Market Observations - as of June 21, 2024

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

Last week we saw a continuation of the prior week's narrow leadership as the Russell 2000 and Dow Transports declined for the week while the Nasdaq Composite, Nasdaq-100 and S&P-500 all delivered new all time highs. We see a few large Tech stocks driving these indexes to new record highs based upon the weighting they have within these indexes while at the same time most stocks declined for the week. Most of last week's gains were seen on Wednesday with a large gap up and rally after the CPI report came out. After Wednesday, the S&P was mostly flat as the Nasdaq-100 continued a little higher each day.

This week was a short 4-day week with a Holiday on Wednesday. We saw a strong rally continue Monday by most all indexes up and with the Nasdaq leading to new all time highs. Tuesday saw a pause and small pullback before the Holiday on Wednesday. Thursday saw a strong open with new all time highs in the Nasdaq and S&P that quickly reversed and sold off most all day. Friday saw a narrow range day with lower lows as quad witching expiration occurred.

The rally we saw in June seemed to have peaked Monday, paused Tuesday the delivered the latest new all time high just after the open on Thursday before strong selling kicked in. A few large tech stocks had led this rally, with the Semiconductor sector often leading the markets and Market Cap Weighted Indexes higher. On Thursday and Friday we saw the Semiconductor sector lead the markets lower as the weakest sector on my list both days.

'Leaders Lead' and that can happen in both directions. Watching key stocks within this sector has provided both bullish and bearish swing trade opportunities this month.

We have seen over the past few weeks how a few of the biggest tech stocks have such a significant weighting within the Nasdaq and S&P Indexes that they can move the markets higher while many more stocks are declining. This divergence was reversed this week on Thursday and Friday as the Nasdaq saw losses while the Dow Industrials and Transports saw gains on these two days. (The Dow Indexes are not market cap weighted but are Price weighted.) Understanding the impact that Market Cap weighting has within key Indexes helps us know where to look when we see a divergence, the largest weighted components is usually a good place to start.

Our weekly (this publication) and daily process of 'Top-Down' market analysis helps us to very quickly focus on a few key stocks that are showing great strength (or weakness). Our time is limited, so it is important to have a process where we can use your limited time very efficiently to identify and really focus on a few charts that may expose 'High Odds' opportunities.

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

S&P 500 weekly chart as of June 21, 2024 – We see a 3rd week of gains and new all time highs this month.

S&P 500 daily chart as of June 21, 2024 – Here we see a Trend Line added between the May 31st lows and the June 11th lows (Orange line) and extended to the right. Monday saw strong gains to new all time highs. Tuesday saw another new all time high with a narrow range pause day. Thursday saw another new all time high with a decline to a lower low and a test of the Trend Line as Support. Friday saw a narrow range day that was mostly below the Trend Line Support, testing that Trend Line as new Resistance and delivering a lower low, lower high and lower close to end the week up +0.61%.

S&P 500 15 min. chart as of June 21, 2024 – Here we can see the strong rally on Monday with new all time highs. Tuesday was mostly a horizontal pause that briefly delivered another new all time high. Thursday delivered another new all time high after the open and briefly crossed above its upper Expected Move before it quickly reversed and sold off most of the day, finding Support near its Trend Line (Orange Line). Friday opened below the Trend Line and tested that Trend Line as new Resistance several times in the first half of the day before declining and consolidating most of the day. Monday was the strongest rally day this week and Thursday was the strongest decline day this week. Tuesday and Friday were mostly horizontal 'pause' days.

Next week's Expected Move is +/- $63.58 from Friday's close at $5464.62.

DJIA weekly chart as of June 21, 2024 – We see a fourth week of the Industrials straddling its 20 week SMA, but this week ended with a higher close that the prior four weeks.

DJIA daily chart as of June 21, 2024 – We see a higher high, higher low and higher close every day this week (all 4 days) that crossed above its 50 day SMA on Monday and above its 20 day SMA on Thursday, ending the week up +1.45% and making this Index the strongest this week (other than the Dow Transports that were stronger this week).

Nasdaq weekly chart as of June 21, 2024 – We see another new all time high this week but this week ended nearly flat (up less than ½ a point) with last week.

Nasdaq daily chart as of June 21, 2024 – We see a strong rally Monday then a pause Tuesday. Thursday delivered a new all time high before selling off strong all day. Friday was a mostly narrow range flat day to end the week nearly flat with last week.

Russell 2000 weekly chart as of June 21, 2024 – The Russell 2000 saw a lower low and a higher close this week as it remains below its 20 week SMA.

Russell 2000 daily chart as of June 21, 2024 – We see a Rally on Monday that continued higher Tuesday to find Resistance at its 50 day SMA. Thursday retested the 50 day SMA Resistance then declined and closed lower. Friday saw a lower low and a higher close to end the week up +0.79%.

