



Market Observations - as of Sep. 2, 2022

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

Last week we saw strong selling continue on Monday most of the day followed by a pause on Tuesday and Wednesday. Thursday saw a failed rally that could not recover the losses last week. Friday saw some volatile swings then a very strong and large drop most of the day as Jay Powell spoke at Jackson Hole in the morning. The drop last Friday was significant in that it was the largest range day seen since mid June and the S&P made a 2 standard deviation move downward.

This week the selling continued with lower lows and lower highs every day except on Friday. The Selling was not as violent as last Friday, but did show similar volume breadth, mostly on Tuesday and Thursday this week. Thursday saw a mild rally in the last 20 min. of the day. On Friday we saw another failed rally the first hour of the session in reaction to the Jobs Report followed by about 90 minutes of consolidation before strong selling resumed the rest of the day. The week ended lower on most indexes.

The US Dollar increased in strength to new 20 year highs this week as Oil and Gold prices mostly declined this week. The Yield on the 10 year Treasury rose from 3.035% (last Friday) to peak at 3.295% on Thursday and pulled back Friday to end the week at 3.193%.

For most of this week, the 'CME Fed Watch' odds have been near 60% for a +0.75% Fed Funds rate increase, and 40% for a +0.50% increase at the next Fed Meeting on Sept. 21st. The 'more Pain' comments from Jay Powell at the Jackson Hole speech a week ago sent a rather bearish reaction through the markets last Friday (-2 standard deviations) that continued lower this week. This week ended with the S&P breaking below its weekly Expected Move (-1 standard deviation).

The Month of August ended on Wednesday this week with most markets closing at the lows of the month. We will look at some monthly charts below to see the big picture 'context' of the markets current state. The first half of August we saw a rally that peaked on the 16th, followed by a small pull back for 2 days, then selling kicked in strong on the 19th as most Support Trend Lines were broken.

The odds for a retest of the 2022 June Lows have increased this week as breadth and volume on selling days was above average and showed much more strength than seen on any rally day. However, with the VIX remaining relatively low, we have NOT seen any signs of Panic or capitulation on those strong selling days. We mostly saw orderly systematic selling on the strongest selling days the past month. The lack of any signs of full on 'panic' selling or 'capitulation' suggests that the bottom may not yet be in for 2022, thus the odds of retesting or exceeding the June lows are becoming more likely. Remember, sometimes very important clues can come from what we DO NOT SEE in the charts.

Let's look at the charts to see what they are telling us about this market.



S&P 500 monthly chart as of Aug 31, 2022 - Here we see the rally from March 2009 to Jan 2020 with one slope, then after the Covid dip in Q1 2020 we see a rally with a much steeper slope through the end of 2021. In 2022 we see a decline with mostly lower lows and lower highs and brief failed rallies. The S&P broke below its 20 month SMA in May and has remained mostly below that SMA since. The Aug. 2022 candle shows a higher high briefly above the 20 month SMA (Yellow) that failed, reversed and closed near the bottom of that month, giving back about half of the prior month's gains (July).



S&P 500 weekly chart as of Sep 2, 2022 - On the weekly chart we see the failed rally 3 weeks ago that nearly hit the 50 week SMA (Blue). Last week ended near the 20 week SMA (Yellow) and this week broke below that SMA.



S&P 500 daily chart as of Sep 2, 2022 - Here we see the July and early Aug. rally end and break below the Support Trend Line (Grey line) on Aug. 19th. Last week the decline continued and saw a failed rally last Thursday that was all given back with a huge decline last Friday. This week saw lower lows and lower highs each day but on Friday. Tuesday broke below the 50 day SMA (Blue) and continued lower. Thursday saw a small bounce that continued early Friday where it failed and saw strong selling to end the week with the lowest close of the week, down -3.29% for the week and below all 3 of its key SMAs.



S&P 500 15 min. chart as of Sep 2, 2022 - Here we can see a pair of 'Failed Rallies'. Last week the Rally Thursday failed and Powell's speech was reacted to with very strong selling last Friday. This week we saw a lower opening then a late day rally on Thursday (Sep 1st) the continued the 1st hour on Friday before pausing and then strong selling kicked in for the rest of the day to nearly retest the prior day's lows (within 3 pts).



DJIA monthly chart as of Aug 31, 2022 - Here we see a steep rally after the Q1 2020 covid dip that slowed and flattened out the latter half of 2021. This year we see a slow decline, crossing below its 20 month SMA in May and remaining below the next 3 months.



