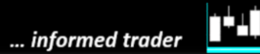
TIDT
The Intelligent Day Trader



MARKET WEEKLY *(Weekly FunTech Report)*

Date: 18th February 2022
Contributor: Muyiwa Efunshile, TIDT Founder & Director of Trading

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 – (18/02/2022)

- The Dow Jones Industrial Average and S&P 500 retreated on Monday as investors evaluated concerns about the Federal Reserve's plan for interest rate hikes and tensions between Russia and Ukraine.
- Investors have been monitoring headlines related to the Russia-Ukraine conflict. Oil prices were lower for most of the trading day Monday, but an afternoon run sent West Texas Intermediate futures up 2.6% to above $95 per barrel, and stocks lower. It was not immediately clear what drove the late-session action, but the U.S. is closing the Kyiv embassy. Secretary of State Antony Blinken cited the "dramatic acceleration in the buildup of Russian forces" on Ukraine's border.
- The Cboe Volatility Index — which is known as Wall Street's fear gauge — spiked to near its session highs in afternoon trading, briefly hovering around 31. It ended the day above 28 points.
- "The outlook for global equity markets remains weak in our view, with markets under pressure not just because of rising bond yields globally and the prospect of rate hikes, but also geopolitical tensions," said David Sneddon, technical analyst at Credit Suisse.
- On Monday morning, St. Louis Fed President James Bullard told CNBC that the central bank needed to fight inflation more aggressively, echoing comments he made last week that pressured the stock market.
- "I do think we need to front-load more of our planned removal of accommodation than we would have previously. We've been surprised to the upside on inflation. This is a lot of inflation," Bullard told CNBC's Steve Liesman during a live "Squawk Box" interview.
- "Our credibility is on the line here and we do have to react to the data," he added. "However, I do think we can do it in a way that's organized and not disruptive to markets."
- Markets are now expecting a 50-basis point, or 0.5 percentage point, increase at the central bank's March meeting. Economists at Goldman Sachs also raised their Fed forecast to seven hikes for 2022, and said it sees the 10-year yield hitting 2.25% this year. The firm also lowered its 2022 S&P 500 price target to 4,900 from 5,100. That would represent just a 2.8% return from where the benchmark ended 2021. Goldman said that higher rates will crimp valuations.
- Some airlines have also halted or redirected flights to Ukraine amid the brewing crisis, while the Pentagon ordered the departure of U.S. troops in Ukraine.
- "While the risk of conflict in Ukraine is high, it should have limited impact on global equity markets and would likely prompt a dovish reassessment by [central bankers]," said Marko Kolanovic, JPMorgan chief global market strategist. "The real fear is that China backs Russia and the relationship between China and the U.S. continues to deteriorate," said Robert Cantwell, chief investment officer at Upholdings. "How it changes the U.S. relationships with the other economic superpowers – that's what's really scary and would affect economic outcome."
- The Dow Jones Industrial Average rose for the first day in four on Tuesday after Russia appeared to be backing away from an immediate invasion of Ukraine, cooling geopolitical tensions that have knocked the stock market down the last three days.
- WTI crude prices fell roughly 3.6%, while the 10-year Treasury yield jumped to 2.04% as tensions eased. The VanEck Russia ETF, a U.S.-traded fund which invests in big Russian stocks, rose 5.8%.
- "News that Russia is pulling back some of its troops from the Ukraine border is fueling a bid to equity prices and a retreat in oil prices," said Kathy Bostjancic, chief U.S. economist at Oxford Economics.
- "De-escalating tensions between Russia and Ukraine are helping overall sentiment today, but that isn't the only good news. US Covid cases are now down 80% from their January peak, another sign the reopening will be moving forward," said Ryan Detrick of LPL Financial.
- The S&P 500 closed flat after volatile trading Wednesday as investors surveyed the latest update from the Federal Reserve and the status of Russia's military build-up near Ukraine.
- The major averages cut some losses following the release of the minutes from the Fed's January meeting. Traders were perhaps a bit relieved the release did not indicate the Fed would move any faster than already expected in hiking interest rates.
- "There was nothing in the minutes that suggested the Fed would be more aggressive than what the market has already priced in," Charlie Ripley, senior investment strategist for Allianz Investment Management, said.
- The Cboe Volatility Index — known as Wall Street's "fear gauge" — slipped to around the 25 level.
- "Geopolitical risk is something that's very, very hard to trade and it's something that we like to not overplay, so ... you kind of have to wait out," Delano Saporu, CEO of New Street Advisors Group, told CNBC's "Squawk on the Street."

