



Market Observations - as of Nov. 11, 2022

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

Last week we saw most indexes decline for the week with the largest declining day seen on Wednesday (Nov. 2nd) after the FOMC meeting notice. We only saw a mild rally the last 2 hours last Friday (Nov. 4th).

This week began with a mild rally on Monday and the first half of Tuesday, that then saw some volatile whip saws the last half of Tuesday. Wednesday saw a slow and steady decline all day that gave back any small gains for the week.

CPI data came out Thursday one hour before the open, and the inflation rate was a little less than expected sending the futures markets up fast before the open. Thursday gapped up at the open and continued higher all day to deliver a very large range day in most indexes. Friday saw the rally continue higher most of the day with only minor pull backs.

This week ended higher for most all indexes and sectors as we will see in the data below. The CPI reaction was likely an over-reaction since there still is significant inflation, but the markets are emotional that way, so it is not a surprise.

The volume, breadth and range of Thursday's rally stands out in multiple charts as significant. This does not mean that the 'bottom' is in. It does show us a release of pent-up demand by buyers that may have been waiting for any good news to jump back in.

The 'big picture' economic context remains difficult for this year and next year with more layoffs announced this week by Twitter, Meta (11,000 jobs cut), Netflix, Peloton, Snap and Twilio to name a few as one example of the likely economic difficulties ahead.

The USA Mid-Term Election held on Tuesday has yet to post final results with several states still counting ballots. If either (or both) the House or Senate in congress change party leadership, then there will likely be some degree of 'grid lock' with little legislation expected to pass due to the Presidential Veto and insufficient votes to over-ride a Veto. This stale-mate creates a situation where the markets will likely rally, knowing that the odds of legislative change are very low for the next 2 years. Historically we have often seen this condition. Remember, the markets do not like 'uncertainty', and a congress that is grid-locked removes a fair bit of uncertainty in the eyes of Mr. Market.

We also saw FTX file chapter 11 this week with 'investigations' looming and a failure to raise bail-out capital sending fear and reactions throughout the crypto sector.

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



S&P 500 weekly chart as of Nov 11, 2022 - Here we see a larger rally this week than the pull back last week. This week the S&P broke and closed above its 20 week SMA and its Resistance Trend Line.



S&P 500 daily chart as of Nov 11, 2022 - On this chart we see the rally Monday and Tuesday above its 50 day SMA that failed Wednesday to cross below both its 50 day and 20 day SMAs. The large gap up and rally Thursday broke above the Resistance Trend line (Yellow line) at the open. This Trend Line is drawn between the Aug. highs and the Nov. 1st high. Thursday saw the largest True Range day in the S&P since March 2020. Friday saw a continuation higher to end the week up +5.90%. With both the higher low last week, and a higher high this week and a break above the Trend Line, we have evidence of the current strength of the bulls.



S&P 500 15 min. chart as of Nov 11, 2022 - Last week ended below the lower Expected Move for the S&P. This week saw a rally Monday and the first half of Tuesday that then saw some volatile swings the last half of Tuesday. Wednesday saw steady selling all day to give back the gains see so far this week. After the CPI data came out on Thursday we see the large gap up at the open that opened at the Resistance Trend Line (not shown on this chart) and soon crossed above the upper weekly Expected Move in the first 20 minutes of the session. The S&P continued higher Friday and came within 3 points or reaching its 2 times the upper Expected Move about an hour before the close.

The S&P closed above its weekly Expected Move again this week, making it four weeks in a row where the S&P has closed 'Outside' its weekly Expected Move. This gives us another example of where the Options Market is again 'under-pricing' actual risk.



DJIA weekly chart as of Nov 11, 2022 - The Dow Industrials delivers another strong up week, crossing above its 50 week SMA this week. We have now seen three up weeks with a pause last week to give us a 4 week rally so far since the Industrials crossed above its 200 week SMA and its Trend Line Resistance (Green line) 4 weeks ago.



