

The WOTE Quant

May 9, 2024

Disclaimer

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Discussion

- SPX sectors are at a cross-roads with Tech rolling over, Utilities breaking out, and Discretionary in a well-defined downtrend. Stock picking reigns supreme in this environment.
- Europe and China receive lots of “break out” attention these days. Be careful, as there is lots of work left to establish durable uptrends. Argentina looks buyable on pullbacks, while Japan is buyable now.
- The Transports vs. Utilities relationship has broken down hard and needs to be monitored very closely. The breakdown is not yet confirmed by the Discretionary vs. Staples pair, but it’s close. Watch closely.
- Sentiment and breadth indicators have relieved their oversold condition and currently sit at a critical juncture. Either equities breakout to new highs from here or roll back over into correction.

About

WOTE

Weight of the Evidence

The WOTE

A cross-asset market research platform.

The WOTE Quant

A go-anywhere report that spans SPX sectors, international equities, FICC, and a vast array of equity market indicators.

SPX Sectors

NDX Group

Tech: 200dma Rejection



Semis: 200dma Cometh



Software: Not Buyable Here



Communication: Focus on the Stocks



GOOG: Looks Vulnerable Up Here



META: Buyable for a Trade



Cyclical Group

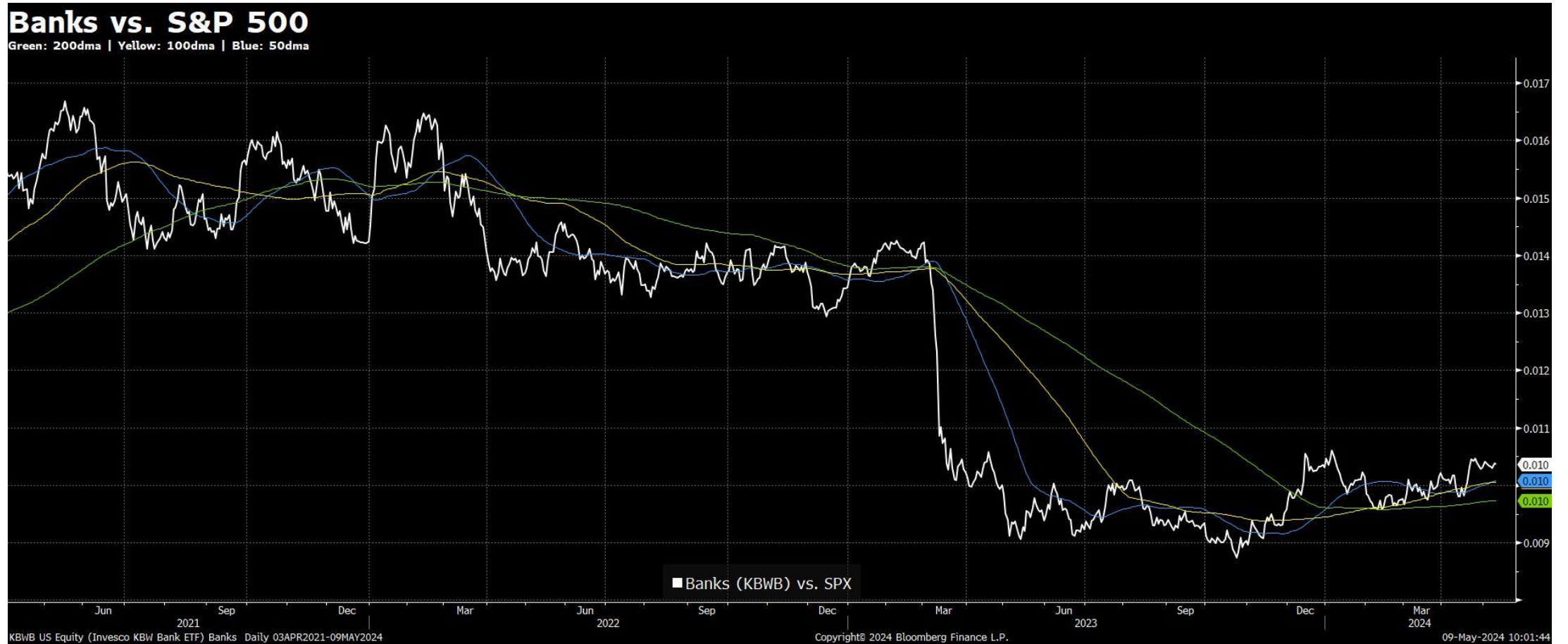
Industrials: Looks Like August 2023



Financials: Need Rate Cuts



Banks: Ditto



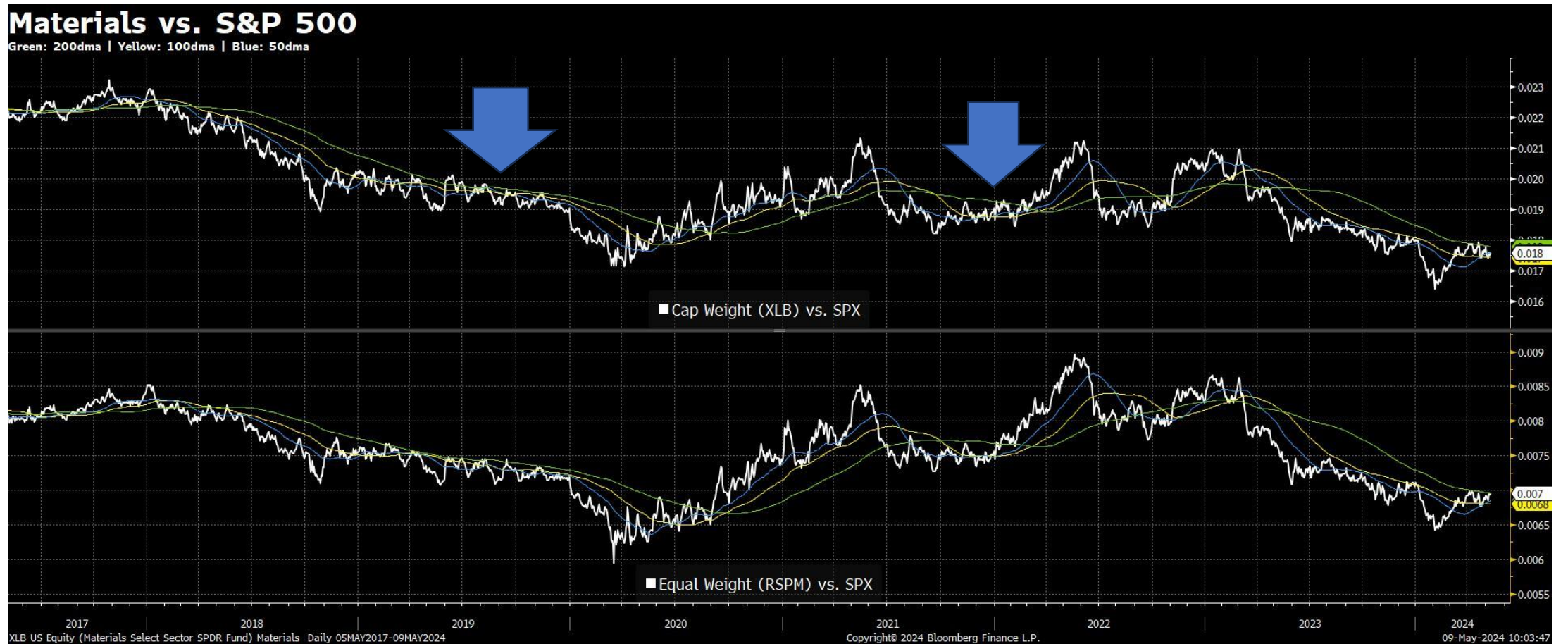
Discretionary: Ugly and Important



Energy: Downtrend Confirmed



Materials: Mid-2019 or Late 2021?



