

Technical Chart Packet Mar 1, 2024

The Bird vs. The Physicist

If you're of a certain age you might remember the 1970s as a glorious decade for baseball.

The 70's included **Henry Aaron** breaking **Babe Ruth's** all-time home run record, **Pete Rose's** 44-game hitting streak, **Reggie Jackson** as "Mr. October," **Bucky Dent's** home run over the green monster to break the hearts of all in Red Sox nation, the **San Diego Chicken**, **Morganna "The Kissing Bandit,"** and colorful players like **Dock Ellis**, Al "The Mad Hungarian" **Hrabosky**, **Gaylord Perry**, Bill "The Spaceman" **Lee**, and Mark "The Bird" **Fidrych**.



Meanwhile, yesterday the **NY Post** reported that the **NY Yankees** have promoted **Aaron Leanhardt**, a PhD physicist, to the position of major league analyst who will be "*funneling analytic information to the players.*"

If this helps the Yanks win, good. But I preferred the colorful version of 1970s baseball to the antiseptic product in this era. A player then exuded a certain swagger when he strode to the plate menacingly without batting gloves, reached down and grabbed some dirt and rubbed it between his palms to mix with the pine tar that was already on his bat vs. walking to the plate now after powering off an iPad.

Please send me an email if you'd like to see the entire chart packet.

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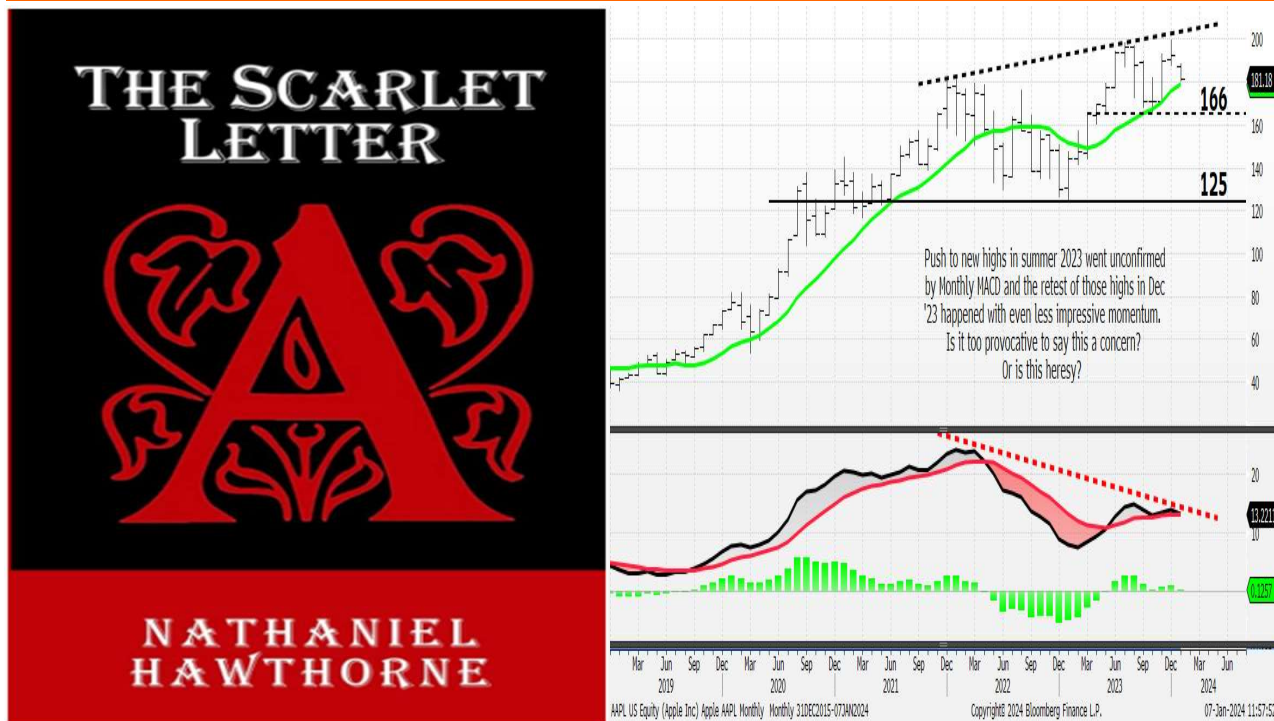
In 1971, Marvel Comics had a group of otherwise disparate superheroes form “The Defenders.” The first four members were Doctor Strange, Hulk, Namor the Sub-Mariner, and the Silver Surfer. These four – and future members seen below – were outsiders who ordinarily pursued their own agendas. This is what has been going on at the 180 level for AAPL as the stock is being defended there by a group of people who ordinarily pursue their own agendas.



Technical Chart Packet Jan 10, 2024

The Scarlet Letter – A is not for Adultery, it's for Apple

From
Jan 10, 2024



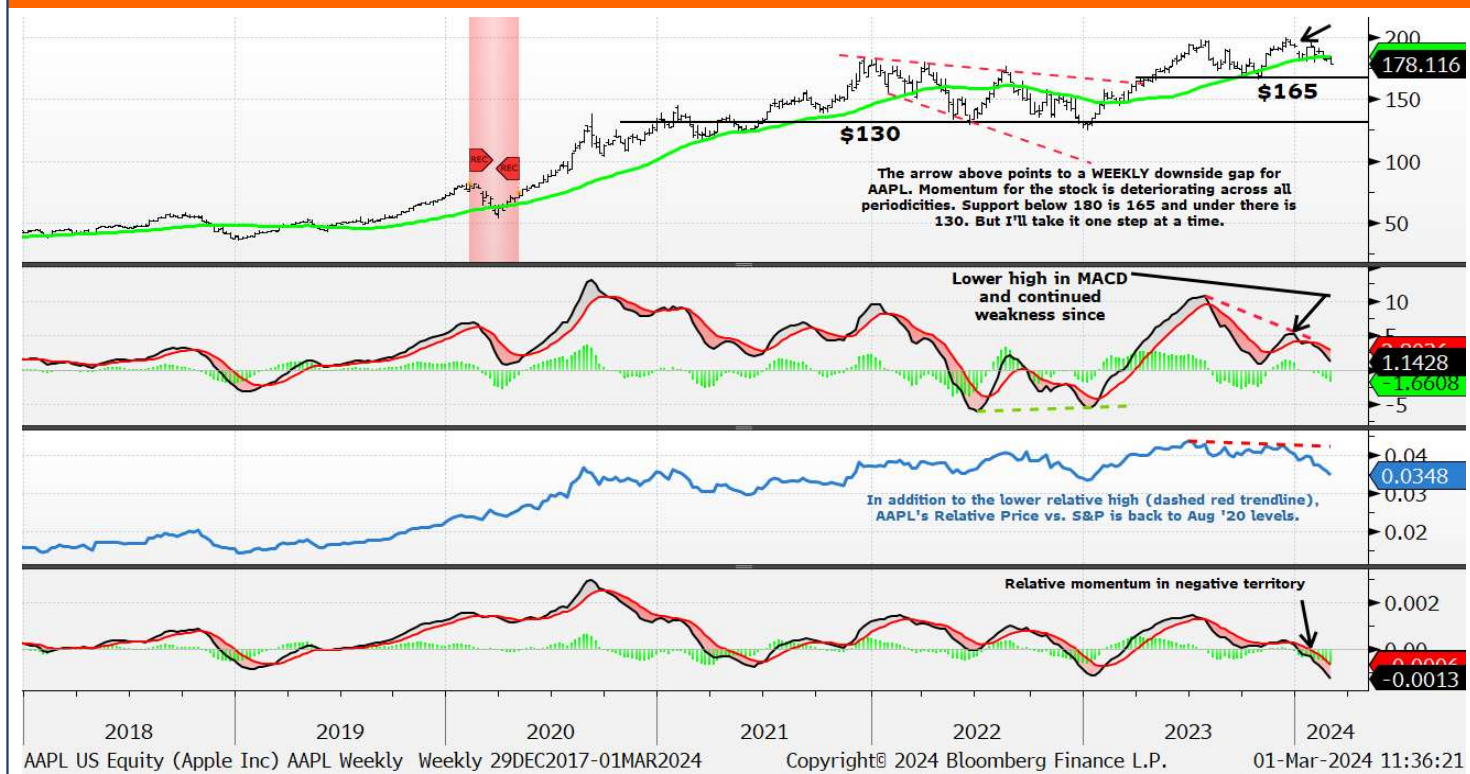
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**This is the key-figure for Apple.
It's the only figure you need to be concerned with
because AAPL now under 180 means it's going to have
some 'splainin to do" (thanks, Ricky Ricardo)**

180

Apple – Down for 11 of last 14 days
Weekly w/ 40-Wk MA, MACD, Rel. to S&P and Rel. MACD
180 is the key support level here. I thought it would break.
165 is next. Rel. price bearish (3rd panel)



Apple – Weekly w/ 40-Week MA and %-Age MACD
AAPL < 180 then 165. Under there, then 130. Check MACD.



Russell 2000 - Weekly w/ 40-Wk MA, MACD & Rel to Eq. Wgt S&P
Thought it could work to 2000, now slowly working above there.
Currently consolidating...Looking for a target at the 2021 highs
The breakout says (1) & (2) short-covering will be nice juice here.

(1) As Milton Friedman told us...
 “inflation is always and everywhere a monetary phenomenon.”

Extended for my purposes, “The Russell 2000 is always and everywhere an IWM phenomenon” and that is because HFs are always short IWM versus their bigger cap longs.



