

THE **CANADIAN TECHNICIAN**



U.S. Edition

Grizzly Outlook

Weekly Market Review
July 17, 2021



WITH
GREG SCHNELL

MARKET COMMENTARY

The initiation thrust of July 9th, turned out to be a dud. The market sold off Thursday and Friday. While the percentage down was relatively small, the damage under the indexes was very obvious. After JPM reported on Tuesday, not much positive happened. We migrated lower and even the large caps started to be sold.



The dollar is at a key inflection point. It has not broken out yet, but it is definitely impacting the commodity trade broadly. I covered commodities on the video, but not as much in this newsletter. The commodities look challenged at best, and as I look at rest of the market crumbling, I just want to turtle away and protect capital. For those interested, three sectors have rising PPO's on the daily charts. Utilities, Consumer Staples and Real Estate. All the rest gave sell signals in the last few weeks. The SPX gave a PPO sell signal on Friday as well. With negative divergences everywhere, hunkering down for a few weeks looks like the course of action.

The dollar didn't go anywhere it hasn't been in the past few weeks, but it closed at the top of the price range, rising from the bottom of last week's price bar.

The big banks couldn't find buyers showing up for work on their earnings results. I locked in some profits on tech and some energy. I continue to be amazed at the selling in energy stocks, but I really don't need to ride them all the way down. I'll just buy them when they turn back up. For now, holding cash appears prudent.

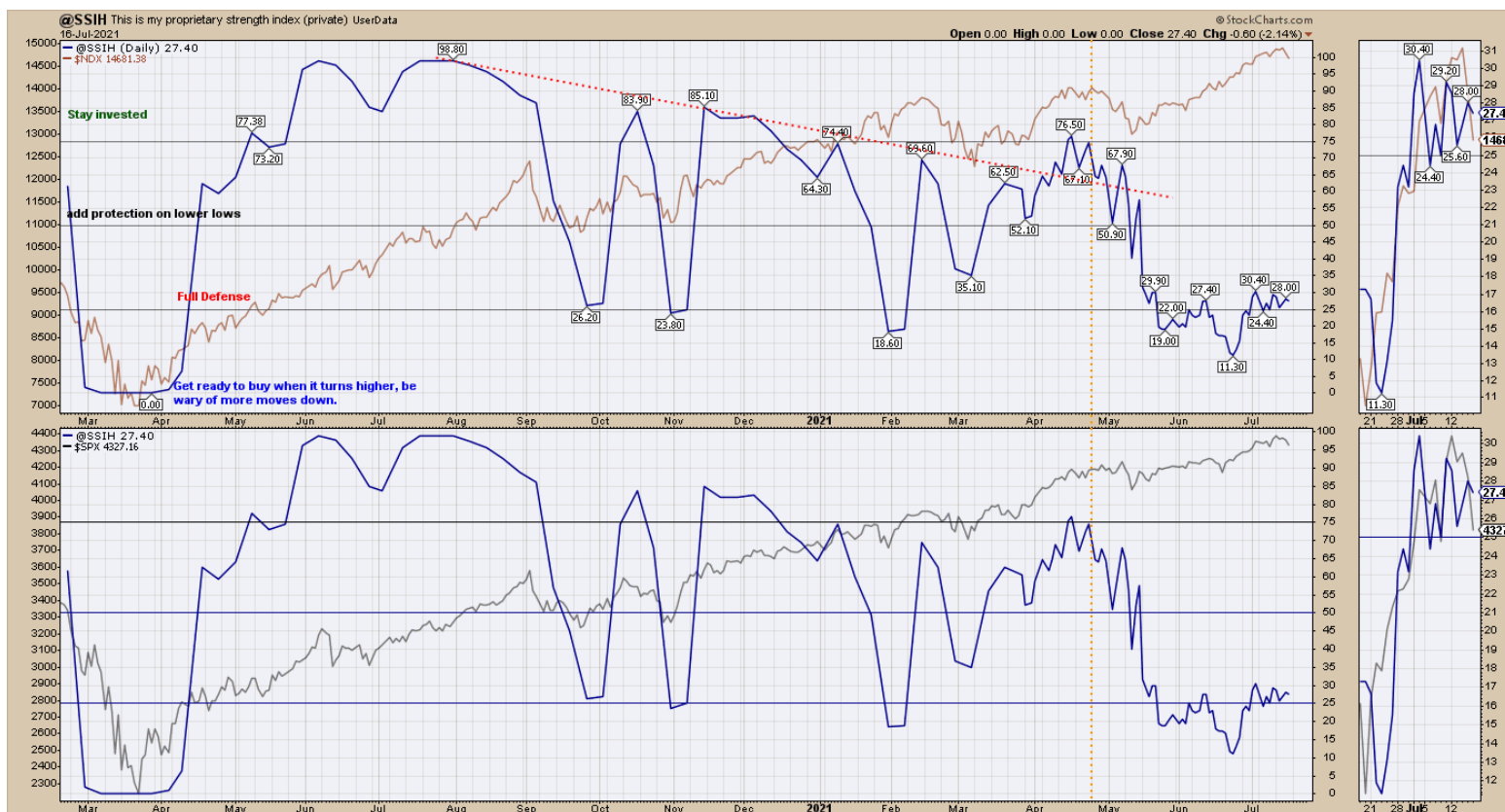
Summary: The SPX index had new closing highs on Monday and new intraday highs Tuesday and Wednesday. Outside the big index, selling was abundant. The Nasdaq 100 60-minute chart finally broke its' uptrend. Commodities look questionable, and with so many sectors giving PPO sell signals, it looks like a good time to roll away from this rally based on my indicators.

In the picture, I am sitting in the car that Dad and I worked on together over many years. A 1934 Terraplane. A piece of trivia - The famed Bonnie and Clyde getaway car was a Terraplane. Maybe the timing of rolling out of this market in this getaway vehicle is prudent too. Let's hit the charts.

SSIH 27%

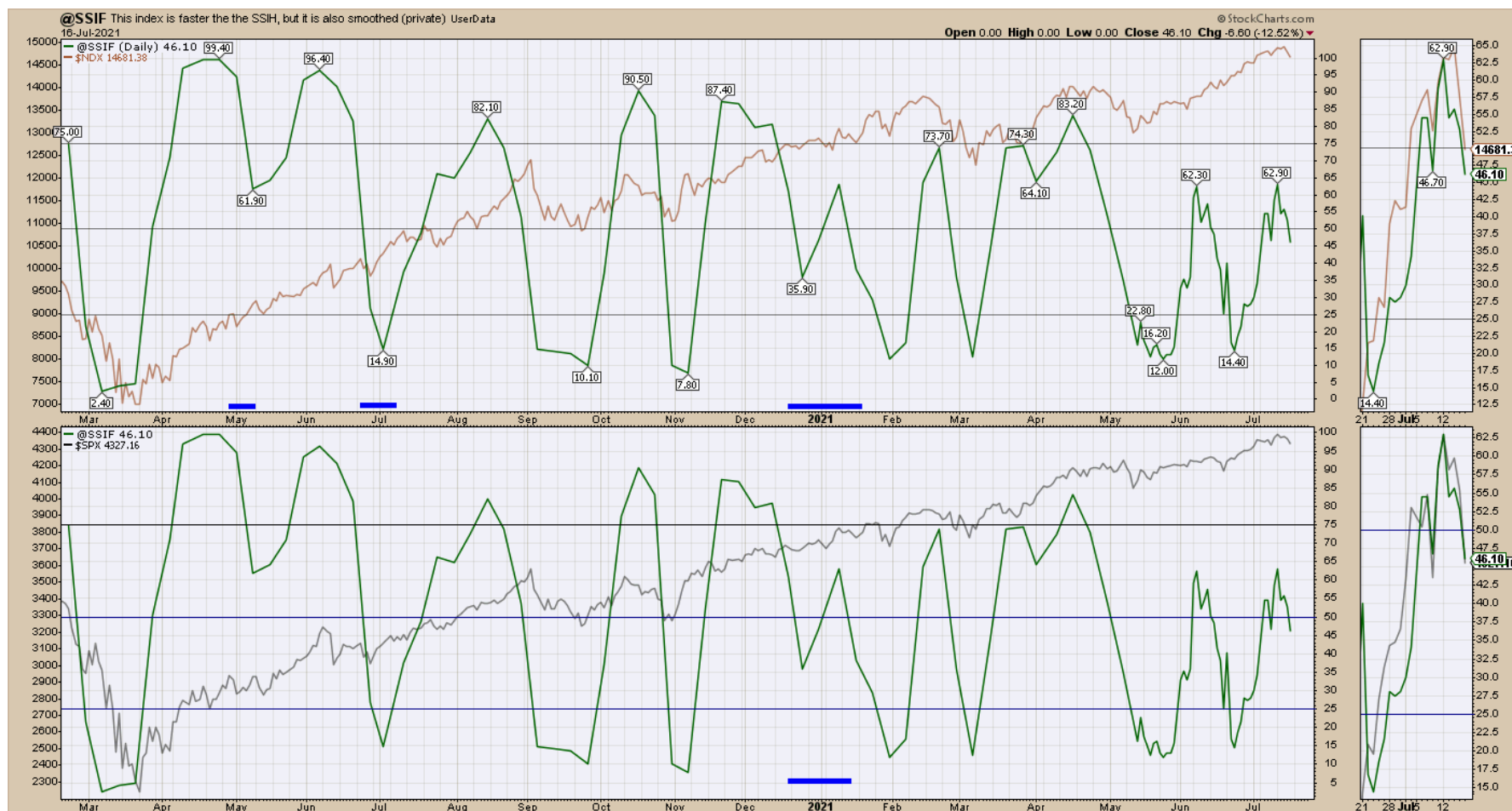
The Schnell Strength Index closed down marginally compared to last Friday (Down 1%). Both panels have the same SSI indicator with different stock indexes in the background. The large cap tech names were pushing higher for 8 weeks, lifting the indexes. We needed wider participation from small and mid-cap but that is not happening.

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.



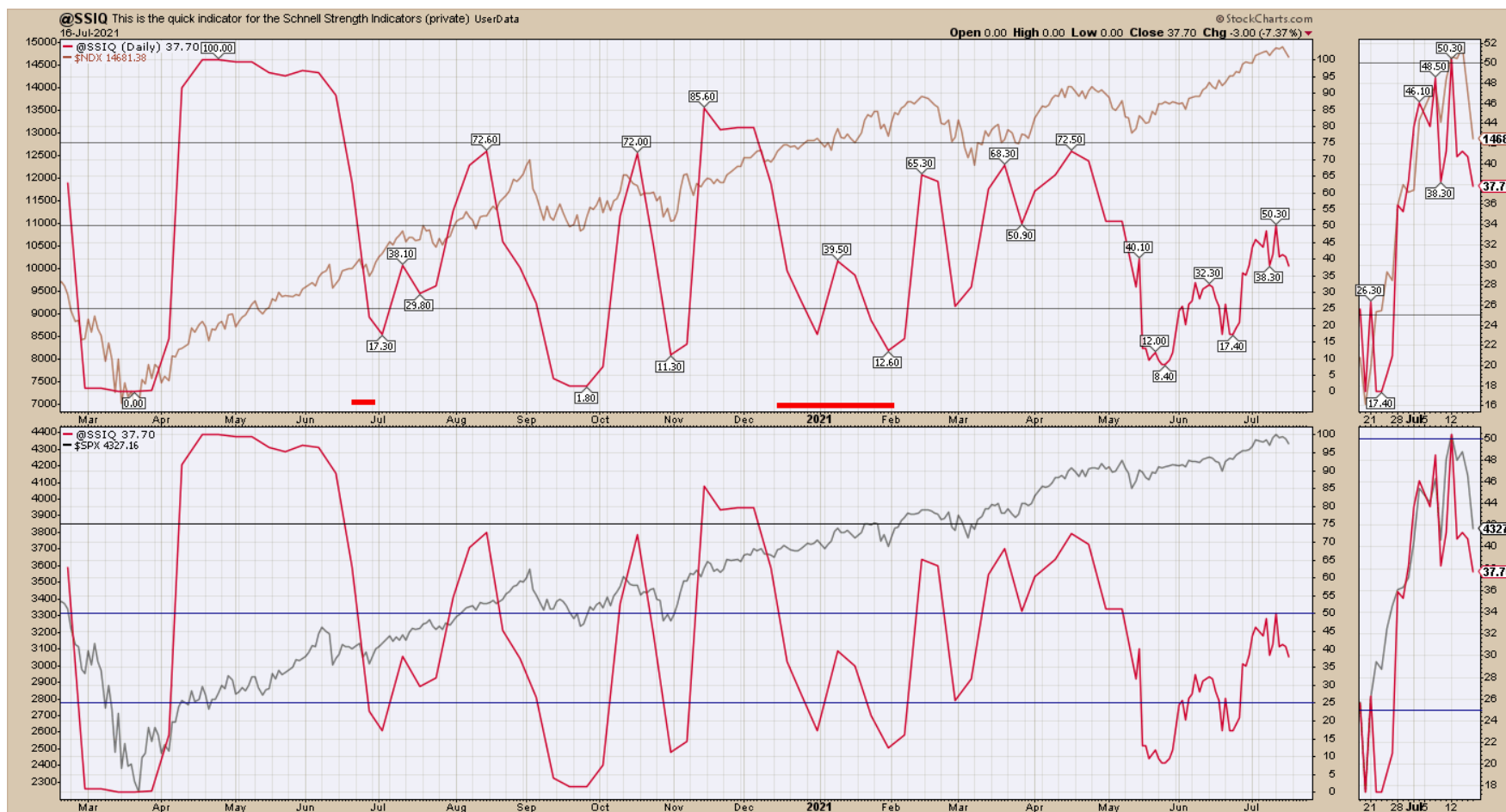
SSIF 46%

The Schnell Strength Index - Fast version - reversed again. Not great. 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. The chart appears to be double topping at the 60% level. Moving back below 50% looks ominous.



