

Fundamentals:

Wall Street's major indexes closed higher after Wednesday's choppy session with the release of minutes from the U.S. Federal Reserve's last meeting showing caution among policy makers that helped fuel investor hopes that rates would stay steady.

Fed officials pointed to uncertainties around the economy, oil prices and financial markets as supporting "the case for proceeding carefully in determining the extent of additional policy firming that may be appropriate," according to the minutes released on Wednesday from the Sept. 19-20 meeting.

Trading was choppy on Wednesday with all the indexes starting off the session with gains before turning lower ahead of the minutes and then regaining lost ground to push higher.

Earlier on Wednesday, data showed that U.S. producer prices increased more than expected in September amid higher costs for energy products, but underlying inflation pressures at the factory gate continued to moderate.

The Dow Jones Industrial Average rose 65.57 points, or 0.19%, to 33,804.87, the S&P 500 gained 18.71 points, or 0.43%, to 4,376.95 and the Nasdaq Composite added 96.83 points, or 0.71%, to 13,659.68.

The energy index fell 1.4% and was the weakest among the S&P's 11 major industry sectors. It was dragged down by a 3.6% slump in Exxon Mobil shares after the oil and gas producer agreed to buy rival Pioneer Natural Resources in an all-stock deal valued at \$59.5 billion. Pioneer shares closed up 1.4%.

The biggest gainers were rate sensitive sectors, real estate, which added 2% and utilities which finished up 1.6% as Treasury yields fell.

U.S. Treasury yields on benchmark 10-year notes fell to a roughly two-week low, as prices rose on safe-haven flows as a war in the Middle East still raged after a deadly weekend attack by Hamas on Israel.

Israel continued to pound Gaza with retaliatory air strikes, which has killed scores of civilians, as it formed an emergency unity government on Wednesday and its army said it killed three Hamas militants.

Scuffing Wednesday's mood was the latest initial public offering (IPO). Birkenstock Holding shares closed down 12.6% at \$40.20. In its first day trading on the New York Stock Exchange the German footwear company's shares never touched their IPO price of \$46.

Drugmaker Eli Lilly gained 4.5% following the early reported success of Danish rival Novo Nordisk's Ozempic in a trial to treat kidney failure, while dialysis firms DaVita and Baxter International slumped 16.7% and 12.3%, respectively.

U.S. Treasury yields were mixed on Wednesday, with those on benchmark 10-year notes falling to a roughly two-week low, as prices rose on safe-haven flows due to fighting in the Middle East that has persisted for a fifth straight day.

U.S. two-year yields, which reflect interest rate expectations, rose modestly following slightly hotter-than-forecast producer prices (PPI) data amid high energy costs. The benchmark 10-year yields also came off their lows in the wake of the PPI data.

Yields fall when U.S. Treasury debt prices rise.

The producer price index for final demand rose 0.5% last month, the Labor Department said. Data for August was unrevised to show the PPI accelerating 0.7%. Economists polled by Reuters had expected the PPI to gain 0.3% in September.

Investors will next give their attention to Thursday's U.S. consumer price index (CPI), which will set the direction for interest rates going forward.

The main focus, however, remained on the ongoing war in Israel. Israeli warplanes bombed Gaza repeatedly ahead of a possible ground offensive in the Palestinian coastal strip.

U.S. rate futures on Wednesday have priced a 70% chance the Fed will keep interest rates steady at next month's meeting, according to the CME's FedWatch tool.

In afternoon trading, the U.S. 10-year yield dropped to a two-week trough of 4.544% and was last down 7.6 basis points (bps). It was also on course for its largest weekly fall in three months.

The two-year yield, on the other hand, rose 1.1 bps to 4.994%, after declining to a one-month low the previous session.

U.S. yields, though, showed little reaction to the Fed minutes of the September meeting released on Wednesday. The minutes showed that Fed officials took a cautious stance last month given the uncertainty around the path of the U.S. economy, including difficulties estimating the state of financial markets, potential oil price shocks, and the impact of labor union strikes.

Analysts have cited the rise in oil prices as a potential consequence of the Middle East tension, which could mean higher inflation and the Fed keeping interest rates elevated for some time.

The yield curve further flattened or widened its inversion on Wednesday, with the spread between two-year and 10-year yields expanding to as much as -43.10 bps and was last at -41.20 bps.

The curve flattened for a second straight session after seven straight days of steepening, a trend suggesting concern about inflation coming back due to factors such as oil prices.

Also on Wednesday, the U.S. Treasury auctioned off \$35 billion in reopened 10-year notes and the outcome showed weak demand for the benchmark paper. The offering stopped at 4.610%, higher than the expected rate at the bid deadline, suggesting investors demanded a premium to buy the 10-year note.

