Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

August 2023

Commodities

Price weakness remains, expect for one

Key Points:

- **S&P Commodity Index GTX continues to sag**
- **Deflationary assets and inflationary assets are equal in performance**
- **Precious Metals sector tops the 90-day performance**
- **Limited WTI bounce with $83 cap**
- **Possible bottom developing for Natural gas**
- **Gasoline prices still below the 50-week m/a**
- **Gold shows possible bounce in Q4**
- **Price peak for silver at $26.00**
- **Industrial metals index continues to weaken**
- **Copper prices find a possible floor but the outlook in Q3 is flat**
- **Ongoing upward trend continues for livestock**
- **US dollar breaks par, points to 0.98**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	13.21%	13.38%	**881.54%**
S&P 500	3.00%	19.52%	358.90%

The 19-yr average for the TS Model Portfolio – 12.02%
The 19-yr average for the S&P 500 – 7.88%

TS Model Income Portfolio – 9.56% average div. yield

GTX: Adding to the headwinds

Outlook negative: The S&P GSCI Commodity Index (GTX) is continuing to trend downward as Q3 unfolds. Last month we highlighted the main reasons. The global outlook for commodities remains weak with subdued demand and persistent looming recession. Interest rates remain high. Doubts on a Chinese economic recovery. Q2 GDP growth came in below estimates at only 6.3% yoy and WTI holds around $75 as world consumption remains depressed. Not a lot of positives. Adding to this mix is the expected near-term peak in interest rates and its effect on bond yields. Adding more headwinds to natural resource prices, US bond yields are anticipated to continue easing in Q3 with a late Q3 target of 3.25%. Bond yields and commodities have a positive relationship in an inflationary environment, such as now (**Chart 1**).

Chart 1

The S&P GSCI Commodity Index (**GTX**) still remains in a downward trading pattern. The index is below the 50-week moving average and buying momentum is neutral (not confirming additional upward strength). All these elements point to additional flat-to-down trend. The negative 'Red Cloud' is expanding in Q3. This only adds to the pessimistic outlook. First price support for the GTX is at 2,930.

5-year forecasting models suggest that the current downward trend will remain in place in Q3 and likely hold into Q4. Models point to around 3,340 as the expected late Q3 target (**Chart 1a**)

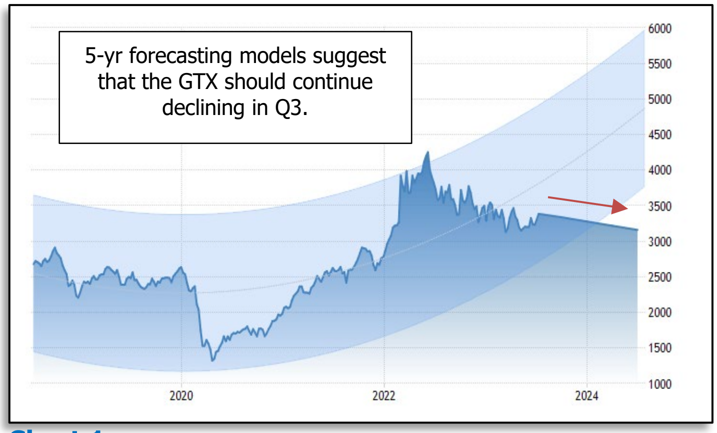


Chart 1a

What does it mean? The downward trend is expected to persist over the next few months. Global demand for natural resources remains frail. Look for 3,340 as the first target. Remain on the sidelines.

Deflation vs Inflation: Equal strength

Outlook neutral: The 3-year view between inflationary assets and deflationary assets shows an equal performance since mid-2022. Any decline in the index below 455 would imply that inflationary assets are starting to outperform deflationary assets (**Chart 2**).

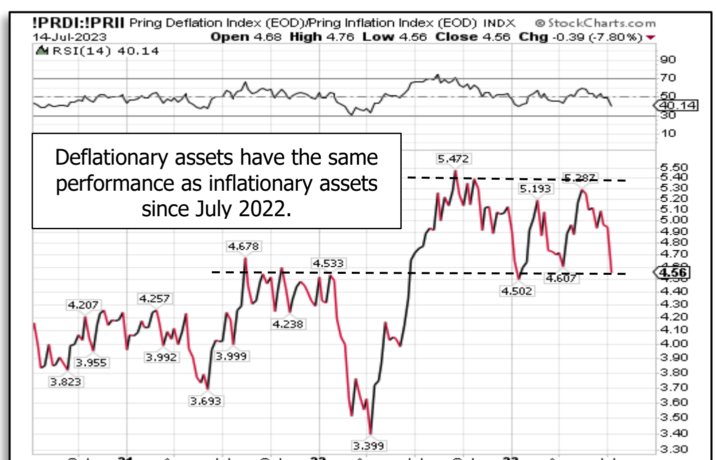


Chart 2

Commodity performance: Prec Metals

The S&P GSCI Precious Metals Index had the highest 90 day performance. Now up over 11% during the last three months. Precious metals and Livestock are typically late market cycle sectors (**Chart 3**).

What does it mean? As we said last month, we expect continued leadership from these two sectors into Q3 and ongoing weakness from the S&P Commodity Index (GTX).

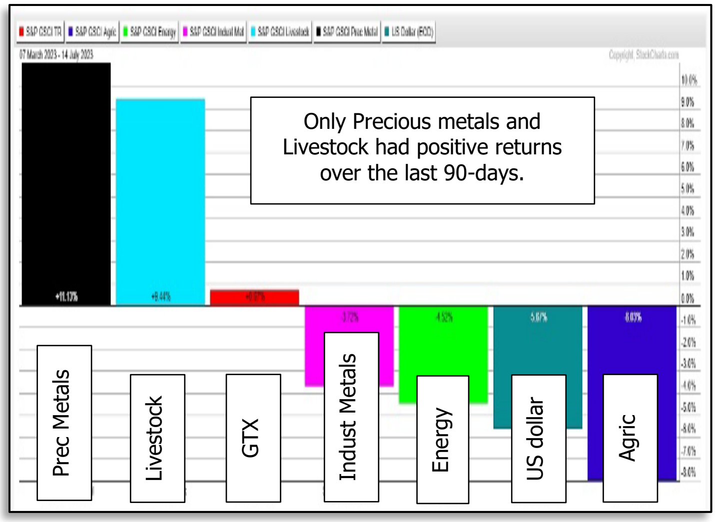


Chart 3

WTIC: Price weakness continues

Outlook: negative: Weaker-than-expected Chinese economic growth raised concerns about demand in the world's second-biggest oil consumer (**Chart 4**).

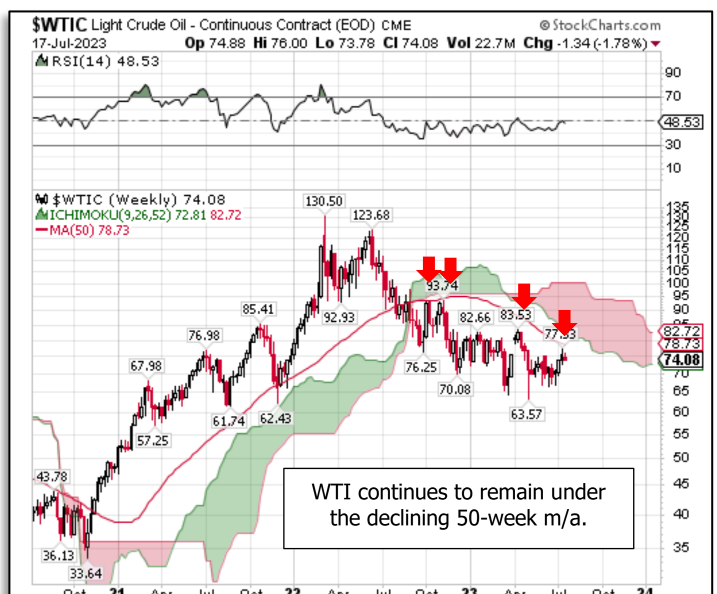


Chart 4

In addition, two of the three Libyan oil fields, which were shut down, are now resuming production bringing a total of 370,000 barrels per day back to the market. Meanwhile, Russian oil exports are set to decline by 100,000-200,000 bpd in September.

Light crude oil prices continue to drift downward. Prices appear to be finding some support around $67.00-$70.00 per barrel. Remaining above the key 50-week m/a. Possible breakout developing. Buying momentum (RSI) is positive (confirming additional upward strength). An expanding negative 'Red Cloud' in Q3 and early Q4 only adds to the pessimistic view of WTI.

Five-year forecast models suggest that WTI is likely in a bottoming process with $70.00 as the floor. The projected target by early Q4 is $83.50 (**Chart 4a**).

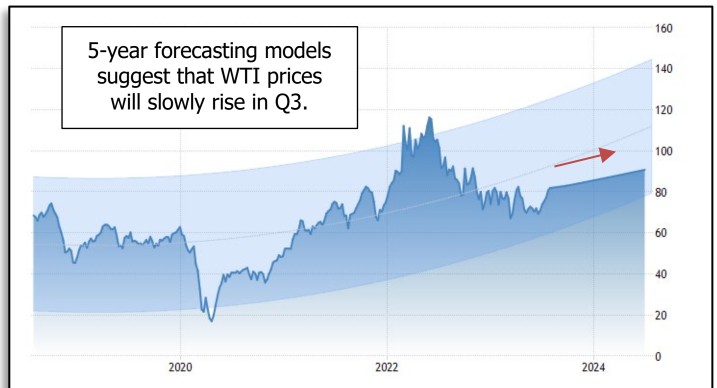


Chart 4a

What does it mean? World demand is slowly increasing however so are supply and inventory levels. This combination is expected to be neutral for oil prices. One crosses out the other. The price of WTI is expected to remain between $74 and $83 for the next few months.

We suggest adding to the position now. Moderate advance should be expected.

Natural gas: Possible bottom

Outlook: negative: Natural gas prices fell to $2.5/MMBtu in late July. This followed declines in maintenance work limiting the gas flow to LNG export plants. Gas flowing to LNG export plants are still will below record levels. Gas output has been on the rise over the last two months and is set to top the monthly record of 102.0 bcfd in July. Weather patterns in early August are expected to be above normal, which will drive up the usage of natural gas for cooling purposes.

NatGas prices appear to have finally found a floor between $2.00 and $3.00. The price has held that zone for 7 months. The commodity is well under the 50-week m/a. Buying momentum (RSI) is negative (not confirming upward strength) (**Chart 5**).

Five-year forecasting models suggest that natural gas prices will firm-up very slightly over the next few months and trade around $2.65/MMBtu by late Q3 (**Chart 5a**).

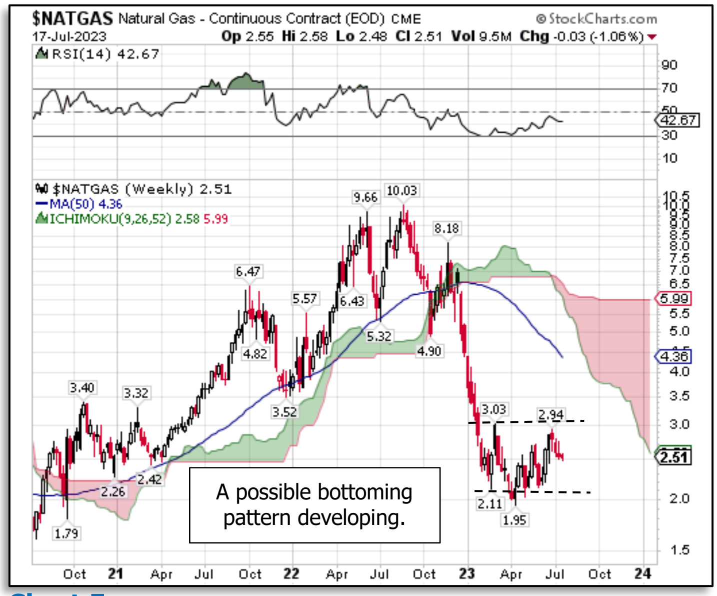


Chart 5

What does it mean? A slight decrease in supply plus the rise in demand (thanks to warmer weather) has kept Natural Gas prices stable. Continue to avoid. Wait until NatGas prices break above $3.00. The target has been lowered, to $2.65 MMBtu.

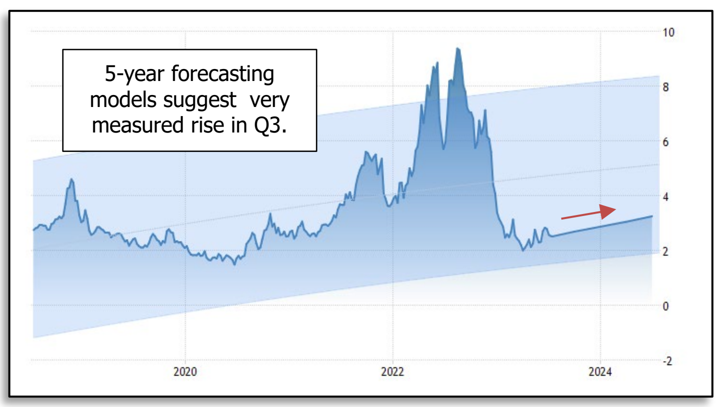


Chart 5a

Gasoline: At the 50w m/a

Outlook: neutral/negative: Gasoline stocks in the US increased by 1.004 million barrels in mid-July. The 6th increase in the last 7 months. Stocks typically increase at

Chart 6

the end of the year and in mid-year. July data from the EIA shows demand decreased from 9.193 to 9.054 million b/d in July.

