

# THE CANADIAN TECHNICIAN



U.S. Edition

Stocks Rocket Higher

Weekly Market Review  
November 6, 2021



WITH  
**GREG SCHNELL**

## MARKET COMMENTARY

The S&P 500 index closed up 2 % this week. The Nasdaq 100 soared, up 3.21% which is 6.44% in the last two weeks! The charts are in an uptrend, and most of my indicators continue to point higher. All indexes closed at new highs, including the Russell. Semiconductors, airlines, home builders, hotels, all continued higher. Was this the sunrise for the next round of higher highs on Semiconductors? The ducks on the pond are all heading towards it! Looks similar to what the market did this week!



We still have some problems in the industrial commodities. They didn't plummet, it is just that they badly underperformed the indexes. Big stuff like tech and discretionary continue to move higher. Options trading is soaring in total contracts as investors take large positions in TSLA, MSFT, FB, GOOGL. For some reason railroads and trucking rolled over while airlines turned up.

It's not all easy out there. 84 stocks were down more than 15% on the week. Just when you think the water is safe, some significant portfolio damage shows up. I wrote a separate article on that on Saturday under the articles tab on the website.

Bond prices continued to rise this week and the bond price charts breaking out of a downtrend. An interesting chart is shown below where it looks as though the bond yields chart leads the stock market by 2-3 months. Will this signal a drop in the stock market to start the new year? The falling yields helped home builders and hurt financial stocks.

Currencies were mixed, but it looks like the Euro wants to rise. The Canadian Dollar was falling. Bitcoin made a nice move Sunday night.

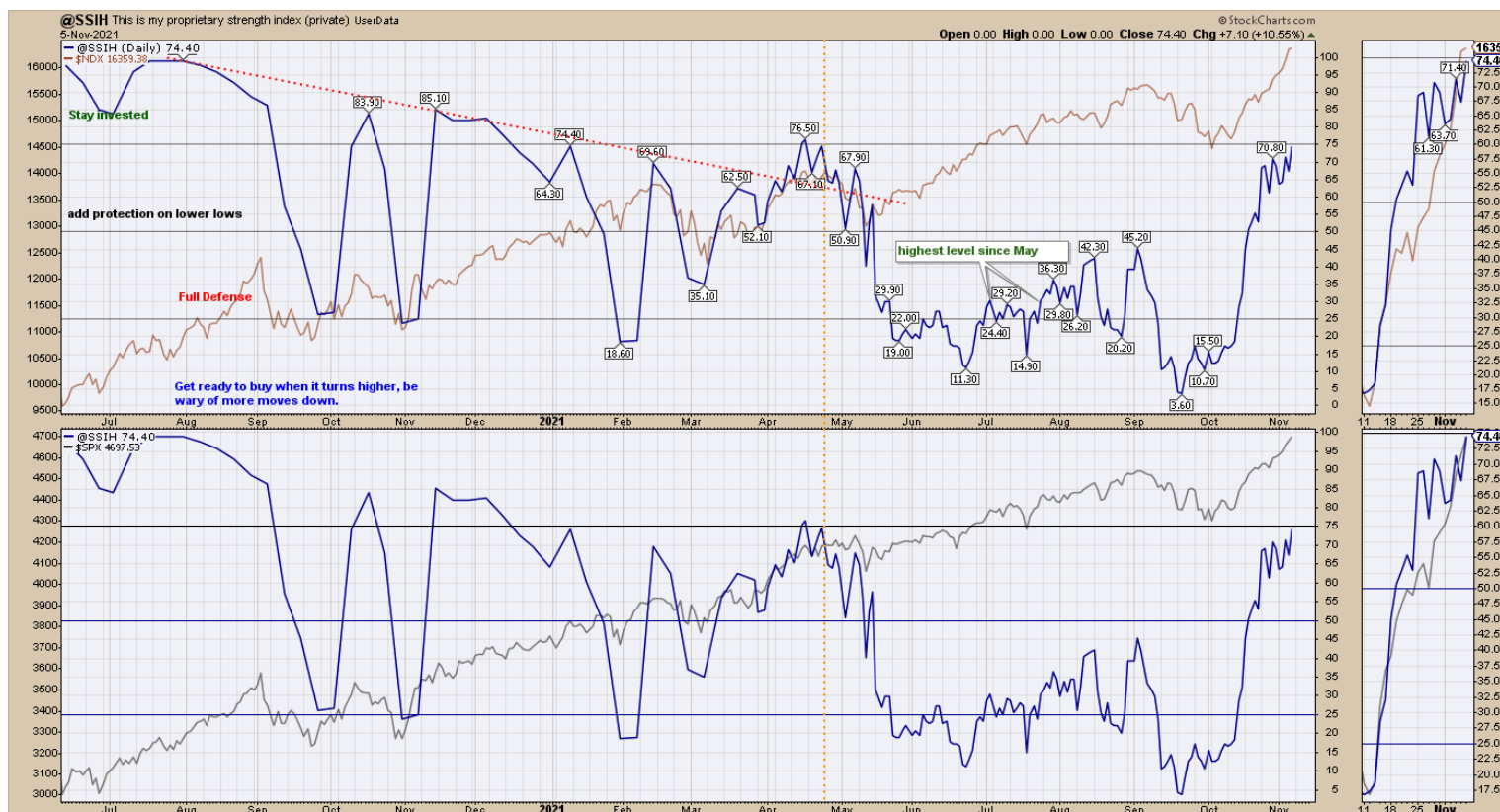
Summary: Tech is going higher. Industrials also seem ready to move. Bitcoin is breaking out tonight. Commodities get more cautious. I like the gold trade setup.

Let's hit the charts.

SSIH 74%

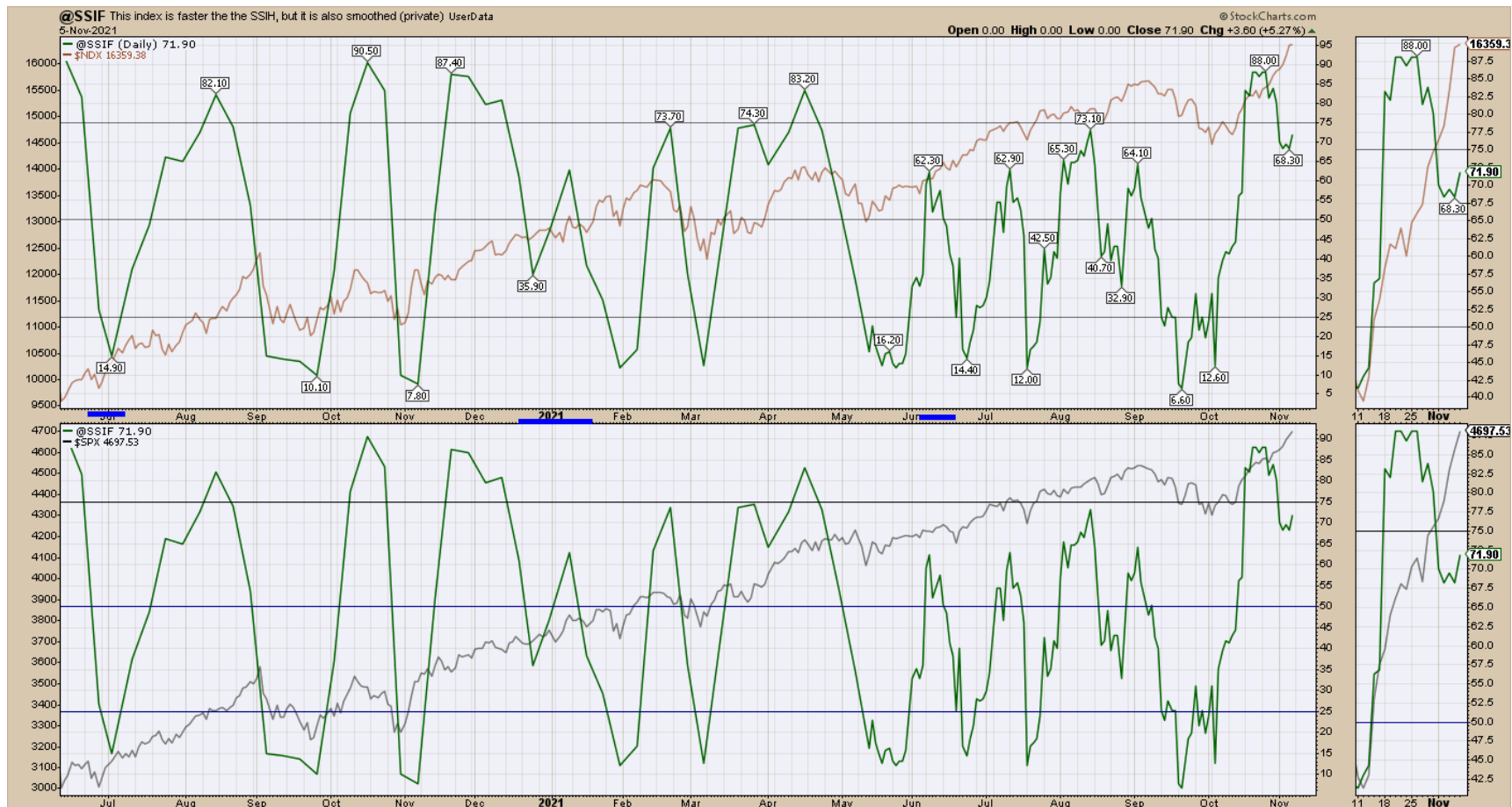
The Schnell Strength Index (SSI) closed higher again this week and the 50% line is a level we want to stay above, which is very bullish if it continues. Watch to see if this develops like the May index action.

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 72%

The Schnell Strength Index - Fast version - moved down to 72%. I typically want to be long as this breaks above 25%. Clearly, we are at the opposite end of the range. It can stay up here for a while, but it doesn't have to. \$NDX in the background on the top, \$SPX in the bottom.



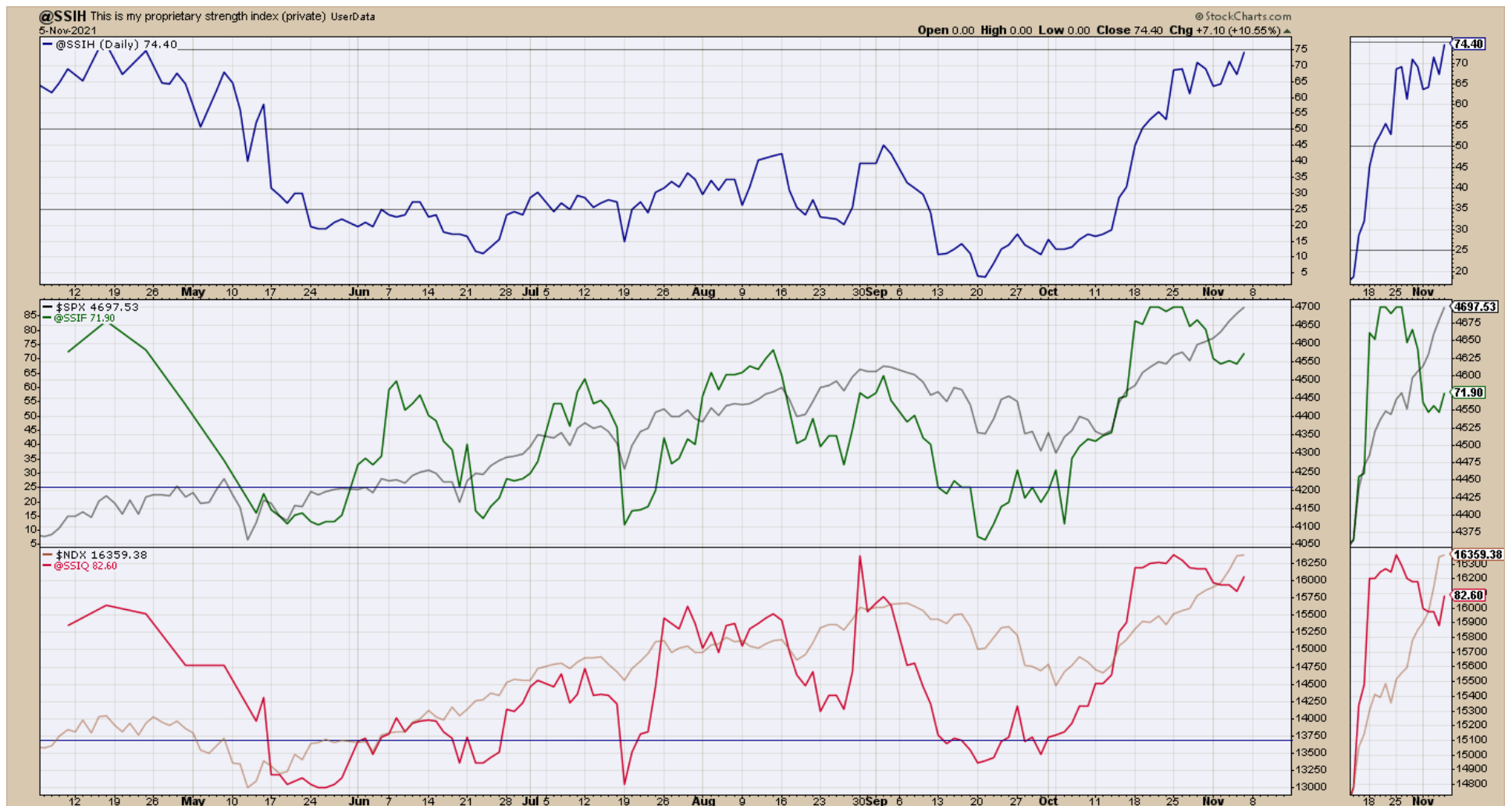
## SSIQ 82%

The Schnell Strength Index - quick version - held above 75%. When it moves above 25%, I want to be long, so I am. 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

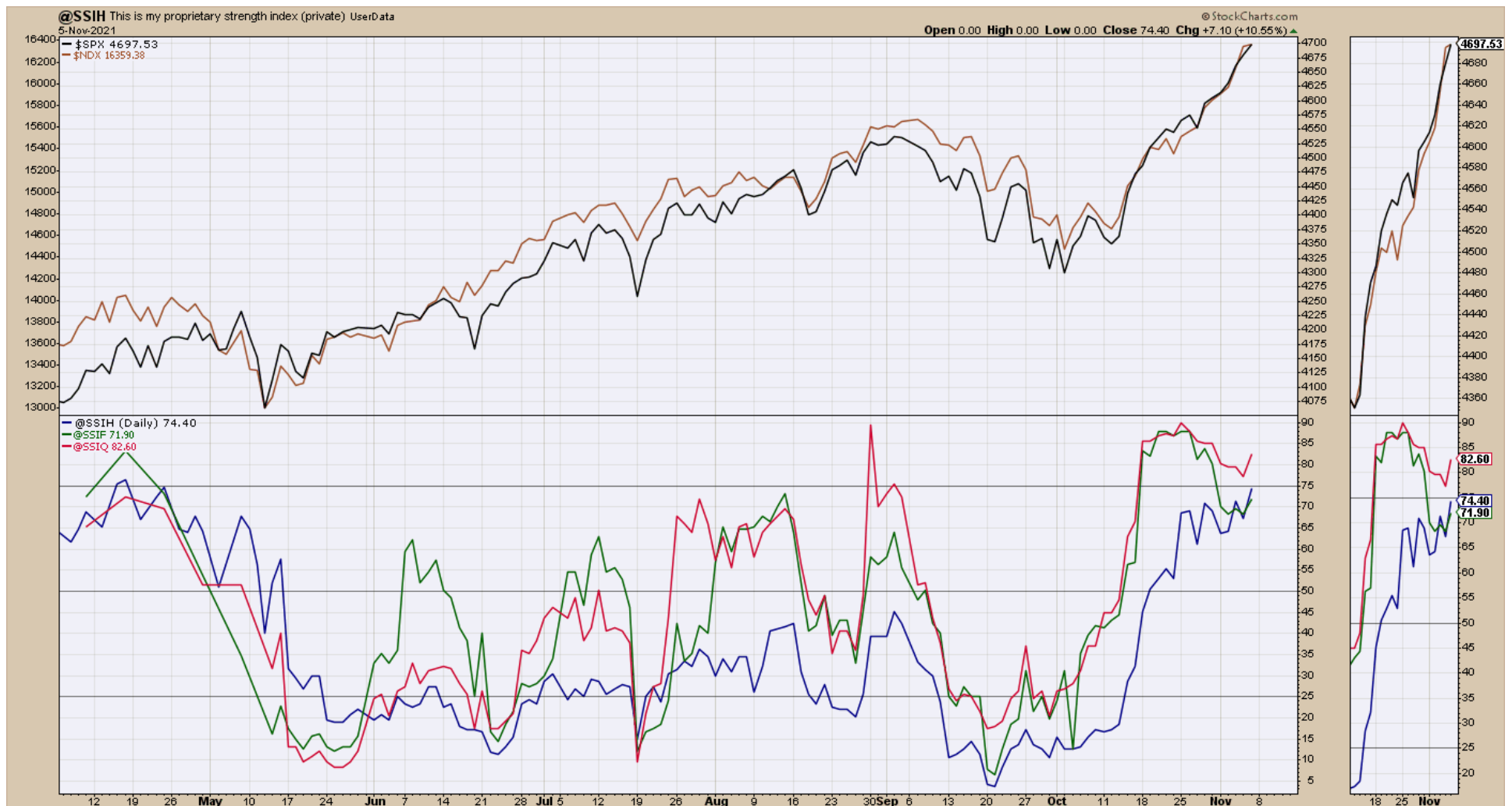
The Schnell Strength Indexes were mixed at a high level on the week.





