



## Market Observations - as of June 30, 2023

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

Last week we saw the Bears continue driving markets lower at a slow and steady pace with lower lows and lower highs every day last week in the S&P and lower highs every day last week in the Nasdaq.

This week we saw the selling continue on Monday then changed Tuesday as the Bulls took control with a strong showing that day. Wednesday saw a pause that was followed with a mild rally on Thursday in the S&P while the Nasdaq continued its pause both Wednesday and Thursday. Friday saw a large gap up and rally to new highs for the week in most indexes and new 52 week highs in the S&P-500.

The 5 to 6 day decline that we saw in most indexes last week that ended this Tuesday was notable for several reasons.

1. Most corrections this quarter have lasted only 2 to 3 days while the one last week lasted nearly twice that average duration.
2. More often declines are faster with larger range down days but the one last week was slow and steady with each day's range being narrow (below the Average True Range).
3. During the decline last week we also saw the VIX decline to new 52 week lows. This is abnormal for the VIX that usually increases during a market decline.

These abnormal conditions were clues that something was possibly different. The Bears were not showing any strong convictions while the Bulls took a break and there was no sign of any Fear in the markets as they drifted lower for 6 days.

On Tuesday and Friday this week we saw strong rally days that could be driven by the end of the Quarter window dressing or by a market that is very 'complacent' when the Dip Buyers showed up. With the light volume seen most days this week we think this market was rather complacent.

Often we have seen the 7 biggest stocks (in the NDX) lead the markets both higher and lower. We saw weakness in these names on Monday and Thursday this week followed by a show of strength on Friday.

The US Dollar showed a little strengthening this week while US Yield rates increased a little.

As the 2<sup>nd</sup> Quarter and the month of June have come to an end, we will include a few additional longer term charts in this week's 'Market Observations'.

The end of each Month and each Quarter is a very good time to set up a regular schedule to review all trades made in that period. Doing trade reviews after trades are closed is a very good time to check your performance, not only Profits and Losses but also how well you have 'Stuck to your Plan'. Have you followed your rules on: Position Size, Entries and Exits on every trade? If not, what errors have been made and how can you correct them? Carefully tracking your performance to your plan is just as important as is your P&L, if not more so. If you followed your rules on every trade, then those trades can provide 'valid' data on your system and expose areas for potential improvement. If you have not followed your rules, then you will never know if your system is any good or not, nor how to improve it. You need to become disciplined first in order to get useful data on the merits of a trading system.

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



S&P 500 monthly chart as of June 30, 2023 - The S&P found support at the 50 month SMA (Blue) last year and crossed above its 20 month SMA (Yellow) this month.



S&P 500 weekly chart as of June 30, 2023 - The 5 week rally paused last week and resumed this week with new 52 week Highs.



S&P 500 daily chart as of June 30, 2023 - Here we see the decline from last week continued on Monday of this week with lower lows. Tuesday saw a strong rally that slowed on Wednesday and Thursday as it continued higher. Friday saw a large gap up and rally to deliver new 52 week highs, ending the week up +2.35%. We can see the prior decline last week lasted 6 days with lower lows and lower closes to nearly reach its 20 day SMA on Monday this week. Other corrections in Q2 lasted only 2 to 3 days.



S&P 500 15 min. chart as of June 30, 2023 - The Resistance Trend Line (Green line) was drawn from June 16<sup>th</sup> highs to June 22<sup>nd</sup> highs. The decline continued this Monday then price broke above this Trend Line early on Tuesday as prices rallied higher all day. On Thursday prices came closer to the upper weekly Expected Move at the close but remained below the E.M. Friday saw a gap above the weekly Expected Move that rallied higher and crossed above the +2x Expected Move several time in the last 2 hours on Friday. Friday closed just about 7 points below the +2x E.M. that was nearly a 2 standard deviation move for the week.



DJIA monthly chart as of June 30, 2023 - We have seen the Dow Industrials straddled its horizontal 20 month SMA for 8 months with little overall progress.



DJIA weekly chart as of June 30, 2023 - We see a 3 week rally off of the 50 week SMA (Blue) support followed by a small pullback last week and a resumption of the rally this week.



DJIA daily chart as of June 30, 2023 - Monday saw a lower low and lower high as last week's decline continued until it found support Monday at its 50 day SMA. Tuesday saw a rally back above its 20 day SMA followed by a pause Wednesday. Thursday saw a strong rally day with a gap up and rally on Friday to end the week up +2.02%, closing not far from its prior highs on June 16<sup>th</sup>.



Nasdaq monthly chart as of June 30, 2023 - The Nasdaq composite saw a rally off of its 50 month SMA in March with a pause in April. The rally resumed in May, crossing above its 20 month SMA and in June to deliver new 52 week highs.



Nasdaq weekly chart as of June 30, 2023 - After the pause in April we see a break out and 6 week rally with a small pull back and pause last week before the rally resumed this week.



Nasdaq daily chart as of June 30, 2023 - The decline last week continued lower on Monday this week, breaking and closing just below its 20 day SMA. Tuesday saw a rally off of the 20 day SMA support that continued a bit higher Wednesday. Thursday saw a pause and narrow 'Inside' day. Friday saw a gap up and rally to end the week up +2.19% and just shy of retesting the prior highs from June 16<sup>th</sup>.



Russell 2000 monthly chart as of June 30, 2023 - The Russell small cap Index has remained within a horizontal trend (range) for 14 months now. This lack of progress is causing the convergence of the 20 month and 50 month SMAs.

