

Index Futures

**DOW JONES  
INDUSTRIAL AVERAGE  
INDEX FUTURES**



# WHAT IS DOW JONES FUTURES?

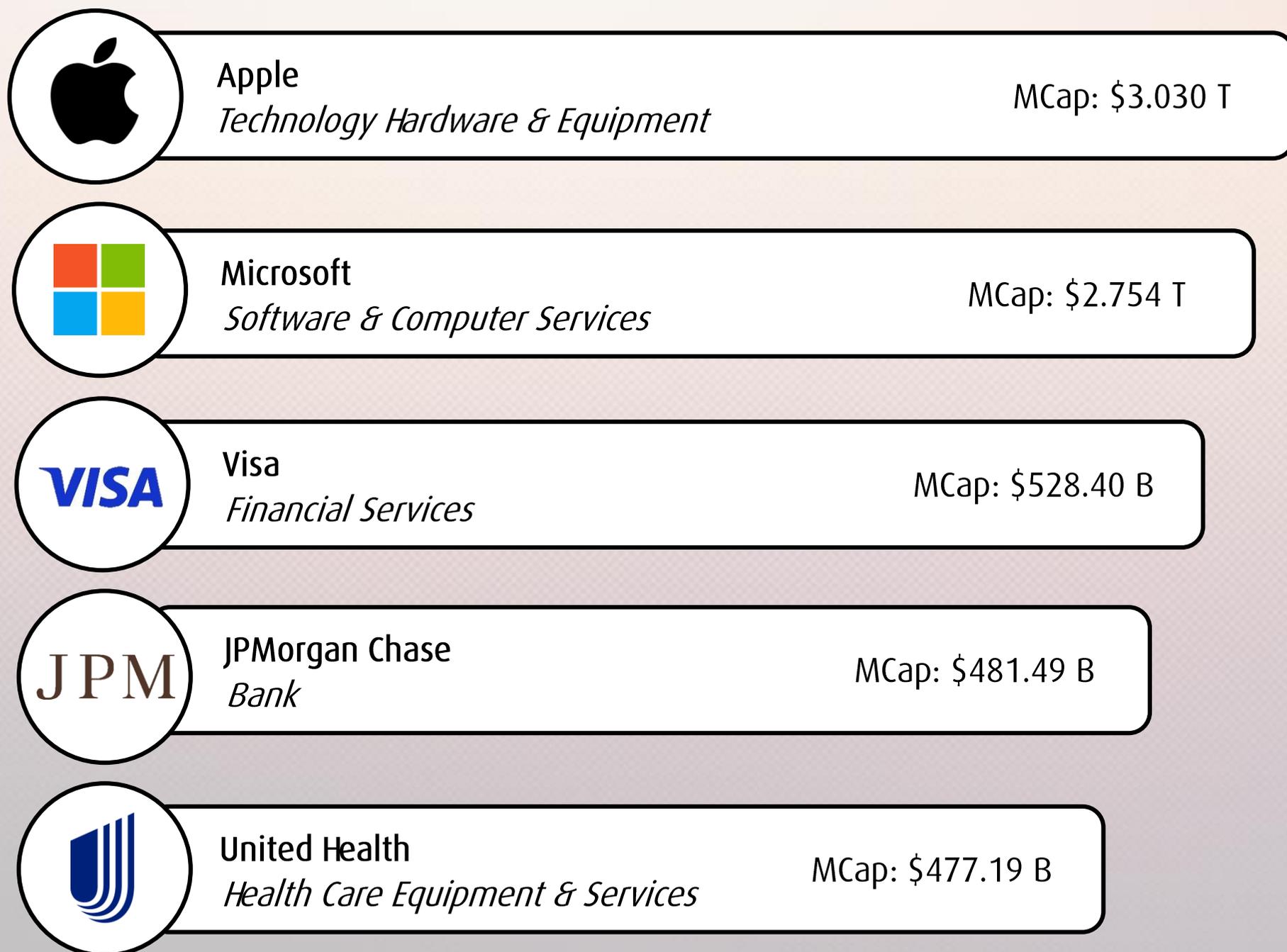
An **Index Futures** contract listed on CBOT - CME Exchange.



Its underlying is the **Dow Jones Industrial Average (DJIA)** which tracks the Top 30 blue-chip companies traded on U.S. stock exchanges.