Gas prices continue to be held by the declining 50-week m/a. Now three failed attempts to break above the line.

The expanding negative 'Red Cloud' into Q3 and into early Q4 suggests more consolidation or price weakness is coming (**Chart 6**). Buying momentum (RSI) is neutral (not confirming additional strength). 1st price support is at $2.25.

5-year forecasting models suggest that gas prices will stabilize and rise slightly to $2.75 by late Q3 (**Chart 6a**).

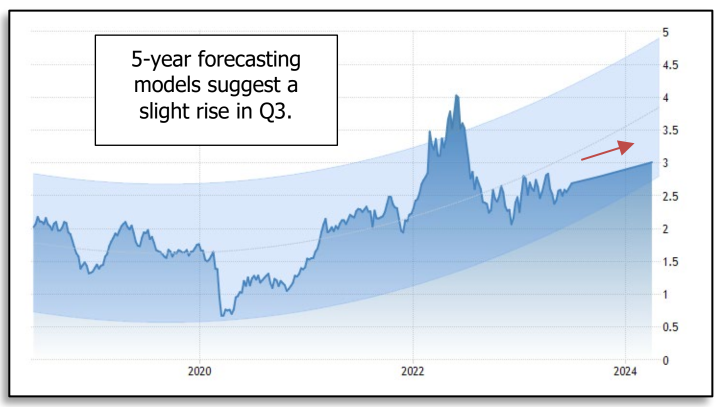


Chart 6a

<u>What does it mean?</u> Stabilizing conditions for supply and demand continue for Gasoline prices in Q3. Expected weak demand over the summer months suggests prices should have little upside pressure over the next few months.

Models suggest that GASO will remain under $3.00 over next few months. <u>We are keeping the target at $2.75.</u> Stay on the sidelines for now. Minimal upside potential.

Gold: Broad consolidation

<u>Outlook: neutral/negative</u> Gold prices found tentative support at $1,900 amid conflicting pressures of US dollar weakness and easing US inflation data. The FOMC is close to the end its current monetary policy tightening cycle. Meanwhile, the European Central Bank and the Bank of England are expected to further tighten in the coming months.

Chart 7

Gold prices pulled back, following a third failed attempt, to cross over the resistance level of $2,050 in Q2. Still locked in to a broad trading range for over 36 months, with $1,700 as a base and $2,050 as a ceiling (**Chart 7**). Buying momentum (RSI) is now positive (confirming additional upward pressure). Also, an expanding negative 'Red Cloud' is ending and a positive 'Green Cloud' is developing. 1st support level is $1,850.

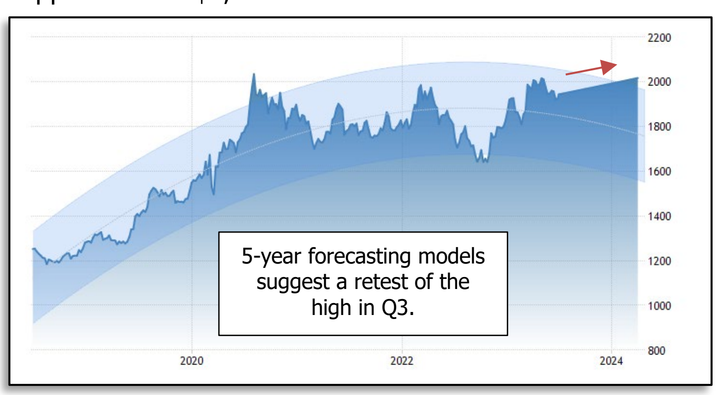


Chart 7a

Five-year forecasting models are suggesting that prices will retest the highs of Q2 (**Chart 7a on page 4**).

What does it mean? Forecast models suggest some strengthening in August for gold prices and a rebound back to around $2,025. The target now is $2,025. Hold.

Silver: Price peak

Outlook: neutral: Silver prices moved closer to $25 per ounce, the highest in two months, amid US dollar weakness, concerns of low supply, and stronger industrial demand. Efforts to curb carbon emissions increase the utilization of solar panel technology which underpins the forecasts of silver demand. Regulatory changes in Mexico will make it harder for mining companies to be rewarded for mining concessions. This threatens companies to reduce investment in new projects

Retested the highs from the last two years again in July 2023. Buying momentum (RSI) is positive (confirming additional upward strength). Well above the 50-week m/a. An expanding negative 'Red Cloud' is rapidly reducing in Q3 and then turning to a positive 'Green Cloud' in Q4 suggesting some degree of possible strength returning by year-end (**Chart 8**).

Chart 8

Five-year forecasting models (**Chart 8a**) suggest that silver prices will rise to around $25.50-$26.00 over the next months.

What does it mean? Supply demands for this key industrial metal are only going to increase. This should outweigh the opportunity costs of holding silver billion. Our target has been upgrade to $26.00. Continue to hold.

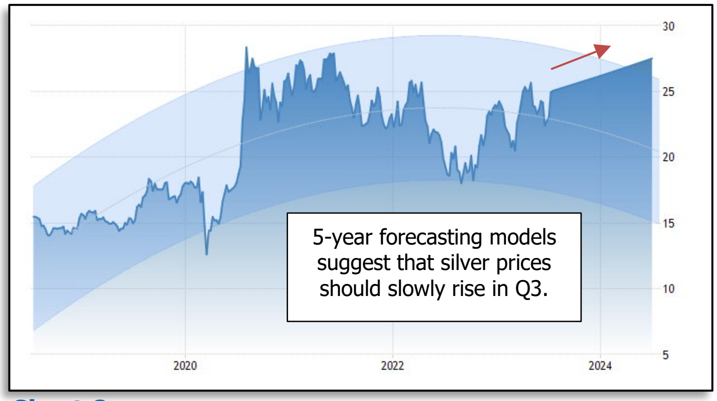


Chart 8a

Industrial metals: Weakening trend

Outlook: neutral/negative: The prices for most industrial metals are drifting lower. Iron ore prices hold steady at 115 USD/MT, Steel continues to weaken at 3684 Yuan/MT, Nickel is holding steady around 22,000 USD/MT, and Zinc prices remain weak with a YTD low of 2370 USD MT. The outlook of a possible slowing global continues to concern investors. With the prospect of weakening demand for base metals, the index is down 20% YTD and 40% from the high in Q1, 2022. Buying momentum (RSI) is negative (not confirming additional upward strength). A rapidly expanding negative 'Red Cloud' in Q3 is a concern. Solid resistance is at the 50-week m/a. It will be tough to pass through this line. The 1st support level is at 400. This level appears to be base developing (**Chart 9**).

Chart 9

What does it mean? Lead, steel, and copper prices are all showing weakness as investors digest global growth prospects into Q3. We suggest staying on the sidelines until the GYX trades above 500. This might take a while.

Copper: Finding a floor

Outlook: neutral: Copper prices rose to their highest level in over a month on a softer dollar, mounting supply concerns, and optimism on demand. Weaker-than-expected data from China underscores the county's struggle to economically recover. Still supply concerns limit losses. Chile's output shrank as much as 14% annually in May. These is the latest signs in global supply and foreshadow a shortfall amid the metal's essential use in the world's transition to sustainable energy sources.

Copper prices appear to have found some buying support at the $3.60 level. This pullback stopped at the 50-week m/a. Buying momentum (RSI) is neutral (still not confirming additional upward strength). The negative 'Red Cloud' in Q2 narrows in Q3 and turns to a positive 'Green Cloud' in Q4 suggesting some upward strength in the next few months (**Chart 10**).

Five-year forecasting models (**Chart 10a**) suggest that little upward movement should be expected over the next few months. $3.75 is the expected target in mid-year.

Chart 10

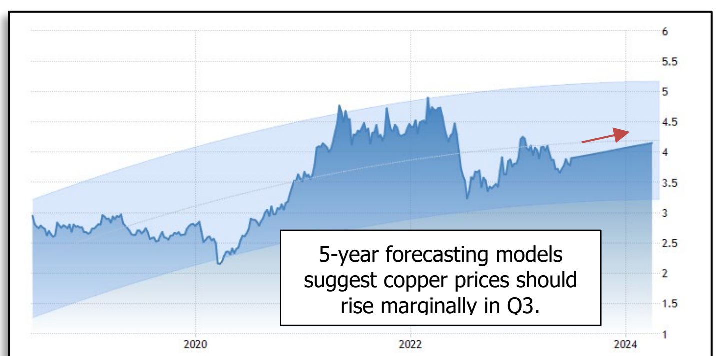


Chart 10a

What does it mean? The outlook for copper prices over the next few months is for more flat consolidation around $3.75-$4.00. Continue holding. Wait for a breakout over $4.00 before buying.

Livestock: Upward trend

Outlook: positive: Of the six main components in the Livestock Index (**GVX**) (feeder and live cattle, lean hogs, beef, poultry and salmon), most are charging upward. Only beef and poultry prices are trending flat to down.

The Index continues to trend upward. Well above the 50-week m/a. Buying momentum (RSI) is positive (confirming additional upward strength). A positive 'Green Cloud' extends into Q3 and Q4. Nearing the 1st overhead resistance level at 450. 1st support is at 360 (**Chart 11**).

What does it mean? The upward trend continues to hold. Add to the position. The next target is 450.

Chart 11

US dollar: Breaking key support

Outlook: negative: Even with the fading possibility of one or two more interest rate hikes before year-end, the Big dollar broke below par. The European Central Bank (ECB) is continuing its rate-hike campaign with another 25bps hike adding more competition to the US dollar. Key economic indicators of inflation and retail sales stress a softening economy in June. Market pricing suggests that the Fed could start cutting rates next year.

Buying momentum (RSI) is negative (not confirming additional upward strength). Below the 50-week m/a. The expanding positive 'Green Cloud' ends as Q2 closes out. In Q3 and Q4, it turns red. This is negative (**Chart 12**).

Chart 12

The dollar broke though the key support level of 100. This action now points to 0.98 followed by 0.965.

What does it mean? Softening inflation data, now at 2.97%, and with a core inflation reading of 4.8%, along with mixed signals from some key economic measures suggest the Fed will adopt a slower rollout of additional interest rate hikes after July. Look for lower levels into late Q3. The big run is over.

What does it all mean?

One look at the GTX (**Chart 1**) tells the story for natural resources. A slow drift. Commodity prices are feeling a slight lift from a weaker US dollar and measured and selective demand from recession concerned investors. A quick look at energy and industrial metals are a good example. As investors move forward, the apprehension of an aging economic cycle coupled with an US inverted yield curve, are likely to keep the lid on most commodity prices.

What should investors do?

Oil prices are expected to firm up over the next few months, but not really advance too much. The stocks we like in the energy sector are Enerflex Ltd. (**EFX.to**), Parkland Fuel Corp. (**PKI.to**), Weatherford International Plc. (**WFRD**), and Diamond Offshore Drilling Inc. (**DO**).

Gold and silver's runs appear to reached some key resistance levels and have peaked for now. However, for short-term traders, this would be a good time to look at precious metals. The stocks that we feel have upside promise are Agnico Eagle Mines (**AEM**, **AEM.to**), Eldorado Gold Corp. (**ELD.to**), AYA Gold & Silver Inc. (**AYA**), Pan American Silver (**PAAS**), and Fortuna Silver Mines Ltd. (**FVI.to**).

International Equities

Positive outlook for Q3 continues

KEY POINTS:

- **Global indexes are trending up in Q3**
- **33 world economies now have an inverted yield curve. Half the world's economies**
- **More upward strength for Emerging markets ETF as $USD drops below par**
- **7 out of 11 world economies posted positive**
- **Shanghai Index stalls at 3,400, again**
- **A big breakout for Japan's Nikkei**
- **Brief rally for Hang Seng in Q1 stalls**
- **Slow breakout continues for India's Sensex**
- **Jump for Dow Jones Europe Index continues**
- **Germany's DAX rally nears 5-year high**
- **Upward trend for Spain's Bolsa ongoing**
- **Breakout for UK FTSE 100. New all-time high**
- **Stall for Italy's index near completion**

Overview: Major breakout!

Outlook positive: The benchmark World Market Index (Dow Jones Global Index – DJW) has broken out from a classic well-defined Head & Shoulders pattern (H&S) in June, and that upward movement is continuing in Q3. The breakout occurred at the 505 level. Buying momentum (RSI) is positive and rising (confirming additional upward strength). Still well above the key 50-week m/a. The expanding negative 'Red Cloud' in Q2 narrows in Q3 and then turns to a positive 'Green' in Q4. All positive signs for additional upside growth (**Chart 13 on page 8**).