Defensive Group

Utilities: Notable Move to the 200dma



Staples: Not Confirming Utilities



Health Care: On Their Own Planet



Real Estate: Probably Time to Hunt



International Equities

US vs. ROW: First Sign of Exhaustion



Europe: At Best, Bottoming



China: At Best, Bottoming



Argentina: Buy Pullbacks



Japan: Buy Now



Macro Analysis

Equity Macro Pairs

Important Breakdown. Watch Closely



Critical Juncture

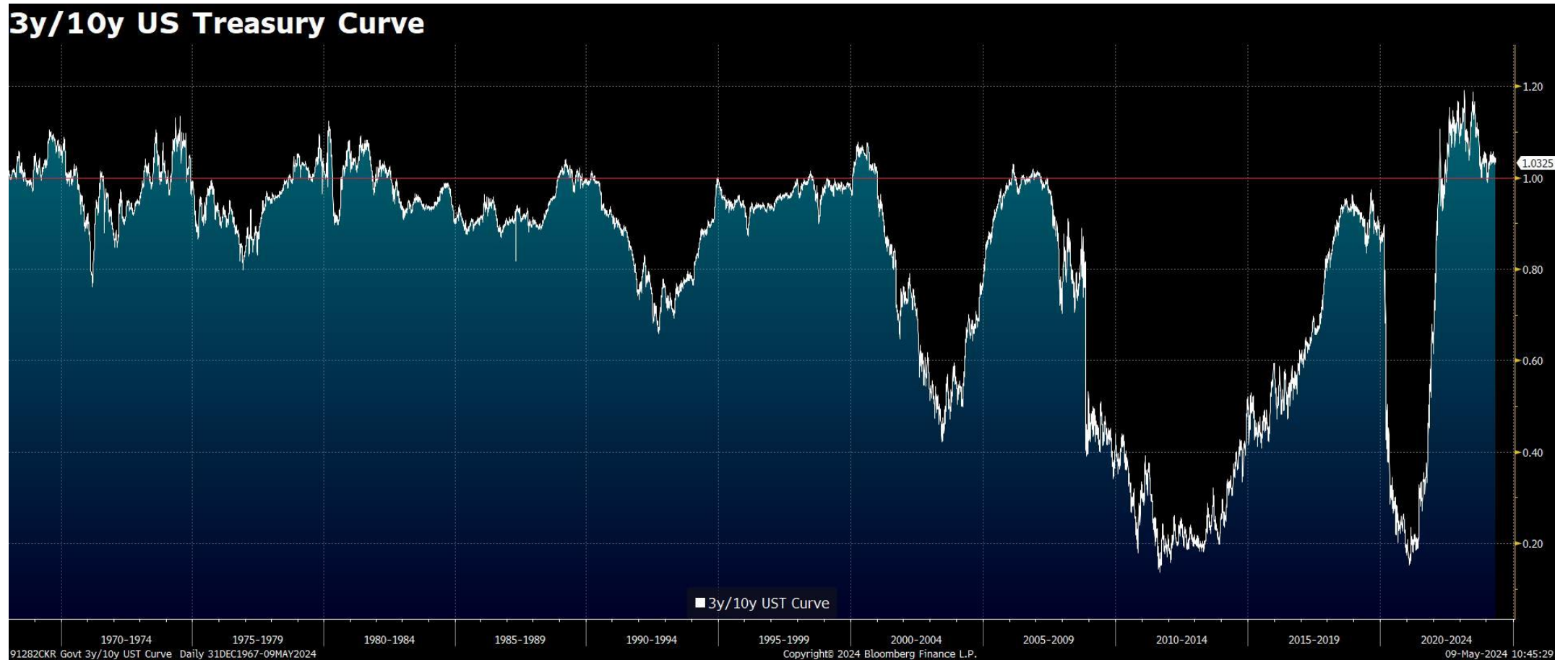


Not Yet Bearish