The soft 10-year auction followed Tuesday's lackluster \$46 billion three-year note sale, which saw some of the weakest demand in a year, analysts said.

(Source: Reuters)

Economic Releases	Period	Survey	Actual	Prior	Revised	
10/11/2023 19:00	MBA Mortgage Applications	Oct-06	--	0.60%	-6.00%	--
10/11/2023 20:30	PPI Final Demand MoM	Sep	0.30%	0.50%	0.70%	--
10/11/2023 20:30	PPI Ex Food and Energy MoM	Sep	0.20%	0.30%	0.20%	--
10/11/2023 20:30	PPI Ex Food, Energy, Trade MoM	Sep	0.20%	0.20%	0.30%	0.20%
10/11/2023 20:30	PPI Final Demand YoY	Sep	1.60%	2.20%	1.60%	2.00%
10/11/2023 20:30	PPI Ex Food and Energy YoY	Sep	2.30%	2.70%	2.20%	2.50%
10/11/2023 20:30	PPI Ex Food, Energy, Trade YoY	Sep	3.00%	2.80%	3.00%	2.90%

Contract	Close	Change	High	Low
E-Mini Dow DEC 23	33,992.00	104.00	34,078.00	33,799.00
E-Mini S&P DEC 23	4,409.75	27.00	4,418.75	4,377.25
E-Mini NASDAQ DEC 23	15,380.00	141.00	15,416.75	15,253.00
Micro Russell 2K JUN 22	1791.6	1.6	1802.7	1773.2
USD Nikkei DEC 23	32,025.0	210.0	32,115.00	31,795.00
US Dollar Index	105.73	-0.099	106.01	105.56
DJIA	33,804.87	65.570	33,882.55	33,612.25
S&P 500	4,376.95	18.710	4,378.64	4,345.34
NASDAQ	13,659.68	96.840	13,671.11	13,549.29
Nikkei 225	31,936.51	189.980	32,037.07	31,804.09
Hang Seng	17,893.10	228.370	18,022.45	17,889.71
Straits Times	3,192.87	-6.200	3,214.24	3,185.05
DAX	15,460.01	36.490	15,486.11	15,361.74
CAC	7,131.21	-31.220	7,166.50	7,080.01
FTSE100	7,620.03	-8.180	7,651.98	7,608.67

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	10.72	9.22	9.23	9.33
E-Mini S&P Futures	12.30	11.82	11.72	11.13
E-Mini Nasdaq Futures	21.36	16.89	16.25	17.56

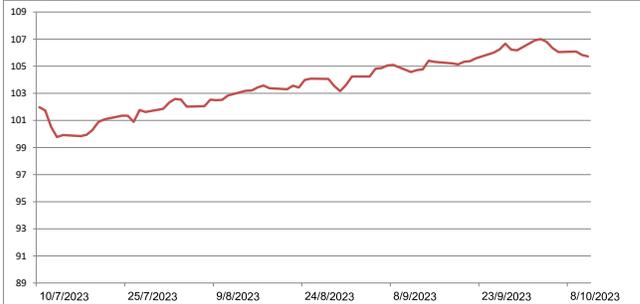
U.S. Government Treasuries Yield



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:	34502	2nd Resistance:	35012	1st Resistance:	4475.90	2nd Resistance:	4542.04	1st Resistance:	15610.70	2nd Resistance:	15841.40	1st Resistance:	1818.47	2nd Resistance:	1845.35
1st Support:	33482	2nd Resistance:	32972	1st Support:	4343.60	2nd Resistance:	4277.46	1st Support:	15149.30	2nd Resistance:	14918.60	1st Support:	1764.73	2nd Resistance:	1737.85
MACD:	-311.744			MACD:	-34.038642			MACD:	-47.919			MACD:	-29.258		
MACD DIFF:	41.897			MACD DIFF:	11.790320			MACD DIFF:	65.174			MACD DIFF:	4.095		
RSI:	46.877			RSI:	52.641790			RSI:	57.664			RSI:	43.824		

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Dow	33482	33817	33315	32972	33302	32807	34502	34157	34674	35012	34662	35187
S&P	4343.60	4387.04	4321.89	4277.46	4320.23	4256.07	4475.90	4431.14	4498.28	4542.04	4496.62	4564.75
Nasdaq	15149.30	15300.79	15073.55	14918.60	15067.79	14844.01	15610.70	15454.59	15688.75	15841.40	15682.99	15920.61
Micro Russell	1764.73	1782.37	1755.90	1737.85	1755.23	1729.16	1818.474	1800.29	1827.57	1845.348	1826.89	1854.57

Source: Bloomberg

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