

Hello, everyone..

It's Stephen Whiteside here from theuptrend..

com, and welcome to this weekend's edition of Stock Market Timing television..

Well, the stock market ended on a low on Friday..

If you're looking at the S&P 500, the Nasdaq hit a low on Thursday for the month.

of October, and then Friday was an inside day..

And for the iShares for the TSX 60, we also hit our October low on Friday..

So not a pretty picture going forward..

Now, we came into October knowing that the seasonalities were weak, whether you were.

looking at the S&P 500 or they're much easier to spot on the TSX..

Then from this point on, the market is.

usually pretty bullish, but we don't know exactly when it's going to start..

October is not only seasonally weak if we.

look at the last 20 years, but if we go back in time, there's a lot of negative.

historical events that have happened in the month of October..

Going back to the panic of 1907, then, of.

course, the crash of '29, the crash of '87, I was trading back then, and it's.

when I flipped over from being a fundamental trader to a technical trader..

Then, of course, the Asian Financial.

Crisis and then the Global Financial Crisis in 2008..

Now, we are coming up to the end of.

October, and that's when the sell in May crowd comes back..

One of the most successful investment strategies in history, of course, is the.

selling on May first and coming back and buying on November first..

It's often called the Halloween indicator..

And that could kick in in the not so distant future..

We also have a full moon this weekend and we're coming up to month end..

And traders typically don't like to trade.

against the automatic money that comes into the market at monthend..

Now, as a long term investor, we want to remain long term bearish on the market as.

long as the VIX does not close below \$15.22 this coming Friday..

So for the last six weeks, the VIX has been on a weekly buy signal..

That, of course, is long term bearish for stocks..

And we've seen that work out throughout the month of October..

The pros are still in control on a weekly basis..

We're projecting higher prices here on our panic zone chart..

And if we go back in time, you can see.

that back in March of this year, the VIX got all the way up to 3,125..

If we go back to last fall, we got up to.

34.38. Then nearly two years ago, we're up at the 37.50 level..

Technically, there is a lot more room to go on the upside based on recent trading.

activity, but the bears could be running out of time here..

We'll just have to wait and see..

The first sign that something new is.

happening is going to be a change on the daily chart for the VIX..

And coming into Monday's trading action, we're looking for a close at the end of.

the day below \$18.66 on the VIX for the S&P 500..

That would be the first sign that.

something new is happening on the bullish side of the market..

And of course, if that doesn't happen on.

Monday, that lower channel line is going to continue to move higher daily..

Now, 2023 has been all about the Nasdaq-100 and a handful of stocks..

When we look at the Nasdaq-100, it's.

currently clustering around the 200-day moving average..

When we look at what's been working in 2023, Citia has been the big winner..

It's a \$400 stock..

It was recently a \$500 stock, and it's.

currently up 177 %, followed by Meta up 146 %, and then Tesla at 68.29 %..

Those are huge, big cap stocks that have been holding the market up..

The rest of the market is not looking for any moving average support..

Whether you're looking at the Russell 2000 or you're looking at the TSX,.

there's no potential support from the moving averages right now..

The big line in the sand is that 200-day moving average on the NASDAQ..

Now, when we look at what's not been.

working, some stocks have just been crushed this year..

I believe the biggest losing stock on the.

S&P 500 is SolarEdge, down 72 %, generated a sell signal back in March of this year..

Then on the NASDAQ-100, it's end phase,.

which is down 69 %, big sell signal back in late 2022..

On the Dow 30, it's Walgreens, which also.

came in with a sell signal right at the start of the year, down over 43 %..

On the TSX, the big winner on the TSX-60.

is Cameco, up over 71 %, gave us a weekly buy signal back in April of this year..

Now on the TSX, only 24 of the TSX60 stocks are currently positive for 2023..

So it's been really hard to find winners in 2023..

And I guess the biggest disappointment for me, and there's not stocks that I actually.

trade, but just watching the financial stocks disintegrate in 2023..

And here's the.

Canada's biggest bank, the Royal Bank, making a new low this week for 2023..

Now, the Royal Bank and all the major banks are widely held..

You know when you see a chart like this.

that the average investor, whether they're actively involved in the market or if.

they're in long term mutual funds, they're getting hurt at the moment..

Now we've been following the same script, the same movie, the same book, the same.

theme for months now in which we've been making lower highs and lower lows..

It's going to take some work to change.

that because not only do we need a nice rally into November, but then it's not the.

rally that tells us what's going to happen, it's what happens after..

And what we're going to want to see is a.

rally above recent highs followed by a pullback above recent lows..

And so it's a two step.

approach to actually change the theme of lower highs and lower lows..

Now, while the world is watching the Nasdaq, I've been watching the Russell.

2000, and we've been talking about this for quite a while..

The Russell 2000 has been in a tight range for almost two years now..

Looking at the IWM, \$200 at the top of the range, \$162.50 at the bottom of the range..

Speaking of lower highs and lower lows, there was a high back in the middle of.

2022, a lower high in early 2023, an even lower high in the summer of 2023..

Now we're looking to see what happens at the bottom of the range..

On Friday, we actually closed below the level..

