

Fundamentals:

U.S. stocks closed lower on Wednesday, the day after a report showed Americans borrowed more than ever on their credit cards in the last quarter, and a day ahead of U.S. Consumer Price Index (CPI) inflation data that could influence Federal Reserve interest rate decisions.

On Tuesday, the New York Federal Reserve Bank said U.S. credit cards debt surpassed \$1 trillion, and Philadelphia Fed President Patrick Harker said the U.S. central bank may be at the stage where it can leave interest rates unchanged.

Traders put the chance of no rate hike at the Fed's next policy meeting in September at 86.5%, according to CME FedWatch Tool. Rate-sensitive megacap growth and technology stocks that have led the Wall Street rally, such as Nvidia, Apple and Tesla, were down between 0.8% and 4.8%.

The CPI for July, due on Thursday, is expected to show a slight acceleration from last year. On a month-to-month basis, consumer prices are seen increasing 0.2%, the same as in June.

China's consumer sector fell into deflation in July. The consumer price index (CPI) dropped in the world's second-largest economy, the National Bureau of Statistics said, its first decline since February 2021.

The Dow Jones Industrial Average fell 191.13 points, or 0.54%, to 35,123.36, the S&P 500 lost 31.67 points, or 0.70%, to 4,467.71 and the Nasdaq Composite dropped 165.93 points, or 1.2%, to 13,718.40.

The losses followed a broad selloff on Tuesday, after credit rating agency Moody's downgraded several small and mid-sized banks. On Wednesday, big banks extended those losses with Bank of America down 0.8% and Wells Fargo down 1.3%.

Four of the top 11 S&P 500 sectors rose, with energy stocks leading the gain by a 1.22% jump, touching a near six-month high, tracking a jump in crude oil prices.

Casino owner Penn Entertainment's shares surged 9.1% on a \$2 billion deal with Walt Disney's ESPN to launch a sports betting business.

Walt Disney's shares dipped 0.7%, erasing early gains ahead of its quarterly results due after the bell.

Lyft shares tumbled 10% despite a strong earnings forecast, as the company signaled it would double down on competitive pricing to catch up with rival Uber.

Of the 443 S&P 500 companies that have reported results as of Tuesday, 78.6% beat analyst expectations, according to Refinitiv data.

Longer-dated U.S. Treasury yields fell on Wednesday after the U.S. Treasury Department saw solid demand for a \$38 billion sale of 10-year notes, as investors waited on Thursday's highly anticipated consumer price inflation data for July.

Benchmark 10-year yields on Friday hit an almost nine-month high on concerns about rising supply after the Treasury raised its borrowing forecast for the coming quarter and said it would increase auction sizes across the board.

The 10-year notes sold at a high yield of 3.999%, close to where they had traded before the auction. Demand was 2.56 times the amount of debt on offer, the highest since February. USAUCTION25

A \$42 billion sale of three-year notes on Tuesday saw solid interest. The Treasury will also auction \$23 billion in 30-year bonds on Thursday.

Softer Chinese data and more dovish comments from Federal Reserve officials have helped to stabilize bonds this week.

Data earlier on Wednesday showed that China's consumer sector fell into deflation and factory-gate prices extended declines in July. It comes a day after China's imports and exports fell much faster than expected in July, raising expectations for additional Chinese government stimulus.

Thursday's U.S. inflation data may now drive bond market direction for the near-term.

It is expected to show that headline prices rose by 0.2% in July, for an annual increase of 3.3%.

Core prices, which exclude the volatile food and energy segments, are forecast to rise by 0.2% in July, for an annual gain of 4.8%.

Fed funds futures traders are pricing a more than 50% chance that the Fed has stopped hiking rates, on optimism that inflation will continue to moderate.

Price pressures nonetheless remain above the Fed's 2% target and expectations could change with further economic releases.

Benchmark 10-year yields fell one basis point to 4.012%. They reached 4.206% on Friday, their highest since Nov. 8.

Two-year yields rose five basis points to 4.804%. The yields have fallen from 5.120% on July 6, which was the highest since June 2007.

Thirty-year bond yields dropped three basis points to 4.177%. They reached 4.351% on Friday, the highest since Oct. 25.

