

# THE CANADIAN TECHNICIAN



U.S. Edition

Fall Run?

Weekly Market Review  
September 25, 2021



WITH  
GREG SCHNELL

## MARKET COMMENTARY

The indexes didn't close with a meaningful percentage change, but it was a wild, wide-ranging week after quadruple options expiration. After decisively slicing the uptrend lines on Monday for many of the index charts, the market rallied throughout the week.



The big change this week was the interest rate move. While interest rates rallied, that pushed bond prices down. If an investor doesn't want or have to be in bonds, where are they going to move the money? Probably the equity markets, which can also add fuel to the next leg of the rally. We'll have more on the conference call.

Transports improved this week. The railway chart built a hammer candle after declining for six weeks. Airlines soared with a large weekly price bar moving above the weekly closing levels of the last 10 weeks! Hotels popped with a large outside bar and I think it was more than Greg travelling through the Rocky Mountains. The Banff Springs Hotel on the left is a reminder of why people love to travel. The gambling index also gave me one buy signal a few weeks ago, but the chart hasn't turned up meaningfully. When I group those three industries together, a macro trend forming looks like investors are moving towards travel and entertainment stocks.

The energy crunch worldwide seems to be forming. Cameco as a rep for uranium names has moved 25% each way, all in September! Natural gas availability in Europe and Russia seems to be very, very tight. The situation in the North American inventory continues to tighten as well with Hurricane Ida struggles. The recent weeks have tightened slightly, not large. The bigger issue is that week after week, we continue to tighten. When will production catch up with demand? Energy has been the #1 sector over the last month. Oil and gas are being used for power generation worldwide as renewables come up short on meeting demand.

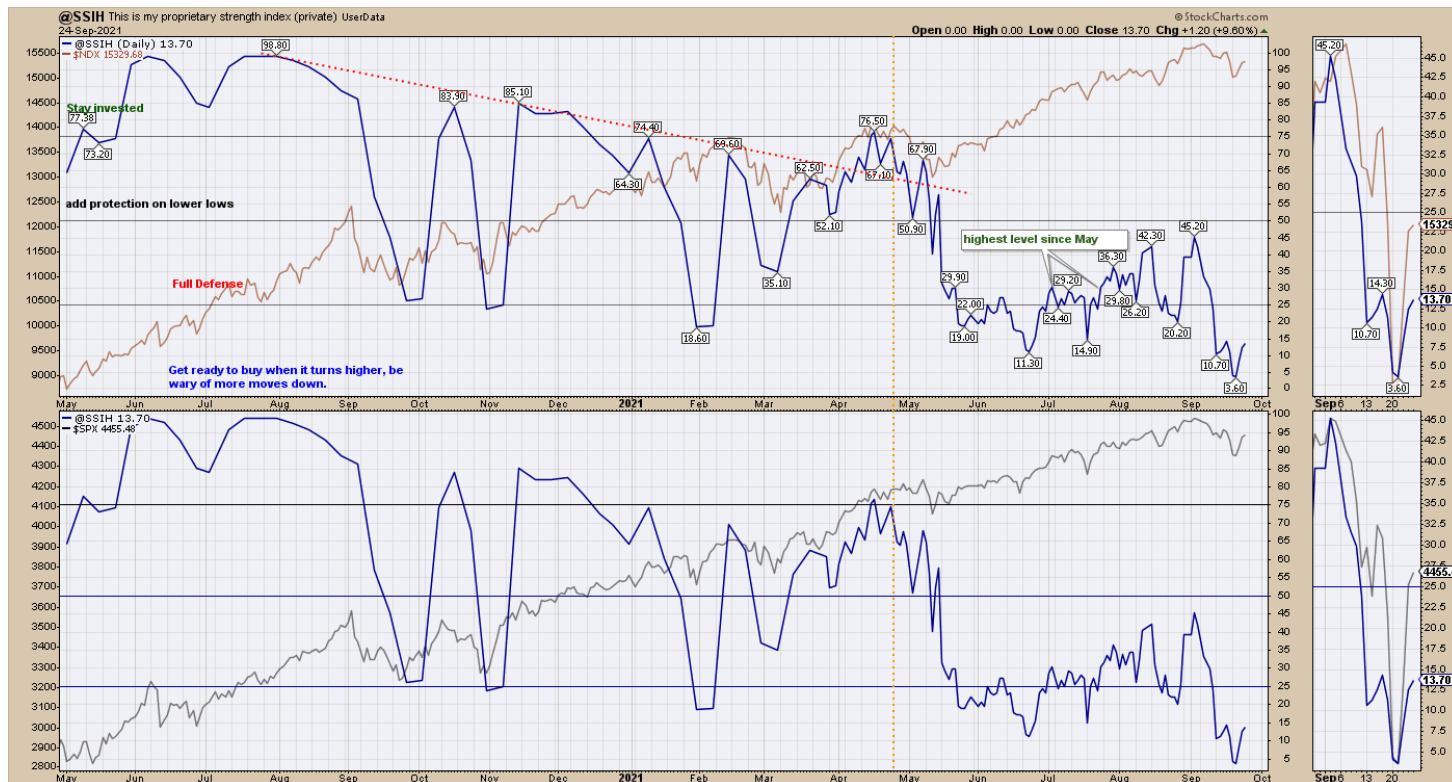
Consumer Discretionary (Cyclicals) have been the second-best performer. The sector chart for the XLY looks ready to break out to new highs. Tesla is turning up. Ford and GM both started to turn higher. Toyota Motors looks good as well. Check the sector.

Summary: Buy signals in a few industry groups. Bitcoin is on a long 18-month trend line this week. We need to see the September downtrend on the \$NDX break to the upside this week. Trade well but be careful of a downside break. Let's hit the charts.

## SSI 13%

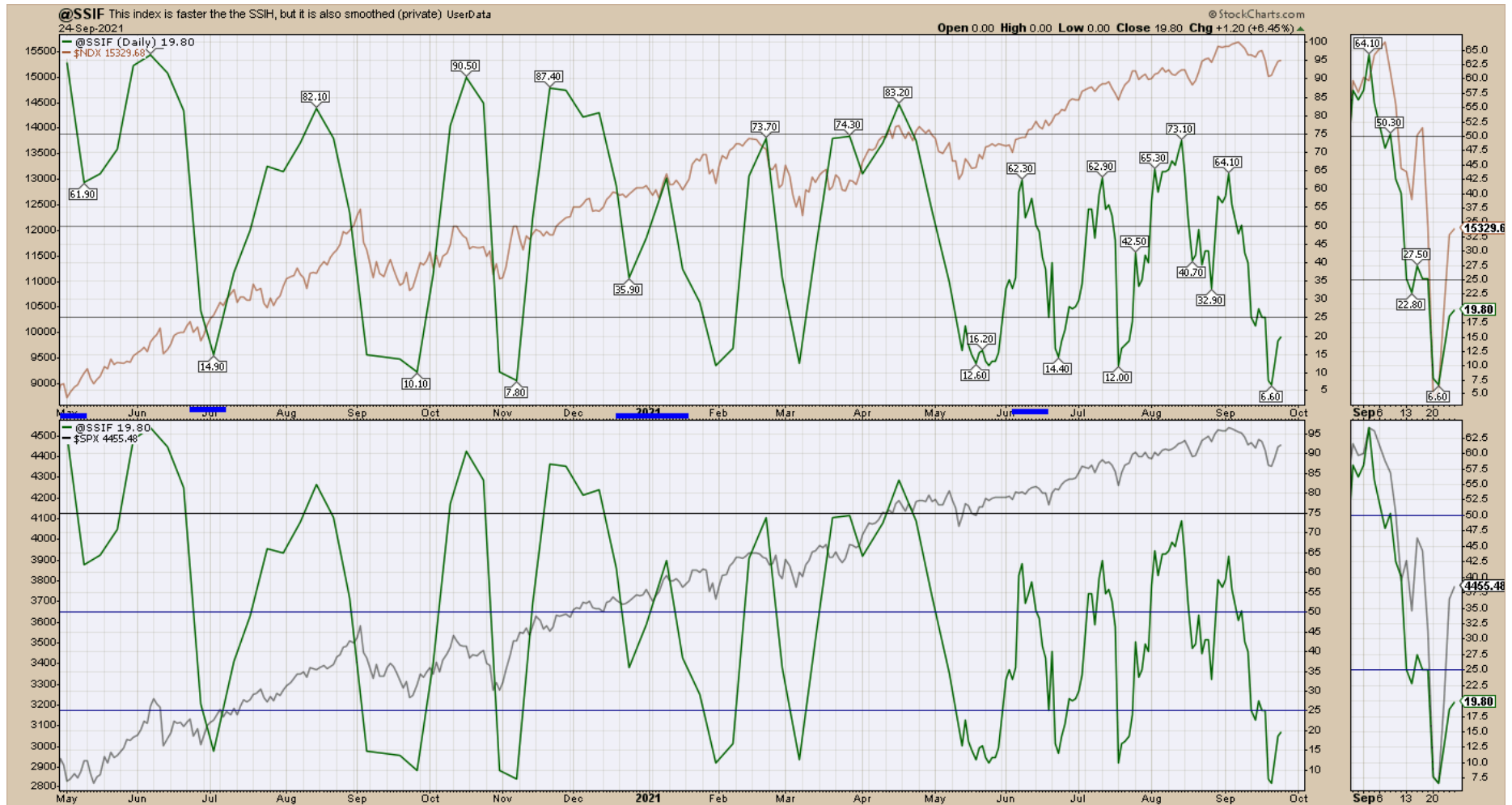
The Schnell Strength Index (SSI) ended up 10% higher than the Tuesday lows. If you were looking for a momentum low, 3% is probably it. However, if we were going to enter a prolonged downturn, these low levels are what we might expect to precede the actual decline. The real question is can we rally from here heading into earnings? Earnings have been doing well.

Both panels have the same SSI indicator with different stock indexes in the background. 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.



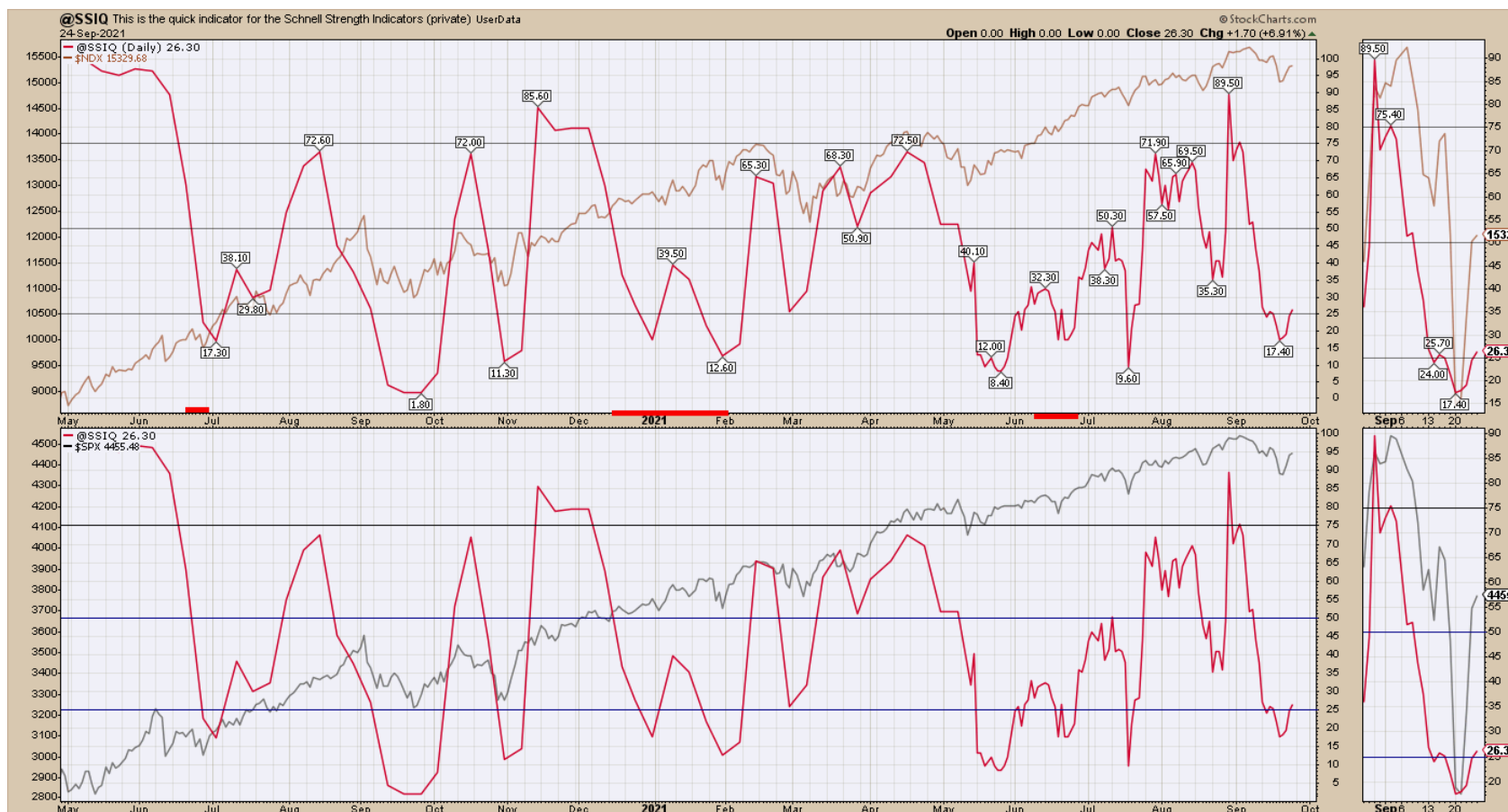
## SSIF 20%

The Schnell Strength Index - Fast version - plummeted 58% down into Tuesday's low and is bouncing higher. Using the lows since May, this is typically a trade level for a reversion trade higher. NDX in the background on the top, SPX in the bottom.



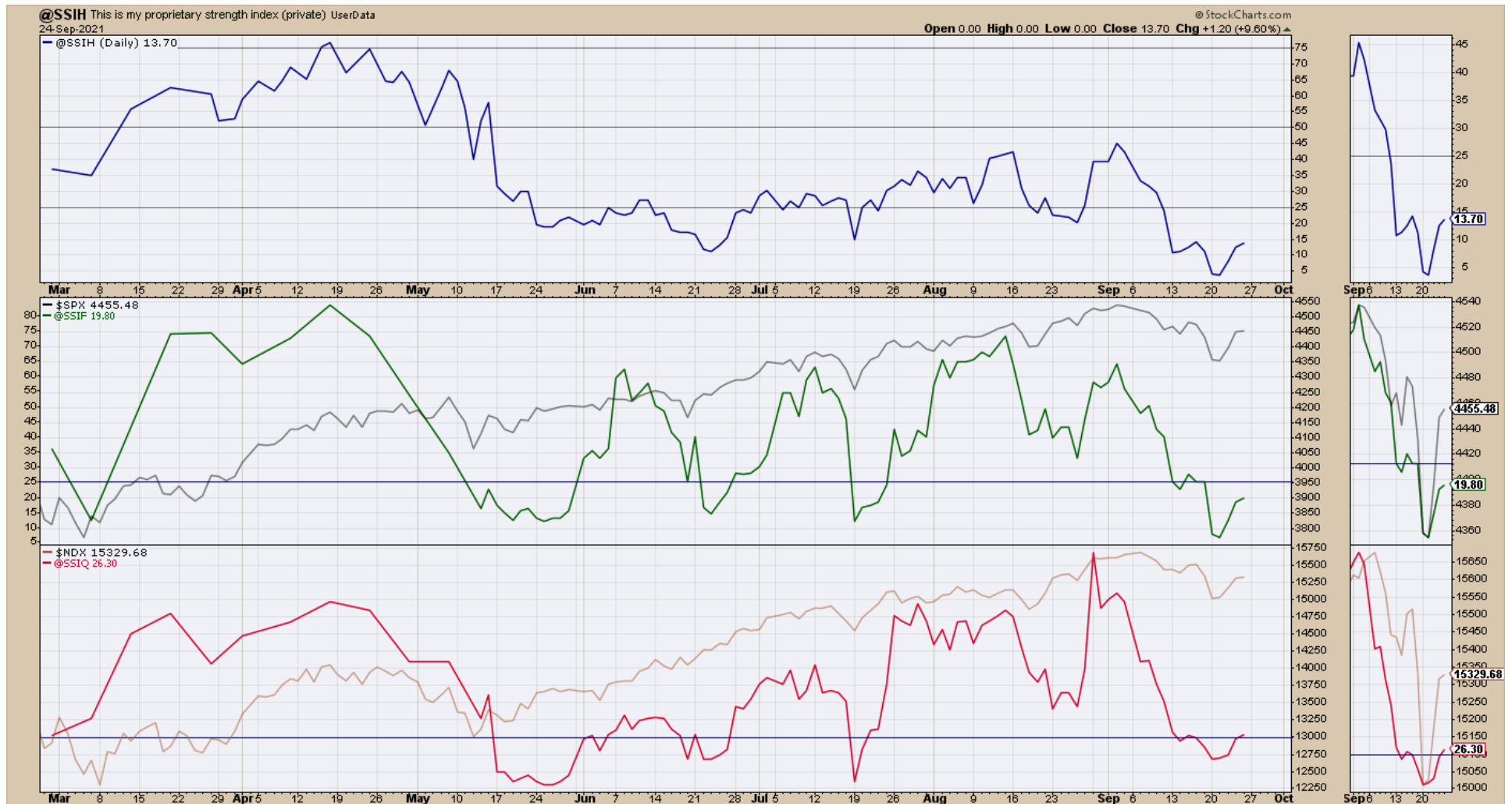
## SSIQ 26%

The Schnell Strength Index - quick version - plummeted from the YTD highs of late September. Now we dipped below 25% on all three indexes, and this one has moved back above 25%, suggesting it is time to buy the rally. Look for strong stocks that held up well during the pullback. The flat red lines on the top panel are where the backdrop was weak (falling SSIQ), but the market kept rallying - marking not profitable signals.



