



Market Observations - as of Nov. 4, 2022

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

Last week we saw we saw a rally resume higher with a brief pause mid week.

This week we saw a gap down and pause Monday followed by a gap up Tuesday with 90 min. of selling to change those small gains into losses with a pause the remaining 5 hours of the day.

Wednesday saw a little selling at the open and a pause most of the day until the FOMC meeting notice came out regarding the next -0.75% rate hike. The initial reaction was +50 pts in the S&P followed by a -130 pt drop to the close as Jay Powell began speaking 30 min. after the initial notice came out. Most of this week we saw a pause before the FOMC notice. After the Notice came out we saw wild swings that were similar to the prior FOMC notice on Sept. 21st with a failed rally and lower lows in both. FYI, the daily 'True Range' for the S&P on Sept 21st was 117.58 pts, and it was 135.76 on Nov. 2nd.

Thursday saw a small gap down to lower lows for the week with mostly horizontal oscillations for the day. Friday saw a gap up, then selling to fill most of the gap followed by a failed rally that changed from small gains into losses for the day by mid day. We saw a pause for about 2 hours followed by a rally the last 2 hours of the day that failed to reach the highs seen earlier that same day. All of the major indexes ended this week down with the Nasdaq showing the largest decline this week.

The S&P ended the prior two weeks 'Above' its weekly Expected Move and ended this week 'Below' its weekly Expected Move. This makes three weeks in a row that the S&P has ended each week 'Outside' it's Expected Move. This shows us that the Options markets continue to Under Price actual risk.

With the end of October occurring on Monday, we have included a few monthly charts below as well as some comparison charts to show the relative 'Percent Change' Year to Date for the major Indexes and key Sectors. The end of each month is a good time to look at longer term charts to help keep a big-picture context in mind. With Monthly charts we change the vertical price scale from a linear scale to a logarithmic scale to help see Trends as relative changes over longer time periods.

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



S&P 500 monthly chart as of Oct 31, 2022 - We see a lower low and lower high in Oct. than in Sept. and a bounce in Oct. off of the 50 month SMA. The downward trend continues in October.



DJIA monthly chart as of Oct 31, 2022 - We see a lower low and a higher high in Oct. than in Sept. that creates a 'Bullish Engulfing' candle. Support in Sept. and Oct. was just below its 50 month SMA. The September highs were exceeded in October but not the August highs.



Nasdaq monthly chart as of Oct 31, 2022 - We see a lower low and lower high in Oct. than in Sept. with new 2022 lows in October. September ended just below its 50 month SMA and October ended just a little above its 50 month SMA. The overall declining Trend continues.



Russell 2000 monthly chart as of Oct 31, 2022 - We see a lower low and lower high in Oct. than in Sept. The lows in Oct. came very close but did not exceed the 2022 lows seen in June. October closed back above its 50 month SMA.



S&P vs. Indexes Year to Date Percentage Change as of Oct. 31, 2022 - As of the end of October we can see so far in 2022 the Dow Industrials are down -10% for the year, the Russell 2000 and the S&P are down just over -18% and the Nasdaq-100 is down over -30%.

As of the end of this week (Nov. 4 2022) the Dow Industrials are down -11.36% for the year, the Russell 2000 is down -20.7%, the S&P-500 is down -21.22% and the Nasdaq-100 is down -34.21%.



S&P 500 weekly chart as of Nov 4, 2022 - This week the S&P gave back most all of last week's gains as the 20 week SMA (Yellow) continues to act like an area of Resistance.



S&P 500 daily chart as of Nov 4, 2022 - Last week's rally paused this week until the FOMC meeting notice came out on Wednesday, then we saw some wild reactions with the S&P crossing and closing back below its 50 day SMA. Thursday gapped down and straddled its 20 day SMA. Friday saw a wider range day with a rally the last 2 hours to end the week down -3.35% and back above only its 20 day SMA (Yellow).



S&P 500 15 min. chart as of Nov 4, 2022 - On the 15 min. chart we can see a 'pause' on Monday, then a failed rally early Tuesday that sold off to lower lows. Wednesday saw a pause until the Fed Notice with a test of Support at its 50 day SMA. After the Fed Notice came out we saw another failed rally followed by lower lows on the widest range day of the week. Thursday saw a gap down to new lows for the week and a pause most of the day. Friday saw a failed rally early in the day that dropped to lows below the prior day's close. We saw a 2 hour pause then a rally the last 2 hours on Friday that failed to reach the highs seen earlier that day.

Note the S&P broke below its lower weekly 'Expected Move' (E.M.) late on Wednesday, stayed below all of Thursday and remained below most of Friday. The rally early Friday failed to remain above the Expected Move and quickly sold off back below.



DJIA weekly chart as of Nov 4, 2022 - The Dow Industrials saw a higher high, a higher low and a lower close this week. The high this week was at the 50 week SMA (Blue) and the low this week remained well above its 20 week SMA (Yellow).



DJIA daily chart as of Nov 4, 2022 - The Industrials paused Monday and Tuesday above its 200 day SMA. Wednesday saw a pause until the Fed Notice came out, then saw a failed rally with lower lows back below its 200 day SMA. Thursday saw a lower range pause. Friday saw a rally that failed to close above its 200 day SMA, ending the week down -1.40%. The Industrials saw one of the smallest declines this week.



Nasdaq weekly chart as of Nov 4, 2022 - The Nasdaq composite saw lower highs and lower lows this week, giving back more than the gains of the prior two weeks and ending this week below the June lows (Pink line).