The inversion in the two-year, 10-year part of the yield curve deepened to minus 80 basis points.

The average U.S. 30-year mortgage rate jumped to a nine-month peak on Wednesday and hit the second-highest rate since 2001.

(Source: Reuters)

| Contract | Close | Change | High | Low |
|-----------------------------------|-----------|----------|-----------|-----------|
| E-Mini Dow SEP 23 | 35,202.00 | -148.00 | 35,494.00 | 35,131.00 |
| E-Mini S&P SEP 23 | 4,485.75 | -26.750 | 4,536.25 | 4,478.25 |
| E-Mini NASDAQ SEP 23 | 15,178.25 | -158.75 | 15,432.50 | 15,146.50 |
| Micro Russell 2K JUN 22 | 1940.3 | -14.8 | 1964.7 | 1930 |
| USD Nikkei SEP 23 | 32,145.0 | -165.0 | 32,420.00 | 32,070.00 |
| Euro Dollar #N/A Invalid Security | 0.00 | 0.000 | 0.00 | 0.00 |
| US Dollar Index | 102.50 | -0.029 | 102.58 | 102.29 |
| DJIA | 35,123.36 | -191.130 | 35,370.89 | 35,058.73 |
| S&P 500 | 4,467.71 | -31.670 | 4,502.44 | 4,461.33 |
| NASDAQ | 13,722.02 | -162.300 | 13,898.54 | 13,698.39 |
| Nikkei 225 | 32,204.33 | -172.960 | 32,407.85 | 32,175.64 |
| Hang Seng | 19,246.03 | 61.860 | 19,270.48 | 19,056.10 |
| Straits Times | 0.00 | 0.000 | 0.00 | 0.00 |
| DAX | 15,852.58 | 77.650 | 15,983.78 | 15,831.08 |
| CAC | 7,322.04 | 52.570 | 7,381.38 | 7,317.38 |
| FTSE 100 | 7,587.30 | 59.880 | 7,600.79 | 7,527.42 |

| Historical Volatility | 10 Days | 30 Days | 60 Days | 90 Days |
|-----------------------|---------|---------|---------|---------|
| E-Mini Dow Futures | 10.22 | 9.39 | 10.46 | 10.53 |
| E-Mini S&P Futures | 11.88 | 9.88 | 10.77 | 11.26 |
| E-Mini Nasdaq Futures | 20.98 | 17.66 | 20.13 | 18.14 |

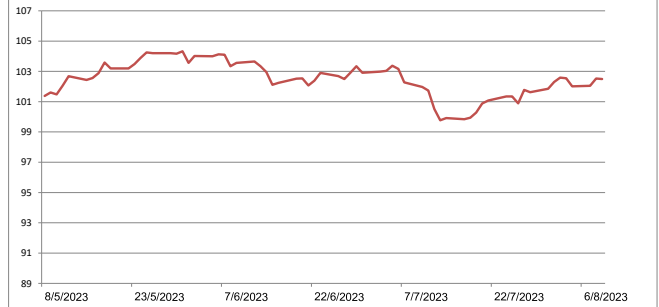
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)