DJIA weekly chart as of Sep 2, 2022 - Here we see the rally 3 weeks ago that briefly broke above its 50 week SMA but closed the week back below. The next 2 weeks we see stronger declines crossing below the 20 week SMA (Yellow) this week.



DJIA daily chart as of Sep 2, 2022 - Here too we see failed rallies last week (above its 20 day SMA) and again this week (below the 50 day SMA). The Dow Industrials ended this week down -2.99% and is now below all 3 of its key daily SMAs.



Nasdaq monthly chart as of Aug 31, 2022 - The Nasdaq composite saw a steep rally after the covid dip that slowed a little in 2021 to peak late last year. This year we see a sharp decline below its 20 month SMA and found support last month near its 50 month SMA. This month saw a failed rally (long upper wick candle) with a close near the lows, giving back part of the prior month's gains.



Nasdaq weekly chart as of Sep 2, 2022 - Here we see the rally in July and early Aug. that failed and is followed by 3 down weeks, crossing back below its 20 week SMA this week and giving back about half of the prior rallies' gains.



Nasdaq daily chart as of Sep 2, 2022 - Last week saw a failed rally up to nearly its 20 day SMA. This week saw the drop continued below its 50 day SMA on Tuesday with a small bounce Thursday that failed and was nearly all given back on Friday, ending the week down -4.21% and is now below all 3 of its key SMAs.



Russell 2000 monthly chart as of Aug 31, 2022 - Here we see a steep rally after the Q1 2020 covid dip that slowed and flattened in 2021. We see an All Time High late in 2021 before the 2022 decline below its 20 month and 50 month SMAs. August shows a failed rally with the long upper wick on the last candle.



Russell 2000 weekly chart as of Sep 2, 2022 - here we see the decline in 2022 that has been mostly below its 50 week and 20 week SMAs. Early Aug. we saw a rally above the 20 week SMA that stalled just below its 50 week SMA and reversed three weeks, crossing back below its 20 week SMA this week.



Russell 2000 daily chart as of Sep 2, 2022 - Here we see the rally in July and early August that broke above its 200 day SMA (Purple) briefly then paused for two days before it broke below its Support Trend Line (Grey line) on Aug. 19th. Last week saw a failed rally above its 20 day SMA and this week we saw the decline continue crossing below its 50 day SMA on Thursday. The higher open Friday failed to reach its 50 day SMA and saw strong selling to deliver the lower close of the week, down -4.74% for the week and now below all 3 of its key SMAs.

Note that all four of the Indexes above are now below their 200 day, 50 day and 20 day SMAs on their daily charts.

Next we will look at a few key 'Market Internals'.



McClellan Summation Index weekly chart as of Sep 2, 2022 - Last week we saw a mild decline to 610.87. This week we see a larger decline to 179.76 and now below its 200 week SMA.



McClellan Summation Index daily chart as of Sep 2, 2022 - Here we see the steep decline continue this week to 179.76 and nearly its 50 day SMA.



NYSE Percent above 200 day SMA daily chart as of Sep 2, 2022 - Last week we saw a failed rally up to its 200 day SMA and a decline to end the week at 33.29%. This week we see the decline continue below its 50 day SMA to end this week at 25.95%.



NYSE Percent above 50 day SMA daily chart as of Sep 2, 2022 - Last week we saw a failed rally and decline to end the week at 61.63%. This week we see the decline continue, crossing below its 50 day and 200 day SMAs to end this week at 36.12%.



VIX daily chart as of Sep 2, 2022 - We saw a spike up last Friday (Aug. 26th) above the 50 day and 200 day SMAs. This week we see the VIX remain mostly within a 25 to 27.5 range with a brief dip lower Friday morning before returning to this range. Even with strong selling last Friday and this week we DO NOT SEE the VIX rising to the 35 or higher levels like what we saw earlier this year. This suggests the selling was more systematic and was NOT a Panic. A full on Panic could cause VIX to rise to 40 to 50.



VVIX daily chart as of Sep 2, 2022 - The VVIX tells us a similar story with NO signs of panic, just normal 'operations' with the selling the past 3 weeks.

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



Oil daily chart as of Sep 2, 2022 - Oil rallied up to its 50 day SMA on Monday then gave back all those gains on Tuesday as it tested its 20 day SMA as support. Wednesday saw Oil cross below its 20 day SMA and continued lower Thursday. Friday saw a small bounce that only closed a little higher at the end of the day.



