

THE CANADIAN TECHNICIAN



**U.S.
Edition**

After The Election

Weekly Market Review
November 7, 2020



WITH
GREG SCHNELL

MARKET COMMENTARY

There were massive amounts of votes counted (146 million) as the stock market also showed some exuberance, with the NASDAQ 100 (\$NDX) closing up 9%! The \$NDX market rallied up to the highest close ever. The thrust was in every sector, and the market accelerated in a pattern similar to the election launch of 4 years ago.



As the Schnell Strength Indicator suggested, we were in the bottom quartile and to be on the lookout for rallies. I mentioned on the weekend review, that although the market closed lower on Friday compared to Thursday, the faster indicators were already moving up off the lowest levels. It was a great set up for a huge surge! While two of the three indicators are already moving higher this week, the third one will pick up quickly if we have any continued improvement.

The big rally was global this week. To me, this looks like an initiation thrust with more than 1000 stocks up 10% and more than 1000 stocks up 5%! That's just huge. An initiation thrust is what you see to start a new rally. It requires sustained buying and big positions to push the market up this hard.

Indexes around the world and some of the ETF's also soared to new highs. On the monthly conference call, I worked through a lot of the top industry groups and many were breaking above resistance this week. The combination of US charts like the Nasdaq 100, the emerging markets, Japan, copper, rare earth metals, the Yen, all breaking out this week, reinforce the concept of a new initiation thrust.

Summary: The election rally started Monday morning and continued all week. Friday was a sideways move but consolidating a massive move is not uncommon. Commodities are trying to break higher. The video covers all the charts, but the industrial and rare earth metals are moving up nicely. Based on the volume, the size of the move, the breadth of different sectors moving make it a pretty compelling place to be finding nice setups. Follow the daily setups by Dwight on the website for more ideas.

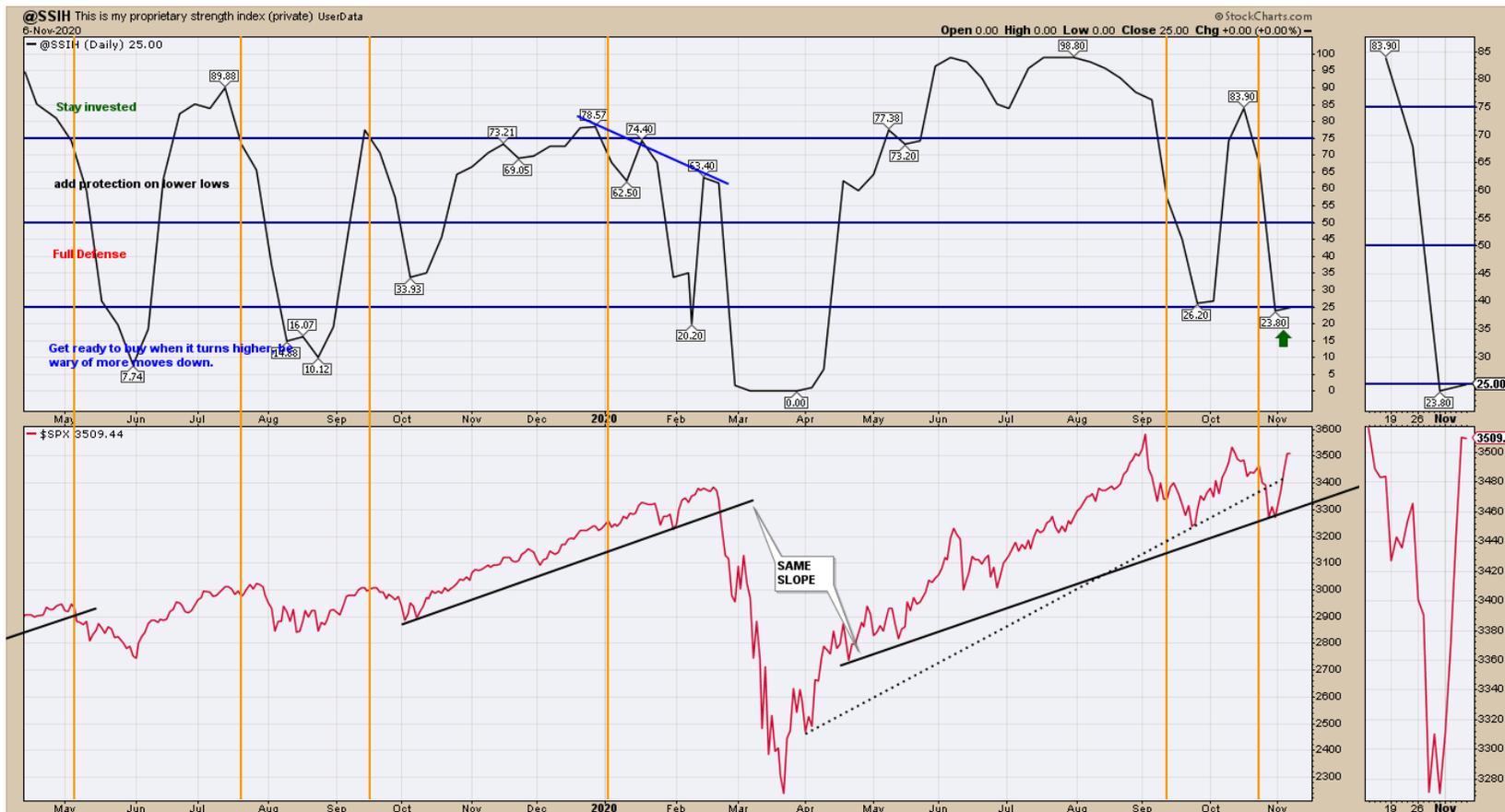
Let's jump into the charts.

