

# THE CANADIAN TECHNICIAN



**U.S. Edition**

Keep Your Guard Up

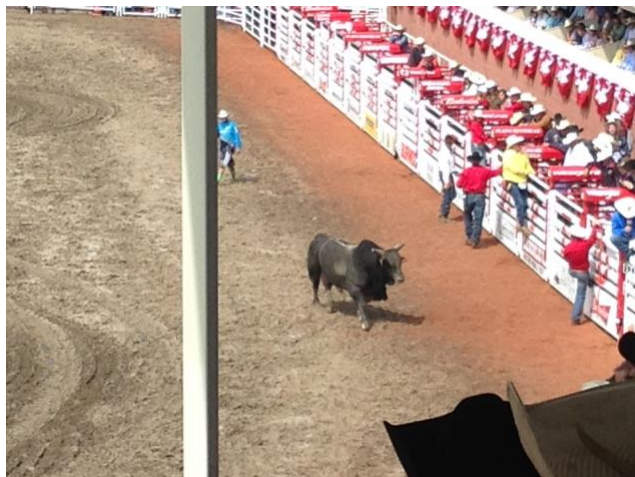
Weekly Market Review  
April 16, 2021



WITH  
**GREG SCHNELL**

## MARKET COMMENTARY

The S&P 500 closed on a new high again. The defensive leadership really surged on Thursday and Friday, as we moved through Options Expiration. This is starting to be a meaningful trend that worries me.



Commodities had a huge up week, but commodity related trades were a mixed bag. Oil names were poor considering oil was up big. Gold, Silver and industrial metals like Copper had a good week and the miners did too. There are some charts below detailing the difficulty with the US Dollar trade coming up and it is important to check the US dollar as the week progresses.

Last week I was wondering about the weakness in commodities and that was certainly answered this week. Boom Baby!

Once again, the stocks declining big outpaced the stocks up big. 460 stocks were up big and more than 600 were down big. That happened last week too but it was almost even last week with a little more to the downside. It's getting worse is what I am saying.

Bond yields continue to moderate, helping the gold trade as well.

The currencies are tightly wound as the US Dollar has pulled back for two weeks. We are about to see if that is going to continue or if we will get a surprise reversal that sends commodities lower. Bitcoin broke its major uptrend line this week.

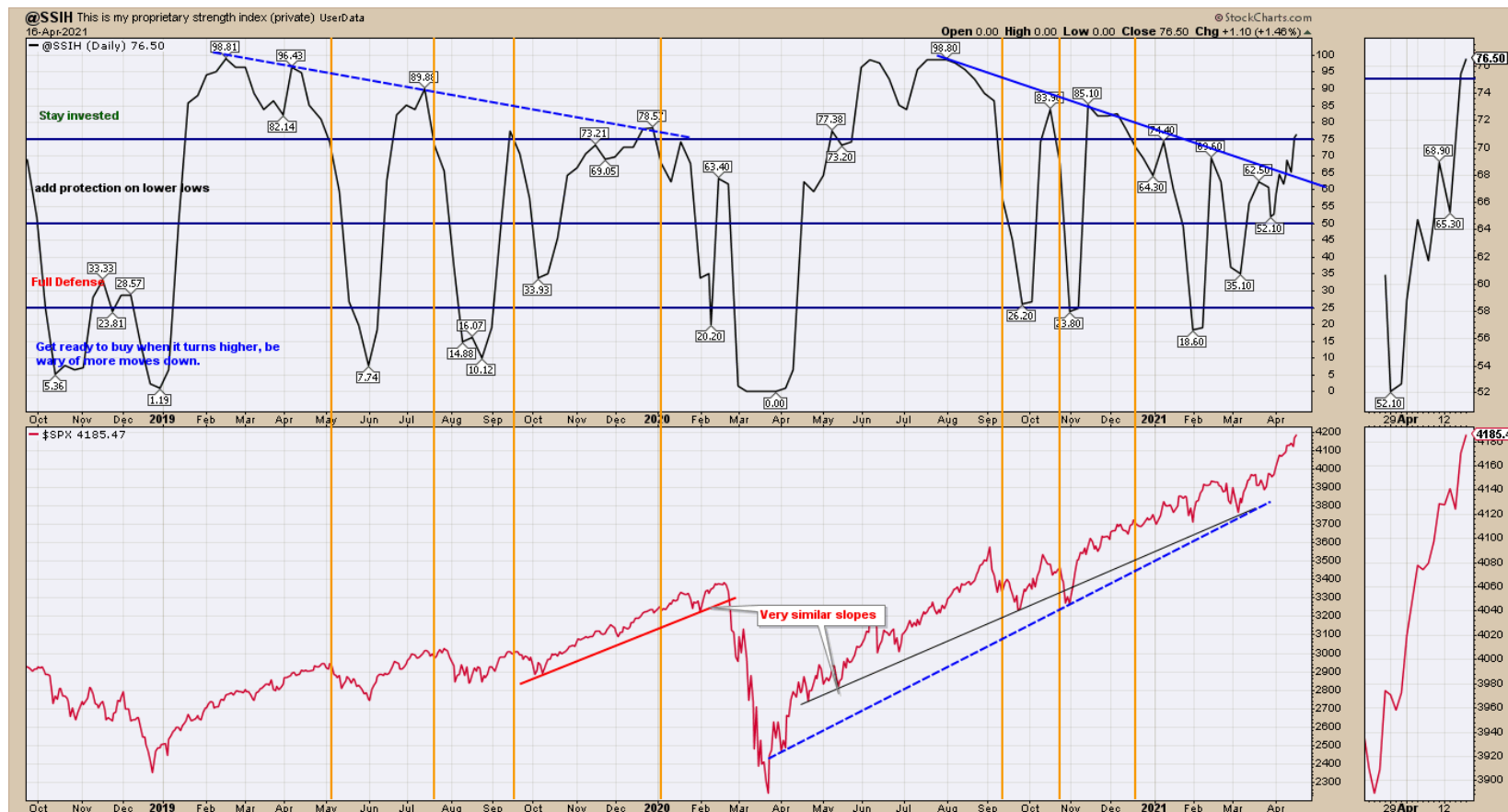
The Bullish percent indexes and other indicators are at or near all-time highs for breadth. On the video I did a look back to see how bullish that is. It actually is a little cautionary. I would encourage you to follow it along as I review 5 past peaks.

