TIDT
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MARKET WEEKLY *(Weekly FunTech Report)*

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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:

- **Following the U.S. CPI data, traders moved up their expectations for when the first Fed rate hike would occur**
- **U.S. Congress approve a $1.2 trillion infrastructure spending package.**
- **Fed says economy is strong enough for it to slow pandemic bond buying.**
- **Fed's statement still characterized the rising prices as "transitory," which could push the timeline for interest rates hikes further into the future.**
- **Bank of England holds off hiking rates despite surging inflation.**
- **Tracking inflation, which has risen sharply around the world as spiking energy prices and supply chain bottlenecks converge, sending euro zone inflation to a 13-year high in September.**
- **Supply chain bottlenecks affected the 3rd quarter earning of major companies globally.**
- **Despite the disappointing earnings results from Big Tech, the stock market has been raking in records amid solid earnings even with global supply chain concerns.**
- **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**
- **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**
- **A litany of proposed tax increases**

U.S.
Current Situation – (12/11/2021)

- The S&P 500 closed lower Tuesday for the first time in nine sessions as investors took some profits after an October rally and awaited key inflation data ahead. All three major averages dipped from record highs. The S&P 500 on Monday posted its 64th record close of the year and eighth straight positive day — its longest winning streak since April 2019.
- Investors are awaiting the release of another key inflation reading Wednesday. The closely watched October consumer price index is also expected to show a 0.6% jump compared to the prior month.
- Despite Tuesday's pause, the S&P 500 is up more than 24% in 2021. **Strong earnings results have boosted stocks to new highs. Through Tuesday's close, 460 companies in the S&P 500 have reported quarterly results, with 81% beating earnings estimates, according to FactSet.**
- "With Q3 earnings season winding down, **economic data and the progress in economic re-openings will gain in importance in investors' focus from here to the end of the year**," noted John Stoltzfus, chief investment strategist at Oppenheimer Asset Management.
- Stocks rallied Friday, but still posted their first losing week in six amid heightened inflation fears.
- **The October consumer price index released Wednesday showed inflation at its hottest pace in more than 30 years. The fresh inflation reading sent bond yields higher and hit growth pockets of the equity market**.

U.S.
Previously – (05/11/2021)

- The S&P 500 rose to a record high on Tuesday — ahead of a key Federal Reserve decision — as strong corporate earnings gave investors' confidence in a year-end rally. "Fundamentals are probably at the epicenter of why the stock market keeps rising," said Jim Paulsen, chief investment strategist for the Leuthold Group. "The earnings season overall is turning out to be much stronger than anticipated," he added. "While many companies are warning that supply restrictions are a problem, most have nonetheless been able to raise prices, maintain strong profit margins, and take full advantage of healthy demand with greater sales results. Fears of overwhelming profit margin erosion simply did not happen."
- The Fed at the conclusion of its two-day meeting on Wednesday is expected to announce it will begin unwinding its $120 billion in monthly bond purchases implemented during the pandemic. Stocks rose to new records on Wednesday after the Federal Reserve made its long-anticipated announcement to slow the monthly bond purchases the central bank implemented during the pandemic.
- Major averages climbed steadily into the green as the central bank said it will begin to scale back the bond buying later this month and reiterated that it would be in no rush to raise interest rates after finishing the taper next year.
- S&P 500 closes at record after Fed says economy is strong enough for it to slow pandemic bond buying. The Fed said it will begin tapering bond purchases "later this month" and will reduce buying by $15 billion a month, putting it on track to end the quantitative easing by the middle of next year. This timeline and amount were in line with expectations. However, the Fed said it is prepared to alter the pace of purchases if warranted by changes in the economic outlook.
- **The central bank also subtly reframed its stance on inflation, acknowledging that price increases have been more rapid and persistent than central bankers had expected. However, the Fed's statement still characterized the rising prices as "transitory," which could push the timeline for interest rates hikes further into the future.**
- **"Our decision today to begin tapering our asset purchases does not imply any direct signal regarding our interest rate policy. We continue to articulate a different and more stringent test for the economic conditions that would need to be met before raising the federal funds rate," Federal Reserve Chairman Jerome Powell said his post-meeting news conference Wednesday afternoon.**
- U.S. stocks rallied to record levels on Friday after the October jobs report came in better than expected, boosting optimism about the economic recovery.
- A major development from Pfizer regarding its easy-to-administer Covid-19 pill fueled hope for a smooth reopening further, sending shares of airlines and cruise line operators soaring.
- The move for stocks came as data showed job gains for the month of October totaled 531,000. Consensus estimates called for 450,000 jobs added, according to Dow Jones. The report also revised September's disappointing number up to 312,000 job gains from 194,000 previously and increased its August number by a similar amount.
- Pfizer shares surged nearly 11% after the company said its Covid-19 drug, used with an HIV drug, cut the risk of hospitalization by 89%. Pfizer board member Dr. Scott Gottlieb said Friday that the pandemic could be over in the U.S. by the time President Biden's workplace vaccine mandates take effect in early January.
- The news boosted classic reopening plays. United Airlines shares jumped more than 7%, while American Airlines popped 5.7%. Carnival and Royal Caribbean rallied more than 8% each, while Norwegian Cruise Line advanced 7.8%.
- Recovery stock Expedia saw its shares roar higher by 15.6% a day after the company said renewed travel demand boosted its top and bottom lines higher than analysts had expected.
- "The labor market recovery is back on track, but it will still take several months to get to maximum employment," said Edward Moya, senior market analyst at Oanda. "Alongside the Pfizer COVID pill news, this strong [jobs] report should ease some of the supply chain problems and that will make some investors embrace the reopening trade.