Gold daily chart as of Sep 2, 2022 - Gold closed below all 3 of its key SMAs last week and continued lower each day this week with the exception of a small bounce on Friday.



US Dollar Index daily chart as of Sep 2, 2022 - The US Dollar Index paused three days this week then rallied Thursday to new 20 year Highs. Friday saw a small pull back as the Dollar weakened a little.



US Dollar Index weekly chart as of Sep 2, 2022 - Here we can see the last time the US Dollar Index was at this level about 20 years ago in mid 2002.



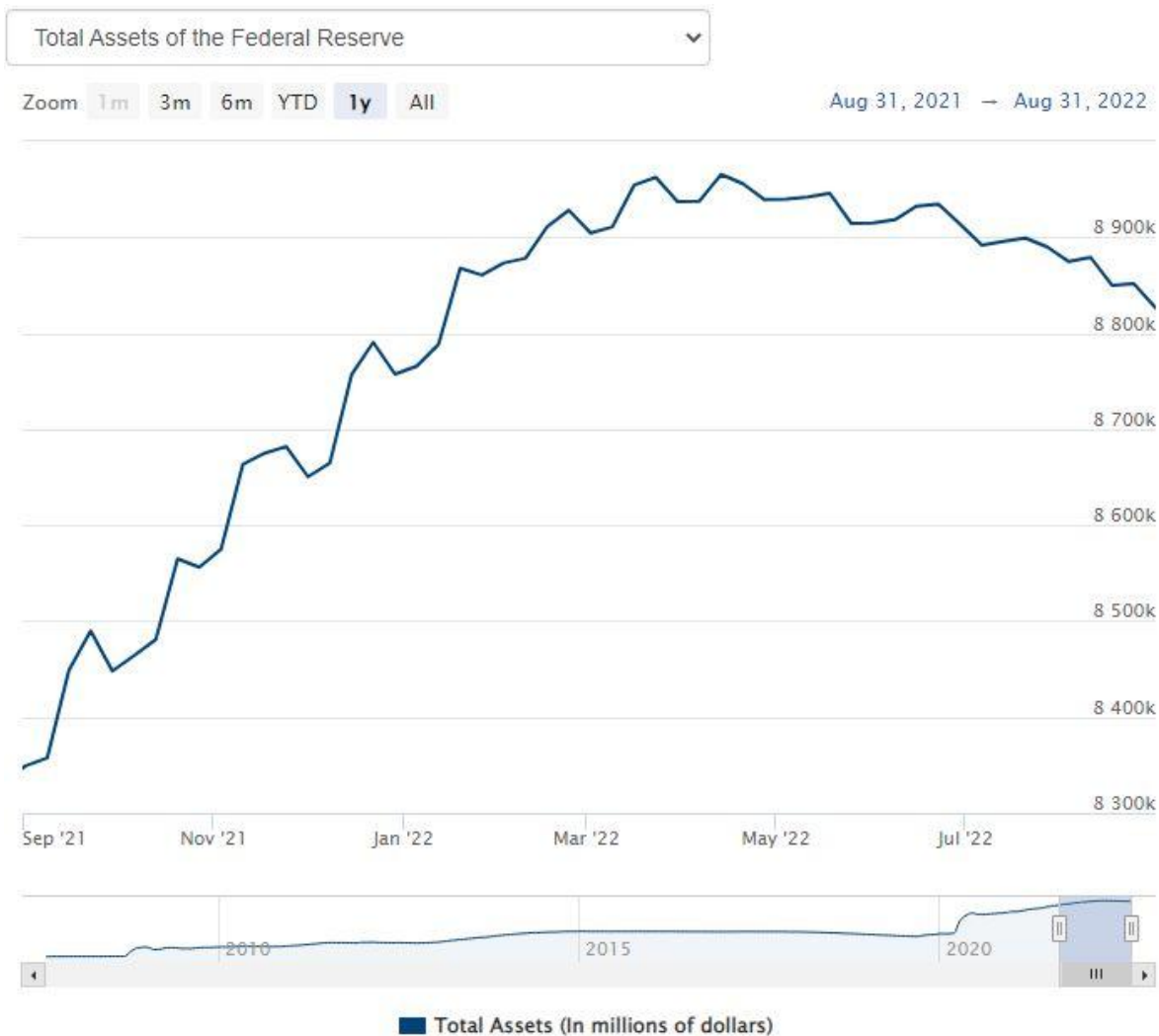
US 10 year Treasury daily chart as of Sep 2, 2022 - We saw increased selling this week with a small bounce on Friday. We saw the strongest volume on Wednesday this week.



