

Fundamentals:

All three major U.S. indexes ended the week with gains, after a slew of Big Tech earnings, economic data and central bank announcements boosted investor confidence in a soft landing for the U.S. economy.

U.S. annual inflation slowed considerably in June, likely pushing the Federal Reserve closer to ending its fastest interest rate hiking cycle since the 1980s, data showed on Friday.

In the 12 months through June, the PCE price index advanced 3.0%. That was the smallest annual gain since March 2021 and followed a 3.8% rise in May.

The Dow Jones Industrial Average rose 176.37 points, or 0.5%, to 35,459.09, the S&P 500 gained 44.76 points, or 0.99%, to 4,582.17 and the Nasdaq Composite added 266.55 points, or 1.9%, to 14,316.66.

For the week, the Nasdaq climbed 2.02%, while the S&P rose 1.01%, and the Dow gained 0.66%. The gains gave the S&P 500 its highest close since April 4, 2022.

On Wednesday, Federal Reserve Chair Jerome Powell said the Fed was not forecasting a recession and did not rule out another rate hike, saying it would follow future economic data.

To complete a week of encouraging signs, more than half of the firms listed on the S&P 500 have reported second quarter earnings as of Friday, out of which 78.7% have surpassed analyst expectations, according to Refinitiv data.

Barclays said investors flocked to equities this week, with inflows of \$10 billion to U.S.-listed stocks, according to a note to clients.

Most of the 11 major S&P 500 sectors posted gains, led by communications services, which gained 2.3% as big tech companies kept an upward trend after announcing earnings earlier this week.

On the earnings front, Intel's results and forecast pointed to an improving PC market, sending the chipmaker's shares up 6.60%.

Peers Nvidia and Marvell Technology also gained 1.85% and 1.60% respectively.

On Thursday, the blue-chip Dow snapped its longest winning streak since 1987 as U.S. Treasury yields pressured stocks after news that the Bank of Japan will allow long-term interest rates to rise.

The Bank of Japan made its yield curve control policy more flexible and loosened its defense of a long-term interest rate cap, in moves seen by investors as a prelude to an eventual shift away from massive monetary stimulus.

Procter & Gamble climbed 2.83% after the consumer behemoth beat analysts' estimates for quarterly sales.

Ford Motor shed 3.42% after Chief Executive Jim Farley outlined a change in the automaker's product strategy, slowing the ramp-up of money-losing electric vehicles.

Enphase Energy fell 7.48% after the solar inverter maker's third-quarter revenue forecast missed expectations, while Juniper Networks tumbled 6.94% as the network operator forecast third-quarter revenue below market estimates.

Exxon Mobil fell 1.19% after the oil giant posted a 56% slump in quarterly profit, while peer Chevron shed 0.50% after forecasting annual production near the low end of its previously estimated range.

U.S. Treasury yields weakened on Friday, after hitting two-week highs for most maturities the previous session, as data showed June inflation continued to moderate, though remaining firmly above the Federal Reserve's 2% target.

U.S. two-year, seven-year, 10-year and 30-year yields all hit two-week peaks on Thursday, bolstered by strong economic data. The data was led by gross domestic product for the second quarter, which came out higher than expected.

In afternoon trading, the yield on benchmark 10-year Treasury notes was down 4.1 basis points (bps) at 3.970%.

U.S. yields earlier benefited from a move by the Bank of Japan to allow the country's interest rates to rise more freely in line with increasing inflation and economic growth.

U.S. 30-year bond yields were down 3 bps at 4.029%.

The gap between two-year and 10-year notes, seen as a recession indicator when longer-duration yields are lower than shorter ones, reduced its inversion on Friday to -86.20 bps, the narrowest spread in two weeks. The curve was last at -93.40 bps.

The curve has steepened, or narrowed its inversion for a third straight day, suggesting investors believe the Fed is near the end of its tightening cycle.

On the shorter end of the curve, the two-year U.S. Treasury yield, which reflects interest rate expectations, fell 4 bps to 4.899%.