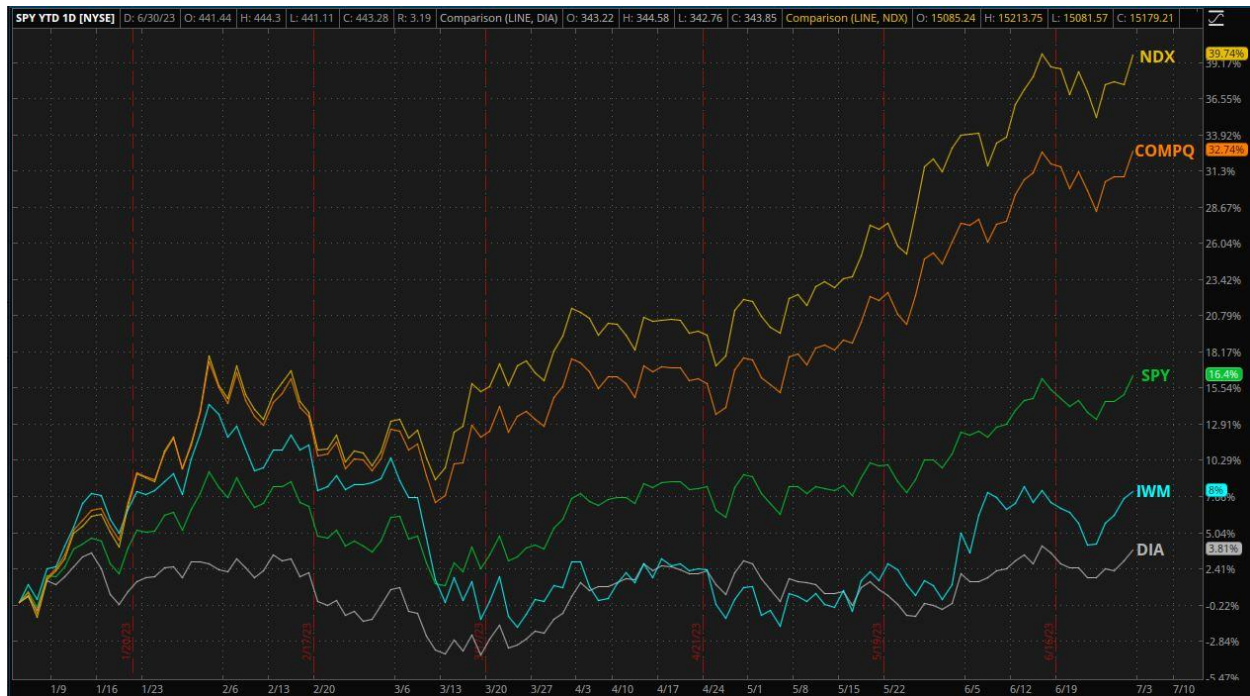


Russell 2000 weekly chart as of June 30, 2023 - The Russell was inside a narrow range for 12 weeks before breaking out above its 50 week SMA in early June. The following week was a little higher then pulled back fully last week back to the 50 week SMA. This week we see a rally off of the 50 week SMA support that failed to take out the prior highs from 2 weeks ago.





Russell 2000 daily chart as of June 30, 2023 - Last week the Russell declined and closed below its 20 day SMA. This week saw the Russell remain below its 20 day SMA on Monday then rallied above this SMA on Tuesday. Each of the following days this week saw higher high and higher lows to end this week up +3.68%. The highs this week failed to retest the prior highs from June 16<sup>th</sup>.



Year-To-Date Percent change US Indexes as of June 30, 2023 - One way to compare the major Indexes so far this year is with the above 'Percentage Change' chart. We can see the NDX (Nasdaq-100) delivered the greatest gains so far this year at +39.7% with the COMPQ (Nasdaq Composite) the second strongest this year at +32.7%. The SPY (S&P-500) is now up +16.4% and the IWM (Russell 2000) up +8.0%. The DIA (Dow Industrial-30) is up +3.8%.

This chart also shows why we choose to track the biggest 7 stocks in the Nasdaq-100. The weighting of these 7 Big Stocks represents over 51% of the total value of the Nasdaq-100 and over 25% of the Nasdaq Composite total value.

Next we will look at a few key 'Market Internals' to better understand the overall breadth and sentiment of this market.



McClellan Summation Index weekly chart as of June 30, 2023 - Last week we saw a small decline to +178.63. This week we see an advance above the 200 week SMA to end this week at +264.34.



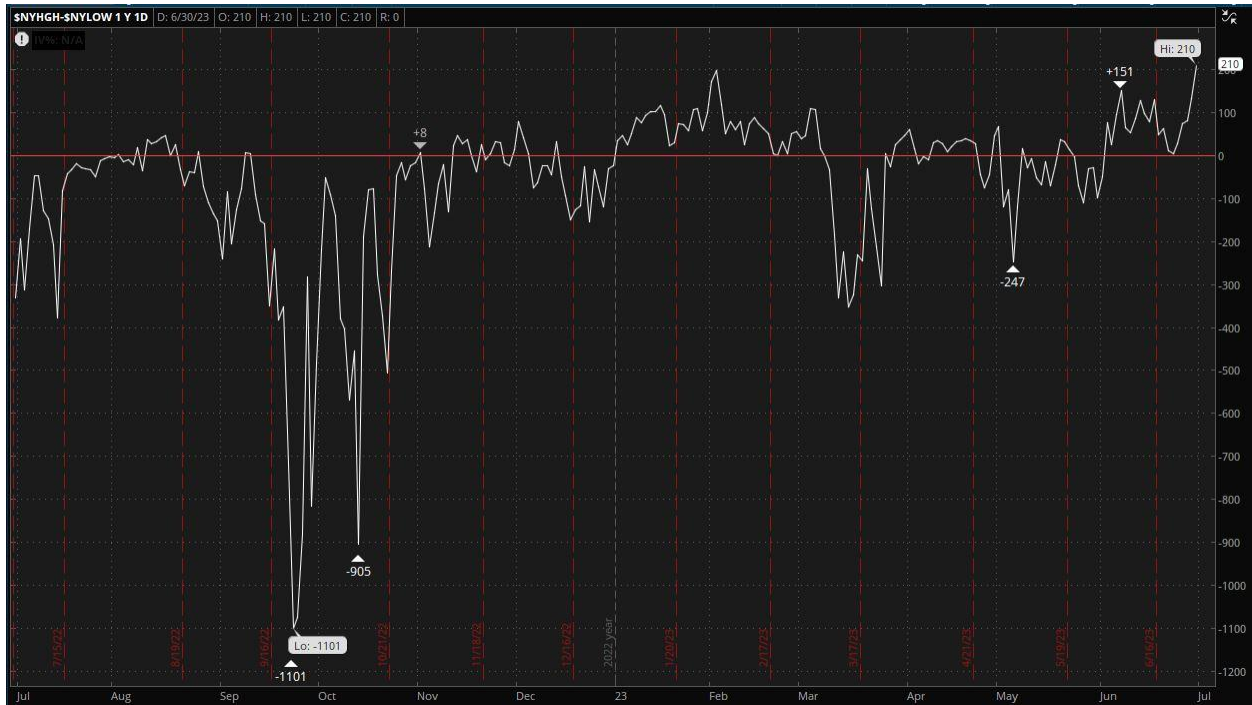
McClellan Summation Index daily chart as of June 30, 2023 - Here we see the dip last week that changed to an upward slope on Tuesday this week and ended this week at +264.34.



