



Market Observations - as of Sep. 30, 2022

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

In both of the prior two week's we saw sharp declines with multiple failed rallies followed by lower lows as market breadth showed us that all sectors were down each week.

This week the broad market decline continued but with slightly less momentum. Only two out of our list of 16 sectors were up this week. We saw new 52 week lows in the S&P-500 and the Dow Industrials this week while the Nasdaq composite came within 7.19 points of retesting its 2022 lows this week and the Russell 2000 came within 9.24 points of retesting its 2022 lows. There were a lot of stocks that delivered new 52 week lows last week and again this week.

Eight out of the past twelve weeks have seen the S&P end the week 'Outside' of its weekly Expected Move, and twice outside twice it's Expected Move. This week saw the S&P end the week 'Inside' its Expected Move. However, the lows on Friday came within 15.4 points of touching its lower weekly Expected Move.

The week began with the Bank of England buying Gilts (Treasuries) to prevent the Pension Funds from total collapse. The week ended with Aug. Core PCE Friday morning higher than expected (+4.9% vs. +4.7% est. year over year). We continue to see plenty of World Wide Economic news that has been mostly bearish on the Economy.

The week began with the US Dollar Index again making new 20 year highs as the GBP fell. Gold and Oil prices dipped and bounced this week. 10 year Yields peaked on Monday and Tuesday then fell back Wednesday.

As the month of September and the 3rd Quarter comes to an end, we saw some selling the last few minutes on Friday as some folks liquidated undesirable positions. We saw new Lows in many indexes, sectors and stocks as this occurred.

At the end of each month we typically include some monthly charts (below) to help keep an overall context of the markets over multiple years. We have also included a few Year-to-date Percentage change charts (below) to better compare Indexes, Sectors and Large Cap. Stocks so far this year.

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



S&P 500 monthly chart as of Sep 30, 2022 - We see a large decline in Sept. that is nearly as large as June this year. The Resistance (highs) from Sept 2020 (grey line) are where Support (lows) was found two years later, Sept 2022. The S&P is nearing a test of its 50 month SMA (Blue).



S&P 500 weekly chart as of Sep 30, 2022 - The Failed rally at the 50 week SMA (Blue) in mid Aug. was followed by a 3 week decline (wave 1) a one week bounce (wave 2) then another 3 week decline (wave 3) that ended this week a few points below its 200 week SMA (Purple) with new 52 week lows that are 3 pts below the highs from Sept. 2nd 2020 (grey line).



S&P 500 daily chart as of Sep 30, 2022 - We see the decline from the prior 2 weeks continue at a slower rate this week. The S&P delivered lower lows every day this week except on Wednesday, ending the week down -2.91% on new 52 week lows.



S&P 500 15 min. chart as of Sep 30, 2022 - The S&P delivered 4 failed rallies this week that were each followed by lower lows. We saw one on Monday, Tuesday, a rally Wednesday that failed on Thursday, and another failed rally Friday morning that was followed by lower lows later that same day. Failed Rallies are the tracks left by the Bears when they are in control.



DJIA monthly chart as of Sep 30, 2022 - We saw a larger decline in Sept. than what we saw in June this year. The Industrials crossed and closed below their 50 month SMA (Blue) this month as well as delivered new 52 week lows.



DJIA weekly chart as of Sep 30, 2022 - Similar to the S&P, the DJIA saw a failed rally up to its 50 week SMA in mid August that was followed by 3 weeks down, a 1 week bounce up to its 20 week SMA followed by 3 weeks down that crossed below its 200 week SMA late last week. These key SMAs often act like Support, then once broken soon are retested as Resistance, and if respected as Resistance suggest more lower lows ahead.



DJIA daily chart as of Sep 30, 2022 - We saw new 52 week lows on Monday, Tuesday and Friday this week, ending the week down -2.92% on strong volume. Wednesday saw a rally that failed the next 2 days.



Nasdaq monthly chart as of Sep 30, 2022 - We saw a decline in Sept. that was nearly as large as the one seen in June this year. The Nasdaq tested its 50 month SMA support and respected it in June. However, this month (Sept) we see a break and close below the 50 month SMA. The Nasdaq composite did not retest its June lows this week, but it did come within 7.19 points of doing so on Friday.



Nasdaq weekly chart as of Sep 30, 2022 - Here we see a failed rally up to the 13,180 area in mid Aug. that was followed by 3 weeks down, a 1 week bounce followed by another 3 weeks down, crossing below its 200 week SMA last week and nearly retesting its 2022 lows.



