

Fundamentals:

U.S. stocks closed lower on Friday, capping a week dominated by Federal Reserve Chairman Jerome Powell's testimony in which he signaled more interest rate hikes ahead but vowed the central bank would proceed with caution.

All three major U.S. stock indexes lost ground in a broad sell-off. Interest-sensitive megacap stocks weighed heaviest on the tech-laden Nasdaq composite index, led by Microsoft Corp, Tesla Inc and Nvidia Corp.

With few market-moving catalysts this week aside from Powell's congressional testimony, all three indexes notched weekly losses, ending a weeks-long rally.

The Nasdaq snapped its eight-week winning streak, its longest since March 2019, while the S&P 500 broke its five-week rally, its longest since November 2021.

The S&P 500 and the Nasdaq logged their biggest Friday-to-Friday percentage drops since early March, when the regional banking liquidity crisis hit.

San Francisco Fed Bank President Mary Daly said on Friday in an interview with Reuters that two more rate hikes this year is a "very reasonable" projection, while echoing Powell's call for more caution in policy decisions.

Atlanta Fed President Tom Barkin said late Thursday he was unconvinced inflation is on a steady path down to the 2% target, but added he would not predict the outcome of the central bank's July policy meeting.

Financial markets have baked in a 74.4% likelihood that the Fed will resume hiking the Fed funds target rate by another 25 basis points at the July meeting, according to CME's FedWatch tool.

The Dow Jones Industrial Average fell 219.28 points, or 0.65%, to 33,727.43, the S&P 500 lost 33.56 points, or 0.77%, to 4,348.33 and the Nasdaq Composite dropped 138.09 points, or 1.01%, to 13,492.52.

All 11 of the major S&P 500 sectors lost ground, with utilities suffering the largest percentage loss.

Chips weighed on tech shares, with the Philadelphia SE Semiconductor index sliding 1.8%.

Used car marketplace Carmax Inc posted better-than-expected quarterly profits, sending its shares surging 10.1%.

Starbucks Corp fell 2.5% after its unions said around 3,500 U.S. workers will strike next week to protest the chain's ban on Pride month decorations at its cafes.

The CBOE Market Volatility index, a gauge of investor anxiety settled at up 0.53 point at 13.44, bouncing off a 3-1/2 year low.

Treasury yields fell on Friday as the market allowed for at least one more Federal Reserve interest rate hike in the near term and weighed the potential for slower growth - if not worse - signaled by weaker-than-expected growth in the euro zone.

Euro zone business growth stalled in June as a manufacturing recession deepened and a previously resilient services sector barely grew, according to HCOB's flash Composite Purchasing Managers' Index (PMI) for the 20 countries sharing the euro currency.

In the United States, business activity fell to a three-month low in June as services growth eased for the first time this year and the contraction in the manufacturing sector deepened, according to S&P Global's flash U.S. Composite PMI Output Index.

The Treasury yield curve measuring the difference between two- and 10-year yields inverted further to -101.2 basis points - its most since March - as the short end edged higher than the long end, indicating a recession lies ahead.

The yield on two-year notes, which typically moves in step with interest rate expectations, fell 4.8 basis points to 4.752%, while the yield on 10-year Treasuries slid 5.7 basis points to 3.742%.

Germany's two-year bund yield, the most sensitive to expectations for monetary policy, dropped 6 basis points to 3.175%.

But the U.S. PMI remained above a reading of 50 for the fifth straight month, adding to evidence the American economy has continued expanding in the April-through-June period.

The yield on 30-year bonds fell 4.9 basis points to 3.824%. The 10-year TIPS breakeven rate was last at 2.223%, indicating the market sees inflation averaging about 2.22% a year for the next decade.

Fed funds futures have priced in just one more hike before the end of the year, in contrast with statements from U.S. central bank officials that they expect two more.

San Francisco Fed President Mary Daly told Reuters two more rate hikes this year is a "very reasonable" projection, but given how fast rates have risen and are now likely close to where they need to be, it's better to move more slowly and carefully than before.

