



Market Observations - as of May 17, 2024

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

Last week we saw a gap up Monday with the S&P joining the Nasdaq Composite already above its 50 day SMA with a rally most all day. Tuesday saw the rally continue higher the first half of the day then it paused with a small pull back the last half of the day. Wednesday saw a small pull back and narrow range pause day. Thursday saw the mild rally resume higher with a gap up at the open on Friday to new highs for the week with a pull back to return to the prior day's close for the rest of the day. We saw higher highs and higher lows every day last week except on Wednesday.

This week we saw a pause near last week's highs on Monday and the first half of Tuesday before the rally resumed the last half of Tuesday and continued higher all of Wednesday and the first 90 min. of Thursday where new all time highs were seen in the S&P-500, Nasdaq and Dow Industrials. The markets slowly declined the remainder of Thursday and most of Friday to end the week with positive gains.

The Dow Industrials broke above 40,000 for the first time ever on Thursday and closed Friday with a new all time high Close at 40,003.59.

The April decline was fully recovered this week and the major indexes have continued higher to deliver new all time highs.

Oil prices remained inside a narrow range this week, just below \$80. Gold and Silver prices saw a strong rally this week, with Silver delivering a huge gain on Friday that was nearly 2.8 times the size of its 20 day ATR, the largest single day range seen since Feb. 2021 with new 11-year highs.

The US Dollar Index saw a decline this week while the 10 year Yields were whipped down and up after the CPI data came out this week.

We saw the VIX slightly elevated on Monday and Tuesday this week and did not decline until 'after' the CPI data came out on Wednesday. The decline the latter half of this week delivered new 2024 lows on Friday.

The market continues to react to Economic news, Fed statements and Earnings reports. All eyes will likely be watching Nvidia when it reports Earnings this next week on Wednesday after the close.

Let's look at the charts to see what they are telling us this week.



S&P 500 weekly chart as of May 17, 2024 - We see a fourth week of gains that delivered new all time highs this week, recovering all of the decline to the 20 week SMA in April.



S&P 500 daily chart as of May 17, 2024 - we saw the S&P pause on Monday then resume its rally Tuesday, Wednesday and peaking Thursday with new all time highs before pulling back a little Thursday and Friday, ending the week up +1.54%.



S&P 500 15 min. chart as of May 17, 2024 - Here we see the pause on Monday near last Friday's close. The pause continued the first half of Tuesday then a rally broke out higher the last half of Tuesday. Wednesday saw a gap up (post CPI) and a rally up to the upper Expected Move where it paused for a while before continuing higher to end the day with new record highs. Thursday continued higher the first 90 min. of the day to new all time highs before drifting lower the remainder of Thursday. Friday saw a pause just above the Expected Move with a brief dip below the Expected Move in the afternoon that was quickly reversed with a rally the last hour to end this week above its Expected Move for a second week in a row.

Next week's S&P Expected Move is +/- \$56.29 from Friday's close at \$5303.27.



DJIA weekly chart as of May 17, 2024 - Here we see a 4th week of rally that has fully recovered the April dip below the 20 week SMA and delivered new all time highs this week.



DJIA daily chart as of May 17, 2024 - We saw a pause Monday and Tuesday near last Friday's close. Wednesday saw a strong rally the continued higher early Thursday to new all time highs, breaking above 40,000 for the first time ever. Thursday's close was back below 40,000 at 39,869. Friday saw a small rally the last hour to end the week at \$40,003.59, a new record high close above 40,000 ending the week up +1.24%.



Nasdaq weekly chart as of May 17, 2024 - We see four weeks of advances that has fully recovered the April dip below the 20 week SMA and delivered new all time highs this week.



Nasdaq daily chart as of May 17, 2024 - We saw a pause on Monday then a mild rally Tuesday. Wednesday saw a stronger rally (post CPI) that continued higher early Thursday to new all time highs before drifting lower the rest of the day on Thursday. Friday saw a continued slow drift lower to end this week up +2.11%.



