



## Market Observations - as of February 9, 2024

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

Last week we saw a 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 no 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.

This week we saw Monday open with a mild decline the first hour and a bounce the next hour followed by a mostly horizontal pause the rest of the day, forming an 'Inside' day. Tuesday saw the pause continue with a narrow horizontal range. Wednesday gapped up at the open with some positive follow through the first hour that slowed but continued higher the rest of the day. Thursday saw a mild rally continue higher. Friday saw another gap up with stronger follow through higher most all day to deliver new record highs and closes.

After the wild Earnings Reaction last week, we saw a return to the normal this week with the big Nasdaq names again leading the markets higher. Remember that in the prior two weeks we saw the Nasdaq step back a bit as the Dow Industrials and S&P-500 took a turn to lead the markets. This week we saw the Nasdaq return to its leadership roll with most of the Magnificent Seven leading the way.

The Russell 2000 also delivered a very strong recovery this week, mostly on Thursday and Friday.

The US Dollar showed strength on Monday then remained mostly horizontal the rest of this week. The US 10 year Yields also popped up on Monday then showed a very small decline for 2 days followed by a small increase the last two days of this week.

Oil prices dropped a little on Monday then rallied higher every day this week that followed. Gold prices saw a small decline Monday then were mostly horizontal the rest of this week.

Earnings continued this week with mixed reactions, with more positive than negative reaction overall.

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



S&P 500 weekly chart as of Feb 9, 2024 - We see 5 weeks in a row of an advancing market, again delivering new all time highs this week and breaking above 5000 for the first time ever. The S&P broke above 4000 for the first time on April 1<sup>st</sup> 2021 (aka April Fool's day).



S&P 500 daily chart as of Feb 9, 2024 - After a pause Monday and Tuesday, we see new all time highs in each of the 3 following days this week with a break above 5000 Thursday and a close above 5000 on Friday. The S&P-500 ended this week up +1.37%.



S&P 500 15 min. chart as of Feb 9, 2024 - We see the dip and bounce Monday morning that became mostly horizontal the rest of the day, delivering an 'Inside' day. Tuesday saw the narrow pause continue. Wednesday saw a gap up and rally the first hour that became mostly horizontal for the rest of the day. The horizontal pause continued Thursday with a mild rally the last hour. Friday saw a small gap up and follow through rally all day, briefly breaking above its upper weekly Expected Move then pulling back a little about 90 min before the close. The last hour Friday saw some small swings as settlement approached. The S&P delivered a new record all time high Friday at \$5030.06 and a new record close Friday at \$5025.89.

We have seen the S&P at least briefly break outside of its Expected Move every week so far in 2024.





DJIA weekly chart as of Feb 9, 2024 - Here we see 5 weeks in a row with higher closes each week. The Industrials delivered an 'Inside' week this week without a new record all time high.



DJIA daily chart as of Feb 9, 2024 - The Industrials declined on Monday then delivered an 'Inside' day on Tuesday. Wednesday and Thursday saw higher highs and higher closes without delivering a new all time high. Friday saw a small decline and 'Inside' day to end the week up +0.04%.



Nasdaq weekly chart as of Feb 9, 2024 - We see 5 weeks in a row of higher highs and higher closes. The Nasdaq Composite is nearing its all time highs from late 2021 (blue dash line).



Nasdaq daily chart as of Feb 9, 2024 - We see a quiet 'Inside' day on Monday followed with another quiet day on Tuesday this week. Wednesday saw a gap up and rally the continued higher Thursday and Friday, ending the week up +2.31%. Friday saw the strongest range day this week.





Russell 2000 weekly chart as of Feb 9, 2024 - The Russell 2000 has oscillated this year, above its 200 week SMA (Purple) and below the \$2030 Resistance (Green horizontal line). This week we see the highest 'weekly close' so far in 2024.



Russell 2000 daily chart as of Feb 9, 2024 - The Russell dropped on Monday to close below its 50 day SMA. Tuesday saw a small bounce and close back above its 50 day SMA. Wednesday saw small decline below its 20 day SMA. Thursday saw a strong rally from its 50 day SMA support, crossing above its 20 day SMA to deliver new highs for this week. Friday saw the rally continue higher to nearly reach the highs of the prior week, ending this week up +2.41%.

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



McClellan Summation Index weekly chart as of Feb 9, 2024 - Last week we saw a very small increase up to 661.18. This week we see a decrease down to 575.30.



McClellan Summation Index daily chart as of Feb 9, 2024 - This week we saw a small decline every day until Friday when we saw a small bounce to end this week at 575.30.

