

# Nicoletti's Notes

Monday, October 30, 2023

*"Bringing only the facts you need to know to make your trading simple and easy."*

## Market Data

### S&P 500 Index

RT Quote | Exchange | USD

**4,117.37** ▼ -19.86 (-0.48%)

Last | 10/27/23 EDT

WATCHLIST +

QUOTE DETAILS

1D 5D 1M 3M 6M YTD 1Y 5Y ALL + Comparison ⚙



The S&P 500 entered correction territory on Friday.

- CNBC



**Mike Zaccardi, CFA, CMT** 🌐  
@MikeZaccardi

## \$SPY confirms last week's bearish engulfing



Renewed selling on fears of a recession dragged the Dow Jones Industrial Average lower on Friday and pushed the S&P 500 into correction territory.

The 30-stock Dow fell 366.71 points, or 1.12% to close at 32,417.59. The S&P 500 slipped 0.48% to finish the session at 4,117.37, closing 10.3% lower from this year's peak on July 31. The Dow was pressured by declines in JPMorgan Chase after CEO Jamie Dimon said he planned to sell 1 million shares next year.

The Nasdaq Composite held 0.38% higher to 12,643.01, thanks to shares of Amazon. Amazon added more than 6% after the e-commerce giant trounced analysts' expectations for revenue and earnings in the third quarter. Other megacap tech stocks such as Microsoft followed Amazon shares higher.

Cooling inflation will likely keep the Fed on pause in coming months, traders bet on Friday, even as persistent underlying price pressures amid strong consumer spending kept some chance of a rate hike later this year in play.

The U.S. economy grew at its fastest pace in nearly two years in the third quarter, data on Thursday showed, as higher wages from a tight labor market helped power consumer spending.

The European Central Bank on Thursday left interest rates unchanged as expected, ending an unprecedented streak of 10 consecutive rate hikes.

\*Source: CNBC\*

**Indices:** Nasdaq 100 **+0.50%** | S&P 500 **-0.48%** | Dow **-1.12%** | Russell 2000 **-1.21%**

**Sectors:** 2 of the 11 sectors closed higher. Consumer Discretionary led, gaining **+1.05%**. Energy lagged, dropping **-2.40%**.

**Commodities:** Crude Oil futures rose **+2.80%** to \$85.54 per barrel. Gold futures inched higher by **+0.06%** to \$1,999 per oz.

**Currencies:** The US Dollar Index ticked lower by **-0.04%** to \$106.58.

**Crypto:** Bitcoin fell **-0.76%** to \$33,906. Ethereum fell **-1.33%** to \$1,780.

**Volatility:** The Volatility Index rose **+2.85%** to 21.26.

**Interest Rates:** The US 10-year Treasury yield inched lower to 4.839%.



### Quote of the Day

*"Sometimes you win, sometimes you learn."*

- John Maxwell

\*Source: Daily Chart Report\*

# Forex Markets

## Dollar edges down as month-end flows weigh

The dollar eased against a basket of currencies on Friday, pulled-down by month-end rebalancing flows, but was on track to finish the week higher as fresh data reinforced the view the U.S. economy remains on a firm footing.

U.S. consumer spending increased more than expected in September, keeping it on a higher growth path heading into the fourth quarter, while monthly inflation was elevated, data on Friday showed.

The dollar index, which measures the currency's strength against a basket of six rivals, was 0.1% lower at 106.47, with analysts attributing some of the weakness to month-end flows where investors buy and sell currencies to rebalance their portfolios toward the end of the month. The index was up 0.3% for the week.

Traders appeared hesitant on Friday to place big directional bets in FX markets ahead of the Federal Reserve and Bank Of Japan policy meeting next week.

Japan will continue to respond to the currency market "with a strong sense of urgency," Finance Minister Shunichi Suzuki told reporters on Friday.

The BOJ meets next week and speculation is mounting that the central bank could change its policy on bond-yield control. An increase to an existing limit on yields set just three months ago has been discussed as a possibility.

In cryptocurrency markets, bitcoin slipped 0.55% to \$33,977. The world's largest cryptocurrency by market cap has advanced sharply in recent sessions helped by speculation that an exchange-traded bitcoin fund is imminent.