NYSE Percent above 200 day SMA daily chart as of June 30, 2023 - Last week we saw a decline to 52.43%. This week we see an advance, a pause Wednesday and an advance to end this week at 61.37%.



NYSE Percent above 50 day SMA daily chart as of June 30, 2023 - Last week we saw a decline to 52.77%. This week we see an advance, pause Wednesday followed by an advance Thursday and Friday to end this week at 70.21%.



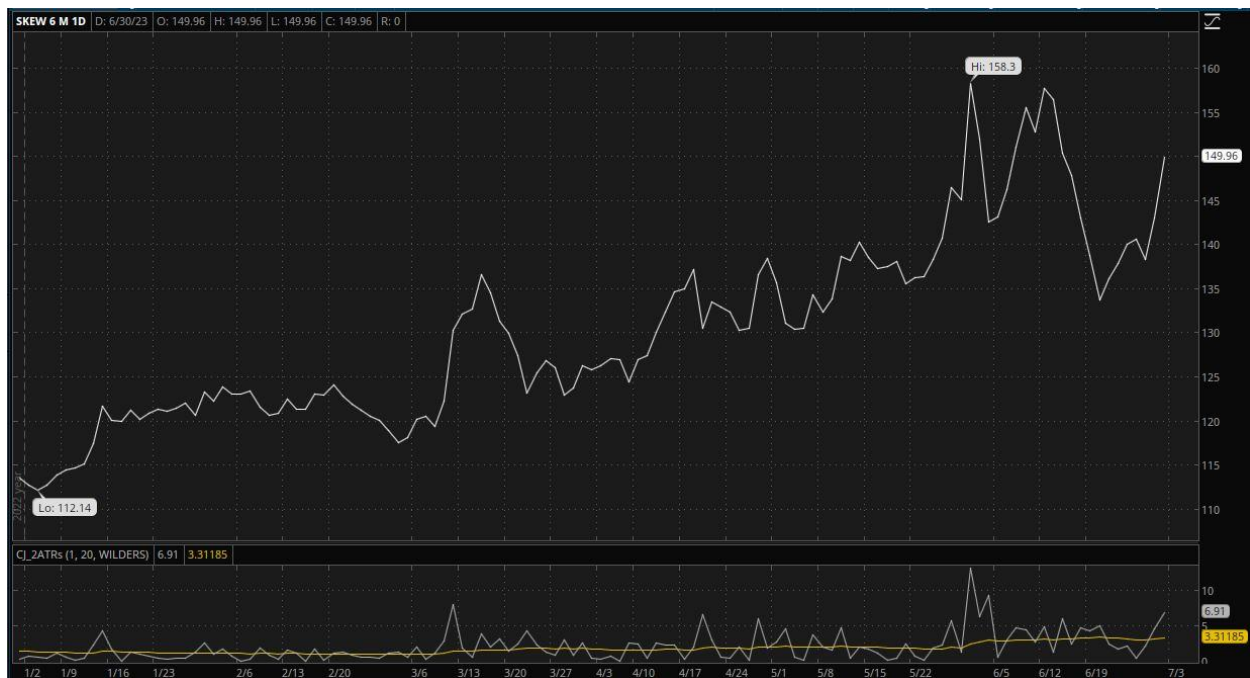
NYSE New Highs minus New Lows daily chart as of June 30, 2023 - Last week we saw a decline to +5. This week we see an advance Monday and Tuesday, a pause Wednesday followed by an advance on Thursday and Friday to end this week at 210. When this Indicator remains positive it indicates that there are more stocks delivering new 52 week Highs than there are stocks delivering new 52 week Lows.



VIX daily chart as of June 30, 2023 - Last week the VIX declined and delivered new 52 week lows while the markets were also declining. On Monday of this week, the markets continued their decline while the VIX saw a more normal 'Increase' for one day. The rest of this week saw a slow decline that IS normal for the VIX when there is a rally going on in the markets. This week we saw normal VIX behavior while last week was 'abnormal'.



VIXX daily chart as of June 30, 2023 - The Volatility of the VIX saw a small increase on Monday this week that was followed with a steady decline the rest of this week for a more 'Normal' behavior during a rally in the markets.



