



Market Observations - as of December 1, 2023

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

Last week was a shortened Holiday week with the markets closed on Thursday for Thanksgiving and open for a half day on Friday. Volume was light last week as is common for a Holiday week.

Monday saw a rally to higher highs that was followed with a small gap down and pause on Tuesday that gave back about half of the prior day's gains. Wednesday saw a gap up and brief rally to higher highs that quickly sold off to nearly fill Wednesday's gap in the first 45 min. of the session. The rest of the day on Wednesday saw a narrow consolidation pattern to the close that continued on Friday for the rest of last week. Most indexes saw only small gains for the Holiday week.

This week we saw the consolidation pause continue with a narrow horizontal range on Monday and Tuesday. Wednesday saw a gap up that was quickly sold off as a failed rally, ending the day flat or slightly negative. Thursday saw a decline the first half of the day to new lows for the week. The second half of Thursday saw a mild bounce that accelerated in the last 30 min. of the day and Month with volume. Friday was the start of a new month (December) that saw a strong rally the first half of the day that delivered new highs for the week in the S&P that came within 1 point of testing \$4600. The Nasdaq was notably the weaker index on Wednesday, Thursday and Friday, failing to retest its highs seen early on Wednesday and ending the week near the highs seen on Monday and Tuesday of this week (near \$14,300).

We noticed the weakness in the Nasdaq the last half of this week, and a significant portion of that weakness seemed to be associated with the biggest 7 stocks. While breadth was improving significantly on Friday of this week, we saw lesser gains or even declines in these big 7 stocks.

As the month of November ended this week, we can see that this month provided a rather strong rally with the Nasdaq Composite up +10.7%, the Nasdaq-100 was up +10.67%, the Russell 2000 was up +9.2%, the S&P-500 was up +9.13% and the Dow Industrials were up +8.93%. The month of November saw the strongest monthly True Range gains this year for each of these indexes except for the Russell 2000.

By using your charting program to set up a custom date range (in the example above from Oct. 31 to Nov. 30) and displaying the vertical scale as percent change for that custom date range period, you can compare the performance of various symbols over that custom date range to help identify 'Relative' performance over that period. This is a simple technique to compare the performance of Indexes, Sectors or those Symbols you are interested in comparing.

The failed rally on Wednesday may have been sparked by better than expected GDP numbers that came out an hour before the open. The 'why' does not really matter. The reactions seen in the charts are what we observe for our clues to the behavior of the market participants.

The Rally on Friday showed us the broadest breadth of participation we have seen since November 14th. The Russell 2000 also showed us the largest single day gains on Friday since November 14th.

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



SPY monthly chart as of Nov 30, 2023 - Here we see the largest monthly gains of 2023 were in November, recovering the prior 3 months of losses. The 5 month rally (March - July) saw a 3 month small pull back (Aug. - Oct.) with a strong 'Resumption' of the rally in November.



S&P 500 weekly chart as of Dec 1, 2023 - We see the rally continue for a 5th week as it approaches a retest of the July 2023 highs.



S&P 500 daily chart as of Dec 1, 2023 - The consolidation pause we saw late last week continued on Monday and Tuesday of this week. Wednesday saw a failed rally and selling with lower lows seen on Thursday. Thursday's bounce continued higher Friday to end the week up +0.77%.



S&P 500 15 min. chart as of Dec 1, 2023 - Here we see the chop zone from last week and this week, where the S&P remained inside of this zone for most of Monday and Tuesday of this week. Wednesday saw a gap up that was soon filled and returned to the chop zone. The middle of this chop zone is at about \$4555 and the S&P closed within 5 points of this level for 5 days (Thur. and Fri. of last week and Mon. Tue. and Wed. of this week). Thursday saw new lows for this week mid day then bounced higher the last half of the day. There was a surge of buying in the last 30 min. on Thursday. Friday saw a strong and steady rally the first half of the day that came within 1 point of testing \$4600. The last half of the day saw little change. Friday saw the highest close of this week that was well above the prior 'chop zone'. Friday's highs were not far from either the upper weekly Expected Move (within 6.23 pts) or the July 27th highs for the S&P (within 7.68 pts).



DJIA monthly chart as of Nov 30, 2023 - We saw a strong rally in November, the strongest month so far in 2023. November recovered all of the losses from the prior 3 months and delivered new 2023 highs.



DJIA weekly chart as of Dec 1, 2023 - Here we see 5 weeks in a row of rally, exceeding the July highs this week to deliver new 52 week highs.



