

# THE CANADIAN TECHNICIAN



**U.S. Edition**

Hitting New Highs

Weekly Market Review  
March 12, 2021



WITH  
**GREG SCHNELL**

## MARKET COMMENTARY

The S&P 500 smoothed out its path this week. After a brief dip down on Monday, the S&P pushed up all week and had a good close into the weekend. The leading areas of the market are energy, financials, consumer discretionary, marijuana, cryptocurrencies. It doesn't end there as industrial companies like Boeing are breaking out to the upside. All the transports including railways, trucking, and airlines are all pushing higher. Having industrials and transports push to new highs is bullish. Tech continued to lag as investors focus on the reopening economy trades.



The NASDAQ market was harder to trade as it was in yo-yo mode. It was alternating between up and down all week. With the stimulus checks coming out this week, and the vaccination process going extremely well, I expect more upside across the market but less so in tech than in the other leadership areas.

I mentioned gold was weak last week but the miners started to behave. Gold was a little better this week but the miners were even better. I like buying near the lows when I'm buying commodities, so gold miners fit the bill this week. If they don't hold up, I'm out. I do like the set up as it starting to shape up, so I explained that in this weeks newsletter.

Global markets are bullish as many of them broke out to new highs across Europe, Canada, Mexico and Russia. Seeing this broad strength encourages me to focus on being bullish. The Schnell Strength Indicators (SSI) are all popping higher which makes them supportive of the new highs.

Summary: The clues given last week by the SSI indicators were to be bullish. We reluctantly agreed with them and that seems to be the correct direction. That's the strength of using data rather than intuition. Now I want to focus on continuing to follow strength into the market. I've put bearish thoughts aside because we have the new stimulus and we also have an infrastructure bill that should be going through the government offices this month. Commodities continue to perform well which also suggests demand. I'm focused on the upside.

Let's hit the charts.

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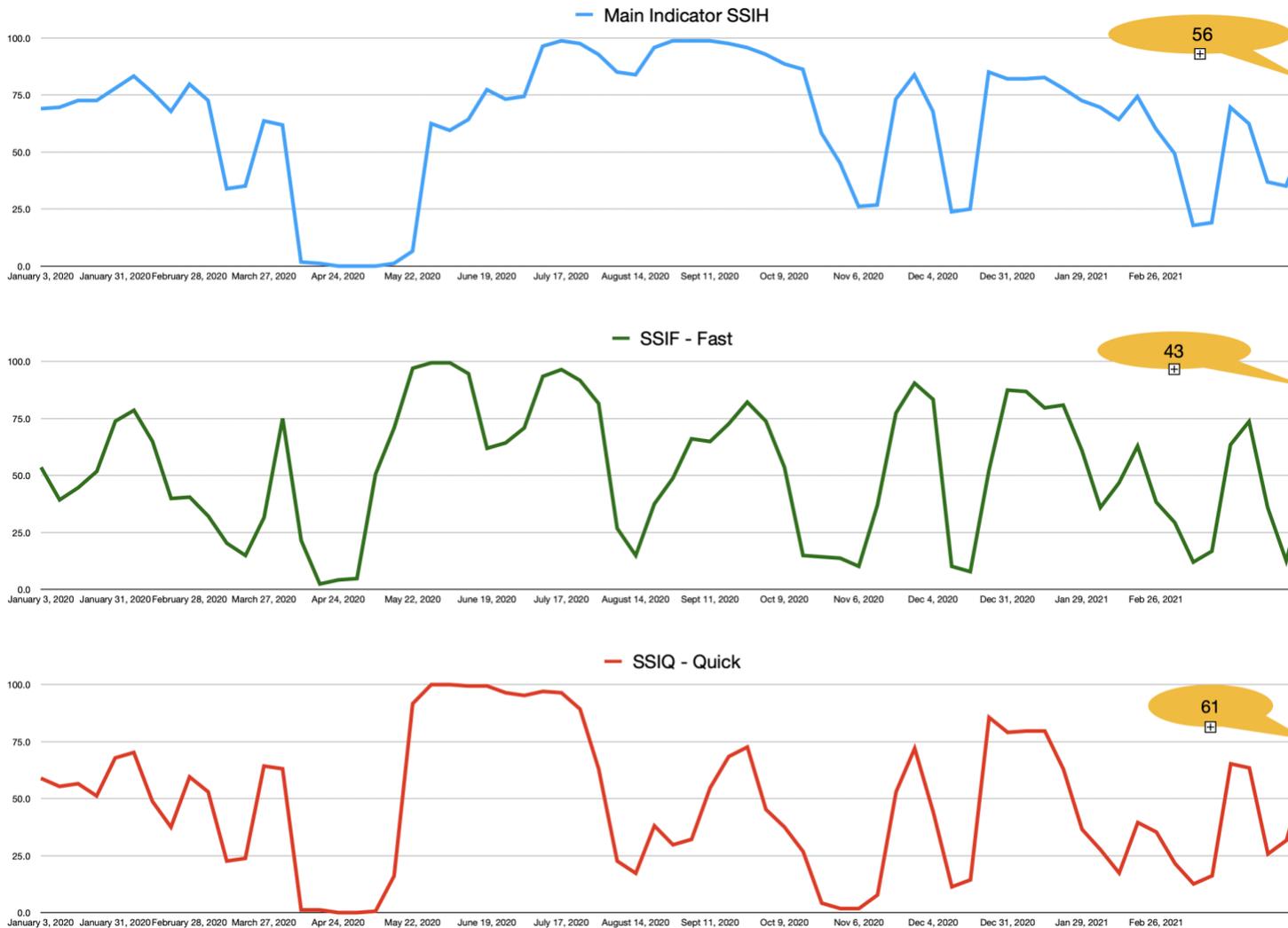
## @SSIH - TRENDING HIGHER

The Schnell Strength Index continued higher after last weeks' rally started mid-week. This made a higher low at 35.10 % which is above the January low, similar to October 2019. That would be my bullish interpretation.

I post a preliminary SSIH reading Tuesdays after the close and 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.



## SSIH, SSIF, SSIQ INDICATOR



The chart shows the SSIH in the top panel. We are trending higher. I would like to see the down-trending highs get broken.

