



## Market Observations - as of May 10, 2024

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

Last week we pointed out in the prior week that we would watch for a close above the 20 day SMA the following week, and we did not need to wait long since we saw that happen on Monday of last week for both the Nasdaq Composite and the S&P-500. However, that event Monday did not act as confirmation for the bulls since we saw strong selling on Tuesday that continued lower on Wednesday. Wednesday afternoon, as the FOMC notice came out and Jay Powell did his press conference we saw a large rally for one hour followed by an even larger sell off the last hour to close the day lower than the prior day's close. Thursday saw a gap up that was quickly filled before a mild rally began about 30 min. after the open and continued most of the day. Friday saw a large gap up that was not filled as those gains were retained most all day.

This week we saw a gap up Monday with the S&P joining the Nasdaq Composite already above its 50 day SMA with a rally most all day. Tuesday saw the rally continue higher the first half of the day then it paused with a small pull back the last half of the day. Wednesday saw a small pull back and narrow range pause day. Thursday saw the mild rally resume higher with a gap up at the open on Friday to new highs for the week with a pull back to return to the prior day's close for the rest of the day. We saw higher highs and higher lows every day this week except on Wednesday.

So far we have seen the Nasdaq Composite recover about 88% of its April decline and the S&P has recovered about 87%.

Oil prices oscillated this week with little overall change for the week. Gold paused for 3 days then rallied Thursday and Friday this week. The US Dollar Index rallied for 3 days then dropped on Thursday with only a small bounce on Friday. Treasury Yields oscillated a bit this week with little overall change.

The Utilities sector remained strong this week with the Financial sector showing some strength this week. The biggest tech names mostly seemed quiet this week, with only two names outperforming the Nasdaq-100 index.

Another indication of the change in leadership this week is the Dow Industrials and Transports that both outperformed the other major indexes.

Let's look at the charts to see how the changes in leadership and breadth changed this week.



S&P 500 weekly chart as of May 10, 2024 - We see a 3<sup>rd</sup> week up that has nearly recovered most of the 3-week April decline.



S&P 500 daily chart as of May 10, 2024 - Monday gapped above the 50 day SMA and continued higher. Tuesday saw a small gain with Wednesday showing a small pull back. The rally resumed Thursday and Friday, ending the week up +1.85%. We saw higher highs, higher lows and a higher close every day this week except on Wednesday. The S&P is now above all 3 of its key daily SMAs (20 day, 50 day and 200 day).



S&P 500 15 min. chart as of May 10, 2024 - Here we see the gap and rally on Monday. Tuesday gapped up at the open and straddled the upper weekly Expected Move most of the day. Wednesday saw a small pull back and pause just below the Expected Move. Thursday resumed the rally above the Expected Move to find Resistance at the April 11 prior Highs (blue dash line). Friday gapped up and rallied the first 20 min. to new highs then sold off to fill the gap in the next hour, finding Support near the prior April 11 highs. We saw a slow rally higher the rest of the day on Friday to end the week above its upper Expected Move.

Next week's S&P Expected Move is +/- \$67.99 from Friday's close at \$5222.68.





DJIA weekly chart as of May 10, 2024 - We see a 3<sup>rd</sup> week higher with this week being the strongest range gain in this period.



DJIA daily chart as of May 10, 2024 - The Industrials gapped above its 50 day SMA on Monday and delivered higher highs, higher lows and higher closes every day this week, ending the week up +2.16%. The DJIA is now above all 3 of its key daily SMAs



Nasdaq weekly chart as of May 10, 2024 - Here we see a 3<sup>rd</sup> week higher, with the strongest weekly gain seen two weeks ago.



Nasdaq daily chart as of May 10, 2024 - Last Friday saw a gap above the 50 day SMA. This week we saw a gap up on Monday with some follow through higher. Tuesday we saw a pause near the prior day's close. Wednesday saw a small pull back and bounce. Thursday saw the rally resume without exceeding Tuesday's highs. Friday saw a new high for the week but closed a bit lower to end the week up +1.14%.