We closed up 162.21, so that was our price target..

If we continue to move lower from here, then 150 and 137.50 could certainly come.

into play, and that would be very ugly for the overall stock market..

Looking at the Canadian market, the TSX has been in a tight range in 2023..

Looking at this chart from a month ago, what we were looking for was, could we.

break out above the highs of 2023, which were just above the 20,625 level?.

Again, look at this pattern..

There's a high, lower high, and then in.

the summer, we put in an even lower high, bearish all the way across..

We are trying to hold support..

We actually penetrated below the 19,375 level, but the market always came back..

That's where we were looking to find support and move ahead a month..

What happened?.

Well, we were looking to see if the 19,375 level would hold..

If it didn't, then 18,750 would be our next target..

Where did we end on Friday at 18,750?.

Nope, we ended at 18,737 and change, so just below this level..

And of course, if we continue to move.

lower from here, we can go back to the lows from 2022 down at 18,825..

That would certainly be a logical move to.

the downside if we keep going lower from here..

Now, if we do want to change the movie to.

change the channel, we need to get the remote control away from the cat..

To do that, we're probably going to need.

bond traders to change what they've been doing in 2023..

The third year bond hit a new low this.

week and actually closed higher on the week..

But what it didn't do, it did not close above the previous week's high..

So nothing going on there so far..

The pros: nowhere near taking control..

But that doesn't mean they can't bid up bonds..

That just means that we're not going to have a new uptrend start anytime soon..

Now, the TLT also made a new low this week and also closed higher on the week, but.

again, did not close above the previous week's high..

Bond yields pulled back..

Whether you're looking the 30 or the 10 or the 5, they all pulled back, but again..

did not close below the previous week's low, so nothing has started just yet..

Now, if we can get bond traders to get.

back in there and start buying bonds, that could also put pressure on the US dollar.

index, which actually closed higher on the week while the euro closed slightly lower.

and the Japanese Yen was slightly higher after making a new low this week..

No change in trend for any of the major currencies..

Next up, let's take a look at commodities..

Crudeoil had another wild week trading down to the lower channel line..

We need to close this coming Friday below.

\$81.88. That would give us a new weekly sell signal..

We're looking for intraweek support at the \$81.25 level..

If that breaks, then \$75 would be our next target to the downside..

Energy stocks got hit hard in the US down over 6%..

That had a lot to do with just two stocks..

Looking at the Chevron, which was down.

13.47% and Hess, which was down 12.1% on the week..

So both of those putting huge downward pressure on the US energy sector..

Canadian energy stocks were down, but not by that much, down 2.35%..

Looking at the iShare's TSX energy ETF, and you can see Sunnovus traded right down.

to the lower channel line, but did not close below it..

This coming Friday, we would be long term bearish on Sunnovus if it were to close.

below \$26.33. Now, the gold futures contracts traded up to 2,000 again..

Now, depending on where you look, what.

futures contract, whether you're looking at spot or cash, gold has been able to.

trade above \$2,000, but has been unable to break away from it just yet..

The GLD closed at a new high for this move.

on Friday, and we're trying to get to 187.50, and that's where sellers started.

to come in back in March and April of this year..

Looking at gold stocks in the US, they.

closed down nearly 1 % on the week, still on a weekly sell signal, no change there..

Canadian gold stocks were down just a tick.

on the week and still on a weekly buy signal, so no change there..

Let's finish off today's presentation with a quick look at financial institutions..

You've probably heard me say this, but US.

insurance companies have held up very well over the past couple of months..

That came to an end this week..

The previous week, we made a new high and traded above the early 2023 high..

This week, we came down hard..

We're back on a weekly sell signal, joining the rest of the financial sector..

Now,.

the S&P 500 financial ETF has not broken down below the 2023 lows or retested them..

That's also true for US banks and US regional banks..

That could happen before the market starts to turn around..

But it's important to remember that during.

a rate tightening cycle, the Fed usually breaks something..

It's often a financial institution..

Sometimes it's a whole country..

You just have to wait and see what happens..

It's still very risky to be in any US financial stock..

It might even be more risky to be in a Canadian financial stock right now..

Look at the TSX financial ETF..

It's breaking down below the lows from a year ago..

If we start breaking away from 40, 63,.

then 3750 comes into play for the iShare's financial ETF..

Then looking at Canadian banks, this is the BMO equal weighted bank ETF..

We broke down below that low a while ago..

We're looking to trade down to the bottom of our weekly projected trading range for.

this ETF, which would be all the way down at 20, 8, 13..

Remember, we started way over the.

left-hand corner of the screen back at \$42..

That's quite a move for Canadian banks..

But right now, they're looking weaker than.

the US banks, and that could present a problem going forward..

Okay, folks, that is all for today's presentation..

We're going to be watching the VIX closely.

to see if options traders start giving up their hedges against lower stock prices..

If that starts to happen, that could be the first sign that something new is.

happening and it could be the potential sign that the year-end rally has started..

But coming into Monday's trading action,.

we're not expecting that to happen on Monday..

Enjoy the rest of your day..

Next time you'll hear my voice is on Tuesday morning..