Nasdaq daily chart as of Sep 30, 2022 - Here we see the strong decline the prior 2 weeks that continued lower this week at a slower pace. We saw a pause and failed rally Wednesday followed by stronger selling Thursday and Friday to end the week down -2.69% and nearly testing its June lows.



Russell 2000 monthly chart as of Sep 30, 2022 - We saw a decline in Sept. that was nearly as large as what we saw in June this year. Both of these declines took the Russell below its 50 month SMA.



Russell 2000 weekly chart as of Sep 30, 2022 - Here we see a failed rally mid Aug. that found Resistance near its 50 week SMA and declined 3 weeks to test Support at its 200 week SMA. The one week bounce failed and was again followed by 3 weeks down, crossing below its 200 week SMA last week and nearly reaching its June lows this week, within 9.24 points.



Russell 2000 daily chart as of Sep 30, 2022 - The large decline last week slowed this week, lower Monday, a pause Tuesday, a failed rally Wednesday that was given back Thursday followed by an Inside day on Friday, ending the week down -0.89%. The lows this week (Tuesday) came within 9.24 points or retesting the June lows.

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



McClellan Summation Index weekly chart as of Sep 30, 2022 - Last week we saw a rather large decline to -514.32. This week was followed with another large decline to -942.64 to deliver new lows not seen since March 2020.



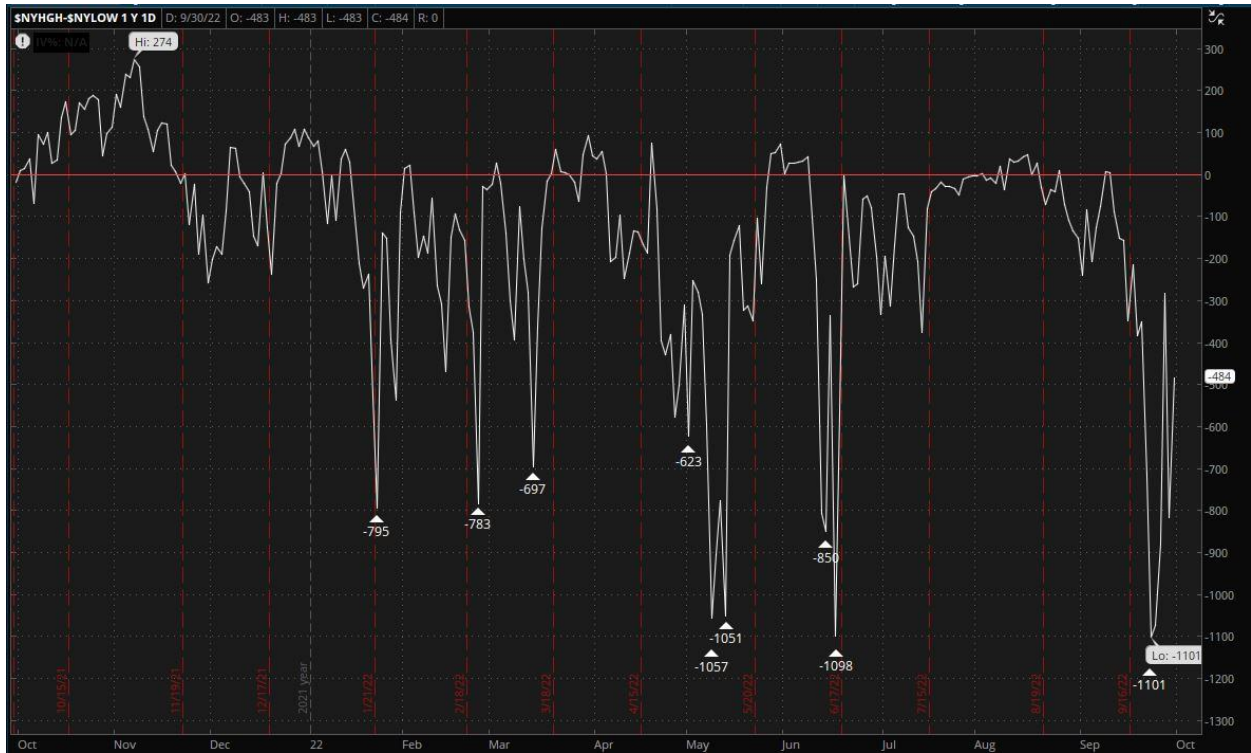
McClellan Summation Index daily chart as of Sep 30, 2022 - Here we can see the steep decline the past three weeks to -942.64.



NYSE Percent above 200 day SMA daily chart as of Sep 30, 2022 - Last week we saw a decline to 15.10% for new 52 week lows. This week we saw the decline continue lower Mon. and Tue. to about 13%, bounce Wed. above 16% then decline Thursday and pause Friday to end the week at 14.35%.



