Market Observations - as of December 13, 2024

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

Last week we saw the Nasdaq lead the rally each day while the S&P-500, Dow Industrials and Russell 2000 saw mild pullbacks on a few days. The Dow Transports saw weakness each day last week. The frequency of new all time highs last week in these Indexes also reflects the Nasdaq's leadership last week with the Nasdaq Composite and Nasdaq-100 delivering new all time highs every day last week while the S&P-500 delivered a new all time high on four days last week and the Dow Industrials did so only on one day last week. The Russell 2000 and Dow Transports did not deliver a single new record high last week.

This week we saw the Nasdaq continue its leadership with new all time highs every day except on Thursday. The S&P-500 did not deliver a single new record high this week but saw some small declines on four days this week. The Dow Industrials, Transports and Russell 2000 all saw a decline nearly every day this week.

The divergence we saw last week with the Nasdaq continuing higher while other indexes showed some weakness continued this week with smaller gains for the Nasdaq and stronger declines for the S&P, Dow Industrials and Russell 2000.

Markets normally change as money flows out of previously strong sectors and into the new leaders. The challenge is to carefully follow these changes so you can position yourself to take advantage of these Trends and not fight them.

The US Dollar strengthened each day this week while Bitcoin held onto most of its gains from last week. Gold and Silver rallied early this week then gave back those gains later this week for nearly a flat week overall.

Oil prices rose each day this week while the US 10 year Treasury declined each day this week. The 10 year Yields in reaction rose each day this week as well.

It appears that money flowed out of a variety of smaller Nasdaq stocks and into the few biggest names in the Nasdaq this week. We will see in the charts below how the Nasdaq leadership changed in character this week from last week.

In November, after the US Election, markets saw an explosion in activity with new monthly record breaking Options Volumes seen for the month of November. Most all major US Indexes went on to deliver new all time highs in November and continued into early December with the Nasdaq still going. This election was a bit different in that markets already knew what they were getting with POTUS 45's past history of reduced taxes and regulations. That anticipation likely has driving the rally so far. That 'honeymoon' period could end at any time, so remain prepared for 'Anything'.

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

S&P 500 weekly chart as of Dec 13, 2024 – The 3 week rally ended with a decline this week and no new record highs.

S&P 500 daily chart as of Dec 13, 2024 – Here we see a small decline 4 days this week with a failed rally on Wednesday that delivered a lower high. The S&P ended this week down -0.64%.

S&P 500 15 min. chart as of Dec 13, 2024 – Here we see the steady decline Monday and Tuesday this week with Tuesday's lows coming within 1.3 points of the lower weekly Expected Move. Wednesday saw a gap up and rally to a lower high, failing to reach last week's record highs. On Thursday and Friday saw the decline resume lower to end the week down -0.64%.

The Trend line drawn last week (Blue) was broken below mid day last Friday. The revised Trend line drawn this week (Yellow) was broken below at the close Thursday and again early on Friday this week. So far the S&P has remained below both Trend Lines, and could be confirmed with a lower low next week below this week's lows. We will wait to see if that happens.

The S&P closed 'Inside' its weekly Expected Move this past week.

Next week's Expected Move is +/- $74.80 from Friday's close at $6051.09.

DJIA weekly chart as of Dec 13, 2024 – The Industrials saw a small decline last week after delivering a new all time high and then continued lower with a larger decline this week.

DJIA daily chart as of Dec 13, 2024 – The Industrials saw a decline every day this week, crossing below its 20 day SMA on Tuesday and ending the week Friday down -1.82% for the week.

Nasdaq weekly chart as of Dec 13, 2024 – The Nasdaq Composite continued higher for a fourth week in a row with more new all time highs this week.

