



Market Observations - as of May 26, 2023

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

Last week we saw a Divergence form two weeks ago that was resolved on Wednesday of last week as the behavior of the S&P and Nasdaq changed from being different to similar. The fact that the Nasdaq began its rally to new 2023 highs a week before the S&P did, also gives us a clue as to where 'Leadership' may be found.

This week we saw a pause on Monday followed by a decline on Tuesday that continued lower the first half of Wednesday before support was found and a bounce tried to begin with little progress. Thursday saw a strong rally driven by a few stocks that continued higher Friday with a bit more participation.

The big event that changed this week's trend occurred on Wednesday after the close when Nvidia reported Earnings and saw a huge +30% reaction in after hours trading. The gap up on Thursday by Nvidia delivered a +4 standard deviation move as measured by the Options Implied Volatility before Wednesday's close. Several semiconductor and big Tech names moved up Wednesday during the afterhours session in sympathy with Nvidia. Significant sympathetic moves were seen in AMD, TSM, MU, MSFT and GOOGL during Wednesday's afterhours session.

Thursday saw these same names make large positive moves at the open with a few more Tech names joining in on the rally. We did NOT see any significant declines Thursday as FOMO buyers overtook any short sellers and held onto most all of these significant gains.

Friday saw the rally continue strong with a bit more participation as Advance/Decline changed from Negative on Thursday to Positive on Friday. NVDA closed higher on Friday along with AMD, TSM, MU, MSFT and others.

The Nasdaq delivered new 2023 highs on Friday while the S&P came close but failed to exceed its 2023 high from last Friday (May 19th).

The US Dollar slowly strengthened this week while Gold and Silver saw a small decline and Oil prices oscillated within a range between \$71.2 and \$74.5 this week. The US 10 year Treasury saw strong selling 3 days this week with weaker buying on the other two days.

The Nasdaq again shows its strength and leadership this week, with most of the gains coming from a small group of stocks. Breadth was narrow during the rally this week showing us how important it is to keep an eye on those names that seem to be leading.

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



S&P 500 weekly chart as of May 26, 2023 - We see a Bullish engulfing candle with a wider range than last week and a higher close this week. Note the pattern this year of higher highs and higher lows since the Oct. 2022 lows.



S&P 500 daily chart as of May 26, 2023 - The S&P broke to new 2023 highs last Friday, paused this Monday, declined Tuesday and then gapped below its 20 day SMA on Wednesday. Support was found Wednesday near the middle of the 'box'. Thursday saw a gap up and rally mostly above its 20 day SMA but failed to break out of the prior 'box'. Friday saw a strong rally that nearly retested the 2023 highs from last Friday, ending this week up +0.32%.



S&P 500 15 min. chart as of May 26, 2023 - Here we see the pause on Monday this week near the Feb 2nd highs. Thursday saw a gap down, pause then decline most of the day. Wednesday saw a gap down and cross below its lower weekly Expected Move at the open and remained below the E.M. most of the day. Thursday saw a gap up back above the lower weekly Expected Move and a pause for 2 hours followed by a mild rally the last half of the day. Friday saw a very strong rally in the opening hour that continued higher at a slower pace the rest of the day, coming very close to testing the 2023 highs from last Friday.



DJIA weekly chart as of May 26, 2023 - This week we see a lower low, a lower high and a lower close than last week, ending this week below its 20 week SMA after testing support this week at the 50 week SMA. The Dow Industrials have been in a consolidation pattern for over 6 months now as the clustering horizontal 20 day and 50 day SMAs indicate.



DJIA daily chart as of May 26, 2023 - The week began with a steady decline from the 20 day SMA, crossing below its 50 day SMA on Tuesday and crossing below its 200 day SMA on Thursday. Friday saw a rally that recovered about half of this week's decline, ending this week down -1.00%.



Nasdaq weekly chart as of May 26, 2023 - The Nasdaq composite broke out of its 'box' 2 weeks ago and delivered a strong rally last week and a slightly stronger rally this week. Here too we see a series of higher highs and higher lows since the October 2022 lows.