DJIA daily chart as of Nov 11, 2022 - Monday crossed above its 200 day SMA and Tuesday delivered higher highs above the prior week. Wednesday saw a pull back to the 200 day SMA support. Thursday saw a gap up and rally to higher highs. Friday saw a higher high with a long lower tail as support was tested that day. The Industrials closed this week up +4.15%. The Industrials are now above all 3 of the key SMAs.



Nasdaq weekly chart as of Nov 11, 2022 - The Nasdaq composite recovered all of last week's losses plus more to end this week above its 200 week SMA. The prior 7 weeks all closed below the 200 week SMA.



Nasdaq daily chart as of Nov 11, 2022 - This week began with a small rally on Monday and Tuesday that tested the 20 day SMA as Resistance before pulling back Tuesday. Wednesday saw selling most of the day to end the day below last week's close. After CPI data we see a gap up above the 20 day SMA on Thursday that soon crossed above its Resistance Trend Line (Yellow line) and rallied to close above the 50 day SMA. Thursday saw the largest True Range day since May 5th this year. Friday saw the rally continue higher to end the week up +8.10% as the Nasdaq exceeded the prior October highs.



Russell 2000 weekly chart as of Nov 11, 2022 - The Russell rallied this week after a pause last week, to deliver higher highs above the prior 7 weeks.



Russell 2000 daily chart as of Nov 11, 2022 - The Russell drifted higher on Monday and Tuesday then saw strong selling Wednesday to cross and close below its 20 day and 50 day SMA and exceed the prior lows from Nov. 3rd by 60 cents. After CPI data we see a gap up Thursday back above its 50 day and 20 day SMAs and a strong rally that came within 50 cents or matching its prior highs from Nov. 1st. Friday saw the rally continue above its 200 day SMA to find resistance four cents below \$1900, ending the week up +4.60% and now above all 3 of its key SMAs.

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



McClellan Summation Index weekly chart as of Nov 11, 2022 - Last week we saw this Index rally higher to -454.35. This week we see the rally continued higher to -179.84 and crossed above its 50 week SMA.



McClellan Summation Index daily chart as of Nov 11, 2022 - Here we see this Index continue higher from -454.35 to -179.84 this week. Note how the ripples from the Monday and Tuesday rally, Wednesday selling are filtered out of this chart to mostly focus on the rally this week.



NYSE Percent above 200 day SMA daily chart as of Nov 11, 2022 - Last week we saw a whip-saw oscillation that ended the week at 32.54%. This week we see another whip-saw oscillation up a little on Monday and Tuesday, down hard on Wednesday, then up Thursday strong and continued up Friday to end this week higher at 43.59%.



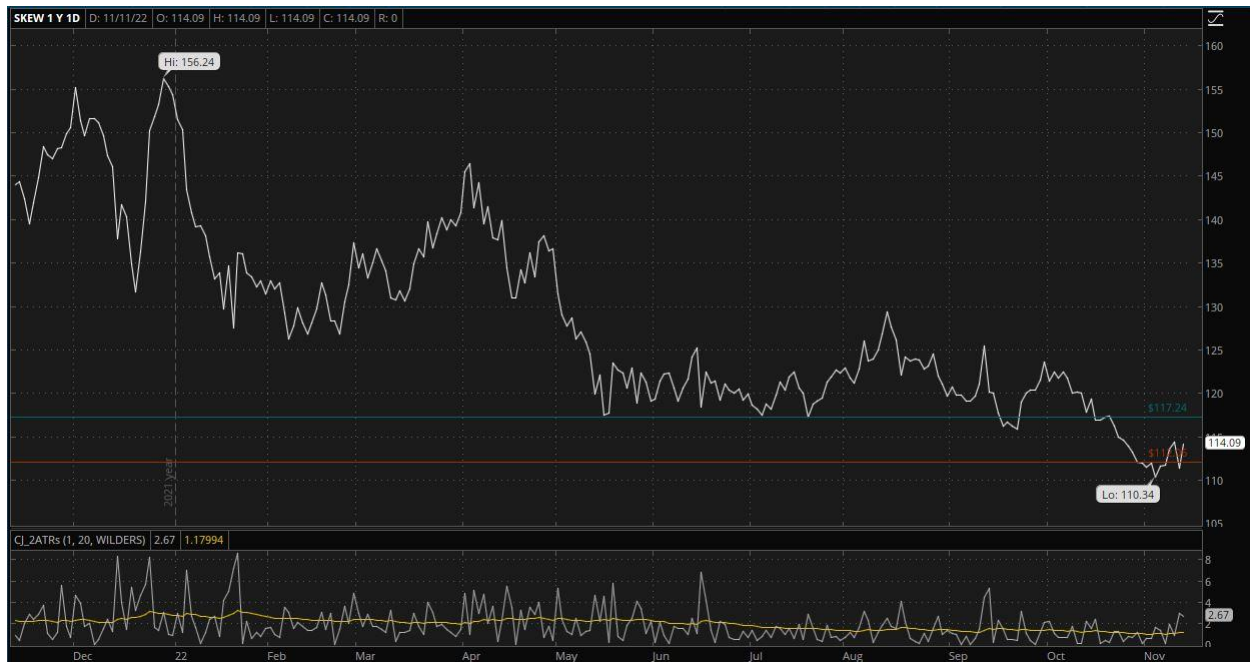
NYSE Percent above 50 day SMA daily chart as of Nov 11, 2022 - Last week we saw a whip-saw oscillation that ended the week at 51.99%. This week we see another whip-saw up Monday and Tuesday, down Wednesday and then up strong Thursday to then continue a little higher on Friday to end this week at 74.81%.



