



## Market Observations - as of August 11, 2023

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

Last week we saw a pause Monday and Tuesday not far from the prior 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 3<sup>rd</sup> 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 Trend Change from Bullish to Bearish was confirmed last week when we saw a strong decline on Wednesday that 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. Last week ended at or near the lows for the week which is not a positive sign and suggests there could be more selling next week.

This week we saw the decline continue with Lower Lows and Lower Highs most days. Monday saw a brief pause and some consolidation in the S&P with an Inside day before delivering Lower Lows every day that followed this week. The Nasdaq composite delivered Lower Lows every day this week and saw the largest weekly decline as compared to the other major Indexes.

Monday and Friday saw narrow quiet days that showed mostly consolidation each day. Tuesday, Wednesday and Thursday saw oscillations and brief changes in direction during the day with Tuesday showing a change from Bearish to Bullish about 90 min. into the day. Wednesday saw two changes, from Bearish to Bullish 2.5 hours into the day and from Bullish to Bearish the last 90 min. of the day. Thursday saw 3 changes, Opening Bullish then changed to Bearish 30 min. into the day, then from Bearish to Bullish about 2 hours before the close, and then again from Bullish to Bearish for the last hour. These daily oscillations continued within the 'context' of a Bearish Market all this week since most new Lows were Lower than the prior Low, and many Highs were Lower than the prior High indicating a failed rally. Friday's consolidation still delivered Lower Lows and Lower Highs that day for most all the major Indexes.

Oil continued higher this week while Gold continued to drift lower. Longer term Yields dipped a bit Monday and Tuesday, paused Wednesday then rallied higher on Thursday and Friday. The US Dollar oscillated this week but still ended the week a bit higher.

All but one of the largest 7 stocks in the NDX-100 ended this week lower. The one exception was Alphabet that saw a small gain this week.

The Strongest sector this week was the Energy sector (XLE) that was also the strongest sector last week. The weakest sector this week was the Semiconductor sector (SOXX).

Note that all of the Breadth Indicators (below) showed a decline both last week and this week. This tells us that most stocks are moving together and lower.

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



S&P 500 weekly chart as of Aug 11, 2023 - We see a second week of Decline, with a bit smaller range this week. The decline these past 2 weeks is the largest correction we have seen since March. The S&P was well extended above its 20 week SMA at the end of July and now is getting closer to this SMA.

