

**TURNING  
POINT**  
ANALYTICS



*Turning Point Analytics utilizes a time-tested, real-world strategy that optimizes the client's entry and exit points and adds alpha. TPA defines each stock as Trend or Range to identify actionable inflection points.*

*"In the short run, the market is a voting machine, but in the long run, it is a weighing machine." - Benjamin Graham*

## WORLD SNAPSHOT – COMMENTS & CHARTS

Thursday, October 19, 2023

General comments first and macro tables at the bottom. [Links for Explanations of Technical terms at the bottom of the report.](#)

### Continue to avoid Homebuilders.

TPA has been telling clients to avoid the homebuilders for a month, and we reiterate that negative stance.

Below is an excerpt from the TPA-RRG Report of 9/22/23.

#### TPA-RRG Weekly Commentary

### Top 20-Bottom 20

*Home Builders have broken down after long rallies. See the comments below.*

### Sectors

Home Builders are a great example of why investors of all sizes should pay attention to TPA-RRG. Home Builders have been weak for a couple of weeks; witnessed by the sell rating in TPA for DHI on 9/12/23 and DHI and LEN in the Bottom 20 in the TPA-RRG reports.

Last week, the Homebuilder sector came in with the 3<sup>rd</sup> weakest rating of all sectors (a portion of the sector ranking below)...

TAN	Solar	55.92	84.90	96.41	Lagging	-2.01
XLY	Consumer Discretionary	171.79	102.69	99.41	Weakening	-2.03
CLOU	Cloud Computing	19.53	102.82	99.92	Weakening	-2.08
ITB	Home Construction	81.41	105.09	99.19	Weakening	-2.09
SMH	SEMI	146.81	104.01	97.66	Weakening	-2.09
XLK	TECH	168.90	102.33	97.73	Weakening	-2.14

All of this served as productive warnings to the readers of TPA-RRG that they should not be in or be reducing exposure to the Home Builders.

Below is the chart for the Home Construction ETF ITB. IT fell below its steep 10-month uptrend line in mid-September and has established a consistent pattern of lower highs and lower lows; a downtrend.

