



## Market Observations - as of Mar. 17, 2023

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

Last week we saw a failed rally early on Monday that was followed by strong selling the rest of the day that continued lower Tuesday and Wednesday. Thursday saw another failed rally early in the day that was quickly followed by even stronger selling the rest of the day. Friday saw a pause, a small failed rally that was followed by strong selling to new lows for the week. Last week saw most of the major indexes down by over -4% with the Russell 2000 down over -8%.

This week we saw a gap down at the open on Monday that quickly reversed and was filled in the first 30 min. of trading. The rest of the day Monday saw oscillations mostly above last Friday's close. Tuesday saw a gap up and rally the first 2 hours as markets reacted to the CPI data released that morning. The next 4 hours saw a drift lower that gave back a large portion of the day's gains. A quick rally the last half hour on Tuesday saw most of the day's gains recovered.

Wednesday saw a gap down and mild selling the first half of the day after the PPI data came out and news about a bank failure in Europe grew contagion fears. A mild rally the last half of the day recovered some of the day's losses. Thursday saw a quiet open and horizontal chop the first 78 min. before a very strong rally popped higher and continued all day and delivered new highs for the week.

Friday was quad witching expiration and saw a decline the first hour then oscillated above and below key value areas the rest of the day. The Nasdaq Composite oscillated above and below the 11,630 area and the S&P oscillated above and below the 3915 area for most of the day as is common at expiration.

We saw mixed results for this week that are consistent with the previously observed relative strength for each Index. The Nasdaq showed its strength again this week, up +4.41% while the S&P was up far less at +1.43%. The Dow Industrials finished the week down -0.15% and the Russell 2000 was again the weakest, finishing this week down -2.64%.

The Bank failures last week continued fear into this week with Credit Suisse and the many questions about 'contagion'. This kept 'fear' elevated all week as seen in the VIX, VVIX and SKEW charts below.

We saw more 'flight to safety' money flow this week with selling of growth and small cap stocks and above average volumes of money flowing into 'perceived' safer sectors like: Treasuries, a few of the largest Tech stocks, Staples, Utilities and Gold. As you look at these related charts below, note the volume this week and over the past 7-9 sessions since the Bank Fears began.

As Technical Traders, we usually ignore what the news channels and experts say and look for evidence in the charts to confirm what is really happening. We are very careful to try to base all of our trading decisions upon the evidence and not opinions, even our own. The talking heads on TV and the internet are paid to give reasons 'why' and they are often wrong and always late. You may hear something somewhere, but never take it as fact until you first confirm what the charts show you. The charts may be saying something very different. There is nothing wrong with having an opinion, and it is natural to ask 'why'. However, as a disciplined Technical trader, we protect our self from 'spin' by those who

have a personal agenda by always confirming first what the charts are telling us before taking any action. You may not agree with this discipline or practice and that is ok and is your choice to make.

For me, I choose to try to make all of my Trading Decisions as objective as possible. I am careful protect myself and thoughts to avoid Subjective decisions where ever I can. You are likely different.

The keys to successful trading is: KNOWING what you believe, have a well tested written plan that fits you, always manage risks, keep good records and review them periodically and take disciplined actions to stick to your plan.

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



S&P 500 weekly chart as of Mar 17, 2023 - We see a lower low and lower high this week with a slightly higher close. The S&P remained below its 20 week and 50 week SMAs all this week and we continue to see a pattern of lower highs and lower lows since the early Feb. high.



S&P 500 daily chart as of Mar 17, 2023 - We saw a lower low on Monday with a rally Tuesday that tested the 200 day SMA as Resistance. Wednesday saw a lower low and lower high than the prior day. Thursday we saw a strong rally above its 200 day SMA. Friday crossed back below the 200 day SMA to close the week up +1.43% but still below all 3 of its key SMAs.

Note: the Golden Cross occurred on Feb.2<sup>nd</sup> when the 50 day SMA crossed above the 200 day SMA. However, we have seen the S&P decline since that day with a series of lower highs and lower lows that continues to this date. A 'Golden Cross' is an event that longer term investors like to use to confirm a bullish trend. However, there can be a significant lag with this event and due to that lag is not as useful for active traders.

FYI, the Golden Cross occurred Monday of this week in the QQQ and NDX, and so far this week we have seen higher highs each day since. The Nasdaq composite saw a Golden Cross on Wednesday this week, and we see higher highs each day since.

