

Fundamentals:

Modest daily stock gains cinched a strong six months on Wall Street, fueled by investors' optimism that inflation is easing while the economy continues to hum. Fresh spending data added momentum on Friday, showing milder core-price increases in May compared with a month earlier, while consumer outlays continued to rise. The data lifted major stock indexes on a day of calm trading, rounding out the Nasdaq Composite's best first half of a year in four decades.

The tech-centric index climbed 1.4% Friday, sealing a 32% gain since the end of 2022. Enthusiasm about artificial-intelligence breakthroughs has sent investors scurrying into shares of companies such as Microsoft and Nvidia, while upbeat corporate results have also lifted the tech sector's appeal.

The S&P 500 gained 1.2% Friday, locking in a 16% rise since December. The Dow Jones Industrial Average added 285.18 points, or 0.8%, to end the month at 34407.60.

In the first half of the year, the latest leg of the Federal Reserve's aggressive interest-rate increases sometimes shaded trading with fear that tighter financial conditions could stoke a recession. But so far in 2023, markets and the broader economy have dodged a bevy of potential hazards mostly unscathed.

The S&P financial sector rose in the second quarter after a rough first quarter, when a series of bank failures starting in March sparked worries about the industry's health. A last-minute resolution to June's debt-ceiling standoff soothed bond-market turbulence. The labor market still looks healthy despite some high-profile corporate layoffs.

More recently, the year's stock rally -- at first concentrated among a small handful of huge technology companies -- has shown signs of broadening. All 11 of the S&P 500's industry sectors gained ground in June.

Solid stock performance has been a welcome surprise this year, but has also shifted investors' focus to the risk that further Fed rate hikes may yet tamp down economic growth, said Anders Persson, chief investment officer for fixed income at Nuveen.

Treasuries edged higher on Friday, paring Thursday's selloff that followed an unexpectedly strong upward revision to the economy's first-quarter growth rate. The yield on the 10-year note, which moves contrary to its price, finished at 3.818%, down from 3.853% a day earlier. Treasury yields, which closely follow growth and interest-rate projections, climbed substantially in the second quarter as economic jitters eased.

Corporate performance has held up better than many analysts expected this year. But a pair of fresh earnings reports drew a tepid response Friday. Nike shares fell 2.6% after the apparel company Thursday evening posted a smaller profit year over year in the latest quarter despite rising sales.

Constellation Brands, which sells Modelo and Corona beer, also said Friday that higher costs weighed on profits even as sales improved. Shares slid 0.3%.

A 2.3% gain lifted Apple's market capitalization above \$3 trillion, the first time a company has ended a trading day worth so much.

Treasury yields slid on Friday after U.S. consumer spending slowed more than expected in May, though futures still predict the Federal Reserve will resume raising interest rates next month to quell persistent inflation.

The core Personal Consumption Expenditures (PCE) price index on an annual basis fell to 4.6%, down from expectations of 4.7%, the same rate as in April, the Commerce Department said. Month over month, the PCE index increased by 0.1%.

Households cut back on purchases of new light trucks and other long-lasting manufactured goods amid higher borrowing costs, suggesting the U.S. economy slowed in the second quarter, and offset upbeat labor and housing market data in June.

Yields pared sharp declines after the data's release, with the short end of the curve at times edging up on expectations that policymakers will hike rates again at the end of their July 25-26 meeting, as Fed Chair Jerome Powell signaled on Thursday.

The two-year Treasury yield, which generally reflects interest rate expectations, rose 0.1 basis points at 4.879%, while the benchmark 10-year note's yield down 4.1 basis points to 3.813%.

Futures showed the Fed's overnight borrowing rate would stay above 5% through early May 2024 on expectations rates will stay higher for longer. On Monday, the market envisioned the target rate would fall below 5% after January.

The likelihood the Fed will hike again in July was at 86.8%, CME Group's FedWatch tool showed, compared to odds of about 75% on Monday. Strong economic data this week led the market to expect the economy to remain resilient despite higher rates.

The yield curve measuring the difference between yields on two- and 10-year notes was -106.8 basis points, the widest since March during the banking crisis.

