



Market Observations - as of December 15, 2023

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

Last week we saw a large gap down and selling early on Monday that took the S&P back to the prior week's pause level (centered near \$4555) while the Nasdaq Composite dropped below the prior week's range before bouncing the last half of the day back to the bottom of the prior week's range. Tuesday remained inside the pause range. Wednesday saw a gap up and a failed rally that sold off to new lows for the week in the S&P while the Nasdaq sold off to a higher low for last week at the close. Thursday saw another gap up but with follow through higher this time with a mild rally seen most of the day. Friday saw the rally continue higher after some wild swing after the open on Jobs data and then Consumer Survey reactions. The S&P-500 and DJIA both delivered new 52 week highs near the end of the day on Friday last week while the Nasdaq was a little shy of making any new 52 week highs but did end the week at a higher high for last week.

This week we saw last Friday's rally continue most all of Monday, Tuesday and the first hour on Wednesday, delivering new highs along the way. After the first hour on Wednesday we saw a slow and quiet drift lower in anticipating of the Fed Rate announcement. The reaction Wednesday at 11:00am PT was strong and positive and continued higher as Jay Powell spoke 30 min. later. There was a small dip at 12:00 noon PT that lasted about a half hour before a bounce the last 30 min. of the day recovered most of that dip. Thursday saw a large gap up and slow drift lower to eventually fill that gap and bounce a little to end the day with a higher high, higher low and higher close. Friday was Quad Witching Expiration with the S&P consolidating most of the day near the middle of the prior day's range while the Nasdaq Composite consolidated most of the day near the prior day's highs.

All of the major Indexes closed this week higher with strong gains as compared to last week with the Russell 2000 and Dow Transports showing the strongest gains this week.

The Biggest 7 stocks did not show as much strength this week as more momentum was seen in other stocks and sectors. We will see this in the Russell 2000 and some of the Breadth charts below.

The Semiconductor sector was either the strongest sector (on Monday) or one of the strongest 5 out of 18 sectors every day this week except on Wednesday.

We saw several stocks in various sectors deliver over +9% gains this week.

Clearly the reactions to the Fed and Jay Powell's comments were seen as 'no more rate hikes' and possibly 3 rate reductions next year, even when this was not directly stated by Jay Powell. The market reactions were so strong this week that on Friday the Fed sent out 3 regional presidents to talk hawkish to try to temper the bullish reactions. Again, the markets are often mostly emotional in their reactions.

What is important to 'Objective' Traders is to base our observations on the evidence seen in the charts. Let's look at the charts to see what they are telling us this week.



SP&P 500 weekly chart as of Dec 15, 2023 - This week we saw the 7th week of this rally, with a stronger weekly Range than the 20 week ATR and much stronger than the prior 2 weeks. We see new 52 week highs this week as the S&P approaches its all time highs from Jan 2022.