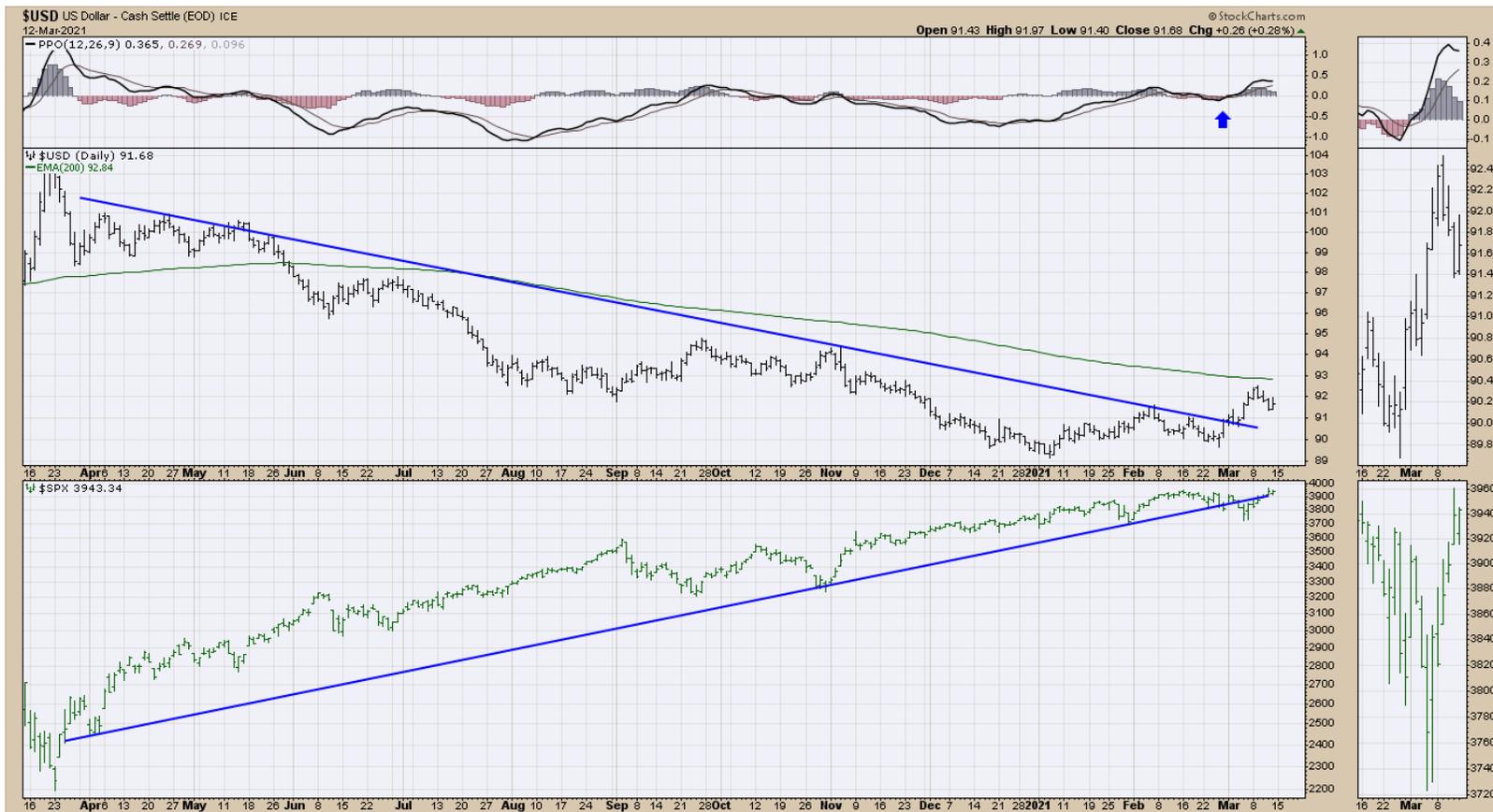
The SSIF bounced in the lowest area, where we were watching for turns higher. This is moving up in concert with the other two. Bullish.

The SSIQ is making a higher low, looking very bullish.

Last week we were watching for the market to rally. This week, multiple markets around the world also broke to new highs. All three SSI indicators are trending higher. There was a little tech weakness this week.

## \$USD - TREND BREAK

This daily chart of the US Dollar went sideways this week. If the US Dollar can just range trade between 89-94, that would be fine. The quick pause after breaking out last week, isn't a bad thing. With the US succeeding on vaccinations, I would expect dollar inflows. We also heard that from David Tepper on Monday. [\\$USD](#) The European markets are pushing to new highs which takes pressure off a rush to the US stock market, so perhaps this leads to a trading range for the dollar.



## \$JPYUSD - DECLINING SINCE THE BEGINNING OF THE YEAR

The Yen is declining meaningfully. Since the beginning of the year the Yen has lost five cents. David Tepper of Appaloosa management mentioned on Monday that buyers from Japan would start looking in the US for their yield plays because of the rising yields in America. I would add that as their Yen starts to fall here, it makes sense to move into US dollars to prevent loss of capital. Either way (Bond yields or declining Yen) it looks like the Yen is going to fall, and that would suggest money flows toward America. On the zoom panel you can see the waterfall of the Yen is speeding up after breaking the long trend. [Yen](#).



## \$BTCUSD

Bitcoin is running higher. Each week, more and more people are interested in the cryptocurrency. As long as the trend is higher, stand aside or be a buyer. The trend is still up. Just be aware of the volatility. The range this week was 20% or \$12,400 dollars.