## SSIH, SSIF, SSIQ OVERLAY

The chart shows the stock indexes in the top panel. All three SSI's are above 25%, with a rally underway.



NOVEMBER MONTHLY CONFERENCE CALL

Dwight and I hosted the [November Conference Call - October 31st, 2021](#) Follow the link to listen in.

# THE CANADIAN TECHNICIAN



U.S. Edition

## Changing Assets

November Monthly Conference Call  
October 29, 2021 at 5 ET, 2 PT

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THE CANADIAN TECHNICIAN



WITH  
**GREG SCHNELL**

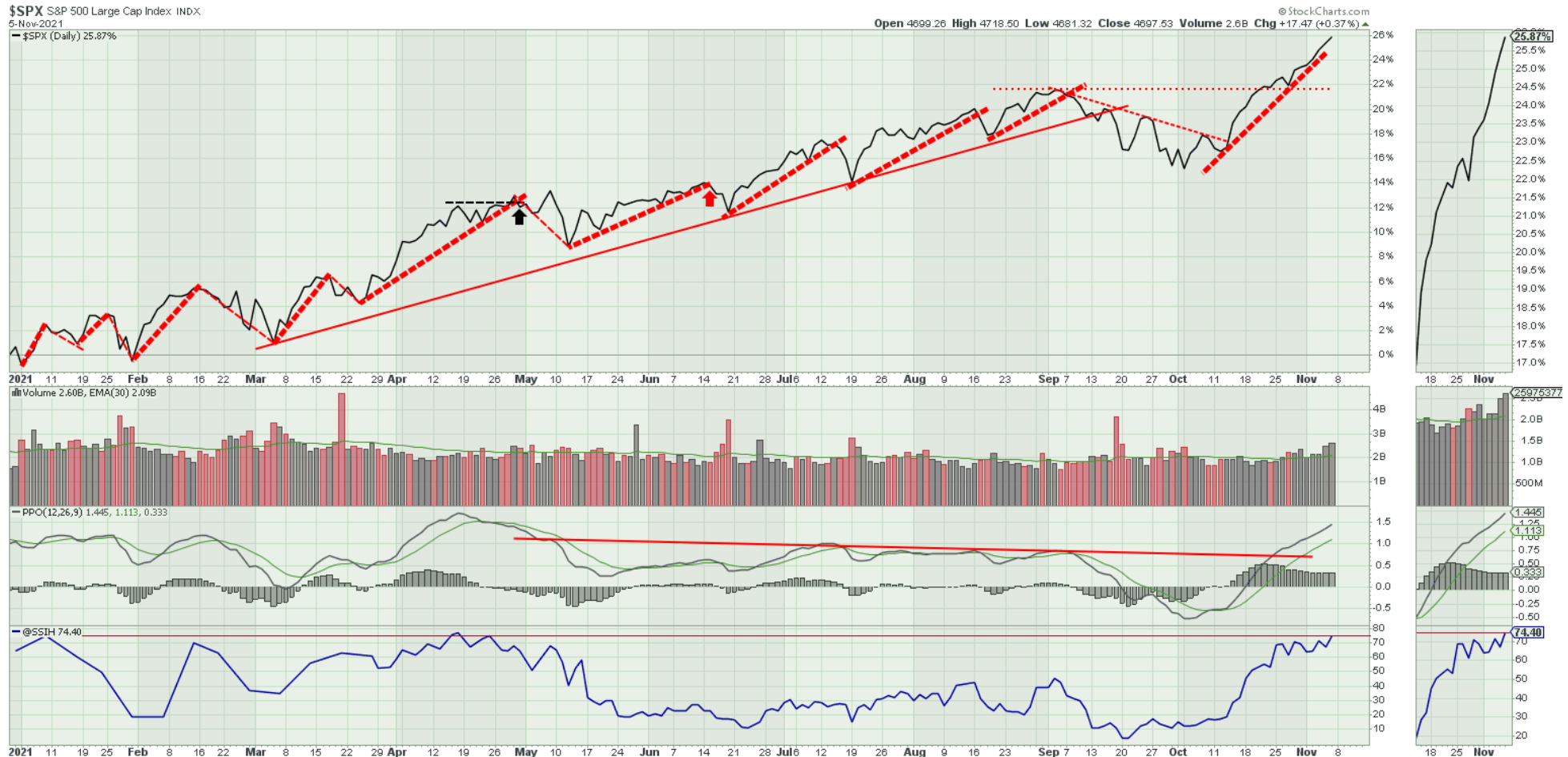


AND  
**DWIGHT GALUSHA**



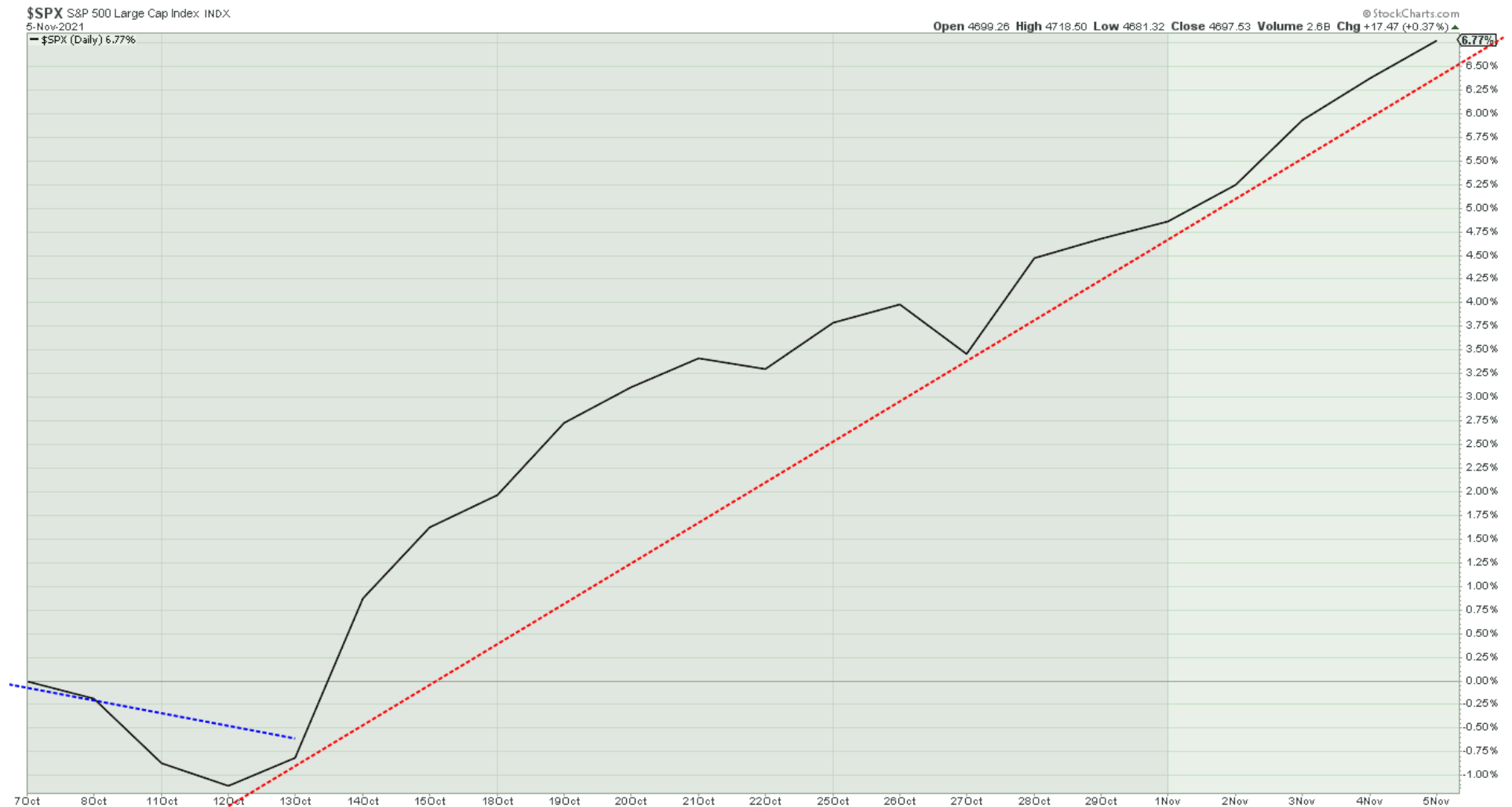
## \$SPX - A HIGHER CLOSE

The year-to-date line chart of the S&P 500 has the index at new highs. The PPO has continued higher and broke above the PPO trend line in red, suggesting a new level of momentum. It appears to be the steepest advance on the chart, which is worrisome. [\\$SPX](#).



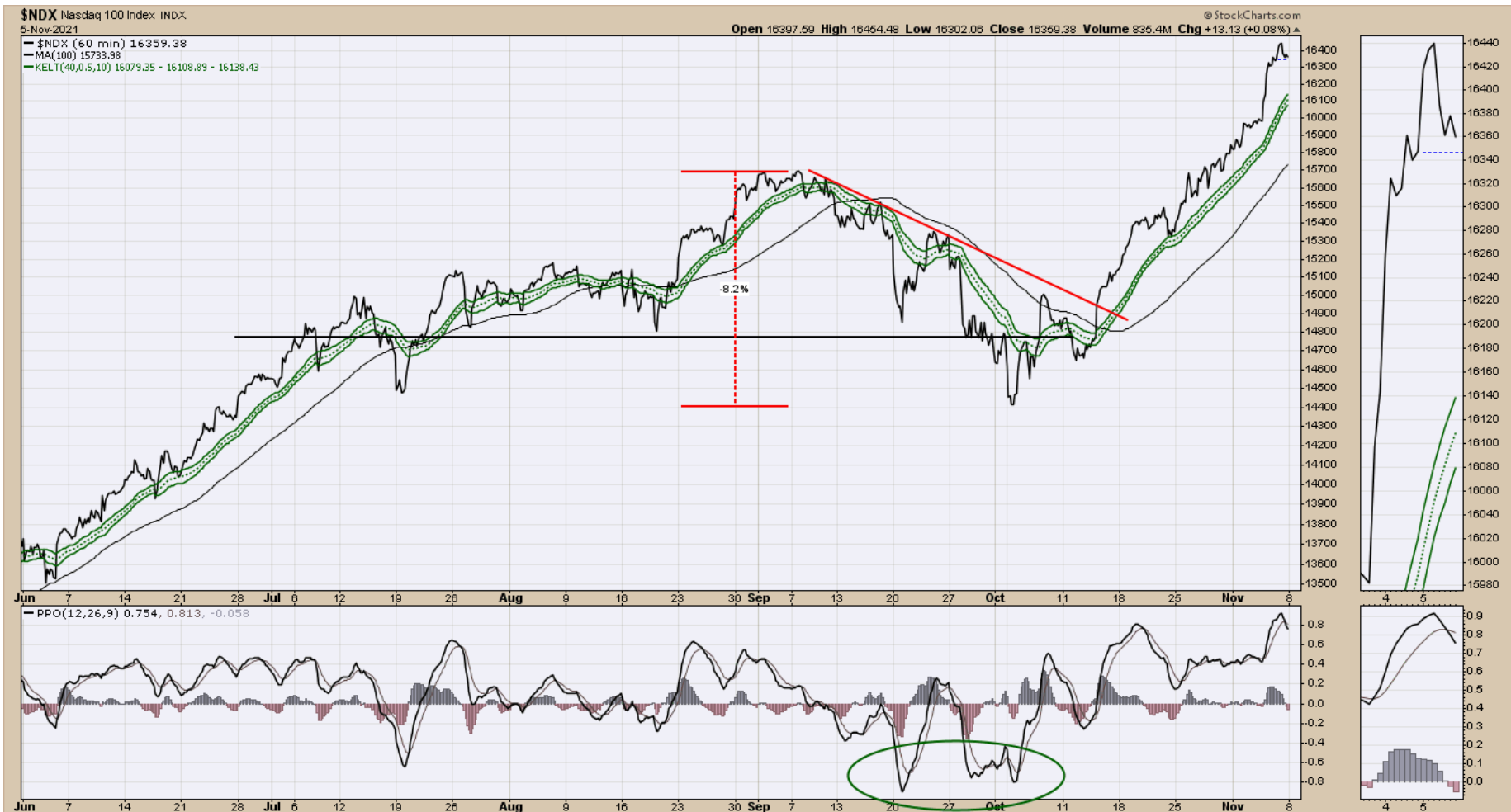
## \$SPX 1-MONTH CHART

The [\\$SPX](#) was up 2.0% this week. It has been a smooth climb through October and November so far.



