**TIDT**
**The Intelligent Day Trader**

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**MARKET WEEKLY** ***(Weekly FunTech Report)***

**Date:** 15th October 2021

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| 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.**

**Global Summary:**

- **Singapore's central bank tightens monetary policy**
- **Three European Central Bank policymakers on Friday discussed the possibility of exiting pandemic-era monetary and fiscal support measures. ECB is expected to decide on its extraordinary stimulus measures in December.**
- **The International Monetary Fund on Tuesday cut its global growth forecast, citing supply chain challenges and persistent Covid spread. But expects reasonable growth over the medium term.**
- **Minutes released 13th October Wednesday afternoon from the Federal Open Market Committee's September meeting showed the central bank could begin tapering its asset-purchase program as soon as mid-November**
- **A tumultuous September**
- **Inflation fears**
- **Federal Reserve's signals tapering soon**
- **Rising bond yields**
- **Fading fiscal stimulus**
- **Slowing growth in China/ China headwinds**
- **Power crunch in China**
- **Supply chain issues/ bottlenecks/ Labour shortage**
- **Concerns about the Chinese property market**
- **Stalemates in Congress on the debt ceiling**
- **A litany of proposed tax increases**

## U.S.
## Current Situation – (15/10/2021)

- Monday The three major U.S. stock indexes closed lower for a third consecutive session Tuesday as inflation and economic growth concerns loom/ ahead of a key inflation reading and a kick-off to third-quarter earnings season. Markets were "mostly in wait-and-see mode" ahead of report releases this week, Bank of America said. "Headlines are fairly quiet today as the market awaits several upcoming catalysts like September CPI and retail sales, the latest FOMC minutes, and the start of the Q3 earnings season," Stifel analysts said in a note. "Expectations for third-quarter earnings have been coming down in recent weeks and that should create some room for upside surprises, which is good for overall market sentiment," said Rod von Lipsey, managing director at UBS Private Wealth Management.
- The Federal Open Market Committee on Wednesday is also set to release its minutes from the September meeting. Investors will be digesting the minutes for any potential clues regarding the central bank's plans to pull back easy monetary policy.
- The International Monetary Fund on Tuesday cut its global growth forecast, citing supply chain challenges and persistent Covid spread. "We're seeing major supply disruptions around the world that are also feeding inflationary pressures, which are quite high and financial risk taking also is increasing, which poses an additional risk to the outlook," IMF

economist Gita Gopinath said in a press release. The IMF said central banks like the Federal Reserve should be prepared to tighten monetary policy if inflation runs too hot.

- The stock market went through a bumpy ride in September, with the S&P 500 falling nearly 4.8% for its worst month since March 2020 and breaking a seven-month winning streak. The benchmark has recovered somewhat in October, up over 1% for the month.
- But the rebound has stalled out a bit in recent days. Wall Street major strategists are seeing muted returns for the rest of 2021 as the average year-end S&P 500 target stands at 4,433, less than 2% from Tuesday's close, according to the CNBC Market Strategist Survey.
- Tuesday The three major U.S. stock indexes closed lower for a third consecutive session Tuesday ahead of a key inflation reading and a kick-off to third-quarter earnings season.
- Wednesday U.S. stocks rallied Thursday after **better-than-expected earnings reports** from Walgreens Boots Alliance, UnitedHealth, Bank of America, and other major companies. "So far, most large US companies have been able to generate higher profitability despite rising labor costs because sales growth has been so robust. We expect the same to be true in 3Q," Mark Haefele, chief investment officer of UBS Global Wealth Management, said in a note Thursday.
- Meanwhile, **falling rates boosted technology stocks**. The benchmark U.S. 10-year Treasury yield dipped, typically benefiting high-growth names as lower rates lift the value of companies' future earnings. Big Tech stocks Microsoft, Apple and Google-parent Alphabet each gained at least 2%, providing the market with support.
- Friday U.S. stocks rose Friday as better-than-expected third-quarter earnings reports boosted the Dow Jones Industrial Average to its best weekly performance since June.
- As of Friday, 80% of the 41 S&P 500 companies that have reported third-quarter results have topped earnings-per-share expectations, according to FactSet. Taking into account these results and estimates for those yet to report, the blended third-quarter earnings growth rate for the S&P 500 is 30%, FactSet analysis shows.

