

# Tech Talk for Saturday December 16<sup>th</sup> 2023

## The Bottom Line

**North American equity indices are entering their strongest period of seasonal strength in the year.** According to [www.EquityClock.com](http://www.EquityClock.com) “Santa Claus delivers a positive bias surrounding the end of the year with the traditional rally period spanning from December 15th to January 6th. The average return of the S&P 500 during the approximately three-week span that encompasses the back half of December and the first few days of January is 2.05% and it has seen positive results in 74% of periods over the past five decades” The TSX Composite Index has a similar track record. The Index has gained 85% of the past 33 periods for an average return per period of 2.00%.

**Tom Bowley from [www.StockCharts.com](http://www.StockCharts.com) recently offered a similar seasonality study** focusing on the S&P 500 Index from December 21 to December 31 for the past 72 years. Average daily annualized returns on the S&P 500 since 1950 were as follows:

- December 21: +71.54%
- December 22: +31.82%
- December 23: +16.67%
- December 24: +27.39%
- December 25: Market Closed - Christmas holiday
- December 26: +126.94%
- December 27: +40.72%
- December 28: -10.07%
- December 29: +45.11%
- December 30: +29.78%
- December 31: +38.5%

For the entire Dec 21-31 period, the annualized return of +40.21% is more than 4x the average S&P 500 return of roughly 9% since 1950. S&P 500 prices rarely see a cumulative loss during these final 11 days of the year.

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

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

### **Analysts slightly lowered earnings and revenue estimates to the end of 2024:**

**Earnings estimates for the fourth quarter of 2023 were reduced slightly.** Fourth quarter earnings are expected to increase 2.4% (versus previous increase of 2.7%). Fourth quarter revenues are expected to increase 3.1% (versus previous increase of 3.2%). For all of 2023, consensus calls for an earnings increase of 0.6% (versus previous increase of 0.7%). Revenues are expected to increase 2.3%.

**The recovery becomes more apparent in the first quarter of 2024 and accelerates as the year progress.** Consensus for the first quarter on a year-over-year basis calls for an earnings increase of 6.2 % (versus previous increase of 6.8%) and a revenue increase of 4.3% (versus previous increase of 4.4%). Consensus for the second quarter calls for a 10.5% earnings increase (versus previous increase at 10.8%) and a 5.2% increase in revenues (versus previous increase of 5.0%). Consensus for the third quarter calls for an 8.7% increase in earnings (versus previous increase of 9.0%) and a 5.2% increase in revenues. Consensus for the fourth quarter calls for an 18.1% increase in earnings (versus previous increase of 18.2%) and a 5.8% increase in revenues (versus previous increase of 5.7%). For 2024, consensus calls for an 11.5% increase in earnings (versus a previous increase of 11.8%) and a 5.5% increase in revenues (versus a previous increase of 5.5%)

## Economic News This Week

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

**U.S. November New Home Starts** released at 8:30 AM EST on Tuesday are expected to ease to 1.360 million units from 1.472 million units in October.

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

**U.S. November Existing Home Sales** released at 10:00 AM EST on Wednesday are expected to slip to 3.78 million units from 3.79 million units in October.

**Update on U.S. third quarter real GDP** released at 8:30 AM EST on Thursday is expected to remain unchanged at annualized growth at a 5.2%.

**December Philly Fed** released at 8:30 AM EST on Thursday is expected to improve to -3.0 from -5.9 in November

**Canadian October Retail Sales** are released at 8:30 AM EST on Thursday.

**U.S. November Leading Economic Indicators** released at 10:00 AM EST on Thursday are expected to drop 0.4% versus a drop of 0.8 in October.

**November Durable Goods Orders** released at 8:30 AM EST on Friday are expected to increase 1.7% versus a decline of 5.4% in October

**November PCE Price Index** is released at 8:30 AM EST on Friday Also, **November Core PCE Price Index** is released.

**November Personal Spending** released at 8:30 AM EST on Friday is expected to increase 0.4% versus a gain of 0.2% in October. **November Personal Income** is expected to increase 0.2% versus a gain of 0.2% in October.

**October Canadian GDP** released at 8:30 AM EST on Friday is expected to increase 0.2% versus a gain of 0.1% in September.

**December Michigan Consumer Sentiment** released at 10:00 AM EST on Friday is expected to increase to 69.4 from 61.3 in November.

**U.S. November New Home Sales** released at 10:00 AM EST on Friday are expected to increase to 695,000 units from 679,000 units in October.

