

# Tech Talk for Saturday September 9<sup>th</sup> 2023

## The Bottom Line

**Lots of “noise” bothering North American equity markets this week!**

- **Possible autoworker strikes in Canada and U.S. starting September 14<sup>th</sup>.** Bargaining positions between the union and companies remain wide.
- **Possible shut down of the U.S. government by Congress if unable to reach a deficit limit agreement before the end of September.** The House of Representative returns from holidays today facing 12 legislative bills that need urgent approval. Most important bill is extension of the U.S. government debt ceiling limit. Financial differences on the bill between conservative Republicans and liberal Democrats are substantial. Chance of at least a short term shut down of the U.S. government before the end of the month is higher than usual. If an agreement is not reached quickly, U.S. government debt temporarily may default, U.S. government debt rating will be reduced (again), government employees, social benefits recipients and the military will not receive salary and social assistance payments and Federal government services will shut down.
- **Continuation of hurricane season.** One of the strongest hurricanes in recent history (possible a category 5 with winds greater than 150 mph) is moving toward the U.S. mainland. Chances are good that the hurricane will start moving to the north instead of into the Gulf of Mexico, but likely will disrupt economic activity along the U.S. East Coast. At worst, it could move into the New York/ Boston corridor as well as into Nova Scotia and Newfoundland where destruction could be significant.
- **Disturbing economic news.** The August Consumer Price report this Wednesday and the Producer Price Index report this Thursday are expected to raise concerns by the Federal Reserve that recent declines in annual inflation toward its 2% target have stalled. Indeed, consensus for CPI and PPI in the month of August is predicting an **increase** from July. Enthusiasm for equity prices likely will be dampened until after the next FOMC announcement on interest rates on September 20<sup>th</sup>.

## 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 unchanged last week.** Consensus for the third quarter is an earnings increase on a year-over-year basis of 0.5%. Third quarter revenues are expected to increase 1.6%. Fourth quarter earnings are expected to increase 8.2%.. Fourth quarter revenues are expected to increase 3.7%. For all of 2023, consensus calls for an earnings increase of 1.2%. Revenues are expected to increase 2.4%.

**The recovery in earnings continues into 2024.** 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 an earnings increase of 12.1% and a revenue increase of 5.5%. Consensus for all of 2024 is a 12.2% earnings increase (versus previous estimate at 12.0%) and a 5.6% revenue increase (versus a previous estimate at 5.5% increase).

## Economic News This Week

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

**August Consumer Price Index** released at 8:30 AM EDT on Wednesday is expected to increase 0.5% versus a gain of 0.2% in July. **Excluding food and energy**, August CPI is expected to increase 0.2% versus a gain of 0.2% in July.

**European Central Bank interest rate decision** is released at 8:15 AM EDT on Thursday. Consensus calls for no change at 4.25%.

**August Producer Price Index** released at 8:30 AM EDT on Thursday is expected to increase 0.4% versus a gain of 0.3% in July.

**August U.S. Retail Sales** released at 8:30 AM EDT on Thursday are expected to increase 0.2% versus a gain of 0.7% in July.

**July Business Inventories** released at 10:00 AM EDT on Thursday are expected to increase 0.1% versus no change in July

**September Empire State Manufacturing Survey** released at 8:30 AM EDT on Friday is expected to improve to -10.00 from -19.00 in August

**August Capacity Utilization** released at 9:15 AM EDT on Friday is expected to remain unchanged from July at 79.3. **August Industrial Production** is expected to increase 0.1% versus a gain of 1.0% in July.

