



Market Observations - as of February 2, 2024

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

Last week we saw a gap up on Monday without follow through higher but a pause most of Monday and Tuesday. Wednesday saw another gap up at the open with only a little bit of follow through higher in the first half of the day to new highs that then sold off most of the day's gains in the last half of the day. Thursday saw an 'Inside' day in the S&P while the Nasdaq delivered a lower high and lower low that day. Friday saw the Nasdaq deliver an 'Inside' day while the S&P delivered new all time highs and a higher low. The Russell 2000 rallied Monday then remained mostly flat the rest of last week.

This week we saw the pause continue until the last hour on Monday when we saw a brief rally kick in. Tuesday we saw the S&P pause while the Nasdaq Composite sold off most of the prior day's gains. Wednesday we saw a gap down and mild selling the first hour before markets paused until the afternoon's Feb meeting and Jay Powell's press conference when we saw some wild whip saws and strong selling based on the markets hearing not rate cuts in March. Thursday saw a small gap up and a pause for the first 2 hours then a persistent rally the remainder of the day. The Rally continued most of the day on Friday to deliver new all time highs in the S&P and new 52 week highs in the Nasdaq Composite before selling off a little the last few minutes.

The Russell 2000 saw a wide swing Wednesday after the Fed that continued lower Thursday for 2 hours before bouncing. The recovery on Thursday and Friday was less than half of the Wednesday-Thursday drop.

The US Dollar index was mostly horizontal this week with some wider swings Thursday and Friday. Oil prices paused Monday and Tuesday then declined the last 3 days this week. Gold saw a mild rally this week that was partially given back on Friday.

US Treasury Yields saw a mild decline Monday and Tuesday that accelerated lower Wednesday and Thursday. Friday saw a large increase to recover more than half of the week's decline.

In addition to the negative reaction we saw on Wednesday to Jay Powell's comments, we also saw a negative reaction to the Jobs report on Friday before the open. In both cases, the initial negative reactions to the comments (or data) was soon absorbed and the markets returned to their desire to rally. This shows us the underlying convictions of the market that soon recover from news events to resume their intent.

We also saw reactions to Earnings this week, with several of the biggest stocks reporting and mixed reactions. The biggest reaction this week was to META's Earnings Thursday evening. Friday we saw positive gap up and rally in META that was over 10 times the size of its Average True Range. We will see some of these reactions in the charts below.

We also saw the end of January on Wednesday, so we will include some Monthly charts to help keep a long term context of the major market Indexes. We use a Log price scale on these long term charts to help see relative movements over multiple years.

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



SPY monthly chart as of Jan 31, 2024 - We saw a 3-month pull back to the 20 month SMA (Yellow) followed by a 3-month rally Nov. Dec. and Jan. to new all time highs. Note how the 50 month SMA (Blue) provided Support in 2022 and the 20 month SMA (Yellow) provided support in Oct. 2023.



S&P 500 weekly chart as of Feb 2, 2024 - After the small decline the first week in January we now see 4 positive weeks in a row that have also delivered new all time highs.



S&P 500 daily chart as of Feb 2, 2024 - We saw the rally continue on Monday, then pause on Tuesday before declining on Wednesday. Thanks in part to Jay Powell's comments, we see the largest declining day in 2024 on Wednesday. Thursday saw a strong recovery that continued Friday to deliver more new all time highs, ending the week up +1.38%.



S&P 500 15 min. chart as of Feb 2, 2024 - Monday saw a mild rally that accelerated the last hour to new highs. Tuesday was mostly a horizontal pause. Wednesday gapped down and paused before the FOMC and Jay Powell's comments saw a whip saw, up then down to deliver the widest range day so far this year. Thursday saw a rally, a higher low the first hour then a strong rally all day. The Rally continued most of the day on Friday, crossing above the upper weekly Expected Move in the last 2 hours of the day. In the last few minutes on Friday the S&P sold lower to end the week just below the upper Expected Move.



DJIA monthly chart as of Jan 31, 2024 - We saw a 3-month decline to the 20 month SMA in Oct. 2023 then a stronger 3-month rally Nov. Dec. and January to new all time highs.



DJIA weekly chart as of Feb 2, 2024 - The first week of January saw a pause and small decline. The next 4 weeks all show a rally to new all time highs as the Industrials extend the distance to its 20 day SMA.



DJIA daily chart as of Feb 2, 2024 - After a closing below the 20 day SMA 3 days in mid Jan. we see a strong rally above the 20 day SMA, a pause then the rally resumed this week and deliver new all time highs every day except on Thursday, ending the week up +1.43% as the strongest major index this week.



Nasdaq monthly chart as of Jan 31, 2024 - The Nasdaq Composite pulled back 3 months in 2023 but did not quite touch its 20 month SMA. The next 3 month show a stronger rally that has more than recovered those 3 down months. The Nasdaq Composite is nearing its all time highs from late 2021.



