

**Fundamentals:**

Wall Street closed lower on Monday for a fourth straight session with Nasdaq leading declines as investors shield away from riskier bets, worried the Federal Reserve's tightening campaign could push the U.S. economy into a recession.

The three major U.S. stock indexes have been under pressure since Wednesday, when Fed Chair Jerome Powell took a hawkish tone while the central bank raised interest rates. Powell promised further rate increases even as data showed signs of a weakening economy.

The S&P 500, the Dow Jones industrials and the Nasdaq have sold off sharply for December and are on track for their biggest annual declines since the 2008 financial crisis.

The Dow Jones Industrial Average fell 162.92 points, or 0.49%, to 32,757.54, the S&P 500 lost 34.7 points, or 0.90%, to 3,817.66 and the Nasdaq Composite dropped 159.38 points, or 1.49%, to 10,546.03.

The biggest decliners among S&P industry sectors were communications services, which fell 2.2%, consumer discretionary, down 1.7% and technology, which lost 1.4%. Energy outperformed, closing up 0.13% as the sole industry out of 11 to manage a gain.

Market heavyweights such as Apple Inc, Microsoft Corp and Amazon.com Inc created some of the biggest drags on the market.

Trading in Tesla Inc was volatile with the electric carmaker closing down 0.24% after falling as much as 2.8% during the session. This was after a Twitter poll that showed a majority of respondents want Tesla Chief Executive Elon Musk to step down as CEO of the social media platform.

Meta Platforms shares finished down 4.1% after the European Commission said it could impose a fine of up to 10% of the tech conglomerate's annual global turnover if evidence showed an infringement of the EU's antitrust laws.

L3Harris Technologies Inc lost 3.6% after the U.S. defense contractor said it would buy hypersonic engine manufacturer Aerojet Rocketdyne Holdings Inc for \$4.7 billion. Aerojet added 1.3%.

Shares of casino operators Melco Resorts & Entertainment tumbled just under 8% and Wynn Resorts lost 5.2% while Las Vegas Sands Corp fell 2.3% after Macau said on Friday that six casino firms will invest around \$15 billion as part of new 10-year contracts they signed to operate in the world's biggest gambling hub.

U.S. Treasury yields rose on Monday as investors evaluated how high the Federal Reserve will ultimately hike interest rates and how long it will hold them at higher levels as it battles persistently high inflation.

A sell-off in European government bonds also weighed on the U.S. market.

The U.S. central bank will deliver more interest rate hikes next year even as the economy slips toward a possible recession, Fed Chair Jerome Powell said on Wednesday, arguing that a higher cost would be paid if the U.S. central bank does not get a firmer grip on inflation.

Fed presidents on Friday, including New York's John Williams, San Francisco's Mary Daly, and Cleveland's Loretta Mester, reiterated this message, saying that the U.S. central bank may need to lift U.S. borrowing costs above the peak 5.1% they penciled in at the Fed's December meeting and keep them there, perhaps into 2024.

Bond investors, however, are pricing in less aggressive rate increases than Fed officials are signaling.

Personal consumption expenditures (PCE) data for November due on Friday will be the next major focus for further clues about price pressures.

Investors are optimistic that inflation will subside and that the Fed will respond to data with less hawkish policy, which has created a divergence in expectations between the market and Fed officials, according to analysts at Barclays Capital.

Fed funds futures traders are pricing for a peak rate of around 4.88% in May, and then a decline to 4.40% by year-end.

Benchmark 10-year note yields were last at 3.581%. They are above an almost three-month low of 3.402% on Dec. 7, but are holding well below the 15-year high of 4.338% reached on Oct. 21.

Two-year yields were at 4.254%, and are below a 15-year high of 4.883% hit on Nov. 4.

The yield curve between two-year and 10-year notes remains deeply inverted at minus 68 basis points, indicating concerns about a recession in the next one to two years.

Yields were also pulled higher on Monday in line with rising euro zone borrowing costs as investors worried about a hawkish European Central Bank and increasing bond supply.

German business morale rose more than expected in December as the outlook for Europe's largest economy improved despite an energy crisis and high inflation, a survey showed on Monday.

