



Market Observations - as of September 29, 2023

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

With the end of the month of September this week, we will include some additional Monthly charts for the major indexes as well as some Percent change Year To Date comparison charts. On the monthly charts I choose to use a log price scale since we are looking at trends over multiple years. I use a linear price scale on weekly, daily and all intra-day chart time frames.

Last week we saw the selling continue with both the S&P and Nasdaq Composite delivering lower lows every day last week. The selling peaked 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 last week lower as well as all of the sectors that I track. This shows us broader breadth in last week's selling.

This week we saw the selling continue with lower lows Monday, Tuesday and Wednesday. Mid day on Wednesday support was found and we saw a rally begin during the last 2 hours on Wednesday that continued on Thursday followed by a gap up and rally during the first 30 min. on Friday when Resistance was found. The rest of the day on Friday saw a decline that filled the opening gap and continued lower.

We saw strong volume on Friday, but that may have been due to the normal end of the quarter activity.

One of the observations we have seen this year has been how the VIX has become less responsive to changes in trend and smaller spikes up when markets drop sharply. We will research this observation with some special charts to help find clues as to what may be causing this lower sensitivity of the VIX.

Oil prices paused Monday and Tuesday, then spiked up on Wednesday just to drop back down Thursday and Friday.

The US Dollar Index continued higher the first 3 days this week then pulled back Thursday and paused Friday.

The US 10 year Yields continued higher and delivered new 16-year highs the first 4 days this week then pulled back a little late on Thursday and on Friday.

Gold and Silver prices declined each day this week.

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



S&P 500 monthly chart as of Sep 29, 2023 - We saw a decline in August with a bounce to form a hammer candle (with a long lower wick). In September we see a larger decline that closed near the lows of the month. The S&P remains well above its 20 month SMA (Yellow).



S&P 500 weekly chart as of Sep 29, 2023 - Last week saw a large decline that crossed below its 20 week SMA. This week the decline continued lower but with a small bounce to form a lower wick this week. Note that the lows this week came VERY close to the 11 month Support Trend Line (Orange line) that is drawn from the Oct. 2022 lows to the March 2023 lows and extended to the right.



S&P 500 daily chart as of Sep 29, 2023 - Last week's decline continued this week with lower lows on Monday, Tuesday and Wednesday. The lows on Wednesday found support near the 11-month Trend Line and bounced before the close. Thursday saw a rally higher that was followed with a gap up Friday and a decline. Both Thursday and Friday saw a higher high and higher low than the prior day, but Friday closed lower, ending the week down -0.74%. Friday may have been a failed rally, but we will need to see a low that follows that is below this week's lows to have confirmation of that failed rally.



S&P 500 15 min. chart as of Sep 29, 2023 - We saw the selling continue the first half of this week with lower lows and lower highs on Monday, Tuesday and Wednesday. Note that the low on Wednesday, where the market found support was just 2.5 pts above the lower weekly Expected Move for this week. Also, the low Wednesday was only 6 to 7 points above the 11-month Support Trend Line (Yellow line in the above chart).

The S&P rallied for about 2 hours late on Wednesday after finding this support. Thursday saw a rally continue higher the first half of the day and then pause the 2nd half of the day. Friday saw a gap up and rally for only 30 min. before reversing and selling lower most of the day. Friday's opening gap was filled about 3 hours and 18 min after the open and continued lower before finding a small 30 min. bounce that began in the last 90 min. of the day.

The S&P closed inside its weekly Expected Move this week, but came very close to the lower Expected Move on Wednesday, where the S&P found support for this week.

Watching the Expected Move levels each week can give us a clue of where we may find support (or resistance). Sometimes the bears are so strong that support fails and price breaks below that level. Other times (like this week) the bears fail to break below support, and the bulls see this and react as they are now motivated to buy after seeing support hold. In either reaction, watching the action at these key levels can give us clues as to who has the stronger convictions: the Bulls or the Bears. This week we saw the buyers become motivated Wednesday afternoon after they saw support hold.



DJIA monthly chart as of Sep 29, 2023 - We see a second month of decline in the Dow Industrials that found support this month about 100 points above its 20 month SMA (Yellow).



DJIA weekly chart as of Sep 29, 2023 - Last week the Industrial crossed below their 20 week SMA and this week crossed below its 50 week SMA (Blue). Note that the Industrials are not getting close to where they closed at the end of 2022 (\$33,147.25).



DJIA daily chart as of Sep 29, 2023 - The Industrials continued to decline this week with lower lows the first 3 days, testing its 200 day SMA (Purple) on Monday, crossing below its 200 day SMA on Tuesday and delivering another lower low on Wednesday before bouncing to a higher close for the day. Thursday saw a small rally and higher close. Friday gapped above its 200 day SMA and then sold off, crossing back below its 200 day SMA and closing with the lowest close for this week, ending the week down -1.34% and is now below all 3 of its key daily SMAs.



Nasdaq Composite monthly chart as of Sep 29, 2023 - The Nasdaq Composite has delivered a 2nd down month in a row with lower lows, lower highs and a lower close than last month.



Nasdaq weekly chart as of Sep 29, 2023 - We see a four week decline that crossed below its 20 week SMA last week and is testing its 9-month Support Trend Line (Orange line) this week. This week painted a doji candle showing us very little change this week.



Nasdaq daily chart as of Sep 29, 2023 - The Nasdaq continued its decline this week with lower lows and lower highs the first 3 days, breaking below its 9-month Support Trend Line on Tuesday. Wednesday found support and painted a long lower wick that day. The bounce continued Thursday but close still below the Trend Line. Friday saw a gap up and selling that closed the week back below the Trend Line, up +0.06% for the week.



