



Market Observations - as of August 4, 2023

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

Last week we saw a pause Monday in the Nasdaq while the S&P made a very small advance. Tuesday saw an advance in both the Nasdaq and S&P. Wednesday saw a small pull back and pause before the Fed rate announcement, then reacted with a swing up and then back down as Jay Powell spoke. Thursday saw a large gap up with selling all day to deliver both the high and low of last week. Friday saw a bounce and consolidation inside of the prior day's range. Last week ended with a small advance higher in most indexes.

This week we saw a pause Monday and Tuesday not far from last Friday's close. Wednesday saw a big gap down and strong selling all day that closed below the 20 day SMA in the S&P and Nasdaq and breaking below Trend Line Support. Thursday saw a 3rd day of lower lows and lower highs with a smaller range day. Friday saw a small bounce the first half of the day that failed and was followed by strong selling for the last 3 hours of the day, ending the week at or near the lows for the week.

The strong decline we saw on Wednesday not only broke below the 20 day SMA but also below the July Up-Trend Support Trend Lines on most charts and continued lower Thursday and Friday. The week ended at or near the lows for this week which is not a positive sign and suggests there could be more selling next week.

We have not included Monthly charts in this report that show the end of July. These charts do show a positive close to July with higher highs and higher lows than seen in June. The uptrend in July appears to have ended on Aug. 2nd and continued lower the following two days.

We have included in this report a few 'Year-to-Date' Percentage change charts to help see relative movements between Indexes, Sectors and the biggest 7 stocks.

As you look at the charts below, see what changes may have occurred this week, in the Indexes, Sectors and key Stocks and visualize when and where you see evidence of these changes. Practicing these skills is very valuable to improving your reactions to changes in the markets.

Earnings reactions were mixed again this week with both positive and negative reactions to those reports and conference call comments. Reactions can change quickly, so one must be agile if trading these reactions. We will look at charts for several Earnings reactions below.

The US Dollar strengthened a bit this week and Oil prices mostly rose. Gold and Silver prices drifted lower. US Yields rose this week then dropped on Friday.

Let's look at the charts.



S&P 500 weekly chart as of Aug 4, 2023 - After 3 up weeks in a row we see a strong down week this week with both a lower high and lower low than the prior week.

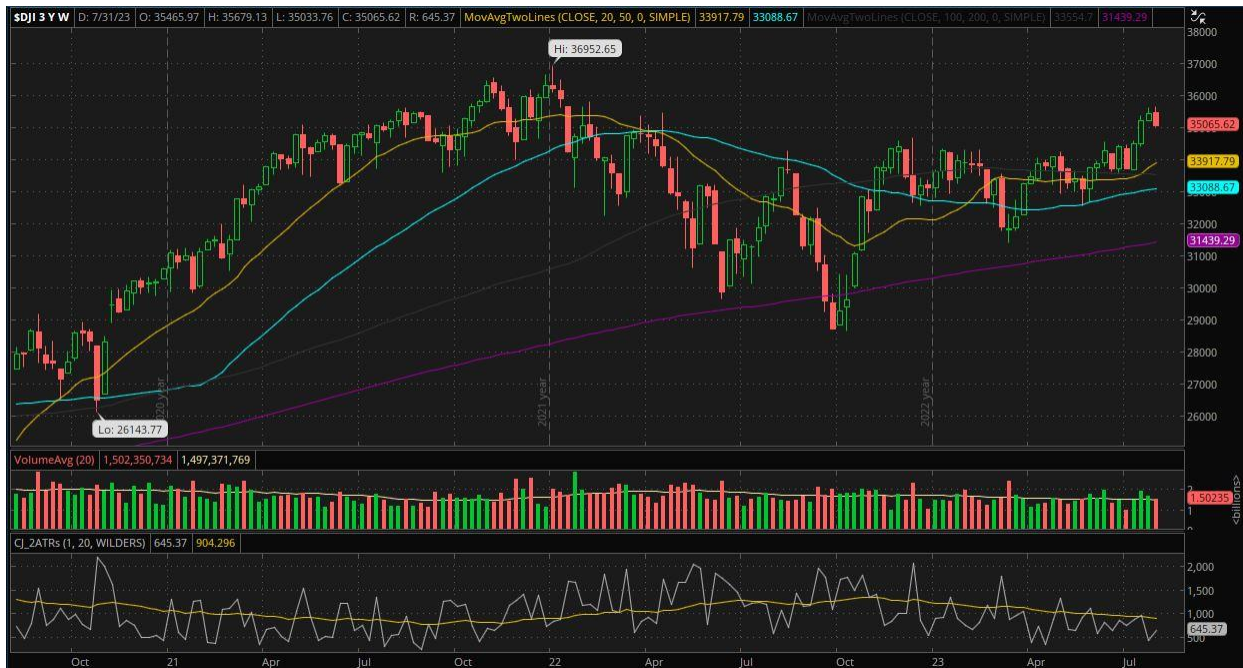


S&P 500 daily chart as of Aug 4, 2023 - The S&P paused on Monday and Tuesday this week not far from last week's close. On Wednesday we see a gap down and selling down below the 20 day SMA (Yellow). Thursday saw a lower high and lower low. Friday saw a gap up and rally above the 20 day SMA that failed and sold lower to deliver lower lows for the week and ended the day down -2.27% for the week.



