

## Fundamentals:

US stocks traded higher Monday after each of the major indexes recorded their strongest weekly performances of the year last week.

Major indexes gained more than 5% last week as the Federal Reserve hit pause on further rate hikes and as bond yields retreated.

But gains Monday were relatively muted as the market looked for direction following the big jump.

Morgan Stanley strategist Mike Wilson warned that the rally to start November — historically the strongest month for stocks of the year — resembles a bear market rally rather than a sign of market strength.

He said macro headwinds and a lack of fundamental drivers make any sustained upside seem unlikely.

"We think last week's rally in stocks was mainly a function of the fall in back-end Treasury yields," Wilson wrote in a Monday note. "In our view, the drop in Treasury yields was more related to the lower than expected coupon issuance guidance and weaker economic data as opposed to the bullish interpretation (for equities) that the Fed is going to cut rates earlier next year in the absence of a labor cycle."

In a note later in the day, JPMorgan's Marko Kolanovic echoed Wilson's sentiment, writing that there are a number of concerns that should be on investors' radars that suggest the gains are set to fade.

"We believe that equities will soon revert back to an unattractive risk-reward as the Fed is set to remain higher for longer, valuations are rich, earnings expectations remain too optimistic, pricing power is waning, profit margins are at risk and the slowdown in topline growth is set to continue," Kolanovic said.

After notching its best week of 2023 amid dovish Fed bets, oversold technical levels and positioning, the S&P 500 edged slightly higher on Monday. A reversal of the moves in bonds also weighed on sentiment, with 10-year yields up eight basis points to 4.65%. Treasuries slid amid a heavy slate of corporate debt sales and ahead of a series of auctions beginning Tuesday.

Wall Street waded through the Senior Loan Officer Opinion Survey — known as SLOOS — which showed tighter standards and weaker demand persist at US banks. A raft of Fed officials — including Chair Jerome Powell — is due to speak over the next few days. Swaps are pricing in more than 100 basis points of rate cuts by the end of 2024 from an expected peak rate of 5.37%.

Yields on 10-year Treasuries have tumbled since their 5.02% peak on Oct. 23 as traders for the \$26 trillion bond market swung back to pricing the end of rate hikes. The combination of more benign US refunding needs, weaker-than-expected jobs data and signs of the Fed turning less hawkish may have spurred widespread covering of short positions.

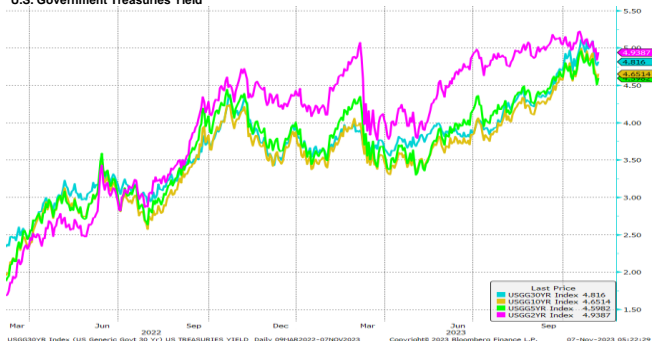
Leveraged funds ramped up net short Treasury futures positions to the most in data going back to 2006, according to an aggregate of the Commodity Futures Trading Commission figures as of Oct. 31. The bets persisted even though the cash bonds had rallied the week before.

(Source: Bloomberg)

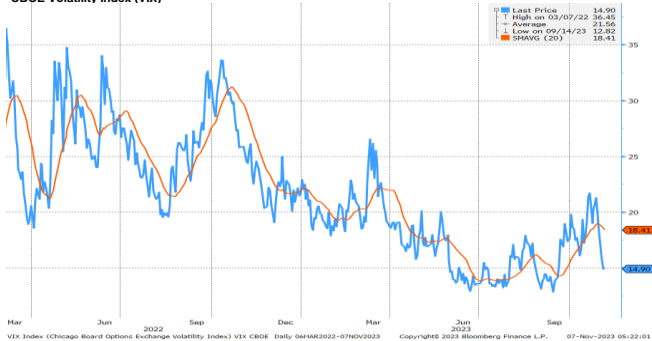
Contract	Close	Change	High	Low
E-Mini Dow DEC 23	34,164.00	12.00	34,230.00	34,051.00
E-Mini S&P DEC 23	4,384.25	5.750	4,389.50	4,364.25
E-Mini NASDAQ DEC 23	15,232.50	44.50	15,257.50	15,138.00
Micro Russell 2K JUN 22	1744.7	-23	1772.3	1735.5
USD Nikkei DEC 23	32,610.0	-140.0	32,800.00	32,485.00
US Dollar Index	105.27	0.246	105.27	104.85
DJIA	34,095.86	34.540	34,167.26	33,989.72
S&P 500	4,365.98	7.640	4,372.21	4,347.53
NASDAQ	13,518.78	40.500	13,551.62	13,435.99
Nikkei 225	32,708.48	758.590	32,766.54	32,395.50
Hang Seng	17,966.59	302.470	18,037.94	17,899.35
Straits Times	3,180.53	36.870	3,180.53	3,153.63
DAX	15,135.97	-53.280	15,223.41	15,110.84
CAC	7,013.73	-33.770	7,069.66	7,006.53
FTSE100	7,417.76	0.030	7,448.36	7,403.51

