



Market Observations - as of Apr. 29, 2022

By Carl Jorgensen - For Objective Traders - For educational purposes only. Not Financial Advice.

In the prior three weeks we have seen a slowly accelerating Bear trend that would get stronger each week.

This week we saw a fourth week with even greater acceleration to the down side. We saw two speed bumps this week, with a failed rally on both Monday and Thursday that were each followed with a larger down day the next day to lower lows. Wednesday saw a consolidation pause day near the prior day's lows. We will see these two 'failed rallies' this week in detail in the charts below.

The growing strength & convictions of the Bears can be seen in many different charts and studies (below) that reflect the significant breadth seen on the strong selling days this week, on Tuesday and on Friday.

About two months ago (in the Feb. 25 2022 'Market Observations') I briefly described how the Options Markets price 'Risk' each week. I have tracked the S&P Weekly 'Expected Move' each week for several years. This estimated price move in the S&P comes from how Options were pricing risk one week before the weekly Expiration each Friday and are based on a one standard deviation probability. What is worth noting this week is that we have now seen three weeks in a row that have closed 'Below' the weekly 'Expected Move'. This is a rare consecutive event. We also have seen the size of the weekly Expected Move grown larger each week. This too is another indication of the increasing strength of the Bears over the past weeks in April. I will share the Table I use to track the S&P weekly Expected Move below.

With several big tech companies reporting Earnings this week, we saw a mix of reactions with some very significant negative reactions to 'Guidance' statements. We saw Apple have initially a positive reaction that quickly turned negative. With Amazon we saw well over a two standard deviation negative reaction, while Meta actually saw a positive reaction.

With the end of the month of April, we will use this time to look at some long term monthly charts to help keep our overall perspective of the markets and their trends. I like to switch my chart's vertical scale to use a log price scale when looking at longer term charts of multiple years since it helps to see relative moves a bit better.

For comparison purposes, I've also included some Year-to-date charts that show the percentage changes so far in 2022. This helps to see relative strength and weakness between the symbols charted.

Now let's look at the charts to see what they are telling us.



S&P 500 monthly chart as of Apr 29, 2022 - Here we see a new low monthly close for 2022 that ended this month just below its 20 month SMA.



S&P 500 weekly chart as of Apr 29, 2022 - Here we see 4 weeks in a row of decline, with each week painting a larger candle. Here we see the lowest weekly close of 2022 this week and price in now below the 20 week and 50 week SMAs. The May 2021 lows are not far away (grey line) and could be the next area to watch for any support.



S&P 500 daily chart as of Apr 29, 2022 - Here we can see the failed rallies on Monday and Thursday this week that were each followed by strong selling days to lower lows. Wednesday was a pause 'doji' candle near the prior day's lows. The S&P delivered the lowest close of 2022 on Friday, down -3.27% for the week and below all 3 of its key SMAs.

Weekly SPX 'Expected Move'										
2022										
As of the Close on:			Expct'd Move	+/- \$	Below	Above	At Expiration		Outside	wks
VIX	Date	\$ SPX	Expiration Date	Expct'd Move	Lower EM	Upper EM	5	1	6	17
							Below	Above	35.29%	
17.22%	12/31/2021	\$4,766.18	1/7/2022	\$62.27	\$4,703.91	\$4,828.45	1	0	1	1
18.76%	1/7/2022	\$4,677.03	1/14/2022	\$75.64	\$4,601.39	\$4,752.67	0	0	0	1
19.19%	1/14/2022	\$4,662.85	1/21/2022	\$85.55	\$4,577.30	\$4,748.40	1	0	1	1
28.85%	1/21/2022	\$4,397.94	1/28/2022	\$149.61	\$4,248.33	\$4,547.55	0	0	0	1
27.66%	1/28/2022	\$4,431.85	2/4/2022	\$137.29	\$4,294.56	\$4,569.14	0	0	0	1
23.22%	2/4/2022	\$4,500.53	2/11/2022	\$106.96	\$4,393.57	\$4,607.49	0	0	0	1
27.36%	2/11/2022	\$4,418.64	2/18/2022	\$134.90	\$4,283.74	\$4,553.54	0	0	0	1
27.75%	2/18/2022	\$4,348.87	2/25/2022	\$120.78	\$4,228.09	\$4,469.65	0	0	0	1
27.59%	2/25/2022	\$4,384.65	3/4/2022	\$126.10	\$4,258.55	\$4,510.75	0	0	0	1
31.98%	3/4/2022	\$4,328.87	3/11/2022	\$145.13	\$4,183.74	\$4,474.00	0	0	0	1
30.75%	3/11/2022	\$4,204.31	3/18/2022	\$143.62	\$4,060.69	\$4,347.93	0	1	1	1
23.87%	3/18/2022	\$4,463.12	3/25/2022	\$105.92	\$4,357.20	\$4,569.04	0	0	0	1
20.81%	3/25/2022	\$4,543.06	4/1/2022	\$88.20	\$4,454.86	\$4,631.26	0	0	0	1
19.63%	4/1/2022	\$4,545.86	4/8/2022	\$74.66	\$4,471.20	\$4,620.52	0	0	0	1
21.16%	4/8/2022	\$4,488.28	4/14/2022	\$76.24	\$4,412.04	\$4,564.52	1	0	1	1
22.70%	4/14/2022	\$4,392.59	4/22/2022	\$97.66	\$4,294.93	\$4,490.25	1	0	1	1
28.21%	4/22/2022	\$4,271.78	4/29/2022	\$133.55	\$4,138.23	\$4,405.33	1	0	1	1
33.40%	4/29/2022	\$4,131.93	5/6/2022	\$167.31	\$3,964.62	\$4,299.24				