S&P 500 15 min. chart as of Aug 4, 2023 - Monday and Tuesday remained within a narrow range not far from last Friday's close. Wednesday saw a gap down and sold off all day, crossing below its lower Expected Move about an hour into the day. The S&P remained below its lower E.M. most of Wednesday, all of Thursday and most of Friday. Friday saw a rally in the first half of the day back above the E.M. that failed and sold off strong the last 3 hours of Friday back below its lower E.M. all the way down to break briefly below its -2x E.M. (-2 standard deviations) then closed the day less than 3 points above its -2x E.M.

As we can see this week, the Expected Move can often provide Support or Resistance when it is tested, as well as the +2x or the -2x E.M.



DJIA weekly chart as of Aug 4, 2023 - The Dow Industrials saw a decline this week after 3 weeks of advances.



DJIA daily chart as of Aug 4, 2023 - We saw small advances on Monday and Tuesday this week with Tuesday briefly providing a new 52 week high. Wednesday saw strong selling that continued lower Thursday and Friday to end the week down -1.11%. The Industrials tested its 20 day SMA as Support on Friday and respected that support, remaining above the 20 day SMA all week.



Nasdaq weekly chart as of Aug 4, 2023 - The Nasdaq composite saw a strong decline this week that gave back all of last week's gains plus a bit more.



Nasdaq daily chart as of Aug 4, 2023 - The Nasdaq saw a very small advance Monday that failed to retest the July 19th prior highs. Tuesday saw a small decline. Wednesday saw a gap down and strong selling all day crossing below its 20 day SMA. Thursday saw lower lows and lower highs. Friday saw a failed rally up to its 20 day SMA that sold off to end the day near the lows of the week, down -2.85% for the week.

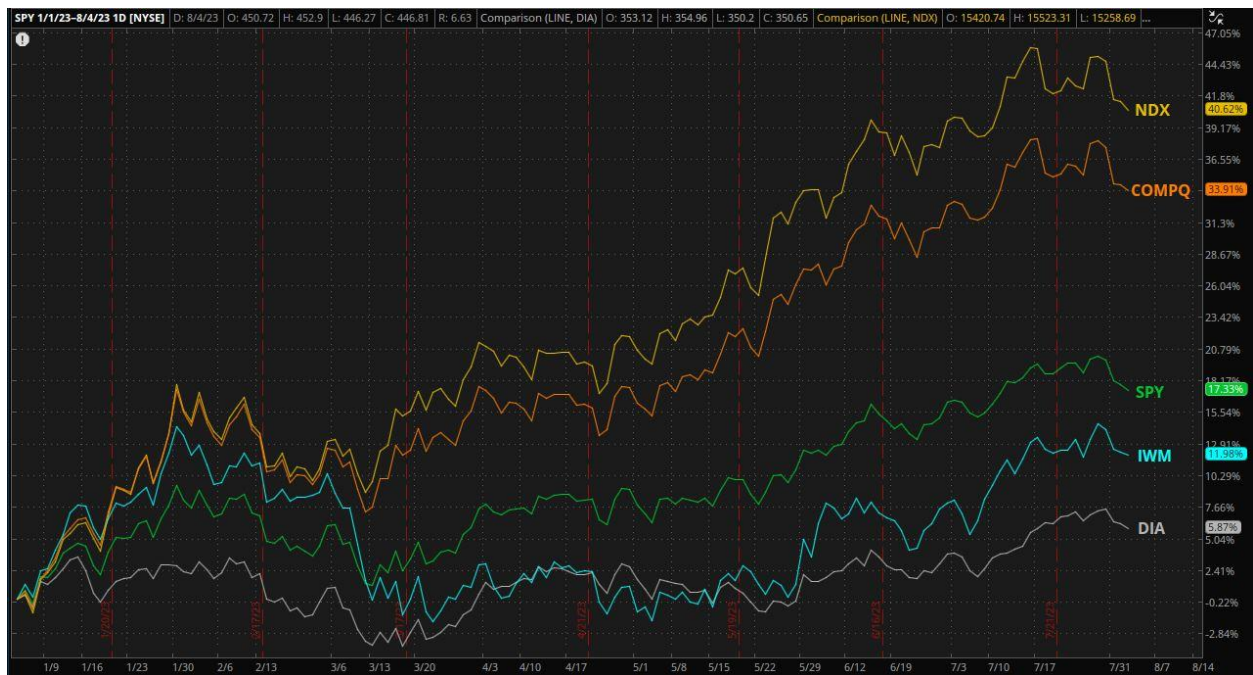


Russell 2000 weekly chart as of Aug 4, 2023 - The Russell saw a decline this week giving back all of last week's gains.



Russell 2000 daily chart as of Aug 4, 2023 - The Russell was stuck within a range (Box) the prior 2 weeks then broke out above this range on Monday this week. Tuesday saw a lower low and lower high that was followed with a larger decline on Wednesday. Thursday saw the decline continue and briefly broke below the 20 day SMA but closed the day back above this SMA. Friday saw a failed rally and decline to cross below the 20 day SMA and end the week below this SMA, down -1.22% for the week.

To compare these major Indexes so far this year, below we have a YTD percentage change chart.



