

Fundamentals:

U.S. stocks closed higher on Friday in volatile trade to snap a four-session losing streak as investors wrestled with a mixed jobs report and comments from Federal Reserve officials on the pace of interest rate hikes.

The S&P 500 and the Nasdaq each rose as much as 2% in the early stages of trading while the Dow Jones Industrial Average climbed as much as 1.9% on the heels of the closely watched labor market report, before paring gains and briefly falling into negative territory. The report showed an uptick in the unemployment rate in October, indicating some signs of slack may finally be starting to emerge in the job market and give the Fed room to downsize its rate hikes beginning in December.

But the data also showed average hourly earnings rose slightly more than expected, as did job growth, pointing to a labor market that largely remains on firm footing.

Labor market data has been a primary focus for markets as the Fed has repeatedly stated it is looking for some cooling before considering a pause in hikes. Hawkish comments from Fed Chair Jerome Powell on Wednesday increased worries the central bank could keep boosting interest rates for longer than previously expected and put further pressure on stocks.

On Friday, Fed officials echoed Powell's comments about potentially decreasing the size of rate hikes in the future, but needing to continue to raise rates for a longer period of time and potentially above the 4.6% level the central bank penciled in at its September meeting.

Equities got a boost late in the session after Chicago Fed President Charles Evans said it was possible for the Fed to be "thinking" about pausing even if it's a year from now.

The Dow Jones Industrial Average rose 401.97 points, or 1.26%, to 32,403.22, the S&P 500 gained 50.66 points, or 1.36%, to 3,770.55 and the Nasdaq Composite added 132.31 points, or 1.28%, to 10,475.25.

For the week, the Dow fell 1.39% to snap a four-week winning streak, the S&P dropped 3.34% and the Nasdaq slid 5.65% for its biggest weekly percentage decline since January.

The non-farm payrolls report comes after a conflicting set of data this week that pointed to a slowdown in certain parts of the economy but also underscored the resilience of the U.S. labor market despite aggressive rate hikes to tame inflation.

Traders' expectations of a 75 basis point rate hike in December had briefly jumped after the jobs report but were now pricing in about a 62% chance of a 50 basis point hike, according to CME's FedWatch Tool.

Market focus will now turn to a key consumer inflation reading due next week as well as the U.S. midterm elections on Nov. 8, where control of Congress is at stake.

Meanwhile, hopes of an easing in China's tough COVID-19 curbs supported some areas of the market, with U.S.-listed shares of Chinese companies including Alibaba, which finished up 7.05% and JD.com, up 9.74%.

Those hopes also helped boost prices of commodities such as copper, which in turn lifted the materials sector 3.41% as the best performing of the 11 major S&P sectors.

Starbucks Corp jumped 8.48% after it topped Wall Street estimates for quarterly comparable sales and profit, while DoorDash Inc's revenue beat boosted the food delivery firm's shares by 8.32%.

Treasury yields were mixed on Friday after government data showed U.S. payrolls increasing more than expected last month, but a slower pace of job growth spurred market hopes the Federal Reserve could downsize its interest rate hikes in December.

The Labor Department's employment report also showed moderating wage increases, a decrease in household employment and a drop in the prime age employment-to-population ratio, renewing speculation of a long-awaited "pivot" in Fed policy.

Rates pared gains after initially shooting higher as wage moderation suggested inflation pressures may ease and allow the U.S. central bank to raise rates by 50 basis points next month, or less than the Fed's last four hikes of 75 bps each.

Boston Fed President Susan Collins said on Friday there was a good chance the pace of future increases could be smaller than those delivered in recent months, but Richmond Fed President Thomas Barkin said rates could continue rising for longer and to a higher end point than previously expected.

The Fed on Wednesday lifted its target range for rates to 3.75%-4.0%. Expectations for the Fed's terminal rate slid to 5.099% in June 2023 from 5.196% before the payrolls data was released, futures contracts showed.

Yields on shorter-dated notes fell, while those on longer-dated Treasuries remained higher.

The yield on two-year notes, which typically moves in step with interest rate expectations, fell 4.7 basis points to 4.654%, while the 10-year yield was up 3.9 basis points to 4.163%.

The yield spread between two- and 10-year notes, a recession harbinger when the spread inverts and turns negative, narrowed and was at -49.6 basis points, having briefly touched -71.8 basis points when the jobs report was released.

