

Fundamentals:

U.S. stocks finished higher on Monday, regaining some of the ground lost last week, as investors added positions ahead of Thursday's highly awaited U.S. inflation report.

The main stock indexes ended last week lower as investors took profits after months of gains due to worries over economic data, mixed earnings and rising Treasury yields.

U.S. stocks have sharply rallied in 2023, with the benchmark S&P 500 rising 17.7% this year, fueled by optimism around artificial intelligence and hopes of a soft landing for the world's largest economy.

While August trading is seasonally slower with summer vacations, set events and data releases can still offer investors new food for thought.

On Thursday, the latest U.S. consumer price report is expected to offer clues about the Federal Reserve's monetary policy path, after Friday's employment report re-ignited fears that the central bank could keep rates higher for longer.

The Dow Jones Industrial Average rose 407.51 points, or 1.16%, to 35,473.13 - its largest one-day gain since June 15.

Meanwhile, the S&P 500 gained 40.41 points, or 0.90%, at 4,518.44, and the Nasdaq Composite added 85.16 points, or 0.61%, at 13,994.40.

The tech-heavy Nasdaq snapped a four-session losing streak, matching its longest negative run this year. It overcame weakness in Tesla, which dropped 0.9% after the electric vehicle giant named Vaibhav Taneja to replace Zachary Kirkhorn as its finance chief.

The Nasdaq also finished lower for four straight days at the start of May. Before that, the longest losing streak was a six-session drop in October.

The S&P 500 also snapped a four-session losing run. It has had two other such stretches in 2023: at the start of May and in February. It had a five-session skid in December.

Most of the S&P's major indexes rose, led by gains of 1.9% in communication services and 1.4% in financials.

Overall, second-quarter earnings have been better than expected so far, with 79.1% of the 422 S&P 500 companies that have reported as of Friday beating analysts' estimates, Refinitiv data shows.

Berkshire Hathaway rose 3.4% to a record high, after the conglomerate run by billionaire investor Warren Buffett reported at the weekend that quarterly operating profit topped \$10 billion for the first time.

However, Tyson Foods slid 3.8% after the meat packer disappointed Wall Street expectations for third-quarter revenue.

Vaccine makers BioNTech SE and Moderna Inc slumped 7.5% and 6.5%, respectively. The former said it was cutting its drug development budget after quarterly revenue was hurt by a plunge in pandemic-related demand. The latter was hit by investment bank Leerink cutting its price target for the company.

Sage Therapeutics suffered its biggest one-day decline since December 2019, dropping 53.6%, after the U.S. drug regulator declined to approve a first-of-its-kind postpartum depression (PPD) pill. Its partner on the drug, Biogen, recovered to trade 0.9% higher.

Benchmark U.S. Treasury yields rose on Monday but held below almost nine-month highs reached on Friday ahead of the U.S. Treasury Department's sale this week of \$103 billion in coupon-bearing debt.

Yields have risen since the Treasury last week forecast higher issuance for the third quarter than previously expected and as Fitch Ratings cut its credit rating on the United States from the top investment grade.

It comes as the U.S. budget deficit continues to widen on higher spending and falling tax receipts.

The U.S. government said last week that it would increase auction sizes across the board as it raises more funds in the bond market.

The Treasury will sell \$42 billion in three-year notes on Tuesday, \$38 billion in 10-year notes on Wednesday and \$23 billion in 30-year bonds on Thursday.

Benchmark 10-year yields were up two basis points at 4.078%. They reached 4.206% on Friday, the highest since Nov. 8.

Two-year yields were down three basis points at 4.758%. The interest rate sensitive notes are holding below yields of 5.120% reached on July 6, which were the highest since June 2007.

Thirty-year bond yields gained four basis points to 4.258%. They reached 4.351% on Friday, the highest since Oct. 25.

The yield curve has steepened, with longer-dated yields rising faster than shorter-dated ones, on expectations that the Federal Reserve is near the end of its tightening cycle.

