



Market Observations - as of September 1, 2023

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

With the month of August ending this week we will include monthly charts on the major indexes to help keep a long term perspective in mind.

Last week we saw a gap down and rally on Friday Aug 18th that continued higher Monday (Aug. 21st), paused Tuesday and resume higher Wednesday with more strength and delivered a new high for the week. Thursday's open saw a gap up to new highs for the week (thanks to NVDA Earnings) that very quickly reversed in the first few minutes to see strong selling all day and delivered the largest range down day for this year by the close. Friday saw a small gap up and a pause as markets waited for Jay Powell to speak from Jackson's Hole. We saw some wild reactions to Jay Powell as markets rallied up, down, up higher, down lower before settling mid day near its open. The last half of Friday saw a mild rally to retest the Powell Reaction highs from earlier in the day and pulled back just a little at the close.

This week the mild rally we saw late last Friday (Aug. 25th) continued higher Monday then accelerated with a large range day up on Tuesday. Wednesday saw a slower continuation higher that was followed with a higher high and higher low Thursday but with a close at the low of the day. Friday saw a small gap up to new highs for the week but was quickly followed by selling to fill the gap and deliver a lower low for the day below Thursday's lows.

We saw higher highs every day this week in the S&P and Nasdaq and saw higher lows every day but on Friday when we saw a bearish engulfing candle that day. The Rally continued higher this week but showed growing weakness Thursday with a close at the lows of the day and Friday with a very small gain in the S&P and a small loss in the Nasdaq.

Most breadth indicators showed strong participation in this week's rally, unlike the split participation we saw last week.

The US Dollar declined for 3 days then bounced the last 2 days this week to end this week slightly higher. Oil rallied each day this week while Gold saw a small rally for 3 days followed by 2 days of a drift lower.

US Treasuries were bought up higher this week with some selling seen on Friday as the longer term yields declined most of this week with a bounce on Friday. Odds increased this week with the market expecting no rate change by the Fed on its Sept. 20th meeting. Odds decreased this week for a rate hike expected by the Fed on its Nov. 1st meeting.

We saw lots of bullish opportunities this week for the agile trader.

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



S&P 500 monthly chart as of Aug 31, 2023 - We saw small break above the 20 month SMA in May that was followed by a strong rally in June and July. August delivered a lower high, lower low and lower close as the rally paused and pulled back a bit.



S&P 500 weekly chart as of Sep 1, 2023 - Here we see the Support Trend Line (Red line) was broken two weeks ago and nearly tested its 20 week SMA (Yellow). Last week saw a small bounce followed by a larger rally this week back up to the Red Trend Line.



S&P 500 daily chart as of Sep 1, 2023 - We saw a failure at the 50 day SMA (Blue) last Thursday and Friday that was followed with a rally most of this week with higher highs every day this week, crossing above its 20 day and 50 day SMAs on Tuesday. Tuesday was the largest range day this week. We saw higher lows every day except on Friday this week. The S&P ended this week up +2.50% and back above all 3 of its key daily SMAs.



S&P 500 15 min. chart as of Sep 1, 2023 - On the 15 min. chart we see a gap up on Monday and a pause followed by a strong all day rally Tuesday that crossed above its upper weekly Expected Move less than 2 hours into the day and continued higher up to the Red Trend Line. Wednesday crossed above the Red Trend Line and delivered another higher high and higher low. Thursday again delivered a higher high and higher low but with lower close at the lows of the day.

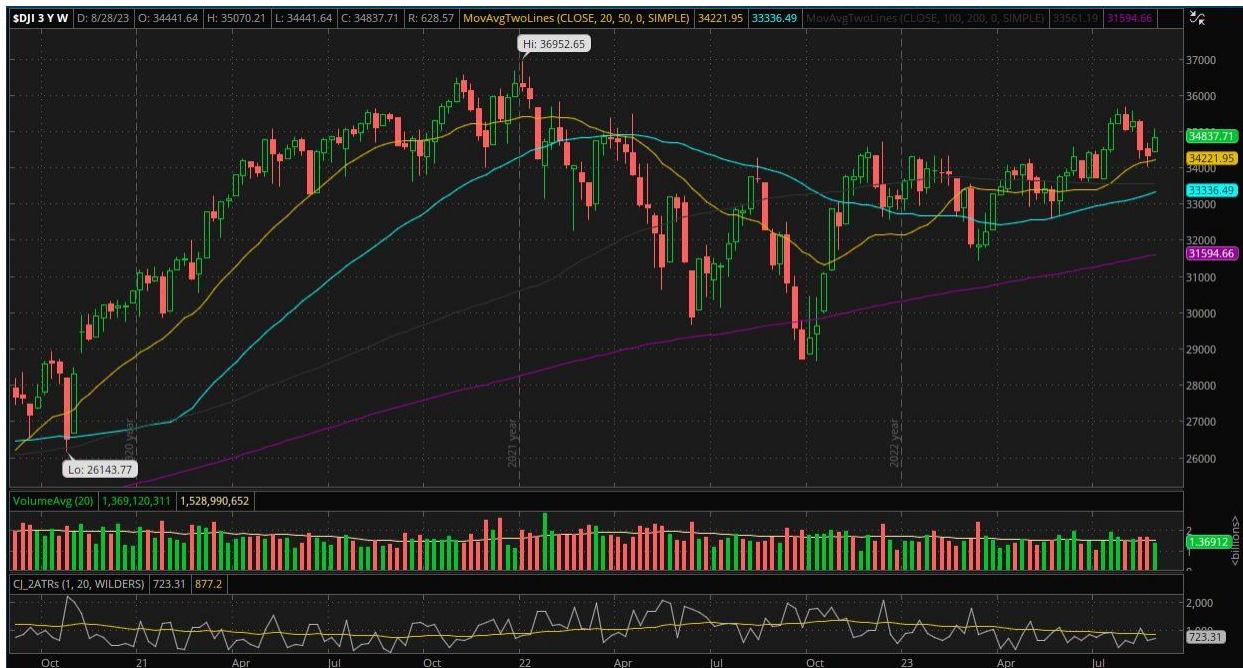
Friday saw a gap up and fast peak to deliver a higher high for the week right at twice the weekly +2x Expected Move before quickly selling off and filling its gap. Friday spent a lot of time below the prior day's close then rallied a tiny bit late in the day to end the day only slightly higher than the prior day's close.