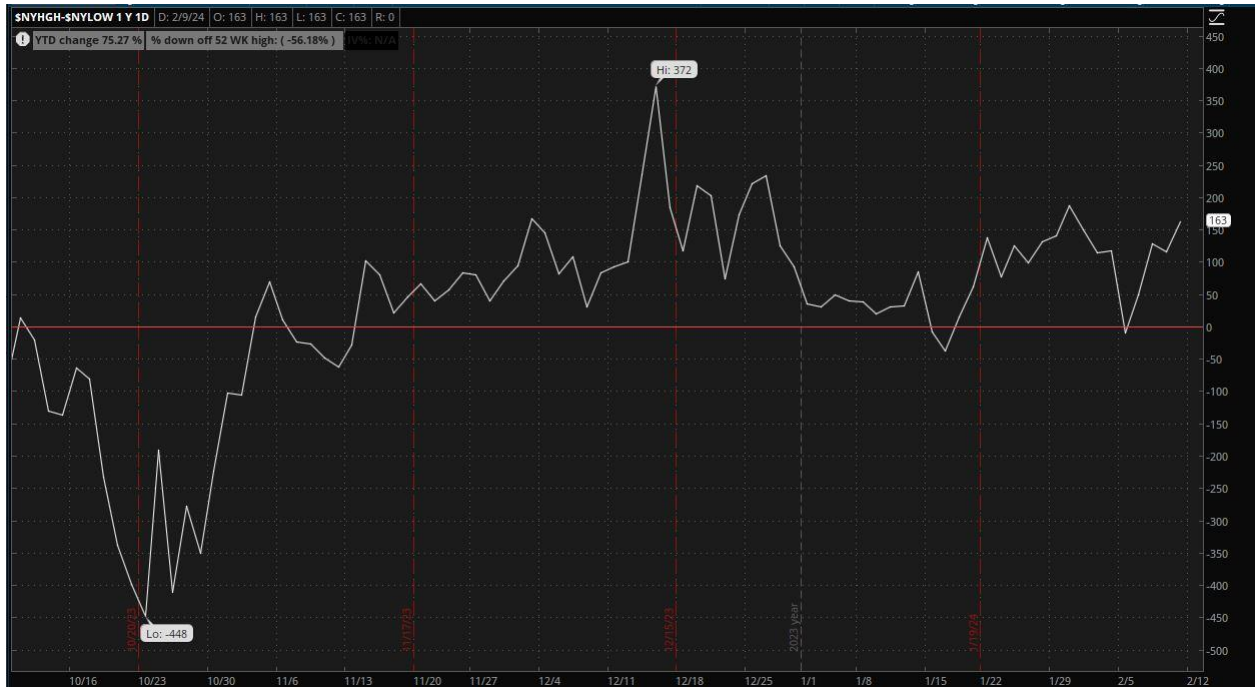


NYSE Percent above 200 day SMA daily chart as of Feb 9, 2024 - Last week we saw this percentage end the week nearly on its 50 day SMA at 66.02%. This week we saw a sharp drop Monday to 62.5% with a bounce to 64.8% Tuesday and then a dip Wednesday to 63.7% area. Thursday and Friday saw small increases each day to end this week at 65.05%.



NYSE Percent above 50 day SMA daily chart as of Feb 9, 2024 - Last week we saw a dip that ended the week at 59.14%. This week we saw a sharp drop Monday to nearly 52% followed by a bounce Tuesday and a dip Wednesday that straddled the 200 day SMA. Thursday and Friday both saw gains to end this week at 58.37%.





NYSE New Highs - New Lows daily chart as of Feb 9, 2024 - In January we saw two days that ended with Negative values of New Highs minus New Lows, on Jan. 16<sup>th</sup> & 17<sup>th</sup>. This week we saw strong selling on Monday that delivered a negative value that resumed with positive values the remainder of this week.



VIX daily chart as of Feb 9, 2024 - The VIX opened up a little higher Monday morning then declined all day, continuing its slower decline Tuesday below its 20 day SMA, Wednesday below its 50 day SMA and lower on Thursday. Friday remained in a narrow range below its 50 day SMA.



VVIX daily chart as of Feb 9, 2024 - The Volatility of the VIX opened near its 50 day SMA Monday then declined below its 20 day SMA. Tuesday saw the decline continue lower. Wednesday saw a small bounce higher that continued Thursday above its 50 day SMA before declining back below its 50 day SMA later that day. Friday opened lower below the 20 day SMA.

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



Oil daily chart as of Feb 9, 2024 - Oil prices saw a lower narrow range day Monday below its 50 day SMA. Tuesday rallied up above its 50 day SMA and continued higher each day that followed, crossing above its 20 day SMA on Thursday and nearly touching its 200 day SMA on Friday.