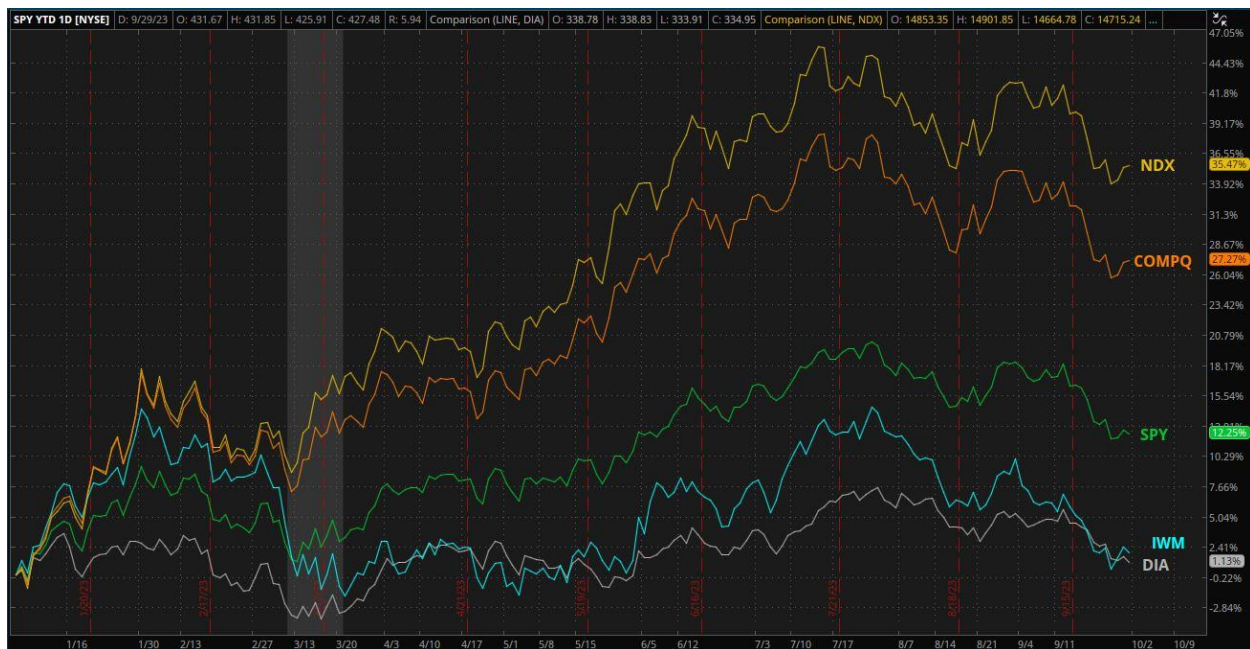
Russell 2000 monthly chart as of Sep 29, 2023 - The Russell remains within a range that it has respected for about 18 months, and delivered a second down month in a row this month, crossing below its 20 month and 50 month converging SMAs this month.



Russell 2000 weekly chart as of Sep 29, 2023 - Here we can see the range that the Russell has respected for about 18 months. Last week saw the Russell close below its 50 week SMA, and ended last week below all 3 of its key weekly SMAs that are now tightly clustered together. This week saw a lower low and lower high, but a slightly higher close. Also note that the Russell is now not far from its 2022 closing price of \$1761.25.



Russell 2000 daily chart as of Sep 29, 2023 - Last week's decline continued this week with lower lows and lower highs on Monday and Tuesday. Tuesday's lows must have found support with a gap up Wednesday and a bounce that continued Thursday and early on Friday before pulling back and closing lower Friday, ending the week up +0.48%. The Russell remains below all 3 of its key daily SMAs.



Year To Date US Indexes percent change chart as of Sep 29, 2023 - We have a Year-To-Date percent change chart above showing us that the DJIA (DIA) and Russell 2000 (IWM) have changed very little this year while the S&P-500 (SPY) is up +12.25%, the Nasdaq Composite is up +27.27% and the Nasdaq-100 is up +35.47% currently.

Note the grey area covering about 2 weeks in mid March (Mar 10-23). This area ‘appears’ to show us strong ‘Divergence’ between these indexes. Before this period the indexes were remaining closer together and after this period they continue to diverge further apart and this period seems to be a key area where this divergence may have accelerated.

One clue comes from the observation that the SPY showed a small increase while the Nasdaq Composite and Nasdaq-100 saw the stronger increases in distance between these Indexes with the NDX showing the strongest increase.

This could be due to the Market Cap Weighting of these 3 Indexes, and the increased influence of the 7 Biggest stocks due to their Weighting. These 7 big stocks (AAPL, MSFT, AMZN, GOOGL, TSLA, NVDA and META) are Market Cap weighted and currently represent about 27% of the total value of the S&P-500, about 39% of the Nasdaq Composite and about 49% of the Nasdaq-100. [I was not able to check these weightings back in mid March for this comparison.] The key observation is that the weighting of these 7 big stocks in each index matching the spread we see above in the comparison chart with the NDX showing the greatest divergence in mid March. The weighting seems to track.

Next we pulled up a chart of the SPY and compared it to the Equal Weighted S&P-500 (below).



Percent Change Year-To-Date SPY vs. S&P Equal Weighted Index as of Sep 29, 2023 - Since the S&P is Market Cap weighted where size matters, and the SPXEW has an equal weighting for all 500 stocks, we see the comparison of these values. Note the parallel nature before mid March, then the divergence in mid March that continues the rest of this year. This clearly shows the change in values that happened in mid March this year. This also shows us the divergence again clearly grew in May of this year where the SPXEW declines and the SPY increases and the distance between the SPY and the SPXEW grows.

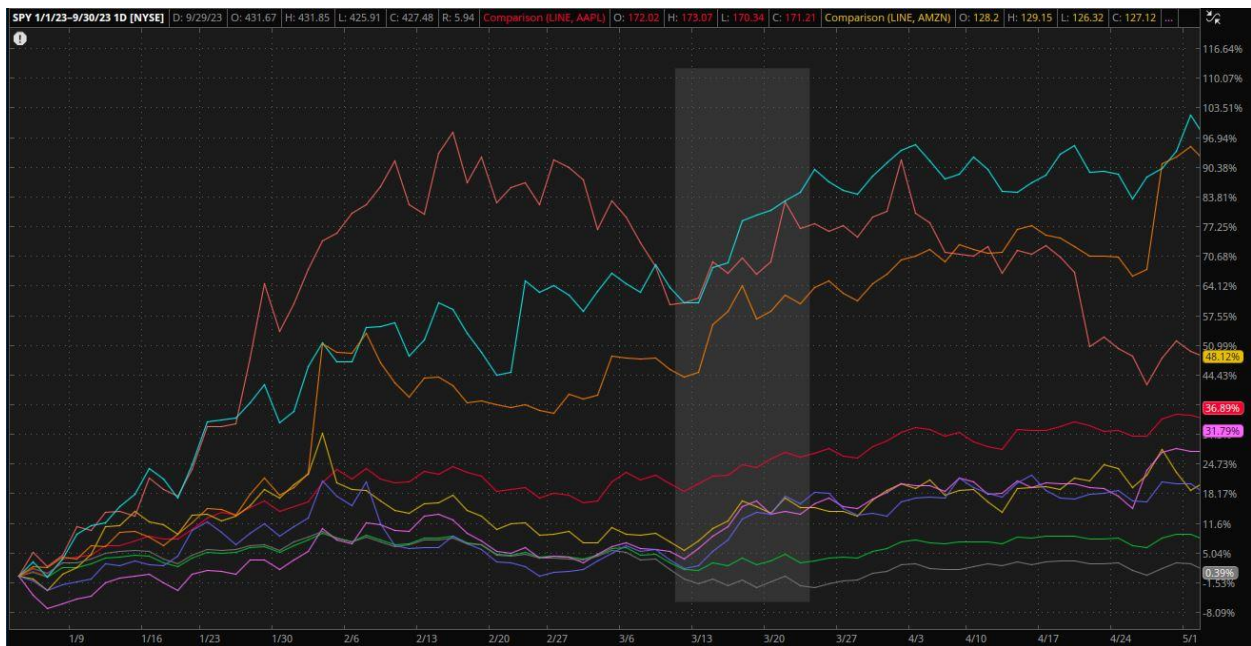
The 2 weeks in mid March are highlighted again in grey.