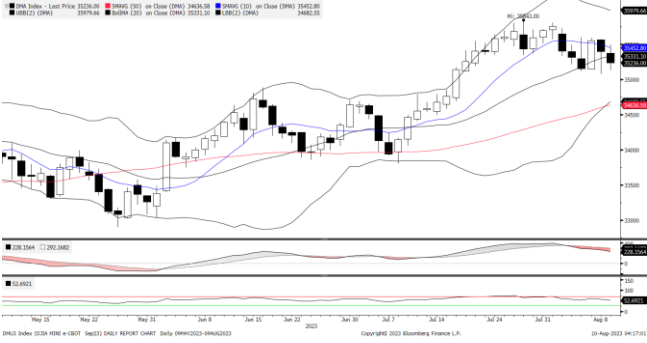


Dollar Index

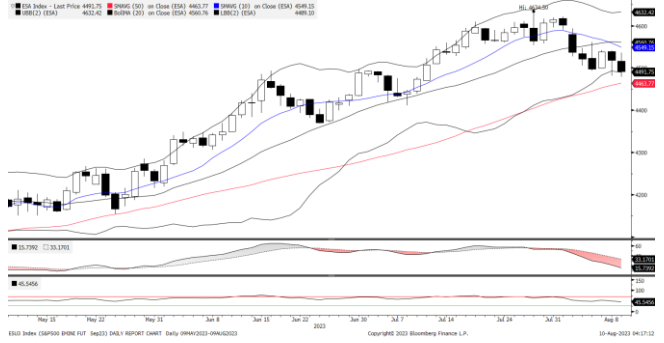


| Economic Releases | Period | Survey | Actual | Prior | Revised | |
|-------------------|------------------------------|--------|---------|--------|---------|-------|
| 08/09/2023 19:00 | MBA Mortgage Applications | Aug-04 | -- | -3.10% | -3.00% | -- |
| 08/10/2023 20:30 | Initial Jobless Claims | Aug-05 | 230k | -- | 227k | -- |
| 08/10/2023 20:30 | Continuing Claims | Jul-29 | 1707k | -- | 1700k | -- |
| 08/10/2023 20:30 | CPI MoM | Jul | 0.20% | -- | 0.20% | -- |
| 08/10/2023 20:30 | CPI Ex Food and Energy MoM | Jul | 0.20% | -- | 0.20% | -- |
| 08/10/2023 20:30 | CPI YoY | Jul | 3.30% | -- | 3.00% | -- |
| 08/10/2023 20:30 | CPI Ex Food and Energy YoY | Jul | 4.70% | -- | 4.80% | -- |
| 08/10/2023 20:30 | CPI Index NSA | Jul | 305.862 | -- | 305.109 | -- |
| 08/10/2023 20:30 | CPI Core Index SA | Jul | 308.941 | -- | 308.309 | -- |
| 08/10/2023 20:30 | Real Avg Hourly Earning YoY | Jul | -- | -- | 1.20% | 1.30% |
| 08/10/2023 20:30 | Real Avg Weekly Earnings YoY | Jul | -- | -- | 0.60% | 0.70% |

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: | 35730 | 2nd Resistance: | 36258 | 1st Resistance: | 4553.04 | 2nd Resistance: | 4620.32 | 1st Resistance: | 15405.92 | 2nd Resistance: | 15633.60 | 1st Resistance: | 1969.40 | 2nd Resistance: | 1998.51 |
| 1st Support: | 34674 | 2nd Resistance: | 34146 | 1st Support: | 4418.46 | 2nd Resistance: | 4351.18 | 1st Support: | 14950.58 | 2nd Resistance: | 14722.90 | 1st Support: | 1911.20 | 2nd Resistance: | 1882.09 |
| MACD: | 228.884 | | | MACD: | 15.727695 | | | MACD: | 36.772 | | | MACD: | 13.661 | | |
| MACD DIFF: | -63.239 | | | MACD DIFF: | -17.425493 | | | MACD DIFF: | -85.203 | | | MACD DIFF: | -8.819 | | |
| RSI: | 52.934 | | | RSI: | 45.579112 | | | RSI: | 42.290 | | | RSI: | 47.033 | | |

Strategy

| | Long: | Profit target: | Stop-loss: | Long: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: |
|---------------|----------|----------------|------------|----------|----------------|------------|-----------|----------------|------------|----------|----------------|------------|
| Dow | 34674 | 35021 | 34501 | 34146 | 34487 | 33975 | 35730 | 35373 | 35909 | 36258 | 35895 | 36439 |
| S&P | 4418.46 | 4462.65 | 4396.37 | 4351.18 | 4394.69 | 4329.42 | 4553.04 | 4507.51 | 4575.80 | 4620.32 | 4574.12 | 4643.42 |
| Nasdaq | 14950.58 | 15100.08 | 14875.82 | 14722.90 | 14870.13 | 14649.29 | 15405.92 | 15251.86 | 15482.95 | 15633.60 | 15477.26 | 15711.77 |
| Micro Russell | 1911.2 | 1930.31 | 1901.64 | 1882.09 | 1900.91 | 1872.68 | 1969.4045 | 1949.71 | 1979.25 | 1998.509 | 1978.52 | 2008.50 |

Source: Bloomberg

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