



Market Observations - as of June 2, 2023

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

Last 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 on narrow breadth that was driven mostly by just a few stocks. The rally continued higher Friday with a little bit more participation.

This week was a short week with the Memorial Day Holiday on Monday. Tuesday saw a gap up at the open followed by selling most of the day that filled the gap and closed lower than the open. Wednesday saw a gap down and continued selling for the first 2 hours then a pause at support and a small bounce the last half of the day that saw a lower close for the day. Thursday saw a small dip the first 30 min. then changed into a strong rally the first half of the day then a pause the last half. Friday saw a gap up and rally the first half of the day then a pause the last half of the day.

The narrow breadth we saw driving the rally late last week changed this week into broader participation on Thursday and even broader on Friday. Leadership changed from a few big Tech names last week (Semiconductors) to several different sectors this week (Materials, Mining, Home Builders, and Heavy Industrials). We saw some of the biggest gains on Friday in some of the weakest Dow Industrial stocks and in Small Cap stocks.

The Divergence we saw last week with narrow leadership was resolved this week with a much broader participation in the rally on Thursday and Friday. (We will look at several Breadth studies below.)

We saw new 2023 highs in the S&P on Friday and we also saw new 52 week highs in the Nasdaq Composite as it exceeded its August 2022 prior highs on Friday. On Friday we saw the strongest up day for the Russell 2000 this year and the DJIA delivered one of its strongest up days this year as well.

This week's rally may have been fueled in part by news on the Debt Ceiling legislation or by the stronger than expected Jobs report Friday. The 'why' is not important to us since it is usually impossible to prove and market reactions are often 'emotional' over reactions. We choose to base our trading decisions upon what we observe in the charts. We understand and observe emotional over reactions while being careful to not get drawn into them. We remain an observer, analyzing the market behaviors we see in the charts.

Oil dropped 2 days and bounced 2 days to nearly be unchanged at the end of this short week. The US Dollar also oscillated up and down this week with little overall change. The US 10 year Treasury rallied 3 days then dropped hard on Friday while the 10 year Yields saw the inverse action this week.

With the end of May on Wednesday this week, we will look at some longer term Monthly charts to maintain a long term perspective in mind.

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



S&P 500 monthly chart as of May 31, 2023 - The 13 year rally peaked at the beginning of 2022 and pulled back to its 50 month SMA by Q3. Q4 of 2022 saw a bounce that did not continue but stalled out early this year. May saw the beginning of a higher high for this year closing above its 20 month SMA.



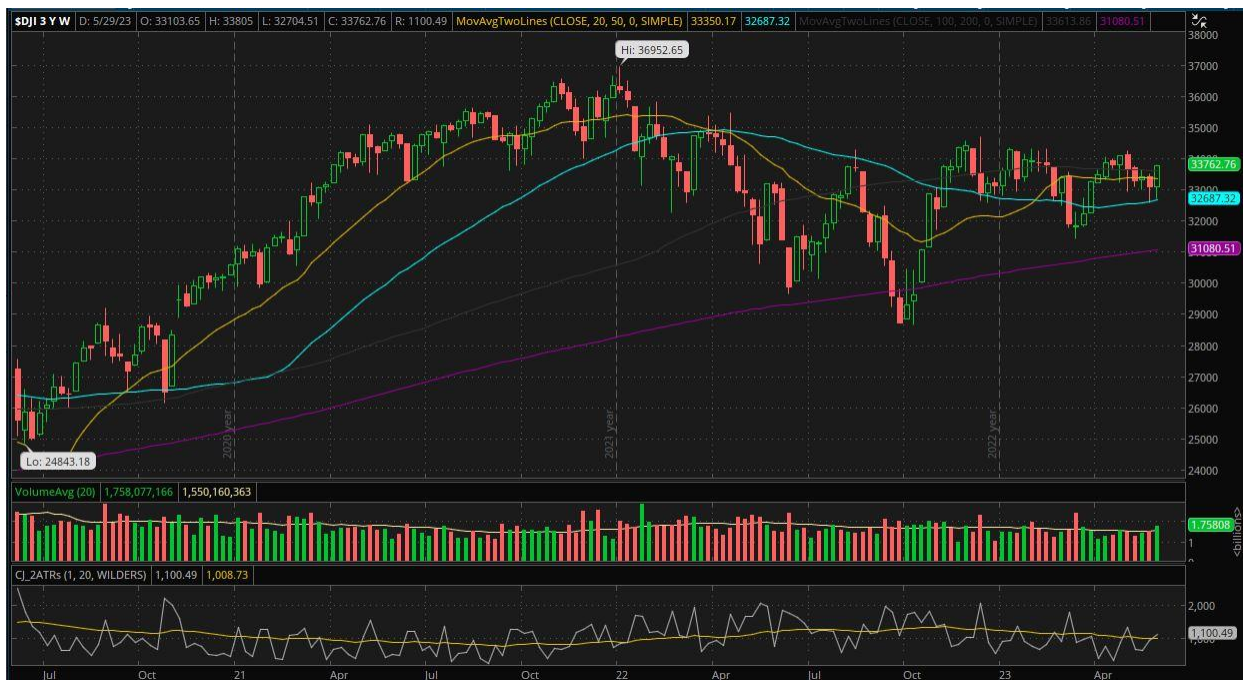
S&P 500 weekly chart as of June 2, 2023 - We see the break out higher 2 weeks ago continue this week with a stronger weekly move to new 2023 highs.



