

Hello, everyone..

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

I hope you had a wonderful weekend..

Well, we've gone seven weeks now where the.

market has been fear free and the market has been up seven weeks in a row..

So we're going to remain long term bullish.

on the market as long as the VIX does not close above 16.66 this coming Friday..

Now, we've been anticipating a year-end.

rally, and we got a year-end rally, and so this is the time to celebrate..

It's also the time to make sure we've locked in some profits along the way..

No reason to completely liquidate a position..

We need to keep some money in the market, but you do want to lock in profits as.

markets usually fall faster than they rise..

Now, we did see Panic buying this week on the back of the Fed announcement..

A lot of people had to do some short covering..

We've got a lot of charts that are poking.

through the top of the Panic Zones right now..

We are waiting to see if we get some early warning signals..

Now, the first thing we're going to be.

looking for is a close below Wednesday's low..

That was the Fed Day..

That's when all the short covering took.

place and the market took off to the upside..

Those are a lot of people that are late to the game..

This trend started back in late October, and some people just couldn't take a hint.

and they got in on Wednesday, which is late..

We're going to be watching.

to see if the market closes below Wednesday's low or any individual stocks..

What was very bullish was that the semiconductors led the market higher..

We also had a lot of sectors of the market.

that are playing catch up, finally joined the party..

Sectors like Homebuilders had a great week..

Now, we're looking at the daily VIX here..

We're going to remain short term bullish.

on the market as long as the VIX does not close above 13.04 on Monday,.

and you can see that upper channel line is going to continue to move lower daily if.

we do not close above that level on Monday..

Now here's something to be concerned about..

The Pros look like they want to take control of the VIX..

And if they start taking control of the.

VIX, that's probably going to indicate some selling in the overall market..

So most of the market held up going into Friday's close..

The Dow had an inside day..

A little bit of a pullback for the S&P 500..

The Nasdaq had a new closing high on Friday..

We saw a small pullback in the Russell,.

small pullback in microcaps, and we saw a pullback in Regional Banks..

Regional Banks, big participant this week..

And you can see we gapped higher on.

Thursday, so probably going to come back here again..

We'll be looking to see what happens if.

the market starts to close below Wednesday's low..

Taking a look at the Canadian market, the.

TSX ran up to resistance this week and pulled back..

So that resistance is still holding the market in check..

Here we are looking at a weekly chart and you can see that through all of 2023, this.

level at 20,625 has held the Canadian stock market in check..

Now, there's a lot of divergence right now.

between the Canadian stock market and the US stock market..

Look right now at Consumer Discretionary.

traded in Toronto and then Consumer Discretionary traded in New York..

Consumer Staples in Toronto, Consumer Staples in New York..

A lot of divergence..

Those are just two examples..

If the financial services are doing well.

on both sides of the border, that's a good sign for the overall health of the market..

But unfortunately, there are too many.

divergences right now to help the Canadian market..

Moving on to bonds, and we're going to look at the major bond ETFs..

Just to make it very clear, I don't trade these at all..

There's not enough money in them for me to.

trade, but they are useful for a lot of people..

A lot of people need to be diversified and need to be in bonds..

One of the reasons the stock market has gone up over the past seven weeks is that.

bonds have gone up, which has put downward pressure on bond yields..

The market is basically doing the Fed's.

job for them, pulling back on bond yields and rates and taking pressure off the.

industry to keep raising rates at the present time..

Here we've got the TLT making a new high..

If the direction of the bonds changes,.

that could have a negative effect to the overall stock market..

Whether you're looking at the TLT, which is the most actively traded bond ETF in.

the US, in Canada, the XBB is one of the most actively traded bond ETFs..

Then you've got emerging markets, and then.

you've got junk bonds, all doing well at the moment..

If the direction of these bonds change,.

that could have a negative effect on the stock market..

Now, one of the reasons I don't trade them.

is there's really no money in them from a trading point of view compared to other.

ETFs, and certainly compared to the rest of the stock market..

If you're going to be involved in these, they need to be in a separate column..

They need to be in a separate portfolio..

I'll just give you an example..

This big move up is really an optical illusion..

When we look at the Fly Paper Channel.

chart for the junk bond ETF, you can see how wide the Fly Paper Channel is..

Anytime you see that, you know that the.

underlying symbol has very low long-term volatility..

Now, if we look down here at the.

Average True Range, it's currently 0.6 %, so a little more than half a % per day..

When we look at this big move from this.

low in October to the recent high, that is only 8%, so not very attractive..

Compare that to, say, something like.

Apple, which has had a nice run from the October low to the recent high..

