

Fundamentals:

U.S. stocks finished sharply higher on Friday as talks on raising the U.S. debt ceiling progressed, while chip stocks surged for a second straight day on optimism about artificial intelligence.

After several rounds of talks, U.S. President Joe Biden and top congressional Republican Kevin McCarthy appeared to be nearing a deal to increase the government's \$31.4 trillion debt limit for two years, while capping spending on most items, a U.S. official told Reuters.

The Dow Jones Industrial Average ended a five-day losing streak, while the Nasdaq Composite Index and S&P 500 closed at their highest levels since August 2022, with the S&P 500 above 4,200 points.

The Philadelphia Semiconductor Index jumped 6.3%, bringing its gain in the past two sessions to over 13%. Building on recent euphoria related to AI, Marvell Technology Inc jumped 32% after the chipmaker said it would double its annual revenue related to AI.

Investors were closely watching debt ceiling talks as Biden and McCarthy still seemed at odds over several issues heading into the long weekend, with the U.S. stock market closed on Monday for the Memorial Day holiday.

Nvidia Corp's stock climbed 2.5%, adding to its 24% gain on Thursday following its blowout forecast and elevating its stock market value to around \$960 billion, according to Refinitiv.

The S&P 500 climbed 1.30% to end at 4,205.45 points.

The Nasdaq gained 2.19% at 12,975.69 points, while Dow Jones Industrial Average rose 1.00% to 33,093.34 points.

Of the 11 S&P 500 sector indexes, eight rose, led by information technology, up 2.68%, followed by a 2.38% gain in consumer discretionary.

For the week, the S&P 500 rose 0.3%, the Dow fell 1.0% and the Nasdaq jumped 2.5%.

Data showed U.S. consumer spending increased more than expected in April and inflation picked up, which could prompt the Federal Reserve to raise interest rates again next month.

Traders now see a 60% chance of a 25-basis-point hike by the Fed in its June policy meet, up from about 40% before the data, according to the CME FedWatch tool.

Ford Motor Co jumped 6.2% after the automaker signed a deal allowing customers to access more than 12,000 Tesla Inc Superchargers in North America in early 2024. Tesla jumped 4.7%.

Ulta Beauty Inc plummeted 13.4% after the cosmetics retailer cut its annual operating margin forecast.

Paramount Global rallied 5.9% after the media conglomerate's controlling shareholder National Amusements received a \$125 million investment.

The two-year Treasury note's yield rose for an 11th straight day Friday, the longest streak since September, after economic data that bolstered the case for the Federal Reserve to raise interest rates again in June or July.

More sensitive than longer-maturity yields to changes in the Fed's policy rate, the two-year rose more than 10 basis points to 4.64%, the highest level since March 10, when a spate of regional bank failures ripped through markets and sparked haven demand. The two-year rebounded from a mid-morning pullback to around 4.55%, after Cleveland Fed President Loretta Mester said on CNBC that progress on inflation was slow and that "everything was on the table" for the June meeting.

Friday's economic data slate included a report showing the inflation rate for US personal spending on items excluding food and energy running firmer than forecast at an annual pace of 4.7% in April. Demand for Treasuries was further damped by indications US lawmakers are nearing an agreement to end the federal debt-ceiling crisis.

Swap contracts tied to Fed policy decisions this week have repriced to levels consistent with a rate increase by July. The July contract's rates is around 5.36%, more than 25 basis points above the current effective fed funds rate.

About 16 basis points are priced in for June, indicating traders see a rate increase as likelier than not. Which way the decision breaks may depend the strength of key data releases during the first week of June.

Yields briefly stabilized Friday after a University of Michigan consumer sentiment survey found a surprise easing in 12-month inflation expectations.

The two-year yield has risen from around 4.25% on May 18, its longest rising streak since a 13-day climb during last year's historic bond market rout. The Bloomberg US Treasury index is down 2.2% for May after two months of gains, with its year-to-date return trimmed to 1.3%.

Longer-dated Treasury yields have also faced upward pressure as traders downgrade the likelihood of Fed rate cuts during the second half of the year. The 10-year neared 3.86% Friday, up from around 3.38% earlier this month. Swaps for the December meeting indicate a rate above 5%, up from a low of 4.20% earlier this month.

