

### Fundamentals:

The S&P 500 ended nearly flat on Monday with utilities falling sharply and investors weighing the likelihood the Federal Reserve will need to hold interest rates higher for longer.

The Nasdaq rose, and shares of Nvidia gained 2.9% after Goldman Sachs added the chipmaker to its conviction list of top stock picks.

Fed Governor Michelle Bowman said she remains willing to support another increase in the central bank's policy interest rate at a future meeting if upcoming data shows progress on inflation is stalling or proceeding too slowly.

The U.S. central bank said last month it may hike rates again as it struggles to bring inflation closer to its 2% annual target.

Investors continue to keep a close eye on rising Treasury yields, she said, but Monday's advance in yields was tied to an agreement to avert a partial U.S. government shutdown, which reduced demand for the debt before this week's key jobs data.

Rate-sensitive utilities was the day's worst-performing S&P sector, falling 4.7% in its biggest one-day percentage decline since April 2020.

Energy also fell sharply along with lower oil prices, while technology was up 1.3%.

The Dow Jones Industrial Average fell 74.15 points, or 0.22%, to 33,433.35, the S&P 500 gained 0.34 points, or 0.01%, at 4,288.39 and the Nasdaq Composite added 88.45 points, or 0.67%, at 13,307.77.

Tesla shares ended up 0.6% even as the electric vehicle maker missed market estimates for third-quarter deliveries.

Economic data showed U.S. factory activity decreased at a shallower-than-expected pace in September, while U.S. construction spending increased in August. Investors anxiously await the monthly U.S. jobs report due on Friday.

S&P 500 companies begin to report third-quarter results later this month, with analysts expecting earnings to have risen 1.6% from the year-ago quarter after falling 2.8% in the second quarter, according LSEG IBES data Friday.

Among S&P utilities, shares of NextEra Energy fell 9% and hit their lowest level in about 3-1/2 years.

Benchmark 10-year U.S. Treasury yields hit 16-year highs on Monday as an agreement to avert a partial government shutdown reduced demand for the debt before key jobs data due later this week.

The U.S. Congress passed a stopgap funding bill late on Saturday with overwhelming Democratic support after Republican House Speaker Kevin McCarthy backed down from an earlier demand by his party's hardliners for a partisan bill.

The agreement takes away the risk that the release of government data will be delayed, which would have been likely to keep the Federal Reserve on the sidelines.

The Fed said last month that it may raise interest rates again as it battles to bring inflation closer to its 2% annual target, and that it is likely to hold rates higher for longer.

Fed Chairman Jerome Powell on Monday said that the U.S. central bank is striving to foster a sustained, strong labor market and that price stability is needed in order to achieve that.

Fed funds futures traders are pricing in a 26% chance of a rate hike in November, and a 45% likelihood of an increase by December, according to the CME Group's FedWatch Tool.

Benchmark 10-year Treasury yields reached 4.703%, the highest since October 2007. The yields also rose 48 basis points in September, the largest monthly increase in a year.

Economic data will be key to when yields are likely to reverse direction, with market participants on the lookout for signs of weakness.

Analysts at JPMorgan said in a report on Friday that the U.S. economy faces "numerous headwinds" in the fourth quarter and "the Fed is most likely done tightening. Against this backdrop, Treasury yields should be finding a peak."

That said, they added, "we are cognizant that the technical forces driving yields higher over the past few weeks may not yet be behind us."

This week's main economic focus is Friday's jobs report for September, which is expected to show that employers added 170,000 jobs during the month.

Data on Monday showed that U.S. manufacturing took a step further toward recovery in September as production picked up and employment rebounded.

Interest rate sensitive two-year yields were last at 5.112%. They are holding below 5.202% hit on Sept. 21, the highest since July 2006.

The yield curve between two-year and 10-year yields steepened to minus 42 basis points, the smallest inversion since May.

(Source: Reuters)

