

THE CANADIAN TECHNICIAN



**U.S.
Edition**

Bulls Still Holding Control

Weekly Market Review
November 20, 2020



WITH
GREG SCHNELL

MARKET COMMENTARY

The pandemic continues to be front page news. The FDA is to meet to decide the emergency use application for Pfizer's vaccine on Dec. 10. The Operation Warp Speed group said they will be ready to have the vaccine for front line workers within 1-2 days after, potentially meaning December 12-15 to start vaccinations if the FDA decides quickly. Apparently they have been getting streams of data for a while on three different aspects. Early testing on animals, the manufacturing process, and now the final stage, Phase 3 testing. No doubt, they are already reading the application filed Friday. Just to set a baseline expectation, the normal approval process of a new vaccine can take about a decade. We would hope they don't need a couple of months. We'll leave that exciting news there.



The Nasdaq was one of the weakest markets in the world, for a second week in a row. A big positive push globally and the Nasdaq was flat. Is this just a rotation into commodities and rest of world, so money is leaving the Nasdaq in an orderly fashion, or a dire warning? It continues to be a must watch situation. The rally was global this week (see the last table in the market summary) with the exception of the USA. Breadth still held up as retail soared, and the energy names continued to rally in a commodity wave. Lots of bullish news on the commodity front and the fact that the Canadian market continued to break out above major resistance levels, suggests commodities going much higher.

As the US Dollar continues to stutter on support above 92, the way the rest of the charts are behaving, it looks like a lower dollar is the next wave. Crude oil breaking above \$43.75 would probably coincide with a dollar breaking down. Copper breaking to new 7-year highs (set up this week!) would probably be based on a change in the dollar.

Summary: I am bullish and am invested as the SSIH suggests being invested. I am watching to understand the changing landscape on tech. Financials, industrial metals, energy and Electric vehicle trades all look promising. We are testing prior highs, so breakouts need to hold. The SPX slipped below the breakout level to close the week. I'll call that annoying on Options Expiration Day.

Let's jump into the charts.

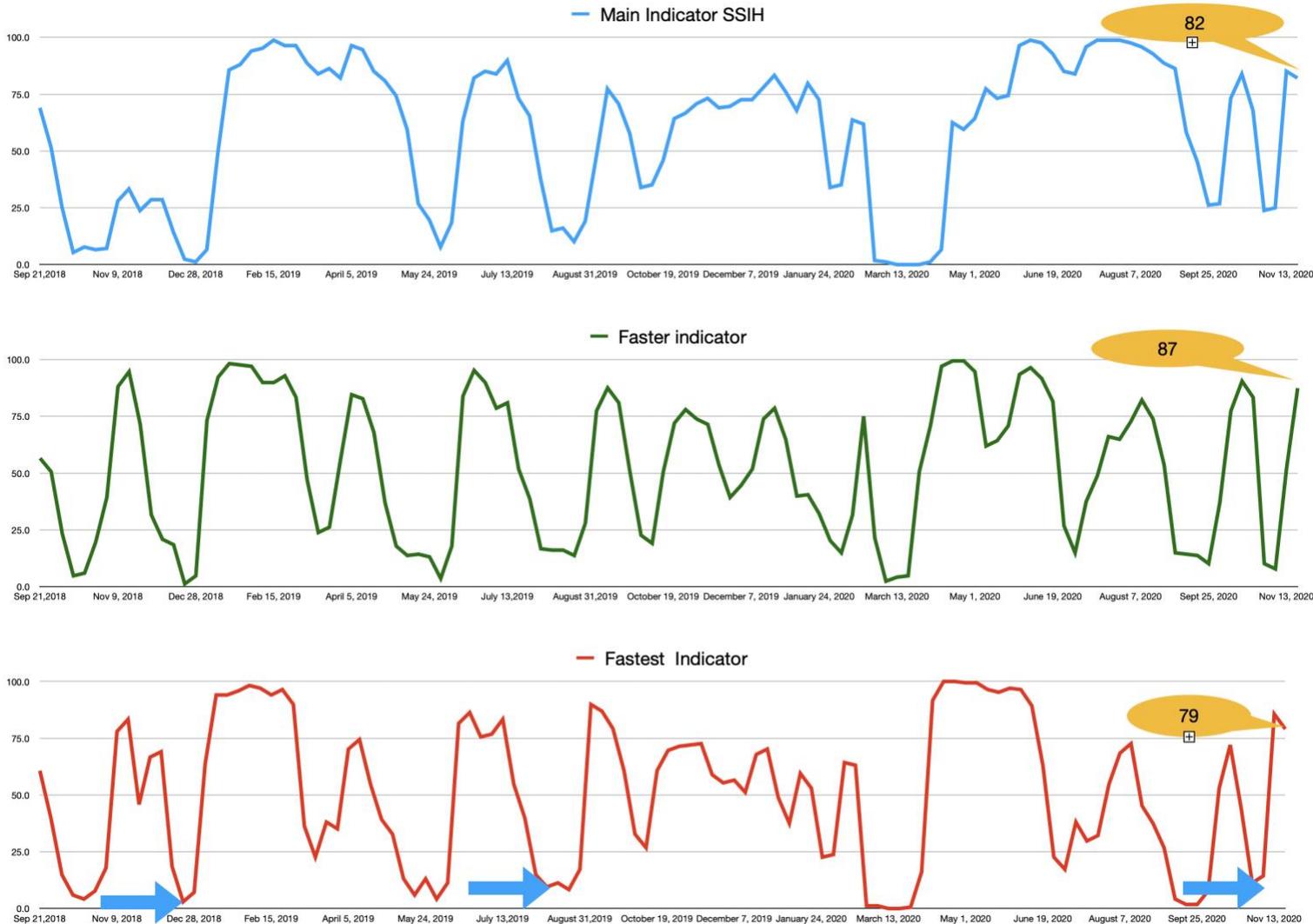
@SSIH - BULLISH

The Schnell Strength Index closed down slightly this week at 82%. The \$SPX line now has the same slope to the 2019 uptrend. The market pushed higher early in the week, then pulled back to the lowest close all week. Above 75% is bullish.