DJIA daily chart as of Dec 1, 2023 - Here we see a rally from the end of October that paused for a week in early November then resumed higher. There was a brief 2 day pause in mid November then a resumption of the rally Nov. 20th. Last week the Industrials were one of the strongest indexes, and continued with strength this week, delivering new 52 week highs on both Thursday and Friday, ending this week up +2.42%.



Nasdaq monthly chart as of Nov 30, 2023 - We saw a 5 month rally (Mar. - July) followed by a 3 month pullback (Aug. - Oct.). November saw the rally 'Resume' higher, and nearly recovering the prior 3 months of losses.



Nasdaq weekly chart as of Dec 1, 2023 - Here we see a 5th week of the rally, with the smallest gains of the rally seen this week. We also see that this week's highs 'failed' to reach the prior highs from July.



Nasdaq daily chart as of Dec 1, 2023 - Here we can see a mostly horizontal Nasdaq Composite for 2 weeks with the daily closes all being within 50 points of \$14,250 except on this Friday where the Nasdaq closed at \$14,305 which was 55 points above \$14,250. The 'Failed Rally' we saw on Wednesday failed to reach the prior highs and was followed by lower lows on Thursday. The Nasdaq ended the week up only +0.38% and was one of the weakest indexes this week.



Russell 2000 monthly chart as of Nov 30, 2023 - The Russell has been and remains stuck within a range from about \$1640 to \$2030 since April of 2022. The prior 3 months (Aug. - Oct.) saw a decline of nearly this full range and November saw a bounce nearly halfway back up this range, ending the month near its 20 month and 50 month SMAs.



Russell 2000 weekly chart as of Dec 1, 2023 - Late October briefly saw lower lows at \$1633.67 before bouncing one week up, one week down and resuming up for 3 weeks, crossing above its 20 week and 50 week SMAs this week but failing to reach its 200 week SMA.



Russell 2000 daily chart as of Dec 1, 2023 - In November we have seen a dynamic Russell, with 2 strong gap days (Nov. 2 and 3) followed by a decline for a week of just over half of those gains. Nov. 14th saw a big gap and rally that was followed only briefly with a failed rally the next day. We then see about 2 weeks of little to no movement as the Russell takes a break. On Wednesday of this week we saw a failed rally day briefly above its 200 day SMA that closed the day near the prior day's close. Thursday saw a very small gain. Friday 'exploded' higher with a strong rally most all day, the largest True Range day seen since Nov. 14th crossing and closing above its 200 day SMA. The Russell ended this week up +3.05% and is now above all 3 of its key daily SMAs.

Next we will look at a few key 'Market Internals' to observe changes in breadth and volatility.



McClellan Summation Index weekly chart as of Dec 1, 2023 - Last week we saw this index turn positive and end last week at 56.86. This week we see another advance to end this week at 331.29 and now above both its 50 week and 200 week SMAs.



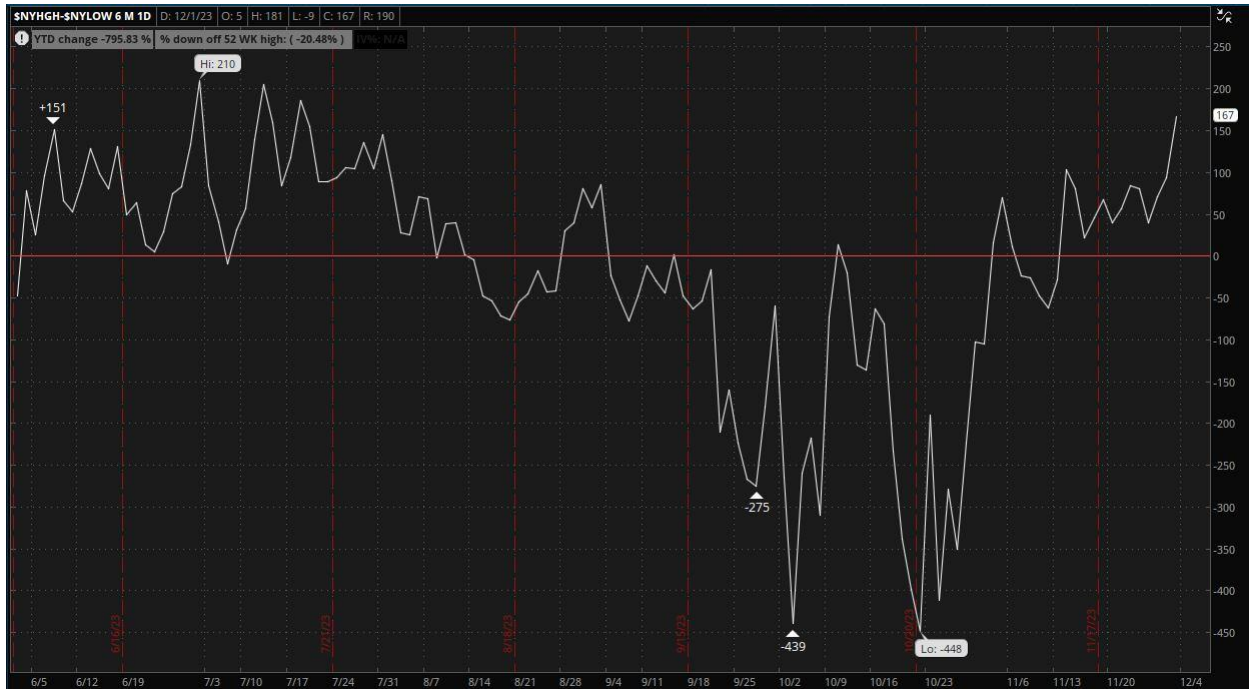
McClellan Summation Index daily chart as of Dec 1, 2023 - The slope upward from the end of October continues at a steady pace this week, crossing above its 200 day SMA and ending this week at 331.29.