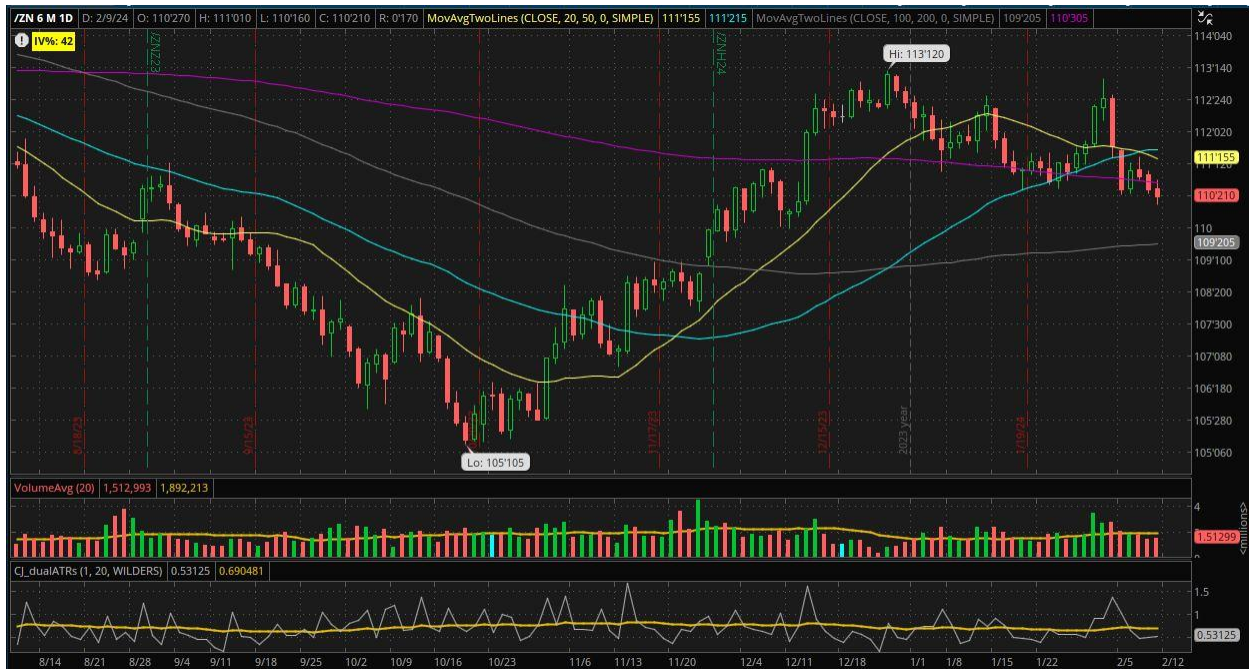


Gold daily chart as of Feb 9, 2024 - Gold prices saw a decline Monday below its 50 day SMA. Tuesday rallied back above the 50 day SMA. Wednesday and Thursday saw small declines that were followed with a bigger decline on Friday below its 50 day and 20 day SMAs.





US Dollar Index daily chart as of Feb 9, 2024 - The US Dollar Index popped up on Monday, pulled back a little on Tuesday then remained mostly horizontal the rest of this week.



US 10 year Treasury daily chart as of Feb 9, 2024 - The 10 year saw strong selling continue Monday below its 20 day, 50 day and 200 day SMAs. Tuesday saw a bounce back above its 200 day SMA. Wednesday saw a small decline that continued Thursday back below its 200 day SMA and lower Friday to new lows for 2024. The selling of Treasuries late last week and this week suggest money could be flowing out of Treasuries and Into Stocks. Let's see what other charts tell us about this week.

