



## Market Observations - as of June 16, 2023

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

Last week we saw the S&P pause for several days that remained below resistance then broke out higher on Friday to resume its prior rally. The Nasdaq composite paused for 2 days, dropped Wednesday and then bounced Thursday to recover about half of the prior day's decline. Friday saw a gap up that failed to continue and declined down back below its Resistance for the week, ending the week without a break out.

This week we saw the rally continue each day with a brief dip after the Fed meeting on Wednesday and a small pull back the last half of Friday on quadruple expiration day. Both the S&P-500 and the Nasdaq Composite delivered new 52 week highs every day this week as the rally accelerated this week over the prior two weeks. Broader Breadth was seen participating in the rally on both Tuesday and Thursday this week.

We saw a 2 Standard Deviation move higher in both the S&P and Nasdaq-100 this week, breaking above twice the weekly Expected Move late on Thursday and early on Friday to then pull back later Friday to end the week just below their 2 Standard Deviation levels.

The Russell 2000 showed its strength the prior two weeks but failed to do so this week.

We saw narrow breadth in the Nasdaq-100 last week that we do not see this week. This week ended with 15 out of 16 sectors showing gains with only the Energy sector showing a small loss this week.

The US Dollar Index continued its decline with lower lows seen each day this week with only a tiny bounce seen on Friday. Oil prices declined on Monday then rallied higher the rest of this week. Gold and Silver prices changed very little this week.

Treasury Yields changed very little this week with just a small oscillation after the Fed Meeting on Wednesday.

The markets reacted favorably to the CPI, PPI, Retail and Jobs data that were released this week.

The VIX again made new 52 week lows on Friday this week.

Monday is a Holiday in the USA, so the markets will be closed for a 3-day weekend and open on Tuesday (June 20<sup>th</sup>) next week.

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



S&P 500 weekly chart as of June 16, 2023 - Here we see a strong bullish week this week that was stronger than any of the prior 10 weeks. We saw a 3 week rally in mid-March, a pause for about 6 weeks followed by a resumption of the rally for 5 weeks now.

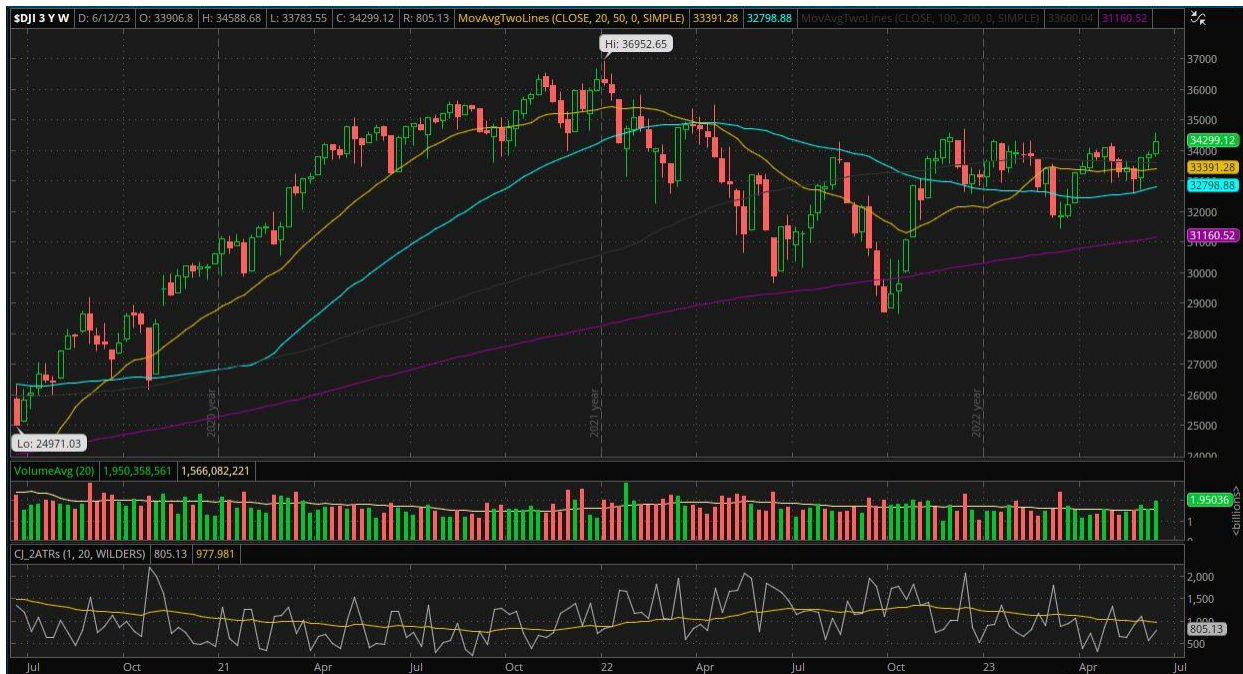


S&P 500 daily chart as of June 16, 2023 - The bullish rally continued this week as we saw new 52 week highs delivered every day this week. The pull back on Friday was minor compared to the prior day's gains, ending this week up +2.58%.



