

Fundamentals:

U.S. stocks closed mostly lower on Friday, losing momentum as investors digested a hectic week of mixed earnings, and economic data that seemed to support the "higher for longer" interest rate scenario.

The Nasdaq advanced, with tech and tech-adjacent momentum stocks led by Amazon.com Apple and Meta Platforms providing much of the heavy lifting, while the S&P 500 and the Dow Jones Industrial Average lost ground.

All three indexes notched weekly losses steeper than 2%.

The benchmark S&P 500 closed 10.28% below its July 31 closing high.

The Commerce Department's hotly anticipated Personal Consumption Expenditures (PCE) report showed inflation gradually cooling down as expected, getting closer to the Federal Reserve's 2% annual target while consumer spending, which accounts for about 70% of the U.S. economy, posted a robust upside surprise.

The data did little to move the needle regarding market expectations that the Fed will leave its key interest rate unchanged at its November policy meeting.

Market participants are nearing the end of a busy earnings week, during which nearly one-third of the companies in the S&P 500 posted third-quarter results.

As of Friday, the reporting season had essentially reached the halfway point, with 245 of the companies in the S&P 500 having reported. Of those, 78% have delivered consensus-beating earnings.

Analysts now expect aggregate annual S&P earnings growth of 4.3%, a sharp improvement over the 1.6% growth seen at the beginning of the month.

Amazon.com jumped 6.8% after the e-commerce giant reported its cloud business growth is stabilizing and predicted a revenue increase over the holiday season.

Intel surged 9.3 % following the chipmaker's consensus-beating quarterly report, lifting the whole sector.

The Philadelphia SE Semiconductor index advanced 1.2 %.

The Dow Jones Industrial Average fell 366.71 points, or 1.12%, to 32,417.59 , the S&P 500 lost 19.86 points, or 0.48%, at 4,117.37 and the Nasdaq Composite added 47.41 points, or 0.38%, at 12,643.01 .

Among the 11 major sectors of the S&P 500, energy suffered the steepest percentage drop. Consumer discretionary tech and communication services were the only gainers.

Chevron dropped 6.7 % after the oil and gas company reported lower third-quarter profit. Shares of Exxon Mobil gave up early gains, falling 1.9 % after it posted a 54% year-on-year drop in profit.

Ford Motor sank 12.2 % after it withdrew its full-year forecast due to "uncertainty" over the pending ratification of its deal with the United Auto Workers union, and warned of continued pressure on electric vehicles.

U.S. Treasury yields rose on Friday following a slew of economic data, as traders weighed their impact on the Federal Reserve's rate path.

Long-term Treasury yields ticked up on Friday, after data showed economic growth and core PCE, a key inflation metric, rose in line with expectations.

The yield on 10-year Treasury notes was up 1.3 basis points to 4.858%.

The yield on the 30-year Treasury bond was up 2.8 basis points to 5.016%.

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 -18.2 basis points.

The two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, was down 0.2 basis point at 5.037%.

Personal income across U.S. households increased by \$77.8 billion in September 2023, with a 0.3% month-to-month increase. Personal spending rose by \$138.7 billion, or 0.7%, showing resilient demand despite higher borrowing costs.

In addition, inflation remained stable but persistent in September, with the Core PCE price index increasing by 0.3%.

Yields have rallied this month as the market assesses the odds of a coming recession, after recent hawkish comments by Fed Chair Jerome Powell and other Fed members signaling higher-for-longer interest rates.

Yields showed a daily drop on Thursday after unemployment and other data pointed to a potential economic downturn. Labor data likely follows inflation data like core PCE in importance to the Fed, analysts said.

Weak bond auctions this week contributed to a boost in yields, after tepid responses to the U.S. Treasury Department's sale of five-year notes on Wednesday and seven-year notes on Thursday.

