

Fundamentals:

U.S. stocks ended sharply lower on Friday as chipmakers dropped on concerns about weak consumer demand, while rising Treasury yields pressured Amazon and other megacap growth companies.

Chip equipment makers Applied Materials, Lam Research and KLA Corp all dropped more than 4% after Reuters reported TSMC had asked its major vendors to delay deliveries.

Nvidia dropped 3.7%, Advanced Micro Devices lost 4.8% and Broadcom and Micron Technology each fell over 2%, pulling down the Philadelphia Semiconductor index down about 3% for the session.

Stoking worries over chip demand from automakers, the United Auto Workers' union launched simultaneous strikes at factories of General Motors, Ford and Chrysler parent Stellantis.

China's industrial output grew more than expected in August, data showed, suggesting that a recent flurry of support measures may be starting to slowly stabilize a stumbling economic recovery.

Data on Thursday showed U.S. retail sales rose more than expected in August, easing worries about a recession.

Treasury yields edged higher ahead of the Federal Reserve policy meeting next week, with the central bank facing a strong U.S. economy with inflation that remains above target.

Traders' bets on the Fed holding rates steady in its Sept. 20 policy meeting remained at 97%, while their odds for a pause in November stood at 67%, according to the CME FedWatch Tool.

Among growth stocks sensitive to higher interest rates, Amazon and Microsoft each lost more than 2%, and Meta Platforms declined 3.7%.

Adobe dropped 4.2% to a more than two-week low after the Photoshop software maker disclosed a commercial paper program of up to \$3 billion on Sept. 8 following its third-quarter results.

The S&P 500 dropped 1.22% to end at 4,450.32 points.

The Nasdaq declined 1.56% to 13,708.34 points, while the Dow Jones Industrial Average fell 0.83% to 34,618.24 points.

With the expiry of quarterly derivatives contracts tied to stocks, index options and futures, volume on U.S. exchanges was heavy, with 16.9 billion shares traded, compared to an average of 9.8 billion shares over the previous 20 sessions.

All 11 S&P 500 sector indexes declined, led lower by information technology, down 1.95%, followed by a 1.88% loss in consumer discretionary.

For the week, the S&P 500 fell 0.16% and the Nasdaq lost 0.39%. The Dow added 0.12%.

SoftBank's Arm Holdings fell 4.5% after a stellar Nasdaq debut on Thursday that rekindled expectations of a turnaround in the initial public offering market.

Arm's strong debut prompted grocery delivery app Instacart to raise the proposed price range for its IPO to target a fully diluted valuation of up to \$10 billion.

Neumora Therapeutics, backed by Amgen and Japan's SoftBank, made a tepid debut at \$16.50 per share, below its IPO price of \$17. It ended at \$16.25.

Treasury yields edged higher on Friday, with the two-year above the 5% threshold, as futures price in higher rates for longer ahead of a Federal Reserve policy meeting next week that faces a strong U.S. economy with inflation that's still above target.

Consumers expect inflation to subside in the coming year as seen in a University of Michigan report that showed consumers' 12-month inflation expectations fell to 3.1% in September, the lowest since March 2021, from 3.5% last month.

Import prices declined 3.0% through August on a 12-month basis after decreasing 4.6% the prior month as annual import prices notched their seventh straight monthly drop, the Labor Department said.

Economist estimate the core personal consumption expenditures price index, used by the Fed to track inflation, eased further in the 12 months through August to 3.8%, a rate that is still almost double the Fed's 2% target.

The two-year Treasury yield, which reflects interest rate expectations, rose 1.6 basis points to 5.030 %, while the benchmark 10-year yield was up 2.8 basis points at 4.318 %.

Futures are pricing in just a 3% chance that the Fed raises interest rates at the end of its two-day meeting next Wednesday. Yet futures see the overnight lending rate staying above 5% through late July 2024, a sign the Fed won't back off its higher for longer message.

The gap between yields on two- and 10-year notes, seen as a recession harbinger when the shorter duration note yields more than the longer one was at -71.6 basis points in what is known as an inverted yield curve.

The yield on the 30-year Treasury bond rose 1.9 basis points to 4.405%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.316%.