The inversion in the closely watched two-year, 10-year part of the yield curve narrowed to minus 67 basis points on Monday, the least inverted since May 25.

Fed funds futures traders are pricing in less than 50% odds of an additional 25 basis point increase this year.

However, still-strong economic data is leading some traders to push back expectations of an economic downturn, or price in a higher likelihood that the U.S. economy will achieve a soft landing.

That could also mean that the U.S. central bank will continue hiking rates as it tries to bring inflation closer to its 2% annual target.

Fed Governor Michelle Bowman said on Monday that additional interest rate hikes will likely be needed in order to reach this level.

New York Fed President John Williams, meanwhile, was quoted in a recent interview as saying that "we're pretty close to what a peak rate would be."

This week's main U.S. economic focus will be consumer price inflation data on Thursday. It is expected to show that prices rose by 0.2% in July, for an annual increase of 3.3%.

Core prices, which exclude the volatile food and energy segments, are forecast to rise by 0.2% in July, for an annual gain of 4.8%.

(Source: Reuters)

Contract	Close	Change	High	Low
E-Mini Dow SEP 23	35,554.00	417.00	35,589.00	35,140.00
E-Mini S&P SEP 23	4,537.75	42.750	4,541.75	4,500.50
E-Mini NASDAQ SEP 23	15,485.50	137.75	15,495.50	15,334.25
Micro Russell 2K JUN 22	1968.9	3.4	1976.9	1950.6
USD Nikkei SEP 23	32,425.0	450.0	32,465.00	31,820.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	102.08	0.061	102.38	101.97
DJIA	35,473.13	407.510	35,497.38	35,125.60
S&P 500	4,518.44	40.410	4,519.84	4,491.15
NASDAQ	13,994.40	85.160	13,997.15	13,864.92
Nikkei 225	32,254.56	61.810	32,306.87	31,830.23
Hang Seng	19,537.92	-1,540	19,581.82	19,352.35
Straits Times	3,309.87	17.480	3,312.87	3,293.70
DAX	15,950.76	-1,100	15,962.61	15,824.78
CAC	7,319.76	4.690	7,330.24	7,269.48
FTSE 100	7,554.49	-9.880	7,564.95	7,505.15

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	10.70	9.30	10.37	10.79
E-Mini S&P Futures	12.11	10.06	10.64	11.41
E-Mini Nasdaq Futures	21.04	18.31	20.39	18.17

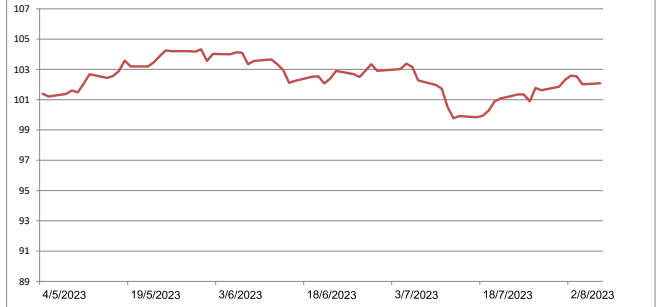
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)