Nasdaq daily chart as of Nov 4, 2022 - The rally last Friday did not continue this week, with a pause seen on Monday inside the prior day's range. Tuesday saw a failed rally with a wider range but a lower close. Wednesday saw a pause and slow drift lower until the Fed Notice came out, then reacted with a failed rally and lower lows the ended the day below the prior June lows. Thursday gapped down and paused most of the day. Friday saw a gap up, gap fill then a failed rally followed by new lows for the week. The last 2 hours on Friday saw a mild rally that could not reach the prior highs of that same day, ending the week down -5.65%. The Nasdaq was the weakest major index this week.



Russell 2000 weekly chart as of Nov 4, 2022 - The Russell saw a higher high and a higher low this week but a lower close to end this week back below its 200 week and 20 week SMAs.



Russell 2000 daily chart as of Nov 4, 2022 - Last week's rally continued early this week at a slower pace with higher highs on Monday and Tuesday but the close on Tuesday was down from its open. Wednesday saw a drop at the open and a pause until the Fed Notice came out. After the Fed Notice the Russell saw a failed rally with a much lower close. Thursday saw a gap down below its 50 day SMA and test of its 20 day SMA as support to end the day just 2 pts above its 50 day SMA. Friday saw a failed rally in the morning, a pause for 2 hours then a rally the last 2 hours that failed to reach the highs seen earlier that day. The Russell ended the week down -2.55% and above its 20 day and 50 day SMAs.

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



McClellan Summation Index weekly chart as of Nov 4, 2022 - Last week we saw a rally up to -732.25. This week the rally continued up to -454.35.



McClellan Summation Index daily chart as of Nov 4, 2022 - Here we see the rally from last week continue this week but it slowed its pace (shallower slope) on Nov. 1st to end this week at -454.35.



NYSE Percent above 200 day SMA daily chart as of Nov 4, 2022 - The rally last week nearly reached its 200 day SMA, ending last week at 30.76%. This week the rally continued to about 33% then pulled back to about 29% to then rally late this week back up to 32.54%.



NYSE Percent above 50 day SMA daily chart as of Nov 4, 2022 - The rally last week ended at 54.17%. This week we see some oscillations near last week's highs then a drop to below 45% on Wednesday and Thursday. Friday saw a rally to recover part of this week's decline to end this week at 51.99%.



VIX weekly chart as of Nov 4, 2022 - We have seen several spikes higher in the VIX this year, but none came close to the size of the spike we saw in March of 2020. The height of the spikes in 2022 have steadily gotten smaller and the Support Trend line (Grey line) is sloping higher, forming a consolidation triangle so far this year. You would think that the VIX highs would be getting higher as the markets make new lows. However, what we are seeing this year are days of strong and steady selling that are NOT like a panic, but are systematic. A real 'panic' event would likely be far more volatile with much higher highs in the VIX than what we have seen so far this year. This is one piece of evidence that shows the character of the markets and the nature of the Bears. We have NOT seen a capitulation event or panic Low so far this year, in my opinion, and the VIX chart supports that observation.



VIX daily chart as of Nov 4, 2022 - The daily chart above shows a slow and steady decline since the highs of October 10th. The VIX matches the rally seen since mid Oct. in most markets but it does NOT match the sharp decline we saw this week on Wednesday and Thursday (after the Fed Notice). Those days the VIX was mostly unchanged as if that decline was expected.



VVIX daily chart as of Nov 4, 2022 - The Volatility of the VIX also shows a steady decline since mid Oct. but we do see a mild rally on Wednesday and Thursday this week before a drop on Friday. This correlates a bit better with the market action this week.



SKEW daily chart as of Nov 4, 2022 - The Options SKEW continued to decline on Monday and Tuesday this week, then popped up a little on Wednesday before dropping to new lows on Thursday. Thursday saw record lows in the SKEW, the lowest lows seen since it began being calculated daily by the CBOE in 2011.

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



Oil daily chart as of Nov 4, 2022 - Oil prices dipped below their 20 day and 50 day SMAs on Monday, then rallied back above both SMAs on Tuesday and continued higher on Wednesday. Thursday saw a small dip that remained above its 20 day SMA. Friday saw a strong rally to close the day up over +5% on strong volume.



Gold daily chart as of Nov 4, 2022 - Gold prices declined Monday and remained inside a narrow range the next day. Wednesday saw a failed rally above the 20 day SMA. Thursday briefly saw new 2.5 year lows. Friday saw a large range rally above its 20 day and 50 day SMAs, up over +3.25% for the day on strong volume.



US Dollar Index daily chart as of Nov 4, 2022 - The US Dollar drifted higher (stronger) each day this week except on Friday, crossing above its 20 day SMA on Wednesday. Friday saw a wide range decline below its 20 day and 50 day SMAs, giving back all of the gains of this week in one day. Note the inverse correlations between the US Dollar Index and the charts above for Oil and Gold. Note the widest range day of this week in these charts.