NYSE Percent above 200 day SMA daily chart as of Dec 1, 2023 - Last week we saw a cross above the 200 day SMA on this chart as the percentage continued higher from 53.40% last week to 62.52% this week.



NYSE Percent above 50 day SMA daily chart as of Dec 1, 2023 - Last week ended with this percentage at 70.26%. This week continued higher to end, steeper on Friday to end this week at 79.49%.



NYSE New Highs minus New Lows daily chart as of Dec 1, 2023 - This study has shown positive values every day since November 14th and delivered a higher high on Friday at +167.



VIX daily chart as of Dec 1, 2023 - The VIX has remained inside a narrow range (12.5 to 13.25) near its 2023 lows this week. [Ignore the high spike on Tuesday that was likely just a very brief data error.]



VVIX daily chart as of Dec 1, 2023 - While the VIX was mostly flat this week, the Volatility of the VIX (the VVIX) trended a bit higher, suggesting increasing uncertainty in the VIX. Friday saw the trend line break as the VVIX declined below the trend, but was still above its 20 day SMA.

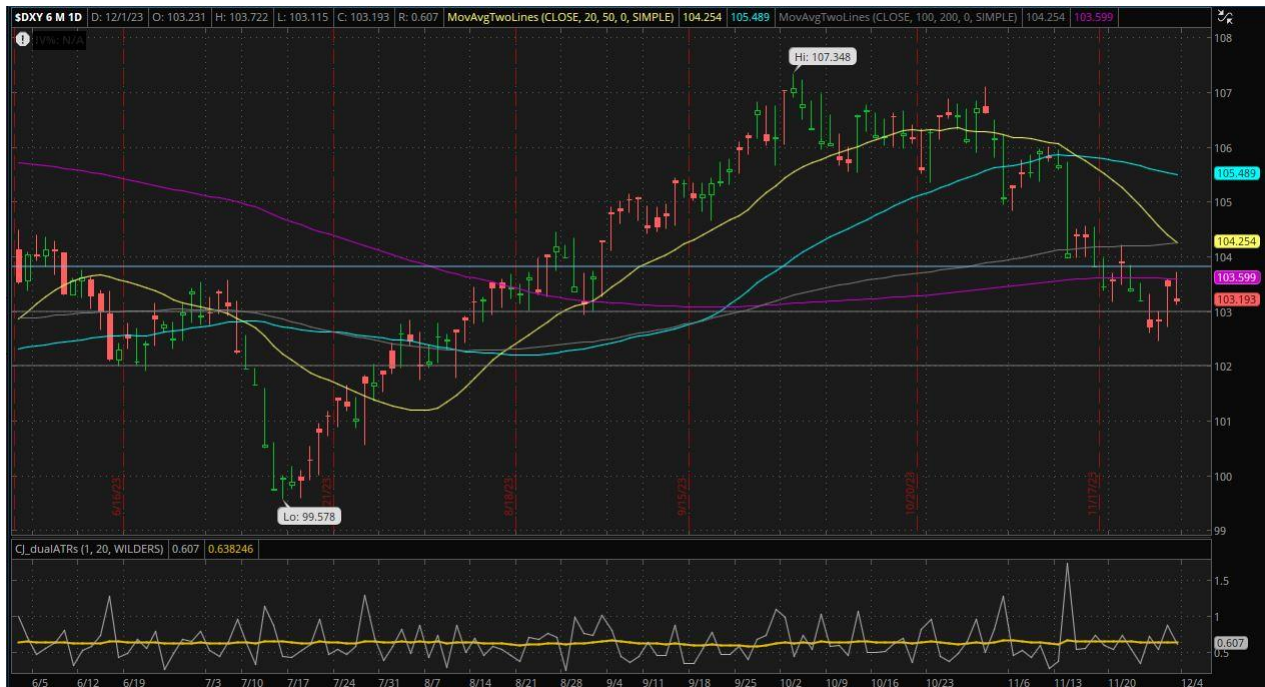
Next we will look at a few **Commodities, Currency and Treasuries**.



