

Fundamentals:

The Dow Jones Industrial Average led Wall Street higher on Monday and notched its longest winning streak in six years as investors bet on sectors beyond technology in a week filled with earnings reports and a Federal Reserve meeting.

Investors are awaiting Microsoft, Google-owner Alphabet and Meta Platforms earnings this week, which will show whether their stocks justify sky-high valuations.

The tech-heavy Nasdaq Composite Index has rallied 41% this year, outperforming its peers as rate-sensitive megacap growth companies rose on optimism about artificial intelligence and an end to the Fed's tightening cycle.

The Nasdaq lagged other indexes as investors looked to non-tech stocks for bargains, lifting sectors from energy to banks.

Helping the Dow notch its longest winning streak since February 2017, Chevron gained almost 2% as the oil giant posted upbeat preliminary quarterly earnings over the weekend.

As of Friday, second-quarter earnings are expected to decline by 7.9%, Refinitiv data showed.

Investors ignored a survey showing July U.S. business activity had slowed to a five-month low, dragged down by decelerating service-sector growth.

The Fed is expected to raise interest rates by 25 basis points at its policy-making meeting on Wednesday.

A majority of economists polled by Reuters expect this to be the last hike of the current tightening cycle, after data this month showed signs of disinflation.

The Dow Jones Industrial Average rose 183.55 points, or 0.52%, to 35,411.24, the S&P 500 gained 18.3 points, or 0.40%, to 4,554.64 and the Nasdaq Composite added 26.06 points, or 0.19%, to 14,058.87.

Nine of the 11 major S&P 500 sectors rose, led by a gain in energy stocks.

Toymaker Mattel rose 1.8% as the "Barbie" movie set a record as the biggest domestic debut of 2023.

AMC Entertainment jumped 32.9% after a judge blocked the theater chain's stock conversion plan that risked diluting investors' holdings in the company. AMC's preferred shares closed flat.

U.S.-listed shares of Chinese companies like Alibaba and JD.com rose 4.5% and 3.5% respectively as its top leaders announced economic policy adjustments to expand domestic demand.

Exchange operator Nasdaq trimmed the weight of a handful of companies that make up close to half of the Nasdaq 100 to address "over-concentration" in the benchmark.

U.S. Treasury yields rose on Monday after trading lower for most of the morning session, as investors priced in some risk that the Federal Reserve could raise interest rates two more times this year amid a still resilient economy overall.

The Fed is widely expected on Wednesday to lift interest rates by 25 basis points (bps) to a target range of between 5.25%-5.50%. Trading in the U.S. rate futures market suggested that this week's hike will be the last for the year, with the Fed seen on hold until probably May 2024 and the next move will be a cut.

In afternoon trading, the two-year U.S. Treasury yield, which typically reflects interest rate expectations, rose six bps to 4.908%, while the yield on benchmark 10-year notes edged up 3.2 bps to 3.870%.

U.S. 30-year bond yields inched up 2.1 bps to 3.927%.

Earlier in the session, Treasury yields slipped after data showed U.S. business activity slowed to a five-month low in July.

S&P Global said its flash U.S. Composite PMI index, which tracks manufacturing and service sectors, fell to 52.0 from 53.2 in June. Softening conditions in the service sector restrained growth, though readings above 50 indicate expansion.

Readings of S&P Global's Purchasing Managers' Index (PMI) in Europe also showed weaker growth.

Also on Monday, the U.S. Treasury sold \$42 billion in two-year notes in an auction that showed mixed results. The high yield came in higher than expected at the bid deadline, suggesting investors asked for a premium to buy the note.

Overall, however, demand was decent, analysts said. There were \$116.8 billion in bids for a 2.78 cover, less than the 2.86 previously, a little better than the 2.66 average.

