

Tech Talk for Saturday October 19th 2024

The Bottom Line

Better than consensus third quarter results released last week by 14% of S&P 500 companies prompted North American equity indices to advance to all-time highs. Analysts were less convinced. They lowered third quarter consensus earnings estimates again.

Frequency of quarterly corporate reports ramps up this week. Another 112 S&P 500 companies (including seven Dow Jones Industrial Average companies) are scheduled to report. Focuses are on reports by Amazon on Tuesday, Tesla on Wednesday and Amazon on Thursday.

Focus in Canada is on the Bank of Canada's statement on interest rates on Wednesday Consensus calls for no change in the Bank's lending rate for major Canadian chartered banks.

Consensus for Earnings and Revenues by S&P 500 companies

Source: www.factset.com

Earnings estimates for remainder of 2024 and for the first half of 2025 were lowered slightly again last week despite encouraging third quarter results release to date. Fourteen percent of S&P 500 companies have reported to date: 79% reported higher than consensus earnings and 64% reported higher than consensus revenues.

A word of caution! Consensus for third quarter results calls for significantly lower than the 11.3% year-over-year earnings gain recorded in the second quarter. Third quarter earnings on a year-over-year basis are expected to slip to a 3.4% increase, down from 4.1% last week. Consensus for third quarter revenues calls for a 4.7% year-over-year increase (versus a 4.6% increase last week).

Earnings and revenue gains accelerate in the fourth quarter, but at a slightly lower rate. Consensus calls for a 14.0% increase in earnings (versus a 14.2% increase last week) and a 5.0% revenue increase.

For all of 2024, consensus calls for a 9.4% earnings increase (versus a 9.7% increase last week) and 5.0% revenue increase.

Earnings gains accelerate in 2025, but at a slightly lower rate. First quarter earnings are expected to increase 13.8 % on a year-over-year basis (versus a 13.9% increase last week) and revenues are expected to increase 5.5%. Second quarter earnings are expected to increase 13.0% (versus a 13.1% gain last week) and revenues are expected to increase 5.4%. For all of 2025 earnings are expected to increase 15.1% (versus a 14.9% increase last week) and revenues are expected to increase 5.9%.

Economic News This Week

September U.S. Leading Economic Indicators released at 10:00 AM EDT on Monday are expected to drop 0.3% versus a gain of 0.2% in August.

Bank of Canada statement on interest rates is released at 9:45 AM EDT on Wednesday. A press conference is offered at 10:30 AM EDT.

September U.S. Existing Home Sales released at 10:00 AM EDT on Wednesday are expected to increase to 3.90 million units from 3.86 million units in August

Beige Book is released at 2:00 AM EDT on Wednesday

September New Home Sales released at 10:00 AM EDT on Thursday are expected to drop to 710,000 from 716,000 in August.

September U.S. Durable Goods Orders released at 8:30 AM EDT on Friday are expected to drop 0.9% versus unchanged in August.

October Michigan Consumer Sentiment released at 10:00 AM EDT on Friday is expected to slip to 68.9 from 70.1.

Selected Earnings News This Week

Monday: Nucor

Tuesday: Alphabet, GE Aerospace, Danaher, Philip Morris, Verizon, Texas Instruments, Lockheed Martin, Sherwin Williams, Southern Copper, MMM, Canadian National Railway, Freeport McMoran, Norfolk Southern, General Motors, Baker Hughes, PulteGroup, First Quantum Minerals

Wednesday: Tesla, Coca Cola, IBM, AT&T, Boston Scientific, Boeing, General Dynamics, Canadian Pacific, Newmont Mining, Northern Trust, Whirlpool

Thursday: Amazon, MasterCard, Caterpillar, Union Pacific, Honeywell, United Parcel, Northrop Grumman, Capital One, Teck, Weyerhaeuser, Rogers Communications, Baxter, American Airlines

