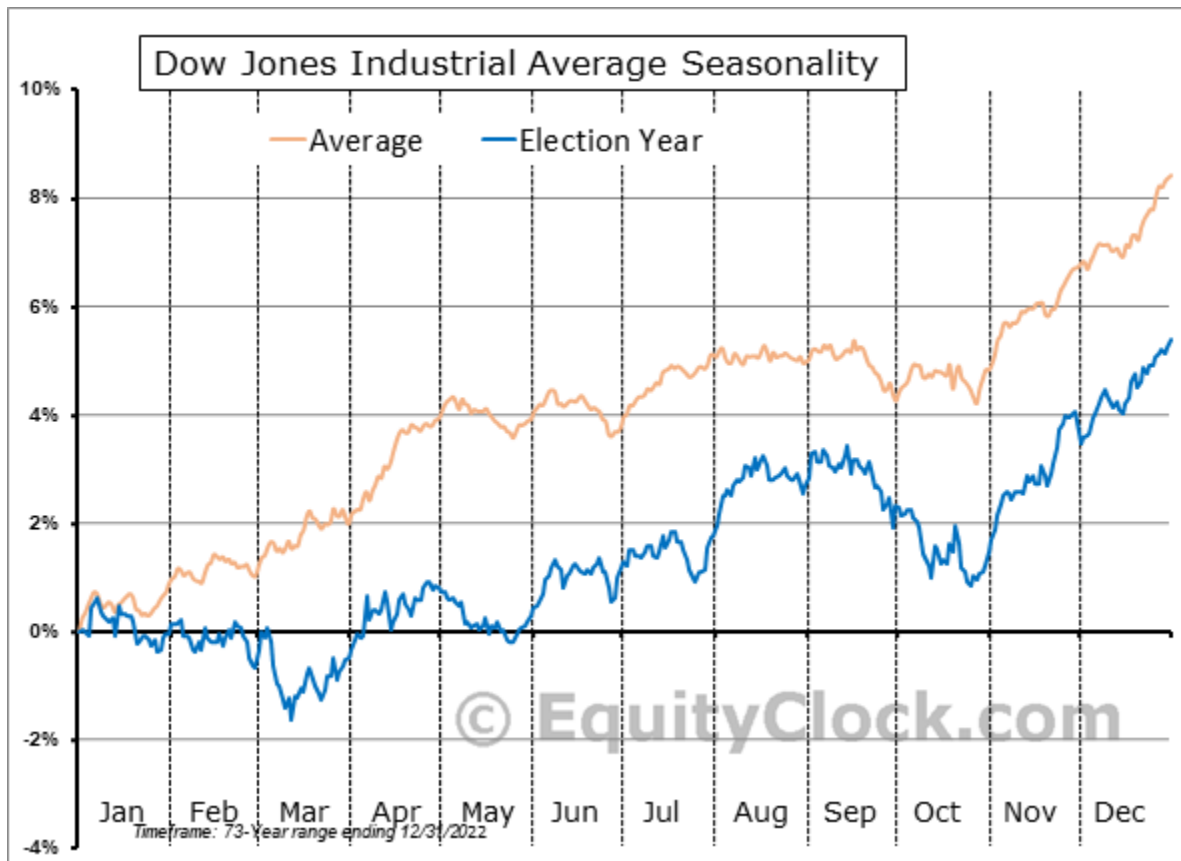


## Tech Talk for Saturday June 22<sup>nd</sup> 2024

### The Bottom Line

**Focus this week is on the May Core PCE Price Index released on Friday.** This report is the FOMC's most important indicator for inflation. A drop below the 2.8% annual rate set in April will signal easing inflation pressures and will set the stage for the traditional "Summer Rally" by U.S. equity indices lasting from the last week in June at least to the end of July. Average gain per period for the "Summer Rally" for the S&P 500 Index during the past 20 periods was 3.0%. The trade was profitable in 15 of the past 20 periods.

**During Presidential Election years (like 2024), performance of the "Summer Rally" has been slightly different.** Based on 73 years of data for the Dow Jones Industrial Average since 1950, the Summer Rally during Presidential Election years starts at the same time in the last week in June, but continues until mid-August. Average return per period was 2.5%.



