



Market Observations - as of November 3, 2023

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

Last week we saw a gap down Monday and a failed rally mid day that pulled back. Tuesday saw another failed rally in the morning and near the close that failed to reach the prior Friday's highs. Wednesday saw strong selling resume with lower lows and lower highs Wednesday, Thursday and Friday in the S&P. The Nasdaq saw strong selling Wednesday and Thursday with a pause and 'Inside' day on Friday.

This week we saw a change in Trend with a gap up Monday and the S&P crossing above its descending Resistance Trend Line mid day on Monday. The Nasdaq Composite crossed above its Resistance Trend Line in the last 2 hours on Tuesday. Every day this week we saw higher highs and higher lows. This week ended with the largest weekly gain seen this year.

Positive Breadth was seen each day this week, with small gains seen Monday, Tuesday and Wednesday followed by very strong positive Breadth seen on Thursday and Friday. We saw this same acceleration in the Russell 2000 on Thursday and Friday this week.

There were two weeks so far this year where we saw a decline by over -2 standard deviations in the S&P and one week, this week, with a positive advance greater than +2 standard deviations. Friday's high was nearly +2.66 standard deviations. We track the weekly Expected Move (1 standard deviation) in the S&P each week as this has proven to be a useful reference for where Support or Resistance may be found during the week. You can see these levels in the 15 min. S&P chart below.

Oil continued a decline this week while Gold broke above \$2000 on several days. The US Dollar Index saw sharp declines on Thursday and Friday this week as the US 10 year Yields also saw sharp declines on the same days.

The strong rally this week likely caught many traders unprepared after the prior two weeks of sharp declines. There are many methods to confirm a change in Trend, and ALL of them can only signal 'after' the bottom (or top) has occurred. Some confirmation methods are quick and some are slower, but each has its probability. The faster methods tend to have fake outs more often with small risk when wrong. Slower methods may have fewer fake-outs but may require a bit higher risk and patience. The key to successful trading is discipline and consistency. KNOW your Trend Change Confirmation signal, know both its pros and cons and STICK to it. No method is perfect will be faked out on occasion. The key is to KNOW and be COMFORTABLE with those trade-offs and STICK to your system.

With the end of the month of October on Tuesday this week, we will include some Monthly charts below to help keep a big-picture context in mind.

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



S&P 500 monthly chart as of Oct 31, 2023 - Here we see 3 declining months in a row, crossing below a 1-year Trend Line Support (Orange line) last month.



S&P 500 weekly chart as of Nov 3, 2023 - Note that this week recovered the prior two weeks of decline and nearly reached the 20 week SMA. Also note the declining Channel (Light Green Lines) since the mid-July highs. We have seen a series of lower lows and lower highs within this channel and the highs this week remained within this channel and did not exceed the prior high. This week saw the largest weekly True Range move of this year.



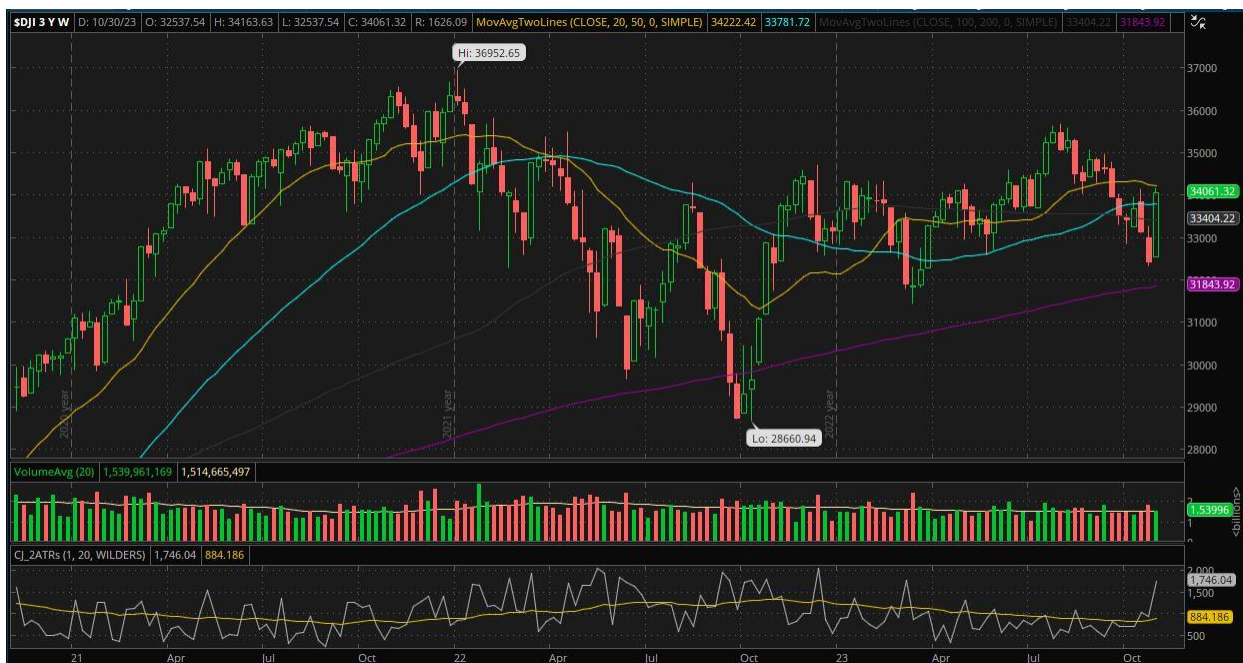
SPX 500 daily chart as of Nov 3, 2023 - Here we can see the acceleration this week with higher highs and higher lows every day this week, crossing above its 200 day and 20 day SMAs on Thursday and above its 50 day SMA on Friday. Note the large gaps on Thursday and Friday without any 'gap filling'. The S&P ended this week up +5.85% and is now above all 3 of its key daily SMAs.