US 10 year Yield daily chart as of Sep 2, 2022 - As the Treasuries sold lower, the Yields rose higher this week, peaking Thursday then pulling back a little on Friday.

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
08/01/2022	2.22	2.33	2.56	2.96	2.98	2.90	2.82	2.66	2.64	2.60	3.12	2.92
08/02/2022	2.22	2.33	2.56	3.00	3.09	3.06	3.02	2.85	2.82	2.75	3.22	3.00
08/03/2022	2.20	2.29	2.52	3.00	3.14	3.10	3.04	2.86	2.81	2.73	3.17	2.96
08/04/2022	2.19	2.36	2.50	2.98	3.11	3.03	2.95	2.76	2.73	2.68	3.15	2.97
08/05/2022	2.21	2.39	2.58	3.10	3.29	3.24	3.18	2.97	2.91	2.83	3.27	3.06
08/08/2022	2.23	2.43	2.65	3.15	3.30	3.21	3.14	2.91	2.85	2.77	3.22	3.00
08/09/2022	2.23	2.43	2.67	3.16	3.33	3.28	3.20	2.97	2.89	2.80	3.24	3.01
08/10/2022	2.24	2.43	2.65	3.13	3.26	3.23	3.13	2.93	2.86	2.78	3.27	3.04
08/11/2022	2.24	2.51	2.62	3.08	3.25	3.23	3.16	2.98	2.94	2.87	3.38	3.15
08/12/2022	2.23	2.50	2.63	3.13	3.26	3.25	3.18	2.97	2.92	2.84	3.34	3.12
08/15/2022	2.27	2.53	2.72	3.13	3.23	3.20	3.14	2.91	2.86	2.79	3.31	3.10
08/16/2022	2.26	2.51	2.70	3.12	3.26	3.25	3.19	2.95	2.90	2.82	3.31	3.11
08/17/2022	2.22	2.51	2.68	3.15	3.27	3.28	3.27	3.04	2.99	2.89	3.37	3.15
08/18/2022	2.23	2.56	2.71	3.12	3.24	3.22	3.23	3.02	2.97	2.88	3.35	3.14
08/19/2022	2.23	2.60	2.74	3.16	3.26	3.25	3.28	3.11	3.06	2.98	3.44	3.22
08/22/2022	2.27	2.60	2.82	3.23	3.32	3.32	3.36	3.17	3.12	3.03	3.48	3.24
08/23/2022	2.28	2.60	2.80	3.21	3.29	3.29	3.35	3.18	3.14	3.05	3.49	3.26
08/24/2022	2.29	2.62	2.82	3.28	3.35	3.36	3.40	3.20	3.20	3.11	3.55	3.32
08/25/2022	2.42	2.70	2.88	3.25	3.33	3.35	3.37	3.15	3.11	3.03	3.47	3.25
08/26/2022	2.39	2.69	2.89	3.26	3.36	3.37	3.40	3.20	3.14	3.04	3.44	3.21
08/29/2022	2.45	2.75	2.97	3.32	3.43	3.42	3.45	3.27	3.21	3.12	3.50	3.25
08/30/2022	2.43	2.73	2.97	3.31	3.48	3.46	3.47	3.27	3.22	3.11	3.49	3.23
08/31/2022	2.40	2.72	2.96	3.32	3.50	3.45	3.46	3.30	3.25	3.15	3.53	3.27
09/01/2022	2.53	2.80	2.97	3.34	3.51	3.51	3.54	3.39	3.36	3.26	3.64	3.37
09/02/2022	2.49	2.79	2.94	3.33	3.47	3.40	3.44	3.30	3.29	3.20	3.61	3.35

US Yield Rates daily table as of Sep 2, 2022 - The 10 yr / 2 yr 'Inversion' continued most all of July, all of August, and into September. The short term Yields have increased over the past month as the yield curve 'Flattens' more.



FOMC Balance Sheet weekly chart as of Aug. 31, 2022 - The Fed reduced its Balance Sheet this week by a significant amount, by \$25.343 Billion. Total Assets declined from \$8.851436 Trillion (Aug. 24th) to \$8.826093 Trillion as of Aug. 31 2022. The Fed seems to have caught up to its Quantitative Tightening 'Plan' that was to start June 1st. Over the past 3 months we have now seen a reduction of Total Assets from \$8.915050 Trillion (June 1st 2022) to \$8.826093 Trillion (Aug. 31st 2022) for a 3-month total reduction of \$88.957 Billion. That averages to a \$29.65 Billion reduction per month over the past 3 months.