S&P 500 15 min. chart as of June 16, 2023 - Here we see the S&P break above its weekly Expected Move (+1 Standard Deviation) early on Tuesday and remain above this level most of the day on Tuesday and Wednesday. Thursday saw a strong rally up to and above twice the weekly Expected Move (+2 Standard Deviations) and close the day on that level. Friday saw higher highs at the open and remained above the +2 Std Dev. Level until the last 2 hours of the day where it crossed below to end the week above its +1 Std Dev and below its +2 Std Dev levels.





DJIA weekly chart as of June 16, 2023 - The Dow Industrials bounced off of its 50 week SMA support 3 weeks ago and then continued higher for a 3<sup>rd</sup> week this week. The Industrials did deliver a new 2023 high this week but failed to exceed its Dec. 2022 prior highs.



DJIA daily chart as of June 16, 2023 - Here we see a rally continue Monday and Tuesday of this week then pull back on Wednesday. Thursday saw a strong rally that delivered a new 2023 high. Friday briefly delivered a higher high and new 2023 high at the open before pulling back some to end the week up +1.25%.



Nasdaq weekly chart as of June 16, 2023 - The Nasdaq composite continued its rally this week with strong gains for a 5<sup>th</sup> week after its pause in April, delivering new 52 week highs this week.



Nasdaq daily chart as of June 16, 2023 - The bullish rally continued this week as we saw new 52 week highs every day this week after a pause the prior week. The pull back on Friday only returned a small portion of the prior day's gains to end this week up +3.25%.





Russell 2000 weekly chart as of June 16, 2023 - The Russell 2000 saw a pause this year that lasted just over 11 weeks before breaking out 2 weeks ago. This week saw a small continuation higher as the 3<sup>rd</sup> week of this rally.



Russell 2000 daily chart as of June 16, 2023 - Here we see the extended pause in the Russell from March until the 1<sup>st</sup> of June. June 2<sup>nd</sup> saw a break out above this 'Box' and above the 200 day SMA. Last week we saw a pause Monday, a 2 day rally then a 2 day minor pull back. This week we saw a pause continue Monday then a higher high Tuesday that set up a series of alternating days up and down for the rest of this week with very little gains for the week. The Russell ended this week up +0.52%.

Next we will look at a few key 'Market Internals' to better understand Breadth and Sentiment.



McClellan Summation Index weekly chart as of June 16, 2023 - The Summation Index saw a second week of gains up to its 200 week SMA, advancing from +56.35 last week to end this week at +218.64.



McClellan Summation Index daily chart as of June 16, 2023 - Here we see the advances seen last week continued this week up to +218.64.

We have seen how the McClellan Summation Index tends to remove a lot of the noise in the charts to help to expose the overall Trends in the broader markets.