NYSE Percent above 50 day SMA daily chart as of Sep 30, 2022 - Last week we saw a sharp decline to 8.92% for new 52 week lows. The decline continued Monday to about 7% then bounced a little Tuesday and Wednesday up to 12% then dropped Thursday and paused Friday to end this week at 9.04%.



NYSE New Highs minus New Lows daily chart as of Sep 30, 2022 - Last Friday we saw a new 52 week low in this Index at -1101. Monday saw only a small change to -1074, Tuesday rose to -881, Wednesday briefly popped up to -283 before dropping Thursday to -817. Friday saw a very small lift up to -484.



VIX daily chart as of Sep 30, 2022 - The VIX briefly broke above its 2022 Resistance Trend Line (Yellow line) on Wednesday, and very briefly on Thursday this week as the VIX rose and spent most of this week above 30 and below 34. We do NOT see any panic so far this year, where the VIX could rise 300% to 400% in a single day of capitulation panic.



VVIX daily chart as of Sep 30, 2022 - Just as the VIX briefly broke above its Resistance Trend Line this week, we saw at nearly the same time the VVIX break above the key 112 level on those same days.



SKEW daily chart as of Sep 30, 2022 - The extreme low SKEW we saw last week on Sept 22nd rose this week back to the range it has been within over the past 4 months.

The VIX Futures continue to show a 'Backwardation' condition this week, with higher Volatility in the near term contracts than seen in the longer term contracts. Volatility is here, according to the VIX Futures at least.

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



Oil daily chart as of Sep 30, 2022 - Oil dropped hard last Friday and continued lower on Monday this week. Tuesday saw a pause before the rally on Wednesday. Thursday saw a pause near the prior day's highs before a small decline on Friday. Oil continues its slow and steady decline over the past 3 ½ months.



Gold daily chart as of Sep 30, 2022 - Gold continued its decline Monday, paused Tuesday, rallied Wednesday, paused Thursday and saw a failed rally on Friday.



US Dollar Index monthly chart as of Sep 30, 2022 - The US Dollar Index again delivered new 20 year highs this week.



US Dollar Index daily chart as of Sep 30, 2022 - As the US Dollar increases in strength over the past 3 ½ months, we mostly have seen Oil and Gold decline. This is common with dollar priced commodities. This week the USD rallied to new 20 year highs on Monday and Wednesday before dropping Wednesday and Thursday and pausing Friday. The USD remains above all 3 of its key SMAs.