Next we will look at a few key Sectors.



Dow Transportation Index monthly chart as of Aug 31, 2022 - Here we see a steep rally after the Q1 2020 Covid dip that oscillated and flattened out the latter half of 2021 and early Q1 of 2022. The past 4 months see a decline below the 20 month SMA with a bounce in July up to its 20 month SMA then a decline in August that gave back about half of the prior month's gains.



Dow Transportation Index weekly chart as of Sep 2, 2022 - After a 5 week pause near the 2022 lows we saw a 4 week rally up to its 50 week SMA. The past 3 weeks saw a decline back below the 50 week and 20 week SMAs.



Dow Transportation Index daily chart as of Sep 2, 2022 - Here we see the July and early Aug. rally up to the 200 day SMA then a pull back below the 20 day SMA and failed rally nearly to the 200 day SMA last week. This week the decline continued lower, below the 50 day SMA on Wednesday with lower lows on Thursday with a small bounce. Friday saw a failed rally up to its 50 day SMA Resistance and a lower close for the week, down -4.47% for the week and below all 3 of its key SMAs.



XLE daily chart as of Sep 2, 2022 - The Energy sector tracked with Oil prices this week with a failed rally Monday, decline 3 days below its 20 day SMA and a rally Friday back above its 20 day SMA, ending the week down -3.46%. XLE remains above all 3 of its key SMAs.



XLF daily chart as of Sep 2, 2022 - The Financial sector saw a failed rally last week on Thursday above its 20 day SMA the sold off the next day back below its 20 day SMA to new lows for last week. This week the selling continued lower, testing support at its 50 day SMA on Wednesday, crossing below its 50 day SMA on Thursday and bouncing Friday with a failed rally to sell down below its 50 day SMA to deliver the lowest close of the week, down -2.46% for the week and now below all 3 of its key SMAs.



QQQ daily chart as of Sep 2, 2022 - The Nasdaq-100 ETF rallied last Thursday to its 20 day SMA to fail and see very strong selling last Friday. This week continued lower, testing its 50 day SMA as support Monday, then breaking below its 50 day SMA Tuesday with lower lows Wed. and Thursday. Friday saw a failed rally and strong selling to close the day at new lows for the week, down -3.99% for the week and now below all 3 of its key SMAs.



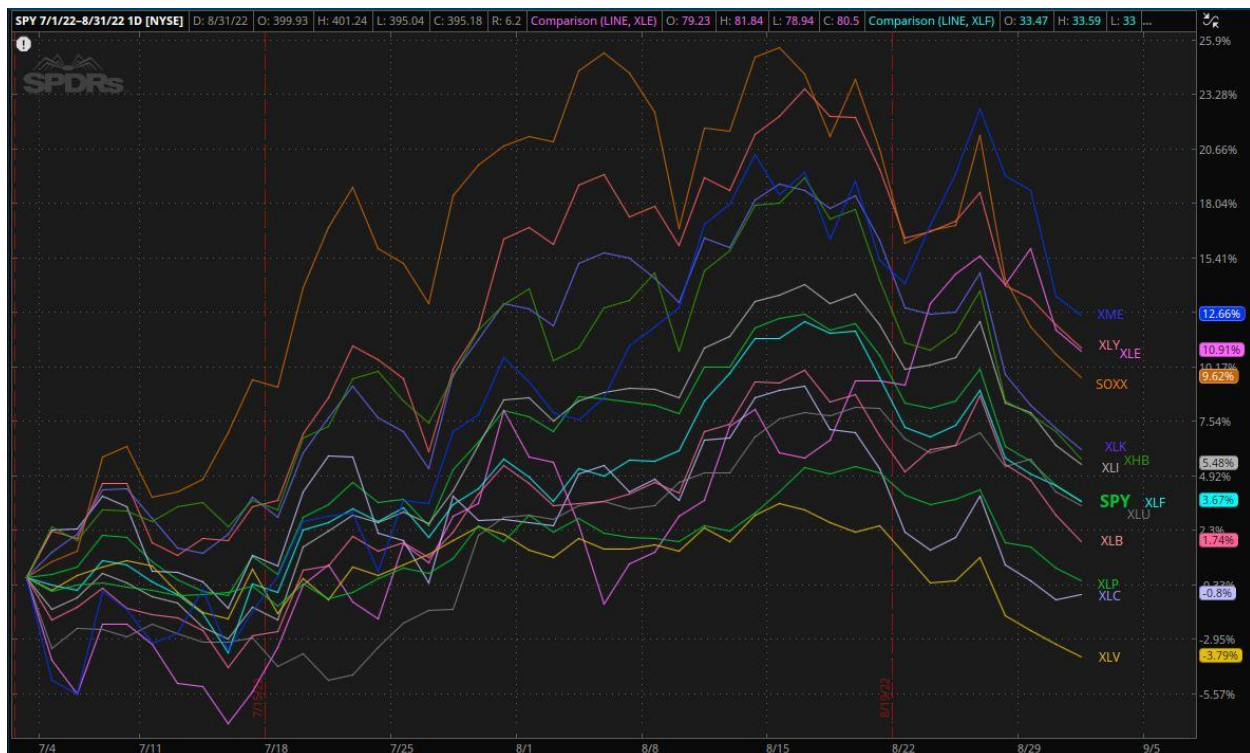
SOXX daily chart as of Sep 2, 2022 - The Semiconductor sector saw a filed rally up to its 20 day SMA last Thursday and strong selling followed last Friday down to its 50 day SMA. Selling continued every day this week below its 50 day SMA, bouncing on Thursday and followed with more selling Friday to end the week down -6.98% and now below all 3 of its key SMAs.