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

## Selected Earnings News This Week

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

**Monday:** Oracle

**Wednesday:** Cracker Barrel

**Thursday:** Adobe

## 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 8<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	4
TSX	Neutral	Dec. 12	Neutral	Neutral	Above	Down	0	2
DJIA	Neutral	Sept.20	Up	Negative	Below	Down	-2	2
COMPQ	Neutral	Oct.10	Neutral	Neutral	Above	Down	0	4
IYT	Positive	Dec.8	Up	Negative	Below	Down	-2	0
AORD	Positive	Nov.10	Up	Neutral	Below	Down	0	2
NIKK	Neutral	Nov.8	Down	Positive	Above	Down	0	0
IEV	Neutral	Dec.9	Up	Negative	Below	Down	-2	0
FXI	Neutral	Sept.26	Neutral	Negative	Below	Down	-4	-4
EEM	Neutral	Nov.29	Neutral	Negative	Below	Down	-4	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 8<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	6
Gasoline	Neutral	Mar.30	Up	Negative	At	Up	1	0
Crude Oil	Neutral	Jan.20	Up	Positive	Above	Up	6	6
Natural Gas	Neutral	April 1	Up	Negative	Below	Down	-2	6
S&P Energy	Neutral	Mar.23	Up	Positive	Above	Up	6	4
Oil Services	Neutral	Dec.28	Up	Positive	Above	Up	6	6
Gold	Neutral	Dec. 23	Down	Neutral	Below	Down	-4	0
Silver	Neutral	Nov.29	Neutral	Neutral	Below	Down	-2	2
Gold Bug	Neutral	Dec.15	Down	Neutral	Below	Down	-4	0
Platinum	Neutral	Dec.9	Down	Negative	Below	Down	-6	0
Palladium	Neutral	Nov.26	Down	Negative	Below	Down	-6	0
Copper	Neutral	Nov.22	Neutral	Neutral	Below	Down	-2	4
Agriculture	Neutral	Oct.9	Up	Negative	Below	Down	0	2

Green: Increase from previous day

Red: Decrease from previous day

## Sectors

### Daily Seasonal/Technical Sector Trends for September 8<sup>th</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	Positive	Above	Down	2	4
XLB	Neutral	Oct.1	Up	Neutral	Above	Down	-2	4
XLI	Positive	Dec.11	Down	Negative	Below	Down	-6	-2
XLY	Positive	Jan.3	Up	Neutral	Above	Down	2	4
XLF	Positive	Nov.2	Up	Neutral	Above	Down	2	0
XLE	Neutral	Mar.23	Up	Positive	Above	Up	6	4
XLP	Neutral	Jan.6	Down	Negative	Below	Down	-6	-2
XLV	Neutral	Nov.3	Down	Negative	Below	Down	-6	0
XLU	Neutral	Feb.6	Down	Negative	Below	Up	-4	-6
XLC	Neutral	Jan.18	Up	Neutral	Above	Down	2	4
XLRE	Neutral	Dec.1	Neutral	Neutral	Below	Down	-2	2
TSX Financial	Neutral	Jan. 8	Up	Negative	Below	Down	-2	2
TSX Energy	Neutral	Dec.22	Up	Positive	Above	Up	6	6
TSX Gold	Neutral	June 14	Down	Neutral	Below	Down	-4	0
TSX Tech	Neutral	Nov.15	Up	Positive	Above	Down	4	6
TSX B Metals	Neutral	Nov. 28	Neutral	Neutral	Below	Down	-2	4

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# Technical Notes for Friday

Aerospace & Defense ETF \$PPA moved below \$82.28 extending an intermediate downtrend.



Canadian Pacific \$CP.TO a TSX 60 stock moved below Cdn\$105.40 extending an intermediate downtrend.



# S&P 500 Momentum Barometers



The intermediate Barometer was unchanged on Friday and dropped 12.60 last week to 35.00. It returned to Oversold from Neutral on a drop below 40.00.



The long term Barometer slipped 0.40 and dropped 8.80 last week to 50.20. It remains Neutral. Daily trend is down.

## TSX Momentum Barometers



The intermediate term Barometer dropped 4.66 on Friday and plunged 16.55 last week to 42.04. It remains Neutral.



The long term Barometer slipped 0.23 on Friday and dropped 6.40 last week to 48.23. It remains Neutral.

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