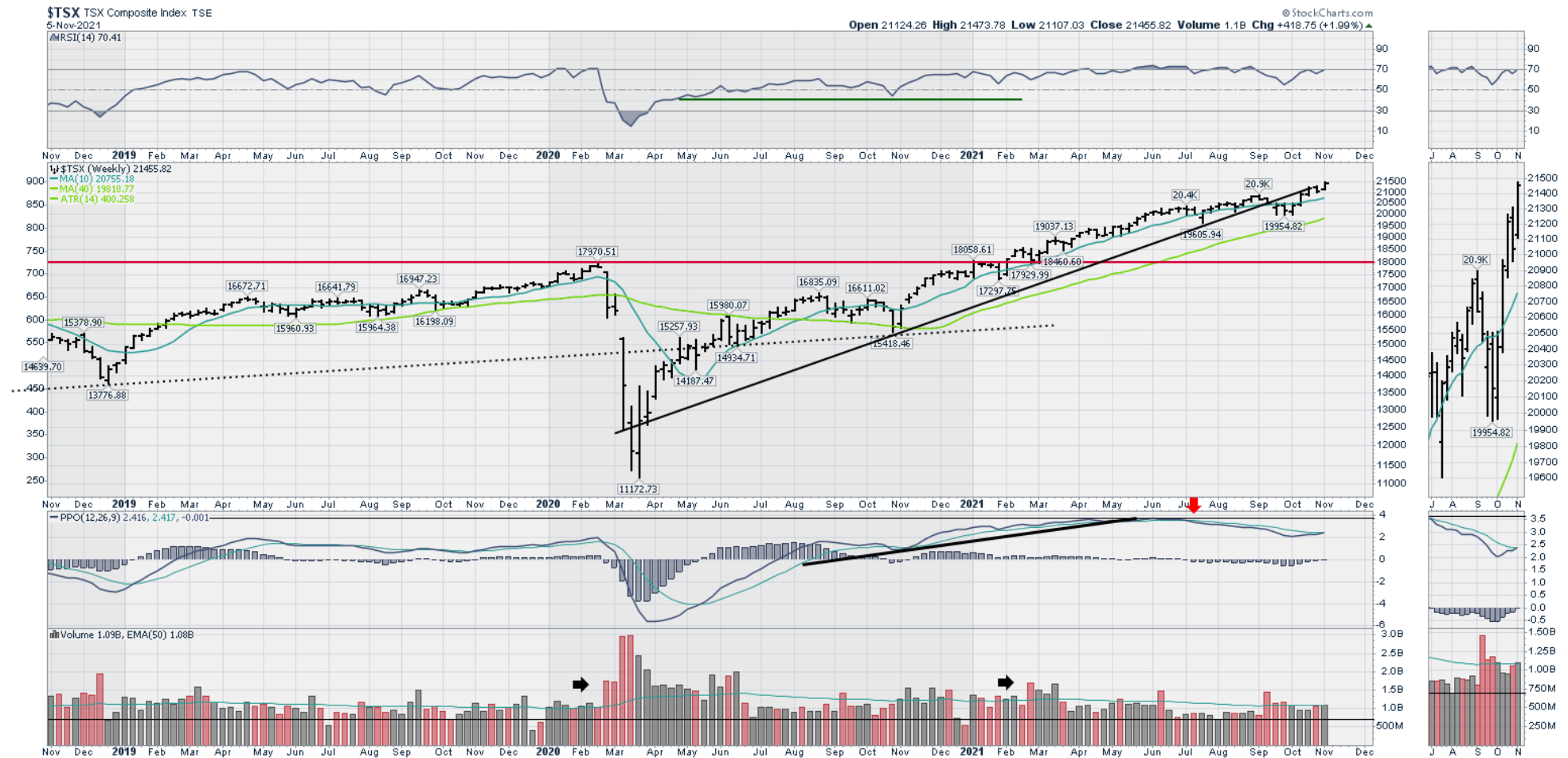
## \$NDX - NASDAQ 100 DAILY CHART

The price action on the **\$NDX** on the 60-minute chart shows the break above the prior highs. The trend is higher!! The PPO momentum indicator is higher than at any time in the last few months. It would not be a surprise if a few days pullback showed up.



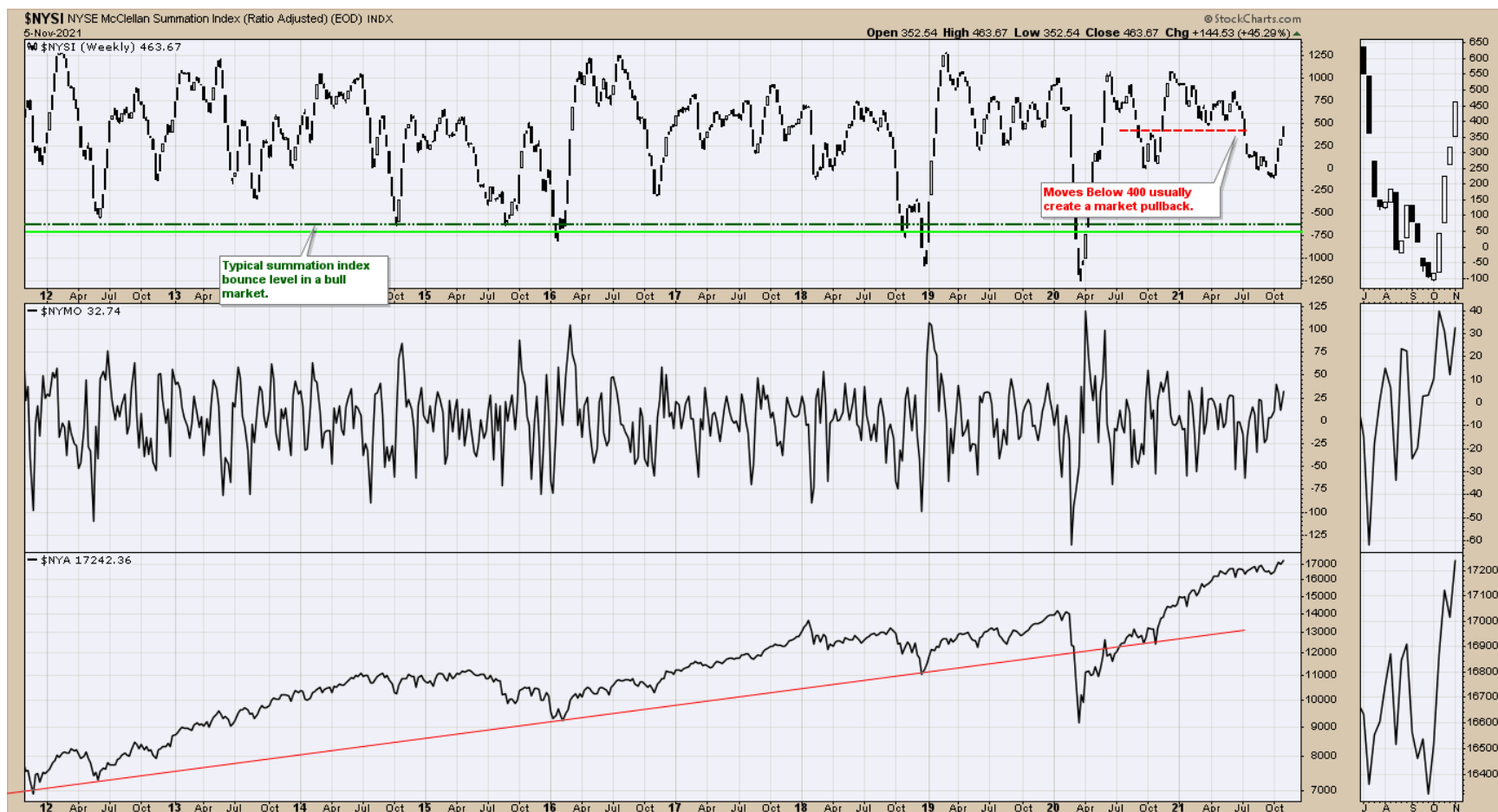
## \$TSX - CANADA RALLIES

The Canadian market pushed nicely to new highs. Currently we are 'back-testing' the prior trend line. Let's watch to see if the \$TSX can get back above. [\\$TSX](#)



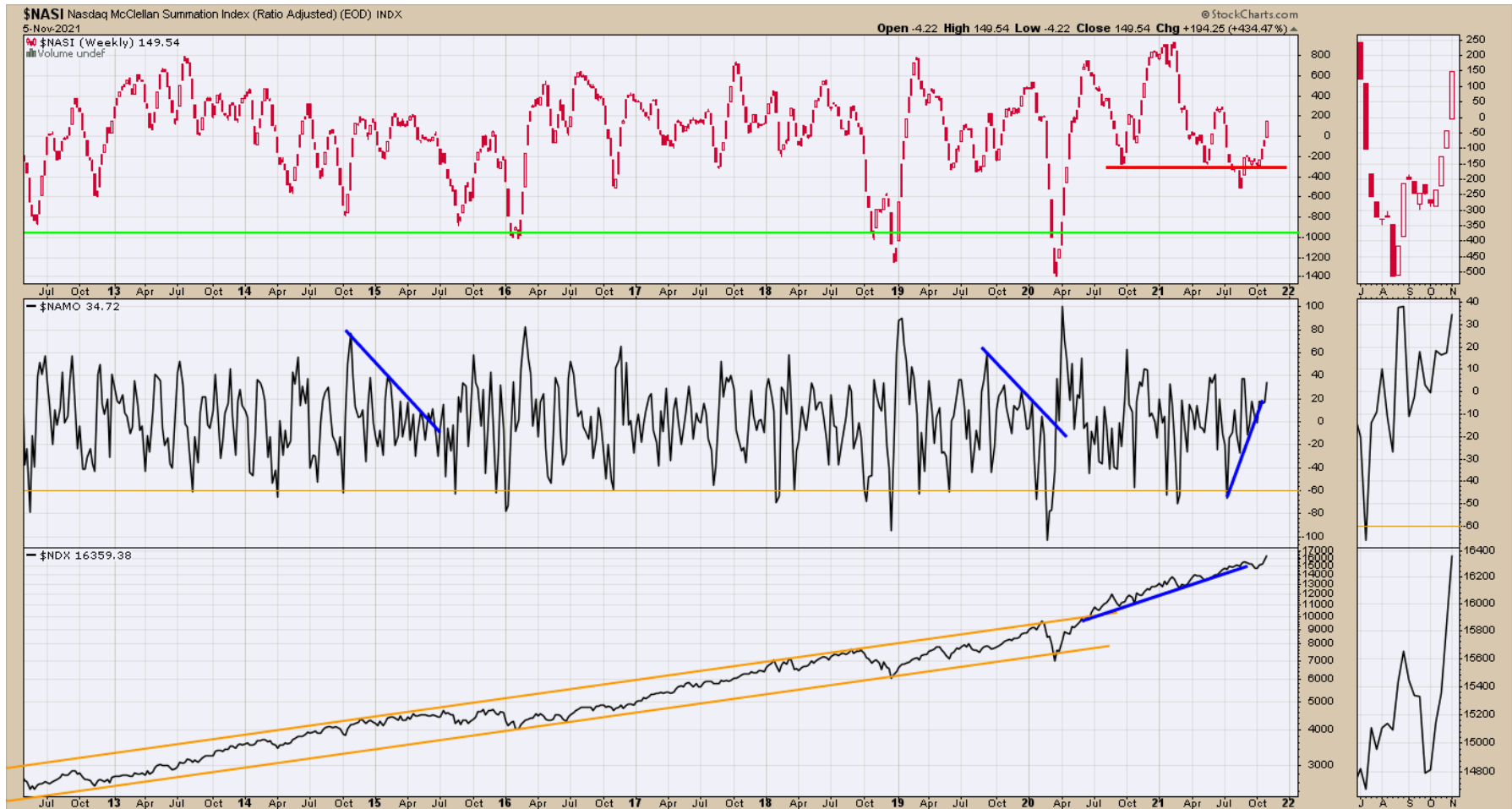
## \$NYSI - MCCLELLAN SUMMATION INDEX

The middle panel is the McClellan Oscillator, which is staying strong after hitting the highest closing level of 2021. The top panel is the McClellan Summation Index (NYSI), cumulatively aggregating the \$NYMO totals. Notice another strong white bar on the top zoom panel. Bullish. The \$NYA closed higher this week. [\\$NYSI](#)



## \$NASI - NASDAQ SUMMATION INDEX

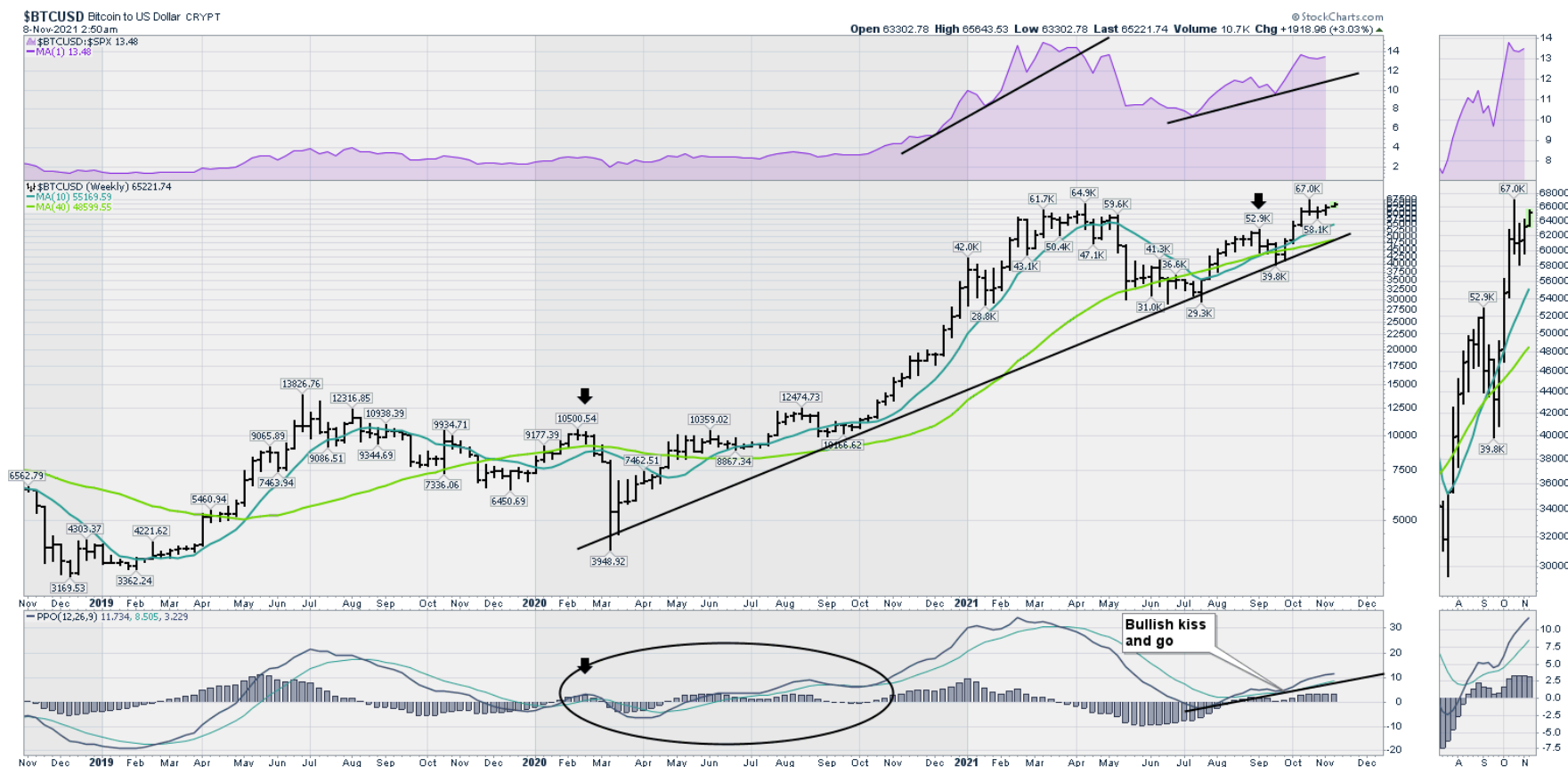
The Summation index is pushing higher and that aligns with the big move up on the Nasdaq market. In the zoom panel this top panel popped up to the highest level since July and is making higher highs and higher lows. [\\$NASI](#)