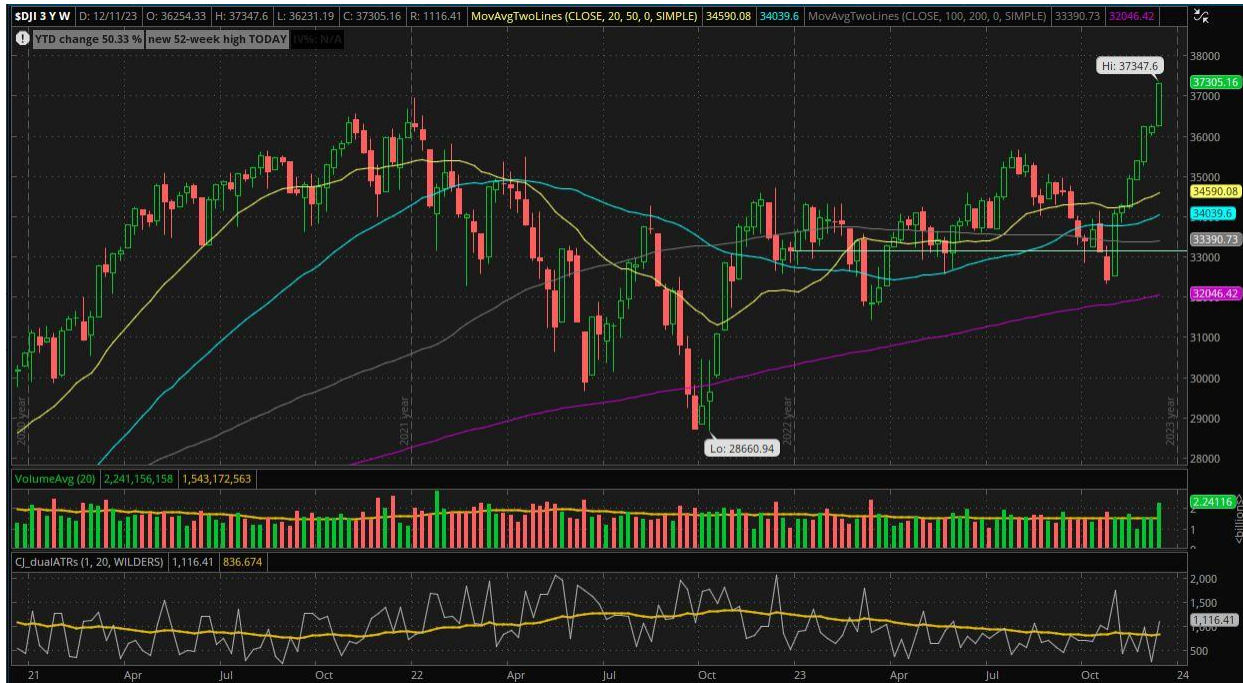


SP&P 500 daily chart as of Dec 15, 2023 - We see a higher high and higher close every day this week except on Friday where we see an 'Inside' day. The Rally continued this week and accelerated thanks to the reaction to the Fed. The S&P ended this week above its weekly Expected Move, up +2.49% for the week.



S&P 500 15 min. chart as of Dec 15, 2023 - Here we see a steady rally continue from last Friday on Monday, Tuesday and the first hour on Wednesday of this week. There was a small drift lower Wednesday until the Fed Announcement came out and we see a fast spike higher, crossing above the weekly Expected Move and continued higher with only a brief dip that was recovered by the close on Wednesday. Thursday saw a gap up and quickly tested and briefly broke above its +2x Expected Move level, pulled back then tested the +2x E.M. again as Resistance before pulling back and filling Thursday's opening gap mid day. The last 2 hours on Thursday saw a bounce to return to the open level that day. Friday saw a narrow consolidation 'Inside' day (Quad Witching) that was mostly centered on the prior day's range. The S&P closed this week above 4700 and above its upper weekly Expected Move. It was interesting that the +2x E.M. acted like Resistance on Thursday this week and the Fib 123.6% level acted like Resistance on Friday.

As long as these studies (Expected Move and Fibonacci ratios) keep on providing levels where Support or Resistance can often be found, I will keep on using them. 'Why' the work is not of a concern to me, as long as they do continue to work is enough reason for me to keep on using them.



DJIA weekly chart as of Dec 15, 2023 - The Dow Industrials also show a 7th week of this rally, with a much stronger gain this week than last week as the Dow continues to deliver new all time highs.



DJIA daily chart as of Dec 15, 2023 - We see higher highs and higher closes every day this week along with new record highs, ending the week up +2.92%.

The Dow Industrials have outperformed the S&P-500 in 3 out of the past 4 weeks.



Nasdaq weekly chart as of Dec 15, 2023 - Here too we see a 7th week of this rally with above the 20 week ATR range this week and new 52 week highs.



Nasdaq daily chart as of Dec 15, 2023 - The Nasdaq Composite delivered higher highs and a higher close every day this week except on Friday when we saw an 'Inside' day, ending the week up +2.85%.

Note that the Dow Industrials have outperformed the Nasdaq Composite in 3 of the past 4 weeks.



Russell 2000 weekly chart as of Dec 15, 2023 - Here we see 5 weeks in a row of a rally, with this week delivering a larger range week above its 200 week SMA (Purple). The Russell remains inside its 20 month range (Green parallel lines).



Russell 2000 daily chart as of Dec 15, 2023 - The Russell continued its 'pause' on Monday and Tuesday of this week. Wednesday saw a huge gain Wednesday after the Fed 'No Rate Change' announcement. Thursday saw a gap up and strong rally up above 2000 at the open then paused near that level the rest of the day. Friday saw the pause near 2000 continue then drifted lower to 1980 to then close near 1985, ending the week up +5.55% with new 52 week highs.

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



McClellan Summation Index weekly chart as of Dec 15, 2023 - Last week we saw this Index rise to 535.27. This week we see a seventh week of the rally continue with a rise up to 745.58.