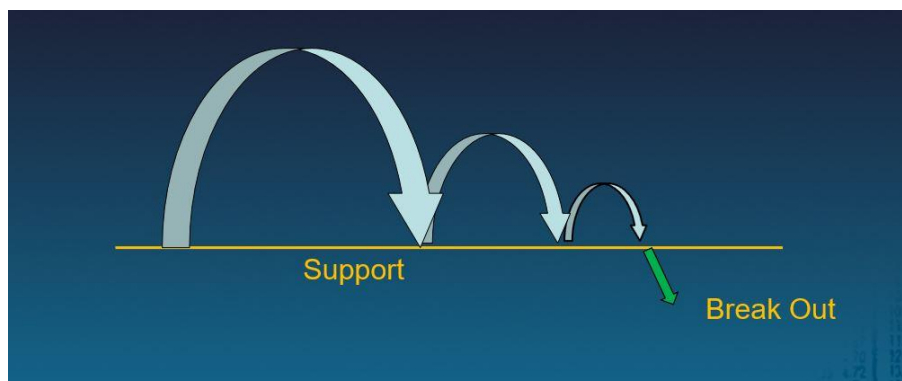
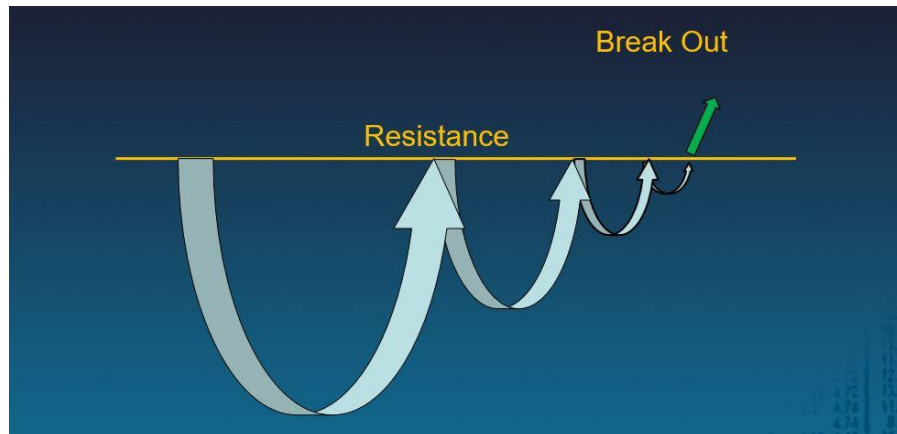


Nasdaq daily chart as of May 26, 2023 - The strong rally we saw last week paused last Friday and this Monday before declining on Tuesday and Wednesday. Thursday saw a large gap up with a narrow range session just below Monday's highs. Friday saw a small gap up with a strong rally higher to deliver new 2023 highs on Friday, ending the week up +2.51%.

Note: this is one of my favorite patterns seen in the Nasdaq Composite this year. The Cup-n-handle pattern that in this example has a series of 4 handles as each test of the Feb. 2nd highs (Grey line) saw a progressively smaller dip between these tests. This shows me significant 'Persistence' of the Bulls while at the same time the Bears are becoming weaker with each pullback. Eventually, as the supply at the Resistance level is fully consumed, prices will break higher to find the next level of supply. On May 10th we saw the break out and close above the Feb. 2nd Resistance. Prices have remained above its 20 day SMA as the slope of the 20 day SMA increases upward. We saw a small dip on Wednesday of this week that remained well above its 20 day SMA.

The same pattern but inverted is a clue for when the Bears are persistent and the Bulls become weaker with each test of Support. Eventually that support breaks.

How many times Support (or Resistance) is tested is not important, but the fact that support IS respected (more than once) is what is important to observe. Ask yourself: 'Who is showing the stronger convictions and who is showing weaker convictions, the Bulls or Bears?'





Russell 2000 weekly chart as of May 26, 2023 - The Russell remains inside its 'Box' for another week, making it now about 11 weeks this year. Note how all 3 weekly SMAs are now clustered together showing us that there is 'No Trend' here.



Russell 2000 daily chart as of May 26, 2023 - The 50 day and 20 day SMAs are clustered and flat as the Russell straddles these SMAs again this week, ending this week down -0.04%.

Next we will look at a few key 'Market Internals' to view the breadth of the markets.



McClellan Summation Index weekly chart as of May 26, 2023 - Last week saw a small decline to -75.89. This week the decline continued with a bit more strength to -160.83. This continued decline suggests that the rally the last half of this week was on 'Narrow' breadth and did not include a large portion of names.



McClellan Summation Index daily chart as of May 26, 2023 - Last week ended with a pause in this Index that continued lower this week to -160.83.



NYSE Percent above 200 day SMA daily chart as of May 26, 2023 - Last week saw a bounce off of the 200 day SMA and ended last week at 46.41%. This week saw a rejection at the 50 day SMA followed by a drop below the 200 day SMA and bounce to end this week a little lower at 44.77%.



NYSE Percent above 50 day SMA daily chart as of May 26, 2023 - Last week saw an oscillation that ended the week at 48.12%. This week we saw a brief break above the 200 day SMA then a drop to the 50 day SMA and a small bounce Friday to end the week a bit lower at 41.01%.



VIX daily chart as of May 26, 2023 - The VIX rose on Monday, Tuesday and Wednesday, then paused Thursday before the decline on Friday, ending the week higher.



VVIX daily chart as of May 26, 2023 - The VVIX rose Monday, Tuesday and Wednesday then declined Thursday and Friday to end the week higher.