The inverted curve, reflecting front-end rates that are much higher than the long end, is seen as a predictive harbinger of a recession over an extended period.

The yield on the 30-year Treasury bond fell 6.5 basis points to 3.847%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.209%.

The 10-year TIPS breakeven rate was last at 2.226%, indicating the market sees inflation averaging about 2.2% a year for the next decade.

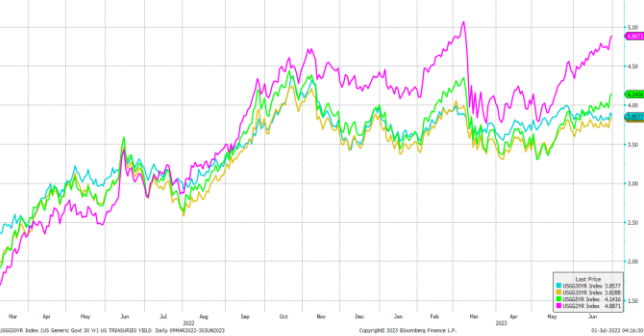
(Source: Dow Jones Newswires, Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
06/30/2023 20:30	Personal Income	May	0.30%	0.40%	0.40%
06/30/2023 20:30	Personal Spending	May	0.20%	0.10%	0.80%
06/30/2023 20:30	Real Personal Spending	May	0.10%	0.00%	0.50%
06/30/2023 20:30	PCE Deflator MoM	May	0.10%	0.10%	0.40%
06/30/2023 20:30	PCE Deflator YoY	May	3.80%	3.80%	4.40%
06/30/2023 20:30	PCE Core Deflator MoM	May	0.30%	0.30%	0.40%
06/30/2023 20:30	PCE Core Deflator YoY	May	4.70%	4.60%	4.70%
06/30/2023 21:45	MNI Chicago PMI	Jun	43.8	41.5	40.4
06/30/2023 22:00	U. of Mich. Sentiment	Jun F	63.9	64.4	63.9
06/30/2023 22:00	U. of Mich. Current Conditions	Jun F	68	69	68
06/30/2023 22:00	U. of Mich. Expectations	Jun F	61.3	61.5	61.3
06/30/2023 22:00	U. of Mich. 1 Yr Inflation	Jun F	3.30%	3.30%	3.30%
06/30/2023 22:00	U. of Mich. 5-10 Yr Inflation	Jun F	3.00%	3.00%	3.00%

Contract	Close	Change	High	Low
E-Mini Dow SEP 23	34,643.00	261.00	34,705.00	34,313.00
E-Mini S&P SEP 23	4,488.25	47.750	4,498.00	4,433.00
E-Mini NASDAQ SEP 23	15,337.00	216.75	15,376.75	15,099.00
Micro Russell 2K JUN 22	1902.6	4.5	1916.3	1895.8
USD Nikkei SEP 23	33,500.0	240.0	33,560.00	32,960.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	102.94	-0.406	103.54	102.75
DJIA	34,407.60	285.180	34,467.35	34,269.92
S&P 500	4,450.38	53.940	4,458.48	4,422.44
NASDAQ	13,787.92	196.590	13,816.67	13,716.16
Nikkei 225	33,189.04	-45.100	33,232.89	32,918.77
Hang Seng	18,916.43	-17.930	19,070.11	18,838.62
Straits Times	3,205.91	-1.370	3,222.00	3,204.78
DAX	16,147.90	201.180	16,176.55	15,978.90
CAC	7,400.06	87.330	7,419.36	7,337.28
FTSE100	7,531.53	59.840	7,551.59	7,471.69

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	9.32	11.02	11.28	12.63
E-Mini S&P Futures	11.28	11.28	12.09	13.93
E-Mini Nasdaq Futures	21.08	21.40	17.89	17.59