S&P 500 weekly Expected Move 2022 table - Here is the table I use to track the S&P Weekly Expected Move. Note how the past 3 weeks all closed 'below' the lower Expected Move, as the Expected Move grew from +/- \$76, to +/- \$97 and +/- \$133 this week. The size of the weekly Expected Move is based upon Options Prices for the SPX on the following week's Friday Expiration. Next week's Expected Move (for the May 6th expiration) is +/- \$167.31 from Friday's close at \$4,131.93. So far this year we have seen 5 weeks that closed below and one week that closed above the weekly Expected Move.



S&P 500 15 min. chart as of Apr 29, 2022 - On the 15 min chart we can see the gap down Monday and rally the last 2/3 of the day that Failed to continue higher Tuesday and sold off to lower lows for the week. Wednesday saw a pause day near the prior day's lows. Thursday began with a pause then a rally kicked in about 2 hours into the day that showed a brief bit of strength. However, the Rally Failed as Friday saw a gap down and strong selling all day to new lower lows for the week and ending the day with a new daily low close for the year.

Failed rallies are common behaviors within a bear market and can give short term traders opportunities to re-enter the short positions as the odds are higher for the selling to resume, and sometime even stronger.



DJIA monthly chart as of Apr 29, 2022 - We have now seen 3 months in a row that have tested and found support at its 20 month SMA (yellow). April has taken back most all of the small gains seen in March.



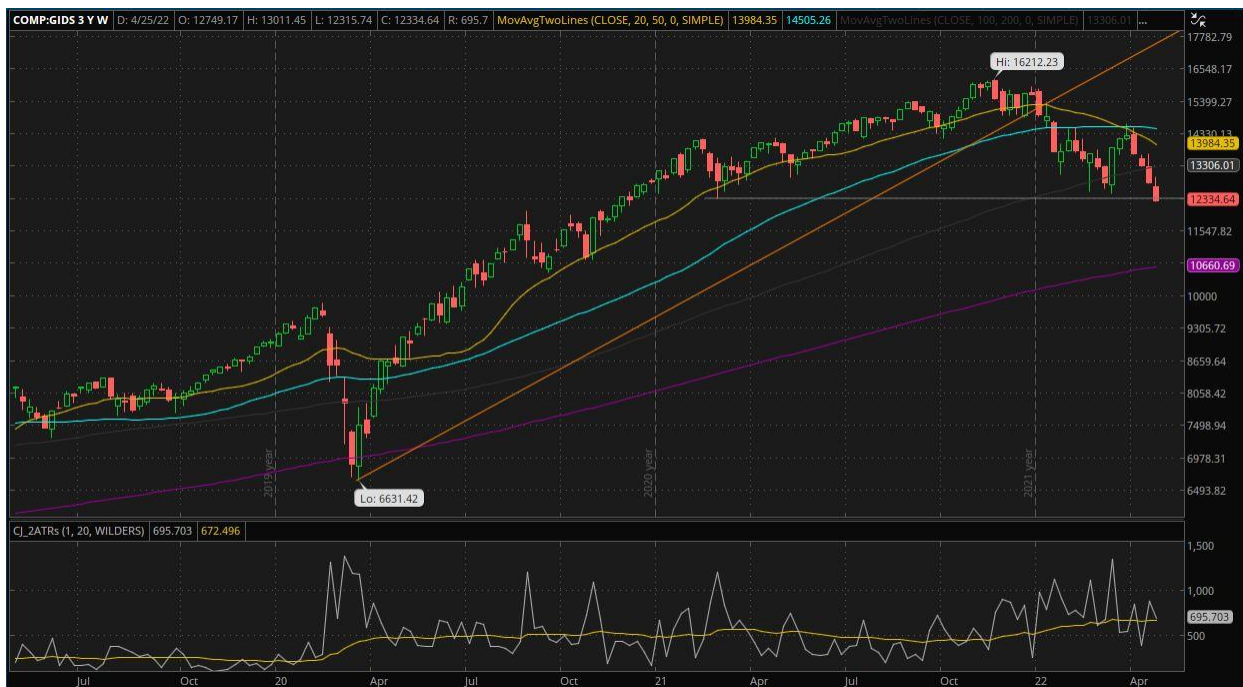
DJIA weekly chart as of Apr 29, 2022 - Here we see 5 declining weeks in a row that have slowly grown larger each week. The DJIA is below its 50 week and 20 week SMAs.



