



Market Observations - as of September 22, 2023

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

We did not publish a 'Market Observations' last week (week ending Sept 15, 2023) so we will include some data for both last week and this week in this week's 'Market Observations'.

Last week we saw the markets pause for three days (Sept. 11-13) near or just a few points above the prior Friday's close (Sept. 8th) and remain in a narrow horizontal range. On Thursday (Sept. 14th) we saw a small gap up and rally to new highs for the week. However, the rally Thursday did not show much strength since it barely could deliver a daily true range equal to the 20 period Average True Range for the Nasdaq or S&P. On the following day, Friday (Sept. 15th) we saw a gap down with stronger selling all day. The True Range seen on Friday was bigger than the average range (ATR) and was the largest range day so far in September. Friday delivered new lows for the week that also confirmed the failed rally the prior day. Most Indexes ended last week with small losses with the exception of the Dow Industrials and Transports who both delivered small gains.

This week we saw the selling continue with both the S&P and Nasdaq Composite delivering lower lows every day this week. The selling peaked this week on both Wednesday and Thursday (after Jay Powell's Q&A session Wednesday) with much higher range days than the ATR and new True Range highs for the month. Friday saw lower lows and lower highs and accelerated lower the last 30 min. of the day to end the week near the lows.

All the major indexes closed this week lower as well as all of the sectors that I track. This shows us broader breadth in this week's selling. We will see if the breadth this week agrees with the 'Market Internals' charts below.

Oil rallied strong last week and peaked on Monday of this week before rolling over the next 3 days with a small bounce seen on Friday. Gold continues to consolidate near the \$1950 area. The US Dollar rallied last week and continued higher this week to new 6 month highs.

US 10 year Yields rose a little last week (4.25% to 4.32%) and continued higher this week with a big surge seen on Thursday to new 16-year highs at 4.49% then pulled back a little on Friday to end the week at 4.438%. Higher Yields tend to hurt Growth stocks as more folks may prefer to seek safety in Treasuries and Bonds.

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



S&P 500 weekly chart as of Sep 22, 2023 - We see small decline the prior 2 weeks and a large decline this week that crossed and closed below the 20 week SMA. This week was one of the largest down weeks so far this year, maybe the 2nd or 3rd largest down week. The Grey Trend Line (drawn between the Oct. 2022 lows and March 2023 lows) is now just above the 4200 area and is a key level to watch.



S&P 500 daily chart as of Sep 22, 2023 - We see the failed rally last week (Sept 14) and the strong decline the following day (Sept 15) the crossed below the 50 day and 20 day SMAs. This week began with continued small declines on Monday and Tuesday then a strong decline Wednesday and Thursday with a smaller drop seen on Friday, ending the week down -2.93%. The S&P is now below its 50 day and 20 day SMAs.



S&P 500 15 min. chart as of Sep 22, 2023 - Last week was quiet for 3 days, then rallied last Thursday but failed to reach its upper weekly Expected Move. Friday saw a gap down with follow through lower all day to end last week 'Inside' its weekly Expected Move.

This week we saw the selling continue with lower lows every day this week. Monday and Tuesday saw small declines while Wednesday saw a pause until after the Fed Rate announcement then a sharp decline as Jay Powell spoke. Thursday saw a large gap down below its weekly Expected Move with follow through lower, breaking below its prior Lows from Aug. 18th and tough twice the Expected Move (-2x E.M.) at the end of the day. Friday saw a failed rally followed by lower lows late in the day, ending the day below the Aug. 18th lows and below the -2x Expected Move with new lows for the day, week and month.

Note how the selling accelerated 'After' Jay Powell began to speak for the remainder of the day on Wednesday and strong selling continued most of Thursday. We will look at a 1 min. chart below to see these 'Reactions' to the FOMC and to Jay Powell's Q&A session that began 30 min. after the rate announcement.



S&P 500 1 min. chart as of Sep 20, 2023 - We can see the S&P was very quiet and flat most of the day on Wednesday up until the FOMC No Rate Change announcement at 11:00am PT (2:00 pm ET). The initial reaction was a negative drop of about -19 points that was slowly and FULLY recovered in 30 minutes by the time that Jay Powell began his press conference and Q&A session.

As Jay Powell spoke and answered questions, the market reacted with steady selling for 90 min. as the S&P declined about -50 points to the close Wednesday.

The Gap Down at the open Thursday of -27.5 points was a significant sized gap (as compared to S&P history) and never showed any signs of being filled, but quickly showed signs of 'Continuation' lower.

This is an example of watching the 'Reactions' to a scheduled news event, and then observing how the market acts. Some event reactions may be negated by the market soon returning to the same price that was in place just before the news came out. Other times the event may act as a trigger to motivate either the buyers or sellers, and we will see quickly who has the stronger convictions. We saw an example of each of these two reactions in this week's Fed Announcement and with Jay Powell's comments.

As an Objective Trader, we pay attention to the calendar and when key 'events' take place. We do not predict the reactions, but observe them as they take place, regardless of what the news actually is.



