

THE CANADIAN TECHNICIAN



U.S. Edition

Chopped Summer Salad

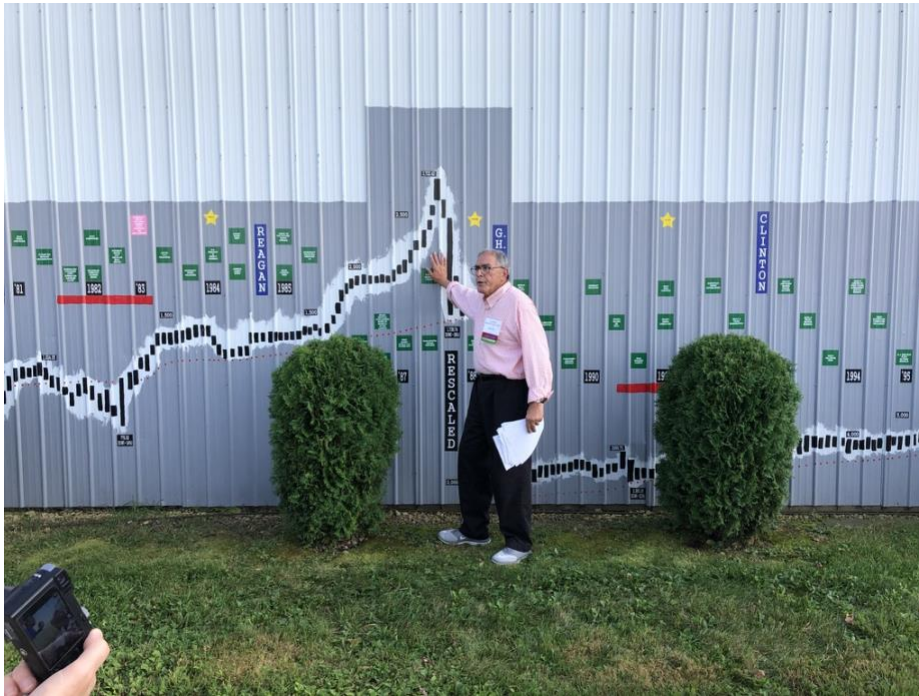
Weekly Market Review
July 10, 2021



WITH
GREG SCHNELL

MARKET COMMENTARY

The indexes bounced up and down this week alternating days. Ultimately, we finished on the highs. In the breadth work on the video, I mentioned there was an initiation thrust suggesting renewed enthusiasm on Friday.



The dollar is at a key inflection point. It would appear to me to be trying to roll over lower. That would be my bias, but it has not broken down yet. It is trying to break trend line resistance to the upside. If that stalls and reverses lower, I expect a big resurgence into the commodity related trades. Stay tuned on oil, industrial metals, gold, silver, rare earths, and lithium as examples.

The dollar seems to be a light switch here, with lots of trades pivoting around it currently. It traded in the same range as last week for the most part. A declining dollar seems to help the \$SPX stock market rally easily, whereas a rising dollar gives us a slower, more laboring rise.

The big banks start the heavy reporting season this week. The financial charts look ready to turn back higher, so that could be the interesting sector for the week.

Summary: The indexes are continuing to hit new highs. The wobble this week was a small problem, but we bounced back down on the Put/Call ratio as it was hitting a level where most market turns higher start from. Interestingly, we hit the put/call ratio very close to new highs.

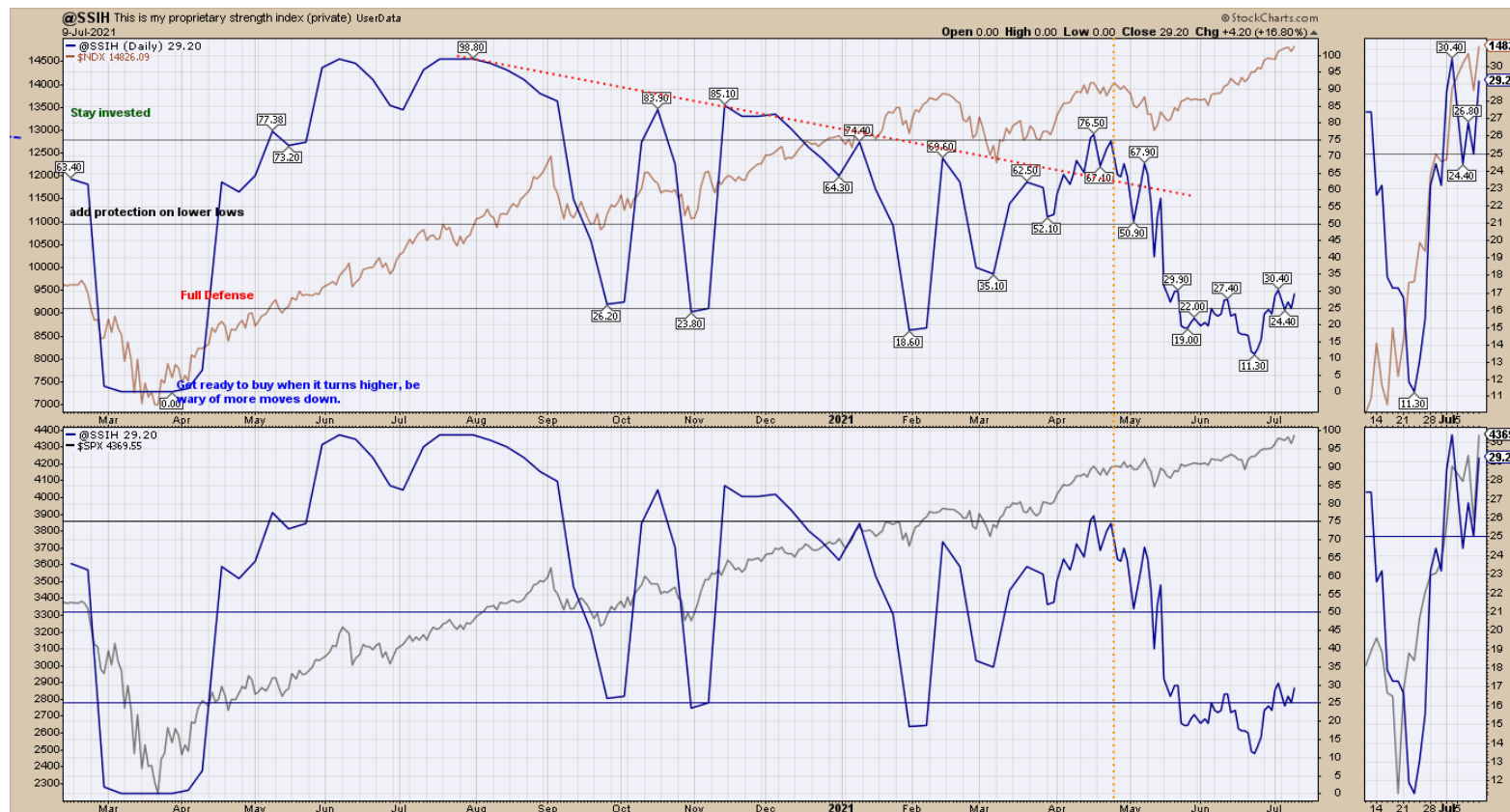
In the picture is Ralph Acampora, at his personal Dow museum, where he has posted the stock market history on his barn in the country. It also goes to show the market can continue to rally and rally and rally.

Let's hit the charts.

SSIH 29%

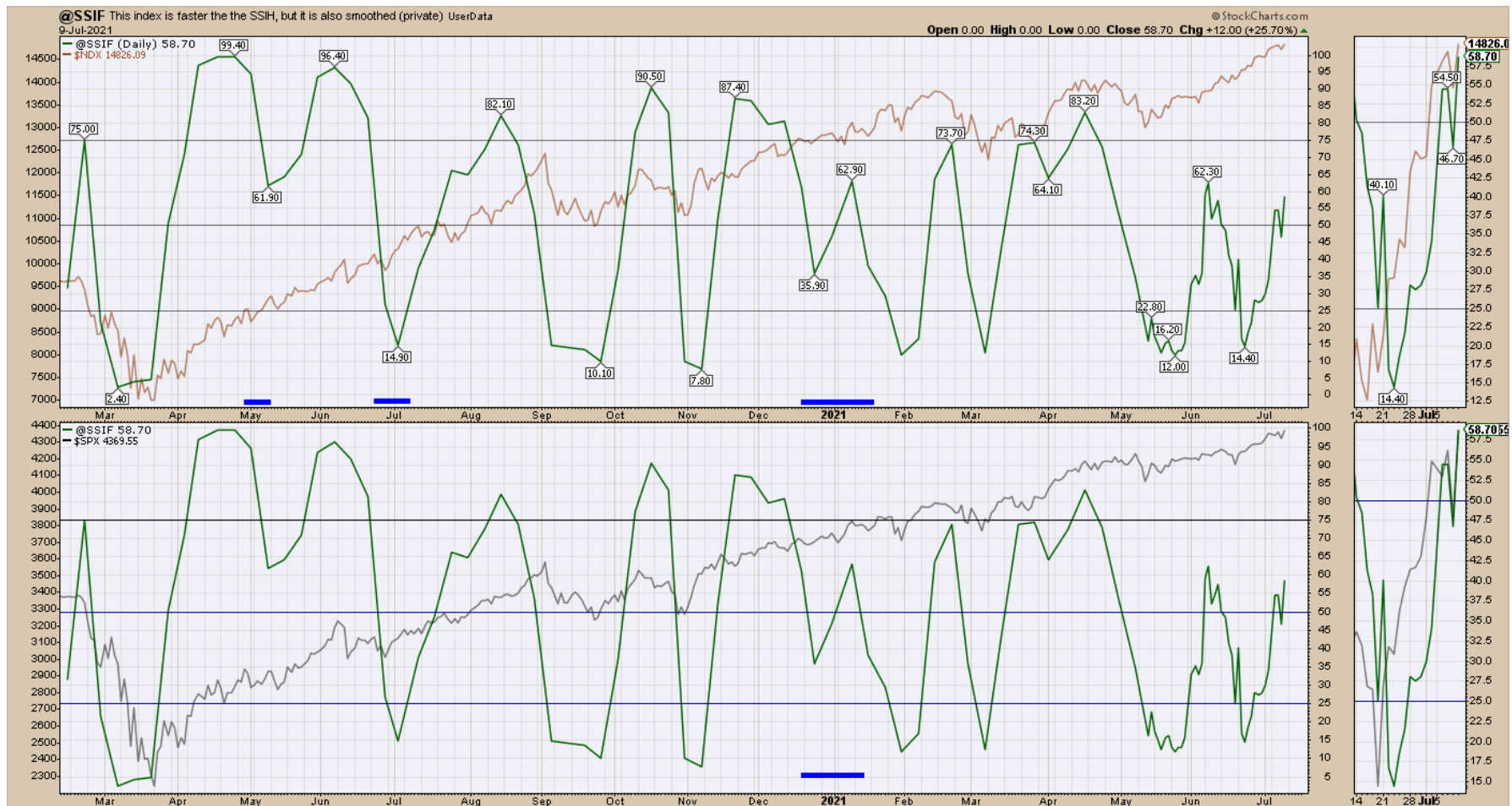
The Schnell Strength Index closed flat compared to last Friday (Down 1%). Both panels have the same SSI indicator with different stock indexes in the background. We are breaking above the buy the dip zone as the market tries to get momentum to really climb. The large cap tech names are pushing higher, lifting the indexes. We need wider participation from small and mid-cap.

I posted SSI readings in the daily setup articles by Dwight every day. The idea of posting the SSI every day is to allow you to follow the change in trend. SSI Indicators are based on weekly data so be careful about interpreting one strong or weak day.