- Stocks slumped Thursday amid heightened tensions between Russia and Ukraine with confused investors dumping risky assets and rotating into bonds. The Dow Jones Industrial Average posted its worst daily performance of the year on a points and percentage basis.
- U.S. stock indexes fell Friday and notched a second consecutive losing week as the Russia-Ukraine conflict put investors on edge.
- Ongoing tensions between Russia and Ukraine continued to drive market action. The Wall Street Journal reported midday Friday that U.S. officials expect an attack from Russia in a few days. President Joe Biden is expected to move more U.S. troops closer to Ukraine, NBC News reported.
- Secretary of State Antony Blinken speaking to the United Nations on Thursday warned that the situation is at a "moment of peril."
- "Investors are having a hard time holding onto risk as the likelihood that the standoff between the West and Russia will ultimately lead to some ground conflict," Oanda's Edward Moya said in a note Friday. "Wall Street will remain jittery until we see a major de-escalation."
- Investors have also been grappling with the outlook for Federal Reserve policy. St. Louis Fed President James Bullard, who had just called for aggressive action, warned that inflation could get out of control without rate hikes.
- New York Fed President John Williams on Friday said he didn't see any compelling reason to take a big step at the beginning, but the central bank could decide later to speed up.

U.S.
Previously – (11/02/2022)

- slipped on Monday to start the week as traders weighed the latest quarterly earnings reports and awaited key U.S. inflation data. Corporate earnings were again a source of volatility for stocks on Monday.
- "Investor psychology is shifting almost week-to-week, meaning sticking to one's investment convictions is about as hard (or painful) as ever, but also never more important in driving outperformance," Raymond James strategist Tavis McCourt said in a note to clients. "Our conviction remains that economic strength will keep EPS keeps going higher along with interest rates, as we suspect we remain a long way from higher rates materially slowing demand in the economy." So far 56% of S&P 500 companies have posted quarterly earnings, with 77% beating earnings estimates and 76% topping revenue expectations, according to FactSet. However, there have been some disappointing results from high profile companies, including Meta and PayPal, that have sparked major pullbacks for some stocks.
- Stocks were coming off a strong week, following the release of stronger-than-expected U.S. jobs data, while Big Tech names posted their latest quarterly results. The S&P and Nasdaq Composite posted their best week since December.
- Big inflation news also is on the horizon, with the Labor Department on Thursday set to release consumer price index data for January. The report is expected to show that inflation rose at a 7.2% pace from a year ago, which if accurate would be the fastest gain since February 1982.
- Markets have been bracing against the fallout from inflation and are now pricing in about a 35% chance that the Federal Reserve will hike its benchmark short-term borrowing rate by half a percentage point, or 50 basis points, in March. Government bond yields were little changed Monday after racing higher following Friday's unexpectedly strong nonfarm payrolls report for January. The benchmark 10-year note most recently yielded 1.92%.
- U.S. stocks rose on Tuesday as investors digested another batch of corporate earnings and awaited key inflation data later this week. Corporate earnings were driving stock moves on Tuesday.
- Treasury yields hit fresh pandemic-era highs Monday and rose again Tuesday. At its highest, the benchmark 10-year Treasury note yielded 1.97% on Tuesday, a level not seen since November 2019.
- U.S. stocks rose on Wednesday as tech shares led a broad rally, clawing back some of their losses after a rough start to the year. Wednesday's gains were highlighted by some of the same stocks that outperformed during the pandemic lockdowns in 2020. E-commerce stock Shopify gained more than 5%, while Etsy gained 3.8%. Stay-at-home favorites such as DocuSign and Zoom Video jumped 5.2% and 4.8%, respectively.
- Facebook-parent Meta, which had pulled back dramatically after issuing disappointing guidance last week, saw its stock bounce 5.4% on Wednesday.
- Wednesday marked the second straight positive day for the Nasdaq, and the average has gained more than 8% since its recent closing low on Jan. 27 after falling into correction territory earlier this year.
- Yields have risen this year in part because of a more aggressive stance from the Federal Reserve. Atlanta Fed President Raphael Bostic told CNBC on Wednesday that three rate hikes are possible this year but that the central bank is not locked in to any path and will watch how the economy responds. Cleveland Fed President Loretta Mester said the central bank would be prepared to hike rates at any meeting this year.
- Stocks slid on Friday as increased tensions between Ukraine and Russia sent oil spiking and led investors to dump risky assets like equities.
- Shares were mostly flat on the day until Ukraine-related headlines in afternoon trading caused traders to dump stocks and buy Treasurys.

