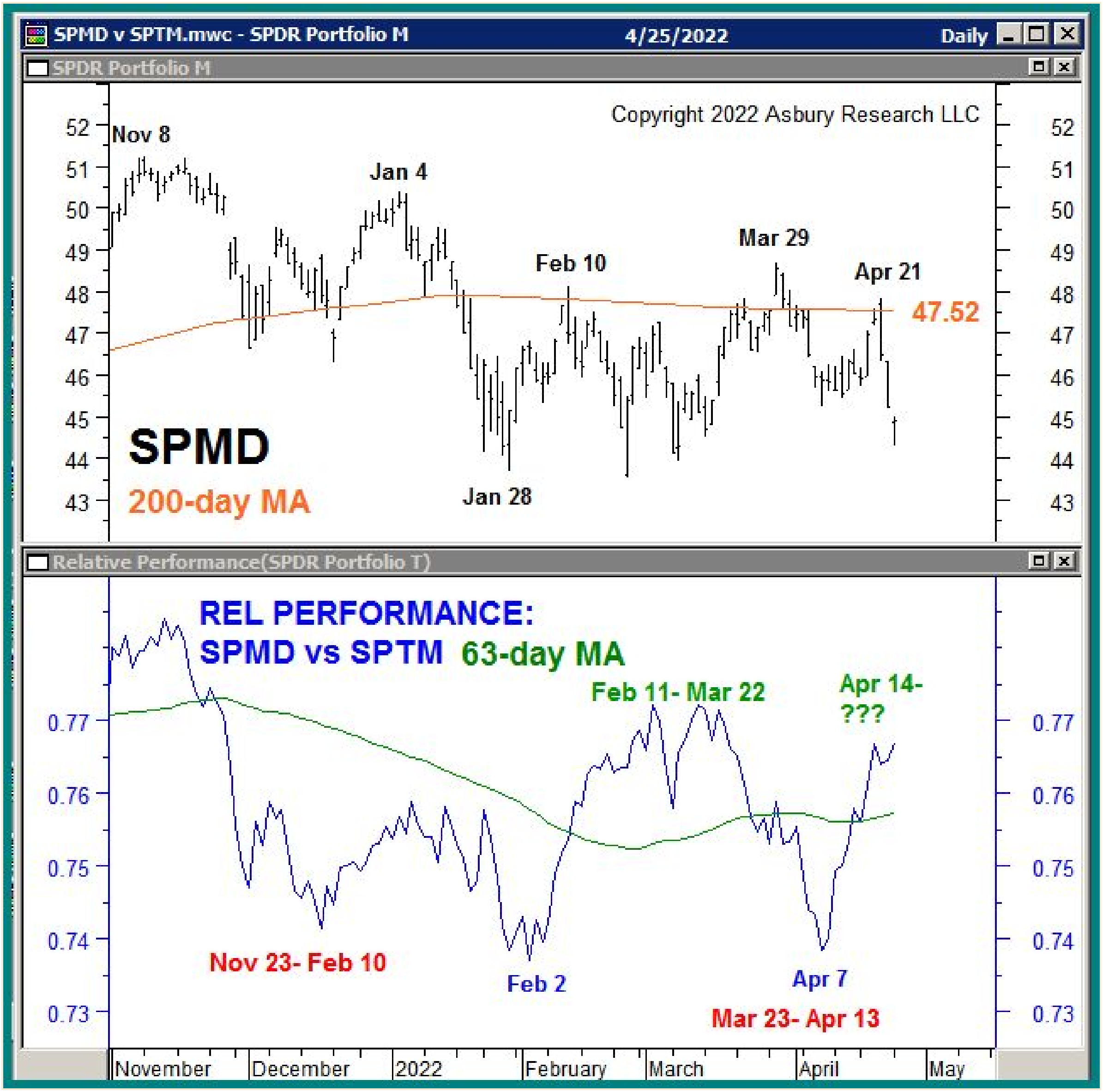

S&P 500
Weekly Seasonal Pattern for the 2nd Quarter
1957 through 2021
4 3 1 7 6 8 11 9 2 5 12 10 13
1.20%
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
-0.20%
-0.40%
80%
75%
70%
65%
60%
55%
50%
45%
40%
Asbury Research
Seasonal Trend
% Positive Weeks
Negative Weeks
April
Week 1 Week 2 Week 3 Week 4 Week 5 Week 6 Week 7 Week 8 Week 9 Week 10 Week 11 Week 12 Week 13

