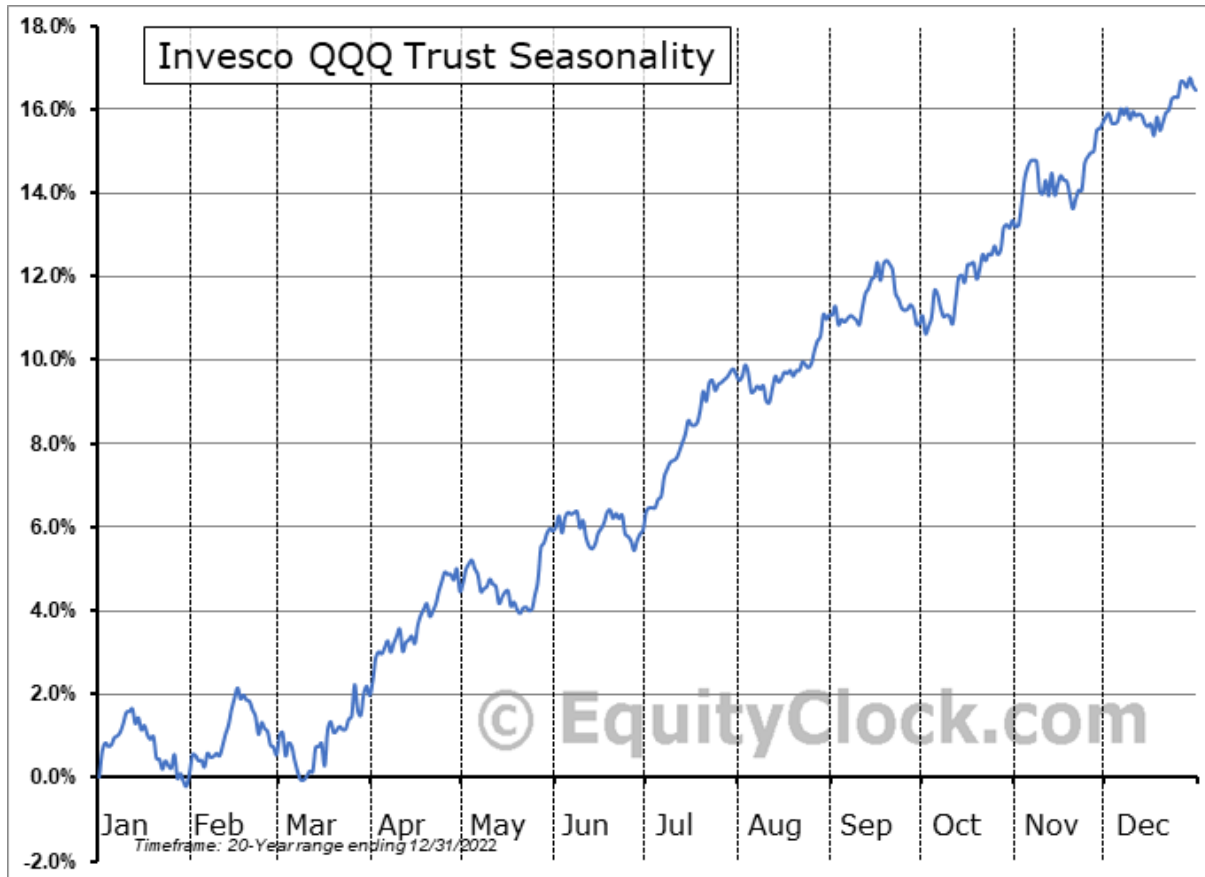


Tech Talk for Saturday January 6th 2024

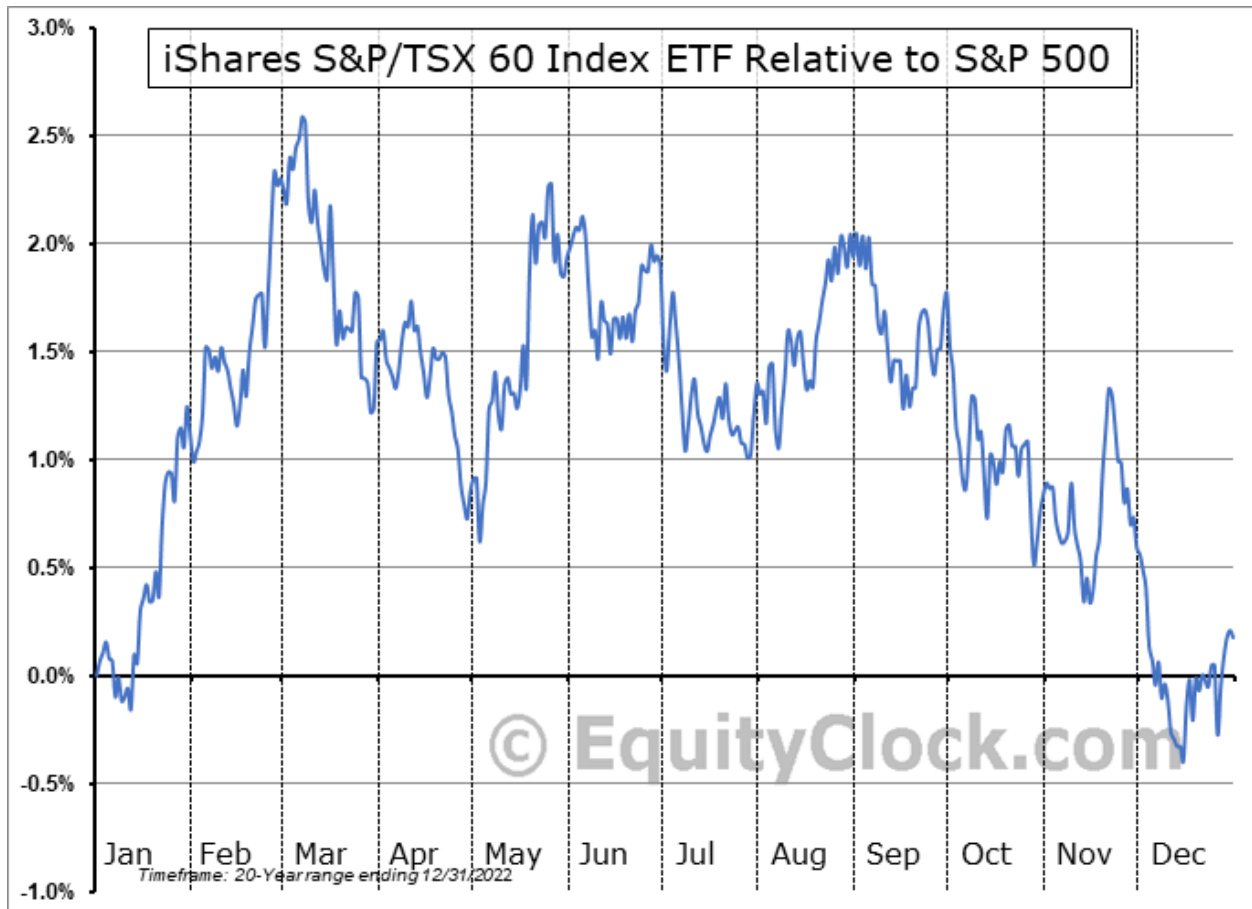
The Bottom Line

Time for a pause in performance by U.S. equity markets into mid-March, most notably by the tech heavy NASDAQ Index and related ETFs! Thereafter, look for strength to the end of 2024 supported by accelerating earnings gains and a history of rising U.S. indices during the fourth year of the U.S. Presidential election cycle



U.S. equity indices are overbought based on percent of S&P 500 stocks trading above their 50 and 200 day moving averages **and are vulnerable to a shallow correction into March.** See S&P 500 Momentum Barometers at the end of this report.

This is the time of the year when ownership of Canadian equities relative to U.S. equities has been more profitable! The TSX 60 Index and its related ETFs (eg.XIU.TO) have a history of significantly outperforming the S&P 500 Index between mid-December and the first week in March. Outperformance is partially related to traditional annual contributions by Canadians into RRSP and TSFA accounts prior to the end of February (February 29th this year).



TSX 60 Index and related ETFs have just started to outperform the S&P 500 Index, a technical sign that the seasonal trade favouring Canadian equity indices and related ETF to early March has started on schedule.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Since our last report on December 18th, Analysts slightly lowered earnings and revenue estimates to the fourth quarter of 2023 and the first quarter of 2024. Thereafter to the end of 2024, estimates were virtually unchanged from previous estimates: They show accelerating earnings gains with only slight modifications to previous estimates

Earnings estimates for the fourth quarter of 2023 were reduced slightly. Fourth quarter earnings are expected to increase 1.3% on a year-over-year basis (versus previous increase of 2.4% on December 18th). Fourth quarter revenue estimates are unchanged with a 3.1% increase.

