

# Tech Talk for Saturday April 1<sup>st</sup> 2023

## The Bottom Line

**North American equity markets are moving higher “on a wall of worry”.** Analysts continue to lower earnings estimates for companies linked to broadly-based North American equity indices, The Federal Reserve and Bank of Canada are maintaining high regulated interest rates and have yet to signal when rates will peak let alone come down. International and political concerns are increasing including growing military tensions in Ukraine and Taiwan, instability in the U.S. banking industry and a showdown with President Biden and the House of Representatives on the U.S. debt ceiling.

**On the other hand, “green shoots” have appeared.** Disappointing revenue and earnings reports by selected companies (e.g. Micron, Blackberry) were met with surprising equity price strength as investors “looked through” the news to better prospects later this year. This phenomenon is expected to appear frequently in the month of April when companies hold their annual meetings and chief executive officers offer shareholders the good news for profit and revenue improvements as the year progresses. Not surprising, the month of April is the second strongest month for North American equity prices (December is the strongest month).

**Technically, North American equity indices began to recover at intermediate oversold levels set on March 15<sup>th</sup>.** “Risk on” sectors, most notably the technology sector are leading the advance. **Stick with the trade for now, at least during the month of April.**

**Far East equity markets are a possible alternative to an investment in North American equity markets.** Far East economies are recovering from end of the COVID 19 lockdown. Seasonality for their equity markets is favourable into May and occasionally into July. Intermediate technical parameters recently turned positive for equity ETFs representing China, South Korea, Taiwan and Hong Kong. Note that this a seasonal trade idea, not an investment idea.

## Consensus for Earnings and Revenues for S&P 500 Companies

Source: [www.factset.com](http://www.factset.com)

**Year-over-year earnings and revenue estimates for 2023 continued to move lower from consensus on March 16<sup>th</sup>.** First quarter 2023 earnings are expected to decrease 6.6% (versus previous decrease of 6.1%) but revenues are expected to increase 1.9% (versus previous increase of 2.0%). Second quarter 2023 earnings are expected to decrease 4.4% (versus previous decrease of 3.9%) and revenues are expected to decrease 0.1%.(versus previous increase of 0.1%) Third quarter earnings are expected to increase 2.3% (versus a previous increase of 2.7%) and revenues are expected to increase 1.4% (versus previous increase of 1.6%). Fourth quarter earnings are expected to increase 9.3% (versus previous increase of 9.6%) and revenues are expected to increase 3.8%. For all of 2023, earnings are expected to increase 1.5% (versus previous increase of 1.9%) and revenues are expected to increase 2.0% (versus previous increase of 2.1%)

## Economic News This Week

Source: [www.investing.com](http://www.investing.com)

**March ISM Manufacturing PMI** released at 10:00 AM EDT on Monday is expected to slip to 47.5 from 47.7 in February.

**February Construction Spending** released at 10:00 AM EDT on Monday is expected to slip 0.1% versus a decline of 0.1% in January.

**February Canadian Merchandise Trade Balance** released at 8:30 AM EDT on Tuesday is expected to drop to a deficit of \$0.06 billion from a surplus of \$1.92 billion in January.

**February Factory Orders** released at 10:00 AM EDT on Tuesday are expected to slip 0.3% versus a drop of 1.6% in January.

**March ISM Non-Manufacturing PMI** released at 10:00 AM EDT on Wednesday is expected to slip to 54.5% from 55.1% in February.

**February U.S. Trade Deficit** released at 10:00 AM EDT on Wednesday is expected to increase to \$68.70 billion from \$68.30 billion in January

**March Canadian Employment** is released at 8:30 AM EDT on Thursday.

## Selected Earnings News This Week

Source: [www.investing.com](http://www.investing.com)

**Wednesday:** ConAgra

**Thursday:** Constellation Brands, Levi Strauss

## Trader's Corner

Technical scores range from +6 (Most Bullish) to -6 (Most Bearish). A score of 0 is neutral. Preferred purchase candidates have a rising technical score. Preferred sell/short candidates have a falling technical score.