The 30-year yield rose 10.2 basis points to 4.254%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.623%.

The 10-year TIPS breakeven rate was last at 2.478%, indicating the market sees inflation averaging almost 2.5% a year for the next decade.

The U.S. dollar 5 years forward inflation-linked swap, seen by some as a better gauge of inflation expectations due to possible distortions caused by the Fed's quantitative easing, was last at 2.565%.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
11/04/2022 20:30	Two-Month Payroll Net Revision	--	29k	--	--
11/04/2022 20:30	Change in Nonfarm Payrolls	193k	261k	263k	315k
11/04/2022 20:30	Change in Private Payrolls	200k	233k	288k	319k
11/04/2022 20:30	Change in Manufact. Payrolls	12k	32k	22k	23k
11/04/2022 20:30	Unemployment Rate	3.60%	3.70%	3.50%	--
11/04/2022 20:30	Average Hourly Earnings MoM	0.30%	0.40%	0.30%	--
11/04/2022 20:30	Average Hourly Earnings YoY	4.70%	4.70%	5.00%	--
11/04/2022 20:30	Average Weekly Hours All Employees	34.5	34.5	34.5	--
11/04/2022 20:30	Labor Force Participation Rate	62.30%	62.20%	62.30%	--
11/04/2022 20:30	Underemployment Rate	--	6.80%	6.70%	--

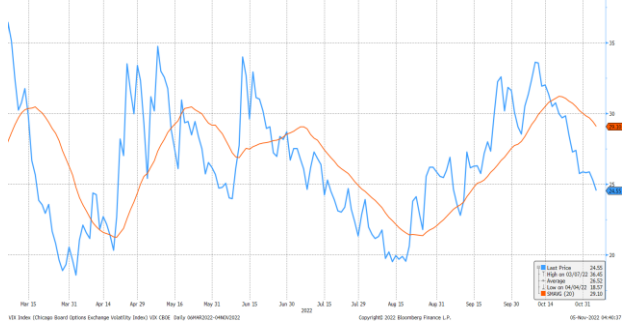
Contract	Close	Change	High	Low
E-Mini Dow DEC 22	32,428.00	391.00	32,632.00	31,870.00
E-Mini S&P DEC 22	3,779.50	47.250	3,805.50	3,711.00
E-Mini NASDAQ DEC 22	10,890.25	151.75	10,974.25	10,636.00
Micro Russell 2K JUN 22	1803.1	20.4	1817.7	1771.6
USD Nikkei DEC 22	27,510.0	255.0	27,530.00	27,025.00
Euro Dollar DEC 22	94.89	0.040	94.90	94.79
US Dollar Index	110.77	-2.159	112.99	110.72
DJIA	32,403.22	401.970	32,611.52	31,938.92
S&P 500	3,770.55	50.660	3,796.34	3,708.84
NASDAQ	10,475.25	132.310	10,553.63	10,262.93
Nikkei 225	27,199.74	-463.650	27,389.30	27,032.02
Hang Seng	16,161.14	821.650	16,513.16	15,442.76
Straits Times	3,130.11	27.600	3,134.30	3,098.72
DAX	13,459.85	329.660	13,542.35	13,193.51
CAC	6,416.44	173.160	6,466.32	6,289.07
FTSE100	7,334.84	146.210	7,376.23	7,188.63

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	19.31	23.56	22.38	20.16
E-Mini S&P Futures	24.82	27.61	25.31	23.47
E-Mini Nasdaq Futures	16.25	17.13	15.94	15.55