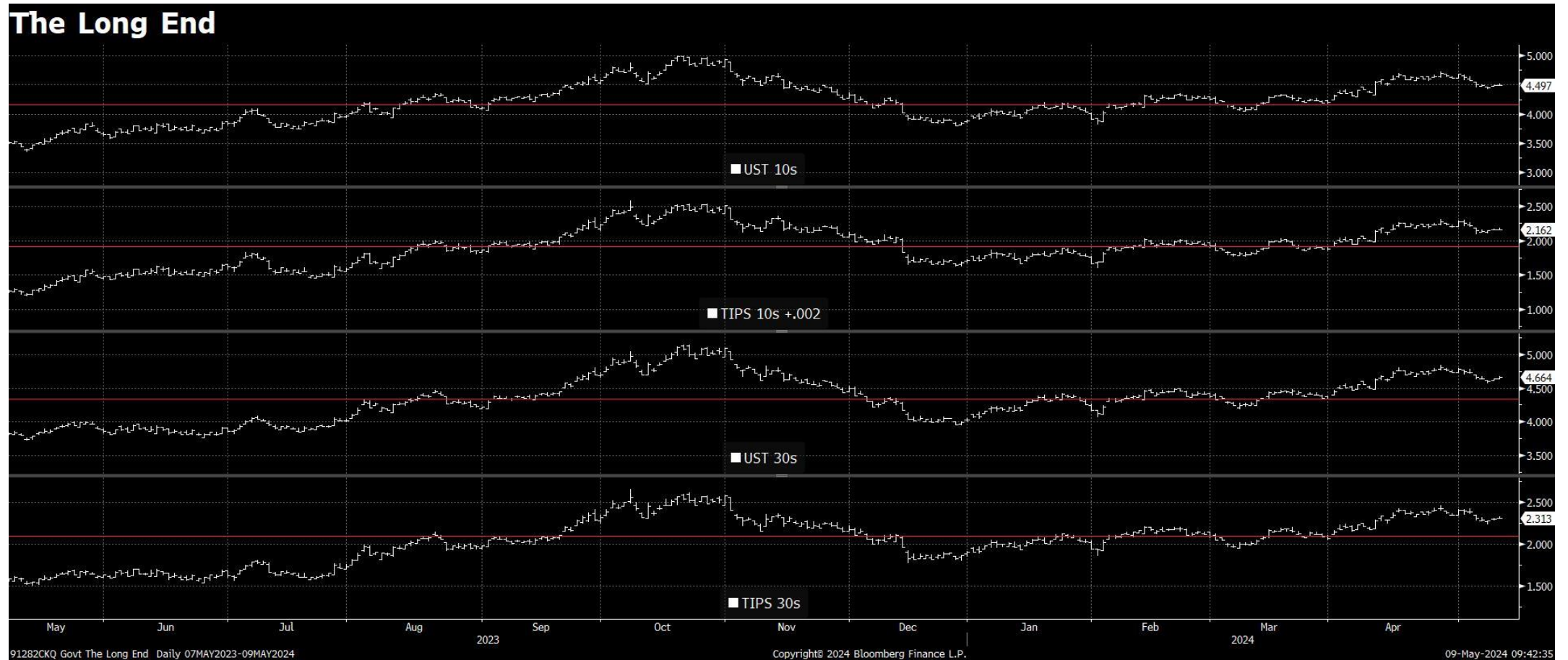


FICC

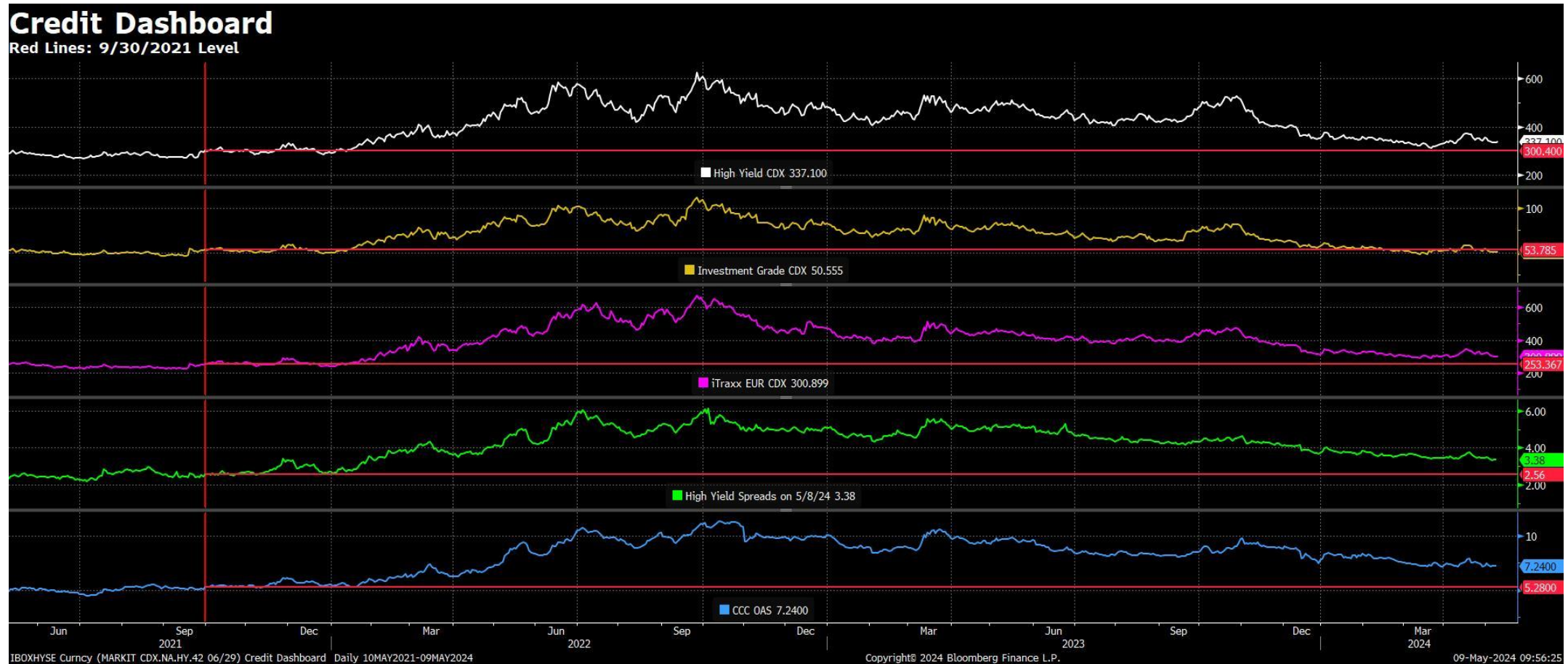
Great Inflation-Style Inversion



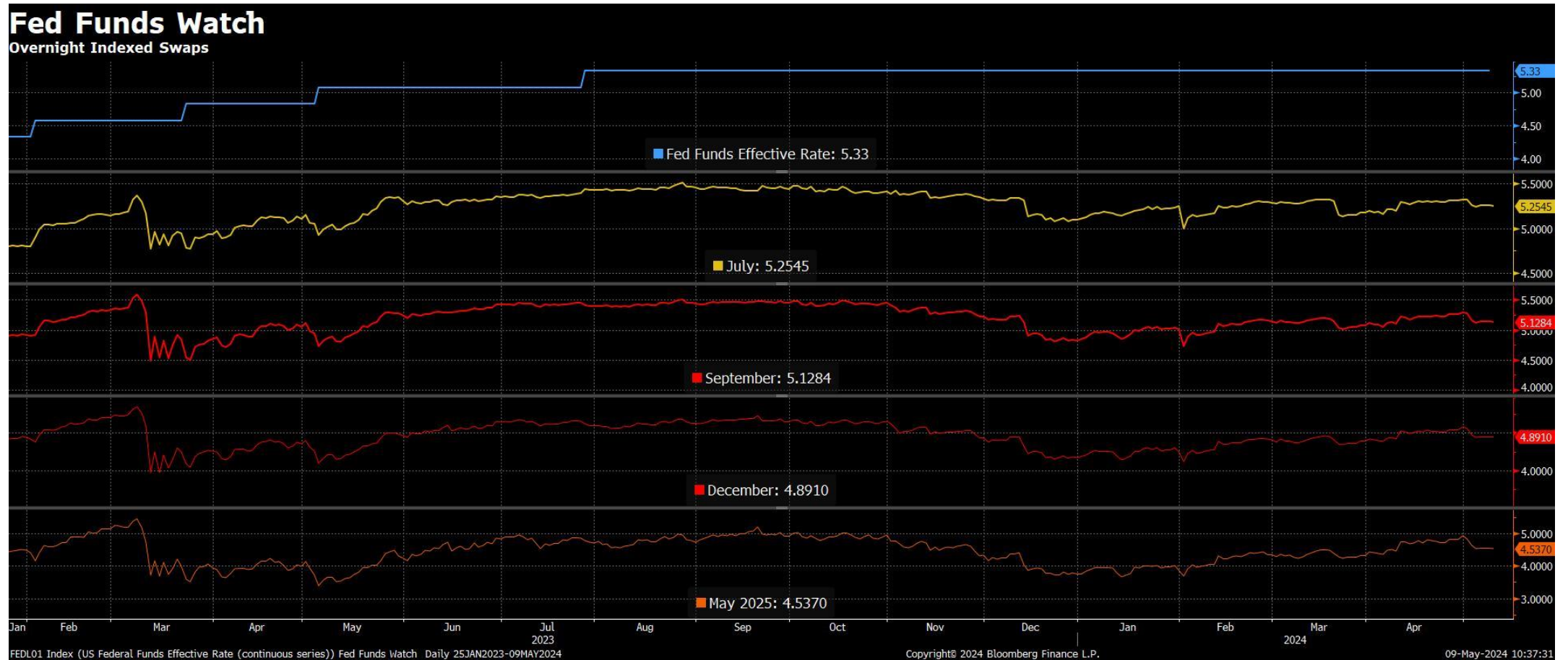
Above September 2023 Levels



Credit Not “Sufficiently Restrictive”