XLC daily chart as of Sep 2, 2022 - The Communication Services sector failed to reach its 20 day SMA last Thursday and sold down the following day down below its 50 day SMA. This week the selling continued Monday and Tuesday then oscillated within a range near the new lows the rest of this week, ending this week down -2.39% and below all 3 of its key SMAs.



XME daily chart as of Sep 2, 2022 - The Metals and Mining sector rallied last week above all 3 of its key SMAs even after selling last Friday. This week we see a decline with lower lows every day but Friday. Tuesday crossed below its 20 day SMA and Thursday tested support at its 50 day SMA. Friday saw a small bounce that sold off to a higher low at the end of the day, ending the week down -8.43% and still above only its 50 day SMA.



SPY vs Sectors Percent Change since July 1 2022 - The Rally we saw in most charts during July and the first half of August, sold off the last half of August. Here is a chart of each Sector since July 1st 2022 and showing its gains over 6 weeks followed by a decline the past 3 weeks and is measured as percentage change since July 1st. As of the end of August, the strongest sectors have been XME, XLY, XLE and SOXX, with the SOXX delivering the biggest rally in the first 6 weeks of the period shown above.

This type of percentage chart with overlays for each sector is one way to compare 'relative' performance over a defined period. In this chart we cover the period from July 1st 2022 to August 31 2022 to study that specific period.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	7/22/2022	7/29/2022	8/5/2022	8/12/2022	8/19/2022	8/26/2022	9/2/2022
\$SPX	2.55%	4.26%	0.36%	3.26%	-1.21%	-4.04%	-3.29%
\$INDU	1.95%	2.97%	-0.13%	2.92%	-0.16%	-4.22%	-2.99%
\$COMPQ	3.33%	4.70%	2.15%	3.08%	-2.62%	-4.44%	-4.21%
\$RUT	3.58%	4.34%	1.94%	4.93%	-2.94%	-2.94%	-4.74%
QQQ	3.47%	4.46%	1.99%	2.69%	-2.28%	-4.78%	-3.99%
\$TRAN	4.53%	5.78%	-0.05%	3.74%	-2.48%	-2.65%	-4.47%
XLE	3.73%	10.22%	-6.81%	7.38%	1.26%	4.25%	-3.48%
XLF	3.05%	2.93%	-0.06%	5.55%	-1.69%	-3.55%	-2.46%
XLK	3.66%	5.10%	1.94%	2.44%	-1.66%	-5.56%	-5.03%
SOXX	5.80%	4.24%	2.91%	0.61%	-3.52%	-5.19%	-6.98%
XLV	-0.28%	1.98%	-0.72%	1.65%	-0.52%	-4.24%	-1.81%
XLY	6.84%	5.22%	0.91%	3.41%	-1.40%	-4.69%	-2.62%
XRT	5.41%	-0.24%	5.19%	6.74%	-2.80%	-5.57%	-4.35%
XLI	4.16%	5.74%	0.50%	3.87%	-1.00%	-3.36%	-3.52%
XLU	-0.47%	6.51%	0.38%	3.35%	1.28%	-2.56%	-1.47%
XME	1.93%	10.29%	0.48%	8.29%	-4.23%	3.54%	-8.43%
XLP	0.36%	1.76%	0.20%	1.17%	1.85%	-3.20%	-2.54%
XLB	4.19%	4.09%	-1.31%	5.20%	-2.40%	-1.26%	-4.89%
XLC	1.05%	0.68%	1.28%	4.33%	-3.14%	-4.39%	-2.39%
XHB	6.00%	2.93%	0.19%	4.02%	-3.04%	-5.07%	-3.27%

