

Charts Are the Language of Wall Street

Got to Be Real!

Feb 20, 2021

Wolfe Research Technical Team

TechnicalTeam@WolfeResearch.com

[@WolfeDailyHowl](#) on Twitter

If you're of a certain age, listen to Soul Town and 70s on 7 on SiriusXM, or remember disco then you'll likely be familiar with the song, "Got to Be Real." It's from the ancient year of 1978 and was a big hit for Cheryl Lynn.

With all the action last week in the Real 10 Year Yield (chart below), it won't come as a shock to you to learn that our active imagination drifted to Cheryl Lynn's song. To be sure, not only was it (the yield, not the song) a big topic in our conversations with investors but it's so important to your favorite Technical Team that Rob included it, albeit inverted, as his "**Mystery Chart**" in his Feb 18, 2021 evening video.

Even if you're not a chart aficionado (impossible), you might agree with our take that the...

- (1) Real 10 Year Yield has broken out of an 18-month **BASE**
- (2) Bottoming / basing formation that took place over the past 18-months shows a **Head & Shoulders bottom**. This set-up – *with the necessary breakout* – implies higher levels for the Real 10 Year Yield.
- (3) It's not a home run call, but it looks to us that **the Real 10 Year Yield can work to 1%**. After all, that's merely the "top of the range" since July 2013.

(4) The environment has been and remains ripe for these setups such that **if the Real 10 Year Yield were a stock, we'd be a buyer of it right here. You would be, too.**

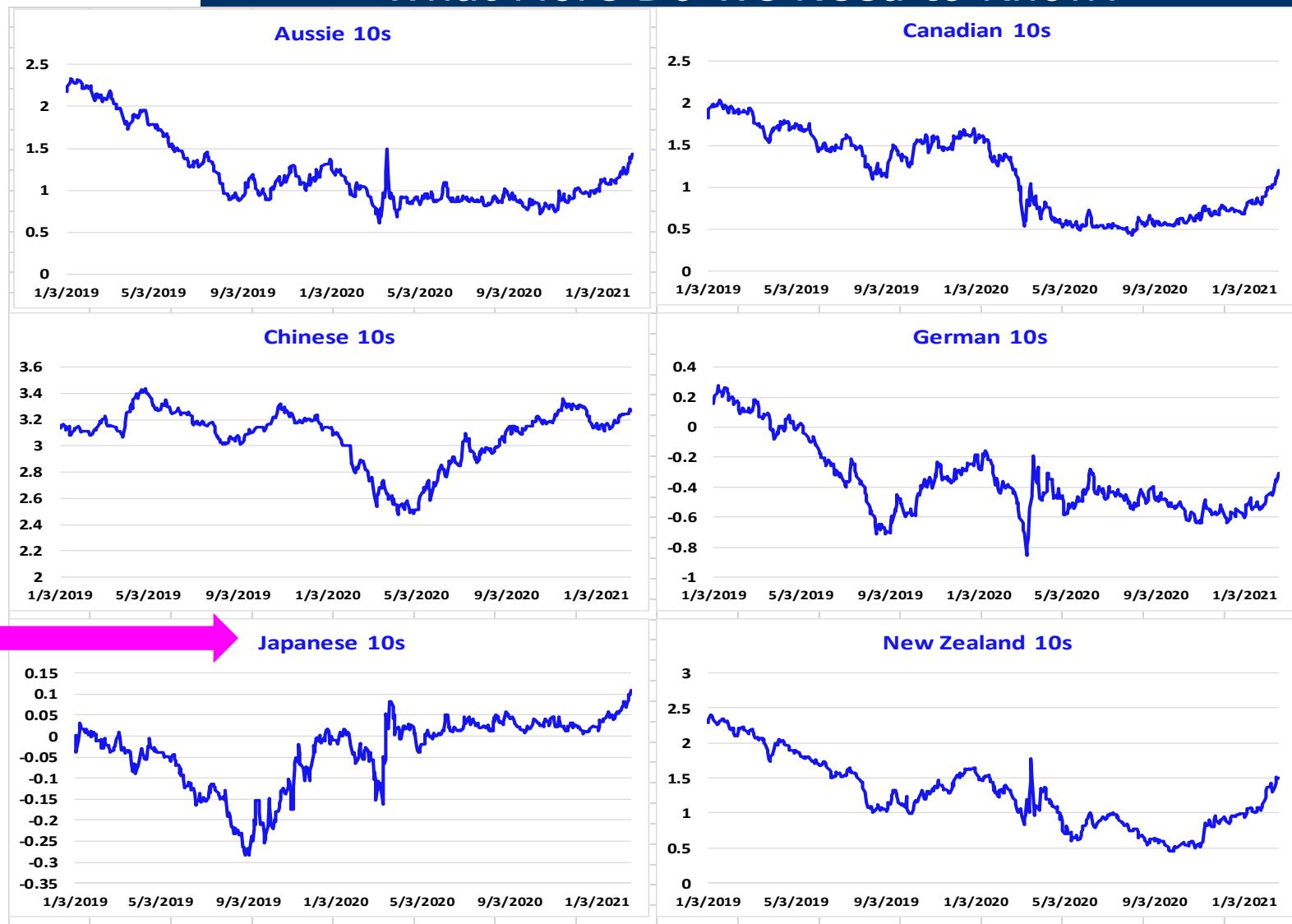
In addition to the real and nominal yield action, our favorite theme – Our Global Miners Index – continues to move higher. We're still promoting it with our tag-line, "**Those With the Best Rocks Win.**" Or, if you prefer, our Global Miners Index "**Rocks the Casbah.**" Heck, we even think it "**Rocks You Like a Hurricane.**"



10-Year Yields

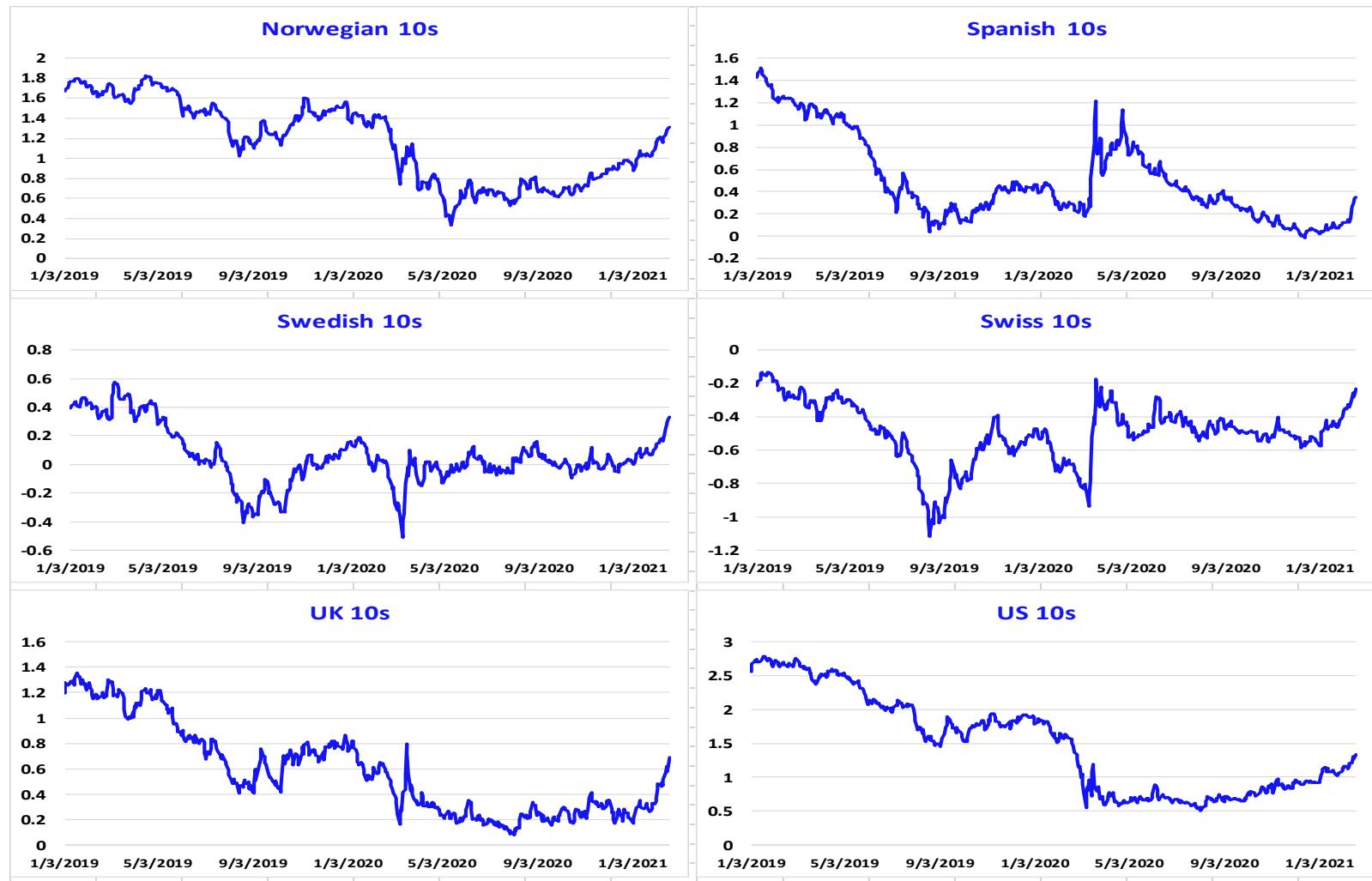
JGB Breaking Out

What More Do We Need to Know?



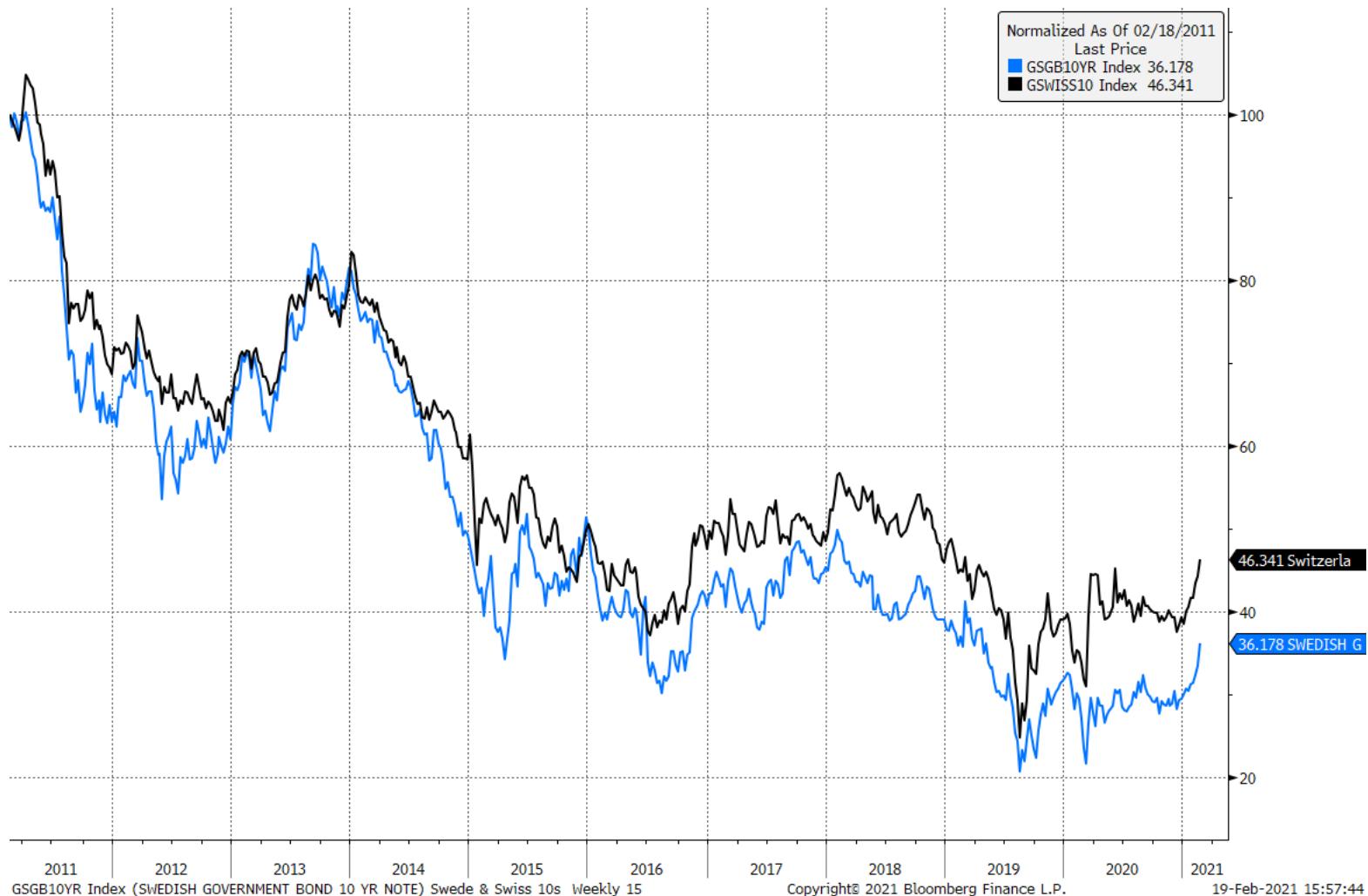
10-Year Yields

Action Can't be Blamed on r/WallStreetBets
 These Charts Shows the Setup Matters...
 Not Who's Involved



10's for Sweden & Switzerland

More Evidence The Rate Trade Is One Trade
 Sweden Breaking Out & Swiss Will Be Back to
 Positive Territory (p3); Chart Indexed to 100



10-Year Price

Price Crested / Hooked / Rolling...Below
 Downward-Sloping 30-Wk MA...
 Weekly MACD Fast Decelerating



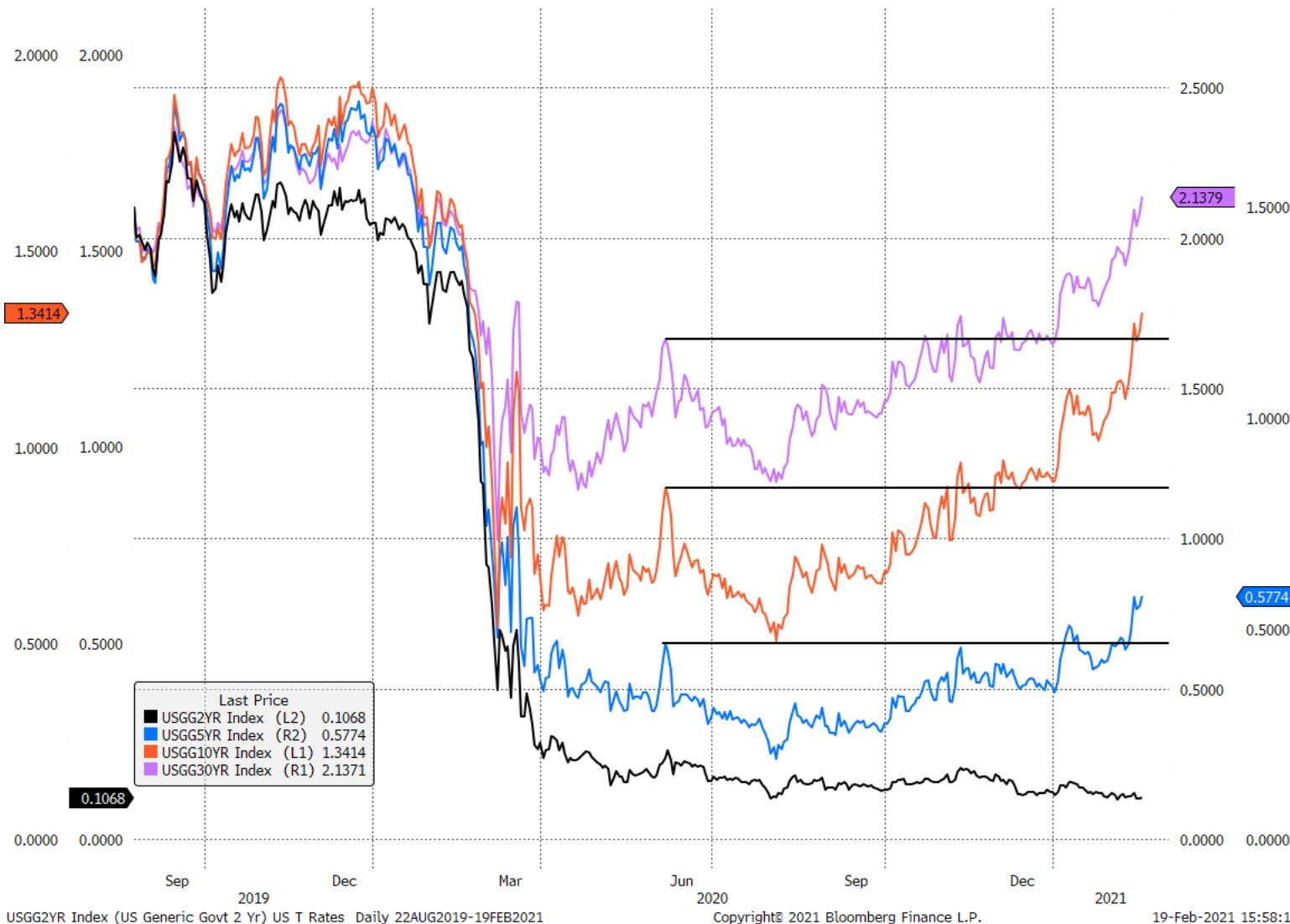
Weekly US 10 Year Yield

Continue to Believe It Gets Back Into Its Former
“Range”...What About the Top of the Range?



Another Look @ Yields

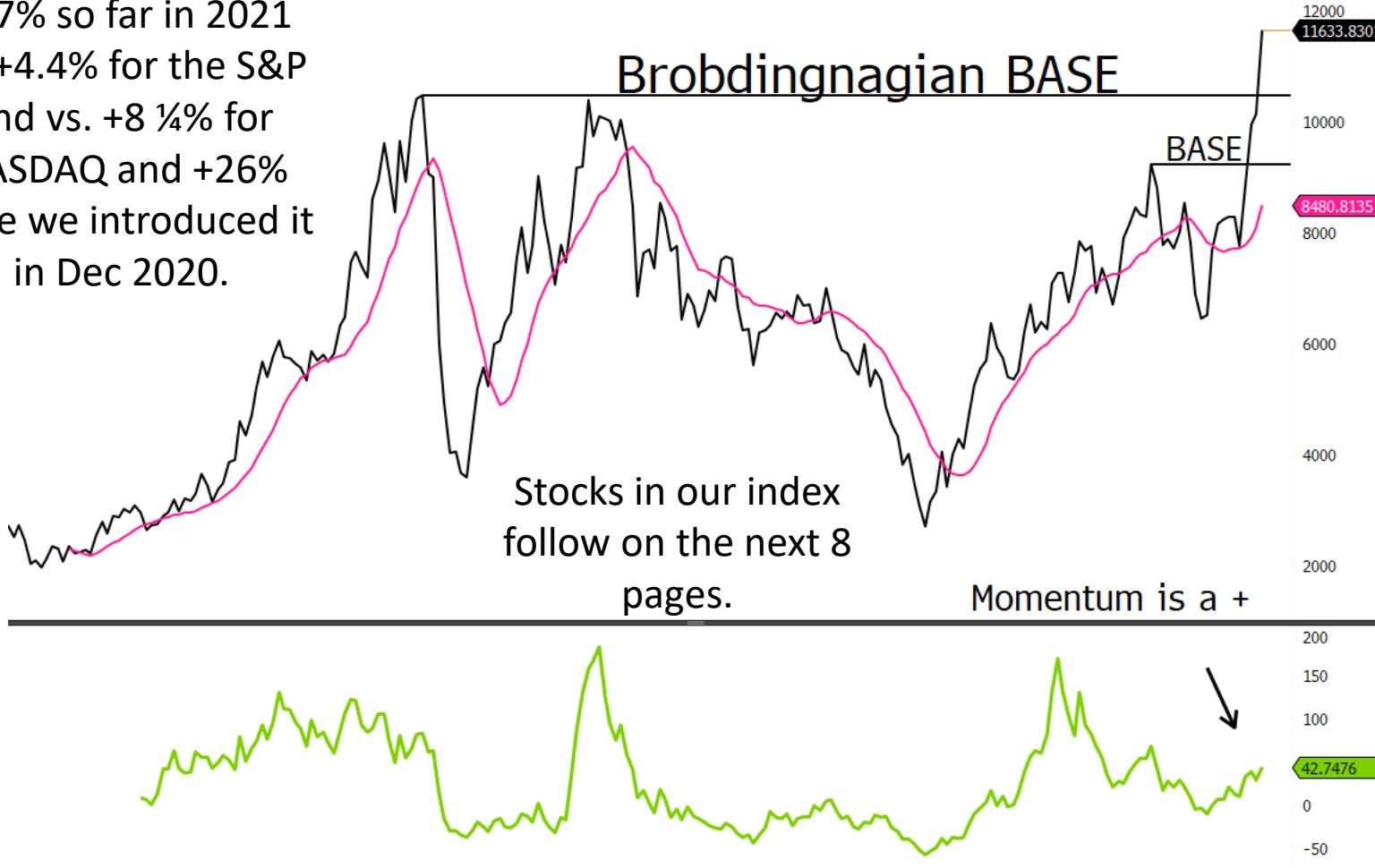
5's, 10's, & 30's Really Accelerating



Wolfe Global Miners Index

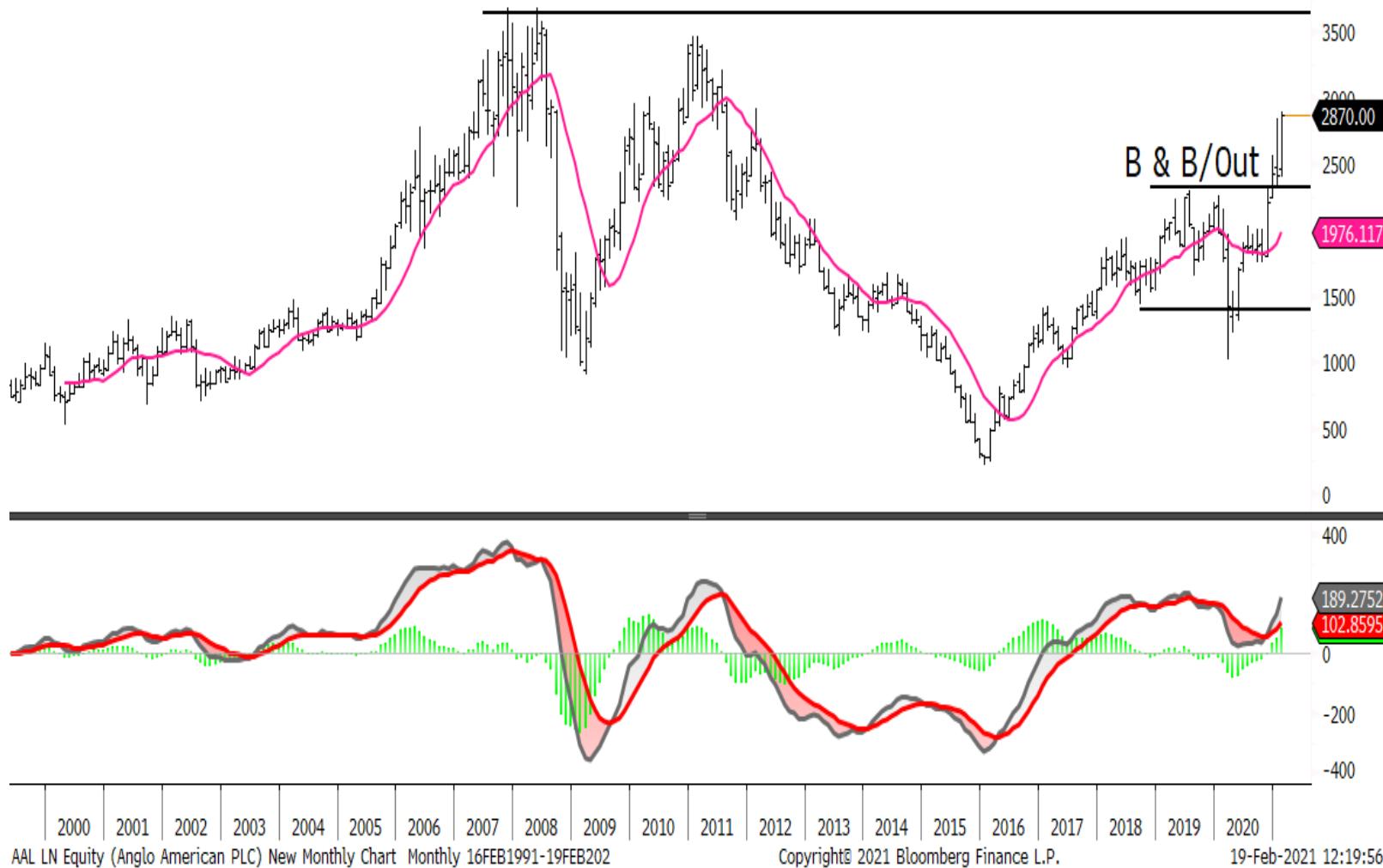
“Those With the Best Rocks Win”... or
 “Rocks the Casbah”... or
 “Rocks You Like a Hurricane”

+17% so far in 2021
 vs. +4.4% for the S&P
 and vs. +8 ¼% for
 NASDAQ and +26%
 since we introduced it
 in Dec 2020.



