

Tech Talk for Saturday May 13th 2023

The Bottom Line

Prices for most world equity indices recorded small losses last week, typical of historic technical action early in May after most first quarter reports have been released. Analysts take a closer look at projections for the remainder of the year and adjust their earnings and revenue estimates accordingly. This year, they are taking a more cautious approach: Earnings and revenue estimates were reduced again last week.

As noted on CNBC late Friday, the U.S. equity market has entered a “bifurcation” pattern where a handful of big cap stocks (Think FANGG stocks plus Microsoft) are driving performance of the S&P 500 Index. The Index only trades 1.7% below its nine month high at 4,195.44 while the Equal Weight S&P 500 ETF (Symbol: RSP) trades 8.7% below its nine month high. Technical pattern by RSP is much less attractive than the technical pattern by the S&P 500 Index. Also, moves by RSP below their 50 and 200 day moving averages last week suggest short term caution.



As noted on CNBC on Friday, resolution of a “bifurcation” pattern historically has ended in a “painful experience” for investors when the outperforming securities revert to mean. As Cramer mentioned on “Mad Money” on Friday, “Prepare for another difficult week “

Investor concerns have begun to focus on expectations that the Federal Reserve will hold the Fed Fund Rate at 5.00%-5.25% for an extended period of time beyond its next scheduled announcement on June 13th. Accordingly, the U.S. Dollar Index and its related ETN: UUP moved sharply higher on Friday.

Investors also are concerned that failure by Congress and the U.S. President to reach an agreement on the U.S. debt ceiling before June 1st will unsettle equity and bond markets.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.Factset.com

Frequency of first quarter results is winding down. Another 7% of reports were released last week with 92% of companies reporting to date: 78% have reported higher than consensus earnings per share and 75% have reported higher than consensus revenues. Consensus calls for a year-over-year drop in first quarter earnings of 2.5% (versus a drop of 2.2% last week) and an increase in first quarter revenues of 4.0% (up from a gain of 3.9% last week).

Earnings estimates for the remainder of the year eased again. Consensus for the second quarter calls for a drop of 6.3% in earnings (versus a drop of 5.7% last week) and a drop of 0.4% in revenues (versus a drop of 0.1% last week). Consensus for the third quarter is a 0.7% increase in earnings (down from 1.2% last week) and a 1.2% increase in revenues (down from 1.5% last week). Consensus for the fourth quarter calls for an 8.1% increase in earnings (down from 8.5% last week) and a 3.4% increase in revenues (down from 3.7% last week). For all of 2023, consensus calls for an increase of 1.0% in earnings (down from 1.2% last week) and a 2.3% increase in revenues (down from 2.4% last week).

Economic News This Week

Source: www.Investing.com

May Empire State Manufacturing Survey released at 8:30 AM EDT on Monday is expected to drop to -2.00 versus a gain of 10.80 in April.

April U.S. Retail Sales released at 8:30 AM EDT on Tuesday is expected to increase 0.7% versus a drop of 0.6% in March. Excluding auto sales, April U.S. Retail Sales are expected to increase 0.3% versus a drop of 0.4% in March.

April Canadian Consumer Price Index released at 8:30 AM EDT on Tuesday is expected to increase 0.5% versus a gain of 0.5% in March. On a year-over-year basis, the Index is expected to increase 4.3% versus a gain of 4.3% in March. Excluding food and energy, April CPI is expected to increase 0.5% versus a gain of 0.5% in March. On a year-over-year basis core April CPI is expected to increase 4.4% versus a gain of 4.3% in March.

April U.S. Capacity Utilization Rate released at 9:15 AM EDT on Tuesday is expected to slip to 79.7 from 79.8 in March. **April Industrial Production** is expected to slip 0.1% versus a gain of 0.4% in March.

March Business Inventory released at 10.00 AM EDT on Tuesday is expected to increase 0.1% versus a gain of 0.2% in February.

April U.S. Housing Starts released at 8:30 AM EDT on Wednesday are expected to slip to 1.400 million units from 1.4200 million units in March.

May Philly Fed released at 8:30 AM EDT on Thursday is expected to improve to -19.0 from -31.3 in April.

April U.S. Existing Home Sales released at 10:00 AM EDT on Thursday are expected to slip to 4.30 million units from 4.44 million units in March.

April Leading Economic Indicators released at 10:00 AM EDT on Thursday are expected to drop 0.5% versus a decline of 1.2% in March.

March Canadian Retail Sales released at 8:30 AM EDT on Friday are expected to drop 0.6% versus a decline of 0.2% in February. Excluding auto sales, March Canadian Retail Sales are expected to slip 0.1% versus a decline of 0.7% in February.