| Economic Releases | Period                          | Survey | Actual | Prior | Revised |
|-------------------|---------------------------------|--------|--------|-------|---------|
| 10/02/2023 21:45  | S&P Global US Manufacturing PMI | Sep F  | 48.9   | 49.8  | --      |
| 10/02/2023 22:00  | Construction Spending MoM       | Aug    | 0.50%  | 0.50% | 0.70%   |
| 10/02/2023 22:00  | ISM Manufacturing               | Sep    | 47.9   | 49    | 47.6    |
| 10/02/2023 22:00  | ISM Prices Paid                 | Sep    | 49     | 43.8  | 48.4    |
| 10/02/2023 22:00  | ISM Employment                  | Sep    | 48.6   | 51.2  | 48.5    |
| 10/02/2023 22:00  | ISM New Orders                  | Sep    | 47.8   | 49.2  | 46.8    |
| 10/03/2023 22:00  | JOLTS Job Openings              | Aug    | 8815k  | --    | 8827k   |
| 10/03/2023 10/04  | Wards Total Vehicle Sales       | Sep    | 15.40m | --    | 15.04m  |
| 10/04/2023 19:00  | MBA Mortgage Applications       | Sep-29 | --     | --    | -1.30%  |
| 10/04/2023 20:15  | ADP Employment Change           | Sep    | 150k   | --    | 177k    |
| 10/04/2023 21:45  | S&P Global US Services PMI      | Sep F  | 50.2   | --    | 50.2    |
| 10/04/2023 21:45  | S&P Global US Composite PMI     | Sep F  | 50.1   | --    | 50.1    |
| 10/04/2023 22:00  | Factory Orders                  | Aug    | 0.30%  | --    | -2.10%  |
| 10/04/2023 22:00  | Factory Orders Ex Trans         | Aug    | 0.20%  | --    | 0.80%   |
| 10/04/2023 22:00  | Durable Goods Orders            | Aug F  | 0.20%  | --    | 0.20%   |
| 10/04/2023 22:00  | Durables Ex Transportation      | Aug F  | 0.40%  | --    | 0.40%   |
| 10/04/2023 22:00  | Cap Goods Orders Nondel Ex Air  | Aug F  | --     | --    | 0.90%   |
| 10/04/2023 22:00  | Cap Goods Ship Nondel Ex Air    | Aug F  | --     | --    | 0.70%   |
| 10/04/2023 22:00  | ISM Services Index              | Sep    | 53.5   | --    | 54.5    |
| 10/04/2023 22:00  | ISM Services Prices Paid        | Sep    | --     | --    | 58.9    |
| 10/04/2023 22:00  | ISM Services Employment         | Sep    | --     | --    | 54.7    |

| Contract                | Close     | Change   | High      | Low       |
|-------------------------|-----------|----------|-----------|-----------|
| E-Mini Dow DEC 23       | 33,638.00 | -87.00   | 33,939.00 | 33,435.00 |
| E-Mini S&P DEC 23       | 4,324.25  | -1.250   | 4,355.50  | 4,295.50  |
| E-Mini NASDAQ DEC 23    | 14,984.75 | 118.25   | 15,046.00 | 14,826.00 |
| Micro Russell 2K JUN 22 | 1771.4    | -27.2    | 1818      | 1762.9    |
| USD Nikkei DEC 23       | 31,640.0  | -210.0   | 32,430.00 | 31,510.00 |
| US Dollar Index         | 107.02    | 0.846    | 107.03    | 106.04    |
| DJIA                    | 33,433.35 | -74.150  | 33,511.91 | 33,219.56 |
| S&P 500                 | 4,288.39  | 0.340    | 4,300.58  | 4,260.21  |
| NASDAQ                  | 13,307.77 | 88.450   | 13,364.03 | 13,204.08 |
| Nikkei 225              | 31,759.88 | -97.740  | 32,401.58 | 31,759.88 |
| Hang Seng               | 0.00      | 0.000    | 0.00      | 0.00      |
| Straits Times           | 3,208.86  | -8.550   | 3,231.10  | 3,197.75  |
| DAX                     | 15,247.21 | -139.370 | 15,476.38 | 15,192.01 |
| CAC                     | 7,068.16  | -66.900  | 7,197.00  | 7,035.65  |
| FTSE100                 | 7,510.72  | -97.360  | 7,630.41  | 7,491.30  |

| Historical Volatility | 10 Days | 30 Days | 60 Days | 90 Days |
|-----------------------|---------|---------|---------|---------|
| E-Mini Dow Futures    | 8.00    | 9.25    | 9.06    | 9.77    |
| E-Mini S&P Futures    | 12.79   | 12.33   | 11.25   | 11.21   |
| E-Mini Nasdaq Futures | 17.47   | 14.09   | 15.64   | 17.74   |

