



## Market Observations - as of Apr. 6, 2023

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

Last week we saw a brief gap up Monday that was quickly filled with selling most of the day. The slow and steady selling continued Tuesday to lower lows. Wednesday changed character with a gap up and strong rally to new highs for the week. Thursday saw another gap up at the open that stalled out and declined to partially fill that day's gap before buyers returned the last 2 hours to rally back up to and a little above that day's open. Friday saw a steady rally most of the day to end the week with new March highs.

This week began with a split market Monday where the S&P continued higher the first hour then selling kicked in to drop to 4100 where it found support, paused for a few hours then rallied the last 2 hours to nearly its morning highs. The Nasdaq gapped down at the open on Monday and could only fill about half of its opening gap in the first hour before selling took over for almost an hour to give back nearly half of the prior Friday's gains. After a pause for a few hours the Nasdaq saw a rally the last 2 hours on Monday to nearly return to the highs from that morning.

Tuesday saw similar action in both the S&P and Nasdaq with a brief 40 min rally at the open followed by selling most all day. Wednesday saw strong selling the first half of the day to deliver new lows for the week that was followed by a mild bounce that recovered only a portion of the day's losses with the Nasdaq being the biggest laggard on Wednesday.

Thursday saw a small gap down and selling lower the first half hour before reversing and rallied higher the rest of the day with the Nasdaq leading the rally Thursday. Friday the markets were closed for the Good Friday Holiday.

We saw again this week how the Nasdaq may often both lead the markets down and up. In the 'Market Observations' 2 weeks ago (March 24<sup>th</sup>) we looked at the weighting of the seven biggest stocks in the Nasdaq and found why they have such a major influence in multiple indexes and sectors.

Oil saw a large gap up on Monday due to OPEC reducing its production by over 1.1 million barrels per day. Oil prices remained in a narrow range this week, mostly in between \$80 and \$81.

The US Dollar Index continued to slowly drift lower this week.

Gold prices remained near \$2000 on Monday then shot up to the \$2040 in the first 40 min of trading on Tuesday. Wednesday saw some oscillations between \$2028 and \$2049 before ending the day near \$2038. Thursday saw a decline to the \$2018 and a bounce to \$2030 to end the day in the \$2023 area. The record Gold price was set in the summer of 2020 at \$2089.2. Gold is now not far from this level.

Now we will look at the charts to see what they are telling us this week.



S&P 500 weekly chart as of Apr 6, 2023 - We see a small weekly candle this week that did briefly deliver a higher high than the prior week. The S&P has not yet tested or exceeded the prior highs from early Feb. this year so we remain within a 'consolidation' pattern over the past 7 months, with both Lower Highs and Higher Lows.

