



Market Observations - as of Mar. 10, 2023

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

Last week we did not publish a 'Market Observations'.

Last week began with a small gap up and rally Monday that failed to deliver a higher high and began selling off before the first hour was over on Monday. The slow selling continued Monday, Tuesday and Wednesday with lower highs and lower lows each day. Thursday began with a gap down and lower lows then bounced a little to fill about half of that day's gap and paused for several hours. Thursday about 2.5 hours before the close some comment was made and reactions were seen with a strong rally the last 2.5 hours of Thursday that continued higher most all of Friday.

This week, the rally that began late last week continued on Monday with higher highs the first 2 hours of the day, and then stalled out for an hour. About 3 hours into Monday we saw strong selling show up and gave back all of that day's gains by the close. The selling continued all of Tuesday and most of Wednesday until the last half hour where we saw a small bounce that just barely ended the day with a small positive gain. Thursday saw a small failed rally the first half hour before the strong selling resumed. The selling momentum increased significantly the last half of Thursday to deliver one of the largest range days seen so far in 2023. Friday the strong selling resumed at the open to new lows, saw a small bounce 90 min. into the day that failed and selling resumed with even greater momentum the next 2.5 hours. The last 2 hours on Friday saw another failed bounce and drop to nearly retest the lows of the day. The lows on Friday were new 2023 lows for the Dow Industrials while the S&P came within 7 points of retesting its 2022 close. The Nasdaq composite has given back more than half of its 2023 gains (Feb 2nd highs) this week and is now up about 7% for the year.

Both the VIX and the VVIX made new 2023 highs on Friday as 'Fear' showed up on Thursday and Friday, mostly driven by the SIVB bank failure event and its possible contagions.

The US Dollar oscillated up and down this week without much overall change. Gold prices saw a dip then rally this week as fear kicked in. Oil prices declined most of this week with a small bounce Friday.

Lots of money flowed out of stocks and into Treasuries on Thursday and Friday this week, as volume shows above average activity.

Volume based Breadth indicators showed us extreme levels of selling the last half of Thursday and late on Friday. True Range and Average True Range studies showed us nearly two times ATR range was seen on Thursday and a 1.5 times ATR range on Friday, both were well above average range days in most indexes.

The Russell 2000 saw the biggest weekly loss this week, nearly twice the size of the loss seen in the other major indexes this week. Seems a lot of money also flowed out of small cap stocks this week.

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



S&P 500 weekly chart as of Mar 10, 2023 - This week saw the largest weekly change in the S&P so far in 2023. We also see a bearish engulfing candle this week that crossed below its 50 week SMA, 20 week SMA and the 2022 Resistance Trend Line (dark Blue line).



S&P 500 daily chart as of Mar 10, 2023 - We saw a failed rally Monday above its 20 day SMA that was followed by a sharp decline Tuesday below its 50 day SMA. Wednesday saw a narrow pause before selling resumed Thursday after a brief failed rally at the open. Thursday crossed below its 200 day SMA and the 2022 prior Resistance Trend Line and delivered lower lows than the prior low (Mar. 2nd). Friday continued lower and exceeded the Jan. 19th lows. Monday's failed rally (Lower High) was followed by Lower Lows on Thursday and Friday this week, ending the week down -4.55% and now below all 3 of its key SMAs.



S&P 500 15 min. chart as of Mar 10, 2023 - Last week we saw a failed rally Monday (Feb 27th) briefly at the open that sold off slowly for 3.5 days. Buyers stepped in mid day on Thursday (Mar 2nd) to rally the rest of the day that continued all day on Friday last week.

This week the rally continued early on Monday then paused for an hour and rolled over to see Selling the rest of the day. Note the break below the Support Trend Line (Pink Line) on Monday that showed us the change in trend. Selling Monday was slow and steady, but accelerated with a strong selling surge at the open on Tuesday this week that continued all day. Wednesday saw a pause and then a dip mid day to nearly test the lower weekly 'Expected Move' then bounced a little the last half hour.

Thursday saw a failed rally at the open that paused and rolled over after the first hour of the session and saw strong selling the first half of the day that accelerated into very stronger selling the last half of the day. On Thursday the S&P crossed below its lower weekly 'Expected Move' at the exact same time that the VIX crossed above 20.0 (10:26 am PT) with very strong selling continued the rest of the day.