Next we will look at a few key ‘**Market Internals**’.

McClellan Summation Index weekly chart as of June 21, 2024 – Last week we saw a decline to 280.75 as this Index crossed below its 50 week SMA. This week we saw the decline continue lower crossing below its 200 week SMA and ending the week at 181.40.

McClellan Summation Index daily chart as of June 21, 2024 – Here we can see this Index as it continues its decline from late May down to 181.40 this week.

NYSE Percent above 200 day SMA daily chart as of June 21, 2024 – We saw a decline down to 61.24% last week and a bounce Monday and Tuesday this week followed by a small decline Thursday and Friday to end this week at 62.60%.

NYSE Percent above 50 day SMA daily chart as of June 21, 2024 – Last week we saw a decline to 42.57%. This week we saw a bounce up to 48.08%.

VIX daily chart as of June 21, 2024 – The VIX straddled its 20 day SMA this week, ending the week on Friday with a new 2-week high and a higher close at 13.20.

VVIX daily chart as of June 21, 2024 – Monday saw the Volatility of the VIX test its 200 day SMA as Resistance then declined and closed above its 50 day SMA. Tuesday saw a dip below the 50 day SMA. Thursday opened below its 20 day SMA then crossed above all 3 of its SMAs to close above its 200 day SMA. Friday saw a decline from above to below its 200 day SMA. This week was a narrow range week for this Symbol.

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

Oil daily chart as of June 21, 2024 – Oil prices saw a higher high every day this week and a higher close every day except on Friday. Monday saw the strongest gains. We saw prices cross above the 200 day SMA on Monday and above the 50 day SMA on Tuesday. Thursday saw prices close at $81.24 and reached a high of $81.79 on Friday before closing lower at $80.56. It must be summer driving season and the time for higher gasoline prices.

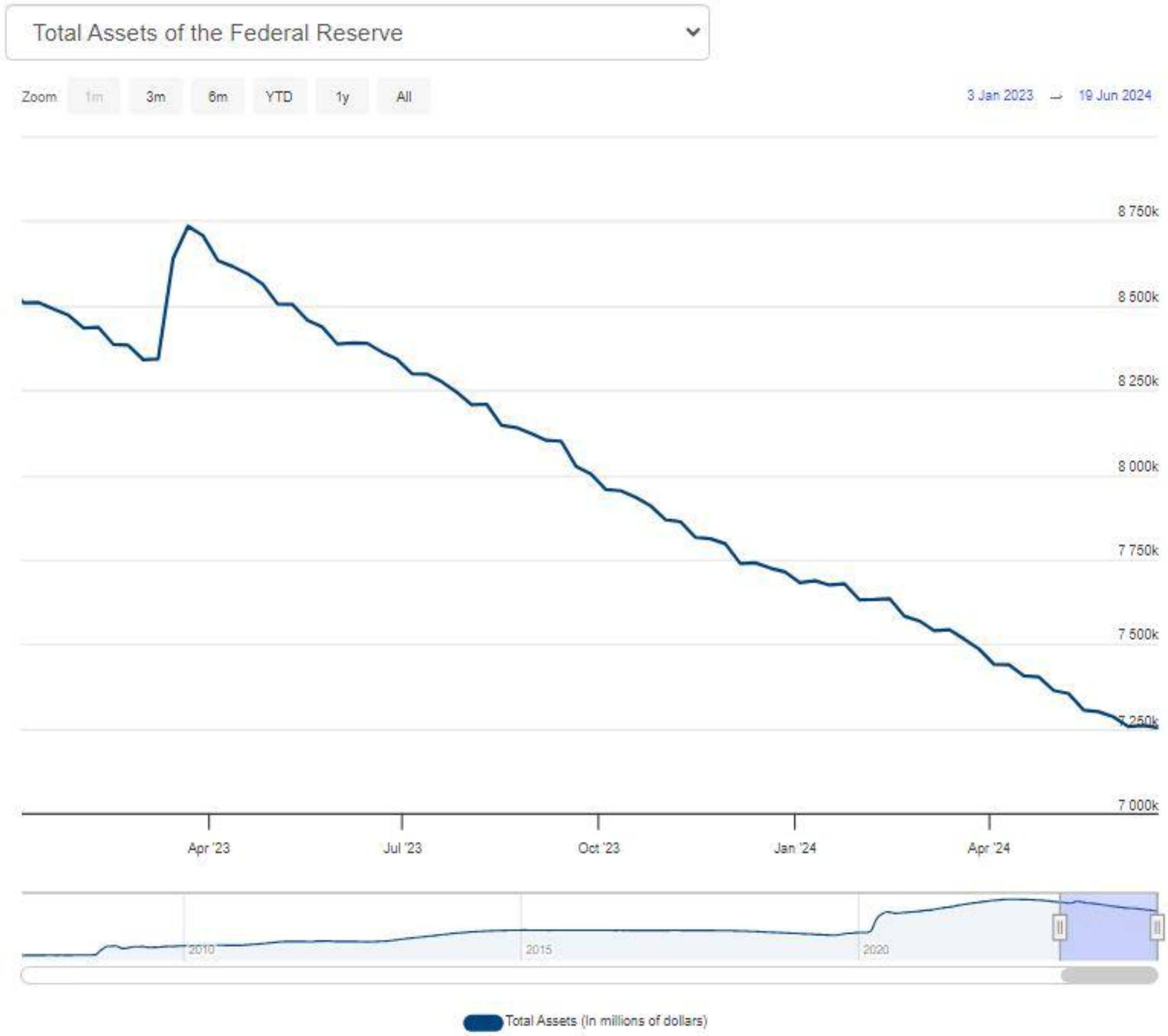
Gold daily chart as of June 21, 2024 – Gold remains in a narrow range Monday and Tuesday then rallied above its 20 day and 50 day SMAs on Thursday just to give back all of those gains on Friday, closing back below the 20 day and 50 day SMAs. Note the Trend between the declining highs from May 20th, to June 7th and to June 21st. Do you see a pattern? How about between the lows of May 24th and June 7th?