S&P 500 daily chart as of June 2, 2023 - We saw new 2023 highs at the open on Tuesday that sold lower most of the day and continued lower Tuesday to give back about half of last Friday's gains. Thursday rallied to a slightly higher high than Tuesday and gapped up and rallied stronger Friday to deliver another new 2023 highs, ending the week up +1.83%.



DJIA monthly chart as of May 31, 2023 - The Dow Industrials saw a 13 year rally that peaked at the beginning of 2022 and pulled back just below its 50 month SMA by Q3. Q4 2022 saw a rally that paused near its 20 month SMA. We do not see any 'follow through' higher this year as the Industrials paused for 5 months near its 20 month SMA.



DJIA weekly chart as of June 2, 2023 - The Industrials have failed to break above the Q4 2022 prior highs so far this year as they seem stuck within a narrow range this year. This week we see the Industrials cross above its 20 week SMA but without delivering a higher high.



DJIA daily chart as of June 2, 2023 - The Industrials have seen a decline since the highs from May 1st and crossed below all 3 of its key daily SMA by last week. This week we saw a quiet 'Inside' range the first 3 days then a huge rally Friday above its 20 day and 50 day SMAs to end the week up +2.02%.



Nasdaq monthly chart as of May 31, 2023 - After a 13 year rally that peaked late in 2021, we see a decline most all of 2022 to end last year below its 50 month SMA. This year we see a rally back above its 50 month SMA in January that continued higher and crossed above its 20 month SMA this month.



Nasdaq weekly chart as of June 2, 2023 - After being in a narrow range for 6 weeks, just below its Feb. 2nd prior highs we saw a break out that continued the prior 2 weeks and higher this week. This week also exceeded the prior Aug. 16th 2022 highs.



Nasdaq daily chart as of June 2, 2023 - Tuesday opened with higher highs then sold off most of the day and continued lower Wednesday to give back only a small portion of the prior Friday's gains. Thursday saw a strong rally higher that slowed on Friday after delivering new 2023 highs and breaking above the prior Aug. 2022 highs, ending this week up +2.04%.



Russell 2000 monthly chart as of May 31, 2023 - The Russell saw a sharp decline in 2020 from the Pandemic that quickly was recovered that year and continued higher early in 2021 to then pause near its new highs most all of 2021. 2022 saw a decline the first half of the year then paused for the rest of 2022. That pause continued in the first 5 months of 2023 as the Russell continues to straddle its 50 month SMA.



Russell 2000 weekly chart as of June 2, 2023 - Here we see a consolidation triangle over the past 11 months as well as a Darvas Box (Grey box) the past 10 weeks. This week saw a break above its Box and its 50 week and 20 week SMAs.



Russell 2000 daily chart as of June 2, 2023 - Here we see the Darvas Box since March 13th where price has remained inside until Friday this week where we saw a very strong rally above its 200 day SMA to end the week up +3.27%.



US Indexes Percentage Change Year to Date daily chart as of June 2, 2023 - As a way to see a visual comparison of the above 4 indexes so far this year we have a Percent Change chart above. Clearly the Nasdaq-100 (NDX) has been the leader this year with the S&P-500 (SPY) the 2nd strongest. The Russell 2000 (IWM) and Dow Industrials (DIA) have done little this year until late this week.

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



McClellan Summation Index weekly chart as of June 2, 2023 - Last week we saw the decline to -160.83. This week we saw a lower dip and a bounce to end this week at -144.94.



