

Fundamentals:

U.S. stocks climbed Monday on hopes for stability in the banking sector after regulators engineered a deal for Swiss banking giant UBS to take over rival Credit Suisse.

In 4 p.m. ET trading, the Dow Jones Industrial Average added about 380 points, or 1.2%, and the S&P 500 rose 0.9%. The tech-focused Nasdaq Composite climbed 0.4%. The indexes declined Friday but have been relatively insulated from the banking crisis thus far.

Authorities have sought to halt a dangerous decline in confidence in the global banking system and get ahead of potential stress in markets. As well as the UBS-Credit Suisse deal, regulators moved to bolster international access to U.S. dollars.

Shares in First Republic Bank, a key concern at present of U.S. officials, fell to record lows, according to data going back to 2010. In 4 p.m. trading, the shares were down 47% to \$12.14 and they dropped as low as \$11.52 earlier in the session. Major bank chief executives, led by JPMorgan Chase & Co. Chief Executive Jamie Dimon, are discussing fresh efforts to stabilize the troubled bank, The Wall Street Journal reported.

Other regional banks rallied, with PacWest Bancorp shares up 11% at 4 p.m. and Zions Bancorp shares up 0.8%. Shares of major U.S. banks were little changed.

Amazon.com shares dropped 1.3% after the company said it would cut 9,000 more jobs, after announcing plans for 18,000 job cuts in early January.

In Europe, Credit Suisse shares sank 56%. Shares in UBS initially fell by double-digit percentages, before rebounding to add 1.3%. Trading in stocks of other major European banks, including BNP Paribas, Deutsche Bank and Banco Santander, was also volatile.

Investors are split in expecting what the Federal Reserve will do when it meets this week. Goldman Sachs Group is projecting the Fed will keep rates steady. Traders in interest-rate futures ascribe just under a 3-in-5 probability of a quarter-point rate increase, according to CME Group's FedWatch tool.

European additional tier 1 bonds fell in price Monday, as did similar bank bonds in Asia, after Swiss regulators surprised investors by wiping out riskier Credit Suisse bonds. AT1s were introduced after the financial crisis as a way to transfer banking risk away from taxpayers and onto bondholders.

The pan-continent Stoxx Europe 600 index added 1%. In Asia, major indexes closed lower. China's Shanghai Composite fell 0.5%, while Hong Kong's Hang Seng shed 2.7%. Japan's Nikkei 225 declined 1.4%. Concerns about economic uncertainty from banking-sector turbulence have weighed on energy markets. Brent crude, the international benchmark for oil prices, added 1.1% to \$73.79 a barrel.

U.S. Treasury yields rose on Monday as the takeover of Credit Suisse and central bank steps to shore up liquidity helped allay investor concerns as they gauge whether the Federal Reserve may pause raising interest rates later this week.

Major central banks, faced with the risk of a fast-moving loss of confidence in the stability of the financial system, moved on Sunday to bolster cashflow around the world.

The two-year U.S. Treasury yield, which often moves in step with interest rate expectations, rose 7.8 basis points to 3.924% after sliding to 3.635% in Europe.

The two-year yield has plunged since it peaked on March 8 at a 15-year high of 5.084% following hawkish congressional testimony by Fed Chairman Jerome Powell.

Days later Silicon Valley Bank failed, sparking a rout in banking stocks and fears not only that central bank monetary tightening would spark a recession as rising credit costs crunched both businesses and households, but also of a global banking crisis.

The rise in yields suggests a massive flight to quality last week and early in Asia has ebbed.

Pricing in fed funds futures have been volatile for the past week, swinging between the odds of no hike when policymakers conclude a two-day meeting on Wednesday, and a 25-basis point increase. A 50 basis points rise is now seen as unlikely.

Fed funds futures currently show a 28.4% probability of the Fed holding its overnight rate at 4.5%-4.75%, and a 71.6% likelihood of a 25-basis point increase, CME's FedWatch Tool shows.