VIX daily chart as of Nov 11, 2022 - The VIX dipped a little on Monday, then reversed on Tuesday higher which seemed a little odd. Wednesday saw strong selling all day but the VIX barely rose higher, also odd. Thursday saw a huge decline as the markets saw a larger rally day, which is normal. The rally continued Friday with the VIX drifting lower, which is normal. The VIX ended this week with new 2-month lows.



VVIX daily chart as of Nov 11, 2022 - The VVIX was quiet Monday, then lifted higher Tuesday and Wednesday up to its 50 day SMA. Thursday saw a drop down to its 20 day SMA where it paused on Friday. We do NOT see 2-month lower lows in the VVIX like what we saw in the VIX late this week, suggesting some unsettled volatility ahead with some 'uncertainty'.



SKEW daily chart as of Nov 11, 2022 - We saw record lows in the SKEW last week at 110.34 on Nov. 3rd. The SKEW has lifted a little this week, with the low this week seen on Thursday at 111.42.

Next we will look at a few Commodities, Currency and Treasuries. Note, the US Bond market was closed on Friday (Nov. 11th) in observation of Veterans Day.



Oil daily chart as of Nov 11, 2022 - Oil rallied a little Monday then declined on Tuesday and Wednesday below its 20 day SMA and back down to its 50 day SMA support. Thursday saw a pause near the 50 day SMA. Friday saw a rally back above its 20 day SMA to end the week at \$88.86.



Gold daily chart as of Nov 11, 2022 - Gold saw a strong rally last Friday to end last week at \$1685.70 just above its 50 day SMA. This week we saw a pause on Monday near its 50 day SMA, then a strong rally Tuesday just to pause again on Wednesday. Thursday saw another strong rally that continued higher on Friday to end this week at \$1774.20 up +5.25% for the week. Gold broke above its Trend Line Resistance (Grey line) early on Tuesday this week just after crossing above its 50 day SMA.



US Dollar Index daily chart as of Nov 11, 2022 - The US Dollar Index nearly looks like the inverse of the Gold chart above. We saw a sharp decline last Friday in the US Dollar that continued lower on Monday and Tuesday this week at a slower pace as it broke below its Support Trend Line (Yellow line) on Tuesday. Wednesday saw a small bounce back above the Trend Line. Thursday saw a strong decline that continued lower Friday to new 11-week lows.