- Stocks moved sharply lower in afternoon trading after a jump in oil prices that appeared to be tied to increased concerns about Russia taking military action against Ukraine. With about 2 hours left to the trading day, U.S. National Security Advisor Jake Sullivan said at a White House briefing that there were signs of Russian escalation at the Ukraine border and that it was possible that an invasion could take place during the Olympics, despite speculation to the contrary. Both the U.S. and U.K. have called for their citizens to leave Ukraine as soon as possible. Sullivan noted that the U.S. is not certain that Russian President Vladimir Putin has made a final decision to invade Ukraine. But "it may well happen soon," he said. Stocks came off their lows and oil and bond prices retreated from their highs of the trading session following that comment from Sullivan, which slightly countered an earlier report that had sent markets reeling.
- Some defense stocks moved higher after Ukraine headlines crossed. Northrop Grumman jumped 4.5%. Lockheed Martin added 2.8%.
- Oil prices jumped, with West Texas Intermediate futures gaining 4%, as Russia is a key producer of oil and natural gas. Energy stocks moves higher alongside the price of oil, with Diamondback Energy rising nearly 4% and Devon Energy adding 3.6%. Exxon Mobil and ConocoPhillips gained 2.5% and 2.3%, respectively.
- This week's volatility in the bond market started after a hotter-than-expected inflation reading on Thursday, which prompted St. Louis Fed President James Bullard to call for accelerating rate hikes — a full percentage point increase by the start of July.
- Stocks slid on Friday as increased tensions between Ukraine and Russia sent oil spiking and led investors to dump risky assets like equities.

Source: Bloomberg news, CNBC news.

EU
Current Situation – (18/02/2022)

- European markets tumbled on Monday as investors continued to track tensions in Ukraine and remarks from U.S. Federal Reserve officials about the interest rate outlook.
- Multiple countries have urged their citizens to leave Ukraine amid fears of an imminent Russian invasion, with U.S. President Joe Biden's national security advisor Jake Sullivan warning on Sunday that the Kremlin has accelerated its extraordinary military buildup along the country's border over the past 10 days.
- Western leaders have threatened severe sanctions against Russia in the event of any incursion into Ukraine, as leaders continue to pursue diplomatic solutions. The Kremlin has denied any intention to invade its neighbor, accusing Washington of stoking "hysteria." Russian assets retreated sharply on Monday morning initially but pulled back much of their earlier losses by mid-afternoon. The MOEX Russia Index sank 1.8% while the RTS Index was off by 3%. The U.S. dollar reversed course against the Russian ruble and was down 0.5% by the close.
- European stocks closed higher on Tuesday after Russia announced it had begun returning some troops to deployment bases, tentatively raising hopes of de-escalation on the borders of Ukraine.
- Russian Defense Ministry spokesman Igor Konashenkov confirmed on Tuesday that military units from the southern and western districts of Russia had begun returning to their garrisons, a move that could de-escalate the febrile geopolitical stand-off between Russia and the West over Ukraine.
- Fears that Russia could invade Ukraine in the coming days, a claim the Kremlin has repeatedly denied, had gripped markets on Monday.
- However, NATO chief Jens Stoltenberg told reporters on Tuesday that while there were grounds for "cautious optimism" over the situation in Ukraine, the military alliance had not seen "any signs of de-escalation on the ground from the Russian side."
- Calling the situation the most serious security crisis in Europe for decades, Stoltenberg's comments echoed warnings from the U.S. and its allies in recent days that while diplomacy remained the top priority, a Russian attack on Ukraine could be imminent.
- The United States on Monday ordered the closure of its embassy in Kyiv and ordered the relocation of staff to the western Ukrainian city of Lviv, citing the "dramatic acceleration in the buildup of Russian forces" at Ukraine's border.
- Markets around the world have been roiled over the past week by the ratcheting up of tensions in eastern Europe and concerns that the U.S. Federal Reserve could be forced to tighten monetary policy more aggressively than hoped, following the highest annual inflation print since 1982.
- European markets closed mixed on Wednesday as investors assessed the geopolitical outlook following Russia's claimed partial withdrawal from the Ukrainian border, while corporate earnings season rumbles on.
- Energy prices in Europe could increase if Western countries impose sanctions on Russia, with U.S. President Joe Biden saying on Tuesday that a sanctions package would include reducing European consumption of Russian gas.
- Markets around the world rallied on Tuesday after Russia announced that it had begun returning some troops to deployment bases after training exercises near the Ukrainian border, assuaging fears of an imminent invasion and raising hopes of a de-escalation of recent tensions with the West.
- However, Western officials and Ukrainian President Volodymyr Zelenskyy have urged caution in taking Russia's claims at face value, and NATO on Wednesday accused Russia of increasing the number of troops at the Ukrainian border.