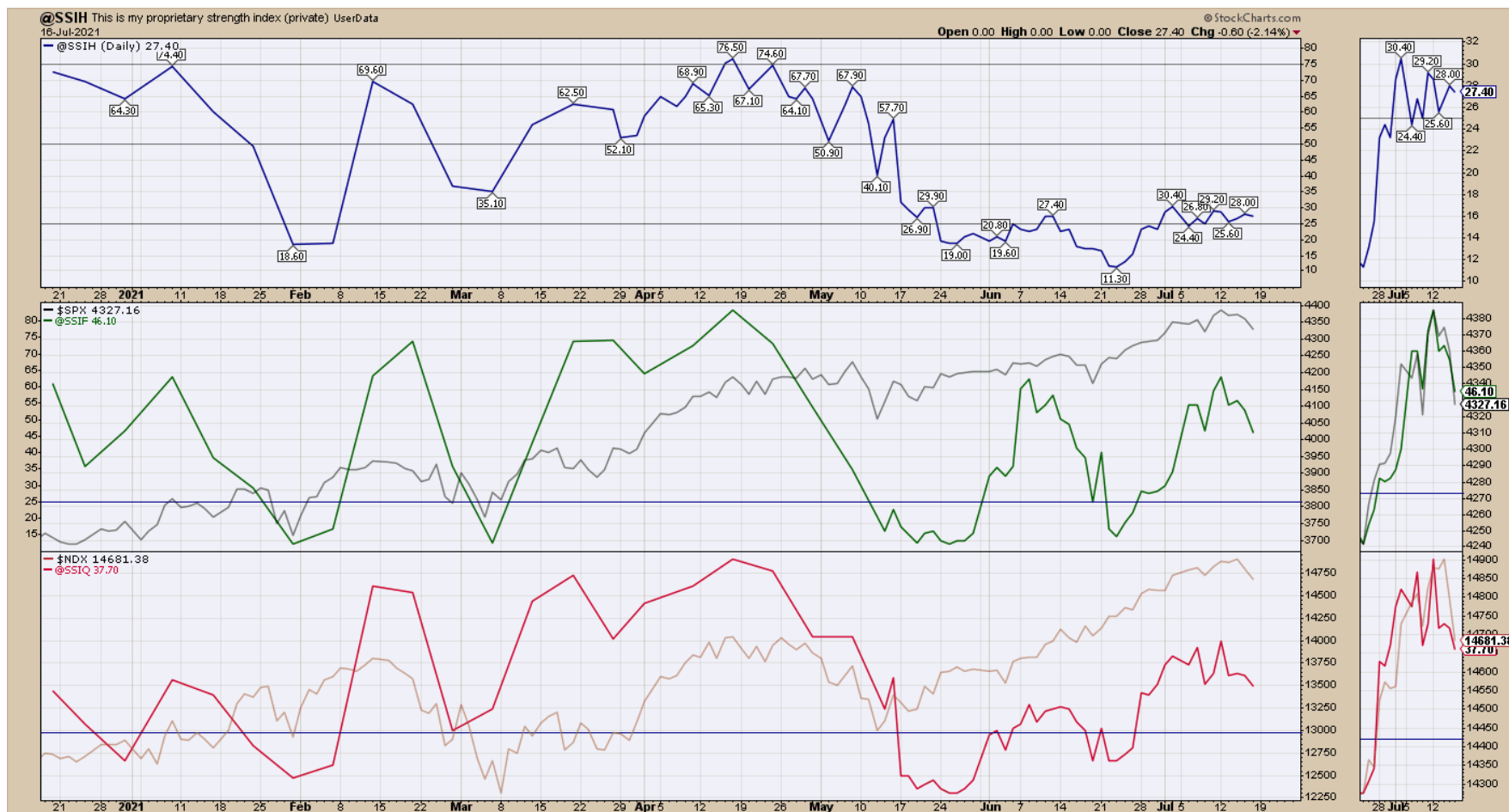
SSIQ 37%

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. The chart stalled at 50% this week. All three SSI's are back below 50. More amazing is the fact that the rally couldn't broaden out. Caution!



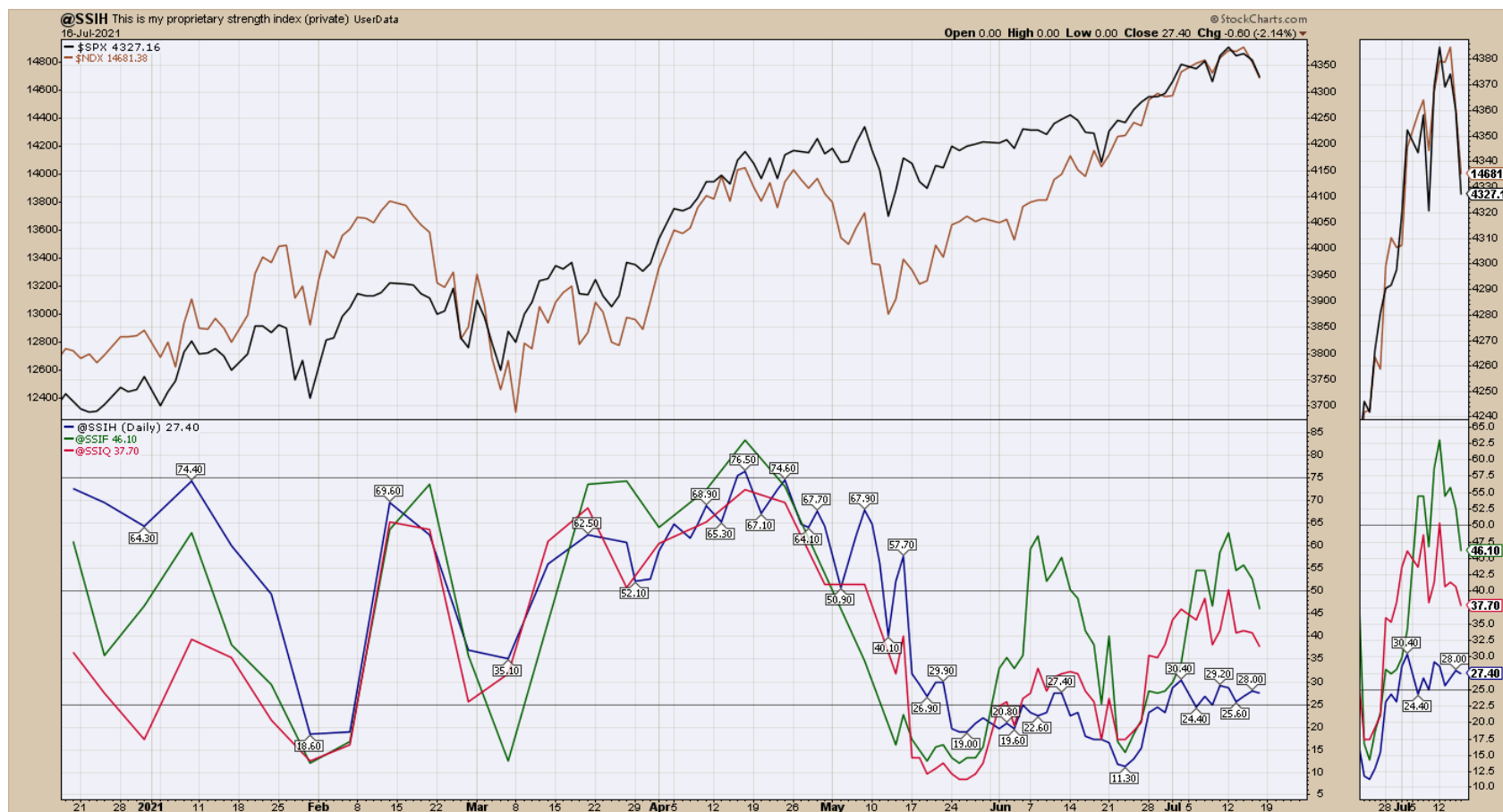
SSIH SSIF SSIQ STACK

The Schnell Strength Indexes are rolling over as a group this week. The market deterioration shown by other breadth measures has this lining up rather ominously. The big index, the SPX, went on a PPO sell signal this week confirming the rollover.



SSIH, SSIF, SSIQ OVERLAY

The chart shows the stock indexes in the top panel. With all three SSI's pushing lower, the SPX broke the one-month uptrend from the mid-June lows. While this doesn't look too bad, the real problem is the lack of breadth and the rest of the charts in this newsletter lay that information out.



