



Welcome to the Wyckoff Market Report! In each issue you'll find a concise analysis of the overall U.S. market, a "Chart of Interest," as well as industry groups of interest, and up to 20 liquid stocks or ETFs identified through the weekly selection process we use to populate our own watchlists. We focus on stocks and ETFs in emerging uptrends after building a cause, anticipating that they may become actionable in the future.

MARKET ANALYSIS: NASDAQ100 (HOURLY)



Market trend:

Long-term: UP
Intermediate: UP
Short-term: DOWN

Point-and-Figure targets:

Down swing count: 10,350 – 9,735

Analysis:

Rotation out of big tech stocks has produced an abrupt Change of Behavior. Currently, the market is under pressure and in position to move further to the downside. A one-to-one measured move suggests 10,215 as a potential target, consistent with PnF price objectives. **If a more pronounced reaction occurs, actionable set-ups may emerge after further stopping and testing actions. For now, we want to identify resilient groups and stocks that are outperforming the market.**

CHART OF INTEREST: DRAFTKINGS (DKNG)



Analysis:

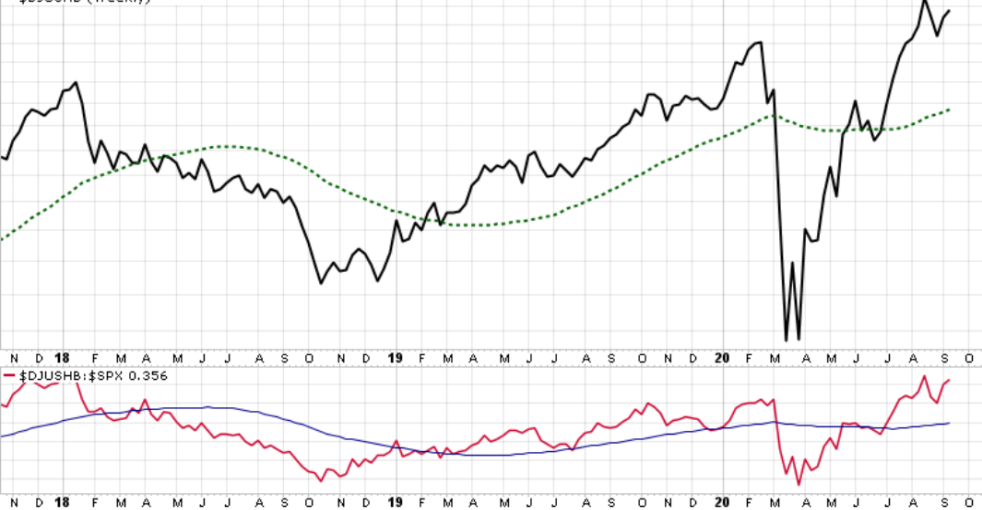
As the NFL and NBA get back into action, this week's chart of interest is DraftKings, a sports fantasy enterprise. After uneventful IPO price action, the stock rallied from \$10 to \$40. This advance was accompanied by increasing institutional demand, a bullish sign. A Re-accumulation trading range followed with a good causality, suggesting potential PnF price targets of \$85-92. The stock is currently in very high demand, so we need to wait for a low-risk point of entry. The most recent Sign of Strength may be followed by a Back-up action or another Re-accumulation, either of which could present an actionable opportunity.

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INDUSTRY GROUPS OF INTEREST

— \$DJUSHB (Weekly)



Symbol: \$DJUSHB (Home Construction)
Analysis: New highs in price and relative strength in this group are being fueled by low interest rates as well as Covid-related relocations. Technically, the group is in well-established uptrends in price and relative strength. Though short-term consolidation is possible, this group contains several appealing trade candidates.

Notable stocks in the group: LEN, PHM, DHI, TOL, KBH, MDC

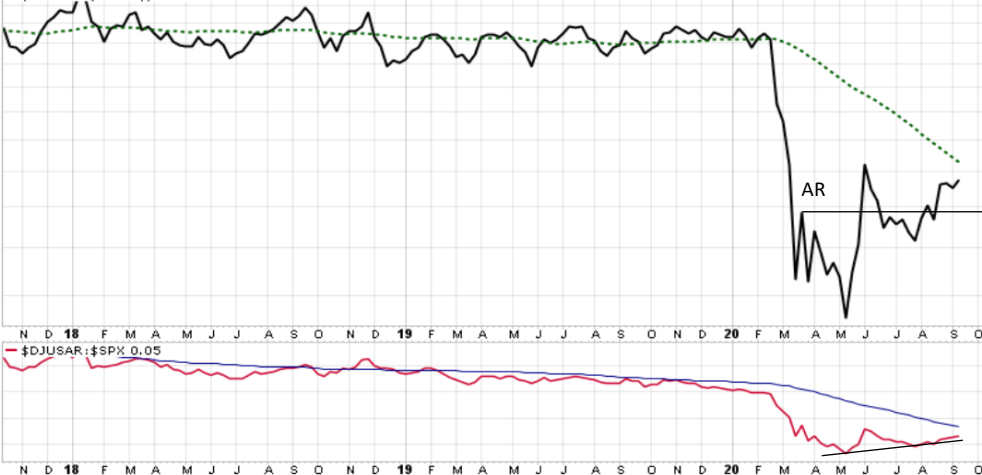
— \$DJUSFT (Weekly)