**ITB**



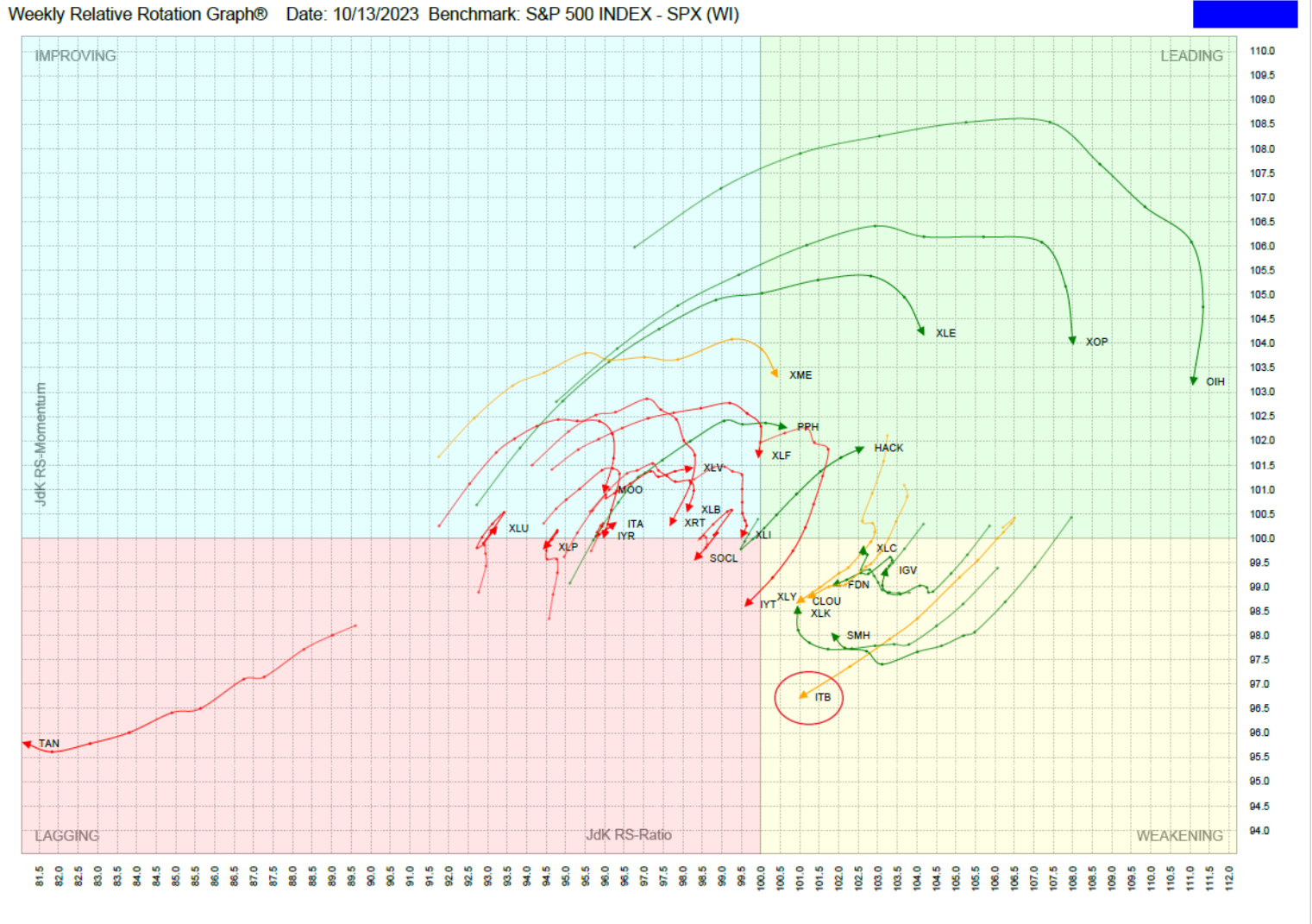
The table below is from this week’s TPA-RRG report, showing that ITB has been among the 5 worst ranked sectors for the past 7 weeks.

(next page)



The sector RRG from this week's report shows that ITB has weak relative strength and relative momentum. ITB has dropped out of the Leading quadrant into the Weakening quadrant and is headed toward the Lagging quadrant.

### This week's Sector RRG



### When will it be time to think about buying Homebuilders?

The right time to consider buying Homebuilders is when the Weekly RSI becomes oversold (RSI 30 or lower).

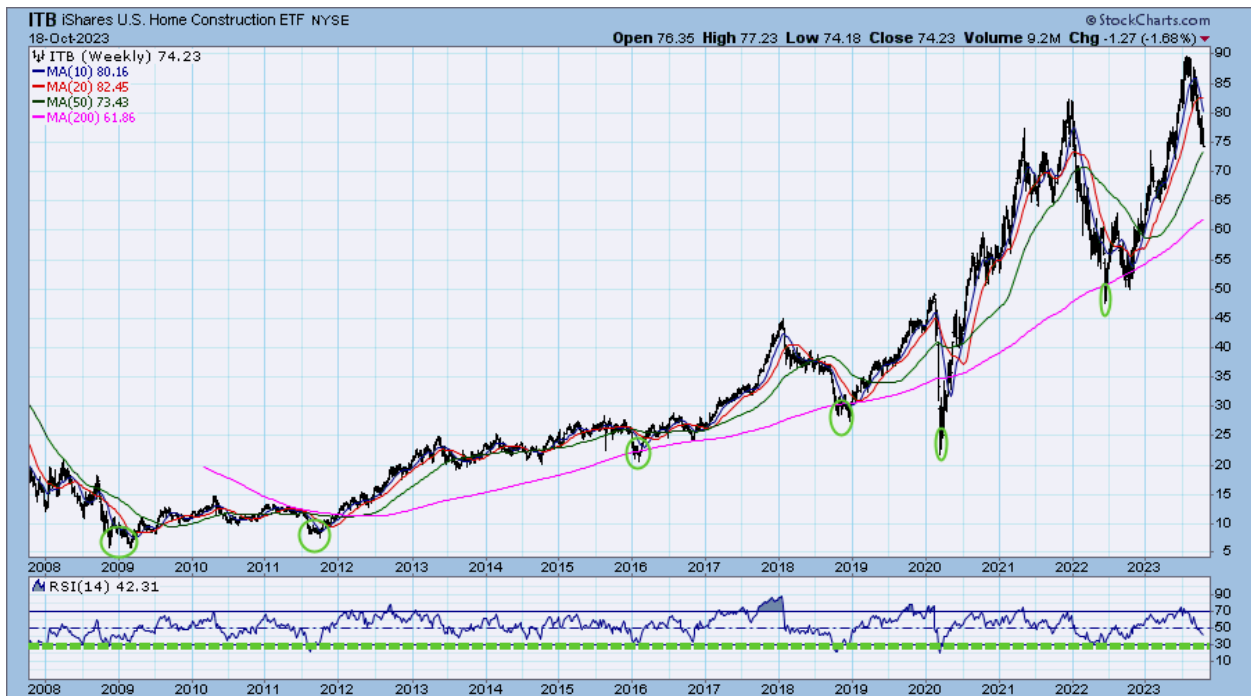
The 2-year weekly chart below shows ITB's weekly RSI is now 42. The chart also shows that lows in ITB in 2020 and 2022 coincided with weekly RSI's at or below 30.

