



**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 – (30/07/2021)**

- Wednesday 28<sup>th</sup> July 2021 - Stock futures mixed after Fed keeps interest rates near zero. The moves in futures came after Fed Chairman Jerome Powell cautioned in a press conference that although the economy is making progress toward its goals, it has a way to go before the central bank would adjust its easy policies. **“We have some ground to cover on the labour market side,” Powell said. “I think we’re some way away from having had substantial further progress toward the maximum employment goal. I would want to see some strong job numbers” before winding down the central bank’s \$120 billion a month bond-buying program.**
- Thursday 29<sup>th</sup> July 2021 - 400,000 people filed initial claims for unemployment benefits for the week ended July 24. That level is nearly double the pre-pandemic norm and above a Dow Jones estimate of 385,000. This certainly justifies a more patient approach from the Fed though.
- The U.S. Bureau of Labour Statistics will release the July employment report on the morning of Friday, Aug. 6. It’s expected to show 788,000 nonfarm payrolls, down from 850,000 in June, according to Dow Jones. The unemployment rate is expected to dip to 5.7% from 5.9%. Average hourly wages are expected to rise 3.9% year over year.
- Therefore, Friday 6<sup>th</sup> August could be a game changer. Before that, stocks is expected to trade in a narrow range. If the number of jobs added in July is much higher than expected, at more than 1 million, the market could immediately sell off on the idea the Fed would be ready to pare back its bond purchases.
- We expect to see a stock market correction, possibly later this summer. We’re going to have our first major correction. What we’re likely to get is at least 10% or more. ... It could really happen when they [Fed officials] make the announcement in September.”
- U.S. stocks fell on Friday amid a slide in Amazon shares, but the S&P 500 notched its sixth straight positive month. The major averages managed to wrap up a solid month, although volatility has picked up amid concerns about the economic recovery in the face of the spreading delta variant.

**Previously – (23/07/2021)**

- There has been quite a bit of volatility and price choppiness in the market in recent weeks. Increased concerns over the delta variant and its potential implications for reopening momentum seemed to play a key role in the price action, while peak themes related to economic growth, earnings, and policy support also remained an overhang on risk sentiment.
- Investors digested a key inflation indicator that showed better-than-feared price pressures on Friday. The core personal consumption expenditures price index rose 3.5% in June year over year. It marked a sharp acceleration in inflation but came in slightly below a Dow Jones expectation of a 3.6% jump.
- Weaker-than-expected readings on the U.S. economy further eased concerns about the Federal Reserve dialling back asset purchases.
- U.S. second-quarter gross domestic product accelerated 6.5% on an annualized basis, considerably less than the 8.4% Dow Jones estimate. Meanwhile, the latest weekly jobless claims also came in higher than expected.

- Fed Chairman Jerome Powell on Wednesday 28<sup>th</sup> July noted that while the economy has come a long way since the Covid-19 recession, it still has a way to go before the central bank considers adjusting its easy-money policies.

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			
Orange	Purple	Green	Grey	Orange	Purple	Green	Grey	Orange	Purple	Green	Grey
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.
- 24<sup>th</sup> 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.

Source: Bloomberg news, CNBC news.

#### Risk Warning:

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