

Fundamentals:

U.S. stocks fell on Wednesday as a deal to raise the federal debt ceiling headed toward a crucial vote in Congress, while unexpectedly strong labor market data initially raised the likelihood of the Federal Reserve hiking interest rates again.

The House of Representatives is expected to vote in the evening on a bill to lift the \$31.4 trillion debt limit, a critical step to avoid a destabilizing default that could come early next week without congressional action.

House passage would send the bill to the Senate, where debate could stretch to the weekend, just before June 5 when the government may start to run out of money. Most analysts foresee the bill's approval.

U.S. President Joe Biden said he expected the debt ceiling bill on his desk by June 5.

"The bond market liked that there was some fiscal discipline and the equity market liked that it's not going to hurt growth," said Brad Conger, deputy chief investment officer at Hirtle Callaghan & Co in Conshohocken, Pennsylvania.

"I don't think we could have asked for a better outcome."

But equity valuations are stretched considering interest rates are high, the economy is slowing and inflation needs to decline further, Conger said.

"It's going to be a struggle if inflation is not perceived to be ebbing, which is where we are," he said.

The Labor Department's Job Openings and Labor Turnover Survey, or the JOLTS report, showed U.S. job openings unexpectedly rose in April, pointing to persistent strength in a labor market that suggests pressure on both wages and inflation.

Futures traders raised to 70% the probability of a 25 basis points hike at the end of the Fed's June 13-14 policy meeting, but that likelihood fell to about 25% after comments by Fed officials who are leaning to what some call a "hawkish pause."

Fed Governor and vice chair nominee Philip Jefferson said skipping a rate hike in two weeks would provide policymakers time to see more data before making a decision. Philadelphia Fed President Patrick Harker also said on Wednesday that for now he is inclined to support a "skip" in rate hikes.

The Labor Department's closely watched May unemployment report, due on Friday, could be decisive in whether a rate hike is in the cards or not.

The major indices pared losses after the comments by Fed officials.

The Dow Jones Industrial Average fell 128.69 points, or 0.39%, to 32,914.09; the S&P 500 lost 18.76 points, or 0.45%, to 4,186.76; and the Nasdaq Composite dropped 47.41 points, or 0.36%, to 12,970.02.

Technology-led gains have put the Nasdaq on track for its best performance in May since 2020, up 5.7%. The S&P 500 was set to end the month flat, while the Dow shed 3.8%.

The Federal Deposit Insurance Corporation said U.S. banks' total deposits declined by a record 2.5% in the first quarter after two large bank failures.

The S&P 500 financial sector index fell 1.4%, while banks dropped 2.4%.

Advance Auto Parts Inc plunged 34.3%, falling the most on the S&P 500, after the auto parts retailer cut its full-year forecasts.

Shares of other autoparts companies including Genuine Parts Co, Autozone and O'Reilly Automotive fell between 4.2% and 5.5%.

Hewlett Packard Enterprise Co slipped 6.1% after missing Wall Street estimates for second-quarter revenue.

Nvidia Corp's NVDA.O shares fell 3.8% a day after hitting a record high as it briefly crossed \$1 trillion in market value, banking on the AI boom.

Declining issues outnumbered advancers on the NYSE by a 1.51-to-1 ratio; on Nasdaq, a 1.44-to-1 ratio favored decliners.

The S&P 500 posted three new 52-week highs and 22 new lows; the Nasdaq Composite recorded 28 new highs and 155 new lows.

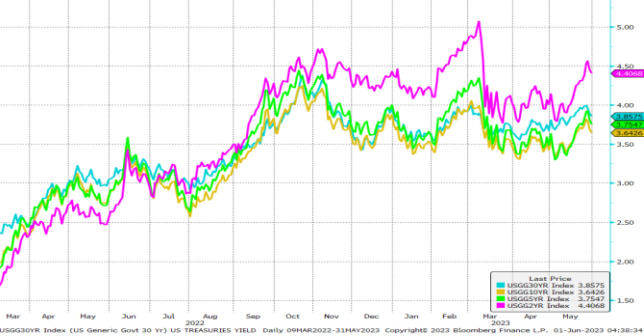
(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
05/30/2023 21:00	House Price Purchase Index QoQ	1Q	--	0.50%	0.30%
05/30/2023 22:00	Conf. Board Consumer Confidence	May	99	102.3	103.7
05/30/2023 22:00	Conf. Board Present Situation	May	--	148.6	151.1
05/30/2023 22:00	Conf. Board Expectations	May	--	71.5	68.1
05/31/2023 19:00	MBA Mortgage Applications	May-26	--	-0.037	-0.046
05/31/2023 22:00	JOLTS Job Openings	Apr	9400k	10103k	9590k
06/01/2023 20:15	ADP Employment Change	May	170k	--	296k
06/01/2023 20:30	Initial Jobless Claims	46508	235k	--	229k
06/01/2023 20:30	Continuing Claims	43952	1800k	--	1794k
06/01/2023 21:45	S&P Global US Manufacturing PMI	May F	4850.00%	--	4850.00%
06/01/2023 22:00	Construction Spending MoM	Apr	0.20%	--	0.30%
06/01/2023 22:00	ISM Manufacturing	May	47	--	47.1
06/01/2023 22:00	ISM Prices Paid	May	5230.00%	--	5320.00%
06/01/2023 22:00	ISM Employment	May	--	--	5020.00%
06/01/2023 22:00	ISM New Orders	May	--	--	4570.00%