### ITB WEEKLY – 2 YEARS



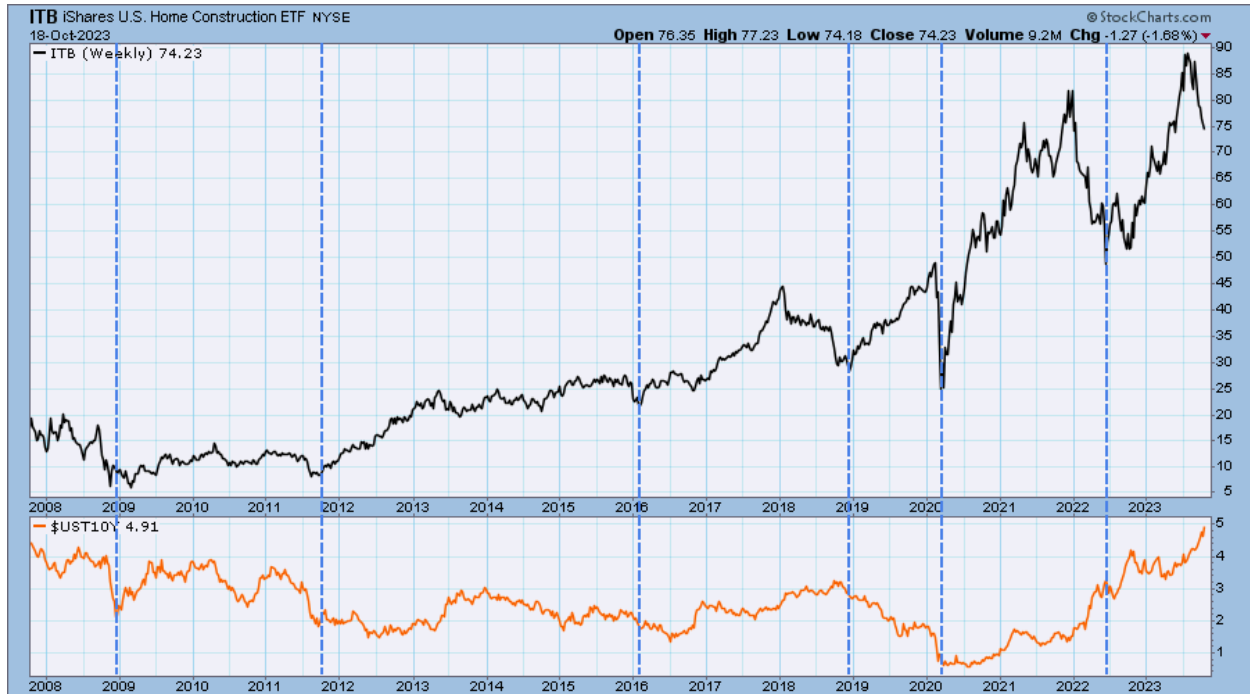
The 16-year weekly chart below shows the same pattern. Lows in ITB coincided with weekly RSI at or below 30 in 2009, 2011, 2018, 2020 and 2022.

