

Tech Talk for Saturday February 10th 2024

The Bottom Line

Headline reads “S&P 500 Index closes at an all-time high”. The “Magnificent Four” (Microsoft, Amazon, Meta and Nvidia), recently narrowed down from the “Magnificent Seven”, continued to move higher. Their extraordinary overweight in the S&P 500 Index and the NASDAQ 100 Index was the main reason why all-time highs were reached on Friday. Other broadly based U.S. equity indices (e.g. Russell 2000 Index, S&P 500 Equal Weight Index, Dow Jones Transportation Average) remain significantly below their all-time highs set in December 2021.

Ditto for the TSX Composite Index and its related TSX 60 Index! Both reached their all-time highs in the first quarter of 2022.

Note intermediate and long term momentum scores for the S&P 500 stocks and TSX Composite stocks at the end of this report. Their scores continue to roll over from Overbought levels. That does not mean that S&P 500 Index and TSX Composite Index will move lower. It does mean that intermediate upside potential for North American equities is limited. Short term performance will continue to depend on a small number of big cap U.S. equity securities.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Earnings estimates for the fourth quarter of 2023 were raised again thanks to increased estimates by analysts for the “Magnificent Four” companies following release of their better-than expected fourth quarter results. Sixty seven percent of S&P 500 companies have reported to date. Fourth quarter earnings now are expected to increase 2.9% on a year-over-year basis (versus an increase last week of 1.6%). Estimate for fourth quarter revenues was increased to a gain of 3.9% from a gain of 3.5% last week.

A significant earnings recovery by S&P 500 companies first surfaces in the first quarter of 2024, but at a slightly lower than a previous rate. Consensus for the first quarter on a year-over-year basis calls for an earnings increase of 4.0% (versus increase last week of 4.5%) and a revenue increase of 3.6% (unchanged)

Earnings gains accelerate thereafter to the end of 2024, all-be-it at a slower pace. Consensus for the second quarter calls for a 9.1% earnings increase (versus a 9.4% increase last week) and a 4.8% increase in revenues (versus a 4.7% last week). Consensus for the third quarter calls for an 8.1% increase in earnings (versus previous 8.0% increase) and a 5.0% increase in revenues (versus a 4.7% increase last week). Consensus for the fourth quarter calls for a 17.7% increase in earnings (versus previous 19.0% increase) and a 5.6% increase in revenues. For all of 2024, consensus calls for a 10.9% increase in earnings (versus previous 11.2% increase) and a 5.4% increase in revenues.

Economic News This Week

Source: www.Investing.com

January U.S. Consumer Price Index released at 8:30 AM EST on Tuesday is expected to increase 0.2% versus a gain of 0.2% in December. On a year-over-year basis January CPI is expected to increase 3.0% versus a gain of 3.3% in December. January Consumer Price Index excluding food and energy is expected to increase 0.3% versus a gain of 0.3% in December. On a year-over-year basis January core CPI is expected to increase 3.8% versus a gain of 3.9% in December.

January U.S. Retail Sales ex auto sales released at 8:30 AM EST on Thursday are expected to increase 0.2% versus a gain of 0.4% in December.

February Philly Fed Index released at 8:30 AM EST on Thursday is expected to improve to -8.0 from -10.6 in January.

February Empire State Manufacturing Survey released at 8:30 AM EST on Thursday is expected to improve to -12.50 from -43.70 in January.

January U.S. Capacity Utilization released at 9:15 AM EST on Thursday is expected to increase to 78.8 from 78.6 in December. **January Industrial Production** is expected to increase 0.3% versus a gain of 0.1% in December.

December U.S. Business Inventories released at 10:00 AM EST on Thursday are expected to increase 0.3% versus a decline of 0.1% in November.

January U.S. Producer Price Index released at 8:30 AM EST on Friday are expected to increase 0.1% versus a decline of 0.1% in December. Excluding food and energy, January PPI is expected to increase 0.1% versus unchanged in December. On a year-over-year basis core PPI is expected to increase 1.7% versus a gain of 1.8% in December.

February Michigan Consumer Sentiment released at 10:00 AM EST on Friday is expected to increase to 80.0 from 79.0 in January.

Selected Earnings News This Week

Source: www.Investing.com

Monday: Waste Management, Goodyear Tire

Tuesday: Coca Cola, Shopify, Marriott International, AIG, Waste Connection, Restaurant Brands International, Molson Coors, Hasbro, AutoNation

Wednesday: Cisco, Occidental Petroleum, Kraft Heinz, Manulife Financial, Barrick Gold, CAE

Thursday: Applied Materials, Deere, Southern Companies, Ingersoll-Rand, Cenovus, Agnico-Eagle, Wendy's

Friday: TC Energy

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: Score on TSX increased on Friday from +2 -2 -1 - 1 = -2 to + 2 - 2 +1 -1 = +0 when the Index moved above its 20 day moving average