US Dollar Index daily chart as of June 21, 2024 – We saw the US Dollar decline a little on Monday and Tuesday to test support at its 50 day SMA. Thursday saw a strong rally from its 50 day SMA that was followed by a continuation higher on Friday.

US 10 year Treasury daily chart as of June 21, 2024 – The 10 year Treasury oscillated down-up-down-up within a narrow range this week with little change and light volume.

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
06/03/2024	5.49	5.49	5.52	5.46	5.39	5.14	4.82	4.62	4.42	4.41	4.41	4.63	4.55
06/04/2024	5.48	5.48	5.52	5.45	5.38	5.11	4.77	4.55	4.35	4.33	4.33	4.56	4.48
06/05/2024	5.48	5.48	5.51	5.46	5.37	5.08	4.72	4.50	4.31	4.29	4.29	4.52	4.44
06/06/2024	5.48	5.47	5.51	5.45	5.36	5.08	4.72	4.49	4.29	4.28	4.28	4.51	4.43
06/07/2024	5.47	5.47	5.52	5.47	5.40	5.17	4.87	4.65	4.46	4.45	4.43	4.64	4.55
06/10/2024	5.47	5.48	5.52	5.46	5.40	5.16	4.87	4.62	4.48	4.47	4.47	4.68	4.59
06/11/2024	5.46	5.47	5.52	5.46	5.39	5.17	4.81	4.57	4.41	4.40	4.39	4.62	4.53
06/12/2024	5.47	5.47	5.51	5.47	5.38	5.13	4.75	4.48	4.32	4.31	4.31	4.56	4.47
06/13/2024	5.47	5.47	5.51	5.45	5.36	5.07	4.68	4.42	4.24	4.23	4.24	4.50	4.40
06/14/2024	5.47	5.47	5.51	5.45	5.36	5.07	4.67	4.41	4.22	4.20	4.20	4.46	4.34
06/17/2024	5.45	5.47	5.52	5.46	5.39	5.11	4.75	4.50	4.30	4.28	4.28	4.52	4.40
06/18/2024	5.40	5.46	5.50	5.45	5.37	5.09	4.69	4.43	4.24	4.22	4.22	4.47	4.36
06/20/2024	5.42	5.46	5.50	5.46	5.37	5.10	4.70	4.45	4.26	4.25	4.25	4.49	4.39
06/21/2024	5.42	5.46	5.49	5.45	5.36	5.10	4.70	4.45	4.26	4.25	4.25	4.49	4.39

US Yield Rates daily table as of June 21, 2024 – The Yield rates on Long-term and Mid-term Treasuries saw a little bump higher Monday then gave back most of that small increase on Tuesday and remained most flat the rest of this week. We saw a very small decline in Short-term Yields this week.



FOMC Balance Sheet weekly chart as of June 19, 2024 – The Fed decreased its Balance Sheet this week by $6.432 Billion to a new Total Assets of $7.252542 Trillion.

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

Dow Transportation Index daily chart as of June 21, 2024 – The Transports saw higher highs every day this week and a higher close every day except on Tuesday. The Transports crossed above its 20 day SMA on Thursday and continued higher Friday to end the week up +2.07%.