## SSIH SSIF SSIQ STACK

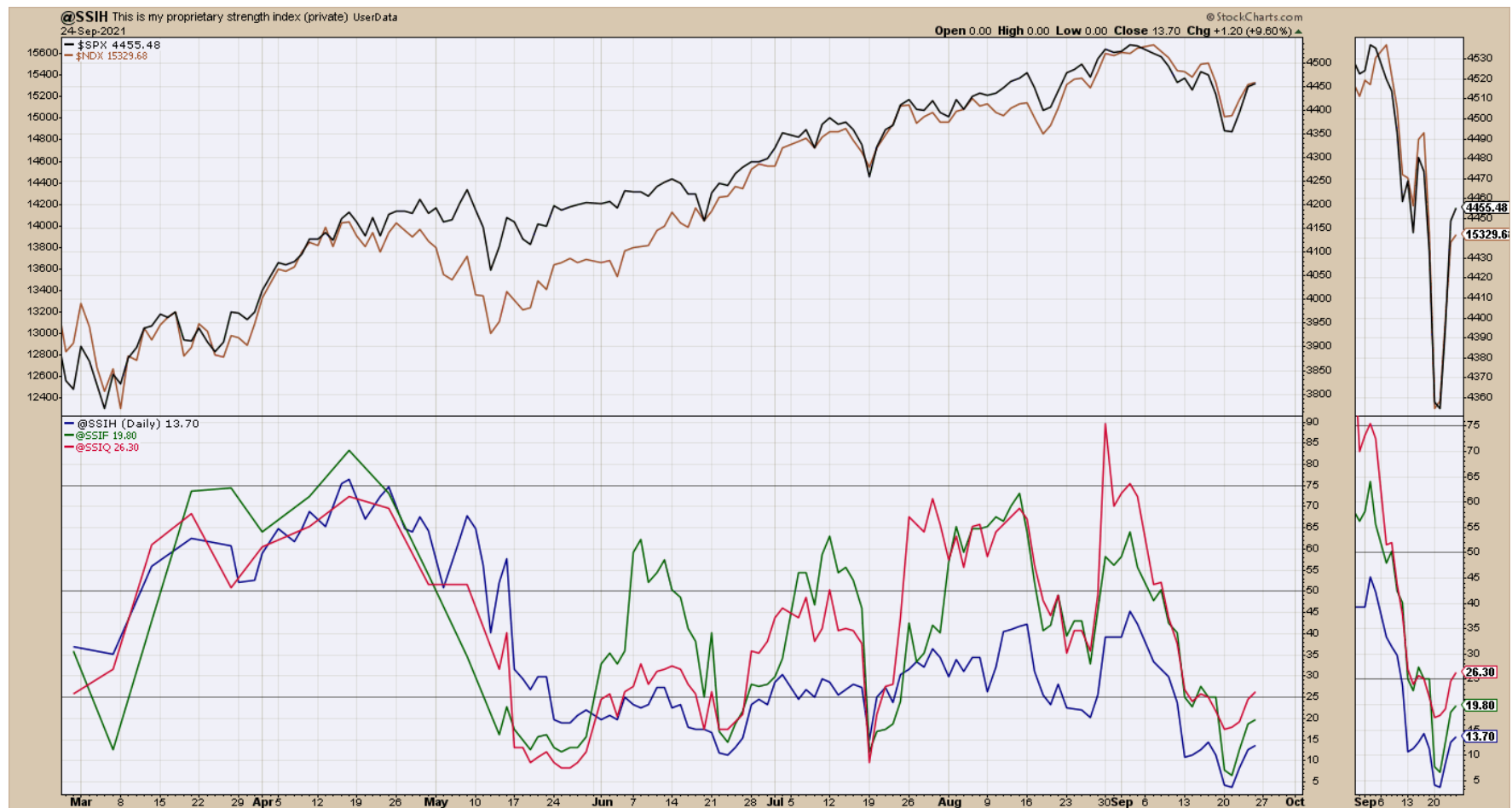
The Schnell Strength Indexes dropped and recovered by Friday. The SSI's as a group all moved higher.





## SSIH, SSIF, SSIQ OVERLAY

The chart shows the stock indexes in the top panel. All three SSI's were below 25%, suggested an oversold rally at hand.



## OCTOBER MONTHLY CONFERENCE CALL

Dwight and I will host the [October Conference Call](#) 12 Noon ET, on October 2, 2021. Click on the link to view on Saturday.

# THE CANADIAN TECHNICIAN



## U.S. Edition

### The Final Quarter

October Monthly Conference Call  
October 2, 2021 at 12 Noon EDT



WITH  
**GREG SCHNELL**

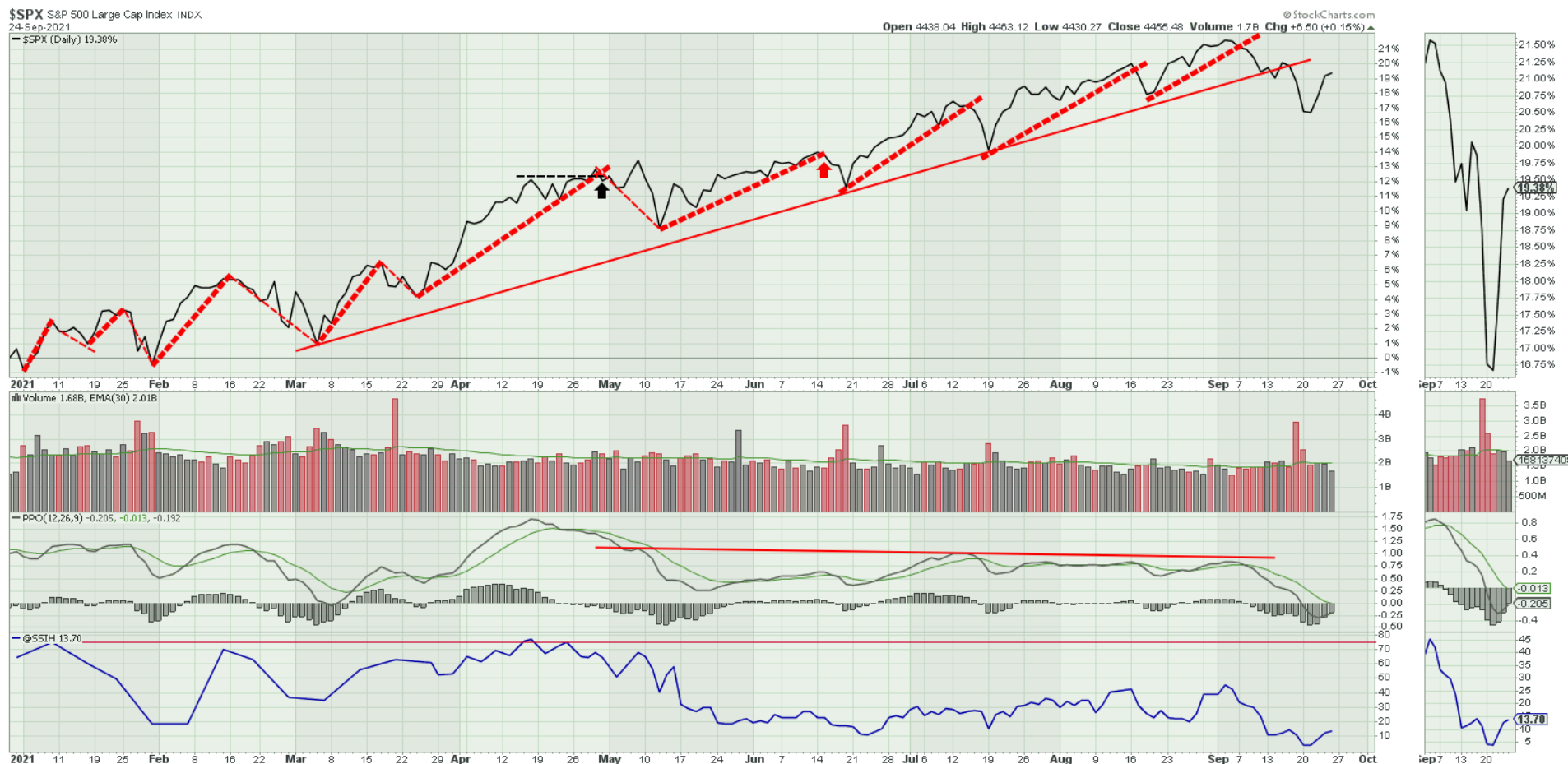


AND  
**DWIGHT GALUSHA**



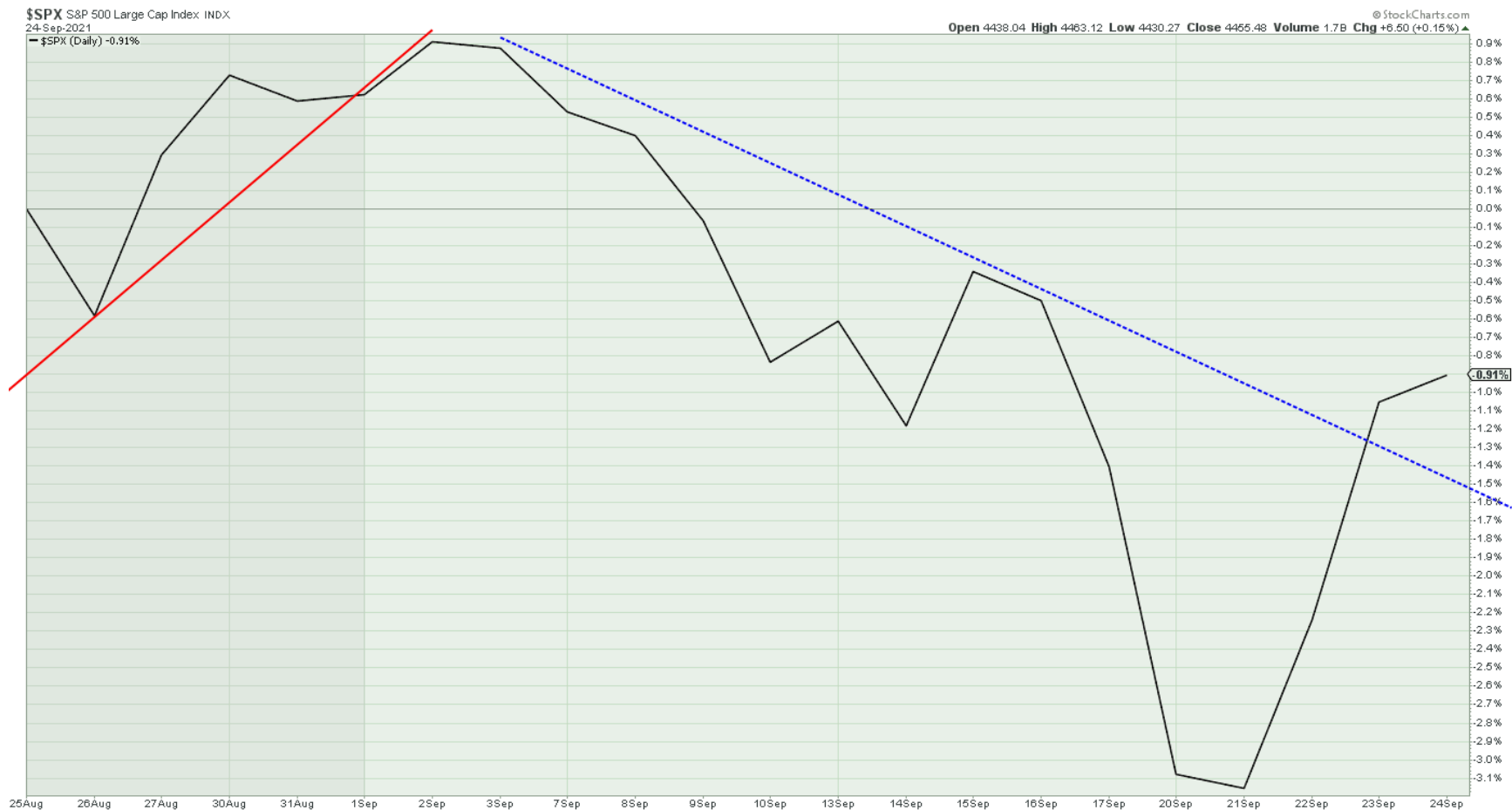
## \$SPX - A HIGHER CLOSE

The year-to-date line chart of the S&P 500 has the index with a 5% pullback. The PPO looks like it is trying to turn up. The PPO dipping to zero can be considered a reset. I like using the PPO for watching the next high. When we dip down below zero, if the next rally is muted, we need to be more careful of larger downside. \$SPX. The market is up 19% on the year!



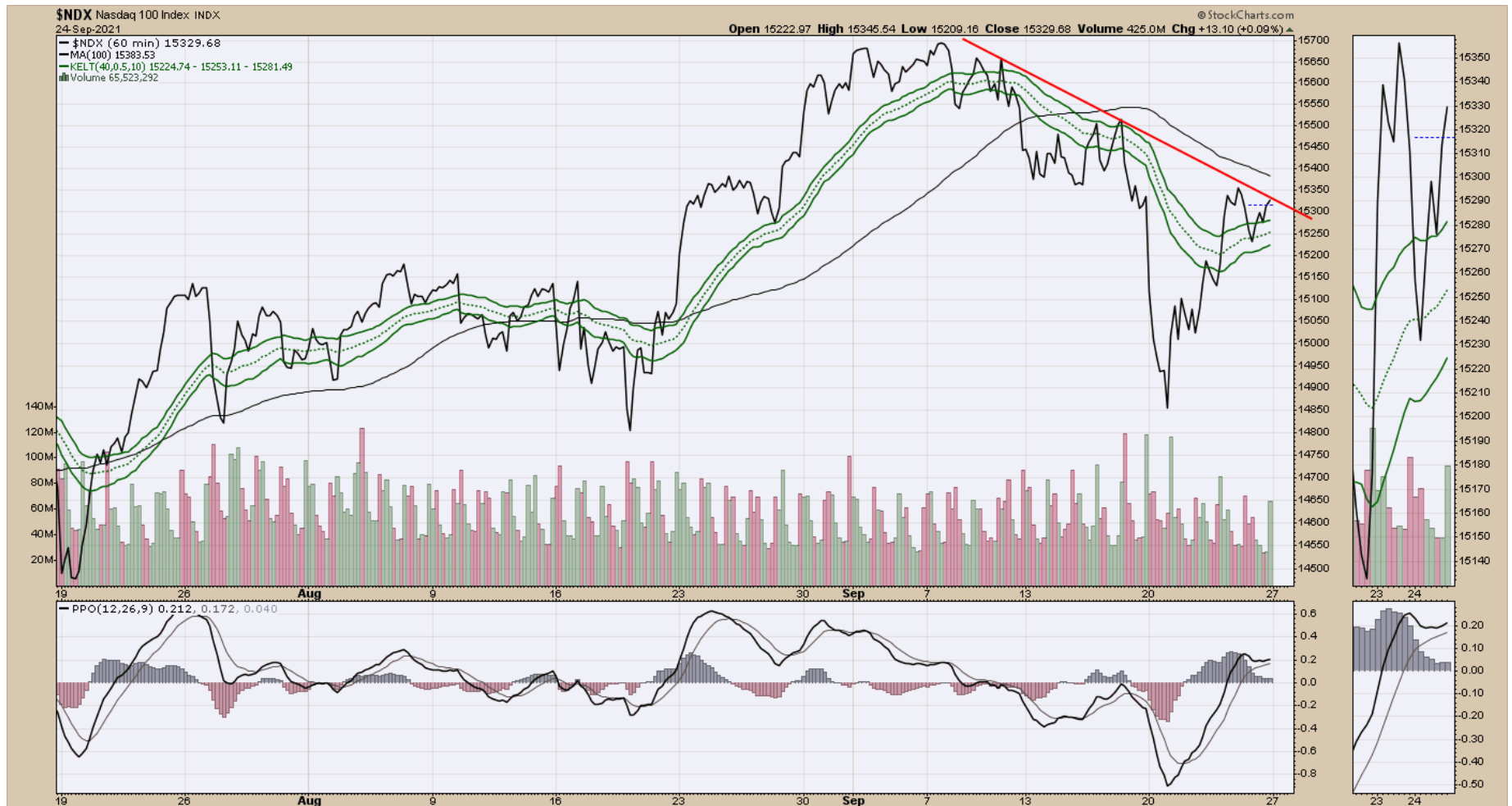
## \$SPX 1-MONTH CHART

The **\$SPX** was up 0.5 % this week. Heading into the week, we have broken the downtrend. We need the rally to continue as there will be some resistance as we reach the neckline of the little one month top. The market topped out in early September, the same as 2020. Will we be watching another dip down in October, like 2020?