The 14-year perspective shows the Dow Jones Global Index (DJW) shows the index still holding on to the primary upward-sloping channel. Long-term monthly buying momentum (RSI) is positive and rising (confirming

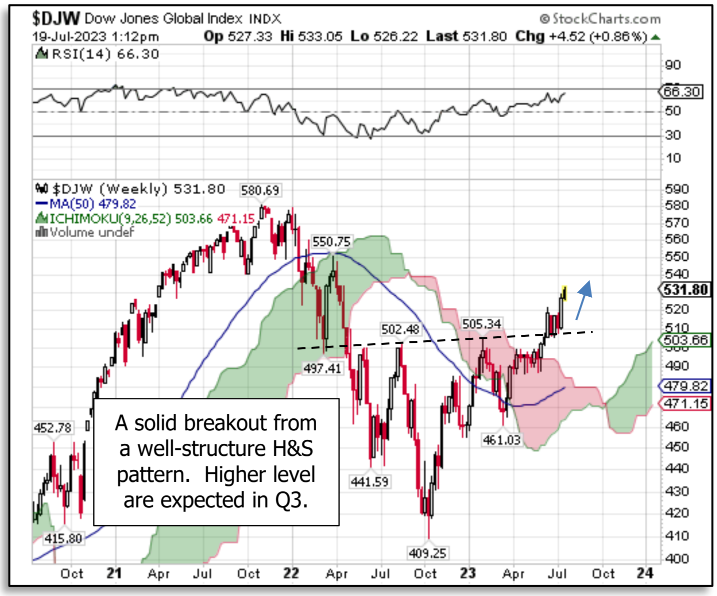


Chart 13

additional upward strength) (**Chart 13a**). The positive 'Green Cloud' is expanding into year-end and also into early 2024. All good positive long-term signs.

What does it mean? Now that the DJW has broken above 505, 550 is the next target followed by 585. Add to the position. More upside coming.

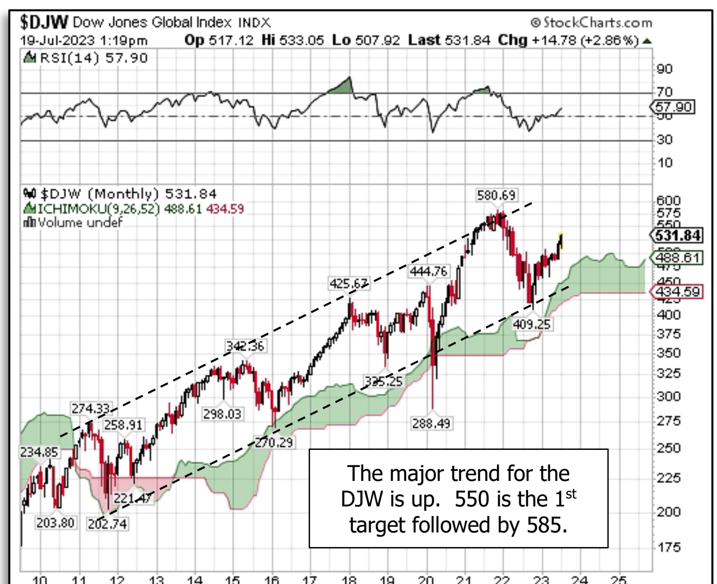


Chart 13a

World (ex-USA): Breakout holds

Outlook positive: The MS World (ex-USA) Index broke out a well-defined Head and Shoulders pattern in January and continues to plow ahead to higher levels. Buying

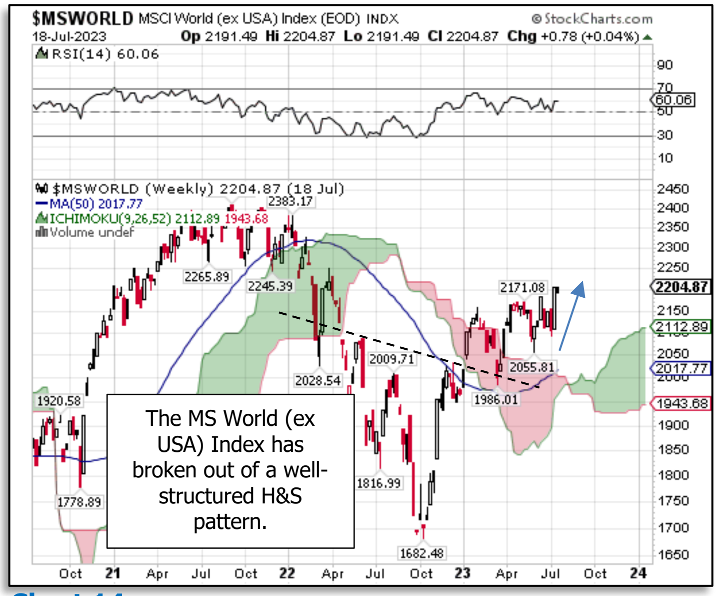


Chart 14

momentum (RSI) is positive and rising (confirming additional upside strength). Well above the key 50-week m/a. The negative 'Red Cloud' is still present for Q2, but this formation turns to a positive 'Green Cloud' in Q3 and continues to grow in Q4 (**Chart 14**). This pattern suggests additional price strength should be expected for the rest of the year. The index is nearing the 1st resistance level at 2,280.

The 14-year perspective of the MS World (ex USA) Index shows the index with a solid rebound and still moving higher. Buying momentum (RSI) is now positive (confirming additional upward strength). There is an expanding positive 'Green Cloud' going into early 2024 (**Chart 14a**).

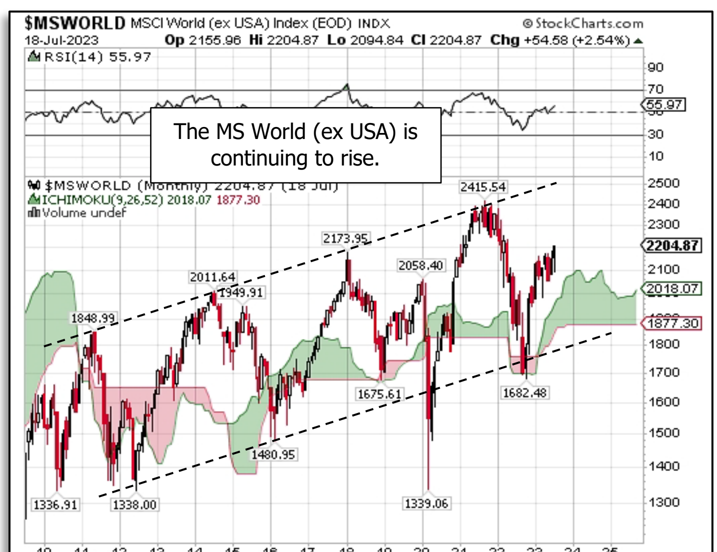


Chart 14a

What does it mean? The clear breakout of the MS World (ex-USA) Index is a very positive sign for the global bull market. The difference between the DJW and the MS World Index is the S&P 500. Both are now moving together. Very positive.
The outlook going into Q3 is for higher levels.
Add to the positions at this time. The 1st target is 2,450.

Global performance: Bullish strength

Outlook: positive: Global market performance continues to improve over the last few months. Now 7 out of 11 world indexes posted a positive return over the last 90 days. Japan's Nikkei has the best performance, again. Four indexes have better performance than the DJW Index. Hong Kong's Hang Seng had the lowest return (**Chart 15**).

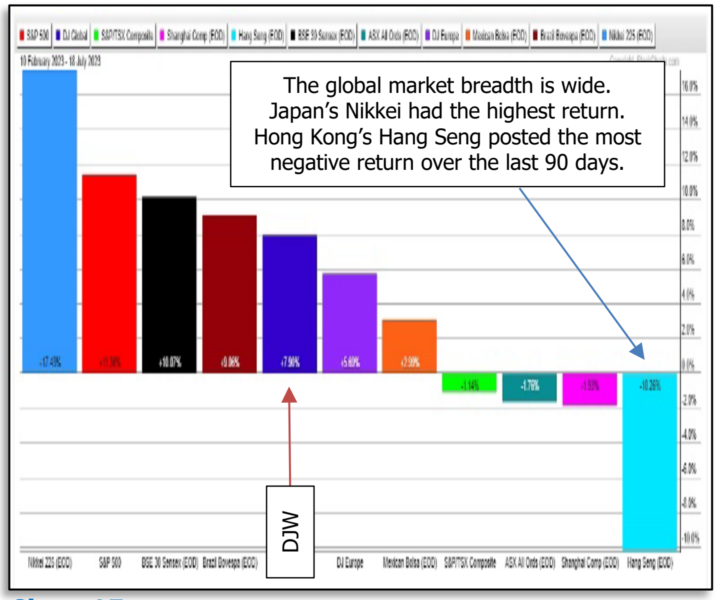


Chart 15

What does it mean? The performance of world indexes is still improving. There is broad breadth in world markets which points to more upward performance in Q3.

Emerging markets: Starting to run

Outlook neutral/positive: The iShares MSCI Emerging Markets ETF (EEM) is starting to advance as the US dollar starts to decline. The prospect of fewer rate hikes coming for the Big Dollar has started the market to move against the currency. This action is negative for the greenback and potentially positive for emerging markets. Now above the 50-week m/a. Buying momentum (RSI) is positive (confirming additional upward strength). The negative 'Red Cloud' in Q2 narrows in Q3 and turns to a positive 'Green Cloud' in Q4 (**Chart 16**).

What does it mean? The Fed's interest rate hiking cycle is nearing completion and a pivot is likely expected soon. Once done, the US dollar should weaken further.
Add to the EEM. $44.00 is the 1st target.

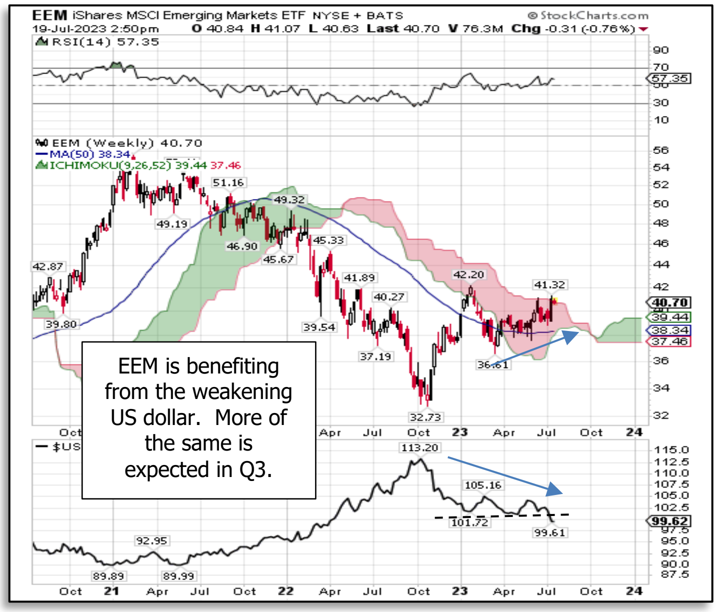


Chart 16

China: More consolidation in Q3

Outlook neutral: The Chinese economy advanced by 6.3% in Q2, accelerating from the 4.5% print in Q1. Data released in Q2 showed government debt had soared, retail sales rose but at a softer pace than expected. China's economic recovery is still weak.
Inflation in June is just 0.2%. One of the lowest level since late 2021. Unemployment remains stable and low at 5.2%.

Chart 17

The Shanghai Index continues to be pinned at the resistance level of 3,400. Two failed attempts this year. Buying momentum (RSI) is fading, now negative (not confirming additional upward strength). The negative 'Red Cloud' narrows in Q3 and turns to a positive 'Green Cloud' in Q4, suggesting a rebound later in the year. Now at the 50-week m/a.

What does it mean? China's economy is improving slowly, but more time is still needed. Wait for the index to cross 3,400 before buying. Once through 3,400, 3,675 is the target. Stay on the sidelines for now.

Japan: Overbought

Outlook positive: Japan's economic expansion continues to slowly grow. The most recent reading was 1.3% in Q2. A level on par with the last two years of growth. Inflation remained steady in May at 3.2%. Unemployment in May to 2.6%. Again, a level that is similar to the last 12 months.

The index broke out of a 12-month-long tight consolidation in May and made a massive run of 17% in Q2. Buying momentum (RSI) is now overbought (still confirming additional upward strength). A positive 'Green Cloud' is narrowing in Q3 and then expanding in Q4 (**Chart 18**).

Chart 18

What does it mean? Economics are stable. The breakout is positive news. A pullback is coming. Support is at 31,200 and also lower at 29,650. Wait for confirmation of support before buying.

Hong Kong: More consolidation

Outlook neutral/positive: Hong Kong's economy expanded in Q1 with a 2.7% print, after posting a -4.1% contraction in Q4. This is the first expansion in over 12 months. There was a solid increase in growth coming from private consumption and a strong advance from exports. On external trade, there was solid growth from services, both export and import.

Inflation stabilized at 1.9% for the fourth month. The declining unemployment rate hit 2.9%, the lowest level in 33 straight months (**Chart 19**).

Chart 19

The market action of the Hang Seng is still uninspiring. Now at the 50-week m/a. Buying momentum (RSI) is neutral (not confirming additional upward strength). A negative 'Red Cloud' turns to a positive 'Green Cloud' in Q3 and Q4. 1st support level is at 18,000.

What does it mean? Stay on the sidelines for now. More time is needed. Minor improvements are slowly developing. Wait until there is a move over 21,000 before buying.

South Korea: H&S breakout

Outlook positive: South Korea's economy only expanded at 0.9% in Q1 after a 1.3% growth in Q4. This is the 11th quarter of slowing growth. Inflation continues to decline, now at the lowest level since mid-2022. The latest print is 2.7%, and unemployment is holding low at 2.6% in June. The index has broken out a well-defined Head & Shoulders pattern in April and continues to rise into Q3.

