



Market Observations - as of February 16, 2024

By Carl Jorgensen - For Objective Traders - For educational purposes only. Not Financial Advice.

Last week we saw Monday open with a mild decline the first hour and a bounce the next hour followed by a mostly horizontal pause the rest of the day, forming an 'Inside' day. Tuesday saw the pause continue with a narrow horizontal range. Wednesday gapped up at the open with some positive follow through the first hour that slowed but continued higher the rest of the day. Thursday saw a mild rally continue higher. Friday saw another gap up with stronger follow through higher most all day to deliver new record highs and closes.

This week we saw the rally continue higher the first half of Monday then they declined and gave back all of that day's gains in the second half of the day. Tuesday saw higher than expected CPI data before the open and the markets dropped hard at the open. We saw a small bounce the first 2 hours then the selling resumed to even lower lows for the day. The last half hour saw a bounce as the dip buyers came in but only recovered a small portion of the day's decline. Tuesday saw the largest True Range day for a year in the Nasdaq Composite and for 4 months in the S&P-500.

Wednesday saw a gap up, a pause with some oscillations up and down, then a strong rally the last 2 hours of the day. Thursday saw the rally continue as the S&P recovered its entire gap down from Tuesday by mid day while the Nasdaq Composite was only able to fill about 80% of its gap from Tuesday. Friday saw stronger PPI data before the open followed by strong selling at the open for the first 30 min. of the day followed by a bounce to recover most of the day's decline by mid day. The last 2 hours of Friday saw strong selling to lower lows to end the week with a loss in most indexes, except for the Russell 2000 that ended the week with a gain.

The Nasdaq led the decline on several days this week, as many of the 'Magnificent Seven' stocks also showed significant weakness.

The Russell 2000 was the only Index on my list that ended this week higher. It took a big hit on Tuesday's decline but more than made up for that loss on the following two days. The Russell was also the only Index that exceeded Monday's highs later this week (on Thursday) while all the other indexes recovered a significant portion of Tuesday's decline but they failed to retest or match the highs seen on Monday morning of this week.

Oil, the US Dollar Index and the 10 year Yields all ended this week higher.

As we look at the charts below, let's compare the one day decline seen on Jan. 31st and its recovery to the one day decline this week (on Feb. 13th) and its recovery. Note any similarities as well as key differences. We will see what the S&P did as well as the VIX, VVIX, NYSE New Highs - New Lows and the Options SKEW on those two key days and the following days.

Let's look at the charts.



S&P 500 weekly chart as of Feb 16, 2024 - We see a new all time high this week but also a lower close, ending the string of 5 higher closing weeks in a row.



S&P 500 daily chart as of Feb 16, 2024 - Monday we saw a new all time high but also a lower close. Tuesday saw a large gap down and selling down to the Orange Trend Line and a bounce for a 101.5 point True Range day, the largest range day in over 4 months. Wednesday and Thursday saw a rally to recover Tuesday's entire drop. Friday saw a higher high and a higher low but a lower close to end the week down -0.42%. We will watch to see if the highs from Thursday and Friday this week end up forming a 'Lower High' for this month if they are not exceeded.



S&P 500 15 min. chart as of Feb 16, 2024 - Monday saw the rally resume to deliver new all time highs in the first half of the day before giving back most all of the day's gains in the last half of the day. Tuesday saw a very large gap down (-54 pts) and strong selling the first 40 min. followed by a bounce back up to the lower edge of the 'gap'. About 2 hours into Tuesday we saw steady selling resume and accelerate the last 2 hours before a sharp bounce the last 30 min of the day. Tuesday closed below the lower weekly Expected Move.

Wednesday saw a gap up (+22 pts) and a small rally the first hour that then declined to nearly fill the gap that day. The last half of Wednesday saw a rally that filled about 60% of Tuesday's gap. The rally continued Thursday to fill Tuesday's gap by about mid day on Thursday. Thursday's rally continued a bit higher at the close above Monday's close. Friday saw a selling at the open down to \$5000 in the first 30 min. in reaction to PPI data. The next two hours saw a mild rally to exceed the prior day's highs. We saw a brief dip and rally the 3rd hour before the close just to see stronger selling the last 2 hours of the day, in two waves, ending the week just 5 points above \$5000 and the lows of that day.

This week closed inside its 'Expected Move' after a break below the lower E.M. on Tuesday. Next week's S&P E.M. is +/- \$66.83 from Friday's close at \$5005.57.

Monday (Feb. 19th) is a Holiday with the USA markets closed.



DJIA weekly chart as of Feb 16, 2024 - The Dow Industrials delivered a new all time high this week but closed this week down, ending the 5-week rally of higher closes.



DJIA daily chart as of Feb 16, 2024 - We see new all time highs on Monday then a large drop Tuesday below its 20 day SMA with a close just above that SMA. Wednesday saw a small bounce that mostly remained above the 20 day SMA. Thursday saw a strong rally to recover all of Tuesday's losses. Friday saw a small decline to end the week down -0.11%. The Industrials saw the smallest loss this week of any of the major Indexes.



Nasdaq weekly chart as of Feb 16, 2024 - The Nasdaq Composite saw a decline this week, ending the 5-week rally.