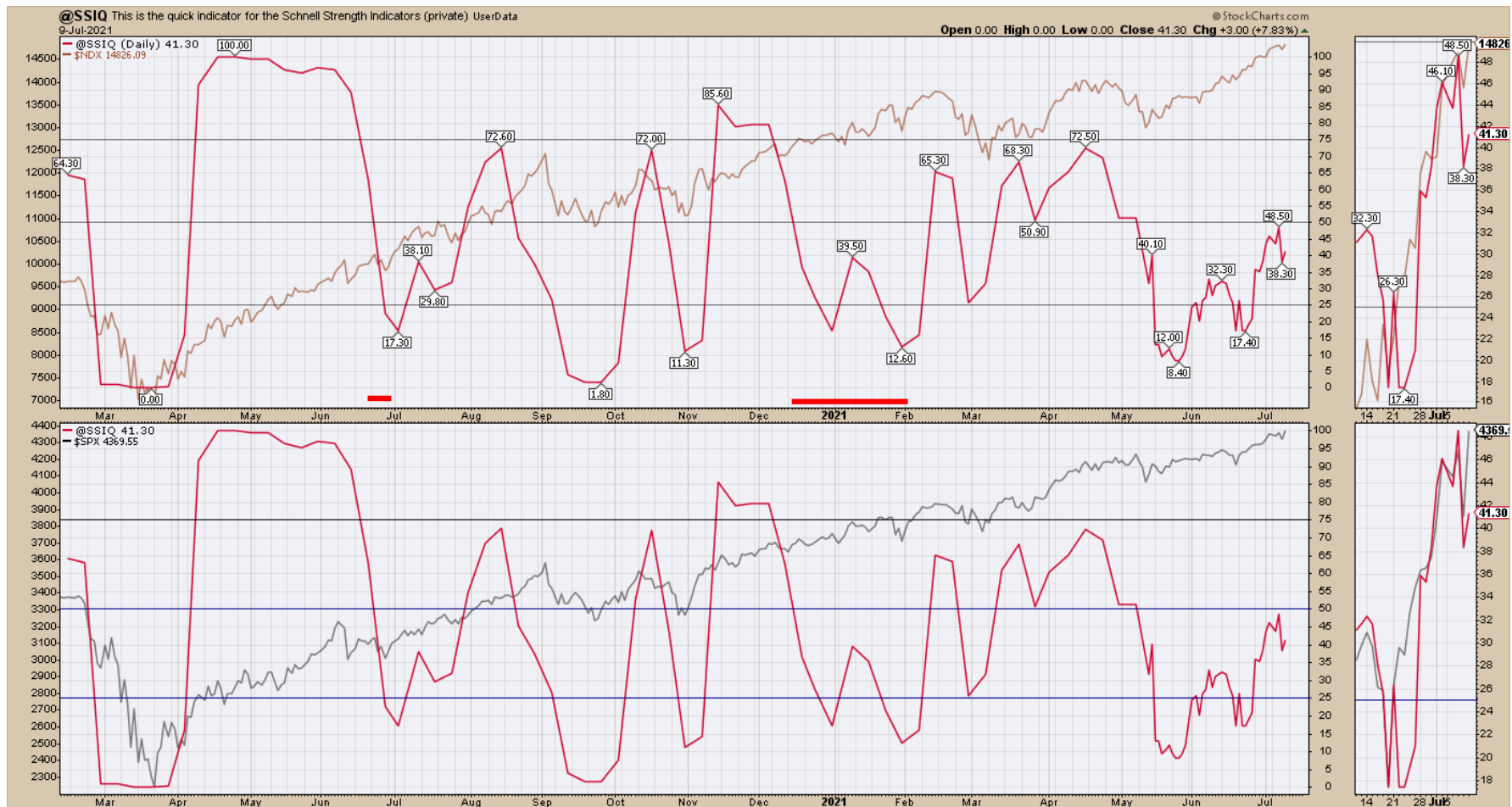
SSIF 58%

The Schnell Strength Index - Fast version - continues to lead us out of the hole. Blue markers are where the signal suggested the market was weak, but the market just kept climbing. NDX in the background on the top, SPX in the bottom. This is making a higher low compared to May as the indexes break out to new highs.



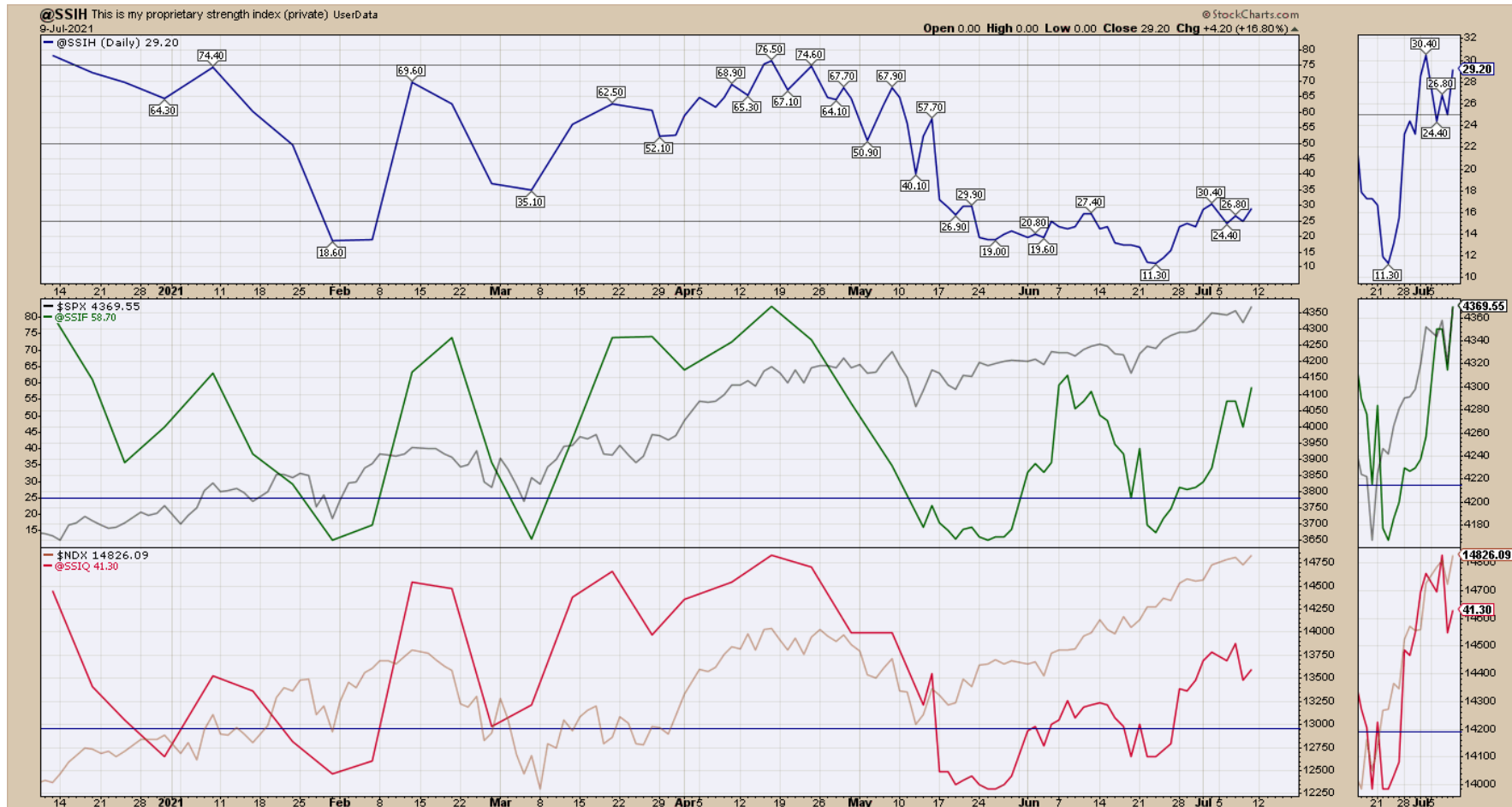
SSIQ 41%

The Schnell Strength Index - quick version - is making a series of higher highs and higher lows. The two flat red lines on the top panel are where the backdrop was weak (falling SSIQ), but the market kept rallying - marking not profitable signals -. With two of the four trading days down this week, this quick index wobbled hard. Watch closely for how earnings are handled by the market.



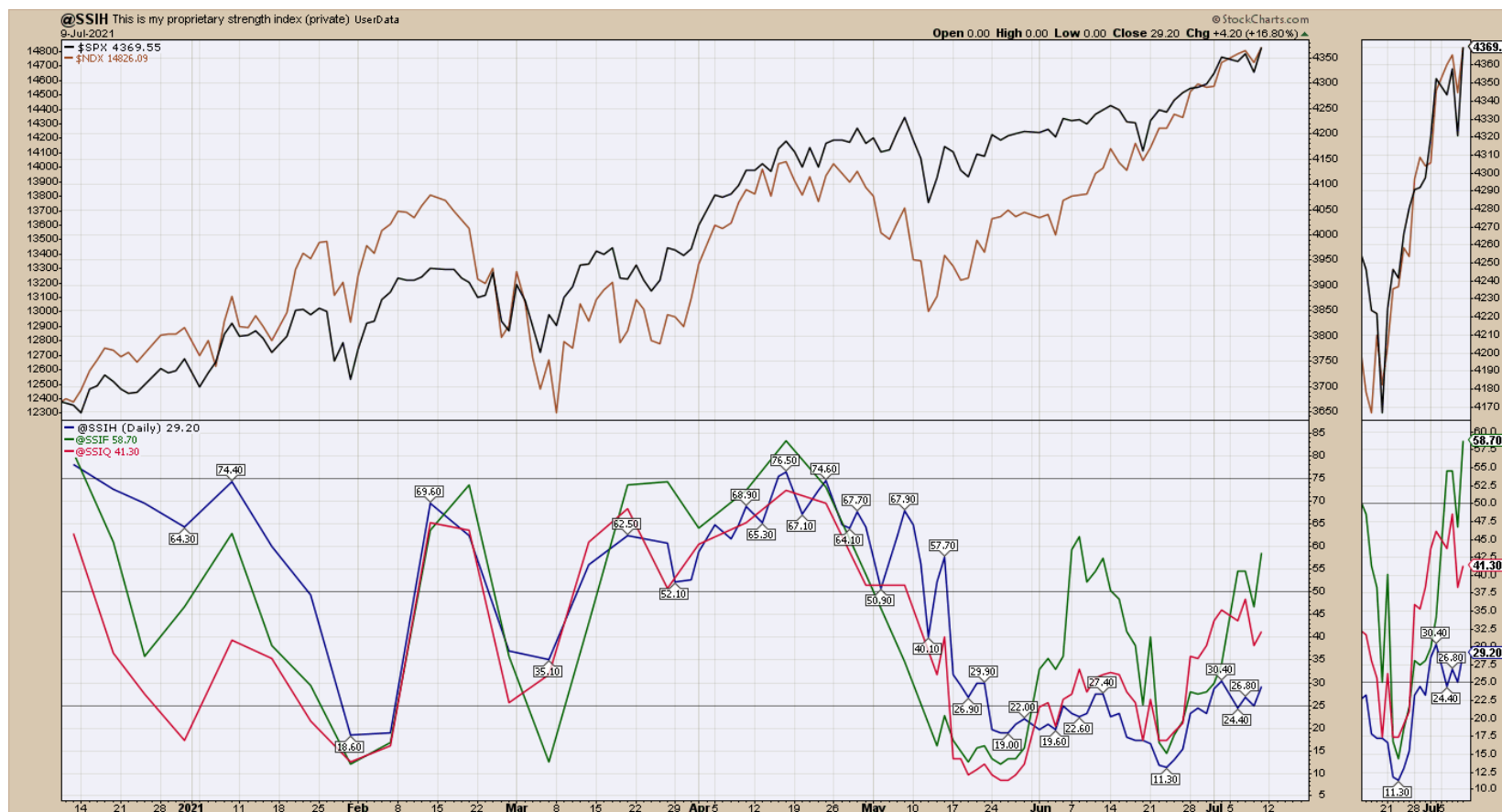
SSIH SSIF SSIQ STACK

The Schnell Strength Indexes are moving out of the buy zone and the indexes are making higher highs. I am much happier that the indexes made higher highs and are trying to improve the momentum in the markets. The fast and quick indicators look better than the slower and smoother, SSIH. They were a mixed bag this week, with one up, one flat, one lower.



