

Fundamentals:

Wall Street rallied on Friday to end a volatile week, as U.S. Treasury yields eased and economic data helped investors look past the growing likelihood that the Federal Reserve will have to keep its restrictive policy in place until late in the year.

All three major U.S. stock indexes surged more than 1%, with the tech-laden Nasdaq climbing close to 2% with a boost from interest rate sensitive megacaps. U.S. Treasury yields eased in the wake of comments from Fed officials that calmed fears over inflation and interest rates.

For the week, the indexes notched gains, with the S&P snapping a three-week losing streak and the Dow, returning to positive territory year-to-date, enjoyed its first weekly advance since late January.

The week also saw the benchmark S&P 500 break through its 50- and 200-day moving averages, two closely watched technical levels.

Economic data released on Friday showed steady demand for services, with purchasing managers' indexes (PMI) from the Institute for Supply Management and S&P Global indicating that activity in the sector continues to expand even as input prices cool.

The Dow Jones Industrial Average rose 387.4 points, or 1.17%, to 33,390.97, the S&P 500 gained 64.29 points, or 1.61%, to 4,045.64 and the Nasdaq Composite added 226.02 points, or 1.97%, to 11,689.01.

All 11 major sectors of the S&P 500 ended the session green, with tech and consumer discretionary enjoying the largest percentage gains.

Fourth-quarter earnings season is on the final stretch, with all but seven of the companies in the S&P 500 having reported. Results for the quarter have beaten consensus estimates 68% of the time, according to Refinitiv.

Still, on aggregate, analysts believe S&P 500 earnings will have fallen 3.2% in the fourth quarter compared to the prior year, and expect negative year-on-year numbers for the first two quarters of 2023. This would imply the S&P 500 entered a three-quarter earnings recession in the closing months of 2022, per Refinitiv.

Apple Inc jumped 3.5% after Morgan Stanley said the stock could rally more than 20% this year on a potential hardware subscription.

Broadcom Inc advanced 5.7 % after the chipmaker forecast second-quarter revenue above analysts' estimates as increased investments in AI spurred demand for chips.

Among losers, Costco Wholesale Corp slipped 2.1 % on the heels of its revenue miss, as high inflation dampened consumer demand.

Chipmaker Marvell Technology Inc slid 4.7 % in the wake of the company's quarterly profit miss and disappointing revenue forecast.

Treasury yields slipped on Friday after hitting new highs this week as they met resistance following comments a day earlier from Federal Reserve officials that temporarily calmed fears around the direction of inflation and interest rates.

U.S. government bond yields, which rise when prices fall, surged this week as strong U.S. economic data and rising prices in Europe renewed concerns that central banks will need to raise rates more than expected to cool the economy and tame inflation.

Benchmark 10-year Treasury yields, as well as 30-year yields, rose above 4% for the first time since November, while yields on two-year notes hit levels not seen since 2007.

Bond bears met some resistance after Fed officials on Thursday expressed doubt on whether recent hotter-than-expected data was a "blip" or a sign that higher interest rates were required to slow price rises.

The market is trying to gauge how the Fed's narrative of rates likely staying higher-for-longer will impact the U.S. central bank's economic projections.

Data on Friday showed the U.S. services sector grew at a steady clip in February, with new orders and employment rising to more than one-year highs, suggesting the economy continued to expand in the first quarter.

The data is second-tier and had little impact on the Treasury market, Shipley said.

The yield on 10-year notes slid 10.6 basis points to 3.967%, while two-year yields, which are sensitive to interest rate expectations, fell 4.1 basis points to 4.863%.

The gap between two- and 10-year yields, seen as a recession harbinger when the shorter-dated notes are higher than the longer end, remained inverted at -89.8 basis points.

Money market expectations that the Fed may go back to a 50 basis-point hike in its policy rate at the end of a two-day meeting on March 22 gained traction earlier this week, though the consensus remained largely around a hike of 25 basis points.

U.S. unemployment data on March 10 and the Consumer Price Index on March 14 will help determine the Fed's next steps as it seeks to slow inflation to its 2% target. Fed Chair Jerome Powell's testimony to Congress next week could also give some indications on the monetary policy outlook.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
03/03/2023 22:45	S&P Global US Services PMI	Feb F	50.5	50.6	50.5
03/03/2023 22:45	S&P Global US Composite PMI	Feb F	--	50.1	50.2
03/03/2023 23:00	ISM Services Index	Feb	54.5	55.1	55.2
03/03/2023 23:00	ISM Services Prices Paid	Feb	--	65.6	67.8
03/03/2023 23:00	ISM Services Employment	Feb	--	54	50
03/03/2023 23:00	ISM Services New Orders	Feb	--	62.6	60.4
03/06/2023 23:00	Factory Orders	Jan	-1.80%	--	1.80%
03/06/2023 23:00	Factory Orders Ex Trans	Jan	1.00%	--	-1.20%
03/06/2023 23:00	Durable Goods Orders	Jan F	-4.50%	--	-4.50%
03/06/2023 23:00	Durables Ex Transportation	Jan F	0.70%	--	0.70%
03/06/2023 23:00	Cap Goods Orders Nondefl Ex Air	Jan F	--	--	0.80%
03/06/2023 23:00	Cap Goods Ship Nondefl Ex Air	Jan F	--	--	1.10%