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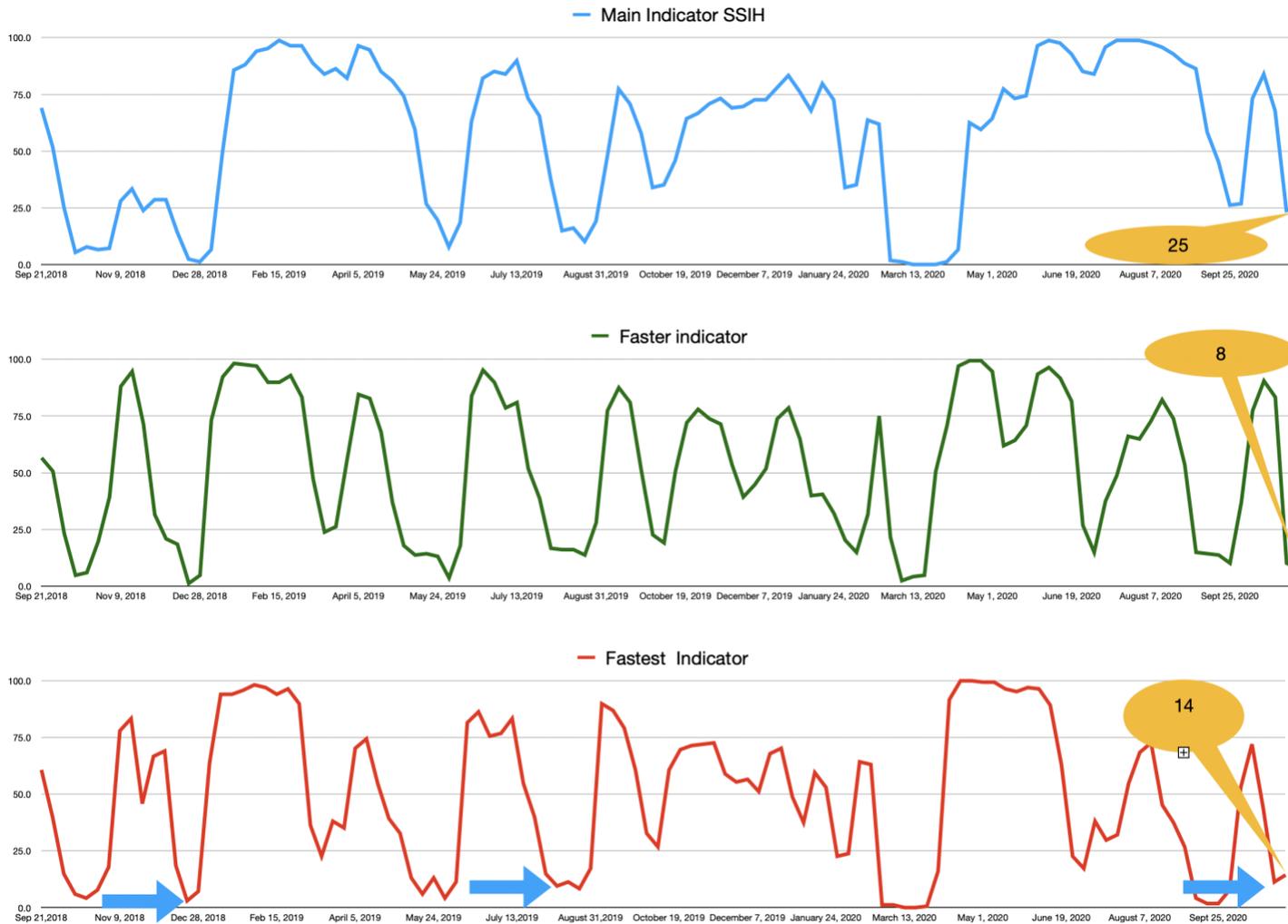
@SSI - REVERSING TO UP! BULLISH

The Schnell Strength Index closed up this week at 25%. It takes a lot to change the direction of this indicator, especially after the mammoth drop. The \$SPX line now has the same slope to the 2019 uptrend. Working on breaking out to all-time highs now. When we are in the bottom quartile and turning up, that is bullish. With that signal, I want to be long.



I post a preliminary SSI reading in daily setups from Thursdays close/Friday's open on Thursday night or Friday morning. It doesn't bounce a lot, but weekend closes matter. This will allow you to position before weekends. Watch the daily setups tab this week for more updates.

