

Fundamentals:

U.S. stocks ended another choppy session slightly higher on Wednesday after the Federal Reserve's meeting minutes showed none of the 19 top central bank officials think it will be appropriate to cut interest rates this year, while economic data suggested economic growth was slowing.

On Tuesday, stocks ended lower to kick off 2023 after suffering their worst yearly performance since 2008.

All three benchmark indexes snapped two days of losses, but not before briefly slipping into the red after the Federal Reserve released the minutes from its Dec. 13-14 meeting, which showed none of the policymakers expect any interest rate cuts in 2023, as they awaited more evidence that inflation was on a sustained downward path.

Fed officials also said that if markets start to ease financial conditions, especially if driven by a misperception of how the Fed was responding to the data that "would complicate" the FOMC's effort to restore price stability.

Traders currently price in a 70.7% likelihood of a 25 basis point hike to the Fed funds target rate at its next policy meeting, which concludes February 1, according to CME's FedWatch tool.

However, in economic data Wednesday, Institute for Supply Management data showed weakness in U.S. factory activity in December. The ISM manufacturing index, which measures U.S. manufacturing activity, slipped to 48.4, the lowest level since May 2020. Any number below 50% reflects a contraction in activity. Equity bulls were hoping to see data showing an economic growth that is slowing, though not too much, as this could allow the U.S. central bank to slow the pace of interest rate rises.

U.S. job openings fell slightly in November in a still strong labor market, raising concerns that the Federal Reserve may not be near the end of its monetary tightening cycle.

Wall Street's benchmark S&P 500 index fell 19.4% in 2022 after the Fed tried to combat the highest inflation in decades by raising interest rates 425 basis points in just nine months, a move that risks recession and lower company earnings.

Treasury yields finished the New York session lower on Wednesday despite the Federal Reserve's unusually blunt warning that investors shouldn't doubt the central bank's willingness to keep interest rates high.

Minutes of the Fed's most recent meeting in December revealed that none of the central bank's 19 top officials expect that it will be appropriate to cut interest rates this year in contrast to traders in the federal funds futures market who expect the Fed to start reducing interest rates this summer.

The minutes said that "an unwarranted easing in financial conditions, especially if driven by a misperception of the public of the [policy-setting Federal Open Market] Committee's reaction function, would complicate the Committee's effort to restore price stability."

In addition, Fed officials' median projections for the appropriate path of interest rates, "which tracked notably above market-based measures of policy rate expectations, underscored the Committee's strong commitment to returning inflation to its 2 percent goal."

Fed officials want to see a lot more evidence of progress to be convinced inflation is on a sustained downward path, according to the minutes. Indeed, hours before the minutes were released, Minneapolis Fed President Neel Kashkari, a voting member of the FOMC this year, wrote in an essay that he expects the benchmark rate target to rise to 5.4% and "potentially much higher."

The central bank is mostly expected to take its fed funds rate target to at least 4.75% to 5% by June, according to 30-day Fed Funds futures.

(Source: Dow Jones Newswires)

Contract	Close	Change	High	Low
E-Mini Dow MAR 23	33,416.00	100.00	33,564.00	33,171.00
E-Mini S&P MAR 23	3,874.50	24.250	3,886.25	3,836.50
E-Mini NASDAQ MAR 23	10,989.25	35.25	11,068.50	10,863.50
Micro Russell 2K JUN 22	1782.3	22.3	1794.9	1755.8
USD Nikkei MAR 23	25,860.0	60.0	25,945.00	25,635.00
Euro Dollar MAR 23	94.92	0.010	94.95	94.91
US Dollar Index	104.27	-0.253	104.60	103.83
DJIA	33,269.77	133.400	33,409.10	33,033.48
S&P 500	3,852.97	28.830	3,873.16	3,815.77
NASDAQ	10,458.76	71.780	10,515.22	10,337.64
Nikkei 225	25,716.86	-377.640	25,840.68	25,661.89
Hang Seng	20,793.11	647.820	20,793.11	20,233.39
Straits Times	3,242.46	-3.340	3,256.37	3,238.70
DAX	14,490.78	309.110	14,492.78	14,264.60
CAC	6,776.43	152.540	6,780.83	6,659.83
FTSE100	7,585.19	31.100	7,609.25	7,545.18