SPX 500 15 min. chart as of Nov 3, 2023 - The S&P broke above its Resistance Trend Line (Light Blue Line) mid day on Monday this week and never crossed back below it. The S&P broke above its weekly Expected Move (+1 Standard Deviation) in the first hour on Wednesday and broke above its +2x Expected Move the last 2 hours on Thursday. Friday's high was at about +2.66 Standard Deviations.



DJIA monthly chart as of Oct 31, 2023 - The Dow Industrials saw 3 months of decline in a row, straddling its 20 month SMA in October.



DJIA weekly chart as of Nov 3, 2023 - This week the Industrials recovered all of the prior 2 weeks of decline, crossing back above its 50 week SMA and nearly reaching its 20 week SMA this week.



DJIA daily chart as of Nov 3, 2023 - Here we see higher highs and higher lows every day this week, gapping above its 20 day SMA and crossing above its 200 day SMA on Thursday. Friday saw a gap above its 50 day SMA to end the week up +5.07%. Friday's high briefly exceeded the prior high from Oct. 17th.



Nasdaq monthly chart as of Oct 31, 2023 - We see 3 declining months in a row.



Nasdaq weekly chart as of Nov 3, 2023 - Here we see two prior declining weeks below the 10 month Support Trend Line (Orange Line) that were fully recovered this week. We also see a declining Channel since the July highs that contain a series of lower lows and lower highs. Last week we saw a test of the lower channel and this week ended near the upper channel. This week was also one of the largest True Range weeks so far this year.



Nasdaq daily chart as of Nov 3, 2023 - the Lows last Thursday defined the lower channel and was followed by an 'Inside' day on last Friday. This week we see higher highs and higher lows every day with a cross above the 200 day SMA Monday and Tuesday, a gap above the 20 day SMA on Thursday and a rally and cross above the 50 day SMA on Friday, ending the week up +6.61%. Friday also ended nearly on the upper channel line but did not exceed the prior highs from October. The Nasdaq Composite is now above all 3 of its key daily SMAs.



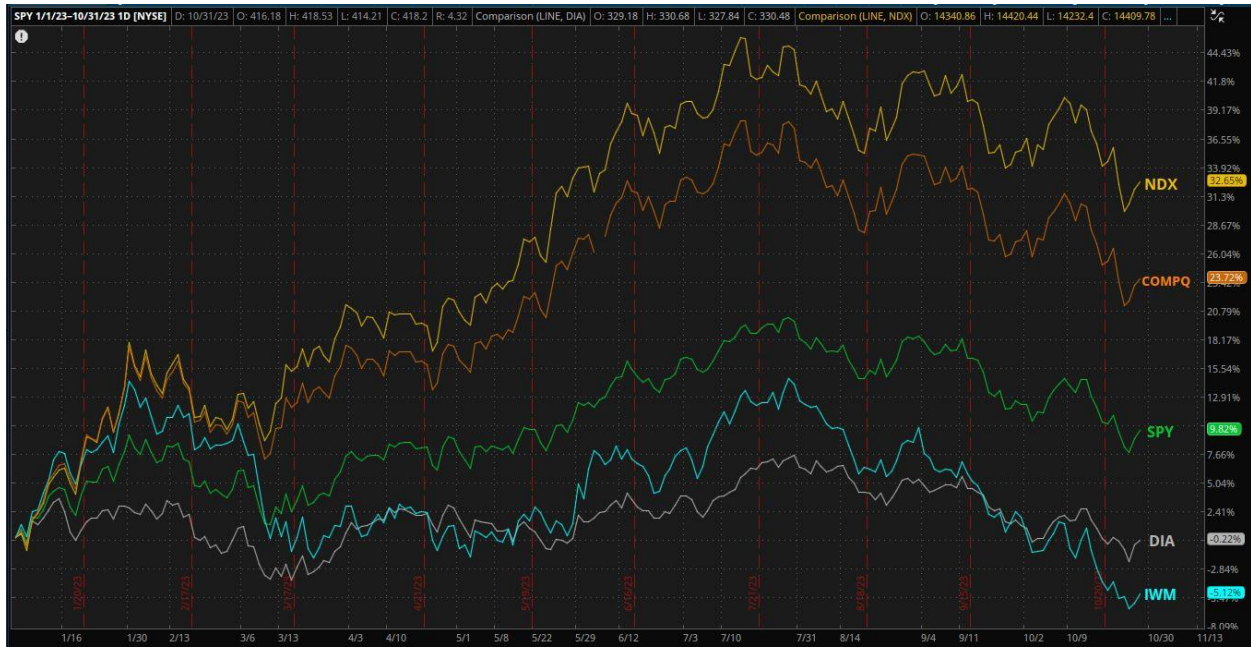
Russell 2000 monthly chart as of Oct 31, 2023 - The Russell 2000 remains inside its range for 18 months.



Russell 2000 weekly chart as of Nov 3, 2023 - We saw a decline the prior 4 weeks in a row that tested the lower channel last week. This week saw a one week recovery of the prior 3+ weeks of decline but remains below all 3 of its key weekly SMAs.