Summary: All the indexes made higher highs this week. The leadership by the defensive areas of the market is starting to make me pause. Financials were oddly below average this week, even though banks reported stellar numbers. Oil rallied but energy stocks didn't. I want to stay cautious on adding to energy until that improves. These weak cyclical signals are concerning to me. Stay bullish with tighter stops. Let's hit the charts.

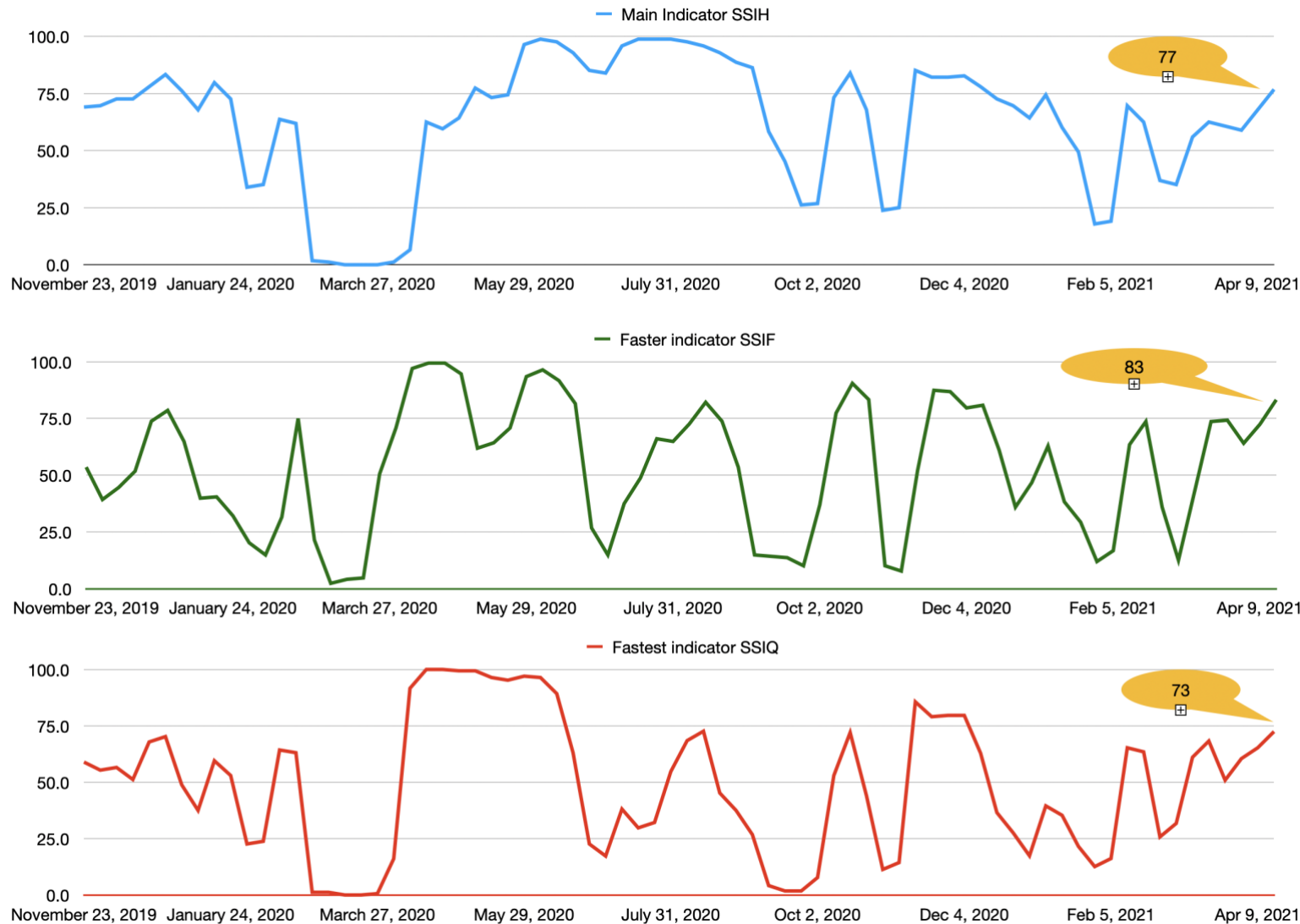
@SSIH - HIGHEST WEEKLY CLOSE SINCE DECEMBER

The Schnell Strength Index closed at a 4-month high. It looks very strong. We do not want to see it start to fall away here. Stay focused with stops in place.

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. The indicator is making a higher high.

The SSIF is also up this week near the 83% mark. Nice strong level.

The SSIQ is making higher lows and higher highs.

The stock market indexes are hitting new highs. All three Strength indexes are making higher highs. It all seems to be confirming.

APRIL MONTHLY CONFERENCE CALL RECORDING LINK

Dwight and I hosted the April conference call Monday, April 5. Click to view. [April Conference Call](#). My selection for a title in mid-March was that defensives were trying to lead. Things definitely improved long before this conference call.

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## Defensives Are Trying To Lead