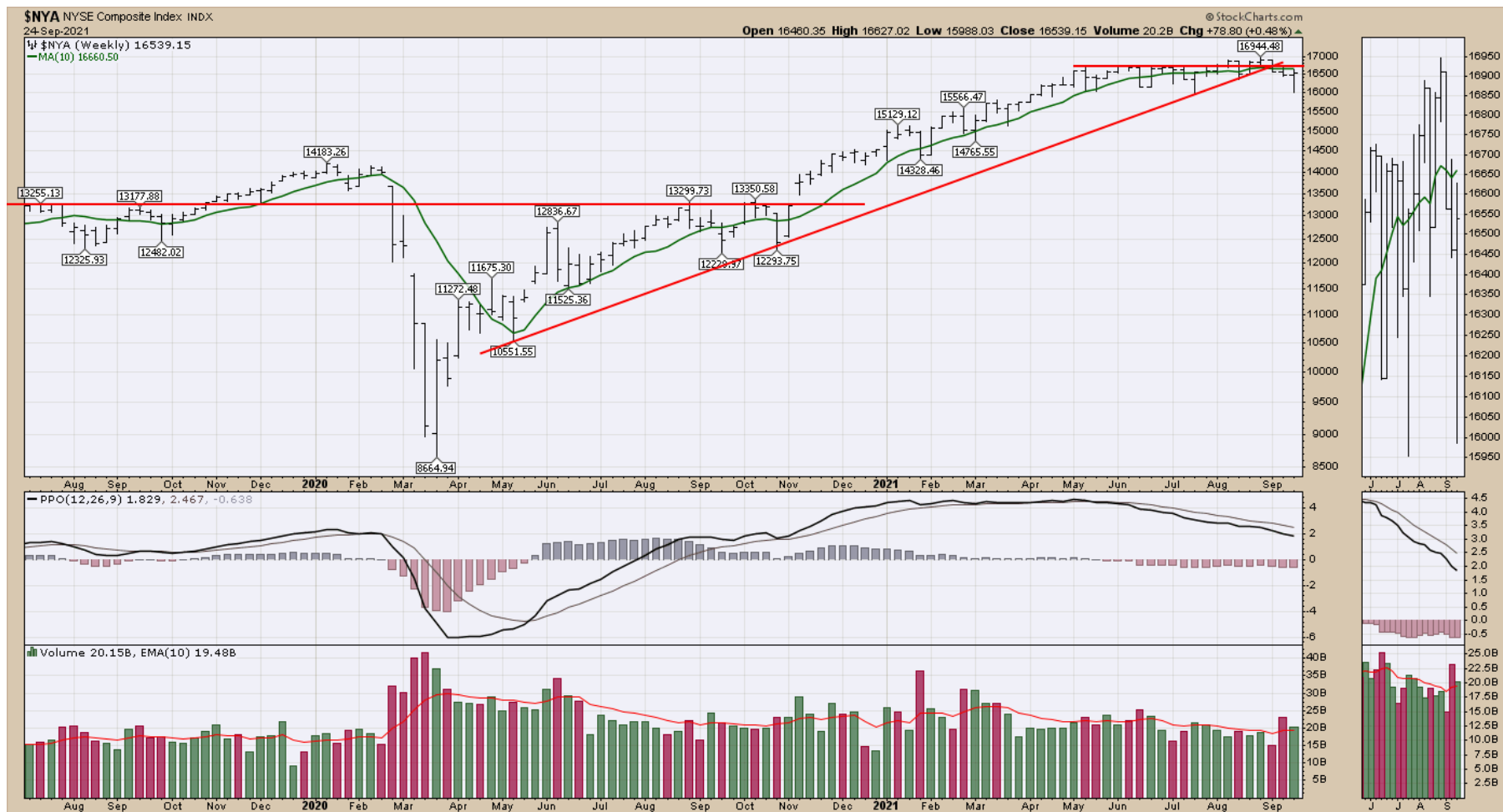
## \$NDX - NASDAQ 100 DAILY CHART

The price action on the \$NDX on the 60-minute chart is below the trend line. Watch to see if the 100 MA forms resistance. The PPO indicator is in positive territory and a positive 60-minute PPO is a good signal to be long.



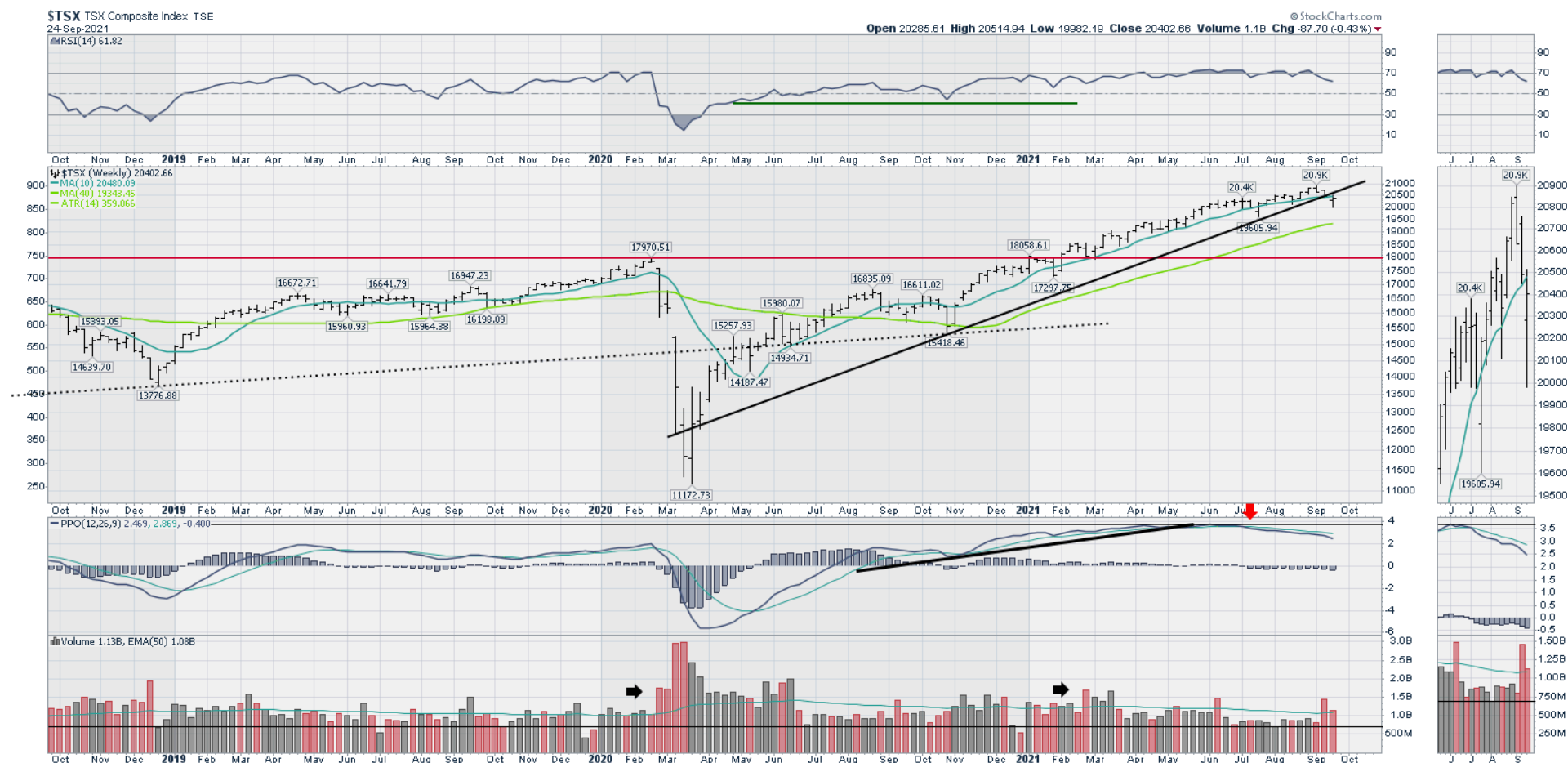
## \$NYA - NEW YORK STOCK EXCHANGE (NYSE) COMPOSITE BREAKOUT FAILED

The NYSE composite (NYA) made new all-time highs in September but failed to hold the breakout. The thrust down this week to the 6-month support level looks dangerous. Closing back at the top of the price bar looks better, but resistance is just overhead. [\\$NYA](#).



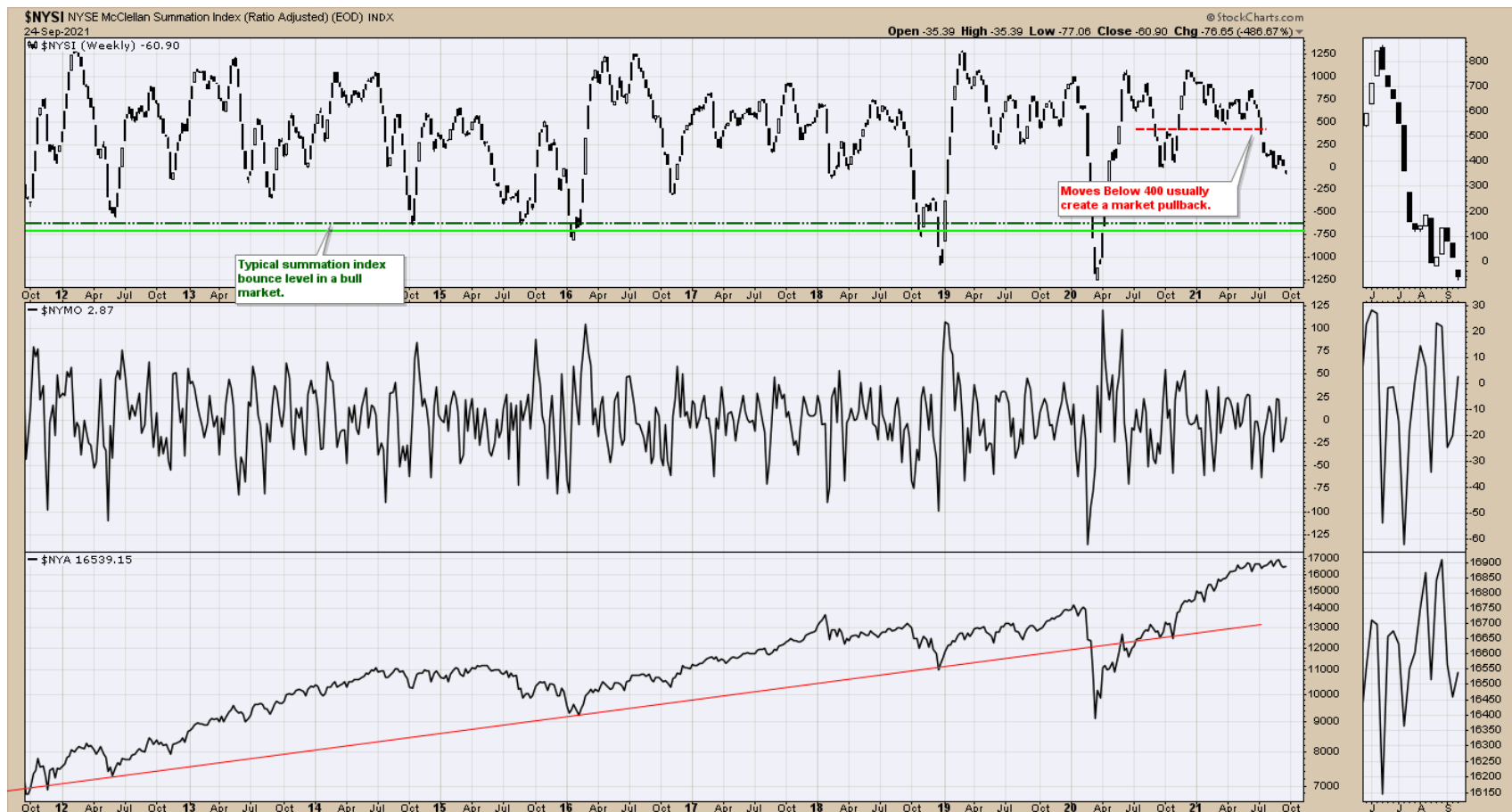
## \$TSX - CANADA CONTINUES TO NEW HIGHS

The Canadian market broke the uptrend line, along with the \$SPX and \$NYA. The Nasdaq Composite (\$COMPQ) and the \$NDX have not broken their 1-year trend lines yet. Seeing the Canadian market weaken before the USA is what I would expect. At this point, there is no real signal. The real question now, will the Canadian market start breaking down from here, giving us new clues? [\\$TSX](#)



## \$NYSI - MCCLELLAN SUMMATION INDEX

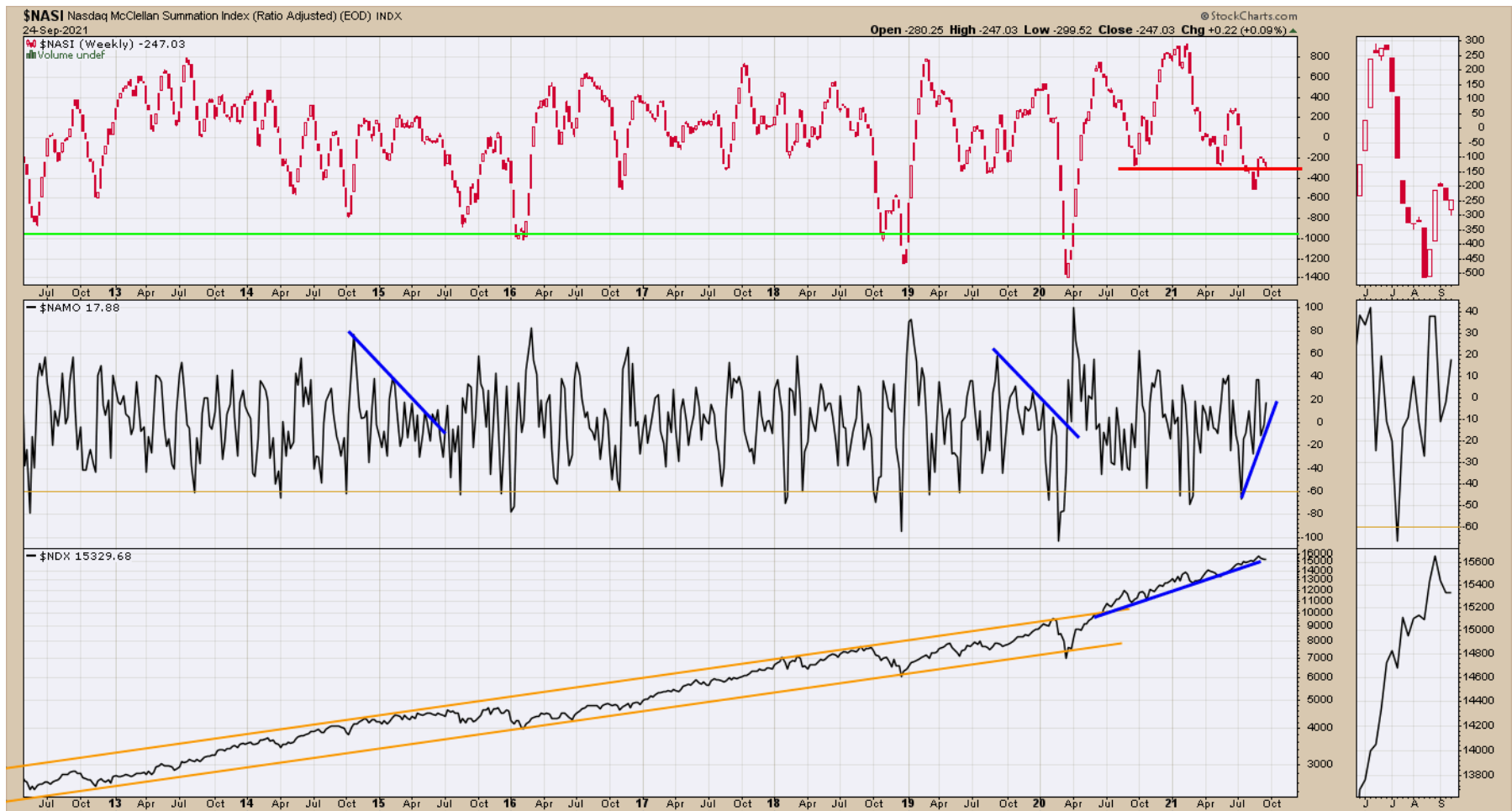
The middle panel is the McClellan Oscillator, bouncing back above zero. The top panel is the McClellan Summation Index (NYSI), cumulatively aggregating the \$NYMO totals. Three weeks ago, the white bar (zoom panel) on the \$NYSI looked like a good place to get long. It rolled over. It closed off the lows this week but still black, implying a lower level than last week. The bottom line is it is very weak. It closed below zero. Historically, that is not bullish if we look left. [\\$NYSI](#)





