

Fundamentals:

Wall Street ended lower on Friday as investors assessed economic data and awaited a potential 50-basis point interest rate hike by the U.S. Federal Reserve at its policy meeting next week, while apparel company Lululemon slumped following a disappointing profit forecast.

U.S. producer prices rose slightly more than expected in November amid a jump in the costs of services, but the trend is moderating, with annual inflation at the factory gate posting its smallest increase in 1-1/2 years, data showed.

However, in December, consumer sentiment improved, while inflation expectations eased to a 15-month low, a University of Michigan survey showed.

Futures trades suggest a 77% chance the Fed will raise interest rates by 50 basis points next week, with a 23% chance of a 75-basis point hike, with those odds little changed after Friday's economic data.

Consumer prices data for November, due Tuesday, will provide fresh clues on the central bank's monetary tightening plans.

Lululemon Athletica Inc tumbled almost 13% after the Canadian athletic apparel maker forecast lower-than-expected holiday-quarter revenue and profit.

Neffix Inc gained 3.1% after Wells Fargo upgraded the video streaming giant to "overweight" from "equal weight".

The S&P 500 declined 0.73% to end the session at 3,934.38 points.

The Nasdaq declined 0.70% to 11,004.62 points, while Dow Jones Industrial Average declined 0.90% to 33,476.46 points.

Of the 11 S&P 500 sector indexes, 10 declined, led lower by energy, down 2.33%, followed by a 1.28% loss in health care.

The energy index recorded a seventh straight session of losses, its longest losing streak since December 2018, as oil prices looked set for weekly losses on recession concerns.

Wall Street's main indexes have fallen this week after logging two straight weekly gains. Weighing heavily on investors are fears of a potential recession next year due to extended the central bank's rate hikes.

For the week, the S&P 500 dropped 3.4%, the Dow lost 2.8% and the Nasdaq shed 4%.

U.S. stocks ended a recent run of losses on Thursday after data showed initial jobless claims rose modestly last week.

Broadcom Inc jumped 2.6% after the chipmaker forecast current-quarter revenue above Wall Street estimates.

Boeing Co climbed 0.3% after Reuters report the plane maker plans to announce a deal with United Airlines for orders of 787 Dreamliner next week.

U.S. Treasury yield gained on Friday after data showed U.S. monthly producer prices came in higher than expected for November and consumer sentiment improved, suggesting interest rates will remain higher for longer.

However, the year-on-year rate for underlying producer prices, which exclude food and energy, has declined, data showed, giving the Federal Reserve ample room to slow its tightening pace, as Chair Jerome Powell indicated on November 30.

Data showed that the U.S. producer price index for final demand rose 0.3% last month, with the October figure revised higher to show PPI gaining 0.3% instead of 0.2% as previously reported. Economists polled by Reuters had forecast PPI climbing 0.2% last month.

Excluding food and energy, producer prices rose 6.2% year-on-year, higher than forecast as well but lower than the previous month's number of 6.8%.

U.S. yields also gained after data showed consumer sentiment rose in December while inflation expectations eased to a 15-month low.

The University of Michigan's preliminary December reading on the overall index of consumer sentiment came in at 59.1, up from 56.8 in the prior month. The survey's reading of one-year inflation expectations fell to 4.6%, the lowest reading in 15 months, from 4.9% in November.

In afternoon trading, the yield on 10-year Treasury notes rose 9.1 basis points (bps) to 3.583%.

U.S. 30-year yields were up 12.2 bps at 3.575%.

A closely-monitored part of the U.S. Treasury curve measuring the spread between yields on two- and 10-year Treasury notes narrowed its inversion to -75.6 bps on Friday. The curve inverted to as much as -85.2 bps on Wednesday, the most in two weeks.

This curve's inversion typically foreshadows recession.

On the shorter-end of the curve, the two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, gained 2.2 bps to 4.333%.