DJIA weekly chart as of Sep 22, 2023 - Last week we saw a pause in the Industrials followed by a strong decline this week, crossing below its 20 week SMA and breaking below the prior August lows.



DJIA daily chart as of Sep 22, 2023 - Last week saw a 3 day pause near the 20 day SMA with a rally above the 50 day SMA on last Thursday. That rally failed with the decline back below the 50 day SMA the following day. This week we saw a pause near the 20 day SMA on Monday then a cross and close below Tuesday. Each day this week saw a lower close after a failed rally Wednesday and a large gap down and strong selling Thursday. Friday saw lower lows to end the week down -1.89%.



Nasdaq weekly chart as of Sep 22, 2023 - We saw a small decline last week and a much larger decline this week crossing and closing below its 20 week SMA. A Grey Trend Line is drawn between the Jan. and March lows and is a key level we will watch as the Nasdaq Composite approaches this level.



Nasdaq daily chart as of Sep 22, 2023 - Last week the Nasdaq tried to break above its 50 day SMA on Monday and Thursday, but failed to remain above this key SMA each time. The 20 day SMA provided support last Wednesday but then failed as the Nasdaq broke and closed below the 20 day SMA last Friday. This week we see lower lows every day this week as the Nasdaq remained below its 50 day and 20 day SMAs. Wednesday saw a large range decline with a large gap down and more selling Thursday. Friday delivered lower lows to end the week down -3.62% and nearly testing its Aug. Lows and its Grey Trend Line.



Russell 2000 weekly chart as of Sep 22, 2023 - The Russell declined from its 20 week to its 50 week SMA last week. This week we see a larger decline below all 3 of its key SMAs and below its Aug. lows.



Russell 2000 daily chart as of Sep 22, 2023 - Last week the Russell remained below its 20 day SMA and briefly broke below its 200 day SMA last Wednesday. This week we saw the Russell close below its 200 day SMA on Monday and deliver lower lows and a lower close every day this week, ending the week down -3.82% and now filling half of the June 2nd gap.

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



McClellan Summation Index weekly chart as of Sep 22, 2023 - Last week we saw a continuation of a small decline from -8.87 to -45.09. This week we saw a larger decline to -196.89.



McClellan Summation Index daily chart as of Sep 22, 2023 - Last week we saw a continuation lower with a small decline from -8.87 to -45.09. This week we saw a larger decline to -196.89 and a steeper downward slope.



NYSE Percent above 200 day SMA daily chart as of Sep 22, 2023 - Last week we saw a small bounce up from 50.75% to 54% at the 200 day SMA on last Thursday and a close last Friday at 53.06%. This week we see a decline that accelerated Wednesday and Thursday then slowed on Friday to end this week at 44.63%.



NYSE Percent above 50 day SMA daily chart as of Sep 22, 2023 - Last week we saw a small bounce from 36.25% to 41% last Thursday and pulled back last Friday to end last week at 39.76%. This week we see a decline that accelerated Wednesday and Thursday and then nearly paused Friday to end this week at 25.93%.



VIX daily chart as of Sep 22, 2023 - Last week the VIX paused on Monday and Tuesday, then declined Wednesday and Thursday. Last Friday saw a lower open but then rose to end the week at 13.79. This week we see the VIX pause Monday and Tuesday (again) then rise on Wednesday above its 20 day and 50 day SMAs and continued higher Thursday to nearly its 200 day SMA. Friday saw an 'Inside' day to end this week at 17.2.



VVIX daily chart as of Sep 22, 2023 - The VVIX saw a pause for 3 days last week before it declined last Thursday and returned higher on last Friday. This week we see a higher open Monday that declined and continued lower Tuesday. Wednesday saw a strong move higher with a gap up Thursday above its 50 day SMA. Friday saw a pull back and return to the 50 day SMA.

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



Oil daily chart as of Sep 22, 2023 - Oil priced rallied last week with higher highs and higher lows every day. The rally continued on Monday of this week to peak at \$92.43. Tuesday and Wednesday saw a pull back with lower lows on Thursday and a higher close. Friday saw a small increase to end this week at \$90.33. Note the strong Volume 3 days this week, likely due to the Oil contract roll over on Monday.



Gold daily chart as of Sep 22, 2023 - Gold prices continue to consolidate near the \$1950 area with a dip to the 200 day SMA last week and a brief spike above the 50 day SMA this week. Note how all 3 of the key daily SMAs are clustered together. This is a sign of a long term consolidation area.



US Dollar Index daily chart as of Sep 22, 2023 - The US Dollar continued to rally last week and again this week, delivering new 6-month highs this week.



