



## Market Observations - as of Apr. 14, 2023

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

Last week we saw a failed rally early on Monday and Tuesday that failed to continue higher but reversed and were followed by lower lows Tuesday, Wednesday and early on Thursday. Mid day on Thursday we saw a brief rally that recovered about half of the week's decline to end last week with a small decline in most indexes and sectors. Last Friday was a Holiday for the markets.

This week we saw several opening gaps and reversals as over reactions to Economic news seemed to drive daily swings. Monday saw a gap down at the open that took all day to fill. Tuesday saw smaller oscillations with little net change at the close.

Wednesday initially saw a gap up in reaction to CPI data that quickly reversed and sold off to fill the gap by 90 minutes into the day and delivered lower lows in the morning. After a failed rally in the afternoon, sellers sold again but with even stronger momentum the last 100 min. of the day in reaction to Fed and ECM comments to deliver lower lows by the close on Wednesday.

Thursday saw a gap up at the open in reaction to PPI data that continued higher most all day at a steady pace.

Friday saw a gap down at the open that may have been a reaction to Retail Sales data. We then saw a very fast rally up in the first 30 min. that delivered new highs for the week before quickly reversing and giving back all of the gains in the first 30 min in the next 20 min. Markets paused for an hour before selling lower by mid day to give back a majority of the prior day's gains. A bounce the last 2 hours on Friday recovered less than half of the day's losses to end the week with a small gain for the week in most indexes.

We saw wider daily price swings the last 3 days of this week likely in reaction (or over reaction) to Economic news each day. This week seemed like the market wanted to rally, but there were daily distractions to that goal. We saw brief violent spurts of both buying and selling with the lack of a trend that can last more than just a day or two.

With Earnings season beginning, we are likely to see some more volatile reactions to these news events. JPM, C, BAC and GS saw positive reactions Friday after JPM and C reported Earnings Friday before the open. BAC and GS report Earnings next week on Tuesday before the open. The rally Friday in BAC and GS were likely in sympathy to strong beats reported Friday by JPM and C. WFC also reported on Friday but did not see much change at the close, but did see some wild swings in the opening 40 min. on Friday until the conference call was likely over and the dust settled.

The US Dollar continued to weaken this week while Gold and Silver prices trended higher with a pull back seen on Friday. Oil prices rose from \$80 to \$82.50 on Tuesday and Wednesday this week. Treasuries saw some selling this week as yields rose higher.

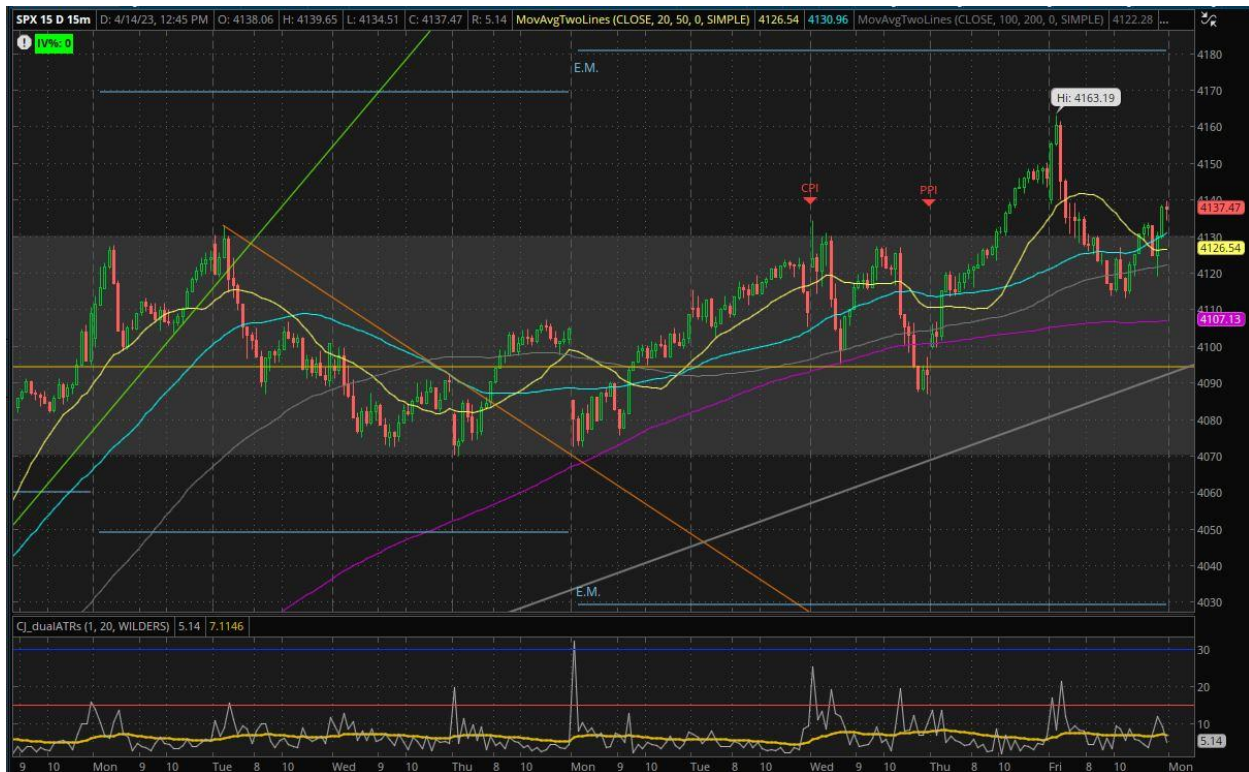
Let's look at the charts to see what they are telling us this week.



