

Fundamentals:

Wall Street rallied more than 1% on Friday and the Nasdaq notched its biggest quarterly percentage gain since June 2020, as signs of cooling inflation bolstered hopes the Federal Reserve might soon end its aggressive interest rate hikes.

The S&P 500 closed at its highest level since Feb. 15 and posted a second straight quarter of gains, led by the technology sector's 21.5% rise in the first quarter.

The quarterly gains came despite a sharp sell-off in bank stocks following the collapse of two regional banks earlier this month and worries about a potential bigger financial crisis.

The S&P 500 financial sector was the quarter's worst-performing sector, posting a 6.1% drop, while the KBW regional bank index fell 18.6% for the period.

The Commerce Department report Friday showed U.S. consumer spending rose moderately in February while inflation cooled.

The Fed has been raising rates to cool inflation. Expectations for a 25-basis point rate hike at its May meeting dipped to about 50%, with no hike seen to be just as likely.

The Dow Jones Industrial Average rose 415.12 points, or 1.26%, to 33,274.15, the S&P 500 gained 58.48 points, or 1.44%, to 4,109.31 and the Nasdaq Composite added 208.44 points, or 1.74%, to 12,221.91.

For the week and month, stocks also posted strong gains. The Nasdaq was up 6.7% for March.

For the quarter, the Nasdaq jumped 16.8% in its biggest quarterly percentage increase since the three months ended June 2020. The S&P 500 gained 7% and the Dow rose 0.4% in the quarter, based on the latest available data.

Semiconductors were among the quarter's strongest performing stocks, with the Philadelphia semiconductor index rising 27.6%.

Shares of big tech gained as investors rotated out of banks and as U.S. Treasury yields eased, with the two-year note yield posting on Friday its largest monthly drop since 2008. Higher yields tend to be a negative for big tech companies.

Apple Inc shares ended up 1.6% on Friday, rising along with other megacaps. It also won its appeal against the decision by Britain's antitrust regulator to launch an investigation into its mobile browser and cloud gaming services.

Also on Friday, Boston Fed President Susan Collins said that wherever the U.S. central bank stops with its rate rises, maintaining that level for some time will be critical in helping to lower high inflation back to the 2% target.

Two-year U.S. Treasury yields were on track to post the largest monthly drop since 2008 on Friday while 10-year yields keyed in on the biggest drop in three years, after data showed inflation moderated in February and as investors sought out bonds for quarter-end.

Treasury yields have stabilized following sharp drops after the collapse of Silicon Valley Bank and Signature Bank this month.

But investors remain wary of any renewed stress in the banking system as they also wait to see how tighter lending standards resulting from the recent bank failures will affect the economy.

Data on Friday showing that inflation cooled in February, though it remained high enough to possibly allow the Federal Reserve to raise interest rates one more time this year.

Fed funds futures traders see slightly higher odds that the Federal Reserve will raise interest rates by 25 basis points when it meets on May 2-3, rather than leave them unchanged.

Boston Fed President Susan Collins said on Friday that wherever the U.S. central bank stops with its interest rate rises, maintaining that level for some time will be critical in helping to lower high inflation back to the 2% target.

Hopes that the Fed is closer to the end of its hiking cycle have boosted demand for bonds, while month- and quarter-end rebalancing also played a role in Friday's bond rally.

Benchmark 10-year yields fell 6 basis points on the day to 3.494%. They have fallen by 42 basis points this month, the largest fall since March 2020.

Two-year yields fell 3 basis points to 4.067%. They are down 73 basis points this month, the largest drop since Jan. 2008.

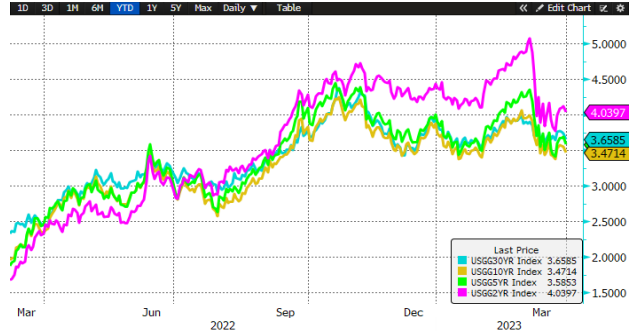
The yield curve between two-year and 10-year notes was last at minus 58 basis points.

