

USA 500 Daily Update Wednesday 3rd May 2023

USA 500 Fundamentals:



After hitting a brief high at **4,206 (Mon)** the **USA 500** had a poor day yesterday, falling 1.5% to 4,105, as a wave of risk aversion swept across markets over lingering fears around regional US banks despite JP Morgan's purchase of First Republic Bank at the start of the week. Further index volatility is likely this afternoon with the release of **US ISM Services at 1500 BST**, and then later, even more importantly for traders, the **FOMC Interest Rate Decision (1900 BST) and Press Conference (1930 BST)**

Service activity has been driving growth across the US economy in the last few months as manufacturing activity labours in contraction. **The ISM Services PMI** fell unexpectedly in March (51.2) but April's reading is anticipated to improve slightly (51.8). Any release weaker than expectations could set a negative backdrop for the USA 500 going into the FOMC decision, as traders worry about an incoming US recession. **Markets are looking for the Fed** to hike another 25bps tonight, but then the focus will be what comes next. **The Press conference** will be important as Chairman Powell updates investors on future hikes or a potential pause, inflation, the US economy and the recent problems in the regional banking sector. **Any of his comments**

USA 500 Technicals:

Daily Technicals:
 Once again, 4208 (Feb 2nd high) has proved too strong for the latest buyers, as a move to the downside has emerged coming into the FOMC release. This confirms this area as an important focus and after these latest declines risks increase for retests of 4068 (38% retrace Mar/May upside). Closing breaks can be a fresh trigger to lower levels, exposing 4024 (mid-point) even 3981 (deeper 62% level) retests.
 To the upside breaks of 4158 (half latest downside) while constructive, would only point to retests of the more important 4206/08 supply zone.



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