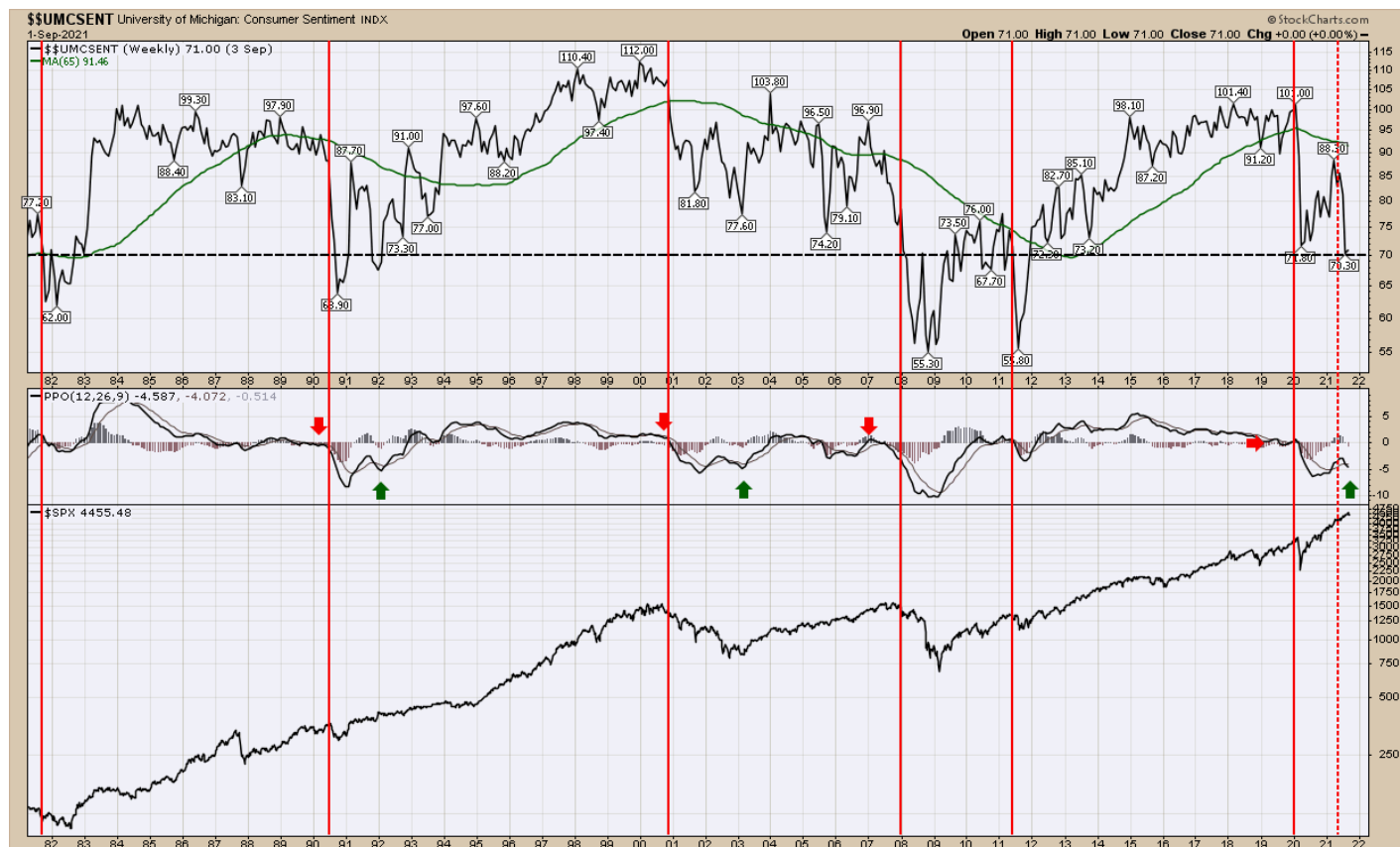
## \$NASI - NASDAQ SUMMATION INDEX

The Summation index is still above the -300 level where I have the red line. In the zoom panel we can see the white candle surging to the highest level in 7-weeks, then pulling back. This week it is a white candle again as the middle panel goes positive. This looks bullish but I want the \$NASI to build a multi-week rally from these low levels. Currently it looks like lower highs and lows. [\\$NASI](#)



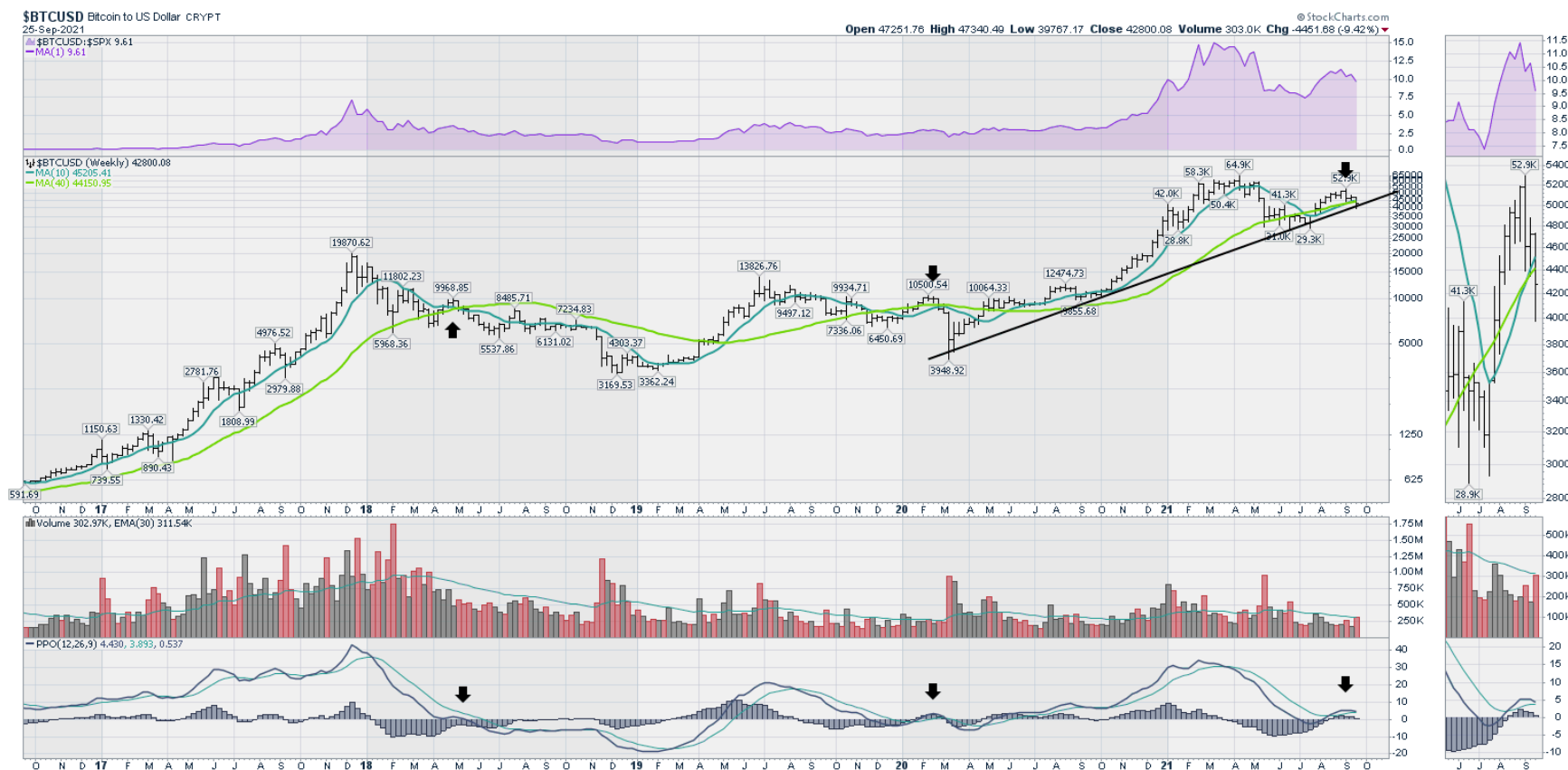
## MICHIGAN SENTIMENT

The Consumer Sentiment index plummeted to 10-year lows. The vertical red lines drop down to show how readings dropping below 70% affected the SPX. One indicator shown is the PPO. The PPO is rolling down which looks terrible. I put two green arrows on the chart showing a second cross below zero and both times that worked out positive. [Michigan Sentiment](#). If you think about the big picture on this, 1992 and 2003 both had big rallies in the year after. I don't forecast long term moves, but this second wave would appear to be an expected response, but bullish based on history.



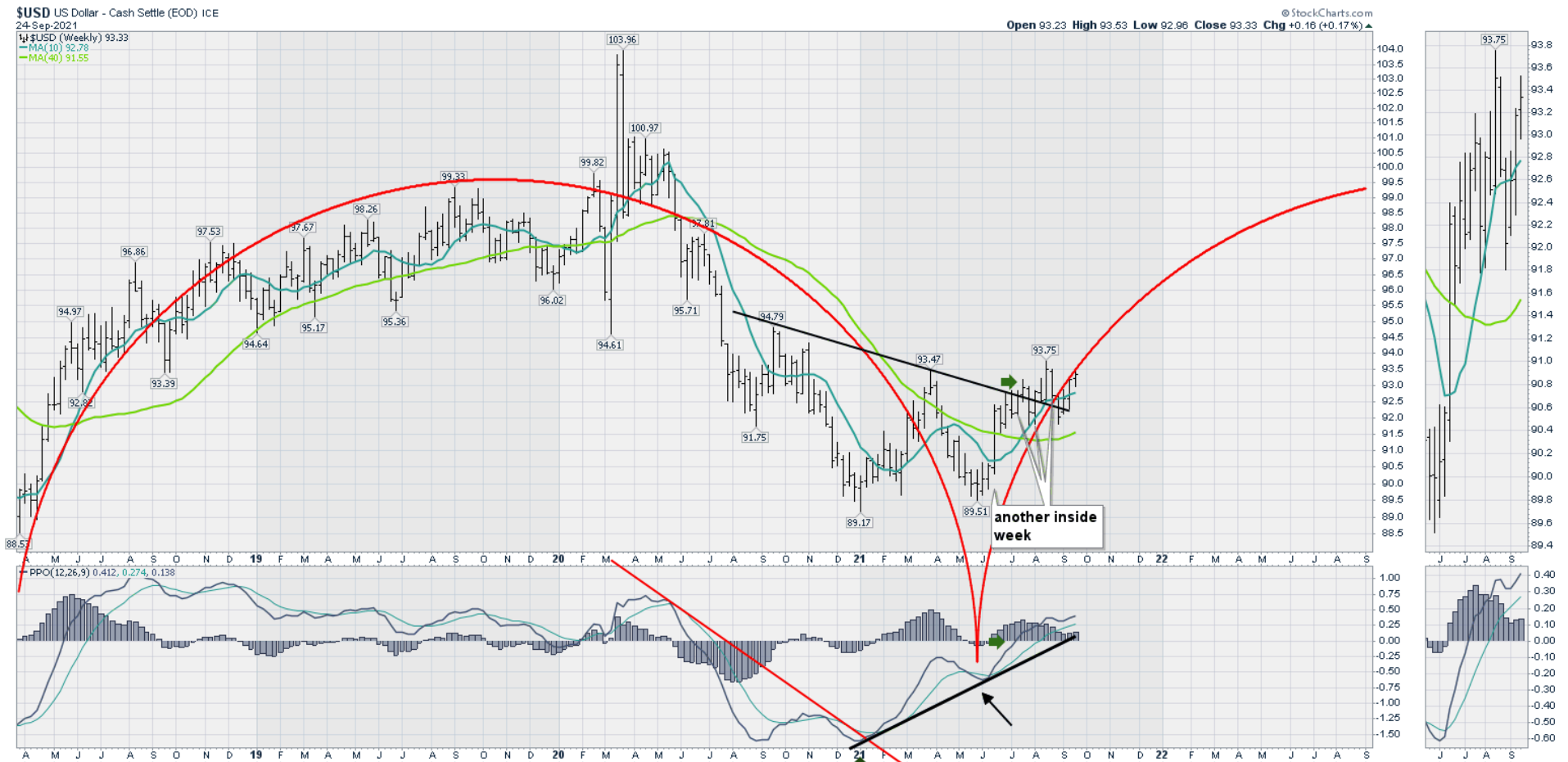
## CRYPTO LOOKS INTERESTING HERE

Crypto currency has been rolling over below the late August levels. The crypto world has been pulling back but this trend line is in play this week. My assumption is it will bounce on support, but a tight stop needs to be in play for those invested. The PPO signal suggests the timing is for a move lower not higher. [\\$BTCUSD](#)



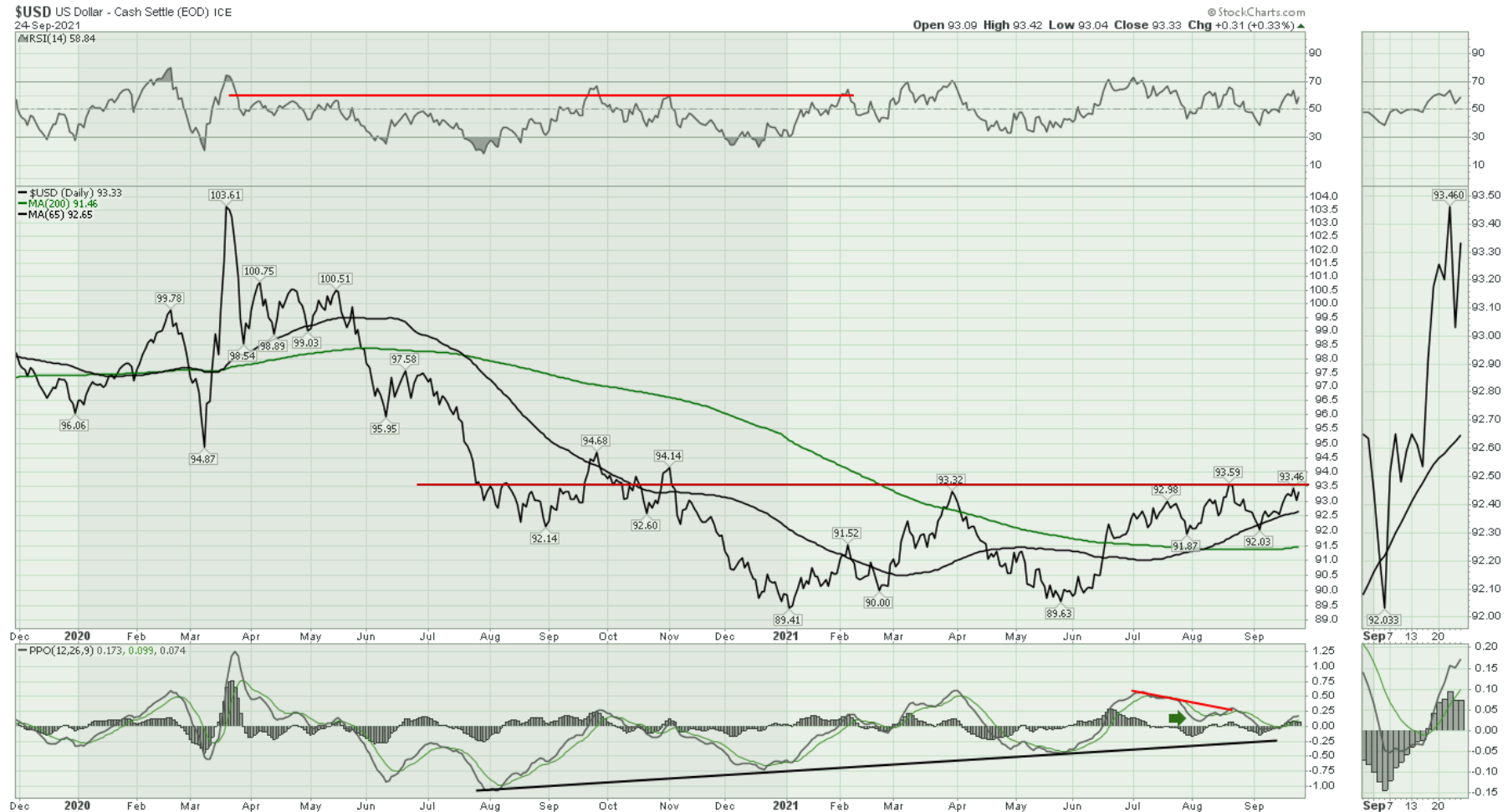
## \$USD - US DOLLAR

The US Dollar continued higher this week, back to test the 93.5 level. The PPO has started to surge higher again. Next week I'll draw it as horizontal resistance, as this down-sloping trend line is losing its relevance. [\\$USD Weekly](#).