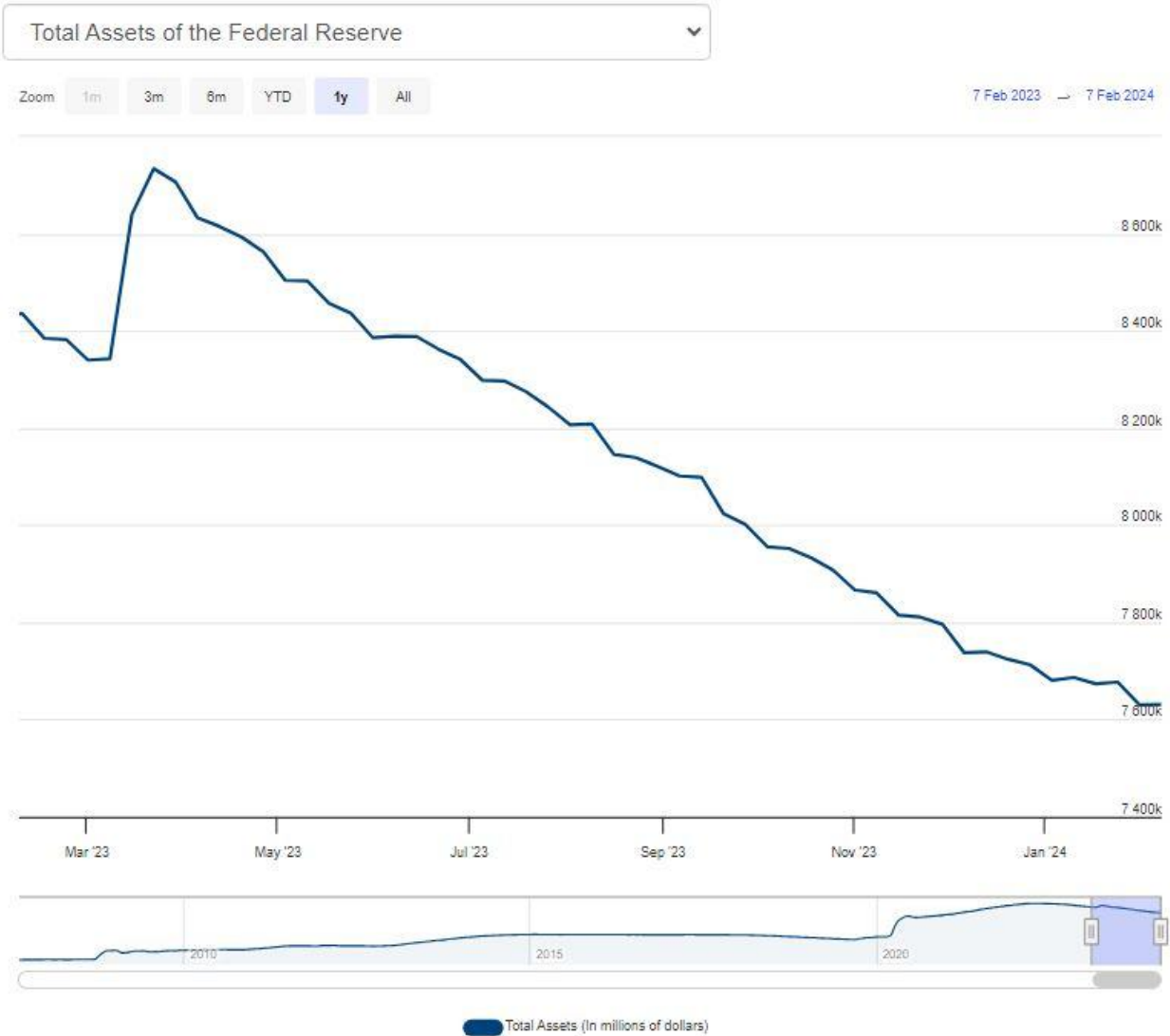


US 10 year Yield daily chart as of Feb 9, 2024 - Inversely to the Treasuries, the Yields saw a pop up above its 200 day SMA on Monday, a decline to nearly its 50 day and 20 day SMAs on Tuesday and another test of its 50 day SMA support on Wednesday. Thursday and Friday saw a bounce higher to end the week at 4.187% Yields.

Date	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
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
2/5/2024	5.42	5.42	5.25	4.87	4.46	4.27	4.13	4.16	4.17	4.46	4.35
2/6/2024	5.44	5.41	5.23	4.82	4.39	4.14	4.03	4.07	4.09	4.39	4.29
2/7/2024	5.43	5.40	5.23	4.83	4.41	4.16	4.06	4.09	4.09	4.41	4.31
2/8/2024	5.44	5.42	5.24	4.83	4.46	4.22	4.12	4.15	4.15	4.47	4.36
2/9/2024	5.44	5.43	5.26	4.86	4.48	4.25	4.14	4.17	4.17	4.48	4.37

US Yield Rates daily table as of Feb 9, 2024 - We see a pop higher Monday, dip on Tuesday and Wednesday, then another pop higher on Thursday and Friday with the mid-term and longer-term Yields while the short term Yields saw very little change.





FOMC Balance Sheet weekly chart as of Feb 7, 2024 - The Fed Increased its Balance Sheet this week by \$1.176 Billion to a new Total Assets of \$7.631300 Trillion.

Next we will look at a few key Sectors.



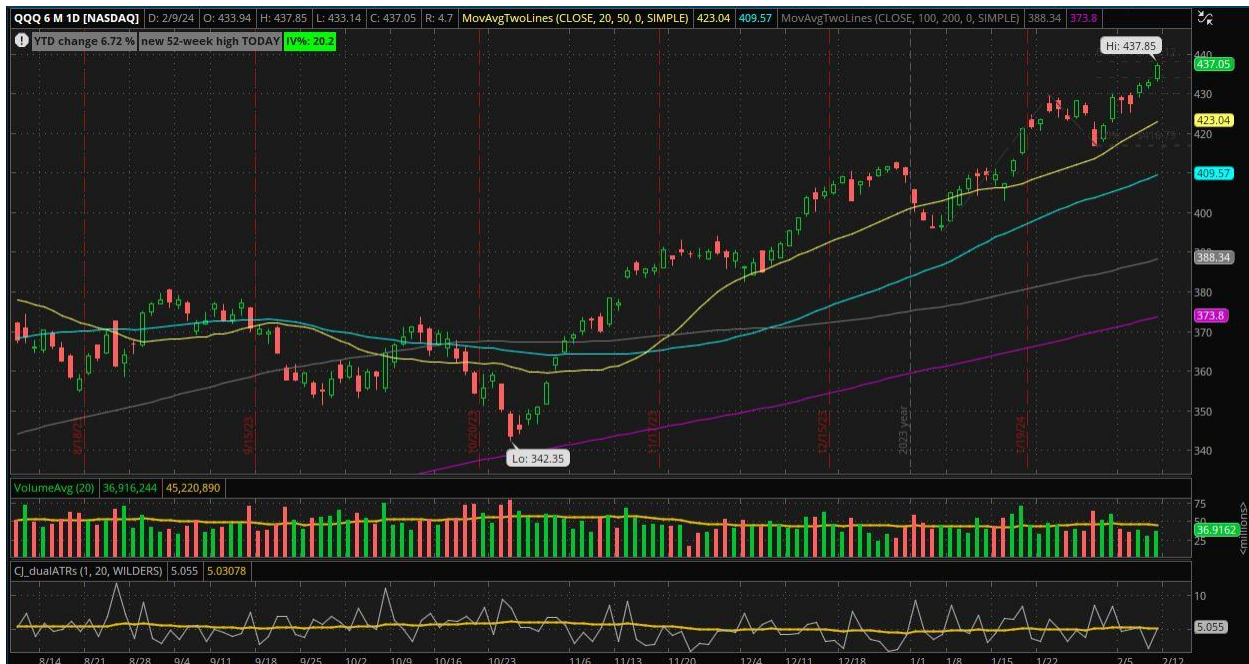
Dow Transportation Index daily chart as of Feb 9, 2024 - We saw a pause an ‘Inside’ day on Monday above the 20 day SMA support. Tuesday saw a strong rally back to last week’s highs. Wednesday traded a little higher in a narrow range. Thursday saw a small pull back and bounce that continued higher Friday to end the week up +2.63% with new 2024 highs.