Friday saw a break below twice (2x) the lower weekly Expected Move early in the session, bounced back above then broke below again before mid day and remained below the -2x E.M. the rest of the day. The lows on Friday were nearly half way to the -3x E.M. A 2 standard deviation move is a rare event and now we have seen it happen at least once in 2023 as the S&P closed this week.



DJIA weekly chart as of Mar 10, 2023 - This week we saw the largest weekly change in the Dow Industrials so far in 2023. We also see a bearish engulfing candle this week that crossed below its 50 week SMA.



DJIA daily chart as of Mar 10, 2023 - Monday we saw a failed rally at the 20 day and 50 day SMAs that sold off strong on Tuesday. Wednesday saw a pause then selling resumed Thursday crossing below its 200 day SMA and delivering new lows for 2023. Friday saw the selling continued lower with more new lows for this year, ending the week down -4.44% and is now below all 3 key SMAs.



Nasdaq weekly chart as of Mar 10, 2023 - This week saw the second largest weekly change in the Nasdaq so far in 2023. We also see a bearish engulfing candle this week that crossed below all 3 of its key weekly SMAs.



Nasdaq daily chart as of Mar 10, 2023 - The failed rally Monday could not remain above its 20 day SMA. Tuesday saw a decline below its 20 day SMA that paused on Wednesday. Thursday saw selling resume from the 20 day SMA, crossing below its 200 day SMA and finding support at the 50 day SMA. Friday saw more selling below the 50 day SMA to exceed the prior week's lows with lower lows this week, ending the week down -4.71% and is now below all 3 of its key daily SMAs.



Russell 2000 weekly chart as of Mar 10, 2023 - This week saw the largest weekly change in the Russell in the past 52 weeks. We also see a bearish engulfing candle this week that crossed below all 3 of its key weekly SMAs.



Russell 2000 daily chart as of Mar 10, 2023 - The Russell crossed below its 20 day SMA Monday, and dropped to its 50 day SMA on Tuesday. Wednesday saw a brief pause before much stronger selling was seen Thursday from the 50 day SMA down to the 200 day SMA that continued lower Friday below its 200 day SMA, ending the week down -8.07% and is now below all 3 of its key daily SMAs. The Russell declined by nearly twice what the other (above) Indexes saw this week and is now not far from retesting its 2023 lows.

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



McClellan Summation Index weekly chart as of Mar 10, 2023 - Last week this Index dropped to 408.43 and saw an even larger decline this week to 124.98. We now see 5 weeks in a row of declining momentum.



McClellan Summation Index daily chart as of Mar 10, 2023 - Here we see the decline since early February that continued lower this week.



NYSE Percent above 200 day SMA daily chart as of Mar 10, 2023 - We saw a small bounce late last week from 60% to 63.57%. This week we see a decline continue lower with a brief pause on Wednesday then an acceleration steeper down on both Thursday and Friday to end this week at 44.11%.



NYSE Percent above 50 day SMA daily chart as of Mar 10, 2023 - We saw a small bounce late last week up to 60.81%. This week we see a decline Monday and Tuesday, a pause Wednesday followed by an even faster decline Thursday and Friday to end this week at 24.39%. A drop from over 60% to 24% in one week is a significant decline and the chart confirms that.



VIX daily chart as of Mar 10, 2023 - The VIX saw a quiet 'Inside' day on Monday then began to move up a little on Tuesday. Wednesday saw a small decline that was followed by a large increase Thursday, crossing above 20.0 (at 10:26 am PT) and then crossing above its 50 day and 20 day SMAs soon afterwards but did not exceed the Feb. 22 prior highs. Friday saw the VIX continue higher, crossing above its prior highs, above its 200 day SMA and delivering new highs for 2023 at 28.97 and closing the day at 24.76, the highest close in 2023. Fear expanded Thursday and Friday, but we did not see any 'Panic'.



VVIX daily chart as of Mar 10, 2023 - Here we see little change in the VVIX the first 3 days of this week. Thursday saw a pop higher above all 3 daily SMAs that continued higher Friday, crossing above 112 (Orange dash line level) and peaking at 126.77 briefly before pulling back and closing the day at 108.62.