*\*Source: CNBC\**

## **Big Week for the Markets**

The Pound has struggled to maintain any form of strength against the Euro and Dollar over the last month, with GBPEUR currently trading at 1.1470 and GBPUSD trading at 1.2110. After a dovish ECB meeting last week we saw the Euro weaken across the board, with recession expected for the Eurozone over the next few quarters- however the Pound was unable to capitalise on this weakness and the pair stayed lower after the decision. The GBPUSD price has been gradually falling with legs to continue in my opinion, we have already seen lows of 1.2030 in October.

As we move into a new week and new month- we have a pretty busy calendar from a data perspective- We have the FOMC, BoJ, BoE and Norges Bank decisions- across all of these we are not expecting any further hikes (potentially a small chance the BoE does 0.25%)- however after recent data releases I think it would be prudent for most Central Banks to keep rates on hold. The key element we are following now is how many members are voting for cuts- if we see at least one member in each vote for a cut, then it at least begins discussions around when cuts are feasible on interest rates- the reality is no time soon, but a year goes very quickly, and with next year being an election year in a few countries, interest rates and inflation will be key on the voting manifesto.

In regards to general data releases- we have Germany GDP out on Monday, this is important as Germany makes up 40% of the Eurozone economy, so if we see a contraction here, it will give us an idea of what to expect from the whole Eurozone- later we have Eurozone consumer confidence which is also expected lower- so all in all Monday is not set to be a great day for the Euro.

On Tuesday we have European Core inflation data, expected to come out lower at 4.2%, this is good for Europe but will weaken the Euro as falling inflation means interest rates will not go up further, we also have the BoJ interest rate decision where rates are set to be on hold but we await any information about any intervention on the currency markets due to current JPY weakness.

On Wednesday we have U.S Manufacturing data and the Fed interest rate decision, again, no change expected however markets will be awaiting Powell's speech to get forward guidance, I suspect messaging will be the same that rates will be higher for longer and no change expected over the next quarter.

On Thursday we have German unemployment data, the Norges Interest rate decision and the BoE- Thursday could be a very volatile day if trading GBP or NOK, alongside U.S jobless claims data later that afternoon.

Finally, on Friday we have U.S Non-farm payrolls, we are expecting to see a lot less jobs added which could weaken the Dollar, however as always with NFP's, never take the prediction for granted as we usually see the opposite happen.

*\*Source: Prem Raja (thecurrencyblog)\**

## Summary of Important News & Events

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- Wall Street indices are on track for their third bearish month, with the S&P 500 falling to a 5-month low on Friday ahead of a busy week of economic events, including a FOMC meeting and nonfarm payrolls report.
- Rising bond yields, disappointing earnings and the Middle East conflict continue to weigh on sentiment. Israel began their ground assault of Gaza over the weekend and warned of a long war.
- Gold closed above \$2000 for the first time in five months on Friday as it continues to attract safe-haven flows.

- USD/JPY closed below 150 on Friday and formed a bearish engulfing day as the yen attracted safe-haven flows. A report from the Nikkei newspaper over the weekend also suggested that tomorrow's BOJ meeting could be live, with reports it will discuss the potential for the central bank to widen or abandon its YCC band.
- Australian producer prices rose 1.8% q/q in Q3, according to the ABS (Australian Bureau of Statistics), which now sees the RBA cash rate futures implying a 47% chance of a 25bp rate hike next week. This follows on from a much hotter-than-expected inflation report.
- AUD/USD managed to close above 63c once again during a week of choppy trade. Whilst there's no apparent appetite to buy the Aussie, it has done well to not break lower and continues to burn bearish fingers with false breakouts.
- WTI crude oil remains choppy on the daily chart but continues to hold above the January and April highs, suggesting demand around the 83.50 area.

