



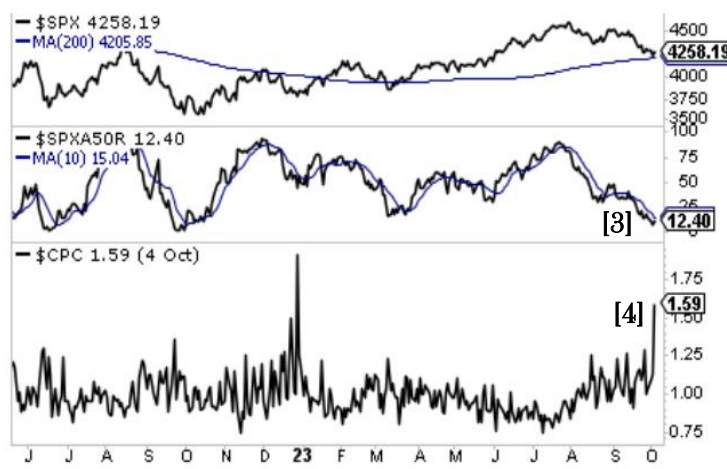
October 6th, 2023

S&P Update



Two weeks after the September 21st breakdown bar [1], the downmove is showing signs of deceleration, while the trading volume is increasing [2]. Some demand is emerging around the 200 day standard moving average, an area typically associated with higher institutional participation. The volume has not reached the peaks of the last two years, as marked by the blue arrows, but the increase is consistent. It's very early to discuss long-term strategies. At this juncture, the best approach is to look for short-term swing opportunities.

A close above \$4313-20 would signal a short-term upswing opportunity. Although the Percent of Stocks above the 50-day moving average hasn't shown an upturn yet [3], the low reading of 12.40 suggests that we are in a very oversold territory. The spike in the Put-Call ratio [4] implies that the bearish camp is becoming more and more crowded.





October 6th, 2023

Megacaps / GOOGL / TSLA / AAPL



While market breadth has significantly deteriorated, technology stocks, especially mega-caps, have been outperforming and providing support to the indexes. Google has only slightly breached the 50 SMA, whereas Tesla is exhibiting a classic apex pattern with decreasing volatility. Both are potential candidates for a short-term swing to the upside. AAPL is the weakest of the three. A retest of the 50-day SMA is very likely; however, its formation leaves less room for executing a swing trade. In the event of pattern failure, we could see more downward pressure on the indexes.

Megacaps / GOOGL



One of the strongest stocks this week is Google (GOOGL). The impact of the September correction in the stock market isn't apparent here. Following the supply spike in late July[1], the supply signature has been decreasing, suggesting absorption within this upward structure. We've witnessed a swift recovery [2] after a slight breach of the 50-day simple moving average (SMA). The Point and Figure counts indicate a potential return to all-time highs. Let's delve into the intraday PnF analysis.



October 6th, 2023

GOOGL / Intraday Point & Figure

Percentage scaling



Intraday Point & Figure Chart – 4 hr data, 0.5% box size, 1 box reversal

In one of the recent Wyckoff Market Discussion episodes, Prof. Bruce Fraser showcased Point and Figure targets derived from the original 'macro accumulation' phase developed between November 2022 and March 2023. According to the original count, there is further upside potential for the stock, with a target around \$166.

Can Point and Figure counting be applied to swing trading as well? Here's a Point and Figure chart based on intraday data from April 2023. I'm using a 4-hour timeframe on the GoCharting charting platform to capture more detail. This PnF chart utilizes the Percentage scaling method, one of my favourite techniques, with a 1-box reversal and a 0.5% box size.

You can achieve similar results using more conventional scaling methods. In this case, the first reaccumulation count [1] is quickly fulfilled, and the accuracy of the \$126 target reinforces the reliability of the scaling and box size. The ascending range discussed on the previous page is actually composed of two distinct mini-structures, the reaccumulation ranges at points [2] and [3]. These are classic 'nesting counts' structures both pointing toward to the same target area \$160-\$166.

The risk-reward ratio aligns well with a swing trade to the upside, with a stop loss positioned below the August low.

