

Well, good morning, everyone, and welcome to Tuesday morning..

It's Stephen Whiteside here from theuptrend.com..

Well, it's pretty early in the morning..

Stock index futures are slightly below fair value..

Commodities are mixed with crude oil lower while gold is higher on Tuesday morning..

Now, we don't have a lot of economic numbers coming out on Tuesday..

We do have US existing home sales coming out at 10 o'clock..

That could put a little volatility into the market..

The VIX closed lower yesterday, and we're going to stay short term bullish on the.

market as long as the VIX does not close above \$15.24. Let's start off looking at.

the elephant in the room, and that's NVIDIA, which pushed over \$500 yesterday..

It's coming out with earnings this afternoon after the market closes..

This is not only a semiconductor play, but an AI play..

So if the earnings are received well and.

the stock moves up, that could pull the semiconductors and AI stocks with it..

If it doesn't impress investors and it.

starts trading lower, that could take the semiconductors and AI stocks lower..

We'll just have to wait and see..

But a lot of stuff going on in the AI.

world over the weekend and the head of OpenAI got fired and Microsoft.

hired him and Microsoft made a new closing high on Monday..

The US dollar continued to move lower on Monday..

That's supportive for higher stock prices..

We got a new closing high for the bonds on Monday..

This is the 30 year bond and that put downward pressure on bond yields..

Now, falling bond yields is currently supportive for higher stock prices,.

especially stocks that don't make a lot of money..

Now, looking at a bond ETF such as the XBB, you can see we've had a nice run off.

the October lows and we've run right up to the 200 day moving average..

That could continue to act as resistance..

It's been quite a while since we've been up to the 200 day moving average..

This could be interesting going forward..

It could just stop the market in its.

tracks if bonds start pulling back from this level..

We'll just have to wait and see..

Now, just eyeballing this chart, it looks like it's had a nice move off..

You can see the change in the moon cycle there..

We made a low and we've had a nice move up to the 200 day moving average..

But in percentage terms, that's not that big a move..

It's important to.

know exactly what the percentage opportunity is for a particular symbol..

Let's do a little Trade School this morning..

Again, this looks like a nice move, but compare that to any other chart and you'll.

find out that in percentage terms, it's not that big a deal..

When we look at the Fly Paper channel chart, the first thing you're going to.

notice is just how wide the Fly Paper channel is..

Without knowing anything else, you can assume that the level of.

volatility for this particular symbol is rather low..

Now, when we're looking at a futures contract, if it looks like this, then the.

opportunities can be made up by using margin..

Anytime you're trading a futures contract,.

and especially in the world of commodities, you can get much higher.

leverage using margin than you can in the stock market..

Typically, when we're looking at stocks and ETFs, the margin opportunity is not.

that big compared to the futures contracts..

When we're looking at something like this particular bond ETF, the.

Average True Range or the difference between the average low and the high each.

day is only 0.65 %, so certainly over half a %, which is not that big a deal..

Typically, a financial institution such as the Royal Bank or SunLife, their.

Average True Ranges are usually in the 1-2 % per day..

Now, typically, these financial.

institutions pay a dividend, so that helps reduce their volatility..

If you want to increase your volatility, increase your risk reward, you can always.

move to commodity or technology related stocks..

Currently, Athabasca has an Average True Range of a little over 4%..

That's also true for Shopify..

And so you can see how wide the Fly Paper channel is..

It gives you a feel for the long term volatility of a particular symbol..

Of course, if a technology stock pays a.

dividend, then that's going to reduce volatility..

So you can see Apple, the Average True Range is currently 1.56 %..

Compare that to Roku, which doesn't pay a.

dividend, of course, and it fluctuates much more than Apple does..

So just take a look at that chart versus this chart..

And currently, Roku's Average True Range is 5.74 %..

When you're comparing opportunities, you.

need to look at something like the Average True Range to give you an idea..

Am I buying something that's a hand grenade and I'm pulling the pin?.

Or is it much more a calm, cool, collected.

symbol, such as most of the financial institutions?.

