

Tech Talk for Saturday June 10th 2023

The Bottom Line: Watching for responses to bad news!

Investors are confronted with a series of bad news events this week:

- **News from the FOMC meeting on Wednesday.** Members of the Committee hinted that they will “stand pat” with the current Fed Fund Rate at 5.00%-5.25% in anticipation of more “data points” (including the May Consumer Price Index on Tuesday and the May Producer Price index Wednesday). Consensus calls for a 0.25% increase in the Fed Fund Rate to 5.25%-5.50% at the next meeting on July 25th/July 26th. Responses to the report by individual FOMC members and by analysts on Wednesday will provide short term guidance for traders
- **A difficult second quarter earnings report season.** Quarterly earnings declines on a year-over-year basis by major companies on both sides of the border are expected to accelerate. On the other hand, analysts are projecting a bottoming of quarterly earnings in the third quarter followed by a strong recovery in the fourth quarter of 2023 followed by robust gains in 2024. Responses to a relatively small number of quarterly reports released this week will be watched closely.
- **A changing intermediate term technical picture.** Momentum last week by the leading group, Technology faded while other sectors took leadership. Most notable was strength in the Consumer Discretion and Industrial sectors.
- **Negative seasonal influences for U.S. and Canadian broadly based equity indices and related ETFs.** They have a history of moving lower during the second and third weeks in June followed by an important recovery starting late in the month that lasts through July (and occasionally can last to early September). Expiry of the June listed options cycle late this week and early next week tends to raise volatility.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.Factset.com

Earnings and revenue estimates for remainder of the year eased slightly again. Consensus for the second quarter calls for a drop of 6.4% in earnings and a drop of 0.4% in revenues (versus a drop of 0.3% last week). Consensus for the third quarter calls for an increase of 0.8% in earnings (versus an increase of 0.9% last week) and a 1.2% increase in revenues. Consensus for the fourth quarter calls for an 8.2% increase in earnings (versus an increase of 8.3% last week) and a 3.2% increase in revenues (versus an increase of 3.5% last week). For all of 2023, consensus calls for an increase of 1.2% in earnings and a 2.4% increase in revenues.

Earnings and revenue growth continues beyond the fourth quarter. Consensus for 2024 calls for a 12.3% increase in earnings and a 4.9% increase in revenues.

Economic News This Week

Source: www.Investing.com

May U.S. Consumer Price Index released at 8:30 AM EDT on Tuesday is expected to increase 0.3% versus a gain of 0.4% in April. Excluding food and energy, May CPI is expected to increase 0.4% versus a gain of 0.4% in April

May U.S. Producer Price Index released at 8:30 AM EDT on Wednesday is expected to increase 0.2% versus a gain of 0.2% in April. On a year-over-year basis May PPI is expected to increase 1.1% versus a gain of 2.3% in April. On a year-over-year basis Core May PPI is expected to increase 2.9% versus a gain of 3.2% in April.

Fed Fund Rate released at 2:00 PM EDT on Wednesday is expected to remain unchanged at 5.0%-5.25%. Press conference is held at 2:30 PM EDT.

May Retail Sales are released at 8:30 AM EDT on Thursday.

June Empire State Manufacturing Survey is released at 8:30 AM EDT on Thursday.

June Philly Fed Index is released at 8:30 AM EDT on Thursday.

May U.S. Capacity Utilization released at 9:15 AM EDT on Thursday is expected to remain at 79.7 set in April. **May Industrial Production** is expected to increase 0.1% versus a gain of 0.5% in April.

June Michigan Consumer Sentiment is released at 10:00 AM EDT on Friday.

Selected Earnings News This Week

Source: www.Investing.com

Quiet week for earnings reports on both sides of the border!

Monday: Oracle

Wednesday: Lennar

Thursday: Adobe, Jabil

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 June 9th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Neutral	Oct.28	Up	Neutral	Above	Up	4	4
TSX	Neutral	Dec. 12	Neutral	Negative	Below	Up	-2	-2
DJIA	Neutral	Sept.20	Neutral	Negative	Above	Up	0	0
COMPQ	Neutral	Oct.10	Up	Positive	Above	Down	4	6
TRAN	Neutral	Aug.27	Down	Neutral	Above	Up	0	-2
AORD	Neutral	July 15	Neutral	Negative	Below	Down	-4	-4
NIKK	Neutral	Nov.8	Up	Positive	Above	Up	6	6
IEV	Neutral	Dec.9	Up	Negative	Below	Up	0	0
SSEC	Neutral	Sept.26	Down	Negative	Below	Up	-4	-4
EEM	Neutral	Nov.29	Up	Neutral	Above	Up	4	0