Remember, lately we've often seen how the Nasdaq has been the stronger index and has made larger moves up (or down) than either the S&P-500 or the Dow Industrials.



S&P 500 15 min. chart as of Mar 17, 2023 - We saw the S&P close last week below twice (-2x) the weekly Expected Move. This week we saw the dip early Monday then rally and chop to end the day with a tiny loss (-0.15%). Tuesday saw a gap up and a 2 hour rally after the CPI data came out that was followed with 4 hours of steady selling and a quick rally the last 20-30 min. to the close. Wednesday saw a gap down and choppy selling the first half of the day with a small rally the last 2 hours likely triggered by some news. Thursday saw a quiet open with little change the first hour than a strong rally kicked in for a huge move up (triggered by news), coming within 9 points of the upper weekly Expected Move late in the day. Friday saw a decline the first hour followed by typical expiration behavior of oscillations above and below a key 'value' area as expiration approached.

The key 'value' area can be estimated by using the highest open interest in SPX options or by using 'Volume Profile' studies on the most liquid markets that are most commonly used by Fund Managers for their hedges (ES and NQ futures and SPX Options).

A lot of large Fund Managers use similar 'Dynamic Hedging' methods to protect their portfolios and must roll or replace those hedges before quarterly expiration.



DJIA weekly chart as of Mar 17, 2023 - The Dow Industrials saw a lower low and lower high this week with a very narrow range as it remained below its 50 week SMA.



DJIA daily chart as of Mar 17, 2023 - The Industrials crossed below its 200 day SMA last Thursday and remained below all 3 of its key SMAs all this week, delivering a new 2023 low on Monday and Wednesday and ending this week down -0.15%. Note the high volume on Friday that was most likely driven by quad witching expiration.



Nasdaq weekly chart as of Mar 17, 2023 - The Nasdaq composite delivered both a lower low and lower high this week but also delivered a higher close back above all 3 of its key weekly SMAs. Note how all 3 of the weekly SMAs are converging.



Nasdaq daily chart as of Mar 17, 2023 - The Nasdaq delivered a lower low early Monday then closed higher. Tuesday saw a cross back above its 50 day and 200 day SMAs. Wednesday saw a repeat of a cross above its converging 50 day and 200 day SMAs. Thursday saw a large rally above all 3 of its key daily SMAs with a higher high briefly on Friday before pulling back a little to end the week up +4.41%.



Russell 2000 weekly chart as of Mar 17, 2023 - The Russell saw a large decline last week with a continuation lower this week with a smaller decline. The Russell remains below all 3 of its key weekly SMAs.



Russell 2000 daily chart as of Mar 17, 2023 - The Russell continued lower Monday saw a failed rally Tuesday that was followed with lower lows Wednesday. Thursday saw another failed rally that was followed by a decline Friday to end the week down -2.64%. The Russell delivered new 2023 lows on Monday and Wednesday this week. With the Russell showing us 7 days of sharp declines (and elevated daily True Range), we suspect this is one area where funds moved OUT of and went somewhere else as Bank Contagion fears peaked.

Next we will look at a few key 'Market Internals' to view the Breadth and Sentiment of this market.



McClellan Summation Index weekly chart as of Mar 17, 2023 - Last week this index crossed below its 200 week SMA and ended the week at 124.98. This week we see the decline continue lower, crossing below its 50 week SMA and ending this week at -255.05. The Decline is now in its 6<sup>th</sup> week and has accelerated last week and this week.



McClellan Summation Index daily chart as of Mar 17, 2023 - Here we see the decline continue lower this week since the early Feb. roll-over. This week we see a cross below the 200 day SMA to end this week at -255.05.





NYSE Percent above 200 day SMA daily chart as of Mar 17, 2023 - Last week ended at 44.11%. This week saw a bit more decline with oscillations each day between 39% and 44%, ending this week at 38.69%.



NYSE Percent above 50 day SMA daily chart as of Mar 17, 2023 - Last week we saw a sharp decline down to 24.39%. This week the decline continued with daily oscillations to end this week at 17.52%. It was on March 7<sup>th</sup> that we saw more than half of all NYSE listed stocks now below their 50 day SMAs.



VIX daily chart as of Mar 17, 2023 - We saw the VIX expand dramatically last Thursday and Friday and peaked at 28.97. Monday briefly saw a higher peak at the open of 30.79 then pulled back to the 25.5 - 27.5 area for the rest of the day. We saw wide swings in the VIX each day this week that were from 3x to 4x what is typical for the VIX. Clearly the Bank Contagion Fears are reflected in the VIX.



