



September 28, 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:

This week, the spotlight turned to the west of the Pacific Ocean: China. Following the Fed's rate cuts, the Chinese government responded not only with rate cuts of its own but also launched a series of quantitative easing measures, injecting a historic amount of liquidity into the Chinese market. This action propelled the Chinese stocks up by more than 15% in just a week.

Thanks to the rate cuts in these two major economies, global monetary supply is increasing, benefiting stock markets worldwide. However, unlike its Chinese counterpart, the US market has already experienced a three-year bull run, limiting its potential for further significant gains.



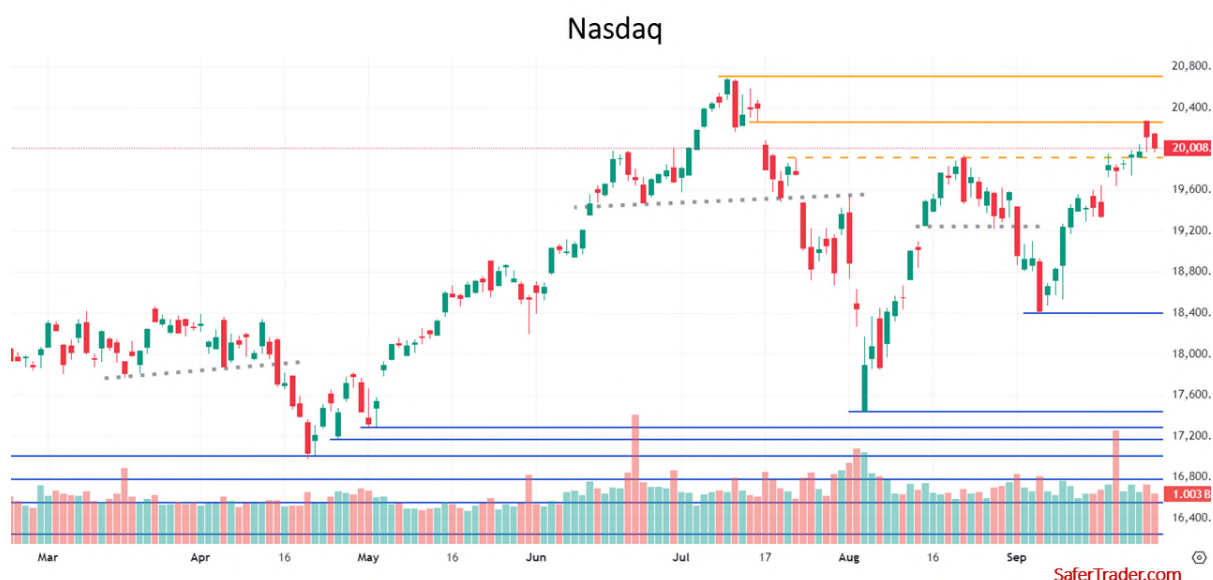
The Dow continued its upward trajectory, reaching yet another new high. However, two concerns have emerged. First, a price-volume divergence was observed this week. Ideally, we'd like to see volume increase in tandem with price, or at least remain steady as the price rises. Second, Friday afternoon saw a wave of profit-taking, indicating investors' hesitation to stay fully invested.

While the index remains comfortably above the previous swing high (around 41,600), which now acts as a support level, it's important to monitor this level closely. A drop below this level would signal a false breakout.



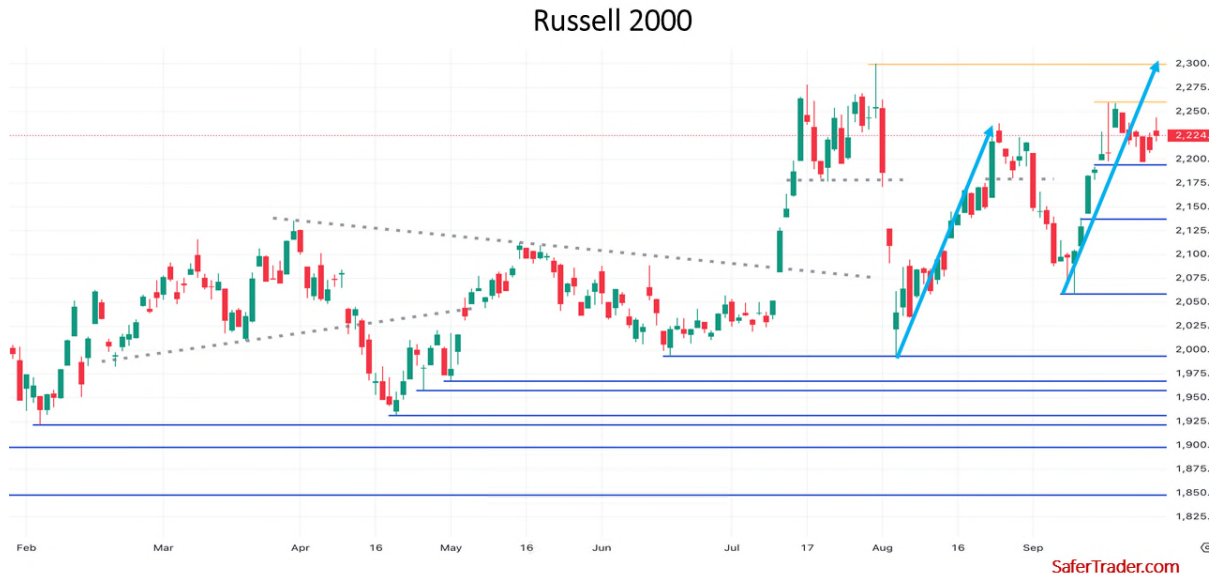
The S&P 500 also reached a new record high. After testing the support level of 5,670 (the previous record high) last Friday, the index has continued its gradual ascent.