Weekly Percent Change US Indexes and Sectors table as of Sep 2, 2022 - Here we see the Russell 2000 and the Nasdaq-100 and Nasdaq Composite experiencing the largest declines this week, over -4%. The Dow Industrials saw a smaller decline of -2.99%.

Note that ALL Sectors listed above show a negative change for this week. The Strongest sectors (with the least % decline) this week included: XLU, XLV and XLC. The weakest sectors this week (with the greatest % decline) include: XME, SOXX, XLK and XLB. Note that the strongest sector last week was the XLE and it appears near the middle of the list this week. Also note that the XME was the second strongest last week and became the weakest this week. Funny how leadership can flip like that from week to week. This is why it is important to always look at the charts for more details about price behavior and not just go by the sorting results from a list of numbers. The sorted list is just a tool to help us decide 'where' we may want to look next for more information.

INDEXes SECTORs	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 08/22/22	End of Day 08/23/22	End of Day 08/24/22	End of Day 08/25/22	End of Day 08/26/22	End of Day 08/29/22	End of Day 08/30/22	End of Day 08/31/22	End of Day 09/01/22	End of Day 09/02/22
\$SPX	-2.14%	-0.22%	0.29%	1.41%	-3.37%	-0.67%	-1.10%	-0.78%	0.30%	-1.07%
\$INDU	-1.91%	-0.47%	0.18%	0.98%	-3.03%	-0.57%	-0.96%	-0.88%	0.46%	-1.07%
\$COMPQ	-2.55%	0.00%	0.41%	1.67%	-3.94%	-1.02%	-1.12%	-0.56%	-0.26%	-1.31%
\$RUT	-2.13%	0.18%	0.84%	1.52%	-3.30%	-0.89%	-1.45%	-0.62%	-1.15%	-0.72%
QQQ	-2.63%	-0.08%	0.29%	1.77%	-4.10%	-0.99%	-1.11%	-0.58%	0.04%	-1.41%
\$TRAN	-1.58%	0.65%	0.47%	1.73%	-3.86%	-1.03%	-1.59%	-1.04%	0.38%	-1.26%

Daily Percent Change US Indexes table as of Sep 2, 2022 - This week the Dow Industrials lead on 3 days while the Dow Transports were the weakest 3 days.

Next we will look at a few key Stocks.



AAPL daily chart as of Sep 2, 2022 - Last Friday we saw strong selling below the 20 day SMA. Selling continued this week with a gap down to the 200 day SMA on Monday with lower lows every day this week except on Friday. Thursday briefly dipped below its 50 day SMA followed by a gap up and failed rally Friday that changed into strong selling to cross below the 50 day SMA, ending the week down - 4.77% as Apple is now below all 3 of its key SMAs.



MSFT daily chart as of Sep 2, 2022 - Meta sold hard last Friday below its 50 day SMA. This week saw selling continue with lower closes every day this week, ending the week down -4.47% and below all 3 of its key SMAs.



GOOGL daily chart as of Sep 2, 2022 - Alphabet saw strong selling last Friday, Selling continued at a much slower pace this week with a lower close every day this week except on Thursday. Alphabet ended the week down -2.26% and still below all 3 of its key SMAs.



AMZN daily chart as of Sep 2, 2022 - Amazon continued selling this week with lower lows every day except on Friday. Thursday briefly dipped below its 50 day SMA but closed back above. Friday saw a failed rally and closed lower Friday as it remained just above its 50 day SMA. Amazon ended the week down -2.48% and is still above its 50 day SMA.



TSLA daily chart as of Sep 2, 2022 - Tesla sold down below its 200 day and 20 day SMAs last Friday. This week we see the selling continue with lower lows every day this week except on Friday. Thursday saw a brief dip below its 50 day SMA. Friday saw a failed rally and selling down to close the day and week 46 cents below its 50 day SMA, down -6.21% for the week and now below all 3 of its key SMAs.