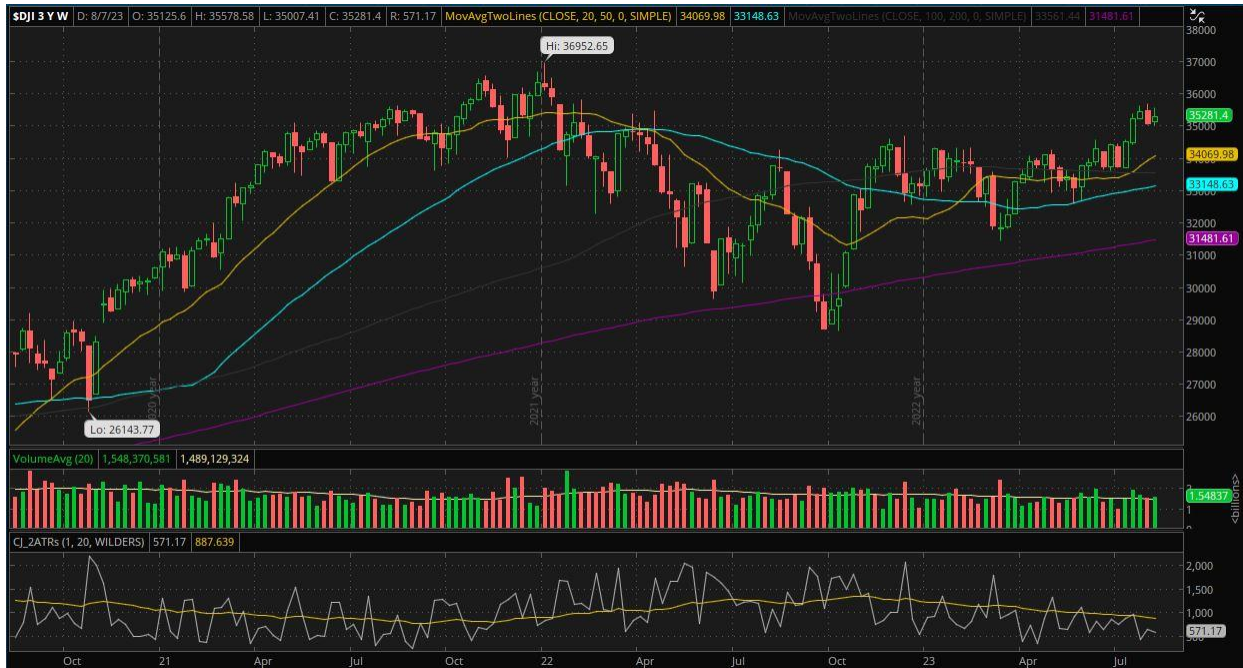


S&P 500 daily chart as of Aug 11, 2023 - Here we see the break below the Support Trend Line (Orange line) last week on Aug. 2<sup>nd</sup> when the S&P also crossed and closed below its 20 day SMA (Yellow). After the 'Inside' day on Monday this week, we see lower lows every day that followed, ending this week down -0.31% and nearing its 50 day SMA.



S&P 500 15 min. chart as of Aug 11, 2023 - The S&P remained 'Inside' its Expected Move all this week. After the narrow consolidation Monday, we see a decline and rally on Tuesday. Wednesday we saw a decline to a lower low then a rally and then another decline late in the day. Thursday we saw a sharp rally at the open on CPI news that only lasted 30 min and saw a strong decline the next 4 hours to a lower low, finding support at its prior highs from June 30<sup>th</sup>. Friday was lower lows and lower highs and consolidated most of the day to end the week down again and closing near to its lows for this week.





DJIA weekly chart as of Aug 11, 2023 - The Dow Industrials saw a decline last week followed by a bounce this week that recovered about half of the prior week's decline.



DJIA daily chart as of Aug 11, 2023 - The Industrials tested its 20 day SMA as support last Friday and again on Monday this week. Tuesday saw a brief dip below but closed back above its 20 day SMA. Wednesday and Thursday straddled and closed below the 20 day SMA. Friday saw a bounce and a close back above its 20 day SMA, ending the week up +0.62%. The 35,000 area provided support last week and this week.



Nasdaq weekly chart as of Aug 11, 2023 - The Nasdaq Composite saw a second week of declines, with this week only a little less of a decline than last week.



Nasdaq daily chart as of Aug 11, 2023 - Aug. 2<sup>nd</sup> saw a change in Trend with the Break below the Support Trend Line (Orange line) and a close below the 20 day SMA. Last week's decline continued this week with lower lows seen every day this week as well as a close below the 50 day SMA on Wednesday, Thursday and Friday. The Nasdaq ended this week down -1.90% and is now below both its 20 day and 50 day SMAs.





Russell 2000 weekly chart as of Aug 11, 2023 - The Russell saw a second week of declines, with this week's decline similar in size as last week's decline.



Russell 2000 daily chart as of Aug 11, 2023 - The Russell crossed below its 20 day SMA (Yellow) last Friday and remained below this week. Every day this week saw a lower low delivered except on Wednesday when the low that day was just 0.9 pts higher than the prior day. The Russell ended the week down -1.65%.

Next we will look at a few 'Market Internals' to better observe overall market Breadth this week.



McClellan Summation Index weekly chart as of Aug 11, 2023 - Last week we saw a decline to +760.24. This week we see the decline continue lower to +595.00.



McClellan Summation Index daily chart as of Aug 11, 2023 - Since the Trend change in early Aug. we see the decline continue last week and this week, ending this week at +595.00.



NYSE Percent above 200 day SMA daily chart as of Aug 11, 2023 - Last week we saw a decline to 63.46%. Monday saw a small up-tick to about 64.5% that was followed by a decline to nearly 61% on Thursday. Friday saw a small up-tick to end the week at 61.34%.



NYSE Percent above 50 day SMA daily chart as of Aug 11, 2023 - Last week ended with a decline to 63.55%. This week saw a small up-tick to about 65% Monday that was followed with a decline each day to end this week at 56.55%.





VIX daily chart as of Aug 11, 2023 - The VIX gapped above its 20 day and 50 day SMAs on Aug. 2<sup>nd</sup> when we saw the Trends change to Bearish. The VIX has remained above both SMAs since that change in Trend and drifted a little lower to end this week down from 17.1 to now at 14.8. We see a very 'mild' VIX reacting to last week's change in Trend.