Nasdaq weekly chart as of Feb 2, 2024 - We saw a pause the last week of 2023 and a decline the first week of 2024 followed by a 4-week rally to new 52 week highs.



Nasdaq daily chart as of Feb 2, 2024 - We saw a pause and very small decline the last 3 days of last week. This week began with a rally Monday that delivered a new 52 week high, barely. Tuesday saw an 'Inside' day. Wednesday saw a gap down and wide range drop after the Fed that did not quite make it to its 20 day SMA. Thursday saw a rally that continued all day and became a bit stronger on Friday to deliver new 52 week highs, ending the week up +1.12%.



Russell 2000 monthly chart as of Jan 31, 2024 - The Russell remains stuck within a range for about 21 months (in between the 2 green lines).



Russell 2000 weekly chart as of Feb 2, 2024 - The Russell declined the first 2 weeks of this year to test its 200 week SMA (Purple) as support then bounced last week and declined a little this week to about the middle of this year's range and remain within the 21 month range.

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



McClellan Summation Index weekly chart as of Feb 2, 2024 - Last week we saw a very small decline down to 625.89. This week we saw a very small increase up to 661.18.



McClellan Summation Index daily chart as of Feb 2, 2024 - We saw a small increase on Monday and Tuesday to about 675 then a decline Wednesday to about 660. Thursday saw a small bounce followed by a small decline on Friday to end this week at 661.18.



NYSE Percent above 200 day SMA daily chart as of Feb 2, 2024 - Last week we saw a small bounce up to 68.62%. This week we see a decline from Monday to Wednesday to about 65.5% followed by a bounce Thursday to 68.5% and a drop Friday to end this week at 66.02%.



NYSE Percent above 50 day SMA daily chart as of Feb 2, 2024 - Last week ended at 69.82%. This week we see a drop Mon. Tue. and Wednesday to about 59% then a bounce Thursday up to 64.5% and a decline Friday to end this week at 59.14%.



VIX daily chart as of Feb 2, 2024 - The VIX opened Monday up at about 13.6 and saw a small decline Monday and Tuesday to 13.31 just below its 20 day SMA. Wednesday spiked up above 14.6 and closed at 14.35 after the Fed reactions. Thursday and Friday saw a very mild decline, remaining above the 20 day SMA as most markets rallied.



VIXX daily chart as of Feb 2, 2024 - The Volatility of the VIX also opened higher Monday, drifted lower Tuesday then shot up on Wednesday. Thursday and Friday drifted lower to end the week above its 20 day SMA.

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



Oil daily chart as of Feb 2, 2024 - Oil prices gapped up Monday then declined back below its 200 day SMA. Tuesday straddled the 200 day SMA. A steady decline was seen Wednesday, Thursday and Friday to end the week below all 3 of its key daily SMAs.



Gold daily chart as of Feb 2, 2024 - Gold prices saw a slow drift higher Monday, Tuesday and Wednesday then a stronger rally Thursday, peaking at \$2083 before pulling back Thursday and Friday. Gold remained above all 3 of its key daily SMAs this week.



US Dollar Index daily chart as of Feb 2, 2024 - The US Dollar was mostly horizontal this week with quiet days on Monday and Tuesday, then wider swings on Wednesday, Thursday and Friday, closing the week higher. Friday's swing tested support at its 50 day SMA and crossed above its 20 day and 200 day SMAs.