XLE daily chart as of Feb 9, 2024 - The Energy sector dropped below its 50 day SMA and nearly tested its 20 day SMA for support before bouncing Monday. Tuesday gapped above the 50 day SMA and nearly tested its 200 day SMA as Resistance. Wednesday saw a small advance at the close. Thursday rallied above its 200 day SMA with new highs for this week. Friday saw a Bearish Engulfing day that closed 1 cent below its 50 day SMA, ending the week down -0.25%.



XLF daily chart as of Feb 9, 2024 - The Financial sector saw a quiet day Monday and Tuesday near last Friday's close. Wednesday saw a gap up with a wider swing and the highs for the week. Thursday saw a small pullback followed by a small gain on Friday to end the week up +0.26%.



QQQ daily chart as of Feb 9, 2024 - The Nasdaq-100 ETF saw an 'Inside' day Monday and the pause continued Tuesday. Wednesday saw a gap up and rally to new all time highs. Thursday and Friday the rally continued higher, delivering new all time highs each day, ending the week up +1.87%.





SOXX daily chart as of Feb 9, 2024 - The Semiconductor sector gapped up Monday with a narrow range day. Tuesday saw a small pullback. Wednesday saw a rally to nearly Monday's highs on strong volume. Thursday saw the rally continue higher with a wider range day. Friday saw the rally continue higher to deliver new all time highs, ending the week up +5.53%. This was the strongest sector on my list this week.



XLC daily chart as of Feb 9, 2024 - The Communication Services sector reacted positively last Friday thanks mostly to META's Earnings reactions. META is the largest component within the XLC. The XLC pulled back a little on Monday and Tuesday then paused Wednesday and moved a little higher Thursday and paused Friday to end the week down -0.71%.

<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	12/29/2023	1/5/2024	1/12/2024	1/19/2024	1/26/2024	2/2/2024	2/9/2024
\$SPX	0.32%	-1.52%	1.84%	1.17%	1.06%	1.38%	1.37%
\$INDU	0.81%	-0.59%	0.34%	0.72%	0.65%	1.43%	0.04%
\$COMPQ	0.12%	-3.25%	3.09%	2.26%	0.94%	1.12%	2.31%
\$NDX		-3.09%	3.23%	2.86%	0.62%	1.27%	1.81%
\$RUT	-0.34%	-3.75%	-0.01%	-0.34%	1.74%	-0.79%	2.41%
QQQ	0.33%	-3.12%	3.23%	2.84%	0.62%	1.23%	1.87%
\$TRAN	-1.03%	-2.45%	-0.25%	0.79%	1.98%	-0.64%	2.63%
XLE	-1.34%	1.00%	-2.36%	-3.04%	5.09%	-0.87%	-0.25%
XLF	0.70%	0.40%	-0.40%	0.88%	1.90%	0.85%	0.26%
XLK	0.22%	-4.34%	4.41%	4.13%	0.79%	0.24%	2.77%
SOXX	1.09%	-5.95%	2.87%	7.87%	-0.58%	-0.22%	5.53%
XLV	1.01%	2.01%	1.01%	-0.75%	-0.14%	1.95%	1.42%
XLY	-0.37%	-3.46%	0.78%	0.53%	-1.84%	3.29%	1.45%
XRT	0.39%	-4.04%	-0.84%	-0.20%	1.83%	1.14%	2.77%
XLI	0.76%	-2.25%	0.61%	0.30%	0.87%	1.90%	1.19%
XLU	1.13%	1.89%	-1.88%	-3.70%	0.38%	0.46%	-1.98%
XME	-1.55%	-2.77%	-1.10%	-1.95%	1.15%	0.47%	-1.99%
XLP	1.14%	-0.03%	1.10%	-1.03%	0.80%	2.12%	-1.43%
XLB	-0.07%	-1.40%	-1.06%	-1.46%	0.34%	0.70%	0.04%
XLC	0.07%	-0.85%	2.46%	1.38%	3.81%	2.65%	-0.71%
XHB	0.06%	-3.39%	2.16%	1.33%	-1.02%	1.69%	2.69%

Weekly Percent Change US Indexes and Sectors table as of Feb 9, 2024 - The Russell 2000 saw a strong recovery this week, mostly on Thursday and Friday, to be the strongest Index this week. After the Russell we see the Nasdaq Composite and Nasdaq-100 making very strong advances this week. The Composite did better than the NDX this week so this suggests that a number of Nasdaq stocks helped drive this week's gains, and not just the 'Magnificent Seven' stocks.

The Strongest sectors this week were: SOXX, XLK, XRT, XHB and the Transports that all delivered well over +2.5% gains this week. Looking on a daily basis, the SOXX sector was the strongest on Monday and Friday this week, the second strongest on Wednesday and Thursday and was the weakest sector on Tuesday. Maybe Tuesday was a low risk entry if one were looking to 'Buy the Dip' within an uptrend.

ARM saw a very strong Earnings reaction on Thursday. However, as new IPO, ARM it is not currently included in the SOXX sector ETF. However, this does not stop strong 'sympathetic' reactions in other semiconductor stocks that see the ARM Earnings reaction.

The weakest sectors this week included: XME, XLU, XLP, XLC and XLE that all saw a decline this week.