(2) They then use IWM to alter their net exposure. They buy to cover IWM when they want to increase net, and they short more when they want to decrease net. They dominate IWM trading, thus overwhelming the single stock fundamentals of companies in IWM.

Russell 2000 – Monthly w/ 12-Month MA & MACD

2nd Worst Bear (24 Months) vs. Mar 2000 – Oct 2002 (31 Months). MACD inflected up in + territory. RTY to old highs.



Russell 2000

1) Table showing number of Bear and Bull Markets, length (# of Months), and Span. Average, Median, Maximum and Minimum results included.

		Russell 2000		Span	Russell 2000		Span
		Bears %	# of Months		Bulls %	# of Months	
	1	26.7	1	Feb '80 - Mar '80	1	87.7	15 Mar '80 - June '81
	2	28.7	14	June '81 - Aug '82	2	108.4	10 Aug '82 - June '83
	3	25.6	12	July '83 - July '84	3	83.8	36 Aug '84 - Aug '87
	4	39	4	Aug '87 - Dec '87	4	74.8	24 Oct '87 - Oct '89
	5	35.6	13	Oct '89 - Nov '90	5	314.2	89 Nov '90 - Apr '98
	6	38.3	6	Apr '98 - Oct '98	6	101.5	17 Oct '98 - Mar '00
	7	48	32	Feb '00 - Oct '02	7	163.6	57 Oct '02 - July '07
	8	60	21	June '07 - Mar '09	8	153.1	25 Mar '09 - Apr '11
	9	30.6	6	Apr '11 - Oct '11	9	114.9	45 Sept '11 - June '15
	10	27.1	8	June '15 - Feb '16	10	84.04	31 Feb '16 - Sept '18
Could be	11	27.2	3	Sept '18 - Dec '18	11	154.48	20 Mar '20 - Nov '21
1 Bear	12	43.7	2	Dec '19 - Feb '20	12		Oct '23 -
	13	33.6	23	Nov '21 - Oct '23			
	Avg	35.70	11.15		Avg	130.96	33.55
	Median	33.60	8		Median	108.40	25
	Max	60.00	32		Max	314.20	89
	Min	25.60	1		Min	74.80	10

Russell 2000 Study

- 2 – The just ended Russell 2000 Bear began in Nov '21 and lasted 23 months. It was the 2nd longest Russell 2000 Bear – and longer than the GFC version – based on the data reviewed.
- 3 – There have been 6 Bear Markets over the last 16 years or since the GFC version (June '07 – Mar '09). There were 7 Bear Markets over 22 years from 1980 – 2002.
- 4 – **After each Bear ended a Bull began.** I realize this does not follow exactly above because I've counted 11 and 12 as two Bears; if we count this as 1 Bear then "After each Bear ended a Bull began" fits. As such, we should be looking for the 12th R2000 Bull to continue/form/take place, etc.
- 5 – The just ended R2000 Bear of -34% fits w/ historical avg (-36%) & median (-34%) figures
- 6 – The just ended R2000 Bear of 23 months is > 2X the avg Bear and almost 3X the Median Bear.
- 7 – Only one Bear (Feb '00 – Oct '02, 32 months) was > the just concluded version (23 months).
- 8 – Prior to the just concluded Russell 2000 Bear of 23 Months, the Bears were 6, 8, 3 & 2 Months.
- 9 – **Bulls have produced average gains of 131% with 7 of 11 Bull Markets producing triple-digit gains. The four non-triple digit gaining Bull Markets produced results of at least +75%.**
- 10 – **The shortest prior Bull lasted 10 Months (Aug '82 – June '83) while the longest was 89 Months (Nov '90 – Apr '98). The avg length is 34 months, and the median is 25 months.**
- 11 – The prior chart shows a monthly log version of the R2000 with Bulls and Bears. The top panel also has a 12-Month MA, and the bottom panel shows an 18-Month RoC.
- 12 – **It is a "general" rule of thumb that a Bear transition to a Bull has occurred when the R2000 moved back above its 12-Month MA and the 18-Month RoC goes from negative to positive territory. The index solves for this "general" rule currently.**
- 13 – Given the data and chart information here I think we would be happy to see a pullback / consolidation for the Russell that holds in at the 1950 level which would be about a 4 ½% drop from its recent intra-day high (yesterday) of 2039.8. Also, I think 1950 is a key level because it represents the "gap" area between the intra-day high on Dec 13 and the intra-day low on Dec 14.

Willy Wonka Was a Contrarian; 2/4/24

It was really Roald Dahl, the author of the 1964 book Charlie and the Chocolate Factory, who was the contrarian, and it was Willy Wonka who gave voice to Dahl's eccentricities. Anyway, Wonka (Dahl) said – it really is an excellent line and perfectly contrarian – ***“Oh, you should never, never, doubt what nobody is sure about.”*** Its direct opposite is equally important and makes perfect paradoxical sense, as did the above, from a contrarian point of view, ***“Oh, you should ever, ever, doubt what everybody is sure about.”*** Mind you, Dahl didn't say the second one, I just turned the first one around.

Applying the Dahl / Wonka line, ***“Oh, you should never, never, doubt what nobody is sure about”*** to the market leads me to think that we should, at the very least, consider that the market can continue to accelerate higher such that it reaches excesses that nobody is sure about or that nobody has seen for a very long time because (a) limited history shows it's happened before, (b) I've not heard anyone evangelize about such a notion and (c) as my former partner Steve Shobin used to say, ***“Momentous momentum begets more momentum.”*** Let me explain.

Willy Wonka Was a Contrarian; 2/4/24

Through Friday's close the S&P has been up for 13 of the last 14 weeks and within those 13 weeks it has had a 9-week winning streak (week ending Nov 3, 2023 – week ending Dec 29, 2023) and then a 4-week winning streak (week ending Jan 12, 2024 – week ending Feb 2, 2024). Using data going back to early January 1960, a period of 3,344 weeks, I found four prior comparable periods where **the S&P displayed momentum thrust-like behavior** and, in each case, (I realize this is not admissible in stats class, but it might just be important in portfolio management class) the S&P did not put in an important top or experience a sharp correction until much after its initial momentum impulse.

1 From Dec 9, 1960 – Mar 3, 1961, the S&P was up for 12 of 13 weeks where it added 13%. The S&P stayed strong into December 1961 adding another 13% from early March 1961 until the end of the year.

2 From Mar 8, 1963 – May 10, 1963, the S&P rose for 10 weeks in a row gaining 9%. The S&P then continued to push higher, adding 25% in the process, until May 1965 when it had a one-month correction of 10%. Post the correction the S&P added another 15% into February 1966 when a bear market started (-22% through Oct 1966).

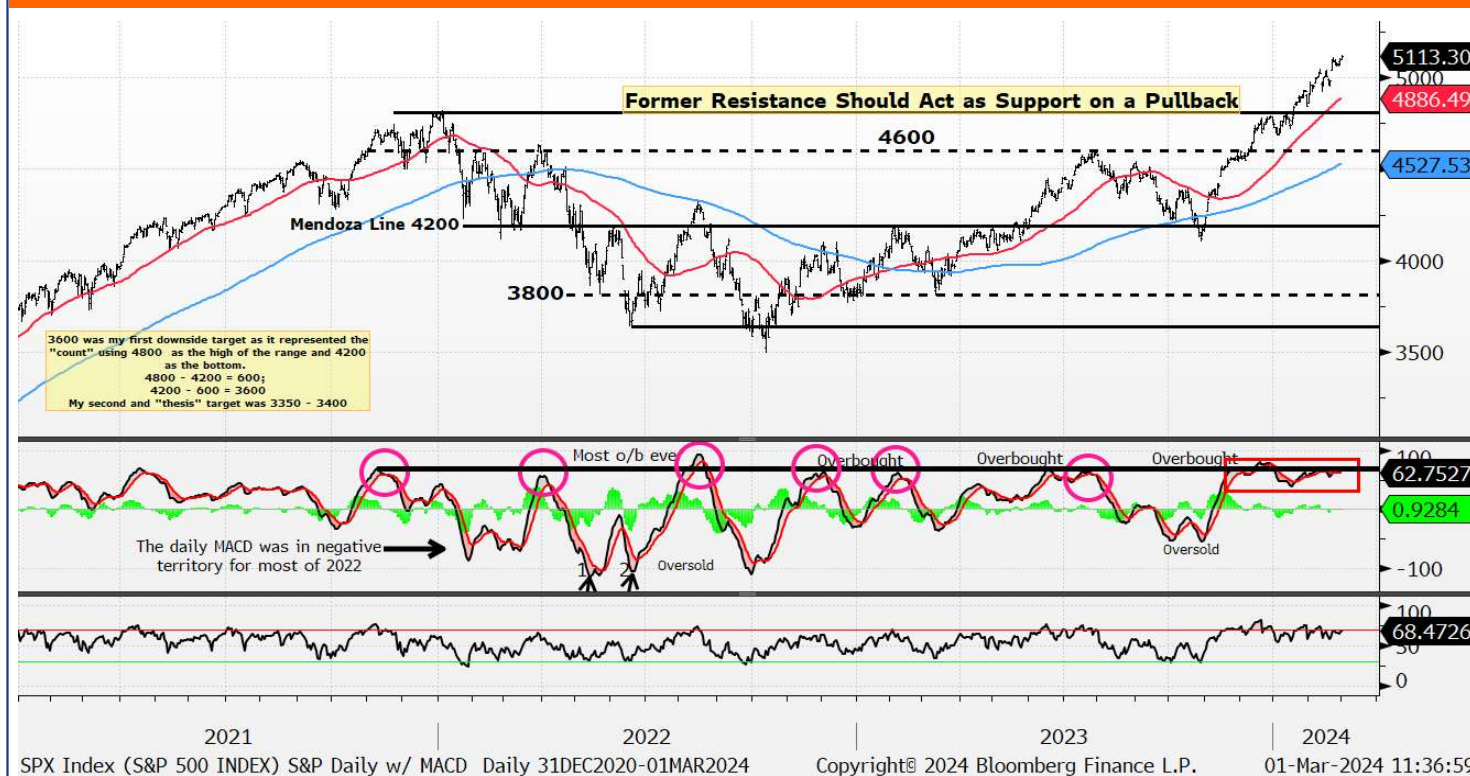
Willy Wonka Was a Contrarian; 2/4/24

3 From Oct 4, 1985 – Jan 3, 1986, the S&P was up for 13 of 14 weeks where it jumped 15%. The S&P added another 17% into the end of 1986 and then, without too much of a breather, smoked higher by 36% (!) from late 1986 and into the third week in August '87. Aug. '87 was the market's peak and preceded the "Crash of 1987" in Oct.

