

Fundamentals:

U.S. stocks pared some of their early gains Monday, with investors still weighing bets about whether the Federal Reserve might dial back its aggressive pace of increases in interest rates.

The S&P 500 fell 2.99 points, or 0.1%, to close at 3892.09, after rising as much as 1.4% in morning trading. The benchmark index jumped 2.3% Friday after the monthly jobs report pointed to a slowdown in wage growth.

The Dow Jones Industrial Average dropped 112.96 points, or 0.3%, to 33517.65. The tech-focused Nasdaq Composite rose 66.36 points, or 0.6%, to 10635.65.

Stock markets around the world have started 2023 on a positive footing, driven by signs that inflation is abating in the U.S. and Europe. Investors hope that this slowdown will encourage central banks to raise interest rates in smaller increments, which could do less damage to the economy than rapid increases in borrowing costs.

But money managers say the Fed and other central banks will want to see a sustained decline in inflation before they consider pausing efforts to tighten monetary policy. Prices for goods and services beyond volatile food and energy markets continue to grow too fast for comfort at the Fed and European Central Bank, investors say.

Investors are awaiting data on consumer prices in the U.S., due Thursday. The figures will set the tone for the Fed's monetary-policy meeting that starts Jan. 31.

Also this week, earnings season picks up speed with major banks including JPMorgan Chase and Bank of America due to report Friday.

Among individual stocks, Bed Bath & Beyond surged 31 cents, or 24%, to close at \$1.62 in another bout of wild trading for the company's shares. The firm is preparing to file for bankruptcy within weeks. The Wall Street Journal has reported. Uber Technologies shares rose \$1, or 3.8%, to \$27.40 after analysts at Piper Sandler raised their target price for the ride-hailing stock.

Tesla was the S&P 500's best performer, rising \$6.71, or 5.9%, to close at \$119.77 and extend its rebound from a two-year low it hit last week. Regeneron Pharmaceuticals was among the biggest laggards, tumbling \$56.66, or 7.7%, to \$680.49 after the drug-maker reported lower sales of its Eylea treatment than Wall Street was expecting.

Lululemon Athletica fell \$30.60, or 9.3%, to \$298.66 per share after the athletic-apparel maker said it expected profit margins to fall in its fourth quarter.

Government bonds yields fell. The yield on 10-year Treasury notes fell to 3.516% from 3.570% Friday. Two-year yields slipped to 4.197%, down from 4.260% Friday.

The dollar weakened, extending a decline that could help to tame inflation in economies that import a lot of their raw materials and energy. The euro and pound appreciated against the dollar, sending the WSJ Dollar Index down 0.7%.

Brazilian markets came under pressure after supporters of former President Jair Bolsonaro stormed the capital over the weekend, with the Brazilian real falling 1.4% against the U.S. dollar. The Bovespa stock index has fallen around 5% since Leftist President Luiz Inácio Lula da Silva defeated Mr. Bolsonaro in Brazil's closest-ever presidential race in October.

Treasury prices rallied further on Monday on expectations of a halt to rising interest rates, though the market faces a hawkish Federal Reserve that aims to see inflation slow a good deal more before it can pivot.

Fed Chair Jerome Powell may indicate more time is needed to show inflation is under control when he speaks on Tuesday. But consumer price data on Thursday could back the market's view that inflation is on track toward the Fed's 2% target.

Data on Friday showed U.S. services activity contracted for the first time in more than 2-1/2 years in December, which gave both bonds and equities the green light to rally after labor market data showed wage growth rose less than expected.

Atlanta Fed President Raphael Bostic reiterated on Monday that rates will have to stay high "well into 2024," and said it is fair to say that the Fed is willing to overshoot.

The yield on 10-year Treasury notes fell 3.9 basis points to 3.532%, and the two-year's yield, which often reflects interest rate expectations, fell 5.7 basis points to 4.204%. Yields move inversely to price.

The gap between yields on three-month bills and the benchmark 10-year note inverted further to a record -136.10 in early trading, and was last at -108.5. An inverted yield is considered a harbinger of recession.

But the political narrative for the Fed will be difficult as Main Street starts to feel the pain of a slowing economy.

The Treasury will sell \$90 billion of debt this week, starting with \$40 billion of three-year notes on Tuesday. On Wednesday, \$32 billion of 10-year notes will be sold, and on Thursday, \$18 billion of 30-year bonds.

The yield on the 30-year Treasury bond slid 2.6 basis points to 3.666%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was 2.22%.

The 10-year TIPS breakeven rate was last at 2.214%, indicating the market sees inflation averaging 2.2% a year for the next decade.