On Friday, the U.S. two-year breakeven rate fell to 2.345% from 2.407% late on Thursday, suggesting that investors expect inflation to average around 2.34% over the next two years. Since early November, the two-year breakeven inflation rate has fallen by about 57 bps.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
12/09/2022 21:30	PPI Final Demand MoM	Nov	0.20%	0.30%	0.20%	0.30%
12/09/2022 21:30	PPI Ex Food and Energy MoM	Nov	0.20%	0.40%	0.00%	0.10%
12/09/2022 21:30	PPI Ex Food, Energy, Trade MoM	Nov	0.10%	0.30%	0.20%	--
12/09/2022 21:30	PPI Final Demand YoY	Nov	7.20%	7.40%	8.00%	8.10%
12/09/2022 21:30	PPI Ex Food and Energy YoY	Nov	5.90%	6.20%	6.70%	6.80%
12/09/2022 21:30	PPI Ex Food, Energy, Trade YoY	Nov	4.70%	4.90%	5.40%	--
12/09/2022 23:00	Wholesale Inventories MoM	Oct F	0.80%	0.50%	0.80%	--
12/09/2022 23:00	Wholesale Trade Sales MoM	Oct	0.30%	0.40%	0.40%	0.10%
12/09/2022 23:00	U. of Mich. Sentiment	Dec P	57	59.1	56.8	--
12/09/2022 23:00	U. of Mich. Current Conditions	Dec P	58.8	60.2	58.8	--
12/09/2022 23:00	U. of Mich. Expectations	Dec P	54.5	58.4	55.6	--
12/09/2022 23:00	U. of Mich. 1 Yr Inflation	Dec P	4.90%	4.60%	4.90%	--
12/09/2022 23:00	U. of Mich. 5-10 Yr Inflation	Dec P	3.00%	3.00%	3.00%	--
12/10/2022 01:00	Household Change in Net Worth	3Q	--	-\$392b	-\$6100b	-\$6284b

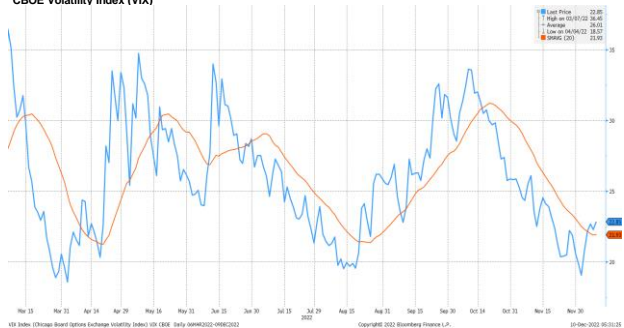
Contract	Close	Change	High	Low
E-Mini Dow DEC 22	33,498.00	-312.00	33,960.00	33,478.00
E-Mini S&P DEC 22	3,936.25	-32.250	3,990.00	3,930.00
E-Mini NASDAQ DEC 22	11,569.75	-86.50	11,748.00	11,517.00
Micro Russell 2K JUN 22	1,797.2	-22.5	1,828.7	1,793.8
USD Nikkei MAR 23	27,775.0	35.0	27,955.00	27,610.00
Euro Dollar DEC 22	95.25	0.023	95.25	95.23
US Dollar Index	104.97	0.191	105.14	104.48
DJIA	33,476.46	-305.020	33,844.63	33,462.65
S&P 500	3,934.38	-29.130	3,977.02	3,933.04
NASDAQ	11,004.62	-77.380	11,138.70	10,999.26
Nikkei 225	27,901.01	326.580	27,952.80	27,633.96
Hang Seng	19,900.87	450.640	19,926.48	19,404.50
Straits Times	3,245.97	9.890	3,248.03	3,235.82
DAX	14,370.72	106.160	14,385.57	14,217.96
CAC	6,677.64	30.330	6,680.09	6,618.27
FTSE100	7,476.63	4.460	7,498.04	7,431.44

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	17.05	18.58	21.52	20.98
E-Mini S&P Futures	22.34	25.07	25.90	24.93
E-Mini Nasdaq Futures	12.67	11.72	15.03	15.19