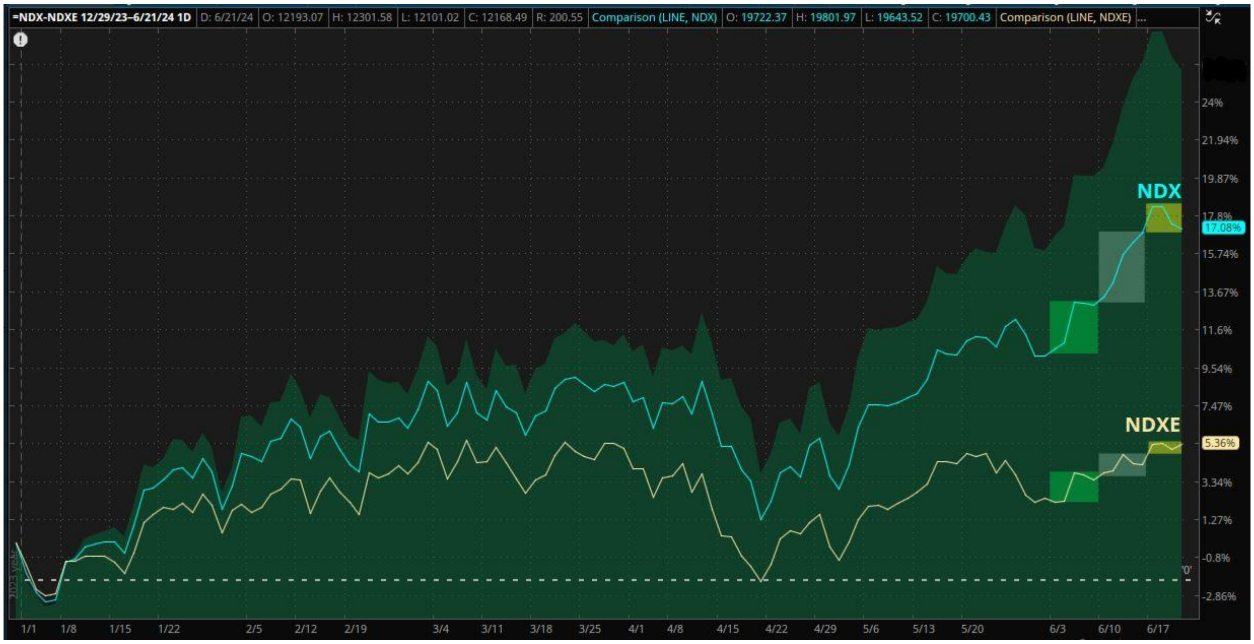
XLE daily chart as of June 21, 2024 – The Energy sector saw a higher high and higher low every day this week and a higher close every day except on Friday. The XLE crossed above its 200 day SMA on Tuesday and above its 20 day SMA at the open on Friday but sold off that day and closed back below the 20 day SMA, ending the week up +1.94%.

XLF daily chart as of June 21, 2024 – The Financial sector rallied every day this week except on Friday, crossing above its 50 day and 20 day SMAs on Tuesday. Friday saw a small pullback to end the week up +1.67% and now above all 3 of its key daily SMAs.

QQQ daily chart as of June 21, 2024 – The Nasdaq-100 ETF saw a strong rally on Monday to new all time highs then paused on Tuesday near those new highs. Thursday saw a small gap up but strong selling all day that continued lower Friday to end the week up +0.21%.

SOXX daily chart as of June 21, 2024 – The Semiconductor sector continued its rally Monday and Tuesday with new all time highs seen on both days. Thursday saw a large decline that gave back all of this week's gains. The sector continued lower Friday to end the week down -0.90%.

XLC daily chart as of June 21, 2024 – The Communication Services sector hovered just above its 20 day SMA on Monday, Tuesday and Thursday then gapped up Friday to new highs for this week, ending the week up +0.92%.



NDX vs. NDXE Percent Change Year-to-Date daily chart as of June 21, 2024 – Here we have are chart that compares the Nadaq-100 to the 'Equal Weighted' Nasdaq-100. We see strong gains on Monday in the NDX and smaller gains in the NDXE while Tuesday was flat in both indexes. Thursday saw a big decline in the NDX but a very small decline in the NDXE. Friday saw continued decline in the NDX while the NDXE saw a small gain.

The Green background is showing the 'Difference' between these two Indexes, but is not to scale. Note how the 'Difference' expanded on Monday and was flat on Tuesday then Declined on Thursday and Friday as the spread contracted. Also note how the 'difference' between these two Indexes greatly expanded from mid April until Monday of this week then contracted a little on Thursday and Friday of this week. This is a visual way to 'see' the significance of the influence of the largest 7 or 8 stocks within the NDX Index.

