

Fundamentals:

The S&P 500 ended lower on Friday, weighed down by Microsoft and Nvidia as investors worried that inflation and a strong U.S. economy could put the Federal Reserve on pace for more interest rate hikes.

The see-saw session on Wall Street followed economic data this week that pointed to elevated inflation, a tight job market and resilience in consumer spending, giving the Fed more room for to raise borrowing costs.

Goldman Sachs and Bank of America forecast three more rate hikes this year and by a quarter of a percentage point each, up from their previous estimate of two rate rises.

Traders are expecting at least two more rate increases and see the Fed rate peaking at 5.3% by July as central bank attempts to cool the economy and reduce inflation.

Microsoft Corp fell 1.6% and Nvidia dipped 2.8%, both weighing on the S&P 500 as the yield on 10-year Treasury notes hit a three-month high. US/

The CBOE Volatility index, also known as Wall Street's fear gauge, traded above 20 points for a second session in a row.

Of the 11 S&P 500 sector indexes, six rose, led by consumer staples, up 1.29%, followed by a 1% gain in Utilities. Energy dropped 3.65%, with Exxon Mobil losing 3.8%.

The S&P 500 declined 0.28% to end the session at 4,079.09 points.

The Nasdaq fell 0.58% to 11,787.27 points, while Dow Jones Industrial Average rose 0.39% to 33,826.69 points.

For the week, the S&P 500 fell 0.3%, the Dow lost 0.1% and the Nasdaq climbed 0.6%.

The S&P 500 has gained about 6% so far in 2023, while the Nasdaq has rebounded about 13% following deep losses last year.

Adding to recent worries about monetary policy, Fed Governor Michelle Bowman said the central bank will need to keep raising interest rates until it makes much more progress tackling inflation. Richmond Fed President Thomas Barkin said the central bank still needs to raise interest rates, but that it could stick with quarter-point increases.

Moderna Inc fell 3.3% after its experimental messenger RNA-based influenza vaccine delivered mixed results in a study.

Deere & Co surged 7.5% after the world's largest farm equipment maker raised its annual profit and beat quarterly earnings expectations.

Lithium miners Livent Corp, Albemarle Corp and Piedmont Lithium Inc slumped between 10% and 12% due to concerns about weakness in Chinese prices for the EV battery metal.

The most traded company in the S&P 500 was Tesla Inc, with \$42.9 billion worth of shares exchanged during the session. The shares rose 3.10%.

U.S. stock markets will be closed on Monday on account of Presidents' Day.

U.S. Treasury yields eased a bit on Friday after the 10-year note hit a three-month high, as the market placed greater odds that the Federal Reserve keeps interest rates higher for longer in its fight against persistent inflation.

The climb in yields came as data this and last week showed the U.S. economy's continued resilience in spite of higher borrowing costs implemented by the Fed since early last year.

The yield on 10-year Treasury notes was last at 3.826% after hitting its highest level since early November at 3.929%. Meanwhile, the yield on two-year notes was last at 4.623% after earlier reaching 4.677%, also the highest since early November.

The likelihood of a 50-bp interest rate increase when Fed policymakers meet in March tempered down 12.7% after nearly reaching 16% earlier in the day. It has nearly tripled since the Labor Department released its latest unemployment figures and producer prices. Financial markets have also increasingly bet on another hike in June.

The gap between yields on two-year and 10-year notes was last inverted at minus 79.7 bps, from Tuesday's peak inversion of minus 91.3 bps. The inversion signals market expectations for a coming recession.

Labor market resilience, marked by a 53-year low unemployment rate, is one of several factors that have raised the odds the Fed will continue hiking rates through the summer.

The number of Americans filing new claims for unemployment benefits unexpectedly fell last week, while monthly producer prices accelerated in January, the Labor Department said on Thursday.

Two Federal Reserve officials on Friday added to a chorus of U.S. central bankers this week in signaling that interest rates will need to go higher in order to successfully quash inflation, although one guarded against inferring too much from recent unexpectedly-strong economic data.

Perhaps the most significant inflation data point this week came on Tuesday, when consumer price index data showed inflation accelerated in January. Both headline and core prices rose slightly more than expected on an annualized basis.

The Treasury Department on Thursday auctioned \$11 billion in 30-year Treasury inflation-protected securities at a high yield of 1.550%, meeting expectations for demand. This followed a \$15 billion auction of 20-year notes on Wednesday at a yield of 3.977%.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
02/17/2023 21:30	Import Price Index MoM	Jan	-0.10%	-0.20%	0.40%	-0.10%
02/17/2023 21:30	Import Price Index ex Petroleum MoM	Jan	-0.30%	0.20%	0.80%	0.70%
02/17/2023 21:30	Import Price Index YoY	Jan	1.40%	0.80%	3.50%	3.00%
02/17/2023 21:30	Export Price Index MoM	Jan	-0.20%	0.80%	-2.60%	-3.20%
02/17/2023 21:30	Export Price Index YoY	Jan	2.80%	2.30%	5.00%	4.30%
02/17/2023 23:00	Leading Index	Jan	-0.30%	-0.30%	-0.80%	--
02/21/2023 21:30	Philadelphia Fed Non-Manufacturing Activity	Feb	--	--	-6.5	--
02/21/2023 22:45	S&P Global US Manufacturing PMI	Feb P	47.4	--	46.9	--
02/21/2023 22:45	S&P Global US Services PMI	Feb P	47.3	--	46.8	--
02/21/2023 22:45	S&P Global US Composite PMI	Feb P	47.5	--	46.8	--
02/21/2023 23:00	Existing Home Sales	Jan	4.10m	--	4.02m	--
02/21/2023 23:00	Existing Home Sales MoM	Jan	2.00%	--	-1.50%	--

