



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," 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 (DAILY)



Market trend:

- Long-term: UP
- Intermediate: TRADING RANGE
- Short-term: UP

Analysis:

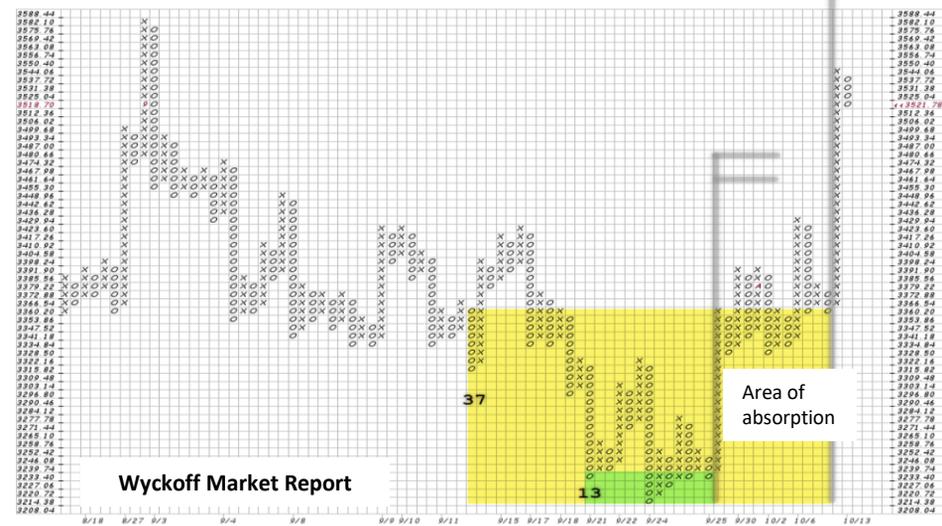
After the September Buying Climax and subsequent Change of Behavior (ChoBev) reaction, **one of the scenarios** that we are considering for the S&P500 is a trading range. In this situation, we would anticipate a range-bound condition in which price fluctuates up and down, building a cause for the next move. Supply has decreased since the ChoBev, allowing price to rally recently. With the election less than 20 days away, we expect continuation of the trading range as traders wait for the results. **Presently, we want to identify resilient groups and stocks that are outperforming the market.**

MARKET ANALYSIS: S&P500 PnF CHART (30 MINS)

SSPX S&P 500 Large Cap Index: INDX
13-Oct-2020, 11:45 ET, 159M, O: 3,522.37, H: 3,522.78, L: 3,521.67, C: 3,521.78, V: 2293328, Chg: -0.62 (-0.02%)
No recent chart pattern found
Scaling: Dynamic (Reversal: 3, ATR(20) Box Size: 6.34)
Bullish Price Objective: 3620.14

4,063.94

3,918.12



Analysis:

This intraday Point-and-Figure chart of the S&P500 has the following parameters: 15-minute data, 3-box reversal and 6.34-point ATR box size. **Another possible scenario** depicted on this PnF chart is a re-accumulation price structure, which has already built counts extending above 4,000. Good demand is evident as price has surged out of the count area toward the September 2nd Buying Climax high, where it is likely to meet resistance. If the S&P500 reaches the Buying Climax area and consolidates in a tight flat range, we expect continuation of the uptrend to our PnF targets.

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CHART OF INTEREST: QUALCOMM Inc. (QCOM)



Analysis: The latest trading range appears to be a re-accumulation, which concluded with a Spring in Phase |C|. The rally into the Sign of Strength (SOS) contained two smaller areas of re-accumulation. A bullish upsloping Back-up trading range followed the SOS. Relative strength has been outperforming in the last five months and suggests continuation.

CHART OF INTEREST: QUALCOMM Inc. (QCOM) Point-and-Figure chart



Analysis: This QCOM PnF chart has the following parameters: daily data, 3-box reversal, and 1-point box size in the counted area. The chart shows a conservative re-accumulation count of \$163 as the minimum target, with possible larger campaign counts of \$241 and \$271. The larger counts reflect the entirety of the re-accumulation range shown above.



INDUSTRY GROUPS OF INTEREST



Symbol: \$DJUSFP (Food Products)

Analysis: The Food Products Group is making new highs in an established price uptrend. Price is resolving out of what appears to be a 3-year re-accumulation structure. Relative strength is still in a downtrend and needs to change behavior to confirm the bullish price action.