Friday's data also showed U.S. labor costs increased less than expected in the second quarter, as wage growth cooled and supported the Fed's fight against inflation.

The Employment Cost Index, the broadest measure of labor costs, rose 1.0% last quarter after advancing 1.2% in the January-March period. Economists polled by Reuters had forecast the ECI rising 1.1%.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
07/28/2023 20:30	Employment Cost Index	2Q	1.10%	1.00%	1.20%	--
07/28/2023 20:30	Personal Income	Jun	0.50%	0.30%	0.40%	0.50%
07/28/2023 20:30	Personal Spending	Jun	0.40%	0.50%	0.10%	0.20%
07/28/2023 20:30	Real Personal Spending	Jun	0.30%	0.40%	0.00%	0.10%
07/28/2023 20:30	PCE Deflator MoM	Jun	0.20%	0.20%	0.10%	--
07/28/2023 20:30	PCE Deflator YoY	Jun	3.00%	3.00%	3.80%	--
07/28/2023 20:30	PCE Core Deflator MoM	Jun	0.20%	0.20%	0.30%	--
07/28/2023 20:30	PCE Core Deflator YoY	Jun	4.20%	4.10%	4.60%	--
07/28/2023 23:00	Kansas City Fed Services Activity	Jul	--	-1	14	--

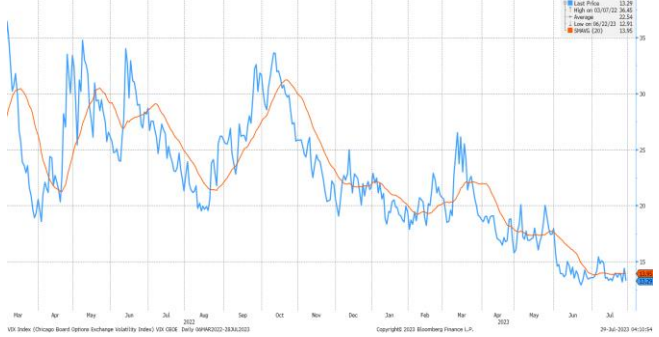
Contract	Close	Change	High	Low
E-Mini Dow SEP 23	35,592.00	147.00	35,708.00	35,376.00
E-Mini S&P SEP 23	4,606.50	42.250	4,616.50	4,558.00
E-Mini NASDAQ SEP 23	15,847.50	273.50	15,896.00	15,546.25
Micro Russell 2K JUN 22	1991	24.8	1996.5	1959.6
USD Nikkei SEP 23	33,130.0	580.0	33,175.00	32,030.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	101.65	-0.119	102.04	101.36
DJIA	35,459.29	176.570	35,565.51	35,355.15
S&P 500	4,582.23	44.820	4,590.16	4,564.01
NASDAQ	14,316.66	266.550	14,344.35	14,188.10
Nikkei 225	32,759.23	-131.930	32,846.97	32,037.55
Hang Seng	19,916.56	277.450	19,940.59	19,381.90
Straits Times	3,371.17	33.750	3,374.21	3,344.32
DAX	16,469.75	63.720	16,490.13	16,336.42
CAC	7,476.47	11.230	7,498.94	7,416.20
FTSE100	7,694.27	1.510	7,716.82	7,680.19

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	7.76	8.77	10.64	10.58
E-Mini S&P Futures	8.96	9.31	10.70	11.18
E-Mini Nasdaq Futures	16.53	18.52	19.40	17.45

