

Fundamentals:

Wall Street's three major averages closed lower on Wednesday with the Nasdaq's 1% loss leading declines after stronger-than-expected services sector data fueled concerns that still sticky inflation would mean that interest rates stay higher for longer.

The Institute for Supply Management (ISM) said on Wednesday its non-manufacturing Purchasing Managers' Index rose to 54.5 last month against expectations of 52.5, while a gauge of prices paid by service-sector businesses for inputs increased.

Traders were betting on a 93% chance that the Federal Reserve would leave interest rates unchanged after its meeting on Sept. 20, while bets on another pause in November were around 57%, CME Group's FedWatch Tool showed.

Earlier in the day Boston Fed President Susan Collins stressed the need for the central bank to "proceed carefully" with its next monetary policy steps.

The prospect of higher rates put particular pressure on growth stocks with the S&P 500 growth index underperforming the benchmark throughout the session. Equity investors were also reacting to rising yields in 10-year and the two-year U.S. Treasuries.

On top of rate concerns, Apple Inc, which finished down 3.6%, was pressured by a report that China had banned officials at central government agencies from using iPhones and other foreign-branded devices for work.

The Dow Jones Industrial Average fell 198.78 points, or 0.57%, to 34,443.19, the S&P 500 lost 31.35 points, or 0.70%, at 4,465.48 and the Nasdaq Composite dropped 148.48 points, or 1.06%, to 13,872.47.

Of the S&P 500's 11 major industry sectors, growth-heavy technology was the biggest decliner, losing 1.4%, while defensive utilities led gains, up 0.2%. Energy was the only other gainer, up 0.1% with support from higher oil prices.

Oil futures settled up on Wednesday, adding to recent gains, which fueled concerns about inflationary pressure.

The S&P 500 showed little reaction to the Fed's "Beige Book" snapshot of the U.S. economy a week ahead of the keenly awaited August inflation data and the Fed's rate decision on Sept. 20.

The report showed "modest" U.S. economic growth in recent weeks while job growth was "subdued," and inflation slowed in most parts of the country.

Lockheed Martin shares sank 4.8% after the U.S. weapons maker trimmed the delivery outlook for its F-35 jets.

Roku shares rose 2.9% after the company said it would reduce its workforce by about 10% and limit new hiring.

U.S. Treasury yields were mostly higher on Wednesday, as earlier declines evaporated after economic data showed the services sector unexpectedly accelerated in August, with indications that inflation pressures remain firm.

The Institute for Supply Management (ISM) said on Wednesday its non-manufacturing PMI rose to 54.5 last month, the highest reading since February and up from 52.7 in July, while a gauge of prices paid also increased from the prior month.

A reading above 50 indicates expansion in the services industry, which accounts for more than two-thirds of the economy.

The data raised concerns the economy remains resilient enough for the Federal Reserve to keep rates at higher levels for a longer period of time.

The yield on the benchmark U.S. 10-year Treasury note on Wednesday rose 3 basis points to 4.298%. The yield has risen about 21 basis points over the past three sessions, its biggest three-day gain about a month.

The yield on the 30-year bond fell 1 basis points to 4.367%.

Earlier in the day, Federal Reserve Bank of Boston President Susan Collins said that while there are signs of progress in cooling inflation, now is a time for the central bank to proceed carefully when it comes to its next monetary policy steps, noting that price pressures remain despite some signs of moderation.

Despite the stronger-than-expected ISM reading, the central bank's latest "Beige Book" summary of surveys and interviews conducted across its 12 districts through Aug. 28 showed economic growth was "modest" in recent weeks while job growth was "subdued" and inflation slowed in most parts of the country.

Yields had risen sharply over the prior two sessions, with analysts citing a widely anticipated influx of corporate debt following the Labor Day holiday as exacerbating the climb.

A closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes, seen as an indicator of economic expectations, was at a negative 73.3 basis points.

