November 16, 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>

The certainty of election outcomes has diminished. Instead, with President-elect Trump is expected to implement policies markedly different from those of the Biden administration, the market is now pricing in policy uncertainties.

Stocks declined throughout the week, putting major indexes in the red as the election-fueled rally that drove stocks to record highs fizzled. All four major indexes posted losses for the week.

One concern is that both the S&P 500 and Nasdaq exhibited bearish island reversals and false breakouts, signaling a pessimistic outlook for the coming week.

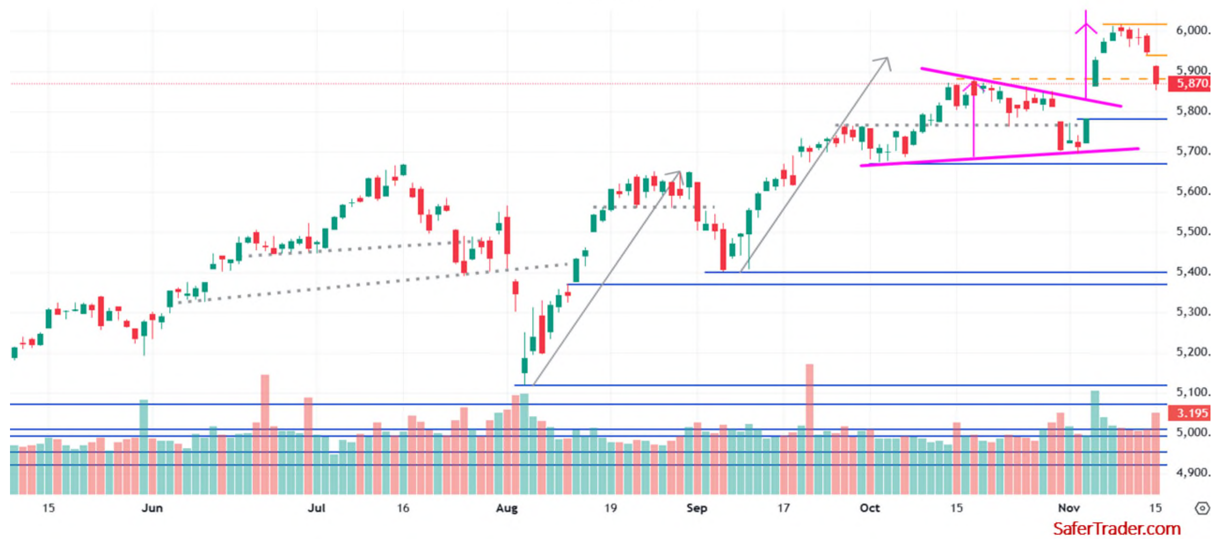
Dow

The Dow initially extended its rally at the start of the week but began turning downward on Tuesday. The index continued its slide, ending Friday with further losses.

The Friday down gap signals the end of the recent uptrend and may indicate the beginning of a new downtrend. However, the support level at 43,325—converted from the previous record high—held firm by week's end.

Key watch points are Friday's down gap and the 43,325 support level. If the support holds, the index may rebound to close the gap. However, a further decline that breaks the support could result in a false breakout, shifting the outlook to either sideways consolidation or a swift downtrend.