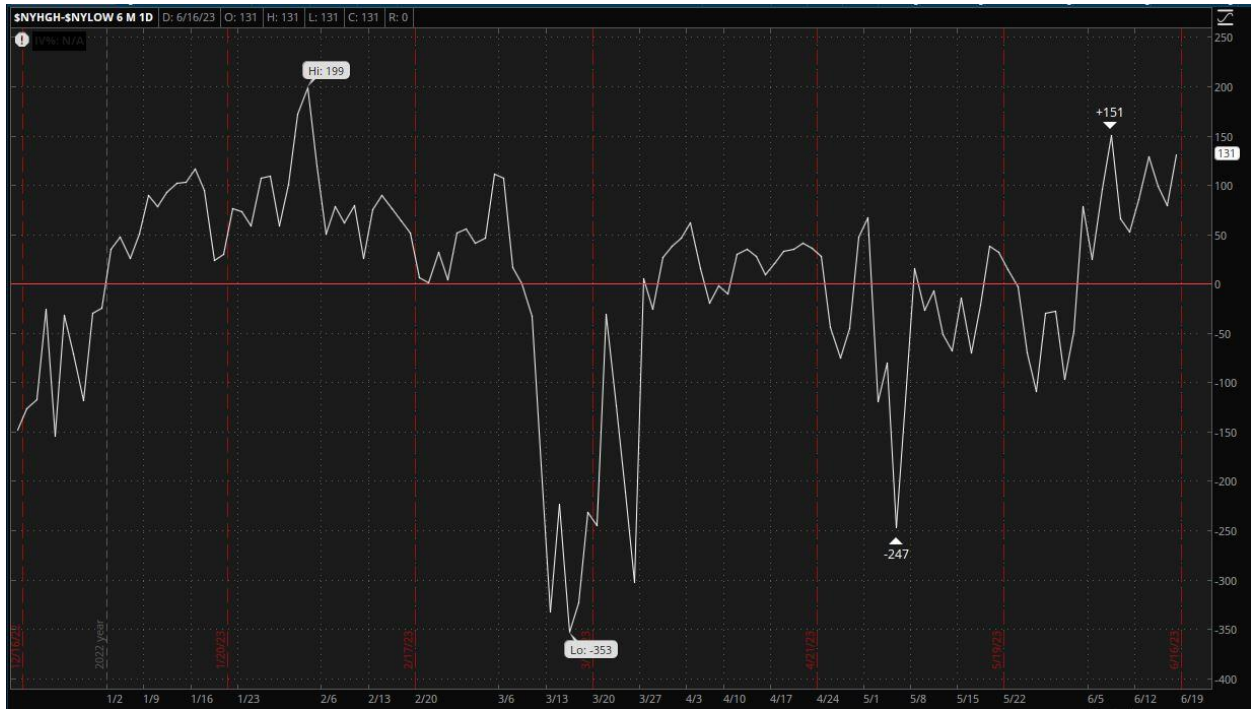


NYSE Percent above 200 day SMA daily chart as of June 16, 2023 - Last week we saw an advance to over 58% and then a pullback Thursday and Friday to end last week at 57.17%. This week we see alternating days of advance and pull back to end this week at 60.26%.



NYSE Percent above 50 day SMA daily chart as of June 16, 2023 - Last week we saw an advance to over 68% and then a pullback Thursday and Friday to end last week at 63.82%. This week we can see a decline Monday, an advance, pull back, advance and pull back to end this week at 68.03%.





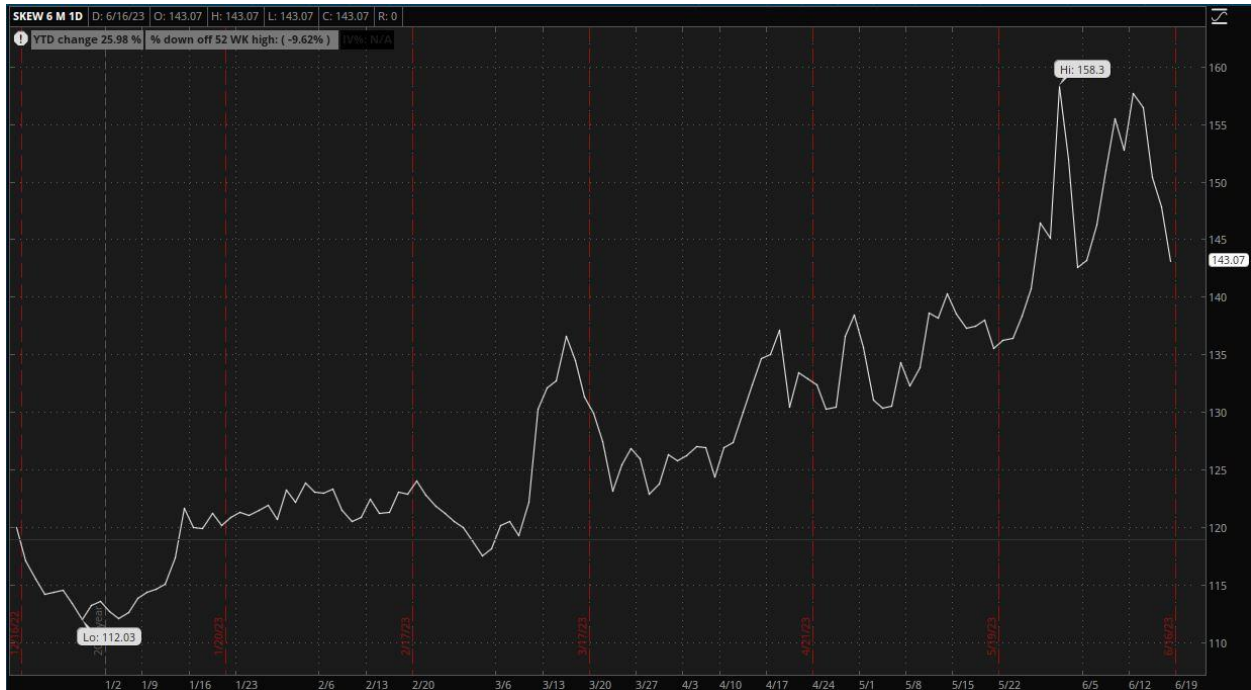
NYSE New Highs - New Lows daily chart as of June 16, 2023 - The NYSE New Highs minus New Lows did not deliver any levels above 151 this week but did remain 'Positive' all of this week in a range between 50 and 131. Remaining positive for a period is one form of confirming that a bullish trend is in play.