VVIX daily chart as of Mar 17, 2023 - The VVIX also shows us a spike in uncertainty last Thursday and Friday that continued this week with new 52 week highs seen on Wednesday.



SKEW daily chart as of Mar 17, 2023 - Options SKEW also shows us a peak in Implied Volatility and aggressive hedging activity on Wednesday with a SKEW of 136.62. The CBOE computes Options SKEW once a day after the close. You can visit the CBOE web site to see how this is calculated and what it represents about Options activity.

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



Oil daily chart as of Mar 17, 2023 - Oil sold off sharply the first 3 days this week then paused Thursday before selling lower Friday, ending the week down over -13.2% on above average volume.



Gold daily chart as of Mar 17, 2023 - Gold rallied last Thursday and Friday up to its 50 day SMA. Monday the rally continued above its 50 day SMA, paused Tuesday then resumed Wednesday with higher highs. Thursday saw an 'Inside' day then the rally resumed even stronger on Friday to nearly reach \$2000 per ounce. Gold ended the week up over +6.4% with Friday seeing the largest gains. Note the above average volume in each of the past 7 days. Clearly Gold is acting like a 'flight to safety' destination during the spike in banking fears.



US Dollar Index daily chart as of Mar 17, 2023 - The Dollar oscillated this week, down Monday paused Tuesday at its 50 day SMA support and rallied Wednesday above its 20 day SMA. Thursday saw a small decline back below its 20 day SMA that continued lower Friday nearly to its 50 day SMA.



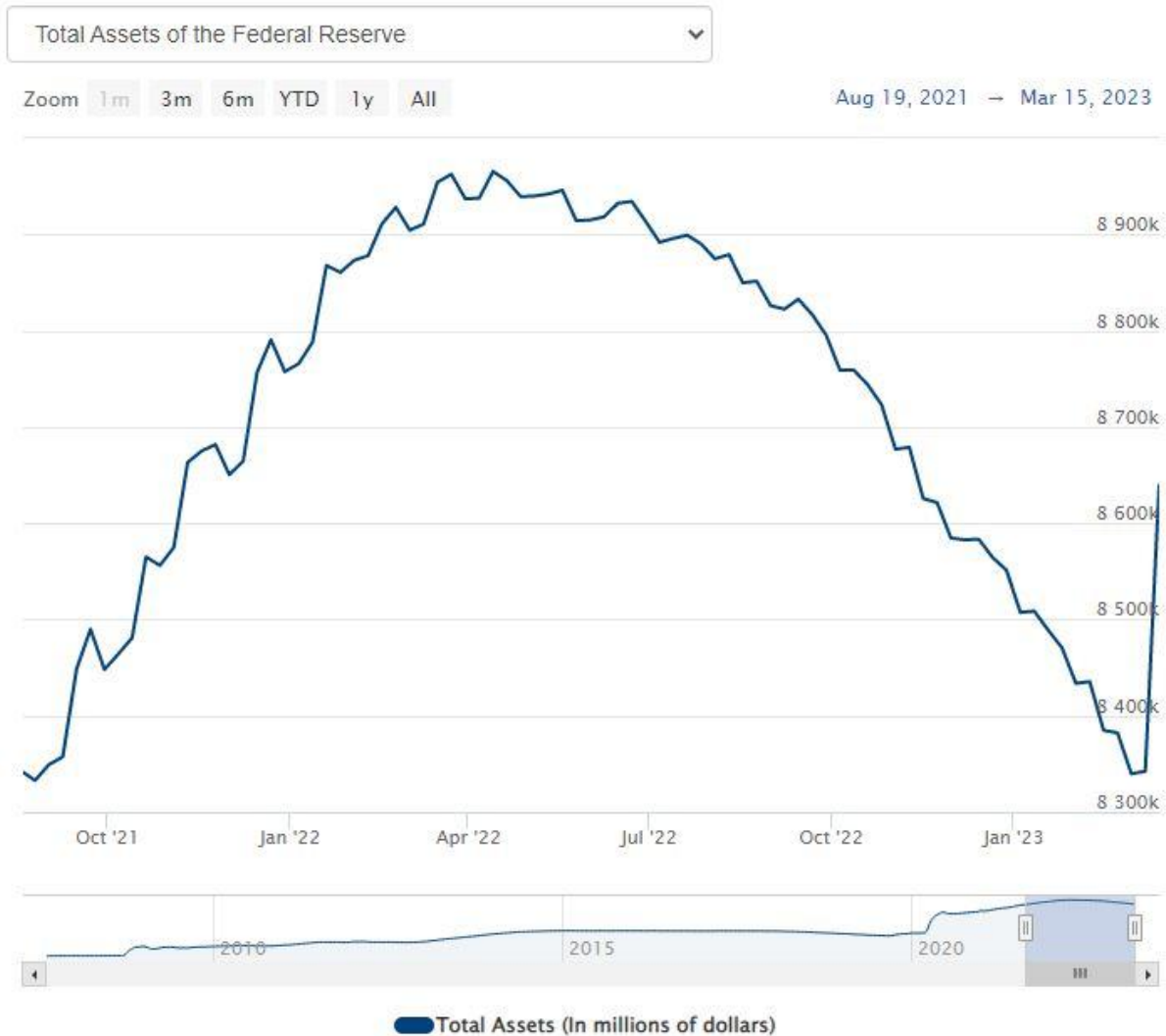
US 10 year Treasury daily chart as of Mar 17, 2023 - The 10 year saw a spike of buyers late last week that continued this week, crossing above its 50 day SMA Monday and above its 200 day SMA on Wednesday. We see wide oscillations each day this week with higher highs on VERY strong volume. This too is a sign of a 'flight to safety' destination as Bank fears peak.



