Financial Research Education & Data

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Trading Week Starting
April 14, 2025

The FRED Report

Summary of Market View

In Stocks, we discuss the prospects for a rally this week, and then discuss our **Put/Call Indicator**. In Fixed Income we discuss our long-term **TNX** chart. A strong advance in rates is one of our biggest concerns.

In Commodities, we discuss the prospects for a rally in **oil**, along with negative seasonality. In International we discuss **Canada** and **Mexico** and the trading there with respect to the tariff issue. Last, in Chart of Interest, we return to a discussion of equity market sentiment.

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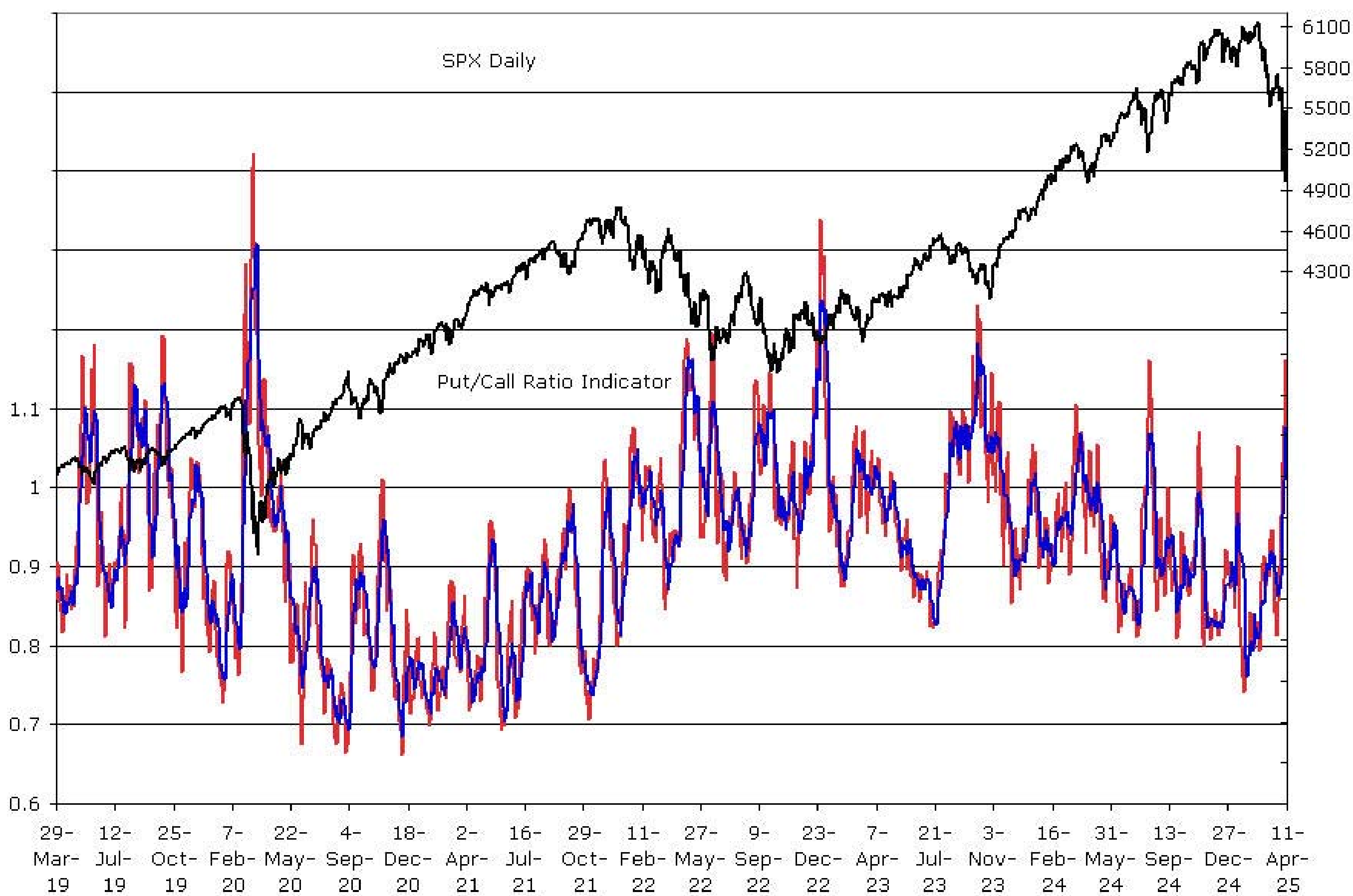
Special points of interest:

- The situation is such that some more bouncing around is likely, and eventually a new CLOSING low. The word "Closing" is important, because the closing low is SPY 496.48 and not down in the low 480's.
- A strong advance in rates is one of our biggest concerns.
- We would like to see USO trade above 70 to suggest a move to the 80's is in the cards.