Russell 2000 daily chart as of Nov 3, 2023 - Last week ended with a new 52 week low just below its lower channel line (Pink line). This week we saw an 'Inside' day on Monday followed by small gains on Tuesday and Wednesday. Thursday and Friday saw large gaps up and rallied above its 20 day SMA on Thursday and nearly reached its 50 day SMA on Friday, ending this week up an impressive +7.56%. Compare the large gains Thursday and Friday, to the small gains the first 3 days of this week. Also compare this change in acceleration this week to what you see in the 'Market Internals' below.



US Indexes Year to Date Percent Change chart as of Oct 31, 2023 - The Nasdaq-100 and Nasdaq Composite have led the markets most of this year. In prior 'Market Observations' we have posted some evince of what has driven this leadership and large portion of that reason comes from the weighting of the 7 biggest stocks in the various indexes. We see a mild decline since the July highs this year, so we can look at the past 3 months to see who led this decline.



US Indexes 3 month Percent Change chart as of Oct 31, 2023 - We set up this chart to show the percentage change since July 31st through Oct. 31st this year to help identify leadership over this 3 month period. The weakest is the Russell 2000 (IWM) with the biggest decline. The Nasdaq composite is in the middle and the Dow Jones Industrials declined the least. The Nasdaq-100 (NDX) and S&P (SPY) saw a similar decline over the past 3 months.

Next we will look at a few key 'Market Internals' to better understand market Breadth.



McClellan Summation Index weekly chart as of Nov 3, 2023 - Last week we saw a strong decline down to -817.36 for new 52 week lows in this Index. This week we see a very strong bounce up to -627.16 to recover the prior week's decline plus some.



McClellan Summation Index daily chart as of Nov 3, 2023 - Here we see a dip last week that continued lower Monday this week then began to recover Tuesday and accelerated a little Wednesday to -795. Thursday and Friday saw much stronger increases to end this week at -627.16.



NYSE Percent above 200 day SMA daily chart as of Nov 3, 2023 - Last week we saw a drop to new 52 week lows at 26.07%. This week we saw an increase every day, slowly up to about 31% in the first 3 days then faster up to 44.09% on Thursday and Friday, crossing above its 50 day SMA on Friday.



NYSE Percent above 50 day SMA daily chart as of Nov 3, 2023 - Last week we saw a drop to new 52 week lows at 15.09%. This week we saw increases every day, with a slower pace for the first 3 days up to about 25% then much faster Thursday and Friday up to 52.33% crossing above its 50 day Thursday and its 200 day SMAs on Friday.



VIX daily chart as of Nov 3, 2023 - The VIX declined every day this week, crossing below its 20 day SMA Tuesday, below its 200 day SMA Wednesday and gapping below its 50 day SMA on Thursday. Friday saw the VIX break below its October lows to end this week at 14.91.



VIXX daily chart as of Nov 3, 2023 - The Volatility of the VIX also declined every day this week, quickly down Monday and Tuesday, then slowing Wednesday and again Thursday to a slower pace. Friday saw a narrow range day well below the October lows. This shows us how the markets grew more comfortable each day with less 'uncertainty' perceived in the markets.

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



Oil daily chart as of Nov 3, 2023 - Oil prices declined Monday, Tuesday and Wednesday before pausing. Thursday saw a failed rally that was all given back the next day, Friday, ending the week at \$80.89.



Gold daily chart as of Nov 3, 2023 - Gold prices saw a small decline 3 days this week, paused Thursday then saw a small bounce Friday to end this week at \$1999.90.



US Dollar Index daily chart as of Nov 3, 2023 - The US Dollar Index saw a decline Monday below its 20 day SMA then a bounce Tuesday back above its 20 day SMA. Wednesday saw higher highs but a lower close. Thursday saw a strong decline back below its 20 day SMA that continued even stronger and lower Friday, crossing below its 50 day SMA and breaking below the October lows.



US 10 year Treasury daily chart as of Nov 3, 2023 - The US 10 year Treasury saw a small decline Monday and Tuesday then a strong rally Wednesday above its 20 day SMA with volume. The Rally continued higher Thursday and Friday, crossing and closing the week above its 50 day SMA on strong volume.