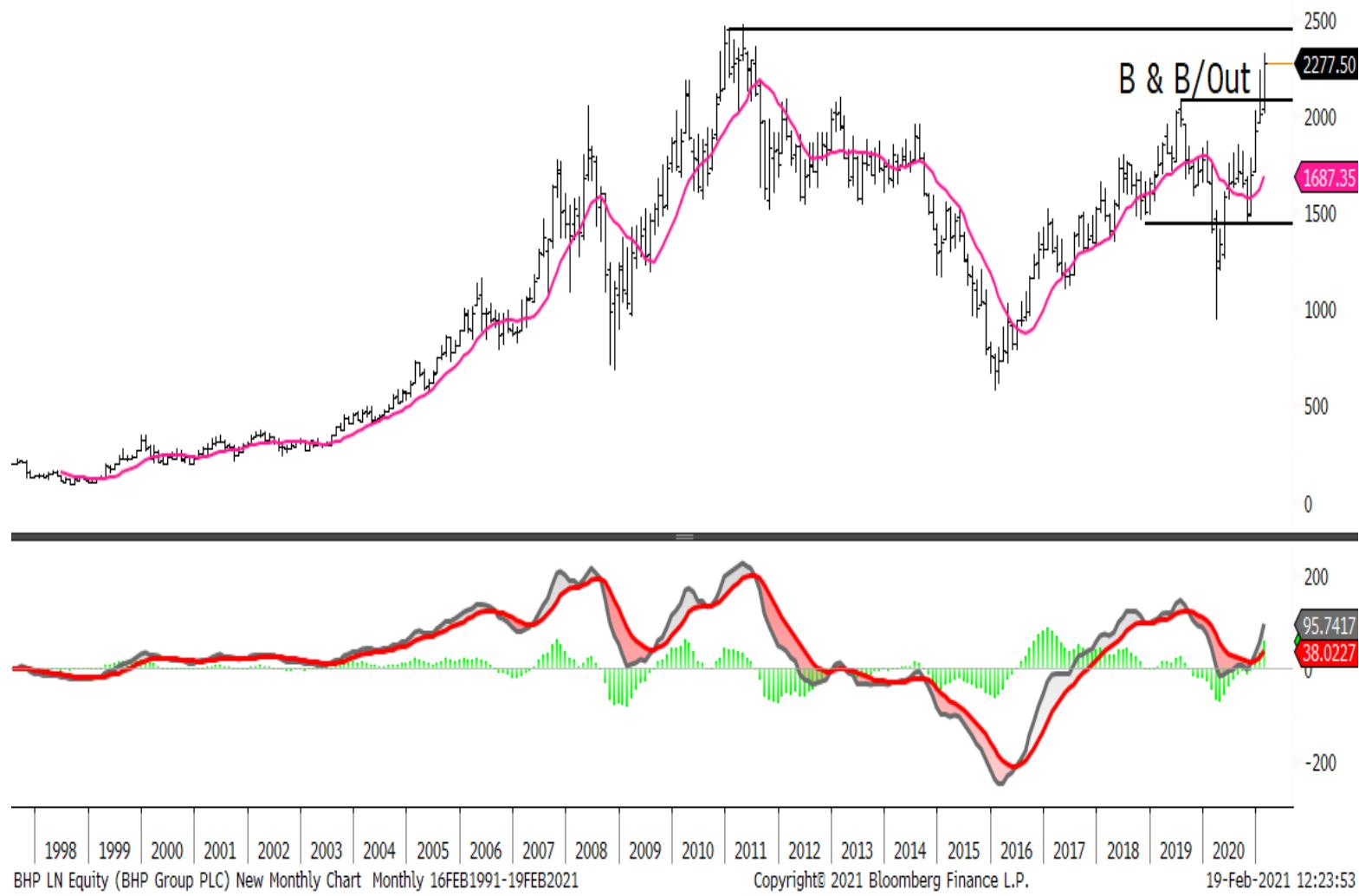
Anglo American (AAL LN)

A Move to the Former All-Time Highs Follows



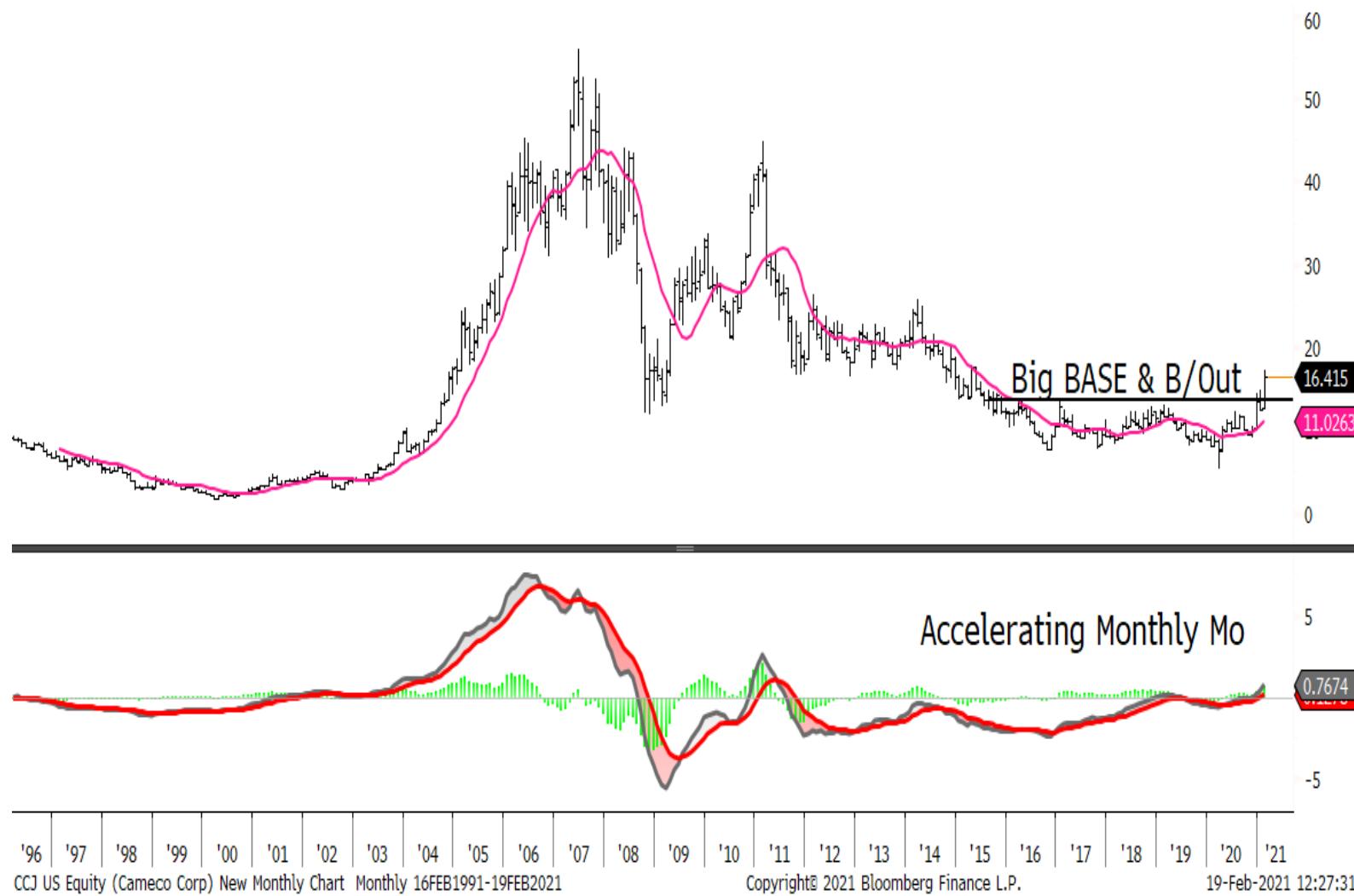
BHP Group (BHP LN)

A New High, Which Will Follow, Will Complete a
BROBDINGNAGIAN BASE



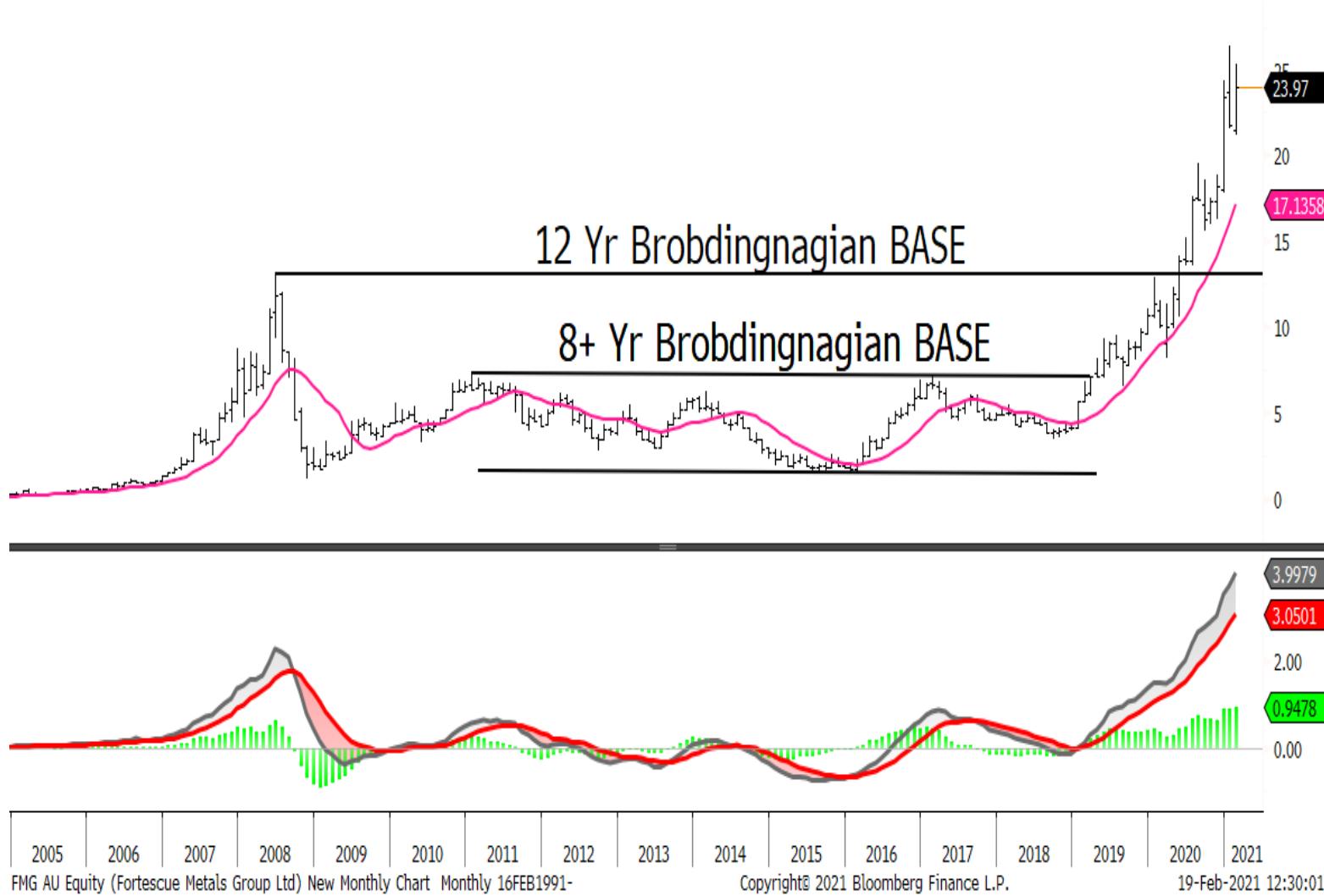
Cameco (CCJ)

Big BASE & Breakout...
Accelerating Monthly Mo (lower panel)



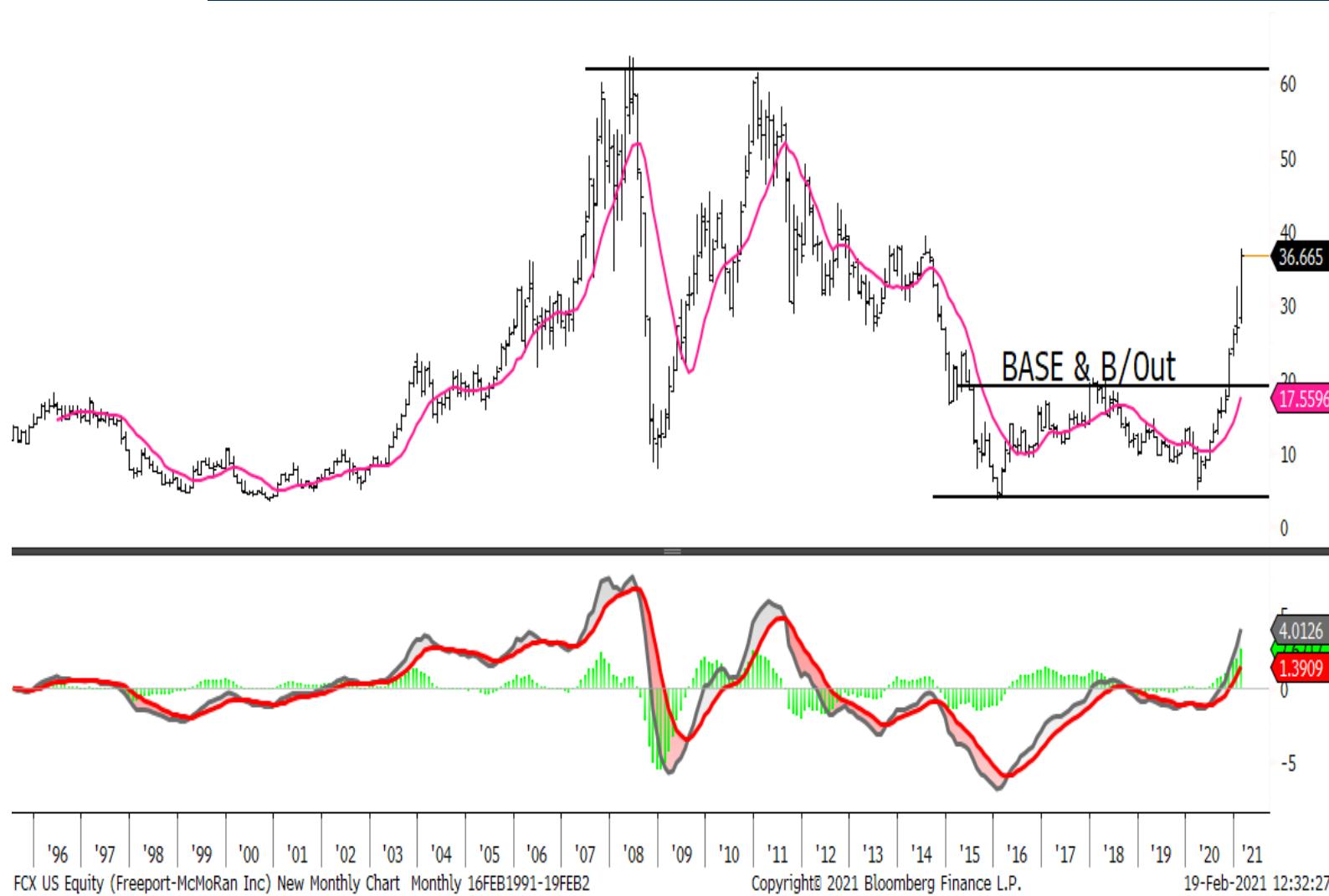
Fortescue Metals (FMG AU)

Big BASE & Breakout...
Accelerating Monthly Mo (lower panel)



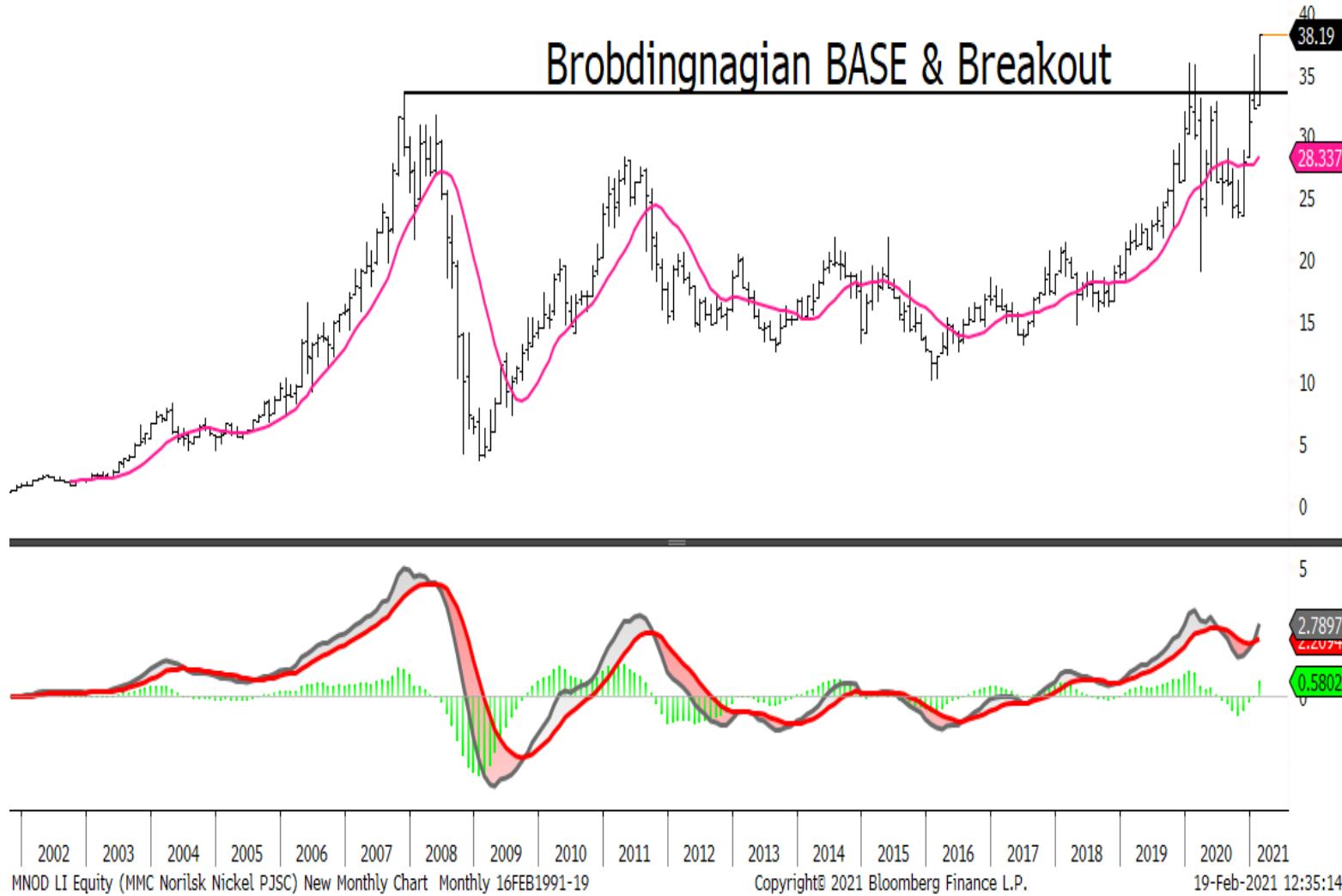
Freeport-McMoRan (FCX)

If Copper Makes a New High...and We Think it Does...Then FCX Will Get Back to Its Old Highs



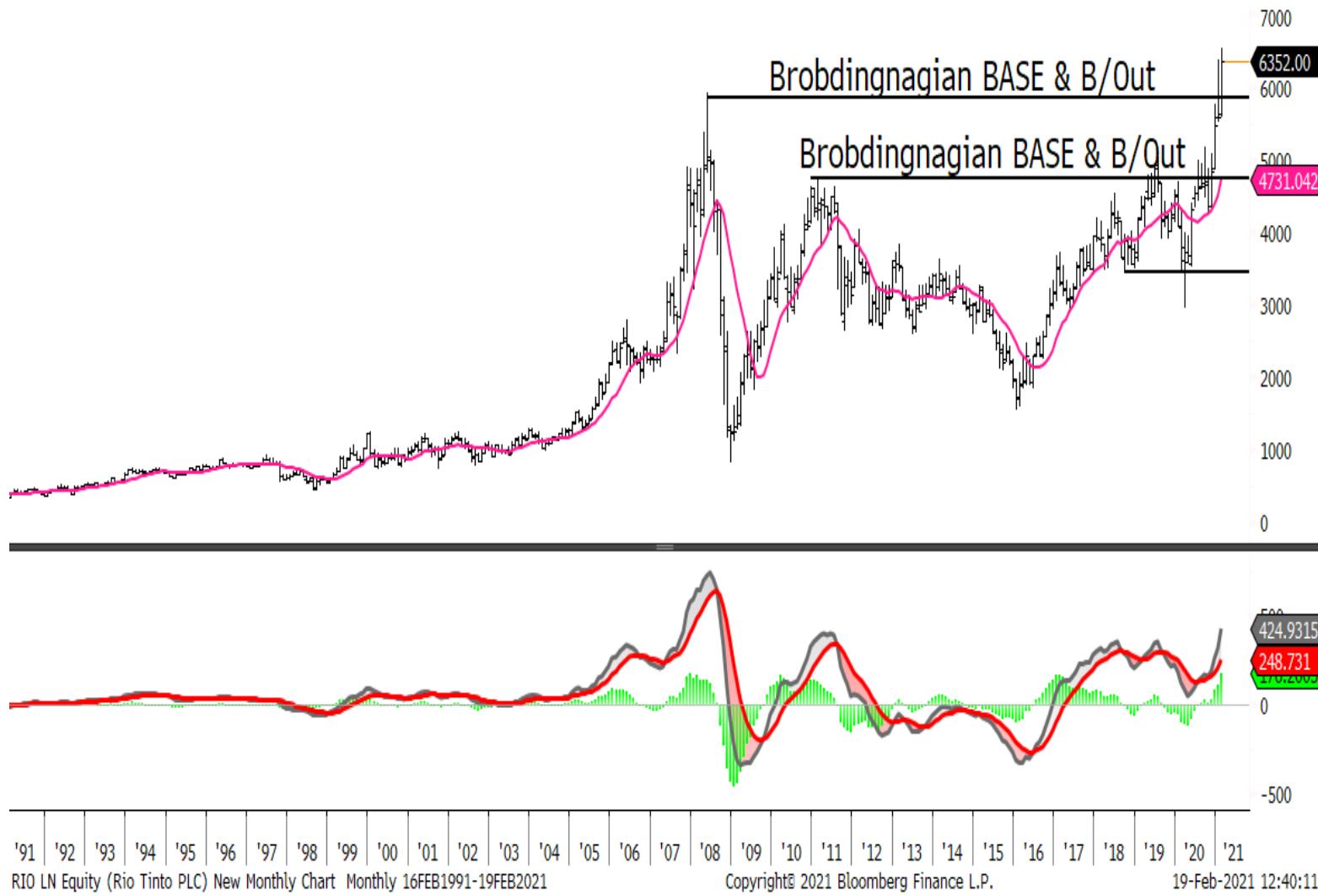
Norilsk Nickel (MNOD LI)

Brobdingnagian BASES Speak for Themselves
Our Favorite



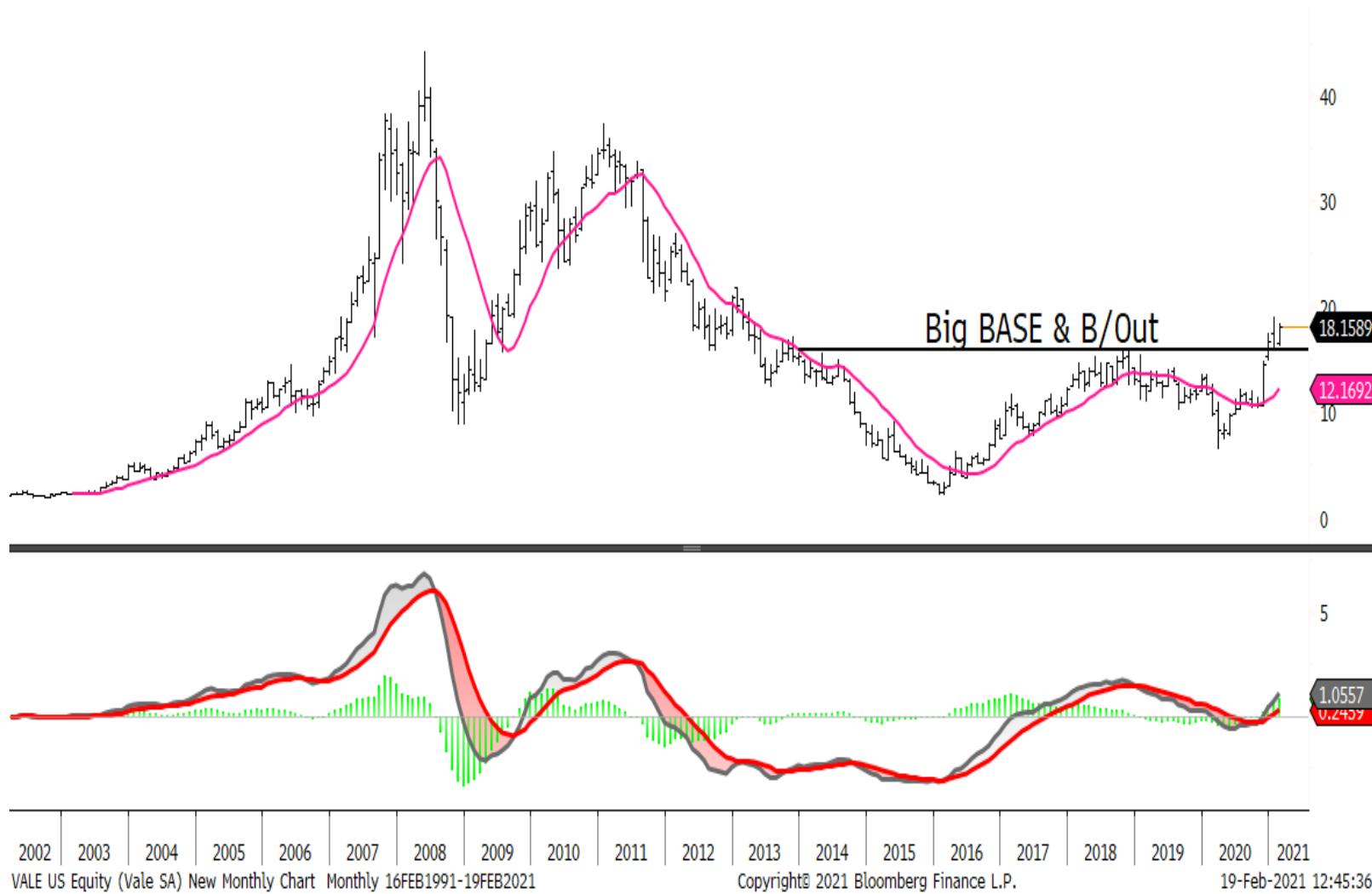
Rio Tinto (RIO LN)

Another Favorite...
Duran Duran Loves it, Too



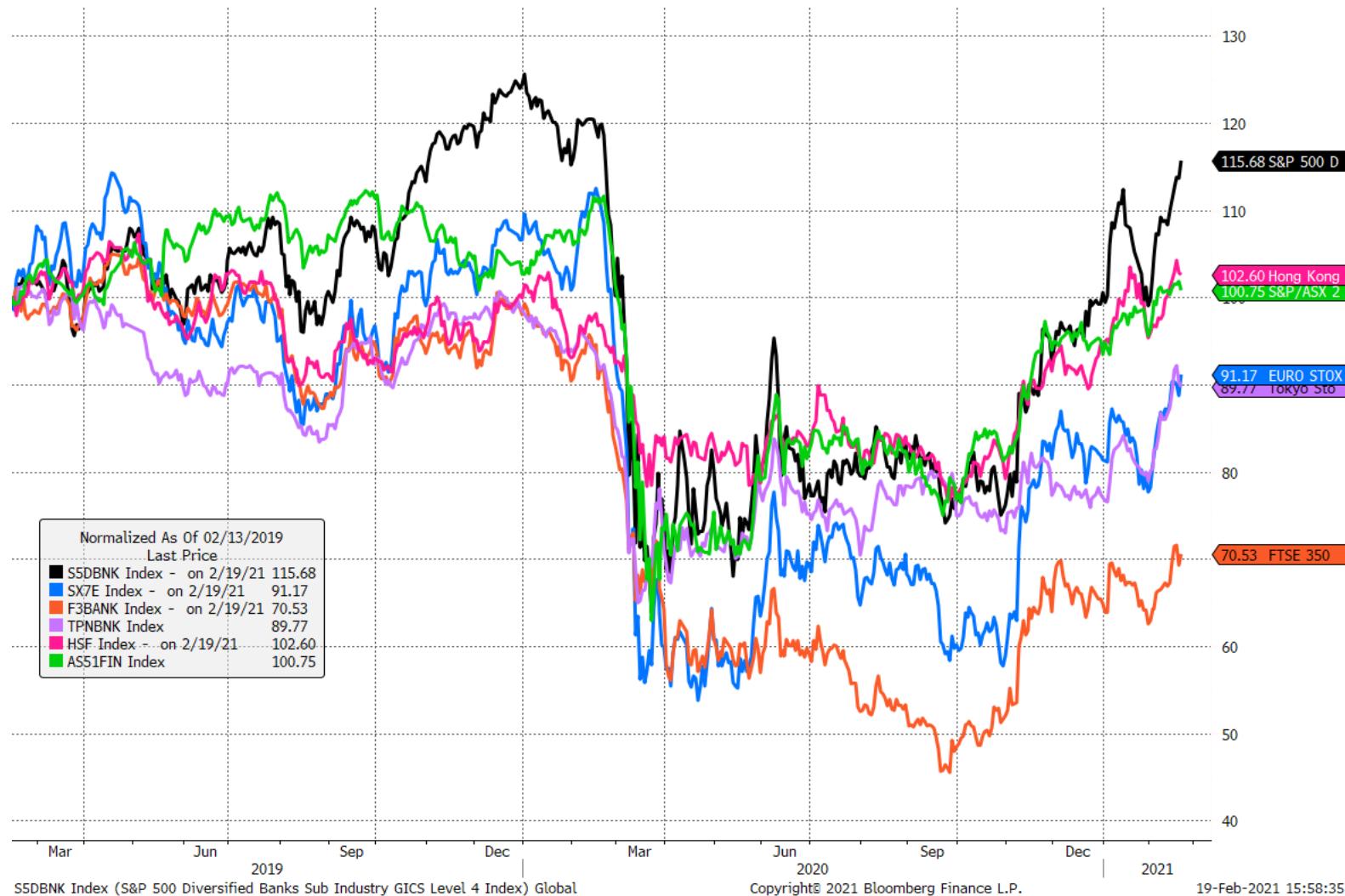
Vale (VALE)

