

Fundamentals:

U.S. stocks ended sharply lower on Wednesday, with the S&P 500 and Nasdaq falling more than 1% each, as Treasury yields rose again and investors assessed the latest batch of quarterly corporate results and forecasts.

Mounting tensions in the Middle East stoked risk aversion. Safe-haven gold hit its highest level in more than two months. The Cboe Volatility index, Wall Street's fear gauge, jumped.

Yields edged higher after data showing U.S. single-family homebuilding rebounded in September, supporting the view that the Federal Reserve will keep interest rates higher for longer.

Higher yields from risk-free U.S. Treasuries dull the appeal of stocks.

On the earnings front, Procter & Gamble shares gained 2.6% after its quarterly sales topped market expectations, while United Airlines Holdings shares plunged 9.7% after the company forecast weaker fourth-quarter profit due to higher costs. The S&P 500 passenger airlines index dropped 5.6%.

The Dow Jones Industrial Average fell 332.57 points, or 0.98%, to 33,665.08, the S&P 500 lost 58.6 points, or 1.34%, to 4,314.6 and the Nasdaq Composite dropped 219.45 points, or 1.62%, to 13,314.30.

Investors have been worried about repercussions from the Israel-Hamas conflict that began Oct. 7 with a Hamas attack on Israeli civilians and soldiers. U.S. President Joe Biden, during a lightning visit on Wednesday, pledged solidarity with Israel and said a deadly blast at a Gaza hospital seemed to have been caused by a rocket misfired by militants.

Also in earnings news, Morgan Stanley's third-quarter profit showed a hit from lethargic dealmaking. Shares ended the day down 6.8%.

After the closing bell, shares of Tesla were up about 2% and Netflix jumped about 12% after the companies reported quarterly results. Tesla ended the regular session down 4.8% and Netflix ended the session down 2.7%.

More results are expected in the coming days as third-quarter U.S. earnings season kicks into high gear.

U.S. Treasury yields edged higher on Wednesday, with the 10-year hitting a 16-year high, as concerns about government debt issuance mounted amid the ongoing headwind of Federal Reserve officials saying interest rates will stay higher for longer.

A sharp September rebound in U.S. homebuilding on demand for new construction during an acute housing shortage, suggested a resilient economy despite expectations of a slowdown. Bond yields surged and deepened on an ongoing sell-off in Treasuries.

The Commerce Department said single-family housing starts rose 7.0% from August and starts for housing projects with five units or more soared 17.1% last month. After strong retail sales on Tuesday, the Atlanta Fed's GDPNow model estimated third-quarter growth at 5.4%.

Reiterating a common talking point among U.S. central bank officials, New York Fed President John Williams said on Wednesday rates will need to stay high for a while to get inflation back to the central bank's 2% target.

The yield on 10-year notes rose 4.9 basis points to 4.896% after hitting 4.928%, the highest for the benchmark Treasury last seen in July 2007. The two-year's yield, which reflect interest rates expectations, was down 0.6 basis points at 5.208% after setting a new 17-year high on Tuesday.

Futures traders have lowered bets on the Fed cutting rates late next year to less than two from a previous four, while extending a target rate projection of 5% or more through to September 2024, almost two months more than earlier betting.

The probability of a December rate hike is about 39%, an increase from earlier this month, according to CME Group's FedWatch Tool.

The sale of \$13 billion in 20-year Treasury bonds was well received, with a high yield of 5.245% as primary dealers took 11.93% of the auction.

The yield on the 30-year Treasury bond was up 3.4 basis points to 4.985%.

The difference between yields on two- and 10-year Treasuries, seen as a recession harbinger when shorter-term notes yield more than those with longer dated maturities in what is known as an inverted yield curve, was at -31.4 basis points.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.368%.

The 10-year TIPS breakeven rate was last at 2.436%, indicating the market sees inflation averaging about 2.4% a year for the next decade.

