

USA 500 Daily Update Wednesday 30th August 2023

USA 500 Fundamentals:

The **USA 500** has opened positively at the start of this week as traders reduced weak short positions after receiving two economic reports that added weight to speculation that the Fed may be able to pause interest rate hikes in September. **After opening the week at 4,416** the USA 500 rallied strongly on Tuesday to fresh 2 week highs at 4,515, on the back of a big fall in US consumer confidence and a larger than expected drop in US JOLTs job openings data. Both supporting the view that rate hikes are starting to feed into the wider economy.



Looking forward, USA 500 bulls will be hoping important data in the next three trading days follows a similar pattern. First up later today markets receive an update on US private sector employment **at 1315 BST with the release of US ADP Employment Change**, followed quickly by news on the path of US economic growth, in the **US GDP at 1330 BST**. Tomorrow sees the release of the Fed's preferred gauge of inflation in the form of **PCE Inflation at 1330 BST**, followed on Friday, by the big data release of the week, **US Non Farm Payrolls at 1330 BST**. Traders will be looking to see if the unemployment remains at 50 year lows at 3.5% or if it has started to tick higher as interest rate hikes start to impact the labour market. The next three days should see increasing levels of volatility.

USA 500 Technicals:



Daily Technicals:

Having tested 4350 (mid-point May/July upside) on August 20th, strength has developed, with yesterday building on more positive themes. Successful closing breaks above the declining Bollinger mid-average (4461) were seen, reflecting potential for a more extended recovery. This can challenge 4528 (62% retrace Jul/Aug decline) and, if this gives way, moves towards 4580 (Aug 6th extreme) possibly further. **To the downside**, breaks back below 4461 (mid-average level) suggest downside resumption to 4430 (half latest upside), even the 4350 mid-point.

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