## U.S.
## Previously – (08/10/2021)

- Dow falls 320 points to start the week, Nasdaq drops 2% amid tech routs. The major averages took steep losses to start the week as investors continued their rotation out of technology stocks amid rising bond yields. Large tech shares like Apple, Nvidia, Amazon and Microsoft were lower as investors eyed bond yields. A surge in rates to end September knocked highly valued tech stocks. The 10-year Treasury yield was slightly higher Monday, trading around 1.48%. The 10-year U.S. Treasury yield hit 1.56% last week, its highest point since June, with investors concerned about inflationary pressures and tighter monetary policy.
- Curiously, investor worries about COVID-19 and its variant seem to have begun to play a lesser day-to-day 'worry role' in the markets of late than over the course of the summer.
- The fourth quarter is typically a good period for stocks, but overhangs like central bank tightening, the debt ceiling, Chinese developer Evergrande and Covid-19 could keep investors cautious. Heading into the fourth quarter, more than half of all S&P stocks are off at least 10%.
- One of the first hurdles markets face in the new quarter is Friday's closely watched employment report, which could spur the Federal Reserve's decision on when to taper its bond-buying program.
- Tuesday The major averages rebounded on Tuesday following a technology-centered market rout in the previous session. Mega-cap technology names were solidly in the green on Tuesday. Netflix rose 5.2%, Amazon gained just shy of 1%. Apple and Alphabet advanced 1.4% and nearly 1.8%, respectively. Facebook shares rose 2% following a 5% slide on Monday due to a whistleblower's claims and a site outage.
- Tech has been the worst performing sector of the last month as a jump in yields caused investors to rotate out of the highly valued shares since rising rates can make their future profits look less attractive. Yields are increasing as the Federal Reserve signaled in September it would start tapering its monthly bond-buying soon. The U.S. 10-year Treasury yield was around 1.53% on Tuesday afternoon after hitting a high of 1.56% last week.
- "The sell-off was in part driven by a rise in 10-year government bond yields... higher inflation, and weaker growth," wrote Mark Haefele, chief investment officer of global wealth management at UBS.
- The market suffered a tumultuous September as inflation fears, slowing growth and rising rates kept investors on edge. The S&P 500 fell 4.8% last month, posting its worst month since March 2020 and breaking a seven-month winning streak.
- In Washington, lawmakers are still trying to agree to raise or suspend the U.S. borrowing limit and avert a dangerous first-ever default on the national debt. The Treasury Department warned last week that lawmakers must address the debt ceiling before Oct. 18 when officials estimate the U.S. will exhaust emergency efforts to honour its bond payments.
- Treasury Secretary Janet Yellen said Tuesday she believes the economy will fall into a recession if Congress fails to raise the debt ceiling before a default on the U.S. debt.
- Wednesday Dow closes 100 points on possible debt ceiling deal progress, recovering 450-point loss. Stocks staged a comeback on Wednesday as investors grew optimistic about a debt ceiling deal and bought into technology stocks. Stocks reversed course on news that Senate Minority Leader Mitch McConnell told a closed meeting of Republicans that he would offer a short-term debt ceiling extension later Wednesday. That would help relieve some pressure on Congress to avoid a U.S. default currently expected on Oct. 18.
- Well, October is sure living up to its reputation as the most volatile month of the year. We expect the October roller-coaster market to stick around for a bit longer," said Ryan Detrick of LPL Financial.
- Recent increases in energy prices and interest rates are raising concerns about higher costs for consumers and companies. The 10-year Treasury yield was flat Wednesday around 1.52%, after topping 1.56% last week. Oil prices hit the highest since 2014 this week with WTI crude oil nearly topping $80 a barrel.
- Friday Dow closes near the flat line after jobs report miss, but notches winning week. The Dow was little changed on Friday, notching a winning week as optimism about a short-term debt ceiling deal trumped a disappointing jobs report.

