

**Fundamentals:**  
U.S. stocks ended lower on Monday as investors shifted gears after considering the possibility that the U.S. Federal Reserve may take longer to start cutting interest rates.

Traders are keeping a close eye on speeches by Fed officials this week, including Chair Jerome Powell on Tuesday, for any change in the central bank's rhetoric after data last week showed services activity was strong in January as well as strong job growth.

U.S. Treasury Secretary Janet Yellen said on Monday the United States may avoid a recession as inflation is coming down while the labor market remains strong.

After taking a hit in 2022, U.S. equities have recovered strongly in 2023, led by megacap growth stocks amid short-lived hopes that the Fed will temper its aggressive rate hikes, which in turn could alleviate some pressure on equity valuations.

Money market participants now see the benchmark rate peaking at 5.1% by July, in line with what most policymakers have backed repeatedly.

Yield on the 10-year U.S. Treasury note extended gains to a four-week high.

On the corporate side, analysts expect quarterly earnings of S&P 500 firms to decline 2.8% in the fourth quarter, according to Refinitiv.

The Dow Jones Industrial Average ended down 35.85 points, or 0.11%, at 33,890.16, the S&P 500 lost 25.44 points, or 0.62%, to 4,111.04 and the Nasdaq Composite dropped 119.51 points, or 1%, to 11,887.45.

Tyson Foods Inc fell 4.6% after missing analysts' estimates for quarterly revenue and profit.

Miner Newmont Corp slid 4.5% on its \$16.9 billion offer for Australian peer Newcrest Mining Ltd to build a global gold behemoth.

Contrary to the overall trend, Tesla Inc rose 2.5% after a U.S. jury on Friday found Chief Executive Elon Musk and his company were not liable for misleading investors when Musk tweeted in 2018 that he had "funding secured" to take the electric-vehicle maker private.

Meme stocks, such as AMC Entertainment and Gamestop, also gained steam late in the session, ending 11.8% and 7.2% higher, respectively.

U.S.-listed Chinese stocks such as Pinduoduo Inc fell 1.9% on geopolitical concerns after a U.S. military fighter jet shot down a suspected Chinese spy balloon off the coast of South Carolina on Saturday.

Most of the 11 major S&P 500 sector indexes were in the red, except for utilities and consumer staples.

Benchmark 10-year U.S. Treasury yields hit four-week highs on Monday after a blowout employment number raised expectations that the Federal Reserve's interest rate hikes will not end with a hard economic landing, and that the U.S. central bank may have more than one more rate increase left.

Employers added 517,000 jobs in January, while the unemployment rate hit 3.4%, its lowest reading for more than 53 years, the government reported on Friday.

Other data on Friday showed that U.S. services industry activity rebounded strongly in January, with new orders recovering and prices paid by businesses for materials continuing to rise at a moderate pace.

Average hourly earnings increased 0.3% last month after gaining 0.4% in December. That lowered the year-on-year increase in wages to 4.4%, the smallest rise since August 2021, from 4.8% in December. But wage growth was revised upward for 2022, suggesting a more moderate pace of cooling than previously thought.

Benchmark 10-year yields rose as high as 3.644%, the highest since Jan. 6, and are up from a low of 3.333% on Thursday before the data. Two-year yields US2YT=RR reached 4.468%, also the highest since Jan. 6.

The 10-year yields have fallen from a 15-year high of 4.338% on Oct. 21 on expectations that Fed tightening will lead to a recession this year.

The yield curve between two-year and 10-year notes inverted further to minus 82 basis points, reflecting concerns about an imminent downturn.

Traders ramped up bets on rate cuts in the second half of this year after Fed Chairman Jerome Powell seemed unconcerned about loosening financial conditions and cited progress in bringing down inflation after the Fed's meeting on Wednesday, when it raised rates by another 25 basis points.

But Friday's data led to a repricing in these expectations. Fed funds futures traders now see rates rising above 5% in May and dropping to only 4.79% by December. On Thursday, traders had expected the rate to peak at 4.88% in June, and then fall to 4.40% by December.

Powell is due to speak on Tuesday, and investors will be watching for any signs that he is adopting a more hawkish outlook after Friday's data.

Some banks are also readjusting their Fed forecasts in light on last week's events.

The next major U.S. economic release that may sway Fed policy will be consumer price data for January due on Feb. 14.

An analysis published Monday by the San Francisco Fed, meanwhile, found that U.S. stocks may fall further, and bond yields rise, as the Fed continues its current round of rate hikes in coming months.