4 From Nov 28, 2003 – Mar 5, 2004, the S&P gained in 13 of 15 weeks where it tacked on 9%. The S&P only added another 5% from Mar 5 through the end of December 2004. It BASED in 2005 and then pushed higher by 22 ½% from November 2005 (with an 8% spring 2006 setback) until summer 2007 which was where the market peaked before anyone had an inkling about the oncoming GFC.

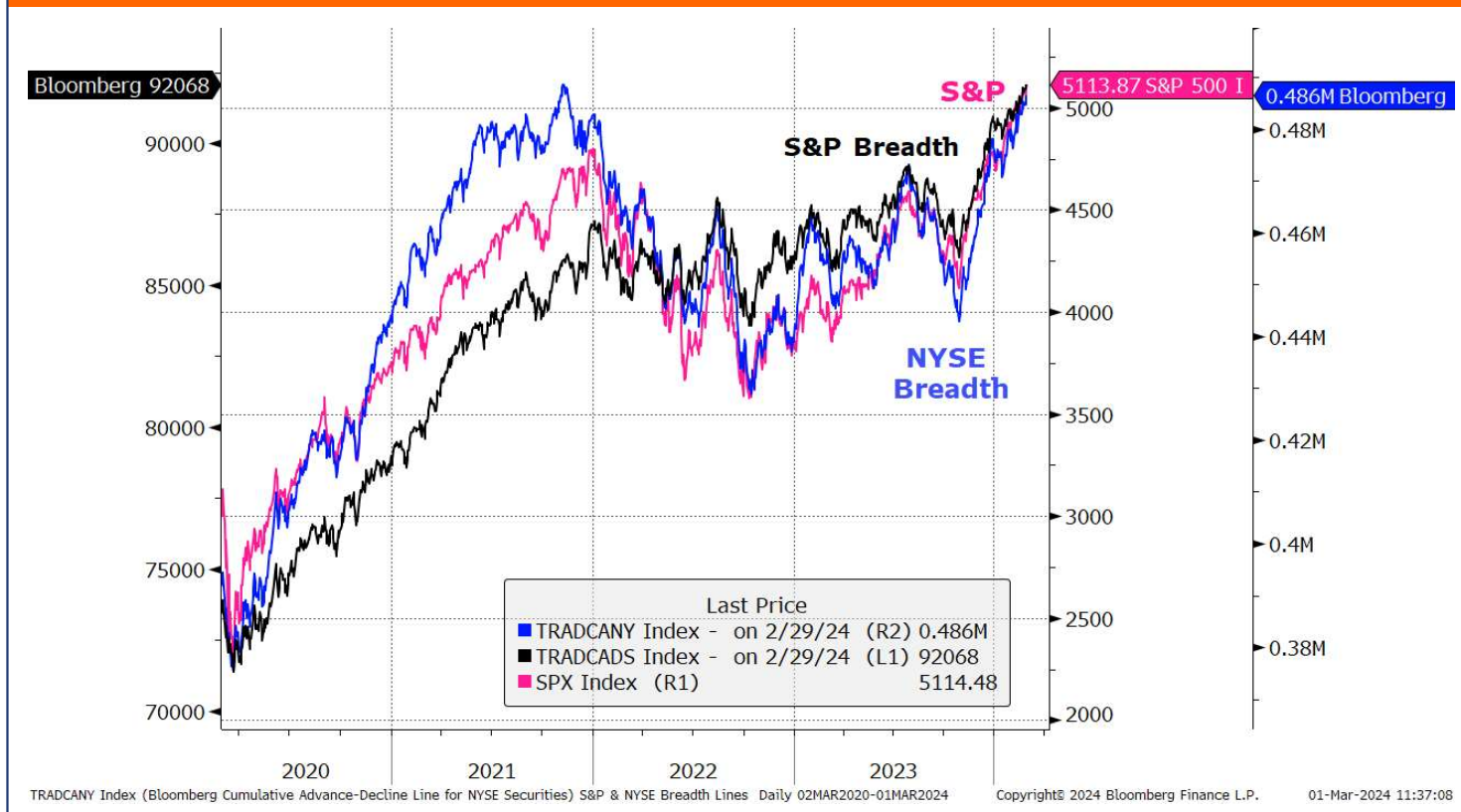
It's true the S&P is daily and weekly overbought (I'll say monthly, too) and it is 11% above its 40-Week MA which is more than a +1 Standard Deviation reading for the S&P vs. its 40-Week MA for data back to early Jan 1960 (3,344 weeks). But what's to stop it from getting to a +2 Standard Deviation reading (+18%) above its 40-Week MA? And, what's to stop overbought stocks from getting more overbought a la **Super Micro Computer** (SMCI; on Friday morning it was 127% above its 200-Day MA) or **Meta** (META) which added almost **\$200B** in market cap on Friday alone?! (META's additional market cap is > 467 or 93% of the companies in the S&P 500).

S&P 500 Daily w/ 50- and 200-Day MAs and MACD
Overbought for 3 months, and up in 15 of 17 wks. If you're playing for a pullback, you're playing for 4800. The range and breakout implies a figure much higher than today's level.



S&P with S&P Breadth and NYSE Breadth

The market's rally is well supported and gets the benefit of the doubt until / unless NYSE Breadth rolls.



Big 7 / Magnificent 7 Showing a Big Chasm NVDA and META at top w/ GOOGL, AAPL, and TSLA at bottom



Favorite Sectors as One Index

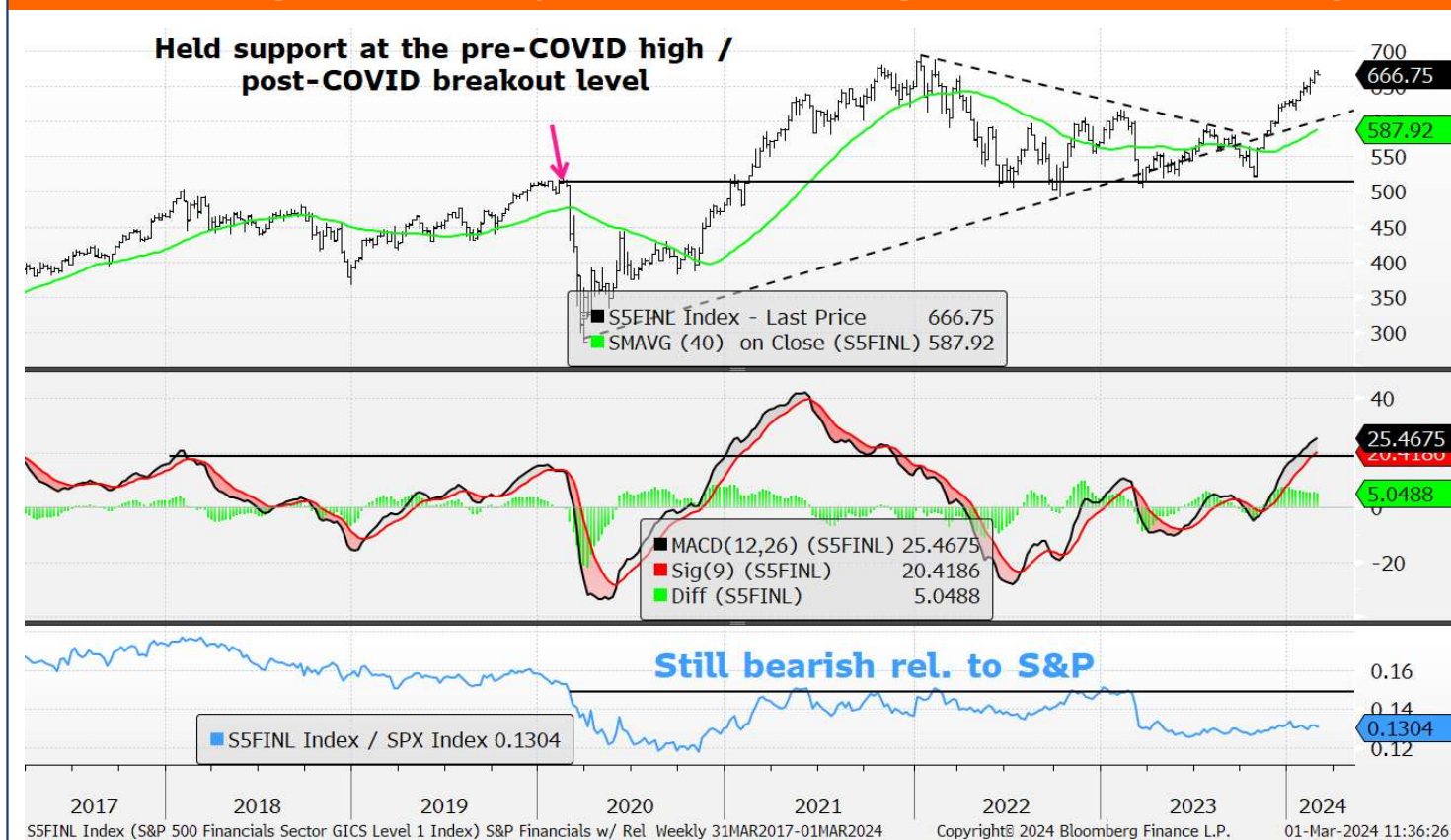
XLF (Fins, 4th place) + H/C (XLV, 3rd place) + Indl's (XLI, 6th place)
Weekly w/ 40-Week MA and MACD; Overbought