Friday saw the high for this week, and may or may not be the end of the rally. We saw some weakness begin to show at the close on Thursday and most of Friday, so there are questions as to if this rally will continue next week or not.

We saw the S&P cross above its upper weekly Expected Move and remain above for about 3.66 days this week. This shows us that the rally this week was stronger than was 'expected' by the Options Market pricing of risk on Friday Aug. 25th. The open on Friday found Resistance right at the 2 standard deviation level (+2x E.M.) and quickly sold off.



DJIA monthly chart as of Aug 31, 2023 - We saw a rally in the Dow Industrials in June and July then a pull back in August that gave back about 1/3 of the prior two months rally.



DJIA weekly chart as of Sep 1, 2023 - We saw a two week decline that dipped below its 20 week SMA last week. This week we see a rally that recovered just over half of the prior two week's decline.



DJIA daily chart as of Sep 1, 2023 - The Industrials found support last Thursday and Friday near its 100 day SMA. This week saw a rally up to its 50 day SMA on Monday that continued Tuesday by crossing above its 50 day SMA and finding resistance at its 20 day SMA. Wednesday continued higher crossing above its 20 day SMA. Thursday saw a wider range day that delivered a higher high then dropped below its 20 day SMA to find support and close near its 50 day SMA. Friday saw an 'Inside' day that remained above its 50 day SMA and closed above its 20 day SMA, ending the week up +1.43% and back above all 3 of its key daily SMAs.



Nasdaq monthly chart as of Aug 31, 2023 - The Nasdaq composite has rallied most of this year, with a pause in Feb. and April, crossing above its 20 month SMA in May and continuing higher in June and July. August saw a decline and bounce (with the long lower wick on the monthly candle) and closed the month lower.



Nasdaq weekly chart as of Sep 1, 2023 - After a 3 week decline to its 20 week SMA we saw a bounce last week and again this week that recovered about 72% of the three week decline and respected the 20 week SMA as Support.



Nasdaq daily chart as of Sep 1, 2023 - We saw a rally last week up to its 50 day SMA that pulled back Thursday and Friday. This week we see a rally continued to its 20 day SMA on Monday and crossing above its 50 day SMA on Tuesday. Wednesday and Thursday both saw higher highs and higher lows each day. Thursday, however, saw a close near its lows for that day. Friday saw a higher high and a lower low and a close near the lows of the day to form a Bearish Engulfing candle, ending the week up +3.25% and back above all 3 of its daily SMAs.



Russell 2000 monthly chart as of Aug 31, 2023 - The Russell has been stuck inside a range for about a year and a half, failing to rise above \$2020 area Resistance. July saw a rally above its 20 month SMA that was nearly all given back in August.



Russell 2000 weekly chart as of Sep 1, 2023 - Here we see a 3 week decline and a pause last week near its 20 week SMA. This week we saw a bounce to return to the level we saw 2 weeks ago. The two horizontal Trend Lines help define the zone that the Russell has remained within since April of 2022.



Russell 2000 daily chart as of Sep 1, 2023 - Last week the Russell paused just above its 200 day SMA (Purple) with little movement. This week we see a rally with higher highs and higher lows every day this week, crossing above its 20 day SMA on Wednesday and above its 50 day SMA on Friday, ending the week up +3.63% and back above all 3 of its key daily SMAs.

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



McClellan Summation Index weekly chart as of Sep 1, 2023 - Last week we saw a decline to a negative value of -70.72. This week we see a small bounce back into positive territory to +39.17. This Index remains below both its 50 week and 200 week SMAs.



McClellan Summation Index daily chart as of Sep 1, 2023 - On Monday we saw a pause near -70 that was followed by a steady rally the rest of this week to end this week at +39.17.



NYSE Percent above 200 day SMA daily chart as of Sep 1, 2023 - Last week we saw some oscillations that ended the week at 51.09%. This week we saw an increase on Monday and Tuesday crossing above its 200 day SMA and slowing Wednesday and Thursday near 57%. Friday saw a small increase to end the week at 57.89%.