Big BASE & Breakout Consolidating on Top of Former Resistance



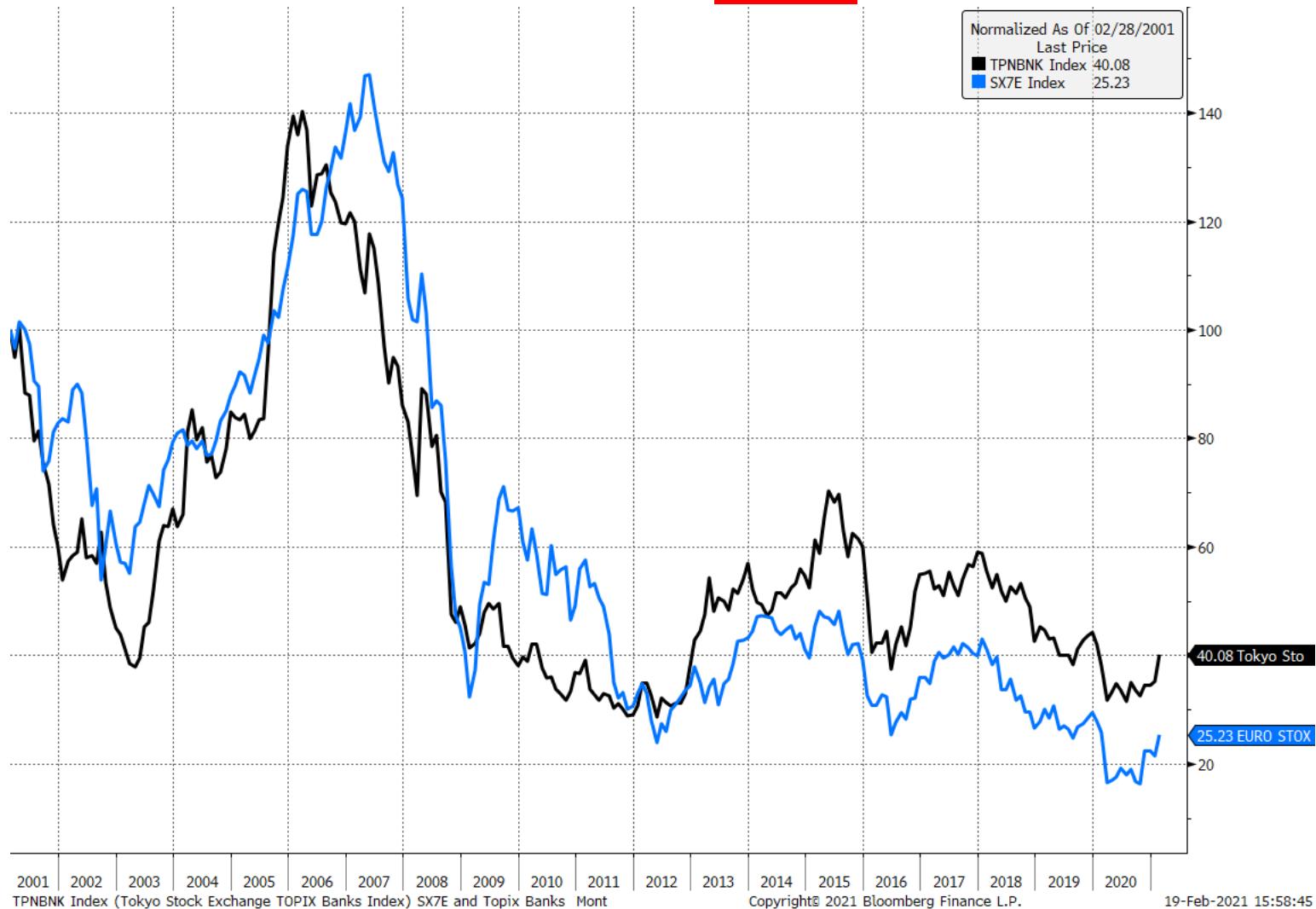
Global Banks Like the Yield Action

Legend: US, Euro, FTSE, Topix, Hang Seng and Aussie Banks/Financials



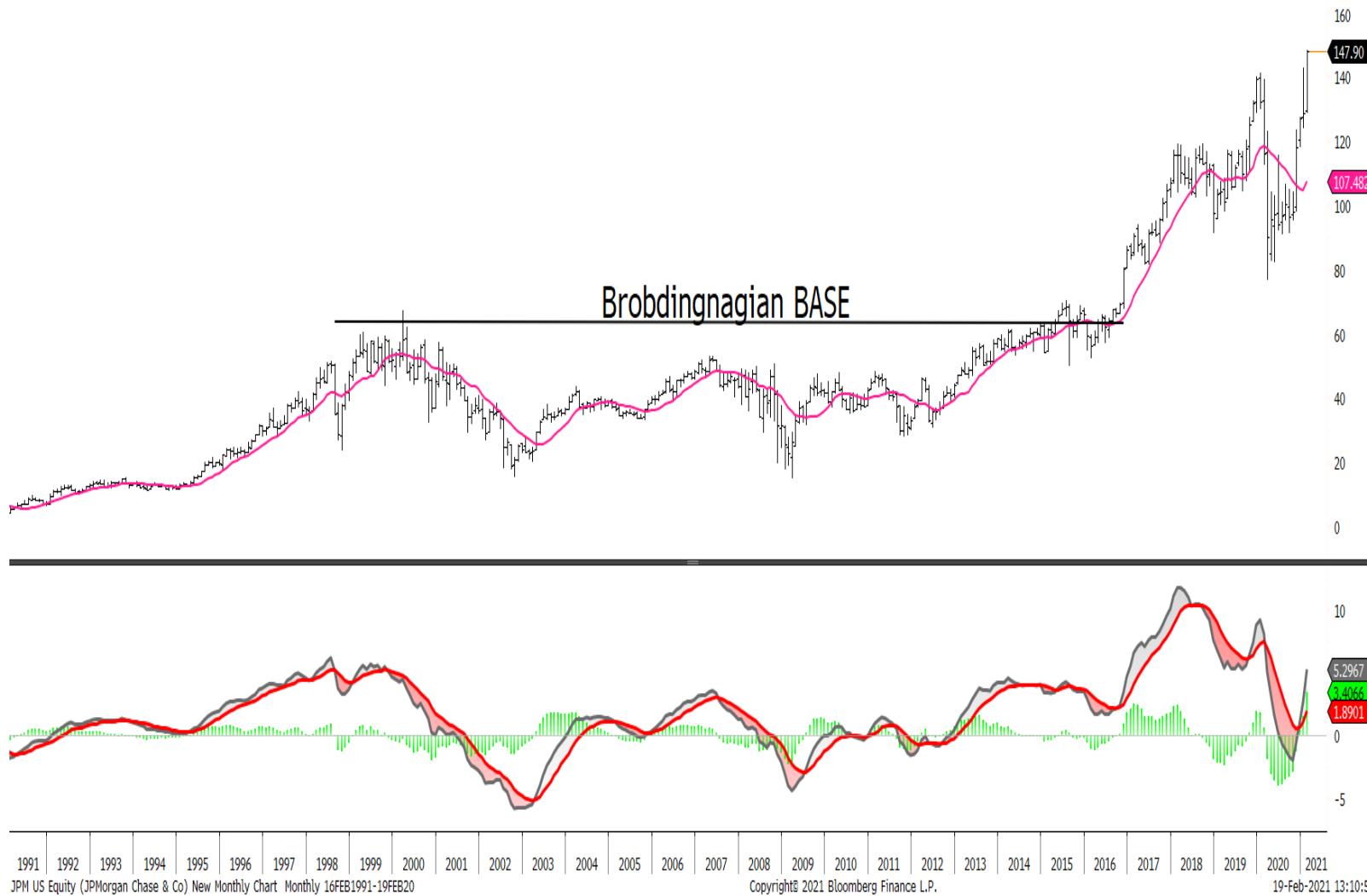
It's Pretty Much One Trade, Right?

Topix Banks and SX7E (Euro) Banks
There's a Ton of **Hate** in This Chart



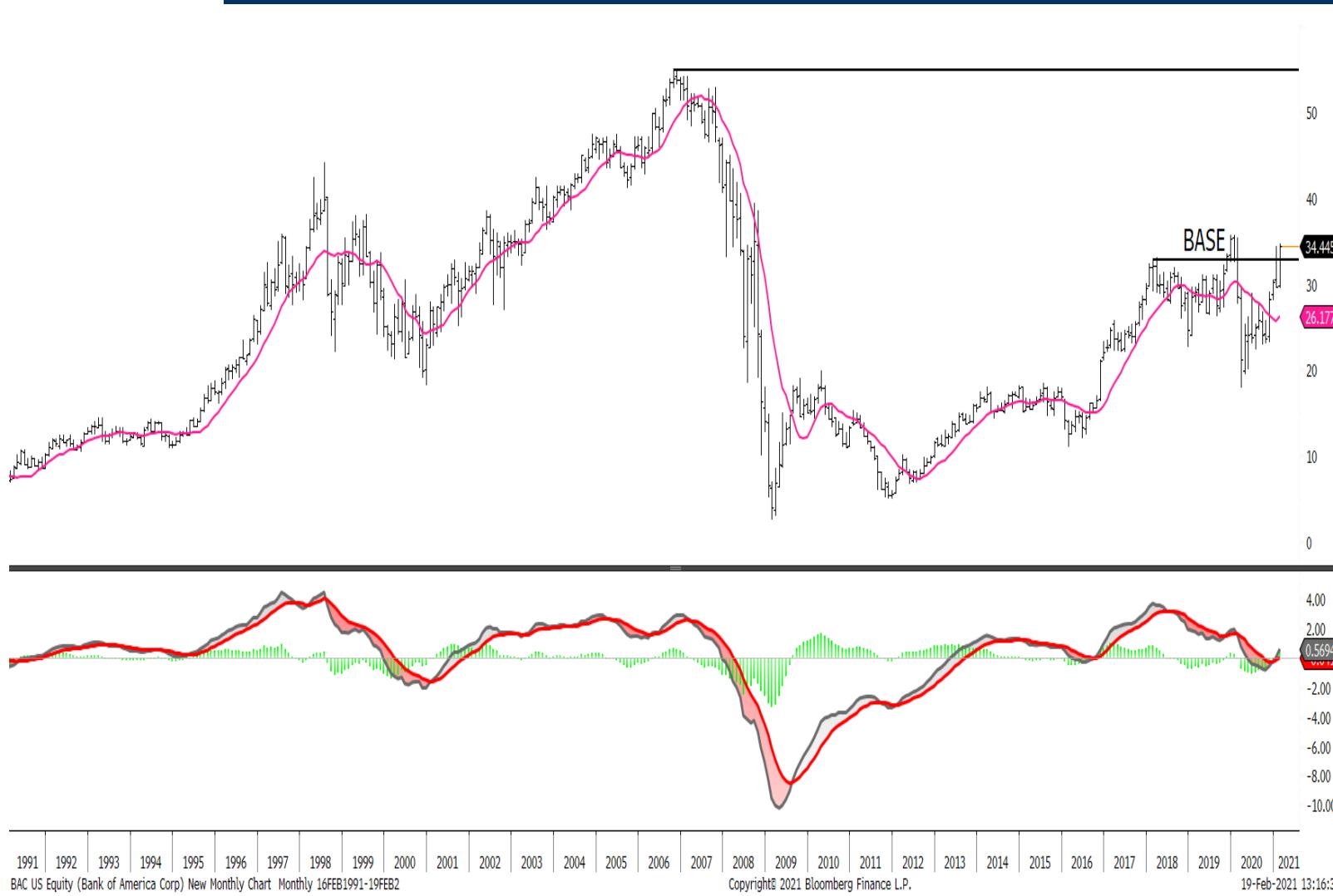
JP Morgan (JPM)

Would You Be Surprised if JPM Got to \$200?



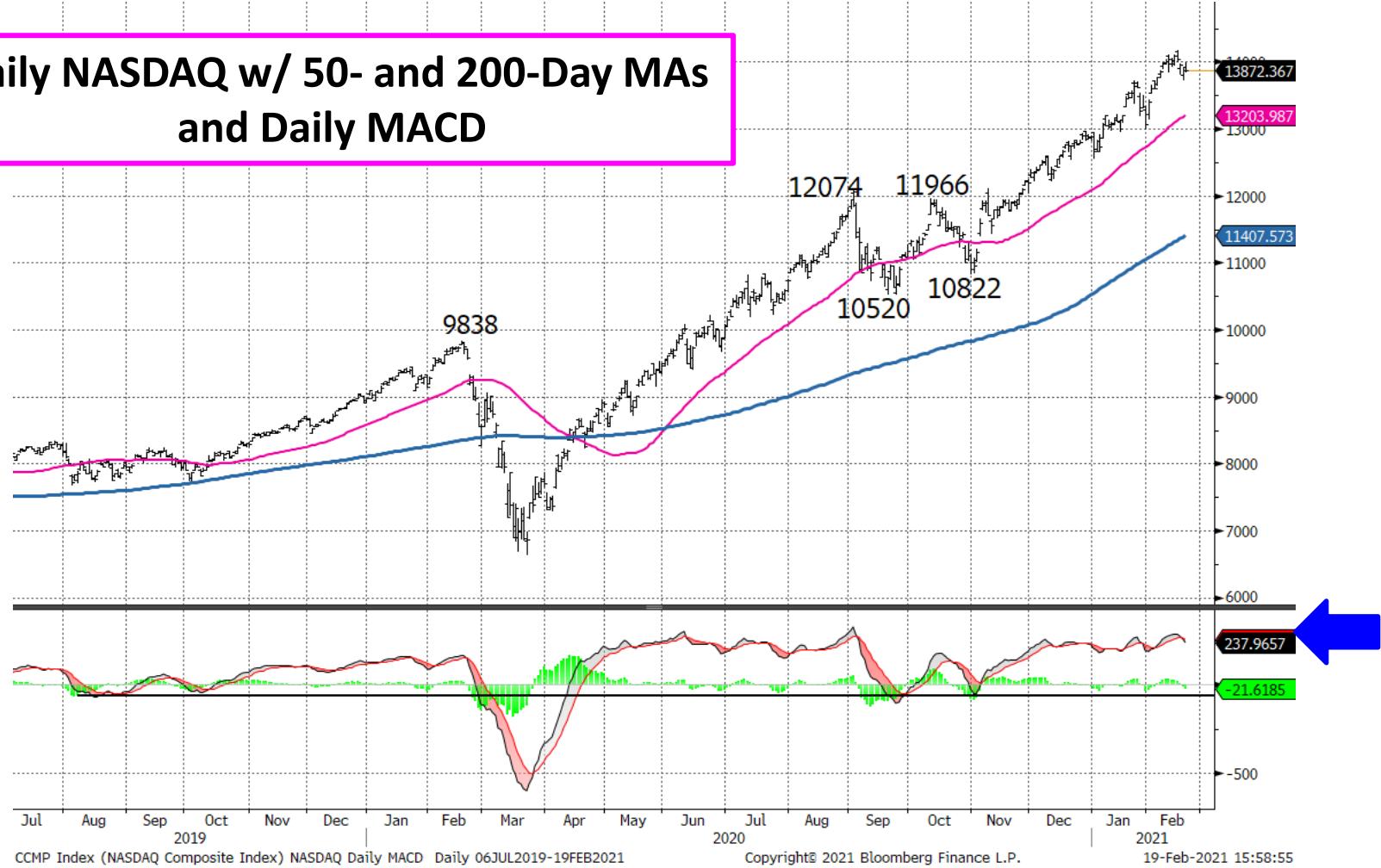
Bank of America (BAC)

Close to Completing a 3+ Year BASE

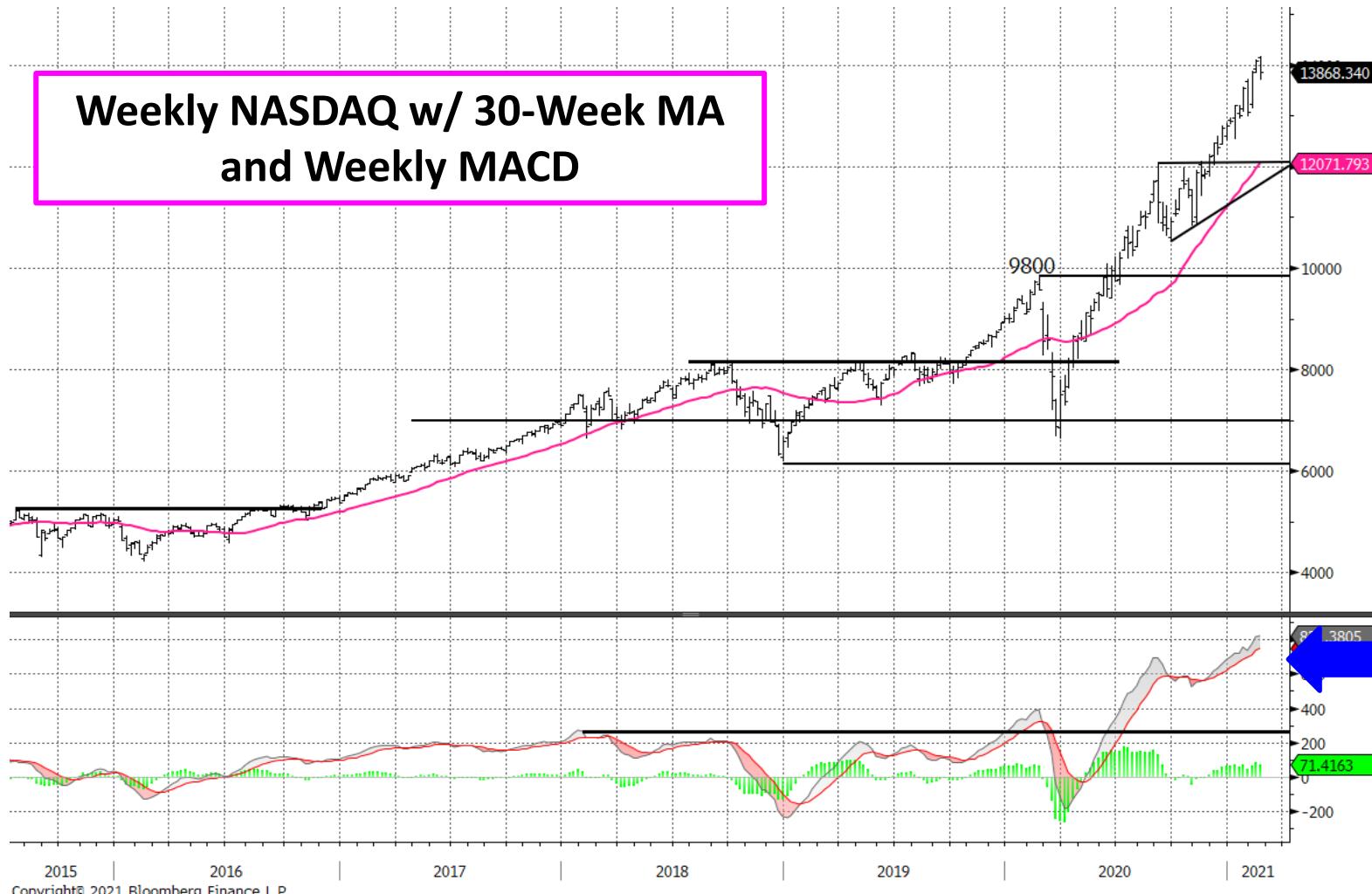


Was A Bit $> 7\%$ Above its 50-Day MA
 Was A Bit $> 24\%$ Above its 200-Day MA
 Extended? Yes...Softening a Little

**Daily NASDAQ w/ 50- and 200-Day MAs
 and Daily MACD**



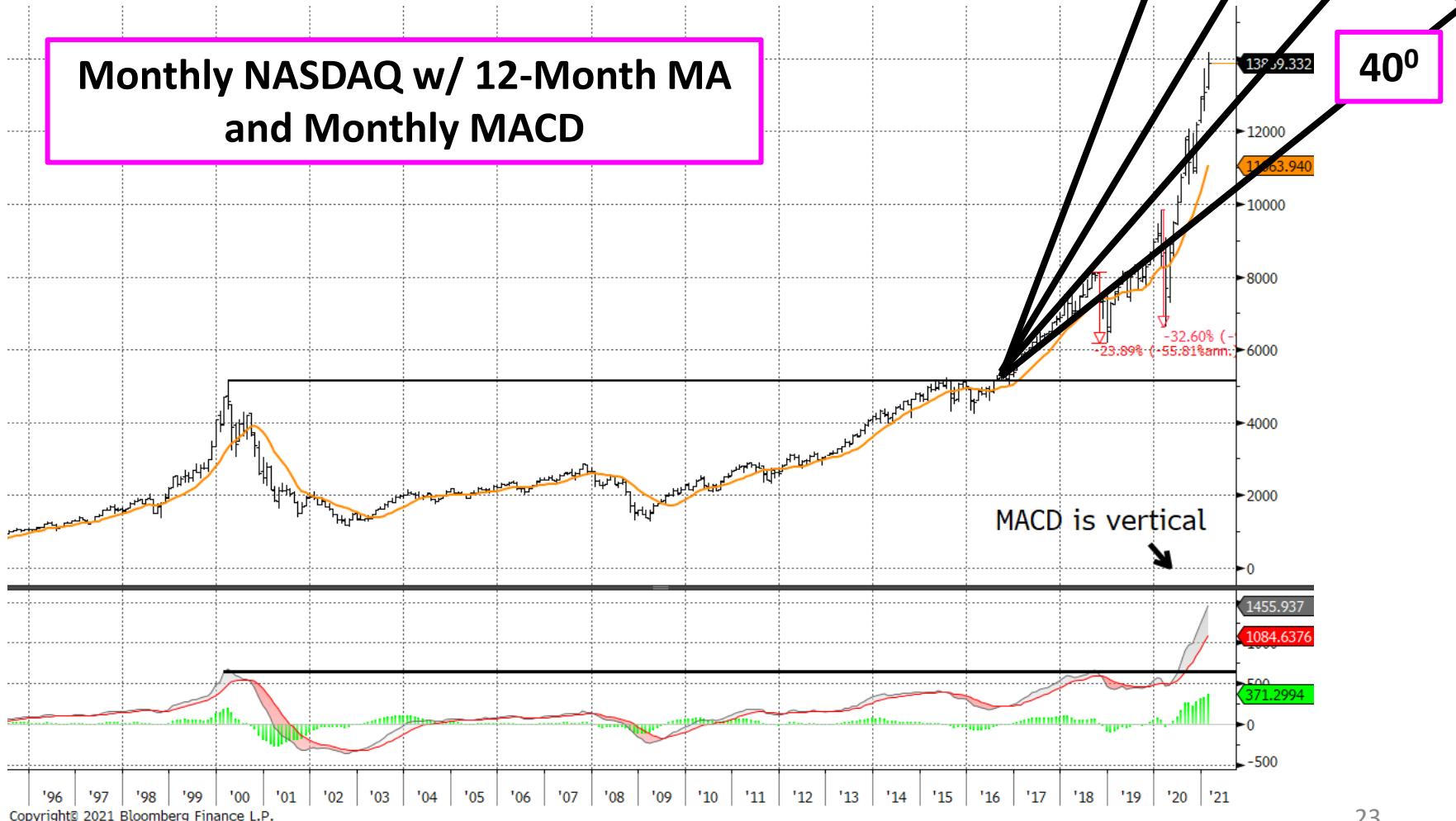
We All Know it's Extended and Nobody Would Be Surprised if It Pulled Back



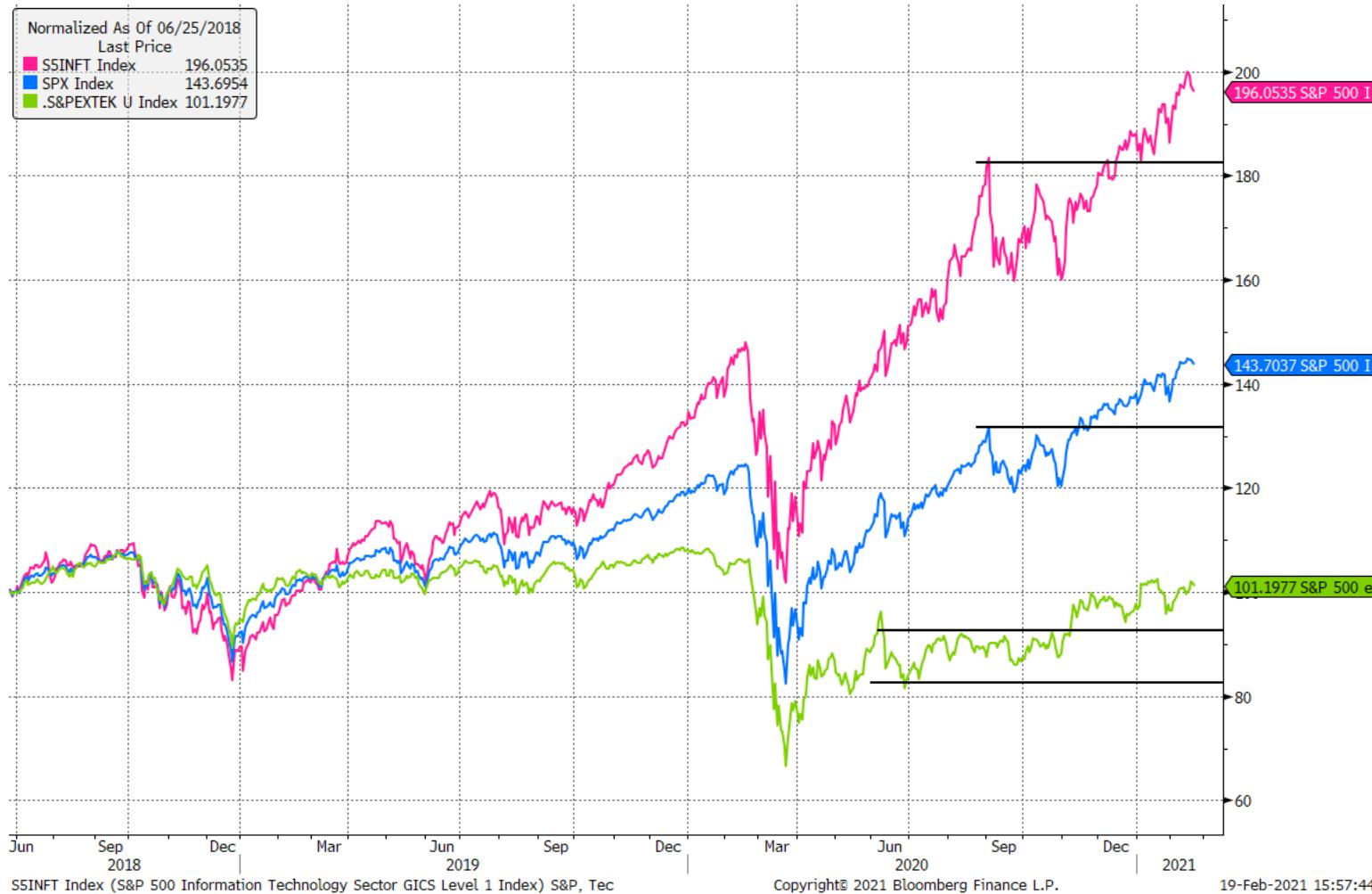
Nothing the GOAT Does Surprises Us

But Its Angle of Ascent is Nearly 60° Which
Appears a Bit Heady...

If Something Disturbs This Trend, You'll Be
The Second Ones to Know

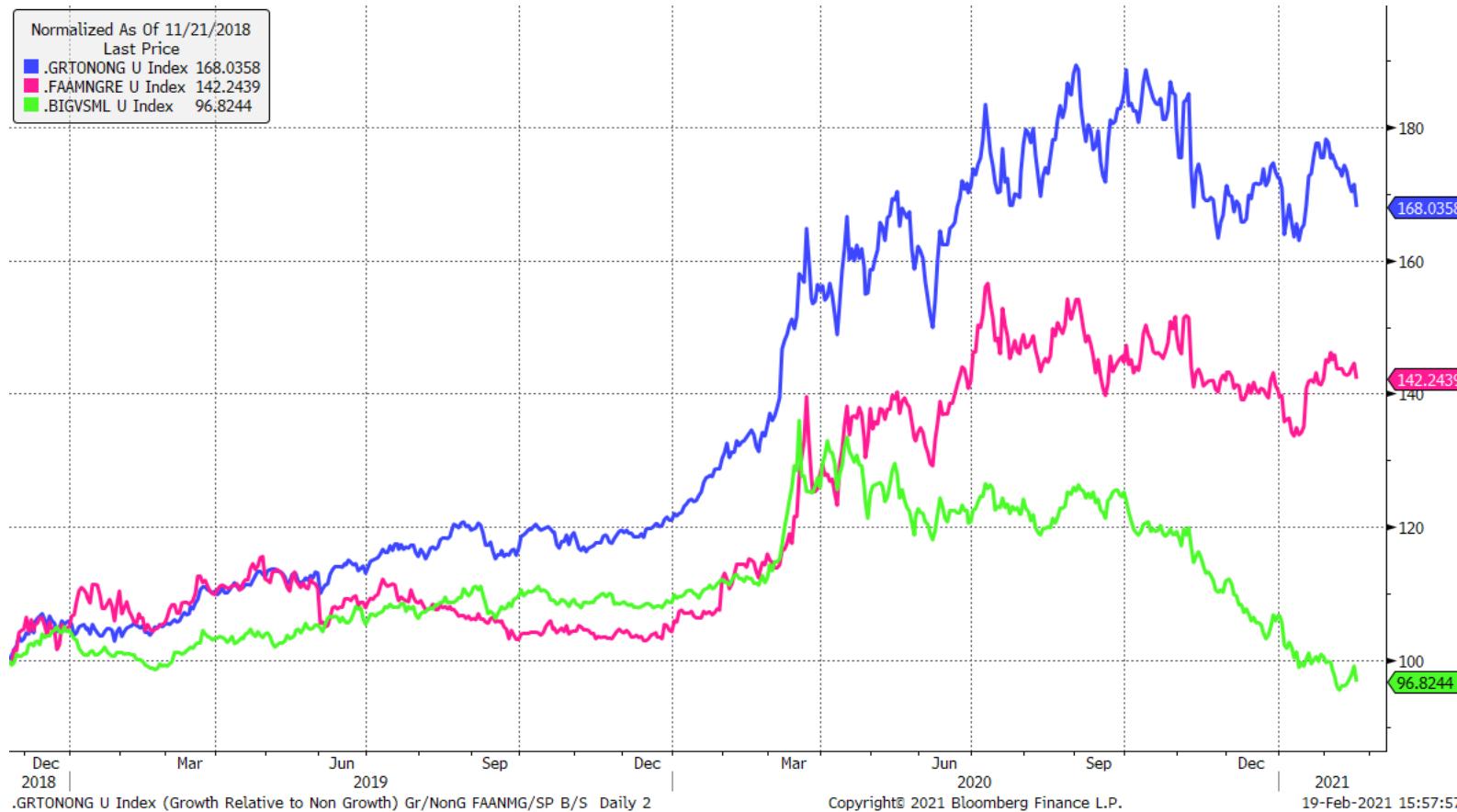


S&P Tech in a Little Bit While S&P Ex Tech Consolidating / Preparing for a Breakout



Growth Rel to Non- Growth, FAANMG Rel to S&P, and Big (S&P) Rel to Small (R2000)