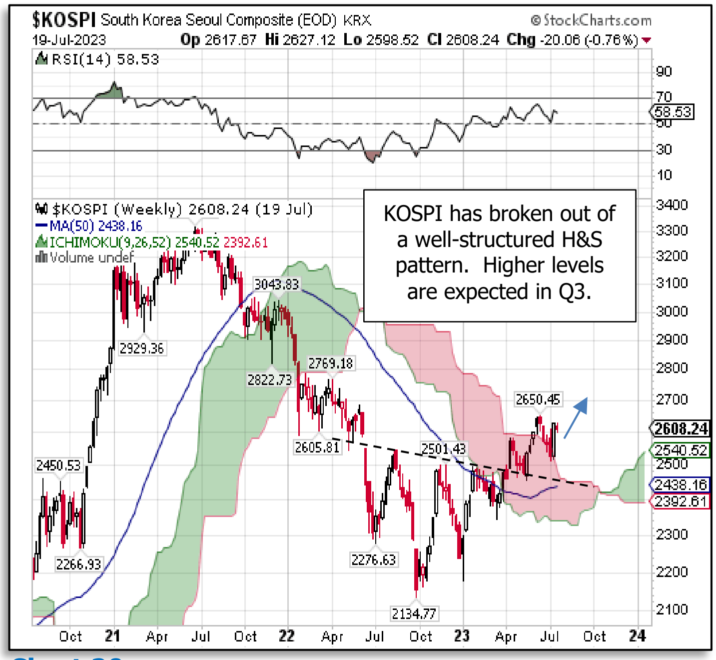


Chart 20

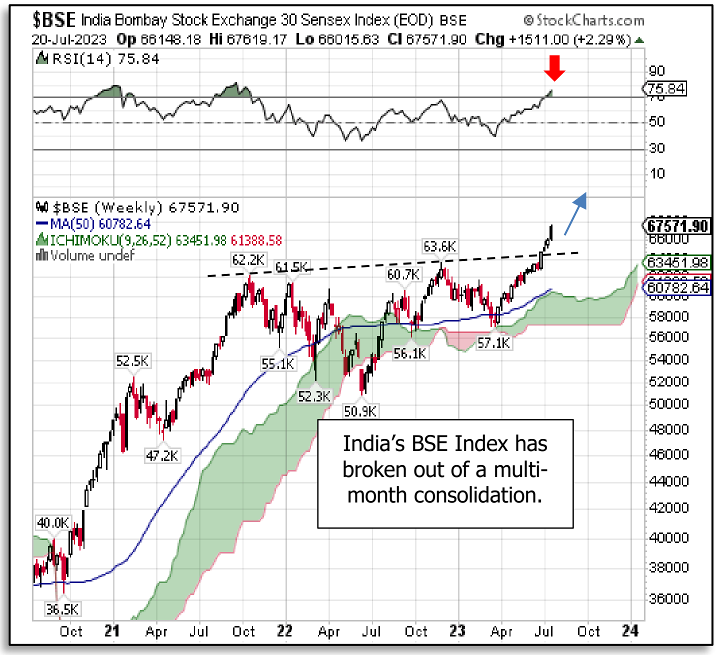


Chart 21

Now well above the declining 50-week m/a. Buying momentum (RSI) is positive and rising (confirming additional upward strength). The negative 'Red Cloud' holds into Q3 and then turns to a positive 'Green Cloud' in Q4. Now nearing the next resistance level of 2,700 (**Chart 20**).

<u>What does it mean?</u> The index has broken out from an H&S bottoming pattern. This is positive. A slow advance is expected in Q3. <u>Add to the position on any weakness</u> <u>The target is 2,800.</u>

India: Starting to advance

<u>Outlook positive:</u> India's economy expanded at 6.1% in Q1, well above market forecasts of 5.0%. The expansion was mainly boosted by private consumption. Private spending accounted for 60% of the GDP in Q1. Exports rose far faster than imports. The unemployment rate jumped to 7.7% in May and the inflation rate dropped to 4.81%, one of the lowest levels in over a year. Signs of steadily improving economics.

The index broke out of a massive Head & Shoulders pattern in July that lasted 21 months. Buying momentum (RSI) is overbought (still confirming additional upward strength). An expanding positive 'Green Cloud' is building into Q3 and Q4. A good sign for the rest of the year (**Chart 21**).

<u>What does it mean?</u> The advance from the breakout is steadily increasing. The rise is expected to continue in Q3. A retracement is anticipated. <u>Add to the position on confirmation of support.</u> <u>The next target is 71,000.</u>

Europe: H&S advance

<u>Outlook positive:</u> Annual GDP in the Euro Area expanded by only 1.1% in Q2, the weakest performance since Covid hit in 2020. The latest inflation print is at 5.5% in June, down sharply from levels of 10%+ in late 2022. The unemployment rate is holding steady for 19 quarters now at 6.5%. An overall improvement from last year (**Chart 22**).

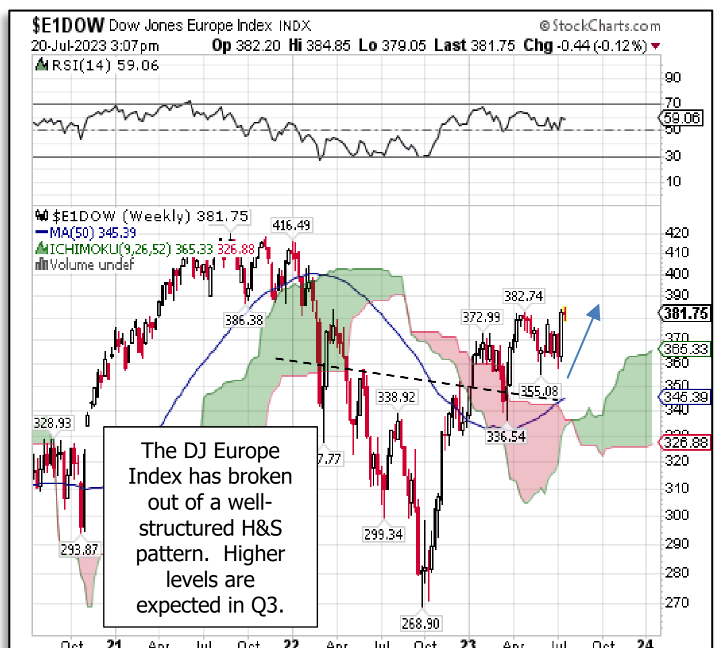


Chart 22

Buying momentum (RSI) is positive and rising (confirming additional upward strength) and the index is well above the declining key 50-week m/a (two positives). A Head & Shoulders breakout in Q1 developed. The trend for higher levels in Q3 is expected. 1st resistance is at 400. The expanding negative 'Red Cloud' in Q2 is turning to a positive 'Green Cloud' in Q3 and Q4.

What does it mean? The trend for the Dow Jones European Index is expected to continue advancing. Improving economics is positive. Add to the position. 430 is the 1st target.

Germany: Solid breakout continues

Outlook positive: The German economy shrank to -0.5% in Q1 following a weak 0.8% expansion for the previous quarter (Q4). This is the first contraction since early 2021.

Inflationary pressures are starting to ease. The latest print was at 6.1%. A 14 month low. Unemployment is holding steady at 5.6% in May, a YTD high.

The DAX broke above a Head & Shoulders bottoming pattern in Q1. 1st support (neckline of the H&S) is at 14,550. The 1st overhead price resistance now sits at 16,1750 (**Chart 23**). Buying momentum (RSI) is positive (confirming additional price strength). An expanding negative 'Red Cloud' in Q2 give way to a positive 'Green' cloud in Q3.

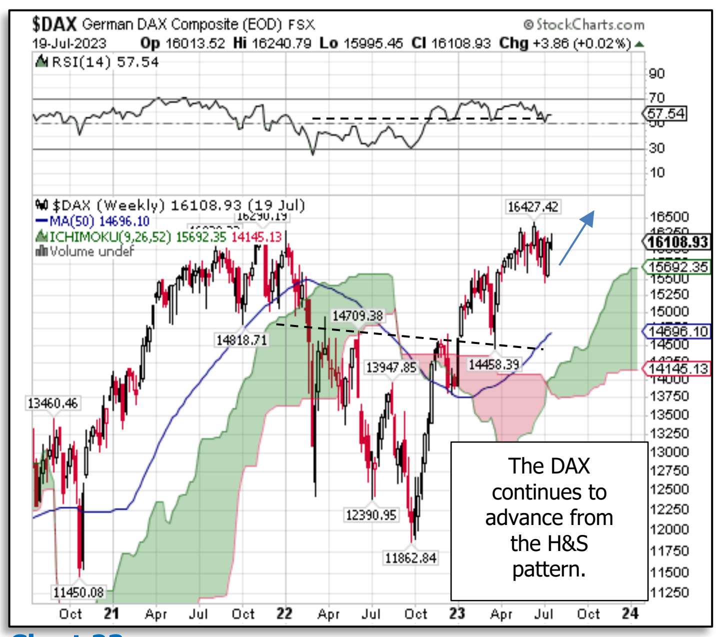


Chart 23

What does it mean? The breakout of Germany's DAX is still gaining momentum. Head & Shoulders breakout points higher. Add to positions. 16,800 is the target.

France: H&S advance continues

Outlook positive: Another barely positive, weak print for the Q1 Annual GDP at just 0.9%. Three quarters are now below 1.0%, still a big drop from Q1/22 at 4.5%. The unemployment rate is a bit of a bright spot for France's economy at 7.1% in Q1, 11 months of progressive declines. Inflation dropped slightly at 5.1% in June. The reading in April was 5.9% (**Chart 24**).

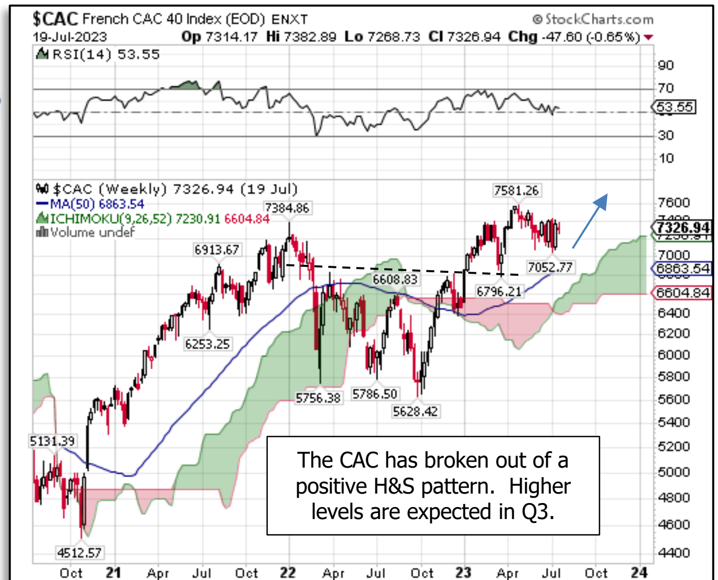


Chart 24

The CAC 40 Index has broken out of a Head & Shoulders (H&S) pattern in Q1. The index continues to trend higher into Q3. Still above the 50-week m/a. Buying momentum (RSI) is neutral (not confirming upward price strength). The negative 'Red Cloud' in Q2 has given way to a positive 'Green Cloud' in Q3 which continues into Q4.

What does it mean? Improving outlook. Add to the position on any pullbacks. Target is 7,750.

U.K. FTSE 100: Steady rise

Outlook positive: The UK economy (Annual GDP) is slowly declining. The latest four quarters have been progressively lower. The latest print is at only a measly 0.2% print in Q1. Rising borrowing cost and stubbornly high inflation are impacting activity and demand. Inflation appears to be easing slightly but still remains high at 7.9% in June. Unemployment has been inching up over the last year. It now sits at 3.8% in June.

The FTSE 100 index is holding up as well as most European indexes. A solid breakout in Q1. Still above the 50-week m/a. Price support is at 7,375. Buying momentum

(RSI) is neutral (not confirming upward strength), suggesting more contained movement in early Q3. A positive 'Green Cloud' is growing in Q3 and continuing to expand in Q4. A good sign. (**Chart 25**).

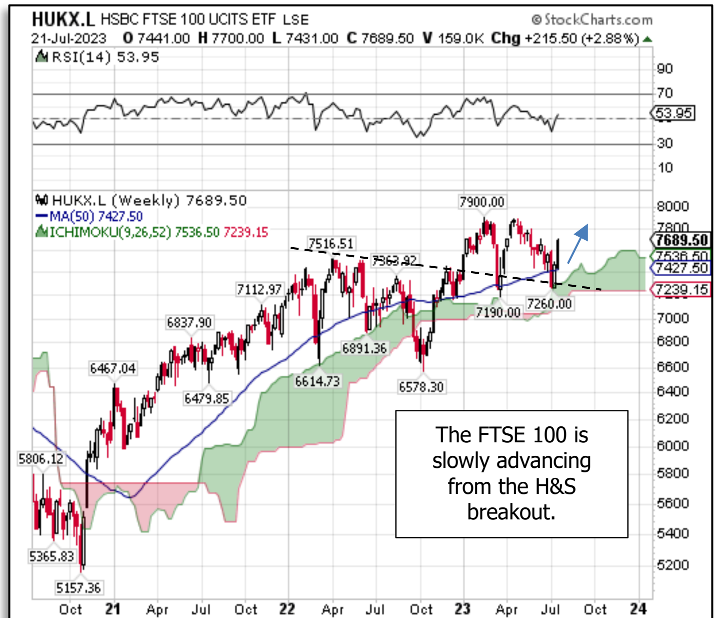


Chart 25

What does it mean? The index has broken out of a H&S consolidation at the start of 2023. We expect it to continue advancing in Q3. We suggest adding to positions on a pullback. The target is 8,100.