## \$BTCUSD



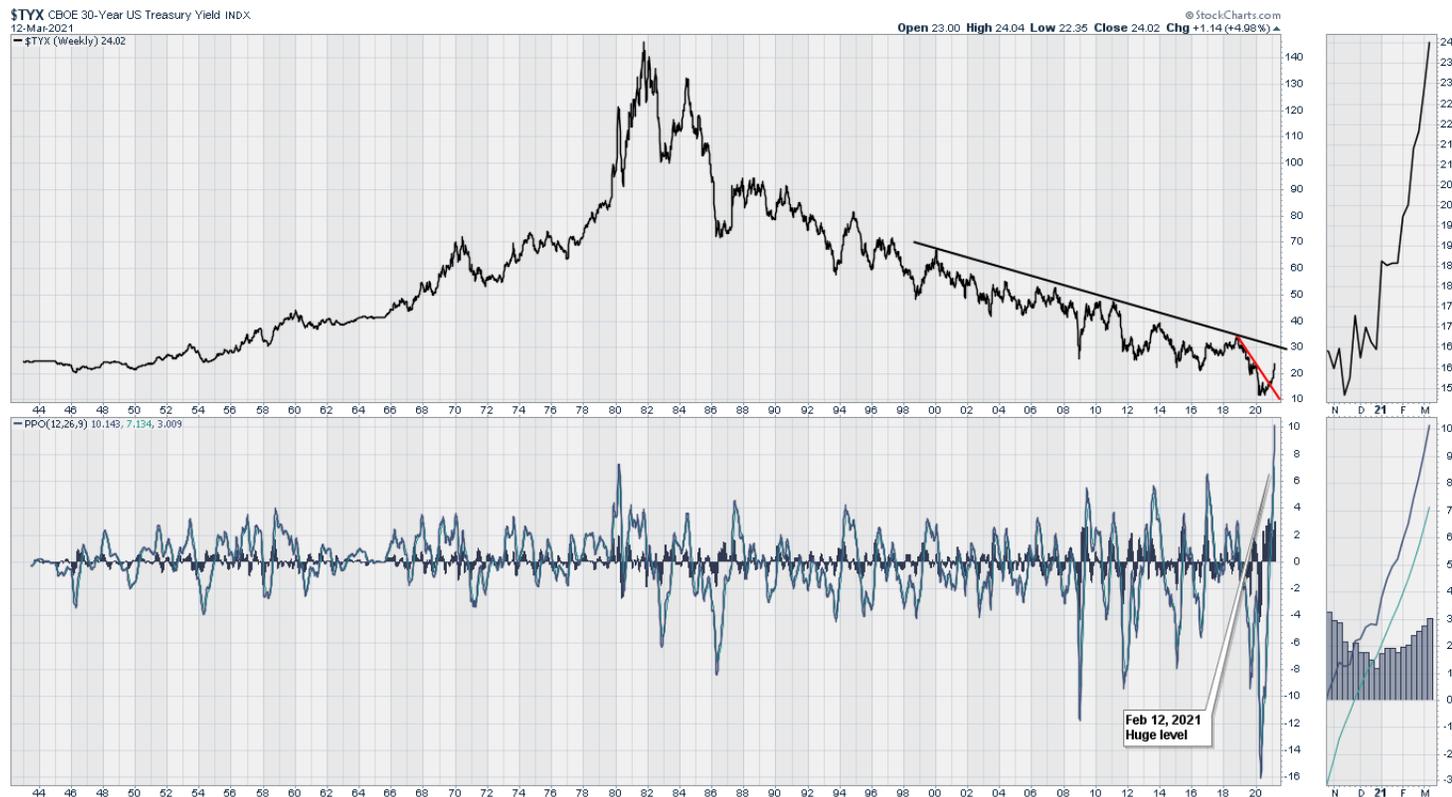
## \$USB - 30-YEAR BOND PRICE

Bond yields have been in the news a lot lately. Without question the rise in the yields has been quick. It is the pace of change more than the actual value of the move that dislocates capital. [The chart below is bond price](#), which is the opposite of yields, and you can see it is breaking the long uptrend line. This line goes back to 1980. The move has been big, and the PPO shows a real extreme low level. At this point, it doesn't feel like the move should stop but the PPO is suggesting we are at some sort of an extreme, even if it's just a pause. The next chart shows the bond yield, and the move is totally out of historical character.



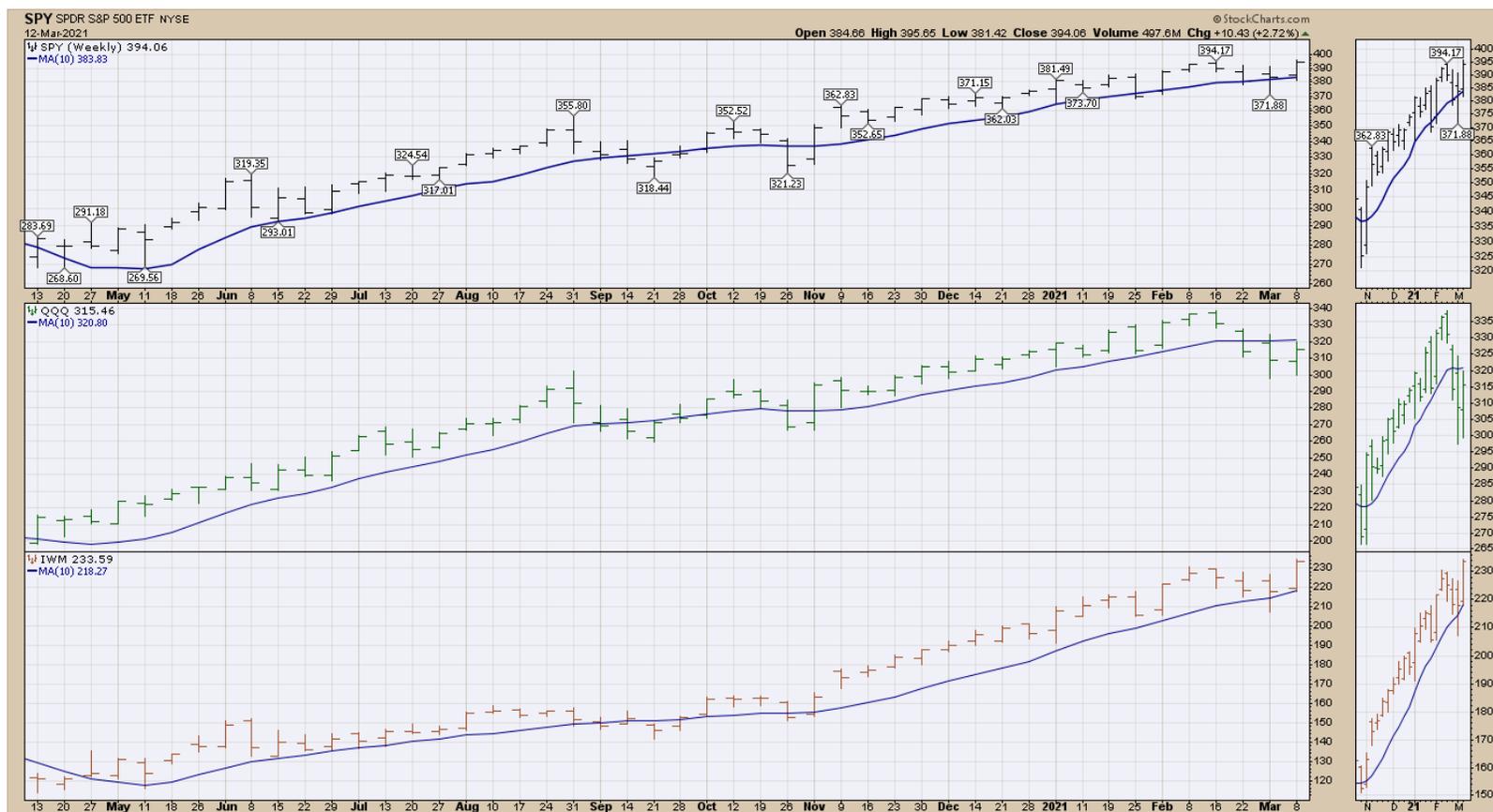
## \$TYX - BOND YIELDS

This chart shows the move higher in bond yields. The lower panel shows the momentum of the move. This 80-year, weekly chart, points to a rapid thrust lower, then higher, in percentage moves. The price chart above shows that the move is still in a normal PPO momentum percentage move in price, but the low percentage yields (under 3%) below make this charts' PPO extreme. Using the PPO on the chart above, or the PPO on this chart below, we are at extremes. Expect yields to at least pause. We have a Fed meeting Wednesday, and my guess is the FOMC will try to verbalize some change to pause yield moves in the shorter term. I'm not at all convinced I am right, but history suggests we are close. The same could have been said a month ago.