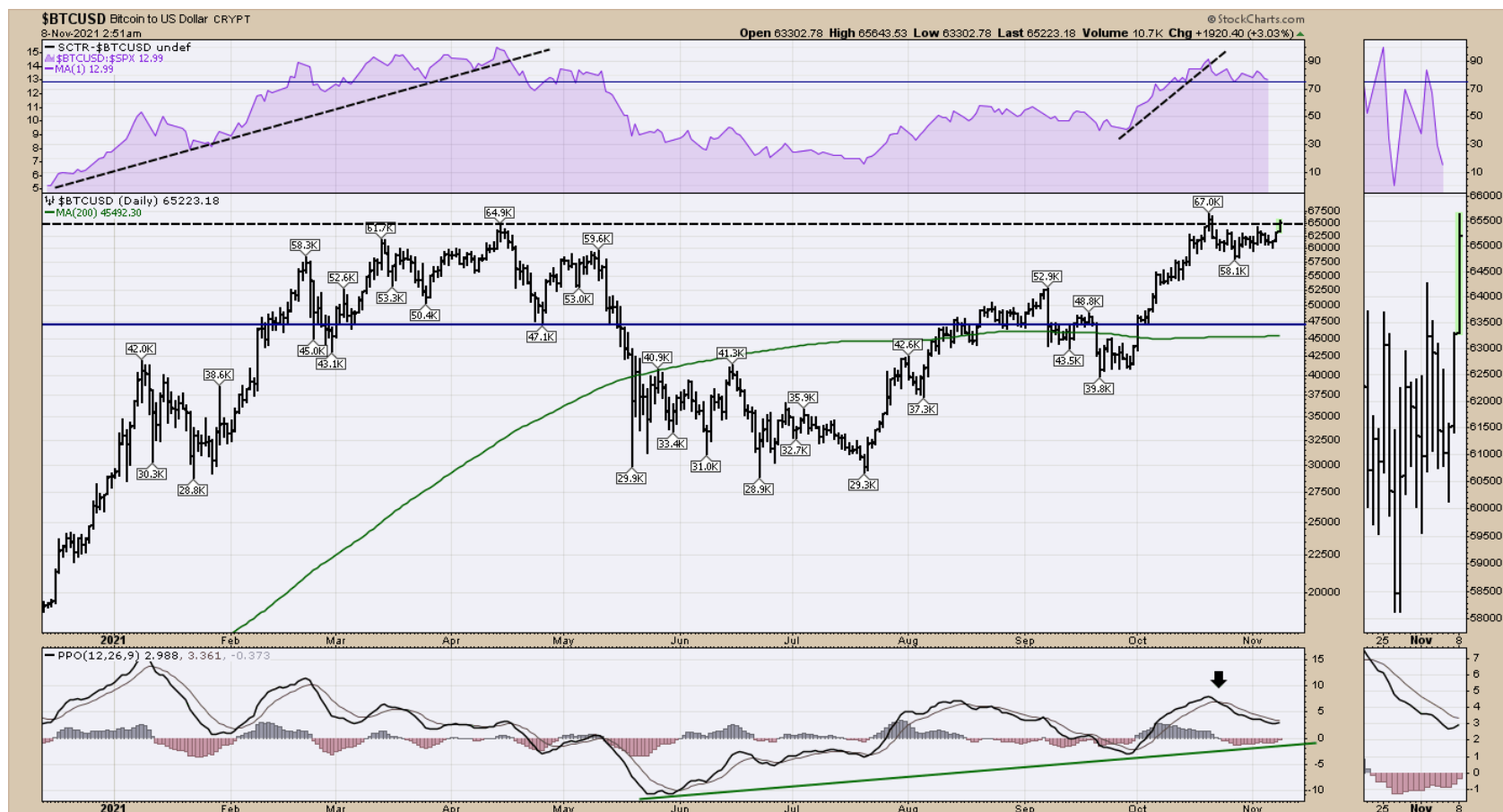
## BITCOIN STALLS

The Bitcoin chart was flat for the week but started moving up Sunday. **\$BTCUSD** As we work around the prior highs at \$65k, this is an important area to watch. If it fails here, it is a double top. A new legalized Bitcoin ETF might just be another signal of peak euphoria for a while. Dwight presented some of the nice setups and different ways to invest in crypto related trading in the monthly conference call.



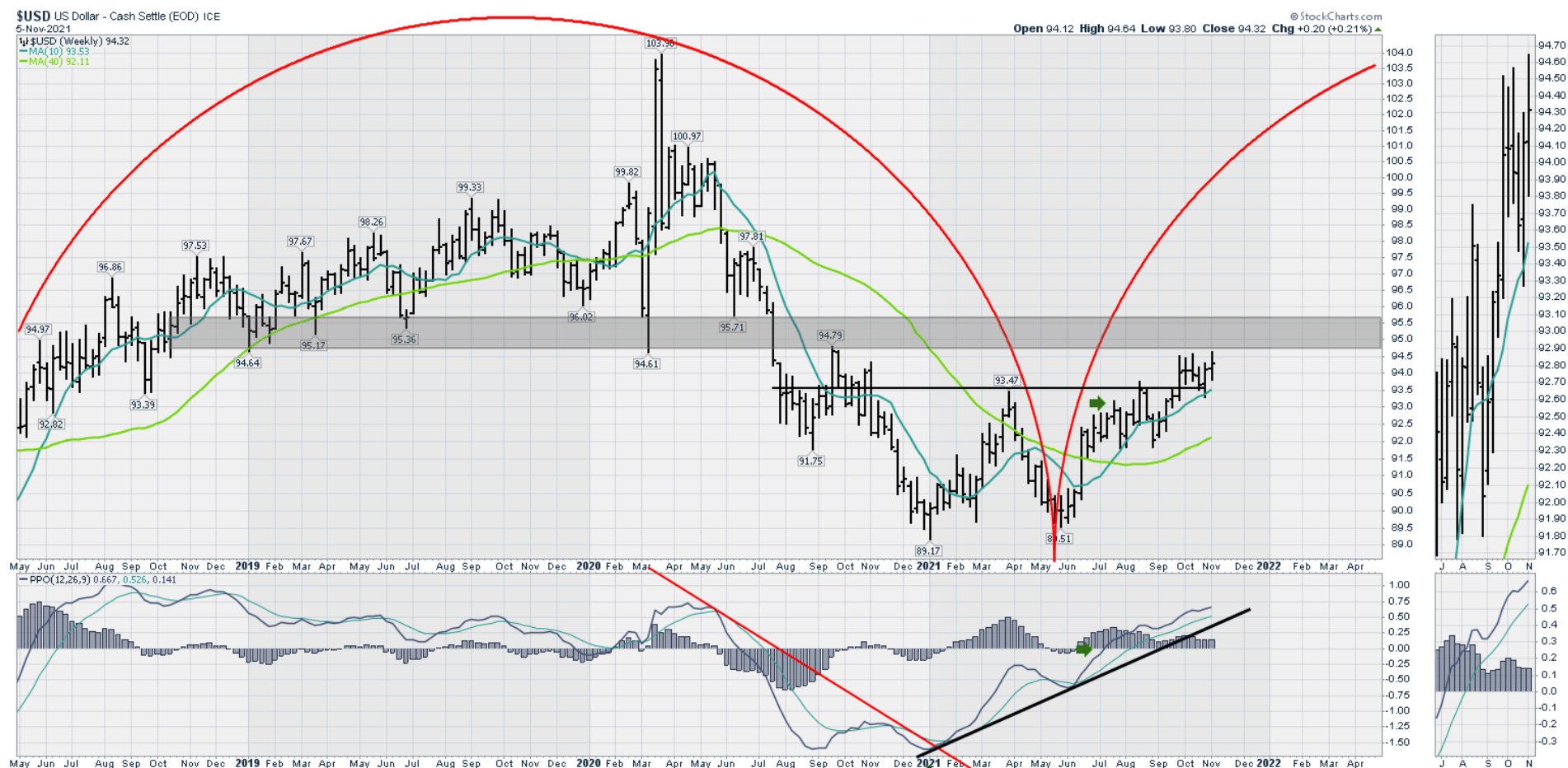
## BITCOIN DAILY CHART

Bitcoin sits at resistance of the former high. Up top we can see the relative strength compared to the SPX in purple rising quickly which is positive but breaking the steep uptrend which is cautionary. The PPO is trying to turn higher. A belief that this trade has many new institutional buyers jumping in on this breakout is a low probability, but the ability to use ETF's might help them add positions in Crypto. Need this to break out and hold above. [\\$BTCUSD](#)



## \$USD - US DOLLAR

The US Dollar traded up to new 52-week highs. The PPO is at one of the highest levels in the last two years. The macro cycle in red looks higher from here as well. [\\$USD Weekly](#). I have drawn in a gray zone that will be interesting to see how traders deal with this level in the dollar. It was resistance in late 2020, and support through 2019. I expect it to stall here for a while. Will I be right?



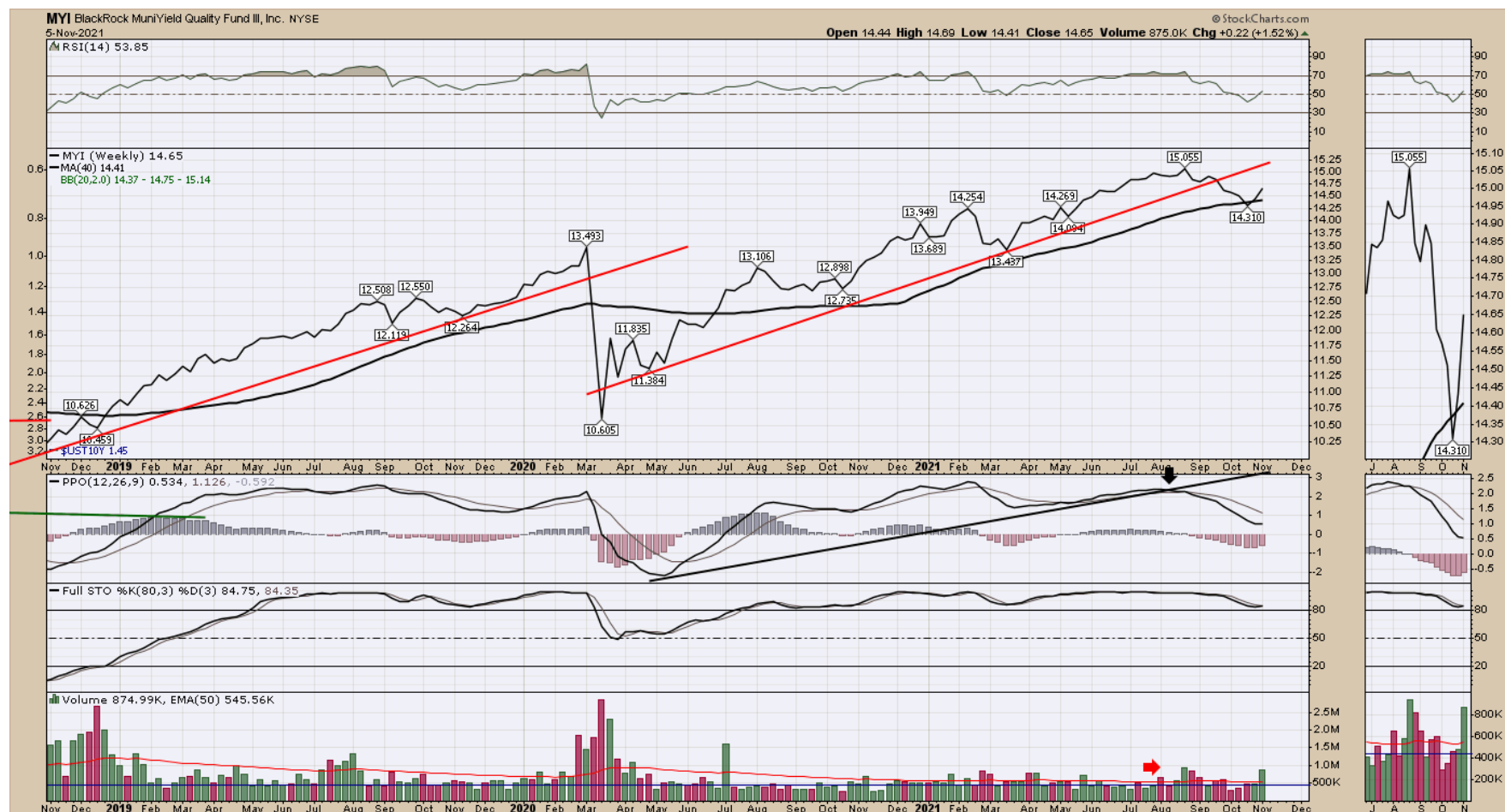
## \$USD - USD DOLLAR DAILY

The US Dollar continued its rise throughout the week. [US Dollar Daily](#). This push in the dollar can be slowing commodities. But the PPO just turned up to give the dollar a buy signal, so it doesn't appear to be done here on the daily chart, which disagrees with my thesis on the weekly above. If this starts to run to the upside here, that would be supportive of commodities breaking down.



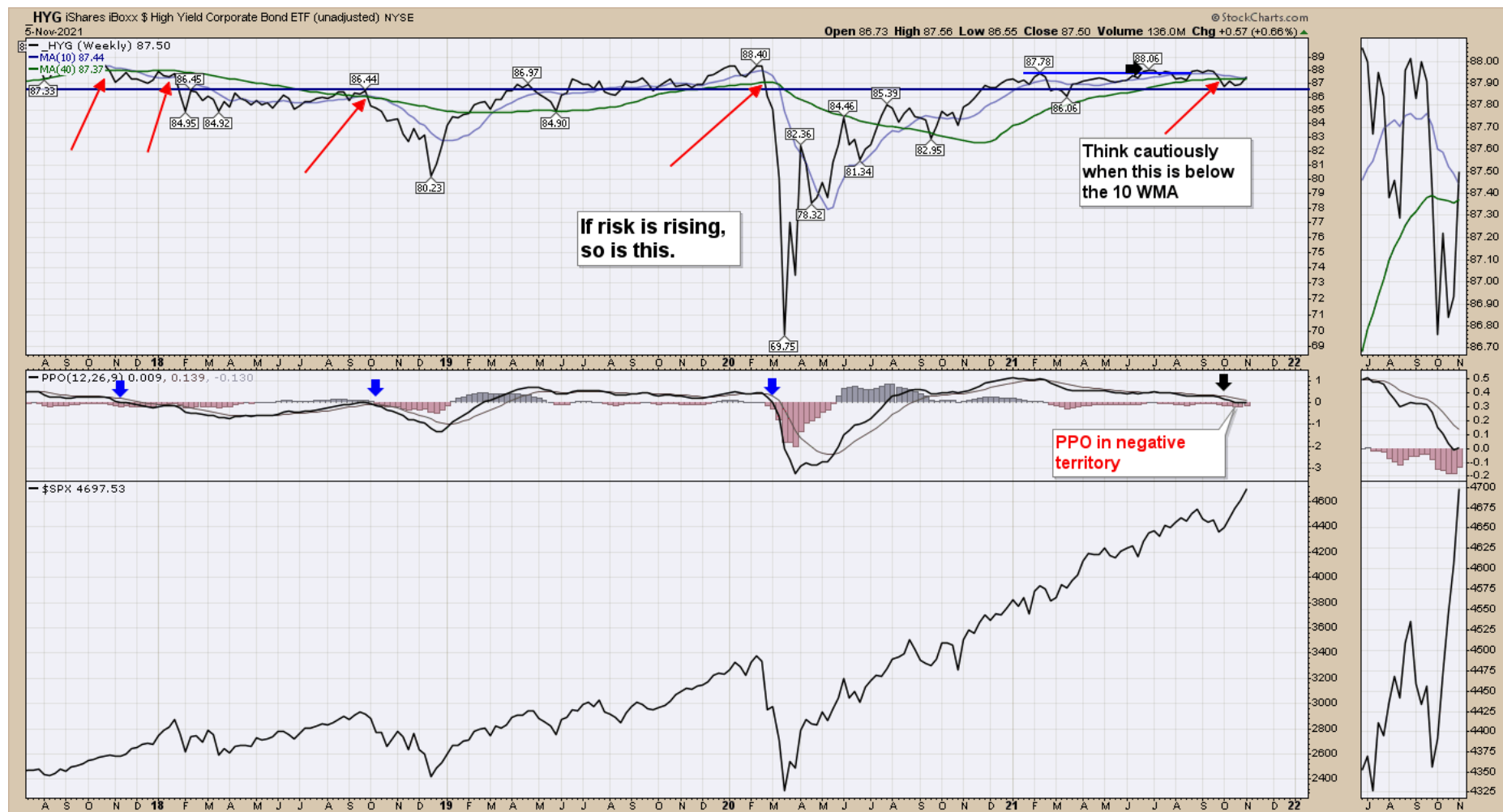
## MYI - MUNICIPAL BOND ETF

The **MYI** is bouncing around the 40-week moving average. This appears to be where the 10-year bond price starts to go higher. This chart is one of the clues I like to use for the direction on the ten year. The MYI closed back above its 40-week moving average. Bond yields across the curve dropped. Bond prices rose.