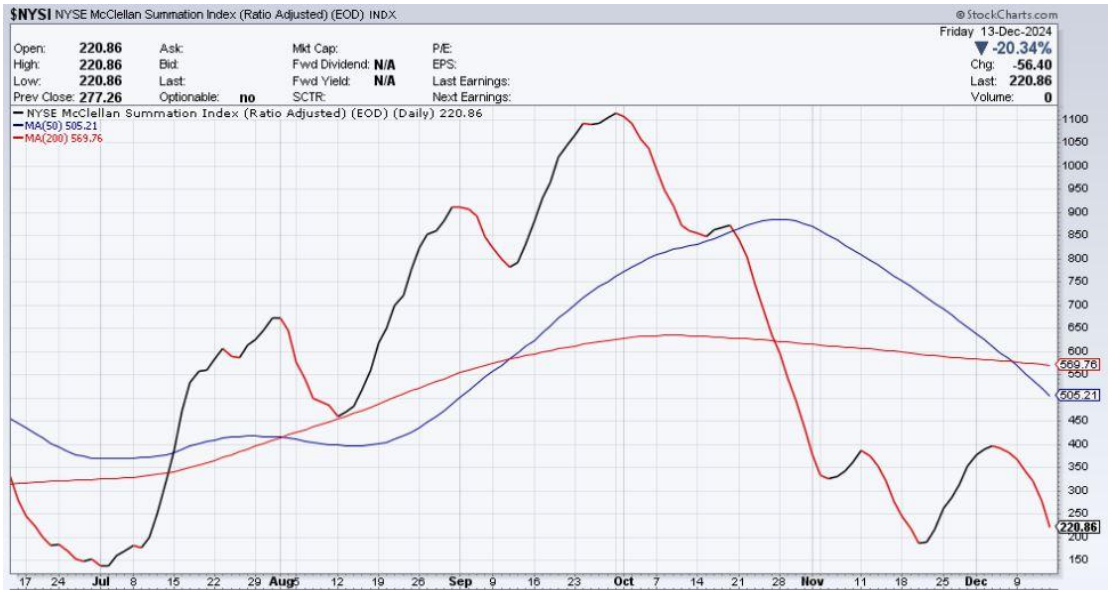
Nasdaq daily chart as of Dec 13, 2024 – The Composite delivered a new all time high every day this week except on Thursday. Most of this week's gains were seen on Wednesday. Friday saw the week end +0.34% higher.

Russell 2000 weekly chart as of Dec 13, 2024 – The Russell saw a second week of declines with this week seeing a larger drop.

Russell 2000 daily chart as of Dec 13, 2024 – The Russell saw a lower low and lower close every day this week except on Wednesday when it saw a failed rally crossing below its 20 day SMA Tuesday and Thursday and ending the week Friday down -2.58%.

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

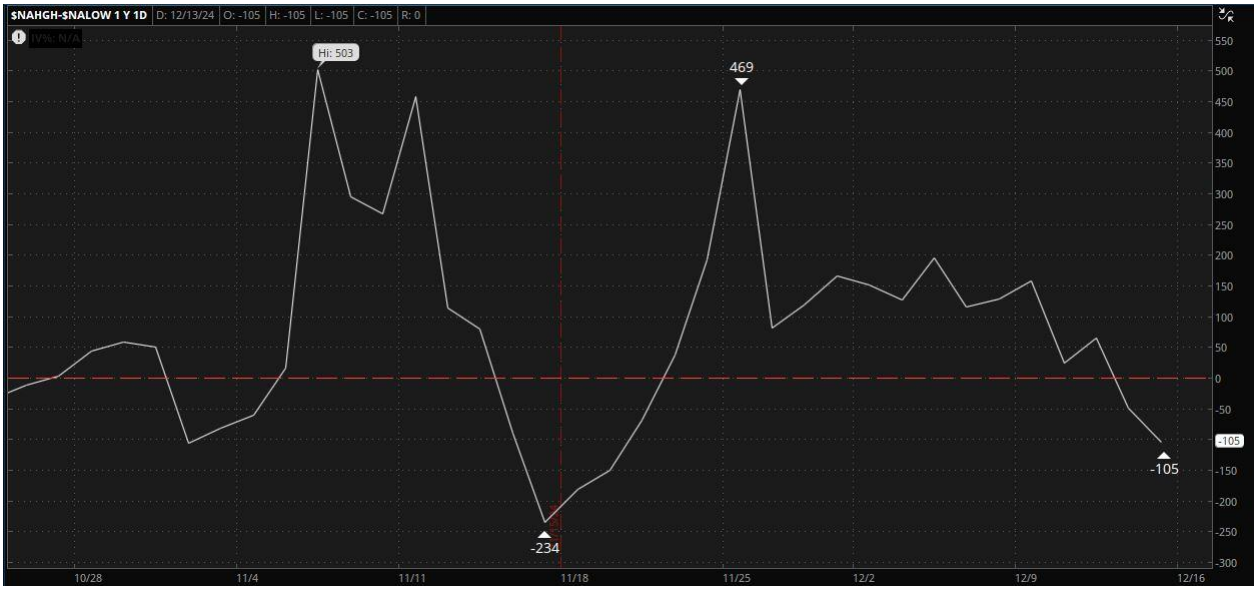
McClellan Summation Index weekly chart as of Dec 13, 2024 – Last week we saw a small gain and a pause near 383.40. This week we see a larger decline to 220.86.



McClellan Summation Index daily chart as of Dec 13, 2024 – We can see this Index roll over last week and decline this week to 220.86.

NYSE Percent above 200 day SMA daily chart as of Dec 13, 2024 – Last week we saw this Index drop to its 200 day SMA to end last week at 67.91%. This week the decline continues lower to 64.93%.

NYSE Percent above 50 day SMA daily chart as of Dec 13, 2024 – Last week we saw a decline below the 200 day SMA to 58.79%. This week continued lower to 50.76%.