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



Oil daily chart as of Mar 10, 2023 - Oil continued a little higher Monday then dropped hard on Tuesday below its 50 day and 20 day SMAs. The next 3 days delivered lower lows with a small rally seen on Friday.



Gold daily chart as of Mar 10, 2023 - Gold decline Monday and Tuesday below its 20 day SMA. Wednesday saw a pause before the rally Thursday and Friday, back above the 20 day SMA up to the 50 day SMA. Note the stronger volume from Buyers Thursday and much stronger on Friday. Gold may have been where some significant money went on Friday as it was taken out of stocks.



US Dollar Index daily chart as of Mar 10, 2023 - The Dollar oscillated this week, down Monday, up strong Tuesday, paused Wednesday then declined Thursday and Friday.



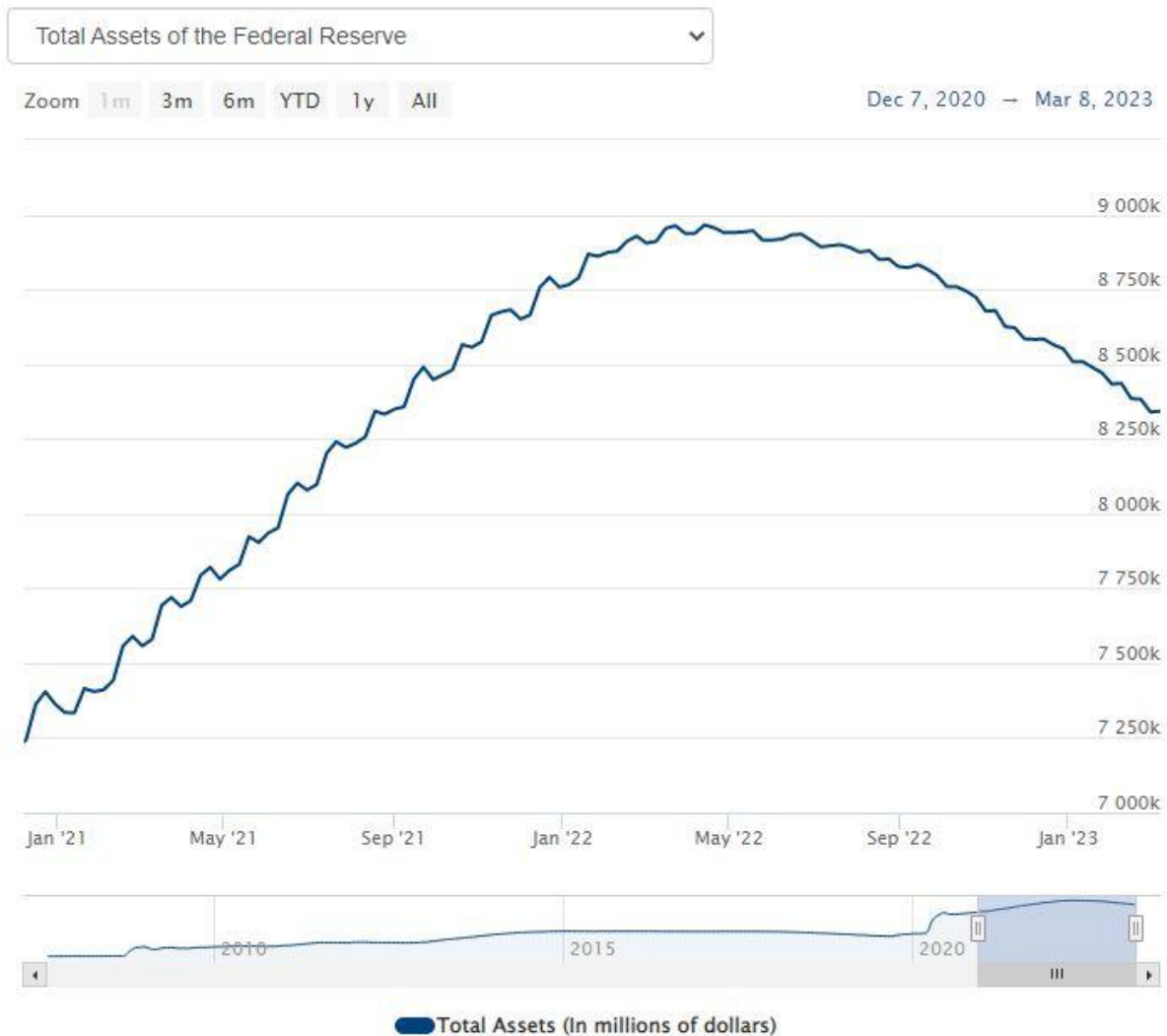
US 10 year Treasury daily chart as of Mar 10, 2023 - The US 10 year Treasury drifted lower the first 3 days this week then saw strong buying Thursday up to its 20 day SMA and stronger on Friday up to its 50 day SMA. This could also be where some money 'flowed' into late this week as it came out of stocks.



