

# Tech Talk for Saturday July 29<sup>th</sup> 2023

## The Bottom Line

**North American equity markets continued to respond to better than expected negative corporate news.** Second quarter results released to date by major U.S. and Canadian companies have been better than expected: Last week, 80 % of reporting S&P 500 companies reported higher than consensus earnings and 64% reported higher than consensus revenues. Better than consensus results released to date prompted analysts to increase their earnings estimates from large year-over-year losses to moderate year-over-year losses. Revenue estimates were increased from a small decline to break even.

**North American equity markets are about to enter into the August/September period of greater volatility and diminished returns.** According to [www.EquityClock.com](http://www.EquityClock.com) “The technicals and seasonals are aligning to suggest caution in the near-term until a more appropriate risk-reward point to be aggressive in stocks materializes”.

**Several technical indicators suggest short term caution:** The CNN Fear and Greed Index available at <https://www.cnn.com/markets/fear-and-greed> slipped to 78 and likely peaked last week at 82: It remains at the “Extreme Greed” level. Intermediate and long term momentum Barometers available for the S&P 500 Index and TSX Composite Index likely peaked last Wednesday. See Barometer charts at the end of this report.

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

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

**Earnings estimates improved slightly last week after 51% of S&P 500 companies reported second quarter results.** Consensus for the second quarter earnings currently calls for a year-over-year drop of 7.3% (versus a drop of 9.0% last week). Second quarter revenues are expected to increase 0.1% (versus a drop 0.3% last week). Consensus for the third quarter calls for an earnings increase of 0.2% (versus a gain of 0.1% last week). Third quarter revenues are expected to increase 1.1% (versus a gain of 1.2% last week). Consensus for the fourth quarter calls for a 7.5% increase in earnings. Fourth quarter revenues are expected to increase 3.2% (versus a gain of 3.3% last week). For all of 2023, consensus calls for an earnings increase of 0.4% (versus a gain of 0.1% last week). Revenues are expected to increase 2.4% (versus a gain of 2.3% last week).

**The recovery in earnings beyond the fourth quarter continues into 2024.** Consensus for 2024 calls for a 12.6% increase in earnings (versus previous estimate at 12.9%). Consensus for revenue growth remains at 5.0%.

## Economic News This Week

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

**July Chicago PMI** is released at 9:45 AM EDT on Monday.

**June Construction Spending** released at 10:00 AM EDT on Tuesday is expected to be unchanged versus a gain of 0.9% in May.

**July ISM Manufacturing PMI** released at 10:00 AM EDT on Tuesday is expected to increase to 46.5 from 46.0 in June.

**July ADP Non-farm Employment** released at 8:15 AM EDT on Wednesday versus 497,000 in June.

**Second quarter Non-farm Productivity** released at 8:30 AM EDT on Thursday is expected to increase 1.1% versus a drop of 2.1% in the first quarter.

**June Factory Orders** are released at 10:00 AM EDT on Thursday

**July ISM Non-manufacturing PMI** is released at 10:00 AM on Thursday.

**July Non-farm Payrolls** released at 8:30 AM EDT on Friday are expected to drop to an increase of 184,000 versus an increase of 209,000 in June. **July Unemployment Rate** is expected to remain unchanged at 3.6% in June. **July Average Hourly Earnings** are expected to increase 0.3% versus a gain of 0.4% in June.

**July Canadian Employment** is released at 8:30 AM EDT on Friday

## Selected Earnings News This Week

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

**Another 170 S&P 500 companies** (including 4 Dow Jones Industrial Average companies) are scheduled to release quarterly results this week

**Another nine TSX 60 companies** are scheduled to release quarterly results this week.

**Monday:** Republic Services, ON Semiconductor, Western Digital

**Tuesday:** Merck, Toyota, Pfizer, Advanced Micro Devices, Caterpillar, Starbucks, Altria, Illinois Tool Works, Marriott, Aflac, Electronic Arts, Molson Coors, Mosaic

**Wednesday:** Qualcomm, CVS Health, Shopify, PayPal, Occidental Petroleum, Emerson, MetLife, Yum Brands, Regeneron, Applied Materials, Fortis, Garmin, Clorox, Fox, CF Industries, Kinross Gold.