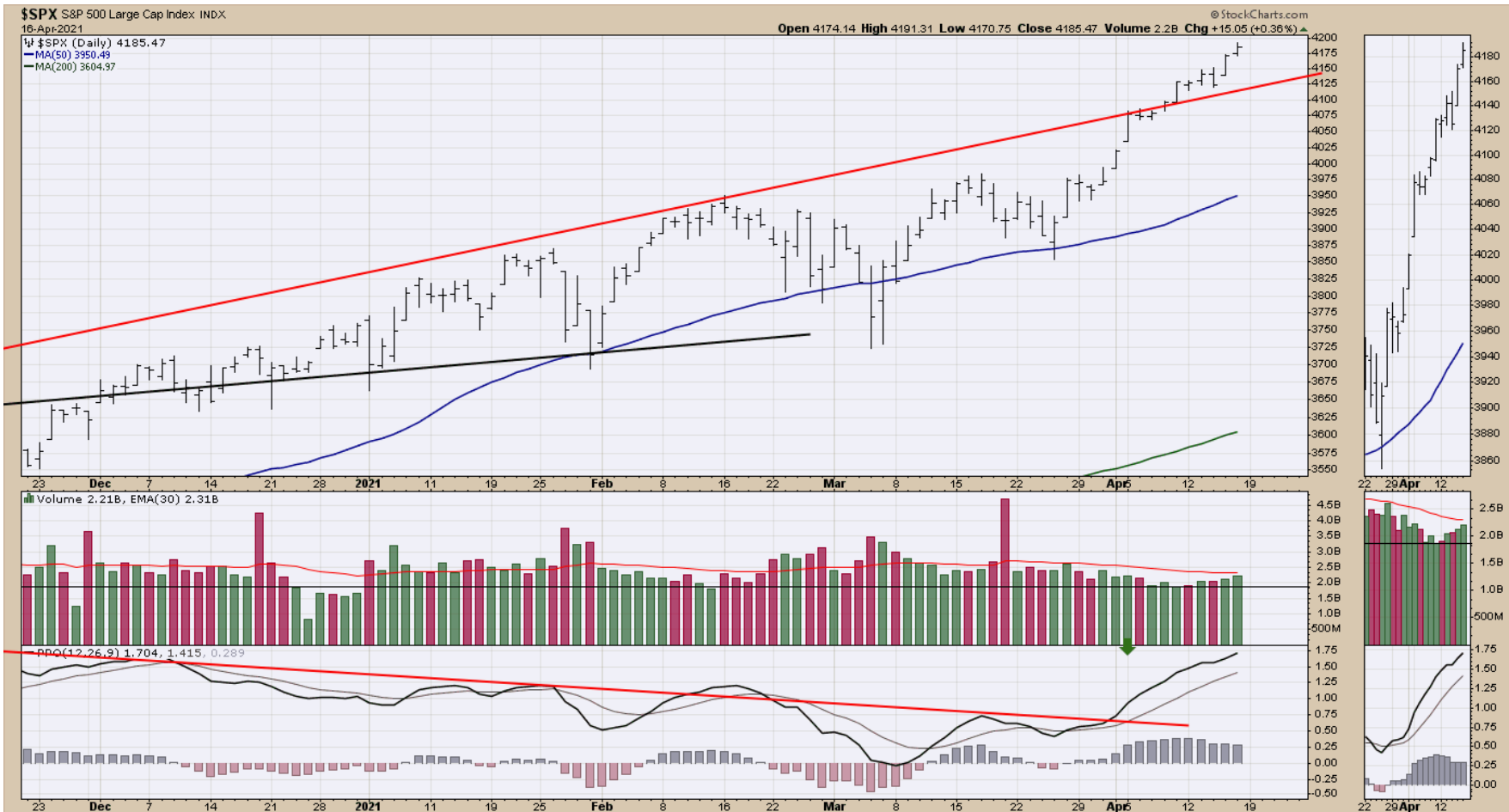
April Monthly Conference Call  
April 5, 2021 at 5 PM ET

WITH  
**GREG SCHNELL**

AND  
**DWIGHT GALUSHA**

\$SPX - ANOTHER WEEKLY CLOSE AT NEW HIGHS

The daily chart of the S&P 500 shows the index closing at all-time highs. Still bullish. The only thing to keep in mind here is the rally has been straight up. Nothing says that ends right away, as all the breadth indicators are still positive. On the in-depth dive about stocks above the 50 day, 150 day and 200 day moving averages, there is some underlying weakness in the shorter indicators. [\\$SPX](#)