Nasdaq New Highs – New Lows daily chart as of Dec 13, 2024 – Last week we saw the Nasdaq Composite deliver new all time highs every day but the (above) chart of new highs minus new lows was mostly flat in the +150 area. This week we again saw the Nasdaq Composite deliver new all time highs every day except on Thursday and this week we see the (above) chart of new highs minus new lows decline every day with a small bounce Wednesday and then turn negative Thursday (-50) and Friday (-105).

This divergence between the Nasdaq Composite and the Nasdaq New Highs minus New Lows shows something interesting. If most of the stocks in this Index continued to make new highs then this Hew Highs – New Lows would also continue higher. However, if a fewer number of stocks in this index were making new highs, and those stocks were large companies with a significant influence on this index, then we could see a decline in the number of New Highs minus New Lows while the Nasdaq Composite Index continues higher on narrower breadth. This is likely why we see this divergence, however, we should look for additional evidence to confirm this possibility or not. Keep this in mind as you look at additional charts below.

VIX daily chart as of Dec 13, 2024 – The VIX rose a little on Monday and Tuesday to nearly its 20 day SMA. Wednesday saw a strong decline followed by a pause on Thursday and Friday.

VVIX daily chart as of Dec 13, 2024 – The Volatility of the VIX saw an increase with higher highs seen every day this week, testing its 50 day SMA on Friday before declining to close the day lower.

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

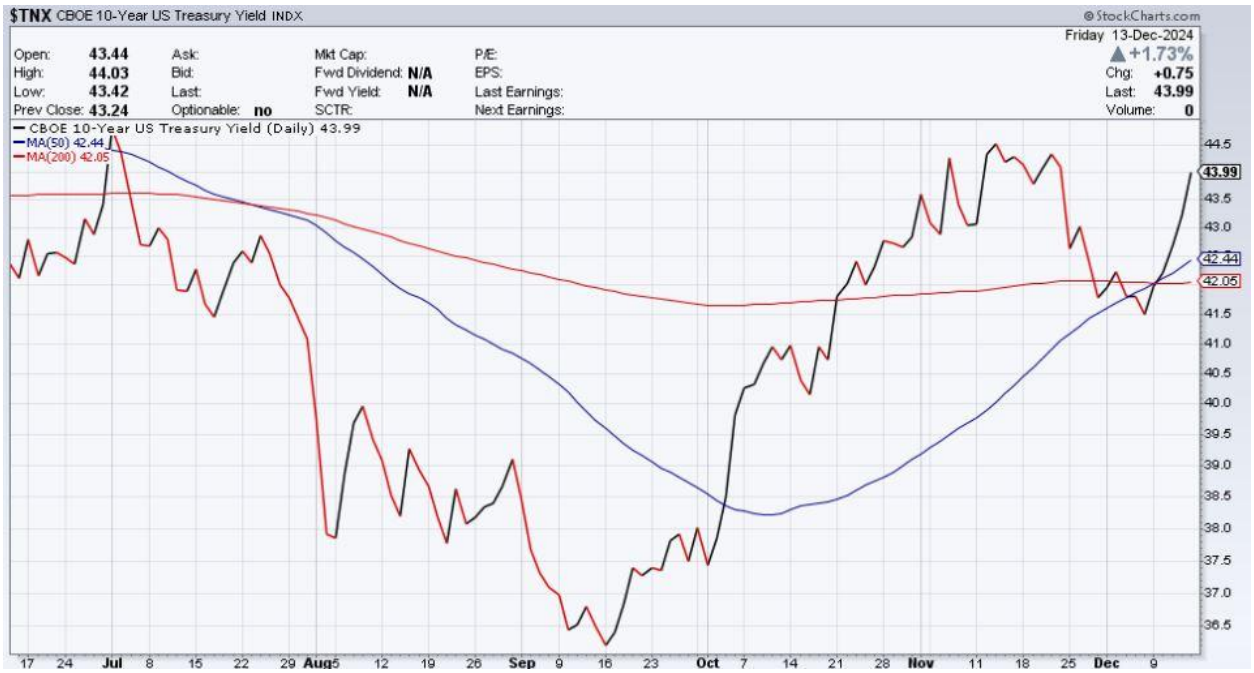
Oil daily chart as of Dec 13, 2024 – Oil prices increased with a higher high seen every day this week, crossing above its 20 day and 50 day SMAs on Wednesday, closing back below its 50 day SMA Thursday then rallied higher above its 50 day SMA on Friday to end the week at $71.09.

Gold daily chart as of Dec 13, 2024 – Gold prices rallied up to its 50 day SMA and closed just above this SMA on Monday then continued higher Tuesday and Wednesday to find Resistance near $2,761 then declined sharply on Thursday and Friday below its 50 day and 20 day SMAs to end this week at $2665.90.

Bitcoin daily chart as of Dec 13, 2024 – Bitcoin Futures saw a small decline and test of its 20 day SMA Support on Monday and Tuesday then rallied back up to $102,225 on Wednesday. Thursday and Friday were mostly horizontal near Wednesday's close.