## INDEX TRACKING ETF'S

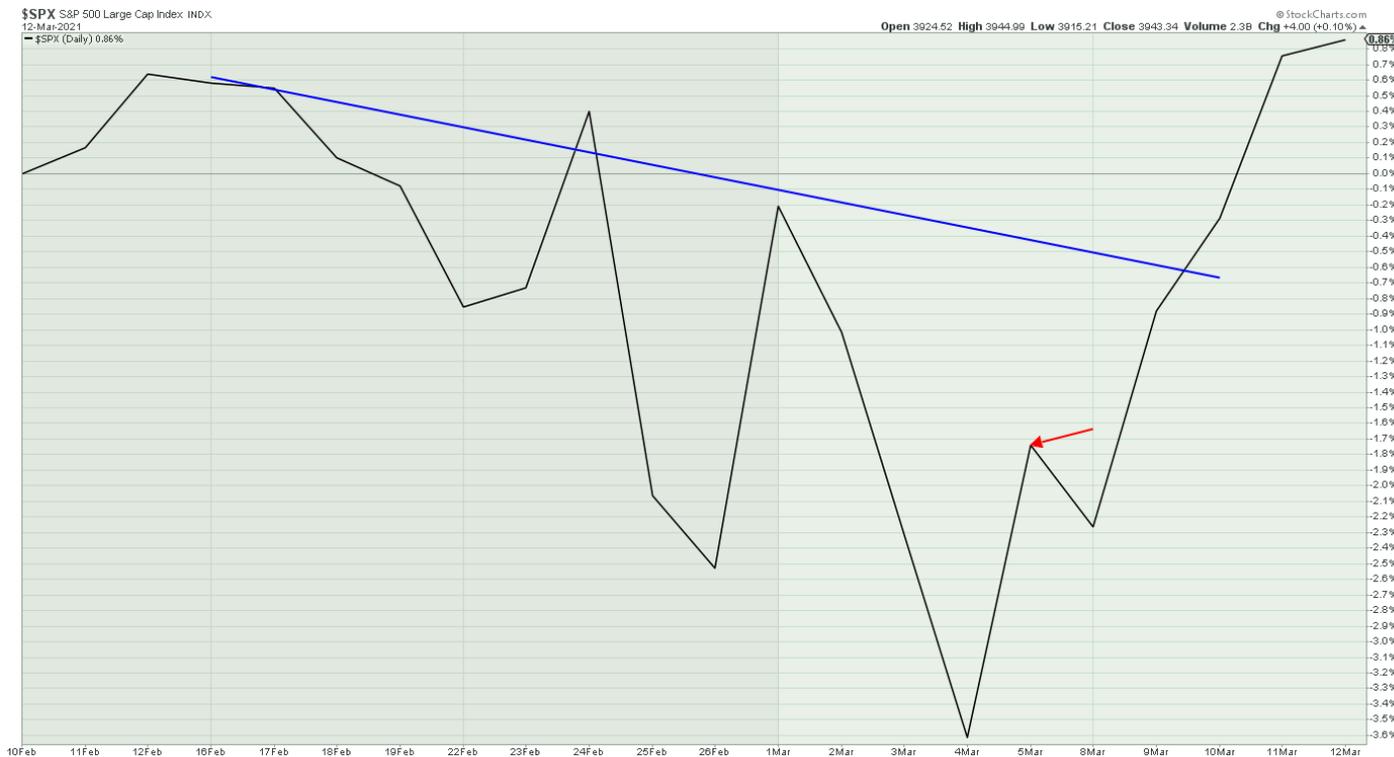
The chart below shows the SPY ETF (Large Cap S&P 500 companies) and IWM ETF (Small Cap companies) hitting new highs this week. The Nasdaq 100 is represented by the QQQ ETF and did not hit a new high. The Dow 30 (not shown) also hit new highs this week. While the lagging Nasdaq is a thorn in the analysis of the market, it is quite clear that the investors are focusing on the reopening, rather than tech. Small cap is probably the biggest winner in that scenario. [SPY](#) [QQQ](#) [IWM](#)



## \$SPX - CHOPPY AT BEST

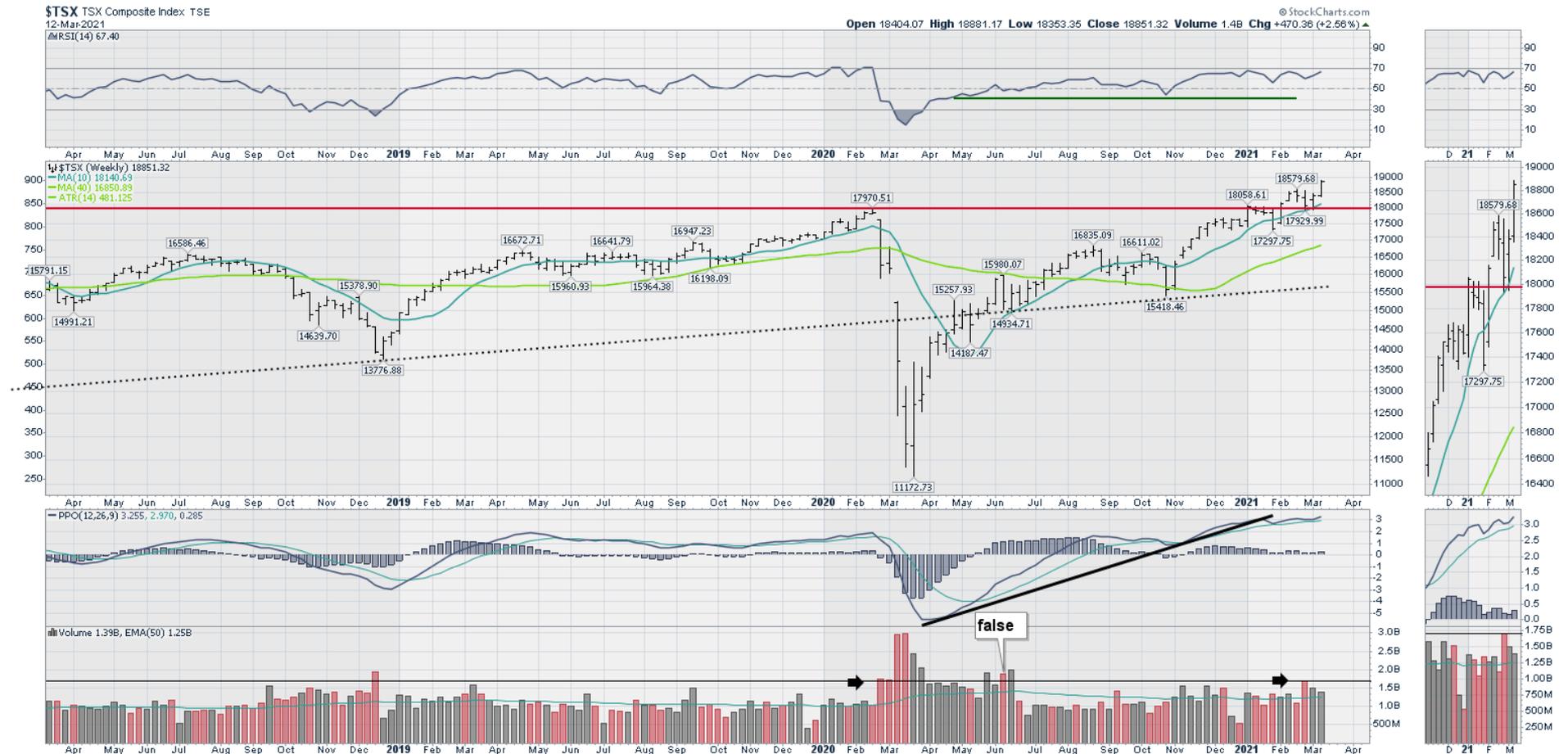
Last week's comments → One of the reasons that the market is so hard to predict this week is the wild swinging back-and-forth each day. This is making a series of lower highs and lower lows. Usually when the market corrects, we have these wild swings which increases volatility. Based on the charts above in this chart below, it's pretty important that we focus on where the market goes here and not get too opinionated about being right. I've made the decision to be bullish based on the strong Friday reversal, but I could quickly change my mind next week if the market can't hold the bounce. [\\$SPX](#) ← .

