

Fundamentals:

A rally in stocks faded as bond yields climbed after a strong manufacturing report offset optimism with jobs data signaling the Federal Reserve is close to ending its tightening cycle.

The S&P 500 finished with a small advance ahead of Monday's US holiday, while notching its best week since June. Tesla Inc. dropped over 5%, while energy shares rallied as oil topped \$85 a barrel. Treasury two-year yields reversed course after falling as much as 11 basis points in the immediate aftermath of the August payrolls figures. The dollar hit a three-month high.

The jobs report showed a labor market undergoing a controlled cooling, illustrated by solid hiring, slower earnings growth and more people returning to the workforce. The moderation gives the Fed room to pause rate increases this month while keeping options open for another hike later in the year.

Swap contracts priced in a less than 50% chance of another Fed hike this year.

Fed Bank of Cleveland President Loretta Mester said inflation remains too high despite recent improvements, and the labor market is still strong. "Future policy decisions will be about managing the risks and the intertemporal costs of overtightening versus undertightening monetary policy," she said.

Tesla revamped the Model 3 sedan with sleeker looks and longer range while slashing prices of its premium vehicles in an all-out push to boost sales.

Amgen Inc. can move forward with its \$27.8 billion takeover of Horizon Therapeutics Plc after the US Federal Trade Commission said Friday that it accepted a binding settlement that the combined company won't bundle together two of Horizon's blockbuster drugs.

Walgreens Boots Alliance Inc.'s Rosalind Brewer stepped down from her post as chief executive officer and board member during a rocky shift to a wider offering of health-care services while the shares have plunged.

Charter Communications Inc., the No. 2 cable TV provider, declared war on Walt Disney Co., saying it can no longer live with rising fees for ESPN and other programming.

Dell Technologies Inc. climbed after reporting better-than-expected sales of personal computers and data center hardware.

Broadcom Inc., a supplier of chips to Apple Inc. and a broad swath of the tech industry, fell on a bearish outlook.

Lululemon Athletica Inc. rose after lifting its full-year outlook as it takes business from competitors and defies the broader retail slump.

A gauge of US-listed Chinese stocks advanced after Beijing and Shanghai both eased housing rules, a sign of further government support toward the economy.

U.S. Treasury yields rose on Friday, reversing earlier declines following a mixed jobs report for August, as investors pared positions ahead of the long holiday weekend.

The U.S. bond market will be closed on Monday for Labor Day.

The August non-farm payrolls report showed that the world's largest economy added more jobs than expected last month, but the unemployment rate rose and there was a slight decline in wage inflation. Overall, the data affirmed expectations the Federal Reserve will pause interest rate hikes at its policy meeting later this month, and rate hikes for the rest of the year remained in question.

The Labor Department on Friday reported that U.S. nonfarm payrolls increased by 187,000 jobs last month. The number for July was revised lower to show 157,000 jobs added instead of the previously reported 187,000. Economists polled by Reuters had forecast nonfarm payrolls increasing by 170,000 jobs in August.

The unemployment rate increased to 3.8% as more people entered the labor force, up from 3.5% in July but still below the Fed's latest median estimate of 4.1% by the fourth quarter of this year.

Wage growth eased a bit. Average hourly earnings rose 0.2% after increasing 0.4% in July. In the 12 months through August, wages advanced 4.3% after increasing 4.4% through July.

In afternoon trading, U.S. two-year yields, which reflect interest-rate expectations, were flat at 4.866%.

The benchmark 10-year yield, on the other hand, surged 8.6 basis points to 4.176%.

Other pieces of U.S. data on Friday showed a mixed picture as well. The U.S. manufacturing index contracted for a 10th straight month in August, although the reading rose from the previous month.

The Institute for Supply Management said its manufacturing index increased to 47.6 last month from 46.4 in July. The index slumped to 46.0 in June, which was the lowest reading since May 2020. A reading below 50 indicates contraction.