US 10 year Yield daily chart as of Mar 10, 2023 - The 10 year Yield was stable and changed little the first 3 days of this week then began to decline Thursday and Friday as money flowed out of stocks and into Treasuries.

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
03/01/2023	4.67	4.82	4.90	5.02	5.20	5.06	4.89	4.61	4.27	4.17	4.01	4.17	3.97
03/02/2023	4.75	4.80	4.91	5.02	5.18	5.04	4.89	4.63	4.32	4.24	4.08	4.24	4.03
03/03/2023	4.75	4.79	4.91	5.01	5.18	5.03	4.86	4.60	4.26	4.15	3.97	4.12	3.90
03/06/2023	4.75	4.79	4.93	5.02	5.22	5.05	4.89	4.61	4.27	4.16	3.98	4.14	3.92
03/07/2023	4.80	4.88	5.04	5.12	5.32	5.22	5.00	4.66	4.31	4.17	3.97	4.11	3.88
03/08/2023	4.77	4.88	5.06	5.21	5.34	5.25	5.05	4.71	4.34	4.19	3.98	4.11	3.88
03/09/2023	4.83	4.96	5.05	5.19	5.32	5.18	4.90	4.56	4.22	4.10	3.93	4.09	3.88
03/10/2023	4.81	4.91	5.01	5.08	5.17	4.90	4.60	4.31	3.96	3.86	3.70	3.90	3.70

US Yield Rates daily table as of Mar 10, 2023 - The 10 year Yield declined late this week as money flowed into Treasuries. The 10 year - 2 year Inversion has been seen every day since July 6th 2022, and peaked at a 1.07% inversion difference this week on Wednesday (3.98 - 5.05 = -1.07 inversion).



FOMC Balance Sheet weekly chart as of Mar 8, 2023 - Last week the Fed decreased its Balance Sheet by \$42.506 billion for a Total Assets of \$8.339684 Trillion on March 1st 2023.

This week the Fed increased its Balance Sheet by \$2.599 billion for a Total Assets of \$8.342283 Trillion as of March 8th 2023.

Remember, from Jan. 2020 to Jan. 2022 the Fed increased its Balance Sheet from \$4.17 Trillion to over \$8.76 Trillion, an increase of over \$4.59 Trillion added to the Economy as 'stimulus'. Since the peak in Total Assets seen in mid April 2022, the Fed has reduced its Balance Sheet by a total of \$623 billion. Even with this small reduction there is still a lot of 'stimulus' out there in the markets and it could be part of what has caused the current 'inflation'.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Mar 10, 2023 - The Transports declined Monday below its 20 day SMA and continued lower Tuesday. Wednesday saw a small bounce that was followed by a sharp decline Thursday from the 20 day SMA to the 50 day SMA. Friday the decline continued at a similar pace below its 50 day SMA and exceeding the prior lows (Feb 24) to end the week down -5.98%.



XLE daily chart as of Mar 10, 2023 - The Energy sector paused below its 50 day SMA on Monday then declined each day that followed, crossing below its 20 day SMA on Tuesday and below its 200 day SMA on Friday, exceeding the prior lows (Feb 22) and ending the week down -5.31%.