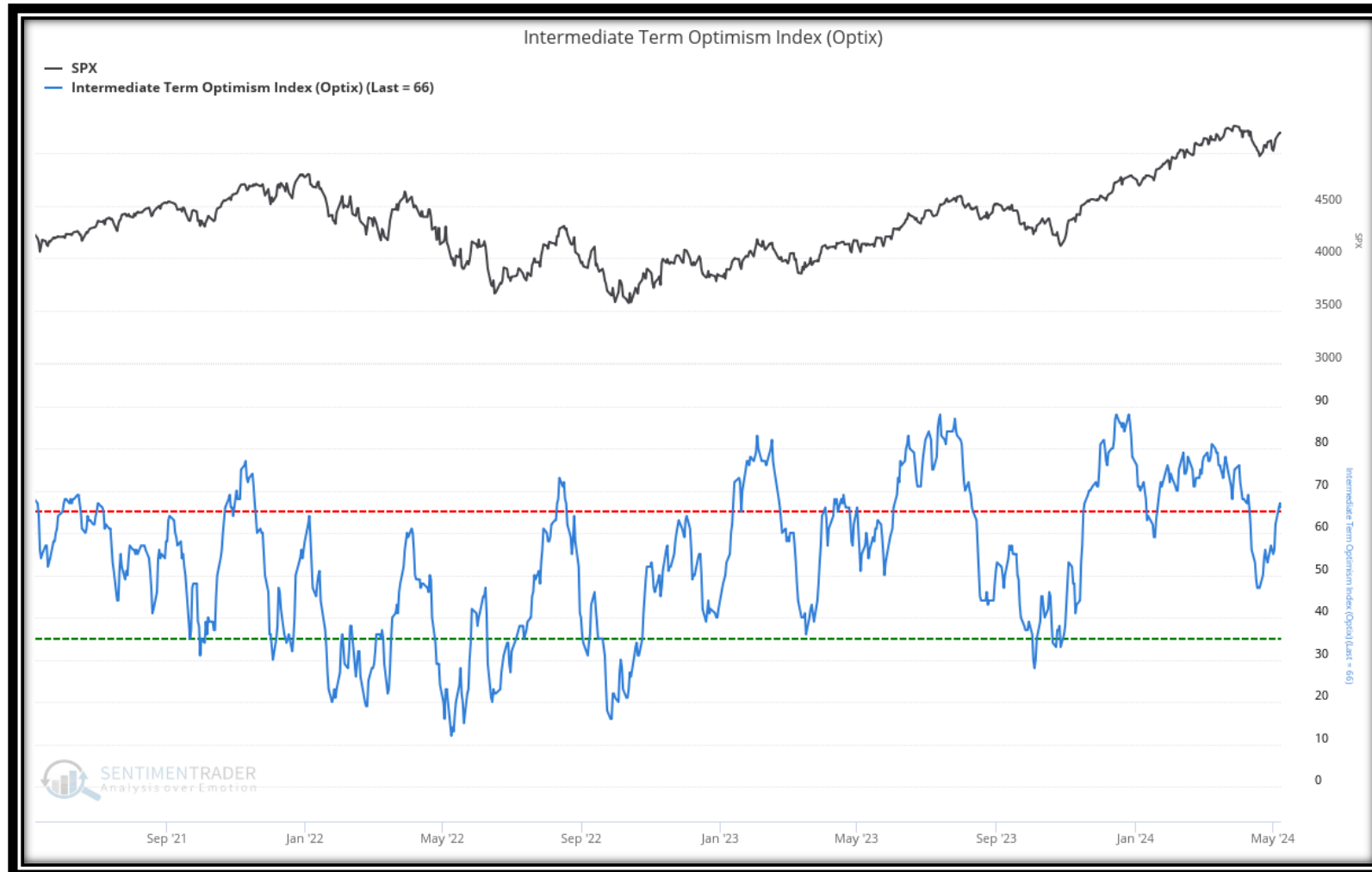
May 2025 Fed Funds 150 bps Low



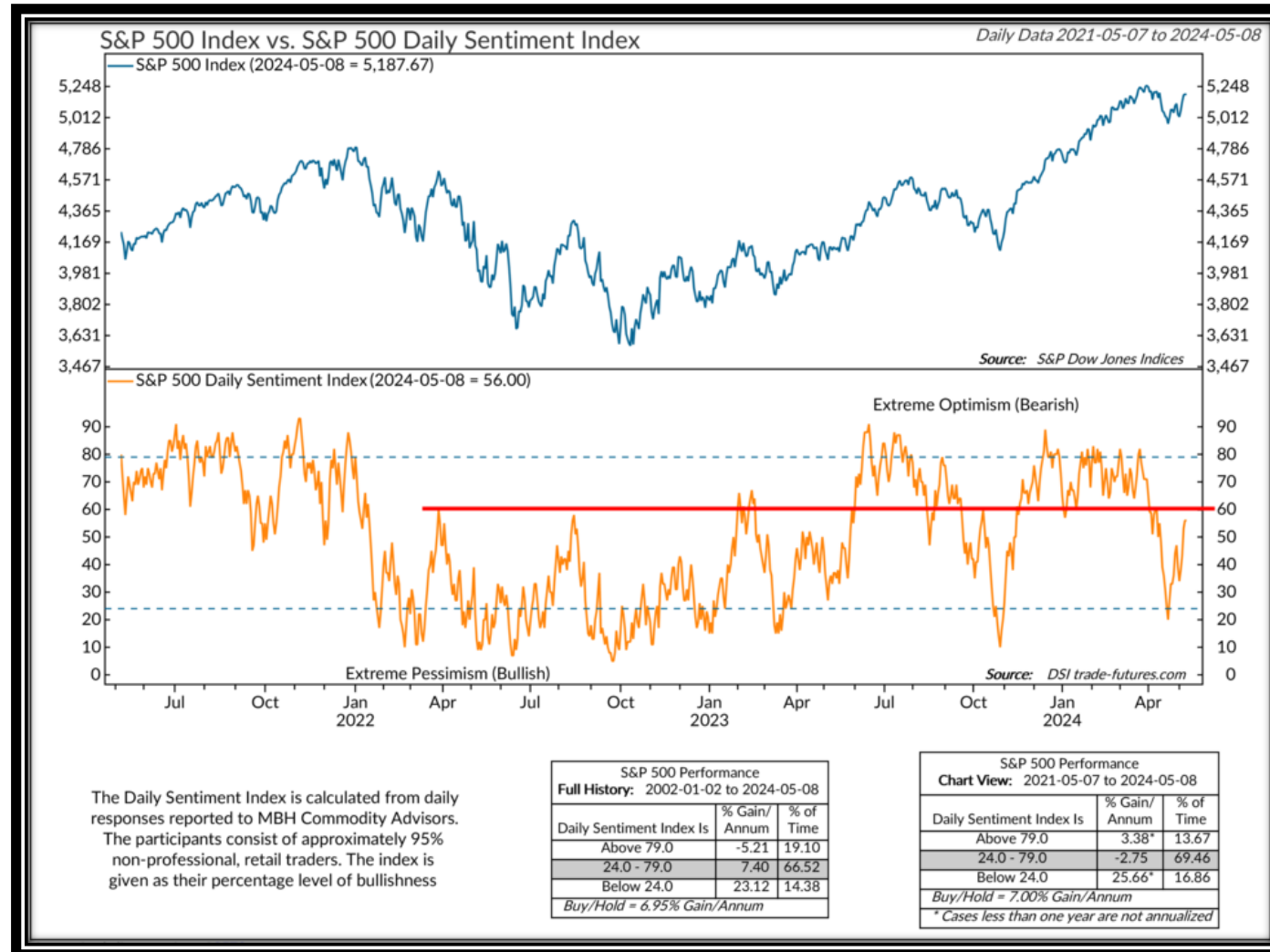
Equity Market Analysis