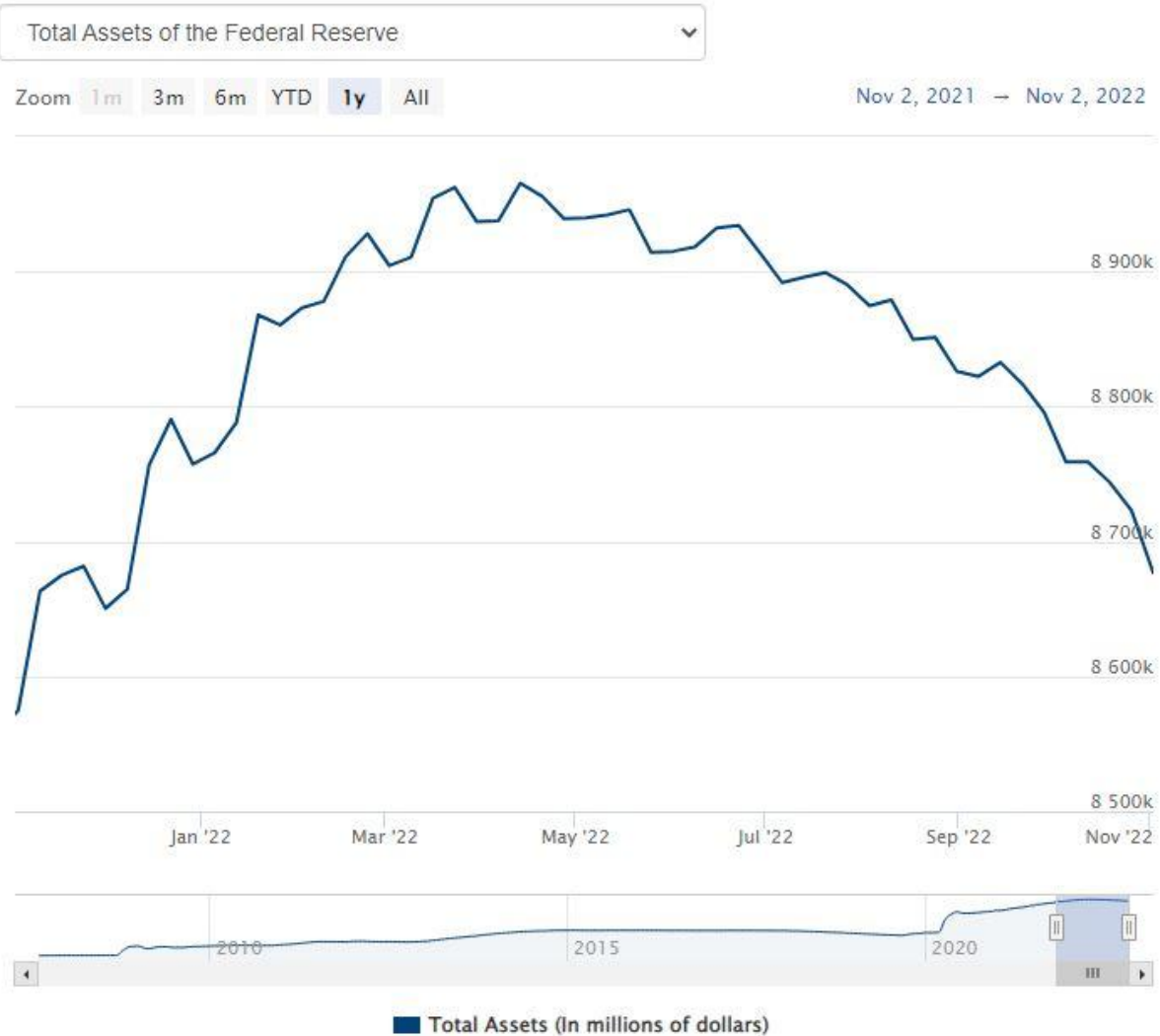
US 10 year Treasury daily chart as of Nov 4, 2022 - The 10 year Note declined each day this week as it remained below its declining 20 day SMA. The small bounce on Friday was not exactly impressive.



US 10 year Yield daily chart as of Nov 4, 2022 - The 10 year Yields oscillated the first 3 days this week near the 4.0% area. Thursday saw a gap up to the 4.15% - 4.20% area where it remained on Friday.

Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
10/03/2022	2.87	3.26	3.46	N/A	3.97	4.01	4.12	4.12	3.90	3.79	3.67	4.00	3.73
10/04/2022	2.91	3.23	3.45	N/A	3.98	4.15	4.10	4.08	3.84	3.73	3.62	3.95	3.70
10/05/2022	2.89	3.22	3.46	N/A	4.00	4.14	4.15	4.17	3.96	3.87	3.76	4.05	3.78
10/06/2022	3.05	3.34	3.46	N/A	4.04	4.19	4.23	4.24	4.05	3.95	3.83	4.08	3.81
10/07/2022	3.03	3.34	3.45	N/A	4.09	4.24	4.30	4.33	4.14	4.03	3.89	4.13	3.86
10/11/2022	3.07	3.43	3.67	N/A	4.17	4.28	4.30	4.31	4.14	4.06	3.93	4.19	3.92
10/12/2022	3.07	3.45	3.70	N/A	4.16	4.28	4.28	4.29	4.12	4.03	3.91	4.18	3.90
10/13/2022	3.35	3.60	3.79	N/A	4.30	4.46	4.47	4.44	4.21	4.11	3.97	4.25	3.97
10/14/2022	3.30	3.61	3.81	N/A	4.31	4.50	4.48	4.47	4.25	4.15	4.00	4.26	3.99
10/17/2022	3.30	3.66	3.97	N/A	4.38	4.50	4.45	4.45	4.24	4.15	4.02	4.29	4.04
10/18/2022	3.25	3.70	4.04	N/A	4.39	4.50	4.43	4.43	4.21	4.12	4.01	4.27	4.04
10/19/2022	3.31	3.72	4.07	4.32	4.45	4.60	4.55	4.56	4.35	4.26	4.14	4.38	4.15
10/20/2022	3.58	3.83	4.09	4.33	4.48	4.66	4.62	4.66	4.45	4.36	4.24	4.47	4.24
10/21/2022	3.55	3.78	4.09	4.31	4.43	4.58	4.49	4.52	4.34	4.28	4.21	4.54	4.33
10/24/2022	3.57	3.83	4.16	4.33	4.52	4.61	4.50	4.52	4.36	4.31	4.25	4.59	4.40
10/25/2022	3.56	3.81	4.14	4.32	4.50	4.60	4.42	4.45	4.25	4.17	4.10	4.45	4.26
10/26/2022	3.54	3.85	4.11	4.27	4.47	4.54	4.39	4.41	4.20	4.12	4.04	4.38	4.19
10/27/2022	3.76	3.95	4.13	4.27	4.44	4.50	4.30	4.29	4.09	4.01	3.96	4.32	4.12
10/28/2022	3.75	3.95	4.18	4.30	4.51	4.55	4.41	4.38	4.19	4.10	4.02	4.38	4.15
10/31/2022	3.73	4.00	4.22	4.33	4.57	4.66	4.51	4.45	4.27	4.18	4.10	4.44	4.22
11/01/2022	3.72	4.00	4.23	4.35	4.58	4.75	4.54	4.48	4.27	4.18	4.07	4.37	4.14
11/02/2022	3.70	4.01	4.22	4.38	4.57	4.76	4.61	4.54	4.30	4.20	4.10	4.41	4.15
11/03/2022	3.75	4.04	4.25	4.38	4.57	4.78	4.71	4.63	4.36	4.26	4.14	4.42	4.18
11/04/2022	3.73	4.00	4.21	4.36	4.55	4.76	4.66	4.58	4.33	4.26	4.17	4.49	4.27