NYSE Percent above 50 day SMA daily chart as of Sep 1, 2023 - Last week saw some oscillations that ended the week at 36.04%. This week we saw a 3 day rally up to nearly 48%, a one day small pull back to 47.5% then a rally Friday to end the week at 50.75%. This tells us that just over half of the NYSE listed stocks are now above their 50 day SMAs.



VIX weekly chart as of Sep 1, 2023 - Here we see an overall decline during the last half of 2022 and most of 2023 so far. The lows near 13 that we saw in June and July this year have nearly been retested this week.



VIX daily chart as of Sep 1, 2023 - We see a steady decline all of this week, crossing below its 20 day SMA on Monday and below its 50 day SMA on Tuesday. Each day this week saw a lower high, a lower low and a lower close to end this week at 13.09.



VVIX daily chart as of Sep 1, 2023 - The Volatility of the VIX declined last Friday and continued lower the first 3 days of this week. Thursday and Friday saw a small increase in the VVIX.

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



Oil daily chart as of Sep 1, 2023 - Oil prices paused Monday near the prior Friday's close. The 4 following days all saw higher high, higher lows and higher closes as the rally accelerated Thursday and Friday to deliver new 2023 highs on Friday, right before the 'Labor Day Holiday' when gasoline demand peaks.



Gold daily chart as of Sep 1, 2023 - Gold prices paused Monday near the 20 day SMA then rallied strong Tuesday and continued a little bit higher on Wednesday. Thursday and Friday saw a pause and small decline to end the week back above all 3 of its key daily SMAs.



US Dollar Index daily chart as of Sep 1, 2023 - The US Dollar dipped the first 3 days of this week down to its 20 day SMA. Thursday and Friday saw a bounce to recover this week's entire decline plus a little.



US 10 year Treasury daily chart as of Sep 1, 2023 - The US 10 year Treasury saw strong buying volume Monday and Tuesday, then paused Wednesday and Thursday. Friday briefly tested its 50 day SMA then sold off to close the day down.