Now not only do we provide.

Average True Range %, which you need for comparing symbols, but we also show you.

what the Average True Range is in a dollar amount..

And currently for Roku, it's a \$5.46 per day..

You can't use that to compare one symbol to another..

But certainly, once you're trading the.

symbol, knowing that the average range is \$5.46, you can use that.

in your daily calculations, especially if you're trading options..

Now moving on, let's take a look at a couple more bond ETFs..

The TLT made a new closing high yesterday..

We saw a new closing high for emerging.

markets and a new closing high for the junk bonds..

And so the fact that money is going into.

all of these different bond sectors is a good sign for the market..

People buying bonds is going to help put pressure on bond yields..

And of course, that's going to help the stock market move higher..

Now, we're looking at the Nasdaq-100, we.

made a new high yesterday, which is what everybody's talking about..

We were up 1.22 %, but notice that the equal weighted Nasdaq ETF is up 1.23 %..

So that tells us that the rally is broadening out..

That's a good thing..

We also saw the Russell 2000 and the Russell Microcaps move up yesterday..

We also saw Canadian small caps and.

Canadian microcaps continue to move up yesterday..

That's a good sign..

We want to see the market, the rally broaden out into year end..

We don't want it to just be those big cap seven technology stocks..

Now the SPY hit its next target yesterday, so congratulations..

You got to take some money off the table..

The Nasdaq 100 also hit its next target yesterday..

Again, congratulations..

You got to lock in some profits up there..

Of course, you're not going to completely liquidate a position..

The Nasdaq-100 is up at the top of our trading range..

You can do the math and figure out where the next targets are..

If we continue to move higher from here, then the trading range will expand..

That hasn't happened yet to get a feel for what the next target could be..

If you look at the weekly chart, you can see that 406.25 is our next target..

At the same time, \$400 would certainly be.

a potential area of psychological resistance..

Now, another positive note from yesterday's trading action is the.

semiconductor ETF has started to trade above \$200..

We haven't broken away from it, but a new high is a new high..

And \$212.50 could be our next target to.

the upside if we break away from the \$200 level..

There is a little gap up here that could also act as a potential price magnet..

Then looking at the iShares for the.

TS X60, you can see we're still projecting higher prices here, but we are coming up.

to long term resistance up at 31.25. That held us in check earlier this year, so.

that could be a major line in the sand for the TSX going forward..

Now, a lot of these charts have open gaps,.

and I always tell you to don't worry about a gap that's behind you..

If the market's moving up, you don't have to worry about gaps behind you..

But we're going to see a pullback at some point and a logical place for the market.

to find support is at the top or the bottom of an open gap..

We'll be watching for that going forward..

It has nothing to do with Tuesday's trading action, but as you're looking.

through your charts, you should know where those open gaps are, and we'll be watching.

to see what the market does when it does start to pull back..

Let's finish off this morning's.

presentation with a quick look at the commodity ETF starting with the USO..

It traded right up to the upper channel line yesterday..

A close above 72.81 would give us a buy signal on Tuesday..

Currently, Crude oil is trading down in the premarket..

No hope for natural gas on Tuesday, a new low on Monday..

Then looking at the metals, we've got the GLD on a buy signal that would change on.

Tuesday with a close below 181.70. So far in the premarket, gold is trading higher..

Palladium is on its second day of a buy signal, trading up to the open gap..

Then we've got platinum trading up over two % on the day..

So nice big update for platinum..

And then silver pulled back yesterday, a.

close below \$20.99 would give us a sell signal on Tuesday..

Silver ran up to the 21.88 level, put in a bear reversal day and has pulled back..

The high from Friday or from Thursday is the one to break out above..

Then, of course, we can see that we made a high previously back in August, and that.

would certainly be the next target to the upside..

If silver wants to continue to move higher.

from here, you can see the pros are still in control at the present time..

And of course, if Silver wants to continue.

to move lower on Tuesday, we're looking for a close below \$20.99..

Okay, folks, that is all for this morning's presentation..

Have a great day..

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