XLF daily chart as of Mar 10, 2023 - The Financial sector paused just under its 20 day SMA on Monday then saw a sharp decline on Tuesday below its 50 day SMA. Wednesday saw a pause and small decline. Thursday saw a gap down and very strong decline below its 200 day SMA that continued lower Friday to end the week down -8.50%. Note the very strong Volume on Thursday and Friday.



QQQ daily chart as of Mar 10, 2023 - The Nasdaq-100 ETF saw a failed rally Monday above its 20 day SMA that sold off Tuesday below its 20 day SMA. Wednesday saw a pause and small bounce. Thursday saw a failed rally at the open above its 20 day SMA that quickly sold off below its 20 day SMA and delivered new lows for the week on stronger volume. Friday saw selling continue lower, crossing below its 200 day and 50 day SMAs and exceeding the prior week's lows to end the week down -3.71%.



SOXX daily chart as of Mar 10, 2023 - The Semiconductor sector oscillated above and below its 20 day SMA each day this week with stronger selling volume seen on Thursday. Friday sold down to new lows for the week, ending the week down -3.50%.



XLC daily chart as of Mar 10, 2023 - The Communication Services sector also saw a failed rally Monday that briefly broke above its 20 day SMA. Tuesday sold down below the 20 day SMA. Wednesday saw a brief pause before selling resumed even stronger on Thursday, crossing below its 50 day and 200 day SMAs. Friday continued lower below the 200 day SMA to exceed the prior lows from last week and end this week down -4.57%.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORs	1/27/2023	2/3/2023	2/10/2023	2/17/2023	2/24/2023	3/3/2023	3/10/2023
\$SPX	2.47%	1.62%	-1.11%	-0.28%	-2.67%	1.90%	-4.55%
\$INDU	1.81%	-0.15%	-0.17%	-0.13%	-2.99%	1.75%	-4.44%
\$COMPQ	4.32%	3.31%	-2.41%	0.59%	-3.33%	2.58%	-4.71%
\$RUT	2.36%	3.88%	-3.36%	1.44%	-2.87%	2.00%	-8.07%
QQQ	4.80%	3.35%	-2.12%	0.49%	-3.09%	2.68%	-3.71%
\$TRAN	0.88%	7.15%	-3.06%	0.62%	-3.35%	3.31%	-5.98%
XLE	0.83%	-5.78%	4.94%	-6.34%	0.20%	3.07%	-5.31%
XLF	2.55%	0.94%	-0.27%	-0.27%	-2.01%	0.93%	-8.50%
XLK	4.08%	3.71%	-0.98%	-0.40%	-2.67%	2.98%	-3.12%
SOXX	5.59%	4.66%	-2.01%	-0.39%	-2.32%	3.28%	-3.50%
XLV	-0.78%	-0.13%	-0.15%	-0.38%	-2.64%	0.51%	-3.89%
XLY	6.41%	2.34%	-2.11%	1.63%	-4.46%	1.70%	-5.54%
XRT	5.54%	6.95%	-6.39%	3.44%	-6.71%	0.83%	-6.07%
XLI	2.17%	1.69%	-0.69%	0.87%	-2.64%	3.35%	-4.50%
XLU	-0.49%	-1.42%	-0.29%	1.14%	-2.73%	-0.54%	-2.76%
XME	2.07%	1.45%	-4.61%	1.66%	-4.25%	9.83%	-11.14%
XLP	0.33%	0.74%	-0.59%	0.97%	-1.32%	-0.23%	-1.97%
XLB	0.75%	0.01%	-1.65%	-0.89%	-0.14%	4.20%	-7.59%
XLC	4.12%	5.26%	-5.57%	0.71%	-3.81%	2.85%	-4.57%
XHB	3.34%	6.05%	-3.51%	0.36%	-3.22%	3.10%	-4.85%

Weekly Percent Change US Indexes and Sectors table as of Mar 10, 2023 - Note the Indexes above that saw small increases last week and were all followed with twice the size of declines this week. The Russell saw -4x the decline this week as compared to last week. In past years we have seen the 'Russell' act like the canary in the mine, warning of danger ahead. Maybe that is what we see this week?