Nasdaq daily chart as of Feb 16, 2024 - We saw a new 52 week high on Monday but a lower close. Tuesday saw a large gap down and selling to nearly its 20 day SMA. Wednesday and Thursday saw a bounce rally that failed to recover all of Tuesday's losses. Friday saw a decline to end the week down - 1.34%. We will watch to see if the highs from Thursday and Friday this week end up forming a 'Lower High' for this month.



Russell 2000 weekly chart as of Feb 16, 2024 - The Russell saw a 2nd week of advances, a bit smaller than last week's

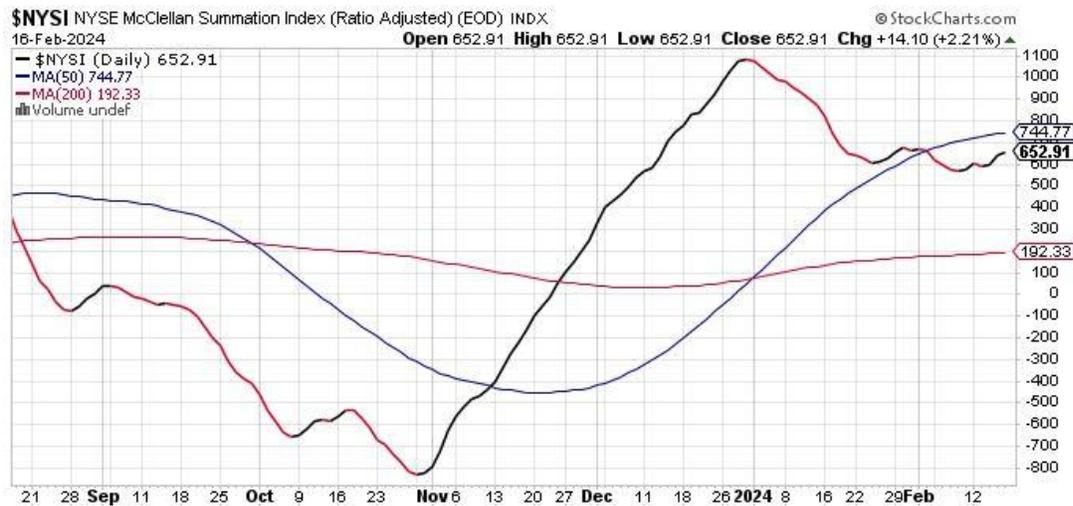


Russell 2000 daily chart as of Feb 16, 2024 - Monday saw a continuation higher of the strong rally from last Thursday and last Friday. Tuesday saw a big gap down and selling below its 20 day and 50 day SMAs with a bounce to close the day less than 1 point above its 50 day SMA. On both Wednesday and Thursday we saw a strong rally to not only recover all of Tuesday's losses, but also exceed the prior highs from Monday. Friday saw a pull back and 'Inside' day to end the week up +1.13%.

Next we will look at a few key 'Market Internals'.



McClellan Summation Index weekly chart as of Feb 16, 2024 - Last week we saw a dip down to 575.30. This week we see a small bounce to 652.91.



McClellan Summation Index daily chart as of Feb 16, 2024 - We saw a dip on Tuesday then a rally higher the next 3 days to end this week at 652.91.



NYSE New Highs - New Lows daily chart as of Feb 16, 2024 - On Jan. 30th we saw a peak at +187 followed by a drop to +151 the next day (on Jan. 31st). The NH-NL count went negative for one day on Feb. 5th (-9). This week we saw a peak on Feb. 12th at +244 followed by a drop to -13 the next day (on Feb. 13th). The rally Wednesday and Thursday peaked at +204 before pulling back to +180 on Friday. The 'one day drop' on Jan. 31st saw a decline of 36 points on this chart while the 'one day drop' on Feb. 13th saw a 257 point decline.



NYSE Percent above 200 day SMA daily chart as of Feb 16, 2024 - Monday rose to 67.5% followed by a dip Tuesday to 62.5%. Wednesday and Thursday rose higher to over 68% then pulled back Friday to end this week at 66.85%. Monday and Thursday tested the 50 day SMA area as resistance.



