

Tech Talk for Saturday July 20th 2024

The Bottom Line

North American equity markets experienced substantial rotation last week: Out of the technology sector and into other economic sensitive sectors such as Transportation, Banks and Biotech.

Second quarter results released to date have been significantly higher than consensus. According to www.FactSet.com 80% of reporting S&P 500 companies have released a positive earnings surprise and 65% reported a positive revenue surprise.

Economic focus this week is on the June Core PCE Price Index released at 8:30 AM EDT on Friday. Extension of a downtrend by this Index will trigger renewed buying in North American equities.

Consensus for Earnings and Revenues for S&P 500 Companies

Source: www.FactSet.com

Changes since our last full report on July 8th have been slight. Fourteen percent of companies have reported second quarter results to date. Consensus for second quarter earnings increased to a 9.7% gain (versus a previous 8.8% gain) and consensus for second quarter revenues increased to a 4.9% gain (versus a previous 4.6% gain). Consensus for the third quarter earnings calls for a 7.7% increase (versus a previous 8.1% increase) and a 5.5% revenue increase (versus a previous 4.9% increase).

Earnings gains accelerate further in the fourth quarter. Consensus calls for a 17.0% increase in earnings (versus a previous 17.3% increase) and a 5.5% increase in revenues (versus a previous 5.6% increase).

For all of 2024, consensus calls for an 11.0% earnings increase (versus previous 11.3% increase) and a 5.0% revenue increase.

Earnings gains remain elevated in 2025. First quarter earnings are expected to increase 15.1% on a year-over-year basis (versus previous 15.2% increase) and revenues are expected to increase 5.7% (versus 5.9% increase). Second quarter earnings are expected to increase 14.5% (versus previous 15.6% increase) and revenues are expected to increase 5.9%. For all of 2025 earnings are expected to increase 14.7% (versus previous 14.4% increase) and revenues are expected to increase 6.0%.

Economic News This Week

Source: www.Investing.com

June U.S. Existing Home Sales released at 8:30 AM EDT on Tuesday are expected to ease to 4.00 million units from 4.11 million units in May.

Bank of Canada's Monetary Policy Report is released at 9:45 AM EDT on Wednesday. A press conference is offered at 10:30 AM EDT. Bank of Canada's lending rate to major Canadian banks is expected to remain unchanged at 4.75%.

June U.S. June New Home Sales released at 10:00 AM EDT on Wednesday are expected to increase to 640,000 from 619,000 in May.

June Durable Goods Orders released at 8:30 AM EDT on Thursday are expected to increase 0.3% versus a gain of 0.1% in May.

First estimate of **second quarter annualized real GDP** released at 8:30 AM EDT on Thursday is expected to grow at a 2.0% rate versus a 1.4% rate in the first quarter

June PCE Price Index released at 8:30 AM EDT on Friday is expected to increase 0.1% versus no change in May. Focus will be on **June Core June PCE Price Index** released at the same time.

June Personal Income released at 8:30 AM EDT on Friday is expected to increase 0.4% versus a gain of 0.5% in May. **June Personal Spending** is expected to increase 0.3% versus a gain of 0.2% in May.

July Michigan Consumer Sentiment released at 10:00 AM EDT on Friday is expected to drop to 66.0 from 68.2 in June.

Selected Earnings News This Week

Source: www.Investing.com

Another 138 S&P 500 companies are scheduled to report quarterly results this week (including seven Dow Jones Industrial Average companies). Five TSX 60 companies are scheduled to report.

Monday: Verizon, Cadence Design, Nucor, Cleveland Cliff, Whirlpool,

Tuesday: Microsoft, Alphabet, Tesla, Coca Cola, Texas Instruments, Danaher, General Electric, Phillip Morris, Comcast, United Parcel, Lockheed Martin, Chubb, Southern Copper, Sherwin Williams, Canadian National Railway, Freeport McMoran, Spotify, Capital One, General Motors, Kimberly Clark, Archer Daniels Midland, Pulte Homes, First Quantum Minerals,

Wednesday: QualComm, IBM, AT&T, Boston Scientific, KLA Corp, Waste Management, General Dynamics, Chipotle, Republic Services, Ford, Newmont Mining, Hilton, Suncor, United Rental, International Paper, Celestica, West Fraser Forest, Methanex,

Thursday: Amazon, Abbvie, Union Pacific, Honeywell, Starbucks, Northrop Grumman, Norfolk Southern, VALE, DexCom, Dow, Cenovus, Weyerhaeuser, Hasbro, American Airlines, Harley Davidson, IMAX

Friday: ExxonMobil, Bristol-Myers-Squibb, Colgate Palmolive, Newell Brands

Trader's Corner

Example using Emerging Markets iShares (Symbol: EEM)

Score dropped last week from +6 to -2:

Intermediate trend: Up , unchanged Score: +2 +2

Strength relative to S&P 500: Changed from positive to negative: Score: +2 to -2

20 day moving average: Dropped below 20 day MA: Score +1 to -1

Daily momentum (Stochastics, RSI, MACD): up to down Score +1 to -1

Total Score: +6 to -2

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for July 19th 2024

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

Green: Increase from previous day

Red: Decrease from previous day

Source for all positive seasonality ratings: www.EquityClock.com

Commodities

Daily Seasonal/Technical Commodities Trends for July 19th 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	Neutral	Negative	Below	Down	-4		-2
Gasoline	Neutral	Mar.30	Neutral	Negative	Below	Down	-4		0
Crude Oil	Neutral	Jan.12	Neutral	Neutral	Below	Down	-2		0
Natural Gas	Neutral	Sept.13	Down	Negative	Below	Down	-6		-6
S&P Energy	Neutral	Dec.9	Neutral	Positive	Above	Up	4		-2
Oil Services	Neutral	Dec.19	Neutral	Positive	Above	Down	2		0
Gold	Positive	Sept.4	Up	Positive	Above	Down	4		6
Silver	Neutral	Dec.28	Up	Negative	Below	Down	-2	0	6
Gold Bug	Neutral	July 27	Up	Positive	Above	Down	4		6
Platinum	Neutral	Dec.24	Up	Negative	Below	Down	-2		2
Palladium	Neutral	Nov.28	Neutral	Negative	Below	Down	-4		0
Copper	Neutral	Nov.22	Down	Negative	Below	Down	-6		2
Agriculture	Neutral	Nov.10	Down	Positive	Above	Down	0	2	0

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Sectors Daily Seasonal/Technical Sector Trends for July 19th 2024

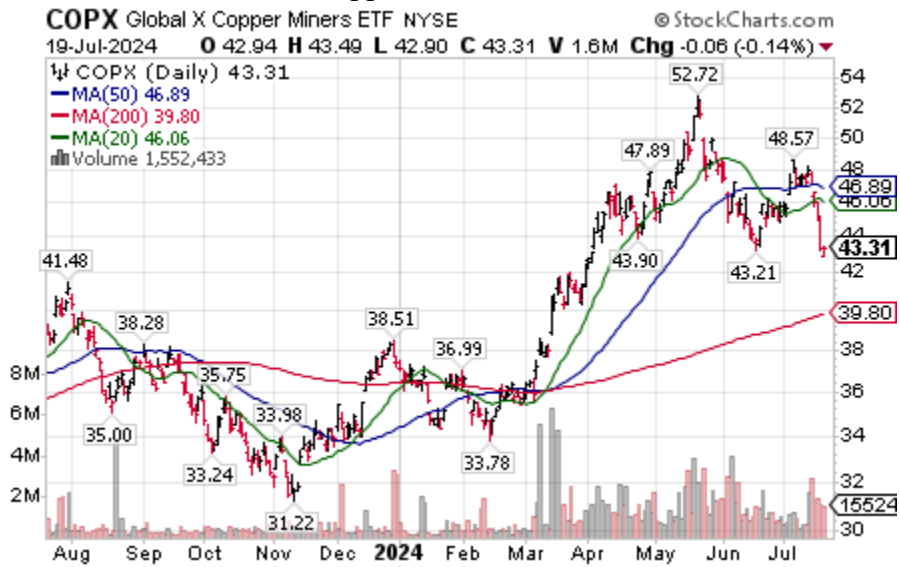
Unit	Seasonal	Until	Trend	Strength Relative To SPX	20 Day MA	Momen tum	Tech Score	Prev Score	Score Last Week
XLK	Positive	Aug.28	Neutral	Negative	Below	Down	-4		2
XLB	Neutral	Oct.1	Neutral	Positive	Above	Down	-4		0
XLI	Neutral	Aug.26	Up	Positive	Above	Down	4		2
XLY	Neutral	Aug.7	Up	Positive	Above	Down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

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Technical Notes

Base metal equity ETFs \$PICK, \$XBM.TO and \$COPX completed double top patterns on moves below intermediate support.





China large cap iShares \$FXI moved below \$25.87 setting an intermediate downtrend.



S&P 500 Momentum Barometers



The intermediate term Barometer dropped 5.20 on Friday and fell 5.0 last week to 65.20. It remains Overbought.



The long term Barometer dropped 1.80 on Friday, but added 0.20 last week to 75.00. It remains Overbought.

TSX Momentum Barometers



The intermediate term Barometer dropped 1.77 on Friday and fell 5.31 last week to 74.34. It remains Overbought.



The long term Barometer slipped 0.89 on Friday, but gained 2.22 last week to 81.42. It remains Overbought.

Tech Talk is a free service available each business day at www.timingthemarket.ca

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