



Market Observations - as of October 6, 2023

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

Last week we saw strong 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 and was followed by a gap up and rally during the first 30 min. on Friday until Resistance was found. The rest of the day on Friday saw a decline that filled the opening gap and continued lower.

This week we saw a pause on Monday with the Nasdaq while the S&P continued a little lower. Tuesday saw a stronger decline in most all Indexes. Wednesday saw a mild bounce higher in most indexes. Thursday saw a decline and retest of support before bouncing back up to see minimal losses at the close of the day. Friday saw a gap down on Jobs data that retested support in the first 40 min before beginning a strong rally 10 min. later. The rally accelerated faster the hour that began 90 min. after Friday's open. The last half of Friday saw a mild drift higher to end the week with Nasdaq delivering new 2 week highs and the S&P delivering new highs for this week.

The US Dollar increased in relative value the first 2 days then declined for 3 days this week.

Gold prices continued to decline this week with a small bounce seen on Friday.

Oil prices saw lower lows every day this week.

The 10 year Yields saw a sharp increase on Monday and Tuesday, paused and pulled back a tiny bit on Wednesday and Thursday, then shot up to new 16 year highs on Friday, peaking at 4.887% and closing at 4.784%.

Jobs data on Friday was much stronger than expected and the futures markets dropped sharply to retest support before the open and remained near these lows until the rally kicked into gear about 50 min. after Friday's open. The Nasdaq filled its opening gap in about 60 min. after Friday's open, and the S&P filled its opening gap in about 90 min.

The range seen on Friday was significant, with the Nasdaq Composite delivering the 2nd largest range day this year, the Nasdaq-100 and S&P-500 both delivering the 3rd largest range day.

The Volume seen on Friday was the strongest daily volume seen this week for many key index ETFs and funds.

Earnings season is about to begin with several key Financial stocks reporting late this next week (JPM, C, WFC etc.).

Now let's look at the charts to see what they are telling us.



S&P 500 weekly chart as of Oct 6, 2023 - After a 4 week decline we see a small bounce this week. We also see a low this week that briefly broke below the 11-month Support Trend Line (Orange line) this week that is drawn between the Oct. 2022 lows and the March 2023 lows.



S&P 500 daily chart as of Oct 6, 2023 - Here we can see a 'pause' on Monday followed by a strong decline Thursday that crossed and closed below the 11-month Support Trend Line (Orange line). This Trend Line was straddled the next 3 days. Wednesday and Thursday saw 'Inside' days before the strong rally Friday that delivered new highs for this week but failed to exceed last week's highs, ending this week up +0.48%.



S&P 500 15 min. chart as of Oct 6, 2023 - Monday and Tuesday both delivered lower lows and lower highs with the strongest decline seen early on Tuesday, crossing below the 11-month Support Trend Line (Yellow line) and coming within 8.35 points of the weekly lower Expected Move at Tuesday's lows. Wednesday saw an 'Inside Day' with a higher close. Thursday saw a drop to find support at a higher low early in the day then bounced back up the last half of the day to end the day down only -0.13%. Friday saw a gap down on Jobs data to retest support before a rally began about 50 min. into the session. The rally continued nearly all day with the fastest segment lasting one hour that began about 90 min. after the open. Friday delivered new highs for this week but failed to exceed the prior week's highs.

This week closed 'Inside' the weekly Expected Move for the S&P.

Comparing this week to last week, we do see a lower low and a lower high this week but a higher close in the S&P.



DJIA weekly chart as of Oct 6, 2023 - The Dow Industrials delivered a 5th declining week this week, crossing below its 20 week SMA 2 weeks ago and below its 50 week SMA last week. This week saw lower lows and a bounce that failed to close this week with any gains.



DJIA daily chart as of Oct 6, 2023 - We saw lower lows and lower highs on each of the first 3 days this week. On Tuesday, Wednesday and Thursday the Industrials close 'down' for the year, below the 2022 close. Friday saw a close back above its 2022 close but still down for the week, down -0.30%.



Nasdaq Composite weekly chart as of Oct 6, 2023 - The Nasdaq saw 3 down weeks, a pause last week with lower lows and a bounce this week back above its 9-month Support Trend Line (Orange line) drawn between the Jan. and March lows.



Nasdaq Composite daily chart as of Oct 6, 2023 - The Nasdaq broke below its 9-month Support Trend Line last week and ended last week a little below this Trend Line. This week we see a mild bounce Monday back above this Trend Line with an 'Inside' day. Tuesday saw strong selling that failed to retest last week's lows and delivered a higher low. Wednesday and Thursday were both 'Inside' days. Friday saw a gap down then strong rally back above the Trend Line and above its 20 day SMA to end the week up +1.60% and above last week's highs.



