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MARKET WEEKLY *(Weekly FunTech Report)*

Date: 04th January 2022
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GLOBAL MARKET SUMMARY

Rising Inflation, Strong job numbers, Interest rate hikes, FED Tapering expected early 2022, Supply chain issues, Ukraine and Russia Tension.

- **The Bank of England on Thursday raised interest rates again. the BOE's Monetary Policy Committee voted unanimously for a 25-basis point rate increase to take the main Bank Rate to 0.5%.**
- **The European Central Bank opted to hold interest rates steady, defying growing pressure to curb stimulus plans. Inflation in the euro zone rose to 5.1% in January, despite expectations for a sharp drop to 4.4%.**
- **U.S. - Markets are now pricing in five quarter-percentage-point interest rate hikes in 2022 with the first coming in March.**
- **Japan's central bank left its short-term interest rate target unchanged at -0.1%, in line with market expectations. inflation forecast was raised from an earlier estimate of 0.9% to 1.1%. For fiscal 2023, inflation expectation was raised from 1% to 1.1%. Still, those figures remain below the central bank's inflation target of 2%.**
- **FED - Given the outlooks for the economy, the labour market, and inflation, it may become warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated.**
- **Inflation and monetary policy are also expected to be key themes for 2022.**
- **With inflation running at more than double target in the U.S., euro zone and the U.K., concerns are lingering as to whether it can be brought under control.**
- **The ECB left its benchmark refinancing rate unchanged at 0%, while the rate on its marginal lending facility remained at 0.25% and the rate on its deposit facility was kept at -0.5%, in line with expectations.**
- **The Bank of England increased its main interest rate to 0.25% from its historic low of 0.1% as inflation pressures mount, citing a strong labour market and the need to return inflation towards its 2% target. The impact of omicron variant remains uncertain.**
- **The Reserve Bank of Australia maintained its cash rate at 0.1% on Tuesday, going against market expectations for a rate hike, although it ended its bond buying program as predicted. Australia central bank governor said the Reserve Bank of Australia will not increase interest rates until actual inflation is sustainably in the 2% to 3% target range — that is unlikely to happen next year.**
- **Tedros warned that vaccines alone will not protect countries from omicron, emphasizing the importance of masks and social distancing.**
- **Fed Chief Powell said "at this point, the economy is very strong and inflationary pressures are higher, and it is therefore appropriate in my view to consider wrapping up the taper of our asset purchases … perhaps a few months sooner"**
- **Euro zone inflation at 4.1% year-on-year in October, more than double the European Central Bank's target.**
- **U.S. Congress approve a $1.2 trillion infrastructure spending package.**
- **Fed says economy is strong enough for it to slow pandemic bond buying (Start tapering in November)**
- **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.**
- **Singapore's central bank tightens monetary policy**

- **Rising bond yields**
- **Slowing growth in China/ China headwinds**
- **A litany of proposed tax increases.**

Market	Factor	Indicators
ASX 200, FTSE 100 & NDX 100	ECONOMIC	INFLATION

FUN (Fundamental Report)

Rising Inflation, Strong job numbers, Interest rate hikes, FED Tapering expected early 2022, Supply chain issues, Ukraine and Russia Tension.

U.S.
Current Situation – (04/02/2022)

