

Tech Talk for Saturday 30th 2023

The Bottom Line

North American equity markets continue to track their seasonal pattern that calls for weakness into the last week in September and the first week in October followed by start of the traditional fourth quarter rally. Lots of “noise” continues to negatively influence equity prices including the auto worker strike and a likely shut down of Federal government services until an agreement on the debt ceiling limit is reached.

Despite the “noise”, analysts have maintained their favourable outlook for corporate revenues and earnings: Consensus calls for third quarter results on a year-over-year basis to show virtually no change followed by a significant recovery in the fourth quarter followed by strong gains in the first half of 2023.

Patience by traders during the “noisy” period is required. Now is a good time to line up a possible list of purchase candidates based on their improving technical and fundamental prospects to the end of the year.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Consensus estimates for remainder of 2023 were improved slightly last week. Consensus for the third quarter is an earnings **decrease** on a year-over-year basis of 0.1% (versus previous decrease of 0.2%). Third quarter revenues are expected to increase 1.6% (versus previous increase of 1.5%). Fourth quarter earnings are expected to increase 8.3% (versus previous increase of 8.2%) Fourth quarter revenues are expected to increase 3.9% (versus a 3.8% increase last week). For all of 2023, consensus calls for an earnings increase of 1.1%. Revenues are expected to increase 2.4%.

The recovery continues into 2024. No changes were made last week. Consensus for the first quarter on a year-over-year basis is an earnings increase of 8.6 % and a revenue increase of 4.7%. Consensus for the second quarter is a 12.1% earnings increase and a 5.5% revenue increase. Consensus for all of 2024 is an increase in earnings of 12.2% and a 5.6% increase in revenues.

Economic News This Week

Source: www.Investing.com

September ISM Manufacturing PMI released at 8:30 AM EDT on Monday is expected to improve to 47.8 from 47.6 in August.

August Construction Spending released at 10:00 AM EDT on Monday is expected to increase 0.5% versus a gain of 0.7% in July

August Factory Orders are released at 10:00 AM EDT on Wednesday

September ISM Non-Manufacturing PMI released at 10:00 AM EDT on Wednesday is expected to slip to 54.0 from 54.5 in August.

August U.S. Trade Deficit released at 8:30 AM EDT on Thursday is expected to increase to \$65.10 billion from \$65.00 billion in July.

August Canadian Trade is released at 8:30 AM EDT on Thursday

September Non-Farm Payrolls released at 8:30 AM EDT on Friday is expected to drop to 150,000 from 175,000 in August. September Unemployment Rate is expected to slip to 3.7% from 3.8% in August. September Hourly Earnings are expected to increase 0.3% versus a gain of 0.2% in August.

September Canadian Employment is released at 8:30 AM EDT on Friday.

Selected Earnings News This Week

Source: www.Investing.com

Tuesday: McCormick

Thursday: Constellation Brands, ConAgra, Levi Straus.

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 29th 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	Up	-2	-4
TSX	Neutral	Dec. 12	Down	Neutral	Below	Down	-4	0
DJIA	Positive	Nov.17	Down	Positive	Below	Down	-2	-2
COMPQ	Neutral	Oct.10	Down	Neutral	Below	Up	-2	-4
IYT	Positive	Dec.8	Up	Neutral	Below	Up	2	-2
AORD	Positive	Nov.10	Down	Positive	Below	Down	-2	-2
NIKK	Neutral	Nov.8	Neutral	Neutral	Below	Down	-2	0
IEV	Neutral	Dec.9	Down	Neutral	Below	Up	-2	-2
FXI	Positive	Jan.12	Neutral	Neutral	Below	Down	-2	2
EEM	Neutral	Nov.29	Down	Positive	Below	Up	0	-2