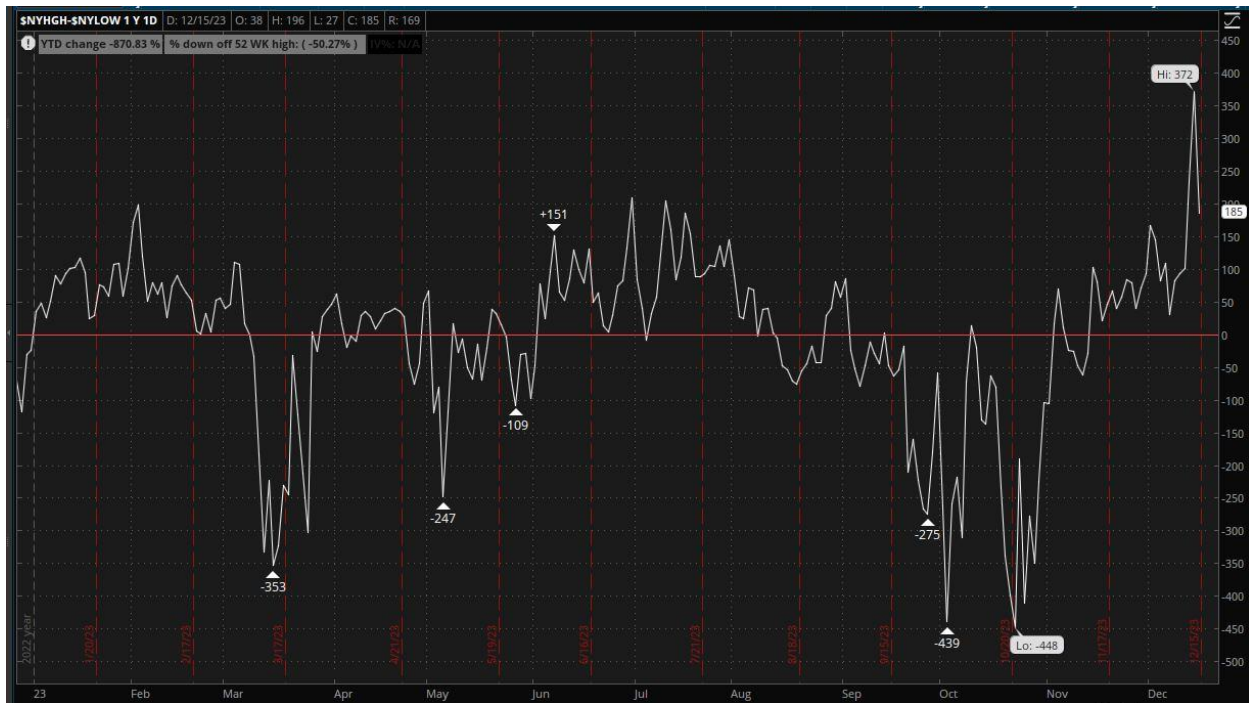
McClellan Summation Index daily chart as of Dec 15, 2023 - Here we see nearly a steady rise for 7 weeks to the current level of 745.58 as we approach the prior highs from July.



NYSE Percent above 200 day SMA daily chart as of Dec 15, 2023 - Last week saw an oscillation with the week ending at 61.78%. This week we see a pause on Monday and Tuesday followed by a very strong move higher Wednesday to nearly 68% that continued higher Thursday to nearly 72% before pulling back a little on Friday to end this week at 69.21%.



NYSE Percent above 50 day SMA daily chart as of Dec 15, 2023 - Last week saw some oscillations and ended the week at 77.08%. This week we saw a pause Monday and Tuesday then a strong increase on Wednesday to nearly 82% that continued higher Thursday to about 84% before pulling back Friday to end this week at 82.03%.



NYSE New Highs - New Lows daily chart as of Dec 15, 2023 - The New Highs have exceeded the New Lows every day since Nov. 14th. We saw very small increases on Monday and Tuesday this week then a large move up to 257 on Wednesday that continued higher Thursday to peak at 372. Friday saw a pull back to 185. The 372 peak this week was the highest value we have seen since June of 2021.



VIX daily chart as of Dec 15, 2023 - The VIX saw an 'Inside' day on Monday the dropped to deliver new 3-year lows on Tuesday at 11.81. The rest of this week the VIX remained inside a narrow range between 11.85 and 12.55.



VVIX daily chart as of Dec 15, 2023 - The Volatility of the VIX remained within a narrow range (80 - 85) this week then broke significantly higher above this range on Friday to end the week above 88. There was a data error at the CBOE on Wednesday at the time the Fed news was released that peaked up to 112 but lasted less than 1 min. that should be ignored.

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



Oil daily chart as of Dec 15, 2023 - Oil prices paused Monday, dropped below \$72 on Tuesday and saw a lower low Wednesday before bouncing higher. Thursday continued higher then saw a small pull back on Friday to end the week at \$72.10.



Gold daily chart as of Dec 15, 2023 - Gold continued to drop Monday and Tuesday then saw a large bounce Wednesday back above its 20 day SMA. Thursday continued a bit higher with a pullback seen on Friday to end the week at \$2033.80.