**The TSX Composite Index also has a history of moving higher from late June to the end of July.** The trade has been profitable in 14 of the past 20 periods. Average return per period was 1.8%.

# Consensus for Earnings and Revenues for S&P 500 Companies

Source: [www.FactSet.com](http://www.FactSet.com)

**Earnings gains in 2024 on a year-over-year basis accelerate in the second and third quarters from the first quarter when earnings increased only 5.9%.** Consensus for the second quarter calls for an 8.8% earnings increase (versus 9.0% increase last week) and a 4.6% increase in revenues. Consensus for the third quarter calls for an 8.2% increase in earnings and a 4.9% increase in revenues.

**Earnings gains accelerate further in the fourth quarter.** Consensus calls for a 17.6% increase in earnings and a 5.5% increase in revenues (versus previous 5.6% increase).

**For all of 2024,** consensus calls for an 11.3% earnings increase and a 5.0% revenue increase.

**Earnings gains accelerate further in 2025.** First quarter earnings are expected to increase 15.4 % on a year-over-year basis (versus previous 15.3% increase) and revenues are expected to increase 5.8%. Second quarter earnings are expected to increase 15.5% (versus previous 15.2%) and revenues are expected to increase 5.9%. For all of 2025 earnings are expected to increase 14.4% (versus previous 14.3% increase) and revenues are expected to increase 6.0%.

## Economic News This Week

Source: [www.Investing.com](http://www.Investing.com)

**May Canadian Consumer Price Index** is released at 8:30 AM EDT on Tuesday

**May US New Home Sales** released at 10:00 AM EDT on Wednesday are expected to increase to 650,000 from 634,000.

**May Durable Goods Orders** released at 8:30 AM EDT on Thursday are expected to increase 0.3% versus a gain of 0.7% in April.

**Next estimate of US First quarter annualized real GDP growth** released at 8:30 AM EDT on Thursday is expected to remain unchanged at 1.3% versus a gain of 3.4% in the fourth quarter

**May PCE Price Index and Core May PCE Price Index** are released at 8:30 AM EDT on Friday

**May Personal Income** released at 8:30 AM EDT on Friday is expected to increase 0.4% versus a gain of 0.3% in April. **May Personal Spending** is expected to increase 0.3% versus a gain of 0.2% in April.

**June Michigan Sentiment** released at 10:00 AM EDT on Friday is expected to drop to 67.6 from 69.1 in May.

# Selected Earnings News This Week

Source: [www.Investing.com](http://www.Investing.com)

**Tuesday:** FedEx, Couche Tard, Carnival

**Wednesday:** Paychex, General Mills, Levi Strauss, Blackberry

**Thursday:** Nike, McCormick, Walgreens Boots

## Trader's Corner

Technical Scores range from -6 (most bearish) to +6 (most bullish)

Example: Technical score for S&P 500 Index dropped on Friday from +4 to +2

	Previous Score	New Score
Intermediate trend: Up	+2	+2
Strength relative to S&P 500 (by definition)	0	0
Above/Below 20 day Moving Average: Above	+1	+1
Daily Momentum (Stochastics, RSI, MACD): Up to Down	+1	-1
Total	+4	+2

### Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for June 21<sup>st</sup> 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Prev Score	Score Last Week
SPX	Neutral	Nov.8	Up	Neutral	Above	Down	2	4	4
TSX	Neutral	Dec.15	Neutral	Negative	Below	Down	-4		-4
DJIA	Neutral	Aug.31	Up	Negative	Above	Up	2		-2
COMPQ	Positive	Sept.15	Up	Positive	Above	Down	4		6
IYT	Neutral	Aug.27	Down	Negative	Above	Up	-2		-6
AORD	Neutral	June 19	Up	Negative	Above	Up	2		-2
NIKK	Neutral	Nov.8	Neutral	Negative	Below	Down	-4		0
IEV	Neutral	Dec.8	Neutral	Negative	Below	Up	-2		-4
FXI	Neutral	Oct.4	Up	Negative	Below	Up	0		-2
EEM	Neutral	Nov.29	Up	Negative	Above	Up	2		0