SSIH, SSIF, SSIQ OVERLAY

The chart shows the stock indexes in the top panel. With all three SSI's having different moves this week, it was a chopped salad for direction. The indexes closed with higher highs continuing to show a bullish posture in my opinion. I'm watching to see if the wobbles increase through the earnings announcements. This is the easiest comps quarter of the year so it should be very good. The trouble is the market likes to look forward, and they can start to sell here if the best year on year growth is behind us.



JULY MONTHLY CONFERENCE CALL

Dwight and I hosted the [July Monthly Conference Call](#) on July 6. Click on the link to view.

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**U.S.
Edition**

Third Quarter Kickoff

July Monthly Conference Call
July 6, 2021 at 5 PM EDT



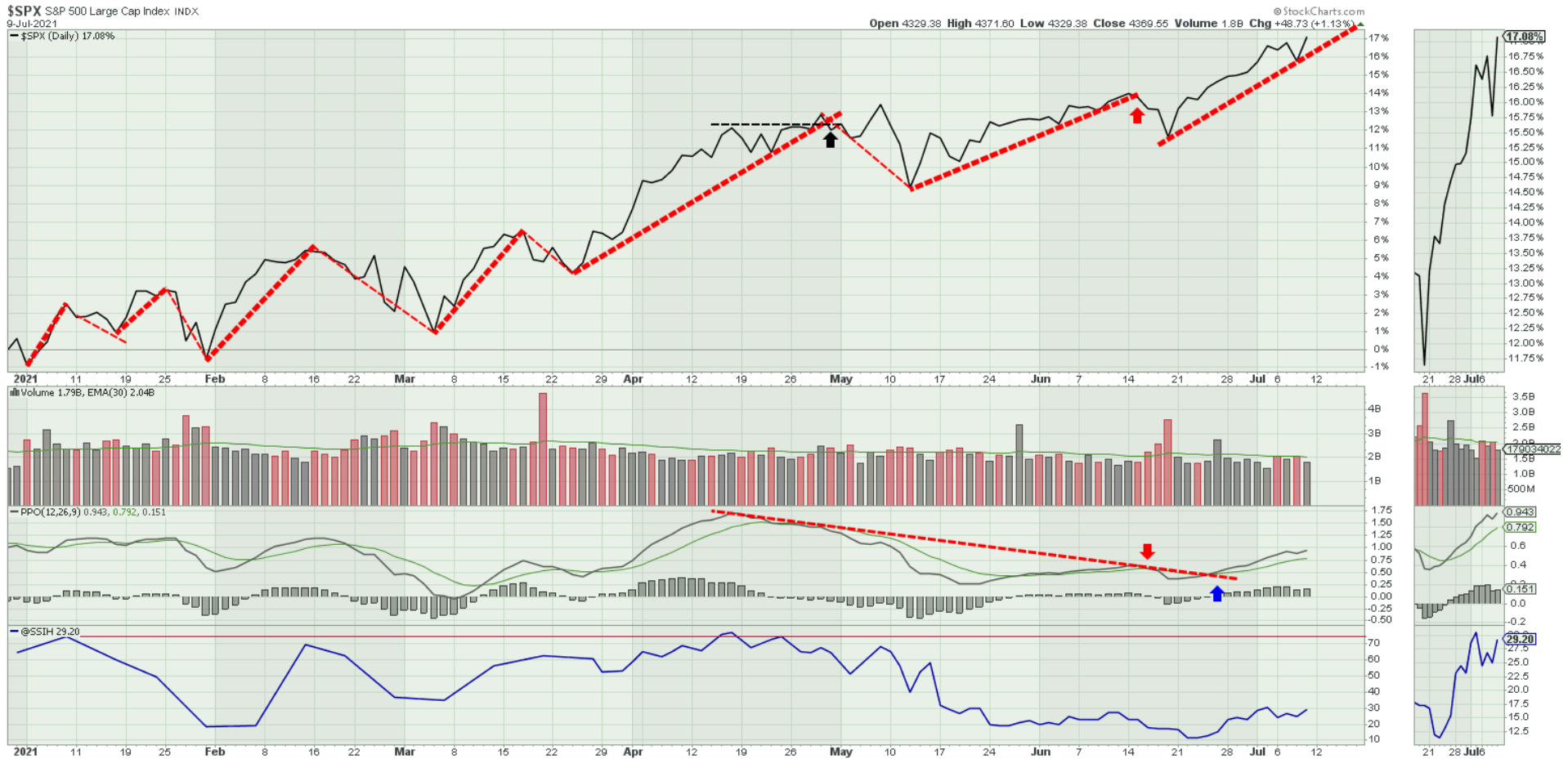
WITH
GREG SCHNELL



AND
DWIGHT GALUSHA

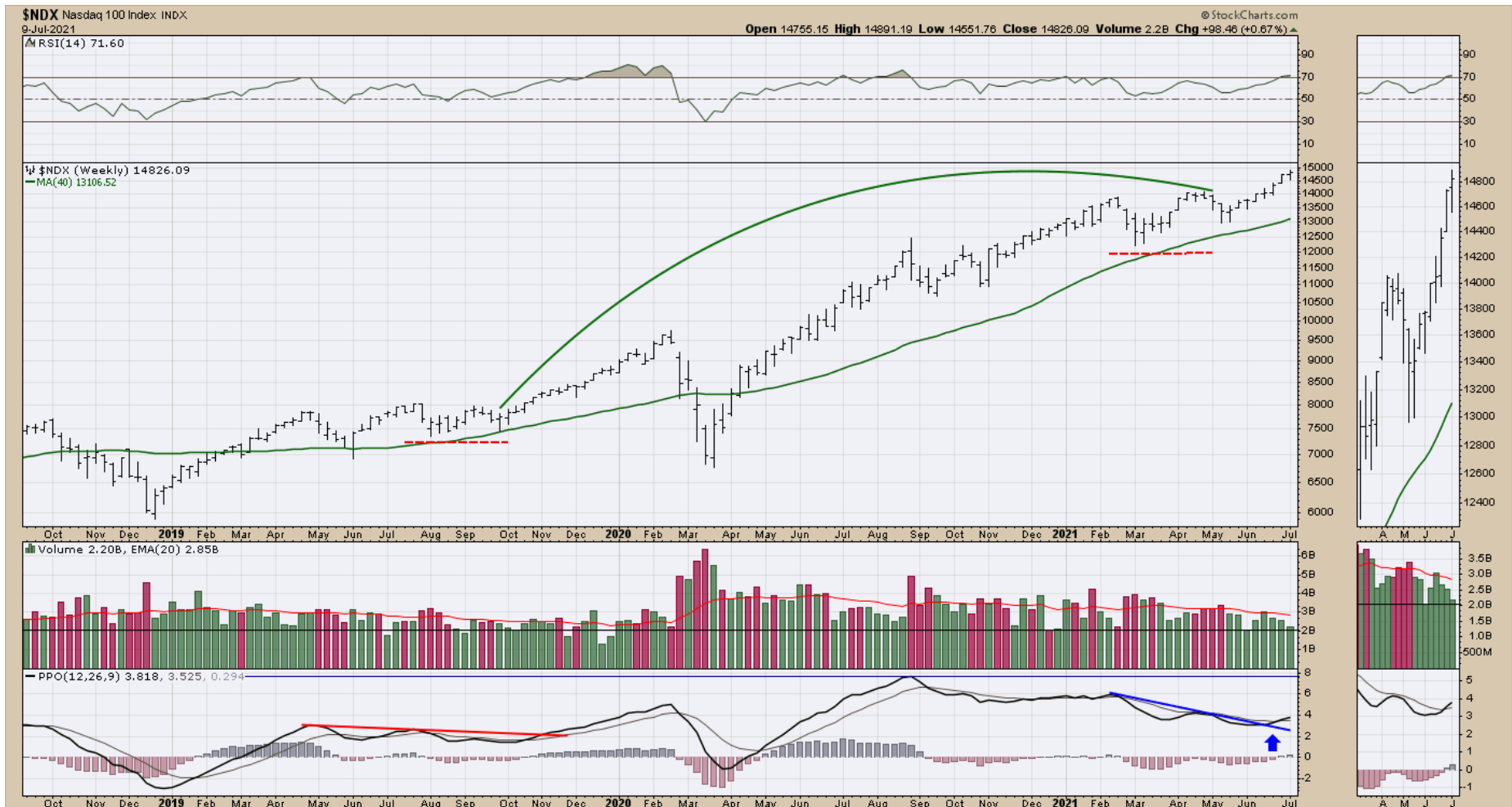
\$SPX - A HIGHER CLOSE

The year-to-date line chart of the S&P 500 shows the index pushing to a new high to close out the short week. The PPO is making a higher high. Volume is typically muted during the summer months. [\\$SPX](#).



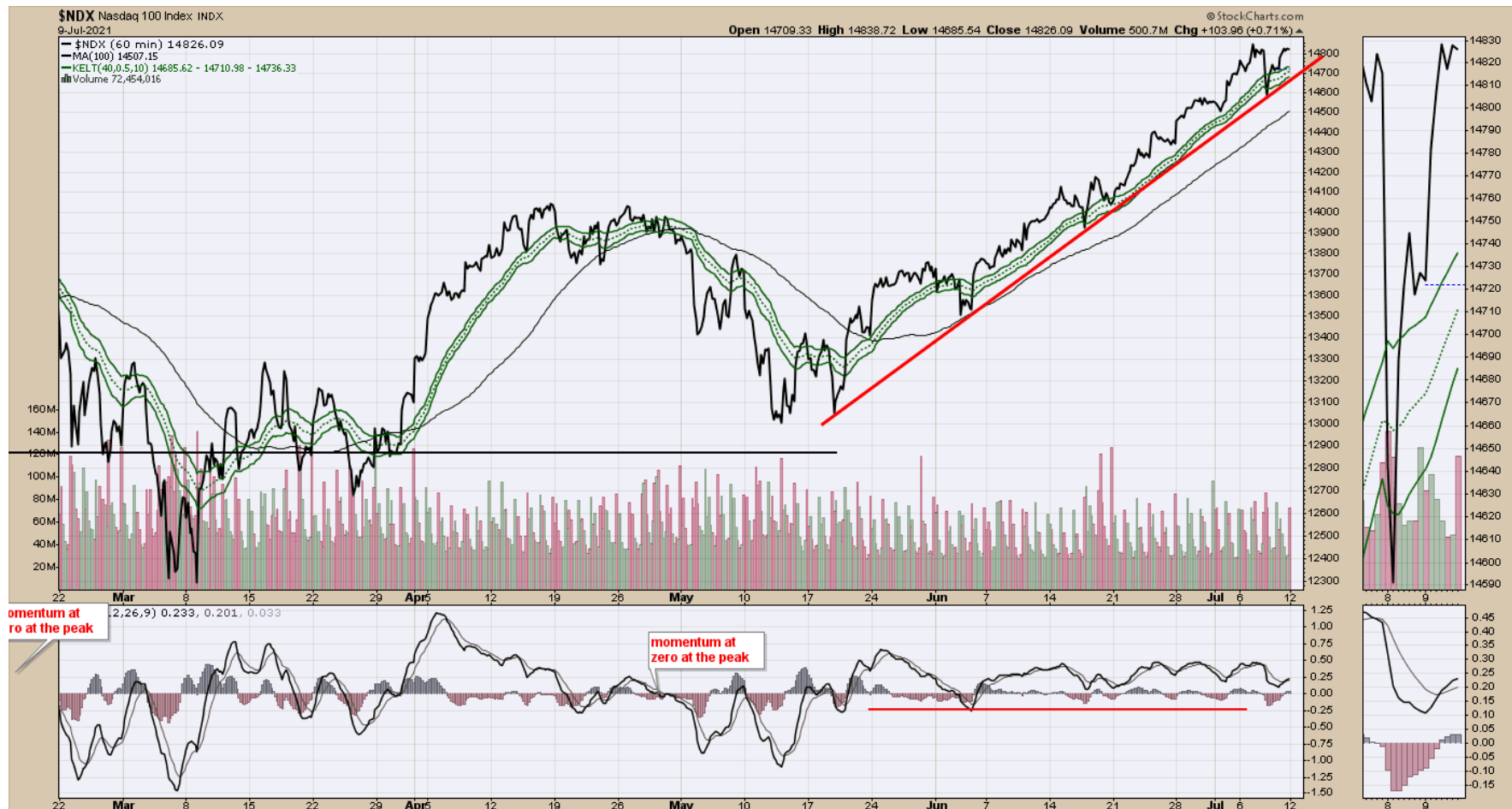
\$NDX WEEKLY CHART

The **\$NDX** was up 0.67% this week. With the push to higher highs, continue to enjoy the strength. The FANGMAT names have been leadership since the May lows.