- **February is historically a weak trading month.**
- Stocks surged for a second day Monday to wrap up a rough January, as investors snapped up some of the tech shares that have been battered all month. Despite the two-day relief rally, the S&P 500 and the Nasdaq Composite posted their worst months since the onset of the pandemic, as investors braced for the Federal Reserve to raise interest rates multiple times this year.
- Last week, the Fed indicated that it will likely start raising rates in March to combat historically high inflation. That would be the central bank's first-rate hike in more than three years. Markets are now pricing in at least five quarter-percentage-point interest rate hikes in 2022.
- **The S&P 500 at one point this month had dipped into correction territory on an intraday basis, but the recent comeback has pared the loss from its all-time high to 6.3%. The Nasdaq Composite is still off by 12% from its high, firmly in correction territory.**
- Investors have a big week ahead for economic data and some important earnings reports from some of the market's biggest tech names, including Alphabet, Meta Platforms, Amazon and more.
- Stocks rose for a third day Tuesday, as Wall Street tried to recover its footing after a wild January. "After being wildly distracted in the month of January, investors and traders are finally refocusing on earnings season," said Jeff Kilburg, chief investment officer of Sanctuary Wealth. "Seeing some of these beats and improved forward guidance has created a lot of optimism inside of this earnings season, which we kind of neglected due to the fact that the Federal Reserve took the centre stage."
- Banks got a boost as the benchmark 10-year Treasury yield rose 2 basis points to break back above 1.8% at one point. That move came even after U.S. manufacturing data for January showed more signs of rising inflation.
- The major averages posted sharp losses for January marked by brutal price swings. The blue-chip Dow slid 3.3% for the month. The S&P 500 and Nasdaq suffered their worst monthly declines since March 2020, falling 5.3% and 8.98%, respectively. It was also the S&P 500's biggest January decline since 2009.
- Stocks rose for a fourth straight day Wednesday, as Alphabet propelled gains in tech thanks to strong quarterly earnings. Big tech names have been key drivers of the four-day rebound, as investors refocused their attention on earnings season, after mega cap tech companies continued reporting strong quarterly results and forward guidance. These names also led the way lower last month amid concerns over rising rates.
- The major averages are coming off of a volatile month, mainly spurred by a pivot in the Federal Reserve. However, some Fed members have offered reassuring commentary that they do not want their pending rate hikes to disturb the financial markets and that few see any appetite for a 50-basis point hike.
- U.S. stocks fell on Thursday as investors' renewed optimism on big tech names, driven by a slew of strong earnings, took a turn down after Facebook-parent Meta Platforms reported disappointing quarterly results. Meta Platforms shares plunged 26.4% after the company's quarterly profit fell short of expectations. The company also issued weaker-than-expected revenue guidance for the current quarter. It was the biggest drop ever for the Facebook parent.
- The S&P 500 and Nasdaq Composite jumped Friday to finish their best week of the year, as continued strength in earnings reports extended the tech-led rebound from the January rout.
- Traders on Friday also weighed a much stronger-than-expected jobs report and its potential impact on U.S. monetary policy going forward.
- The 10-year Treasury yield jumped above 1.9%, hitting its highest level since December 2019, after the January jobs report showed a 467,000 gain in payrolls. Economists polled by Dow Jones had expected a minor gain of 150,000, and some economists predicted a large decrease. Economists had cautioned before the report that it could be noisy because of an omicron wave hitting while the survey was taking place.

U.S.
Previously – (28/01/2022)