SSIH, MY FASTER AND FASTEST INDICATORS

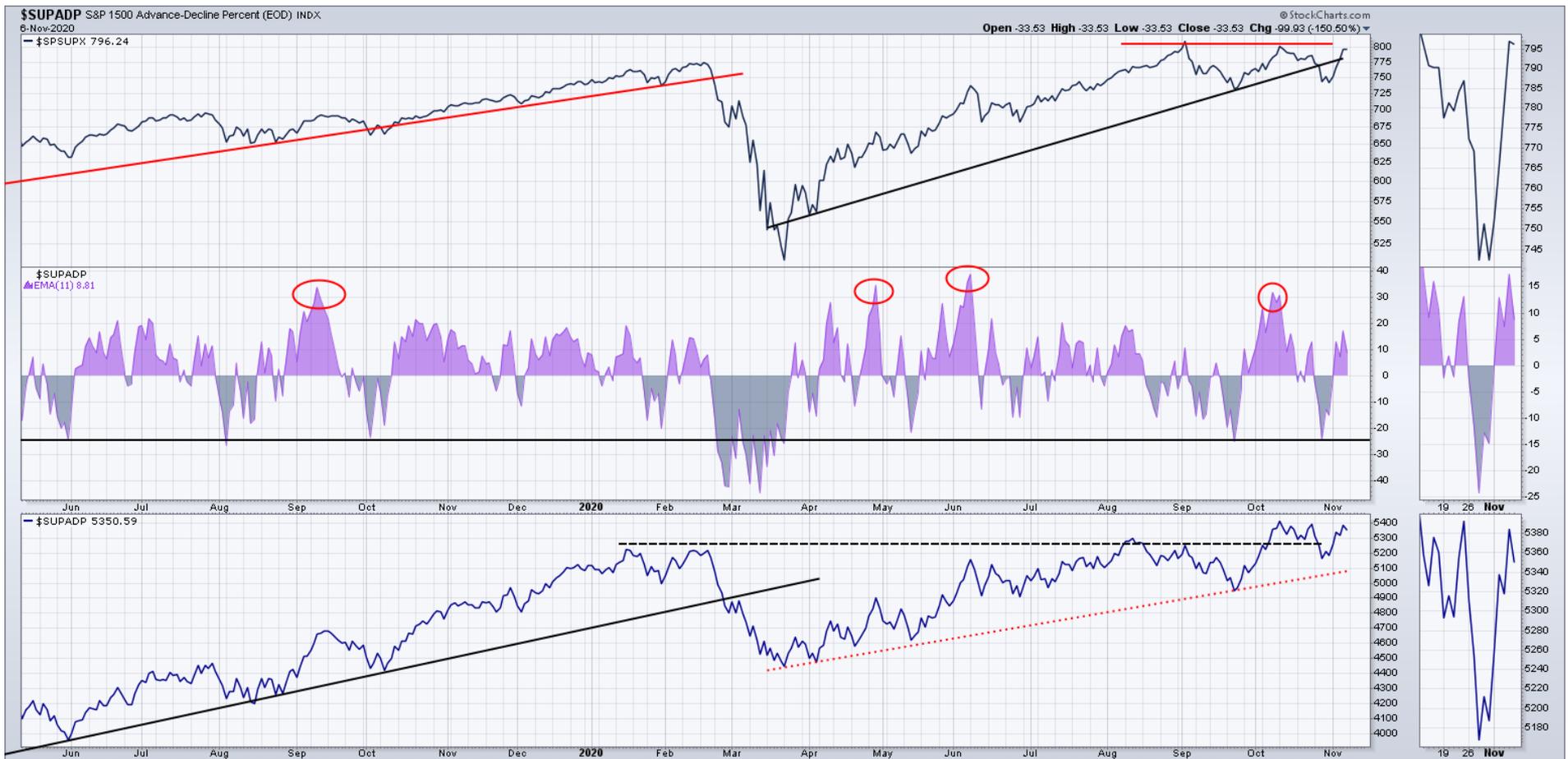


The chart shows the SSIH in the top panel. The broad market rally soared Monday thru Thursday and held flat on Friday. When these indicators turn up, it's typically a good time to get long. Two of three turned up, which is a very bullish signal. I expect more lift with the fastest indicator turning up on a secondary low. The blue arrows show the bounces off secondary lows.

In 2016, the market started to turn higher before the election, had a wild swing in the middle of the night, then soared and never looked back. We played out the same game plan for the week except Wednesday didn't have the volatility we saw last time.

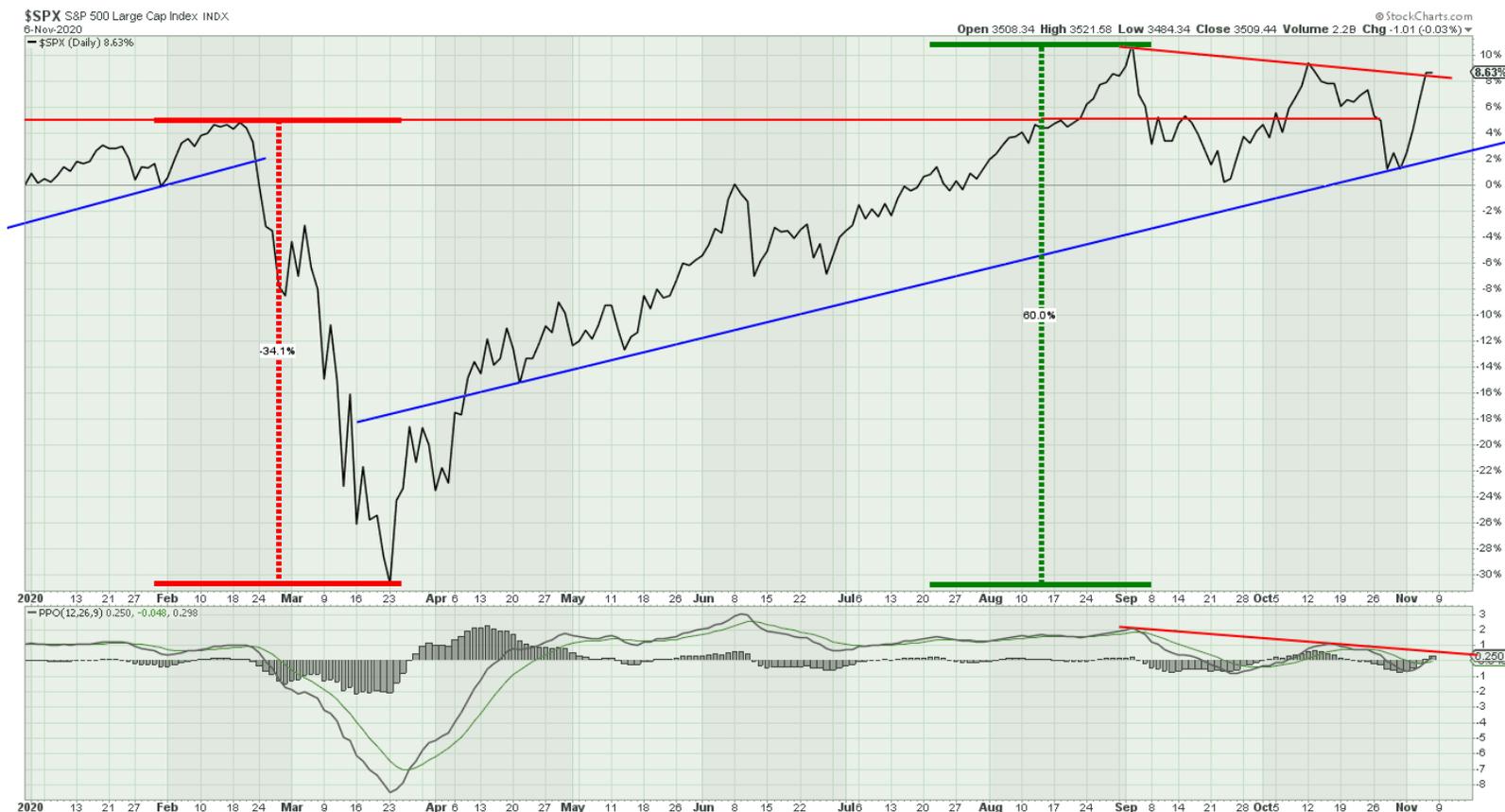
S&P 1500 BREADTH

Notice the **advance/decline line** in the lower panel. This chart below is for the top 1500 stocks, not the top 500. This indicator is still making lower highs and lows with the late October peak. The 2-week moving average in the middle at the bull market bounce line. The \$SUPADP and the index (top panel) are very close to breaking out to new highs. That is what we are watching for next.