\$NDX - NASDAQ 100 DAILY CHART

The **\$NDX** on the 60-minute chart is pushing higher. I continue to see the PPO (momentum) staying above zero as we rally. The uptrend continues into earnings. OE is July 16th. The banks start the thick part of earnings season with JPM and others on July 12. Bullish article from the Nasdaq on Earnings season can be found here for those not trusting the charts! [Earnings](#).



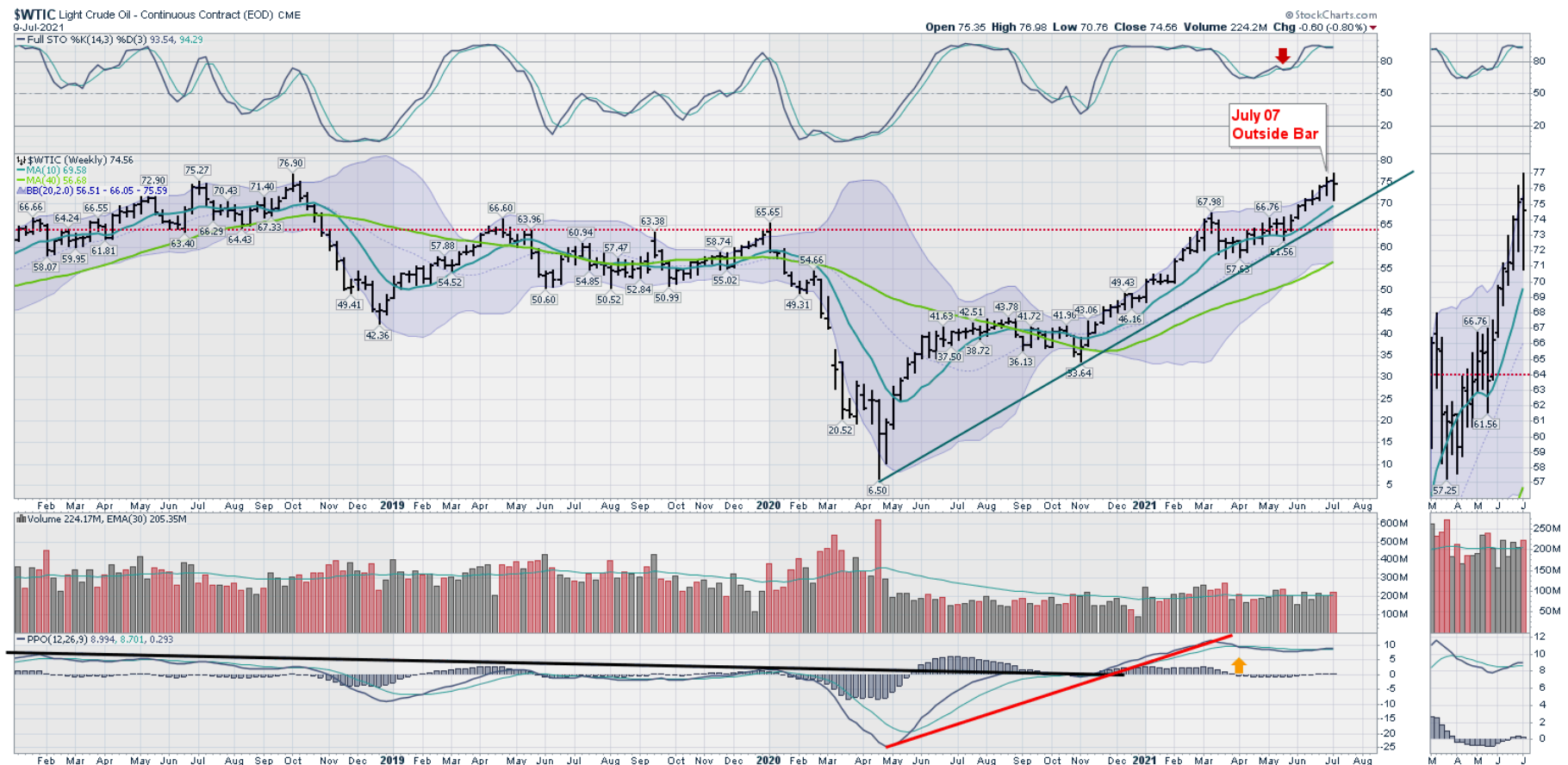
\$SPXUDP - BULLISH INITIATION THRUST

The up/down percentage indicator keeps track of how many stocks are moving up compared to down. Small (SML), mid cap and large cap were moving higher in droves on Friday, looking like a new initiation thrust.



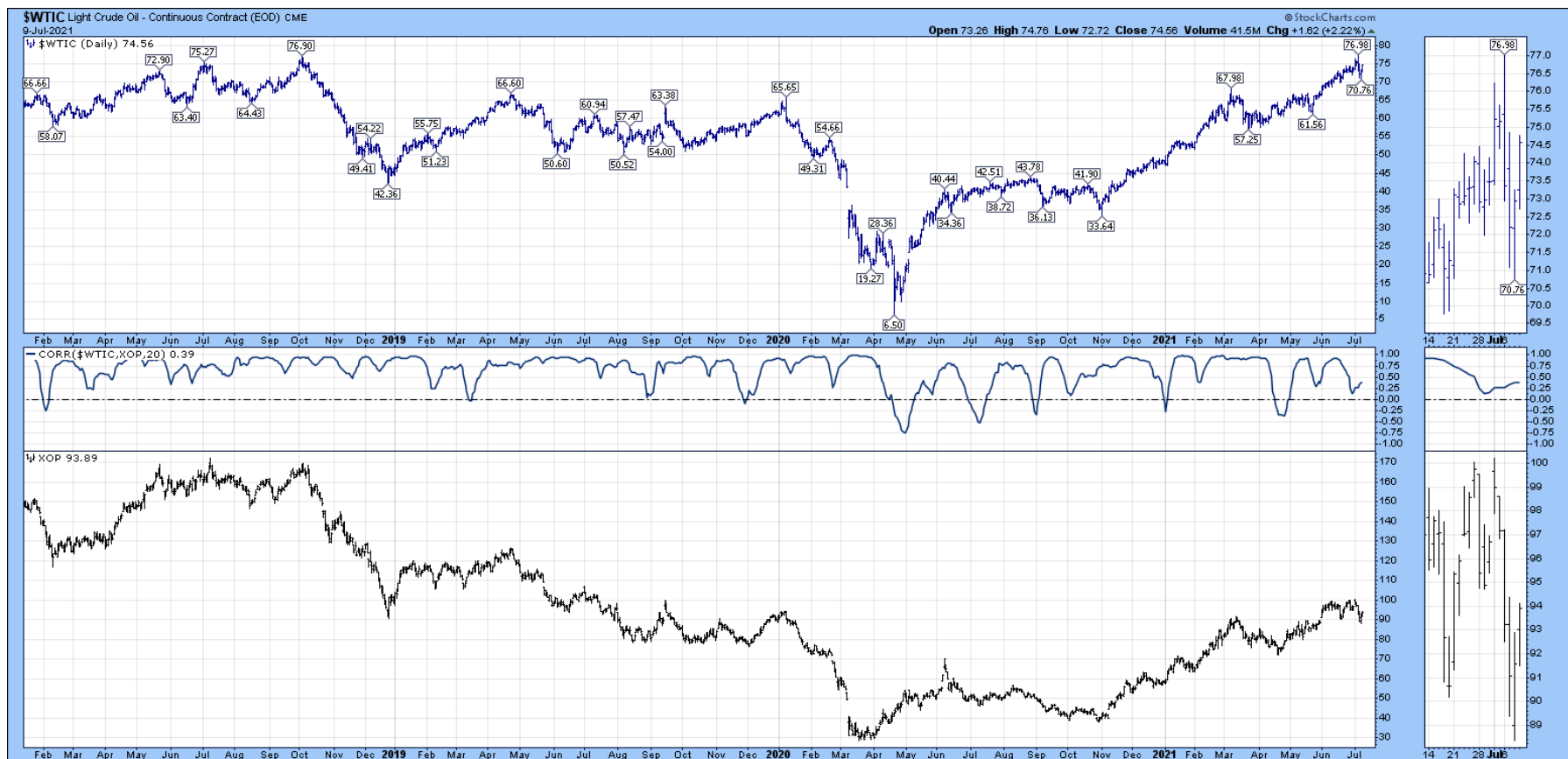
\$WTIC - CRUDE OIL

The price of crude oil briefly made a higher high than 2018 intraday, then dropped \$6. This week is an outside bar which can be a reversal bar, signaling a short-term top. The PPO is still lower than on the prior high, so we have negative divergence as a potential setup for a downside move. We are also fighting a US dollar uptrend - chart below - but that chart is struggling to break out higher so far. Oil still closed in the top half of the price bar which is pretty bullish after taking out last weeks' low.



