

Fundamentals:

U.S. stocks finished sharply lower Friday, with all three major indexes suffering weekly losses, after the Federal Reserve's preferred inflation measure came in hotter-than-expected for January.

For the week, the Dow fell 3% while the S&P 500 slid 2.7% and the technology-heavy Nasdaq Composite dropped 3.3%, according to FactSet data. The Dow has fallen for four straight weeks, booking its biggest weekly percentage decline since September 2022 and longest weekly losing streak since May 2022, according to Dow Jones Market Data. The S&P 500 saw a third consecutive week of declines.

The personal-consumption-expenditures price index showed the cost of U.S. goods and services jumped 0.6% in January, according to a Bureau of Economic Analysis report Friday. That was biggest rise since last summer. The year-over-year rate rose to 5.4%, from 5.3% in December, in the first uptick in seven months.

The more closely followed core index, which is the Fed's preferred inflation measure, also rose 0.6% in January, climbing 4.7% over the past 12 months. Economists polled by The Wall Street Journal had forecast that core PCE prices would rise 0.5% in January and 4.4% year over year.

The S&P 500 has fallen 5% from its 2023 closing high on Feb. 2.

Meanwhile, consumer spending rose 1.8% in January, the biggest increase in almost two years. And an index of consumer sentiment rose in early February to a 13-month high of 67. The final reading in February was up from a preliminary 66.4 and from 64.9 in January, the University of Michigan said.

Such data was seen cementing expectations the Federal Reserve will continue lifting its key interest rate above 5% in its effort to bring down inflation.

In other economic data, sales of new single-family houses in the U.S rose 7.2% in January to a seasonally adjusted annual rate of 670,000, according to a report Friday from the Commerce Department. Still, year over year, new-home sales are down by 19.4%.

Meanwhile, the yield on the 10-year Treasury note rose 6.9 basis points Friday to 3.948%, according to Dow Jones Market Data. Knutzen currently considers 10-year yields within "fair value range" but cautioned that "stocks probably have more pressure on them in the future."

Two-year U.S. Treasury yields hit three-and-a-half-month highs on Friday after data showed that U.S. consumer spending rebounded sharply in January amid strong income growth while inflation accelerated.

The data boosts expectations that the Federal Reserve will hike rates higher than previously expected and hold them in restrictive territory as it battles persistently high price pressures.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, jumped 1.8% last month. Economists polled by Reuters had forecast consumer spending rebounding 1.3%.

The personal consumption expenditures (PCE) price index also shot up 0.6% last month, after gaining 0.2% in December. In the 12 months through January, the PCE index was up 5.4%.

Other data showed that new home sales rose 7.2% in January, while a survey from the University of Michigan on Friday showed consumers' near-term inflation expectations increased in February.

Two-year yields, which are highly sensitive to Fed policy, rose as high as 4.840%, the highest since Nov. 4. Benchmark 10-year yields reached 3.978%, matching Thursday's high, which was the highest since Nov. 10.

The inversion in the yield curve between two-year and 10-year notes deepened and was last at minus 86 basis points, reflecting concerns about an imminent recession.

The 10-year yields have risen from a four-month low of 3.321% on Jan. 19 as strong data and hawkish comments from Fed officials increase rate hike expectations.

Fed funds futures traders are pricing for the Fed's benchmark rate to peak at 5.40% in September, up from 4.58% now.

The Fed is expected to raise rates by 25 basis points at its March 21-22 meeting, though some analysts see the possibility of a 50 basis points hike if inflation stays high and growth remains strong.

The Fed pared back the pace of its rate increases to 25 basis points at its Jan. 31-Feb. 1 meeting after a year of larger hikes in order to better gauge the impact of its tightening.

