

Tech Talk for Saturday July 1st 2023

Editor's Note: The Toronto Exchange is closed on Monday, July 3rd

The Bottom Line

Calm before the storm! Expected corporate news from major U.S. and Canadian companies this week is exceptionally quiet. Many corporations have entered their “quiet time” approximately 10 days prior to release of quarterly results. Volumes on North American equity markets typically are well below average this week. Bid/Ask spreads widen. Traders are on holidays this week including the Canada Day holiday celebrated by Canadian equity markets on Monday and the U.S. Independence Day holiday on Tuesday.

Then comes the storm! Second quarter corporate results by large U.S. and Canadian companies start to appear in volume in the second week in July. Leading the report season are the money center banks. They have exciting news to offer the market. Last week the Federal Reserve confirmed that 27 of the largest banks in the U.S. passed their monetary fitness test, setting the stage for banks to announce increases in their dividend and share buyback programs. Favourable anticipation of good news will help to support additional gains by North American equity indices this week. Note breakouts by JP Morgan, Master Card and Visa on Friday.

Economic news this week also will have an influence on equity prices. U.S. economic news is expected to be mildly favourable relative to the previous month. Improvements are expected for the June ISM Manufacturing PMI, the June ISM Non-manufacturing PMI and the May Trade Deficit reports.

And now, potentially bad news! Despite encouraging quarterly news from major U.S. banks in the second quarter, consensus estimates predict a “rocky” report period for other broadly based Canadian and U.S. companies. According to www.FactSet.com, consensus earnings on a year-over-year basis for S&P 500 companies calls for a drop 6.4% and consensus revenues calls for a slip of 0.4%. On the other hand, second quarter earnings results are expected to be the low point for earnings and revenue changes in the current economic cycle. According to www.FactSet.com, S&P 500 consensus for the third quarter on a year-over-year basis calls for an increase of 0.8% in earnings and a 1.2% in revenues. Consensus for the fourth quarter calls for an 8.2% in earnings and a 3.2% in revenues. Consensus for 2024 calls for an increase of 12.3% in earnings and a 4.9% increase in revenues. Question: When will equity prices begin to respond to improving earnings and revenue expectations starting after second quarter results are released? Responses to truly horrible second quarter results could give us the answer.

History shows that seasonal influences on equity indices in the month of July are exceptionally positive. During the past 20 July periods, the TSX Composite and its related ETF:XIU.TO have gained an average of 2.2% per period and the S&P 500 Index and related ETF: SPY have gained an average of 2.1% per period. Economic sensitive sectors including technology, industrials and consumer discretionary led the gains. Following is a link offered by Julius de Kempnaer giving history for the S&P 500 and major sectors during the past 20 Julys

[Stocks Lining Up for a Strong July | Julius de Kempnaer | Sector Spotlight \(06.26.23\) - YouTube](#)

Economic News This Week

Source: www.Investing.com

U.S. May Construction Spending released at 10:00 AM EDT on Monday is expected to increase 0.5% versus a gain of 1.2% in April.

June ISM Manufacturing PMI released at 10:00 AM EDT on Monday is expected to increase to 47.2% from 46.9 in May.

May Factory Orders released at 10:00 AM EDT on Wednesday are expected to versus a gain of 0.4% in April.

FOMC Meeting Minutes are released at 2:00 PM EDT on Wednesday.

May U.S. Trade Deficit released at 8:30 AM EDT on Thursday slip to \$69.80 versus a deficit of \$74.60 billion in April

May Canadian Merchandise Trade is released at 8:30 AM EDT on Thursday. It recorded a surplus of \$1.94 billion in April.

June ISM Non-manufacturing ISM PMI released at 8:30 AM EDT on Thursday is expected to increase to 50.5 from 50.3 in May.

June Non-farm Payrolls released at 8:30 AM EDT on Friday are expected to increase 200,000 versus a gain of 339,000 in April. June Unemployment Rate is expected to remain unchanged at 3.7% reported in May. June Average Hourly Earnings are expected to increase 0.3% versus a gain of 0.3% in May.