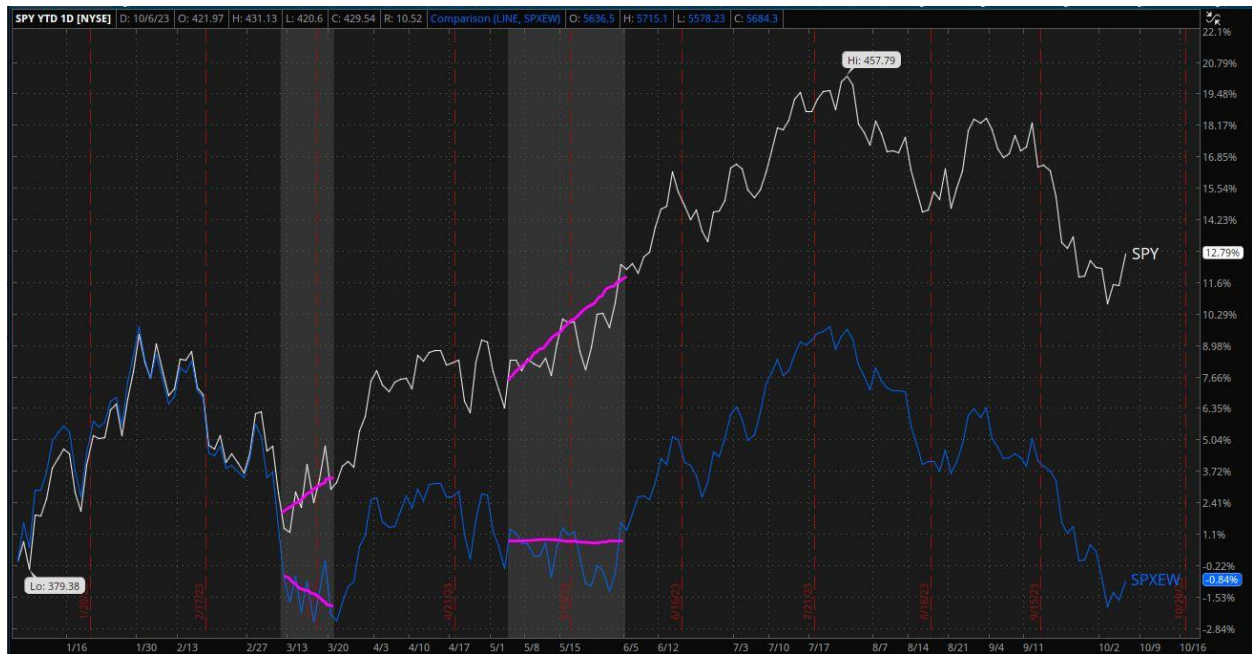
Russell 2000 weekly chart as of Oct 6, 2023 - The Russell delivered a 5th week in a row of lower lows, testing support at the 2022 close last week and dropping lower this week below the 2022 close. The Russell remains 'Inside' its 2023 range and inside the range seen for about 6 Quarters.



Russell 2000 daily chart as of Oct 6, 2023 - Last week the Russell found support near its 2022 close. This week broke below that level on Monday and delivered lower lows and lower highs the first 3 days this week. Thursday saw a small bounce with a higher high and higher low. Friday saw a larger bounce and Bullish Engulfing day that could not close above the 2022 close, ending this week down -2.22% and down for the year.

Last week we looked into the impact that Market Cap 'Weighting' has on the S&P-500 index. We showed how the 7 biggest stocks (out of 500 stocks) represent over 28% of the total value of the S&P-500 Index. In an Equal Weighted index each stock (out of 500 stocks) would only carry a weight of 0.2% of the index's value, and 7 stocks together would then carry 1.4% of the indexes value.

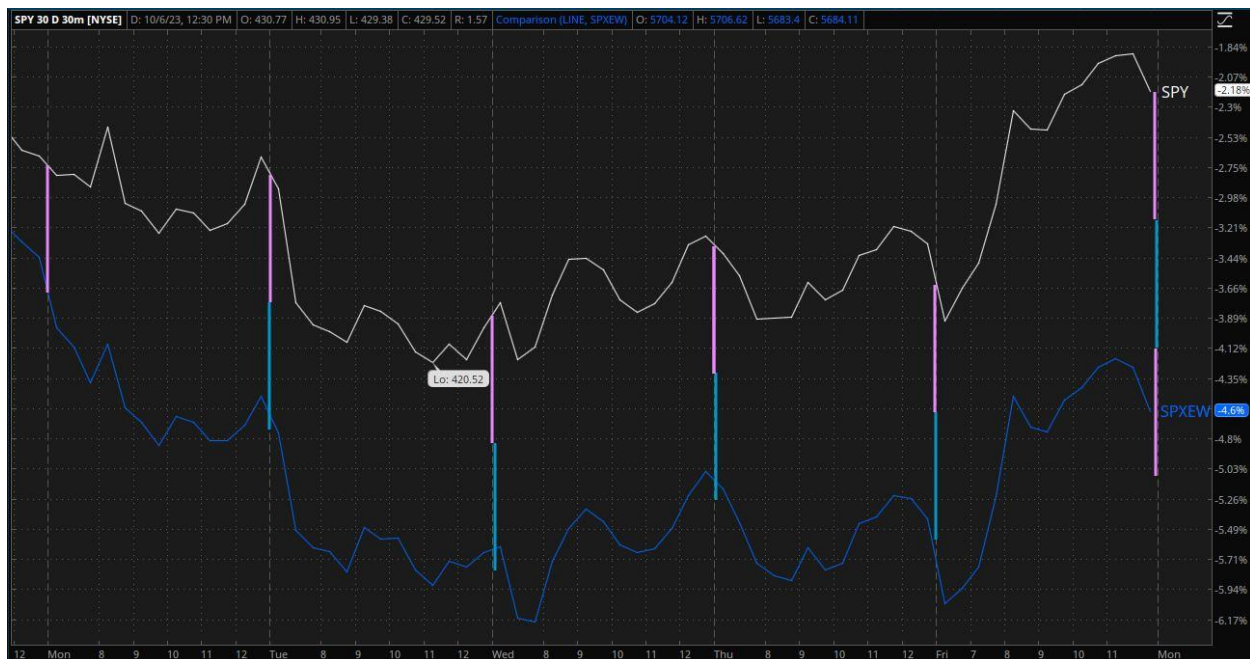
Below we will do a comparison of the SPY to the S&P Equal Weighted index to see the influence this 'weighting' has this year and this week.



