

# THE CANADIAN TECHNICIAN



**U.S. Edition**

## The Dance

Weekly Market Review  
March 19, 2021



WITH  
**GREG SCHNELL**

## MARKET COMMENTARY

The S&P 500 broke out to a new high, and then failed to hold it and fell back below the prior high to end the week. The NASDAQ tried to rally, but ended up having a down 3% day on Thursday. That's not what we're expecting for our next leg higher. We also saw Crude Oil fall down heavily 7% in one day for a big reversal on the week. I got a sell signal on oil related charts this week.



With the Fed meeting and quadruple options expiration, there was a reason for all kinds of volatility. The market responded with a wild and whippy Thursday and a little bit of a bounce on Friday on the NASDAQ. The two steps forward, one step back, dance party isn't that bullish. The NASDAQ has the potential for a topping structure to complete.

Globally we also saw more weakness. We have some charts starting to break down on other parts of the world. Asia looks particularly weak. Some European markets were hitting new highs this week so that seems to be better but definitely an area to watch in the week ahead.

I saw this uptrend in the picture while driving this week. I chuckled relating it to the stock market! when I am using tree-tops to draw the trend line you know we are up significantly. A few weeks ago, I posted a short 2-minute video about the comparison to 2000 and the current market. I've updated the video this week and posted a link in this newsletter. We continue to be right on track with it. This is one of those weeks where we could break the analogy and not end up in a bigger bear market correction. But we're at that point. Let's not fall asleep here and assume that all the stimulus is going to work out well.

The Australian market, the Australian currency, the emerging market ETF (EEM), and the emerging market currency ETF (CEW) all are trying hold important trend lines. With the Shanghai market breaking the trend last week and continuing lower this week it's not a good look. Why are these other markets starting to weaken?

Summary: The SSIH indicator rolled over mid-week. Is it whiplash or are we heading down lower now? We only moved down a few percentage points, but it is hard to flip this indicator back-and-forth as it uses weekly data. I would suggest making sure your profits are protected or try to find a way to reduce position size if this market starts to break. It is a really important week as charts like Tesla are barely hanging on their trend line. Further weakness in theme stocks like Tesla as an example probably won't be helpful. I got more buy signals on gold charts this week, carrying over from my gold trade ideas last week. Let's hit the charts.

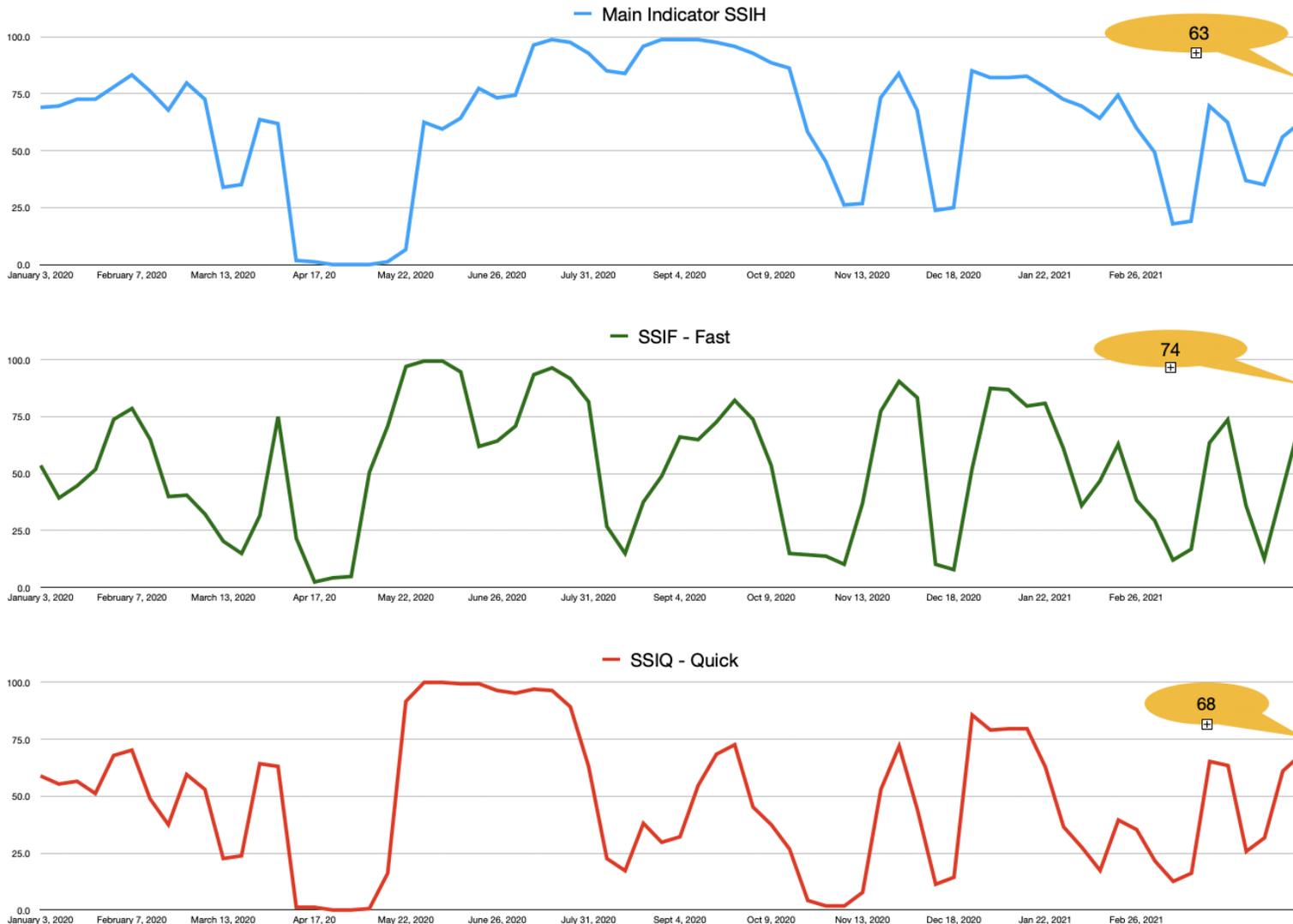
@SSIH - TRENDING HIGHER

The Schnell Strength Index continued higher after last weeks' rally started mid-week. However, it rolled over mid-week once again! This made a lower high at 65.20 % which is below the February high. The indicator continues to stall with less participation on each rally.

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



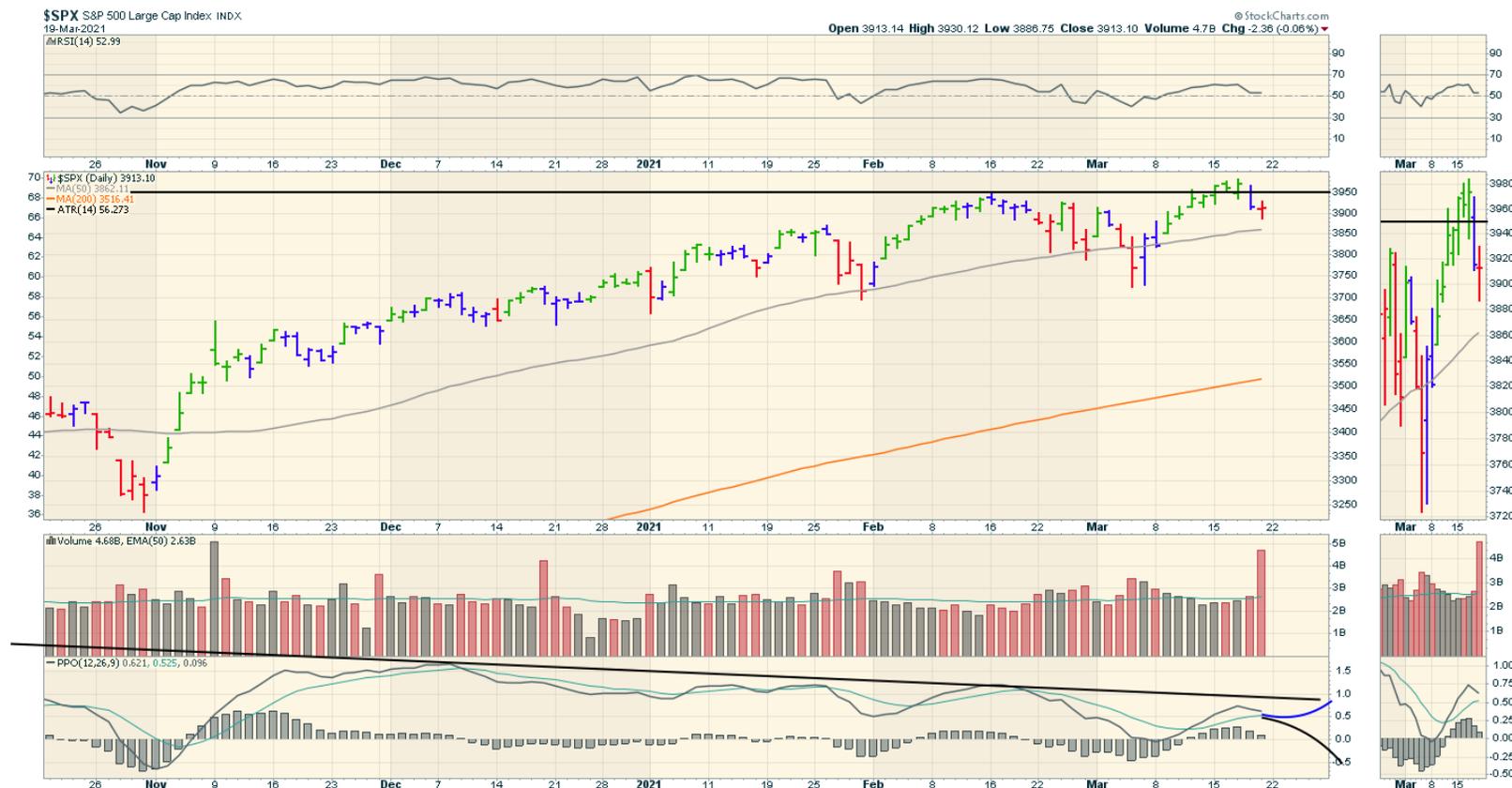
The chart shows the SSIH in the top panel. We are trending higher over last week when we just look at the Friday close. It looks more bullish than the intraweek rollover shown above. I would like to see the down-trending highs get broken. Really choppy action.