- Stocks mounted a dramatic comeback on Monday as investors stepped in to buy beaten-up tech shares following a sharp sell-off earlier in the day. Monday marked one of the best market comebacks in a long time. The session was the first time since the aftermath of the financial crisis in 2008 that the Nasdaq Composite had been down more than 4% on the session and closed up. For the Dow, which was down 3.25% at its low, it was the biggest intraday comeback since the wild trading of March 2020.
- JPMorgan's top stock strategist Marko Kolanovic said in a note Monday that the sell-off in equity markets was overblown. "The recent pullback in risk assets appears overdone, and a combination of technical indicators approaching oversold territory and sentiment turning bearish suggest we could be in the final stages of this correction," Kolanovic said. "While the market struggles to digest the rotation forced on it by rising rates, we expect the earnings season to reassure, and in a worst-case scenario could see a return of the 'Fed put.'" Despite Monday's rebound, the S&P 500 is still down 7.5% this month, on pace for its worst monthly performance since March 2020. The rout this year initially centered around the Nasdaq and technology stocks with investors rotating out of shares whose valuations look less attractive as rates rise. The market action Monday followed a brutal week on Wall Street in the face of mixed company earnings.
- "The greatest fear is how the Fed reacts and keeps this balancing act," Ann Miletti, head of active equity at Allspring Global Investments, told CNBC's "Squawk on the Street" on Monday. "There's going to be a lot of turbulence as we march through these next couple of months."
- The Dow Jones Industrial Average closed down Tuesday, but well off its session lows in another rollercoaster session as the Federal Reserve prepares investors for tighter monetary policy. Banks and energy stocks, sectors that stand to benefit from a recovering economy and higher yields, led Tuesday's comeback. The yield on the benchmark 10-year Treasury note resumed its 2022 gain Tuesday to around 1.78%. Bank of America and Citigroup each gained around 2%. Occidental Petroleum and APA Corp both rose more than 8%.
- Geopolitical tension at the Russia-Ukraine border continued to loom over markets. President Joe Biden spoke with European leaders Monday amid fears of a possible Russian invasion of Ukraine.
- Stocks whipsawed in volatile trading Thursday as investors mulled over an update from the Federal Reserve, the latest GDP report and corporate earnings. Stocks are coming off three straight roller-coaster sessions, with the indexes seeing big swings each day this week. Despite wild intraday movement.
- The Federal Open Market Committee this week strongly indicated the first interest rate hike since late 2018 could come as soon as March. Fed Chairman Jerome Powell rattled markets Wednesday saying the central bank has "quite a bit of room" to raise rates before negatively impacting employment.
- "Yesterday's FOMC decision and Powell's presser was both positive and negative for markets, but in the end, it mostly reinforced what we know: The Fed is serious about raising rates, that's going to continue to ... keep markets volatile," Tom Essaye, founder of Sevens Report, said in a note.
- Investors on Thursday digested a slew of economic readings and earnings reports.
- Fourth-quarter gross domestic product jumped 6.9% from the year prior, the Commerce Department reported Thursday. Economists surveyed by Dow Jones expected the economy grew at a 5.5% annualized pace in the final three months of 2021.
- "The Q4 GDP report was a nice upside surprise in a string of recently underwhelming economic data points," Mike Reynolds, vice president of investment strategy at Glenmede, said in a note.
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- U.S. stocks rallied into the close Friday to wrap up a roller-coaster week, buoyed by rebounding technology stocks.
- The major indexes experienced outsized swings each day this week — including the Dow making up a more than 1,000-point intraday deficit for the first time ever to close higher on Monday. The S&P 500 posted an intraday range of at least 2.25% every day this week, according to Bespoke Investment Group.
- "The huge intraday movements are indicative of the challenge that the market now faces, which is that financial conditions are going to be tightening," said Yung-Yu Ma, chief investment strategist at BMO Wealth Management. "As new information comes in, as markets overreact in one direction or another, this type of volatility and some of these swings are probably going to be with us for some time, given the nature of what the market's trying to price in."

Source: Bloomberg news, CNBC news.

EU
Current Situation – (04/02/2022)