US Dollar Index daily chart as of Dec 15, 2023 - The US Dollar paused Monday near the highs from last week before dropping lower each day this week except on Friday when we saw a bounce and Inside day.



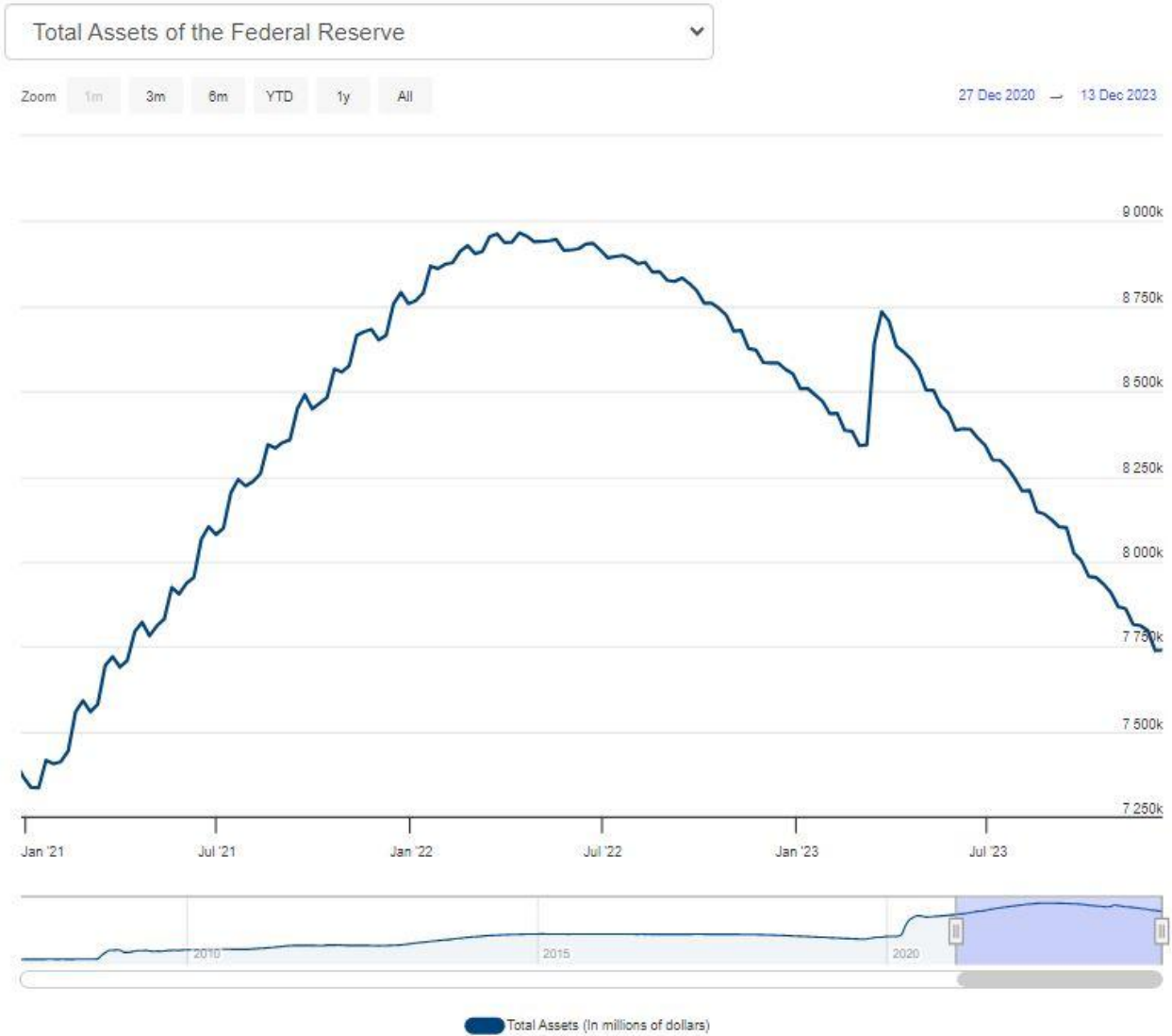
US 10 year Treasury daily chart as of Dec 15, 2023 - The US 10 year Treasury dropped a little lower Monday then rallied the next three days, crossing above its 200 day SMA on Wednesday. Friday saw an 'Inside' day.



US 10 year Yield daily chart as of Dec 15, 2023 - The 10 year Yield declined from last week's highs every day this week except on Friday where we saw a pause and 'Inside' day. Yields dropped below 4.0% on Thursday and Friday and remained below.

