

Tech Talk for Saturday July 8th 2023

The Bottom Line

Equity markets on both sides of the border are on central bank watch. In Canada, the Bank of Canada is expected to increase its interest rate for Canadian banks on Wednesday from 4.75% to 5.00%. The BOC is expected to respond to continuing strength in Canada's employment. The June Employment report reported on Friday included a surprisingly strong increase in employment, another 60,000 positions versus consensus for a 20,000 increase. Upward pressure on wage rates continues, which in turn, puts upward pressure on consumer prices. Another increase in the BOC rate is justified in order to dampen inflation pressures.

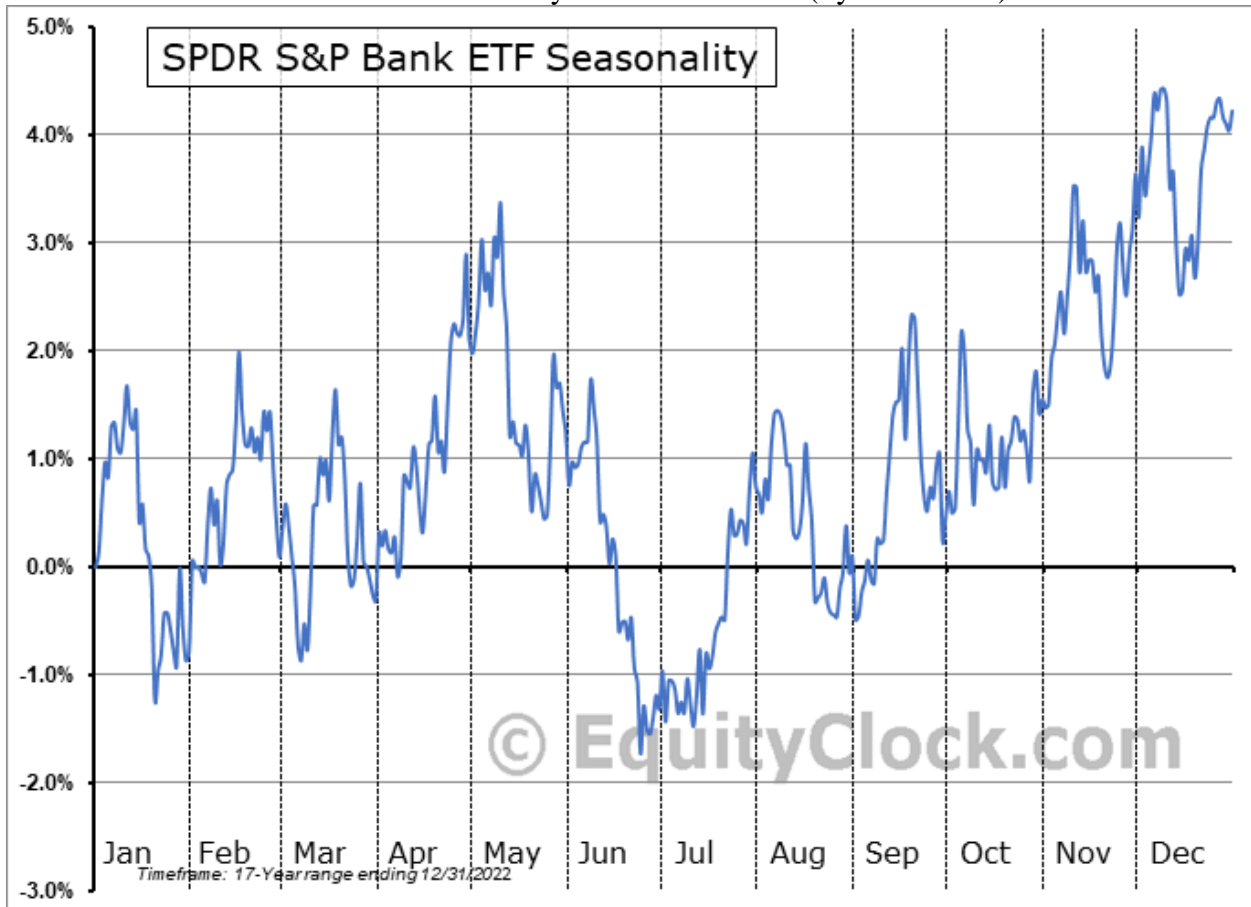
In the U.S. the Federal Reserve receives two more "data points" on inflation expectations this week prior to the next FOMC announcement on July 26th, the June CPI report on Wednesday and the June PPI report on Thursday. U.S. inflation rates are coming down, but remain well above the Federal Reserve's long term target at 2.0%. Consensus currently calls for another 0.50% increase in the Fed Fund Rate on July 26th