(Source: Dow Jones Newswires, Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
02/24/2023 00:00	Kansas City Fed Manf. Activity	Feb	-2	0	-1
02/24/2023 21:30	Personal Income	Jan	1.00%	0.60%	0.20%
02/24/2023 21:30	Personal Spending	Jan	1.40%	1.80%	-0.20%
02/24/2023 21:30	Real Personal Spending	Jan	1.10%	1.10%	-0.30%
02/24/2023 21:30	PCE Deflator MoM	Jan	0.50%	0.60%	0.10%
02/24/2023 21:30	PCE Deflator YoY	Jan	5.00%	5.40%	5.00%
02/24/2023 21:30	PCE Core Deflator MoM	Jan	0.40%	0.60%	0.30%
02/24/2023 21:30	PCE Core Deflator YoY	Jan	4.30%	4.70%	4.40%
02/24/2023 23:00	New Home Sales	Jan	620k	670k	625k
02/24/2023 23:00	New Home Sales MoM	Jan	0.70%	7.20%	2.30%
02/24/2023 23:00	U. of Mich. Sentiment	Feb F	66.4	67	66.4
02/24/2023 23:00	U. of Mich. Current Conditions	Feb F	72.7	70.7	72.6
02/24/2023 23:00	U. of Mich. Expectations	Feb F	62.5	64.7	62.3
02/24/2023 23:00	U. of Mich. 1 Yr Inflation	Feb F	4.20%	4.10%	4.20%
02/24/2023 23:00	U. of Mich. 5-10 Yr Inflation	Feb F	2.90%	2.90%	2.90%
02/25/2023 00:00	Kansas City Fed Services Activity	Feb	--	1	-11
02/27/2023 21:30	Durable Goods Orders	Jan P	-4.00%	--	5.60%
02/27/2023 21:30	Durables Ex Transportation	Jan P	0.10%	--	-0.20%
02/27/2023 21:30	Cap Goods Orders Nondel Ex Air	Jan P	-0.10%	--	-0.10%
02/27/2023 21:30	Cap Goods Ship Nondel Ex Air	Jan P	0.00%	--	-0.60%
02/27/2023 23:00	Pending Home Sales MoM	Jan	1.00%	--	2.50%
02/27/2023 23:00	Pending Home Sales NSA YoY	Jan	--	--	-34.30%
02/27/2023 23:30	Dallas Fed Manf. Activity	Feb	-9.3	--	-8.4

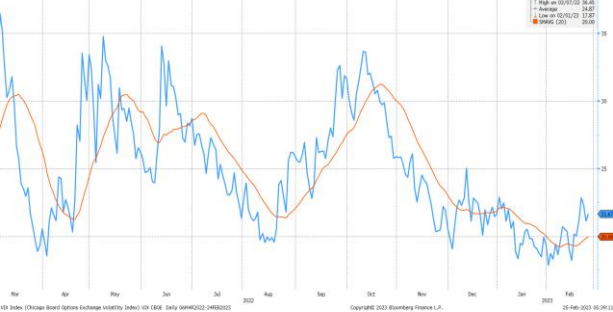
Contract	Close	Change	High	Low
E-Mini Dow MAR 23	32,826.00	-379.00	33,197.00	32,648.00
E-Mini S&P MAR 23	3,975.75	-43.750	4,023.25	3,947.50
E-Mini NASDAQ MAR 23	11,997.00	-206.50	12,214.50	11,923.00
Micro Russell 2K JUN 22	1890.7	-20.2	1914.5	1874.3
USD Nikkei MAR 23	27,335.0	115.0	27,450.00	27,140.00
Euro Dollar MAR 23	94.93	0.030	94.93	94.88
US Dollar Index	105.26	0.960	105.32	104.42
DJIA	32,816.92	-336.990	32,999.19	32,643.48
S&P 500	3,970.04	-42.280	3,978.25	3,943.08
NASDAQ	11,394.94	-195.460	11,434.36	11,334.47
Nikkei 225	27,453.48	349.160	27,465.90	27,128.32
Hang Seng	20,010.04	-341.310	20,233.64	20,006.78
Straits Times	3,282.30	17.370	3,290.41	3,264.45
DAX	15,209.74	-265.950	15,530.46	15,162.48
CAC	7,187.27	-130.160	7,366.07	7,187.27
FTSE100	7,878.66	-29.060	7,939.17	7,870.39

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	16.01	13.53	15.24	16.92
E-Mini S&P Futures	16.13	16.77	18.46	20.83
E-Mini Nasdaq Futures	9.25	12.68	14.99	14.03

