

Fundamentals:

Wall Street gyrated to end sharply lower on Wednesday after the U.S. Federal Reserve delivered a widely expected 25 basis point policy hike, while hinting that it was on the verge of pausing future increases in view of recent turmoil in the financial sector.

The three major U.S. stock indexes, which were mostly directionless prior to the Fed announcement, jumped higher then deflated as investors digested the accompanying statement and Chair Jerome Powell's subsequent Q&A session.

By closing bell, all three indexes were off more than 1.6%.

In the Fed's statement, the members of the Federal Open Markets Committee (FOMC) said some additional tightening might be possible, but suggested it was on the verge of pausing future hikes in view of recent turmoil in the financial sector.

Gains pared during Powell's remarks and Q&A session in which he vowed to use all available tools to keep the banking system sound, but reiterated the central bank's commitment to reining in inflation.

Worries persist that the Fed's aggressive battle against inflation could tip the economy into recession, and recent turmoil in the banking sector, sparked by failures of SVB Financial Group and Signature Bank, have exacerbated those fears.

The sell-off was exacerbated by Treasury Secretary Janet Yellen's remarks before lawmakers that the Federal Deposit Insurance Corporation (FDIC) was not considering "blanket insurance" for deposits arising from recent strife in the sector.

The Dow Jones Industrial Average fell 530.49 points, or 1.63%, to 32,030.11, the S&P 500 lost 65.9 points, or 1.65%, to 3,936.97 and the Nasdaq Composite dropped 190.15 points, or 1.6%, to 11,669.96.

All 11 major sectors of the S&P 500 ended the session deep in negative territory, with real estate suffering the steepest percentage drop, its largest one-day plunge since Sept. 13.

The banking sector reversed course after a two-session rebound, with the S&P Banks index and the KBW Regional Bank index off 3.7% and 5.3%, respectively.

Shares of First Republic slipped 15.5% in volatile trade amid worries that it may need to downsize or seek government support.

Pacific Western Bank announced it had raised \$1.4 billion from investment firm Atlas SP Partners. Its shares dropped 17.1%.

Western Alliance Bancorp fell 5.0%.

Retail darling GameStop Corp surged 35.2% after posting a surprise fourth quarter profit.

Used car e-commerce platform Carvana Co jumped 6.3% following its announcement that it expects a smaller current quarter loss as a result of cost-cutting measures.

Virgin Orbit Holdings Inc soared 33.1% following the satellite launch firm's announcement it is resuming operations.

Nike Inc dropped 4.9% after the sports apparel maker raised its full-year revenue outlook on Tuesday but warned of margin pressures.

U.S. central bankers see the policy rate, now in the 4.75%-5.00% range after Wednesday's increase, at 5.1% by year end, according to the median estimate in the Fed's latest quarterly summary of economic projections.

However, policymakers also see less easing next year than most thought would be appropriate just three months ago, before a slew of stronger-than-expected readings on growth and inflation, but also before recent turmoil in the banking sector that policymakers expect will weigh on economic growth.

Forecasts from the 18 policymakers were also varied, with seven policymakers seeing a higher appropriate stopping point for rates. One policymaker thought no further rate hikes would be needed.

Fed Chair Jerome Powell said that while banking system stress following the failure of Silicon Valley Banking has added uncertainty to the outlook, it's still possible the economy may not face a sharp downturn.

Benchmark 10-year note yields were last at 3.502% and two-year yields were 3.989%.

The inversion in the closely watched yield curve between two-year and 10-year notes narrowed to minus 50 basis points from around minus 60 basis points before the Fed's decision.

Fed funds futures traders are currently pricing for a roughly equal chance that the Fed will hike rates by an additional 25 basis points in May or leave them unchanged.

Inflation expectations also edged higher. Breakeven rates on five-year Treasury Inflation-Protected Securities (TIPS) show expected inflation of 2.41% per year for the next five years, up from 2.37% earlier.

(Source: Reuters)

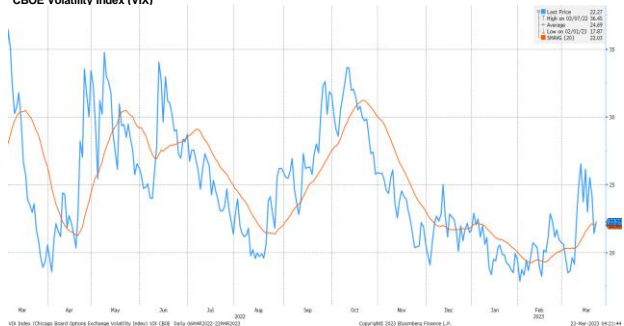
Contract	Close	Change	High	Low
E-Mini Dow JUN 23	32,258.00	-449.00	32,994.00	32,231.00
E-Mini S&P JUN 23	3,970.50	-59.500	4,073.75	3,966.25
E-Mini NASDAQ JUN 23	12,707.00	-155.75	13,082.00	12,678.00
Micro Russell 2K JUN 22	1747.8	-45.5	1799	1738.7
USD Nikkei JUN 23	27,050.0	-115.0	27,445.00	27,025.00
Euro Dollar JUN 23	94.86	0.015	95.03	94.71
US Dollar Index	102.55	-0.711	103.27	102.07
DJIA	32,030.11	-530.490	32,761.89	32,020.46
S&P 500	3,936.97	-65.900	4,039.49	3,936.17
NASDAQ	11,669.96	-190.150	12,013.99	11,666.85
Nikkei 225	27,466.61	520.940	27,520.97	27,267.26
Hang Seng	19,591.43	332.670	19,775.69	19,428.36
Straits Times	3,220.98	47.050	3,228.61	3,189.65
DAX	15,216.19	20.850	15,298.49	15,166.95
CAC	7,131.12	18.210	7,157.73	7,080.18
FTSE 100	7,566.84	30.620	7,585.57	7,505.48