U.S. construction spending rose 0.7% in July, above the market forecast for a rise of 0.5%. The June data was also revised slightly higher to show construction spending expanding 0.6% instead of the 0.5% previously reported.

The yield curve, measured by the gap between yields on two- and 10-year Treasury notes, narrowed its inversion on Friday to -67.10 basis points, the least inverted in more than a week. The curve, which has forecast eight of the last nine recessions, was last at -68.90 bps.

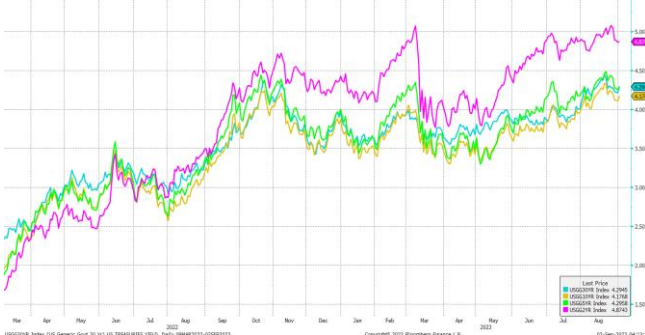
Following the data, fed funds futures further slashed the chances of another rate hike in November or December to 36.1% and 33.2%, respectively, according to the CME's FedWatch. That was lower from a week ago when those odds were at more than 50% for both months.

Economic Releases	Period	Survey	Actual	Prior	Revised
09/01/2023 20:30	Two-Month Payroll Net Revision	Aug	--	-110k	--
09/01/2023 20:30	Change in Nonfarm Payrolls	Aug	170k	187k	157k
09/01/2023 20:30	Change in Private Payrolls	Aug	148k	179k	155k
09/01/2023 20:30	Change in Manufact. Payrolls	Aug	0k	16k	-2k
09/01/2023 20:30	Unemployment Rate	Aug	3.50%	3.80%	3.50%
09/01/2023 20:30	Average Hourly Earnings MoM	Aug	0.30%	0.20%	0.40%
09/01/2023 20:30	Average Hourly Earnings YoY	Aug	4.30%	4.30%	4.40%
09/01/2023 20:30	Average Weekly Hours All Employees	Aug	34.3	34.4	34.3
09/01/2023 20:30	Labor Force Participation Rate	Aug	62.60%	62.80%	62.60%
09/01/2023 20:30	Underemployment Rate	Aug	--	7.10%	6.70%
09/01/2023 21:45	S&P Global US Manufacturing PMI	Aug F	47	47.9	47
09/01/2023 22:00	Construction Spending MoM	Jul	0.50%	0.70%	0.50%
09/01/2023 22:00	ISM Manufacturing	Aug	47	47.6	46.4
09/01/2023 22:00	ISM Prices Paid	Aug	44	48.4	42.6
09/01/2023 22:00	ISM Employment	Aug	--	48.5	44.4
09/01/2023 22:00	ISM New Orders	Aug	--	46.8	47.3

Contract	Close	Change	High	Low
E-Mini Dow SEP 23	34,882.00	72.00	35,027.00	34,761.00
E-Mini S&P SEP 23	4,521.50	3.750	4,547.75	4,507.25
E-Mini NASDAQ SEP 23	15,516.25	-23.50	15,661.25	15,454.00
Micro Russell 2K JUN 22	1922.5	20.9	1934	1902.1
USD Nikkei SEP 23	32,760.0	250.0	32,845.00	32,460.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	104.25	0.627	104.29	103.27
DJIA	34,837.71	115.800	34,979.18	34,720.70
S&P 500	4,515.77	8.110	4,541.25	4,501.35
NASDAQ	14,031.81	-3.160	14,149.62	13,982.42
Nikkei 225	32,710.62	91.280	32,845.46	32,499.44
Hang Seng	0.00	0.000	0.00	0.00
Straits Times	0.00	0.000	0.00	0.00
DAX	15,840.34	-106.740	15,984.59	15,840.25
CAC	7,296.77	-19.930	7,358.53	7,294.49
FTSE 100	7,464.54	25.410	7,492.63	7,439.13