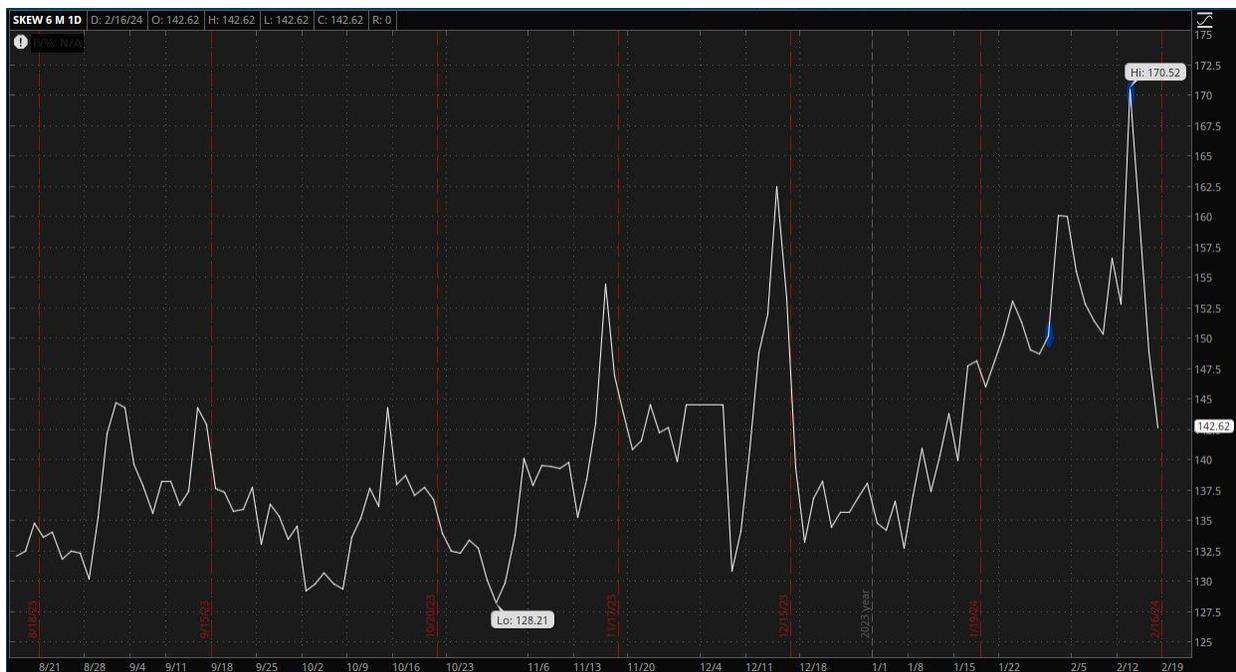
NYSE Percent above 50 day SMA daily chart as of Feb 16, 2024 - Monday rose to nearly 64% then dropped Tuesday below 50%. Wednesday and Thursday rose up to over 64% then pulled back on Friday to end this week at 61.08%.



VIX daily chart as of Feb 16, 2024 - The VIX rose a little on Monday then popped up sharply Tuesday above its 200 day SMA. Wednesday and Thursday saw a small decline then a small increase on Friday. Note the 'one day drop' on Jan. 31st saw the VIX deliver a range from 13.18 to a peak at 14.61 that day. The 'one day drop' on Feb. 13th saw the VIX deliver a range from 13.43 to a peak at 17.94. The break above the 200 day SMA on Tuesday (Feb. 13th) was the first time we have seen the 200 day SMA be crossed and closed above by the VIX since Nov. 1st 2023.



VVIX daily chart as of Feb 16, 2024 - The Volatility of the VIX rose on Monday and spiked higher on Tuesday then declined on Wednesday and Thursday before pausing on Friday near its 20 day SMA. The 'one day drop' on Jan. 31st saw the VVIX range from 81.99 to a peak at 89.40. The 'one day drop' on Feb. 13th saw the VVIX range from 85.10 to a peak at 101.46 as it crossed and closed above its 200 day SMA.



SKEW daily chart as of Feb 16, 2024 - The Options 'SKEW' is calculated once a day by the CBOE to represent the Increasing Implied Volatility for out of the money Option strikes. We saw a 2.5 year new high for SKEW on Tuesday this week at 170.52. Compare this to the Jan. 31st 'one day drop' SKEW of 150.21. These two dates are highlighted in the above chart with Blue ovals. Also note the large decline the following 3 days this week to end this week at 142.62. We do NOT see a decline after the Jan. 31st 'one day drop' but an increase in SKEW the following days.

This seems to suggest that the spike up in 'fear' was much more significant on Feb. 13th as traders were willing to pay up big time for expensive options (Puts) on that day. The strong market demand drives up the Implied Volatility and extrinsic value of Options due to this extreme in demand (fear) and we can see this with the SKEW. We also saw this extreme in fear in the VIX, VVIX and NYSE NH-NL charts above.

Next we will look at a few key **Commodities, Currency and Treasuries.**



Oil daily chart as of Feb 16, 2024 - Oil prices rose Monday and Tuesday above its 200 day SMA. Wednesday saw a pull back below the 200 day SMA. Thursday and Friday saw a small rally back above the 200 day SMA to end this week at \$78.24.



Gold daily chart as of Feb 16, 2024 - Gold prices dropped below the 20 day SMA on Monday then saw a large drop Tuesday to nearly \$2000. Wednesday saw a lower low briefly dipping below \$2000 but closing the day back above \$2k. Thursday and Friday saw a rally to end this week at \$2025.50.



US Dollar Index daily chart as of Feb 16, 2024 - The US Dollar continued its pause on Monday then shot up on Tuesday. The next 3 days saw a slow decline to end the week slightly higher than last week.