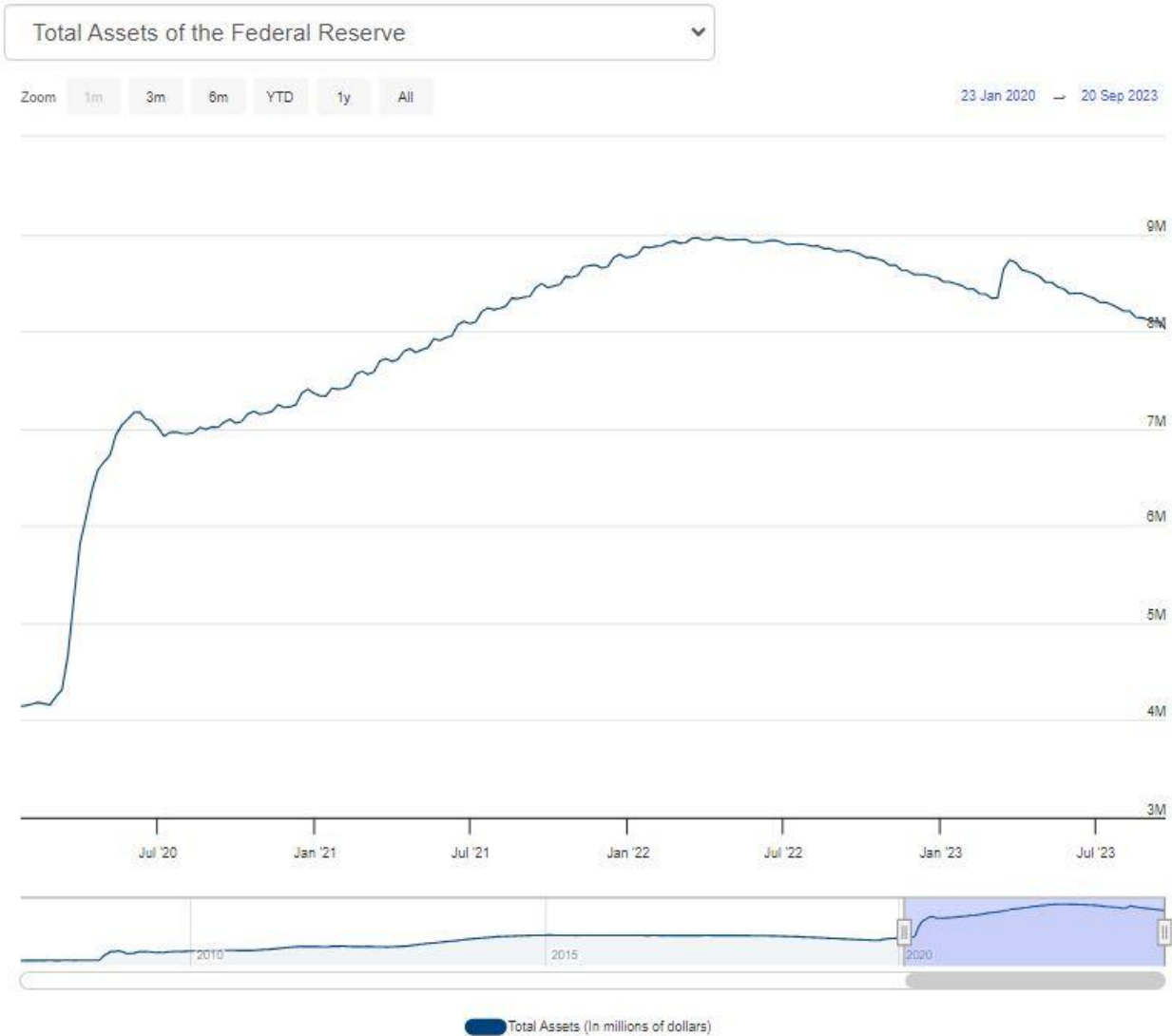
US 10 year Treasury daily chart as of Sep 22, 2023 - The 10 year Treasury paused near its 20 day SMA most of last week before selling lower last Friday. The selling continued lower this week with lower lows every day but on Friday. Thursday delivered new 16 year lows. Friday saw a small bounce to end the week near the new lows.



US 10 year Yield daily chart as of Sep 22, 2023 - The 10 year Yields saw a rally last week and near retested the August highs last Wednesday. This week the rising Yields continued higher, briefly breaking above the August highs on Tuesday, pulling back a little Wednesday before gapping much higher Thursday to new 16 year highs at 4.49%. Friday saw a small pullback to end the week at 4.43% Yields.