DJIA daily chart as of Apr 29, 2022 - Last Friday we saw a sharp decline below its 50 day SMA. Monday saw a dip lower then a rally that failed to reach back up to its 50 day SMA. Tuesday saw strong selling to lower lows. Wednesday saw a pause near the lows of the prior day. Thursday saw another failed rally attempt that could not reach its 50 day SMA. Friday saw even stronger selling (and volume) to end the week down -2.47% and below all 3 of its key SMAs.



Nasdaq monthly chart as of Apr 29, 2022 - Here we see all of the March gains given back in April plus more as the Nasdaq composited closed the month just below the 2021 lows from March (grey line).



Nasdaq weekly chart as of Apr 29, 2022 - Here we see a clear 'rejection' at the 50 week & 20 week SMAs with four declining weeks since that test. This week closed at new lows for 2022 with the Nasdaq below its 20 week and 50 week SMAs.



Nasdaq daily chart as of Apr 29, 2022 - Here we see the failed rally Monday followed by a drop to new 2022 lows the next day. Wednesday saw a pause near the prior day's lows. Thursday saw another failed rally the sold off even stronger on Friday to lower lows and new lows for 2022, ending the day down - 3.93%. The Nasdaq remains below all 3 of its key SMAs.



Nasdaq 15 min. chart as of Apr 29, 2022 - Here we see the failed rally in the later part of Monday followed by sharp selling on Tuesday. Wednesday saw a pause before the rally in the later part of Thursday that also failed. Strong selling on Friday delivered new 2022 lows.



Russell 2000 monthly chart as of Apr 29, 2022 - The Russell saw a sharp decline in January followed by a pause in Feb. and a small bounce in March. April saw strong selling below its 20 month SMA to new 2022 lows.



Russell 2000 weekly chart as of Apr 29, 2022 - Here we see three weeks of decline with one week of a pause right after the first down week in April. This week ended with new 2022 lows as the Russell is below its 50 week and 20 week SMAs.



Russell 2000 daily chart as of Apr 29, 2022 - Here we see a lower low and lower high on Monday with a higher close. Tuesday saw strong selling. Wednesday saw a pause near the prior day's lows. Thursday saw a failed rally that was all giving back on Friday as the Russell closed the week down -3.95% with new 2022 lows.

Next we will look at a few key 'Market Internals' to better understand how overall market breadth acted this week.



McClellan Summation Index weekly chart as of Apr 29, 2022 - Last week saw a slightly stronger decline to -253.12. This week we saw a much stronger decline to -486.31. Note we see four weeks of a decline that has significantly accelerated this week.



McClellan Summation Index daily chart as of Apr 29, 2022 - We see a steeper decline this week as negative breadth grew in its strength and crossed below its 50 day SMA.



NYSE Percent above 200 day SMA daily chart as of Apr 29, 2022 - Last week we saw a decline and cross below its 50 week SMA to end the week at 37.24%. This week we saw the decline continue with a brief bounce Thursday that was more than given back on Friday to end this week at 30.52%.



NYSE Percent above 50 day SMA daily chart as of Apr 29, 2022 - Last week we saw a decline and cross below its 50 week SMA to end the week at 35.53%. This week the decline continued lower with a brief pause Wednesday and a failed bounce on Thursday that was more than given back on Friday to end this week at 22.76%.



VIX weekly chart as of Apr 29, 2022 - Here we can see many bounces up to the 30-40 range over the past two years that all pale in comparison to the spike in March of 2020. Note that support was seen in the 14-15 area in 2021 while support after Jan. 2022 has only dropped to the 19 area.



VIX daily chart as of Apr 29, 2022 - The VIX remained above 30 most of this week with only brief dips below 30 to 27 late on Monday and late of Thursday when we saw failed rallies.



VVIX daily chart as of Apr 29, 2022 - VVIX popped up above 112 last Friday and remained above this key level all of this week.

Next we will look at a few key Commodities, Currency and Treasuries.



Oil daily chart as of Apr 29, 2022 - Oil dropped Monday then rallied back above its 20 day and 50 day SMAs over the next 3 days. Friday saw a higher high before selling down about \$4 during the day.



Gold daily chart as of Apr 29, 2022 - Monday saw Gold prices sell off, paused Tuesday then continued selling Wednesday and Thursday before finding support and rallied to a higher close on Thursday. Friday was a failed rally and close with little change. Gold is now below its 20 day and 50 day SMAs.



US Dollar Index daily chart as of Apr 29, 2022 - The US Dollar strengthened each day this week with a small pull back on Friday. Note the steeper incline this week as compared to the prior 2 weeks.