\$SPX - YEAR TO DATE LOOK

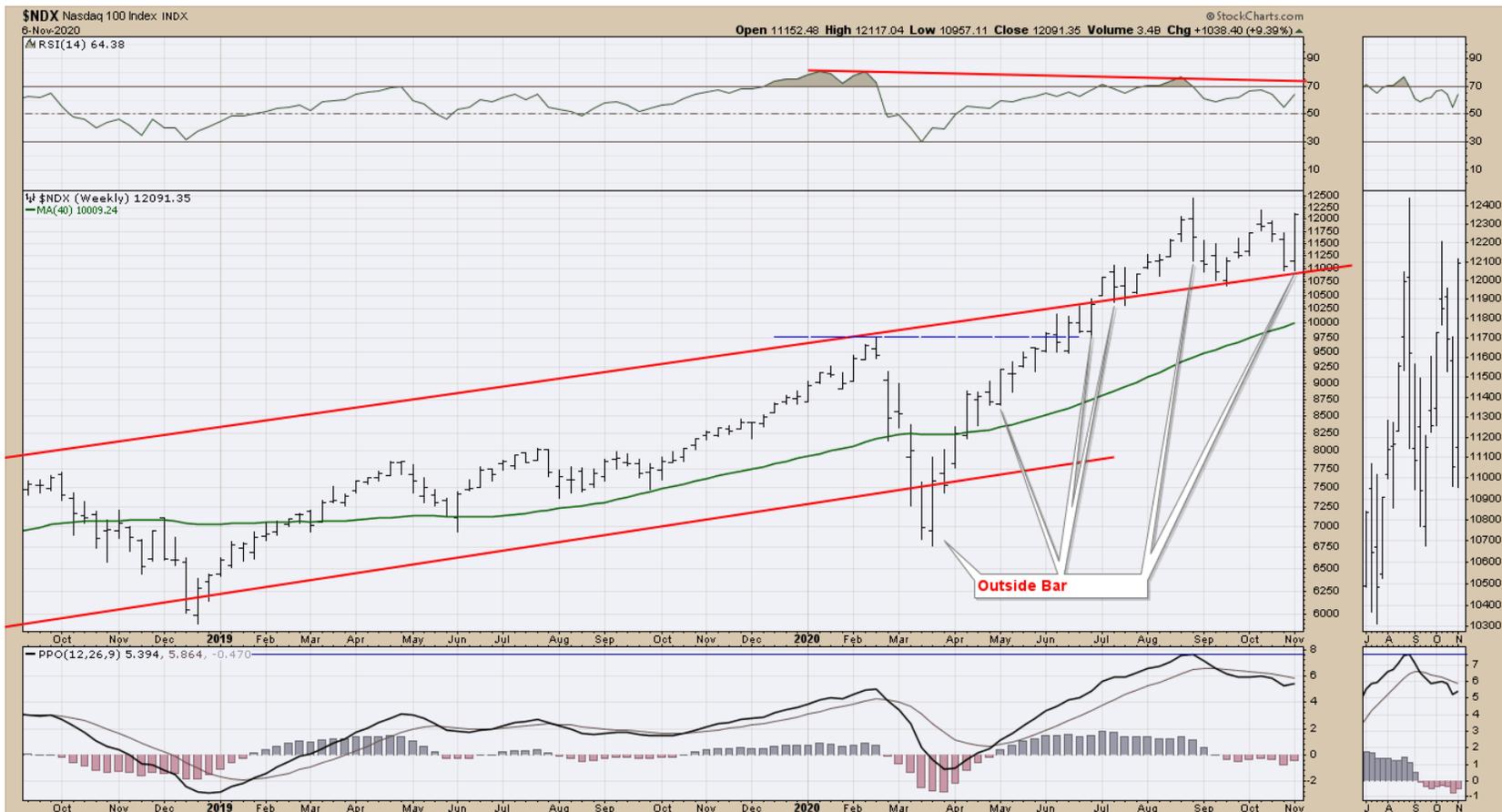
Now that we are in November, the [\\$SPX year-to-date](#) look is informative. The 0% line is where we started the year. Twice now, the market has rallied off the line in the last 3 months. We continue to oscillate above and below the February highs. The rise in Covid cases continues to be a concern, because we can't estimate the economic activity level into next year. If we are in the process of making a major market top, these wild swings are typical. Tops are built over time. The counterpunch to that is the rest of the world started rallying, with some of the countries breaking out to new 52-week highs. That backdrop is bullish, and a lot of those



breakouts happened this week. It is the global support that leads me to believe we resolve to the upside. From my twitter feed, many retail investors are expecting a big market crash. I don't see that. We are all capable of how to work remotely now and the high internet data transfer speeds from home make this a lot less severe than if Covid had happened in the late 1990's. It's a different world.

\$NDX - NASDAQ 100 - OUTSIDE BARS

We got another bullish outside bar on the [Nasdaq 100](#) this week. That means a lower low and a higher high than the previous week. The nice part is we closed at the top of the bar. We have had two bearish outside bars and now 4 bullish outside bars. You may remember the big one to start the rally in March. This was a nice reversal as the market looked very weak with the selloff after big tech reported on Thursday to end October. Now, we are focused on a move above the October high.