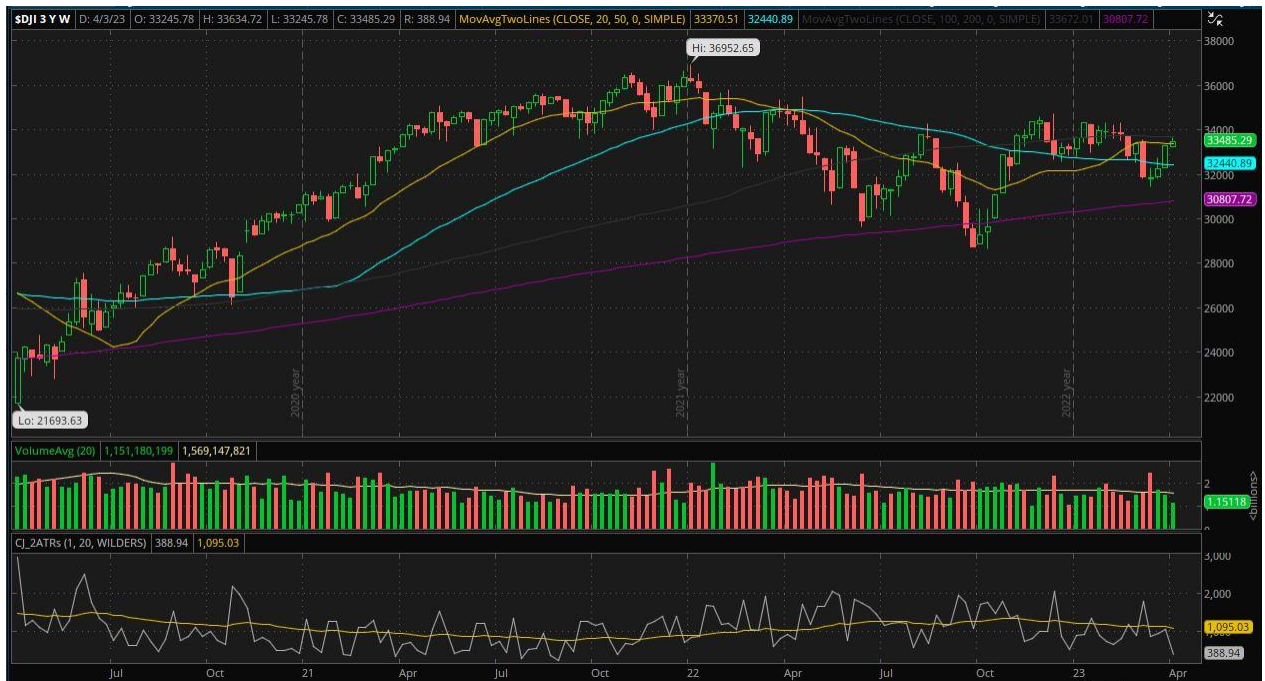


S&P 500 daily chart as of Apr 6, 2023 - The rally late last week continued a little higher Monday to be followed with a failed rally Tuesday and a lower close forming a bearish engulfing candle. Wednesday saw a narrow range pause with a lower low, lower high and lower close. Thursday saw a small bounce with a higher close to recover most of this week's losses and end the week down only -0.10%.



S&P 500 15 min. chart as of Apr 6, 2023 - Here we see the continuation rally early on Monday that was quickly reversed then paused for a few hours before the mild rally the last 2 hours. Tuesday briefly saw a higher high after the open that was quickly sold off lower than the prior day's lows. A failed bounce mid day saw more selling back to nearly the lows of the day. Wednesday saw a pause at the open followed by more selling for an hour to new lows for the week. The bounce the last half of the day could not recover all of the day's losses. Thursday saw lower lows at the open then a rally the first half of the day that mostly paused the last half of the day.

Overall for this week we saw mostly a 'consolidation' pattern after last week's 3-day rally.



DJIA weekly chart as of Apr 6, 2023 - We see a narrow range week this week that straddled the 20 week SMA as a pause.



DJIA daily chart as of Apr 6, 2023 - The decline we saw from mid February to mid March has see about 70% of those losses recovered so far. This week we saw a continuation higher Monday that was followed by 3 'Inside' days as the rally paused after Monday this week. The Industrials closed this week up +0.63%.



Nasdaq weekly chart as of Apr 6, 2023 - This week we see an 'Inside' week with a lower close that shows us last week's rally ended last week and 'paused' this week.



Nasdaq daily chart as of Apr 6, 2023 - Last week's rally did not continue this week but paused on Monday and Tuesday then gapped down and sold off lower on Wednesday. Thursday saw a bullish engulfing candle and bounce to recover a portion of this week's losses, ending this week down -1.10%.



Russell 2000 weekly chart as of Apr 6, 2023 - This week we see nearly a mirror image of last week's gains with a decline this week of nearly a similar amount. The Russell remains below all 3 of its weekly SMAs.



Russell 2000 daily chart as of Apr 6, 2023 - Last week's rally did not continue this week, with a failed attempt Monday for no gain that was followed by larger losses Tuesday down to the 20 day SMA (Yellow). Wednesday opened below the 20 day SMA to deliver lower lows for this week. Thursday saw a tiny bounce to end the week down -2.66%.

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



McClellan Summation Index weekly chart as of Apr 6, 2023 - Last week we saw a strong bounce up to -194.97. This week we see a smaller bounce up to -16.71



McClellan Summation Index daily chart as of Apr 6, 2023 - Here we see the slope up from last week decrease in its steepness this week as it approaches its 200 day SMA, ending this week at -16.71.