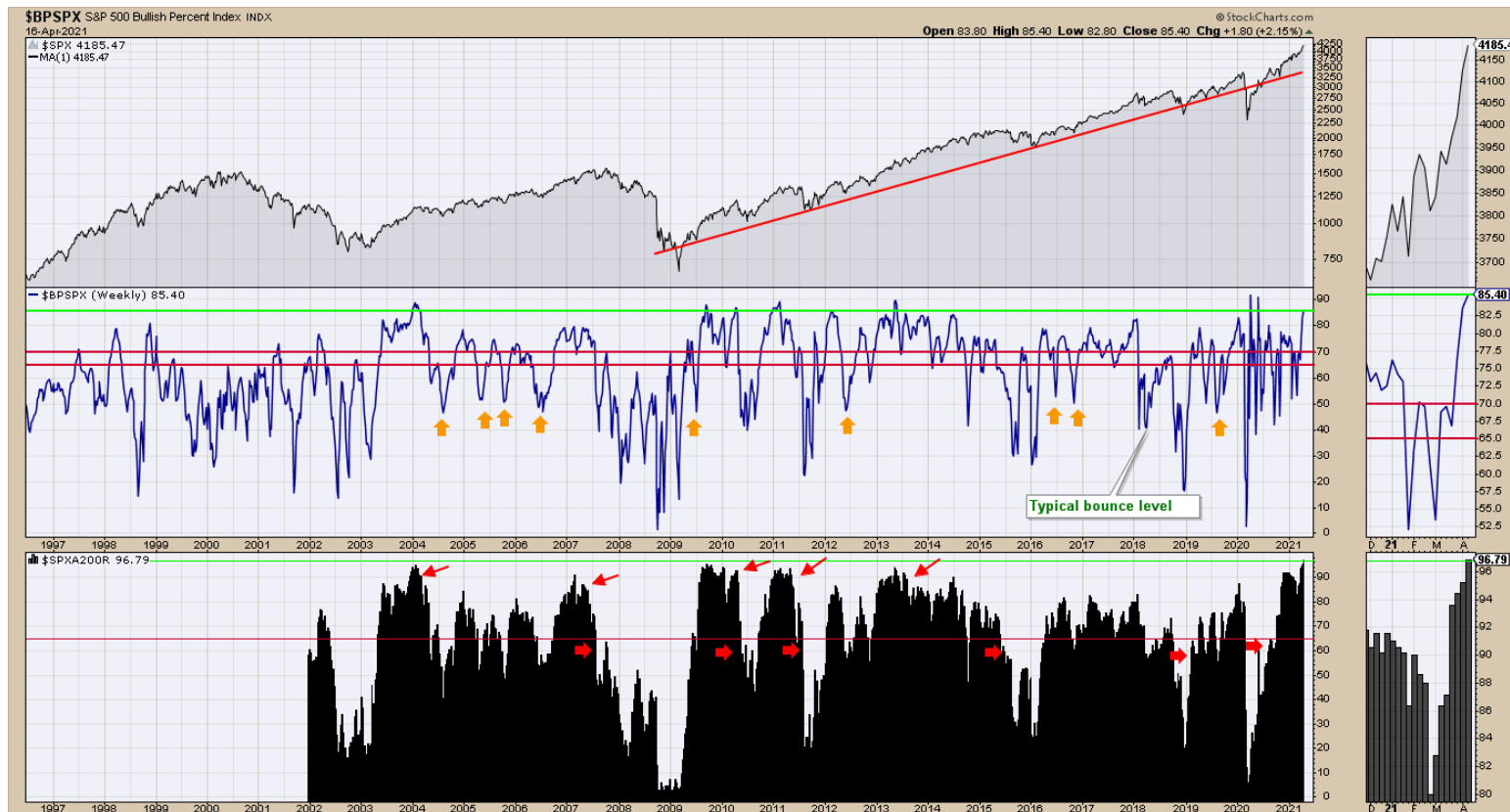
\$NDX - NASDAQ 100 DAILY CHART

The **\$COMPQ** is pushing higher. We are testing prior highs and I'm watching price action, but it all looks bullish. Friday was an options expiration Friday. Sometimes that can mark a trend change. In the big picture, the uptrend broke in February. This is a test of that high. The PPO is getting close to the downtrend line in momentum. Cautionary but still bullish.



PERCENTAGE OF STOCKS ABOVE THE 200 DMA - EXTREMELY HIGH

This is the weekly chart of the \$SPX (top), the Bullish percent index (middle), percentage of stocks above the 200 DMA (lower). [\\$BPSPX](#). The highest reading (96.79%) on the lower panel made me do a deep dive on Saturday. The video covers those historic peaks where the red arrows are. I wanted to know more as this appears to be a secondary surge after being up at a high level for multiple months previously. Usually, the second surge has lower momentum, which is the reason I wanted to review the historical results. The analysis suggests there will be probably not be any advance notice from this indicator before the market breaks. Evaluating the shorter time frames, (50-day, 150-day vs. the 200-day) does show the weakness before the market breaks.





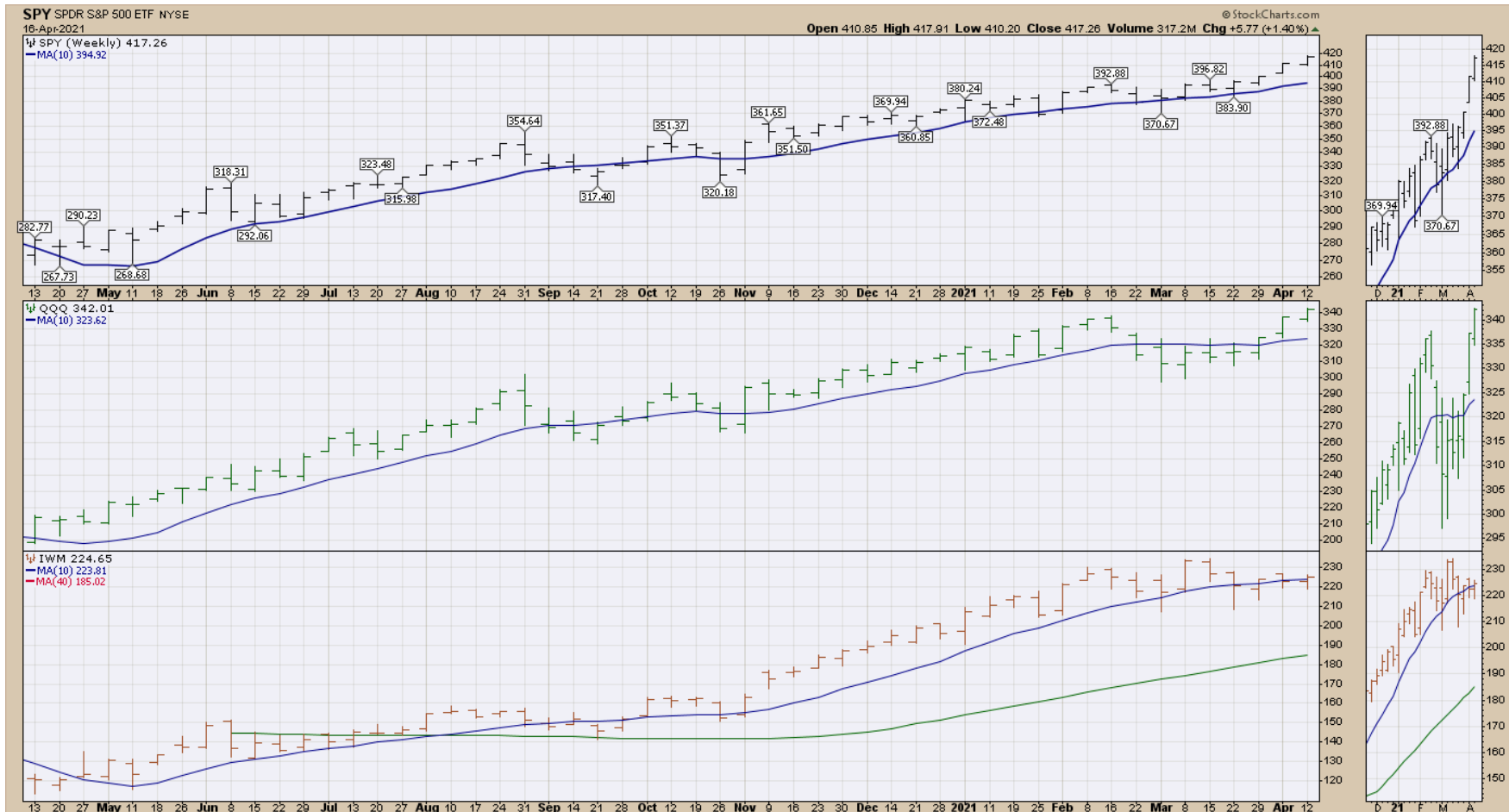
**\$NYA50R - PERCENTAGE OF STOCKS ABOVE THE 50 DAY MOVING AVERAGE ON THE NEW YORK STOCK EXCHANGE.**

To show how the stocks weaken below the shorter time frames first, only 70% of the [NYSE stock exchange stocks](#) are above the 50-day moving average (DMA). The Nasdaq is even lower. On each rally, stocks may still be above the 200-DMA, but they can start falling below the 50-DMA. The bottom line is some breadth models show weakness.