SPY vs. SPXEW Year-to-Date Percent Change daily chart as of Oct 6, 2023 - Note that the SPY is now up +12.79% for this year and the Equal Weighted S&P is down -0.84% for the year. The Grey background highlights 2 weeks in mid March and the month of May this year. These are two areas where we saw significant 'Divergences' between these two indexes (indicated with purple lines) and the impact that 'Weighting' has on their values.

If you look at this chart and compare the range of the SPY to the range of the SPXEW this week and note the larger positive move in the SPY (+2%) this week than what we see in the SPXEW (+0.9%).

Let's zoom into this week to better see the daily differences between these two indexes.



SPY vs. SPXEW 30 min. chart as of Oct 6, 2023 - In this chart we are comparing daily changes between these two indexes. The Vertical bar at the Open on Monday between these two indexes is what we will call 'One Unit' for this comparison. All of the vertical Purple and Blue bars on this chart are of equal length and represent 'One Unit'. We changed the colors only to better see this comparison.

On Monday we see a significant change between the open and close that shows that the spread had nearly doubled from 1 unit to about 1.75 units during that day. The SPY hardly changed in value while the SPXEW declined significantly on Monday.

On Tuesday we see very little change between the open or close with a similar spread distance.

On Wednesday we again see very little change.

On Thursday we see a small increase from about 1.75 units at the open to about 2.1 units at the close.

On Friday we see a significant change as the divergence widens from 2.1 units to about 2.5 units.

This week began with about a 1 unit spread and ended with about a 2.5 unit spread, showing increasing Divergence between these two indexes. The Weighting is the only difference between these two indexes. This gives us a clue as to where to look for the most highly weighted stocks within the S&P-500 index for clues for this growing divergence. Maybe we should look at the charts of the 7 biggest stocks to see if we see relative strength on Monday or Friday this week. Do we see flat or slightly positive moves on Monday? Do we see greater strength in any of these 7 stocks on Friday than the S&P?

Doing comparisons is a powerful tool to help identify relative strength and weakness. This can then help guide a trader along a path of where to look next to find better opportunities. You may have your own questions about some index or sector, and doing a comparison could provide you with useful clues.

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



McClellan Summation Index weekly chart as of Oct 6, 2023 - Last week we saw a strong decline to end the week at -412.01. This week we see another strong decline to end this week at -653.92.