Last week the strongest sectors were: XME (+9.8%), XLB (+4.2%), XLI (+3.3%), Transports (+3.3%) and SOXX (+3.2%). The weakest sectors were: XLU (-0.5%), XLP (-0.2%) and XLV (+0.5%).

This week the strongest sectors included: XLP and XLU that were both **down** this week. These two sectors are classic old-school 'flight to safety' sectors (Staples and Utilities). The weakest sectors included: XME, XLF, XLB and XRT that all declined by over -6% this week.

Note how the strongest sector last week (XME) became the weakest sector this week. We see this similar reversal of leadership also happen with the XRT and XLE sectors over the past weeks. This should not scare you, but act as an Indicator that those sectors may likely include some of the more 'volatile' stocks in the market at that time. This can be a useful clue to help find names that can really 'move' in either bullish or bearish trends, or both. Volatility = Opportunity for agile traders that seek to capture 'movement' in markets that are more likely to 'move'. Volatility is just a tool (or clue) that could lead you to find a valid opportunity as you dig deeper into those more active sectors. Effective risk management is how we protect ourselves when trading low or high volatility names.

INDEXes SECTORS	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
	02/27/23	02/28/23	03/01/23	03/02/23	03/03/23	03/06/23	03/07/23	03/08/23	03/09/23	03/10/23
\$SPX	0.31%	-0.30%	-0.47%	0.76%	1.61%	0.07%	-1.53%	0.14%	-1.85%	-1.45%
\$INDU	0.22%	-0.71%	0.02%	1.05%	1.17%	0.12%	-1.72%	-0.18%	-1.66%	-1.07%
\$COMPQ	0.63%	-0.10%	-0.66%	0.73%	1.97%	-0.11%	-1.25%	0.40%	-2.05%	-1.76%
\$RUT	0.31%	0.04%	0.08%	0.22%	1.35%	-1.48%	-1.11%	0.04%	-2.81%	-2.95%
QQQ	0.72%	-0.13%	-0.80%	0.83%	2.07%	0.11%	-1.23%	0.50%	-1.73%	-1.40%
\$STRAN	1.34%	-0.69%	0.29%	1.87%	0.48%	-0.92%	-1.25%	0.54%	-2.00%	-2.47%

Daily Percent Change US Indexes table as of Mar 10, 2023 - We see daily changes in leadership with the Dow Industrials leading either up or down every day this week. The Russell 2000 also led either up or down 4 out of 5 days this week, and was the weakest on both of the two most volatile days this week (Thursday and Friday). Monday saw a failed rally with very small gains or losses this week (with the exception of the Russell's decline). Wednesday saw a 'pause' with very small gains in most indexes this week. Thursday saw the biggest daily declines for this week in most indexes. Note that the Declines on Thursday and Friday of this week were much larger than the size of the rally last week on Thursday and Friday.

Next we will look at a few key Stocks.



AAPL daily chart as of Mar 10, 2023 - Apple gapped up and rallied Monday but 'failed' to exceed the prior highs from Feb. 3rd. Tuesday sold off and filled most of the prior day's gap. Wednesday saw a pause and 'Inside' day. Thursday saw selling down to the 20 day SMA. Friday the selling continued below the 20 day SMA down to find support near its 200 day SMA with a small bounce to end the week down -1.68%.



MSFT daily chart as of Mar 10, 2023 - Monday saw a brief rally above the 20 day SMA in Microsoft that did not follow through and sold back down below the 20 day SMA at the close. Tuesday saw lower lows and lower highs. Wednesday again saw lower lows and lower highs the briefly broke below the 200 day SMA. Thursday saw a failed rally above the 20 day SMA that sold off to cross and close below the 200 day SMA. Friday delivered new lows for the week as selling continued and briefly broke below the 50 day SMA, ending the week down -2.62%.



GOOGL daily chart as of Mar 10, 2023 - Alphabet rallied above its 20 day SMA Monday to find resistance near \$96. Tuesday saw a lower low and lower high and test of the 50 day SMA support. Wednesday saw a retest of \$96 resistance with a slightly higher close. Thursday saw a failed rally and selling below its 20 day SMA to new lows for the week. Friday saw lower lows and lower highs to end the week down -3.22% and is now below all 3 of its key SMAs.