SKEW daily chart as of May 26, 2023 - Options Volatility SKEW rose to deliver new 2023 highs on Thursday and new 52 week highs on Friday this week. Maybe fund manager are aggressively adjusting their hedges this week in reaction to the large rally seen in the Nasdaq this week.

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



Oil daily chart as of May 26, 2023 - Oil paused Monday then rallied up to its 50 day SMA on Tuesday and Wednesday. Thursday saw a sharp drop below its 20 day SMA to give back all of this week's small gains. Friday saw a small bounce to end the week above its 20 day SMA.



Gold daily chart as of May 26, 2023 - Gold remained inside a narrow range the first 3 days of this week then broke lower on Thursday. Friday saw a bounce back into the prior range.



US Dollar Index daily chart as of May 26, 2023 - The US Dollar slowly rose each day this week and paused on Friday.



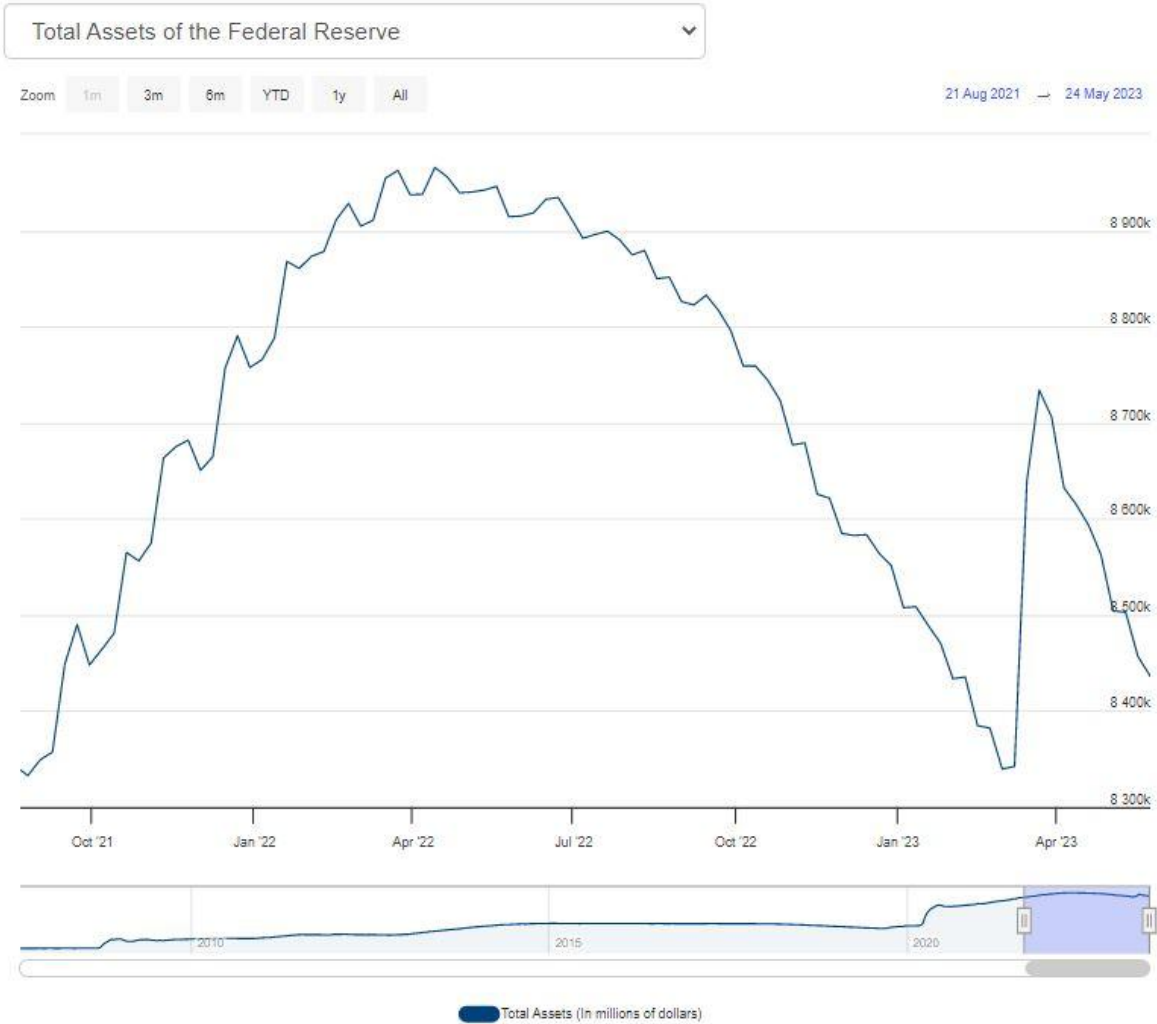
US 10 year Treasury daily chart as of May 26, 2023 - The US 10 year Treasury continued to sell lower Monday, paused Tuesday then saw strong selling on Wednesday and Thursday with high volume. Friday saw a bounce and pause on average volume.