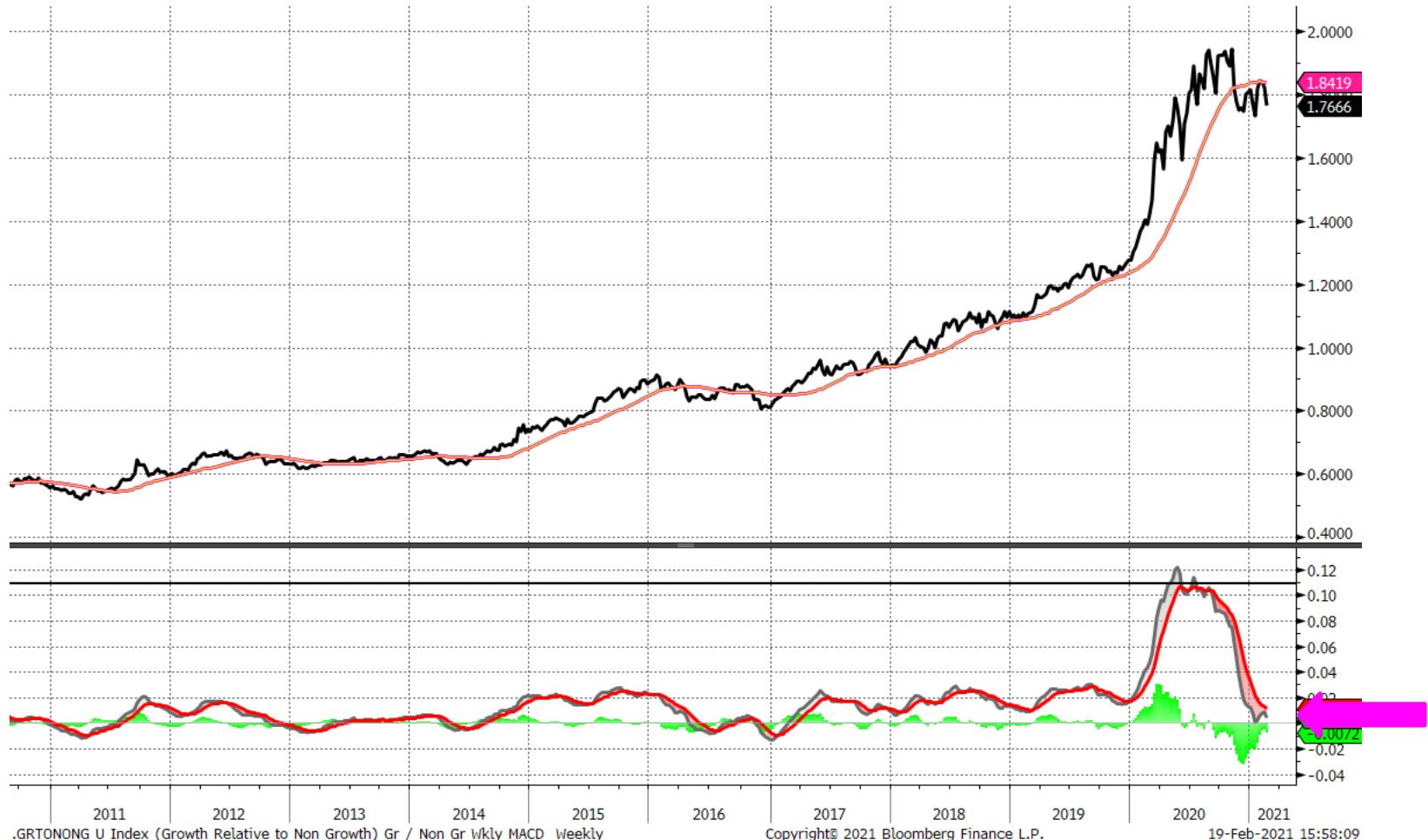
Growth / Non-Gr Coming Off Hard in Favor of
Non-Growth...Non-Growth +9% in Feb and
Growth -3.8% in Feb



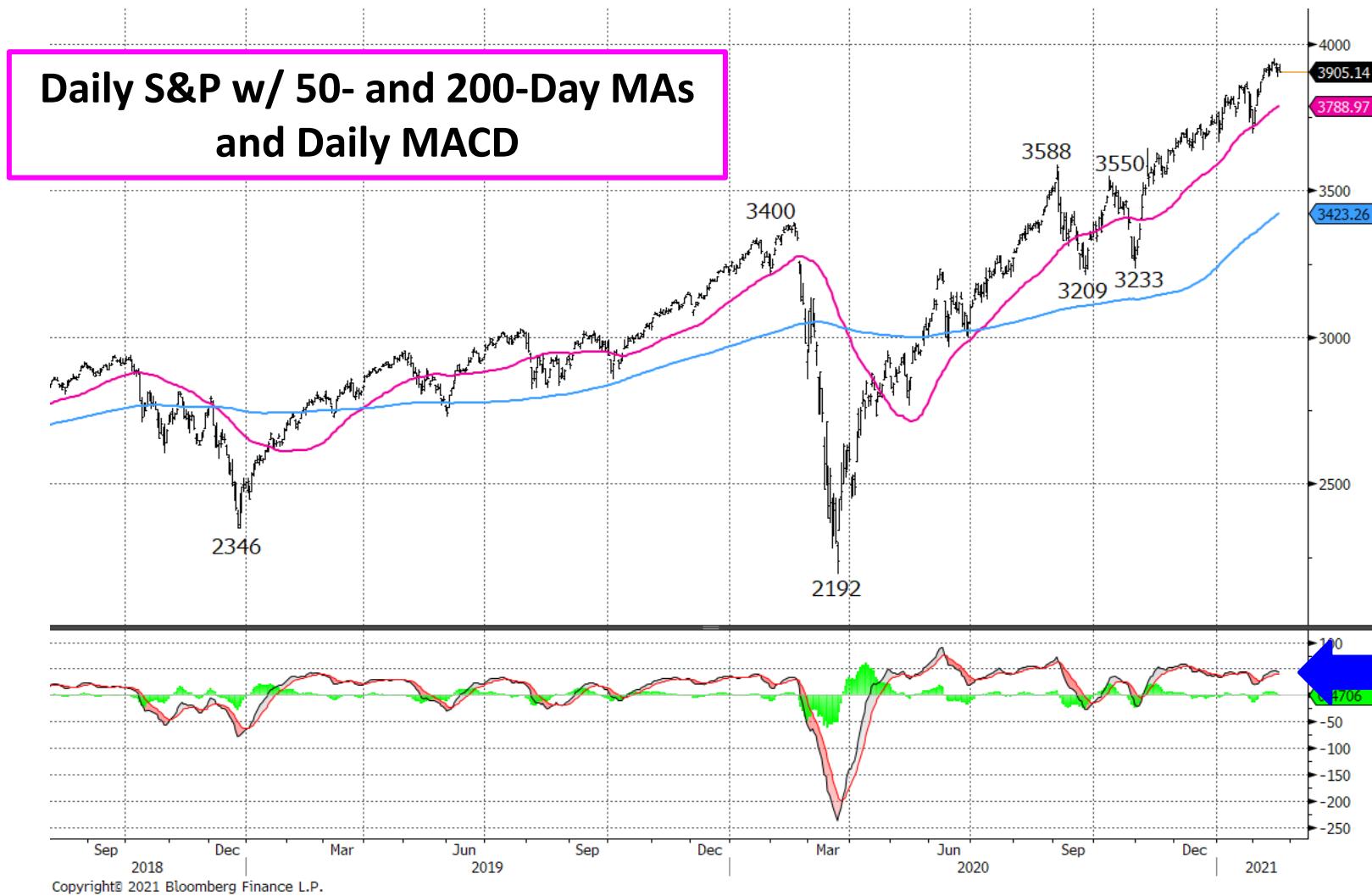
Growth to Non- Growth

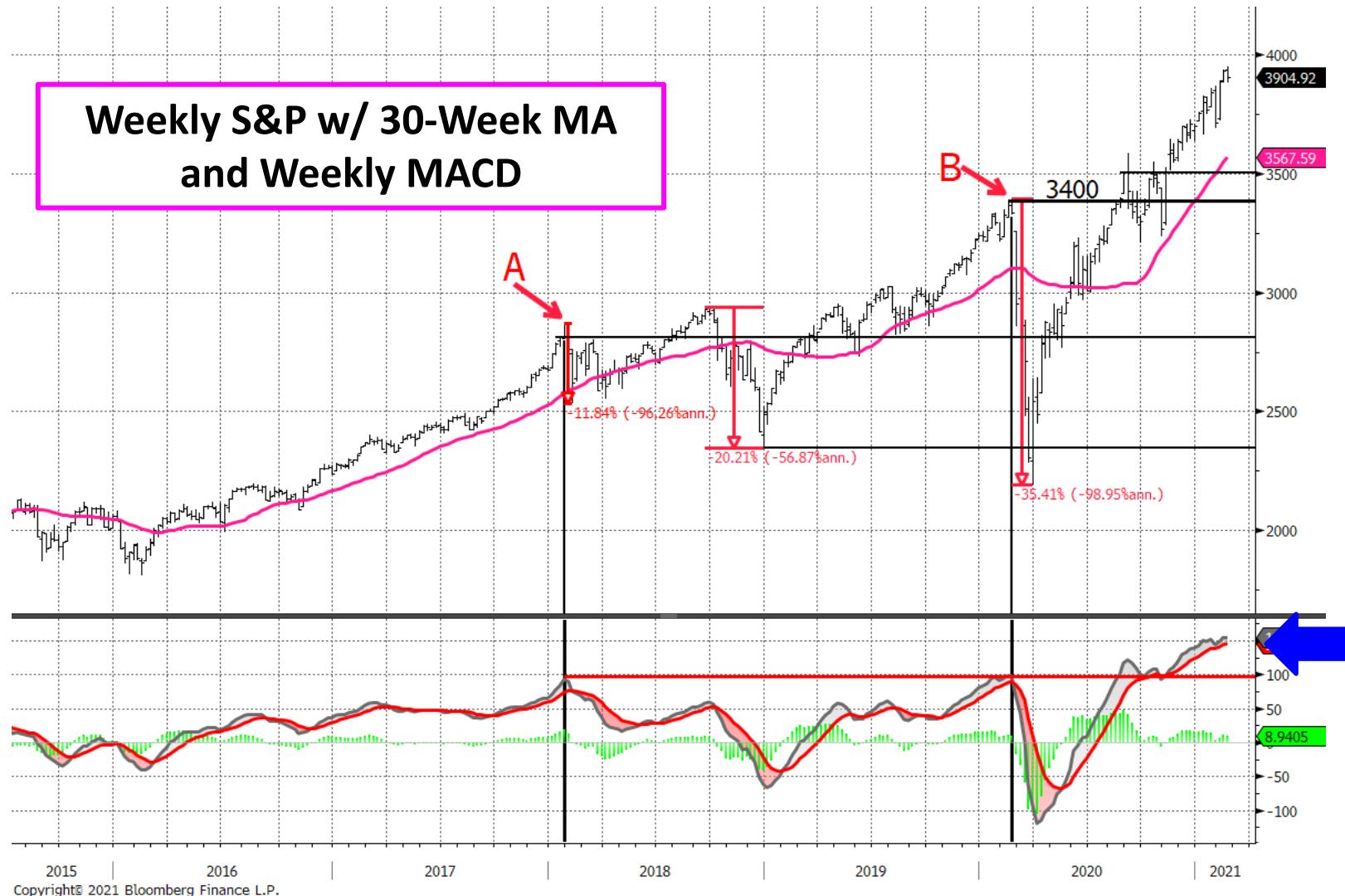
The Overall Set-Up Continues to Suggest that
Growth Has Topped vs. Non-Growth...

Non-Growth +9%, Growth -3.8% in Feb

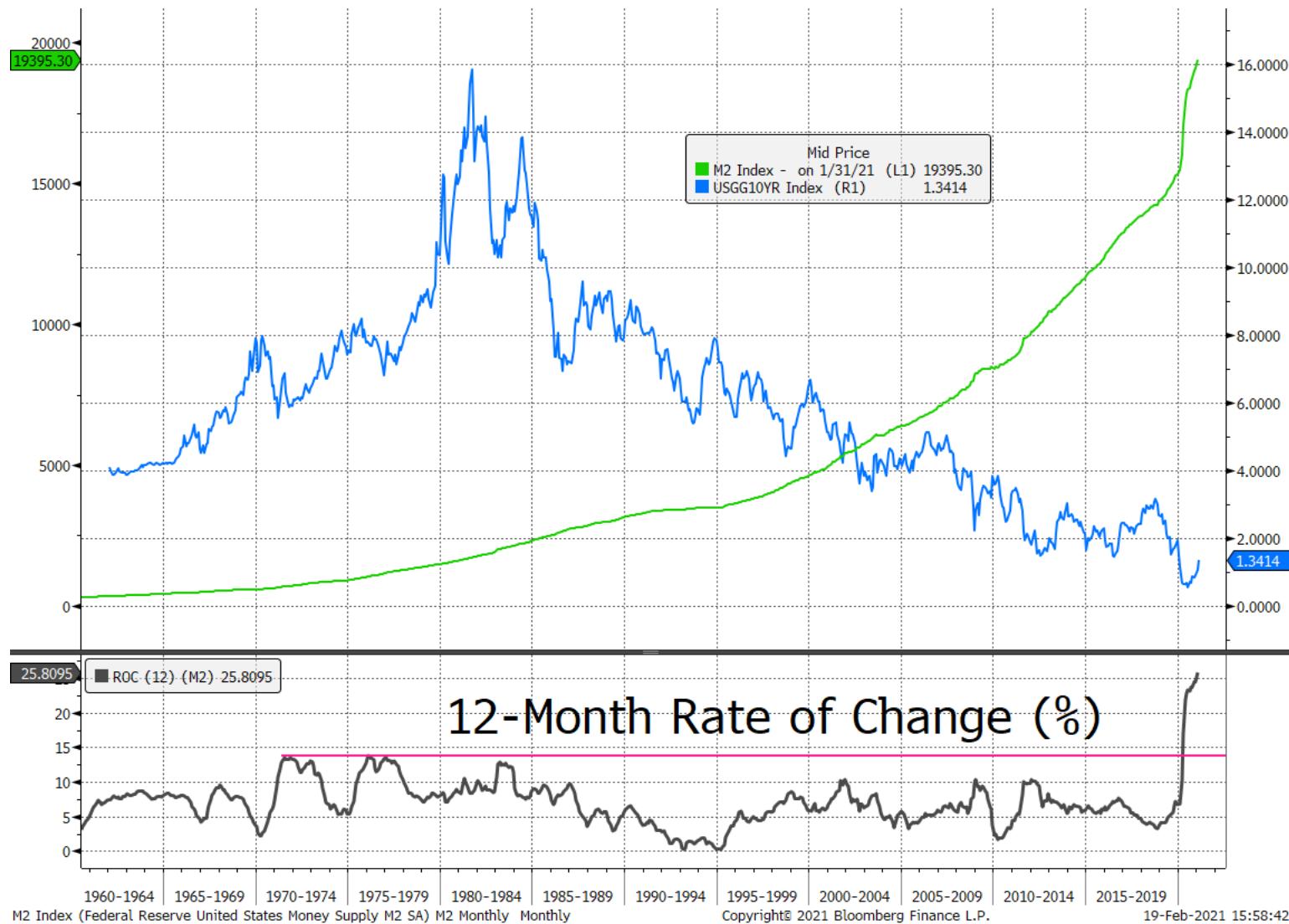


Was 4% > 50-Day MA
Was 15% > 200-Day MA

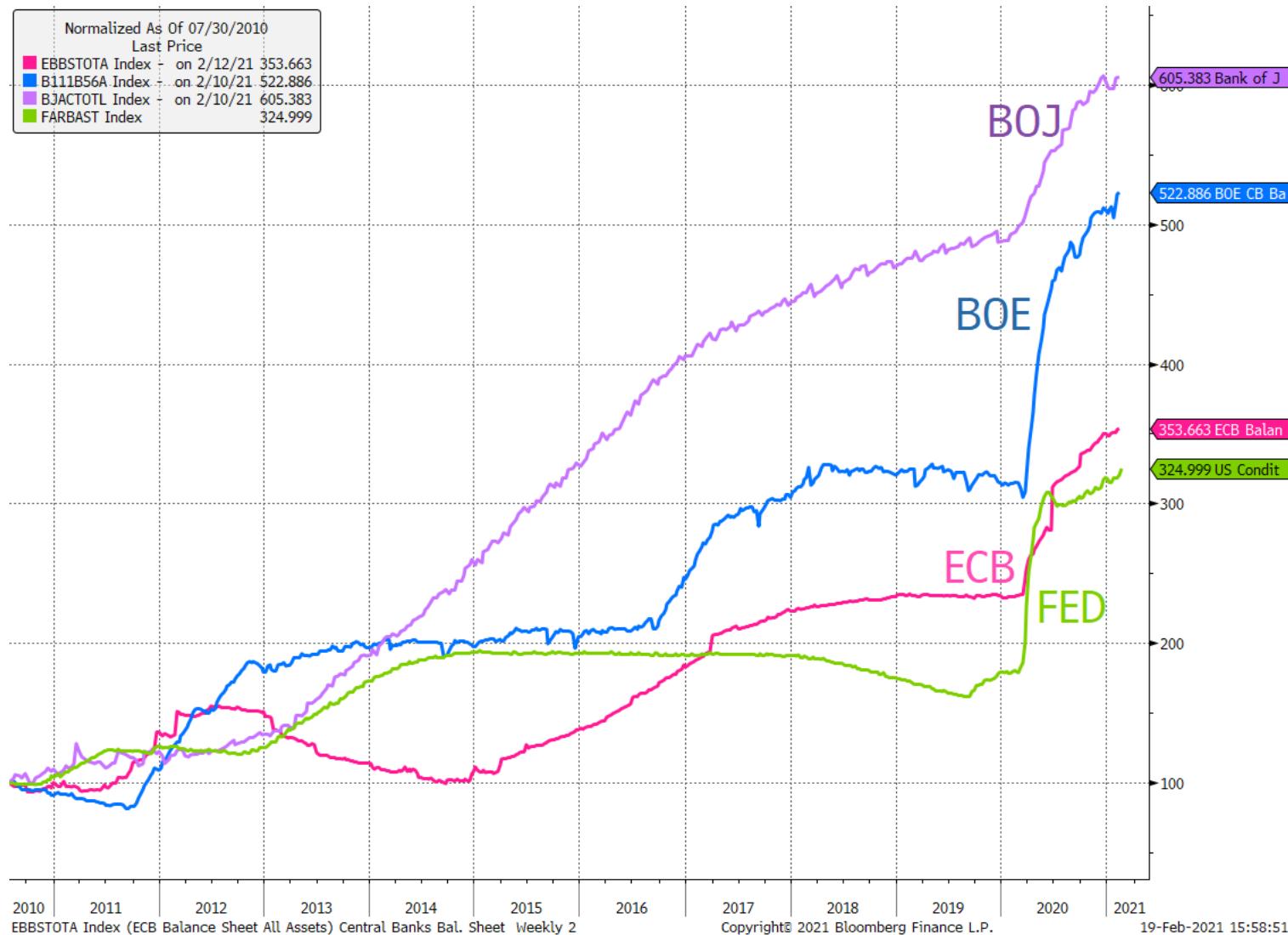




Check Out **M2** & its Annual **ROC** in The Lower Panel...
For the Love of Money – The O’Jays, 1973
https://www.youtube.com/watch?v=GXE_n2q08Yw



CBs Employing a Wall of Liquidity Here.



US\$ Index

Still Sellers of US\$



DXY Curncy (DOLLAR INDEX SPOT) Daily MACD Daily 01FEB2019-19FEB2021

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US\$ Index

Support @ 92 Broke, We think 88 Breaks
Weekly MACD Shows No Lift

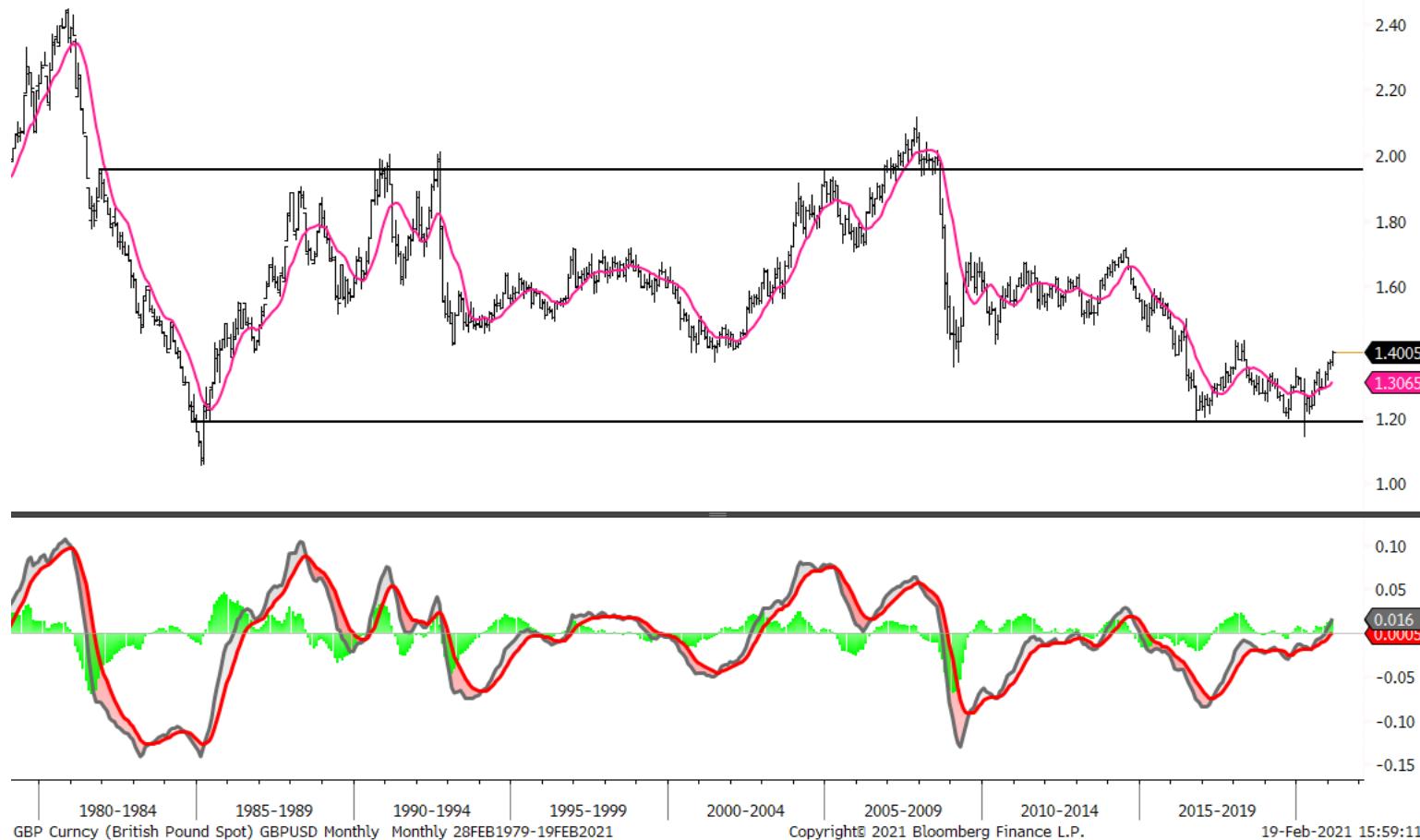


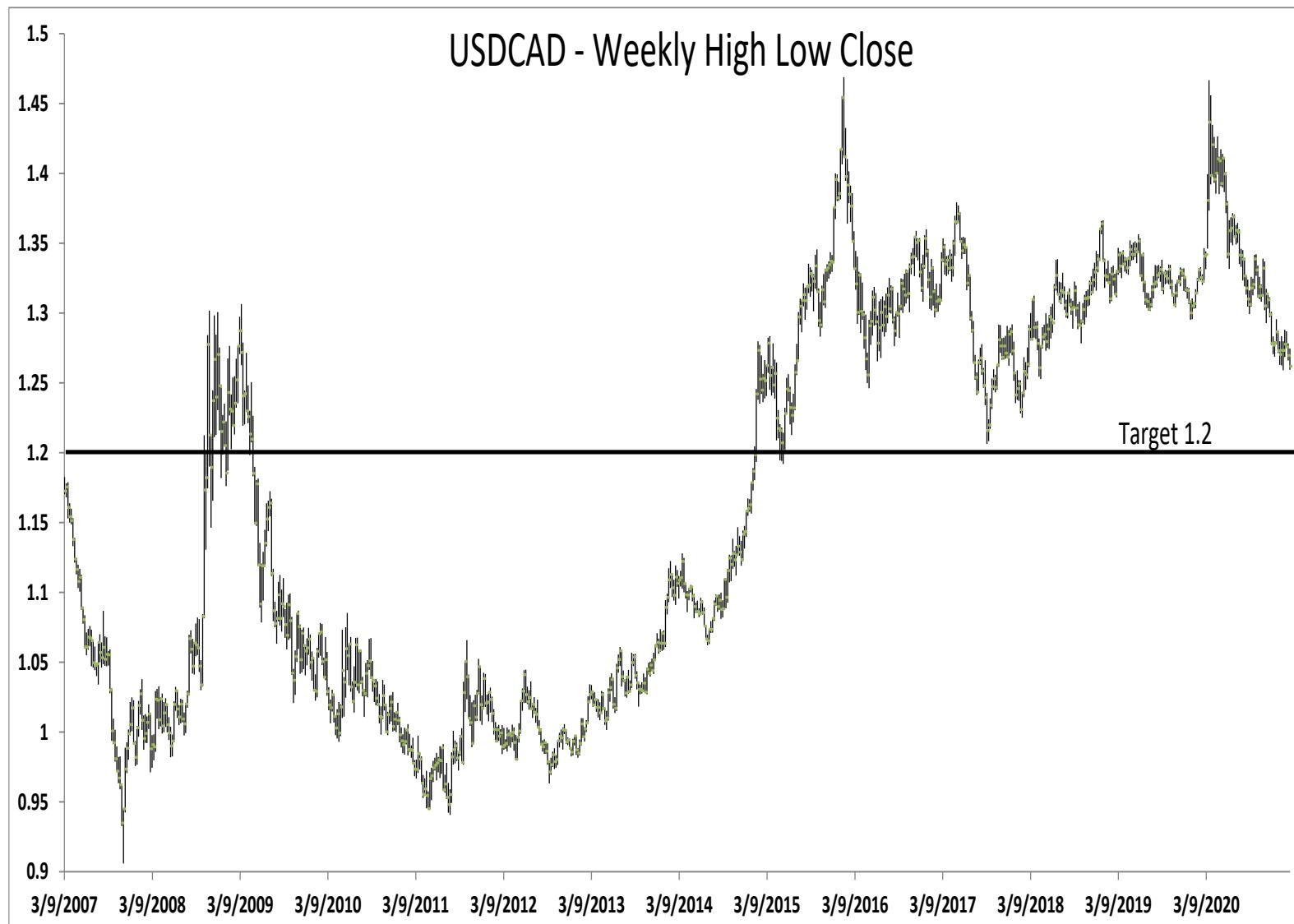
GBPUSD

Despite Brexit Woes GBP Never Broke...And It's Turned Nicely w/ Monthly MACD in + Territory...

GBPUSD Up in 14 of 16 Weeks!

Who's Got It To the Top
of its 40-Year Range?

