

Friday, May 17, 2024

Technical Assessment

Intermediate-Term: **Bullish**

Long-Term: **Bullish**

Once again, the iShares 20+ Year Treasury Bond (TLT) is at an interesting juncture. We said the same thing last month when TLT was testing the bottom of the channel as well as 61.8% retracement -- and the market then turned higher. TLT is now at the top of the bearish channel as well as the 50-day exponential moving average. Price has stayed within the channel for most of 2024. A strong move over \$92 would break the channel and open the door for a path to the \$94-\$96 region, which is chart resistance as well as a 61.6% retracement of the decline since December. We have seen a few days of heavy volume during price strength, which is a bullish sign. In addition, the daily moving-average convergence/divergence (MACD) is about to cross into positive territory. Sentiment on TLT has cycled quickly into a bullish extreme, while the COT data is neutral toward the 10-year and bearish toward the 30-year. Flip a coin!

The iShares Silver Trust (SLV) was shot out of a cannon after its recent pullback to its 50-day exponential average. SLV has recaptured all its losses since the high-volume reversal on April 12. It also has made a closing recovery high and has hit levels not seen since August 2020. SLV is back into an area of key resistance that runs up to \$28. A strong break over \$28 would open the door for a potential major move higher, as it would complete a massive base going back to 2013. On the bearish side, the COT data is not favorable, sentiment is very bullish, and the worst month of the year for silver over the past 30 years is June. We favor the bull case for the long term, but the short term is a question mark. (Mark Arbeter, CMT)

Strengthening Sectors:
Technology, Real Estate

Weakening Sectors:
Consumer Discretionary, Energy

Recent Picks:
LLY, DKNG, DELL, PFE, EMR, AA, VRTX, CLS, LHX, AAPL, C, BKNG, NTAP, ITRI, META, DIS, UBER, APO, AJG, AXON, GD, ZION, RTX, HF, BAC, TGT

<u>INDEX</u>	<u>PRICE</u>	<u>SUPP</u>	<u>RESIS</u>
NASD	16698	15000	17500
NYSE	18317	16450	20000
S&P 500	5297	4800	5500

Company	Ticker	Price	Support	Resistance
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Rio Tinto RIO 71.91 66 75

Rio Tinto is a leading global mining and metals group. Its primary product groups are iron ore, aluminum, copper, and diamonds and minerals.

RIO has been volatile over the years, with massive spikes higher and terrible declines. That is not unusual for a company in the mining and metals industry, as these commodities trade all over the place. The stock bottomed just below \$10 in 1998, which kicked off a massive parabolic move that really got going in 2004. The shares eventually peaked at \$139 in May 2008. By November 2008, RIO was back at \$15. After many more years of volatility, the stock has settled down, trading between \$60 and \$75 over the past year. It's possible that the shares have been tracing out a symmetrical triangle since September 2022 (which can be bullish on an upside break) as well as a bullish "V" pattern.

We would put a stop-loss just below chart and moving average at \$66. We would take profits at \$78, with the potential for more gains over the long term.

Novo Nordisk NVO 133.04 122 NM

Novo is a pharmaceutical company based in Denmark. Its key divisions include Diabetes Care, Obesity, and Rare Diseases. Key products include Ozempic, Victoza, and insulin for diabetes; Wegovy and Saxenda for obesity; and treatments for rare blood disorders.

NVO has been a very good stock since late 1987 and support has come mostly from the 21-month exponential moving average. The shares last major bottom was in 2016 at \$14. Since then, NVO has seen strong multi-month/multi-year rallies interrupted by bullish bases. Since September 2022, the stock has been on a tear. In early August 2023, the shares gapped sharply higher, peaking on September 11. The stock consolidated for a few months and broke out on January 31. NVO then crawled higher, peaking on March 7. Since then, the shares have traced out a bullish cup -- and a break over \$135 will complete the pattern.

We would put a stop-loss just under chart and moving-average support at \$122. We would take profits at \$148, with the potential for more gains over the long term.

Investing in stocks involves risks that may be exacerbated by market and/or price volatility. The stocks in this report have exhibited recent volatility and may continue to do so in the near-term, and thus may be riskier relative to the market as a whole.

Please see disclaimer on page 2.

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