


**TIDT**  
The Intelligent Day Trader

... informed trader 

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

**Date:** 29<sup>th</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:**

- 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 3<sup>rd</sup> 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 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
- 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 – (29/10/2021)**

- U.S. stocks rose to record highs on Monday as investors prepared for a major week of earnings from heavyweight tech companies. The sharp move for the stock helped the market start the week off strong ahead of a busy week of earnings. Wall Street entered Monday following a winning week on the back of strong corporate earnings.
- U.S. stocks climbed to record levels on Tuesday as major corporations continued to turn in solid quarterly results, but major averages closed off their highs of the day with some major tech names rolling over. An intraday reversal in shares of Facebook weighed on major averages at midday. After trading flat to higher to start the session, Facebook shares dropped more than 5% at the session low and closed 3.9% lower. The company topped analysts' earnings expectations but missed estimates for revenue and monthly active users.
- Tesla erased earlier gains and fell 0.6% Tuesday after the electric vehicle company soared more than 12% in the previous session to reach a \$1 trillion market cap for the first time.

- The stock market reached record levels on Thursday as strong earnings from major companies bolstered investor confidence.
- The U.S. stock market set another round of record highs on Friday as Wall Street looked past disappointing results from major companies to wrap up its best month of the year.
- Despite the disappointing results from Big Tech, the stock market has been raking in records amid solid earnings even with global supply chain concerns.

**U.S.**  
**Previously – (22/10/2021)**

- 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

Source: Bloomberg news, CNBC news.

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**EU**  
**Current Situation – (29/10/2021)**

- European stocks eked out small gains Monday, as investors continued to monitor corporate earnings, Covid-19 and the inflation picture. On Wall Street, stocks churned between gains and losses as investors prepared for a major week of earnings from heavyweight tech companies. Facebook, which is due to report Monday, has faced a flood of negative press coverage lately amid several bombshell leaks from whistleblower Frances Haugen.
- the Italian government on Sunday ended talks with UniCredit over the rescue of commercial bank Monte dei Paschi di Siena. The breakdown draws a line under multi-year efforts by the government to privatize the ailing Tuscan bank.
- On the data front, Germany's Ifo Institute business climate survey showed supply chain problems weighing on Europe's largest economy in October. The Ifo Business Climate Index, published Monday, fell to 97.7 this month from 98.9 in September, with companies increasingly pessimistic across services, manufacturing and trade.
- Global investors also continue to track 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
- European stocks closed higher on Tuesday, as positive corporate earnings offered a tailwind to global markets.
- On Wall Street, U.S. stocks climbed to record levels as traders reacted to a strong set of quarterly results from major companies.

- **European traders were reacting to a busy morning of earnings. Earnings were the key driver of individual share price movement in Europe.**
- European stocks closed lower Wednesday as investors digested corporate earnings, fresh economic data and a budget update from the U.K. finance minister.
- Traders also monitored a rate decision by the ECB and a subsequent press conference with President Christine Lagarde. The bank decided Thursday to keep interest rates and its monetary policy stance unchanged, despite ongoing inflationary pressures. Lagarde tried to play down the chances of a rate hike for 2022, hinting that market players might be getting ahead of themselves with their predictions.
- Markets were muted after the ECB's rate announcement, but southern European bond yields spiked after Lagarde's comments at the press conference, according to Reuters data.
- European stocks closed mixed on Friday as traders digested a raft of U.S. and domestic corporate earnings.
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## EU

### Previously – (22/10/2021)

- 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

*Source: Bloomberg news, CNBC news.*

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## APAC

### Current Situation – (29/10/2021)

- Asia-Pacific stocks mixed as HSBC earnings beat expectations; oil prices rise
- In Asia, equities closed mostly higher overnight, with electric vehicle battery makers surging after car rental giant Hertz said it would order 100,000 vehicles from Tesla by the end of 2022.
- Stocks in Asia-Pacific were mixed on Tuesday after major indexes on Wall Street rose to record closing highs stateside.
- Shares in Asia-Pacific were lower on Wednesday, with Chinese tech stocks in Hong Kong seeing big losses.
- Shares in Australia closed higher as the S&P/ASX 200 rose fractionally to 7,448.70. Australia's consumer price index rose 0.8% in the September 2021 quarter, data from the country's Bureau of Statistics showed Wednesday. The reading for quarterly consumer inflation was in line with expectations from a Reuters poll.
- Shares in Asia-Pacific were lower on Thursday as the Bank of Japan announced its decision to hold steady on monetary policy.
- Shares in Asia-Pacific were mixed on Friday as investors monitored stocks of Apple suppliers after the tech giant's revenue miss. Investors watched for movements in regional Apple supplier stocks after the company's sales fell short of Wall Street expectations in its fiscal fourth quarter. CEO Tim Cook said there were larger-than-expected supply constraints on iPhones, iPads and Macs.

## APAC

### Previously – (22/10/2021)

- 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

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.
- **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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