For the bullish trend to persist, the index must be traded above the band between 5,640 and 5,670. It's crucial to monitor this band; any decline below this band will signal a potential bearish activity.



The Nasdaq broke through the 19,940 resistance level and closed the down gap around 20,160, both indicative of bullish sentiment.

The pattern formed below the 19,940 level resembles a W-bottom. However, the record high around 20,700 poses a significant obstacle; the index must surpass this level to confirm a full-fledged bullish trend.



The Russell 2000 retraced to test the support level created by the upward gap around 2,195.

If the wave pattern repeats (shown in the **blue arrows**), the target for the current uptrend is approximately 2,300, which also coincides with a resistance level. The bullish momentum may exhaust at that point.

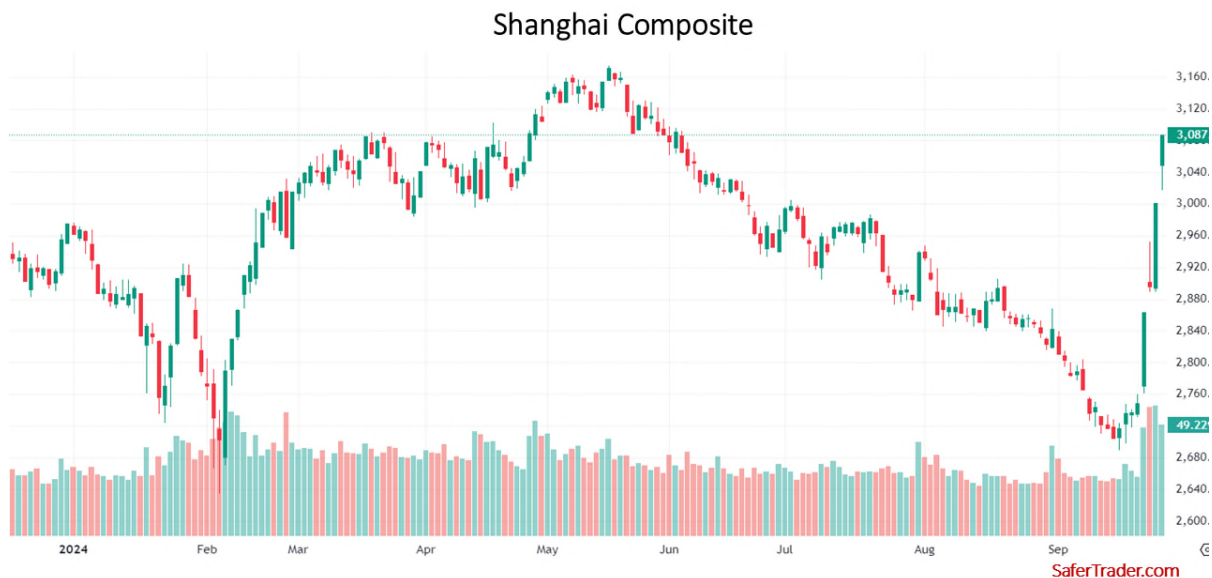
Macroeconomic Takes:

Economists had anticipated a downward revision of the Q2 GDP from 3% to 2.9%, but this did not happen. This unexpected news indicates that the US economy remains stronger than initially projected. Furthermore, both former Fed Chairs, Janet Yellen and Ben Bernanke, have expressed their belief in a soft landing rather than a hard landing for the US economy. Despite signs of moderation, a recession seems unlikely in the near future.

In August, home buyers remained patient despite anticipated decline in mortgage rates; the median sales price dropped 4.6% year-over-year to \$420,600. However, with rate cut materialized last week, mortgage rates are plummeting, with the 30-year fixed rate at 6.13% and adjustable rates dipping to around 5%. This has led to a surge in refinance activity, up 11% from the previous week, suggesting a potential real estate boom on the horizon.

The Chinese market experienced a significant upswing. China's central bank has implemented an aggressive stimulus package to boost its economy. Notably, a loan program with discounted rates has been introduced to encourage public companies to repurchase their stocks. This aims to create a wealth effect, leading to increased

consumer spending. There are rumors that if these stock market stimuli fail to boost Chinese economy, further fiscal measures may be forthcoming.



Conforming Credit Spread Screening:

Standard Volatility settings. Trading ranges dropped to 0.5%, so the screener reverts back to the standard mode.

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

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