- The major averages all ended in the green for the week. The Dow rose 1.2% for its best week since June. The S&P 500 rose about 0.8% for its best week since August. The Nasdaq rose just shy of 0.1% since Monday.
- There was something for both bears and bulls in Friday's jobs report, which explains the gyrations in stocks following the release. On the positive side, the unemployment rate itself fell to a much lower point than economists forecast. At 4.8%, that's the same level seen in late 2016. Plus, August's jobs report was revised up to 366,000 compared to the initial read of 235,000. A bleaker labour picture could stall the Federal Reserve, as it prepares to slow its $120 billion-per-month bond-buying program.
- This jobs number could call into question the starting point for taper late this year," said Jamie Cox, managing partner for Harris Financial Group. "There are lots of positives in the report, like an uptick in average hourly earnings, but not enough to sugar coat the fact the employment picture remains murky with all the Covid related cross currents."
- Uncertainty around the debt ceiling had been a headwind for the market but other risks remain, including accelerating inflation and rising rates. The 10-year Treasury yield was around 1.57% on Thursday, and UBS sees it rising to 1.8% by the end of the year.
- Wall Street is also preparing for third-quarter earnings season, which kicks off next week.
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*Source: Bloomberg news, CNBC news.*

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**Rising Inflation, Strong job numbers, FED Tapering expected before the end of 2021 or early 2022, Impact of Covid - Delta Variant.**

## EU
## Current Situation – (15/10/2021)

- European stocks were muted on Monday, searching for direction after a volatile week. The pan-European Stoxx 600 hovered around the flatline and finished flat, with travel and leisure stocks shedding 1% while basic resources gained 3%. Markets around the world whipsawed last week as investors monitored inflation expectations and U.S Treasury yields, which jumped to multi-month highs on Friday following the poor September jobs report from the U.S. Labor Department.
- Meanwhile U.S. Treasury Secretary Janet Yellen on Friday voiced confidence that the U.S. Congress would green light the implementation of the global corporate minimum tax rate agreed by 136 countries.
- Back in Europe, three European Central Bank policymakers on Friday discussed the possibility of exiting pandemic-era monetary and fiscal support measures even if it makes some governments unhappy, according to reports from a panel discussion in Slovakia. The ECB is expected to decide on its extraordinary stimulus measures in December.
- European stocks closed mostly lower on Tuesday amid volatile sentiment in global markets.
- The muddled trade in Europe on Tuesday comes amid a choppy period for global markets, **as investors monitor the outlook for inflation, supply chain issues, bond yields and central bank policy.**
- The International Monetary Fund on Tuesday cut its global growth forecast, citing supply chain challenges and persistent Covid spread.
- U.K. added 207,000 jobs in September, official figures showed on Tuesday, taking British employers' payrolls to a record high **as the end of the government's furlough program draws near**.
- Germany's latest ZEW survey of economic sentiment fell for the fifth consecutive month, the institute reported on Tuesday, as supply bottlenecks continued to weigh on Europe's largest economy. The index fell to 22.3 points, below an estimate of 24.0, while current conditions sentiment plunged to 10.3 points to 21.6 against a consensus forecast of 28.5.
- Wednesday European stocks close higher as strong earnings boost sentiment; tech up 2.7%. offsetting concerns about global growth and inflation. Investors in Europe were digesting the latest inflation numbers out of the U.S. The consumer price index jumped 0.4% in September from the month prior and 5.4% year over year, the Labour Department reported Wednesday, against expected increases of 0.3% monthly and 5.3% annually in a Dow Jones poll of economists.
- Thursday European stocks closed higher on Thursday with global investors digesting the latest U.S. inflation data which rose higher than expected in September, increasing pressure on the Federal Reserve to raise rates sooner rather than later.
- Minutes released Wednesday afternoon from the Federal Open Market Committee's September meeting showed the central bank could begin tapering its asset-purchase program as soon as mid-November.
- Friday European stocks close higher as earnings power global markets.