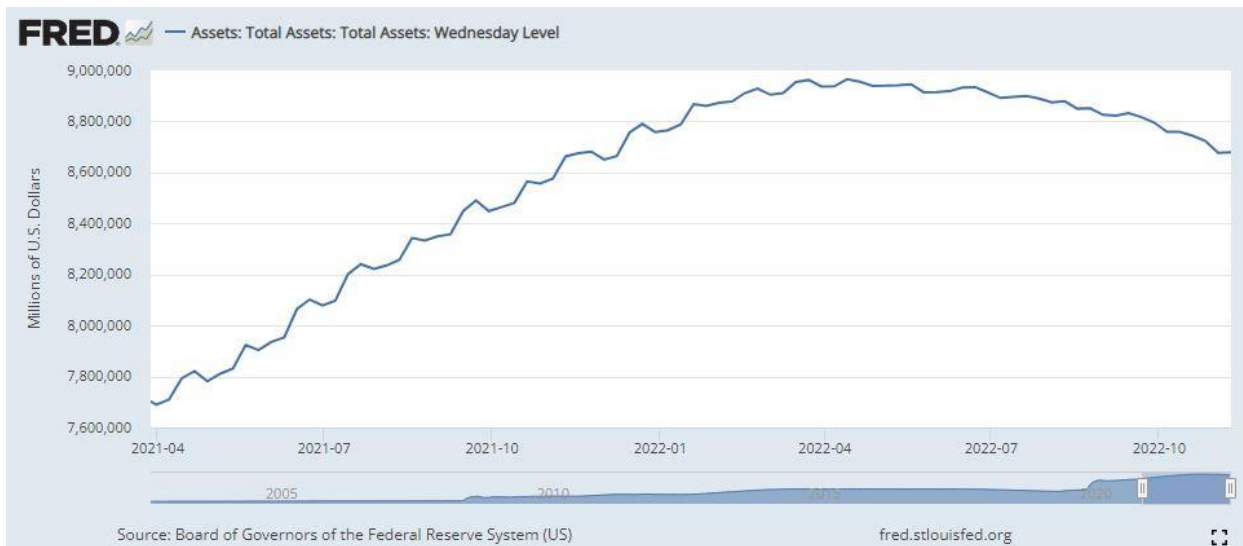
US 10 year Treasury daily chart as of Nov 11, 2022 - The US 10 year Treasury paused Monday and Tuesday then drifted a little higher on Wednesday to cross above its 20 day SMA. The first 3 days this week saw very light volume. Thursday saw a large rally on big volume to cross above its 50 day SMA. The Bond market was closed on Friday so there was very little action in the Treasury Futures.



US 10 year Yield daily chart as of Nov 10, 2022 - Here we see the Yield rate remain mostly flat in the 4.15% to 4.2% area the first 3 days of this week before a large drop (after CPI) on Thursday to 3.829% near its 50 day SMA. Friday the Bond markets were closed. The size of the Yield change on Thursday was the largest single day change we have seen since Oct. 15th 2014.

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
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
11/07/2022	3.78	4.04	4.29	4.39	4.62	4.80	4.72	4.63	4.39	4.31	4.22	4.55	4.34
11/08/2022	3.66	4.04	4.28	4.39	4.60	4.77	4.67	4.55	4.31	4.22	4.14	4.47	4.28
11/09/2022	3.65	4.05	4.29	4.40	4.59	4.75	4.61	4.49	4.27	4.20	4.12	4.50	4.31
11/10/2022	3.71	4.00	4.28	4.36	4.52	4.59	4.34	4.17	3.95	3.89	3.82	4.24	4.03

US Yield Rates daily table as of Nov 10, 2022 - The yield rates dipped on Thursday this week with the exception of the 1 month term. The 10 yr/2 yr Inversion continues and is now just over 50 basis points of Inversion.



FOMC Balance Sheet weekly chart as of Nov 9, 2022 - The Fed actually 'Increased' its balance sheet this week by \$2.016 Billion, from \$8.676870 Trillion to \$8.678886 Trillion in Total Assets. Since the peak in the Balance Sheet seen in May of this year, the Fed has reduced the Balance Sheet by a total of about \$286.601 billion, which equates to about an average reduction of \$40.9 Billion per month. The increases to the Balance Sheet that we saw in 2020 and 2021 averaged about \$115 to \$120 Billion per month.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Nov 11, 2022 - The Transports broke above their Resistance Trend Line (Yellow line) on Monday this week and exceeded the prior week's highs. The rally continued higher Tuesday. Wednesday saw a pull back to the Trend Line. Thursday saw a gap up and rally up to and a little above its 200 day SMA. The rally continued Friday to end the week up +8.02%.