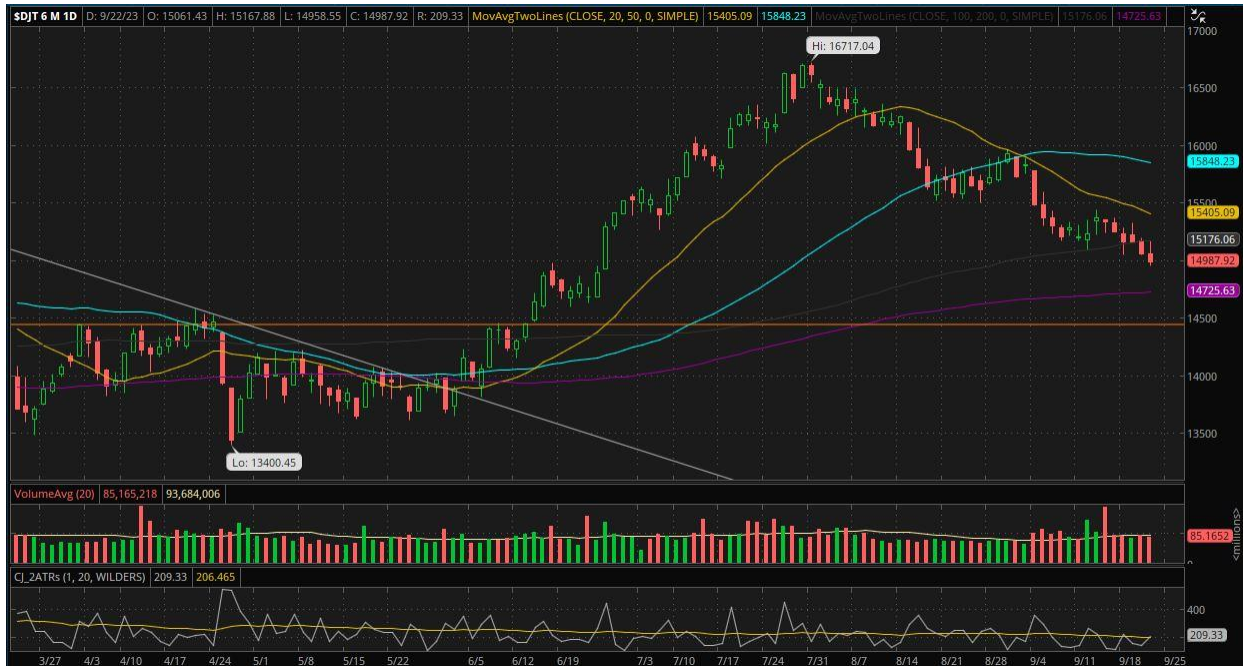
| Date | 1 Mo | 2 Mo | 3 Mo | 4 Mo | 6 Mo | 1 Yr | 2 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr | 20 Yr | 30 Yr |
|------------|------|------|------|------|------|------|------|------|------|------|-------|-------|-------|
| 09/01/2023 | 5.51 | 5.55 | 5.53 | 5.58 | 5.47 | 5.36 | 4.87 | 4.57 | 4.29 | 4.27 | 4.18 | 4.48 | 4.29 |
| 09/05/2023 | 5.51 | 5.56 | 5.55 | 5.59 | 5.51 | 5.42 | 4.94 | 4.65 | 4.37 | 4.35 | 4.27 | 4.56 | 4.38 |
| 09/06/2023 | 5.52 | 5.55 | 5.55 | 5.60 | 5.52 | 5.44 | 5.01 | 4.73 | 4.44 | 4.39 | 4.30 | 4.56 | 4.37 |
| 09/07/2023 | 5.52 | 5.56 | 5.53 | 5.59 | 5.50 | 5.40 | 4.94 | 4.66 | 4.38 | 4.35 | 4.27 | 4.55 | 4.36 |
| 09/08/2023 | 5.52 | 5.56 | 5.55 | 5.60 | 5.49 | 5.42 | 4.98 | 4.68 | 4.39 | 4.35 | 4.26 | 4.52 | 4.33 |
| 09/11/2023 | 5.52 | 5.56 | 5.55 | 5.58 | 5.51 | 5.40 | 4.97 | 4.64 | 4.40 | 4.37 | 4.29 | 4.56 | 4.37 |
| 09/12/2023 | 5.52 | 5.56 | 5.56 | 5.58 | 5.53 | 5.42 | 4.98 | 4.66 | 4.41 | 4.36 | 4.27 | 4.54 | 4.35 |
| 09/13/2023 | 5.53 | 5.56 | 5.55 | 5.60 | 5.51 | 5.42 | 4.96 | 4.64 | 4.39 | 4.34 | 4.25 | 4.52 | 4.34 |
| 09/14/2023 | 5.52 | 5.57 | 5.55 | 5.59 | 5.50 | 5.42 | 5.00 | 4.68 | 4.42 | 4.38 | 4.29 | 4.57 | 4.39 |
| 09/15/2023 | 5.51 | 5.56 | 5.56 | 5.60 | 5.49 | 5.43 | 5.02 | 4.72 | 4.45 | 4.41 | 4.33 | 4.59 | 4.42 |
| 09/18/2023 | 5.53 | 5.56 | 5.55 | 5.60 | 5.51 | 5.44 | 5.05 | 4.74 | 4.46 | 4.41 | 4.32 | 4.57 | 4.40 |
| 09/19/2023 | 5.53 | 5.56 | 5.54 | 5.59 | 5.51 | 5.45 | 5.08 | 4.79 | 4.51 | 4.47 | 4.37 | 4.60 | 4.43 |
| 09/20/2023 | 5.53 | 5.57 | 5.56 | 5.61 | 5.51 | 5.47 | 5.12 | 4.82 | 4.52 | 4.46 | 4.35 | 4.57 | 4.40 |
| 09/21/2023 | 5.52 | 5.57 | 5.57 | 5.61 | 5.52 | 5.46 | 5.12 | 4.85 | 4.61 | 4.57 | 4.49 | 4.74 | 4.56 |
| 09/22/2023 | 5.52 | 5.58 | 5.56 | 5.61 | 5.52 | 5.46 | 5.10 | 4.80 | 4.57 | 4.53 | 4.44 | 4.70 | 4.53 |

US Yield rates daily table as of Sep 22, 2023 - The short term Yields changed very little over the past 2 weeks while the longer terms increased both last week and this week, peaking on Thursday (Sept. 21st) and only pulling back a little on Friday.