JULY MONTHLY CONFERENCE CALL

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

THE CANADIAN TECHNICIAN



**U.S.
Edition**

Third Quarter Kickoff

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



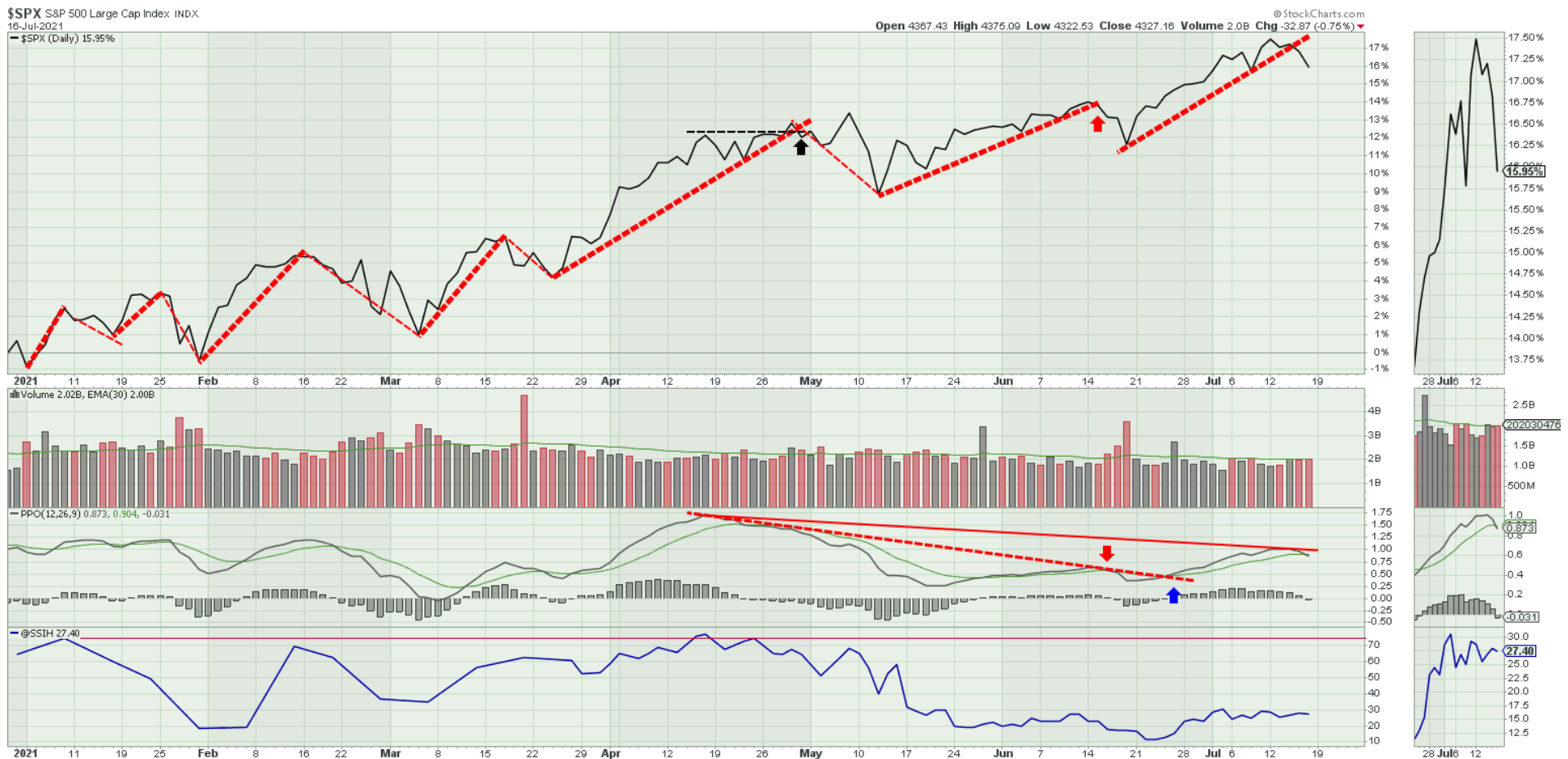
WITH
GREG SCHNELL



AND
DWIGHT GALUSHA

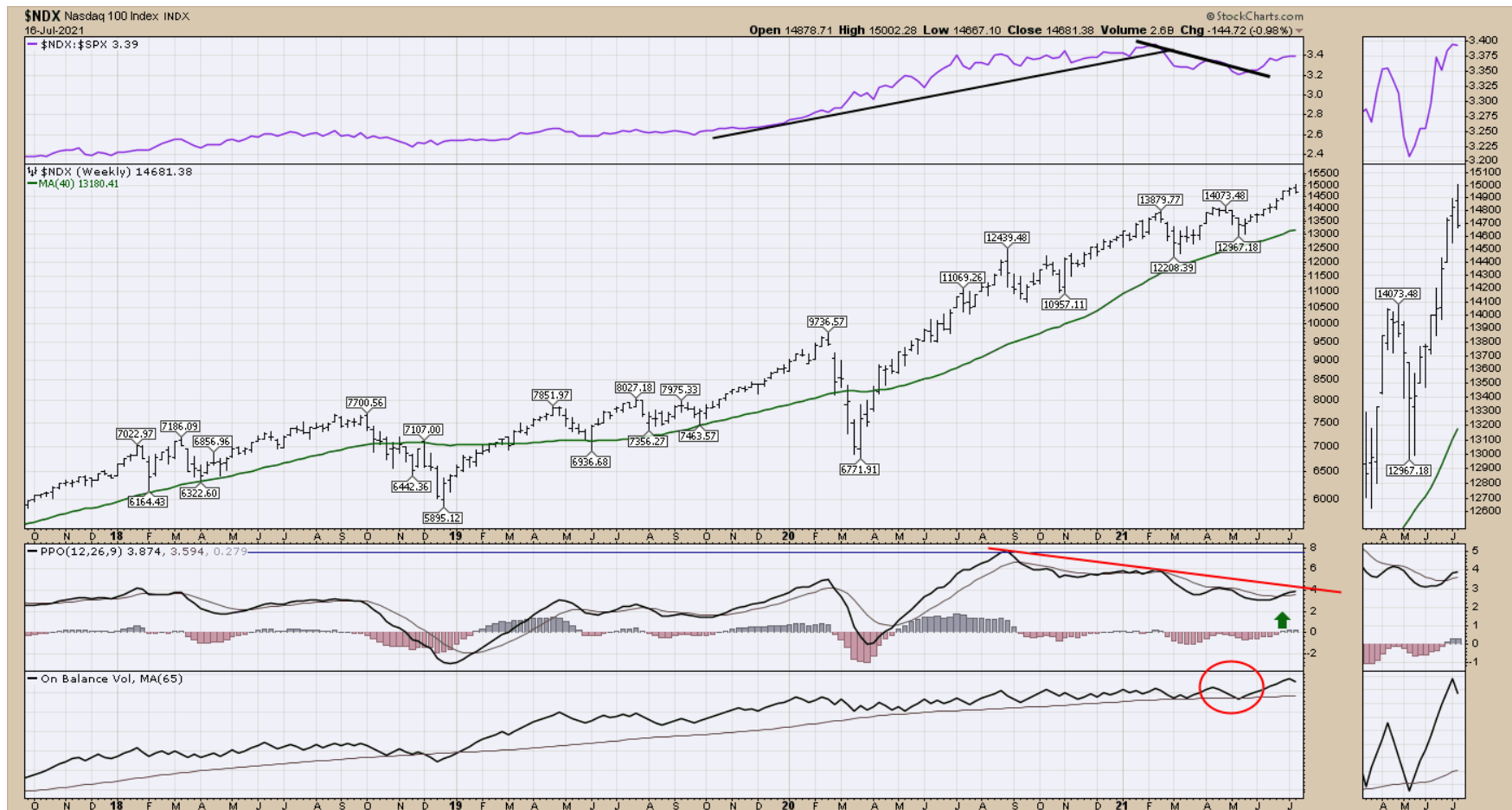
\$SPX - A HIGHER CLOSE

The year-to-date line chart of the S&P 500 shows the index pushing to a new high on Monday and rolling down from there. The PPO is kicking off a sell signal by crossing the signal line. This push to a new high without the primary strength index getting out of bed is a problem (lower panel). The PPO stalling here suggests the market needs time to build some energy. [\\$SPX](#).



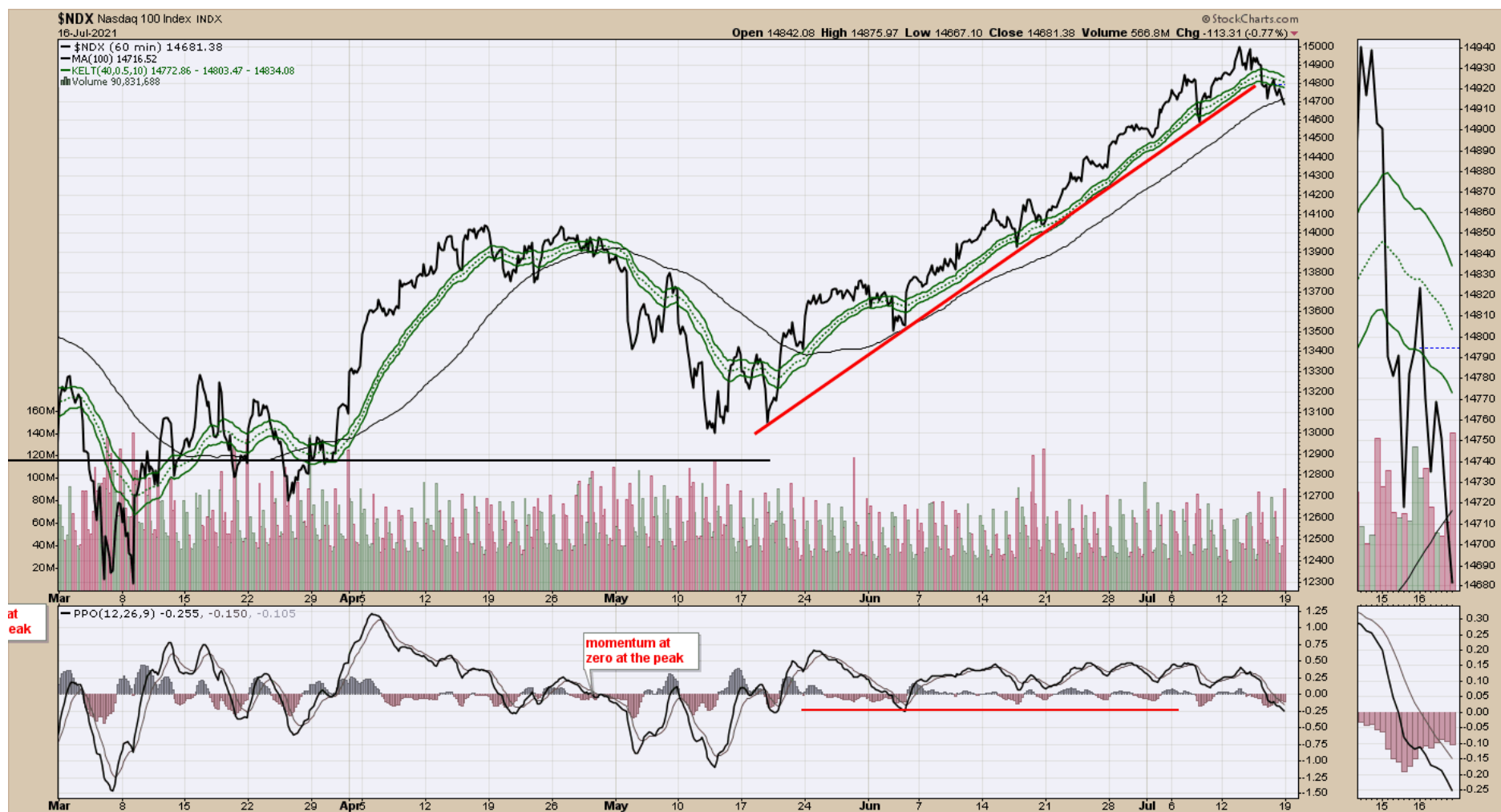
\$NDX WEEKLY CHART

The **\$NDX** was down 1% this week. The market made a higher high and higher low which is positive. The trend line on the PPO is coming into play on this weekly chart. Looking at the small histograms under the green arrow shows a lack of momentum. We want the histograms to be climbing higher.



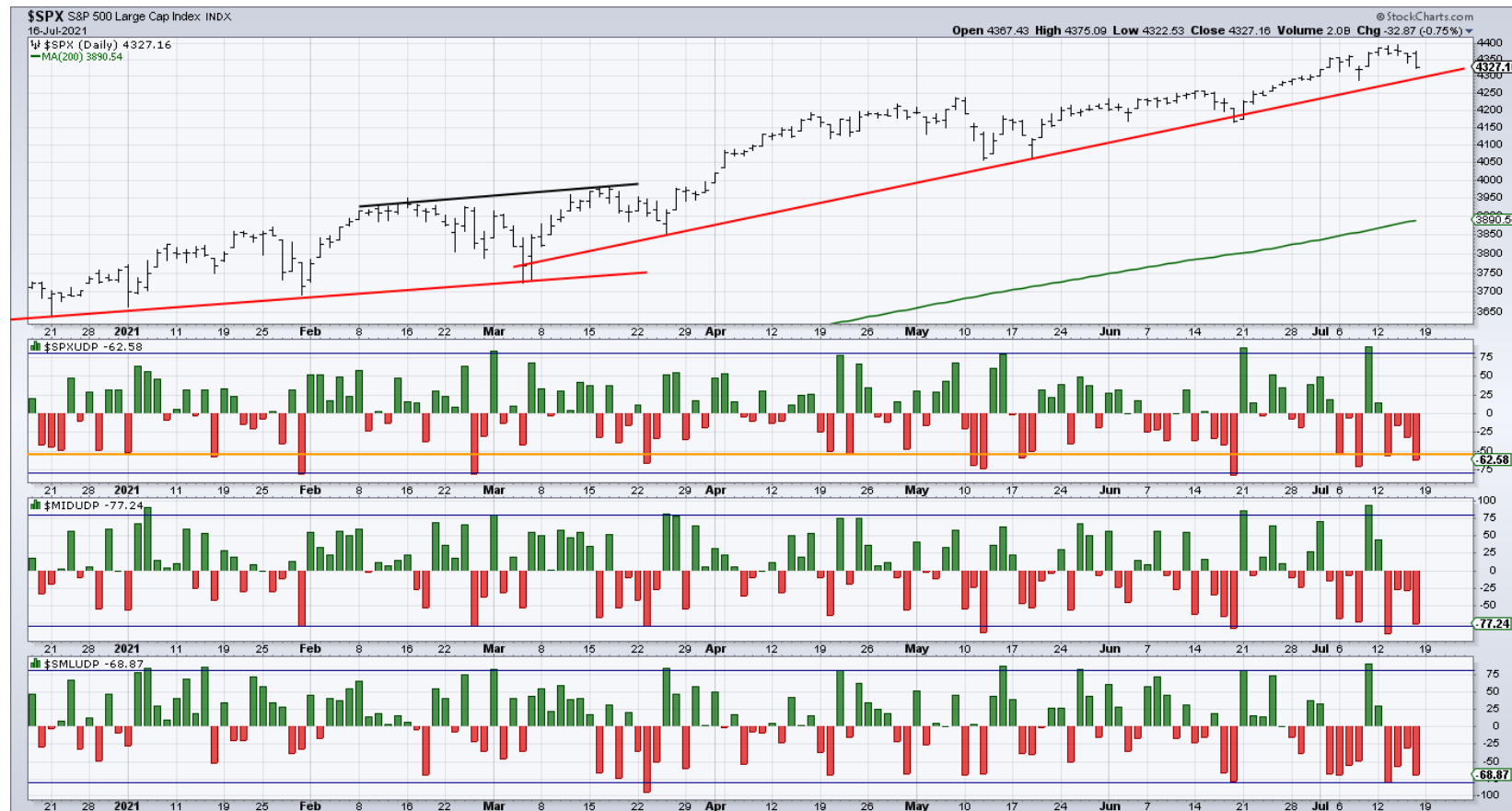
\$NDX - NASDAQ 100 DAILY CHART

The **\$NDX** on the 60-minute chart broken the uptrend. The PPO (momentum) is now below zero.



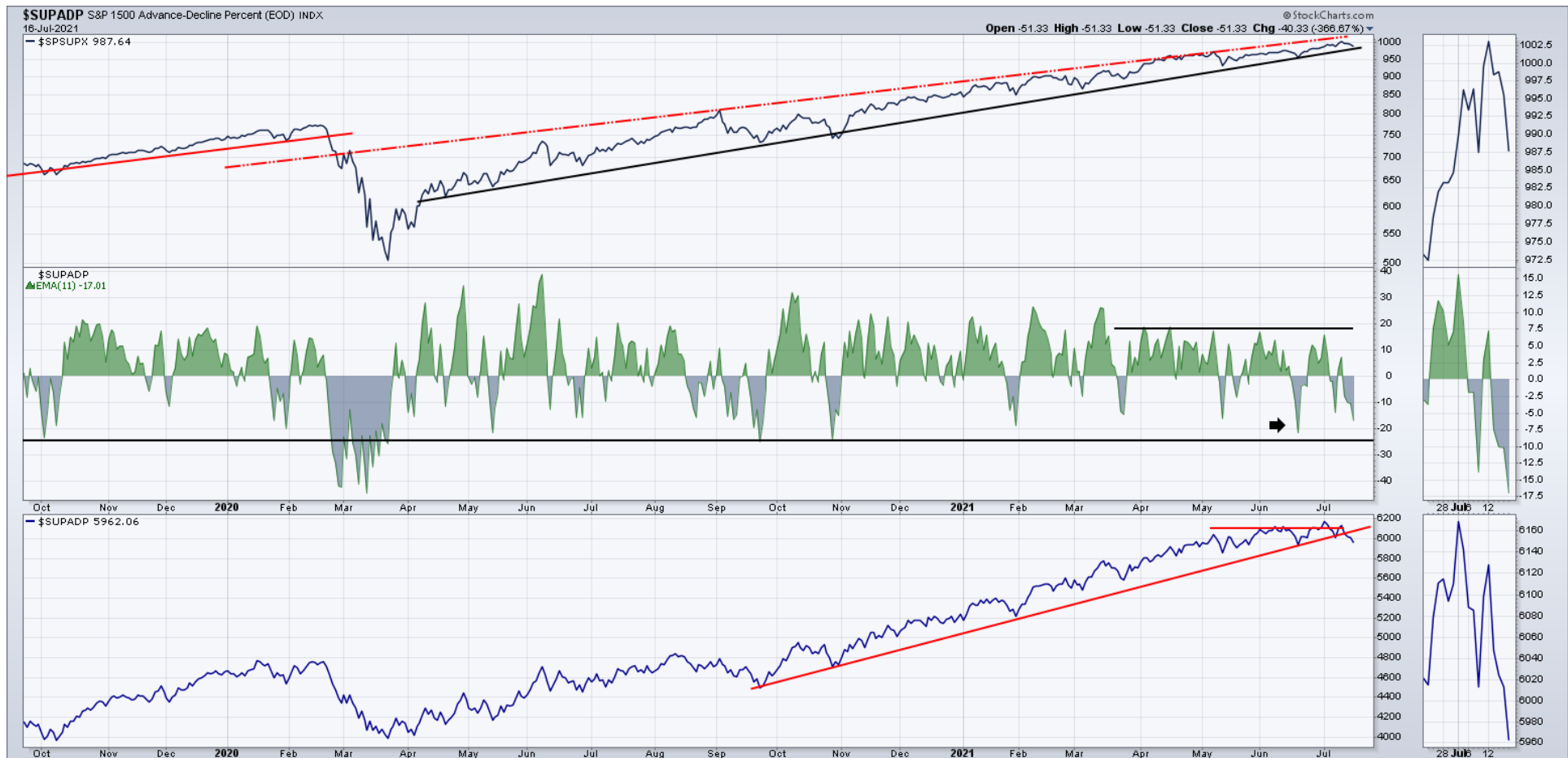
\$SPXUDP - BULLISH INITIATION THRUST VOIDED