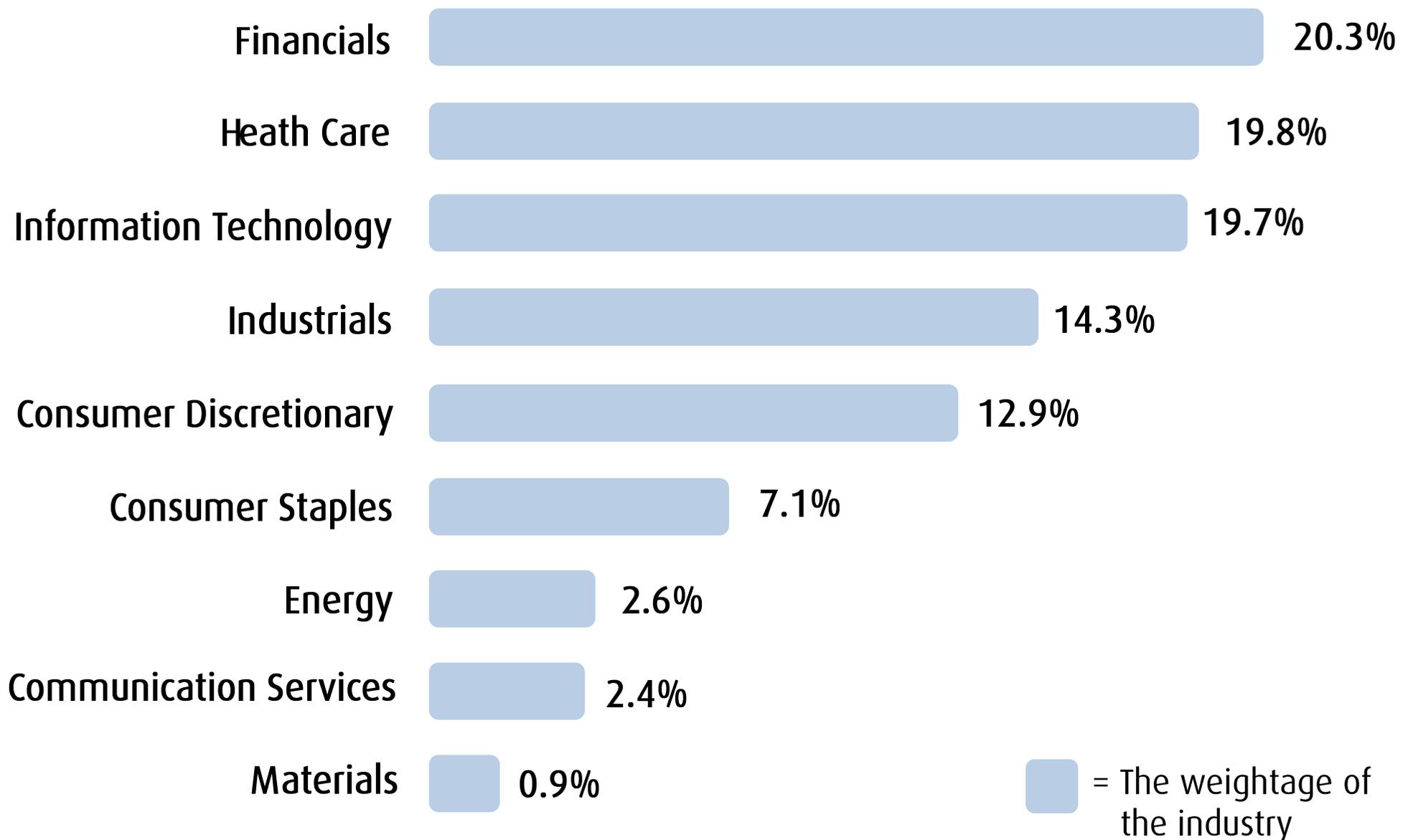
One of the most **popular** indices traded in the United States financial market.

# TOP 5 COMPANIES IN DOW JONES INDEX\*



\*As of 21 Dec 2023

# INDUSTRIES IN DOW JONES INDEX\*

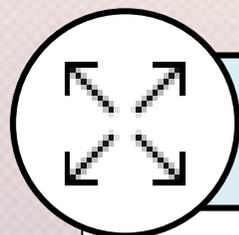


\*As of 30 Nov 2023

Source: CME Group, CompaniesMarketCap, Investopedia, S&P Global

# TYPES OF DOW JONES CONTRACTS

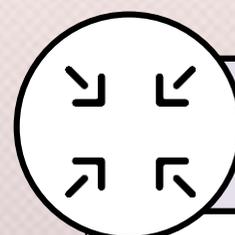
To cater to different trading appetite, the Dow Jones Index Futures come in two different contract sizes:  
E-mini and Micro E-mini.