Now → From the red arrow, the rising SSI's and the big Friday bounce, set up a story of bullishness. That is playing out.



## \$TSX - CANADA AND OTHER WORLD MARKETS

The Canadian market is pushing above a 4-week consolidation. This consolidation took place after the move through the red line marking the previous high. But it is not just Canada. Germany, France, Sweden, Spain, Greece, Italy, Russia and Mexico also made fresh new highs. Asia was the weakest area. When so many markets are breaking to new highs, it is better to be on the train higher.



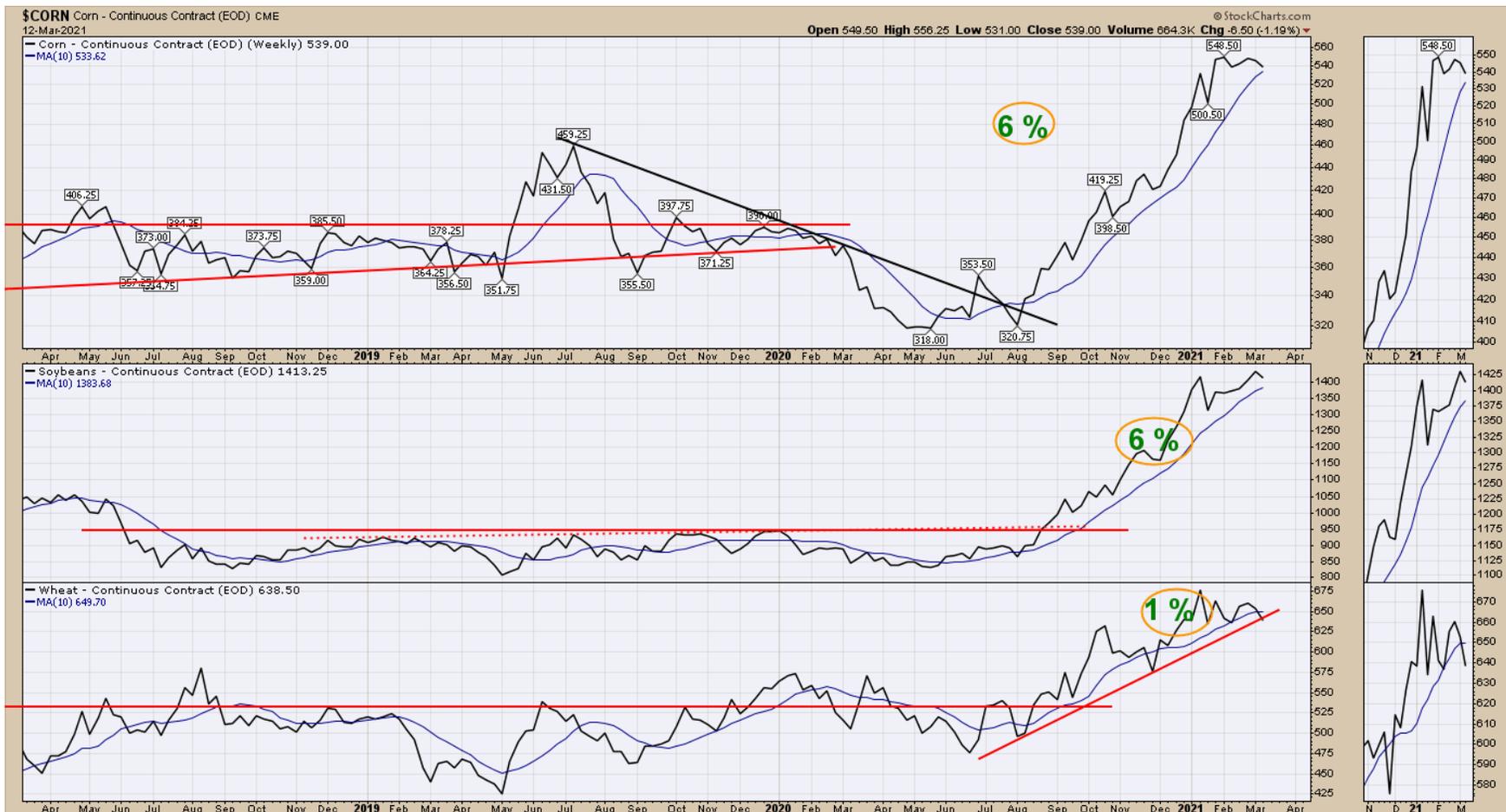
## HMMJ.TO - MARIJUANA ETF

The marijuana space has a top ranked ETF by SCTR. That's very bullish. Mexico has also started the process of legalizing marijuana. I would expect this chart to continue to go higher in the future and this weeks' bounce off the 10 week looks like a nice place to add positions. Further bullishness is showing on some of the individual price charts.



## AG AREA AT RESISTANCE.

The agriculture space seems like it needs to pause a little bit here. Corn is at a major resistance line (not shown). Soybean is at a resistance line at a prior high. Wheat is also at a resistance area. Watch the price action close if you are invested in this space. It doesn't mean sell. It suggests that further upside is limited in the near future. [Corn](#)



MARCH MONTHLY CONFERENCE CALL LINK BELOW

Dwight and I hosted the [March Conference Call](#). Click to view.