NYSE Percent above 200 day SMA daily chart as of Apr 6, 2023 - Last week we saw a rally up to 54.19%. This week we see a small decline down to 51.21%.



NYSE Percent above 50 day SMA daily chart as of Apr 6, 2023 - Last week we saw a sharp increase up to 39.69%. This week we saw a small increase Monday to about 40% that then declined the next 2 days and paused Thursday to end this week at 34.44%.





VIX daily chart as of Apr 6, 2023 - The VIX declined last week as the market rallied. This week we do not see a continued decline but a horizontal narrow range 18.5 and 20.0, with the lowest VIX this week seen on Thursday at the close at 18.40.



VVIX daily chart as of Apr 6, 2023 - Similar to the VIX, the VVIX also remained in a narrow range this week between 83.5 and 89.0.

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



Oil daily chart as of Apr 6, 2023 - Oil saw a large reaction to an announcement from OPEC that they will reduce production by 1.1 million barrels a day. This sent oil prices higher (due to reduced supply) to above \$80 late Sunday night and at the open on Monday. Oil remained mostly in the \$80 to \$81 range this week.



Gold daily chart as of Apr 6, 2023 - Gold prices have been testing resistance near \$2000 several times over the past few weeks and did so again on Monday this week. Tuesday saw a rally above \$2000 begin at the open and began to accelerate 30 min. after the open, rising from \$2009 to \$2040 in just 18 minutes of heavy volume buying. Gold remained in the \$2038 - \$2040 range the rest of the day on Tuesday and most of Wednesday. Thursday saw a small decline to the \$2024 area.



US Dollar Index daily chart as of Apr 6, 2023 - The US Dollar continued its decline on Monday and Tuesday of this week then saw a tiny bounce and paused on Wednesday and Thursday.



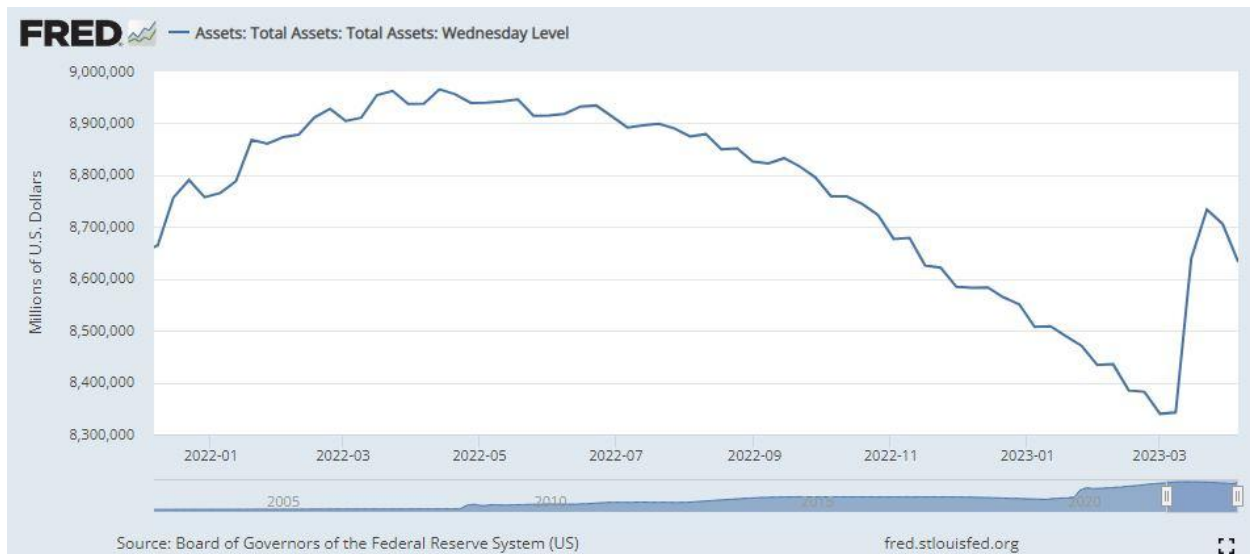
US 10 year Treasury daily chart as of Apr 6, 2023 - The US 10 year Treasury saw steady buying continue from late last week thru Monday and Tuesday of this week then paused on Wednesday and Thursday.