## HYG HIGH YIELD BOND ETF ADDS SOME CAUTION TO MY BULLISH OUTLOOK

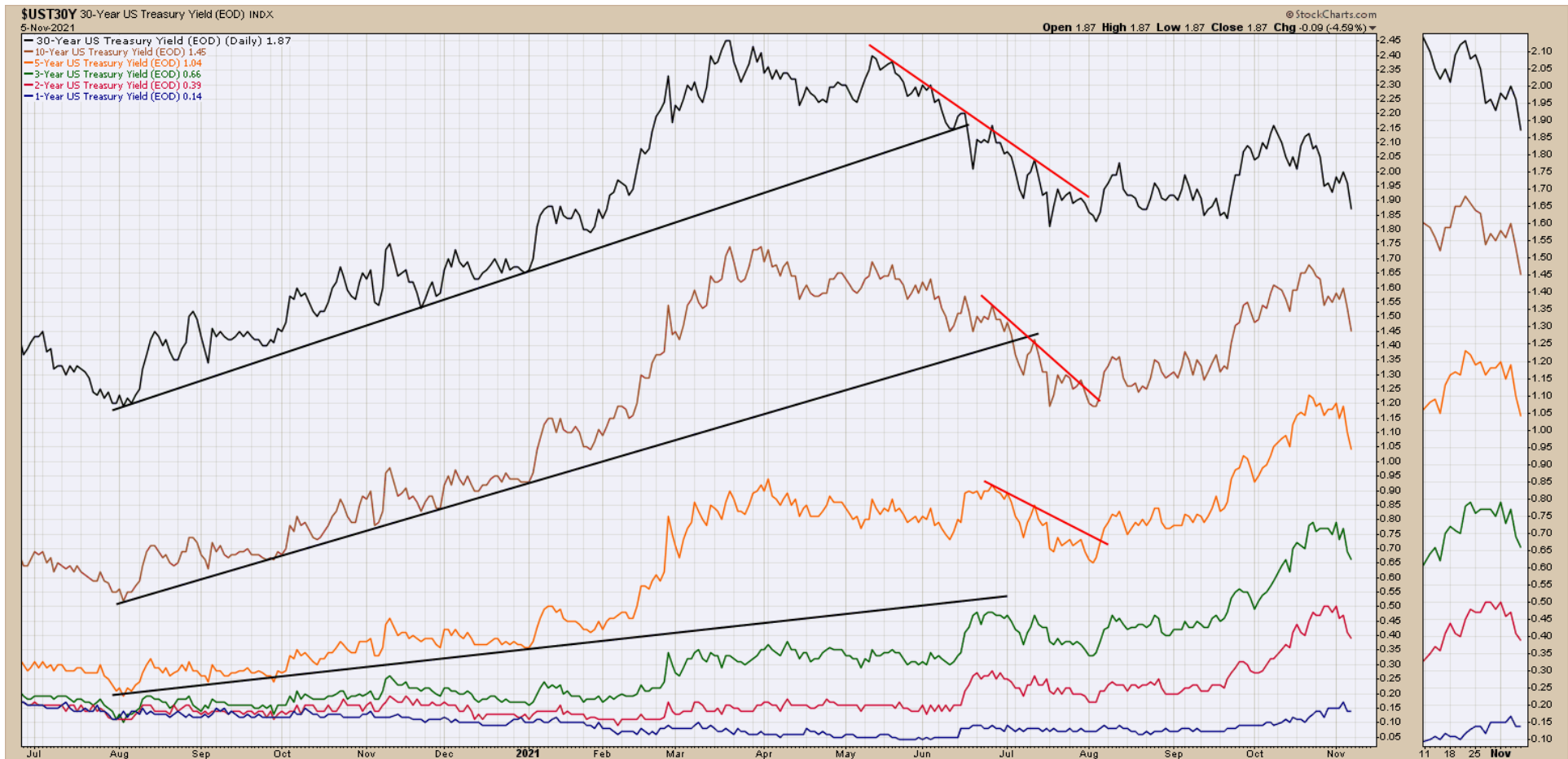
The high yield bond market turned up above both the 10- and 40-week moving averages. Can the PPO bounce off zero here and head higher? [HYG](#)





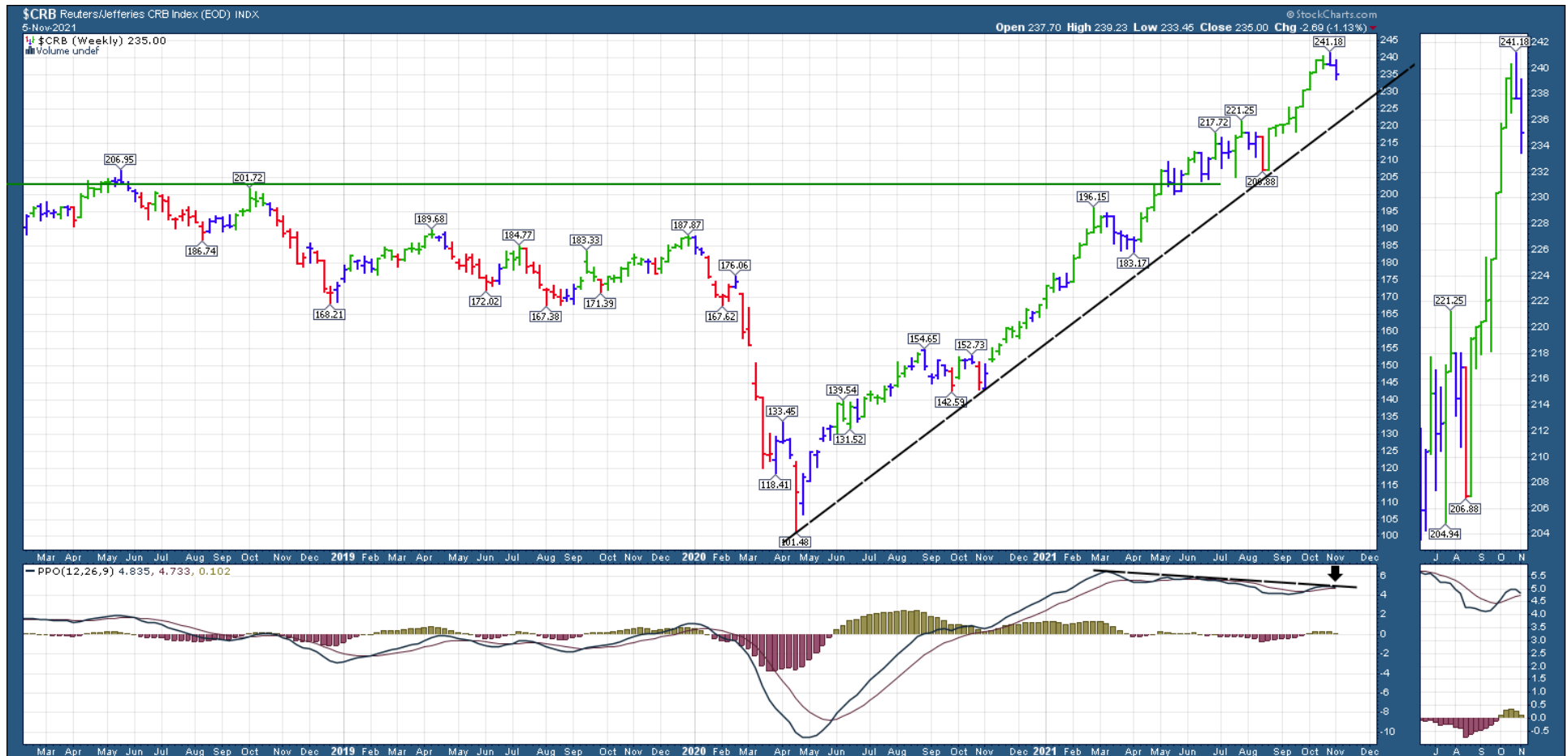
## THE ENTIRE BOND YIELD CURVE MOVES LOWER

The yield curve was down sharply on the week. The longer bonds have rolled over and now all the short-term bonds got the memo this week, turning down sharply. Is this a signal for the reversal in yield direction? It would appear to be. [Yield Curve](#).



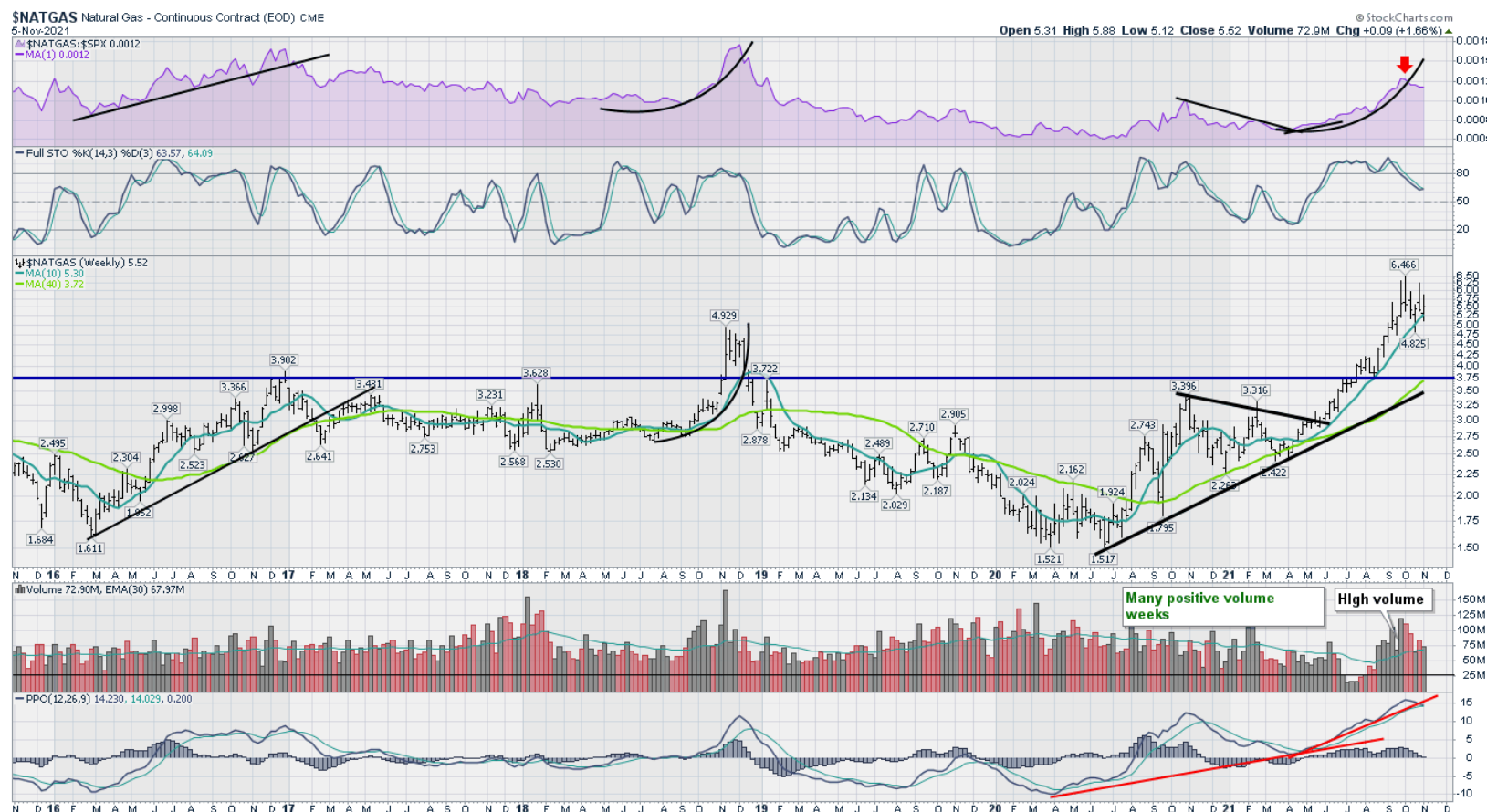
## \$CRB INDEX

The \$CRB index made a new four-week low this week. Notice the momentum indicator (PPO) is still very high, but a rollover here would be another lower high on the PPO. With only one red week since last October, it has been an incredible run. [\\$CRB](#).



## \$NATGAS - NATURAL GAS

Price action on natural gas continues to be extremely volatile. Natural Gas tested the 10 WMA and bounced higher. The break on my hand-drawn, unscientific, parabolic curve on the purple relative strength chart is broken. Maybe like November 2016, it will make another run into December. Only the best traders survive these wild swings. For me, I'll look for a reset on my signals which might miss a December run. The PPO uptrend did break this week as another caution signal. [\\$NATGAS](#)



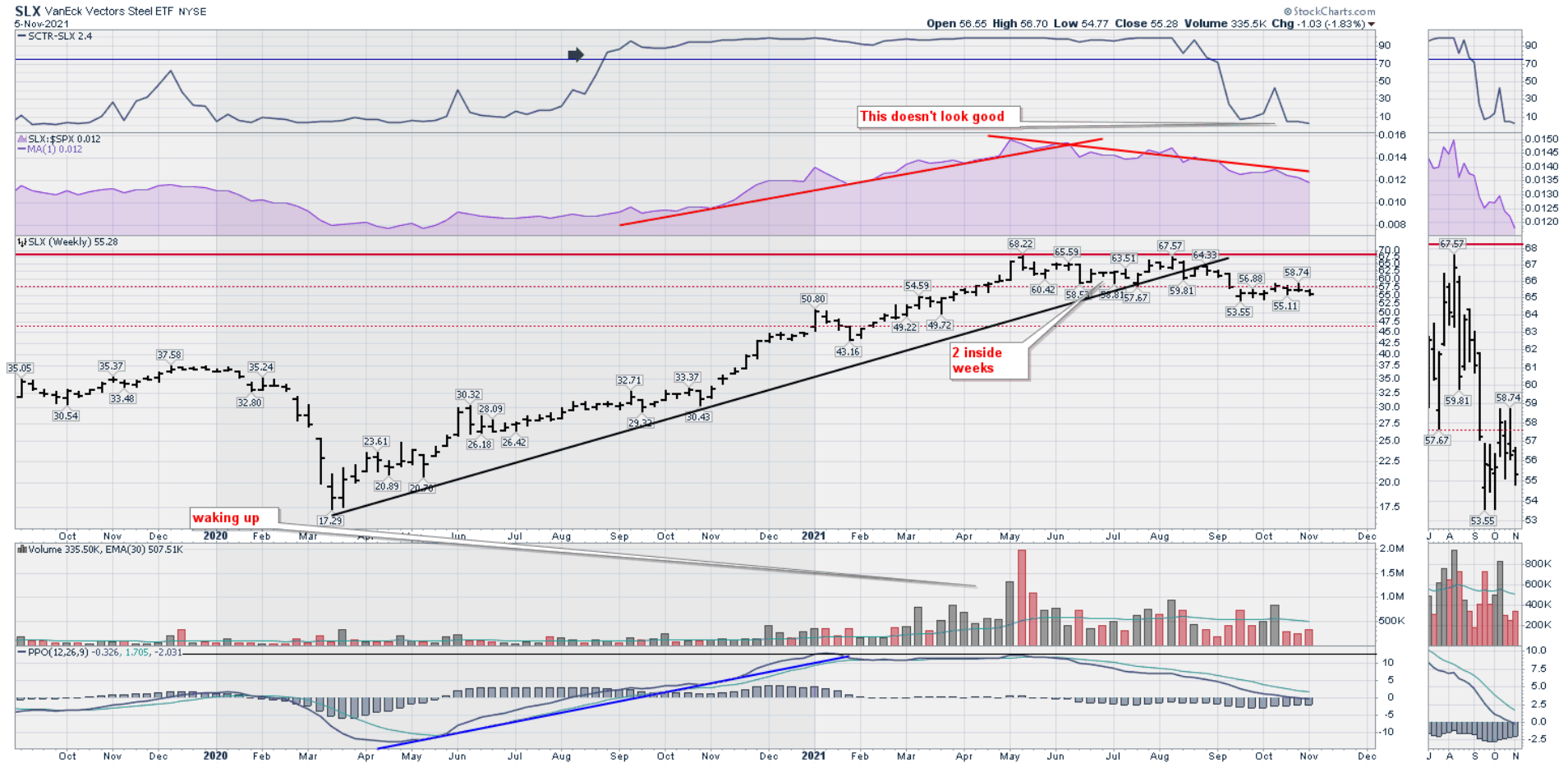
## COPPER - CONTINUES LOWER

**COPPER.** The panel is the long-term chart of Copper moving lower. When we are in a tight zone like we are, there are lots of cross-currents. China is slowing their imports. I strongly encourage those trading in Copper related trades to read this article → [Copper Article](#). Be ready for both outcomes.



