

Fundamentals:

U.S. stock indexes ended mixed on Wednesday, attempting to recover from Tuesday's broad-based selloff following comments by Federal Reserve chairman Jerome Powell suggesting more interest rate rises may be necessary to tame inflation than investors were expecting.

On Tuesday, the Dow Jones Industrial Average fell 575 points, or 1.72%, to 32,856, the S&P 500 declined 62 points, or 1.53%, to 3,986, and the Nasdaq Composite dropped 145 points, or 1.25%, to 11,530.

Investors tuned in to the second day of Fed Chair Powell's semiannual monetary policy testimony to Congress in which Powell said the central bank has not made any decision on the size of a potential interest rate hike later this month despite strong labor market data and a rise in inflation in January.

Powell, in a testimony to the House Financial Services panel, said the central bank has yet to decide how large an interest rate hike to impose at its next meeting in two weeks.

"We have not made any decision about the March meeting. We're not going to do that until we see the additional data," Powell said, while emphasizing that the Fed is not on a "pre-set path."

"We will be guided by the incoming data and the evolving outlook," he said.

On Tuesday, Powell told the Senate Banking Committee that the central bank was prepared to increase the pace of interest rate hikes if data indicated it was warranted to damp inflation.

Powell's comments on Tuesday hammered government bonds, driving short-term 2-year yields to the highest level since 2007, as the market increased bets that the Fed may hike rates by 50 basis points in two week's time, and ultimately take rates as high as 5.65% by the end of this year, according to CME FedWatch tool.

In data published Wednesday, job openings in the U.S. fell in January to 10.8 million from 11.2 million in December, the Labor Department said. However, the still-high number of available jobs suggested the labor market remained extremely strong.

Meanwhile, U.S. private payrolls rose by 242,000 in February, according to the payroll services firm ADP on Wednesday. That's up from a revised 119,000 in prior month. Economists polled by The Wall Street Journal had forecast a gain of 205,000 private sector jobs.

The Fed's Beige Book survey showed U.S. overall economic activity increased slightly in early 2023, while inflationary pressures still remained widespread, though price increases moderated in many Federal Reserve Districts.

The report was based on anecdotal information collected by the Fed's 12 regional banks and is published eight times each year before the policy-setting Federal Open Market Committee meetings.

In other economic data, the U.S. trade deficit widened by 1.6% to \$68.3 billion in January. U.S. imports rose 3% to \$325.8 billion in January, while exports were up 3.4% to \$257.5 billion.

Shorter-dates yields jumped on Tuesday after Powell's comments and continued rising on Wednesday, reaching 5.084% earlier in the day, the highest level since June 15, 2007.

But longer-dated yields dipped again and a closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes, was at a negative 109.2 basis points, its deepest inversion since 1981. Such an inversion is seen as a reliable recession indicator.

Yields have steadily climbed in recent weeks after the January jobs report and other economic data pointed to a tight labor market, which increased expectations the Fed would have to maintain its path of rate hikes to curb stubbornly high inflation.

The latest labor market reports on Wednesday from ADP and the Labor Department's Job Openings and Labor Turnover Survey, or JOLTS report, signaled demand for workers remains strong.

The yield on 10-year Treasury notes was down 0.1 basis points at 3.974%.

The yield on the 30-year Treasury bond was down 1.4 basis points at 3.874 %.

The February jobs report, due to be released on Friday, is expected to show nonfarm payrolls increased by 205,000, according to economists polled by Reuters, after the 517,000 jobs reported in January.

The two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, was up 5.3 basis points at 5.064%.

A \$32 billion auction in 10-year notes on Wednesday was poor, according to market participants, with demand for the debt at 2.35 times the notes on sale. The Treasury Department will auction \$18 billion in 30-year bonds on Thursday.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.554%, after closing at 2.631% on Tuesday.

The 10-year TIPS breakeven rate was last at 2.331%, indicating the market sees inflation averaging 2.3% a year for the next decade.