US Yield Rates daily table as of Nov 4, 2022 - The longer terms dipped a little Tuesday then bounced back higher by the end of the week. The shorter terms were mostly flat or dipped a little on Wednesday or Friday.



FOMC Balance Sheet weekly chart as of Nov 2, 2022 - The Fed reduced its Balance Sheet this week by - \$46.220 Billion, the largest decrease we have seen so far this year. Total Assets declined from \$8.723090 Trillion (Oct. 26th) to \$8.676870 Trillion. The total reductions in October (Oct. 5th to Nov. 2nd) total -\$82.183 Billion, more than the monthly \$60 Billion the Fed published earlier this year. This is still a lot less than the \$120 Billion per month increases we saw for over a year in 2020 and 2021.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Nov 4, 2022 - The Transports continued their rally on Monday then began to pull back a little on Tuesday. Wednesday saw a failed rally and lower lows after the Fed Notice came out crossing below its 50 day SMA. Thursday dipped lower to find support just under its 20 day SMA and bounced to close the day back above its 50 day SMA. Friday saw a gap up and rally that failed to reach the highs of the week, ending the week down -0.74%. Remember, the Transportation sector has often led on several days over the past few weeks.



XLE daily chart as of Nov 4, 2022 - The Energy sector rallied higher on Monday and Tuesday then pulled back on Wednesday. Thursday opened lower but rallied to recover nearly all of the prior day's losses. Friday gapped up and delivered new highs for the week before closing a little lower, ending the week up +2.43%. The Energy sector was the strongest sector on my list this week.



XLF daily chart as of Nov 4, 2022 - The Financial sector paused its rally on Monday then delivered a slightly higher high early on Tuesday before pulling back a bit. Wednesday saw a pause then a failed rally after the Fed Notice came out. Thursday saw a gap down and only a small drift up during the day. Friday saw a gap up followed by selling in the morning, a pause, then a rally the last 2 hours that failed to reach the highs of the week, ending the week down -0.82%.



QQQ weekly chart as of Nov 4, 2022 - The Nasdaq-100 ETF saw a lower high and a lower low this week to give back more than the prior two weeks of gains and ending this week back below its 200 week SMA.



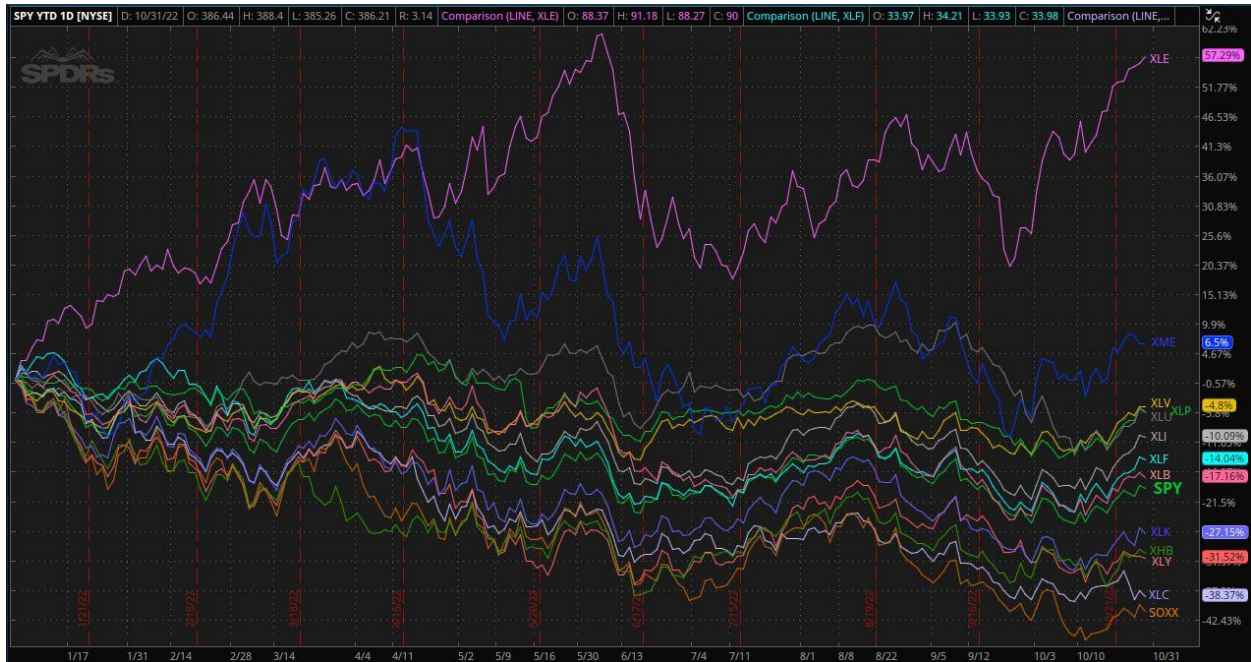
QQQ daily chart as of Nov 4, 2022 - Monday saw a quiet 'Inside' day followed by a Bearish Engulfing day on Tuesday. Wednesday saw a pause and drift lower until the Fed Notice came out which was followed with a failed rally and strong selling to lower lows. Thursday gapped lower and paused at new lows for the week. Friday saw another failed rally to new lows for the week before the rally the last 2 hours that failed to return to that day's earlier highs. QQQ ended the week down -5.88%.