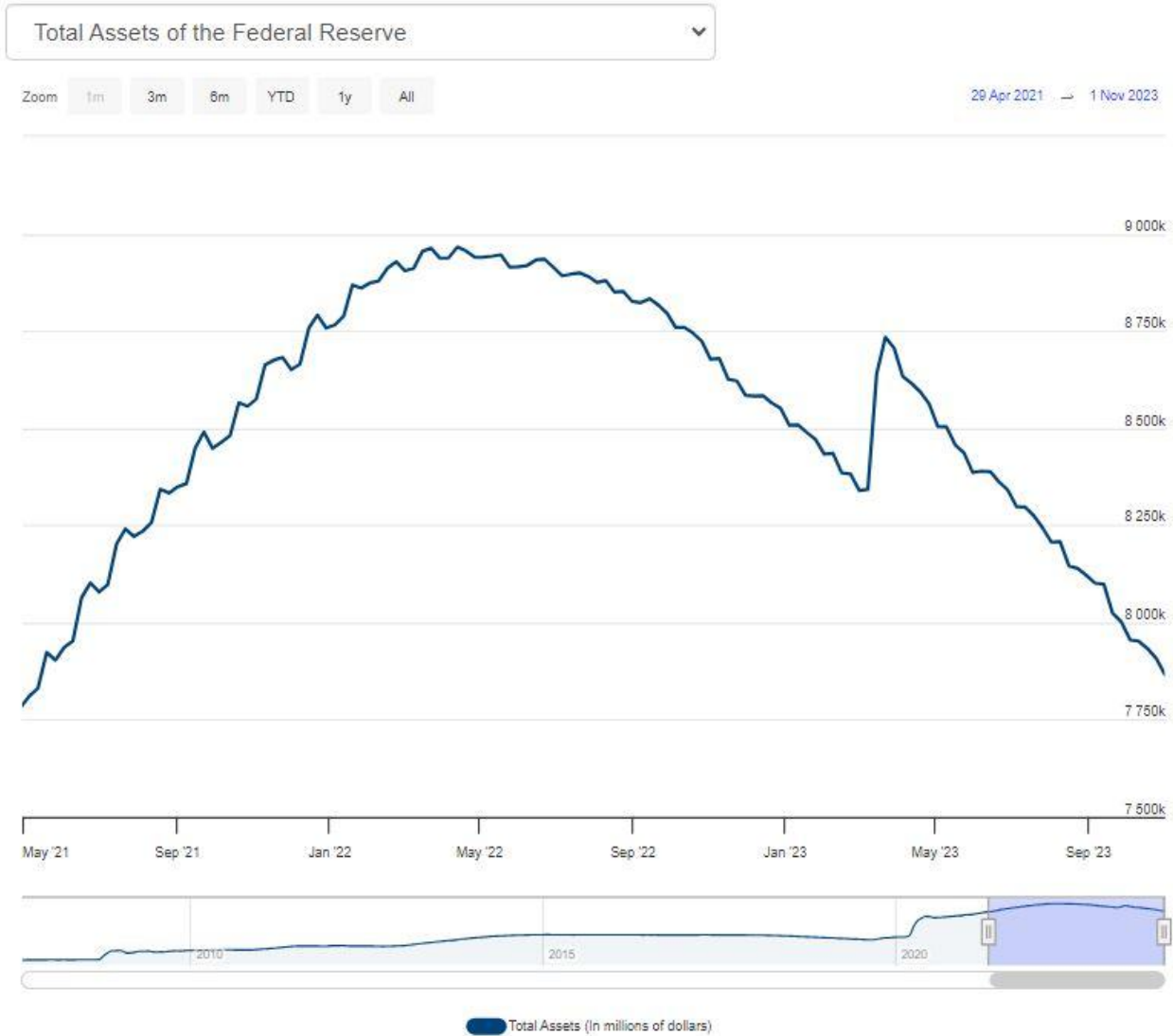


US 10 year Yield daily chart as of Nov 3, 2023 - The 10 year Yields paused Monday, bounced off of its 20 day SMA support Tuesday then saw a stronger decline Wednesday to cross and close below its 20 day SMA. Thursday saw a large gap down that was followed with a strong decline in Yields on Friday crossing below its 50 day SMA and closing the week near its 50 day SMA at 4.558%.

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
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
10/10/2023	5.60	5.61	5.61	5.63	5.57	5.37	4.96	4.74	4.62	4.66	4.66	5.03	4.85
10/11/2023	5.58	5.59	5.61	5.63	5.56	5.38	4.99	4.73	4.59	4.61	4.58	4.92	4.73
10/12/2023	5.61	5.59	5.63	5.63	5.58	5.43	5.06	4.82	4.69	4.73	4.70	5.05	4.86
10/13/2023	5.60	5.58	5.62	5.62	5.57	5.41	5.04	4.80	4.65	4.66	4.63	4.97	4.78
10/16/2023	5.57	5.58	5.61	5.63	5.58	5.42	5.09	4.87	4.72	4.74	4.71	5.06	4.87
10/17/2023	5.58	5.58	5.62	5.64	5.60	5.48	5.19	5.01	4.86	4.88	4.83	5.14	4.94
10/18/2023	5.57	5.56	5.61	5.62	5.58	5.47	5.19	5.03	4.92	4.95	4.91	5.20	5.00
10/19/2023	5.58	5.57	5.60	5.62	5.56	5.44	5.14	5.01	4.95	5.00	4.98	5.30	5.11
10/20/2023	5.56	5.56	5.58	5.61	5.54	5.41	5.07	4.93	4.86	4.93	4.93	5.27	5.09
10/23/2023	5.57	5.57	5.58	5.59	5.56	5.42	5.05	4.89	4.81	4.87	4.86	5.19	5.01
10/24/2023	5.57	5.57	5.58	5.60	5.57	5.41	5.02	4.91	4.82	4.86	4.83	5.15	4.96
10/25/2023	5.56	5.57	5.59	5.61	5.57	5.43	5.08	4.98	4.89	4.98	4.95	5.27	5.09
10/26/2023	5.57	5.57	5.59	5.60	5.55	5.39	5.02	4.89	4.79	4.86	4.86	5.19	5.01
10/27/2023	5.57	5.57	5.59	5.60	5.55	5.39	4.99	4.84	4.76	4.83	4.84	5.19	5.03
10/30/2023	5.56	5.57	5.60	5.61	5.53	5.41	5.03	4.87	4.80	4.88	4.88	5.21	5.04
10/31/2023	5.56	5.57	5.59	5.61	5.54	5.44	5.07	4.90	4.82	4.89	4.88	5.21	5.04
11/1/2023	5.56	5.55	5.57	5.54	5.51	5.37	4.95	4.76	4.67	4.75	4.77	5.13	4.96
11/2/2023	5.52	5.56	5.54	5.53	5.50	5.38	4.98	4.78	4.65	4.68	4.67	4.99	4.82
11/3/2023	5.53	5.56	5.53	5.50	5.45	5.29	4.83	4.62	4.49	4.55	4.57	4.93	4.77

US Yield Rates daily table as of Nov 3, 2023 - Here we can see the peak in the 10 year term at 4.98% on Oct. 19th and another lower peak at 4.95% on Oct. 25th. This week saw the 10 year peak Monday and Tuesday at 4.88% and drop sharply to 4.57% by Friday. The Mid-Term and Short-Term Treasuries also declined this week but by smaller amounts than the 10 year.

