October 26, 2024

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

<u>Market Recap and Outlook:</u>

As the gap between the two presidential candidates narrows, uncertainty is mounting, leading to increased volatility and sideways movement in the stock market.

This uncertainty is also reflected in the fixed-income markets, where both bond yields and bond volatility have been rising for over a month. Meanwhile, surging gold prices signal growing risk aversion among investors.

With the election outcome still uncertain, all asset classes are likely to remain volatile for the next 10 days.

Dow

Having reached its projected target last week, the Dow Jones Industrial Average began to retrace this week.

The 42,640 level, a recent historical high that had flipped into a support level after being surpassed, was broken down on Wednesday and thus forming a false breakout pattern. This suggests the index may continue to move sideways or decline further, potentially breaking down the 41,850 support level.

S&P 500

The S&P 500 experienced a slight decline this week. However, the index has not yet exhibited a bearish pattern, suggesting that it may still be in an uptrend, targeting the 6,000 level.

However, if the index fails to reach this target before the election, a pullback may occur before it eventually reaches it.

Nasdaq

The Nasdaq has been volatile for the past two weeks, with the 20,270 level acting as a battleground between bulls and bears.

While Friday's upward gap suggests bullish sentiment, the focus now shifts to the upcoming earnings releases from tech giants next week. If these earnings meet or exceed expectations, the upside momentum may prevail; otherwise, a longer sideways will be the outcome.

Russell 2000

At the end of last week, the Russell 2000 made progress towards its second target, indicated by the **W-bottom** pattern.

However, it has since retreated throughout this week, forming a **false breakout** referenced by the **dashed line**. Despite this, the index has not broken down the neckline of the **W-bottom**, indicating that bullish forces remain present. With both bullish and bearish signals present, the index is likely to experience a large range of sideways movement before a clear direction emerges.

Macroeconomic Takes:

The IMF has downgraded its global growth forecast, citing wars and protectionism as threats to economic expansion. The outlook for the Eurozone has been particularly impacted due to declining manufacturing output in Germany and Italy. Global output is now projected to grow by 3.2%, a 0.1 percentage point reduction from the July estimate, according to an update of the IMF's World Economic Outlook released on Tuesday. The forecast for this year remains unchanged at 3.2%. Inflation is expected to decelerate to 4.3% next year from 5.8% in 2024.

In more positive news, the University of Michigan's latest consumer sentiment survey, released on Friday, revealed a third consecutive monthly increase, reaching a six-month high. Households expressed greater optimism about buying conditions, attributed in part to lower financing costs. With the 2024 holiday season approaching, strong retail sales are anticipated, which is likely to boost company earnings. This positive momentum could propel the stock market to maintain its strength through the end of the year.

The Federal Reserve's Beige Book, released on Wednesday, indicated persistent apprehension in the labor market. Both employers and employees are demonstrating a reluctance to change jobs, as evidenced by reduced layoffs and quit rates. Conversely, this week's jobless claims report showed a decline in initial claims for the second consecutive week. However, the number of individuals receiving continuing claims reached an almost three-year high. These mixed signals suggest a labor market that appears to be stagnant – neither collapsing nor robust.

Conforming Credit Spread Screening:

Standard Volatility settings. Volatility remained **low** this week, but it has **ticked up for three weeks**. On the other hand, **tech giants will release earnings next week. Please keep an eye on the reports**.

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