I post a preliminary SSIH 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

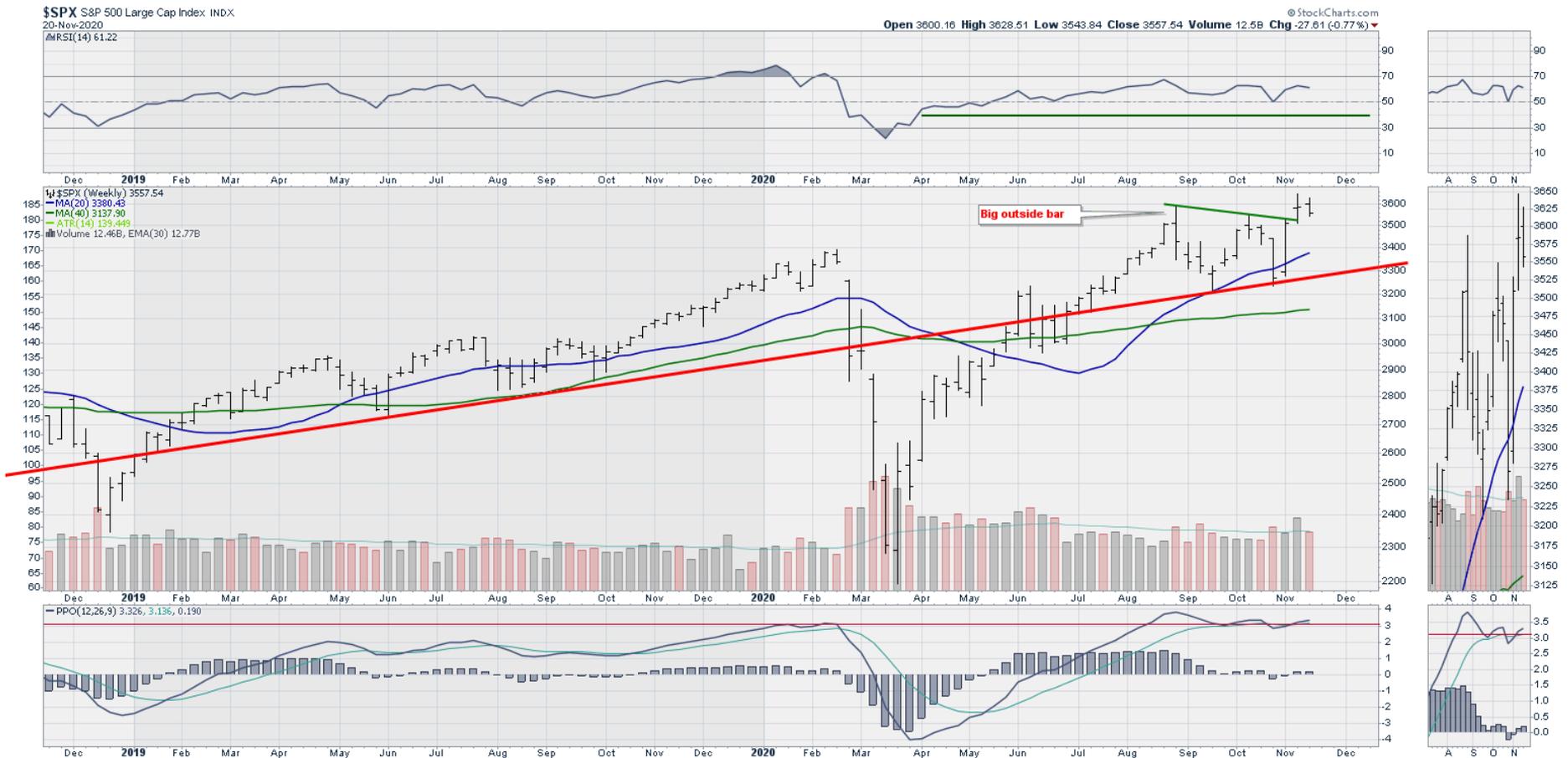


The chart shows the SSIH in the top panel. The post-election scenario is playing out. There is little doubt that the vaccine news in the face of rising COVID counts helped mute some of the fear.

While this is bullish, as all three are pointed north, we need to make sure the market holds here. We are testing prior highs. The trading range was narrower this week.

S&P 500 INSIDE WEEK - SEARCHING FOR DIRECTION

No advance/decline data this week in the newsletter. It is still bullish. [The \\$SPX](#) is currently absorbing the breakout level of the 3rd Q high. This week was a bearish inside week (lower high, higher low, close on the lows). That adds caution to our outlook, and the technology sector has gone to an idle from racing ahead, but it is allowing the other sectors to get their wind at their back. With [87% of the stocks above the 200 DMA](#), it's still bullish even if we wobble here.