It seems like the acceleration the last half of this week may have been encouraged by comments from Jay Powell being interpreted as the Fed is 'done' with its rate hikes. That may or may not be true, but the markets seemed to act as if they felt that some relief of uncertainty this week.

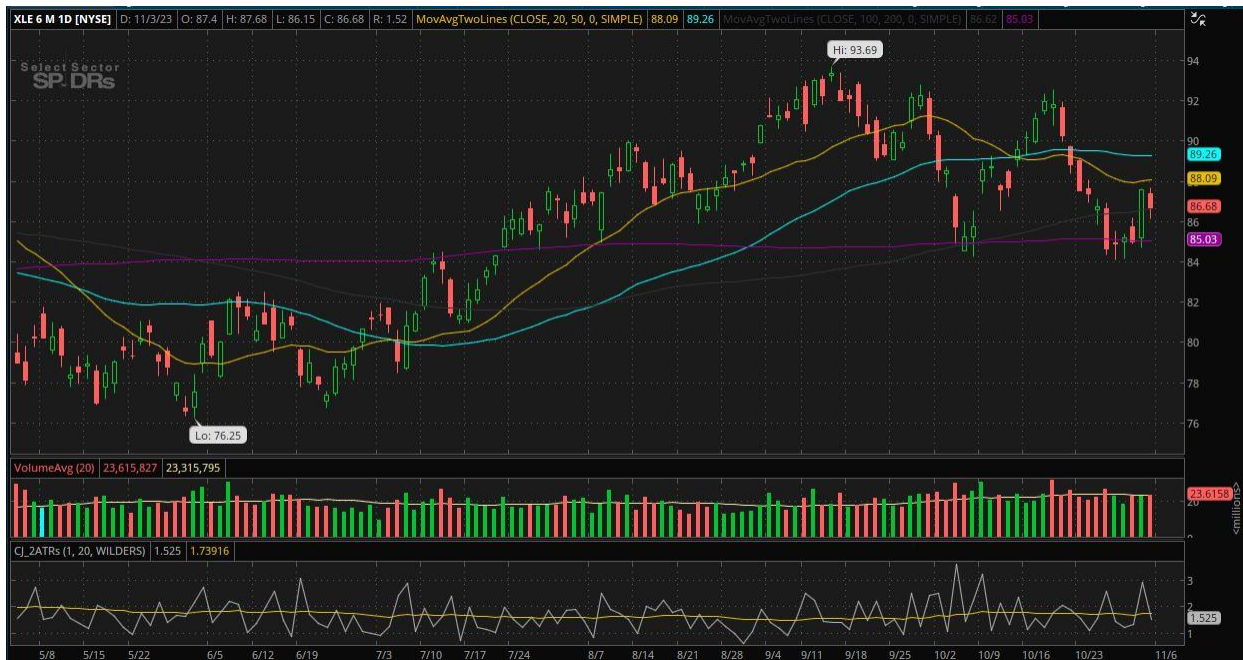


FOMC Balance Sheet weekly chart as of Nov 1, 2023 - The Fed decreased its Balance Sheet by \$41.166 Billion this week to bring its current Total Assets down to \$7.86664 Trillion. Over the month of October we saw a reduction in the Balance Sheet of \$135.400 Billion dollars.

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



Dow Transportation Index daily chart as of Nov 3, 2023 - The Transports saw a sharp decline over the prior 2 weeks. We see higher highs and higher lows every day this week, crossing above its 20 day SMA on Friday to end the week up +7.06%.



XLE daily chart as of Nov 3, 2023 - The Energy sector declined below its 200 day SMA last Friday and remained below most of the day on Monday this week. Tuesday saw a small range day that closed back above the 200 day SMA. Wednesday saw a failed rally that closed back below the 200 day SMA. Thursday saw a strong rally nearly to its 20 day SMA. Friday saw a small pull back to end this week up +2.42%, the weakest sector on my list this week.



XLF daily chart as of Nov 3, 2023 - The Financial sector saw a strong drop last Friday. This week we see higher highs and higher lows every day, crossing above its 20 day SMA Thursday and above its 50 day and 200 day SMAs on Friday to end the week up +7.41% and now above all 3 of its key daily SMAs. Note the acceleration that appears to occur in the last half of this week.