Technical scores for Trend and Relative Strength range from +2 to -2. Scores for 20 day moving average and daily momentum range from +1 to -1. Color change to red means lower daily score. Color change to green means higher daily score.

### Equity Indices and Related ETFs

#### Daily Seasonal/Technical Equity Trends for March 31<sup>st</sup> 2023

Unit	Seasonal	Until	Trend	Relative Strength To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Positive	May 5	Up	Neutral	Above	Up	4	4
TSX	Neutral	Dec. 12	Neutral	Negative	Above	Up	0	-2
DJIA	Positive	May. 5	Down	Negative	Above	Up	-2	-4
COMPQ	Positive	May 5	Up	Positive	Above	Up	6	6
TRAN	Neutral	Aug.27	Down	Negative	Above	Up	-2	-6
AORD	Neutral	July 15	Neutral	Negative	Above	Up	0	-2
NIKK	Positive	Apr.30	Neutral	Neutral	Above	Up	2	0
IEV	Positive	Apr.30	Down	Positive	Above	Up	2	-4
SSEC	Positive	May 30	Up	Negative	Above	Up	2	2
EEM	Positive	Apr.6	Neutral	Neutral	Above	Up	2	2

Green: Increase from previous day

Red: Decrease from previous day

### Commodities

#### Daily Seasonal/Technical Commodities Trends for March 31<sup>st</sup> 2023

Unit	Seasonal	Until	Trend	Relative Strength	20 Day MA	Momen tum	Tech Score	Prev Score
CRB Index	Positive	June.11	Down	Neutral	Above	Up	0	-4
Gasoline	Neutral	Mar.30	Neutral	Neutral	Above	Up	2	0
Crude Oil	Positive	Apr.15	Down	Neutral	Above	Up	0	-4
Natural Gas	Neutral	Apr.1	Down	Negative	Below	Down	-6	-2
S&P Energy	Positive	June 11	Down	Neutral	Above	Up	0	-4
Oil Services	Positive	Apr.24	Down	Negative	Above	Up	-2	-6
Gold	Positive	Apr.27	Up	Neutral	Above	Up	4	6
Silver	Neutral	Nov.29	Down	Positive	Above	Up	2	2
Gold Bug	Neutral	June 15	Neutral	Positive	Above	Up	4	4
Platinum	Neutral	Dec.9	Neutral	Neutral	Above	Up	2	2
Palladium	Neutral	Nov.26	Down	Neutral	Above	Up	0	-2
Copper	Positive	May 10	Down	Neutral	Above	Up	0	0
Lumber	Neutral	Oct 1	Down	Negative	Below	Down	-6	0
Agriculture	Neutral	Oct.9	Down	Negative	Above	Up	-2	-6

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for March 31<sup>st</sup> 2023

Unit	Seasonal	Until	Trend	Relative Strength	20 Day MA	Momentum	Tech Score	Prev Score
XLK	Neutral	Apr.13	Up	Positive	Above	Up	6	6
XLB	Neutral	Oct.1	Down	Negative	Above	Up	-2	-4
XLI	Neutral	Aug.26	Down	Negative	Above	Up	-2	-4
XLY	Neutral	Aug.7	Up	Neutral	Above	Up	4	0
XLF	Neutral	July 7	Down	Negative	Below	Up	-4	-2
XLE	Positive	June11	Down	Neutral	Above	Up	0	-4
XLP	Positive	May 24	Neutral	Neutral	Above	Up	2	-4
XLV	Neutral	Nov.3	Down	Neutral	Above	Up	0	0
XLU	Positive	July 2	Down	Neutral	Above	Up	0	-2
XLC	Positive	June 14	Up	Positive	Above	Up	6	6
XLRE	Positive	Apr.3	Neutral	Negative	Above	Up	0	-4
TSX Financial	Positive	Apr.18	Neutral	Negative	Above	Up	0	-4
TSX Energy	Positive	Apr.12	Down	Negative	Above	Up	-2	-6
TSX Gold	Neutral	June 14	Neutral	Positive	Above	Up	4	4
TSX Tech	Positive	Apr.3	Up	Positive	Above	Up	6	6
TSX B Metals	Neutral	Nov. 28	Down	Neutral	Above	Up	0	-4