June Canadian Employment is released at 8:30 AM EDT on Friday. May Employment fell 17,300 in May. May Unemployment Rate was 5.2%.

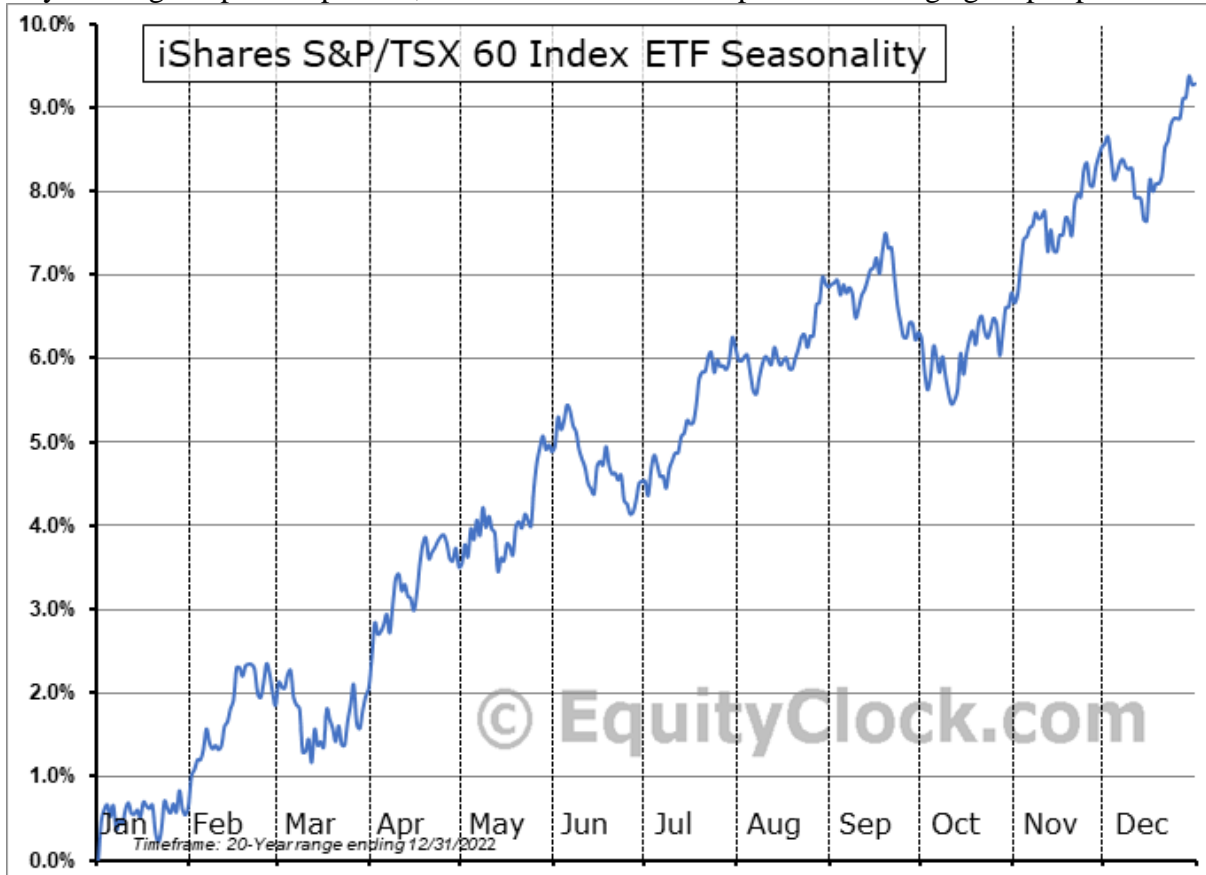
Selected Earnings News This Week

Source: www.Investing.com

Nil

Seasonality Chart of the Day

TSX 60 Index and its related ETF, XIU.TO have a history of moving higher in the month of July. During the past 20 periods, units have advanced 17 periods. Average gain per period: 2.2%.