The up/down percentage indicator keeps track of how many stocks are moving up compared to down. Last Friday, small (SML), mid cap and large cap were moving higher in droves on Friday, looking like a new initiation thrust. Wrong. The market was in a selling mood all week. As the market closed at new highs on Monday, Monday's up/down percentage was only marginally positive (small green bar). The real problem is only 2 of the last 9 days have a positive ratio. Yuck.



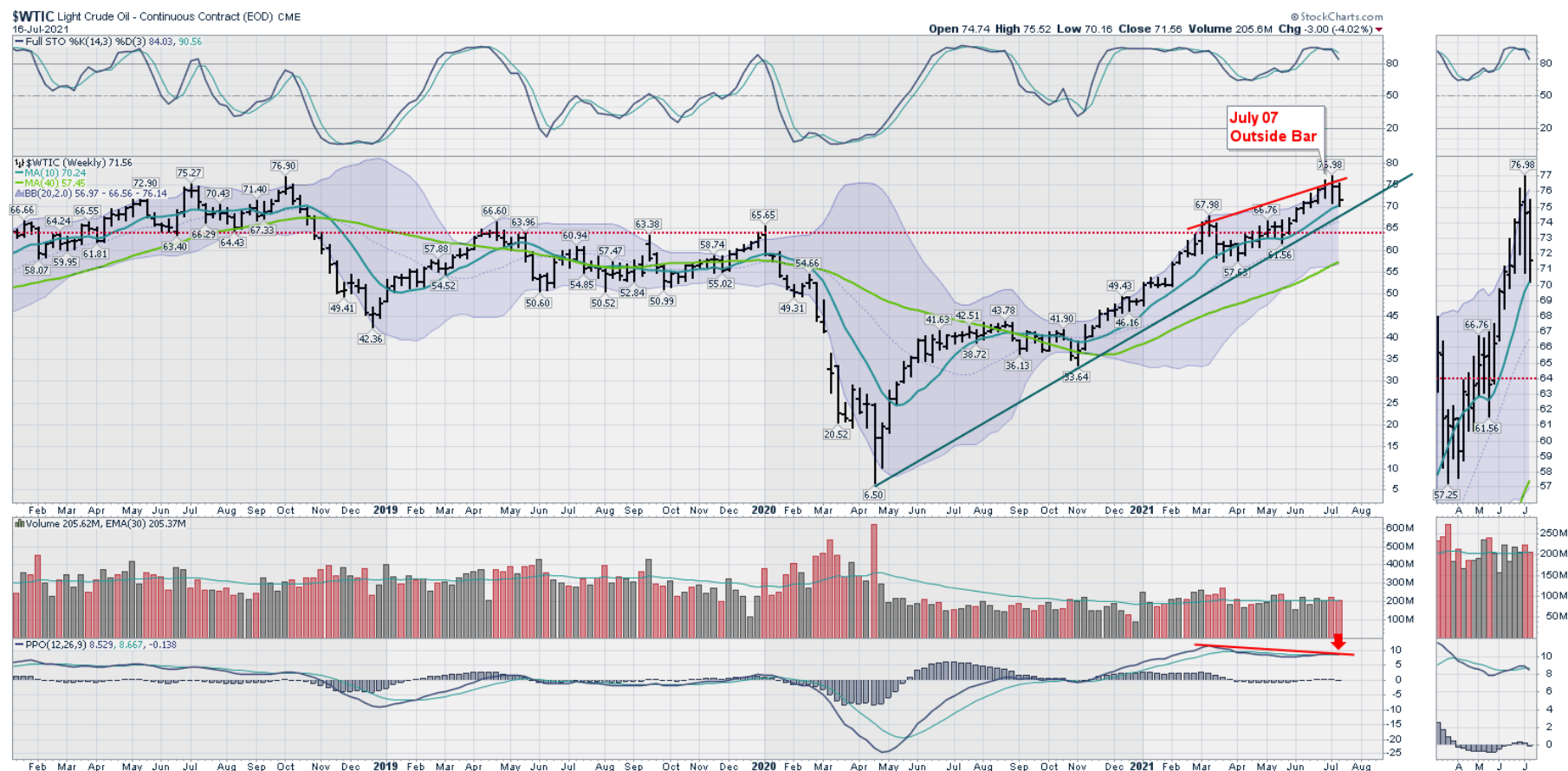
\$SUPADP - THE CUMULATIVE ADVANCE/DECLINE PERCENTAGE LINE

The Advance/decline line adds to the previous total each day. This week we broke the uptrend for the first time since the September low. That's almost a year. Markets need time to correct too. That's why we watch the charts is to try and miss the downside moves. [\\$SUPADP](#)



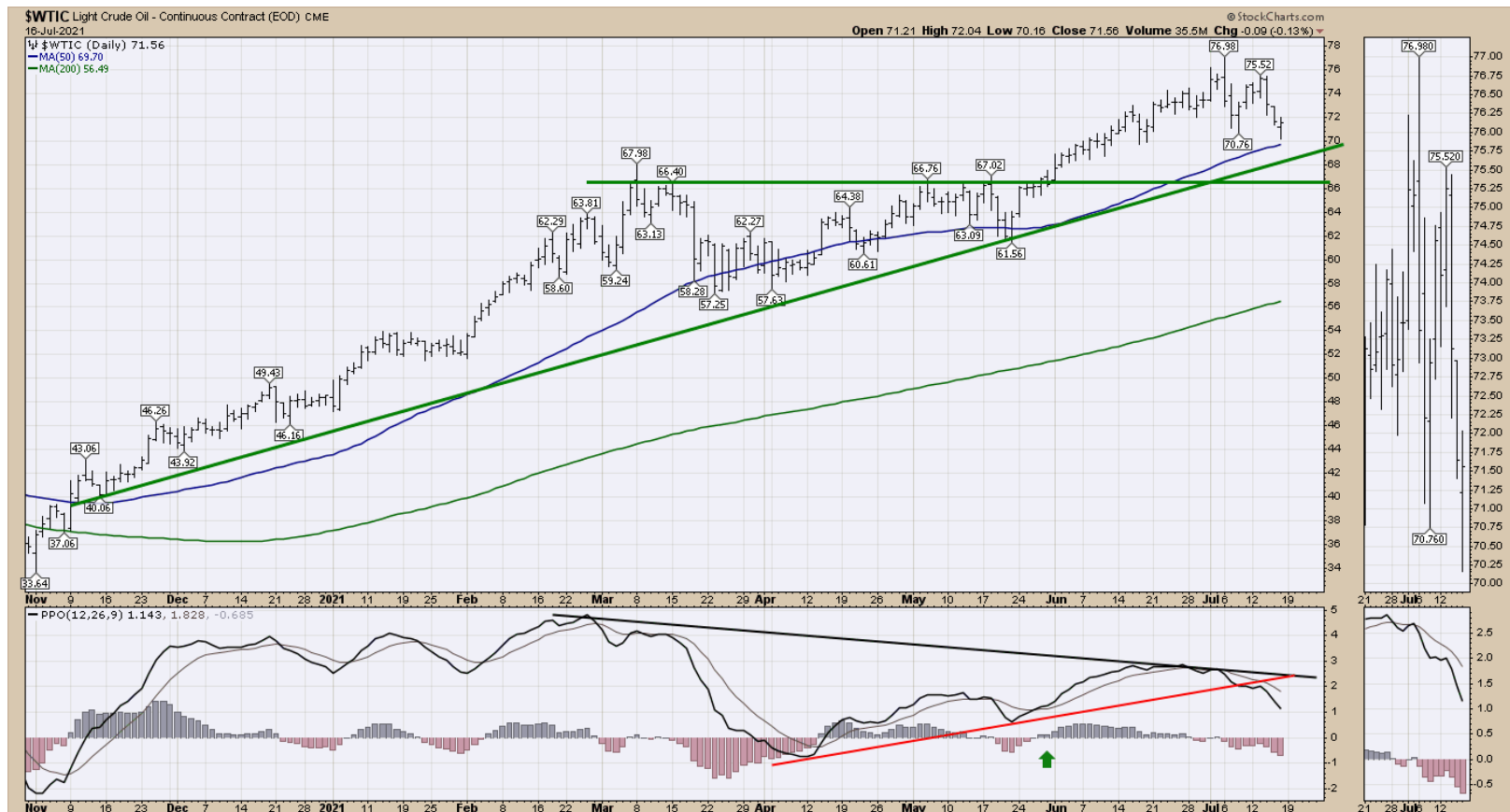
\$WTIC - CRUDE OIL

The price of crude oil made a lower high, lower low and the lowest close in 4 weeks after the outside bar. I flagged it as a potential reversal bar last week, signaling a short-term top. The weekly 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. It is still holding above the 10-week moving average. [\\$WTIC](#)



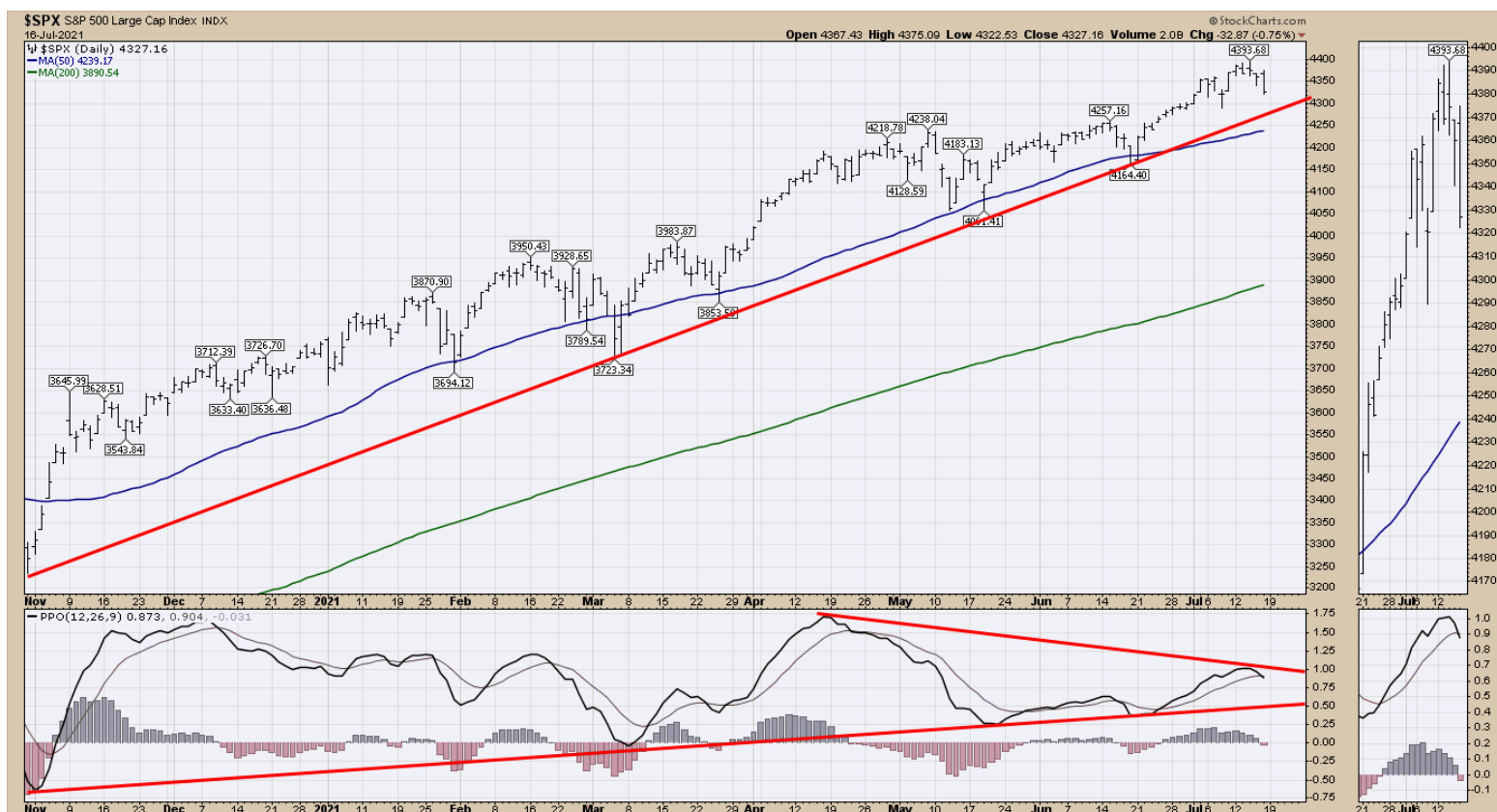
\$WTIC - CRUDE OIL DAILY

The price bars have now made a lower low and a lower high. The PPO has a big divergence from the February peak. The real question is will this be a short-term pullback or do we need to go down and test \$64 - \$66 for support? The PPO shape - two small rallies - has been very similar to the \$SPX shown on the next chart. Both rolling over together doesn't bode well for higher prices. The time span is different, but both of them rolling over now echoes the low momentum seen on other charts. [\\$WTIC](#)



