

Fundamentals:

The Nasdaq ended Wednesday at its highest intraday level in more than eight months, boosted by a slightly lower-than-expected increase in April inflation and Alphabet Inc's GOOGL.O latest artificial intelligence rollout.

The Labor Department's Consumer Price Index (CPI) rose 4.9% in April from a year ago, compared with expectations of a 5% increase, raising hopes that the Federal Reserve's interest rate hiking cycle is close to an end. Month-over-month CPI in April rose 0.4% after gaining 0.1% in March.

The Nasdaq was helped by a 4.10% climb in Alphabet as the company rolled out more artificial intelligence for its core search product in response to competition from Microsoft Corp.

Large-cap tech stocks including Apple Inc and Microsoft also gained 1.04% and 1.73%, respectively.

The rate-sensitive S&P 500 technology sector index went up 1.22% and the communication services rose 1.69%.

Growth companies rely more on borrowed money so they benefit from lower rates.

Fed funds futures traders are pricing in a pause in rate increases at the central bank's June meeting, and less than a 5% chance of another 25-basis point hike.

Indexes were choppy during the session, as investors digested the positive inflation print with concerns about the looming debt ceiling.

Talks on raising the U.S. federal government's \$31.4 trillion debt ceiling entered a new phase on Wednesday as some areas of potential compromise emerged after Tuesday's White House meeting.

The Dow Jones Industrial Average fell 30.48 points, or 0.09%, to 33,531.33; the S&P 500 gained 18.47 points, or 0.45%, at 4,137.64; and the Nasdaq Composite added 126.89 points, or 1.04%, at 12,306.44.

Regional bank shares extended declines from volatile sessions last week on concerns about the sector's health. PacWest Bancorp and Zions Bancorporation inched lower 0.49% and 2.74% respectively.

Oil and gas producer Occidental Petroleum Corp fell 3.58% after its first-quarter earnings fell short of analysts' estimates.

Livent Corp rose 5.24% after Australian lithium miner Allkem Ltd agreed to merge with the U.S.-based chemical manufacturing firm to create a \$10.6 billion firm.

Airbnb Inc lost 10.92% as the vacation rental booking company had fewer bookings and lower average daily rates in the second quarter.

Rivian Automotive jumped 1.80% after the electrical vehicle maker beat estimates for its first-quarter results and reiterated its annual production forecast.

U.S. Treasury yields fell on Wednesday after consumer price data for April came in roughly in line with economists' expectations, a relief to some investors who were concerned that price pressures may have been stronger than expected.

In the 12 months through April, the Consumer Price Index (CPI) increased 4.9% after advancing 5.0% on a year-on-year basis in March. The core CPI gained 5.5% after advancing by 5.6% in March.

Benchmark 10-year note yields were last at 3.439%, down 8 basis points on the day, while two-year yields dropped 12 basis points to 3.904%. The inversion in the yield curve between two-year and 10-year notes narrowed to minus 47 basis points.

The Federal Reserve is seen as likely to leave rates unchanged when it meets in June unless there is a surprise resurgence in price pressures.

That said, still high inflation could also make it unlikely that the Fed will cut rates anytime soon.

Fed funds futures traders are pricing in a 97% likelihood that the Fed will leave rates unchanged at its June meeting, and also see around 78 basis points of rate cuts by year-end.

The CPI report for May is due on June 13, one day before the Fed will conclude its two-day meeting.

Ongoing concerns about the U.S. regional banking sector and the debt ceiling standoff, if it is not resolved, could also make the U.S. central bank more likely to pause rate hikes.

One-month Treasury bill yields also hit a record high of 5.811% earlier on Wednesday as some investors avoided U.S. government debt that comes due when the Treasury could run out of funds, as Congress continues to negotiate on raising the debt ceiling.

Detailed talks on raising the U.S. government's \$31.4 trillion debt limit kicked off on Wednesday with Republicans insisting on deep spending cuts, the day after Democratic President Joe Biden and top congressional Republican Kevin McCarthy's first meeting in three months.

The Treasury sold \$35 billion in 10-year notes on Wednesday to average demand, the second auction of \$96 billion in coupon-bearing supply this week.