- **February is historically a weak trading month.**
- European stocks closed higher on Monday, the last trading day of January, as investors weighed upcoming central bank decisions and geopolitical tensions between Russia and Ukraine. The pan-European Stoxx 600 index provisionally closed up 0.6%, with tech stocks jumping 2.9% to lead gains as most sectors and major bourses entered positive territory. The benchmark is on pace for its worst month since October 2020, however, as investors reassess their allocations amid fears over higher interest rates. Markets have been roiled by volatility in January as investors worry about inflation, supply chain issues and the upcoming rate hikes from the Federal Reserve. **Markets are now pricing in five quarter-percentage-point interest rate hikes in 2022 with the first coming in March**.
- The Bank of England and European Central Bank are set to deliver their latest policy decisions on Thursday, with the former expected to hike interest rates for a second time. Meanwhile, geopolitics is also in focus for investors in Europe, who are keeping an eye on developments between Russia and Ukraine with the UN Security Council set to meet on Monday to discuss ongoing tensions between the neighbours amid a build-up of soldiers on Russia's border with Ukraine.
- The pan-European Stoxx 600 had climbed 1.1% by the close, with basic resources adding 3.3% to lead gains as almost all sectors and major bourses finished in positive territory. European markets had a spring in their step during the first trading session of February after a positive end to January trade on Monday. The pan-European Stoxx 600 index still closed out its worst month since October 2020, as investors reassessed their allocations amid fears over higher interest rates.
- European stocks closed higher on Wednesday as traders digested a strong set of corporate results. The pan-European Stoxx 600 closed 0.5% with most sectors and major bourses in positive territory. Financials were among the top performers amid expectations of higher interest rates. Corporate earnings were a key driver of individual share price action on Wednesday, with TeamViewer, Santander, Julius Baer, Glencore, Novartis and Vodafone, among others.
- Annual euro zone inflation hit an all-time high in January, according to preliminary Eurostat figures published Wednesday. Consumer prices rose 5.1% year-on-year after a 5% rise in December as energy prices continued to soar, exerting further pressure on the European Central Bank to tighten monetary policy.
- Investors in Europe are also keeping an eye on tensions between Russia and Ukraine after President Vladimir Putin said on Tuesday that the West had ignored Moscow's security concerns over Ukraine and NATO.
- European stocks closed lower on Thursday as investors reacted to policy decisions from both the European Central Bank and the Bank of England amid persistent inflationary pressures. Traders are growing nervous about the prospect of tighter monetary policy amid rising inflation.
- In the U.K., the Bank of England on Thursday raised interest rates again — the first back-to-back rate hike since 2004 — and began the process of quantitative tightening. As expected, the BOE's Monetary Policy Committee voted unanimously for a 25-basis point rate increase to take the main Bank Rate to 0.5%.
- The central bank also warned inflation would top 7% in April, up from an earlier projection of 6%. It comes as British energy regulator Ofgem said it would raise the maximum limit on energy prices by more than 50%.
- British Finance Minister Rishi Sunak said Thursday that all households will receive a £200 discount on their electricity bills from October, which will be repayable in £40 instalments over five years. He also announced a £150 rebate on council tax for most households that won't have to be paid back.
- Separately, **the European Central Bank opted to hold interest rates steady, defying growing pressure to curb stimulus plans. Inflation in the euro zone rose to 5.1% in January, despite expectations for a sharp drop to 4.4%.**
- Europe markets closed in negative territory on Friday as investors digested key updates from both the Bank of England and the European Central Bank the previous day. The ECB resisted pressure to raise rates at a time of unprecedented inflation, with the most recent reading hitting a record 5.1% last month. Christine Lagarde, the central bank's president, said on Thursday that although inflation was likely to remain elevated for longer than previously thought, the ECB expected it to ease throughout 2022. Meanwhile, Bank of England Governor Andrew Bailey said on Thursday it was likely the BoE would need to raise rates again, after hiking its main interest rate to 0.5% in a bid to contain soaring inflation, which hit a 30-year high in the U.K. in January.

EU
Previously – (28/01/2022)

- European stocks tumbled on Monday as investors braced themselves for the next meeting of the U.S. Federal Reserve this coming week and watched for developments in Ukraine as tensions with Russia grow. European markets followed their Asia-Pacific counterparts lower on Monday as investors reacted to heightened tensions between the Ukraine and Russia and looked ahead to the U.S. Federal Reserve's monetary policy meeting this week.
- In the meantime, markets are likely to be shaken by concerns that there could be an imminent military conflict between Ukraine and Russia. The U.S. State Department recommended Sunday that all U.S. citizens in Ukraine depart the country immediately, citing Russia's extraordinary military buildup on the border.
- Data on Monday showed the euro zone economic recovery continued to stutter in January as the omicron Covid-19 variant led to renewed containment measures which dented activity. IHS Markit's flash composite PMI (purchasing managers' index) dropped to 52.4 in January from 53.3 in December, the lowest since February.