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
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
12/4/2023	5.55	5.53	5.46	5.47	5.41	5.10	4.64	4.40	4.23	4.30	4.28	4.61	4.43
12/5/2023	5.54	5.51	5.45	5.46	5.37	5.06	4.57	4.33	4.14	4.20	4.18	4.48	4.30
12/6/2023	5.54	5.50	5.45	5.47	5.38	5.07	4.60	4.33	4.12	4.16	4.12	4.40	4.22
12/7/2023	5.53	5.54	5.44	5.47	5.36	5.05	4.58	4.31	4.11	4.16	4.14	4.42	4.25
12/8/2023	5.54	5.53	5.44	5.49	5.39	5.13	4.71	4.45	4.24	4.28	4.23	4.49	4.31
12/11/2023	5.55	5.54	5.47	5.48	5.40	5.14	4.71	4.42	4.25	4.27	4.23	4.51	4.32
12/12/2023	5.53	5.53	5.46	5.48	5.41	5.14	4.73	4.42	4.23	4.24	4.20	4.48	4.30
12/13/2023	5.52	5.52	5.44	5.45	5.33	4.94	4.46	4.18	4.00	4.04	4.04	4.36	4.19
12/14/2023	5.54	5.54	5.43	5.45	5.31	4.90	4.37	4.09	3.90	3.93	3.92	4.21	4.03
12/15/2023	5.54	5.54	5.44	5.47	5.33	4.95	4.44	4.13	3.91	3.94	3.91	4.19	4.00

US Yield Rates daily table as of Dec 15, 2023 - We saw very little change this week with the shorter term Yields while the mid-term and long-term yields mostly decreased again this week.



FOMC Balance Sheet weekly chart as of Dec 13, 2023 - The Fed actually 'Increased' its Balance Sheet this week by \$2.181 Billion, the added stimulus brings the Total Assets up to \$7.739566 Trillion. No tightening this week.

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



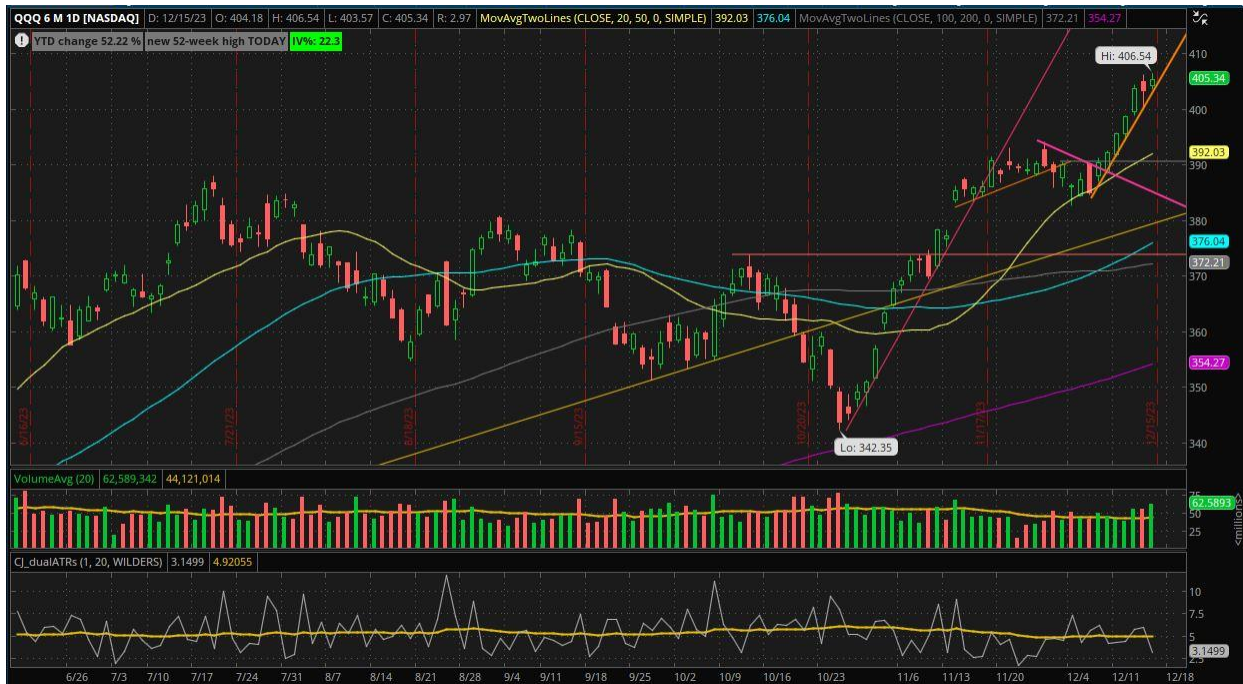
Dow Transportation Index daily chart as of Dec 15, 2023 - The Dow Transportation Index saw a small rally Monday followed by a pause on Tuesday this week. Wednesday saw a dip to the 100 day SMA then a strong rally to higher highs on strong volume. The True Range on Wednesday was about 1.72 times the ATR. Thursday saw a gap up and rally to higher highs with a daily True Range of about 1.5 times ATR. Friday again saw higher highs and a higher close to end the week up +5.29%. Every day this week saw a higher close.