US Dollar Index daily chart as of Dec 13, 2024 – The US Dollar saw a higher high every day this week and a higher close every day except Friday, ending this week at $106.945.

US 10 year Treasury daily chart as of Dec 13, 2024 – The 10 year saw a lower close every day this week, crossing below its 50 day SMA on Monday, below its 200 day SMA on Tuesday and below its 20 day SMA on Thursday. Friday saw the largest daily decline this week.

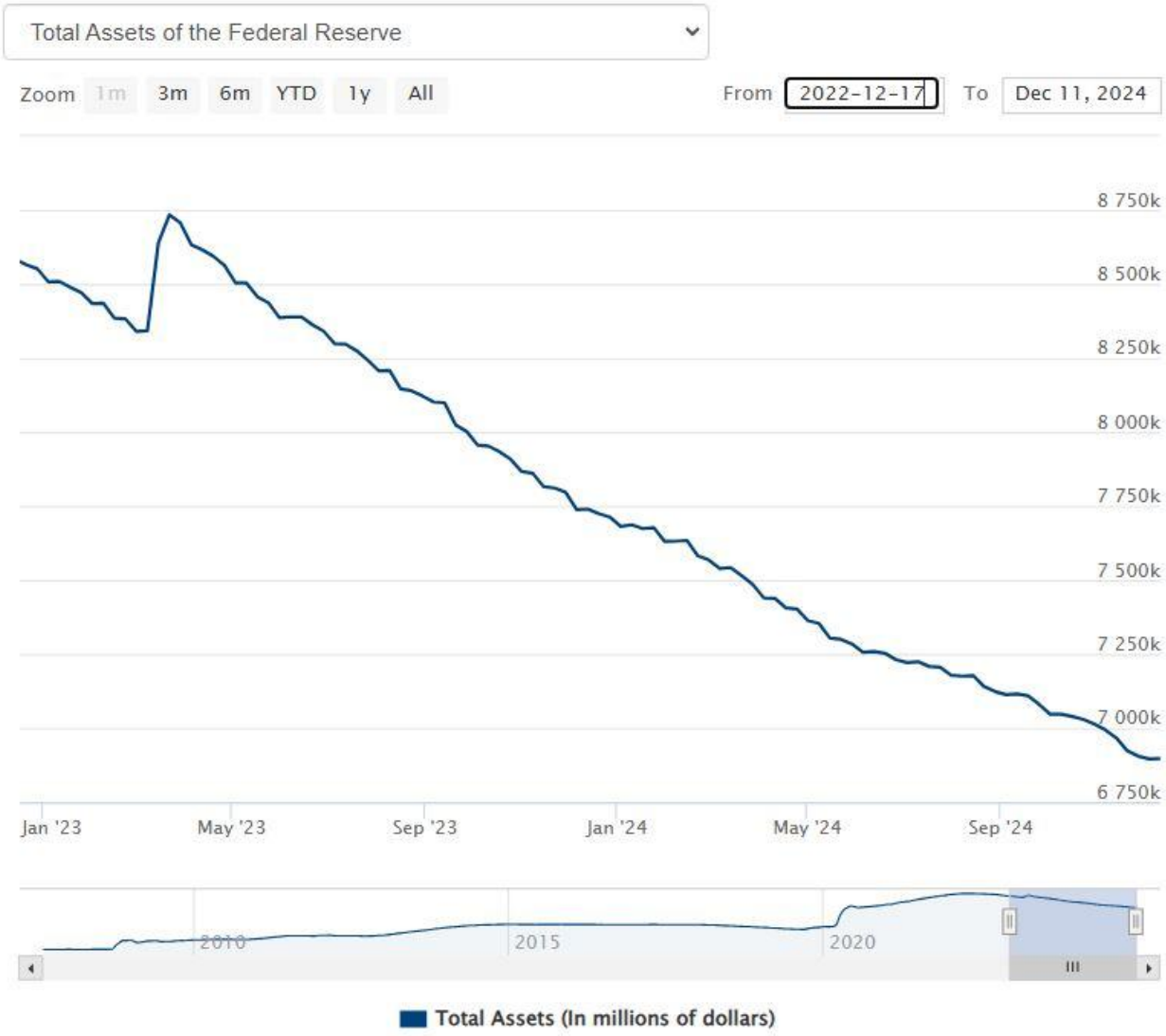


US 10 year Yield daily chart as of Dec 13, 2024 – As the 10 year Treasury sold off every day this week we saw the 10 year Yield increase each day this week, up to 4.40%.