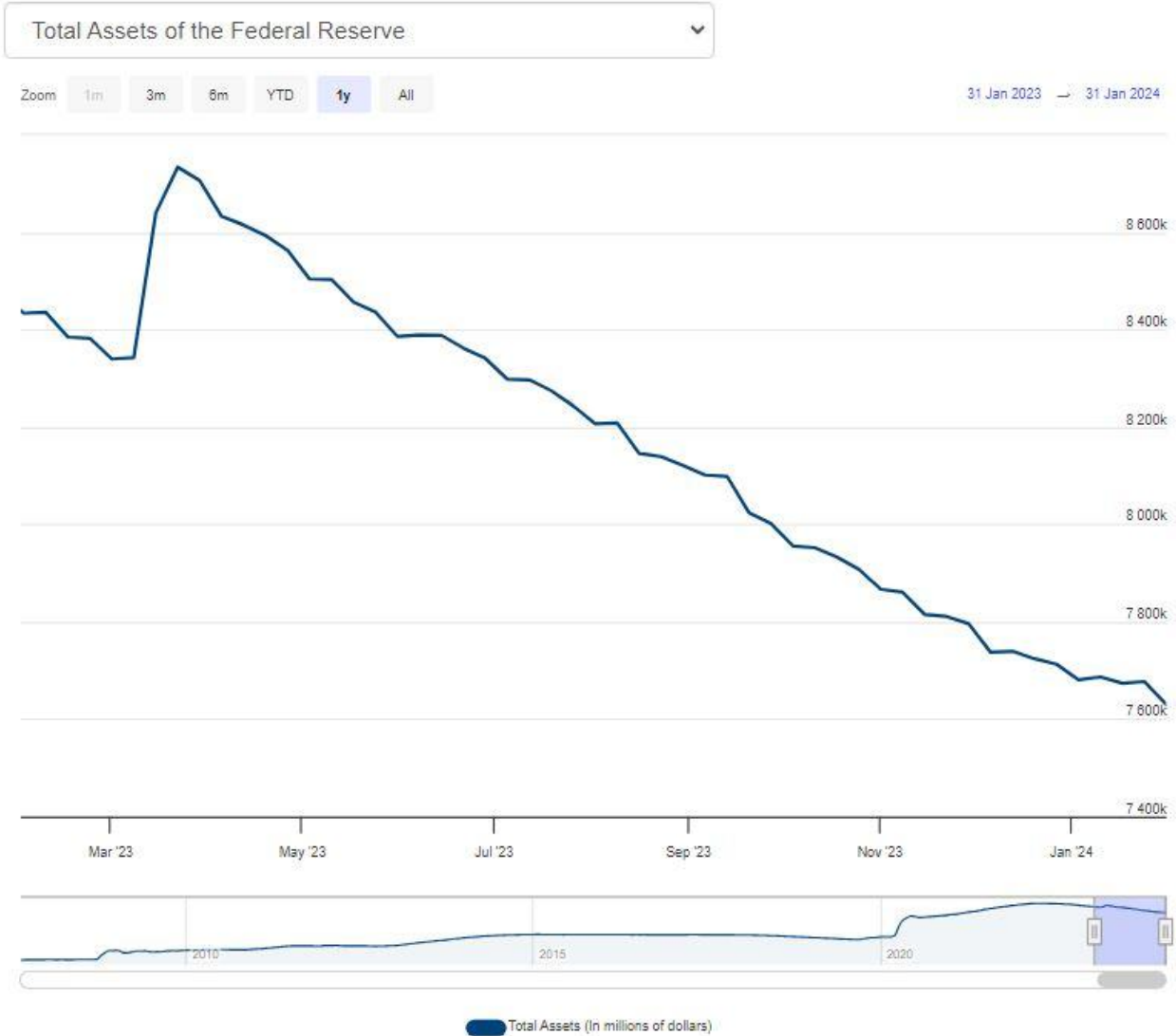
US 10 year Treasury daily chart as of Feb 2, 2024 - We saw a mild rally in the 10 year on Monday and Tuesday above its 20 day SMA. Wednesday saw a large swing higher that continued higher on Thursday. Friday was a large drop back down to test support at its 50 day SMA and close the day at its 20 day SMA.



US 10 year Yield daily chart as of Feb 2, 2024 - The 10 year Yields are the inverse of the 10 year Treasuries, with a mild decline Monday and Tuesday that accelerated lower Wednesday and Thursday. Friday reversed higher to test Resistance at its 20 day SMA and end the week at 4.033% Yield.

Date	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
1/2/2024	5.46	5.41	5.24	4.80	4.33	4.09	3.93	3.95	3.95	4.25	4.08
1/3/2024	5.48	5.41	5.25	4.81	4.33	4.07	3.90	3.92	3.91	4.21	4.05
1/4/2024	5.48	5.41	5.25	4.85	4.38	4.14	3.97	3.99	3.99	4.30	4.13
1/5/2024	5.47	5.41	5.24	4.84	4.40	4.17	4.02	4.04	4.05	4.37	4.21
1/8/2024	5.49	5.39	5.24	4.82	4.36	4.11	3.97	3.99	4.01	4.33	4.17
1/9/2024	5.47	5.38	5.24	4.82	4.36	4.09	3.97	4.00	4.02	4.33	4.18
1/10/2024	5.46	5.39	5.23	4.82	4.37	4.10	3.99	4.01	4.04	4.35	4.20
1/11/2024	5.46	5.38	5.22	4.75	4.26	4.02	3.90	3.95	3.98	4.32	4.18
1/12/2024	5.45	5.37	5.16	4.65	4.14	3.92	3.84	3.91	3.96	4.32	4.20
1/16/2024	5.45	5.37	5.18	4.70	4.22	4.02	3.95	4.01	4.07	4.43	4.30
1/17/2024	5.47	5.40	5.20	4.80	4.34	4.12	4.02	4.07	4.10	4.42	4.31
1/18/2024	5.45	5.39	5.20	4.80	4.34	4.13	4.04	4.10	4.14	4.48	4.37
1/19/2024	5.45	5.39	5.21	4.84	4.39	4.18	4.08	4.12	4.15	4.47	4.36
1/22/2024	5.46	5.39	5.22	4.83	4.37	4.14	4.03	4.07	4.11	4.44	4.32
1/23/2024	5.45	5.38	5.21	4.81	4.31	4.16	4.06	4.11	4.14	4.48	4.38
1/24/2024	5.44	5.40	5.22	4.83	4.34	4.19	4.06	4.14	4.18	4.52	4.41
1/25/2024	5.44	5.39	5.19	4.76	4.28	4.12	4.01	4.07	4.14	4.49	4.38
1/26/2024	5.44	5.39	5.19	4.78	4.34	4.15	4.04	4.10	4.15	4.49	4.38
1/29/2024	5.42	5.37	5.19	4.76	4.29	4.10	3.97	4.02	4.08	4.42	4.31
1/30/2024	5.42	5.38	5.19	4.80	4.36	4.14	4.00	4.03	4.06	4.40	4.28
1/31/2024	5.42	5.40	5.18	4.73	4.27	4.05	3.91	3.95	3.99	4.34	4.22
2/1/2024	5.42	5.38	5.15	4.68	4.20	3.96	3.80	3.83	3.87	4.21	4.10
2/2/2024	5.43	5.42	5.22	4.81	4.36	4.14	3.99	4.02	4.03	4.33	4.22