Spain: Breakout bounce in Q1

Outlook positive: Economically, the country continues to improve. Eight quarters of positive expansion all above 4.0%. The latest Q1 reading is at 4.2%. Inflationary pressures are steadily easing. Now down to 1.9% in June. A big change from 10.8% in July 2022. The unemployment rate is still a high and a concern with a 13.26% reading in Q1. Still, it is a good improvement from the 16.26% print
Q1. Still, it is a good improvement from the 16.26% print
in August 2020.

The Bolsa Index has broken out of an 18-month H&S consolidation in Q1 breaking the neckline at 8,540. Remaining well above the key 50-week m/a. The trend continues to appear positive in Q3. Buying momentum (RSI) is positive (confirming ongoing upward strength). An expanding positive 'Green Cloud' is in Q3 and Q4. A positive sign (**Chart 26**).

What does it mean? The outlook going forward still appears promising. Add to positions on a pullback. 9,900 is the target.

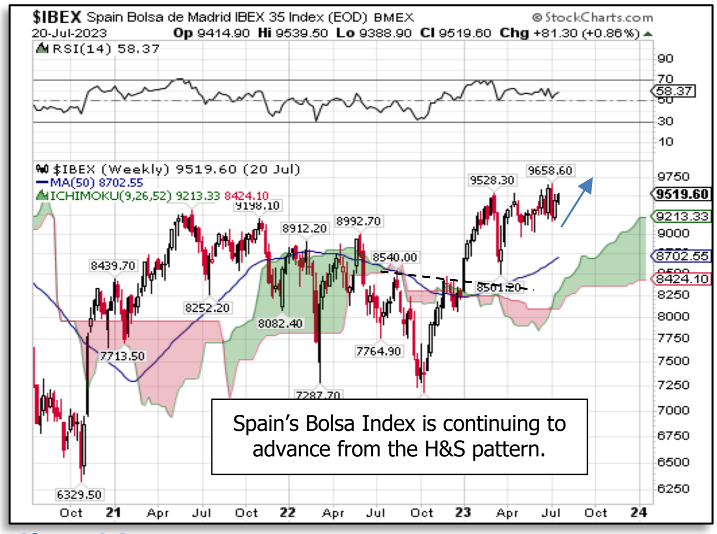


Chart 26

Italy: New 10-year high

Outlook positive: The economy of Italy continues to show signs of a slow steady recovery with nine quarters of positive growth. The latest Q1 Annual GDP print was 1.9%. Inflationary pressures are easing. Now with a 6.4% level in June. A big difference from almost 12% late last year. The unemployment rate is slowly easing too. After 15 quarters of declines, now sits at 7.6%. The high was at 8.1% in mid-2022 (**Chart 27**).

The index broke out of a H&S bottoming pattern in early Q1. Currently extending that movement with higher levels in Q3. The latest print was at 3032.63, a new 10-year high.

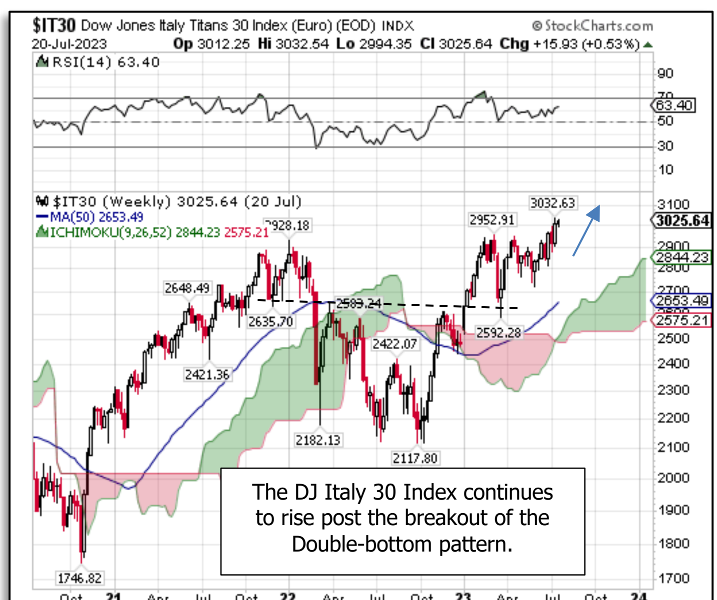


Chart 27

The index is expected to continue advancing in Q3. Also well above the 50-week m/a. A positive expanding 'Green Cloud' is unfolding in Q3 and Q4. Buying momentum (RSI) is positive (confirming upward strength). All good signs for addition upside movement.

What does it mean? After establishing a solid base, the Italy Titans 30 Index has broken through the overhead resistance at 2,600. Add to positions on any pullbacks. We expect higher levels in Q3. The target is 3,200.

Mexican: Short-term consolidation

Outlook neutral/positive: A steady pick-up in the Annual GDP. Q1 print is 3.7. There has now been 7 quarters of positive growth. Inflation pressures are steadily dropping. 5.06% was the rate in June. A significant improvement from 8.7% in 2022. The unemployment rate sits at a healthy 2.9% in June. Lots of good economic data.

Chart 28

The Bolsa Index broke out of a H&S bullish pattern in Q1. Since then the index has been consolidating between 52,000 and 55,500. Buying momentum (RSI) is neutral (not confirming additional upward strength). The index is above the 50-week m/a. The negative 'Red Cloud' is ending in early Q3 and then turning to a positive 'Green Cloud' for the rest of the year. A good sign (**Chart 28**).

What does it mean? The MXX is expected to consolidate over the next few months and then trend higher in Q4. Add to the position on any weakness. 57,750 is the target.

Brazil: More consolidation in Q3

Outlook neutral: Brazil's economic expansion has now had nine quarters of positive growth. The latest print was a solid 4.0%. Conditions are improving.

Inflationary pressure is steadily easing. Now has dropped to 3.16% in June. 11 months of steady declines. The unemployment rate has seen a slight uptick over the last five months. The rate now is 8.3%.

The Bovespa still remains pinned in a broad consolidation for the last 37 months between 120,500 and 97,500. Three failed attempts. No evidence that the index is going to break out of this pattern.

Buying momentum (RSI) is positive (confirming additional upward strength). Now above the 50-week m/a (**Chart 29**). There is a small positive 'Green Cloud' in Q3, and that turns to a negative 'Red Cloud' in Q4 suggesting some price retracement coming.

Chart 29

What does it all mean? We expect more of the same action over the next few months. More time is still needed. Once there is a breakout above 120,000, then add to the position. Until then, wait on the sidelines.

Australia: Still consolidating

Outlook neutral: Australia has now had 10 quarters of positive economic expansion. The latest Annual GDP print is 2.3%., which is on par with the last 2 years of economic growth. Inflation concerns continue to remain high. Now at 7.0% in Q1. This level is the 5th quarter with inflation over

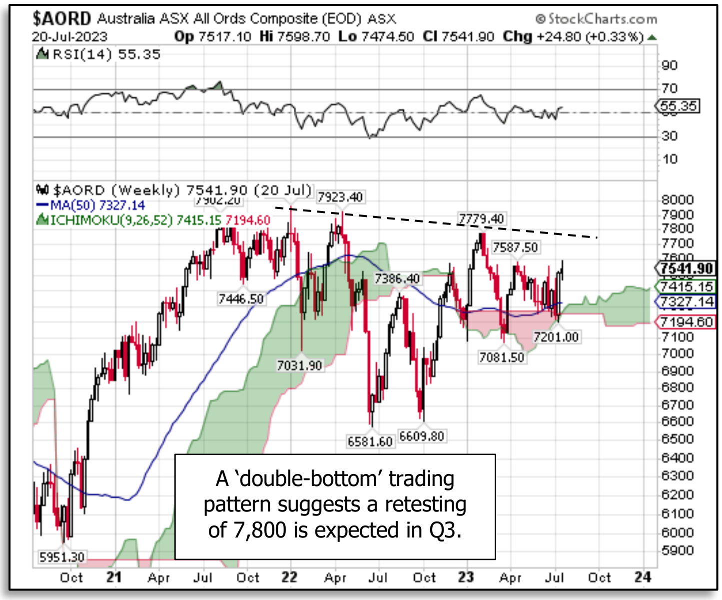


Chart 30

the bright spots. In direct contrast to the steady rise in inflation, the unemployment rate is remaining consistent. The June print was 3.5%. Similar to the last 12 months

The All Ordinaries is continuing to consolidate and remain under the 7,800 resistance level for the last 17 months. Now above the key 50-week m/a. Buying momentum (RSI) is turning positive (confirming additional upward strength). The negative 'Red Cloud' in Q2 turns into a positive 'Green Cloud' in Q3 and expands in Q4. Positive information (**Chart 30**).

What does it mean? The ASX continues to remain range-bound. We expect the index to retest the resistance at 7,800 over the next month or two. Wait until there is a breakout of over 8,000 before buying. Once through 7,800, the target is 8,750.

What does it all mean?

Global markets are increasingly showing a positive stance as Q3 unfolds. The benchmark Dow Jones Global Index, which broke out in June, is expected to reach our 1st target of 550 in early Q4. The number of world indexes that posted positive returns over the last 90 days was seven-out-of-eleven. A slight drop from last month which was 10-out-of-11.

Our biggest concern remains with the high number of inverted yield curves. Now at 33. That is almost half of the world's economies. This leading indicator of the stock market has a solid track record of predicting recessions and market corrections. We have talked about this issue for months and feel the negative effects will likely come is the first half of 2024.

Nevertheless, we find the actions of world equity markets very telling about the overall market conditions. Positive stuff going forward.

What should investors do?

As subscribers can tell by the number of "thumbs up" symbols, there are a lot more good choices now.

We prefer to buy ETFs that are leaders in performance and breaking out to new highs. That shows strength.

The European and Asian markets are where we believe the best opportunities are at present.

The iShares MSCI EAFE ETF (**EFA**), Germany's DAX (**DAX**), Frances's CAC (**EWQ**), UK FTSE 100 (**EWU**), Italy's (**EWI**), Spain's (**EWP**), India (**INDA**), South Korea (**EWY**) and **EEM** appear to be the best bets at this junction.

U.S. & Canadian Equities

NYSE & Dow finally breakout

KEY POINTS:

- **U.S. Inflation rate eases to 3.00%**
- **U.S. Unemployment Rate is still low at 3.60%**
- **Breadth Barometer turns positive with 71% going up**
- **Put/Call ratio shifts to extreme greed**
- **The Fear & Greed Index turns to extreme greed**
- **VIX declines down to Q4 2020 level**
- **The AAII bulls gain over the bears**
- **US and Canadian Yield Curves are inverted, this is a big concern for the bull market in Q3**
- **US home prices still falling**
- **Nasdaq takes over pole position in 90-day index performance, again**
- **Stocks (risk) and bonds (safety) are the same**
- **Major equity indexes set to advance in Q3**
- **NYSE and Dow breakout**
- **Expansion phase of the business cycle nears completion, the slowdown phase draws near**

T e c h n i c a l   S p e c u l a t o r
MARKETS – COMMODITIES – CURRENCIES – SECTORS

KEY ECONOMIC NUMBERS

- US Annual GDP – 1.80%
- US Interest rate – 5.25%
- US Inflation rate – 3.00%
- US Jobless rate – 3.60%
- US Gov. Budget – (-5.80%)
- US Debt/GDP – 129.00%
- US Current Account to GDP – (-3.70)
- US Consumer Confidence – 72.6%
- US Business Confidence – 46.00%
- US Currency – $1.01
- Annual Canadian GDP – 2.21%
- Canadian Interest rate – 5.00%
- Canadian Inflation rate – 2.80%
- Canadian Jobless rate – 5.40%
- Canadian Gov. Budget – (-3.6%)
- Canadian Debt/GDP – 113.00%
- Canadian Current Account to GDP – (-0.40)
- Canadian Currency (USD/CAD) – $1.32
- Canadian Consumer Confidence – 49.55%
- Canadian Business Confidence – 50.2%

Suggested portfolio weighting – Q3/2023

Sector Overweight: *Industrials, Consumer Staples, Materials, Healthcare, Financials*

Sector Market Weight: *Energy, Base Metals, Technology, Utilities, Consumer Discretionary*

Sector Underweight: *Gold, Real Estate*

Suggested market percentage weighting – 2023

U.S. market: 45% (S&P 500, Dow, Nasdaq)
International markets: 15% (Europe, Asia, etc)
Canadian market: 40% (TSX)
Cash: 0%

US inflation is declining now at 3.00%, nearing the Fed's target. U.S. Annual GDP rate shows signs of ongoing weakness with 1.80% in Q2. The U.S. Unemployment rate is stabilizing at 3.60%. U.S. business confidence continues to slide down with a 46.00% print. Less than half are confident. Consumer confidence is rising at 72.6%. The US dollar starts to dip.