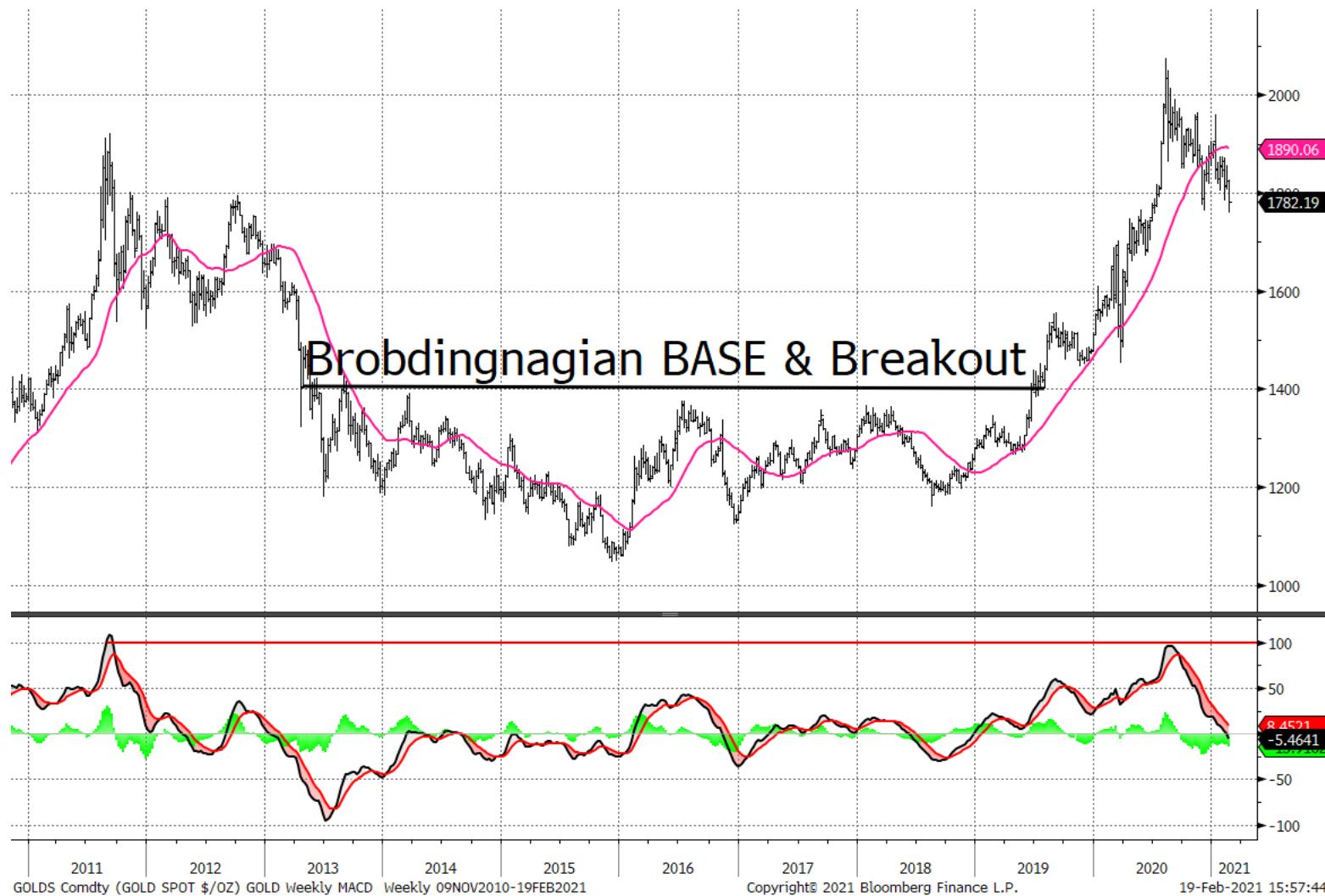




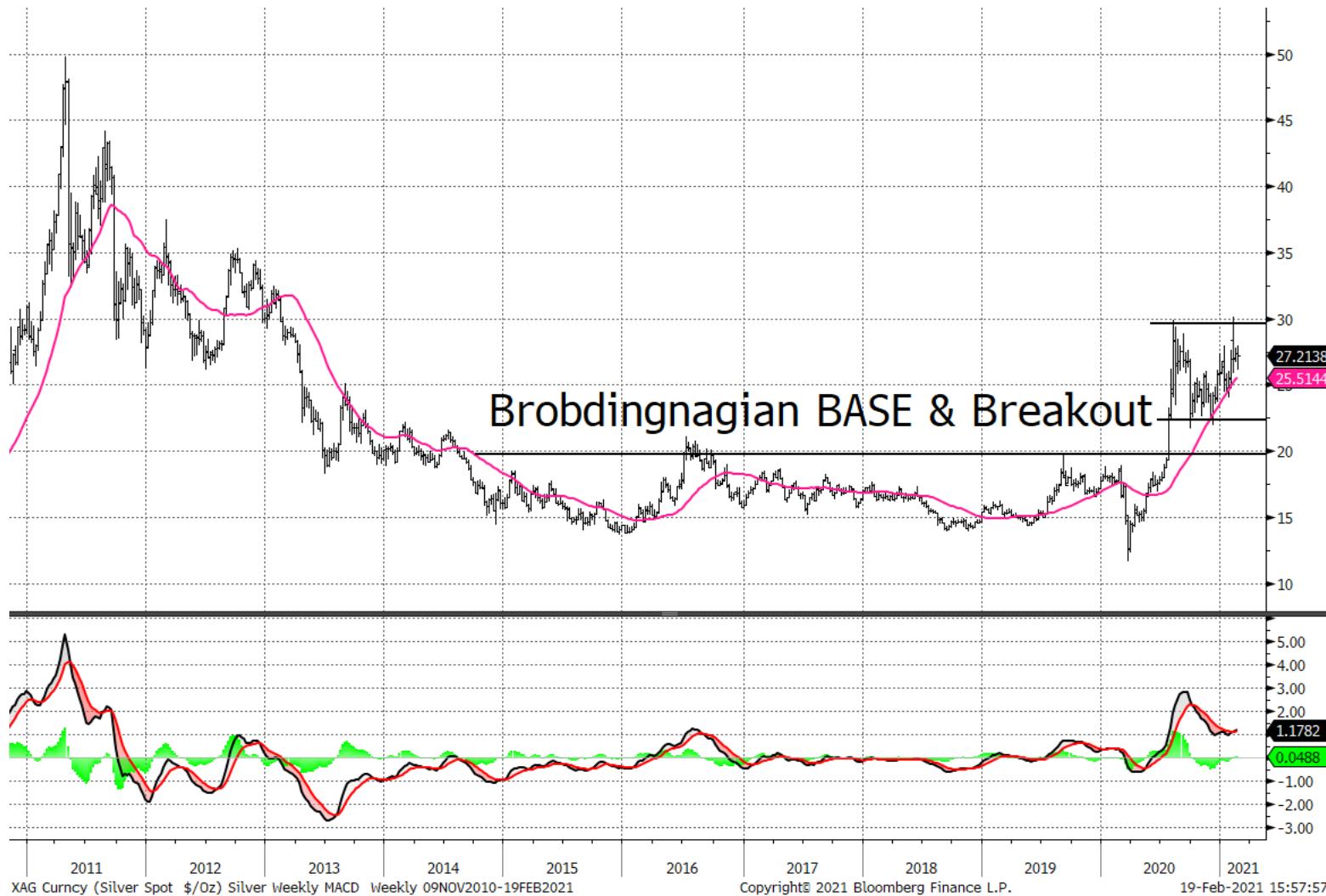
Must Resecure 1800 As Support... Until Then, Gold Ain't



Weekly Momentum for **Gold** Close to Negative Territory...Must Resecure 1800 as Support

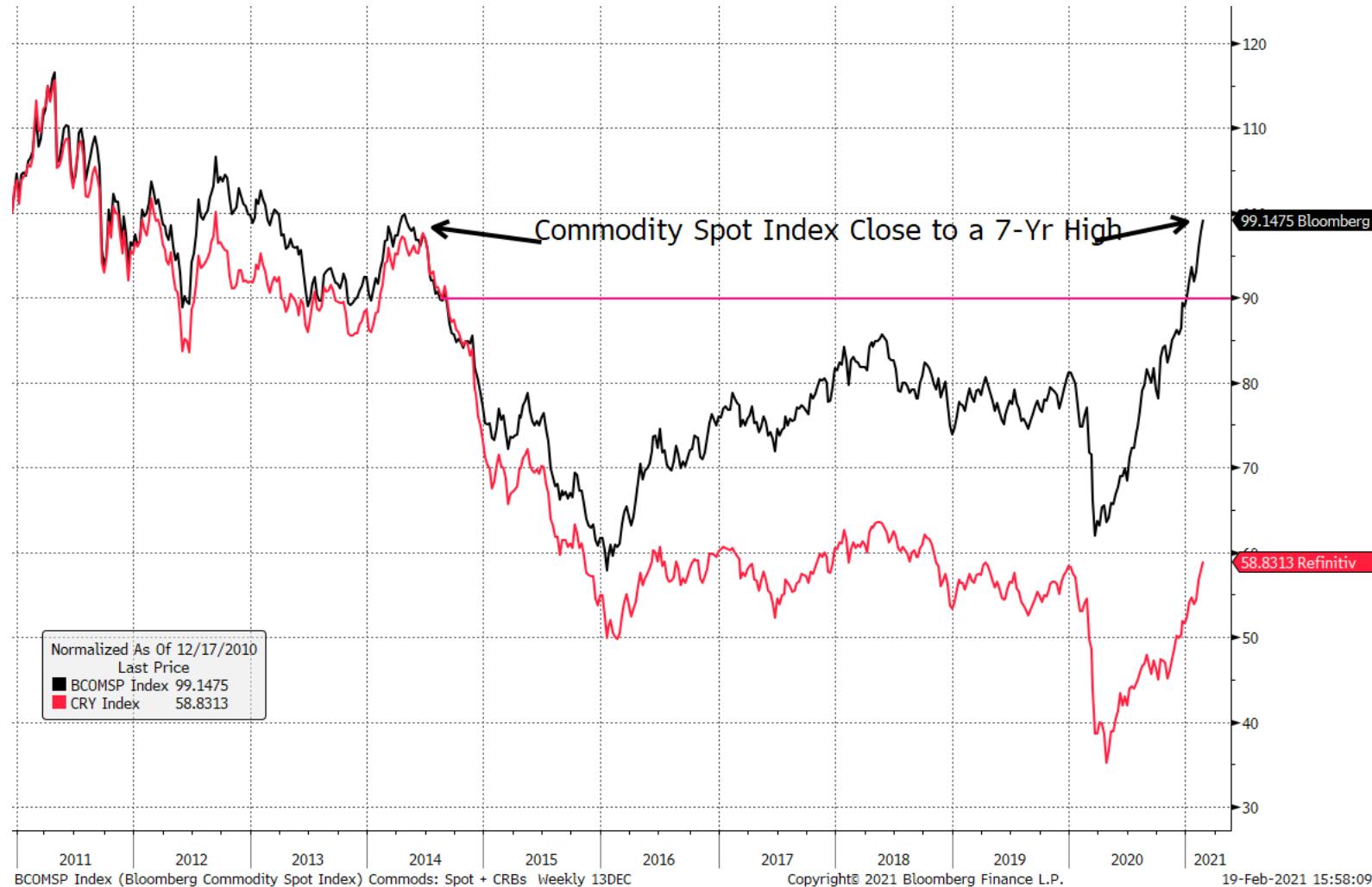


Trend Still Encouraging...We Think it Breaks Above the r/WallStreetBets High



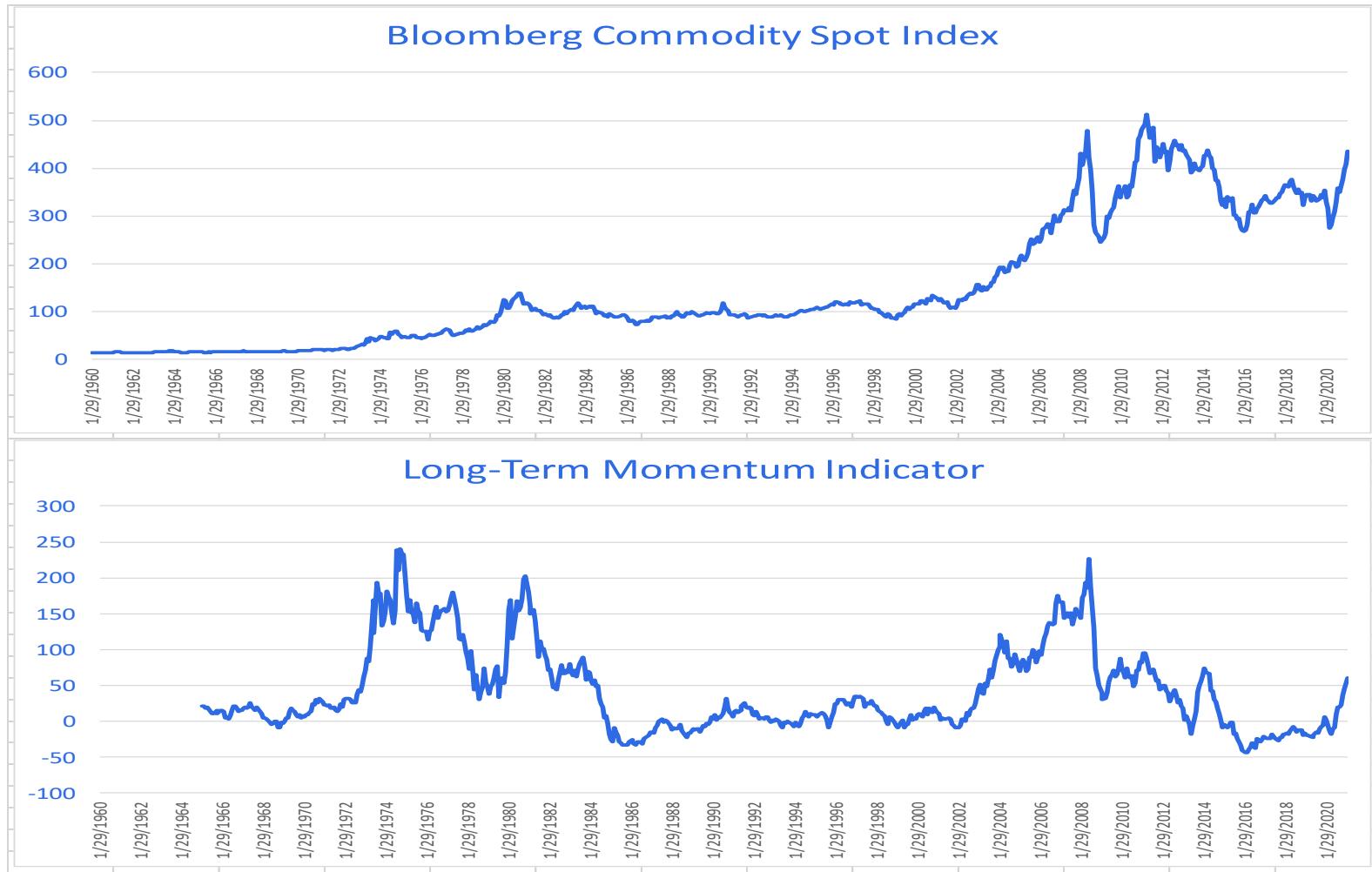
Was 3...Now 2 Commodity Indexes

Spot & Weighted to Energy
Both Behave Well



Bloomberg Commodity Spot Index

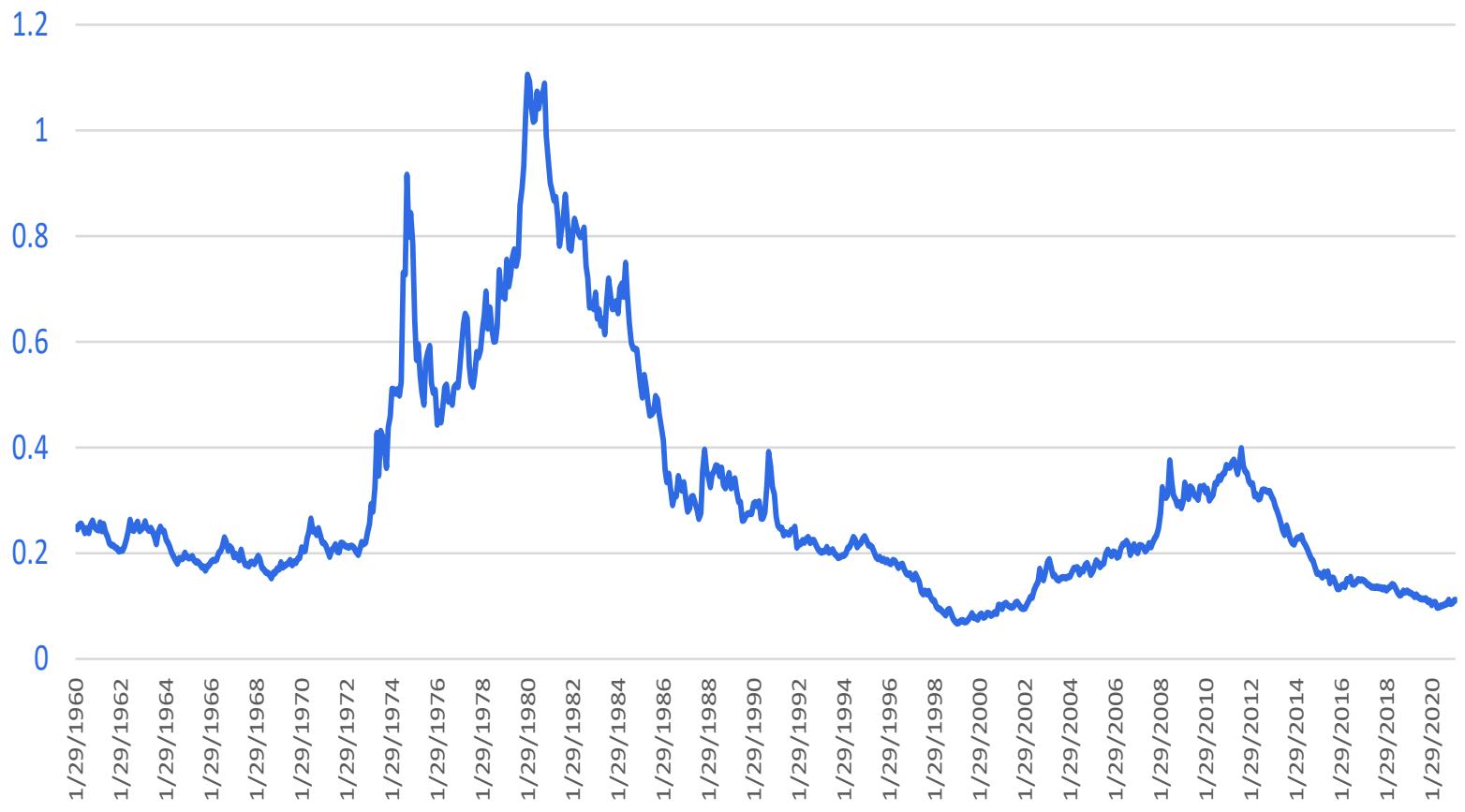
Long-Term Mo Accelerating &
Not Close to Prior O/B Levels;
Check Our Note "**The Revolution**" 2/17/21



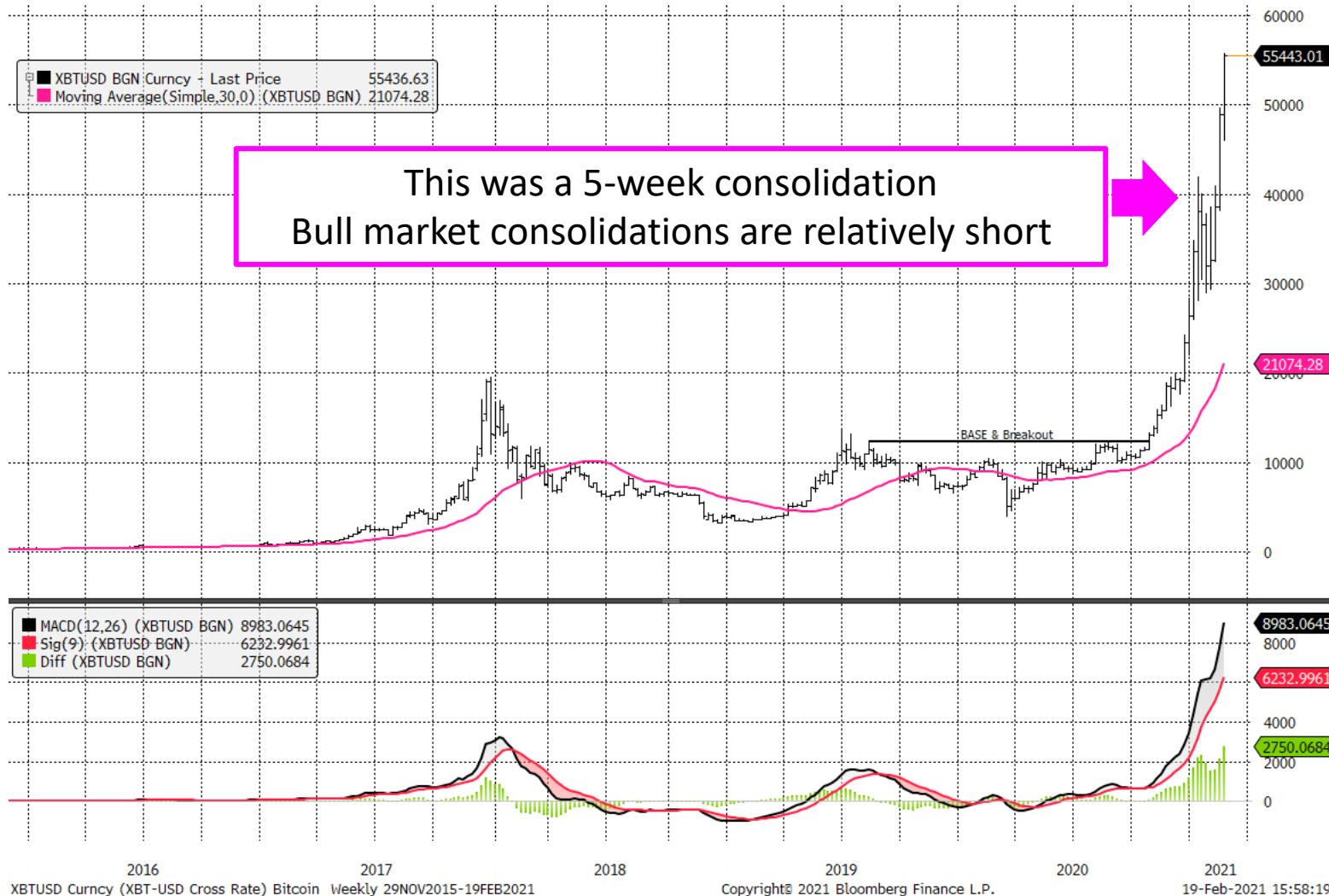
Bloomberg Commodity Spot Index Rel to S&P 500

Commodity Spot Index +53% and S&P +34%
Since April; See "**The Revolution**"

Bloomberg Commodity Spot Index Relative to S&P 500



Look at Where the Breakout Was! +358% Since Breaking Above 12000



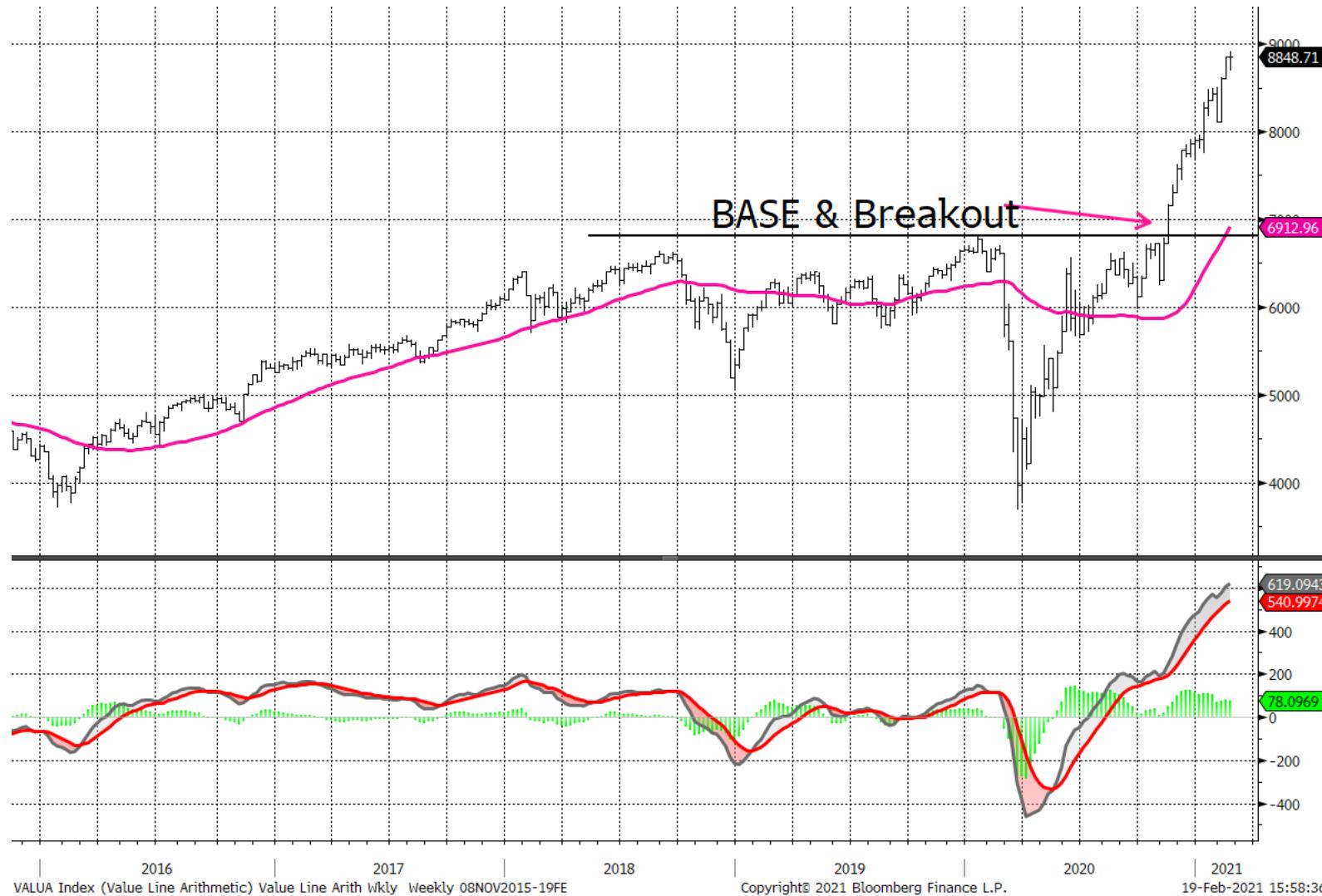
Bitcoin

Up 358% Since Last B/out...
 But When Seen in This Monthly Log Chart
 Bitcoin (a) Does Not Seem "So" Extended &
 (b) It Has BASE & Breakout History



Value Line Arithmetic

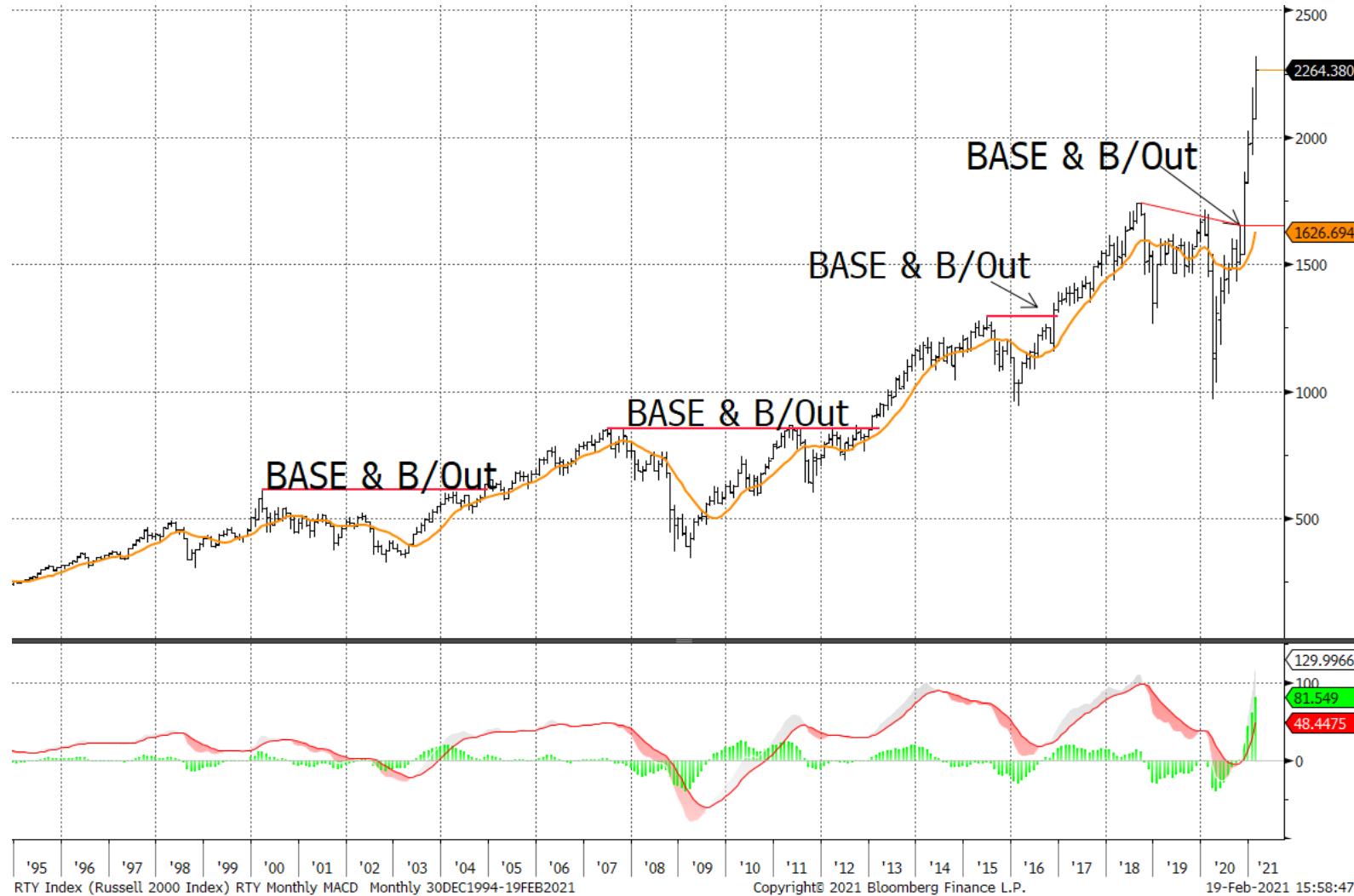
Going to Have to Get < 8000 On a Correction
To Mean Something



Russell 2000 Monthly Chart

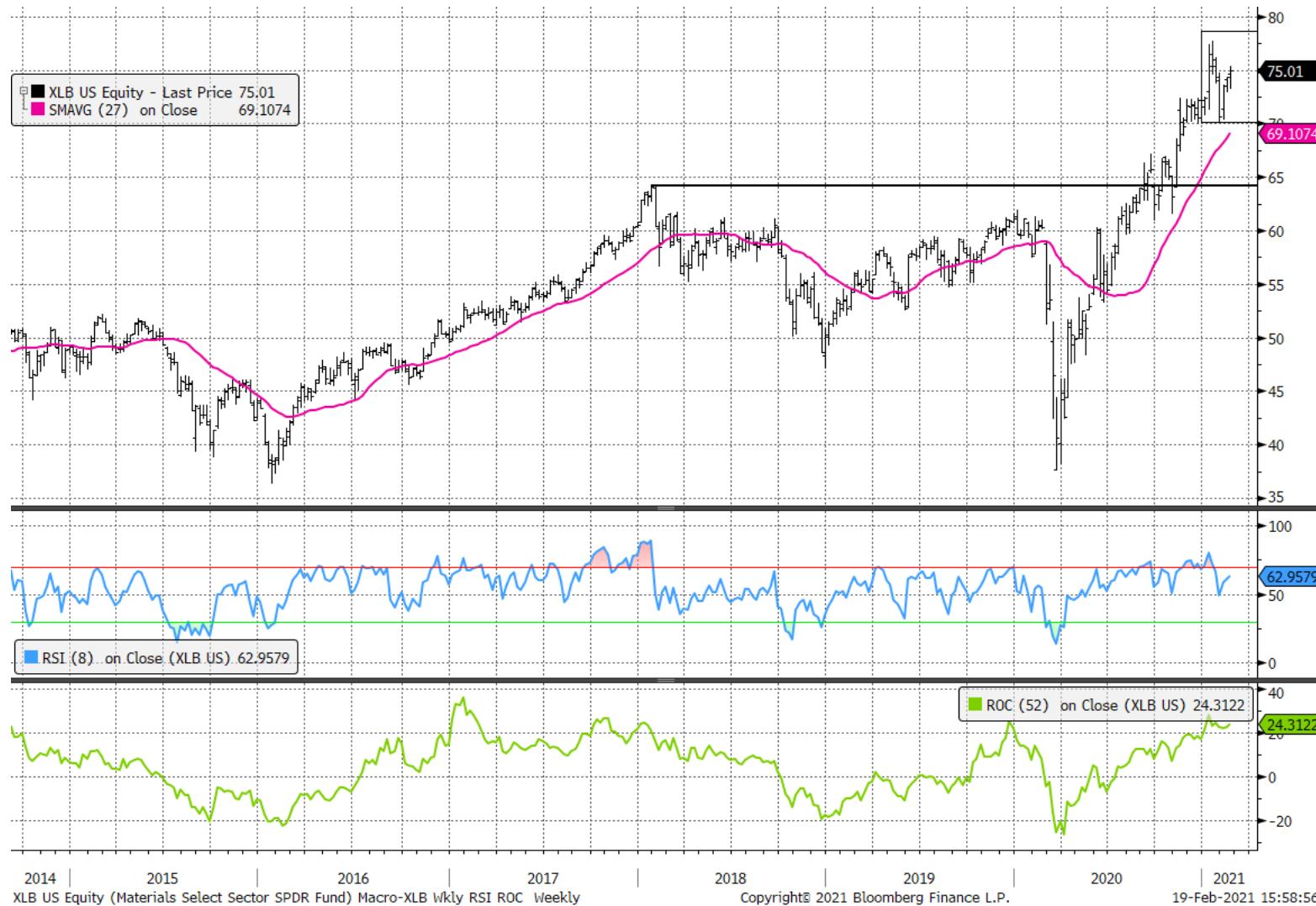
The Giant Killer +9% in Feb '20

+38% Since Early Nov '20 Breakout



SPDR S&P Materials ETF (XLB)