(Source: Bloomberg, Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
03/08/2023 04:00	Consumer Credit	Jan	\$25.000b	\$14.799b	\$11.565b	\$10.692b
03/08/2023 20:00	MBA Mortgage Applications	Mar-03	--	7.40%	-5.70%	-5.90%
03/08/2023 21:15	ADP Employment Change	Feb	200k	242k	106k	119k
03/08/2023 21:30	Trade Balance	Jan	-\$68.7b	-\$68.3b	-\$67.4b	-\$67.2b
03/08/2023 23:00	Revisions: JOLTS					
03/08/2023 23:00	JOLTS Job Openings	Jan	10546k	10824k	11012k	11234k
03/09/2023 03:00	Fed Releases Beige Book					
03/09/2023 20:30	Challenger Job Cuts YoY	Feb	--	--	440.00%	--
03/09/2023 21:30	Initial Jobless Claims	Mar-04	195k	--	190k	--
03/09/2023 21:30	Continuing Claims	Feb-25	1660k	--	1655k	--

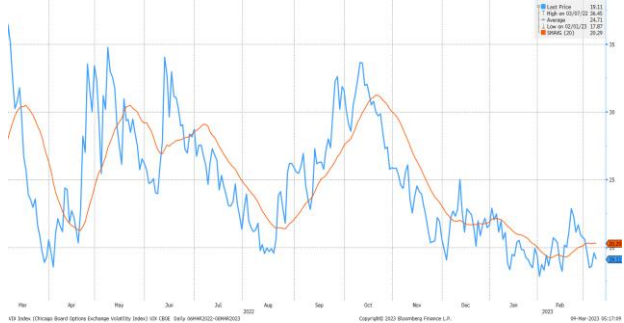
Contract	Close	Change	High	Low
E-Mini Dow MAR 23	32,813.00	-32.00	32,939.00	32,626.00
E-Mini S&P MAR 23	3,995.00	8.500	4,003.25	3,971.50
E-Mini NASDAQ MAR 23	12,228.25	69.00	12,254.50	12,108.25
Micro Russell 2K JUN 22	1881.1	1.3	1890.7	1865
USD Nikkei JUN 23	28,465.00	420.0	28,470.00	27,980.00
Euro Dollar MAR 23	94.78	-0.023	94.81	94.77
US Dollar Index	105.70	0.089	105.88	105.37
DJIA	32,798.40	-58.060	32,903.44	32,612.70
S&P 500	3,992.01	5.640	4,000.41	3,969.76
NASDAQ	11,576.00	45.670	11,601.23	11,487.75
Nikkei 225	28,444.19	135.030	28,469.41	28,232.68
Hang Seng	20,051.25	-483.230	20,269.93	19,969.47
Straits Times	3,226.86	-18.410	3,242.53	3,215.58
DAX	15,631.87	72.340	15,667.21	15,524.85
CAC	7,324.76	-14.510	7,346.62	7,305.92
FTSE100	7,929.92	10.440	7,946.62	7,891.42

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	15.23	13.24	14.80	16.52
E-Mini S&P Futures	15.25	16.15	17.28	20.34
E-Mini Nasdaq Futures	11.67	10.09	15.09	14.08

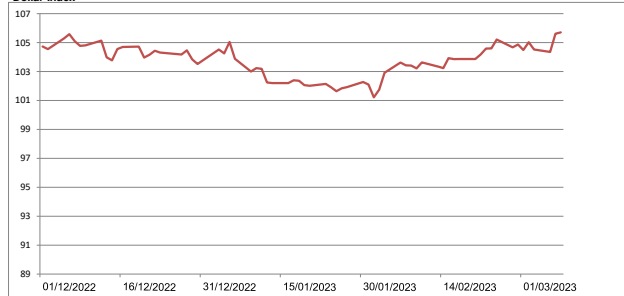
U.S. Government Treasuries Yield



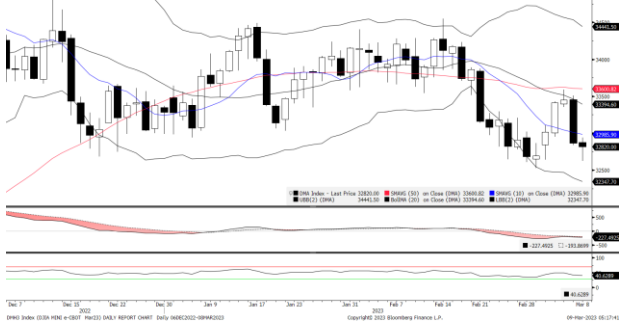
CBOE Volatility Index (VIX)