## Selected Earnings News This Week

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

**Tuesday:** Accenture, FedEx

**Wednesday:** Micron, General Mills, Carnival, Blackberry

**Thursday:** Nike, Paychex, American Airlines

## 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  
 Examples: TSX score is 0 -2 +1 +1 = 0 DJIA score is 2 +2 +1 +1 = 6

### Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for Dec.15<sup>th</sup> 2023

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day Momentum MA	Tech Score	Score Last Week
SPX	Positive	Jan.18	Up	Neutral	Above Up	4	2
TSX	Positive	Mar.7	Neutral	Negative	Above Up	0	0
DJIA	Positive	Jan. 4	Up	Positive	Above Up	6	4
COMPQ	Positive	Jan.5	Up	Positive	Above Up	6	2
IYT	Neutral	Aug.27	Neutral	Positive	Above Up	4	2
AORD	Positive	Jan.4	Up	Neutral	Above Up	4	4
NIKK	Positive	Jan.4	Up	Negative	Below Up	0	-2
IEV	Positive	Apr.30	Up	Neutral	Above Up	4	4
FXI	Positive	Jan.12	Down	Negative	Below Up	-4	-6
EEM	Positive	Mar.1	Up	Negative	Above Up	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 Dec.15<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	Down	Negative	Below	Up	-4	-6
Gasoline	Neutral	Mar.30	Down	Negative	Above	Up	-2	-6
Crude Oil	Neutral	Jan.20	Down	Negative	Below	Up	-4	-6
Natural Gas	Neutral	April 1	Down	Negative	Below	Up	-4	-4
S&P Energy	Neutral	Mar.23	Down	Negative	Above	Up	-2	-6
Oil Services	Neutral	Dec.28	Down	Neutral	Above	Up	0	-6
Gold	Neutral	Dec. 23	Up	Negative	Above	Up	2	2
Silver	Positive	Mar.5	Up	Negative	Below	Up	0	0
Gold Bug	Positive	Feb.26	Up	Neutral	Above	Up	4	2
Platinum	Positive	Mar.1	Up	Neutral	Above	Up	4	-2
Palladium	Positive	Mar.3	Up	Positive	Above	Up	6	-4
Copper	Positive	Mar. 5	Down	Negative	Above	Up	-2	-2
Agriculture	Positive	Feb.8	Down	Neutral	Above	Up	4	-6

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Red: Decrease from previous day

## Sectors

### Daily Seasonal/Technical Sector Trends for Dec.15<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	Up	Neutral	Above	Up	4	4
XLB	Positive	Jan.1	Up	Positive	Above	Up	6	0
XLI	Neutral	Aug.26	Up	Positive	Above	Up	6	4
XLY	Positive	Jan.3	Up	Positive	Above	Up	6	4
XLF	Neutral	July 7	Up	Positive	Above	Up	6	4
XLE	Neutral	Mar.23	Down	Negative	Above	Up	-2	-6
XLP	Neutral	Jan.6	Up	Negative	Above	Down	0	0
XLV	Positive	Jan. 27	Up	Neutral	Above	Down	2	2
XLU	Neutral	Feb.6	Up	Negative	Above	Down	0	2
XLC	Neutral	Jan.18	Up	Negative	Above	Up	2	2
XLRE	Positive	Apr.3	Neutral	Positive	Above	Up	4	2
TSX Financial	Neutral	Jan. 8	Up	Positive	Above	Up	6	4
TSX Energy	Neutral	Dec.22	Down	Negative	Below	Up	-4	-6
TSX Gold	Neutral	June 14	Up	Neutral	Above	Up	4	0
TSX Tech	Positive	April 3	Up	Neutral	Above	Up	4	4
TSX B Metals	Positive	Feb.17	Up	Positive	Above	Up	6	4

Green: Increase from previous day

Red: Decrease from previous day

# Technical Notes for Friday

**NASDAQ 100 Trust Units** **QQQ** moved above \$403.43 to an all-time high extending an intermediate uptrend.



**American Express** **\$AXP** a Dow Jones Industrial Average stock moved above \$180.12 extending an intermediate uptrend.



# S&P 500 Momentum Barometers



The intermediate term Barometer slipped 2.20 on Friday, but added 4.60 last week to 87.60. It remains Overbought.



The long term Barometer dropped 3.00 on Friday, but added 8.60 last week to 75.00. It remains Overbought.

# TSX Momentum Barometers



The intermediate term Barometer dropped 6.17 on Friday and slipped 1.77 last week to 70.04. It remains Overbought.



The long term Barometer dropped 5.29 on Friday, but added 2.20 last week to 52.42. It remains Neutral.

Tech Talk is a free service distributed each business day at [www.timingthemarket.ca](http://www.timingthemarket.ca)

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