INDEXes SECTORs	Week Ending 5/10/2024	Week Ending 5/17/2024	Week Ending 5/24/2024	Week Ending 5/31/2024	Week Ending 6/7/2024	Week Ending 6/14/2024	Week Ending 6/21/2024
$SPX	1.85%	1.54%	0.03%	-0.51%	1.32%	1.58%	0.61%
$INDU	2.16%	1.24%	-2.33%	-0.98%	0.29%	-0.54%	1.45%
$COMPQ	1.14%	2.11%	1.41%	-1.10%	2.38%	3.24%	0.00%
$NDX	1.51%	2.12%	1.41%	-1.44%	2.50%	3.47%	0.21%
$RUT	1.18%	1.74%	-1.24%	0.02%	-2.11%	-1.01%	0.79%
QQQ	1.51%	2.19%	1.37%	-1.40%	2.72%	3.51%	0.21%
$TRAN	1.62%	-0.62%	-2.70%	1.03%	-1.41%	-1.43%	2.07%
XLE	1.36%	1.20%	-3.77%	2.01%	-3.42%	-2.19%	1.94%
XLF	3.16%	1.58%	-2.07%	0.13%	-0.41%	-1.98%	1.67%
XLK	1.48%	3.06%	1.58%	-2.28%	2.59%	5.58%	0.33%
SOXX	1.88%	3.63%	4.52%	-1.91%	2.57%	5.14%	-0.90%
XLV	1.96%	1.89%	-1.27%	-0.52%	1.89%	-0.36%	0.62%
XLY	0.11%	0.34%	-1.77%	0.24%	0.95%	0.40%	2.40%
XRT	1.31%	2.11%	-1.34%	3.32%	-1.90%	-1.62%	1.28%
XLI	2.37%	-0.28%	-0.67%	-0.78%	-0.96%	-0.96%	1.50%
XLU	4.18%	1.50%	-1.16%	1.71%	-3.80%	0.02%	-0.79%
XME	1.23%	3.91%	-0.98%	1.67%	-6.18%	-3.73%	1.46%
XLP	2.29%	0.76%	-1.38%	0.28%	0.44%	-0.94%	0.94%
XLB	2.58%	0.33%	-0.85%	0.20%	-1.90%	-0.88%	0.74%
XLC	1.97%	1.00%	0.41%	0.39%	1.36%	-0.28%	0.92%
XHB	2.18%	-0.32%	-1.88%	0.13%	-3.42%	2.24%	-1.04%

Weekly Percent Change US Indexes and Sectors table as of June 21, 2024 – The strongest Index this week was the Dow Industrials while the weakest was the Nasdaq Composite. The Dow Industrials was the only Index on my list that saw gains every day this week (4-day week) while each of the other Indexes saw a loss on at least one day this week.

The Strongest sectors this week included: XLY, Transports, XLE, XLF and XLI that each delivered +1.5% gains or more this week.

The Weakest sectors this week included: XHB, SOXX and XLU that all saw losses this week.