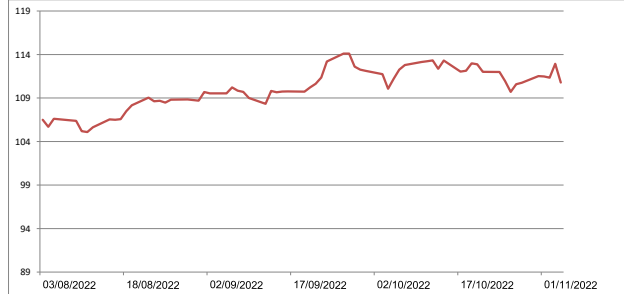
U.S. Government Treasuries Yield



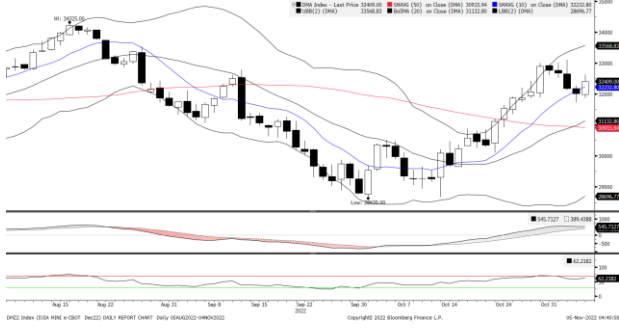
CBOE Volatility Index (VIX)



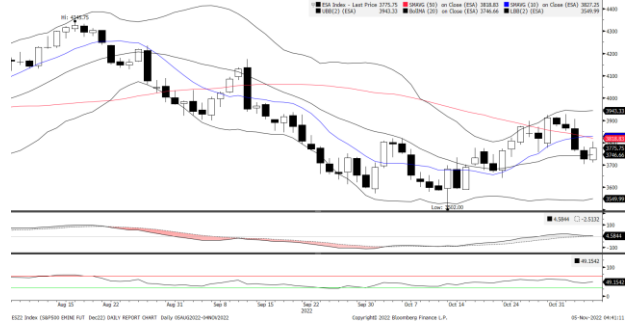
Dollar Index



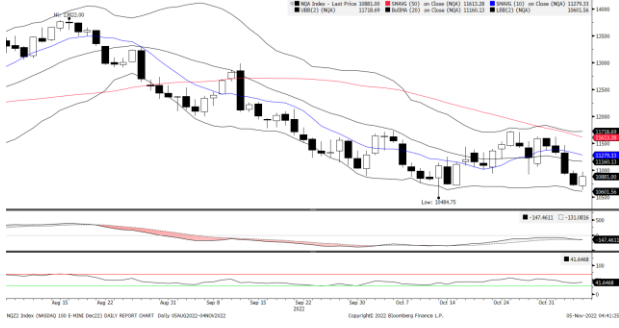
E-Mini Dow Index Futures Daily Chart



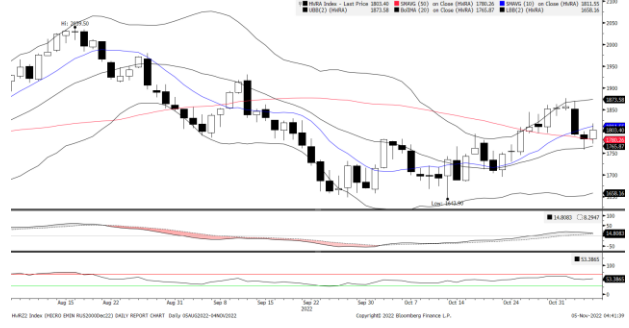
E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow			S&P			Nasdaq			Micro Russell						
1st Resistance:	32914	2nd Resistance:	33401	1st Resistance:	3836.19	2nd Resistance:	3892.89	1st Resistance:	11053.60	2nd Resistance:	11216.96	1st Resistance:	1830.15	2nd Resistance:	1857.19
1st Support:	31942	2nd Resistance:	31455	1st Support:	3722.81	2nd Resistance:	3666.12	1st Support:	10726.90	2nd Resistance:	10563.54	1st Support:	1776.05	2nd Resistance:	1749.01
MACD:	545.522			MACD:	4.500229			MACD:	-147.761			MACD:	14.772		
MACD DIFF:	156.262			MACD DIFF:	7.061240			MACD DIFF:	-16.441			MACD DIFF:	6.500		
RSI:	62.206			RSI:	49.096005			RSI:	41.598			RSI:	53.339		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	31942	32261	31782		31455	31770	31298		32914	32585	33079		33401	33067
S&P	3722.81	3760.04	3704.19		3666.12	3702.78	3647.78		3836.19	3797.83	3855.37		3892.89	3853.96
Nasdaq	10726.90	10834.17	10673.26		10563.54	10669.18	10510.72		11053.60	10943.07	11108.87		11216.96	11104.79
Micro Russell	1776.05	1793.81	1767.17		1749.01	1766.50	1740.26		1830.1465	1811.85	1839.30		1857.193	1838.62

Source: Bloomberg

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