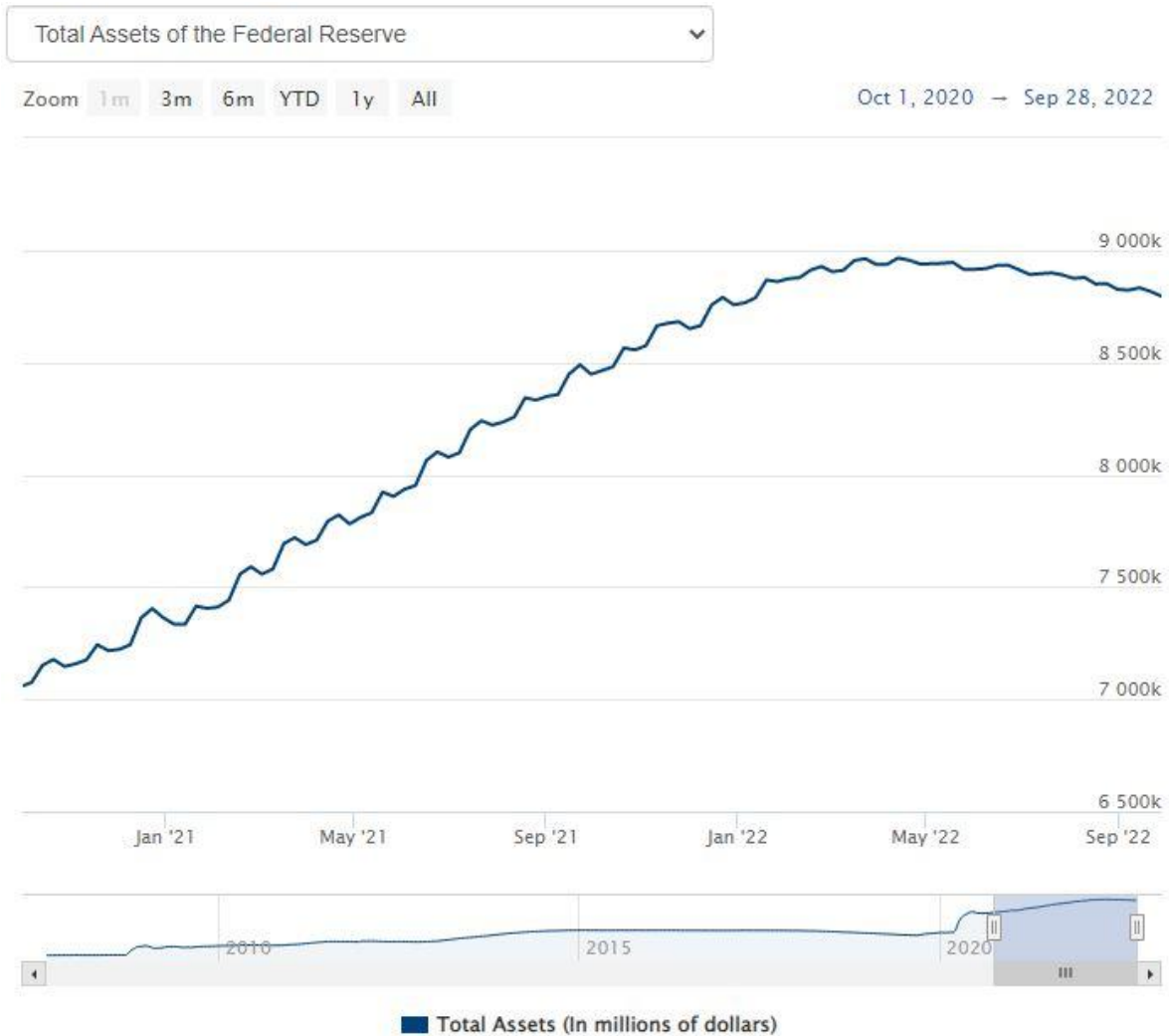
US 10 year Treasury daily chart as of Sep 30, 2022 - The Decline continued strong on Monday and Tuesday to new lows early on Wednesday before the rally Wednesday to recover the prior two day's of decline. Thursday and Friday saw a small drift lower. News suggested that both the BOJ and the Fed were selling on Monday of this week.



US 10 year Yield daily chart as of Sep 30, 2022 - Inverse to the Treasuries, the Yield rates on the 10 year rallied on Monday and Tuesday then dropped Wednesday. Thursday saw an 'Inside' day followed by a small bounce 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
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
09/06/2022	2.44	2.82	3.04	3.40	3.61	3.50	3.55	3.43	3.41	3.33	3.74	3.49
09/07/2022	2.30	2.80	3.07	3.42	3.60	3.45	3.50	3.37	3.35	3.27	3.67	3.42
09/08/2022	2.57	2.86	3.06	3.44	3.60	3.48	3.54	3.39	3.37	3.29	3.69	3.45
09/09/2022	2.57	2.88	3.08	3.52	3.67	3.56	3.61	3.45	3.42	3.33	3.71	3.47
09/12/2022	2.62	2.93	3.17	3.56	3.70	3.58	3.60	3.47	3.45	3.37	3.76	3.53
09/13/2022	2.55	2.95	3.28	3.75	3.92	3.75	3.75	3.58	3.53	3.42	3.75	3.51
09/14/2022	2.54	2.95	3.24	3.76	3.95	3.78	3.79	3.60	3.52	3.41	3.73	3.47
09/15/2022	2.76	3.03	3.22	3.78	4.00	3.87	3.85	3.66	3.59	3.45	3.75	3.48
09/16/2022	2.68	3.01	3.20	3.77	3.96	3.85	3.81	3.62	3.56	3.45	3.79	3.52
09/19/2022	2.62	3.02	3.37	3.87	4.05	3.95	3.90	3.69	3.62	3.49	3.77	3.52
09/20/2022	2.57	3.05	3.35	3.86	4.03	3.96	3.94	3.75	3.69	3.57	3.83	3.59
09/21/2022	2.59	3.06	3.31	3.86	4.08	4.02	3.98	3.74	3.65	3.51	3.73	3.50
09/22/2022	2.73	3.09	3.29	3.87	4.08	4.11	4.12	3.91	3.84	3.70	3.90	3.65
09/23/2022	2.67	3.07	3.24	3.85	4.15	4.20	4.21	3.96	3.85	3.69	3.87	3.61
09/26/2022	2.73	3.14	3.39	3.95	4.17	4.27	4.37	4.15	4.06	3.88	4.01	3.72
09/27/2022	2.71	3.14	3.35	3.91	4.16	4.30	4.39	4.21	4.14	3.97	4.15	3.87
09/28/2022	2.63	3.14	3.40	3.87	3.99	4.07	4.12	3.92	3.83	3.72	3.98	3.70
09/29/2022	2.78	3.20	3.36	3.87	3.98	4.16	4.19	3.98	3.89	3.76	4.00	3.71
09/30/2022	2.79	3.20	3.33	3.92	4.05	4.22	4.25	4.06	3.97	3.83	4.08	3.79