Green: Increase from previous day

Red: Decrease from previous day

Commodities

Daily Seasonal/Technical Commodities Trends for June 9th 2023

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

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for June 9th 2023

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

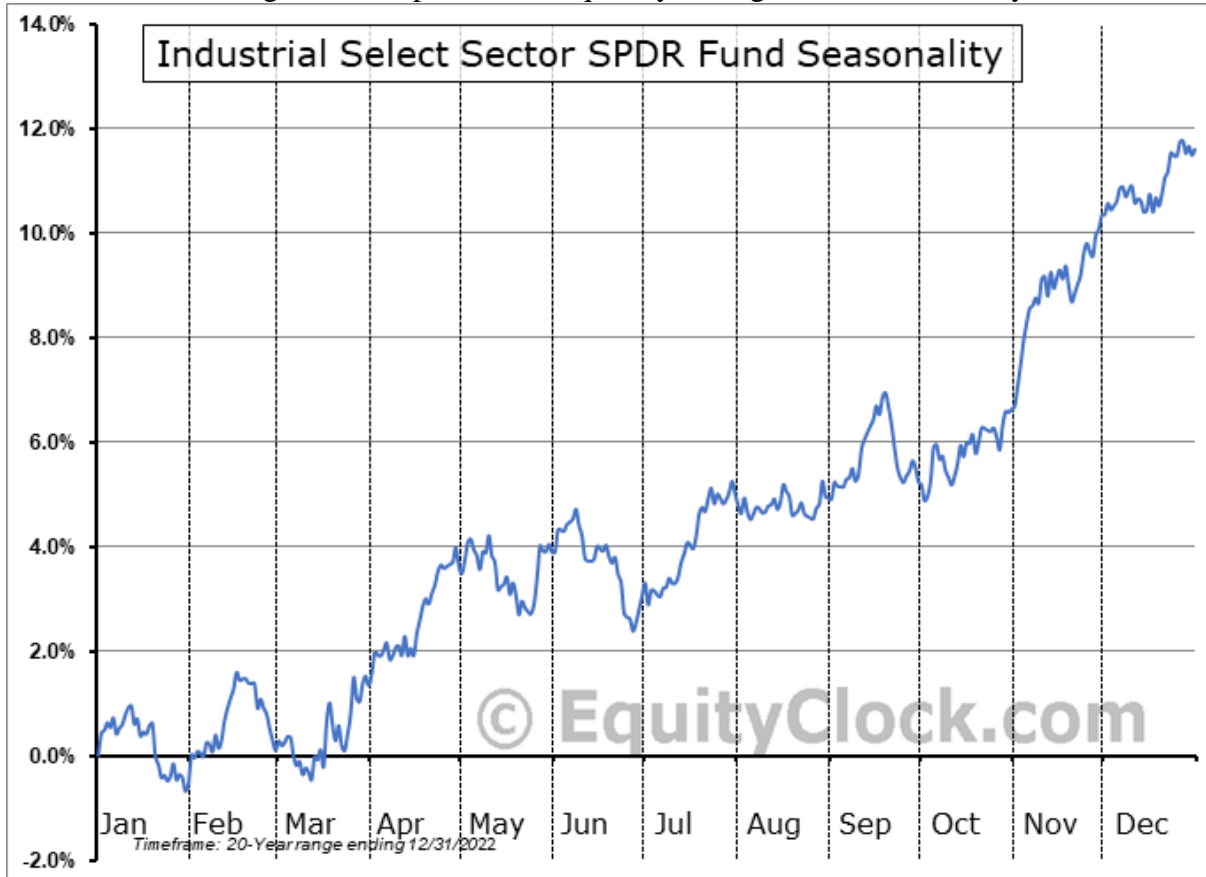
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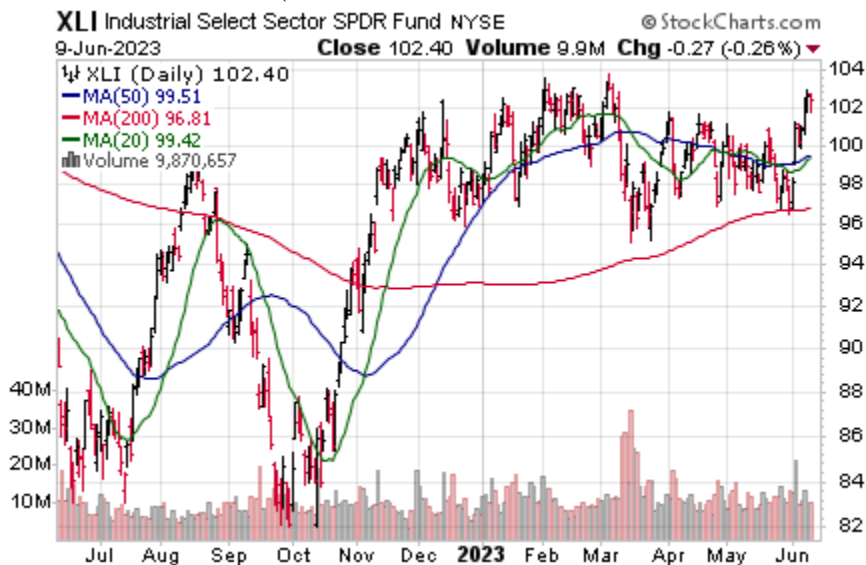
Source for positive seasonal ratings: www.equityclock.com

