

Tech Talk for Saturday October 28th 2023

The Bottom Line

According to www.EquityClock.com “October 27th marks the average start to the best six months of the year for stocks. Over the past five decades, the S&P 500 Index has gained an average of 8.12% between October 27th and May 5th.” In addition, the strongest nine day period in the year for the S&P 500 Index during the past 73 years according to StochChart’s Tom Bowley has been from the close on October 27th to the close on November 8th.

Focus this week is on the FOMC decision on U.S. interest rates released at 2:00 PM EDT on Wednesday. Consensus calls for no change in the Fed Fund Rate at 5.25%-5.50% with a warning that the rate could move higher in inflation pressures escalate.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Consensus earnings estimates for the third quarter of 2023 increased substantially last week. Consensus for the third quarter on a year-over-year basis is an earnings **increase of 2.7% (versus a previous decrease of 0.4%)**. Third quarter revenues are expected to increase 3.8% (versus previous increase of 1.8%). Fourth quarter earnings are expected to increase 5.3% (versus previous increase of 6.7%) Fourth quarter revenues are expected to increase 3.8% (versus previous increase of 3.9%). For all of 2023, consensus calls for an earnings increase of 0.9% (versus previous increase of 0.7%). Revenues are expected to increase 2.4%.

The recovery continues into 2024, but at a slightly lower rate. Consensus for the first quarter on a year-over-year basis calls for an earnings increase of 7.6 % (versus previous increase of 8.0%) and a revenue increase of 4.5% (versus previous increase of 4.6%). Consensus for the second quarter calls for an 11.2% earnings increase (versus previous increase of 11.7%) and a 5.3% revenue increase. Consensus for all of 2024 is an increase in earnings of 11.9% (versus previous 12.2%) and a 5.5% increase in revenues (versus a previous increase of 5.6% last week).

Economic News This Week

August Canadian GDP released at 8:30 AM EDT on Tuesday is expected to increase 0.1% versus no change in July.

October ISM Manufacturing Index released at 10:00 AM EDT on Wednesday is expected to remain unchanged at 49.0 from September.

September Construction Spending released at 10:00 AM EDT on Wednesday is expected to increase 0.4% versus a gain of 0.5% in August.

FOMC update on U.S. interest rates is released at 2:00 PM EDT on Wednesday. Consensus calls for no change in the Fed Fund Rate. Current target rate is 5.25%-5.50%.

September Factory Orders released at 10:00 AM EDT on Thursday are expected to increase 1.0% versus a gain of 1.2% in August

October Non-farm Payrolls released at 8:30 AM EDT on Friday are expected to drop to 172,000 from 336,000 in September. October Unemployment Rate is expected to remain unchanged from September at 3.8%. October Average Hourly Earnings are expected to increase 0.3% versus a gain of 0.2% in September.

October Canadian Employment Change is released at 8:30 AM EDT on Friday. October Unemployment Rate

October Non-manufacturing ISM PMI is released at 10:00 AM EDT on Friday.

Selected Earnings News This Week

49% of S&P 500 companies have reported quarterly results to date. Another 162 S&P 500 companies are scheduled to report this week (including four Dow Jones Industrial Average companies). Another 12 TSX 60 companies are scheduled to report.

Monday: McDonalds, Simon Properties

Tuesday: Pfizer, AMD, Amgen, Caterpillar, Anheuser Busch, Marathon Oil, Cameco, Franklin

Wednesday: Toyota, QUALCOMM, CVS Health, PayPal, Aflac, Met Life, Kraft Heinz, Cenovus, Electronic Arts, Yum Brands, Dupont, Allstate, Nutrien, Ingersoll-Rand, CF Industries, Clorox, Brookfield Infrastructure.

Thursday: Apple, Eli Lilly, Conoco Phillips, Starbucks, Booking, Stryker, Canadian Natural Resources, Shopify, Marriott, BCE, Cummins, Barrick Gold, Moderna, Expedia, Fox, Molson Coors

Friday: Alibaba, Enbridge, Restaurant Brands International, Magna International, Brookfield Renewals, ARC Resources.