Green: Increase from previous day

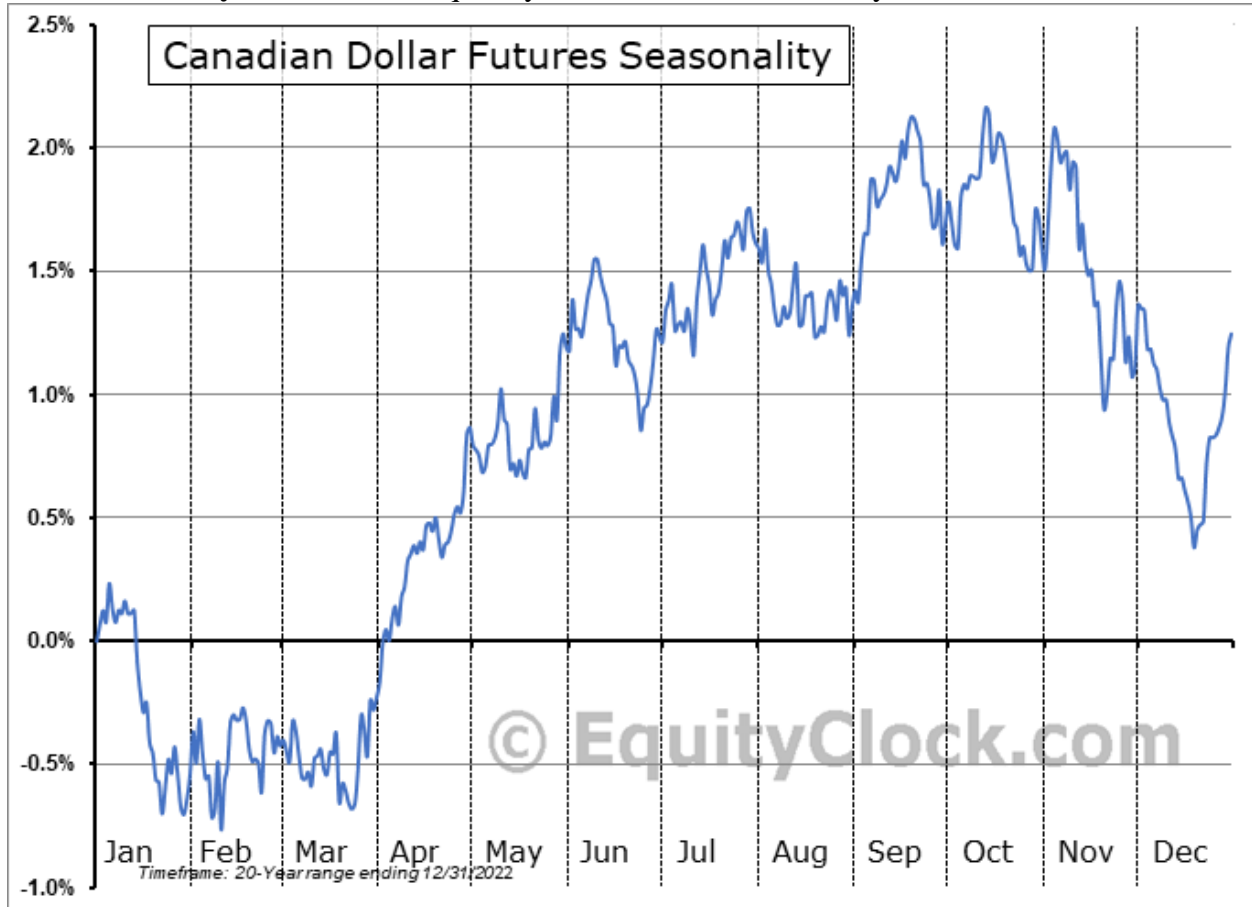
Red: Decrease from previous day

Source for positive seasonal ratings: [www.equityclock.com](http://www.equityclock.com)

# Seasonality Chart of the Day

Source: [www.EquityClock.com](http://www.EquityClock.com)

The Canadian Dollar has a history of moving higher relative to the U.S. Dollar between late March and early June. Gains frequently continue to the end of July.