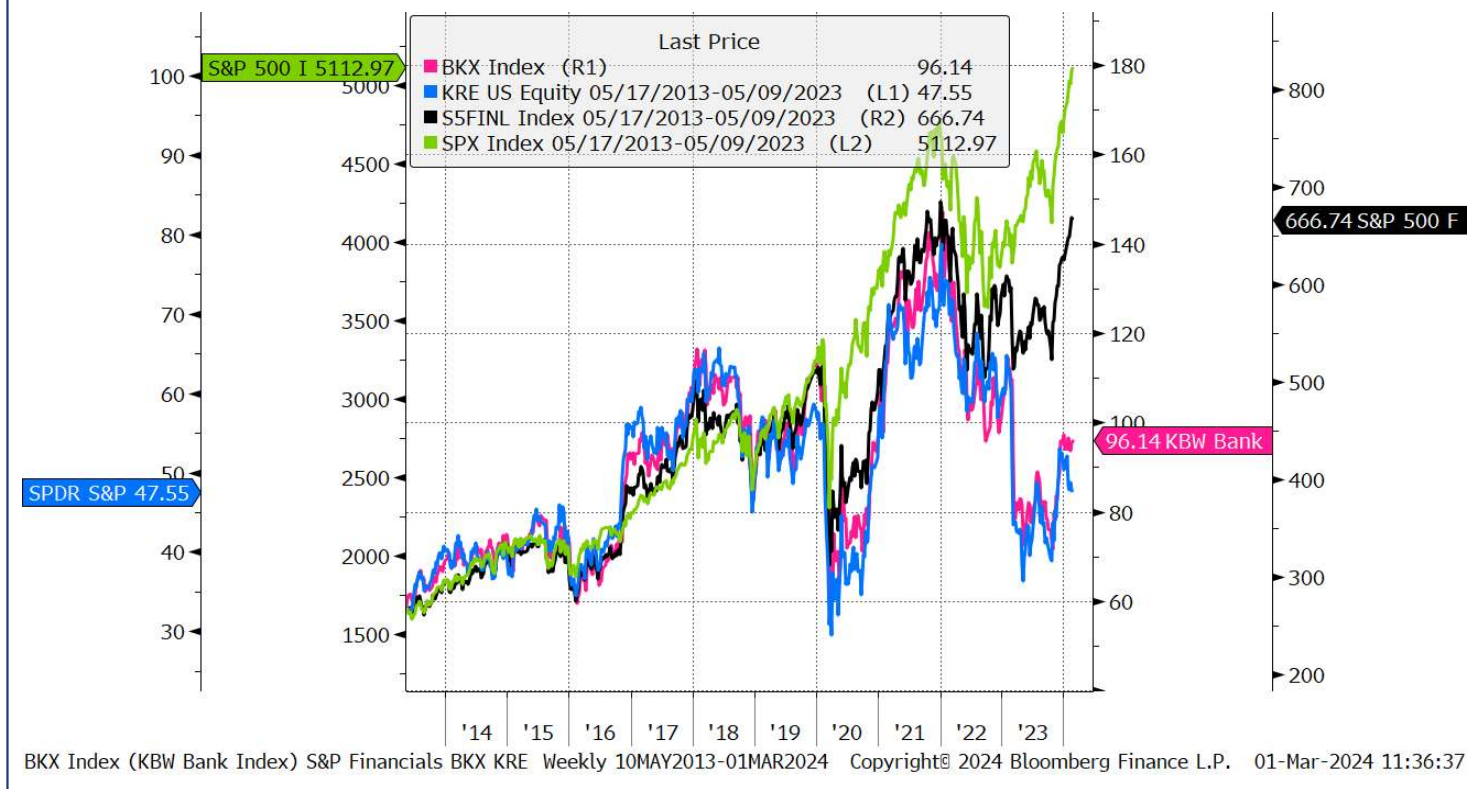
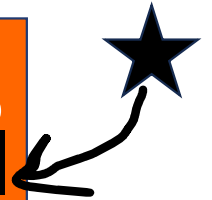
S&P Financials Sector

Weekly w/ 40-Week MA, MACD, & Rel. to S&P

Overbought but that just means strength here...; Overbought



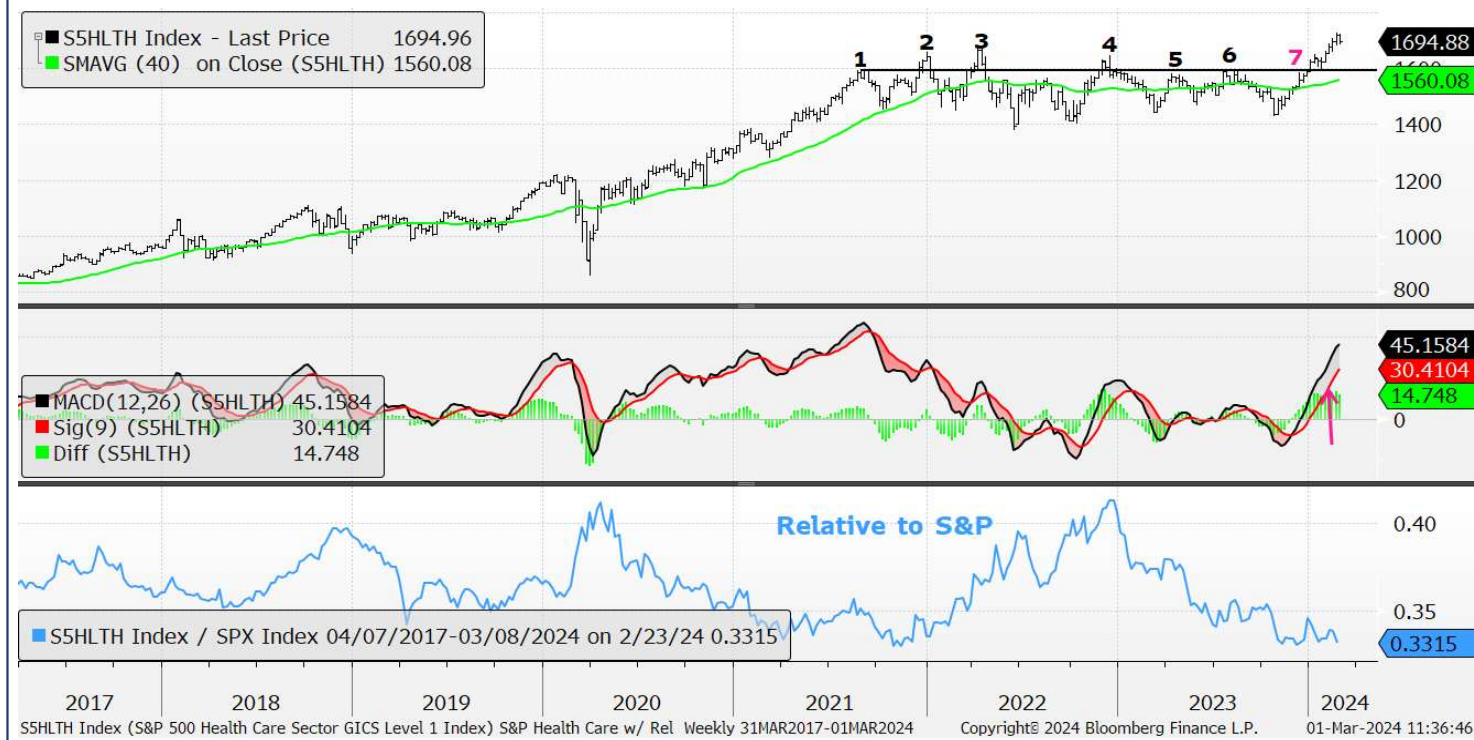
S&P = Green, KRE = Blue, S&P Financials = black, BKX = pink
Stark difference in where the banks (KRE & BKX) are in relation to the S&P Financials. Since end of 2022, 18 of top 20 performers in S&P Financials are non-banks.



