

Fundamentals:

The S&P 500 dipped and the Nasdaq ended sharply lower on Wednesday after a growing wave of weak economic data deepened worries that the Federal Reserve's rapid interest rate hikes might tip the U.S. economy into a recession.

Nvidia Corp dropped 2.1% and was among the stocks weighing most on the S&P 500 after Alphabet Inc's Google unit said the supercomputers it uses to train its artificial intelligence models were faster and more power-efficient than comparable components made by the chipmaker.

Tesla Inc fell 3.7%, while Amazon and Apple declined more than 1%, pulling down the Nasdaq and reversing gains in some of Wall Street's most valuable companies in recent weeks.

Caterpillar, viewed as a bellwether for the industrial sector, dropped 1.8%, bringing its loss over the past two days to 7% as investors fretted about a potential economic downturn.

The S&P 500 declined 0.25% to end the session at 4,090.38 points.

The Nasdaq fell 1.07% to 11,996.86 points, while the Dow Jones Industrial Average rose 0.24% to 33,482.72 points.

Driving the recession fears, the ADP National Employment report showed U.S. private employers hired far fewer workers than expected in March. That followed Tuesday's weak job openings data.

As well, the Institute for Supply Management's survey showed the services sector slowed more than expected last month on cooling demand, while a measure of prices paid by services businesses fell to a near three-year low.

Earlier this week data showed falling factory orders and soft manufacturing activity.

Wall Street's recent losses in reaction to signs of a slowing economy mark a change from recent months, when investors cheered weak economic data on the basis that it might mean the Fed's interest rate hikes were working and that the Fed could ease up on its campaign to rein in decades-high inflation.

Reflecting worries about the economy and recent turmoil in the banking sector, interest rate futures imply odds that the Fed will cut interest rates from current levels by the end of its July meeting, according to CME Group's Fedwatch tool.

Of the 11 S&P 500 sector indexes, seven declined, led lower by consumer discretionary, down 2.04%, followed by a 1.3% loss in industrials.

Among stocks that kept the Dow Jones Industrial Average in positive territory, Johnson & Johnson rallied 4.5% after its \$8.9 billion offer to settle talc-related lawsuits gained the support of thousands of claimants, easing an overhang on its plans to list consumer health unit Kenvue.

Artificial intelligence C3.ai Inc tumbled more than 15%, sliding for a second day after a short seller alleged accounting issues. The AI company denied the allegations in an emailed response to Reuters.

FedEx Corp rose 1.5% as the freight bellwether firm said it will fold its operating divisions into one organization as it steps up efforts to cut costs and increase efficiency.

Big banks including JPMorgan Chase & Co and Citigroup will be among companies kicking off March-quarter reporting season next week, with investors eager for updates on the health of the financial industry.

Analysts on average expect aggregate S&P 500 company earnings for the first quarter to have fallen 5% year-over-year, according to Refinitiv.

Treasuries yields slid further on Wednesday after reports on private payrolls and the U.S. services sector pointed to a cooling economy and added to market speculation that the Federal Reserve might pause its hiking of interest rates in May.

The U.S. services sector slowed more than expected in March as demand cooled, while a measure of prices paid by services businesses fell to the lowest in nearly three years, adding to growing market fears of a recession this year.

Earlier, an ADP National Employment report showed private employment increased by 145,000 jobs last month as U.S. private employers hired far fewer workers than expected in March, suggesting the labor market was cooling.

Data for February was revised higher to show 261,000 jobs were added instead of 242,000 as previously reported.

The two-year Treasury yield, which typically moves in step with interest rate expectations, was down 4.6 basis points to 3.788% after plunging to 3.646% when the services sector data was released.

The yield on benchmark 10-year notes slid 3.9 basis points to 3.298%, on track to close at an almost seven-month low as safe-haven buying pushed up bond prices, which move opposite to their yield. The two-year's yield pared its decline in late trading after swinging 25 basis points during the day.

The market now is waiting for the U.S. unemployment report on Friday to confirm whether the labor market is cooling, a major requisite in the Fed's fight to curb inflation.

Futures priced in a 58.8% chance that the Fed does not hike its target rate on May 3 when policymakers conclude a two-day meeting, up from 40.3% on Monday, CME's FedWatch Tool showed. The Fed has hiked rates nine consecutive times since March 2022.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
04/05/2023 19:00	MBA Mortgage Applications	Mar-31	--	-4.10%	2.90%
04/05/2023 20:15	ADP Employment Change	Mar	210k	145k	242k
04/05/2023 20:30	Trade Balance	Feb	-\$68.8b	-\$70.5b	-\$68.3b
04/05/2023 21:45	S&P Global US Services PMI	Mar F	53.8	52.6	53.8
04/05/2023 21:45	S&P Global US Composite PMI	Mar F	53.3	52.3	53.3
04/05/2023 22:00	ISM Services Index	Mar	54.4	51.2	55.1
04/05/2023 22:00	ISM Services Prices Paid	Mar	--	59.5	65.6
04/05/2023 22:00	ISM Services Employment	Mar	--	51.3	54
04/05/2023 22:00	ISM Services New Orders	Mar	--	52.2	62.6
04/06/2023 19:30	Challenger Job Cuts YoY	Mar	--	--	410.10%
04/06/2023 20:30	Revisions: Jobless Claims				
04/06/2023 20:30	Initial Jobless Claims	Apr-01	200k	--	198k
04/06/2023 20:30	Continuing Claims	Mar-25	1700k	--	1689k