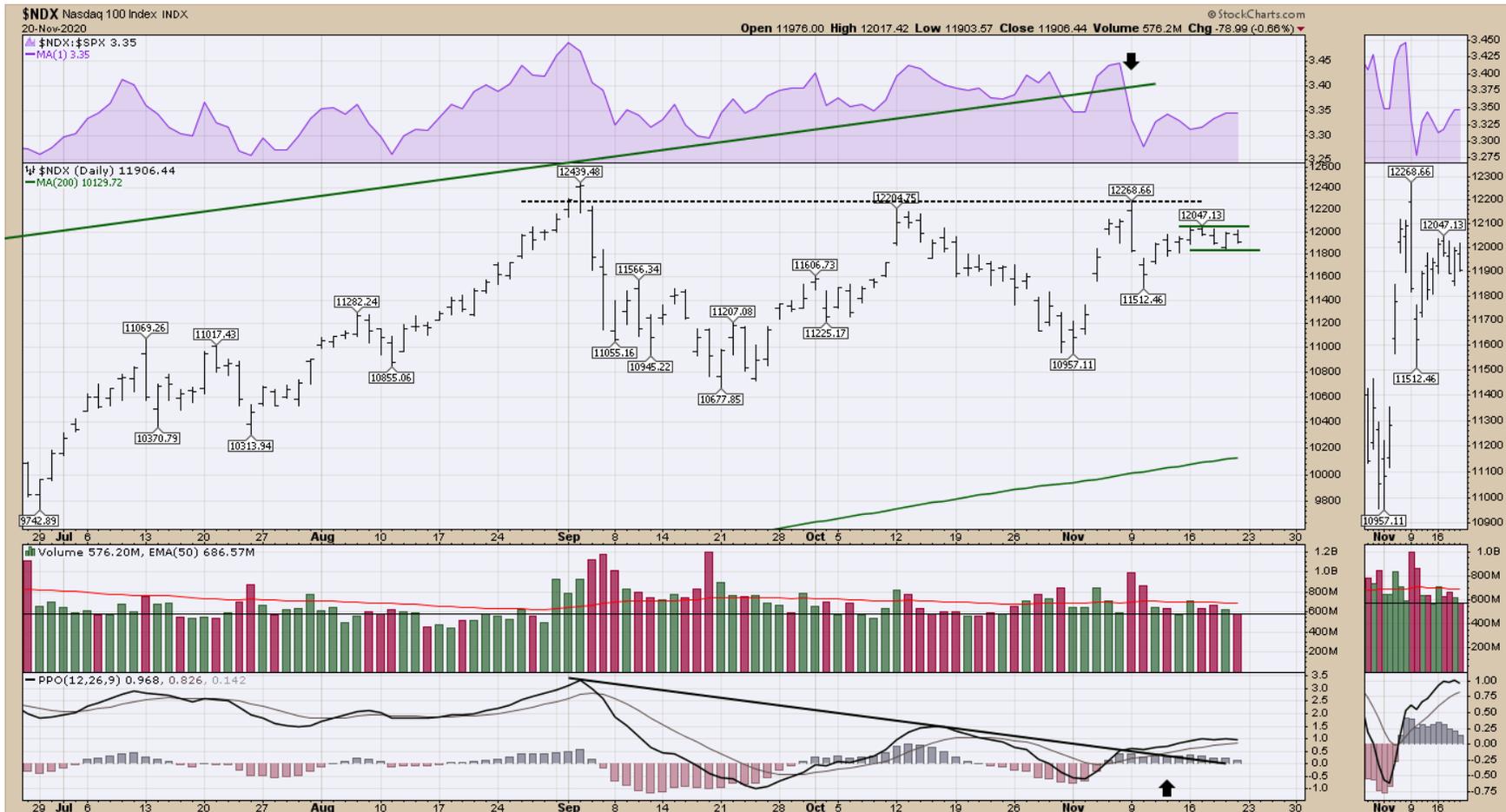
\$SPX FAILED BREAKOUT SO FAR

We had a surge on Monday on Moderna's vaccine news. Two weeks in a row that Monday marked the high trading point. We did have 3 down days out of 5 so that is weak, but they were not big down days. We'll see if that picks up speed to the downside now that Options Expiration on Friday is over. The breakout has failed to hold twice now. Friday marked a close below the 8 EMA.



\$NDX - TIGHT RANGE

The [Nasdaq 100](#) traded in an extremely tight range considering it was a week where Tesla soared 20%. That is a little bit frustrating as it suggests selling around the broader index components while hiding behind a super surge in one of the top 10 stocks. The low volume Friday on OE was also weird. It doesn't have to be a higher volume day, but it was low volume like the October selloff.