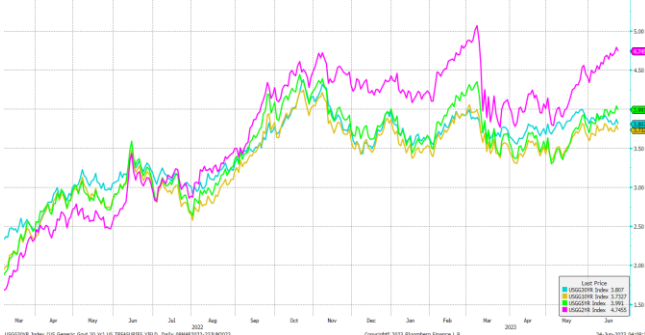
(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
06/23/2023 21:00	Bloomberg June United States Economic Survey				
06/23/2023 21:45	S&P Global US Manufacturing PMI	Jun P	48.5	46.3	48.4
06/23/2023 21:45	S&P Global US Services PMI	Jun P	54	54.1	54.9
06/23/2023 21:45	S&P Global US Composite PMI	Jun P	53.5	53	54.3
06/23/2023 23:00	Kansas City Fed Services Activity	Jun	--	14	3
06/26/2023 22:30	Dallas Fed Manf. Activity	Jun	-20	--	-29.1
06/27/2023 20:30	Durable Goods Orders	May P	-0.90%	--	1.10%
06/27/2023 20:30	Durables Ex Transportation	May P	0.00%	--	-0.30%
06/27/2023 20:30	Cap Goods Orders Nondel Ex Air	May P	0.20%	--	1.30%
06/27/2023 20:30	Cap Goods Ship Nondel Ex Air	May P	0.20%	--	0.50%
06/27/2023 21:00	FHFA House Price Index MoM	Apr	0.50%	--	0.60%
06/27/2023 21:00	S&P CoreLogic CS 20-City MoM SA	Apr	0.35%	--	0.45%
06/27/2023 21:00	S&P CoreLogic CS 20-City YoY NSA	Apr	-2.60%	--	-1.15%
06/27/2023 21:00	S&P CoreLogic CS US HPI YoY NSA	Apr	--	--	0.66%
06/27/2023 22:00	New Home Sales	May	675k	--	683k
06/27/2023 22:00	New Home Sales MoM	May	-1.20%	--	4.10%
06/27/2023 22:00	Conf. Board Consumer Confidence	Jun	104	--	102.3
06/27/2023 22:00	Conf. Board Present Situation	Jun	--	--	148.6
06/27/2023 22:00	Conf. Board Expectations	Jun	--	--	71.5

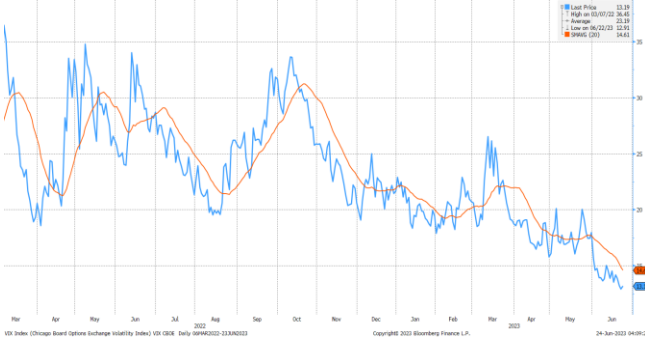
Contract	Close	Change	High	Low
E-Mini Dow SEP 23	33,977.00	-247.00	34,250.00	33,888.00
E-Mini S&P SEP 23	4,389.00	-37.250	4,426.25	4,381.50
E-Mini NASDAQ SEP 23	15,058.25	-164.75	15,236.00	14,985.25
Micro Russell 2K JUN 22	1833.6	-31.7	1868	1830
USD Nikkei SEP 23	32,700.0	-825.0	33,575.00	32,415.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	102.88	0.494	103.17	102.38
DJIA	33,727.43	-219.280	33,835.66	33,646.49
S&P 500	4,348.33	-33.560	4,366.55	4,341.34
NASDAQ	13,492.52	-138.090	13,572.19	13,442.65
Nikkei 225	32,781.54	-483.340	33,533.47	32,575.56
Hang Seng	18,889.97	-328.380	19,138.42	18,800.34
Straits Times	3,191.60	-30.830	3,222.79	3,187.82
DAX	15,829.94	-158.220	15,917.14	15,733.12
CAC	7,163.42	-39.860	7,193.78	7,128.64
FTSE100	7,461.87	-40.160	7,502.03	7,439.72

