

# Tech Talk for Saturday September 23<sup>rd</sup> 2023

## The Bottom Line

**North American equity indices and related stocks are closely following their weakest period of the year from the second week in September to the second week in October.** Broadly based U.S. equity indices completed Double Top or Head & Shoulders patterns (including a double top pattern the Dow Jones Industrial Average on Friday). Intermediate term barometers for the TSX and S&P 500 already have reached oversold levels, but have yet to show signs of bottoming.

**Investors are responding to concerns that high interest rates in both countries will not come down any time soon.** Yields on long term bonds in both countries spiked higher late last week Yield on 10 year U.S. Treasuries reached a 16 year high.



**Hope springs eternal!** Prospects beyond the third quarter earnings report season in October continue to show a significant recovery in revenues and earnings by major U.S. and Canadian companies starting in the fourth quarter and continuing into the first two quarters of 2024.

**Preferred equity trading strategy is to be patient for now, but be prepared to return to “risk on” positions when technical signs of an intermediate bottom have been reached.**

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

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

**Consensus estimates for remainder of 2023 were dampened slightly last week.** Consensus for the third quarter is an earnings **decrease** on a year-over-year basis of 0.2% (versus previous increase of 0.2%). Third quarter revenues are expected to increase 1.5%. Fourth quarter earnings are expected to increase 8.2%. Fourth quarter revenues are expected to increase 3.8% (versus a 3.7% increase last week). For all of 2023, consensus calls for an earnings increase of 1.1% (versus a gain of 1.2% last week). Revenues are expected to increase 2.4%.

**The recovery continues into 2024.** Consensus for the first quarter on a year-over-year basis is an earnings increase of 8.6 % (versus previous 8.2% increase last week) and a revenue increase of 4.7% (versus previous 3.7% estimate). Consensus for the second quarter is a 12.1% earnings increase and a 5.5% revenue increase, unchanged from last week. Consensus for all of 2024 is an increase in earnings of 12.2% (versus previous estimate at 12.0%) and a 5.6% increase in revenues.

## Economic News This Week

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

**August U.S. New Home Sales** released at 10:00 AM EDT on Tuesday are expected to drop to 700,000 units from 714,000 units in July.

**August Durable Goods Orders** released at 8:30 AM EDT on Wednesday are expected to decline 1.6% versus a drop of 5.2% in July.

**Second quarter update on U.S. GDP** released at 8:30 AM EDT on Thursday is expected to increase at an annual rate to 2.2% from a previous estimate at 2.0%.

**Federal Reserve Chairman Powell** is scheduled to speak at 4:00 PM EDT on Thursday.

**August Core PCE Price Index** released at 8:30 AM EDT on Friday is expected to increase to 0.2% versus a gain of 0.2% in July.

**August Personal Income** released at 8:30 AM EDT on Friday is expected to increase 0.4% versus a gain of 0.2% in July. **August Personal Spending** is expected to increase 0.5% versus a gain of 0.8% in July.

**July monthly Canadian real GDP** released at 8:30 AM EDT on Friday is expected to be unchanged versus a decline of 0.2% in June.

**September Chicago PMI** is released at 9:45 AM EDT on Friday

**September Michigan Consumer Sentiment** released at 10:00 AM EDT on Friday is expected to slip to 67.7 from 69.5 in August.

## Selected Earnings News This Week

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

**Tuesday:** Costco, Cintas

**Wednesday:** Micron, Paychex

**Thursday:** Nike, Accenture, Carnival, CarMax BlackBerry

## 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 September 22<sup>nd</sup> 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Neutral	Oct.28	Down	Neutral	Below	Down	-4	0
TSX	Neutral	Dec. 12	Neutral	Positive	Below	Down	0	4
DJIA	Positive	Nov.17	Down	Positive	Below	Down	-2	0
COMPQ	Neutral	Oct.10	Neutral	Negative	Below	Down	-4	-2
IYT	Positive	Dec.8	Up	Negative	Below	Down	-2	0
AORD	Positive	Nov.10	Down	Positive	Below	Down	-2	4
NIKK	Neutral	Nov.8	Neutral	Positive	Below	Down	0	4
IEV	Neutral	Dec.9	Down	Positive	Below	Down	-2	4
FXI	Neutral	Sept.26	Neutral	Positive	Below	Up	2	0
EEM	Neutral	Nov.29	Down	Positive	Below	Down	-2	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 September 22<sup>nd</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	Down	4	6
Gasoline	Neutral	Mar.30	Up	Neutral	Below	Down	0	6
Crude Oil	Neutral	Jan.20	Up	Positive	Above	Down	4	6
Natural Gas	Neutral	April 1	Up	Positive	Above	Up	6	2
S&P Energy	Neutral	Mar.23	Up	Positive	Below	Down	2	6
Oil Services	Neutral	Dec.28	Up	Neutral	Below	Down	0	6
Gold	Neutral	Dec. 23	Down	Positive	Below	Down	-2	0
Silver	Neutral	Nov.29	Neutral	Positive	Above	Up	4	-4
Gold Bug	Neutral	Dec.15	Down	Positive	Below	Down	-2	2
Platinum	Neutral	Dec.9	Down	Positive	Below	Up	0	-2
Palladium	Neutral	Nov.26	Down	Positive	Above	Up	2	0
Copper	Neutral	Nov.22	Neutral	Neutral	Below	Down	-2	2
Agriculture	Neutral	Oct.9	Down	Neutral	Below	Down	-4	4

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Red: Decrease from previous day

