

Fundamentals:

Wall Street advanced on Friday, marking the end of a rocky week in which economic data and corporate earnings guidance hinted at softening demand but also economic resiliency ahead of next week's Federal Reserve monetary policy meeting.

All three major U.S. stock indexes ended the session green, with the Nasdaq, powered by megacap momentum stocks, enjoying the biggest gain.

From last Friday's close, the S&P and the Dow posted their third weekly gains in four, while the tech-laden Nasdaq notched its fourth straight weekly advance.

So far in the early weeks of 2023, the Nasdaq has jumped 11%, while the S&P 500 and the Dow have gained 6% and 2.5%, respectively.

The Commerce Department's hotly anticipated personal consumption expenditures (PCE) report arrived largely in line with consensus, showing softening demand and cooling inflation - which is exactly what the Federal Reserve's restrictive interest rate hikes are intended to accomplish.

Fed Chair Jerome Powell has clearly stated that the central bank's battle against decades-high inflation is far from over, however. Financial markets still believe the central bank will hike the Fed funds target rate by another 25 basis points at the conclusion of next week's policy meeting.

Fourth-quarter earnings season is running on all cylinders, with 143 of the companies in the S&P 500 having reported. Of those, 67.8% have beaten Street expectations, slightly better than the 66% long-term average, but well below the 76% beat rate over the past four quarters, according to Refinitiv.

Analysts now see aggregate S&P 500 earnings falling 2.9% year-on-year, compared with the milder 1.6% annual drop seen on Jan. 1, per Refinitiv.

The Dow Jones Industrial Average rose 28.67 points, or 0.08%, to 33,978.08, the S&P 500 gained 10.13 points, or 0.25%, to 4,070.56 and the Nasdaq Composite added 109.30 points, or 0.95%, to 11,621.71.

Among the 11 major sectors of the S&P 500, consumer discretionary led the percentage gainers, while energy suffered the largest percentage loss, down 2%.

Shares of Intel Corp plunged 6.4 % after the chipmaker provided dismal earnings projections.

Chevron Corp posted record 2022 profit, but its fourth quarter earnings fell short of expectations , dragging the stock down 4.4 %.

Rival payment companies American Express Co and Visa Inc reported consensus-beating results, easing worries of waning consumer demand. There shares jumped 10.5 % and 3.0 %, respectively.

Next week, in addition to the Fed meeting and January employment data, a string of high-profile earnings reports are on tap, notably from Apple Inc, Amazon.com, Alphabet Inc and Meta Platforms, among others.

U.S. Treasury yields were higher on Friday after inflation data in Japan surprised on the upside and following the release of the Federal Reserve's favored inflation measure, the Personal Consumption Expenditures (PCE) index, which was in line with expectations.

Government bond yields - which move inversely to prices - have been rangebound over the past few days as investors await clues on monetary policy from the Federal Reserve at its interest rate-setting meeting next week.

Price moves, meanwhile, have been mainly determined by economic data which painted a mixed picture. Economic output data on Thursday, as well as labor market figures, surprised on the upside, showing strength in the U.S. economy despite the swift rise in interest rates by the Fed last year, aimed at curbing rampant inflation.

On the other hand, data released from the Commerce Department on Friday showed consumer spending, which accounts for more than two-thirds of U.S. economic activity, dropped 0.2% last month.

On the inflation side, the so-called core PCE price index rose 4.4% on a year-on-year basis in December after increasing 4.7% in November. The Fed tracks the PCE price indexes for monetary policy, and other inflation measures have also slowed down significantly.

Still, the improving inflation picture was underscored by the University of Michigan survey on Friday showing consumers' 12-month inflation expectations dropped to a 21-month low of 3.9% in January.

Traders of futures tied to the Fed's policy rate kept bets on Friday that the U.S. central bank will raise interest rates just once more beyond next week's widely expected quarter-point hike before stopping. They were pricing for the benchmark rate to peak at about 4.91% in June, before declining to 4.47% in December.

Yields declined marginally immediately after the PCE data but they pared losses and were higher on the day after data overnight showed core consumer prices in Tokyo, a leading indicator of nationwide trends, rose 4.3% in January from a year earlier, marking the fastest annual gain in nearly 42 years.

Benchmark 10-year yields were up about three basis points at 3.518%. They went as high as 3.565% in intraday trading, their highest in over a week. Two-year yields rose to 4.207%.

Key parts of the yield curve remained deeply inverted, reflecting concerns about an imminent recession. The two-year, 10-year curve was last at minus 69.1 basis points, while the spread between three-month and 10-year yields was at minus 116.1 basis points.