The U.S. dollar 5 years forward inflation-linked swap, seen by some as a better gauge of inflation expectations due to possible distortions caused by the Fed's quantitative easing, was last at 2.683%.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
10/18/2023 19:00	MBA Mortgage Applications	Oct-13	--	-6.90%	0.60%	--
10/18/2023 20:30	Housing Starts	Sep	1383k	1358k	1283k	1269k
10/18/2023 20:30	Housing Starts MoM	Sep	7.80%	7.00%	-11.30%	-12.50%
10/18/2023 20:30	Building Permits	Sep	1453k	1473k	1543k	1541k
10/18/2023 20:30	Building Permits MoM	Sep	-5.70%	-4.40%	6.90%	6.80%
10/19/2023 02:00	Federal Reserve Releases Beige Book					
10/19/2023 04:00	Net Long-term TIC Flows	Aug	--	--	\$8.8b	--
10/19/2023 04:00	Total Net TIC Flows	Aug	--	--	\$140.6b	--
10/19/2023 20:30	Initial Jobless Claims	Oct-14	210k	--	209k	--
10/19/2023 20:30	Continuing Claims	Oct-07	1710k	--	1702k	--
10/19/2023 20:30	Philadelphia Fed Business Outlook	Oct	-6.9	--	-13.5	--
10/19/2023 22:00	Existing Home Sales	Sep	3.89m	--	4.04m	--
10/19/2023 22:00	Existing Home Sales MoM	Sep	-3.70%	--	-0.70%	--
10/19/2023 22:00	Leading Index	Sep	-0.40%	--	-0.40%	--
10/19/2023 10:21	Monthly Budget Statement	Sep	-\$166.0b	--	-\$429.8b	--
10/20/2023 21:00	Bloomberg Oct. United States Economic Survey					
10/23/2023 20:30	Chicago Fed Nat Activity Index	Sep	--	--	-0.16	--

Contract	Close	Change	High	Low
E-Mini Dow DEC 23	33,806.00	-312.00	34,147.00	33,738.00
E-Mini S&P DEC 23	4,342.25	-52.750	4,399.25	4,330.75
E-Mini NASDAQ DEC 23	15,025.25	-179.75	15,238.25	14,979.25
Micro Russell 2K JUN 22	1740.8	-37.3	1779.2	1737
USD Nikkei DEC 23	31,665.08	-470.0	32,155.00	31,615.00
US Dollar Index	106.57	0.317	106.64	106.01
DJIA	33,665.08	-332.570	33,991.51	33,598.64
S&P 500	4,314.60	-58.600	4,364.20	4,303.84
NASDAQ	13,314.30	-219.450	13,499.74	13,275.30
Nikkei 225	32,042.25	1.960	32,101.47	31,866.95
Hang Seng	17,732.52	-40.820	17,831.18	17,625.89
Straits Times	3,136.62	-35.210	3,168.34	3,132.49
DAX	15,094.91	-156.780	15,271.15	15,081.69
CAC	6,965.99	-63.710	7,045.18	6,954.10
FTSE100	7,588.00	-87.210	7,681.50	7,579.26

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	9.96	9.76	9.49	9.54
E-Mini S&P Futures	12.99	12.63	12.08	11.34
E-Mini Nasdaq Futures	16.84	17.36	16.29	16.96

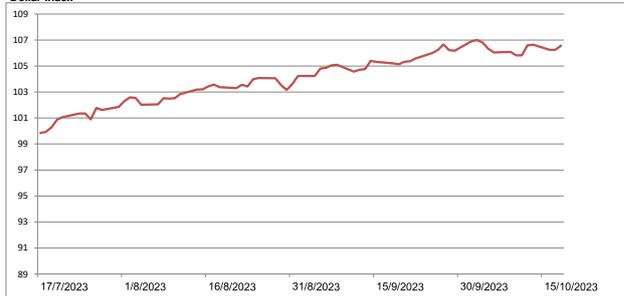
U.S. Government Treasuries Yield



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:	34313	2nd Resistance:	34820	1st Resistance:	4407.38	2nd Resistance:	4472.52	1st Resistance:	15250.63	2nd Resistance:	15476.01	1st Resistance:	1766.91	2nd Resistance:	1793.02
1st Support:	33299	2nd Resistance:	32792	1st Support:	4277.12	2nd Resistance:	4211.98	1st Support:	14799.87	2nd Resistance:	14574.49	1st Support:	1714.69	2nd Resistance:	1688.58
MACD:	-183.506			MACD:	-20.135373			MACD:	+13.343			MACD:	-27.390		
MACD DIFF:	81.419			MACD DIFF:	10.630038			MACD DIFF:	34.355			MACD DIFF:	3.001		
RSI:	43.716			RSI:	43.980517			RSI:	46.822			RSI:	38.845		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	33299	33632	33132		32792	33120	32628		34313	33970	34485		34820	34472	34994
S&P	4277.12	4319.89	4255.73		4211.98	4254.10	4190.92		4407.38	4363.31	4429.42		4472.52	4427.79	4494.88
Nasdaq	14799.87	14947.87	14725.87		14574.49	14720.24	14501.62		15250.63	15098.12	15326.88		15476.01	15321.25	15553.39
Micro Russell	1714.69	1731.83	1706.11		1688.58	1705.46	1680.13		1766.91	1749.24	1775.75		1793.02	1775.09	1801.99

Source: Bloomberg

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