



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

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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 – (23/07/ 2021)

- Monday 19th July 2021 - U.S. stocks fell aggressively Monday on concern a rebound in Covid cases would slow global economic growth. The Dow Jones Industrial Average dropped the most since last October. The Dow dropped more than 700 points to start the week as yields fell, unnerving equity investors about the economy.
- The 10-year Treasury yield fell to a new five-month low of 1.17%, exacerbating fears about the slowing economy. Crude oil dropped 7%. The small-cap Russell 2000 dropped 1.5%, recovering after it briefly dropped into correction territory on an intraday basis - down more than 10% from its March high.
- U.S. equities rose Friday 23rd July 2021 with the major averages hitting new records as they overcame concerns about economic growth from earlier in the week. The S&P 500 gained 1.01% to 4,411.79 and the Nasdaq Composite climbed 1.04% to 14,836.99, both new closing highs for the benchmarks. Dow jumps more than 200 points to close above 35,000 for the first time ever
- All three U.S. stock averages closed the week in the green, rebounding from last week's losses and Monday's sharp sell-off.
- The S&P 500 rose 2% for the week and the Nasdaq Composite added 2.8%. The Dow ended the week up 1%. Strength in tech shares also comes with the continued spread of the highly contagious delta variant of Covid.
- "The bond market has surprised everybody," said Nick Frelinghuysen, a portfolio manager at Chilton Trust. "The strength of the rally is telling the equity market that what's happening with inflation is probably an overshoot, that a lot of these things are not endemic and they're not going to be things that we'll have to live with like we did in the '70s and '80s."
- The stock market overall has been bolstered by a strong earnings reporting season, with nearly a quarter of the S&P 500 having already reported. Of those companies, 88% have reported a positive surprise, according to FactSet. That would mark the highest percentage of reported surprises within the S&P since 2008 if that figure holds throughout the earnings season.
- "We saw during the depths of the pandemic that tech stocks and their earnings held up the best, so I think a lot of investors are going back to the well, given we have a Covid resurgence," Yung-Yu Ma, chief investment strategist at BMO Wealth Management, said. "Long term interest rates coming down as much as they have also made those stocks more attractive."

Previously – (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

WATCHLIST +



cnbc.com



Source: Bloomberg news, CNBC news.

TECH (Technical)

Week ahead

NDX - NASDAQ 100

- The S&P 500 rose 2% for the week and the Nasdaq Composite added 2.8%. The Dow ended the week up 1%.

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.**
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Source: Bloomberg news, CNBC news.

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