INDEX FUTURES DAILY PREVIEW
March 6, 2023

Contract	Close	Change	High	Low
E-Mini Dow MAR 23	33,414.00	403.00	33,430.00	32,953.00
E-Mini S&P MAR 23	4,049.75	67.500	4,053.00	3,974.00
E-Mini NASDAQ MAR 23	12,311.25	260.50	12,326.25	12,012.00
Micro Russell 2K JUN 22	1932.6	28.4	1934.7	1898.3
USD Nikkei MAR 23	28,205.0	490.0	28,230.00	27,640.00
Euro Dollar MAR 23	94.93	0.013	94.94	94.92
US Dollar Index	104.56	-0.471	105.00	104.49
DJIA	33,390.97	387.400	33,405.82	33,008.41
S&P 500	4,045.64	64.290	4,048.29	3,995.17
NASDAQ	11,689.01	226.030	11,699.63	11,514.74
Nikkei 225	27,927.47	428.600	27,961.21	27,655.34
Hang Seng	20,567.54	138.080	20,727.25	20,498.16
Straits Times	3,232.02	-2.880	3,251.29	3,230.42
DAX	15,578.39	250.750	15,590.44	15,409.99
CAC	7,348.12	63.900	7,358.04	7,308.15
FTSE100	7,947.11	3.070	7,974.40	7,920.07

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	16.66	12.47	14.50	16.35
E-Mini S&P Futures	17.27	15.89	17.12	20.41
E-Mini Nasdaq Futures	13.87	9.49	14.98	14.45

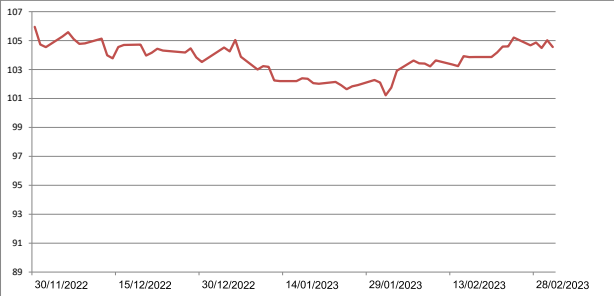
U.S. Government Treasuries Yield



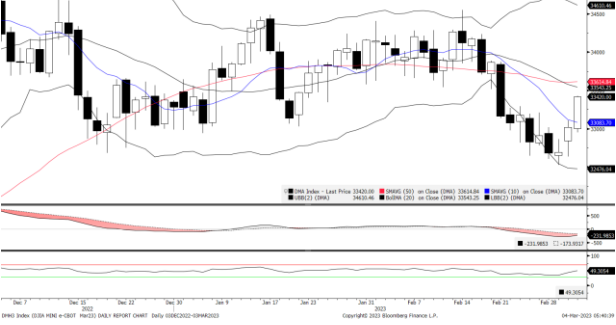
CBOE Volatility Index (VIX)



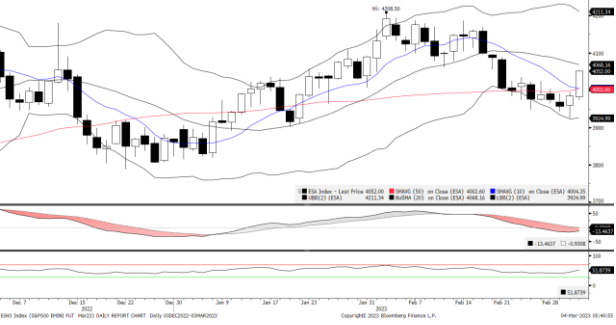
Dollar Index



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:	33915	2nd Resistance:	34416	1st Resistance:	4110.50	2nd Resistance:	4171.24	1st Resistance:	12495.92	2nd Resistance:	12680.59
1st Support:	32913	2nd Resistance:	32412	1st Support:	3989.00	2nd Resistance:	3928.26	1st Support:	12126.58	2nd Resistance:	11941.91
MACD:	-232.283			MACD:	-13.497729			MACD:	26.803		
MACD DIFF:	-57.812			MACD DIFF:	-12.491511			MACD DIFF:	-57.273		
RSI:	49.313			RSI:	51.893396			RSI:	54.316		

Strategy

	Long:	Profit target:	Stop-loss:		Long:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:		Short:	Profit target:	Stop-loss:
Dow	32913	33242	32748		32412	32736	32250		33915	33576	34085		34416	34072	34589
S&P	3989.00	4029.89	3969.06		3928.26	3967.54	3908.62		4110.50	4069.59	4131.05		4171.24	4129.53	4192.10
Nasdaq	12126.58	12247.85	12065.95		11941.91	12061.33	11862.20		12495.92	12370.96	12558.40		12680.59	12553.78	12743.99
Micro Russell	1903.61	1922.65	1894.09		1874.62	1893.37	1865.25		1961.589	1941.97	1971.40		1990.578	1970.67	2000.53

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.