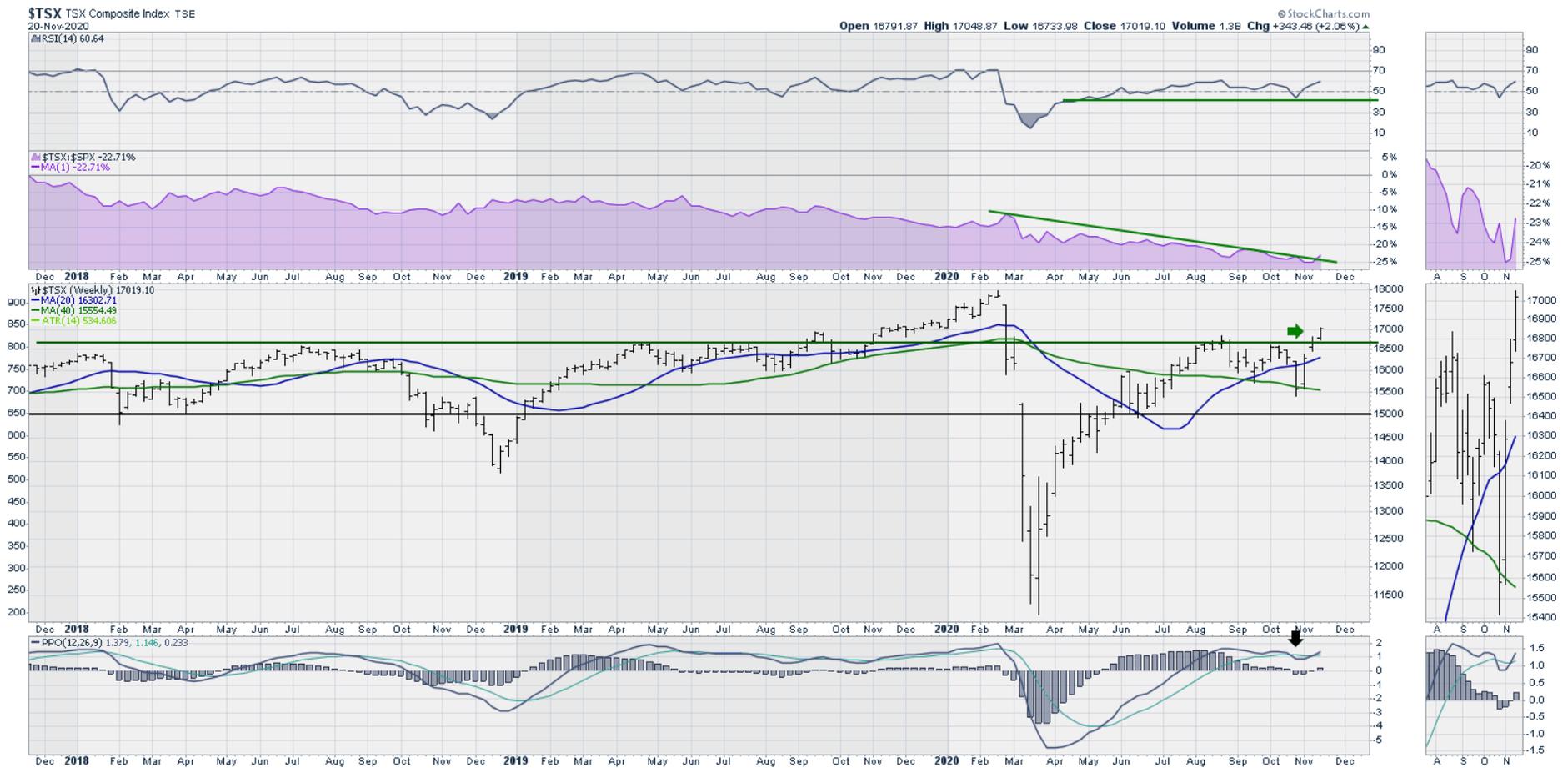
\$NDX - 60 MINUTE PATTERN, NOT GREAT

Looking into the [\\$NDX market](#) onto the 60-minute time frame, it has been a 1500-point roller coaster for months. We closed on Friday just below the Keltner band in green. It suggests we better rally on Monday, or we'll enter more consolidation. PPO is falling below zero. [Here's a top on a larger scale, but the concept is the same.](#) Continually stalling below the highs. Something to watch.



\$TSX BREAKS OUT - BIGGER SIGNALS

The \$TSX is a good proxy for commodities typically. This week the index had a huge week, which doesn't usually happen when the southern neighbors have a down week. It does seem to be 4th quarter optimism as seen in 2019. The relative strength underperformance got a glimmer of hope this week as the purple chart broke the downtrend.



\$USD

The US Dollar continues to hover above 92. Since falling below 95, the majority of the time it has closed in the bottom half of the 92-95 range. Friday had a slight upturn as it approached the shelf edge again. As the trend lines intersect, we'll be watching for a meaningful resolution, one way or another. With emerging market charts roaring higher, with commodity countries pushing higher, with breakouts in Japan and India, there is outperformance showing up in the rest of world. Typically, new dollars would be attracted to that outperformance, which may be foreign investors returning their funds to local currencies as an example. Selling dollars, buying other currencies. There are major trend lines ready to break on many other currencies.



\$CRB

The [\\$CRB chart](#) is breaking above the prior range. The most interesting point is there is a horizontal resistance line extending left to the multi-year low in 2015, that we pushed through this week. The recent downtrend is now broken, and we are pressing against the top Bollinger band (2 standard deviations from the 20 week moving average) in shaded green. It's been a long time since commodities did any pushing against the top of the Bollinger band for any length of time, but it has to start somewhere if the trend is reversing to up. This marks pushing up two weeks in a row just as the PPO is turning up above zero. I can't get a more bullish look. Can it follow through?



\$COPPER - HUGE SURGE FRIDAY

Wow! **Copper** had a huge day Friday, taking it up against a 7-year horizontal resistance level. China continues to buy commodities at a fast pace again. When China rocks, commodities rock. This is a very bullish setup. A breakdown in the dollar assists in sending this chart skyward.



\$GOLD - READY TO PIVOT?