The notes sold at a high yield of 3.448%, less than a basis point above where they had traded before the auction. Demand was 2.45 times the amount of debt on offer, the highest since February.

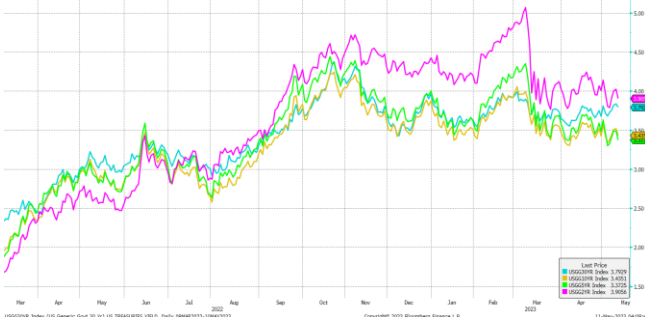
The government saw strong demand for \$40 billion in three-year notes on Tuesday and will also sell \$21 billion in 30-year bonds on Thursday.

(Source: Reuters)

Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,602.00	-53.00	33,854.00	33,297.00
E-Mini S&P JUN 23	4,152.00	18.750	4,173.25	4,112.25
E-Mini NASDAQ JUN 23	13,409.50	141.75	13,446.75	13,202.75
Micro Russell 2K JUN 22	1765.5	10.4	1786.7	1746.9
USD Nikkei JUN 23	29,065.0	-185.0	29,255.00	28,910.00
Euro Dollar JUN 23	94.61	0.030	94.63	94.55
US Dollar Index	101.43	-0.171	101.81	101.22
DJIA	33,531.33	-30.480	33,772.09	33,239.45
S&P 500	4,137.64	18.470	4,154.28	4,098.92
NASDAQ	12,306.44	126.890	12,337.69	12,180.86
Nikkei 225	29,122.18	-120.640	29,195.16	29,070.11
Hang Seng	19,762.20	-105.380	19,880.03	19,696.59
Straits Times	3,242.29	-0.660	3,257.88	3,237.09
DAX	15,896.23	-59.250	15,984.82	15,848.69
CAC	7,361.20	-35.970	7,416.32	7,337.66
FTSE100	7,741.33	-22.760	7,778.98	7,727.12

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	13.93	11.66	14.06	13.71
E-Mini S&P Futures	14.96	13.01	15.49	15.82
E-Mini Nasdaq Futures	17.23	13.45	15.65	14.87

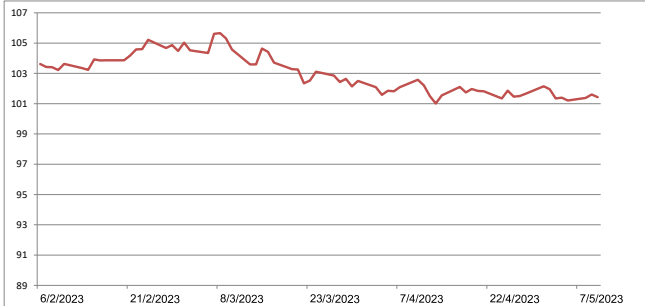
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)