VIX daily chart as of June 16, 2023 - The VIX gapped up a little on Monday then declined slowly for two day before showing a small gain on Thursday then declining to new 52 week lows on Friday.



VIX daily chart as of June 16, 2023 - The Volatility of the VIX remained mostly horizontal this week as the 3 SMAs converge.



SKEW daily chart as of June 16, 2023 - Options SKEW declined this week, indicating less aggressive hedging activity.

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



Oil daily chart as of June 16, 2023 - Oil prices dropped hard on Monday then rallied back up the rest of this week to end Friday back above its 20 day SMA.



Gold daily chart as of June 16, 2023 - Gold prices continue to drift lower and a narrow range just below its 20 day SMA. Friday saw a narrow range near its 20 day SMA.





US Dollar Index daily chart as of June 16, 2023 - The US Dollar continued its decline each day this week with lower lows. Thursday broke below its 50 day SMA and Friday saw a tiny bounce to close higher but still below its 50 day SMA.



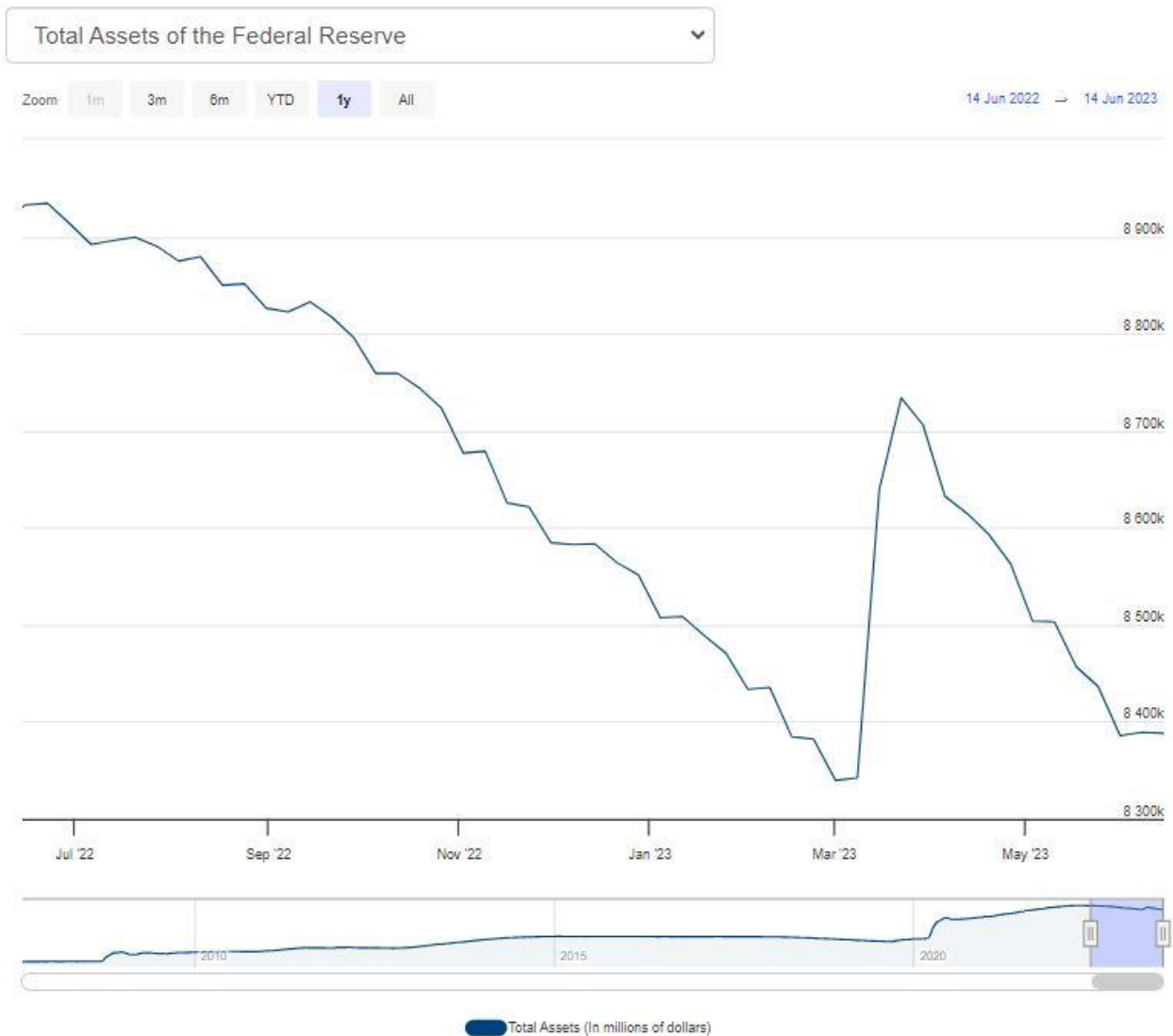
US 10 year Treasury daily chart as of June 16, 2023 - The 10 year Treasury saw a dip and bounce this week with little overall change as the 20 day and 200 day SMAs converge.



