

Fundamentals:

Tech companies including Microsoft Corp. were among the stock market's few bright spots Wednesday, as investors digested corporate earnings that offered mixed messages about the state of the U.S. economy.

Major indexes on Wednesday morning clawed back some of the previous day's losses before edging lower leading to the closing bell. The technology-heavy Nasdaq Composite rose 0.5% while the S&P 500 dipped 0.4% and the Dow Jones Industrial Average ticked 0.7%, or 229 points, lower.

Those declines spanned trucking firms, energy producers and regional banks. Tech was the only sector in the S&P 500 to notch gains Wednesday, according to FactSet, climbing 1.7%.

The darkening outlook, which comes as corporate earnings season kicks into high gear, contrasts with most companies reporting first-quarter performances that beat Wall Street's expectations. In the S&P 500, roughly 80% of the 163 firms that reported earnings as of Wednesday morning had outpaced analysts' projections, according to Refinitiv.

Part of the gloom stems from an emerging consensus that the Federal Reserve will continue raising rates next week. Investors are giving a roughly 75% probability that the central bankers will vote for another rate hike, according to CME Group, a move aimed at discouraging lending to businesses and consumers.

Already, companies from Google parent Alphabet Inc. to shipping giant United Parcel Service Inc. have warned investors of petering U.S. growth. But hiring has remained robust and the U.S. service sector has proven resilient despite softening manufacturing activity and declining home sales.

On Wednesday, technology firms largely shielded investors from steeper losses. Microsoft was the Dow's best-performing stock, jumping 7.2%, after reporting continued growth in its cloud-computing business and as the U.K. rejected its takeover attempt of game developer Activision Blizzard Inc.

Shares in the "Call of Duty" developer dropped 11% after the U.K. antitrust watchdog raised a major hurdle to global approval of the \$75 billion deal.

Other big tech stocks were mixed as investors weighed new initiatives such as artificial intelligence against an uncertain economic outlook.

Shares in Alphabet dipped 0.1% Wednesday after the company reported a second consecutive quarter of declining ad sales. Amazon.com Inc., which is slated to report its first quarter results on Thursday, rose 2.3%. Facebook owner Meta Platforms Inc. traded 0.9% higher in the lead up to its earnings release after the close.

In other sectors, executives said that the Fed's attempt to cool inflation was beginning to take hold, contributing to investors pulling back from those stocks.

Shares in solar-energy manufacturers slid Wednesday after Enphase Energy Inc. warned of waning appetite for investment in such systems. Enphase plunged 26%, making it one of the S&P 500's worst performers.

U.S. central bankers have signaled that another rate increase is on the table next week, even amid growing fears of a recession and stress on regional banks. Some analysts said they believe regional banking stress in recent weeks is symptomatic of the Fed's rate hikes, rather than a systemic problem for the financial sector.

Shares in First Republic Bank on Wednesday tumbled 30%, extending a sharp selloff and leaving the beleaguered San Francisco bank with a market cap around \$1 billion. PacWest Bancorp., meanwhile, jumped 7.5%.

Executives at Old Dominion Freight Line cited confusion from the banking-sector fallout as one reason customers have tapped the brakes on moving goods around the country this year. Old Dominion's stock fell 10% Wednesday, following similarly disappointing results by other shipping companies that have been punished by a steep dropoff in imports.

The freight slowdown has led diesel costs to plunge from last year's record and weighed on U.S. crude prices. Benchmark futures slid 3.6% Wednesday, to \$74.30, pulling down shares in Texas drillers, oil-field service firms, major fuel producers and international oil majors.

"Certainly, it's been difficult to read the tea leaves this year," Old Dominion Chief Financial Officer Adam Satterfield said on a call with analysts Wednesday.

One-month Treasury yields tumbled ahead of a possible vote on the U.S. debt ceiling while longer duration yields edged higher on Wednesday as investors weighed strong earnings results with signs that business spending is slowing and continued concerns about the regional banking sector.

Yields of the one-month Treasury bill fell more than 20 basis points to 3.77%, bringing it back below 4% after spiking higher Tuesday. The security, which is often seen as a proxy for cash, could be among the most affected by a continued standoff over raising the U.S. borrowing limit.

The U.S. House of Representatives may vote on a bill that would sharply cut spending in exchange for a short-term increase in the debt ceiling on Wednesday.