US 10 year Yield daily chart as of May 26, 2023 - US 10 year Yields saw an increase Monday and a pullback on Tuesday. Wednesday saw yields increase again and continue higher Thursday and Friday.

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
05/01/2023	4.49	5.17	5.27	5.22	5.14	4.86	4.14	3.85	3.64	3.62	3.59	3.95	3.84
05/02/2023	4.56	5.33	5.24	5.19	5.06	4.74	3.97	3.67	3.46	3.44	3.44	3.82	3.72
05/03/2023	4.70	5.33	5.26	5.25	5.08	4.70	3.89	3.58	3.37	3.37	3.38	3.79	3.70
05/04/2023	5.76	5.24	5.26	5.23	5.04	4.59	3.75	3.47	3.29	3.32	3.37	3.80	3.73
05/05/2023	5.59	5.23	5.26	5.26	5.13	4.73	3.92	3.63	3.41	3.41	3.44	3.85	3.76
05/08/2023	5.51	5.17	5.31	5.26	5.14	4.79	4.00	3.70	3.49	3.50	3.52	3.92	3.84
05/09/2023	5.56	5.16	5.29	5.27	5.18	4.81	4.01	3.67	3.51	3.51	3.53	3.94	3.85
05/10/2023	5.50	4.99	5.24	5.24	5.13	4.70	3.90	3.55	3.37	3.40	3.43	3.88	3.80
05/11/2023	5.81	4.82	5.20	5.23	5.14	4.70	3.89	3.56	3.36	3.37	3.39	3.82	3.73
05/12/2023	5.79	4.87	5.25	5.27	5.16	4.75	3.98	3.65	3.45	3.45	3.46	3.87	3.78
05/15/2023	5.64	4.97	5.21	5.26	5.24	4.73	3.99	3.67	3.46	3.48	3.50	3.92	3.84
05/16/2023	5.58	4.98	5.23	5.24	5.26	4.88	4.06	3.74	3.52	3.53	3.54	3.96	3.87
05/17/2023	5.50	5.06	5.26	5.36	5.30	4.92	4.12	3.80	3.58	3.58	3.57	3.96	3.88
05/18/2023	5.59	5.22	5.31	5.43	5.38	5.02	4.24	3.94	3.69	3.67	3.65	4.02	3.91
05/19/2023	5.62	5.27	5.29	5.46	5.36	5.02	4.28	3.98	3.76	3.74	3.70	4.07	3.95
05/22/2023	5.69	5.35	5.40	5.50	5.43	5.07	4.29	3.98	3.77	3.74	3.72	4.09	3.97
05/23/2023	5.67	5.26	5.34	5.42	5.39	5.06	4.26	3.99	3.76	3.73	3.70	4.08	3.96
05/24/2023	5.73	5.22	5.37	5.52	5.42	5.12	4.31	4.04	3.75	3.76	3.73	4.10	3.97
05/25/2023	5.95	5.44	5.38	5.55	5.46	5.24	4.50	4.21	3.90	3.86	3.83	4.16	4.01
05/26/2023	6.02	5.47	5.34	5.55	5.44	5.25	4.54	4.23	3.92	3.86	3.80	4.13	3.96

US Yield Rates table as of May 26, 2023 - Short Terms and Long Terms all saw their yields increase this week. The 10 year - 2 year Inversion continues every day since July 6th 2022 and increased a bit this week while the 2 year - 3 month Inversion decreased a little this week.



FOMC Balance Sheet weekly chart as of May 24, 2023 - The Fed decreased its Balance Sheet this week by \$20.505 Billion to a current Total Assets of \$8.436255 Trillion. This decrease still has yet to reduce the Balance Sheet back to the early March levels seen before the bail outs of failing Banks.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of May 26, 2023 - The Transports continued to struggle with 50 day SMA Resistance this week, then gapped down on Wednesday below its 20 day SMA. Thursday and Friday saw a rally back up to the 20 day SMA, ending the week down -0.04%.



XLE daily chart as of May 26, 2023 - The Energy sector paused Monday and saw a small rally Tuesday. Wednesday saw a pause then a gap down Thursday below its 20 day SMA. Friday saw a small bounce that tested the 20 day SMA resistance and closed lower, ending the week down -1.09%.



XLF daily chart as of May 26, 2023 - The Financial sector saw a failed rally last Friday and saw a decline this week to lower lows on Thursday. Friday saw a small bounce that failed to reach its 20 day or 50 day SMAs, ending the week down -1.50%.