US 10 year Yield daily chart as of Mar 17, 2023 - As a natural reflection of the strong buying of Treasuries this week, we also see the sharp decline in Yields as a result. The 10 year Yield chart above reflects the drop from 3.97% yields last Wednesday to 3.39% yields this Friday, reflecting the flow of funds into Treasuries over the past 7 days of elevated Fear.

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
03/13/2023	4.62	4.81	4.87	4.87	4.81	4.30	4.03	3.88	3.68	3.65	3.55	3.85	3.70
03/14/2023	4.47	4.77	4.88	4.95	4.93	4.45	4.20	4.05	3.78	3.74	3.64	3.91	3.77
03/15/2023	4.23	4.56	4.75	4.85	4.73	4.19	3.93	3.83	3.59	3.57	3.51	3.82	3.70
03/16/2023	4.22	4.66	4.74	4.92	4.94	4.49	4.14	3.99	3.72	3.67	3.56	3.87	3.71
03/17/2023	4.31	4.51	4.52	4.79	4.71	4.26	3.81	3.68	3.44	3.45	3.39	3.76	3.60

US Yield Rates daily table as of Mar 17, 2023 - Note how all Yields decline this week with the largest changes seen in the shorter term Treasuries. The 10 year dropped from 3.70% last Friday to 3.39% this Friday. The 1 year dropped from 4.90% to 4.26% and the 3 month dropped from 5.01% to 4.52% this week. These declines in Yields show us the strong money flow into Treasuries this week as Bank Fears were elevated.



FOMC Balance Sheet weekly chart as of Mar 15, 2023 - The FED “increased” its Balance Sheet by over \$297.017 Billion dollars this week to provide ‘liquidity’ for failing banks. That reverses the prior 4+ months of QT. Their Balance sheet went from \$8.342283 Trillion last week to \$8.639300 Trillion this week.

The bigger question now being asked is: does this now set a huge new precedent that banking deposits over \$250k will now be backed by the Fed? Jay Powell is busy running that printing press 24/7. If more dollars are printed, what happens to its net value? Is that inflationary? What will the Fed do next Wednesday with any change in the Fed Funds Rate? Will they continue to fight inflation or feed it? Contagion? Time will tell.

Next we will look at a few key Sectors.





Dow Transportation Index daily chart as of Mar 17, 2023 - Last week we saw a sharp decline Thursday and Friday that continued lower Monday this week. Tuesday saw a wider day and a close just above its 200 day SMA. Wednesday saw lower lows and lower highs and a close below the 200 day SMA. Thursday rallied to close above its 200 day SMA then Friday saw selling back below the 200 day SMA to end the week down -3.07% and now below all 3 of its key SMAs.



