

Fundamentals:

U.S. stocks lost ground on Monday, with the major indexes closing out a strong month of gains on a weaker foot, as investor focus turned to the Federal Reserve's policy meeting this week.

The central bank is widely expected to raise interest rates by 75 basis points on Wednesday at the conclusion of its two-day policy meeting, but investors will look for any signals the Fed may be considering a deceleration in interest rate hikes in the future.

Hopes the Fed may pull back from its aggressive interest rate hike policy have lifted equities in recent weeks, with the S&P 500 notching a gain of nearly 9% over the past two weeks. The Dow booked its biggest monthly percentage gain since January 1976 and biggest October percentage gain since at least 1900.

Comments from Fed officials after the policy decision as well as labor market data later this week will help shape market expectations for future hikes starting at the December meeting.

The Dow Jones Industrial Average fell 128.85 points, or 0.39%, to 32,732.95, the S&P 500 lost 29.08 points, or 0.75%, to 3,871.98 and the Nasdaq Composite dropped 114.31 points, or 1.03%, to 10,988.15.

For the month, the Dow jumped 13.95%, the S&P climbed 7.99% and the Nasdaq advanced 3.9%.

Apple Inc lost 1.54% after a Reuters report said production of its iPhones could slump by as much as 30% next month due to tightening COVID-19 curbs in China.

Megacap growth names such as Amazon.com and Google-owner Alphabet which have been under pressure in the rising rate environment, were also lower, down 0.94% and 1.85%, respectively.

Nearly all 11 S&P 500 sectors fell, with technology and communication services the worst performers with declines of more than 1%. Energy was the sole advancer ahead of remarks on oil companies by U.S. President Joe Biden later on Monday.

Energy companies such as Chevron and Exxon Mobil handily beaten profit estimates this quarter, benefiting from surging energy prices, in contrast to Big Tech firms that have largely disappointed investors.

With around half of the companies in the S&P 500 having reported their quarterly results so far, third-quarter earnings growth estimates stand at 4%, according to Refinitiv data, slightly lower than the 4.1% last week.

Global Payments Inc slumped 8.82% after the company forecast full-year revenue below estimates.

Treasury yields edged higher on Monday as a relatively strong U.S. economy and labor market suggested the Federal Reserve will stay the course this week and aggressively raise interest rates again to tame inflation.

The yield on two-year notes, which typically moves in step with rate expectations, was up 8.1 basis points to 4.503% while the 10-year yield rose 7.1 basis points to 4.081%.

Equity markets in particular have begun to entertain the idea the Fed could pause its rate hikes or at least shift to a less aggressive hiking campaign.

After hitting a 15-year high of 4.639% on Oct. 21, two-year notes rallied last week to push their yield down 37 basis points to a low of 4.266% on Friday. Bond prices move in the opposite direction of their yield.

Fed funds futures are pricing in a 98.9% likelihood that the Fed will raise rates by 75 basis points on Wednesday. The market has also raised its outlook for the Fed's target rate to peak at 4.97% in May 2023.

The gap between yields on two- and 10-year Treasury notes, seen as a recession harbinger when the curve inverts, was at -42.4 basis points.

The 30-year yield was up 8 basis points to 4.209%.

The breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) was last at 2.658%.

The 10-year TIPS breakeven rate was last at 2.51%, indicating the market sees inflation averaging just over 2.5% a year for the next decade.

The U.S. dollar 5 years forward inflation-linked swap, seen by some as a better gauge of inflation expectations due to possible distortions caused by the Fed's quantitative easing, was last at 2.595%.

(Source: Reuters)

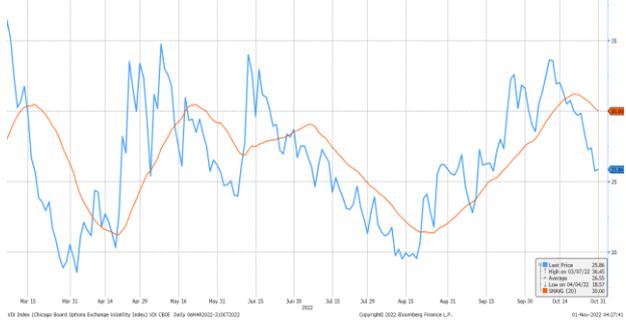
Contract	Close	Change	High	Low
E-Mini Dow DEC 22	32,775.00	-117.00	32,941.00	32,617.00
E-Mini S&P DEC 22	3,883.00	-25.750	3,914.75	3,872.25
E-Mini NASDAQ DEC 22	11,447.25	-122.75	11,585.00	11,367.25
Micro Russell 2K JUN 22	1853.6	2	1862.4	1835
USD Nikkei DEC 22	27,555.0	50.0	27,590.00	27,400.00
Euro Dollar DEC 22	94.89	-0.055	94.93	94.88
US Dollar Index	111.58	0.823	111.67	110.72
DJIA	32,732.95	-128.850	32,883.86	32,586.93
S&P 500	3,871.98	-29.080	3,893.73	3,863.18
NASDAQ	10,988.15	-114.300	11,047.94	10,914.00
Nikkei 225	27,587.46	482.260	27,602.99	27,392.99
Hang Seng	14,687.02	-176.040	15,113.15	14,597.31
Straits Times	3,093.11	33.920	3,129.35	3,083.59
DAX	13,253.74	10.410	13,307.09	13,216.48
CAC	6,266.77	-6.280	6,293.15	6,244.08
FTSE100	7,094.53	46.860	7,132.85	7,030.12