The U.S. dollar 5 years forward inflation-linked swap, seen by some as a better gauge of inflation expectations due to possible distortions caused by the Fed's quantitative easing, was last at 2.454%.

(Source: Dow Jones Newswires, Reuters)

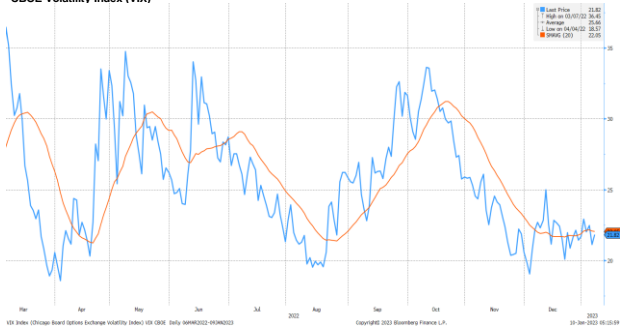
Contract	Close	Change	High	Low
E-Mini Dow MAR 23	33,670.00	-109.00	34,080.00	33,630.00
E-Mini S&P MAR 23	3,913.75	-2.750	3,973.25	3,909.75
E-Mini NASDAQ MAR 23	11,185.50	70.00	11,385.50	11,120.25
Micro Russell 2K JUN 22	1804.1	0.7	1829	1799.4
USD Nikkei MAR 23	26,225.0	35.0	26,460.00	26,170.00
Euro Dollar MAR 23	94.94	0.020	94.95	94.91
US Dollar Index	103.20	-0.684	103.94	102.94
DJIA	33,517.65	-112.960	33,935.11	33,487.66
S&P 500	3,892.09	-2.990	3,950.57	3,890.42
NASDAQ	10,635.65	66.360	10,807.26	10,619.12
Nikkei 225	0.00	0.000	0.00	0.00
Hang Seng	21,388.34	396.700	21,470.69	21,216.92
Straits Times	3,305.67	28.950	3,343.47	3,291.04
DAX	14,792.83	182.810	14,832.89	14,628.61
CAC	6,907.36	46.410	6,928.43	6,851.66
FTSE100	7,724.94	25.450	7,725.74	7,688.69

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	16.12	17.28	18.81	20.90
E-Mini S&P Futures	19.34	20.56	23.78	24.83
E-Mini Nasdaq Futures	17.51	16.32	14.84	16.15

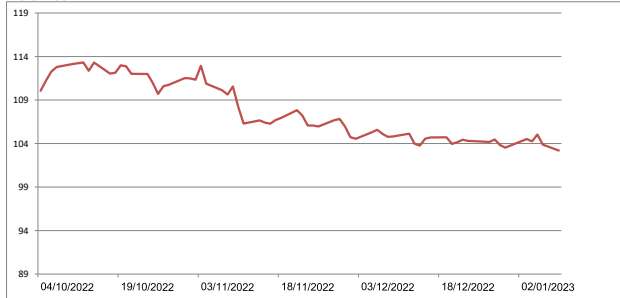
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)