Moves this week are expected to be choppy with many investors out, or reluctant to take risks, before the Christmas and New Year holidays.

The Treasury Department will sell \$12 billion in 20-year Treasuries on Wednesday and \$19 billion in five-year Treasury Inflation-Protected Securities (TIPS) on Thursday.

(Source: Reuters)

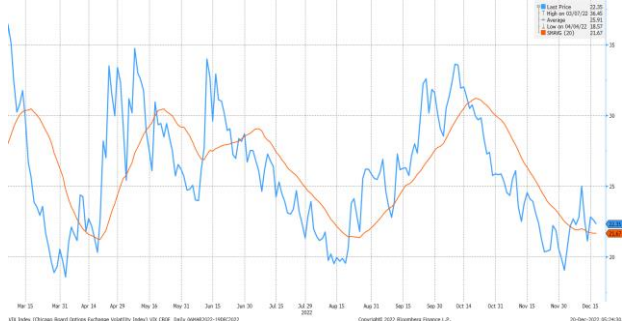
Contract	Close	Change	High	Low
E-Mini Dow MAR 23	32,973.00	-195.00	33,279.00	32,792.00
E-Mini S&P MAR 23	3,845.50	-39.500	3,899.00	3,827.25
E-Mini NASDAQ MAR 23	11,193.25	-165.50	11,411.00	11,131.75
Micro Russell 2K JUN 22	1748.4	-25.6	1784.5	1743.6
USD Nikkei MAR 23	27,195.0	-120.0	27,335.00	27,095.00
Euro Dollar MAR 23	94.94	-0.015	94.97	94.93
US Dollar Index	104.70	-0.002	104.93	104.13
DJIA	32,757.54	-162.920	33,038.94	32,581.97
S&P 500	3,817.66	-34.700	3,854.86	3,800.04
NASDAQ	10,546.03	-159.380	10,713.97	10,497.55
Nikkei 225	27,237.64	-289.480	27,349.58	27,165.78
Hang Seng	19,352.81	-97.860	19,786.29	19,255.95
Straits Times	3,256.61	15.800	3,273.35	3,239.50
DAX	13,942.87	49.800	14,001.37	13,927.05
CAC	6,473.29	20.660	6,510.46	6,470.93
FTSE100	7,361.31	29.190	7,385.38	7,332.12

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	17.79	19.39	21.54	21.42
E-Mini S&P Futures	19.79	25.30	26.16	25.17
E-Mini Nasdaq Futures	11.11	12.32	14.90	14.76

