

## Fundamentals:

Wall Street's main indexes ended lower on Wednesday as talks between the White House and Republican representatives on raising the U.S. debt ceiling dragged on without a deal.

The lack of progress on raising the U.S. government's \$31.4 trillion debt limit ahead of a June 1 deadline, with several rounds of inconclusive talks, has made investors edgier as the risk of a catastrophic default looms larger.

Democratic President Joe Biden and top congressional Republican Kevin McCarthy's negotiators held what the White House called productive talks.

The Dow Jones Industrial Average fell 255.59 points, or 0.77%, to 32,799.92, the S&P 500 lost 30.34 points, or 0.73%, to 4,115.24 and the Nasdaq Composite dropped 76.08 points, or 0.61%, to 12,484.16.

Ten of the 11 S&P 500 sectors ended in negative territory, with real estate falling the most. Energy was the lone sector gainer.

The CBOE Volatility Index, known as Wall Street's fear gauge, hovered around three-week highs.

Federal Reserve policy was also in focus. Stocks held their declines after the release of minutes from the Fed's May 2-3 meeting, showing that Fed officials "generally agreed" last month that the need for further interest rate increases "had become less certain."

Investors expect the central bank to pause its aggressive rate hiking campaign at its June 13-14 meeting.

Fed Governor Christopher Waller said he is concerned about the lack of progress on inflation, and while skipping an interest rate hike at the central bank's meeting next month may be possible, an end to the hiking campaign is not likely.

In company news, Citigroup Inc shares fell 3.1% as the bank scrapped a \$7 billion sale of its Mexican consumer unit Banamex and will list it instead.

Agilent Technologies Inc shares shed about 6% after the company cut its annual sales and profit forecasts.

Shares of TurboTax-owner Intuit Inc dropped 7.5% after a disappointing profit forecast.

The policy-sensitive 2-year Treasury yield finished at its highest in more than two months on Wednesday after minutes of the Federal Reserve's May 2-3 meeting indicated some policy makers might be open to further interest rate hikes.

Treasury yields finished higher on Wednesday after the release of minutes from the Federal Reserve's May meeting. Participants on the rate-setting Federal Open Market Committee generally agreed that the extent to which additional rate hikes may be appropriate after this month had become less certain.

Several Fed officials said more rate hikes may not be needed and other key takeaways from May minutes. Many participants "focused on the need to retain optionality after this meeting," the minutes said. Even so, "some participants commented that, based on their expectations that progress in returning inflation to 2 percent could continue to be unacceptably slow, additional policy firming would likely be warranted at future meetings."

Yields began moving higher earlier in the session, when Fed Gov. Christopher Waller said he would back more rate hikes unless there's more progress on inflation.

Fed funds futures traders put the chance of another quarter-of-a-percentage-point rate hike on June 14, at 29% which would take the Fed's main interest-rate target to between 5.25%-5.5%, according to the CME FedWatch tool.

Traders also see an 11% chance of another quarter-point hike in July.

Meanwhile, yields on 1-month through 1-year Treasury bills were all above 5% and either at or near multiyear highs on Wednesday as concerns about the debt-ceiling deadline next week continued to pressure the market for government debt.

The rate on the 1-month Treasury bill, one of the maturities trading as a proxy for debt-ceiling angst, was at 5.768% as of 3 p.m. Eastern time, according to Tradeweb. That's above its multi-year closing level of 5.68% reached on May 12.

On Wednesday, U.S. Treasury Secretary Janet Yellen expressed concern about "substantial financial-market distress," even if there is a debt-ceiling deal. Meanwhile, House Speaker Kevin McCarthy told reporters that he was hopeful for progress in negotiations and "firmly" believes an agreement will be reached.

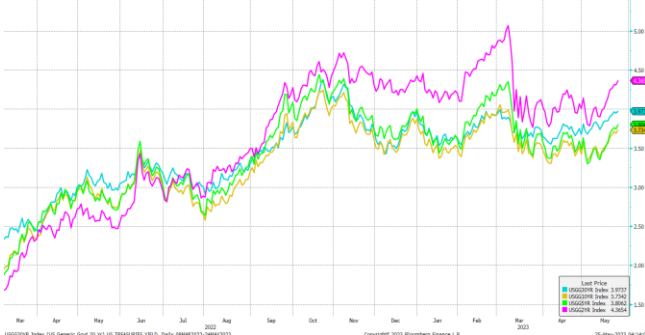
U.K. government bonds were the notable underperformers on Wednesday, with 2-year yields spiking 23 basis points to almost 4.36% after inflation for April came in higher than expected, at 8.7% on a year-over-year basis. Traders are now pricing in a peak Bank of England interest rate of 5.5%, compared with 4.5% currently.

(Source: Reuters, Dow Jones News Wire)

Contract	Close	Change	High	Low
E-Mini Dow JUN 23	32,854.00	-249.00	33,184.00	32,806.00
E-Mini S&P JUN 23	4,126.00	-15.000	4,166.25	4,114.00
E-Mini NASDAQ JUN 23	13,650.25	50.75	13,802.00	13,566.50
Micro Russell 2K JUN 22	1775	-18.1	1799	1763.5
USD Nikkei JUN 23	30,520.0	-125.0	30,895.00	30,440.00
Euro Dollar JUN 23	94.43	-0.075	94.48	94.40
US Dollar Index	103.88	0.392	103.91	103.35
DJIA	32,799.92	-255.590	33,031.75	32,752.44
S&P 500	4,115.24	-30.340	4,132.96	4,103.98
NASDAQ	12,484.16	-76.090	12,529.63	12,415.85
Nikkei 225	30,682.68	-275.090	30,856.92	30,566.83
Hang Seng	19,115.93	-315.320	19,304.20	19,046.80
Straits Times	3,214.21	-3.870	3,214.21	3,204.74
DAX	15,842.13	-310.730	16,013.29	15,802.86
CAC	7,253.46	-125.250	7,308.59	7,223.58
FTSE100	7,627.10	-135.850	7,762.95	7,590.24