Source: Bloomberg news, CNBC news.

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FUN (Fundamental Report)

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EU
Current Situation – (12/11/2021)

- The pan-European Stoxx 600 closed slightly above the flatline provisionally, with basic resources stocks gaining 1.3% while travel and leisure shares sank 1.1% as sectors pointed in opposite directions. The lackluster day followed a mixed trading session in Asia-Pacific overnight where investors were reacting to China's trade data released over the weekend.
- On Wall Street, U.S. stocks were higher with the Dow Jones Industrial Average jumping to a new intraday high Monday after Congress approved a $1.2 trillion infrastructure spending package.
- This week, investors are looking ahead to fresh inflation readings in the U.S. The producer price index and consumer price index are slated for release on Tuesday and Wednesday, respectively. Economists expect both inflation numbers to run hot for October.
- The pan-European Stoxx 600 closed down by 0.2% provisionally, having earlier been in positive territory. Basic resources shares slid 1.2%, while the retail sector was up 1.2%. The U.S. October producer price index came in as expected Tuesday, with PPI rising 0.6% month over month, in line with estimates. The consumer price index, slated for Wednesday, will also be closely watched.
- European stocks closed slightly higher on Wednesday as market participants digested a slew of earnings and hotter-than-expected inflation readings from the U.S.
- Investors are assessing the release of the latest U.S. consumer price index, a key inflation reading, on Wednesday. The consumer price index showed a year-on-year increase of 6.2% in October, the sharpest in 30 years.
- Core CPI, which excludes food and energy and is the Federal Reserve's preferred measure of inflation, rose by 0.6% month-on-month and 4.6% annually, also slightly exceeding economist expectations. Hussain Mehdi, macro and investment strategist at HSBC Asset Management, said although the bank expects the period of high inflation to be "transitory," there is scope for the near-term peak in inflation to remain "uncomfortably high." "**This implies the risk of a faster Fed taper, particularly if longer-term inflation expectations edge up to undesirable levels and wage growth continues to accelerate, and the potential for increased market volatility**," Mehdi added.
- The U.S. October producer price index came in as expected Tuesday, with PPI rising 0.6% month-on-month, in line with estimates. Wholesale prices jumped 8.6% in October from a year ago, however, the hottest annual pace on record in almost 11 years.
- U.S. equities were slightly lower on Wednesday following the release of the inflation numbers.
- In Asia, major markets fell, also on the back of fears around inflation. China's consumer price index for October rose 1.5% from last year, against expectations in a Reuters poll for a 1.4% increase. Producer prices, however, rose more than expected.
- Back in Europe, German consumer price index (CPI) inflation came in at 4.5% year-on-year in October and 0.5% month-on-month, the federal statistics office said Wednesday.
- European stocks closed higher on Thursday as global market players digested the latest U.S. inflation data, which showed persistent price rises.
- Following the CPI data, traders moved up their expectations for when the first Fed rate hike would occur. The Fed funds futures market now sees greater odds of the central bank's first full rate hike coming in July 2022.
- European stocks finished the week higher Friday as global investors assessed recent high inflation prints and corporate earnings.