S&P 500



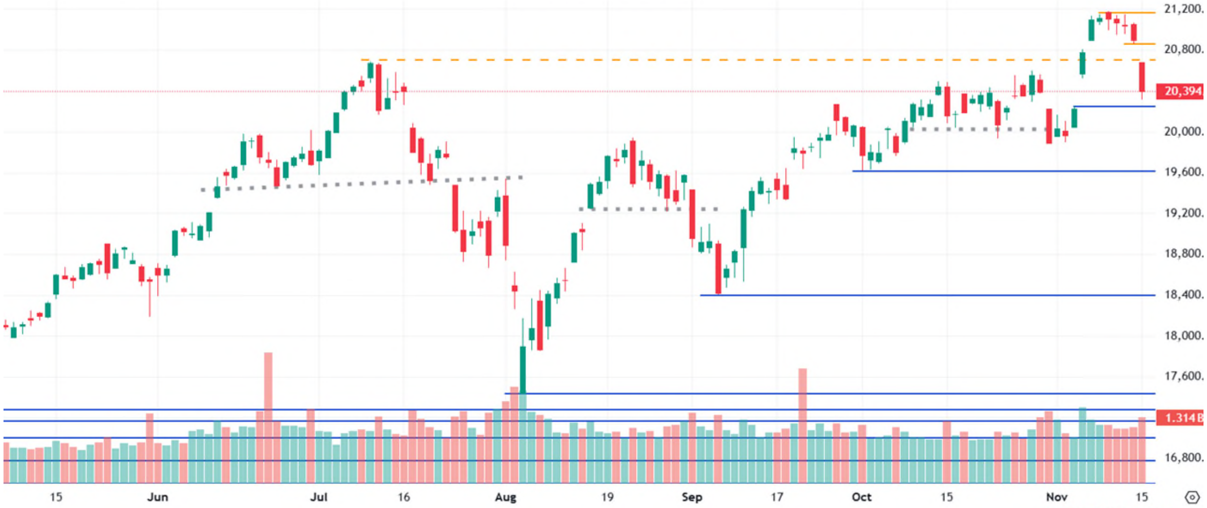
The S&P 500 declined daily this week, with the most concerning development being Friday's down gap. This gap mirrors the up gap from November 6, forming a bearish island reversal. Additionally, the index broke slightly below the 5,880 support level, derived from a previous record high, leading to a false breakout.

Although the breakdown lacked significant strength, reducing the bearish momentum, the uptrend has paused.

It's worth recalling that the November 6 up gap was substantial, forming a bullish island a week ago, with the **neckline of a continuation pattern** positioned in the middle of the gap. These factors provide considerable support, balancing the bearish signals.

Given the presence of both bearish and bullish factors, the index is likely to move sideways in the near term.

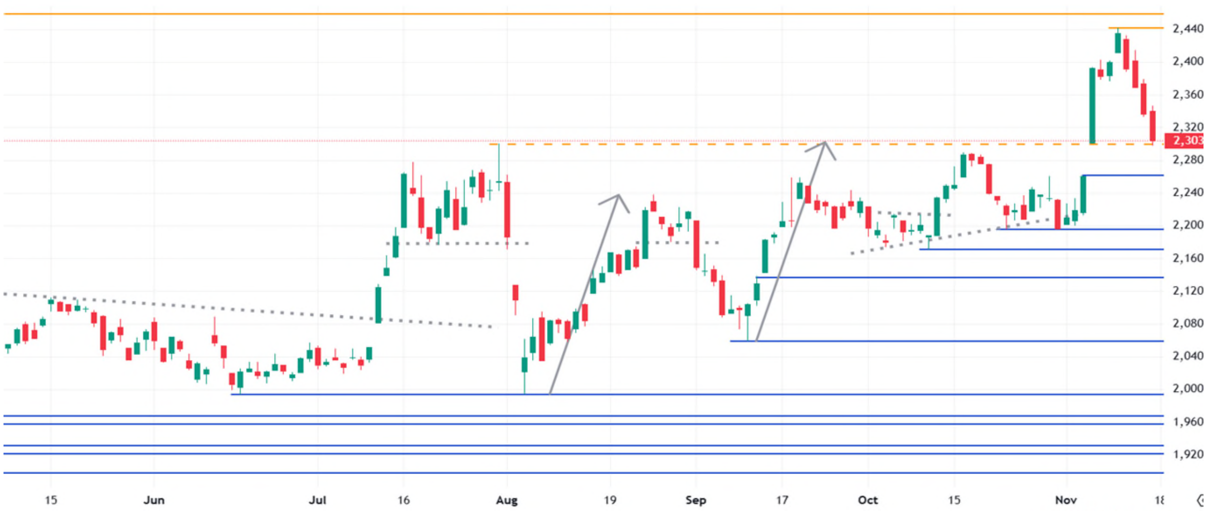
Nasdaq



Similarly, the Nasdaq formed a down gap on Friday, creating a bearish island reversal. Unlike the S&P 500, the Nasdaq definitively broke below the 20,700 support level, which was converted from the previous record high. Furthermore, the index has filled 80% of the November 6 up gap.