Russell 2000 weekly chart as of May 10, 2024 - Here we see a 3<sup>rd</sup> week higher but with small gains than the prior two weeks, as if the rally may be slowing.

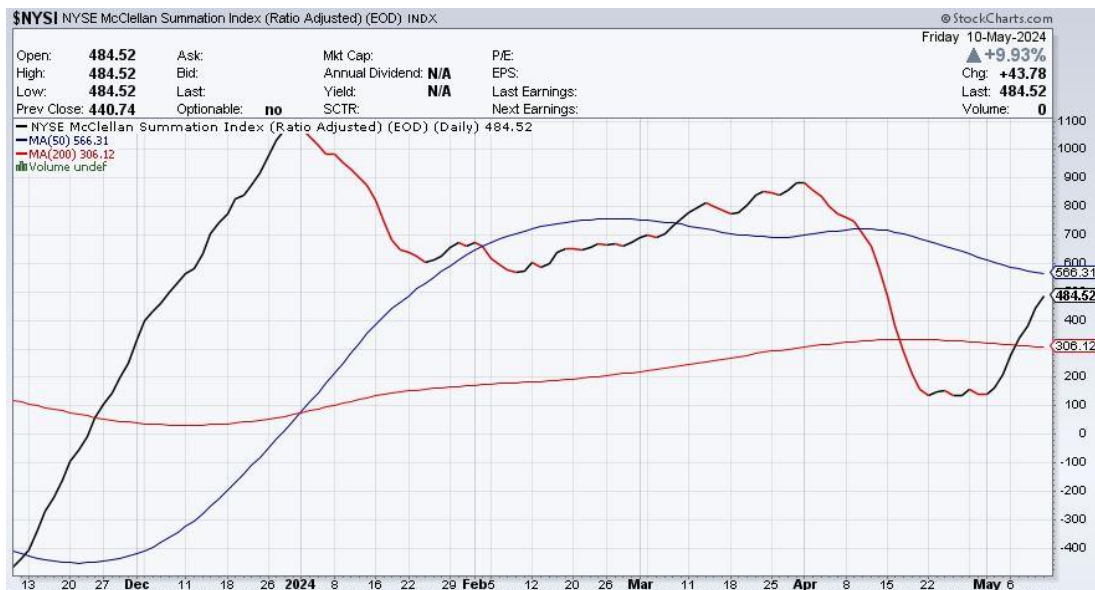


Russell 2000 daily chart as of May 10, 2024 - The Russell remained above its 50 day SMA all this week, with a rally on Monday and Tuesday then a pull back on Wednesday. Thursday saw the rally resume higher but then was reversed on Friday to end the week up +1.18%.

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



McClellan Summation Index weekly chart as of May 10, 2024 - Last week we saw a small bounce up to 210.40 and the 200 day SMA (Red). This week we saw a gap up and stronger rally up to 484.52.



McClellan Summation Index daily chart as of May 10, 2024 - Last week we saw the beginnings of a small bounce up to 210.40. This week the rally continued higher to end this week at 484.52.



NYSE Percent above 200 day SMA daily chart as of May 10, 2024 - Last week ended at 68.70% near its 50 day SMA (Blue). This week saw a rally higher with some oscillations and pull backs on Wednesday and Friday to end this week at 70.58%.



NYSE Percent above 50 day SMA daily chart as of May 10, 2024 - Last week we saw a rally up to 51.61%. This week the rally continued higher, above its 200 day and 50 day SMAs to end this week at 59.10%.





VIX daily chart as of May 10, 2024 - The VIX continued lower each day this week, ending this week below its April lows and nearly matching its March Lows.



VVIX daily chart as of May 10, 2024 - The Volatility of the VIX continued a bit lower this week, delivering new 52 week lows on Friday.

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



Oil daily chart as of May 10, 2024 - Oil prices oscillated within a range for 3 days from \$77.8 to \$79.2. Thursday saw a break to higher highs that was then reversed on Friday to end the week at \$78.20.



Gold daily chart as of May 10, 2024 - Gold prices saw some consolidation for three days just above \$2300 the broke out higher Thursday, crossing above its 20 day SMA (Yellow) and continued Higher Friday to end this week at \$2366.90.