Technical score on XIU.TO improved last week from -4 to $(0+0+1+1) = +2$ when trend changed from down to neutral, relative strength to the S&P 500 changed from negative to neutral, units moved above their 20 day moving average and daily momentum indicators turned higher.



Trader's Corner

Technical scores range from +6 (Most Bullish) to -6 (Most Bearish). A score of 0 is neutral.

Preferred purchase candidates have a rising technical score. Preferred sell/short candidates have a falling technical score.

Technical scores for Trend and Relative Strength range from +2 to -2. Scores for 20 day moving average and daily momentum range from +1 to -1. Color change to red means lower daily score. Color changes to green means higher daily score.

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for June 30th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day MA	Momentum	Tech Score	Score Last Week
SPX	Neutral	Oct.28	Up	Neutral	Above	Up	4	2
TSX	Neutral	Dec. 12	Neutral	Neutral	Above	Up	2	-6
DJIA	Neutral	Sept.20	Neutral	Negative	Above	Up	0	-2
COMPQ	Neutral	Oct.10	Up	Neutral	Above	Up	4	4
TRAN	Neutral	Aug.27	Neutral	Positive	Above	Up	4	2
AORD	Neutral	July 15	Neutral	Negative	Above	Up	0	-4
NIKK	Neutral	Nov.8	Up	Neutral	Above	Down	2	4
IEV	Neutral	Dec.9	Up	Negative	Above	Up	2	-2
SSEC	Neutral	Sept.26	Down	Negative	Below	Up	-4	-6
EEM	Neutral	Nov.29	Up	Negative	Below	Down	-2	-2

Green: Increase from previous day

Red: Decrease from previous day

Commodities

Daily Seasonal/Technical Commodities Trends for June 30th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day MA	Momen tum	Tech Score	Score Last Week
CRB Index	Neutral	Jan.14	Down	Negative	Below	Down	-6	-2
Gasoline	Positive	June 29	Neutral	Neutral	Above	Up	2	-4
Crude Oil	Neutral	Jan.20	Down	Neutral	Above	Up	0	-4
Natural Gas	Neutral	April 1	Up	Positive	Above	Up	6	6
S&P Energy	Neutral	Mar.23	Down	Neutral	Above	Up	0	-6
Oil Services	Neutral	Dec.28	Up	Neutral	Above	Up	4	-4
Gold	Neutral	Dec. 23	Down	Negative	Below	Up	-4	-6
Silver	Neutral	Nov.29	Down	Negative	Below	Up	-4	-6
Gold Bug	Positive	Sept.3	Down	Negative	Below	Up	-4	-6
Platinum	Neutral	Dec.9	Down	Negative	Below	Down	-6	-6
Palladium	Neutral	Nov.26	Down	Negative	Below	Down	-6	-6
Copper	Neutral	Nov.22	Down	Negative	Below	Down	-6	-2
Agriculture	Neutral	Oct.9	Down	Neutral	Above	Up	0	-2

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Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for June 30th 2023