US 10 year Yield daily chart as of Apr 6, 2023 - As money was flowing into Treasuries, we saw the yields continue to drop each day this week to new lows for 2023 at 3.25% on Thursday.

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
03/20/2023	4.34	4.56	4.81	4.84	4.80	4.34	3.92	3.77	3.56	3.55	3.47	3.83	3.65
03/21/2023	4.07	4.50	4.78	4.89	4.96	4.68	4.17	3.98	3.73	3.68	3.59	3.90	3.73
03/22/2023	4.16	4.56	4.79	4.91	4.95	4.56	3.96	3.76	3.54	3.53	3.48	3.83	3.68
03/23/2023	4.26	4.48	4.73	4.84	4.80	4.38	3.76	3.57	3.39	3.39	3.38	3.78	3.66
03/24/2023	4.28	4.48	4.74	4.78	4.76	4.32	3.76	3.58	3.41	3.40	3.38	3.77	3.64
03/27/2023	4.22	4.47	4.91	4.90	4.86	4.51	3.94	3.79	3.59	3.57	3.53	3.90	3.77
03/28/2023	4.24	4.39	4.80	4.86	4.90	4.55	4.02	3.84	3.63	3.60	3.55	3.90	3.77
03/29/2023	4.34	4.50	4.80	4.91	4.92	4.59	4.08	3.87	3.67	3.62	3.57	3.91	3.78
03/30/2023	4.74	4.77	4.97	4.94	4.92	4.63	4.10	3.87	3.66	3.61	3.55	3.88	3.74
03/31/2023	4.74	4.79	4.85	4.97	4.94	4.64	4.06	3.81	3.60	3.55	3.48	3.81	3.67
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
04/03/2023	4.70	4.79	4.90	4.98	4.88	4.60	3.97	3.73	3.52	3.48	3.43	3.78	3.64
04/04/2023	4.66	4.80	4.88	4.90	4.80	4.50	3.84	3.60	3.39	3.38	3.35	3.72	3.60
04/05/2023	4.62	4.77	4.86	4.90	4.82	4.43	3.79	3.55	3.36	3.34	3.30	3.67	3.56
04/06/2023	4.57	4.85	4.91	4.98	4.93	4.51	3.82	3.59	3.37	3.34	3.30	3.66	3.54

US Yield rates daily table as of Apr 6, 2023 - We saw most terms continue to have their Yield Rates again decline this week.



FOMC Balance Sheet weekly chart as of Apr 5, 2023 - The Fed decreased its Balance Sheet this week from \$8.705942 Trillion last week to \$8.632384 Trillion this week, a decline of \$73.558 Billion in Total Assets. Last month (March 2023) we saw the Balance Sheet Increase by \$366.258 Billion.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Apr 6, 2023 - The Dow Transports rally last week did not continue this week, with an 'Inside' day on Monday followed by a sharp decline to the 20 day SMA Tuesday and a decline to the 200 day SMA Wednesday. Thursday saw a small bounce and narrow 'Inside' day to end the week a few points above its 20 day SMA, down -3.27% for the week.



XLE daily chart as of Apr 6, 2023 - The Energy sector gapped up Monday along with Oil prices then pulled back down to the 50 day SMA Tuesday. Wednesday was an 'Inside' day up followed by another 'Inside' day down Thursday to end the week up +2.60%.



XLF daily chart as of Apr 6, 2023 - The Financial sector continued a little higher Monday, above its sharply declining 20 day SMA. Tuesday and Wednesday followed the 20 day SMA down, straddling that SMA each day. Thursday saw a small bounce above the 20 day SMA to end the week down -0.50%.



QQQ daily chart as of Apr 6, 2023 - The Nasdaq-100 (NDX and QQQ) delivered new 2023 highs last week, exceeding its Feb. 2<sup>nd</sup> prior highs. Monday saw an 'Inside' day as last week's rally paused. Tuesday briefly saw a higher high early in the day before selling off lower most of the day. The selling continued Wednesday to new lows for the week. Thursday saw a lower low in the first few minutes of the day before a rally kicked in for the rest of the day, recovering about 65% of this week's losses and ending the week down -0.90%.





