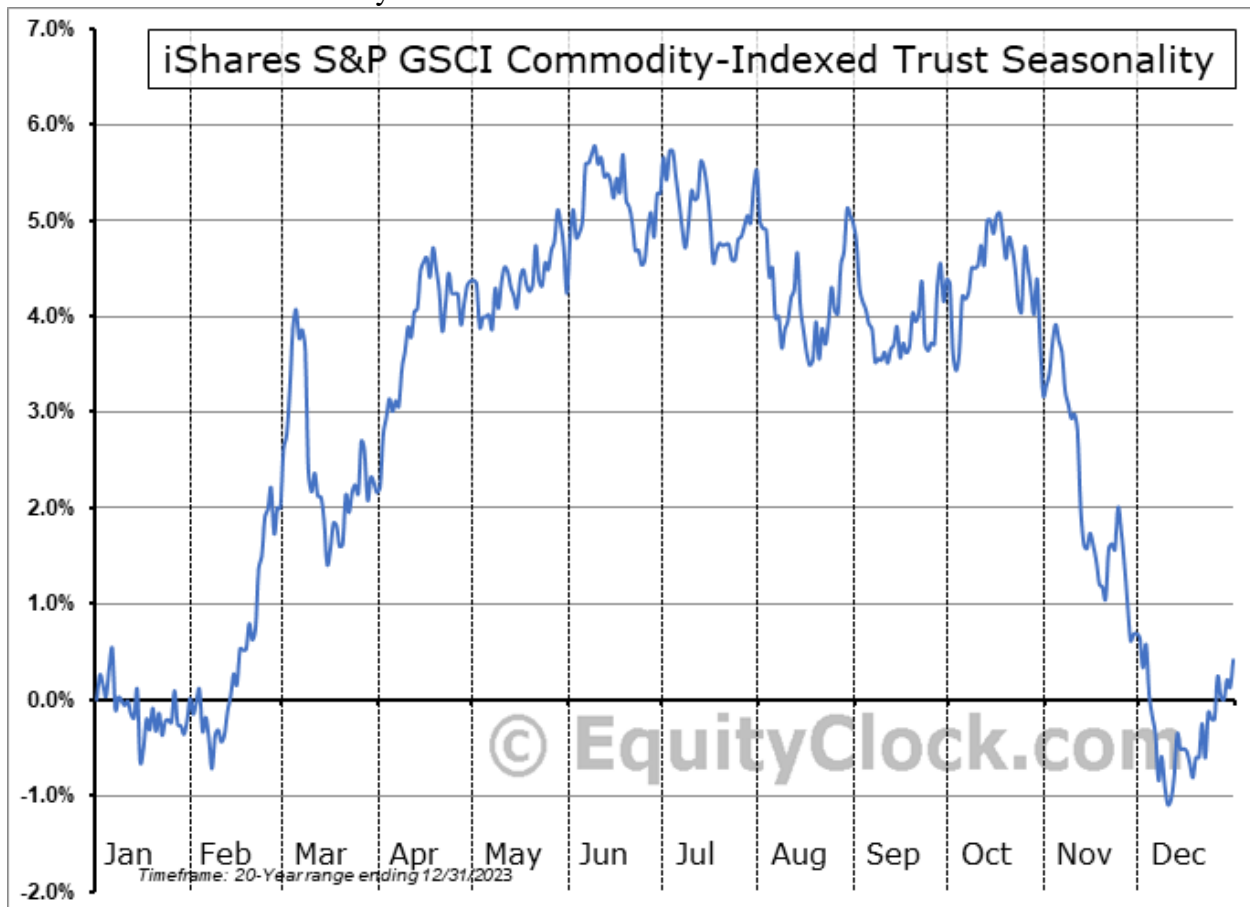


Tech Talk for Saturday March 16th 2024

The Bottom Line

Focus this week is on the Fed Fund Rate update released at 2:00 PM EDT on Wednesday. U.S. equity markets traded in a narrow range last week prior to the news. Consensus is that the FOMC will maintain the rate at 5.25%-5.50%. Comments following the 2:00 PM statement will be examined carefully to assess when the Rate will move lower. The “hotter than expected” February Consumer Price Index and the February Producer Price Index released last week hinted that a reduction in the Rate will not happen anytime soon. Indeed, both indices appeared to have passed an intermediate low point on the charts and are vulnerable to resuming an intermediate uptrend. Note that recent increases in commodity prices last week will begin to register in March CPI and PPI when next announced in mid-April.

Industrial commodities and related ETFs/shares significantly outperformed North American equity markets last week. Industrial commodity ETN (Symbol: GSG) advanced 3% led by strength in base metal and crude oil prices. ‘Tis the season for GSG to move higher between mid-March and early June!



Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Analysts slightly reduced estimates for the first quarter of 2024. Consensus on a year-over-year basis calls for an earnings increase of 3.3% (versus a 3.4% increase last week). Revenues are expected to increase 3.5%.

Earnings gains accelerate thereafter to the end of 2024. Consensus for the second quarter calls for a 9.1% earnings increase (versus a 9.0% increase last week) and a 4.6% increase in revenues. Consensus for the third quarter calls for an 8.3% increase in earnings (versus a previous 8.2% increase) and a 5.1% increase in revenues. Consensus for the fourth quarter calls for a 17.3% increase in earnings (versus a previous 17.2% increase) and a 5.8% increase in revenues (versus previous 5.7% increase). For all of 2024, consensus calls for an 11.0% increase in earnings and a 5.0% increase in revenues.

Preliminary estimates were offered for fiscal 2025. Consensus calls for a 13.2% earnings increase and a 5.9% revenue increase (versus previous 5.8% increase).

Economic News This Week

Source: www.Investing.com

February U.S. Housing Starts released at 8:30 AM EDT on Tuesday are expected to increase to 1.420 million units from 1.331 million units in January.

Canadian February Consumer Price Index is released at 8:30 AM EDT

FOMC Decision on the Fed Fund Rate is released at 2:00 PM EDT on Wednesday. Consensus calls for no change from the current 5.25%-5.50% rate. Press conference is offered at 2:30 PM EDT

Bank of England's Bank Rate decision released at 8:00 AM EDT on Thursday is expected to remain unchanged at 5.25%.

March Philly Fed is released at 8:30 AM EDT on Thursday

February Exiting Home Sales released at 10:00 AM EDT on Thursday are expected to slip to 3.94 million units from 4.00 million units in January

February Leading Economic Indicators are released at 10:00 AM EDT on Thursday

January Canadian Retail Sales are released at 8:30 AM EDT on Friday.

Selected Earnings News This Week

Source: www.Investing.com

Wednesday: Micron, Couche Tard, General Mills, KB Homes

Thursday: Accenture, Nike, FedEx, Lulu lemon, Darden Restaurants, Carnival.

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, technical score on the Dow Jones Industrial Average dropped on Friday from +2 to -2 when the Average moved below its 20 day moving average and daily momentum indicators changed from Up to Down. Score dropped from +2 -2 +1 +1= +2- to +2 -2 -1 -1 = -2

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for March 15th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Positive	May 2	Up	Neutral	Above	Down	2	
TSX	Neutral	Dec.15	Up	Positive	Above	Down	4	
DJIA	Positive	May 2	Up	Negative	Below	Down	-2	
COMPQ	Positive	Apr.30	Up	Negative	Below	Down	-2	
IYT	Neutral	Aug.27	Up	Negative	Below	Down	-2	
AORD	Positive	May 2	Up	Negative	Above	Down	0	
NIKK	Positive	Apr.30	Up	Negative	Below	Down	-2	
IEV	Positive	Apr.30	Up	Positive	Above	Down	4	
FXI	Positive	Apr.15	Up	Neutral	Above	Down	2	
EEM	Neutral	Nov.29	Up	Neutral	Above	Down	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 March 15th 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Scpre Last Week
CRB Index	Positive	June 11	Up	Positive	Above	Up	6	
Gasoline	Neutral	Mar.30	Up	Neutral	Above	Up	4	
Crude Oil	Positive	Apr. 12	Up	Positive	Above	Up	6	
Natural Gas	Neutral	Apr 1	Down	Neutral	Below	Down	-4	
S&P Energy	Neutral	Mar.23	Up	Positive	Above	Up	6	
Oil Services	Positive	Apr.24	Up	Positive	Above	Up	6	
Gold	Positive	Apr 27	Up	Positive	Above	Down	4	
Silver	Neutral	Dec.28	Neutral	Positive	Above	Up	4	
Gold Bug	Neutral	June 15	Neutral	Positive	Above	Down	2	
Platinum	Neutral	Dec.24	Neutral	Positive	Above	Up	2	
Palladium	Neutral	Nov.28	Up	Positive	Above	Up	6	
Copper	Positive	Apr.20	Up	Positive	Above	Up	6	
Agriculture	Neutral	Nov.10	Neutral	Neutral	Above	Down	0	