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	18.91	24.47	22.39	20.08
E-Mini S&P Futures	22.83	27.36	25.28	23.18
E-Mini Nasdaq Futures	14.30	17.71	16.56	15.57

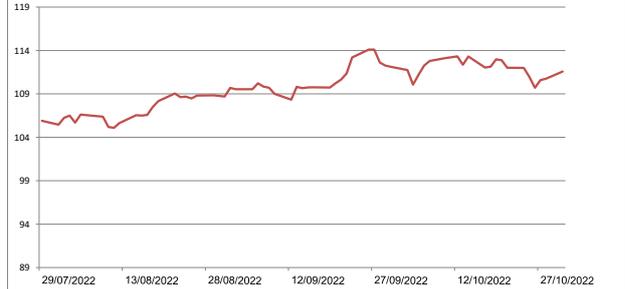
U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



Economic Releases	Period	Survey	Actual	Prior	Revised	
10/31/2022 21:45	MNI Chicago PMI	Oct	47.3	45.2	45.7	--
10/31/2022 22:30	Dallas Fed Manf. Activity	Oct	-17.4	-19.4	-17.2	--
11/01/2022 21:45	S&P Global US Manufacturing PMI	Oct F	49.9	--	49.9	--
11/01/2022 22:00	JOLT's Job Openings	Sep	9750k	--	10053k	--
11/01/2022 22:00	Construction Spending MoM	Sep	-0.60%	--	-0.70%	--
11/01/2022 22:00	ISM Manufacturing	Oct	50	--	50.9	--
11/01/2022 22:00	ISM Prices Paid	Oct	53	--	51.7	--
11/01/2022 22:00	ISM New Orders	Oct	--	--	47.1	--
11/01/2022 22:00	ISM Employment	Oct	--	--	48.7	--
11/01/2022 11:02	Wards Total Vehicle Sales	Oct	14.50m	--	13.49m	--
11/02/2022 19:00	MBA Mortgage Applications	Oct-28	--	--	-1.70%	--
11/02/2022 20:15	ADP Employment Change	Oct	180k	--	208k	--
11/03/2022 02:00	FOMC Rate Decision (Lower Bound)	Nov-02	3.75%	--	3.00%	--
11/03/2022 02:00	FOMC Rate Decision (Upper Bound)	Nov-02	4.00%	--	3.25%	--
11/03/2022 02:00	Interest on Reserve Balances Rate	Nov-03	3.90%	--	3.15%	--
11/03/2022 19:30	Challenger Job Cuts YoY	Oct	--	--	67.60%	--
11/03/2022 20:30	Trade Balance	Sep	-\$72.3b	--	-\$67.4b	--
11/03/2022 20:30	Nonfarm Productivity	3Q P	0.50%	--	-4.10%	--
11/03/2022 20:30	Unit Labor Costs	3Q P	4.00%	--	10.20%	--
11/03/2022 20:30	Initial Jobless Claims	Oct-29	220k	--	217k	--
11/03/2022 20:30	Continuing Claims	Oct-22	1450k	--	1438k	--
11/03/2022 21:45	S&P Global US Services PMI	Oct F	46.6	--	46.6	--
11/03/2022 21:45	S&P Global US Composite PMI	Oct F	47.3	--	47.3	--
11/03/2022 22:00	Factory Orders	Sep	0.30%	--	0.00%	--
11/03/2022 22:00	Factory Orders Ex Trans	Sep	--	--	0.20%	--
11/03/2022 22:00	Durable Goods Orders	Sep F	0.40%	--	0.40%	--
11/03/2022 22:00	Durables Ex Transportation	Sep F	-0.50%	--	-0.50%	--
11/03/2022 22:00	Cap Goods Orders Nondel Ex Air	Sep F	--	--	-0.70%	--
11/03/2022 22:00	ISM Services Index	Oct	55.4	--	55.7	--
11/03/2022 22:00	Cap Goods Ship Nondel Ex Air	Sep F	--	--	-0.50%	--

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:	33267	2nd Resistance:	33758	1st Resistance:	3941.25	2nd Resistance:	3999.49	1st Resistance:	11618.96	2nd Resistance:	11790.67	1st Resistance:	1881.40	2nd Resistance:	1909.21
1st Support:	32283	2nd Resistance:	31792	1st Support:	3824.76	2nd Resistance:	3766.51	1st Support:	11275.54	2nd Resistance:	11103.83	1st Support:	1825.90	2nd Resistance:	1797.99
MACD:	513.762			MACD:	14.592195			MACD:	-65.259			MACD:	15.335		
MACD DIFF:	357.427			MACD DIFF:	34.371910			MACD DIFF:	86.632			MACD DIFF:	18.783		
RSI:	69.495			RSI:	57.225010			RSI:	50.405			RSI:	62.475		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	32283	32606	32122	31792	32110	31633	33267	32934	33433	33758	33421	33927
S&P	3824.76	3863.00	3805.63	3766.51	3804.18	3747.68	3941.25	3901.83	3960.95	3999.49	3959.50	4019.49
Nasdaq	11275.54	11388.30	11219.16	11103.83	11214.87	11049.31	11618.96	11502.77	11677.05	11790.67	11672.76	11849.62
Micro Russell	1825.8	1844.05	1816.67	1797.99	1815.97	1789.00	1881.40	1862.59	1890.81	1909.208	1890.12	1918.75

Source: Bloomberg

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