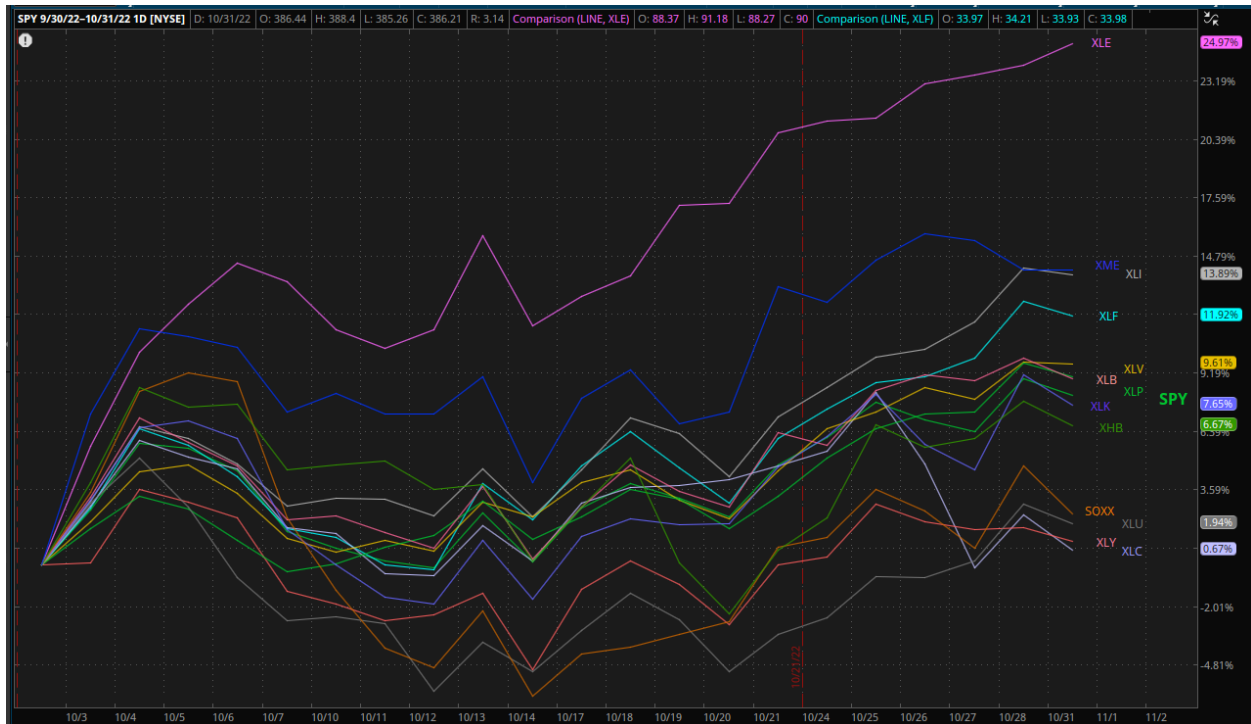
SOXX daily chart as of Nov 4, 2022 - The Semiconductor sector saw an 'Inside day' on Monday followed by a slightly higher high and higher low on Tuesday. Wednesday saw a failed rally after the Fed Notice to drop to its 20 day SMA. Thursday opened lower below its 20 day SMA, rallied to fill the gap then paused. Friday saw a gap up above its 20 day SMA and saw a rally that could not recover all of the prior two days of losses, ending the week down -1.42%.



XLC daily chart as of Nov 4, 2022 - The Communication Services sector paused its decline on Monday and Tuesday then resumed lower Wednesday with most of the decline after the Fed Notice. Thursday and Friday both delivered new 2.5 year lows to end the week down -6.75%.



SPY vs. Sectors Percentage change Year to Date as of Oct. 31, 2022 - This chart helps to see the relative strength and weakness of the 13 Sectors shown. The only positive sectors so far this year are the XLE and XME. The weakest this year are the SOXX and XLC.