XLE daily chart as of Mar 17, 2023 - The Energy sector gapped down Monday, saw a failed rally Tuesday then gapped lower Wednesday. Thursday saw lower lows and lower highs with a higher close. Friday saw an 'Inside' day with a lower close to end the week down -6.85% and making the XLE the weakest sector on my list this week.



XLF daily chart as of Mar 17, 2023 - The Financial sector saw a strong decline late last week that continued lower this week. Support was found Wednesday and the rest of this week near \$30.90, ending the week down -5.92%.



QQQ daily chart as of Mar 17, 2023 - The Nasdaq-100 ETF crossed and closed below both its 50 day and 200 day SMA last Friday. Monday of this week saw a lower low but a higher close back above its 50 day and 200 day SMAs. Monday also saw a 'Golden Cross' with these two SMAs. Tuesday gapped up and rallied above its 20 day SMA. Wednesday and Thursday saw gains with Thursday showing the greatest up day this week. Friday saw a higher high but a slightly lower close to end the week up +5.83% making the QQQ the strongest sector on my list this week. Note the QQQ saw higher highs every day this week.



SOXX daily chart as of Mar 17, 2023 - The Semiconductor sector found support Monday near its 50 day SMA, gapped up Tuesday and crossed above its 20 day SMA. Wednesday saw a retest of support and resistance between the 20 day and 50 day SMAs. Thursday saw a strong rally above its 20 day SMA with nearly a 2x ATR range day on strong volume. Friday saw a higher high and pull back to end the week up +5.07%.



XLC daily chart as of Mar 17, 2023 - The Communication Services sector saw a lower low Monday with no change at the close. Tuesday saw a gap above its 200 day SMA and rally up to its 50 day SMA. Wednesday rallied above its 50 day and 20 day SMAs and Thursday continued higher. Friday saw a small pull back to end the week up +5.26%.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	2/3/2023	2/10/2023	2/17/2023	2/24/2023	3/3/2023	3/10/2023	3/17/2023
\$SPX	1.62%	-1.11%	-0.28%	-2.67%	1.90%	-4.55%	1.43%
\$INDU	-0.15%	-0.17%	-0.13%	-2.99%	1.75%	-4.44%	-0.15%
\$COMPQ	3.31%	-2.41%	0.59%	-3.33%	2.58%	-4.71%	4.41%
\$RUT	3.88%	-3.36%	1.44%	-2.87%	2.00%	-8.07%	-2.64%
QQQ	3.35%	-2.12%	0.49%	-3.09%	2.68%	-3.71%	5.83%
\$TRAN	7.15%	-3.06%	0.62%	-3.35%	3.31%	-5.98%	-3.07%
XLE	-5.78%	4.94%	-6.34%	0.20%	3.07%	-5.31%	-6.85%
XLF	0.94%	-0.27%	-0.27%	-2.01%	0.93%	-8.50%	-5.92%
XLK	3.71%	-0.98%	-0.40%	-2.67%	2.98%	-3.12%	5.66%
SOXX	4.66%	-2.01%	-0.39%	-2.32%	3.28%	-3.50%	5.07%
XLV	-0.13%	-0.15%	-0.38%	-2.64%	0.51%	-3.89%	1.38%
XLY	2.34%	-2.11%	1.63%	-4.46%	1.70%	-5.54%	2.27%
XRT	6.95%	-6.39%	3.44%	-6.71%	0.83%	-6.07%	-3.70%
XLI	1.69%	-0.69%	0.87%	-2.64%	3.35%	-4.50%	-2.35%
XLU	-1.42%	-0.29%	1.14%	-2.73%	-0.54%	-2.76%	3.96%
XME	1.45%	-4.61%	1.66%	-4.25%	9.83%	-11.14%	-5.73%
XLP	0.74%	-0.59%	0.97%	-1.32%	-0.23%	-1.97%	1.41%
XLB	0.01%	-1.65%	-0.89%	-0.14%	4.20%	-7.59%	-3.42%
XLC	5.26%	-5.57%	0.71%	-3.81%	2.85%	-4.57%	5.26%
XHB	6.05%	-3.51%	0.36%	-3.22%	3.10%	-4.85%	-0.82%

Weekly Percent Change US Indexes and Sectors table as of Mar 17, 2023 - Last week the Russell was the weakest index by a factor of nearly 2x. This week the Russell is again the weakest index.

The strongest Sectors this week included: QQQ, XLK, XLC and SOXX that were all above +5%. The XLU also showed strength by being up +3.96%. This strength shows us part of the story of the 'Flight to Safety' this week.

