



October 12, 2024

Here are the informational and educational contents of your Screening Reports, including all attachments and links to files, if any.

Market Recap and Outlook:

The stock market traded sideways for approximately three weeks and finally embarked on another bullish breakout by the end of this week.

With the election just three weeks away and no FOMC meeting scheduled before then, investors are likely to remain optimistic, as is typical in the pre-election period. This suggests a stronger potential for upward movement in the market.

However, technical analysis indicates limited upside potential. Once the target is reached, a more conservative approach would be prudent.

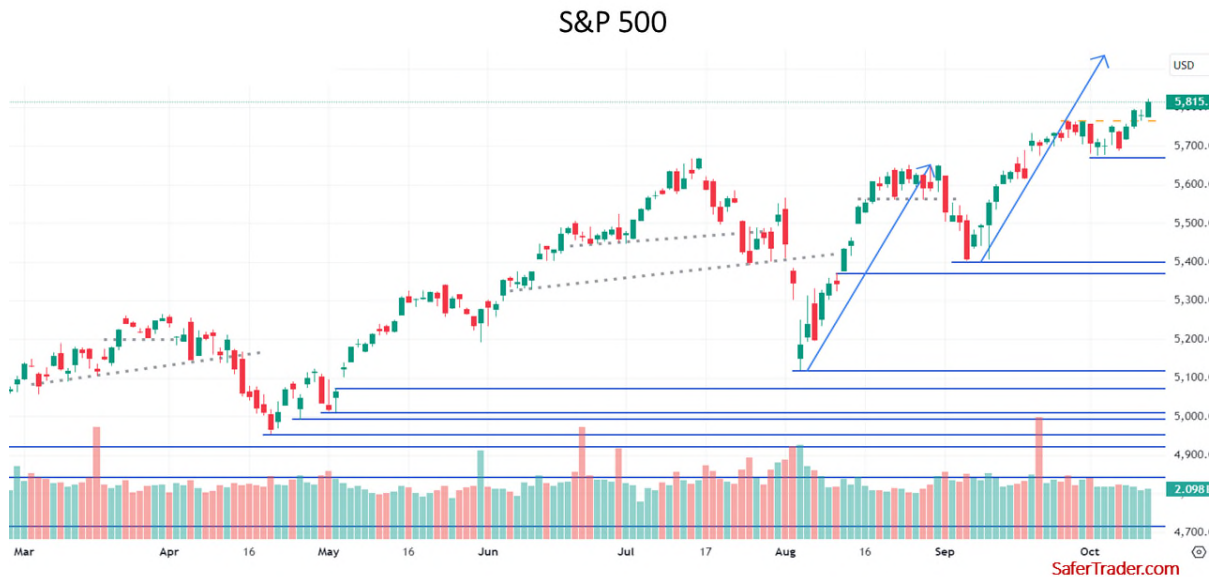


The Dow reached a new record high with a decisive breakout on Friday. The previous high of 42,630 has become a key support level. It's crucial to monitor this level closely, as any breakdown below it would signal a false breakout.

Dow has spearheaded the current bull market since August. While further upward movement is anticipated, the potential for significant gains appears limited. Traders

should exercise increased caution once the index reaches its target (indicated by the **blue arrows**).

Furthermore, despite the daily price increases this week, trading volume has decreased. This price-volume divergence raises concerns about the market's current strength.



The S&P 500 broke out on Wednesday and has continued to edge higher. Wall Street analysts predict the index will reach 6,000 by year-end, which aligns with the target indicated by the **blue arrows** on our chart.

Compared to the Dow, the S&P 500 has a bit more upside potential and exhibits a less pronounced price-volume divergence. Consequently, the outlook for the S&P 500 is more optimistic than for other major indices.



The Nasdaq has been testing the resistance level of 20,270 over the past three days, with each day's low progressively higher. This suggests an imminent breakout above 20,270.

The next target for the index is the record high around 20,700. However, a direct breakthrough is unlikely. Instead, expect the index to fluctuate for a period before ultimately breaking out.



The Russell 2000 traded sideways before a strong rally on Friday, forming a small **W-bottom** pattern. The second target of this pattern is approximately 2,300, which aligns with the target projected by the **blue wave replication**. Furthermore, the 2,300 level represents a significant resistance level.

Overall, the index is expected to lose momentum or even reverse its trend around 2,300

Macroeconomic Takes:

The Consumer Price Index (CPI) registered a warmer-than-expected 0.3% increase for September, translating to a 2.4% year-over-year rise. This data initially sparked concern among investors, as it indicated that inflation, while declining, persists. However, following the surprisingly robust September employment data, this CPI report further confirms the US economy's resilience. Investors now anticipate a cautious approach from the Federal Reserve regarding the pace of its easing cycle. The most likely scenario remains a quarter-point rate cut in November, followed by another in December.

The recently released Fed minutes revealed strong support for the 50-basis-point rate cut at the last FOMC meeting. The minutes offered further insight into the range of opinions within the Fed. While the majority favored a significant reduction, policymakers ultimately approved a rate cut typically reserved for situations where the central bank fears a rapidly slowing economy requiring the support of looser financial conditions.

Immediately after the Fed lowered rates, the Chinese government announced a substantial stimulus package, propelling Chinese stock markets upward. With significant capital flowing from the US to China, the US government is undoubtedly dissatisfied with this outcome. The rate cut has contributed to a downtrend in the US dollar and lost capital. However, in an effort to counter China's appeal to investors, a "hidden hand" has been bolstering the dollar index over the past two weeks aiming to attract the capital back to the US. This upward trend is likely to continue in the coming weeks.



Conforming Credit Spread Screening:

Standard Volatility settings. **The Q3 earnings report season has started. Please keep an eye on the earnings announcement calendar to avoid influential price gaps.**

The screening report is displayed in PDF and Excel, with identical contents. To further analyze the data in the Excel report, subscribers can select and copy the data entries of interest into a spreadsheet application for their own personalized studies. Subscribers must double-check the earnings announcement dates on their own.

Stay safe and Trade cautiously,

Shane

www.SaferTrader.com

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