Second quarter earnings reports by major U.S. companies start trickling in this week. Focus is on reports released by money center banks on Friday. Look for increases in their dividends and a renewal of share buyback programs. Money center banks also will benefit from the recent flow of deposits to larger banks following a "shut down" by the Federal Reserve of insolvent smaller banks. Note the chart patterns on Money Center Banks (KBE) and Regional Banks (KRE). Both potentially are developing reverse Head & Shoulders patterns. Note their strength on Friday.





Note seasonal characteristics for the Money Center Bank ETF (Symbol: KBE)



Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.Factset.com

Earnings estimates for the second and third quarters continued to move lower. Earnings momentum turns positive thereafter. Since our last report on June 20th, consensus for the second quarter earnings fell from a drop of 6.4% to a drop of 7.2%. Second quarter revenues are expected to drop 0.3%, up from a drop of 0.4% in revenues predicted on June 20th. Consensus for the third quarter calls for an earnings increase of 0.3% versus a previous estimated gain at 0.8%. Revenues are expected to increase 1.2%. Consensus for the fourth quarter calls for a 12.4% increase in earnings (versus previous estimate at 8.2%). Fourth quarter revenues are expected to increase 4.9% (versus previous estimate at 3.2%). For all of 2023, consensus calls for an earnings increase of 0.8% (versus previous estimated gain at 1.2%). Revenues are expected to increase 2.4%.

The recovery in earnings continues into 2024. Consensus for 2024 calls for a 12.4% increase in earnings (versus previous estimate at 12.3%). Consensus for revenue growth remains at 4.9%.

Economic News This Week

Source: www.Investing.com

U.S. June Consumer Price Index released at 8:30 AM EDT on Wednesday is expected to increase 0.3% versus a gain of 0.1% in May. Excluding food and energy, June Consumer Price Index is expected to increase 0.3% versus 0.4% in May.

Bank of Canada updates monetary policy at 10:00 AM EDT on Wednesday. Consensus calls for an increase in the Bank's rate available for Canada's major banks from 4.75% to 5.00%.

U.S. June Producer Price Index released at 8:30 AM EDT on Thursday is expected to increase 0.2% versus a drop of -0.3% in May. On a year-over-year basis, June PPI is expected to increase 0.4% versus a gain of 1.1% in May. Excluding food and energy, June Producer Price Index is expected to increase 0.2% versus a gain of 0.2% in May. On a year-over-year basis, core PPI is expected to increase 2.8% versus a gain of 2.8% in May.

Beige Book is released at 2:00 PM EDT.

July Michigan Consumer Sentiment released at 10:00 AM EDT on Friday is expected to increase to 64.8 from 64.4 in June.

Selected Earnings News This Week

Source: www.Investing.com

Focus is on reports released by big banks on Friday.

Tuesday: American Airlines, Amazon (et al) Prime Day

Thursday: Taiwan Semiconductors, Pepsico, Fastenal, Delta Airlines, Conagra.

Friday: UnitedHealth Group, JP Morgan, Wells Fargo, BlackRock, Citigroup, State Street

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 changes to green means higher daily score.