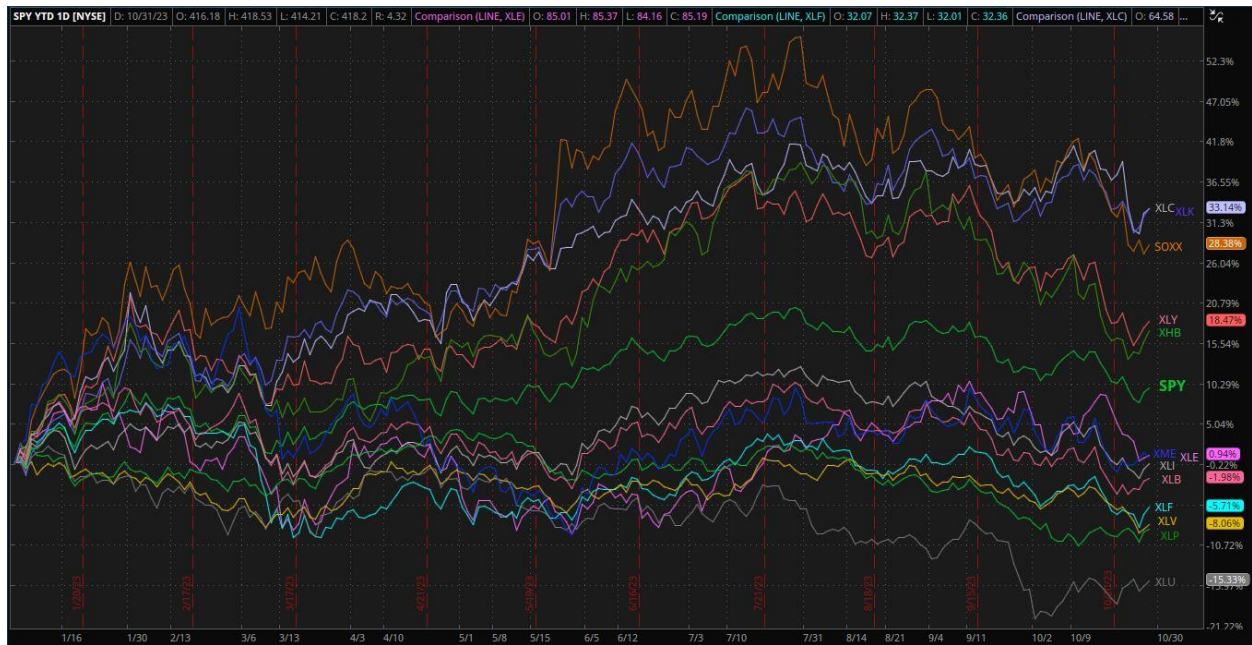
QQQ daily chart as of Nov 3, 2023 - The Nasdaq-100 ETF saw lower lows last Thursday and an 'Inside' day last Friday. This week we see higher highs and higher lows every day, small increases on Monday and Tuesday, then a larger daily increase on Wednesday. Thursday gapped above its 20 day SMA and Friday above its 50 day SMA, ending the week up +6.49% and now above all 3 of its key daily SMAs.



SOXX daily chart as of Nov 3, 2023 - The Semiconductor sector saw a sharp decline the prior 2 weeks below all 3 of its key daily SMAs. This week saw lower lows Monday that were mostly recovered on Tuesday. Wednesday saw a strong rally that continued the rest of this week, gapping above its 200 day SMA on Thursday and above its 20 day SMA on Friday. Friday saw a brief test above its 50 day SMA and ended the week just below its 50 day SMA, up +6.96% for the week.



XLC daily chart as of Nov 3, 2023 - The Communication Services sector saw a sharp decline last week but this week saw higher highs and higher lows every day to recover all of last week's decline. The XLC closed Thursday nearly on its converging 20 day and 50 day SMAs and gapped up Friday to end the week up +7.09% and back above all 3 of its key daily SMAs.



Percent change Year to Date of SPY vs. key Sectors as of Oct. 31 2023 - Here we can compare the various sectors to the S&P (SPY) so far this year, as of the end of October. The XLC, XLK and SOXX have been the strongest so far, with the XLY and XHB doing a little better than the SPY.

These have likely improved over the first 3 days of November since we have seen a strong rally in most all sectors this week with most charts showing the strongest daily moves higher happened the last 3 days of this week.

Below we can see how EVERY sector improved this week with the weakest on my list providing a +2.42% gain this week.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	9/22/2023	9/29/2023	10/6/2023	10/13/2023	10/20/2023	10/27/2023	11/3/2023
\$SPX	-2.93%	-0.74%	0.48%	0.45%	-2.39%	-2.53%	5.85%
\$INDU	-1.89%	-1.34%	-0.30%	0.79%	-1.61%	-2.14%	5.07%
\$COMPQ	-3.62%	0.06%	1.60%	-0.18%	-3.16%	-2.62%	6.61%
\$RUT	-3.82%	0.48%	-2.22%	-1.48%	-2.26%	-2.61%	7.56%
QQQ	-3.34%	0.10%	1.79%	0.16%	-2.92%	-2.62%	6.49%
\$TRAN	-2.29%	-0.13%	-1.08%	-0.73%	-1.69%	-6.19%	7.06%
XLE	-2.22%	1.21%	-5.16%	4.50%	0.75%	-6.24%	2.42%
XLF	-2.93%	-1.46%	-0.39%	0.51%	-3.04%	-2.33%	7.41%
XLK	-2.45%	-0.29%	2.62%	0.24%	-2.78%	-1.72%	6.60%
SOXX	-3.14%	1.99%	1.38%	-0.73%	-4.07%	-2.83%	6.96%
XLV	-1.14%	-1.08%	0.99%	0.14%	-1.64%	-3.84%	3.47%
XLY	-6.15%	0.03%	-0.23%	-1.02%	-4.58%	-1.38%	7.11%
XRT	-3.98%	2.13%	-3.35%	-0.32%	1.04%	-2.25%	7.20%
XLI	-2.66%	-0.40%	-0.59%	0.96%	-3.00%	-2.29%	5.35%
XLU	-1.75%	-6.89%	-2.85%	3.58%	-2.14%	1.21%	5.33%
XME	-3.03%	1.84%	-3.22%	-0.73%	-3.07%	1.00%	3.69%
XLP	-1.99%	-1.90%	-3.11%	0.19%	0.70%	-1.03%	3.26%
XLB	-3.62%	0.23%	-0.71%	-0.45%	-3.01%	-0.46%	5.12%
XLC	-2.56%	-0.08%	2.04%	0.24%	-0.82%	-5.16%	7.09%
XHB	-3.21%	0.51%	-2.12%	-1.04%	-4.46%	-1.52%	10.99%

Weekly Percent Change US Indexes and Sectors table as of Nov 3, 2023 - Note, the weekly gains we saw this week for most all Indexes was the strongest weekly gains seen so far this year. The Russell 2000 and the Dow Transportation Indexes delivered over +7% gains this week and the Nasdaq Composite and Nasdaq-100 were not far behind at about +6.5% this week.