US Dollar Index daily chart as of May 10, 2024 - The US Dollar saw a pause Monday then a bounce Tuesday and Wednesday. Thursday saw a decline after a test of Resistance near its 20 day SMA followed by a small bounce on Friday.

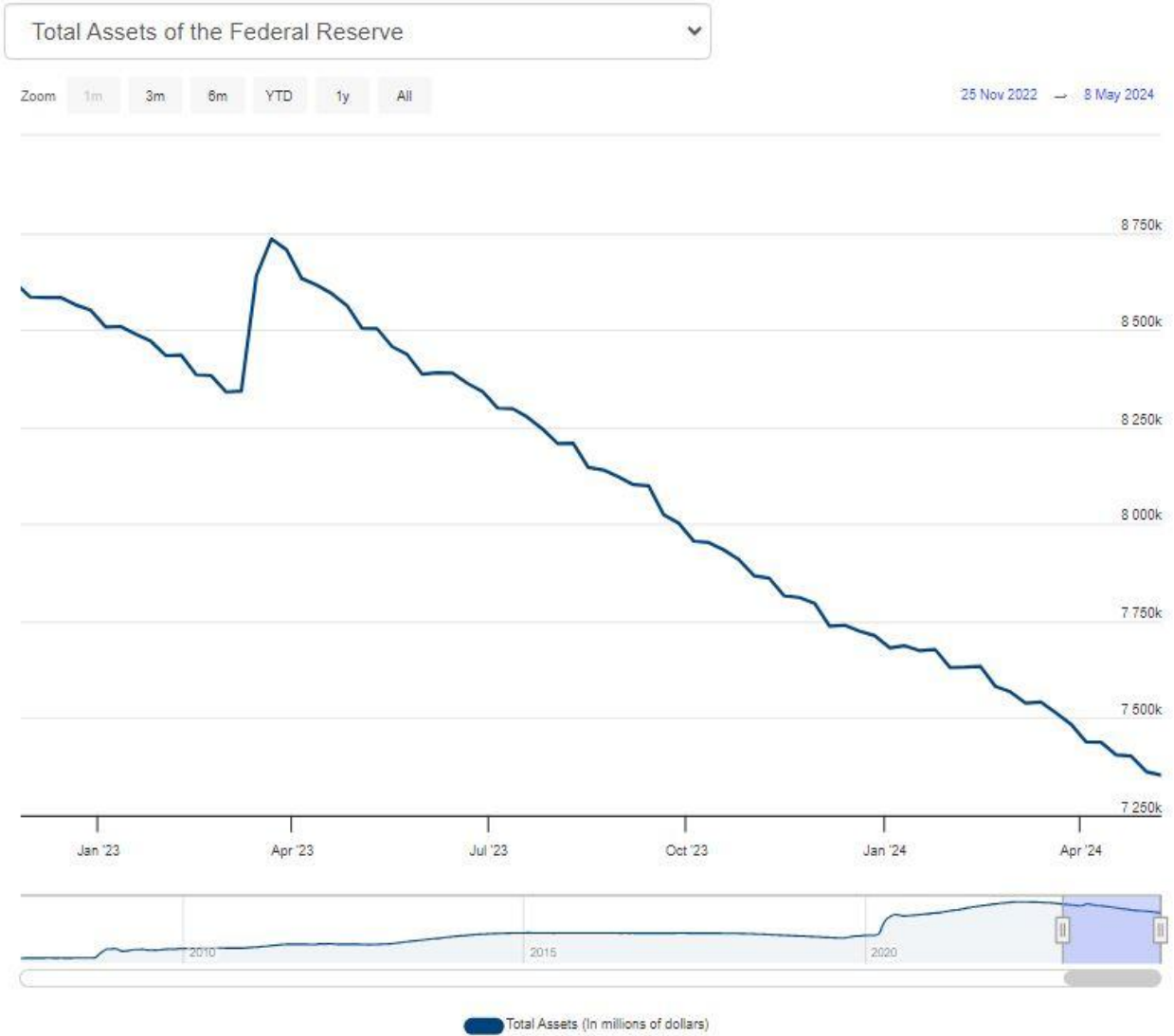


US 10 year Treasury daily chart as of May 10, 2024 - The 10 year Treasury saw a pause this week near the highs and close of last week.