EU
Previously – (05/11/2021)

- European stocks kicked off November on a positive note Monday with investors reacting to corporate news and looking ahead to key central bank meetings. Shares of Barclays bank slipped 0.8% after the investment bank announced Monday morning that CEO Jes Staley will stand down following an investigation into his relationship with Jeffrey Epstein. The positive start to November seen for Europe comes after more mixed trade in Asia-Pacific markets overnight as investors reacted to economic data that showed a mixed picture of Chinese manufacturing activity in October.
- European markets close mixed as investors gear up for Fed meeting. Investors around the world are gearing up for a busy week of corporate earnings, a key U.S. Federal Reserve meeting and October's U.S. jobs report (out on Friday) which will give the latest indication of the state of health of the world's biggest economy.
- The Federal Reserve's highly anticipated Federal Open Market Committee meeting kicked off on Tuesday. It is widely expected to lead to the central bank announcing it will begin to wind down its $120 billion in monthly bond purchases and end the program entirely by the middle of 2022.

- Investors will also be looking for the Fed's comments on rising prices as inflation has been running at a 30-year high. The meeting concludes on Wednesday.
- In other news, global investors are following developments at the COP26 climate summit in Glasgow. The UN summit is widely seen as a make-or-break moment for global leaders to take decisive action to limit carbon emissions, but hopes are not high for ambitious targets.
- European stocks closed slightly higher Wednesday as investors prepared for the latest comment and monetary policy decision from the U.S. Federal Reserve.
- **Back in Europe, European Central Bank President Christine Lagarde told an event in Lisbon on Wednesday that the ECB is very unlikely to hike interest rates in 2022 as inflation remains too low, pushing back market expectations**.
- European stocks closed higher on Thursday as markets reacted to the U.S. Federal Reserve's announcement that it will start to taper its bond-buying program and the Bank of England's decision to hold rates steady for now.
- The pan-European Stoxx 600 added 0.4% by the close, with tech climbing 1.4% to lead gains while banks dropped 2% following the Bank of England's latest policy announcement. **Market focus was on the Bank of England's decision to hold interest rates steady, defying some investors' expectations that it would become the first major central bank to hike rates following the pandemic. The pound was down more than 1% against the dollar after the announcement**. Bank of England holds off hiking rates despite surging inflation.
- European markets closed marginally higher on Friday as investors reacted to promising news on Pfizer's Covid-19 pill and a strong U.S. jobs report. **Pfizer announced Friday that its easy-to-administer Covid-19 pill, used in combination with a widely used HIV drug, cut the risk of hospitalization or death from the virus by 89% in high-risk adults**

Source: Bloomberg news, CNBC news.

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APAC
Current Situation – (12/11/2021)