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## Commodities Are On Boil

March Monthly Conference Call  
February 26, 2021 at 5 PM ET



WITH  
GREG SCHNELL



AND  
DWIGHT GALUSHA

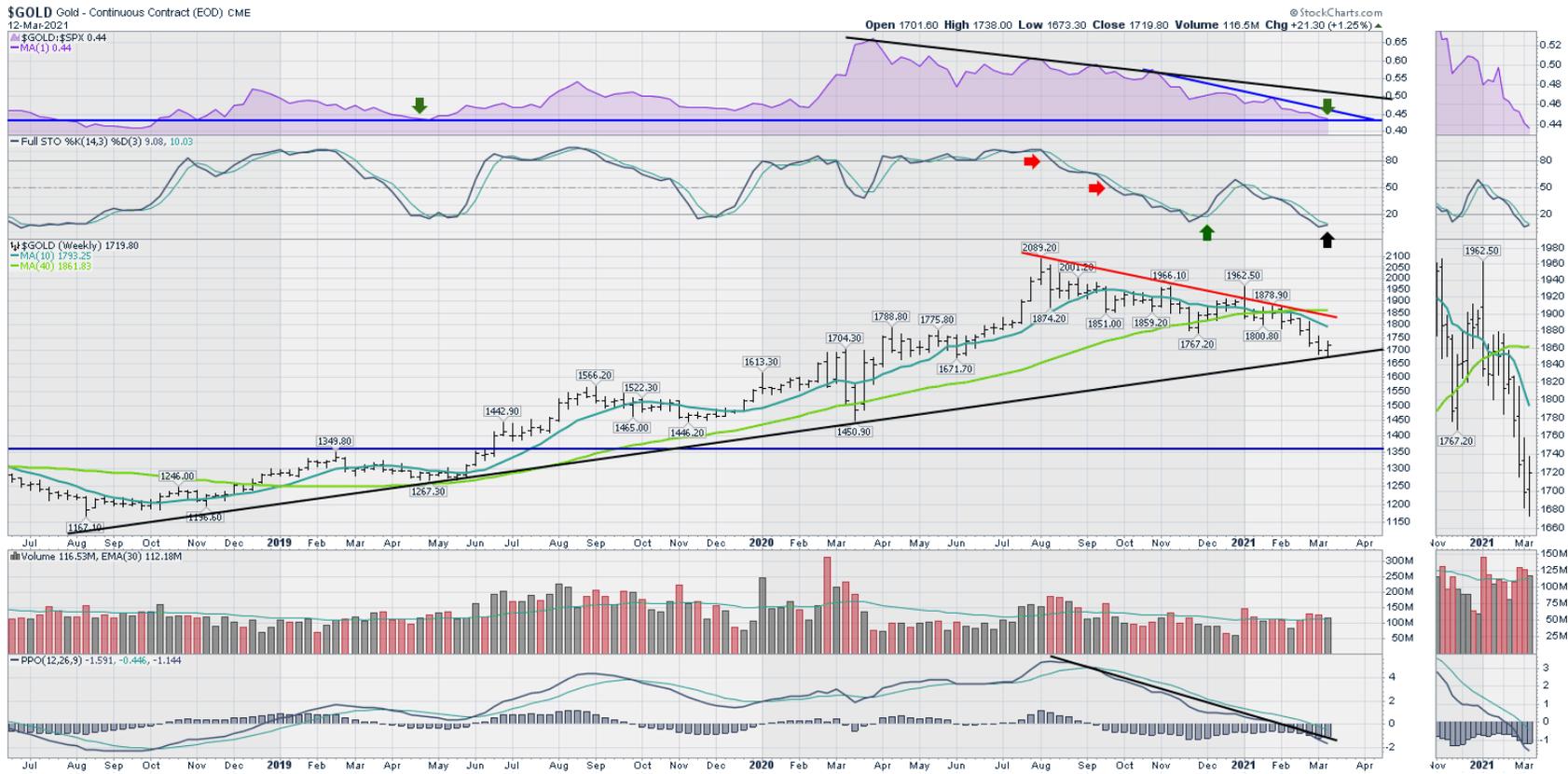
## \$GOLD - BOUNCE AT THIS TWO-YEAR TREND LINE?

**\$GOLD.** There are a few reasons to like gold this week. One of them is the two-year trend line is in play and could be expected to provide support. The second thing is that the Fed meeting is coming up on Wednesday which can influence moves. We also have quadruple options expiration on Friday which will add to volatility and volume across the markets. Lastly, the price of gold broke out to new highs last summer but now it's pulled back to the trend line and it's time to see if gold is going to shine or completely give up on the breakout.



## \$GOLD - ZOOMING IN

This chart zooms in on the last three years of gold price action. It is sitting on the uptrend line from 2018 till now. The relative strength compared to the S&P 500 (purple) is at one of the lowest levels in two years. It is a place to monitor as we don't want to see further weakness. The full stochastic is trying to turn up which is a bullish sign but needs to complete the turn. The PPO down trend line is still in play, and it hasn't been broken which is bearish. A break of this PPO trend is one of my favorite trades. I like to buy commodities near the lows as they turn up. At this place of price support, with the full stochastic indicator turning up, I want to be bullish here with a tight stop. [\\$GOLD - zoomed in](#). I bought a few gold related positions last week and they held up.



## GOLD MINERS BOUNCE AT SUPPORT

Gold miners are represented by the [GDX ETF](#). A few things on this chart are engaging to my eye. The SCTR ranking is one of the worst so that's terrible. The relative strength compared to the S&P 500, shown in purple, is down trending and needs to break out, but it is very close to breaking that trend line. The full stochastic has turned up which doesn't mean much because it's turned up four times in the last six months and rolled over. When we focus on the price, it is sitting right on the horizontal support area of \$30. It is also showing that this week's price bar closed at the top of the bar for the first time in a long time. Positive price action shows two higher closes in two weeks with a [doji](#) last week. Lastly, the PPO down trend line is intact but it looks very close to being broke to the upside. If price should start to move above the red downtrend, all these indicators would trigger. Let's just say the



chart is all set up but until it breaks out, we've got nothing. I like the combination of the Fed meeting and the chart being primed for a move higher. For those that only like to buy strength, this isn't their chart.