VVIX daily chart as of Aug 11, 2023 - The VVIX also gapped above its 20 day and 50 day SMAs on Aug. 2<sup>nd</sup> as Trends Changed. However, the range of the VVIX is rather 'mild' as it remains within the 90 to 105 range this week.

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



Oil daily chart as of Aug 11, 2023 - Oil continued its rally higher this week, peaking at \$84.89 on Thursday before pulling back a little to end this week at \$83.04. Note the large rally from \$70 at the end of June. The cost of Energy is one of the most important factors that can drive Inflation, since Energy is used by every Industry, Business and Consumer.



Gold daily chart as of Aug 11, 2023 - Gold continues to drift lower for a 2<sup>nd</sup> week now.





US Dollar Index daily chart as of Aug 11, 2023 - The US Dollar continues to strengthen this week, breaking above its 50 day SMA and ended this week at the highest levels seen since July 7<sup>th</sup>.



US 10 year Treasury daily chart as of Aug 11, 2023 - Monday saw a pause with a small rally higher on Tuesday followed by a pause on Wednesday. Thursday and Friday saw strong selling with volume to return to the level seen at the close on Aug. 3<sup>rd</sup>.

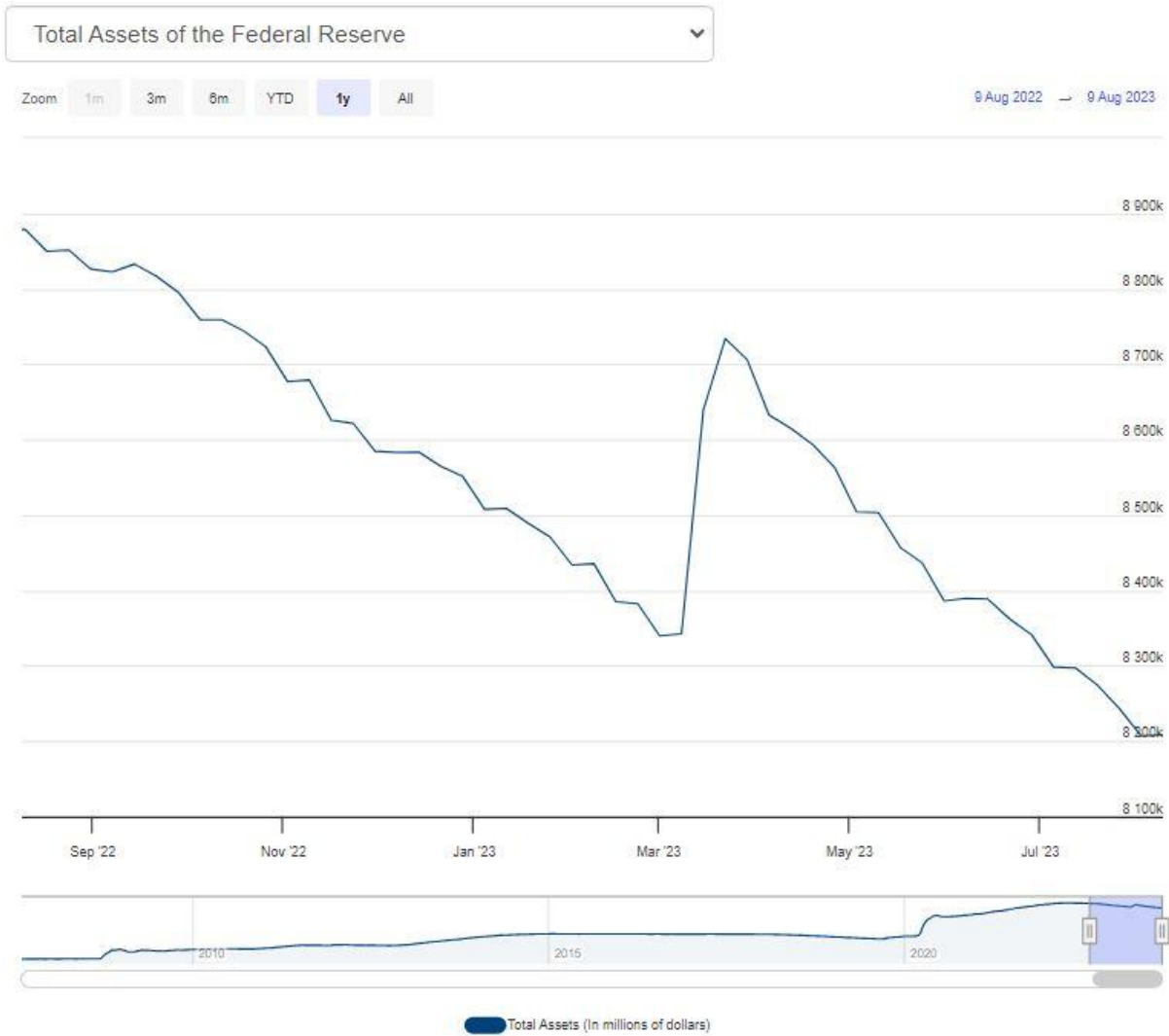




US 10 year Yield daily chart as of Aug 11, 2023 - Yields declined a bit early this week then shot up Thursday and Friday as the 10 year saw strong selling.

