

Hello, everyone. It's Stephen Whiteside here from the.

uptrend.com with this weekend's edition of Stock Market Timing Television..

Well, we had another very volatile.

week and we're not expecting that to change anytime soon..

Well, it's been over a year.

now, since we started talking about what the Fed was going to do..

We knew they were going to raise interest rates to fight inflation, and the result.

of that would be lower stock market prices and a recession..

Well, we've got some of the lower stock market prices..

We don't have the recession.

and inflation has not been wrestled to the ground just yet..

So during this period, there's lots of.

mixed signals out there and there's a lot of people that don't learn from history..

And that's probably the biggest problem that we have because during.

this rate tightening cycle, some of the sectors that don't do well are the ones.

that are seeing the most activity at the moment..

And during a rate tightening cycle, the sectors that do the worst are utilities,.

real estate, consumer discretionary, financials, and technology..

And what do you know?.

Well, the stocks that are in the most actively traded right now, when you look.

at the dollar volume, it is all technology stocks..

So people, even though they know.

that lower stock market prices are coming, a recession is coming, they're willing to.

take a risk right now and try to drive these stock prices higher..

Now, when I talk about mixed signals, of course, some of the things that we watch.

to see if a recession is coming or if recession is over..

One of the ones I like to watch is the Baltic Dry index..

This is the cost of moving dry goods around the world..

And you can see over the past couple of weeks, we've been moving higher..

So does that mean that the worst is over and the world is about to start to recover.

economically, well, what if you looked at the price of copper?.

Now, you can see as the stock market was rising over the past couple of months, so.

was the price of copper, which just rolled over this week..

So we're back on a sell signal..

If you watch copper as an economic barometer, that's not a good sign..

Now, another global economic barometer is the price of crude oil..

And if we're looking at crude oil, crude oil has made a new low for this move..

We peaked back in May of last year and we've been trending lower ever since..

We were looking to see if the fall lows.

would hold and they certainly did not this week..

And so here we are..

We're back at prices we haven't seen since.

early 2022 and may continue to move lower from here..

Looking for support maybe at the lows from late 2021..

We'll just have to wait and see..

Now, a more localized economic barometer is the price of lumber..

And again, it peaked at the start of 2022 and has been trending lower ever since..

We got a couple of pops, but they didn't last very long..

And here we are. We traded up into the channel last week.,

but this does not look like the start of any major trend to the upside..

So a lot of mixed signals out there..

Now, during a rate tightening cycle, the market is fully.

ready to accept the fact that some stocks are not going to make it..

And it's easy to tell if you look at a particular sector, the worst performing.

stock is just put on a list of stocks that probably won't make it..

But sometimes there's stocks that just collapse and the market wasn't.

anticipating it, and those are called Black Swan events..

A lot of people think that what's happened over the past two weeks in the US regional.

banking sector is a Black Swan event..

There's a lot of people out there that.

we're betting against this sector for a while..

The way the stock market works is it's not a problem until it's a problem..

And there's lots of stocks out there that.

have problems, but if the market isn't going to focus on them, then the market.

isn't going to take vengeance on that particular stock..

So when we look at the regional banking.

sector, and this is a weekly chart, you can see that once it started to.

break down in early 2022, it just got trapped in the Flypaper.

channel and basically treaded sideways for nearly a year..

Then it's just been the last two weeks that we started to break down..

That's where the Black Swan event comes in..

You can see that the market was not.

selling these stocks off in anticipation that there would be a Black Swan event..

Here we've traded down, we've filled this open gap over here..

Wouldn't be surprised if we continue to move lower from this point..

Now, the market is trying to repair some of the damage..

They're trying to save some of the.

stocks. And a couple of stocks in the news, the first one, First Republic,.

the market pulled together \$30 billion to infuse into this particular stock..

But even after that happened, the stock dropped another 32 % on Friday..

So I would expect that First Republic is going to continue to move lower from here..

Another stock that the market was really anticipating to implode was Credit Suisse..

And today it has been taken over, apparently, by UBS..

And that stock has been hit hard over the past week or so..

But it looks like it's buying Credit Suisse with lots of conditions..

I'm not sure if that's going to calm the

market down at all, but we'll just have to wait and see..

Now, the last time that we had a cluster

of US financial institutions falling apart was back in 2008 into 2009..