Russell 2000 weekly chart as of May 17, 2024 - The Russell delivered a 4th week of a rally but was not able to fully recover its April decline to the 200 week SMA.

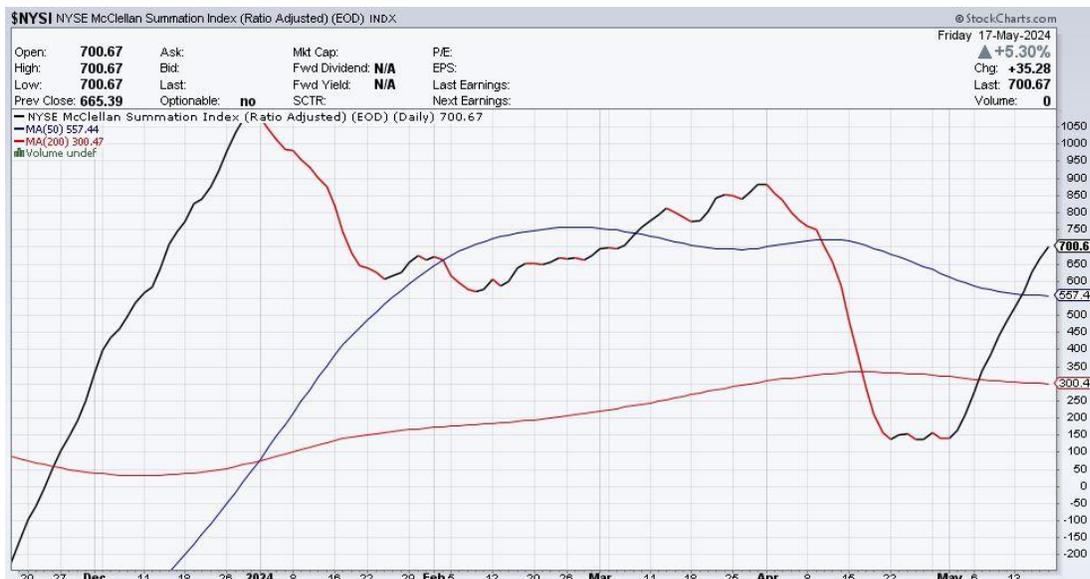


Russell 2000 daily chart as of May 17, 2024 - We saw a pause on Monday and a small rally on Tuesday followed by a gap up and rally to this week's highs on Wednesday (post CPI). Thursday and Friday saw a slow decline to end the week up +1.74%. The Russell so far has failed to recover its entire April decline from 2135.

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



McClellan Summation Index weekly chart as of May 17, 2024 - Last week we saw a rally up to 484.52. This week the rally continued up to 700.67.



McClellan Summation Index daily chart as of May 17, 2024 - We see last week's rally continue this week higher to 700.67.



NYSE Percent above 200 day SMA daily chart as of May 17, 2024 - Last week saw a few oscillations that ended the week at 70.58%. This week we see an increase to 73.35%.



NYSE Percent above 50 day SMA daily chart as of May 17, 2024 - Last week we saw this percentage cross above its 200 day and 50 day SMA to end the week at 59.10%. This week we saw an increase to end this week at 64.66%.



VIX daily chart as of May 17, 2024 - The VIX saw a steady decline last week that is normal for a bullish market trend. This week we saw an increase in the VIX on Monday and Tuesday before declining on Wednesday to below last week's lows. This shows us that the Options markets were 'uncertain' regarding the PPI and CPI reports this week. Once those reports came out, then the markets began to relax as the rally resumed. Friday saw the VIX drop to new 2024 lows below 12.



VVIX daily chart as of May 17, 2024 - The Volatility of the VIX also showed an increase on Monday and Tuesday, but that increase in uncertainty did not go away but remained the rest of this week.

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



Oil daily chart as of May 17, 2024 - Oil remained mostly within a range from \$77.00 to \$79.50 this week, just below its 200 day SMA.



Gold daily chart as of May 17, 2024 - Gold saw a small dip to its 20 day SMA on Monday then rallied from this Support the rest of this week, crossing above \$2400 to end this week at \$2419.80.