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
7/17/2023	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
8/7/2023	5.54	5.51	5.56	5.53	5.53	5.30	4.76	4.44	4.16	4.13	4.09	4.42	4.27
8/8/2023	5.54	5.53	5.57	5.52	5.53	5.35	4.74	4.36	4.10	4.06	4.02	4.35	4.20
8/9/2023	5.51	5.52	5.55	5.34	5.54	5.35	4.79	4.41	4.12	4.07	4.00	4.33	4.18
8/10/2023	5.55	5.52	5.54	5.53	5.52	5.33	4.82	4.47	4.21	4.17	4.09	4.41	4.24
8/11/2023	5.54	5.51	5.54	5.54	5.52	5.36	4.89	4.56	4.31	4.26	4.16	4.45	4.27

US Yield Rates daily table as of Aug 11, 2023 - The short terms saw little change this week while the longer terms saw a small decline Monday, Tuesday and Wednesday with a sharp increase Thursday and Friday to return to Yields seen on Aug. 3<sup>rd</sup>.



FOMC Balance Sheet weekly chart as of Aug 9, 2023 - The Fed actually 'Increased' its Balance Sheet this week by \$1.477 Billion to a current 'Total Assets' now of \$8.208241 Trillion. We continue to see lots of stimulus sloshing around in these markets, over \$8.2 Trillion worth of stimulus.

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



Dow Jones Transportation Index daily chart as of Aug 11, 2023 - The Transports continued to drift lower for a 2<sup>nd</sup> week, crossing below its 20 day SMA on Tuesday and closing below its 20 day SMA on Wednesday, Thursday and Friday, ending the week down -0.67%.