Canada's economy is also slowly recovering. Annual GDP is holding at 2.21% in Q2. Canada's unemployment rate is rising slightly at 5.40%. Inflation appears to have peaked. Now down to 2.80%, down from 8.10% in June. Interest rates have moved up slightly, now at 5.00%. Business confidence levels dips slightly. Consumer confidence holds steady at 49.55%.

What does it all mean? Annual GDP growth continues to ease for both the US and Canada. This action should be expected as the expansion phase of the business cycle draws near completion. Inflationary pressures are dropping, but probably not enough for central banks. A few more rate hikes likely. The outlook going in Q3 is more of the same as Q2. Little change is expected.

Breadth Barometer: 71% up

Outlook positive: The average percentage of advancing stocks (above their 200-day moving average) on the NYSE, S&P 500, and TSX at the end of July is **71.06%** versus only **55.95%** in late June. A big improvement. (**Chart 31**). 71% of stocks are going up and only 29% are going down.

What does it mean? The average breadth for the NYSE, S&P 500, and TSX is improving significantly. This means an upward trend for the NYSE and S&P 500 and for the TSX is bullish going into Q3.

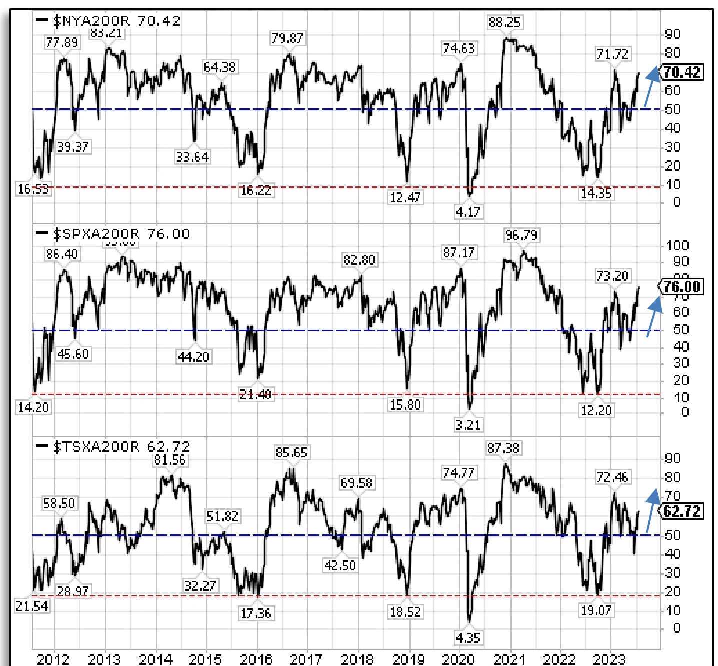


Chart 31

Put/Call Ratio+SPX: Extreme greed

Outlook positive: The relationship between the CBOE Options Equity Total Put/Call Ratio and the S&P 500 suggests that investors are now buying more call options in July (bullish) than put options (bearish). This leading indicator suggests that investors are still leaning toward a bullish stance and higher levels for the S&P 500 over the next 30 days. The indicator is at a level similar to February 2023 and April 2022 (**Chart 32 on page 17**).

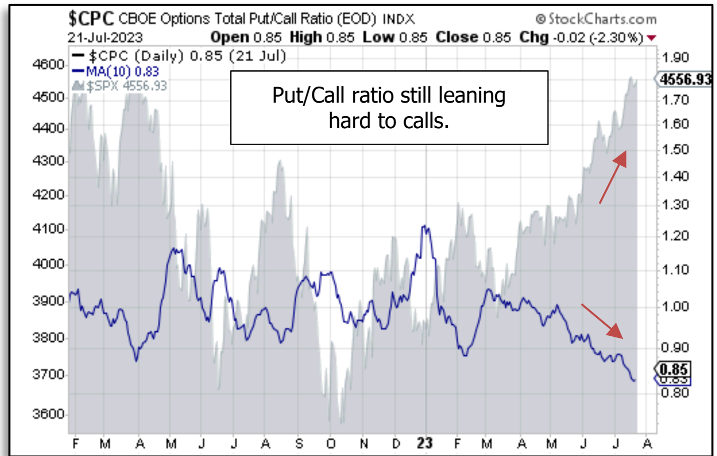


Chart 32

Weekly long-term data an overwhelming interest in calls (bullish) versus puts (bearish).

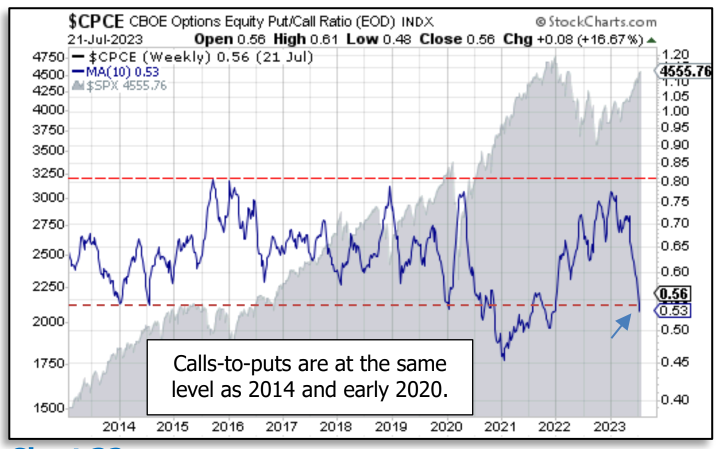


Chart 32a

What does it mean? Most investors are emotional and reactionary. The current level of the Put/Call Ratio in **Chart 32** is providing a short-term extreme greedy signal for the S&P 500 for August. Longer-term data in **Chart 32a** shows that the ratio is at the same level as in 2014, and 2020. Both times were bullish for the S&P 500.

The mood of the market: Extreme

Outlook: positive: The Fear & Greed indicator is at an extreme greed level. The Fear & Greed Index is made up of 7 different gauges of the market, including the Put/Call Ratio (**Chart 33**).

What does it mean? Investors are becoming increasingly bullish with the market conditions. They are risk-leaning. This reading is similar to December 2022 and February 2023 suggests some measured pullback should develop in August.

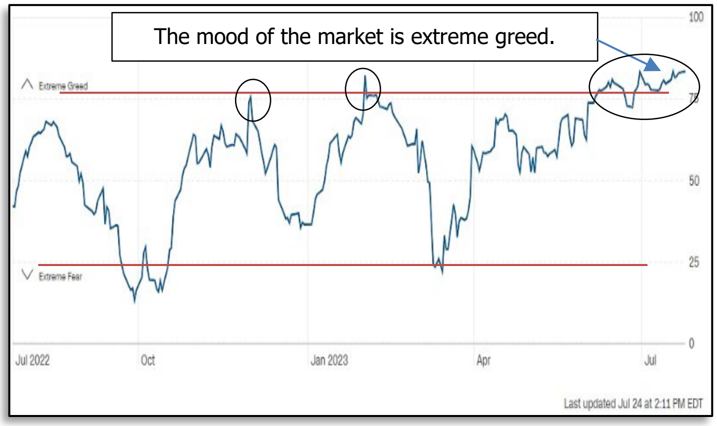


Chart 33

VIX: Extreme low

Outlook: positive: The market is not worried at all. The Volatility Index or VIX has been declining steadily since Q4 2022. The VIX hasn't seen the current level since early 2020.

What does it mean? The VIX is a popular measure of the stock market's expectation of volatility based on the S&P 500 over the next 30 days. The current low level suggests that the VIX is at a level where a reversal of the S&P 500 should be expected. We anticipate a short-term retracement over the next few months (**Chart 34**).

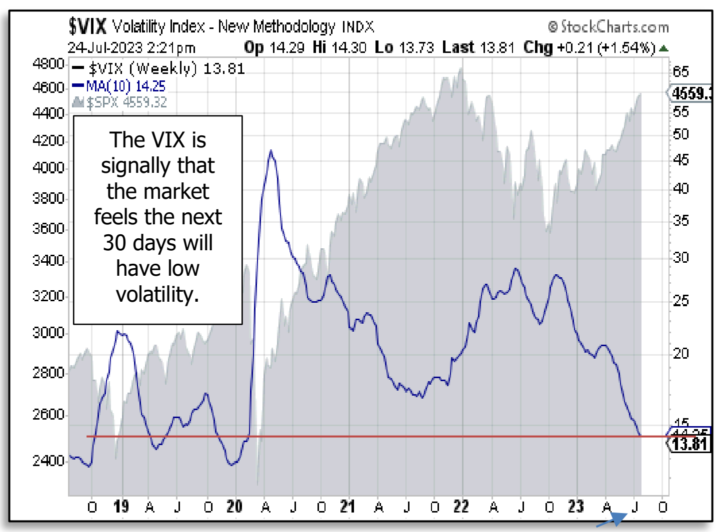


Chart 34

US Yield curve: Inversion continues

Outlook: negative: The US yield curve has been inverted for 54 weeks. Since the 1960s, the average inversion time until a recession and market correction has been one year. However, there have been times when the inversion lasts up to two years.

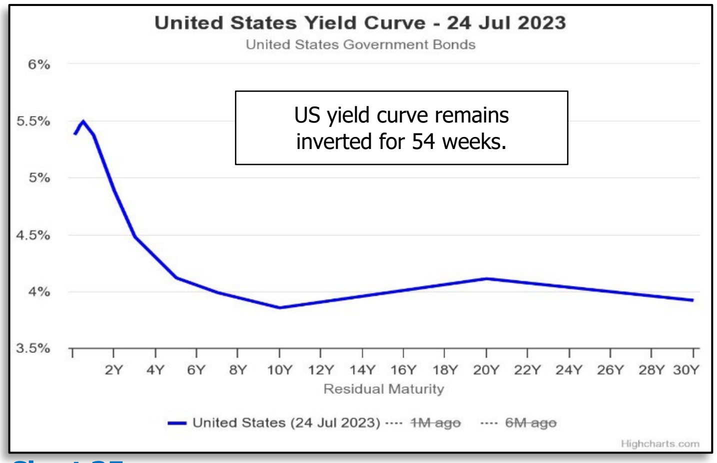


Chart 35

<u>What does it mean?</u> We have stated the track record of prolonged inverted yield curves over the last few months. Some level of recession and market correction has occurred 100% of the time since the 1960s. We anticipate that this pullback may occur in September or October. Investors should still remain cautious.

US Home Price Index: Still falling

US Case Shiller Home Price Index fell again in June. The Index dropped 1.7%, the same as in May, which was the biggest decline since April 2012 (**Chart 36**).

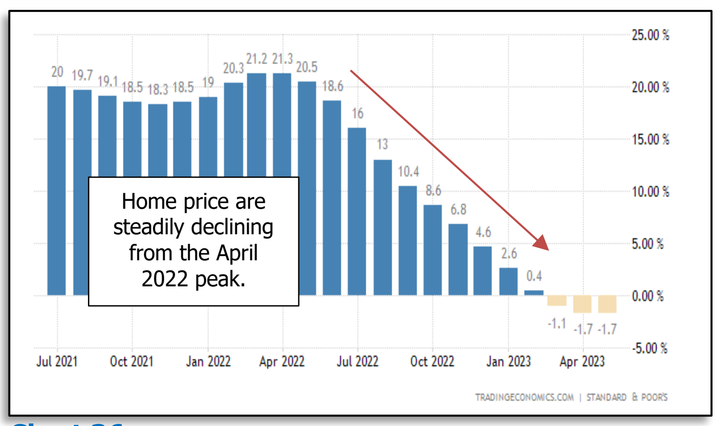


Chart 36

<u>What does it mean?</u> The steady rise in interest rates coupled with a slowing economy has pushed home prices downward since the price peak in April 2022.

US Fed National Activity Index

<u>Outlook: negative:</u> The Chicago Fed National Activity Index decreased to -0.32 in June. Another negative print. There has been a steady decline since late 2021.

<u>What does it all mean?</u> Another indication of a slowing US economy. The Activity Index is expected to remain in the same trend and pattern (**Chart 37**).

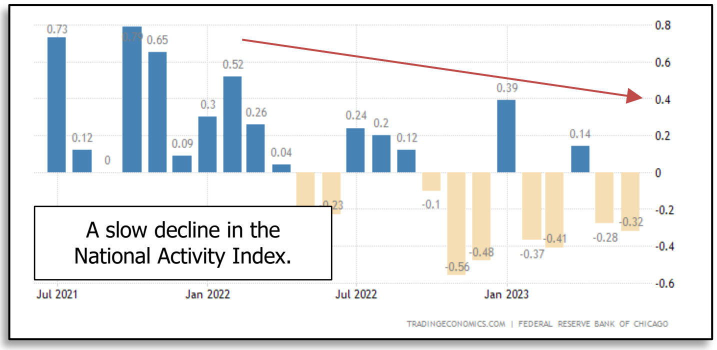


Chart 37

US Gov't 10-yr bond: Bottoming

<u>Outlook: neutral</u>: The expected last interest rate hike is already priced into the bonds. All eyes are on the Fed's next steps. With inflation now at 3.00%, the 12th month of steady decline, and the FOMC's target of 2.00%, traders are starting to expect a pause in monetary tightening (**Chart 38**). Buying momentum (RSI) is still negative suggesting the price should remain close to 111.00 -110.00 in August.