Year to Date Percent Change US Indexes as of Aug 4 2023 - We see the signs of a year of 'Narrow Breadth' leading the markets higher, with the Nasdaq-100 (NDX) that has had the strongest weighting of the 'Magnificent Seven' (the biggest 7 stocks in the NDX) followed by slightly less weighting of these 7 names in the Nasdaq Composite (COMPQ) Index.

The 'Special' Re-Weighting of the Nasdaq-100 index two weeks ago made very little impact in this index that I can see. Therefore the Magnificent Seven is still a significant impact to the markets. We will look at additional evidence of the weighting and impact of these names below.

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



McClellan Summation Index weekly chart as of Aug 4, 2023 - Last week we saw a small advance up to +831.46. The 5 weeks of advances were greeted with a decline this week down to +760.24.



McClellan Summation Index daily chart as of Aug 4, 2023 - We see a small advance on Monday of this week, a flat Tuesday then a Decline the rest of this week to +760.24.



NYSE Percent above 200 day SMA daily chart as of Aug 4, 2023 - Last week oscillated and ended at 69.03%. This week saw a brief peak Monday at about 71% that declined each following day to end this week at 63.46%.



NYSE Percent above 50 day SMA daily chart as of Aug 4, 2023 - Last week saw some oscillations and ended the week at 78.31%. This week we saw a peak Monday at about 82% that was followed with declines every day this week to end this week at 63.55%.



VIX daily chart as of Aug 4, 2023 - The VIX paused Monday and Tuesday near its 20 day SMA. Wednesday saw a gap up and rally that continued higher Thursday. Friday saw a drop to test support at its 50 day SMA then a rally the last 3 hour of the day to close higher at 17.10.



VVIX daily chart as of Aug 4, 2023 - The Volatility of the VIX paused Monday and Tuesday then popped up higher the rest of this week. Note the lack of any trend with all 3 SMAs flat for some time.

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



Oil daily chart as of Aug 4, 2023 - Oil continued higher Monday and Tuesday, and then saw a brief dip on Wednesday that was nearly fully recovered on Thursday. Friday saw new highs for the week to end the week at \$82.64.



Gold daily chart as of Aug 4, 2023 - Gold saw a small increase Monday then declined the next 3 days down to its 20 day SMA. Friday saw a failed drop below its 50 day SMA and a bounce back above its 20 day SMA to end the week at \$1978.2.



US Dollar Index daily chart as of Aug 4, 2023 - The US Dollar strengthened 3 days this week then declined back to its 50 day SMA on Thursday and dropped lower Friday.



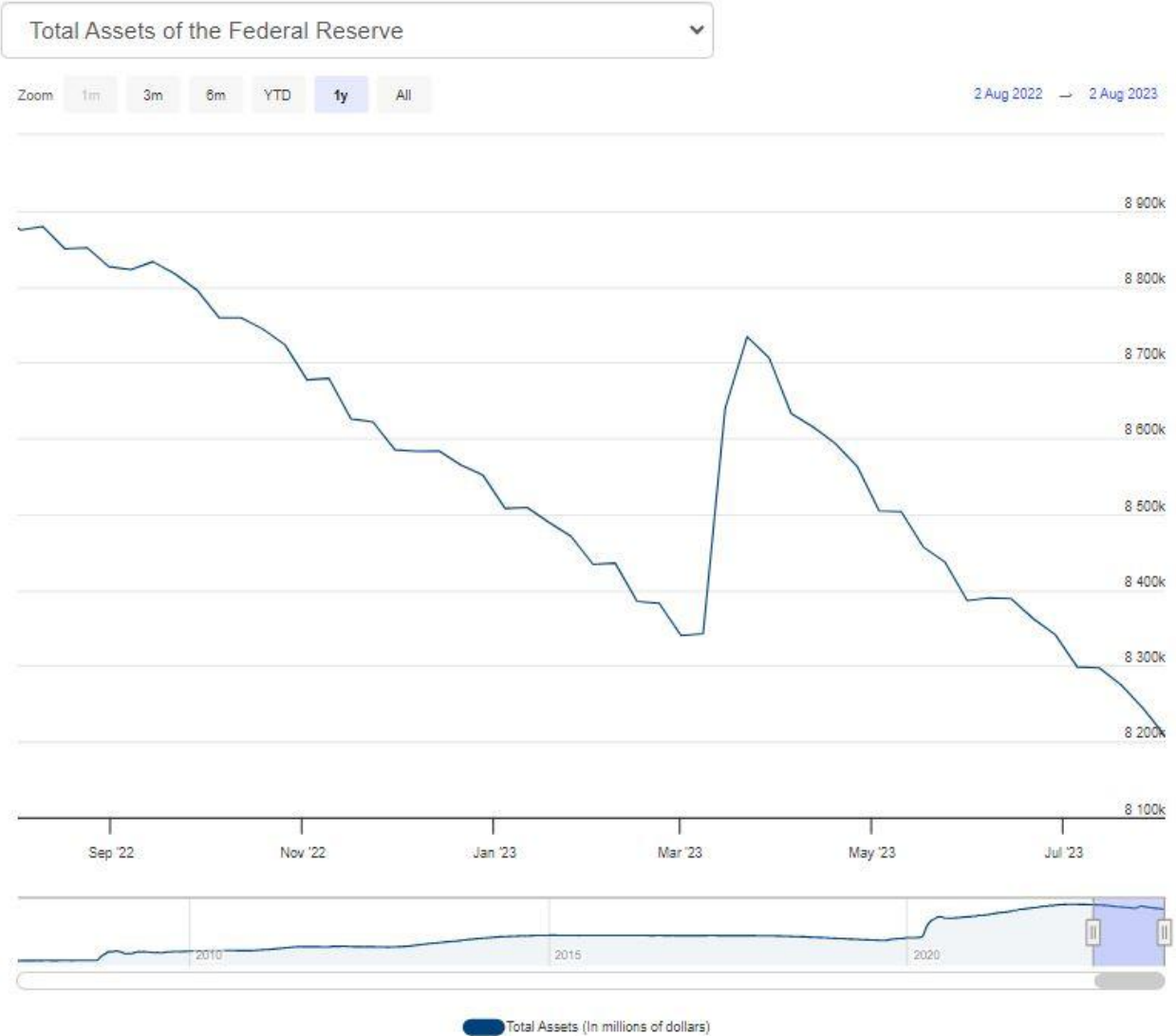
US 10 year Treasury daily chart as of Aug 4, 2023 - The US 10 year Treasury paused Monday and was sold lower each day this week with the lows of the week seen Friday before a bounce to end the week higher on increased volume.