Stocks Review

Stocks had an up week last week, something that is not being reported. The Press is now focusing on the negatives, which is a positive for the markets. Trading is normalizing – with down opens and up closes, and the day after the big up day was roughly a 50% retracement of that day. So, the situation is such that some more bouncing around is likely, and eventually a new CLOSING low. The word “Closing” is important, because the closing low is **SPY** 496.48 and not down in the low 480’s. This sort of divergence bottom is often part of a low in a high momentum pattern such as this, but what technicians should be looking for is a close below 496, not necessarily a move below 481. While best to see it happen on SPY, it might happen on other indexes, so we will be watching for it. Be patient; let stocks come to you, as this could take some more time.

We show our **Put/Call** chart, below. This is somewhat annoying, as the one indicator that was not telling us the March low was in fact THE low was the lack of a spike in this indicator, suggesting short-term sentiment was not bearish enough. Yes, you cannot hang your hat on just one indicator – but a lesson for us all may be that sentiment indicators are more important in a news-driven environment. In any event, we have a sizeable spike now that suggests this low area is a likely bottom of this correction, subject to retests.



Fixed Income Review

There has been some turbulence in the bond market, and as of this writing we are not 100% clear on the reasons for it. So, we will not directly comment on this here. Rather we will mention that **TLT (iShare®Barclays 20 Year Treasury Bond)** has tested and held support in the 85-area, filling a gap from January 2025. Resistance is the 88 to 89-area and should be challenged from here. You can look at the charts of TLT on your own computers, and if needed we will publish them in the Midweek. What WAS interesting is that there were instances during last week where our interest rate indexes were down and the price of TLT was also down. This is very unusual and I am sure we will see more reasons for it in the coming days. The long end Treasury auction went well, apparently, so that is not the reason.

Instead of TLT, we show our monthly chart of **TNX, the 10-year Treasury Yield**. This chart is very clear – there was a downtrend from 1995 that has broken and we have a high-level consolidation that has lasted from the end of 2022 until now. Ask yourselves the following question: “if this was the chart of a stock, would you buy it?” We have been expecting an advance in rates but felt that it should happen late 2025 to 2026. While we still believe that, it could happen sooner, and we have concerns. Such a move would surprise the markets, so be prepared.

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Commodity Review

Oil has sold off during this correction, and favorable seasonality ended in March. We will look at **USO (United States Oil Fund)** and **UGA (United States Gasoline Fund)** here. We discuss oil stocks in the Sector Review, so we will discuss the commodities themselves here. The performance of USO is very similar to **XLE**, however. USO has been a multiyear trading range from roughly 60 to 85 or just below. Interestingly, both the daily and weekly stochastics are buy recycles, so this may hold support and rally from here in spite of the negative seasonality. Oil closed well on Friday, with an Inverse *Prussian Helmet*. So, we would like to see this trade above 70 to suggest a move to the 80's is in the cards.