US 10 year Treasury daily chart as of Apr 29, 2022 - The 10 year Treasuries saw a failed rally Monday and Tuesday with the 20 day SMA acting like Resistance this week. Wednesday saw a decline followed by a pause on Thursday. Friday saw a steeper decline with stronger volume as the 10 year saw stronger selling.



US 10 year Yield daily chart as of Apr 29, 2022 - The 10 year Yields dipped a little the first two days of the week then again rose as the Treasuries were sold off Wednesday and Friday. The 10 year Yield remains above its 20 day SMA and its 25-year Trend Line Break on Apr 6th (Yellow line).



US 30 year Yield daily chart as of Apr 29, 2022 - The 30 year Yields saw a dip early this week back to its 25-year Trend Line that held as support. 30 year Yields rallied on Wed. and Friday as these Yields remain above their 20 day SMA and their 25-year Trend Line.

Date	1 Mo	2 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
04/01/2022	0.15	0.37	0.53	1.09	1.72	2.44	2.61	2.55	2.50	2.39	2.60	2.44
04/04/2022	0.18	0.42	0.66	1.14	1.72	2.43	2.61	2.56	2.52	2.42	2.64	2.48
04/05/2022	0.18	0.42	0.65	1.13	1.77	2.51	2.69	2.69	2.65	2.54	2.74	2.57
04/06/2022	0.21	0.44	0.67	1.15	1.79	2.50	2.67	2.70	2.69	2.61	2.81	2.63
04/07/2022	0.21	0.50	0.68	1.15	1.78	2.47	2.66	2.70	2.73	2.66	2.87	2.69
04/08/2022	0.20	0.49	0.70	1.19	1.81	2.53	2.73	2.76	2.79	2.72	2.94	2.76
04/11/2022	0.22	0.54	0.77	1.23	1.85	2.50	2.73	2.79	2.84	2.79	3.02	2.84
04/12/2022	0.21	0.52	0.74	1.20	1.77	2.39	2.58	2.66	2.73	2.72	2.99	2.82
04/13/2022	0.26	0.52	0.75	1.20	1.78	2.37	2.57	2.66	2.71	2.70	2.97	2.81
04/14/2022	0.37	0.57	0.79	1.25	1.84	2.47	2.67	2.79	2.84	2.83	3.09	2.92
04/18/2022	0.38	0.60	0.81	1.27	1.84	2.46	2.68	2.79	2.85	2.85	3.12	2.95
04/19/2022	0.37	0.58	0.81	1.28	1.94	2.61	2.81	2.91	2.95	2.93	3.19	3.01
04/20/2022	0.35	0.56	0.82	1.29	1.93	2.60	2.79	2.87	2.88	2.85	3.08	2.90
04/21/2022	0.50	0.65	0.83	1.32	2.01	2.68	2.87	2.96	2.96	2.90	3.12	2.94
04/22/2022	0.46	0.64	0.83	1.34	2.06	2.72	2.88	2.94	2.95	2.90	3.14	2.95
04/25/2022	0.40	0.61	0.91	1.42	2.03	2.63	2.79	2.84	2.85	2.81	3.06	2.88
04/26/2022	0.38	0.61	0.83	1.40	1.99	2.54	2.72	2.79	2.80	2.77	3.03	2.86
04/27/2022	0.37	0.63	0.82	1.39	1.97	2.58	2.75	2.81	2.84	2.82	3.08	2.91
04/28/2022	0.37	0.71	0.82	1.38	2.04	2.63	2.80	2.86	2.88	2.85	3.10	2.92
04/29/2022	0.37	0.73	0.85	1.41	2.10	2.70	2.87	2.92	2.94	2.89	3.14	2.96

US Yield rates table as of Apr 29, 2022 - Not much change this week as the steeper yield curve from last week continued to hold up this week.



FOMC Balance Sheet weekly chart as of Apr 27, 2022 - The Fed's Balance Sheet declined a little this week, from \$8.955851 Trillion last week to \$8.939199 Trillion this week, a decline of \$16.652 Billion in Total Assets. Not much of a reduction, but it is a 'reduction' of stimulus.

Next we will look at a few key Sectors.



Dow Jones Transportation Index weekly chart as of Apr 29, 2022 - Here we can see very little change in the Transports over the past year as Price, the 20 week and 50 week SMAs all converge together. We see a 'consolidation' pattern for nearly a year on the longer term chart.



Dow Jones Transportation Index daily chart as of Apr 29, 2022 - Last week we saw a rally above the 200 day, 50 day and 20 day SMAs that failed to continue and crossed back below all 3 SMAs last Friday. This week we saw the decline continue below the 20 day SMA Resistance for 3 days. Thursday saw a bounce up to the 200 day SMA that failed Friday and returned back below the 20 day SMA to end the week down -1.34% and below all 3 key SMAs.