Silver daily chart as of May 17, 2024 -Silver prices paused on Monday, rallied on Tuesday and Wednesday then paused again on Thursday. Friday saw a huge range day to new 11-year highs, ending the week at \$31.775, up +11.90% for the week.



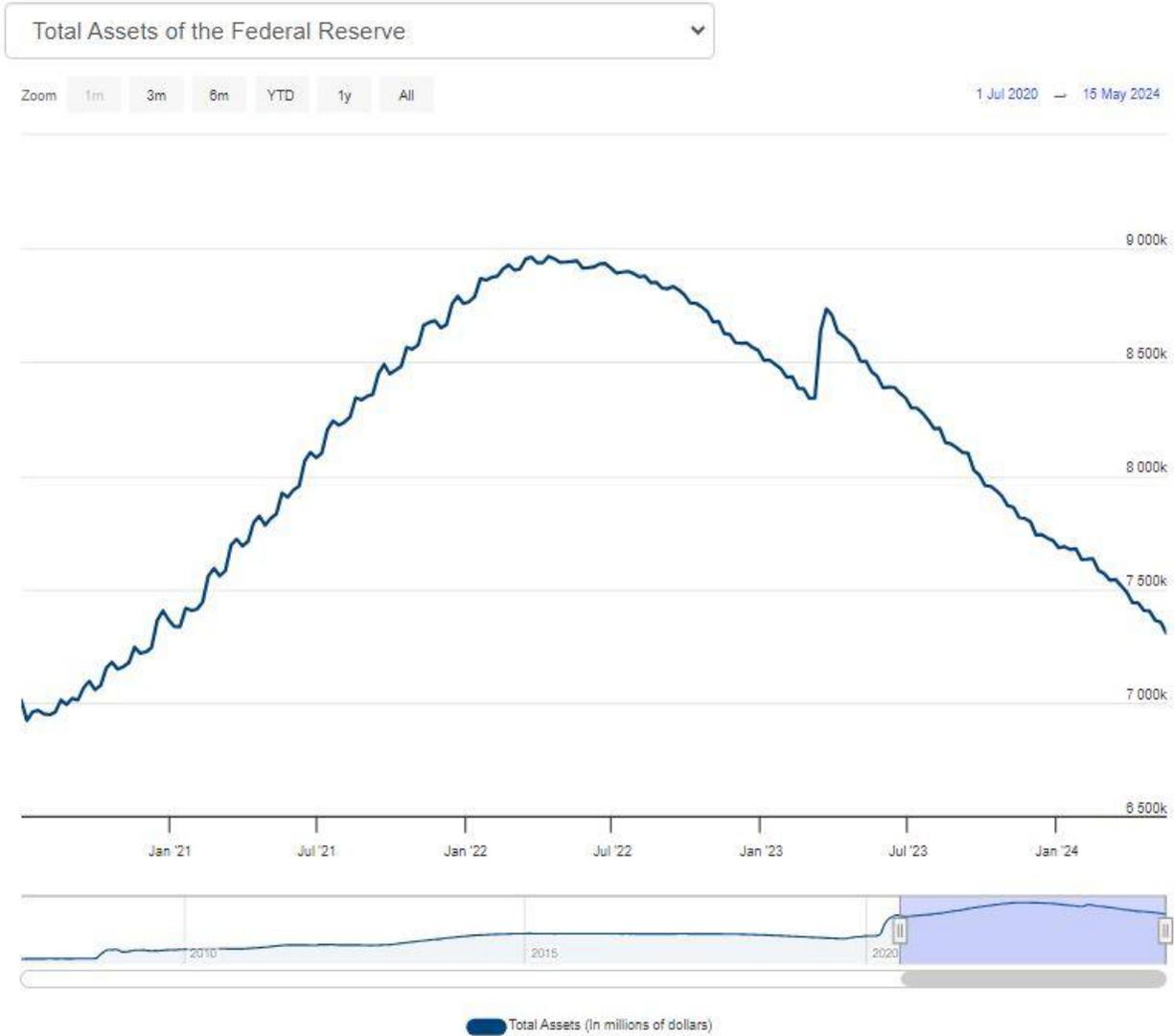
US Dollar Index daily chart as of May 17, 2024 - The US Dollar saw a decline that accelerated Monday, Tuesday and Wednesday crossing below its 50 day SMA and finding support at its 200 day SMA. Thursday dropped lower below the 200 day SMA briefly before rallying higher back above the 200 day SMA. Friday was a failed test of the 50 day SMA as Resistance.



