Financial Research Education & Data

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Trading Week Starting
April 28, 2025

# The FRED Report

## Summary of Market View

In Stocks, we discuss last week's trading, and then move into a discussion of breadth indicators in particular the Zweig Breadth Thrust. However, we show a chart of our own Breadth Oscillator (there are many Zweig Breadth Thrust charts available in the media). In Fixed Income we discuss our interest rate indexes.

In Commodities we discuss GLD and the gold stocks, which had some risky trading last week, but are holding so far. In International, we discuss three international dividend ETFs. Last, in Chart of Interest, we discuss our special volatility index.

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### Special points of interest:

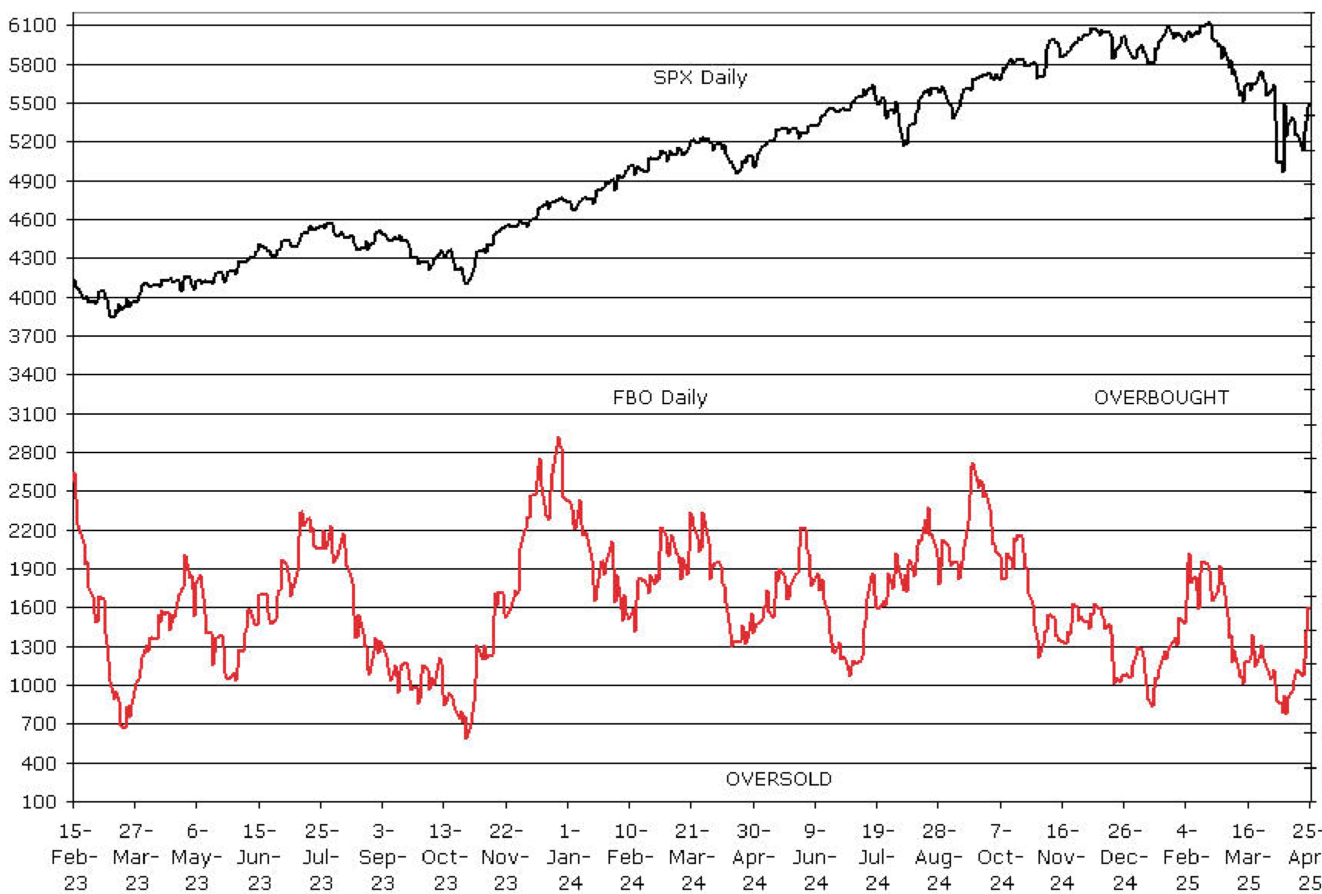
- There were some technical features of the advance that confirm our original view that a retest is likely.
- we should use declines to add to models.
- There is substantial risk of an advance, not a decline, in rates.