**Green:** Increase from previous day

**Red:** Decrease from previous day

Source for all positive seasonality ratings: [www.EquityClock.com](http://www.EquityClock.com)

## Commodities

### Daily Seasonal/Technical Commodities Trends for June 21<sup>st</sup> 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Prev Score	Score Last Week
CRB Index	Neutral	Feb.12	Down	Neutral	Above	Up	0		-2
Gasoline	Positive	June 29	Neutral	Neutral	Above	Up	2		-2
Crude Oil	Positive	June 30	Neutral	Positive	Above	Up	4		0
Natural Gas	Positive	June 29	Up	Neutral	Below	Down	0		2
S&P Energy	Neutral	Dec.9	Down	Negative	Below	Up	-4		-6
Oil Services	Neutral	Dec.19	Down	Negative	Below	Up	-4		-6
Gold	Neutral	July 15	Up	Negative	Below	Up	0	2	0
Silver	Neutral	Dec.28	Up	Negative	Below	Up	0	2	0
Gold Bug	Neutral	July 27	Up	Negative	Below	Up	0		-2
Platinum	Neutral	Dec.24	Up	Negative	Below	Up	0		-2
Palladium	Neutral	Nov.28	Down	Neutral	Above	Up	0	-4	-6
Copper	Neutral	Nov.22	Up	Negative	Below	Up	0		-2
Agriculture	Neutral	Nov.10	Down	Negative	Below	Up	-4		-6

Green: Increase from previous day

Red: Decrease from previous day

### Sectors Daily Seasonal/Technical Sector Trends for June 21<sup>st</sup> 2024

Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Prev Score	Score Last Week
XLK	Positive	Aug.28	Up	Positive	Above	Up	6	4	6
XLB	Neutral	Oct.1	Up	Negative	Below	Up	0		-2
XLI	Neutral	Aug.26	Neutral	Negative	Above	Down	-2	0	-4
XLY	Neutral	Aug.7	Up	Positive	Above	Up	6	4	0
XLF	Neutral	July 7	Up	Negative	Above	Up	2		-2
XLE	Neutral	Dec.9	Down	Negative	Below	Up	-4		-6
XLP	Neutral	Feb.16	Up	Negative	Above	Up	2		-2
XLV	Positive	July 30	Neutral	Negative	Above	Up	0		0
XLU	Positive	July 2	Up	Negative	Below	Up	0		-2
XLC	Neutral	Jan.8	Up	Negative	Above	Down	0		0
XLRE	Neutral	Dec.1	Up	Neutral	Above	Up	4		4
TSX Financial	Neutral	July 12	Down	Negative	Below	Down	-6		-6
TSX Energy	Neutral	Dec.11	Down	Negative	Below	Up	-4		-6
TSX Gold	Neutral	Dec.15	Up	Negative	Below	Up	0		-2
TSX Tech	Neutral	Nov. 15	Neutral	Negative	Above	Down	-2		2
TSX B Metals	Neutral	Oct.4	Neutral	Negative	Below	Up	-2		-2

Green: Increase from previous day

Red: Decrease from previous day

# Technical Notes for Friday

**South Africa iShares \$EZA** moved above \$43.78 extending an intermediate uptrend.



**Corn ETN \$CORN** moved below \$19.56 and \$19.41 setting an intermediate downtrend.



# S&P 500 Momentum Barometers



The intermediate term Barometer added 1.40 on Friday and gained 10.00 last week to 53.60. It remains Neutral.



The long term Barometer added 1.20 on Friday and gained 3.80 last week to 70.80. It remains Overbought.

# TSX Momentum Barometers



The intermediate term Barometer dropped 4.96 on Friday and dropped 5.86 last week to 30.63. It remains Oversold. Daily trend remains down.



The long term Barometer slipped 1.35 on Friday and dropped 4.50 last week to 57.21. It changed from Overbought to Neutral on a drop below 60.00. Daily trend remains down.

Tech Talk is a free service available each business day at [www.timingthemarket.ca](http://www.timingthemarket.ca)

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