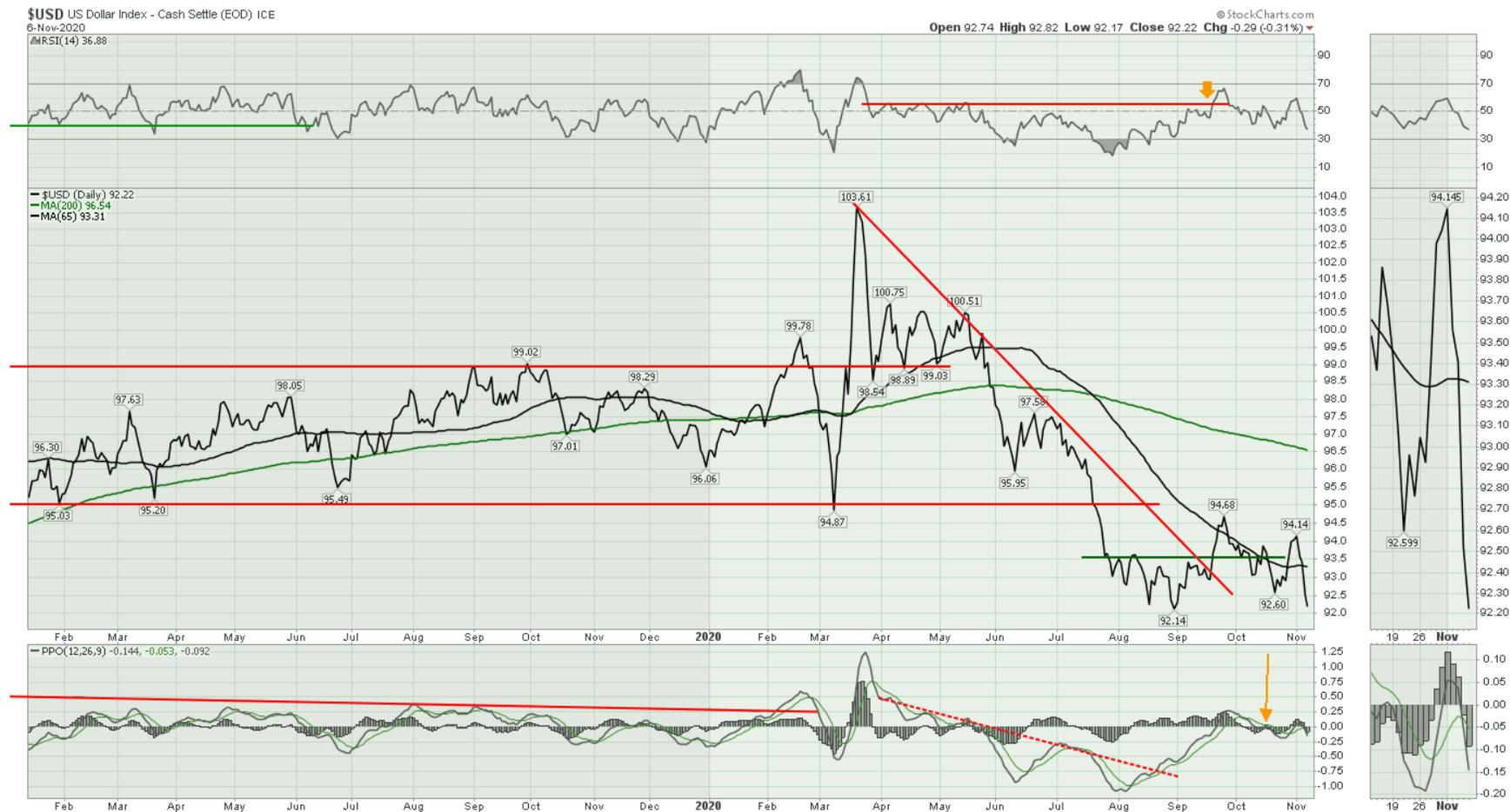
\$JPYUSD - JAPANESE YEN

The Yen is finally surging out of the 8-year base. It has been creeping up, but this is the highest weekly close in 4 years. When Gold started to breakout in April 2019, the Japanese Yen was breaking out of a triangle. This week, Gold and the Yen paired up for a nice big break. This correlation has been weak for a while, but as they both start surging higher, this is nice confirmation. Will it continue?



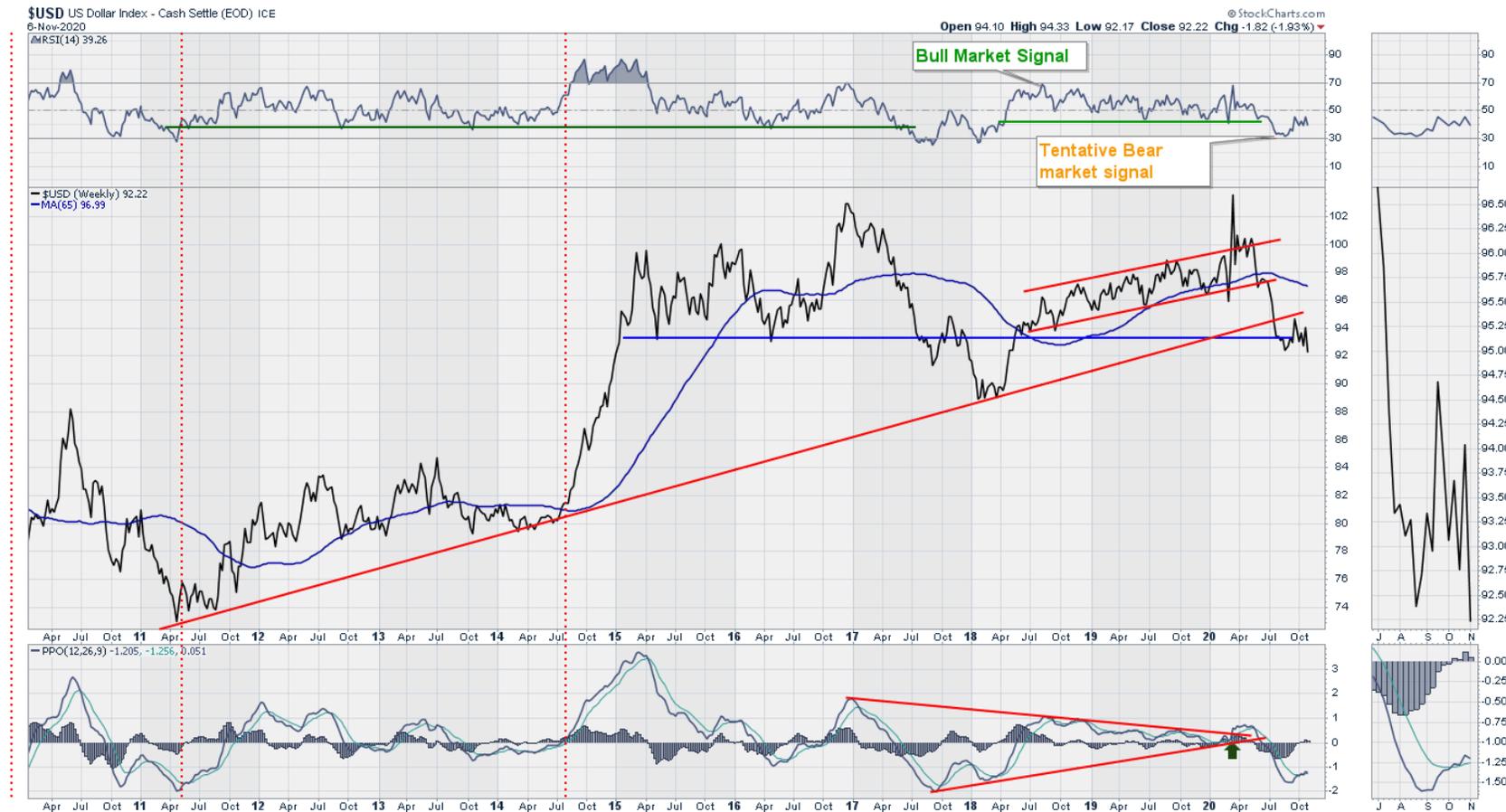
\$USD - CURRENCY MARKETS MAKE BIG MOVES

The **\$USD** broke down hard this week on the daily chart below. The US Dollar is very close to breaking below the low daily close in August. Every week, the dollar seems to be reversing. Perhaps now that the political indecision is behind us, can it actually start to trend in a direction?



\$USD - BIG PICTURE

The US Dollar broke the 10-year uptrend in July. After bottoming in August, the dollar has been grinding sideways week after week. This USD chatter had made the break towards commodities harder to ride. If it finally breaks down out of this zone (which it hasn't), it will probably spark a huge move in commodities. While Gold, Copper, steel, lithium, and rare earth metals all had a big week, can they continue to run rather than chopping about?



EMERGING MARKET BREAKOUT

The **EEM** is jumping above the prior 52-week highs. This week it pole-vaulted well above the prior highs and looks set to test the highs of 2018. Typically, when emerging markets are doing well, commodities are too. I also like the breakout in relative strength on the purple area chart.



