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.... *informed trader*

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 – (13/08/2021)

- Stocks rose on Wednesday 11th August 2021 after inflation jumped, but not by quite as much as investors feared when stripping out volatile food and energy prices. The core consumer price index, which excludes food and energy, increased by 0.3% last month, slightly less than expected and well below the average 0.8% pace of the past three months. The inflation reading supported the Federal Reserve's belief that high price pressures are "transitory" as the economic recovers from the pandemic-triggered recession.
- The Labour Department reported that the consumer-price index rose 5.4% from a year earlier, for the month of July, and 0.5% from the previous month according to economists surveyed by Dow Jones. Core inflation, however, rose by just 0.3% in July (and 4.3% on a year-over-year basis).
- The government said CPI increased 0.5% in July on month-to-month basis. Used car prices, which investors have been watching as one sign of out-of-control inflation, rose just 0.2% in July after surging more than 10% in the prior month.
- Sharp post-pandemic price increases in some parts of the economy appear to be fading, but rent is one area in which inflation is expected to stick around. Economists say there are signs the spike in inflation is temporary, as Federal Reserve officials have contended. But one big part of consumers' out-of-pocket expenditures is rent, and that is expected to rise well into the future.

Previously – (06/08/2021)

- Monday 2nd August 2021 - U.S. stocks gave up early gains and turned negative for the session on Monday as concerns about Covid variants and peaking economic growth weighed against strong earnings results. The weak performance for stocks came as Treasury yields and oil prices dipped, signalling that some investors may be concerned about economic growth even as earnings results show strength.
- "The markets are having a hard time making up their mind as investors look for the next catalyst in either direction," Canaccord Genuity analyst Tony Dwyer said in a note to clients. "The fear over the Delta variant of the Covid-19 virus and the other side of 'peak everything' has investors on edge, while the monetary and fiscal support for the economy coupled with historically strong earnings keeps liquidity high."
- One source of optimism on Monday came from Washington as senators introduced a bipartisan infrastructure bill over the weekend. The bill includes $550 billion in new spending over five years. That's on top of previously approved funds of around $450 billion. Infrastructure stocks, including Caterpillar, jumped when the market opened but turned negative later in the session.
- Friday 6th August jobs report showed that the U.S. economy added 943,000 jobs in July, according to the Labour Department. Economists expected the economy to have added 845,000 jobs last month, according to estimates from Dow Jones. The unemployment rate dropped to 5.4%, below the estimate of 5.7%.
- Stocks tied to the economic recovery rose after a stronger-than-expected jobs report on Friday, sending two key market averages to all-time highs. The Dow Jones Industrial Average rose 144.26 points, or 0.4%, and closed at an all-time high of 35,208.51. The S&P 500 rose nearly 0.2% to clinch its own record close at 4,436.52, while the tech-heavy Nasdaq Composite dipped 0.4% to settle at 14,835.76. Industrials, retailers, and energy stocks also gained as the jobs report soothed concerns about the economic comeback.
- The 10-year Treasury yield, which has drifted lower over the summer, jumped as high as 1.3% on Friday. Yields move inverse to prices.

- On the flip side, tech shares declined as the jump in rates caused investors to take profits in the names and move back into stocks that could benefit more from faster economic growth. Amazon and Apple dipped slightly, while Zoom Video fell 3.8%. Higher rates can expose tech stocks' lofty valuations.
- Defensive stocks, such as utilities and health care companies, also slumped after the report.
- Wall Street was focused on Friday's jobs report given its potential to affect the Federal Reserve's policy going forward. Fed Governor Christopher Waller told CNBC on Monday that he would advocate for the central bank to taper its asset purchases if the next two jobs' reports showed a healthy recovery.
- The July report showed that the economy was recovering, but not so quickly to force immediate action from the central bank, some strategists said.
- "A nice number. Strong, but not overly strong. … I think the Fed will take comfort that the substantial progress toward labour force progress is in the works, but nothing was concerning in the report," said Yung-Yu Ma, chief investment strategist at BMO Wealth Management. "Although the number was strong, and the last month's numbers were revised upwards, I don't think there's anything that stands out that would lead the Fed to shift its course."
- Small cap stocks performed well after the report, with the Russell 2000 rising 0.5% to finish the week with a gain of just under 1%.

Source: Bloomberg news, CNBC news.

TECH (Technical)

Week ahead

NDX - NASDAQ 100

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.**

- 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.
- https://www.cnbc.com/2021/08/02/as-the-economy-hits-its-peak-stock-market-gains-could-be-harder-to-come-by.html

Source: Bloomberg news, CNBC news.