McClellan Summation Index daily chart as of June 2, 2023 - Last week we saw the decline continue lower to -160.83. This week we saw the decline continue lower for 2 days then bounce the last 2 days of this week to end this week at -144.94.

This correlates closely with the Russell 2000 due to the lack of any weighting of individual stocks in this Index where all stocks have an equal impact regardless of their size.



NYSE Percent above 200 day SMA daily chart as of June 2, 2023 - Last week saw a drop below the 200 day SMA and a bounce to end last week a 44.77%. This week saw another drop below the 200 day SMA and a bounce Thursday and Friday above its 50 day SMA to end this week higher at 52.64%.



NYSE Percent above 50 day SMA daily chart as of June 2, 2023 - Last week saw a brief break above the 200 day SMA then a drop to the 50 day SMA and a small bounce Friday to end last week lower at 41.01%. This week saw another dip below the 50 day SMA and a bounce Thursday and Friday above its 200 day SMA to end this week at 58.85%.



VIX weekly chart as of June 2, 2023 - We saw a decline in the height of the peaks during 2022 and 2023 (Yellow line) and flat support near 19 in 2022 that has declined in 2023 to new lows below 15 this week.



VIX daily chart as of June 2, 2023 - Here we see a pause near the 20 day SMA on Tuesday and Wednesday followed by a decline Thursday and Friday to new 2023 lows at 14.42.



VVIX daily chart as of June 2, 2023 - The Volatility of the VIX paused Tuesday and Wednesday near its 50 day SMA then declined Thursday and saw a lower low Friday but with a higher close.



SKEW daily chart as of June 2, 2023 - Options SKEW peaked at 158.3 on Wednesday (May 31st) of this week then declined on Thursday and Friday. There could have been some large hedges placed by fund managers at the end of May that could have driven up the SKEW this week.

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



Oil daily chart as of June 2, 2023 - Oil prices decline Tuesday below its 20 day SMA and continued lower Wednesday. Thursday saw a rally that continued higher Friday above its 20 day SMA to end the week nearly flat.



Gold daily chart as of June 2, 2023 - Gold prices rallied Tuesday, Wednesday and Thursday up to its 20 day SMA. Friday saw a decline that gave back most of this week's gains.



US Dollar Index daily chart as of June 2, 2023 - The US Dollar rallied a little Tuesday and Wednesday then declined sharply Thursday. Friday saw a lower low and a higher close.