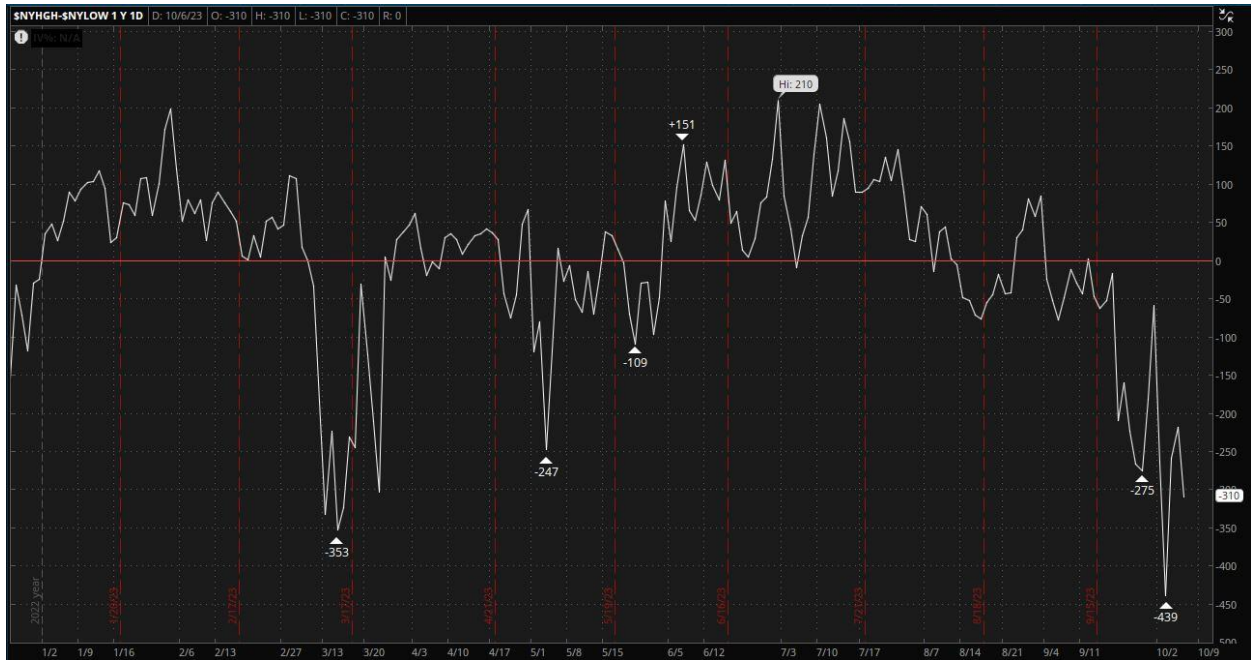
McClellan Summation Index daily chart as of Oct 6, 2023 - The Decline continues this week to end this week at -653.92.



NYSE Percent above 200 day SMA daily chart as of Oct 6, 2023 - Last week we saw a dip and bounce that ended the week at 43.47%. This week we saw a sharp decline to nearly 35.5% on Tuesday and a small bounce Wednesday to 36%. We saw a smaller dip Thursday and stronger bounce Friday to end this week at 37.31%.



NYSE Percent above 50 day SMA daily chart as of Oct 6, 2023 - Last week we saw drop, bounce and drift lower last Friday to end last week at 26.51%. This week we saw a sharp decline Tuesday to about 16% that was flat on Wednesday. Thursday saw a small increase to about 16.5% with a stronger increase Friday to end this week at 19.68%.



NYSE New Highs minus New Lows daily chart as of Oct 6, 2023 - Note we saw a new 2023 low for the 'New Highs minus New Lows' index on Tuesday this week at -439.

Above we saw rather large declines in the Russell 2000 on both Monday and Tuesday this week. Does that correlated with what we see in the 'New High - New Low' chart above?



VIX daily chart as of Oct 6, 2023 - The VIX remained above 17 most all of this week, delivering the largest range day up on Tuesday before peaking on Wednesday at 20.88 and pulling back. Friday saw a decline to 17.45 to end the week with the lowest close this week and back below its 200 day SMA.



VVIX daily chart as of Oct 6, 2023 - The Volatility of the VIX remained above all 3 of its key SMAs this week, then dropping down Friday to find support at its 200 day SMA and closing a fraction of a point below its 50 day and 20 day SMAs.



SKEW daily chart as of Oct 6, 2023 - Options SKEW dropped to new 5-month lows on Monday and Friday this week, as hedging activities and adjustments increased.

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



Oil daily chart as of Oct 6, 2023 - Oil continued its decline with lower lows and lower highs every day this week, breaking below its 20 day SMA on Monday, pausing Tuesday before its largest decline day this week on Wednesday, crossing below its 50 day SMA. Thursday closed even lower followed by Friday's lower low, lower high and slightly higher close to end this week at \$82.81. From the highs on Sept. 28th to the lows on Friday (Oct. 6th) we have seen just over a -14% drop.



Gold daily chart as of Oct 6, 2023 - Gold continued its decline delivering lower lows every day this week except on Wednesday when it paused for an 'Inside' day. Friday saw new 8 month lows and a slightly higher close at \$1847.



US Dollar Index daily chart as of Oct 6, 2023 - The US Dollar Index continued higher Monday and Tuesday then pulled back a bit on Wednesday, Thursday and Friday.



US 10 year Treasury daily chart as of Oct 6, 2023 - The 10 year Treasury sold off lower with increased volume this week, before finding support Wednesday. Thursday saw a small bounce that was all giving back on Friday.



US 10 year Yield daily chart as of Oct 6, 2023 - US 10 year Yields continued to increase on Monday and Tuesday with more new 16-year highs before pulling back Wednesday with an 'Inside day'. Thursday saw a small decline before the spike to new 16-year highs on Friday at 4.887% early in the day before pulling back a little to end the week at 4.784% yield.