This chart seems to confirm that the differences in 'Weighting' could explain the divergence we see in mid March, and again in May.

Next we will create a chart to compare the SPY and SPXEW to each of the 7 'Big' stocks (below).



Year To Date SPY vs. SPXEW vs. Big 7 Stocks percent change chart as of Sep 29, 2023 - The area in mid March is again highlighted in grey. Note how the SPXEW and SPY are nearly flat while each of the 7 stocks show a steeper incline higher during these 2 weeks in mid March. Let's look closer at this area.



SPY vs. SPXEW vs. Big 7 Stocks percent change chart as of May 1 2023 - During the 2 weeks in mid March (grey area) we see very little change in the SPXEW and SPY while all 7 stocks show a clear increase during these 2 weeks, led by NVDA, META and TSLA. Also note how MSFT, AMZN and GOOGL all moved up sharply together in the 1st half of this period and paused the 2nd half, while AAPL continued moving higher both weeks. Also note that these 4 (AAPL, MSFT, AMZN and GOOGL) are the 4 BIGGEST Market caps out of the 7 in this study. This seems to confirm that the weighting is a key part of what we are seeing in these charts.

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



McClellan Summation Index weekly chart as of Sep 29, 2023 - Last week we saw a larger decline down to -196.89. This week the decline continues with a strong drop down to -412.01.



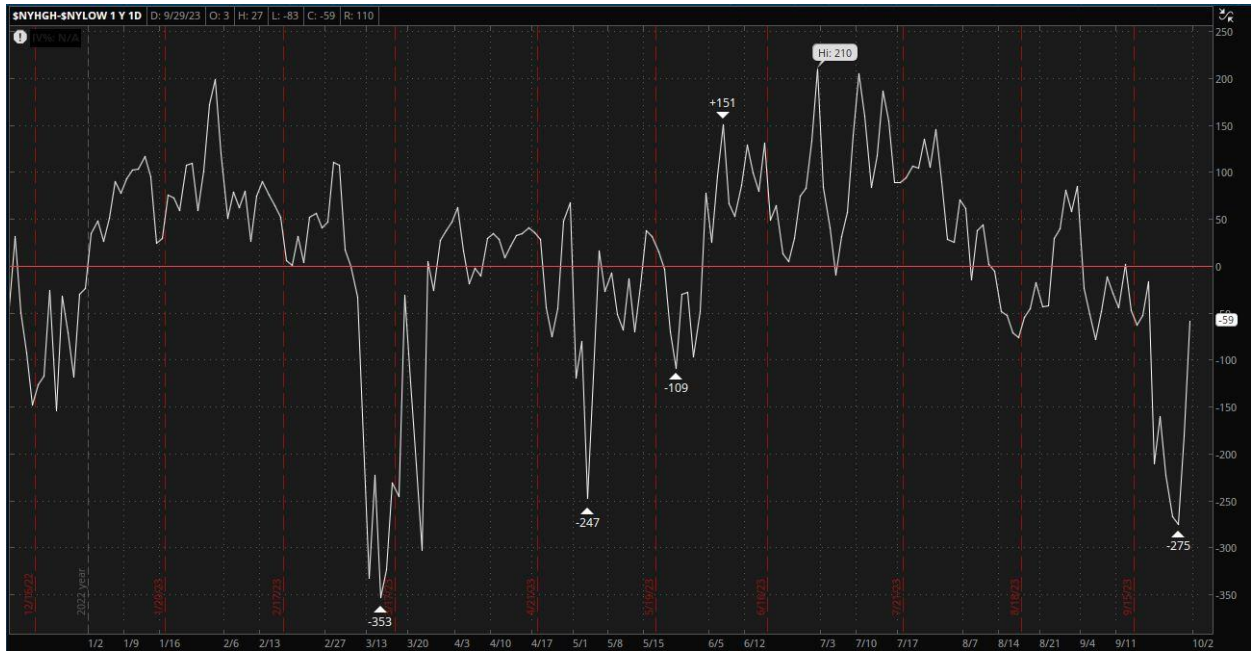
McClellan Summation Index daily chart as of Sep 29, 2023 - This week we see a slightly steeper decline that slowed only a little late this week to end this week at -412.01.



NYSE Percent Above 200 day SMA daily chart as of Sep 29, 2023 - Last week we saw a sharp decline and a pause last Friday to end last week at 44.63%. This week we see a sharp decline to 41.5% on Tuesday, a small advance to nearly 42% on Wednesday, and advance to about 44% on Thursday and a small decline Friday to end this week at 43.47%.



NYSE Percent Above 50 day SMA daily chart as of Sep 29, 2023 - Last week we saw a sharp decline and a pause last Friday to end last week at 25.93%. This week we saw a sharp decline to about 23% on Tuesday, a bounce up to 28% Wednesday and Thursday, then a small dip Friday to end this week at 26.51%.



NYSE New Highs minus New Lows daily chart as of Sep 29, 2023 - We saw a Lower Low on Wednesday this week of -275 indicating that there were 275 more 52 week new Lows than 52 week new Highs that day.



VIX daily chart as of Sep 29, 2023 - Here we have highlighted the same 2 weeks in mid March in Grey. Note the Very Wide Range days in mid March as seen by the daily True Range peaks in the lower panel of the above chart several times higher than the 20 period ATR (Yellow line). Something was driving these wild levels of fear or uncertainty at this time, and these VIX swings do NOT correlate with the strong rally action we saw in all 7 of these big stocks at that time.

Remember, the VIX is based upon the S&P-500 Implied Volatility as measured by the SPX Options market and calculated for 30 days until expiration. This means that the VIX is influenced with the same 'Weighting' as seen in the S&P-500 (SPX) and the Implied Volatility of those 7 Big stocks will carry a stronger influence (27% weighting). 'If' these 7 stocks are in a strong rally they would likely have a lower Implied Volatility than some of the other 493 stocks in the index that are not as strong or weighted less, then that could tend to shift the overall VIX calculation lower. The significant weighting of these 7 stocks could therefore influence the overall VIX computation.