## EU
## Previously – (08/10/2021)

- European markets close lower; China Evergrande trading halt watched. Markets kicked off the first full trading week of the month focused on concerns around inflation, Federal Reserve tapering, rising interest rates and Evergrande. The market move comes after a tricky September, with concerns around inflation, Federal Reserve tapering and rising interest rates dominating sentiment. The 10-year U.S. Treasury yield topped 1.56% last week, its highest point since June.

- In Europe, Euro zone finance ministers met to discuss matters including the EU's recovery plans, banking union and fiscal policy.
- Tuesday European markets close higher as banking and tech stocks rally; Greggs up 10%. European stocks rallied on Tuesday with regional investors brushing off losses on Wall Street earlier in the week. The positive start for Europe comes despite concerns over losses in Wall Street in the previous trading session that saw the tech-heavy Nasdaq Composite fall more than 2%. On the economic data front, final purchasing managers' index (PMI) readings from across the euro zone showed business growth dented in September by inflationary pressures and supply chain problems. The final IHS Markit composite PMI came in at 56.2 last month, compared to 59.0 in August. Anything above 50 represents an expansion.
- Wednesday European stocks closed lower on Wednesday as U.S. Treasury yields briefly spiked, with inflation concerns continuing to weigh on global markets.
- The pan-European Stoxx 600 provisionally ended down 1%, with all sectors and major bourses in negative territory. Retail, autos and travel and leisure stocks were among those leading the losses, down over 2.5%.
- The benchmark U.S. 10-year Treasury yield retreated from more than three-month highs on Wednesday, as investor jitters over the potential for persistent higher inflation endured. The jump in bond yields has caused investors to flee highly valued tech stocks in the U.S., as higher rates make their future profits less attractive.
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- Thursday European markets close higher in roller-coaster week for stocks. European stocks rebounded on Thursday, continuing a week that has seen wild swings in global market sentiment and trading.
- European markets closed lower on Friday afternoon following a roller-coaster week for global stocks, as investors digested a dire U.S. jobs report. Markets have fluctuated hard over the past week as global investors assess the possibility of persistent high inflation, with U.S. bond yields driving jitters for growth-oriented tech stocks.
- Friday's U.S. nonfarm payrolls report, a key indicator for the Federal Reserve as it prepares to slow its $120 billion-per-month bond-buying program, badly missed expectations. The U.S. economy created just 194,000 jobs in September against a Dow Jones estimate of 500,000, the Labor Department reported.
- This followed a big miss in August, when just 235,000 jobs were added against a consensus forecast of 720,000. The unemployment rate fell to 4.8% versus expectations of 5.1%.
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*Source: Bloomberg news, CNBC news.*

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## APAC
## Current Situation – (15/10/2021)