## \$USD - USD DOLLAR DAILY

The US Dollar closed just below the horizontal resistance line this week. Commodities like Copper have wobbled since May when the dollar made the lows. Will we see a surge to the Dollar? [US Dollar Daily](#). The PPO looks more bullish than bearish here.



## \$CDW - CANADIAN DOLLAR

The Canadian dollar has been an important clue for the July/August weakness for crude oil. \$CDW broke the downtrend in early September as crude pushed higher. As the Canadian dollar breaks the trend line, that should be supportive of the crude oil move higher. The dollar closed at a similar level to four weeks ago, even though crude has moved up to test the prior closing highs.

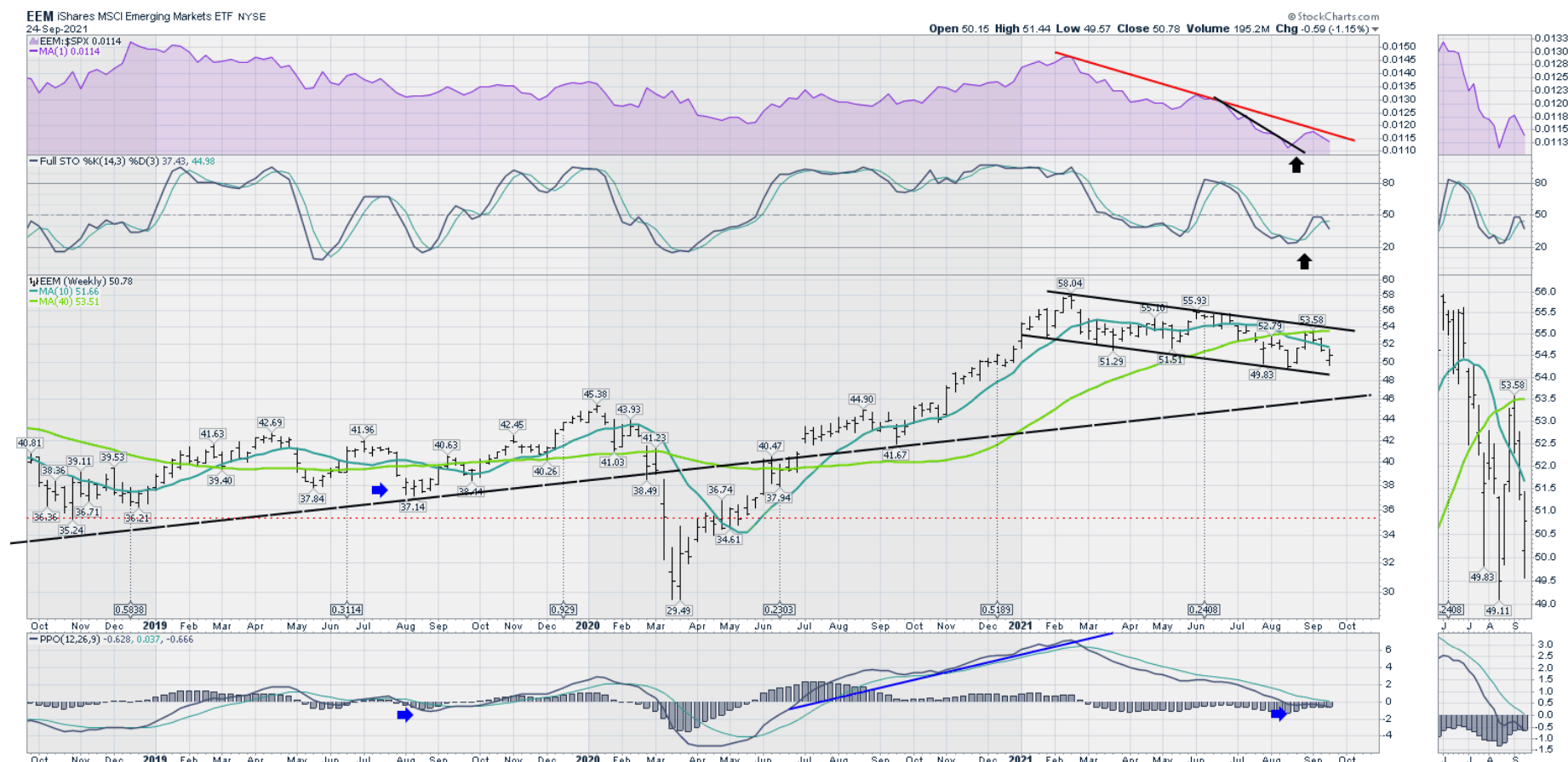
Canadian Dollar. Crude oil is shown in brown. I would like to see the dollar confirm the move in crude oil by breaking 80.





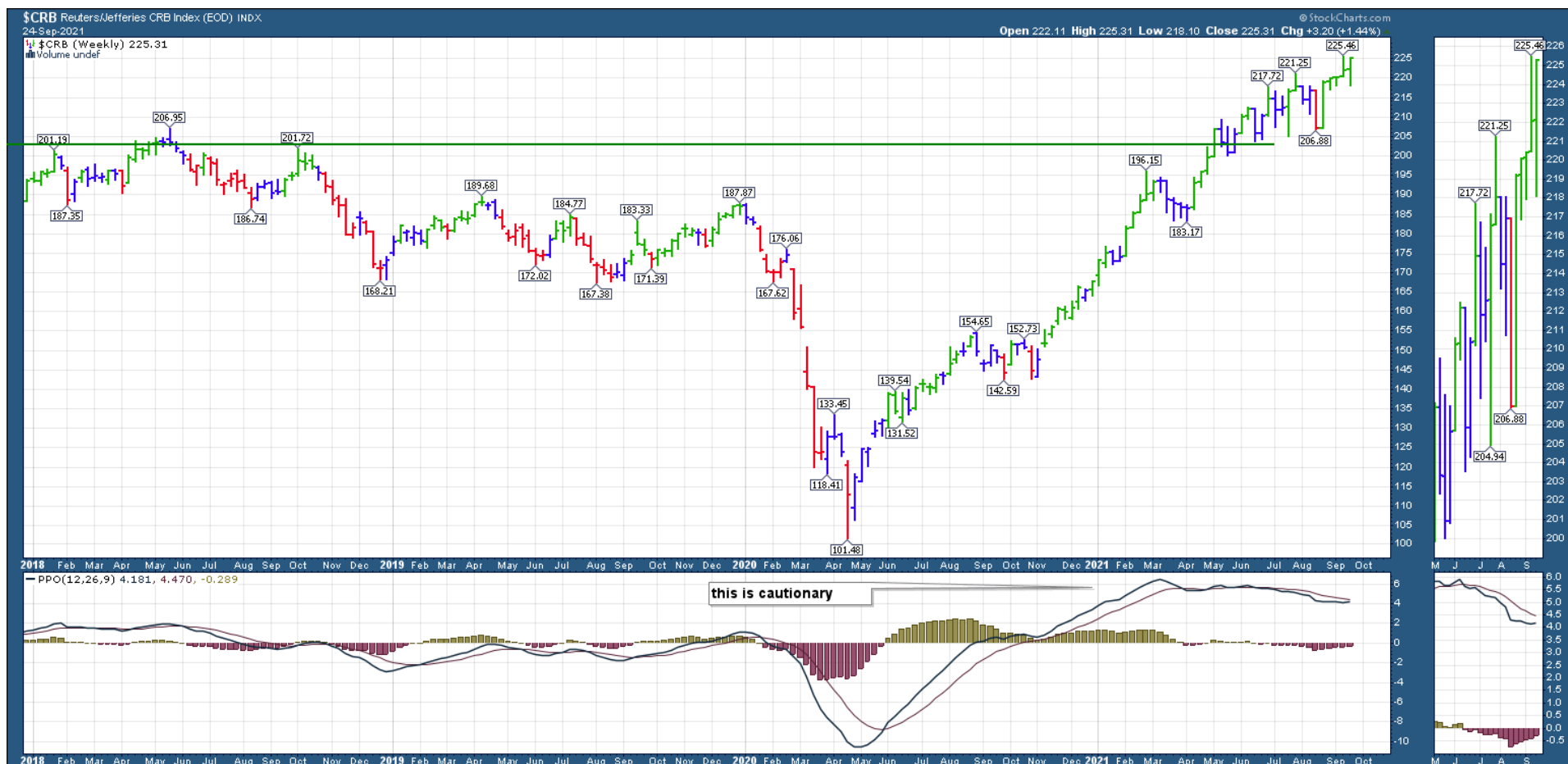
## EEM - EMERGING MARKET ETF

The **EEM** - emerging markets ETF - is still trading in the downward channel. The downtrend is getting a way too long for calling it a bull flag! Price is still in the downward channel and the full stochastic is turning down, suggesting a bear market for the EEM. The PPO is accelerating down below the zero line. In early September, the chart looked all set up to go higher with commodities, but the purple relative strength line continues to move lower. A rising dollar doesn't help.



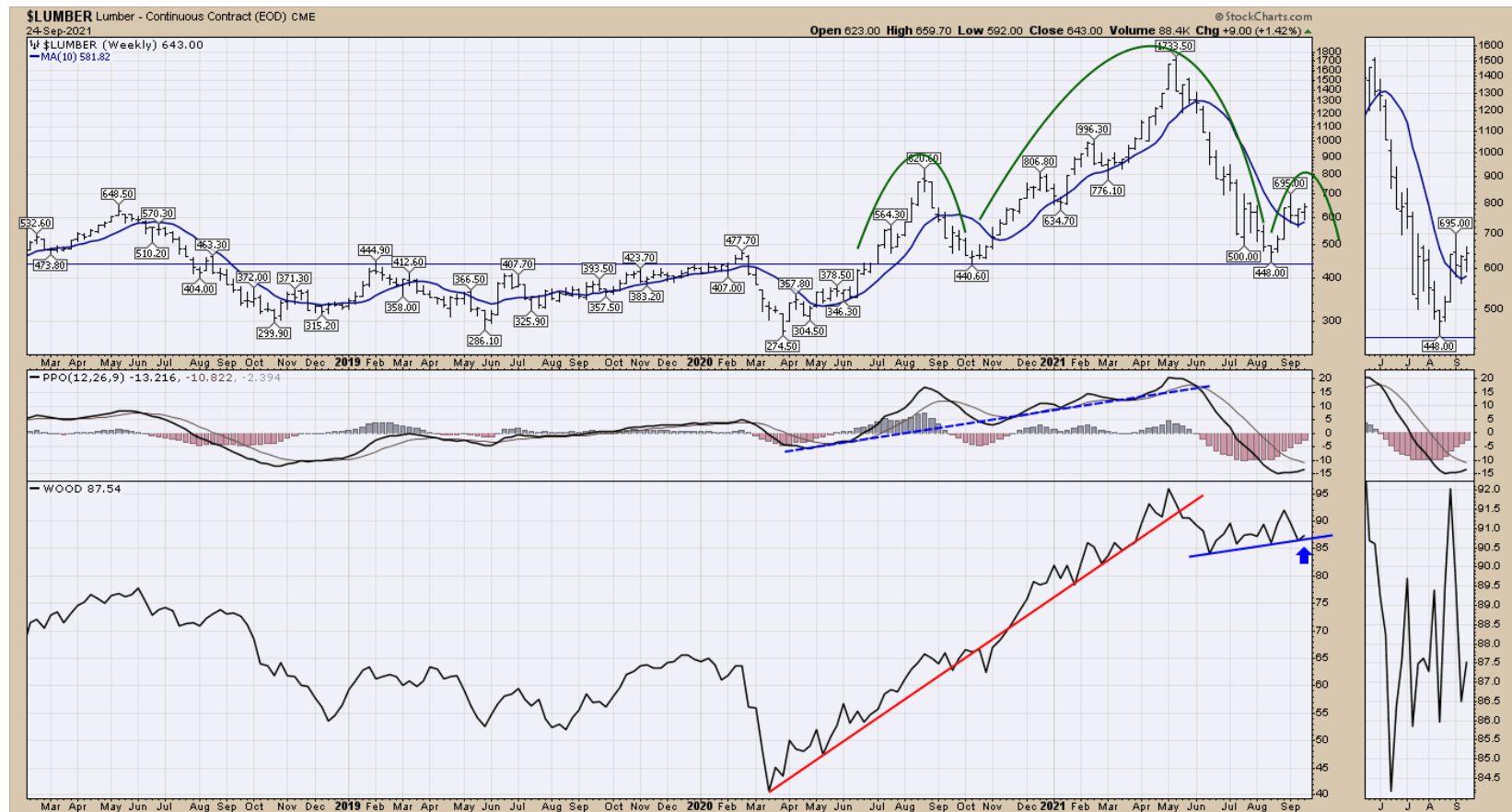
## \$CRB INDEX

The \$CRB index rebounded this week and closed at the highest closing level in six years. [\\$CRB](#). In February, I made a note on the chart about the high PPO being cautionary, but it continues to suggest big momentum in commodities. Can that continue if the dollar breaks out? It has since the May lows in the dollar.