Symbol: \$DJUSFT (Footwear)
Analysis: This group's price is at an all-time high, with relative strength confirming its leadership character. Overall market weakness may result in a short-term reaction. If the group's relative strength is maintained, the component stocks will likely continue to thrive and attract additional buying.

Notable stocks in the group: NKE, DECK, SKX, RCKY

— \$DJUSAR (Weekly)



Symbol: \$DJUSAR (Airlines)
Analysis: Though this group is not in a relative strength leadership position yet, the price structure suggests that accumulation may be nearing completion. Price may re-test the AR high in a shallow reaction before the next rally. Stocks in this group need be carefully vetted before making any commitments.

Notable stocks in the group: LUV, DAL, ALK, UAL

Other groups of interest: \$DJUSAT, \$DJUSMG, \$DJUSRR, \$DJUSCC, \$DJUSTK, \$DJUSVN, \$DJUSSD, \$DJUSTB, \$DJUSRQ, \$DJUSCA



TOP STOCKS OF INTEREST



DHI: Currently consolidating in a dynamic uptrend. Watch for completion of this Re-accumulation.



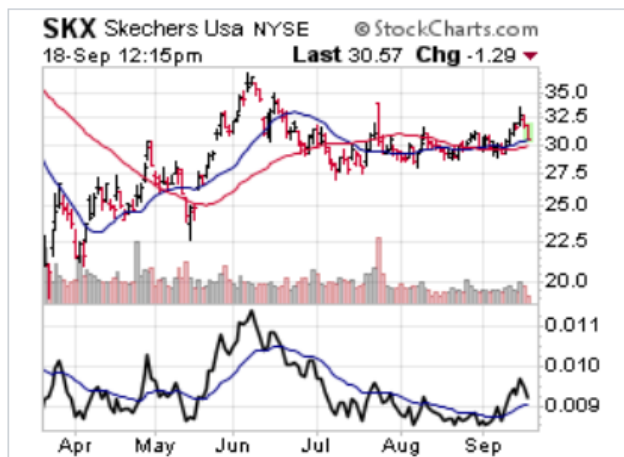
KBH: The series of higher lows indicates absorption. Watch for a Change of Character into a new uptrend.



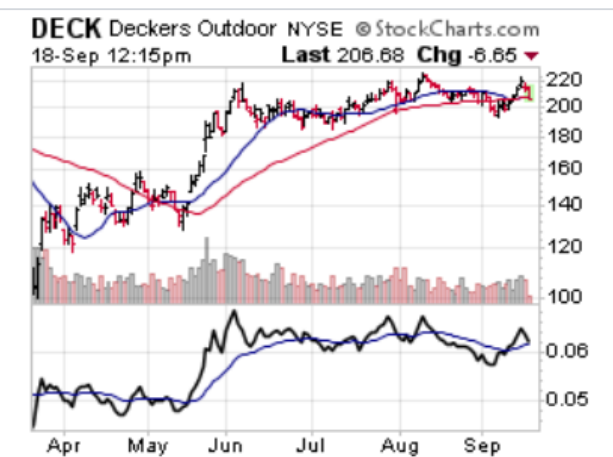
LEN: A new high in relative strength may be leading price; be on the alert for a potential breakout.



TOL: Relative strength confirms continued leadership in the current uptrend.



SKX: The price structure suggests absorption. Watch for a Back-up after a Sign of Strength.



DECK: The flat Re-accumulation trading range suggests continuation of the prior steep markup.



TOP STOCKS OF INTEREST



NKE: An important markup following Re-accumulation is confirmed by relative strength.



RCKY: In this small-cap stock, an aggressive SOS is holding as the Back-up action nears completion.



ALK: Late-stage accumulation confirmed by emerging relative strength uptrend. A pullback is possible here.



DAL: Absorption appears in the upper part of the trading range. Possible pullback before take-off.



LUV: Re-accumulation follows a sharp rally off the V-bottom low. Price is near resistance.



UAL: Not the strongest in the group, but price is consolidating in the upper part of the May-June SOS.