The SSIQ is making a higher low and a higher high, so that gives me some encouragement.

We failed to hold the breakout rally this week. All three SSI indicators are trending higher, but the intraweek rollover adds caution.

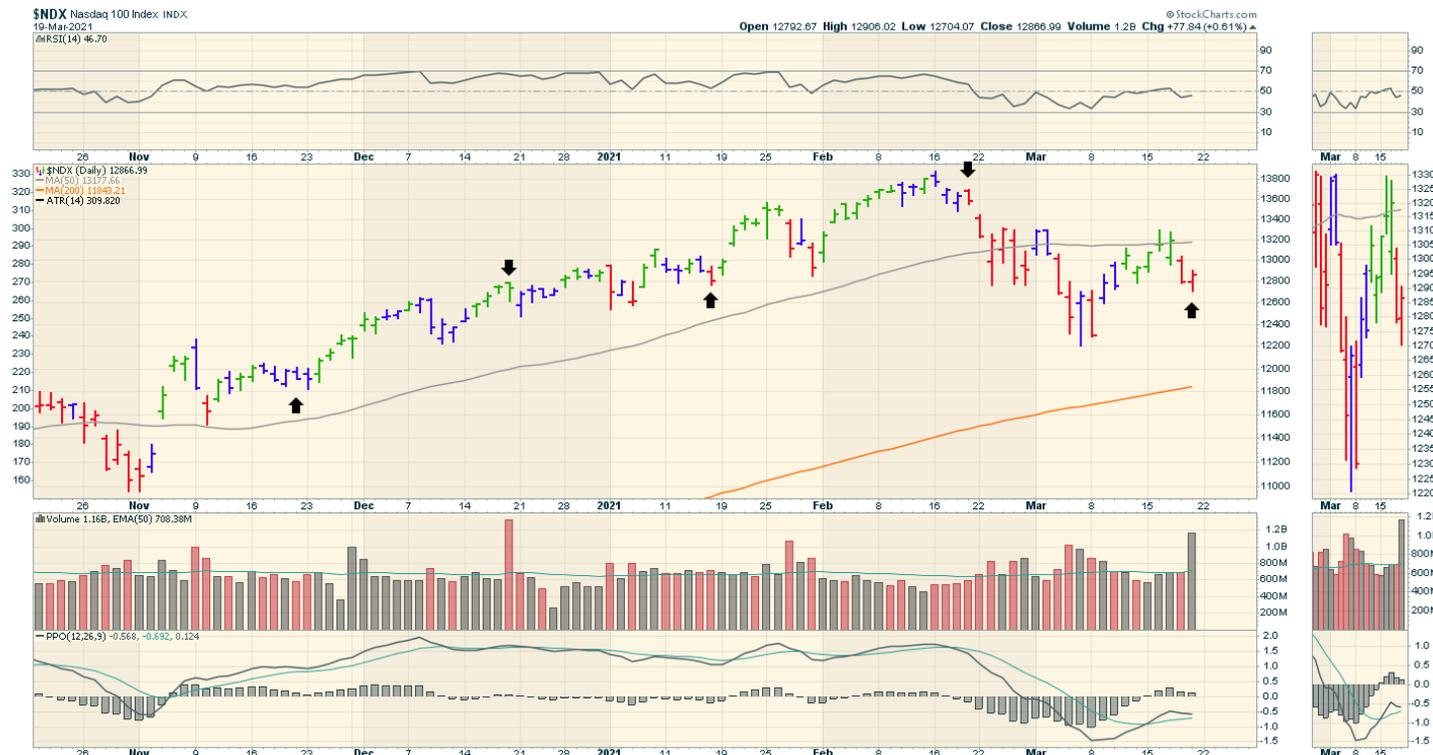
## \$SPX - NEW HIGHS DON'T HOLD

The daily chart of the S&P 500 shows the breakout above the prior high and then the collapse back below it after the Fed meeting. The huge surge in volume was due to quadruple options expiration Friday. The expiration usually has high volume, but this was significantly higher. I don't know if that's people stepping in getting long or closing all of their positions out. The NASDAQ making lower highs means this failed breakout becomes more important. With the Schnell Strength Index rolling over mid-week, it's also adding more pressure. [\\$SPX](#)



\$NDX - NASDAQ 100 DAILY CHART

The **\$NDX** shown below has the options expiration Fridays marked on it. I think one of the most important things on this chart is the stock market stalling at the 50-day moving average. On the video that I redid, we are at a critical inflection point. We need the market to break higher and get above those March highs to start the uptrend again. Failing right here, right now adds lots of concern for another leg down. I really don't want to see the PPO roll over below zero. We're in a fragile place, caution is warranted. We originally got the Schnell Strength Index sell signal in late December. As you can see, we haven't made much progress on the NASDAQ since then. The choppy index makes it hard to make money unless you're in just the few right trades at the right time. From a distance it sure looks like a topping structure. We'll need to see if it plays out that way.



\$NDX - NASDAQ 100 DAILY CHART

This is the 60-minute version of the NASDAQ 100. In my opinion, we are at the similar inflection point that showed up in the year 2000 as shown on the video (link on next page below). We need to see this bounce up this week and resist making a lower low. Otherwise, the bigger picture for the continuing bull run comes into serious question. The SSIH has already rolled over intraweek and we had a 3% down move on Thursday. [\\$NDX](#). That break below the black line on Friday is uncomfortable.



## \$NDX - NASDAQ 100 DAILY CHART

This is a quick 2:00 minute video comparing the two different years. Right now, the analogy is holding. Hopefully the analogy stops working right here!! Any further acceleration lower would darken my outlook. That is what I am watching carefully for over the next few weeks. [Click here to view.](#) I am shrinking my bullish optimism amidst the chop. The SSIH is already rolling over. Keep stops tight.



This is a quick slide show to compare the 2021 price action to the 2000 price action on the \$COMPQ at the Tech top.

GregSchnell.com

TESLA

The key growth rally theme stock has to be Tesla with the magnanimous run last year. Since the January high 2 months ago, Tesla has dropped 37%. I am not sure the trend line for Tesla could be any more relevant than it is now. [TSLA](#) There is a high likelihood that if Tesla breaks down here, we could see another leg down for all the growth stocks. This is an important week for growth names.