US 10 year Yield daily chart as of Aug 4, 2023 - As the 10 year was sold this week, the 10 year Yield increased each day with a large decline seen on 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
7/3/2023	5.27	5.40	5.44	5.52	5.53	5.43	4.94	4.56	4.19	4.03	3.86	4.08	3.87
7/5/2023	5.28	5.38	5.44	5.51	5.52	5.40	4.94	4.59	4.25	4.11	3.95	4.17	3.95
7/6/2023	5.32	5.47	5.46	5.52	5.54	5.44	4.99	4.68	4.37	4.22	4.05	4.23	4.01
7/7/2023	5.32	5.47	5.46	5.52	5.53	5.41	4.94	4.64	4.35	4.23	4.06	4.27	4.05
7/10/2023	5.34	5.47	5.48	5.53	5.54	5.38	4.85	4.54	4.25	4.14	4.01	4.24	4.05
7/11/2023	5.35	5.48	5.49	5.53	5.55	5.44	4.88	4.52	4.24	4.13	3.99	4.22	4.03
7/12/2023	5.36	5.49	5.47	5.52	5.53	5.35	4.72	4.36	4.07	3.97	3.86	4.14	3.96
7/13/2023	5.37	5.50	5.47	5.51	5.49	5.27	4.59	4.21	3.93	3.85	3.76	4.07	3.90
7/14/2023	5.37	5.49	5.49	5.53	5.52	5.34	4.74	4.35	4.04	3.94	3.83	4.11	3.93
7/17/2023	5.37	5.51	5.49	5.53	5.52	5.33	4.74	4.34	4.02	3.91	3.81	4.10	3.94
7/18/2023	5.37	5.50	5.49	5.53	5.51	5.32	4.74	4.35	4.00	3.90	3.80	4.08	3.91
7/19/2023	5.37	5.51	5.49	5.54	5.51	5.32	4.74	4.34	3.98	3.87	3.75	4.01	3.84
7/20/2023	5.44	5.53	5.49	5.54	5.52	5.35	4.80	4.43	4.08	3.98	3.85	4.10	3.91
7/21/2023	5.43	5.54	5.50	5.54	5.53	5.35	4.82	4.44	4.09	3.97	3.84	4.10	3.91
7/24/2023	5.44	5.54	5.51	5.55	5.55	5.38	4.81	4.48	4.13	4.00	3.86	4.11	3.92
7/25/2023	5.46	5.54	5.51	5.55	5.57	5.38	4.85	4.53	4.15	4.05	3.91	4.14	3.95
7/26/2023	5.46	5.53	5.51	5.57	5.55	5.37	4.82	4.47	4.09	3.99	3.86	4.12	3.94
7/27/2023	5.47	5.55	5.51	5.58	5.56	5.40	4.91	4.58	4.24	4.13	4.01	4.26	4.06
7/28/2023	5.47	5.54	5.52	5.57	5.54	5.37	4.87	4.52	4.18	4.08	3.96	4.22	4.03
7/31/2023	5.48	5.54	5.55	5.56	5.53	5.37	4.88	4.51	4.18	4.08	3.97	4.22	4.02
8/1/2023	5.49	5.54	5.54	5.57	5.54	5.38	4.92	4.57	4.24	4.15	4.05	4.30	4.11
8/2/2023	5.48	5.53	5.53	5.54	5.52	5.36	4.88	4.54	4.24	4.17	4.08	4.35	4.17
8/3/2023	5.54	5.52	5.54	5.53	5.52	5.37	4.90	4.58	4.30	4.26	4.20	4.49	4.32
8/4/2023	5.54	5.51	5.54	5.52	5.50	5.33	4.78	4.45	4.15	4.10	4.05	4.36	4.21

US Yield Rates daily table as of Aug 4, 2023 - There was little change in the short term Yields this week as the mid-terms and long-terms increased each day this week with a decline seen on Friday.