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
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
9/5/2023	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
9/6/2023	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
9/7/2023	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
9/8/2023	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
9/11/2023	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
9/12/2023	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
9/13/2023	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
9/14/2023	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
9/15/2023	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
9/18/2023	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
9/19/2023	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
9/20/2023	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
9/21/2023	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
9/22/2023	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
9/25/2023	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
9/26/2023	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
9/27/2023	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
9/28/2023	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
9/29/2023	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
10/2/2023	5.56	5.60	5.62	5.62	5.58	5.49	5.12	4.88	4.72	4.73	4.69	5.00	4.81
10/3/2023	5.55	5.60	5.62	5.62	5.58	5.49	5.15	4.95	4.80	4.84	4.81	5.13	4.95
10/4/2023	5.56	5.58	5.61	5.62	5.57	5.42	5.05	4.85	4.72	4.75	4.73	5.05	4.87
10/5/2023	5.57	5.59	5.61	5.62	5.56	5.39	5.03	4.82	4.68	4.73	4.72	5.06	4.89
10/6/2023	5.59	5.60	5.63	5.64	5.59	5.43	5.08	4.87	4.75	4.79	4.78	5.13	4.95

US Yield Rates daily table as of Oct 6, 2023 - The 20 year Yield broke above 5.0% on Monday and closed at 5.13% on Tuesday and Friday. The 1 year Yield peaked at 5.49% on Monday and Tuesday. The 3 month Yields also increased this week from 5.58% highs last week to 5.62% and 5.64% this week. The Yield Curve remains inverted every day since July 6th, 2022.

The increasing Treasury interest rates have driven 30 year mortgage rates higher to new 23-year highs at over 7.8% this week.

☆ Assets: Total Assets: Total Assets: Wednesday Level (RESPPANWW)

Observation:

2023-10-04: 7,955,782

(+ more)

Updated: Oct 5, 2023

Units:

Millions of U.S.
Dollars,
Not Seasonally
Adjusted

Frequency:

Weekly,
As of
Wednesday

1Y | 5Y | 10Y | Max

2019-10-16

to

2023-10-04



FOMC Balance Sheet weekly chart as of Oct 4, 2023 - The Fed decreased their Balance Sheet this week by \$46.282 Billion to a new 'Total Assets' of just under \$8T at \$7.955782 Trillion. \$7.95 Trillion is still a lot of 'stimulus' in the big economic picture.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Oct 6, 2023 - The Transports continued lower with lower lows and lower highs on Monday, Tuesday and Wednesday, closing below its 200 day SMA on Tuesday. Thursday saw a pause with an 'Inside' day. Friday saw a higher low and higher high as it crossed back above its 200 day SMA and ended the week down -1.08%.



XLE daily chart as of Oct 6, 2023 - The Energy sector continued its decline with lower lows every day this week and lower highs in the first 4 days this week, crossing below its 50 day SMA on Monday and testing its 200 day SMA as Support on Wednesday. Thursday saw a gap down below its 200 day SMA that bounced and closed the day back above its 200 day SMA. Friday saw a Bullish Engulfing day that ended the week down -5.16%.



XLF daily chart as of Oct 6, 2023 - The Financial sector continued its decline with lower lows and lower highs Monday, Tuesday and Wednesday with a slightly higher close on Wednesday. Thursday and Friday saw a bounce that recovered most but not all of this week's decline, ending the week down -0.39%.



QQQ daily chart as of Oct 6, 2023 - The Nasdaq-100 ETF broke below its 9-month Support Trend Line (Orange line) back on Sept. 21st and has remained below since, testing that TL as Resistance last Friday. This week we see a pause Monday with an 'Inside' day with a higher close. Tuesday saw a strong decline to a higher low than seen the prior week. Wednesday saw a bounce and 'Inside' day, that remained as an 'Inside' day on Thursday. Friday saw a gap down and strong rally above its 20 day SMA but found Resistance again at its 9-month Trend Line, ending the week up +1.79% on strong volume.



SOXX daily chart as of Oct 6, 2023 - The Semiconductor sector saw a small rally last week then mostly paused this week after a small decline Tuesday. Friday saw a strong rally back above its 20 day SMA, breaking above the highs from the prior 2 weeks and ending this week up +1.38%.