QQQ daily chart as of May 26, 2023 - The Nasdaq-100 ETF saw a pause Monday and a decline Tuesday and Wednesday that did not touch its 20 day SMA or come close to the prior week's lows (aka a higher low). Thursday saw a large gap up to new 52 week highs that was followed by a large rally on Friday to more new 52 week highs, ending the week up +3.53%.



SOXX daily chart as of May 26, 2023 - The Semiconductor sector saw a strong rally last week and a pause last Friday that continued Monday and Tuesday of this week. Wednesday saw a gap down that failed to reach its 20 day or 50 day SMAs. Thursday saw a large gap up to new 52 week highs on huge volume. The rally continued Friday with a larger range day on strong volume to end the week up +10.60%. Thursday and Friday also saw the largest True Range days so far this year.



XLC daily chart as of May 26, 2023 - The Communication Services sector briefly saw new 52 week highs early Monday then pulled back Monday, Tuesday and Wednesday. Thursday saw a failed rally. Friday saw a rally up to nearly its new highs seen Monday to end the week up +1.22%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	4/14/2023	4/21/2023	4/28/2023	5/5/2023	5/12/2023	5/19/2023	5/26/2023
\$SPX	0.79%	-0.10%	0.87%	-0.80%	-0.29%	1.65%	0.32%
\$INDU	1.20%	-0.23%	0.86%	-1.24%	-1.11%	0.38%	-1.00%
\$COMPQ	0.29%	-0.42%	1.28%	0.07%	0.40%	3.04%	2.51%
\$RUT	1.52%	0.58%	-1.26%	-0.52%	-1.08%	1.89%	-0.04%
QQQ	0.16%	-0.62%	1.88%	0.10%	0.66%	3.53%	3.53%
\$TRAN	2.01%	1.17%	-2.72%	0.72%	-2.41%	0.92%	-0.04%
XLE	2.65%	-2.58%	0.18%	-5.76%	-2.13%	1.43%	-1.09%
XLF	2.78%	1.03%	-0.15%	-2.53%	-1.33%	2.19%	-1.50%
XLK	-0.28%	-0.60%	2.08%	0.27%	-0.19%	4.33%	4.64%
SOXX	0.04%	-1.49%	-1.12%	0.67%	-1.03%	7.82%	10.60%
XLV	0.79%	-0.20%	-0.57%	0.04%	-1.05%	-0.67%	-2.88%
XLY	1.36%	0.32%	0.33%	-0.45%	0.43%	2.52%	0.28%
XRT	1.17%	0.03%	-1.32%	-0.42%	-0.69%	-2.09%	-1.56%
XLI	2.11%	0.78%	-0.61%	-0.49%	-1.04%	1.32%	-1.44%
XLU	-1.32%	1.06%	-0.92%	0.07%	0.00%	-4.23%	-2.30%
XME	2.04%	-4.24%	-1.57%	-1.88%	-2.58%	-0.51%	-2.89%
XLP	-0.24%	1.85%	1.14%	-0.34%	-0.08%	-1.56%	-3.28%
XLB	1.63%	-0.28%	-0.19%	-1.10%	-1.96%	0.68%	-3.04%
XLC	0.51%	-2.60%	3.83%	-2.62%	2.37%	2.85%	1.22%
XHB	4.09%	3.41%	2.18%	-0.21%	0.03%	1.20%	-2.01%

Weekly Percent Change US Indexes and Sectors table as of May 26, 2023 - For a 5th week in a row the Nasdaq Composite was the strongest Index on the above table. This shows us 'leadership' that is also 'persistent'.

The Strongest sector this week was also the strongest sector last week, the SOXX. This shows us 'leadership' that is also 'persistent'. Last week we saw 2 days where the SOXX was the strongest, and one day when it was the 2nd strongest and one day when it was the 4th strongest. This week we saw one day when the SOXX was the 2nd weakest (Wednesday) followed by 2 days where the SOXX was the strongest. When the same sector leads a market Up and Down, that shows us it is significant as a leader and is worth watching closely.

This week's the strongest sectors included: SOXX, XLK, QQQ and XLC.

The weakest sectors this week include: XLP, XLB, XME, XLV, XLU and XHB.

This shows us some rotation this week out of 'safe' sectors like Utilities (XLU) and Staples (XLP) as money may have flowed into the strongest sectors like SOXX, XLK, QQQ and XLC.

Note that we saw 11 sectors decline this week while only 5 sectors increased out of my list of 16 sectors above. This is another sign of the Nasdaq advancing on narrow breadth this week.

