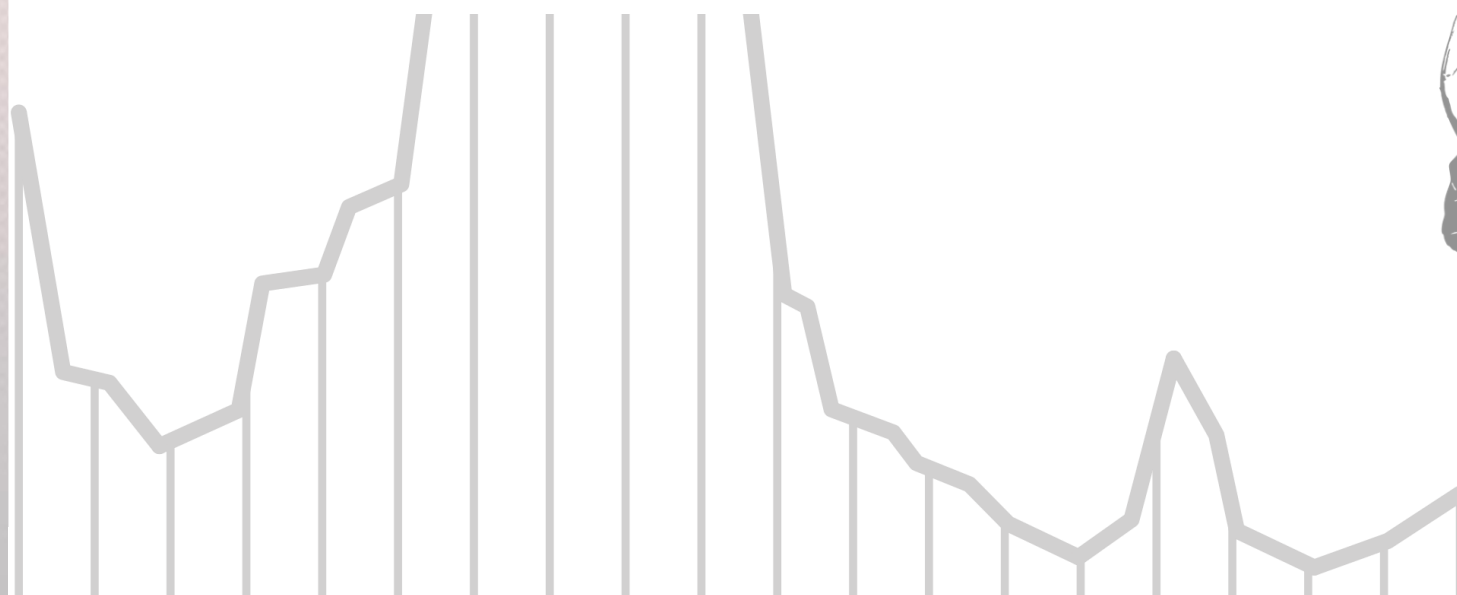


Index Futures

**S&P 500**

**INDEX FUTURES**



Published date: March 2024

# WHAT IS S&P 500 Index?

It is known as the Standard and Poor's 500 Index.

It is a market-capitalisation-weighted index which comprises of the **500 biggest** U.S. companies.











500

It is one of the most followed indices in the U.S. and is often used to gauge the health of the country's financial market.