XLE daily chart as of Dec 15, 2023 - The Energy sector paused Monday, dipped lower Tuesday then bounced Wednesday and gapped up Thursday to cross above its 20 day and 200 day SMAs. Friday saw an 'Inside' day between its 20 day and 200 day SMAs, ending the week up +2.52%.



XLF daily chart as of Dec 15, 2023 - The Financial sector resumed its rally this week after the pause last week. Every day this week saw a higher high and higher close except on Friday when we saw a small decline to end the week up +3.38%.



QQQ daily chart as of Dec 15, 2023 - The Nasdaq-100 ETF continued its rally from late last week with higher highs seen every day this week, ending the week up +3.36%.



SOXX daily chart as of Dec 15, 2023 - The rally that began late last week not only continued this week but accelerated while delivering higher highs and a higher close every day this week, ending this week up +9.10%, making it the strongest sector on my list this week. Except for Tuesday and Friday, we saw bigger daily True Ranges each day that were well above the 20 day ATR.



XLC daily chart as of Dec 15, 2023 - The Communication Services sector paused Monday and Tuesday this week as it straddled its 20 day SMA. Wednesday saw the rally resume with higher highs and higher closes on both Wednesday and Thursday, delivering a new 52 week high on Thursday. Friday saw a narrow 'Inside' day to end the week up +0.77% making this sector the weakest on my list this week.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORs	11/3/2023	11/10/2023	11/17/2023	11/24/2023	12/1/2023	12/8/2023	12/15/2023
\$SPX	5.85%	1.31%	2.24%	1.00%	0.77%	0.21%	2.49%
\$INDU	5.07%	0.65%	1.94%	1.27%	2.42%	0.01%	2.92%
\$COMPQ	6.61%	2.37%	2.37%	0.89%	0.38%	0.69%	2.85%
\$RUT	7.56%	-3.15%	5.42%	0.54%	3.05%	0.98%	5.55%
QQQ	6.49%	2.90%	2.02%	0.90%	0.11%	0.57%	3.36%
\$TRAN	7.06%	-0.59%	3.51%	1.08%	2.45%	-1.63%	5.29%
XLE	2.42%	-3.77%	1.53%	0.28%	0.11%	-3.28%	2.52%
XLF	7.41%	0.38%	3.24%	1.06%	2.23%	-0.11%	3.38%
XLK	6.60%	4.52%	1.83%	0.88%	0.63%	0.58%	2.70%
SOXX	6.96%	4.11%	4.21%	-0.03%	0.12%	1.12%	9.10%
XLV	3.47%	-0.89%	1.57%	2.25%	0.53%	0.18%	1.58%
XLY	7.11%	0.74%	3.56%	0.66%	1.69%	1.23%	3.48%
XRT	7.20%	-3.61%	5.70%	1.01%	4.95%	0.04%	5.62%
XLI	5.35%	0.94%	2.98%	0.69%	2.26%	0.20%	3.73%
XLU	5.33%	-2.49%	3.27%	0.64%	1.34%	-0.19%	0.88%
XME	3.69%	-3.55%	6.44%	1.48%	5.46%	-3.98%	6.04%
XLP	3.26%	0.31%	0.77%	1.32%	0.77%	-1.18%	1.61%
XLB	5.12%	-1.81%	3.76%	1.06%	2.75%	-1.70%	3.95%
XLC	7.09%	1.35%	2.34%	1.27%	-1.48%	0.82%	0.77%
XHB	10.99%	0.09%	6.31%	0.18%	3.51%	3.52%	7.05%

Weekly Percent Change US Indexes and Sectors table as of Dec 15, 2023 - We noted above how the Dow Industrials were stronger than the S&P-500 and the Nasdaq Composite in 3 out of the past 4 weeks. This shows us the 'Industrials' have been active at attracting buyers. The Russell 2000 made a huge gain this week (+5.55%) and nearly all of that was realized in two days this week, on Wednesday and Thursday.

Note that EVERY sector delivered some gains without a single negative sector this week.

The Strongest sectors this week included: SOXX, XHB, XME, SRT and the Transports who all delivered over +5% gains this week.