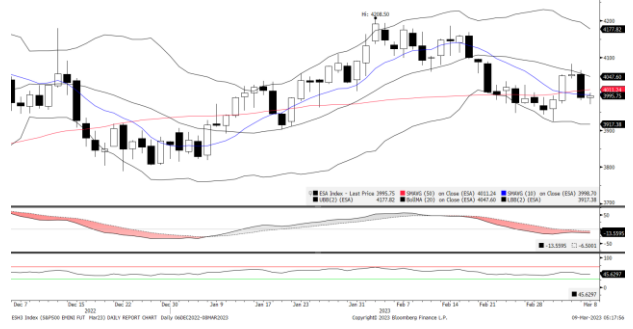
Dollar Index



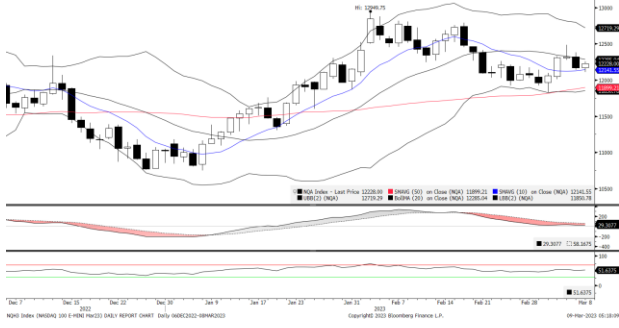
E-Mini Dow Index Futures Daily Chart



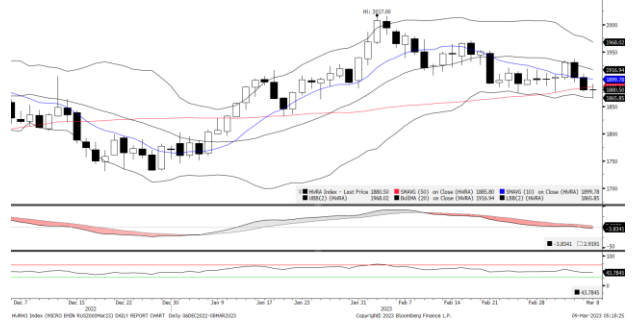
E-Mini S&P 500 Index Futures Daily Chart



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:	33305	2nd Resistance:	33797	1st Resistance:	4054.93	2nd Resistance:	4114.85	1st Resistance:	12411.67	2nd Resistance:	12595.10	1st Resistance:	1909.32	2nd Resistance:	1937.53
1st Support:	32321	2nd Support:	31829	1st Support:	3935.08	2nd Support:	3875.15	1st Support:	12044.83	2nd Support:	11861.40	1st Support:	1852.88	2nd Support:	1824.67
MACD:	-226.890			MACD:	-13.409517			MACD:	29.945			MACD:	-3.814		
MACD DIFF:	-32.690			MACD DIFF:	-6.876488			MACD DIFF:	-28.146			MACD DIFF:	-6.702		
RSI:	40.771			RSI:	45.932570			RSI:	51.890			RSI:	43.916		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32321	32644	32159	31829	32147	31669	33305	32972	33472	33797	33459	33966
S&P	3935.08	3974.43	3915.40	3875.15	3913.90	3855.77	4054.93	4014.38	4075.20	4114.85	4073.70	4135.42
Nasdaq	12044.83	12165.27	11984.60	11961.40	11980.02	11902.10	12411.67	12287.56	12473.73	12595.10	12469.15	12658.07
Micro Russell	1852.88	1871.41	1843.62	1824.67	1842.91	1815.54	1909.3165	1890.22	1918.86	1937.533	1918.16	1947.22

Source: Bloomberg

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