S&P Health Care Sector

Weekly w/ 40-Week MA, MACD, & Rel. to S&P

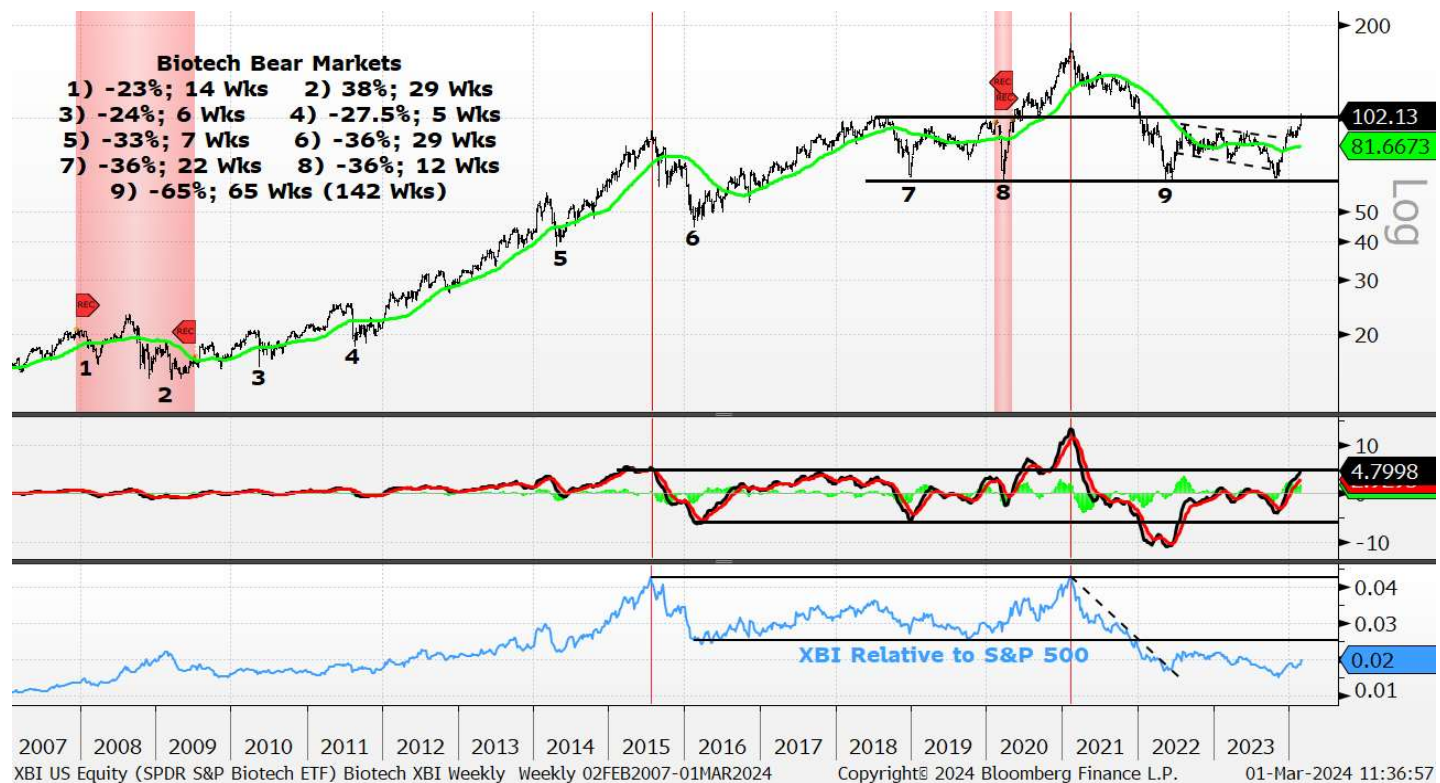
I had asked, "Will the 7th time be the charm?" 2+ Years BASING Made Me Very Interested, Price at New High, and MACD a +. Looks pretty darn charming...; Overbought



SPDR S&P Biotech ETF (XBI)

Weekly w/ 40-Week MA, MACD, & Rel. to S&P

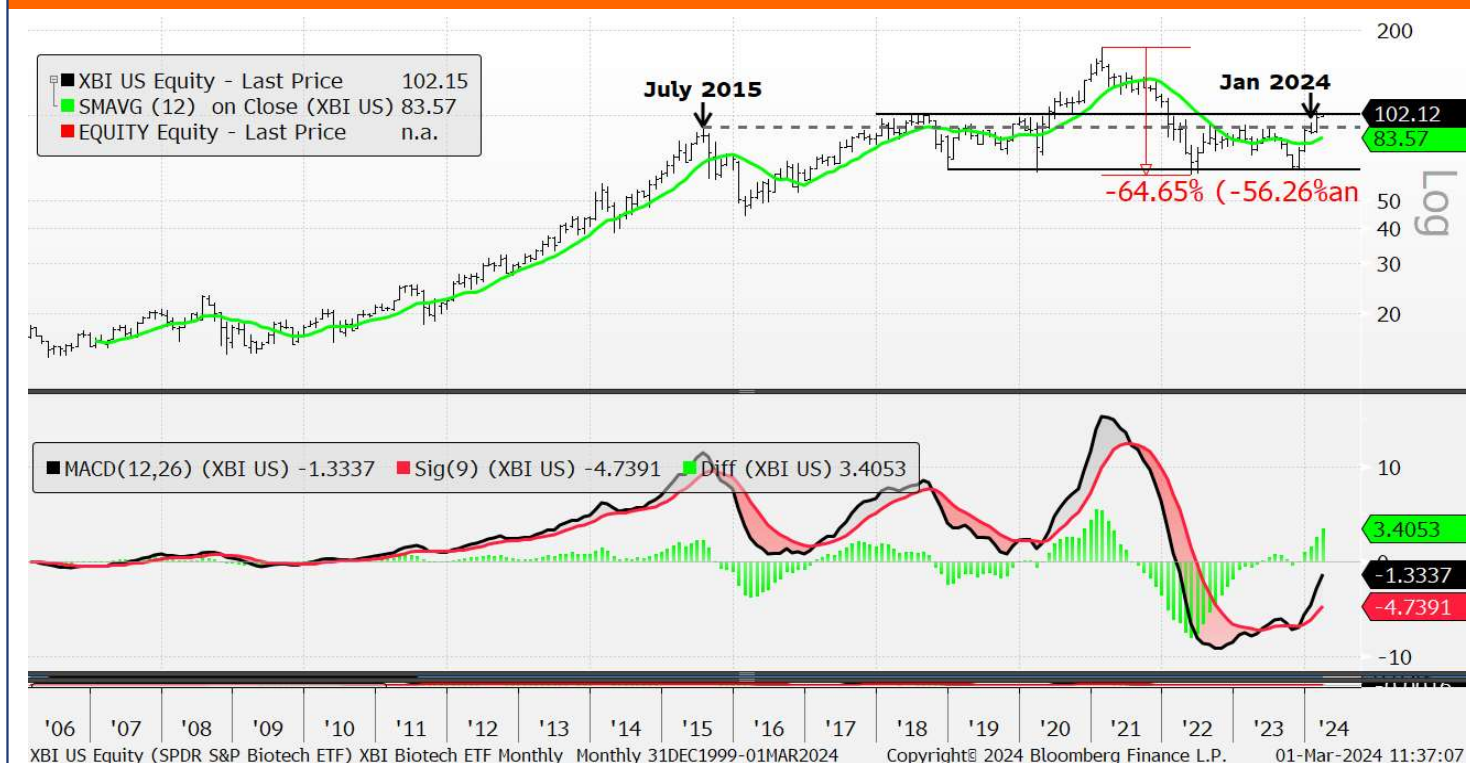
Support @ 60 / "Bottom of the range" worked. Now close to resistance...strong action here benefits R2000 H/C; Overbought



You're supposed to buy support was a decent tactic in late Oct / early Nov '23.

SPDR S&P Biotech ETF (XBI)

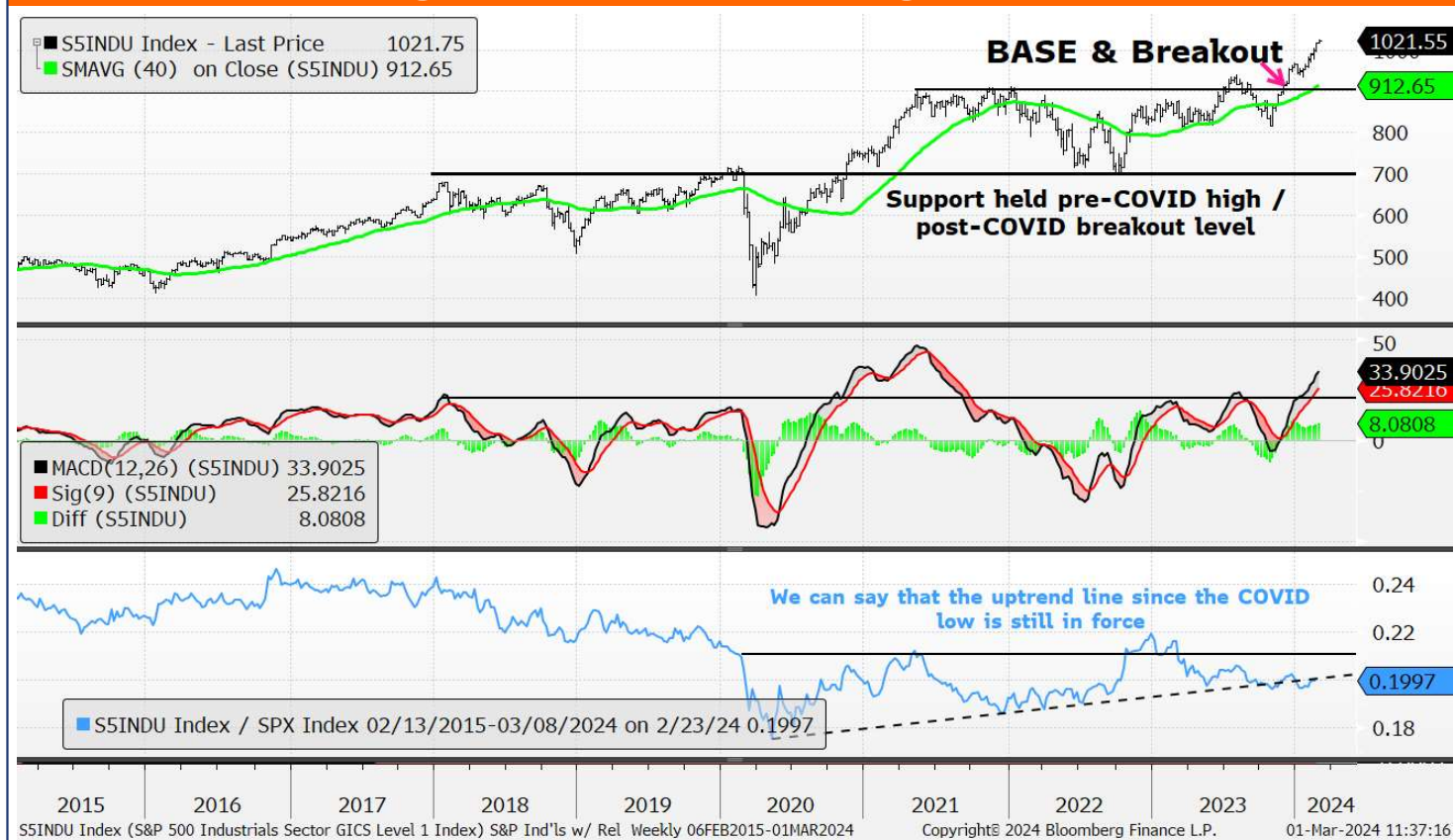
Monthly w/ 12-Month MA & MACD; Not Overbought
Support @ 60 / “Bottom of the range” worked. Close to
resistance...watching for a b/out above 100. At July 2015 levels!