S&P 500 weekly chart as of Apr 14, 2023 - The S&P paused last week and advanced a little higher this week and is above all 3 of its key weekly SMAs. It has not yet broken above its Feb. highs this year.



S&P 500 daily chart as of Apr 14, 2023 - The S&P saw a small advance Monday followed by a pause on Tuesday near a higher high. Each day this week we saw a higher high but we also saw higher and lower closes nearly alternating each day. Wednesday Thursday and Friday saw wider range days with the highest high this week seen on Friday but with a lower close to end the week up +0.79% and still above all 3 of its key Daily SMAs.



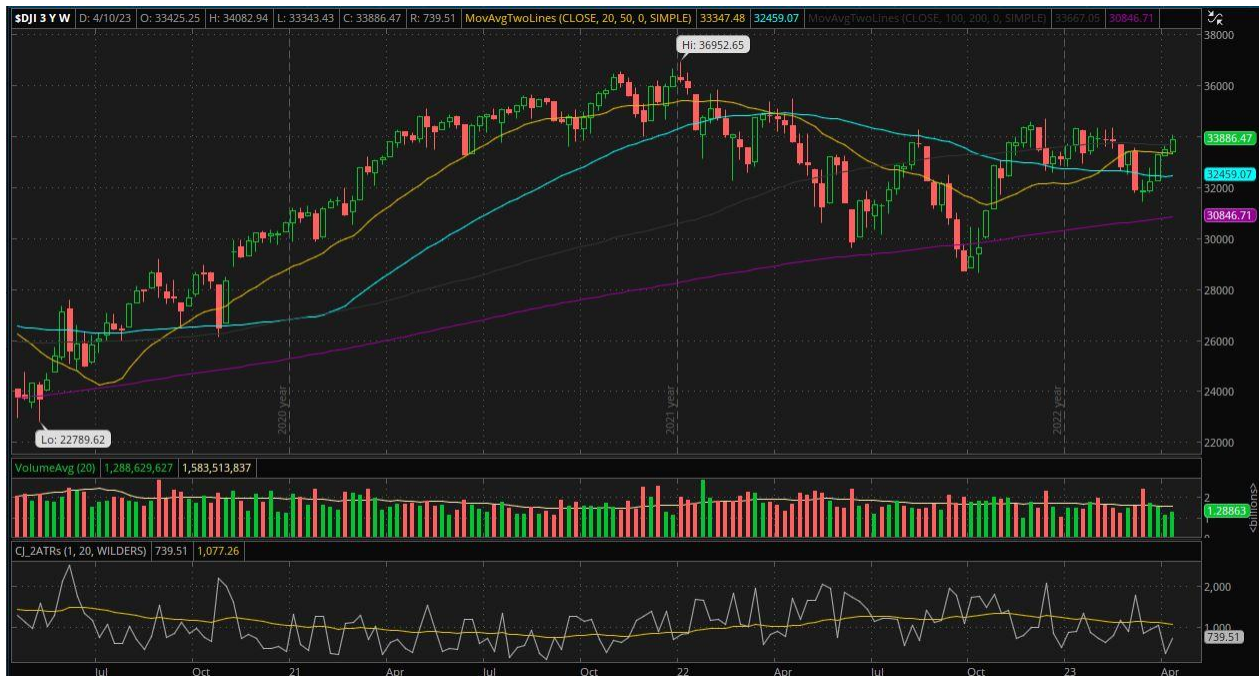
S&P 500 15 min. chart as of Apr 14, 2023 - Here we see the gap down at the open on Monday with a slow rally all day that filled the gap by the end of the day. The slow rally continued Tuesday until the last 30 min. when selling returned most all of that day's gains. Wednesday saw a gap up after CPI data that quickly sold off to lower lows, below the prior day's lows. A bounce mid day failed to reach the morning highs and strong selling returned the last 100 minutes of the day to lower lows by the close on Wednesday. Thursday saw a gap up after PPI data that continued higher most all day to deliver new highs for the week. Friday saw a rally and selling in the first 40 min. of the day that continued lower past mid-day. The last 2 hours of Friday saw two weak rallies to recover only about half of the day's decline, ending the day down -0.21%.

The S&P ended this week 'Inside' its weekly Expected Move.