The [Gold chart](#) can't get any tighter. In early November gold started to run, then the positive vaccine news showed up and Gold dropped. The thin edge of this wedge doesn't get much thinner as the price travelled from the top to the bottom in 3 days. I would expect Gold to break out to the upside if the US dollar breaks down. Considering the dollar is at 92 (above) which was its early August low while gold was at \$2100, why is gold not up around that \$2100 level as the dollar revisits 92? It suggests to me that the attraction to Gold is waning. If it breaks out to the upside, I will take the trade and not ask why. Be ready for a break, either way.



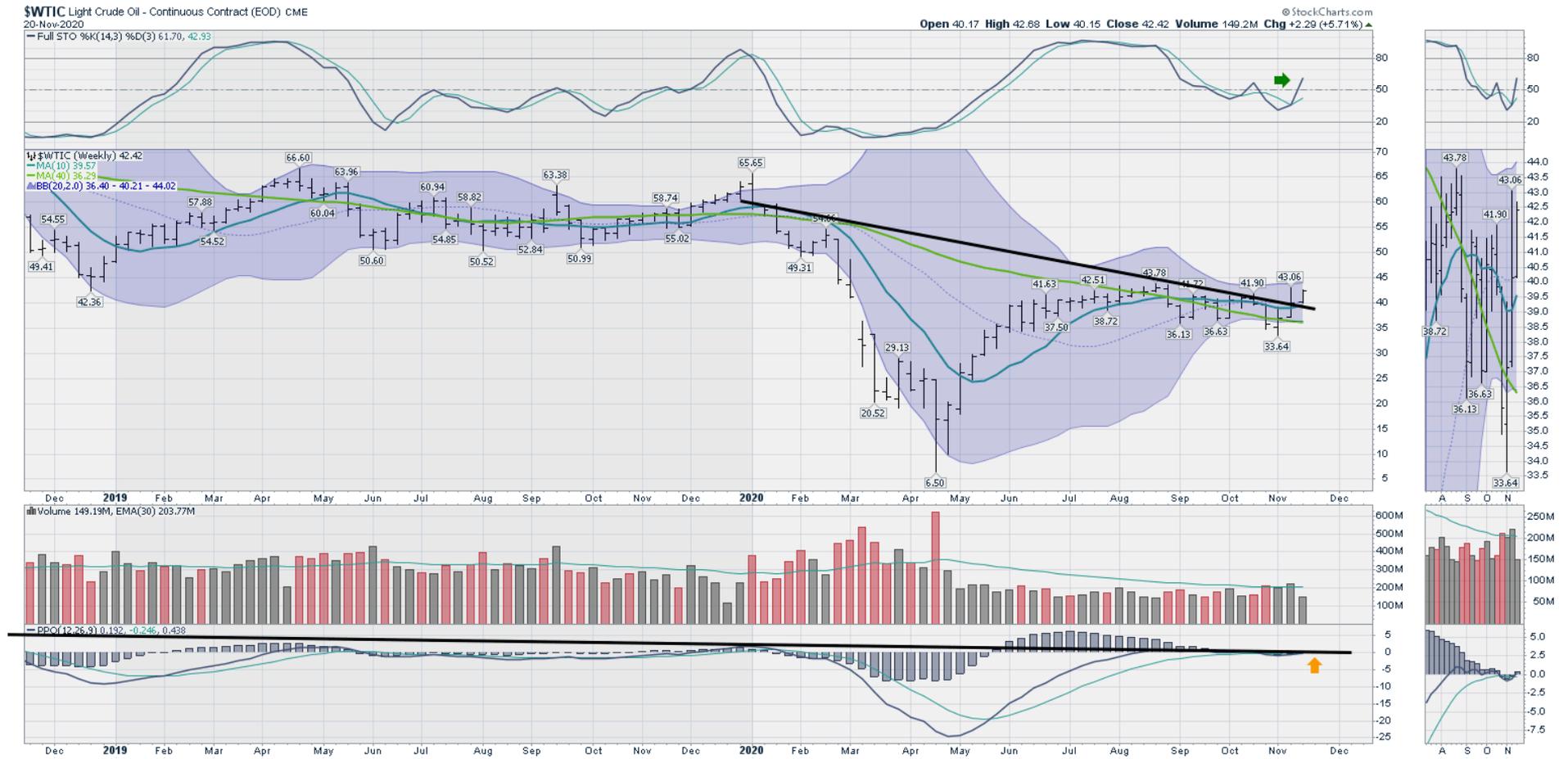
\$WTIC 0 WEST TEXAS CRUDE OIL

Crude oil is building a flag. Crude continues to behave well, looking through the current Covid demand destruction. We also have the OPEC+ meeting next weekend after the US population is having a scaled down Thanksgiving dinner. Currently the OPEC group has been pretty well aligned with Saudi Arabia and Russia. Continuing OPEC output restrictions could make this chart pop. If that happens while the US dollar decides a direction, we could see some explosive moves in crude oil in the coming days. Rising covid case counts are a negative, but there is hope that the current surge is topping. The vaccine news and increasing demand in Asia are turning the crude oil charts positive. I don't expect crude to return to the lows once vaccinations are under way, and that may be as early as 3 weeks away. The current vaccine optimism has already moved stocks 20%. The stock charts look set to accelerate now.