SPY - S&P 500; QQQ - NASDAQ 100 (LARGE CAP TECH); IWM - SMALL CAPS

To explain the charts above a little bit more, we can see on the IWM on the lower panel, the ETF is hovering above and below the 10-week moving average (WMA) which is a similar level to the 50-day MA (DMA). But it is well above the 40 WMA (Similar level to the 200 DMA). After a big uptrend, stocks will start failing below the 10-week MA before they fall below the 40 WMA.



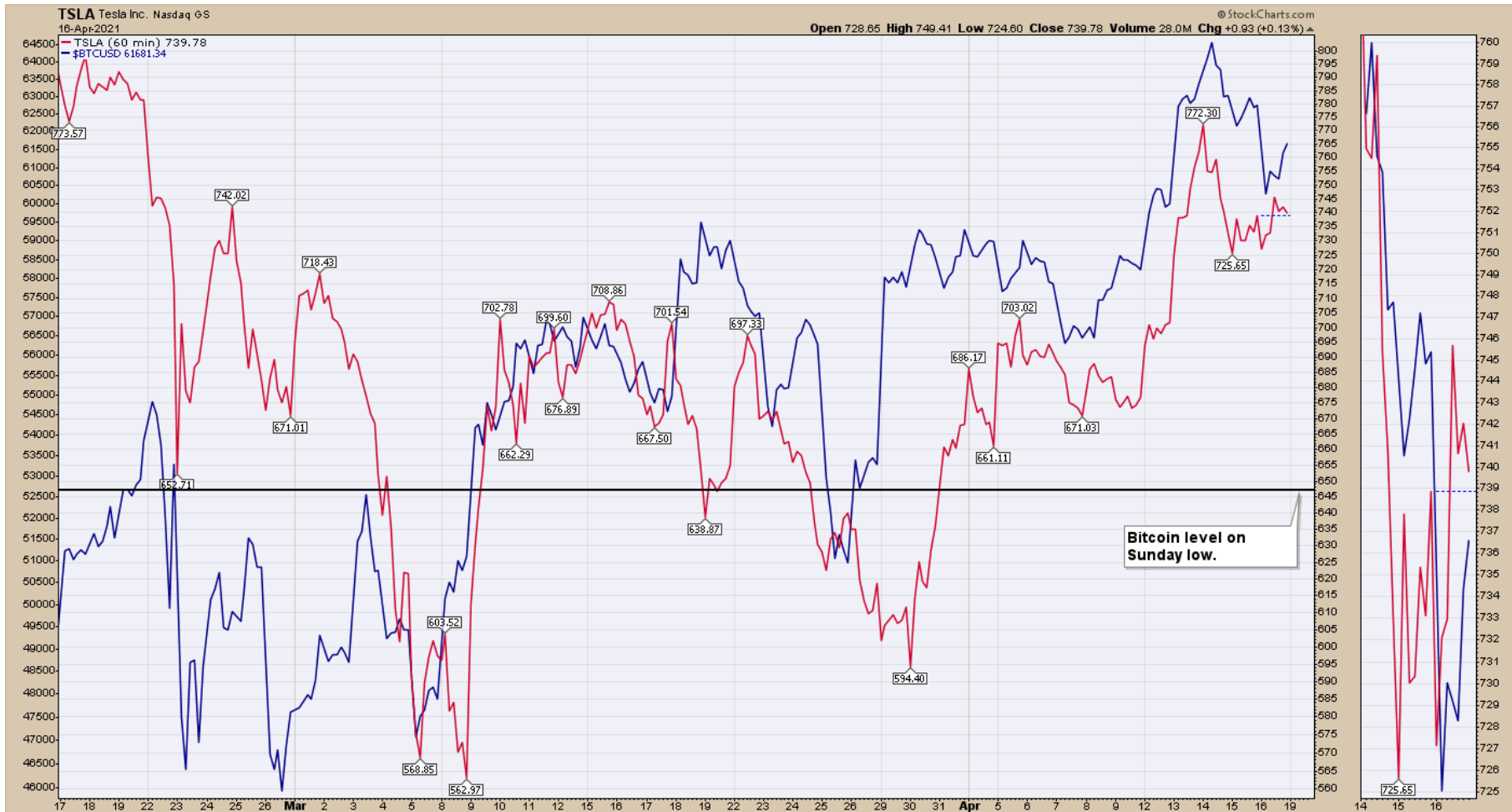
\$BTCUSD - BITCOIN

Bitcoin. Bitcoin snapped the uptrend line during the weekend. It was a 20% swing from the high of the week to the weekend low.