FOMC Balance Sheet weekly chart as of Sep 20, 2023 - Last week the Fed decreased its Balance Sheet by \$2.539 Billion (Sept. 13th) and this week it decreased its Balance Sheet by \$74.689 Billion to a current Total Assets of \$8.024090 Trillion. We have seen over \$8. Trillion in stimulus since July 2021.

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



Dow Transportation Index daily chart as of Sep 22, 2023 - Last week we saw a pause and small uptick in the Transports that ended last week up +0.86%. This week we saw the decline resume to end this week down -2.29%. The Transports continue to remain below their 50 day and 20 day SMAs and have kept a consistent distance below its 20 day SMA over the past 2 weeks.



XLE daily chart as of Sep 22, 2023 - The Energy sector rallied last week and peaked last Thursday with new 10-month highs before pulling back last Friday to end last week down only -0.04%. This week we see a strong decline crossing below its 20 day SMA Thursday and ending the week down -2.22%.



XLF daily chart as of Sep 22, 2023 - The Financial sector rallied last week and peaked last Thursday before pulling back a big last Friday to end last week up +1.55%. This week we see a pause above the 50 day SMA on Monday and Tuesday then a sharp decline Wednesday below its 50 day SMA, gapping below its 20 day SMA on Thursday and crossing below its 200 day SMA. Friday saw lower lows below its 200 day SMA and nearly reached its August lows, ending this week down -2.93%.



QQQ weekly chart as of Sep 22, 2023 - We see a strong decline this week that crossed below its 20 week SMA and looks like it touched its Grey Support Trend Line that was drawn between the January and March Lows.



QQQ daily chart as of Sep 22, 2023 - Last week we saw a failed rally Monday, a dip to the 50 day SMA Tuesday, a pause Wednesday then a failed rally Thursday that was followed with strong selling last Friday that crossed and closed below its 50 day and 20 day SMAs on big volume to end last week down - 0.48%. This week we saw selling continue with lower lows every day this week. Wednesday saw a strong selling day and Thursday saw a big gap down to break below its 2023 Support Trend Line (Grey line). Friday saw lower lows to end the week down -3.34%. The Lows this week did not exceed the prior August lows, but are getting close.



SOXX daily chart as of Sep 22, 2023 - Last week the Semiconductor sector saw a pause that straddled its 20 day SMA for four days before breaking lower last Friday to end last week down -2.58% to deliver new September lows. This week the selling continued with lower every day the week except on Friday, breaking below the August lows on Wednesday and gapping lower Thursday. Friday saw a very small bounce to end this week down -3.14%.



XLC daily chart as of Sep 22, 2023 - The Communication Services sector saw a failed rally on Monday and Thursday last week that was followed each time with lower lows the following day, ending last week up +0.82% and still above all 3 key daily SMAs. This week saw a pause Monday and Tuesday followed by strong selling Wednesday that crossed and close below both the 50 day and 20 day SMAs. Thursday saw a gap down with lower lows and a lower close both Thursday and Friday, ending this week down -2.56%.

| <i>INDEXes</i> | Week Ending | Week Ending | Week Ending | Week Ending | Week Ending | Week Ending | Week Ending |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>SECTORs</i> | 8/11/2023 | 8/18/2023 | 8/25/2023 | 9/1/2023 | 9/8/2023 | 9/15/2023 | 9/22/2023 |
| \$SPX | -0.31% | -2.11% | 0.82% | 2.50% | -1.29% | -0.16% | -2.93% |
| \$INDU | 0.62% | -2.21% | -0.45% | 1.43% | -0.75% | 0.12% | -1.89% |
| \$COMPQ | -1.90% | -2.59% | 2.26% | 3.25% | -1.93% | -0.39% | -3.62% |
| \$RUT | -1.65% | -3.41% | -0.31% | 3.63% | -3.61% | -0.24% | -3.82% |
| QQQ | -1.56% | -2.21% | 1.64% | 3.73% | -1.33% | -0.48% | -3.34% |
| \$TRAN | -0.67% | -3.14% | -0.55% | 1.41% | -3.96% | 0.86% | -2.29% |
| XLE | 3.43% | -1.21% | -1.37% | 3.60% | 1.44% | -0.04% | -2.22% |
| XLF | 0.03% | -2.69% | 0.03% | 2.06% | -1.12% | 1.55% | -2.93% |
| XLK | -2.49% | -1.16% | 2.27% | 4.44% | -1.94% | -2.25% | -2.45% |
| SOXX | -5.13% | -1.23% | 1.04% | 5.41% | -3.53% | -2.58% | -3.14% |
| XLV | 2.47% | -1.58% | -0.09% | 0.12% | -1.13% | 0.10% | -1.14% |
| XLY | -1.07% | -4.16% | 1.23% | 3.04% | -0.54% | 1.80% | -6.15% |
| XRT | -1.15% | -1.71% | -4.37% | 4.21% | -4.07% | 0.40% | -3.98% |
| XLI | 0.60% | -2.43% | 0.28% | 2.12% | -2.91% | -0.60% | -2.66% |
| XLU | 0.91% | -1.67% | 0.22% | -1.56% | 0.86% | 2.79% | -1.75% |
| XME | -1.41% | 0.49% | -1.58% | 5.54% | -3.29% | 3.71% | -3.03% |
| XLP | 0.20% | -2.38% | -0.82% | -0.39% | -0.61% | 0.49% | -1.99% |
| XLB | -1.02% | -2.28% | -0.04% | 3.74% | -2.41% | -0.11% | -3.62% |
| XLC | 0.04% | -3.07% | 0.49% | 2.63% | -0.21% | 0.82% | -2.56% |
| XHB | -0.75% | -4.41% | -0.30% | 6.21% | -3.57% | -2.89% | -3.21% |