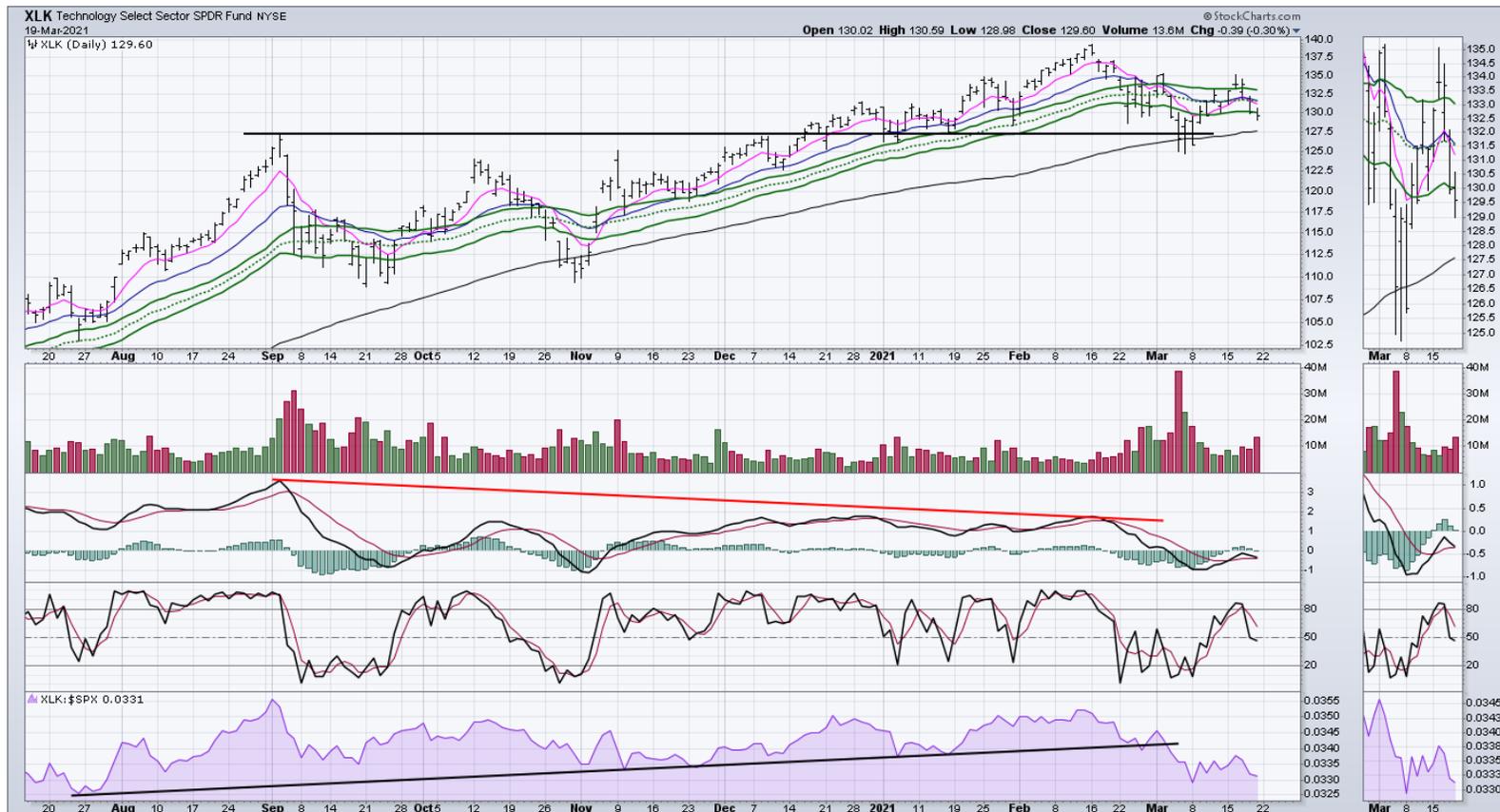
\$BTCUSD

Bitcoin took the week off. The price action this week created an inside bar; a lower high, higher low, lower close. Each week, more and more people are interested in the cryptocurrency. I had some work done at my cabin this week. The contractor had 4 young employees. Another contractor had 2 young employees. They are all relatively new to investing but most were talking about their positions in Bitcoin. Not Tesla, not oil, not miners, not financials, not electric vehicles. Bitcoin. The PPO indicator looks more and more like it wants to touch its signal line, which is a place we could look for a sell point. The range was almost half of last weeks' range, and another chart of an important inflection point. Bitcoin is bringing junior investors into the market. When a meme stock has reached retail saturation, it's a pretty good place to be avoiding new positions and keep stops tight. Caution. [\\$BTCUSD](#)



XLK - TECHNOLOGY ETF

The XLK is obviously one of the better ETFs in the long term. Tech has been weaker recently, with speculation in a lot of the SPAC names running crazily. While I am no fan of the SPAC craze, it is a speculative investors paradise. I think this chart probably represents a significant top if it breaks down through the black line. Watch closely. We'll find out if that happens this week. [XLK](#). The PPO rolling over at zero isn't a good thing. The relative strength shown in purple is also very weak and further breakdown would indicate more reasons to sell this particular area of the market. This chart needs to hold and move higher.



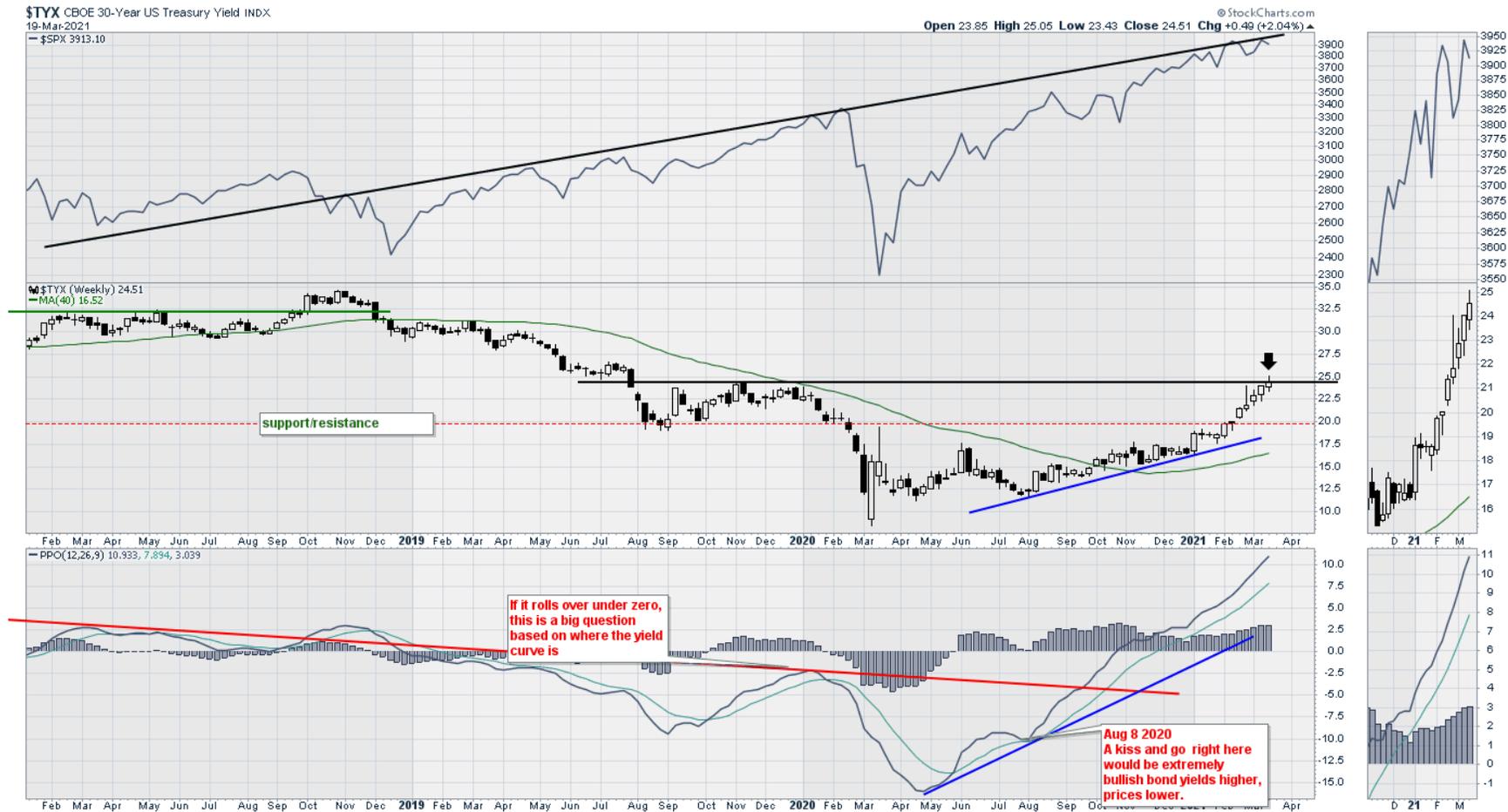
XLY - CONSUMER DISCRETIONARY

Another area of the market that has been leading has been consumer discretionary. A big part of that is Tesla's position in the sector. Currently we have a lower high and a lower low in place. We need to watch and see if this chart is going to break down as the PPO appears to be rolling over below zero. That is an area where you can expect more weakness quickly if it does roll over. [XLY](#).