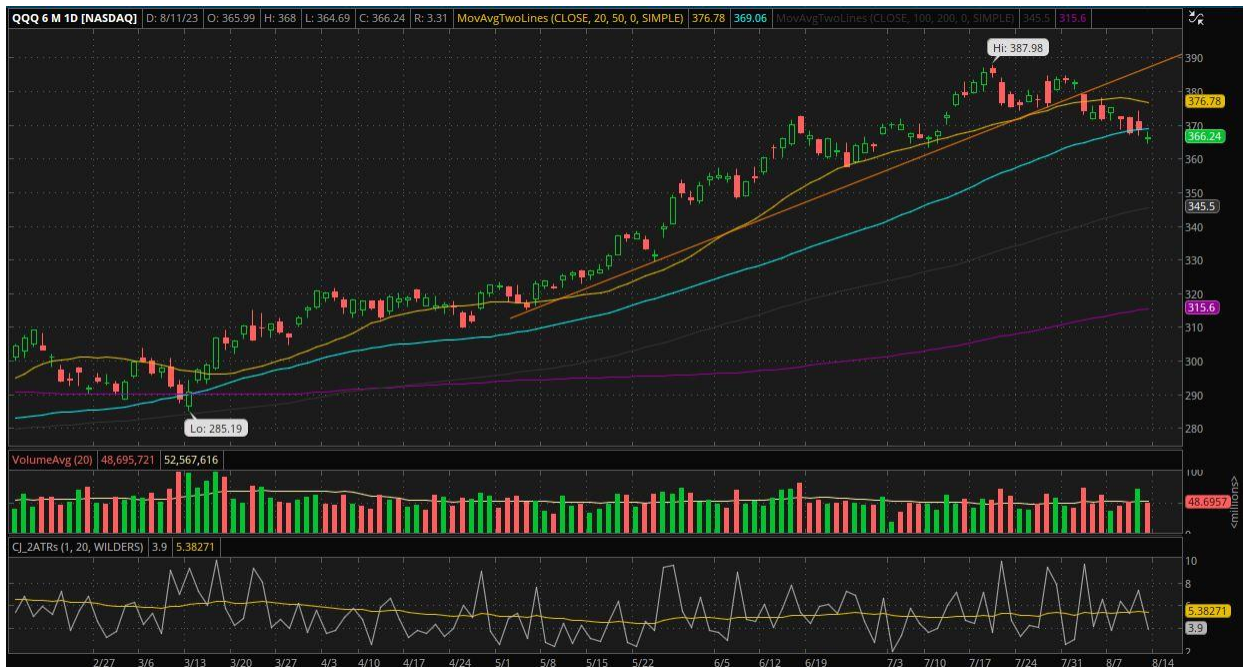


XLE daily chart as of Aug 11, 2023 - The Energy sector saw a pause on Monday then a test of its 20 day SMA Support on Tuesday, ending the day higher. Wednesday saw a gap up followed with higher highs and higher lows each day that followed, ending the week up +3.43%. The XLE was the strongest sector last week and again this week.





XLF daily chart as of Aug 11, 2023 - The Financial sector saw a gap up above its 20 day SMA Monday that was given back Tuesday with a gap down below its 20 day SMA. Most of the remainder of this week saw a narrow range consolidation, ending the week up only +0.03%.



QQQ daily chart as of Aug 11, 2023 - The Nasdaq-100 ETF broke its Support Trend Line (Orange line) on Aug. 2<sup>nd</sup> and closed below its 20 day SMA that day. Since then we have seen lower lows and lower highs most days with the QQQ closing below its 50 day SMA on Wednesday, Thursday and Friday this week, ending the week down -1.56%.



SOXX daily chart as of Aug 11, 2023 - The Semiconductor sector saw a failed rally Monday up to its 20 day SMA. Tuesday gapped down and we saw lower lows and lower highs every day that followed, closing below its 50 day SMA on Wednesday, Thursday and Friday, ending the week down -5.13%. The SOXX was the weakest sector on my list this week and on a daily basis was the weakest sector on both Wednesday and Thursday this week.



XLC daily chart as of Aug 11, 2023 - The Communication Services sector held up rather well this week, remaining just above its 20 day SMA most of this week with a close below this SMA on Wednesday and Friday, ending the week up just +0.04%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	6/30/2023	7/7/2023	7/14/2023	7/21/2023	7/28/2023	8/4/2023	8/11/2023
\$SPX	2.35%	-1.16%	2.42%	0.69%	1.01%	-2.27%	-0.31%
\$INDU	2.02%	-1.96%	2.29%	2.08%	0.66%	-1.11%	0.62%
\$COMPQ	2.19%	-0.92%	3.32%	-0.57%	2.02%	-2.85%	-1.90%
\$RUT	3.68%	-1.27%	3.56%	1.51%	1.09%	-1.22%	-1.65%
QQQ	1.90%	-0.86%	3.50%	-0.91%	2.09%	-2.98%	-1.56%
\$TRAN	5.73%	0.19%	1.72%	2.56%	2.85%	-2.25%	-0.67%
XLE	4.93%	-0.47%	0.82%	3.50%	1.84%	1.25%	3.43%
XLF	2.96%	-0.36%	1.96%	2.95%	-0.17%	-0.82%	0.03%
XLK	3.09%	-1.52%	2.79%	0.08%	1.03%	-3.81%	-2.49%
SOXX	4.65%	-2.54%	4.81%	-1.44%	4.39%	-3.77%	-5.13%
XLV	0.55%	-2.81%	2.09%	3.45%	-0.77%	-2.06%	2.47%
XLY	2.64%	-0.26%	3.28%	-2.25%	1.04%	-0.70%	-1.07%
XRT	3.11%	0.19%	2.10%	1.27%	1.76%	-0.70%	-1.15%
XLI	3.91%	-1.04%	2.27%	0.87%	0.56%	-1.74%	0.60%
XLU	0.63%	-0.08%	2.23%	2.41%	-2.07%	-4.55%	0.91%
XME	4.37%	-0.57%	2.04%	0.16%	1.99%	-1.90%	-1.41%
XLP	0.53%	-0.96%	1.12%	1.82%	0.62%	-1.91%	0.20%
XLB	4.02%	-1.97%	2.49%	0.59%	1.81%	-1.99%	-1.02%
XLC	1.59%	-0.05%	3.23%	-2.37%	4.96%	-2.50%	0.04%
XHB	4.48%	-2.93%	7.12%	-1.21%	2.38%	-0.69%	-0.75%

Weekly Percent Change US Indexes and Sectors table as of Aug 11, 2023 - The Nasdaq composite was the weakest Index this week again as it also showed significant weakness last week.

