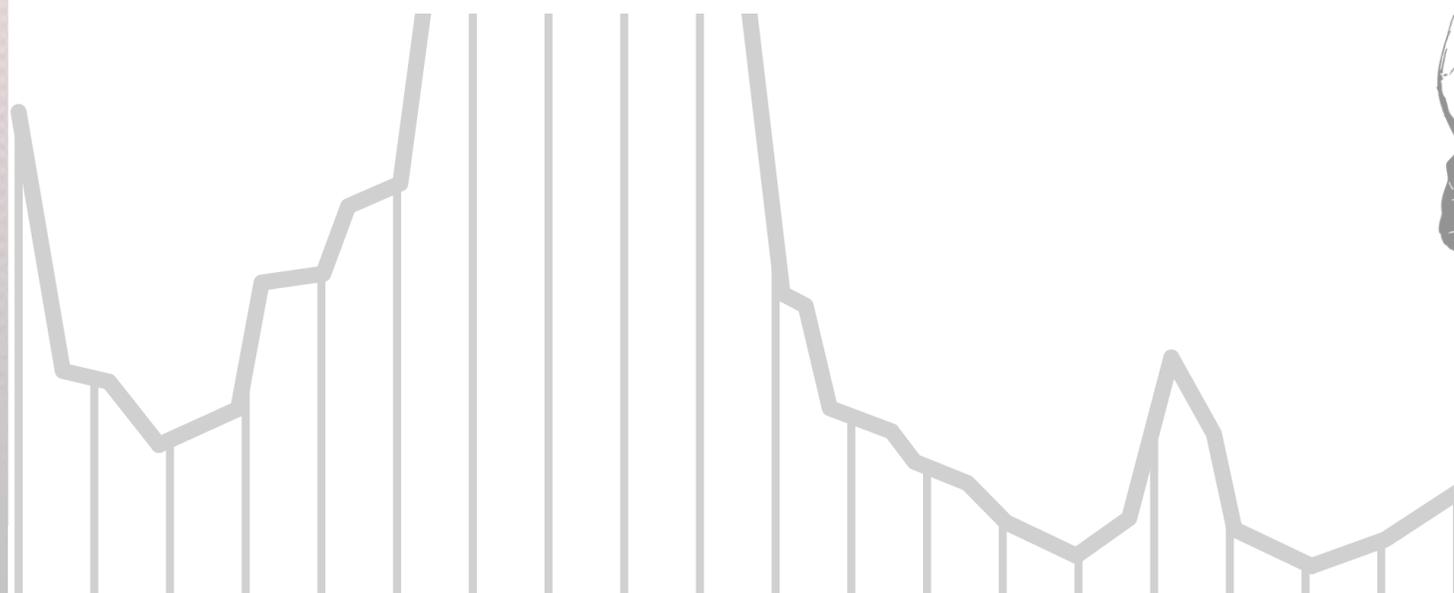


Index Futures

**S&P 500**

**INDEX FUTURES**



# 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.

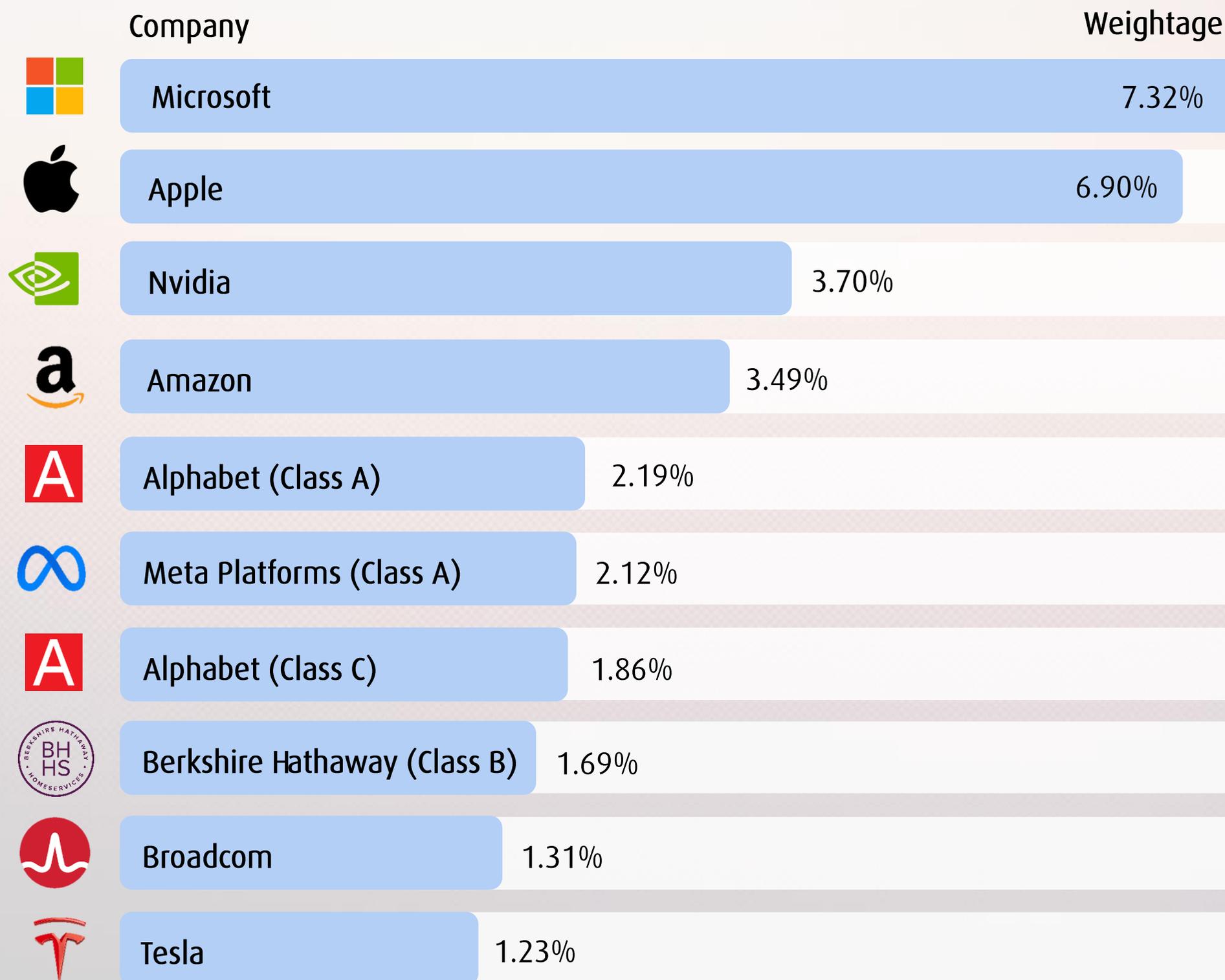