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	10yr - 2 yr
11/12/2024	4.70	4.70	4.63	4.54	4.45	4.38	4.34	4.29	4.32	4.38	4.43	4.70	4.58	0.09
11/13/2024	4.69	4.67	4.60	4.50	4.40	4.31	4.27	4.25	4.30	4.38	4.44	4.73	4.63	0.17
11/14/2024	4.70	4.68	4.61	4.53	4.43	4.36	4.34	4.30	4.32	4.38	4.43	4.69	4.58	0.09
11/15/2024	4.70	4.67	4.60	4.52	4.44	4.34	4.31	4.27	4.30	4.36	4.43	4.70	4.60	0.12
11/18/2024	4.70	4.65	4.63	4.52	4.44	4.33	4.29	4.25	4.28	4.35	4.42	4.70	4.61	0.13
11/19/2024	4.67	4.63	4.62	4.51	4.44	4.34	4.27	4.24	4.25	4.32	4.39	4.66	4.57	0.12
11/20/2024	4.68	4.63	4.62	4.52	4.44	4.37	4.31	4.26	4.28	4.34	4.41	4.66	4.59	0.10
11/21/2024	4.72	4.67	4.63	4.52	4.45	4.39	4.34	4.30	4.30	4.36	4.43	4.68	4.61	0.09
11/22/2024	4.72	4.67	4.63	4.53	4.46	4.42	4.37	4.32	4.30	4.35	4.41	4.67	4.60	0.04
11/25/2024	4.74	4.67	4.62	4.52	4.46	4.37	4.21	4.21	4.17	4.21	4.27	4.53	4.45	0.06
11/26/2024	4.74	4.67	4.61	4.52	4.45	4.37	4.21	4.21	4.17	4.24	4.30	4.56	4.48	0.09
11/27/2024	4.76	4.70	4.60	4.54	4.43	4.34	4.19	4.17	4.11	4.17	4.25	4.52	4.44	0.06
11/29/2024	4.76	4.69	4.58	4.52	4.42	4.30	4.13	4.10	4.05	4.10	4.18	4.45	4.36	0.05
12/2/2024	4.75	4.63	4.51	4.51	4.43	4.30	4.17	4.11	4.08	4.13	4.19	4.46	4.36	0.02
12/3/2024	4.66	4.56	4.49	4.48	4.40	4.27	4.17	4.13	4.11	4.17	4.23	4.50	4.40	0.06
12/4/2024	4.65	4.54	4.47	4.46	4.38	4.23	4.13	4.09	4.07	4.13	4.19	4.45	4.35	0.06
12/5/2024	4.59	4.53	4.46	4.46	4.38	4.23	4.15	4.10	4.07	4.12	4.17	4.43	4.33	0.02
12/6/2024	4.57	4.50	4.42	4.42	4.34	4.19	4.10	4.05	4.03	4.09	4.15	4.42	4.34	0.05
12/9/2024	4.56	4.50	4.42	4.43	4.34	4.20	4.13	4.09	4.07	4.13	4.20	4.47	4.39	0.07
12/10/2024	4.53	4.48	4.41	4.42	4.35	4.22	4.15	4.08	4.09	4.15	4.22	4.49	4.41	0.07
12/11/2024	4.49	4.45	4.38	4.38	4.32	4.21	4.15	4.09	4.13	4.20	4.26	4.55	4.48	0.11
12/12/2024	4.43	4.44	4.35	4.36	4.31	4.22	4.18	4.14	4.18	4.25	4.32	4.62	4.55	0.14
12/13/2024	4.43	4.43	4.34	4.36	4.32	4.24	4.25	4.21	4.25	4.33	4.40	4.69	4.61	0.15

US Yield Rates daily table as of Dec 13, 2024 – We can see the longer-terms increase each day this week while the shorter-terms saw a small decline. This widened the 'Spread' this week as seen with the right hand column of the 10 year minus the 2 year spread. As this spread increases it shows us a steeper slope to the Yield curve.

As the 10 year Yield increases, that often puts more pressure on New and Existing Home Sales as the 30 year Fixed Mortgage rate increases and fewer buyers can afford the higher payments.



FOMC Balance Sheet weekly chart as of Dec 11, 2024 – The Fed 'Increased' its Balance Sheet this week by $1.658 Billion to a new Total Assets of $6.89748 Trillion.

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

Dow Transportation Index daily chart as of Dec 13, 2024 – The Transports continued its decline on Monday then saw a failed rally Tuesday. Wednesday, Thursday and Friday all saw lower closes to end the week below its 50 day SMA and down -1.00% for this week.

XLE daily chart as of Dec 13, 2024 – The Energy sector continued its decline with lower lows every day this week, down -1.98% for the week. The XLE remains below all 3 of its key daily SMAs.

XLF daily chart as of Dec 13, 2024 – The Financial sector saw a pause late last week just above its 20 day SMA. Monday saw the XLF cross and close below its 20 day SMA then traded sideways the rest of this week near Monday's close or a bit lower, ending the week down -1.71%.