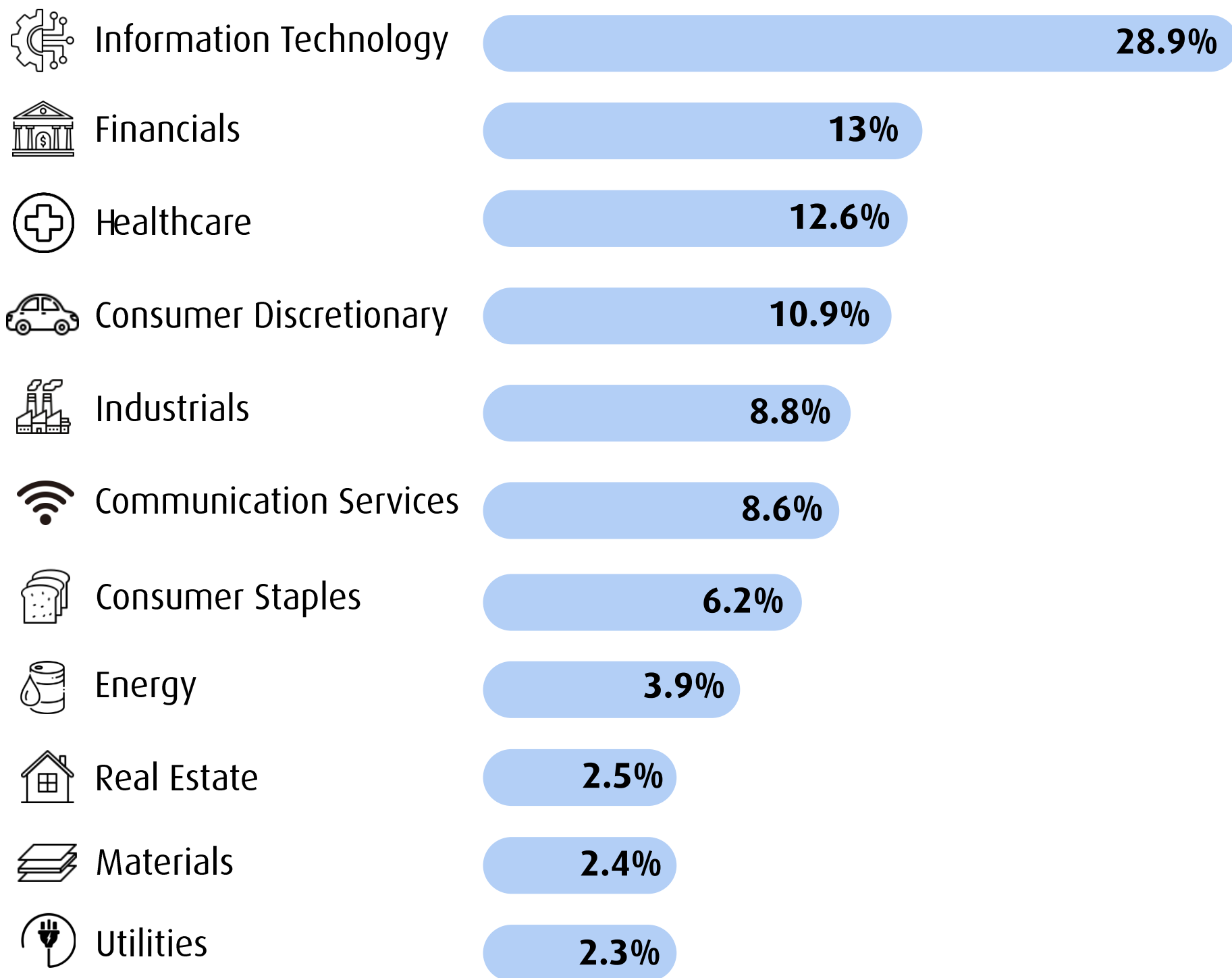
Enables market players to speculate on the performance of the index.

# TOP 10 COMPANIES IN S&P 500 INDEX\*

	Company	Weightage
	Microsoft	7.32%
	Apple	6.90%
	Nvidia	3.70%
	Amazon	3.49%
	Alphabet (Class A)	2.19%
	Meta Platforms (Class A)	2.12%
	Alphabet (Class C)	1.86%
	Berkshire Hathaway (Class B)	1.69%
	Broadcom	1.31%
	Tesla	1.23%

\*As of 30 Jan 2024

# INDUSTRIES IN S&P 500 INDEX\*



\*As of 29 Dec 2023

*Source: Investopedia, S&P Global, Slickcharts*

# WHAT IS S&P 500 INDEX FUTURES?

S&P 500 Index Futures is a Futures contract traded on CME Exchange which underlying is the S&P 500 Index.

The S&P 500 Index Futures is available in two different contract sizes: E-mini and Micro E-mini.

## **E-mini S&P 500 Index Futures**

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



## **Micro E-mini S&P 500 Index Futures**

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



# CONTRACT SPECIFICATIONS

## E-mini S&P 500 Index Futures

## Micro E-mini S&P 500 Index Futures

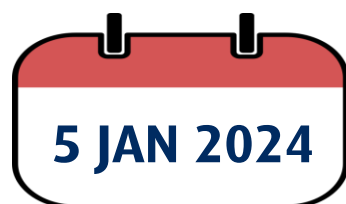
Contract Code	ES	MES
Underlying Instrument	Nasdaq-100 Index	Nasdaq-100 Index
Contract Size	USD 50 x S&P 500 Index	USD 5 x S&P 500 Index
Minimum Fluctuation	0.25 pt = USD 12.50	0.25 pt = USD 1.25
Settlement Method	Cash settlement	Cash settlement
Contract Month	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 21 consecutive quarters	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 5 consecutive quarters
Trading Hours	21:30 - 04:00 06:00 - 05:00 (Globex)	21:30 - 04:00 06:00 - 05:00 (Globex)



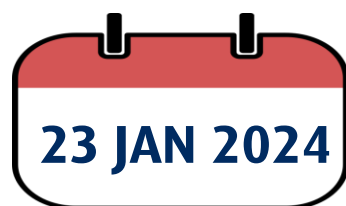
# E-mini S&P 500 Index Futures (ES)