- European stocks closed higher on Tuesday, recouping some losses from a sharp sell-off on Monday as investors sifted through a fresh batch of corporate earnings.
- Traders are growing wary about the prospect of interest rate hikes and a winding down of central banks' massive monetary stimulus packages. Higher rates are viewed as good for sectors such as financials but bad for high-growth areas of the market like tech.
- European stocks closed higher on Wednesday as investors braced themselves for the latest monetary policy announcement from the U.S. Federal Reserve. Essentially, market participants are eager to know when the central bank will raise interest rates and by how much. The Fed is expected to signal a rate hike as soon as March and more policy tightening on the table to address high inflation. An interest rate decision is slated for Wednesday at 2 p.m. ET.
- European stocks closed higher after a choppy trading session Thursday, as global markets reacted to the latest policy decision from the U.S. Federal Reserve. Global markets are reacting to the Federal Reserve's indication on Wednesday that it could soon raise interest rates for the first time in more than three years. The post-meeting statement from the Federal Open Market Committee did not provide a specific time for when the increase will come, though indications are that it could happen as soon as the March meeting. The statement comes in response to inflation running at its hottest level in nearly 40 years.
- On Wall Street, stocks rose as investors digested fresh economic data showing U.S. fourth-quarter gross domestic product jumped 6.9% from the year prior. Economists surveyed by Dow Jones had expected year-on-year GDP growth of 5.5% in the period.
- European stocks fell sharply on Friday, wrapping up another volatile week for markets amid fears over the direction for central bank policies. It marks the fourth consecutive week of losses for equity markets in Europe — and the first time this has happened since March 2020. Earnings were a key driver of individual share price movement on Friday. Markets have whipsawed throughout the week as investors reacted to the Fed's indication on Wednesday that it could soon raise interest rates for the first time in more than three years, and to rising geopolitical tensions between Russia and the West over Ukraine

Source: Bloomberg news, CNBC news.

APAC
Current Situation – (04/02/2022)

- **February is historically a weak trading month.**
- Shares in Asia were higher on Monday — the final trading day of January, with markets in mainland China and South Korea closed for the Lunar New Year eve.
- Asia-Pacific markets rose on Tuesday, tracking stocks on Wall Street as they surged for a second session. Australia said it's maintaining its cash rate, while investors in the region looked ahead to India's budget announcement. Japan's manufacturing activity grew at the fastest pace in nearly eight years, according to Reuters, brought on by new orders and stronger output.
- **The Reserve Bank of Australia maintained its cash rate at 0.1% on Tuesday, going against market expectations for a rate hike, although it ended its bond buying program as predicted**. While inflation has picked up, it is too early to conclude that it is sustainably within the target band," said the central bank's Governor Philip Lowe in a statement. "The Omicron outbreak has affected the economy, but it has not derailed the economic recovery. The Australian economy remains resilient, and spending is expected to pick up as case numbers trend lower," he added. Following the monetary policy decision, the Australian dollar was at $0.7040, down from levels around $0.706 earlier. Data on Tuesday also showed that Australia's retail sales in December fell 4.4% to $31.9 billion Australian dollars ($22.53 billion), after a 7.3% jump in November, according to Reuters.
- Shares in Asia-Pacific rose on Wednesday, with multiple major markets in Asia remaining closed for the Lunar New Year holidays.
- In Australia, the S&P/ASX 200 climbed 1.17% to finish the trading day at 7,087.70. Those gains came after Reserve Bank of Australia Governor Philip Lowe reiterated in a speech Wednesday that the central bank's recent decision to end its bond purchase program "does not mean that an increase in the cash rate is imminent." "I recognise that in a number of other countries the ending of the bond purchase program has been followed closely, or is expected to be followed closely, by an increase in the policy rate," Lowe said. "Our lower rate of inflation and low wages growth are key reasons we don't need to move in lock step with others." Lowe's comments came as investors around the globe have been grappling with the prospect of major central banks tightening monetary policy after almost two years of unprecedented stimulus.
- Asia-Pacific markets traded mixed on Thursday amid some lingering concerns about global growth and ongoing geopolitical tensions.
- Shares in Asia-Pacific were higher on Friday as investors in the region shrugged heavy losses overnight on Wall Street that saw the tech-heavy Nasdaq Composite plunging nearly 4%. "We think what the dominant theme, at least for the first half of this year, is going to be around interest rates," Kieran Calder, head of equity research for Asia at UBP, told CNBC's "Street Signs Asia" on Friday. Financials are set to be the "main beneficiary" of this trend due to factors such as higher net interest income and yields, he explained.