The clues we saw by comparing the various Indexes, and the differences between the weighted and non-weighted S&P led us to look at the biggest influencers in the weighting game. Those 7 stocks pointed us the way further. The VIX confirmed some 'different' behaviors during the 2 weeks in mid-March as with some very wide swings as also did the VVIX. We may not know 'why' this occurred, but we can learn to spot similar events in the future. Weighting matters and affects multiple aspects.

{ Thank you Chakeeb for reminding me of this relationship last week. }



VVIX daily chart as of Sep 29, 2023 - Here too in the VVIX chart we have highlighted the 2 weeks in mid-March to see how elevated the Volatility of the VIX was at that time. We see new highs during that period that were above 110 and up to 137.65. This shows us LOTS of uncertainty at that time.

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



Oil daily chart as of Sep 29, 2023 - Oil prices paused Monday and Tuesday then rallied to new 52 week highs on Wednesday and early on Thursday before pulling back Thursday and Friday to end the week up on 44 cents.



Gold daily chart as of Sep 29, 2023 - Gold saw lower lows and lower highs every day this week, crossing below its 200 day SMA support on Tuesday, closing the week down \$80.30.



US Dollar Index daily chart as of Sep 29, 2023 - The US Dollar continued its rally Monday, Tuesday and Wednesday, delivering new 10-month highs Wednesday. Thursday saw a small pull back that was followed by a wide range pause Friday.



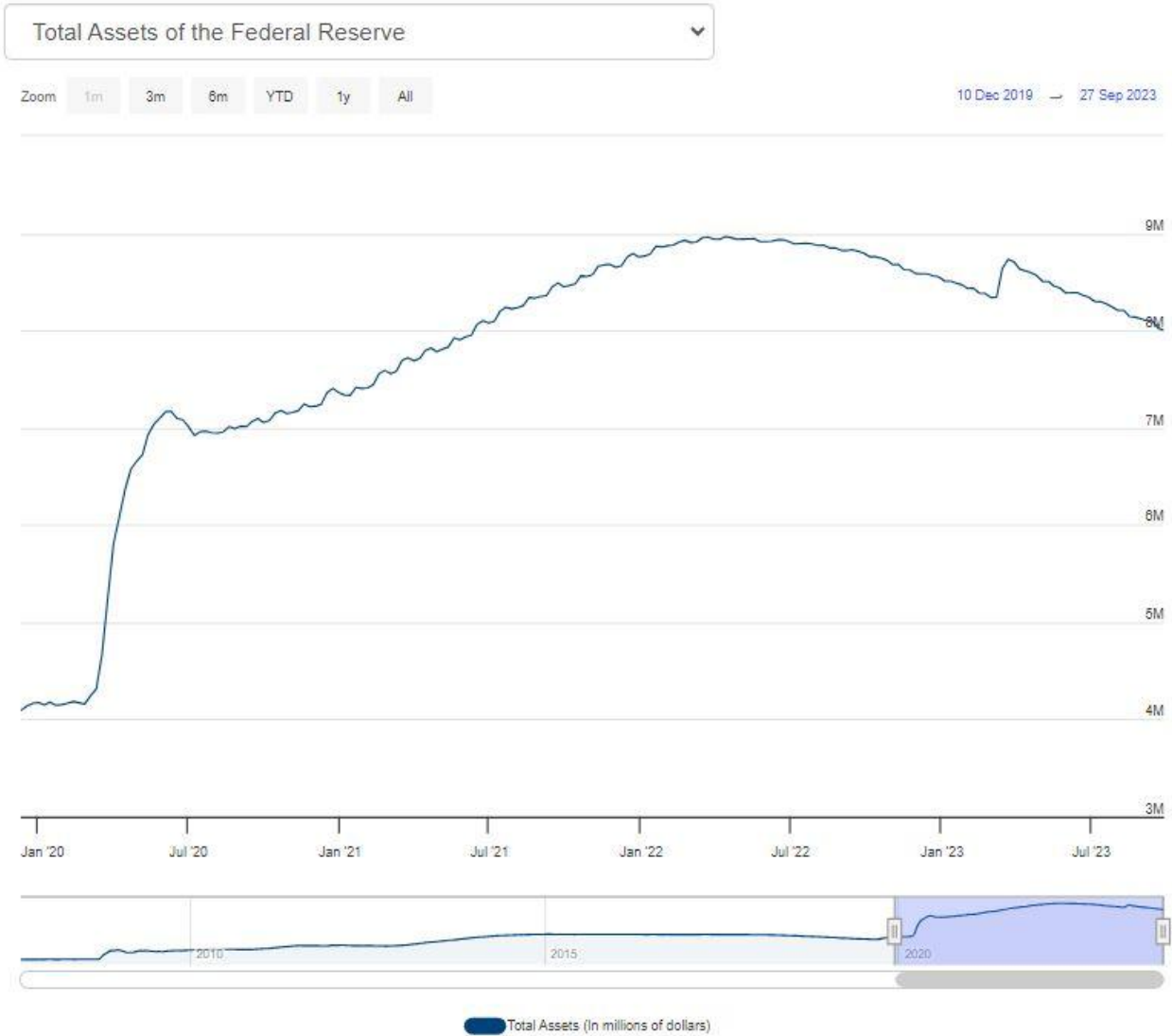
US 10 year Treasury daily chart as of Sep 29, 2023 - The 10 year Treasury continued to sell off this week, lower every day except on Friday. We saw new 52 week lows each day this week as volume grew stronger each day. Friday saw a small bounce that only recovered about half of this week's decline.



US 10 year Yield daily chart as of Sep 29, 2023 - As the 10 year sold lower, the Yields rose higher and delivered new 16-year highs every day except on Friday this week. Yield peaked at 4.688% on Thursday and ended the week Friday at 4.573%.