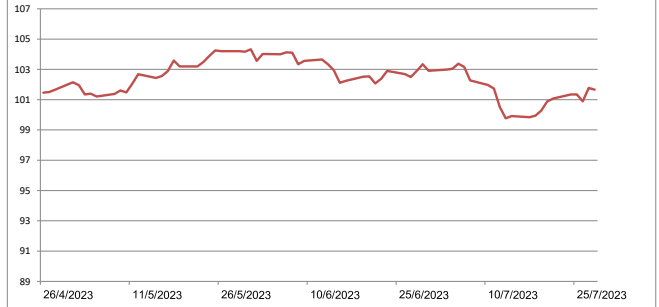
U.S. Government Treasuries Yield



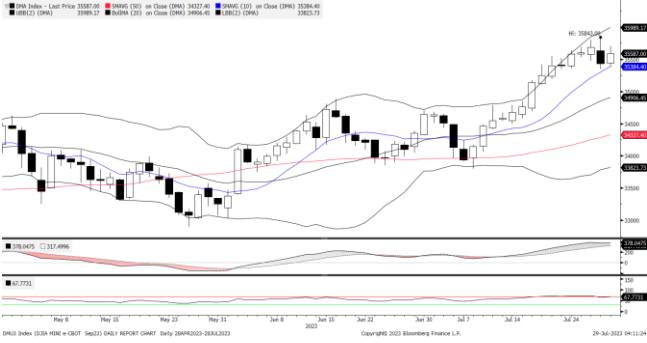
CBOE Volatility Index (VIX)



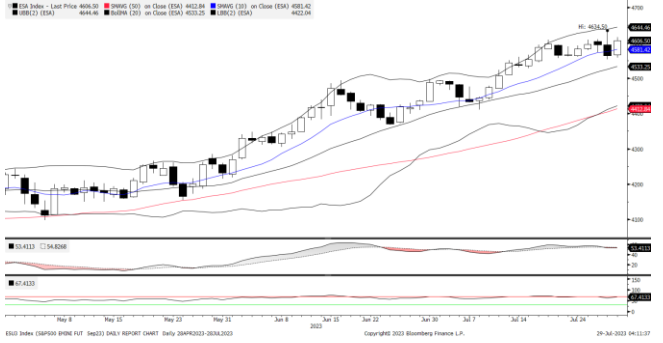
Dollar Index



E-Mini Dow Index Futures Daily Chart



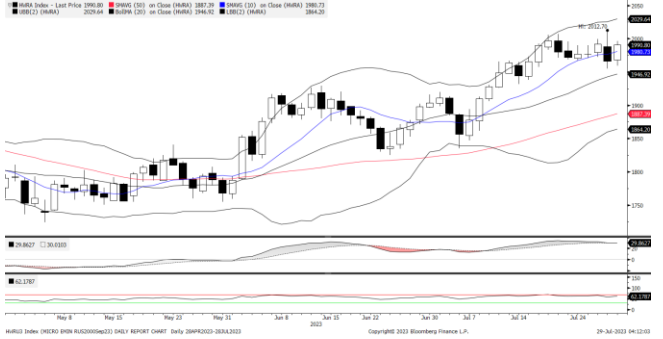
E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow				S&P			
1st Resistance:	36126	2nd Resistance:	36660	1st Resistance:	4675.60	2nd Resistance:	4744.70
1st Support:	35058	2nd Resistance:	34524	1st Support:	4537.40	2nd Resistance:	4468.31
MACD:	377.306			MACD:	53.436222		
MACD DIFF:	59.985			MACD DIFF:	-1.401844		
RSI:	67.646			RSI:	67.446760		

Nasdaq			Micro Russell				
1st Resistance:	16085.21	2nd Resistance:	16322.93	1st Resistance:	2020.87	2nd Resistance:	2050.73
1st Support:	15609.79	2nd Resistance:	15372.08	1st Support:	1961.14	2nd Resistance:	1931.27
MACD:	201.980			MACD:	29.884		
MACD DIFF:	-29.359			MACD DIFF:	-0.137		
RSI:	63.988			RSI:	62.215		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	35058	35409	34883	34524	34869	34352	36126	35765	36307	36660	36293	36843
S&P	4537.40	4582.78	4514.72	4468.31	4512.99	4445.96	4675.60	4628.84	4698.98	4744.70	4697.25	4768.42
Nasdaq	15609.79	15765.89	15531.74	15372.08	15525.80	15295.21	16085.21	15924.36	16165.64	16322.93	16159.70	16404.54
Micro Russell	1961.14	1980.75	1951.33	1931.27	1950.58	1921.61	2020.865	2000.66	2030.97	2050.73	2030.22	2060.98

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.