SKEW daily chart as of June 30, 2023 - Options SKEW saw a small bounce the last two days of last week that continued a little higher on Monday and Tuesday of this week. We see a small dip on Wednesday followed by stronger increases in SKEW on Thursday and Friday, ending this week at 149.9. Since SKEW tends to go higher when hedging activity is stronger, we expected some elevated SKEW this week as many fund managers will re-hedge their portfolios at the end of a month and at the end of the Quarter.

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



Oil daily chart as of June 30, 2023 - Oil declined Monday and Tuesday then rallied Wednesday, Thursday and Friday to end this week up \$0.95 and near its 20 day SMA.



Gold daily chart as of June 30, 2023 - Gold continued its slow decline this week with a bounce on Friday, down -\$2.50 for the week.





US Dollar Index daily chart as of June 30, 2023 - The US Dollar saw a small decline on Monday and Tuesday then rallied Wednesday and Thursday back above its 20 day SMA. Friday saw a decline back below its 20 day SMA.



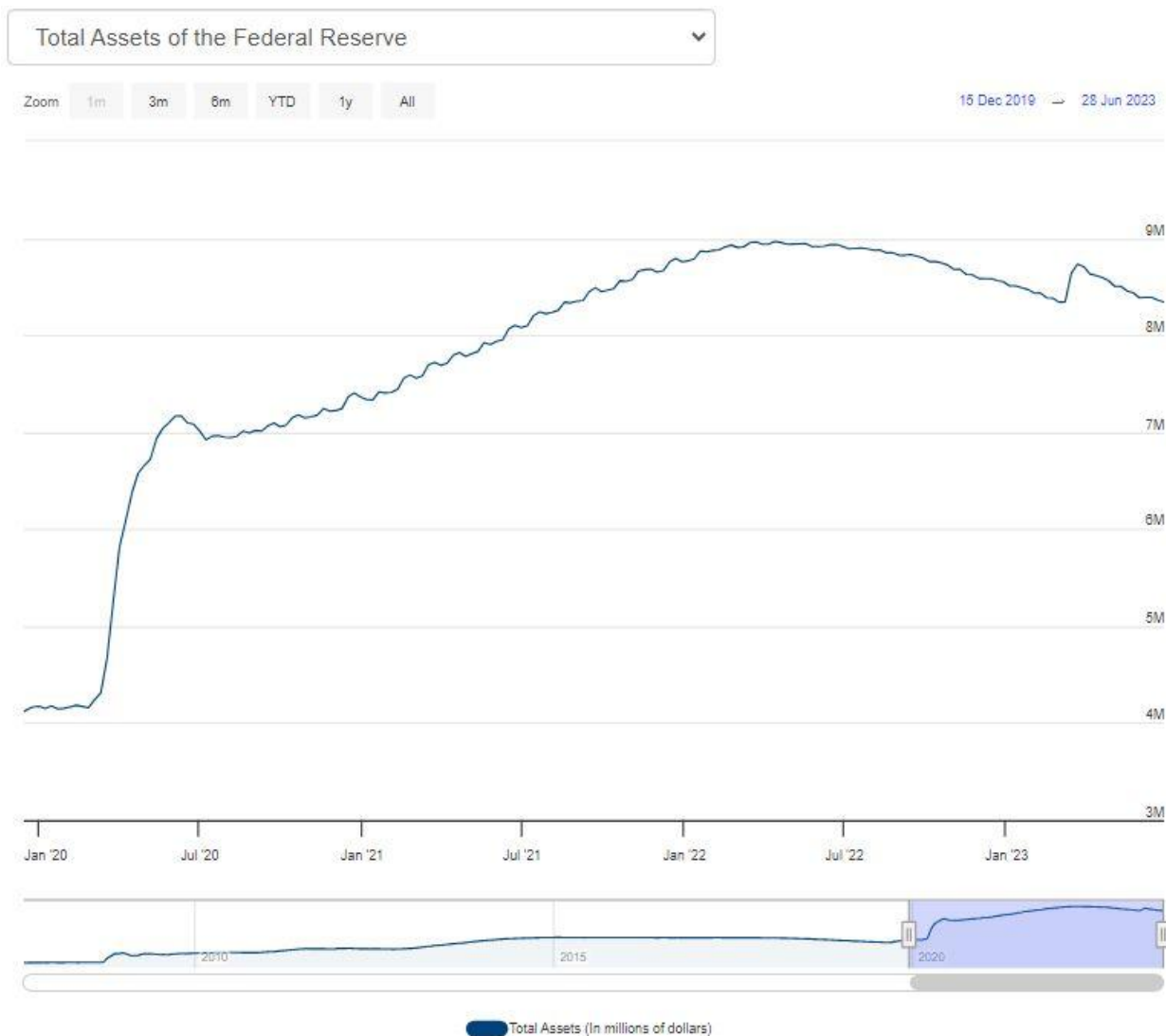
US 10 year Treasury daily chart as of June 30, 2023 - The 10 year Treasury saw little change the first 3 days of this week while it continued without trend below its 20 day and 200 day SMAs. Thursday saw sharp selling that continued Friday on strong volume as money was likely rotating out of Treasuries and into stocks those two days.



US 10 year Yield daily chart as of June 30, 2023 - The 10 year Yield saw little change this week until Thursday when the selling shot up the Yields for a day. Friday saw a small decline in Yields.