	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	01/29/24	01/30/24	01/31/24	02/01/24	02/02/24	02/05/24	02/06/24	02/07/24	02/08/24	02/09/24
\$SPX	0.76%	-0.06%	-1.61%	1.25%	1.07%	-0.32%	0.23%	0.82%	0.06%	0.57%
\$INDU	0.59%	0.35%	-0.82%	0.97%	0.35%	-0.71%	0.37%	0.40%	0.13%	-0.14%
\$COMPQ	1.12%	-0.76%	-2.23%	1.30%	1.74%	-0.20%	0.07%	0.95%	0.24%	1.25%
\$RUT	1.67%	-0.76%	-2.45%	1.39%	-0.59%	-1.30%	0.85%	-0.17%	1.50%	1.53%
QQQ	1.02%	-0.67%	-1.96%	1.18%	1.73%	-0.13%	-0.20%	1.03%	0.19%	0.98%
\$TRAN	0.21%	-1.00%	-1.65%	0.83%	0.99%	-0.72%	2.06%	0.42%	0.41%	0.45%

Daily Percent Change US Indexes table as of Feb 9, 2024 - Note how the Russell was the weakest index on Monday and Wednesday with losses and then became the strongest on Thursday and Friday this week. The QQQ showed its strength on Monday and Wednesday and its weakness on Tuesday. We often see leadership changing daily, so this is just a brief indication. If we do see consistent leadership, then THAT is usually worth noting.

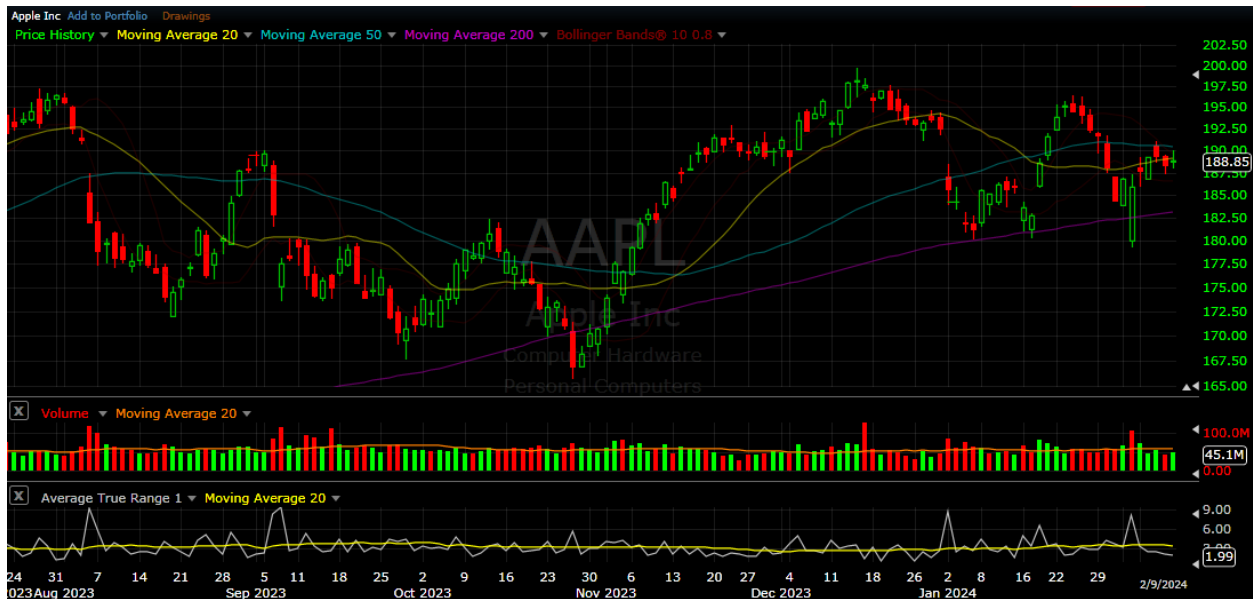
\*\* If the daily data ever seems confusing, then shift your focus to weekly data to look for some clarity.

Next we will look at a few key **Stocks**, the same names we looked at last week to see how they did this week.



MSFT daily chart as of Feb 9, 2024 - Microsoft saw a quiet 'Inside' day on Monday and an even quieter slightly lower day on Tuesday. Wednesday saw a gap up and rally to nearly last week's highs. Thursday saw a new all time high, higher low and slightly higher close to a narrow range day. Friday saw a strong rally to new all time highs, ending the week up +2.27%.