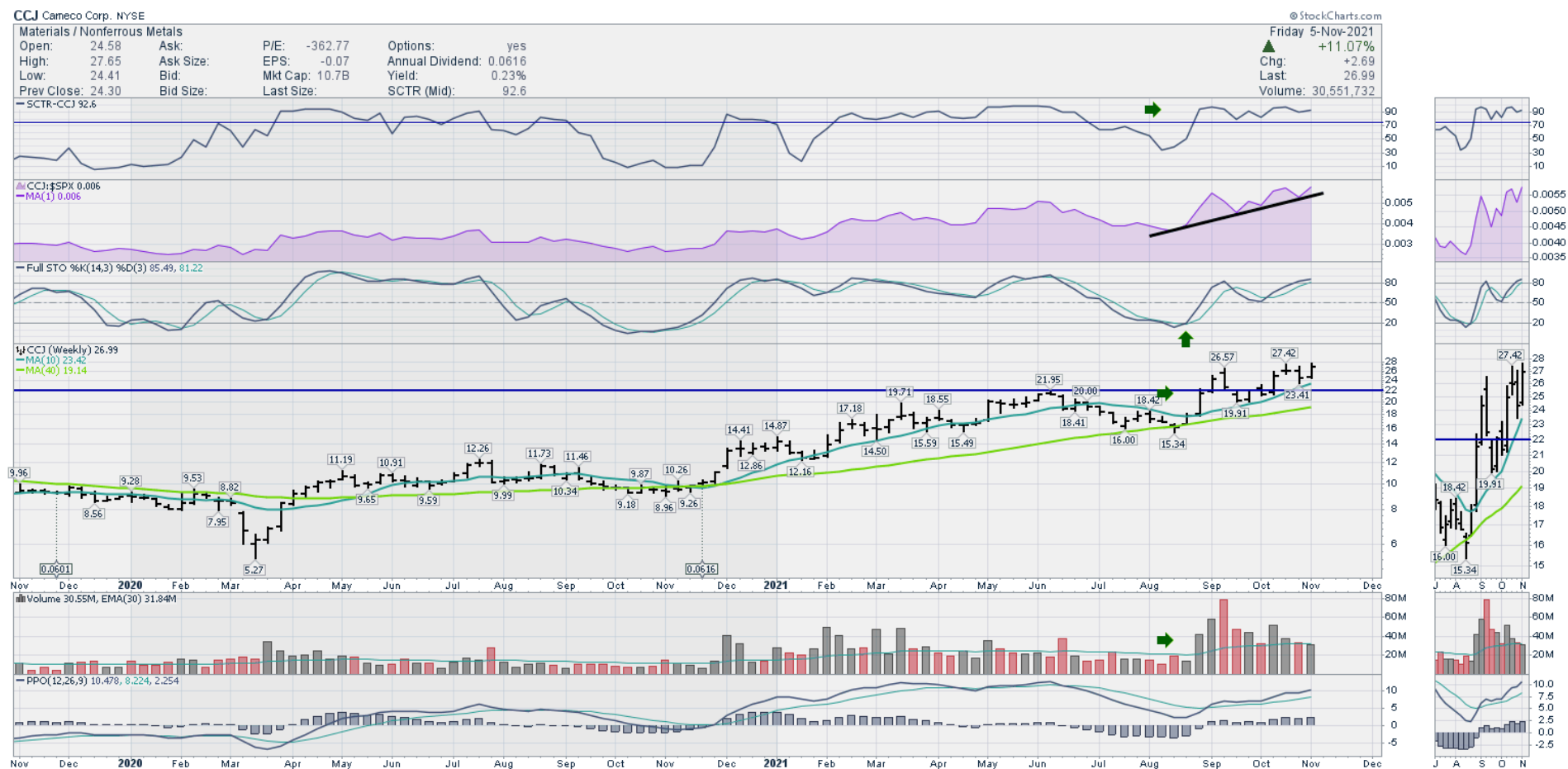
## STEEL

**Steel.** The steel chart was down a bit on the week but clearly underperformed against the indexes which were all up. The PPO is resetting near zero, so perhaps it is ready to turn higher with the infrastructure bill passing. Something to watch for.



## URANIUM

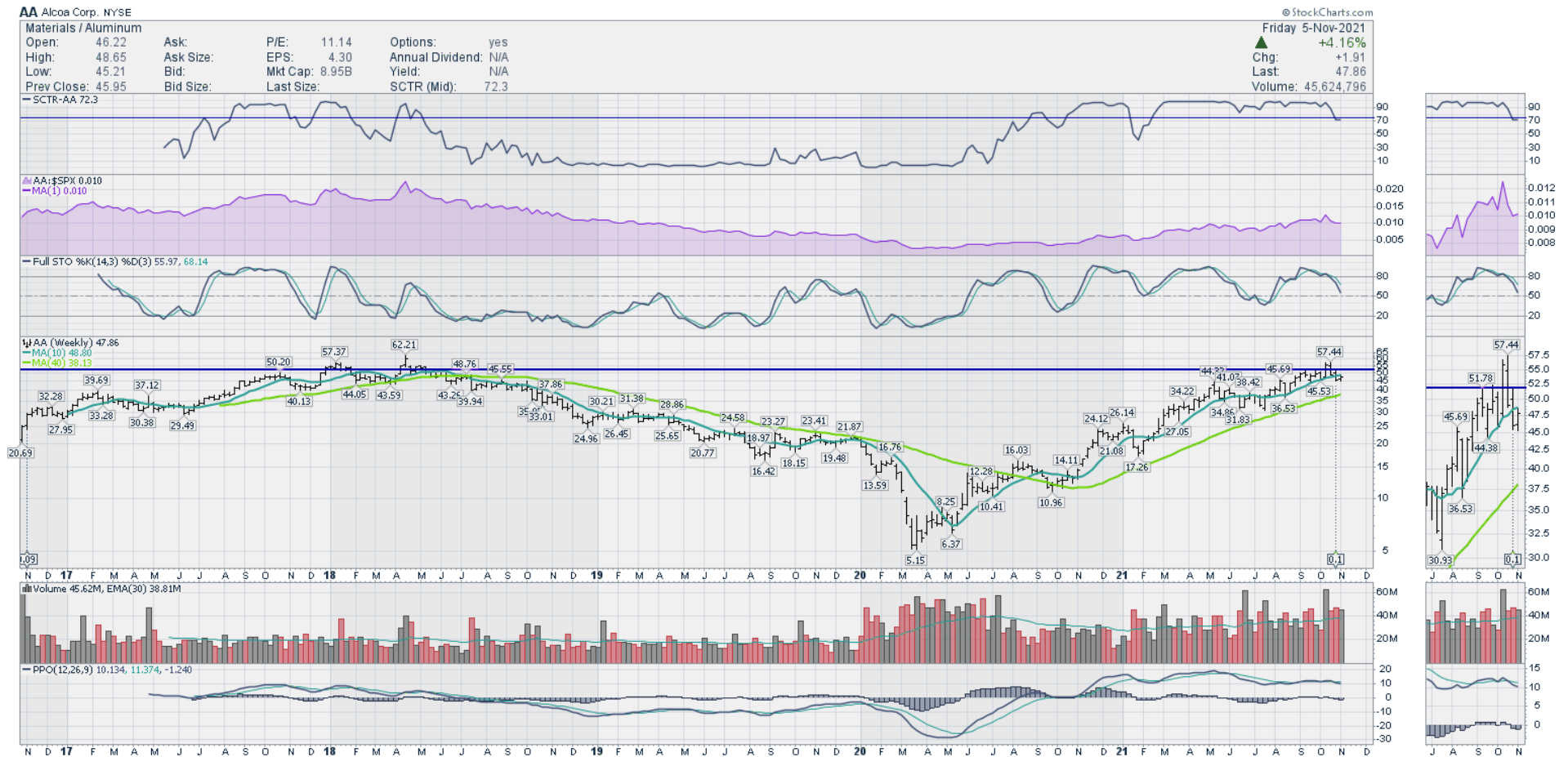
**Cameco.** Cameco is the heavyweight in the uranium space. The stock sits at a former high, and this was the highest weekly close. Is there more in the tank? I don't know. I can't get in sync with this stock as the wild weekly moves up and down shake me out.





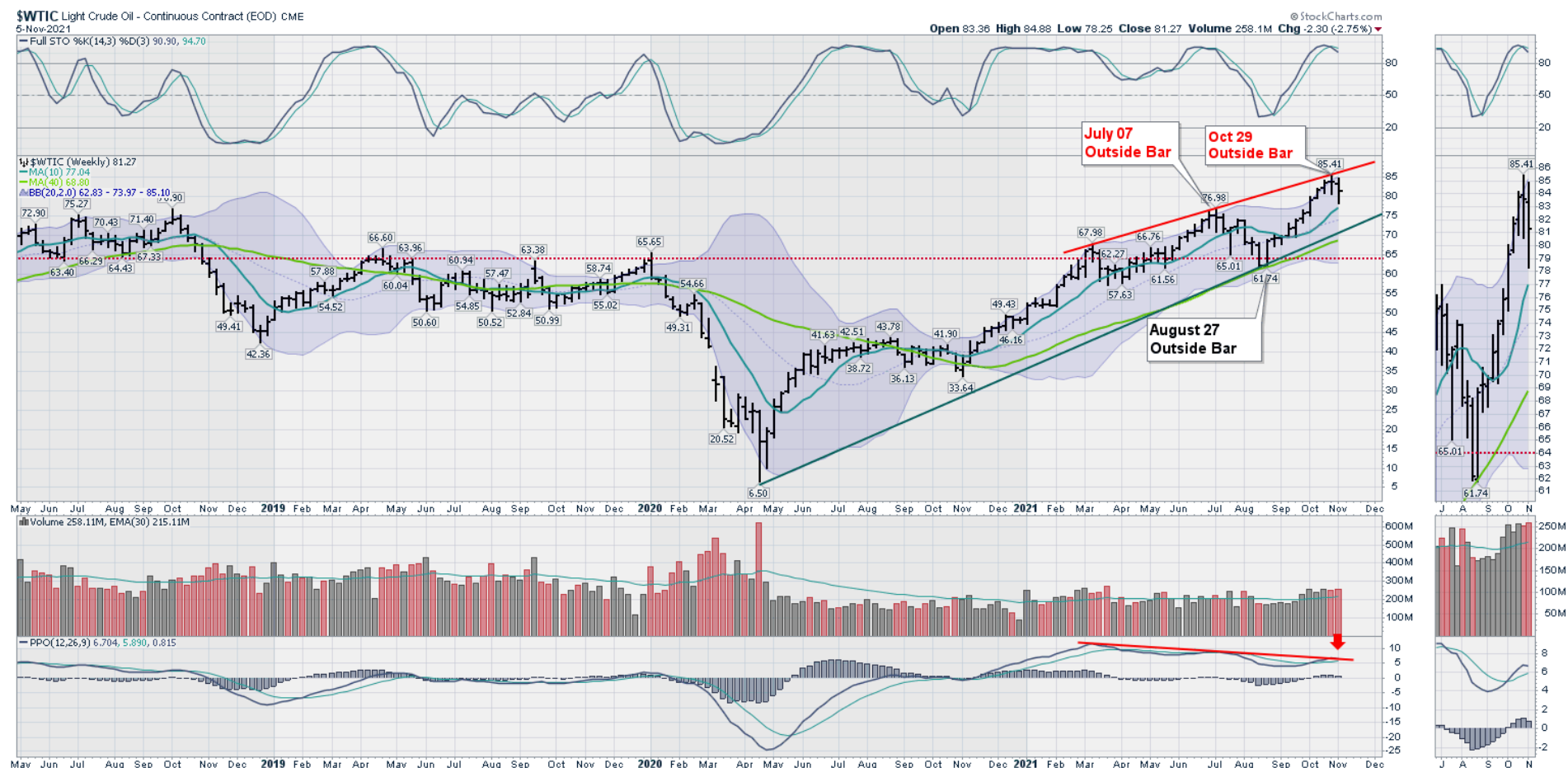
## ALUMINUM

**ALCOA.** Aluminum is an important metal used in power lines, airplanes, cars etc. Now it is below the 10-week moving average. Another industrial metal to be cautious about. This is the first trip below the 10-wma since August.