The gap between yields on two- and 10-year Treasury notes, seen as a recession harbinger when longer-duration yields are lower than shorter ones, expanded to as much as -105.60 bps, the widest in three weeks. The spread was last at -104.10 bps.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) rose to 2.4036%, the highest since March. It was last at 2.3984%, indicating the market sees inflation averaging nearly 2.4% a year for the next five years.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
07/24/2023 20:30	Chicago Fed Nat Activity Index	Jun	-0.13	-0.32	-0.15	-0.28
07/24/2023 21:45	S&P Global US Manufacturing PMI	Jul P	46.2	49	46.3	--
07/24/2023 21:45	S&P Global US Services PMI	Jul P	54	52.4	54.4	--
07/24/2023 21:45	S&P Global US Composite PMI	Jul P	53	52	53.2	--
07/25/2023 20:30	Philadelphia Fed Non-Manufacturing Activity	Jul	--	--	-16.6	--
07/25/2023 21:00	FHFA House Price Index MoM	May	0.60%	--	0.70%	--
07/25/2023 21:00	S&P CoreLogic CS 20-City MoM SA	May	0.70%	--	0.91%	--
07/25/2023 21:00	S&P CoreLogic CS 20-City YoY NSA	May	-2.40%	--	-1.70%	--
07/25/2023 21:00	S&P CoreLogic CS US HPI YoY NSA	May	--	--	-0.24%	--
07/25/2023 22:00	Conf. Board Consumer Confidence	Jul	112	--	109.7	--
07/25/2023 22:00	Conf. Board Present Situation	Jul	--	--	155.3	--
07/25/2023 22:00	Conf. Board Expectations	Jul	--	--	79.3	--
07/25/2023 22:00	Richmond Fed Manufact. Index	Jul	-10	--	-7	--
07/25/2023 22:00	Richmond Fed Business Conditions	Jul	--	--	-12	--

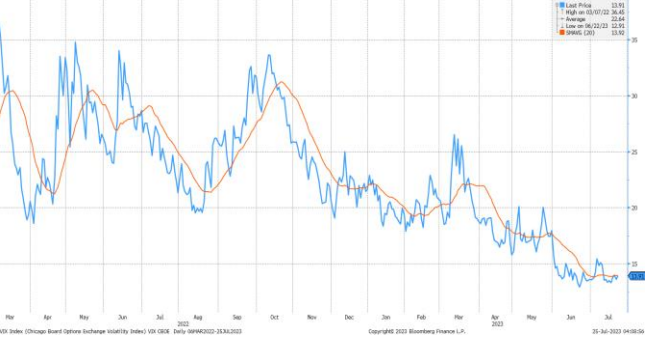
Contract	Close	Change	High	Low
E-Mini Dow SEP 23	35,581.00	193.00	35,638.00	35,351.00
E-Mini S&P SEP 23	4,583.50	21.250	4,592.50	4,560.00
E-Mini NASDAQ SEP 23	15,561.25	29.25	15,618.75	15,483.75
Micro Russell 2K JUN 22	1977.8	6.1	1990.4	1967.3
USD Nikkei SEP 23	32,755.0	60.0	32,860.00	32,530.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	101.40	0.324	101.43	100.89
DJIA	35,411.24	183.550	35,463.97	35,230.79
S&P 500	4,554.64	18.300	4,563.41	4,541.29
NASDAQ	14,058.87	26.060	14,110.15	13,997.13
Nikkei 225	32,700.94	396.690	32,793.77	32,554.46
Hang Seng	18,668.15	-407.110	18,946.56	18,562.12
Straits Times	3,265.14	-13.160	3,285.02	3,253.95
DAX	16,190.95	13.730	16,208.76	16,121.27
CAC	7,427.31	-5.460	7,435.93	7,390.82
FTSE100	7,678.59	14.860	7,684.97	7,633.29

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	5.09	9.56	11.07	11.40
E-Mini S&P Futures	7.99	9.62	11.08	11.95
E-Mini Nasdaq Futures	19.98	19.21	19.71	17.36