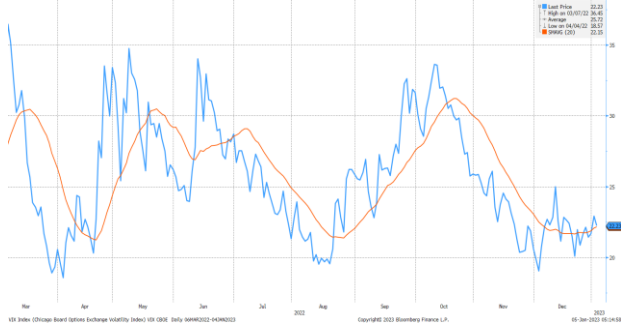
Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	14.10	16.21	19.00	20.64
E-Mini S&P Futures	17.67	19.56	23.85	24.55
E-Mini Nasdaq Futures	15.06	15.48	14.88	15.82

U.S. Government Treasuries Yield

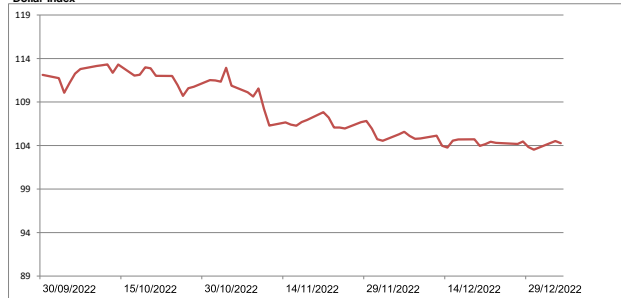


Economic Releases	Period	Survey	Actual	Prior	Revised	
01/04/2023 20:00	MBA Mortgage Applications	Dec-30	--	-10.30%	-3.20%	--
01/04/2023 23:00	ISM Manufacturing	Dec	48.5	48.4	49	--
01/04/2023 23:00	ISM Prices Paid	Dec	42.9	39.4	43	--
01/04/2023 23:00	ISM Employment	Dec	--	51.4	48.4	--
01/04/2023 23:00	ISM New Orders	Dec	--	45.2	47.2	--
01/04/2023 23:00	JOLTS Job Openings	Nov	10050k	10458k	10334k	10512k
01/05/2023 03:00	FOMC Meeting Minutes	Dec-14	--	--	--	--
01/05/2023 20:30	Challenger Job Cuts YoY	Dec	--	--	416.50%	--
01/05/2023 21:15	ADP Employment Change	Dec	150k	--	127k	--
01/05/2023 21:30	Trade Balance	Nov	-\$63.0b	--	-\$78.2b	--
01/05/2023 21:30	Initial Jobless Claims	Dec-31	225k	--	225k	--
01/05/2023 21:30	Continuing Claims	Dec-24	1728k	--	1710k	--
01/05/2023 22:45	S&P Global US Services PMI	Dec F	44.4	--	44.4	--
01/05/2023 22:45	S&P Global US Composite PMI	Dec F	--	--	44.6	--
01/04/2023 01:05	Wards Total Vehicle Sales	Dec	13.40m	--	14.14m	--
01/06/2023 21:30	Revisions: Household Survey Data					
01/06/2023 21:30	Two-Month Payroll Net Revision	Dec	--	--	--	--
01/06/2023 21:30	Change in Nonfarm Payrolls	Dec	200k	--	263k	--
01/06/2023 21:30	Change in Private Payrolls	Dec	183k	--	221k	--
01/06/2023 21:30	Change in Manufact. Payrolls	Dec	8k	--	14k	--
01/06/2023 21:30	Unemployment Rate	Dec	3.70%	--	3.70%	--
01/06/2023 21:30	Average Hourly Earnings MoM	Dec	0.40%	--	0.60%	--
01/06/2023 21:30	Average Hourly Earnings YoY	Dec	5.00%	--	5.10%	--
01/06/2023 21:30	Average Weekly Hours All Employees	Dec	34.4	--	34.4	--
01/06/2023 21:30	Labor Force Participation Rate	Dec	62.20%	--	62.10%	--
01/06/2023 21:30	Underemployment Rate	Dec	--	--	6.70%	--
01/06/2023 23:00	ISM Services Index	Dec	55	--	56.5	--
01/06/2023 23:00	ISM Services Employment	Dec	--	--	51.5	--
01/06/2023 23:00	ISM Services Prices Paid	Dec	--	--	70	--
01/06/2023 23:00	ISM Services New Orders	Dec	--	--	56	--
01/06/2023 23:00	Factory Orders	Nov	-1.00%	--	1.00%	--
01/06/2023 23:00	Factory Orders Ex Trans	Nov	--	--	0.80%	--
01/06/2023 23:00	Durable Goods Orders	Nov F	-2.10%	--	-2.10%	--
01/06/2023 23:00	Durables Ex Transportation	Nov F	--	--	0.20%	--
01/06/2023 23:00	Cap Goods Orders Nondel Ex Air	Nov F	--	--	0.20%	--
01/06/2023 23:00	Cap Goods Ship Nondel Ex Air	Nov F	--	--	-0.10%	--