(Source: Reuters, Bloomberg)

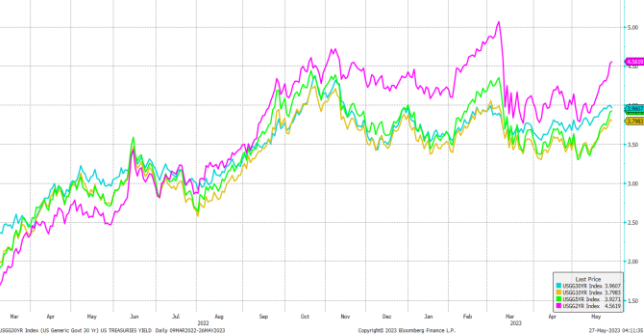
Economic Releases	Period	Survey	Actual	Prior	Revised	
05/26/2023 20:30	Durable Goods Orders	Apr P	-0.01	1.10%	3.20%	0.033
05/26/2023 20:30	Durables Ex Transportation	Apr P	-0.001	-0.002	0.002	0.003
05/26/2023 20:30	Cap Goods Orders Nondel Ex Air	Apr P	-0.001	0.014	-0.006	-0.006
05/26/2023 20:30	Cap Goods Ship Nondel Ex Air	Apr P	0.001	0.005	-0.005	-0.002
05/26/2023 20:30	Personal Income	Apr	0.004	0.004	0.003	--
05/26/2023 20:30	Personal Spending	Apr	0.50%	0.008	0.00%	0.001
05/26/2023 20:30	Real Personal Spending	Apr	0.30%	0.005	0.00%	--
05/26/2023 20:30	PCE Deflator MoM	Apr	0.30%	0.004	0.10%	--
05/26/2023 20:30	PCE Deflator YoY	Apr	4.30%	0.044	4.20%	--
05/26/2023 20:30	PCE Core Deflator MoM	Apr	0.30%	0.004	0.30%	--
05/26/2023 20:30	PCE Core Deflator YoY	Apr	4.60%	0.047	4.60%	--
05/26/2023 20:30	Wholesale Inventories MoM	Apr P	0	-0.002	0	-0.003
05/26/2023 20:30	Advance Goods Trade Balance	Apr	-\$85.9b	-\$96.8b	-\$84.6b	-\$82.7b
05/26/2023 20:30	Retail Inventories MoM	Apr	0.20%	0.002	0.70%	0.005
05/26/2023 22:00	U. of Mich. Sentiment	May F	5800.00%	59.2	5770.00%	--
05/26/2023 22:00	U. of Mich. Current Conditions	May F	--	64.9	6450.00%	--
05/26/2023 22:00	U. of Mich. Expectations	May F	--	55.4	53.4	--
05/26/2023 22:00	U. of Mich. 1 Yr Inflation	May F	0.045	0.042	0.045	--
05/26/2023 22:00	U. of Mich. 5-10 Yr Inflation	May F	0.031	0.031	0.032	--
05/26/2023 23:00	Kansas City Fed Services Activity	May	--	3	7	--

INDEX FUTURES DAILY PREVIEW
May 29, 2023

Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,125.00	348.00	33,202.00	32,724.00
E-Mini S&P JUN 23	4,213.25	60.000	4,221.25	4,146.00
E-Mini NASDAQ JUN 23	14,332.50	389.00	14,369.00	13,924.50
Micro Russell 2K JUN 22	1779	20.3	1782.1	1750.6
USD Nikkei JUN 23	31,530.0	400.0	31,585.00	30,925.00
Euro Dollar JUN 23	94.38	0.015	94.43	94.37
US Dollar Index	104.22	-0.035	104.42	103.85
DJIA	33,093.34	328.690	33,162.06	32,795.50
S&P 500	4,205.45	54.170	4,212.87	4,156.16
NASDAQ	12,975.69	277.600	13,001.91	12,729.74
Nikkei 225	30,916.31	115.180	31,101.60	30,864.49
Hang Seng	0.00	0.000	0.00	0.00
Straits Times	3,207.39	-0.330	3,213.86	3,201.00
DAX	15,983.97	190.170	16,008.59	15,726.74
CAC	7,319.18	89.910	7,334.31	7,208.44
FTSE100	7,627.20	56.330	7,643.56	7,556.92