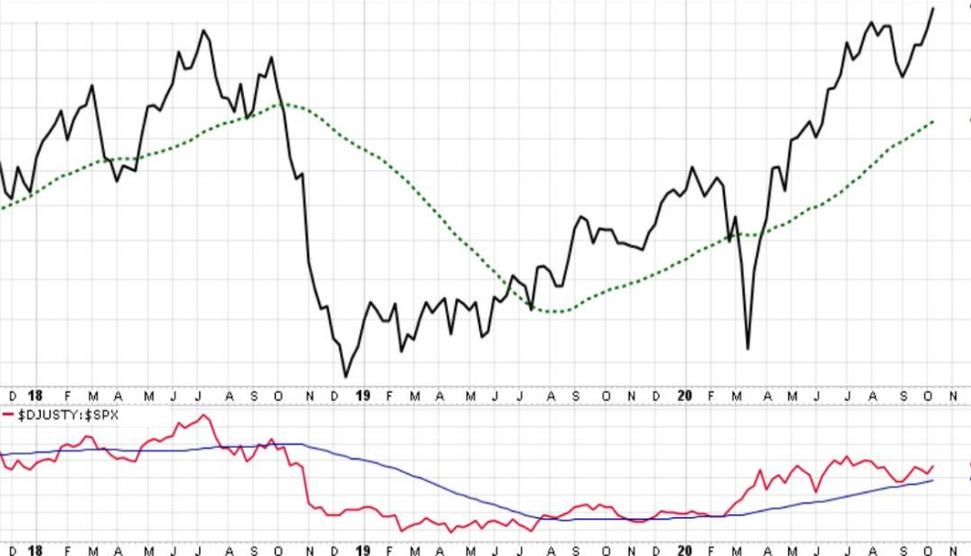
Notable stocks in the group: HSY, K, HRL, MDLZ, MKC, GIS, BG, NOMD



Symbol: \$DJUSDB (Brewers)

Analysis: Both price and relative strength are emerging out of downtrend lows, with price leading the uptrend at this point. After being in a multi-year downtrend, relative strength is hinting that Brewers may become a new leadership theme. Price is now rallying after a shallow Back-up, which suggests little supply.

Notable stocks in the group: SAM, TAP



Symbol: \$DJUSTY (Toys)

Analysis: The Covid-19 reaction into a higher low in Phase |C|, with attributes of a shakeout and rising relative strength, initiated an aggressive rally to new highs. The uptrend is continuing after the recent shallow Back-up reaction. Both price and relative strength are in confirmed uptrends.

Notable stocks in the group: HAS, MAT, NTDOY



TOP STOCKS OF INTEREST



BG: Both price and relative strength are in established uptrends. This stock rallies in sync with commodities.



GIS: Completing a relative strength base after a downtrend, while price holds in a re-accumulation range.



HSY: Higher highs/higher lows with little supply as relative strength tries to initiate an uptrend.



K: Good recovery after a potential Phase |C| low in re-accumulation. Relative strength needs to confirm price.



HRL: Current re-accumulation is a part of a long-term campaign structure. Relative strength needs to improve.



MDLZ: A temporary pause as a Back-up in a larger potential re-accumulation structure.



TOP STOCKS OF INTEREST



MKC: Outperformer in the Foods Group. Possible tightening re-accumulation. RS needs to confirm.



NOMD: Outperformed since the March low. Consolidation after the last breakout shows higher highs/lows.



SAM: Top performer of the Brewers Group. In well-established price and relative strength uptrends.



TAP: Potential Spring and test in Phase |C|. Both price and relative strength need to confirm with higher highs.



HAS: Low volatility and low supply as price enters an uptrend. RS is confirming the latest price jump.



MAT: Shallow consolidations are followed by breakouts. Relative strength is leading.



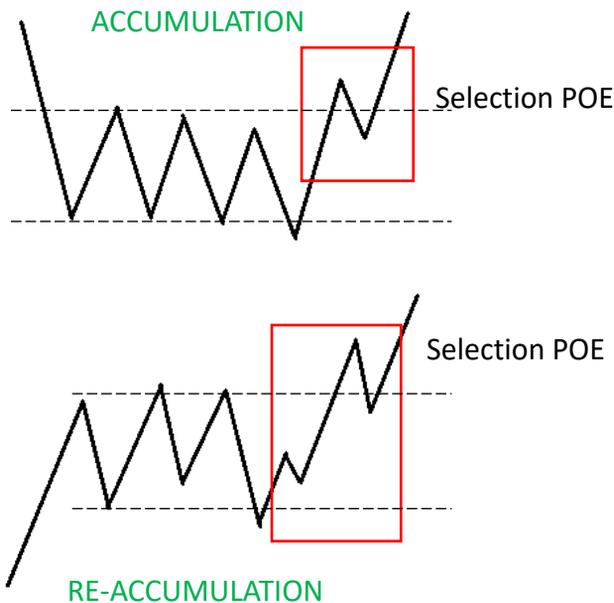
SELECTION METHODOLOGY

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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