US 10 year Yield daily chart as of June 16, 2023 - Yields on the 10 year oscillated this week but saw little overall change for the week.

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
06/01/2023	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
06/02/2023	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
06/05/2023	5.25	5.35	5.46	5.47	5.46	5.17	4.46	4.10	3.82	3.77	3.69	4.03	3.89
06/06/2023	5.15	5.26	5.44	5.44	5.44	5.20	4.51	4.15	3.85	3.78	3.70	4.02	3.87
06/07/2023	5.07	5.26	5.42	5.42	5.43	5.16	4.56	4.21	3.93	3.88	3.79	4.12	3.95
06/08/2023	5.25	5.29	5.38	5.42	5.39	5.12	4.52	4.17	3.87	3.80	3.73	4.05	3.89
06/09/2023	5.25	5.32	5.37	5.45	5.39	5.17	4.59	4.23	3.92	3.84	3.75	4.05	3.89
06/12/2023	5.24	5.31	5.40	5.43	5.38	5.18	4.55	4.16	3.89	3.82	3.73	4.04	3.87
06/13/2023	5.19	5.24	5.36	5.37	5.36	5.26	4.67	4.30	4.01	3.94	3.84	4.12	3.94
06/14/2023	5.18	5.25	5.36	5.37	5.36	5.27	4.74	4.37	4.06	3.95	3.83	4.09	3.90
06/15/2023	5.18	5.25	5.33	5.37	5.33	5.21	4.62	4.23	3.91	3.82	3.72	4.02	3.85
06/16/2023	5.18	5.27	5.34	5.38	5.35	5.24	4.70	4.32	3.99	3.88	3.77	4.05	3.86

US Yield Rates daily table as of June 16, 2023 - We see some small oscillations in Yields this week but little overall change for the week. The 10 year / 2 year Yields have remain Inverted for nearly a year.



FOMC Balance Sheet weekly chart as of June 14, 2023 - The Fed decreased their Balance Sheet by only \$1.002 Billion this week, ending this week with \$8.388323 Trillion in Total Assets. So far in June we have seen a \$2.469 'Increase' in the Balance Sheet.

Next we will look at a few key Sectors.





Dow Transportation Index daily chart as of June 16, 2023 - We can see a Cup-n-handle pattern formed below the 'Orange' Resistance line over the past several weeks with a test of this level in late April and again last week. The Transports opened lower on Monday of this week then rallied higher and Monday and Tuesday, testing this Resistance level on Tuesday. Wednesday saw a higher open and a strong rally that continued higher Thursday and higher early on Friday before pulling back a little to end the week up +3.86%.



XLE daily chart as of June 16, 2023 - The Energy sector continued its horizontal trend this week, oscillating below its 50 day SMA and above its 20 day SMA, ending the week down -0.58%.



XLF daily chart as of June 16, 2023 - The Financial sector continued a slow positive rally this week with a pause Monday, rally Tuesday, small pull back on Wednesday followed by a strong rally on Thursday crossing above its 200 day SMA. Friday saw a higher high then a pull back to end the week up +1.30%.



QQQ daily chart as of June 16, 2023 - The Nasdaq-100 ETF paused last week then broke out on Monday this week to deliver new 52 week highs every day this week. Friday's pull back was minor as it only gave back about half of the prior day's gains, ending this week up +3.79%.

Hint: The QQQ (+3.79%) delivered more gains this week than did the Nasdaq Composite (+3.25%).



QQQ 15 min. chart as of June 16, 2023 - Here we see the 'Box' (range) that the QQQ mostly respected last week, as if failed to break above this Resistance last Friday when the S&P did break above its range.

Just after mid-day on Monday this week, the QQQ broke above its 'Box' (Yellow arrow) and continued higher to deliver new 52 week highs each day this week. The Dip Wednesday after the Fed's notice on interest rates was quickly fully recovered in the following hour to end the day higher than the prior day. Thursday saw the strongest gains this week. Friday delivered a new 52 week high at the open then drifted lower the last half of the day as quad expirations occurred.

Late on Thursday and early on Friday the QQQ broke above its +2x weekly Expected Move then ended the week back below this level by the close on Friday.