Chart 38

<u>Outlook: neutral:</u> US 10-year Treasury bond appears to be continuing to bottom after a steady multi-year decline. The support level at 110.00 is holding (**Chart 38**). Much will depend on the Fed's actions with any additional monetary tightening. A pause will be beneficial to bond prices.

CDN Yield Curve: Inverted

Outlook: negative: Canada's Yield Curve is even more inverted than the US. The 1-year rate is at 5.23% the 10-year is at 3.54% and the long 30-year rate is at 3.37%. **This action is negative for the Canadian economy** (**Chart 38**).

What does it mean? A persistent negative yield curve strongly suggests a recession and market correction. The time frame is difficult to determine. September and October are two of the weakest months.

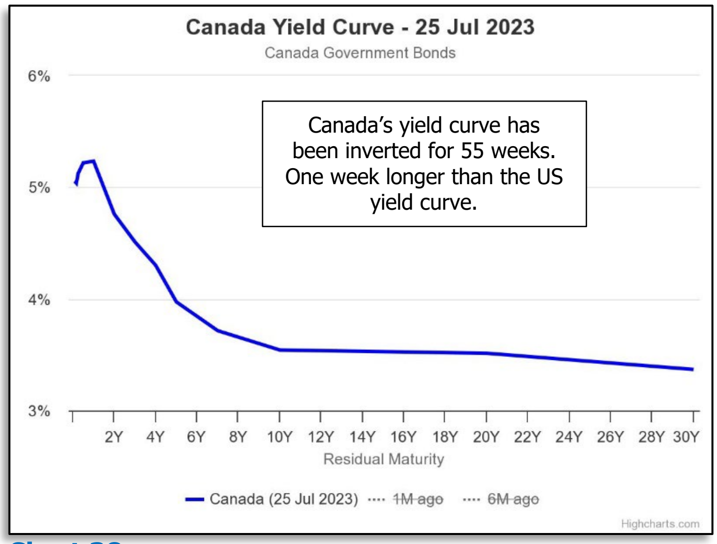


Chart 38

Market performance: Nasdaq wins

Outlook: positive: All six of the equity indexes posted a positive return over the last 90 days. A good sign for continuing performance in Q3. Nasdaq was up over 25%, the S&P 500 rose 18%, the Dow and the NYSE advanced over 11%. The surprise has been the weakness of the TSX. Declining oil prices and the soft financial sector are the causes (**Chart 39**). The Canadian Index inched up by only 5%.

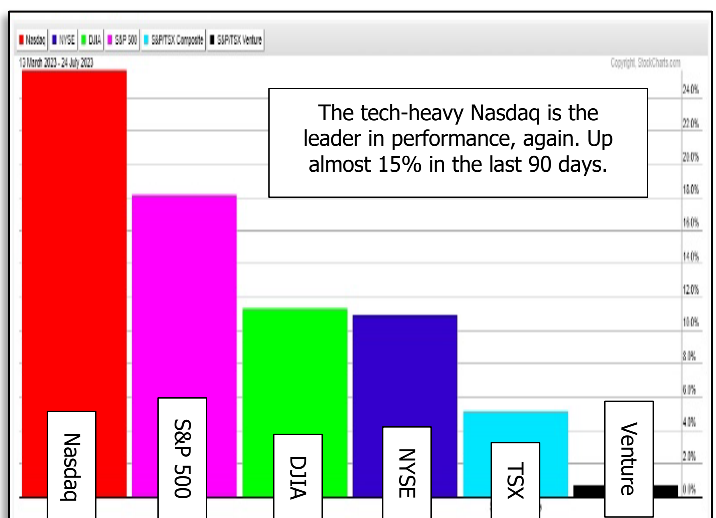


Chart 39

What does it mean? 90 day performance was very positive. No index posted a negative return. Nasdaq continues to be the big winner. This is a signal that the market believes interest rates have peaked.

Breakout for the bulls

Outlook: positive: The American Association of Individual Investors (AAII) has become more bullish on the markets lately. The index represents thousands of investors. The sentiment indicator (AAIIBULL) often leads the S&P 500. The AAIIBULL shows the percentage of respondents that say the market trend will be up over the next six months .

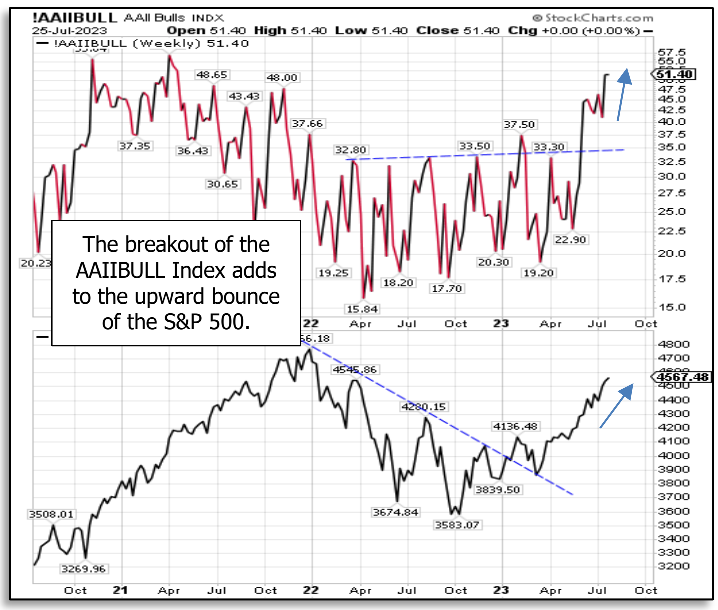


Chart 40

What does it mean? The American Association of Individual Investors Bullish Sentiment Index is one of many measures of investor's opinions. Both the AAIIBULL and the S&P 500 have broken out and are trending up. Upward momentum should continue in Q3. This is a positive signal for the bull market (**Chart 40**).

Stocks vs. bonds: Stocks are gaining

Outlook: positive: The relative performance between the S&P 500 (risk) and the US 10-year Treasury bond price (safety) has moved sharply to stocks.

What does it mean? The market has moved away from bonds (safety) and returning to stocks (risk). This is promising for higher levels in Q3 for the S&P 500. The Index is overbought at present. Some stalling or retreament should be expected.

Chart 41

NYSE: Breakout continues

Outlook positive: A breakout of a well structured Head & Shoulders bottoming pattern developed in July. The NYSE is remaining above the key 50-week m/a (this is positive).

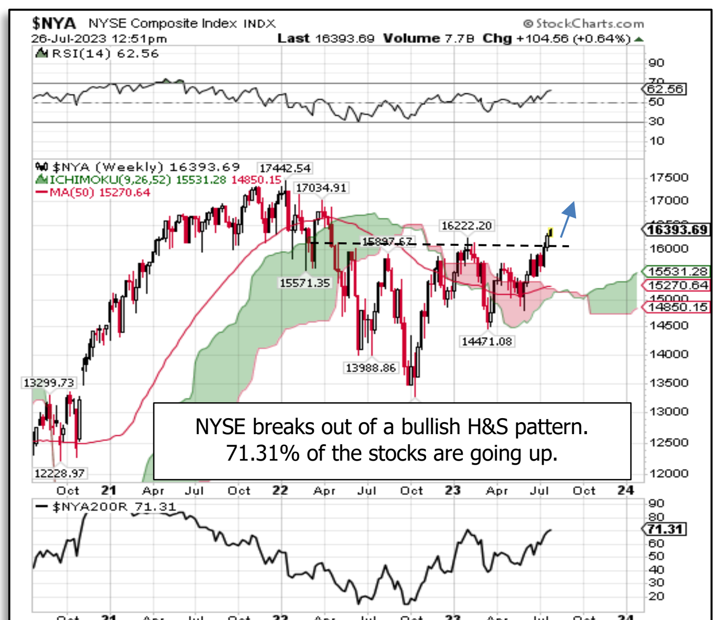


Chart 42

Buying momentum (RSI) is positive (confirming additional upside strength). The negative 'Red Cloud' narrows in Q3 and then turning to a positive 'Green Cloud' in Q4. This action suggests some consolidation near-term before higher levels develop (**Chart 42**).

The percentage of rising stocks is slightly higher than last month. Now it is at +71.31%. A very bullish percentage. This supports the probability of more upward trend ahead.

The long-term view (14 years) shows that the index is in the middle of the upward-sloping channel. Buying momentum (RSI) has turned positive (confirming additional upside strength). There is an expanding positive 'Green Cloud' in the second half of 2023 and widening in 2024. This suggests more upward progress for the NYSE (**Chart 42a**).

Chart 43a

What does it mean? We expected the NYSE to remain above the 50-week m/a. The bull market is continuing. Any weakness appears to be limited and short-term.

<u>Add to the position. 16,900 is the 1st target followed by 17,860.</u>

S&P 500: Higher levels in Q3

Outlook positive: The breakout in May signals the start of higher levels for the S&P 500. Buying momentum (RSI) is positive and rising (confirming additional upward strength). Support for any pullback is at 4,200. Still well above the 50-week m/a. The negative 'Red Cloud' narrows in Q3 and turns to a positive 'Green Cloud' in Q4. All bullish signs (**Chart 44 on page 21**).

The number of rising stocks is now at 75.80%. This means that only about 25% are trending down.

Chart 43

What does it mean? Positive performance data. The S&P 500 has broken out of a pattern of consolidation and now is trending higher. The long-term 14-year perspective is improving. The percentage of rising stocks is increasing. There is nothing negative to say. We expect the S&P 500 will continue advancing in Q3.
4,550 was the next target. That's now been met. The next target is 4,825. A retest of the all-time high. Add to the position on any weakness.

The long-term 14-year picture is as bullish as the NYSE is. The primary trend is up. No signs of weakness. The S&P 500 is near the middle of the channel. Buying momentum (RSI) is positive (confirming additional upward strength). The positive 'Green Cloud' is continuing to expand in the second half of 2023 and remaining in 2024 (**Chart 43a**).

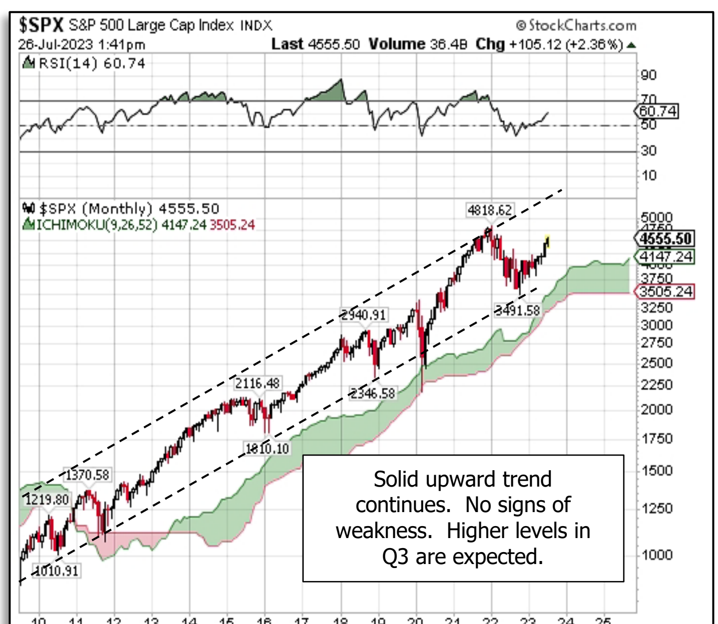


Chart 43a

Dow: Breakout

Outlook positive: The Dow has finally broken out of a 15-month consolidation in July. The resistance level of 35,000 has held the Dow contained since Q1, 2022, but not anymore. The index is above the key 50-week m/a and buying momentum (RSI) is positive (confirming additional upside strength). A positive 'Green Cloud' starts in Q3 and expands in Q4. This suggests more upward pressure can be expected in the months ahead (**Chart 44**).

What does it mean? We expect more upward pressure in Q3. The big barrier of 35,000 has been broken. 36,000 is the next target followed by 38,000. Add to the position.

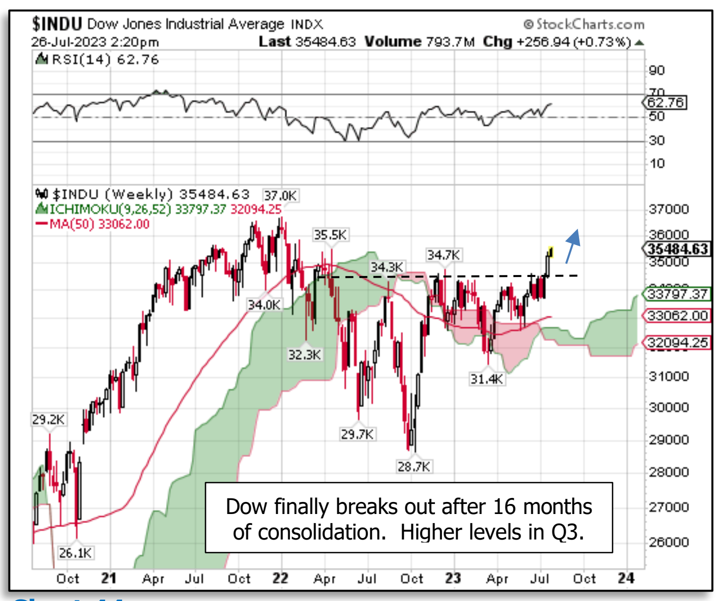


Chart 44

Nasdaq: Advanced too far, too fast

Outlook positive: The technology index has broken out of 14-month consolidation in May and then blasted upward recapturing the high of early 2022. This level (14,450) is a solid resistance level. Some stalling or pullback is expected. Buying momentum (RSI) is positive and overbought. The negative 'Red Cloud' was expanding in Q3. Only in Q4 does it turn to a positive 'Green Cloud'.