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
4/15/2024	5.49	5.51	5.45	5.44	5.38	5.16	4.93	4.78	4.65	4.65	4.63	4.85	4.74
4/16/2024	5.49	5.51	5.45	5.44	5.39	5.18	4.97	4.83	4.69	4.69	4.67	4.88	4.77
4/17/2024	5.49	5.49	5.45	5.44	5.38	5.16	4.93	4.77	4.62	4.61	4.59	4.81	4.71
4/18/2024	5.49	5.52	5.46	5.44	5.39	5.18	4.98	4.83	4.68	4.67	4.64	4.85	4.74
4/19/2024	5.49	5.51	5.45	5.44	5.39	5.17	4.97	4.81	4.66	4.65	4.62	4.83	4.72
4/22/2024	5.49	5.50	5.42	5.44	5.39	5.16	4.97	4.81	4.66	4.65	4.62	4.84	4.72
4/23/2024	5.49	5.50	5.45	5.44	5.39	5.14	4.86	4.76	4.63	4.62	4.61	4.84	4.73
4/24/2024	5.49	5.50	5.46	5.44	5.40	5.17	4.89	4.78	4.64	4.66	4.65	4.88	4.78
4/25/2024	5.48	5.51	5.47	5.46	5.41	5.21	4.96	4.85	4.70	4.71	4.70	4.93	4.82
4/26/2024	5.48	5.51	5.46	5.45	5.40	5.21	4.96	4.84	4.68	4.68	4.67	4.89	4.78
4/29/2024	5.48	5.51	5.45	5.45	5.43	5.20	4.97	4.80	4.65	4.64	4.63	4.86	4.75
4/30/2024	5.48	5.51	5.46	5.45	5.44	5.25	5.04	4.87	4.72	4.71	4.69	4.90	4.79
5/1/2024	5.47	5.50	5.46	5.51	5.43	5.21	4.96	4.79	4.64	4.64	4.63	4.85	4.74
5/2/2024	5.51	5.47	5.46	5.50	5.42	5.16	4.87	4.71	4.57	4.57	4.58	4.82	4.72
5/3/2024	5.51	5.48	5.45	5.50	5.41	5.12	4.81	4.63	4.48	4.49	4.50	4.75	4.66
5/6/2024	5.51	5.48	5.45	5.50	5.42	5.12	4.82	4.64	4.48	4.48	4.49	4.73	4.64
5/7/2024	5.51	5.48	5.45	5.51	5.41	5.13	4.82	4.60	4.48	4.47	4.47	4.70	4.61
5/8/2024	5.51	5.47	5.45	5.50	5.41	5.13	4.84	4.63	4.50	4.49	4.48	4.73	4.64
5/9/2024	5.51	5.48	5.46	5.50	5.41	5.12	4.80	4.60	4.47	4.46	4.45	4.70	4.60
5/10/2024	5.51	5.47	5.47	5.51	5.43	5.17	4.87	4.65	4.52	4.51	4.50	4.74	4.64

US Yield Rates daily table as of May 10, 2024 - We saw little change this week in most all Terms.



FOMC Balance Sheet weekly chart as of May 8, 2024 - The Fed decreased its Balance Sheet this week by \$9.066 Billion to a new Total Assets of \$7.353408 Trillion.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of May 10, 2024 - The Transports paused just below its 200 day SMA Monday, Tuesday and Wednesday then rallied Thursday above its 200 day SMA and continued above its 50 day SMA on Friday, ending the week up +1.62%. The Transports are now above all 3 of its key daily SMAs.



XLE daily chart as of May 10, 2024 - The Energy sector paused above its 50 day SMA on Monday and Tuesday then straddled its 50 day SMA on Wednesday. Thursday saw a rally up to its 20 day SMA. Friday opened above its 20 day SMA then sold off lower to end the week below its 20 days SMA, up +1.36% for the week.