Only seven sectors ended this week with a positive change while nine sectors ended this week with a decline.

The strongest sectors this week included: XLE, XLV, XLU and XLI.

The weakest sectors this week included: SOXX, XLK, QQQ, XME and XRT that were all down by over - 1.1%.

By keeping track on a daily (or weekly) basis of the strongest stocks in the strongest sectors - we can improve our odds of finding possible long position candidates. Likewise, keeping track on a daily (or weekly) basis of the weakest stocks in the weakest sectors we can improve our odds of finding possible short position candidates. This process narrows our search so we can focus our limited time on those opportunities that may offer higher odds of working in our favor.

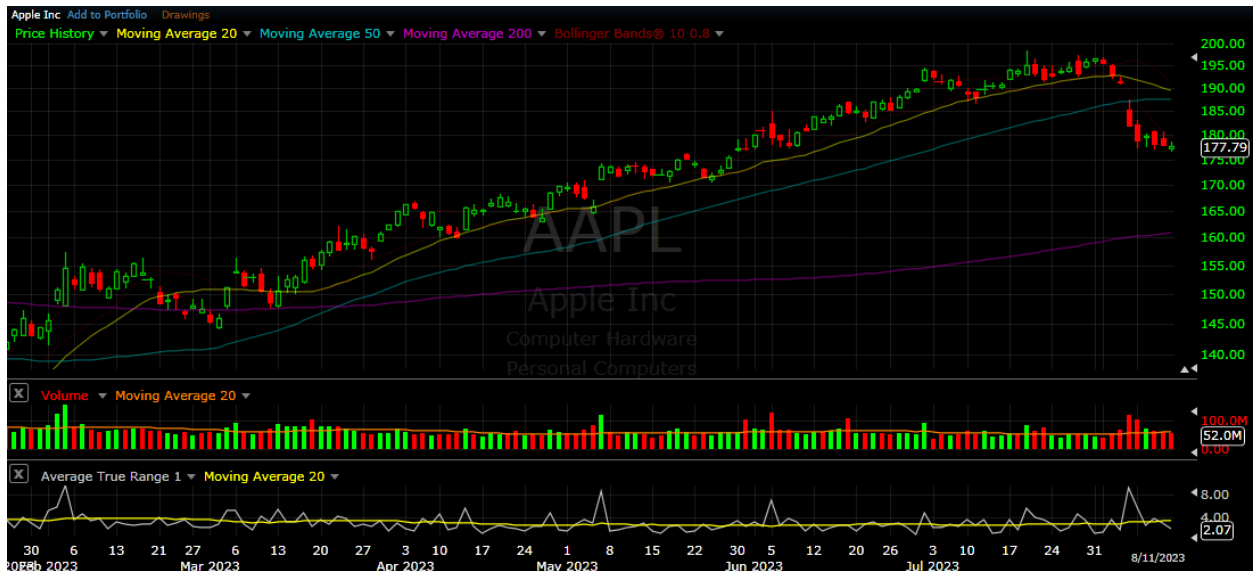


	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
<b>INDEXes</b>	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day
<b>SECTORS</b>	07/31/23	08/01/23	08/02/23	08/03/23	08/04/23	08/07/23	08/08/23	08/09/23	08/10/23	08/11/23
\$SPX	0.15%	-0.27%	-1.38%	-0.26%	-0.53%	0.90%	-0.42%	-0.70%	0.03%	-0.11%
\$INDU	0.28%	0.20%	-0.98%	-0.19%	-0.43%	1.16%	-0.45%	-0.54%	0.15%	0.30%
\$COMPQ	0.21%	-0.43%	-2.17%	-0.10%	-0.36%	0.61%	-0.79%	-1.17%	0.12%	-0.68%
\$RUT	1.09%	-0.45%	-1.37%	-0.28%	-0.20%	0.08%	-0.59%	-0.86%	-0.42%	0.13%
QQQ	0.05%	-0.23%	-2.19%	-0.16%	-0.47%	0.85%	-0.85%	-1.10%	0.18%	-0.64%
\$TRAN	-0.47%	-0.52%	-0.91%	0.09%	-0.46%	0.47%	-0.56%	-0.83%	0.46%	-0.21%

