


**TIDT**  
The Intelligent Day Trader

... informed trader 

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

**Date:** 22<sup>nd</sup> 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 13<sup>th</sup> 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 – (22/10/2021)**

- U.S. stocks climbed on Tuesday as major companies continued to report strong third-quarter earnings, easing concerns that persistent Covid cases and rising costs would derail corporate America's profit recovery.
- The Dow Jones Industrial Average jumped to a record on Wednesday as investor sentiment was boosted by better-than-expected earnings reports and a new record for bitcoin.
- The market climbed a wall of worries over the last two months. Fears over the delta Covid surge, supply chain hiccups, a China property crisis, the Federal Reserve signaling the removal of stimulus and surging inflation reports rattled investors. The S&P 500 could also hit a record high soon, which would be a bullish sign for the market going forward. History shows that stock market advances following the recovery from pullbacks recorded an average price gain of 8.4% over the following 98 calendar days before slipping into a new decline of 5% or more. Favorable seasonal factors should also help power the market to additional new highs," Stovall said about the S&P 500.
- So far investors have largely cheered results from the batch of third-quarter earnings that have hit the market since the banks kicked things off last week. Of the S&P 500 components that have reported thus far, 84% have topped expectations, according to FactSet.

- The Dow Jones Industrial Average jumped to a record on Wednesday as investor sentiment was boosted by better-than-expected earnings reports and a new record for bitcoin.
- All major averages finished the week higher for three straight weeks of gains, with the Dow Jones Industrial Average rising to a record close. The Dow got a boost Thursday as investors rotated out of tech stocks and into blue-chips. American Express led the index higher with a 5.4% gain on the back of a strong earnings report.
- even with the S&P 500 up 20% for the year, Stephen Kolano, chief investment officer of BNY Mellon Investor Solutions, told CNBC. "You're starting to see some profit taking as a result of that," Kolano said. "Where investors are going first and foremost is the companies that have run the fastest, which is a lot of the tech."
- The disappointing results from Intel and, earlier this week, IBM, as well as hawkish comments from Federal Reserve chair Jerome Powell on inflation and policy tightening have added to market jitters, but the slight move downward shouldn't be too worrisome, at least in the near term,

## U.S.

### Previously – (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.
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*Source: Bloomberg news, CNBC news.*

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### ***FUN (Fundamental Report)***

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

#### **EU**

##### **Current Situation – (22/10/2021)**

- European stocks closed lower on Monday as investors reacted to slowing economic growth in China and soaring oil prices fuelled elevated inflation concerns.
- European stocks closed higher on Tuesday, as investors monitored corporate earnings and rising coronavirus cases in countries like the U.K.
- Wednesday European stocks closed slightly higher on Wednesday amid more mixed sentiment globally overnight, as investors digested a slew of corporate earnings. It comes after a series of upbeat trading sessions in recent days as investors digested the latest earnings from the U.S.
- Still, while reports have been strong, investors are looking for more clues from corporate America about supply chain issues and how soon these can be resolved, as well as inflation. U.S. stock index futures were flat during premarket trading on Wednesday. "In our view, the forces pushing prices up are set to increase in the coming months, which suggests that inflation will be moving up before the end of year," Turner said.
- "The good news for households and firms is that price pressures should ease next year, and growth will remain relatively strong, suggesting that fears about stagflation are overdone."
- European stocks retreated slightly on Thursday as concerns about the Chinese property sector returned to the fore, while investors also monitored a slew of corporate earnings.
- European stocks closed higher on Friday as fears over the Chinese property market cooled, while investors monitored corporate earnings and key economic data. Markets in Europe emulated overnight gains in Asia-Pacific, where shares of China Evergrande Group bounced in Hong Kong following media reports that the embattled developer is set to pay off a coupon payment on a dollar-denominated bond.

#### **EU**

##### **Previously – (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

Source: Bloomberg news, CNBC news.

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<b>FUN (Fundamental Report)</b>		
<b>Rising Inflation, Strong job numbers, FED Tapering expected before the end of 2021 or early 2022, Impact of Covid - Delta Variant.</b>		

### APAC

#### Current Situation – (22/10/2021)

- Monday Stocks in Asia-Pacific mostly slipped on Monday as investors reacted to the release of key Chinese economic data that shows China's economy grew less than expected in the third quarter.
- Minutes from the Reserve Bank of Australia's October monetary policy meeting released Tuesday showed the RBA expecting the Australian economy to "return to growth in the December quarter and to its pre-Delta path in the second half of 2022."
- Shares in Asia-Pacific closed higher on Tuesday, with tech stocks in the region jumping following similar gains overnight for their counterparts on Wall Street.
- Wednesday Shares in Asia-Pacific were mixed on Wednesday as China kept its benchmark lending rate unchanged.
- Alibaba's gains came amid reports that its founder Jack Ma, who has largely been out of public view for months since making comments that appeared to criticize Chinese regulators, was traveling Europe.
- Stocks in Asia-Pacific were mixed on Thursday, as investors monitored shares of developer China Evergrande Group in Hong Kong.
- Evergrande shares dropped 12.54%, having returned to trade on Thursday after a halt that lasted more than two weeks. The debt-laden firm announced in an exchange filing late Wednesday that a deal to sell a 50.1% stake in its property services business to another developer Hopson had fallen through.
- Asia-Pacific markets were mixed on Friday, as shares of China Evergrande Group surged in Hong Kong following media reports that the embattled developer is set to pay off a coupon payment on a dollar-denominated bond.

### APAC

#### Previously – (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 shares 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**

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			
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

- 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.
- **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.
- <https://www.cnbc.com/2021/08/02/as-the-economy-hits-its-peak-stock-market-gains-could-be-harder-to-come-by.html>
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Source: Bloomberg news, CNBC news.

#### Risk Warning:

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