

USA 500 Daily Update Wednesday 3rd January 2024

USA 500 Fundamental Analysis:

It has been a cautious start to the year for the USA 500. After opening at 4,817 on Tuesday and briefly moving up in early trading to post a weekly high at 4,827, the positive sentiment quickly reversed mid way through the European session and prices turned down to print a low at 4,765, as traders speculated that the USA 500's current nine week winning streak may be overdone and due a correction at the start of 2024.



Looking forward to the rest of the week, there is a lot of economic data for USA 500 traders to focus on as they try to work out if the US central bank can engineer a soft landing for the US economy, and assess whether the general market expectation of 150bps of Fed interest rate cuts in 2024 is realistic or not. Later today, the **US ISM Manufacturing PMI is released at 1500 GMT**, followed at **1900 GMT by the Minutes from the Fed's December Interest Rate Meeting**. Then tomorrow, traders can start focusing on the current state of the US labour market with the release of **ADP Private Sector Payrolls at 1315 GMT**, before **Friday's key Non Farm Payrolls update at 1330 GMT**. All these releases have the potential to impact price volatility in the USA 500 index well beyond the end of this week as traders adjust positions to account for the fresh news.

USA 500 Technical Analysis:

Daily Analysis:
 While December 28th saw a new all-time high at 4841, a concern is the inability of both Stochastic and MACD indicators to confirm the break higher. This creates potential bearish divergences and focus shifts to 4743 (Dec 12th low) on the downside. Closing breaks below this level could confirm risks for a deeper retracement towards 4571 (38% retrace Oct 29th to Dec 28th strength).
 To the upside, closes above 4841 are needed to resume the positive trend.



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