

## Fundamentals:

The S&P 500 and the Nasdaq Composite fell on Friday and posted their second straight weekly losses, as hotter-than-expected U.S. producer prices data pushed Treasury yields higher and sank rate-sensitive megacap growth stocks.

The Dow Jones Industrial Average closed higher for the day and ended the week up 0.6%. It was the first time in 2023 that the Nasdaq fell for two straight weeks. The S&P 500 ended the week down 0.3%, with the Nasdaq 1.9% lower.

The U.S. government reported that the producer price index (PPI) climbed 0.8% in the 12 months leading to July, up from a 0.2% rise in the previous month, as costs of services increased. Economists polled by Refinitiv had expected a 0.7% gain.

Though traders broadly expect the Federal Reserve to refrain from tightening credit conditions for the rest of the year, bets for no rate hike in September slipped to 88.5% from 90% before the data landed.

Yield on the two-year U.S. Treasury note, that moves in line with near-term interest rate expectations, climbed to 4.88%.

This move weighed on big tech names, as high interest rates could slow the economy and dent the ability of these firms to achieve the growth projections which have pushed them to premium valuations. Higher rates can also make interest-bearing bonds an attractive alternative to stocks for some risk-averse investors.

Tesla, Meta Platforms Inc and Microsoft closed down between 0.6% and 1.3%.

A 3.6% fall in Nvidia weighed on the semiconductor index, which was 2.3% lower. It was the fourth straight decline and its eighth loss in nine sessions for the semis index, and its 5% weekly decline was its worst performance since early April.

Megacap growth and technology stocks have led outsized gains this year in the tech-heavy Nasdaq and the S&P 500. But after a five-month stretch of advances, August has so far been marked by a more cautious approach from investors.

The Dow Jones Industrial Average rose 105.25 points, or 0.3%, to 35,281.4, the S&P 500 lost 4.78 points, or 0.11%, to 4,464.05 and the Nasdaq Composite dropped 76.18 points, or 0.56%, to 13,644.85.

Amid the major S&P sectors, healthcare and energy sectors advanced. Both have been among the worst performing industries this year, although energy matched its strongest run this year by closing higher for the seventh straight session.

The energy sector's 1.6% increase was aided by crude prices rising on forecasts for tightening supplies from the International Energy Agency. Occidental Petroleum Corp was among the biggest gainers, up 3.3%, after one of its units secured a grant from the U.S. government to support its carbon capture ambitions.

Among other movers, News Corp rose 4.6% after the Rupert Murdoch-owned media conglomerate beat quarterly profit estimates, thanks to its cost-cutting efforts.

U.S.-listed shares of Chinese companies Alibaba and JD.com fell 3.5% and 5.3%, respectively, as Beijing's latest stimulus measures disappointed investors, while fresh data showed that the country's post-pandemic recovery was losing steam.

U.S. Treasury yields rose to one-week highs on Friday after producer price inflation in July came in hotter than economists' expectations, a day after data showed consumer prices rose modestly during the month.

The producer price index for final demand rose 0.3% last month as the cost of services rebounded at the fastest pace in nearly a year, beating expectations for a 0.2% gain. In the 12 months through July, the PPI increased 0.8% after gaining 0.2% in June.

The pick-up in the annual rate happened because prices were lower last year. Economists had predicted a 0.7% annual increase.

Traders are nervous that a resurgence in price pressures could increase the chances that the Federal Reserve will need to continue hiking rates.

Some analysts said, however, that the data was not very far from what was expected.

The producer price data also comes a day after consumer prices rose by just 0.2% in July as higher rents were mostly offset by declining costs of goods such as motor vehicles and furniture.

Fed funds futures traders are pricing in three basis points of tightening at the U.S. central bank's September meeting, indicating they see a very low chance of a further 25 basis points increase.

Fed officials will give their rate predictions at September's meeting in the so-called "dot plot," which will be evaluated to see if they expect further tightening by year-end.

Other data on Friday showed that U.S. consumer sentiment dipped in August, but Americans expected inflation to edge lower over the next year and beyond.

Benchmark 10-year yields rose 9 basis points on the day to 4.168%. They are down from 4.206% last Friday, the highest since Nov. 8.

Two-year yields rose 8 basis points to 4.900%. The interest rate sensitive notes are holding below yields of 5.120% reached on July 6, which were the highest since June 2007.

The inversion in the yield curve between two-year and 10-year notes was little changed on the day at minus 73 basis points.

Friday's yield increases were seen as likely exacerbated by thin trading conditions with many traders away for summer vacations.

Ongoing concerns about increased U.S. Treasury supply is also weighing on the market, though it is not seen as likely to cause large disruptions in the near-term.

Yields gained last week after the Treasury raised its borrowing estimate for the third quarter and said it would increase auctions sizes across the yield curve.

The U.S. Treasury Department this week saw soft demand for 30-year bonds, but solid interest in auctions for three-year and 10-year notes, as part of its \$103 billion refunding.