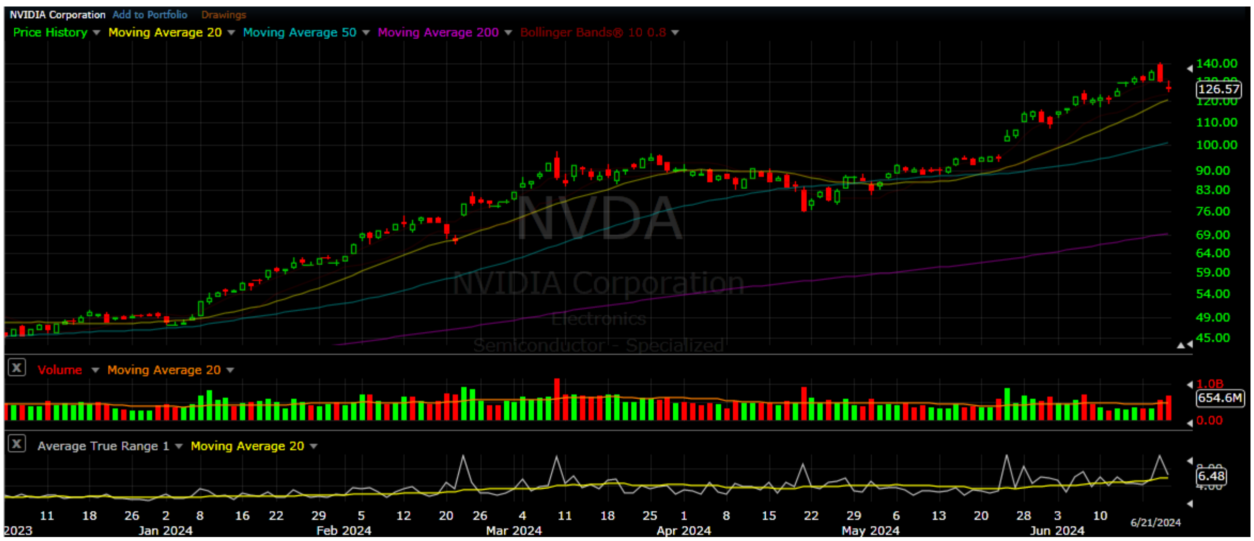
INDEXes SECTORs	Mon End of Day 06/10/24	Tue End of Day 06/11/24	Wed End of Day 06/12/24	Thur End of Day 06/13/24	Fri End of Day 06/14/24	Mon End of Day 06/17/24	Tue End of Day 06/18/24	Wed Holiday 06/19/24	Thur End of Day 06/20/24	Fri End of Day 06/21/24
$SPX	0.26%	0.27%	0.85%	0.23%	-0.04%	0.77%	0.25%	n/a	-0.25%	-0.16%
$INDU	0.18%	-0.31%	-0.09%	-0.17%	-0.15%	0.49%	0.15%	n/a	0.77%	0.04%
$COMPQ	0.35%	0.88%	1.53%	0.34%	0.12%	0.95%	0.03%	n/a	-0.79%	-0.18%
$RUT	0.25%	-0.36%	1.62%	-0.88%	-1.61%	0.79%	0.16%	n/a	-0.39%	0.23%
QQQ	0.40%	0.69%	1.31%	0.54%	0.52%	1.22%	0.03%	n/a	-0.77%	-0.27%
$TRAN	0.91%	-0.90%	0.72%	-1.07%	-1.08%	0.85%	-0.24%	n/a	1.19%	0.25%

Daily Percent Change US Indexes table as of June 21, 2024 – Here you can see that the Dow Industrials was the only Index that saw gains every day this week. Monday when the big tech names continued to dominate we see the QQQ deliver the strongest gains. Then on Friday the QQQ became the weakest as the weighting of big tech took its toll. Tuesday was a very flat day with very little change and the S&P led that day. The biggest down day, Thursday, we see the Nasdaq Composite leading the decline. On both Thursday and Friday we see the strength of the Transports.

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

MSFT daily chart as of June 21, 2024 – Microsoft showed a strong rally on Monday to new all time highs. Tuesday and Thursday saw a mild decline that gave back about half of Monday’s gains. Friday saw a rally that failed to deliver new record highs but did fully recover the prior two days of decline to end the week up +1.63%.

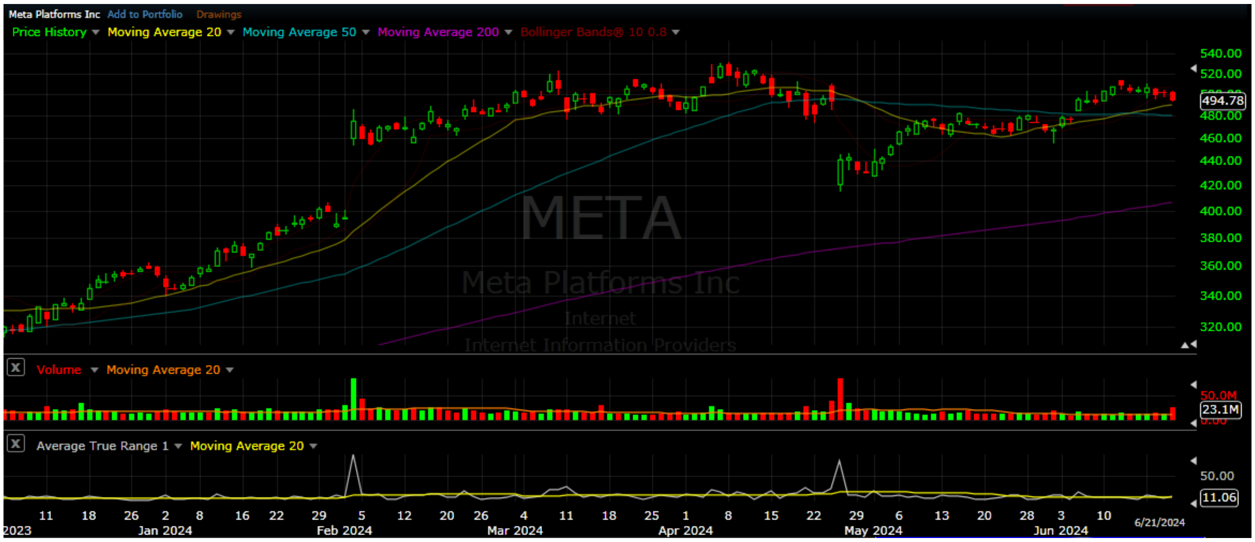
AAPL daily chart as of June 21, 2024 – Apple saw a rally Monday that failed to deliver new record highs. Tuesday, Thursday and Friday all saw a decline with lower lows, lower highs and lower closes each day, ending the week down -2.35%.