Unit	Seasonal	Until	Trend	Strength Relative To S&P	20 Day MA	Momen tum	Tech Score	Prev Score
XLK	Positive	Aug.19	Up	Neutral	Above	Up	4	2
XLB	Neutral	Oct.1	Up	Positive	Above	Up	6	2
XLI	Neutral	Aug.26	Up	Positive	Above	Up	6	4
XLY	Neutral	Aug.7	Up	Positive	Above	Up	6	4
XLF	Neutral	July 7	Up	Neutral	Below	Up	2	2
XLE	Neutral	Mar.23	Down	Neutral	Above	Up	0	-6
XLP	Neutral	Jan.6	Up	Neutral	Above	Down	2	2
XLV	Neutral	Nov.3	Down	Neutral	Above	Up	0	2
XLU	Positive	July 2	Down	Negative	Below	Down	-6	0
XLC	Neutral	Jan.18	Up	Neutral	Above	Up	4	2
XLRE	Neutral	Dec.1	Neutral	Neutral	Above	Up	2	-4
TSX Financial	Neutral	Jan. 8	Neutral	Neutral	Above	Up	2	-4
TSX Energy	Neutral	Dec.22	Down	Negative	Above	Up	-2	-4
TSX Gold	Positive	Sept.3	Neutral	Negative	Below	Down	-4	-6
TSX Tech	Neutral	Nov.15	Down	Neutral	Above	Up	0	-6
TSX B Metals	Neutral	Nov. 28	Down	Neutral	Above	Up	0	-4

Green: Increase from previous day

Red: Decrease from previous day

Source for positive seasonal ratings: www.equityclock.com

Technical Notes for Friday

JP Morgan Chase \$JPM a Dow Jones Industrial Average stock moved above \$143.37 extending an intermediate uptrend.



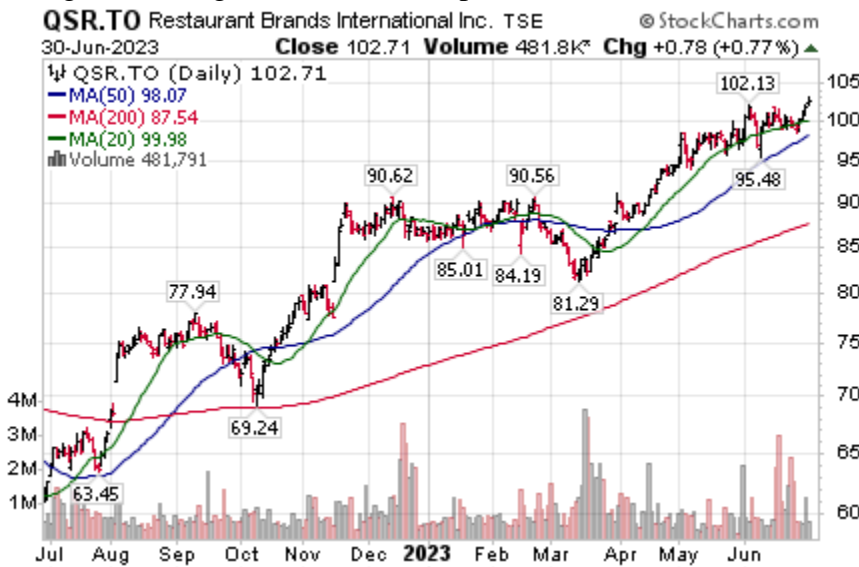
Visa \$V a Dow Jones Industrial Average stock moved above \$235.11 extending an intermediate uptrend.



MasterCard MA an S&P 100 stock moved above \$392.20 extending an intermediate uptrend.



Restaurant Brands International \$QSR.TO a TSX 60 stock moved above Cdn\$102.13 to an all-time high extending an intermediate uptrend.



S&P 500 Momentum Barometers



The intermediate term Barometer advanced 4.60 to 74.00 on Friday and 20.60 last week to 74.00. It remains Overbought. Daily trend is up.



The long term Barometer added 2.20 on Friday and 10.60 last week to 66.20. It changed from Neutral to Overbought. Daily trend is up.

TSX Momentum Barometers



The intermediate term Barometer added 7.63 on Friday and 26.85 last week to 47.81. It changed from Oversold to Neutral on a move above 40.00. Daily trend is up



The long term Barometer added 1.55 on Friday and 13.78 last week to 54.39. It remains Neutral. Daily trend is up.

Disclaimer: Seasonality ratings and technical ratings offered in this report and at www.equityclock.com are for information only. They should not be considered as advice to purchase or to sell mentioned securities. Data offered in this report is believed to be accurate, but is not guaranteed