The earnings recovery first surfaces in the first quarter of 2024, but at a slightly lower than previous rate. Consensus for the first quarter on a year-over-year basis calls for an earnings increase of 6.0 % (versus previous increase of 6.2%) and a revenue increase of 4.1% (versus previous increase of 4.3%).

Earnings gains accelerate thereafter to the end of 2024. Consensus for the second quarter calls for a 10.6% earnings increase (versus previous increase at 10.5%) and a 5.0% increase in revenues (versus previous increase of 5.2%). Consensus for the third quarter calls for an 8.6% increase in earnings (versus previous increase of 8.7%) and a 5.3% increase in revenues (versus previous 5.2% increase). Consensus for the fourth quarter calls for a 19.0% increase in earnings (versus previous increase of 18.1%) and a 5.8% increase in revenues. For all of 2024, consensus calls for an 11.8% increase in earnings (versus a previous increase of 11.5%) and a 5.5% increase in revenues.

Economic News This Week

Source: www.Investing.com

November U.S. Trade Deficit released at 8:30 AM EST on Tuesday is expected to increase to \$64.50 billion from \$64.30 billion in October.

November Canadian Trade is released at 8:30 AM EST on Tuesday.

December U.S. Consumer Price Index released at 8:30 AM EST on Thursday is expected to increase 0.2% versus a gain of 0.1% in November. **Excluding food and energy**, December CPI is expected to increase 0.3% versus a gain of 0.3% in November.

December U.S. Producer Price Index released at 8:30 AM EST on Friday is expected to increase 0.2% versus no change in November. **Excluding food and energy**, December PPI is expected to be up 0.2% versus no change in December.

Selected Earnings News This Week

Source: www.Investing.com

Eight S&P 500 companies (including two Dow Jones Industrial Average companies) are scheduled to release quarterly results this week. No TSX 60 companies are scheduled.

Wednesday: KB Homes

Thursday: Delta Airlines

Friday: UnitedHealth Group, JP Morgan, Bank of America, Wells Fargo, BlackRock, Citigroup, Bank of New York Mellon.

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

Example: S&P 500 score is $2 + 0 - 1 - 1 = 0$, down from +4 last week when the Index dropped below its 20 day moving average and daily momentum indicators changed from up to down.

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for Jan.5th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day Momentum MA	Tech Score	Score Last Week	
SPX	Positive	Jan.18	Up	Neutral	Below	Down	0	4
TSX	Positive	Mar.7	Up	Positive	Above	Down	4	4
DJIA	Neutral	Mar.14	Up	Positive	Above	Down	4	4
COMPQ	Neutral	Mar.14	Up	Negative	Below	Down	-2	6
IYT	Neutral	Aug.27	Neutral	Negative	Below	Down	-4	0
AORD	Neutral	Mar.14	Up	Positive	Above	Down	4	6
NIKK	Neutral	Mar.14	Up	Neutral	Above	Up	4	2
IEV	Positive	Apr.30	Up	Neutral	Above	Down	2	4
FXI	Positive	Jan.12	Down	Neutral	Below	Down	-4	0
EEM	Positive	Mar.1	Up	Positive	Above	Down	4	4

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 Jan 5th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Neutral	Jan.14	Down	Neutral	Above	Down	-2	-6
Gasoline	Neutral	Mar.30	Down	Neutral	Above	Down	-2	-4
Crude Oil	Neutral	Jan.20	Down	Negative	Above	Down	-4	-4
Natural Gas	Neutral	April 1	Down	Positive	Above	Up	2	0
S&P Energy	Neutral	Mar.23	Down	Neutral	Above	Down	-2	-2
Oil Services	Positive	Apr.24	Down	Neutral	Above	Down	-2	-2
Gold	Positive	Apr 27	Up	Neutral	Above	Down	2	4
Silver	Positive	Mar.5	Up	Negative	Below	Down	-2	-2
Gold Bug	Positive	Feb.26	Up	Neutral	Below	Down	0	2
Platinum	Positive	Mar.1	Up	Positive	Above	Down	4	6
Palladium	Positive	Mar.3	Up	Negative	Below	Down	-2	4
Copper	Positive	Mar. 5	Up	Negative	Below	Down	-2	2
Agriculture	Positive	Feb.8	Up	Positive	Above	Down	4	6