Oil daily chart as of Dec 1, 2023 - Oil continued to oscillate just below its 200 day SMA again this week, pausing Monday, rallied up to its 200 day SMA Tuesday and Wednesday then declined Thursday and Friday to end the week a little lower at \$74.38.



Gold daily chart as of Dec 1, 2023 - Gold saw a mild rally on Monday on strong volume then gapped up and rallied up to \$2062 Tuesday. Wednesday saw higher highs at \$2072.7 then pulled back a little Thursday to \$2056. Friday saw a big rally on strong volume up to \$2095.7 and closing at \$2091.7. This week was only the 4th strongest up week so far this year.



US Dollar Index daily chart as of Dec 1, 2023 - The US Dollar declined the first half of this week then bounced up to its 200 day SMA on Thursday just to pull back some on Friday.



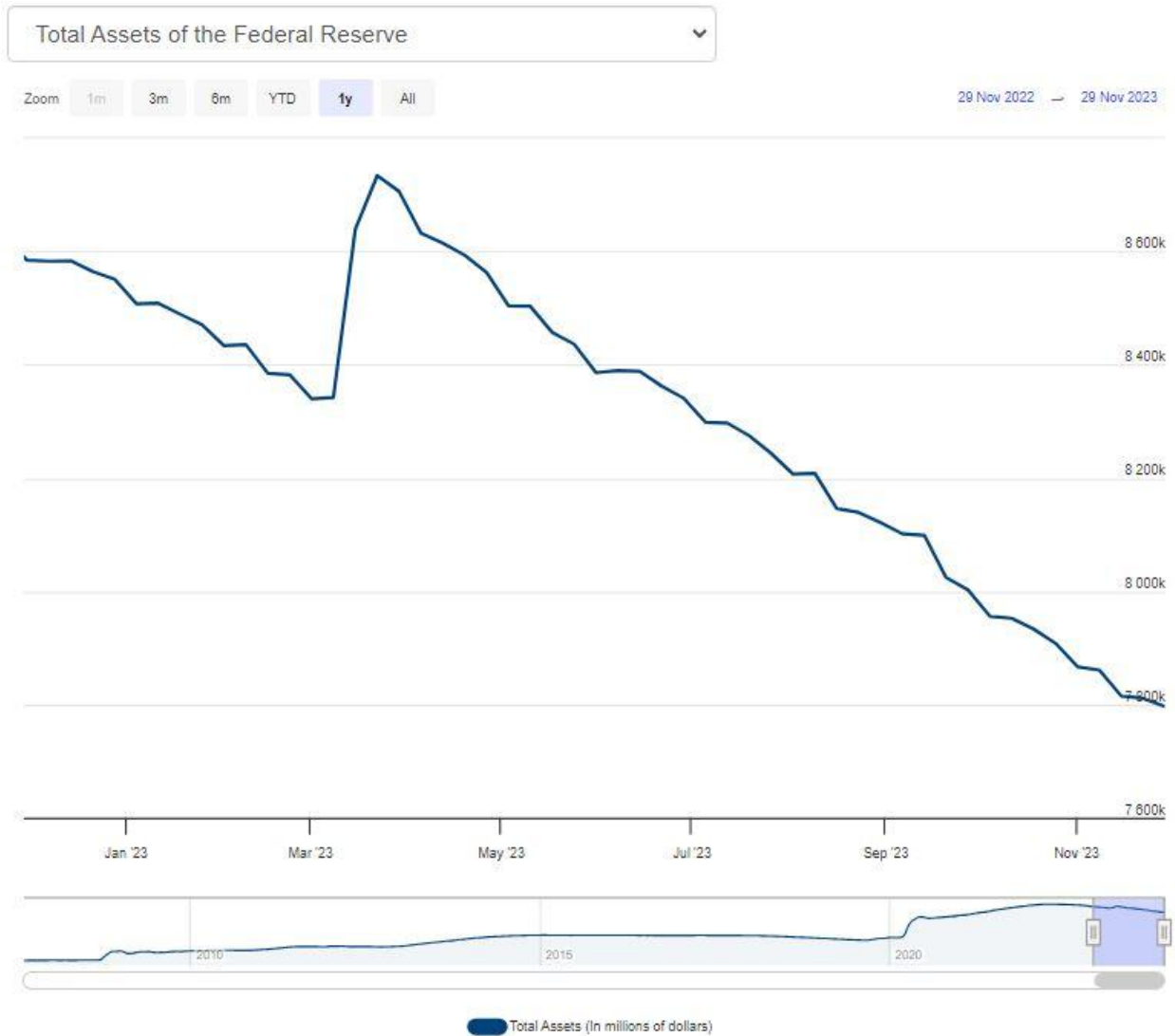
US 10 year Treasury daily chart as of Dec 1, 2023 - Monday saw very strong volume buying the 10 year Treasuries that then continued higher Tuesday and Wednesday on lighter volume. Thursday saw a small pull back then resumed higher Friday on average Volume.