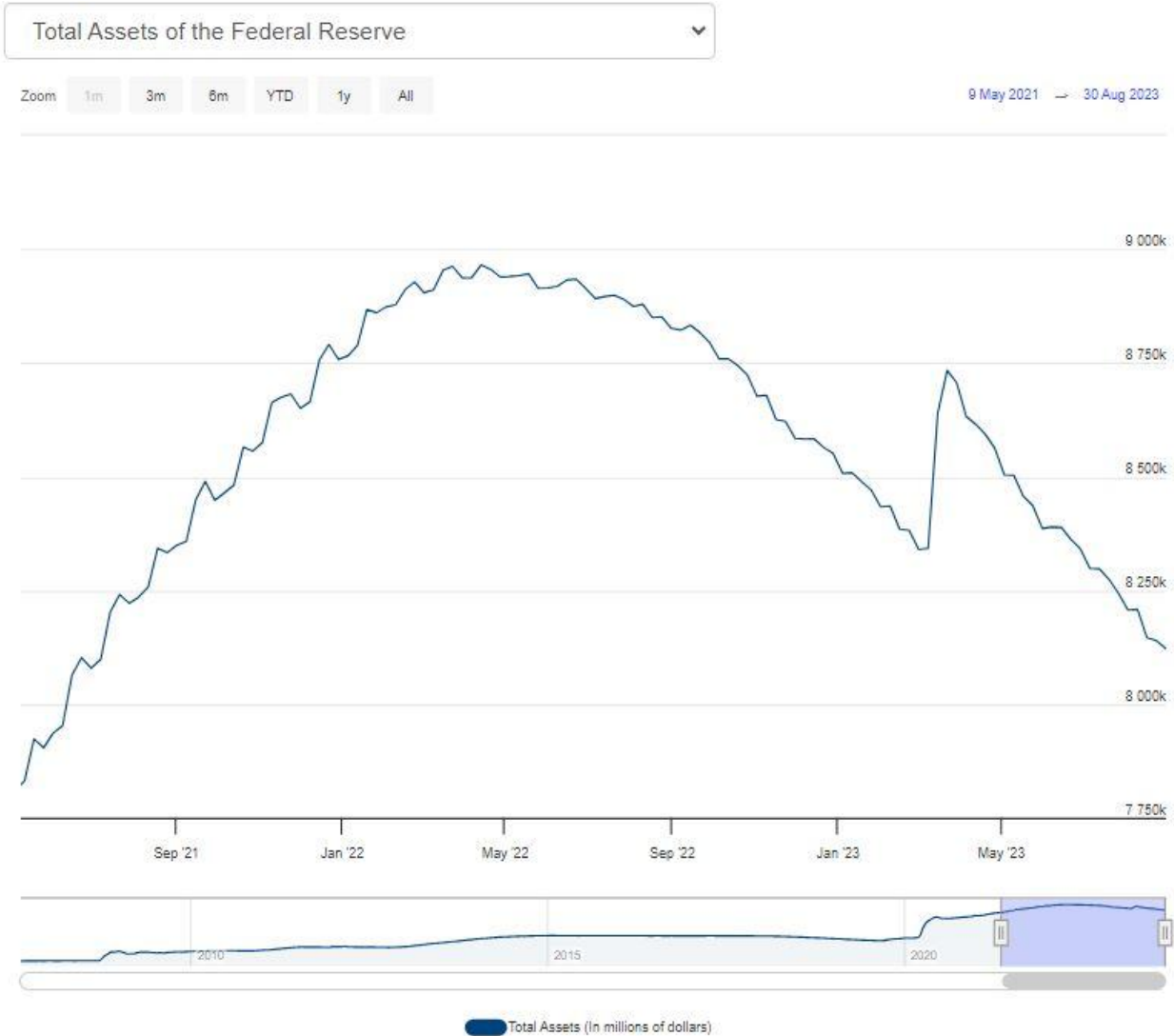


US 10 year Yield daily chart as of Sep 1, 2023 - 10 year Yields paused Monday then saw a sharp decline Tuesday below its 20 day SMA and continued a little lower on Wednesday and Thursday. Friday saw a bounce back up to its 20 day SMA.

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
7/28/2023	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
8/14/2023	5.55	5.52	5.56	5.53	5.56	5.37	4.96	4.64	4.36	4.29	4.19	4.46	4.29
8/15/2023	5.53	5.52	5.56	5.51	5.55	5.36	4.92	4.64	4.36	4.31	4.21	4.49	4.32
8/16/2023	5.52	5.53	5.56	5.54	5.54	5.37	4.97	4.68	4.42	4.37	4.28	4.55	4.38
8/17/2023	5.55	5.52	5.56	5.54	5.53	5.36	4.94	4.67	4.42	4.38	4.30	4.58	4.41
8/18/2023	5.53	5.52	5.55	5.54	5.52	5.35	4.92	4.63	4.38	4.34	4.26	4.55	4.38
8/21/2023	5.55	5.53	5.57	5.55	5.58	5.37	4.97	4.70	4.46	4.42	4.34	4.64	4.45
8/22/2023	5.54	5.53	5.57	5.55	5.57	5.39	5.02	4.75	4.49	4.44	4.34	4.61	4.42
8/23/2023	5.54	5.53	5.57	5.56	5.55	5.35	4.95	4.64	4.36	4.30	4.19	4.46	4.27
8/24/2023	5.55	5.53	5.58	5.57	5.59	5.39	4.98	4.69	4.39	4.34	4.23	4.49	4.30
8/25/2023	5.56	5.53	5.61	5.59	5.61	5.44	5.03	4.72	4.44	4.37	4.25	4.50	4.30
8/28/2023	5.56	5.53	5.58	5.60	5.56	5.44	4.98	4.69	4.38	4.32	4.20	4.48	4.29
8/29/2023	5.54	5.53	5.56	5.57	5.52	5.37	4.87	4.56	4.26	4.21	4.12	4.42	4.23
8/30/2023	5.55	5.53	5.56	5.60	5.51	5.39	4.90	4.57	4.27	4.22	4.12	4.42	4.23
8/31/2023	5.52	5.55	5.56	5.61	5.48	5.37	4.85	4.54	4.23	4.19	4.09	4.39	4.20
9/1/2023	5.51	5.55	5.53	5.58	5.47	5.36	4.87	4.57	4.29	4.27	4.18	4.48	4.29

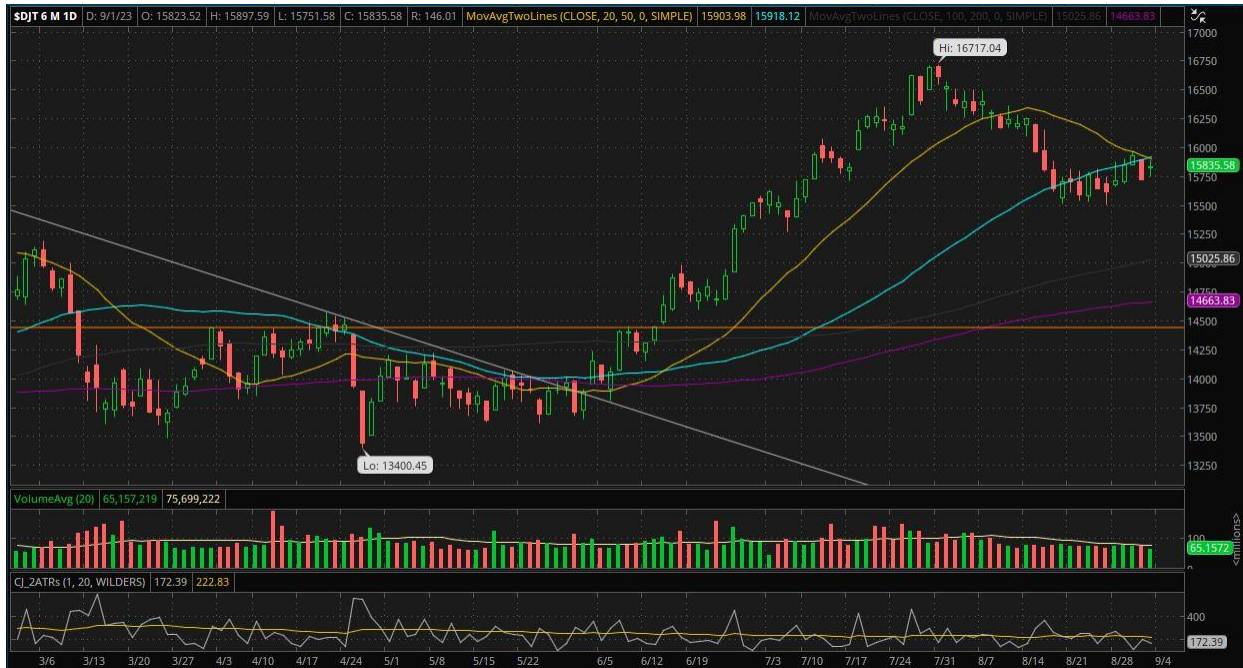
US Yield Rates daily table as of Sep 1, 2023 - Short term Yields changed very little this week while longer term Yields dropped Monday, Tuesday, Wednesday and Thursday before seeing a bounce on Friday.