XLF daily chart as of May 10, 2024 - The Financial sector saw a small decline last week then gapped up Monday above its 50 day SMA and delivered a higher high and higher close every day this week, ending the week up +3.16%.



QQQ daily chart as of May 10, 2024 - The Nasdaq-100 ETF gapped above its 50 day SMA on Monday and continued higher Tuesday. Wednesday saw a small pullback before resuming its rally with higher highs and higher closes on Thursday and Friday, ending the week up +1.51%.



SOXX daily chart as of May 10, 2024 - On Monday the Semiconductor sector gapped up and crossed above its 50 day SMA. Tuesday crossed back below its 50 day SMA. Wednesday saw lower lows but a higher close still below the 50 day SMA. Thursday saw a higher high, higher low but a lower close. Friday saw a gap above its 50 day SMA and a small decline to end the week up +1.88% and above all 3 of its key daily SMAs.



XLC daily chart as of May 10, 2024 - The Communication Services sector saw a gap up Monday above its 20 day and 50 day SMAs and continued higher Tuesday. Wednesday saw a dip and test of the 50 day SMA Support before closing lower. Thursday and Friday saw the rally resume with higher highs and higher closes, ending the week up +1.97%.



<i>INDEXes</i>	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
<i>SECTORs</i>	3/28/2024	4/5/2024	4/12/2024	4/19/2024	4/26/2024	5/3/2024	5/10/2024
\$SPX	0.39%	-0.95%	-1.56%	-3.05%	2.67%	0.55%	1.85%
\$INDU	0.84%	-2.27%	-2.37%	0.01%	0.67%	1.14%	2.16%
\$COMPQ	-0.30%	-0.80%	-0.45%	-5.52%	4.23%	1.43%	1.14%
\$NDX	-0.46%	-0.80%	-0.58%	-5.36%	3.99%	0.97%	1.51%
\$RUT	2.54%	-2.87%	-2.92%	-2.77%	2.79%	1.68%	1.18%
QQQ	-0.53%	-0.80%	-0.50%	-5.39%	3.94%	1.04%	1.51%
\$STRAN	1.25%	-1.80%	-2.65%	-2.67%	0.58%	1.17%	1.62%
XLE	2.18%	3.89%	-1.99%	-1.21%	0.81%	-3.31%	1.36%
XLF	1.69%	-1.31%	-3.63%	0.80%	1.09%	-0.66%	3.16%
XLK	-0.78%	-0.87%	-0.50%	-6.27%	3.79%	1.36%	1.48%
SOXX	0.21%	-1.90%	-1.61%	-9.02%	9.33%	-0.34%	1.88%
XLV	1.57%	-3.05%	-3.01%	0.03%	0.73%	0.62%	1.96%
XLY	0.64%	-2.75%	-0.97%	-4.15%	3.62%	1.14%	0.11%
XRT	2.28%	-5.47%	-3.74%	-0.99%	2.97%	0.18%	1.31%
XLI	0.60%	-0.23%	-2.20%	-1.98%	1.82%	0.09%	2.37%
XLU	2.80%	-0.75%	-1.47%	1.92%	1.16%	3.35%	4.18%
XME	4.04%	2.89%	-1.00%	-0.81%	-0.08%	-0.02%	1.23%
XLP	0.95%	-2.66%	-1.28%	1.44%	1.54%	0.38%	2.29%
XLB	1.66%	-0.13%	-3.07%	-1.07%	0.63%	0.01%	2.58%
XLC	-0.20%	1.05%	-1.44%	-2.29%	0.81%	0.12%	1.97%
XHB	1.22%	-2.69%	-4.01%	-3.91%	3.55%	1.45%	2.18%

Weekly Percent Change US Indexes and Sectors table as of May 10, 2024 - The strongest Index this week was the Dow Industrials followed by the S&P-500. This suggests that the Nasdaq-100 and its biggest seven stocks were not the primary leaders this week.

ALL of the above sectors delivered a gain this week. This is a hint as to some breadth seen this week.