The Darvas Box (Grey area) defined by the range from March 31 - April 4<sup>th</sup> has continued to see the S&P mostly remain inside this range all of last week and most of this week, breaking out mid day on Thursday this week but then returning inside by mid day on Friday. The last few minutes on Friday saw a rally back above this range. We will see if this break out continues next week or not.

The Nasdaq composite has also defined a similar Darvas Box since March 30<sup>th</sup> and has mostly remained inside this Box last week and this week. The Nasdaq rally Thursday and brief spike up on Friday failed to break out of that box (from about 11,920 to 12,227).





DJIA weekly chart as of Apr 14, 2023 - We saw a pause in the rally last week at the 20 week SMA that resumed higher this week without delivering new 2023 highs.



DJIA daily chart as of Apr 14, 2023 - The Industrials paused its rally last week then resumed this week with both higher highs and higher lows every day this week but not a higher close each day. We see alternating days the last 4 days this week to end the week up +1.20% and still above all 3 of its key SMAs.



Nasdaq weekly chart as of Apr 14, 2023 - Two weeks ago we saw a strong rally that paused last week with an 'Inside' week. This week we again see another 'Inside' week but with a slightly higher close. This chart suggests that this pause has continued for a 2<sup>nd</sup> week.



Nasdaq daily chart as of Apr 14, 2023 - The Nasdaq composite has remained below its March 31<sup>st</sup> highs and above 11,920 for 11 sessions and failed to break out of this range this week. We do see a cup-and-handle pattern forming with Resistance near the Feb 2<sup>nd</sup> highs and the March 31<sup>st</sup> highs that may soon be retested. The Nasdaq ended this week up slightly +0.29%.





Russell 2000 weekly chart as of Apr 14, 2023 - The little Russell has now paused for 5 weeks just below all 3 of its key weekly SMAs that have clustered tightly together here.



Russell 2000 daily chart as of Apr 14, 2023 - We saw a rally on Monday above its 20 day SMA that continued higher on Tuesday. The rest of this week we see a horizontal pause without additional gains, ending the week up +1.52%.

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



McClellan Summation Index weekly chart as of Apr 14, 2023 - Last week we saw this Index continue higher, crossing above its 50 week SMA and ending last week at -16.71. This week we see a larger increase to end this week at 216.25.



McClellan Summation Index daily chart as of Apr 14, 2023 - This week we saw this Index continue higher to end this week at 216.25.



NYSE Percent above 200 day SMA daily chart as of Apr 14, 2023 - We saw a pull back last week from 54% to 51.21%. This week we see oscillations in the 52% to 55% area with this week ending at 53.95%.



NYSE Percent above 50 day SMA daily chart as of Apr 14, 2023 - Last week we saw a rally up to about 40% with a pull back to end the week at 34.44%. This week we see a rally higher to over 45% and a pullback Friday to end this week at 44.27%.





VIX daily chart as of Apr 14, 2023 - This week began with a continuation of a horizontal VIX range on Monday, Tuesday and Wednesday with very little change at the close each day. Thursday and Friday saw lower closes in the VIX each day with Friday's close coming with 0.01 point of the VIX's low for this year seen on Feb. 2<sup>nd</sup>. This is curious as we saw may prices expand their range (volatility) on each of the last 3 days of this week while the VIX remained complacent and descended lower on Thursday and Friday as if the market was not so volatile.



VVIX daily chart as of Apr 14, 2023 - The VVIX saw little change this week, remaining in the same range as last week.

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



Oil daily chart as of Apr 14, 2023 - Oil prices were quiet Monday just below \$80 then rallied on Tuesday and Wednesday up to the \$83.25 - \$83.50 area. Thursday saw a small pull back and pause on Friday to end the week at \$82.68.



Gold daily chart as of Apr 14, 2023 - The rally that began in early March continued this week after a small pull back on Monday. Gold delivered new 52 week highs on Thursday before pulling back strongly on Friday. Friday's correction broke below our Trend Line Support but did not reach its 20 day SMA.





US Dollar Index daily chart as of Apr 14, 2023 - The US Dollar Index continues its decline (from early March) this week after nearly testing its 20 day SMA on Monday as Resistance. Each day that followed saw lower lows. Friday saw a higher close.



US 10 year Treasury daily chart as of Apr 14, 2023 - Selling dominated 4 out of 5 days this week, with only Wednesday bouncing above its 20 day SMA. Friday broke below the 20 day SMA to deliver a new low for the week on stronger volume.