The Yield curve remains inverted (10yr vs. 2yr) since early July 2022. A Yield curve inversion has led most Economic Recessions by 12 to 18 months historically.



FOMC Balance Sheet weekly chart as of Aug 30, 2023 - The Fed decreased its Balance Sheet this week by \$17.75 Billion to a new Total Assets of \$8.121316 Trillion. The total reductions to the Balance Sheet seen in the month of August come to \$122.028 Billion.

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



Dow Transportation Index daily chart as of Sep 1, 2023 - The Dow Transports have remained mostly below its 50 day SMA for two weeks with a brief test of the 20 day SMA seen on Wednesday of this week before this Index returned to just below its 50 day SMA on Thursday and Friday, ending the week up +1.41%. There is a small positive slope to the 50 day SMA while the 20 day SMA has been negative sloping for 3 weeks.



XLE daily chart as of Sep 1, 2023 - The Energy sector rallied above its 20 day SMA on Monday and delivered higher highs and higher closes every day this week, delivering new 7 month highs on Friday, ending the week up +3.60% and is back above all 3 of its key daily SMAs.



XLF daily chart as of Sep 1, 2023 - The Financial sector delivered higher highs and higher lows every day this week except on Thursday. Monday saw a cross above its 200 day SMA, Tuesday a cross above its 50 day SMA and Wednesday a cross above its 20 day SMA. Thursday saw a retest of its 50 day SMA as Support. Friday gapped higher and closed higher, up +2.06% for the week.



QQQ daily chart as of Sep 1, 2023 - The rally we saw last week peaked early last Thursday and dropped to lower lows on Friday. We drew a Trend Line (Grey line) between the July 31st highs and the Aug. 24th highs. This week we saw a small move up on Monday that failed to cross above its 20 day SMA. Tuesday saw a strong move higher that crossed above its 20 day and 50 day SMAs and above the Grey Trend Line. Wednesday and Thursday saw higher highs and higher lows. Friday saw a higher high but a lower low to end the day down 40 cents and ending the week up +3.73%.

A very common pattern we see when a trend ‘continues’ is a ‘3-Wave’ pattern. Below is an example taken from this week.



QQQ 15 min. chart as of Sep 1, 2023 - The QQQ rallied from the lows on Friday Aug. 18th to the high seen at the open on Aug. 24th (thanks to the NVDA reactions). This rally formed a ‘Wave 1’ but we did not clearly recognize it until we saw the trend reverse on Thursday Aug. 24th later that day and then continued lower the next day on Aug. 25th. Once we saw a rally (Trend Change) on Friday morning (Aug. 25th) we had a second clue that ‘Wave 2’ may be defined by this 1.2 day counter trend move (in dark Blue in the chart above).

As the rally continued Friday (Aug. 25th) we could now begin to see a 3-wave pattern forming, with ‘Wave 1’ from the Aug. 18th lows to the Aug. 24th highs, and ‘Wave 2’ from the Aug. 24th highs to the Aug. 25th lows, and a possible ‘Wave 3’ extending out from the Aug. 25th lows “IF” the bullish trend (Wave 1) were to ‘Continue’.

We now could draw a wave 1 line and measure the +17.7 point rally (the size of Wave 1) and make an **assumption** that Wave 3 could be a similar size as was Wave 1. We copy the Wave 1 (Purple) Line and apply the copy onto the Aug. 25th lows to see where it might extend to. It is IMPORTANT that the length and slope of Wave 3 is equal to that of Wave 1 for this to give us a ‘reasonable’ estimate for where Wave 3 might go to, up another +17.7 points.

A trade entry could be made either on Monday or early Tuesday when the resumption of the Trend (Wave 1) is observed & confirmed, and clearly more than half of the estimated size of Wave 3 has yet to occur. As this week unfolded, we actually saw a peak early Friday (Sep. 1st) that was more than 3 points greater than the ‘Wave 3’ estimate of +17.7 points.

The Trading Objective is **NOT** to capture all of the Wave 3, since that is impossible to pick tops and bottoms of moves. However, the objective is to capture at least half of the wave’s ‘continuation’ move. In this example, at least +10 out of the +20 point move. This is a high odds strategy since it is initiated ‘after’ you have an opportunity to recognize both ‘Wave 1’ and ‘Wave 2’ have occurred when Wave 3 is beginning and still have some time to execute the trade.



