



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday January 18, 2024

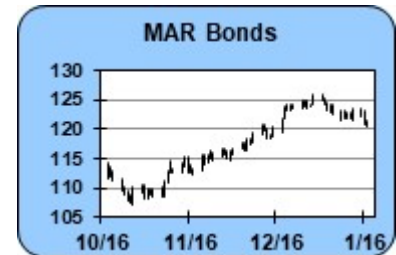
## BONDS COMMENTARY

1/18/2024

### Mixed US data equals more treasury price declines

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS +0

The path of least resistance remains down in treasury prices until the balance of daily US scheduled data rekindles talk of recession. In other words, mixed data favors the bear camp with each positive data point eroding the prospects of a first quarter US rate cut even further. It should be noted that yesterday's treasury auction saw very low participation by foreign entities, and we expect similarly soft demand for today's 10-year TIPS auction. The auction was given a "D" grade by the CNBC's Rick Santelli with the bid to cover ratio the lowest since March 2023! While Fed speeches could become the key focal point of the treasury trade today, the initial and ongoing claims results could steal the show if one or both measures breakout of recent ranges to the downside. In fact, if initial claims post below last week's 202,000 reading that will be the lowest claims reading in nearly a year. Furthermore, ongoing claims data posting below last week's results would produce the lowest ongoing claims reading since the end of October. While we do not discount economic signals from US housing starts and permits data today, the trade already expects positive housing news from a sharp drop in mortgage yields last month and from the sharp jump in mortgage approvals into the end of last year. Today the Fed's Bostic will speak early and since he is considered slightly more hawkish than the Fed chairman his dialogue should favor the bear camp. The North American session will start out with a weekly reading on initial jobless claims which are expected to have a mild increase from the previous 202,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.835 million reading. December US housing starts are expected to have a moderate downtick from November's 1.560 million reading, while December US building permits are forecast to have a minimal uptick from November's 1.467 million reading. The January Philly Fed manufacturing survey is expected to have a modest uptick from December's -10.5 reading. Atlanta Fed President Bostic will speak during morning US trading hours.



#### TODAY'S MARKET IDEAS:

We leave the edge with the bear camp this morning as the bear camp continues to see signs of residual momentum/life in the US economy which has clearly reduced the urgency of a US rate cut. In fact, overnight the ECB pushed back rate cut expectations with suggestions a cut was unlikely until the summer months and therefore global economic anxiety has declined which in turn should embolden the bear camp in Treasuries. Downtrend channel selling resistance in bonds is 122-21 with near-term downside targeting in March bonds pegged at 119-13.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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**BONDS (MAR) 01/18/2024:** The close below the 40-day moving average is an indication the longer-term trend has turned down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 119-210. The next area of resistance is around 121-090 and 122-000, while 1st support hits today at 120-040 and below there at 119-210.

**10 YR TREASURY NOTES (MAR) 01/18/2024:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 110-245. The next area of resistance is around 111-245 and 112-090, while 1st support hits today at 111-005 and below there at 110-245.

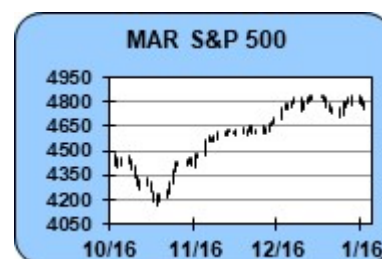
## STOCKS COMMENTARY

1/18/2024

### Positive US data should reverse early gains

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +3

Global equity markets overnight were mostly higher except for the markets in Spain, UK, Australia, and Japan which traded fractionally lower. Despite the initial gains in US equities this morning, investors are likely to be presented with a key decision through today's US scheduled data window, with the prospects of an early 2024 US rate cut diminishing significantly following any sign of positive economic activity. Therefore, the idea that "good US data is bad for equity prices" will be tested again. Earnings announcements will include Truist Financial, Fastenal and Northern Trust before the Wall Street opening.



**S&P 500:** All things considered global equity market action today is very impressive considering hawkish news from the ECB, disappointing US bank profits, negative headwinds from Boeing and news that Apple will be required to sell some of its watches without the blood oxygen feature because of legal restrictions. While it is possible the market might be cheered following favorable US housing and jobs related data sweep this morning, we suggest sticking with the markets pattern of faltering in the face of positive data, as more positive data will all but kill an early 2024 US cut. Selling resistance in the S&P today is 4800 with a downside extension likely with the failure to hold above 4746.25.