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	18.68	16.20	14.78	14.87
E-Mini S&P Futures	21.99	17.69	17.52	17.90
E-Mini Nasdaq Futures	23.49	16.84	15.88	15.23

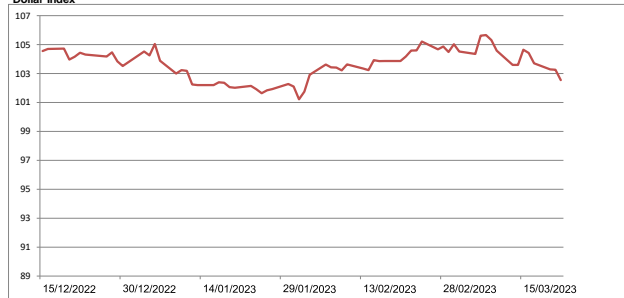
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)

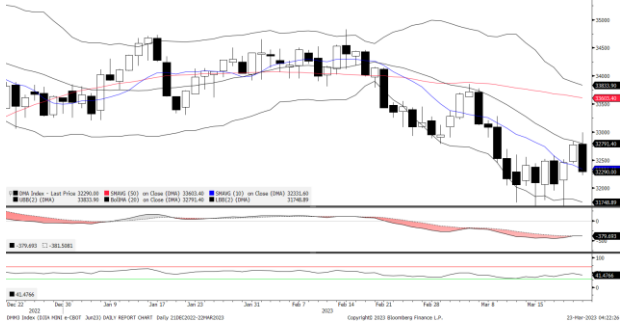


Dollar Index



Economic Releases	Period	Survey	Actual	Prior	Revised	
03/22/2023 19:00	MBA Mortgage Applications	Mar-17	--	3.00%	6.50%	--
03/23/2023 02:00	FOMC Rate Decision (Upper Bound)	Mar-22	5.00%	5.00%	4.75%	--
03/23/2023 02:00	FOMC Rate Decision (Lower Bound)	Mar-22	4.75%	4.75%	4.50%	--
03/23/2023 02:00	Interest on Reserve Balances Rate	Mar-23	4.90%	4.90%	4.65%	--
03/23/2023 20:30	Initial Jobless Claims	Mar-18	197k	--	192k	--
03/23/2023 20:30	Continuing Claims	Mar-11	1690k	--	1684k	--
03/23/2023 20:30	Current Account Balance	4Q	-\$213.7b	--	-\$217.1b	--
03/23/2023 20:30	Chicago Fed Nat Activity Index	Feb	0.1	--	0.23	--
03/23/2023 22:00	New Home Sales	Feb	650k	--	670k	--
03/23/2023 22:00	New Home Sales MoM	Feb	-3.00%	--	7.20%	--
03/23/2023 23:00	Kansas City Fed Manf. Activity	Mar	-2	--	0	--

E-Mini Dow Index Futures Daily Chart



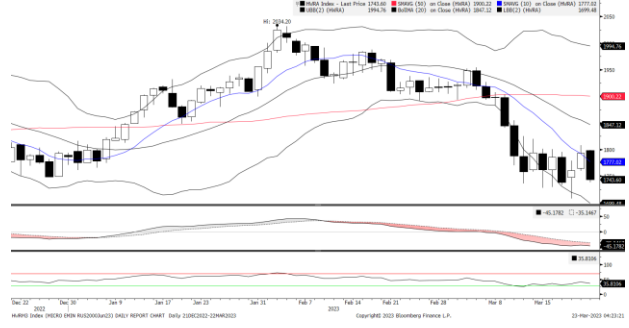
E-Mini S&P 500 Index Futures Daily Chart



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:	32742	2nd Resistance:	33226	1st Resistance:	4030.06	2nd Resistance:	4089.62	1st Resistance:	12897.61	2nd Resistance:	13088.21	1st Resistance:	1774.02	2nd Resistance:	1800.23
1st Support:	31774	2nd Support:	31290	1st Support:	3910.94	2nd Support:	3851.39	1st Support:	12516.40	2nd Support:	12325.79	1st Support:	1721.59	2nd Support:	1695.37
MACD:	-377.083			MACD:	-25.622255			MACD:	111.891			MACD:	-44.854		
MACD DIFF:	4.134			MACD DIFF:	3.467885			MACD DIFF:	52.493			MACD DIFF:	-9.758		
RSI:	41.807			RSI:	46.648120			RSI:	57.954			RSI:	36.197		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	31774	32092	31615		31290	31603	31134	32742	32414	32906		33226	32893	33392
S&P	3910.94	3950.05	3891.39		3851.39	3889.90	3832.13	4030.06	3989.76	4050.21		4089.62	4048.72	4110.06
Nasdaq	12516.40	12641.56	12453.81		12325.79	12449.05	12264.16	12897.61	12708.63	12962.09		13088.21	12957.33	13153.65
Micro Russell	1721.58	1738.80	1712.98		1695.37	1712.32	1686.89	1774.017	1756.28	1782.89		1800.234	1782.23	1809.24

Source: Bloomberg

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