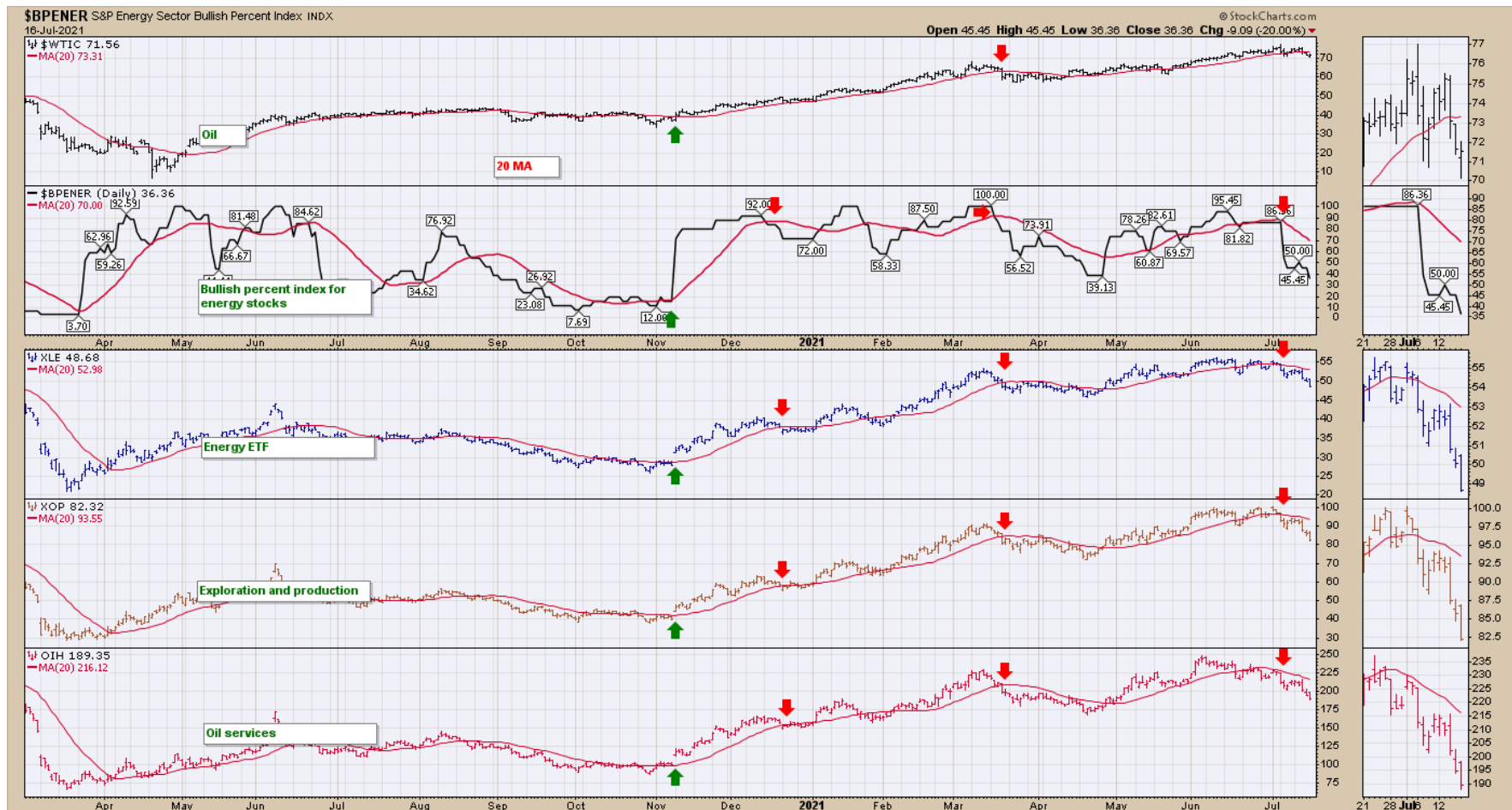
\$SPX - SIMILAR PATTERN ON MOMENTUM

The \$SPX rally and the oil rally have both been moving higher since November. The rally is still intact, and it is hard to imagine that the market won't try to bounce off the red line shown below this week. My main concern is the lower momentum on the PPO than the April highs suggests a weaker market. The SSIH indicator also showed no real acceleration. If both commodities and equities are rolling over while bond prices rally, it doesn't have a good look to it in terms of the bullish cycle in stocks. If bonds also start to sell off, I'd look to the defensive sectors or cash. \$SPX YTD.



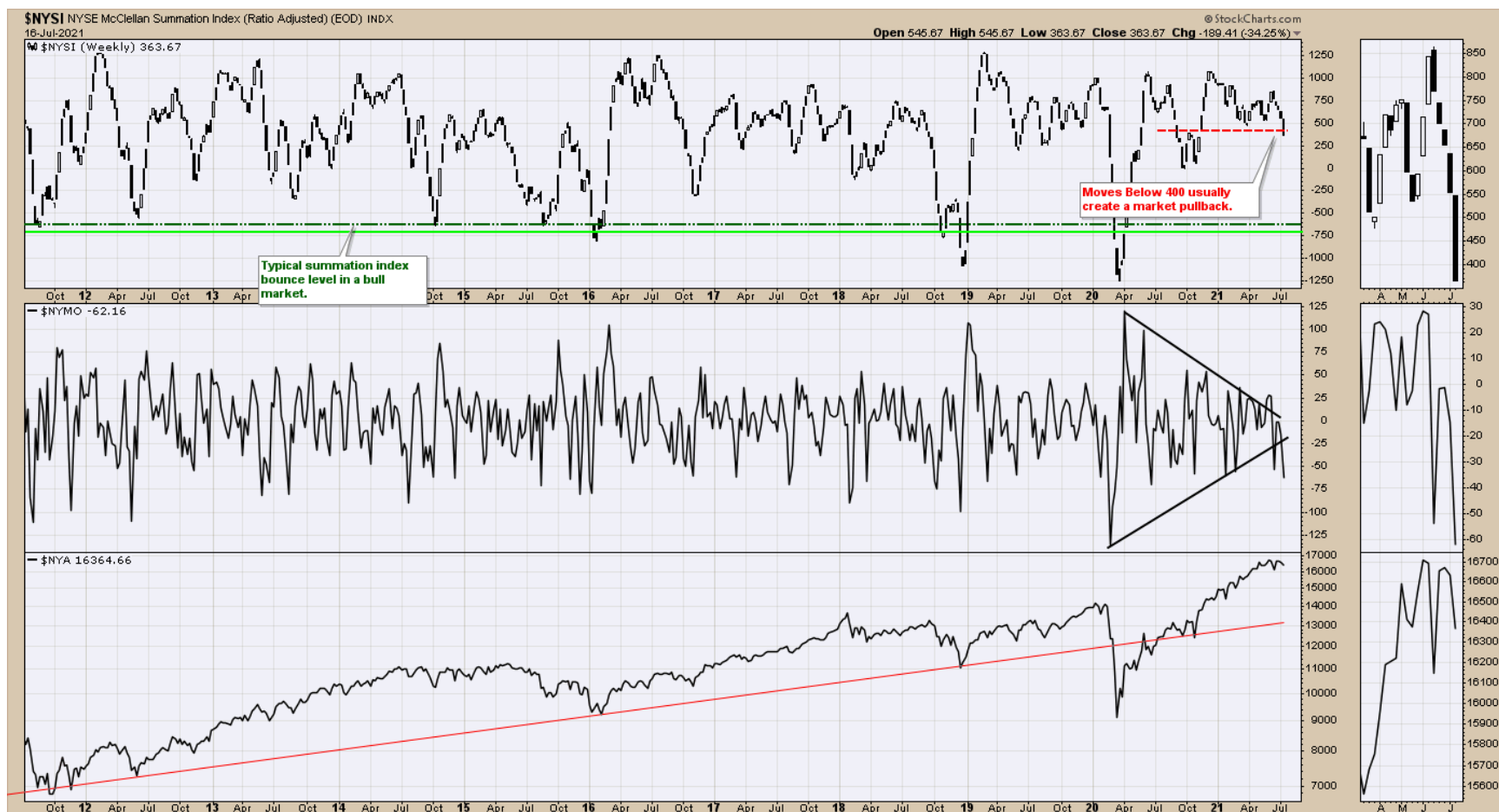
\$BPENER - BULLISH PERCENT FOR ENERGY FALLS BELOW 50%

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 5 of the 5 panels below the 20 DMA. Depending on your time horizon, this is on a sell signal for trading and a caution for longer term traders with the bullish percent index below 50%. [\\$BPENER](#)



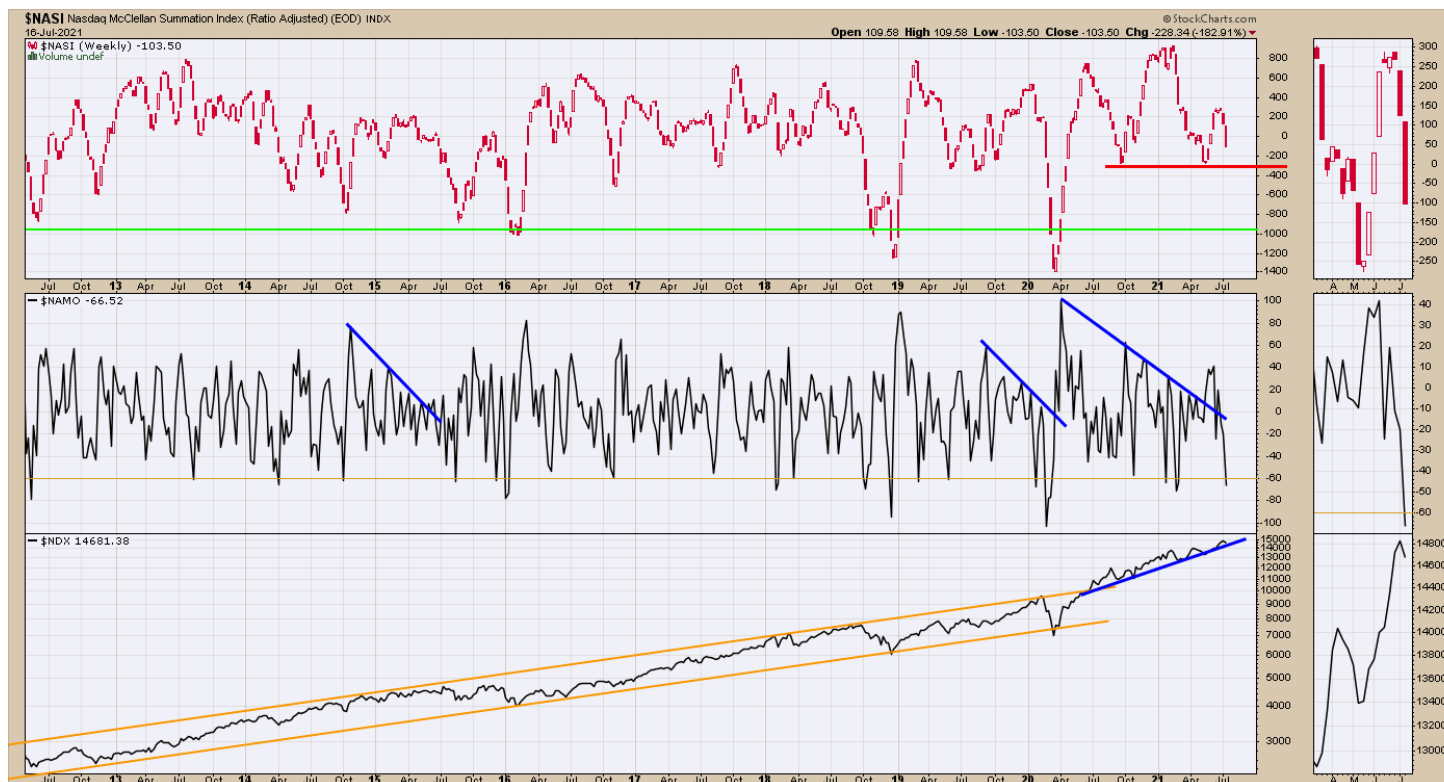
\$NYSI - MCCLELLAN SUMMATION INDEX

The next few charts use a different method to watch breadth. The middle panel is McClellan Oscillator. The top panel is the McClellan Summation Index, cumulatively aggregating the \$NYMO totals. I usually get cautious on moves below 400. We are there now, and this is the first time since November going below 400. [\\$NYSI](#)