- European stocks closed lower on Thursday as investors monitored geopolitical tensions in eastern Europe while digesting a slew of corporate earnings reports.
- Meanwhile U.S. Ambassador to the United Nations Linda Thomas-Greenfield told reporters on a call Thursday morning that Russia "is moving toward an imminent invasion," with U.S. Secretary of State Antony Blinken set to address the United Nations Security Council later in the day.
- The U.S. on Wednesday accused Russia of adding 7,000 troops to the 150,000 already stationed at the Ukrainian border, branding as "false" the Kremlin's claims that it had begun a partial withdrawal of its military presence.
- European markets have been attuned to developments in Ukraine in recent days after selling off sharply on Monday as a Russian invasion appeared imminent. A meeting of NATO defense ministers in Brussels concludes on Thursday.
- European markets retreated once again on Friday, with global sentiment hanging in the balance as the Ukraine-Russia crisis reaches a pivotal moment.
- Addressing the United Nations Security Council on Thursday, U.S. Secretary of State Antony Blinken made an urgent appeal against a Russian invasion, after Western leaders rubbished the Kremlin's claims of a drawback of troops and Ukraine accused pro-Russian separatists of shelling a civilian village.
- U.S. Defense Secretary Lloyd Austin spoke with Russian counterpart Sergei Shoigu on Friday, the Pentagon said, calling for de-escalation and the return of Russian forces to bases. Meanwhile, Russian Foreign Minister Sergey Lavrov in a press conference Friday voiced alarm at alleged increased shelling by Ukrainian forces against pro-Russian separatists in the Donbas region of eastern Ukraine.
- Ukraine's military denied the accusation and alleged that Russia was engaged in an information war. Asia-Pacific shares mostly slid overnight as tensions in eastern Europe continued to rattle investors, but selling pressure eased on hopes that a meeting between Blinken and Lavrov next week may yield a diplomatic solution to the standoff.

EU
Previously – (11/02/2022)

- stocks closed higher on Monday as investors continued to consider last week's jobs data from the U.S. and central bank decisions in Europe. Central bank decisions last week continued to dominate market sentiment. The European Central Bank kept interest rates unchanged in spite of record inflation levels across the euro zone, while the Bank of England decided to hike in its first back-to-back interest rate rise since 2004.
- On Wall Street, stocks retreated Monday after the S&P 500 posted its best week of 2022.Traders on Friday weighed a much stronger-than-expected jobs report and its potential impact on U.S. monetary policy going forward.
- European stocks closed mixed on Tuesday, with global investors monitoring earnings and anticipating key U.S. inflation data due to be released later in the week. Global investors are awaiting key data on Thursday, with the U.S. Labor Department set to release January's consumer price index figures.
- European stocks closed higher on Wednesday, as investors pored through a fresh batch of corporate earnings while awaiting key U.S. inflation data later in the week. Earnings were a key driver of individual share price action in Europe on Wednesday.
- European stocks pulled back Thursday after a red-hot inflation print out of the U.S. cemented the likelihood of significant interest rate hikes this year. The pan-European Stoxx 600 closed down by 0.2%, with most sectors and major bourses dipping into the red. Tech stocks, which are typically sensitive to concerns around higher interest rates, were among the worst performers, falling 1.1%.
- Global investors were reacting to the latest consumer price index reading from the U.S., which put annual inflation at 7.5% in January, above expectations and the highest print since 1982. U.S. stocks sank following the data release.
- European stocks fell on Friday after a hotter-than-expected U.S. inflation print and hawkish remarks from a Federal Reserve official prompted expectations of more aggressive interest rate hikes. U.S. inflation came in at an annual 7.5% in January, fresh data revealed on Thursday, far ahead of expectations and marking the highest year-on-year rise in consumer prices since 1982.
- Risk sentiment was then further dampened when St. Louis Fed President James Bullard, a member of the Fed's rate-setting committee, acknowledged that the reading had rendered him "dramatically" more hawkish. Bullard said he's now hoping for a full percentage point of interest rate rises in the first half of the year.

Source: Bloomberg news, CNBC news.