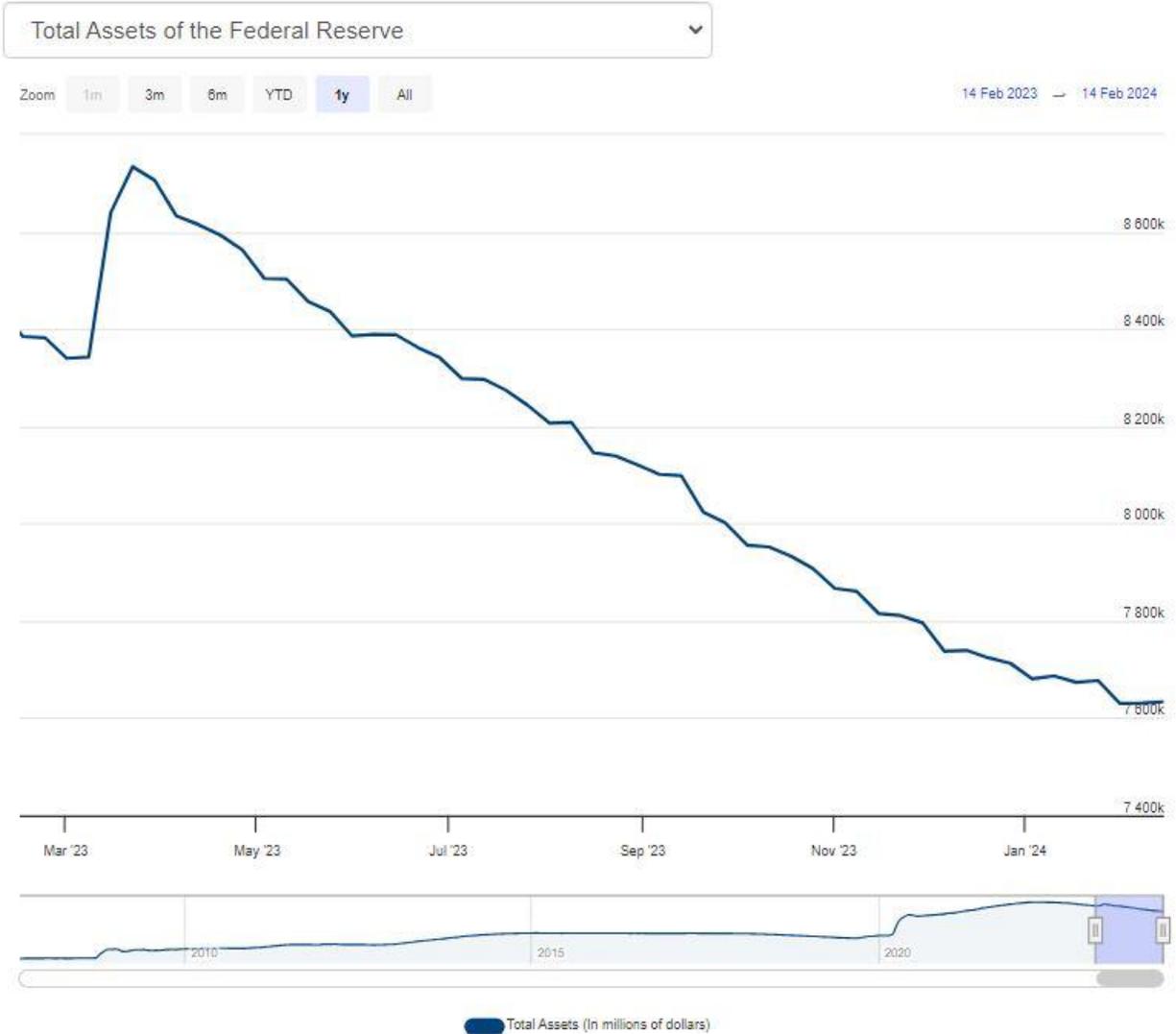
US 10 year Treasury daily chart as of Feb 16, 2024 - Monday saw very light volume and little movement. Tuesday saw strong selling with volume down to just below the 100 day SMA (Grey). Wednesday and Thursday saw a small bounce that only recovered about half of Tuesday's decline. Friday saw a drop to retest the support for this week and closing just above the 100 day SMA.



US 10 year Yield daily chart as of Feb 16, 2024 - The 10 year Yield paused Monday then shot up to 4.316% on Tuesday. Wednesday and Thursday saw Yields decline a little lower. Friday saw Yields shot back up to end this week at 4.295%.

Date	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
1/22/2024	5.46	5.39	5.22	4.83	4.37	4.14	4.03	4.07	4.11	4.44	4.32
1/23/2024	5.45	5.38	5.21	4.81	4.31	4.16	4.06	4.11	4.14	4.48	4.38
1/24/2024	5.44	5.40	5.22	4.83	4.34	4.19	4.06	4.14	4.18	4.52	4.41
1/25/2024	5.44	5.39	5.19	4.76	4.28	4.12	4.01	4.07	4.14	4.49	4.38
1/26/2024	5.44	5.39	5.19	4.78	4.34	4.15	4.04	4.10	4.15	4.49	4.38
1/29/2024	5.42	5.37	5.19	4.76	4.29	4.10	3.97	4.02	4.08	4.42	4.31
1/30/2024	5.42	5.38	5.19	4.80	4.36	4.14	4.00	4.03	4.06	4.40	4.28
1/31/2024	5.42	5.40	5.18	4.73	4.27	4.05	3.91	3.95	3.99	4.34	4.22
2/1/2024	5.42	5.38	5.15	4.68	4.20	3.96	3.80	3.83	3.87	4.21	4.10
2/2/2024	5.43	5.42	5.22	4.81	4.36	4.14	3.99	4.02	4.03	4.33	4.22
2/5/2024	5.42	5.42	5.25	4.87	4.46	4.27	4.13	4.16	4.17	4.46	4.35
2/6/2024	5.44	5.41	5.23	4.82	4.39	4.14	4.03	4.07	4.09	4.39	4.29
2/7/2024	5.43	5.40	5.23	4.83	4.41	4.16	4.06	4.09	4.09	4.41	4.31
2/8/2024	5.44	5.42	5.24	4.83	4.46	4.22	4.12	4.15	4.15	4.47	4.36
2/9/2024	5.44	5.43	5.26	4.86	4.48	4.25	4.14	4.17	4.17	4.48	4.37
2/12/2024	5.43	5.43	5.27	4.87	4.46	4.25	4.13	4.16	4.17	4.48	4.37
2/13/2024	5.45	5.46	5.32	4.99	4.64	4.44	4.31	4.33	4.31	4.59	4.46
2/14/2024	5.43	5.45	5.31	4.94	4.56	4.38	4.25	4.27	4.27	4.57	4.45
2/15/2024	5.43	5.45	5.30	4.93	4.56	4.36	4.22	4.25	4.24	4.54	4.42
2/16/2024	5.44	5.45	5.31	4.98	4.64	4.43	4.29	4.31	4.30	4.58	4.45