US Yield Rates daily table as of Feb 2, 2024 - We saw a decline in longer term and mid-term Yields this week that was reversed with a spike higher on Friday. Shorter terms did not change much this week.



FOMC Balance Sheet weekly chart as of Jan 31, 2024 - The Fed decreased its Balance Sheet by \$47.106 Billion this week to a new Total Assets of \$7.630124 Trillion. The total decline in the Balance Sheet for the month of January 2024 was \$82.657 Billion.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of Feb 2, 2024 - The Transports continued its decline with lower lows every day this week except on Friday. The drop on Wednesday crossed below its 20 day and 50 day SMAs and the bounce the next day crossed back above both SMAs. Friday's rally was the largest single day range so far in 2024 and ended the week with only a -0.64% decline.



XLE daily chart as of Feb 2, 2024 - The Energy sector mostly rode on top of its 50 day SMA this week, with a strong rally Tuesday above its 200 day SMA and a strong decline the next day back below its 200 day SMA to find support at its 50 day SMA. Thursday and Friday again closed near its 50 day SMA to end the week down -0.87%.



XLF daily chart as of Feb 2, 2024 - The Financial sector continued its rally Monday and Tuesday then briefly saw a new 52 week high Wednesday before closing lower. Thursday dipped to find support near \$38.25 then bounced. The bounce continued Friday to end the week up +0.85%.



QQQ daily chart as of Feb 2, 2024 - The Nasdaq-100 ETF recovered part of last week's pull back on Monday. Tuesday saw an 'Inside' day. Wednesday saw a gap down and selling lower to find support near \$416.79. Thursday saw a small bounce followed by a larger rally Friday to deliver new all time highs, ending the week up +1.23%.



SOXX daily chart as of Feb 2, 2024 - The Semiconductor sector continued its decline on Monday, paused Tuesday and continued lower Wednesday. Thursday saw only a small bounce. Friday saw a stronger bounce on strong volume to end the week down only -0.22%.



XLC daily chart as of Feb 2, 2024 - The Communication Services sector continued its rally Monday then paused Tuesday. Wednesday saw a big gap down to find support near \$75.84. Thursday saw a small bounce. Friday saw a huge gap up to new 52 week highs, thanks mostly to META. The XLC ended the week up 2.65%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	12/22/2023	12/29/2023	1/5/2024	1/12/2024	1/19/2024	1/26/2024	2/2/2024
\$SPX	0.75%	0.32%	-1.52%	1.84%	1.17%	1.06%	1.38%
\$INDU	0.22%	0.81%	-0.59%	0.34%	0.72%	0.65%	1.43%
\$COMPQ	1.21%	0.12%	-3.25%	3.09%	2.26%	0.94%	1.12%
\$NDX			-3.09%	3.23%	2.86%	0.62%	1.27%
\$RUT	2.46%	-0.34%	-3.75%	-0.01%	-0.34%	1.74%	-0.79%
QQQ	0.95%	0.33%	-3.12%	3.23%	2.84%	0.62%	1.23%
\$TRAN	0.30%	-1.03%	-2.45%	-0.25%	0.79%	1.98%	-0.64%
XLE	1.78%	-1.34%	1.00%	-2.36%	-3.04%	5.09%	-0.87%
XLF	0.47%	0.70%	0.40%	-0.40%	0.88%	1.90%	0.85%
XLK	0.40%	0.22%	-4.34%	4.41%	4.13%	0.79%	0.24%
SOXX	0.30%	1.09%	-5.95%	2.87%	7.87%	-0.58%	-0.22%
XLV	1.09%	1.01%	2.01%	1.01%	-0.75%	-0.14%	1.95%
XLY	0.33%	-0.37%	-3.46%	0.78%	0.53%	-1.84%	3.29%
XRT	2.15%	0.39%	-4.04%	-0.84%	-0.20%	1.83%	1.14%
XLI	0.64%	0.76%	-2.25%	0.61%	0.30%	0.87%	1.90%
XLU	-1.19%	1.13%	1.89%	-1.88%	-3.70%	0.38%	0.46%
XME	6.29%	-1.55%	-2.77%	-1.10%	-1.95%	1.15%	0.47%
XLP	0.73%	1.14%	-0.03%	1.10%	-1.03%	0.80%	2.12%
XLB	1.21%	-0.07%	-1.40%	-1.06%	-1.46%	0.34%	0.70%
XLC	2.49%	0.07%	-0.85%	2.46%	1.38%	3.81%	2.65%
XHB	1.14%	0.06%	-3.39%	2.16%	1.33%	-1.02%	1.69%