QQQ daily chart as of Dec 13, 2024 – The Nasdaq-100 ETF saw a small decline Monday and Tuesday then rallied to new all time highs on Wednesday. Thursday saw an 'Inside' day followed by a rally to new all time highs on Friday to end the week up +0.77%.

SOXX daily chart as of Dec 13, 2024 – The Semiconductor sector continues to consolidate since early August near the $220-$225 mid range area. Monday saw a test of the 20 day SMA support that broke on Tuesday as we saw a strong drop that day. Wednesday rallied back above its 20 day SMA then paused Thursday with a narrow 'Inside' day. Friday saw a gap up and rally to its 50 day SMA to end the week up +1.58%. Most of Friday's gains came from AVGO.

XLC daily chart as of Dec 13, 2024 – The Communication Services sector saw a sharp decline Monday then a rally Tuesday, Wednesday and Thursday to new all time highs. Friday saw a small decline to end the week nearly flat up +0.01%.

NDX vs. NDXE Percent change daily chart as of Dec 13, 2024 – The Nasdaq-100 (NDX) is weighted by the Market Cap of each of its component stocks. (A copy of the Market Cap Valuations of the largest 10 stocks is included below.) The above chart shows the 'Difference' between the NDX and the Equal Weighted Nasdaq-100 (NDXE) in the green background. The difference between these two Indexes has expanded significantly the past 2 weeks (Peaking Green area) indicating more of the gains can be coming from a few large cap stocks while the NDXE has been nearly flat the past two weeks.

The 10 largest stocks in the Nasdaq-100 (NDX) account for over 55% of this 100 stock Index. In the Equal Weighted version 10 stocks would only account for 10% of this 100 stock Index. 10% vs. 55% is a very significant difference.

When we see the expansion of the 'Difference' between the NDX and the NDXE we know that a few of the larger stocks are making their stronger influence known. A few big stocks can 'Move' the NDX to new all time highs. This makes watching the biggest stocks important due their significant influence in the major Indexes.

INDEXes	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
SECTORs	11/1/2024	11/8/2024	11/15/2024	11/22/2024	11/29/2024	12/6/2024	12/13/2024
$SPX	-1.37%	4.66%	-2.08%	1.68%	1.06%	0.96%	-0.64%
$INDU	-0.15%	4.61%	-1.24%	1.96%	1.39%	-0.60%	-1.82%
$COMPQ	-1.50%	5.74%	-3.15%	1.73%	1.13%	3.34%	0.34%
$NDX	-1.57%	5.41%	-3.42%	1.87%	0.74%	3.31%	0.73%
$RUT	0.10%	8.57%	-3.99%	4.46%	1.17%	-1.06%	-2.58%
QQQ	-1.59%	5.48%	-3.42%	1.86%	0.78%	3.28%	0.77%
$TRAN	1.53%	6.13%	-0.73%	0.81%	1.45%	-4.20%	-1.00%
XLE	-1.94%	6.50%	1.05%	2.68%	-1.79%	-4.72%	-1.98%
XLF	0.02%	5.47%	1.38%	1.72%	1.20%	-1.83%	-1.71%
XLK	-2.77%	5.92%	-3.56%	2.14%	0.06%	3.04%	-0.74%
SOXX	-3.92%	4.89%	-8.71%	2.35%	-0.36%	2.06%	1.58%
XLV	-0.57%	1.65%	-5.55%	1.64%	2.25%	-2.12%	-2.28%
XLY	-0.36%	7.51%	-0.78%	2.18%	1.93%	4.72%	1.16%
XRT	-0.09%	4.94%	-0.72%	3.13%	2.18%	0.97%	-0.42%
XLI	-1.03%	6.03%	-2.10%	2.54%	0.94%	-2.38%	-2.23%
XLU	-2.80%	1.34%	0.09%	2.78%	1.82%	-3.91%	-2.57%
XME	-0.23%	8.47%	-6.09%	5.53%	0.15%	-4.81%	-5.21%
XLP	-1.12%	0.84%	-1.06%	2.35%	1.69%	-1.01%	-0.41%
XLB	-0.88%	1.44%	-3.38%	3.08%	0.73%	-3.03%	-2.92%
XLC	1.71%	4.09%	-1.07%	1.82%	1.57%	2.57%	0.01%
XHB	-1.66%	3.62%	-2.59%	3.68%	2.46%	-3.09%	-3.95%

Weekly Percent Change US Indexes and Sectors table as of Dec 13, 2024 – This week we only see the Nasdaq Composite, Nasdaq-100 and QQQ delivering a gain while the other Indexes all saw a decline. This is the same 'Divergence' we saw last week as it continues this week.

We also saw signs above that this week's smaller Nasdaq gains were likely driven by a few 'big' stocks as overall breadth declined.

Only four sectors saw gains this week. The Strongest sectors this week Included: SOXX, XLY and QQQ while the XLC was nearly flat. This also reflects 'narrow' breadth behind this week's rising Nasdaq.