US Yield Rates daily table as of Feb 16, 2024 - The shorter terms saw little to no change this week while the mid-term and longer-term Yields paused Monday and then shot up significantly higher on Tuesday. Wednesday and Thursday saw a small decline before bouncing back higher on Friday.



FOMC Balance Sheet weekly chart as of Feb 14, 2024 - The Fed again 'Increased' its Balance Sheet this week by adding \$2.574 Billion in additional stimulus, bringing its Balance Sheet up to \$7.633874 Trillion in Total Assets.

Next we will look at a few key 'Sectors'.



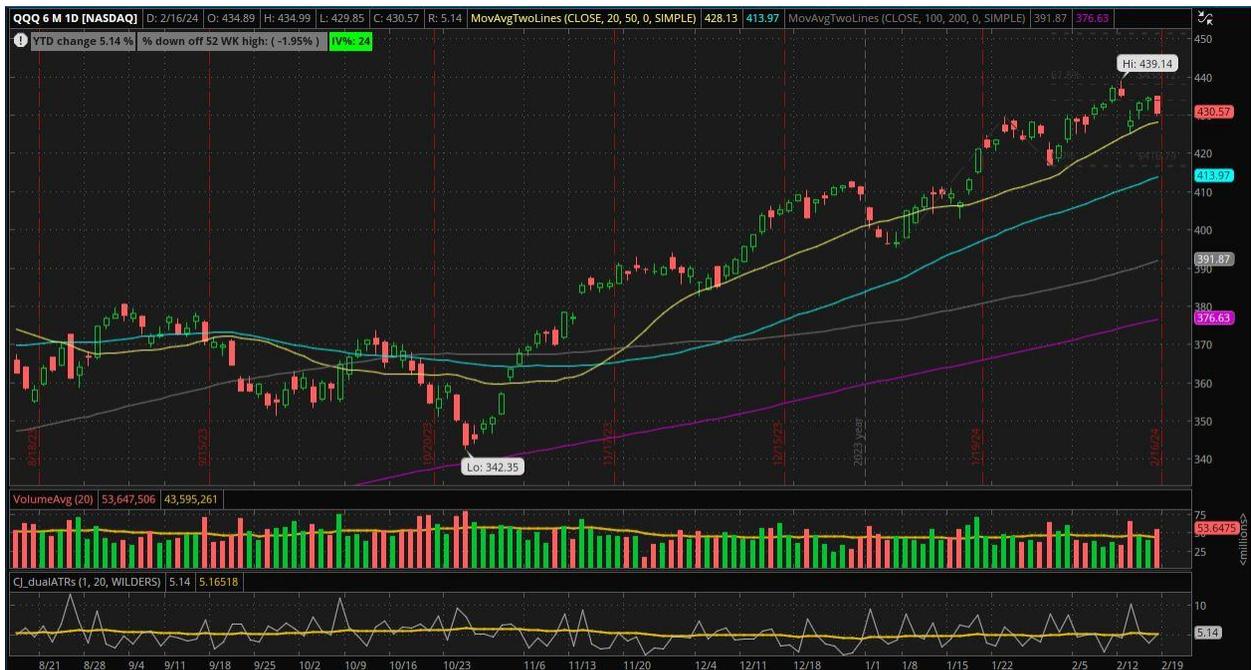
Dow Transportation Index daily chart as of Feb 16, 2024 - The transports paused Monday with new 2024 highs. Tuesday saw a large gap down and selling below its 20 day and briefly below its 50 day SMAs before bouncing the last 30 min. of the day. Wednesday saw a small bounce that closed below the 20 day SMA. Thursday saw a small bounce higher to close above the 20 day SMA. Friday saw strong selling resume delivering a new low for the week below its 20 day and 50 day SMAs, ending the week down - 3.62%.



XLE daily chart as of Feb 16, 2024 - The Energy sector oscillated between its 50 day and 200 day SMAs for 3 days before breaking higher on Thursday on stronger volume. Friday saw higher highs but a lower close to end the week up +2.71%.



XLF daily chart as of Feb 16, 2024 - The Financial sector continued its rally on Monday then sold off down to its 20 day SMA Tuesday. Wednesday recovered the week's losses at that point. Thursday saw a strong rally to new 52 week highs. Friday saw a small pull back to end the week up +1.41%.



QQQ daily chart as of Feb 16, 2024 - The Nasdaq-100 ETF briefly delivered a new all time high early Monday then closed the day lower. Tuesday saw a big gap down and selling down to the 20 day SMA where it saw a small bounce late in the day. Wednesday and Thursday saw a rally that recovered about 90% of Tuesday's gap down. Friday saw a decline to end the week down -1.48%.