500

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.



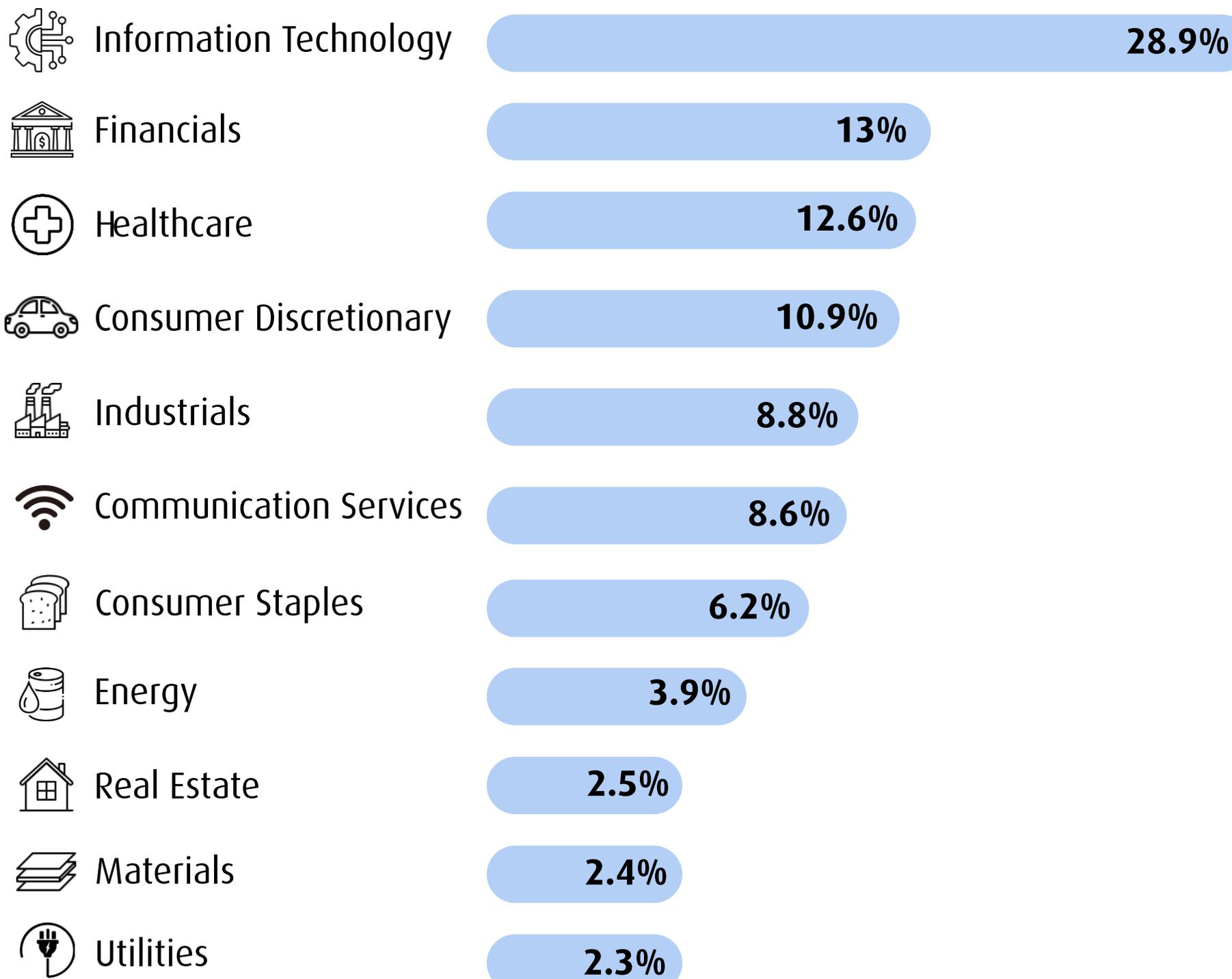
Enables market players to speculate on the performance of the index.

