

26/04/2021

WEEKLY MARKET REPORT

GLOBAL MARKET

The stock market finished mixed and little changed in a week marked by consolidation activity and heated tax discussions. US markets controlled the sell-orders (S&P500 -0.13%, DOW JONES -0.46%, NASDAQ -0.25%) while European markets suffered more (FTSE MIB40 -1.45%, DAX30 -1.17%, DJEUROSTOXX50 -0.49%, CAC40 -0.46%). Sentiment had gotten really bullish, too, giving credence to the view that the market was due for normal sideways action or a pullback. The market took the former route, seemingly allergic to selling interest. There was one day of noticeable selling, though, and that was on Thursday after President Biden was planning on proposing increasing the capital gains tax rate to 39.6% from 20.0% for those earning \$1 million or more. This rate would be bumped to 43.4% when including the 3.8% tax on investment income that funds the Affordable Care Act -- and that's before state taxes are applied. Based on the facts that The New York Times published a report earlier in the day and that this was a part of the president's campaign, the news was viewed a convenient excuse to take profits. In other key developments, earnings reports continued to beat expectations for the most part, weekly initial claims fell to a new post-pandemic low at 547'000 (consensus 600'000), and new home sales surged to its highest annual rate (1.021 million) since August 2006. The 10-yr yield was unchanged at 1.57% in a tight-ranged trading week. Biden's administration proposed spending \$15 billion to install 500,000 EV charging stations along roads, parking lots and apartment buildings, as part of its infrastructure plan now before Congress.

DAX

The German index is traveling within a narrow side channel. In the next few days we will see if it is an accumulation or distribution channel. Resistance to the new all-time highs 15501.84 Supports 15110, 14790 and 14550.



NASDAQ

The American index after having recorded the new highs 14050.378 corrected creating a solid support at 13780 to follow the levels 13560 and 13220. Resistance to the absolute maximums recorded previously. Supports: 13850, 13550 and 13280.



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EUR/USD

US dollars are coming to Europe: the EU will welcome vaccinated American tourists in the summer, which is just around the corner. In addition to having a direct positive effect on the EUR / USD, the potential revival of the old continent's tourism sector is one of the reasons why the euro is on the rise. The easing of Monday's restrictions in Italy and France and the increased pace of vaccinations were other drivers of development. Another point in favor of the euro concerns the latest message launched by the ECB which changed its risk assessment from bearish to balanced. The Federal Reserve is also looking at the data. The world's most powerful central bank is set to leave its policy unchanged on Wednesday, but it could soon begin to signal a reduction in its massive bond purchases. The euro / dollar has been bullish since late March, the currency pair broke its early March high of 1.2110 and hit a new high of 1.2116, a level last seen in late February. Momentum is to the upside and the Relative Strength Index (RSI) is just below 70. If this indicator rises above that level, it would enter overbought conditions and signal a correction. However, the bulls currently remain in control. Above 1.2116, the next levels to watch will be 1.2170 and 1.2250.



GOLD

Gold was not able to recover from late Friday's corrective pullback amid an intraday low of \$1,744.70, as the yellow metal dropped for the third consecutive day to close the week at \$1,777.8, taking a step back from the highs seen after February 25. A pickup in US bond yields were likely to blame for this correction. However, on the flip side, the Federal Reserve's interest rate decision may help to keep gold prices at a sustained level as the central bank focuses on its non-standard tools to reach its policy targets ahead of its FOMC meeting on Wednesday.

From a technical perspective, XAU/USD's bullish double-bottom which formed in March has steadily been recovering. A move above the \$1,760-65 resistance level could re-generate the bullish chart pattern. However, repeated failure to break the \$1,800 mark could present uncertainty as to whether gold's price will continue to appreciate. In contrast to the bearish MACD which keeps sellers hopeful, the 50-SMA and upward sloping support which has been building up since March 31 defends the bulls near the \$1,722-73 level.



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TOP GAINERS			S&P500		TOP LOSERS	
NAME	LATEST PRICE	+/- %	NAME	LATEST PRICE	+/- %	
Seagate	89.15	6.03%	Kimberly-Clark	132.15	-5.73%	
Xilinx	129.66	5.35%	Intel	59.24	-5.32%	
American Airlines	21.11	5.18%	Clorox	188.61	-3.26%	
Freeport-McMoran	36.5	5.04%	Church & Dwight	87.49	-2.33%	

Directional views

Tactical view for week

EQUITIES



BONDS



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