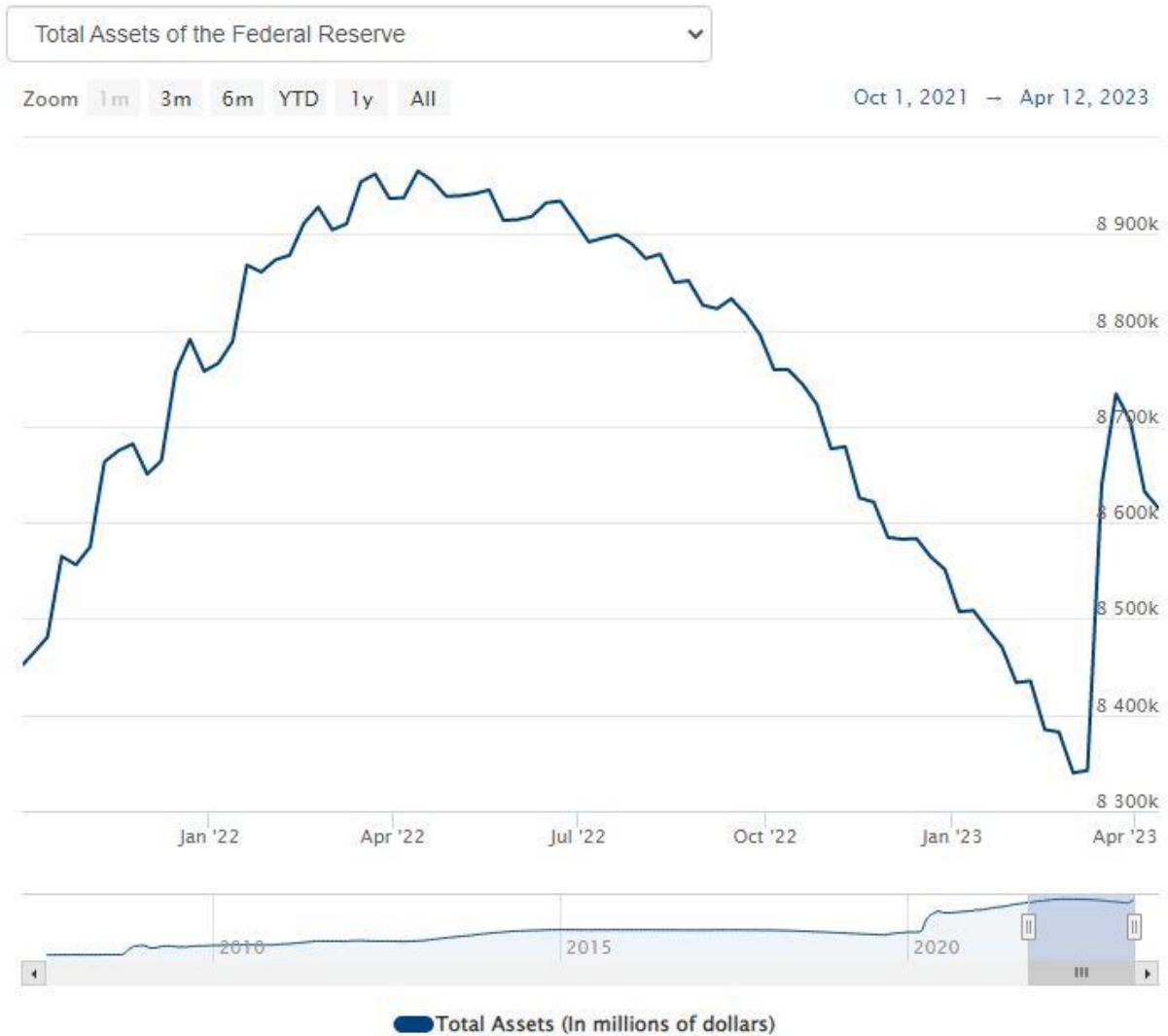




US 10 year Yield daily chart as of Apr 14, 2023 - Here we see the 10 year Yields increase each day this week with the exception of Wednesday where we saw a pause.

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
04/07/2023	4.56	4.90	4.95	5.07	4.95	4.61	3.97	3.72	3.49	3.45	3.39	3.73	3.61
04/10/2023	4.53	4.89	5.08	5.08	4.98	4.65	4.00	3.75	3.52	3.47	3.41	3.74	3.62
04/11/2023	4.27	4.89	5.04	5.06	4.99	4.67	4.03	3.76	3.54	3.48	3.43	3.75	3.62
04/12/2023	4.27	4.89	5.02	5.10	4.98	4.64	3.95	3.68	3.46	3.43	3.41	3.75	3.64
04/13/2023	4.08	4.96	5.10	5.10	4.95	4.66	3.96	3.70	3.51	3.48	3.45	3.80	3.69
04/14/2023	4.29	4.98	5.14	5.16	5.03	4.77	4.08	3.83	3.60	3.56	3.52	3.85	3.74

US Yield Rates daily table as of Apr 14, 2023 - Note how most terms saw their yield increase this week over last week as some money flowed out of Treasuries and into Growth stocks. Also note the wider 2 year - 3 month spread on Thursday that grew to 1.14%.



FOMC Balance Sheet weekly chart as of Apr 12, 2023 - The Fed decreased its Balance Sheet by \$17.587 Billion this week, with the Total Assets now at \$8.614797 Trillion.

Next we will look at a few key Sectors.

With the Nasdaq in 'Consolidation' over the past 11 sessions, let's look to see what sectors may also be forming a consolidation pattern over this same time period, and what sectors may look to be trending either higher or lower over the past 2 weeks.



