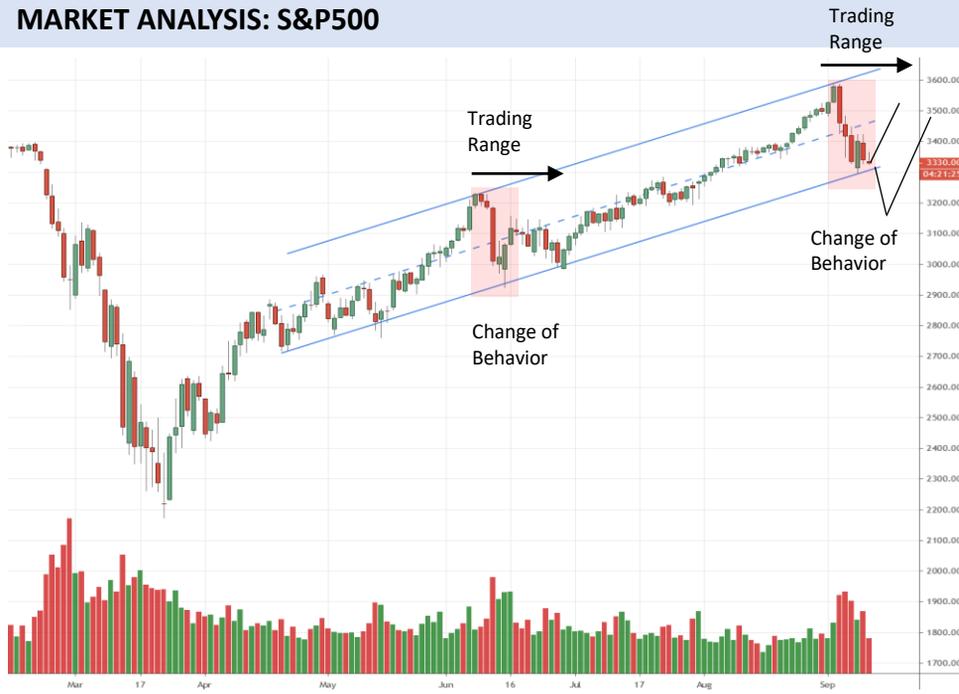




Welcome to the Wyckoff Market Update newsletter! In each issue you'll find a concise analysis of the overall U.S. market, a "Chart of the Week," industry groups of interest, and up to 20 liquid stocks or ETFs identified through the weekly selection process we use to populate our own watchlists. We focus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

MARKET ANALYSIS: S&P500

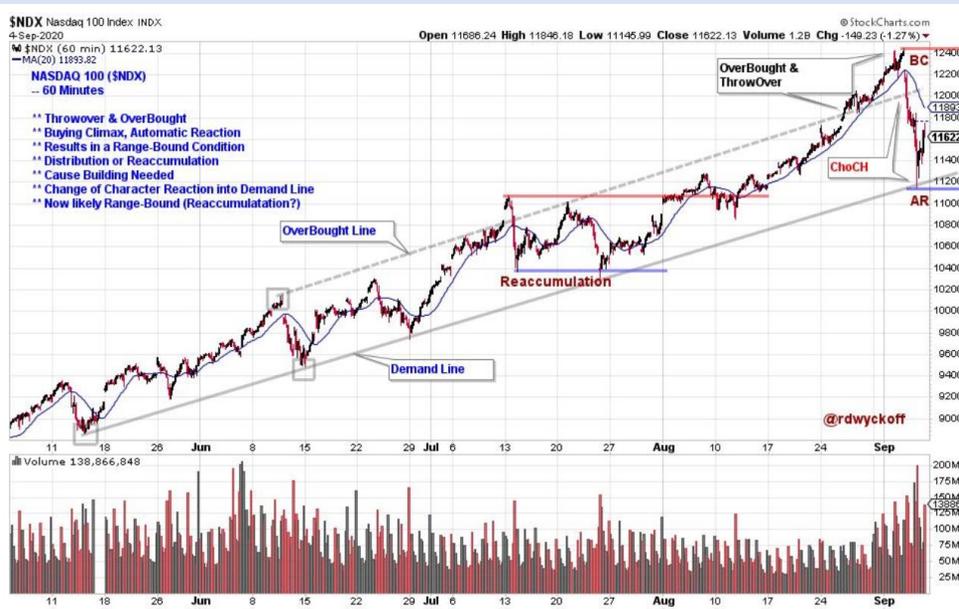


**Market trend:**  
Long-term: UP  
Intermediate: UP  
Short-term: DOWN/Trading Range

**Point-and-Figure targets:**  
Campaign count: 3106-3667 (fulfilled)  
Swing count: 3405-3630 (fulfilled)

**Analysis:**  
The market is in an established long-term uptrend. Short-term climactic action has taken place, followed by a (still-unfolding) Automatic Reaction. This Change of Behavior reaction will likely result in a TRADING RANGE or possibly a larger correction. If we see a more pronounced reaction, 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: NASDAQ 100