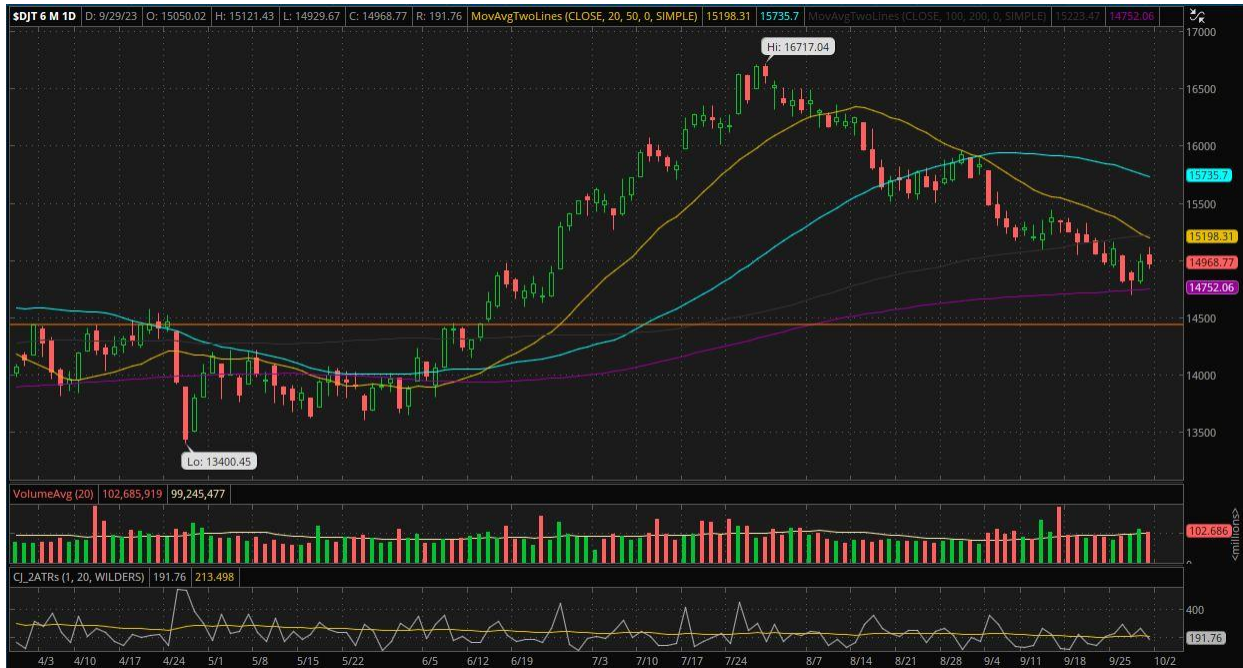
Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
09/01/2023	5.51	5.55	5.53	5.58	5.47	5.36	4.87	4.57	4.29	4.27	4.18	4.48	4.29
09/05/2023	5.51	5.56	5.55	5.59	5.51	5.42	4.94	4.65	4.37	4.35	4.27	4.56	4.38
09/06/2023	5.52	5.55	5.55	5.60	5.52	5.44	5.01	4.73	4.44	4.39	4.30	4.56	4.37
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
09/25/2023	5.54	5.58	5.58	5.60	5.52	5.45	5.09	4.83	4.62	4.61	4.55	4.84	4.67
09/26/2023	5.54	5.58	5.58	5.61	5.53	5.45	5.04	4.84	4.62	4.62	4.56	4.86	4.70
09/27/2023	5.54	5.59	5.58	5.62	5.53	5.49	5.10	4.89	4.67	4.69	4.61	4.91	4.73
09/28/2023	5.56	5.61	5.56	5.61	5.53	5.46	5.04	4.83	4.62	4.63	4.59	4.90	4.71
09/29/2023	5.55	5.60	5.55	5.61	5.53	5.46	5.03	4.80	4.60	4.61	4.59	4.92	4.73

US Yield Rates daily table as of Sep 29, 2023 - Longer terms increased again this week while small oscillations in the mid term and short term yields.

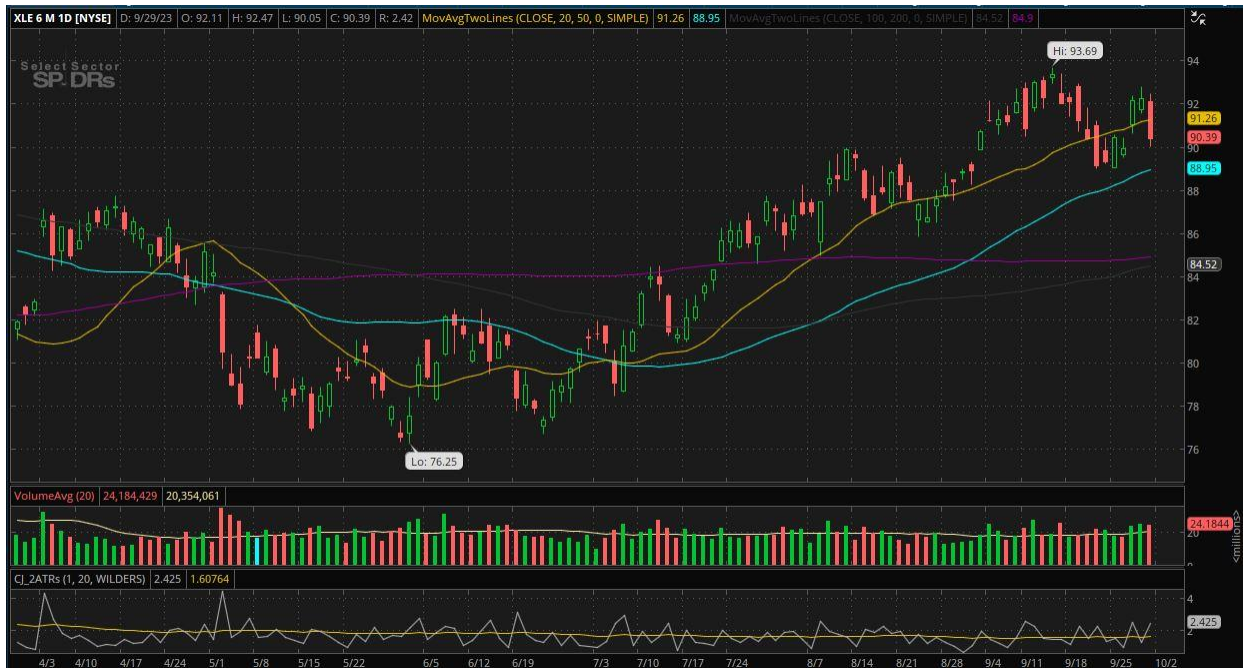


FOMC Balance Sheet weekly chart as of Sep 27, 2023 - The Fed decreased its Balance Sheet this week by \$22.026 Billion for a new Total Assets of \$8.002064 Trillion. The total decline in the Balance Sheet for the month of September was \$119.252 Billion. The Balance sheet remains above \$8 trillion as it has since July 2021.