Contract	Close	Change	High	Low
E-Mini Dow MAR 23	33,866.00	131.00	33,889.00	33,514.00
E-Mini S&P MAR 23	4,087.50	-13.000	4,096.00	4,055.75
E-Mini NASDAQ MAR 23	12,390.00	-98.75	12,465.25	12,265.75
Micro Russell 2K JUN 22	1950.3	5	1953.2	1926.1
USD Nikkei MAR 23	27,510.0	-25.0	27,595.00	27,385.00
Euro Dollar MAR 23	94.92	-0.023	94.93	94.91
US Dollar Index	103.87	0.013	104.67	103.84
DJIA	33,826.69	129.840	33,846.64	33,517.73
S&P 500	4,079.09	-11.320	4,081.51	4,047.95
NASDAQ	11,787.27	-68.560	11,803.22	11,673.21
Nikkei 225	27,513.13	-183.310	27,608.59	27,466.61
Hang Seng	20,719.81	-267.860	21,056.68	20,703.74
Straits Times	3,328.37	17.140	3,330.83	3,300.16
DAX	15,482.00	-51.640	15,514.72	15,300.42
CAC	7,347.72	-18.440	7,368.00	7,267.77
FTSE100	8,004.36	-8.170	8,012.53	7,957.69

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	12.79	12.14	14.72	17.40
E-Mini S&P Futures	15.23	15.62	18.12	21.66
E-Mini Nasdaq Futures	7.43	12.76	14.80	14.35

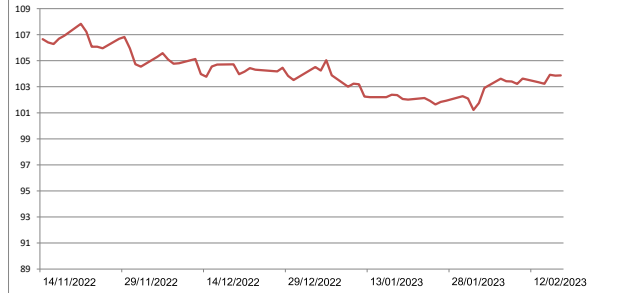
U.S. Treasury Treasuries Yield



CBOE Volatility Index (VIX)



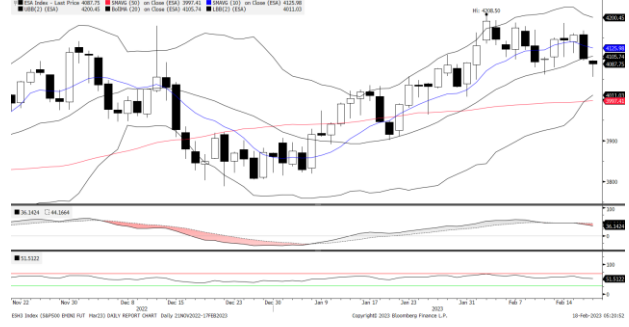
Dollar Index



E-Mini Dow Index Futures Daily Chart



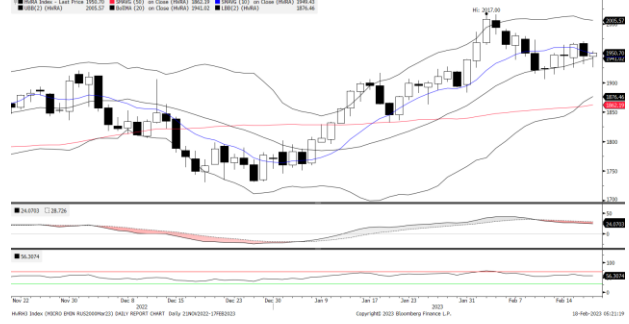
E-Mini S&P 500 Index Futures Daily Chart



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:	34374	2nd Resistance:	34882	1st Resistance:	4148.81	2nd Resistance:	4210.13	1st Resistance:	12575.85	2nd Resistance:	12761.70	1st Resistance:	1979.55	2nd Resistance:	2008.81
1st Support:	33359	2nd Resistance:	32850	1st Support:	4026.19	2nd Resistance:	3964.88	1st Support:	12204.15	2nd Resistance:	12018.30	1st Support:	1921.05	2nd Resistance:	1891.79
MACD:	60.824			MACD:	36.073679			MACD:	237.676			MACD:	24.044		
MACD DIFF:	-27.051			MACD DIFF:	-8.093000			MACD DIFF:	-29.456			MACD DIFF:	-4.684		
RSI:	49.402			RSI:	51.422747			RSI:	54.200			RSI:	56.259		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33358	33692	33191	32850	33179	32686	34374	34030	34546	34882	34533	35056
S&P	4026.19	4066.45	4006.06	3964.88	4004.52	3945.05	4148.81	4107.32	4169.56	4210.13	4168.02	4231.18
Nasdaq	12204.15	12326.19	12143.13	12018.30	12138.48	11958.21	12575.85	12450.09	12538.73	12761.70	12634.08	12825.51
Micro Russell	1921.05	1940.26	1911.44	1891.79	1910.71	1882.33	1979.55	1959.76	1989.45	2008.809	1988.72	2018.85

Source: Bloomberg

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