Wouldn't Surprise Us to See it Flag Out



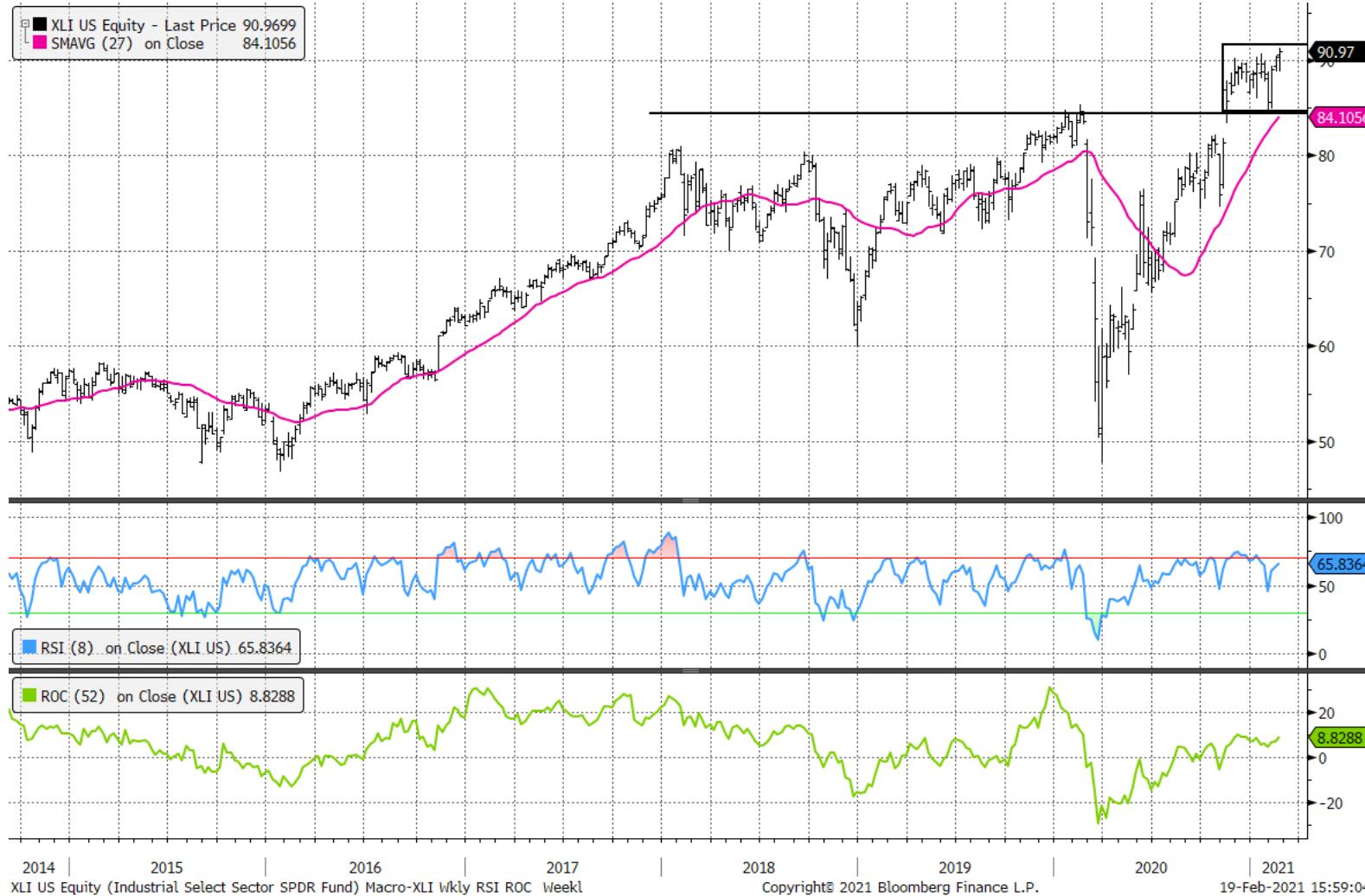
XLB US Equity (Materials Select Sector SPDR Fund) Macro-XLB Wkly RSI ROC Weekly

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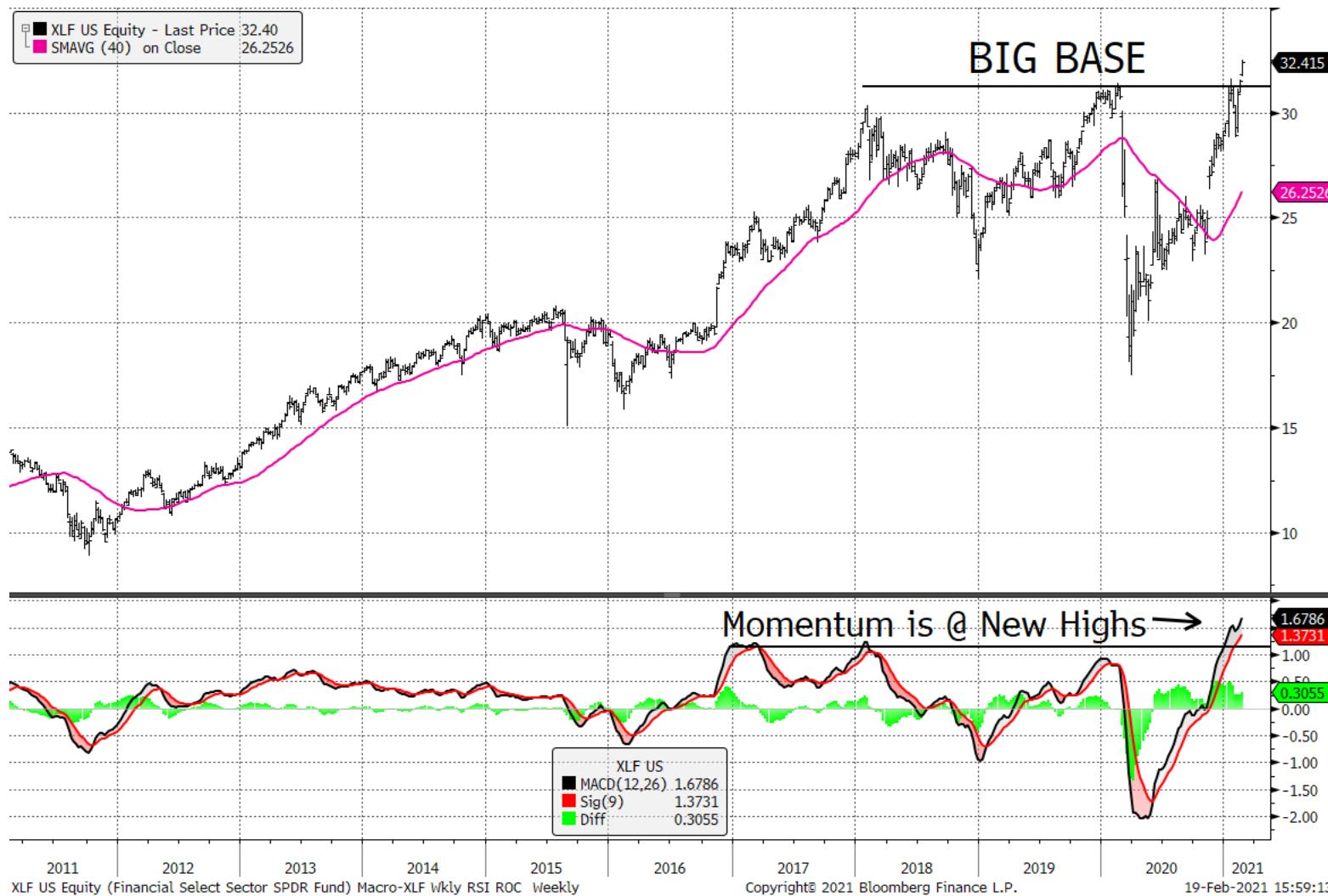
SPDR S&P Industrials ETF (XLI)

Another Candidate for Flagging Out to the Right



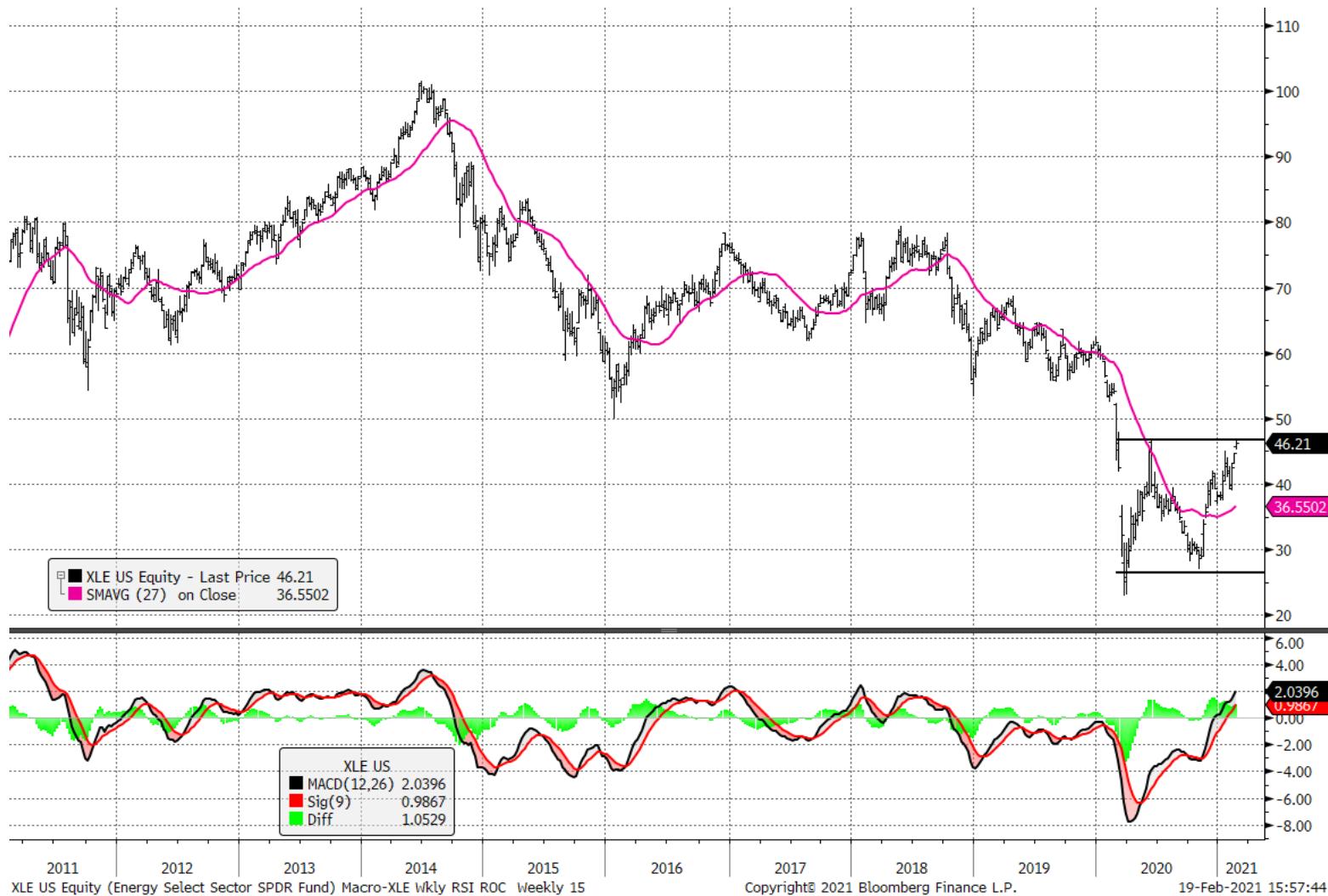
SPDR S&P Financial ETF (XLF)

Was This Close to a New All-Time High Now a Breakout



SPDR S&P Energy ETF (XLE)