XLC daily chart as of Oct 6, 2023 - The Communication Services sector has been mostly horizontal, stuck within a range for about 14 weeks. This consolidation continued this week with narrow range alternating days this week until Friday's strong rally taking the XLC above its 20 day and 50 day SMAs, ending this week up +2.04%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORS</i>	8/25/2023	9/1/2023	9/8/2023	9/15/2023	9/22/2023	9/29/2023	10/6/2023
\$SPX	0.82%	2.50%	-1.29%	-0.16%	-2.93%	-0.74%	0.48%
\$INDU	-0.45%	1.43%	-0.75%	0.12%	-1.89%	-1.34%	-0.30%
\$COMPQ	2.26%	3.25%	-1.93%	-0.39%	-3.62%	0.06%	1.60%
\$RUT	-0.31%	3.63%	-3.61%	-0.24%	-3.82%	0.48%	-2.22%
QQQ	1.64%	3.73%	-1.33%	-0.48%	-3.34%	0.10%	1.79%
\$TRAN	-0.55%	1.41%	-3.96%	0.86%	-2.29%	-0.13%	-1.08%
XLE	-1.37%	3.60%	1.44%	-0.04%	-2.22%	1.21%	-5.16%
XLF	0.03%	2.06%	-1.12%	1.55%	-2.93%	-1.46%	-0.39%
XLK	2.27%	4.44%	-1.94%	-2.25%	-2.45%	-0.29%	2.62%
SOXX	1.04%	5.41%	-3.53%	-2.58%	-3.14%	1.99%	1.38%
XLV	-0.09%	0.12%	-1.13%	0.10%	-1.14%	-1.08%	0.99%
XLY	1.23%	3.04%	-0.54%	1.80%	-6.15%	0.03%	-0.23%
XRT	-4.37%	4.21%	-4.07%	0.40%	-3.98%	2.13%	-3.35%
XLI	0.28%	2.12%	-2.91%	-0.60%	-2.66%	-0.40%	-0.59%
XLU	0.22%	-1.56%	0.86%	2.79%	-1.75%	-6.89%	-2.85%
XME	-1.58%	5.54%	-3.29%	3.71%	-3.03%	1.84%	-3.22%
XLP	-0.82%	-0.39%	-0.61%	0.49%	-1.99%	-1.90%	-3.11%
XLB	-0.04%	3.74%	-2.41%	-0.11%	-3.62%	0.23%	-0.71%
XLC	0.49%	2.63%	-0.21%	0.82%	-2.56%	-0.08%	2.04%
XHB	-0.30%	6.21%	-3.57%	-2.89%	-3.21%	0.51%	-2.12%

Weekly Percent Change US Indexes and Sectors table as of Oct 6, 2023 - We see some divergences this week with the strong Nasdaq gains, mild S&P gains and small DJIA loss. The Russell saw stronger loss this week as compared to the other indexes. The strength this week seems to track the 'Weighting' of the Magnificent 7 stocks, with their higher weightings in the Nasdaq-100 and Nasdaq Composite, and lesser weighting within the S&P-500. This is another confirmation of what we also saw in the SPY-vs.-SPXEW charts above.

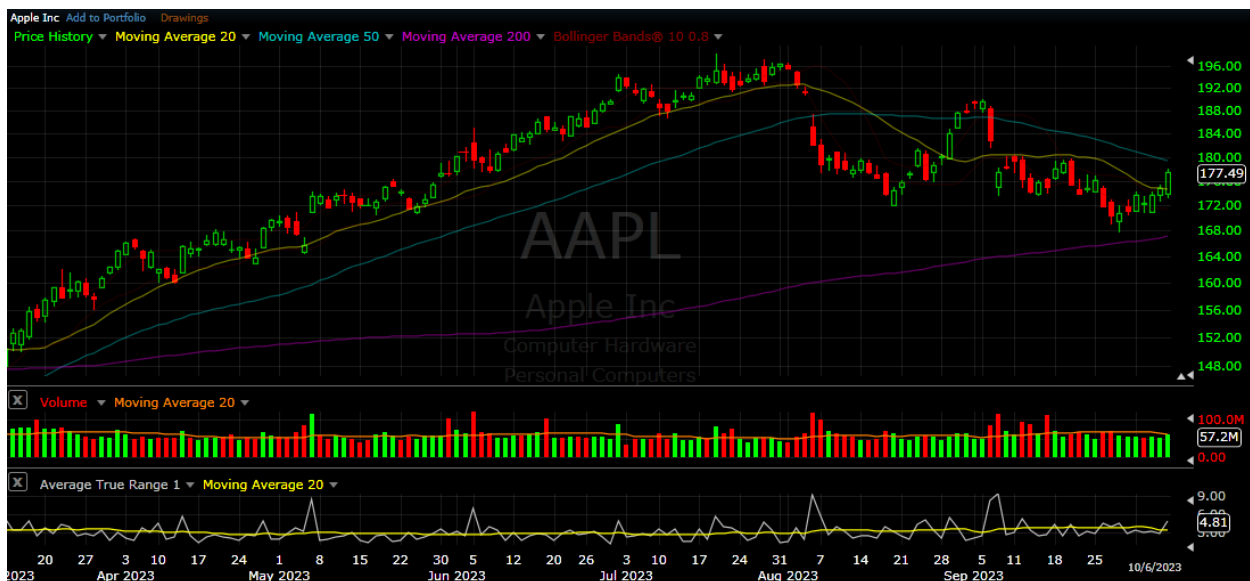
The strongest sectors this week included: XLK, XLC, QQQ and SOXX. On Friday of this week, the SOXX was the strongest sector that day.

The weakest sectors this week included: XLE, XRT, XME and XLP that were all down by over -3%.