APAC
Previously – (28/01/2022)

- Asia-Pacific markets traded mixed on Monday as investors looked ahead to the U.S. Federal Reserve's monetary policy meeting this week. "Headline events and risks will dominate market attention this week; with much of the attention being hogged by Wednesday's FOMC and the escalating Russia-Ukraine situation, teetering on military action," said Tan Boon Heng, an economist from Mizuho Bank in an afternoon note.
- The Federal Open Market Committee is due to meet on Tuesday and Wednesday to decide on the next steps for U.S. monetary policy. Rising inflation is a major concern for the U.S. central bank and investors will listen closely to hear how worried the Fed is — Chairman Jerome Powell is due to brief the media Wednesday afternoon local time after the FOMC releases its statement.
- apan and Hong Kong stocks fell as Asia-Pacific markets tumbled on Tuesday after a volatile session overnight on Wall Street. Inflation in Australia rose 1.3% in the fourth quarter, and 3.5% for the year, the Australian Bureau of Statistics said. Prices increased at its fastest annual pace since 2014, Reuters reported.
- Asia markets traded mixed on Wednesday, after U.S. equities tumbled overnight in another volatile session as investors await the Fed meeting statement later stateside. Oil and gold prices also jumped on Russia-Ukraine tensions.
- Meanwhile, the International Monetary Fund downgraded its global growth forecast for this year as rising Covid-19 cases, supply chain disruptions and higher inflation hamper economic recovery.
- Asia-Pacific markets broadly fell on Thursday as investors reacted to an overnight update from the U.S. Federal Reserve that indicated the central bank plans to raise interest rates as soon as March.
- Thursday's session in the Asia-Pacific followed overnight declines on Wall Street where the Dow Jones Industrial Average ended the day down 129 points, after gaining more than 500 points at one point, following the Fed's update.
- Asia-Pacific markets were mixed on Friday, following a volatile session on Wall Street overnight where investors reacted to comments from the Federal Reserve and U.S. GDP data

Source: Bloomberg news, CNBC news.

Market	Factor	Indicators
USD INDEX	ECONOMIC	INFLATION

FUN (Fundamental Report)

Rising Inflation, Strong job numbers, Interest rate hikes, FED Tapering expected early 2022, Supply chain issues, Ukraine and Russia Tension.

FOREX
Current Situation – (04/02/2022)

- The U.S. dollar advanced from two-week lows on Friday after data showed the world's largest economy created far more jobs than expected, raising the chances of a larger Federal Reserve interest rate increase at the March policy meeting.
- The dollar index, a gauge of its value against six major currencies, rose 0.1% to 95.446, after falling to a two-week low of 95.136 earlier amid a resurgent euro. But the dollar was still down 1.8% on the week, on pace for **its largest weekly percentage decline since November 2020.**
- The dollar also tracked the surge in U.S. Treasury yields. U.S. two-year and five-year yields, both of which reflect interest rate expectations, rose to 1.2970%, the highest since late February 2020, and 1.79%, its best level since July 2019, respectively.
- **The euro was still up on the day, rising 0.1% at $1.1455. It was up 1.7% on the week, on track for its best weekly performance since late March 2020, benefiting from a hawkish turn by the European Central Bank (ECB) on Thursday**.
- The euro stalled around the resistance level of $1.1480 because of dollar gains following the U.S. employment report. HSBC's Maher said the euro/dollar pair is likely to resume its upward momentum given that the market seems more fixated on the ECB's hawkishness, which surprised markets, than the Fed.

- Oil and gold prices also jumped on concerns that supplies could become tight due to those Ukraine-Russia tensions, among other factors.
- In Australia, Reserve Bank of Australia Governor Philip Lowe reiterated in a speech Wednesday that the central bank's recent decision to end its bond purchase program "does not mean that an increase in the cash rate is imminent." "I recognise that in a number of other countries the ending of the bond purchase program has been followed closely, or is expected to be followed closely, by an increase in the policy rate," Lowe said. "Our lower rate of inflation and low wages growth are key reasons we don't need to move in lock step with others." Lowe's comments came as investors around the globe have been grappling with the prospect of major central banks tightening monetary policy after almost two years of unprecedented stimulus.

FOREX

Previously – (28/01/2022)

Source: Bloomberg news, CNBC news.

TECH (Technical Analysis)

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)

WEEK AHEAD – KEY LEVELS

TIDT KRS

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

- **"The long-term growth rate is challenged by factors that are changing — demographics, productivity and longer-term growth in the labor force — and drive the economy in the long-term,"**
- **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.**
- 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.**
- 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.