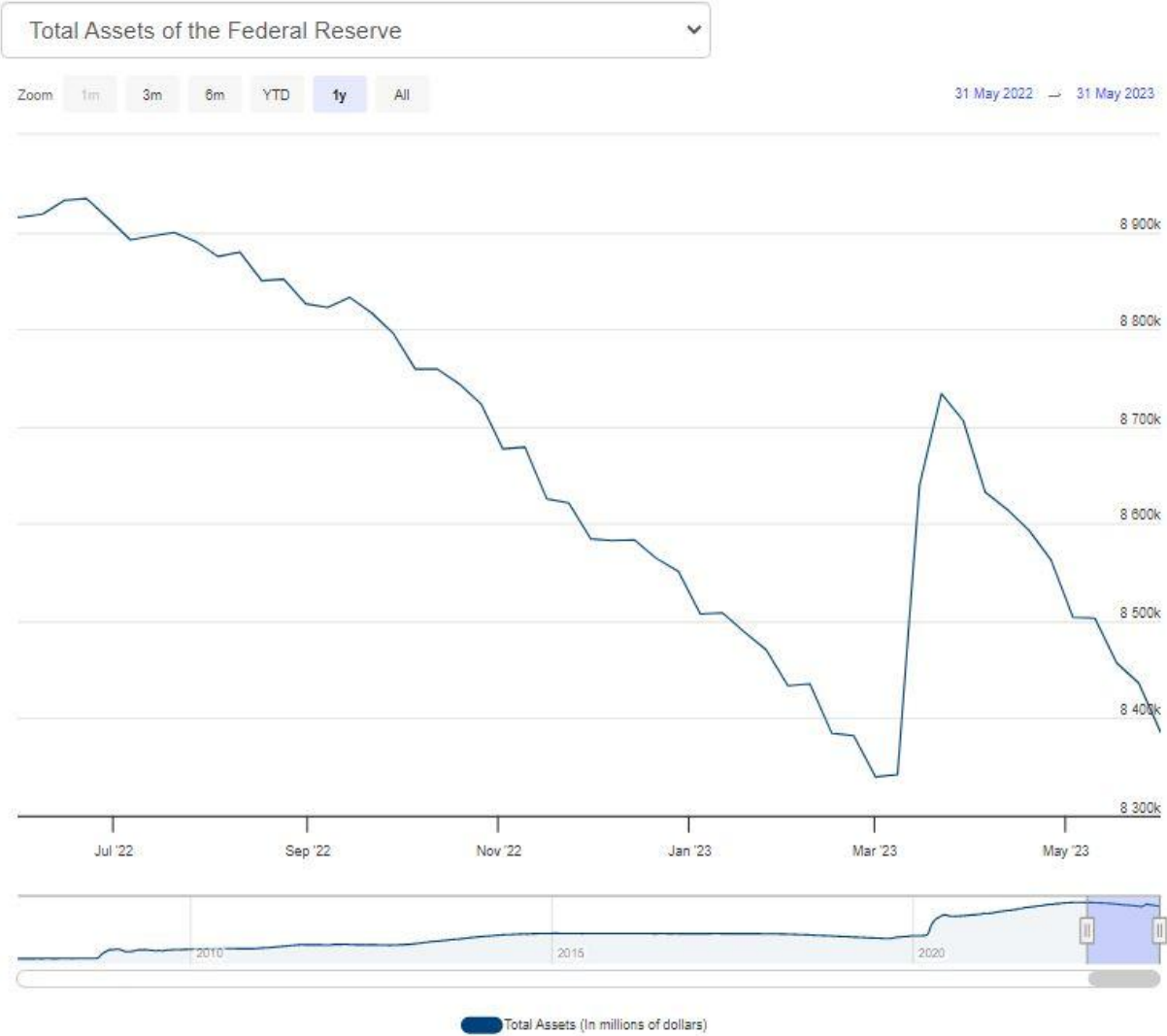
US 10 year Treasury daily chart as of June 2, 2023 - The 10 year rallied Tuesday above its 200 day SMA and continued higher Wednesday and Thursday above its 20 day SMA to find Resistance at its 50 day SMA. Friday saw a sharp decline to the 200 day SMA.



US 10 year Yield daily chart as of June 2, 2023 - The 10 year Yields were the Inverse movement this week, declining Tuesday, Wednesday and Thursday then bouncing up on Friday to end the week near 3.69%.

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
5/1/2023	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
5/2/2023	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
5/3/2023	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
5/4/2023	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
5/5/2023	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
5/8/2023	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
5/9/2023	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
5/10/2023	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
5/11/2023	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
5/12/2023	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
5/15/2023	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
5/16/2023	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
5/17/2023	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
5/18/2023	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
5/19/2023	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
5/22/2023	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
5/23/2023	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
5/24/2023	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
5/25/2023	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
5/26/2023	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
5/30/2023	5.31	5.31	5.55	5.54	5.52	5.22	4.46	4.10	3.81	3.75	3.69	4.06	3.90
5/31/2023	5.28	5.37	5.52	5.53	5.46	5.18	4.40	4.04	3.74	3.69	3.64	4.01	3.85
6/1/2023	5.30	5.39	5.50	5.50	5.44	5.11	4.33	3.98	3.70	3.66	3.61	3.98	3.84
6/2/2023	5.28	5.39	5.50	5.52	5.50	5.22	4.50	4.13	3.84	3.78	3.69	4.03	3.88

US Yield rates daily table as of June 2, 2023 - The shortest terms and longer terms declined in Yields this week while mid-terms saw very little change.



FOMC Balance Sheet weekly chart as of May 31, 2023 - The Fed decreased its Balance Sheet by \$50.401 Billion this week to a new Total Assets of \$8.385854 Trillion. Total Assets rose by over \$391 Billion the first two weeks of March in reaction to Bank Failures and have not returned to prior March 1st Balance Sheet levels over the past 10 weeks or reductions. The total reductions seen in May were \$176.914 Billion.

Next we will look at a few key Sectors.