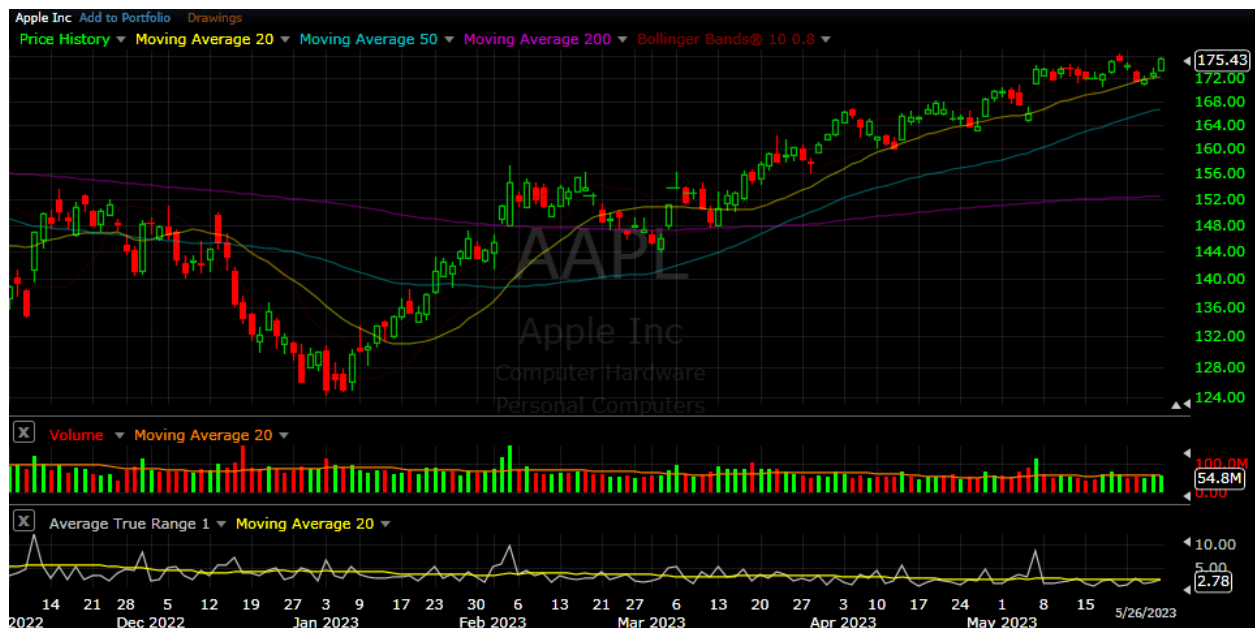
There are plenty of 'clues' one can observe from a weekly (or daily) table of sectors like the example above. You can create your own list of Sectors and capture data each day or week. Sorting your list by strongest to weakest is an easy way to identify leaders in either direction. Also create watch lists of the most significant (weighting) 5 to 10 stocks for EACH sector.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 05/15/23	End of Day 05/16/23	End of Day 05/17/23	End of Day 05/18/23	End of Day 05/19/23	End of Day 05/22/23	End of Day 05/23/23	End of Day 05/24/23	End of Day 05/25/23	End of Day 05/26/23
\$SPX	0.30%	-0.64%	1.19%	0.94%	-0.14%	0.02%	-1.12%	-0.73%	0.88%	1.30%
\$INDU	0.14%	-1.01%	1.24%	0.34%	-0.33%	-0.42%	-0.69%	-0.77%	-0.11%	1.00%
\$COMPQ	0.66%	-0.18%	1.28%	1.51%	-0.24%	0.50%	-1.26%	-0.61%	1.71%	2.19%
\$RUT	1.19%	-1.44%	2.21%	0.58%	-0.62%	1.22%	-0.43%	-1.16%	-0.70%	1.05%
QQQ	0.54%	0.11%	1.21%	1.86%	-0.23%	0.34%	-1.27%	-0.51%	2.43%	2.56%
\$TRAN	0.46%	-1.45%	2.16%	0.46%	-0.67%	0.22%	-0.24%	-1.52%	1.42%	0.10%

Daily Percent Change US Indexes table as of May 26, 2023 - Here we see daily changes in leadership with the Transports showing weakness 2 days this week and the QQQ showing leadership 3 days this week right after a weak day. Leadership can lead markets higher OR lower, so pay attention to both sides of the market.

Note that the Nasdaq Composite has not shown leadership a single day last week or this week while the Nasdaq-100 (QQQ) showed strength two days last week and 3 days this week. This also reflects 'Narrow Breadth' of the rallies and the concentration of Index Weighting of a few big stocks in these Indexes. We covered some details of the weighting of stocks in these Indexes two weeks ago in the May 12th 'Market Observations' and in the March 24th 'Market Observations' this year.

Next we will look at a few key Stocks.



AAPL daily chart as of May 26, 2023 - Apple pulled back on Monday and Tuesday then briefly dipped below its 20 day SMA on Wednesday then closed back above. Thursday saw a small rally that continued stronger on Friday to end the week up +0.15% but failed to retest its 2023 high from last Friday. Do you see a series of higher highs and higher lows over the past few months? Is that a Trend?