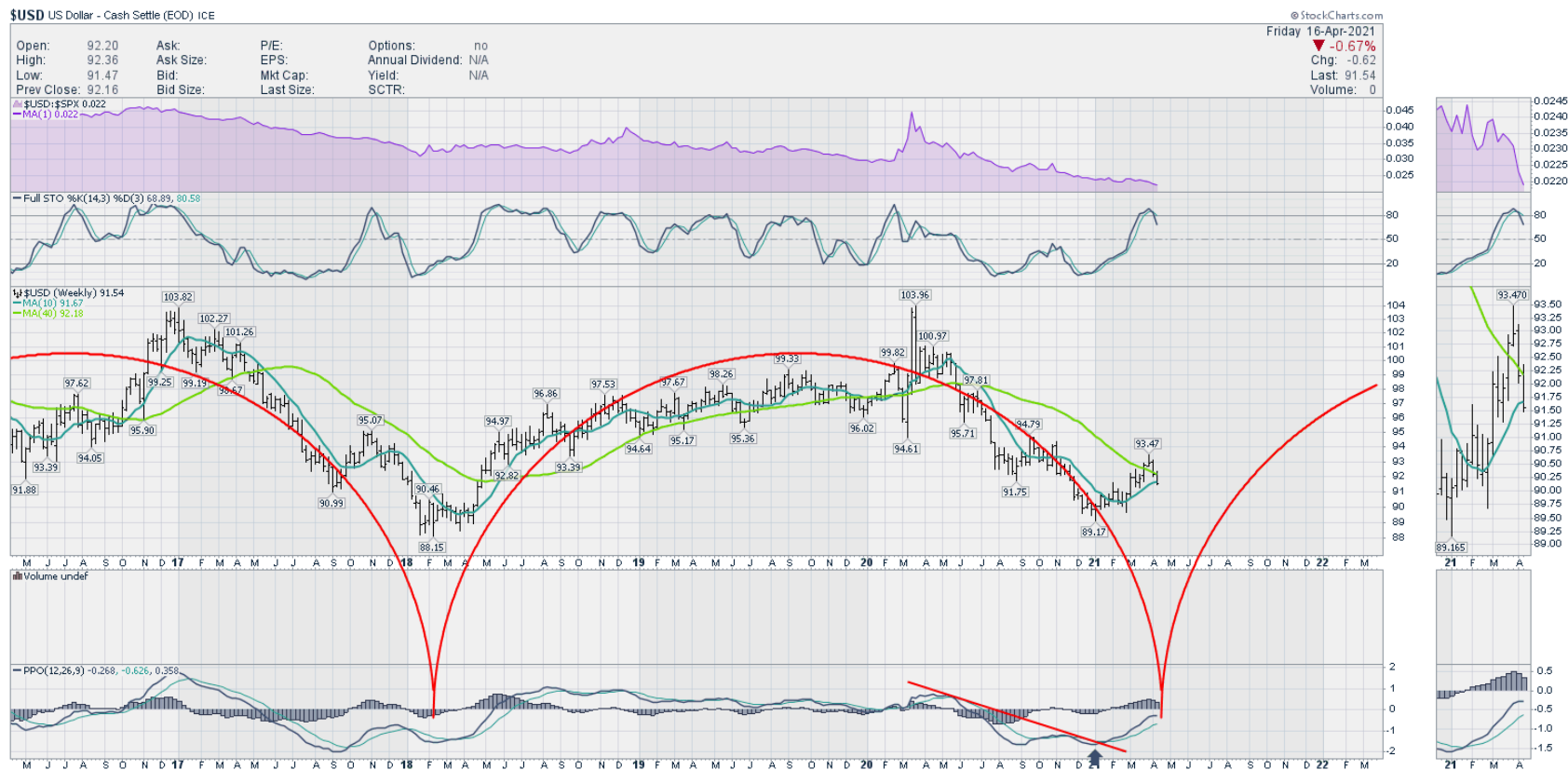
\$BTCUSD AND TESLA CLOSE CORRELATION

This [Tesla](#) chart has been tracking the Bitcoin chart pretty closely. Tesla's push above \$710 (right scale) was bullish. We'll see how the market responds on Monday. Is that enough to start moving Tesla and the Nasdaq 100 down? Bitcoin scale on left.



\$USD - WEEKLY CONTRAST TO THE DAILY.

**US Dollar.** The US dollar continued its drop this week. After trending higher since the beginning of the year, the last two weeks, the dollar made lower lows each week. It stalled at the 40-week MA in green and fell back below the 10-week MA looking more bearish. Oil and other commodities rallied, but the oil stocks did not, which makes me wonder if the pullback in the dollar is not trusted. Gold, copper and bond prices rallied. Gold miners and copper miners rallied. It's a conundrum as to what comes next, but I am leaning towards the metals like copper and gold moving up more.



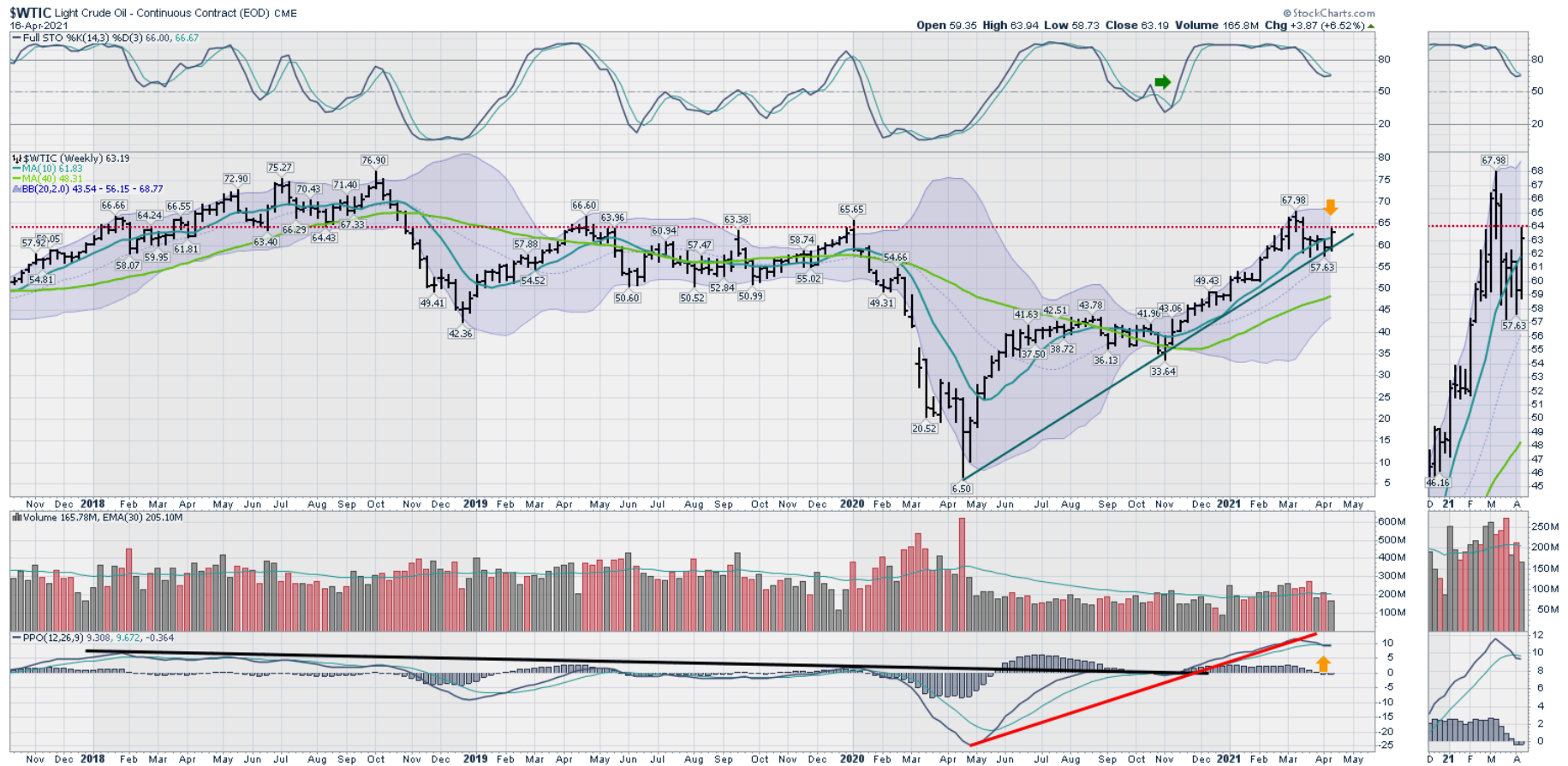
\$USD DAILY

The \$USD daily chart is really making me wonder what comes next. The price is sitting just above the 65-day moving average, and that line tends to be pretty good support/resistance for currencies. 65 trading days is roughly ¼ of a year. A bounce here with the PPO just coming down to the zero level would catch a lot of traders off guard. Be very focused on protecting gains in the commodities if this chooses to bounce and shoot higher. Notice the RSI has switched to a bullish pattern of bouncing at 40.