SOXX daily chart as of Sep 1, 2023 - Last week the Semiconductor sector rallied above its 50 day SMA and then pulled back last Thursday and Friday. This week we see another rally with higher high, higher lows and a higher close every day this week, crossing above its 20 day SMA on Tuesday and above its 50 day SMA on Wednesday, ending the week up +5.41%. Compared to the prior rally last week, this week's rally delivered both a higher low and a higher high.



XLC daily chart as of Sep 1, 2023 - The Communication Services sector saw a rally last week that found Resistance at its 20 day SMA and pulled back Thursday and Friday. This week we see a rally Monday up to its 50 day SMA and a strong rally Tuesday above its 50 day and 20 day SMAs. The rally slowed Wednesday and Thursday and pulled back on Friday to end the week up +2.63%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	7/21/2023	7/28/2023	8/4/2023	8/11/2023	8/18/2023	8/25/2023	9/1/2023
\$SPX	0.69%	1.01%	-2.27%	-0.31%	-2.11%	0.82%	2.50%
\$INDU	2.08%	0.66%	-1.11%	0.62%	-2.21%	-0.45%	1.43%
\$COMPQ	-0.57%	2.02%	-2.85%	-1.90%	-2.59%	2.26%	3.25%
\$RUT	1.51%	1.09%	-1.22%	-1.65%	-3.41%	-0.31%	3.63%
QQQ	-0.91%	2.09%	-2.98%	-1.56%	-2.21%	1.64%	3.73%
\$TRAN	2.56%	2.85%	-2.25%	-0.67%	-3.14%	-0.55%	1.41%
XLE	3.50%	1.84%	1.25%	3.43%	-1.21%	-1.37%	3.60%
XLF	2.95%	-0.17%	-0.82%	0.03%	-2.69%	0.03%	2.06%
XLK	0.08%	1.03%	-3.81%	-2.49%	-1.16%	2.27%	4.44%
SOXX	-1.44%	4.39%	-3.77%	-5.13%	-1.23%	1.04%	5.41%
XLV	3.45%	-0.77%	-2.06%	2.47%	-1.58%	-0.09%	0.12%
XLY	-2.25%	1.04%	-0.70%	-1.07%	-4.16%	1.23%	3.04%
XRT	1.27%	1.76%	-0.70%	-1.15%	-1.71%	-4.37%	4.21%
XLI	0.87%	0.56%	-1.74%	0.60%	-2.43%	0.28%	2.12%
XLU	2.41%	-2.07%	-4.55%	0.91%	-1.67%	0.22%	-1.56%
XME	0.16%	1.99%	-1.90%	-1.41%	0.49%	-1.58%	5.54%
XLP	1.82%	0.62%	-1.91%	0.20%	-2.38%	-0.82%	-0.39%
XLB	0.59%	1.81%	-1.99%	-1.02%	-2.28%	-0.04%	3.74%
XLC	-2.37%	4.96%	-2.50%	0.04%	-3.07%	0.49%	2.63%
XHB	-1.21%	2.38%	-0.69%	-0.75%	-4.41%	-0.30%	6.21%

Weekly Percent Change US Indexes and Sectors table as of Sep 1, 2023 - The Strongest Index this week was the Nasdaq-100 (NDX or QQQ) with the Russell 2000 close behind. The S&P and Dow Industrials show much smaller gains this week, hinting at big tech leadership as we have often seen this year. The Biggest stocks in the Nasdaq are part of this show of strength again this week as well as a strong showing of the Semiconductor and Technology sectors.

The Strongest sectors this week included: XHB, XME, SOXX, XLK and XRT that all delivered over +4% gains this week. The SOXX was the strongest sector last week and was also the strongest sector 3 days this week (Monday, Tuesday and Thursday). The XHB sector was the strongest this week and was the strongest on 1 day this week (on Wednesday).

The Weakest sectors this week included: XLU, XLP and XLV. XLU (Utilities) and XLP (Staples) are common defense sectors, and the declines in these two sectors this week suggest a “Risk On” sentiment in the markets, moving cash into growth stocks and big tech.

INDEXes SECTORs	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 08/21/23	End of Day 08/22/23	End of Day 08/23/23	End of Day 08/24/23	End of Day 08/25/23	End of Day 08/28/23	End of Day 08/29/23	End of Day 08/30/23	End of Day 08/31/23	End of Day 09/01/23
\$SPX	0.69%	-0.28%	1.10%	-1.35%	0.67%	0.63%	1.45%	0.38%	-0.16%	0.18%
\$INDU	-0.11%	-0.51%	0.54%	-1.08%	0.73%	0.62%	0.85%	0.11%	-0.48%	0.33%
\$COMPQ	1.56%	0.06%	1.59%	-1.87%	0.94%	0.84%	1.74%	0.54%	0.11%	-0.02%
\$RUT	-0.18%	-0.28%	1.04%	-1.27%	0.40%	0.83%	1.42%	0.40%	-0.19%	1.11%
QQQ	1.61%	-0.14%	1.58%	-2.14%	0.78%	0.75%	2.18%	0.56%	0.30%	-0.11%
\$TRAN	0.03%	-0.72%	1.13%	-0.76%	-0.21%	0.66%	0.86%	0.47%	-1.28%	0.70%

Daily Percent Change US Indexes table as of Sep 1, 2023 - Note the QQQ led on 3 days this week, the Nasdaq composite led on Monday and the Russell 2000 led on Friday. The Dow Industrials were the weakest index 3 days this week. Sometimes leadership continues, and sometimes it alternates days.