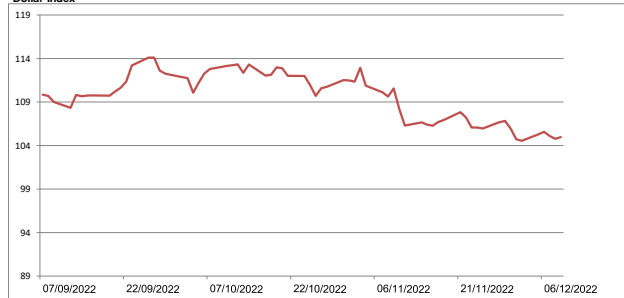
U.S. Government Treasuries Yield



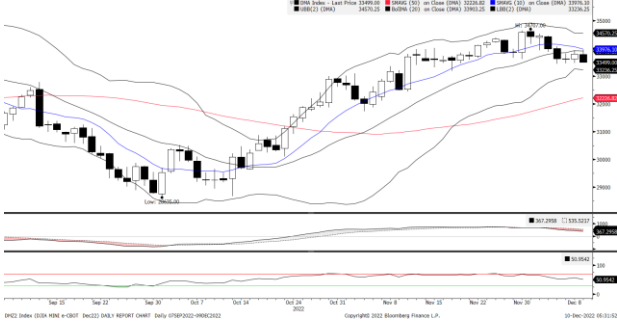
CBOE Volatility Index (VIX)



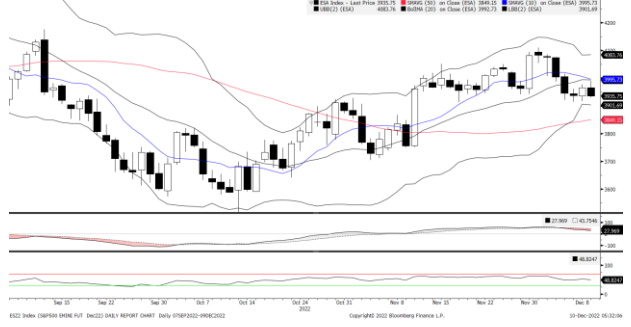
Dollar Index



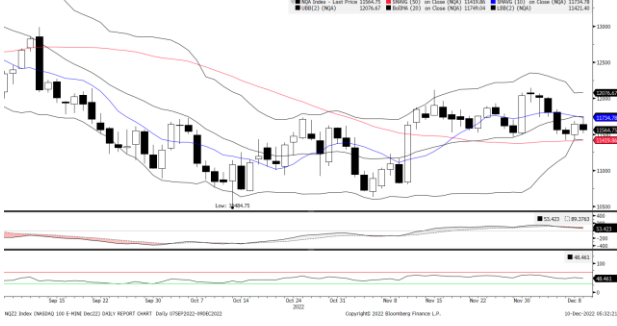
E-Mini Dow Index Futures Daily Chart



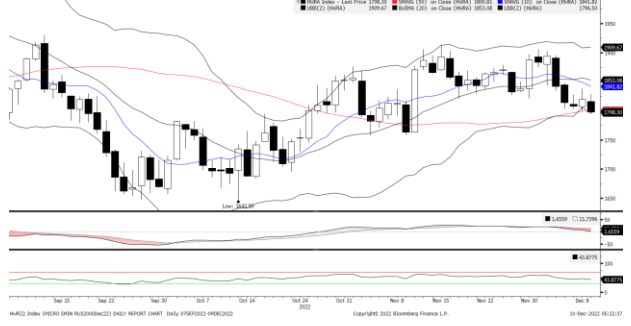
E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow			S&P			Nasdaq			Micro Russell		
1st Resistance:	34000	2nd Resistance: 34503	1st Resistance:	3995.29	2nd Resistance: 4054.34	1st Resistance:	11743.30	2nd Resistance: 11916.84	1st Resistance:	1824.16	2nd Resistance: 1851.12
1st Support:	32996	2nd Resistance: 32493	1st Support:	3877.21	2nd Resistance: 3816.16	1st Support:	11396.20	2nd Resistance: 11222.66	1st Support:	1770.24	2nd Resistance: 1743.28
MACD:	366.867		MACD:	27.806482		MACD:	52.962		MACD:	1.567	
MACD DIFF:	-168.531		MACD DIFF:	-15.911923		MACD DIFF:	-36.319		MACD DIFF:	-10.153	
RSI:	50.859		RSI:	48.630630		RSI:	48.311		RSI:	43.723	

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32996	33325	32831	32493	32818	32331	34000	33660	34170	34503	34158	34675
S&P	3877.21	3915.98	3857.82	3816.16	3856.34	3795.07	3995.29	3955.34	4015.27	4054.34	4013.79	4074.61
Nasdaq	11396.20	11510.17	11339.22	11222.66	11334.88	11166.54	11743.30	11625.86	11802.01	11916.84	11797.67	11976.43
Micro Russell	1770.24	1787.94	1761.39	1743.28	1760.72	1734.57	1824.158	1805.92	1833.28	1851.116	1832.60	1860.37

Source: Bloomberg

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