



The Weekly Wrap-Up

January 15th, 2022

The Asbury 6: On The Verge Of Turning Negative

Conclusion, Investment Implications, Strategy

The benchmark S&P 500 (SPX) will begin next week below its 50-day moving average for the 4th time since December, a level that has strictly defined the 2021 US broad market advance. This warns that the uptrend is at least starting to sputter, and may be coming to an end. We will be paying special attention to investor asset flows in the SPDR S&P 500 ETF Trust (SPY), which tracks SPX and has been contracting since Jan 3rd. A sustained trend of asset contraction would warn that a long-overdue US broad market correction is beginning.

From Our Recent Research

“Heading into this week, the **Tactical** (monthly) and **Strategic** (quarterly) portions of **Table 1** have shifted to **an equally-balanced, Neutral distribution of both near- and intermediate-term market factors, from Positive alignments** that had previously been in place for most of the past three months. **We view this as evidence of a balance point/inflection point in the US stock market, from which its next 1-2 month trending phase — either up or down — is likely to begin.**“

Keys To This Week

Asbury Research

January 10th, 2021

Weekly Summary / Key Levels To Watch



Chart 1

The benchmark **S&P 500 (SPX)** finished Friday’s session at 4663, down just 14 points or -0.3% for the week. It is currently 3.2% off of its 4819 Jan 4th all-time high, but has also been as much as an incredible 119.8% above its March 2020 Covid low.

Chart 1 below shows that **SPX is currently testing its 50-day moving average for the 4th time since December 3rd**. This is particularly important because the US broad market index tested and held the 50-day MA, a widely-watched minor trend proxy, on 10 of 11 attempts during 2021. This unusually strong buy-the-dip mentality by investors is what drove SPX higher last year without a meaningful correction, even though market breadth was weak all year long and the vast majority of index constituents individually had correction of close to 20% at some point during the year.

One day this buy-the-dip phenomenon will end, and when it does we believe it will catch a lot of investors offside and potentially exacerbate the inevitable next market correction.

It would take a sustained rise above 4681 next week to indicate that the 2021 US broad market advance is resuming. However, the longer the index remains below it, the more likely an overdue corrective decline will emerge.

The Asbury 6: Positive As Of December 22nd But May Be Turning

"ASBURY 6" INTERNAL MARKET METRICS through 1/13/2022		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX	1/10/2022	
Rel Performance: Stocks v HiYld Bonds		1/13/2022
Investor Asset Flows: SPY		1/13/2022
Corporate Bond Spreads	1/11/2022	
Trading Volume: SPX		12/16/2021
Market Breadth: NYSE	12/23/2021	
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Table 1

Table 1 shows that, through Thursday Dec 13th, three of the [Asbury 6](#) constituent metrics are negative (red). **The "A6" model itself has been on a Positive status on December 22nd.**

However, we are still waiting for Friday's data from one of A6's constituents — investor asset flows in the [SPDR S&P 500 ETF Trust \(SPY\)](#) — to indicate the model's Friday, end-of-week signal.

With the model at 3 positive and 3 negative, a negative shift in these assets would turn the model itself to Negative and warn that a corrective decline may be emerging. This data should be available on Tuesday morning before the opening. We will update the A6 immediately once the data is available.

How To Interpret The Asbury 6: Four or more metrics in one direction, either Positive (green) or Negative (red), 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 positive, market internals are the most conducive to adding risk to portfolios. Each negative reading adds an additional element of risk to participating in current or new investment ideas.