The Fed next week will announce its interest rate decision for November, followed Wednesday by remarks from Chair Powell. An array of data, including job openings, is also slated for next week.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised
10/27/2023 20:30	Personal Income	Sep 0.40%	0.30%	0.40%	--
10/27/2023 20:30	Personal Spending	Sep 0.50%	0.70%	0.40%	--
10/27/2023 20:30	Real Personal Spending	Sep 0.30%	0.40%	0.10%	--
10/27/2023 20:30	PCE Deflator MoM	Sep 0.30%	0.40%	0.40%	--
10/27/2023 20:30	PCE Deflator YoY	Sep 3.40%	3.40%	3.50%	3.40%
10/27/2023 20:30	PCE Core Deflator MoM	Sep 0.30%	0.30%	0.10%	--
10/27/2023 20:30	PCE Core Deflator YoY	Sep 3.70%	3.70%	3.90%	3.80%
10/27/2023 22:00	U. of Mich. Sentiment	Oct F 63	63.8	63	--
10/27/2023 22:00	U. of Mich. Current Conditions	Oct F --	70.6	66.7	--
10/27/2023 22:00	U. of Mich. Expectations	Oct F --	59.3	60.7	--
10/27/2023 22:00	U. of Mich. 1 Yr Inflation	Oct F 3.80%	4.20%	3.80%	--
10/27/2023 22:00	U. of Mich. 5-10 Yr Inflation	Oct F 3.00%	3.00%	3.00%	--
10/27/2023 23:00	Kansas City Fed Services Activity	Oct --	-1	2	--
10/30/2023 22:30	Dallas Fed Manf. Activity	Oct -16	--	-18.1	--

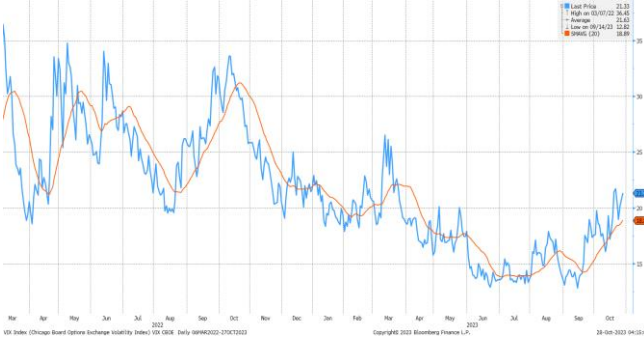
Contract	Close	Change	High	Low
E-Mini Dow DEC 23	32,504.00	-391.00	33,008.00	32,409.00
E-Mini S&P DEC 23	4,137.75	-18.000	4,185.00	4,122.25
E-Mini NASDAQ DEC 23	14,265.25	78.00	14,407.75	14,209.75
Micro Russell 2K JUN 22	1644.8	-19.7	1676.2	1638.9
USD Nikkei DEC 23	30,625.0	55.0	31,110.00	30,540.00
US Dollar Index	106.57	-0.036	106.80	106.32
DJIA	32,417.59	-366.710	32,787.56	32,327.20
S&P 500	4,117.37	-19.860	4,156.70	4,103.78
NASDAQ	12,643.01	47.400	12,772.43	12,600.57
Nikkei 225	30,991.69	389.910	31,081.48	30,687.33
Hang Seng	17,398.73	354.120	17,497.72	17,078.24
Straits Times	3,061.85	-9.460	3,079.80	3,058.14
DAX	14,687.41	-43.640	14,824.29	14,667.37
CAC	6,795.38	-93.580	6,898.98	6,784.62
FTSE100	7,291.28	-63.290	7,380.33	7,279.86

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	9.12	10.20	9.89	9.71
E-Mini S&P Futures	12.12	13.43	12.58	11.85
E-Mini Nasdaq Futures	13.46	17.39	15.21	16.56

