

Tech Talk for Saturday October 5th 2024

The Bottom Line

Focus this week is on September U.S. inflation reports. Consensus calls for a slight reduction for September CPI and September PPI on a monthly basis and year-over-year basis.

Official launch of the third quarter report season starts on Friday when results by some of the biggest U.S. banks are released. As noted below, third quarter earnings by S&P 500 companies will “not be much to cheer about”. Favourable anticipation prior to release of quarterly results is expected to be muted at best. Notable concern is results from the financial sector. **According to FactSet, consensus calls for a 0.4% year-over-year earnings drop by the Financial sector and a 12% earnings drop by the Bank sub-sector.**

Old stock market trading folklore says “Sell Rosh Hashanah, buy Yom Kipper!”

Historically, U.S. equity indices have recorded a brief downward correction during this period. This year the period is from the close on October 2nd to October 12th. Chances are high that the saying will happen again this year.

Geopolitical events are expected to continue to have an impact on selected equity markets and stocks.

- Defense stocks and related ETFs are responding to growing tensions in the Middle East and Ukraine
- Far East equity indices and commodity prices are responding to China’s efforts to reflate its economy.

Consensus for Earnings and Revenues by S&P 500 companies

Source: www.factset.com

Earnings and revenue estimates for remainder of 2024 and for 2025 were lowered slightly last week, typical just prior to start of the quarterly report season.

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 4.2% increase, down from 4.6% last week. Consensus for third quarter revenues calls for a 4.7% year-over-year increase (versus a 4.8% increase last week).

Earnings and revenue gains accelerate in the fourth quarter, but at a slightly lower rate.

Consensus calls for a 14.6% increase in earnings (versus a 14.9% increase last week) and a 5.1% revenue increase (versus a 5.3% increase last week).

For all of 2024, consensus calls for a 9.8% earnings increase (versus a 10.0% increase last week) and 5.0% revenue increase (versus a 5.1% increase last week).

Earnings gains accelerate in 2025, but at a slightly lower rate. First quarter earnings are expected to increase 14.0 % on a year-over-year basis (versus a 14.5% increase last week) and revenues are expected to increase 5.5% (versus a 5.7% gain last week). Second quarter earnings are expected to increase 13.3% (versus a 13.6% gain last week) and revenues are expected to increase 5.4% (versus 5.5% last week). For all of 2025 earnings are expected to increase 14.9% (versus a 15.1% increase last week) and revenues are expected to increase 5.9%.

Economic News This Week

Source: www.Investing.com

August U.S. Trade released at 8:30 AM EDT on Tuesday is expected to be a deficit of \$72.3 billion versus a deficit of \$78.8 billion in July.

August Canadian Trade released at 8:30 AM EDT on Tuesday is expected to be a \$500 million surplus versus a \$680 million surplus in July.

U.S. September Consumer Price Index released at 8:30 AM EDT on Thursday is expected to increase 0.1% versus a gain of 0.2% in August. On a year-over-year basis, September CPI is expected to increase 2.3% versus a gain of 2.5% in August. Excluding food and energy, September CPI is expected to increase 0.2% versus a 0.3% gain in August.

U.S. September Producer Price Index released at 8:30 AM EDT on Friday is expected to increase 0.1% versus a gain of 0.2% in August. Excluding food and energy, September Producer Price Index is expected to increase 0.2% versus a 0.3% gain in August.

Canadian September Employment released at 8:30 AM EDT on Friday is expected to increase 33,700 versus a 22,100 gain in August. September Unemployment Rate is expected to remain unchanged from August at 6.6%.

Michigan October Consumer Sentiment released at 10:00 AM EDT on Friday is expected to increase to 70.2 from 70.1 in September.

Selected Earnings News This Week

Source: www.Investing.com

Tuesday: PepsiCo

Thursday: Progressive, Delta Airlines

Friday: JP Morgan Wells Fargo, Bank of New York Mellon, Fastenal.