Investor Assets Leaving The S&P 500

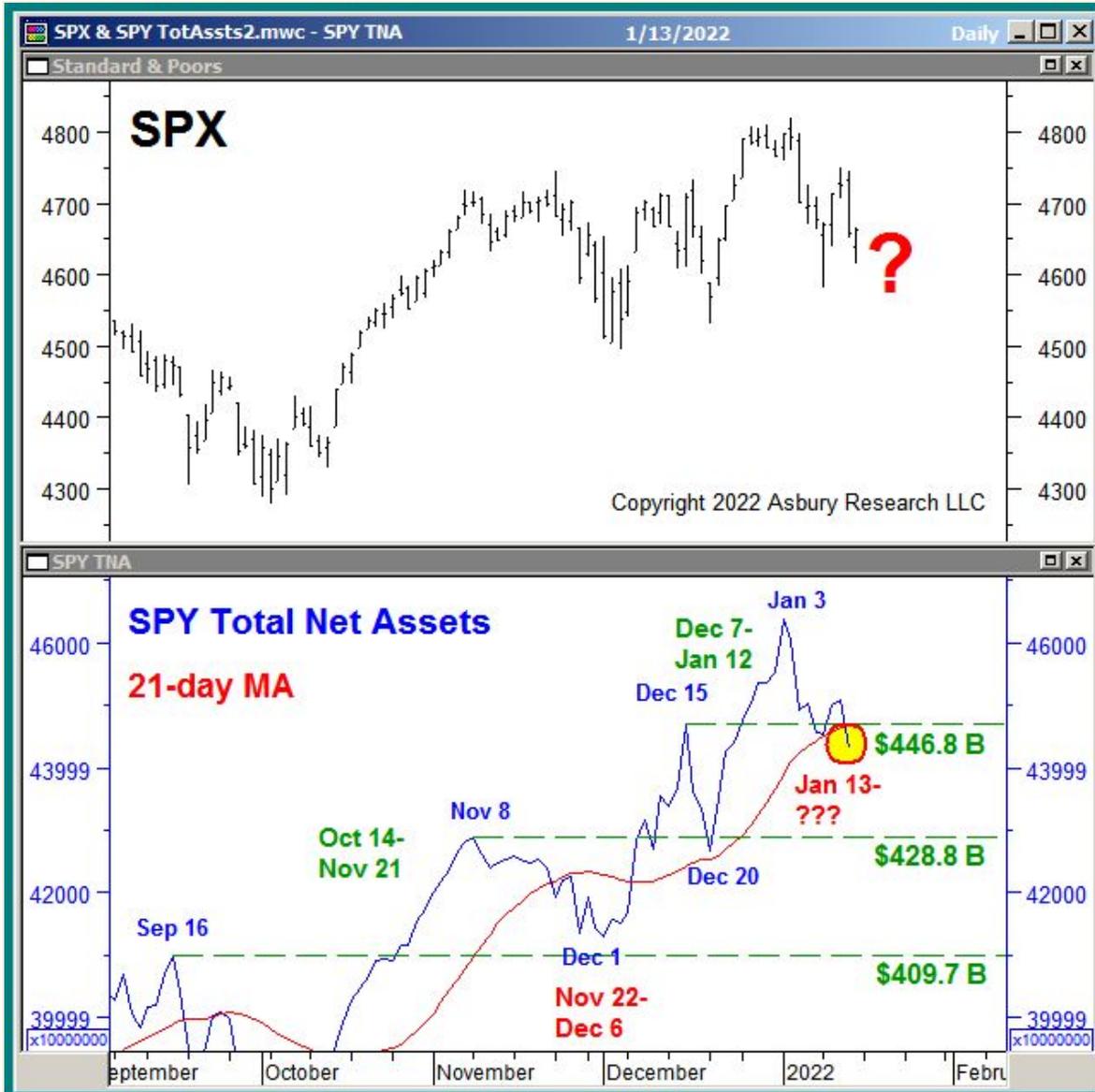


Chart 2

The lower panel of **Chart 2** plots the daily total net assets invested in SPY with their 21-day moving average, the latter which we use to determine the *monthly* (our Tactical time period)

trend. The upper panel plots a corresponding chart of the S&P 500.

The rightmost red highlights show that, as of Thursday, these assets have declined below their 21-day MA and also below the \$446.8 billion Dec 15th peak in assets. **This suggests a new Tactical trend of declining assets is emerging and will be confirmed by a steady-to-lower number in Friday's data — which would also turn the Asbury 6 to a Negative status.**

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