Weekly Percent Change US Indexes and Sectors table as of Feb 2, 2024 - Last week and again this week we see the Nasdaq no longer 'Lead' the markets higher or lower, as we often saw in prior weeks. Last week the Russell 2000 led and this week the Dow Industrials led the markets higher. This week we also saw the Russell 2000 flip to being the weakest Index.

The Nasdaq is heavily weighted with the biggest seven stocks (Magnificent Seven) and many of those key stocks reported Earnings this week with 'mixed' reactions. MSFT and GOOGL reacted negatively while META and AMZN reacted positively. AAPL was initially negative then changed to neutral Friday. These mixed reactions may have prevented the Nasdaq from leading this week.

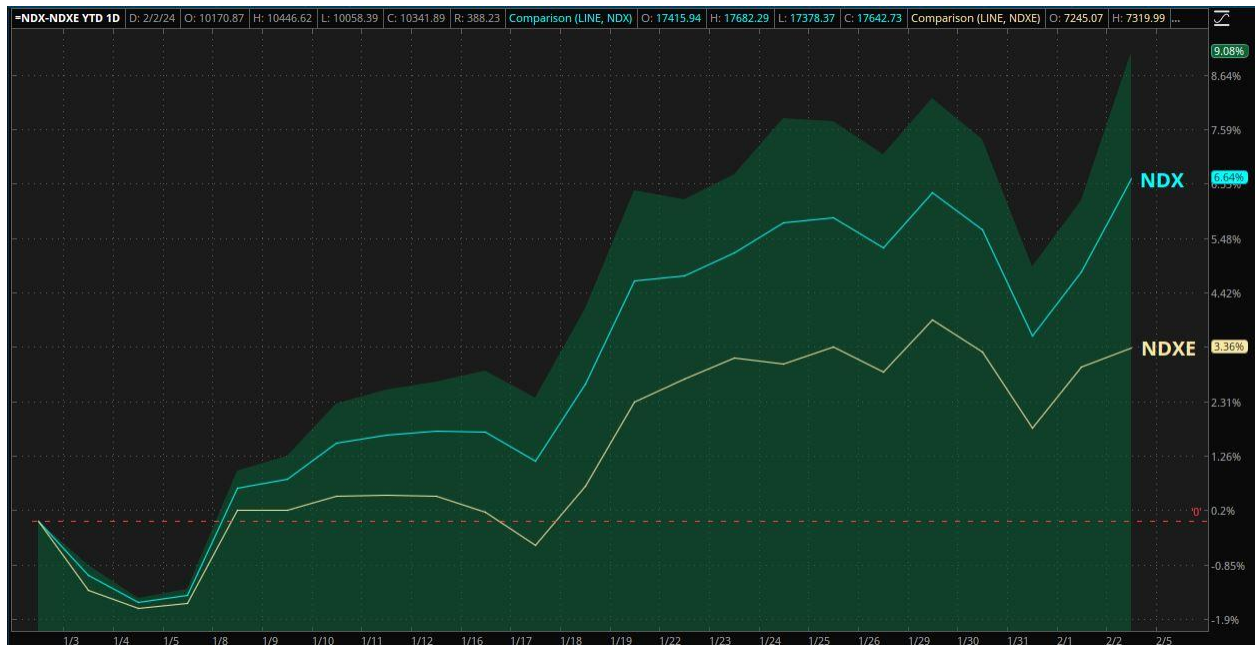
The Strongest sectors this week were: XLY, XLC and XLP that all delivered over +2% gains this week. The biggest component in the XLY is AMZN and the biggest component in the XLC is META. Both AMZN and META saw strong positive Earnings reactions this week.

