

Fundamentals:

U.S. stocks paused on Monday after a strong rally in the prior session as investors shift focus to a key inflation reading later this week.

For most of the day, stocks struggled for direction amid disappointing earnings from Tyson Foods and Catalent and a short-lived rebound in regional banks.

Shares of Catalent Inc tumbled 25.74% as the contract drug manufacturer saw lower revenue and core profit in 2023, while Tyson Foods tanked 16.41% on a surprise second-quarter loss and a cut in its annual revenue forecast.

A rebound in shares of regional lenders ran out of steam by midday, with the KBW Regional Banking index falling 2.82% after posting its best single-day performance in seven weeks on Friday.

The Dow Jones Industrial Average fell 55.69 points, or 0.17%, to 33,618.69, the S&P 500 gained 1.87 points, or 0.05%, to 4,138.12 and the Nasdaq Composite added 21.50 points, or 0.18%, to 12,256.92.

The struggle for a clearer direction comes after a rally on Friday, when U.S. jobs data pointed to a resilient labor market.

The spotlight this week will be on the Labor Department's inflation reading on Wednesday, which is expected to show the consumer price index (CPI) likely climbed 0.4% in April after gaining 0.1% in March. Producer prices, weekly jobless claims and consumer sentiment data are all lined up for the week.

The data this week should help investors gauge whether the Federal Reserve's aggressive tightening cycle - including its most recent 25 basis point hike last week - is helping tamp down inflation as well as whether fears of stagflation are founded.

A rally in regional banks' shares proved short-lived, with PacWest Bancorp PACW.O paring gains to 3.65% after a surge of as much as about 30% earlier in the session after the lender sharply cut its quarterly dividend to boost capital.

Shares of regional banks tumbled for much of last week on worries tied to the collapse of First Republic Bank.

Warren Buffett's Berkshire Hathaway Inc's Class B shares rose 0.70% after posting a \$35.5 billion first-quarter profit, boosted by gains from stocks such as Apple.

Shares of Zscaler Inc rose 20.63% after the cloud security company raised its annual forecast.

Treasury yields rose on Monday on greater optimism that the worst stresses in the U.S. regional banking system may be over, and before the U.S. Treasury Department will this week sell \$96 billion in new supply.

Safe-haven demand for U.S. government debt ebbed on a rebound in U.S. regional bank shares on Friday, while a stronger-than-expected jobs report for April also boosted investor sentiment. Regional bank shares extended gains early on Monday before the rally ran out of steam.

Banks and investors are also preparing for the sale of this week's coupon-bearing supply, which will include \$40 billion in three-year notes on Tuesday, \$35 billion in 10-year notes on Wednesday and \$21 billion in 30-year bonds on Thursday.

A large slate of corporate debt sales on Monday also weighed on the bond market.

Benchmark 10-year yields were last at up 7 basis points on the day at 3.519%, after falling to a one-month low of 3.296% on Thursday. The yields are holding above a seven-month low of 3.253% on April 6.

Two-year yields gained 9 basis points to 4.012%. The yield curve between two-year and 10-year notes was last at minus 49 basis points, reflecting continuing concerns about an upcoming recession.

U.S. banks tightened credit standards over the first months of the year and saw weakness in loan demand from businesses and consumers. Federal Reserve survey data released on Monday showed in the latest indication that higher central bank interest rates were starting to bite in the finance sector.

U.S. consumers said last month they expected slightly lower inflation in a year's time, the New York Fed said in a separate report that also showed the bank stresses that kicked off in March weren't weighing heavily on the moods of Americans.

Meanwhile, U.S. households still have some \$500 billion in excess savings compared to before the COVID-19 pandemic that could support consumer spending late into this year, according to research published on Monday by the San Francisco Fed.

Consumer Price Index (CPI) data due on Wednesday is the major U.S. economic focus this week as investors try to gauge whether price pressures will continue to ease, or remain at levels that could make the Fed likely to continue to raise interest rates.