NVDA daily chart as of June 21, 2024 – Nvidia delivered new all time highs on Monday, Tuesday and Thursday before selling down hard on Thursday, breaking below its prior 7-days of up-trend Trend Line support mid-day. Friday saw selling continue lower to end the week down -4.03%.

GOOGL daily chart as of June 21, 2024 – Alphabet continued to straddle its 20 day SMA on Monday, Tuesday and Thursday then broke out to new all time highs on Friday, ending the week up +1.61%.

AMZN daily chart as of June 21, 2024 – Amazon straddled its 20 day and 50 day SMAs on Monday and Tuesday then broke out on Thursday and continued higher Friday to end the week up +2.95%.



META daily chart as of June 21, 2024 – Meta saw a small failed rally Monday followed by a slow decline Tuesday, Thursday and Friday towards its 20 day SMA, ending the week down -1.86%.

AVGO daily chart as of June 21, 2024 – Broadcom saw a huge rally last week after reporting Earnings. We saw a gap up on Monday as the rally continued higher to new all time highs. Tuesday briefly saw another new all time high at the open before selling lower all day. The decline continued lower Thursday and Friday to end this week down -4.40%.

TSLA daily chart as of June 21, 2024 – Tesla saw a failed rally Monday from its 20 day SMA support that failed to reach last week's highs. Tuesday and Thursday saw a decline nearly to the 20 day SMA. Friday saw a small bounce and 'Inside' day to end the week up 2.81%.

Let's compare the above 8 stocks in the table below to help see the relative strength last week and this week.

Stock	% Change Last week	% Change This week
QQQ	3.51%	0.21%
MSFT	4.42%	1.63%
AAPL	7.92%	-2.35%
NVDA	9.10%	-4.03%
GOOGL	1.34%	1.61%
AMZN	-0.35%	2.95%
META	2.37%	-1.86%
AVGO	23.35%	-4.40%
TSLA	0.30%	2.81%

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).

We saw a change in leadership this week with last week's strongest names (AVGO, NVDA and AAPL) turning into this week's weakest names. These same three names led the markets higher last week and led the decline this week.

By watching each of these 'leaders' and using basic charting skills (like Trend Lines, Support and Resistance) we can identify when each stock 'changed' its trend this week.

AVGO broke below its Trend Line Support on Tuesday afternoon,

NVDA broke below its Trend Line Support mid day on Thursday and

AAPL broke below its $211.3 Support early on Thursday.

All of our trading decisions are based upon the Stock Chart for the symbol we are trading. The Index and Sector leadership are only hints we use to help point us in the right direction to find and focus on those key stocks with higher odds opportunities.

JPM daily chart as of June 21, 2024 – JP Morgan saw a dip last week and began a bounce last Friday. Monday saw the bounce continue higher, crossing above its 50 day SMA. Tuesday rallied from the 50 day SMA to nearly the 20 day SMA. Thursday saw a rally higher that crossed and closed above the 20 day SMA. Friday saw a gap down below the 20 day SMA to end the week up +1.30%.

COST daily chart as of June 21, 2024 – Costco resumed its rally last Friday and continued higher Monday to new all time highs. Tuesday again saw new all time highs on a smaller range day. Thursday saw a decline that continued stronger Friday to end the week down -0.86%. Costco remains above all 3 of its key daily SMAs.