Next we will look at a few key Stocks, the same names we looked at last week to see how they did this week.



AAPL daily chart as of Sep 1, 2023 - Apple saw a small rally last week that failed to reach its 20 day SMA and pulled back last Thursday. This week we see a rally that delivered higher highs and higher lows every day, crossing above its 20 day SMA Tuesday and above its 50 day SMA on Wednesday. Thursday and Friday saw smaller gains to end the week up +6.07% and is now above all 3 of its key daily SMAs.



MSFT daily chart as of Sep 1, 2023 - Microsoft saw a strong rally last week that was mostly given back last Thursday. This week we see a smaller rally with higher highs every day and higher lows 4 days with a retest of Thursday's lows on Friday. This week's rally also failed to reach its 50 day SMA or match last week's highs, ending this week up +1.76%.



GOOGL daily chart as of Sep 1, 2023 - Alphabet has been stuck in a horizontal range near \$130 for 4 weeks. This week we finally see a rally above this range with higher highs and higher lows 4 days this week and a small pull back on Friday to end this week up +4.45%.



AMZN daily chart as of Sep 1, 2023 - Amazon saw a failed rally last week that gave back all of its gains last Thursday. This week we see higher highs and higher lows every day this week, from the 50 day SMA Support on Monday and crossing above its 20 day SMA on Thursday. Friday saw a small pull back to end the week up +3.65%.



TSLA daily chart as of Sep 1, 2023 - Tesla saw a small rally early last week and then paused most of the week. This week we see higher highs and higher lows for 4 days in a row with a large rally Tuesday up to its 50 day SMA and then a large sell-off on Friday to end the week up +2.69%.



NVDA daily chart as of Sep 1, 2023 - Nvidia saw a failed rally last week that peaked last Thursday and fell back to its 20 day SMA Support on last Friday. This week we saw a retest of the 20 day SMA Support Monday then a Rally Tuesday and Wednesday. Thursday saw a pause and 'Inside' day. Friday saw a Bearish Engulfing candle to end the week up +5.41%.



META daily chart as of Sep 1, 2023 - Meta saw a failed rally up to its 50 day SMA last week that gave back most of its gains last Thursday and Friday. This week we saw higher highs and higher lows on Monday and Tuesday back up to test the 20 day SMA as Resistance. Wednesday saw an 'Inside' day. Thursday and Friday saw failed tests above the 50 day SMA that closed each day below its 20 day SMA, ending the week up +3.81%.

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	1.64%	3.73%
AAPL	2.36%	6.07%
MSFT	2.05%	1.76%
GOOGL	1.90%	4.45%
AMZN	0.03%	3.65%
TSLA	10.72%	2.69%
NVDA	6.28%	5.41%
META	0.79%	3.81%

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

Apple, Alphabet and Nvidia all outperformed the QQQs last week and again this week. Meta outperformed the QQQs this week but not last week and Microsoft outperformed the QQQs last week but not this week.



JPM daily chart as of Sep 1, 2023 - JP Morgan saw a lower low and failed bounce last week. This week we again see a failed rally Monday and Tuesday that sold off Wednesday and Thursday to new lows for this week. Friday saw a lower high and lower low and a higher close to end the week down -0.16%.



CAT daily chart as of Sep 1, 2023 - Caterpillar saw a pause last week near its \$269 Support. This week CAT delivered higher highs and higher lows every day, crossing above its 20 day SMA on Tuesday and nearly reached its Aug. 10th prior highs on Friday, ending the week up +5.02%.



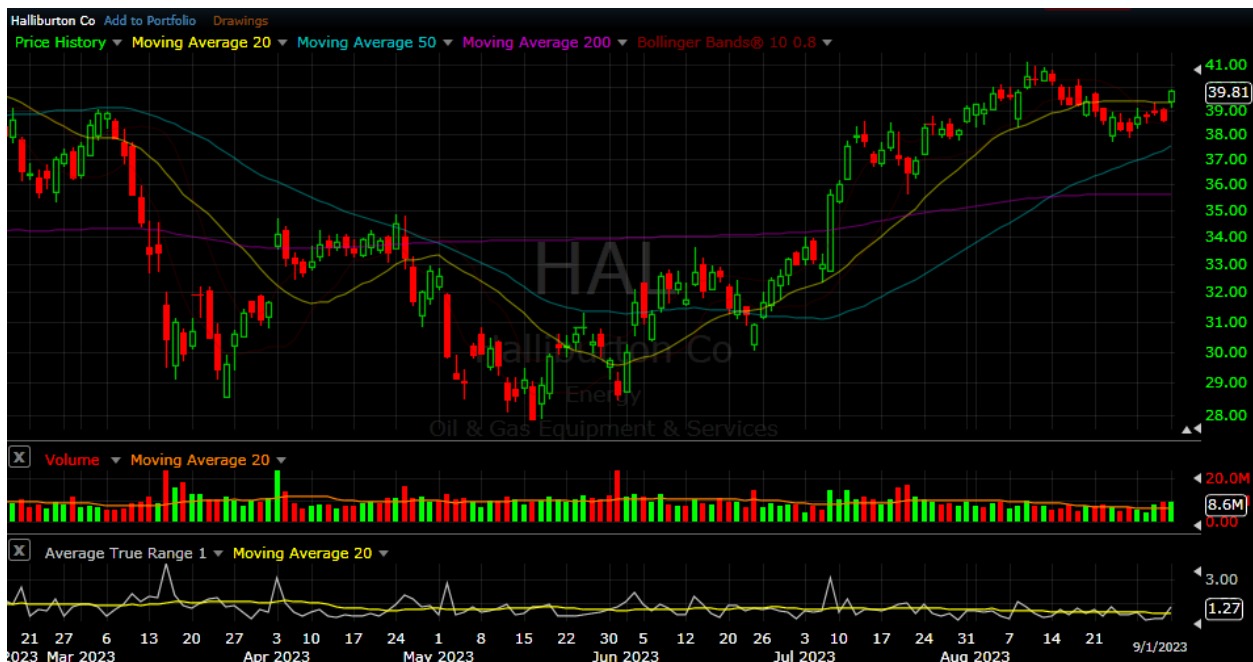
COST daily chart as of Sep 1, 2023 - Costco found support late last week near \$530.5. This week saw higher highs and higher lows every day, crossing above its 50 day and 20 day SMAs on Thursday then crossing back below both SMAs on Friday to end the week up +1.92%.