The strongest sectors this week were: XLU, XLF, XLB, XLI, XLP and XHB, who all delivered over +2% gains this week. The XLU was also the strongest sector last week.

The weakest sectors this week were: XLY and XME. Both sectors delivered a gain this week but those gains were less than 1.25%.



INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 04/29/24	End of Day 04/30/24	End of Day 05/01/24	End of Day 05/02/24	End of Day 05/03/24	End of Day 05/06/24	End of Day 05/07/24	End of Day 05/08/24	End of Day 05/09/24	End of Day 05/10/24
\$SPX	0.32%	-1.57%	-0.34%	0.91%	1.26%	1.03%	0.13%	0.00%	0.51%	0.16%
\$INDU	0.38%	-1.49%	0.23%	0.85%	1.18%	0.46%	0.08%	0.44%	0.85%	0.32%
\$COMPQ	0.35%	-2.04%	-0.33%	1.51%	1.99%	1.19%	-0.10%	-0.18%	0.27%	-0.03%
\$RUT	0.70%	-2.09%	0.32%	1.81%	0.97%	1.23%	0.19%	-0.46%	0.90%	-0.67%
QQQ	0.41%	-1.89%	-0.72%	1.28%	2.00%	1.10%	0.02%	-0.06%	0.22%	0.24%
\$TRAN	0.28%	-2.00%	-0.30%	2.49%	0.75%	0.21%	0.35%	-0.08%	0.59%	0.55%

Daily Percent Change US Indexes table as of May 10, 2024 - Leadership changed every day this week, with the Russell 2000 twice being a daily leader and twice being a daily laggard. The Transports were a laggard once and a leader twice this week. The Dow Industrials led on Wednesday when they were the only gain for the day. The Industrials saw gains every day this week and the S&P-500 saw gains nearly every day with a 'flat' day on Wednesday.

The daily view of these Indexes shows us more detail, but also shows us more noise than does the weekly view. This is normal. If you are ever confused on a chart or table, look at the next larger time frame to see if the view become more clear as to the dominate Trend and market context.

Next we will look at a few key Stocks.



MSFT daily chart as of May 10, 2024 - Microsoft gapped above its 20 day SMA and rallied up to its 50 day SMA on Monday. Tuesday gapped above its 50 day SMA but sold off lower nearly to its 20 day SMA. Wednesday saw a small rally after a test of Support at its 20 day SMA. Thursday resumed a rally higher that continued on Friday, crossing above its 50 day SMA and ending the week up +1.99%.



AAPL daily chart as of May 10, 2024 - Apple saw a huge gap up last Friday. Monday saw some selling that briefly broke below its 200 day SMA then closed back above. Tuesday saw a small rally that failed. Wednesday saw a narrow 'Inside' day. Thursday saw a rally that failed to exceed Tuesday's highs. Friday saw a pull back to end the week down -0.04%.



NVDA daily chart as of May 10, 2024 - Nvidia saw a gap up and rally Monday that was followed by a lower high, lower low and lower close on Tuesday. Wednesday saw an 'Inside' day. Thursday saw a decline with a lower high, lower low and lower close. Friday saw a failed rally with a higher high, higher low but a lower close to end the week up +1.23%.



AMZN daily chart as of May 10, 2024 - Amazon saw its rally continue Monday and Tuesday with higher highs, higher lows and higher closes both days. Wednesday saw a pull back that gave back only about half of Monday's gains. Thursday saw a strong rally to new all time highs that reversed and closed near the middle of that day's range. Friday saw a decline to end the week up +0.68%.



GOOGL daily chart as of May 10, 2024 - Alphabet continued its bounce Monday and Tuesday then stalled out on Wednesday with an 'Inside' day. Thursday saw a failed rally that was followed by lower high, lower low and lower close on Friday, ending the week up +0.84%.





META daily chart as of May 10, 2024 - Meta paused last week then began to rally last Friday. That rally continued this week with higher highs, higher lows and higher closes every day this week, crossing above its 20 day SMA on Thursday and ending the week Friday up +5.36%. Meta has now recovered about 75% of its Earnings gap down on April 25<sup>th</sup>.