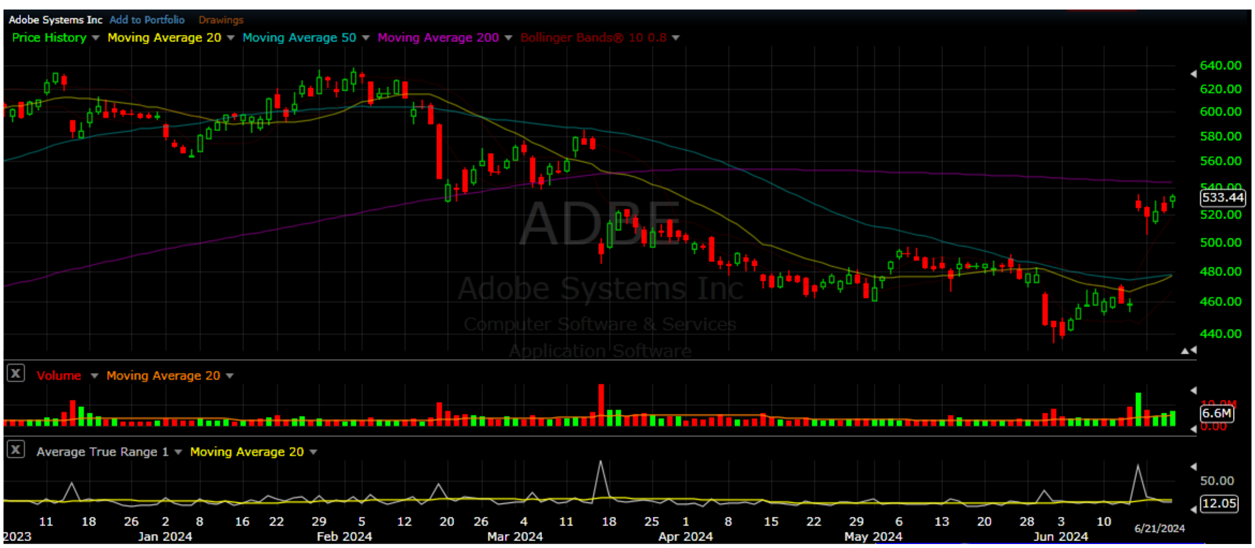
QCOM daily chart as of June 21, 2024 – Qualcomm resumed its rally last week and saw a strong rally on Monday to new all time highs. Tuesday saw a gap up to more new all time highs. Thursday saw a gap down and selling all day that continued lower Friday to its 20 day SMA, ending the week down -1.30% but still above all 3 of its daily SMAs.

MU daily chart as of June 21, 2024 – Micron resumed its rally on Monday and Tuesday delivering new all time highs each day. Thursday saw a gap up at the open but no new record highs before selling off strong all day. Friday saw a gap down to lower lows, nearly reaching its 20 day SMA and ending this week down -1.29%. Micron reports Earnings next week on Wednesday after the close.

CRM daily chart as of June 21, 2024 – Salesforce saw a large gap down May 30th after reporting Earnings. The next week we saw a rally that filled about half of that big gap. Last week we saw a decline that found support near $228.66. The low last week formed a higher low than the prior low seen on May 30th giving us a clue that maybe the decline is done. This week we saw a pause Monday and Tuesday just a fraction above last week's close. Thursday saw a strong rally followed by a continued rally on Friday, crossing above its 20 day SMA and nearly reaching the prior highs from June 6th. CRM ended this week up +5.66%.

NFLX daily chart as of June 21, 2024 – Netflix broke out last Friday to new 2-year highs and continued higher Monday, Tuesday and early Thursday this week before selling off and closing a little lower Thursday. Friday saw an 'Inside' day with a higher close to end this week up +2.50%.

BA daily chart as of June 21, 2024 – Boeing saw a higher high, higher low and higher close on Monday above its 50 day SMA that did not last. Tuesday saw a decline to lower lows, lower highs and a lower close back below the 50 day SMA. Thursday saw a lower low and lower high but a higher close that was still below the 50 day SMA. Friday saw a higher high, higher low and higher close but is still below its 50 day SMA, ending this week down -0.40% and below all 3 of its key daily SMAs.



ADBE daily chart as of June 21, 2024 – Adobe saw a big gap up last week after reporting Earnings. We saw a small decline on Monday the a bounce Tuesday that continued with higher highs, higher lows and higher closes on Thursday and Friday to end this week up +1.55%.

We saw the strength of the Semiconductor sector the prior two weeks and the change from strongest to weakest on Thursday and Friday this week. This does not mean that all the stocks within this sector are doing the same thing. It does indicate that this sector is stronger (or weaker) than most of the other sectors which gives us a big 'clue' where to look further. It is not until we look at the individual stocks within that sector that we see who the leaders are. It is here that we then can look for the chart patterns or changes in Trend that could signal a high odds opportunity per our Trading Plan.

We saw this week how the same stocks and sectors that led market higher can also lead market lower. This is a sign of high liquidity, and high volatility. As an active swing trader, we are seeking opportunities that have proven that they can 'Move'. We don't care what direction (Bull or Bear) but we do care that they have shown the ability, recently, that they can really move. We are focused on probabilities, and 'hope' is not part of that advantage. A stock chart that is showing us it can move, recently, is important to improve our odds of trading something that can more likely move again.

There is always a risk when trading the markets. Our job is to reduce and manage that risk every way we CAN.

By practicing reading the charts, you will eventually learn the language of the charts and better recognize when they may signal a low risk, high odds opportunity. It's a skill that takes lots of practice.

I hope this help.

Trade Smart,
CJ