XLE daily chart as of Nov 11, 2022 - The Energy sector continued its rally on Monday and Tuesday, and then saw a sharp pull back on Wednesday nearly to its 20 day SMA. Thursday saw a small rally that recovered about half of the prior day's losses. Friday saw a big gap up and rally to new highs for the week, year and for the past 8 years. The XLE ended the week up +1.87%.



XLF daily chart as of Nov 11, 2022 - The Financial sector continued its rally from late last week on Monday and Tuesday this week. Wednesday saw a pull back to return most of this week's gains so far. Thursday saw a large gap above the 200 day SMA and rally on very strong volume. The rally continued Friday to exceed its prior Aug. highs ending the week up +5.78% and is now above all 3 of its key SMAs.



QQQ daily chart as of Nov 11, 2022 - The Nasdaq-100 ETF saw a strong drop last week with only a tiny bounce last Friday. This week we see a small bounce continue Monday and Tuesday briefly testing its 20 day SMA. Wednesday saw strong selling to give back off of this week's gains so far. Thursday saw a gap up above its 20 day SMA and above its Trend Line Resistance (Yellow line) that rallied above its 50 day SMA. The rally continued Friday above its October highs to end the week up +8.80%.



SOXX daily chart as of Nov 11, 2022 - The Semiconductor sector rallied up to its 50 day SMA on Monday and continued higher Tuesday. Wednesday saw a drop back below its 50 day SMA. Thursday saw a big gap above its 50 day SMA and rally on strong volume. The rally continued Friday on even stronger volume to end the week up +14.95% as the SOXX exceeded its Oct. and Sept. 12th prior highs.



XLC daily chart as of Nov 11, 2022 - The Communication Services sector delivered new 2-year lows last Friday. This week saw a small bounce Monday and Tuesday with most of those small gains given back on Wednesday. Thursday saw a large gap up and rally above its 20 day SMA that continued Friday as it crossed above its 50 day SMA and its Resistance Trend Line (Yellow line) to end the week up +9.41%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	9/30/2022	10/7/2022	10/14/2022	10/21/2022	10/28/2022	11/4/2022	11/11/2022
\$SPX	-2.91%	1.51%	-1.55%	4.74%	3.95%	-3.35%	5.90%
\$INDU	-2.92%	1.99%	1.15%	4.89%	5.72%	-1.40%	4.15%
\$COMPQ	-2.69%	0.73%	-3.11%	5.22%	2.24%	-5.65%	8.10%
\$RUT	-0.89%	2.25%	-1.16%	3.56%	6.01%	-2.55%	4.60%
QQQ	-2.99%	0.69%	-3.11%	5.63%	2.11%	-5.88%	8.80%
\$TRAN	-0.59%	3.48%	0.21%	1.51%	6.95%	-0.74%	8.02%
XLE	2.19%	13.58%	-1.86%	8.28%	2.67%	2.43%	1.87%
XLF	-2.22%	1.75%	0.39%	3.81%	6.21%	-0.82%	5.78%
XLK	-4.01%	1.68%	-3.29%	6.46%	4.21%	-6.63%	10.04%
SOXX	-3.98%	2.23%	-8.34%	7.62%	3.83%	-1.42%	14.95%
XLV	-1.32%	1.25%	1.04%	2.13%	4.99%	-1.54%	1.77%
XLY	-2.71%	-1.26%	-3.83%	5.27%	1.80%	-5.15%	5.52%
XRT	-3.32%	3.22%	-1.60%	2.63%	7.36%	-3.72%	7.79%
XLI	-2.25%	2.80%	-0.49%	4.66%	6.69%	0.48%	4.69%
XLU	-8.71%	-2.67%	-2.53%	1.87%	6.48%	-0.47%	1.48%
XME	2.16%	7.30%	-3.11%	9.03%	0.69%	1.98%	3.92%
XLP	-3.82%	-0.34%	1.55%	2.04%	6.18%	-1.80%	2.32%
XLB	-0.61%	2.13%	-1.84%	6.07%	3.36%	0.90%	7.73%
XLC	-2.48%	1.75%	-1.54%	4.52%	-2.23%	-6.75%	9.41%
XHB	-1.21%	4.53%	-4.16%	0.49%	7.12%	-4.97%	12.10%