## GOLD MINERS

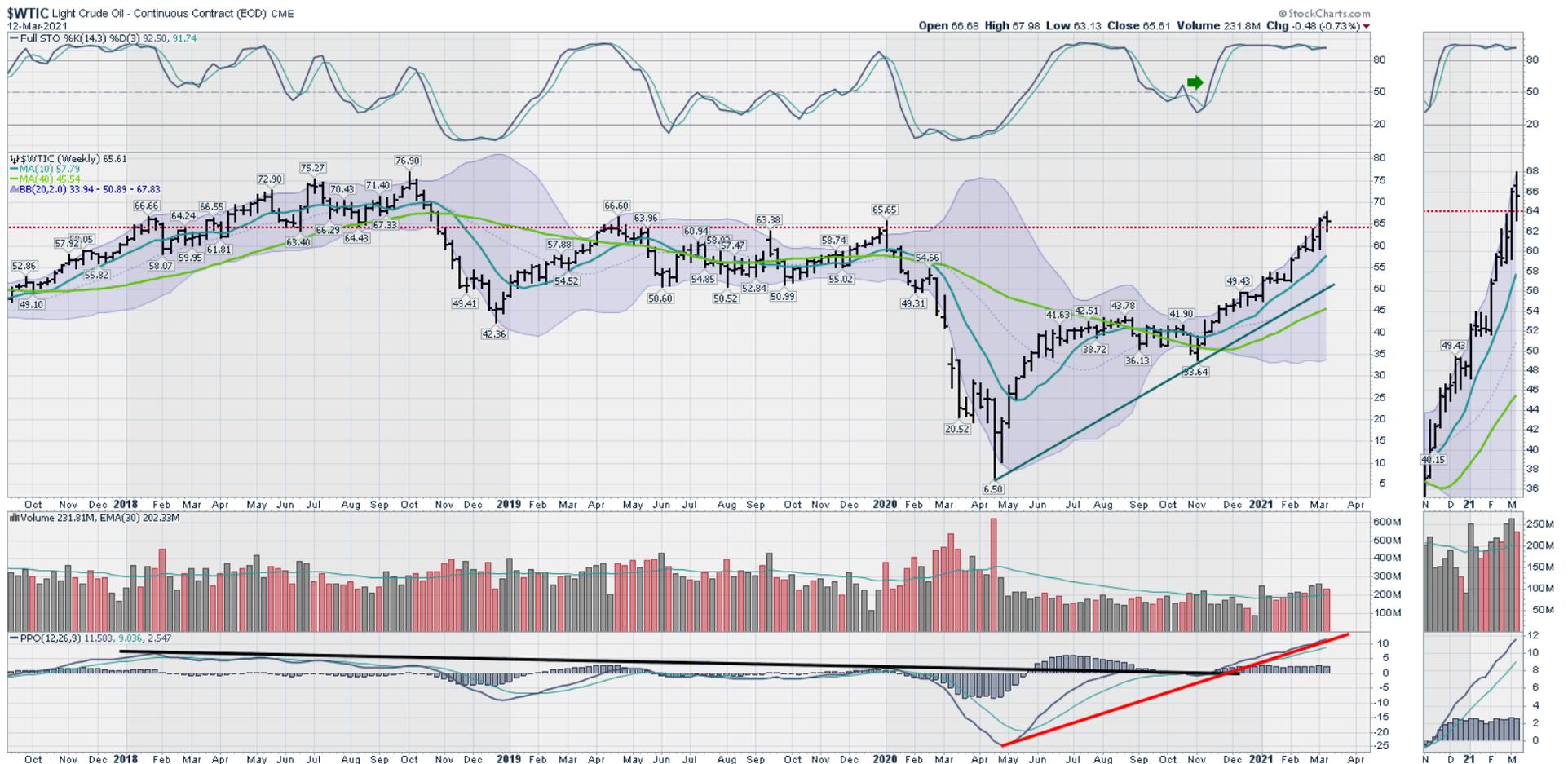
The Gold miners daily chart sports a couple of nice changes that would influence the weekly charts above. Price broke below a horizontal support at \$33. For many investors, this is the move that kicks them out as the stock continues the road lower. I have circled an **island** low that happened after the break of support. I like the set up as price stabilized just under the break down. Now we need to see the \$33 area break. The PPO has already broken to the upside after trending down for two months which is a change



in momentum. Friday's price action started below Tuesday, Wednesday and Thursday but closed at the top of the range. Some buyers showed up for work. We are about to find out if this is the start of a long bullish trend higher, or a brief pause on a down escalator.

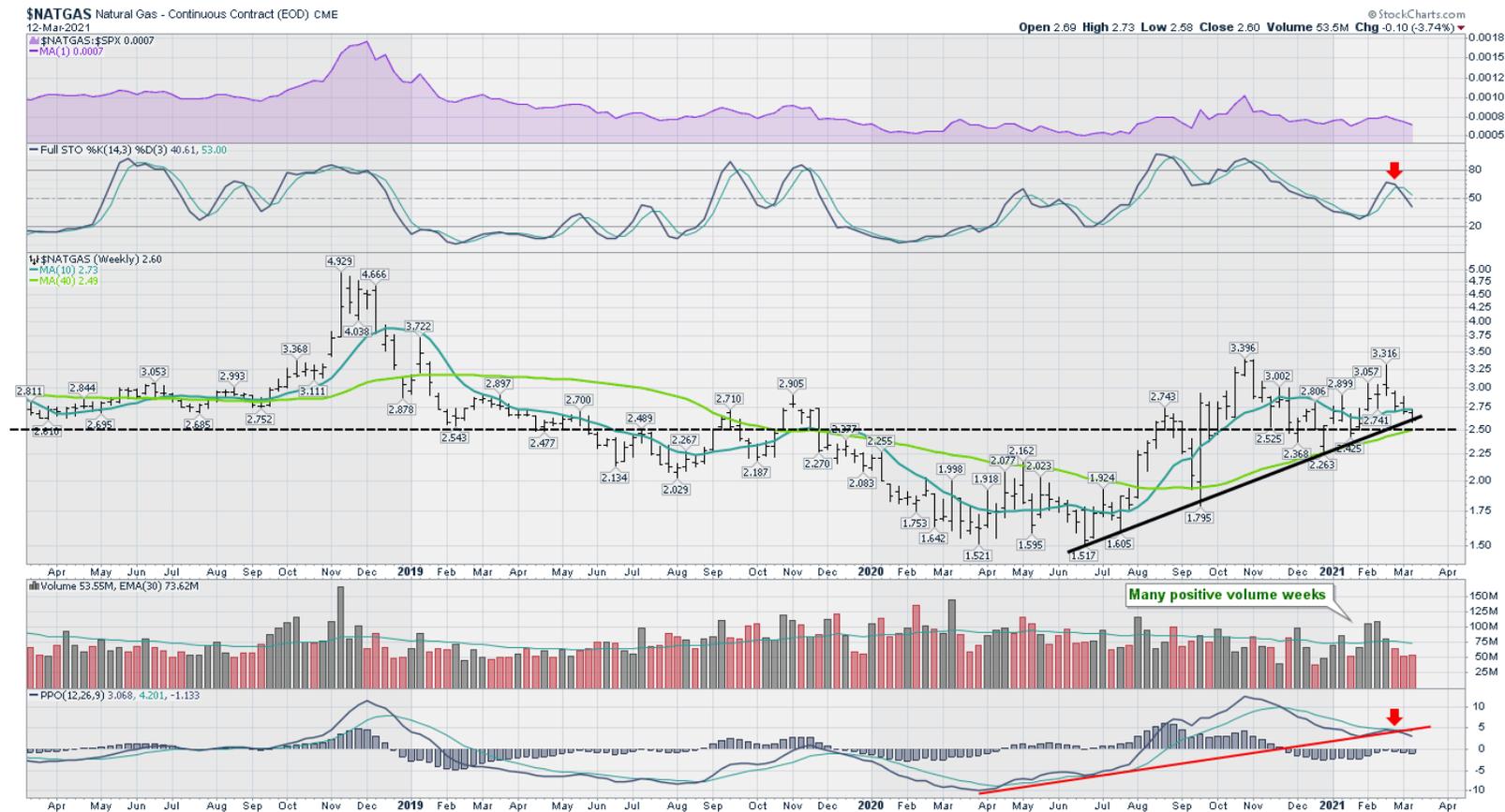
## \$WTIC - TWO YEAR HIGHS

Oil tested higher this week and took out the \$66.60 peak in April 2019. [\\$WTIC](#) The current price is not improving drilling wells as rig counts were down slightly week-on-week. As I mentioned before, the Kingdom of Saudi Arabia along with OPEC is in control of the oil supply, and they appear to want it to be higher in price.