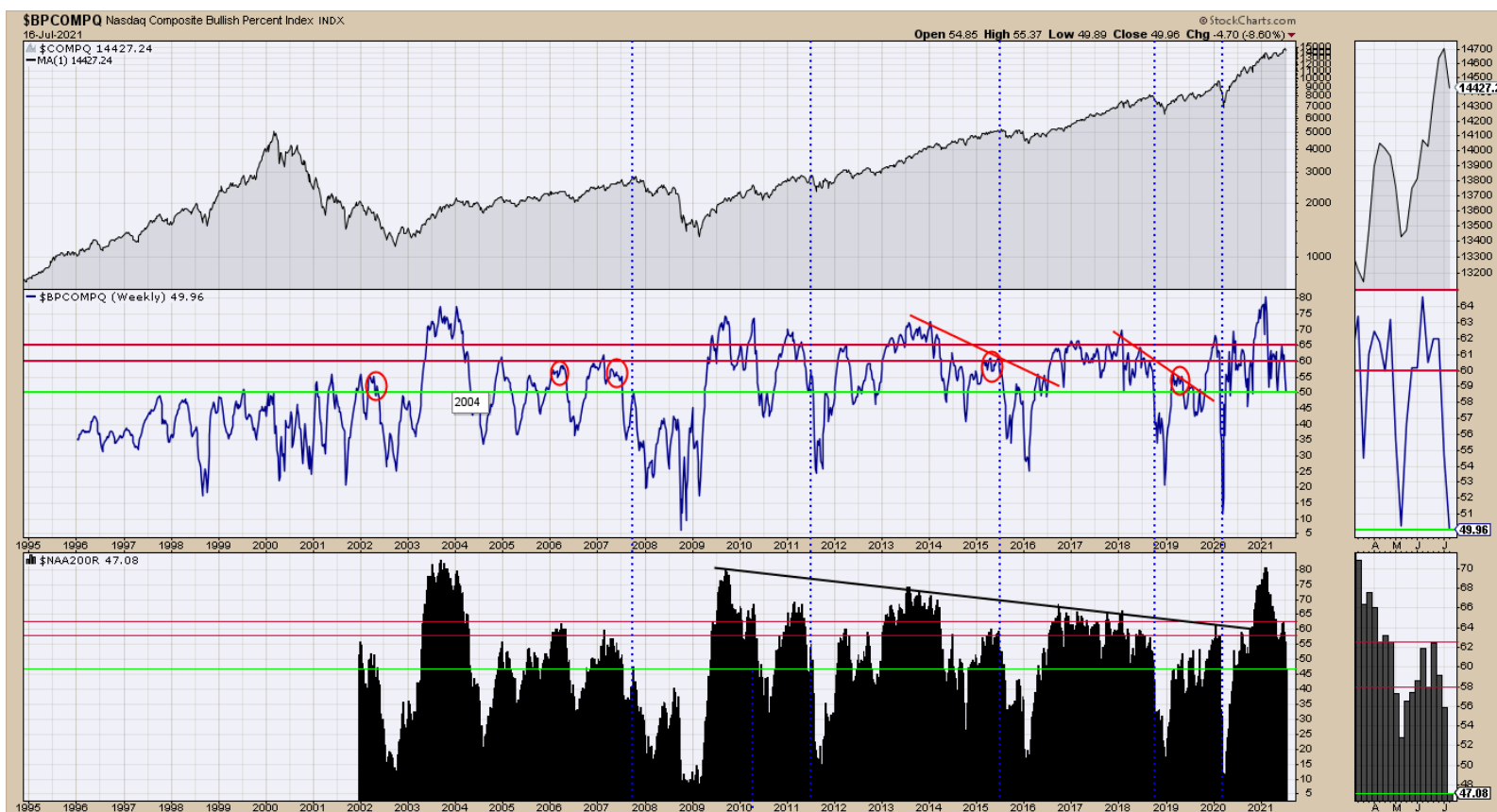
\$NASI - NASDAQ SUMMATION INDEX

The above chart was for the New York Stock Exchange stocks. The chart below is for the Nasdaq. The levels are different, but I get concerned moving below zero, and expect a larger pullback below -200. The red horizontal line is one to watch this week but based on the size of the move in the zoom panel this has a lot of downside momentum. Conversely, the \$NAMO in the middle panel is at a typical low level. It could stay below zero for a while and the market would go lower, or we are at a low and ready to bounce. Examples of staying low are December 2015 or October 2018. None of my indicators are making higher lows, so I don't see that as the next move with the exception of choppy price action as tech earnings are unveiled. Notice how the recent \$NASI rally (+250) was a lot lower than the previous two. Bottom line: Both \$NYSI above and \$NASI look fragile. [\\$NASI](#)



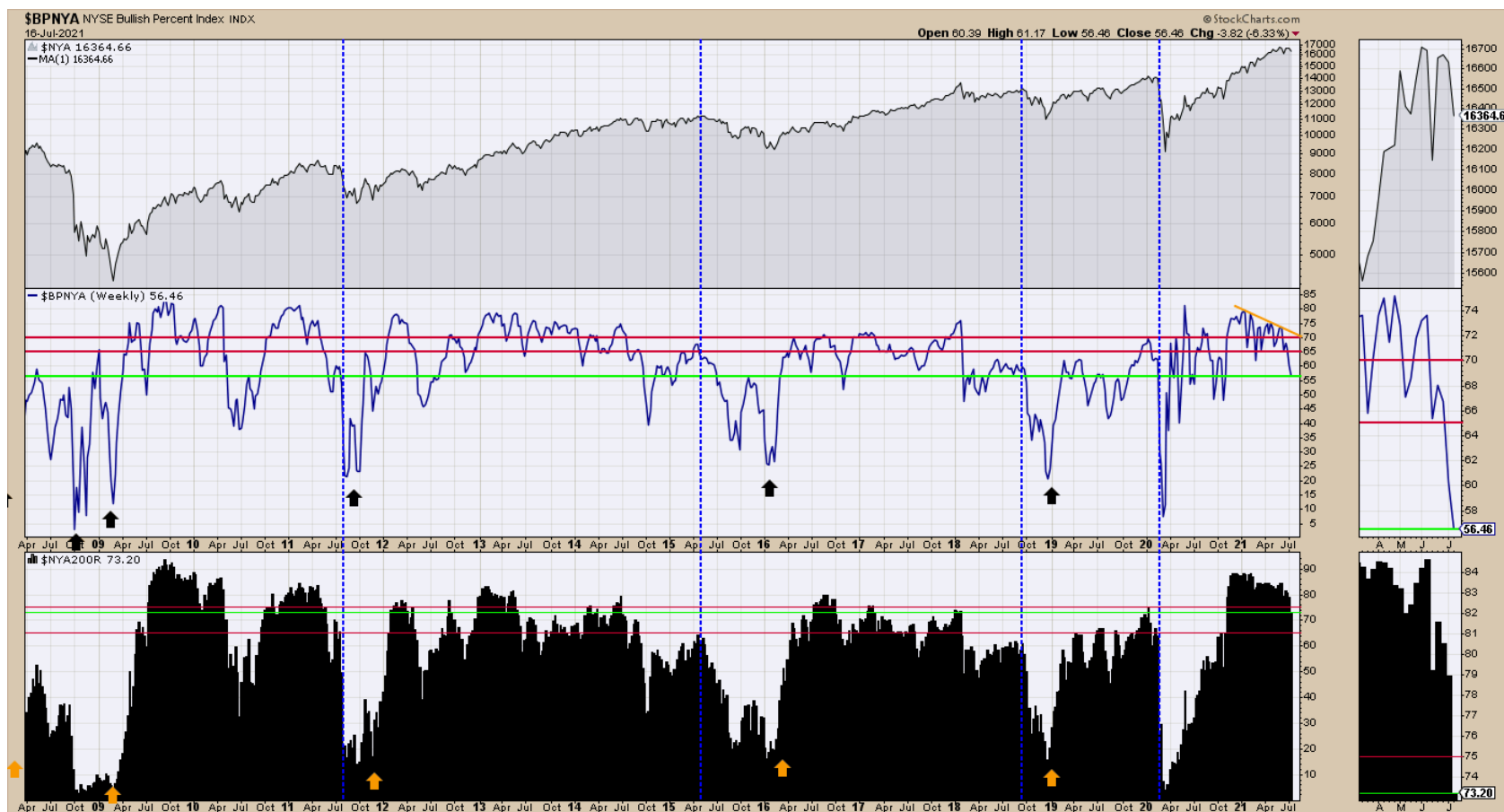
\$BPCOMPQ - NASDAQ BULLISH PERCENT INDEX(BPI)

The bullish percent index is at the level (green line, middle panel) where it has bounced since March 2020. That should be bullish, but it is the weak \$NASI above that adds caution to that premise. The Percentage of Nasdaq stocks above the 200 DMA (bottom panel) is below 50% for the first time since the second quarter of 2020. If more than 50% of the stocks are below the long-term average, that's bad news. The other piece of bad news is looking left on the chart is when this happens after a big rally, it can stay lower for months. [\\$BPCOMPQ](#)



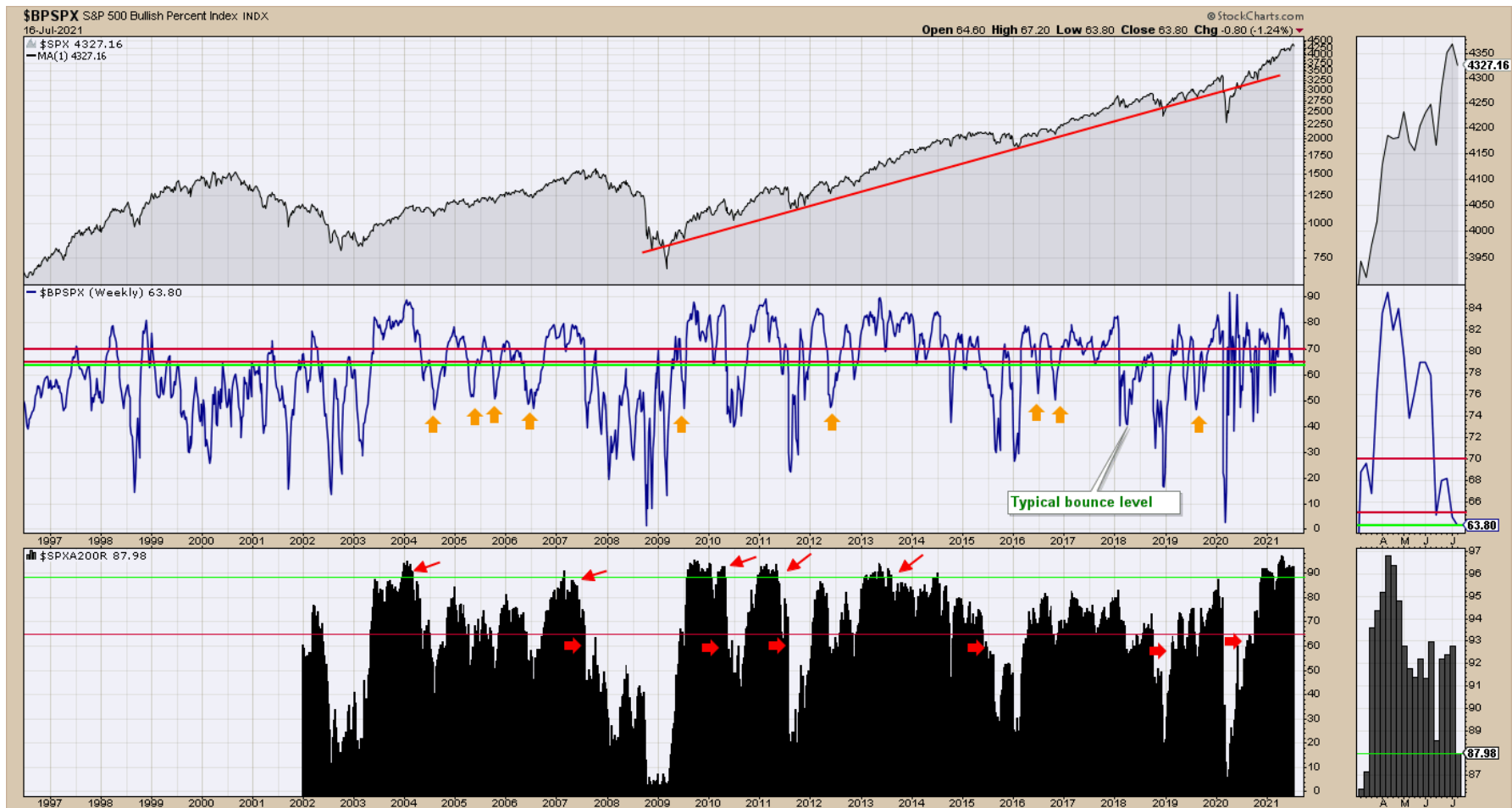
\$NYSE BPI

The BPI for the New York Stock Exchange is at the lowest level since the November rally started, suggesting a change in support. Only 56% of the stock are on a buy signal, which is only marginally positive. The lower panel - stocks above the 200 DMA - looks concerning as well. When the market has had a significant run with 80 % of the stocks above the 200 DMA for a while, the pullbacks are pretty steep and pretty long in time (not a week or two). Green line is the current level. [\\$BPNYA](#)



