

Fundamentals:

Stocks rose Friday to cap off a winning week as investors weighed a batch of quarterly earnings results from big companies that shed light on how U.S. companies are holding up in a slowing economy.

The three major stock indexes opened lower but steadily gained through the trading session. The S&P 500 rose 15.92 points, or 0.4%, to 3999.09. The Nasdaq Composite was up 78.05 points, or 0.7%, at 11079.16. The Dow Jones Industrial Average added 112.64 points, or 0.3%, at 34302.61. All three benchmarks finished the week with gains of at least 2%.

Some of the country's biggest banks kicked off the fourth-quarter earnings season with better-than-expected results. Reports from JPMorgan Chase and Bank of America showed many lenders have so far benefited from the Federal Reserve's interest-rate increases, which allow them to earn more from loans. Both stocks rose more than 2% on Friday.

An optimistic reading on the state of American consumers also boosted market sentiment, with the University of Michigan's consumer sentiment index popping to its highest level since April. Expectations for inflation one year from now also edged down, according to the survey released Friday.

Market participants are growing increasingly convinced the Fed will cut interest rates this year, setting up a tug-of-war between investors' hopes and monetary policy as the central bank tries to tame inflation. The S&P 500 has rallied more than 4% to kick off 2023.

Inflation data released this week kept the Fed on track to slow its pace of interest-rate increases, as consumer-price growth eased in December for a sixth consecutive month. The central bank is widely expected to raise its benchmark rate by a quarter of a percentage point at its Feb. 1 meeting, down from a half-percentage point increase in December.

Recent gains in some of the market's more speculative corners signal the enthusiasm from investors. The ARK Innovation exchange-traded fund, which sank in 2022, is up 15% year to date. Bed Bath & Beyond shares have rallied more than 45%, despite a sharp decline Friday, evoking the wild meme-stock trading of 2021.

Elsewhere, Delta Air Lines shares fell \$1.40, or 3.5%, to \$38.20 even after the airline reported better-than-expected earnings for the fourth quarter, as travel demand continues to recover from the pandemic hit.

Tesla shares slipped \$1.16, or 0.9%, to \$122.40 after the electric-vehicle maker cut prices. Shares of other car makers also fell, with General Motors and Ford down roughly 5% each.

Bonds prices eased after a recent rally driven by expectations for less aggressive policy-tightening from the Fed. The yield on the 10-year U.S. Treasury note rose to 3.510% from 3.446% on Thursday. Yields rise as prices fall.

Treasury yields edged higher on Friday as some investors questioned the market's take that the Federal Reserve will be forced to raise interest rates later this year a day after data showed a significant decline in December consumer prices.

A 0.1% dip in headline CPI, the first decline since May 2020, led Treasuries to rally and pushed the yield on benchmark 10-year notes US10YT=RR down to a month low of 3.424% on Thursday. Yields move inversely to their price.

Adding to the narrative of slowing inflation, the University of Michigan Surveys of Consumers on Friday showed the one-year inflation outlook slipped to a preliminary reading of 4.0% in January from 4.4% last month.

The 10-year's yield rose 5.5 basis points to 3.502% on Friday after sliding to 3.418% in early trade, in a sign some in the market doubt Fed officials will continue to insist rates will stay higher for longer.

The market sees a 91.6% probability the Fed hikes rates by 25 basis points when it concludes a two-day policy meeting on Feb. 1.

Also, futures prices for the Fed's target range for rates has fallen to 4.925% in June and 4.469% in December, indicating the market believes the Fed will cut rates later this year.

Fed policymakers have indicated the U.S. central bank's target rate will stay above 5% into next year.

The two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, rose 9 basis points to 4.228%.

News that JPMorgan Chase & Co said it set aside \$1.4 billion in anticipation of a mild recession rattled markets, with a recession harbinger - the gap between two- and 10-year yields - widening to -73.0 basis points.

The yield on the 30-year Treasury bond rose 4.1 basis points to 3.615%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was 2.241% and the 10-year TIPS breakeven rate was 2.183%, indicating the market sees inflation averaging 2.2% a year for the next decade.

