

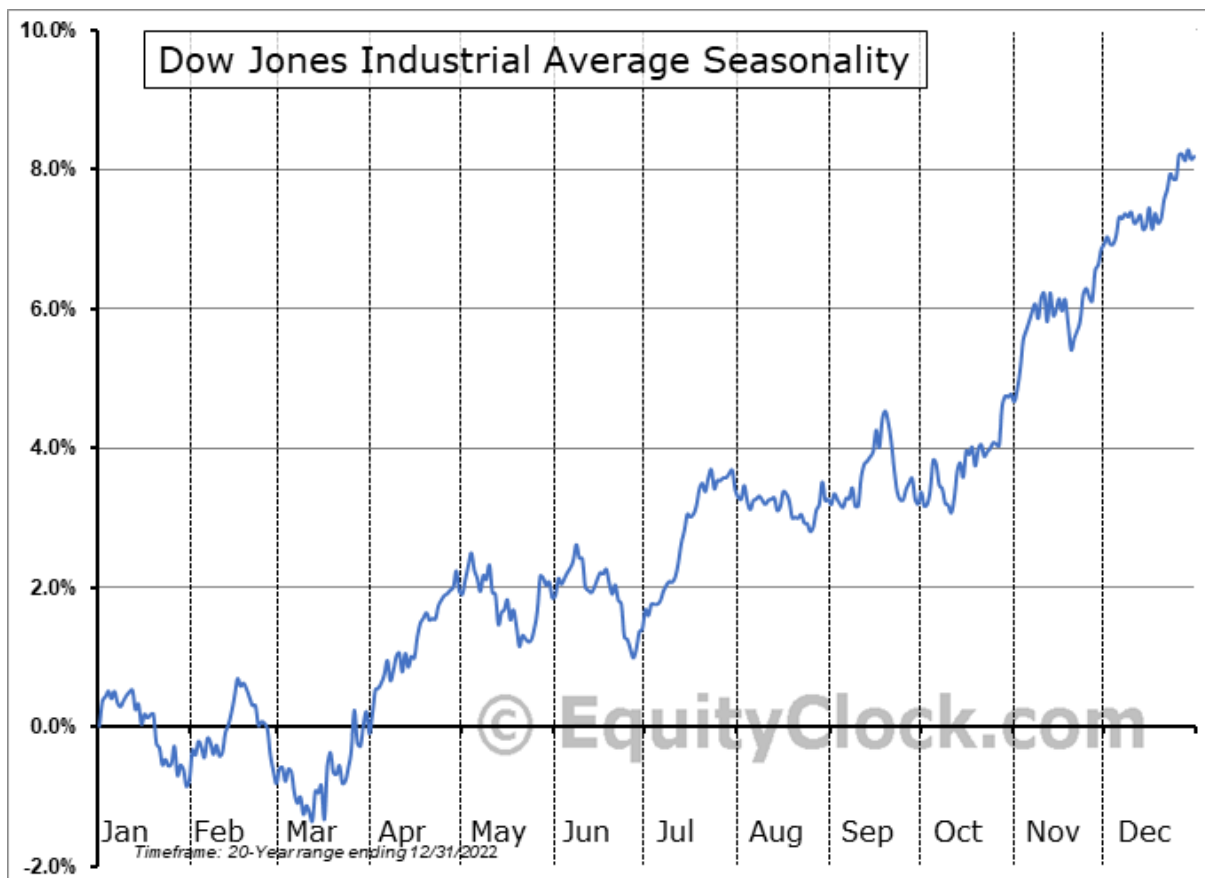
Tech Talk for Saturday May 27th 2023

The Bottom Line

Big cap technology stocks and their relation to Artificial Intelligence (AI) dominated upside technical action last week. Excluding stocks in this sector, most U.S. and Canadian equity sectors moved lower.

Resolution of the U.S. debt ceiling has not arrived yet. New deadline officially is Friday June 5th, but unofficially the deadline is June 15th. History is repeating: Brinkmanship typically occurs before a deal is reached, but a deal inevitably is reached “in the nick of time”.

A higher than consensus April Core PCE Price Index report released on Friday renewed concern that the Federal Reserve has not finished its monetary tightening policy. Consensus now suggests that target for the Fed Fund Rate remains unchanged at its current elevated rate at 5.00%-5.25% and the Rate is likely to be extended until at least the fourth quarter. More information on FOMC thoughts are expected to be released by Federal Reserve chairman Powell on Tuesday and in the Beige Book on Wednesday. The May U.S. Employment Report on Friday will provide the FOMC with another “data point” prior to their next meeting on June 12th-13th. Comments last week by individual FOMC members tended to be “hawkish” implying retention of the elevated Fed Fund Rate for an extended period of time.



Seasonal influences for broadly based U.S. equity indices tend to be slightly bearish during the first three weeks in June followed by a recovery to the end of July (i.e. after the next FOMC meeting and well into the second quarter earnings report season). Look for history to repeat! For the first time in over a year, analysts have started to raise earnings and revenue estimates just prior to start of the quarterly report season.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.Factset.com

Frequency of first quarter results continues to wind down. Another 2% of reports were released last week with 97% of S&P 500 companies reporting to date: 78% have reported higher than consensus earnings per share and 76% have reported higher than consensus revenues (up from 75% last week). Consensus calls for a year-over-year drop in first quarter earnings of 2.1% (versus a drop of 2.2% last week) and an increase in first quarter revenues of 4.1%.