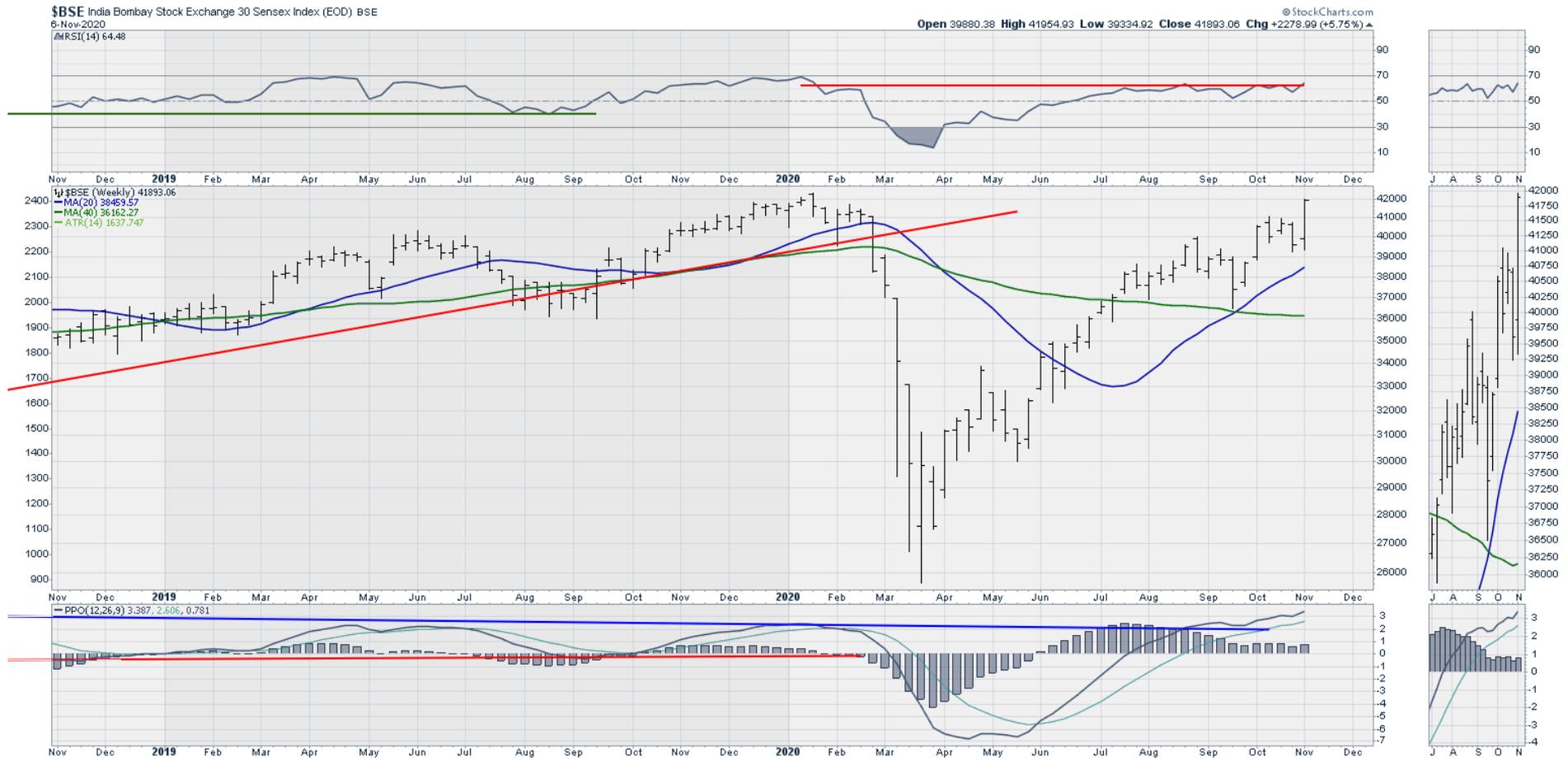
\$NIKK - JAPAN MAKES NEW 52-WEEK HIGHS

Japan is not an emerging market, but it is also breaking out to new multi-year highs. The point I want to make is: a variety of foreign markets are joining the USA at or near new 52-week highs. The Tokyo stock market broke out to new two-year highs and is just below the 2018 high of 24,445. We want to see it clear the 2018 highs. The amazing trivia about that level: It is the highest level since 1992! Yes, 1992. Not a typo. Over thirty years ago, the 1989 all-time high for the \$NIKK sits 60% higher at 38,915.



\$BSE - INDIA STOCK MARKET

The [India market](#) is a whisper below the highest close from early January. With a big vertical move this week, this large market with wonderful demographics is getting set to make new all-time highs. Notice this market is making higher highs above late August or October. It just keeps climbing. We want to see it push through and hold new highs this week.