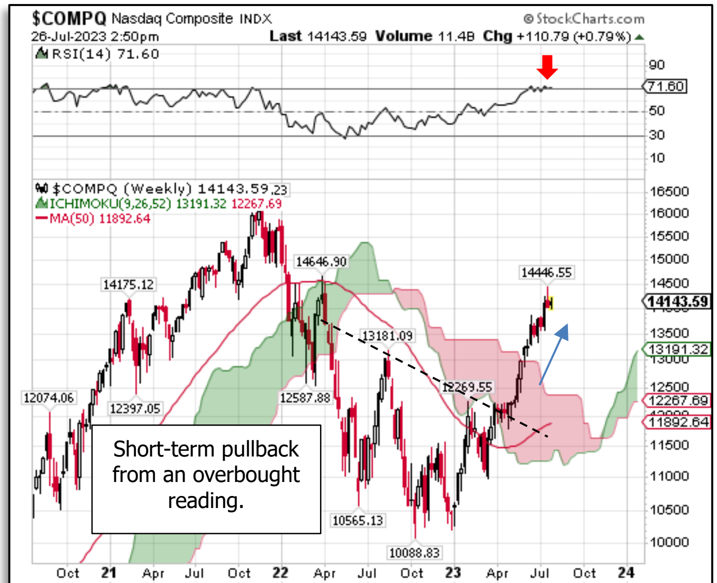


Chart 45

What does it mean? The index has moved up too far, too fast. Look for a short-term retracement over the next month or two (**Chart 45**). 13,200 is the 1st support level. The 1st target is 14,350 followed by 15,700. Add to the position on any weakness.

TSX: More consolidation

Outlook neutral: Weakness in the financial and energy sectors, are keeping the TSX contained. The index has tried

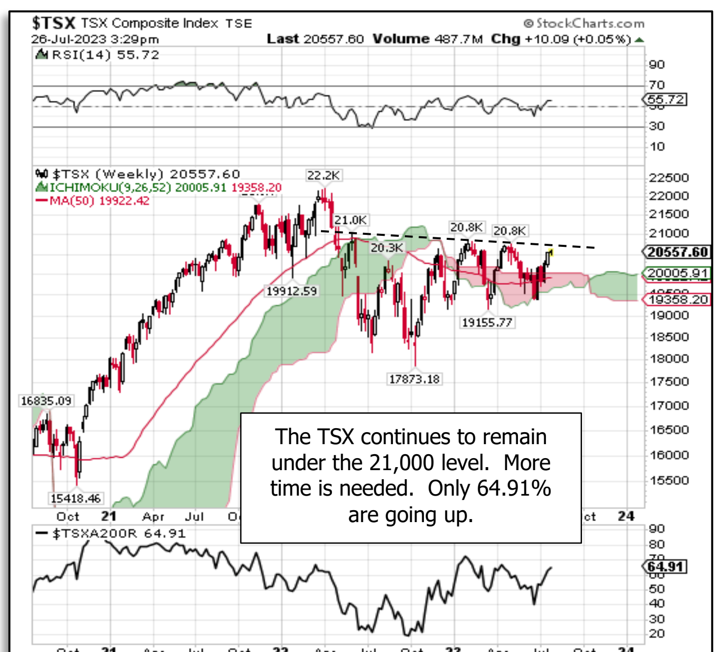


Chart 46

multiple attempts to break out above the resistance level of 21,000. All have failed. 1st price support is at the 19,250. Buying momentum (RSI) is turning positive (confirming additional upward strength). The percentage of rising stocks is 64.91%. This means that now more stocks are going up then going down. A positive sign. The negative 'Red Cloud' is narrowing in Q3, and then turning to a positive 'Green Cloud' in Q4. This implies more consolidation is likely over the next few months (**Chart 46**).

The 14-year secular uptrend is still intact and remains above the long-term channel (**Chart 46a**). Long-term buying momentum (RSI) is now starting to turn positive (confirming additional upward strength). A positive 'Green Cloud' continues to expand as the year-end nears.

Chart 46a

What does it mean? We expect some stalling over the next month or two under 21,000. A breakout is coming. Add to positions on any weakness. 22,500 is the 1st target.

S&P/TSX Venture: Not Inspiring

Outlook: neutral/negative: The Venture Index is still trending within a fixed trading range under the 650 level. Buying momentum (RSI) is neutral (still not confirming additional upward strength). Retesting the declining 50-week m/a and failed to pass through again. An expanding negative 'Red Cloud' carries into Q3 and Q4 (**Chart 47 on page 23**).

What does it mean? Weakness continues to build. More consolidation should be expected in Q3. Stay on the sidelines for now. Wait until the index moves above 650 to buy. This may take a while.

Chart 47

Sector rotation: S&P 500: 90 days

Outlook: neutral/positive: Narrow leadership continues. Only three sectors outperformed the S&P 500 and eight underperformed. Though all of the industry groups posted a positive return over the last 90 days. The Technology, Communication Services and Consumer Discretionary sectors had the best return, once again. The same as the last three months (**Chart 48**).

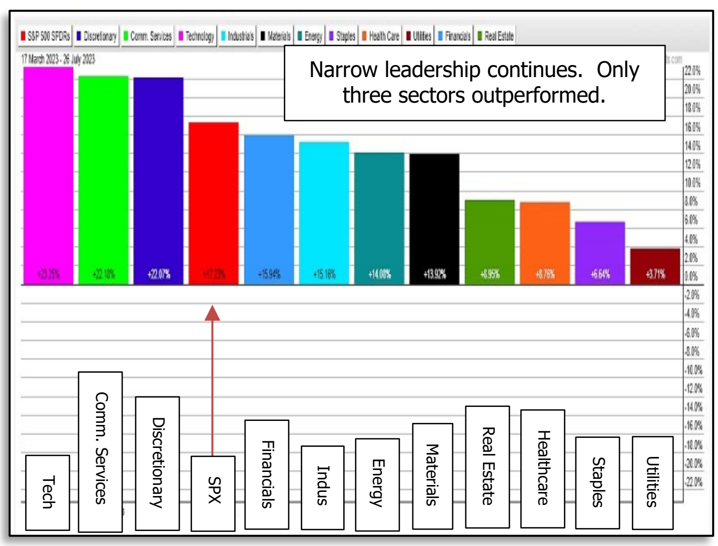


Chart 48

What does it mean? Weak market breadth. Though the S&P 500 is strongly advancing (up over 17% in the last 90 days), it is doing this on the backs of only a few. A healthy support for this bull market advance would be to a broader leadership with perhaps six or seven sectors outperforming the S&P 500 verses only the same three.

Sector rotation: TSX: 90 days

Outlook neutral: Broadening leadership. This month's sector rotation picture showed only a few sectors that outperformed the TSX. This month, that number has increased. Now five sectors outperformed the TSX. All sectors posted a positive return over the last 90 days (**Chart 49**).

What does it mean? Improving market breadth. Half of the sectors outperformed and all posted a positive return.

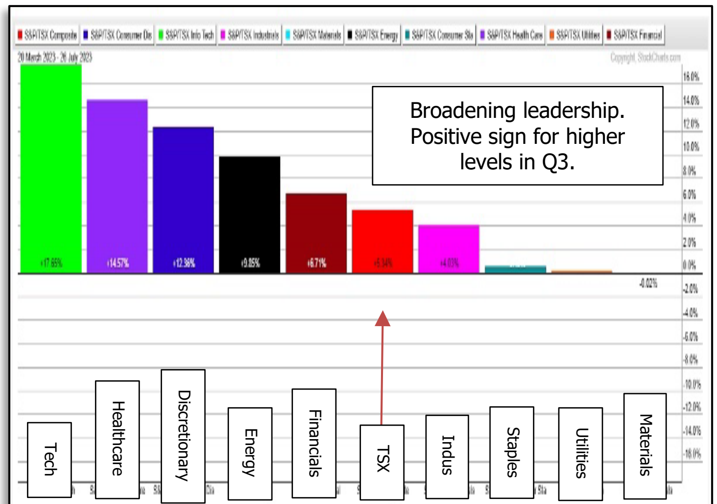


Chart 49

Business cycle transition

The economic expansion and bull market has been progressing for about 14 years. During that time, the S&P 500 has climbed 400%, the TSX has advanced about 114%.

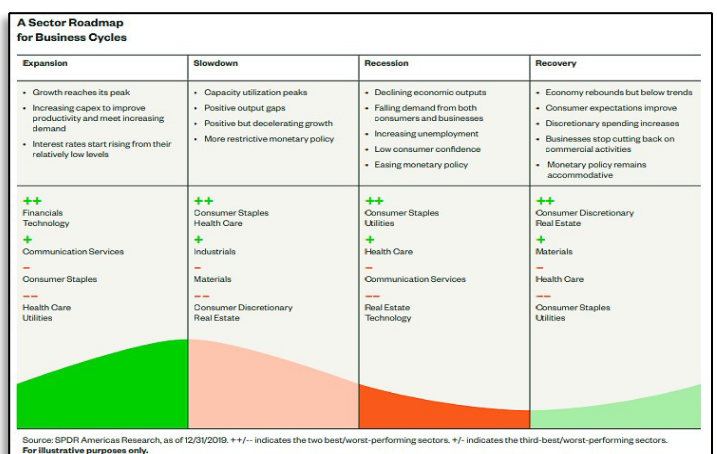


Chart 50

The US economy has been in an expansion phase for most of the last 14 years. During that cycle, GDP has generally advanced or maintained a level between 2.5% and 5.0%. The Unemployment Rate declined from 10.0% to 3.6% and interest rates remained very accommodating with rates dropping as low as 0.25%.

As the expansion phase starts to end, there are a number of road signs that begin to develop. Growth reaches its peak, companies increase their capital expenditure (capex) to improve productivity and interest rates start to rise from very low levels. Sector strength is normally focused on financials, technology, and communication services. Sectors that underperform are the safe haven industry groups. These are consumer staples, healthcare, and utilities. **Chart 48** comes close to matching this arrangement.

The next phase of the business cycle is the slowdown. A few of those key economic elements are in place now. They are a more restrictive monetary policy (higher interest rates) and positive but decelerating growth. Sector strength that matches this phase has not developed yet (**Chart 50**).

What does it mean? The evidence suggests that the Business Cycle is in the later stage. The Slowdown phase has not really started to take root, though there are some elements that are firmly in place now. We expect that over the remaining months of 2023, more signs of a slowdown will develop.

What does all of this mean?

US markets clearly show more upside promise than the TSX in Q3. The breakout of the NYSE, S&P 500, the upside spike of Nasdaq, plus the breakout of the Dow all point to higher levels. Breadth is improving dramatically. Investing consensus (AAIIBULL Index) is breaking out and stocks (risk) are now outperforming bonds (safety). And the primary trends for all the major equity indexes are all pointing up.

The VIX is nearing a 43-month low. That shows the market is not expecting volatility in August. US 10-year T-bond prices have bottomed and appear to be set to slowly rise.

However, the inverted yields in the US and Canada remain a big concern.

Nevertheless, we expect Q3 to be bullish with higher levels posted. Q4 also looks positive.

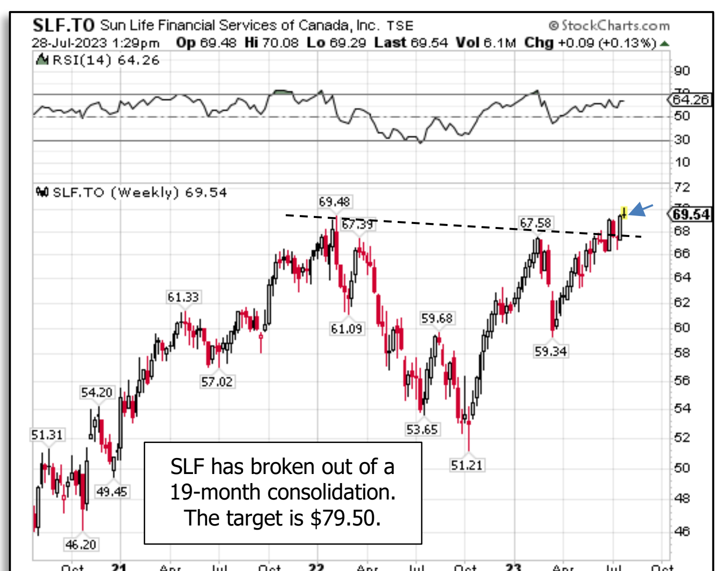
What should investors do?

We would suggest staying with the late market cycle sectors such as consumer staples (i.e. **XLU**), Oil drillers (**IEO**), Computer hardware (**IYW**), Health Care (**XLV**), base metals (**XBM** and utilities (**XLU**).

As these sectors are part of the next business cycle (slowdown phase), they are not expected to run hard until near the end of the year.

Sectors and ETFs that are favourable now are Communication Services (**XLC**), Technology Fund (**XLK**), Consumer Discretionary (**XLY**), and Industrials (**XLI**).

Breakouts!



Final bell

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