The weakest Sectors this week included: XLE, XLF and XME that were all down by over -5% this week and XRT, XLB and the Dow Transports were all down by over -3% this week.

What Indexes or Sectors are now above all 3 of their key SMAs and what Indexes or Sectors are now below all 3?

What were the strongest stocks in the strongest sectors this week? Do any of these stocks show unusually high volume this week that may be destinations for the 'Flight to Safety' flow of money this week?

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 03/06/23	End of Day 03/07/23	End of Day 03/08/23	End of Day 03/09/23	End of Day 03/10/23	End of Day 03/13/23	End of Day 03/14/23	End of Day 03/15/23	End of Day 03/16/23	End of Day 03/17/23
\$SPX	0.07%	-1.53%	0.14%	-1.85%	-1.45%	-0.15%	1.68%	-0.70%	1.76%	-1.10%
\$INDU	0.12%	-1.72%	-0.18%	-1.66%	-1.07%	-0.28%	1.06%	-0.87%	1.17%	-1.19%
\$COMPQ	-0.11%	-1.25%	0.40%	-2.05%	-1.76%	0.45%	2.14%	0.05%	2.48%	-0.74%
\$RUT	-1.48%	-1.11%	0.04%	-2.81%	-2.95%	-1.60%	1.87%	-1.74%	1.45%	-2.56%
QQQ	0.11%	-1.23%	0.50%	-1.73%	-1.40%	0.74%	2.30%	0.52%	2.64%	-0.47%
\$TRAN	-0.92%	-1.25%	0.54%	-2.00%	-2.47%	-1.65%	-0.38%	-0.96%	1.28%	-1.37%

Daily Percent Change US Indexes table as of Mar 17, 2023 - Note that the QQQ was leading the indexes higher every day this week, even with the smallest decline on Friday. Note that Transports lagged Monday and Tuesday while the Russell lagged Wednesday and Friday this week.

With the Nasdaq-100 (QQQ) showing us strength this week and the fact that the largest 7 stocks in this index are mostly all Tech stocks with over a \$500 Billion Market Cap, and the 3 largest stocks represent over 30.8% of the total value of this index, these stocks therefore have a very significant impact on the overall value of this index. As you look at these 7 charts below, note how much each delivered in gains this week, note what volume looked like this week and what names may be above (or below) all 3 of their 3 key SMAs (20 day, 50 day and 200 day).

Next we will look at a few key Stocks. The first 7 charts are the also the 7 biggest names in the Nasdaq-100 (QQQ) and represent nearly half of the total value of that index.



AAPL daily chart as of Mar 17, 2023 - Apple retested support near its 200 day SMA on Monday, bounced and closed 9 cents above its 20 day SMA. Tuesday saw a higher high, higher low and higher close. Wednesday closed a little higher. Thursday saw a strong rally that retested long term resistance above \$156. Friday briefly saw a higher high and a lower close to end the week up +4.38%. Every day this week we saw AAPL deliver above average daily volume. Apple has also formed a Cup-n-handle-n-handle pattern just under the \$156-\$157 area long term resistance (Sept. 2021 highs).



MSFT daily chart as of Mar 17, 2023 - Microsoft crossed above all 3 of its key SMAs on Monday and closed the day above 2 of 3. Tuesday gapped above its 20 day SMA and continued higher to deliver higher highs every day this week, exceeding its Feb. highs on Friday to end the week up +12.41%.



GOOGL daily chart as of Mar 17, 2023 - Alphabet briefly delivered a lower low Monday then rallied the rest of this week, delivering higher highs and higher closings every day this week, crossing above all 3 of its key SMAs, closing Friday just 20 cents below its 200 day SMA and up +12.13% for the week.



AMZN daily chart as of Mar 17, 2023 - Amazon delivered a lower low early Monday with a higher close. AMZN delivered a higher high and higher close every day this week except on Friday. AMZN saw a small pull back on Friday to end the week up +9.06%.



TSLA daily chart as of Mar 17, 2023 - Tesla briefly dipped lower Monday below its 50 day SMA then closed the day back above this SMA. Tesla saw small gains on Tuesday and Thursday with a pause Wednesday and a small pull back on Friday to end the week up +3.86%.



NVDA daily chart as of Mar 17, 2023 - Nvidia saw a dip below its 20 day SMA on Monday with a close back above this SMA. Nvidia saw higher highs and higher closes each day after Monday and new 11-month highs seen Thursday and Friday, ending the week up +12.02%.