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



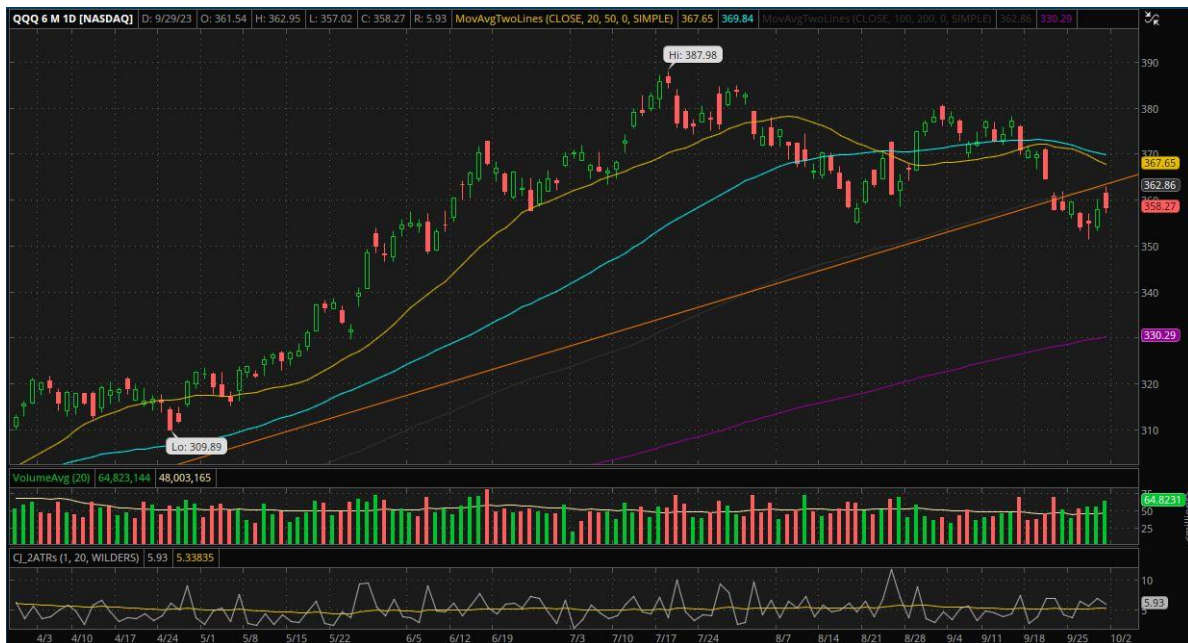
Dow Transportation Index daily chart as of Sep 29, 2023 - The Dow Transports continued their decline with lower lows and lower highs Monday, Tuesday and Wednesday this week, dipping below its 200 day SMA on Wednesday before bouncing back up and closing the day higher. Thursday saw a continued rally that delivered a higher high both on Thursday and Friday before pulling back and closing lower Friday to end the week down -0.13%.



XLE daily chart as of Sep 29, 2023 - The Energy sector paused Monday and Tuesday then gapped up above its 20 day SMA on Wednesday. Thursday saw a higher high and higher low. Friday saw a lower high and lower low as the sector crossed and closed below its 20 day SMA to end the week up +1.21%.



XLF daily chart as of Sep 29, 2023 - The Financial sector continued its selling this week with lower lows and lower highs Monday, Tuesday and Wednesday. Thursday saw a small rally followed by a gap up Friday that sold off and delivered the lowest close of this week, ending the week down -1.46% and still below all 3 of its key daily SMAs.



QQQ daily chart as of Sep 29, 2023 - The QQQ broke below its 9-month Support Trend Line (Orange line) last week on Thursday and Friday. The decline continued this week with lower lows and lower highs on Monday, Tuesday and Wednesday. Wednesday found support mid day and bounced to close higher on the day. Thursday saw a rally that continued with a gap up at the open on Friday that quickly failed and sold off to end the week up only +0.10% and still below its 9-month Trend Line.



SOXX daily chart as of Sep 29, 2023 - The Semiconductor sector saw a small bounce Monday that failed and was followed by lower low on Tuesday. Wednesday saw lower lows then bounced mid day to deliver a higher close. Thursday saw a strong rally. Friday saw a gap up that failed to follow through and pulled back to end the week up +1.99%.



XLC daily chart as of Sep 29, 2023 - The Communication Services sector continued its decline with lower lows Monday, Tuesday and Wednesday. Mid day Wednesday saw a sharp decline for an hour, then a sharp bounce back up for an hour to end the day near its open. Thursday saw a strong rally. Friday saw a gap up that failed to follow through and declined to end the week down -0.08%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	8/18/2023	8/25/2023	9/1/2023	9/8/2023	9/15/2023	9/22/2023	9/29/2023
\$SPX	-2.11%	0.82%	2.50%	-1.29%	-0.16%	-2.93%	-0.74%
\$INDU	-2.21%	-0.45%	1.43%	-0.75%	0.12%	-1.89%	-1.34%
\$COMPQ	-2.59%	2.26%	3.25%	-1.93%	-0.39%	-3.62%	0.06%
\$RUT	-3.41%	-0.31%	3.63%	-3.61%	-0.24%	-3.82%	0.48%
QQQ	-2.21%	1.64%	3.73%	-1.33%	-0.48%	-3.34%	0.10%
\$TRAN	-3.14%	-0.55%	1.41%	-3.96%	0.86%	-2.29%	-0.13%
XLE	-1.21%	-1.37%	3.60%	1.44%	-0.04%	-2.22%	1.21%
XLF	-2.69%	0.03%	2.06%	-1.12%	1.55%	-2.93%	-1.46%
XLK	-1.16%	2.27%	4.44%	-1.94%	-2.25%	-2.45%	-0.29%
SOXX	-1.23%	1.04%	5.41%	-3.53%	-2.58%	-3.14%	1.99%
XLV	-1.58%	-0.09%	0.12%	-1.13%	0.10%	-1.14%	-1.08%
XLY	-4.16%	1.23%	3.04%	-0.54%	1.80%	-6.15%	0.03%
XRT	-1.71%	-4.37%	4.21%	-4.07%	0.40%	-3.98%	2.13%
XLI	-2.43%	0.28%	2.12%	-2.91%	-0.60%	-2.66%	-0.40%
XLU	-1.67%	0.22%	-1.56%	0.86%	2.79%	-1.75%	-6.89%
XME	0.49%	-1.58%	5.54%	-3.29%	3.71%	-3.03%	1.84%
XLP	-2.38%	-0.82%	-0.39%	-0.61%	0.49%	-1.99%	-1.90%
XLB	-2.28%	-0.04%	3.74%	-2.41%	-0.11%	-3.62%	0.23%
XLC	-3.07%	0.49%	2.63%	-0.21%	0.82%	-2.56%	-0.08%
XHB	-4.41%	-0.30%	6.21%	-3.57%	-2.89%	-3.21%	0.51%