# Stocks Review

Stocks rallied as we expected last week and traded as we thought we should in the Midweek. However, there were some technical features of the advance that confirm our original view that a retest is likely. We think this should happen in early May, a week or two from now. Traders should have sold by Friday's close as we traded up to the 550-area on SPY, the March bottom and resistance.

The rest of this week's piece has to be about breadth and breadth indicators, as we had a favorable technical development known as a "Zweig Breadth Thrust". This indication is rare and bullish. However, we are concerned that this is being widely reported, and note that it is an intermediate indicator, saying nothing about the next few weeks/months of trading. It has a great record on a six and twelve month basis, however.

We have seen such claims that it has been 100% correct. Tom McClellan, a friend and fellow Technician, points out that in the market of the 1920's to 1940's that has not been so. This is a momentum based signal, and rare enough that we don't keep track of it. We use our own breadth tools, and our daily Fred's Breadth Oscillator (shown below), has hit oversold levels consistent with short to intermediate-term bottoms. So, we should use declines to add to models. We continue to expect an up year in 2025.

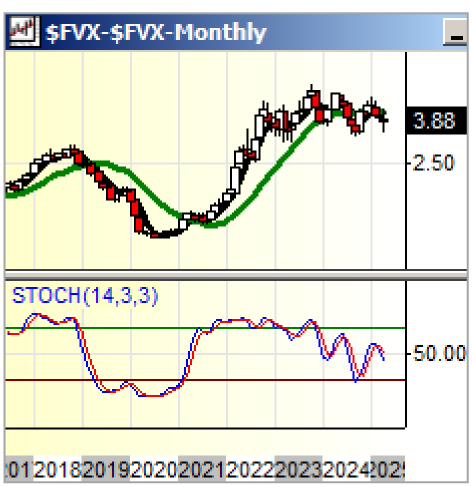


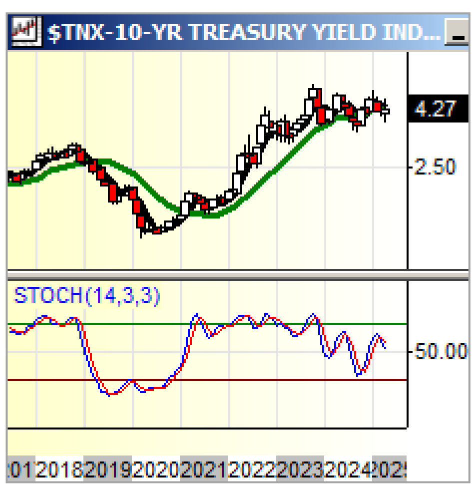
# Fixed Income Review

We will take a look at the Interest Rate Indexes. Several clients have told me there has been chatter about higher interest rates, something we have been talking about for months. We have had some questions on this, and the bottom line is that our view remains the same: there is substantial risk of an advance, not a decline, in rates. We will look at FVX (CBOE 5-year Treasury Yield Index), TNX (CBOE 10-year Treasury Yield Index), and TYX (CBOE 30-year Treasury Yield Index). As we look at these remember the Federal Reserve (FED) has a chance of controlling FVX, as it is the most short-term of these. The other two are at the mercy of market forces.

FVX is a high-level consolidation, with a daily stochastic sell. Short-term support is in the 35-area, while intermediate support is 30 or so. Resistance is the 45 to 48-area, longer-term. Short-term resistance is 40 to 42. This actually looks like it could retest the short-term support at least, and maybe the intermediate support, and this chart is why we are expecting rates to fall before they rise. The monthly chart of TNX clearly shows the breakout of the long-term downtrend in rates. It also shows 10-year rates are in a consolidation pattern as well, with support at 35 and resistance at 50 (this support goes back to 2007). We have written several times about our concern that a breakout above 50 targets 70 to 80. The daily stochastic is in sell mode, but the weekly and monthly are buy patterns, similar to FVX. TYX, the 30-year, is not looked at nearly as often as the other two. It is a stronger chart. The daily stochastic is in sell mode but is showing relative strength, and the weekly and monthly charts are in buy mode. The high-level consolidation on the monthly chart is sloping up, generally a precursor to an upside breakout. We show daily and monthly charts, below.