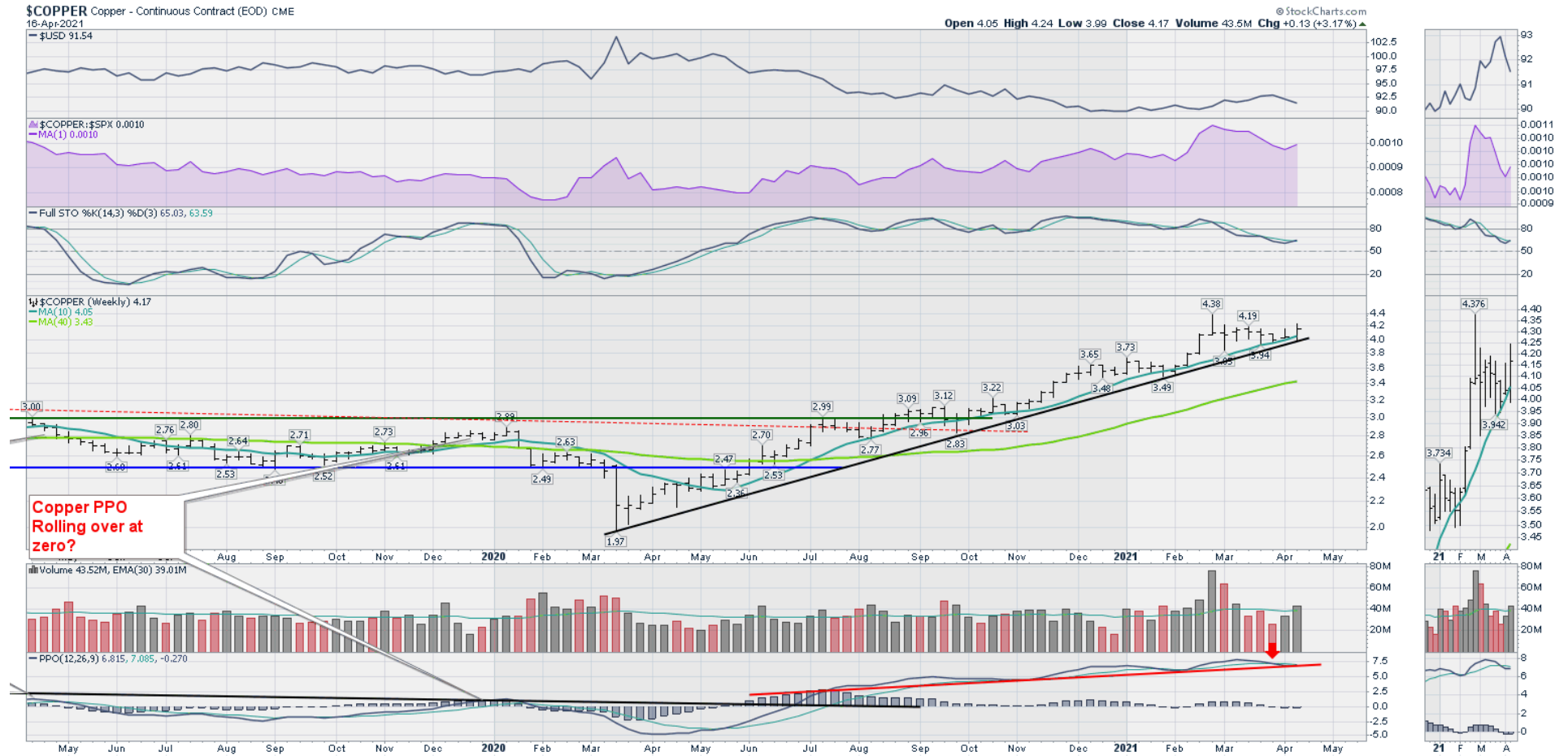
\$WTIC - CRUDE OIL

Crude oil continues to hover around \$60 and moved up to 4-week highs, but the crude oil related stocks are breaking down below the trend line if you look at the XOP ETF or the XEG.TO ETF in Canada. The PPO is giving a sell signal this week on the crude oil chart and yet the price action this week moved above the 10-week MA. I still think it is better to be cautious in the energy space until charts start to improve with the OIH or XOP ETF trying to move back above the 20 DMA.



\$COPPER - HIGHER CLOSING HIGH

Copper looks like it wants to make another run towards the all-time highs at \$4.58. \$4.17 was the highest closing week level. The US dollar chart is probably one to watch in concert with this chart.





APRIL MONTHLY CONFERENCE CALL VIDEO REPLAY LINK

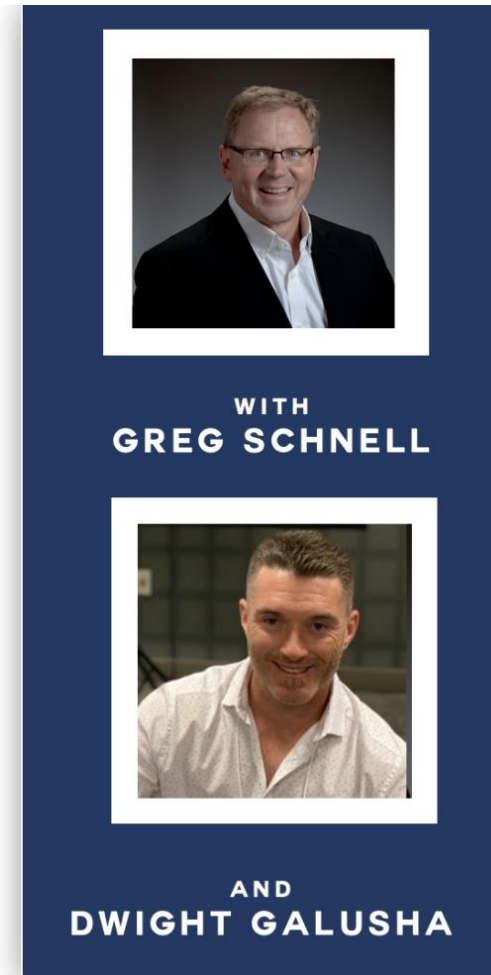
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## Defensives Are Trying To Lead