Consolidating For a Push High



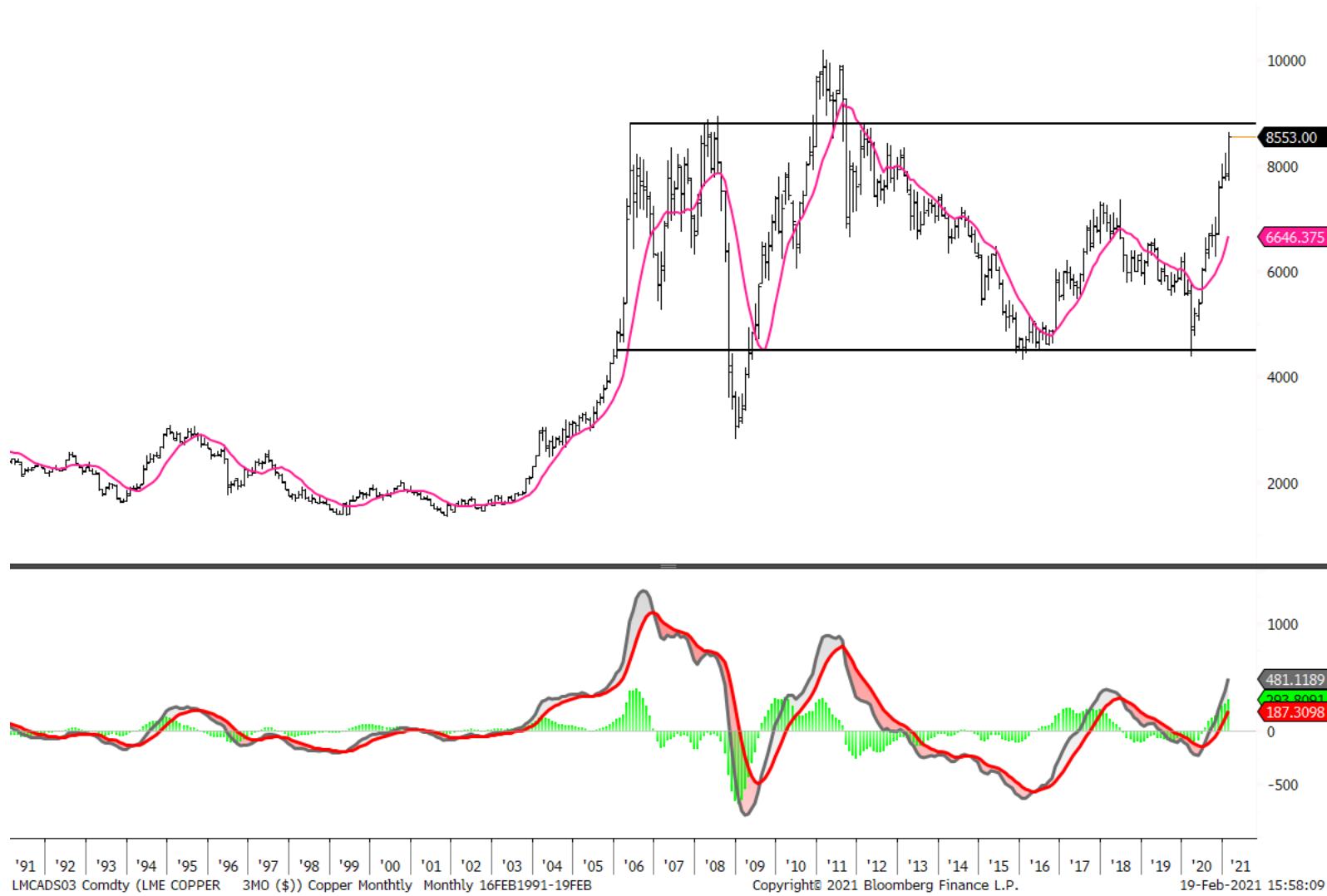
Industrial Metals Index

Up 12 of 16 Weeks



LME Copper

Brobdingnagian BASE Building Here

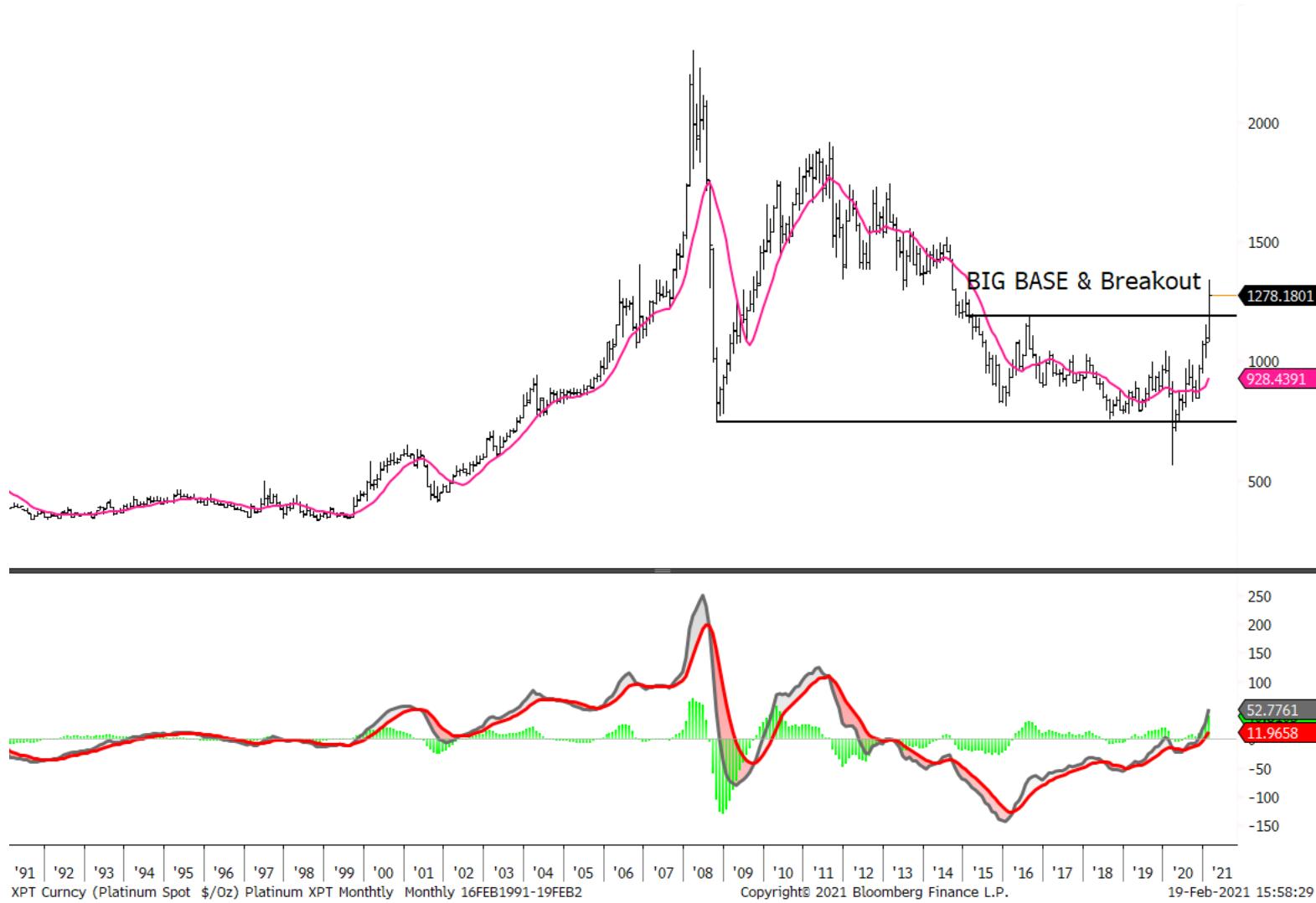


LME Nickel

Was a Potential Brobdingnagian BASE Now a Breakout

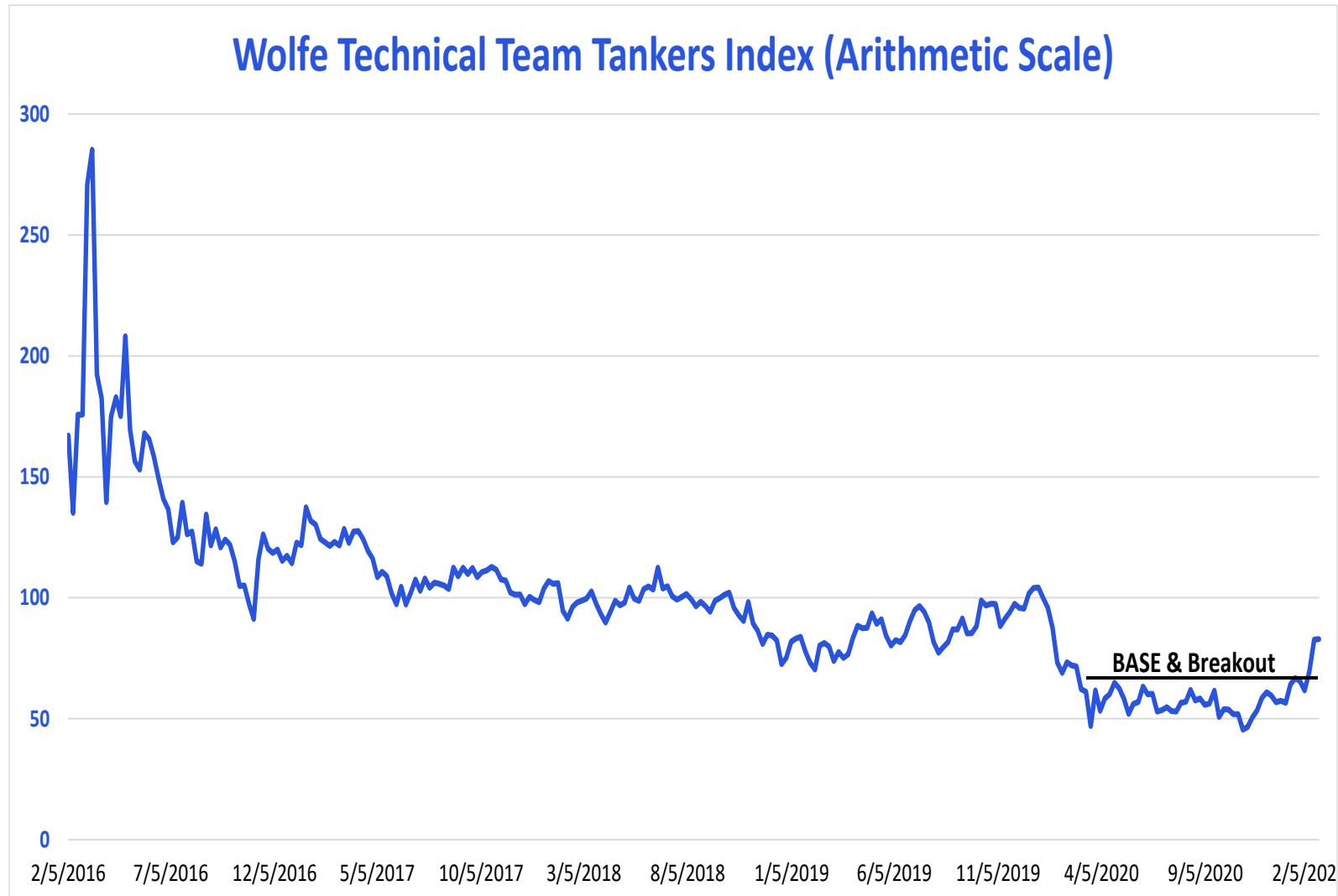


Platinum Was a BIG BASE, Now A Breakout

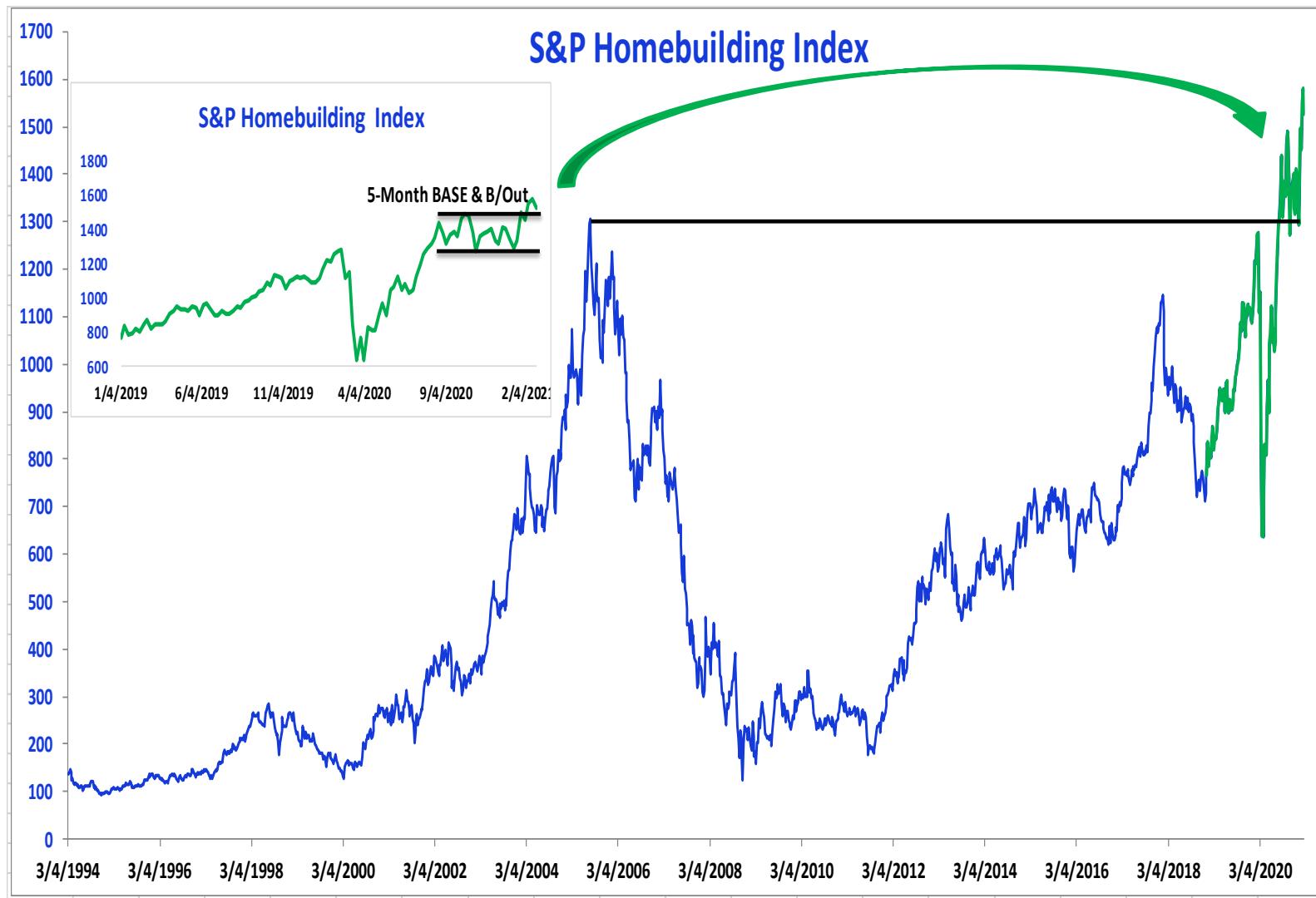


Wolfe Technical Team Tankers Index

BASE & Breakout

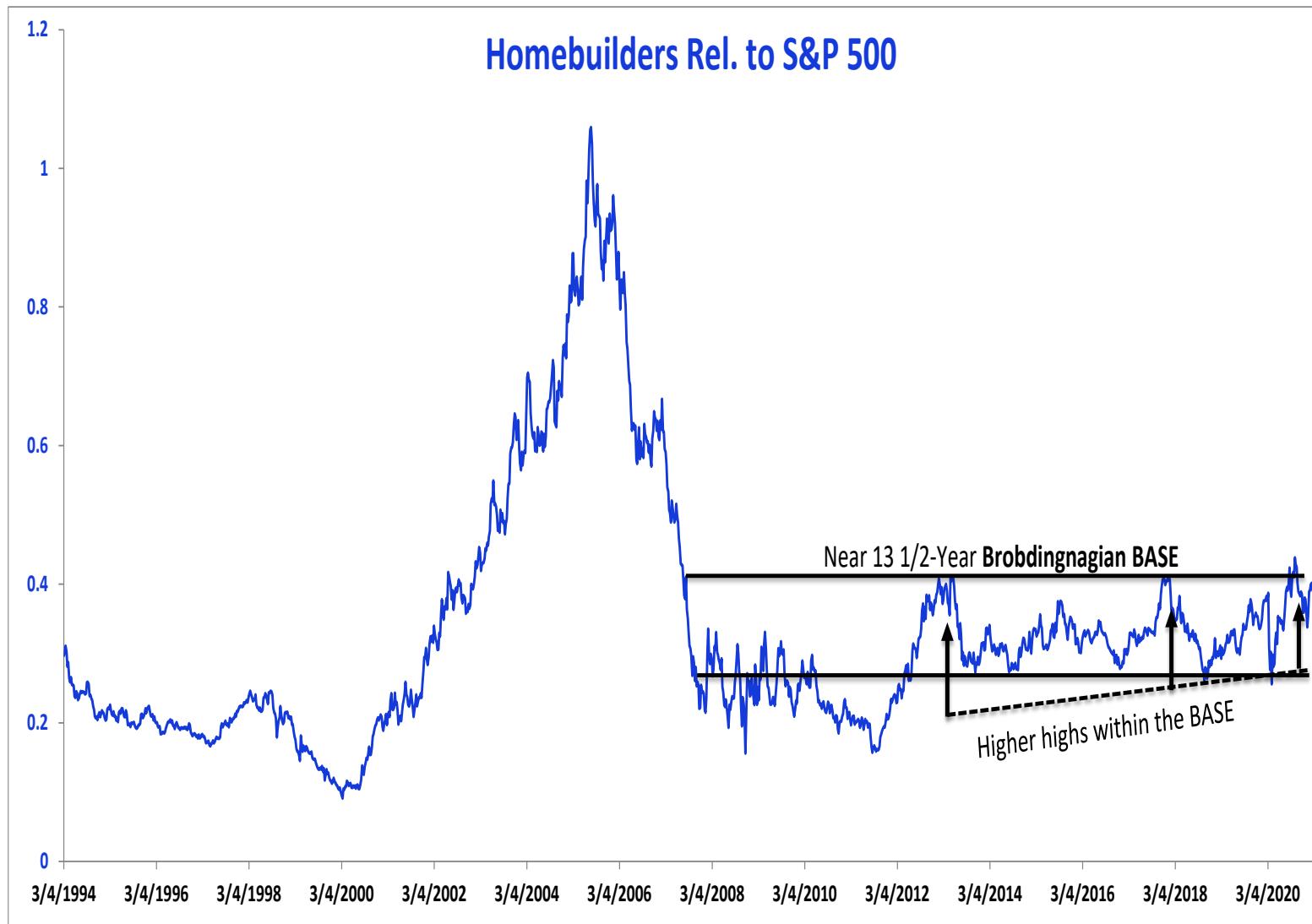


Yo, Homes... We Still Really Like The Homebuilders



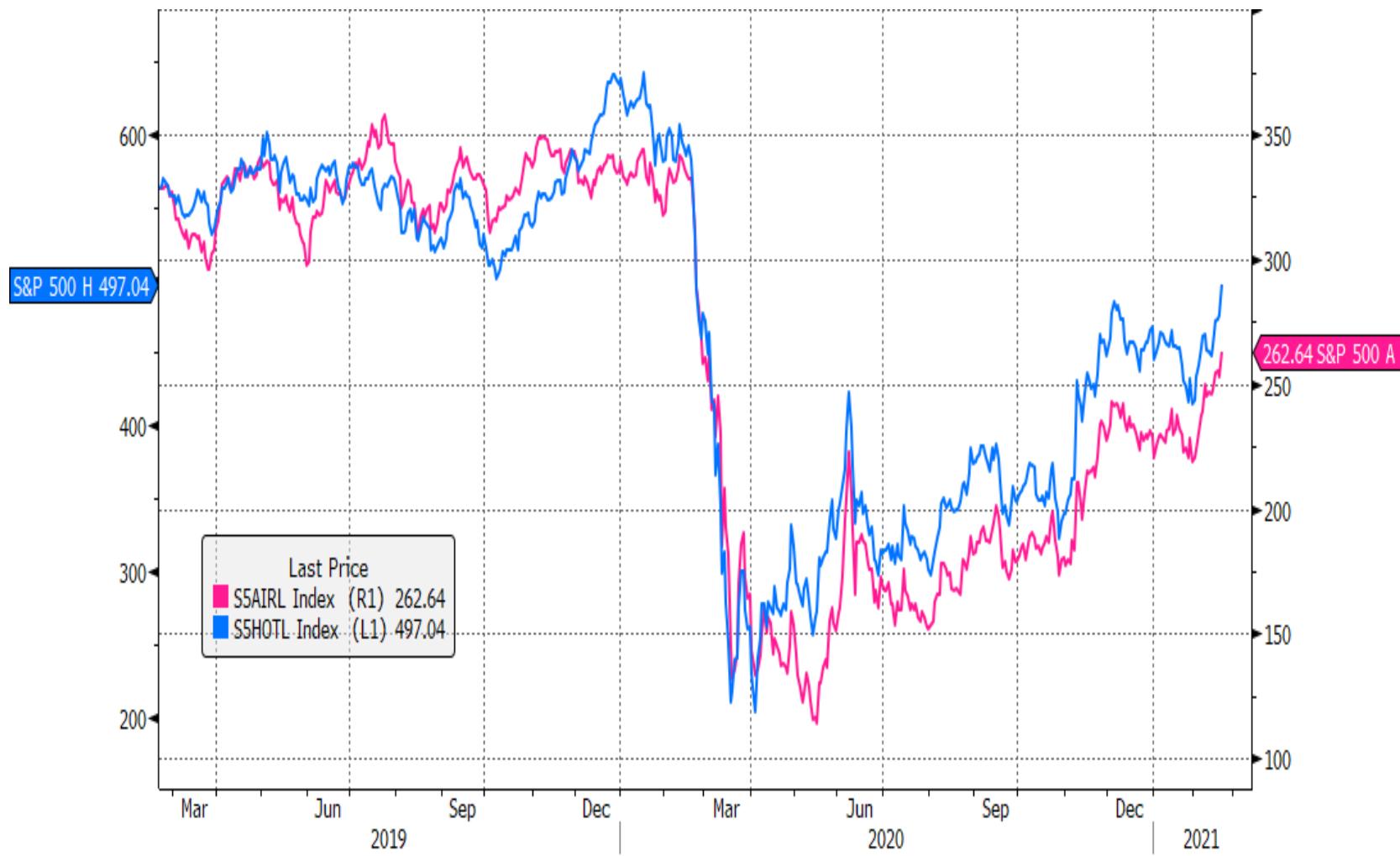
Homebuilders Rel. to S&P 500

Potential Brobdingnagian BASE



Skies & Seas Are Friendly

S&P Airlines and S&P Hotels, Resorts & Cruise Lines



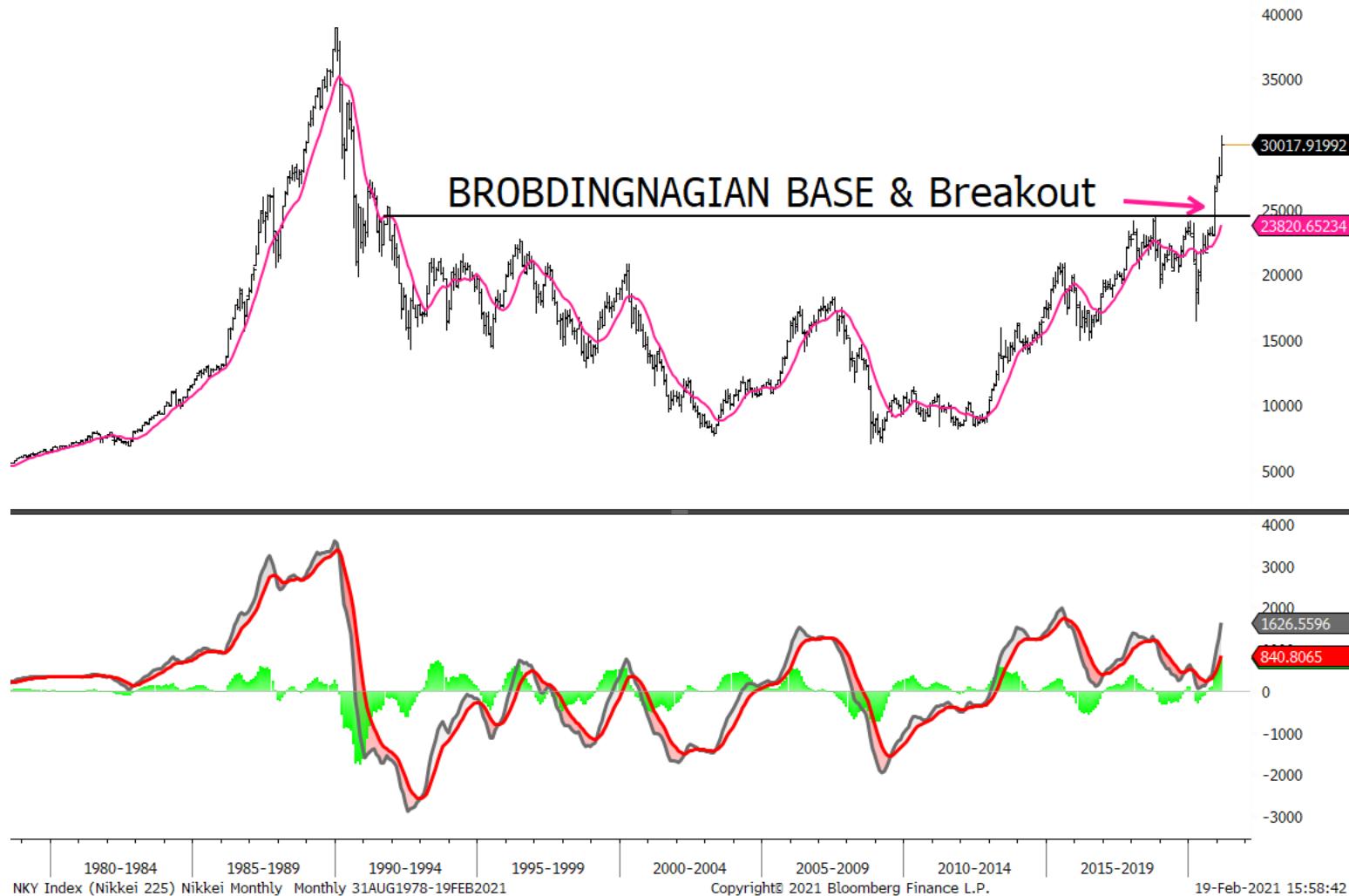
S5AIRL Index (S&P 500 Airlines Sub Industry GICS Level 4 Index) Airlines & Cruis

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Japan

We Still Like This Theme A Lot, Too

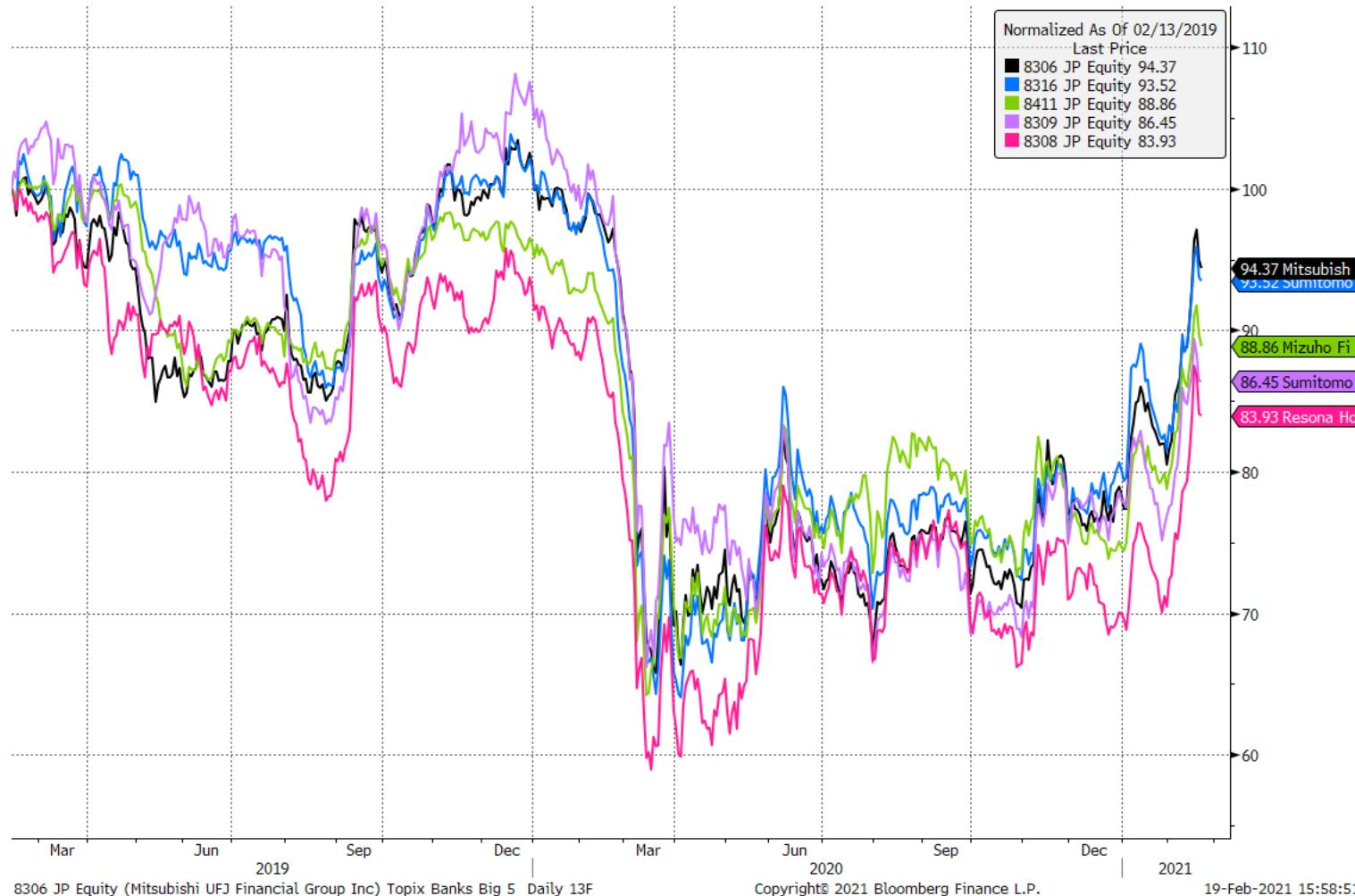


Japanese Banks

These Stocks Are Nearly 75% of the Topix Bank Index

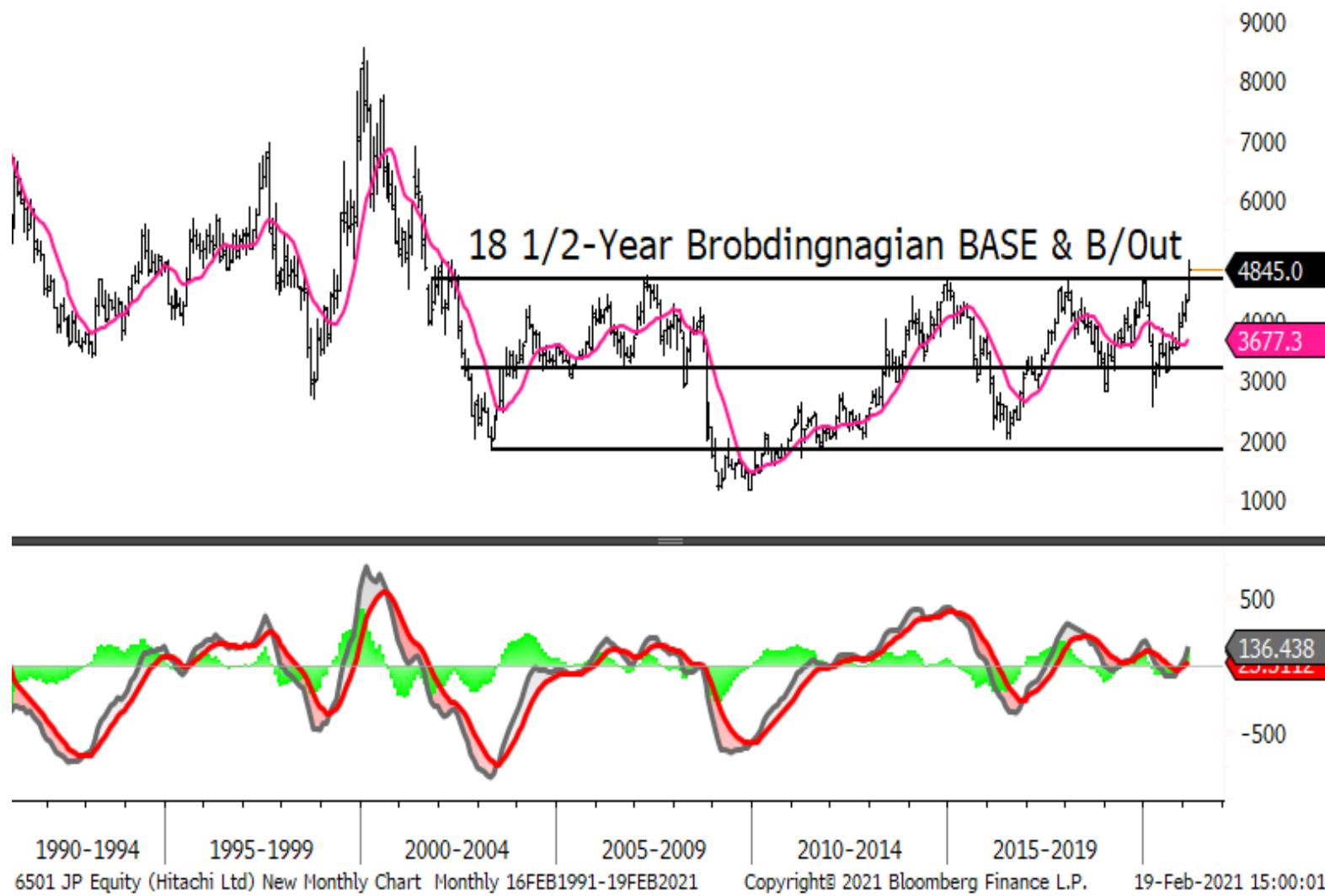
Homogeneity, Not Grease, is The Word

Mitsubishi UFJ (8306 JP), Sumitomo Mitsui (8316 JP), Mizuho Fin'l
(8411 JP), Sumitomo Mitsui (8309 J), & Resona (8308 JP)



Hitachi (6501 JP)

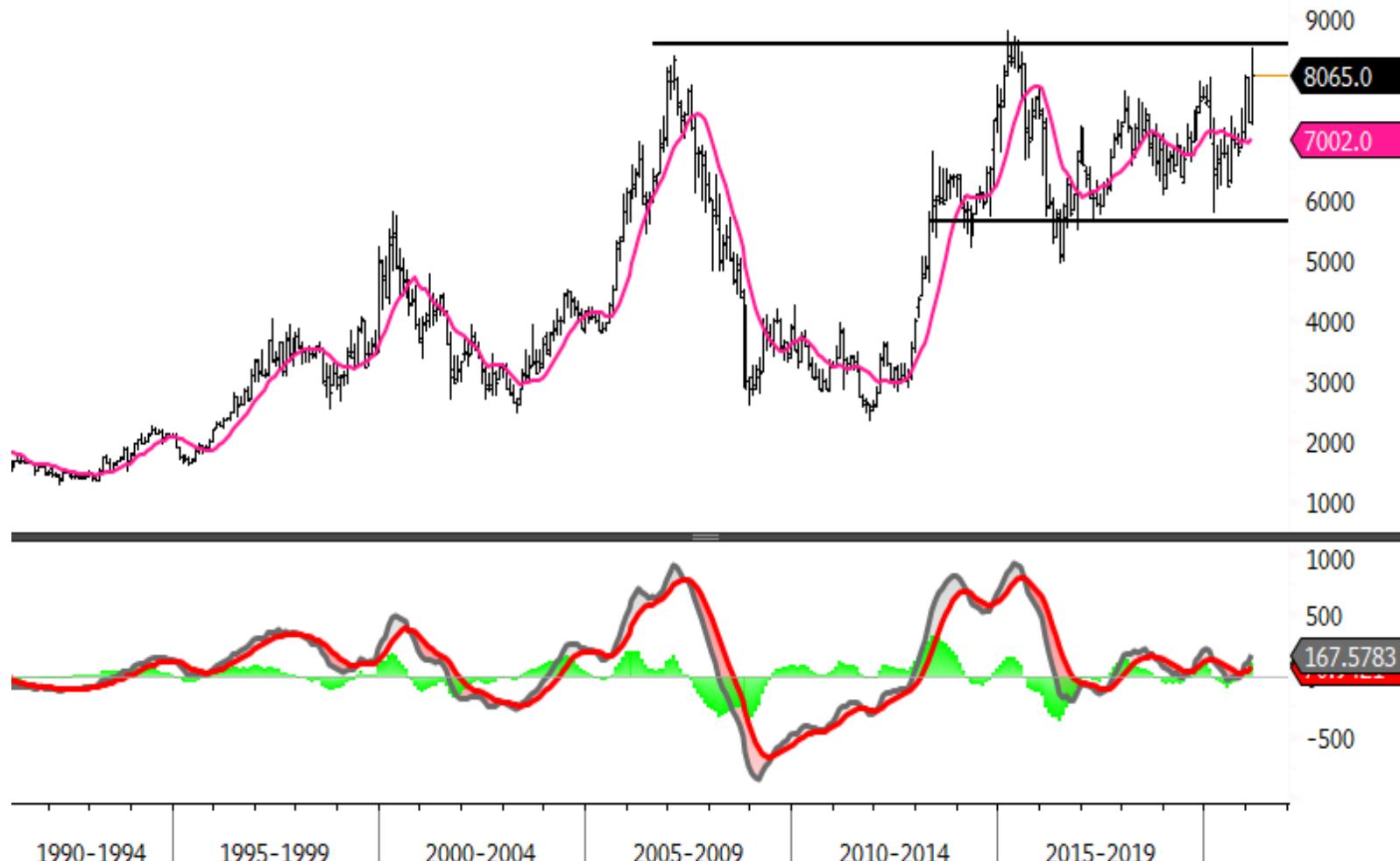
Brobdingnagian BASES Speak for Themselves...
But We'll Say The B/Out Counts to Nearly 8000¥



Toyota Motor (7203 JP)

Continues to Build...

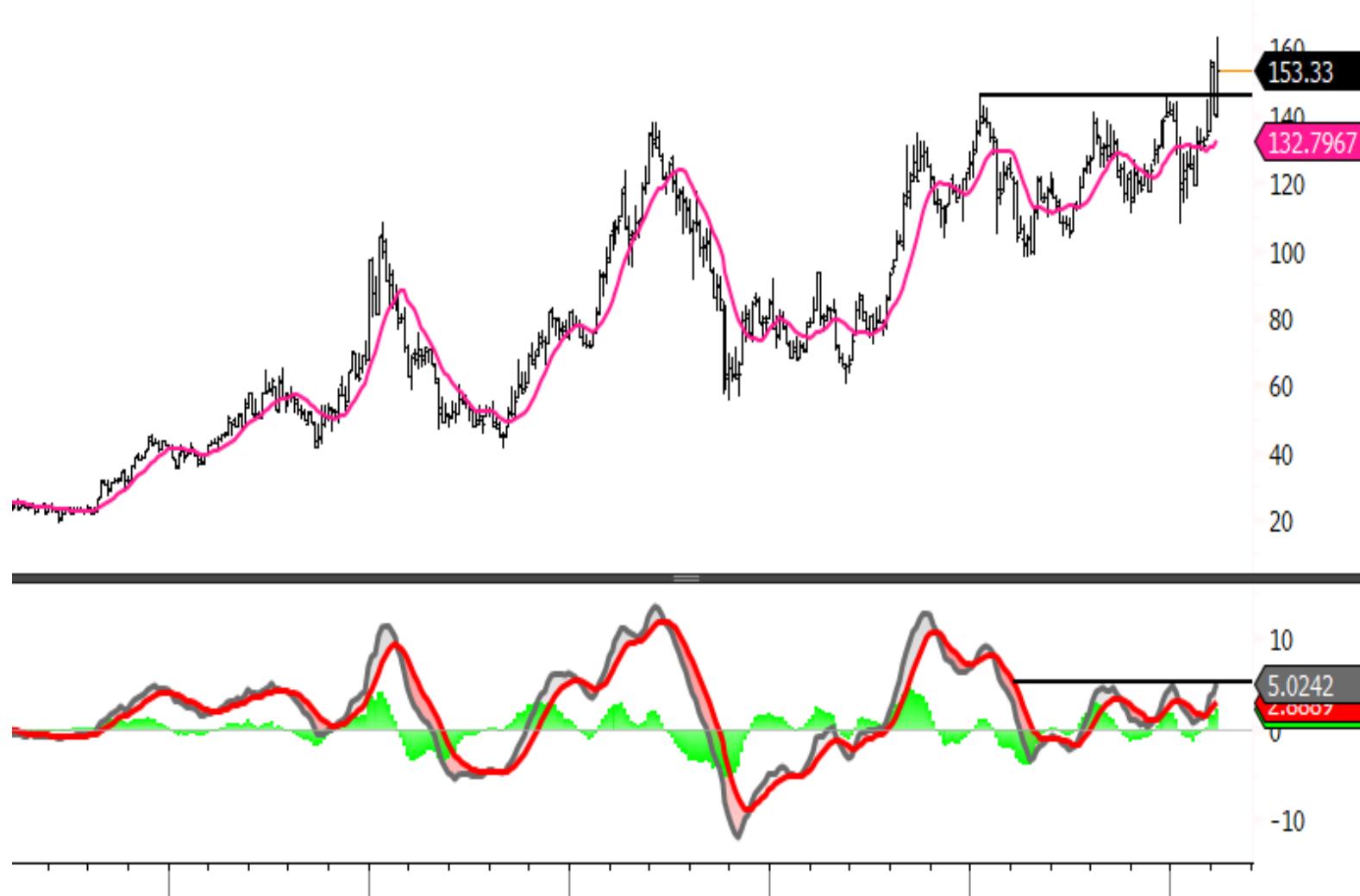
We Like the Action Here...Expecting a B/Out



7203 JP Equity (Toyota Motor Corp) New Monthly Chart Monthly 16FEB1991-19FEB2021 Copyright © 2021 Bloomberg Finance L.P. 19-Feb-2021 15:02:18

Toyota Motor (TM)