- Shares in Asia-Pacific were mixed on Monday as stocks in Hong Kong led gains regionally. Travel-related stocks in Singapore surged, with Singapore Airlines soaring more than 7% while SATS — which provides ground-handling and in-flight catering services — gained about 4% on Monday. The gains came after Singapore authorities announced over the weekend that more "vaccinated travel lanes" are set to open with more countries. Elsewhere, shares in Australia lagged, with the S&P/ASX 200 down 0.28% to close at 7,299.80.
- Tuesday Major indexes in China and Korea fall at least 1% as oil prices continue rising. Australian stocks erased earlier gains as the S&P/ASX 200 shed 0.26% to close at 7,280.70. MSCI's broadest index of Asia-Pacific shares outside Japan fell 1.08%.
- Wednesday hares in mainland China closed higher on Wednesday as investors reacted to the release of Chinese trade data for September. China's imports rose 17.6% from a year earlier in September, customs data showed Wednesday, missing expectations for a 20% expansion in a Reuters poll. Exports in September rose 28.1% from a year earlier in September, the data showed, exceeding forecasts by analysts in a Reuters poll for a 21% year-on-year rise.
- Trading in Hong Kong was cancelled all day on Wednesday because of a typhoon warning alert, the Hong Kong exchange said in a release at noon.
- Asia-Pacific stocks mostly advance as China's factory prices rise more than expected and the release of China's inflation data for September. Producer inflation surged in September; official data showed Thursday. The producer price index for September soared 10.7% as compared with a year ago, slightly above expectations in a Reuters poll for a 10.5% increase.
- China's consumer price index also rose 0.7% in September as compared with a year ago. That was slightly below the 0.9% on-year increase as forecast in a Reuters poll.
- "The inflationary pressure, particularly … on the producer price front, is quite persistent and will be a problem going into next year as well," Zhiwei Zhang, chief economist at Pinpoint Asset Management, told CNBC's "Street Signs Asia" on Thursday. Some impact from higher energy prices would translate into increased consumer prices next year as well, he said.
- Singapore's central bank tightens monetary policy

- Singapore's Straits Times index gained 0.24% in the afternoon, recovering from earlier losses after the country's central bank unexpectedly tightened monetary policy on Thursday.
- Official advance estimates also showed Thursday that Singapore's economy grew 6.5% year-on-year in the third quarter of 2021. That was largely in line with expectations from economists in a Reuters poll, who had expected a 6.6% year-on-year expansion for the third quarter.
- In Australia, the S&P/ASX 200 climbed 0.54% on the day to 7,311.70.
- MSCI's broadest index of Asia-Pacific shares outside Japan traded 0.52% higher.
- Friday Shares in Asia-Pacific rose on Friday following overnight gains on Wall Street with the S&P 500 jumping nearly 2%.
- The Taiex in Taiwan surged 2.4% on the day to 16,781.19, leading gains among the region's major markets, as shares of Taiwan Semiconductor Manufacturing Company rose 4.71% following earnings release a day earlier.
- Australian stocks closed higher as the S&P/ASX 200 rose 0.69% to 7,362. Shares of Qantas Airways jumped 1.97% after the New South Wales government announced Friday that **quarantine requirements will be scrapped for fully vaccinated international travellers from Nov. 1.**

## APAC

## Previously – (08/10/2021)

- Monday Markets in China are closed for most of this week for a holiday and are set to reopen on Friday. South Korean markets were also closed on Monday for a holiday. Hong Kong's Hang Seng index drops 2% amid Evergrande trading halt.
- Tuesday Japan's Nikkei 225 drops more than 2%, paring losses after entering correction territory earlier. Shares in Asia-Pacific largely fell on Tuesday following overnight losses on Wall Street, with the tech-heavy Nasdaq Composite falling more than 2%.
- Shares in Asia-Pacific were mostly lower on Wednesday, with major indexes in Japan and South Korea leading losses regionally. New Zealand's central bank hikes interest rates.
- Hong Kong's Hang Seng closes 3% higher as major Asia-Pacific indexes rise more than 1%. The broader real estate sector also rose, with the Hang Seng Properties index jumping 1.98% to 30,506.05.
- Friday Chinese stocks rise on return to trade after Golden Week holiday; oil prices jump. Chinese stocks rose on the first day of trade after a week-long holiday, tracking other stock markets across Asia-Pacific as markets on Wall Street rallied. Data on Friday also showed that the services activity in China returned to positive levels. "With the market reopening today, investors are likely to focus on issues in the Chinese property market. With property developers struggling [with] high debt levels, the spectre of strong demand for steel and iron ore remains low," analysts at ANZ Research wrote in a note, referring to Evergrande's debt woes and signs of stress in the broader property sector.
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*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

- **Tech shares always fall as a rapid rise in rates makes their future cash flows less valuable, and in turn makes the popular stocks appear overvalued. Higher rates also hinder tech companies' ability to fund their growth and buy back stock.**
- "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.*