\$TYX - BOND YIELDS

On this 30-year bond yield chart, we have reached the 2019 plateau before Covid hit. I think the real question is whether or not we start to stall around this area and consolidate the gains that have been made. Looking at the PPO, it's way out of scale right now. That doesn't mean it has to stop but it definitely looks extended. [\\$TYX](#).



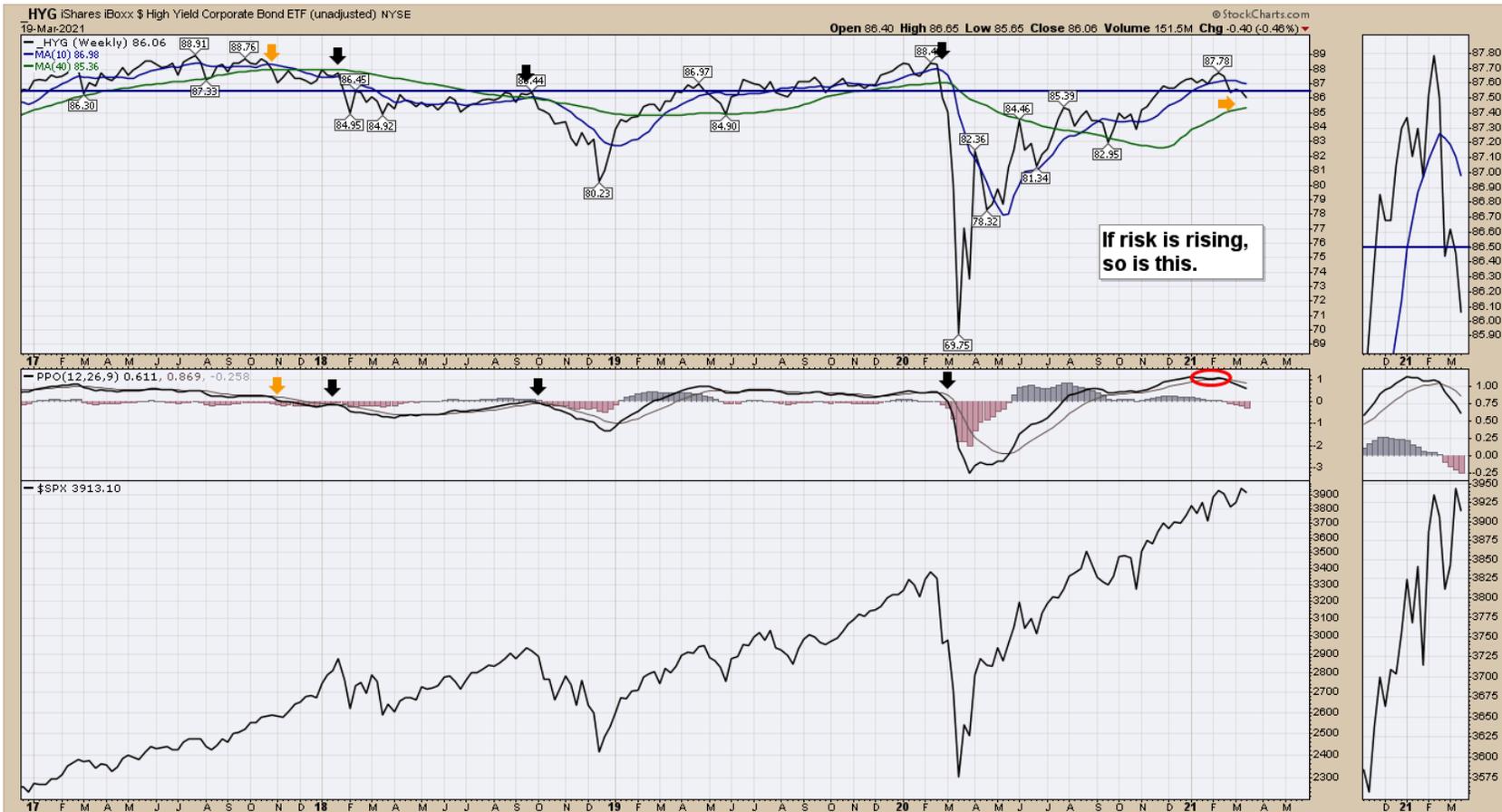
\$TNX - 10-YEAR BOND YIELDS

The 10-year bond yield is not quite up at the 2019 platform yet. It has a few percentage points to go but again we're getting into that area where we could expect at least a consolidation before we move higher. Everything else on the chart is trending higher, but the move has been so sudden, it probably needs to take a breather at resistance. Who knows, maybe the bond bears will continue to attack pushing yields higher. [\\$TNX](#).



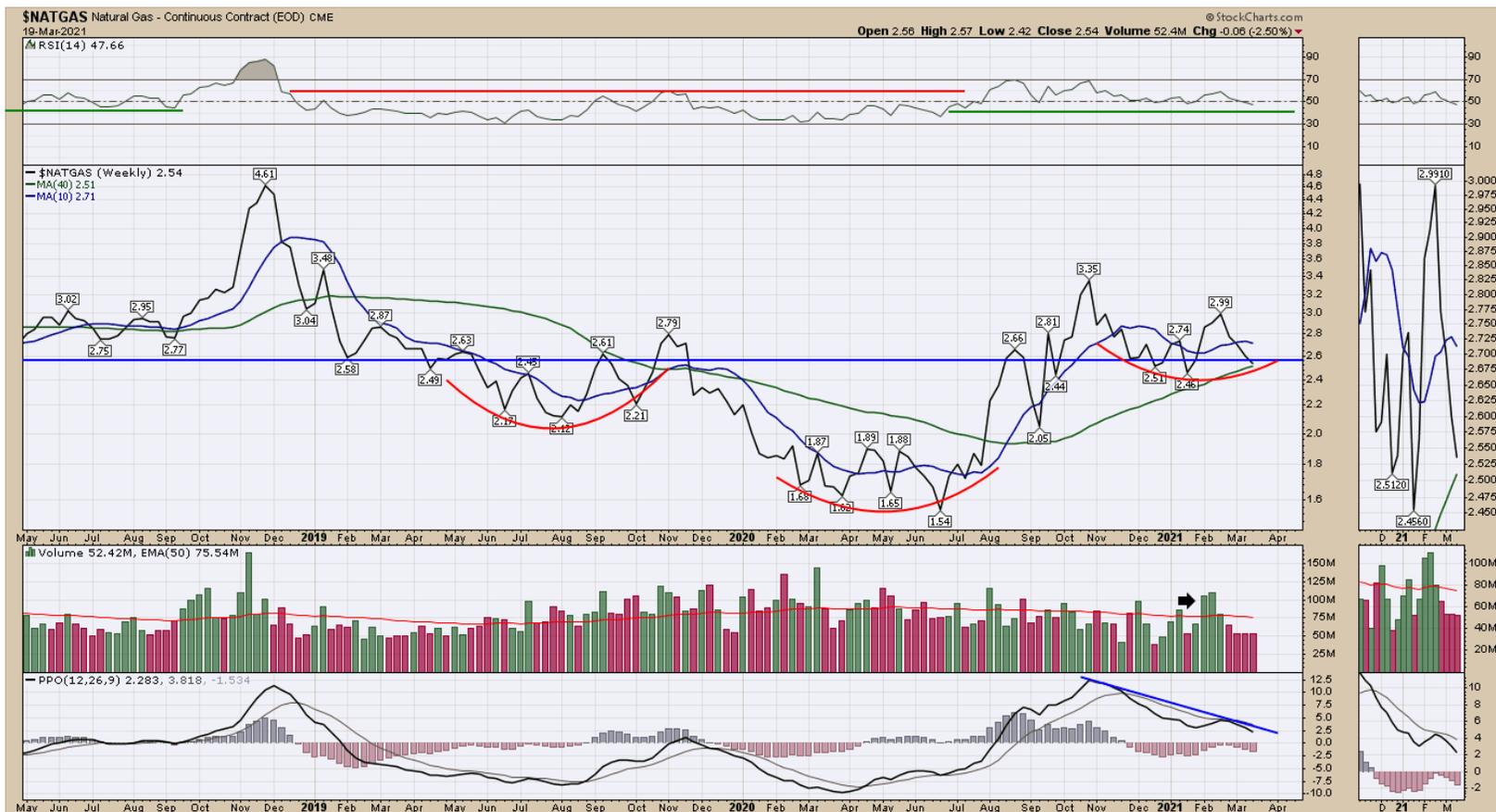
HYG - HIGH YIELD

Below is the chart of the high-yield bond ETF. The reason I included the chart this week is normally when people are bullish and the stock market is rising, this chart rises. It is making new four month lows this month. I have also put some arrows on the chart. When this chart breaks lower, we can see it also affects the S&P 500 shown on the lower panel. If it drops below the 40-week moving average in green, I think we will have ourselves a bigger correction than we are probably expecting. [HYG](#).