Green: Increase from previous day

Red: Decrease from previous day

Sectors Daily Seasonal/Technical Sector Trends for March 15th 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	
XLB	Neutral	Oct.1	Up	Positive	Above	Down	4	
XLI	Neutral	Aug.26	Up	Neutral	Above	Down	2	
XLY	Neutral	Aug.7	Up	Negative	Below	Down	-2	
XLF	Neutral	July 7	Up	Neutral	Above	Down	2	
XLE	Neutral	Mar.23	Up	Positive	Above	Up	6	
XLP	Positive	May 24	Up	Neutral	Above	Down	2	
XLV	Neutral	Mar.20	Up	Negative	Below	Down	-2	
XLU	Positive	July 2	Down	Neutral	Above	Down	-2	
XLC	Positive	June 2	Up	Negative	Below	Down	-2	
XLRE	Positive	Apr.3	Neutral	Neutral	Below	Down	-2	
TSX Financial	Neutral	July 12	Up	Neutral	Above	Down	2	
TSX Energy	Positive	Apr.12	Up	Positive	Above	Up	6	
TSX Gold	Neutral	June 14	Neutral	Positive	Above	Down	2	
TSX Tech	Positive	April 3	Up	Neutral	Above	Up	4	
TSX B Metals	Neutral	Oct.4	Up	Positive	Above	Up	6	

Green: Increase from previous day

Red: Decrease from previous day

Tech Talk's intermediate outlook for equity markets

Don Vialoux was a guest on "Wolf on Bay Street" released at 7:00 PM EDT on Corus Radio 640 on Saturday. The interview was completed on Thursday. Following are notes developed for the interview:

A word of caution on North American equity markets: They are overbought based on a wide variety of technical and economic indicators:

- Percent of S&P 500 and TSX Composite Index trading above their 50 and 200 day moving average are above 70%.
- Valuation of the S&P 500 Index is elevated above historic levels. The Index is trading at a Price/Earnings multiple above 21 times its 2024 earnings estimate versus the long term average multiple at 15 times.
- The Federal Reserve and Bank of Canada remain concerned about high inflation rates and are unlikely to lower administered interest rates "any time soon." Their actions have hampered prospects for economic growth until at least late this year. More comments on interest rates are scheduled to be released by the Federal Reserve next Wednesday.

Better to look outside of North America for equity market gains into late this year. Equity markets outside of North America are trading at much lower price/earnings multiples. In addition upside potential is not limited by tightening monetary policy by the Federal Reserve and Bank of Canada. Equity markets outside of North America are poised to move higher into the second half of 2024 prompted by rising economic growth.

Far East equity markets particularly have more potential than North American equity markets into this fall. Far East economies experiencing accelerated economic growth this year include Japan, South Korea, Taiwan, Indonesia and India. In addition, the Chinese economy finally is showing early signs of recovery from a recession.

Technical action for Far East country Exchange Traded Funds has been encouraging recently: During the past week, China big cap iShares (Symbol: FXI) completed a reverse Head & Shoulders pattern, India iShares (Symbol: INDA) broke to an all-time high, South Korea iShares (Symbol: EWY) broke to a two year high and Taiwan iShares (Symbol: EWT) broke to a two year high. Equivalent Exchange Traded Funds in Canadian Dollars recorded similar gains.

Investors can take advantage of the recovery in Asia by owning Exchange Traded Funds representing Asia (e.g. Asia iShares: AIA) as well as Exchange Traded Funds available for each of the Far East countries.

An indirect way for Canadian investors to benefit from Far East economic growth is to own commodities and commodity stocks that will benefit from rising demand from the Far East. Examples include base metal Exchange Traded Funds (e.g. XBM.TO in Canadian Dollars and PICK in U.S. Dollars), forest product Exchange Traded Funds (e.g. CUT and WOOD) and fertilizer stocks such as Nutrient (NTR.TO).

Technical Notes on Friday

Global X Copper Miners \$COPX, a basket of global copper miner stocks, moved above \$41.63 extending an intermediate uptrend.



Oil Services ETF \$OIH moved above \$320.81 extending an intermediate uptrend.



Adobe \$ADBE a NASDAQ 100 stock moved below \$528.01 and \$498.70 extending an intermediate downtrend. Quarterly results released on Thursday were less than consensus.



Verizon \$VZ a Dow Jones Industrial Average stock moved below \$39.26 completing a double top pattern.



S&P 500 Momentum Barometers



The intermediate term Barometer dropped 1.60 on Friday and fell 7.20 last week to 70.60. It remains Overbought. Daily trend has started to turn down.



The long term Barometer slipped 0.40 on Friday and dropped 1.60 last week to 78.00. It remains Overbought. Daily trend has started to turn down.

TSX Momentum Barometers



The intermediate term Barometer added 0.44 on Friday, but dropped 1.77 last week to 62.87. It remains Overbought. Daily trend has started to turn down.



The long term Barometer was unchanged on Friday and slipped 1.78 last week to 67.11. It remains Overbought.

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

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