Tactical Watcher.com

*Your eyes and ears on the markets*

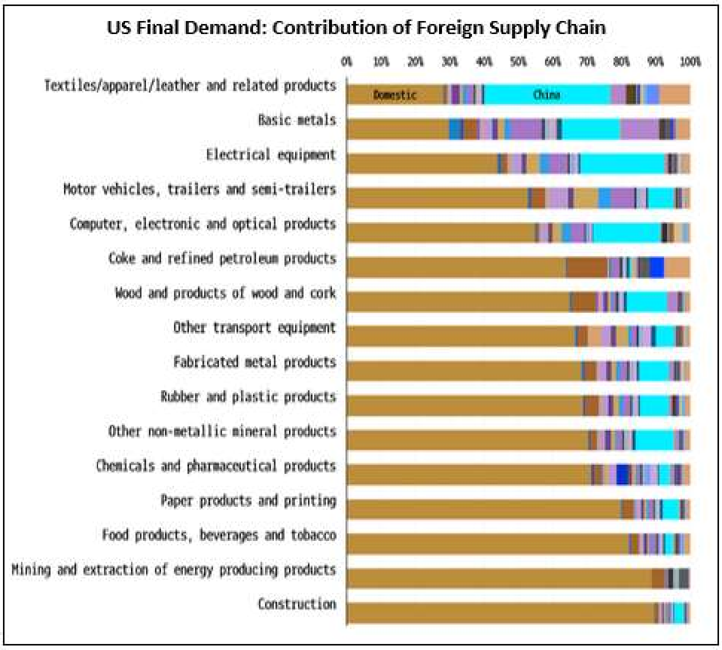
October 27th 2021

# VERY LAST CHANCE?

**As explained since last Friday, US indices are at a very key juncture as to whether the uptrend is finally resuming or if, instead, the October rally advance was a sucker rally, driven by liquidity + greed + FOMO. Based on a 9-demark warning now flashing on the daily series of all US indices + the hammer figure also displayed on all their candlestick charts after yesterday's session, we should get an answer in the very next days.**

**This may well be the "very last" chance to reverse on the downside, while a setback would be expected to follow the 5 uplegs which can now be counted since the bottom of October on European indices.**

## US FOREIGN SUPLY CHAIN CONTRIBUTION + US MARGINS OUTLOOK + GLOBAL EQUITY INFLOWS + US EARNINGS SEASON DISTRIBUTION




Source Bloomberg - **Chart 1**


Source JP Morgan - **Chart 2**


Source WSJ - **Chart 3**


Source BOA - **Chart 4**


Source FT - **Chart 5**

Shifting from the Just-In-time economy to the Just-In-Case inventory model: this is the evolution that most companies are implementing, drawing lessons from the supply chain crisis. And, as already evoked, combined with increased onshoring/reshoring, this will come at a cost that belongs to the numerous elements confirming that a secular change is under way. Chart 1 highlights the sectors that will be the most impacted in the US.
It is also why we can't celebrate the current earnings, for those that actually beat expectations. Once again, markets are forward-looking animals, such that the focus is always on what's coming next. And in that regard, the outlook for margins is far from encouraging (chart 2 + 4), as current levels are not sustainable while they belong to the past.

Meanwhile, chart 3 displays the massive and historical inflows that have flooded into equities this year. No wonder the loss of efficiency of technical analysis in such a context, and the persistent Pavlovian buying on dips.
Last but not least, as mentioned yesterday, the current fortnight will see the main part of the 3Q earnings season in the US.

**SOXX ETF – DAILY**


**3/4 of "wave 1 or A" has been retraced, while a 9-demark warning is now flashing. If our scenario is correct, it is time to reverse on the downside. Confirmation required below the key support.**

## DOW JONES INDEX – DAILY


**Last chance for a reversal on the downside, if wave IV is well set to extend for the moment? Confirmation below the key support and still possible as long as the trendline resistance is intact.**

## S&P 500 FUT – DAILY


The past days' rally (ie "wave 3 or c") should be over (confirmation below the 1st key support). The setback that should now develop will be key, as drawn above.

## US INTERNET INDEX ETF – DAILY


As stocks such as Baba etc are excluded from the index above (on contrary to the FANG+ index), the latter gives a better view of the US tech sector. And we can count five clear upwaves since March 2020 such that, as long as the upper bound of the past months' sideways range is intact, the risk will remain on the downside.

Ps: on the other hand, any breakout on the upside would open the door to a resumption of the uptrend.

## SHANGHAI CSI 300 INDEX – DAILY


Whatever the wave count to adopt since the top of mid-February, the current incapacity to rebound is worrisome and the range (triangle?) developed since last July is far from encouraging.

## EUROSTOXX FUT – DAILY


As five upwaves waves are coming to an end (confirmation below the 1st key support) since the bottom of October, the pullback expected to follow suit will be key in order to confirm that wave IV is still under way.