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
06/20/2023	5.17	5.26	5.39	5.39	5.41	5.24	4.68	4.29	3.96	3.85	3.74	4.01	3.83
06/21/2023	5.16	5.27	5.40	5.44	5.41	5.25	4.68	4.29	3.95	3.84	3.72	3.99	3.81
06/22/2023	5.18	5.31	5.40	5.44	5.41	5.29	4.77	4.37	4.03	3.92	3.80	4.06	3.88
06/23/2023	5.17	5.30	5.41	5.44	5.41	5.25	4.71	4.32	3.99	3.88	3.74	4.01	3.82
06/26/2023	5.17	5.31	5.50	5.44	5.45	5.27	4.65	4.30	3.96	3.85	3.72	4.01	3.83
06/27/2023	5.17	5.31	5.44	5.44	5.46	5.33	4.74	4.38	4.02	3.90	3.77	4.03	3.84
06/28/2023	5.17	5.32	5.44	5.49	5.47	5.32	4.71	4.32	3.97	3.83	3.71	4.00	3.81
06/29/2023	5.25	5.40	5.46	5.51	5.50	5.41	4.87	4.49	4.14	3.99	3.85	4.11	3.92
06/30/2023	5.24	5.39	5.43	5.50	5.47	5.40	4.87	4.49	4.13	3.97	3.81	4.06	3.85

US Yield rates table as of June 30, 2023 - Most Yield rates did not change much this week until Thursday when both short term and longer term Yields increased. Friday saw only a very small pullback. The 10 year - 2 year Yield Inversion remains since July 6<sup>th</sup> 2022, nearly a full year now. This Inversion is now at -106 basis points as of the end of this week.



FOMC Balance Sheet weekly chart as of June 28, 2023 - The Fed decreased its Balance Sheet by \$21.146 Billion this week to a current Total Assets of \$8.340914 Trillion. The Total changes to the Balance Sheet for the month of June was a reduction of \$44.940 Billion. The lowest Total Assets for this year was seen back on March 1<sup>st</sup> 2023 at \$8.339684 Trillion. We are now almost back to that level seen before the 2 weeks of Bank Bail-outs in March. It has taken about 14 weeks to get back to nearly those prior levels on the Balance Sheet. At this rate it will be a long time before the huge +\$3 Trillion of stimulus from Q2 of 2020 and the following 2 years of nearly an additional +\$2 Trillion of stimulus is drained out of the economy. This suggests the current Inflation is more than 'sticky'; it is likely to be permanent.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of June 30, 2023 - The pull back last week in the Transports was rather small and almost more of a horizontal pause. This week we saw a strong rally Monday that was even stronger on Tuesday on huge volume. Every day this week saw higher highs and higher lows and a higher close to end this week up +5.73%.



XLE daily chart as of June 30, 2023 - The Energy sector saw a rally Monday followed by a pause on Tuesday. Wednesday the rally resumed to cross and close above its 20 day SMA. Thursday saw the rally above the 50 day SMA that continued Friday to end the week up +4.93%.



XLF daily chart as of June 30, 2023 - The Financial sector found support last week at its 50 day SMA. This week we see a pause at the 50 day SMA on Monday and a rally up to the 20 day SMA on Tuesday. Wednesday saw a pause just below the 20 day SMA. Thursday saw a strong rally from its 20 day SMA that continued Friday with a gap up and rally above its 200 day SMA, ending the week up +2.96%.



QQQ weekly chart as of June 30, 2023 - Here we see a 6 week rally after the break out from the April pause range. Last week saw a pause and 'Inside' week. This week saw the rally resume but did not deliver a higher high this week.



QQQ daily chart as of June 30, 2023 - Last week's decline continued on Monday this week with lower lows crossing and closing just below its 20 day SMA. Tuesday saw a rally from the 20 day SMA Support that recovered most of the prior day's decline. The rally continued Wednesday with a higher high and higher low but then paused on Thursday with an 'Inside' day. Friday saw a strong gap up and rally to end the week up +1.90% but failed to exceed the prior high from June 16<sup>th</sup>.



QQQ 15 min. chart as of June 30, 2023 - We have drawn a Resistance Trend Line (Green Line) from the highs on June 16<sup>th</sup> to the highs on June 26<sup>th</sup>. The QQQ broke above this Trend Line mid-day on Tuesday (June 27<sup>th</sup>) and continued higher on Wednesday. Thursday saw an 'Inside' day. Friday saw a gap up and rally that failed to exceed the prior highs. Simple Trend Lines can be a useful tool to confirm a change in Trend.



SOXX daily chart as of June 30, 2023 - The Semiconductor sector declined last week and closed below its 20 day SMA last Friday. Monday saw a rally that failed to close above its 20 day MSA. Tuesday saw a very strong rally above its 20 day SMA that was the largest move in all of June for the SOXX. This rally was followed by two days of a 'pause'. Friday saw a gap up and rally to end the week up +4.65%.



XLC daily chart as of June 30, 2023 - The Communication Services sector saw a pause the last 3 days of last week that continued Monday this week as the XLC closed below its 20 day SMA. Tuesday saw a strong rally back above the 20 day SMA that recovered most of the prior week's decline. The rally continued higher Wednesday then paused Thursday. Friday saw a gap up and rally to end the week up +1.59%.