META daily chart as of Mar 17, 2023 - Meta briefly dipped below its 20 day SMA on Monday and closed the day back above this SMA. META gapped up Tuesday and delivered higher highs and a higher close each day but on Friday when it saw a pull back to end the week up +8.97%.

Out of the 7 stocks above, who delivered gains above +9% or even above +12% this week?

What stocks showed well above average daily volume this week?

Could these stocks continue to show strength or be a destination for a 'flight to safety' market?





JPM daily chart as of Mar 17, 2023 - JP Morgan saw an 'Inside' day Monday with a failed rally Tuesday and lower lows on Wednesday. Thursday saw both lower lows and higher highs followed by a drop Friday to new 2023 lows and a test of support near its 200 day SMA, ending the week down -5.87%.



WFC daily chart as of Mar 17, 2023 - Wells Fargo also saw an 'Inside' day Monday, a failed rally Tuesday followed by lower lows Wednesday. Thursday saw a wider range day and failed rally that was followed with new 2023 lows on Friday, ending the week down -8.70%. Note the high volume each day this week.



INTC daily chart as of Mar 17, 2023 - Intel saw an 'Inside' day on Monday as last week's rally paused for a day. Tuesday saw a rally above its 50 day SMA with higher highs and higher closes every day that followed except on Friday where we saw a higher high near its 200 day SMA but a lower close, ending the week up +9.52%.



AMD daily chart as of Mar 17, 2023 - AMD saw a dip Monday briefly below its 20 day SMA, bounced and closed the day back above this SMA. AMD saw higher highs and a higher close every day this week after Monday. AMD formed a Cup-n-handle over the past 6+ months that broke out Wednesday this week and continued higher Thursday and Friday, ending the week up +18.35%.



CAT daily chart as of Mar 17, 2023 - Caterpillar saw a sharp decline last week that continued lower this week. We saw a failed rally Tuesday that gapped down Wednesday to test support near its 200 day SMA. Friday saw a new low for 2023 and a new lowest close to end the week down -5.29%.



SLB daily chart as of Mar 17, 2023 - SLB gapped down Monday, paused Tuesday and gapped down Wednesday to cross and close below its 200 day SMA. Thursday saw a lower low and a cross above its 200 day SMA. Friday saw a new lower Close for 2023, ending the week down -12.39% and now below all 3 of its key SMAs.



X daily chart as of Mar 17, 2023 - US Steel saw a lower low Monday and a failed rally Tuesday. Wednesday saw a gap down and selling down to nearly its 200 day SMA to deliver new 2023 lows. Thursday saw an 'Inside' day followed by a failed rally to the lowest close of 2023 Friday, ending the week down -11.91%.



NEM daily chart as of Mar 17, 2023 - Newmont mining moved up with Gold this week, crossing above its 20 day SMA on Monday, pausing Tuesday then gapping up on Wednesday. Friday saw a gap up and strong rally up to its 50 day and 200 day SMAs, ending the week up +14.26% on strong volume.

“Follow the Money” as it flows out of some stocks and sectors (Energy, Metals, Financials and Industrials) and into others. We saw this week (and Thursday and Friday of last week) money flow out of the Russell 2000 and many growth stocks and into: Treasuries, Gold, Staples, Utilities and a few Large Cap Tech stocks and Semiconductors. It is very likely that most of this rotation was driven by elevated Fear (VIX, VVIX, SKEW) spawned from worry about potential Bank contagion spreading.

Regardless of the ‘why’, but by tracking the charts of the Indexes, Sectors and key Stocks in those sectors we have an efficient way to quickly identify higher odds opportunities for both Bullish and Bearish trades. Successful trading can be realized by setting up your tools to help you work efficiently to find a few high odds opportunities quickly, and reduce distractions from lower odds activities.

This week was a good example of a market with ‘elevated fear’ and how that sentiment is reflected in various charts.

I hope this helps with the development of your chart reading skills. Reading Charts is like learning a new language. We first need to understand the meaning of key words, then how to construct sentences, and eventually how to express more complex emotions and sentiment. As you read the charts, your objective is really to see the behavior of the net of all market participants that are taking actions behind the data that you see on a chart, and identify common behavior patterns that could represent an ‘edge’ statistically that you may try to capitalize on.

Trade Smart,

CJ