**Analysis:**  
After an Overbought/Overthrow condition, NDX has produced a Buying Climax and Change of Behavior (Automatic Reaction [AR]). Short-term volatility will remain high as the AR evolves into a trading range and builds a new cause. **We believe that this is likely to represent re-accumulation in the long-term uptrend, but we are on the alert for indications of a more prolonged decline.** Having had the most dramatic climactic run of all the major indexes, the NDX may be exposed to a larger correction than the rest of the market.

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INDUSTRY GROUPS OF INTEREST



**Symbol:** \$DJUSCC (Chemicals)

**Analysis:** The Chemicals Group is emerging into market leadership on a relative strength basis. Price is in an established uptrend off the March 2020 low. Currently price is in a SOS rally, which we expect should be followed by a Backup action.

**Notable stocks in the group:** APD, LYB, DOW, EMN, CE



**Symbol:** \$DJUSTK (Trucking)

**Analysis:** The Trucking Group has emerged from a multi-year re-accumulation range and is in a SOS rally. Relative strength is confirming the price uptrend by making a new high. The group looks extended, but some leadership stocks may be developing actionable set-ups.

**Notable stocks in the group:** WERN, SNDR, KNX, LSTR



**Symbol:** \$DJUSRR (Railroad)

**Analysis:** The Railroad group is at a new price high. Relative strength is climbing out of a base formation. This group is attempting to advance into a leadership position.

**Notable stocks in the group:** NSC, CNI, CP, UNP, CSX

**Other groups of interest:** \$DJUSFT, \$DJUSAT, \$DJUSMG, \$DJUSVN, \$DJUSAR, \$DJUSSD, \$DJUSTB, \$DJUSRQ, \$DJUSCA



**TOP STOCKS OF INTEREST**



APD: Relative strength confirms the price uptrend for this leadership stock.



CE: Relative Strength is making a higher high and confirming the completion of a Back-up.



CNI: In an established price uptrend as Relative Strength completes a large accumulation structure.



CP: Price and relative strength are in established uptrends.



KNX: After re-accumulation, stock hits new high this week as Relative Strength attempts to pivot higher.



LSTR: Price and relative strength are in established uptrends.



**TOP STOCKS OF INTEREST**



CSX: Completing a local re-accumulation and attempting to resume the uptrend.



LYB: Attempting to complete a re-accumulation; confirmed by Relative Strength.



NSC: Leadership stock in the group nearing prior all-time high. Relative Strength is accelerating.



SNDR: Rallying from a potential long-term campaign accumulation trading range.



DOW: Up and out from re-accumulation; uptrend confirmed by Relative Strength.



EMN: Re-accumulation uptrend is confirmed by acceleration of Relative Strength.



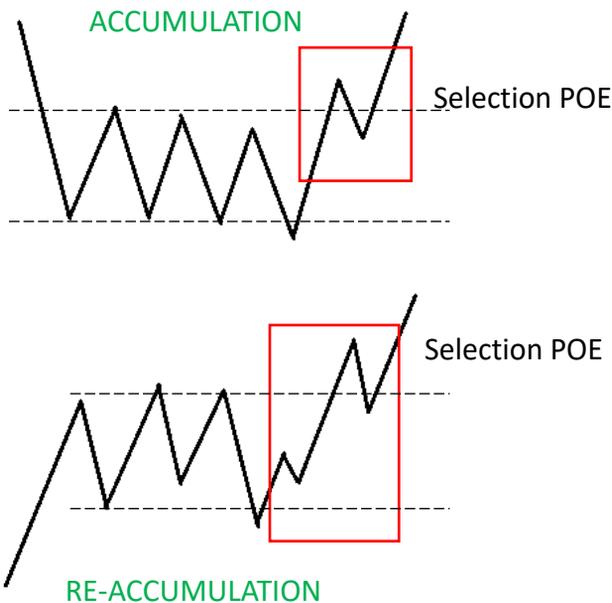
## SELECTION METHODOLOGY

**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/](http://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 or 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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