(Source: Reuters)

Contract	Close	Change	High	Low
E-Mini Dow SEP 23	35,351.00	126.00	35,431.00	35,115.00
E-Mini S&P SEP 23	4,480.75	-0.500	4,496.25	4,459.00
E-Mini NASDAQ SEP 23	15,095.75	-93.50	15,266.75	15,037.25
Micro Russell 2K JUN 22	1932	3.5	1938.5	1918.2
USD Nikkei SEP 23	32,470.0	-55.0	32,725.00	32,450.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	102.85	0.323	102.91	102.42
DJIA	35,281.40	105.250	35,354.60	35,059.99
S&P 500	4,464.05	-4.780	4,476.23	4,443.98
NASDAQ	13,644.85	-93.140	13,720.33	13,609.98
Nikkei 225	0.00	0.000	0.00	0.00
Hang Seng	19,075.19	-173.070	19,346.29	19,049.92
Straits Times	3,294.28	-28.650	3,319.99	3,279.71
DAX	15,832.17	-164.350	15,962.45	15,803.08
CAC	7,340.19	-93.430	7,406.89	7,317.76
FTSE 100	7,524.16	-94.440	7,618.60	7,507.84

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	10.09	9.01	9.94	10.50
E-Mini S&P Futures	9.92	9.26	10.47	11.20
E-Mini Nasdaq Futures	19.27	17.95	19.81	18.03

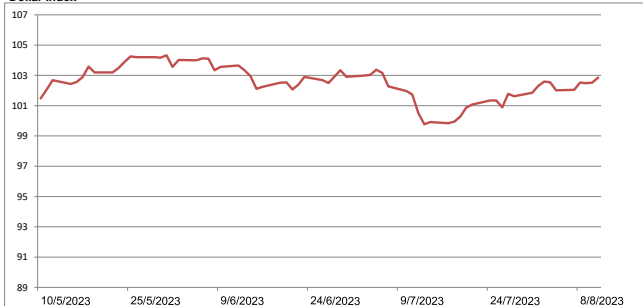
## U.S. Government Treasuries Yield



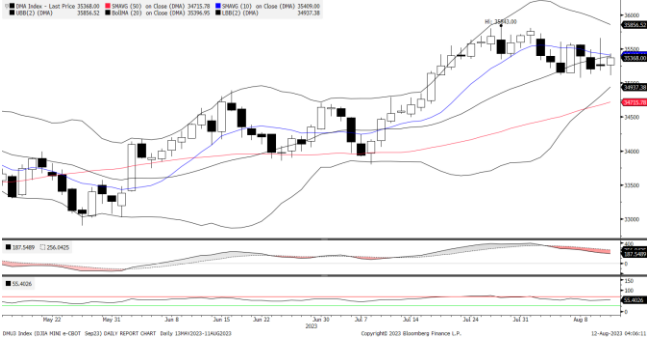
## CBOE Volatility Index (VIX)



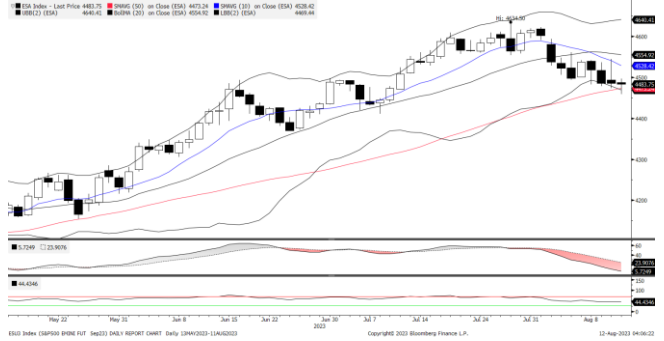
## Dollar Index



**E-Mini Dow Index Futures Daily Chart**



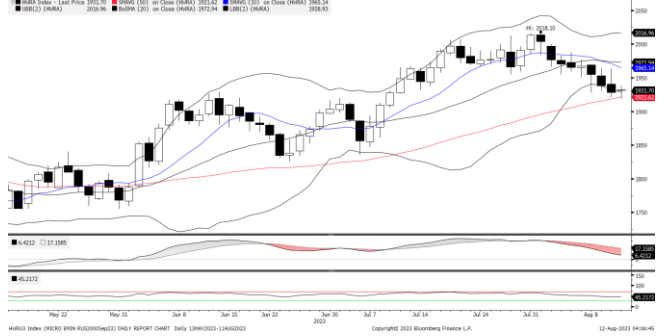
**E-Mini S&P 500 Index Futures Daily Chart**



**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:	35881	2nd Resistance:	36412	1st Resistance:	4547.96	2nd Resistance:	4615.17	1st Resistance:	15322.19	2nd Resistance:	15548.62	1st Resistance:	1960.98	2nd Resistance:	1989.96
1st Support:	34821	2nd Resistance:	34290	1st Support:	4413.54	2nd Resistance:	4346.33	1st Support:	14869.31	2nd Resistance:	14642.88	1st Support:	1903.02	2nd Resistance:	1874.04
MACD:	188.262			MACD:	5.848093			MACD:	-16.389			MACD:	6.444		
MACD DIFF:	-67.917			MACD DIFF:	-18.088635			MACD DIFF:	-92.697			MACD DIFF:	-10.717		
RSI:	55.594			RSI:	44.670092			RSI:	40.165			RSI:	45.317		

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	34821	35169	34647	34290	34633	34119	35881	35522	36061	36412	36047	36594
S&P	4413.54	4457.67	4391.47	4346.33	4389.79	4324.60	4547.96	4502.48	4570.70	4615.17	4569.02	4638.25
Nasdaq	14869.31	15018.01	14794.97	14642.88	14789.31	14569.66	15322.19	15168.96	15398.80	15548.62	15393.14	15626.37
Micro Russell	1903.02	1922.05	1893.50	1874.04	1892.78	1864.67	1960.98	1941.37	1970.78	1989.96	1970.06	1999.91

Source: Bloomberg

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