But the market also is betting the Fed cuts rates this summer and that by December its target rate will be 3.967%, down from roughly 5.6% two weeks ago.

Late on Sunday, UBS Group AG UBSGS agreed to buy Credit Suisse Group AG in a deal engineered by Swiss authorities. UBS will pay 3 billion Swiss francs (\$3.23 billion) for its smaller rival and assume up to \$5.4 billion in losses.

The takeover came after the 167-year-old Credit Suisse became the biggest victim of the turmoil unleashed by SVB's collapse, even after it received \$54 billion from the Swiss National Bank last week.

The central banks' action on Sunday echoed steps taken to offset the impact of the COVID-19 pandemic in 2020 and efforts to bolster global finances after the U.S. housing market cratered and stoked the Global Financial Crisis in 2007 to 2009.

The yield on benchmark 10-year Treasury notes rose 8.4 basis points to 3.481%.

The Treasury yield curve measuring the difference between two- and 10-year notes, which is seen as a recession harbinger, was last at -45.1 basis points.

The curve's inversion last week lessened to -28.6 bps, the narrowest spread since October, as investors quickly reduced the rate hike scenarios this year.

The 10-year TIPS breakeven rate was last at 2.094%, indicating the market sees inflation averaging about 2.1% a year for the next decade.

(Source: Dow Jones, Reuters)

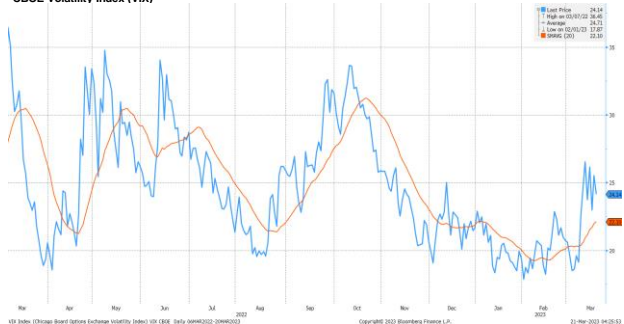
Contract	Close	Change	High	Low
E-Mini Dow JUN 23	32,456.00	+144.00	32,510.00	31,657.00
E-Mini S&P JUN 23	3,983.00	+41.000	3,989.50	3,897.25
E-Mini NASDAQ JUN 23	12,688.50	+57.75	12,750.00	12,525.25
Micro Russell 2K JUN 22	1763.6	+25.2	1779.1	1707.8
USD Nikkei JUN 23	26,920.0	+140.0	27,185.00	26,470.00
Euro Dollar JUN 23	95.08	-0.100	95.41	95.01
US Dollar Index	103.31	-0.401	103.96	103.28
DJIA	32,244.58	+382.600	32,280.07	31,872.33
S&P 500	3,951.57	+34.930	3,956.62	3,916.89
NASDAQ	11,675.54	+45.030	11,695.55	11,550.69
Nikkei 225	26,945.67	+388.120	27,367.18	26,945.67
Hang Seng	19,000.71	-517.880	19,382.97	18,829.11
Straits Times	3,139.76	-43.520	3,179.05	3,123.55
DAX	14,933.38	+165.180	14,980.43	14,458.39
CAC	7,013.14	+87.740	7,049.76	6,796.21
FTSE100	7,403.85	+68.450	7,426.24	7,206.82

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	18.62	15.80	14.58	16.27
E-Mini S&P Futures	21.93	17.49	17.36	20.21
E-Mini Nasdaq Futures	25.46	16.78	15.98	15.54

