TIDT
The Intelligent Day Trader

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

Date: 19th November 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:

- **Euro zone inflation at 4.1% year-on-year in October, more than double the European Central Bank's target.**
- **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 – (19/11/2021)

- U.S. stocks gained on Tuesday after a strong October retail sales report and better-than-expected third-quarter results from Home Depot and Walmart signaled the U.S. consumer is still ramping up spending even in the face of rising prices.
- The latest retail sales figures for October showed consumers were increasing their spending, with sales jumping 1.7%. That compares to a 0.8% increase in the prior month. The report showed broad strength in a number of categories from autos to sporting goods. Online sales were up 10.2% from a year ago. The gains came even as consumer prices surged 6.2% year-over-year last month, inflation not seen since the 1990s.
- The markets were coming off a day of choppy trading Monday that ultimately ended slightly lower for the major averages as investors continued digesting economic data from the previous week that swelled concerns about heightening inflation.
- The S&P 500 gained in a choppy session after strong earnings results from Nvidia, the world's largest chipmaker by market value, and various retailers.
- The markets are in a normal seasonal lull coming off earnings season, according to Jay Hatfield, CEO of Infrastructure Capital Management. Refreshed Covid concerns weighed on short-term trades too, he added, particularly in travel stocks and other reopening plays.
- Nvidia shares surged 8.3% after the company reported beats on the top and bottom lines and issued a bullish revenue forecast for the current quarter ending in January. The chipmaker saw a 55% gain in data center sales from the same period a year ago and a 42% increase in gaming, its biggest market. The gain brought its market value to $791 billion.
- Nvidia's strong results caused investors to buy other chipmakers. Investors also moved into tech stocks broadly as U.S. Treasury yields took a dip of roughly 2 basis points.
- Stocks struggled on Friday as concerns over a resurgence of Covid-19 weighed on global markets, though tech shares pushed higher.
- Equities took a hit after Austria announced early in the day that it would re-enter a full national lockdown due to a spike in Covid cases. That followed new restrictions for unvaccinated people in Germany, introduced Thursday as a fourth wave sent daily cases to a record high. The market was predictably spooked, and didn't seem to take into account developments in vaccines, antiviral pills and other ways to fight the virus, according to Ross Mayfield, investment strategy analyst at Baird. It will probably see through this latest spell though, he added.
- "We've been through wave after wave of Covid and different variations of it, and we've never really seen a big market sell-off because of it," Mayfield told CNBC. "Part of that is because of the rotation underneath the surface. The other part is that every single time, we learn more and more how to live with the virus and deal with it, and I just don't think it's a headline concern for market participants anymore."
- Markets moved downward anyway, though they pared back deeper declines from the morning. Shares of air carriers were among the first to drop. United Airlines fell 2.7%, while Delta fell 1%. Boeing lost 5.7%.
- In other travel names, Airbnb dropped 3.8% while Booking Holdings dipped 1.5%. Expedia was also down slightly. Norwegian Cruise Line Holdings was about 2% lower, and Royal Caribbean slipped 2.9%.
- The pullback in airline and travel stocks came about a week after the Biden administration lifted pandemic travel restrictions that have barred many international visitors for nearly 20 months. That move was cheered by airlines and other travel companies. But the increase in Covid cases and new restrictions in Europe was damping hopes for an immediate rebound in trans-Atlantic travel, a usually lucrative segment that is key to large carriers' return to profitability.

U.S.
Previously – (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**

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 – (19/11/2021)

- European markets closed slightly higher on Monday as investors monitored the steady drip of economic data and corporate earnings from around the world. Global markets in recent weeks have been guided by corporate earnings reports along with inflation and labour market data from major economies, which will have a significant bearing on the policy path for central banks.
- European markets closed slightly higher on Monday as investors monitored the steady drip of economic data and corporate earnings from around the world.
- European stocks closed slightly higher on Wednesday as investors reacted to inflation data and a fresh batch of corporate earnings.
- Euro zone inflation was confirmed at 4.1% year-on-year in October, more than double the European Central Bank's target. In its biannual stability report published Wednesday, the ECB warned of stretched valuations in property and financial markets, as the region continues to recover from the coronavirus pandemic on the back of ultra-low interest rates and massive stimulus measures.
- U.K. consumer price index (CPI) inflation came in at an annual 4.2% in October, its highest for almost a decade, with energy and automotive costs soaring.
- European stocks closed lower on Thursday amid **market concerns around the region's inflation outlook and coronavirus figures.**
- The slump for European markets comes amid investor concerns over the inflation outlook in the region; data released on Wednesday showed euro zone inflation at 4.1% year-on-year in October, more than double the European Central Bank's target.
- European markets closed lower on Friday, with investors rattled as countries impose strict measures to tackle the latest wave of Covid-19 infections. Europe's banking index was among the worst performers, plunging 2.3% following comments from European Central Bank President Christine Lagarde. The rapid spread of Covid in Europe is once again front and canter, with multiple countries experiencing record daily caseloads, imposing partial lockdowns and tightening rules on the unvaccinated.
- Germany on Thursday announced more restrictions for unvaccinated people as a fourth wave sent cases to a record, before Austria announced Friday that it will re-enter a full national lockdown.
- ECB President Lagarde on Friday reinforced her view that euro zone inflation will fade and said the ECB should not look to tighten monetary policy as it could hamper the bloc's recovery.
- As well as taking some of the wind out of the stock market's sails, Lagarde's comments and the news of new Covid restrictions dented the euro gave up 0.5% to the dollar.
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EU
Previously – (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

Source: Bloomberg news, CNBC news.

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APAC
Current Situation – (19/11/2021)

- Shares in Asia-Pacific were mixed on Monday as investors reacted to the latest Chinese economic data for October. The losses in mainland China came despite Chinese economic data coming in better than expected. Data released Monday showed retail sales in China rose 4.9% year-on-year in October, higher than the 3.5% gain predicted in a Reuters poll. Industrial output for the month also grew 3.5% compared to a year ago, beating expectations by analysts in a Reuters poll for a 3% increase.
- Preliminary estimates released Monday showed Japan's gross domestic product declining an annualized 3% in the July-September quarter, far worse than the median market forecast for a 0.8% contraction, according to Reuters.
- Shares in Asia-Pacific were mixed on Tuesday as investors reacted to a virtual meeting between U.S. President Joe Biden and Chinese President Xi Jinping.
- The virtual meeting between Biden and Xi, which marked the closest communication between the two leaders since Biden took office in January, kicked off on a positive note with cordial remarks. Following the meeting, public statements emphasized ways for the two economic powerhouses to avoid conflict, though points of tension were noted.
- The S&P/ASX 200 in Australia fell 0.67% to close at 7,420.40 after the Reserve Bank of Australia's governor pushed back against calls for a rate hike next year. "The latest data and forecasts do not warrant an increase in the cash rate in 2022," said RBA Governor Philip Lowe, responding to expectations that most advanced economy central banks will raise interest rates by the end of 2022. Investors have been watching for clues on when major central banks could raise policy interest rates amid inflation concerns.
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- Declines across Asia-Pacific stocks were seen by Wednesday's close, with data showing Japan's exports growth hit an eight-month low. Markets in the U.S., however, were lifted on the back of stronger-than-expected retail sales data.
- Japan's exports fall to eight-month low; auto shares slip.
- Asia-Pacific markets traded mixed on Thursday, following overnight losses on Wall Street, as shares in Japan, Hong Kong and the Chinese mainland struggled for gains.
- Hong Kong shares fell Friday, extending losses from the previous session as some of China's biggest tech names remained under pressure.

APAC

Previously – (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

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.