The Weakest sectors this week were: XLE, Transports and the SOXX who all declined this week.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 01/22/24	End of Day 01/23/24	End of Day 01/24/24	End of Day 01/25/24	End of Day 01/26/24	End of Day 01/29/24	End of Day 01/30/24	End of Day 01/31/24	End of Day 02/01/24	End of Day 02/02/24
\$SPX	0.22%	0.29%	0.08%	0.53%	-0.07%	0.76%	-0.06%	-1.61%	1.25%	1.07%
\$INDU	0.36%	-0.25%	-0.26%	0.64%	0.16%	0.59%	0.35%	-0.82%	0.97%	0.35%
\$COMPQ	0.32%	0.43%	0.36%	0.18%	-0.36%	1.12%	-0.76%	-2.23%	1.30%	1.74%
\$RUT	2.01%	-0.36%	-0.73%	0.71%	0.12%	1.67%	-0.76%	-2.45%	1.39%	-0.59%
QQQ	0.13%	0.41%	0.55%	0.12%	-0.60%	1.02%	-0.67%	-1.96%	1.18%	1.73%
\$TRAN	2.21%	-0.28%	-0.86%	1.25%	-0.32%	0.21%	-1.00%	-1.65%	0.83%	0.99%

Daily Percent Change US Indexes table as of Feb 2, 2024 - We saw the Russell 2000 oscillate between strongest to weakest twice this week. The Dow Transportation Index was the weakest 3 days this week. The Dow Industrials were the strongest index on both Tuesday and Wednesday this week.

To better see the significant Impact of the Market Cap weighting on the Nasdaq-100 Index, we have a comparison chart below.



NDX vs. NDXE Year To Date Percent Change as of Feb 2, 2024 - After the first week this year, we see the widening space between the Nasdaq-100 (NDX) and the Equal Weighted Nasdaq-100 (NDXE). The Green area in the background is not to scale but does show the shape of the growing difference between these two indexes. Note that the widest difference was seen at the end of this week on Feb. 2nd.

NASDAQ 100			
Symbol		Market Cap	Last
MSFT	📈	3,055,544 M	411.22
AAPL	📈	2,869,874 M	185.85
AMZN	📈	1,784,656 M	171.81
GOOG	📉	1,784,633 M	143.54
GOOGL	📉	1,770,211 M	142.38
NVDA	📈📉	1,634,152 M	661.60
META	📈📉	1,210,942 M	474.99
TSLA	📈	598,454 M	187.91
AVGO	📈	573,163 M	1224.34
ASML	📈	351,445 M	890.66
COST	📈	314,816 M	709.48
AMD	📈	287,061 M	177.66
ADBE	📈	286,912 M	634.76

Nasdaq-100 biggest 12 stocks by Market Cap as of Feb 2, 2024 - The above table shows us the current 'Market Cap' values for each of the biggest 12 stocks in the Nasdaq-100 as of the market close on Feb. 2nd. Note that META is now over \$1.2 Trillion while TSLA is less than half of that valuation.

Let's now look at the charts of a few key Stocks, starting with the largest seven.



MSFT daily chart as of Feb 2, 2024 - Microsoft continued its rally Monday and Tuesday before reporting Earnings after the close on Tuesday. MSFT saw wild swings up and down in the after hours Tuesday between \$396.5 and \$416. Wednesday opened lower and sold off down to \$397.21 Support. Thursday saw a small bounce that continued higher Friday to recover all of Wednesday's losses and end this week up +1.80%.



AAPL daily chart as of Feb 2, 2024 - Apple continued its decline Monday, Tuesday and Wednesday below its 50 day and 20 day SMAs. Thursday saw a bounce before reporting Earnings after the close. We saw wide swings in the after-hours market ranged from \$191 to \$179. Friday saw AAPL open below \$180 and below its 200 day SMA before showing a strong rally the first 2 hours on Friday before pausing the rest of the day in the \$185-\$187 area. Apple ended this week down -3.41%.



GOOGL daily chart as of Feb 2, 2024 - Alphabet continued its rally on Monday to new all time highs. Tuesday saw a small decline before reporting Earnings after the close. The reaction was strong and negative dropping to \$140.9 in afterhours trading. GOOGL opened Wednesday below its 20 day SMA at \$143.62 and declined to find support at \$144. Thursday saw an 'Inside' narrow range day. Friday saw a gap down (after Jobs data was reported) and opened below its 50 day SMA and dipped as low as \$136.50 before bouncing higher most of the day to end the week down -6.44%.



AMZN daily chart as of Feb 2, 2024 - Amazon continued its rally Monday then pulled back Tuesday and Wednesday to nearly its 20 day SMA. Thursday saw a bounce to recover most of the prior day's decline. Amazon reported Earnings after the close on Thursday and saw a huge rally up to \$174.50 in after-hours trading. Friday saw AMZN open at \$169.19 and rally higher to new 52 week highs at \$172.50 and close at \$171.81, up +7.98% for the week.