## \$WTIC - CRUDE OIL

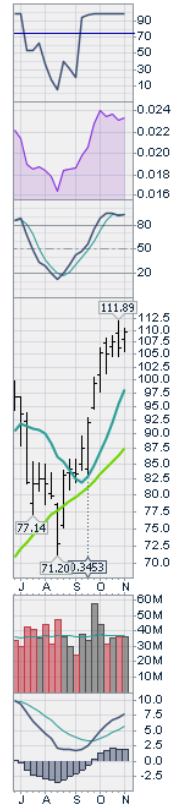
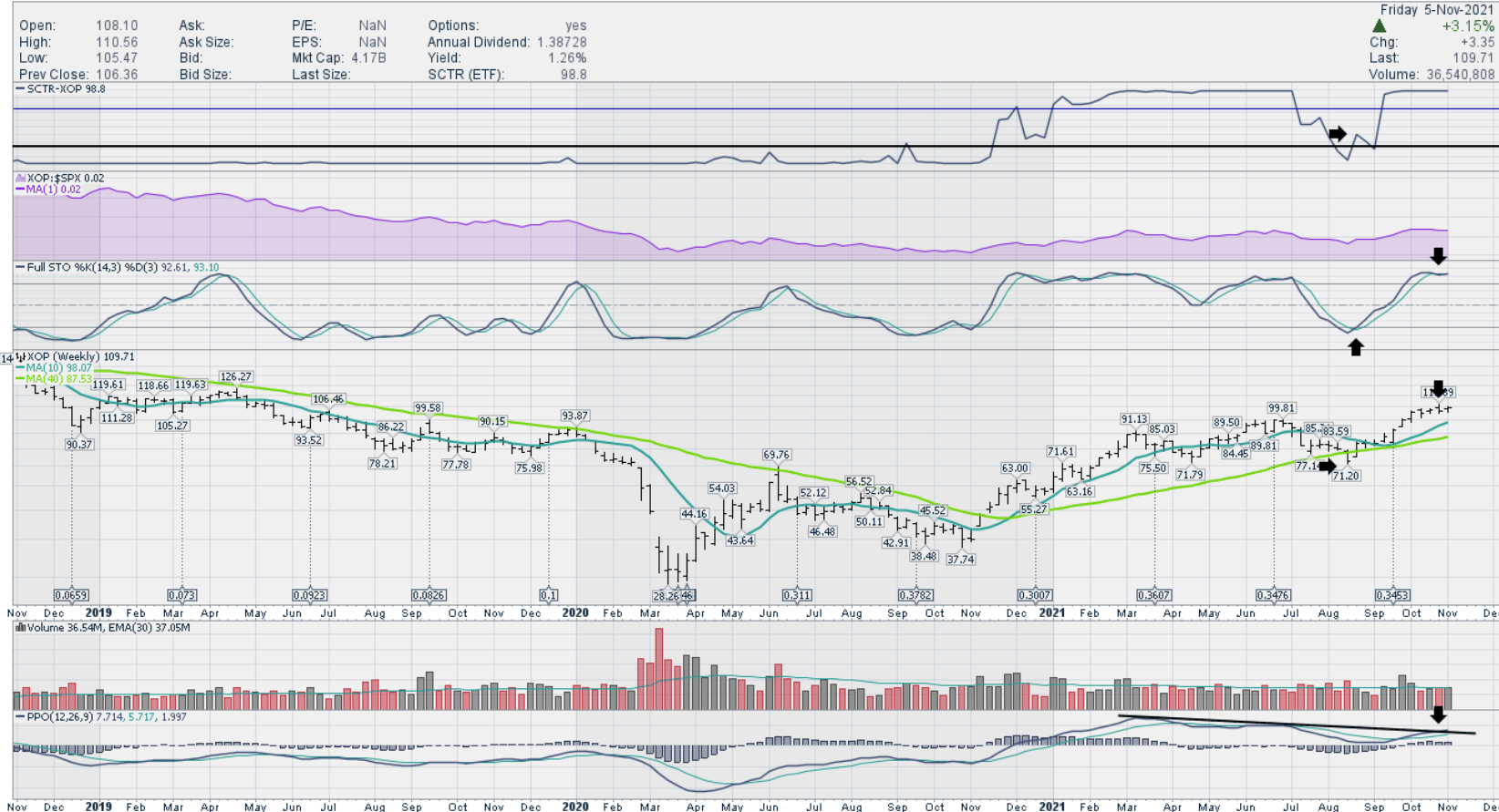
The price of crude oil made a lower high, lower low and the lowest close in 4 weeks. **\$WTIC**. The PPO is at the down trend line in red this week. With a similar PPO momentum indicator pattern on the Nasdaq 100 chart for the September 2021 top, this is a place to be very aware of price action, especially after 10 weeks up! The outside bar is a little ominous compared to July.



## XOP - OIL EXPLORATION AND PRODUCTION ETF

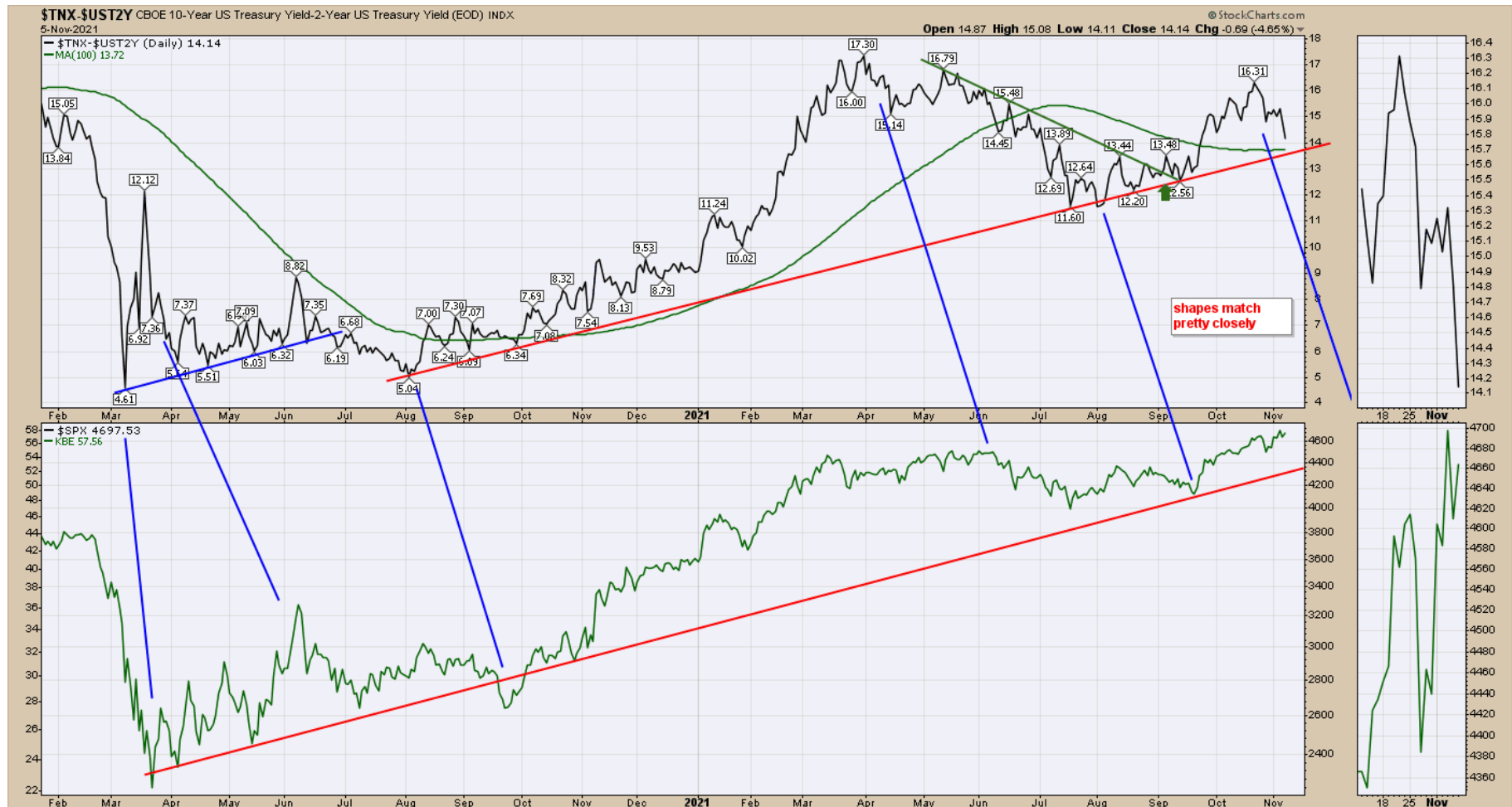
The exploration and production ETF traded in a narrower range this week with a range inside of last week. **XOP**. For shorter-term traders, if your PPO's are rolling over on a daily chart for an individual stock, you may want to take profits. The chart is set up for stalling here. Perhaps it can break out to new highs, but the risk of oil inventories normalizing is increasing as China slows.

XOP SPDR S&P Oil & Gas Exploration & Production ETF NYSE



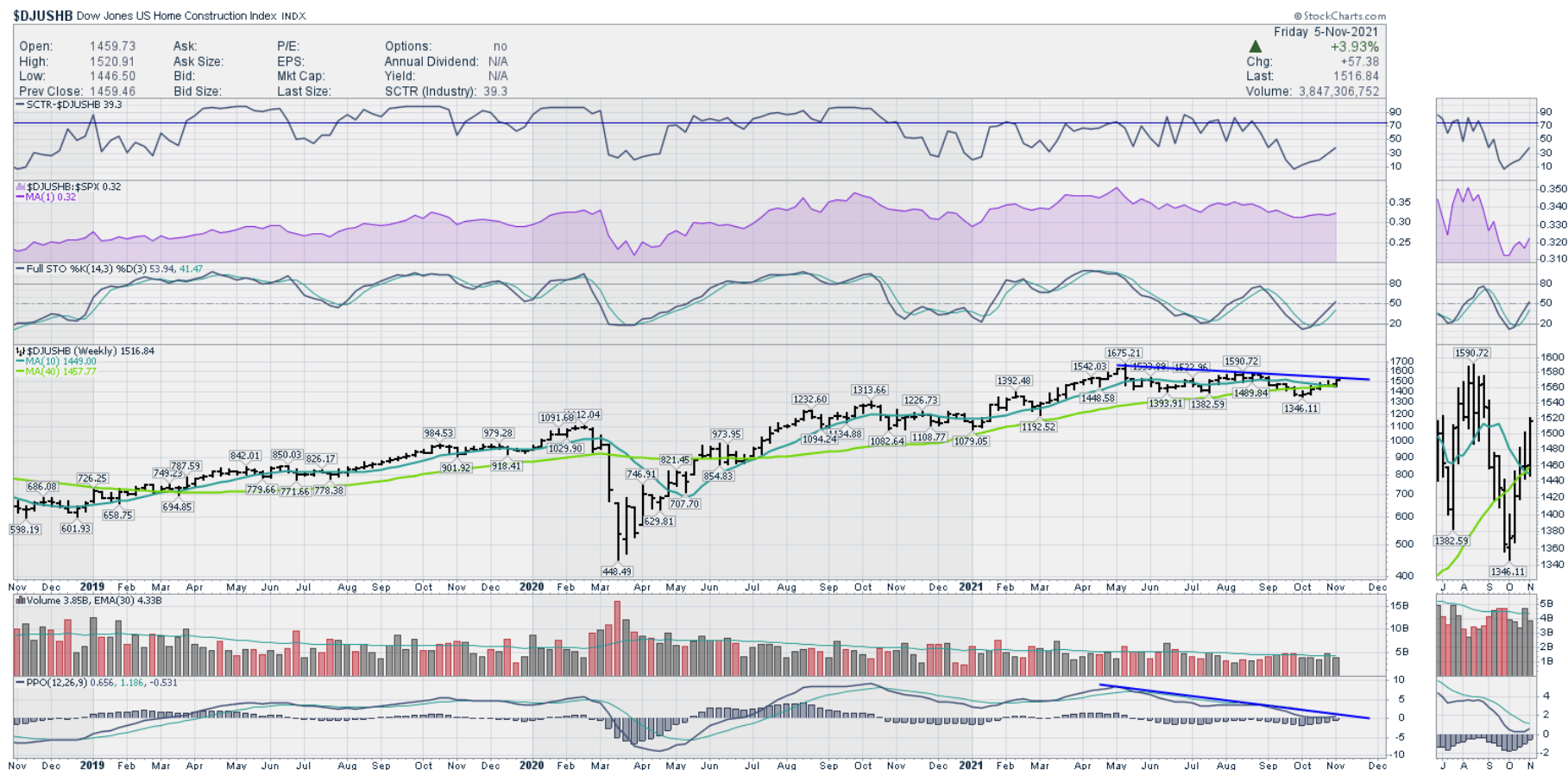
## 10'S MINUS 2'S

**Yield Spread.** The ten-year minus the two-year yield creates the top graph. There is a similar pattern to the movements in the \$SPX, but the \$SPX seems to have a two-month delay. That would give us trouble around the end of the year.



## NEW INDUSTRIES TO WATCH - \$DJUSHB - HOME BUILDERS

Home Builders look set to turn higher as mortgage rates and construction material costs ease. [\\$DJUSHB](#). This looks like a nice setup with the PPO resetting at zero and the indicator looks like it wants to turn up now. This would coincide with a break of the gentle downslope on the price breaking out. The SCTR is moving back above 25 which is what I like to see (from worst performer, starting to reaccelerate) and the Full sto is moving back above 50. Nice bullish setup.



## NEW INDUSTRIES TO WATCH - \$DJUSSC - SEMICONDUCTORS

Semi's have been in a sideways funk since August 2021. This week they literally rocket launched higher. Always nice when semiconductors lead. I like the 9-month downtrend on the PPO breaking as price pops to a fresh new high. The relative strength compared to the S&P 500 is moving to new highs and the SCTR ranking is surging. All bullish there. [\\$DJUSSC](#)





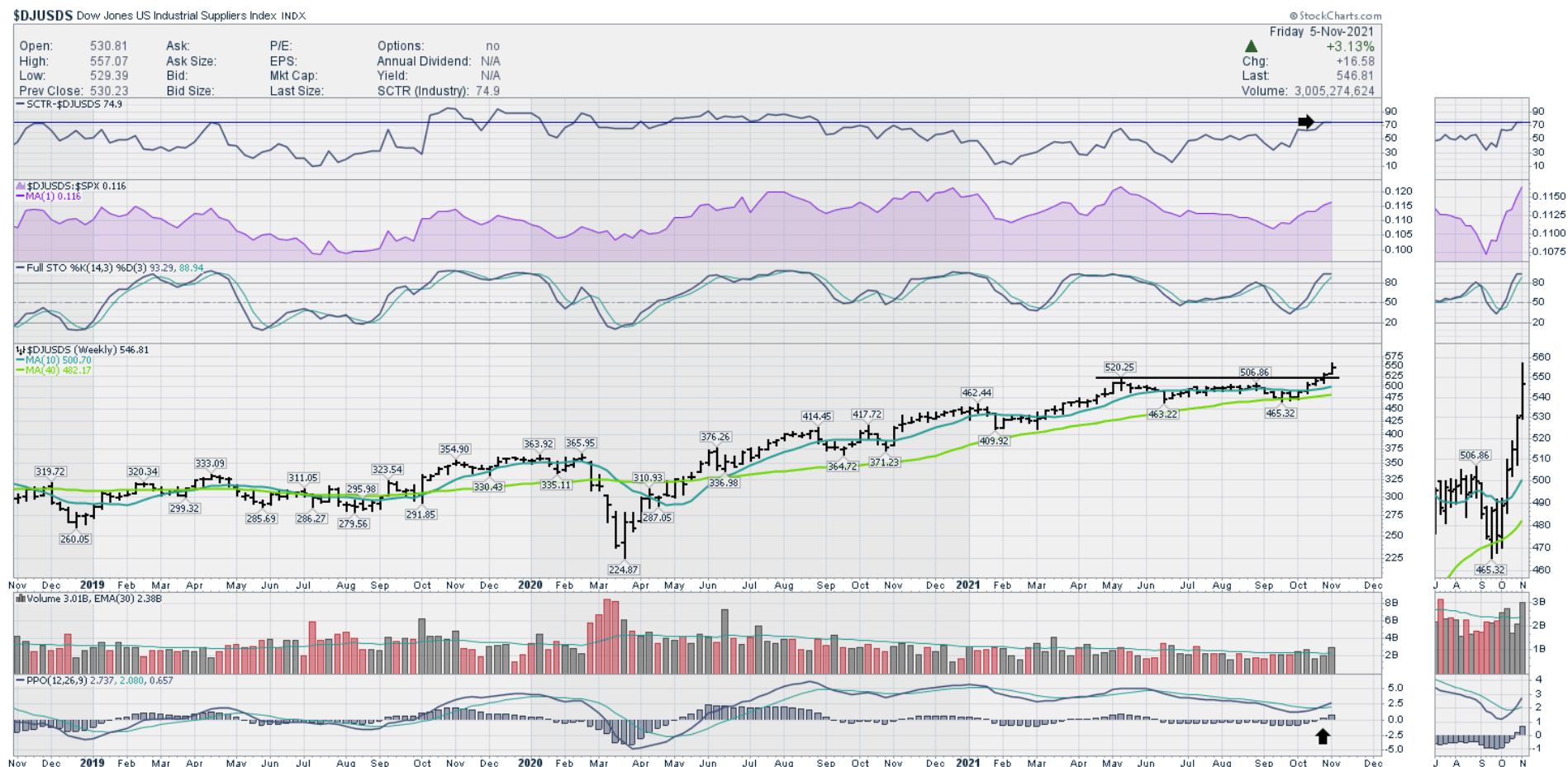
## NEW INDUSTRIES TO WATCH - \$DJUSPM - GOLD MINERS

This chart is trying to make the turn. Two weeks ago, the chart looked set up, but then last week it dropped to scare everybody. The PPO is currently set to break out to the upside on any further price improvement. [\\$DJUSPM](#). I really like the set up with a very close stop if I am wrong. Gold stocks are trying to make a higher low here. I like to buy commodities near the lows, which is different than trading tech stocks.