SOXX daily chart as of Apr 6, 2023 - The Semiconductor sector delivered new 2023 highs last Friday, but that rally did not continue this week. Monday saw a lower high, lower low and a lower close. The decline continued stronger Tuesday and on Wednesday with a gap down, crossing below its 20 day SMA to find support at its 50 day SMA. Thursday saw lower lows and lower highs with a brief dip below its 50 day SMA the bounced to close the day back above the 50 day SMA, ending the week down -4.89% as the weakest sector on my list this week. In the chart above it appears that the SOXX has a habit of testing its 50 day SMA as support several times over the past 30 days.



XLC daily chart as of Apr 6, 2023 - The Communication Services sector saw a strong rally last week that continued this week with higher highs and higher lows on Monday and Tuesday. Wednesday saw a pause with a lower low, lower high and a lower close. Thursday saw the rally resume with a bullish engulfing candle that delivered new highs for March and April, as it nears a retest of its Feb. 2<sup>nd</sup> highs. The XLC ended this week up +1.66%.

The 2 biggest stocks within the XLC are GOOGL (and GOOG) and META, when combined they represent over 45% of the total value of the XLC. Thursday's gains were mostly driven by these same two stocks. This is another example of how 'Weighting - Matters'.

Last week we included a Year-to-Date Percentage change chart that compared the S&P to each of the Sectors I track. This is one way to quickly identify relative strength between sectors so far this year.

Another comparison method you may consider doing is to list those sectors that have exceeded their prior Feb. 2<sup>nd</sup> highs and have delivered new 2023 highs in the past week or two. Above you can see that the SOXX and the QQQ Sectors have exceeded their February highs recently. Are there any other strong sectors that have also delivered new 2023 highs in recent days?

What if we also look for what key Stocks may have delivered new 2023 highs in recent days?

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	2/24/2023	3/3/2023	3/10/2023	3/17/2023	3/24/2023	3/31/2023	4/6/2023
\$SPX	-2.67%	1.90%	-4.55%	1.43%	1.39%	3.48%	-0.10%
\$INDU	-2.99%	1.75%	-4.44%	-0.15%	1.18%	3.22%	0.63%
\$COMPQ	-3.33%	2.58%	-4.71%	4.41%	1.66%	3.37%	-1.10%
\$RUT	-2.87%	2.00%	-8.07%	-2.64%	0.52%	3.89%	-2.66%
QQQ	-3.09%	2.68%	-3.71%	5.83%	1.97%	3.23%	-0.90%
\$TRAN	-3.35%	3.31%	-5.98%	-3.07%	-0.49%	5.34%	-3.27%
XLE	0.20%	3.07%	-5.31%	-6.85%	2.25%	6.34%	2.60%
XLF	-2.01%	0.93%	-8.50%	-5.92%	0.03%	3.74%	-0.50%
XLK	-2.67%	2.98%	-3.12%	5.66%	1.97%	3.46%	-1.28%
SOXX	-2.32%	3.28%	-3.50%	5.07%	1.20%	3.54%	-4.89%
XLV	-2.64%	0.51%	-3.89%	1.38%	1.54%	1.70%	3.14%
XLY	-4.46%	1.70%	-5.54%	2.27%	0.48%	5.62%	-3.08%
XRT	-6.71%	0.83%	-6.07%	-3.70%	-0.31%	5.33%	-3.01%
XLI	-2.64%	3.35%	-4.50%	-2.35%	0.66%	4.41%	-3.37%
XLU	-2.73%	-0.54%	-2.76%	3.96%	-1.19%	3.04%	3.13%
XME	-4.25%	9.83%	-11.14%	-5.73%	1.93%	5.75%	-3.39%
XLP	-1.32%	-0.23%	-1.97%	1.41%	1.68%	2.38%	0.87%
XLB	-0.14%	4.20%	-7.59%	-3.42%	2.16%	5.01%	-1.28%
XLC	-3.81%	2.85%	-4.57%	5.26%	3.26%	2.33%	1.66%
XHB	-3.22%	3.10%	-4.85%	-0.82%	0.68%	3.94%	-4.84%

Weekly Percent Change US Indexes and Sectors table as of Apr 6, 2023 - The strongest index this week was the Dow Industrials and the weakest the Russell 2000.