SOXX daily chart as of Feb 16, 2024 - The Semiconductor sector delivered a new all time high early Monday then closed the day lower. Tuesday saw a large gap down and selling that found support at \$607.10 above its 20 day SMA. Wednesday saw a gap up and rally that recovered Tuesday's entire drop. Thursday and Friday saw higher highs but lower closes each day, ending the week down -0.68%.



XLC daily chart as of Feb 16, 2024 - The Communication Services sector closed higher Monday then gapped down Tuesday to find support at \$77.92. Wednesday saw a gap up and rally that recovered Tuesday's entire decline. Thursday continued higher to new 2-year highs. Friday saw a pull back and lower close to end the week down -0.28%.

INDEXes	Week Ending						
SECTORs	1/5/2024	1/12/2024	1/19/2024	1/26/2024	2/2/2024	2/9/2024	2/16/2024
\$SPX	-1.52%	1.84%	1.17%	1.06%	1.38%	1.37%	-0.42%
\$INDU	-0.59%	0.34%	0.72%	0.65%	1.43%	0.04%	-0.11%
\$COMPQ	-3.25%	3.09%	2.26%	0.94%	1.12%	2.31%	-1.34%
\$NDX	-3.09%	3.23%	2.86%	0.62%	1.27%	1.81%	-1.54%
\$RUT	-3.75%	-0.01%	-0.34%	1.74%	-0.79%	2.41%	1.13%
QQQ	-3.12%	3.23%	2.84%	0.62%	1.23%	1.87%	-1.48%
\$STRAN	-2.45%	-0.25%	0.79%	1.98%	-0.64%	2.63%	-3.62%
XLE	1.00%	-2.36%	-3.04%	5.09%	-0.87%	-0.25%	2.71%
XLF	0.40%	-0.40%	0.88%	1.90%	0.85%	0.26%	1.41%
XLK	-4.34%	4.41%	4.13%	0.79%	0.24%	2.77%	-2.54%
SOXX	-5.95%	2.87%	7.87%	-0.58%	-0.22%	5.53%	-0.68%
XLV	2.01%	1.01%	-0.75%	-0.14%	1.95%	1.42%	1.12%
XLY	-3.46%	0.78%	0.53%	-1.84%	3.29%	1.45%	-0.49%
XRT	-4.04%	-0.84%	-0.20%	1.83%	1.14%	2.77%	1.20%
XLI	-2.25%	0.61%	0.30%	0.87%	1.90%	1.19%	0.92%
XLU	1.89%	-1.88%	-3.70%	0.38%	0.46%	-1.98%	1.59%
XME	-2.77%	-1.10%	-1.95%	1.15%	0.47%	-1.99%	0.84%
XLP	-0.03%	1.10%	-1.03%	0.80%	2.12%	-1.43%	0.23%
XLB	-1.40%	-1.06%	-1.46%	0.34%	0.70%	0.04%	2.44%
XLC	-0.85%	2.46%	1.38%	3.81%	2.65%	-0.71%	-0.28%
XHB	-3.39%	2.16%	1.33%	-1.02%	1.69%	2.69%	-0.35%

Weekly Percent Change US Indexes and Sectors table as of Feb 16, 2024 - All the major Indexes closed this week down with the exception of the Russell 2000, ending a 5-week string of positive advances. The biggest decline this week was seen in the Nasdaq-100. This suggests we should look at the 'Magnificent Seven' stocks to see how they did this week, since we know that these seven stocks represent a very significant total value of the Nasdaq-100 Market Cap. Weighted Index.

The Strongest Sectors this week were: XLE, XLB, XLU, XLF and XRT who all delivered over +1.20% gains.

The Weakest Sectors this week included: Dow Transports, XLK, QQQ, SOXX and XLY. The weakness we see in the XLK, QQQ and SOXX sectors suggest that these previously strong sectors became rather weak this week.

As you look at the stock charts below, keep this in mind to see if you can identify some of the strongest as well as weakest stocks this week.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 02/05/24	End of Day 02/06/24	End of Day 02/07/24	End of Day 02/08/24	End of Day 02/09/24	End of Day 02/12/24	End of Day 02/13/24	End of Day 02/14/24	End of Day 02/15/24	End of Day 02/16/24
\$SPX	-0.32%	0.23%	0.82%	0.06%	0.57%	-0.09%	-1.37%	0.96%	0.58%	-0.48%
\$INDU	-0.71%	0.37%	0.40%	0.13%	-0.14%	0.33%	-1.35%	0.40%	0.91%	-0.37%
\$COMPQ	-0.20%	0.07%	0.95%	0.24%	1.25%	-0.30%	-1.80%	1.30%	0.30%	-0.82%
\$RUT	-1.30%	0.85%	-0.17%	1.50%	1.53%	1.75%	-3.96%	2.44%	2.45%	-1.39%
QQQ	-0.13%	-0.20%	1.03%	0.19%	0.98%	-0.39%	-1.56%	1.09%	0.30%	-0.91%
\$TRAN	-0.72%	2.06%	0.42%	0.41%	0.45%	-0.03%	-2.62%	0.24%	0.52%	-1.74%

Daily Percent Change US Indexes table as of Feb 16, 2024 - Note the Russell was the weakest on Tuesday but was also the strongest on 3 other days this week. The QQQ showed its weakness on Monday and Thursday this week while the Nasdaq Composited showed weakness on Thursday, matching the QQQ. The Transports showed their weakness on Wednesday and Friday while the Dow Industrials showed strength on Tuesday and Friday. EVERY Index was down on Tuesday.