The Canadian Dollar advanced 1.5 cents to US74.00 cents during the past six trading days.



# Technical Notes for Friday

Canadian Technology iShares \$XIT.TO moved above Cdn\$40.71 extending an intermediate uptrend.



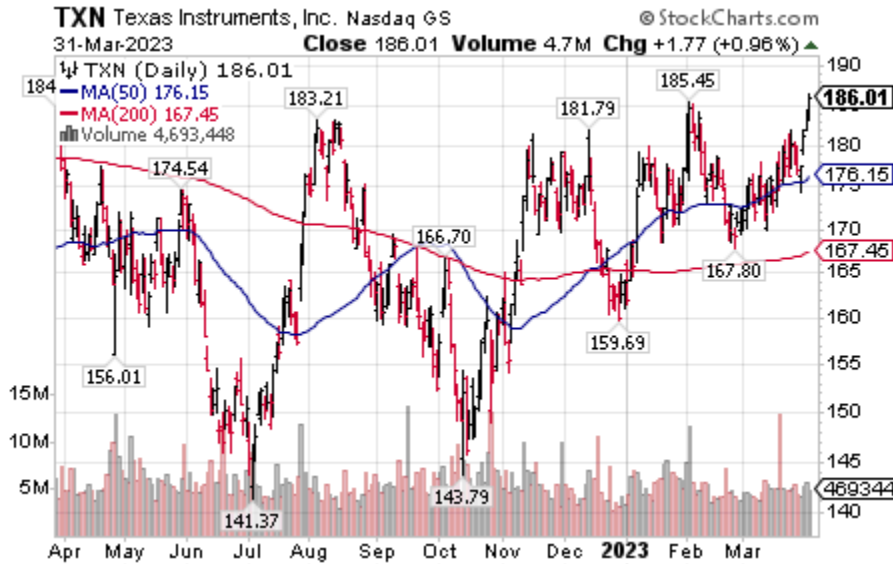
McDonalds \$MCD a Dow Jones Industrial Average stock moved above \$278.48 to an all-time high extending an intermediate uptrend.



Cisco \$CSCO a Dow Jones Industrial Average stock moved above \$51.74 extending an intermediate uptrend.



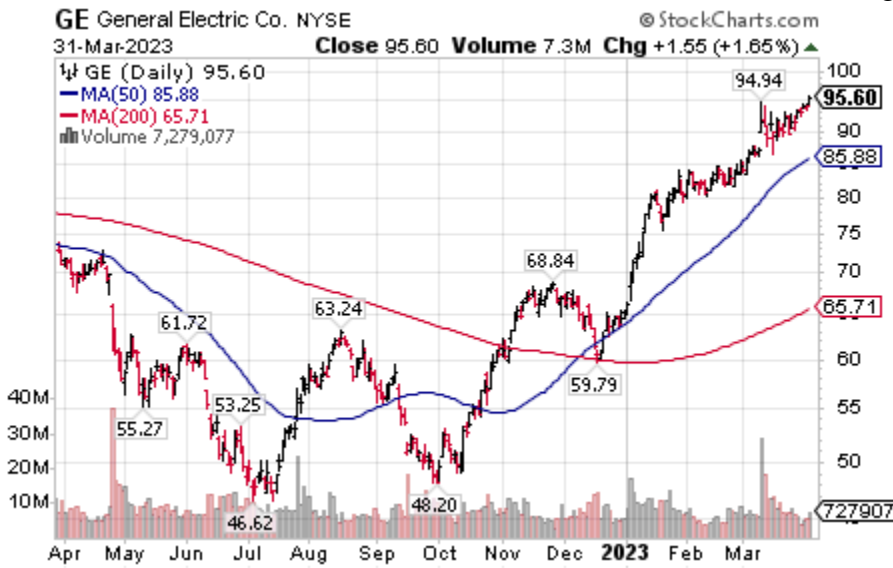
Texas Instruments \$TXN an S&P 100 stock moved above \$185.45 extending an intermediate uptrend.