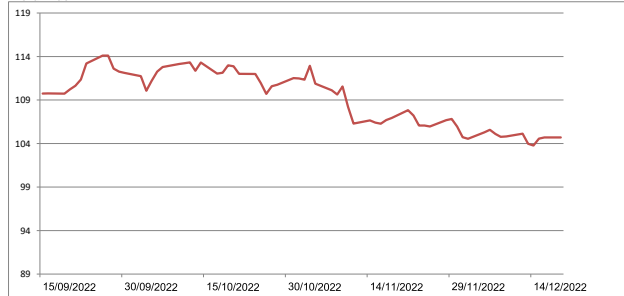
**U.S. Government Treasuries Yield**



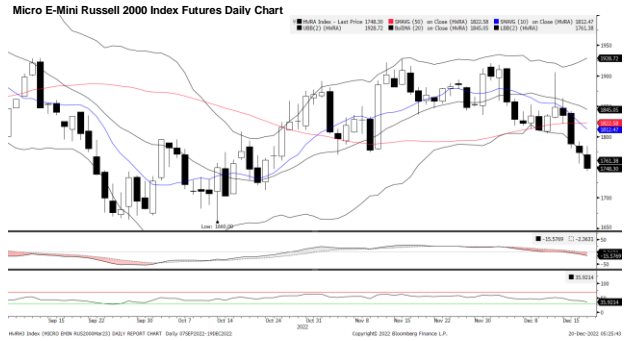
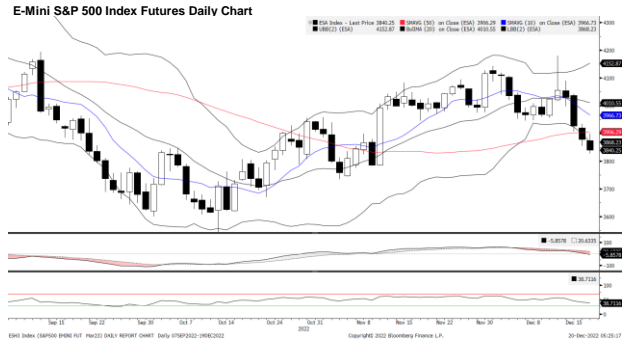
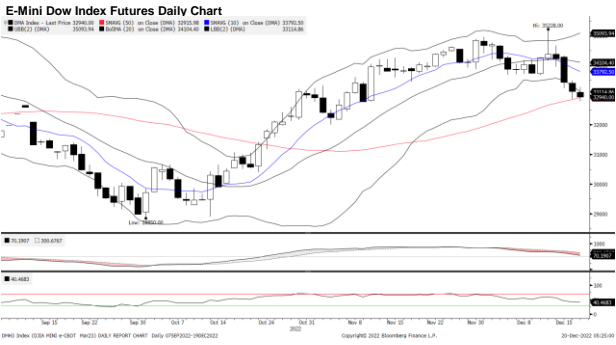
**CBOE Volatility Index (VIX)**



**Dollar Index**



Economic Releases	Period	Survey	Actual	Prior	Revised	
12/19/2022 23:00	NAHB Housing Market Index	Dec	34	31	33	--
12/20/2022 19:00	Bloomberg Dec. United States Economic Survey					
12/20/2022 21:30	Housing Starts	Nov	1400k	--	1425k	--
12/20/2022 21:30	Building Permits	Nov	1480k	--	1526k	1512k
12/20/2022 21:30	Housing Starts MoM	Nov	-1.80%	--	-4.20%	--
12/20/2022 21:30	Building Permits MoM	Nov	-2.10%	--	-2.40%	-3.30%
12/21/2022 20:00	MBA Mortgage Applications	Dec-16	--	--	3.20%	--
12/21/2022 21:30	Current Account Balance	3Q	-\$222.0b	--	-\$251.1b	--
12/21/2022 23:00	Existing Home Sales	Nov	4.20m	--	4.43m	--
12/21/2022 23:00	Existing Home Sales MoM	Nov	-5.20%	--	-5.90%	--
12/21/2022 23:00	Conf. Board Consumer Confidence	Dec	101	--	100.2	--
12/21/2022 23:00	Conf. Board Present Situation	Dec	--	--	137.4	--
12/21/2022 23:00	Conf. Board Expectations	Dec	--	--	75.4	--



**Technical Analysis**

Dow			S&P			Nasdaq			Micro Russell		
1st Resistance:	33468	2nd Resistance: 33962	1st Resistance:	3903.18	2nd Resistance: 3960.87	1st Resistance:	11361.15	2nd Resistance: 11529.05	1st Resistance:	1774.63	2nd Resistance: 1800.85
1st Support:	32479	2nd Resistance: 31984	1st Support:	3787.82	2nd Resistance: 3730.14	1st Support:	11025.35	2nd Resistance: 10857.45	1st Support:	1722.17	2nd Resistance: 1695.95
MACD:	69.617		MACD:	-5.919347		MACD:	-53.153		MACD:	-15.570	
MACD DIFF:	-230.925		MACD DIFF:	-26.538345		MACD DIFF:	-81.760		MACD DIFF:	-13.207	
RSI:	40.401		RSI:	38.666232		RSI:	38.403		RSI:	35.934	

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32478	32803	32316	31984	32304	31824	33468	33133	33635	33962	33623	34132
S&P	3787.82	3825.70	3768.88	3730.14	3767.44	3711.48	3903.18	3864.15	3922.70	3960.87	3921.26	3980.67
Nasdaq	11025.35	11135.60	10970.22	10857.45	10966.03	10803.17	11361.15	11247.54	11417.95	11529.05	11413.76	11596.69
Micro Russell	1722.17	1739.40	1713.56	1695.95	1712.91	1687.47	1774.626	1756.88	1783.50	1800.852	1782.84	1809.86

Source: Bloomberg

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