If we were to look at the sector list at the end of each day this week we would see that the SOXX occupied the following positions: Monday #1 strongest, Tuesday #3, Wednesday #9, Thursday #4 and Friday #5 out of a list of 18 sectors ranked by % change each day. By looking for the strongest sectors each day, and then the strongest stocks within those sectors, we can improve our odds for finding a Bullish trade opportunity.

The Weakest sectors this week included: XLC, XLU, XLV and XLP who all delivered less than +2% gains this week. By looking at the weakest stocks within the weakest sectors we can improve our odds for finding a Bearish trading opportunity.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 12/04/23	End of Day 12/05/23	End of Day 12/06/23	End of Day 12/07/23	End of Day 12/08/23	End of Day 12/11/23	End of Day 12/12/23	End of Day 12/13/23	End of Day 12/14/23	End of Day 12/15/23
\$SPX	-0.54%	-0.06%	-0.39%	0.80%	0.41%	0.39%	0.46%	1.37%	0.26%	-0.01%
\$INDU	-0.11%	-0.22%	-0.19%	0.17%	0.36%	0.43%	0.48%	1.40%	0.43%	0.15%
\$COMPQ	-0.84%	0.31%	-0.58%	1.37%	0.45%	0.20%	0.70%	1.38%	0.19%	0.35%
\$RUT	1.04%	-1.38%	-0.21%	0.87%	0.67%	0.15%	-0.13%	3.52%	2.72%	-0.77%
QQQ	-0.93%	0.25%	-0.58%	1.40%	0.43%	0.85%	0.80%	1.27%	-0.09%	0.48%
\$TRAN	0.40%	-1.52%	-0.39%	0.45%	-0.58%	1.23%	0.13%	1.28%	1.90%	0.65%

Daily Percent Change US Indexes table as of Dec 15, 2023 - Here we see leadership change nearly daily. The Russell was leading every day this week, either down (M,T,F) or up (W, Th). The Transports led higher on both Monday and Friday while the QQQ led higher only on Tuesday but led lower on Wednesday and Thursday. With Wednesday and Thursday being the strongest days we saw this week (largest gains) we see a big clue that the QQQ and Big Tech may not have led the rally this week.

Both the Russell 2000, the Breadth indicators and the NYSE NewHighs-NewLows levels show us that there was lots of breadth participating on Wednesday and Thursday this week.

As we look at some 'Stock' charts below, note what Sectors each may be within and how did that sector do this week. Some of the largest gains we saw this week were not seen with the 7 biggest stocks but in other names.

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



AAPL daily chart as of Dec 15, 2023 - Apple saw a nice rally last week but began this week with a gap down and lower close on Monday. Tuesday saw the rally resume with a stronger gains seen on Wednesday. Thursday briefly delivered a new all time high then pulled back a little on Friday to end the week up +0.95%.



MSFT daily chart as of Dec 15, 2023 - Microsoft pulled back and paused last week. That pause continued the first 2 days of this week just below its 20 day SMA. Wednesday saw a failed rally above the 20 day SMA that was followed by lower lows and a sharp decline on Thursday to new lows for the week. Friday saw a bounce that did not recover all of the prior day's drop, ending the week down -0.94%.



GOOGL daily chart as of Dec 15, 2023 - Last week Alphabet oscillated below and above its 50 day and 20 day SMAs. This week saw GOOGL drop back below both SMAs on Monday and remain below its 50 day SMA all week, ending the week down -1.77%.



AMZN daily chart as of Dec 15, 2023 - Amazon has been in a mostly horizontal range for 2 to 3 weeks and continued in that range on Monday and Tuesday of this week. Wednesday saw a break slightly higher that was mostly all given back the next day. Friday saw a bounce and a new 52 week high and the highest close of this week, ending the week up +1.73%.



NVDA daily chart as of Dec 15, 2023 - Nvidia saw a small bounce off of its 50 day SMA last Thursday and Friday. On Monday we nearly saw a retest of the 50 day SMA support and bounce. Tuesday saw another test of support but with a higher close just below its 20 day SMA. Wednesday saw a cross above the 20 day SMA that paused Thursday and continued higher Friday to end the week up +2.91% and now above all 3 of its key daily SMAs.



META daily chart as of Dec 15, 2023 - Meta saw a test of its 50 day SMA support last Thursday and continued bounce Friday. This week we saw another test of Support on Monday with a lower close. Tuesday saw a rally above the 20 day SMA that continued only a little higher on Wednesday. Thursday saw a pull back and retest of the 20 day SMA. Friday saw another test of the 20 day SMA support but with a higher close to end the week up +0.65% and now above all 3 of its key daily SMAs.