\$WTIC - WEEKLY CHART IS INTERESTING

The weekly \$WTIC spent the whole week above the trend line, opening at the bottom of the range and working higher to close at the top of the range for the week. It was a bullish, inside bar. Another price move this big would push through the August highs. In the zoom panel, the PPO just turned back up above the signal line and above zero. An excellent place to expect a launch on positive news flow from OPEC. Notice the \$50 level was support through 2019, which will probably be some resistance when we break out.



MONTHLY CONFERENCE CALL LINK

I covered the industry charts on the [monthly conference call](#). There were a lot of nice moves 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

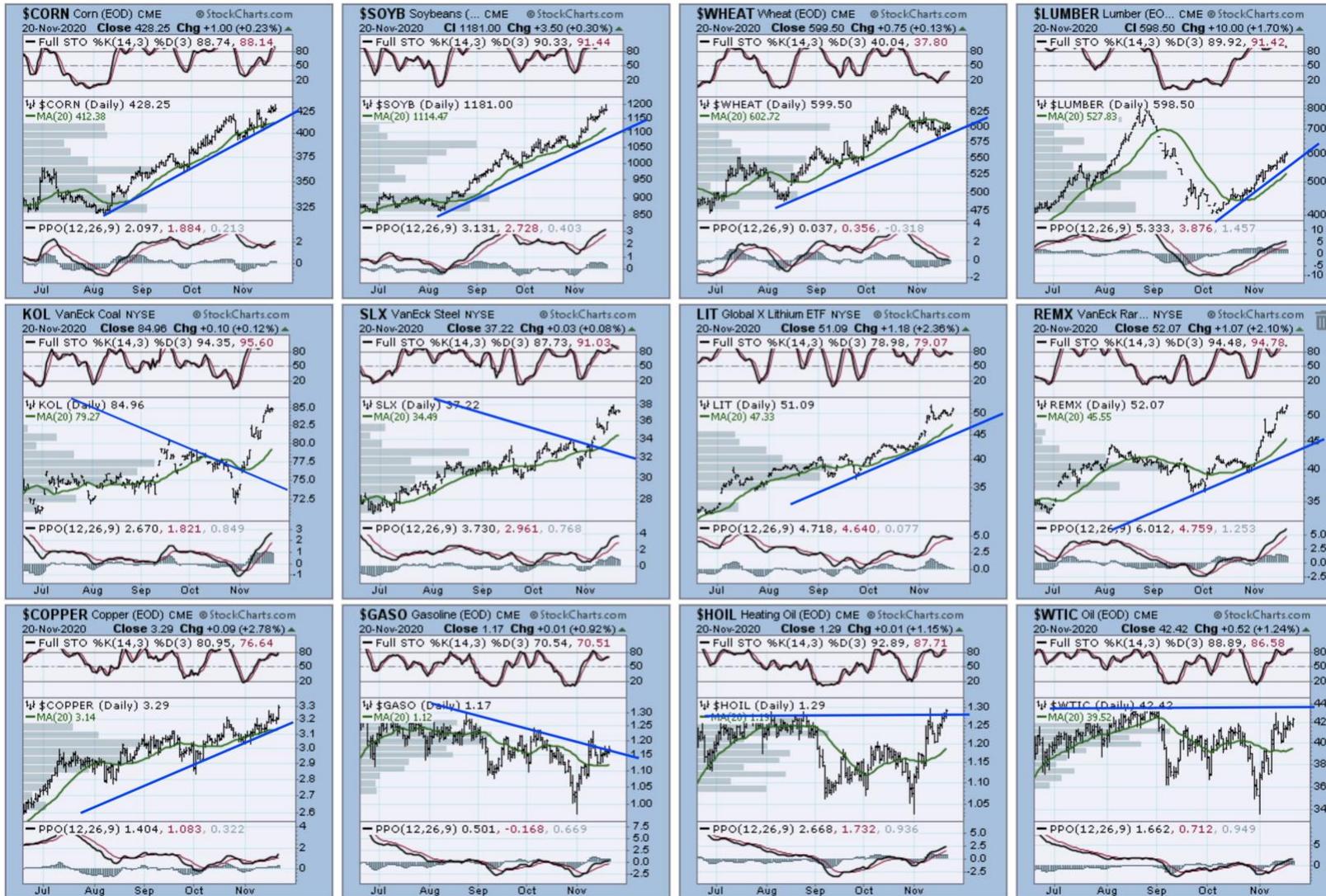


\$WTIC - ANNUAL CHART

The top of the white candles and the bottom of the black candles, mark where crude oil finished each year. This was not the wildest range in history! 2008 had \$105 range! The primary reason for displaying this chart with 11 months in the books, is that crude oil has only closed below \$44.60 once in the last 16 years. It has 6 weeks to try and push above the \$43.75 resistance. Once through that, the resistance to \$50 is pretty light. \$50 was support through all of 2019 amid the trade tariffs.



OTHER COMMODITIES ARE SOARING



Here is a snapshot of the commodities. Look at the trend since early November. Since the election rally that started on the 2nd, or the Covid vaccine announcement on the 9th, commodities are flying. I drew in the important trends on each chart, even if the trend line time is outside this range. Examples of that would be Steel (SLX) and Coal (KOL). Notice the PPO on the last 4 moving up.

BONDS - SUGGEST PROBLEMS AHEAD

The TLT is the 20 Year bond ETF. The bond market is screaming about problems ahead, and I can't figure out if it is just the stimulus discussion. There are lots of bond charts in this weeks' video, and perhaps the bond move is just a blip as the trendlines get tested. The bond market showed some significant inflection points across the yield curve this week, right at important trend lines. Head over to the video for a lot more coverage of that. An example is shown on the TLT, where it broke the downtrend this week.