Weekly Percent Change US Indexes and Sectors table as of Sep 22, 2023 - Last week most indexes closed lower with the exception of the Dow Industrials and Transports.

The strongest sectors last week included: XME, XLU, XLY and XLF who all delivered over +1% gains.

The weakest sectors last week included: XHB, SOXX, XLK and XLI.

This week we saw all key indexes close lower and by a significant amount, the largest weekly declines seen since March 10th in most indexes.

ALL sectors closed lower this week. That is a key sign of selling **breadth** this week.

The strongest sectors this week, that declined by less than -2% were: XLV, XLU and XLP, the typical flight to safely candidates.

The weakest sectors this week included: XLY, XRT, XLB, QQQ, XHB, SOXX and XME that were all down by over -3.0%.

| INDEXes SECTORs | Mon | Tue | Wed | Thur | Fri | Mon | Tue | Wed | Thur | Fri |
|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | End of Day 09/11/23 | End of Day 09/12/23 | End of Day 09/13/23 | End of Day 09/14/23 | End of Day 09/15/23 | End of Day 09/18/23 | End of Day 09/19/23 | End of Day 09/20/23 | End of Day 09/21/23 | End of Day 09/22/23 |
| \$SPX | 0.67% | -0.57% | 0.12% | 0.84% | -1.22% | 0.07% | -0.21% | -0.94% | -1.64% | -0.23% |
| \$INDU | 0.25% | -0.05% | -0.20% | 0.96% | -0.83% | 0.02% | -0.31% | -0.22% | -1.08% | -0.31% |
| \$COMPQ | 1.14% | -1.04% | 0.29% | 0.81% | -1.56% | 0.01% | -0.23% | -1.53% | -1.82% | -0.09% |
| \$RUT | 0.19% | 0.01% | -0.78% | 1.40% | -1.05% | -0.69% | -0.42% | -0.90% | -1.56% | -0.30% |
| QQQ | 1.17% | -1.11% | 0.38% | 0.82% | -1.71% | -0.04% | -0.21% | -1.44% | -1.83% | 0.01% |
| \$TRAN | 0.51% | -0.54% | 0.17% | 0.92% | -0.19% | -0.56% | -0.58% | 0.01% | -0.71% | -0.47% |

Daily Percent Change US Indexes table as of Sep 22, 2023 - Last week we saw the Russell 2000 and the QQQ alternate with leadership every day both higher and lower.

This week we see the QQQ and Transports alternate with leadership both up and down. The S&P showed relative strength on Monday and Tuesday. Wednesday and Thursday saw the largest declines for most indexes this week.

Next we will look at a few key Stocks.

These are the same names we have looked at in previous 'Market Observations' that cover both the largest 7 stocks in the Nasdaq-100 and a sample of key stocks from several different sectors (Financial, Industrial, Semiconductor, Energy and Retail sectors).



AAPL daily chart as of Sep 22, 2023 - Apple has remained within a range between \$173.5 and \$180 for nearly two and a half weeks. This range is also just below its 20 day SMA that has now become flat and without much slope. AAPL ended last week down -1.78% and ended this week down -0.13%.



MSFT daily chart as of Sep 22, 2023 - Last week Microsoft saw a failed rally on Monday and on Thursday and each one was followed with lower lows the next day. MSFT ended last week below its 50 day SMA and down -1.21%. This week opened below its 20 day SMA and saw lower lows every day this week except on Friday and a lower close every day this week, ending this week down -4.00%. MSFT did not exceed its August lows this week.



GOOGL daily chart as of Sep 22, 2023 - Last week Alphabet saw a failed rally on Monday that was followed by lower lows the next day. The rally Wednesday and Thursday was not followed by lower lows on Friday and ended last week up +0.75%. We saw higher highs Monday of this week that were new 52 week highs. Tuesday saw a small pullback followed by strong selling Wednesday that crossed and closed below its 20 day SMA. Thursday saw a large gap down and selling below its 50 day SMA. Friday saw lower lows and a lower close to end this week down -5.220%.