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for July 7th 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	Down	2	4
TSX	Neutral	Dec. 12	Neutral	Neutral	Below	Down	-2	2
DJIA	Neutral	Sept.20	Neutral	Negative	Below	Down	-4	0
COMPQ	Neutral	Oct.10	Up	Neutral	Above	Down	-2	4
TRAN	Neutral	Aug.27	Neutral	Positive	Above	Down	2	4
AORD	Positive	Nov.10	Neutral	Negative	Below	Down	-4	0
NIKK	Neutral	Nov.8	Up	Negative	Below	Down	-2	2
IEV	Neutral	Dec.9	Up	Negative	Below	Down	-2	2
SSEC	Neutral	Sept.26	Down	Negative	Below	Up	-6	-4
EEM	Neutral	Nov.29	Up	Negative	Below	Down	-2	-2

Green: Increase from previous day

Red: Decrease from previous day

Commodities

Daily Seasonal/Technical Commodities Trends for July 7th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Neutral	Jan.14	Down	Neutral	Above	Up	0	-6
Gasoline	Neutral	Mar.30	Neutral	Neutral	Above	Up	2	2
Crude Oil	Neutral	Jan.20	Down	Positive	Above	Up	2	0
Natural Gas	Neutral	April 1	Up	Neutral	At	Down	1	6
S&P Energy	Neutral	Mar.23	Down	Neutral	Above	Down	-2	0
Oil Services	Neutral	Dec.28	Up	Positive	Above	Up	6	4
Gold	Neutral	Dec. 23	Down	Negative	Below	Up	-4	-4
Silver	Neutral	Nov.29	Down	Negative	Below	Up	-4	-4
Gold Bug	Positive	Sept.3	Down	Negative	Below	Down	-6	-4
Platinum	Neutral	Dec.9	Down	Negative	Below	Up	-4	-6
Palladium	Neutral	Nov.26	Down	Negative	Below	Up	-4	-6
Copper	Neutral	Nov.22	Down	Negative	Below	Up	-4	-6
Agriculture	Neutral	Oct.9	Down	Neutral	Above	Up	0	0

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Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for July 7th 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	Neutral	Above	Down	2	4
XLB	Neutral	Oct.1	Up	Neutral	Below	Down	2	6
XLI	Neutral	Aug.26	Up	Positive	Above	Down	4	6
XLY	Neutral	Aug.7	Up	Positive	Above	Down	4	6
XLF	Positive	Nov.2	Up	Neutral	Above	Down	2	2
XLE	Neutral	Mar.23	Down	Neutral	Above	Down	-2	0
XLP	Neutral	Jan.6	Up	Neutral	Below	Down	0	2
XLV	Neutral	Nov.3	Down	Negative	Below	Down	-6	0
XLU	Neutral	Feb.6	Down	Negative	Below	Down	-6	-6
XLC	Neutral	Jan.18	Up	Neutral	Above	Up	4	4
XLRE	Neutral	Dec.1	Neutral	Positive	Above	Down	2	2
TSX Financial	Neutral	Jan. 8	Neutral	Neutral	Above	Down	0	2
TSX Energy	Neutral	Dec.22	Down	Neutral	Above	Up	0	-2
TSX Gold	Positive	Sept.3	Neutral	Negative	Below	Down	-4	-4
TSX Tech	Neutral	Nov.15	Down	Neutral	Below	Down	-4	0
TSX B Metals	Neutral	Nov. 28	Down	Neutral	Below	Down	-4	0

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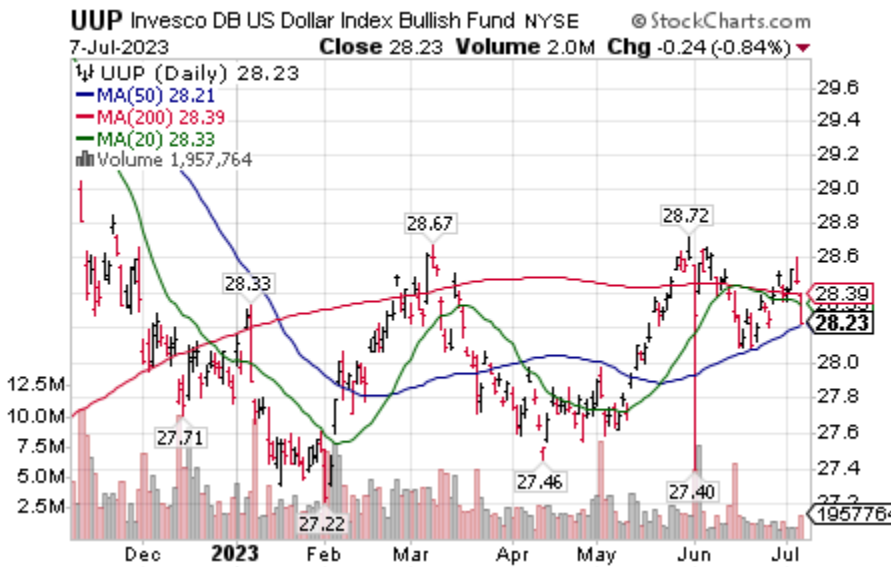
Source for positive seasonal ratings: www.equityclock.com