The 10-year TIPS breakeven rate was last at 2.346%, indicating the market sees inflation averaging just above 2.3% a year for the next decade.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
09/15/2023 20:30	Import Price Index MoM	Aug	0.30%	0.50%	0.40%	0.10%
09/15/2023 20:30	Import Price Index ex Petroleum MoM	Aug	0.00%	0.00%	0.00%	--
09/15/2023 20:30	Import Price Index YoY	Aug	-2.90%	-3.00%	-4.40%	-4.60%
09/15/2023 20:30	Export Price Index MoM	Aug	0.40%	1.30%	0.70%	0.50%
09/15/2023 20:30	Export Price Index YoY	Aug	-6.80%	-5.50%	-7.90%	-8.00%
09/15/2023 20:30	Empire Manufacturing	Sep	-10	1.9	-19	--
09/15/2023 21:15	Industrial Production MoM	Aug	0.10%	0.40%	1.00%	0.70%
09/15/2023 21:15	Capacity Utilization	Aug	79.30%	79.70%	79.30%	79.50%
09/15/2023 21:15	Manufacturing (SIC) Production	Aug	0.10%	0.10%	0.50%	0.40%
09/15/2023 22:00	U. of Mich. Sentiment	Sep P	69	67.7	69.5	--
09/15/2023 22:00	U. of Mich. Current Conditions	Sep P	74.8	69.8	75.7	--
09/15/2023 22:00	U. of Mich. Expectations	Sep P	65	66.3	65.5	--
09/15/2023 22:00	U. of Mich. 1 Yr Inflation	Sep P	3.50%	3.10%	3.50%	--
09/15/2023 22:00	U. of Mich. 5-10 Yr Inflation	Sep P	3.00%	2.70%	3.00%	--
09/18/2023 20:30	New York Fed Services Business Activity	Sep	--	--	0.6	--
09/18/2023 22:00	NAHB Housing Market Index	Sep	49	--	50	--

Contract	Close	Change	High	Low
E-Mini Dow DEC 23	34,927.00	-312.00	35,357.00	34,887.00
E-Mini S&P DEC 23	4,498.00	-54.250	4,566.00	4,494.00
E-Mini NASDAQ DEC 23	15,392.25	-282.00	15,719.75	15,356.75
Micro Russell 2K JUN 22	1868.1	-18.4	1892.8	1856.9
USD Nikkei DEC 23	33,100.0	-125.0	33,485.00	33,075.00
US Dollar Index	105.35	-0.057	105.41	105.08
DJIA	34,618.24	-288.870	34,902.04	34,572.27
S&P 500	4,450.32	-54.780	4,497.98	4,447.21
NASDAQ	13,708.33	-217.720	13,895.75	13,684.24
Nikkei 225	33,533.09	364.990	33,634.31	33,391.46
Hang Seng	18,182.89	134.970	18,372.65	18,030.79
Straits Times	3,280.69	31.180	3,289.07	3,259.35
DAX	15,893.53	88.240	15,989.30	15,871.17
CAC	7,378.82	70.150	7,435.36	7,366.21
FTSE100	7,711.38	38.300	7,745.82	7,673.08

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	9.03	9.61	9.27	9.89
E-Mini S&P Futures	10.45	11.70	10.82	10.91
E-Mini Nasdaq Futures	12.47	12.49	16.26	17.92

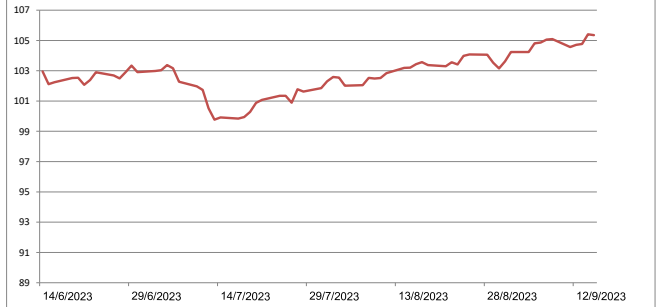
U.S. Government Treasuries Yield



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:	35451	2nd Resistance:	35975	1st Resistance:	4565.47	2nd Resistance:	4632.94	1st Resistance:	15623.13	2nd Resistance:	15854.02	1st Resistance:	1896.12	2nd Resistance:	1924.14
1st Support:	34403	2nd Resistance:	33879	1st Support:	4430.53	2nd Resistance:	4363.06	1st Support:	15161.37	2nd Resistance:	14930.48	1st Support:	1840.08	2nd Resistance:	1812.06
MACD:	-56.063	MACD:	-1.082592	MACD:	28.134	MACD:	3.342	MACD:	-16.596	MACD:	-1.024	MACD:	-16.596	MACD:	-1.024
MACD DIFF:	18.680	MACD DIFF:	1.087551	MACD DIFF:	1.087551	MACD DIFF:	46.589695	MACD DIFF:	3.342	MACD DIFF:	46.870	MACD DIFF:	-1.024	MACD DIFF:	-1.024
RSI:	47.059	RSI:	46.589695	RSI:	46.589695	RSI:	46.589695	RSI:	46.870	RSI:	46.870	RSI:	40.980	RSI:	40.980

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	34403	34747	34231	33879	34218	33710	35451	35096	35628	35975	35615	36155
S&P	4430.53	4474.84	4408.38	4363.06	4406.69	4341.24	4565.47	4519.82	4588.30	4632.94	4586.61	4656.10
Nasdaq	15161.37	15312.98	15085.56	14930.48	15079.79	14855.83	15623.13	15466.90	15701.25	15854.02	15695.48	15933.29
Micro Russell	1840.08	1858.48	1830.88	1812.06	1830.18	1803.00	1896.1215	1877.16	1905.60	1924.143	1904.90	1933.76

Source: Bloomberg

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