

## INDICES | S&P 500 (1-D)

### S&P 500 - Is the inflation genie completely out of the bottle?

The week started in green for the S&P 500 with the price pushing back towards the 4300 level only to erase all the gains it had made by dropping back to the 4150 support shortly after the Fed's latest policy move increasing the fears for monetary tightening to fight the inflation that has been dormant in the past few months. With inflation now existing in every consumer's mind due to price hikes in daily-use items such as transportation and energy the expectation for stock market returns has grown to factor in the expectation for inflation. If there is a prediction to be made regarding the near future of the index it will depend on 2 factors as drivers; The risk-free rate in the following months and how far off-target the reported earnings in this quarter are. Using a DDM model and the latter as a term-marker signaling either a normal recession at a 10% miss or a deep recession at a 20% miss and adjusting for different levels of equity risk premiums from 4% to 6% we can begin to calculate that even for a 3% risk-free rate and a rather average 5% E.R.P. the S & P seems to deliver over 4180 in value -if we believe that there are no recession fears in the near future ,we can also see that with the same factor ; in a deep recessionary state the current value of the index can be seen at as low as 340. In conclusion the current price of the index will largely be influenced by the Fed's decisions to either increase or maintain the current interest rates and the market's performance over the current quarter while also keeping in mind investor's risk-aversion in the current market term.



**USDCNH- Strong US Dollar against the weaker Yuan**

USD the past few weeks has been getting stronger and stronger, part of that increase in its strength is the quick decision making of FED in a bid to deal with the soaring inflation that the US is dealing with by increasing the interest rates by half a percentage point (Biggest hike in 2 decades) while on the other hand, The offshore yuan (CNH) is getting weaker and weaker. To be more specific, the offshore yuan depreciated past 6.70 per dollar on Friday hitting its lowest in 1.5 years and extending in heavy losses throughout April. The "dynamic zero covid" policy that is a zero-tolerance approach, which depends on strict lockdowns and mass testing, has weighed heavily on the economy, and has raised the need for further policy easing. From a Technical perspective, we can see that there is a Triangle breakout which only indicates that the USD will only get stronger reaching as high as 6.8 yuan per dollar. People should also pay close attention to the announcements of America about its inflation and Core inflation rate Year over Year (Both of them are announced on 11th of May with a forecast of 8.1 and 6 respectively), as well as the Producer Price Index and the Michigan Consumer Sentiment (Which measures the optimism of the consumers about their finances and the state of the economy.) which are being announced on the 12 and 13 of March, respectively.

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TradingView

## GPBCAD—Will the bearish trend stop?



## STOCKS | AMAZON (1-W) | NVIDIA (4-H)

## AMZN – Bears in control, Long-term uncertainty.

Since 28 March Amazon has been in a downtrend. Price has fallen from 3500 to 2300 dollars (-33%). We have seen multiple breaks of structure with a misbalancing and impulsive bearish momentum. That's the reason we can confidently state that we are in a confirmed bearish trend. In order to follow the trend, we will look for possible Supplies that could act as resistance. These Supplies are marked in the chart, and these are the areas where price could form a lower high. If we notice a 4H Change Of Character inside one of these Supplies, then we can sell short in the Supply that forced this break of structure. Of course, we can see price not returning to the Points of Interest that we marked (due to the heavy momentum) and drop even lower, earlier than expected. In this case we are interested in longs only in the Demand area of 1900-1980 dollars. This is an area where we can see serious reactions, but we can not tell yet what will happen then. Short targets would be a wise choice and time will show the road.



## NVDA – Will NVIDIA hold against the waves in Wall Street ?

Over the past year NVIDIA Corp. has experienced a huge amount of growth, due to the increased demand for online work caused by the recent COVID-19 pandemic, therefore hedging the ~10% increase of the graphics card's production price. Unfortunate news for the company were brought by the break of the support in the 214 area, which formed in October '21, leading the price to 2021 levels. Wall Street analytics state that in the best-case scenario NVDA stocks may reach prices as high as 400\$, but not lower than 245\$



in the next 12 months. The uptrend that formed after the huge drop (~60\$) of December, which led the stock's price back to 280\$, due to the increase in buying volume, soon came to an end -as predicted by the head and shoulders pattern portrayed-. Should the previous 214 support prove itself as the new resistance level, there is a possibility that the price of NVDA may keep on falling up to 160 in the next 12 months, but all in all we have many reasons to believe that this will not be the case, especially if we take into consideration the recent geo-political crisis in Europe, which empowered even more people's hopes for growth in American companies. With an estimated annual growth of up to ~80% in stock price and 27.5% EPS growth last year, NVDA should by no means fear such a drop, since its strength has been proven multiple times over the course of the COVID pandemic.

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