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for Jan.5th 2024

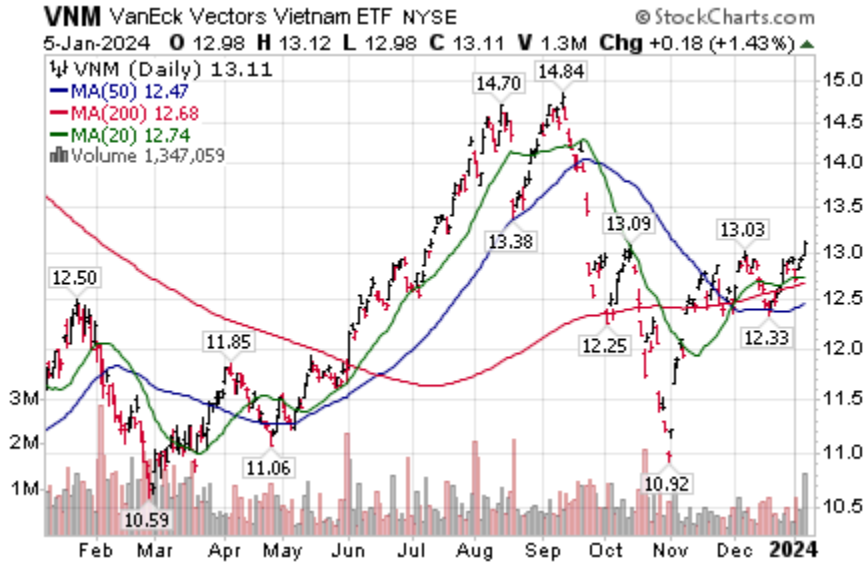
Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
XLK	Neutral	Apr.13	Up	Negative	Below	Down	-2	2
XLB	Neutral	Oct.1	Up	Positive	Above	Down	4	4
XLI	Neutral	Aug.26	Up	Neutral	Below	Down	0	6
XLY	Neutral	Aug.7	Up	Negative	Below	Down	-2	2
XLF	Neutral	July 7	Up	Positive	Above	Up	6	6
XLE	Neutral	Mar.23	Neutral	Neutral	Above	Up	2	0
XLP	Positive	May 24	Up	Positive	Above	Down	2	0
XLV	Positive	Jan. 27	Up	Positive	Above	Up	6	4
XLU	Neutral	Feb.6	Up	Positive	Above	Up	6	2
XLC	Neutral	Jan.18	Up	Positive	Above	Down	4	4
XLRE	Positive	Apr.3	Neutral	Positive	Below	Down	0	4
TSX Financial	Neutral	Jan. 8	Up	Positive	Above	Down	4	6
TSX Energy	Positive	Apr.12	Down	Neutral	Above	Up	0	-4
TSX Gold	Neutral	June 14	Up	Negative	Below	Down	-2	0
TSX Tech	Positive	April 3	Up	Negative	Below	Down	-2	2
TSX B Metals	Positive	Feb.17	Up	Positive	Above	Down	4	4

Green: Increase from previous day

Red: Decrease from previous day

Technical Notes from Friday

Vietnam ETF \$VNM moved above \$13.03 and \$13.09 completing a reverse Head & Shoulders pattern.



Keurig Dr. Pepper \$KDP an S&P 100 stock moved below \$31.60 completing a double top pattern.



AT&T \$T an S&P 100 stock moved above \$17.34 extending an intermediate uptrend.



Verizon \$VZ an S&P 100 stock moved above \$39.91 extending an intermediate uptrend.



Toronto Dominion Bank \$TD.TO a TSX 60 stock moved above \$86.05 extending an intermediate uptrend.



Gildan Activewear \$GIL.TO a TSX 60 stock moved below Cdn\$42.55 setting an intermediate downtrend.



S&P 500 Momentum Barometers



The intermediate term Barometer slipped 0.80 on Friday and dropped 1.80 last week to 88.20. It remains Overbought. Daily data shows early signs of a peak.



The long term Barometer added 1.00 on Friday, but slipped 1.00 last week to 77.40. It remains Overbought. Daily data shows early signs of a peak.

TSX Momentum Barometers



The intermediate term Barometer added 1.78 on Friday, but dropped 4.45 last week to 70.22. It remains Overbought. Daily data has rolled over.



The long term Barometer slipped 0.89 on Friday and dropped 2.66 last week to 57.78. It changed from Overbought to Neutral on a move below 60.00. Daily data has rolled over.

Tech Talk is a free service distributed 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