<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	5/19/2023	5/26/2023	6/2/2023	6/9/2023	6/16/2023	6/23/2023	6/30/2023
\$SPX	1.65%	0.32%	1.83%	0.39%	2.58%	-1.39%	2.35%
\$INDU	0.38%	-1.00%	2.02%	0.34%	1.25%	-1.67%	2.02%
\$COMPQ	3.04%	2.51%	2.04%	0.14%	3.25%	-1.44%	2.19%
\$RUT	1.89%	-0.04%	3.27%	1.90%	0.52%	-2.87%	3.68%
QQQ	3.53%	3.53%	1.79%	-0.04%	3.79%	-1.33%	1.90%
\$TRAN	0.92%	-0.04%	1.78%	0.66%	3.86%	-0.71%	5.73%
XLE	1.43%	-1.09%	1.43%	1.79%	-0.58%	-3.49%	4.93%
XLF	2.19%	-1.50%	2.15%	1.07%	1.30%	-2.06%	2.96%
XLK	4.33%	4.64%	1.29%	-0.53%	4.33%	-2.42%	3.09%
SOXX	7.82%	10.60%	-1.21%	0.78%	4.24%	-4.49%	4.65%
XLV	-0.67%	-2.88%	2.19%	0.08%	1.37%	0.25%	0.55%
XLY	2.52%	0.28%	3.31%	2.68%	3.21%	-0.36%	2.64%
XRT	-2.09%	-1.56%	1.59%	3.16%	2.12%	-0.83%	3.11%
XLI	1.32%	-1.44%	2.64%	1.45%	2.98%	-1.67%	3.91%
XLU	-4.23%	-2.30%	0.82%	1.95%	1.37%	-2.60%	0.63%
XME	-0.51%	-2.89%	4.16%	1.70%	2.86%	-1.73%	4.37%
XLP	-1.56%	-3.28%	0.25%	-0.68%	2.13%	-0.49%	0.53%
XLB	0.68%	-3.04%	3.06%	0.55%	3.48%	-2.07%	4.02%
XLC	2.85%	1.22%	1.61%	0.08%	2.45%	-0.92%	1.59%
XHB	1.20%	-2.01%	3.50%	2.79%	2.38%	0.75%	4.48%

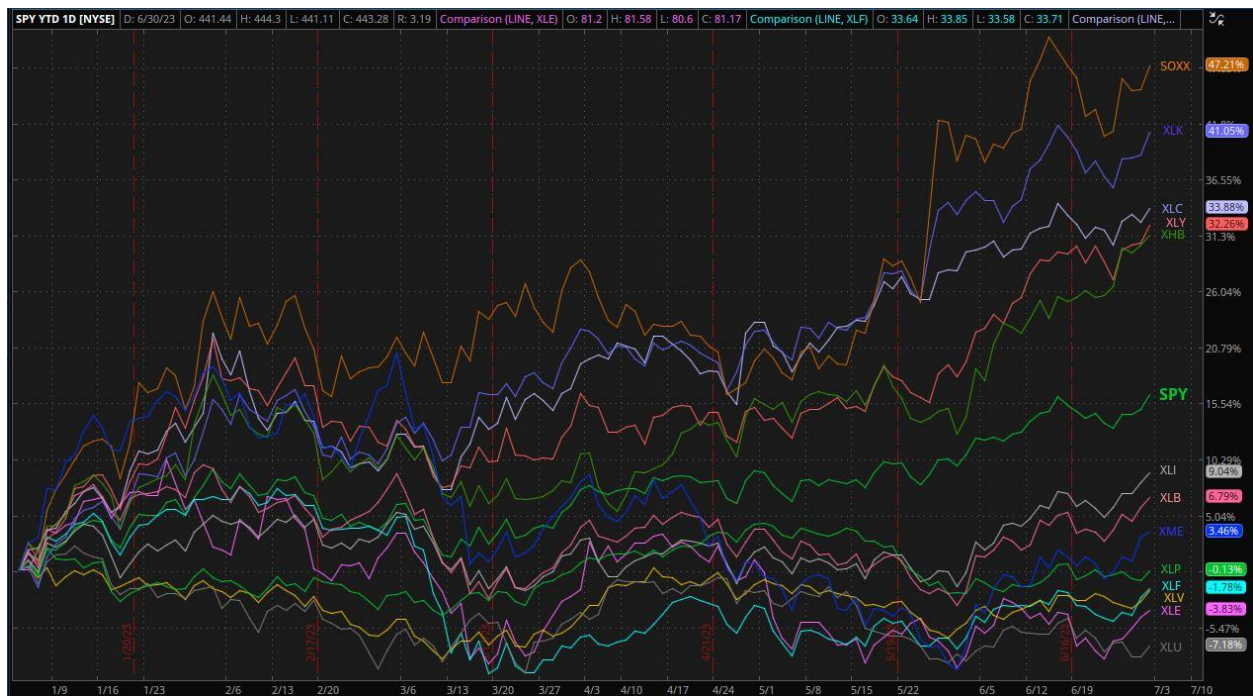
Weekly Percent Change US Indexes and Sectors table as of June 30, 2023 - Note that the Russell was the strongest Index this week as it was also during the first 2 weeks of June. The Nasdaq did not lead this week, suggesting the Big-7 may not have led this week while wider breadth (other sectors) led this week (as also seen in the 'Market Internals' charts above).

The Strongest sectors this week were: Transportation, XLE, SOXX, XHB, XME and XLB that all delivered over +4% of gains this week.

No sector was down this week. The Sectors that delivered less than +1% of gains this week included: XLP, XLV and XLU. XLU and XLP are typical 'flight to safety' sectors and clearly some money may have come out of these sectors this week and went elsewhere seeking greater returns.

INDEXes SECTORs	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	Holiday 06/19/23	End of Day 06/20/23	End of Day 06/21/23	End of Day 06/22/23	End of Day 06/23/23	End of Day 06/26/23	End of Day 06/27/23	End of Day 06/28/23	End of Day 06/29/23	End of Day 06/30/23
\$SPX	n/a	-0.47%	-0.52%	0.37%	-0.77%	-0.45%	1.15%	-0.04%	0.45%	1.23%
\$INDU	n/a	-0.71%	-0.30%	-0.01%	-0.65%	-0.04%	0.63%	-0.22%	0.80%	0.84%
\$COMPQ	n/a	-0.16%	-1.21%	0.95%	-1.01%	-1.16%	1.65%	0.27%	0.00%	1.45%
\$RUT	n/a	-0.47%	-0.20%	-0.80%	-1.44%	0.09%	1.46%	0.47%	1.23%	0.38%
QQQ	n/a	-0.28%	-1.36%	1.18%	-0.99%	-1.34%	1.72%	0.20%	-0.20%	1.54%
\$STRAN	n/a	-0.39%	0.02%	0.40%	-0.74%	1.39%	2.70%	0.77%	0.70%	0.07%

Daily Percent Change US Indexes table as of June 30, 2023 - We saw daily changes in leadership with the Transports showing leadership in each of the first 3 days this week with weakness seen on Friday with a gain of +0.07% as relative weakness that day. The QQQ showed weakness on Monday and Thursday this week before showing strength on Friday. Due to the 51%+ weighting of the 7 biggest stocks in this sector of 100 stocks, this may also be a clue as to 'when' did those 7 names show strength this week ... on Friday?