Booking Holdings \$BKNG an S&P 100 stock moved above \$2,630.00 extending an intermediate uptrend.

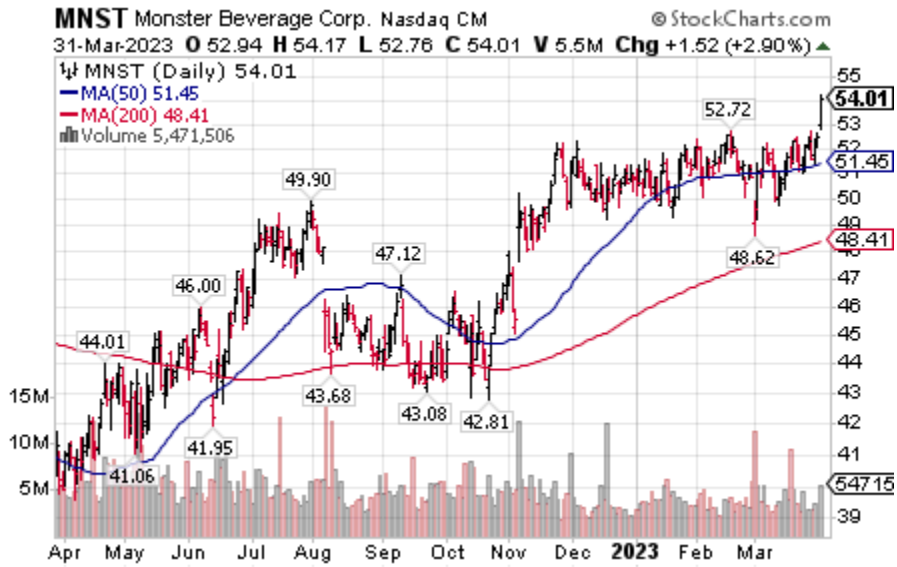


General Electric \$GE an S&P 100 stock moved above \$94.94 extending an intermediate uptrend.





Monster Beverage \$MNST a NASDAQ 100 stock moved above \$52.72 to an all-time high extending an intermediate uptrend.



Analog Devices \$ADI a NASDAQ 100 stock moved above \$195.50 to an all-time high extending an intermediate uptrend.



Canadian Tire \$CTC.A.TO a TSX 60 stock moved above \$174.81 extending an intermediate uptrend.



CCL Industries \$CCL.B.TO a TSX 60 stock moved above \$66.67 extending an intermediate uptrend.



## S&P 500 Momentum Barometers



The intermediate term Barometer added 10.40 on Friday and 27.20 last week to 50.20. It changed from Oversold to Neutral on a move above 40.00. Daily trend is up.



The long term Barometer advanced 5.00 on Friday and 17.20 last week to 60.00. It changed from Neutral to Overbought on a move to 60.00 or higher. Daily trend is up.

# TSX Momentum Barometers



The intermediate term Barometer added 5.56 on Friday and 18.38 last week to 49.15. It changed from Oversold to Neutral on a move above 40.00. Daily trend is up.



The long term Barometer added 2.99 on Friday and 11.96 last week to 64.10. It changed from Neutral to Overbought on a move above 60.00. Daily trend is up.

Free daily Tech Talk reports are available at [www.TimingTheMarket.ca](http://www.TimingTheMarket.ca)

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