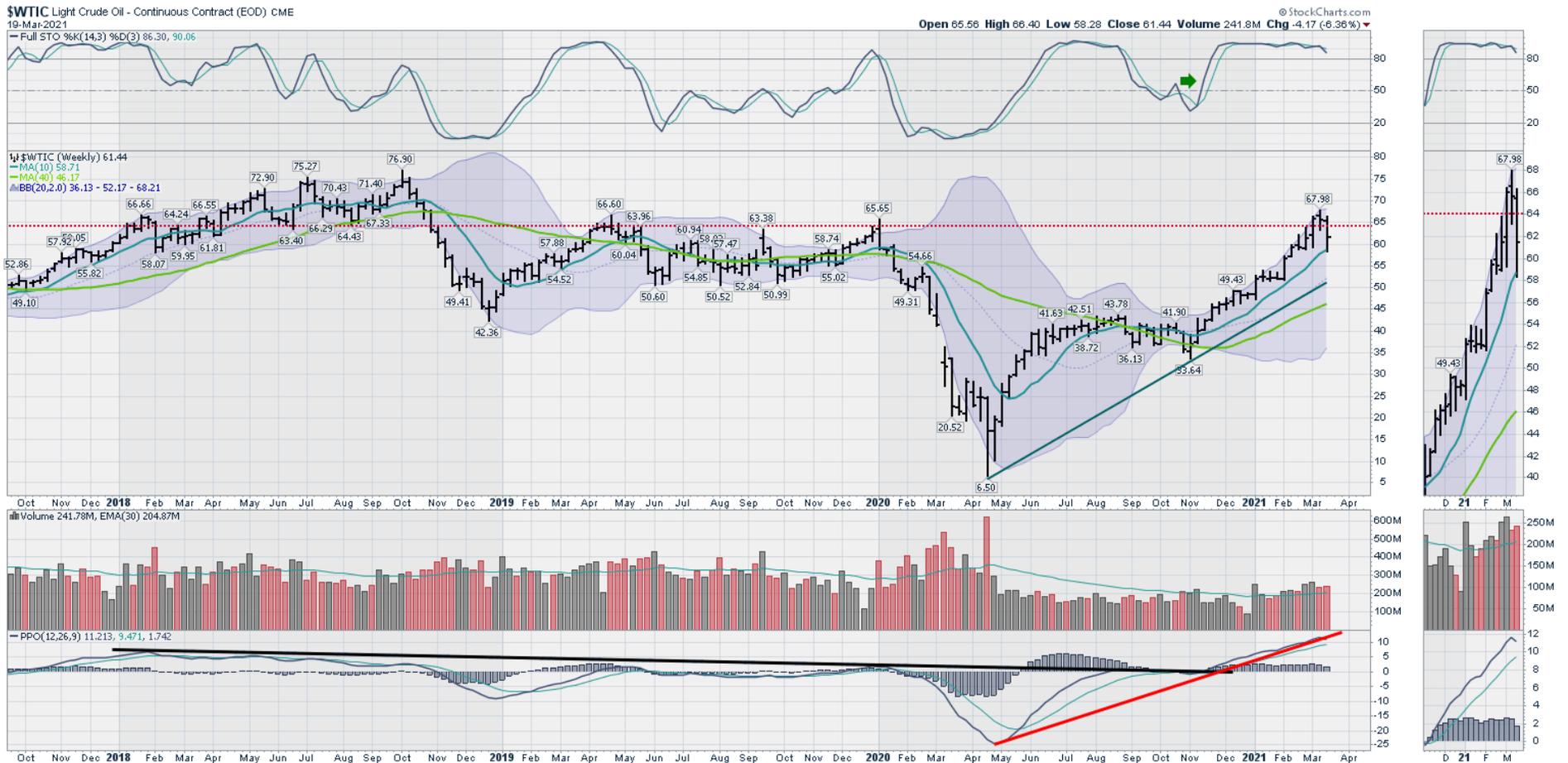
\$NATGAS - NATURAL GAS TRYING TO BASE

Natural gas continues to move down although very slight this week. If it can base and make a right shoulder on this basing pattern, this is an excellent place to get long. Natural gas is also one of the few things that does not correlate well with the S&P 500 so it makes it a great trade to diversify if the S&P is going down, as this might trend up. [\\$NATGAS](#). A bounce off the 40-week moving average is a good place to look for bounces. The PPO is still trending down. I want to see that turn up while above zero.



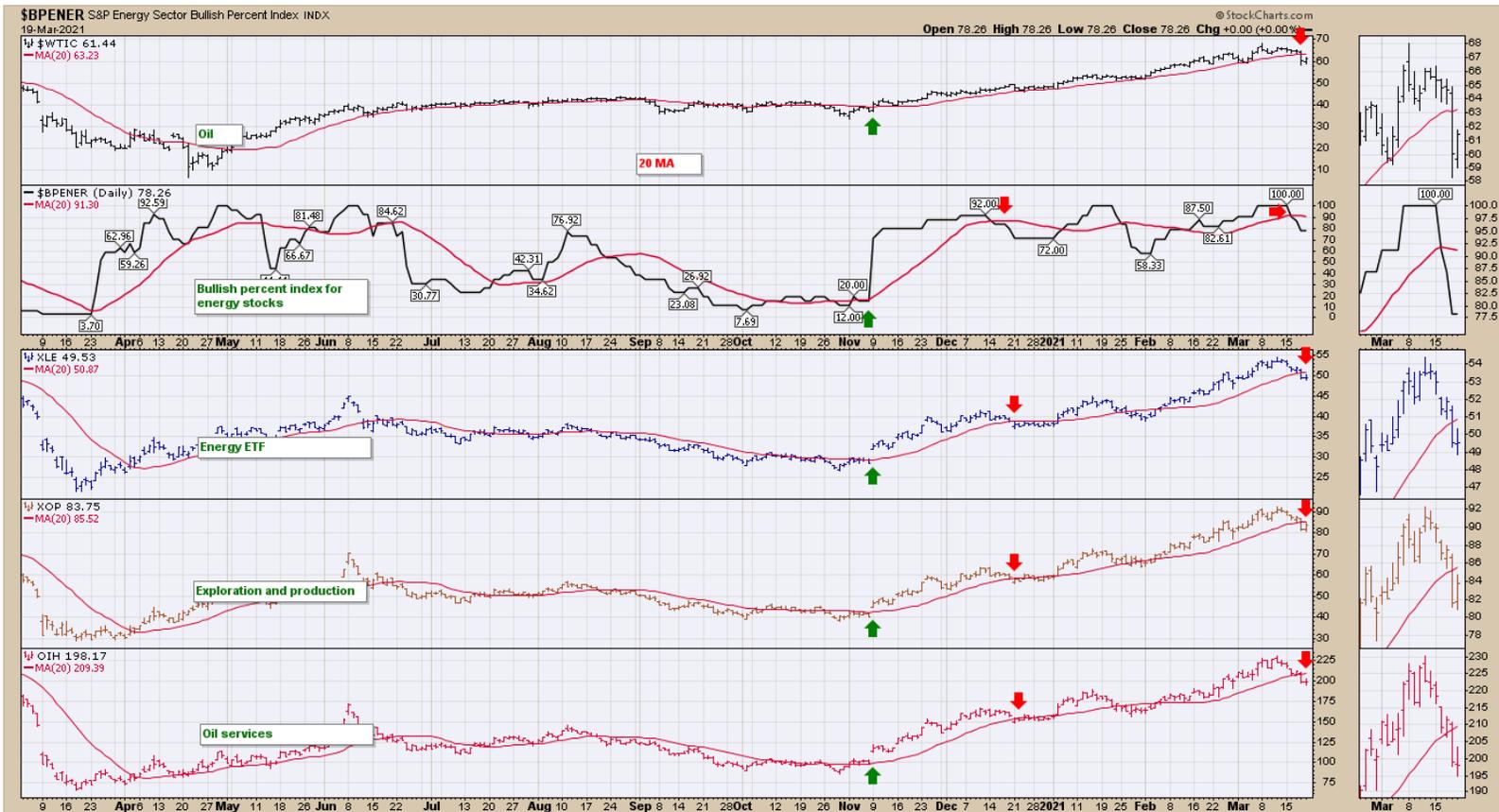
\$WTIC - WEST TEXAS CRUDE OIL

Crude oil suffered a vicious reversal this week. You can see that the chart failed at the prior highs. It was a nice bounce off the 10-week moving average, but typically a move of this size denotes a trend change. My energy chart below shows the energy sector getting a sell signal this week. [\\$WTIC](#) .