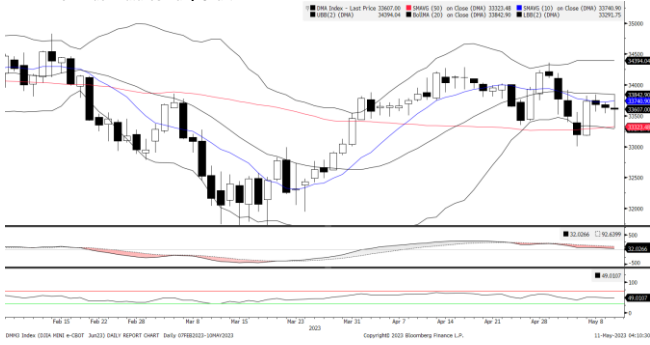


Dollar Index

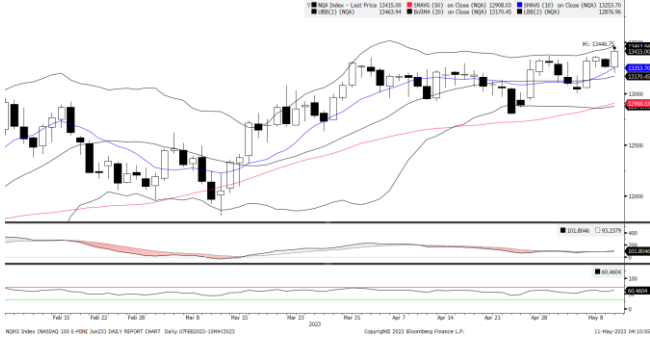


Economic Releases	Period	Survey	Actual	Prior	Revised	
05/10/2023 19:00	MBA Mortgage Applications	May-05	--	6.30%	-1.20%	--
05/10/2023 20:30	CPI MoM	Apr	0.40%	0.40%	0.10%	--
05/10/2023 20:30	CPI Ex Food and Energy MoM	Apr	0.40%	0.40%	0.40%	--
05/10/2023 20:30	CPI YoY	Apr	5.00%	4.90%	5.00%	--
05/10/2023 20:30	CPI Ex Food and Energy YoY	Apr	5.50%	5.50%	5.60%	--
05/10/2023 20:30	CPI Index NSA	Apr	303.5	303.363	301.836	--
05/10/2023 20:30	CPI Core Index SA	Apr	306.243	306.489	305.24	--
05/10/2023 20:30	Real Avg Weekly Earnings YoY	Apr	--	-1.10%	-1.60%	-1.50%
05/10/2023 20:30	Real Avg Hourly Earning YoY	Apr	--	-0.50%	-0.70%	-0.60%

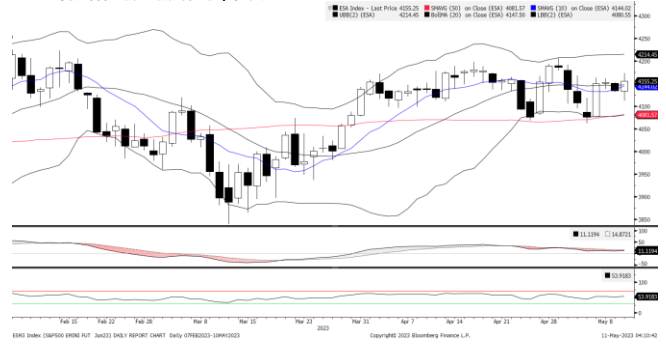
E-Mini Dow Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



E-Mini S&P 500 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow				S&P				Nasdaq				Micro Russell			
1st Resistance:	34106	2nd Resistance:	34610	1st Resistance:	4214.28	2nd Resistance:	4276.56	1st Resistance:	13610.64	2nd Resistance:	13811.79	1st Resistance:	1791.98	2nd Resistance:	1818.47
1st Support:	33098	2nd Support:	32594	1st Support:	4089.72	2nd Support:	4027.44	1st Support:	13208.36	2nd Support:	13007.22	1st Support:	1739.02	2nd Support:	1712.54
MACD:	30.393	MACD DIFF:	-62.176	MACD:	10.920468	MACD DIFF:	-3.937838	MACD:	101.179	MACD DIFF:	8.000	MACD:	-12.084	MACD DIFF:	0.847
RSI:	48.615	RSI:	53.592173	RSI:	60.242	RSI:	47.907	RSI:	60.242	RSI:	47.907	RSI:	47.907	RSI:	47.907

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33098	33429	32932	32594	32920	32431	34106	33765	34277	34610	34264	34783
S&P	4089.72	4130.62	4069.27	4027.44	4067.71	4007.30	4214.28	4172.14	4235.35	4276.56	4233.79	4297.94
Nasdaq	13208.36	13340.44	13142.32	13007.22	13137.29	12942.18	13610.64	13474.54	13678.70	13811.79	13673.67	13880.84
Micro Russell	1739.02	1756.41	1730.32	1712.54	1729.66	1703.97	1791.9825	1774.06	1800.94	1818.465	1800.28	1827.56

Source: Bloomberg

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