

Fundamentals:

U.S. stocks ended sharply higher on Wednesday as shares of Nvidia gained ahead of quarterly results from the company whose chips are widely used for artificial intelligence (AI) computing.

Shares of Nvidia, which reported results after the closing bell, jumped 9%, extending a gain of 3.2% during the regular session.

It forecast third-quarter revenue above Wall Street targets. Other tech companies jumped in after-hours trading as well including Microsoft, which was last up about 2%.

Bullish investors have been hopeful that upbeat news from Nvidia could further fuel its strong rally in tech stocks. Including the session move, Nvidia's stock is up more than 220% for the year so far.

Nvidia is part of the so-called Magnificent Seven group of megacap stocks including Apple and Tesla that have powered the S&P 500's sharp gains this year.

During the trading session, stock investors were encouraged as the yield on the 10-year U.S. Treasury note eased from near 16-year highs after weak business activity data from the United States and the euro zone.

U.S. Federal Reserve Chair Jerome Powell's comments on Friday at the Jackson Hole conference will be scrutinized for clues on the U.S. central bank's interest rate path.

The Dow Jones Industrial Average rose 184.15 points, or 0.54%, to 34,472.98, the S&P 500 gained 48.46 points, or 1.10%, to 4,436.01 and the Nasdaq Composite added 215.16 points, or 1.59%, to 13,721.03.

Data showed U.S. business activity approached the stagnation point in August, with growth at its weakest since February, as demand for new business in the vast service sector contracted, while the downturn in euro zone activity was far deeper than expected.

Before the PMI data, yields on the 10-year note had been rising this month as investors were thinking the Fed could keep rates higher for longer.

According to strategists in a Reuters poll, the S&P 500 will eke out only marginal gains between now and year end, after its strong move up already this year. The index was forecast to end the year at 4,496.

Shares of drugmaker Gilead Sciences rose 0.9% and Merck & Co advanced 3.8% after Swiss rival Roche inadvertently published positive lung cancer drug trial data.

Treasury yields slid on Wednesday after weak U.S. and European business activity signaled global disinflation as markets await possible indications of where the Federal Reserve sees interest rates ahead of its annual summit at Jackson Hole, Wyoming.

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The declines in the purchasing managers' indices added to a shift this week in which the market sees growth and inflation after Treasury yields surged this month to decade highs following a recent burst of robust U.S. economic data.

The yield on 10-year Treasuries fell 13.6 basis points to 4.192%, after earlier this week touching 4.366%, a high for the U.S. benchmark last seen in November 2007.

The two-year's yield, which reflects interest rate expectations, slid 7.2 basis points to 4.965% as it fell below the key 5% threshold.

Before the PMI data, yields on the 10-year note had climbed almost 40 basis points this month as markets more openly accepted the Fed's mantra that rates would be higher for longer.

The 10-year inflation-protected note fell to 1.854% after rising above 2% the past two days for the first time in 14 years.

The probability of a Fed rate hike when policymakers end a two-day meeting on Sept. 20 crept up to 13.5% before the PMI data on a strong economic outlook, then slid to 11.5% after the U.S. PMI data, according to CME Group's FedWatch Tool.

Futures had pared expected rate cuts next year and were pricing in the Fed's target rate to stay above 5% through next June due to the stronger growth outlook. But after the PMI data, the size of cuts rose to almost 105 basis points by year-end 2024 and the lending rate fell below 5% in June.

Fed Chair Jerome Powell will speak on the economic outlook in Jackson Hole at 10:05 a.m. EDT (1405 GMT) on Friday, the U.S. central bank said last week.

The Fed must be open to the possibility that the U.S. economy will begin to reaccelerate rather than slow, and that "inflation stays high," Richmond Fed President Thomas Barkin said on Tuesday.

The Treasury on Wednesday sold \$16 billion of 20-year bonds with a high yield of 4.499%.

The 10-year TIPS breakeven rate was last at 2.351%, indicating the market sees inflation averaging about 2.35% a year for the next decade.