US Yield Rates daily table as of Sep 30, 2022 - The 10 year / 2 year 'Inversion' not only continues this month, but it also grows in size. Note that the 6 month term has a higher yield than the 10 year has in four out of five days this week. The Yield Inversion has long been considered additional evidence of a recession.



FOMC Balance Sheet weekly chart as of Sep 28, 2022 - The Fed decreased its Balance Sheet this week by -\$21.235 Billion, from Total Assets of \$8.816802 Trillion (Sept. 21) to \$8.795567 Trillion (Sept. 28). Note that the few larger reduction have each occurred on the last week of each month and the Total Reductions so far this year are still behind the 'Plan' the Fed published in May. On the chart above, just compare the Slope of the Increasing Balance Sheet during 2021 to the slope of the Decreasing Balance Sheet during the past 3 months. I see a very big difference between these two slopes that suggests the Fed is not nearly as aggressive at 'Tightening' as they were for years of providing 'Stimulus'. As Traders, we look at the data and make our own decisions.

Next we will look at a few key Sectors.



Dow Transportation Index weekly chart as of Sep 30, 2022 - We see the failed rally mid Aug. just above the 50 week SMA that dropped for 3 weeks, bounced one week then fell for another 3 weeks, delivering new 52 week lows and crossing below its 200 week SMA last week. This week saw lower lows and a lower close still below the 200 week SMA.



Dow Transportation Index daily chart as of Sep 30, 2022 - Monday saw a new 52 week low and a lower close that was followed with a small rally Tuesday that continued higher Wednesday. Thursday saw an 'Inside' day that was followed by a decline on Friday to end the week down -0.59%.



XLE daily chart as of Sep 30, 2022 - The Energy sector dropped hard late last week and continued lower on Monday this week. Tuesday saw an 'Inside' day followed by a rally on Wednesday. Thursday saw an 'Inside' day that closed near the prior day's highs. Friday saw a brief higher high to end the week up +2.19% but still below all 3 of its key SMAs.



XLF daily chart as of Sep 30, 2022 - The Financial sector fell hard last week and continued lower with lower lows on both Monday and Tuesday this week. Wednesday saw a failed rally that was followed by lower lows on Thursday. Friday saw a lower close to end the week down -2.22%.



QQQ weekly chart as of Sep 30, 2022 - The Nasdaq-100 ETF saw a failed rally mid Aug. followed by 3 weeks down then a one week bounce back above its 20 week SMA. The next 3 weeks dropped back below its 20 week SMA and this week below its 200 week SMA, below its June lows to deliver new 52 week lows this week.