(Source: Reuters)

Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,460.00	416.00	33,549.00	33,003.00
E-Mini S&P JUN 23	4,137.75	57.750	4,142.50	4,078.00
E-Mini NASDAQ JUN 23	13,301.75	219.75	13,311.50	13,057.50
Micro Russell 2K JUN 22	1813.5	33.4	1817.1	1777.8
USD Nikkei JUN 23	28,270.0	270.0	28,305.00	27,985.00
Euro Dollar SEP 23	95.14	-0.005	95.15	95.05
US Dollar Index	102.60	0.452	102.63	102.05
DJIA	33,274.15	415.120	33,291.00	32,901.86
S&P 500	4,109.31	58.480	4,110.75	4,056.18
NASDAQ	12,221.91	208.440	12,227.93	12,030.44
Nikkei 225	28,041.48	258.550	28,124.62	27,986.62
Hang Seng	20,400.11	90.980	20,721.97	20,357.41
Straits Times	3,258.90	1.720	3,273.47	3,255.59
DAX	15,628.84	106.440	15,659.06	15,499.84
CAC	7,322.39	59.020	7,341.79	7,264.82
FTSE 100	7,631.74	11.310	7,654.41	7,616.09

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	13.56	16.47	14.85	15.19
E-Mini S&P Futures	15.51	18.06	17.22	18.03
E-Mini Nasdaq Futures	12.43	18.18	15.78	15.76

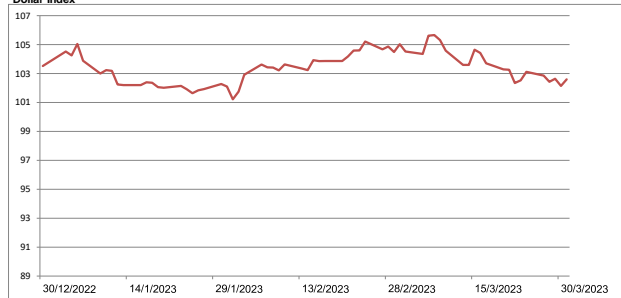
U.S. Government Treasuries Yield



COBE Volatility Index (VIX)



Dollar Index



Economic Releases	Period	Survey	Actual	Prior	Revised	
03/31/2023 20:30	Personal Income	Feb	0.20%	0.30%	0.60%	--
03/31/2023 20:30	Personal Spending	Feb	0.30%	0.20%	1.80%	2.00%
03/31/2023 20:30	Real Personal Spending	Feb	-0.10%	-0.10%	1.10%	1.50%
03/31/2023 20:30	PCE Deflator MoM	Feb	0.30%	0.30%	0.60%	--
03/31/2023 20:30	PCE Deflator YoY	Feb	5.10%	5.00%	5.40%	5.30%
03/31/2023 20:30	PCE Core Deflator MoM	Feb	0.40%	0.30%	0.60%	0.50%
03/31/2023 20:30	PCE Core Deflator YoY	Feb	4.70%	4.60%	4.70%	--
03/31/2023 21:45	MNI Chicago PMI	Mar	43	43.8	43.6	--
03/31/2023 22:00	U. of Mich. Sentiment	Mar F	63.3	62	63.4	--
03/31/2023 22:00	U. of Mich. Current Conditions	Mar F	66.4	66.3	66.4	--
03/31/2023 22:00	U. of Mich. Expectations	Mar F	61.4	59.2	61.5	--
03/31/2023 22:00	U. of Mich. 1 Yr Inflation	Mar F	3.80%	3.60%	3.80%	--
03/31/2023 22:00	U. of Mich. 5-10 Yr Inflation	Mar F	2.80%	2.90%	2.80%	--



Technical Analysis

Dow			S&P			Nasdaq			Micro Russell						
1st Resistance:	33962	2nd Resistance:	34464	1st Resistance:	4199.82	2nd Resistance:	4261.88	1st Resistance:	13501.28	2nd Resistance:	13700.80	1st Resistance:	1840.70	2nd Resistance:	1867.91
1st Support:	32959	2nd Support:	32456	1st Support:	4075.68	2nd Support:	4013.62	1st Support:	13102.22	2nd Support:	12902.70	1st Support:	1786.30	2nd Support:	1759.10
MACD:	-106.114			MACD:	7.624049			MACD:	203.550			MACD:	-30.323		
MACD DIFF:	152.967			MACD DIFF:	19.635245			MACD DIFF:	59.844			MACD DIFF:	7.370		
RSI:	58.184			RSI:	62.030959			RSI:	68.075			RSI:	49.546		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32958	33288	32793	32456	32781	32294	33962	33622	34132	34464	34119	34636
S&P	4075.68	4116.44	4055.31	4013.62	4053.75	3993.55	4199.82	4157.62	4220.82	4261.88	4219.26	4263.19
Nasdaq	13102.22	13233.25	13036.71	12902.70	13031.72	12938.18	13501.28	13396.26	13568.78	13700.80	13563.79	13769.31
Micro Russell	1786.3	1804.16	1777.37	1759.10	1776.69	1750.30	1840.7025	1822.30	1849.91	1867.905	1849.23	1877.24

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.