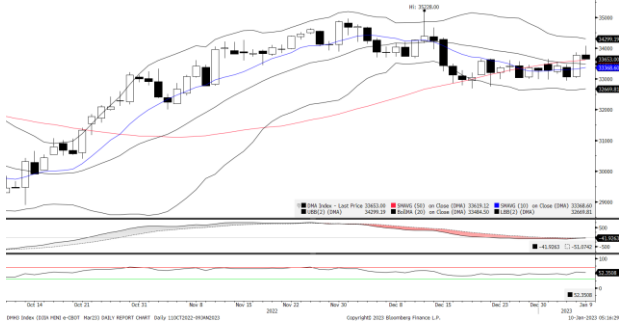


Dollar Index

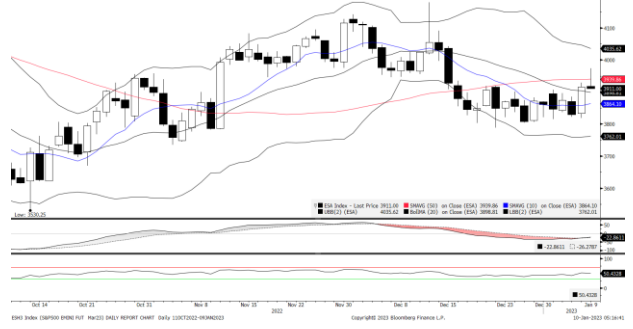


Economic Releases	Period	Survey	Actual	Prior	Revised	
01/10/2023 04:00	Consumer Credit	Nov	\$25,000b	\$27,962b	\$27,078b	\$29,121b
01/10/2023 19:00	NFIB Small Business Optimism	Dec	91.5	--	91.9	--
01/10/2023 23:00	Wholesale Trade Sales MoM	Nov	0.20%	--	0.40%	--
01/10/2023 23:00	Wholesale Inventories MoM	Nov F	1.00%	--	1.00%	--
01/11/2023 20:00	MBA Mortgage Applications	Jan-06	--	--	-10.30%	--
01/12/2023 21:30	CPI MoM	Dec	-0.10%	--	0.10%	--
01/12/2023 21:30	CPI Ex Food and Energy MoM	Dec	0.30%	--	0.20%	--
01/12/2023 21:30	CPI YoY	Dec	6.50%	--	7.10%	--
01/12/2023 21:30	CPI Ex Food and Energy YoY	Dec	5.70%	--	6.00%	--
01/12/2023 21:30	CPI Index NSA	Dec	296,699	--	297,711	--
01/12/2023 21:30	CPI Core Index SA	Dec	300.82	--	300,066	--
01/12/2023 21:30	Real Avg Hourly Earning YoY	Dec	--	--	-1.30%	-2.10%
01/12/2023 21:30	Real Avg Weekly Earnings YoY	Dec	--	--	-3.00%	-3.30%
01/12/2023 21:30	Initial Jobless Claims	Jan-07	215k	--	204k	--
01/12/2023 21:30	Continuing Claims	Dec-31	1799k	--	1694k	--

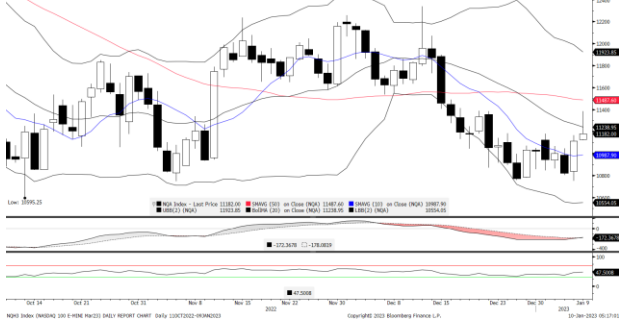
E-Mini Dow Index Futures Daily Chart



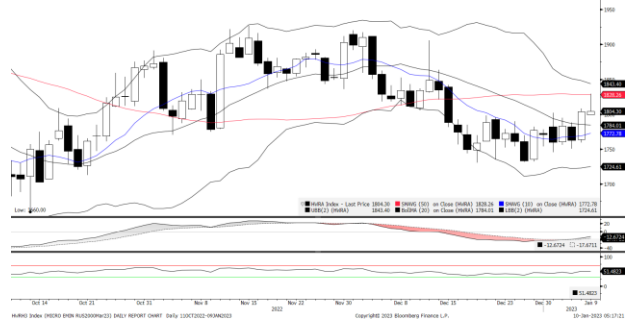
E-Mini S&P 500 Index Futures Daily Chart



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:	34175	2nd Resistance:	34680	1st Resistance:	3972.46	2nd Resistance:	4031.16	1st Resistance:	11353.28	2nd Resistance:	11521.07	1st Resistance:	1831.16	2nd Resistance:	1858.22
1st Support:	33165	2nd Resistance:	32660	1st Support:	3855.04	2nd Resistance:	3796.34	1st Support:	11017.72	2nd Resistance:	10849.94	1st Support:	1777.04	2nd Resistance:	1749.98
MACD:	-40.929			MACD:	-22.688351			MACD:	-172.114			MACD:	-12.671		
MACD DIFF:	9.692			MACD DIFF:	3.513669			MACD DIFF:	5.746			MACD DIFF:	4.978		
RSI:	52.490			RSI:	50.596535			RSI:	47.539			RSI:	51.446		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33165	33497	32999	32660	32986	32497	34175	33833	34346	34680	34333	34854
S&P	3855.04	3895.59	3835.77	3796.34	3834.30	3777.36	3972.46	3932.73	3992.32	4031.16	3990.85	4051.32
Nasdaq	11017.72	11127.89	10962.63	10849.94	10958.43	10795.69	11353.28	11239.75	11410.05	11521.07	11405.85	11578.67
Micro Russell	1777.04	1794.81	1768.15	1749.98	1767.48	1741.23	1831.1615	1812.85	1840.32	1858.223	1839.64	1867.51

Source: Bloomberg

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