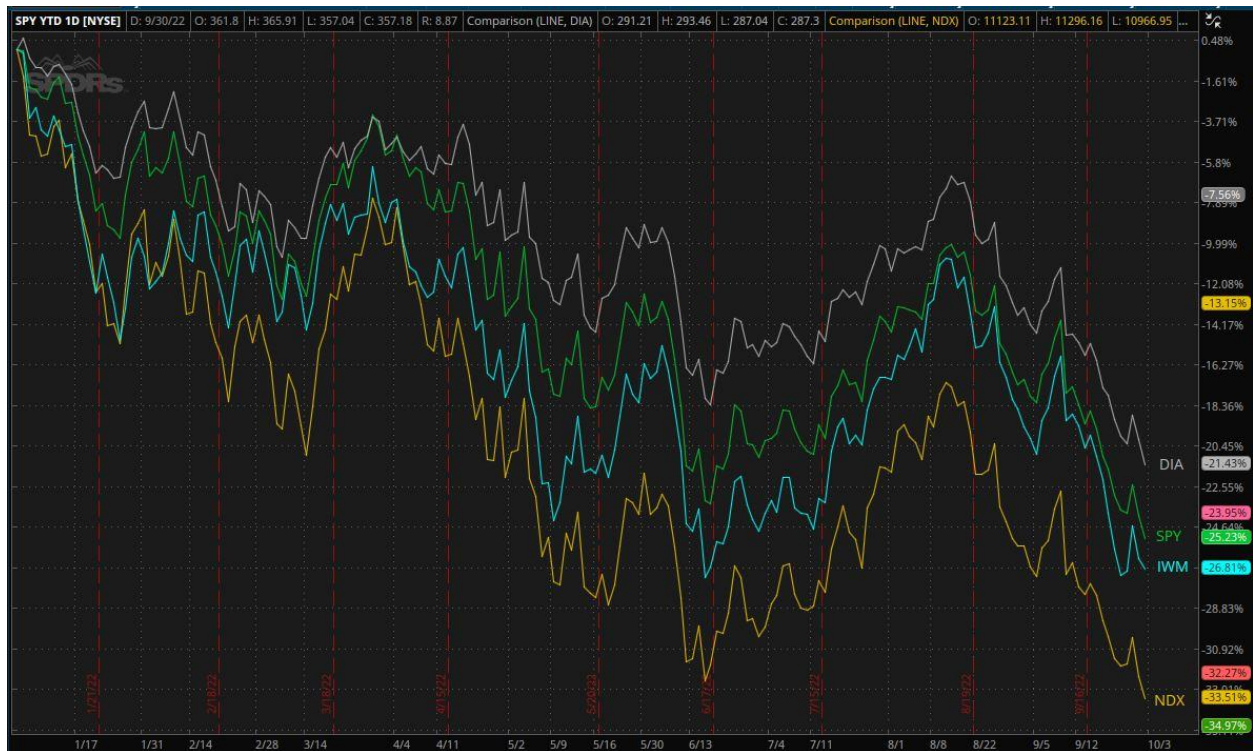
QQQ daily chart as of Sep 30, 2022 - The QQQ paused its decline on Mon. and Tue. then saw a failed rally on Wednesday. Thursday followed with lower lows to break below the June lows. Friday saw new 52 week lows to end the week down -2.99%. We saw above average volume every day this week. However it was only about 132% of average volume. A full on Panic capitulation event could easily see over 200% of average daily volume.



SOXX daily chart as of Sep 30, 2022 - The Semiconductor sector saw a pause in the decline on Mon. and Tue., a failed rally on Wed. then lower 52 week lows on Thursday and Friday to end the week down - 3.98%.



XLC daily chart as of Sep 30, 2022 - The Communication Services sector saw last week's decline continue lower on Monday and Tuesday this week. Wednesday saw a failed rally that was followed by lower lows on Thursday and Friday to end this week down -2.48%.



Year to Date Percentage change SPY vs. Indexes chart as of Sep 30, 2022 - Here we can visually compare the Dow Industrials (DIA -21.43%), the Nasdaq-100 (NDX -33.51%) and the Russell 2000 (IWM - 26.81%) to the S&P-500 (SPY -25.23%) as a percentage change so far this year. The Nasdaq-100 and Russell are currently lower than the S&P and the Dow Industrials are doing a little better than the S&P so far this year.

If a trader is seeking 'volatility' with Index trading, then the Nasdaq-100 is a logical index to consider since we have often seen larger daily and weekly swings (both up and down) in the past months in this index.



Year to Date Percentage change SPY vs. Sectors chart as of Sep 30, 2022 - Here we can compare how each of the Sectors have performed so far this year as compared to the S&P (SPY). The only positive Sector so far this year is the XLE at +25.87%. The next strongest is XME at -6.7%. The weakest sectors so far this year are: SOXX at -42.37%, XLC at -38.78% and XHB at -34.97%.

What this chart does NOT show is how these sectors have performed over the past Month or Quarter. You may find building charts (or tables) with more recent data a little more useful for following the 'Leaders'. Below I share my 'Weekly' Sector table each week that helps to see more recent leadership changes.



Year to Date Percentage change NDX vs. Big Tech Stocks chart as of Sep 30, 2022 - Here we compare the Year-to-Date performance of the 7 biggest Tech Stocks to the NDX. The Strongest this year is AAPL at -24.07%, MSFT at -30.43% and clustered together near the NDX are TSLA, AMZN and GOOGL that are all near the -33% to -34% area. At the bottom are NVDA at -59.7% and META at -59.92%.

Note that NVDA and META are also components in the weakest sectors (SOXX and XLC).

If you were a bearish swing trader, what names in this chart might you consider trading on the Bearish side in the past month?

(Answer: All of the above names except TSLA since most have declined sharply the past 1 1/2 months.)