Twelve sectors saw a decline this week. The Weakest sectors included: XME, XHB, XLB, XLU, XLV and XLI that all saw declines of over -2.0%.

INDEXes SECTORs	Mon End of Day 12/02/24	Tue End of Day 12/03/24	Wed End of Day 12/04/24	Thur End of Day 12/05/24	Fri End of Day 12/06/24	Mon End of Day 12/09/24	Tue End of Day 12/10/24	Wed End of Day 12/11/24	Thur End of Day 12/12/24	Fri End of Day 12/13/24
$SPX	0.24%	0.05%	0.61%	-0.19%	0.25%	-0.61%	-0.30%	0.82%	-0.54%	0.00%
$INDU	-0.29%	-0.17%	0.69%	-0.55%	-0.28%	-0.54%	-0.35%	-0.22%	-0.53%	-0.20%
$COMPQ	0.97%	0.40%	1.30%	-0.18%	0.81%	-0.62%	-0.25%	1.77%	-0.66%	0.12%
$RUT	-0.02%	-0.73%	0.42%	-1.25%	0.54%	-0.67%	-0.42%	0.48%	-1.38%	-0.60%
QQQ	1.09%	0.31%	1.23%	-0.28%	0.89%	-0.78%	-0.34%	1.79%	-0.65%	0.77%
$TRAN	-0.42%	-2.03%	-0.13%	-1.11%	-0.57%	-0.37%	0.73%	-0.56%	-0.02%	-0.78%

Daily Percent Change US Indexes table as of Dec 13, 2024 – Note how the Transports alternated between strength and weakness every day this week. The Russell 2000 showed its weakness on Tuesday and Thursday. The QQQ (Nasdaq-100 ETF) saw weakness Monday then strength on Wednesday and Friday. On both Wednesday and Friday of this week we saw that the SOXX (Semiconductor sector) led on each of those two days. Also, we saw that AVGO was the strongest component within the SOXX on each of those same two days.

Using a watch list for our list of Sectors and for each Sector's key components is how we can very quickly identify key leaders each day. Then watching those key stocks each day can lead to finding a trading opportunity that has high odds when it is 'With' the Trend.

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

Nasdaq 100

Symbol	Market Cap	Last	%Change	Net Ch...
AAPL	3,750,689 M	248.13	+0.07%	+.17
MSFT	3,325,399 M	447.27	-0.51%	-2.29
NVDA	3,287,783 M	134.25	-2.25%	-3.09
AMZN	2,391,744 M	227.46	-0.66%	-1.51
GOOG	2,342,683 M	191.38	-1.16%	-2.25
GOOGL	2,323,587 M	189.82	-1.11%	-2.14
META	1,566,066 M	620.35	-1.66%	-10.44
TSLA	1,400,324 M	436.23	+4.34%	+18.13
AVGO	1,049,946 M	224.80	+24.43%	+44.14
COST	439,214 M	989.35	+0.10%	+.96
NFLX	392,778 M	918.87	-0.72%	-6.68

Largest 10 stocks in the NDX per Market Cap as of the close on Dec 13, 2024 – Key changes to this list this week included MSFT moving ahead of NVDA, and on Friday we saw AVGO make new all time highs to become over a $1 Trillion company per its Market Cap.

AAPL daily chart as of Dec 13, 2024 – Apple continued higher with new all time highs seen on Monday, Tuesday and Wednesday. Wednesday saw a lower close followed by the rest of this week with nearly a flat trend, ending the week up +2.18%. Most of this week's gains were seen on Monday.

MSFT daily chart as of Dec 13, 2024 – Microsoft continued higher with higher highs every day this week except on Friday. Tuesday and Friday saw a lower close without ending the bullish trend, ending this week up +0.83%.

NVDA daily chart as of Dec 13, 2024 – Nvidia has seen about 2 months of horizontal Consolidation not far from $140. This week we see a decline Monday and Tuesday below its 50 day SMA. Wednesday saw a failed rally above its 50 day SMA. Thursday saw a narrow 'Inside' day. Friday saw a decline to lower lows for the month, ending the week down -5.75%.

AMZN daily chart as of Dec 13, 2024 – Amazon continued its rally Monday with new all time highs but a lower close. Tuesday saw a small decline lower. Wednesday saw the rally resume up to new all time highs followed by a mild decline Thursday and Friday to end the week up +0.19%.

GOOGL daily chart as of Dec 13, 2024 – Alphabet saw a small rally Monday then a huge gap up Tuesday that continued higher Wednesday to new all time highs. Thursday and Friday saw a small decline to end the week up +8.77%.

META daily chart as of Dec 13, 2024 – Meta paused its rally on Monday and Tuesday then resumed higher on Wednesday to new all time highs. Thursday saw a small decline followed by a larger decline on Friday to end the week down -0.55%.