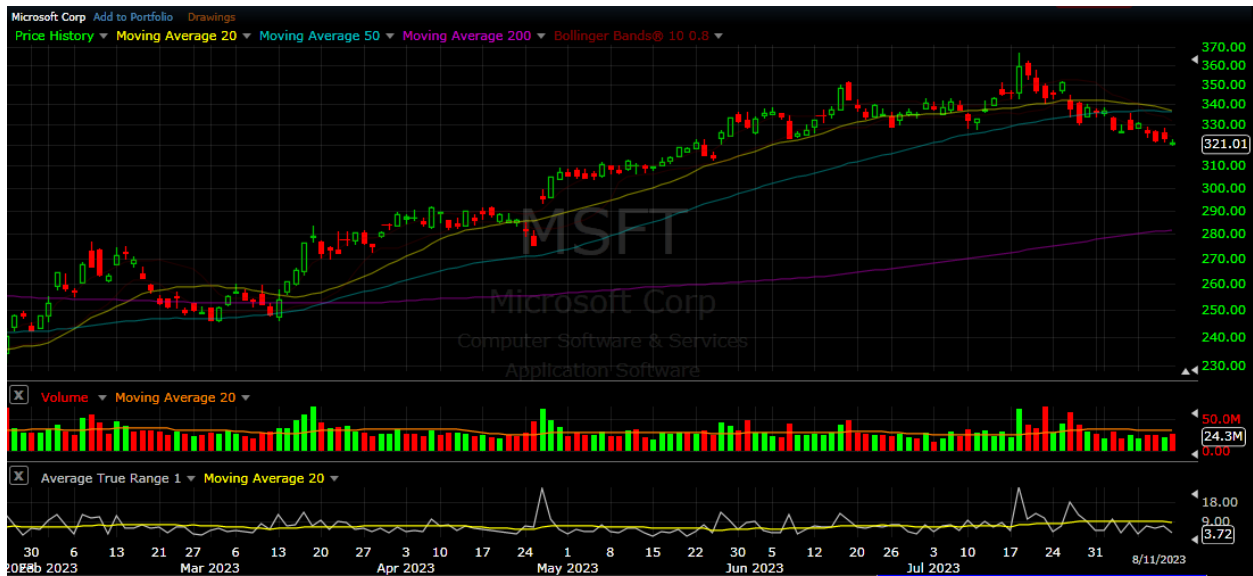
Daily Percent Change US Indexes table as of Aug 11, 2023 - We saw daily changes in leadership with the Dow Industrials showing strength on 3 days this week and the S&P and Transports once each. Weakness was shown twice by the Nasdaq composite, twice by the Russell 2000 and once by the QQQ (Nasdaq-100).

We saw how the Nasdaq often led the markets higher over the past 3 to 4 months, and now we see the Nasdaq leading the markets lower both last week and again this week.

Next we will look at a few key **Stocks**, the same stocks we looked at last week. We will start with the 7 biggest names in the Nasdaq-100, since they continue to have a very significant role in the overall markets even after the 'Special Rebalancing' 3 weeks ago.



AAPL daily chart as of Aug 11, 2023 - Apple saw a sharp decline last Friday after reporting Earnings. The decline continued this week with a strong decline Monday that slower its pace the rest of this week, delivering lower lows on Monday, Wednesday and Friday, ending this week down -2.18%.



MSFT daily chart as of Aug 11, 2023 - Microsoft continued lower this week, delivering lower lows on Tuesday, Wednesday and Friday, ending the week down -2.07%.



GOOGL daily chart as of Aug 11, 2023 - Alphabet remained 'Inside' last week's range all of this week as it paused and held onto most of its value, ending the week up +1.13%.



AMZN daily chart as of Aug 11, 2023 - Amazon saw a large gap up last Friday after Earnings. This week we saw the rally continue on Monday with a higher close before drifting lower Tuesday and Wednesday. Thursday saw an 'Inside' day followed by a small bounce Friday to end the week down -0.83%.



TSLA daily chart as of Aug 11, 2023 - Tesla continued to drift lower this week, crossing below its 50 day SMA on Monday and delivering lower lows on Monday, Wednesday and Friday, ending the week down - 4.42%.





NVDA daily chart as of Aug 11, 2023 - Nvidia also broke down on Aug. 2<sup>nd</sup> then saw a failed rally last week that peaked this week on Monday at its 20 day SMA before rolling over and delivering lower lows every day that followed, crossing below its 50d ay SMA on Wednesday and ending the week near the lows of the week, down -8.56% for the week. NVDA is now below both its 20 day and 50 day SMAs.