SOXX daily chart as of June 16, 2023 - The Semiconductor sector saw a dip last week that it began to recover by the end of last week (+0.78%). This week saw a strong rally Monday to retest its prior highs from May 30<sup>th</sup>. Tuesday, Wednesday and Friday delivered new 52 week highs while Thursday saw a pause and an 'Inside' day. The SOXX ended the week up +4.24% making it the 2<sup>nd</sup> strongest on my list this week.



XLC daily chart as of June 16, 2023 - The Communication Services sector continued its rally this week, delivering new 52 week highs on Tuesday, Thursday and Friday this week. The XLC ended this week up +2.45%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	5/5/2023	5/12/2023	5/19/2023	5/26/2023	6/2/2023	6/9/2023	6/16/2023
\$SPX	-0.80%	-0.29%	1.65%	0.32%	1.83%	0.39%	2.58%
\$INDU	-1.24%	-1.11%	0.38%	-1.00%	2.02%	0.34%	1.25%
\$COMPQ	0.07%	0.40%	3.04%	2.51%	2.04%	0.14%	3.25%
\$RUT	-0.52%	-1.08%	1.89%	-0.04%	3.27%	1.90%	0.52%
QQQ	0.10%	0.66%	3.53%	3.53%	1.79%	-0.04%	3.79%
\$TRAN	0.72%	-2.41%	0.92%	-0.04%	1.78%	0.66%	3.86%
XLE	-5.76%	-2.13%	1.43%	-1.09%	1.43%	1.79%	-0.58%
XLF	-2.53%	-1.33%	2.19%	-1.50%	2.15%	1.07%	1.30%
XLK	0.27%	-0.19%	4.33%	4.64%	1.29%	-0.53%	4.33%
SOXX	0.67%	-1.03%	7.82%	10.60%	-1.21%	0.78%	4.24%
XLV	0.04%	-1.05%	-0.67%	-2.88%	2.19%	0.08%	1.37%
XLY	-0.45%	0.43%	2.52%	0.28%	3.31%	2.68%	3.21%
XRT	-0.42%	-0.69%	-2.09%	-1.56%	1.59%	3.16%	2.12%
XLI	-0.49%	-1.04%	1.32%	-1.44%	2.64%	1.45%	2.98%
XLU	0.07%	0.00%	-4.23%	-2.30%	0.82%	1.95%	1.37%
XME	-1.88%	-2.58%	-0.51%	-2.89%	4.16%	1.70%	2.86%
XLP	-0.34%	-0.08%	-1.56%	-3.28%	0.25%	-0.68%	2.13%
XLB	-1.10%	-1.96%	0.68%	-3.04%	3.06%	0.55%	3.48%
XLC	-2.62%	2.37%	2.85%	1.22%	1.61%	0.08%	2.45%
XHB	-0.21%	0.03%	1.20%	-2.01%	3.50%	2.79%	2.38%

Weekly Percent Change US Indexes and Sectors table as of June 16, 2023 - The strongest Indexes this week were the Nasdaq Composite and the Nasdaq-100 (NDX, QQQ). The weakest index was the Russell 2000. We pointed out above how the QQQ was stronger this week than the Nasdaq Composite, and that could likely be due to the stronger weighting of the 7 biggest stocks in the Nasdaq-100 than in the Nasdaq Composite indexes.

The strongest sectors this week included: XLK, SOXX, Transports, QQQ, XLB and XLY who all delivered over +3% gains this week. The XLI came close at +2.99% gains this week.

The weakest sector this week was the Energy sector that was the only negative weekly change this week (XLE -0.58%). The XLF, XLU and XLV all delivered over +1% but less than +2% of gains this week.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 06/05/23	End of Day 06/06/23	End of Day 06/07/23	End of Day 06/08/23	End of Day 06/09/23	End of Day 06/12/23	End of Day 06/13/23	End of Day 06/14/23	End of Day 06/15/23	End of Day 06/16/23
\$SPX	-0.20%	0.24%	-0.38%	0.62%	0.11%	0.93%	0.69%	0.08%	1.22%	-0.37%
\$INDU	-0.59%	0.03%	0.27%	0.50%	0.13%	0.56%	0.43%	-0.68%	1.26%	-0.32%
\$COMPQ	-0.09%	0.36%	-1.29%	1.02%	0.16%	1.53%	0.83%	0.39%	1.15%	-0.68%
\$RUT	-1.32%	2.69%	1.78%	-0.41%	-0.80%	0.40%	1.23%	-1.17%	0.81%	-0.73%
QQQ	0.07%	-0.02%	-1.70%	1.24%	0.38%	1.69%	0.77%	0.73%	1.19%	-0.63%
\$STRAN	-1.14%	0.51%	2.45%	-0.04%	-1.10%	0.43%	1.00%	1.34%	1.55%	-0.51%

Daily Percent Change US Indexes table as of June 16, 2023 - We saw daily change in leadership this week, with the Russell being the strongest only on Tuesday but the weakest in all of the other 4 days this week. The Dow Industrials showed strength on Friday and weakness on Tuesday. The Transports showed strength on both Wednesday and Thursday this week, which were also the stronger rally days seen this week. The QQQ showed strength on Monday this week.

