

Fundamentals:

Wall Street's main indexes ended lower on Wednesday as a grim outlook from Target spurred fresh concerns about retailers heading into the crucial holiday season, while semiconductor shares slid after Micron's supply cut.

Shares of Target Corp tumbled 13.1% after the big-box retailer forecast a surprise drop in holiday-quarter sales.

Retail stocks slumped broadly, including declines of over 8% in shares of Macy's Inc and Best Buy Co Inc and a 7% drop for Foot Locker. The S&P 500 consumer discretionary sector shed 1.5%.

Micron Technology shares dropped 6.7% after the company said it would reduce memory chip supply and make more cuts to its capital spending plan. The S&P 500 information technology sector fell 1.4% and the Philadelphia SE Semiconductor index sank 4.3%.

The Micron news "is certainly causing some tech investors to take some of these short-term profits off the table because it still appears like the fundamentals are still not great in the tech space," Carlson said.

The Dow Jones Industrial Average fell 39.09 points, or 0.12%, to 33,553.83, the S&P 500 lost 32.94 points, or 0.83%, to 3,958.79 and the Nasdaq Composite dropped 174.75 points, or 1.54%, to 11,183.66.

Gains in defensive areas such as utilities and consumer staples helped mitigate the S&P 500's losses. The utilities sector rose 0.9%, while staples gained 0.6%.

Despite the sales warning from Target, data showed U.S. retail sales increased more than expected in October as households stepped up purchases of motor vehicles, suggesting consumer spending picked up early in the fourth quarter.

Elsewhere in retail, shares of Lowe's rose 3% after the home improvement company raised its annual profit forecast.

Stocks had staged a big rally over the past month, after softer-than-expected inflation data raised hopes the U.S. Federal Reserve could get less aggressive with interest rate hikes.

Fed Governor Christopher Waller, an early and outspoken inflation hawk, said he is now "more comfortable" with smaller rate increases going forward after data showed price increases slowing.

Investors also were watching geopolitical tensions. A missile that hit Poland was probably a stray fired by Ukraine's air defenses and not a Russian strike, Poland and NATO said, easing global concern that the war in Ukraine could spill across the border.

A key segment of the US Treasury yield curve reached new extremes of inversion Wednesday after stronger-than-estimated October retail sales data pushed up expectations for Federal Reserve rate increases next year, heightening the threat of an eventual recession.

The two-year note's yield exceeded the 10-year note's by as much as 67.9 basis points, surpassing the 61.9-basis-point inversion that occurred on Nov. 4. Comparable levels last appeared in the early 1990s, according to Bloomberg data, and inversions have a track record of predicting recessions within 12 to 18 months.

As the 10-year yield declined as much as 8.7 basis points to 3.683%, it breached the low end of the Fed's target range for the federal funds rate for the first time in this cycle. The central bank raised the range to 3.75%-4% on Nov. 2, its sixth rate increase since March to address the surge in inflation.

Long-dated Treasury yields reached their lowest levels of the day after the monthly auction of 20-year bonds at 1 p.m. New York time drew strong demand. Both 20- and 30-year yields dropped more than 10 basis points in the session, with the latter trading below its 50-day moving average for the first time since mid-August.

Also Wednesday, the two-year yield exceeded the five-year by more than 50 basis points for the first time in a generation, a sign that investors expect Fed rate hikes to be followed by cuts to repair damage to the economy.

Job-cut and furlough announcements by Amazon.com Inc. and FedEx Corp. this week have highlighted slowing demand in the economy, and Target Corp. slumped Wednesday after cutting its profit outlook as shoppers become more tightfisted. Labor market conditions remain strong in the aggregate, however, complicating the Fed's task.

Typically, 10-year yields decline below the Fed's policy setting when the central bank is close to ending a tightening cycle.

The Fed has communicated a desire to slow the pace of rate hikes in order to assess the impact of their tightening steps from near zero since March. Swap contracts referencing Fed meeting dates have dialed back the forecast for next month's hike to 50 basis points after leaning toward 75 basis points a month ago.

Expectations for the peak rate rose back toward 5% Wednesday, however, and Goldman Sachs Group Inc. revised its forecast to a peak range of 5%-5.25%. Also Wednesday, San Francisco Fed President Mary Daly said 4.75% to 5% was a "reasonable" assumption for the eventual peak in rates. Her remarks were followed by Fed governor Christopher Waller leaving the door open to a sequence of half percentage-point increases from next month.

Meanwhile, signs that inflation may have peaked are emboldening investors to buy long-dated Treasuries at yields that remain near multiyear highs reached in the past month. The 10-year reached 4.34%, the 30-year 4.42%.

Both have already retreated by about half a percentage point from those levels, with the biggest drop in yields occurring on Nov. 10 after a report showed consumer prices rose less than estimated in October.

The drop in US long-dated yields during the New York afternoon session was also supported by a rally in European bonds after a report suggested a slower pace of hikes from the European Central Bank.