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



\*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**

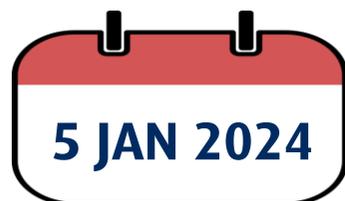
21:30 - 04:00  
06:00 - 05:00 (Globex)

21:30 - 04:00  
06:00 - 05:00 (Globex)

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

## Trading Example 1

### Bullish Market



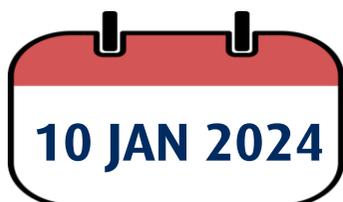
You think the price of ES will go up and BUY 1 lot @5,011.75



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



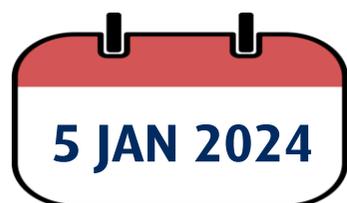
You close your position and BUY 1 lot @5,092.00

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

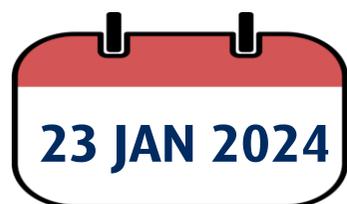
# Micro E-mini S&P 500 Index Futures (MES)

## Trading Example 2

### Bullish Market



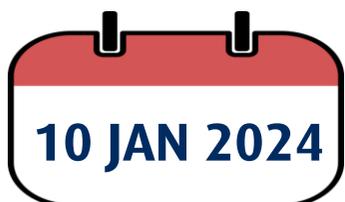
You think the price of MES will go up and BUY 1 lot @5,011.75



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.

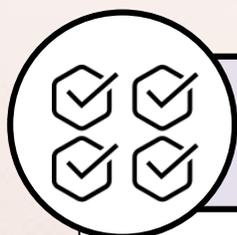
**B) Mar – Jul 2023 [3888.75 – 4604.75 (8.18%)]**  
 The Fed announced an emergency lending program to cover the deposits at issue after the bank collapse happened in March.

**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%.

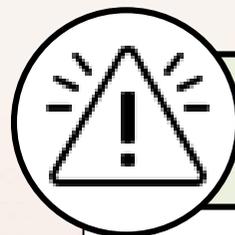
**E) Dec 2023 [4548.75 - 4830.75 (6.1%)]**  
 The Fed signaled the possibility of interest rate cuts, provided that inflation continues to fall. This has driven the market to rise even further to 4830.75.

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



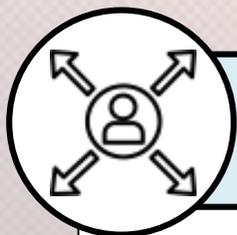
## All-in-one

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



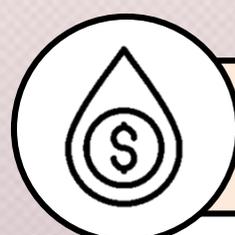
## Risk Control

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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