While a bullish island formed on November 6, the bearish momentum appears to outweigh the bullish. As a result, the outlook for the Nasdaq leans towards bearish.

Russell 2000



The Russell 2000 experienced a significant decline this week. However, from a technical perspective, the small-cap index has not yet formed a bearish pattern, as it remains above the 2,300 support level, which was derived from the past year's high.

The key observation is whether the index can sustain levels above 2,300. A decisive break below this level could result in a false breakout, shifting the sentiment from bullish to neutral or bearish.

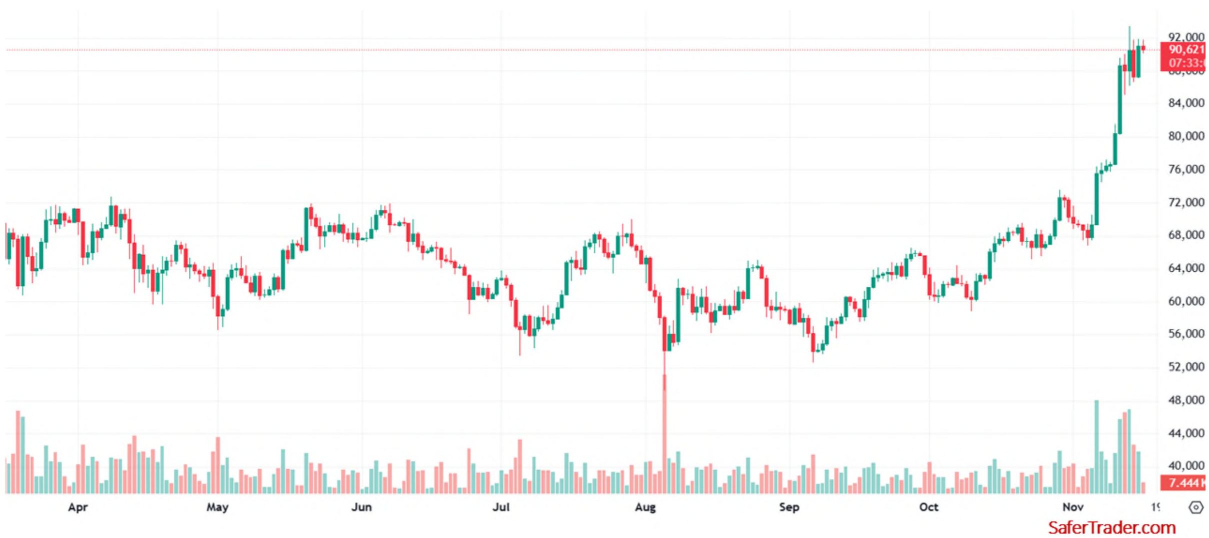
Macroeconomic Takes:

The most significant economic data released this week was the CPI, which came in at 2.6%, rising 0.2% in October and aligning with forecasts. The Core CPI increased by 0.3% for the month and stood at 3.3% annually, also meeting expectations. Interpretation of the data was mixed. While the CPI met forecasts, its slight increase raised concerns about whether the Fed will continue lowering rates.

Coincidentally, Fed Chair Jay Powell reiterated on Thursday that the central bank is **not** in a hurry to cut rates, a stance supported by the robust economy. With two inflation reports this week showing slow progress toward the 2% target, the market is adjusting to the likelihood of the Fed maintaining restrictive rates for longer. This sentiment will likely be reflected in the next batch of Fed projections. Markets still anticipate a 25 basis-point rate cut at the December meeting, but CME futures show the probability has dropped from over 80% to under 60%.

Bitcoin, often seen as a barometer of risk-on sentiment, traded above $90,000 this week. The cryptocurrency reached a high of over $93,000, gaining more than 30% since the election on hopes of a supportive White House and Congress enacting favorable policies. However, Bitcoin's price consolidated this week, and a potential retracement could shift the market sentiment to risk-off.

Bitcoin



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