## Normal-sized

### E-mini Dow Jones

A standard normal-sized contract that provides greater leverage to traders



## Smaller-sized

### Micro E-mini Dow Jones

10x smaller than the normal-sized contracts for more cost-efficient trading

# CONTRACT SPECIFICATIONS

	<b>E-mini Dow Jones</b>	<b>Micro E-mini Dow Jones</b>
<b>Contract Code</b>	YM	MYM
<b>Underlying Instrument</b>	Dow Jones Industrial Average index (DJIA)	Dow Jones Industrial Average index (DJIA)
<b>Contract Size</b>	USD 5 x DJIA	USD 0.5 x DJIA
<b>Minimum Fluctuation</b>	1 pt = USD 5	1 pt = USD 0.5
<b>Settlement Method</b>	Cash settlement	Cash settlement
<b>Contract Month</b>	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 4 consecutive quarters	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 4 consecutive quarters
<b>Trading Hours</b>	21:30 - 04:00 06:00 - 05:00 (Globex)	21:30 - 04:00 06:00 - 05:00 (Globex)

# TRADING EXAMPLE 1

## E-mini Dow Jones (YM)

### Bullish Market



You think the price of YM will go up and BUY 1 lot @37600



You close your position and SELL 1 lot @37700

Gross Profit  
= Price Difference x Contract Size  
= (37700 - 37600) x USD 5  
= USD 500

### Bearish Market



You think the price of YM will go down and SELL 1 lot @37515



You close your position and BUY 1 lot @37383

Gross Profit  
= Price Difference x Contract Size  
= (37515 - 37383) x USD 5  
= USD 660

# TRADING EXAMPLE 2

## Micro E-mini Dow Jones (MYM)

### Bullish Market



You think the price of MYM will go up and BUY 1 lot @37600



You close your position and SELL 1 lot @37700

$$\begin{aligned} \text{Gross Profit} &= \text{Price Difference} \times \text{Contract Size} \\ &= (37700 - 37600) \times \text{USD } 0.5 \\ &= \text{USD } 50 \end{aligned}$$

### Bearish Market



You think the price of MYM will go down and SELL 1 lot @37515



You close your position and BUY 1 lot @37383

$$\begin{aligned} \text{Gross Profit} &= \text{Price Difference} \times \text{Contract Size} \\ &= (37515 - 37383) \times \text{USD } 0.5 \\ &= \text{USD } 66 \end{aligned}$$

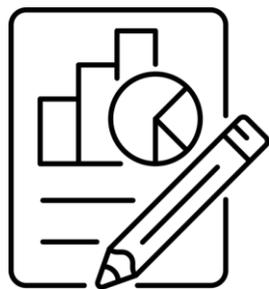
# FACTORS AFFECTING PRICES OF DOW JONES

## Interest Rate

The cost of funding for companies increases when the U.S. government increases the interest rate, which in turn negatively impact the stock prices.



## U.S. Economic Data



The U.S economic data like GDP and inflation rate affects the price of Dow Jones Futures.

For instance, a strong GDP performance proves a healthy economy, which will increase corporate profits and stock market returns.

# FACTORS AFFECTING PRICES OF DOW JONES

## Corporate Earnings

Generally, strong corporate earnings will increase a company's profitability and push the stock prices and index higher.



## U.S. Currency Performance



When the U.S. currency strengthens, it attracts foreign investors and induces them to invest in the country. This will boost economy and local stock prices.

## Geo-Politics

Geo-political situation in the U.S. like the COVID-19 pandemic will trigger national health issue and slow down the local companies' development.



# OVERVIEW IN 2023



**A**

The Dow Jones Futures dropped from 33452 to 32055 in Mar 2023 as three small-to-mid-size U.S. banks: Silicon Valley Bank, Signature Bank and First Republic Bank collapsed in just five days.

**B**

Following the bank collapse, the Fed announced an emergency lending program to depository institutions to meet the needs of their depositors. This had surged the price from 32055 to 34180.

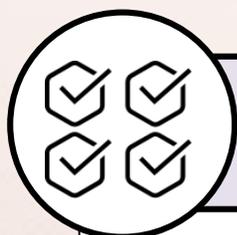
**C**

The price dropped gradually from 35753 (Aug) to 32513 (Nov) 2023 after the U.S. increased the interest rate that brings benchmark borrowing costs to their highest point in over 22 years.

**D**

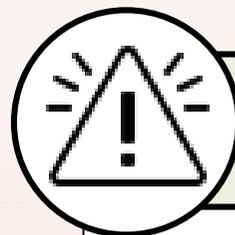
From Nov to Dec 2023, the price increased continuously from 32513 to 37936 as the Fed maintained the interest rate at 5.50% and signaled to cut rates.

# BENEFITS OF TRADING DOW JONES FUTURES



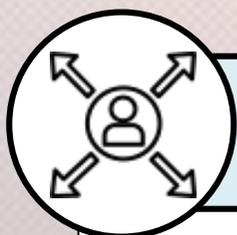
## All-in-one

An all-in-one solution to trade the top 30 U.S. blue-chip companies within a single transaction.



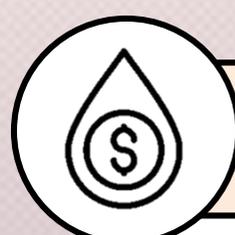
## Risk Control

Used by fund managers to hedge their investment portfolios and control financial risk.



## Exposure

Exposure to different markets like financials, health care and information technology.



## Liquidity

A highly liquid contract that provides more flexibility in trading.



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