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
 For example, TSX has a score of -4:

Intermediate Trend	Down	-2	
Relative Strength	Neutral		0
Above/Below 20 day MA	Below	-1	
Daily Momentum	Down	-1	

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for Oct.27th 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX -4	Neutral	Oct.28	Down	Neutral		Below	Down	-4
TSX -4	Neutral	Dec. 12	Down	Neutral		Below	Down	-4
DJIA	Positive	Nov.17	Down	Positive	Below	Down	-2	-4
COMPQ	Positive	Jan.5	Down	Negative	Below	Down	-6	-4
IYT	Positive	Dec.8	Down	Negative	Below	Down	-6	-6
AORD	Positive	Nov.10	Down	Positive	Below	Down	-2	-4
NIKK	Neutral	Nov.8	Down	Positive	Below	Down	-2	-4
IEV -4	Neutral	Dec.9	Down	Neutral		Below	Down	-4
FXI	Positive	Jan.12	Down	Positive	Below	Up	0	-6
EEM	Neutral	Nov.29	Down	Positive	Below	Down	-2	-6

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 October 27th 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 0	Neutral	Mar.30	Down	Neutral		Below	Down	-4
Crude Oil 4	Neutral	Jan.20	Up	Neutral		Below	Down	0
Natural Gas	Neutral	April 1	Up	Positive	Above	Up	6	0
S&P Energy 2	Neutral	Mar.23	Neutral	Neutral		Below	Down	-2
Oil Services	Neutral	Dec.28	Down	Neutral	Below	Down	-4	-2
Gold	Neutral	Dec. 23	Neutral	Positive	Above	Up	4	2
Silver	Neutral	Nov.29	Down	Positive	Above	Down	0	2
Gold Bug	Neutral	Dec.15	Neutral	Positive	Above	Down	2	4
Platinum	Neutral	Dec.9	Down	Positive	Above	Up	2	0
Palladium -6	Neutral	Nov.26	Down	Neutral		Below	Up	-2
Copper	Neutral	Nov.22	Down	Positive	Above	Up	2	-4
Agriculture	Positive	Feb.8	Down	Negative	Below	Down	-6	-6

Green: Increase from previous day
Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for October 27th 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	Down	-4
XLB	Positive	Jan.1	Down	Neutral	Below	Down	-4	-6
XLI	Positive	Dec.11	Down	Neutral		Below	Down	-4
XLY	Positive	Jan.3	Down	Negative	Below	Down	-6	-6
XLF	Positive	Nov.2	Down	Neutral		Below	Down	-4
XLE	Neutral	Mar.23	Neutral	Neutral		Below	Down	-2

XLP	Neutral	Jan.6	Down	Positive	Below	Down	-2	-4	
XLV	Neutral	Nov.3	Down	Neutral		Below	Down	-4	-4
XLU	Neutral	Feb.6	Down	Positive	Above	Up	2	-4	
XLC	Neutral	Jan.18	Down	Negative	Below	Down	-6	-4	
XLRE	Neutral	Dec.1	Down	Neutral		Below	Up	-2	2
TSX Financial	Neutral	Jan. 8	Down	Neutral		Below	Down	-4	
-6									
TSX Energy	Neutral	Dec.22	Up	Neutral		Below	Down	0	
6									
TSX Gold	Neutral	June 14	Neutral	Positive	Above	Down	2	4	
TSX Tech	Neutral	Nov.15	Down	Negative	Below	Down	-6		
-2									
TSX B Metals	Neutral	Nov. 28	Down	Neutral		Below	Down	-4	
-6									

Green: Increase from previous day

Red: Decrease from previous day

Technical Notes from Friday

Canadian Dollar \$CDW moved below US71.21 cents extending an intermediate downtrend.



Italy iShares \$SEWI moved below \$29.19 extending an intermediate downtrend.



S&P 100 stocks moving below support and extending an intermediate downtrend included **US Bancorp** on a move below \$30.63, **Abbvie** on a move below \$142.32 and **VeriSign** on a move below \$198.34.





CDW \$CDW a NASDAQ 100 stock moved below \$197.28 completing a double top pattern.



Paychex \$PAYX a NASDAQ 100 stock moved below \$110.52 extending an intermediate downtrend.



TSX 60 stocks moving below support extending an intermediate downtrend included **Bausch Health** on a move below Cdn\$9.16, **Thomson Reuters** on a move below Cdn\$165.30 and **Brookfield** on a move below Cdn\$40.40





S&P 500 Momentum Barometers



The intermediate term Barometer dropped 4.60 on Friday and 4.80 last week to 10.60. It remains Oversold. Daily downtrend was extended. The intermediate low at 8.60 on August 5th is being tested.



The long term Barometer dropped 3.80 on Friday and 8.20 last week to 24.60. It remains Oversold. Daily downtrend was extended. An intermediate low has yet to appear.

TSX Momentum Barometers



The intermediate term Barometer added 3.08 on Friday, but slipped 0.44 last week to 27.75. It remains Oversold. Low was set on October 5th



The long term Barometer added 0.44 on Friday, but dropped 2.21 last week to 28.19. It remains Oversold. Daily trend remains down.

Tech Talk is a free service published 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