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# The Weekly Wrap-Up

July 25th, 2020

## SPX Testing Resistance, But Market Internals Remains Positive

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### Conclusion, Investment Implications, Strategy

The current rally in the benchmark S&P 500 (SPX) stalled last week at 3215 to 3233, which is minor overhead resistance. However, as long as our tactical models ([Correction Protection Model, Asbury 6](#)) retain their current Risk On / Positive status and the VIX remains below the 28.39 area, this resistance is likely to be broken and SPX will be expected to meet our 3340 upside target.

### From Our Recent Research



*“The near term, tactical bias of the US stock market is clearly up due to currently positive minor and major trends, the current Risk On / Positive status of our tactical models ([Correction Protection Model](#), [Asbury 6](#)), low volatility, and chart patterns across several different indexes and ETFs that target an additional 4% rise over the near term. **The minor and major trends in the benchmark S&P 500 (SPX) will remain up this week above 3068 to 3033**, which is 5% to 6% below the market. From an intermediate term, Strategic standpoint, however, the sustainability of the current rally is suspect...”*

### **Keys To This Week**

Asbury Research

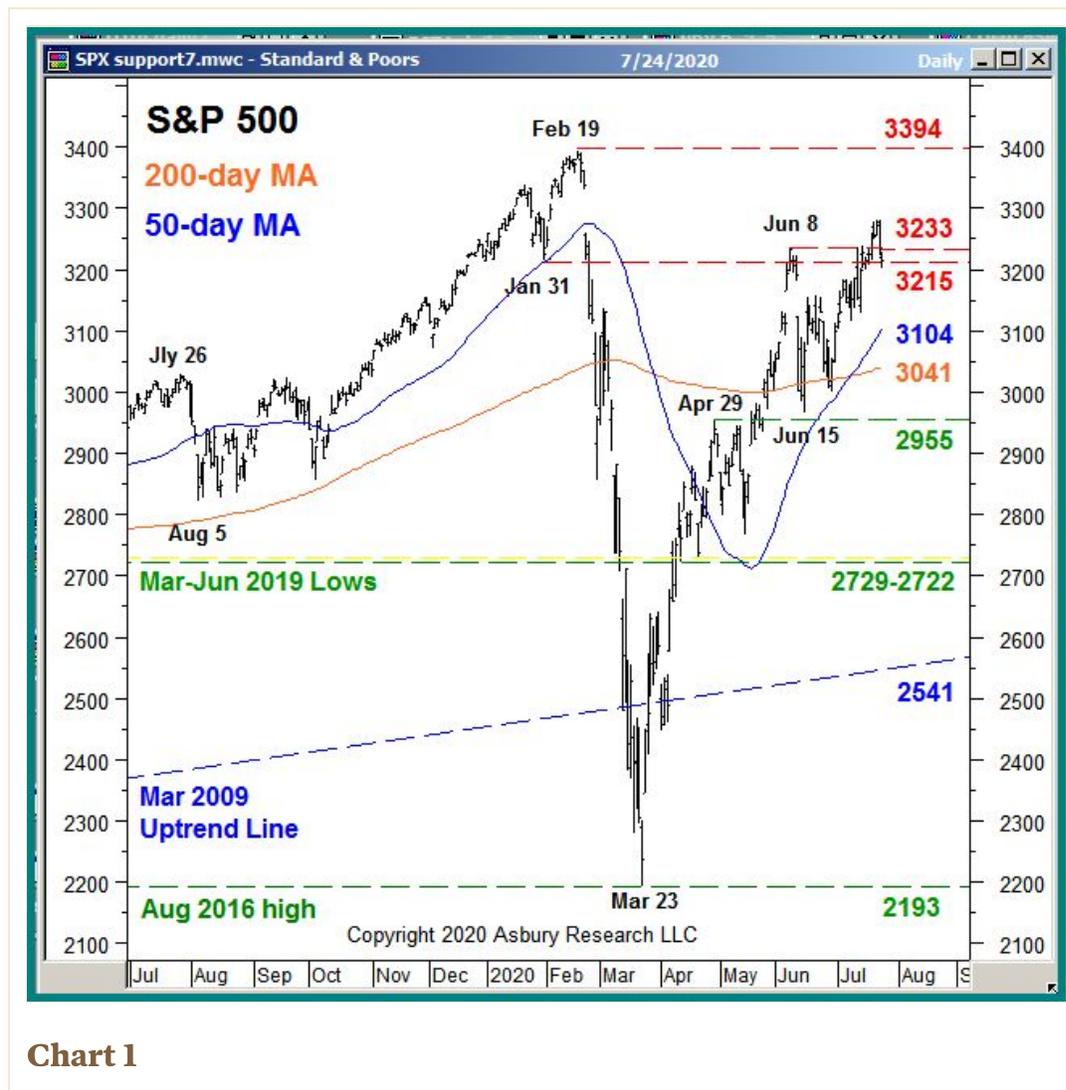
July 20th, 2020

## **Weekly Summary / Overview**

The **S&P 500 (SPX)** finished Friday's session at 3216, down just 9 points or 0.3 for the week. The US broad market index is now unchanged for 2020.

The red highlights in **Chart 1** show that the current mid-June rally in the

US broad market index stalled last week at 3215 to 3233, which is primary overhead resistance and a likely place for such a stall to occur. A sustained rise above this resistance area would be necessary to clear the way for our 3340 upside target, first mentioned in our [July 6th report](#), to be met.