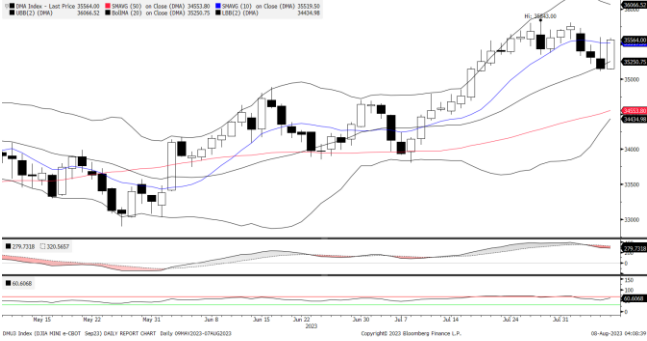


Dollar Index

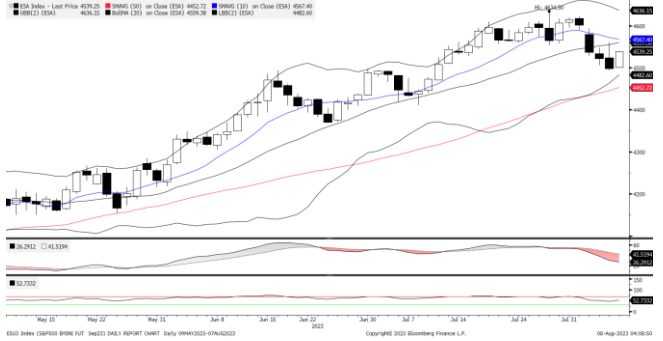


Economic Releases	Period	Survey	Actual	Prior	Revised	
08/08/2023 03:00	Consumer Credit	Jun	\$13,000b	\$17,847b	\$7,240b	\$9,457b
08/08/2023 18:00	NFIB Small Business Optimism	Jul	91.3	--	91	--
08/08/2023 20:30	Trade Balance	Jun	-\$65.0b	--	-\$69.0b	--
08/08/2023 22:00	Wholesale Trade Sales MoM	Jun	-0.20%	--	-0.20%	--
08/08/2023 22:00	Wholesale Inventories MoM	Jun F	-0.30%	--	-0.30%	--
08/09/2023 19:00	MBA Mortgage Applications	Aug-04	--	--	-3.00%	--

E-Mini Dow Index Futures Daily Chart



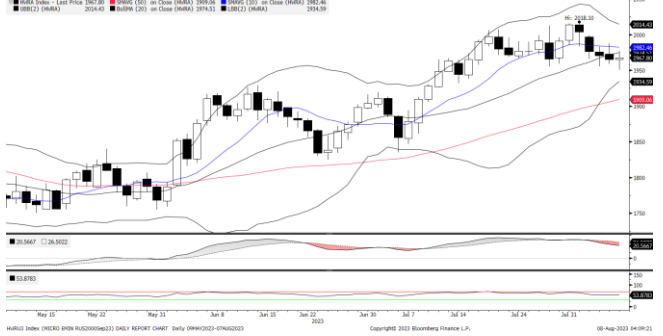
E-Mini S&P 500 Index Futures Daily Chart



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:	36087	2nd Resistance:	36621	1st Resistance:	4605.82	2nd Resistance:	4673.88	1st Resistance:	15717.78	2nd Resistance:	15950.07	1st Resistance:	1998.43	2nd Resistance:	2027.97
1st Support:	35021	2nd Resistance:	34487	1st Support:	4469.68	2nd Resistance:	4401.62	1st Support:	15253.22	2nd Resistance:	15020.94	1st Support:	1939.37	2nd Resistance:	1909.83
MACD:	280.035	MACD:	26.417367	MACD:	93.146	MACD:	-68.834	MACD:	20.660	MACD:	-5.858	MACD:	20.660	MACD:	-5.858
MACD DIFF:	-40.369	MACD DIFF:	-15.110302	MACD DIFF:	-68.834	MACD DIFF:	-5.858	MACD DIFF:	-68.834	MACD DIFF:	-5.858	MACD DIFF:	-5.858	MACD DIFF:	-5.858
RSI:	60.703	RSI:	52.975977	RSI:	50.969	RSI:	50.969	RSI:	50.969	RSI:	50.969	RSI:	54.150	RSI:	54.150

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	35021	35371	34846	34487	34832	34315	36087	35726	36268	36621	36254	36804
S&P	4469.68	4514.38	4447.34	4401.62	4445.63	4379.61	4605.82	4559.76	4628.85	4673.88	4627.14	4697.25
Nasdaq	15253.22	15405.75	15176.95	15020.94	15171.14	14945.83	15717.78	15560.60	15796.37	15950.07	15790.56	16029.82
Micro Russell	1939.37	1958.76	1929.67	1909.83	1928.93	1900.28	1998.4335	1978.45	2008.43	2027.967	2007.69	2038.11

Source: Bloomberg

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