The gap between yields on two- and 10-year notes, seen as a recession harbinger when shorter-dated securities yield more than the long end in what's known as an inverted yield curve, widened to -77.3 basis points.

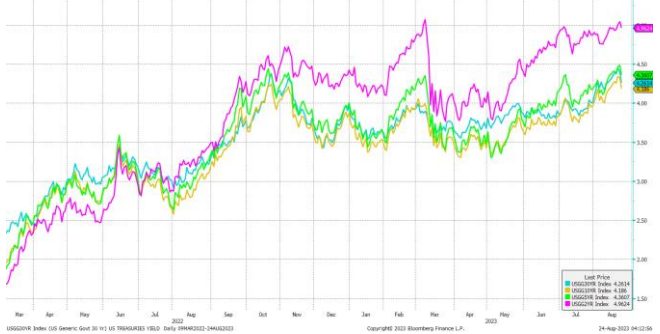
(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
08/23/2023 19:00	MBA Mortgage Applications	Aug-18	--	-4.20%	-0.80%	--
08/23/2023 21:45	S&P Global US Composite PMI	Aug P	51.5	50.4	52	--
08/23/2023 21:45	S&P Global US Manufacturing PMI	Aug P	49	47	49	--
08/23/2023 21:45	S&P Global US Services PMI	Aug P	52.2	51	52.3	--
08/23/2023 22:00	New Home Sales	Jul	703k	714k	697k	684k
08/23/2023 22:00	New Home Sales MoM	Jul	0.90%	4.40%	-2.50%	-2.80%
08/23/2023 22:00	Prelim. Benchmark Revision to Establishment Survey Data					
08/24/2023 20:30	Initial Jobless Claims	Aug-19	240k	--	239k	--
08/24/2023 20:30	Continuing Claims	Aug-12	1705k	--	1716k	--
08/24/2023 20:30	Chicago Fed Nat Activity Index	Jul	-0.22	--	-0.32	--
08/24/2023 20:30	Durable Goods Orders	Jul P	-4.00%	--	4.60%	--
08/24/2023 20:30	Durables Ex Transportation	Jul P	0.20%	--	0.50%	--
08/24/2023 20:30	Cap Goods Orders Nondef Ex Air	Jul P	0.10%	--	0.10%	--
08/24/2023 20:30	Cap Goods Ship Nondef Ex Air	Jul P	0.10%	--	0.10%	--
08/24/2023 23:00	Kansas City Fed Manf. Activity	Aug	-10	--	-11	--

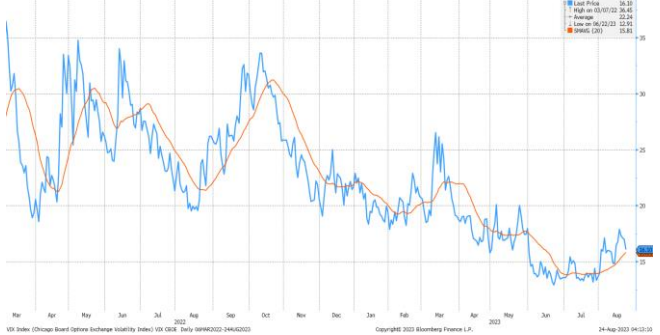
Contract	Close	Change	High	Low
E-Mini Dow SEP 23	34,522.00	225.00	34,593.00	34,340.00
E-Mini S&P SEP 23	4,447.00	74.750	4,474.75	4,399.50
E-Mini NASDAQ SEP 23	15,195.50	387.00	15,348.00	14,957.25
Micro Russell 2K JUN 22	1877.3	20.7	1879.3	1851.7
USD Nikkei SEP 23	32,005.0	425.0	32,200.00	31,700.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	103.39	-0.172	103.98	103.30
DJIA	34,472.98	184.150	34,534.72	34,321.00
S&P 500	4,436.01	48.460	4,443.18	4,396.44
NASDAQ	13,721.03	215.160	13,757.00	13,532.43
Nikkei 225	32,010.26	153.550	32,039.60	31,717.91
Hang Seng	17,845.92	54.910	18,000.53	17,730.79
Straits Times	3,174.18	14.300	3,182.95	3,147.22
DAX	15,728.41	22.790	15,820.95	15,672.43
CAC	7,246.62	5.740	7,295.36	7,224.07
FTSE 100	7,320.53	49.770	7,348.84	7,270.76