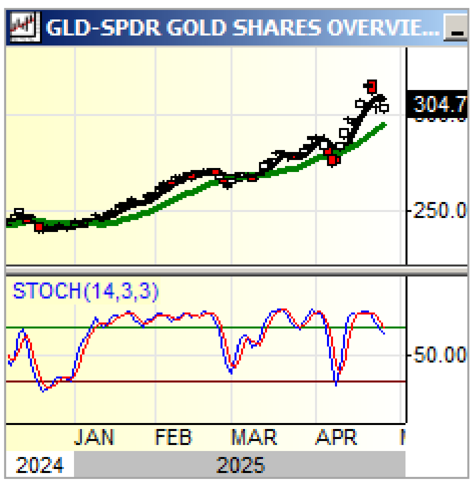



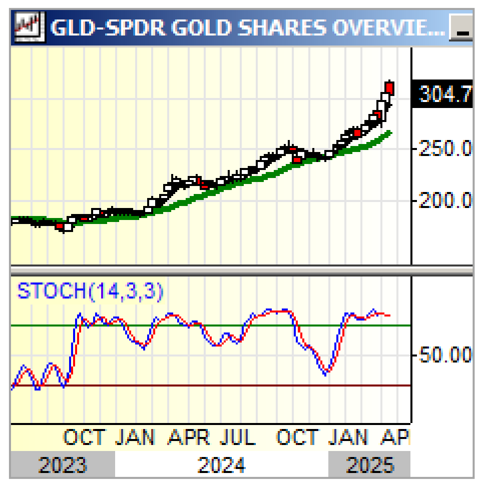

# Commodity Review

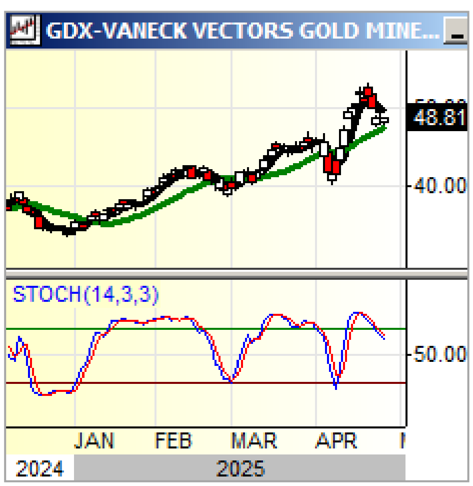
We have seen some interesting action in GLD last week. It has attempted to sell off but has held support so far. Our concern about GLD has been the lack of accumulation. This can often lead to sharp, “air pocket” gaps such as we have seen in the metal. We will discuss GLD here, and also GDX and GDXJ as most of you are invested in the gold stocks and not the commodity. GLD looked like it was trying to break down from a third angle of ascent, but so far it has held up. A close below 302 on GLD could lead to a very sharp drop. Below 288 would target 250 or so. The daily stochastic is in sell mode, and the weekly is overbought, but not in sell mode.

*“Our concern about GLD has been the lack of accumulation. This can often lead to sharp, “air pocket” gaps such as we have seen in the metal.”*

GDX is the most common of the stock ETFs. It has support around 46, then 42 comes into play. The daily stochastic is in sell mode, and the weekly is a sell pattern. This is less strong than GLD, but it has worked well as a hedge against the market decline. GDX actually looks more stable than GLD. We will have to watch these carefully. If some things go wrong there could be some real problems here. We show daily and weekly charts below.




# International Review

We will look at three International Dividend ETFs: IDV (iShares® International Select Dividend Fund), VYMI (Vanguard International High Dividend ETF), and IDVO (Amplify International Dividend Income ETF). This is an area of “International” that we have not seen discussed in some time. These are very different charts, but the yields are similar. Speaking of yields – we get our yields from “Bigcharts.com”. PLEASE check with your sales desks, as often dividend yields are reported badly on international dividend ETFs, as they may be paid on irregular schedules.

The strongest of these is VYMI, as it is starting to come out of a base and is close to multi-year highs. It has the lowest yield, however, at 4.35% - respectable given the markets in general and the strong intermediate performance of this in particular. The daily stochastic is overbought, and the weekly is in sell mode, but turning up in a high risk buy. International may be a bit extended now, but this would be a good addition to an international portfolio because of the yield as well as intermediate strength. Try to get it at 73 on a pullback.

IDV is the second strongest, as it is a breakout on the weekly chart. Resistance as seen on the monthly chart is 35 or so. Support is 30 to 29, and the yield is 5.4% or so. The daily stochastic is overbought, and the weekly is in slight sell mode. This is the strongest of these short-term.

The weakest of these is IDVO, and while it has a slightly higher yield (5.8%), this does not make up for the weaker chart.  Support is the 30-area short-term, down to 27 or so longer-term. This has made lower highs relative to the March high than the other two have made, because of this we cannot recommend it. We show weekly charts, below, and suggest looking at the monthlies for added perspective. Traders should prefer IDV, investors VYMI.