FOMC Balance Sheet weekly chart as of Aug 2, 2023 - The Fed decreased its Balance Sheet this week by \$36.58 Billion to a new Total Assets of \$8.206764 Trillion. The Balance Sheet remains above \$8.2 Trillion of total 'stimulus'.

Next we will look at a few key **Sectors**.



Dow Transportation Index daily chart as of Aug 4, 2023 - The Transports briefly delivered a new 52 week high at the open on Monday before selling lower the rest of the day. The decline continued Tuesday, Wednesday and Friday with lower closes each day ending the week down -2.25%.



XLE daily chart as of Aug 4, 2023 - The Energy sector peaked on Monday then declined the next two days. Thursday and Friday saw higher closes to end the week up +1.25%. The XLE was the strongest sector on my list this week.



XLF daily chart as of Aug 4, 2023 - The Financial sector paused Monday and Tuesday with 'Inside' days before gapping down Wednesday and testing its 20 day SMA as support. Thursday saw a lower low, lower high and a brief test below its 20 day SMA with a close back above. Friday saw a higher low, higher high but a lower close 3 cents below its 20 day SMA, ending the week down -0.82%.



QQQ daily chart as of Aug 4, 2023 - The Nasdaq-100 ETF saw a pause Monday and Tuesday near the close from last Friday. Wednesday saw a gap down breaking below its July Support Trend Line (Grey line) and crossing below its 20 day SMA. Thursday saw a lower low and lower high to remain below its 20 day SMA. Friday saw a failed rally up to its 20 day SMA that sold off and delivered the lowest close of this week, down -2.98% for the week.



SOXX daily chart as of Aug 4, 2023 - The Semiconductor sector saw a small gain Monday to deliver new 52 week highs. Tuesday saw a lower low, lower high and a higher close by 34 cents. Wednesday saw a gap down and strong selling all day to cross and close below its 20 day SMA. Thursday saw a lower low and lower high and a failed test at its 20 day SMA as Resistance. Friday saw a higher high, higher low but a lower close to end the week down -3.77%.



XLC daily chart as of Aug 4, 2023 - The Communication Services sector saw a pause Monday and Tuesday that were inside last Friday's range. Wednesday saw a gap down and selling all day. Thursday continued lower with a test of Support at its 20 day SMA and a tiny bounce. Friday saw a wider range day with a retest of support and close just above its 20 day SMA, down -2.50% for the week.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	6/23/2023	6/30/2023	7/7/2023	7/14/2023	7/21/2023	7/28/2023	8/4/2023
\$SPX	-1.39%	2.35%	-1.16%	2.42%	0.69%	1.01%	-2.27%
\$INDU	-1.67%	2.02%	-1.96%	2.29%	2.08%	0.66%	-1.11%
\$COMPQ	-1.44%	2.19%	-0.92%	3.32%	-0.57%	2.02%	-2.85%
\$RUT	-2.87%	3.68%	-1.27%	3.56%	1.51%	1.09%	-1.22%
QQQ	-1.33%	1.90%	-0.86%	3.50%	-0.91%	2.09%	-2.98%
\$TRAN	-0.71%	5.73%	0.19%	1.72%	2.56%	2.85%	-2.25%
XLE	-3.49%	4.93%	-0.47%	0.82%	3.50%	1.84%	1.25%
XLF	-2.06%	2.96%	-0.36%	1.96%	2.95%	-0.17%	-0.82%
XLK	-2.42%	3.09%	-1.52%	2.79%	0.08%	1.03%	-3.81%
SOXX	-4.49%	4.65%	-2.54%	4.81%	-1.44%	4.39%	-3.77%
XLV	0.25%	0.55%	-2.81%	2.09%	3.45%	-0.77%	-2.06%
XLY	-0.36%	2.64%	-0.26%	3.28%	-2.25%	1.04%	-0.70%
XRT	-0.83%	3.11%	0.19%	2.10%	1.27%	1.76%	-0.70%
XLI	-1.67%	3.91%	-1.04%	2.27%	0.87%	0.56%	-1.74%
XLU	-2.60%	0.63%	-0.08%	2.23%	2.41%	-2.07%	-4.55%
XME	-1.73%	4.37%	-0.57%	2.04%	0.16%	1.99%	-1.90%
XLP	-0.49%	0.53%	-0.96%	1.12%	1.82%	0.62%	-1.91%
XLB	-2.07%	4.02%	-1.97%	2.49%	0.59%	1.81%	-1.99%
XLC	-0.92%	1.59%	-0.05%	3.23%	-2.37%	4.96%	-2.50%
XHB	0.75%	4.48%	-2.93%	7.12%	-1.21%	2.38%	-0.69%

Weekly Percent Change US Indexes and Sectors table as of Aug 4, 2023 - The Dow Industrials saw the smaller decline this week while the Nasdaq composite and Nasdaq-100 saw the largest declines this week amongst the major Indexes. This is one reflection of the 7 biggest stocks having a significant impact on the overall markets, as we have seen for over a year, and even after the 'Special' Re-Balancing of the Nasdaq-100 two weeks ago.

The only sector that was up this week was the XLE sector. All of the other sectors showed a loss this week. The sectors with the smallest losses this week included: XHB, XLY, XRT and XLF that all had losses of less than -1% this week.