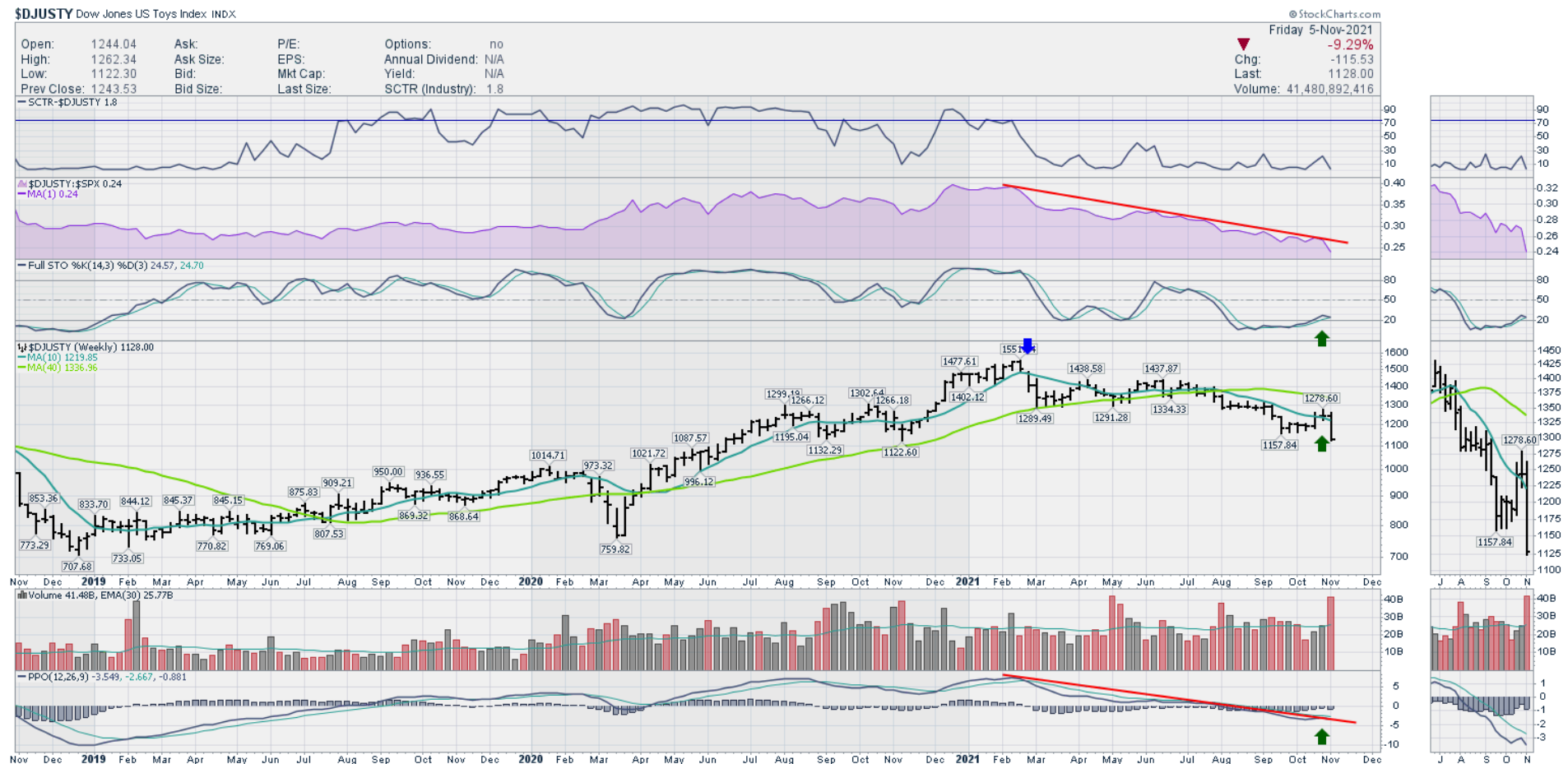
## LAST WEEK'S INDUSTRIES TO WATCH - \$DJUSDS - INDUSTRIAL SUPPLIERS

The industrial suppliers' industry group made new all-time highs and it was the highest weekly close. It is just breaking out of a 7-month consolidation. Back to new highs, what's not to like? [\\$DJUSDS](#). PPO buy signal, new highs, a strong SCTR suggest looking in the group for some strong names. I can't understand the linkage to weakening industrial metals, so something has to give.



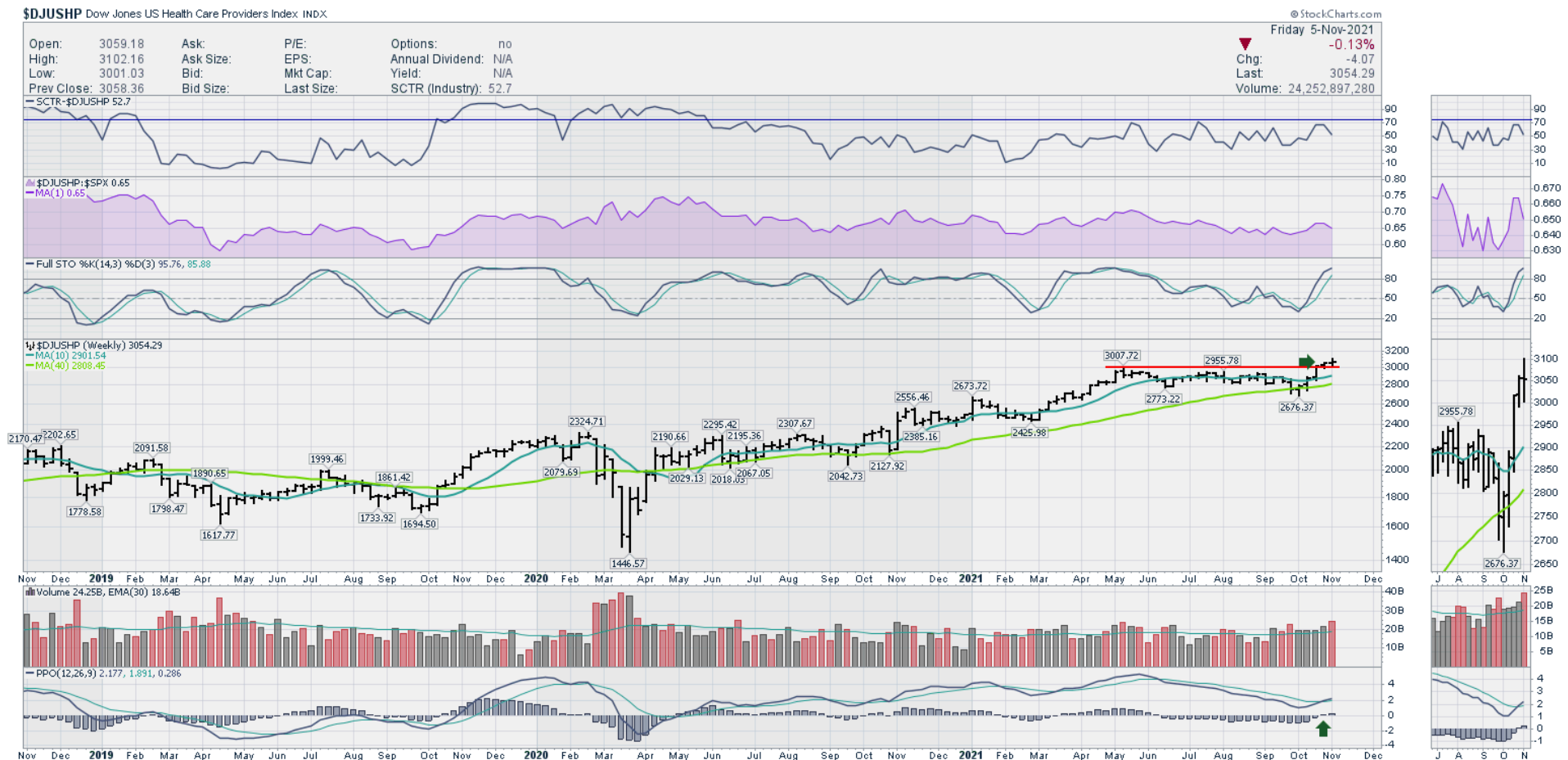
## LAST WEEK'S INDUSTRIES TO WATCH - \$DJUSTY

From last week - Hasbro was on the up list shown above for the \$SPX. Lots of preliminary signals on this chart. [\\$DJUSTY](#) OUCH!



## LAST WEEK'S INDUSTRIES TO WATCH - \$DJUSHP - HEALTH CARE PROVIDERS

**\$DJUSHP** This breakout looks a little more defensive in nature, but it is also breaking out to new highs.



## 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) did break the PPO downtrend line, but it already looks like the PPO wants to roll over near zero and price to stay at the 200 DMA. Unenthusiastic bounce so far. ARKK must have sold a large part of their TSLA position as the stock broke out, finding themselves missing the big move. That is unfortunate as Cathie Wood has been a strong advocate for Tesla.



## MARKET SUMMARY

Huge surges in Semiconductors and retail this week. You can also see the top two sectors for those industries (Tech and Disc) were also the best performing sectors. Materials had a big push from Chemicals this week. Airlines and hotels had nice moves this week. In Canada, it was odd to see staples so high on the list. Technology lagged meaningfully.

SYMBOL	NAME	CLOSE	% CHG	+/-
SMH	Semiconductors	296.60	8.39	
XRT	Retail	101.69	7.85	
XLY	Discretionary	211.26	5.03	
XLK	Technology	167.08	3.44	
XLB	Materials	87.82	3.17	
XOP	E & P	109.71	3.15	
XLP	Staples	73.00	2.46	
XLI	Industrials	106.39	1.82	
XLC	Communications	81.70	1.74	
XLE	Energy	58.26	1.37	
XLU	Utilities	67.22	0.46	
IYR	Real Estate	110.24	0.36	
XLF	Financials	40.02	-0.60	
XLV	Healthcare	132.86	-0.72	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$SPTCD	Discretionary	267.90	5.19	
\$SPTCS	Staples	742.39	4.98	
\$SPTGD	Gold Miners	284.62	4.02	
\$SPTEN	Energy	167.37	2.74	
\$TSX	\$TSX	21455.82	1.99	
\$SPTFS	Financials	396.97	1.99	
\$RTCM	Income Trusts	265.22	1.83	
\$SPTMT	Materials	320.84	1.83	
\$SPTRE	Real Estate	394.50	1.45	
\$SPTIN	Industrials	400.83	1.25	
\$SPTHC	HealthCare	54.90	1.05	
\$SPTUT	Utilities	333.24	0.90	
\$SPTTS	Telecom	189.79	0.78	
\$SPTTK	Technology	227.74	-0.16	

## GLOBAL VIEW

The global markets were mostly positive, but it was still Asia that was weak. Europe pushed up nicely. Commodity countries like Canada, Australia and Brazil did better than Russia. Lumber was back in favor this week, pushing up 4%. Marijuana had the first up week in a while. It was two weeks ago I thought they may start bouncing. I like the set up in the gold miners more than energy.

SYMBOL	NAME	CLOSE	% CHG	+/-
\$NDX	Nasdaq 100 ----	16359.38	3.21	
\$CAC	France	7040.79	3.08	
\$NIKK	Japan	29611.57	2.49	
\$DAX	Germany	16054.36	2.33	
\$SPX	S&P 500 ----	4697.53	2.00	
\$TSX	Canada	21455.82	1.99	
\$AORD	Australia	7777.20	1.81	
\$INDU	Dow ----	36327.95	1.42	
\$MXX	Mexico	51977.96	1.30	
\$BVSP	Brazil	104824.00	1.28	
\$BSE	India	60067.62	1.28	
\$GBDOW	London	327.91	1.06	
\$IBEX	Spain	9130.60	0.80	
\$RTSI	Russia	1848.10	0.23	
\$KOSPI	South Korea	2969.27	-0.05	
\$IDDO	Indonesia	1327.48	-0.44	
\$SSEC	Shanghai	3491.57	-1.57	
\$HSI	Hong Kong	24870.51	-2.00	

SYMBOL	NAME	CLOSE	% CHG	+/-
\$LUMBER	Lumber	663.00	4.25	
HMMJ.TO	Marijuana Stocks	7.60	3.68	
\$SUGAR	Sugar	0.20	3.48	
GDJ	Gold Miners	32.75	3.28	
\$GOLD	Gold	1816.80	1.84	
SIL	Silver Miners	39.53	1.80	
\$NATGAS	Natural Gas	5.52	1.66	
LIT	Lithium	93.38	1.60	
\$SILVER	Silver	24.16	0.87	
REMX	Rare Earth Metals	118.96	0.67	
\$COPPER	Copper	4.34	-0.57	
\$HOIL	Heating Oil	2.46	-0.93	
\$BRENT	Brent Crude	82.55	-1.07	
SLX	Steel	55.28	-1.83	
\$GASO	Gasoline	2.32	-2.06	
\$WTIC	WTI Crude	81.27	-2.75	
\$SOYB	Soybean	1205.50	-3.52	
\$COCOA	Cocoa	2397.00	-5.78	



## VIDEO OF THE WEEK

Dwight and I hosted the [November Conference Call - October 31st, 2021](#)

Here is the link to the chart list. New and Improved! → [Weekly Charts](#)

Here is a link to this week's video. [Indexes Rocket Higher](#)

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## Stocks Rocket Higher

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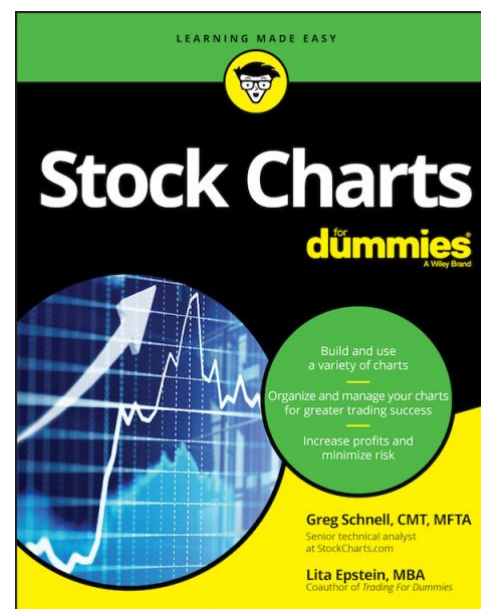
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Good trading,  
Greg Schnell, CMT, MFTA.  
[GREGSCHNELL.COM](http://GREGSCHNELL.COM)

THE CANADIAN TECHNICIAN

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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.