### ITB WEEKLY – 16 YEARS



Finally, everyone seems to be waiting for interest rate weakness to signal a time for Homebuilders to reverse course. The 16-year chart below shows that interest levels and direction do not affect Homebuilder stock performance.

### ITB and 10-year yield – 16 years



CLICK ON LINKS BELOW FOR TECHNICAL INDICATOR EXPLANATIONS:

[ASCENDING - DESCENDING TRIANGLE](#)

[BASING-TOPPING-CONSOLIDATION](#)

[BREAKOUT \(Breakdown\)](#)

[CHANNEL & RANGE](#)

[DIRECTIONAL MOVEMENT INDEX \(DMI\)](#)

[DOUBLE BOTTOM or DOUBLE TOP](#)

[MACD-MOVING AVERAGE CONVERGENCE-DIVERGENCE](#)

[MOVING AVERAGES](#)

[RELATIVE STRENGTH & PEER STOCK PERFORMANCE](#)

[REPEATING PATTERNS](#)

[RSI-RELATIVE STRENGTH](#)

[SUPPORT, RESISTANCE, BREAKOUT, BREAKDOWN](#)

[TREND](#)

**ALWAYS REMEMBER: No strategy exists in a vacuum – always evaluate the relevant sector & market.  
Over 80% of portfolio performance is determined by sector and market forces (Ibbotson & Kaplan study – January/February 2000)**

**Turning Point Analytics Disclaimer**

***Turning Point Analytics (TPA) is only one of many tools that an investor should use to make a final investment decision. TPA is an overlay on top of a client's good fundamental or macro analysis. TPA does not create or provide fundamental analysis. The information in this communication may include technical analysis. Technical analysis is a discipline that studies the past trading history of a security while trying to forecast future price action. Technical analysis does not consider the underlying fundamentals of the security in question and it does not provide information reasonably sufficient upon which to base an investment decision. Investors should not rely on technical analysis alone while making an investment decision. Before making an investment decision, investors should consider reviewing all publicly available information regarding the security in question, including, but not limited to, the underlying fundamentals of the security and other information which is available in filings with the Securities and Exchange Commission. The information and analysis contained in reports provided by TPA are copyrighted and may not be duplicated or redistributed for any reason without the express written consent of TPA. The information in this communication is for institutional or sophisticated investors only. By accepting this communication, the recipient agrees not to forward, and/or copy the information to any other person, except as permitted, or required by law. TPA does not guarantee accuracy or completeness. TPA is a publisher of technical research and has no investment banking or advisory relationship with any company mentioned in any report. Reports are neither a solicitation to buy nor an offer to sell securities. Past performance is in no way indicative of future results. Opinions expressed are subject to change without notice. TPA will provide, upon request, the details of any past recommendations. TPA's analysis and recommendations should not be used as the sole reason to buy or sell any security. TPA may compensate brokers and intermediaries for sales and marketing services. You understand and acknowledge that there is a very high degree of risk involved in trading securities and/or currencies. The Company, the authors, the publisher, and all affiliates of Company assume no responsibility or liability for your trading and investment results. It should not be assumed that the methods, techniques, or indicators presented will be profitable or that they will not result in losses. Statements, data, and analysis made by TPA or in its publications, are made as of the date stated and are subject to change without notice. TPA and/or its officers and employees may, from time to time acquire, hold, or sell a position in the securities mentioned herein. Upon request, TPA will furnish specific information in this regard. TPA will not be held liable for losses caused by conditions and/or events that are beyond TPA's control, including, but not limited to, war, strikes, natural disasters, new government restrictions, market fluctuations, and communications disruptions.***