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	13.17	12.07	13.32	12.88
E-Mini S&P Futures	15.10	13.98	14.93	15.05
E-Mini Nasdaq Futures	20.86	16.59	17.16	14.96

U.S. Government Treasuries Yield



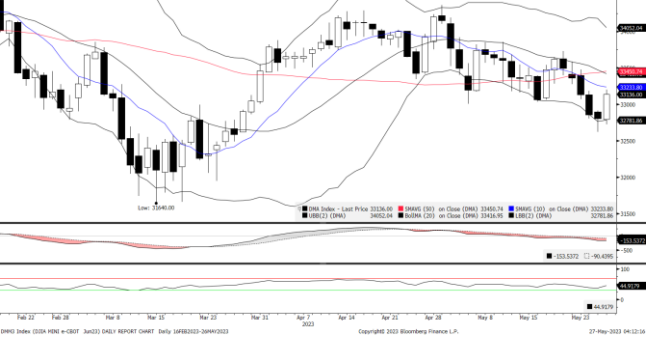
CBOE Volatility Index (VIX)



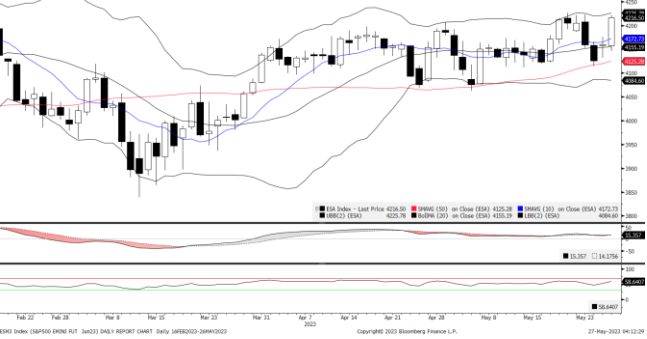
Dollar Index



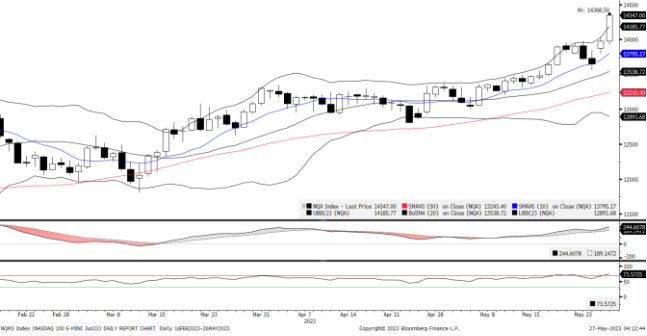
E-Mini Dow Index Futures Daily Chart



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:	33622	2nd Resistance:	34119	1st Resistance:	4276.45	2nd Resistance:	4339.65	1st Resistance:	14547.49	2nd Resistance:	14762.48	1st Resistance:	1805.69	2nd Resistance:	1832.37
1st Support:	32628	2nd Resistance:	32131	1st Support:	4150.05	2nd Resistance:	4086.85	1st Support:	14117.51	2nd Resistance:	13902.53	1st Support:	1752.32	2nd Resistance:	1725.63
MACD:	-152.043			MACD:	15.621329			MACD:	246.079			MACD:	-0.206		
MACD DIFF:	-61.976			MACD DIFF:	1.386329			MACD DIFF:	56.618			MACD DIFF:	2.778		
RSI:	45.276			RSI:	58.980085			RSI:	73.826			RSI:	51.122		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32628	32954	32465	32131	32453	31971	33622	33286	33790	34119	33778	34289
S&P	4150.05	4191.55	4129.30	4086.85	4127.72	4066.42	4276.45	4233.68	4297.83	4339.65	4296.25	4361.35
Nasdaq	14117.51	14258.69	14046.92	13902.53	14041.55	13833.01	14547.49	14402.01	14620.22	14762.48	14614.85	14836.29
Micro Russell	1752.32	1769.84	1743.55	1725.63	1742.89	1717.00	1805.685	1787.63	1814.71	1832.37	1814.05	1841.53

Source: Bloomberg

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