You're supposed to buy support was a decent tactic in late Oct / early Nov '23.

Big turn for monthly MACD.

S&P Industrials Sector; Overbought Weekly w/ 40-Week MA, MACD, & Rel. to S&P BASE, New High and now overbought; A favorite sector



Equity Indexes (Base = 100; 12/30.22)

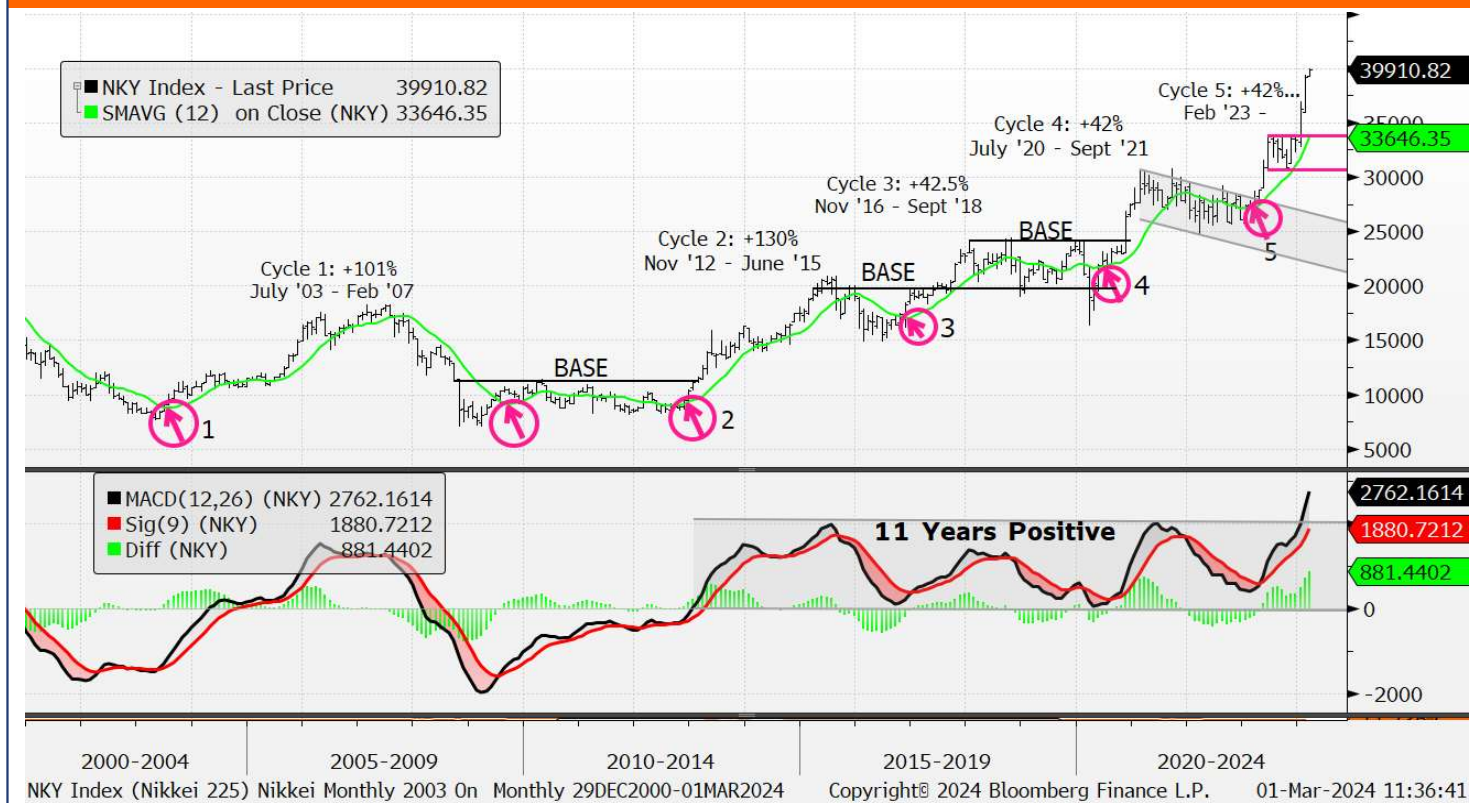
Nikkei, S&P, MSCI Europe, Australia, MSCI Asia Pac, & MSCI Asia Pac Ex Japan. Nikkei been fave since 4/23 .



That's acceleration.

Japan – Nikkei Monthly w/ 12-Month MA & MACD Globe's Best Big Market.

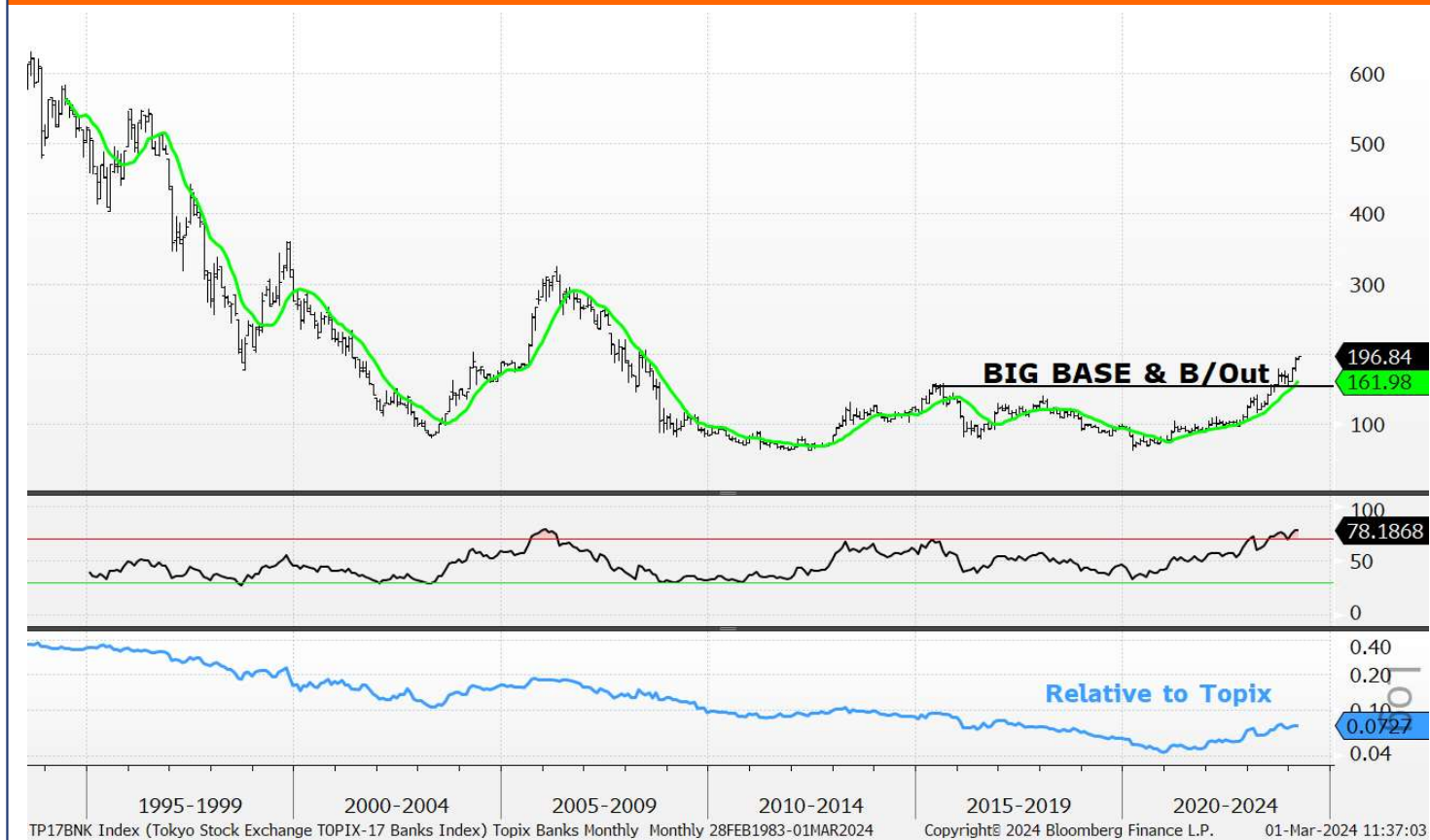
Got long in April '23 and thought it would make an assault on /
break all-time highs from 1989. **It's at new highs!**