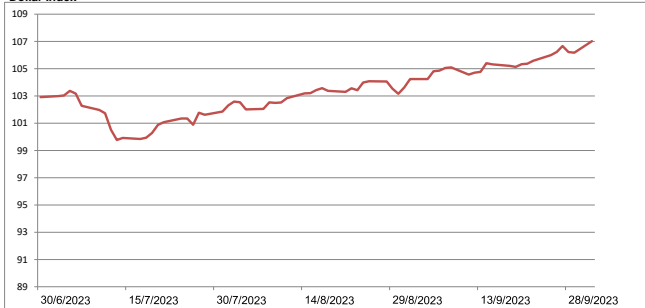
### U.S. Government Treasuries Yield



### CBOE Volatility Index (VIX)



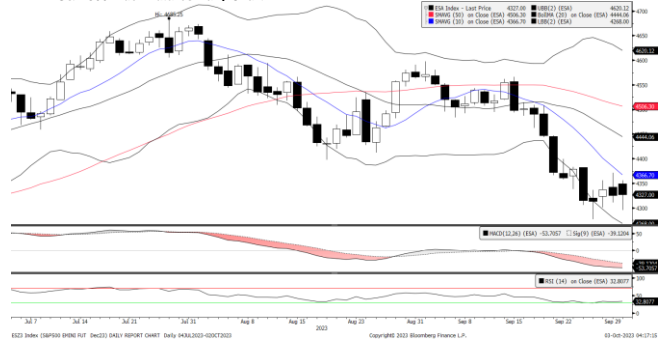
### Dollar Index



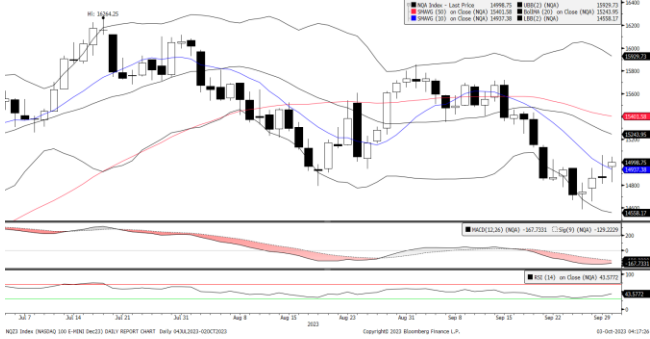
**E-Mini Dow Index Futures Daily Chart**



**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: | 34143    | 2nd Resistance: | 34647 | 1st Resistance: | 4389.11    | 2nd Resistance: | 4453.98 | 1st Resistance: | 15209.52 | 2nd Resistance: | 15434.29 | 1st Resistance: | 1797.97 | 2nd Resistance: | 1824.54 |
| 1st Support:    | 33133    | 2nd Resistance: | 32629 | 1st Support:    | 4259.39    | 2nd Resistance: | 4194.52 | 1st Support:    | 14759.98 | 2nd Resistance: | 14535.21 | 1st Support:    | 1744.83 | 2nd Resistance: | 1718.26 |
| MACD:           | -357.211 |                 |       | MACD:           | -53.916486 |                 |         | MACD:           | -168.830 |                 |          | MACD:           | -33.065 |                 |         |
| MACD DIFF:      | -106.121 |                 |       | MACD DIFF:      | -14.764834 |                 |         | MACD DIFF:      | -39.413  |                 |          | MACD DIFF:      | -3.586  |                 |         |
| RSI:            | 27.821   |                 |       | RSI:            | 32.392879  |                 |         | RSI:            | 43.085   |                 |          | RSI:            | 31.474  |                 |         |

**Strategy**

|               | Long:    | Profit target: | Stop-loss: |  | Long:    | Profit target: | Stop-loss: | Short:   | Profit target: | Stop-loss: |  | Short:   | Profit target: | Stop-loss: |
|---------------|----------|----------------|------------|--|----------|----------------|------------|----------|----------------|------------|--|----------|----------------|------------|
| Dow           | 33133    | 33465          | 32968      |  | 32629    | 32955          | 32466      | 34143    | 33801          | 34313      |  | 34647    | 34301          | 34820      |
| S&P           | 4259.39  | 4301.98        | 4238.09    |  | 4194.52  | 4236.47        | 4173.55    | 4389.11  | 4345.22        | 4411.06    |  | 4453.98  | 4409.44        | 4476.25    |
| Nasdaq        | 14759.98 | 14907.58       | 14686.18   |  | 14535.21 | 14680.56       | 14462.53   | 15209.52 | 15057.43       | 15285.57   |  | 15434.29 | 15279.95       | 15511.46   |
| Micro Russell | 1744.83  | 1762.28        | 1736.10    |  | 1718.26  | 1735.44        | 1709.67    | 1797.971 | 1779.99        | 1806.96    |  | 1824.542 | 1806.30        | 1833.66    |

Source: Bloomberg

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