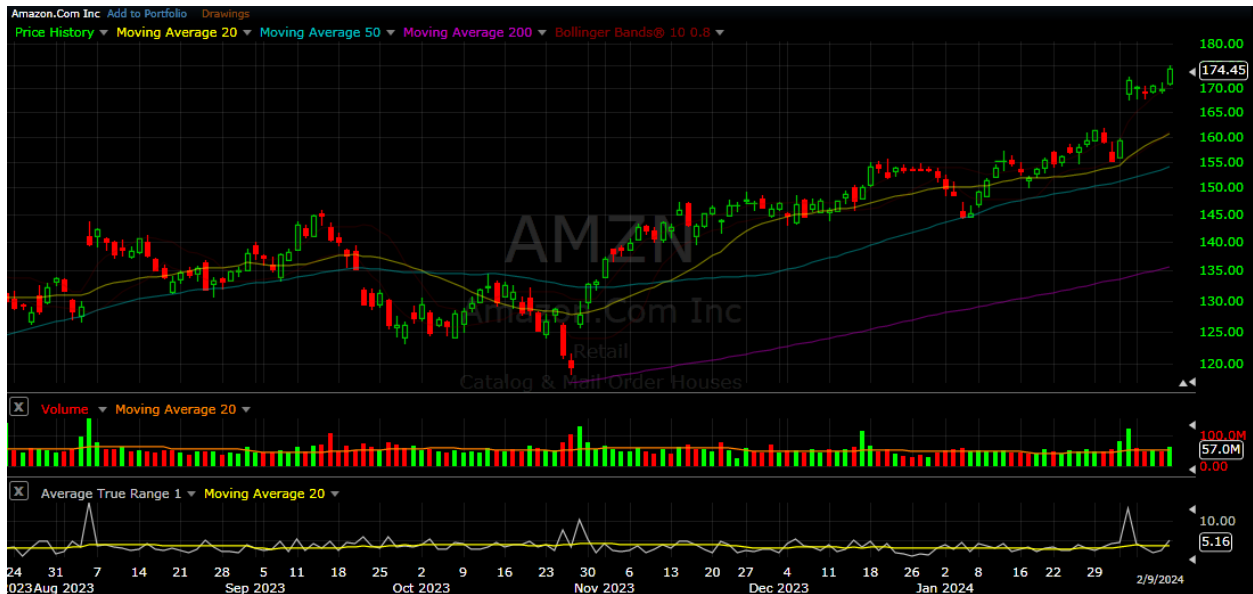




AAPL daily chart as of Feb 9, 2024 - Apple recovered most of its negative reactions to Earnings last Friday and continued a little higher Monday, Tuesday above its 20 day SMA and Wednesday testing its 50 day SMA as Resistance before closing down. Thursday continued lower below its 20 day SMA. Friday saw a small bounce higher to end the week up +1.74%.



GOOGL daily chart as of Feb 9, 2024 - This week we saw Alphabet slowly recover some of its negative Earnings reactions from last week. GOOGL followed its 20 day SMA higher Monday, Tuesday, Wednesday and crossed above on Thursday. Friday saw a strong rally day above its 20 day SMA to end the week up +4.65%



AMZN daily chart as of Feb 9, 2024 - Amazon saw an 'Inside' day Monday and remained within a narrow range Tuesday, Wednesday and Thursday before breaking to new 2-year highs Friday, ending the week up +1.54%.



NVDA daily chart as of Feb 9, 2024 - Nvidia continues to be one of the strongest members of the SOXX sector on most days last week and again this week. NVDA gapped up on Monday and delivered new all time highs every day this week, ending the week up 9.03% which is a bit stronger than last week's gains. NVDA reports Earnings in a week and a half, on Feb. 21<sup>st</sup>.



META daily chart as of Feb 9, 2024 - This week META kept most of its huge gains from last Friday. We saw a small decline Monday and Tuesday then a small bounce Wednesday followed by a pause Thursday and Friday to end the week down -1.45%.



TESLA daily chart as of Feb 9, 2024 - Tesla continued its decline on Monday then reversed on Tuesday to close higher. The bounce continued with higher highs every day that followed, ending the week up +3.01%.



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	1.23%	1.87%
MSFT	1.80%	2.27%
AAPL	-3.41%	1.74%
GOOGL	-6.44%	4.65%
AMZN	7.98%	1.54%
NVDA	8.40%	9.03%
META	20.51%	-1.45%
TSLA	2.54%	3.01%

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).

Four out of these seven stocks outperformed the QQQ this week with NVDA being the strongest this week and second strongest last week. All but two stocks were stronger this week than last week with AMZN and META declining this week.



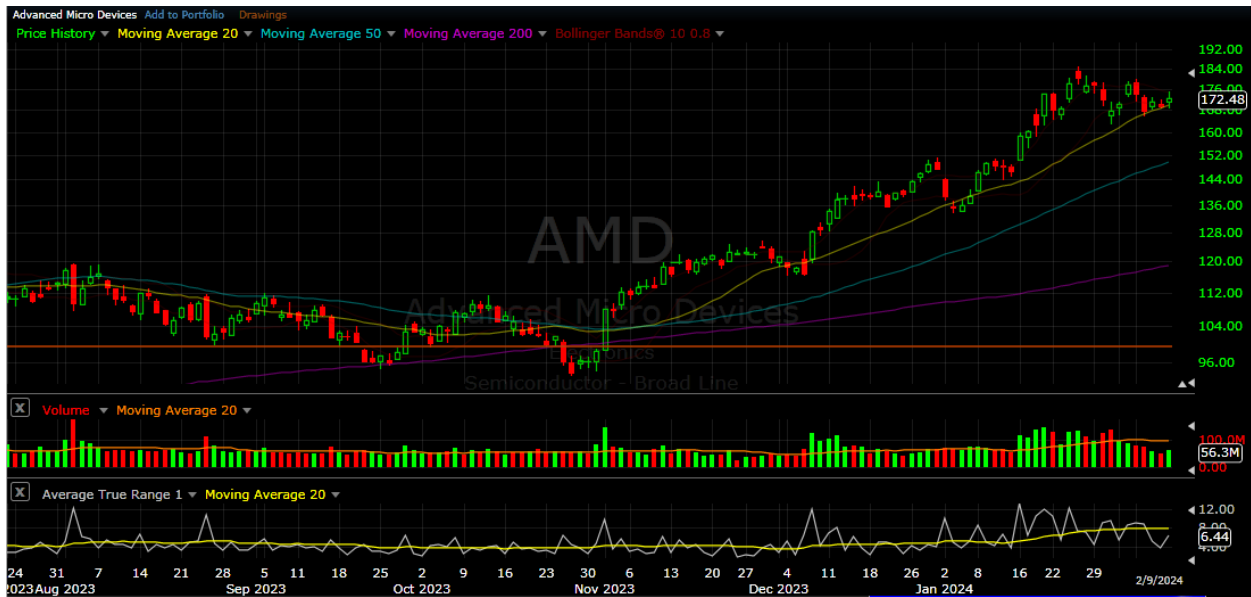
JPM daily chart as of Feb 9, 2024 - JP Morgan remained within a narrow horizontal range this week, ending the week up +0.16%.