*\*City Index - Matt Simpson\**

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*\*Source: CNBC\**

























# Economic Events: Week of 10.30.23

Mon Oct 30	All Day	EUR	German Prelim CPI m/m	0.2%	0.3%
	4:00am	EUR	Spanish Flash CPI y/y	3.8%	3.5%
	5:00am	EUR	German Prelim GDP q/q	-0.2%	0.0%
	Tentative	JPY	BOJ Outlook Report		
	Tentative	JPY	BOJ Policy Rate	-0.10%	-0.10%
	Tentative	JPY	Monetary Policy Statement		
Tue Oct 31	Tentative	JPY	BOJ Press Conference		
	6:00am	EUR	Core CPI Flash Estimate y/y	4.2%	4.5%
		EUR	CPI Flash Estimate y/y	3.1%	4.3%
	8:30am	CAD	GDP m/m	0.1%	0.0%
		USD	Employment Cost Index q/q	1.0%	1.0%
	9:00am	USD	S&P/CS Composite-20 HPI y/y	1.8%	0.1%
	9:45am	USD	Chicago PMI	45.0	44.1
	10:00am	USD	CB Consumer Confidence	100.1	103.0
	5:45pm	NZD	Employment Change q/q	0.4%	1.0%
		NZD	Unemployment Rate	3.9%	3.6%
Wed Nov 1	8:15am	USD	ADP Non-Farm Employment Change	141K	89K
	8:40am	CHF	SNB Chairman Jordan Speaks		
	10:00am	USD	ISM Manufacturing PMI	49.0	49.0
		USD	JOLTS Job Openings	9.27M	9.61M
		USD	ISM Manufacturing Prices	44.9	43.8
	2:00pm	USD	Federal Funds Rate	5.50%	5.50%
		USD	FOMC Statement		
Thu Nov 2	2:30pm	USD	FOMC Press Conference		
	3:30am	CHF	CPI m/m	0.1%	-0.1%
	8:00am	GBP	BOE Monetary Policy Report		
		GBP	Monetary Policy Summary		
		GBP	MPC Official Bank Rate Votes	2-0-7	4-0-5
		GBP	Official Bank Rate	5.25%	5.25%
	8:30am	GBP	BOE Gov Bailey Speaks		
		USD	Unemployment Claims	210K	210K
	1:00pm	CHF	SNB Chairman Jordan Speaks		
Tentative	NZD	RBNZ Statement of Intent			
Fri Nov 3	8:30am	CAD	Employment Change	24.6K	63.8K
		CAD	Unemployment Rate	5.6%	5.5%
		USD	Average Hourly Earnings m/m	0.3%	0.2%
		USD	Non-Farm Employment Change	182K	336K
		USD	Unemployment Rate	3.8%	3.8%
	10:00am	USD	ISM Services PMI	53.2	53.6