(Source: Reuters)

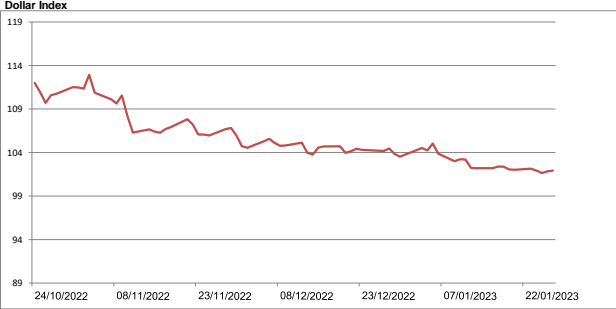
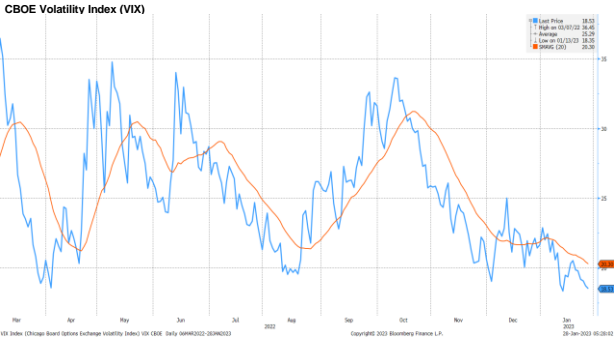
| Economic Releases | Period                            | Survey | Actual  | Prior   | Revised |
|-------------------|-----------------------------------|--------|---------|---------|---------|
| 01/27/2023 00:00  | Kansas City Fed Manf. Activity    | Jan    | -6      | -1      | -4      |
| 01/27/2023 21:30  | Personal Income                   | Dec    | 0.20%   | 0.20%   | 0.30%   |
| 01/27/2023 21:30  | Personal Spending                 | Dec    | -0.20%  | -0.20%  | -0.10%  |
| 01/27/2023 21:30  | Real Personal Spending            | Dec    | -0.10%  | -0.30%  | -0.20%  |
| 01/27/2023 21:30  | PCE Deflator MoM                  | Dec    | 0.00%   | 0.10%   | --      |
| 01/27/2023 21:30  | PCE Deflator YoY                  | Dec    | 5.00%   | 5.00%   | --      |
| 01/27/2023 21:30  | PCE Core Deflator MoM             | Dec    | 0.30%   | 0.30%   | --      |
| 01/27/2023 21:30  | PCE Core Deflator YoY             | Dec    | 4.40%   | 4.40%   | --      |
| 01/27/2023 23:00  | Pending Home Sales MoM            | Dec    | -1.00%  | 2.50%   | -2.60%  |
| 01/27/2023 23:00  | Pending Home Sales NSA YoY        | Dec    | -35.40% | -34.30% | -38.60% |
| 01/27/2023 23:00  | U. of Mich. Sentiment             | Jan F  | 64.6    | 64.9    | --      |
| 01/27/2023 23:00  | U. of Mich. Current Conditions    | Jan F  | 68.6    | 68.4    | --      |
| 01/27/2023 23:00  | U. of Mich. Expectations          | Jan F  | 62      | 62.7    | --      |
| 01/27/2023 23:00  | U. of Mich. 1 Yr Inflation        | Jan F  | 4.00%   | 3.90%   | --      |
| 01/27/2023 23:00  | U. of Mich. 5-10 Yr Inflation     | Jan F  | 3.00%   | 2.90%   | --      |
| 01/28/2023 00:09  | Kansas City Fed Services Activity | Jan    | --      | -11     | 0       |
| 01/30/2023 23:30  | Dallas Fed Manf. Activity         | Jan    | -15     | --      | -18.8   |