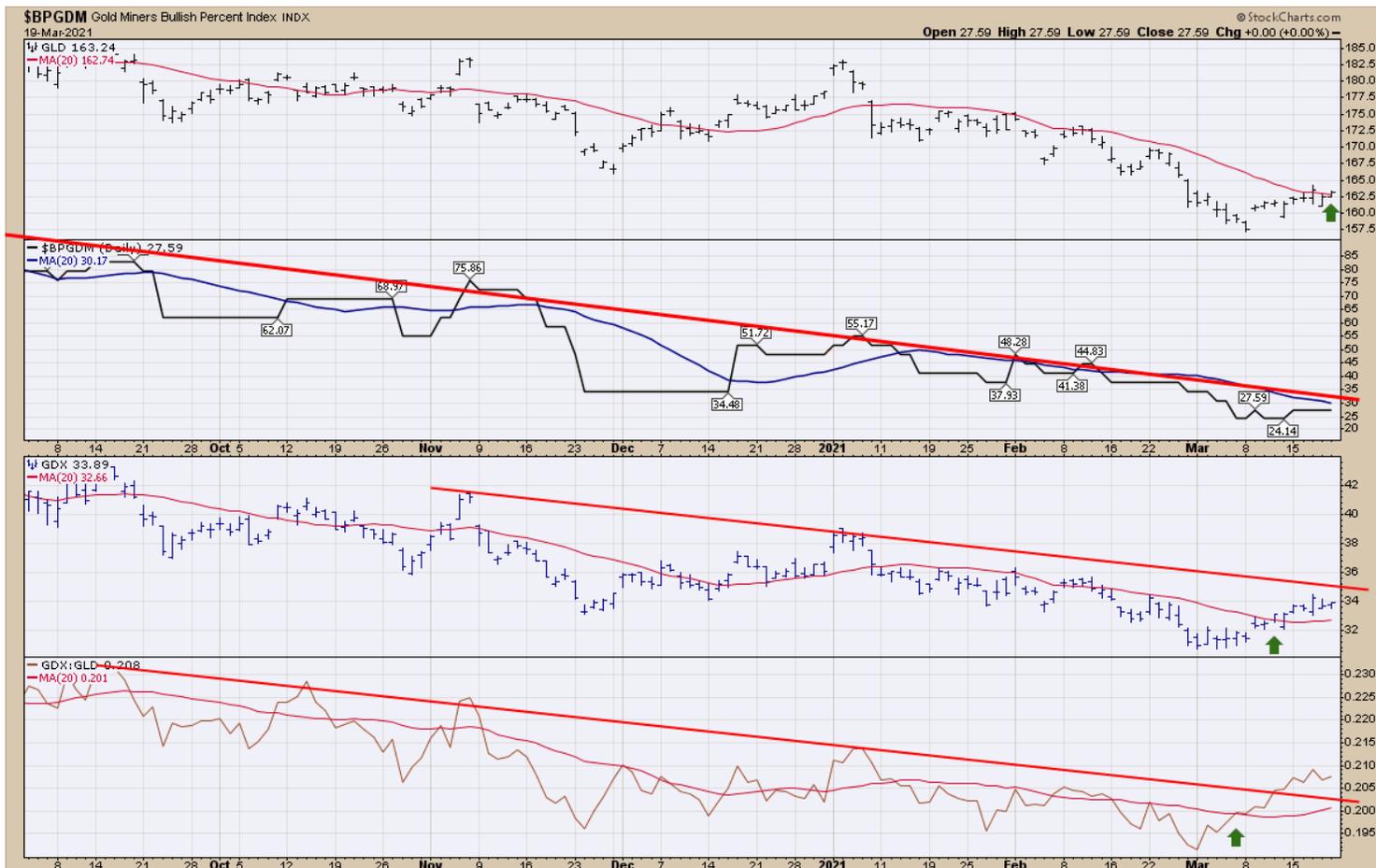
\$BPENER - SELL SIGNAL

The chart below shows each panel breaking below the 20-day moving average. I use this for a trend check to make sure that I'm on the right side of the trade. Clearly, this week everything broke below, and now crude oil related trades are a caution. While I still like the space, it is not uncommon for crude to break down with/before the S&P 500 for corrections. I obviously think oil prices are going higher, but I could work with a consolidation in Q2 to look for a resumption in July. July is when I typically look for oil rallies to start. [\\$BPENER](#)



\$BPGDM - GOLD MINERRS BULLISH PERCENT INDEX

The chart above shows a sell signal across all of the energy related panels on the chart. However, on the gold miners chart below, three of four are now on a buy signal above the 20 DMA. The hints I had last week on gold appear to be setting up. I continue to like this space and gold related trades are not well correlated to the S&P 500. [\\$BPGDM](#) .



MARCH MONTHLY CONFERENCE CALL LINK BELOW

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

# THE CANADIAN TECHNICIAN



## Commodities Are On Boil

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



WITH  
GREG SCHNELL



AND  
DWIGHT GALUSHA

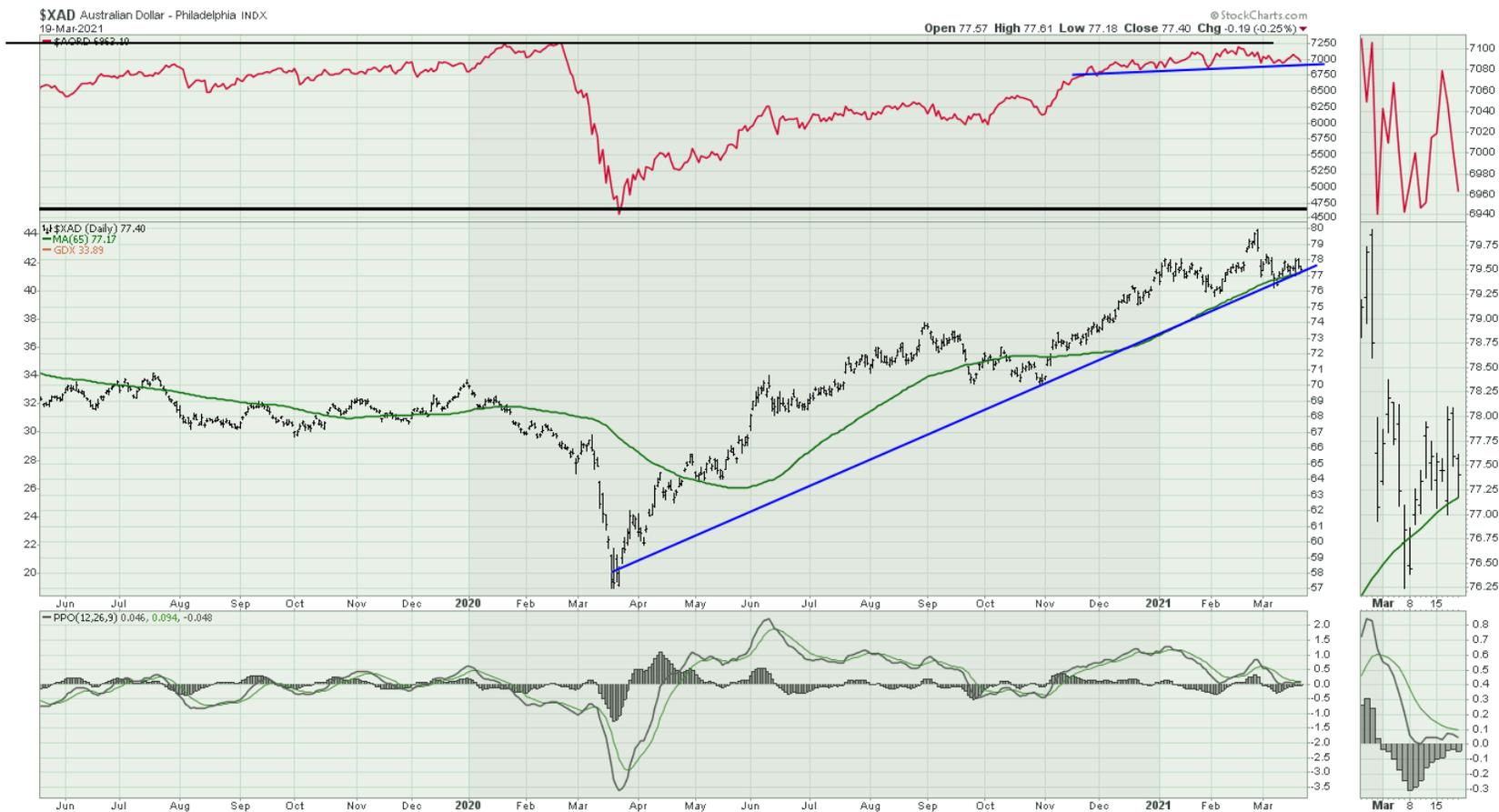
\$\$SSEC - SHANGHAI MARKET BREAKING DOWN