Over this past week, the strongest sectors included: XLV, XLU, XLE and XLC who all delivered over +1.6% gains this week.

The weakest sectors this week included: SOXX, XHB, XME, XLI, Transports, XLY and XRT that were all down by over -3.0% this week.

If we were to look at these sectors each day for their daily changes, we saw the XLU (Utilities) sector as the strongest on Tuesday and Wednesday and 3<sup>rd</sup> strongest on Thursday this week. This is one way to observe money flow into this 'Flight to safety' sector this week. On Thursday we saw the XLC as the strongest sector and if we looked at the stocks in that sector we saw that most of the gains were from GOOGL and META that day.

The SOXX was the weakest sector this week. If we look at Sector Leadership each day last week and this week we saw the SOXX ranked as follows (out of 18 total sectors):

Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur
#18 Last	#17	#1 First	#1 First	#17	#16	#15	#16	#16

The SOXX was ranked in the bottom 4 sectors every day this week, and last week alternated between the bottom and the top sectors. We have followed daily ranking for years and this ranking shows us an example of how the SOXX has both lead the markets Up on Up days and Down on Down days, and this week continues to show us this behavior.

These are examples of how top-down analysis and sector analysis can speed you search for both bullish and bearish opportunities with improved odds.

	Fri	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
<b>INDEXes</b>	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	Holiday
<b>SECTORS</b>	03/24/23	03/27/23	03/28/23	03/29/23	03/30/23	03/31/23	04/03/23	04/04/23	04/05/23	04/06/23	04/07/23
\$SPX	0.56%	0.17%	-0.16%	1.42%	0.57%	1.44%	0.37%	-0.58%	-0.25%	0.36%	n/a
\$INDU	0.41%	0.60%	-0.12%	1.00%	0.43%	1.26%	0.98%	-0.59%	0.24%	0.01%	n/a
\$COMPQ	0.31%	-0.47%	-0.45%	1.79%	0.73%	1.74%	-0.27%	-0.52%	-1.07%	0.76%	n/a
\$RUT	0.85%	1.08%	-0.06%	1.08%	-0.18%	1.93%	-0.01%	-1.81%	-0.99%	0.13%	n/a
QQQ	0.37%	-0.69%	-0.53%	1.82%	0.95%	1.66%	-0.24%	-0.34%	-1.01%	0.67%	n/a
\$STRAN	0.14%	1.32%	0.34%	0.99%	0.41%	2.19%	-1.09%	-1.79%	-0.79%	0.37%	n/a

Daily Percent Change US Indexes table as of Apr 6, 2023 - Here we see the daily changes in leadership between a few key Indexes. The Industrials lead on Monday and Wednesday but lagged on Thursday. The Nasdaq Composite lagged on Wednesday but led on Thursday whilst the Nasdaq-100 lead on Tuesday. Last week, note how often the Nasdaq-100 (QQQ) either Led the markets Down (2 days) or Up (2 days). This data can help identify clues as to where the leadership may be found each day.

Next we will look at a few key Stocks.



AAPL daily chart as of Apr 6, 2023 - Apple continued last week's rally on Monday and Tuesday this week before pulling back lower at Tuesday's close. Tuesday also saw new 2023 highs in Apple. Wednesday saw strong selling the first half of the day followed by a bounce rally the last half of the day that only recovered about half of the day's losses. Thursday saw a gap down at the open with a rally the first half of the day and a horizontal pause the last half of the day, ending the week down -0.15%.



MSFT daily chart as of Apr 6, 2023 - Microsoft did not continue last week's rally on Monday where we saw a pause and 'Inside' day. Tuesday briefly saw a higher high early in the day that slowly sold off all day for a close with little to no gain for the day. Wednesday saw the decline continue lower. Thursday saw a lower dip at the open followed by a rally all day to end the day and week with new 2023 highs, ending the week up +1.14%.



GOOGL daily chart as of Apr 6, 2023 - Alphabet saw a sharp decline most of last week with a rally o last Friday. This rally continued this week with higher highs seen each day this week, with a lower close on Wednesday and the largest daily gain seen on Thursday, ending the week up +4.52%. Alphabet delivered new highs for 2023 on Thursday as well.