Chart of the Day

The S&P Industrial Sector and its related SPDRs have a history of setting a low in late June for a seasonal trade lasting to mid-September. Frequently, strength continues to early December.



Technical score improved this week from -2 to +4:
 From -2-2 +1+1= -2 to (0+2+1+1)=4



Technical Notes for Friday

General Motors \$GM an S&P 100 stock moved above intermediate resistance at \$36.71.



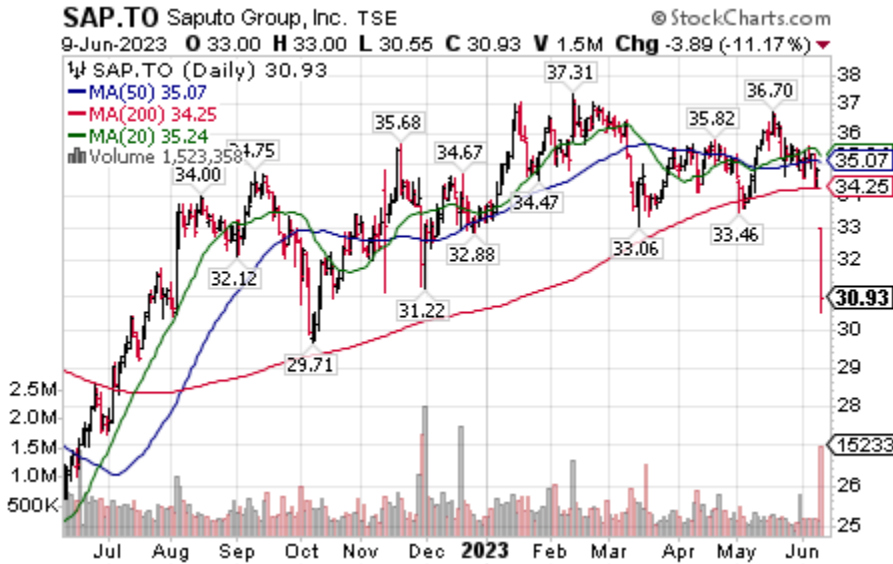
Match \$MTCH a NASDAQ 100 stock moved above intermediate resistance at \$41.42.



Incyte \$INCY a NASDAQ 100 stock moved below \$61.91 to a 42 month low extending an intermediate downtrend.



Saputo \$SAP.TO a TSX 60 stock moved below \$33.06 completing a double top pattern.



Brookfield Infrastructure \$BIP a TSX 60 stock moved above US\$37.01 extending an intermediate uptrend.



Couche Tard \$ATD.TO a TSX 60 stock moved below Cdn\$64.58 extending an intermediate downtrend.



S&P 500 Momentum Barometers



The intermediate term Barometer dipped 0.40 on Friday, but added 4.80 last week to 57.20. It remains Neutral.



The long term Barometer eased 0.20 on Friday, but added 4.40 last week to 57.40. It remains Neutral.

TSX Momentum Barometers



The intermediate term Barometer dropped 3.88 on Friday and fell 6.03 last week to 36.21. It changed from Neutral to Oversold on a move below 40.00.



The long term Barometer dropped 1.29 on Friday and fell 2.16 last week to 50.86. It remains Neutral.

Tech Talk is a free service available each business day at www.timingthemarket.ca

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