

**Fundamentals:**

Stocks traded mixed in a tight range and bond yields rose Monday while traders awaited news from the debt-ceiling negotiations and chewed over the latest remarks from Federal Reserve officials, including from one who said he favored additional interest-rate increases.

The tech-heavy Nasdaq Composite rose 0.5% to a new 2023 high, while the S&P 500 ticked 0.02% higher. The indexes are now up on the year 22% and 9.2%, respectively. The Dow Jones Industrial Average shed 0.4%, or about 140 points, to leave it up just 0.4% this year.

President Biden and House Speaker Kevin McCarthy (R., Calif.) were due to meet Monday evening in pursuit of a deal to raise the government's debt ceiling by June 1, when Treasury Secretary Janet Yellen has said the U.S. could run out of money to pay all its bills.

Trading that has pushed stocks to their highest level in months since last summer suggests investors are beginning to look past a potential default and toward future interest-rate decisions and the likelihood of a recession.

Regional banks continued to rebound after PacWest said it sold a bundle of real-estate loans for \$2.6 billion. Shares of the Los Angeles bank jumped 20%. Several lenders gained at least 3%, including KeyCorp, Regions and Comerica. Zions Bancorp's hard-hit stock gained 4.9%.

Shares of Facebook owner Meta Platforms continued to bounce back from last year's swoon, rising 1.1% after being fined \$1.3 billion by European Union regulators for sending user information to the U.S. The stock has more than doubled so far in 2023.

Chevron said it would acquire smaller energy producer PDC Energy in an all-stock deal worth \$6.3 billion, boosting the oil major's position in Colorado's Denver-Julesburg Basin and the Permian Basin in West Texas. Investors have expected consolidation in the oil patch given the mountain of money oil producers' piled up with last year's high energy prices. The deal was met with a ho-hum reaction from traders; Chevron's shares fell 1.8%.

Micron Technology declined 2.8% after China said it is banning major firms from buying products from the semiconductor maker.

The yield on the 10-year U.S. Treasury note rose to 3.717%, up from 3.690% on Friday. The yield on one-month Treasury bills climbed to 5.5695%.

High yields on short-term Treasuries are giving investors an attractive place to wait out the resolution of macro issues, such as the debt-ceiling standoff and the Fed's next rate decision, said Christian Chan, chief investment officer at AssetMark.

St. Louis Fed President James Bullard said at an American Gas Association gathering in Florida that he favors two more 0.25% rate increases. "I think we're going to have to grind higher with the policy rate in order to put downward pressure on inflation," he said.

His counterpart at the San Francisco Fed, Mary Daly, told an economic conference that the central bank's policy should be "about extreme data dependence and policy optionality."

"I really think at this point in our tightening cycle, it is prudent to resist the temptation to say what we're going to do for the rest of the year," she said.

Minneapolis Fed President Neel Kashkari, who is a 2023 voting member of the rate-setting Federal Open Market Committee, said in a CNBC interview Monday morning that "right now, it's a close call between raising in June or skipping."

The policy-sensitive 2-year Treasury yield advanced for an eighth straight trading session on Monday as investors and traders awaited the outcome of debt-ceiling negotiations later in the day. Meanwhile, the rate on the one-month Treasury bill soared above 5.6% as investors aggressively sold off the short-dated maturity.

The rate on one-month Treasury bills jumped to 5.616% as of 3 p.m. Eastern time, up 10.3 basis points from Friday's close of 5.513%, according to Tradeweb. That's near a multiyear high of 5.68% reached earlier this month.

Investors and traders sold off the one-month T-bill on concern over whether the government would be able to pay its obligations after June 1. The primary focus for financial markets continues to be U.S. debt-ceiling negotiations, which were set to resume after the close of markets on Monday.

Markets are pricing in an 80.1% probability that the Fed will leave interest rates unchanged between a range of 5%-5.25% on June 14, according to the CME FedWatch Tool. Fed funds futures traders also see a 19.9% chance of a quarter-point hike next month, according to 30-day Fed Funds futures.

The minutes of the Fed's May 2-3 meeting will be released on Wednesday.

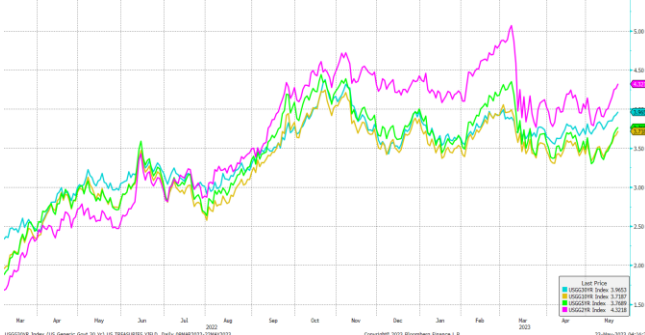
Economic Releases	Period	Survey	Actual	Prior	Revised	
05/23/2023 20:30	Philadelphia Fed Non-Manufacturing Activity	May	--	--	-22.8	--
05/23/2023 21:45	S&P Global US Manufacturing PMI	May P	50	--	50.2	--
05/23/2023 21:45	S&P Global US Services PMI	May P	52.5	--	53.6	--
05/23/2023 21:45	S&P Global US Composite PMI	May P	53	--	53.4	--
05/23/2023 22:00	New Home Sales	Apr	665k	--	683k	--
05/23/2023 22:00	New Home Sales MoM	Apr	-2.60%	--	9.60%	--
05/23/2023 22:00	Richmond Fed Manufact. Index	May	-8	--	-10	--
05/23/2023 22:00	Richmond Fed Business Conditions	May	--	--	-27	--
05/24/2023 19:00	MBA Mortgage Applications	May-19	--	--	-5.70%	--
05/25/2023 02:00	FOMC Meeting Minutes	May-03	--	--	--	--
05/25/2023 20:30	Chicago Fed Nat Activity Index	Apr	-0.2	--	-0.19	--
05/25/2023 20:30	Initial Jobless Claims	May-20	245k	--	242k	--
05/25/2023 20:30	Continuing Claims	May-13	1800k	--	1799k	--
05/25/2023 20:30	GDP Annualized QoQ	1Q S	1.10%	--	1.10%	--
05/25/2023 20:30	Personal Consumption	1Q S	3.70%	--	3.70%	--
05/25/2023 20:30	GDP Price Index	1Q S	4.00%	--	4.00%	--
05/25/2023 20:30	Core PCE QoQ	1Q S	4.90%	--	4.90%	--
05/25/2023 22:00	Pending Home Sales MoM	Apr	1.00%	--	-5.20%	--
05/25/2023 22:00	Pending Home Sales NSA YoY	Apr	-20.30%	--	-23.30%	--
05/25/2023 23:00	Kansas City Fed Manf. Activity	May	-12	--	-10	--

Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,360.00	-116.00	33,587.00	33,273.00
E-Mini S&P JUN 23	4,205.00	1.500	4,221.75	4,186.50
E-Mini NASDAQ JUN 23	13,902.50	53.75	13,946.75	13,794.25
Micro Russell 2K JUN 22	1802.5	23.3	1808.5	1769.2
USD Nikkei JUN 23	31,240.0	355.0	31,320.00	30,710.00
Euro Dollar JUN 23	94.49	-0.013	94.53	94.48
US Dollar Index	103.24	0.045	103.37	102.96
DJIA	33,286.58	-140.050	33,512.30	33,207.85
S&P 500	4,192.63	0.650	4,209.22	4,179.68
NASDAQ	12,720.78	62.880	12,756.22	12,655.26
Nikkei 225	31,086.82	278.470	31,086.82	30,689.27
Hang Seng	19,678.17	227.600	19,806.44	19,410.07
Straits Times	3,211.09	8.500	3,211.14	3,188.44
DAX	16,223.99	-51.390	16,267.93	16,196.36
CAC	7,478.16	-13.800	7,493.38	7,452.69
FTSE100	7,770.99	14.120	7,783.40	7,750.53

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	10.64	11.83	13.34	13.32
E-Mini S&P Futures	9.46	13.08	14.71	15.26
E-Mini Nasdaq Futures	14.59	14.57	16.38	14.84

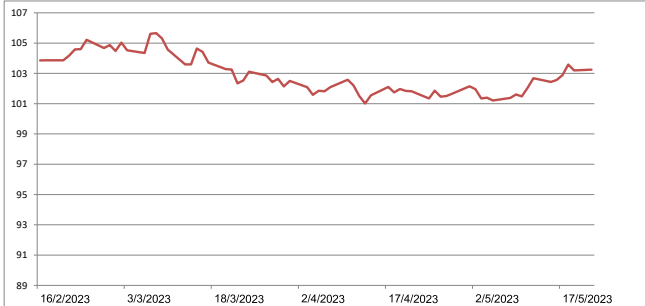
**U.S. Government Treasuries Yield**



**CBOE Volatility Index (VIX)**



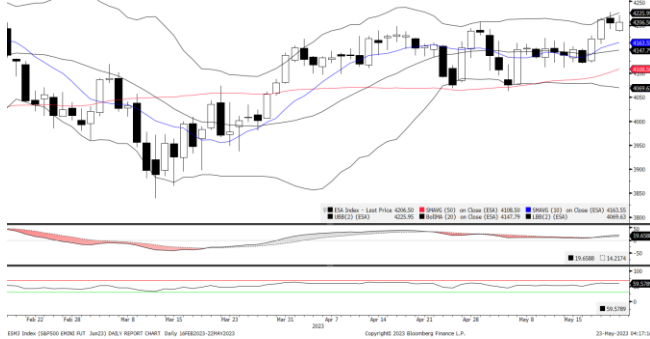
**Dollar Index**



**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:	33860	2nd Resistance:	34361	1st Resistance:	4268.08	2nd Resistance:	4331.15	1st Resistance:	14111.04	2nd Resistance:	14319.58	1st Resistance:	1829.54	2nd Resistance:	1856.58
1st Support:	32860	2nd Resistance:	32359	1st Support:	4141.93	2nd Resistance:	4078.85	1st Support:	13693.96	2nd Resistance:	13485.43	1st Support:	1775.46	2nd Resistance:	1748.43
MACD:	-56.164			MACD:	19.645846			MACD:	206.299			MACD:	-0.704		
MACD DIFF:	-29.793			MACD DIFF:	5.422162			MACD DIFF:	54.179			MACD DIFF:	6.541		
RSI:	46.678			RSI:	59.554913			RSI:	71.256			RSI:	56.299		

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32860	33188	32695	32359	32683	32197	33860	33522	34030	34361	34017	34533
S&P	4141.93	4183.34	4121.22	4078.85	4119.64	4058.46	4268.08	4225.39	4289.42	4331.15	4287.84	4352.81
Nasdaq	13693.96	13830.90	13625.49	13485.43	13620.28	13418.00	14111.04	13969.93	14181.59	14319.58	14176.38	14391.17
Micro Russell	1775.46	1793.22	1766.59	1748.43	1765.91	1739.68	1829.5375	1811.24	1838.69	1856.575	1838.01	1865.86

Source: Bloomberg

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