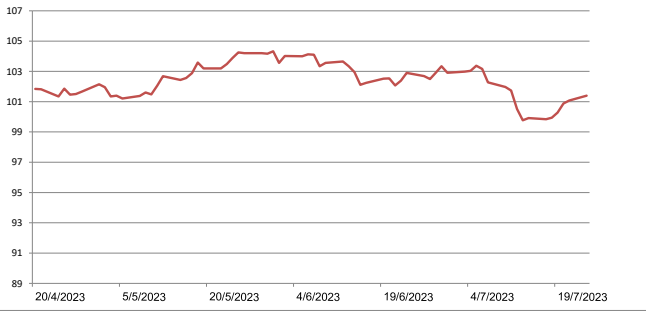
U.S. Government Treasuries Yield



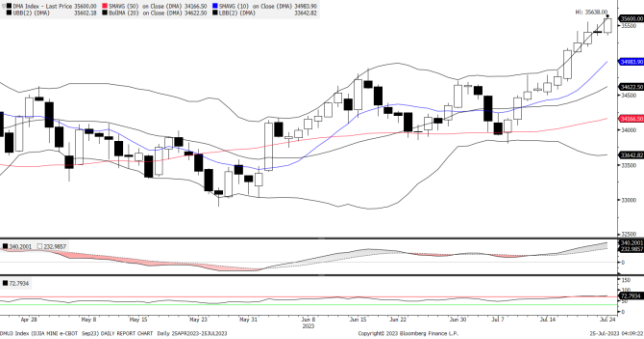
CBOE Volatility Index (VIX)



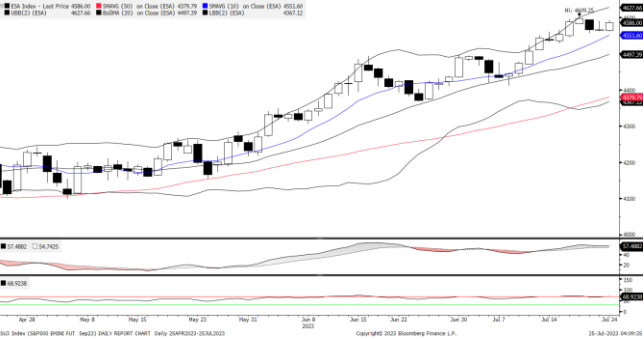
Dollar Index



E-Mini Dow Index Futures Daily Chart



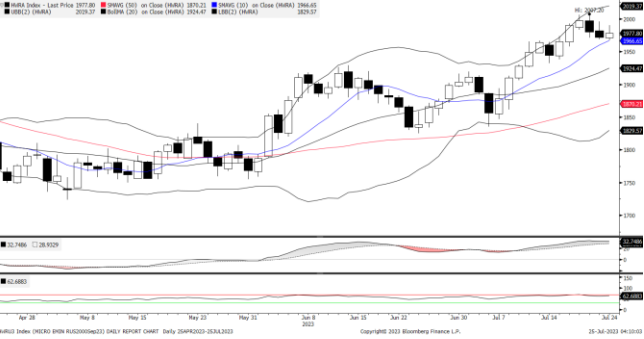
E-Mini S&P 500 Index Futures Daily Chart



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:	36115	2nd Resistance:	36648	1st Resistance:	4652.25	2nd Resistance:	4721.01	1st Resistance:	15794.67	2nd Resistance:	16028.09	1st Resistance:	2007.47	2nd Resistance:	2037.13
1st Support:	35047	2nd Resistance:	34514	1st Support:	4514.75	2nd Resistance:	4446.00	1st Support:	15327.83	2nd Resistance:	15094.41	1st Support:	1948.13	2nd Resistance:	1918.47
MACD:	339.564			MACD:	57.505894			MACD:	240.579			MACD:	32.756		
MACD DIFF:	106.602			MACD DIFF:	2.737416			MACD DIFF:	-24.627			MACD DIFF:	3.812		
RSI:	72.700			RSI:	68.935436			RSI:	58.201			RSI:	62.692		

Strategy

<b>Dow</b>				<b>S&amp;P</b>				<b>Nasdaq</b>				<b>Micro Russell</b>			
Long:	35047	Profit target:	35398	Long:	34514	Profit target:	34859	Short:	36115	Profit target:	36754	Short:	36648	Profit target:	36832
	4514.75		4559.89		4446.00		4490.45		4652.25		4605.73		4721.01		4744.61
	15327.83		15481.11		15094.41		15245.36		15794.67		15636.72		16028.09		16108.23
	1948.13		1967.61		1918.47		1937.65		2007.467		1987.39		2037.134		2047.32
			1938.39				1908.87				2017.50				

Source: Bloomberg

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