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	8.87	8.95	10.01	10.67
E-Mini S&P Futures	14.32	10.97	10.76	11.77
E-Mini Nasdaq Futures	13.93	16.33	19.07	18.28

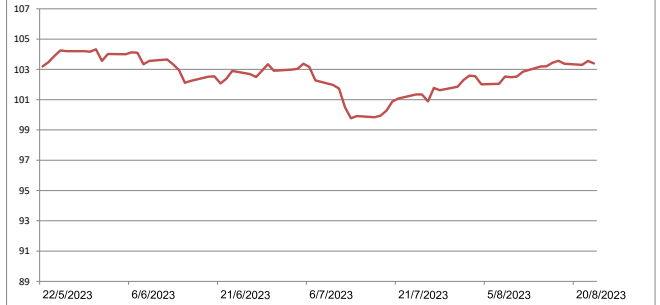
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



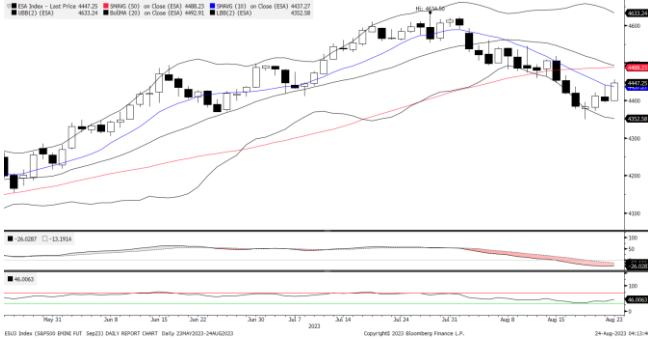
Dollar Index



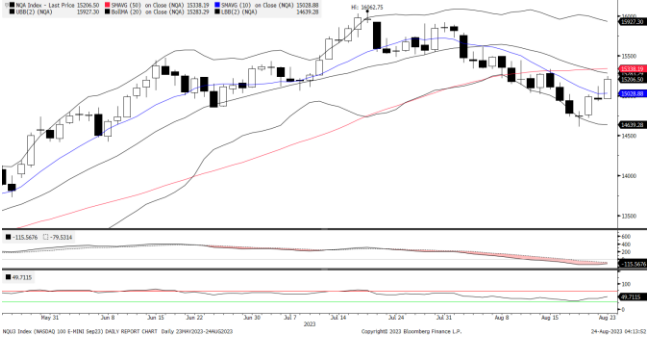
E-Mini Dow Index Futures Daily Chart



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

Index	1st Resistance	2nd Resistance	1st Support	2nd Support	MACD	MACD DIFF	RSI
Dow	35040	35558	34004	33486	-118.771	-134.003	41.408
S&P	4513.71	4580.41	4380.30	4313.59	-23.908441	-11.123760	49.820357
Nasdaq	15423.43	15651.37	14967.57	14739.64	-104.608	-27.283	53.254
Micro Russell	1905.46	1933.62	1849.14	1820.98	-20.882	-11.163	39.203

Strategy

Index	Long	Profit target	Stop-loss	Short	Profit target	Stop-loss
Dow	34004	34344	33834	35040	34689	35215
S&P	4380.30	4424.10	4358.39	4513.71	4468.57	4536.27
Nasdaq	14967.57	15117.24	14892.73	15423.43	15269.20	15500.55
Micro Russell	1849.14	1867.63	1839.89	1905.4595	1886.40	1914.99

Source: Bloomberg

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