Fed funds futures traders are currently pricing in a 93% likelihood that the Fed will leave rates unchanged at its June meeting, and 7% odds of an additional 25 basis points hike. But they also see rates peaking in June, and expect around 68 basis points of cuts by year-end.

Investors are also focused on whether Congress will raise the debt ceiling in time to avoid a catastrophic default.

U.S. Treasury Secretary Janet Yellen on Sunday said that a failure by Congress to act on the debt ceiling could trigger a "constitutional crisis" that also would call into question the federal government's creditworthiness.

Yellen warned of possible financial market consequences if the debt ceiling is not raised by early June, when she has said the federal government could run short of cash to pay its bills.

Yields on one-month Treasury bills were last at 5.447%, after hitting a record high of 5.739% on Friday.

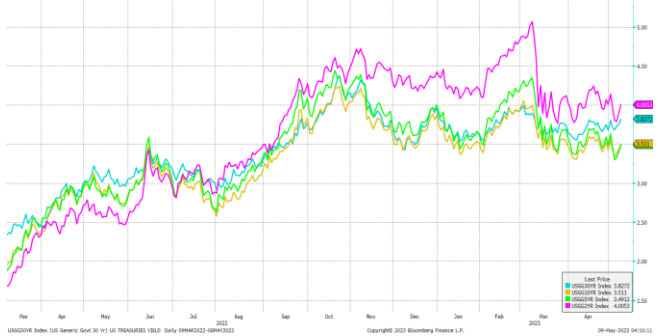
(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
05/09/2023 22:00	Wholesale Inventories MoM	Mar F	0.10%	0.00%	0.10%	--
05/09/2023 22:00	Wholesale Trade Sales MoM	Mar	0.40%	-2.10%	0.40%	--
05/09/2023 02:00	Senior Loan Officer Opinion Survey on Bank Lending Practices					
05/09/2023 18:00	NFIB Small Business Optimism	Apr	89.7	--	90.1	--

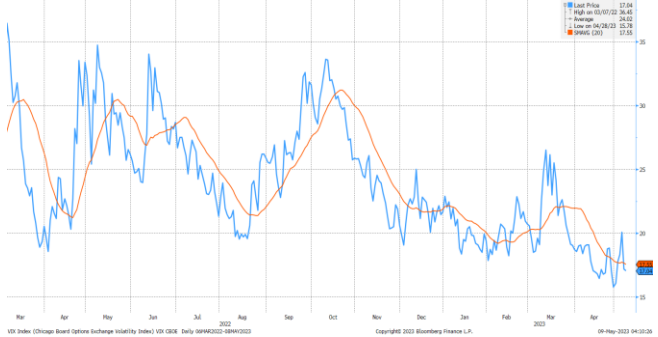
Contract	Close	Change	High	Low
E-Mini Dow JUN 23	33,685.00	-54.00	33,848.00	33,566.00
E-Mini S&P JUN 23	4,152.75	2.000	4,161.00	4,137.50
E-Mini NASDAQ JUN 23	13,352.25	21.75	13,368.00	13,254.50
Micro Russell 2K JUN 22	1761.4	-4	1776.2	1751.1
USD Nikkei JUN 23	29,065.0	-55.0	29,155.00	28,945.00
Euro Dollar JUN 23	94.58	-0.010	94.60	94.58
US Dollar Index	101.39	0.180	101.42	101.04
DJIA	33,618.69	-55.690	33,747.49	33,509.23
S&P 500	4,138.12	1.870	4,142.30	4,123.81
NASDAQ	12,256.92	21.510	12,264.99	12,178.22
Nikkei 225	28,949.88	-208.070	29,144.12	28,931.81
Hang Seng	20,297.03	247.720	20,321.74	20,081.70
Straits Times	3,257.66	-8.970	3,276.19	3,253.50
DAX	15,952.83	-8.190	15,996.16	15,933.69
CAC	7,440.91	7.980	7,456.46	7,416.22
FTSE100	0.00	0.000	0.00	0.00