One of the more concerning charts for me this week is the Shanghai Composite Index. It broke down below the uptrend line 2 weeks ago, dropped again last week and bounced off the 40-week moving average, but this week sank lower again. [\\$\\$SSEC](#) China buys a lot of commodities so if this chart is under pressure, we might see that leak over into the commodity space. Stay tuned for clues. It wasn't exactly love and harmony in Alaska when China and the USA met. About the only thing they could agree on was some climate change initiatives.



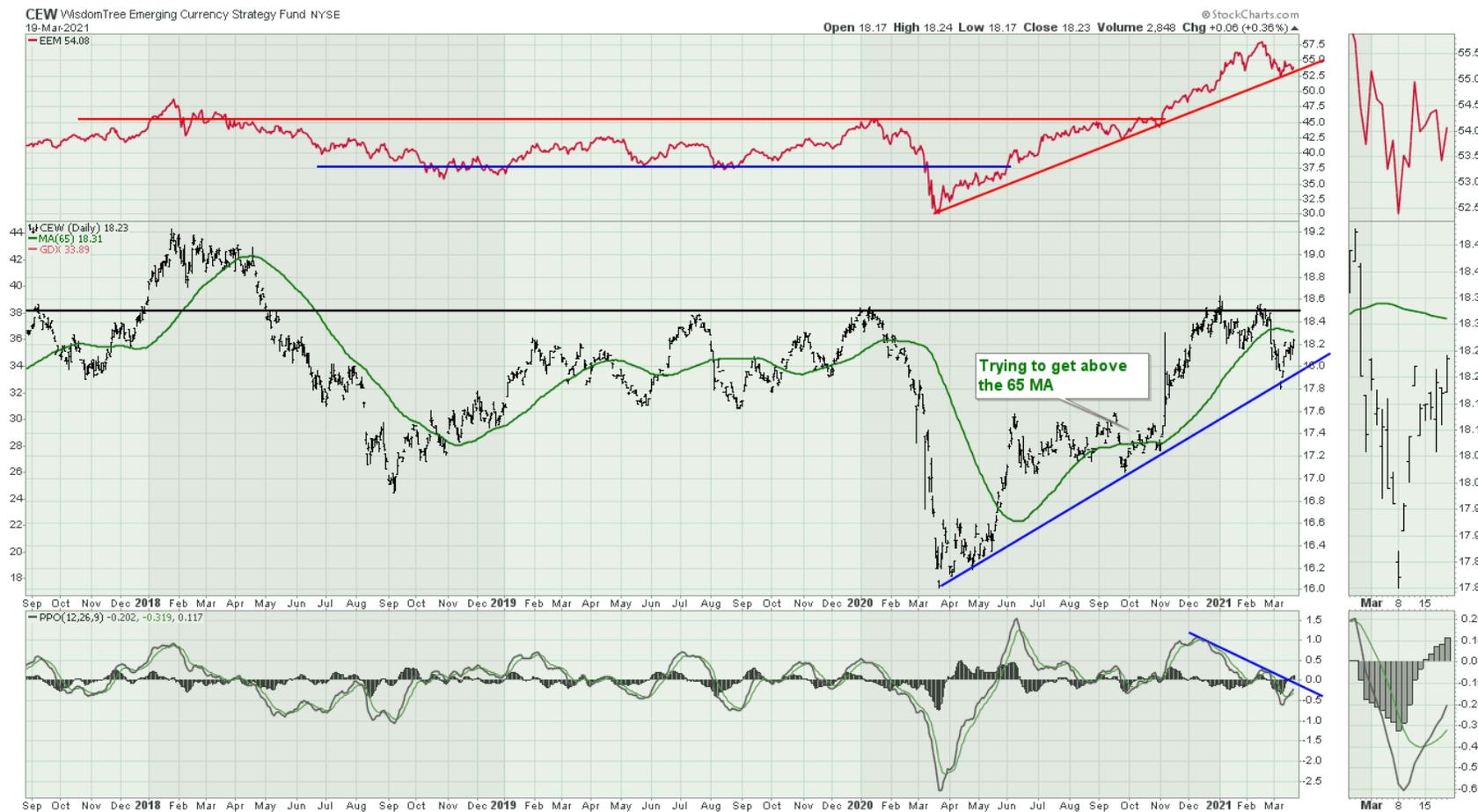
\$XAD - AUSTRALIAN DOLLAR

Whenever China is weak, I always look at Australia as one of the major commodity suppliers to Asia. This week the currency in the middle panel is barely holding about the trend line. However, the top panel shows the Australian stock market. It has not been able to break out to a new high like Canada has. Why is that? I don't have an answer. When China and Australia are both weak that's not really a great picture for commodities. [\\$XAD](#)