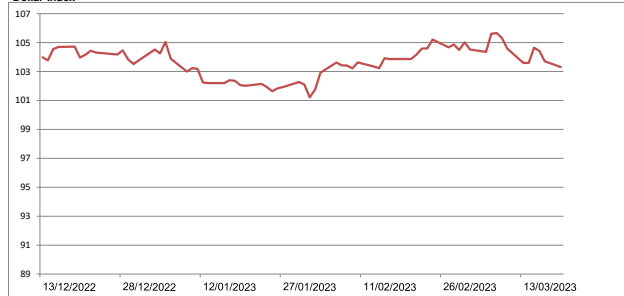
U.S. Government Treasuries Yield



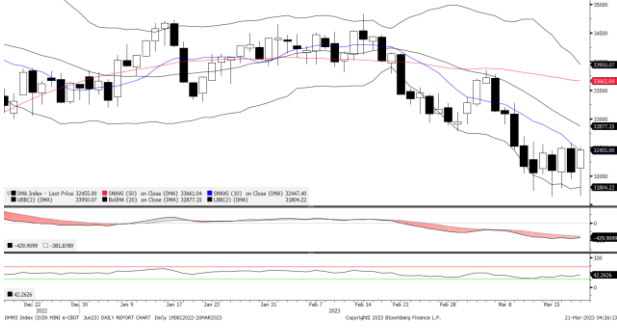
CBOE Volatility Index (VIX)



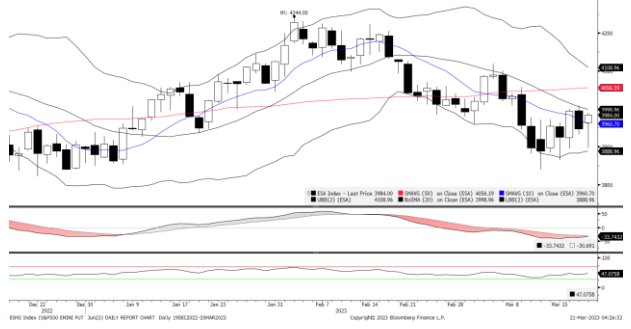
Dollar Index



E-Mini Dow Index Futures Daily Chart



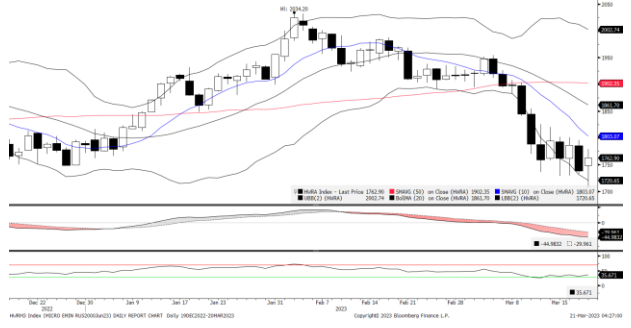
E-Mini S&P 500 Index Futures Daily Chart



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:	32943	2nd Resistance:	33430	1st Resistance:	4042.75	2nd Resistance:	4102.49	1st Resistance:	12678.83	2nd Resistance:	13069.16	1st Resistance:	1790.05	2nd Resistance:	1816.51
1st Support:	31969	2nd Resistance:	31482	1st Support:	3923.26	2nd Resistance:	3863.51	1st Support:	12498.17	2nd Resistance:	12307.85	1st Support:	1737.15	2nd Resistance:	1710.69
MACD:	-427.943			MACD:	-33.477639			MACD:	73.777			MACD:	-44.938		
MACD DIFF:	-46.220			MACD DIFF:	-2.797132			MACD DIFF:	41.286			MACD DIFF:	-14.972		
RSI:	42.638			RSI:	47.430518			RSI:	59.396			RSI:	35.811		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	31969	32289	31809		31482	31797	31325	32943	32613	33108		33430	33095	33597
S&P	3923.26	3962.49	3903.64		3863.51	3902.15	3844.19	4042.75	4002.32	4062.96		4102.49	4061.47	4123.00
Nasdaq	12498.17	12623.15	12435.68		12307.85	12430.92	12246.31	12678.83	12750.04	12943.22		13069.16	12938.46	13134.50
Micro Russell	1737.15	1754.52	1728.46		1710.69	1727.80	1702.14	1790.05	1772.15	1799.00		1816.508	1798.34	1825.59

Source: Bloomberg

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