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	11.18	11.60	11.57	13.17
E-Mini S&P Futures	11.48	11.45	12.16	14.40
E-Mini Nasdaq Futures	23.91	22.45	18.23	17.72

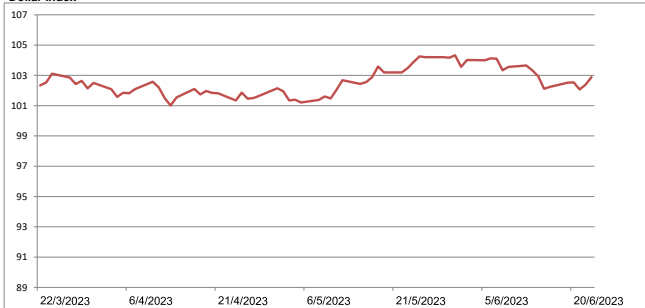
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



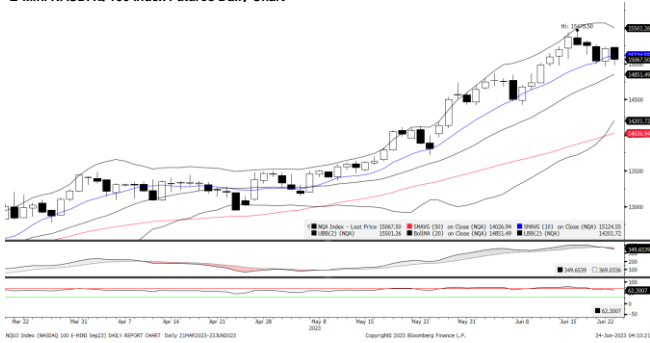
E-Mini Dow Index Futures Daily Chart



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:	34487	2nd Resistance:	34996	1st Resistance:	4454.84	2nd Resistance:	4520.67	1st Resistance:	15284.12	2nd Resistance:	15510.00	1st Resistance:	1861.10	2nd Resistance:	1888.61
1st Support:	33467	2nd Resistance:	32958	1st Support:	4323.17	2nd Resistance:	4257.33	1st Support:	14832.38	2nd Resistance:	14606.50	1st Support:	1806.10	2nd Resistance:	1778.59
MACD:	147.709			MACD:	55.143922			MACD:	348.237			MACD:	18.646		
MACD DIFF:	-7.142			MACD DIFF:	-0.383996			MACD DIFF:	-20.486			MACD DIFF:	-5.309		
RSI:	48.361			RSI:	58.024280			RSI:	61.710			RSI:	46.625		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33467	33802	33300	32958	33287	32793	34487	34142	34659	34996	34646	35171
S&P	4323.17	4366.40	4301.55	4257.33	4299.90	4236.04	4454.84	4410.29	4477.11	4520.67	4475.46	4543.27
Nasdaq	14832.38	14980.70	14758.21	14606.50	14752.57	14533.47	15284.12	15131.28	15360.54	15510.00	15354.90	15587.55
Micro Russell	1806.1	1824.16	1797.07	1778.59	1796.38	1769.70	1861.104	1842.49	1870.41	1888.608	1869.72	1898.05

Source: Bloomberg

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