AMZN daily chart as of Apr 6, 2023 - Last week's rally in Amazon did not continue this week, with Monday delivering a lower high, lower low and a lower close. Tuesday saw a brief rally to higher highs and a higher close that was all given back on Wednesday plus some more. Thursday saw a lower low, lower high with a higher close to end the week down -1.19%.



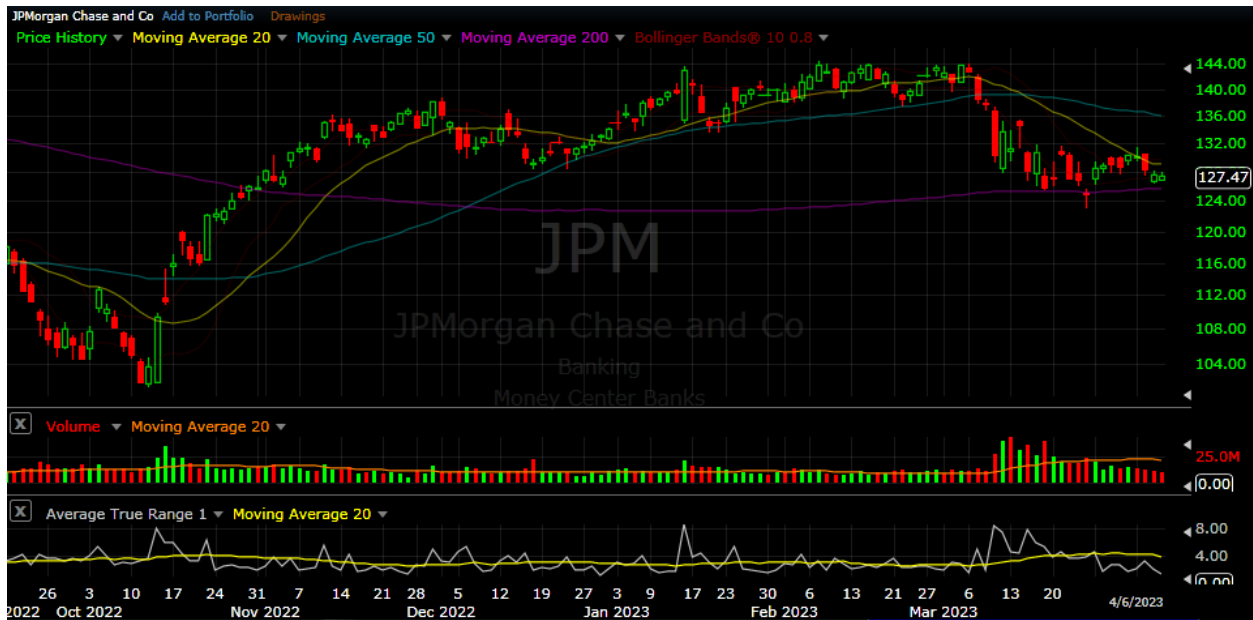
TSLA daily chart as of Apr 6, 2023 - Last week Tesla saw mostly horizontal chop until Friday's strong rally day. That rally did not continue Monday as we saw a gap down at the open with strong selling most of the day. Tuesday and Wednesday continued lower. Thursday gapped down at the open and dropped lower the first few minutes before buyers stepped in and filled that day's gap. Once the gap was filled TSLA traded in a narrow flat range the rest of the day, ending the week down -10.80%.



NVDA daily chart as of Apr 6, 2023 - Nvidia saw a rally late last week that continued higher on Monday this week, delivering new 2023 highs on Monday. Tuesday saw most of the prior day's gains returned. Wednesday gapped down and continued lower the first hour then bounced and only recovered a portion of the day's losses. Thursday again saw a gap down at the open but was fully filled with a small gain for the day, ending the week down -2.66%.



META daily chart as of Apr 6, 2023 - The rally seen last week in Meta continued higher with new 2023 highs seen on Monday and Tuesday. Wednesday saw a small pull back that was followed with a stronger rally 'Bull Engulfing' day Thursday to another new 2023 highs and ending the week up +1.96%.