US 10 year Yield daily chart as of Dec 1, 2023 - Yields declined sharply this week with only a small bounce seen on Thursday. Friday saw the week end with 10 year yields at 4.226%.

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
10/31/2023	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
11/6/2023	5.53	5.56	5.56	5.49	5.47	5.33	4.93	4.72	4.60	4.66	4.67	5.00	4.84
11/7/2023	5.53	5.56	5.55	5.48	5.47	5.33	4.91	4.64	4.53	4.58	4.58	4.91	4.75
11/8/2023	5.52	5.54	5.54	5.49	5.46	5.34	4.93	4.65	4.51	4.54	4.49	4.82	4.64
11/9/2023	5.53	5.56	5.54	5.50	5.46	5.39	5.03	4.77	4.65	4.68	4.62	4.97	4.77
11/10/2023	5.53	5.55	5.53	5.47	5.46	5.38	5.04	4.80	4.65	4.68	4.61	4.93	4.73
11/13/2023	5.53	5.55	5.55	5.49	5.48	5.37	5.02	4.80	4.66	4.69	4.63	4.95	4.75
11/14/2023	5.52	5.55	5.52	5.45	5.41	5.24	4.80	4.56	4.42	4.45	4.44	4.80	4.61
11/15/2023	5.52	5.54	5.53	5.46	5.41	5.27	4.90	4.68	4.52	4.56	4.53	4.87	4.68
11/16/2023	5.53	5.55	5.51	5.46	5.38	5.23	4.83	4.59	4.43	4.47	4.45	4.82	4.63
11/17/2023	5.52	5.54	5.50	5.42	5.39	5.24	4.88	4.64	4.45	4.47	4.44	4.80	4.59
11/20/2023	5.53	5.55	5.54	5.46	5.43	5.25	4.89	4.62	4.44	4.46	4.42	4.74	4.57
11/21/2023	5.52	5.54	5.53	5.45	5.42	5.24	4.86	4.60	4.41	4.44	4.41	4.75	4.57
11/22/2023	5.54	5.55	5.54	5.47	5.42	5.26	4.89	4.62	4.44	4.46	4.42	4.73	4.55
11/24/2023	5.55	5.56	5.54	5.48	5.45	5.27	4.92	4.67	4.49	4.51	4.47	4.79	4.60
11/27/2023	5.54	5.54	5.49	5.47	5.45	5.24	4.84	4.60	4.38	4.43	4.39	4.72	4.53
11/28/2023	5.53	5.53	5.47	5.45	5.42	5.21	4.73	4.49	4.29	4.36	4.34	4.70	4.52
11/29/2023	5.53	5.52	5.45	5.48	5.38	5.12	4.64	4.40	4.22	4.28	4.27	4.62	4.44
11/30/2023	5.56	5.54	5.45	5.49	5.38	5.16	4.73	4.48	4.31	4.38	4.37	4.72	4.54
12/1/2023	5.55	5.53	5.43	5.45	5.33	5.05	4.56	4.31	4.14	4.22	4.22	4.58	4.40

US Yield rates daily table as of Dec 1, 2023 - Longer term Yields continued to drop this week while shorter terms (less than 6 months) changed very little.



FOMC Balance Sheet weekly chart as of Nov 29, 2023 - The Fed decreased its Balance Sheet this week by \$14.669 Billion to a new Total Assets of \$7.796145 Trillion. In November the Fed decreased its Balance Sheet by a total of \$70.519 Billion which is nearly half the amount they decreased in the month of October. Only in June this year did we see a smaller monthly reduction than in November (if we ignore the huge Increase in the Balance Sheet in March with the Bank bailouts this year).