Dow Transportation Index daily chart as of Apr 14, 2023 - The Transports saw a rally Monday and Tuesday but could not exceed the prior highs from March 31<sup>st</sup>. Wednesday and Thursday saw a pull back to nearly the 20 day SMA with a bounce Thursday to the prior day's lows. Friday saw a small rally to end the week up +2.01% with most of those gains coming from Monday.



XLE daily chart as of Apr 14, 2023 - The Energy sector delivered higher highs and a higher close every day this week, exceeding its prior April 3<sup>rd</sup> highs on Wednesday. Friday saw a narrow range day to end the week up +2.65%.





XLF daily chart as of Apr 14, 2023 - The Financial sector saw a very ugly March followed by a bounce two weeks ago and a correction below then back above its 20 day SMA last week. This week the bounce continued with higher highs, higher lows and a higher close each day this week except on Thursday. The pull back seen on Wednesday was mostly recovered on Thursday. Earnings came out before the open on Friday for large components in this sector (JPM, C, WFC) with mostly positive reactions as seen in the XLE on Friday with a gap up, ending the week up +2.78%.



QQQ daily chart as of Apr 14, 2023 - The Nasdaq-100 ETF has also been within a range the past 11 sessions without a break out or break down seen this week. The horizontal oscillations continued this week and ended the week up only +0.16%.



SOXX daily chart as of Apr 14, 2023 - The Semiconductor sector has remained within a range the past 7 sessions between its 50 day SMA Support and 20 day SMA Resistance. This week ended just above its 50 day SMA, up only +0.04% for this week.



XLC daily chart as of Apr 14, 2023 - The Communication Services sector saw a small pull back on Monday that was followed with higher highs every day this week. The lower closes seen on Tuesday and Wednesday were recovered fully by the end of the week with XLC up +0.51% for the week while it has not yet exceeded the prior highs from Feb. 2<sup>nd</sup> this year.



INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	3/3/2023	3/10/2023	3/17/2023	3/24/2023	3/31/2023	4/6/2023	4/14/2023
\$SPX	1.90%	-4.55%	1.43%	1.39%	3.48%	-0.10%	0.79%
\$INDU	1.75%	-4.44%	-0.15%	1.18%	3.22%	0.63%	1.20%
\$COMPQ	2.58%	-4.71%	4.41%	1.66%	3.37%	-1.10%	0.29%
\$RUT	2.00%	-8.07%	-2.64%	0.52%	3.89%	-2.66%	1.52%
QQQ	2.68%	-3.71%	5.83%	1.97%	3.23%	-0.90%	0.16%
\$TRAN	3.31%	-5.98%	-3.07%	-0.49%	5.34%	-3.27%	2.01%
XLE	3.07%	-5.31%	-6.85%	2.25%	6.34%	2.60%	2.65%
XLF	0.93%	-8.50%	-5.92%	0.03%	3.74%	-0.50%	2.78%
XLK	2.98%	-3.12%	5.66%	1.97%	3.46%	-1.28%	-0.28%
SOXX	3.28%	-3.50%	5.07%	1.20%	3.54%	-4.89%	0.04%
XLV	0.51%	-3.89%	1.38%	1.54%	1.70%	3.14%	0.79%
XLY	1.70%	-5.54%	2.27%	0.48%	5.62%	-3.08%	1.36%
XRT	0.83%	-6.07%	-3.70%	-0.31%	5.33%	-3.01%	1.17%
XLI	3.35%	-4.50%	-2.35%	0.66%	4.41%	-3.37%	2.11%
XLU	-0.54%	-2.76%	3.96%	-1.19%	3.04%	3.13%	-1.32%
XME	9.83%	-11.14%	-5.73%	1.93%	5.75%	-3.39%	2.04%
XLP	-0.23%	-1.97%	1.41%	1.68%	2.38%	0.87%	-0.24%
XLB	4.20%	-7.59%	-3.42%	2.16%	5.01%	-1.28%	1.63%
XLC	2.85%	-4.57%	5.26%	3.26%	2.33%	1.66%	0.51%
XHB	3.10%	-4.85%	-0.82%	0.68%	3.94%	-4.84%	4.09%

Weekly Percent Change US Indexes and Sectors table as of Apr 14, 2023 - The Russell delivered the strongest weekly performance this week followed by the Industrials. The weakest Index this week was the Nasdaq.

The Strongest Sectors this week included: XHB, XLF, XLE, XLI and XME who all delivered over +2.1% in gains this week.

