


TIDT
The Intelligent Day Trader

... informed trader 

MARKET WEEKLY *(Weekly FunTech Report)*

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Contributor: Muiyiwa Efunshile, TIDT Founder & Director of Trading

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

FUN (Fundamental Report)

Rising Inflation, Strong job numbers, FED Tapering expected before the end of the year or early 2022, Impact of Covid - Delta Variant.

U.S.

Current Situation – (24/09/2021)

- Monday 20th U.S. stocks began the week deeply in the red as investors continued to flock to the sidelines in September amid several emerging risks for the market:
 - Investors fear a contagion sweeping financial markets from the troubled China property market. Hong Kong equities saw a big sell-off during the Asia trading session on Monday. The benchmark Hang Seng index plunged 4% with embattled developer China Evergrande Group on the brink of default.
 - The Federal Reserve begins a two-day meeting Tuesday and investors are worried the central bank will signal it's ready to start pulling away monetary stimulus amid surging inflation and improvement in the job market.
 - Covid cases because of the delta variant remain at January levels as colder weather approaches in North America.
 - September has the worst track record of any month, averaging a 0.4% decline, according to the Stock Trader's Almanac. History shows the selling tends to pick up in the back half of the month.
 - Investors are also concerned about brinkmanship in DC as the deadline to raise the debt ceiling approaches. Congress returned to Washington from recess rushing to pass funding bills to avoid a government shutdown.
- Stocks linked to global growth led the broad-based sell-off Monday. Ford lost more than 5%. General Motors and Boeing fell 3.8% and 1.8%, respectively. Steel producer Nucor shed 7.6%. Energy stocks tumbled as WTI crude oil fell nearly 2% on concerns about the global economy. The energy sector slid 3%, becoming the worst-performing group among the 11 S&P 500 groups. APA shed more than 6%, while Occidental Petroleum and Devon Energy both dropped over 5%.
- "We are in an information vacuum at the moment," said Jamie Cox, managing partner at Harris Financial Group. **"Stalemates in Congress on the debt ceiling, worries on policy changes or mistakes in monetary policy, and a litany of proposed tax increases have dampened the mood for investors. When this occurs, corrections happen."**
- On Wednesday, the Federal Reserve holds interest rates steady near zero, but indicated that rate hikes, tapering could be coming sooner than expected, and it significantly cut its economic outlook for this year due to rising COVID 19 Delta variant. There was no specific indication, though, as to when that might happen. The Committee judges that, so long as the recovery remains on track, a gradual tapering process that concludes around the middle of next year is likely to be appropriate.
- Powell said the Fed is getting closer to achieving its goals on "substantial further progress" on inflation and employment. "For inflation, we appear to have achieved more than significant progress, substantial further progress. That part of the test is achieved in my view and the view of many others," he said.
- "My own view is the test for substantial further progress on employment is all but met,". However, Powell said "For me it wouldn't take a knockout, great, super strong employment report. It would take a reasonably good employment report for me to feel like that test is met. Others on the committee, many on the committee, feel the test is already met. Others want to see more progress," he said.
- On Friday 24th, S&P 500 rises for a third straight day to end a wild week of trading. "As bad as things started off on Monday for stocks, a mid-week bounce and calm on Friday isn't so bad," said Ryan Detrick, chief market strategist for LPL Financial. "Still, many of the worries over Evergrande, a slowing economy, and continued supply chain issues are still out there."

U.S.

Previously – (17/09/2021)

- S&P 500 falls Friday, notches second straight week of losses in September slump.
- Stocks dipped on Friday as investors remain cautious due to a **resurgent Covid virus, a Federal Reserve meeting next week and a historical tendency for September to be a weak month for equities.**
- The Dow Jones Industrial Average lost 166.44 points or 0.5% to close at 34,584.88, dragged down by a nearly 2.9% drop in Dow Inc. The S&P 500 shed 0.9% to 4,432.99 and the Nasdaq Composite lost 0.9% to close at 15,043.97.
- The Dow slipped less than 0.1% this week, for its third straight week of declines. The Dow has not had a 3-week losing streak since September 2020. The S&P 500 fell nearly 0.6% since Monday for its second straight week of losses. The Nasdaq Composite dropped close to 0.5% this week.
- Some of the volatility that comes during September is often surrounding so-called quadruple witching, which occurred at the close Friday. This is the expiration of stock index futures, stock index options, stock options, and single-stock futures.
- The Federal Reserve meets for two days next week and on Wednesday is expected to give further clues as to when it may start to slow its \$120 billion in monthly bond purchases that have supported the recovery, but also perhaps aided in a jump in inflation.