MA daily chart as of Feb 9, 2024 - Mastercard kept most of last week's gains this week as it remained within a narrow horizontal range this week, ending the week down -0.59%.



COST daily chart as of Feb 9, 2024 - Costco paused Monday and Tuesday then resumed its slow and steady rally Wednesday and Thursday with new all time highs. Friday saw a small pull back to end the week up +1.96%. Costco has seen a rather steady rally (+32%) since crossing above its 50 day and 20 day SMAs back on Nov. 3<sup>rd</sup> 2023.

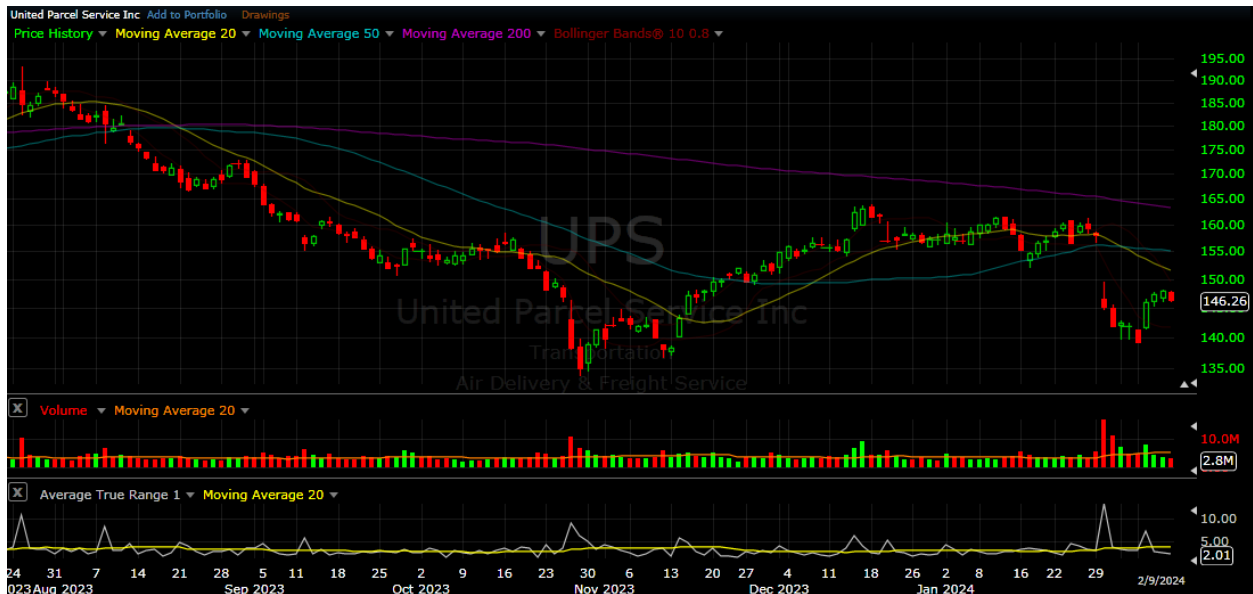


AMD daily chart as of Feb 9, 2024 - AMD saw a week of consolidation this week as it declined Monday and Tuesday and tested support near its 20 day SMA, ending the week down -2.92%.



NFLX daily chart as of Feb 9, 2024 - Netflix has kept most of its gains from Earnings two weeks ago. This week was mostly horizontal near the highs from 2 weeks ago, ending this week down -0.59%.





UPS daily chart as of Feb 9, 2024 - UPS dropped last week after reporting Earnings and continued lower most of last week. That decline continued lower on Monday of this week before seeing a strong bounce (with volume) on Tuesday. Wednesday and Thursday continued a little higher then pulled back on Friday to end the week up +3.11%.



PYPL daily chart as of Feb 9, 2024 - PayPal paused Monday then rallied above its 20 day and 200 day SMAs on Tuesday. Wednesday saw a higher high but a lower close before reporting Earnings after the close. Thursday gapped down and sold off in reaction to Earnings, finding support near \$55.77. Friday saw a bounce rally that recovered a portion of the prior day's drop, ending the week down -5.62%.

We continue to see 'mixed' reactions to Earnings this week. Some 60%+ of public companies have now reported Earnings, so we are getting past the peak. Lots of companies are still scheduled to report in the next few weeks, so keep an eye open for any names you may have positions in.

We saw the Semiconductor sector again seem to lead the markets this week, as well as key 'A.I.' related stocks. Nobody knows the future. However, we can keep track of the present leadership, and "assume" those leaders will continue until we see clear evidence that they have changed. This is how we work at keeping the odds in our favor. This does require us to pay attention to the current data and look for confirmation of the Trend, AND the Change in a Trend.

I hope this helps with your chart reading skills as you learn to find opportunities on your own, where the odds can be in your favor.

Trade Smart,

CJ