INDEXes SECTORs	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	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	End of Day 10/02/23	End of Day 10/03/23	End of Day 10/04/23	End of Day 10/05/23	End of Day 10/06/23
\$SPX	0.40%	-1.47%	0.02%	0.59%	-0.27%	0.01%	-1.37%	0.81%	-0.13%	1.18%
\$INDU	0.13%	-1.14%	-0.20%	0.35%	-0.47%	-0.22%	-1.29%	0.39%	-0.03%	0.87%
\$COMPQ	0.45%	-1.57%	0.22%	0.83%	0.14%	0.67%	-1.87%	1.35%	-0.12%	1.60%
\$RUT	0.44%	-1.27%	0.98%	0.87%	-0.51%	-1.58%	-1.69%	0.11%	0.14%	0.81%
QQQ	0.47%	-1.50%	0.23%	0.84%	0.07%	0.85%	-1.75%	1.36%	-0.29%	1.68%
\$STRAN	0.76%	-1.87%	0.06%	1.07%	-0.11%	-1.14%	-0.78%	0.29%	-0.32%	0.88%

Daily Percent Change US Indexes table as of Oct 6, 2023 - We saw leadership change each day this week, with the S&P-500 and the Dow Industrials left out of the rotation this week. The Russell was the weakest 3 days this week and the QQQ was the strongest on 3 days this week, the same 3 days for each. The strength of the QQQ on both Monday and Friday this week is yet another hint as the 'Weighting' divergence may have something to do on those days.

Next we will look at a few key Stocks.



AAPL daily chart as of Oct 6, 2023 - The bounce we saw late last week continued higher on Monday this week then paused Tuesday and Wednesday. Thursday saw a higher high and higher close and a close just above the 20 day SMA. Friday saw a gap down and rally back above the 20 day SMA that delivered the largest range day of this week, closing above last week's highs and ending this week up +3.67%.



MSFT daily chart as of Oct 6, 2023 - Microsoft continued higher on Monday then gave back all of those gains on Tuesday with a new low for the week that was above the prior week's lows. Wednesday and Thursday saw 'Inside' days. Friday saw a gap down and strong rally above its 20 day and 50 day SMAs to end this week up +3.65%.



GOOGL daily chart as of Oct 6, 2023 - Alphabet continued its rally on Monday then paused Tuesday with an 'Inside' day. Both days respected the 20 day SMA as Resistance. On Wednesday we saw higher lows and higher highs as GOOGL crossed above its 20 day SMA. Thursday saw a pause with an 'Inside' day. Friday saw a gap below the 20 day SMA that quickly rallied back above its 20 day SMA and delivered new highs for the week, ending this week up +5.14% and now above all 3 of its key daily SMAs.



AMZN daily chart as of Oct 6, 2023 - Amazon saw a drop of over -15% from the Sept 14th highs to the lows of last week. Last Friday's small bounce continued higher on Monday this week but then quickly declined on Tuesday to nearly the \$124 support area. Wednesday saw an 'Inside' day. Thursday saw a retest of support and a lower close. Friday saw a gap down to retest support then rallied higher but failed to deliver new highs for this week, ending this week up only +0.66%.



TSLA daily chart as of Oct 6, 2023 - Tesla has been forming a consolidation pattern for a few months as it straddles its 20 day and 50 day SMAs over the past few weeks. This week we saw a lower low, lower highs and higher close on Monday just above its 50 day SMA. Tuesday saw an 'Inside' day just below its 50 day SMA. Wednesday saw the largest range day of this week, crossing above its 50 day and 20 day SMAs but failing to close above its Aug. 31st prior highs. Thursday briefly saw a higher high but closed a little lower for the day. Friday saw a gap down and test of the 50 day SMA Support before rallying above its 20 day SMA to end the week up +4.12%.



NVDA daily chart as of Oct 6, 2023 - Nvidia has been mostly horizontal for several months, dancing above and below its 20 day and 50 day SMAs. The rally we saw last week continued on Monday above its 20 day SMA but failed to close above its 50 day SMA. Tuesday saw strong selling back below its 20 day SMA to give back most of the prior 2 days of gains. Wednesday saw a small bounce back above its 20 day SMA that continued Thursday up to its 50 day SMA. Friday saw a gap down and rally above its 50 day SMA, delivering new highs above the prior 2 weeks, ending this week up +5.20% and now above all 3 of its key daily SMAs.



META daily chart as of Oct 6, 2023 - Meta has also been mostly horizontal for over 2 months, straddling its 20 day and 50 day SMAs. It continued to straddle these two SMAs this week then broke out Friday to deliver new 8-week highs and end this week up +5.07%.

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	0.10%	1.79%
AAPL	-2.05%	3.67%
MSFT	-0.40%	3.65%
GOOGL	0.47%	5.14%
AMZN	-1.55%	0.66%
TSLA	2.18%	4.12%
NVDA	4.54%	5.20%
META	0.38%	5.07%

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 S&P-500 was up +0.48% this week while all 7 of the biggest stocks were up greater than that amount this week.

