

U.S. stock futures drift lower ahead of Fed decision

U.S. stock futures edged lower as traders looked ahead to the Federal Reserve's much-anticipated interest rate decision this week, awaited a new slate of corporate earnings, and took in fresh growth figures from Europe.

At 05:55 ET (10:55 GMT), S&P 500 Futures traded 16 points or 0.42% lower, Nasdaq 100 futures dropped by 75 points, 0.63%, and the Dow futures contract slipped by 111 points, or 0.33%.

All three major indexes on Wall Street slipped on Monday, weighed down in part by technology shares. A slew of fresh earnings from Silicon Valley giants are due out this week, including results from Facebook-owner Meta Platforms (NASDAQ:META), Google-parent Alphabet (NASDAQ:GOOGL), and Amazon (NASDAQ:AMZN).

Meanwhile, focus is zooming in on the Federal Reserve, with policymakers set to begin a two-day meeting that will end with a much-anticipated rate decision on Wednesday. The U.S. central bank is widely expected to hike borrowing costs by 25 basis points, which would mark a slowdown to its recent policy tightening cycle.

The Fed's outlook will also be closely watched, as recent economic data from the U.S. suggested that it may have enough headroom to raise interest rates further.

On Thursday, the European Central Bank and Bank of England will also unveil their latest interest rate announcements. Both are seen raising rates by 50 basis points.

"The closer markets get to this week's central bank events, the more unpredictable day-to-day price movements will get," said analysts at ING in a note. "That said, we stick to our view that the next couple of days are likely to be dominated by profit taking on longs and, in the case of euro markets, by the realisation that pricing rate cuts in 2024 is premature."

Heading into the start of the U.S. session, stocks in Europe were in the red as investors had a chance to gauge fourth-quarter euro zone growth data.

Preliminary figures from the European Union's statistics agency showed that the currency area unexpectedly eked out quarterly growth of 0.1% in the final three months of 2022. Economists had predicted that it would contract by 0.1% instead. On an annual basis, growth during the period was 1.9%, also above estimates.

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