Chart 7


SPMD v SPTM.mwc - SPDR Portfolio M
4/25/2022
Daily
SPDR Portfolio M
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Nov 8
Jan 4
Feb 10
Mar 29
Apr 21
47.52
Jan 28
SPMD
200-day MA
Relative Performance(SPDR Portfolio T)
REL PERFORMANCE:
SPMD vs SPTM
63-day MA
Feb 11- Mar 22
Apr 14-
???
Nov 23- Feb 10
Feb 2
Apr 7
Mar 23- Apr 13
November
December
2022
February
March
April
May

Chart 8

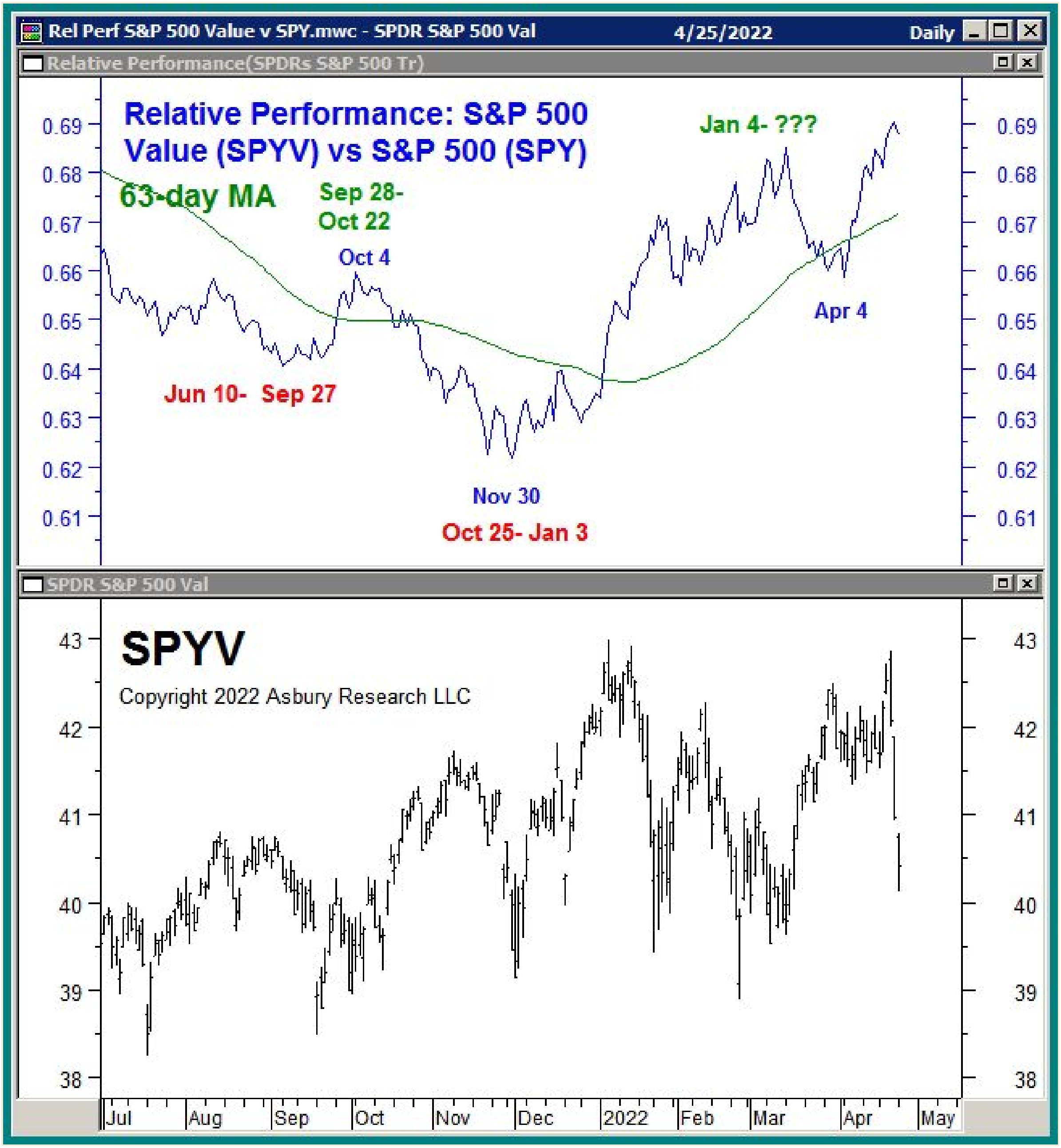

Chart 9

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