META daily chart as of Aug 11, 2023 - Meta paused Monday and Tuesday just above \$310 support and above its 20 day SMA. Wednesday saw a strong drop to cross and close below its 20 day SMA. Thursday saw an 'Inside' day followed by lower lows Friday to end the week down -2.93%.

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
QQQ	-2.98%	-1.56%
AAPL	-7.07%	-2.18%
MSFT	-3.13%	-2.07%
GOOGL	-3.37%	1.13%
AMZN	5.57%	-0.83%
TSLA	-4.72%	-4.42%
NVDA	-4.43%	-8.56%
META	-4.53%	-2.93%

In the table above the green highlighted values are where the gains were greater than were the QQQ's gains that week.

This comparison helps us see changes in strength or weakness week to week as well as what names are doing better than the Nasdaq-100 each week. Note how GOOGL and AMZN held up better this week as compared to the other 5 big stocks.



JPM daily chart as of Aug 11, 2023 - JP Morgan saw a small rally Monday then gapped down Tuesday with a wide range day that dipped below its 20 day SMA before bouncing and closing back up above this SMA. Wednesday, Thursday and Friday all saw a close below the 20 day SMA without exceeding the lows on Tuesday to end the week down -1.01%.



CAT daily chart as of Aug 11, 2023 - Caterpillar saw an 'Inside' day on Monday then rallied a little Tuesday and Wednesday. Thursday and Friday saw a pause to end the week up 3.18% as CAT remains a similar distance above its 20 day SMA.





COST daily chart as of Aug 11, 2023 - Costco continued a slow drift higher as it mostly remains just above its 20 day SMA this week, ending the week up +1.98%.



AMD daily chart as of Aug 11, 2023 - AMD continued its rally on Monday crossing above its 50 day SMA. Tuesday saw a gap down below its 50 day SMA with a cross and close below its 50 day SMA. AMD saw lower lows on Wednesday and Friday to end the week down -7.12% and breaking below last week's lows.



INTC daily chart as of Aug 11, 2023 - Intel saw a small failed rally Monday then declined and straddled its 20 day SMA the rest of this week with mostly a horizontal consolidation pattern, ending the week down -0.71%.



HAL daily chart as of Aug 11, 2023 - Halliburton saw a pause Monday followed by a wide range day Tuesday with a test of support at its 20 day SMA and a higher close. Wednesday saw a rally to new 6-month highs. Thursday and Friday saw a pause near these new highs to end this week up +2.91%.



SLB daily chart as of Aug 11, 2023 - Schlumberger paused Monday, saw a wide range day Tuesday that briefly dipped below its 20 day SMA but closed the day higher. Wednesday saw a rally to new 6-month highs. Thursday and Friday saw a pause near these new highs to end the week up +3.43%.



XOM daily chart as of Aug 11, 2023 - Exxon saw a pull back on Monday then a wide range day Tuesday with a test of support near its 20 day SMA and then closed the day higher. Wednesday saw a rally above its 200 day SMA (Purple) that continued higher Thursday and Friday to end the week up +4.11%.



Last week we saw how the strongest sector was the Energy sector (XLE) and all 3 of those stocks we looked at last week 'Continued' higher this week (HAL, SLB and XOM).

Last week we also saw how one of the 3 weakest sectors was the Semiconductor sector (SOXX) and we saw that this sector became the weakest sector this week and all 3 of those stocks we looked at last week 'Continued' their decline this week (NVDA, AMD and INTC).

These are both examples this week of why we do our top-down analysis each week and track both the strongest and weakest sectors and major stocks within those sectors. This is a very efficient way to focus your time on a short list of high odds candidates to quickly find both bullish and bearish trade opportunities. Out time is one of our most limited resources, so being efficient with our time is a way to focus our attention on a few of the better odds opportunities.

This process is based upon the 'Belief' that Trends tend to remain Trending. The 'Belief' that we will more often see a 'Continuation' of an existing Trend than we will see a change or 'Reversal' of a trend. Trend Lines, Moving Averages and/or a series of 'Lower Lows and Lower Highs' define a Bearish Trend and a series of 'Higher Lows and Higher Highs' defines a Bullish Trend. These simple tools can give us high odds trading opportunities when we become effective at their use.

I hope this helps.

Trade Smart,

CJ