THE FRED REPORT

4514 Chamblee-Dunwoody Road

Suite 112

Dunwoody, GA 30338

Phone:

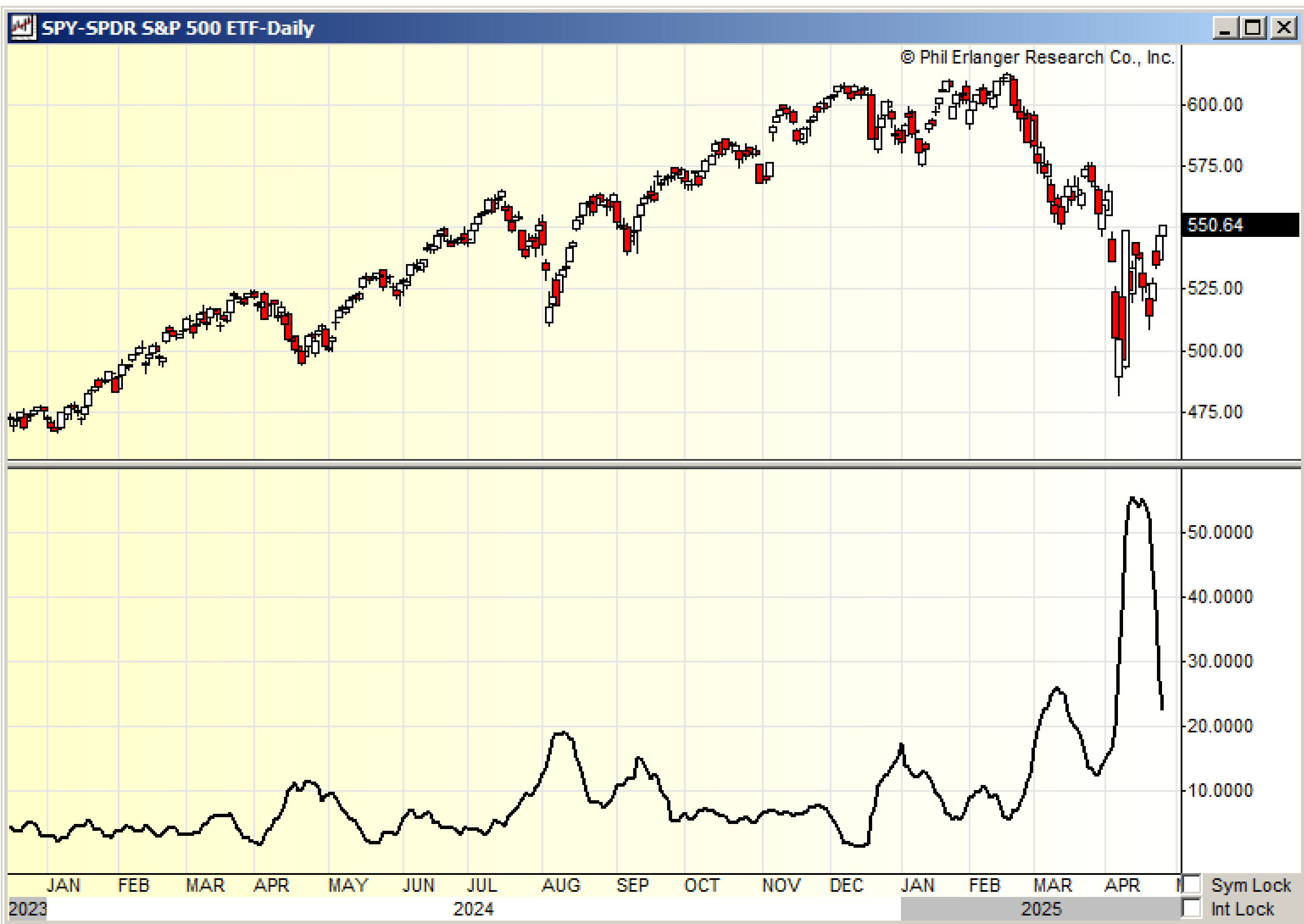
(404) 875-FRED

E-Mail:

fred@thefredreport.com

# Weekly Chart of Interest

We show our chart of Fred's Volatility Indicator on SPY. This suggests there has been a peak in volatility, and that the market is normalizing. This is bullish, although volatility is still high. This means there could be a bit more pullback, which we expect into the first to second week of May.



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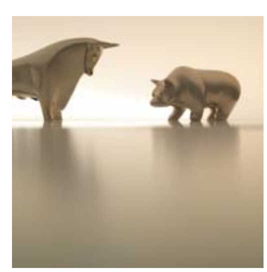

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