META daily chart as of Sep 2, 2022 - Meta sold below its 50 day SMA last Friday and continued lower Monday and Tuesday this week. Wednesday, Thursday and Friday all saw tests of the 50 day SMA as Resistance and failed to cross above. Friday saw a lower close to end the week down -0.90% and still below all 3 of its key SMAs.



NVDA daily chart as of Sep 2, 2022 - Nvidia reported Earnings last week, and then rallied off of its 50 day SMA just to reverse the next day and sell back below its 50 day SMA. During August, NVDA formed an Inverted Cup-n-handle with key support near its 50 day SMA, breaking this support last Friday. This week the selling continued with lower closes every day this week, gapping down big on Thursday due to news of restrictions in China. Nvidia ended the week down -16.07% and still below all 3 of its key SMAs.

Out of the 7 biggest stocks above, only one is now NOT below all 3 of its key SMAs. Who is it?



GS daily chart as of Sep 2, 2022 - Goldman Sachs drifted lower the first 3 days this week, then saw a wide range drop and bounce Thursday. Friday saw a failed rally with 200 day SMA Resistance and a wide range swing with a lower close, ending the week down -0.72%.



COST daily chart as of Sep 2, 2022 - Costco continued lower this week with lower lows every day. The 200 day SMA provided support on Monday and Tuesday, and then failed on Wednesday with a close below. Thursday saw a dip below the 50 day SMA and a rally above its 50 day and 200 day SMA for a 'Bullish Engulfing' day. Friday saw a failed rally and a 'Bearish Engulfing' day with an even larger range, ending the week down -2.39% and now below all 3 of its key SMAs.



DE daily chart as of Sep 2, 2022 - John Deere saw a strong rally last week with a pull back last Friday. This week we see lower lows every day except on Friday. DE crossed below its 20 day and 200 day SMAs on Thursday then bounced to close a few cents above its 200 day SMA. Friday saw a failed rally that again crossed back below its 20 day and 200 day SMAs, ending the week down -4.52%.



SLB daily chart as of Sep 2, 2022 - Schlumberger saw a strong rally last week but gave it all back this week, crossing below its 200 day and its 20 day SMAs on Thursday. Friday saw a small rally back above the 20 day and 200 day SMAs to end the week down -3.42%.



HAL daily chart as of Sep 2, 2022 - Halliburton rallied and straddled its 200 day SMA last week. Monday saw HAL straddle the 200 day SMA again. The next 3 days saw lower lows, lower closes and a cross below the 20 day and 50 day SMAs on Thursday. Friday saw a gap up and a close back above the 50 day and 20 day SMAs to end the week down -3.50%.



X daily chart as of Sep 2, 2022 - US Steel saw a rally above its 200 day SMA last week then a pull back below its 200 day SMA last Friday. This week began below the 200 day SMA and deliver lower lows every day this week except on Friday. Tuesday saw a cross below its 20 day SMA. Thursday saw a test of its 50 day SMA support. Friday saw a failed with a higher close to end the week down -14.39%.



WMT daily chart as of Sep 2, 2022 - Wal-Mart saw strong selling last Friday below its 20 day SMA. This week we saw a lower low Monday with a higher close just above its 20 day SMA. Tuesday and Wednesday saw 'Inside' days that straddled and closed just below its 20 day SMA. Thursday saw a rally above the 20 day SMA with the highest close this week. Friday saw a failed rally and lower close back below its 20 day SMA, up +1.06% for the week.

We saw how the strongest sectors XLE and XME from last week were sold down this week. We saw a few names from these two sectors shown in charts above.

We also saw how a lot of the above charts show a close below all 3 of the key SMAs this week. Even with all sectors delivering a negative decline this week, we can find potential bullish candidates for future positive moves from those names with either the least declines this week, or that are NOT currently below all 3 of their key SMAs (20 day, 50 day and 200 day). We may need to wait for a change in the trend or market sentiment before considering a long position in this bearish market. But having a small list of possible candidates can improve your odds, and it's easier to focus on those few charts to watch for you opportunity.

It a bearish market context, I am mostly looking for failed rallies to short or open a new bearish options position to try to capture the next leg down. In a bullish market context I mostly look for dips to buy. As a way to have some form of a 'hedge' since we do not know what may happen next, I try to always have both bullish and bearish positions on at the same time, and adjust the portfolio so that the majority of open positions match the current market 'Context'. Always keeping losses small, and letting winners run when lucky and some positions work in my favor.

Developing the skills to effectively trade both Bullish and Bearish markets, really pays off when you can adjust to what the market delivers. I hope this helps.

Trade Smart,

CJ