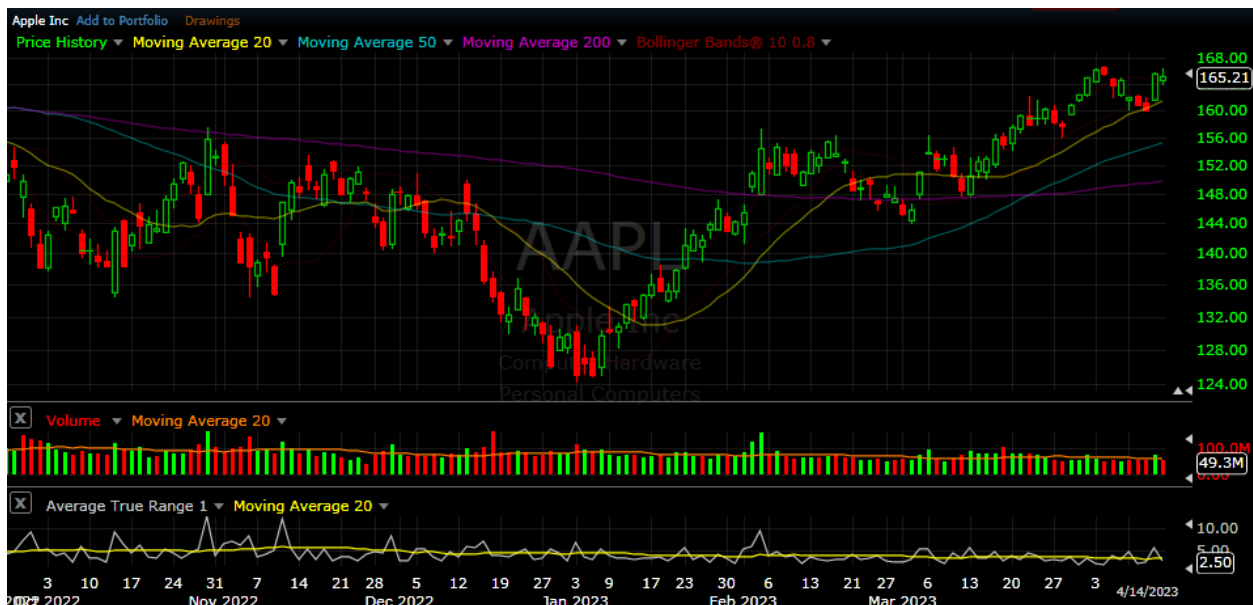
The Weakest Sectors included: XLU, XLK and XLP who all declined this week. The SOXX was also weak by only providing a +0.04% gain this week. The SOXX was the weakest sector last week with a -4.89% loss.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 04/03/23	End of Day 04/04/23	End of Day 04/05/23	End of Day 04/06/23	Holiday 04/07/23	End of Day 04/10/23	End of Day 04/11/23	End of Day 04/12/23	End of Day 04/13/23	End of Day 04/14/23
\$SPX	0.37%	-0.58%	-0.25%	0.36%	n/a	0.10%	0.00%	-0.41%	1.33%	-0.21%
\$INDU	0.98%	-0.59%	0.24%	0.01%	n/a	0.30%	0.29%	-0.11%	1.14%	-0.42%
\$COMPQ	-0.27%	-0.52%	-1.07%	0.76%	n/a	-0.03%	-0.43%	-0.85%	1.99%	-0.35%
\$RUT	-0.01%	-1.81%	-0.99%	0.13%	n/a	1.02%	0.80%	-0.72%	1.30%	-0.86%
QQQ	-0.24%	-0.34%	-1.01%	0.67%	n/a	-0.06%	-0.64%	-0.90%	1.99%	-0.19%
\$TRAN	-1.09%	-1.79%	-0.79%	0.37%	n/a	1.66%	1.15%	-0.98%	-0.24%	0.42%

Daily Percent Change US Indexes table as of Apr 14, 2023 - Note how the Transports were extreme every day this week as either a leader or a laggard. The QQQ showed its weakness on Monday and Tuesday but also was 2<sup>nd</sup> weakest on Wednesday this week. Thursday it led the rally briefly to be followed by a small decline on Friday.

When the QQQ (NDX or Nasdaq-100) shows greater strength than the Nasdaq composite or the S&P-500, we know to look at the 5 to 7 biggest stocks in this index to see if they could be the reason for that show of strength, due to their significant 'weighting' in these indexes. Likewise, if the QQQ is the weakest, then we can see if the 5 to 7 biggest stocks in that index could be part of the reason for that weakness. We showed the actual weighting that these big names have in various indexes in the March 24<sup>th</sup> 'Market Observations'. We will also begin with these same 7 stocks in the following charts below for the same reason.

Next, we will look at a few key stocks.



AAPL daily chart as of Apr 14, 2023 - Apple saw a decline Monday and pause Tuesday with a decline to test its 20 day SMA support on Wednesday. Thursday saw a strong rally that only briefly continued higher on Friday to end the week up +0.33%.