Source: Bloomberg news, CNBC news.

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EU

Current Situation – (24/09/2021)

- European stocks closed lower as investors reacted to central bank's policy decisions, monitored developments ahead of German election and situation surrounding China Evergrande Group.
- In an exclusive interview on Thursday, European Central Bank President Christine Lagarde told CNBC she believes Europe's direct exposure to the embattled Chinese property company Evergrande would be "limited."
- The Bank of England on Thursday kept monetary policy unchanged and downgraded economic growth projections for the third quarter of this year. This came after the U.S. Federal Reserve indicated on Wednesday that it doesn't see an imminent rollback of the monetary stimulus that has been supporting the economy throughout the pandemic.
- Elsewhere, German business sentiment fell for the third consecutive month in September, a survey from the country's IFO Institute showed on Friday.
- Traders will also be gearing up for German federal elections this weekend with early projections of the result set to come in on Sunday evening.

EU

Previously – (17/09/2021)

- European markets close lower as growth fears weigh on global sentiment; Anglo American sinks 8%
- Data on Friday showed that U.K. retail sales fell unexpectedly in August, dropping 0.9% month-on-month against a Reuters average forecast for a 0.5% rise. The fourth consecutive monthly decline marks the longest negative streak since records began.
- Investors in recent days have been reacting to softer U.S. inflation data which tempered expectations of imminent tapering of asset purchases by the Federal Reserve, and weak retail sales figures from China, which suggested a slowdown in the global economic recovery.
- Shares in Asia-Pacific were mixed on Friday after taking losses for much of the week as concerns about China's regulatory crackdown and slowing global growth weighed on risk sentiment.

Source: Bloomberg news, CNBC news.

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APAC

Current Situation – (24/09/2021)

- Concerns about Evergrande hit global markets to start the week with the Dow shedding more than 600 points on Monday. Investors were still waiting to see if Evergrande, the failing developer at the center of the property crisis in the country, will pay \$83 million in interest on a U.S. dollar-denominated bond that was due Thursday. The company so far is staying silent and has 30 days before it technically defaults.
- "If Evergrande fails, the exposure outside of China appears limited, and since the government will do whatever, it takes to contain it," said Edward Moya, senior market analyst at Oanda. "If China is successful, global risk appetite may not be dealt that much of a blow."
- A crackdown on bitcoin by China hurt market sentiment overnight, especially with technology shares that depend on crypto-related revenue. China's central bank declared all cryptocurrency-related activities illegal on Friday. Overseas crypto exchanges providing services in mainland China are also illegal, the People's Bank of China said.
- In Asia, stocks closed mixed Friday. Shares of China Evergrande Group in Hong Kong fell nearly 12%. The Wall Street Journal reported Thursday that Chinese authorities have told local officials to prepare for the potential demise of Evergrande. Uncertainty also remains around whether Evergrande will pay the interest that was due Thursday on a dollar-denominated bond.

APAC

Previously – (17/09/2021)

Source: Bloomberg news, CNBC news.

TECH (Technical Analysis)

Week ahead

NDX - NASDAQ 100

For weekly technical analysis on major stock indices and Pre-Market checklist click: [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

- “We expect volatility to increase over the next month driven by a **seasonal pickup in investor uncertainty, continued virus uncertainty, and significant monetary and fiscal policy catalysts,**” wrote John Marshall, head of derivatives research for Goldman Sachs, in a note Friday. Marshall cited data showing S&P 500 volatility typically increased by 27% from August to October.
- **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. We may have a correction at some point this year but we expect the equity market to close with gains this year.**
- The Fed tapering plans 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.

Risk Warning:

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