(Source: Wall Street Journal, Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
01/13/2023 03:00	Monthly Budget Statement	Dec	-\$65.0b	-\$85.0b	-\$21.3b	--
01/13/2023 21:30	Import Price Index MoM	Dec	-0.90%	0.40%	-0.60%	-0.70%
01/13/2023 21:30	Import Price Index ex Petroleum MoM	Dec	-0.30%	0.80%	-0.30%	--
01/13/2023 21:30	Import Price Index YoY	Dec	2.20%	3.50%	2.70%	--
01/13/2023 21:30	Export Price Index MoM	Dec	-0.70%	-2.60%	-0.30%	-0.40%
01/13/2023 21:30	Export Price Index YoY	Dec	7.30%	5.00%	6.30%	6.10%
01/13/2023 23:00	U. of Mich. Sentiment	Jan P	60.7	64.6	59.7	--
01/13/2023 23:00	U. of Mich. Current Conditions	Jan P	60	66.6	59.4	--
01/13/2023 23:00	U. of Mich. Expectations	Jan P	59	62	59.9	--
01/13/2023 23:00	U. of Mich. 1 Yr Inflation	Jan P	4.30%	4.00%	4.40%	--
01/13/2023 23:00	U. of Mich. 5-10 Yr Inflation	Jan P	2.90%	3.00%	2.90%	--
01/17/2023 21:30	Empire Manufacturing	Jan	-8.7	--	-11.2	--

Contract	Close	Change	High	Low
E-Mini Dow MAR 23	34,416.00	115.00	34,464.00	34,006.00
E-Mini S&P MAR 23	4,018.25	16.250	4,024.25	3,961.75
E-Mini NASDAQ MAR 23	11,608.00	71.25	11,619.50	11,389.00
Micro Russell 2K JUN 22	1897.5	11.7	1900.9	1867.3
USD Nikkei MAR 23	25,820.0	-405.0	26,385.00	25,700.00
Euro Dollar MAR 23	94.96	0.005	94.99	94.95
US Dollar Index	102.18	-0.062	102.65	101.99
DJIA	34,302.61	112.640	34,342.32	33,915.49
S&P 500	3,999.09	15.920	4,003.95	3,947.67
NASDAQ	11,079.16	78.060	11,084.01	10,900.16
Nikkei 225	26,119.52	-330.300	26,409.21	26,090.84
Hang Seng	21,738.66	224.560	21,770.08	21,474.98
Straits Times	3,293.75	25.970	3,298.08	3,273.67
DAX	15,086.52	28.220	15,132.37	15,041.16
CAC	7,023.50	47.820	7,035.82	6,977.86
FTSE100	7,844.07	50.030	7,864.95	7,793.55

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	13.77	15.78	18.16	20.72
E-Mini S&P Futures	15.69	18.50	22.65	24.69
E-Mini Nasdaq Futures	17.01	16.47	15.09	16.48

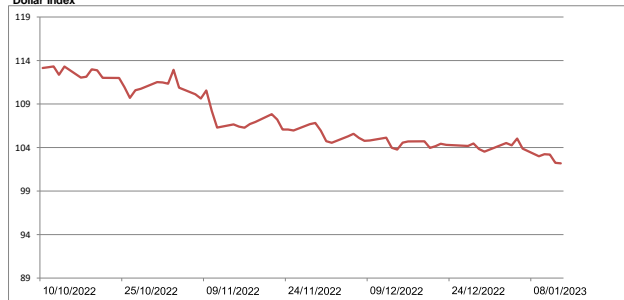
U.S. Government Treasuries Yield



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:	34932	2nd Resistance: 35448	1st Resistance:	4078.52	2nd Resistance: 4138.80	1st Resistance:	11782.12	2nd Resistance: 11956.24	1st Resistance:	1925.96	2nd Resistance: 1954.43
1st Support:	33900	2nd Resistance: 33384	1st Support:	3957.98	2nd Resistance: 3897.70	1st Support:	11433.88	2nd Resistance: 11259.76	1st Support:	1869.04	2nd Resistance: 1840.58
MACD:	146.319		MACD:	8.631287		MACD:	-34.645		MACD:	11.292	
MACD DIFF:	117.547		MACD DIFF:	20.099002		MACD DIFF:	84.538		MACD DIFF:	16.493	
RSI:	61.822		RSI:	59.990860		RSI:	57.811		RSI:	64.854	

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33900	34239	33730	33384	33717	33217	34932	34583	35107	35448	35094	35626
S&P	3957.98	3997.56	3938.19	3897.70	3936.68	3878.21	4078.52	4037.74	4098.52	4138.80	4087.41	4159.49
Nasdaq	11433.88	11548.22	11376.71	11259.76	11372.36	11203.46	11782.12	11664.30	11841.03	11956.24	11836.88	12016.02
Micro Russell	1869.04	1887.73	1859.69	1840.58	1858.98	1831.37	1925.9625	1906.70	1935.59	1954.425	1934.88	1964.20

Source: Bloomberg

Kenanga Futures Sdn Bhd (353603-X)

Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my

Disclaimer: This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness.

Any recommendation contained in this document does not have regard to the specific investment objectives, financial background and the particular needs of any person who may read this document.

This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement and assessment by addressees in relation to any investment decision.

Kenanga Futures Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities/underlying securities.

Kenanga Futures Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities/underlying securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.