PATTERN FAILURE: break below \$127



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Strength



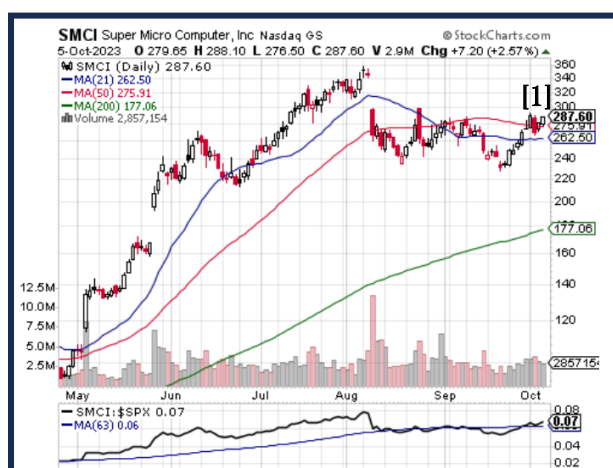
A strong candidate featured in the previous week's newsletter. The supply signature has contracted [1], and now the local volume increase on the last upbar [2] indicates good demand coming in. The upslping tilt is an element of strength.



Upslping reaccumulation. The relative strength line is very constructive, and the stock has not violated the 50 SMA [1]. The last upbar [2] shows increasing volume and spread, typical characteristics of a Sign of Strength.



Another stock featured in the previous Wyckoff Market Report. The last candle [1] is a very positive test, suggesting strong momentum and short-term continuation.



A local backing action [1] presents a good opportunity for a swing trade to the \$360 level, with a stop loss placed around the 21 SMA line.



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Strength



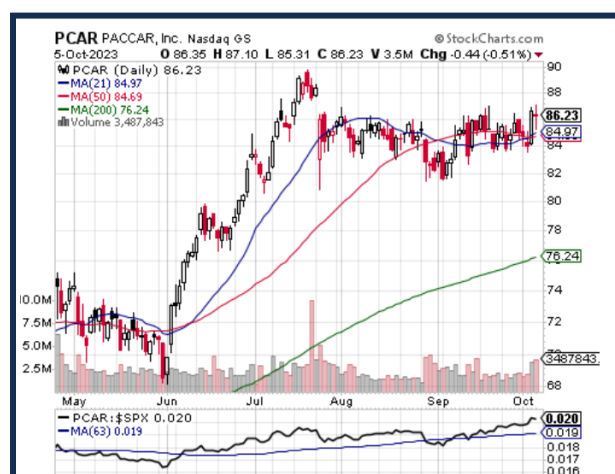
The uptrend is intact, and the weakness in the market has not impacted the stock. Following a local volume increase at the peak [1], the supply signature has visibly contracted [2], indicating short-term continuation.



Volatility has contracted, and the stock is in the absorption phase. A typical reaccumulation apex formation, suggesting continuation, provides us with the opportunity for a swing trade to the upside with a tight stop loss placed around the 50 SMA.



Larger consolidations can take more time to unfold, but the volatility has significantly contracted since July, and the volume signature is very low, indicating that supply is in strong hands. The recent test bar is very encouraging.

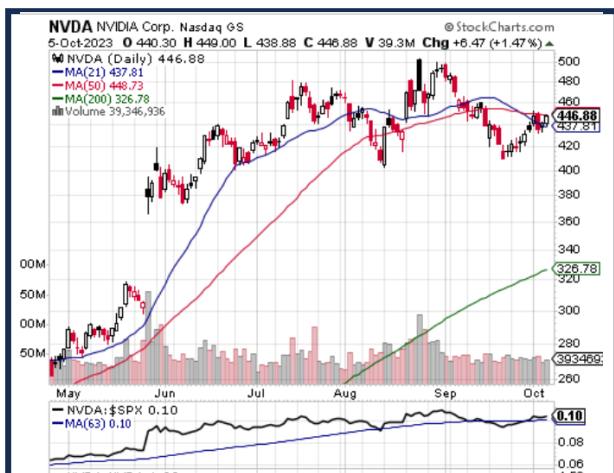


Some supply is evident during the test, indicating that the stock may need further testing short term, but the horizontal formation has held up very well during the market correction.