## Sectors

### Daily Seasonal/Technical Sector Trends for September 22<sup>nd</sup> 2023

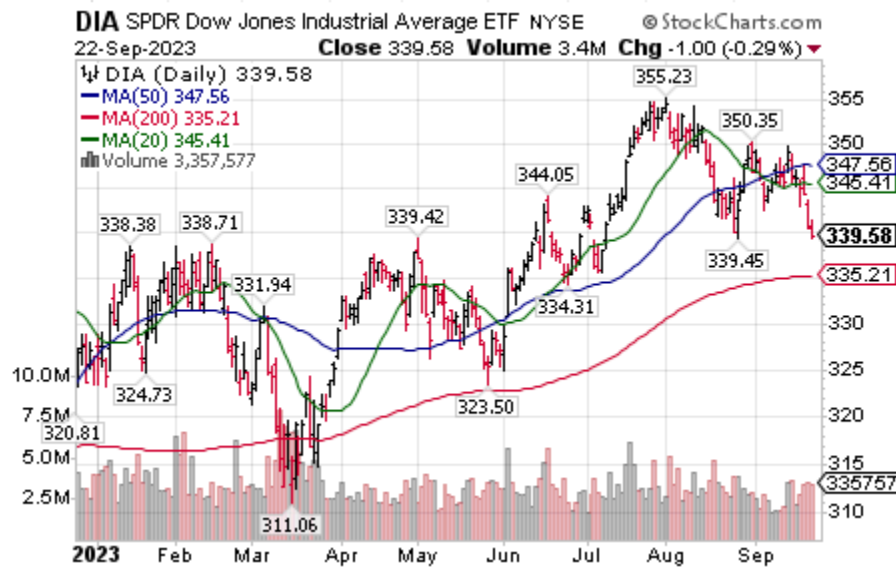
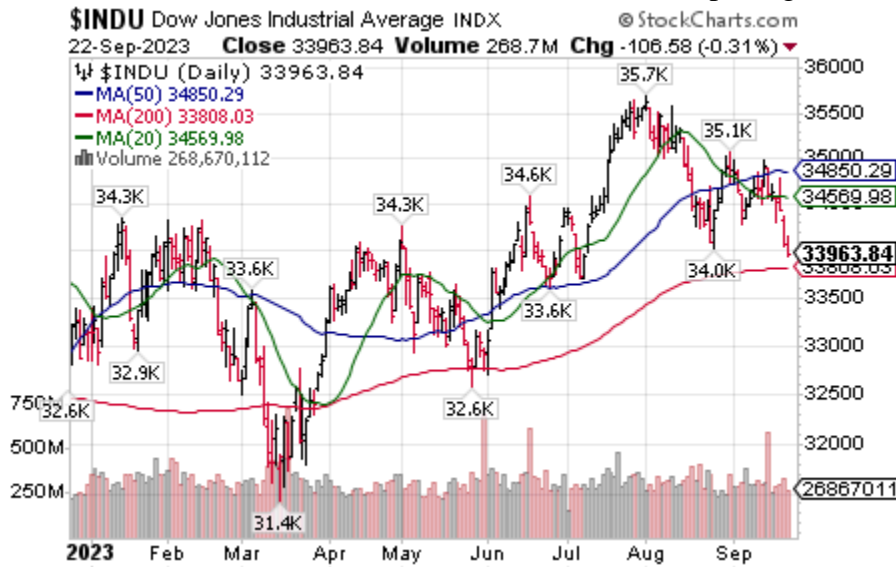
Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
XLK	Neutral	Apr.13	Neutral	Negative	Below	Down	-4	-4
XLB	Neutral	Oct.1	Down	Negative	Below	Down	-6	0
XLI	Positive	Dec.11	Down	Negative	Below	Down	-6	-6
XLY	Positive	Jan.3	Up	Negative	Below	Down	-2	4
XLF	Positive	Nov.2	Up	Positive	Below	Down	2	6
XLE	Neutral	Mar.23	Up	Positive	Below	Down	2	6
XLP	Neutral	Jan.6	Down	Neutral	Below	Down	-4	0
XLV	Neutral	Nov.3	Down	Positive	Below	Down	-2	-6
XLU	Neutral	Feb.6	Down	Positive	Above	Down	0	2
XLC	Neutral	Jan.18	Up	Positive	Below	Down	2	6
XLRE	Neutral	Dec.1	Down	Negative	Below	Down	-6	2
TSX Financial	Neutral	Jan. 8	Up	Positive	Below	Down	2	6
TSX Energy	Neutral	Dec.22	Up	Neutral	Below	Down	0	4
TSX Gold	Neutral	June 14	Down	Positive	Below	Down	-2	2
TSX Tech	Neutral	Nov.15	Up	Negative	Below	Down	-2	4
TSX B Metals	Neutral	Nov. 28	Neutral	Neutral	Below	Down	-2	4

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# Technical Action on Friday

Dow Jones Industrial Average \$INDU moved below \$34,093.65 completing a double top pattern. Its related ETF \$DIA moved below \$339.45 completing a double top pattern.



Biotech ETF \$FBT moved below \$146.26 extending an intermediate downtrend.



Major Banks and their related ETFs moved below intermediate support including Bank of American \$BAC, Bank of New York Mellon \$BK and Blackrock \$BLK





# S&P 500 Momentum Barometers



The intermediate term Barometer slipped 0.60 on Friday and plunged 15.00 last week to 19.20. It remains Oversold. Daily trend remains down.



The long term Barometer dropped 1.00 on Friday and plunged 10.60 last week to 43.80. It remains Neutral. Daily trend remains down.



# TSX Momentum Barometers



The intermediate term Barometer slipped 0.44 on Friday and plunged 28.01 last week to 28.63. It changed from Neutral to Oversold on a move below 40.00. Daily trend remains down.



The long term Barometer dropped 0.44 on Friday and plunged 14.78 last week to 40.53. It remains Neutral. Daily trend remains down.

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