JPM daily chart as of Apr 6, 2023 - JP Morgan has been in a narrow range for a few weeks, just above its 200 day SMA (Purple). Monday straddled its descending 20 day SMA (Yellow) with a narrow range day. Tuesday saw selling lower the continued lower Wednesday once support was found near \$126.46. Thursday saw a quiet 'Inside' day to end the week down -1.41%.



COST daily chart as of Apr 6, 2023 - Costco saw a failed rally the first 3 days this week that failed to close above its 200 day SMA while remaining above its 50 day SMA support. Thursday saw a large gap down below the 50 day and 20 day SMAs that sold lower the first half hour of the day before bouncing and filling only about 1/3 of the opening gap, ending the week down -2.19%.





INTC daily chart as of Apr 6, 2023 - Intel saw a huge rally last week the continued a little higher on Monday and Tuesday this week with higher highs and new 2023 highs each day. Wednesday saw a small pull back that was followed with a pause and 'Inside' day on Thursday, ending the week up +0.43%.



MU daily chart as of Apr 6, 2023 - Micron saw a drop the last 2 days of last week that continued lower the first 3 days of this week, crossing below its 50 day and 20 day SMAs on Tuesday and below its 200 day SMA on Wednesday. Thursday saw a rally above its 200 day and 20 day SMAs to end the week down -2.75%. The \$65 area has provided Resistance in Aug. and Nov. of 2022 and in Jan. and Mar. of 2023.



CAT daily chart as of Apr 6, 2023 - Caterpillar saw a strong rally all of last week the peaked early on Monday of this week before pulling back a little. Very strong selling kicked in the first half of Tuesday and continued all week, crossing below its 20 day SMA on Tuesday and below its 200 day SMA on Thursday, ending the week down -8.60%. Note the above average volume the last 3 days of this week.



DE daily chart as of Apr 6, 2023 - John Deere also saw a very strong rally all of last week the peaked on Monday of this week. Even Strong Selling kicked in Tuesday and Wednesday to take DE below its 50 day, 20 day and 200 day SMAs to new also deliver new 2023 lows on Wednesday and Thursday, ending the week down -10.47%. Note the huge volume on Wednesday. Up +7.16% last week in 5 days and down -10.47% this week mostly in 2 days shows us how volatile the Bears can be.



X daily chart as of Apr 6, 2023 - US Steel saw a pause for 3 days last week that continued on Monday this week. Tuesday saw strong selling below its 20 day SMA with a lower low Wednesday just above its 200 day SMA. Thursday saw only a tiny bounce to end the week down -4.98%.



BA daily chart as of Apr 6, 2023 - Boeing saw a rally all of last week the continued higher on Monday of this week but failed to deliver new 2023 highs. The next 3 days saw lower highs, lower lows and a lower close except on Thursday where we saw the 50 day SMA provide support, ending the week down -0.50%.

Out of the 7 biggest stocks, only 3 closed higher this week. (GOOGL, META, MSFT)

Two of these 3 stocks are also in the same sector and provided most of the gains in the XLC sector.

This week mostly followed a script of: a failed rally Monday, another failed rally Tuesday with lower lows Wednesday and Thursdays. Most stocks and sectors followed this script this week with a few exceptions. Making comparisons is one way to find these exceptions. Paying attention to and recognize these exceptions when they happen is a good way to focus your attention on a possible opportunity.

This week Tesla provided such an opportunity since it had a strong rally last Friday I chose to watch it at the open on Monday to see if that rally would continue or not. Surprise! There was no continued rally but instead we saw a large gap down that continued lower and provided a Bearish trade opportunity. I was not expecting that, but was quick to recognize the 'gap-n-go' opportunity for a Bearish trade. Sometimes we may be watching for one thing and end up seeing something completely different. That is OK. We never know what the market will do in the future, but we can react to the present when we recognize an opportunity that fits our objectives and tactics. The volatile nature of Tesla had me looking at the right symbol at the right time. Even if I was wrong with my expectations, I was able to recognize a high odds opportunity that fit my criteria and acted upon that. Trading is like that at times, so I try to always be ready to change and adapt to what the market offers, and never 'expect' a certain behavior out of the market. This is part of what keeps trading challenging.

I hope this helps you think about what you see in the charts as you learn to recognize a valid opportunity whenever it may show up.

Trade Smart,

CJ