**Thursday:** Apple, Amazon, Amgen, Anheuser Busch, Stryker, Booking, Gilead, Southern Companies, Canadian Natural Resources, Thomson Reuters, Moderna, BCE, Cummins, Expedia, Pembina Pipelines, Brookfield Infrastructure, Open Text, Hasbro, Gildan, Bausch Health

**Friday:** Enbridge, Telus, Magna International

## 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 sell candidates have a falling technical score.

Technical score ranges are:

Trend:	-2 to +2
Strength relative to S&P 500:	-2 to +2
Above/Below 20 day moving average:	-1 to +1
Daily momentum indicators (Stochastics, RSI, MACD):	-1 to +1
Minimum/Maximum scores	-6 to +6

### Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for July 28<sup>th</sup> 2023

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

**Green:** Increase from previous day

**Red:** Decrease from previous day

Source for all positive seasonality ratings: [www.EquityClock.com](http://www.EquityClock.com)

## Commodities

### Daily Seasonal/Technical Commodities Trends for July 28<sup>th</sup> 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Neutral	Jan.14	Up	Positive	Above	Up	6	2
Gasoline	Neutral	Mar.30	Up	Positive	Above	Up	6	6
Crude Oil	Neutral	Jan.20	Up	Positive	Above	Up	6	6
Natural Gas	Neutral	April 1	Up	Neutral	Below	Down	0	4
S&P Energy	Neutral	Mar.23	Down	Positive	Above	Up	2	0
Oil Services	Neutral	Dec.28	Up	Positive	Above	Down	4	6
Gold	Neutral	Dec. 23	Neutral	Neutral	Above	Up	2	-4
Silver	Neutral	Nov.29	Neutral	Neutral	Above	Down	0	2
Gold Bug	Positive	Sept.3	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	0
Copper	Neutral	Nov.22	Down	Neutral	Above	Up	0	-4
Agriculture	Neutral	Oct.9	Up	Positive	Above	Down	4	6

Green: Increase from previous day

Red: Decrease from previous day

## Sectors

### Daily Seasonal/Technical Sector Trends for July 28<sup>th</sup> 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
XLK	Positive	Aug.19	Up	Neutral	Above	Down	2	2
XLB	Neutral	Oct.1	Up	Neutral	Above	Down	2	4
XLI	Neutral	Aug.26	Up	Neutral	Above	Down	2	4
XLY	Neutral	Aug.7	Up	Negative	Above	Down	0	0
XLF	Positive	Nov.2	Up	Neutral	Above	Down	2	6
XLE	Neutral	Mar.23	Down	Positive	Above	Down	0	0
XLP	Neutral	Jan.6	Up	Neutral	Above	Down	2	4
XLV	Neutral	Nov.3	Up	Neutral	Above	Down	2	4
XLU	Neutral	Feb.6	Neutral	Neutral	Above	Down	0	2
XLC	Neutral	Jan.18	Up	Positive	Above	Up	6	-2
XLRE	Neutral	Dec.1	Neutral	Negative	Below	Down	-4	0
TSX Financial	Neutral	Jan. 8	Up	Positive	Above	Down	4	6
TSX Energy	Neutral	Dec.22	Up	Positive	Above	Up	6	2
TSX Gold	Positive	Sept.3	Neutral	Negative	Below	Down	-4	0
TSX Tech	Neutral	Nov.15	Up	Negative	Above	Down	0	2
TSX B Metals	Neutral	Nov. 28	Up	Positive	Above	Up	6	2

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# Technical Notes for Friday