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for Feb.9th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day Momentum MA		Tech Score	Score Last Week
SPX	Neutral	Mar.14	Up	Neutral	Above	Up	4	2
TSX	Positive	Mar.7	Up	Negative	Above	Down	0	0
DJIA	Neutral	Mar.14	Up	Negative	Above	Up	2	2
COMPQ	Neutral	Mar.14	Up	Positive	Above	Up	6	2
IYT	Neutral	Aug.27	Up	Positive	Above	Up	6	-2
AORD	Neutral	Mar.14	Up	Negative	Above	Up	2	4
NIKK	Neutral	Mar.14	Up	Neutral	Above	Up	4	2
IEV	Positive	Apr.30	Up	Negative	Above	Down	0	0
FXI	Neutral	Sept.26	Up	Neutral	Above	Up	4	-6
EEM	Positive	Mar.1	Neutral	Neutral	Above	Up	2	-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 Feb.9th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Positive	June 11	Up	Neutral	Above	Up	4	2
Gasoline	Neutral	Mar.30	Up	Positive	Above	Up	6	-2
Crude Oil	Positive	Apr. 12	Up	Neutral	Above	Up	4	0
Natural Gas	Neutral	Apr 1	Down	Negative	Below	Down	-6	-6
S&P Energy	Neutral	Mar.23	Down	Neutral	Above	Up	0	-2
Oil Services	Positive	Apr.24	Down	Negative	Below	Up	-4	-6
Gold	Positive	Apr 27	Up	Negative	Above	Down	0	4
Silver	Positive	Mar.5	Down	Negative	Below	Down	-6	4
Gold Bug	Positive	Feb.26	Neutral	Negative	Below	Down	-4	-2
Platinum	Positive	Mar.1	Down	Negative	Below	Down	-6	-2
Palladium	Positive	Mar.3	Down	Negative	Below	Down	-6	-4
Copper	Positive	Mar. 5	Down	Negative	Below	Down	-6	0
Agriculture	Neutral	Nov.10	Neutral	Negative	Below	Down	-4	-2

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for Feb.9th 2024

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	Neutral	Oct.1	Down	Negative	Above	Up	-2	2
XLI	Neutral	Aug.26	Up	Neutral	Above	Up	4	4
XLY	Neutral	Aug.7	Up	Neutral	Above	Up	4	2
XLF	Neutral	July 7	Up	Negative	Above	Down	0	2
XLE	Neutral	Mar.23	Down	Neutral	Above	Down	-2	-2
XLP	Positive	May 24	Up	Negative	Above	Down	0	4
XLV	Neutral	Mar.20	Up	Neutral	Above	Up	4	4
XLU	Positive	July 2	Down	Negative	Below	Down	-6	-4
XLC	Positive	June 2	Up	Positive	Above	Down	4	6
XLRE	Positive	Apr.3	Neutral	Negative	Below	Up	-2	-4
TSX Financial	Positive	Apr.18	Up	Negative	Below	Down	-2	-2
TSX Energy	Positive	Apr.12	Down	Neutral	Below	Up	-2	-6
TSX Gold	Neutral	June 14	Down	Negative	Below	Down	-6	-2
TSX Tech	Positive	April 3	Up	Positive	Above	Up	6	4
TSX B Metals	Positive	Feb.17	Up	Negative	Below	Down	-2	-2

Green: Increase from previous day

Red: Decrease from previous day

Technical Notes for Friday

Chevron \$CVX an S&P 100 stock moved above \$154.35 resuming an intermediate uptrend.



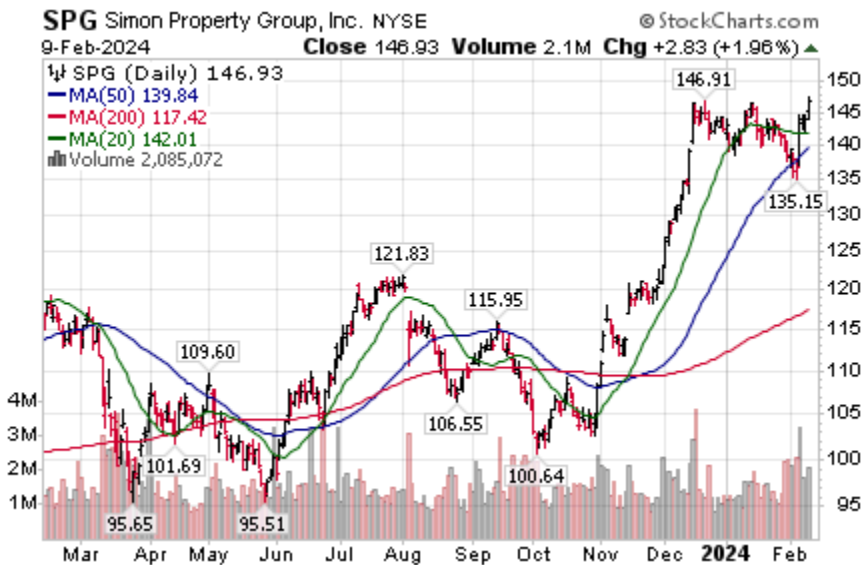
Synopsis \$SNPS a NASDAQ 100 stock moved above \$573.77 to an all-time high extending an intermediate uptrend.



Kinross Gold a TSX 60 stock moved below Cdn\$5.30 and US\$7.14 completing a Head & Shoulders pattern.



Simon Property \$SPG an S&P 100 stock moved above \$146.91 extending an intermediate uptrend.



S&P 500 Momentum Barometers



The intermediate term Barometer slipped 1.80 on Friday and dropped 3.40 last week to 63.00. It remains Overbought. Daily trend remains down.



The long term Barometer was unchanged on Friday and dropped 1.80 last week to 70.80. It remains Overbought. Daily trend remains down.

TSX Momentum Barometers



The intermediate term Barometer added 2.67 on Friday, but dropped 9.34 last week to 53.33. It changed from Overbought to Neutral on a drop below 60.00. Daily trend remains down.



The long term Barometer slipped 1.33 on Friday and dropped 6.22 last week to 56.89. It changed from Overbought to Neutral on a drop below 60.00, Daily trend remains down.

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

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