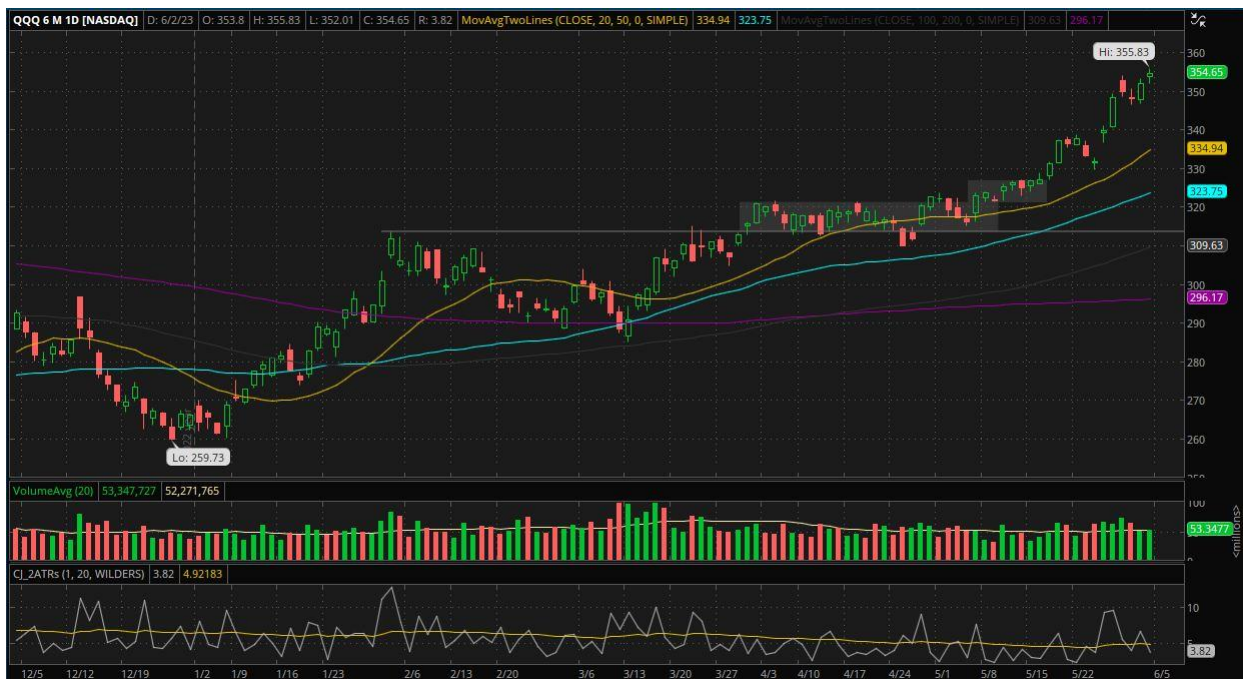
Dow Transportation Index daily chart as of June 2, 2023 - The Transports remained below its 50 day SMA this week until Friday's rally that broke above the 200 day and 50 day SMAs to end the week up +1.78%.



XLE daily chart as of June 2, 2023 - The Energy sector declined Tuesday and Wednesday (with Oil prices) and rallied Thursday and Friday back above its 20 day SMA to end the week up +1.43%.



XLF daily chart as of June 2, 2023 - The Financial sector saw Resistance at its 20 day SMA on Tuesday and declined Wednesday. Thursday saw a rally back up to its 20 day and 50 day SMAs on Friday to end the week up +2.15%.



QQQ daily chart as of June 2, 2023 - The Nasdaq-100 ETF opened higher Tuesday then sold off most of the day and continued lower Wednesday. Thursday saw a rally that failed to exceed Tuesday's highs. Friday saw the rally continued higher to deliver new 2023 highs, ending the week up +1.79%.



SOXX daily chart as of June 2, 2023 - The Semiconductor sector delivered a higher high at the open on Tuesday before selling off most of the day to close down for the day. Wednesday continued lower to give back about half of the prior Friday's gains. Thursday saw a small bounce that failed to recover all of the prior day's losses. Friday saw a higher open and selling most of the day to end the week lower, down -1.21%.