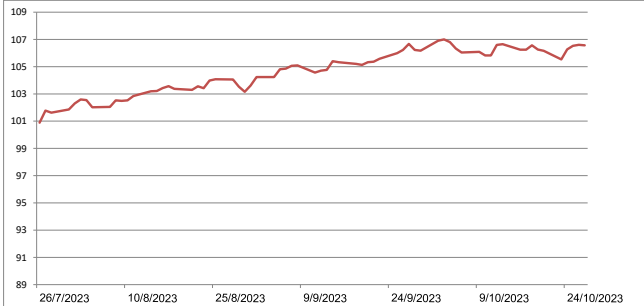
U.S. Government Treasuries Yield



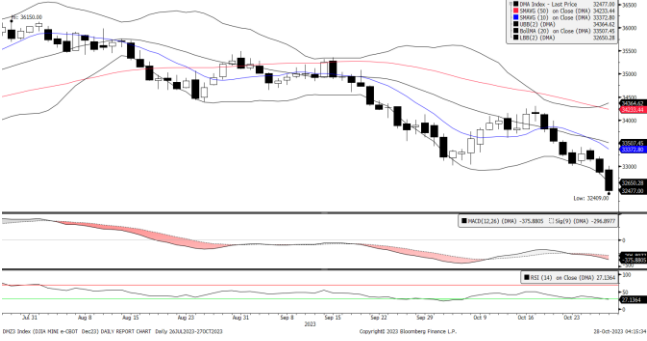
COBE Volatility Index (VIX)



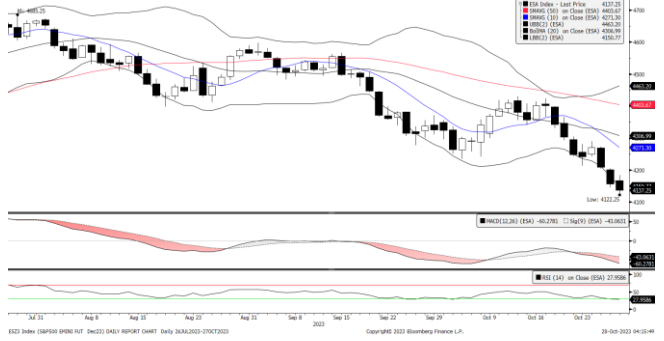
Dollar Index



E-Mini Dow Index Futures Daily Chart



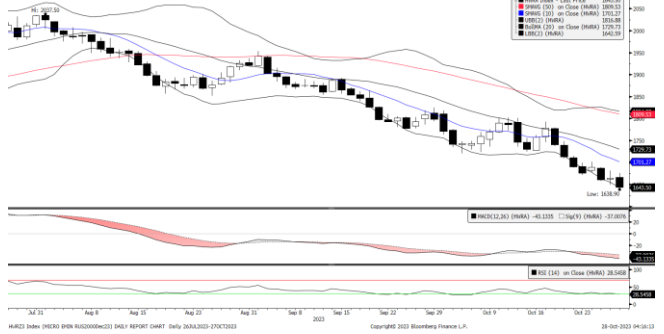
E-Mini S&P 500 Index Futures Daily Chart



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:	32992	2nd Resistance:	33479	1st Resistance:	4199.82	2nd Resistance:	4261.88	1st Resistance:	14479.23	2nd Resistance:	14693.21	1st Resistance:	1669.47	2nd Resistance:	1694.14
1st Support:	32016	2nd Support:	31529	1st Support:	4075.68	2nd Support:	4013.62	1st Support:	14051.27	2nd Support:	13837.29	1st Support:	1620.13	2nd Support:	1595.46
MACD:	-375.275	MACD DIFF:	-78.457	MACD:	-60.157175	MACD DIFF:	-17.119862	MACD:	-200.051	MACD DIFF:	-83.127	MACD:	-43.033	MACD DIFF:	-6.041
RSI:	27.213			RSI:	28.050285			RSI:	33.813			RSI:	28.688		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32016	32337	31856	31529	31844	31371	32992	32662	33157	33479	33144	33647
S&P	4075.68	4116.44	4055.31	4013.62	4053.75	3993.55	4199.82	4157.82	4220.82	4261.88	4219.26	4283.19
Nasdaq	14051.27	14191.78	13981.01	13837.29	13975.67	13768.11	14479.23	14334.44	14551.62	14693.21	14546.28	14766.67
Micro Russell	1620.13	1636.33	1612.03	1595.46	1611.41	1587.48	1669.47	1652.78	1677.82	1694.14	1677.20	1702.61

Source: Bloomberg

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