Next we will look at a few key Stocks, starting with the 7 biggest names in the Nasdaq.



AAPL daily chart as of June 16, 2023 - Apple resumed its rally this week after a pause and small pullback last week. Apple delivered higher highs every day this week and new 52 week highs on both Thursday and Friday this week, ending the week up +2.19%.





MSFT daily chart as of June 16, 2023 - Microsoft resumed its rally this week with higher highs every day this week and new 52 week highs on Wednesday, Thursday and Friday. We saw wider range days on Thursday and Friday along with above average volume, ending the week up +4.76%.



GOOGL daily chart as of June 16, 2023 - Alphabet paused on its 20 day SMA late last week and delivered higher highs on Monday and Tuesday of this week before dipping Wednesday briefly back below its 20 day SMA but closing back above. Thursday and Friday saw higher highs for this week that were sold off on Friday to end the week back below its 20 day SMA, up +1.06% for the week.



AMZN daily chart as of June 16, 2023 - Amazon rallied Monday and early on Tuesday to deliver new 2023 highs on Tuesday before selling lower for the day. Wednesday saw a lower high, lower low and lower close. Thursday saw a higher high, higher low and higher close. Friday gave back most of the prior day's gains to end the week up +1.67%. Overall this week was mostly sideways chop.



TSLA daily chart as of June 16, 2023 - Tesla saw some large gains last week and began this week with a quiet 'Inside' day on Monday. Tuesday, Wednesday and Friday saw new 2023 highs for Tesla with a slightly lower low on Wednesday and Thursday. Friday saw the highest high and higher close for this week, ending the week up +6.60%.



NVDA daily chart as of June 16, 2023 - Nvidia saw huge gains (+4 Standard Deviations) 3 weeks ago and then paused near those new highs for about 2 weeks. This week we saw the pause continue Monday as NVDA closed near its highs from last week. Tuesday saw a break out above \$397 Resistance as the rally began to resume higher. Wednesday saw an even strong rally continue as new all time highs were seen Wednesday, Thursday and Friday this week. The pull back on Friday only gave back a small portion of the prior day's gains, ending the week up +10.12%.



META daily chart as of June 16, 2023 - Meta began its bounce last Thursday and Friday and continued higher this week on Monday and early Tuesday before pulling back briefly on Tuesday. Wednesday saw the rally resume with the largest gains this week seen on Thursday. Friday saw higher highs, higher lows and a slightly lower close to end the week up +6.06%. Meta delivered new 52 week highs on both Thursday and Friday this week.



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	0.01%	2.19%
MSFT	-2.57%	4.76%
GOOGL	-1.96%	1.06%
AMZN	-0.66%	1.67%
TSLA	14.22%	6.60%
NVDA	-1.41%	10.12%
META	-2.81%	6.06%

In this table we can see the ONLY 'Big' stock that helped to drive the QQQ and Nasdaq higher last week was Tesla. All of the other 6 stocks were either down last week or flat like Apple. This clearly shows us the 'Narrow' leadership in the Nasdaq last week.

In the table above we see 4 stocks that delivered greater gains than did the QQQ (+3.79%) this week, NVDA, TSLA, META and MSFT. This shows us broader leadership this week than what we saw last week.



JPM daily chart as of June 16, 2023 - JP Morgan continued its pause near \$141 on Monday this week then rallied Tuesday and early Wednesday before pulling back. Thursday saw a strong rally with higher highs on Friday to end the week up +1.60%.



COST daily chart as of June 16, 2023 - Costco paused Monday this week with an 'Inside' day before resuming its rally Tuesday, Wednesday and Thursday with higher highs, higher lows and higher closes. Friday saw a strong pull back that took back the prior two day's gains to end the week up +1.23%.