The weakest sectors this week included: XLU, XLK, SOXX, QQQ and XLC that all delivered -2.5% or greater losses this week.

We have seen often over the past year how these 7 big names have a very strong impact on the overall markets. (The 7 biggest companies in the Nasdaq-100 are still AAPL, MSFT, GOOGL, AMZN, TSLA, NVDA and META.)

Below is a Year-to-Date Percent Change chart for the SPY and each of the Sectors listed above to see their Relative performance so far this year.



Year to Date Percent Change SPY vs. Sectors as of Aug 4 2023 - The SOXX is clearly the strongest this year at +48.8%. The XLK, XLC and XHB are clustered together near +38%. The XLY is just below at +33.6%. All of the other 8 sectors have provided less gains this year than the SPY, with the XLU showing a loss of -9.2% and the XLV with a loss of -2.2% so far this year.

Each week I provide an updated table showing the weekly % changes in each of the sectors I track. This same process I do daily, but usually do not include it in my weekly 'Market Observations'.

Below is a table showing the sector Gains (or losses) sorted by % daily change for Friday, Aug. 4th 2023 after the close.

Symbol	Last	%C...	Net Ch...	Low	High
XLY	171.55	+1.45%	+2.46	171.35	174.62
XHB	83.87	+0.67%	+56	82.96	84.675
ITA	115.65	+0.52%	+60	115.35	116.64
IBB	127.35	+0.36%	+46	127.155	128.74
XLE	86.92	+0.14%	+12	86.82	88.24
XME	51.67	+0.08%	+04	51.43	52.40
SOXX	513.01	-0.16%	-.81	507.36	520.14
XLC	67.09	-0.22%	-.15	67.0192	68.025
XLB	83.57	-0.23%	-.19	83.495	84.785
XRT	66.73	-0.33%	-.22	66.63	67.60
XLV	132.40	-0.35%	-.47	132.075	133.73
XLF	34.91	-0.40%	-.14	34.875	35.36
\$DJT	16319.79	-0.46%	-74.96	16285.80	16503.20
QQQ	372.04	-0.47%	-1.75	371.53	378.10
XLI	108.24	-0.61%	-.66	108.07	109.40
XLP	74.65	-0.99%	-.75	74.58	75.68
XLU	63.99	-1.16%	-.75	63.705	65.33
XLK	171.16	-1.36%	-2.36	170.89	173.965

Daily Percent Change US Sectors table after the close on Aug 4, 2023 - The strongest Sector on Friday was the XLY with a +1.45% change that day. The weakest sector on Friday was the XLK with a -1.36% decline.

Let's look deeper into these two sectors to see what are the major stocks held within these Sector ETFs.

S&P 500 Cons Disc Sector SPDR (XLY)

171.55 +2.46 (+1.45%) 08/04/23 [NYSE Arca]

ETF CONSTITUENTS for Fri, Aug 4th, 2023

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ETF Constituents

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Symbol	Name	% Holding
AMZN	Amazon.com Inc	22.74%
TSLA	Tesla Inc	18.97%
HD	Home Depot	4.73%
MCD	McDonald's Corp	4.32%
LOW	Lowe's Companies	4.31%
NKE	Nike Inc	4.17%
SBUX	Starbucks Corp	3.69%
BKNG	Booking Holdings Inc	3.36%
TJX	TJX Companies	3.10%
ORLY	O'Reilly Automotive	1.76%

XLY Component weighting as of Aug 4 2023 - The biggest stock within this Sector ETF is Amazon at 22.74% of the value of this ETF. Amazon saw a +8.27% price advance on Friday after reporting Earnings Thursday evening.

Symbol	Last	%C...	Net Ch...	Low	High
AMZN	139.57	+8.27%	+10.66	139.32	143.63
NKE	108.81	+0.16%	+17	108.24	110.31
TGT	132.53	-0.15%	-.20	131.965	134.62
TJX	85.45	-0.66%	-.57	85.27	86.615
GM	36.57	-0.95%	-.35	36.37	37.09
HD	326.43	-1.04%	-3.42	325.33	329.5199
MCD	287.02	-1.37%	-4.00	286.7605	292.82
LOW	223.12	-1.59%	-3.60	222.42	226.21
SBUX	100.68	-1.61%	-1.65	100.52	103.15
TSLA	253.86	-2.11%	-5.46	253.11	264.77

As of the close on Friday Aug. 4th we see the daily % change for each of the major components in the XLY sector ETF above. Note that AMZN stands out with a huge gain as compared to much smaller daily changes in all of the other components. This makes the XLY act like a one stock ETF on Friday with the AMZN weighting plus its +8.27% gains that day.

Now we will do the same deep dive into the XLK for Friday.