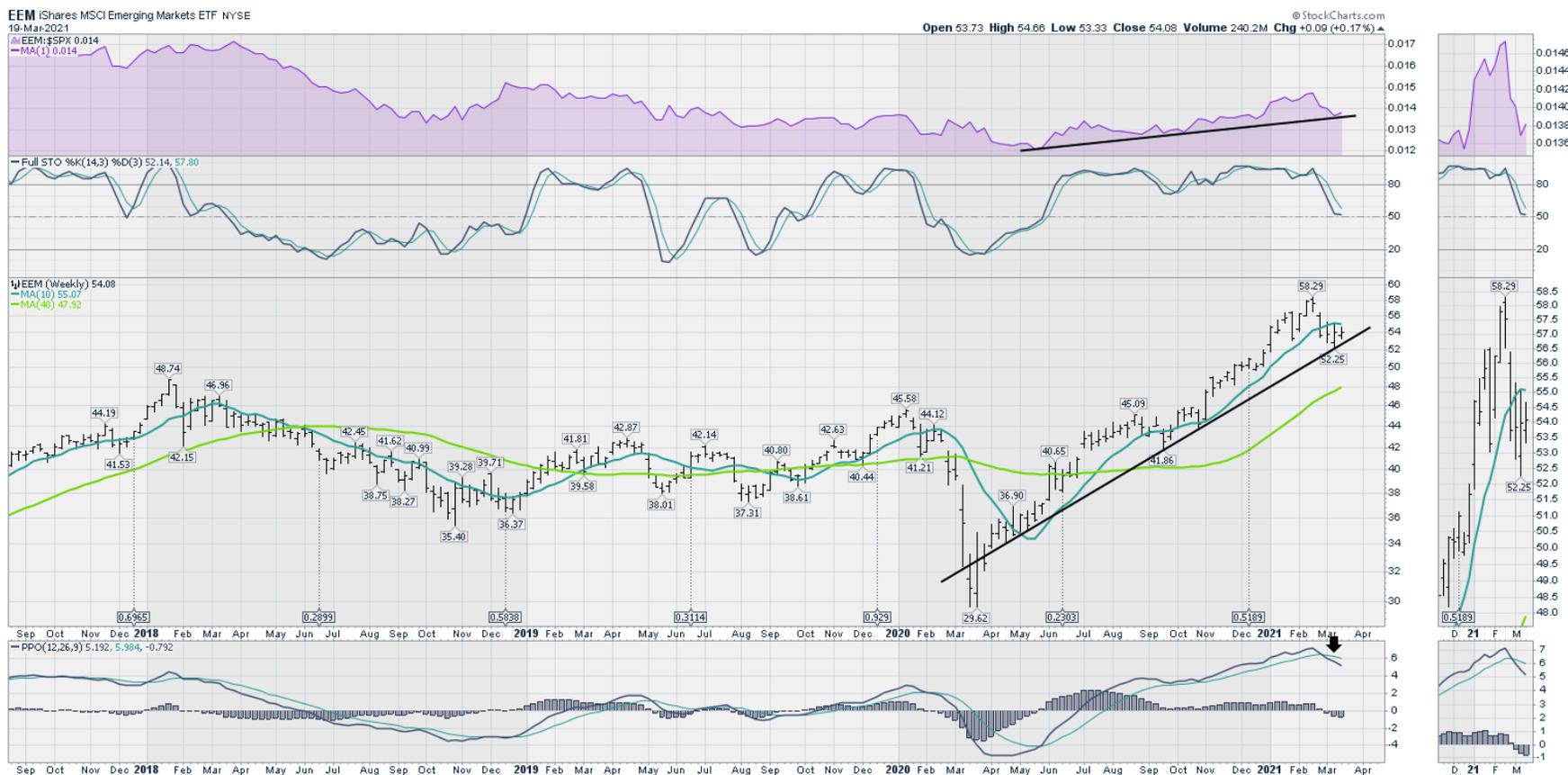
EMERGING MARKET CURRENCIES

The emerging market currency ETF (CEW), is in an uptrend. However, it is not breaking above the previous levels of resistance from 2019 and 2020. Is this chart about to break down through the uptrend line? The PPO is below zero, but it is pointed higher. If it gets stalled at this blue PPO down trend line, that is not comforting at all. This would reflect poorly on commodity related trades. [CEW](#)



EEM - EMERGING MARKET ETF

The emerging markets ETF is also in an uptrend. Price is currently sitting right on the uptrend line. The relative strength (purple) is also sitting right on an uptrend line. I would not want to see the relative strength up trend be broken. The PPO has already issued a sell signal which is not good news. This chart typically trades the same direction as commodities. These last 4 charts as a group are starting to be a concern. Can they hold onto the uptrend? Do they bounce off and go higher? We're about to find out but this is an important week. [EEM](#)



## MARKET SUMMARY

Energy left its love fest this week. It was by far the worst performing sector. Most groups were down 1% but energy was down 7%. Well semi-conductors lead, it wasn't much of a lead with a mere 1% gain being generated this week. There is a bit of a change in the defensive sectors starting to move up the list. Canada is on the right. Once again, I like the gold miners to continue their uptrend. Telecom was moving up on the back of a merger in Canada. Industrials are just kind of floating around unchanged this week.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-
SMH	Semiconductors	79.8	233.68	1.21	■
XLC	Communications	79.7	75.41	0.96	■
XLV	Healthcare	30.7	115.07	0.41	■
XLP	Staples	27.4	66.38	0.35	■
XLY	Discretionary	41.9	166.45	-0.19	■
XLI	Industrials	73.3	96.47	-0.31	■
XLU	Utilities	26.1	62.20	-0.34	■
XLB	Materials	65.5	78.00	-0.88	■
IYR	Real Estate	38.0	90.04	-0.91	■
XLK	Technology	35.3	129.60	-1.38	■
XLF	Financials	89.0	34.22	-1.58	■
XRT	Retail	99.0	90.96	-3.63	■
XOP	E & P	98.2	83.75	-7.40	■
XLE	Energy	91.7	49.53	-7.54	■

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTTS	Telecom	182.19	6.44	■
\$SPTGD	Gold Miners	294.63	3.10	■
\$SPTCD	Discretionary	262.83	1.29	■
\$SPTFS	Financials	347.92	0.76	■
\$SPTIN	Industrials	347.93	0.63	■
\$SPTMT	Materials	309.15	0.07	■
\$TSX	\$TSX	18854.00	0.01	■
\$SPTUT	Utilities	318.68	-0.19	■
\$SPTRE	Real Estate	325.98	-0.33	■
\$SPTTK	Technology	186.08	-0.35	■
\$SPTCS	Staples	642.81	-0.40	■
\$RTCM	Income Trusts	228.77	-0.60	■
\$SPTHC	HealthCare	87.37	-1.00	■
\$SPTEN	Energy	118.84	-6.14	■

## GLOBAL VIEW

Asia was weaker again this week, with Russia being the weakest performer. North American markets were middle of the pack again. The most surprising for me was India being down almost 2% on the week. That chart continues to interest me. I am watching to see if it's going to break down and follow the Shanghai lower. Commodities are on the right. The push into Silver miners and gold miners seems to be working. Oil related energy got hit hard as some expect Europe to go back into lockdowns. For the first time in a while all of the industrial metals were lower on the week. Keep cautious on that particular area of the metals market.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$BVSP	Brazil	116221.58	1.81	▲
\$HSI	Hong Kong	28990.94	0.87	▲
\$DAX	Germany	14621.00	0.82	▲
\$IDDOW	Indonesia	1340.21	0.53	▲
\$NIKK	Japan	29792.05	0.25	▲
\$TSX	Canada	18854.00	0.01	▲
\$INDU	Dow ----	32627.97	-0.46	■
\$KOSPI	South Korea	3039.53	-0.49	■
\$NDX	Nasdaq 100 ----	12866.99	-0.54	■
\$GBDOW	London	301.52	-0.67	■
\$AORD	Australia	6963.10	-0.73	■
\$SPX	S&P 500 ----	3913.10	-0.77	■
\$CAC	France	5997.96	-0.80	■
\$SSEC	Shanghai	3404.66	-1.40	■
\$MXX	Mexico	47028.04	-1.55	■
\$IBEX	Spain	8493.00	-1.75	■
\$BSE	India	49858.24	-1.84	■
\$RTSI	Russia	1474.05	-2.99	■

SYMBOL	NAME	CLOSE	% CHG	+/-
GDX	Gold Miners	33.89	2.45	▲
\$LUMBER	Lumber	886.60	2.25	▲
\$SILVER	Silver	26.32	1.58	▲
SIL	Silver Miners	42.87	1.37	▲
\$GOLD	Gold	1741.70	1.27	▲
\$SOYB	Soybean	1416.25	0.21	▲
\$COPPER	Copper	4.11	-0.65	■
HMMJ.TO	Marijuana Stocks	12.96	-2.19	■
LIT	Lithium	59.52	-2.28	■
\$SUGAR	Sugar	0.16	-2.29	■
\$NATGAS	Natural Gas	2.54	-2.50	■
SLX	Steel	53.00	-2.77	■
\$COCOA	Cocoa	2493.00	-3.00	■
REMX	Rare Earth Metals	77.15	-4.03	■
\$WTIC	WTI Crude	61.44	-6.36	■
\$BRENT	Brent Crude	64.46	-6.88	■
\$HOIL	Heating Oil	1.82	-7.40	■
\$GASO	Gasoline	1.94	-8.95	■

## 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. [The Dance](#). The 2-minute 2000 vs. 2021 video is [available here](#).

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## The Dance

Weekly Market Review  
March 19, 2021



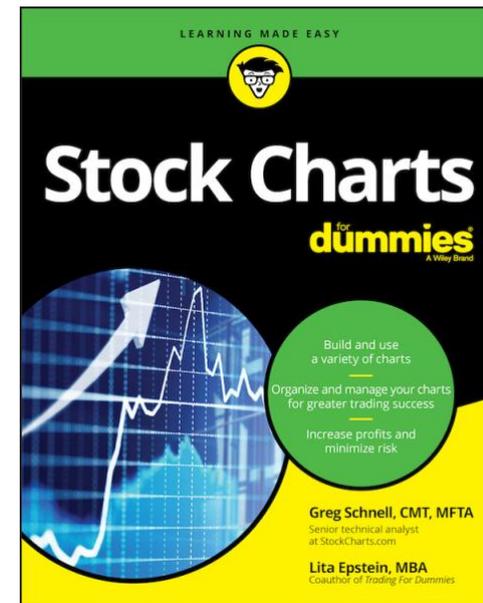
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Good trading,  
Greg Schnell, CMT, MFTA.

## 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.