US 10 year Treasury daily chart as of May 17, 2024 - The 10 year Treasury paused Monday and Tuesday then rallied Wednesday above its 50 day and 200 day SMAs. Thursday saw a higher high before dropping back below its 200 day SMA. Friday saw a decline back below its 50 day SMA.

Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
4/22/2024	5.49	5.50	5.42	5.44	5.39	5.16	4.97	4.81	4.66	4.65	4.62	4.84	4.72
4/23/2024	5.49	5.50	5.45	5.44	5.39	5.14	4.86	4.76	4.63	4.62	4.61	4.84	4.73
4/24/2024	5.49	5.50	5.46	5.44	5.40	5.17	4.89	4.78	4.64	4.66	4.65	4.88	4.78
4/25/2024	5.48	5.51	5.47	5.46	5.41	5.21	4.96	4.85	4.70	4.71	4.70	4.93	4.82
4/26/2024	5.48	5.51	5.46	5.45	5.40	5.21	4.96	4.84	4.68	4.68	4.67	4.89	4.78
4/29/2024	5.48	5.51	5.45	5.45	5.43	5.20	4.97	4.80	4.65	4.64	4.63	4.86	4.75
4/30/2024	5.48	5.51	5.46	5.45	5.44	5.25	5.04	4.87	4.72	4.71	4.69	4.90	4.79
5/1/2024	5.47	5.50	5.46	5.51	5.43	5.21	4.96	4.79	4.64	4.64	4.63	4.85	4.74
5/2/2024	5.51	5.47	5.46	5.50	5.42	5.16	4.87	4.71	4.57	4.57	4.58	4.82	4.72
5/3/2024	5.51	5.48	5.45	5.50	5.41	5.12	4.81	4.63	4.48	4.49	4.50	4.75	4.66
5/6/2024	5.51	5.48	5.45	5.50	5.42	5.12	4.82	4.64	4.48	4.48	4.49	4.73	4.64
5/7/2024	5.51	5.48	5.45	5.51	5.41	5.13	4.82	4.60	4.48	4.47	4.47	4.70	4.61
5/8/2024	5.51	5.47	5.45	5.50	5.41	5.13	4.84	4.63	4.50	4.49	4.48	4.73	4.64
5/9/2024	5.51	5.48	5.46	5.50	5.41	5.12	4.80	4.60	4.47	4.46	4.45	4.70	4.60
5/10/2024	5.51	5.47	5.47	5.51	5.43	5.17	4.87	4.65	4.52	4.51	4.50	4.74	4.64
5/13/2024	5.50	5.47	5.45	5.51	5.43	5.16	4.85	4.66	4.50	4.49	4.48	4.72	4.63
5/14/2024	5.50	5.47	5.44	5.51	5.43	5.16	4.81	4.62	4.46	4.45	4.45	4.69	4.59
5/15/2024	5.49	5.46	5.45	5.50	5.40	5.10	4.73	4.51	4.35	4.35	4.36	4.61	4.52
5/16/2024	5.51	5.47	5.45	5.53	5.41	5.13	4.78	4.58	4.40	4.39	4.38	4.62	4.52
5/17/2024	5.50	5.47	5.46	5.50	5.41	5.14	4.83	4.60	4.44	4.43	4.42	4.66	4.56

US daily Yield Rates table as of May 17, 2024 - Short Term Yields saw little change this week while Mid-Term and Long-Term Yields saw a small decline the first 3 days of this week followed by a bounce higher on Thursday and Friday.