Selected Earnings News This Week

Source: www.investing.com

Monday: Constellation Software

Tuesday: Home Depot, Baidu

Wednesday: Ten cent, Cisco, TJX Companies, Target, Take Two, Macy's

Thursday: Wal-Mart, Applied Materials, CAE

Friday: Deere, Foot Locker

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 May 12th 2023

Unit	Seasonal	Until	Trend	Relative Strength To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Neutral	Oct.28	Up	Neutral	Below	Down	0	2
TSX	Neutral	Dec. 12	Neutral	Neutral	Below	Down	-2	0
DJIA	Neutral	Sept.20	Neutral	Negative	Below	Down	-4	2
COMPQ	Neutral	Oct.10	Up	Positive	Above	Up	6	0
TRAN	Neutral	Aug.27	Down	Negative	Below	Down	-6	-4
AORD	Neutral	July 15	Neutral	Negative	Below	Up	-2	-4
NIKK	Neutral	Nov.8	Up	Positive	Above	Up	6	6
IEV	Neutral	Dec.9	Up	Neutral	Below	Down	0	4
SSEC	Positive	May 30	Up	Neutral	Below	Down	0	2
EEM	Neutral	Nov.29	Neutral	Negative	Below	Down	-4	2

Green: Increase from previous day

Red: Decrease from previous day

Commodities

Daily Seasonal/Technical Commodities Trends for May 12th 2023

Unit	Seasonal	Until	Trend	Relative Strength To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
CRB Index	Positive	June.11	Down	Negative	Below	Down	-6	-6
Gasoline	Positive	June 29	Neutral	Negative	Below	Down	-4	-2
Crude Oil	Neutral	Jan.20	Down	Negative	Below	Down	-4	-4
Natural Gas	Positive	June 20	Down	Neutral	Below	Up	-2	-4
S&P Energy	Positive	June 11	Down	Negative	Below	Down	-6	-6
Oil Services	Neutral	Dec.28	Down	Negative	Below	Down	-6	-6
Gold	Neutral	Dec. 23	Up	Neutral	Above	Down	2	4
Silver	Neutral	Nov.29	Neutral	Negative	Below	Down	-4	6
Gold Bug	Neutral	June 15	Up	Neutral	Below	Down	0	6
Platinum	Neutral	Dec.9	Up	Positive	Below	Down	2	2
Palladium	Neutral	Nov.26	Up	Neutral	Above	Down	2	2
Copper	Neutral	Nov.22	Down	Negative	Below	Down	-6	-4
Lumber	Neutral	Oct 1	Down	Negative	Below	Down	-6	-4
Agriculture	Neutral	Oct.9	Down	Negative	Below	Down	-6	-4

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for May 12th 2023

Unit	Seasonal	Until	Trend	Relative Strength To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
XLK	Positive	Aug.19	Up	Positive	Above	Up	6	4
XLB	Neutral	Oct.1	Down	Negative	Below	Down	-6	-6
XLI	Neutral	Aug.26	Down	Negative	Below	Down	-6	-4
XLY	Neutral	Aug.7	Up	Positive	Above	Up	6	0
XLF	Neutral	July 7	Down	Negative	Below	Down	-6	-6
XLE	Positive	June11	Down	Negative	Below	Down	-6	-6
XLP	Positive	May 24	Up	Neutral	Above	Up	4	4
XLV	Neutral	Nov.3	Down	Neutral	Below	Down	-4	-2
XLU	Positive	July 2	Down	Neutral	Above	Up	0	-2
XLC	Positive	June 14	Up	Positive	Above	Up	6	2
XLRE	Neutral	Dec.1	Neutral	Neutral	Below	Up	0	2
TSX Financial	Neutral	Jan. 8	Neutral	Negative	Below	Down	-4	0
TSX Energy	Neutral	Dec.22	Down	Negative	Below	Down	-6	-6
TSX Gold	Neutral	June 14	Up	Neutral	Below	Down	0	6
TSX Tech	Neutral	Nov.15	Up	Positive	Above	Down	4	0
TSX B Metals	Neutral	Nov. 28	Down	Negative	Below	Down	-6	-6

Green: Increase from previous day

Red: Decrease from previous day

Source for positive seasonal ratings: www.equityclock.com

Technical Notes for Friday

The U.S. Dollar Index and its related ETN: UUP recorded strong gains last week (notably on Friday). The Canadian Dollar adjusted accordingly to the downside.



Danaher \$DHR an S&P 100 stock moved below \$227.00 extending an intermediate downtrend.



Schlumberger \$SLB an S&P 100 stock moved below \$43.82 completing a Head & Shoulders pattern..



FedEx \$FDX an S&P 100 stock moved below \$221.70 completing a double top pattern.



Canadian Pacific \$CP.TO a TSX 60 stock moved above Cdn\$111.02 to an all-time high extending an intermediate uptrend.



S&P 500 Momentum Barometers



The intermediate term Barometer added 0.40 on Friday, but dropped 5.20 last week to 47.60. It remains Neutral.



The long term Barometer added 0.20 on Friday, but dropped 3.20 last week to 48.80. It remains Neutral.

TSX Momentum Barometers



The intermediate term Barometer added 1.29 on Friday, but dropped 2.58 last week to 53.02. It remains Neutral.



The long term Barometer added 1.29 on Friday and gained 2.16 last week to 59.91. It remains Neutral.

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