All Sectors were up this week. The strongest sectors this week were: XHB, XLF, XRT, XLY, XLC and Transports who all delivered over +7% this week. The SOXX, XLK and QQQ were close behind at 6.49% to 6.96%.

The laggards this week were positive, but the least positive for the week. XLE, XLP, XLV and XME all were less than +4%.

	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
INDEXes	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day	End of Day
SECTORS	10/23/23	10/24/23	10/25/23	10/26/23	10/27/23	10/30/23	10/31/23	11/01/23	11/02/23	11/03/23
\$SPX	-0.17%	0.73%	-1.43%	-1.18%	-0.48%	1.20%	0.65%	1.05%	1.89%	0.94%
\$INDU	-0.58%	0.62%	-0.32%	-0.76%	-1.12%	1.58%	0.38%	0.67%	1.70%	0.66%
\$COMPQ	0.27%	0.93%	-2.43%	-1.76%	0.38%	1.16%	0.48%	1.64%	1.78%	1.38%
\$RUT	-0.89%	0.82%	-1.67%	0.34%	-1.21%	0.63%	0.91%	0.45%	2.66%	2.71%
QQQ	0.30%	0.97%	-2.45%	-1.91%	0.48%	1.13%	0.48%	1.74%	1.82%	1.17%
\$TRAN	-1.46%	-0.01%	-2.44%	-1.70%	-0.72%	2.00%	0.50%	0.90%	1.89%	1.59%

Daily Percent Change US Indexes table as of Nov 3, 2023 - We saw changes daily in leadership with the Russell 2000 being either the weakest or strongest every day this week. The Dow Industrials were the relative weakest on 3 days this week and the QQQ led on one day as did the Transports.

Note that EVERY DAY this week, all Indexes were positive each day regardless of who led the day. All of the weakest indexes for each day this week (Pink background) were still positive as compared to last week where all of the weakest indexes each day were negative.

Next we will look at a few key Stocks starting with the 'Magnificent' seven.



AAPL daily chart as of Nov 3, 2023 - Apple rallied up to its 200 day SMA Monday and Tuesday, then crossed above Wednesday. Thursday saw a gap above its 20 day SMA and a cross above its 50 day SMA before reporting Earnings after the close. Friday's reaction was negative but then rallied back above the 20 day SMA and closed the day nearly on its 50 day SMA, up +5.01% for the week.



MSFT daily chart as of Nov 3, 2023 - Microsoft gave back all of its positive Earnings reactions last week. This week we see a small rally Monday with a pause Tuesday. Wednesday saw a strong rally that continued higher Thursday and Friday to end the week up +6.97%.



GOOGL daily chart as of Nov 3, 2023 - Alphabet saw a strong negative reaction to Earnings last week. This week we see a small gain Monday, pause on Tuesday then a little stronger gain on Wednesday. Thursday saw a gap up and a little selling lower during the day. Friday saw a higher high and higher low to end the week up +5.67% and only filling a tiny portion of its Earnings gap from last week.



AMZN daily chart as of Nov 3, 2023 - Amazon saw a positive reaction to Earnings last Friday. This week saw the rally continue with higher highs and higher lows every day, crossing above its 50 day SMA on Monday, pausing on Tuesday the continuing its strong rally Wednesday. Thursday and Friday saw smaller gains to end the week up +8.50% and above all 3 of its key daily SMAs.



TSLA daily chart as of Nov 3, 2023 - Tesla continued lower last week after a negative Earnings reaction the prior week. Monday saw a strong decline to find support. Tuesday and Wednesday saw a small bounce to confirm Monday's support. Thursday saw a big gap up and rally to the 200 day SMA. Friday saw higher highs above the 200 day SMA and a higher low to end the week up +6.11%.



NVDA daily chart as of Nov 3, 2023 - Nvidia seemed to have found support last week near \$400. This week saw a pause on Monday followed by a drop and bounce below \$400 on Tuesday. Wednesday saw a rally to higher highs and higher lows that continued the rest of this week, straddling its 20 day SMA Thursday and crossing above its 50 day SMA on Friday, ending the week up +11.12% and now back above all 3 of its key daily SMAs. Nvidia is scheduled to report Earnings on Nov. 21st.



META daily chart as of Nov 3, 2023 - Meta saw a sharp decline late last week with a small bounce last Friday. This week we see the bounce continue higher Monday then pause Tuesday back below its 50 day SMA. Wednesday saw a strong rally above its 50 day SMA and found Resistance near its 20 day SMA. Thursday gapped above its 20 day SMA but sold off lower back below at the close. Friday saw a narrow 'Inside' day that closed back above the 20 day SMA, ending the week up +6.02% and now above all 3 of its key daily SMAs.

Lets looks at how these 'Magnificent Seven' stocks have performed so far this year, relative to each other and relative to the Nasdaq-100.