AMZN daily chart as of Mar 10, 2023 - Amazon saw a failed rally Monday above then back below its 50 day SMA. AMZN delivered lower lows each day that followed with a retest of Wednesday's lows on Thursday. Friday saw new lows for the week that briefly exceeded the prior week's lows, ending this week down -4.39% and now below all 3 of its key SMAs.



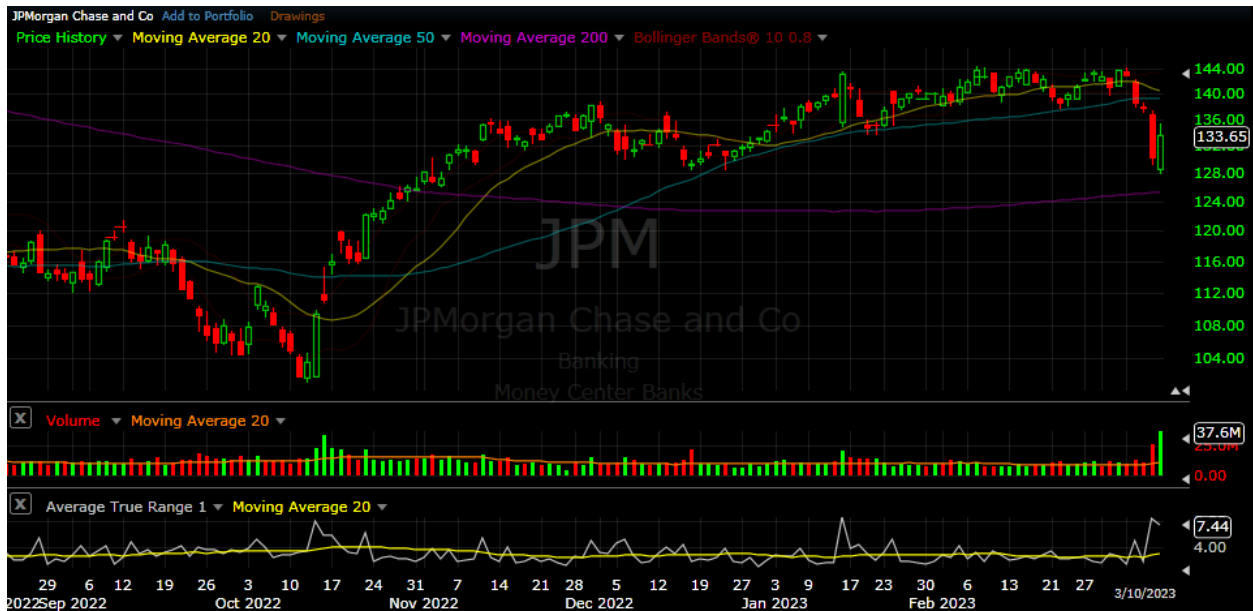
TSLA daily chart as of Mar 10, 2023 - Tesla delivered lower lows and lower highs every day this week as it declined from below its 20 day SMA to nearly its 50 day SMA. Friday was the only day this week that saw a higher close, ending the week down -12.31%.



NVDA daily chart as of Mar 10, 2023 - Nvidia remained mostly horizontal this week, briefly delivering a new 11 month high early on Thursday before selling lower Thursday and Friday to test its 20 day SMA Support, ending the week down -3.86%.



META daily chart as of Mar 10, 2023 - Meta saw failed rallies Monday and Tuesday that could not continue much above \$190. We see lower lows on the last 3 days of this week as META drifted lower but remained above its 20 day SMA, ending the week down -3.10% and still above all 3 of its key SMAs.



JPM daily chart as of Mar 10, 2023 - JP Morgan saw a failed rally early Monday that could not reach the prior highs from Feb. 7th. Each of the following days this week saw lower lows and lower highs, crossing below its 20 day and 50 day SMAs on Tuesday. Thursday saw huge selling volume with a bounce Friday after delivering a lower low to end the week down -6.97%. Most names in this sector saw volatility on Thursday and Friday due to the SIVB bank failure and fears of contagion.