(Source: Reuters, Bloomberg)

Economic Releases	Period	Survey	Actual	Prior	Revised	
11/16/2022 20:00	MBA Mortgage Applications	Nov-11	--	2.70%	-0.10%	--
11/16/2022 21:30	Retail Sales Advance MoM	Oct	1.00%	1.30%	0.00%	--
11/16/2022 21:30	Retail Sales Ex Auto MoM	Oct	0.50%	1.30%	0.10%	--
11/16/2022 21:30	Retail Sales Ex Auto and Gas	Oct	0.20%	0.90%	0.30%	0.60%
11/16/2022 21:30	Retail Sales Control Group	Oct	0.30%	0.70%	0.40%	0.60%
11/16/2022 21:30	Import Price Index MoM	Oct	-0.40%	-0.20%	-1.20%	-1.10%
11/16/2022 21:30	Import Price Index ex Petroleum MoM	Oct	-0.80%	-0.20%	-0.50%	-0.30%
11/16/2022 21:30	Import Price Index YoY	Oct	4.10%	4.20%	6.00%	--
11/16/2022 21:30	Export Price Index MoM	Oct	-0.30%	-0.30%	-0.80%	-1.50%
11/16/2022 21:30	Export Price Index YoY	Oct	7.10%	6.90%	9.50%	9.20%
11/16/2022 22:15	Industrial Production MoM	Oct	0.10%	-0.10%	0.40%	0.10%
11/16/2022 22:15	Capacity Utilization	Oct	80.40%	79.90%	80.30%	80.10%
11/16/2022 22:15	Manufacturing (SIC) Production	Oct	0.20%	0.10%	0.40%	0.20%
11/16/2022 23:00	Business Inventories	Sep	0.50%	0.40%	0.80%	0.90%
11/16/2022 23:00	NAHB Housing Market Index	Nov	36	33	38	--

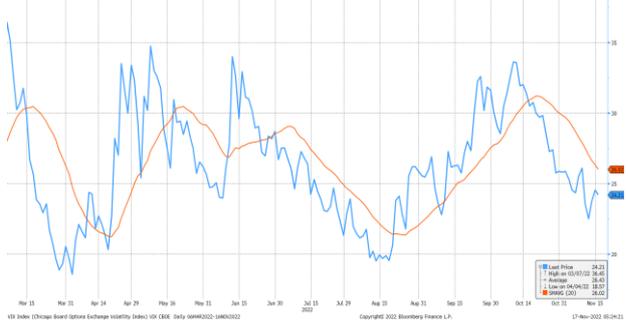
Contract	Close	Change	High	Low
E-Mini Dow DEC 22	33,591.00	16.00	33,733.00	33,471.00
E-Mini S&P DEC 22	3,968.50	-25.000	4,015.75	3,962.00
E-Mini NASDAQ DEC 22	11,739.50	-128.50	11,963.00	11,706.50
Micro Russell 2K JUN 22	1859.4	-34	1902.8	1853.4
USD Nikkei DEC 22	27,925.0	-55.0	28,110.00	27,740.00
Euro Dollar DEC 22	95.01	0.023	95.02	94.98
US Dollar Index	106.32	-0.087	106.78	105.86
DJIA	33,553.83	-39.090	33,682.83	33,516.99
S&P 500	3,958.79	-32.940	3,983.09	3,954.34
NASDAQ	11,183.66	-174.750	11,286.10	11,162.92
Nikkei 225	28,028.30	38.130	28,069.25	27,743.15
Hang Seng	18,256.48	-86.640	18,414.09	18,031.87
Straits Times	3,266.17	-9.110	3,282.91	3,258.49
DAX	14,234.03	-144.480	14,382.62	14,195.31
CAC	6,607.22	-34.440	6,656.33	6,587.20
FTSE100	7,351.19	-18.250	7,394.42	7,341.59

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	24.65	22.47	23.79	21.30
E-Mini S&P Futures	33.29	29.23	28.03	25.37
E-Mini Nasdaq Futures	14.09	14.55	16.33	15.79

U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index





Technical Analysis

Dow			S&P			Nasdaq			Micro Russell						
1st Resistance:	34095	2nd Resistance:	34599	1st Resistance:	4028.03	2nd Resistance:	4087.56	1st Resistance:	11915.59	2nd Resistance:	12091.69	1st Resistance:	1887.29	2nd Resistance:	1915.18
1st Support:	33087	2nd Resistance:	32583	1st Support:	3908.97	2nd Resistance:	3849.45	1st Support:	11563.41	2nd Resistance:	11387.32	1st Support:	1831.51	2nd Resistance:	1803.62
MACD:	746.554			MACD:	49.540541			MACD:	71.009			MACD:	26.824		
MACD DIFF:	91.223			MACD DIFF:	22.143234			MACD DIFF:	106.464			MACD DIFF:	7.092		
RSI:	65.672			RSI:	58.896597			RSI:	56.414			RSI:	56.269		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33087	33418	32922	32583	32909	32420	34095	33754	34265	34599	34253	34772
S&P	3908.97	3948.06	3869.43	3849.45	3887.94	3630.20	4028.03	3967.75	4048.17	4087.56	4046.68	4107.99
Nasdaq	11563.41	11679.04	11505.59	11387.32	11501.19	11330.38	11915.59	11796.44	11975.17	12091.69	11970.77	12152.14
Micro Russell	1831.51	1849.82	1822.35	1803.62	1821.65	1794.60	1887.29	1868.42	1896.73	1915.18	1896.03	1924.76

Source: Bloomberg

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