Percent change Year to Date of NDX vs. The BIG Seven stocks as of Oct. 31 2023 - We can see that NVDA, META and TSLA have been the strongest gains so far this year with the other 4 stocks and the NDX clustered close together. Note that ALL Seven stocks have performed better than the NDX so far this year.



Percent change over the past 3 Months of NDX vs. the BIG Seven stocks as of Oct. 31 2023 - Note how TSLA had a strong negative reaction to Earnings a few weeks ago. Note that MSFT shows a small gain (+0.65%) over the past 3 months and AMZN with a tiny loss (-0.44%). META, GOOGL are doing a little better than the NDX and NVDA and AAPL a bit less than the NDX.



JPM daily chart as of Nov 3, 2023 - JP Morgan saw a big decline last Friday. This week we see a rally every day to recover all of last week's decline plus some. Monday was an 'Inside' day with higher highs and higher lows every day that followed, gapping above its 200 day SMA on Friday and crossing above its 20 day before pulling back and closing the week nearly on its 20 day SMA, up +5.39% for the week.



GS daily chart as of Nov 3, 2023 - Goldman Sachs saw a strong decline last Friday then a rally every day this week, crossing above its 20 day SMA on Wednesday and gapping above its 50 day SMA on Friday, ending the week up +13.01% and recovering all of its October decline in one week.

Remember, the Financial sector (XLF) was the 2nd strongest sector this week.



COST daily chart as of Nov 3, 2023 - Costco saw a strong decline the prior week and a half. This week we see a strong rally Monday up to its 50 day SMA. Tuesday saw a pause and 'Inside' day. Wednesday the rally resumed and crossed above its 50 day SMA. Thursday saw another 'pause' day before resuming the rally on Friday above its 50 day and 20 day SMAs, ending this week up +3.48% and now above all 3 of its key daily SMAs.



INTC daily chart as of Nov 3, 2023 - Intel saw a strong positive reaction to Earnings last Friday. This week we see a pause near the 20 day and 50 day SMAs on Monday then a resumption of the rally with higher highs and higher lows every day that followed, ending the week up +7.32% and now above all 3 of its key daily SMAs.



AMD daily chart as of Nov 3, 2023 - AMD declined for 2 weeks and tested support last Thursday and only saw a small bounce last Friday. This week we see a pause on Monday then a rally Tuesday that continued with higher highs and higher lows the rest of this week, crossing above its 200 day, 20 day and 50 day SMAs on Wednesday on huge volume. Thursday saw a pause with a higher high and higher low that continued higher on Friday, breaking above its October prior highs and ending the week up +16.41%. We saw large gains in NVDA, INTC and AMD (above) this week and the SOXX Sector was just the 7th strongest sector (+6.96%) on my list this week.



X daily chart as of Nov 3, 2023 - US Steel saw a decline to its 50 day SMA about 2 weeks ago and a bounce last week of +5.50%. This week we saw the bounce continue higher but at a slower pace to end this week up +2.08% with new 52 week highs this week.



SLB daily chart as of Nov 3, 2023 - Schlumberger saw a decline the prior one and a half weeks then paused this week with little change Monday, Tuesday and Wednesday. Thursday saw a rally that failed to reach its 20 day SMA. Friday saw a pull back to end the week up +1.86%.



TGT daily chart as of Nov 3, 2023 - Target saw a small decline the prior 2 weeks then saw a bounce this week, Monday up to its 20 day SMA, Tuesday above its 20 day SMA, a small pullback to the 20 day SMA on Wednesday then a rally Thursday and gap up Friday to nearly reach its 50 day SMA, ending the week up +5.24%.



LMT daily chart as of Nov 3, 2023 - Lockheed Martin paused last week with a small decline. This week we saw the pause continue Monday then a rally up to its 200 day SMA on Tuesday. Wednesday saw a small pullback before another rally Thursday that closed above the 200 day SMA. Friday saw an 'Inside' day and close back below the 200 day SMA, ending the week up +2.24%.

This week we saw the decline of the prior two weeks end, and a strong rally begins. We saw confirmation of this rally on Monday, mid-day as the S&P crossed above its Resistance Trend Line. The Nasdaq gave us confirmation the change in Trend on Tuesday about 2 hours before the close as it crossed above its Resistance Trend Line.

A change in Trend is usually a key event to observe and recognize. However, you will never know exactly when this change (from Bearish to Bullish) occurs at the lows of the prior Trend. You can only recognize this change 'AFTER' it has occurred. It is foolish to try to pick tops or bottoms of Trends since you can only do so with some luck once in many many attempts. Fortunately, we do not need to know exactly when the top or bottom occurs to be a successful trader. We simply need to have a method of 'confirmation' that happens after the fact, that is early enough to still have a reasonable opportunity at a profit, but not so late that most of the potential profits have already been realized.

Every method has a lag that offers confirmation a little while 'after' the actual change in Trend occurs. Realize that and be comfortable with that trade-off. The examples of Confirmation I have provided in the above charts are based up how and where I draw Trend Lines on my charts, and what message I receive when that Trend Line is broken. This is just one of many methods. No one method is any better than another. What is important is that you fully understand both the pros and cons of your method, what its performance is over time and with what probabilities. Only when you are comfortable with your method's pros and cons, and with applying smart RISK MANAGEMENT (position size and stops) can you then realize consistent performance over many trades. The key is consistently using your same method every time so that the long term odds have an opportunity to work in your favor. **STICK TO YOUR PLAN.** I hope this helps.

Trade Smart,

CJ