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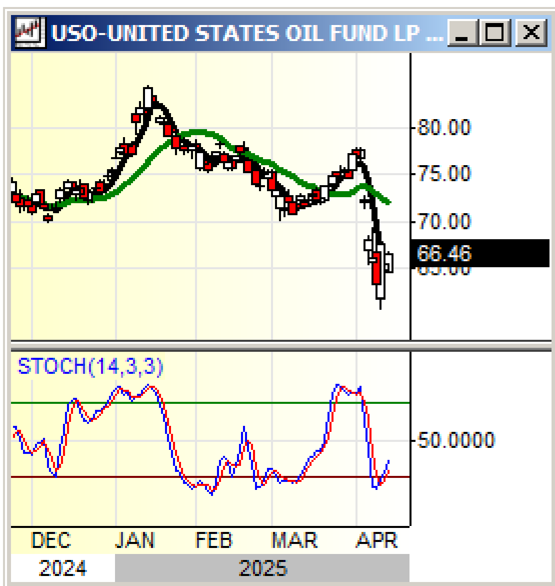
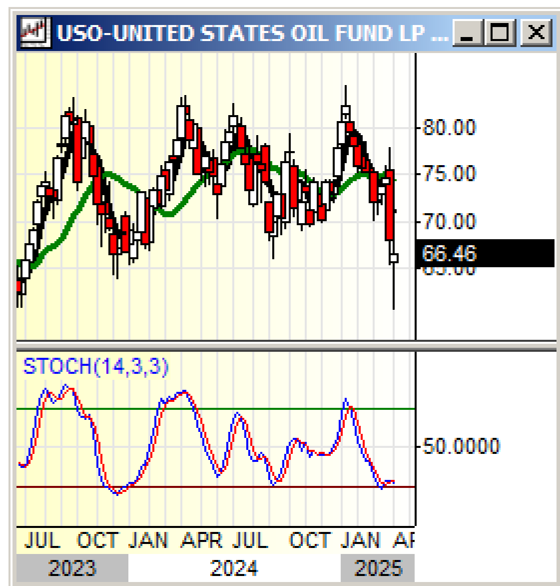
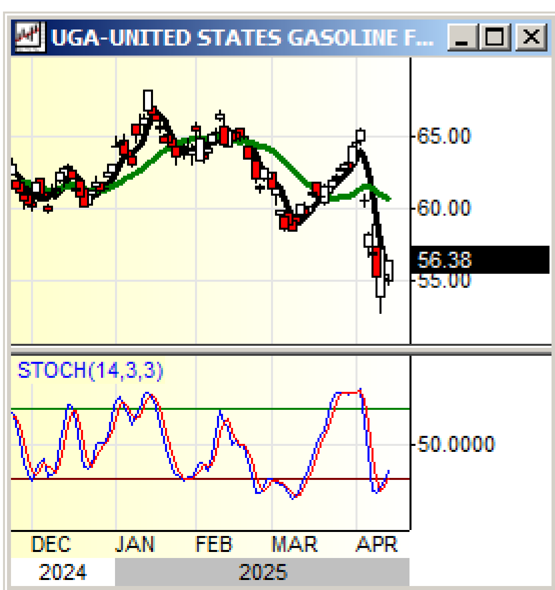
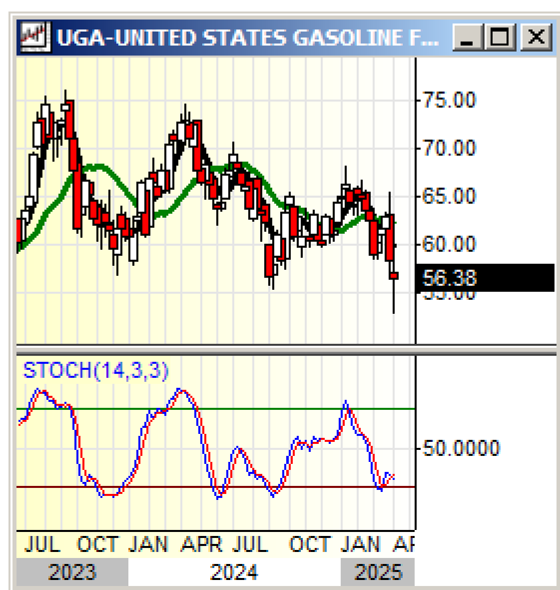
UGA is actually a touch weaker than USO, but this is a difficult call. We say this because it has made lower highs from mid-2024 than USO, chart-wise. While the lows are also a bit higher this is less clear. UGA also has an inverse *Prussian*, below and then above the 55 support. The daily stochastic is a buy recycle, as is the weekly. This has the potential to rally to resistance in the 65-area, but it needs to clear the 60-area first.







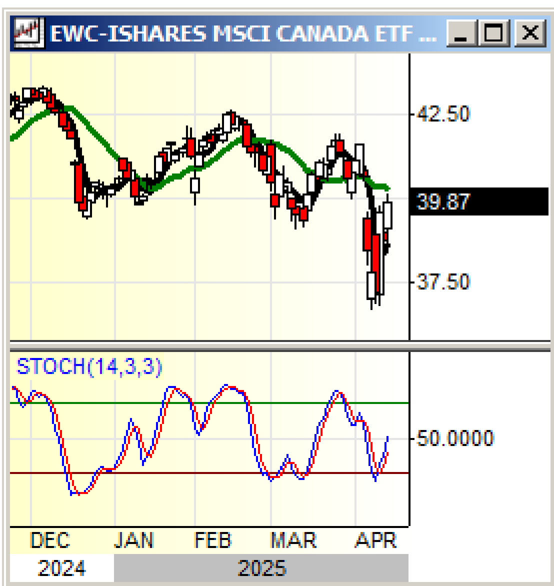


International Review

We have not looked at Canada and Mexico in a while, and these countries are also subject to Tariffs. The ETFs we use for these are **EWC (iShares® MSCI Canada Index Fund)** and **EWW (iShares® MSCI Mexico Index Fund)**. Both of these are buy patterns on the weekly stochastics, but EWC is stronger.

EWC is still an uptrend on the weekly chart that has tested the 37.50-area support and held it. It is trading near short-term resistance in the 40-area. The daily stochastic is a buy recycle, and the weekly is a buy pattern that is not showing much momentum but is still positive. This is making higher lows, although the uptrend line has broken. The pattern here is higher highs and higher lows with positive stochastics.