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



Dow Transportation Index daily chart as of Dec 1, 2023 - The Transports saw a decline Monday and Tuesday this week down to its 200 day SMA. Wednesday saw a pause just above the 200 day SMA. Thursday saw a mild rally on strong volume that continued even stronger on Friday crossing above its 100 day SMA (Grey) to end the week up +2.45% on strong volume.



XLE daily chart as of Dec 1, 2023 - The Energy sector remains mostly horizontal for another week, straddling both its 20 day and 200 day SMAs, ending this week up +0.11%. Volume was huge on the last day of November.



XLF daily chart as of Dec 1, 2023 - The Financial sector continues its rally after a brief pause Monday and Tuesday of this week. We see gains increase Wednesday, Thursday and Friday with very strong volume on Friday to end the week up +2.23% with a retest of March 2023 highs on Friday. This sector has been one of the stronger sectors seen in November.



QQQ daily chart as of Dec 1, 2023 - The Nasdaq-100 ETF spent a 2nd week in a horizontal pause, not able to get too far from the \$390 area. We have not seen a daily close outside of the \$388 to \$391 range for 2 weeks. This week ended with the QQQ up only +0.11%.



SOXX daily chart as of Dec 1, 2023 - The Semiconductor sector has often lead this year, but this week we see another week of a non-trending pause. We see about 12 sessions now of closes between \$510 and \$524. This week saw the SOXX remaining inside this range, ending this week up only +0.12%.



XLC daily chart as of Dec 1, 2023 - The Communication Services sector peaked last week on Wednesday and declined a little last Friday. This week the decline continued, testing its 20 day SMA support on Thursday and Friday, ending the week down -1.48%. This sector is dominated by GOOGL and META that represent about half of the value of this ETF.



SPY vs. Sectors November percent change daily chart as of Dec 1, 2023 - Here we have created a comparison chart to show the percent change of the SPY and key Sectors over the period from Oct. 27th thru Dec. 1st.

The strongest sectors in the month of November were: XHB, SOXX, XLK, XLF, XLY, XME and XLI who all did better than the SPY this period.

The weakest sectors included: XLE, XLP, XLV, XLU, XLC and XLB that all did less than the SPY this period.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORS	10/20/2023	10/27/2023	11/3/2023	11/10/2023	11/17/2023	11/24/2023	12/1/2023
\$SPX	-2.39%	-2.53%	5.85%	1.31%	2.24%	1.00%	0.77%
\$INDU	-1.61%	-2.14%	5.07%	0.65%	1.94%	1.27%	2.42%
\$COMPQ	-3.16%	-2.62%	6.61%	2.37%	2.37%	0.89%	0.38%
\$RUT	-2.26%	-2.61%	7.56%	-3.15%	5.42%	0.54%	3.05%
QQQ	-2.92%	-2.62%	6.49%	2.90%	2.02%	0.90%	0.11%
\$TRAN	-1.69%	-6.19%	7.06%	-0.59%	3.51%	1.08%	2.45%
XLE	0.75%	-6.24%	2.42%	-3.77%	1.53%	0.28%	0.11%
XLF	-3.04%	-2.33%	7.41%	0.38%	3.24%	1.06%	2.23%
XLK	-2.78%	-1.72%	6.60%	4.52%	1.83%	0.88%	0.63%
SOXX	-4.07%	-2.83%	6.96%	4.11%	4.21%	-0.03%	0.12%
XLV	-1.64%	-3.84%	3.47%	-0.89%	1.57%	2.25%	0.53%
XLY	-4.58%	-1.38%	7.11%	0.74%	3.56%	0.66%	1.69%
XRT	1.04%	-2.25%	7.20%	-3.61%	5.70%	1.01%	4.95%
XLI	-3.00%	-2.29%	5.35%	0.94%	2.98%	0.69%	2.26%
XLU	-2.14%	1.21%	5.33%	-2.49%	3.27%	0.64%	1.34%
XME	-3.07%	1.00%	3.69%	-3.55%	6.44%	1.48%	5.46%
XLP	0.70%	-1.03%	3.26%	0.31%	0.77%	1.32%	0.77%
XLB	-3.01%	-0.46%	5.12%	-1.81%	3.76%	1.06%	2.75%
XLC	-0.82%	-5.16%	7.09%	1.35%	2.34%	1.27%	-1.48%
XHB	-4.46%	-1.52%	10.99%	0.09%	6.31%	0.18%	3.51%

Weekly Percent Change US Indexes and Sectors table as of Dec 1, 2023 - Note how both the S&P and DJIA saw 5 weeks of gains in a row. The S&P saw smaller gains this week out the 5 weeks while the DJIA saw Stronger gains this week than the prior 3 weeks.