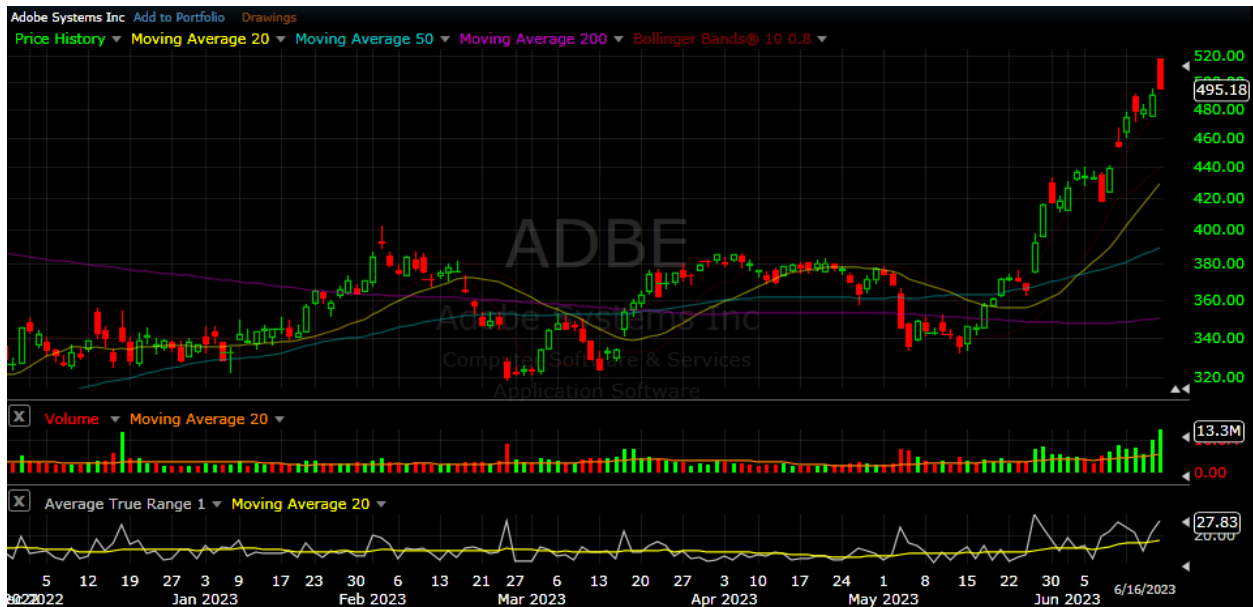


AMD daily chart as of June 16, 2023 - AMD saw a huge rally in May and a minor pull back in late May and early June. We saw a rally that failed Monday and Tuesday of this week, with the largest decline seen on Tuesday after briefly delivering a new 52 week high at the open. Wednesday saw an 'Inside' day that was followed with lower lows and lower closes on Thursday and Friday to end the week down - 3.87%, nearly reaching its 20 day SMA.



INTC daily chart as of June 16, 2023 - Intel was nearly flat last week, up only +0.10%. This week Intel exploded on Monday and delivered higher highs and higher closes every day this week, along with new 2023 highs every day but Monday this week. Intel ended the week up +16.05%.





ADBE daily chart as of June 16, 2023 - Adobe has seen a huge rally since mid May that pause last week then resumed its rally last Friday with new 52 week highs. The Rally continued higher this week with a pause on Wednesday and new 52 week highs seen every day this week but on Wednesday. The large gap up on this Friday was mostly given back by the close, ending the week up +9.07%.



CAT daily chart as of June 16, 2023 - Caterpillar saw a strong rally begin on June 2<sup>nd</sup> and continued last week with brief pauses along the way. This week saw the rally continue with higher highs every day this week, ending the week up +4.36%. Note that each of the pauses or pullbacks in this rally has lasted only 1 or 2 days at most.



MMM daily chart as of June 16, 2023 - 3M saw a huge move up on June 2<sup>nd</sup> that pulled back and paused last week. This week the rally resumed with higher highs every day this week, crossing above its 50 day SMA on Tuesday and exceeding its June 2<sup>nd</sup> highs on Friday this week, ending the week up +4.64%.

We saw many rallies 'resume' this week after a pause last week. This is a common behavior within a trend. Trends rarely move in a straight line. Trends more often make a directional move 'with' the trend, then pause or make a small counter-trend move before 'Resuming' the prior Trend again. This is more often the scenario within a Trend, for it to continue after a brief pause. Less often we see a trend reverse direction.

Believing that the odds of the 'Continuation' of a Trend are higher than the odds of a 'Reversal' of a Trend, we take this into account by requiring more confirmation for a Trend 'Reversal' than we do for a Trend 'Continuation'. My trading assumes that a Trend will Continue until I see the additional confirmation needed for a 'Reversal'.

The breadth this week was significantly broader than we saw last week and the size of the move on Thursday this week was the strongest day seen for this month in most charts.

We prepare for next week (a short 4 day week) by imagining at least three scenarios (Bullish, Bearish, Neutral) so that we have a plan for most any condition. We assume that the current Bullish Trend may likely continue next week, but we prepare for the lower odds scenarios as well (Bearish and Neutral).

I hope these chart observations help with your growing chart reading skills. Practice is the key with any skill to get better at it and make it almost feel automatic over time.

Trade Smart,

CJ