## Open Trades & Watch Lists- As of 10.30.23

<b>Bullish Watchlist as of 10.30.23</b>	<b>Bearish Watchlist as of 10.30.23</b>																																																
	<div data-bbox="649 766 1104 808"> <span>Red list</span> <span>+</span> <span>...</span> </div> <table border="1"> <thead> <tr> <th data-bbox="649 840 893 882">Symbol</th> <th data-bbox="909 840 990 882">Last</th> <th data-bbox="1006 840 1104 882">Chg%</th> </tr> </thead> <tbody> <tr> <td data-bbox="625 913 893 955">  GCT •</td> <td data-bbox="909 913 990 955">8.22</td> <td data-bbox="1006 913 1104 955"><span>-2.14%</span></td> </tr> <tr> <td data-bbox="625 966 893 1008">  REI •</td> <td data-bbox="909 966 990 1008">1.80</td> <td data-bbox="1006 966 1104 1008"><span>1.12%</span></td> </tr> <tr> <td data-bbox="625 1018 893 1060">  COMP •</td> <td data-bbox="909 1018 990 1060">2.04</td> <td data-bbox="1006 1018 1104 1060"><span>0.00%</span></td> </tr> <tr> <td data-bbox="625 1071 893 1113">  SKIN •</td> <td data-bbox="909 1071 990 1113">4.54</td> <td data-bbox="1006 1071 1104 1113"><span>-2.16%</span></td> </tr> <tr> <td data-bbox="625 1123 893 1165">  LFST •</td> <td data-bbox="909 1123 990 1165">5.63</td> <td data-bbox="1006 1123 1104 1165"><span>-1.23%</span></td> </tr> <tr> <td data-bbox="625 1176 893 1218">  PACB •</td> <td data-bbox="909 1176 990 1218">7.11</td> <td data-bbox="1006 1176 1104 1218"><span>-0.56%</span></td> </tr> <tr> <td data-bbox="625 1228 893 1270">  DAN •</td> <td data-bbox="909 1228 990 1270">12.62</td> <td data-bbox="1006 1228 1104 1270"><span>-0.71%</span></td> </tr> <tr> <td data-bbox="625 1281 893 1323">  KD •</td> <td data-bbox="909 1281 990 1323">13.96</td> <td data-bbox="1006 1281 1104 1323"><span>-1.34%</span></td> </tr> <tr> <td data-bbox="625 1333 893 1375">  HOUS •</td> <td data-bbox="909 1333 990 1375">4.56</td> <td data-bbox="1006 1333 1104 1375"><span>-2.36%</span></td> </tr> <tr> <td data-bbox="625 1386 893 1428">  ACHR •</td> <td data-bbox="909 1386 990 1428">4.45</td> <td data-bbox="1006 1386 1104 1428"><span>-4.91%</span></td> </tr> <tr> <td data-bbox="625 1438 893 1480">  DBI •</td> <td data-bbox="909 1438 990 1480">10.48</td> <td data-bbox="1006 1438 1104 1480"><span>-3.41%</span></td> </tr> <tr> <td data-bbox="625 1491 893 1533">  WW •</td> <td data-bbox="909 1491 990 1533">7.98</td> <td data-bbox="1006 1491 1104 1533"><span>-3.57%</span></td> </tr> <tr> <td data-bbox="625 1543 893 1585">  TBLA •</td> <td data-bbox="909 1543 990 1585">3.48</td> <td data-bbox="1006 1543 1104 1585"><span>1.16%</span></td> </tr> <tr> <td data-bbox="625 1596 893 1638">  GRAB •</td> <td data-bbox="909 1596 990 1638">3.03</td> <td data-bbox="1006 1596 1104 1638"><span>-1.62%</span></td> </tr> <tr> <td data-bbox="625 1648 893 1690">  EQRX •</td> <td data-bbox="909 1648 990 1690">2.05</td> <td data-bbox="1006 1648 1104 1690"><span>-3.76%</span></td> </tr> </tbody> </table>	Symbol	Last	Chg%	GCT •	8.22	<span>-2.14%</span>	REI •	1.80	<span>1.12%</span>	COMP •	2.04	<span>0.00%</span>	SKIN •	4.54	<span>-2.16%</span>	LFST •	5.63	<span>-1.23%</span>	PACB •	7.11	<span>-0.56%</span>	DAN •	12.62	<span>-0.71%</span>	KD •	13.96	<span>-1.34%</span>	HOUS •	4.56	<span>-2.36%</span>	ACHR •	4.45	<span>-4.91%</span>	DBI •	10.48	<span>-3.41%</span>	WW •	7.98	<span>-3.57%</span>	TBLA •	3.48	<span>1.16%</span>	GRAB •	3.03	<span>-1.62%</span>	EQRX •	2.05	<span>-3.76%</span>
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Blue list  +  		
Symbol	Last	Chg%
 RELY •	25.82	0.78%
 COUR •	17.20	0.12%
 LBRT •	19.60	-0.15%
 TDS •	17.80	-2.47%
 SCS •	10.36	-1.24%
 SFL •	10.81	0.09%
 HLX •	9.87	-1.10%
 PUMP •	10.51	0.48%
 RES •	8.44	1.81%
 PAYO •	5.62	-1.06%
 TTI •	5.55	-1.60%
 UEC •	5.50	-2.31%
 ALTO •	3.86	-2.77%
 AVPT •	7.30	0.69%
 KTOS •	16.96	-1.51%
 ENLC •	12.20	-0.97%
 DHT •	11.09	4.03%
 CWAN •	18.19	-1.68%
 DVAX •	14.23	-0.56%
 FNGR •	5.65	3.10%
 CRK •	12.25	-1.69%

## Open Positions























Green list  +  

Symbol	Last	Chg%
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▼ FOREX

 EURUSD • 	1.0565 <sup>2</sup>	0.01%
 GBPUSD • 	1.2121 <sup>2</sup>	-0.06%
 NZDUSD • 	0.5809 <sup>8</sup>	-0.19%
 EURCHF • 	0.9535 <sup>9</sup>	0.43%

▼ STOCKS

 KVUE • 	18.21	-2.57%
 NRDY • 	3.06	0.00%
 DTC • 	3.83	-2.30%
 SFIX • 	3.27	-0.91%
 TLRY • 	1.71	-3.39%
 SNDL • 	1.33	-2.21%
 OSCR • 	4.85	0.00%
 PGY • 	1.12	-11.81%
 WULF • 	1.12	-2.61%
 MQ • 	5.03	0.00%
 VRRM • 	19.51	-0.86%

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