S&P 500 Technology Sector SPDR (XLK)

171.16 -2.36 (-1.36%) 08/04/23 [NYSE Arca]
 171.00 x 1 171.28 x 5 POST-MARKET 171.28 +0.12 (+0.07%) 19:21 ET

ETF CONSTITUENTS for Fri, Aug 4th, 2023

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Symbol	Name	% Holding
AAPL	Apple Inc	23.27%
MSFT	Microsoft Corp	21.91%
NVDA	Nvidia Corp	4.88%
AVGO	Broadcom Ltd	4.48%
ADBE	Adobe Systems Inc	2.93%
CRM	Salesforce Inc	2.60%
CSCO	Cisco Systems Inc	2.60%
ACN	Accenture Plc	2.42%
ORCL	Oracle Corp	2.15%
AMD	Adv Micro Devices	2.12%

XLK Component weighting as of Aug 4 2023 - The biggest stock in this Sector ETF is Apple at 23.27% of the value of this ETF. Apple saw a -4.80% price drop on Friday after reporting Earnings Thursday evening.

Symbol	Last	%C...	Net Ch...	Low	High*
INTC	35.14	+0.77%	+0.27	34.48	35.56
ADBE	526.88	+0.60%	+3.12	522.12	535.63
MSFT	327.78	+0.34%	+1.12	327.24	335.14
V	238.99	+0.10%	+0.23	237.84	241.91
ORCL	114.44	-0.10%	-0.11	114.255	116.40
IBM	144.24	-0.15%	-0.21	143.99	146.09
MA	391.35	-0.42%	-1.66	390.0701	396.09
CRM	214.59	-0.45%	-0.97	213.07	217.25
CSCO	52.63	-0.98%	-0.52	52.54	53.32
AAPL	181.99	-4.80%	-9.18	181.92	187.38

As of the close on Friday Aug. 4th we see the daily % change for each of the major components in the XLK sector ETF above. Note that AAPL stands out with a huge loss of -4.80% on Friday, by far the greatest % change in this Sector ETF with all other stocks showing less than a +1% or -1% change on Friday. The XLK on Friday acted like a single stock ETF with AAPL doing all the work as the biggest weighting in this ETF and with the biggest % price change Friday.

We saw above how the Earnings Reactions seen Thursday night and in Friday's session were very significant to the XLY and XLK sectors.

	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
<i>INDEXes</i>	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day
<i>SECTORs</i>	07/24/23	07/25/23	07/26/23	07/27/23	07/28/23	07/31/23	08/01/23	08/02/23	08/03/23	08/04/23
\$SPX	0.40%	0.28%	-0.02%	-0.64%	0.99%	0.15%	-0.27%	-1.38%	-0.26%	-0.53%
\$INDU	0.52%	0.08%	0.23%	-0.67%	0.50%	0.28%	0.20%	-0.98%	-0.19%	-0.43%
\$COMPQ	0.19%	0.61%	-0.12%	-0.55%	1.90%	0.21%	-0.43%	-2.17%	-0.10%	-0.36%
\$RUT	0.28%	0.02%	0.72%	-1.29%	1.36%	1.09%	-0.45%	-1.37%	-0.28%	-0.20%
QQQ	0.16%	0.68%	-0.32%	-0.24%	1.82%	0.05%	-0.23%	-2.19%	-0.16%	-0.47%
\$TRAN	-0.22%	-0.11%	2.73%	-1.28%	1.75%	-0.47%	-0.52%	-0.91%	0.09%	-0.46%

Daily Percent Change US Indexes table as of Aug 4, 2023 - We saw leadership change almost daily, with the Transports showing weakness on Monday and Tuesday, then strength on Wednesday and Thursday. The Russell showed weakness on Thursday and relative strength on Friday. The QQQ showed its weakness on Wednesday the biggest range day of this week while the Nasdaq composite did nearly as bad that day too.

Next we will look at a few key Stocks, beginning with the 'Magnificent Seven'.



AAPL daily chart as of Aug 4, 2023 - Here we see a long steady bullish trend in AAPL mostly all above its 20 day SMA since mid March this year. Apple broke below its 20 day SMA on Wednesday and continued a little lower on Thursday before reporting Earnings that evening. The reaction was negative and AAPL gapped lower below its 50 day SMA and sold lower on strong volume, ending the week down -7.07%.



MSFT daily chart as of Aug 4, 2023 - Microsoft reported Earnings last week and saw a decline on consolidation last Friday. That consolidation continued Monday and Tuesday this week near its 50 day SMA. Wednesday saw a gap down and selling lower. Thursday saw a lower low, lower high and lower close. Friday saw a gap up and failed rally with a close lower to end the week down -3.13%.



GOOGL daily chart as of Aug 4, 2023 - Alphabet ended last week with a new 52 week high after a positive reaction to Earnings last week. Monday saw a pause near Friday's close. Tuesday saw a small decline that continued with a gap down on Wednesday with stronger selling. Thursday saw a lower low and lower high with a slightly higher close. Friday saw a failed rally, higher high, higher low but a lower close to end the week down -3.37%.



AMZN daily chart as of Aug 4, 2023 - Amazon saw a small rally continue higher Monday then pull back on Tuesday. Wednesday saw a gap below the 20 day SMA and strong selling down to its 50 day SMA where it found support. Thursday saw a lower low, lower high but a higher close before reporting Earnings that Evening. Reactions were positive with a large gap up on Friday to new 2023 highs on high volume, ending the week up +5.57%.



TSLA daily chart as of Aug 4, 2023 - Tesla paused most of last week under its 20 day SMA and continued its pause Monday and Tuesday of this week. Wednesday saw a gap down and test of support at its 50 day SMA. Thursday saw another test of the 50 day SMA with a higher close. Friday saw another test of its 50 day SMA with a lower close to end the week down -4.72%.