Japan – Nikkei Monthly w/ 12-Month MA & MACD
“What a Long Strange Trip It’s Been” was a Grateful Dead compilation album from 1970. It could’ve been about the Nikkei!
New all-time high Feb 23, 2024; +43% since “get long” call 4/23



Topix Banks Monthly w/ 12-Month MA & MACD



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Global Bank Indexes - Perspective Indexed to 100 12/31/21

Topix Banks still at the head of the class

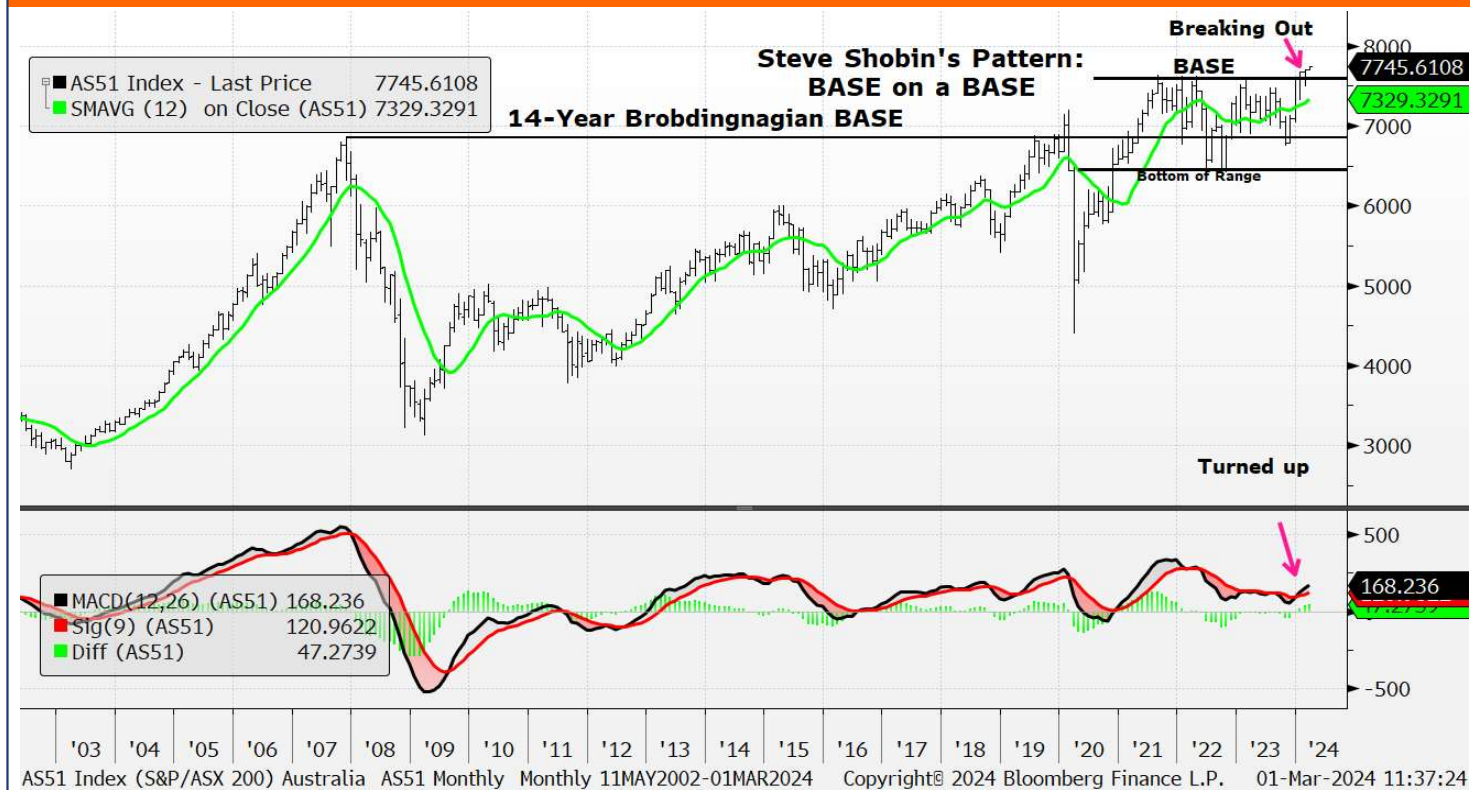
Can you imagine **US Banks** are worse than **HK Banks** since 12/21?



Australia

S&P / ASX 200 Monthly w/ 12-Month MA & MACD

BASE & Breaking Out...New All-Time High



China & Hong Kong – A Lesson from Epictetus; 2/6/24

Epictetus was a Greek Stoic philosopher who died in 135AD. We're all likely aware of a few of his (thankfully) enduring quotes like, "***The greater the difficulty, the more glory in surmounting it.***" BJJ practitioners will nod knowingly, I'm sure. But there's another quote from Epictetus that I think fits neatly with what will follow below for China and Hong Kong; heck, it fits neatly for nearly everybody nearly all the time. The quote is, "***You can't learn what you think you already know.***"

Here's what we already know – Chinese equities, as represented by the CSI 300 Index, have been in a bear market for 36-months and are at levels first seen in April 2007. Hong Kong equities, as represented by the Hang Seng Index, have been in a bear market for 72-months, and might be in a bear market for more than 16 years (measuring from its autumn 2007 high), and is at levels first seen in July 1997! Heck, I've been around so long that I remember when HF managers swore that China was the "promised land!" Turns out the only thing it promised was agita.

China & Hong Kong – A Lesson from Epictetus; 2/6/24

And here's a little wrinkle to add to the mix which might not be well-known.

CSI 1000 – a small cap index in China – was down more than 6% o/night Sunday after falling 8% during the session. Through Sunday night, the was down in 20 of 25 trading days in 2024 and was down, through Friday, five weeks in a row and had fallen 27% so far in 2024. Interestingly, on Sunday night the CSI 300 was up small and did not follow the extreme action in the CSI 1000.

Then last night the CSI 1000 was up 6.74% which reversed the -6% loss of the prior day. Volume was bigger last night on the reversal day when the CSI 1000 gained 6.74% than it was on Sunday night when the CSI 1000 lost 6.1%.

CSI 300 – gained 3 ¼% last night and volume increased nicely vs. the prior night. Also, there is a positive momentum divergence evident in daily indicators for the CSI 300.

HK / Hang Seng – was up 4% and – so far – has a successful retest in place vis-à-vis its Oct 2022 low.

Admittedly, the above might be just scant evidence of something I want to see – an improving picture for Chinese / HK equities. **But I think the above minor inputs suggest we should, at least, be aware that the technical / price action suggests a tradable bottom is coming together in China / HK. Charts follow below.**

China – Shanghai Shenzhen CSI 300 Index Monthly w/ 12-Month MA and MACD

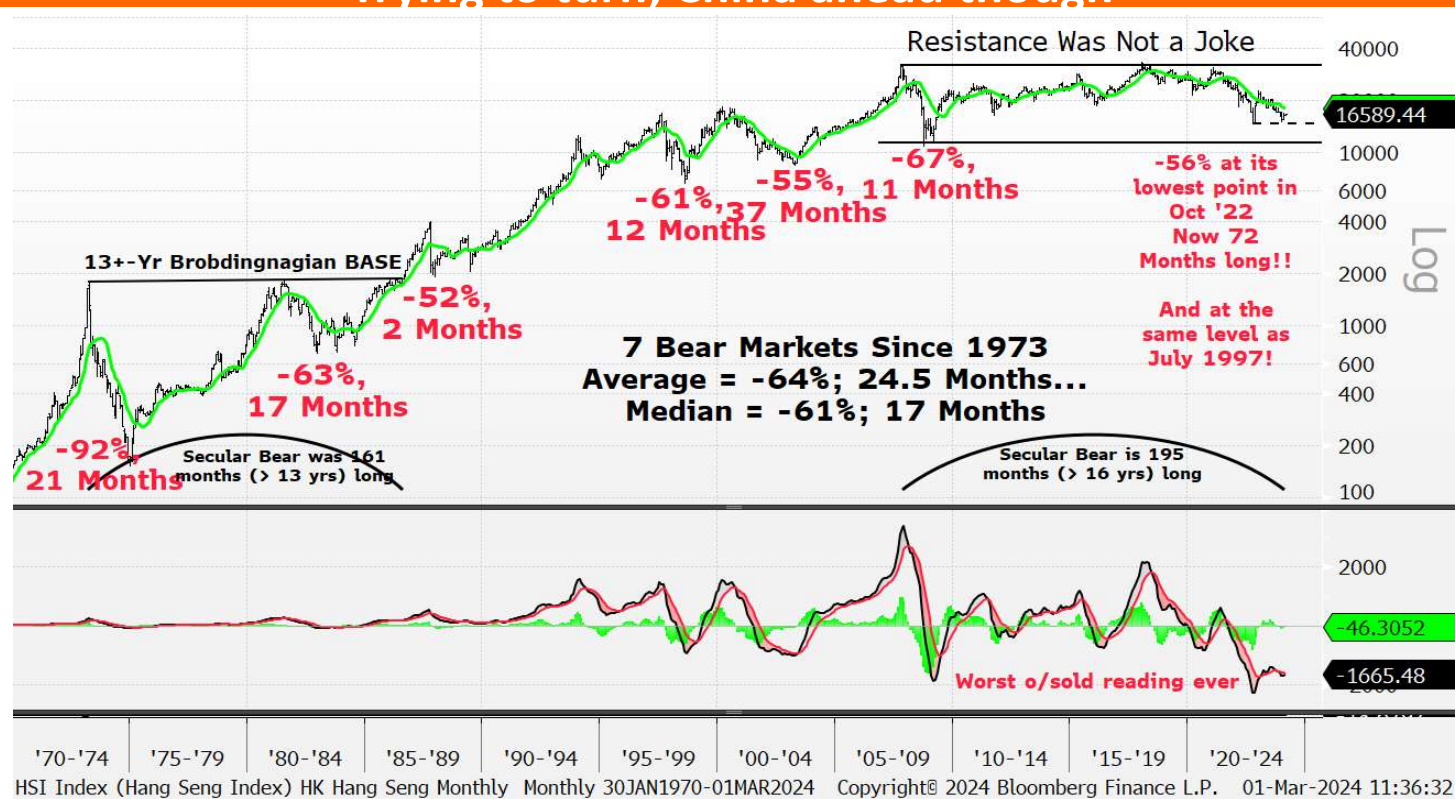
Was @ 5-year low & tied for 2nd longest bear in 20+ years
Now up 14% in 14 days – Continue to look for more improvement