XLE daily chart as of Apr 29, 2022 - The Energy sector saw a sharp decline late last week that continued lower Monday with a large gap down below the 50 day SMA. Tuesday and Wednesday saw a mild rally back up to the 50 day SMA that accelerated higher on Thursday up to its 20 day SMA. Friday failed to go higher and gave back most of the prior day's gains to fall back down below the 50 day SMA by 6 cents, ending the week down -1.38%.



XLF daily chart as of Apr 29, 2022 - The Financial sector saw a sharp decline late last week that continued lower this week. We saw a failed rally on Monday and Thursday with very strong selling on Friday to new 2022 lows, down -4.59% for the week.



QQQ daily chart as of Apr 29, 2022 - The tech heavy Nasdaq-100 saw a failed rally on Monday and Thursday with strong selling the following day each time. The QQQ ended the week with new 2022 lows down -3.73% for the week. The QQQ is now below all 3 key SMAs. Note the above average volume every day this week.



SOXX daily chart as of Apr 29, 2022 - The Semiconductor sector continued its decline this week with lower lows and lower highs the first 3 days of this week and new 2022 lows on Wednesday. Thursday saw a failed rally that was all given back the following day, ending the week down -2.38% and still below all 3 of its key SMAs. Key stocks in this sector reported Earnings this week: TXN, INTC and QCOM.



XLC daily chart as of Apr 29, 2022 - The Communications Services sector continued its decline this week and delivered a new 2022 low on Wednesday. Thursday saw a failed rally that was all given back on Friday to end the week down -3.69%.



XME daily chart as of Apr 29, 2022 - The Metals and Mining sector had been strong most of this year but broke its Trend Line Support (Orange line) last Thursday and continued lower last Friday. The decline continued Monday below its 50 day SMA then found support and paused the rest of this week mostly below this 50 day SMA Resistance, ending the week down -3.78%. Note how the chart looks different than the other sector charts in that it was mostly horizontal this week after Monday's gap down.



XLY daily chart as of Apr 29, 2022 - The Consumer Discretionary sector is heavily weighted with AMZN at 22%, TSLA at over 19% and then next is MCD at 5.3% weighting. It is no wonder we see a sharp decline on Tuesday (thanks to TSLA) and Friday (thanks to AMZN) this week. XLY ended this week down -7.36% and was the weakest sector on my list this week.

If you use Sector ETFs to help track sector strength (and weakness) then it is important to understand the main stocks (components) within each ETF and their relative weighting in that ETF.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	3/18/2022	3/25/2022	4/1/2022	4/8/2022	4/14/2022	4/22/2022	4/29/2022
\$SPX	6.16%	1.79%	0.06%	-1.27%	-2.13%	-2.75%	-3.27%
\$INDU	5.50%	0.31%	-0.12%	-0.28%	-0.78%	-1.86%	-2.47%
\$COMPQ	8.18%	1.98%	0.65%	-3.86%	-2.63%	-3.83%	-3.93%
\$RUT	5.38%	-0.39%	0.63%	-4.62%	0.52%	-3.21%	-3.95%
QQQ	8.35%	2.36%	0.70%	-3.51%	-3.07%	-3.85%	-3.73%
\$TRAN	8.30%	-0.68%	-5.34%	-6.71%	2.58%	1.50%	-1.34%
XLE	-3.86%	7.61%	-2.15%	3.21%	0.40%	-4.57%	-1.38%
XLF	7.14%	1.73%	-3.29%	-0.86%	-2.64%	-1.95%	-4.59%
XLK	7.64%	2.22%	0.15%	-3.82%	-3.79%	-2.43%	-1.16%
SOXX	9.17%	2.53%	-4.37%	-7.61%	-3.01%	-1.28%	-2.38%
XLV	6.24%	-0.21%	1.32%	3.45%	-2.93%	-3.58%	-2.53%
XLY	9.09%	0.97%	1.02%	-3.10%	-0.60%	-1.45%	-7.36%
XRT	8.70%	-2.52%	-2.77%	0.70%	0.79%	-4.50%	-3.79%
XLI	5.00%	1.19%	-1.48%	-2.52%	0.34%	-1.51%	-3.34%
XLU	0.54%	3.47%	3.74%	1.93%	-1.13%	-2.42%	-4.03%
XME	0.43%	8.25%	-1.44%	-1.68%	7.30%	-11.28%	-3.78%
XLP	3.85%	1.60%	2.15%	2.70%	0.15%	0.51%	-2.02%
XLB	5.19%	4.09%	-0.24%	-0.66%	0.66%	-3.73%	-0.83%
XLC	6.00%	1.65%	0.16%	-1.75%	-2.35%	-7.76%	-3.69%
XHB	7.33%	-8.58%	-2.84%	-3.52%	-0.03%	-0.18%	-0.08%

Weekly Percent Change US Indexes and Sectors table as of Apr 29, 2022 - Note how we see four declining weeks in a row with all of the major Indexes except for the Russell one week (Apr 14). Also note how most of these Indexes saw the biggest decline out of the past four week on THIS week (Except for the Russell the 1st week of April).