Sentiment

MT Sentiment: Lower Highs

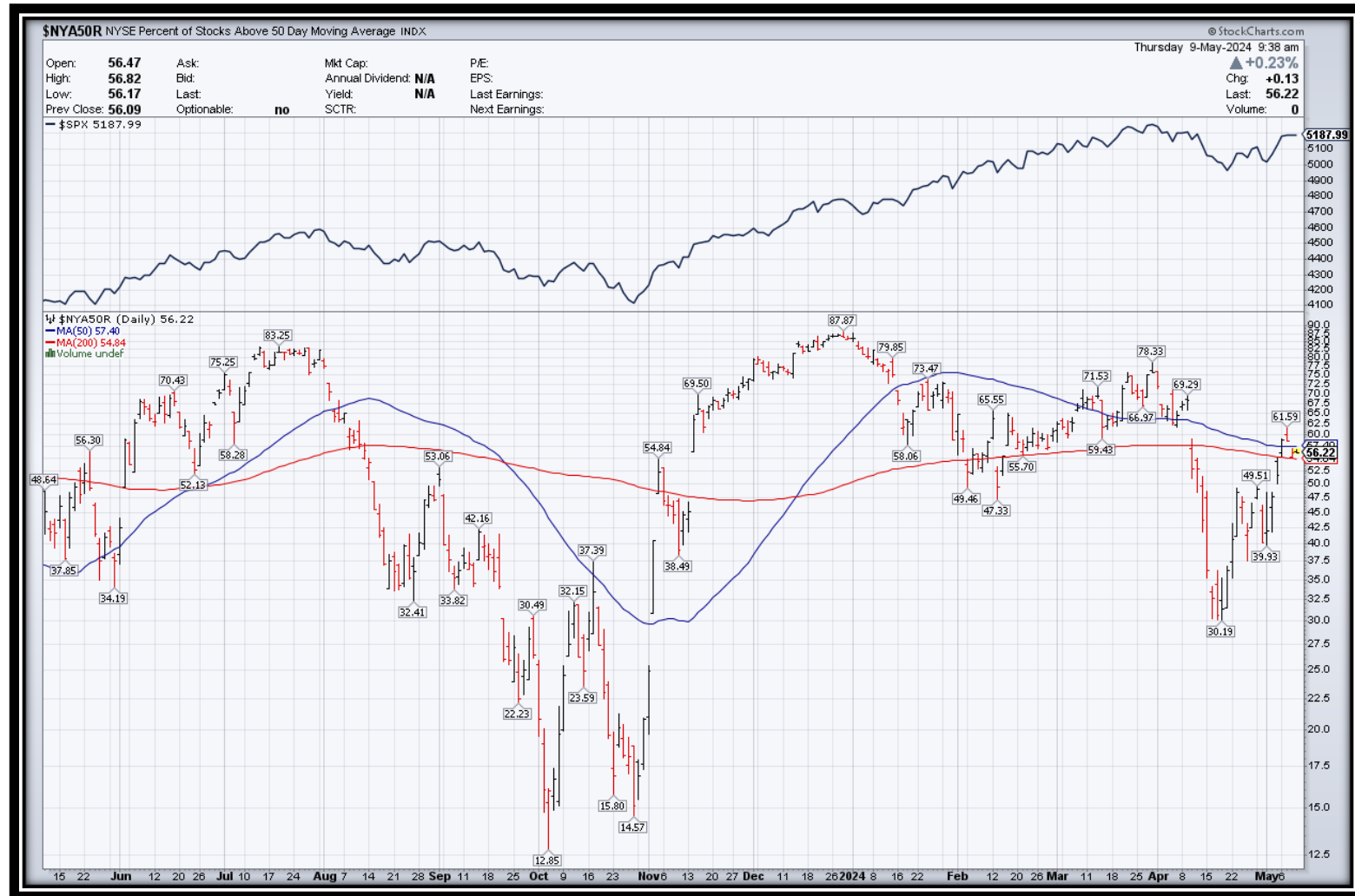


ST Sentiment: Mid-Correction Zone