## Trading Example 1

### Bullish Market



You think the price of ES will go up and  
BUY 1 lot @5,011.75

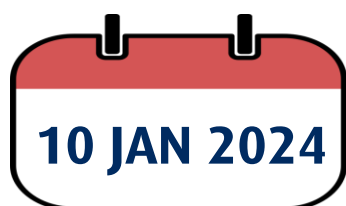


You close your position  
and SELL 1 lot @5,022.50

Gross Profit

= Price Difference x Contract Size  
= (5,022.50 - 5,011.75) x USD 50  
= USD 537.50

### Bearish Market



You think the price of ES will go down and  
SELL 1 lot @ 5103.25



You close your position  
and BUY 1 lot @5,092.00

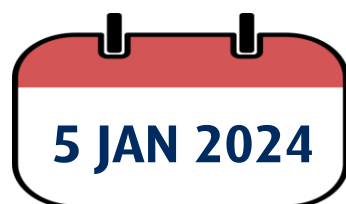
Gross Profit

= Price Difference x Contract Size  
= (5103.25 - 5,092.00) x USD 50  
= USD 562.50

# Micro E-mini S&P 500 Index Futures (MES)

## Trading Example 2

### Bullish Market



You think the price of MES will go up and  
BUY 1 lot @5,011.75



You close your position  
and SELL 1 lot @5,022.50

Gross Profit

= Price Difference x Contract Size  
= (5,022.50 - 5,011.75) x USD 5  
= USD 53.75

### Bearish Market



You think the price of MES will go down and  
SELL 1 lot @ 5103.25



You close your position  
and BUY 1 lot @5,092.00

Gross Profit

= Price Difference x Contract Size  
= (5103.25 - 5,092.00) x USD 5  
= USD 56.25



# FACTORS AFFECTING PRICES OF S&P 500 INDEX

## Interest Rate

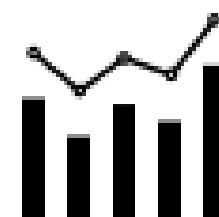
The companies will face a lower cost of borrowing when the government cuts the interest rate, thus increasing the company performance and stock prices.



## U.S. Economic Data

U.S. economic data like inflation rate, GDP and non-farm payroll will affect the prices of S&P 500 Index.

For instance, inflation will cause a drop in purchasing power, which in turn affect local company revenue and index prices.



# FACTORS AFFECTING PRICES OF S&P 500 INDEX

## U.S. Corporate Earning

When the corporates report a higher earning, it will push the stock prices hence making the index higher.



## U.S. Currency Performance

The strengthening of U.S. currency drives the stock market up as foreign investors foresee a stable economy.



## Pandemic

Pandemic like COVID-19 pandemic will induce risk aversion among investors. This will impact U.S. economy and bring the stock prices down.



# OVERVIEW IN 2023



**A) Mar 2023 [4053.75 – 3888.75 (-4.15%)]**  
The index futures dropped 4.15% when three U.S banks: Silicon Valley Bank, Silvergate Bank and Signature Bank collapsed in just five days.

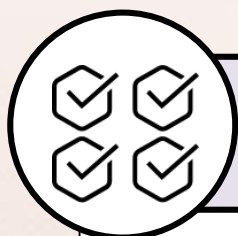
**B) Mar – Jul 2023 [3888.75 – 4604.75 (8.18%)]**  
Fed announced an emergency lending program to cover the deposits at issue after the bank collapse happened in March.

**C) Jul - Oct 2023 [4617.75 – 4137.75 (-10.24%)]**  
The U.S interest rate hike from 5.25% to 5.50% along with the credit rating downgrade by Fitch from "AAA" to "AA+" caused the market to retreat.

**D) Oct – Dec 2023 [4137.75 - 4600.75 (10.88%)]**  
U.S. interest rate maintained at 5.50% and the market expected no rate hike until March 2024, causing the price to increase more than 10%.

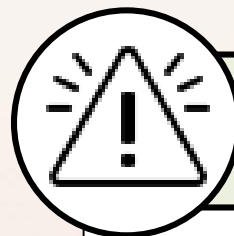
**E) Dec 2023 [4548.75 - 4830.75 (6.1%)]**  
The Fed signaled the possibility of interest rate cuts, provided that inflation continues to fall. This has driven the market to rise even further to 4830.75.

# WHY YOU SHOULD TRADE S&P 500 INDEX FUTURES?



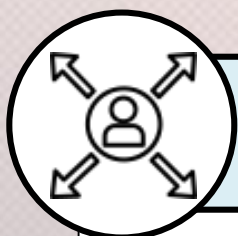
## All-in-one

An all-in-one solution to trade the 500 biggest U.S. companies within a single transaction.



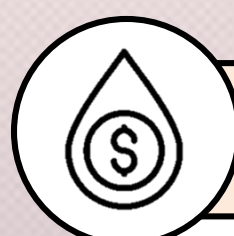
## Risk Control

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



## Exposure

Expose to various industries including IT, finance, healthcare and consumer discretionary.



## Liquidity

A highly liquid contract that provides more flexibility in trading.





Mezzanine Floor, Block B, Plaza Zurich, No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur



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