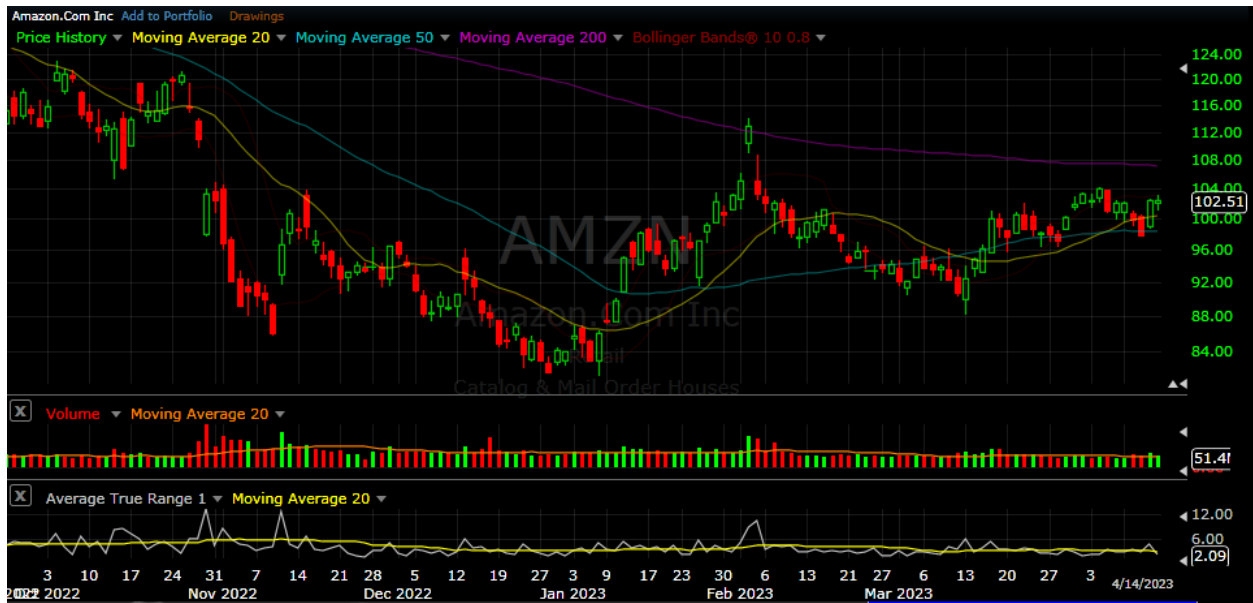


MSFT daily chart as of Apr 14, 2023 - Microsoft saw an 'Inside' day on Monday with a decline Tuesday and Wednesday to retest the prior week's lows. Thursday saw a strong rally that was followed with a quiet 'Inside' day on Friday to end the week down -1.87%.



GOOGL daily chart as of Apr 14, 2023 - Alphabet saw a quiet 'Inside' day on Monday followed by a decline Tuesday and Wednesday to retest last Thursday's lows (Apr 6<sup>th</sup>). This Thursday saw a rally that continued higher Friday to nearly retest last week's highs, ending this week up +0.42%.





AMZN daily chart as of Apr 14, 2023 - Amazon paused Monday with a similar day as last Thursday. Tuesday and Wednesday saw a decline below the 20 day and 50 day SMAs. Thursday saw a strong rally above both SMAs to recover all of this week's losses plus a little. Friday briefly saw a higher high and delivered a higher close to end the week up +0.44% but without exceeding the prior week's highs.



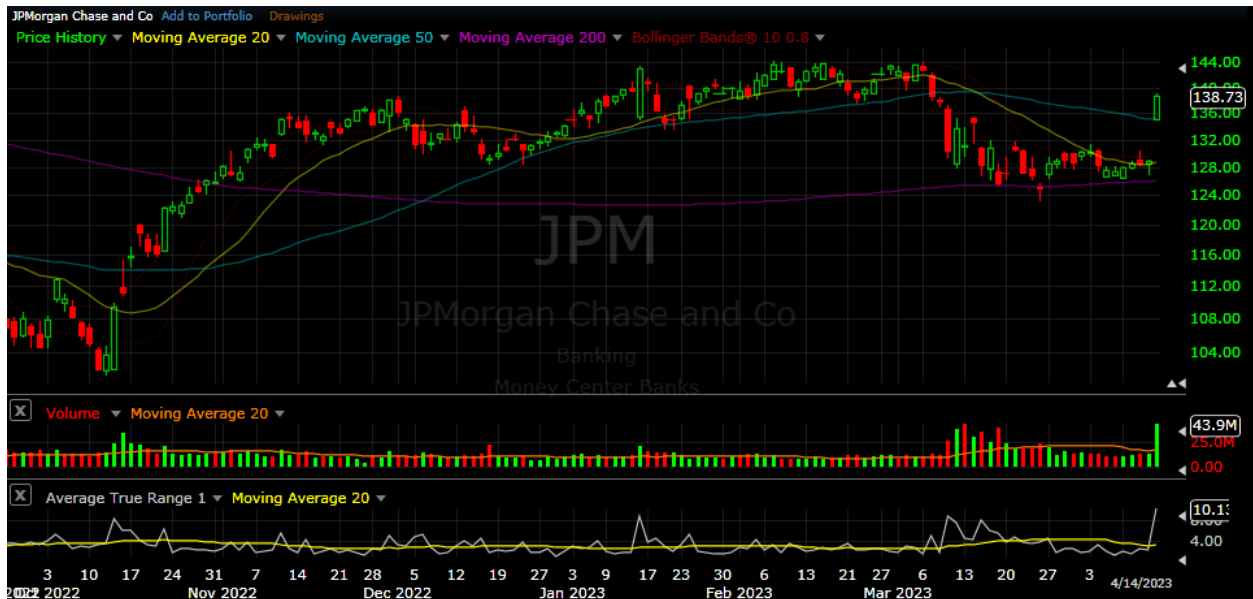
TSLA daily chart as of Apr 14, 2023 - Tesla continues to consolidate since the beginning of February with higher lows and lower highs. Monday briefly saw a lower low than the prior week before closing lower by half a dollar. Tuesday saw a tiny rally. Wednesday failed just above its 20 day SMA and sold off to its lowest close for this week. Thursday saw a small rally that could hardly recover half of the prior day's losses. Friday saw a quiet and mostly 'Inside' day, ending the week down -0.03%. Note how price is near the mostly flat 20 day and 50 day SMAs as they indicate a 'no trend' condition for a while. Tesla reports Earnings next week on Apr. 19<sup>th</sup> after the close.