XLC daily chart as of June 2, 2023 - The Communication Services sector delivered new 52 week highs on Tuesday, Thursday and Friday, ending the week up +1.61%.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORs	4/21/2023	4/28/2023	5/5/2023	5/12/2023	5/19/2023	5/26/2023	6/2/2023
\$SPX	-0.10%	0.87%	-0.80%	-0.29%	1.65%	0.32%	1.83%
\$INDU	-0.23%	0.86%	-1.24%	-1.11%	0.38%	-1.00%	2.02%
\$COMPQ	-0.42%	1.28%	0.07%	0.40%	3.04%	2.51%	2.04%
\$RUT	0.58%	-1.26%	-0.52%	-1.08%	1.89%	-0.04%	3.27%
QQQ	-0.62%	1.88%	0.10%	0.66%	3.53%	3.53%	1.79%
\$TRAN	1.17%	-2.72%	0.72%	-2.41%	0.92%	-0.04%	1.78%
XLE	-2.58%	0.18%	-5.76%	-2.13%	1.43%	-1.09%	1.43%
XLF	1.03%	-0.15%	-2.53%	-1.33%	2.19%	-1.50%	2.15%
XLK	-0.60%	2.08%	0.27%	-0.19%	4.33%	4.64%	1.29%
SOXX	-1.49%	-1.12%	0.67%	-1.03%	7.82%	10.60%	-1.21%
XLV	-0.20%	-0.57%	0.04%	-1.05%	-0.67%	-2.88%	2.19%
XLY	0.32%	0.33%	-0.45%	0.43%	2.52%	0.28%	3.31%
XRT	0.03%	-1.32%	-0.42%	-0.69%	-2.09%	-1.56%	1.59%
XLI	0.78%	-0.61%	-0.49%	-1.04%	1.32%	-1.44%	2.64%
XLU	1.06%	-0.92%	0.07%	0.00%	-4.23%	-2.30%	0.82%
XME	-4.24%	-1.57%	-1.88%	-2.58%	-0.51%	-2.89%	4.16%
XLP	1.85%	1.14%	-0.34%	-0.08%	-1.56%	-3.28%	0.25%
XLB	-0.28%	-0.19%	-1.10%	-1.96%	0.68%	-3.04%	3.06%
XLC	-2.60%	3.83%	-2.62%	2.37%	2.85%	1.22%	1.61%
XHB	3.41%	2.18%	-0.21%	0.03%	1.20%	-2.01%	3.50%

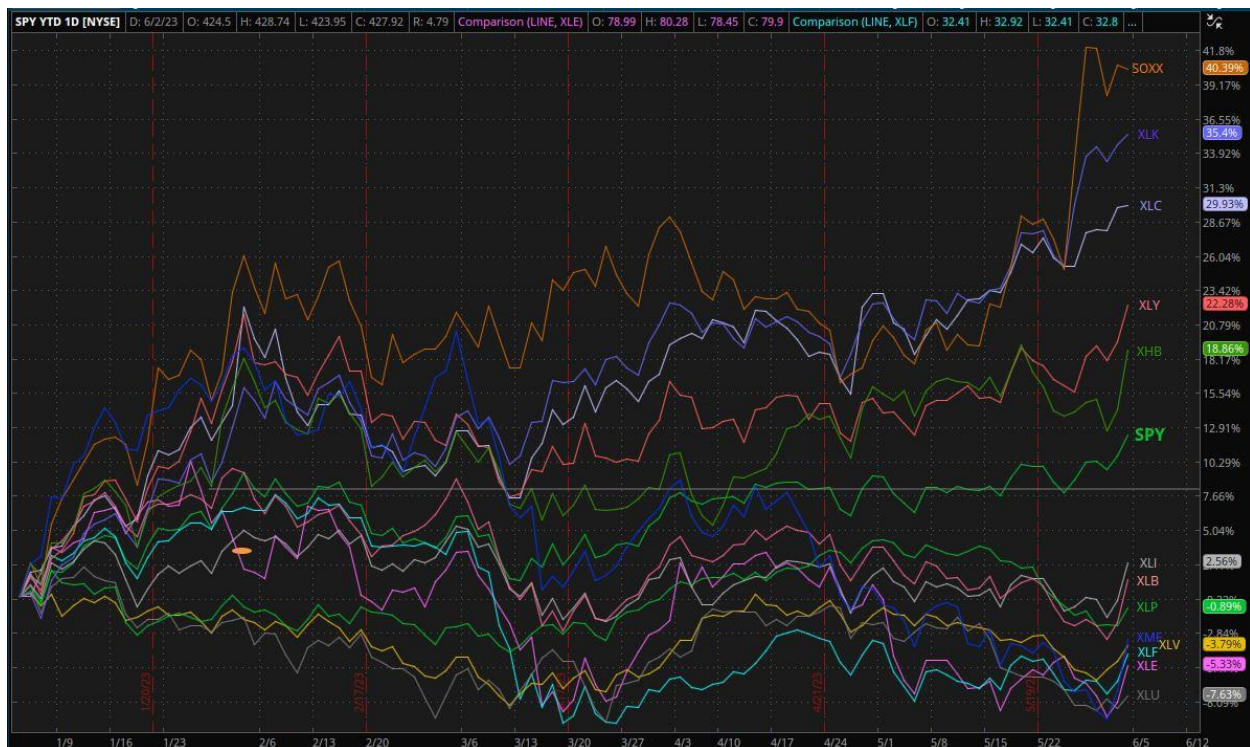
Weekly Percent Change US Indexes and Sectors table as of June 2, 2023 - The Russell 2000 was the strongest Index this week and most of those gains came on one day, Friday this week. [A hint of broader breadth showing up on Friday this week.] The other Indexes averaged about a +2% gain this week.