FOMC Balance Sheet weekly chart as of May 15, 2024 - The Fed decreased its Balance Sheet this week by \$49.136 Billion to a new Total Assets of \$7.304272 Trillion.

Next we will look at a few key Sectors.



Dow Transportation Index daily chart as of May 17, 2024 - The Dow Transports rallied on Monday and gapped up on Tuesday before selling off lower the rest of the day on Tuesday and the rest of this week, ending this week down -0.62%.



XLE daily chart as of May 17, 2024 - The Energy sector declined Monday to its 50 day SMA then was mostly horizontal the next 3 days before the rally on Friday above its 50 day and 20 day SMAs, ending the week up +1.20%.



XLF daily chart as of May 17, 2024 - The Financial sector saw a small decline Monday then resumed its rally the rest of this week, ending the week up +1.58% and delivering new all time highs on Friday.



QQQ daily chart as of May 17, 2024 - The Nasdaq-100 ETF saw a slightly higher close Monday then a stronger rally Tuesday and Wednesday, peaking with new all time highs early on Thursday before declining a little at the close on Thursday and on Friday, ending the week up +2.19%.



SOXX daily chart as of May 17, 2024 - The Semiconductor sector paused Monday just above its 50 day SMA then rallied Tuesday and Wednesday. Early Thursday saw a higher high before selling a little lower to close the day down. Friday saw a lower close to end the week up +3.63%.



XLC daily chart as of May 17, 2024 - The Communication Services sector saw a small decline Monday then resumed its rally Tuesday and Wednesday. Thursday and Friday saw little change to end the week up +1.00%.

INDEXes	Week Ending						
SECTORs	4/5/2024	4/12/2024	4/19/2024	4/26/2024	5/3/2024	5/10/2024	5/17/2024
\$SPX	-0.95%	-1.56%	-3.05%	2.67%	0.55%	1.85%	1.54%
\$INDU	-2.27%	-2.37%	0.01%	0.67%	1.14%	2.16%	1.24%
\$COMPQ	-0.80%	-0.45%	-5.52%	4.23%	1.43%	1.14%	2.11%
\$NDX	-0.80%	-0.58%	-5.36%	3.99%	0.97%	1.51%	2.12%
\$RUT	-2.87%	-2.92%	-2.77%	2.79%	1.68%	1.18%	1.74%
QQQ	-0.80%	-0.50%	-5.39%	3.94%	1.04%	1.51%	2.19%
\$TRAN	-1.80%	-2.65%	-2.67%	0.58%	1.17%	1.62%	-0.62%
XLE	3.89%	-1.99%	-1.21%	0.81%	-3.31%	1.36%	1.20%
XLF	-1.31%	-3.63%	0.80%	1.09%	-0.66%	3.16%	1.58%
XLK	-0.87%	-0.50%	-6.27%	3.79%	1.36%	1.48%	3.06%
SOXX	-1.90%	-1.61%	-9.02%	9.33%	-0.34%	1.88%	3.63%
XLV	-3.05%	-3.01%	0.03%	0.73%	0.62%	1.96%	1.89%
XLY	-2.75%	-0.97%	-4.15%	3.62%	1.14%	0.11%	0.34%
XRT	-5.47%	-3.74%	-0.99%	2.97%	0.18%	1.31%	2.11%
XLI	-0.23%	-2.20%	-1.98%	1.82%	0.09%	2.37%	-0.28%
XLU	-0.75%	-1.47%	1.92%	1.16%	3.35%	4.18%	1.50%
XME	2.89%	-1.00%	-0.81%	-0.08%	-0.02%	1.23%	3.91%
XLP	-2.66%	-1.28%	1.44%	1.54%	0.38%	2.29%	0.76%
XLB	-0.13%	-3.07%	-1.07%	0.63%	0.01%	2.58%	0.33%
XLC	1.05%	-1.44%	-2.29%	0.81%	0.12%	1.97%	1.00%
XHB	-2.69%	-4.01%	-3.91%	3.55%	1.45%	2.18%	-0.32%

Weekly Percent Change US Indexes and Sectors table as of May 17, 2024 - The QQQ, Nasdaq-100 and Nasdaq Composite delivered the strongest gains this week, suggesting that big tech has returned to delivering some leadership (due to their Index Weighting). The Dow Industrials saw a 5th week of gains in a row while the other major indexes delivered a 4th week of gains.