SPY vs. Sectors Percentage change the month of October as of Oct. 31, 2022 - This chart looks at only October to see the relative strength of the various sectors. Note the strongest two sectors were again XLE and XME. The XLI and XLF are not far behind. Note that 'all' sectors ended the month with a positive change, the weakest being XLC and XLY.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	9/23/2022	9/30/2022	10/7/2022	10/14/2022	10/21/2022	10/28/2022	11/4/2022
\$SPX	-4.65%	-2.91%	1.51%	-1.55%	4.74%	3.95%	-3.35%
\$INDU	-4.00%	-2.92%	1.99%	1.15%	4.89%	5.72%	-1.40%
\$COMPQ	-5.07%	-2.69%	0.73%	-3.11%	5.22%	2.24%	-5.65%
\$RUT	-6.60%	-0.89%	2.25%	-1.16%	3.56%	6.01%	-2.55%
QQQ	-4.60%	-2.99%	0.69%	-3.11%	5.63%	2.11%	-5.88%
\$TRAN	-5.43%	-0.59%	3.48%	0.21%	1.51%	6.95%	-0.74%
XLE	-9.17%	2.19%	13.58%	-1.86%	8.28%	2.67%	2.43%
XLF	-5.59%	-2.22%	1.75%	0.39%	3.81%	6.21%	-0.82%
XLK	-3.62%	-4.01%	1.68%	-3.29%	6.46%	4.21%	-6.63%
SOXX	-5.76%	-3.98%	2.23%	-8.34%	7.62%	3.83%	-1.42%
XLV	-3.32%	-1.32%	1.25%	1.04%	2.13%	4.99%	-1.54%
XLY	-7.10%	-2.71%	-1.26%	-3.83%	5.27%	1.80%	-5.15%
XRT	-6.06%	-3.32%	3.22%	-1.60%	2.63%	7.36%	-3.72%
XLI	-4.54%	-2.25%	2.80%	-0.49%	4.66%	6.69%	0.48%
XLU	-2.99%	-8.71%	-2.67%	-2.53%	1.87%	6.48%	-0.47%
XME	-7.91%	2.16%	7.30%	-3.11%	9.03%	0.69%	1.98%
XLP	-2.10%	-3.82%	-0.34%	1.55%	2.04%	6.18%	-1.80%
XLB	-5.60%	-0.61%	2.13%	-1.84%	6.07%	3.36%	0.90%
XLC	-5.61%	-2.48%	1.75%	-1.54%	4.52%	-2.23%	-6.75%
XHB	-3.96%	-1.21%	4.53%	-4.16%	0.49%	7.12%	-4.97%

Weekly Percent Change US Indexes and Sectors table as of Nov 4, 2022 - Here we can see that the Nasdaq was the weakest Index this week with the Composite down -5.65% and the Nasdaq-100 ETF (QQQ) down -5.88%.

The strongest sectors this week included: XLE, XME, XLB and XLI that all had positive changes this week. Note how the XLE and XME have been the strongest sectors so far this year, this month and this week as seen in the above charts and table.

The weakest sectors this week included: XLC, XLK, QQQ, and XLY that all declined by more than -5% this week. There are some stocks that may appear within multiple 'sectors' in the above list (QQQ, XLK, XLY and XLC) and that is ok, since we use these sectors as a tool to find those leading or lagging stocks one way or another. We use multiple overlapping sectors since each ones weighting is a bit different which may help us find those leading or lagging stocks.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 10/24/22	End of Day 10/25/22	End of Day 10/26/22	End of Day 10/27/22	End of Day 10/28/22	End of Day 10/31/22	End of Day 11/01/22	End of Day 11/02/22	End of Day 11/03/22	End of Day 11/04/22
\$SPX	1.19%	1.63%	-0.74%	-0.59%	2.46%	-0.75%	-0.41%	-2.50%	-1.06%	1.36%
\$INDU	1.34%	1.07%	0.01%	0.62%	2.59%	-0.39%	-0.24%	-1.55%	-0.46%	1.26%
\$COMPQ	0.86%	2.25%	-2.04%	-1.63%	2.87%	-1.03%	-0.89%	-3.36%	-1.73%	1.28%
\$RUT	0.35%	2.73%	0.46%	0.11%	2.25%	0.00%	0.25%	-3.36%	-0.53%	1.13%
QQQ	1.10%	2.07%	-2.21%	-1.82%	3.06%	-1.16%	-1.02%	-3.43%	-1.95%	1.61%
\$STRAN	2.94%	1.40%	1.37%	-0.42%	1.54%	0.06%	-0.46%	-3.15%	0.81%	2.07%

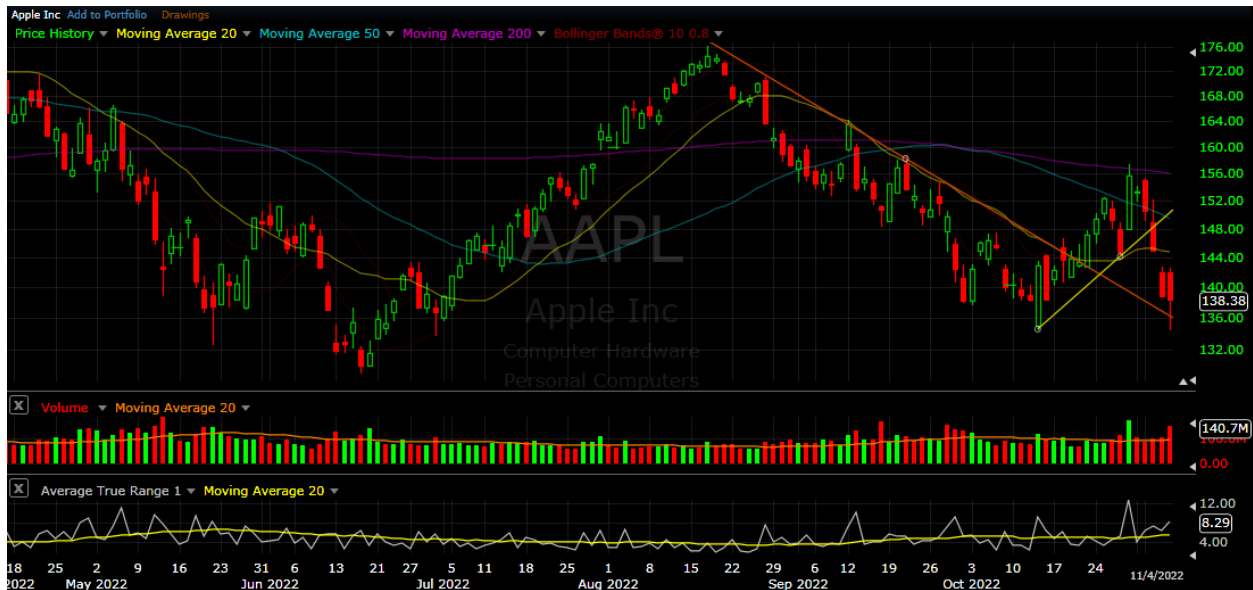
Daily Percent Change US Indexes table as of Nov 4, 2022 - Here we see some daily changes but also some consistency with the QQQ being the weakest 4 days this week and the Transports being the strongest 3 days this week. Note how these two sectors performed the prior week as well. This is one way to focus on those names making some of the biggest moves.