The two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, climbed 6 basis points to 5.029%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.277%, after closing at 2.275% on Tuesday, its highest close since August 24.

The 10-year TIPS breakeven rate was last at 2.306%, indicating the market sees inflation averaging about 2.3% a year for the next decade.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
09/06/2023 19:00	MBA Mortgage Applications	Sep-01	--	-2.90%	2.30%
09/06/2023 20:30	Trade Balance	Jul	-\$68.0b	-\$65.0b	-\$63.7b
09/06/2023 21:45	S&P Global US Services PMI	Aug F	51	50.5	51
09/06/2023 21:45	S&P Global US Composite PMI	Aug F	50.4	50.2	50.4
09/06/2023 22:00	ISM Services Index	Aug	52.5	54.5	52.7
09/06/2023 22:00	ISM Services Prices Paid	Aug	--	58.9	56.8
09/06/2023 22:00	ISM Services Employment	Aug	--	54.7	50.7
09/06/2023 22:00	ISM Services New Orders	Aug	--	57.5	55
09/07/2023 02:00	Federal Reserve Releases Beige Book				
09/07/2023 20:30	Nonfarm Productivity	2Q F	3.40%	--	3.70%
09/07/2023 20:30	Unit Labor Costs	2Q F	1.90%	--	1.60%
09/07/2023 20:30	Initial Jobless Claims	Sep-02	234k	--	228k
09/07/2023 20:30	Continuing Claims	Aug-26	1719k	--	1725k
09/08/2023 22:00	Wholesale Trade Sales MoM	Jul	0.30%	--	-0.70%
09/08/2023 22:00	Wholesale Inventories MoM	Jul F	-0.10%	--	-0.10%

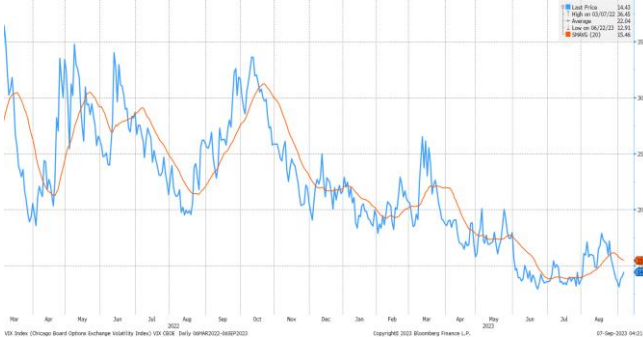
Contract	Close	Change	High	Low
E-Mini Dow SEP 23	34,479.00	-218.00	34,709.00	34,317.00
E-Mini S&P SEP 23	4,471.50	-33.250	4,503.75	4,447.00
E-Mini NASDAQ SEP 23	15,399.50	-147.00	15,533.00	15,310.50
Micro Russell 2K JUN 22	1875.5	-7.6	1895.7	1865.1
USD Nikkei DEC 23	32,970.0	5.0	33,145.00	32,855.00
Euro Dollar #N/A Invalid Security	0.00	0.000	0.00	0.00
US Dollar Index	104.86	0.053	105.02	104.59
DJIA	34,443.19	-198.780	34,611.68	34,291.56
S&P 500	4,465.48	-31.350	4,490.35	4,442.38
NASDAQ	13,872.47	-148.480	14,001.95	13,802.42
Nikkei 225	33,241.02	204.260	33,282.15	33,088.22
Hang Seng	18,449.98	-6.930	18,492.59	18,256.10
Straits Times	3,222.88	-3.950	3,245.18	3,210.49
DAX	15,741.37	-30.340	15,781.89	15,676.51
CAC	7,194.09	-60.630	7,221.44	7,168.84
FTSE 100	7,426.14	-11.790	7,447.94	7,369.64

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	11.24	9.65	8.60	10.52
E-Mini S&P Futures	13.60	11.94	10.74	11.32
E-Mini Nasdaq Futures	11.14	15.50	16.95	18.39