Friday: Colgate

Trader's Corner

Note that data was updated from October 10th

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for October 18th 2024

Unit	Seasonal	Until	Trend	Relative Strength	20 Day MA	Momentum	Tech Score	Last Week
SPX	Neutral	Nov.8	Up	Neutral	Above	Up	4	4
TSX	Neutral	Dec.15	Up	Positive	Above	Up	6	4
DJIA	Positive	Jan.6	Up	Neutral	Above	Up	4	4
COMPQ	Neutral	May 18	Up	Positive	Above	Up	6	6
IYT	Positive	Dec.5	Up	Neutral	Above	Down	2	4
AORD	Neutral	June 15	Up	Neutral	Above	Down	2	4
NIKK	Neutral	Nov.8	Up	Neutral	Above	Down	2	4
IEV	Neutral	Dec.8	Up	Negative	Below	Down		-2
FXI	Positive	Jan.21	Up	Positive	Above	Down		4
EEM	Neutral	Nov.29	Up	Neutral	Above	Down		2

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 October 18th 2024

Unit	Seasonal	Until	Trend	Relative Strength	20 Day MA	Momen tum	Tech Score	Last Week
CRB Index	Neutral	Feb.12	Neutral	Negative	Below	Down	-4	0
Gasoline	Neutral	Mar.30	Up	Neutral	Below	Down	0	6
Crude Oil	Neutral	Jan.12	Neutral	Negative	Below	Down	-4	2
Natural Gas	Positive	Nov.30	Up	Negative	Below	Down	-2	-2
S&P Energy	Neutral	Dec.9	Up	Neutral	Below	Down	0	4
Oil Services	Neutral	Dec.19	Up	Neutral	Below	Down	0	4
Gold	Neutral	Dec.23	Up	Positive	Above	Up	6	0
Silver	Neutral	Dec.28	Up	Positive	Above	Up	6	-2
Gold Bug	Neutral	Dec.15	Up	Positive	Above	Up	6	0
Platinum	Neutral	Dec.24	Neutral	Neutral	Above	Up	4	-4
Palladium	Neutral	Nov.28	Up	Neutral	Above	Up		4
Copper	Neutral	Nov.22	Up	Negative	Below	Down	-2	0
Agriculture	Neutral	Nov.10	Up	Negative	Below	Down		-2

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for October 18th 2024

Unit	Seasonal	Until	Trend	Relative Strength	20 Day MA	Momentum	Tech Score	Last Week
XLK	Neutral	Oct.9	Neutral	Neutral	Above	Up	2	4
XLB	Positive	Jan.3	Up	Neutral	Above	Up	4	2
XLI	Neutral	Oct.27	Up	Positive	Above	Up		6
XLY	Positive	Jan.3	Up	Negative	Above	Up	0	2
XLF	Positive	Nov.2	Up	Positive	Above	Up	6	2
XLE	Neutral	Dec.9	Up	Neutral	Above	Down	2	4
XLP	Neutral	Feb.16	Up	Negative	Above	Up	2	-2
XLU	Neutral	Feb.6	Up	Neutral	Above	Down	2	-2
XLV	Neutral	Nov.11	Down	Negative	Above	Up	-2	-4
XLC	Neutral	Jan.8	Up	Neutral	Above	Down		2
XLRE	Neutral	Dec.1	Up	Neutral	Above	Down	2	-2
TSX Financial	Neutral	July 12	Up	Neutral	Above	Up	4	2
TSX Energy	Neutral	Dec.11	Down	Neutral	Above	Down	2	0
TSX Gold	Neutral	Dec.15	Up	Positive	Above	Up	6	4
TSX Tech	Neutral	Nov.15	Up	Positive	Above	Up		6
TSX B Metals	Positive	Jan.18	Up	Positive	Above	Down		4

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Changes Last Week

Index	Close	Change	Percent Change
SPX	5,864.67	49.64	0.85
TSX	24,822.54	351.37	0.14
INDU	43,275.91	412.05	0.96
COMPQ	18,489.55	146.63	0.79
TRAN	16,383.13	144.48	0.89
AORD	8,551.20	59.70	0.70
NIKK	38,981.19	-624.61	-1.58
IEV	57.04	-0.04	-0.07
FXI	321.17	-1.20	-0.36
EEM	45.92	-0.44	-0.96

S&P 500 Momentum Barometers



The intermediate term Barometer added 0.40 last week to 77.20. It remains Overbought.



The long term Barometer added 2.00 last week to 79.60. It remains Overbought.

TSX Momentum Barometers



The intermediate term Barometer dropped 1.69 to 80.27 last week. It remains Overbought.



The long term Barometer slipped 0.90 to 80.27 last week. It remains Overbought.

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

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