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	8/19/2022	8/26/2022	9/2/2022	9/9/2022	9/16/2022	9/23/2022	9/30/2022
\$SPX	-1.21%	-4.04%	-3.29%	3.65%	-4.77%	-4.65%	-2.91%
\$INDU	-0.16%	-4.22%	-2.99%	2.66%	-4.13%	-4.00%	-2.92%
\$COMPQ	-2.62%	-4.44%	-4.21%	4.14%	-5.48%	-5.07%	-2.69%
\$RUT	-2.94%	-2.94%	-4.74%	4.04%	-4.50%	-6.60%	-0.89%
QQQ	-2.28%	-4.78%	-3.99%	4.04%	-5.79%	-4.60%	-2.99%
\$TRAN	-2.48%	-2.65%	-4.47%	2.35%	-8.79%	-5.43%	-0.59%
XLE	1.26%	4.25%	-3.48%	0.80%	-2.68%	-9.17%	2.19%
XLF	-1.69%	-3.55%	-2.46%	4.47%	-3.78%	-5.59%	-2.22%
XLK	-1.66%	-5.56%	-5.03%	3.27%	-6.19%	-3.62%	-4.01%
SOXX	-3.52%	-5.19%	-6.98%	4.66%	-5.70%	-5.76%	-3.98%
XLV	-0.52%	-4.24%	-1.81%	4.41%	-2.34%	-3.32%	-1.32%
XLY	-1.40%	-4.69%	-2.62%	5.78%	-3.98%	-7.10%	-2.71%
XRT	-2.80%	-5.57%	-4.35%	5.28%	-5.33%	-6.06%	-3.32%
XLI	-1.00%	-3.36%	-3.52%	3.40%	-6.38%	-4.54%	-2.25%
XLU	1.28%	-2.56%	-1.47%	3.73%	-3.76%	-2.99%	-8.71%
XME	-4.23%	3.54%	-8.43%	6.13%	-10.32%	-7.91%	2.16%
XLP	1.85%	-3.20%	-2.54%	1.96%	-3.58%	-2.10%	-3.82%
XLB	-2.40%	-1.26%	-4.89%	5.00%	-6.62%	-5.60%	-0.61%
XLC	-3.14%	-4.39%	-2.39%	3.31%	-6.26%	-5.61%	-2.48%
XHB	-3.04%	-5.07%	-3.27%	4.51%	-6.88%	-3.96%	-1.21%

Weekly Percent Change US Indexes and Sectors table as of Sep 30, 2022 - All 4 indexes were again down this week, but with less losses than seen the prior two weeks.

Only two sectors were positive this week, XLE and XME. The weakest sectors this week were XLU, XLK, SOXX, XLP and XRT that were all down by over -3%. The XLU was down by over -8.7% this week.

INDEXes	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day
SECTORS	09/19/22	09/20/22	09/21/22	09/22/22	09/23/22	09/26/22	09/27/22	09/28/22	09/29/22	09/30/22
\$SPX	0.69%	-1.13%	-1.71%	-0.84%	-1.72%	-1.03%	-0.20%	1.96%	-2.11%	-1.51%
\$INDU	0.64%	-1.01%	-1.70%	-0.35%	-1.62%	-1.11%	-0.42%	1.88%	-1.54%	-1.71%
\$COMPQ	0.76%	-0.95%	-1.79%	-1.37%	-1.80%	-0.60%	0.25%	2.05%	-2.84%	-1.51%
\$RUT	0.81%	-1.40%	-1.42%	-2.26%	-2.48%	-1.41%	0.40%	3.17%	-2.35%	-0.61%
QQQ	0.60%	-0.80%	-1.79%	-1.23%	-1.63%	-0.41%	0.04%	1.99%	-2.88%	-1.70%
\$TRAN	1.95%	-2.27%	-1.01%	-2.34%	-1.83%	-1.07%	1.29%	2.50%	-1.58%	-1.63%

Daily Percent Change US Indexes table as of Sep 30, 2022 - We saw daily leadership changes with the Dow Industrials trading off between the weakest and strongest this week. The Russell 2000 also traded roles this week.

Next we will look at a few key Stocks. These are the same names we have been looking at over the past several weeks.



AAPL daily chart as of Sep 30, 2022 - Apple continued lower this week and accelerated that decline after the failed test of the 20 day SMA on Tuesday as news of iPhone 14 production reduction came out. The next 3 days saw much lower lows each day, ending the week down -8.13%. Note the strong volume the last 3 days of this week.



MSFT daily chart as of Sep 30, 2022 - Microsoft continued its decline this week with a failed rally Wednesday and new 52 week lows on Friday, ending the week down -2.11%.



GOOGL daily chart as of Sep 30, 2022 - Alphabet continued its decline this week as it delivered new 52 week lows on Tuesday, Thursday and Friday, ending the week down -3.13%.



AMZN daily chart as of Sep 30, 2022 - Amazon bounced a little on Monday, saw a failed rally Tuesday, rallied Wednesday just to be followed by lower lows on Thursday and Friday, ending the week down -0.69%.