MSFT daily chart as of May 26, 2023 - Microsoft continued its rally on Monday and early on Tuesday before pulling back to close lower Tuesday and Wednesday. Thursday saw a large gap up and rally that continued higher Friday on strong volume. MSFT delivered new 52 week highs every day this week except on Wednesday. Friday saw MSFT end the week up +4.57%.



GOOGL daily chart as of May 26, 2023 - Alphabet delivered new 52 week highs on Monday then pulled back on Tuesday and Wednesday. Thursday saw a gap up and pause with a rally Friday to a higher close but failed to deliver a new 52 week highs Friday, ending the week up +1.51%.

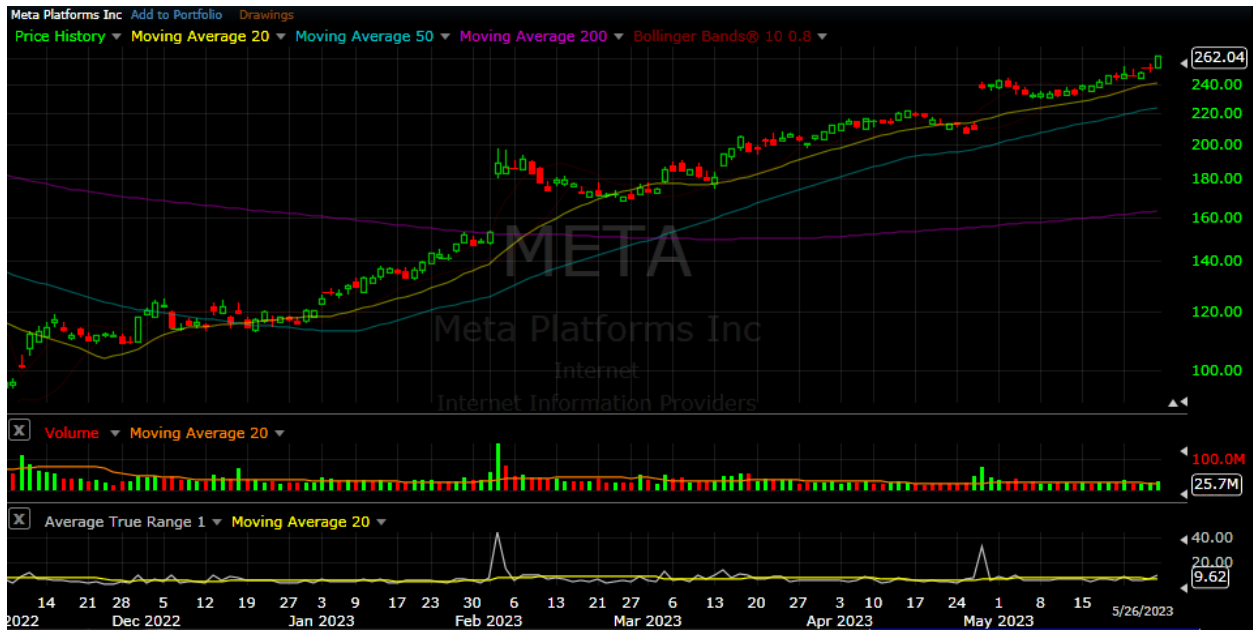
Do you see my favorite pattern in this chart? What if you drew a horizontal line from the Feb. 7th highs? Now do you see it? GOOGL broke out above this line on May 10th and has continued higher.



AMZN daily chart as of May 26, 2023 - Amazon rallied last week then pulled back last Friday and continued lower on Monday this week. Early Tuesday saw a lower low but a nearly flat close. Wednesday saw a small rally that was mostly given back on Thursday. Friday saw a strong rally on strong volume to new 2023 highs, ending the week up +3.32%.



NVDA daily chart as of May 26, 2023 - Nvidia saw a strong rally last week with a small pull back on last Friday. This week we saw prices drift lower Monday, Tuesday and Wednesday before reporting Earnings after the close on Wednesday. After Earnings came out we saw a huge after hours rally up + 25% to +30%. The Options market was pricing in a +/- \$19.01 move for NVDA at the close on Wednesday. This \$19.01 represents the pricing of a 1 standard deviation move. At the open Thursday we saw a +4 standard deviation move higher in NVDA that paused near this level most of the day. Friday saw a small rally higher to end the week up +24.57%.



META daily chart as of May 26, 2023 - Meta continued its rally this week, delivering new 52 week highs on Monday, Thursday and Friday, ending the week up +6.68%.



TSLA daily chart as of May 26, 2023 - Tesla saw a strong rally last week that continued higher this week, delivering higher highs on Monday, Thursday and Friday to end the week up +7.23% and nearly reaching up to its 200 day SMA.