ALL of the sectors on the above table were DOWN this week. The Sectors down the least this week was XHB and XLB. The Weakest sectors this week were: XLY, XLF, XLU and XRT. A lot of the weakest stocks and sectors this week were driven by big companies reporting Earnings this week that saw negative reactions.

INDEXes SECTORs	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 04/18/22	End of Day 04/19/22	End of Day 04/20/22	End of Day 04/21/22	End of Day 04/22/22	End of Day 04/25/22	End of Day 04/26/22	End of Day 04/27/22	End of Day 04/28/22	End of Day 04/29/22
\$SPX	-0.02%	1.61%	-0.06%	-1.48%	-2.77%	0.57%	-2.81%	0.21%	2.48%	-3.63%
\$INDU	-0.11%	1.45%	0.71%	-1.05%	-2.82%	0.70%	-2.38%	0.19%	1.84%	-2.77%
\$COMPQ	-0.14%	2.15%	-1.22%	-2.07%	-2.55%	1.29%	-3.95%	-0.01%	3.06%	-4.17%
\$RUT	-0.74%	2.04%	0.37%	-2.29%	-2.55%	0.70%	-3.26%	-0.34%	1.80%	-2.81%
QQQ	0.08%	2.24%	-1.46%	-2.07%	-2.62%	1.28%	-3.77%	-0.12%	3.55%	-4.50%
\$TRAN	-0.31%	2.76%	1.69%	-0.35%	-2.23%	1.10%	-3.18%	1.25%	2.62%	-3.00%

Daily Percent Change US Indexes table as of Apr 29, 2022 - Here we can see the whip-saws this week with the Nasdaq and QQQ realizing BOTH a Strong (failed) rally day that was immediately followed by a Strong decline day. The S&P was positive Monday but it was the weakest of the positive numbers. The Russell was the weakest on both Wed. and Thursday this week. The Transports saw a mild bounce on Wednesday.

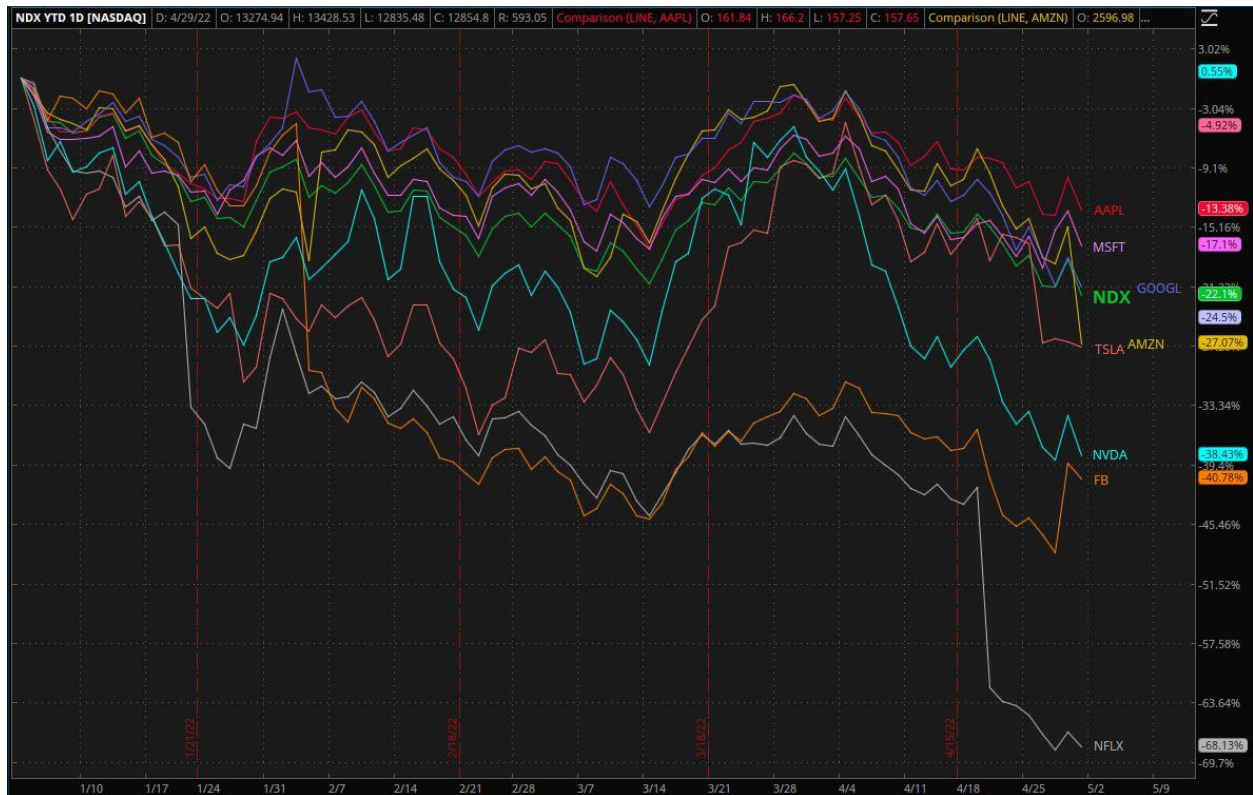
Out of the 18 Sectors I track, you can see how they reflect the market's daily changes in overall Breadth by counting the number of sectors at the end of each day that are closing the day 'Up' or 'Down'.