TSLA daily chart as of Sep 30, 2022 - Tesla was a lower low Monday with a higher close. Tuesday saw a higher high and higher low as it respected the 50 day SMA as Resistance. Wednesday saw a higher close and another test of the 50 day SMA Resistance. Thursday saw a huge selling day to new lows for the week that continued a little lower Friday to end the week down -3.66%.



META daily chart as of Sep 30, 2022 - Meta continued lower on Monday and Tuesday, delivering new 52 week lows each day before a bounce on Wednesday. Thursday saw a pull back and 'Inside' day. Friday saw a lower close to end the week down -3.37%.



NVDA daily chart as of Sep 30, 2022 - Nvidia delivered new 52 week lows on Monday and Thursday this week after a failed rally on Wednesday. Friday saw a higher low but a lower close to end the week down -3.01%.



JPM daily chart as of Sep 30, 2022 - JP Morgan had been mostly horizontal (no trend) the past 3 months then saw a sharp decline last week. This week the decline continued lower with a retest of the 2022 lows on Monday then new 52 week lows on Tuesday. The rally Wednesday failed and was followed by new 52 week lows on Thursday and a lower close on Friday to end the week down -4.25%.



COST daily chart as of Sep 30, 2022 - Costco saw a strong decline last week. Monday reversed the decline with a bounce that recovered most of Friday's losses. Tuesday and Wednesday saw higher highs that failed and saw a decline on Thursday and Friday to end the week up +1.26%. The decline the last 2 days of this week did NOT deliver lower lows as was seen in most stocks this week. Costco could be a rare name that is holding up better than most in this bearish environment.



DE daily chart as of Sep 30, 2022 - John Deere broke below its 50 day SMA last week and found support last Friday. This week began with a small bounce Monday and an 'Inside' day. Tuesday and Wednesday saw higher highs that reversed Thursday with an 'Inside' day. Friday saw a decline but did not give back all of this week's gains, ending this week up +0.23%.

We will keep an eye on COST and DE since they have NOT retested their 2022 lows, and are holding up a little better than most names in this bearish environment.



SLB daily chart as of Sep 30, 2022 - Schlumberger saw a large gap down below its 50 day SMA and strong selling last Friday. Monday continued lower and was followed by an 'Inside' day on Tuesday. Wednesday saw a rally that continued higher Thursday and Friday to end this week up +2.57%.



HAL daily chart as of Sep 30, 2022 - Halliburton also saw a large gap down and selling last Friday. Monday saw HAL continue lower to find support near \$23.30. Tuesday saw an 'Inside' day. Wednesday saw a rally to new highs for this week that mostly held up the next two days, ending the week up slightly at +0.16%.

We saw how the XLE was the strongest sector this week (and this year) and saw both SLB and HAL with positive weekly gains. This week it was VERY RARE to see any positive gains.



X daily chart as of Sep 30, 2022 - US Steel gapped down late last week and traded in a narrow horizontal range this week near last week's lows, ending this week down -2.53%.



WMT daily chart as of Sep 30, 2022 - Walmart had been mostly horizontal for over a month then dropped below its 50 day SMA last Friday. This week WMT found support at \$128.27 on Monday and was followed with higher highs on Tuesday and Wednesday above its 50 day SMA but failing to reach its 20 day SMA. Thursday briefly broke above its 20 day SMA just to reverse and sell off back below its 50 day SMA. Friday saw stronger selling to give back off of this week's gains plus a little more, ending the week down -0.28%.

We saw the selling continue this week but with a little less momentum lower. Lots of new 52 week lows were delivered this week as most names saw the lowest close of the week, month, quarter and year on Friday this week.

We saw a few 'exceptions' this week that actually closed the week a little higher. Even in a very bearish environment there are often a few exceptions. Those exceptions may continue to ignore the Bearish market context, or they too may fail and be sold off.

We saw some strong selling days last Friday (Sept. 23rd) and on Thursday (Sept. 29th) this week as volume breadth showed stronger convictions. However, we have yet to see a clear 'Capitulation' Panic day so far this year, so the selling can continue. Oversold conditions can continue for a long time, and odds seem to favor the Bears this year as most economic news continued to be more negative than positive.

The Fed has clearly communicated that they intend to 'fight Inflation', and crushing Demand is about the only way they can accomplish that goal. Higher Interest Rates are likely ahead, and the impact of those new rates can take 6 to 9 months (or more) to propagate through the Economy.

We continue to prepare for 'Anything' and watch the charts for clues as to what could be coming.

Trade Smart,

CJ