The strongest sectors this week included: XME, SOXX and XLK that all delivered over +3% of gains this week. The XME reflected the strong gains this week in Gold and Silver that helped the miners.

The weakest sectors this week included: the Dow Transports, XHB and XLI that all saw a loss this week. Higher fuel costs and weaker demand likely hurt the Transports while the Home Builders saw higher costs, and high mortgage rates existing for longer.

By watching the strongest sectors and the strongest stocks in those sectors we can improve our odds on finding potential bullish trades. Likewise, by watching the weakest stocks in the weakest sectors we can improve our odds on finding bearish trades.

INDEXes SECTORS	Mon	Tue	Wed	Thur	Fri	Mon	Tue	Wed	Thur	Fri
	End of Day 05/06/24	End of Day 05/07/24	End of Day 05/08/24	End of Day 05/09/24	End of Day 05/10/24	End of Day 05/13/24	End of Day 05/14/24	End of Day 05/15/24	End of Day 05/16/24	End of Day 05/17/24
\$SPX	1.03%	0.13%	0.00%	0.51%	0.16%	-0.02%	0.48%	1.17%	-0.21%	0.12%
\$INDU	0.46%	0.08%	0.44%	0.85%	0.32%	-0.21%	0.32%	0.88%	-0.10%	0.34%
\$COMPQ	1.19%	-0.10%	-0.18%	0.27%	-0.03%	0.29%	0.75%	1.40%	-0.26%	-0.07%
\$RUT	1.23%	0.19%	-0.46%	0.90%	-0.67%	0.11%	1.14%	1.14%	-0.63%	-0.03%
QQQ	1.10%	0.02%	-0.06%	0.22%	0.24%	0.23%	0.64%	1.56%	-0.20%	-0.05%
\$TRAN	0.21%	0.35%	-0.08%	0.59%	0.55%	0.20%	-0.42%	0.12%	-0.13%	-0.38%

Daily Percent Change US Indexes table as of May 17, 2024 - The Dow Industrials were the weakest on Monday but then the strongest on Thursday and Friday. The Dow Transports were the weakest on Tuesday, Wednesday and Friday. The Russell 2000 was the strongest on Tuesday then the weakest on Thursday.

We can see much more noise on the daily table that becomes clear on the weekly table. This is also true with the charts, the shorter the time frame, the greater the ratio of Noise to the Trend. Use this factor to your advantage, if you every feel confused as to what the trend is while looking at a chart, then look at the next larger time-frame chart to see if the Trend becomes clear and obvious, or not.

Next we will look at a few key Stocks, the same names we looked at last week.



MSFT daily chart as of May 17, 2024 - Microsoft gapped up Monday and sold off very quickly in the first 30 min. to then bounce and close the day on the 50 day SMA. Tuesday opened below the 50 day SMA then rallied above. Wednesday continued higher. Thursday briefly saw a higher high then sold off to close lower. Friday closed a bit lower to end the week up +1.50% and now above all 3 of its key daily SMAs.



AAPL daily chart as of May 17, 2024 - Apple was nearly flat last week then resumed its rally this week with a higher close every day this week and higher highs every day but on Friday, ending the week up +3.73%.



NVDA daily chart as of May 17, 2024 - Nvidia was mostly flat on Monday and the first half of Tuesday then resumed its rally late on Tuesday and throughout Wednesday. Thursday saw a higher high early then sold off lower most of the day and continued lower on Friday to end the week up +2.89%. Nvidia reports Earnings next week on Wednesday after the close. With the current 'A.I.' mania in the markets it is likely all eyes will be watching this Earnings Report and ears listening to the Conference call. The more eyes watching the more likely it is that we could see dramatic over-reactions.