To help compare the performance of the biggest stocks, we have another Percentage Year-To-Date chart below with 7 of the biggest names in the Nasdaq-100.

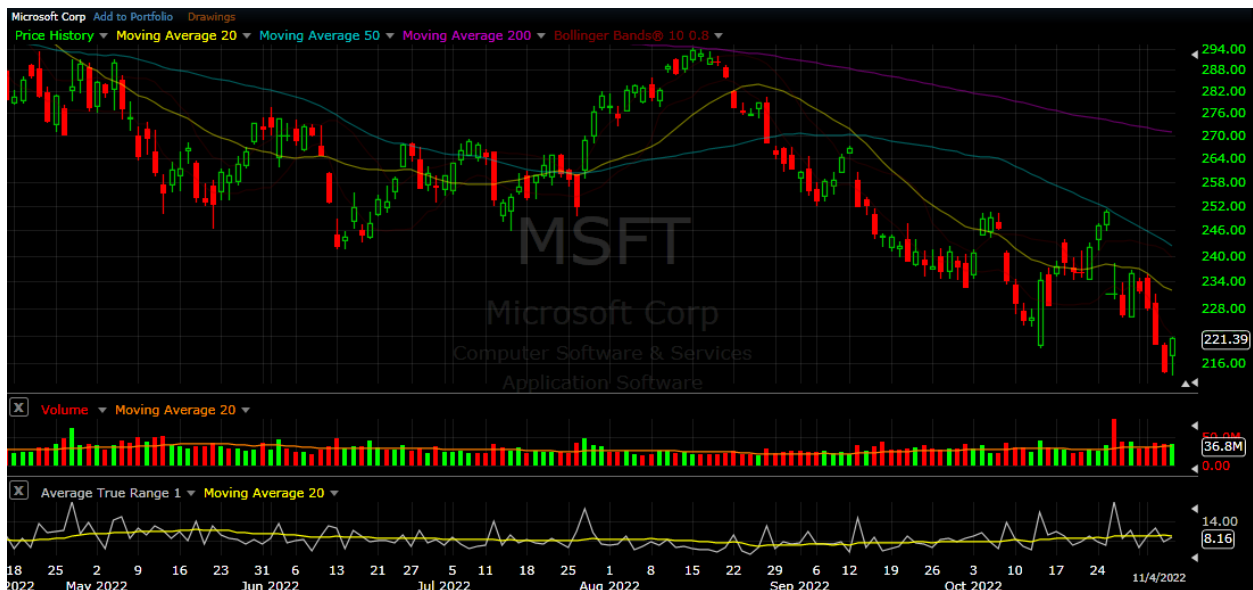


NDX vs. Large Cap Stocks Percentage change Year to Date as of Oct. 31, 2022 - Note how all 7 stocks are down so far this year, with Apple down the least (-15.75%) and Meta down the most (-72.48%). This is another tool one can use to visually identify relative strength and weakness. Some may find a chart easier to follow than a table of numbers.

Next we will look at a few key Stocks, mostly the same names we have been following for several months.



AAPL daily chart as of Nov 4, 2022 - Apple reported Earnings last week and rallied up to its 200 day SMA last Friday. Monday of this week saw a quiet 'Inside' day followed by a failed rally early Tuesday and another failed rally after the Fed Notice came out Wednesday dropping to its 20 day SMA. Thursday gapped lower and sold down to new lows for the week. Friday saw a gap up and another failed rally with lower lows nearly retesting its Oct. 13th prior lows, bouncing a little to end the week down -11.0% and now below all of its key SMAs.



MSFT daily chart as of Nov 4, 2022 - Microsoft nearly rallied up to its 20 day SMA last Friday. Monday we saw an 'Inside' day. Tuesday saw a gap up and failed rally to sell off to a lower low. Wednesday drifted little lower before the Fed Notice, and then saw a failed rally after the Fed Notice. Thursday continued lower to new 52 week lows. Friday delivered new 52 week lows again before a late day rally that recovered a little more than the prior day's losses, ending the week down -6.14%.



GOOGL daily chart as of Nov 4, 2022 - Alphabet saw a pause with an 'Inside' day on Monday then a strong 3 day decline with each day delivering new 52 week lows on strong volume. Friday saw a small bounce that nearly recovered the prior day's losses, ending the week down -10.08%.



AMZN daily chart as of Nov 4, 2022 - Amazon gapped down big and bounced last Friday after reporting Earnings last week. Monday saw a narrow range day near the close last Friday. The next 4 days saw a strong decline resume with new 52 week lows delivered each day on strong volume. Friday closed a little higher than the prior day to end the week down -12.02%.