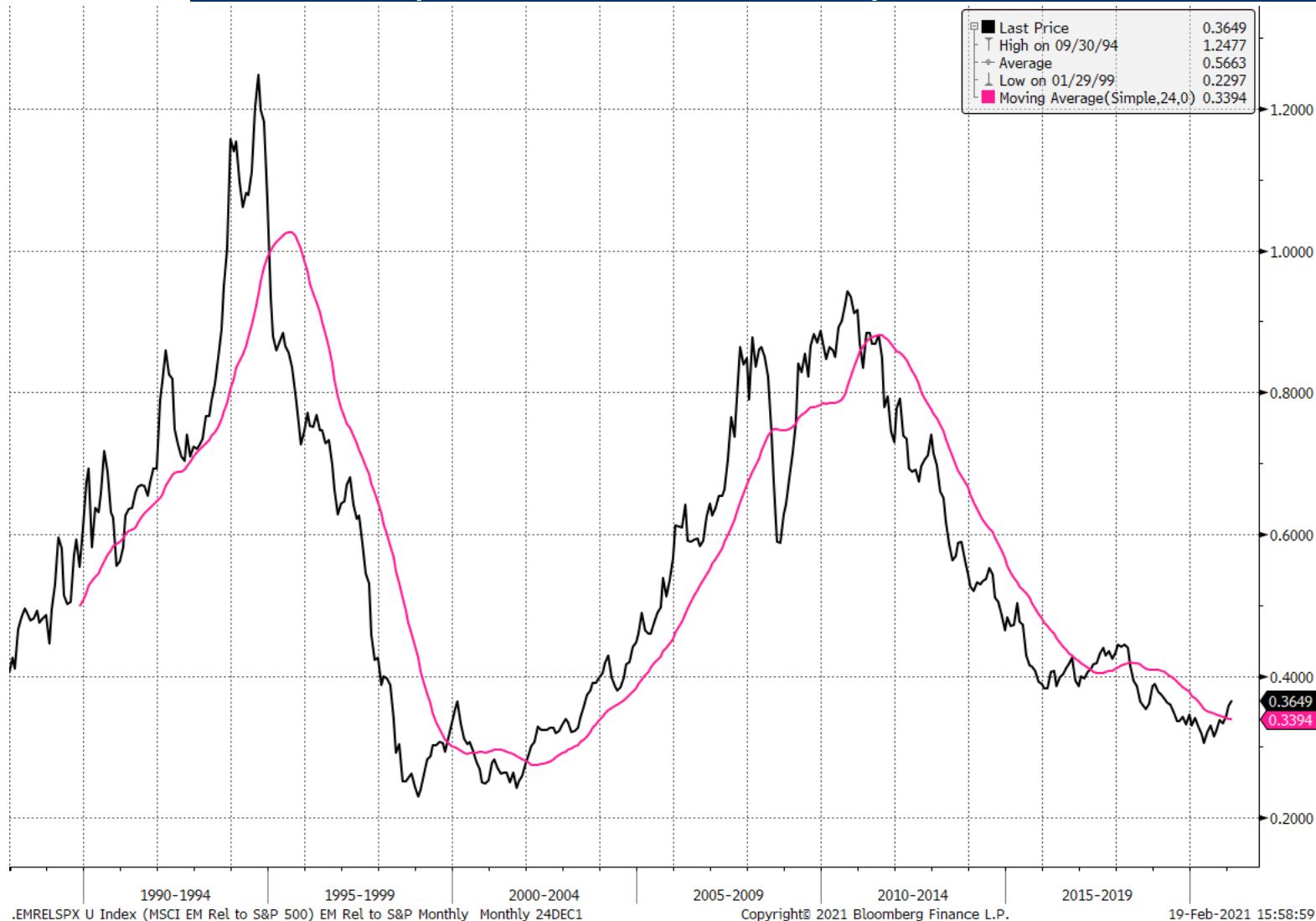
We Like the Action Here



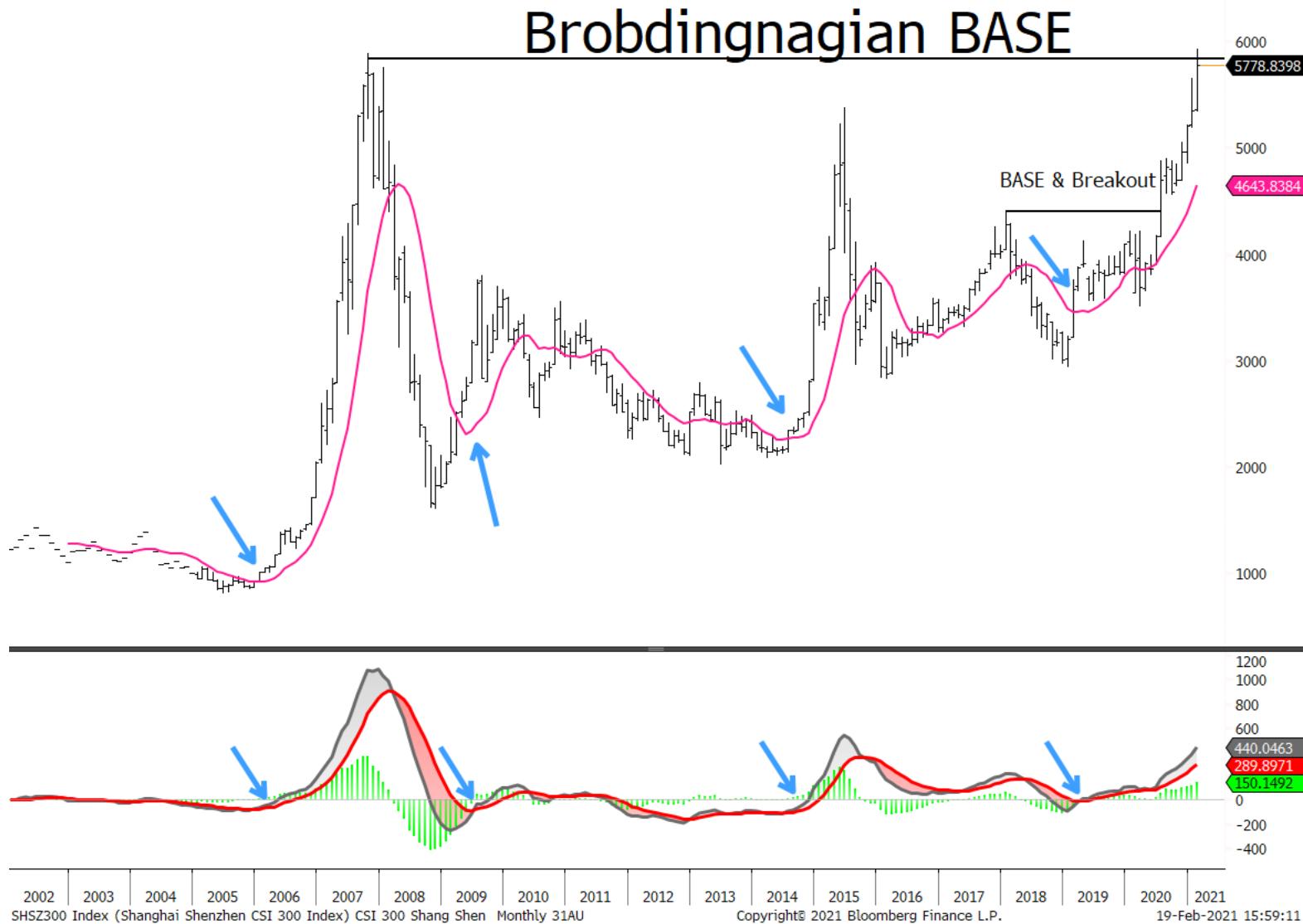
TM US Equity (Toyota Motor Corp) New Monthly Chart Monthly 16FEB1991-19FEB2021 Copyright © 2021 Bloomberg Finance L.P. 19-Feb-2021 15:03:27

EM Relative to S&P

Turn Developing Here for EM vs. S&P
Up 19% Since the May 2020 Low

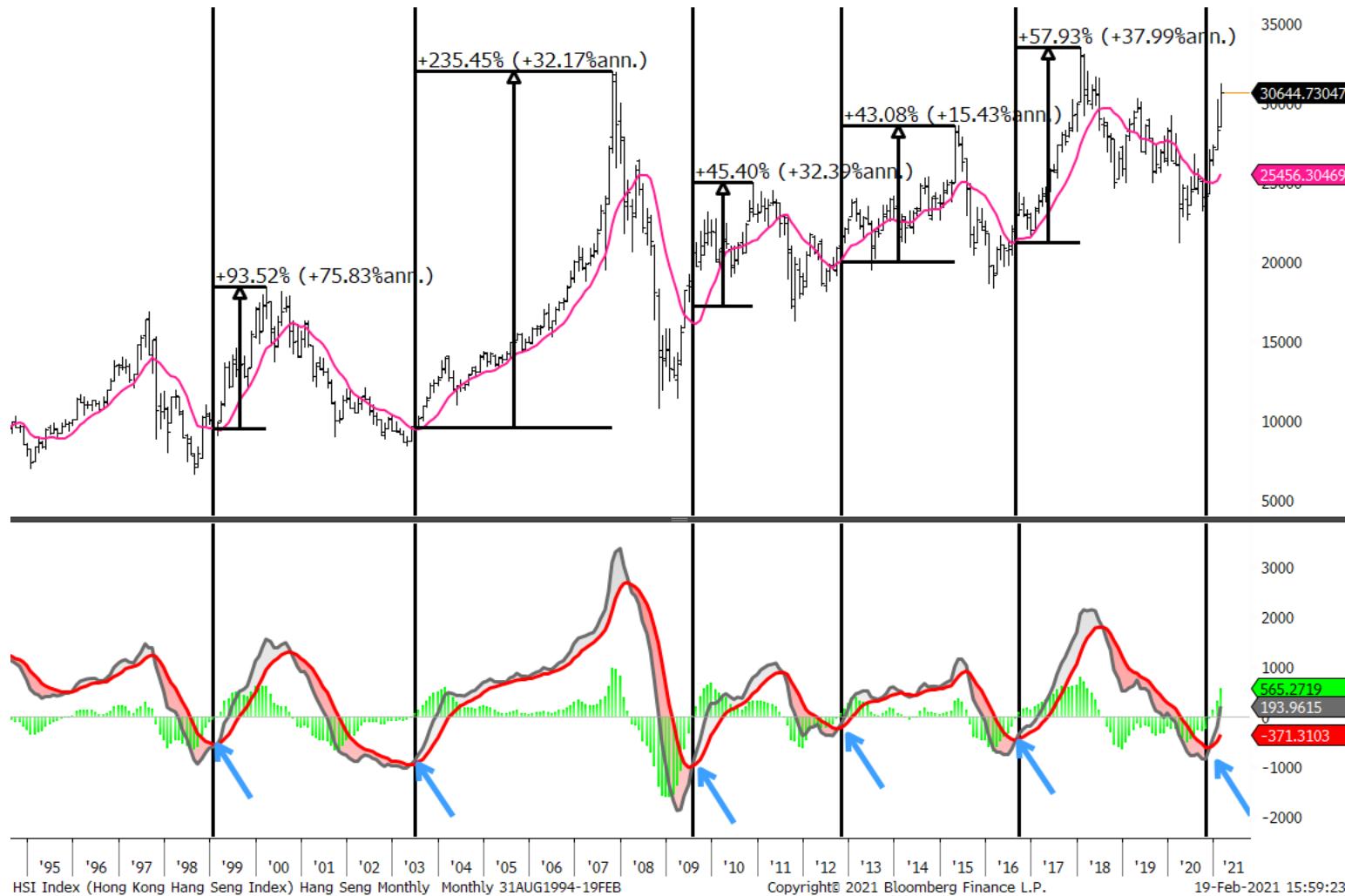


China So Close to a B/Out



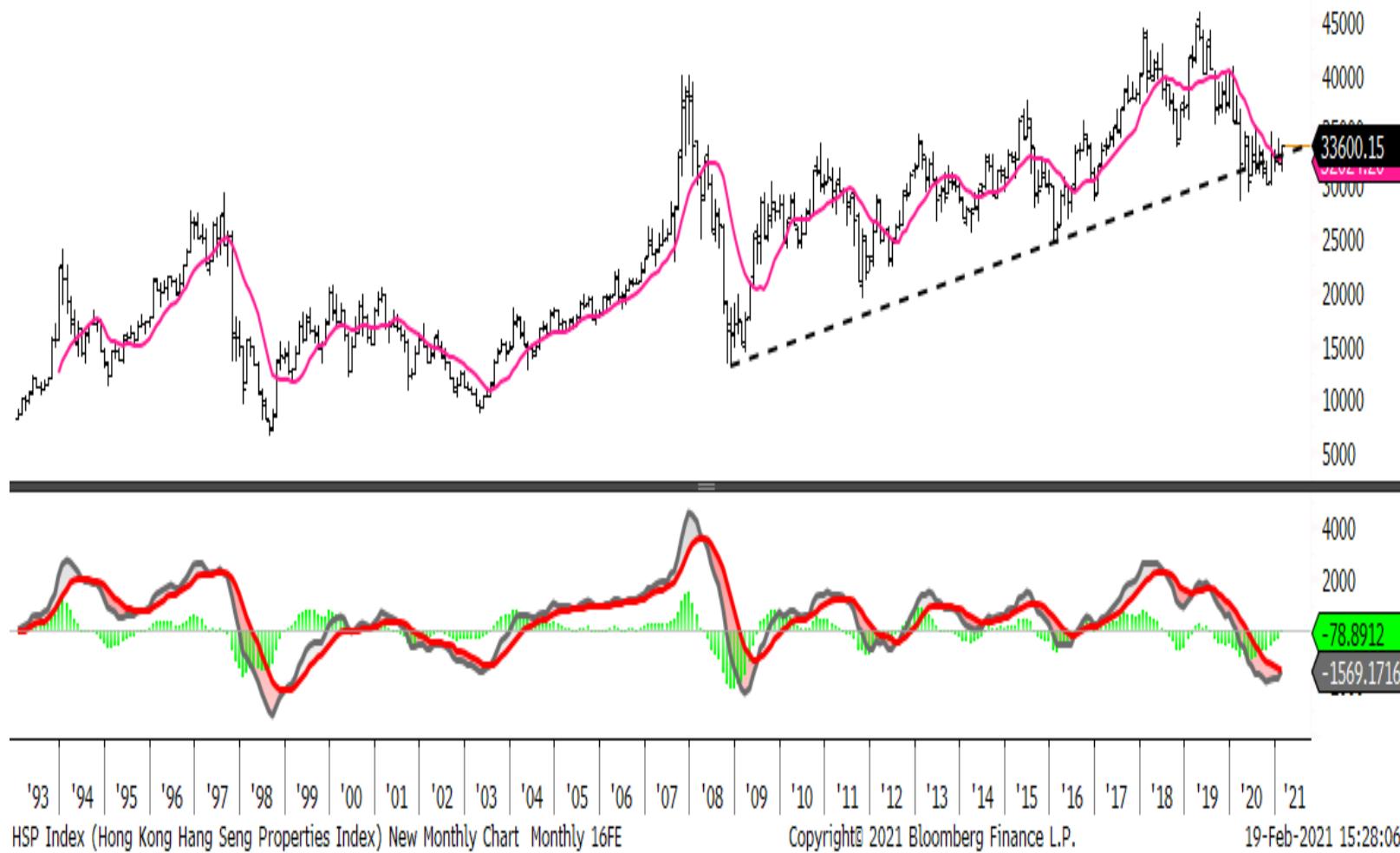
Hong Kong (HSI)

We're Still On Board Here, Too... "Get Long" Signal Now 6 for 6



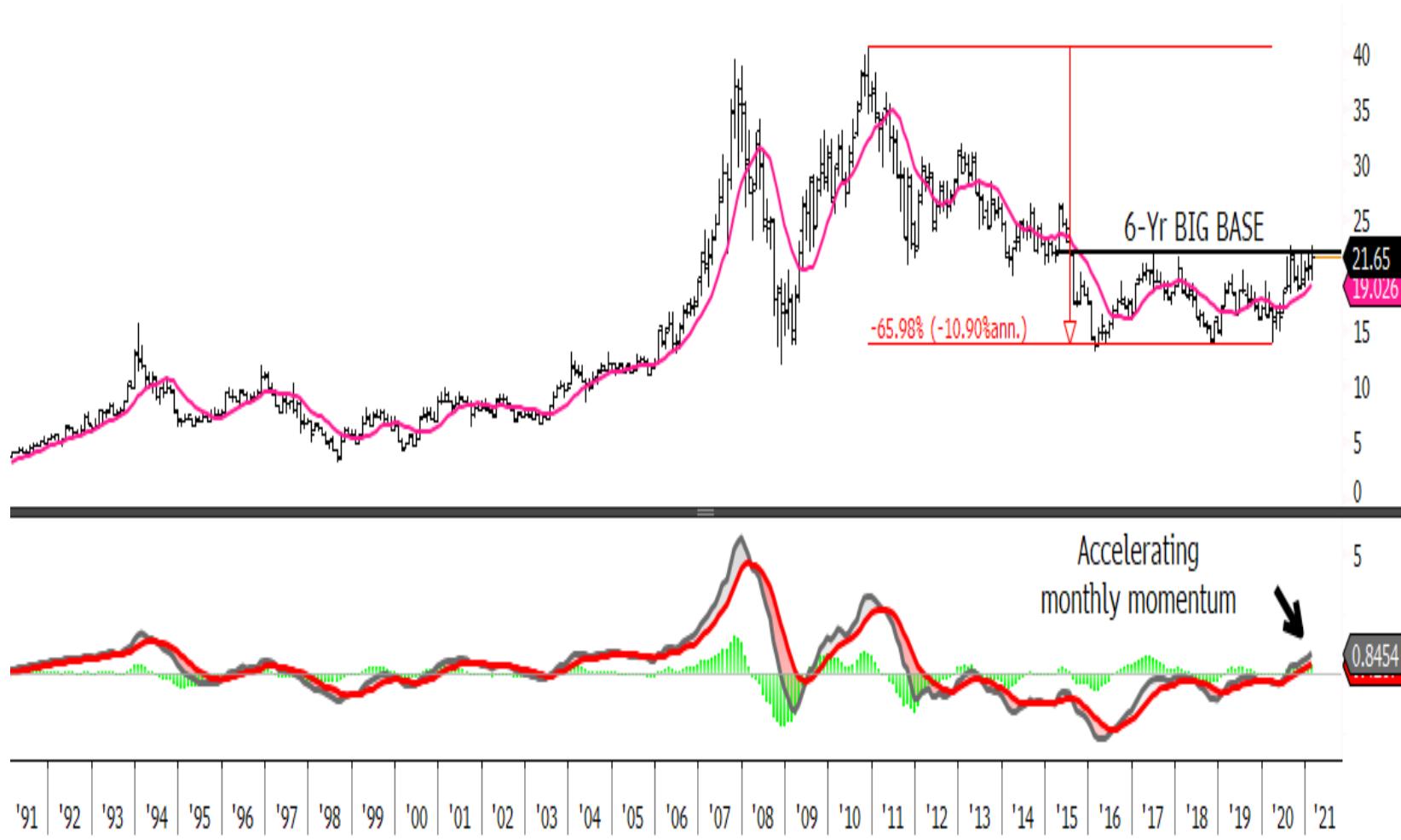
Hang Seng Property Index

Trendline Support...Price Consolidation / BASING
11 Months, Monthly MACD Turning Up



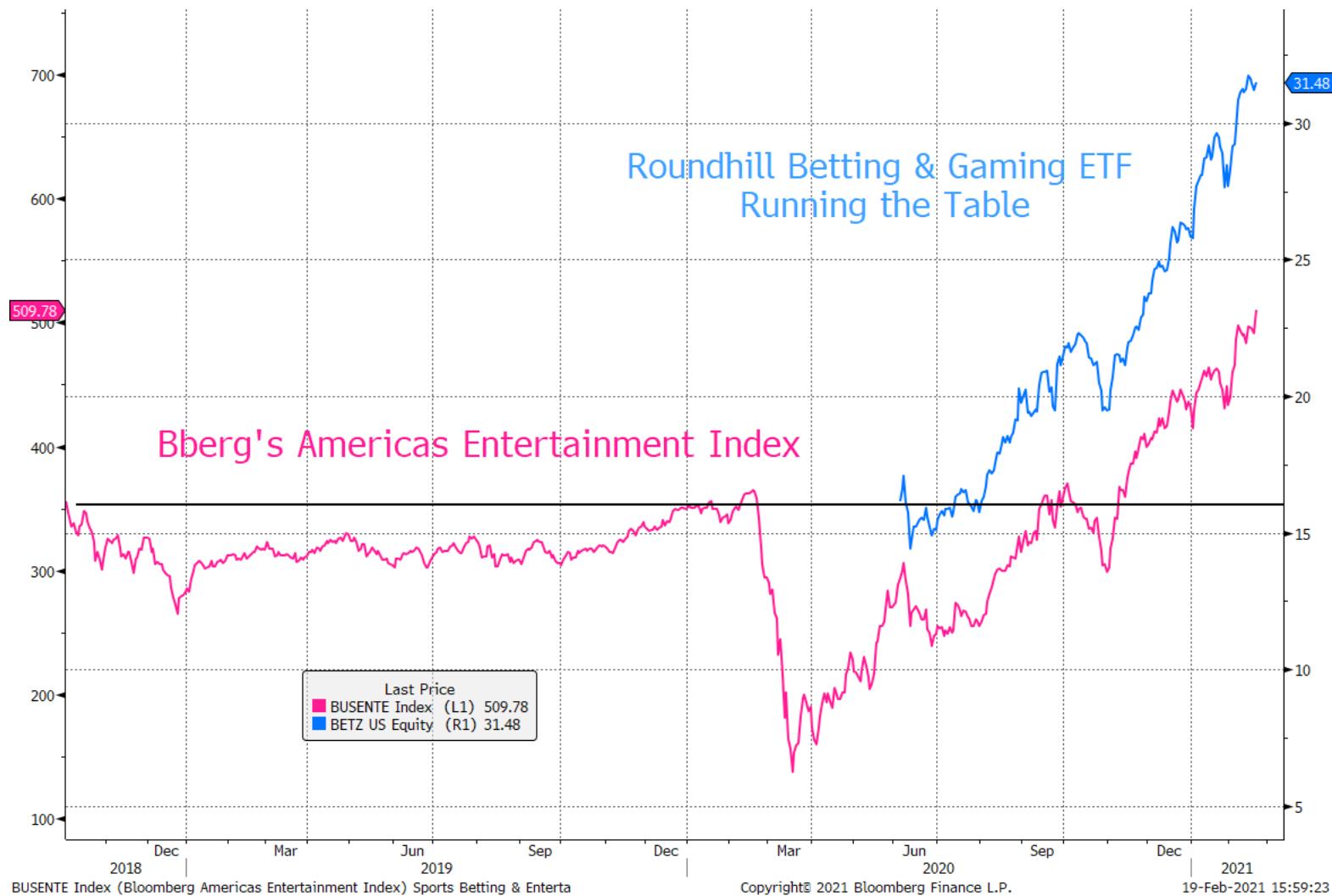
Hang Lung Properties (101 HK)

Ahead of the Index on p65
Technicals Firm / Strong...6-Year Big BASE



Another Theme We Like

Speak w/ Our Analyst **Jared Shojian** for the Fundies for this Group



Cinemark Holdings (CNK)

Looks Like the Indexes on p56



CNK US Equity (Cinemark Holdings Inc) Daily MACD Daily 01FEB2019-19FEB2021

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Golar LNG (GLNG)

Fallen Angel Turning...

Speak w/ **Sam Margolin** For The Fundamentals

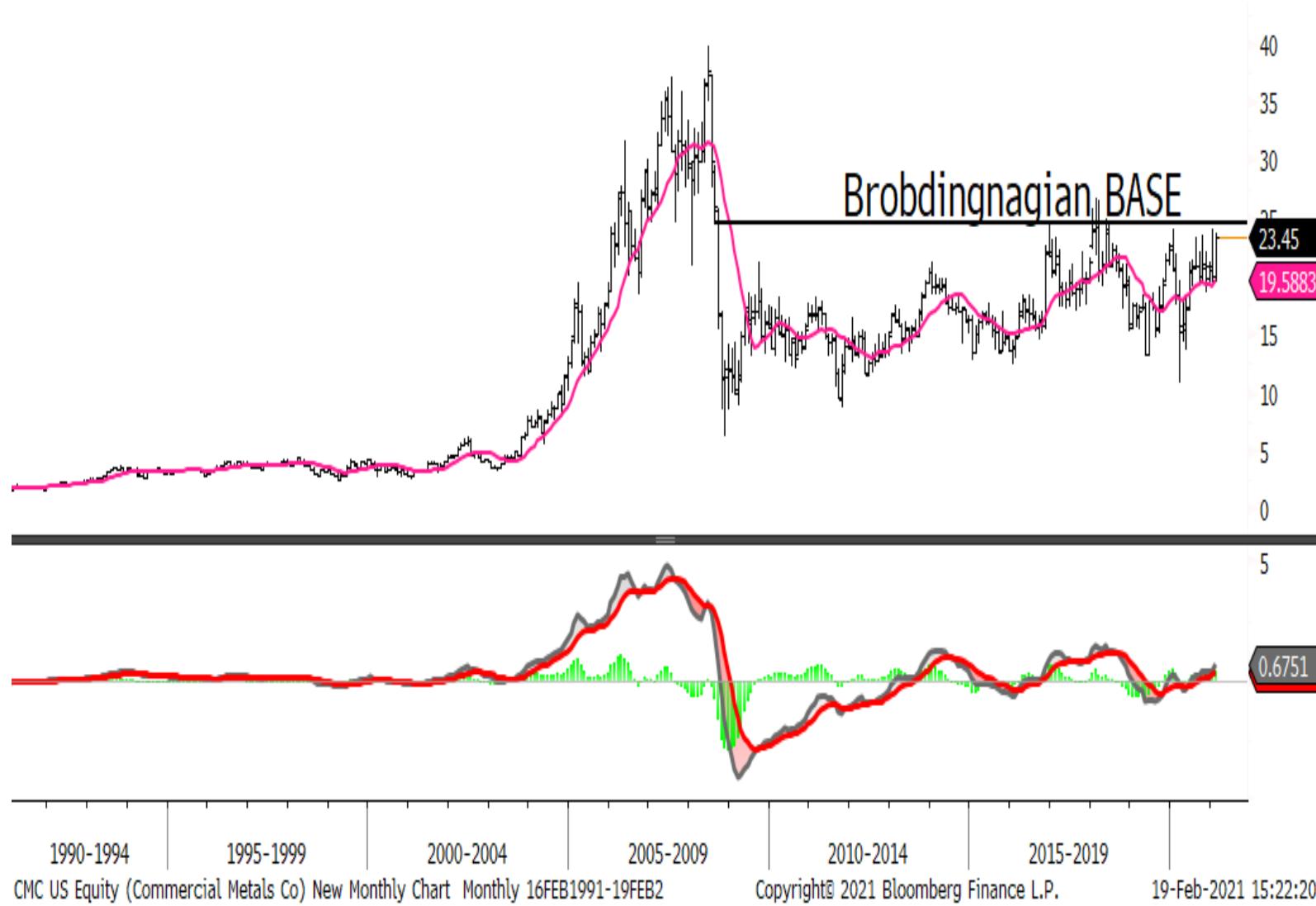


Triumph (TGI)

Fallen Angel Turning...



Commercial Metals (CMC) Brobdingnagian BASE



Starting Point For Stocks w/ Weakening Technicals and Poor Technical Scores, Too.

We Left the List Alone From Last Week...

25 of 37 Stocks Moved Lower...

Pretty Good for a Short List

										This	Last
										Week's	Week's
	Symbol	Name	Last Price	Market Cap	YTD %	1 Day %	5 Day %	Weekly Change	Score		
1	AAP US Equity	ADVANCE AUTO PARTS INC	166.27	11,282,174,200	5.56	-0.76	7.65	Up	4	1	
2	LNT US Equity	ALLIANT ENERGY CORP	48.61	12,140,865,828	-5.67	0.80	-1.04	Down	0	1	
3	AEE US Equity	AMEREN CORPORATION	74.09	18,280,763,075	-5.09	1.08	0.89	Up	1	0	
4	AEP US Equity	AMERICAN ELECTRIC POWER	80.48	39,949,429,696	-3.35	2.54	0.59	Down	0	1	
5	AMT US Equity	AMERICAN TOWER CORP	224.98	99,939,121,733	0.23	-0.44	-0.25	N/C	1	1	
6	AZN LN Equity	ASTRAZENECA PLC	7334	96,273,312,977	0.14	-3.06	-3.28	N/C	1	1	
7	AZO US Equity	AUTOZONE INC	1173.32	26,703,714,252	-1.02	-0.22	5.06	Up	2	1	
8	BMY US Equity	BRISTOL-MYERS SQUIBB CO	59.4	133,084,224,088	-4.24	-0.39	1.32	N/C	0	0	
9	CPB US Equity	CAMPBELL SOUP CO	46.6	14,117,236,254	-3.99	-1.53	-1.17	N/C	1	1	
10	CNC US Equity	CENTENE CORP	58.2	33,842,077,800	-3.05	-1.10	-3.14	N/C	0	0	
11	CHD US Equity	CHURCH & DWIGHT CO INC	81.64	20,007,806,745	-6.41	-2.29	-1.31	N/C	1	1	
12	CLX US Equity	CLOROX COMPANY	187.685	23,609,135,073	-7.05	-1.04	1.93	N/C	1	1	
13	CMS US Equity	CMS ENERGY CORP	56.62	16,359,972,703	-7.20	1.42	-0.54	Down	0	1	
14	CAG US Equity	CONAGRA BRANDS INC	34.31	16,763,144,735	-5.52	-1.28	-0.50	N/C	2	2	
15	CCI US Equity	CROWN CASTLE INTL CORP	161.96	69,852,999,138	1.74	0.67	2.47	Down	1	2	
16	ETR US Equity	ENTERGY CORP	93.93	18,807,840,791	-5.92	0.79	-2.17	Down	0	1	
17	GLPG US Equity	GALAPAGOS NV-SPON ADR	86.255	5,642,091,963	-12.86	2.93	0.55	N/C	0	0	
18	GIS US Equity	GENERAL MILLS INC	56.29	34,417,766,101	-4.27	-2.10	-0.19	N/C	2	2	
19	GSK LN Equity	GLAXOSMITHKLINE PLC	1273	64,044,885,389	-5.14	-1.92	-4.91	N/C	0	0	
20	GRF SM Equity	GRIFOLS SA	22.74	13,271,715,614	-4.77	-1.08	-3.17	N/C	0	0	
21	KMB US Equity	KIMBERLY-CLARK CORP	130.24	44,068,517,462	-3.40	-0.96	-0.88	Down	0	1	
22	LMT US Equity	LOCKHEED MARTIN CORP	335	93,834,649,385	-5.63	-0.62	-0.98	N/C	0	0	
23	MKC US Equity	MCCORMICK & CO-NON VTG SHRS	84.35	22,471,279,350	-11.77	-2.47	-6.15	N/C	1	1	
24	MRK US Equity	MERCK & CO. INC.	74.25	187,855,056,947	-9.23	-1.09	-0.21	N/C	0	0	
25	MDLZ US Equity	MONDELEZ INTERNATIONAL INC-A	54.88	77,496,846,998	-6.14	-3.09	-2.31	N/C	0	0	
26	NEM US Equity	NEWMONT CORP	57.8	46,434,095,463	-3.49	-1.29	-3.01	N/C	1	1	
27	ORLY US Equity	O'REILLY AUTOMOTIVE INC	442.78	31,491,890,203	-2.16	0.44	6.33	N/C	1	1	
28	PEP US Equity	PEPSICO INC	134.38	185,391,809,178	-9.39	-2.16	-1.87	N/C	0	0	
29	PFE US Equity	PFIZER INC	34.69	192,820,778,019	-5.76	-0.26	0.12	Up	1	0	
30	PNW US Equity	PINNACLE WEST CAPITAL	77.17	8,689,093,821	-3.48	0.03	0.06	Up	1	0	
31	PG US Equity	PROCTER & GAMBLE CO/THE	127.96	315,098,434,590	-8.04	-1.61	-0.69	N/C	1	1	
32	ROP US Equity	ROPER TECHNOLOGIES INC	383.88	40,258,401,941	-10.95	-1.11	-2.22	Down	0	2	
33	SAN FP Equity	SANOFI	78.04	98,250,154,434	-0.84	-1.57	-1.47	N/C	0	0	
34	SRPT US Equity	SAREPTA THERAPEUTICS INC	84.99	6,706,819,695	-50.15	-3.80	-6.37	Down	0	1	
35	VZ US Equity	VERIZON COMMUNICATIONS INC	54.15	224,072,700,000	-7.83	-0.93	3.39	N/C	0	0	
36	VRTX US Equity	VERTEX PHARMACEUTICALS INC	210.27	54,661,802,237	-11.03	-1.34	-1.65	N/C	0	0	
37	WEC US Equity	WEC ENERGY GROUP INC	83.48	26,332,474,648	-9.29	1.77	-2.81	N/C	0	0	

Mondelez (MDLZ) & Pepsi (PEP)

Both Stocks Are on Our List on p72 and Both Stocks Look Lower



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