Note how the QQQ (+1.79%) delivered less than the Nasdaq Composite (+2.04%) this week. This hints that the 'Biggest' seven stocks were less of this week's leadership than they were last week when then the QQQ (+3.53%) surpassed the Nasdaq Composite (+2.51%). This is one clue as to narrow leadership last week and broader leadership this week.

The strongest sector last week (SOXX) became the weakest this week. This shows us that leadership can work both ways, up and down.

The Strongest sectors this week included: XME, XHB, XLY, XLB, XLI, XLV and XLF that all delivered over +2.1% gains this week (more than the DJIA, Nasdaq composite or the S&P).

The Weakest sectors this week included: SOXX, XLP and XLU that all delivered less than +1% gains this week. The XLP and XLU sectors are typical 'flight to safety' sectors, and this week we saw some exiting of stocks in these sectors as money went into other stocks and sectors.



US Sectors Percent Change Year to Date as of June 2, 2023 - Here we have a visual representation of the percentage gains so far this year for most of the Sectors that we track. Note the top 3 sectors are the SOXX, XLK and XLC. A significant portion of the gains in these 3 tops sectors was realized in May of this year as we see break outs in these sectors.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	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	Holiday 05/29/23	End of Day 05/30/23	End of Day 05/31/23	End of Day 06/01/23	End of Day 06/02/23
\$SPX	0.02%	-1.12%	-0.73%	0.88%	1.30%	n/a	0.00%	-0.61%	0.99%	1.45%
\$INDU	-0.42%	-0.69%	-0.77%	-0.11%	1.00%	n/a	-0.15%	-0.41%	0.47%	2.12%
\$COMPQ	0.50%	-1.26%	-0.61%	1.71%	2.19%	n/a	0.32%	-0.63%	1.28%	1.07%
\$RUT	1.22%	-0.43%	-1.16%	-0.70%	1.05%	n/a	-0.32%	-1.00%	1.05%	3.56%
QQQ	0.34%	-1.27%	-0.51%	2.43%	2.56%	n/a	0.45%	-0.57%	1.16%	0.75%
\$STRAN	0.22%	-0.24%	-1.52%	1.42%	0.10%	n/a	0.45%	-1.83%	1.24%	1.95%

Daily Percent Change US Indexes table as of June 2, 2023 - We saw the QQQ leader from last week lead only on Tuesday of this week then became the weakest by Friday. By Friday we saw more breadth and the strongest Indexes Friday were the Russell 2000 and the Dow Industrials. Below we will see charts of a few 'Dogs of the Dow' that were some of the biggest laggards this year that deliver some of the greatest gains on Friday of this week.

Next we will look at a few key Stocks. We will start with the 7 biggest stocks in the Nasdaq-100 that have also been often major leaders this year.



AAPL daily chart as of June 2, 2023 - Apple continued its rally this week after bouncing off of its 20 day SMA last week. Apple delivered new 52 week highs every day this week, ending the week up +3.15%.



MSFT daily chart as of June 2, 2023 - Microsoft delivered new 52 week highs on Tuesday, Wednesday and Friday this week after a small pull back Tuesday and Wednesday and rally Thursday and Friday to end the week up +0.75%.



GOOGL daily chart as of June 2, 2023 - Alphabet delivered new 52 week highs last Monday and has paused with a horizontal range that continued this week, failing to exceed last week's new highs, ending this week up +0.05%.



AMZN daily chart as of June 2, 2023 - Amazon delivered new 2023 highs on Tuesday, Thursday and Friday this week as the rally continued higher, ending this week up +3.45%.



NVDA daily chart as of June 2, 2023 - Nvidia saw a huge gap up to new all time highs last week after reporting Earnings. This week saw another new all time high early on Tuesday before selling lower the rest of the day and continuing lower on Wednesday. Thursday saw a small bounce that failed to retest this week's highs. Friday saw a small pull back to end the week up +0.98%.