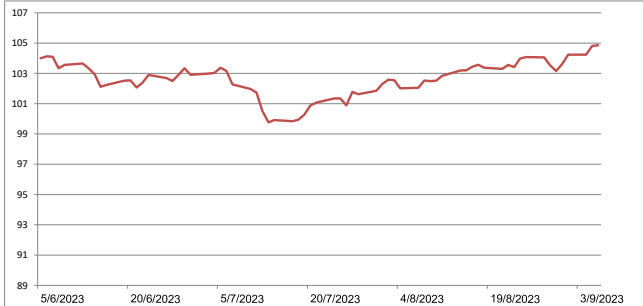
U.S. Government Treasuries Yield



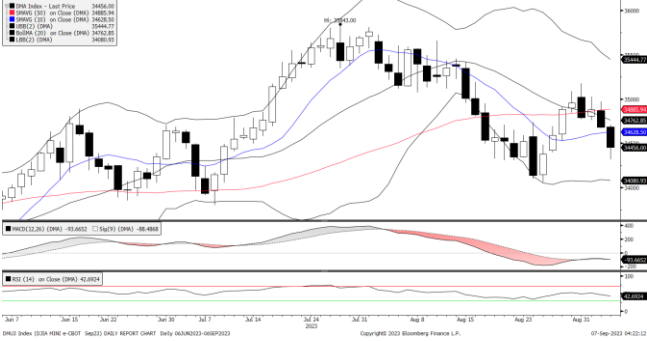
CBOE Volatility Index (VIX)



Dollar Index



E-Mini Dow Index Futures Daily Chart



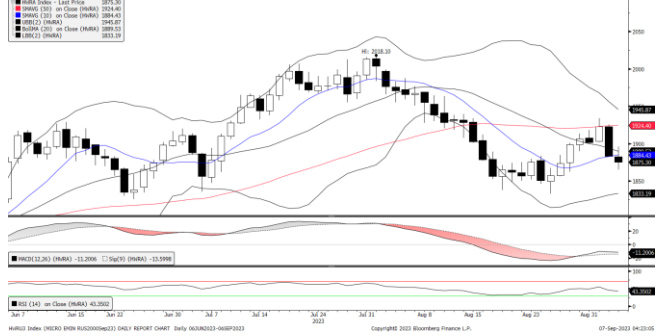
E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow	1st Resistance: 34996	2nd Resistance: 35513	1st Support: 33962	2nd Support: 33445	MACD: -93.214	MACD DIFF: -4.782	RSI: 42.786
S&P	1st Resistance: 4538.57	2nd Resistance: 4605.65	1st Support: 4404.43	2nd Support: 4337.36	MACD: 0.638512	MACD DIFF: 8.272448	RSI: 48.816097
Nasdaq	1st Resistance: 15630.49	2nd Resistance: 15861.49	1st Support: 15168.51	2nd Support: 14937.52	MACD: 40.818	MACD DIFF: 58.789	RSI: 53.243
Micro Russell	1st Resistance: 1903.63	2nd Resistance: 1931.77	1st Support: 1847.37	2nd Support: 1819.24	MACD: -11.194	MACD DIFF: 2.416	RSI: 43.386

Strategy

Dow	Long: 33962	Profit target: 34301	Stop-loss: 33792	Long: 33445	Profit target: 33779	Stop-loss: 33277	Short: 34996	Profit target: 34646	Stop-loss: 35171
S&P	4404.43	4448.47	4382.41	4337.36	4380.73	4315.67	4538.57	4493.19	4561.27
Nasdaq	15168.51	15320.19	15092.86	14937.52	15086.89	14862.83	15630.49	15474.19	15708.64
Micro Russell	1847.37	1865.84	1838.13	1819.24	1837.43	1810.14	1903.6325	1884.60	1913.15
									Short: Profit target: Stop-loss:
									35513 35158 35691
									4605.65 4559.59 4628.67
									15861.49 15702.87 15940.79
									1931.765 1912.45 1941.42

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.