

Good morning everyone. Welcome to Wednesday morning..

It's Stephen Whiteside here from.

theuptrend.com. Well, yesterday was an interesting day..

We saw the fear index rise..

It settled just on the edge of the upper.

channel line, so any higher close would give us a buy signal..

Of course, a buy signal for the VIX is negative for stocks..

US dollar index closed in the channel yesterday..

Then we saw bond prices..

We saw a new closing high for the 30 year bond..

So the bond traders are putting downward pressure on interest rates..

And it's the yield curve that's hurting the financial stocks at the moment..

Looking at gold, gold held steady on Tuesday, looking for a close blow..

1766.09 on Wednesday to give us a buy signal for gold stocks..

So far in the pre market, it's holding up fairly well..

Then we've got crude oil coming down to.

last week's low, putting in a new closing low for this move..

If we take out last week's low, then 68..

75 is our next target..

And then we saw natural gas continue to move lower on Tuesday..

Now for the past month or so, we've been calling this rally a Risk Off trade,,

certainly not the start of a new bull market or the end of the current bear.

market, which will probably end sometime next year..

We saw the Dow poked its head out above the August highs..

Everybody got excited and that brought in the last of the retail investors..

And now we're starting to move back down..

We were able to poke out above the Flypaper Channel again, the Dow 30 stocks..

They have a certain profile, they're global institutions for the most part..

They're able to take advantage of currency.

fluctuations, they're able to move money around the world..

And for the most part, Dow 30 stocks don't really pay a lot in taxes..

And so they are the least risky stocks on.

the stock market, no matter what sector you're looking in..

And that's why people plowed into them..

They are now back on a sell signal as of Friday's close..

So the big pop that we saw last week off.

the Fed speech, that faded fairly quickly as expected..

And so here we are back on the sell side of the market..

Now the S&P 500, of course a much broader take on the stock market..

It includes the Dow 30 stocks, but there's.

a lot of other stocks and sectors in the S&P 500 that you don't find in the Dow..

And the S&P 500 did not get anywhere near the August highs last week..

We saw the gap get filled and then the.

S&P 500 started to retreat from that point..

And here we are back on a sell signal..

Now if you were watching the market commentary last week, a lot of people got.

very excited that the S&P 5 had started to trade above the 200 day moving average..

I looked at it and said, yeah, that's totally true..

We have started to trade and close above.

the 200 day moving average, but what we didn't do was break away from it..

And that's also true for our price target of 406.25. We closed above it, we traded.

above it, but we didn't break away from it..

And so once that open gap filled, I think.

that was the last thing that the market wanted to do..

And then it started to reverse..

Now we are holding support..

We did not hit 393.63 yesterday..

We traded down to just a dollar and one penny above that level..

If we break down below that, our next mathematical target is 375..

But there's a nice big open gap there that could potentially act as not only a price.

magnetic pulls down, but it could be a potential area of support..

We'll just have to wait and see how that works out..

Now the Nasdaq 100 rolled over yesterday's, back on a sell signal..

Now remember last week we had a sell signal and then the Fed chairman came out.

and spoke and I said you should probably sit on your hands and wait and see if we.

get any fall through to the upside, which we really didn't..

In fact, the next couple of days were lower volume than this big update..

So that was just a shortcovering day..

No new money came into the market and now we've rolled over once again..

Now stepping back, looking at the big.

picture, I've been calling this a risk off trade..

Well, one of the reasons it's a risk off trade is a the Dow led us higher, but we.

didn't get a lot of participation from the riskiest end of the market..

So whether you're looking at the Nasdaq 100 with all those tech and biotech stocks.

or you look at the broader Nasdaq Composite Index which has approximately.

3700 companies in it, neither one really participated in this recent rally and.

certainly got nowhere near those August highs..

So for a bear market to end and a bull.

market to start, you really need participation from these 3700 companies..

And until investors are willing to go and.

do the research and look at these companies and look for opportunities and.

put money into those opportunities, this bear market is not going to end..

Now, one sub sector of the Nasdaq that I was excited about was the chip sector..

Of course, on the news that Warren Buffett had made that big investment in Taiwan.

Semiconductor, that attracted a lot of money..

We were able to move up above the Flypaper Channel, but unfortunately we've been.

trading sideways ever since and so no continued upward momentum..

If you're bullish, it looks like people.

have been accumulating chip stocks up in this level..

If you're bearish, it looks like distribution, it looks like people have.

been unloading their chip stocks up at this level..

What's going to be interesting to watch is if we continue to move lower from here..

Does the stocks index go with us?.

And do we break down below the flypaper channel?.

We'll just have to wait and see..

Now, looking at the Canadian market, just like the Dow, the TSX and the TSX 60 was.

able to trade above the August highs, but not break away from them..

Here we are, we are coming back down..

We're back on a sell signal as of Tuesday's close..

Now, just like in the US..

Canada has its own version of the Nasdaq Composite, and that is the TSX Venture.

Composite Index, which has about 400 microcap small cap microcap stocks..

And as you can see, it did not participate in the recent rally, even when we had that.

nice rally in the TSX and the TSX 60 over the past month..

So you're going to need to see these type.

of stocks start moving up with the rest of the market or even leading the market up.

before a bear market is going to end and a bull market is going to start..

Now, I've been watching the energy sector closely..

Of course, in 2022, this has been the strongest sector..

What led us up may lead us down..

And as you can see for Canadian energy.

stocks, they broke down below the recent low..

That is also true in the US..

And so we're seeing people unload their energy stocks right now, whether this.

continues or not for any length of time, we'll just have to wait and see..

Now, looking at bank stocks, and we talked about the US..

Bank stocks recently, and it looks like a total mess..

And US..

Bank stocks are being led lower from by bank of America..

Looking at Canadian bank stocks, they're holding up a little better still on a sell.

signal, though, being led lower by the CIBC..

Now, oddly enough, with its huge US..

Exposure, the TD Bank is still on a buy.

signal that would change on Wednesday with a closed blow..

89. 84..

Last up, apple..

Apple looks like it put in a lower high on Monday..

So you've got a high, got a lower high lower high, lower high, lower high..

That's a very bearish chart that will be.

confirmed if we start breaking down below this recent low here at 140..

And then, of course, we've got the lows from November as a potential target to the.

downside for Apple, but Apple's not looking very bullish right now..

And then Tesla, tesla is back on a sell signal as of Tuesday's close..

Tesla's, another stock that popped last week on that Fed speech, and it fizzled.

out fairly quickly, as many other stocks did as well..

Okay, folks, that is all for Wednesday morning..

Next time you'll hear my voices on.

Thursday morning, have a great day and we'll talk to you again soon..