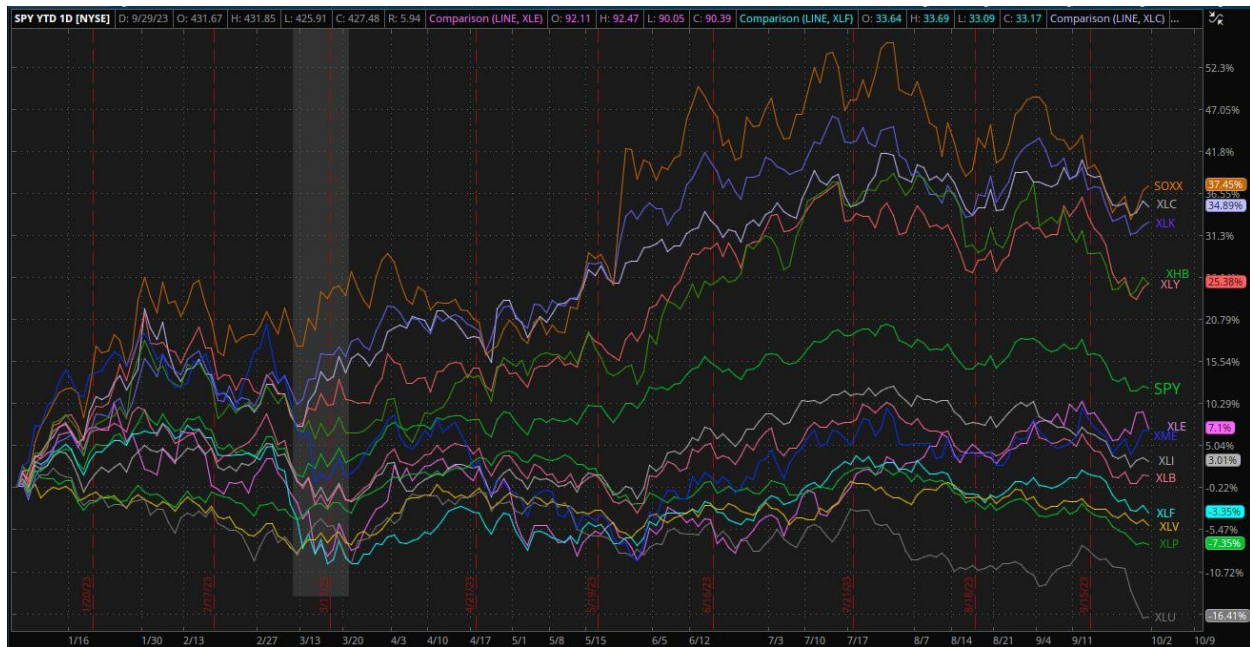
Weekly Percent change US Indexes and Sectors table as of Sep 29, 2023 - The Russell saw the strongest results for this week while it remains stuck inside its range for 18 months. The S&P saw a small decline and the Dow Industrials saw nearly twice the decline as the S&P. The Nasdaq Composite and Nasdaq-100 saw nearly a flat week this week.

The lows for this week were seen mid day on Wednesday. Going forward, we will watch this prior support to see if it holds up or is broken in the coming days or weeks.

Last week we saw all sectors decline. This week we see a mix of half of the sectors ended this week up and half ended the week down.

The Strongest sectors this week were: XRT, SOXX, XME and XLE who all ended this week with more than a +1% gain.

The Weakest sectors this week were: XLU, XLP, XLF and XLV who all ended this week with more than a -1% decline.



Year to Date SPY vs. Sectors percent change as of Sep 29, 2023 -Here we have highlighted the 2 weeks in mid March as we did in other charts above to help see relative changes during that period.

The strongest sectors so far this year include: SOXX, XLC and XLK who all delivered over +30% gains so far. The only other sectors that are above the SPY so far this year are XHB and XLY that are near +25%.

The SPY is at about +12.25% so far this year. The other sectors on this chart have all done less than the SPY so far this year. The weakest sector so far this year is the XLU that is now down -16.4%.

Note how most all sectors on this chart peaked this year in mid July and pulled back to a low in mid August. The next highs at the beginning of September were 'Lower' than the prior highs seen in July. The current prices show a decline in most of September with a very small bounce at the end of this month.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	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	End of Day 09/25/23	End of Day 09/26/23	End of Day 09/27/23	End of Day 09/28/23	End of Day 09/29/23
\$SPX	0.07%	-0.21%	-0.94%	-1.64%	-0.23%	0.40%	-1.47%	0.02%	0.59%	-0.27%
\$INDU	0.02%	-0.31%	-0.22%	-1.08%	-0.31%	0.13%	-1.14%	-0.20%	0.35%	-0.47%
\$COMPQ	0.01%	-0.23%	-1.53%	-1.82%	-0.09%	0.45%	-1.57%	0.22%	0.83%	0.14%
\$RUT	-0.69%	-0.42%	-0.90%	-1.56%	-0.30%	0.44%	-1.27%	0.98%	0.87%	-0.51%
QQQ	-0.04%	-0.21%	-1.44%	-1.83%	0.01%	0.47%	-1.50%	0.23%	0.84%	0.07%
\$STRAN	-0.56%	-0.58%	0.01%	-0.71%	-0.47%	0.76%	-1.87%	0.06%	1.07%	-0.11%

Daily Percent Change US Indexes table as of Sep 29, 2023 - We saw daily changes in leadership with the Dow Industrials being the weakest 3 days this week and strongest on 1 day. The Dow Transports were strong 2 days and weakest 1 day. Note how all indexes were down on Tuesday this week and all were up on Monday and Thursday.

The daily changes in leadership have a lot more noise that makes finding trends a bit more difficult. The weekly table does a better job of identifying leaders and trends since there is a bit less noise in the longer term data. This is also true when looking at various time frame charts. The longer the time frame there tends to be less noise. The trade-off is that it takes longer to confirm a change in Trend with longer time frame charts, but you also have fewer false triggers. The shorter time frame charts are quicker at confirming a change in trend, but the cost of that quick confirmation is there will be more false triggers. Every time frame has a trade-off between speed of confirmation and the frequency of false signals. This is why it is so important to 'KNOW' the trade-offs that your time frame and trading decisions have, both the pros and cons, and be comfortable with your decision of accepting that trade-off.

Next we will look at a few key 'Stocks'. We will look at the same stocks we included last week to see how they did this week.



AAPL daily chart as of Sep 29, 2023 - Apple showed support near \$173.5 to \$174 over the prior two and a half weeks. That support was again respected on Monday of this week. On Tuesday that support broke in about the first 15 min. of trading and continued lower all day Tuesday and Wednesday. Thursday saw a gap down and decline in the first minute that found support at \$167.62 and rallied the first half of the day and paused the second half. Friday saw a small gap up and rally the first 30 min. that then drifted lower the rest of the day to end the week down -2.05%.

Note the Blue Box that identifies the same 2 week period in mid March that we used in our study of the divergences in the Indexes, index weighting and the VIX. We have included the Blue Box period in the charts below for all 7 of the big stocks we included in our study of weighting.

One each chart, note the price change during this Blue Box period for each of the 7 stocks. Was it a strong rally, mild rally, horizontal pause, mild decline or strong decline?