Year-To-Date Percent change SPY vs. Sectors as of June 30, 2023 - This Percentage Change chart shows visually the relative strength of each of these dozen sectors so far this year as compared to the S&P.

Next we will look at a few key Stocks.



AAPL daily chart as of June 30, 2023 - Apple resumed its rally this week with higher highs and higher lows every day this week and new all time highs every day this week, gapping up on Friday with strong volume and ending the week up +3.91%. Apple now has a \$3.05 Trillion valuation.



MSFT daily chart as of June 30, 2023 - Microsoft continued last week's decline on Monday this week, crossing and closing below its 20 day SMA. Tuesday saw a rally back above its 20 day SMA that continued higher Wednesday. Thursday saw a small pullback. Friday saw a gap up and rally to end the week up +1.65%.



GOOGL daily chart as of June 30, 2023 - Alphabet continued last week's decline on Monday and Tuesday this week with lower lows and lower highs, finding support near its 50 day SMA Tuesday. Wednesday saw a bounce off of its 50 day SMA support. Thursday saw a quiet 'Inside' day. Friday saw a higher high and higher low to close the week down -2.16%.



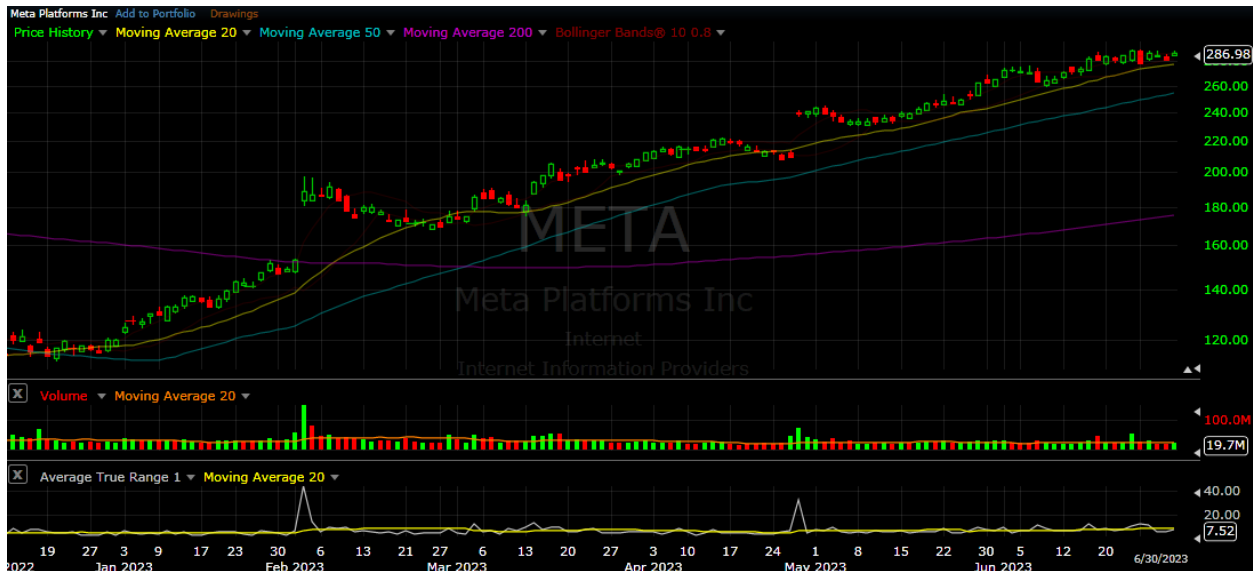
AMZN daily chart as of June 30, 2023 - Amazon saw a pause last Friday that continued most of this week with a small decline Monday, 'Inside' day Tuesday, failed rally Wednesday, a small dip on Thursday and a small rally Friday to close the week at the highest close for this week, up +0.80%.