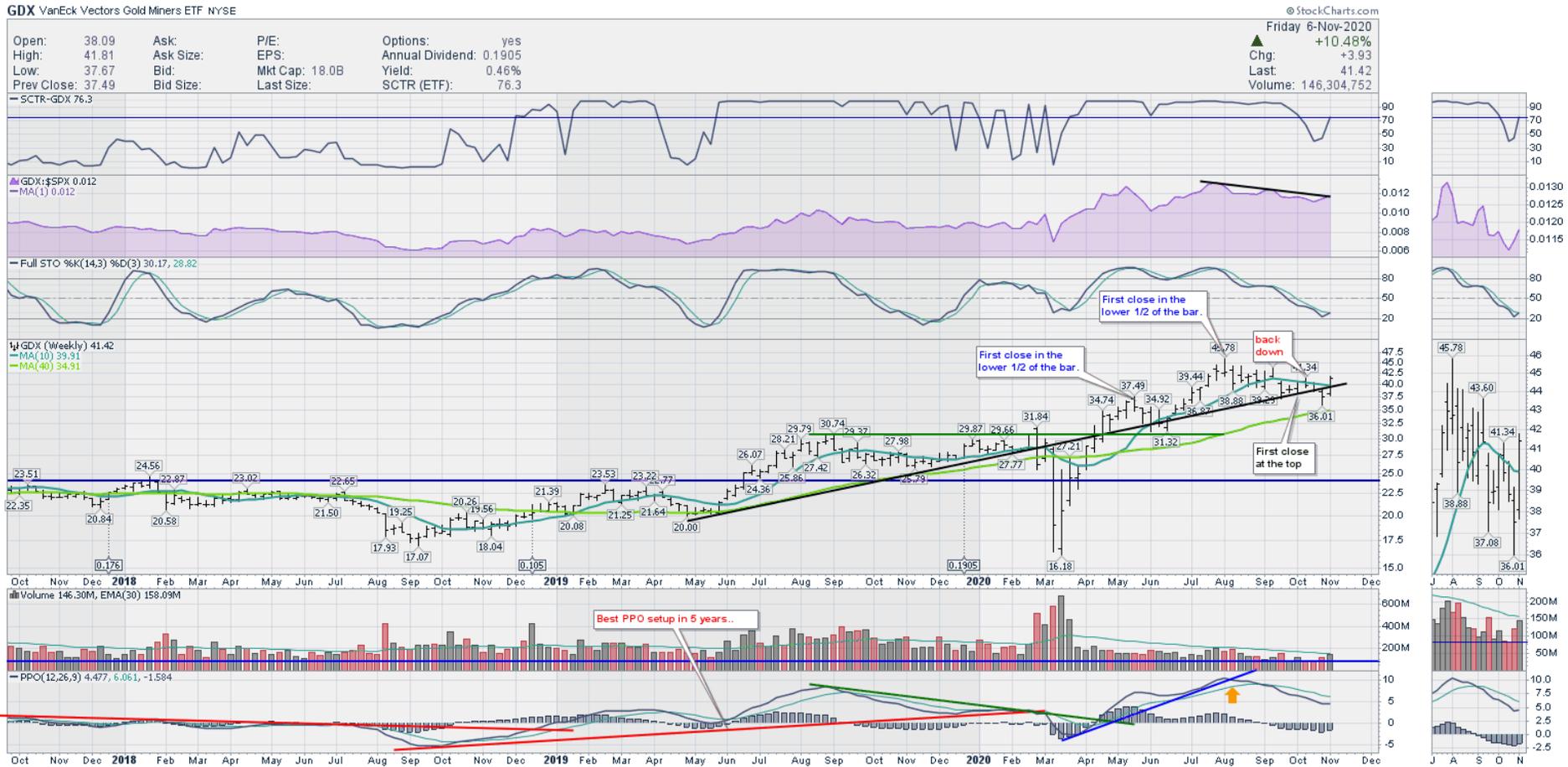
\$GOLD - \$75 MOVE

We have been waiting for commodities like Gold to rally. Gold finally broke out of the downtrend in place since early August. Probably more interesting, is that Gold broke out while all these other charts are also making significant technical moves above resistance this week. The 6-week highs look like a trend change to me. But Gold continues the long relative under-performance shown on the purple area chart. We need that to start making higher highs. The PPO is turning up above zero.



GOLD MINERS SURGE

The gold miners outperformed gold this week. On the purple relative strength panel, the gold miners have underperformed the \$SPX since July. Last week we fell down below the uptrend in price, but buyers stepped in this week and shot it back up. This was also the highest up volume week since August.



MONTHLY CONFERENCE CALL LINK

I covered the industry charts on the [monthly conference call](#). There were a lot of nice moves this week in the different industries. Many of them broke above resistance. This is a valuable video to watch. Lots to discuss.

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Slippery Slope

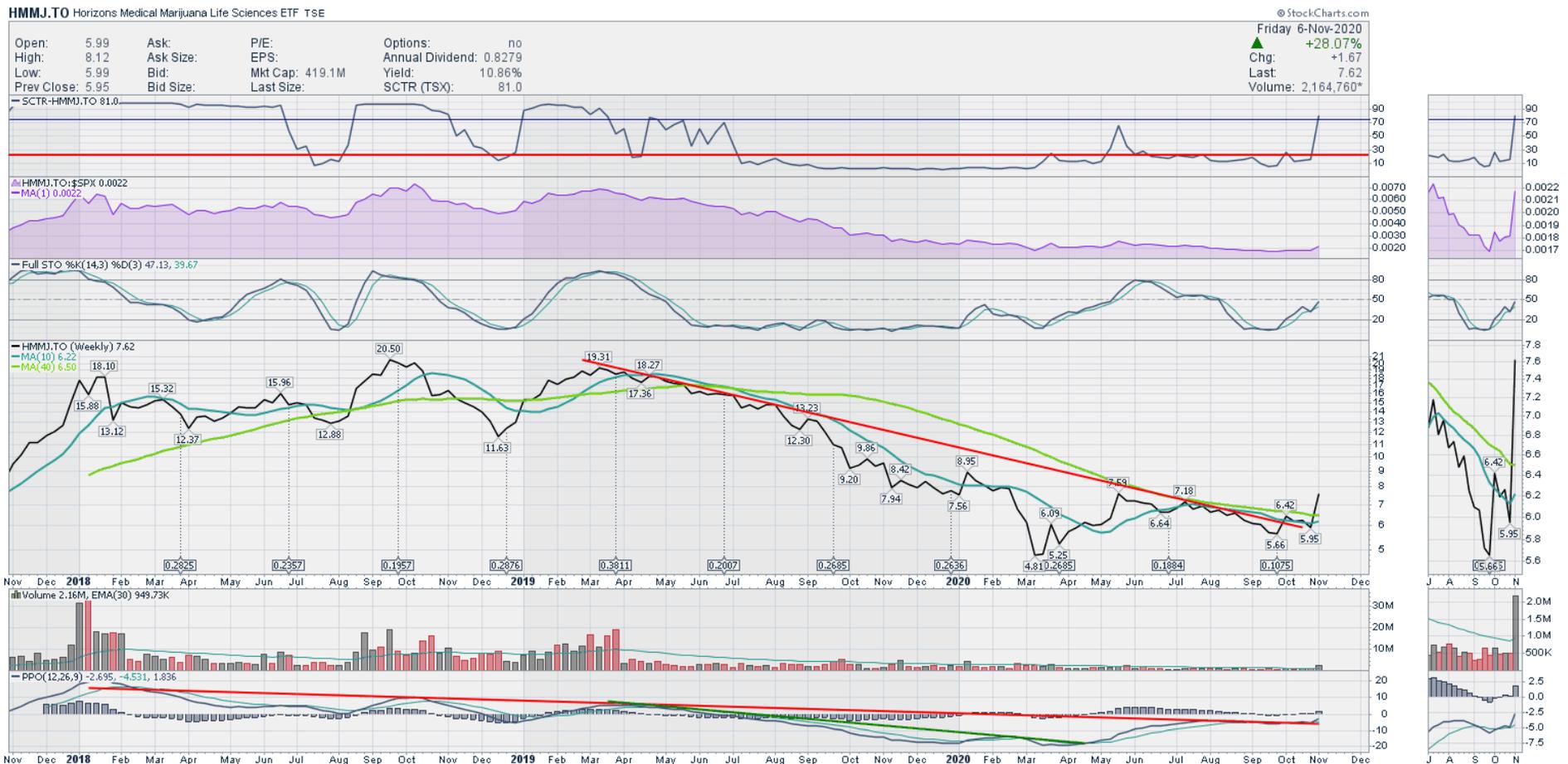
Monthly Conference Call
November 5, 2020 At 5 ET



With
GREG SCHNELL

MARIJUANA NAMES BREAK HIGHER ON ELECTION RESULTS

The **marijuana** space popped meaningfully - a rocket blistering 28% - to clearly break the downtrend. The three year down trend on the PPO is also breaking and turning higher. The volume hit this ETF as well. Average weekly volume has been under 1 million. Over 2 million shares traded this week.