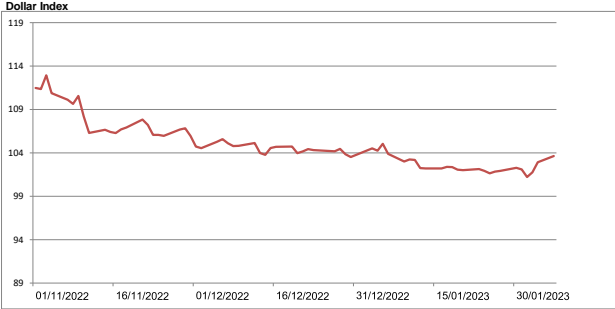
The Treasury Department will sell \$96 billion in coupon-bearing supply this week, including \$40 billion in three-year notes on Tuesday, \$35 billion in 10-year notes on Wednesday and \$21 billion in 30-year bonds on Thursday.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
02/07/2023 21:30	Trade Balance	Dec	-\$68.5b	--	-\$61.5b	--
02/08/2023 04:00	Consumer Credit	Dec	\$25.000b	--	\$27.962b	--
02/08/2023 20:00	MBA Mortgage Applications	Feb-03	--	--	-9.00%	--
02/08/2023 23:00	Wholesale Trade Sales MoM	Dec	-0.20%	--	-0.60%	--
02/08/2023 23:00	Wholesale Inventories MoM	Dec F	0.10%	--	0.10%	--
02/09/2023 21:30	Initial Jobless Claims	Feb-04	190k	--	183k	--
02/09/2023 21:30	Continuing Claims	Jan-28	1660k	--	1655k	--

Contract	Close	Change	High	Low
E-Mini Dow MAR 23	33,934.00	-48.00	34,010.00	33,685.00
E-Mini S&P MAR 23	4,123.50	-24.500	4,143.00	4,104.00
E-Mini NASDAQ MAR 23	12,515.50	-110.00	12,608.50	12,455.75
Micro Russell 2K JUN 22	1964.6	-28.9	1991	1956.9
USD Nikkei MAR 23	27,705.0	45.0	27,865.00	27,555.00
Euro Dollar MAR 23	94.95	-0.040	94.99	94.94
US Dollar Index	103.63	0.714	103.77	103.01
DJIA	33,891.02	-34.990	33,962.84	33,683.58
S&P 500	4,111.08	-25.400	4,124.63	4,093.38
NASDAQ	11,887.45	-119.510	11,973.41	11,843.49
Nikkei 225	27,693.65	184.190	27,821.22	27,656.47
Hang Seng	21,222.16	-438.310	21,349.17	21,085.72
Straits Times	3,385.93	1.640	3,392.59	3,375.44
DAX	15,345.91	-130.520	15,406.93	15,275.57
CAC	7,137.10	-96.840	7,187.27	7,104.52
FTSE100	7,836.71	-65.090	7,901.80	7,808.39

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	8.70	13.26	16.12	19.04
E-Mini S&P Futures	16.93	16.69	21.01	23.31
E-Mini Nasdaq Futures	5.43	15.23	15.20	15.87



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

<b>Dow</b>				<b>S&amp;P</b>				<b>Nasdaq</b>				<b>Micro Russell</b>			
1st Resistance:	34443	2nd Resistance:	34952	1st Resistance:	4185.35	2nd Resistance:	4247.21	1st Resistance:	12703.23	2nd Resistance:	12890.97	1st Resistance:	1994.07	2nd Resistance:	2023.54
1st Support:	33425	2nd Resistance:	32916	1st Support:	4061.65	2nd Resistance:	3999.80	1st Support:	12327.77	2nd Resistance:	12140.04	1st Support:	1935.13	2nd Resistance:	1905.66
MACD:	107.276			MACD:	54.729263			MACD:	311.288			MACD:	41.169		
MACD DIFF:	10.730			MACD DIFF:	13.205501			MACD DIFF:	92.509			MACD DIFF:	9.045		
RSI:	51.897			RSI:	59.942042			RSI:	63.636			RSI:	62.366		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	33425	33759	33258		32916	33245	32751		34443	34099	34615		34952	34602	35127
S&P	4061.65	4102.26	4041.34		3999.80	4039.79	3979.80		4185.35	4143.50	4206.28		4247.21	4204.73	4268.44
Nasdaq	12327.77	12451.05	12266.13		12140.04	12261.44	12079.33		12703.23	12576.20	12766.75		12890.97	12762.06	12955.42
Micro Russell	1935.13	1954.48	1925.46		1905.66	1924.72	1896.13		1994.069	1974.13	2004.04		2023.538	2003.30	2033.66

Source: Bloomberg

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