Hong Kong – Hang Seng Index

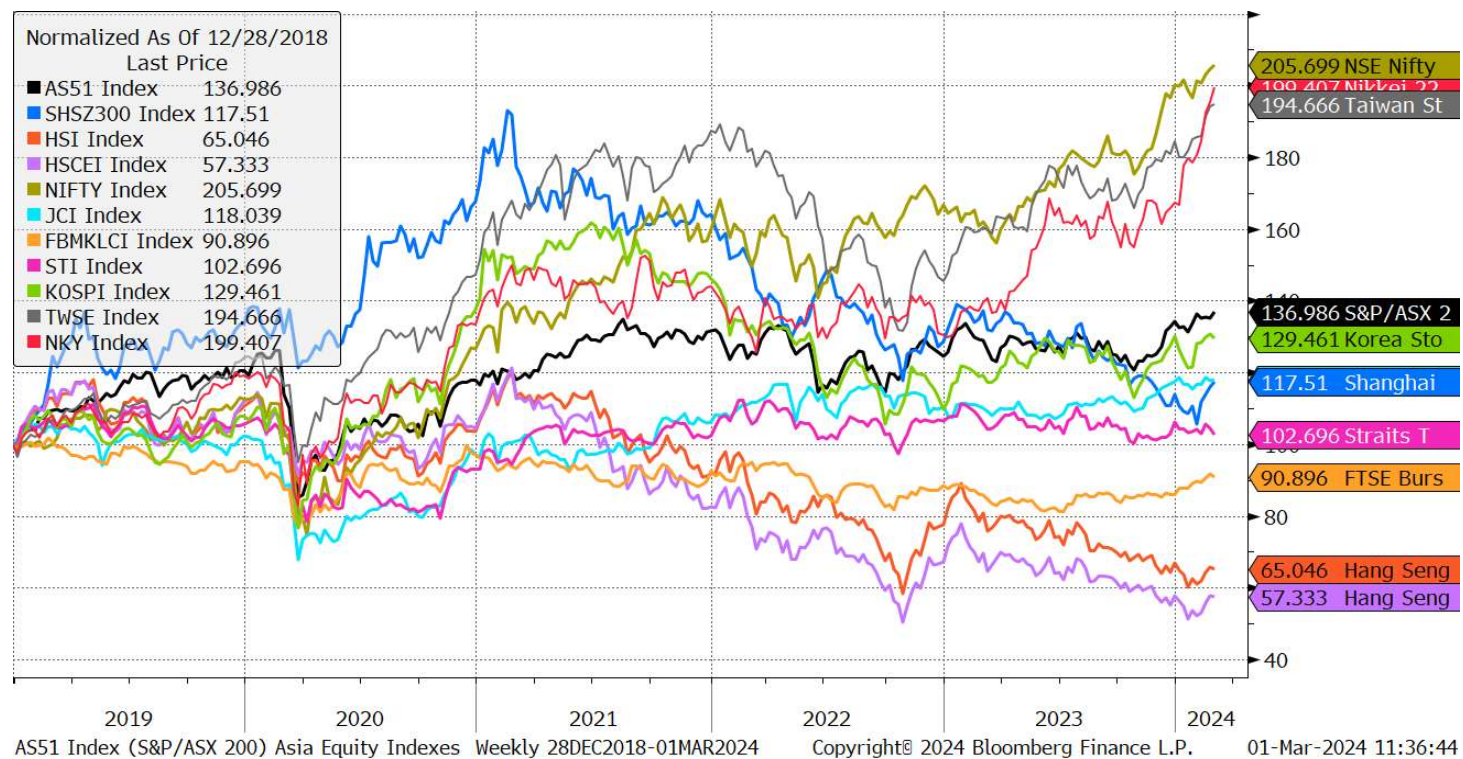
Monthly w/ 12-Month MA and MACD

Bear market 72 months long; Almost double prior longest bear
Trying to turn; China ahead though



Asia' Equity Indexes

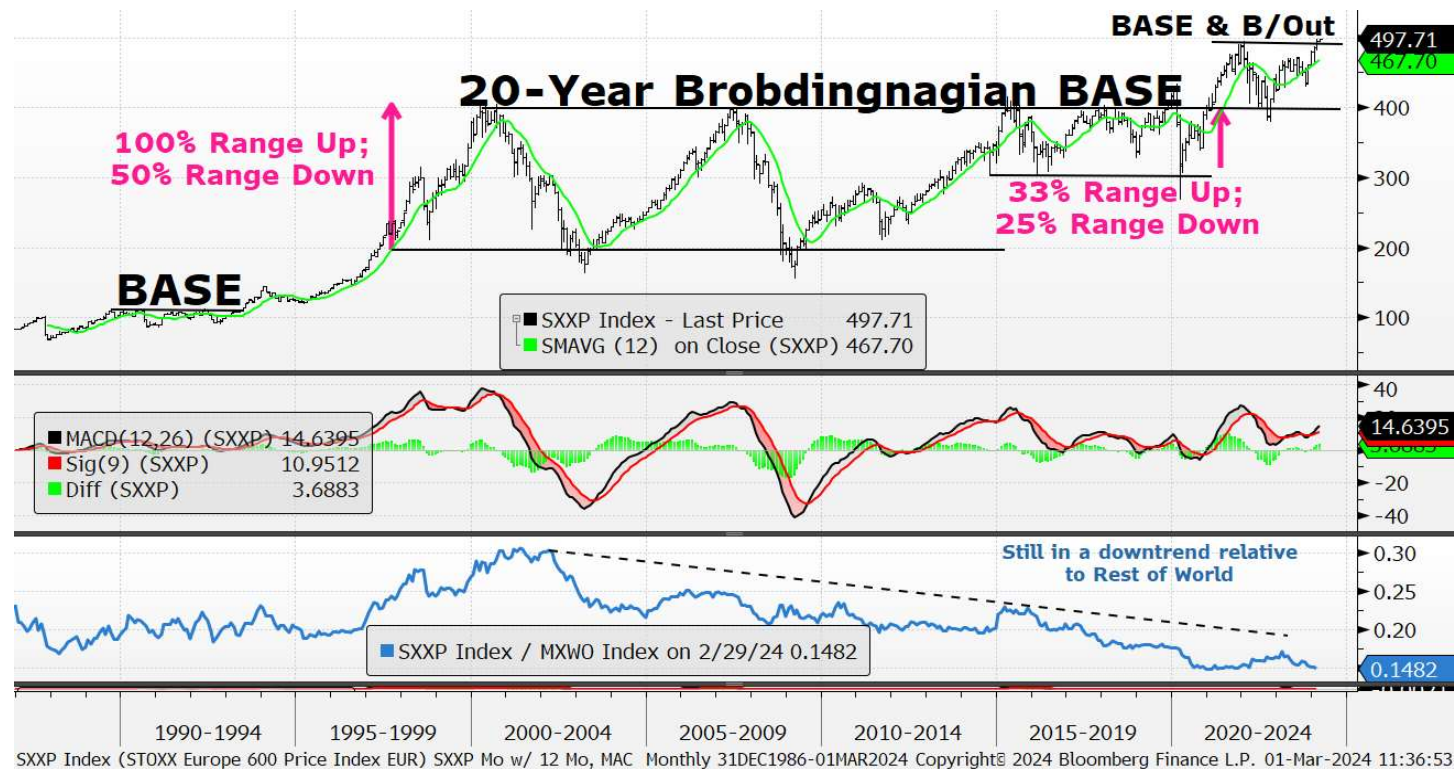
Nifty 50 (India), TWSE (Taiwan) and Nikkei big winners since late 2018. Hang Seng (HSI) & HSCEI turning



Europe – STOXX 600 Monthly w/ 12-Month MA & MACD

What's not to like? Breaking out of a 3-Year BASE w/ steady momentum.

It's true Europe lags the MSCI World Index on a relative basis because it doesn't have as much tech as the US, but the action is undoubtedly positive.



Europe's Equity Indexes

Few investors are interested...Italia e al Primo Posto