	<u>UP</u>	<u>DOWN</u>
Monday:	12	6
Tuesday:	1	17
Wednesday:	8	10
Thursday:	18	0
Friday:	0	18

Note how Monday saw twice as many sectors up as down (a failed rally) followed by Tuesday when all but one sector was down. (That lonely up sector Tuesday was the XLE.) Wednesday saw an 8 to 10 split market. Then on Thursday EVERY sector was up (another failed rally) and was followed with EVERY sector down on Friday this week.



SPY vs. Sectors Year to Date Percent Change chart as of Apr 29, 2022 - Here we can compare the SPY to the major sectors so far this week on a percentage change basis. Only a few sectors remain positive this year, the XLE at +31%, the XME at +23% and the XLU and XLP as less than +1% for the year. All the other sectors are negative for the year with the SOXX, XHB, XLC and XLY being the weakest year-to-date. You may also notice that almost all sectors are showing a negative slope during April that grew steeper this past week. This is another 'clue' to the breadth of this week's selling.



NDX vs. Big Tech Stocks Year to Date Percent Change chart as of Apr 29, 2022 - Here we see the year to date performance of the Nasdaq-100 (NDX) as compared to 8 of the biggest tech stocks. Note how ALL symbols are currently down for this year with NFLX being the weakest. Only GOOGL, MSFT and AAPL are doing better than the NDX so far this year.

Next we will look at a few key Stocks.



AAPL daily chart as of Apr 29, 2022 - Apple saw a failed rally on Monday that sold down below its 200 day SMA on Tuesday and continued a little lower on Wednesday. Thursday AAPL saw a rally that failed to reach the 50 day SMA. Apple reported Earnings after the close on Thursday. Apple saw wide price swings in the after-hours markets that returned to near where Apple closed on Thursday by the time the markets opened on Friday. Early on Friday we saw a failed rally up to its 50 day SMA that sold off most of the day back below its 200 day SMA. Apple ended the week down -2.56% and is now below all 3 of its key SMAs.



MSFT daily chart as of Apr 29, 2022 - Microsoft saw a failed rally Monday that was followed with strong selling on Tuesday to retest the 2022 lows. Microsoft reported Earnings Tuesday after the close. Reactions were mostly positive in the after-hours trading with a gap up open seen on Wednesday. The Rally on Wednesday and Thursday failed at the 20 day SMA Resistance. Friday saw strong selling to end the week up +1.27% but still below all 3 of its key SMAs.



GOOGL daily chart as of Apr 29, 2022 - Alphabet saw a failed rally Monday that could not reach the prior day's highs. Tuesday sold off back to the prior day's lows. Alphabet reported Earnings Tuesday after the close and saw a strong negative reaction in after-hours trading. GOOGL gapped down at Wednesday's open, delivered new 2022 lows and oscillated as reactions consolidated. Thursday saw a failed rally that was all given back on Friday, ending the week down -4.62% and still below all 3 of its key SMAs.



AMZN daily chart as of Apr 29, 2022 - Amazon saw a failed rally Monday and strong selling Tuesday that continued lower on Wednesday. Thursday saw a failed rally before Amazon reported Earnings after the close. AMZN dropped over 2 standard deviations down in after-hours trading and opened Friday with about a -2 standard deviation gap that sold off lower during Friday to over half way to a -3 standard deviation level. AMZN ended the week down -13.90% and remains below all 3 of its key SMAs. Note the volume on Thursday and Friday this week.



TSLA daily chart as of Apr 29, 2022 - Tesla reported Earnings last week (Apr 20th) with only a brief whip saw reaction last week. We saw a failed rally on Monday this week followed by a huge sell off on Tuesday that crossed below the 50 day and 200 day SMAs as news of Elon buying Twitter and selling TSLA shares to partially fund that large purchase. The rest of the week consolidated under the 200 day SMA with a brief dip to test support on Thursday. TSLA ended the week down -13.36% and is now below all 3 of its key SMAs.



FB daily chart as of Apr 29, 2022 - Meta broke down late last week with strong selling on Thursday and Friday. The selling continued lower on Mon. Tue. and Wed. this week with a new low for 2022 seen on Wednesday's test for support at \$169. Meta reported Earnings on Wednesday after the close and saw a gap up Thursday that failed to rally above its 50 day SMA Resistance. Friday saw a pull back to end the week up +8.89% and still below all 3 of its key SMAs.