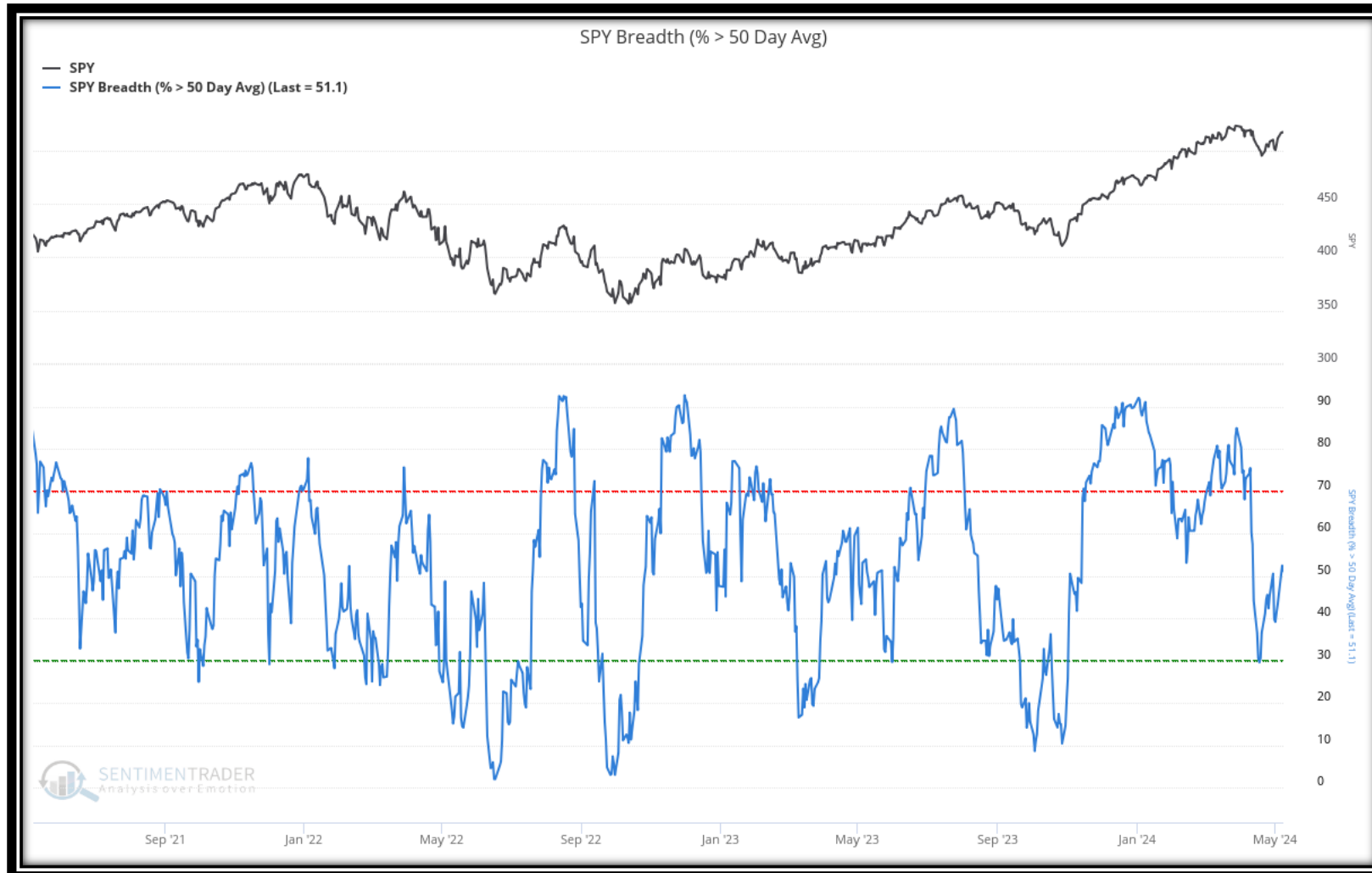


Breadth

NYSE 50dma: Rolling Over



SPY 50dma: Bearish Divergence



Advancing Volume: Rolling Over