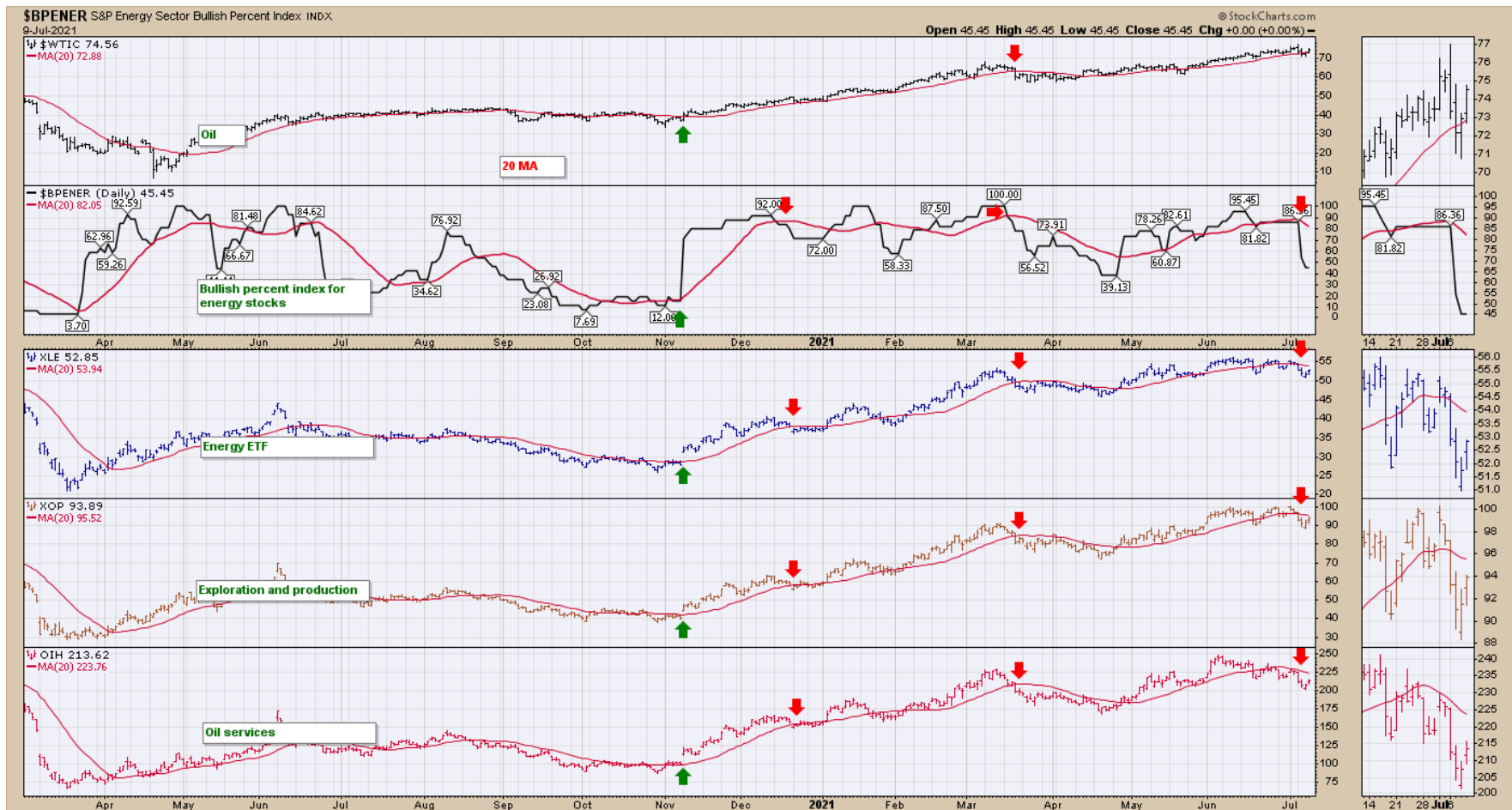
\$WTIC - CRUDE OIL

The price of crude oil continued higher reaching \$76 and almost \$77. As I mentioned last week, the XOP in the lower panel has gone sideways while oil climbed \$9! I put up a correlation indicator that shows the correlation of XOP and crude in the middle panel. It gets this far out of symmetry often, it would appear. With the OPEC plan to slowly increase output, I can see this catching up in correlation from this short dip. Notice the failed correlation doesn't last long as each dip is quite narrow. It can be uncorrelated both ways. As crude falls, the oil companies may hold up eg. the higher low in April 2020. [\\$WTIC](#)



\$BPENER - BULLISH PERCENT FOR ENERGY FALLS BELOW 50%

I mentioned on the video that we need to be vigilant if oil is going to start breaking down. This chart is putting out a clear sell signal for energy with 4 of the 5 panels below the 20 DMA. Depending on your time horizon, this is a sell for short term trading and a caution for longer term traders with the bullish percent index below 50%. [\\$BPENER](#)



\$CDW - CANADIAN DOLLAR

The Canadian dollar and the CEW (emerging markets currency ETF) are giving off different signals here. The Canadian dollar is breaking the 15-month uptrend and the CEW is just holding on to a similar trend line. Caution for commodities is what this implies. However, as you'll see in the materials charts later on, they are close to inflecting back higher. [\\$CDW](#) and [CEW](#).



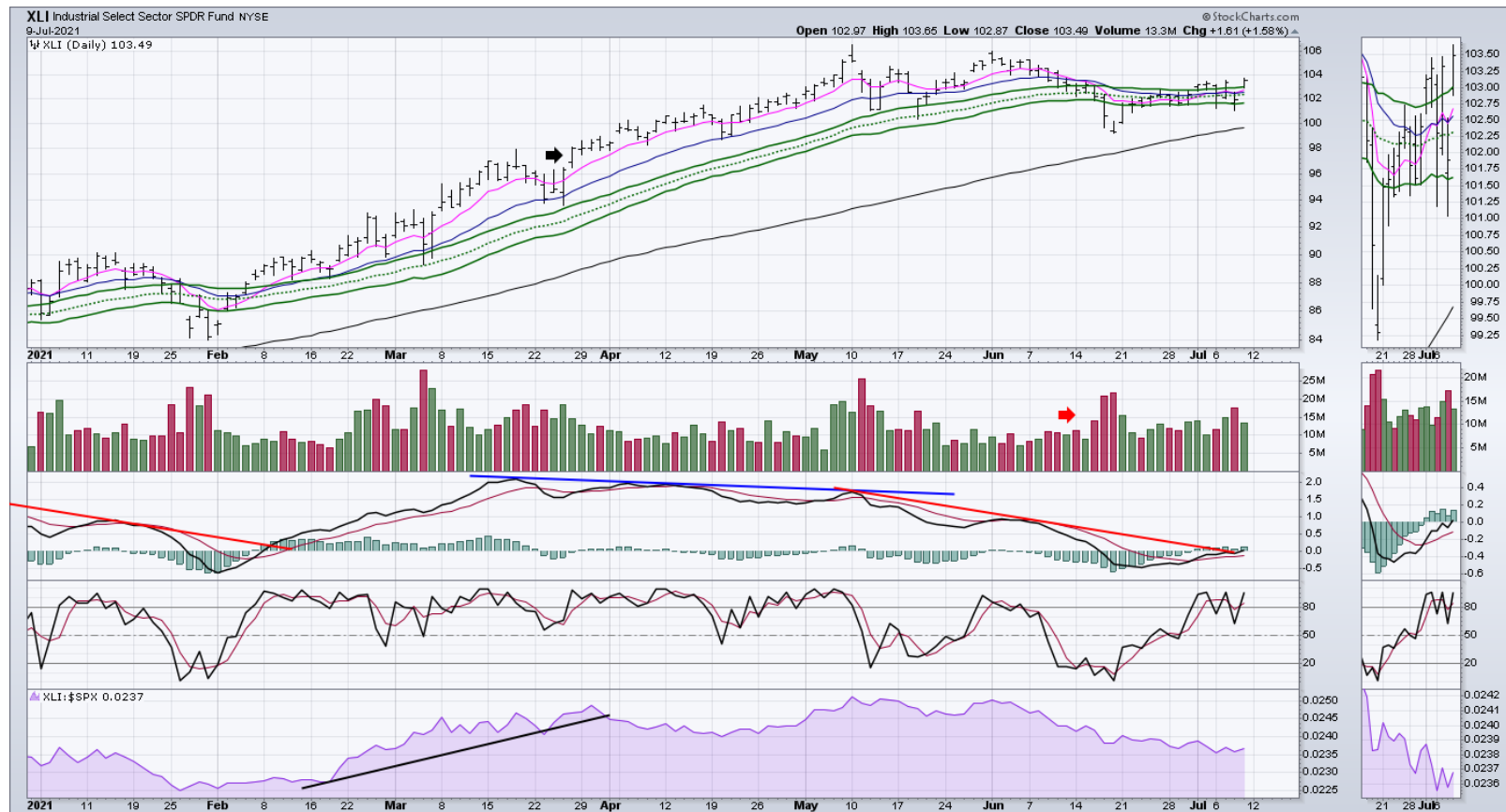
\$USD - US DOLLAR

The US Dollar touched the trend line in black again this week but closed near the lows. The down trend is still in place on the dollar with the black line. PPO momentum is rising but still below zero. [\\$USD Weekly](#). If the \$USD PPO rolls over under zero, typically it marks a fast move down. That would typically surge the commodities higher. Commodities like [copper and steel and rare earths](#) have been down-trending since May 10th but turned up this week. Inflection point for the dollar and commodities?



XLI - THE INDUSTRIALS

The industrials topped out on May 10th, coinciding with other sector rotation changes. As this topped, others bottomed. This week, it closed back above my green support channel. Back in February it was a beautiful signal! The momentum setup on the PPO looks bullish as it breaks the trend line and crosses above zero. This is another growth sector turning higher. It has been impaired since the dollar turned higher. [XLI](#)



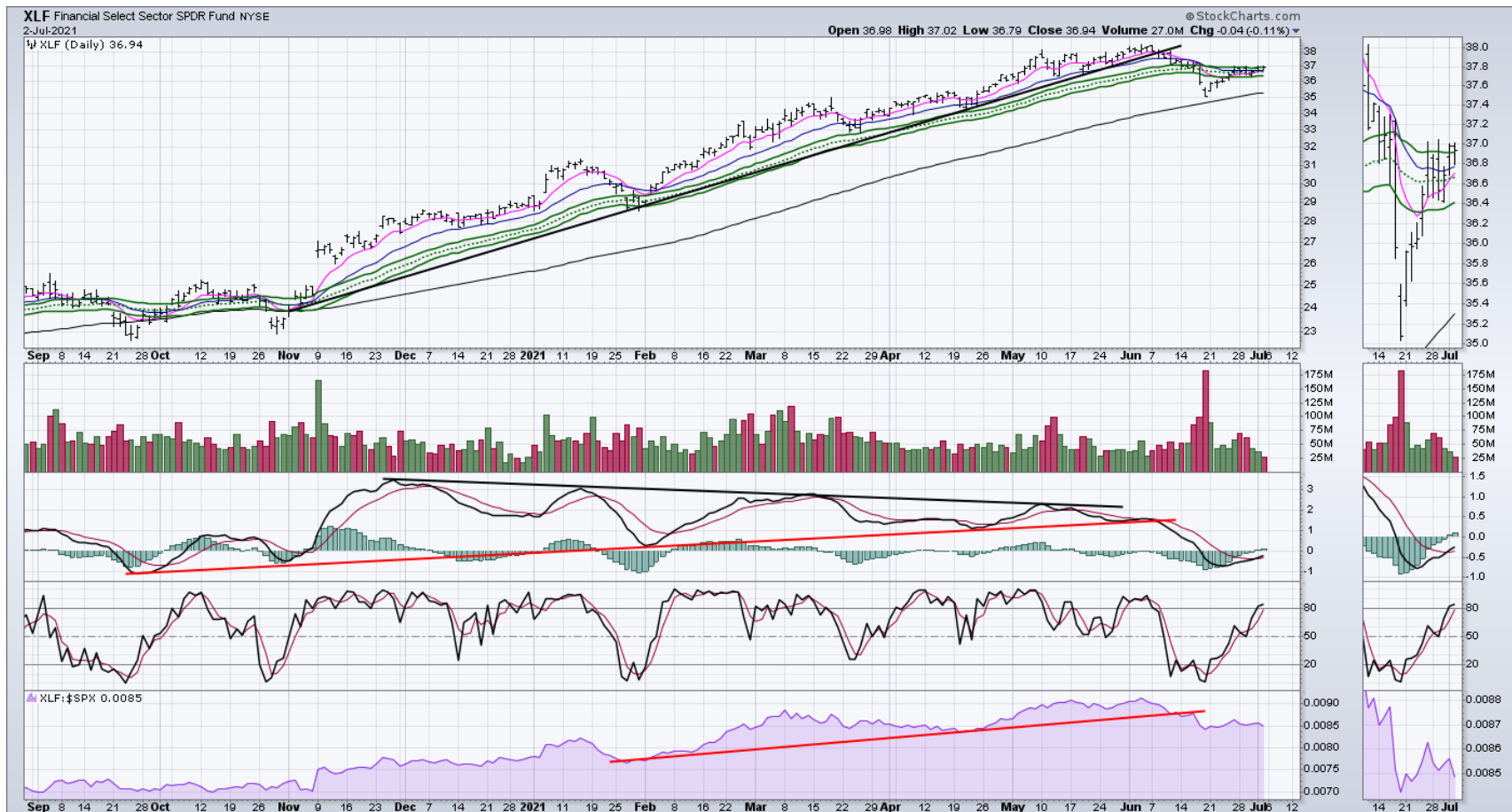
XLB- MATERIALS

The materials topped - you guessed it - May 10th in concert with the top in the industrials. After a 2-month pullback, the PPO is giving a positive cross on momentum from a low level. Price is finding support at the 100-day moving average in black. I expect materials to pick up as industrials pick up. Once again, the dollar reversal would help this sector turn. [XLB](#)