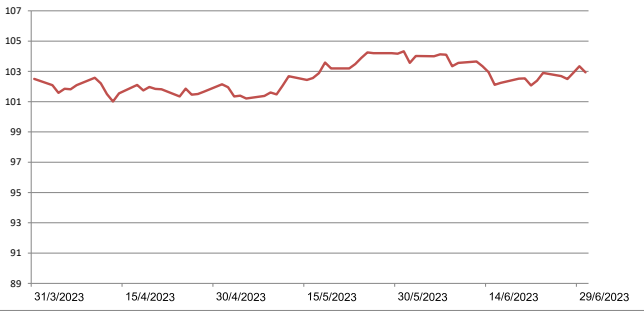
U.S. Government Treasuries Yield



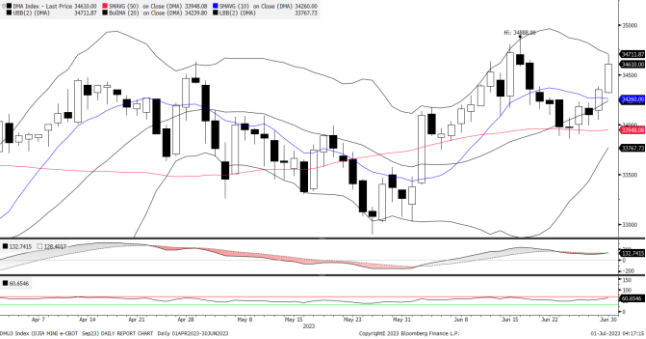
CBOE Volatility Index (VIX)



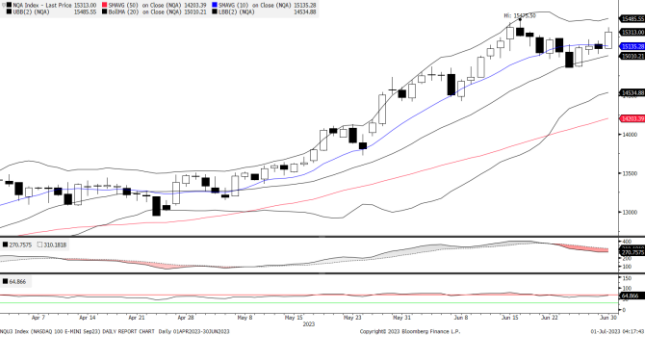
Dollar Index



E-Mini Dow Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



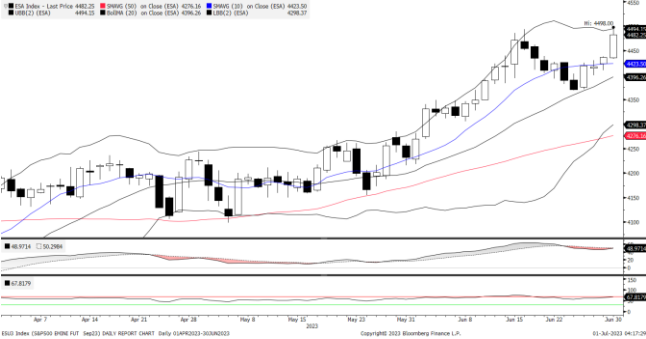
Technical Analysis

Dow			S&P		
1st Resistance:	35163	2nd Resistance:	35682	1st Resistance:	4555.57
1st Support:	34123	2nd Resistance:	33604	1st Support:	4420.93
MACD:	133.036			MACD:	49.080393
MACD DIFF:	4.606			MACD DIFF:	-1.251526
RSI:	60.709			RSI:	67.922885

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:
Dow	34123	34465	33953	33604	33940	33436
S&P	4420.93	4465.14	4398.82	4353.60	4397.14	4331.83
Nasdaq	15106.95	15258.01	15031.41	14876.89	15025.66	14802.51
Micro Russell	1874.06	1892.80	1864.69	1845.52	1863.98	1836.29

E-Mini S&P 500 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Nasdaq

1st Resistance:	15567.06	2nd Resistance:	15797.11
1st Support:	15106.95	2nd Resistance:	14876.89
MACD:	271.110		
MACD DIFF:	-39.210		
RSI:	64.931		

Micro Russell

1st Resistance:	1931.14	2nd Resistance:	1959.68
1st Support:	1874.06	2nd Resistance:	1845.52
MACD:	16.259		
MACD DIFF:	-1.559		
RSI:	59.649		

Source: Bloomberg

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