Earnings and revenue estimates for remainder of the year improved slightly. Consensus for the second quarter calls for a drop of 6.3% in earnings (versus a drop of 6.4% last week) and a drop of 0.3% in revenues. Consensus for the third quarter calls for an increase of 1.0% in earnings (versus an increase of 0.7% last week) and a 1.2% increase in revenues (versus an increase of 1.1% last week). Consensus for the fourth quarter calls for an 8.4% increase in earnings (up from 8.2% last week) and a 3.2% increase in revenues (up from 3.1% last week). For all of 2023, consensus calls for an increase of 1.3% in earnings (up from 1.0% last week) and a 2.4% increase in revenues.

Economic News This Week

Source: www.investing.com

March Canadian Real GDP released at 8:30 AM EDT on Wednesday is expected to increase 0.2% versus a gain of 0.1% in February.

April JOLTs Job Openings Report released at 10:00 AM EDT on Wednesday is expected to increase to 9,775,000 from 9,590,000 in March.

Beige Book is released at 2:00 PM EDT on Wednesday

April U.S. Construction Spending released at 10:00 AM EDT on Thursday is expected to increase 0.1% versus a gain of 0.3% in March.

May ISM Manufacturing PMI released at 10:00 AM EDT on Thursday is expected to slip to 47.0 from 47.1 in April.

May Non-farm Payrolls released at 8:30 AM EDT on Friday is expected to drop to 180,000 from 253,000 in April. May Unemployment Rate is expected to increase to 3.5% from 3.4% in April. May Average Hourly Earnings are expected to increase 0.4% versus a gain of 0.5% in April.

Selected Earnings News This Week

Source: www.investing.com

Nine S&P 500 companies (including one Dow Jones Industrial company: Salesforce.com) are scheduled to release quarterly reports this week. Two TSX 60 company are scheduled to release, National Bank and CAE.

Tuesday: HP Inc., National Bank

Wednesday: Salesforce.com, National Bank, Okta, CAE

Thursday: Broadcom, Dollar General, Lulu lemon

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 26th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day Momentum MA	Tech Score	Score Last Week	
SPX	Neutral	Oct.28	Up	Neutral	Above	Up	4	4
TSX	Neutral	Dec. 12	Neutral	Negative	Below	Down	-4	-4
DJIA	Neutral	Sept.20	Neutral	Negative	Below	Up	-2	-2
COMPQ	Neutral	Oct.10	Up	Positive	Above	Up	6	6
TRAN	Neutral	Aug.27	Down	Negative	Below	Down	-6	-4
AORD	Neutral	July 15	Neutral	Negative	Below	Down	-4	-2
NIKK	Neutral	Nov.8	Up	Positive	Above	Down	4	6
IEV	Neutral	Dec.9	Up	Negative	Below	Up	0	1
SSEC	Positive	May 30	Down	Negative	Below	Down	-6	-2
EEM	Neutral	Nov.29	Neutral	Negative	Above	Up	0	-2

Green: Increase from previous day

Red: Decrease from previous day

Commodities

Daily Seasonal/Technical Commodities Trends for May 26th 2023

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

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for May 26th 2023

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

Green: Increase from previous day

Red: Decrease from previous day

Source for positive seasonal ratings: www.equityclock.com

Technical Chart of the Day

Gold and gold stocks recently have been under technical pressure reflected strength in the U.S. Dollar Index. Technicals remain unattractive. TSX Gold iShares have a technical score of -4. Seasonal influences on average turn positive on June 14th for a seasonal trade to September 3rd. A rollover of the U.S. Dollar and a simultaneous recovery in gold prices will set up the seasonal trade. Place on your watch list for now for possible action when technical scores turn higher.



Current score is 0 for trend - 2 for relative strength, -1 below 20 day MA and -1 momentum = -4

Technical Notes for Friday

Taiwan iShares \$EWT moved above \$46.10 extending a reverse Head & Shoulders pattern. It caught the "IA" wave with Taiwan Semiconductor leading the advance.



Auto ETF \$CARZ moved above \$51.09 and \$51.75 completing a reverse Head & Shoulders pattern. Responding to Ford's deal with Tesla to recharge its electric cars using Tesla's facilities



Accenture \$ACN an S&P 100 stock moved above \$302.70 extending an intermediate uptrend.



Target \$TGT an S&P 100 stock moved below \$137.88 extending an intermediate downtrend.



NASDAQ 100 stocks moving above resistance extending an intermediate uptrend:
 KLA Tencor \$KLAC moved above \$448.27 to an all-time high. Netflix \$NFLX moved above \$379.43. Adobe \$ADBE moved above \$402.49. Marvel Technology \$MRVL moved above \$49.41.



ADBE Adobe Systems, Inc. Nasdaq GS © StockCharts.com
 26-May-2023 **Close 415.39 Volume 7.8M Chg +23.33 (+5.95%) ▲**



MRVL Marvell Technology Inc Nasdaq GS © StockCharts.com
 26-May-2023 **Close 65.51 Volume 92.9M Chg +16.04 (+32.42%) ▲**



S&P 500 Momentum Barometers



The intermediate term Barometer added 3.60 on Friday, but dropped 15.00 last week to 35.60. It changed from Neutral to Oversold on a move below 40.00. Daily trend is down.



The long term Barometer added 2.80 on Friday, but dropped 6.00 last week to 44.00. It remains Neutral. Daily trend is down.

TSX Momentum Barometers



The intermediate term Barometer added 4.31 on Friday, but dropped 14.23 last week to 38.36. It changed from Neutral to Oversold on a move below 40.00. Daily trend is down.



The long term Barometer was unchanged on Friday at 50.43, but dropped 6.03 last week. It remains Neutral. Daily trend is down.

Free Tech Talk reports are available each business day at www.timingthemarket.ca. Next report is released on Tuesday May 30th

Disclaimer: Seasonality ratings and technical ratings offered in this report and at www.equityclock.com are for information only. They should not be considered as advice to purchase or to sell mentioned securities. Data offered in this report is believed to be accurate, but is not guaranteed