Green: Increase from previous day

Red: Decrease from previous day

Source for all positive seasonality ratings: www.EquityClock.com

Commodities

Daily Seasonal/Technical Commodities Trends for September 29th 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	Below	Down	2	4
Gasoline	Neutral	Mar.30	Down	Negative	Below	Down	-6	0
Crude Oil	Neutral	Jan.20	Up	Positive	Above	Down	4	4
Natural Gas	Neutral	April 1	Up	Positive	Above	Up	6	6
S&P Energy	Neutral	Mar.23	Up	Positive	Below	Up	4	2
Oil Services	Neutral	Dec.28	Up	Positive	Below	Up	4	0
Gold	Neutral	Dec. 23	Down	Neutral	Below	Down	-4	-2
Silver	Neutral	Nov.29	Neutral	Neutral	Below	Down	-2	4
Gold Bug	Neutral	Dec.15	Down	Negative	Below	Down	-6	-2
Platinum	Neutral	Dec.9	Down	Neutral	Below	Up	-2	0
Palladium	Neutral	Nov.26	Down	Positive	Above	Up	2	2
Copper	Neutral	Nov.22	Neutral	Neutral	Below	Up	0	-2
Agriculture	Neutral	Oct.9	Down	Neutral	Below	Up	-2	-4

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Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for September 29th 2023

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

Green: Increase from previous day

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Technical Notes

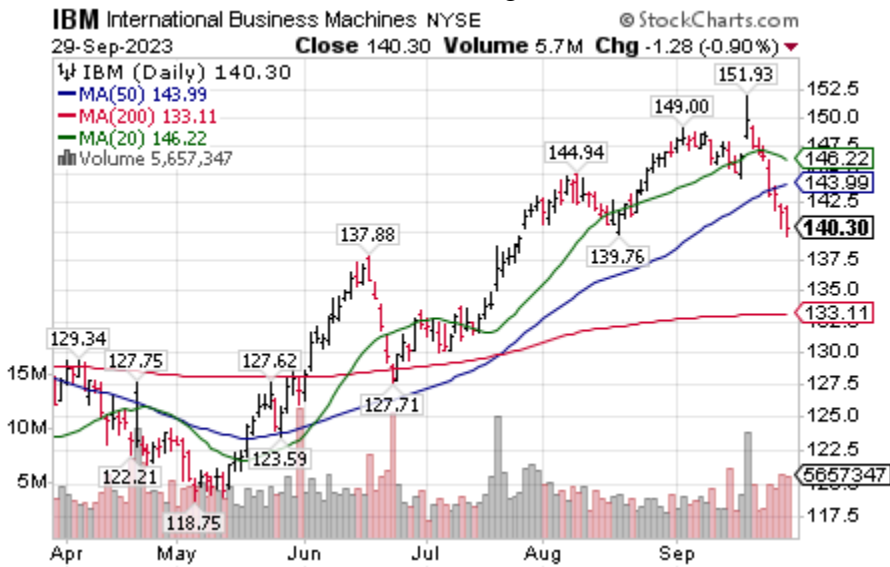
Gasoline ETN \$UGA moved below intermediate support at \$68.84



Berkshire Hathaway \$BRK.B an S&P 100 stock moved below intermediate support at \$349.61



IBM \$IBM a Dow Jones Industrial Average stock moved below intermediate support at \$139.76.



Kinross Gold \$KGC a TSX 60 stock moved below US\$4.51 setting an intermediate downtrend.



S&P 500 Momentum Barometers



The intermediate term Barometer dropped 4.00 on Friday and 3.80 last week to 15.40. It remains Oversold. Daily trend remains down.



The long term Barometer slipped 0.40 on Friday and dropped 3.20 last week to 40.60. It remains Neutral. Daily trend is down.

TSX Momentum Barometers



The intermediate term Barometer slipped 2.64 on Friday and dropped 7.04 last week to 21.59. It remains Oversold. Daily trend remains down.



The long term Barometer slipped 0.88 on Friday and dropped 4.41 last week. It changed from Neutral to Oversold on a move below 40.00. Daily trend remains down.

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

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