TSLA daily chart as of Dec 13, 2024 – Tesla continued its strong rally from last week (+12.77%) with higher highs every day this week and new all time highs seen on Wednesday, Thursday and Friday. Every day this week also saw a higher close except on Thursday. Friday saw TSLA end this week up +12.08%. Tesla is up +$184.79 since the US Election. That is up +73.49% in just 5 and a half weeks.

AVGO daily chart as of Dec 13, 2024 – Broadcom has respected the $185 - $186 area Resistance since mid June this year, with tests in October, November and this week on Dec. 11th. Last Friday (Dec. 6th) was saw AVGO break above its 50 day SMA then pause this Monday. Tuesday saw a dip back below the 50 day SMA. On Wednesday we saw a gap up and rally to the $185 area Resistance. On Thursday we saw a small decline before reporting Earnings after the close. Friday saw a huge gap up reaction to Earnings with follow through higher during the day to new all time highs, ending this week up +25.22%.

Let's compare the above 8 stocks in the table below to help see the relative strength last week and this week. The order was changed a bit to rank from biggest to smaller current Market Cap valuation.

Stock	% Change Last week	% Change This week
QQQ	3.28%	0.77%
AAPL	2.32%	2.18%
MSFT	4.75%	0.83%
NVDA	3.04%	-5.75%
AMZN	9.21%	0.19%
GOOGL	3.41%	8.77%
META	8.61%	-0.55%
TSLA	12.77%	12.08%
AVGO	10.77%	25.22%

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).

Observations:

The QQQ made smaller gains this week than last week, so the bar is set a bit lower to exceed this week's QQQ performance.

Last week we saw 6 stocks in this list exceed the QQQ while this week we see 5 stocks exceed the QQQs. That fits with the 'on narrower leadership' scenario this week for the Nasdaq.

NVDA and META went from positive gains last week to losses this week.

AAPL, MSFT, AMZN and TSLA saw a reduction from last week's gains to this week's smaller gains.

AVGO and GOOGL delivered larger gains this week than last week.

** The two strongest stocks last week remained the same two strongest this week, TSLA and AVGO. This is an example of how **strength often remains in strength**. Remember this lesson.

JPM daily chart as of Dec 13, 2024 – JP Morgan saw a small decline last week and continued lower this week, crossing below its 20 day SMA on Monday and delivering a lower low every day this week, ending this week down -3.00%.

GS daily chart as of Dec 13, 2024 – Goldman Sachs also continued lower this week, crossing below its 20 day SMA on Monday and continued lower Tuesday. Wednesday saw a failed rally with another test of the 20 day SMA as Resistance on Thursday before declining Friday to end the week down -2.37%.

COST daily chart as of Dec 13, 2024 – Costco paused near its new highs on Monday and Tuesday the saw a failed rally Wednesday up to a new all time high at $1007.80 then returned to the prior day's close. Thursday saw a decline before reporting Earnings after the close. Friday saw a wide range swing and test of its 20 day SMA Support with little overall change by the close, ending the week down -0.33%.

INTC daily chart as of Dec 13, 2024 – Intel saw a pause Monday then resumed its decline Tuesday down to the $20 area. Wednesday saw a pause then a rally Thursday that failed to reach $21. Friday saw a decline and an 'Inside' day to end the week down -2.77%.

WMT daily chart as of Dec 13, 2024 – Walmart rallied to new all time highs late last week then pulled back on Monday, rallied Tuesday and Wednesday without any new record highs then declined Thursday. Friday saw a lower low and a higher close to end the week down -1.30%.

NFLX daily chart as of Dec 13, 2024 – Netflix saw a pullback Monday then an ‘Inside’ day on Tuesday. The rally resumed Wednesday to new all time highs followed by a lower low and lower Close on Thursday and Friday, ending the week down -1.70%.

CAT daily chart as of Dec 13, 2024 – Caterpillar saw a failed rally Monday then resumed its decline Tuesday as it gapped below its 20 day and 50 day SMAs. Wednesday saw a pause then resumed lower Thursday and Friday to end the week down -3.68%.

BA daily chart as of Dec 13, 2024 – Boeing saw a pause and small decline last week (-0.97%) then resumed its rally on Monday with a higher close every day this week, ending the week up +10.21% and testing its 200 day SMA as Resistance on Friday..

We saw how the Nasdaq continued higher while the other indexes all saw a decline this week. We also saw how this week's gains were likely from a smaller group of likely very big stocks. Both TSLA and AVGO delivered very strong gains again this week.

We saw examples of how following a few key stocks can significantly improve your odds of catching a strong rally (or strong decline) as we ride the existing Trend. We do not worry about the tops or bottoms of Trends, but just focus on catching the highs odds Middle of a strong move.

I hope these examples help you improve your Chart Reading skills. The best way to improve skills is with lots of practice.

Trade Smart,

CJ