The QQQ was up +1.79% this week and 6 out of the 7 biggest stocks did better than that this week. In fact, all 6 of these stocks did better than twice the QQQ this week ($2 \times 1.79\% = 3.58\%$). This shows us some of the 'Divergence' we have seen this week between the SPY vs. SPXEW and suggests that there is likely some divergence also between the Nasdaq-100 and an 'Equal Weighted' Nasdaq-100 this week.

Maybe you may want to try to investigate the weighting within the Nasdaq-100 and if it too shows a significant (or even more significant) bias towards these 7 biggest stocks.

Maybe you may want to look again at the charts above for these 7 big stocks to see how each behaved this week on Monday and on Friday. Do you see any similarities or differences?



JPM daily chart as of Oct 6, 2023 - JP Morgan saw a large decline last Friday that continued lower this week with lower lows and lower highs the first 4 days this week, crossing below its 20 day SMA briefly on Thursday. Friday saw a strong rally that nearly reached its 20 day SMA, ending the week up +0.79%. JPM reports Earnings next week on Friday before the open.



GS daily chart as of Oct 6, 2023 - Goldman saw a decline last Friday that continued on Monday this week. Tuesday saw the decline accelerate lower on big volume. Wednesday saw new 6-month lows and lower highs with a small bounce to close higher. Thursday and Friday saw the mild bounce continue higher to end the week down -3.43%.



COST daily chart as of Oct 6, 2023 - Costco reported Earnings last week and saw a whip-saw reaction lower than higher last Wednesday. Costco remained near last week's highs the first 4 days this week then fell hard on Friday below its 20 day and 50 day SMA to new 4 week lows before bouncing and closing the ugly day back above its 50 day SMA on huge volume, ending this week down -1.32%.



AMD daily chart as of Oct 6, 2023 - AMD tested support at its 200 day SMA last week then rallied above its 20 day SMA. This week we saw AMD straddle its 20 day SMA on Monday then drop below Tuesday to find support that was higher than the prior week's lows. Wednesday saw a strong rally back above its 20 day SMA to new highs for this week. Thursday saw a pause and small pull back. Friday saw a gap down that remained ABOVE its 20 day SMA and rallied with the biggest range day this week, above its 50 day SMA and above the prior 2 week's highs, ending this week up +4.30%.



INTC daily chart as of Oct 6, 2023 - Intel saw a big rally and decline in September that returned to the \$34 area. Last week we saw a +4% rally. This week we saw a pause on Monday then a failed rally up to its 20 day SMA on Tuesday. Wednesday gapped above its 20 day SMA and dropped to its 50 day SMA to find support and bounced. Thursday saw a pause and 'Inside' day. Friday saw a wide swing briefly below its 50 day SMA and above its 20 day SMA to then close just 3 cents above its 20 day SMA, ending the week up +1.80%. Intel continues to retest its 20 day and 50 day SMAs as Resistance and Support.



SLB daily chart as of Oct 6, 2023 - Schlumberger rallied last week just to give it all back last Friday. This week SLB continued lower Monday, saw a failed rally Tuesday and then resumed with lower lows and lower highs the rest of this week, ending the week down -4.46%.



TGT daily chart as of Oct 6, 2023 - Target continues its 4+ month decline this week with a large decline on Monday, a pause on Tuesday, then resuming the decline with lower closes each day the followed, ending this week down -5.03%. TGT delivers new 3-year lows again this week. Not only is TGT below all 3 key daily SMAs, but those SMAs are stacked in descending order with the 20 day SMA below the 50 day and the 50 day is below the 200 day. This descending order has existed since early August in TGT.



DE daily chart as of Oct 6, 2023 - John Deere saw a failed rally last Thursday that gave back all of last week's gains last Friday. The decline continued this week on Monday with lower lows and a test of support near \$370.55. Tuesday saw another test of support with a tiny bounce. Wednesday saw another test of support but with a larger bounce. Thursday saw a pause and 'Inside' day. Friday saw rally attempt that changed this week into a small gain, ending this week up +0.31%.

Even with the one day strong showing of the Bulls on Friday, this week still remains within a bear Trend context. The market has been mostly bearish since the late July highs (S&P and Nasdaq) and we continue to see swings of lower lows and lower highs since. Odds may still favor the Bears until we have more confirmation of a Trend Change, such as exceeding the prior Sept. 1st highs.

Odds favor the Continuation of Trends, until we see sufficient evidence that shows otherwise. When in 'Bear Mode' I look for rallies that Fail. A failed rally is more often followed by lower lows which gives me a bearish trade opportunity. When in 'Bull Mode' I look for dips to buy that may be followed soon by higher highs. This is how I keep the odds in my favor, by assuming the Trend will resume. Like any system, it does not always work. However, when the Trend Following strategy fails, THAT is often a strong clue to look in the other direction for an opportunity, since that failure may be a clue of a CHANG in Trend.

Hope this helps.

Trade Smart,

CJ