Note how the Nasdaq Composite and Nasdaq-100 (QQQ) saw the weakest gains this week of the other indexes. The weakness we've seen this week in both the Nasdaq Composite and Nasdaq-100 are key clues.

The Russell 2000 has alternated over the past 5 weeks with a strong week, a weak week, strong, weak, and strong this week as the strongest Index this week.

Note how the Dow Industrials and Dow Transports have delivered roughly similar gains last week and this week.

The Strongest sector this week was the XME. It was also the strongest 2 weeks ago. Other strong sectors this week include: XRT, XHB, XLB, Transports, XLI and XLF that all delivered over +2% this week.

The weakest sectors this week was the XLC that was the only losing sector for the week. Other weak sectors this week include: XLE, QQQ, SOXX, XLV, XLK and XLP that all delivered less than +1% gains this week. Note that the 'Tech' heavy sectors all showed weakness this week. [clue]

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 11/20/23	End of Day 11/21/23	End of Day 11/22/23	HOLIDAY 11/23/23	End of Day 11/24/23	End of Day 11/27/23	End of Day 11/28/23	End of Day 11/29/23	End of Day 11/30/23	End of Day 12/01/23
\$SPX	0.74%	-0.20%	0.41%	n/a	0.06%	-0.20%	0.10%	-0.09%	0.38%	0.59%
\$INDU	0.58%	-0.18%	0.53%	n/a	0.33%	-0.16%	0.24%	0.04%	1.47%	0.82%
\$COMPQ	1.13%	-0.59%	0.46%	n/a	-0.11%	-0.07%	0.29%	-0.16%	-0.23%	0.55%
\$RUT	0.52%	-1.32%	0.69%	n/a	0.67%	-0.35%	-0.46%	0.61%	0.29%	2.96%
QQQ	1.22%	-0.58%	0.41%	n/a	-0.14%	-0.09%	0.26%	-0.10%	-0.24%	0.29%
\$TRAN	0.33%	0.10%	0.23%	n/a	0.41%	-1.26%	-0.59%	0.00%	1.36%	2.96%

Daily Percent Change US Indexes table as of Dec 1, 2023 - We saw several changes in leadership this week with the Nasdaq Composite showing leadership Monday and Tuesday, then weakness on Wednesday that continued with bigger losses Thursday and smaller gains Friday. The QQQ showed significant weakness on Thursday and Friday.

The Dow Transports started the week with weakness on Monday and Tuesday then led higher on Friday while the Industrials led on Thursday. The Russell 2000 showed small losses on Monday and Tuesday, and then led higher on Wednesday and Friday.

From this daily table above, we can see the change mid-week with the Nasdaq changing from leadership higher (Mon. and Tue.) to leading markets lower on Wednesday. The QQQ continued leading lower Thursday and Friday. As we look at the 7 biggest stocks in the Nasdaq-100 below, see if you see a similar change this week from leading higher to leading lower.

Next we will look at a few key Stocks.



AAPL daily chart as of Dec 1, 2023 - Apple was mostly horizontal this week with the widest range day seen on Wednesday (a failed rally) with lower lows for the week seen on Thursday. Apple bounced on Friday but failed to retest this week's highs, ending the week up +0.67%.



MSFT daily chart as of Dec 1, 2023 - Microsoft continued its rally to new all time highs on Monday, Tuesday and Wednesday this week before selling off Wednesday and delivering lower lows on Thursday and Friday, nearly touching its 20 day SMA on Friday to end the week down -0.77%.



GOOGL daily chart as of Dec 1, 2023 - Alphabet continued its decline Monday, saw a bounce Tuesday and early Wednesday before selling hard to lower lows on Wednesday and continuing lower Thursday, crossing below its 20 day and 50 day SMAs. Friday continued lower to end the week down -3.53%.



AMZN daily chart as of Dec 1, 2023 - Amazon seemed to pause this week with mostly a horizontal Trend after Monday's brief higher highs. AMZN ended the week up +0.20% on Friday, still above all 3 of its key daily SMAs.



TSLA daily chart as of Dec 1, 2023 - Tesla paused Monday straddling its 50 day SMA. Tuesday saw a rally higher that continued at the open on Wednesday before declining Thursday and Friday, bouncing off of its 20 day SMA support to end the week up +1.44%.