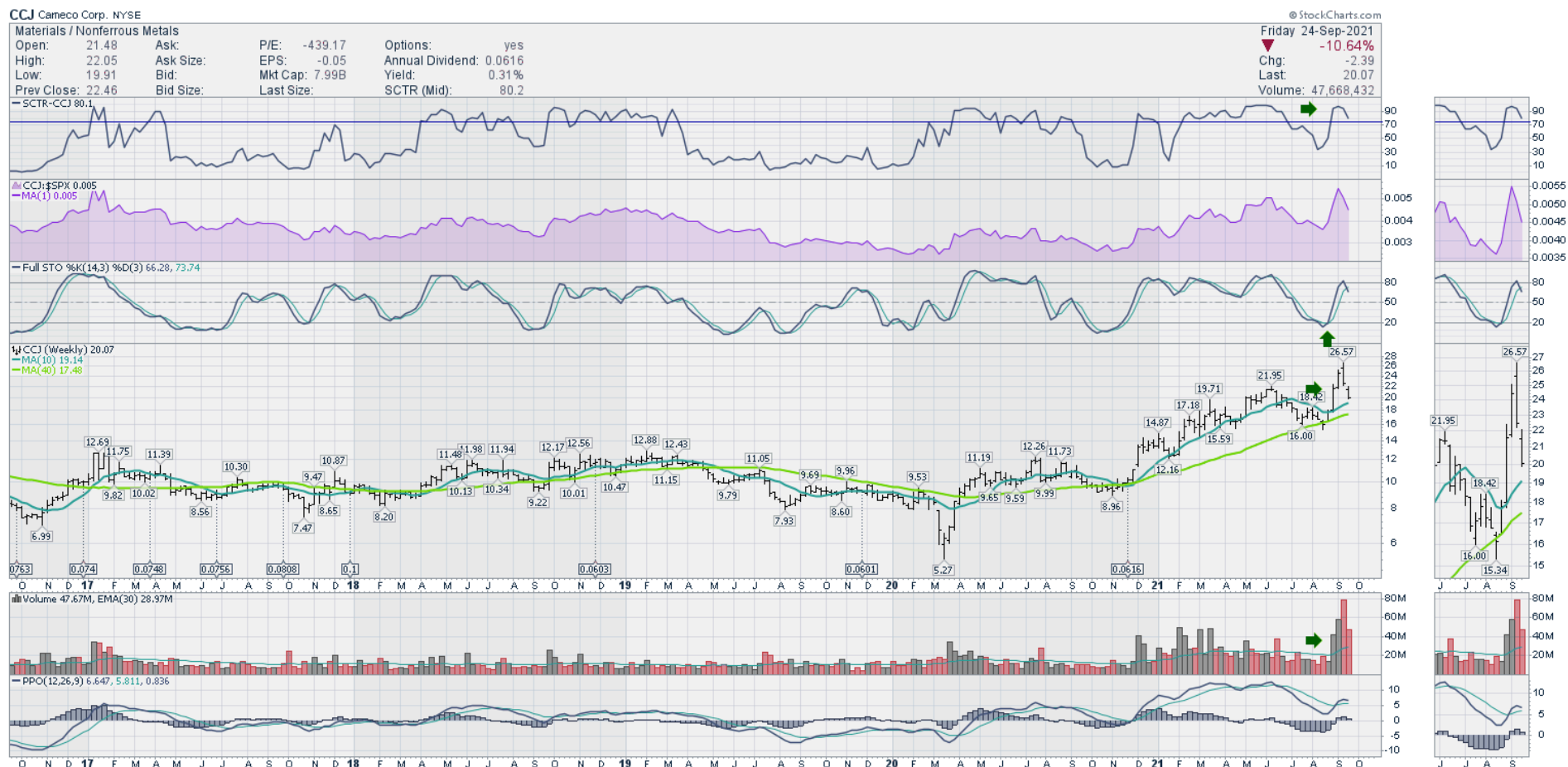
## \$LUMBER

I saw an abundance of lumber heading to the west coast of Canada for export. The rail cars had massive lumber movements as well as many lumber yards near the Fraser valley had lumber piled everywhere. It would seem to me the lumber business has caught up to the new demand levels. One lumber consultant on the train, also suggested the same. However, price action continues to hold up. Will this be a lower high after the spike and revert down to the \$250-\$300 level? [\\$LUMBER](#). Caution on the lumber names.



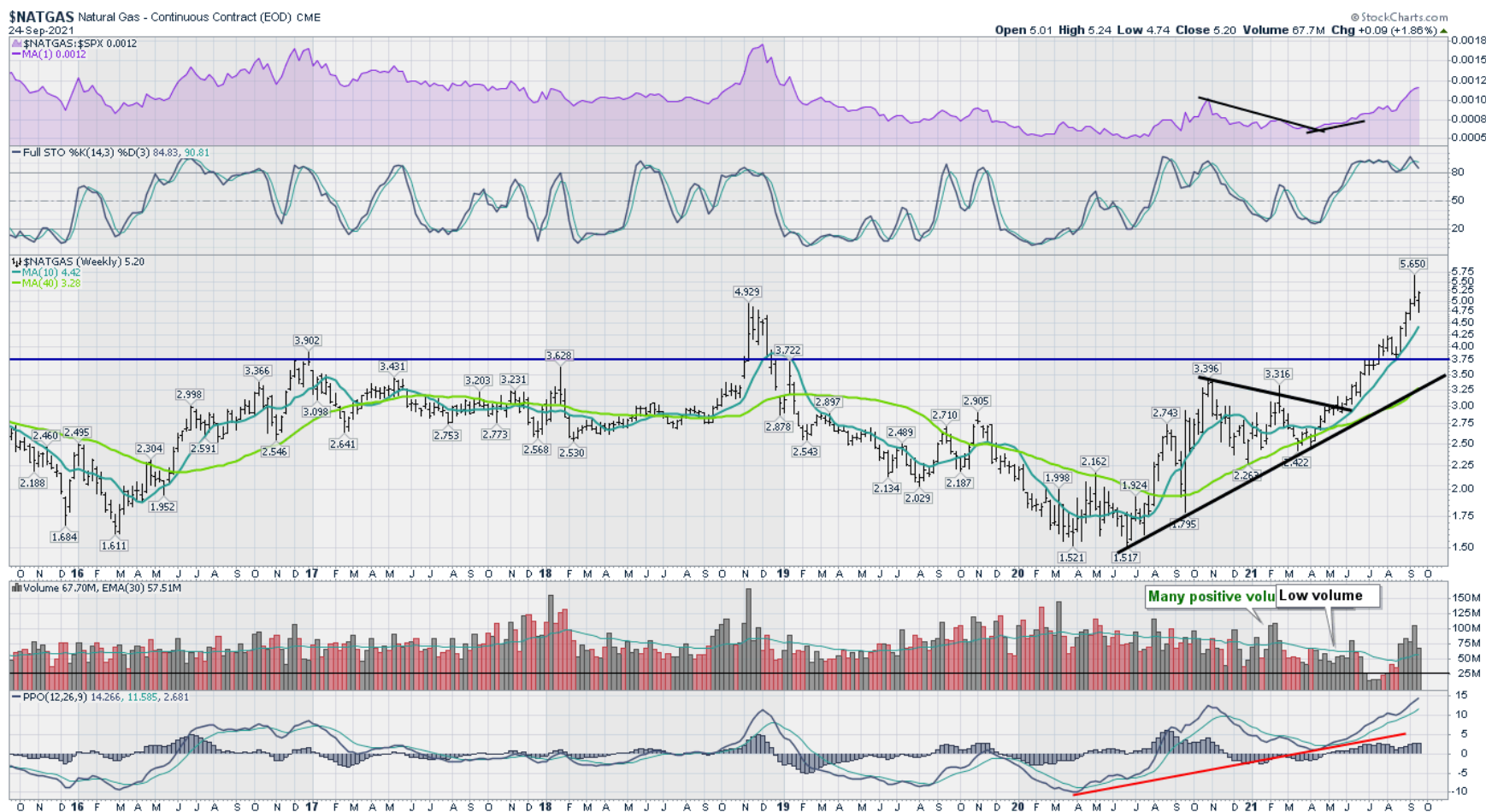
## URANIUM

**Cameco.** Cameco is the heavyweight in the uranium space. The stock made a huge move on the move higher in the spot uranium price. It has since pulled back 25% from the highs, all in September! Watch to see if the uranium names can base and build a rally from the 10-week MA.



## NATURAL GAS

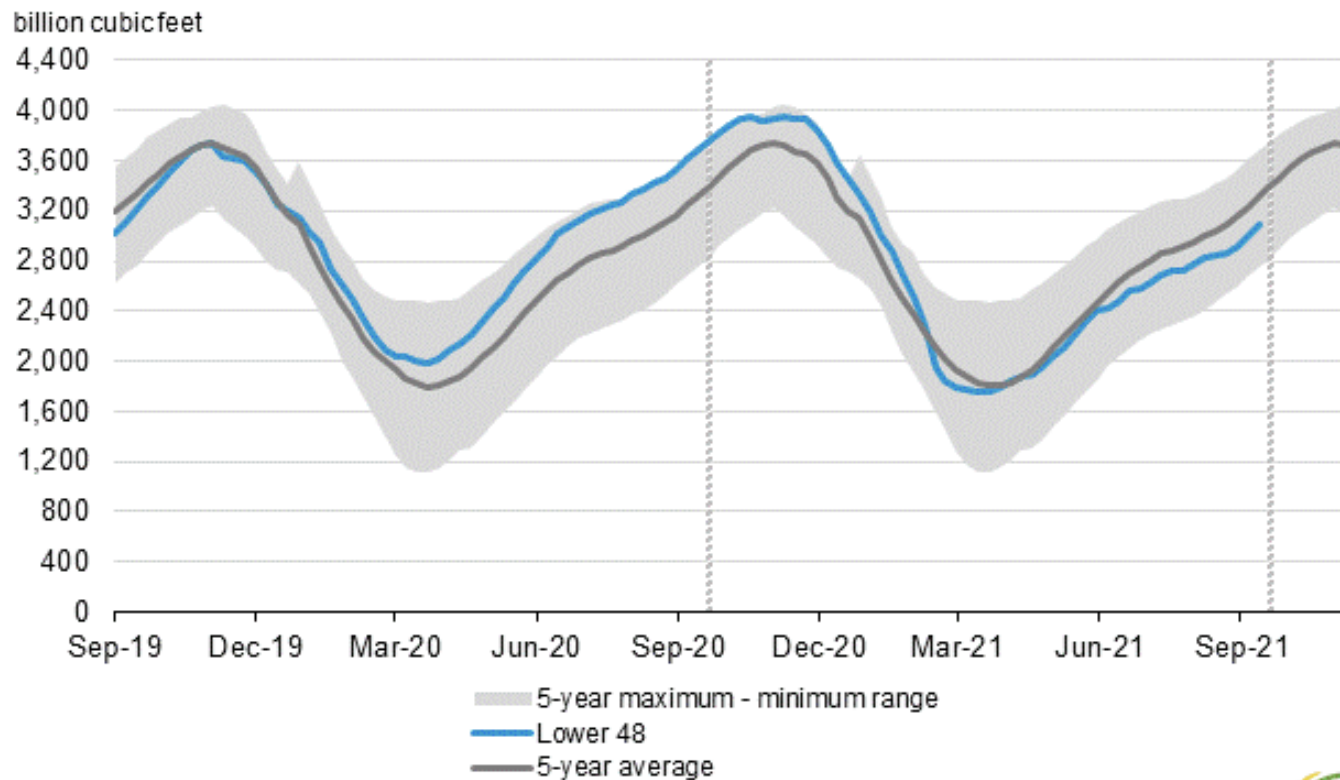
The Natural Gas chart pulled back from all-time highs. The production from Hurricane IDA that was offline should be mostly back on. This may ease the price, but LNG is being shipped offshore for much higher selling prices. This will continue to keep inventories relatively tight and below the 5-year median. Notice the top in 2018. Don't hang around too long on Natural Gas trades.



## NATURAL GAS INVENTORIES

The inventory levels continue to track under the 5-year average. The chart below is updated to Friday, Sept. 17. Now with some difficulty in the restart after the hurricane, these levels have continued to come under pressure.

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

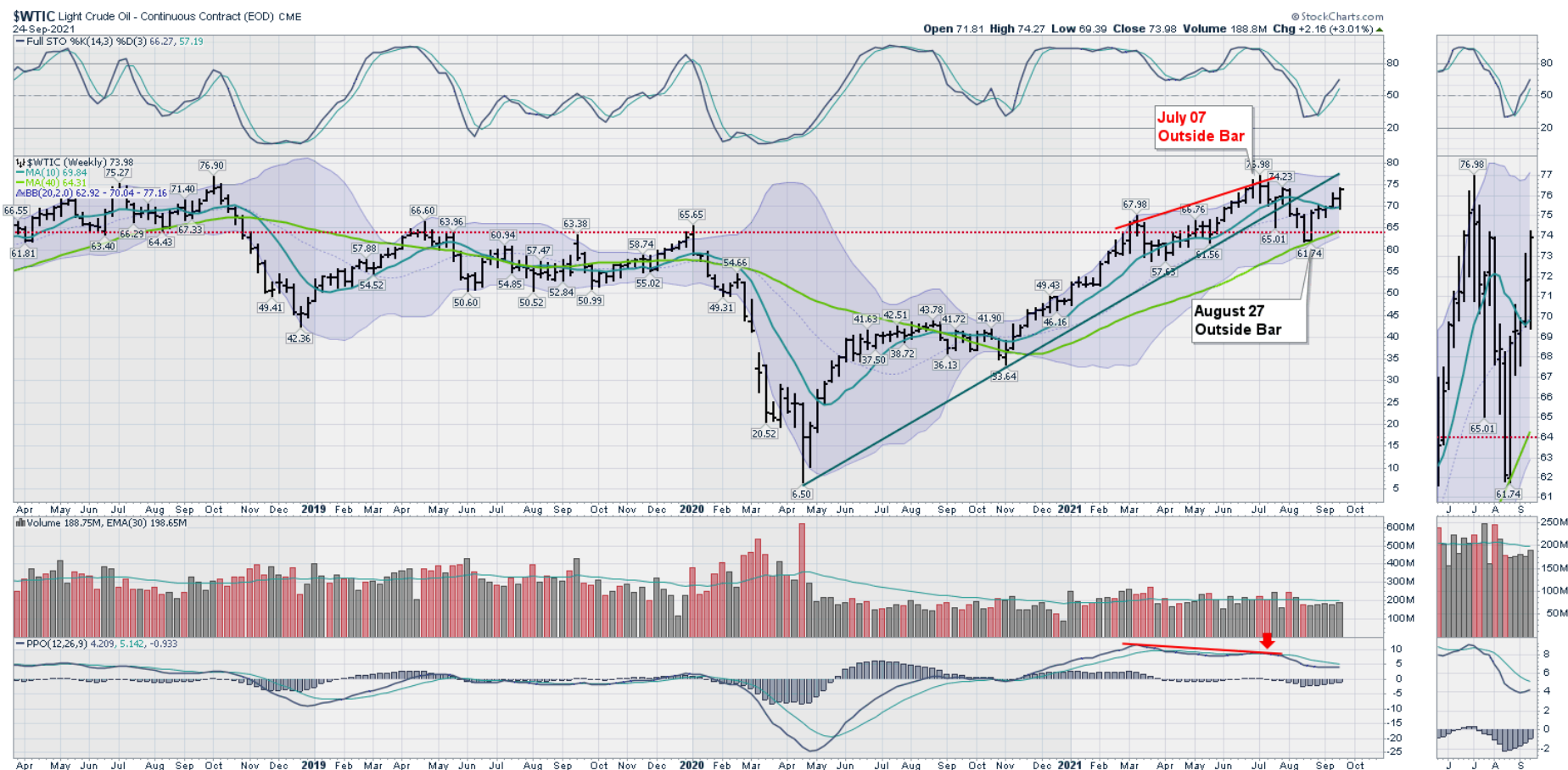


**Note:** The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2016 through 2020. The dashed vertical lines indicate current and year-ago weekly periods.



