



MARKET WEEKLY FUNTECH
Presented by The Intelligent Day Trader (TIDT)

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Contributor: Muyiwa Efunshile, TIDT Founder & Director of Trading

Market	Factor	Indicators
ASX 100, FTSE 100 & NDX 100	ECONOMIC	INFLATION

FUN (Fundamental)

Better news on Covid, vaccinations, re-openings, economic growth, and earnings is responsible for a good first halves in the market.

Current Situation – (16/07/ 2021)

- Stocks enter a busy week for earnings news with two perplexing questions hanging over the market. One is **whether the big gains in corporate profits will start to boost stocks with solid earnings reports**. That was not the case for some financial sector stocks this past week. The other question is **whether the surprise decline in the 10-year Treasury note yield is sending a message that stock investors should heed**.
- The Labour Department said inflation last month advanced at its fastest pace in nearly 13 years. The consumer price index jumped 5.4% from a year earlier, which was above expectations of a 5% increase, according to economists surveyed by Dow Jones. However, since a significant portion of the overall increase came from a jump in used car prices, some were quick to say the inflation will likely be transitory.
- Powell in a testimony to the House Committee on Financial Services on Wednesday quelled investors' fears about a rollback of the central bank's easy policies anytime soon, even in the face of inflation. "The challenge we are confronting is how to react to this inflation, which is larger than we had expected or that anybody had expected. To the extent that it is temporary, then it would not be appropriate to react to that. But to the extent that it gets longer and longer, we will have to continue to re-evaluate the risks that would affect inflation expectations and would be of longer duration and that's what we're monitoring," Powell said"
- Treasury Secretary Janet Yellen cautioned Thursday that prices could continue to rise for several more months. She worries about the problem's inflation could pose for lower-income families looking to buy homes at a time when real estate values are surging. "We will have several more months of rapid inflation," Yellen told Sarah Eisen during a "Closing Bell" interview. "So, I'm not saying that this is a one-month phenomenon. But I think over the medium term, we will see inflation decline back toward normal levels. But, of course, we must keep a careful eye on it.
- The benchmark 10-year yield, which moves opposite price, was at 1.30% Friday, after dipping below that level on Thursday. Stock indexes slipped for the week, with the S&P 500 down nearly 1% and the Dow down about 0.5% for the week. The Nasdaq, which has typically benefited from lower yields, was off by more than 1.9% for the week.
- Stocks had a rocky day Friday, selling off into the closing bell. Defensive sectors, like health care, consumer staples and utilities gained in the session, while cyclicals, like energy and materials were hit hard.
- key will be whether the 10-year yield falls back to its recent low of 1.25% or breaks above the important 1.4% level. The continued drop in the bond yield is scaring investors overall — but particularly equity investors. The falling 10-year yield has recently been viewed favourably because lower interest rates are positive for tech and growth stocks. But the yield is now getting attention for continuing to move lower, contrary to the reflation trade and defying forecasts for higher yields.

10-year Treasury yield

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Previously – (09/07/2021)

- While the jobs report eased concerns about the Fed's hawkish pivot last month, central banks around the world are beginning to pull back from the emergency stimulus they deployed to fight the pandemic-driven global recession. For instance, the Reserve Bank of Australia is expected to pare back some stimulus at its Tuesday meeting despite ongoing curbs against a recent Covid-19 flareup.
- The proliferation of the highly infectious delta Covid variant also fuelled worries about the global economic comeback. Olympics organizers will ban spectators from the upcoming summer games in Tokyo, after a state of emergency in the city was declared by Japan on Thursday as the country sees rising Covid-19 cases. The state of emergency will last till August 22.
- Tyson Fury vs Deontay Wilder set to be postponed until October due to a Covid-19 outbreak.
- Treasury yields have been falling this past week, with the spread of the more transmissible delta Covid-19 variant dampening sentiment. The 10-year Treasury yield was at 1.43% at the end of last week. Back in March, it was as high as 1.78%.
- 8th July - The major U.S. stock indexes fell on Thursday on concern about the global economic comeback from Covid-19. The losses came as Japan declared a state of emergency in Tokyo for the upcoming Olympics and as countries deal with a rebound in cases because of Covid variants. Increased Covid cases, particularly Delta Variants have caused concerns that the economic acceleration will slow.
- On Friday, shares in Asia-Pacific fell on renewed Covid concerns. In Japan, the Nikkei 225 led losses among the region's major markets as it fell 1.7% in afternoon trade, while the Topix index shed 1.48%.
- On Wall Street, meanwhile, the major U.S. averages rose on Friday, rebounding from the Thursdays session's losses.
- U.S. Treasury yields bounced on Friday, easing some concerns about a global economic slowdown brought about in part because of the surprising decline in yields in recent months.
- Oil maintained its level above \$75 a barrel with the bitter spat between Saudi Arabia and the UAE following disagreements last week overextending the duration of oil production cuts. leaving the global economy guessing how much oil it will get next month

Source: Bloomberg news, CNBC news.

TECH (Technical)

Week ahead

NDX - NASDAQ 100

- The Nasdaq, which has typically benefited from lower yields, was off by more than 1.9% for the week.

For full weekly technical analysis and key resistance and support levels for major stock indices, follow Pre-Market Checklist at: [PRE-MARKET CHECKLIST – The Intelligent Day Trader](#)

Source: TIDT (The Intelligent Day Trader)

THE WEEK AHEAD – PRICE ACTION

TIDT KRS Expectations

ASX 200				FTSE 100				NDX 100			
7198	XXXX	7380	7401	7902	7432	XXXX	7196	XXXXX	14050	14325	14397
7017	7120	7335	7359	XXXX	XXXX	XXXX	XXXX	12889	13845	14128	14247
XXXX	XXXX	XXXX	XXXX	7130	6940	7050	6992	XXXXX	XXXXX	XXXXX	XXXXX

TIDT KRS (The Intelligent Day Trader Key Resistance and Support)

For complete and extended KRS on major stock indices visit: [TIDT KRS – The Intelligent Day Trader](#)

Source: TIDT (The Intelligent Day Trader)

ONGOING THEMES

- **Good first halves for the market usually bode well for the rest of the year. Whenever there has been a double-digit gain in the first half, the Dow and S&P 500 have never ended that year with an annual decline, according to Refinitiv data going back to 1950.**
- The Fed and rising Inflation concern will continue to dominate the market in the weeks ahead.
- Stocks have gone a relatively long period without any major sell-off. The S&P 500 notched its fifth positive month in a row, rising 2.2% in June. The broad index also posted its best first half since 2019.
- **24th June** - U.S. \$1 trillion infrastructure package - White House had struck an infrastructure deal with a bipartisan group of senators. The lawmakers have worked for weeks to craft a roughly \$1 trillion package that could get through Congress with support from both parties. **The framework will include \$579 billion in new spending on transportation like roads, bridges and rail, electric vehicle infrastructure and electric transit, among other things.**

Source: Bloomberg news, CNBC news.

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