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	10.76	9.44	9.48	10.81
E-Mini S&P Futures	13.49	11.76	10.71	11.69
E-Mini Nasdaq Futures	10.64	15.00	17.21	18.30

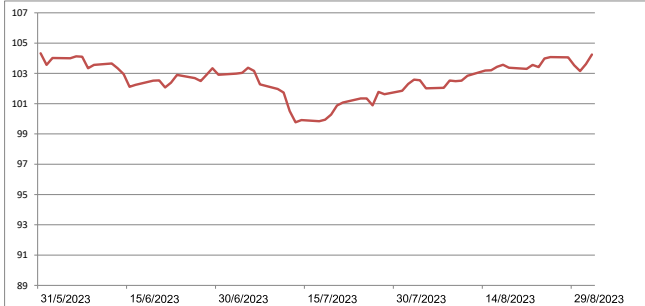
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



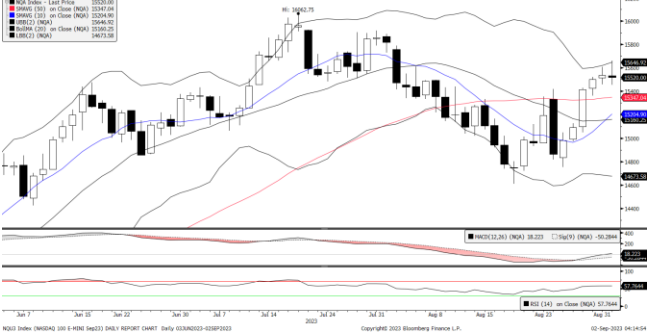
E-Mini Dow Index Futures Daily Chart



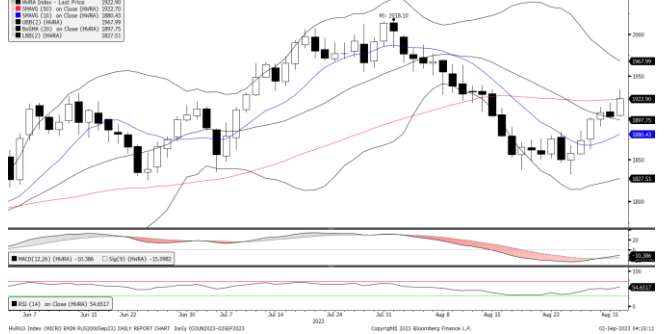
E-Mini S&P 500 Index Futures Daily Chart



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:	35405	2nd Resistance:	35928	1st Resistance:	4589.32	2nd Resistance:	4657.15	1st Resistance:	15748.99	2nd Resistance:	15981.74	1st Resistance:	1951.34	2nd Resistance:	1980.18
1st Support:	34359	2nd Resistance:	33836	1st Support:	4453.68	2nd Resistance:	4385.86	1st Support:	15283.51	2nd Resistance:	15050.76	1st Support:	1893.66	2nd Resistance:	1864.83
MACD:	-77.204			MACD:	-0.748908			MACD:	17.897			MACD:	-10.433		
MACD DIFF:	13.082			MACD DIFF:	11.803501			MACD DIFF:	68.154			MACD DIFF:	4.694		
RSI:	50.633			RSI:	56.403110			RSI:	57.570			RSI:	54.550		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	34359	34702	34187	33836	34174	33666	35405	35051	35582	35928	35569	36108
S&P	4453.68	4498.21	4431.41	4385.86	4429.71	4363.93	4589.32	4543.43	4612.27	4657.15	4610.57	4680.43
Nasdaq	15283.51	15436.34	15207.09	15050.76	15201.27	14975.51	15748.99	15591.50	15827.74	15981.74	15821.92	16061.65
Micro Russell	1893.66	1912.60	1884.19	1864.83	1883.47	1855.50	1951.34	1931.82	1961.09	1980.175	1960.37	1990.08

Source: Bloomberg

Kenanga Futures Sdn Bhd (353603-X)

Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my

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