INDEX FUTURES DAILY PREVIEW

January 30, 2023

| Contract                | Close     | Change  | High      | Low       |
|-------------------------|-----------|---------|-----------|-----------|
| E-Mini Dow MAR 23       | 34,046.00 | 17.00   | 34,241.00 | 33,899.00 |
| E-Mini S&P MAR 23       | 4,084.25  | 7.500   | 4,109.25  | 4,057.25  |
| E-Mini NASDAQ MAR 23    | 12,222.25 | 111.50  | 12,308.50 | 12,016.00 |
| Micro Russell 2K JUN 22 | 1919      | 8.5     | 1927      | 1901.1    |
| USD Nikkei MAR 23       | 27,455.0  | -55.0   | 27,515.00 | 27,325.00 |
| Euro Dollar MAR 23      | 95.01     | 0.005   | 95.02     | 95.00     |
| US Dollar Index         | 101.93    | 0.086   | 102.19    | 101.68    |
| DJIA                    | 33,978.08 | 28.670  | 34,164.33 | 33,830.85 |
| S&P 500                 | 4,070.56  | 10.130  | 4,094.21  | 4,048.70  |
| NASDAQ                  | 11,621.71 | 109.300 | 11,691.89 | 11,470.27 |
| Nikkei 225              | 27,382.56 | 19.810  | 27,452.67 | 27,326.91 |
| Hang Seng               | 22,688.90 | 122.120 | 22,700.85 | 22,483.78 |
| Straits Times           | 3,394.21  | 17.020  | 3,395.79  | 3,379.15  |
| DAX                     | 15,150.03 | 17.180  | 15,186.49 | 15,077.62 |
| CAC                     | 7,097.21  | 1.220   | 7,117.48  | 7,062.69  |
| FTSE100                 | 7,765.15  | 4.040   | 7,777.40  | 7,742.12  |

| Historical Volatility | 10 Days | 30 Days | 60 Days | 90 Days |
|-----------------------|---------|---------|---------|---------|
| E-Mini Dow Futures    | 15.41   | 15.95   | 17.31   | 19.75   |
| E-Mini S&P Futures    | 17.07   | 18.46   | 21.85   | 23.56   |
| E-Mini Nasdaq Futures | 14.79   | 19.23   | 15.79   | 16.30   |



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

|                 |        |                 |       |                 |           |                 |         |
|-----------------|--------|-----------------|-------|-----------------|-----------|-----------------|---------|
| 1st Resistance: | 34557  | 2nd Resistance: | 35067 | 1st Resistance: | 4145.51   | 2nd Resistance: | 4206.78 |
| 1st Support:    | 33535  | 2nd Resistance: | 33025 | 1st Support:    | 4022.99   | 2nd Resistance: | 3961.72 |
| MACD:           | 85.602 |                 |       | MACD:           | 35.345185 |                 |         |
| MACD DIFF:      | 28.632 |                 |       | MACD DIFF:      | 15.671387 |                 |         |
| RSI:            | 55.518 |                 |       | RSI:            | 63.046791 |                 |         |

Nasdaq

|                 |          |                 |          |                 |          |                 |          |
|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|
| 1st Resistance: | 12405.58 | 2nd Resistance: | 12588.92 | 1st Resistance: | 12038.92 | 2nd Resistance: | 11855.58 |
| 1st Support:    | 12038.92 |                 |          | 1st Support:    | 179.015  |                 |          |
| MACD:           | 179.015  |                 |          | MACD:           | 102.975  |                 |          |
| MACD DIFF:      | 102.975  |                 |          | MACD DIFF:      | 67.710   |                 |          |
| RSI:            | 67.710   |                 |          |                 |          |                 |          |

Micro Russell

|                 |         |                 |         |                 |         |                 |         |
|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|
| 1st Resistance: | 1947.79 | 2nd Resistance: | 1976.57 | 1st Resistance: | 1890.22 | 2nd Resistance: | 1861.43 |
| 1st Support:    | 1890.22 |                 |         | 1st Support:    | 26.888  |                 |         |
| MACD:           | 26.888  |                 |         | MACD:           | 8.041   |                 |         |
| MACD DIFF:      | 8.041   |                 |         | MACD DIFF:      | 64.262  |                 |         |
| RSI:            | 64.262  |                 |         |                 |         |                 |         |

Strategy

|               |          |                |            |          |                |            |          |                |            |          |                |            |
|---------------|----------|----------------|------------|----------|----------------|------------|----------|----------------|------------|----------|----------------|------------|
| Dow           | Long:    | Profit target: | Stop-loss: | Long:    | Profit target: | Stop-loss: | Short:   | Profit target: | Stop-loss: | Short:   | Profit target: | Stop-loss: |
| S&P           | 33535    | 33671          | 33368      | 33025    | 33355          | 32859      | 34557    | 34211          | 34729      | 35067    | 34717          | 35243      |
| Nasdaq        | 4022.99  | 4063.22        | 4002.87    | 3961.72  | 4001.34        | 3941.91    | 4145.51  | 4104.06        | 4166.24    | 4206.78  | 4184.71        | 4227.81    |
| Micro Russell | 12038.92 | 12159.31       | 11978.72   | 11855.58 | 11974.14       | 11796.30   | 12405.58 | 12281.53       | 12467.61   | 12588.92 | 12463.03       | 12651.86   |
|               | 1890.22  | 1909.12        | 1880.76    | 1861.43  | 1880.04        | 1852.12    | 1947.785 | 1928.31        | 1957.52    | 1976.57  | 1956.80        | 1986.45    |

Source: Bloomberg

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