Next we will look at a few key 'Stocks'.



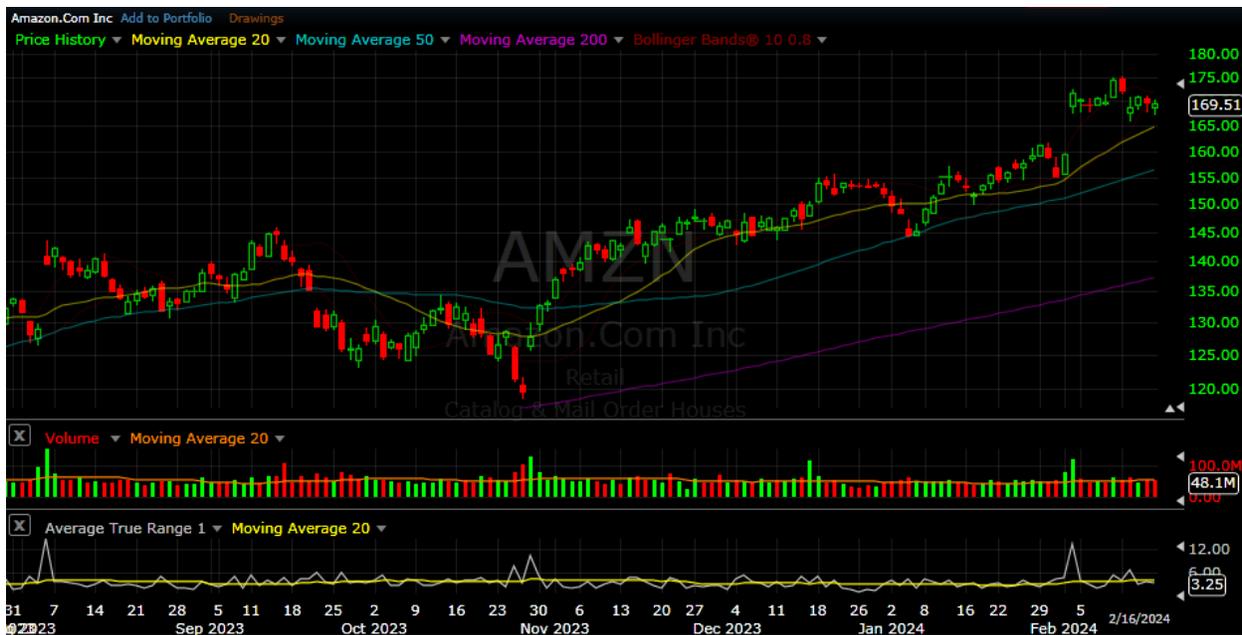
MSFT daily chart as of Feb 16, 2024 - Monday Microsoft delivered a lower high, lower low and lower close. Tuesday saw a gap down and selling that straddled the 20 day SMA. Wednesday saw a small bounce that failed to deliver a higher high than the prior day. Thursday and Friday MSFT sold lower back below its 20 day SMA, ending the week down -3.74%.



AAPL daily chart as of Feb 16, 2024 - Apple delivered a lower close every day this week and lower lows every day but on Friday, ending the week down -3.46% and now below all 3 of its key daily SMAs.



GOOGL daily chart as of Feb 16, 2024 - Alphabet delivered a lower close every day this week except on Wednesday. GOOGL crossed below its 20 day SMA Tuesday and below its 50 day SMA on Friday, ending the week down -5.69%.



AMZN daily chart as of Feb 16, 2024 - Amazon delivered a new 2-year Highs early on Monday before closing the day lower. Tuesday saw a gap down and bounce from \$165.75 Support. Wednesday closed a little higher then closed lower on Thursday and Friday to end the week down -2.83%.



NVDA daily chart as of Feb 16, 2024 - Nvidia delivered a new all time high on Monday but closed the day only a little higher. Tuesday gapped down but rallied to recover that entire gap. Wednesday continued higher. Thursday and Friday oscillated below Monday's highs but above Monday's close to end the week up +0.67%. NVDA reports Earnings next week on Feb. 21st after the close.



META daily chart as of Feb 16, 2024 - META oscillated within last week's range on Monday, Tuesday and Wednesday this week. Thursday rallied to deliver new all time highs. Friday pulled back to end the week up +1.11%.



TSLA daily chart as of Feb 16, 2024 - Tesla declined Monday and Tuesday to find support at \$182.11 that was above last week's lows. Wednesday rallied higher that continued stronger Thursday above its 20 day SMA. Friday saw higher highs with a lower close to end the week up +3.30%. Thursday also saw TSLA break above Resistance seen since Earnings last month.

Let's compare the 7 biggest stocks in the table below to help see the relative strength last week and this week.

Stock	% Change Last week	% Change This week
QQQ	1.87%	-1.48%
MSFT	2.27%	-3.74%
AAPL	1.74%	-3.46%
GOOGL	4.65%	-5.69%
AMZN	1.54%	-2.83%
NVDA	9.03%	0.67%
META	-1.45%	1.11%
TSLA	3.01%	3.30%

In the table above the green highlighted values are where the gains were greater than were the QQQ's gains for that week (or less negative).