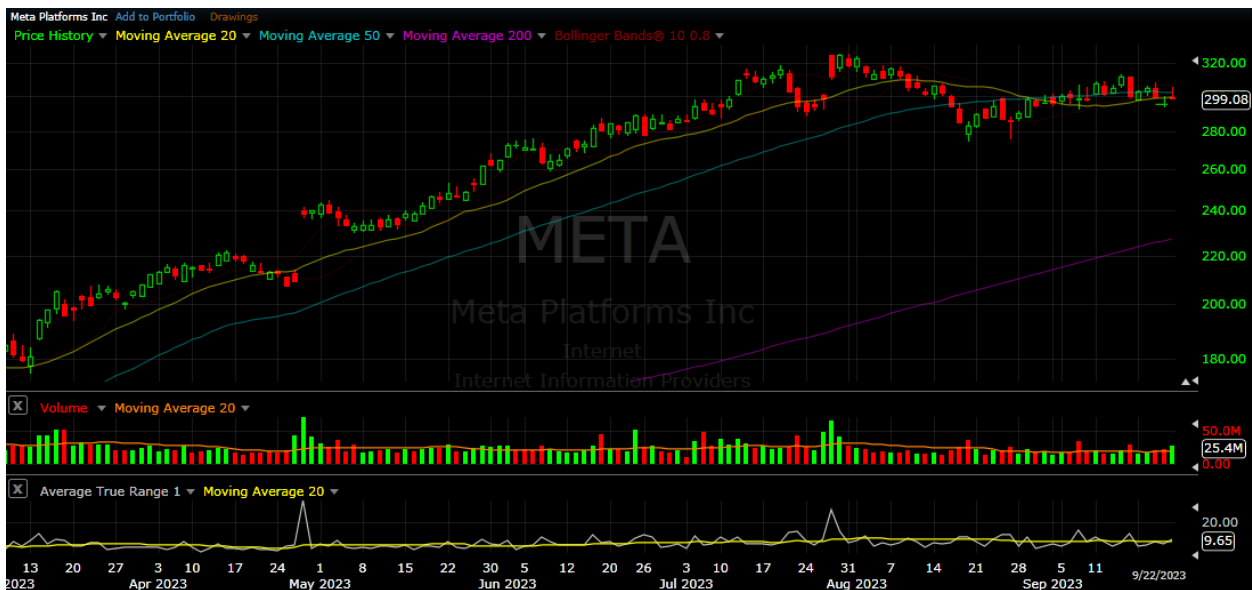
AMZN daily chart as of Sep 22, 2023 - Amazon continued its rally last week that peaked last Thursday with new 52 week highs that failed to retest the prior Aug. 2022 highs. Last Friday saw a pull back to end last week up +1.56%. This week saw lower lows and a lower close every day this week, crossing below its 20 day SMA Tuesday and below its 50 day SMA on Wednesday. Thursday saw a large gap down to lower lows that continued lower Friday to end this week down -8.03%.



TSLA daily chart as of Sep 22, 2023 - Last week Tesla saw a large gap up and rally last Monday, a minor pull back Tuesday, and continued rally Wednesday and Thursday with higher highs for last week on Friday before pulling back a bit to end last week up +10.42%. This week saw a reversal Monday with lower lows every day this week except on Wednesday. Thursday gapped down and crossed below the 20 day and 50 day SMAs. Friday saw a large selling day range day to end this week down -10.75%, giving back all of last week's gains plus a bit more.



NVDA daily chart as of Sep 22, 2023 - Last week Nvidia saw a pause that straddled its 50 day SMA every day until last Friday's strong selling day to lower lows for the week and month, ending last week down -3.67%. This week began with a gap down and failed rally Monday that continued lower the next 3 days with lower lows. Friday saw a small bounce to end this week down -5.22%. NVDA has not yet broken below its August lows.



META daily chart as of Sep 22, 2023 - Meta continued to act like it is glued to its 50 day SMA last week, with a failed rally last Thursday and a close below its 50 day SMA last Friday, ending last week up +0.81%. This week again straddled the 50 day SMA with a failed break down on Thursday below its 20 day SMA that was nearly recovered the next day with a close on Friday 19 cents below its 20 day SMA, ending this week down -0.41%.

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 | -0.48% | -3.34% |
| AAPL | -1.78% | -0.13% |
| MSFT | -1.21% | -4.00% |
| GOOGL | 0.75% | -5.20% |
| AMZN | 1.56% | -8.03% |
| TSLA | 10.42% | -10.75% |
| NVDA | -3.67% | -5.22% |
| META | 0.81% | -0.41% |

In the table above the **green highlighted** values are where the gains were greater than were the QQQ's gains (or lower losses) for that week.

Note that **all 7** of these stocks are now below both their 50 day and 20 day SMAs.

Note that **6** of these **7** stocks saw much bigger declines this week as compared to last week's smaller decline or rally. The only stock that did better this week than last week was AAPL.

Note that none of these **7** stocks has broken below their August Lows this week.