APAC
Current Situation – (18/02/2022)

- Shares in Japan led losses in Asia-Pacific on Monday as investors monitored developments from the Covid situation in Hong Kong to tensions between Russia and Ukraine.
- Hong Kong's Hang Seng index dipped 1.35%, as of its final hour of trading. The city is currently facing a fifth wave of Covid infections, which its chief executive said has "dealt a heavy blow" to Hong Kong and "overwhelmed" its capacity to handle the situation. Over the weekend, Hong Kong's chief secretary announced that mainland China will assist the city in areas such as testing and quarantine facilities.
- Developments surrounding Russia-Ukraine tensions continued to be monitored by investors. Fears of a Russia attack on Ukraine sent stocks on Wall Street plunging Friday, with the Nasdaq Composite falling nearly 3%.
- Shares in Asia-Pacific were mixed on Tuesday as investors in the region continued to monitor tensions between Russia and Ukraine. Global markets have been kept on edge amid fears of a Russian attack on Ukraine, with the U.S. closing its embassy in Kyiv.
- Japan's economy expanded 5.4% on an annualized basis in the final quarter of 2021, according to government data released Tuesday. Still, the quarterly annualized gross domestic product growth was below a median market forecast for a 5.8% gain, according to Reuters.
- Shares in Asia-Pacific rose on Wednesday, as tensions appeared to ease between Russia and Ukraine, boosting markets. Meanwhile, investors reacted to weaker-than-expected Chinese inflation data.
- China's consumer price index for January rose 0.9% as compared with a year ago, slightly lower than expectations in a Reuters poll for a 1.0% increase.
- Russia's government announced Tuesday that Moscow is starting to return some troops at the Ukrainian border, though NATO's chief warned that the military alliance has so far "not seen any sign of de-escalation on the ground from the Russian side."
- Stocks in Asia-Pacific were mixed on Thursday as investors continued to monitor the situation surrounding Ukraine.
- Australia added 12,900 jobs for January, data released Thursday showed. That was above market forecasts for a flat outcome, according to Reuters. The country's unemployment rate held steady at 4.2%, according to figures from the Australian Bureau of Statistics, in line with expectations from a Reuters poll.
- Investors continued to monitor Russia-Ukraine tensions, as NATO on Wednesday accused Russia of increasing the number of troops it has gathered at the Ukrainian border — a day after Moscow claimed it had begun withdrawing some of its military units.
- Shares in Asia-Pacific were mixed on Friday, as investors in the region continued to assess the risk from simmering tensions between Ukraine and Russia.
- The ongoing Russia-Ukraine crisis is at a pivotal moment, with Kyiv accusing pro-Moscow separatists of attacking a village near the border.
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- Fears of a Russian invasion of Ukraine have driven investors toward safe-haven assets such as gold. Spot gold briefly crossed $1,900 an ounce earlier before losing some of those gains, last sitting at $1,892 per ounce.
- The Japanese yen, also commonly seen as a safe-haven asset, traded at 115.15 per dollar — still stronger than levels above 115.6 seen against the greenback earlier this week.

APAC
Previously – (11/02/2022)

- Shares in Asia-Pacific were mixed on Monday, with mainland China markets rising as they reopened following the Lunar New Year holidays last week. Australia on Monday announced it will reopen its borders to vaccinated travelers this month.
- Investors continued to monitor the situation around Ukraine, with White House national security advisor Jake Sullivan warning Sunday that a Russian invasion could be imminent.
- Shares in Asia-Pacific were mixed on Tuesday, with Chinese stocks among the biggest losers regionally.
- Market sentiment on China stocks may have taken a hit after the U.S. Commerce Department said Monday it had added 33 Chinese entities to a red-flag export list. One of the affected firms, WuXi Biologics, saw its Hong Kong-listed stock plunge more than 20% before trading was halted on Tuesday.
- Global markets have continued to see a wave of volatility as investors continue to assess the outlook for factors such as central bank policy normalization, with expectations that fast-rising wages in the U.S. could lead the Federal Reserve to raise interest rates even higher this year.
- "For now at least, inflation and related central bank thinking remains by far the bigger influence on market sentiment," Ray Attrill, head of foreign exchange strategy at National Australia Bank, wrote in a Tuesday note.
- Shares in Asia-Pacific rose in Wednesday trade, with stocks in Hong Kong leading gains regionally.
- Shares in Asia-Pacific were mixed on Thursday as investors awaited the release of U.S. consumer inflation data.
- Shares in Asia-Pacific declined on Friday, as investors in the region reacted to the Thursday release of a hotter-than-expected U.S. consumer inflation report that pushed the 10-year Treasury yield past 2%.

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 – (18/02/2022)

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FOREX
Previously – (/11/2022)

- 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

Source: Bloomberg news, CNBC news.

TECH (Technical Analysis)

For weekly technical analysis on major stock indices and Pre-Market checklist click: TIDT Pre Market Checklist

Source: TIDT (The Intelligent Day Traders)

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 Traders Key Resistance and Support)

For complete and extended KRS on major stock indices visit: TIDT KRS

Source: TIDT (The Intelligent Day Traders)

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.

Risk Warning:
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