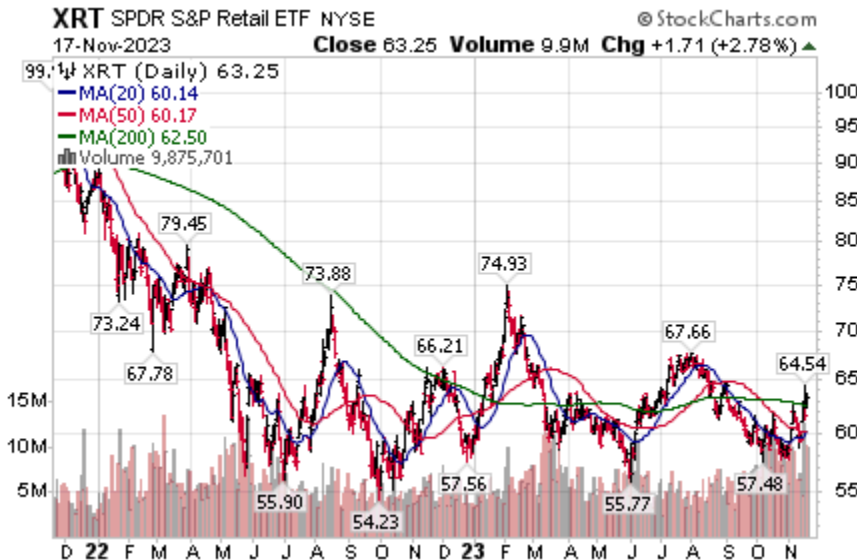


Tech Talk for Saturday November 18th 2023

The Bottom Line

The yearend rally from late October to the first week in January for North American equity indices continues. Historically, as part of the yearend rally, North American equity markets have moved higher from just before U.S. Thanksgiving holiday (November 23rd this year) to the first trading day in December.

The Thanksgiving rally is attributed to start of the Christmas gift buying season. “Black Friday”, the day after Thanksgiving, is notorious for its surge in retail sales. Not surprising, Retail SPDRs (Symbol: XRT) are following their historic pattern for this time of year by moving sharply higher just before “Black Friday”. Encouraging comments on the season offered by Gap Inc on Friday set the tone.



Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Consensus earnings estimates for the third quarter of 2023 increased again last week.

Ninety four percent of companies in the Index have reported to date. Consensus for the third quarter on a year-over-year basis is an earnings increase of 4.3% (versus an increase last week of 4.1%). Third quarter revenues are expected to increase 2.4% (versus an increase last week of 2.3%)

Estimates for the fourth quarter were lowered again. Fourth quarter earnings are expected to increase 2.9% (versus previous increase of 3.2%). Fourth quarter revenues are expected to increase 3.2% (versus previous increase of 3.3%). For all of 2023, consensus calls for an earnings increase of 0.6%. Revenues are expected to increase 2.3%.

The recovery continues into 2024, but at a declining rate from last week. Consensus for the first quarter on a year-over-year basis calls for an earnings increase of 6.5 % (versus previous increase of 6.7%) and a revenue increase of 4.2% (versus previous increase of 4.3%). Consensus for the second quarter calls for a 10.4% earnings increase (versus previous increase of 10.5%) and a 5.0% increase in revenues. Consensus for all of 2024 is an increase in earnings of 11.6% and a 5.4% increase in revenues (versus previous increase of 5.5%).

Economic News This Week

Source: www.Investing.com

October U.S. Leading Economic Indicators released at 10:30 AM EST on Monday are expected to drop 0.7% versus a drop of 0.7% in September.

Canadian October Consumer Price Index is released at 8:30 AM EST on Tuesday

October Existing Home Sales released at 10:00 AM EST on Tuesday are expected to slip to 3.93 million units from 3.96 million units in September

FOMC Meeting Minutes are released at 2:00 PM EST.

October Durable Goods Orders released at 8:30 AM EST on Wednesday are expected to drop 3.0% versus a gain of 4.7% in September.

November Michigan Consumer Sentiment released at 10:00 AM EST on Wednesday is expected to drop to 60.4 from 63.8 in October.

Bank of Canada's Tiff Macklem speaks at 11:45 AM EST on Wednesday

Canadian September Retail Sales are released at 8:30 AM EST on Friday.

Selected Earnings News This Week

Source: www.Investing.com

Eleven S&P 500 companies are scheduled to release quarterly results this week. Focuses are on NVidia on Tuesday and Deere on Wednesday. No TSX 60 companies are scheduled to release this week.