Shares of First Republic tumbled another 33% to a record low Wednesday after a CNBC report that U.S. government officials were currently unwilling to intervene in the bank's rescue process.

The yield on 10-year Treasury notes was up 3.9 basis points to 3.437%, while the yield on the 30-year Treasury bond was up 4.1 basis points to 3.693%.

Bond yields move in the opposite direction of prices.

New orders for key U.S.-manufactured capital goods fell 0.4% in March, more than the 0.1% expected by economists polled by Reuters, while data for February was revised downward to show a 0.7% decline, rather than the previous estimate of a 0.1% decline, the Commerce Department said.

A closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes, seen as an indicator of economic expectations, was at -51.0 basis points.

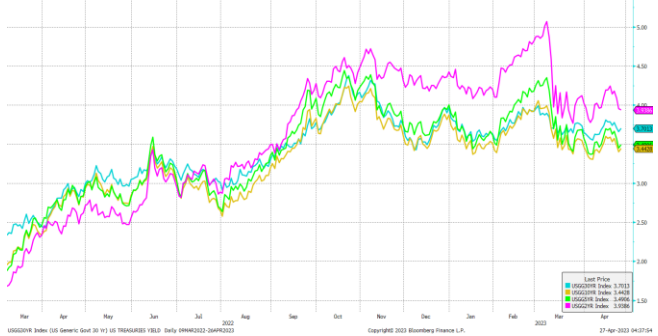
(Source: Dow Jones Newswires, Reuters)

| Economic Releases | Period | Survey | Actual | Prior | Revised | |
|-------------------|--------------------------------|--------|----------|----------|----------|----------|
| 04/26/2023 19:00 | MBA Mortgage Applications | Apr-21 | -- | 3.70% | -8.80% | -- |
| 04/26/2023 20:30 | Advance Goods Trade Balance | Mar | -\$90.0b | -\$84.6b | -\$91.6b | -\$92.0b |
| 04/26/2023 20:30 | Wholesale Inventories MoM | Mar P | 0.10% | 0.10% | 0.10% | -- |
| 04/26/2023 20:30 | Retail Inventories MoM | Mar | 0.20% | 0.70% | 0.80% | 0.30% |
| 04/26/2023 20:30 | Durable Goods Orders | Mar P | 0.70% | 3.20% | -1.00% | -1.20% |
| 04/26/2023 20:30 | Durables Ex Transportation | Mar P | -0.20% | 0.30% | -0.10% | -0.30% |
| 04/26/2023 20:30 | Cap Goods Orders Nondef Ex Air | Mar P | -0.10% | -0.40% | -0.10% | -0.70% |
| 04/26/2023 20:30 | Cap Goods Ship Nondef Ex Air | Mar P | 0.10% | -0.40% | -0.10% | -0.40% |

| Contract | Close | Change | High | Low |
|-------------------------|-----------|----------|-----------|-----------|
| E-Mini Dow JUN 23 | 33,424.00 | -214.00 | 33,762.00 | 33,347.00 |
| E-Mini S&P JUN 23 | 4,076.00 | -8.750 | 4,116.25 | 4,068.75 |
| E-Mini NASDAQ JUN 23 | 12,887.75 | 147.50 | 13,012.25 | 12,863.75 |
| Micro Russell 2K JUN 22 | 1737.1 | -17.7 | 1757.7 | 1732.8 |
| USD Nikkei JUN 23 | 28,345.0 | -55.0 | 28,575.00 | 28,275.00 |
| Euro Dollar JUN 23 | 94.65 | -0.035 | 94.67 | 94.62 |
| US Dollar Index | 101.45 | -0.417 | 101.89 | 101.01 |
| DJIA | 33,301.87 | -228.960 | 33,645.83 | 33,235.85 |
| S&P 500 | 4,055.99 | -15.640 | 4,089.67 | 4,049.35 |
| NASDAQ | 11,854.35 | 55.190 | 11,967.99 | 11,833.07 |
| Nikkei 225 | 28,416.47 | -203.600 | 28,551.61 | 28,319.77 |
| Hang Seng | 19,757.27 | 139.390 | 19,903.73 | 19,520.97 |
| Straits Times | 3,293.91 | -2.650 | 3,299.33 | 3,281.32 |
| DAX | 15,795.73 | -76.400 | 15,826.02 | 15,694.36 |
| CAC | 7,466.66 | -64.950 | 7,508.13 | 7,427.53 |
| FTSE100 | 7,852.64 | -38.490 | 7,893.95 | 7,825.93 |

| Historical Volatility | 10 Days | 30 Days | 60 Days | 90 Days |
|-----------------------|---------|---------|---------|---------|
| E-Mini Dow Futures | 6.84 | 11.50 | 13.24 | 13.48 |
| E-Mini S&P Futures | 9.32 | 12.52 | 15.19 | 15.80 |
| E-Mini Nasdaq Futures | 7.99 | 12.26 | 14.32 | 15.58 |