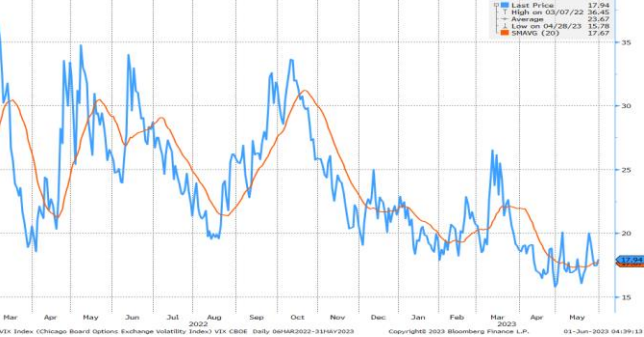
Contract	Close	Change	High	Low
E-Mini Dow JUN 23	32,979.00	-137.00	33,076.00	32,793.00
E-Mini S&P JUN 23	4,190.50	-23.750	4,217.75	4,174.00
E-Mini NASDAQ JUN 23	14,300.50	-103.25	14,429.00	14,251.25
Micro Russell 2K JUN 22	1752.6	-18.6	1775.8	1738.5
USD Nikkei JUN 23	30,790.0	-370.0	31,155.00	30,650.00
Euro Dollar JUN 23	94.46	0.073	94.48	94.40
US Dollar Index	104.21	0.043	104.70	104.01
DJIA	32,908.27	-134.510	32,984.83	32,739.73
S&P 500	4,179.83	-25.690	4,195.44	4,166.15
NASDAQ	12,935.29	-82.140	13,029.08	12,889.37
Nikkei 225	30,887.88	-440.280	31,142.78	30,785.98
Hang Seng	18,234.27	-361.510	18,415.00	18,044.86
Straits Times	3,158.80	-28.760	3,181.06	3,156.15
DAX	15,664.02	-244.890	15,871.70	15,629.12
CAC	7,098.70	-111.050	7,185.13	7,083.60
FTSE100	7,446.14	-75.930	7,522.07	7,446.14

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	13.17	12.07	13.32	12.88
E-Mini S&P Futures	15.10	13.98	14.93	15.05
E-Mini Nasdaq Futures	20.86	16.59	17.16	14.96

U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



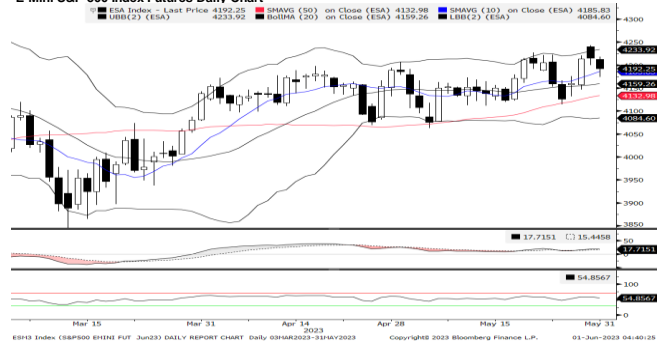
Dollar Index



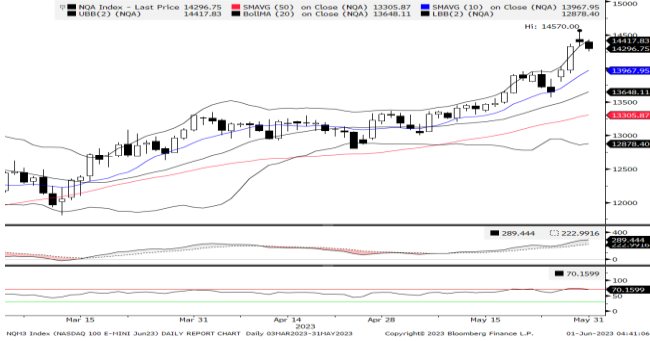
E-Mini Dow Index Futures Daily Chart



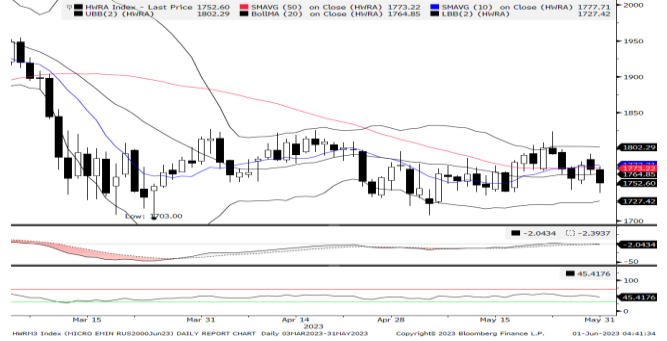
E-Mini S&P 500 Index Futures Daily Chart



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:	33474	2nd Resistance:	33968	1st Resistance:	4253.36	2nd Resistance:	4316.22	1st Resistance:	14515.01	2nd Resistance:	14729.52
1st Support:	32484	2nd Resistance:	31990	1st Support:	4127.64	2nd Resistance:	4064.79	1st Support:	14085.99	2nd Resistance:	13871.49
MACD:	-164.374			MACD:	17.612419			MACD:	289.095		
MACD DIFF:	-48.787			MACD DIFF:	2.216264			MACD DIFF:	66.287		
RSI:	41.729			RSI:	54.700212			RSI:	70.029		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32484	32809	32322	31990	32310	31830	33474	33139	33641	33968	33629	34138
S&P	4127.64	4168.92	4107.00	4064.79	4105.43	4044.46	4253.36	4210.82	4274.62	4316.22	4273.05	4337.80
Nasdaq	14085.99	14226.85	14015.56	13871.49	14010.20	13802.13	14515.01	14369.86	14587.58	14729.52	14582.22	14803.16
Micro Russell	1726.31	1743.57	1717.68	1700.02	1717.02	1691.52	1778.889	1761.10	1787.78	1805.178	1787.13	1814.20

Source: Bloomberg

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