Let's compare the above 7 biggest stocks in the table below to help see the relative strength last week as compared to this week.

Stock	% Change Last week	% Change This week
AAPL	1.50%	0.15%
MSFT	3.26%	4.57%
GOOGL	4.47%	1.51%
AMZN	5.43%	3.32%
TSLA	7.24%	7.23%
NVDA	10.32%	24.57%
META	5.06%	6.68%

In the table above:

Were all 7 stocks up last week? Y

Were all 7 stocks up this week? Y

What was the strongest stock last week? NVDA What is the strongest stock this week? NVDA

What stocks increased this week from last week's gains? NVDA, META and MSFT

Comparisons like those above are another tool to help identify strong leadership. Why do we do this type of analysis? Based upon our Observations and Beliefs that strong stocks 'tend' to remain strong more often than change into weakness, and we can improve our trading odds to be better than random by focusing on finding trade opportunities with the leaders we can identify.



JPM daily chart as of May 26, 2023 - JP Morgan continued in a consolidation zone with a failed rally Monday and a drop below its 20 day SMA to find support Thursday. The bounce Thursday and Friday closed the week just a few cents above its 20 day SMA, ending the week down -1.61%.



COST daily chart as of May 26, 2023 - Costco has been non-trending for two months and saw a decline Monday below its 50 day SMA then a gap down Tuesday that sold lower Wednesday and early on Thursday before a bounce recovered most of the prior 2 days of decline. Costco reported Earnings after the Close on Thursday. Friday saw a very strong rally on strong volume to new May highs, ending the week up +2.16%.



AMD daily chart as of May 26, 2023 - AMD broke above its March 30th highs (Grey line) on May 16th and continued higher last week. This week saw a pause Monday, Tuesday and Wednesday that remained above its Support Trend Line (Yellow line). Wednesday night AMD popped up higher in after hours trading in sympathy with NVDA and opened Thursday with a large gap up and rallied higher on strong volume. Friday saw a continuation higher with AMD delivering new 52 week highs on Tuesday, Thursday and Friday this week. Friday saw a close up +20.04% for the week after delivering +11.09% gains the prior week.

This is another example of a Cup-n-handle break out that continued higher this week.



INTC daily chart as of May 26, 2023 - Not all Semiconductor stocks moved up in sympathy with NVDA this week. Intel saw a failed rally Monday near its 50 day SMA then dropped the next three days to lower lows. Friday saw a bounce that recovered the prior day's losses, ending the week down -3.11%.



ADBE daily chart as of May 26, 2023 - Adobe saw a strong rally last week that continued a little higher Monday and early Tuesday this week before rolling over Tuesday to close lower. Wednesday saw a drop below its 50 day SMA. Thursday saw a big gap up and rally that continued higher Friday on strong volume, ending the week up +11.89% with new 2023 highs on Friday.



MU daily chart as of May 26, 2023 - We have drawn a horizontal line at the Jan. 27th highs (Yellow line) as Resistance that has been tested several times this year. The break out above Resistance was a bit choppy early last week but showed higher highs and higher closes the last 3 days of last week. This week we saw a dip Monday and a pause for 2 days that remained above our prior Resistance line. Thursday saw a large gap up in sympathy with NVDA that continued higher Friday to new 2023 highs on strong volume, ending the week up +8.45%. It is not uncommon to see 'prior Resistance' to be tested as 'new Support', soon after a Cup-n-handle type break out occurs. We did not see that happen here, but MU did come close to doing so on Wednesday this week.

We have seen several Semiconductor stocks deliver over +10% this week, thanks in a large part to NVDA. We also saw strong gains in MSFT this week in sympathy with NVDA. Some may have called this week an "A.I." rally (Artificial Intelligence). Call it whatever you like, but the charts have shown us the evidence of where money is flowing, and our objective is to ride the Trend (wave).



NEM daily chart as of May 26, 2023 - On the Bearish side, we saw a decline in Newmont two weeks ago (May 8-12) with a bounce and Failed rally May 15th that failed to reach its 20 day or 50 day SMAs. The next day opened lower and sold off all day crossing below its 200 day SMA. NEM declined last week by -4.96% and continued lower this week, delivering new 2023 Lows on Thursday and Friday and ending this week down -6.83%. Note the pattern of lower highs and lower lows since the January highs this year. When looking for Bearish opportunities, selling a failed rally is a key strategy.

As a Technical Trader, we choose to make our trading decisions based upon what we see in the charts. We can gain a statistical edge by trading with the Trend, and choosing Entry points when the odds are in our favor and the \$ Risk is relatively small. Our objectives are to realize small losses and larger gains, and only trade when the odds are in our favor. Sounds simple, but it takes plenty of discipline to accomplish these goals with consistency.

I hope this helps.

Trade Smart,

CJ