META daily chart as of June 2, 2023 - Meta saw its rally continue higher this week with new 52 week highs delivered Tuesday, Thursday and Friday, ending the week up +4.03%.



TSLA daily chart as of June 2, 2023 - Tesla gapped up above its 200 day SMA on Tuesday and continued higher with a higher close every day this week, nearly reaching its 2023 high on Friday and ending the week up +10.77%.



Percent Change since March 13th vs. the NDX daily chart as of June 2, 2023 - Here we can see a visual comparison of the seven biggest stocks compared to the NDX as a percentage gain since the dip seen on March 13th this year. Note the steepest upward slope seen this week is in TSLA and NVDA saw the steepest move the prior week.



JPM daily chart as of June 2, 2023 - JP Morgan remained in a range near its 20 day SMA on Tuesday, Wednesday and Thursday then gapped up on Friday to end the week up +2.58%.



COST daily chart as of June 2, 2023 - Costco saw large gains last week after reporting Earnings. This week saw mostly a pause just above last week's highs, delivering higher highs on Tuesday and Friday, ending this week up +1.05%.



AMD daily chart as of June 2, 2023 - AMD moved up in sympathy with NVIDIA last week and continued with a higher high early on Tuesday before selling lower Tuesday and Wednesday and early Thursday to give back a lot of last week's gains. Thursday saw a small bounce that was mostly given back on Friday, ending this week down -7.22%.



INTC daily chart as of June 2, 2023 - Intel dropped last week on the day that NVDA saw huge positive reactions to Earnings. Last Friday saw a bounce to recover most all of the prior day's losses. This week opened with a gap up Tuesday above the 200 day and 20 day SMAs that continued much higher Wednesday above its 50 day SMA on very strong volume to deliver new May highs. Thursday and Friday saw a mild pull back to end the week up +7.97%.



ADBE daily chart as of June 2, 2023 - Adobe saw a huge rally last week that appeared to be in sympathy with NVDA. The rally continued this week with a new 2023 high at the open on Tuesday before selling lower that day. Wednesday saw a lower low and a small bounce. Thursday saw a strong rally that recovered most of this week's decline from Tuesday's highs. Friday saw a rally to new 2023 highs to end the week up +5.05%.



MU daily chart as of June 2, 2023 - Micron saw a new 52 week high Tuesday at the open before selling lower that day. Wednesday gapped lower to give back most of the prior week's gains. Thursday saw a small bounce with a higher high, higher low and higher close on Friday to end the week down -6.44%.



NEM daily chart as of June 2, 2023 - Newmont saw a decline most of May that continued a little lower this week on Tuesday and Wednesday before bouncing the rest of the day on Wednesday and continued higher Thursday. Friday saw a small pull back to end the week up +4.50%. We saw above average volume the last 3 days of this week.



CAT daily chart as of June 2, 2023 - Caterpillar was one of the weaker stocks in the Dow Industrials that saw a decline since late January this year. The decline continued Tuesday and Wednesday this week to deliver the lowest close for this year on Wednesday. Thursday saw a small bounce that failed to reach its 20 day SMA. Friday saw a large gap up and biggest rally of this year, crossing above all 3 of its key daily SMAs in one day to end the week up +7.00%. Note the strong volume on Wednesday and Friday.



MMM daily chart as of June 2, 2023 - 3M was one of the weakest stocks in the Dow Industrials this year, with a decline since mid January. This week that decline continued lower Wednesday and Thursday to deliver new 10 year lows before a small bounce on Thursday. Friday saw a large gap up and rally above its 20 day and 50 day SMAs to end the week up +5.77%. Note the strong volume on Wednesday and Friday.

Out of the 7 biggest names, we saw only 4 deliver gains over +3% this week.

We saw several charts above that made most (if not all) of their gains this week on one day, Friday.

The strongest names in the Dow Industrials on Friday were CAT, MMM, DOW and NKE, all of whom show very bearish charts this year, up to Thursday of this week. None of the names are in the 7 biggest Nasdaq-100 names above, so this too shows up some one-day breadth change on Friday.

The rally we saw this week does not mean it will continue higher next week. The odds may be a little higher for a continuation (Bullish) next week, but there is still a real possibility for a Bearish change, or a Neutral pause, so we prepare for all 3 scenarios next week.

I hope this report encourages you to practice your own Chart Observation Skills to see what is going on each day and each week.

Trade Smart,

CJ