Technical Notes

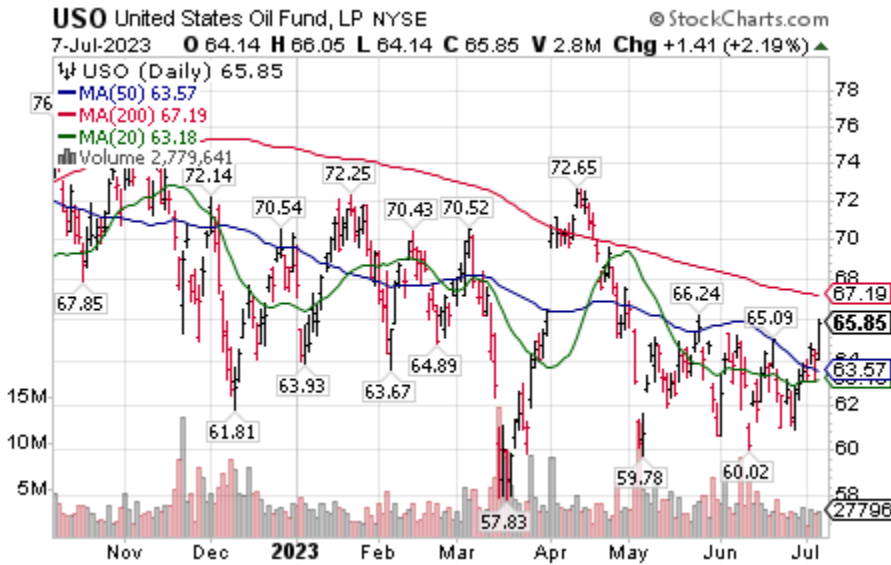
20 year + Government Bond iShares \$TLT moved below intermediate support at \$99.47.



Lower government bond prices triggered sharp weakness in the U.S. Dollar Index and its related ETN: UUP



Crude Oil ETN \$USO moved above intermediate resistance at \$65.09 and \$65.35. Prompted by weakness in the U.S. Dollar Index



Oil Services ETF \$OIH moved above intermediate resistance at \$298.82. Prompted by higher crude oil prices!



Nutrien \$NTR.TO a TSX 60 stock moved above Cdn\$80.85 setting an intermediate uptrend.



Mosaic \$MOS moved above US\$36.60 setting an intermediate uptrend.



Global Agriculture ETF \$COW.TO moved above Cdn\$61.42 completing a reverse Head & Shoulders pattern. Includes the fertilizer stocks (e.g. Nutrien, Mosaic)! Prompted by weakness in the U.S. Dollar Index.



Open Text \$OTEX a TSX 60 stock moved below US\$39.63 and US\$39.59 completing a Head & Shoulders pattern.



S&P 500 Momentum Barometers



The intermediate term Barometer added 0.60 to 73.00 on Friday, but slipped 1.00 last week to 73.00. It remains Overbought.



The long term Barometer added 0.80 on Friday, but slipped 1.80 last week to 64.40. It remains Overbought.

TSX Momentum Barometers



The intermediate term Barometer added 3.95 on Friday, but dropped 3.51 last week to 44.30. It remains Neutral.



The long term Barometer added 2.19 on Friday, but slipped 0.88 last week to 53.51. It remains Neutral.

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

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