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Strength



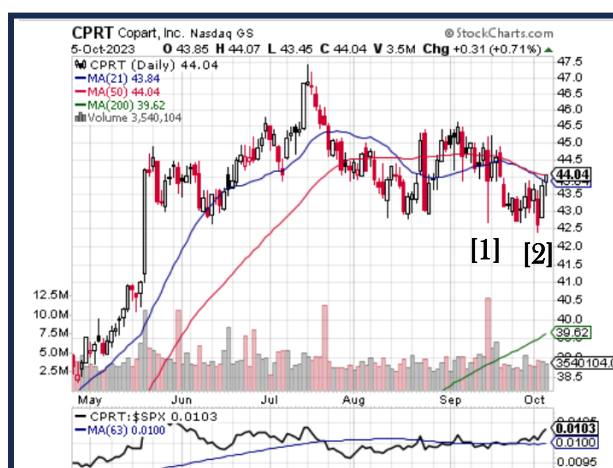
NVDA is once again testing the 50 SMA. We do not know much supply will emerge around the \$480 level. The best tactic is to seek a short-term upswing to the resistance within the trading range. A new high in the Rs line would confirm the potential reaccumulation.



Volume and volatility have contracted around the 50 SMA. The RS line is close to making a new high. There is potential for a retest of the \$140 resistance.



After the supply spike in September, the stock is attempting to remain within a tight trading range in the upper part of the swing. A retest of the local support around \$92 would present a better, low-risk opportunity.



The spring opportunity is still viable around the cross of the 50 SMA. High effort to the downside, with poor results [1], indicates buying at support. It's a classic spring number 3 [2] with marginal penetration of the support, followed by a quick reversal.



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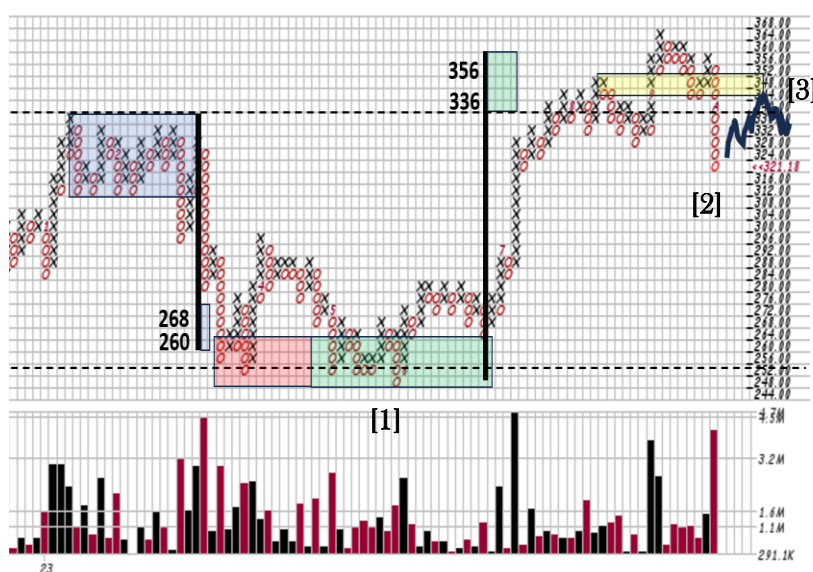
Weakness / What's happening to Oil stocks?



The worst-performing sector this week has been the Energy sector. The selloff in Crude Oil has triggered a significant drawdown in Energy stocks. Volatility is high, but stocks of this kind tend to break the 21 SMA and 50 SMA multiple times, not necessarily indicating the end of the formation. The 200 SMA is generally a much more significant support. In the next few weeks, we will need to monitor:

- The quality of the recovery off the 200 SMA
- How the Relative Strength Line interacts with the 63-day moving average

OIH VanEck Vectors Oil Service ETF



The traditional scaling has proven to work very well for swing trades within the boundaries of this large trading range. We have fulfilled the green count [1], and a Change of Behavior on increasing volume and spread has occurred [2]. A larger segment in red is available, but when we count for swing trading, we want to be as conservative as possible.

It's still early to call the distribution. A better strategy would be to look for a rally to the yellow zone [3], completing the distributional count. A strong reversal bar would invalidate the short-term bias.

Daily Point & Figure Chart – Traditional box size, 1 box reversal



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

BC – Buying Climax
SC – Selling Climax
SOS – Sign of Strength
SOW – Sign of Weakness
PnF – Point & Figure
TR – Trading range

AR – Automatic reaction (after BC)
AR – Automatic rally (after SC)
ST – Secondary test
UT – Upthrust
UTAD – Upthrust after distribution
BO – Breakout

LPS – Last point of support
LPSY – Last point of supply
POE – Point of entry
ChoCh – Change of character
ChoBeh – Change of behavior
SO – Shakeout

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