TSLA daily chart as of May 10, 2024 - Tesla saw a big gap up and decline last week. This week we saw a small gap up on Monday followed by a decline Tuesday and Wednesday, crossing below its 50 day SAM. Thursday saw an 'Inside' day with a gap up and decline back below the 50 day SMA. Friday saw Tesla continue lower to its 20 day SMA, ending the week down -7.02%.

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

Stock	% Change Last week	% Change This week
QQQ	1.04%	1.51%
MSFT	0.08%	1.99%
AAPL	8.32%	-0.04%
NVDA	1.20%	1.23%
AMZN	3.67%	0.68%
GOOGL	-2.74%	0.84%
META	1.96%	5.36%
TSLA	7.67%	-7.02%

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

Note that only two of the above stocks did better than the QQQ this week, MSFT and META. Microsoft only did slightly better than the QQQ this week while META did significantly better. The META chart above shows us that this rally was a continuation of some post Earnings gap filling that could be the market resolving its over-reaction to Earnings.

Regardless of the why, the 'Magnificent Seven' delivered some less than impressive gains this week, with two names delivering a decline this week (AAPL and TSLA).



JPM daily chart as of May 10, 2024 - JP Morgan drifted a little lower last week, along its descending 20 day SMA. This week we see a rally Monday above the 50 day SMA followed by a pause on Tuesday. Wednesday saw a strong rally that continued higher Thursday and Friday to end the week up +4.34%.



GS daily chart as of May 10, 2024 - Goldman Sachs continued its rally with new all time highs seen every day this week, ending the week up +3.78%.





COST daily chart as of May 10, 2024 - Costco broke out last Thursday above its 50 day SMA and continued higher last Friday. The rally continued this week with higher highs seen every day this week and new all time highs delivered on Friday, ending the week up +5.82%.



AMD daily chart as of May 10, 2024 - AMD rallied up to its 20 day SMA on Monday then declined the rest of this week mostly just below its declining 20 day SMA, ending the week up +0.88%.



MU daily chart as of May 10, 2024 - Micron gapped up above its 20 day SMA on Monday then paused Tuesday and drifted a little lower Wednesday and Thursday. Friday saw a gap up and rally to new highs for this week, ending the week up +5.70%.



NFLX daily chart as of May 10, 2024 - Netflix gapped down after Earnings two weeks ago and paused near those new levels last week before breaking out last Thursday and Friday to higher highs. The bounce continued this week by crossing above its 20 day SMA on Monday and above its 50 day SMA on Tuesday. Wednesday saw a higher high and higher close that was followed by an 'Inside' day on Thursday. Friday saw a failed rally to a new high for the week but with a lower close to end the week up +5.44%. Netflix has now recovered all of its April 19<sup>th</sup> post Earnings gap down, ending this week within 31 cents of the April 18<sup>th</sup> pre Earnings close.



CAT daily chart as of May 10, 2024 - Caterpillar saw a small bounce late last week that continued higher on Monday and Tuesday of this week. Wednesday saw a small pull back. Thursday saw the bounce resume, crossing above its 20 day SMA and testing its 50 day SMA as Resistance. Friday saw a gap above the 50 day SMA to end the week up +5.36%.



BA daily chart as of May 10, 2024 - Boeing oscillated up and down this week while remaining below its descending 50 day SMA, ending the week down -0.71%.



We saw multiple new all time highs this week, not only from Amazon, but also from diverse stocks in diverse sectors: GS, COST and CMG.

Note the stocks above that saw more than a +5% gains this week: CAT, NFLX, MU, COST and META. This represents a diverse group of sectors and breadth in the markets.

At this point we see the probability of most markets recovering all of their April declines very likely. After three weeks of advancing markets, we do not know what next week will bring, but we do 'believe' that the odds of the current trend continuing are higher than reversing, so we will continue to play the odds and look for buyable dips. We will also prepare for the alternate scenarios as well, if next week become bearish or become a period of consolidation. Anything can happen.

Trade Smart,

CJ