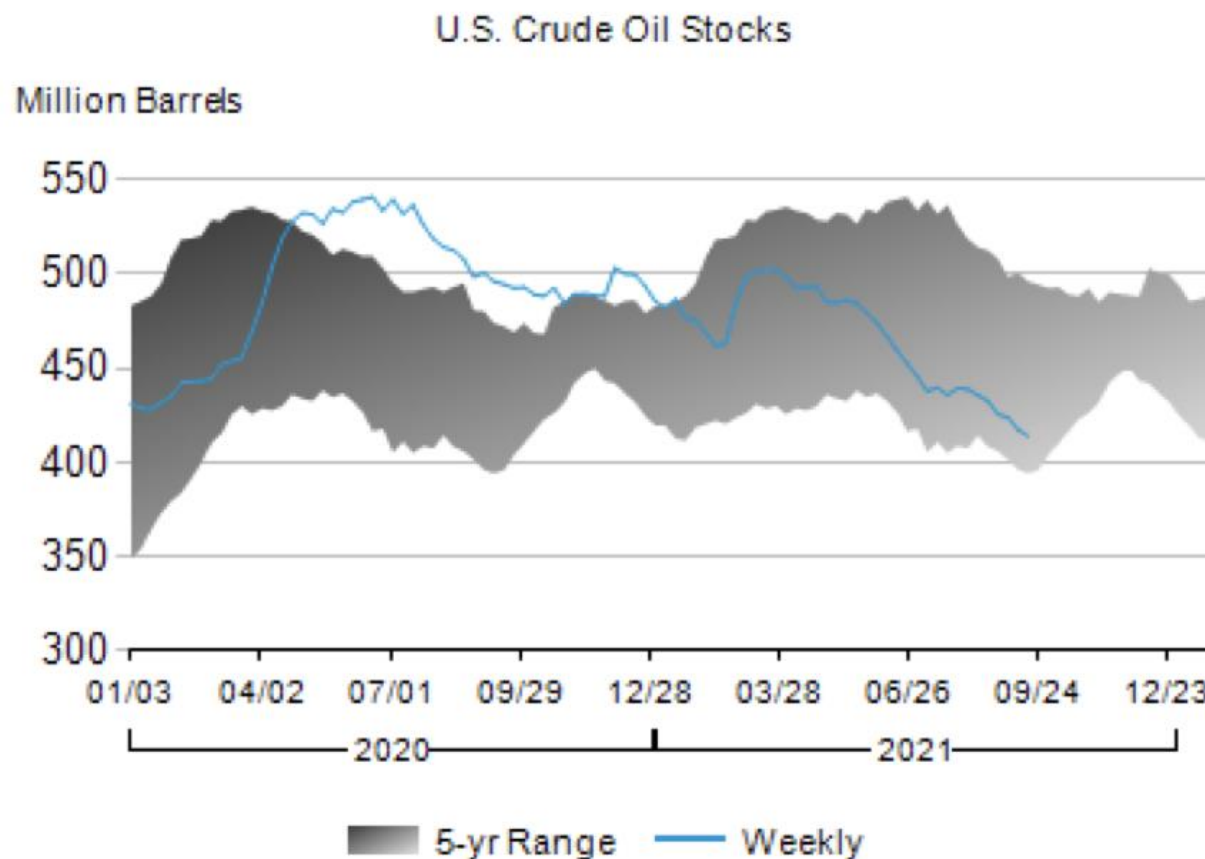
## \$WTIC - CRUDE OIL

The price of crude oil created an outside bar this week. [\\$WTIC](#). Crude oil inventories continue to tighten worldwide. The PPO is still waning, but we'll see crude try to break above the July highs this week. If that is successful, we should attract a lot more investors. Margins continue to improve for producers after squeezing costs dramatically in 2020.



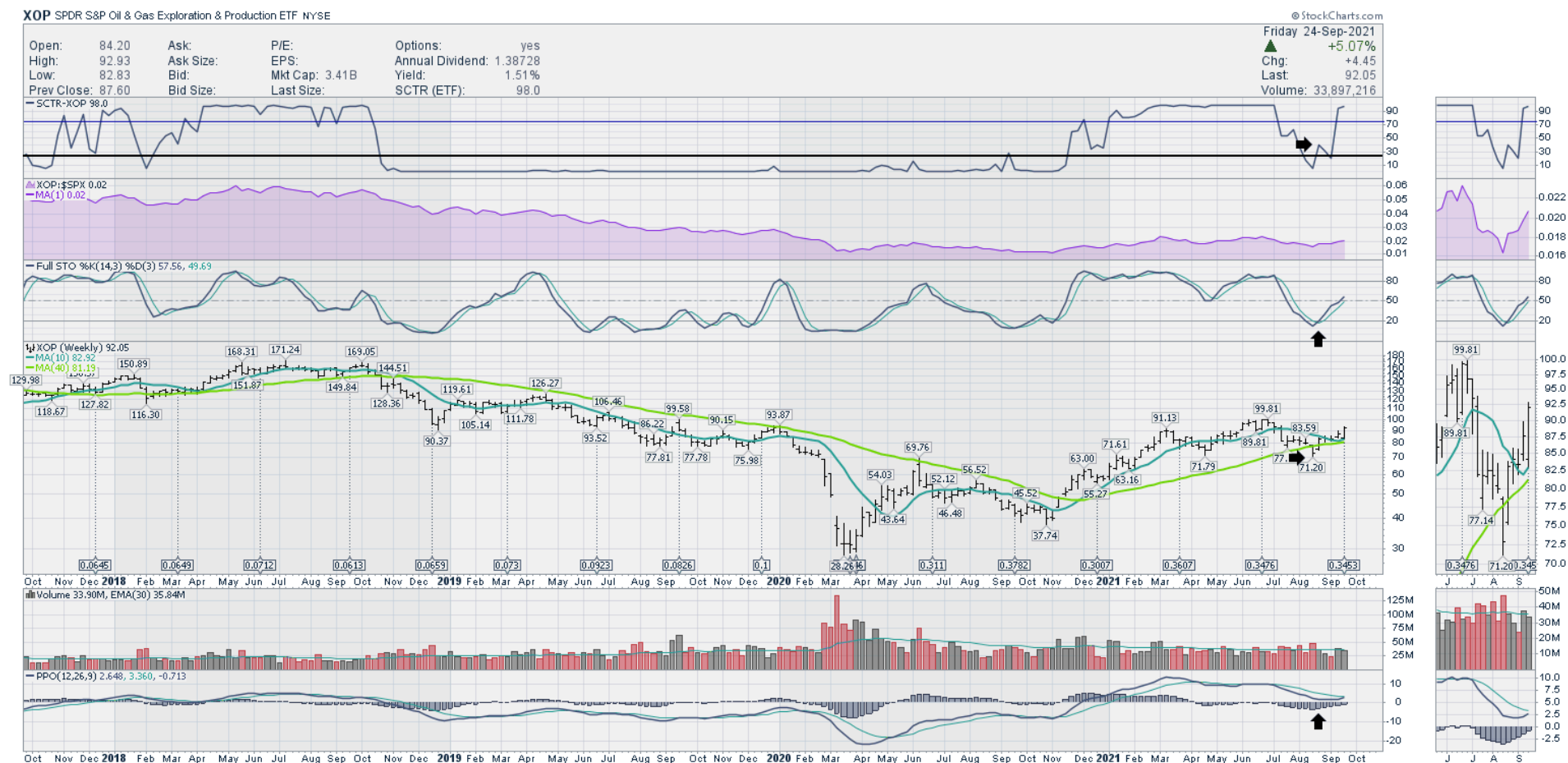
## OIL INVENTORIES

The inventories continue to deplete in the US. We are very close to 5-year lows. It has been a 1-year slide with barely an interruption. The inventories typically increase in October, so we'll have to see if we stay within the shaded 5-year range or start making new 5-year lows. Source EIA.



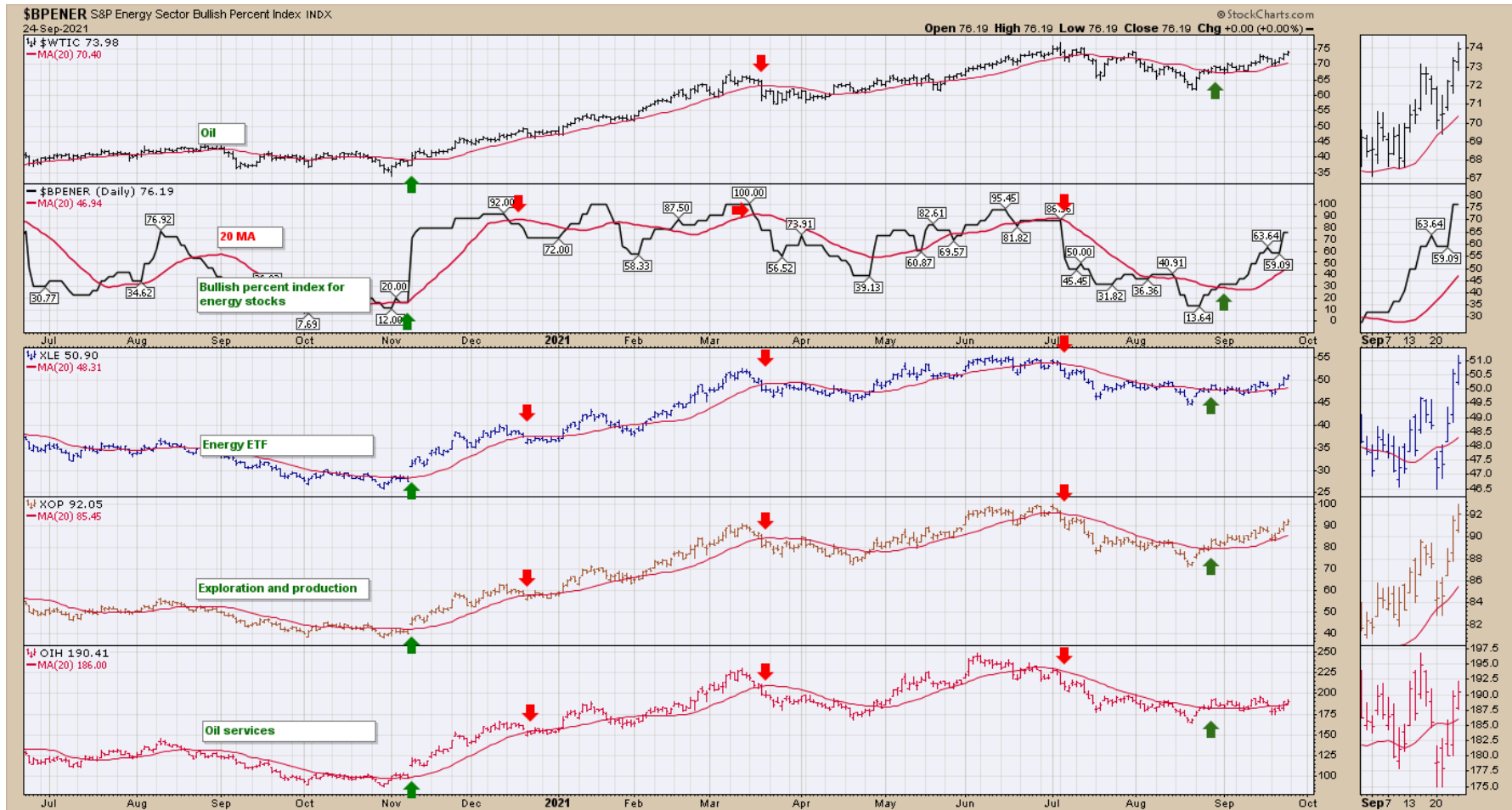
## XOP - OIL EXPLORATION AND PRODUCTION ETF

The exploration and production ETF was up bigly (5%) on the week after breaking the downtrend. XOP had a big outside bar and is bouncing off both the 10-week and 40-week MA's. The SCTR is back up in the 90's. XOP. The PPO looks set to turn up for the next leg higher.



## \$BPENER

The short-term tool I use for trading energy stocks is the chart with everything moving above the 20-day MA. All 5 are above, keeping oil stocks on a buy signal. A stop goes below the 20-day MA. It's been a good rally that looks set to continue. [\\$BPENER](#)



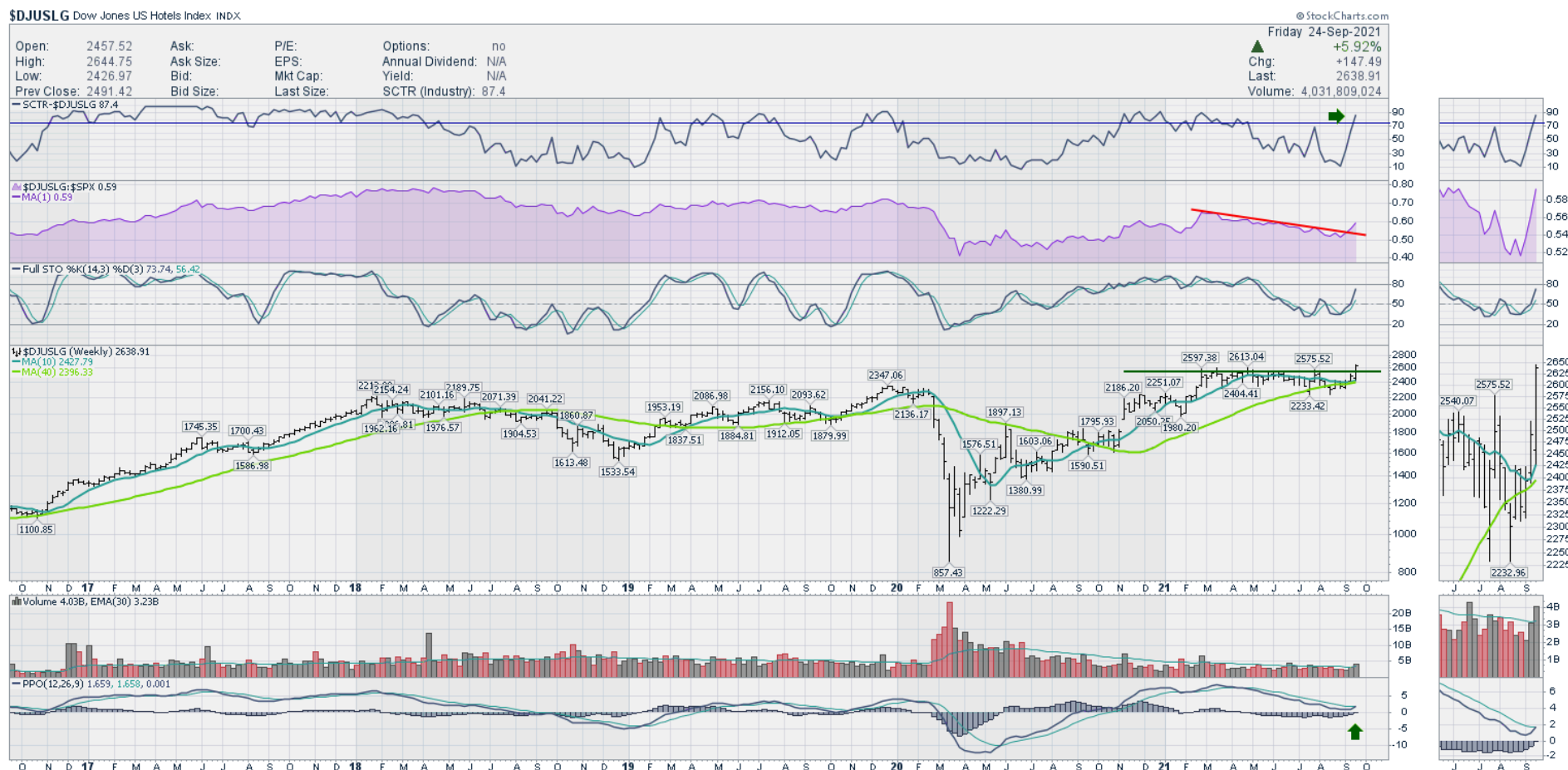
## \$DJUSCA - GAMBLING INDEX

The gambling industry has had some head winds in Macau. After surging up in August, last week it pulled back. This week it tested lower, but it pushed up to close near the top of the weeks' range on high volume. If this turns higher here, this will be a nice week for entries. Conversely, a full stochastic turning down at 50 is a bearish signal, so be prepared if it moves lower below the 10 week MA. [\\$DJUSCA](#)



## HOTELS

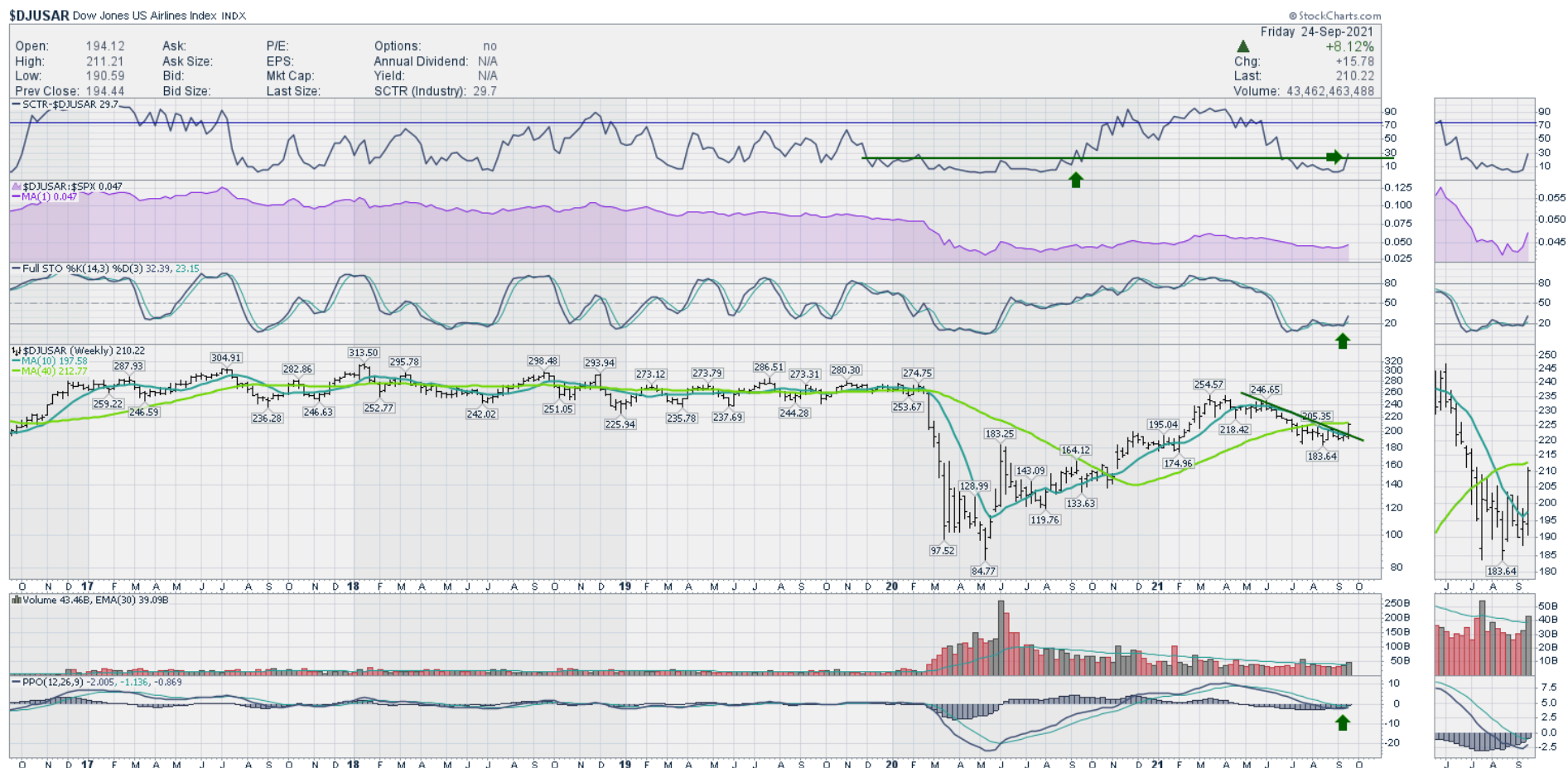
The hotel index has been consolidating sideways since February. It broke out to new closing highs this week, suggesting further upside as it held up well when the indexes pulled back in September. The PPO is turning up and will kick out a buy signal soon if this continues. I like the new high. [\\$DJUSLG](#).