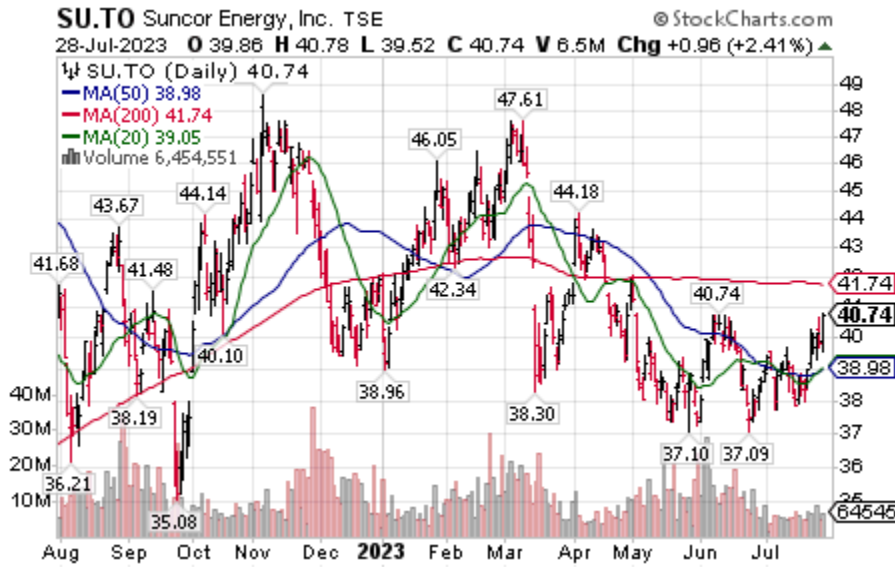
China Large Cap iShares \$FXI moved above \$29.25 and \$29.84 resuming an intermediate uptrend. Triggered partially by strength in China Internet/Technology ETF KWEB



Canadian material equities and related ETFs are responding to higher commodity prices. BMO Base Metals ETF \$ZMT.TO moved above \$60.00 extending an intermediate uptrend. TSX Energy iShares \$XEG.TO moved above \$15.60 extending an intermediate uptrend.



Suncor \$SU.TO a TSX 60 stock moved above Cdn\$40.74 completing a double bottom pattern on a move above Cdn\$40.74.



Lam Research \$LRCX a NASDAQ 100 stock moved above \$716.98 to an all-time high extending an intermediate uptrend.



Qualcomm \$QCOM an S&P 100 stock moved above \$127.31 extending an intermediate uptrend.

