



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: TRADING RANGE/UP
Point-and-Figure targets:
Up swing count: 12,050 – 12,200
Analysis:
Shortening of the downward thrust, followed by a dynamic intraday rally off the lows with increased demand, set conditions for a rally to unfold. We will judge the character of this rally and its significance for defining directional bias. Price must overcome down-sloping resistance and stay above it to confirm the current lift. **Remember - actionable set-ups emerge after stopping and testing actions. Presently, we want to identify resilient groups and stocks that are outperforming the market.**

CHART OF INTEREST: PUBLIC STORAGE (PSA)



Analysis:
Public Storage appears to be completing an important long-term re-accumulation, having built a 5-year cause. The 2019 rally above resistance showed a minor Sign of Strength as an upthrust action. The Covid decline produced a Spring and a test. The current rally appears to be a potential major Sign of Strength, which could take PSA above the prior high, confirming the bullish case. Relative Strength is rallying with price -- to confirm emerging leadership it needs to rise above the MA. An additional local Back-up may extend into the \$205-210 area.

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CHART OF INTEREST: VALUE VS GROWTH (VTV:QQQ)



Analysis:

The relative performance of Value vs Growth has been in a secular downtrend for years. An apparent Selling Climax and Automatic Rally in July initiated a consolidation with identifiable Spring and Test actions followed by a minor Sign of Strength rally. Several Value groups are already demonstrating emerging leadership. This rotation from Growth to Value could take some time and would be confirmed by a break of the downtrend line and new local highs above the AR and UT noted on the chart.

INDUSTRY GROUPS OF INTEREST



Symbol: \$DJUSRU (Restaurants and Bars)

Analysis: An aggressive rally off the Covid-19 low brought price above the long-term MA. RS has turned from laggard to emerging leadership. Individual stocks are confirming broad participation; several are reversing upwards in re-accumulations and are potentially in position to make new highs.

Notable stocks in the group:

EAT, DNKN, DRI, SBUX, DPZ, WEN, SHAK, GRUB

TOP STOCKS OF INTEREST



EAT: Price and RS are in confirmed uptrends. Price is near long-term resistance.



DNKN: Relative Strength is accelerating and making a new high during the market correction.



TOP STOCKS OF INTEREST



DPZ: Potential breakout out of a flat price consolidation with emerging relative strength.



DRI: In a confirmed price and relative strength breakout of re-accumulation.



GRUB: Attempting to re-assert prior leadership with RS recovering from short-term weakness.



SBUX: Sign of Strength and Back Up are confirmed by an accelerating rally in relative strength.



SHAK: Breakout from re-accumulation is a Sign of Strength and is confirmed by a higher high in RS.



WEN: Appears to be completing re-accumulation in price and relative strength.



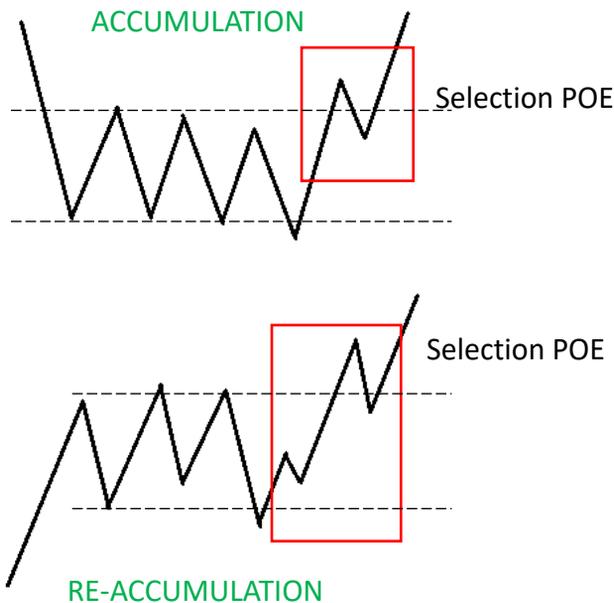
SELECTION METHODOLOGY

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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