NVDA daily chart as of Feb 2, 2024 - Nvidia continued its rally Monday and Tuesday, then saw a small decline Wednesday. The rally resumed Thursday and Friday with new all time highs, ending the week up +8.40%. Nvidia is scheduled to report Earnings on Feb. 21st.



META daily chart as of Feb 2, 2024 - META continued its rally Monday and Tuesday then pulled back Wednesday. Thursday saw a very small bounce before reporting Earnings that day after the close. We saw a huge positive reaction in the afterhours trading that continued higher on Friday, peaking at \$485.96 (new all time highs) and delivering over a +10.9 times ATR move on Friday, ending the week up +20.51%.



TSLA daily chart as of Feb 2, 2024 - Tesla saw a bounce Monday and Tuesday then gave back most of those small gains on Wednesday. Thursday and Friday both saw lower highs and lower lows with a close near \$188, ending the week up +2.54%.

Let's compare these seven 'Biggest' stocks in the Nasdaq-100.



NDX vs. BIG7 stocks Year To Date Percent Change as of Feb 2, 2024 - Here is a chart showing the Year To Date Percent change for each of the seven big stocks above and the Nasdaq-100 (NDX). The NDX is up +6.64% so far this year, while NVDA is up +37.35%, META is up +37.17%, AMZN is up +14.59%, MSFT is up +10.88%, GOOGL is up +3.05% and AAPL is up +0.11%. TSLA is down -24.36% so far this year.

Let's compare the 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	0.62%	1.23%
AAPL	0.45%	-3.41%
MSFT	1.32%	1.80%
GOOGL	3.97%	-6.44%
AMZN	2.43%	7.98%
NVDA	2.59%	8.40%
META	2.79%	20.51%
TSLA	-13.64%	2.54%

In the table above the **green highlighted** values are where the gains were greater than were the QQQ's gains for that week (or less negative).



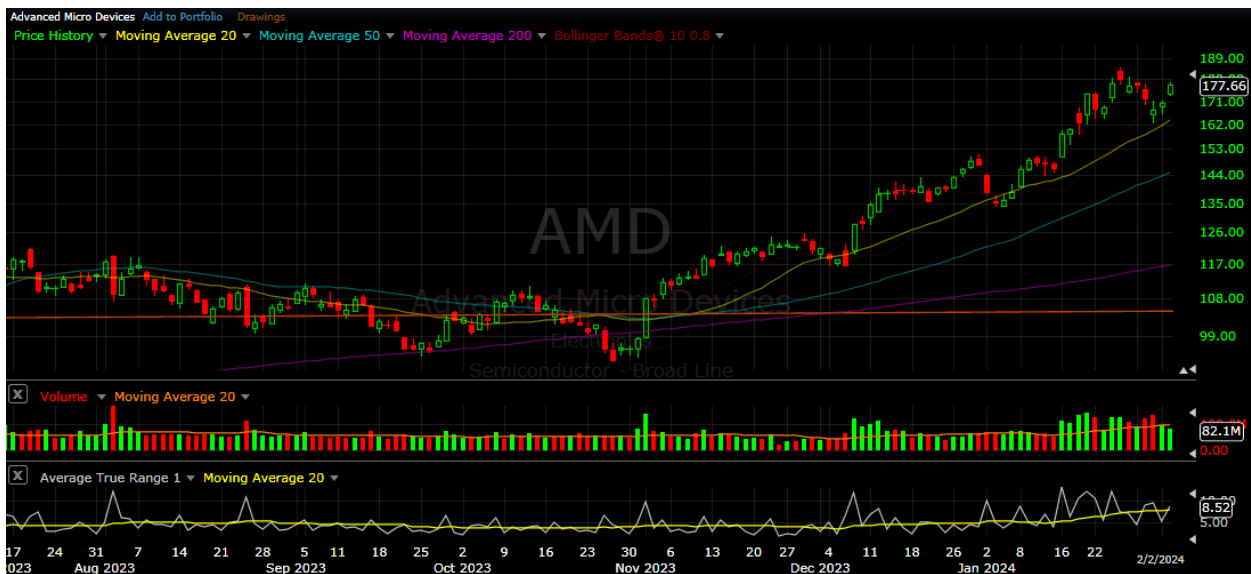
JPM daily chart as of Feb 2, 2024 - JP Morgan paused Monday then resumed its rally Tuesday and delivered a new all time high early Wednesday before pulling back. Thursday saw a dip to test support at its 20 day SMA with a bounce and nearly unchanged day at the close. Friday saw a small gain to end the week up +1.42%.



MA daily chart as of Feb 2, 2024 - MA resumed its rally Monday and Tuesday before reporting Earnings on Wednesday before the open. The reaction was Positive with new all time highs on Wednesday and Friday, ending the week up +5.03%.