THE MOVE TO ELECTRIC VIDEO

[The Move to Electric video](#). Register here for [the EV newsletter!](#) Clients of gregschnell.com will receive the subscription EV content free.

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LITHIUM AND RARE EARTHS BOTH SOARED

We have been talking about the industrial metals/materials for a while and they just keep going. [Lithium rocket launched, and rare earth metals](#) got out of the base it has been building for more than a year. Now the rare earths have higher highs and higher lows.



MARKET SUMMARY

A complete color flip from last week. Last week, everything was red. This week a full reversal. Nice to have the election out of the way now. Tech and semiconductors continue to lead. Semiconductors chart did not really crack last week as I mentioned. This week was nice as SMH just roared forward. Canadian markets are on the right, and the big move in Healthcare was due to marijuana. Financials, energy and real estate are still the dogs of the party. See the monthly conference call for more ideas.

NAME	SCTR	CLOSE	% CHG	+/-
Semiconductors	97.1	197.00	12.60	
Technology	85.0	121.58	9.67	
Healthcare	45.4	109.92	8.13	
Retail	93.2	53.70	7.74	
Materials	87.4	68.00	7.63	
Communications	79.4	63.70	7.60	
Industrials	81.2	81.34	7.21	
Discretionary	83.3	152.76	6.85	
Financials	39.3	24.96	4.61	
Staples	40.6	65.09	4.55	
Real Estate	26.7	80.96	4.45	
Utilities	50.4	64.13	2.81	
Energy	0.6	28.93	0.73	
E & P	0.3	40.59	0.02	

NAME	CLOSE	% CHG	+/-
HealthCare	56.02	12.81	
Technology	167.74	9.26	
Gold Miners	376.30	7.52	
Materials	346.36	5.84	
Staples	664.46	5.83	
Industrials	312.02	5.49	
Discretionary	202.44	5.08	
\$TSX	16282.83	4.51	
Income Trusts	200.42	4.49	
Utilities	313.35	3.89	
Financials	268.98	3.80	
Real Estate	282.78	3.64	
Energy	65.83	2.81	
Telecom	156.48	1.82	

GLOBAL VIEW

Here is the global view on the left. The world jumping massively. Most commodities had a nice move with the exception of Oil and Gas. I mentioned Marijuana last week, and it exploded this week. The industrial metals continue to do well. We'll be looking for more of the same this week. Probably not with the same percentages!

NAME	CLOSE	% CHG	+/-
Russia	1178.28	10.47	
Nasdaq 100 ----	12091.35	9.39	
Germany	12480.02	7.99	
France	4960.88	7.98	
Brazil	100925.11	7.42	
S&P 500 ----	3509.44	7.32	
Dow ----	28323.40	6.87	
Hong Kong	25712.97	6.66	
South Korea	2416.50	6.59	
Spain	6870.40	6.48	
London	262.86	5.92	
Japan	24325.23	5.87	
India	41893.06	5.75	
Indonesia	1166.84	5.75	
Canada	16282.83	4.51	
Australia	6395.00	4.27	
Mexico	38428.44	3.89	
Shanghai	3312.16	2.72	

NAME	CLOSE	% CHG	+/-
Marijuana Stocks	7.62	28.07	
Lithium	49.18	14.03	
Silver Miners	48.21	14.00	
Rare Earth Metals	45.73	13.50	
Gold Miners	41.42	10.48	
Silver	25.66	8.53	
Steel	34.02	6.38	
Heating Oil	1.14	5.22	
Gasoline	1.08	5.06	
Lumber	503.70	4.72	
Soybean	1101.50	4.28	
Brent Crude	39.45	3.98	
Sugar	0.15	3.83	
Gold	1951.70	3.82	
WTI Crude	37.14	3.77	
Copper	3.15	3.49	
Cocoa	2338.00	1.43	
Natural Gas	2.89	-13.89	

VIDEO OF THE WEEK

The Monthly conference call link is here. [November Conference call](#) - lots of ideas

Here is the link to the chart list. [Weekly Charts](#)

Here is a link to this week's video. [After The Election](#)

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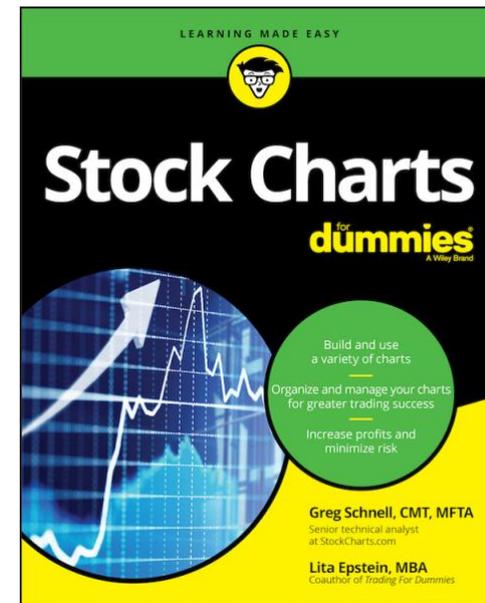
Good trading,
Greg Schnell, CMT, MFTA.

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BIOGRAPHY GREG SCHNELL, CMT, MFTA.

Greg Schnell, CMT, is the chief technical strategist at gregschnell.com specializing in intermarket and commodities analysis. Greg's work has been regular reading on the world-leading StockCharts.com platform for thousands of investors. Hedge funds, RIA's, portfolio managers, technicians and private investors consider the charts Greg displays. Greg Schnell is valued for his timely, in-depth, unique analysis that generates a valued perspective. Greg has won multiple awards as the Top Independent Analyst of the Year in Canada.



Based in Calgary, Canada, he is a past board member of the Canadian Society of Technical Analysts (CSTA) and past chairman of the CSTA Calgary chapter. As an active member of CMT Association, Greg speaks throughout North America on technical analysis. Greg is the co-author of Stock Charts for Dummies.