The Weekly Wrap-Up

October 16th, 2021

2021 Strategic Advance Is Resuming

Conclusion, Investment Implications, Strategy

The benchmark S&P 500 (SPX) will begin next week just above last week's primary Tactical resistance level of 4436 to 4465 which, combined with the Oct 14th shift back to Positive in our Asbury 6, suggests that the larger 2021 Strategic advance is resuming. Next week, we will be paying special attention to investor asset flows in large cap Technology as their recent aggressive expansion is essential to the continuation of last week's US broad market recovery.

From Our Recent Research

"Three particularly important things to watch for this week are 1) a sustained decline below $143.95 per share in market-leading ***Apple (AAPL*** *), 2) 1) a sustained decline below 3170 om the* ***PHLX Semiconductor Index (SOX****), and 3) a contraction below $182.1 billion in the* ***total net assets invested in the Invesco QQQ ETF (QQQ*** *).* ***Any of these would be seen as more evidence that a deeper corrective decline is emerging.*** *"*

Editor's Note: None of these occurred last week.

Keys To This Week
Asbury Research
October 11th, 2021

Weekly Summary / Overview

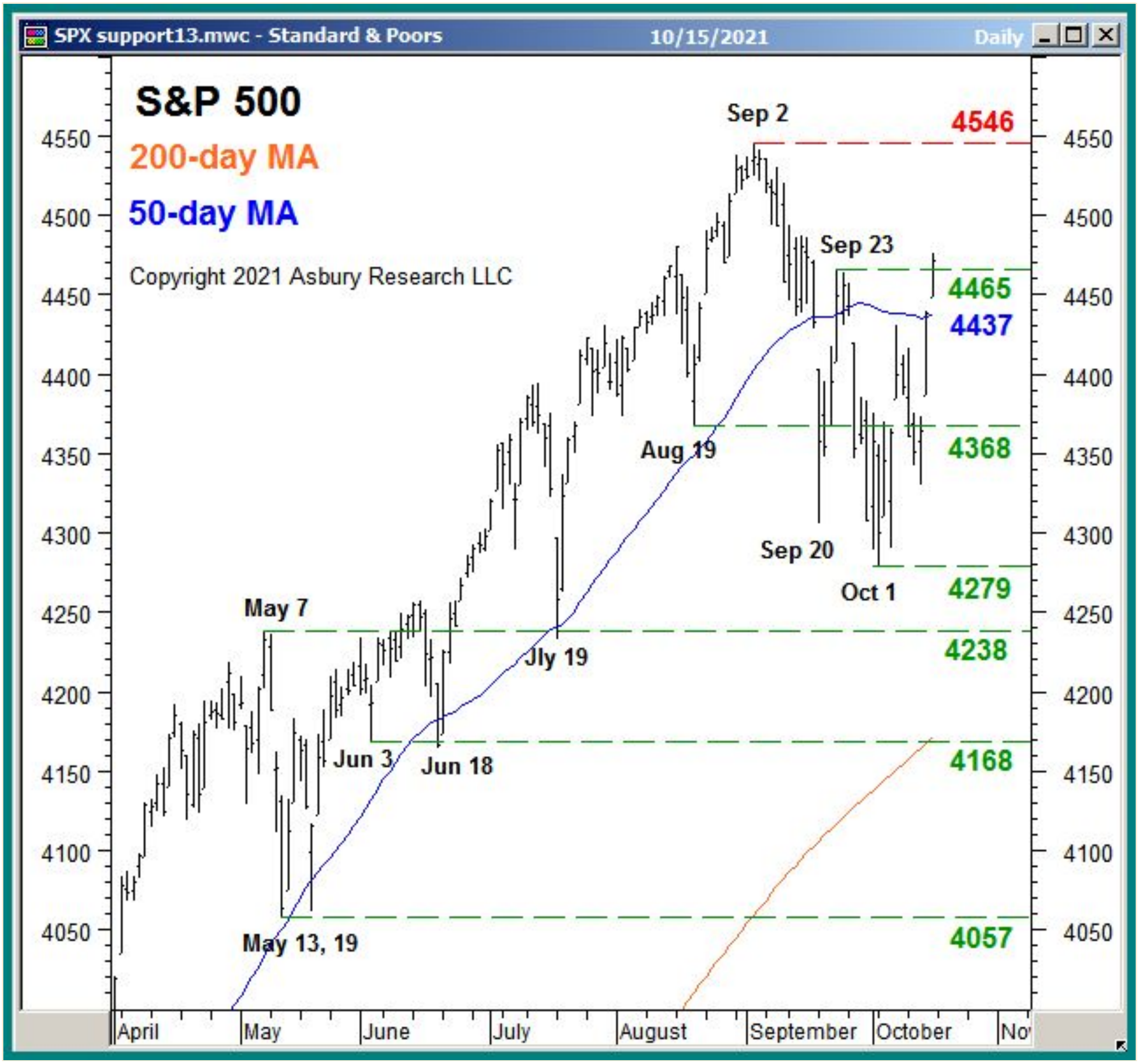

Chart 1

The benchmark **S&P 500 (SPX)** finished Friday's session at 4471, up 80 points or 1.8% for the week. **Friday's close above Tactical overhead resistance at 4436 to 4465**, which we most recently pointed out on Oct 14th, **suggests that the recent corrective decline is over and the larger 2021 advanced is resuming.**

Chart 1 shows that **primary Tactical support next week is 0.8% below the market at 4465 to 4437** and represents the Sep 23rd high and the 50-day moving average (minor trend proxy). **Friday's resumption of SPX's Strategic advance will remain intact above this support.** The next two support levels are 2.3% and 4.3% below the market at 4368 and 4279.

Above the market, the next overhead resistance level is 1.7% higher at the 4546 Sep 2nd all-time high.

The Asbury 6: Positive As Of October 15th

"ASBURY 6" INTERNAL MARKET METRICS through 10/15/2021		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX		9/20/2021
Rel Performance: Stocks v HiYld Bonds	10/7/2021	
Investor Asset Flows: SPY	10/14/2021	
Corporate Bond Spreads	10/15/2021	
Trading Volume: SPX	10/14/2021	
Market Breadth: NYSE	10/5/2021	
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Table 1

Table 1 shows that, through Oct 15th, five of the **Asbury 6** constituent metrics are positive (green). **The "A6" model itself shifted back to a Positive status on October 14th**.

How To Interpret The Asbury 6: Four or more metrics in one direction, either Positive (green) or Negative (red), indicate a Tactical bias. Accordingly, **it would take a shift back to four or more green metrics to move the "A6" back to a Positive status**. 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.