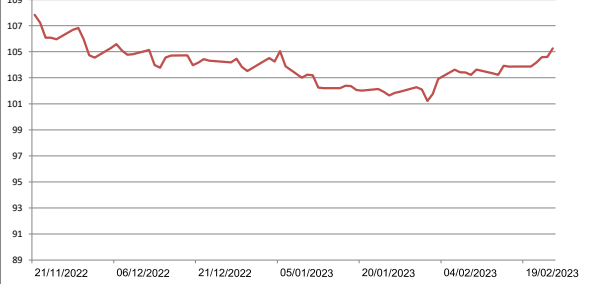
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



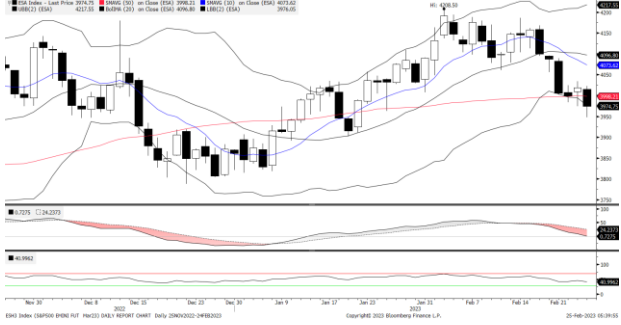
Dollar Index



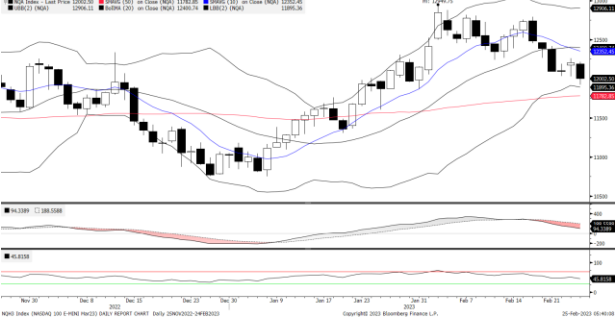
E-Mini Dow Index Futures Daily Chart



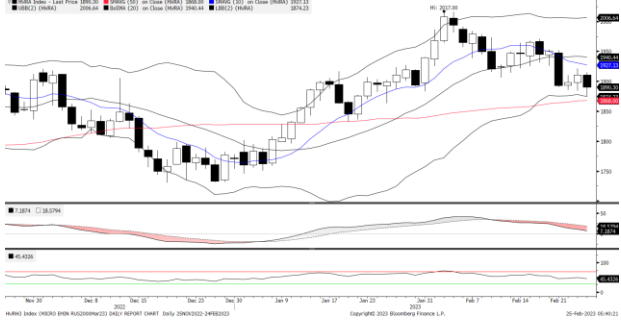
E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

<b>Dow</b>			<b>S&amp;P</b>			<b>Nasdaq</b>			<b>Micro Russell</b>		
1st Resistance:	33318	2nd Resistance:	33811	1st Resistance:	4035.39	2nd Resistance:	4095.02	1st Resistance:	12176.96	2nd Resistance:	12356.91
1st Support:	32334	2nd Resistance:	31841	1st Support:	3916.11	2nd Resistance:	3856.48	1st Support:	11617.05	2nd Resistance:	11637.09
MACD:	-166.167			MACD:	0.702198			MACD:	94.106		
MACD DIFF:	-142.113			MACD DIFF:	-23.497868			MACD DIFF:	-94.262		
RSI:	35.593			RSI:	41.001420			RSI:	45.787		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	32334	32657	32172	S&P	31841	32160	31682		33318	32985	33485
S&P	3916.11	3955.27	3896.53		3656.48	3695.04	3637.20		4035.39	3955.03	4055.56
Nasdaq	11817.05	11935.22	11757.96		11637.09	11753.46	11578.90		12176.96	12055.19	12237.84
Micro Russell	1862.34	1880.96	1853.03		1833.98	1852.32	1824.81		1919.0605	1899.87	1928.66

Source: Bloomberg

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