NVDA daily chart as of Apr 14, 2023 - Nvidia delivered new 52 week highs last week (Apr. 3<sup>rd</sup>). This week we saw a failed rally Monday and early Tuesday that failed to reach the prior highs and sold off Tuesday and Wednesday to below its 20 day SMA. NVDA remained below its 20 day SMA for the rest of this week with a tiny rally Friday that failed to cross above this SMA, ending the week down -1.03%.



META daily chart as of Apr 14, 2023 - Meta has seen a steady rally since early November 2022. Monday META saw an 'Inside' day followed by narrow range pause day on Tuesday and Wednesday. Thursday and Friday saw a rally to new 2023 highs, ending the week up +2.49%.



JPM daily chart as of Apr 14, 2023 - JP Morgan continued within a narrow range for 4 days this week near its 20 day SMA. Friday JPM reported Earnings before the open and saw a strong gap up to the 50 day SMA with a rally higher to end the week up +8.83% and is now above all 3 of its key SMAs.



COST daily chart as of Apr 14, 2023 - Costco saw a sharp drop last Thursday. Monday saw a strong rally back above its 20 day SMA that continued higher Tuesday above its 50 day SMA and tested its 200 day SMA to recover all of last Thursday's drop. Wednesday saw a decline back below the 50 day and 20 day SMAs. Thursday saw a rally back above the 20 day and 50 day SMAs. Friday saw selling back below the 50 day and 20 day SMAs to end the week up +1.09%. Retail sales data came out Friday before the open that may have triggered some selling on Friday.





INTC daily chart as of Apr 14, 2023 - Intel saw 7-month new highs last week and has slowly sold off since. The selling continued this week with lower closes each day this week except on Thursday. Friday saw an 'Inside' day to end the week down -2.80%.



CAT daily chart as of Apr 14, 2023 - Caterpillar broke below its 200 day SMA and delivered new 2023 lows last Thursday (Apr 6<sup>th</sup>). Monday and Tuesday saw a rally back above its 20 day SMA with a pause on Wednesday. Thursday and Friday saw a small rally higher to end the week up +6.94%. We continue to see both lower highs and lower lows since early February.



DE daily chart as of Apr 14, 2023 - John Deere saw a sharp decline last week. Monday, Tuesday and Wednesday saw a rally back up to its 200 day SMA. Thursday saw a small pull back. Friday rallied above the 200 day SMA to end the week up +4.90%.



X daily chart as of Apr 14, 2023 - US Steel saw a dip to nearly its 200 day SMA last week. Monday saw a rally up to its 20 day SMA that continued Tuesday above its 20 day SMA. The rest of this week saw a horizontal pause that remained just above its 20 day SMA, ending the week up +3.95%.



BA daily chart as of Apr 14, 2023 - Boeing saw a horizontal pause continued for 4 days this week before a large gap down on Friday below its 50 day and 20 day SMAs, ending the week down -4.57%.

We saw plenty of reactions and over reactions to Economic News this week. This could continue next week as Earnings season ramps up over the next few weeks. This gives us a good reminder to be ready for 'Anything'. We have seen frequent leadership changes, that show us trends seem to not last very long lately, maybe only 2 to 4 days.

Over the past several weeks we have seen many examples of the strongest sector becoming the weakest sector and vice versa. This should not be discouraging, but encouraging, as it shows us that that sector may be one that 'often' leads in either direction, and therefore may be where higher odds opportunities can be found.

The late Mark Douglas would remind us to be ready for 'Anything', and to me that means to have thought out my actions for multiple possible scenarios ahead of time. I try to image the future with Bullish, Bearish and Neutral scenarios, and what I would do 'If' some key event is observed. This way I am better prepared when one of those scenarios eventually reveals itself.

I hope this helps.

Trade Smart,  
CJ