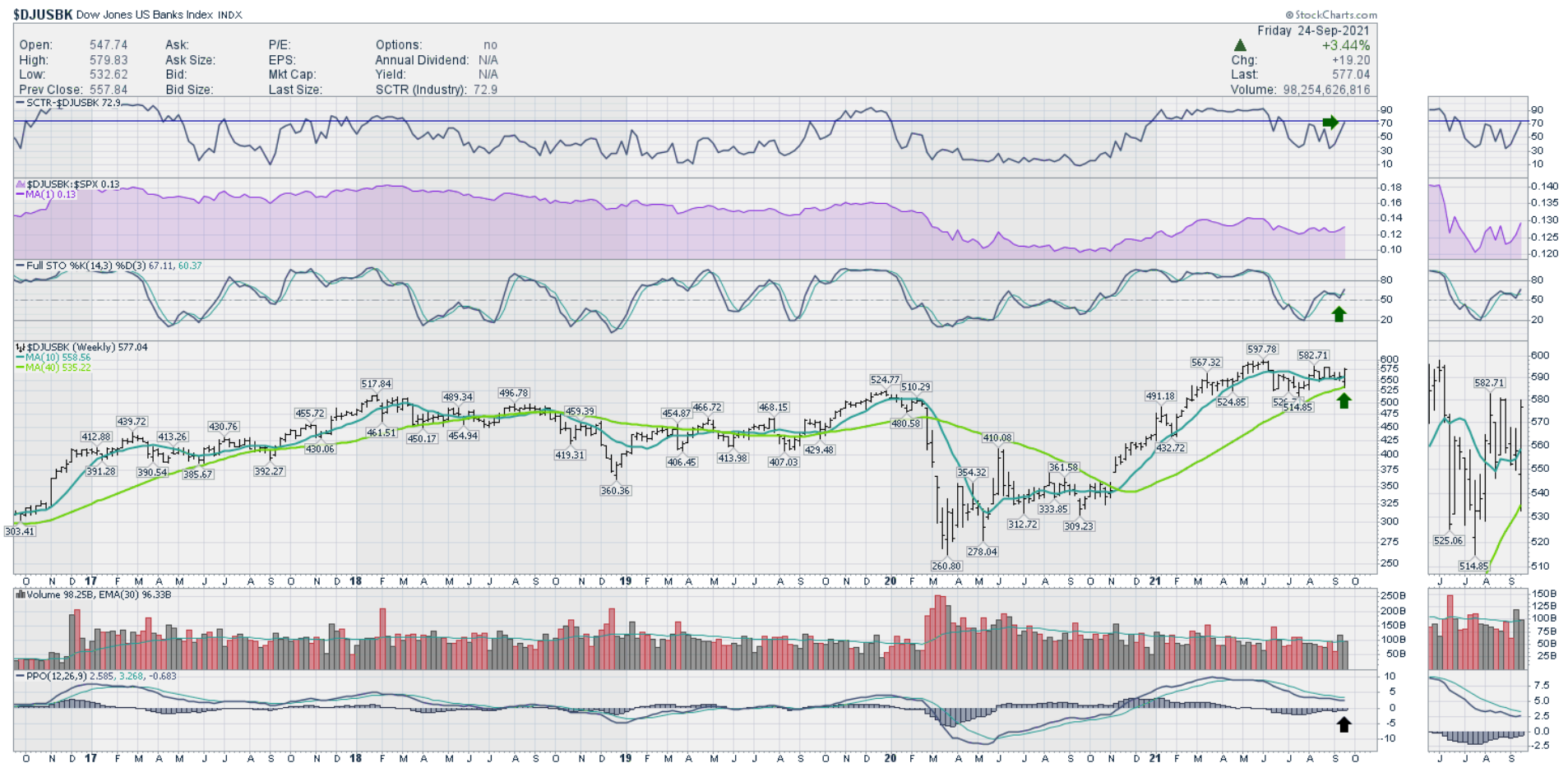
## \$DJUSAR - AIRLINES

The airlines chart surged this week reversing a downtrend that started in June. The full stochastic turned up as price broke above the prior three months. The 40-week moving average is resistance to start the week, but a turn higher in coincidence with the hotels moving higher, suggests to me that the travel and entertainment industries are looking to rally. [\\$DJUSAR](#)



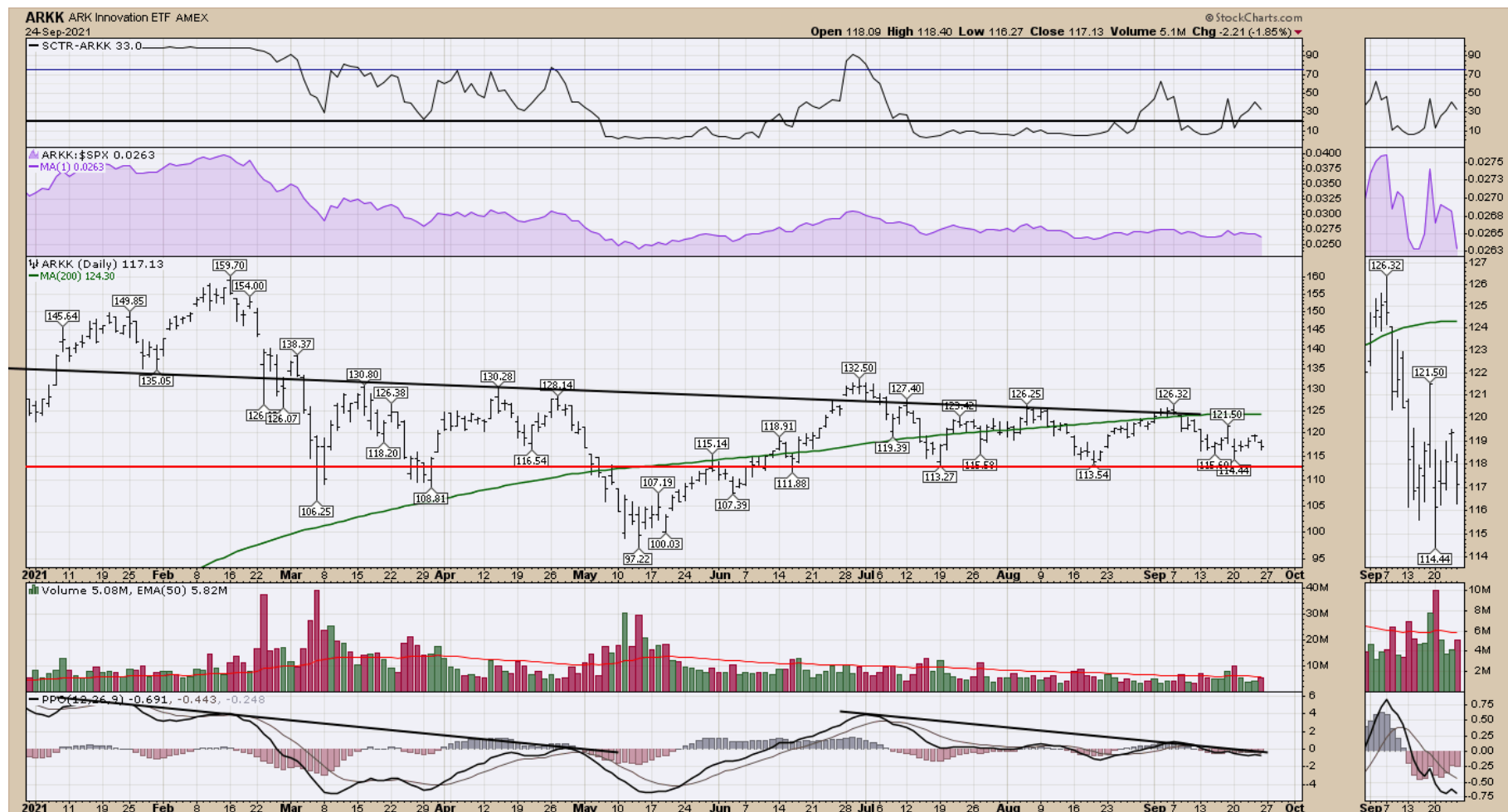
## \$DJUSBK - BANKS

After a big move off the vaccine news of last November, the banks have idled sideways since March. A breakout on the bond yields as well as an improvement in the 10-year minus the 2-year spread suggests the next bank run could be underway. The Fed is out of the way for a month now and we are warming up to JPM's earnings that start earnings season October 13th. [\\$DJUSBK](#)



## 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. The PPO (momentum) is gently trending lower, but it wouldn't take much to break the PPO downtrend line.



## MARKET SUMMARY

For North America, the energy sector was the big leader this week. US Financials did better, and technology made a big rebound off Monday's weakness. The defensive sectors were at the bottom of the list, suggesting another rally under way. One thing to note is the Canadian market had very little support other than energy, which could be a clue that this rally won't hold up. It definitely makes me more concerned, but I am still trading the upside as my strength indicators turn and the SSIQ has moved above 25%.

SYMBOL	NAME	SCTR	CLOSE	% CHG	+/-
XOP	E & P	98.0	92.05	5.07	
XLE	Energy	82.8	50.90	4.46	
XLF	Financials	89.6	38.22	2.14	
XLK	Technology	94.2	156.71	0.97	
XLI	Industrials	38.5	100.85	0.84	
XRT	Retail	81.8	94.96	0.82	
XLY	Discretionary	87.4	184.90	0.58	
SMH	Semiconductors	92.5	272.39	0.51	
XLB	Materials	27.7	81.07	0.12	
XLV	Healthcare	77.0	131.98	-0.42	
XLP	Staples	38.3	70.62	-0.42	
XLC	Communications	79.8	82.45	-0.66	
IYR	Real Estate	79.7	105.39	-1.04	
XLU	Utilities	16.2	65.14	-1.15	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTEN	Energy	138.39	6.28	
\$SPTCD	Discretionary	264.79	0.35	
\$SPTTS	Telecom	192.31	0.23	
\$SPTFS	Financials	376.13	0.18	
\$SPTCS	Staples	711.63	-0.36	
\$TSX	\$TSX	20402.66	-0.43	
\$RTCM	Income Trusts	253.44	-0.58	
\$SPTRE	Real Estate	376.26	-0.84	
\$SPTUT	Utilities	334.81	-0.95	
\$SPTIN	Industrials	370.41	-1.30	
\$SPTTK	Technology	236.85	-1.35	
\$SPTMT	Materials	299.82	-1.89	
\$SPTHC	HealthCare	59.01	-2.07	
\$SPTGD	Gold Miners	265.00	-3.32	

## GLOBAL VIEW

The global markets were split pretty evenly from positive to negative returns. No real themes are apparent this week, but Europe held up better than Asia. However, India is in Asia and it was the best performer. The India market has been rising every week. For commodities on the right, liquid energy was in favour. The bounce in lumber was 1% which is a rounding error on the 3<sup>rd</sup> quarter that lumber had. Metals in general were weak, with copper marginally positive.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$BSE	India	60048.47	1.75	
\$BVSP	Brazil	113283.00	1.65	
\$IBEX	Spain	8873.10	1.28	
\$GBDOW	London	318.01	1.09	
\$CAC	France	6638.46	1.04	
\$INDU	Dow ----	34798.00	0.62	
\$SPX	S&P 500 ----	4455.48	0.51	
\$DAX	Germany	15531.75	0.27	
\$IDDOW	Indonesia	1218.61	0.20	
\$RTSI	Russia	1747.56	0.14	
\$NDX	Nasdaq 100 ----	15329.68	-0.02	
\$SSEC	Shanghai	3613.07	-0.02	
\$KOSPI	South Korea	3125.24	-0.15	
\$MXJ	Mexico	51105.71	-0.39	
\$TSX	Canada	20402.66	-0.43	
\$AORD	Australia	7649.30	-0.70	
\$NIKK	Japan	30248.81	-0.82	
\$HSI	Hong Kong	24192.16	-2.92	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$BRENT	Brent Crude	78.09	3.50	
\$WTIC	WTI Crude	73.98	3.01	
\$HOIL	Heating Oil	2.26	2.64	
\$NATGAS	Natural Gas	5.20	1.86	
\$LUMBER	Lumber	643.00	1.42	
\$GASO	Gasoline	2.14	1.04	
\$COPPER	Copper	4.29	0.93	
\$SILVER	Silver	22.43	0.39	
\$SOYB	Soybean	1285.00	0.08	
\$GOLD	Gold	1751.70	0.02	
\$SUGAR	Sugar	0.19	-0.42	
LIT	Lithium	83.09	-0.55	
HMMJ.TO	Marijuana Stocks	7.94	-2.22	
SLX	Steel	55.85	-2.46	
REMX	Rare Earth Metals	109.84	-2.49	
\$COCOA	Cocoa	2591.00	-2.78	
GDX	Gold Miners	29.68	-2.94	
SIL	Silver Miners	36.11	-3.60	

## VIDEO OF THE WEEK

Dwight and I will host the [October Conference Call](#) 12 Noon ET, on October 2, 2021. Click on the link to view on Saturday.

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

Here is a link to this week's video. [Fall Run?](#)



## Fall Run?

Weekly Market Review  
September 25, 2021



## Disclaimer:

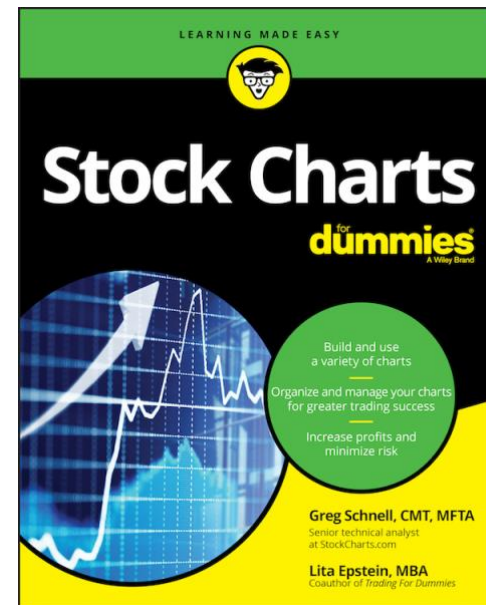
Greg Schnell is an independent analyst and does not invest for clients. Greg Schnell does not collaborate to create a positive/negative market bias, nor is he paid to promote any particular stock or perspective. These charts and descriptions are not an instruction to buy or sell. You as a reader, are 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.