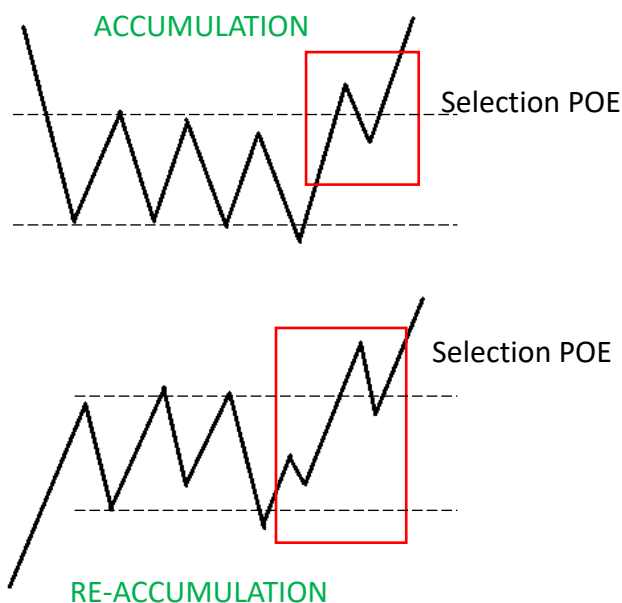
SELECTION METHODOLOGY

During a market uptrend, we seek large and mid-cap stocks as well as liquid ETFs:

1. In sync with the trend of the overall market
2. In confirmed uptrends in both absolute and relative performance
3. Included in industry groups displaying both absolute and relative outperformance
4. That present substantial reward-to-risk ratios, with price objectives estimated by Point-and-Figure counts
5. In or approaching potentially actionable positions within Wyckoff price structures

During a market downtrend, we highlight inverse ETFs or defensive stocks likely to benefit from the decline.

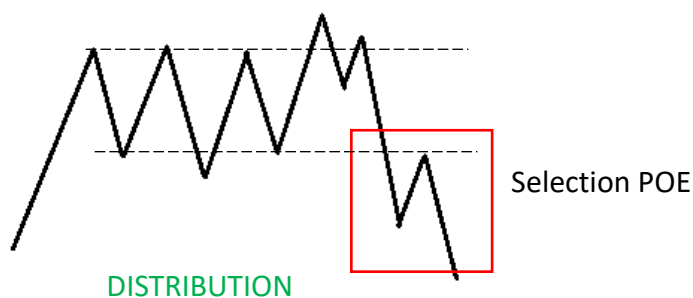
Schematic illustrations of our screening algorithm during an uptrend



Criteria for candidate selection in a market uptrend

1. The stock or ETF price displays absolute and relative strength compared with the market.
2. The stock's or ETF's industry group also shows outperformance.
3. PnF price targets suggest attractive reward-to-risk ratios.
4. The stock or ETF is in or approaching an actionable position.
5. Purchase of any stock selection should be timed to coincide with a rally phase in stock indexes.

Schematic illustration of our screening algorithm during a downtrend:



Criteria for candidate selection in a market downtrend

1. The industry group or sector displays weakness relative to the market and may have an associated inverse ETF, OR
2. Defensive industry groups or stocks are typically in an established uptrend.
3. PnF price targets suggest attractive reward-to-risk ratios.
4. The stock or inverse ETF is in or approaching an actionable position.



TERMINOLOGY AND IMPORTANT NOTE ON INDUSTRY GROUPS AND STOCKS OF INTEREST

Key to Wyckoff Abbreviations (to learn more, please see “Wyckoff Schematics” at www.wyckoffanalytics.com/wyckoff-method/)

BC – Buying Climax	AR – Automatic reaction (after BC)	LPS – Last point of support
SC – Selling Climax	AR – Automatic rally (after SC)	LPSY – Last point of supply
SOS – Sign of Strength	ST – Secondary test	POE – Point of entry
SOW – Sign of Weakness	UT – Upthrust	ChoCh – Change of character
PnF – Point & Figure	UTAD – Upthrust after distribution	ChoBeh – Change of behavior
TR – Trading range	BO – Breakout	SO – Shakeout

The stocks and ETFs profiled in this newsletter are potential candidates for our personal watchlists as of the date of publication of this newsletter. They may not yet be actionable, but we may consider them for investment when the market is either in or poised to resume an uptrend after building a sufficient cause. However, at any time it's possible that deterioration of a stock's price and volume signature (or of the overall market environment) will undermine its attractiveness as a trade candidate. In addition, please note that by listing any security in this newsletter, we are not making a commitment to trade it in our own accounts, nor are we recommending it for purchase. (See “Full Disclosure”, below). All traders need to make investment decisions (including point of entry, initial stop-loss and trade management) that are consistent with their own goals, trading plan and risk tolerance.

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