AMZN daily chart as of May 17, 2024 - Amazon delivered a new all time high last week on Thursday then slowly drifted lower every day since, nearly testing its 20 day SMA on Wednesday and Friday this week, ending this week down -1.48%.



GOOGL daily chart as of May 17, 2024 - Alphabet dipped nearly to its 20 day SMA on Monday then closed higher every day this week, delivering new all time highs on Thursday and Friday, ending the week up +4.39%.



META daily chart as of May 17, 2024 - Meta saw a strong rally last week but then dropped Monday to close nearly on its 20 day SMA. Tuesday saw a lower low then rallied back above its 20 day SMA. Wednesday rallied higher but failed to reach its 50 day SMA or to fill its gap from April 25th. Thursday and Friday saw lower closes to end this week down -0.90%.



TSLA daily chart as of May 17, 2024 - Tesla saw a decline last week to its 20 day SMA. This week we saw a rally Monday that closed above its 50 day SMA. Tuesday continued higher then peaked at the open on Wednesday before quickly selling lower. Thursday saw a lower low that tested and respected its 20 day SMA and closed a little higher. Friday saw a rally again off of its 20 day SMA support and closed a little higher to end the week up +5.34%.

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

Stock	% Change Last week	% Change This week
QQQ	1.51%	2.19%
MSFT	1.99%	1.50%
AAPL	-0.04%	3.73%
NVDA	1.23%	2.89%
AMZN	0.68%	-1.48%
GOOGL	0.84%	4.39%
META	5.36%	-0.90%
TSLA	-7.02%	5.34%

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

Note that this week we saw 4 stocks do better than the QQQ as compared to only 2 stocks last week. Also note that the same two stocks that were the strongest last week were also NOT as strong as the QQQ was this week. It seems like those two stocks are resting this week after over doing it last week.

"Anything can happen" - Mark Douglas.



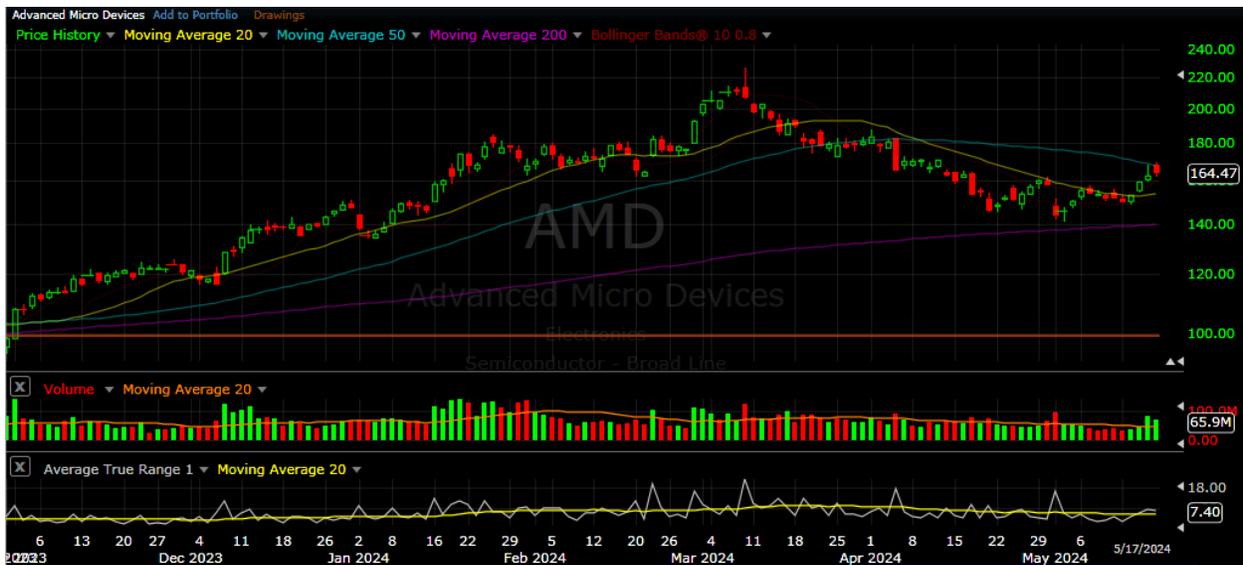
JPM daily chart as of May 17, 2024 - JP Morgan saw a pause on Monday then resumed its rally with new all time highs seen Tuesday, Wednesday, Thursday and Friday this week, ending this week up +3.03%.