NVDA daily chart as of Aug 4, 2023 - Nvidia paused Monday and Tuesday of this week then gapped down on Wednesday and dropped below its 20 day SMA. Thursday saw a small bounce that failed to trade above its 20 day SMA. Friday saw a higher low and higher high but still closed below its 20 day SMA, ending the week down -4.43%.



META daily chart as of Aug 4, 2023 - Meta saw a positive reaction to Earnings last week and ended last week with new 52 week highs. Meta slowly drifted lower this week to find support Thursday above its 20 day SMA at \$309.93. Friday saw a failed rally and lower close to end the week down -4.53%.

Note that 6 out of the above 7 stocks all closed down this week by -3.13% to -7.07% with the one exception being AMZN that was up +5.57% this week.



NDX vs. the Biggest 7 stocks' Percent Change from March 13th to Aug. 4th 2023 - Note the sharp increase in AMZN late this week due to its positive Earnings reaction and the drop in AAPL this week.



JPM daily chart as of Aug 4, 2023 - JP Morgan briefly delivered a new 52 week High early on Monday before selling lower. Tuesday and Wednesday saw lower highs and lower lows, finding support above its 20 day SMA. Thursday saw a bounce that filled a portion of Wednesday's gap. Friday saw a higher high, higher low but a lower close to end the week down -0.57%.



CAT daily chart as of Aug 4, 2023 - Caterpillar has seen an uptrend since June 2nd followed by Cup-handle break outs on July 11th (Orange line) and again on Aug. 1st in reaction to Earnings. CAT rallied and retested Resistance (Green line) on Monday of this week before reporting Earnings before the open on Tuesday. Tuesday saw a gap up and strong rally to new all time highs. Wednesday saw more new all time highs before closing a little lower. Thursday and Friday saw declines that gave back only a portion of Tuesday's gains, ending the week up +6.15%.



COST daily chart as of Aug 4, 2023 - Costco delivered new 52 week highs last week before pulling back a little last Friday. This week we saw the decline continue lower Monday, Tuesday and Wednesday with the 20 day SMA providing support on Wednesday. Thursday saw a bounce and higher close. Friday saw a bearish engulfing day with a higher high, lower low and close below its 20 day SMA, down -2.00% for the week.



AMD daily chart as of Aug 4, 2023 - AMD has been mostly horizontal for 5 week near its 50 day and 20 day SMAs. Monday saw a pause continue followed by a small rally on Tuesday before reporting Earnings that evening. Initial reactions were positive to Earnings in the after hours, but that changed and saw prices drift lower and gave back most of its after hour gains in the next few hours of late trading. At the open Wednesday we saw only a slightly higher open that immediately sold off quickly to change an afterhours \$8 gain into a \$10 loss in the first half of Wednesday's session. The bound late Wednesday

was only a dollar or two. Thursday saw a bounce that only recovered about half of the prior day's drop and failed to close back above its 20 day SMA. Friday saw a bounce above the 20 day SMA that failed to reach the highs of the week and closed nearly on the 50 day SMA, ending the week up +2.53%. The AMD reactions provided a large whip saw with reactions in BOTH directions this week.



INTC daily chart as of Aug 4, 2023 - The Earnings reaction we saw last week in Intel continued with new 52 week highs seen early on Monday before selling lower. Tuesday, Wednesday and Thursday saw lower lows before finding support near its 20 day SMA. Friday saw a bounce to end the week down - 4.25%.



HAL daily chart as of Aug 4, 2023 - Halliburton continued its rally higher Monday and Tuesday, paused Wednesday and continued higher Thursday and Friday with higher highs and a lower close seen Friday to end the week up +3.64%.



SLB daily chart as of Aug 4, 2023 - Schlumberger continued its pause for 3.5 weeks, testing support at its 20 day SMA on Wednesday and ending the week up +0.91%.



XOM daily chart as of Aug 4, 2023 - Exxon continued to oscillate near its 20 day and 50 day SMAs last week before reporting Earnings last Friday before the open. The initial reactions were negative last Friday closing below its 20 day SMA. This week we saw a gap up and rally on Monday that recovered all of the reaction last Friday plus rallied higher. Tuesday and Wednesday saw a decline back to the 50 day SMA. Thursday and Friday saw a rally up to its 200 day SMA and a pullback Friday to end the week up +3.13%.

We saw both positive and negative reactions to Earnings this week as well as reactions that whipped in both directions the following day. Earnings season is not over, but most of the largest names have reported so it is likely to see less significant impacts to the overall markets.

As we saw with some of the Earnings reactions this week, one may need to be very agile to ride the extreme reactions. Markets are often driven by emotional reactions of the participants, so one should learn to recognize these behaviors without succumbing to them yourself.

As always, we prepare for next week by imagining Bullish, Bearish and Neutral scenarios where we can prepare for what appropriate action (if any) would be called for in each scenario.

We continue to see a market that is mostly driven by a few very large stocks. Even after the Nasdaq-100 'Special' Re-Balancing two weeks ago, the markets continue to be mostly driven by a narrow group of leaders. Our job is to adapt to what the markets offer.

Trade Smart,

CJ