We had one fall apart in 2017, but if we just go back in time back

to 2008, you can see that we started off the year and we're heading down..

Here's where Bear Stearns failed..

Then what happened next?.

Well, after Bear Stearns failed, the market did rally.

and peaked a couple of months later in the middle of May and then started to come

right back down to retest those previous lows..

Here's where Countrywide failed..

Then a little while later, a couple of weeks later, we had Indie Mac..

The market is continuing to move lower..

Now, from that point, which was the middle

of July, the market started to move up and got a rally into early August where it

peaked, and then it started to come back down into September..

Here's where Leman Brothers failed..

You can see that even in a bad year in

which you've got financial failures, you do get some rallies..

But my last point about looking back at

2008 is that for that year, or going back previous to that, the market,.

the S&P 500 ETF was up at \$160 and traded down below \$80..

So that is a 50 % loss from the peak to the trough..

And so we haven't seen anything like that yet..

So I wouldn't be surprised if the market.

can make lower lows in 2023 than it did in 2022..

Now, the fractional banking system that the world economy is based.

on works really well when it works, but when it doesn't work, it doesn't work..

There are a lot of problems out there that.

people are not focusing on, and it's not a problem until it's a problem..

Whether it's your country, your company, your currency, it doesn't matter..

If nobody's focused on it and nobody cares.

about it at the present time, then just keep sailing straight ahead..

Now looking at the VIX, the VIX had.

another wide bar, so another volatile week..

It ended the week just up 2.86 % after making a new high..

We're going to remain long term bearish on.

the stock market as long as the VIX does not close below \$19.21 this coming Friday..

If we look at the recent peaks, you can.

see that just back in September, we were up at the 34, 38 level..

We haven't got there yet..

And then back in the early part of 2022,.

we were up there at 37.50. So I think we have a ways to go.

before the market finds an official bottom..

Looking at the daily chart of the VIX, if we close below 21..

41 on Monday, that would turn us short term bullish on the market..

And of course, that lower channel line is moving higher daily..

Now, we've got the DAO on a sell signal..

It was down Friday, had an inside day..

S&p 500 had an inside day..

We also had an inside day for the Russell 2000..

We saw microcaps with a new lower close on Friday..

The TSX had an inside day on Friday..

Financials, Canadian financials made a new low on Friday..

Us financials had a new closing low on Friday..

Also, we're seeing the broker dealers having a bad week..

Insurance companies, there's a new closing low on Friday for insurance companies..

So none of this looks very pretty going into Monday's trading action..

Now, the only thing that's working right.

now is those technology stocks that everybody's focused on..

They were up by the end of the week, and it has a lot to do with semiconductors..

Everybody's all excited about the.

opportunities in artificial intelligence, and that's pushing up some.

of the chip stocks, and that's holding the Nasdaq up..

Now, while money was flowing out of the stock market, it was going into Bitcoin..

which I don't think is any safer, but it's where money went this week..

We also saw money go back into gold..

And during the week, we were looking at.

gold and gold stocks hitting resistance, but it punched right through the.

1937 50 level and made it all the way up to \$2,000 on Friday..

And gold stocks followed suit..

And of course, where's money coming from to go into gold stocks?.

Well, it looks like it's been coming out of energy stocks..

So we've switched from being bullish on energy to being bullish on gold..

And that has not changed going into the week end..

So here we are..

We're coming into Sunday night trading..

Big move in the banks with UBS buying Credit Suisse..

I would assume that nobody's going to change positions this week..

We're still looking over the cliff..

Nobody's talked about China when we're talking about all these financial woes..

The Chinese banking system has not fixed.

all of its problems, so maybe that's the next one that's going to pop up..

I don't know if you saw this during the week, but Saudi Arabia and Iran brokered.

peace accord, brokered by China, not the United States, not the Europeans..

And so there's a lot of stuff going on in.

the world that doesn't necessarily make the nightly news..

But there is a pretty good possibility that Saudi Arabia and Iran are going to.

start selling China oil and being paid in local currency, not the US dollar..

And that may throw the financial markets into a tizzy..

Okay, folks, thank you very much for your time and attention..

Looking forward to another exciting week..

I don't think the stock market is going to be able to do much.

on the upside this week, but we'll just have to wait and see..

We'll be watching the VIX closely and to see if the options traders give us.

a heads up on what's going to happen.

next. you. Byeyou..

Bye..