## \$NATGAS

The direction for natural gas appears to be negative as the PPO momentum indicator is rolling over and going below my trend line. That differs from other fundamental analysts that expect to bounce at the level \$2.50 and the market to go higher. I am monitoring this closely as the full stochastic is rolling over at 50 which is typically a bear market appearance. However, the big positive volume every up week and very little volume on the selling weeks is bullish. This lines up as bullish volume, but negative indicators, so right now it's too hard to make a bullish bet on it. [\\$NATGAS](#)



## MARKET SUMMARY

Energy was one of the weakest sectors this week, but still positive after leading the rankings for a number of weeks. Retail looks bullish, but the ETF has 6% of its weight in Gamestop! That adds volatility both ways. Financials and industrials were strong on the week. Semiconductors were one of the weakest areas. Canada is on the right. Marijuana (Shows up in healthcare) had another big week as discussed above. Canadian energy performed well. To me, the reopening trades are still the winners.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-
XRT	Retail	99.0	94.39	15.56	
XLY	Discretionary	39.1	166.77	6.34	
IYR	Real Estate	42.3	90.87	5.20	
XLU	Utilities	25.1	62.41	4.57	
XLB	Materials	67.8	78.69	4.49	
XLI	Industrials	73.4	96.77	3.56	
XLF	Financials	87.9	34.77	3.14	
XLP	Staples	23.6	66.15	2.24	
XLK	Technology	37.5	131.41	1.91	
XLC	Communications	69.7	74.69	1.80	
XLV	Healthcare	28.0	114.60	1.40	
XLE	Energy	96.4	53.57	1.17	
SMH	Semiconductors	73.6	230.89	0.92	
XOP	E & P	99.2	90.44	0.49	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTHC	HealthCare	88.25	8.67	
\$SPTUT	Utilities	319.29	4.13	
\$SPTEN	Energy	126.62	3.97	
\$SPTTK	Technology	186.73	3.61	
\$SPTCS	Staples	645.39	3.28	
\$SPTMT	Materials	308.92	3.20	
\$SPTFS	Financials	345.28	2.83	
\$SPTCD	Discretionary	259.47	2.63	
\$TSX	\$TSX	18851.32	2.56	
\$RTCM	Income Trusts	230.14	2.41	
\$SPTGD	Gold Miners	285.78	2.02	
\$SPTRE	Real Estate	327.06	2.02	
\$SPTIN	Industrials	345.76	1.42	
\$SPTTS	Telecom	171.16	0.11	

## GLOBAL VIEW

Asia was weaker again this week, with the exception of Russia. Europe was a bright light, with many countries hitting 52-week highs. US and Canada were middle of the pack. Commodities are on the right. The big push in Silver miners and gold miners seems to be telling me something. Industrial metals/companies pushed higher. Keep watching the US dollar regarding the metals. It looks like OPEC, not the US Dollar is responsible for the direction of crude oil prices.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$RTSI	Russia	1519.50	4.98	
\$CAC	France	6046.55	4.56	
\$IBEX	Spain	8644.50	4.32	
\$DAX	Germany	14502.39	4.18	
\$INDU	Dow ----	32778.64	4.07	
\$MXX	Mexico	47769.87	3.08	
\$NIKK	Japan	29717.83	2.96	
\$SPX	S&P 500 ----	3943.34	2.64	
\$TSX	Canada	18851.32	2.56	
\$NDX	Nasdaq 100 ----	12937.29	2.12	
\$GBDOW	London	303.56	1.84	
\$AORD	Australia	7014.60	1.03	
\$IDDOW	Indonesia	1333.16	1.00	
\$KOSPI	South Korea	3054.39	0.93	
\$BSE	India	50792.08	0.77	
\$BVSP	Brazil	114160.40	-0.90	
\$HSI	Hong Kong	28739.72	-1.23	
\$SSEC	Shanghai	3453.08	-1.40	

SYMBOL	NAME	CLOSE	% CHG	+/-
HMMJ.TO	Marijuana Stocks	13.25	13.73	
SLX	Steel	54.51	5.15	
SIL	Silver Miners	42.29	4.76	
REMX	Rare Earth Metals	80.39	4.35	
GDX	Gold Miners	33.08	4.09	
\$GASO	Gasoline	2.13	3.40	
LIT	Lithium	60.91	3.24	
\$SILVER	Silver	25.91	2.47	
\$COPPER	Copper	4.14	1.58	
\$GOLD	Gold	1719.80	1.25	
\$HOIL	Heating Oil	1.97	1.21	
\$COCOA	Cocoa	2570.00	0.94	
\$BRENT	Brent Crude	69.22	-0.66	
\$WTIC	WTI Crude	65.61	-0.73	
\$SOYB	Soybean	1413.25	-1.17	
\$LUMBER	Lumber	867.10	-1.47	
\$SUGAR	Sugar	0.16	-1.65	
\$NATGAS	Natural Gas	2.60	-3.74	

## VIDEO OF THE WEEK

The March monthly conference call link. [March Monthly Conference Call](#).

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

Here is a link to this week's video. [https://youtu.be/xfrPk2P\\_tY8](https://youtu.be/xfrPk2P_tY8)

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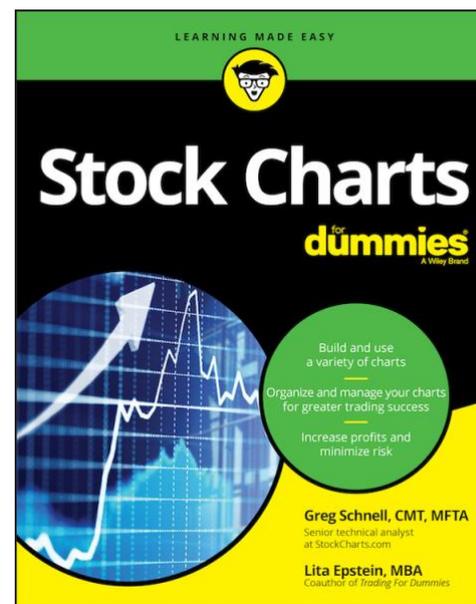
Good trading,  
Greg Schnell, CMT, MFTA.

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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.