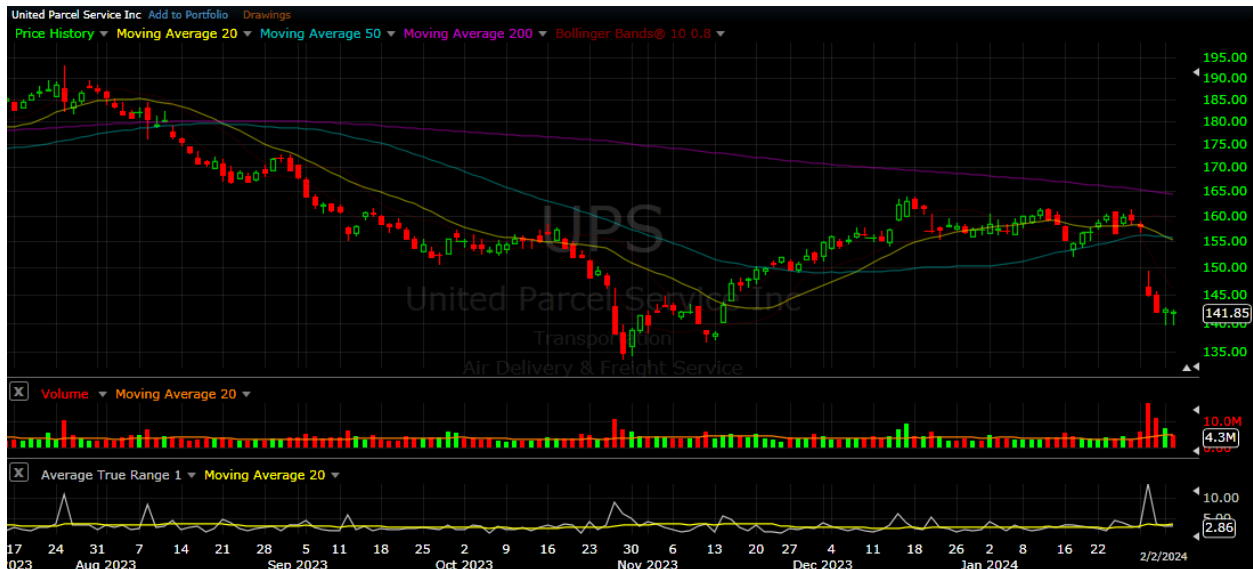
COST daily chart as of Feb 2, 2024 - Costco saw a minor pull back last week then resumed its rally this week with new all time highs on Tuesday, Wednesday and Friday, ending the week up +3.44%



AMD daily chart as of Feb 2, 2024 - AMD saw a pause Monday and a small decline Tuesday before reporting Earnings Tuesday after the close. Reaction was initially negative Wednesday but we see a higher close each day that followed, ending the week up +0.23%.



NFLX daily chart as of Feb 2, 2024 - Netflix reported Earnings last week and rallied to new 52 week highs last Friday. This week we see an 'Inside' day Monday and a pause most all of this week near the new highs, ending this week down -1.01%.



UPS daily chart as of Feb 2, 2024 - UPS paused last week near its 20 day SMA and straddled the 20 day SMA on Monday of this week before reporting Earnings Tuesday before the open. Tuesday saw a large gap down and selling lower that continued lower on Wednesday and Thursday. Friday saw a lower low and lower close to end the week down -10.95% and now below all 3 of its key daily SMAs.



PYPL daily chart as of Feb 2, 2024 - PayPal saw a gap up and sell off last week. This week we see a consolidation triangle between the 50 day and 200 day SMAs, ending this week up +1.04%. PayPal reports Earnings next week on Wednesday after the close.

The Decline we saw at the open on Wednesday may have likely been in ‘sympathy’ with negative reactions to Earnings in MSFT and GOOGL. The Decline later in the day was more likely driven by reactions to Jay Powell’s press conference statements. We ‘Assume’ this based mostly upon the timing and breadth of these reactions. The strong rally Friday was likely in ‘sympathy’ of the positive reactions to Earnings for META and AMZN. It is impossible to prove these causal relationships unless you can ask every market participant ‘why’ they bought or sold when they did, and they each would have to answer honestly. The reason ‘why’ is NOT too important and usually impossible to prove. It is the fact that we see the tape moving is what matters because we know that each transaction has money at risk.

The mixed reactions to Earnings and News (Jay Powell and the Jobs report) that we saw this week are a good reminder that markets are Emotionally driven in the short term, and usually resume their stronger convictions afterwards, once the dust has settled. Protect yourself from making Emotional Decisions, and stick to your PLAN. We can be wrong often, but if we keep our losses small, and are patient with our winners, then the long term odds and net impact can be profitable.

Trade Smart.

CJ