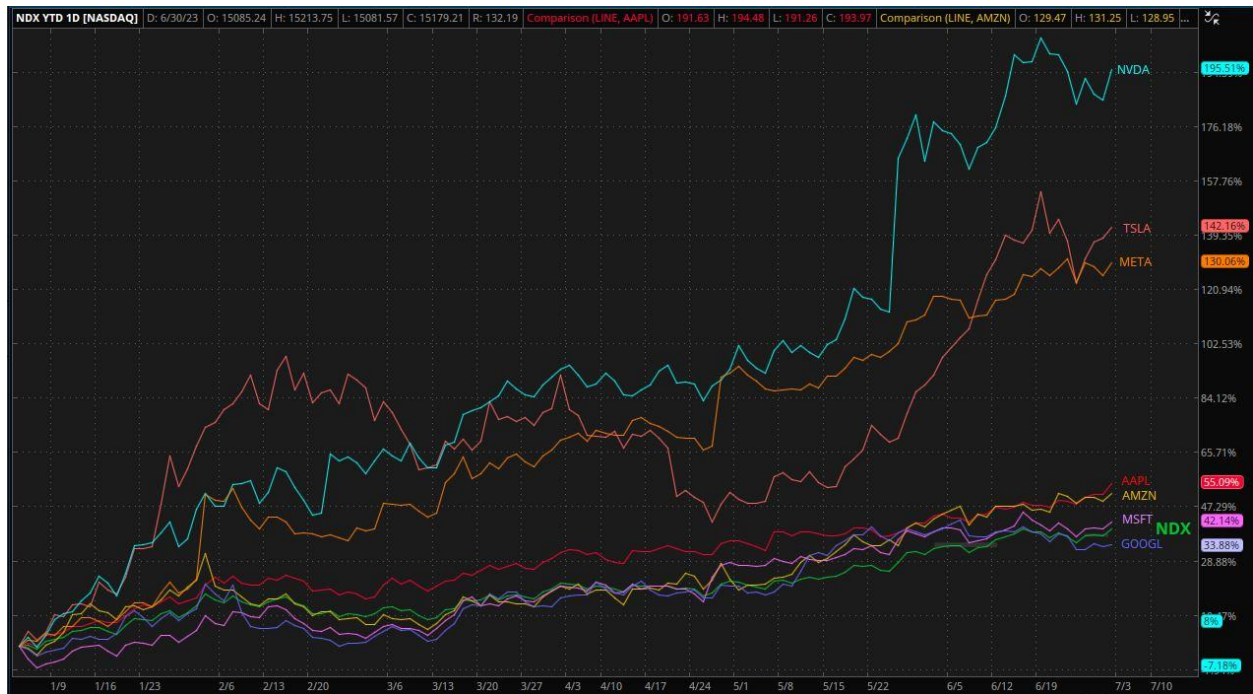
TSLA daily chart as of June 30, 2023 - Tesla continued its decline on Monday this week. Tuesday and Wednesday saw a bounce to recover most of this week's earlier decline. Thursday and Friday saw higher highs and higher closes to end the week up +2.01%.



NVDA daily chart as of June 30, 2023 - Nvidia continued last week's decline on Monday to test its 20 day SMA for Support. The next 3 days saw failed rallies with lower closes each day as the 20 day SMA was tested as support each day. Friday saw a gap up and rally to end the week up only +0.22%.



META daily chart as of June 30, 2023 - Meta saw a pause last week with a small gain last Friday. This week we briefly saw a new 52 week high early on Monday before selling back down to last week's lows. The rest of this week saw oscillations inside of Monday's range to end the week down -0.61%.



Year-To-Date Percent change NDX vs. Biggest 7 Stocks as of June 30, 2023 - This chart gives us a visual comparison for the relative strength of the above 7 big stocks with the percent gains so far this year for each as compared to the NDX (Nasdaq-100).



JPM daily chart as of June 30, 2023 - JP Morgan dropped down to its 50 day SMA last week and remained near that SMA the first 3 days of this week. Thursday saw a gap up and rally above the 20 day SMA and nearly reached the prior highs seen this year. Friday saw a gap up and rally to new 52 week highs, ending the week up +4.75%.



COST daily chart as of June 30, 2023 - Costco saw a small bounce last week that paused on Monday this week. Tuesday saw a strong rally that continued higher Wednesday. Thursday saw a quiet 'Inside' day before the rally resumed Friday to end the week up 2.66%. Costco delivered new 2023 highs on Tuesday, Wednesday and Friday this week.



AMD daily chart as of June 30, 2023 - AMD saw a sharp decline the past 2 weeks that seemed to pause the first 3 days this week by respecting last week's lows as support. Thursday and Friday saw a higher high and higher low to end this week up +3.55%.



INTC daily chart as of June 30, 2023 - Intel saw a sharp decline last week that found support at its 20 day SMA. Monday and Tuesday of this week saw a small bounce with a higher high and higher close each day. Wednesday saw an 'Inside' day followed by a decline Thursday that crossed and closed below its 20 day SMA. Friday saw a small bounce back above its 20 day SMA to end the week up +1.33%.





FDX daily chart as of June 30, 2023 - FedEx has been mostly horizontal for a few months then rallied last week in front of Earnings. The initial reaction to Earnings was negative last week taking FDX back down to its 20 day and 50 day SMAs. Last Thursday saw a bounce that did not continue last Friday. This week we see the bounce resume with higher highs every day this week and higher closes every day but on Friday. New 52 week highs were delivered every day this week except on Monday. FDX ended the week up +6.70%.



CAT daily chart as of June 30, 2023 - Caterpillar saw a strong rally early this month then a decline last week. This week the rally resumed with higher highs and higher closes every day this week except on Friday where we saw a small pullback, ending the week up +4.95%.



MMM daily chart as of June 30, 2023 - 3M saw a decline most of this year with a rally in the first half of June. The decline last week paused on Monday this week near its 20 day SMA then resumed lower Tuesday and Wednesday. Thursday saw a small rally that continued higher Friday but was not sufficient to end the week with a gain. 3M ended this week with another loss, down -0.63%.

We saw examples of stock charts from multiple sectors above. Stocks do not always follow what their sector may be doing, and sometime appear to do their own thing, regardless of its sector or the overall markets. I call independent acting stocks 'Outliers' since they seem to be ignoring the rest of the market. Sometimes a stock may switch between acting like and 'Outlier' and then begin acting in sympathy with its Sector and/or the overall markets. Because of this potential change in behaviors, I always use the chart of the STOCK that I am trading options upon as the key reference in making all trading decisions. It is true that more often stocks within a sector tend to move together, and tend to move 'with' the overall markets. 'Outlier' stocks tend to be a small minority and therefore there are usually fewer of them. 'Outliers' may move in a way that ignores the overall markets or their sector, but they do still occur.

Odds are that 'strength' more often attracts more strength (Bulls), and weakness attracts weakness (Bears). Odds do favor that more often an opportunity will be moving WITH its sector, and WITH the overall market. However, there are a 'few' stocks that seem to be doing their own thing and I am willing to trade them if and when they meet my Trade Criteria.

I hope my sharing of my Chart Observations helps you develop your own chart reading skills. Like any skill, practice is the key, so practice often.

Trade Smart,

CJ