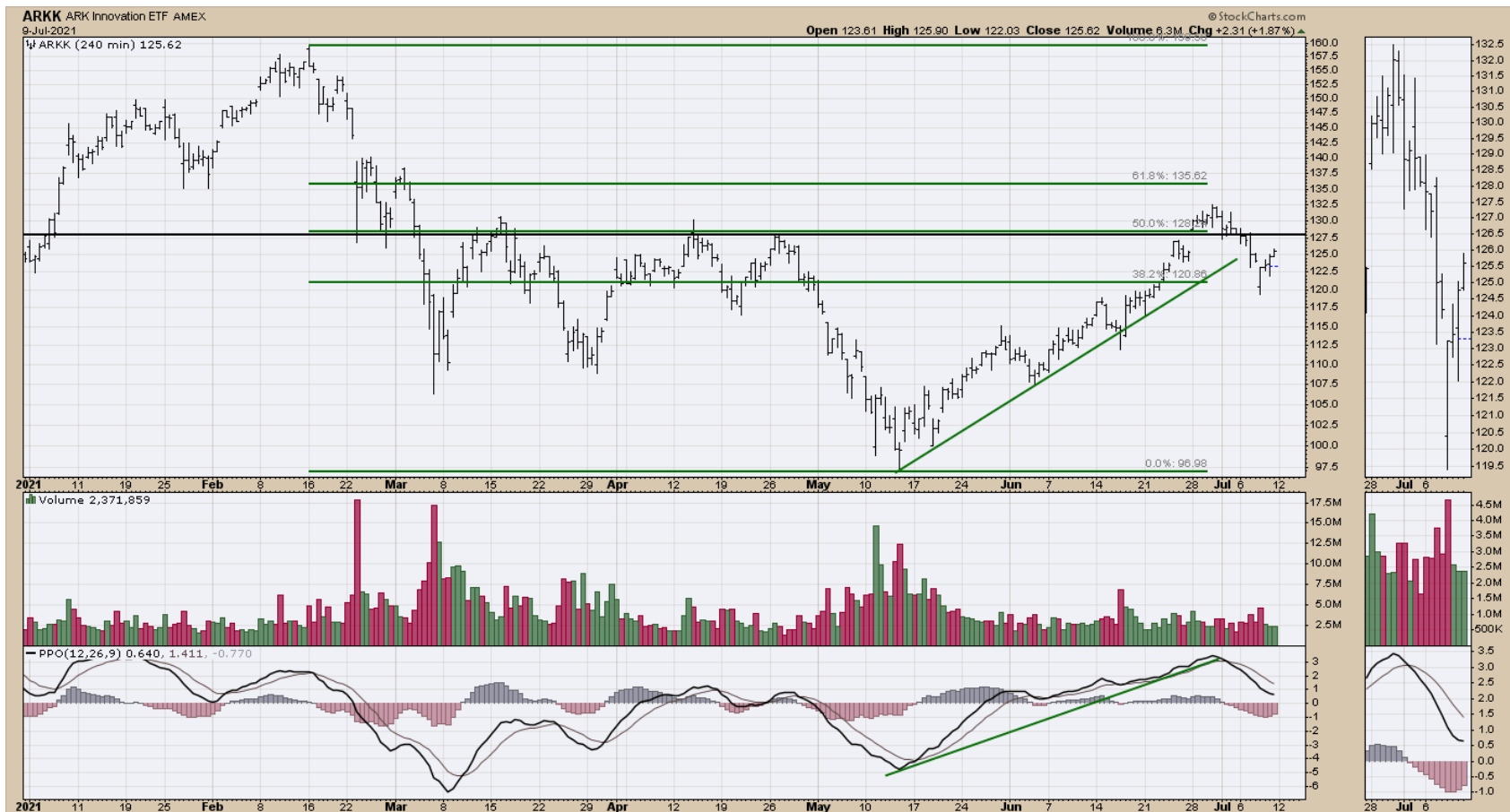
XLF - FINANCIALS

The financial big guns report this week. The sector is where it was 2 months ago, and the PPO is turning up. The financials are performing well, but they need to get back above my green support zone. I can't imagine a miss by JPM, and if I am right, we'll probably see this start to trade higher, adding another sector to the uptrend list. [XLF](#)



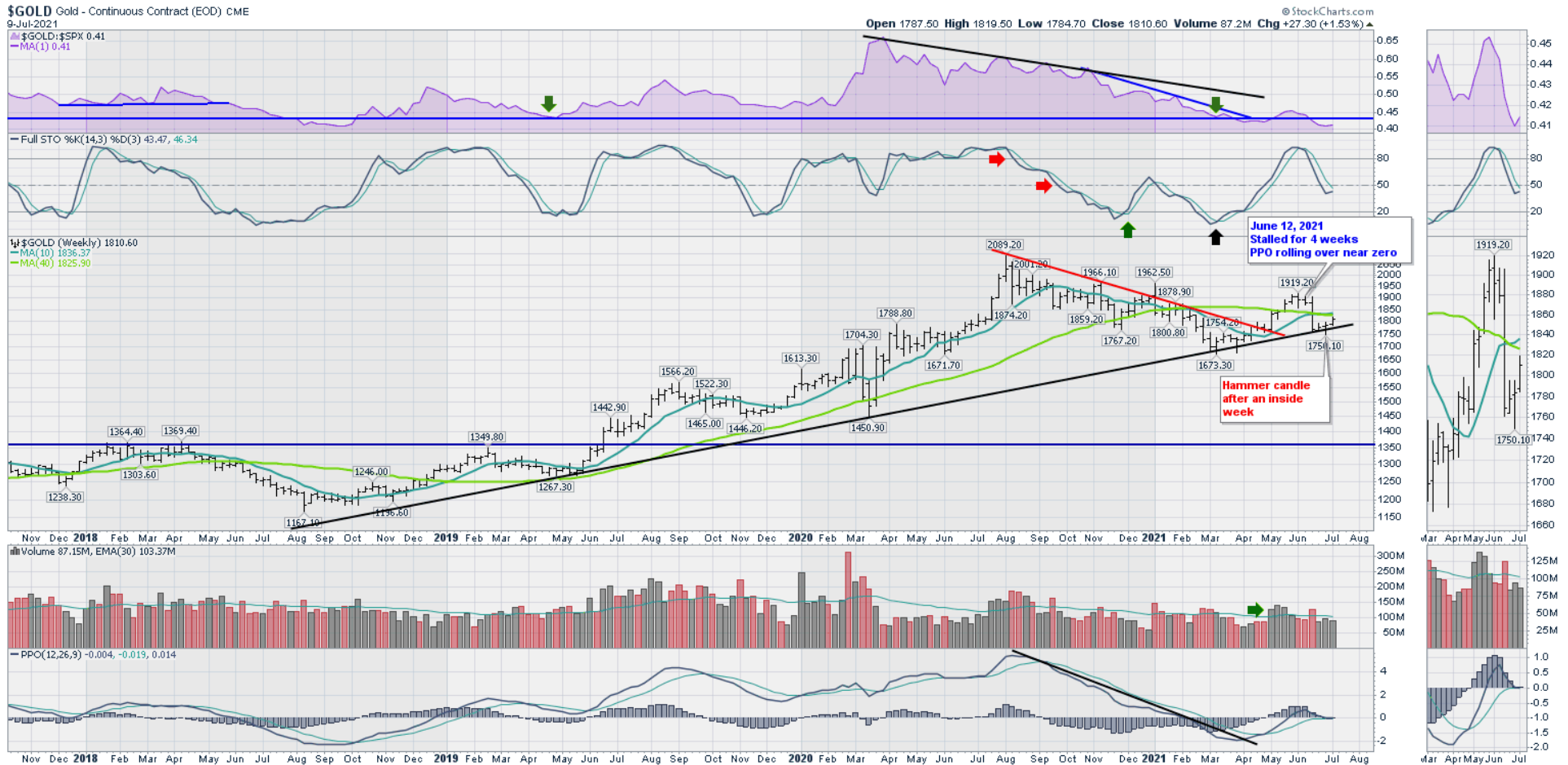
ARKK - ARK INNOVATION FUND

This is an update on the [ARKK](#) chart I've been showing as a barometer for the aggressive tech stocks. Below is a 4-hour chart. ARKK rolled below the 2-month up-trend line this week, so it may be a market that returns to value stocks after a two-month bounce. What is interesting is the 50% retracement level after falling from \$160 - \$97. Is this another higher low?



\$GOLD - WEEKLY

The weekly chart shows nice push after last weeks' dip below the trend line. I continue to like the industry for investment here. If the PPO turns up right at the zero line, that can be an extremely bullish signal. \$GOLD



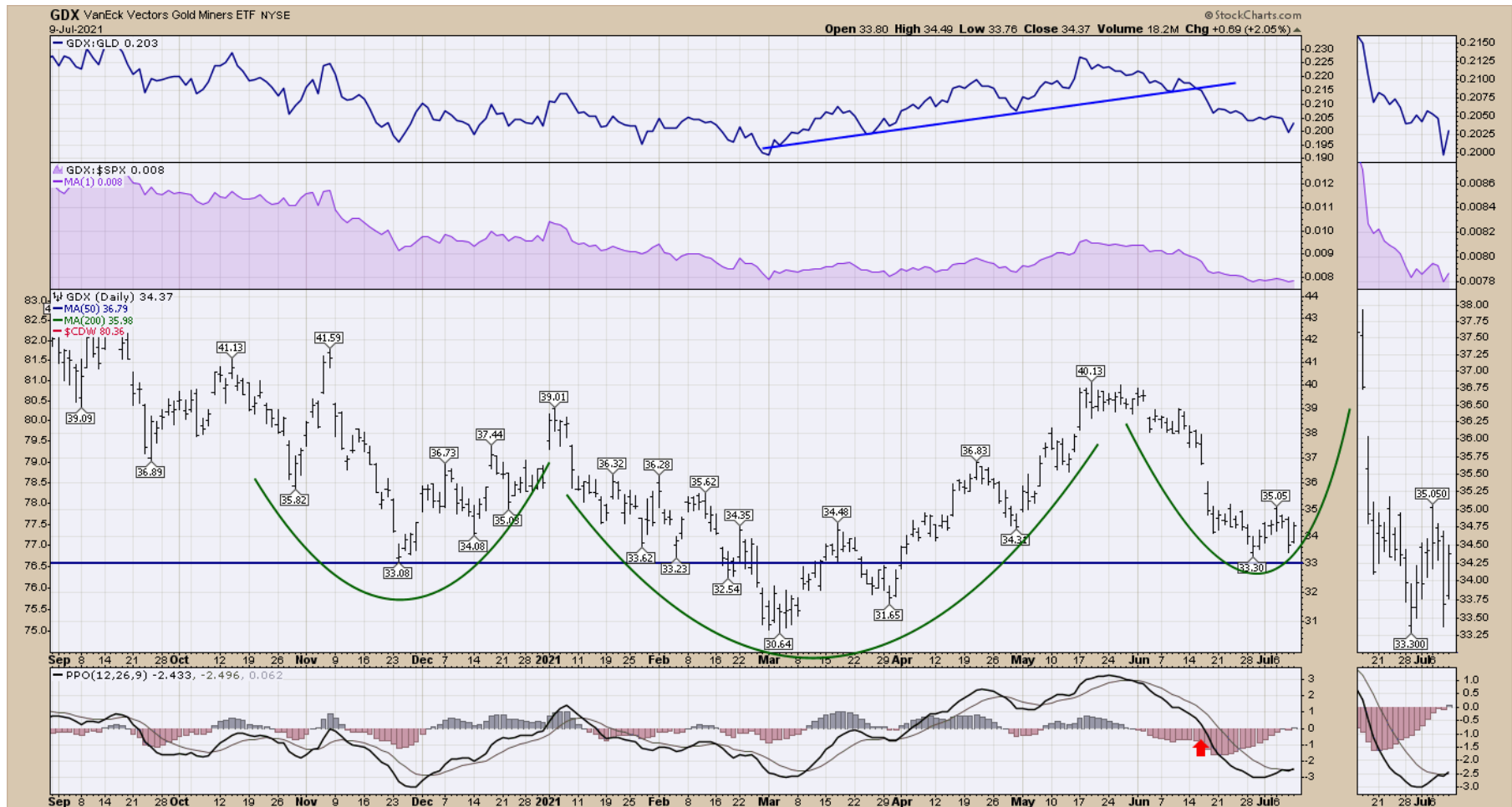
GLD WEEKLY

The Gold futures are shown on the chart above, but the GLD is a way to trade it using an ETF that tracks the price movement of the bullion. The full stochastic setup reminds me of the full stochastic dip in 2020. A move higher right here, right now would be a good starting signal. If inflation is setting in, holding gold should be one way to profit from the pain of inflation. However, if the chart doesn't start making higher highs, I want to avoid it. Both moving averages are just above, so we need to be aware the MA's can act as resistance, especially with both of them at the same level. [GLD](#)