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	11.26	11.59	13.36	12.91
E-Mini S&P Futures	11.70	12.92	14.84	15.13
E-Mini Nasdaq Futures	19.12	15.31	16.86	14.91

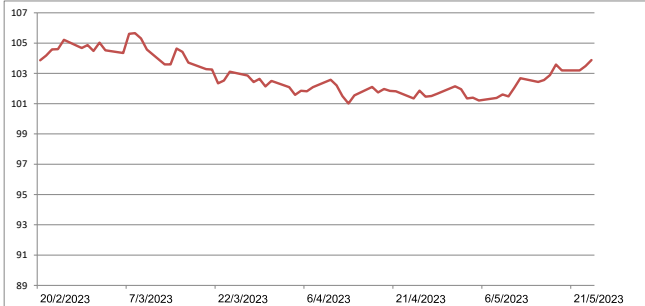
## U.S. Government Treasuries Yield



## CBOE Volatility Index (VIX)



## Dollar Index

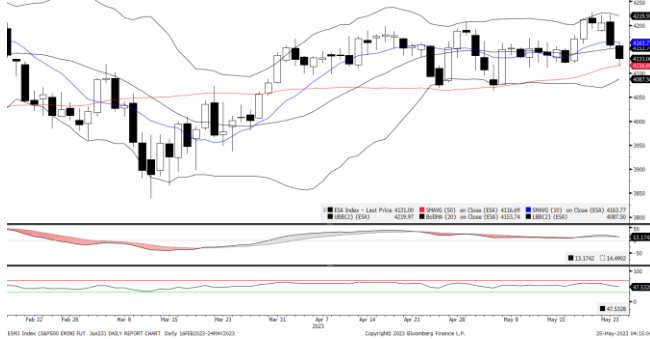


Economic Releases	Period	Survey	Actual	Prior	Revised	
05/24/2023 19:00	MBA Mortgage Applications	May-19	--	-4.60%	-5.70%	--
05/25/2023 02:00	FOMC Meeting Minutes	May-03	--	--	--	--
05/25/2023 20:30	Chicago Fed Nat Activity Index	Apr	-0.2	--	-0.19	--
05/25/2023 20:30	Initial Jobless Claims	May-20	245k	--	242k	--
05/25/2023 20:30	Continuing Claims	May-13	1800k	--	1799k	--
05/25/2023 20:30	GDP Annualized QoQ	1Q S	1.10%	--	1.10%	--
05/25/2023 20:30	Personal Consumption	1Q S	3.70%	--	3.70%	--
05/25/2023 20:30	GDP Price Index	1Q S	4.00%	--	4.00%	--
05/25/2023 20:30	Core PCE QoQ	1Q S	4.90%	--	4.90%	--
05/25/2023 22:00	Pending Home Sales MoM	Apr	1.00%	--	-5.20%	--
05/25/2023 22:00	Pending Home Sales NSA YoY	Apr	-20.10%	--	-23.30%	--
05/25/2023 23:00	Kansas City Fed Manf. Activity	May	-9	--	-10	--

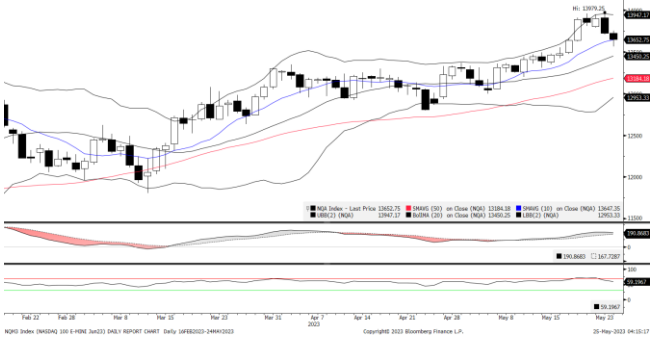
E-Mini Dow Index Futures Daily Chart



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:	33347	2nd Resistance:	33840	1st Resistance:	4187.89	2nd Resistance:	4249.78	1st Resistance:	13855.00	2nd Resistance:	14059.76	1st Resistance:	1801.63	2nd Resistance:	1828.25
1st Support:	32361	2nd Support:	31868	1st Support:	4064.11	2nd Support:	4002.22	1st Support:	13445.50	2nd Support:	13240.74	1st Support:	1748.38	2nd Support:	1721.75
MACD:	-119.069	MACD DIFF:	-65.123	MACD:	14.217166	MACD DIFF:	-0.489243	MACD:	201.017	MACD DIFF:	31.236	MACD:	0.788	MACD DIFF:	5.141
RSI:	38.651	RSI:	49.350696	RSI:	63.915	RSI:	50.005	RSI:	63.915	RSI:	50.005	RSI:	50.005	RSI:	50.005

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32361	32685	32199	31868	32187	31709	33347	33013	33514	33840	33501	34009
S&P	4064.11	4104.75	4043.79	4002.22	4042.24	3982.21	4187.89	4146.01	4208.83	4249.78	4207.28	4271.03
Nasdaq	13445.50	13579.95	13378.27	13240.74	13373.15	13174.54	13855.00	13716.45	13924.28	14059.76	13919.16	14130.06
Micro Russell	1748.38	1765.86	1739.63	1721.75	1738.97	1713.14	1801.625	1783.61	1810.63	1828.25	1809.97	1837.39

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.