AMD daily chart as of Sep 1, 2023 - AMD saw a failed rally last week, above its 20 day SMA on Thursday before dropping to new 3-month Lows on Thursday and Friday. This week we saw an 'Inside' day on Monday followed by 4 days of higher highs and higher lows, crossing above its 20 day SMA on Friday to end the week up +7.04%.



INTC daily chart as of Sep 1, 2023 - Intel saw a failed rally up to its 50 day SMA Resistance last week. This week we see higher highs and higher lows every day as the rally crossed above its 20 day and 50 day SMAs on Tuesday and accelerated higher on Thursday and Friday, ending the week up +10.11% and not far from its 2023 highs seen on July 31st.



HAL daily chart as of Sep 1, 2023 - Halliburton saw a 2 week decline find support last week at \$37.69. This week saw a bounce from that support continue with higher closes for 3 days, testing the 20 day SMA as Resistance on Wednesday. Thursday saw a pullback followed by a gap up and rally above its 20 day SMA on Friday, ending the week up +4.35%. HAL is now above all 3 of its key daily SMAs.



SLB daily chart as of Sep 1, 2023 - Schlumberger has been mostly inside a range from \$56 to \$58.5 for nearly 7 weeks with a brief 4 day pop higher Aug. 8th - 14th. This week we see a rally up to its 20 day SMA on Monday then continues higher Tuesday above its 20 day SMA with higher highs seen every day this week. Friday saw a gap up and new 7-month highs to end the week up +6.48% and now above all 3 of its key daily SMAs.



TGT daily chart as of Sep 1, 2023 - Target has been mostly horizontal since early June then saw new multi-year lows in each of the past 2 weeks. This week we saw an 'Inside' day on Monday followed by a one day rally on Tuesday up to new Resistance near \$127.7. Wednesday and Thursday were quiet horizontal days with a failed rally below the 20 day SMA Friday to end the week up +3.06%. TGT remains below all 3 of its key daily SMAs.



DE daily chart as of Sep 1, 2023 - John Deere saw a large drop 2 weeks ago before and after reporting Earnings. Last week saw a mostly horizontal pause near the new lows. This week we saw higher highs and higher lows every day, crossing above its 200 day SMA Wednesday, its 20 day SMA Thursday and above its 50 day SMA on Friday to end the week up +7.35% and is now above all 3 of its key daily SMAs.

Out of the nine stock charts we looked at above (after the biggest 7 stocks) we saw that 6 of them delivered over +4% gains this week, well above the QQQ's +3.73% gains this week. These 6 include: CAT, AMD, INTC, HAL, SLB and DE. These 6 stocks included 2 Industrial sector names (CAT and DE), 2 Semiconductors (AMD and INTC) and 2 Energy sector names (HAL and SLB).

By paying attention to the strongest names in the strongest sectors we can improve our odds on Bullish trades. Similarly, by paying attention to the weakest names in the weakest sectors we can improve our odds on Bearish trades. In the above charts we saw a few examples from several different sectors.

We also reviewed the '3 Wave' pattern example this week in the QQQ 15 min. chart. This strategy is built upon the belief that Trend 'Continuation' patterns occur more often than Trend 'Reversal' patterns. And it is 'practical' to implement since you will never know when a wave begins or ends until 'AFTER' the fact. It is impossible to recognize the end of wave 1 until well after it is done. However, we can learn to recognize a Wave 1 and Wave 2 pattern after Wave 2 is done and Wave 3 is beginning. If we assume that Wave 3 might be similar in size as was Wave 1, and we have recognized this opportunity early enough into Wave 3's move to still have sufficient Reward to justify taking a Risk, then trying to ride the remaining part of 'Wave 3' is a realistic objective. As with any trading strategy, you must have clearly defined your goals, risks and position size limits since not every trade will work, and one must limit their risks in order to survive to trade again.

Next week is a short Holiday week with the US markets closed on Monday (Sept 4th) for Labor Day.

Trade Smart,
CJ