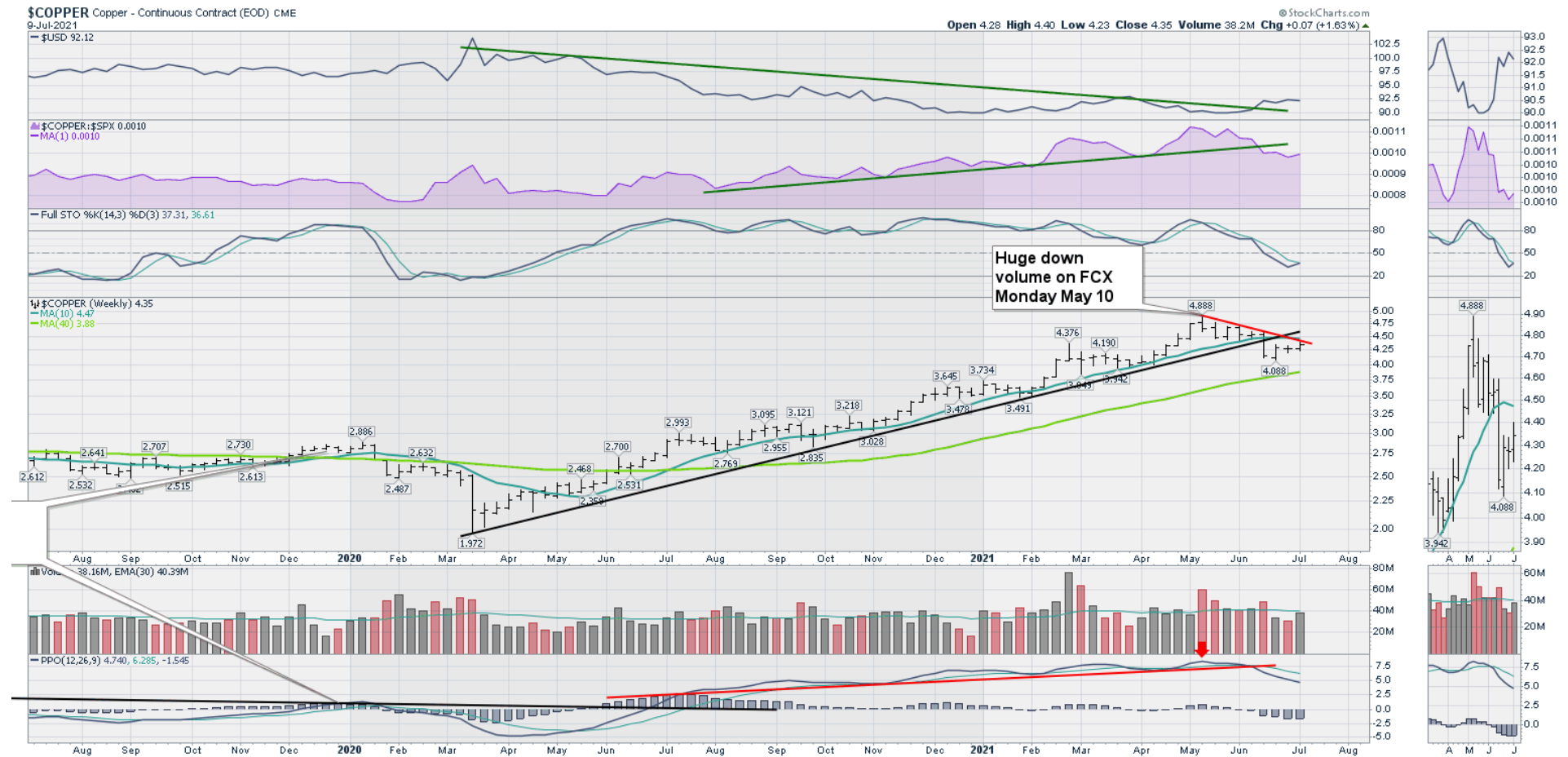
GDX - GOLD MINERS ETF

Gold miners wobbled this week, while gold closed higher. [GDX](#) This could be just the start of the move if this is a big picture low. If the US dollar does break lower, that can probably help this setup work. The dollar bottomed May 17th, the opposite of this chart.



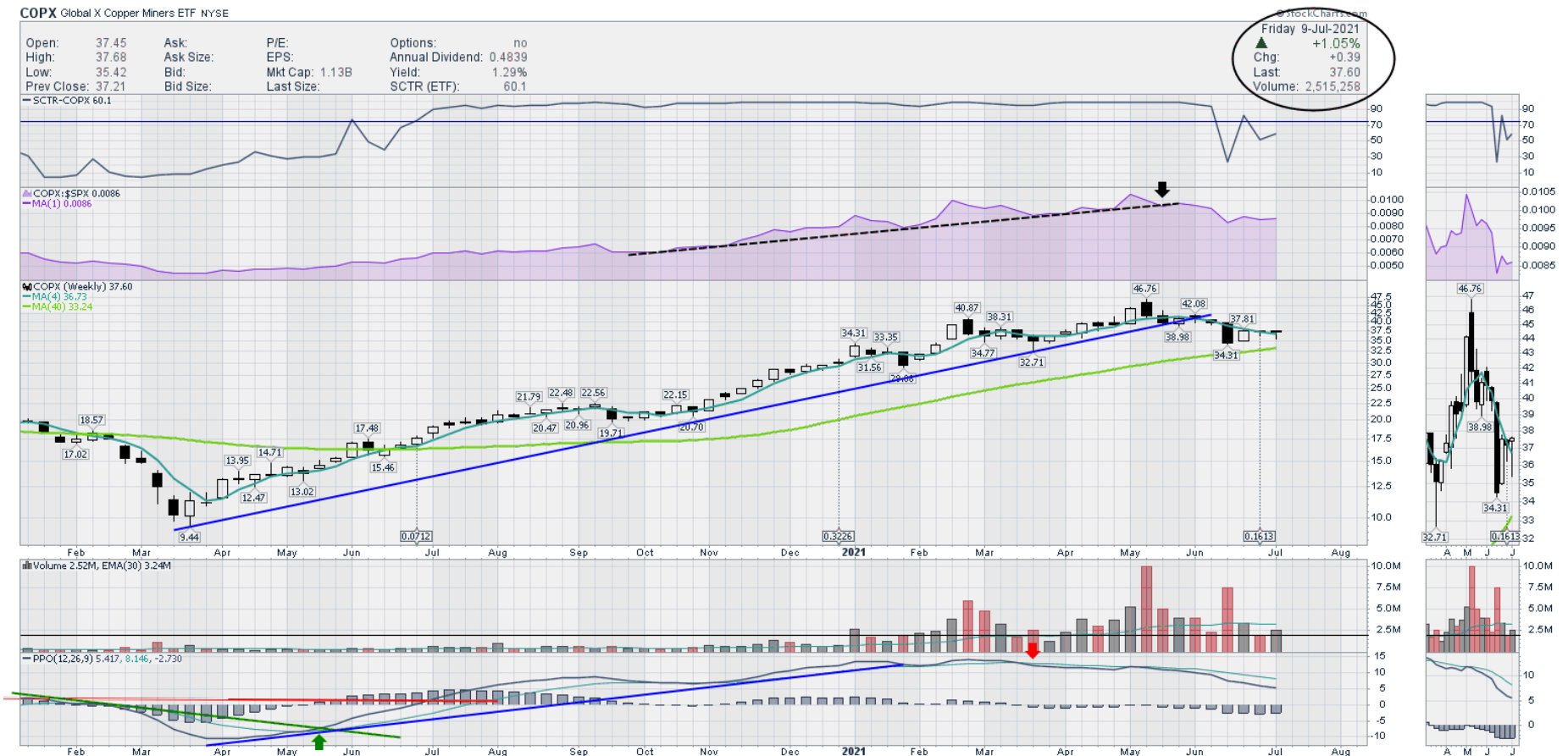
\$COPPER

Copper rallied this week, approaching the downtrend line. It has been falling gently as the US dollar rose. Can this be signaling an end to the rise in the dollar? Copper closed at three-week highs. [\\$COPPER](#)