- Shares in Asia-Pacific were mixed on Monday as investors reacted to China's trade data released over the weekend.
- Shares in Asia-Pacific were mixed on Tuesday following overnight gains on Wall Street that took the major indexes to record closing highs. Meanwhile, bitcoin touched a record high.
- Shares in Asia-Pacific were mixed on Wednesday as investors reacted to the release of Chinese inflation data for October. China's consumer inflation for October came in roughly in line with expectations, according to official data released Wednesday. The consumer price index for October rose 1.5% from last year, against expectations in a Reuters poll for a 1.4% increase. Producer prices, however, rose more than expected. The producer price index for October surged 13.5% from last year, above expectations in a Reuters poll for a 12.4% gain.
- Asia-Pacific stocks were mixed on Thursday, after data released overnight showed U.S. consumer inflation spiked in October.
- Australian stocks declined as the S&P/ASX 200 fell 0.57% to close at 7,381.90.
- Employment in Australia fell unexpectedly by 46,300 in October, seasonally adjusted estimates from the country's. Bureau of Statistics showed. That was far off analyst expectations for a 50,000 rise, according to Reuters. Unemployment also rose climbed to 5.2% higher than the 4.8% expected in a Reuters poll. "While employment is 2.5% below its pre-Delta levels and the unemployment rate is 0.6 percentage points higher than pre-Covid, we expect the labour market to make a full recovery from the Delta associated losses," Diana Mousina, senior economist at AMP Capital, wrote in a note. "We expect the labour market to eventually recover in 2022 and be stronger than pre-Delta."
- Data released overnight showed the U.S. consumer price index in October seeing its biggest surge in more than 30 years.
- Major indexes on Wall Street fell following the inflation data release, with the Dow Jones Industrial Average dropping 240.04 points to 36,079.94 while the S&P 500 shed 0.82% to 4,646.71. The Nasdaq Composite lagged as it dropped 1.66% to around 15,622.71.
- Meanwhile, U.S. Treasury yields climbed following the consumer price data release. The yield on the benchmark 10-year Treasury note last stood at 1.5699%. Yields move inversely to prices.
- Shares in Asia-Pacific advanced on Friday as technology shares mostly rose, following overnight gains for their counterparts on Wall Street.

APAC
Previously – (05/11/2021)

- were mixed on Monday as investors reacted to economic data that showed a mixed picture of Chinese manufacturing activity in October.
- Shares in Asia-Pacific were mixed on Tuesday, as Hong Kong-listed shares of Chinese real estate firms fell amid renewed fears. On Monday, Moody's downgraded developer Yango Group, warning the Chinese firm "may not be able to mobilize all of its cash holdings to repay its maturing debts."

- The S&P/ASX 200 in Australia dipped 0.63% to close at 7,324.30. The Reserve Bank of Australia on Tuesday announced its decision to keep its cash rate target unchanged but decided to stop its target of 10 basis points for the April 2024 Australian Government Bond. “The decision to discontinue the yield target reflects the improvement in the economy and the earlier-than-expected progress towards the inflation target,” RBA Governor Philip Lowe said in a statement. “Given that other market interest rates have moved in response to the increased likelihood of higher inflation and lower unemployment, the effectiveness of the yield target in holding down the general structure of interest rates in Australia has diminished,” Lowe said.
- Shares in Asia-Pacific were mixed on Wednesday as investors looked ahead to the end of the U.S. Federal Reserve’s two-day meeting for clues on tapering.
- A private survey released Wednesday showed growing Chinese services activity in October, with the Caixin/Markit services Purchasing Managers’ Index coming in at 53.8, rising from September’s reading of 53.4. China’s official non-manufacturing PMI for October came in at 52.4 over the weekend, a decline from the September reading of 53.2.
- **PMI readings below 50 represent contraction while those above that level signify expansion. PMI readings are sequential and represent month-on-month expansion or contraction**.
- Shares in Asia-Pacific rose on Thursday following the U.S. Federal Reserve’s announcement that it will start tapering the pace of its bond purchases later in November. The Fed announced Wednesday it will begin reducing the pace of monthly bond purchases later this month. The move was in line with market expectations following a series of earlier signals from the U.S. central bank that it would begin winding down a program that accelerated in March 2020 as a response to the Covid pandemic. The major indexes on Wall Street climbed to new records on Wednesday following the Fed announcement.
- Stocks in Asia-Pacific were mixed on Friday as shares in Hong Kong led losses among the region’s major markets. It comes as investors continue to watch for developments in China’s property sector following the fallout from heavily indebted Evergrande. A few other Chinese real estate firms had also been under the spotlight for going into default, or missing payments on their debt

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
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Source: Bloomberg news, CNBC news.