TESLA daily chart as of Nov 4, 2022 - Tesla rallied a little last week and paused near the \$227 area just above its declining 20 day SMA. Monday this week saw a pause near this same area followed by a failed rally early Tuesday. Wednesday saw a drift lower before the Fed Notice that briefly popped up and then sold even lower for the day the last 90 min. Thursday saw a small bounce that was mostly given back during the day. Friday saw a failed rally to lower lows, ending the week down -9.21%.



NVDA daily chart as of Nov 4, 2022 - Nvidia saw a mild rally from its Oct. 13th new 52 week lows that crossed above its 50 day SMA last Friday. The rally paused Monday and Tuesday this week then saw a failed rally Wednesday after the Fed Notice that dipped down lower to cross below its 50 day SMA. Thursday briefly saw lower lows below the 50 day SMA then rallied above its 50 day SMA to recover part of the prior day's losses. Friday saw a gap up and small rally to new highs for the week, ending the week up +2.33%.



META daily chart as of Nov 4, 2022 - Meta continued its decline this week by delivering new 7-year lows every day but Tuesday. Volume slowly declined as the week progressed. Last week META ended the week down -23.7% and this week it was down another -8.48%.

With both META and GOOGL down significantly this week, it's no surprise that the XLC is down as well since these two stocks make up over 33% of the value of the XLC.

Out of the above seven big tech names:

What stocks ended this week up?

What stocks ended this week with greater than -6% of a loss?

What stocks showed a loss both this week and the prior week?

Since these 7 names represent such a significant portion of many Indexes and sectors, it helps to follow them even if you do not trade them. Their behavior can have a significant impact on the overall markets and key sectors.



JPM daily chart as of Nov 4, 2022 - JP Morgan continued its rally with higher highs Monday, Tuesday and Wednesday this week. Wednesday saw a lower close after the Fed Notice. Thursday saw a small pull back that was more than recovered on Friday with a gap up and rally to higher highs for the week, ending the week up +3.65%.



COST daily chart as of Nov 4, 2022 - Costco rallied last week up to its 200 day SMA. Monday this week saw an 'Inside' day followed by lower lows, lower highs and a lower close on Tuesday suggesting an end to last week's rally. Wednesday saw a dip below its 50 day SMA in the morning, then a failed rally after the Fed Notice, dropping to new lows for the week near the 20 day SMA. Thursday saw a very brief dip below its 20 day SMA at the open that quickly rallied back above its 50 day SMA to close higher that day. Friday saw a dip back below its 20 day SMA to deliver new lows for the week before bouncing back up the last 2 hours of the day back above its 20 day SMA to end the week down -4.79%.



DE daily chart as of Nov 4, 2022 - John Deere briefly broke above \$400 early Monday then sold off back below to close down a little from last Friday. Tuesday saw a lower high, a lower low and a lower close. Wednesday saw a failed rally after the Fed Notice. Thursday gapped down at the open but quickly filled that gap and kept on going higher most of the day. Friday saw a gap up quick gap fill to close the day only slightly higher than the prior day, ending the week almost flat, down -0.44%.



SLB daily chart as of Nov 4, 2022 - Schlumberger (now called SLB) paused its one month rally this week with a mostly horizontal range for 4 days between \$50 and \$52.75, not far from the highs of last week. Friday saw a gap up and rally to new 4-year highs then pulled back a little to end the week up +5.25%.



HAL daily chart as of Nov 4, 2022 - Halliburton paused its one month rally for 4 days this week within the same range as defined last week on Thursday and Friday. Friday saw a gap up out of this range and a rally that delivered new 4-month highs, ending the week up +7.04%.



CAT daily chart as of Nov 4, 2022 - Caterpillar gapped up last week after reporting Earnings. This week began with a pause near last week's highs for 3 days. Thursday saw a bullish engulfing day followed by a gap up and rally Friday to new 4-month highs, ending the week up +3.88%.



LMT daily chart as of Nov 4, 2022 - Lockheed saw a huge rally the past two weeks after Earnings that delivered new all time highs last Friday. This week started with an 'Inside' day on Monday followed by a rally to new all time highs on Tuesday that pulled back and closed a little lower. Wednesday saw a pause then a small decline after the Fed Notice. Thursday saw a rally that recovered most of this week's pull back. Friday saw selling the first half of the day followed by a bounce that recovered about half of the day's earlier decline, ending the week down only -0.66%.



BA daily chart as of Nov 4, 2022 - Boeing reported Earnings last week and dipped to its 20 day SMA that day. The next two days saw a bounce up to its 50 day SMA where BA ended last week. This week we saw a pause Monday and Tuesday that straddled the 20 day SMA. On Wednesday, about 90 min. after the open, some news must have come out on BA that drove a positive reaction as the stock rallied above \$152. Thursday saw the rally continue most of the day. Friday saw a strong rally continued the first hour up to touch its 200 day SMA before pulling back a little. Boeing ended the week up +11.24%.

As we saw above, all the major indexes declined this week, however we still saw a few stocks end this week higher. That is often the case, even within a mostly bearish context, there are usually a few names that seem to ignore the market context and do their own thing. I call these stocks 'outliers' due to this behavior.

The structure of this weekly publication is not random, but follows the same sequence I use every day, to do a top-down analysis that quickly will expose the strongest and weakest Index, Sectors and Stocks. This way I can focus my limited time on finding the higher odds opportunities.

I strongly suggest you develop your own process where you can use your charting tools and lists to efficiently and quickly find the best opportunities. Time is always a limiting factor, so developing ways to be more efficient with our limited time can benefit you every day.

I hope this helps.

Trade Smart,

CJ