Weekly Percent Change US Indexes and Sectors table as of Nov 11, 2022 - Last week we saw the Nasdaq decline the most and this week we see the Nasdaq rally the most. This shows us that big Tech still seems to lead the markets in either direction. This week the S&P saw the largest weekly gain since June and the Nasdaq composite saw the largest weekly gain since March of this year.

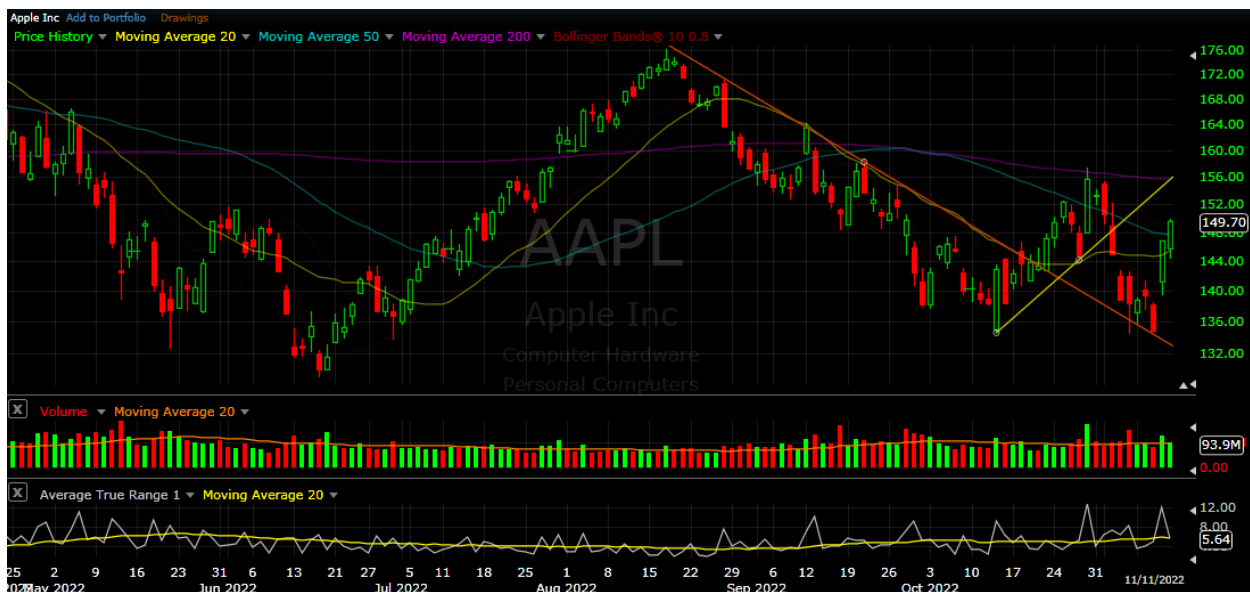
The Strongest sectors this week include: SOXX, XHB, XLK, XLC, QQQ and the Dow Transports, all of which delivered over a +8.0% gain this week. Remember that +8.0% number when you look at the stock charts below to see what stocks may have delivered +8.0% or more this week. This way you can confirm some of the leaders [hint].

The Weakest sectors this week include: XLU, XLV and XLE. All 3 of these sectors were still positive for this week but returned less than +2% gains.