Monday: Trip.com, Agilent

Tuesday: NVidia, Lowe's, Medtronic, Analog Devices, Dell, Autodesk, HP Inc., Zoom, Best Buy, Dick's Sporting Goods, Urban Outfitters, Kohl's

Wednesday: Deere

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 Nov17th 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Positive	Jan.18	Neutral	Neutral	Above	Up	2	2
TSX	Neutral	Dec.12	Neutral	Neutral	Above	Up	2	0
DJIA	Positive	Jan. 4	Neutral	Negative	Above	Up	0	2
COMPQ	Positive	Jan.5	Neutral	Positive	Above	Up	4	4
IYT	Positive	Dec.8	Neutral	Positive	Above	Up	4	-2
AORD	Positive	Jan.4	Neutral	Negative	Above	Up	0	-2
NIKK	Positive	Jan.4	Up	Neutral	Above	Up	4	4
IEV	Neutral	Dec.9	Neutral	Positive	Above	Up	4	0
FXI	Positive	Jan.12	Neutral	Negative	Above	Down	-2	-4
EEM	Neutral	Nov.29	Neutral	Neutral	Above	Up	2	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 Nov.17th 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Neutral	Jan.14	Down	Negative	Below	Up	-4	-6
Gasoline	Neutral	Mar.30	Down	Negative	Below	Up	-4	-6
Crude Oil	Neutral	Jan.20	Down	Negative	Below	Up	-4	-6
Natural Gas	Neutral	April 1	Up	Negative	Below	Down	-2	-2
S&P Energy	Neutral	Mar.23	Down	Negative	Below	Up	-4	-6
Oil Services	Neutral	Dec.28	Down	Negative	Below	Up	-4	-6
Gold	Neutral	Dec. 23	Neutral	Negative	Above	Up	0	-4
Silver	Neutral	Nov.29	Up	Negative	Above	Up	2	-6
Gold Bug	Neutral	Dec.15	Neutral	Negative	Below	Up	-2	-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	Above	Up	-2	-6
Agriculture	Positive	Feb.8	Down	Negative	Above	Up	-2	-6

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for November 17th 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
XLK	Neutral	Apr.13	Up	Positive	Above	Up	6	4
XLB	Positive	Jan.1	Neutral	Neutral	Above	Up	2	-4
XLI	Positive	Dec.11	Neutral	Neutral	Above	Up	2	-2
XLY	Positive	Jan.3	Neutral	Positive	Above	Up	4	2
XLF	Neutral	July 7	Neutral	Positive	Above	Up	4	2
XLE	Neutral	Mar.23	Down	Negative	Below	Up	-4	-6
XLP	Neutral	Jan.6	Up	Negative	Above	Down	0	4
XLV	Positive	Jan. 27	Down	Negative	Above	Up	-2	-2
XLU	Neutral	Feb.6	Down	Neutral	Above	Up	0	-2
XLC	Neutral	Jan.18	Up	Neutral	Above	Up	4	0
XLRE	Neutral	Dec.1	Neutral	Positive	Above	Up	4	2
TSX Financial	Neutral	Jan. 8	Neutral	Neutral	Above	Up	2	2
TSX Energy	Neutral	Dec.22	Neutral	Negative	Below	Up	-2	-2
TSX Gold	Neutral	June 14	Up	Negative	Below	Up	0	-2
TSX Tech	Positive	April 3	Up	Positive	Above	Up	6	2
TSX B Metals	Neutral	Nov. 28	Down	Negative	Above	Up	-2	-6

Green: Increase from previous day

Red: Decrease from previous day

Special Report

Don Vialoux was a guest last Thursday on “Wolf on Bay Street”, a weekly radio show hosted by Wolfgang Klein and Jack Hardill. The show on Corus 640 was released at 7:00 PM EST on Saturday. Following are notes created prior to the show.

The year-end rally for North American equity indices continued last week. Historically, the best period to own U.S. and Canadian equities is from the last week in October to the first week in January.

The year-end rally normally occurs in three waves as the Christmas season approaches.

- From Oct. 27th to November 8th, the strongest nine consecutive trading period for the S&P 500 Index during the past 73 years.
- From just before U.S. Thanksgiving holiday to the end of November. This year the U.S. Thanksgiving holiday is earlier than usual: November 23rd. Historically, North American equity markets have moved higher just before and after “Black Friday”, the biggest shopping day of the year. Consumers flock to stores to purchase Christmas bargains. In recent years “Black Friday” has been followed by “Online Monday” when on line Christmas purchases reach their peak.
- From December 15th to January 5th, better known as the Christmas rally. Investors are in a “joyous” mood prior to the Christmas celebration, prompting equity purchases in securities that are expected to benefit from a favourable outlook in the following year. Investment firms support their enthusiasm by releasing yearend reports highlighting their “top picks” for the following year.