Trader's Corner

Example showing technical score for TSX Base Metals iShares

	Current Score
Intermediate trend: Up	2
Strength relative to S&P 500: Positive	2
Above/Below its 20 day moving average: Above	1
Daily momentum (Stochastics, RSI, MACD): Turned Lower	-1
Total	4

Equity Indices and Related ETFs

Daily Seasonal/Technical Equity Trends for October 4th 2024

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

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 4th 2024

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

Green: Increase from previous day

Red: Decrease from previous day

Sectors

Daily Seasonal/Technical Sector Trends for October 4th 2024

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

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Changes Last Week

Index	Close	Change	Percent Change
SPX	5,757.07	18.90	0.22
TSX	24,162.83	206.01	0.86
INDU	42,352.75	39.75	0.09
COMPQ	18,137.85	18.26	0.10
TRAN	15,814.11	-371.79	-2.30
AORD	8,416.60	-60.20	-0.71
NIKK	38,635.62	-1,193.94	-3.00
IEV	57.11	-1.66	-2.82
FXI	35.71	3.54	11.50
EEM	46.97	0.36	0.77

Chart of the Day: TSX Base Metals iShares (XBM.TO)

Technical score has improved recently to 4 thanks to a rising interest in securities that benefit from an economic recovery in China. Seasonal influences have turned positive: Buy on weakness

	Technical Score
Intermediate trend: Up	2
Strength relative to S&P 500: Positive	2
Trades above its 20 day moving average: Yes	1
Daily momentum: (Stochastics, RSI, MACD): Turned lower	-1
Total	4

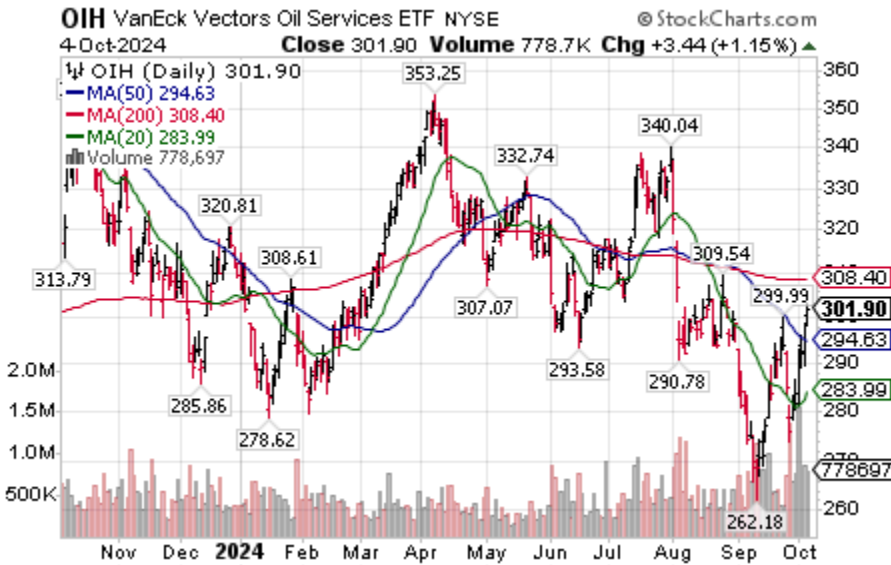


Technical Notes for Friday

S&P Oil and Gas Exploration SPDRs \$XOP moved above \$137.04 and \$141.38 resuming an intermediate uptrend.



Oil Services iShares \$OIH moved above \$299.99 setting an intermediate uptrend.



BMO Equal Weight Canadian Energy ETF \$ZEO.TO moved above Cdn\$74.27 to an all-time high extending an intermediate uptrend.



Silver iShares \$SLV moved above \$29.56 to a 10 year high extending an intermediate uptrend.



S&P 100 and NASDAQ 100 stocks moving above resistance extending an intermediate uptrend included CVS Health, Diamondback Energy, Atlassian Corp and Datadog.



S&P 100 and NASDAQ 100 stocks moving below support setting an intermediate downtrend included Coca Cola, Merck and American Tower.



S&P 500 Momentum Barometers



The intermediate term Barometer added 2.80 on Friday, but dropped 7.60 last week to 76.00. It remains Overbought.



The long term Barometer added 1.40 on Friday, but dropped 4.40 last week. It remains Overbought.

TSX Momentum Barometers



The intermediate term Barometer added 1.79 on Friday and gained 0.91 last week to 82.51. It remains Overbought. Daily uptrend was extended.



The long term Barometer added 0.90 on Friday and gained 1.79 last week to 79.82. It remains Overbought.

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

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