	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
INDEXes	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	10/31/22	11/01/22	11/02/22	11/03/22	11/04/22	11/07/22	11/08/22	11/09/22	11/10/22	11/11/22
\$SPX	-0.75%	-0.41%	-2.50%	-1.06%	1.36%	0.96%	0.56%	-2.08%	5.54%	0.92%
\$INDU	-0.39%	-0.24%	-1.55%	-0.46%	1.26%	1.31%	1.02%	-1.95%	3.70%	0.10%
\$COMPQ	-1.03%	-0.89%	-3.36%	-1.73%	1.28%	0.85%	0.49%	-2.48%	7.35%	1.88%
\$RUT	0.00%	0.25%	-3.36%	-0.53%	1.13%	0.55%	-0.05%	-2.68%	6.11%	0.79%
QQQ	-1.16%	-1.02%	-3.43%	-1.95%	1.61%	1.10%	0.73%	-2.31%	7.38%	1.84%
\$TRAN	0.06%	-0.46%	-3.15%	0.81%	2.07%	1.97%	0.77%	-2.47%	5.56%	2.11%

Daily Percent Change US Indexes table as of Nov 11, 2022 - The Dow Industrials were the strongest on Tuesday and Wednesday this week but then were the weakest index on Thursday and Friday. Note how the Russell 2000 was the weakest last Friday and continued to be the weakest on each of the first 3 days this week. The Russell 2000 was the weakest last Friday and continued to be the weakest on each of the first 3 days this week. The QQQ was the strongest on Thursday which was the biggest rally day of this week. The Dow Transports were strongest on Monday and Friday this week.

Next we will look at a few key Stocks.



AAPL daily chart as of Nov 11, 2022 - Apple saw a sharp decline last week and remained near those lows the first 3 days of this week with a retest of those lows on Wednesday. Thursday saw a big gap up and rally above its 20 day SMA that continued higher Friday above its 50 day SMA to end the week up +8.18%.



MSFT daily chart as of Nov 11, 2022 - Microsoft saw new lows last week with a small bounce last Friday. This week saw the bounce continued Monday and Tuesday to find resistance at the 20 day SMA. We next saw a reverse and pull back on Wednesday. Thursday saw a gap above its 20 day SMA and a strong rally above its 50 day SMA. Friday saw the rally continued higher but failed to reach its October highs ending the week up +11.62%.



GOOGL daily chart as of Nov 11, 2022 - Alphabet saw a big decline last week to new 2-year lows with only a small bounce last Friday. This week we see the small bounce continue on Monday and Tuesday then pull back on Wednesday. Thursday saw a large gap up and rally up to its 20 day SMA. Friday saw the rally continue above its 20 day SMA to end the week up +11.35%.



AMZN daily chart as of Nov 11, 2022 - Amazon saw new 2.5 year lows last week that continued even lower the first 3 days of this week to finally find support Wednesday at \$85.87. Thursday saw a big gap up and rally to recover losses from the prior 6 sessions. Friday AMZN continued higher to end the week up +10.78% (after a -12.02% decline the prior week). AMZN remains below all 3 of its key SMAs.



TSLA daily chart as of Nov 11, 2022 - Tesla continued to decline this week on strong volume to find support on Wednesday at \$177.12. Thursday saw a rally on strong volume that recovered the prior day's losses. Friday saw the rally continued to recover a little more of this week's losses, ending this week down -5.54%. Apparently Elon had to sell more shares to fund his Twitter purchase.



NVDA daily chart as of Nov 11, 2022 - Nvidia has seen a rally since the lows seen on October 13th. This rally continued on Monday and Tuesday of this week at a slower pace. Wednesday saw a gap down and selling that gave back most of the gains from the prior 3 sessions. Thursday saw a big gap up and rally on strong volume to deliver new highs for Sept. and October. Friday saw the rally continued higher to end the week up +15.34%.



META daily chart as of Nov 11, 2022 - Meta saw a huge sell off last week with hardly a bounce last Friday. This week saw a small bounce Monday and a pause Tuesday. Wednesday saw a gap up and pause. Thursday saw a gap up and rally up to its 20 day SMA. Friday saw a higher high and higher low to end up +24.49% and above its 20 day SMA. News of 11,000+ job layoffs helped to lift META this week.

Out of the above 7 big Tech stocks: what ones (if any) are now above all 3 of their key SMAs? What stocks delivered more than +8.0% gains this week? You can ask these same questions about the stocks listed below.