NVDA daily chart as of Dec 1, 2023 - Nvidia sold off after reporting Earnings last week. This week we see a narrow range pause Monday, Tuesday and Wednesday before selling lower on Thursday below its 20 day SMA. Friday saw a lower low, lower high and lower close to end the week down -2.12%.



META daily chart as of Dec 1, 2023 - Meta began its decline last Friday and continued lower Monday of this week. Tuesday and early Wednesday saw a failed rally that was followed by lower lows Wednesday, Thursday (crossing below its 20 day SMA) and Friday to end the week down -3.96%.

Out of the 7 biggest stocks (above), did any deliver gains this week greater than +1%?

What was the biggest winner this week out of these 7?

What was the biggest loser this week out of these 7?

How many saw losses this week?

Did any do better than the QQQ at +0.11% this week?

Answering questions like these above helps one to identify leadership, strength or relative weakness between these key stocks. In prior 'Market Observations' we have covered the impact that the 'weighting' of these big stocks can have on major Indexes and Sectors, and see how significant there can be in the markets. Their weighting can work both ways, to help lead with strength, or to lead with weakness. This week we saw their strength change to weakness mid-week [like in the charts for MSFT and TSLA this week].



JPM daily chart as of Dec 1, 2023 - JP Morgan continued its pause on Monday and Tuesday this week then resumed its rally Wednesday, Thursday and Friday to end the week up +2.15% and nearing a retest of the July highs.



GS daily chart as of Dec 1, 2023 - Goldman Sachs continued its pause on Monday and Tuesday this week then resumed its rally Wednesday, paused Thursday and resumed the rally Friday to end the week up +3.58%. Note the strong volume on Friday as GS exceeded its prior September highs.



COST daily chart as of Dec 1, 2023 - Costco continued its rally Monday to deliver new 52 week highs. Tuesday saw a pause then a decline Wednesday and early Thursday before a strong rally found its gear and continued higher all the rest of Thursday and Friday to end the week up +0.83%.



INTC daily chart as of Dec 1, 2023 - Intel continued its pause on Monday and Tuesday then gapped up to deliver new 52 week highs on Wednesday. Thursday saw a small pull back followed by strong selling Friday to new lows for the week with a bounce to end the week down -0.50%.



X daily chart as of Dec 1, 2023 - US Steel paused Monday then resumed its rally Tuesday on strong volume and continued higher every day that followed, delivering new 52 week highs on Thursday and Friday, ending the week up +3.99%.

This is a good example of the positive reactions to Earnings in October being followed by a slow and steady trend higher. This is a lower volatility stock so some traders may be a bit more comfortable with slow and steady trends. This is also a reflection of the market rotation into 'Industrial' names that may drive the demand for steel.



SLB daily chart as of Dec 1, 2023 - Schlumberger continues a horizontal trend just below its 200 day SMA, ending this week down -0.40%.



TGT daily chart as of Dec 1, 2023 - Target is another example of a positive reaction to Earnings that is followed by a slow and steady trend higher. This week we see a pause Monday and Tuesday, a brief high Wednesday then a rally Thursday and Friday to end the week up +2.53%.



CRM daily chart as of Dec 1, 2023 - Salesforce saw a mild rally in November then reported Earnings this week on Wednesday after the close. Thursday saw a strong gap up and rally on huge volume that continued higher Friday to end the week up +15.87%. After the big gap up on Thursday's open, CRM pulled back to find support in the \$244 - \$245 area where it paused for half a day mid-day to provide an 'Entry' opportunity for folks that may want to ride the follow-through potential higher. Friday provided a significant follow through with a +2.5 x ATR move.

The November rally is not over. We saw broad market breadth this week on Friday with strong volume the first day of December. The weakness seen in 6 of the Biggest 7 names this week is worth watching to see if it continues or not. Sector rotation can give us useful clues, as we watch where money is flowing into and out-of.

The strongest sectors this week may or may not continue to be strong next week, so we monitor them each day. This week the strongest sector on Monday was XME, Tuesday was XRT, Wednesday was SOXX, Thursday was ITA and Friday was XRT.

The weakest sectors this week were the Transports on Monday, Tuesday was XHB, Wednesday was XLU, Thursday was SOXX and Friday was XLC.

See how the SOXX flipped from the strongest on Wednesday to the weakest on Thursday. That is not unusual for a sector that often leads the markets and is worth noting when observed. Leadership works both ways and one must be agile as well as recognize the frequency of the same leaders leading.

I hope this helps.

Trade Smart,

CJ