THE MOVE TO ELECTRIC VIDEO

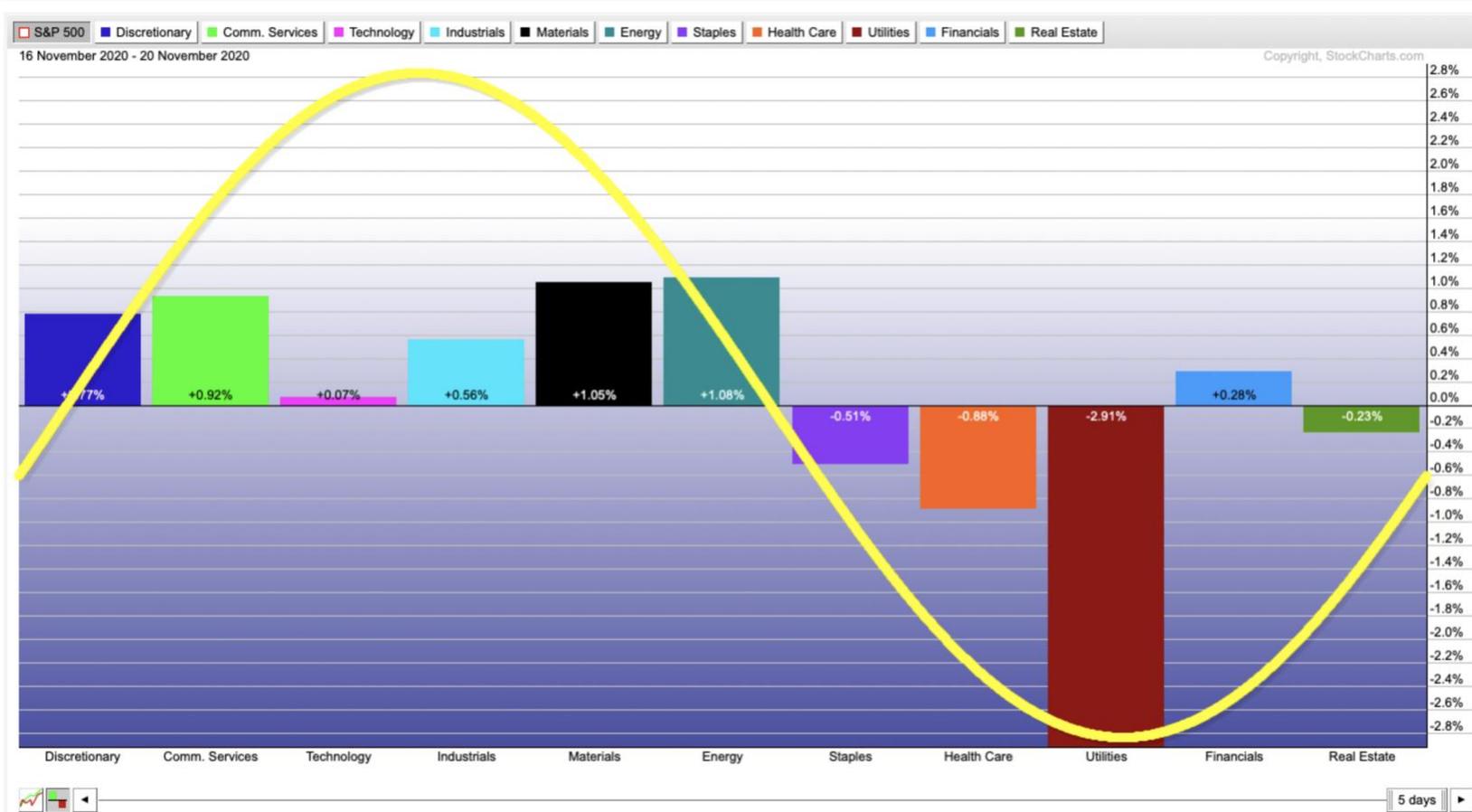
[The Move to Electric video](#). Register here for [the EV newsletter!](#) Clients of [gregschnell.com](#) will receive the subscription EV content free.

**MARKET
BUZZ**
SPECIAL PRESENTATION
**THE MOVE
TO ELECTRIC**



SECTOR ROTATION

The [sector rotation model](#) shows the biggest moves were in the growth sectors with a lag in Technology but still positive. We have been talking about the industrial metals/materials for a while and they just keep going. [Steel](#), Coal, Copper all had nice positive weeks too. I continue to like the industrial metals and anything to do with the Electric vehicle space. Energy has been the best the last two weeks.