If we look at the Fly Paper Channel chart, the Fly Paper Channel is much thinner..

We know that long-term volatility is much greater..

If we look at Average True Range down.

here, the short-term volatility is at 1.49%. Just under one and a half %, more.

than twice what we saw in the junk bond ETF..

Remember, junk bonds are the most volatile of bonds..

That move from the October-low to the recent high, that is a 20% move for Apple..

Then if we look at a symbol that has even.

a skinnier Fly Paper Channel and a higher Average True Range, so looking at.

CloudFlare at the moment, the current Average True Range is 3.38 %..

The move from the recent low in October to the recent high, that is 54%..

Now there's two lessons here..

The first one, of course, is know the.

volatility of each symbol you're looking at and use them in comparison..

Remember, don't compare apples and oranges..

There's no reason to compare a stock like Cloudflare to, say, a Bank of America..

They're in two completely different worlds..

When you're looking at stocks in the same sector or ETFs in the same sector, check.

the volatility and see what the opportunities are..

Also remember that where there's opportunities, there's also risk..

Your risk reward, you've got to balance it out..

You don't want a portfolio heavily laden with stocks with high Average True Ranges..

That's just too much risk..

One day when the stock market goes against.

you, which it ultimately will, if you're in the market for any length of time, you.

really don't want to take a huge loss because you're loaded up in stocks.

that not only went up quickly, but will come down quickly as well..

Now moving on, another thing that I'm not trading, the USD Index, but we keep track.

of it because a falling USD Index has been supportive for higher stock prices..

Now, we had a big inside day and a reversal day on Friday..

That was also true for the Euro..

This could change..

If this changes direction and we start.

moving up, that could put downward pressure on the stock market..

There's the big reversal in the euro on Friday..

Oddly enough, the Canadian Dollar was able to push higher on Friday..

Now, this could also change, and that is crude oil..

Crude oil falling has also been supportive for higher stock prices..

Natural Gas has been falling..

Two things that have taken pressure off inflation and helped the overall consumer,.

they could change direction and that could be negative for the stock market..

Now looking at the metals, price of copper may have run into resistance..

It's had a really good run over the past six weeks..

You can see copper miners bolted higher on Thursday, gapped higher, even went higher.

on Friday before pulling back and closing unchanged on the day..

Now looking at the price of gold, we're still on a signal here..

That hasn't changed..

Gold miners look like they've put in a double top, whether you're looking at the.

GDX or the XGD, and then the price of silver pulled back..

Silver miners also look like they're.

putting in a double top at the present time..

Now, just to go back to where we started,.

we have a lot of symbols that look like this..

This is manual life..

It's up through the top of the Panic Zones..

We're looking for a new early warning signal on the Panic Zone chart..

We haven't got that yet..

We do have a lot of early warning signals on the Right-Side chart..

This chevron indicates that we have a potential top-up there, but this signal.

can fade away over the next couple of days if it's not confirmed..

What's going to confirm it?.

Well, if we start breaking down below Wednesday's low..

Remember, Wednesday was the huge.

volatility day for a lot of symbols, and that's where the short covering kicked in.

and people late to the party jumped on board for whatever reason..

They were compelled to do that. They did that..

But look, here's how long the trend has been going..

And then finally on Wednesday, people.

said, Hey, yeah, this is the time to get in..

So what we're looking for is a breakdown.

below Wednesday's low is the first sign that we're heading lower and we're.

possibly going to see new daily cell signals..

Last up today, a quick look at the Magnificent Eight..

Two stocks didn't participate..

That would be Alphabet and Microsoft still on cell signals..

We saw Amazon go up and hit our next.

target at \$150, which was both a daily and a weekly target..

We had Apple run up, did not hit the daily or weekly target of \$200, got as high as.

\$199.62. We still have Meta on a buy signal..

We've got Invidia on a buy signal..

Nvidia, of course, no longer the big leader in the chip sector..

Then we've got Shopify making a new high on Friday on both sides of the border..

Tesla made a new closing high on Friday, did not take out Thursday's high..

So none of these.

Magnificent 8 stocks really participated in the overall rally this week..

Now, some people are rather concerned that.

the Magnificent Eight did not lead the market higher this week..

And I don't think we can read too much into it so far..

We've seen some sector rotation.

and these stocks couldn't lead the market higher forever..

There is always some rotation..

What we haven't seen so far is any aggressive selling in these stocks..

So if we start to see aggressive selling in these stocks, then I would say there's.

something to be concerned about, but that has not started just yet..

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

I'm sorry I was a bit longer than normal,.

but I wanted to include a couple of extra topics..

Enjoy the rest of your day..

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