Only 3 out of 7 stocks did better than the QQQ this week with TSLA showing the greatest relative strength. The 3 biggest stocks (MSFT, AAPL and GOOGL) were all down by over 2x to 3x what the QQQ lost this week. That could certainly explain the weakness we saw in the Nasdaq-100 this week. We have seen how 'Size' matters in these weighted Indexes.



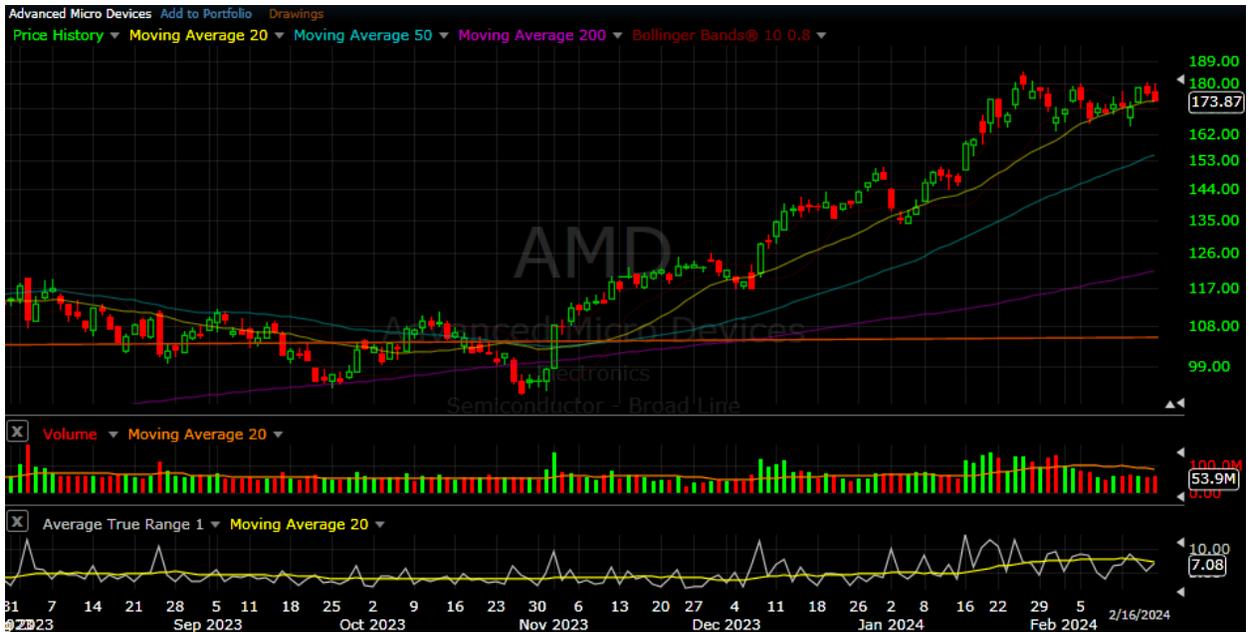
JPM daily chart as of Feb 16, 2024 - JP Morgan continued its horizontal pause Monday, Tuesday and Wednesday this week near last week's range. On Thursday we saw a strong rally to new all time highs. Friday saw a small pull back to end the week up +2.30%.



MA daily chart as of Feb 16, 2024 - MasterCard continued its pause on Monday then resumed its rally on Tuesday. Wednesday, Thursday and Friday all saw new all time highs with a lower close only on Friday, ending the week up +2.24%.



COST daily chart as of Feb 16, 2024 - Costco declined Monday and Tuesday then resumed its rally on Wednesday and Thursday. Friday saw new all time highs with a lower close to end the week up +0.08%.



AMD daily chart as of Feb 16, 2024 - AMD continued its pause on Monday then gapped down Tuesday and bounced back up to close near its 20 day SMA. Wednesday rallied to higher highs for the week. Thursday briefly saw a higher high but closed lower. Friday also closed lower near its 20 day SMA, ending the week up +0.81%.



NFLX daily chart as of Feb 16, 2024 - Netflix closed lower Monday then gapped down Tuesday to find support near \$549. Wednesday gapped up to recover all of the prior day's losses plus much more with new 2-year highs. Thursday and Friday also delivered new 2-year highs with a lower close on Friday to end the week up +4.03%.



UPS daily chart as of Feb 16, 2024 - UPS paused Monday then declined lower Tuesday and Wednesday. Thursday saw a rally that continued Friday to nearly reach its 20 day SMA, ending the week up +2.61%.



WFC daily chart as of Feb 16, 2024 - Wells Fargo saw a failed rally Monday above its 20 day SMA. Tuesday gapped down and closed below its 20 day and 50 day SMAs. Wednesday saw a small bounce to close on its 50 day SMA. Thursday saw a huge rally on big volume, from its 50 day SMA, crossing above its 20 day SMA and delivering new 52 week highs. Friday saw a small pullback to end the week up +8.01%.

We saw multiple new all time highs and new 52 week highs in the Financial sector this week. We also saw weakness in 4 of the biggest stocks in the Nasdaq-100 this week. We also saw an extreme in 'Fear' on Tuesday as markets reacted emotionally to the CPI data and to the market action at the open that day.

Markets move often by emotional forces and reaction. These are often not rational reactions. The key is to recognize these reactions without succumbing to them. Watch as if you are an un-biased observer. This way you will better recognize when those emotional reactions end, and a rational opportunity may expose itself.

I hope this helps with your chart reading and market observation skills.

Trade smart,
CJ