

Fundamentals:

Major U.S. stock indexes ended sharply higher on Monday as investors were optimistic about the start of earnings season, while transportation and small-cap shares also jumped.

Market participants were monitoring the Israeli war in Gaza, but appeared to be taking more of a risk-on stance on Monday, with safe-haven gold prices down.

Israeli forces continued their bombardment of Gaza, which has killed thousands, including many women and children, after efforts to arrange a cease-fire stalled.

The Cboe Volatility index was lower, while the Dow registered its biggest daily percentage gain in about a month. Also, the economically sensitive Dow Jones transportation average jumped 1.9% in its biggest one-day percentage increase since late July, and the Russell 2000 small-cap index rose 1.6%.

Consumer discretionary led gains among S&P 500 sectors, although all of the sectors were higher on the day.

Charles Schwab shares jumped 4.7% as the brokerage posted a smaller-than-expected drop in quarterly profit.

Quarterly results from large banks Goldman Sachs, Bank of America, Morgan Stanley, pharmaceutical giant Johnson & Johnson, electric vehicle maker Tesla and video-streaming pioneer Netflix are due this week.

Third-quarter earnings for S&P 500 companies are estimated to have increased 2.2% year-over-year, up from an estimated increase of 1.3% a week earlier, according to LSEG data Friday.

The Dow Jones Industrial Average rose 314.25 points, or 0.93%, to 33,984.54, the S&P 500 gained 45.85 points, or 1.06%, to 4,373.63 and the Nasdaq Composite added 160.75 points, or 1.2%, to 13,567.98.

Data earlier showed that the New York Fed's General Business Conditions index, otherwise known as "the Empire State index," has gone back into negative territory.

Philadelphia Fed President Patrick Harker reiterated his view from Friday that the U.S. central bank was likely done with its rate-hike cycle.

Lululemon Athletica shares rose to their highest level in almost two years as the Canadian sportswear apparel maker was set to join the S&P 500 index this week, replacing Activision Blizzard. Lululemon shares ended up 10.3%.

Treasury yields edged higher on Monday as investors grapple with how bonds should be priced in a changing market dynamic that includes increased U.S. government debt issuance with an Israeli ground offensive in Gaza still imminent.

As investors keep an eye on the Middle East, they are trying to better gauge Federal Reserve efforts to curb high inflation with what should be the term premium for interest rates - what investors expect to be compensated for lending longer-term.

The yield on 10-year Treasury notes rose 7.7 basis points to 4.706%, while the two-year's yield, which reflects interest rate expectations, was up 3.8 basis points at 5.092%.

The difference between yields on two- and 10-year Treasuries, seen as a recession harbinger when shorter-term notes yield more than those with longer dated maturities in what is known as an inverted yield curve, was at -38.8 basis points.

Diplomatic efforts to arrange a ceasefire to let aid reach the besieged Gaza Strip failed on Monday, and Israel ordered the evacuation of villages in a strip of territory near its border with Lebanon, raising fears the war could spread to a new front.

The Treasury sold \$75 billion in 13-week bills at a high rate of 5.34% and \$68 billion in 26-week bills at a high rate of 5.335%. Another \$75 billion in 42-day bills is scheduled to be sold on Tuesday.

The Treasury is slated to auction \$13 billion in 20-year bonds on Wednesday and \$22 billion in five-year Treasury Inflation-Protected Securities, or TIPS, on Thursday.

The yield on the 30-year Treasury bond rose 8.3 basis points at 4.862%.

The breakeven rate on five-year U.S. TIPS was last at 2.309%.

The 10-year TIPS breakeven rate was last at 2.372%, indicating the market sees inflation averaging about 2.4% a year for the next decade.

(Source: Reuters)

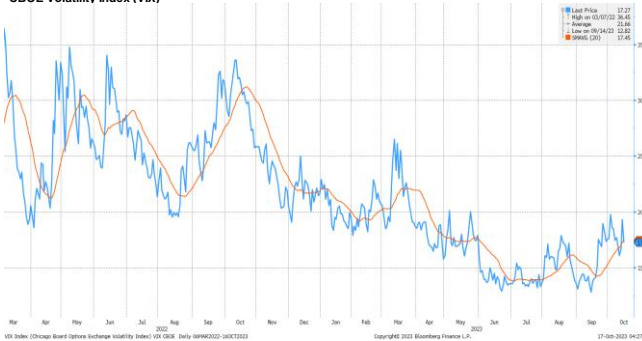
Contract	Close	Change	High	Low
E-Mini Dow DEC 23	34,134.00	307.00	34,254.00	33,810.00
E-Mini S&P DEC 23	4,401.00	43.750	4,414.25	4,354.50
E-Mini NASDAQ DEC 23	15,289.50	169.25	15,336.75	15,083.00
Micro Russell 2K JUN 22	1758	28.1	1762.2	1727.9
USD Nikkei DEC 23	31,985.0	75.0	32,085.00	31,585.00
US Dollar Index	106.21	-0.443	106.63	106.18
DJIA	33,984.54	314.250	34,088.98	33,832.42
S&P 500	4,373.63	45.850	4,383.33	4,342.37
NASDAQ	13,567.98	160.750	13,598.05	13,447.17
Nikkei 225	31,659.03	-656.960	31,999.79	31,564.31
Hang Seng	17,640.36	-173.090	17,858.18	17,601.50
Straits Times	3,163.89	-21.900	3,179.39	3,157.63
DAX	15,237.99	51.330	15,271.51	15,103.12
CAC	7,022.19	18.660	7,048.34	6,963.02
FTSE100	7,630.63	31.030	7,651.27	7,584.64