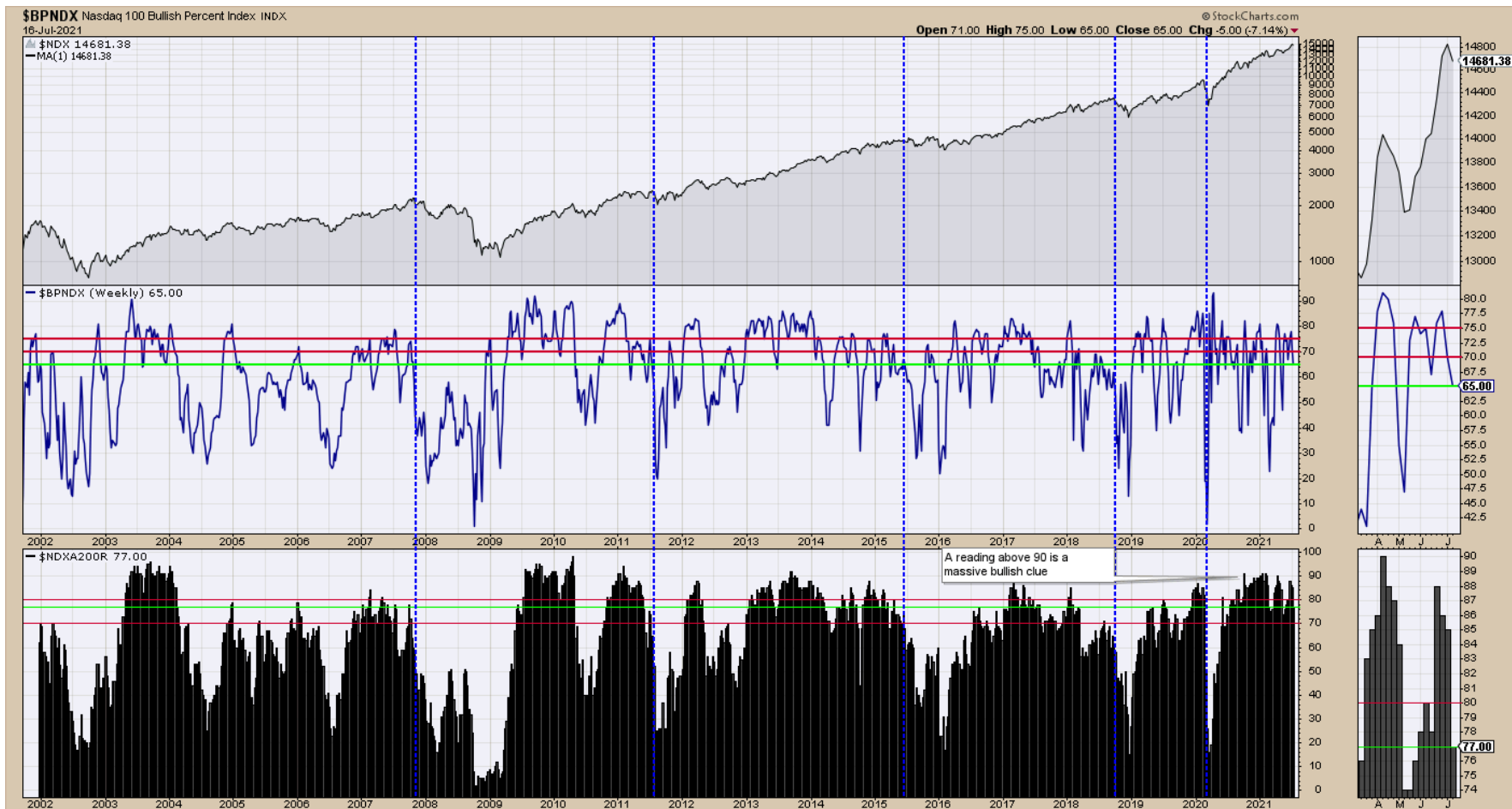
\$BSPSX - LARGE CAP STOCKS

The large cap BPI is trickling below 65%. While that's not horrific, the bounce level is typically around 40 -45%. On the lower panel, 88% of the stocks are above the 200 DMA. That's a great way to see how people have been hiding in large caps compared to the total stock markets shown above (47% and 56%). [\\$BSPSX](#)



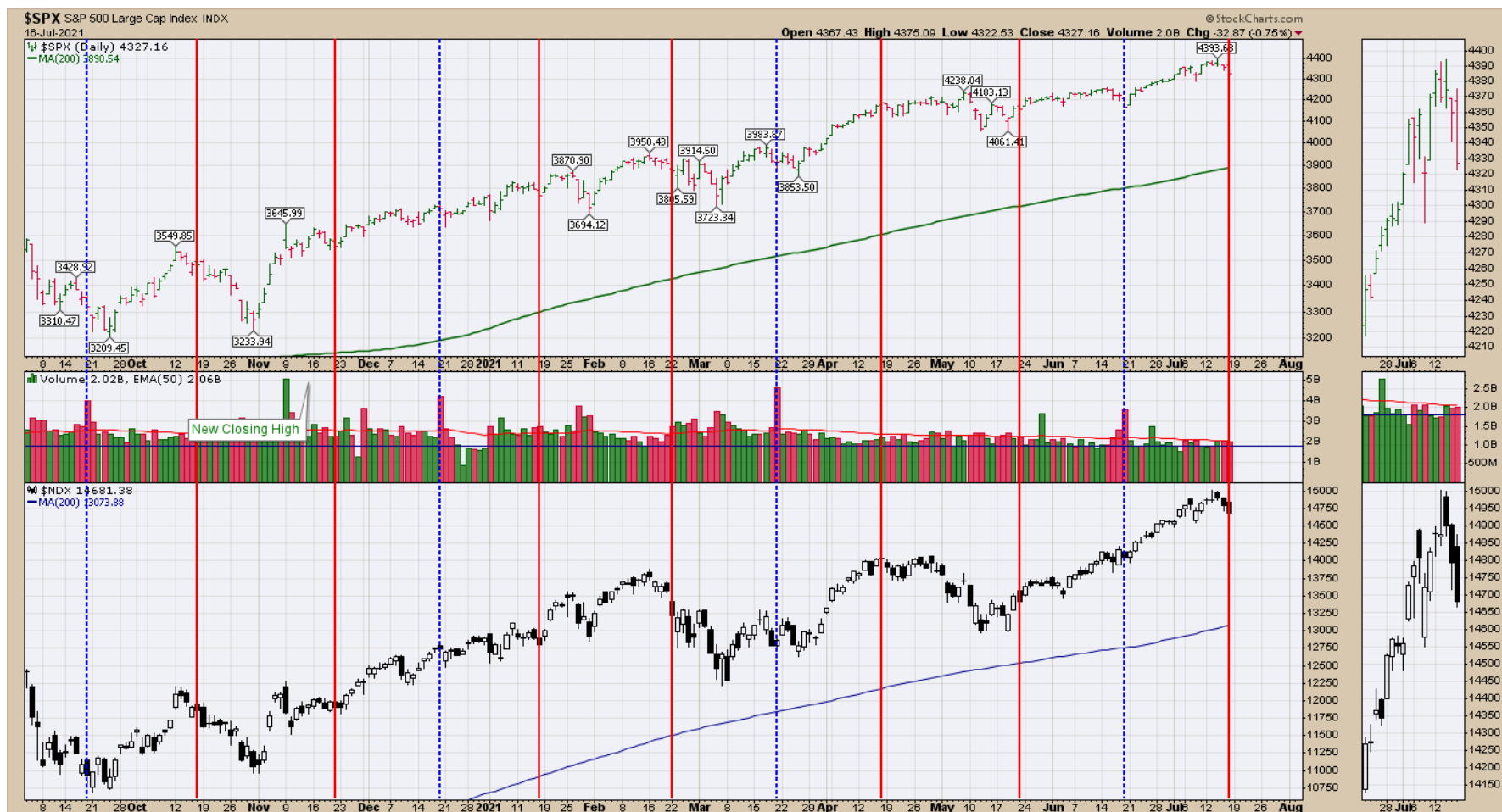
NASDAQ 100 BPI

The largest 100 stocks are in this index and the 7 big companies make up 50% of the performance of the \$NDX. The BPI bounces around quite a bit more because of the small size (only 100 stocks). I find more value in the percentage of stocks above the 200 DMA. Once again, we are on the declining side of a very strong period. A break below 70% would be more concerning. [\\$BPNDX](#)



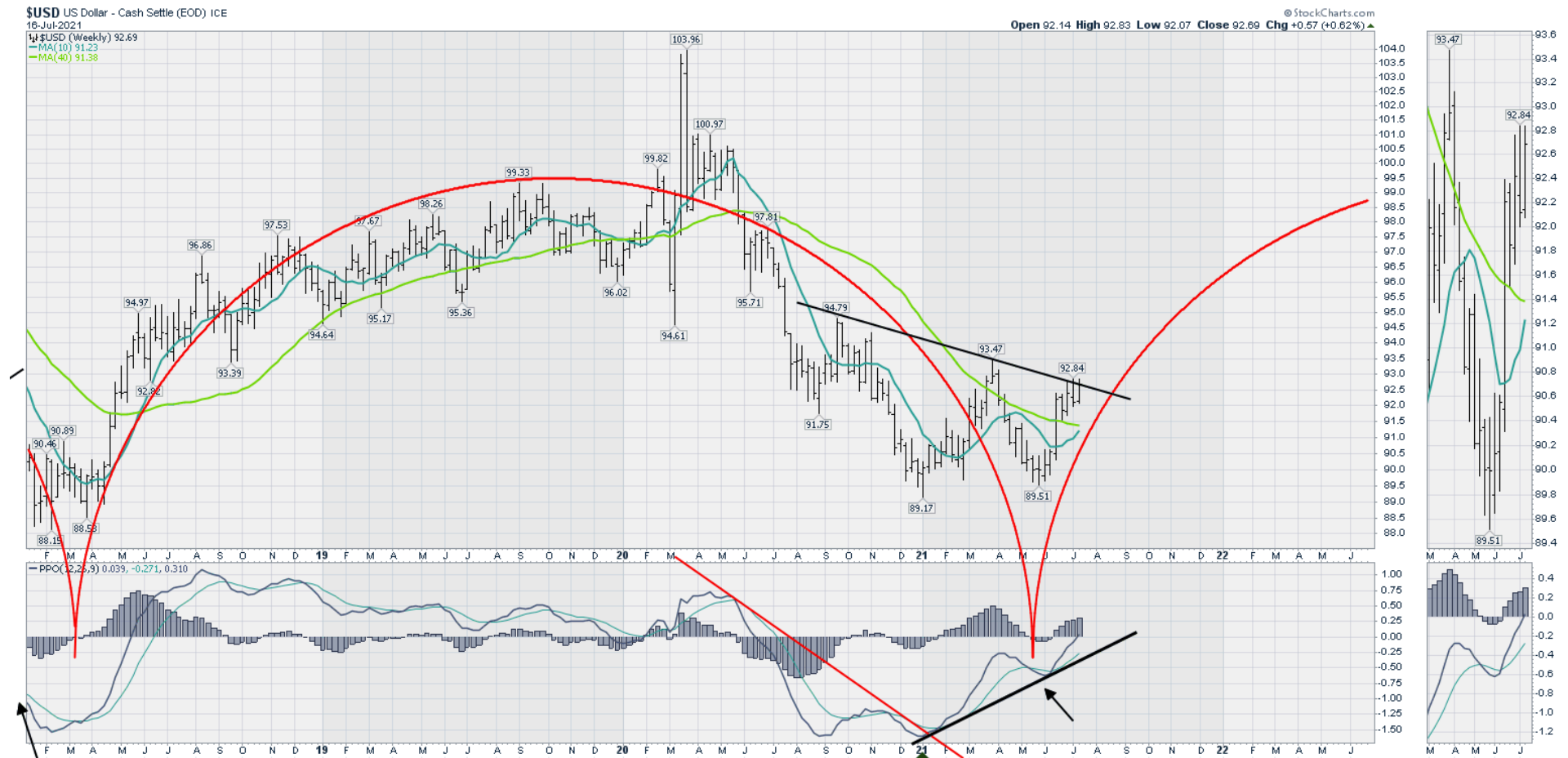
\$SPX - OPTIONS EXPIRATION

The options expiration for July happened on Friday. I mentioned last month that it could be a positive inflection point and that turned out to be true. While that positive could also happen here, the weakness and the lack of momentum in this market suggests to me this could correct down or sideways off this expiration like the period from April OE to June OE (sideways). [\\$SPX OE](#)



\$USD - US DOLLAR

The US Dollar closed on the black trend line this week. The down trend is still in place on the dollar with the black line. PPO momentum is rising but moved above zero this week. That looks very bullish unless it reverses *right away*. [\\$USD Weekly](#).