What about this year?

- The exceptional period of strength in North American equity markets from October 27th to November 8th arrived on schedule this year. During the period the S&P 500 Index gained 6.5 % and the TSX Composite advanced. 4.2 %.
- Important U.S. economic news released this week prompted an earlier than usual advance by North American equity market prior to the “Black Friday” event. The October Consumer Price Index released on Tuesday was better than consensus. October CPI increased on a year-over-year rate at only a 3.2% rate, down from a 3.7% rate in September. Investors quickly assumed that efforts by the Federal Reserve to further dampen inflation pressures with higher interest rates have been “put on hold”. North American equity markets responded accordingly by moving strongly higher. On Tuesday, S&P 500 gained 1.9% and the TSX Composite advanced.1.6% Next announcement from the Federal Reserve on inflation and interest rates is scheduled on December 13th
- Between now and December 13th investors will focus on “yearend transaction for tax purposes”. Equity investing in 2023 was unusually difficult: With exception to the performance of the “Magnificent Seven” U.S. high tech stocks, U.S. and Canadian equity markets have recorded a “mixed” year. For example the S&P 500 equal weight ETF (Symbol: RSP) has been virtually unchanged year-to-date. Most investors will hold underperforming equities in their portfolio that have not achieved expectations during 2023. They are candidates for “tax loss selling” prior to the end of the year.

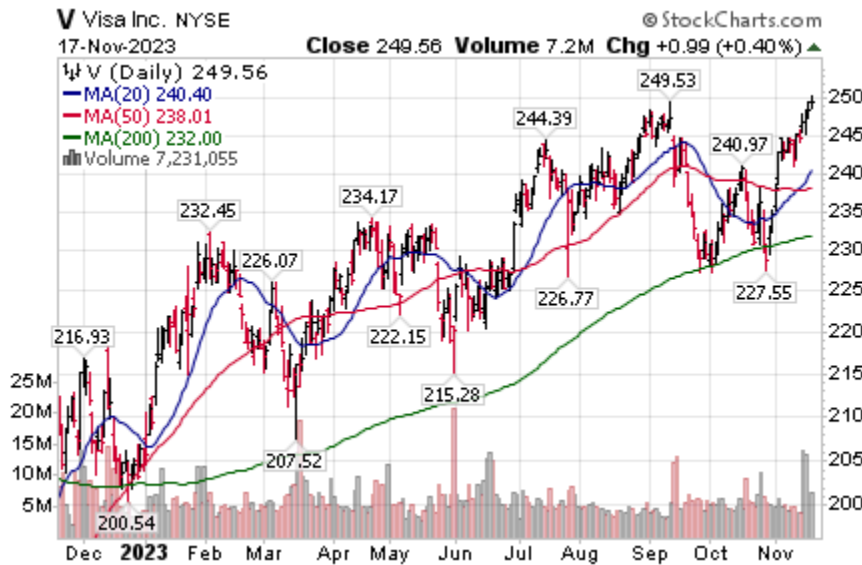
Interesting observation! During the past 20 periods between December 15th and March 7th the TSX Composite Index has outperformed the S&P 500 Index by 5.0%. That's the period when Canadians traditionally contribute to their RRSP and TSFA plans. Funds from these plans frequently are reinvesting into the Canadian equity market, boosting its relative performance.

Technical Notes for Friday

Uranium ETF \$URA moved above \$28.42 to a 10 year high extending an intermediate uptrend



Visa \$V a Dow Jones Industrial Average stock moved above \$249.53 to an all-time high extending an intermediate uptrend. Another good sign that Christmas sales this year could surprise on the upside!



Ross Stores \$ROST a NASDAQ 100 stock moved above \$130.24 to an all-time high extending an intermediate uptrend. Another good sign that Christmas sales could surprise on the upside!



Shopify \$SHOP a TSX 60 stock moved above Cdn\$93.83 extending an intermediate uptrend. Anticipating a favourable Christmas shopping season!



S&P 500 Momentum Barometers



The intermediate term Barometer added 4.60 on Friday and jumped 22.00 last week to 71.40. It changed from Neutral to Overbought on a move above 60.00. Daily trend remains up.



The long term Barometer added 3.20 on Friday and jumped 12.80 last week to 54.20. It remains Neutral. Daily trend remains up.

TSX Momentum Barometers



The intermediate term Barometer added 1.32 on Friday and jumped 14.10 last week to 59.03. It remains Neutral. Daily trend remains up.



The long term Barometer added 2.20 on Friday and advanced 6.17 last week to 43.61. It changed from Oversold to Neutral on a move above 40.00. Daily trend remains up.

Tech Talk is a free service distributed each business day at www.timingthemarket.ca

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