MSFT daily chart as of Sep 29, 2023 - Microsoft continued its decline with lower lows and lower highs Monday, Tuesday and Wednesday this week. Thursday saw a lower low at the open then rallied the first half of the day and paused the 2nd half. Friday saw a strong gap up that held up for the first half of the day before drifting lower to fill about half of the opening gap, ending the week down -0.40%.



GOOGL daily chart as of Sep 29, 2023 - Alphabet saw a strong decline last week on Wed., Thurs. and Friday to end last week below its 50 day SMA. This week we see a pause Monday and decline Tuesday to lower lows. Wednesday saw a small rally up to its 50 day SMA. Thursday saw a rally that crossed above its 50 day SMA. Friday saw a gap up that nearly tested its 20 day SMA then failed and sold off back below its 50 day SMA to end the week up +0.47%.



AMZN daily chart as of Sep 29, 2023 - Amazon paused its decline on Monday this week with an 'Inside' day then resumed the decline with lower lows on Tuesday, Wednesday and Thursday. Thursday found support after the open then rallied the first half of the day and paused the 2nd half. Friday saw a gap up and pause for an hour or so then slowly declined the middle of the day and paused the last 2 hours to end the week down -1.55%.



TSLA daily chart as of Sep 29, 2023 - Tesla delivered a lower low Monday but with a higher close. The decline resumed Tuesday and Wednesday with lower closes each day. Wednesday TSLA found some support near \$234.58 and bounce higher the last 2 hours of the day. Thursday saw rally the first half of the day and a pause the 2nd half. Friday saw a gap up and rally that peaked 35 min. into the day then rolled over and slowly declined the rest of the day, ending the week up +2.18% and about \$1 below its 50 day SMA.



NVDA daily chart as of Sep 29, 2023 - Nvidia found support last week on Thursday and bounced a little last Friday. The bounce rally continued this week with higher highs and higher lows every day this week ending the week up +4.54% and nearing its 20 day SMA.



META daily chart as of Sep 29, 2023 - Meta continues to be mostly horizontal as it straddles its 20 day and 50 day SMAs again this week, ending the week up +0.38%.

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	-3.34%	0.10%
AAPL	-0.13%	-2.05%
MSFT	-4.00%	-0.40%
GOOGL	-5.20%	0.47%
AMZN	-8.03%	-1.55%
TSLA	-10.75%	2.18%
NVDA	-5.22%	4.54%
META	-0.41%	0.38%

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.

The strongest names this week were NVDA followed by TSLA. The weakest names this week were AAPL and AMZN.

'If' the markets rally next week, then the strongest names could be good candidates to start to look for bullish opportunities. 'If' the markets decline next week, then the weakest names would be a good place to begin looking for bearish candidates.

What did you see in the 7 charts above regarding the price behavior during the 2 weeks in mid March?

Did these periods show similar behavior between the 7 stocks?



JPM daily chart as of Sep 29, 2023 - JP Morgan showed continued selling the first 90 min. on Monday then bounced to a higher close. Tuesday saw an 'Inside' day with a lower close. Wednesday and Thursday saw a rally back above the 20 day SMA with higher highs and higher lows. Most of this week's gains were given back on Friday as JPM crossed back below its 20 day SMA to end the week down - 0.49%. We see over a month of price consolidation in this chart.



CAT daily chart as of Sep 29, 2023 - Caterpillar has been in a horizontal range for 2 months as the 20 day and 50 day SMAs approach each other. CAT remained below its 50 day SMA for 3 days this week then crossed back above on Thursday. Friday saw a gap up above the 20 day SMA that soon sold off back below the 20 day and 50 day SMAs to end the week down -0.02% (almost unchanged).



COST daily chart as of Sep 29, 2023 - Costco saw an 'Inside' day on Monday and a decline Tuesday below its 50 day and 20 day SMAs before reporting Earnings after the close Tuesday. Wednesday saw a drop and a sharp rally back above its 20 day and 50 day SMA with a wide range day on very strong volume. Thursday saw new 52 week highs. Friday saw a small pull back to end the week up +1.14%.



AMD daily chart as of Sep 29, 2023 - Last week's decline in AMD continued Monday this week with a brief dip below the 200 day SMA but with a bounce and higher close. AMD saw higher highs and higher lows every day that followed, testing its 20 day SMA and March highs on Thursday, gapping higher Friday above its 20 day SMA before selling lower back below its 20 day SMA, ending the week up +6.88%.



INTC daily chart as of Sep 29, 2023 - Intel saw a break out above Resistance on Aug 31st near \$34.75. Since that break out we saw INTC rally up to new 52 week highs at \$40.07 on Sept. 12th and then all the way back down to prior Resistance at \$34.75 on Sept. 20th. INTC continued to decline all of last week and the first 2 days of this week with lower lows. Wednesday and Thursday saw a rally back up to the 50 day SMA and a gap above the 50 day SMA on Friday to deliver higher highs and a higher close, ending the week up +4.01%.

Remember, the Semiconductor sector was the 2nd strongest sector this week and gains in AMD, NVDA and INTC seem to confirm that.



HAL daily chart as of Sep 29, 2023 - Halliburton paused this week with little change on Monday and Tuesday as HAL straddled its 20 day SMA. Wednesday saw a gap up above its 20 day SMA and a rally to higher highs on both Wednesday and Thursday. Thursday closed a little lower before dropping hard on Friday back below its 20 day SMA to nearly reach its 50 day SMA and delivering the lowest close for this week, ending the week down -0.32%.



SLB daily chart as of Sep 29, 2023 - Schlumberger paused Monday and Tuesday this week just above its 50 day SMA. Wednesday saw a gap up and rally above its 20 day SMA with a new high for this week. Thursday saw a higher high, higher low and higher close. Friday saw a sharp decline back below its 20 day and 50 day SMAs to deliver a new low for the month, ending the week down -1.25%.



TGT daily chart as of Sep 29, 2023 - Target continued selling off this week with lower lows and lower highs every day this week except on Friday. Thursday saw new 3-year lows for TGT. Friday's bounce was rather small to end the week down -1.80%.



DE daily chart as of Sep 29, 2023 - John Deere peaked July 25th, made a low on Aug. 22nd, saw a lower high on Sept. 5th and last week broke below the Aug. lows to lower lows last Friday. This week we see a pause for 4 days then a decline Friday break below the prior week's lows with lower lows, ending this week down -0.57% and still below all 3 of its key daily SMAs.

This week we included several extras that are not normally included in each week's 'Observations':

1. Monthly charts to keep our long term context in mind.
2. A study of key divergences between market indexes.
3. A study to compare weighted vs. non-weighted S&P indexes.
4. A study of weighting of the same 7 biggest stocks between different indexes
5. A study of VIX and VVIX behavior when these divergences appeared most significant.

We hope you both learn something from these studies and are inspired to do your own studies to answer key questions you may have from your own Market Observations.

Trade Smart,

CJ