

Systems & Forecasts

Timing the Market Since 1973

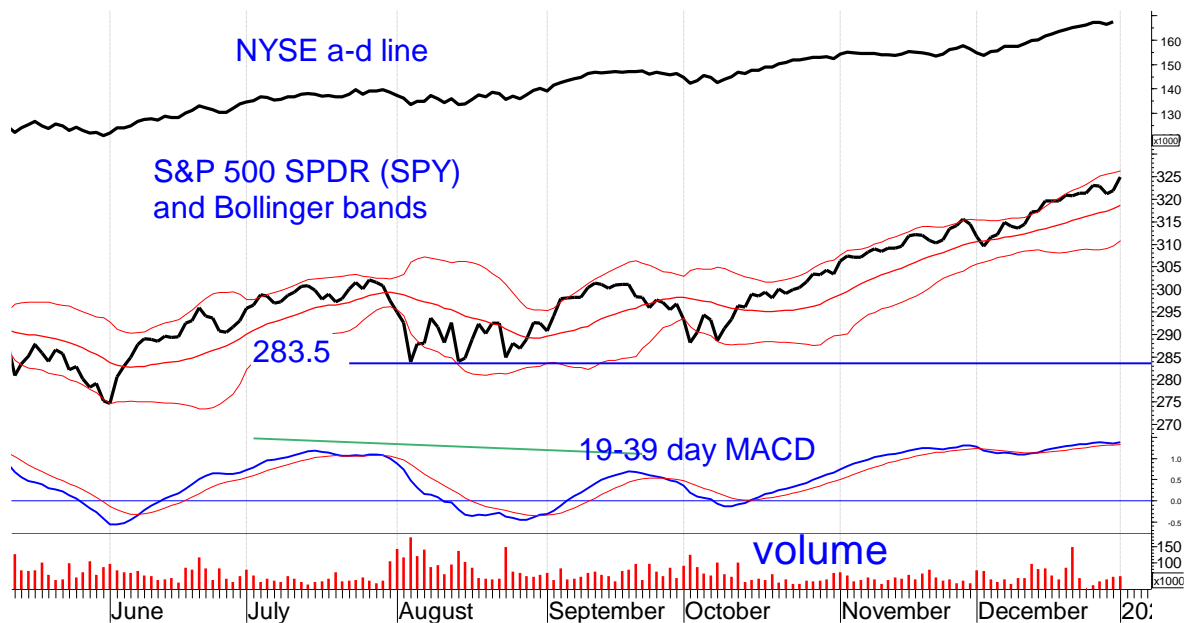
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January 2, 2020: Happy near year—market jumps.

By Marvin Appel

The S&P 500 Index started the year off strongly with a gain of 0.8%. The other large-cap indexes did even better with the Dow Industrials up 1.2% and the Nasdaq Composite up 1.3%. Foreign equity ETFs were also strong, particularly emerging markets (EEM, up 2.0%) and China (FXI, up 2.9%). Corporate high yield bond ETFs also had big gains. Breadth was +649 on the NYSE. However, small and mid-cap ETFs (MDY, IWM, IJR) were little changed today.

The S&P 500 SPDR (SPY) made a new high, confirmed by the NYSE advance-decline line and almost by its slow MACD. Yet, SPY is not overextended with respect to its Bollinger bands. (See chart below.) This means that in the near term, SPY would be entitled to consolidate its recent gains at any time and, in fact, to retest the middle



Bollinger band around 318 without that representing any significant risk of further decline. This is a time to maintain invested positions, preferably in large-cap equities. I remain cautious about chasing the rally but would be alert for opportunities to buy in pullbacks to the middle Bollinger band.

Indicator and portfolio update

Our U.S. equity timing model remains on its November 1 buy signal.

10-year Treasury note yields remain around the 1.9% area, closing today at 1.88%. Our investment-grade bond model remains on its January 2 buy signal. Since that buy signal, the total return of the Vanguard Total Bond Market Index Fund (VBMFX) is up +8.5%.

Corporate high yield bond funds (open-end) remain at or near their highs after a week or more of mostly moving sideways. The sell stop for TCW High Yield (TGHNX) remains 6.37, the sell stop for Transamerica Aegon High Yield (TDHIX) remains 8.94, and the sell stop for Nicholas High Yield (NNHIX) remains 8.92. Note: Nicholas High Yield is not a portfolio position, just an alternative fund choice.

The next hotline will be written on Monday evening, January 6, 2020. The next issue of *Systems and Forecasts* will be emailed on Friday, January 3 and will include our 2020 equity market outlook. Thank you for checking in and have good weekend.

See below for Dr. Marvin Appel's Upcoming Speaking Engagements.

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Check out our Facebook company page for articles of interest about the markets by going to: <http://www.facebook.com/signalert>. **Systems and Forecasts current positions and activity are listed below (on the next page).**

CURRENT PORTFOLIO POSITIONS

	GROWTH AND INCOME PORTFOLIO:		
	70% EQUITY & 30% INCOME	ALLO	BUY DATE
XLP	Select Sector SPDR Consumer Staples	10%	5/29/2019
TDHIX	Transamerica Aegon High Yield	30%	1/08/2019
SPY	SPDR S&P 500 ETF	10%	1/23/2019
SPY	SPDR S&P 500 ETF	10%	9/17/2019
SPY	SPDR S&P 500 ETF	40%	11/01/2019
	TOTAL	100%	
	G&I RECENT ACTIVITY		
SPY	SPDR S&P 500 ETF	Buy	11/1/2019
	HIGH INCOME PORTFOLIO:		
	15%-30% EQUITY & 70%-85% INCOME	ALLO	BUY DATE
TWO-PE *	Two Harbors,7.50% Ser E Cumulative Red. Prf Stk	5%	8/25/2017
GAB.PG	Gabelli Equity Trust Preferred G	5%	5/5/2014
AGNCN	AGNC Investment Corp.	5%	2/8/2018
CHIAX	Credit Suisse Floating Rate Hi Inc A	10%	1/11/2019
TGHNX	TCW High-Yield Bond N	15%	3/14/2016
DLTNX	DoubleLine Total Return Bond N	10%	10/6/2014
NHMAX	Nuveen High Yield Municipal Bond A	10%	6/1/2017
AGG	iShares Core US Aggregate Bond ETF	10%	1/2/2019
TDHIX	Transamerica Aegon High Yield	30%	01/08/2019
	TOTAL	100%	
	HIGH INCOME RECENT ACTIVITY		

Dr. Marvin Appel's Upcoming Speaking Engagements

Date: January 18, 2020

AAII Los Angeles

Place: Skirball Center

Time: 9:00 AM

Subject: High Income in
Turbulent Times

Date: February 8, 2020

AAII Silicon Valley

Place: Shoup Park Garden House
400 University Avenue
Los Altos, CA 94022

Time: TBA

Subject: High Income in
Turbulent Times

Date: March 4, 2020

AAII NYC

Place: St Jean Baptiste Church
184 E. 76th Street, NY 10021

Time: 6:30-8:15 PM

Subject: High Income in
Turbulent Times

Date: March 9, 2020

TradersExpo NY

Place: New York Marriott – at the
Brooklyn Bridge
333 Adams Street
New York, NY 11201

Time: 5:00 – 5:45 PM

Subject: How to use MACD in
your Trading -Pearls & Pitfalls