COST daily chart as of Mar 10, 2023 - Costco saw a decline the past few weeks leading up to Earnings reported on March 2nd that was followed by a lower dip the next day (last Friday). This week we saw a recovery bounce Monday and Tuesday briefly above the 50 day SMA that paused Wednesday. Thursday and Friday saw a decline from the 50 day SMA down to the \$468 area where COST found support and bounced a little to end the week down -0.87%. COST did not exceed the prior week's lows this week.



DE daily chart as of Mar 10, 2023 - John Deere declined Monday and Tuesday back below its 50 day SMA to find support near its 20 day SMA. Wednesday saw a rally back above its 50 day SMA. Early Thursday saw a rally up above the prior week's highs that failed and sold back down to the 50 day SMA. Friday saw very stronger selling down below its 20 day SMA to deliver new lows for 2023, ending the week down -7.98%.



CAT daily chart as of Mar 10, 2023 - Caterpillar saw a failed rally Monday that closed down for the day. Selling was stronger Tuesday as CAT crossed below its 50 day SMA to find support near its 20 day SMA. Wednesday saw an 'Inside' quiet day near its 50 day SMA. Thursday saw selling resumed as CAT crossed below its 50 day and 20 day SMAs. CAT continued lower Friday on very strong volume to deliver new lows for 2023, down -11.08% for the week.



SLB daily chart as of Mar 10, 2023 - SLB saw an 'Inside' day on Monday that was followed by a decline to lower lows every day the rest of this week, crossing below its 50 day and 20 day SMAs on Tuesday and coming within 48 cents of delivering new lows for 2023 on Friday, ending the week down -8.91%.



X daily chart as of Mar 10, 2023 - US Steel saw a strong rally last week, up 10.97%. This week we saw a decline every day except on Wednesday. X crossed below its 20 day SMA on Tuesday and Thursday and then crossed below its 50 day SMA and its prior week's lows on Friday to end this week down -13.26%.



BA daily chart as of Mar 10, 2023 - A lot of the gains that BA saw last week (+8.56%) were given back this week as BA saw declines each day this week with a small bounce on Friday to end this week down - 5.60%.



INTC daily chart as of Mar 10, 2023 - Intel saw a sharp decline the last half of February, then a good bounce last week (+5.01%). This week began with a small pull back on Monday and Tuesday then the rally resumed higher the rest of this week, crossing above its 20 day SMA and ending this week up +3.11%. So far INTC has recovered a portion of its Feb. losses but it has also shown us that it is an 'outlier' that ignored the very Bearish market context this week.

Markets are driven often by emotions, the emotions of fear and greed by its participants. We saw a clear example of that this week. Fear rose up and was on display Thursday and Friday this week, not from what Jay Powell said, or by what the Jobs report reported, but by the 2nd largest bank failure in US history. Silicon Valley Bank failed very quickly as concerns of clients (Fear) caused a classic 'Run' on the bank Thursday. Early the next day the Regulators shut down the bank, leaving depositors in 'fear' of getting their funds back. Silicon Valley Bank provides banking services for many 'start ups' and risky new Tech businesses, so those clients are significantly impacted.

Fear of the potential domino effect in the Financial sector caused 'fear' by depositors of other unrelated banks due to not knowing 'if' it could impact their cash assets or not. Fear is a very contagious emotion, and can take time to propagate through the markets, and can only be reduced by time and trust. Banking is all about 'Trust'. And Trust can be lost VERY QUICKLY, but it takes lots of time to 'earn' back that trust.

So too in the markets, fear works VERY fast, much faster than greed. Why? I believe it is the nature of human emotions being reflected in the markets by its participants. Understanding this nature and applying it to trading: one must be very quick to act when trading an emotional bearish market since it can move fast. We saw that this week reflected in: the pop up in the VIX and VVIX, a dramatic expansion in breadth and volume to extreme levels and with the expansion of daily Ranges in many stocks, sectors and indexes.

An experienced Trader recognizes these signs, and adapts their trading to effectively capture what the markets are offering. If we do not recognize the behavior, or, do not have a strategy to capitalize on that behavior, we simply sit on CASH as a valid position until we again recognize OUR valid trading opportunity. DO NOT CHASE a wild market unless you have experience on how to safely handle that specific beast.

Trade Smart.

CJ