NVDA daily chart as of Apr 29, 2022 - Nvidia continued lower Mon. Tue. and Wed. this week with new 2022 lows seen on Wednesday. Thursday saw a failed rally that was all given back on Friday, ending the week down -4.96% and still below all 3 of its key SMAs.



NFLX daily chart as of Apr 29, 2022 - Netflix reported Earnings last week with a negative reaction. The selling continued the first 3 days of this week with a new 2022 low seen on Thursday at \$185.60 before a rally the rest of the day failed and was mostly all given back on Friday, ending the week down - 11.67% and still below all 3 of its key SMAs.

All four of the BIGGEST 4 companies reported Earnings this week (AAPL, MSFT, GOOGL and AMZN) with only MSFT showing a positive reaction this week. The biggest reactions were negative which puts a lot of pressure on the market Indexes and sectors due to their size and weighting (as we saw above with the XLY).



JPM daily chart as of Apr 29, 2022 - JP Morgan continued its decline this week with lower lows and lower highs every day except on Thursday. JPM ended the week with new 2022 lows, down -5.87% and remains below all 3 of its key SMAs.

Increasing interest rates are not helping the Financial sector. The Q1 GDP decline of -1.4% reported this week confirms a contraction and a possible 'recession' and is likely weighing heavy on the markets.



AA daily chart as of Apr 29, 2022 - Alcoa saw a sharp decline after reporting Earnings last week. AA dropped below its 50 day SMA last Thursday and Friday and continued lower on Monday this week as it found support near \$62.46 on Monday and then rallied strong the last half of the day. Tuesday saw a pause with a small gap up on Wednesday to the \$69-70 area. Thursday saw a pause before sellers returned on Friday to give back some of the week's gains. AA ended the week up +0.64%.



NUE daily chart as of Apr 29, 2022 - Nucor saw a whip-saw reaction to Earnings last week before selling lower last Friday. This week NUE gapped down a little on Monday to its 20 day SMA area where it paused and straddled this SMA most all this week, ending the week down -3.89%. The low of this week was seen on Monday, so its behavior is NOT like most other charts that saw the lows of this week on Friday (clue?).



WMT daily chart as of Apr 29, 2022 - Wal-Mart broke its support Trend Line (Yellow line) late last week on Friday. On Monday we saw WMT continue lower to find support early at its 20 day SMA where it bounced. Tuesday and Wednesday saw slow selling resume with a failed rally back above its 20 day SMA on Thursday that was all given back plus more on Friday. WMT ended the week down -2.47% and below only its 20 day SMA.



MA daily chart as of Apr 29, 2022 - MasterCard dropped last Thursday and Friday (as did most markets) and continued lower early Monday before bouncing back above its 50 day SMA. Tuesday gapped down to lower lows. Wednesday gapped up above its 20 day SMA and rallied to the \$373 area before selling back down to the \$361-365 area. MA reported Earnings before the open on Thursday and saw a gap up and rally reaction Thursday up to the \$382 area. Friday saw selling to give back about half of this week's gains, ending the week up +3.47% and above all 3 of its key SMAs. Note how FLAT the slope is on all 3 of the key SMAs which shows us there is little to no 'Trend' for a long time in this symbol. A lack of a clear trend makes this a poor candidate for traders that are primarily 'Trend Followers'.



VLO daily chart as of Apr 29, 2022 - Valero has been above most of its 3 key SMAs for most of this year. A clue of a well established 'Trend'. We saw a pull-back late last week the broke below a support Trend Line (not drawn on this chart). Monday saw a gap down and lower lows at \$96.71 and bounced back above \$101 before closing just under \$101 on Monday. VLO reported Earnings Tuesday before the open and reacted positively Tuesday and rallied above its 20 day SMA and up to the \$107 area. The rally continued strong each day this week and peaked at \$116.07 on Thursday. Friday saw a small pull back to end the week at \$111.48, up +8.18% for the week and above all 3 of its key SMAs.

This year VLO has often been one of the stronger components in the XLE so we kept an eye on this symbol. VLO provided a bullish opportunity to re-enter the trend this week right after Earnings were reported on Tuesday before the open. Most of our Bullish opportunities are found by keeping an eye on the leaders in the stronger sectors for opportunities to 'Buy the Dip' or Buy the Break out.

Likewise most of our Bearish opportunities are found by keeping an eye on a small list of the weakest stocks in the weakest sectors. We have often seen NVDA as the weakest stock in the Semiconductor sector (SOXX) this month. NVDA has provided us several Bearish trade opportunities during the month of April.

We saw all sectors take a beating this week, but some of the previously strong sectors (XME, XLE) held up rather well this week, minimizing their declines. We will keep an eye on them for potential opportunities on the bullish side. VLO provided a good bullish opportunity this week to re-enter the bullish trend, even with a small pull back on Friday.

This is why we choose to use a 'Top-Down' market analysis each week (and each day) which this publication is structured as an example of that process. This is an efficient way to find opportunities and we hope you learn from some of the chart examples we share.

Trade Smart,

CJ