

15 April 2024

By **Cheow Ming Liang** | [cheowml@kenanga.com.my](mailto:cheowml@kenanga.com.my)

**Weekly Technical Highlights – Dow Jones Industrial Average (DJIA)**

**Weekly Charting – DJIA**



Source: TradingView

Key Support & Resistance Levels:	
<b>Last Price</b>	: 37,983.25
<b>Resistance</b>	: 48,715(R1)                      39,868 (R2)
<b>Support</b>	: 37,615 (S1)                          37,100 (S2)
<b>Weekly view</b>	Downward Bias

**Dow Jones Industrial Average (DJIA) (Downward Bias)**

- For the second consecutive week, both the DJIA and S&P 500 fell from their late-March highs, dropping 2.37% and 1.56% respectively, while the NASDAQ's decline was less pronounced at 0.45%. Unexpectedly high inflation data and the Federal Reserve's March meeting minutes suggested rate cuts are not imminent, leading to expectations of prolonged high interest rates. Mixed results from three major U.S. banks also reflected a broader earnings decline for S&P 500 banks, anticipated at 18% YoY drop for the 1Q, according to FactSet. Additionally, after Wednesday's inflation report, the 10-year U.S. Treasury bond yield hit a five-month high of 4.59%, significantly up from 3.86% on February 1.
- We anticipate the market pullback to persist this week. Investors are showing concern as the DJIA has dropped below its 5-week Simple Moving Average (SMA) for the first time since November, and the VIX has risen above 18.00, marking a first since that time as well. Factors such as soaring commodity prices and renewed inflation fears are creating uncertainty about consumer purchasing power and the direction of monetary policy. Additionally, the escalating conflict between Iran and Israel is expected to continue impacting market performance this week. Key events to watch include Monday's retail sales data and Wednesday's Fed beige book. Corporate earnings from major firms like Goldman Sachs, Johnson & Johnson, Bank of America, Morgan Stanley, Netflix, TSM, Procter & Gamble, and American Express are also due this week.
- Technically, the DJIA broke significantly below its 5-week SMA last week, indicating a possible continued decline, perhaps even falling below its 13-week SMA at 37,615 due to rising treasury yields. Despite this downward trend, we anticipate bargain hunting to occur, likely stabilizing the index and enabling it to close near this critical level by the end of the week.
- In short, we're bracing for higher market volatility this week. A dips below its 13-week SMA at 37,615 could trigger a pullback to around 37,100. Key resistance levels to monitor are 38,715, which aligns with the 5-week SMA, and the recent peak of 39,868.

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:  
**KENANGA INVESTMENT BANK BERHAD (15678-H)**  
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
 Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