TSLA daily chart as of Dec 15, 2023 - Tesla has remained within a narrow range for 4 weeks and continued within that range Monday and Tuesday of this week. Wednesday saw a dip and bounce from below its 50 day SMA with a higher close just a few cents above its 20 day SMA. Thursday saw a big rally to new Nov. and Dec. highs. Friday saw a small continuation higher to end the week up +3.96%.

Let's compare the above 7 biggest stocks in the table below to help see the relative strength last week and this week.

Stock	% Change Last week	% Change This week
QQQ	0.57%	3.36%
AAPL	2.34%	0.95%
MSFT	-0.07%	-0.94%
GOOGL	2.37%	-1.77%
AMZN	0.27%	1.73%
NVDA	1.59%	2.91%
META	2.44%	0.65%
TSLA	2.10%	3.96%

In the table above the green highlighted values are where the gains were greater than were the QQQ's gains for that week.

Last week 5 of these 7 stocks did better than the QQQ. This week only one did better than the QQQ. Tesla exceeded the QQQ gains this week with NVDA not far behind.

This seems to confirm that these biggest 7 stocks did not contribute the majority of this week's gains or new record highs seen in the major Indexes.



JPM daily chart as of Dec 15, 2023 - JP Morgan continued its rally with higher highs and higher closes every day this week, ending the week up +4.23% with new 52 week highs. That is what a steady up trend chart looks like and is rare to see.

Goldman Sachs was up +8.46% this week.



BA daily chart as of Dec 15, 2023 - Boeing also continues its steady and strong rally this week with higher highs and higher closes every day, and even accelerating stronger during this week as daily True Range increased and Volume increased, ending the week up +8.00%.



COST daily chart as of Dec 15, 2023 - Costco continued its rally this week, with a one day pull back on Thursday just before reporting Earnings after the close that day. Friday saw a strong gap up and rally, with the largest volume and biggest True Range this week seen on Friday, ending the week up +7.87%.



INTC daily chart as of Dec 15, 2023 - Intel saw a dip and pause last week then resumed its rally this week on Monday, paused Tuesday then resumed higher Wednesday after testing its 20 day SMA as support. Thursday and Friday saw a rally with higher highs and higher closes to end the week up +8.10%.



AMD daily chart as of Dec 15, 2023 - AMD saw a big positive reaction to its new AI Chip announcement last week. That rally continued on Monday, Tuesday and Thursday this week with higher highs and higher closes and a new 52 week high on Thursday. Wednesday and Friday saw 'Inside' days, ending the week up +7.94%.



CAT daily chart as of Dec 15, 2023 - Caterpillar saw a slow and steady rally the past 2 weeks that continued slow and steady on Monday and Tuesday of this week. Wednesday saw a strong rally that then gapped up and saw a stronger rally on Thursday on high volume. The rally continued a little higher Friday on strong volume, ending the week up +10.11%.



DE daily chart as of Dec 15, 2023 - John Deere spent the last 2 weeks dredging the bottom of support near \$360. Monday and Tuesday of this week saw more decline as DE was retesting support. Wednesday saw a HUGE rally after the Fed news and rallied above its 20 day and 50 day SMAs. Thursday gapped higher and briefly crossed above its 200 day SMA but did not close above this SMA. Friday saw a quiet 'Inside' day to end the week up +6.16%. All of these gains were seen in two days this week, or more accurately, all gains came from the last 2 hours on Wednesday and the first hour on Thursday.



TGT daily chart as of Dec 15, 2023 - Target has continued a slow and steady rally since reporting Earnings last month. On Monday and Tuesday of this week we see a pause near last week's highs. Wednesday saw a rally off of the 200 day SMA that continued higher Thursday then pulled back on Friday to end the week up +2.35%.

Out of the 15 stocks we just looked at above, what names delivered over +7% gains this week and what sectors were those stocks within?

Note that most of this week's gains were realized during the last 2 hours on Wednesday (the Fed Reaction) and the gap up and 1st hour of trading on Thursday. In just 3 hours out of the 32.5 hours of trading this week we saw the emotional side of the markets that can react to news in a volatile way. This is a good reminder of the nature of the markets and what they are capable of doing when motivated to do so. The gap up on Thursday was likely driven by late to respond retail traders that reacted to the Fed News Wednesday after the markets had closed, and FOMO motivated them to place overnight orders to be filled at Thursday's open, or motivated to place buy orders in the first hour on Thursday.

When we look at the charts, we try to see (or imagine) just what the 'mob' is feeling and likely doing. That observation can then lead to finding trade opportunities that benefit from these behaviors.

Trade Smart,

CJ