GS daily chart as of May 17, 2024 - Goldman Sachs paused Monday then resumed its rally by delivering new all time highs Tuesday, Wednesday, Thursday and Friday this week, ending this week up +2.86%.



COST daily chart as of May 17, 2024 - Costco delivered a new all time high Monday before selling and closing lower. Tuesday saw a small bounce that continued higher Wednesday with another new all time high. Thursday also saw another new all time high. Friday saw a lower high but a higher close to end the week up +1.10%.



AMD daily chart as of May 17, 2024 - AMD remained just below its 20 day SMA most of last week and continued below on Monday of this week. Tuesday saw a rally above the 20 day SMA that continued higher Wednesday and Thursday, nearly touching its 50 day SMA. Friday gapped up and opened above its 50 day SMA, delivered a higher high then sold off back below the 50 day SMA to end the week up +8.26%.



MU daily chart as of May 17, 2024 - Micron resumed its rally last Friday and continue higher this week with higher highs and higher closes every day except on Friday when we saw a small decline to end this week up +3.34%. Thursday's highs came with 41 cents of retesting the all time highs from April 4th.



INTC daily chart as of May 17, 2024 - Intel saw a large decline over the prior two months that seemed to have found support last week just below \$30. This week we saw a bounce from \$30 with higher highs and a higher close every day this week except on Friday. Thursday saw INTC cross above its 20 day SMA . Friday saw an 'Inside' day and a lower close to end this week up +6.63%.



NFLX daily chart as of May 17, 2024 - Netflix saw a strong rally the past 2 weeks that slowed down this week, mostly horizontal just above its 50 day SMA with a small rally on Friday to end the week up +1.67%.



CAT daily chart as of May 17, 2024 - Caterpillar continued its bounce Monday, Tuesday and Wednesday this week, finding Resistance Wednesday at the pre Earnings gap top from the April 24th close. Seems like a 'gap fill' to me. Thursday saw a gap down and cross below the 50 day SMA that nearly reached its 20 day SMA. Friday saw an 'Inside' day and a bounce back above the 50 day SMA to end the week up +0.42%.



BA daily chart as of May 17, 2024 - Boeing was mostly horizontal last week and remained horizontal Monday and Tuesday of this week. Wednesday saw a drop below the 50 day SMA followed by a rally Thursday back above the 50 day SMA that continued higher Friday to end the week up +3.61%.

We saw mixed reactions this week to Earnings, like WMT and DE. We also saw markets mostly pause as they waited for the PPI report on Tuesday and the CPI report on Wednesday (before the open) before the parking-break was removed and the rally began. This rally seemed to end after the first 90 min. on Thursday then slowly drifted lower the rest of this week.

We saw lots of new record highs this week, not only with numerous stocks but also the S&P-500, Nasdaq Composite, Nasdaq-100 and Dow Industrials. It took about 14 quarters for the Dow Industrials to break above 30,000 for the first time (Nov. 24, 2020) to breaking above 40,000 for the first time (May 16, 2024) this week.

The entire 'April decline' has now been recovered by the major indexes while the Russell 2000 has so far failed to recover its April decline fully. This is another example of how "Trends tend to resume more often than they reverse". We saw that this year with the 5 month rally (from late Oct. 2023) resuming after a 3 week decline in April. This is also an example of the advantage of 'buying the dip' as a way to have a lower risk entry to a potential resumption of a bullish trend.

Next week we have several companies reporting Earnings, with NVDA being the biggest on Wednesday. Keep an eye on your holdings if any may be impacted by Earnings report reactions.

Trade Smart.

CJ