Bullish Conviction Improving In Big Cap Tech

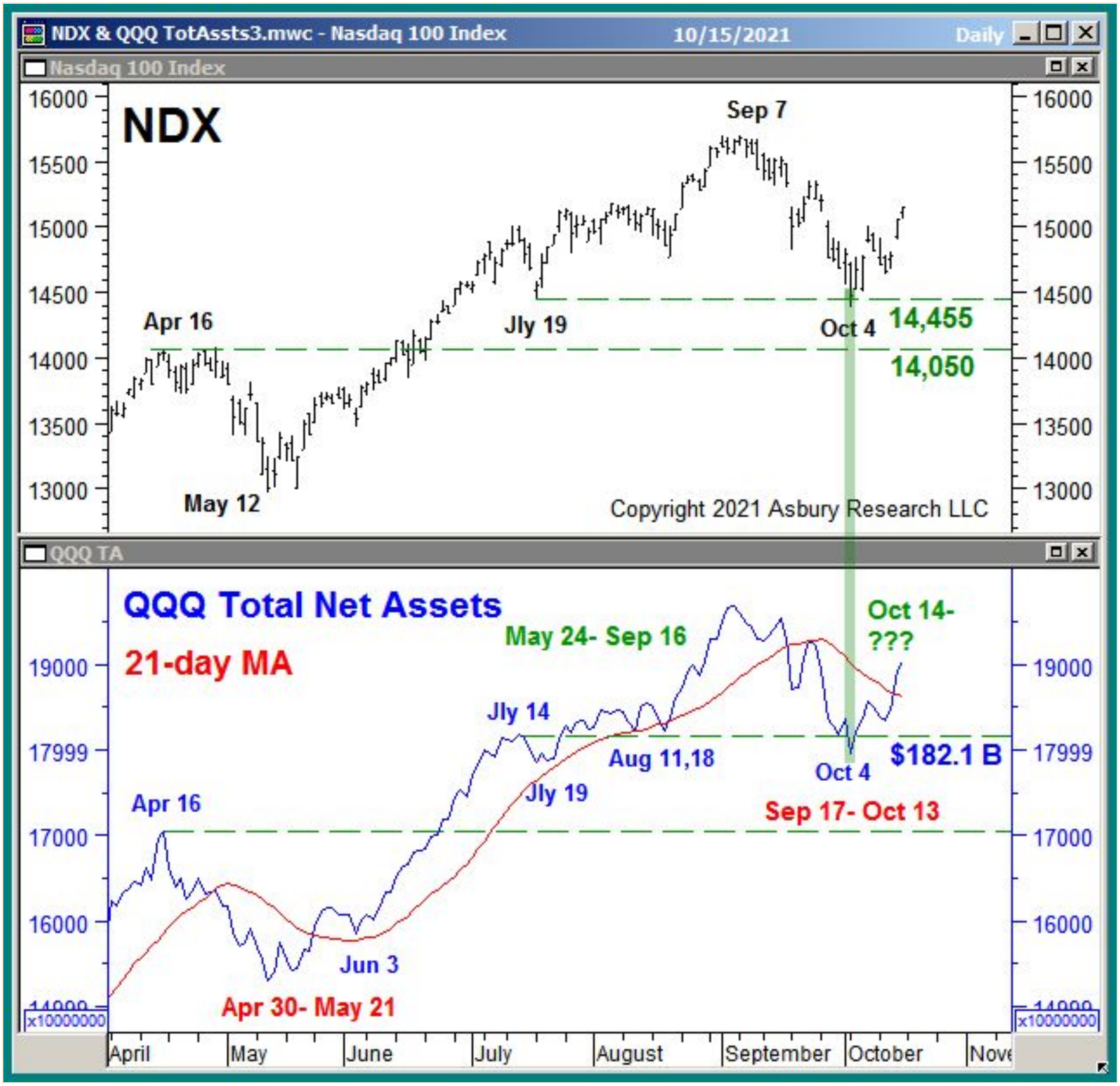

Chart 2

In [last Monday's **Keys To This Week**](), we said that a contraction below $182.1 billion in the **total net assets invested in the Invesco QQQ ETF (QQQ)** would be evidence that a deeper corrective decline was emerging. **It didn't happen.** These asset flows are particularly important to market direction because recent weakness in Technology was a key driver in the recent US broad market correction.

Chart 2 plots the large cap **NASDAQ 100 (NDX)** daily since April in the upper panel, with a corresponding chart of the total net assets invested in the **Invesco QQQ ETF** (which tracks NDX) in the lower panel. *Asset flows indicate investor conviction and drive price direction.*

The rightmost red highlights point out that these assets shifted to a trend of *monthly contraction* between Sep 17th and Oct 13th and **NDX coincidentally declined by 4.6% during this period**.

However, the green vertical highlight between both panels shows that this decline in assets stopped on a dime at $182.1 billion on Oct 4th. The rightmost green highlights show that these assets subsequently moved back to a trend of *monthly expansion* on October 14th. **As long as this trend of monthly asset expansion continues, market-leading big cap tech stocks are likely to continue rising — and will support this latest US broad market recovery.**

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