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	15.71	12.25	11.01	10.33
E-Mini S&P Futures	18.31	14.50	13.70	12.34
E-Mini Nasdaq Futures	20.36	18.38	16.44	16.92

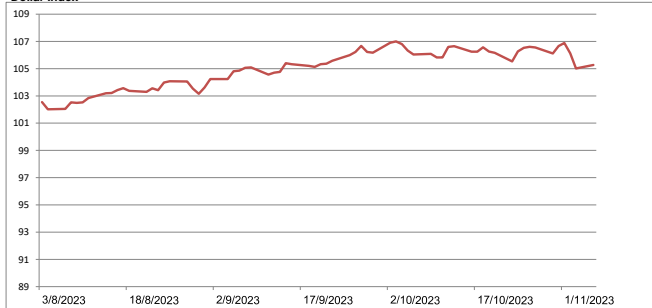
## U.S. Government Treasuries Yield



## CBOE Volatility Index (VIX)

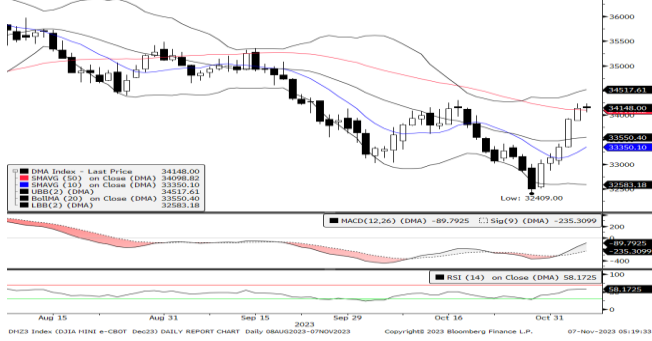


## Dollar Index

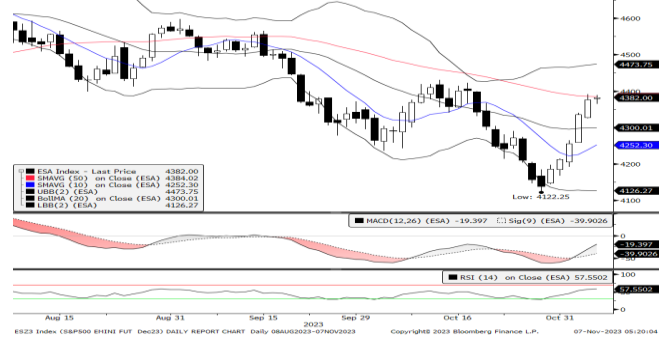


Economic Releases	Period	Survey	Actual	Prior	Revised	
11/03/2023 20:30	Change in Nonfarm Payrolls	Oct	190k	150k	336k	297k
11/03/2023 20:30	Change in Private Payrolls	Oct	145k	99k	263k	246k
11/03/2023 20:30	Change in Manufact. Payrolls	Oct	-10k	-35k	17k	14k
11/03/2023 20:30	Unemployment Rate	Oct	3.8%	3.9%	3.80%	--
11/03/2023 21:45	S&P Global US Services PMI	Oct F	50.9	50.6	50.9	--
11/03/2023 21:45	S&P Global US Composite PMI	Oct F	--	50.7	51.0	--
11/07/2023 21:30	Trade Balance	Sep	-\$60.1b	--	-\$58.3b	--
11/08/2023 23:00	Wholesale Trade Sales MoM	Sep	--	--	0.018	--
11/08/2023 23:00	Wholesale Inventories MoM	Sep F	0	--	0	--

**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:	34676	2nd Resistance:	35189	1st Resistance:	4450.01	2nd Resistance:	4515.78	1st Resistance:	15460.99	2nd Resistance:	15689.48	1st Resistance:	1770.87	2nd Resistance:	1797.04
1st Support:	33652	2nd Resistance:	33139	1st Support:	4318.49	2nd Resistance:	4252.72	1st Support:	15004.01	2nd Resistance:	14775.53	1st Support:	1718.53	2nd Resistance:	1692.36
MACD:	-89.805			MACD:	-19.394008			MACD:	-50.504			MACD:	-20.683		
MACD DIFF:	145.625			MACD DIFF:	20.504127			MACD DIFF:	72.565			MACD DIFF:	12.110		
RSI:	58.178			RSI:	57.544820			RSI:	58.016			RSI:	52.235		

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33652	33988	33483	33139	33470	32973	34676	34330	34850	35189	34837	35365
S&P	4318.49	4361.67	4296.89	4252.72	4295.25	4231.46	4450.01	4405.51	4472.26	4515.78	4470.62	4538.36
Nasdaq	15004.01	15154.05	14928.99	14775.53	14923.28	14701.65	15460.99	15306.38	15538.29	15689.48	15532.58	15767.92
Micro Russell	1718.53	1735.71	1709.94	1692.36	1709.28	1683.90	1770.8705	1753.16	1779.72	1797.041	1779.07	1806.03

Source: Bloomberg

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