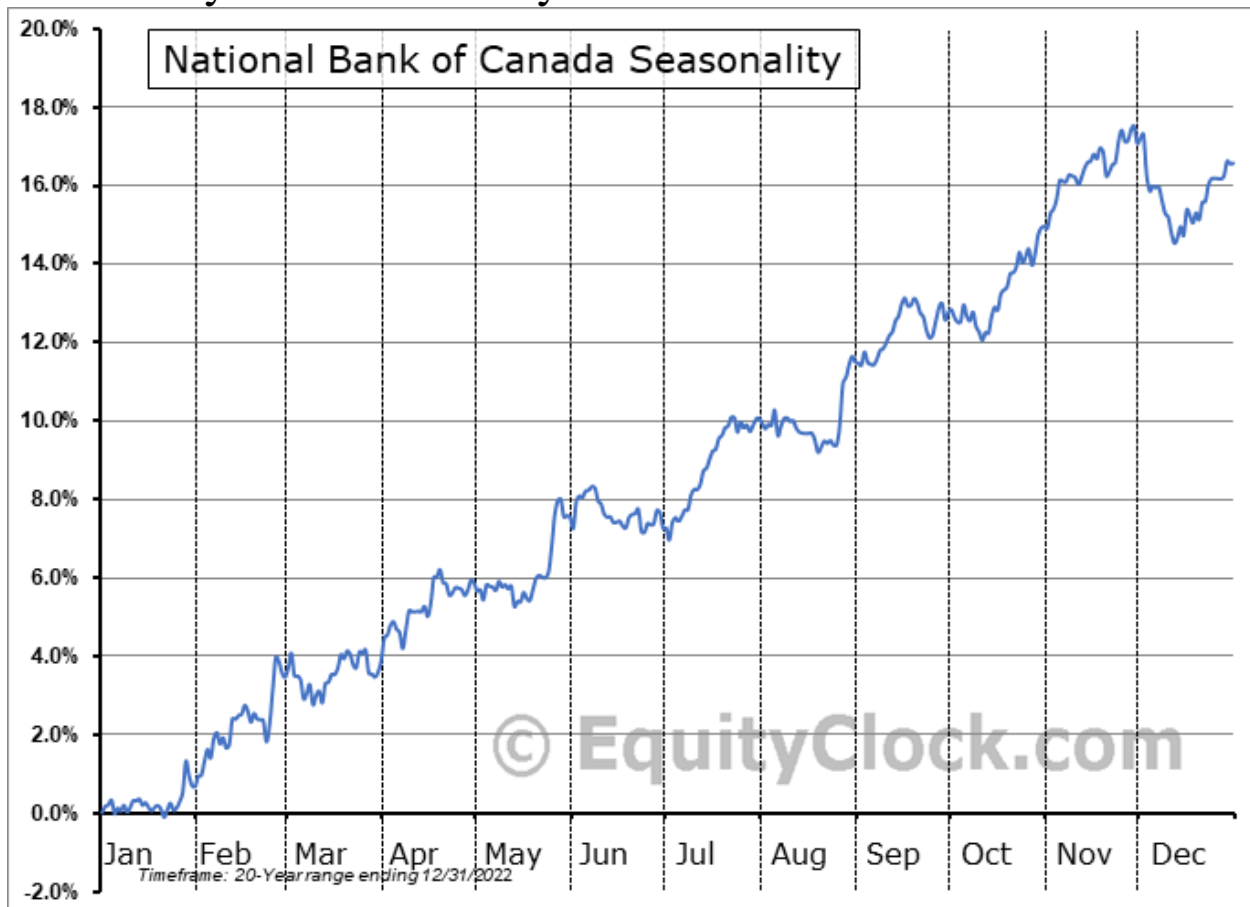


National Bank \$NA.TO a TSX 60 stock moved above Cdn\$102.65 to an all-time high extending an intermediate uptrend.





## Seasonality Chart of the Day



### Seasonal Chart Analysis

Analysis of the National Bank of Canada (TSE:NA.TO) seasonal charts above shows that a **Buy Date of August 20** and a **Sell Date of November 23** has resulted in a geometric average return of **3.56%** above the benchmark rate of the S&P 500 Total Return Index over the past 20 years. This seasonal timeframe has shown positive results compared to the benchmark in 17 of those periods.

### Technical Score: 6 out a possible 6

Trend:	2
Relative Strength:	2
Above 20 day MA:	1
Daily momentum indicators:	1

# S&P 500 Momentum Barometers



The intermediate term Barometer added 0.50 to 81.20 on Friday, but dropped 6.80 last week to 81.20. It remains Overbought and showing early signs of a peak.



The long term Barometer slipped 0.20 to 73.00 on Friday and dropped 2.00 last week to 73.00. It remains Overbought and showing early signs of a peak.

# TSX Momentum Barometers



The intermediate term Barometer added 4.39 on Friday, but dropped 6.14 last week to 65.35. It remains Overbought and showing early signs of a peak.



The long term Barometer added 3.95 on Friday and was unchanged last week to 62.72. It remains Overbought and showing early signs of a peak.

Tech Talk is a free service offered each business day at [www.TimingtheMarket.ca](http://www.TimingtheMarket.ca)

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