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	16.87	11.97	14.08	13.71
E-Mini S&P Futures	18.02	13.52	15.45	15.81
E-Mini Nasdaq Futures	17.90	14.38	15.58	15.22

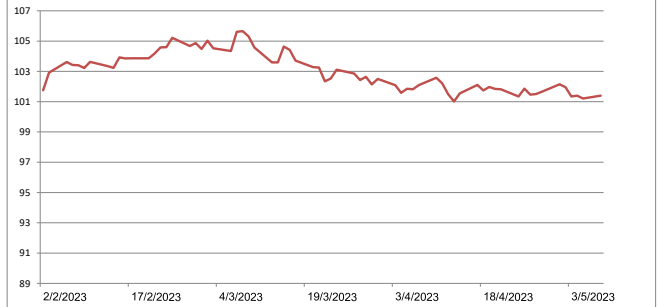
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



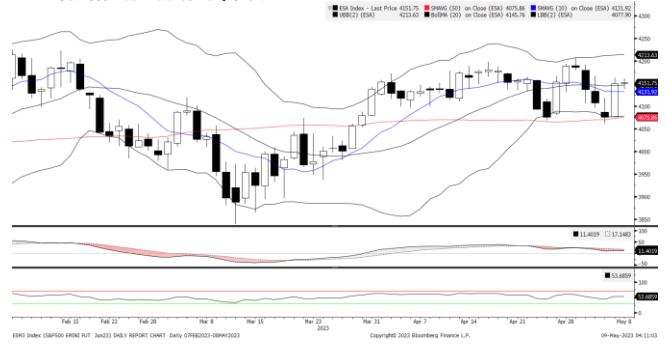
Dollar Index



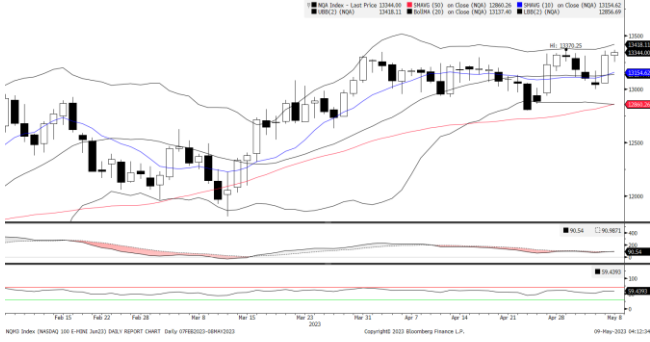
E-Mini Dow Index Futures Daily Chart



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:	34190	2nd Resistance:	34696	1st Resistance:	4215.04	2nd Resistance:	4277.33	1st Resistance:	13552.53	2nd Resistance:	13752.82	1st Resistance:	1787.82	2nd Resistance:	1814.24
1st Support:	33180	2nd Support:	32674	1st Support:	4090.46	2nd Support:	4028.17	1st Support:	13151.97	2nd Support:	12951.68	1st Support:	1734.98	2nd Support:	1708.56
MACD:	54.782	MACD DIFF:	-69.420	MACD:	11.465679	MACD DIFF:	-5.725656	MACD:	90.242	MACD DIFF:	-0.763	MACD:	-13.940	MACD DIFF:	-0.883
RSI:	50.369	RSI:	53.749908	RSI:	59.321	RSI:	46.681	RSI:	59.321	RSI:	46.681	RSI:	46.681	RSI:	46.681

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33180	33512	33014	32674	33001	32511	34190	33848	34361	34696	34349	34869
S&P	4090.46	4131.36	4070.01	4028.17	4068.45	4008.03	4215.04	4172.89	4236.12	4277.33	4234.56	4298.72
Nasdaq	13151.97	13283.49	13086.21	12951.68	13081.20	12886.92	13552.53	13417.01	13620.30	13752.82	13615.29	13821.58
Micro Russell	1734.98	1752.33	1726.30	1708.56	1725.64	1700.02	1787.82	1769.94	1796.76	1814.24	1796.10	1823.31

Source: Bloomberg

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