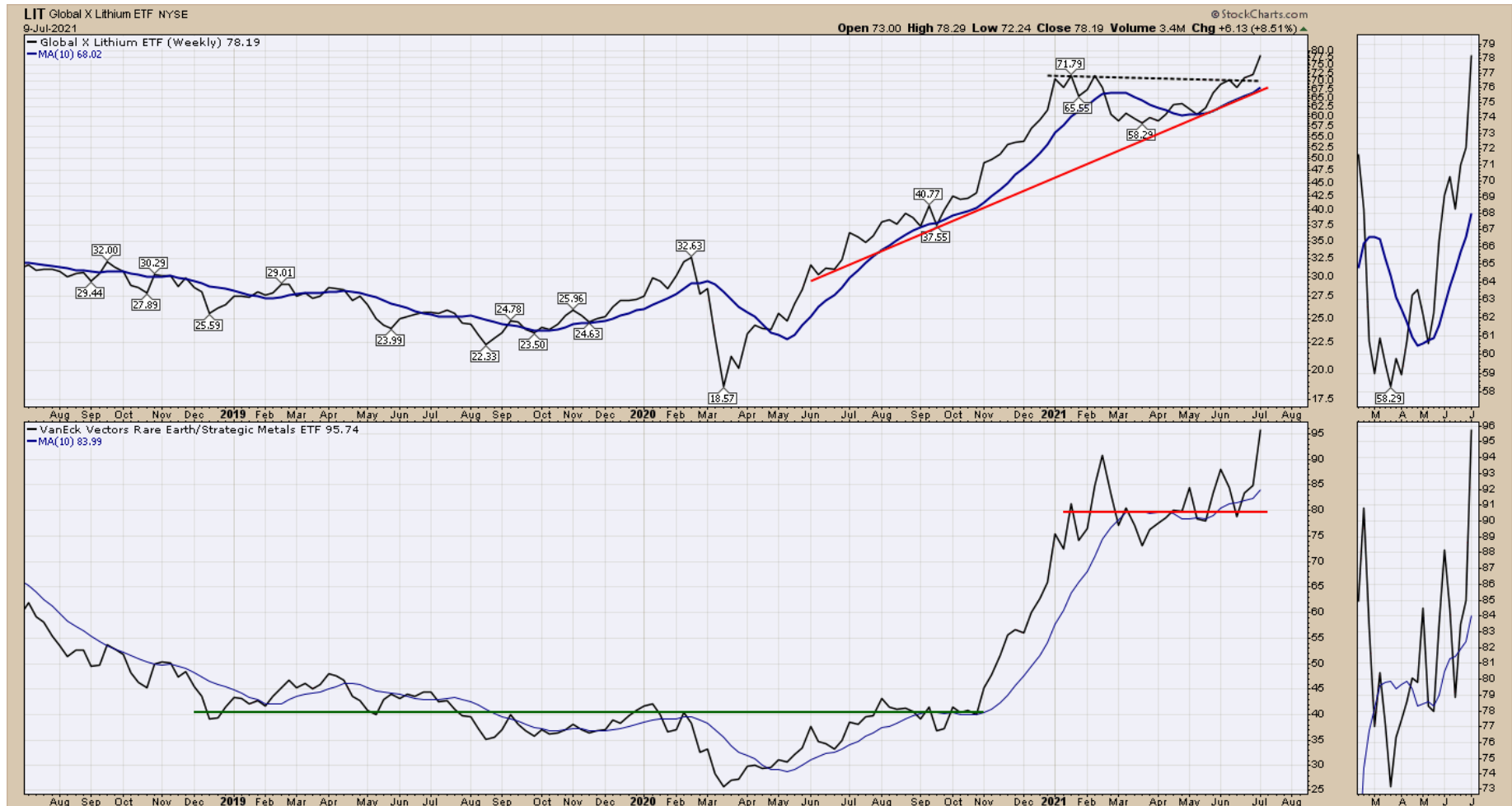
COPPER MINERS

Copper miners perked up a little. An outside bar - hammer candle - is even hard to see in the zoom panel. Price closed back above the 4-week moving average. All of these charts in industrial metals are looking very interesting here. It will probably be defined in the move of the dollar, so watch both. [\\$COPPER MINERS](#)



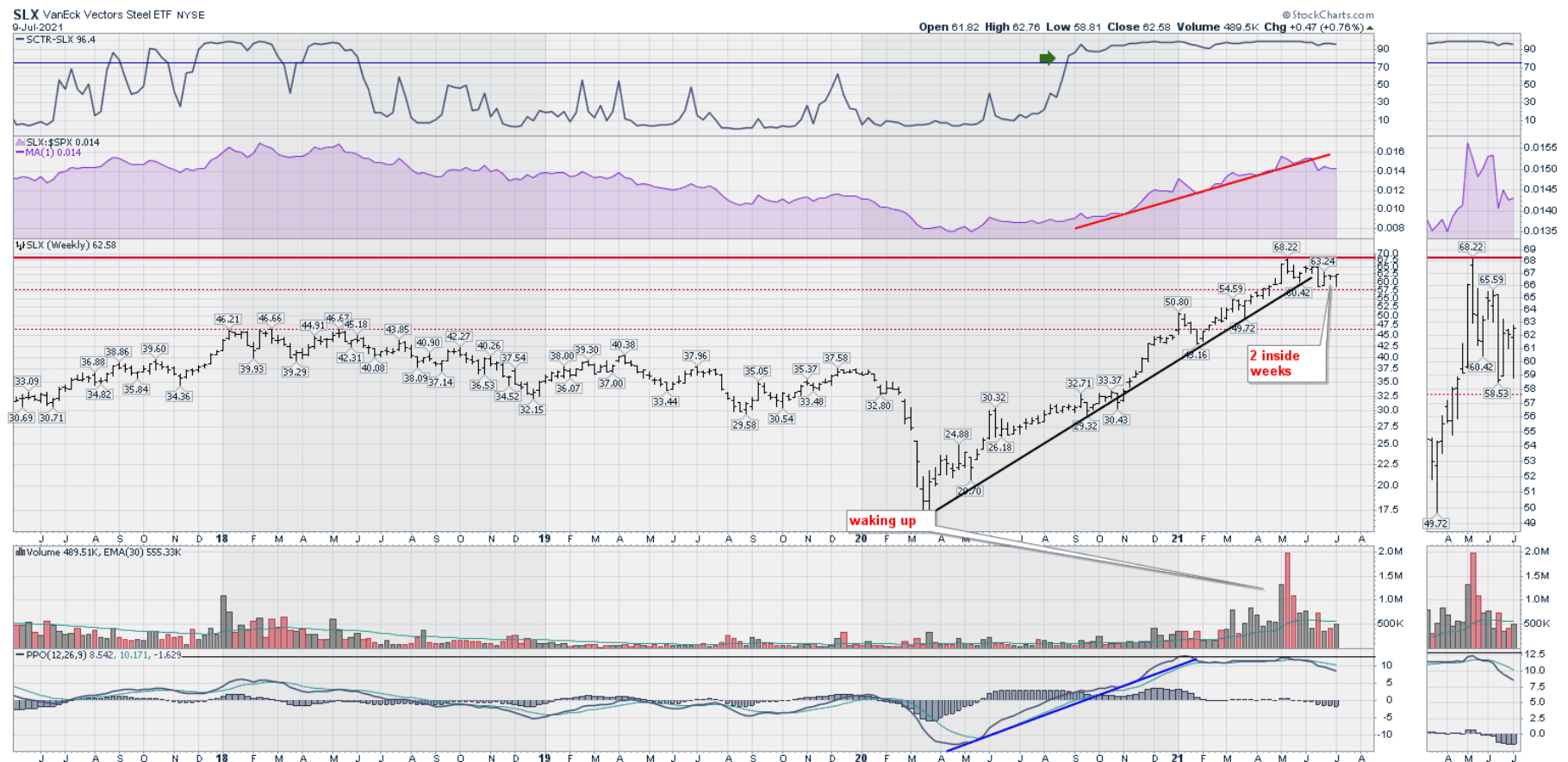
LITHIUM AND RARE EARTHS

Lithium and rare earth metals ETF REMX soared this week. Both are big in the electric car business. Watch for an improvement in metal miners helping this area on the Wednesday Clean-tech newsletter. [LIT and REMX](#)



STEEL

Steel stocks also gave us some interesting signals. After two inside bars, the outside bar this week looks a lot more bullish. It tested below both inside bars, found buyers and soared off the lows of the week to close up at the top of the bar. In summary, all the industrial metals look interesting here. Pay close attention to different industries as we roll through the earnings. This is one area I want to focus on. [STEEL](#)



MARKET SUMMARY

The markets were chopped salad this week. No big moves either direction, and the growth sector were wide ranging in performance. Tech and discretionary up, surrounded by utilities, healthcare and staples. The other growth areas were down slightly. Canada had the same mixed bag. Energy bounced on Friday, but couldn't close up high enough to reverse the mid-week selling off the test of the 2018 highs.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-
IYR	Real Estate	96.6	105.40	2.65	
XLU	Utilities	32.1	64.60	0.91	
XLK	Technology	95.4	151.20	0.89	
XLY	Discretionary	79.6	182.49	0.75	
XLV	Healthcare	76.1	128.71	0.33	
XLP	Staples	40.9	70.15	0.31	
XRT	Retail	99.4	97.86	0.20	
XLI	Industrials	78.4	103.49	0.19	
XLB	Materials	50.9	82.98	0.12	
XLC	Communications	94.3	81.64	-0.61	
XLF	Financials	85.5	36.71	-0.62	
SMH	Semiconductors	77.8	257.00	-1.08	
XLE	Energy	95.2	52.85	-3.36	
XOP	E & P	98.8	93.89	-3.40	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTRE	Real Estate	370.08	2.81	
\$RTCM	Income Trusts	252.94	2.45	
\$SPTTK	Technology	217.67	1.55	
\$SPTGD	Gold Miners	299.53	0.97	
\$SPTMT	Materials	321.19	0.97	
\$SPTUT	Utilities	332.74	0.89	
\$SPTTS	Telecom	194.52	0.67	
\$SPTIN	Industrials	355.69	0.43	
\$TSX	\$TSX	20257.95	0.16	
\$SPTCS	Staples	697.17	0.05	
\$SPTFS	Financials	368.80	-0.76	
\$SPTCD	Discretionary	270.07	-0.97	
\$SPTHC	HealthCare	69.37	-2.62	
\$SPTEN	Energy	136.34	-2.67	

GLOBAL VIEW

The globe was negative compared to the positive showing in the USA. Asia was particularly weak again. Commodity countries were middle of the pack, but the weakness across geographies and cultures reignites a concern about the delta variants of Covid. Most commodities were negative with the exception of industrial metals. Precious metals continue to attract my interest, but the price moves this week were nothing special so far.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$NDX	Nasdaq 100 ----	14826.09	0.67	■
\$SPX	S&P 500 ----	4369.55	0.40	■
\$INDU	Dow ----	34870.16	0.24	■
\$DAX	Germany	15687.93	0.24	■
\$GBDOW	London	320.84	0.22	■
\$TSX	Canada	20257.95	0.16	■
\$SSEC	Shanghai	3524.09	0.15	■
\$BVSP	Brazil	125428.00	-0.19	■
\$BSE	India	52386.19	-0.19	■
\$CAC	France	6529.42	-0.36	■
\$AORD	Australia	7545.30	-0.55	■
\$IDDOW	Indonesia	1179.39	-0.91	■
\$MXX	Mexico	49768.35	-0.91	■
\$IBEX	Spain	8776.60	-1.47	■
\$RTSI	Russia	1635.04	-1.49	■
\$KOSPI	South Korea	3217.95	-1.94	■
\$NIKK	Japan	27940.42	-2.93	■
\$HSI	Hong Kong	27344.54	-3.41	■

SYMBOL	NAME	CLOSE	% CHG	+/-
REMX	Rare Earth Metals	95.74	12.70	■
LIT	Lithium	78.19	8.51	■
\$COPPER	Copper	4.35	1.63	■
\$GOLD	Gold	1810.60	1.53	■
\$COCOA	Cocoa	2347.00	1.21	■
SLX	Steel	62.58	0.76	■
\$NATGAS	Natural Gas	3.66	0.03	■
GDX	Gold Miners	34.37	-0.15	■
\$GASO	Gasoline	2.29	-0.34	■
\$BRENT	Brent Crude	75.58	-0.51	■
\$WTIC	WTI Crude	74.56	-0.80	■
\$SILVER	Silver	26.23	-1.01	■
\$HOIL	Heating Oil	2.16	-1.10	■
SIL	Silver Miners	42.30	-2.08	■
HMMJ.TO	Marijuana Stocks	10.11	-2.13	■
\$LUMBER	Lumber	754.90	-4.12	■
\$SUGAR	Sugar	0.17	-4.79	■
\$SOYB	Soybean	1329.25	-4.99	■

VIDEO OF THE WEEK

Dwight and I hosted the [July Monthly Conference Call](#) on July 6. Click on the link to view.

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

Here is a link to this week's video. [Chopped Summer Salad](#)



Chopped Summer Salad

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July 10, 2021



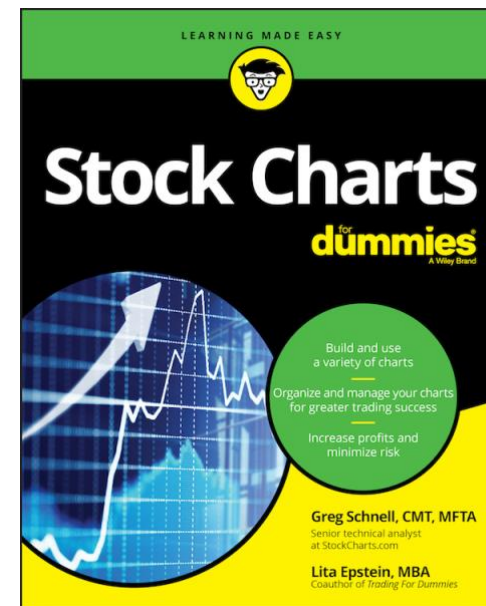
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Good trading,
Greg Schnell, CMT, MFTA.

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.