U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



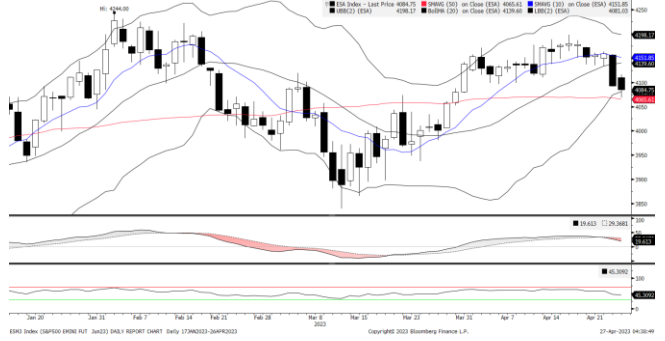
Dollar Index



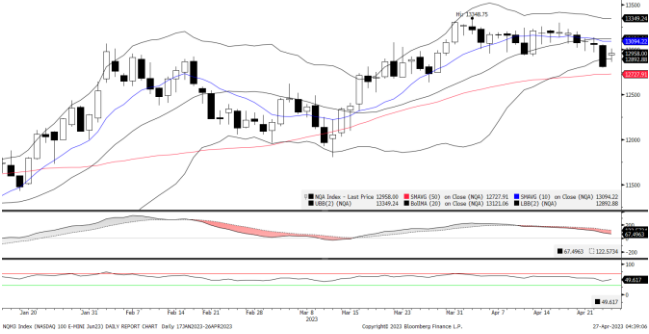
E-Mini Dow Index Futures Daily Chart



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: | 33925 | 2nd Resistance: | 34427 | 1st Resistance: | 4137.14 | 2nd Resistance: | 4198.28 | 1st Resistance: | 13081.07 | 2nd Resistance: | 13274.38 | 1st Resistance: | 1763.16 | 2nd Resistance: | 1789.21 |
| 1st Support: | 32923 | 2nd Support: | 32421 | 1st Support: | 4014.86 | 2nd Support: | 3953.72 | 1st Support: | 12694.43 | 2nd Support: | 12501.12 | 1st Support: | 1711.04 | 2nd Support: | 1684.99 |
| MACD: | 170.912 | | | MACD: | 19.571147 | | | MACD: | 67.314 | | | MACD: | -10.606 | | |
| MACD DIFF: | -53.068 | | | MACD DIFF: | -9.786047 | | | MACD DIFF: | -55.169 | | | MACD DIFF: | -1.728 | | |
| RSI: | 46.173 | | | RSI: | 45.265100 | | | RSI: | 49.546 | | | RSI: | 36.902 | | |

Strategy

| | Long: | Profit target: | Stop-loss: | Long: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: |
|---------------|----------|----------------|------------|----------|----------------|------------|----------|----------------|------------|----------|----------------|------------|
| Dow | 32923 | 33252 | 32758 | 32421 | 32745 | 32259 | 33925 | 34427 | 34095 | 34427 | 34082 | 34599 |
| S&P | 4014.86 | 4055.01 | 3994.79 | 3953.72 | 3993.26 | 3933.95 | 4137.14 | 4095.77 | 4157.83 | 4198.28 | 4156.30 | 4219.27 |
| Nasdaq | 12694.43 | 12821.38 | 12630.96 | 12501.12 | 12626.13 | 12438.61 | 13081.07 | 12950.26 | 13146.47 | 13274.38 | 13141.64 | 13340.75 |
| Micro Russell | 1711.04 | 1728.15 | 1702.49 | 1684.99 | 1701.84 | 1676.56 | 1763.16 | 1745.52 | 1771.97 | 1789.21 | 1771.32 | 1798.16 |

Source: Bloomberg

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