**Minor**

**support exists 3% below the market at 3104**, the current location of the 50-day moving average (minor trend proxy). **Major support is situated 5% below the market at 3041** and represents the 200-day MA (major trend proxy).

**The Asbury 6: Positive As Of July 2nd**

**Table 1** shows that 5 of the [Asbury 6 constituents finished last week in Positive](#)

**territory.** The “A6” has been on a Positive status since July 2nd.

Four or more metrics in one direction, either Positive (green) or Negative (red), indicate a

<b>"ASBURY 6" INTERNAL MARKET METRICS through 7/24/2020</b>		
<b>METRIC</b>	<b>POSITIVE AS OF:</b>	<b>NEGATIVE AS OF:</b>
Rate Of Change: SPX	7-13-2020	
Rel Performance: Stocks v HIYld Bonds		7-24-2020
Investor Asset Flows: SPY	7-2-2020	
Corporate Bond Spreads	7-6-2020	
Trading Volume: SPX	7-1-2020	
Market Breadth: NYSE	7-14-2020	
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**Table 1**

Tactical directional bias. 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.

## Volatility: Watch 28.39 In The VIX

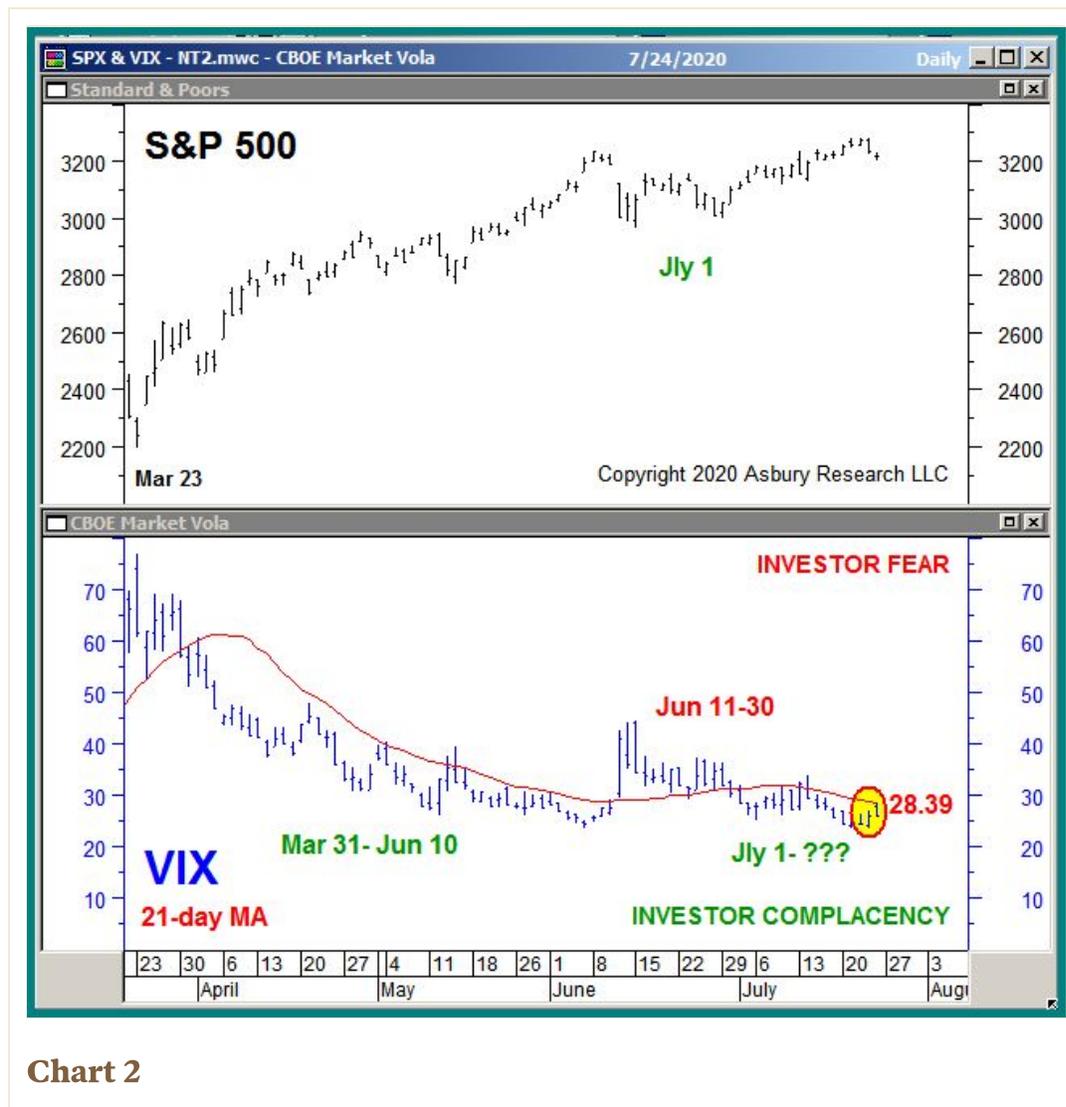
The blue bars in the lower panel of **Chart 2** plot the **CBOE Volatility Index** (blue line, better known as the VIX or the Fear Gauge). The red line plots the VIX’s 21-day moving average, which we use to identify its monthly trend.

The rightmost green

highlights show the VIX has been below its 21-day MA since Jly 1st, indicating a **monthly trend of increasing investor complacency**

that is characteristic of Tactical US broad market advances. **As long as the VIX remains below its moving average,** currently situated at **28.39,** it – like

the Asbury 6 shown above – **will be conducive to SPX reaching our 3340 upside target.**



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