XLP- CONSUMER STAPLES

Only three sectors have PPO's above their signal lines this week and they are all the defensive sectors. The Consumer staples shows the PPO breaking the downtrend line and moving above zero this week. [XLP](#)



XLU - UTILITIES

The utilities sector popped Thursday and Friday as the overall indexes sold down a bit. The PPO is moving above zero to start next week. That's bullish for utilities and the weekly chart (next chart down) looks very bullish indeed. [XLU](#)



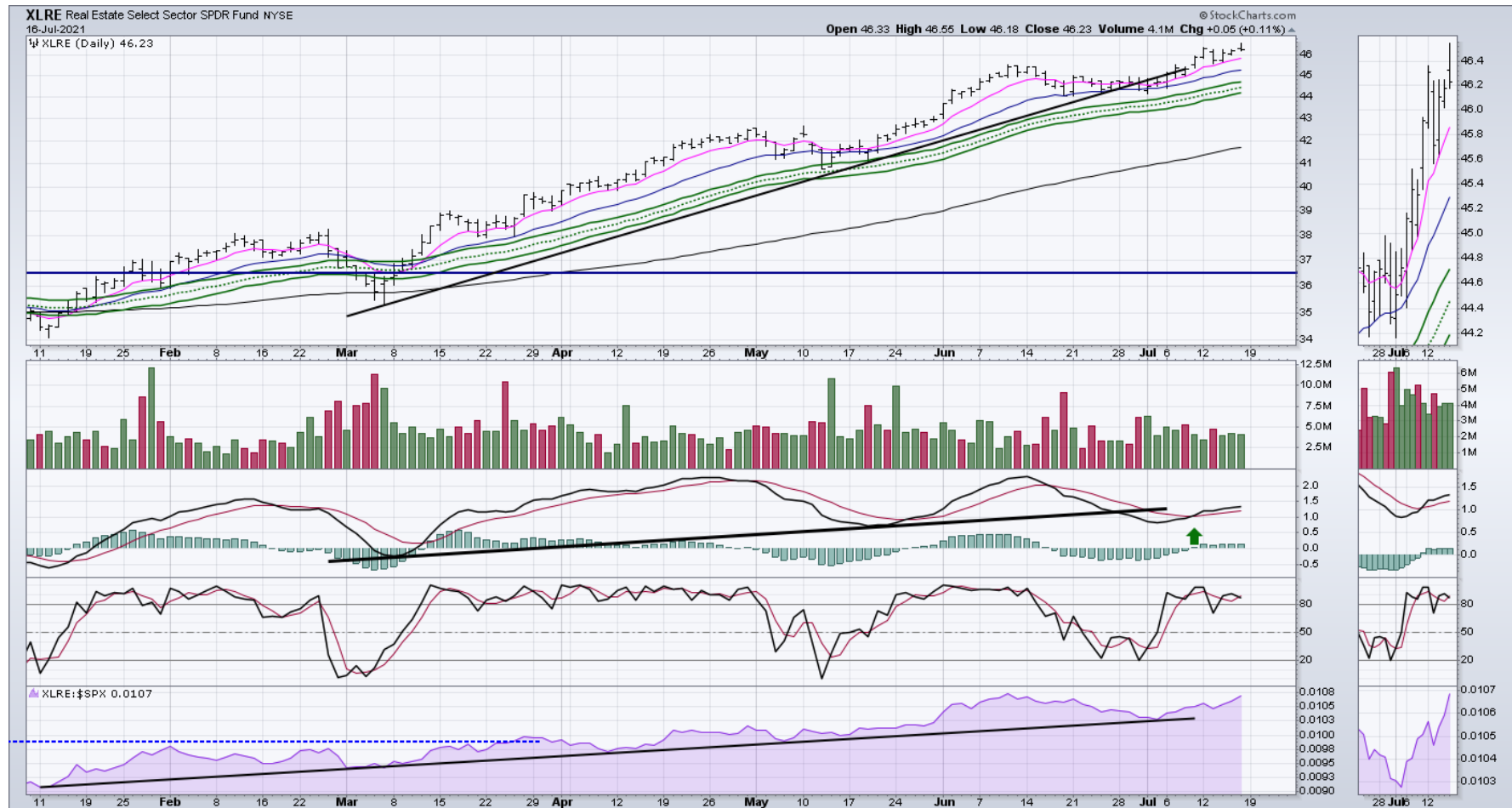
\$UTIL - WEEKLY

The Utilities Index can't be traded, but it does show a chart setting up for a break of a 1.5-year trend line setting up. The PPO on the weekly chart also looks ready to turn higher. [\\$UTIL](#)



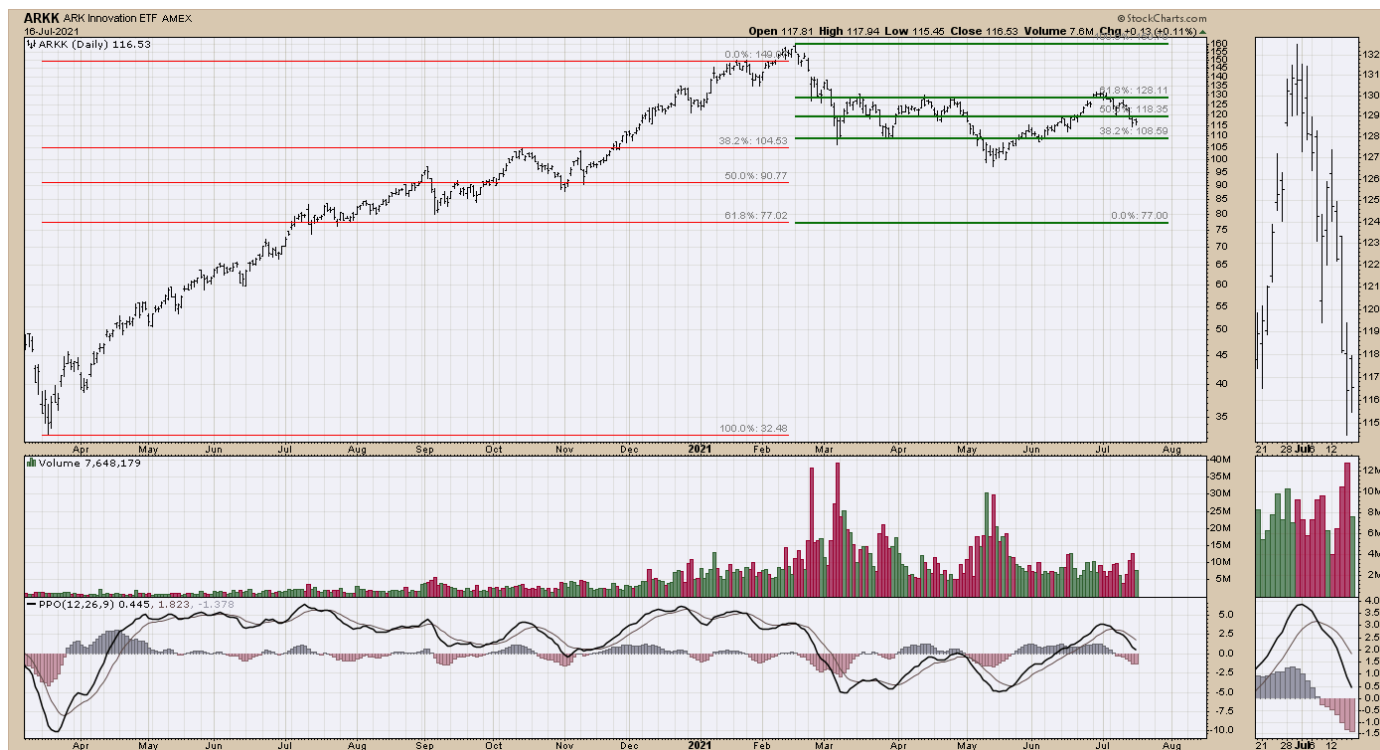
XLRE - REAL ESTATE

The real estate chart closed at higher highs again. The PPO turned up last Friday and the momentum continues to move higher. All three defensive sectors are moving higher, while sell signals are hitting all the growth sectors. Ouch. [XLRE](#)



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 daily chart. ARKK rolled down again this week. On the red Fibonacci lines, notice how the price oscillated between the 38% and 50%, then the 50% and 61% levels that ultimately worked out to defining where the final top would be. When we use that same model on the corrective price action we have had since the high, that would suggest the end of the move down around \$77. While this is not 'scientific' and the levels are not exact, a look back through many charts centering fib lines around the price consolidation between the 38 and 61% levels can give perspective for upside or downside potential. This failed test of the March and April highs looks familiar. Check out the Gold chart on the next page.



\$GOLD - WEEKLY




The weekly chart of Gold back in 2012 had the same pattern on a weekly chart that we see on the daily chart of ARKK above. The consolidation in green pointed to a low around the \$1280 level. Ultimately Gold went on to set up another consolidation area (black Fib lines) and that projected down to \$1000 which is where gold ultimately bottomed. [\\$GOLD](#)



MARKET SUMMARY

The markets were defensive. That's all I found in the price action this week. Energy was roasted like it is not valuable again. Technology, communications and industrials were marginally weak. Discretionary and semiconductors were weak.

SYMBOL	NAME	CLOSE	% CHG	+/-
XLU	Utilities	66.27	2.59	
XLP	Staples	71.04	1.27	
IYR	Real Estate	105.78	0.36	
XLV	Healthcare	128.62	-0.07	
XLK	Technology	150.30	-0.60	
XLC	Communications	80.86	-0.96	
XLI	Industrials	101.91	-1.53	
XLF	Financials	36.12	-1.61	
XLB	Materials	81.09	-2.28	
XLY	Discretionary	178.01	-2.45	
SMH	Semiconductors	246.85	-3.95	
XRT	Retail	92.35	-5.63	
XLE	Energy	48.68	-7.89	
XOP	E & P	82.32	-12.32	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTCS	Staples	713.23	2.30	
\$SPTTS	Telecom	195.24	0.37	
\$SPTUT	Utilities	333.79	0.32	
\$SPTGD	Gold Miners	300.13	0.20	
\$SPTRE	Real Estate	370.67	0.16	
\$SPTFS	Financials	367.94	-0.23	
\$RTCM	Income Trusts	251.86	-0.43	
\$SPTIN	Industrials	351.51	-1.18	
\$TSX	\$TSX	19985.54	-1.34	
\$SPTMT	Materials	314.78	-2.00	
\$SPTTK	Technology	212.23	-2.50	
\$SPTCD	Discretionary	262.65	-2.75	
\$SPTEN	Energy	125.68	-7.82	
\$SPTHHC	HealthCare	63.58	-8.35	

GLOBAL VIEW

The globe was positive in Asia for a change, and negative in Europe and North America. We haven't seen a lot of strength out of Asia. Not a lot of green in the commodities. Apparently, Jim Cramer the oil analyst, called the top in oil this week. Reminds me of Dennis Gartman saying oil will never get above \$44 in his lifetime. Lumber got carved into sawdust this week. (-29%!!)

SYMBOL	NAME	CLOSE	% CHG	+/-
\$HSI	Hong Kong	28004.68	2.41	■
\$KOSPI	South Korea	3276.91	1.83	■
\$BSE	India	53140.06	1.44	■
\$AORD	Australia	7630.70	1.13	■
\$MXX	Mexico	50148.13	0.76	■
\$IDDOW	Indonesia	1184.58	0.44	■
\$SSEC	Shanghai	3539.30	0.43	■
\$BVSP	Brazil	125960.00	0.42	■
\$NIKK	Japan	28003.08	0.22	■
\$INDU	Dow ----	34687.85	-0.52	■
\$DAX	Germany	15540.31	-0.94	■
\$SPX	S&P 500 ----	4327.16	-0.97	■
\$NDX	Nasdaq 100 ----	14681.38	-0.98	■
\$CAC	France	6460.08	-1.06	■
\$TSX	Canada	19985.54	-1.34	■
\$GBDOW	London	315.97	-1.52	■
\$RTSI	Russia	1603.10	-1.95	■
\$IBEX	Spain	8506.20	-3.08	■

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SOYB	Soybean	1391.75	4.70	■
\$SUGAR	Sugar	0.18	2.49	■
\$GOLD	Gold	1815.00	0.24	■
\$NATGAS	Natural Gas	3.66	0.11	■
REMX	Rare Earth Metals	95.46	-0.29	■
\$COPPER	Copper	4.32	-0.52	■
\$COCOA	Cocoa	2320.00	-1.15	■
LIT	Lithium	77.20	-1.27	■
GDX	Gold Miners	33.92	-1.31	■
\$SILVER	Silver	25.80	-1.67	■
\$HOIL	Heating Oil	2.11	-1.94	■
\$GASO	Gasoline	2.23	-2.51	■
\$BRENT	Brent Crude	73.30	-3.02	■
SIL	Silver Miners	40.83	-3.48	■
SLX	Steel	60.37	-3.53	■
\$WTIC	WTI Crude	71.56	-4.02	■
HMMJ.TO	Marijuana Stocks	9.37	-7.32	■
\$LUMBER	Lumber	536.40	-28.94	■

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. [Grizzly Outlook](#)



Grizzly Outlook

Weekly Market Review
July 17, 2021



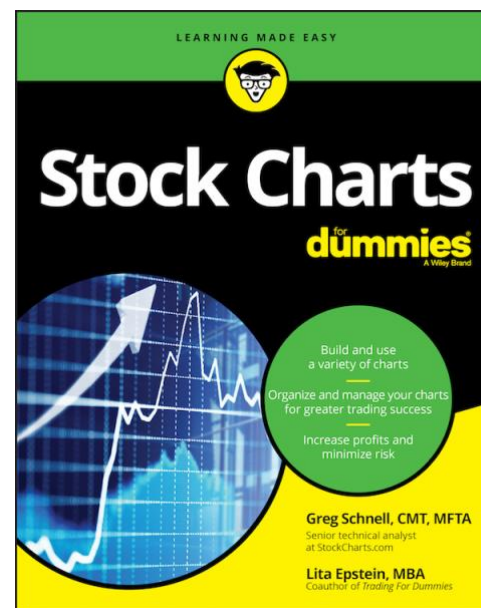
Disclaimer:

Greg Schnell is an independent analyst and does not invest for clients. Greg Schnell does not collaborate to create a positive/negative market bias, nor is he paid to promote any particular stock or perspective. These charts and descriptions are not an instruction to buy or sell. You as a reader, are solely responsible for every investing decision you make. Greg Schnell and any of his companies or relationships with other companies, are not responsible for trades. The ideas presented here are opinion. Trading and investing involves risk to you and is solely yours. Greg may or may not own securities mentioned.

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.