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	7.60	9.56	9.36	9.46
E-Mini S&P Futures	10.61	12.33	11.88	11.26
E-Mini Nasdaq Futures	14.23	16.86	15.98	17.04

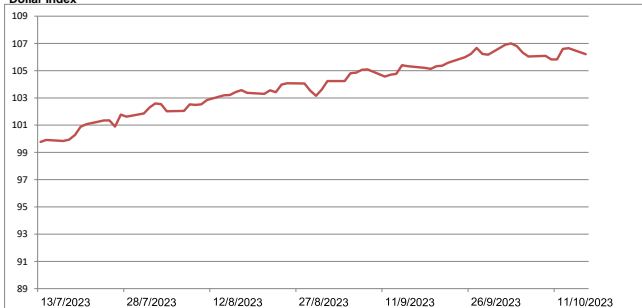
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



Economic Release	Period	Survey	Actual	Prior	Revised
10/16/2023 20:30	Empire Manufacturing	Oct	-6	-4.6	1.9
10/17/2023 20:30	Retail Sales Advance MoM	Sep	0.30%	--	0.60%
10/17/2023 20:30	Retail Sales Ex Auto MoM	Sep	0.20%	--	0.60%
10/17/2023 20:30	Retail Sales Ex Auto and Gas	Sep	0.10%	--	0.20%
10/17/2023 20:30	Retail Sales Control Group	Sep	0.10%	--	0.10%
10/17/2023 20:30	New York Fed Services Business Activity	Oct	--	--	-3
10/17/2023 21:15	Industrial Production MoM	Sep	0.00%	--	0.40%
10/17/2023 21:15	Capacity Utilization	Sep	79.60%	--	79.70%
10/17/2023 21:15	Manufacturing (SIC) Production	Sep	0.00%	--	0.10%
10/17/2023 22:00	Business Inventories	Aug	0.30%	--	0.00%
10/17/2023 22:00	NAHB Housing Market Index	Oct	44	--	45
10/18/2023 04:00	Net Long-term TIC Flows	Aug	--	--	\$8.8b
10/18/2023 04:00	Total Net TIC Flows	Aug	--	--	\$140.8b
10/18/2023 19:00	MBA Mortgage Applications	Oct-13	--	--	0.60%
10/18/2023 20:30	Building Permits	Sep	1450k	--	1543k
10/18/2023 20:30	Building Permits MoM	Sep	-5.90%	--	6.90%
10/18/2023 20:30	Housing Starts	Sep	1390k	--	1283k
10/18/2023 20:30	Housing Starts MoM	Sep	8.00%	--	-11.30%
10/18/2023 10:21	Monthly Budget Statement	Sep	-\$166.0b	--	-\$429.8b

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:	34646	2nd Resistance:	35158	1st Resistance:	4467.02	2nd Resistance:	4533.03	1st Resistance:	15518.84	2nd Resistance:	15748.19	1st Resistance:	1784.37	2nd Resistance:	1810.74
1st Support:	33622	2nd Resistance:	33110	1st Support:	4334.99	2nd Resistance:	4268.97	1st Support:	15060.16	2nd Resistance:	14830.82	1st Support:	1731.63	2nd Resistance:	1705.26
MACD:	-229.157			MACD:	-23.903363			MACD:	-13.168			MACD:	-30.268		
MACD DIFF:	79.737			MACD DIFF:	12.986244			MACD DIFF:	55.875			MACD DIFF:	1.869		
RSI:	50.269			RSI:	50.780649			RSI:	53.513			RSI:	40.379		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33622	33958	33454	33110	33441	32944	34646	34300	34819	35158	34806	35334
S&P	4334.99	4378.33	4313.31	4268.97	4311.66	4247.63	4467.02	4422.34	4489.35	4533.03	4487.70	4555.70
Nasdaq	15060.16	15210.76	14984.86	14830.82	14979.12	14756.66	15518.84	15363.65	15596.44	15748.19	15590.70	15826.93
Micro Russell	1731.63	1748.95	1722.97	1705.26	1722.31	1696.73	1784.37	1766.53	1793.29	1810.74	1792.63	1819.79

Source: Bloomberg

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