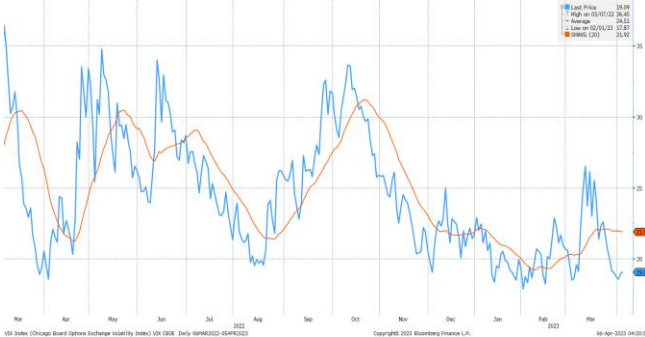
Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,656.00	69.00	33,720.00	33,503.00
E-Mini S&P JUN 23	4,117.25	-13.500	4,135.50	4,099.00
E-Mini NASDAQ JUN 23	13,079.75	-148.50	13,247.25	13,006.00
Micro Russell 2K JUN 22	1761.9	-19	1784.8	1752.8
USD Nikkei JUN 23	27,760.0	-410.0	28,210.00	27,635.00
Euro Dollar SEP 23	95.38	0.050	95.51	95.22
US Dollar Index	101.94	0.350	101.99	101.42
DJIA	33,482.72	80.340	33,543.84	33,376.27
S&P 500	4,090.38	-10.220	4,099.69	4,072.56
NASDAQ	11,996.86	-129.470	12,086.75	11,931.84
Nikkei 225	27,813.26	-474.160	28,133.57	27,788.77
Hang Seng	0.00	0.000	0.00	0.00
Straits Times	3,318.87	7.750	3,331.66	3,301.09
DAX	15,520.17	-83.300	15,627.29	15,482.88
CAC	7,316.30	-28.660	7,359.40	7,300.33
FTSE100	7,662.94	28.420	7,678.45	7,634.26

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	9.46	15.57	14.34	15.14
E-Mini S&P Futures	11.30	17.05	16.67	17.92
E-Mini Nasdaq Futures	16.00	18.26	15.79	15.76

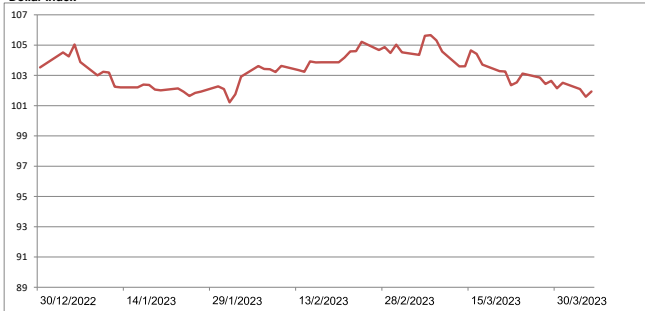
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



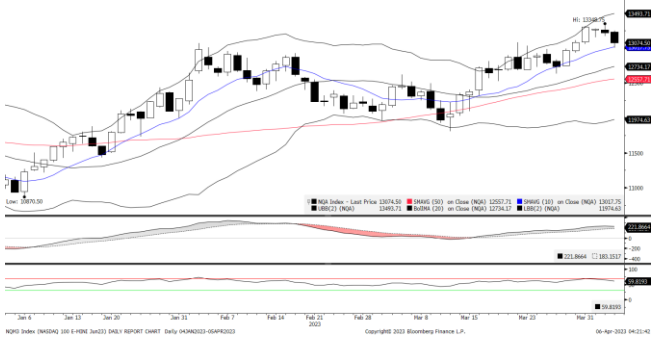
E-Mini Dow Index Futures Daily Chart



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:	34161	2nd Resistance:	34666	1st Resistance:	4179.01	2nd Resistance:	4240.77	1st Resistance:	13275.95	2nd Resistance:	13472.14	1st Resistance:	1788.33	2nd Resistance:	1814.76
1st Support:	33151	2nd Resistance:	32646	1st Support:	4055.49	2nd Resistance:	3993.73	1st Support:	12883.55	2nd Resistance:	12687.36	1st Support:	1735.47	2nd Resistance:	1709.04
MACD:	80.079	MACD:	24.256777	MACD:	221.560	MACD:	38.479	MACD:	221.560	MACD:	38.479	MACD:	-24.607	MACD:	6.799
MACD DIFF:	193.622	MACD DIFF:	19.947338	MACD DIFF:	38.479	MACD DIFF:	59.698	MACD DIFF:	38.479	MACD DIFF:	59.698	MACD DIFF:	-24.607	MACD DIFF:	6.799
RSI:	59.147	RSI:	58.225515	RSI:	59.147	RSI:	58.225515	RSI:	59.147	RSI:	58.225515	RSI:	41.541	RSI:	41.541

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33151	33483	32985	32646	32973	32483	34161	33819	34332	34666	34319	34839
S&P	4055.49	4096.05	4035.21	3993.73	4033.67	3973.76	4179.01	4137.22	4199.90	4240.77	4198.36	4261.97
Nasdaq	12883.55	13012.39	12819.14	12687.36	12814.23	12623.92	13275.95	13143.19	13342.33	13472.14	13337.42	13539.50
Micro Russell	1735.47	1752.83	1726.79	1709.04	1726.13	1700.50	1788.33	1770.45	1797.27	1814.757	1796.61	1823.83

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.