EWW is weaker as it started making lower lows in the summer of 2024. However, it is testing a support area in October of 2023. Short-term support is the 47-area, from December 2024/January 2025. So, this area should hold declines for now. The concern is that the daily stochastic is in buy mode, but the weekly is a sell recycle. This implies consolidation in this general area – it should hold but it may not do much as the weekly stochastic comes down. Of these two, Canada is more attractive. We have recommended this as a conservative addition and still would use it.



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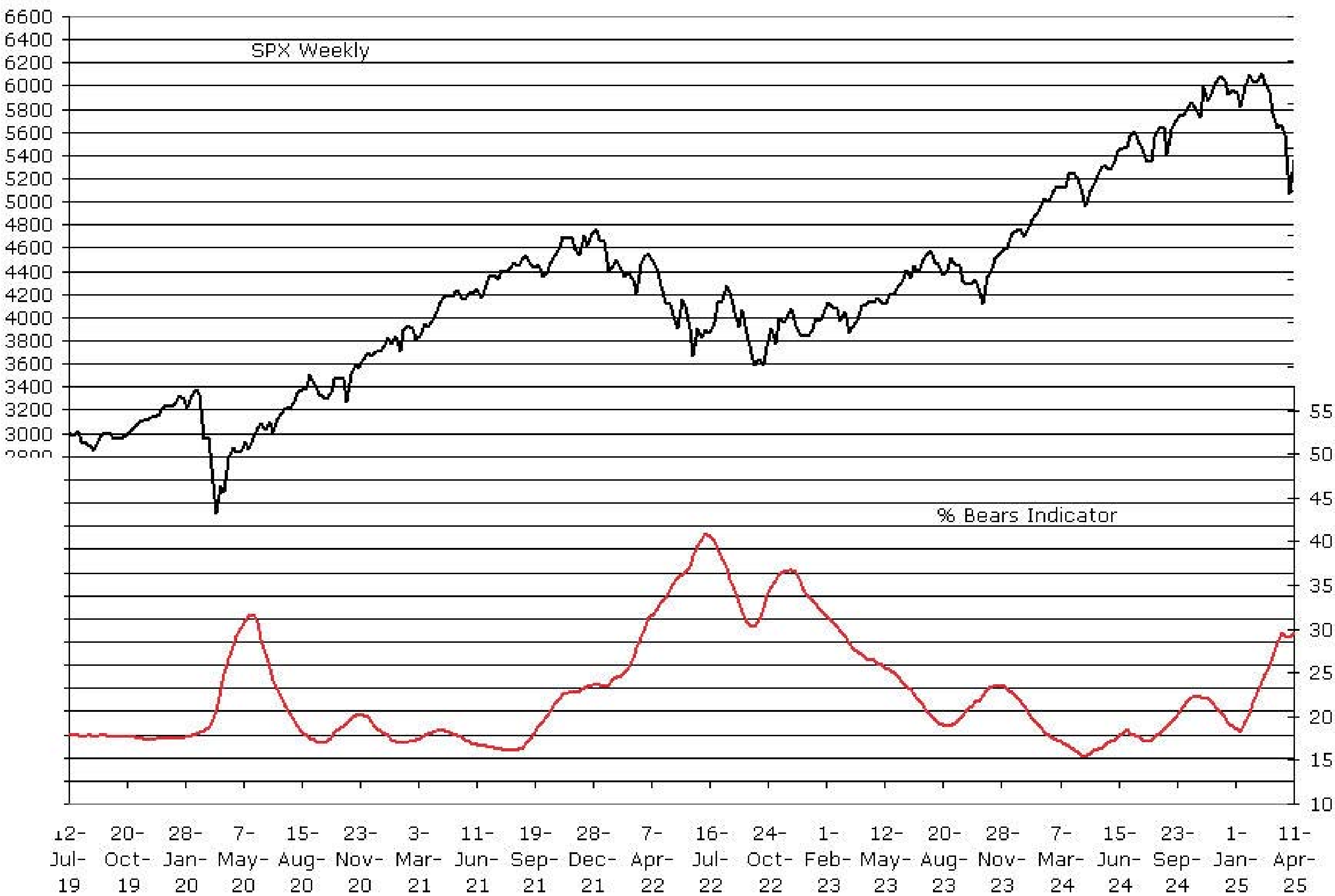
Weekly Chart of Interest

We show our **%Bears chart**. This shows that intermediate bearish sentiment is close to where it was near the low in 2022. The difference between this and Put/Call is that this is what people are saying about the market, while Put/Call is what they are actually doing with their money. This is a condition indicator, and not a timing tool, but it is a strong indication that we are in the process of making an intermediate bottom in this area. Sentiment can get worse, but this chart is improving.



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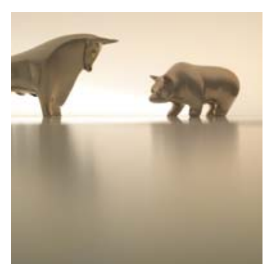

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