April Monthly Conference Call  
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## MARKET SUMMARY

Oddly, Semiconductors continue to be weaker than healthcare and utilities. That is one of the biggest reasons for my suspicions here. The XOP was very weak, considering oil was so strong. Defensive sectors are dominating the top ½ of the list. On the Canadian side, the \$TSX was up on the week, but considerably less than the \$SPX and the \$NDX again. Gold and industrial metal miners were some of the top performers. Marijuana - (healthcare) was hard hit.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-	SYMBOL	NAME	CLOSE	% CHG	+/-
XLU	Utilities	36.7	67.21	3.69		\$SPTGD	Gold Miners	312.70	3.59	
XLB	Materials	79.0	82.66	3.26		\$SPTMT	Materials	329.56	3.36	
XLV	Healthcare	42.4	121.48	2.99		\$SPTCD	Discretionary	275.01	2.25	
IYR	Real Estate	53.2	96.32	2.51		\$SPTEN	Energy	118.08	1.32	
XLY	Discretionary	56.8	179.87	2.21		\$SPTTS	Telecom	184.06	1.30	
XLP	Staples	31.4	69.81	1.29		\$SPTRE	Real Estate	338.66	0.81	
XLK	Technology	63.5	143.30	1.08		\$TSX	\$TSX	19351.32	0.64	
XLF	Financials	91.9	35.40	0.71		\$SPTFS	Financials	351.77	0.56	
XLI	Industrials	73.6	101.14	0.63		\$SPTCS	Staples	668.84	-0.05	
XRT	Retail	99.4	92.74	0.57		\$RTCM	Income Trusts	237.79	-0.10	
XLE	Energy	94.6	48.40	0.44		\$SPTUT	Utilities	332.99	-0.19	
XLC	Communications	68.6	76.84	-0.10		\$SPTTK	Technology	195.93	-0.28	
XOP	E & P	97.2	77.51	-1.25		\$SPTIN	Industrials	355.29	-0.39	
SMH	Semiconductors	87.4	252.41	-1.43		\$SPTHC	HealthCare	73.23	-5.98	

## GLOBAL VIEW

The globe rallied, with continued slight weakness in China. Europe and the USA were broadly positive and moved up similarly. Commodities are on the right. Liquid energy soared, but the oil and gas names didn't which is the difficult space to analyze this week. Copper got a big surge and the copper miners did too. Gold was one of the big leaders in the commodity space and has been a good trade we have been on for a while. Lumber had a wild start to the week below last weeks' low but rallied to new highs.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$RTSI	Russia	1497.05	5.59	
\$BVSP	Brazil	121113.93	2.93	
\$MXX	Mexico	48726.98	2.31	
\$KOSPI	South Korea	3198.62	2.13	
\$CAC	France	6287.07	1.91	
\$DAX	Germany	15459.75	1.48	
\$NDX	Nasdaq 100 ----	14041.91	1.42	
\$SPX	S&P 500 ----	4185.47	1.37	
\$GBDOW	London	315.09	1.33	
\$AORD	Australia	7325.80	1.01	
\$HSI	Hong Kong	28969.71	0.94	
\$TSX	Canada	19351.32	0.64	
\$IBEX	Spain	8613.50	0.56	
\$IDDOW	Indonesia	1265.85	0.03	
\$INDU	Dow ----	1.00	0.00	
\$NIKK	Japan	29683.37	-0.28	
\$SSEC	Shanghai	3426.62	-0.70	
\$BSE	India	48832.03	-1.53	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SUGAR	Sugar	0.17	8.15	
\$WTIC	WTI Crude	63.19	6.52	
\$NATGAS	Natural Gas	2.68	6.10	
\$BRENT	Brent Crude	66.77	6.07	
\$HOIL	Heating Oil	1.90	4.97	
\$GASO	Gasoline	2.04	4.10	
SLX	Steel	58.01	4.00	
\$LUMBER	Lumber	1167.90	3.77	
GDX	Gold Miners	36.03	3.74	
\$COPPER	Copper	4.17	3.17	
\$SILVER	Silver	26.11	3.08	
LIT	Lithium	60.73	2.98	
SIL	Silver Miners	44.00	2.54	
\$COCOA	Cocoa	2408.00	2.29	
\$GOLD	Gold	1780.20	2.03	
REMX	Rare Earth Metals	78.58	1.49	
\$SOYB	Soybean	1422.50	1.39	
HMMJ.TO	Marijuana Stocks	10.77	-7.71	

## VIDEO OF THE WEEK

The April monthly conference call link. The [April Monthly Conference call](#) was held on Monday April 5 at 5 PM EDT.

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

Here is a link to this week's video. [Weekly Video](#)

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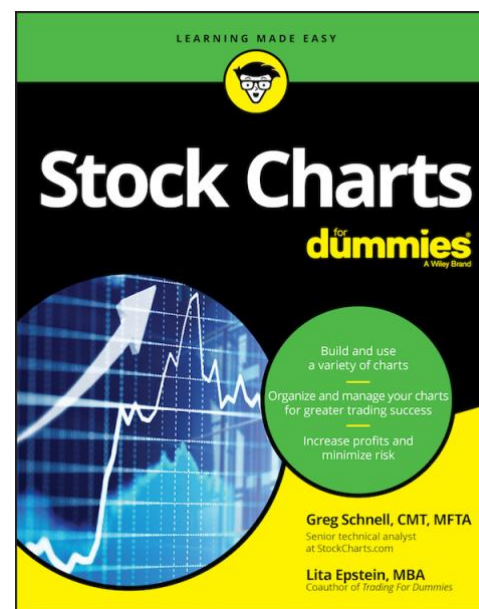
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Good trading,  
Greg Schnell, CMT, MFTA.

## 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.