JPM daily chart as of Nov 11, 2022 - JP Morgan has seen a strong rally since the lows of Oct. 13th the day before reporting Earnings. This rally continued higher on Monday this week then paused on Tuesday. Wednesday was a small pull back. Thursday saw a gap up and rally to new 7-month highs. Friday saw a higher high, higher low and a higher close to end the week up +3.54%.



COST daily chart as of Nov 11, 2022 - Costco saw a big -4.79% loss last week. This week we saw a lower high, lower low but a higher close on Monday. Tuesday saw a small rally that straddled the 50 day SMA. Wednesday saw a small pull back to an 'Inside' day. Thursday saw a big gap up and rally above its 200 day SMA. Friday saw the rally continue a little higher to exceed its October highs and end the week up +5.97%.



DE daily chart as of Nov 11, 2022 - John Deere continues its rally this week at a slow and steady pace with a pause Monday, a gain Tuesday, a pullback Wednesday and a strong rally Thursday on above average volume. Friday saw higher highs, higher lows and a slightly lower close to end the week up +2.77%.



SLB daily chart as of Nov 11, 2022 - SLB continued its rally Monday, paused Tuesday and pulled back a little Wednesday. Thursday saw a pause followed by a rally on Friday to end the week up +3.24%.



HAL daily chart as of Nov 11, 2022 - Halliburton continued its rally Monday then paused Tuesday. Wednesday saw a strong drop that gave back the prior 3 sessions of gains. Thursday saw a small bounce the recovered only about half of the prior day's losses. Friday saw a gap up and rally that failed to retest the highs from Tuesday this week, ending the week up +0.68%.



CAT daily chart as of Nov 11, 2022 - Caterpillar has seen a strong rally since breaking above its 50 day SMA on Oct. 21st. This rally paused Monday then delivered higher highs Tuesday. Wednesday saw a small pull back that was fully recovered on Thursday. Friday the rally resume with new 52 week highs, ending the week up +3.79%.



LMT daily chart as of Nov 11, 2022 - Lockheed continued its rally Monday and Tuesday this week then saw a small pull back on Wednesday. Thursday saw a recovery in the last half of the day that failed to retest the highs from Tuesday. This failed rally was followed by a sharp decline on Friday to lower lows, crossing below its 20 day SMA and ending the week down -3.70%. The Failed Rally on Thursday provided a clue that it could be time to exit this rally.



BA daily chart as of Nov 11, 2022 - Last week BA saw a strong rally (+11.24%). That rally continued this week on Monday above its 200 day SMA followed with higher highs and higher lows on Tuesday. Wednesday saw a pause with 'NO' big pull back [clue]. Thursday saw a gap up and rally to new 6-month highs on strong volume. Friday saw an 'Inside' day to end the week up +10.92%.

We saw several significant events this week, mostly early on Thursday after the CPI data came out that gave us 'confirmation' from the Bulls. [1] We saw key Resistance Trend Lines break early Thursday on several major indexes. [2] We saw the S&P exceed its weekly Expected Move early on Thursday. [3] We saw prior highs exceeded (from October, September or even August). [4] We saw higher lows in early Nov. (3rd) that were not as low as the prior lows seen in mid October (13th). And [5] we saw the largest True Range day on Thursday that was the largest for two years (S&P).

Needless to say, I was busy early Thursday closing out losing bearish positions and opening bullish positions. For the time being, I am now favoring bullish positions. However, I know that the rally we saw this week could fail at any time. We still have a mostly bearish context when looking at the longer time frame charts. I have no idea if the bottom for 2022 is 'in' or not. I know the odds are still high for failed rallies. However, as I see more prior highs that get exceeded, that provides more confirmation as the odds slowly shift towards a bullish favor.

As always, we do NOT predict what is next, but we prepare for multiple scenarios (bullish, bearish and neutral) knowing that almost anything can happen next. I may have more bullish positions than bearish at this time, but that can be changed in an instant once I see 'confirmation' that the Bears are back. Identifying what confirmation I need to see in advance, makes the decision making easy once I see that confirmation in the charts.

Hope this helps.

Trade Smart,

CJ