MARKET SUMMARY

The sector performance was more normal this week. Growth stocks outperformed, even on a down week, suggesting to stay bullish. The big negatives for the market were in defensive areas. Canada enjoyed a positive push as well, with the Canadian Technology sector doing well. Of the limited Canadian tech names, the charts appear to be turning up for another leg higher. Materials were positive in the US which does not have a large gold weighting, unlike Canadian materials.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-
XOP	E & P	10.0	52.06	6.55	
XLE	Energy	6.2	35.81	5.70	
XRT	Retail	95.9	57.57	5.46	
SMH	Semiconductors	96.9	199.98	1.93	
XLB	Materials	82.9	69.76	1.09	
XLI	Industrials	83.2	86.66	1.05	
XLF	Financials	47.9	27.18	0.55	
XLY	Discretionary	61.6	153.69	0.16	
XLC	Communications	53.7	63.88	-0.36	
XLK	Technology	64.2	120.11	-0.90	
IYR	Real Estate	26.0	84.92	-1.19	
XLP	Staples	34.5	66.50	-1.53	
XLV	Healthcare	21.1	108.80	-2.96	
XLU	Utilities	20.3	63.54	-3.86	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTEN	Energy	82.08	8.01	
\$SPTTK	Technology	169.64	5.44	
\$SPTFS	Financials	300.19	4.64	
\$TSX	\$TSX	17019.10	2.06	
\$SPTRE	Real Estate	307.87	1.81	
\$SPTCD	Discretionary	219.21	1.71	
\$RTCM	Income Trusts	220.55	1.50	
\$SPTHC	HealthCare	60.11	1.37	
\$SPTIN	Industrials	324.44	0.63	
\$SPTTS	Telecom	165.21	0.16	
\$SPTUT	Utilities	313.85	-0.88	
\$SPTCS	Staples	641.04	-1.86	
\$SPTMT	Materials	314.40	-3.57	
\$SPTGD	Gold Miners	324.04	-6.23	

GLOBAL VIEW

Here is the global view on the left. The world jumping massively again but this time left the USA markets behind. Three things are unique to the US right now, in my opinion. The lame duck presidential session, perhaps the significant rate of acceleration for the covid situation, and no further stimulus on the near-term horizon as prior programs run out. The rest of the world is very optimistic for two weeks in a row even without US stock market leadership. Commodities are running as you can see on the table on the right. This looks like a lower US Dollar scenario; lifting commodities, emerging markets, and Asia broadly.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$BVSP	Brazil	106669.90	4.06	■
\$MXX	Mexico	41868.82	3.80	■
\$RTSI	Russia	1262.69	2.84	■
\$IBEX	Spain	7977.90	2.49	■
\$KOSPI	South Korea	2553.50	2.39	■
\$IDDOW	Indonesia	1235.03	2.17	■
\$CAC	France	5495.89	2.15	■
\$TSX	Canada	17019.10	2.06	■
\$SSEC	Shanghai	3377.73	2.04	■
\$AORD	Australia	6739.90	1.98	■
\$HSI	Hong Kong	26451.54	1.13	■
\$BSE	India	43882.25	1.01	■
\$GBDOW	London	284.30	0.78	■
\$NIKK	Japan	25527.37	0.56	■
\$DAX	Germany	13137.25	0.46	■
\$NDX	Nasdaq 100 ----	11906.44	-0.26	■
\$INDU	Dow ----	29263.48	-0.73	■
\$SPX	S&P 500 ----	3557.54	-0.77	■

SYMBOL	NAME	CLOSE	% CHG	+/-
\$COCOA	Cocoa	2712.00	14.67	■
\$LUMBER	Lumber	598.50	8.25	■
REMX	Rare Earth Metals	52.07	7.86	■
\$HOIL	Heating Oil	1.29	7.23	■
\$WTIC	WTI Crude	42.42	5.71	■
\$BRENT	Brent Crude	44.96	5.10	■
\$GASO	Gasoline	1.17	3.99	■
SLX	Steel	37.22	3.73	■
\$COPPER	Copper	3.29	3.56	■
\$SOYB	Soybean	1181.00	2.87	■
LIT	Lithium	51.09	2.38	■
\$SUGAR	Sugar	0.15	1.67	■
HMMJ.TO	Marijuana Stocks	7.60	1.33	■
\$GOLD	Gold	1872.40	-0.73	■
\$SILVER	Silver	24.36	-1.66	■
GDX	Gold Miners	35.90	-5.55	■
SIL	Silver Miners	41.62	-5.56	■
\$NATGAS	Natural Gas	2.77	-7.51	■

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. [Bulls Still Holding Control](#)



The image shows the cover of a video titled "THE CANADIAN TECHNICIAN U.S. Edition". The title is in large, bold, red letters, with a red maple leaf graphic to the right of "CANADIAN". Below the title is a small American flag icon and the text "U.S. Edition". The main title "THE CANADIAN TECHNICIAN" is in a larger font. Below the title, the text "Bulls Still Holding Control" is written in a smaller font. At the bottom left, it says "Weekly Market Review November 20, 2020". On the right side of the cover, there is a portrait of Greg Schnell, a man with glasses and a dark jacket, with the text "WITH GREG SCHNELL" below it.

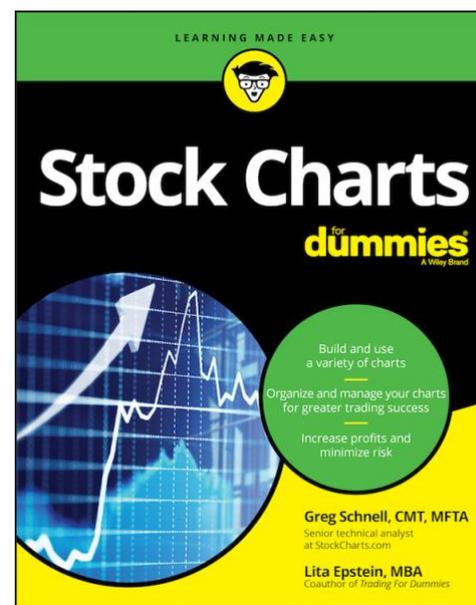
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Good trading,
Greg Schnell, CMT, MFTA.

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.