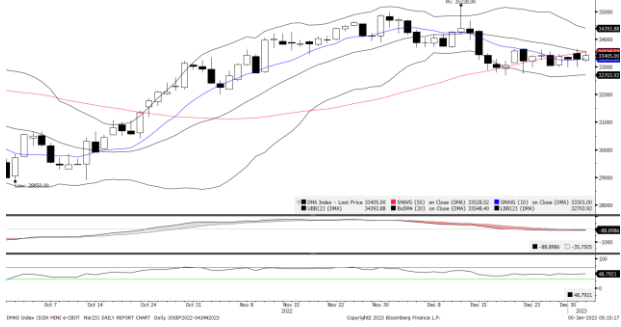
CBOE Volatility Index (VIX)



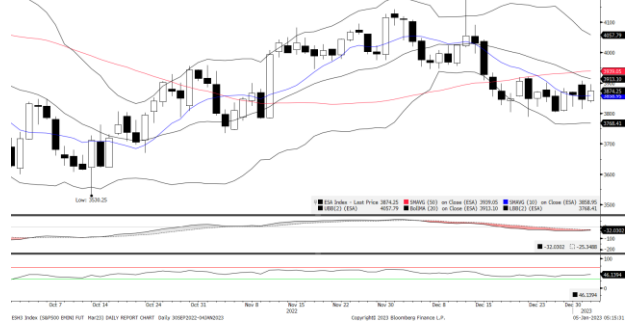
Dollar Index



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:	33917	2nd Resistance:	34418	1st Resistance:	3932.62	2nd Resistance:	3990.74	1st Resistance:	11164.24	2nd Resistance:	11329.23	1st Resistance:	1809.03	2nd Resistance:	1835.77
1st Support:	32915	2nd Resistance:	32414	1st Support:	3816.38	2nd Resistance:	3758.27	1st Support:	10834.26	2nd Resistance:	10669.27	1st Support:	1755.57	2nd Resistance:	1728.83
MACD:	-91.039			MACD:	-32.352707			MACD:	-206.628			MACD:	-20.002		
MACD DIFF:	-54.979			MACD DIFF:	-6.960505			MACD DIFF:	-40.515			MACD DIFF:	-0.323		
RSI:	48.379			RSI:	45.667971			RSI:	40.115			RSI:	47.176		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	32915	33244	32750	S&P	32414	32738	32251	33917	33578	34087	S&P	34418	34074	34591
S&P	3816.38	3854.55	3797.30	Nasdaq	3758.27	3795.85	3739.47	3932.62	3893.29	3952.28	Nasdaq	3990.74	3950.83	4010.69
Nasdaq	10834.26	10942.60	10760.09	Micro Russell	10669.27	10775.97	10515.93	11164.24	11052.60	11220.06	Micro Russell	11329.23	11215.94	11385.87
Micro Russell	1755.57	1773.12	1746.79		1728.83	1746.12	1720.19	1809.03	1790.94	1818.08		1835.769	1817.41	1844.95

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.