JPM daily chart as of Sep 22, 2023 - JP Morgan saw a strong rally last week, crossing above its 20 day SMA and ending the week up +3.46%. This week JPM paused for 3 days then broke down Thursday to its 20 day SMA and crossed below this SMA on Friday to end the week down -2.07%.



CAT daily chart as of Sep 22, 2023 - Caterpillar remained mostly horizontal last week with a brief dip last Wednesday below its 20 day SMA that recovered back above the next day to end last week down -1.11%. This week saw horizontal pause continue for 3 days then broke down with a gap down Thursday to cross and close below its 50 day SMA. Friday saw a small bounce to end the week down -2.18%.



COST daily chart as of Sep 22, 2023 - Costco continued its rally last week, peaking on last Thursday at \$566.70 and pulling back with strong selling last Friday to end last week up +0.94. This week saw a bounce Monday and Tuesday that peaked Wednesday at \$569.22 with a higher high that sold off Thursday nearly back to its 50 day SMA. Friday saw a small bounce to end the week up +0.40%.



AMD daily chart as of Sep 22, 2023 - Last week AMD sold lower Monday then rallied the next 3 days back above its 20 day SMA just to sell off Thursday and back below its 20 day SMA on Friday to end the week down -4.34%. This week AMD saw a lower low Monday and failed rally that paused on Tuesday. Wednesday briefly saw a higher high before selling off to a new lower close for this week. Thursday saw a gap down to lower lows nearly reaching its 200 day SMA. Friday saw new 4-month lows and a pause near these new lows to end this week down -5.21%.



INTC daily chart as of Sep 22, 2023 - Intel continued its rally last week on Monday and last Tuesday to deliver new 52 week highs Tuesday before pulling back. Last Wednesday and Thursday saw a pause near last Tuesday's close before breaking lower Friday to give back off of last week's gains and ending last week down -0.34%. This week saw the selling continue with lower lows and lower highs delivered every day this week, crossing below its 20 day and 50 day SMAs on Wednesday and closing lower Thursday and Friday to end this week down -9.77%. Intel gave back the prior 2 weeks of gains this week.



HAL daily chart as of Sep 22, 2023 - Halliburton continued its rally last week with only a small pullback last Friday to end last week up +2.01%. This week the rally continued Monday and peaked Tuesday with higher highs, nearly retesting the 52 week highs before selling off Tuesday to lower lows. Wednesday saw a pause near the prior day's lows. Thursday saw selling down to test its 20 day SMA as Support. Friday saw a lower close that was just 5 cents below its 20 day SMA, ending this week down - 3.51%.



SLB daily chart as of Sep 22, 2023 - Schlumberger continued its rally last Monday and Tuesday where it peaked at \$61.12 Tuesday. Wednesday saw a pull back of all gains last week. Thursday saw an Inside day followed by decline to lower lows last Friday, ending last week up +0.68%. This week saw a failed rally Monday that rolled over and delivered lower lows the next 3 days, crossing below its 20 day SMA on Thursday. Friday saw a small bounce and 'Inside' day to end this week down -2.54% and just above its 50 day SMA.



TGT daily chart as of Sep 22, 2023 - Target has been in decline for months and continued lower Monday and Tuesday of last week, paused last Wednesday and rallied up to its 20 day SMA on Thursday just to give it all back the next day, ending last week down -0.52%. This week saw a strong decline Monday, a pause Tuesday and Wednesday before strong selling resumed Thursday and Friday to new 3 year lows, ending this week down -8.49%.



DE daily chart as of Sep 22, 2023 - John Deere has shown a pattern of lower highs and lower lows since late July. Last week we saw a pause for 3 days followed by a rally Thursday gapping above its 20 day and crossing above its 200 day SMAs that continued a little higher Friday, ending last week up +3.12%. This week we saw a pause Monday then a gap down Tuesday below its 200 day and 20 day SMAs. Wednesday saw a failed rally followed by lower lows and strong selling Thursday on high volume. Friday saw another gap down to lower lows, breaking below its prior August lows and ending this week down - 7.58%. DE is now below all 3 of its key daily SMAs.

Similar to how we compared the first 7 stocks above (AAPL, MSFT, GOOGL, AMZN, TSLA, NVDA and META) we can look at the above 9 stocks that followed (JPM, CAT, COST, AMD, INTC, HAL, SLB, TGT and DE) to see what stocks are now below their 50 day and 20 day SMAs, or if they are now below all 3 SMAs (20d, 50d and 200d)? Are any above all 3 of their key daily SMAs?

Out of these 9 stocks, have any broken below their prior August lows?

These are easy comparisons to see on the charts, any charts, to help identify relative strength or weakness. Finding a few of the strongest names within a weak market gives you a list that you can have ready when the overall market changes from bearish to bullish, as these are higher odds bullish candidates when the time comes.

If you have a watch list of stocks that you have already identified, then check those names with these simple comparisons: to the prior highs, prior lows and key SMAs to help compare relative strength or weakness.

Hope this helps with your chart reading skills.

Trade Smart,

CJ