**Other US Indexes:** With Dow futures showing very little ability to recover to the same magnitude as other segments of the market this morning, serious problems for Apple and Boeing leave Dow investors and traders concerned. Even outside market influences are bearish for large companies in the Dow with US interest rates likely to make a higher high move after US data is released this morning. Downtrend channel selling resistance in the March Dow futures is 37,559. Not surprisingly, the NASDAQ charts present the strongest look of key indices with the trade aggressively rejecting yesterday's sharp washout and prices early today sitting just under a critical bull/bear line at 17,000. However, despite unending support from AI earnings potentials, the NASDAQ is likely to see its direction dictated by US scheduled data and not by classic company based fundamental issues.

#### TODAY'S MARKET IDEAS:

The path of least resistance is down in equities as the markets have yet to fully extract the premium in stocks attributable to a first quarter US rate cut. Fortunately for the bull camp US scheduled data has been "mixed" which tempers selling pressure from falling rate cut prospects, with positive data points keeping recession concerns at bay.

#### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/18/2024: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 4716.88. The next area of resistance is around 4796.50 and 4825.87, while 1st support hits today at 4742.00 and below there at 4716.88.

MINI-DOW (MAR) 01/18/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 37202. The next area of resistance is around 37576 and 37689, while 1st support hits today at 37332 and below there at 37202.

E-MINI NASDAQ (MAR) 01/18/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 1st swing support could weigh on the market. The next upside objective is 17140.68. The next area of resistance is around 17006.62 and 17140.68, while 1st support hits today at 16713.88 and below there at 16555.19.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>FINANCIAL COMPLEX</b>										
USAAH24	120-220	34.81	44.22	28.09	16.67	121.84	122.15	123.31	120.10	117.83
TYAAH24	111-125	39.25	46.24	41.91	31.90	112.04	111.97	112.36	111.04	110.09
EPH24	4769.25	46.85	53.20	67.11	63.91	4797.88	4785.33	4792.31	4699.43	4605.67
ENQH24	16860.25	53.10	56.01	64.42	67.90	16937.81	16804.64	16863.13	16520.91	16140.39
YMH24	37454	41.24	51.46	52.42	36.61	37662.25	37742.89	37789.56	36853.96	36089.82

Calculations based on previous session. Data collected 01/17/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAH24	Bonds	119-200	120-030	120-260	121-090	122-000
TYAAH24	10 Yr Treasury Notes	110-240	111-000	111-165	111-245	112-090
EPH24	S&P E-Mini	4716.87	4742.00	4771.37	4796.50	4825.87
ENQH24	E-Mini NASDAQ	16555.18	16713.87	16847.93	17006.62	17140.68
YMH24	Mini-Dow	37201	37332	37445	37576	37689

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## CURRENCIES COMMENTARY

1/18/2024

**The \$ remains in control with a macroeconomic differential edge**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR -106, YEN +17, SWISS -5, CA DOLLAR +100**

### Upcoming International Reports (all times CT)

01/18 Euro-zone Balance of Payment 3:00 AM  
01/18 Housing Starts 7:30 AM  
01/18 Jobless Claims 7:30 AM  
01/18 EIA Gas Storage 9:30 AM  
01/18 EIA Energy Stocks 10:00 AM  
01/18 Japan Consumer Price Index 5:30 PM  
01/19 German Producer Price Index 1:00 AM  
01/19 UK Retail Sales 1:00 AM  
01/19 Swiss Producer Price Index 1:30 AM  
01/19 German IFO Business Climate 3:00 AM  
01/19 Euro-zone Consumer Price Ind 4:00 AM  
01/19 Canadian Retail Trade 7:30 AM  
01/19 Existing Home Sales 9:00 AM



**DOLLAR:** Despite a measure of retrenchment from yesterday's high, fundamental, and technical signals remain in the dollar bull's camp. However, dollar bulls should not be disappointed in the lack of definitive upside action in the dollar this morning as headwinds from ECB comments which pushed back the first ECB rate-cut should dissipate quickly. However, with US jobs, housing, and manufacturing data scheduled for release this morning we leave the edge with the Dollar bull camp. On the other hand, dollar bulls will likely need initial claims below 202,000 to extend the rally without a retest of uptrend channel support which is 102.41 today and increases to 102.56 tomorrow.

**Other Currencies:** With the ECB pushing back market expectations for a rate cut into the middle of the summer, it is not surprising to see the euro posting minimal gains early in the trade. However, we see the euro vulnerable to US jobs data this morning with initial and ongoing claims sitting near "downside breakout points on the charts" and the Fed's Bostic likely to foster euro selling in a speech this morning. With the pound trading significantly above yesterday's spike down reversal from 1.26, the markets are apparently unconcerned about rising fear of UK loan defaults which have been predicted to reach the highest levels since the financial crisis. Keep in mind, UK real estate prices were some of the most inflationary readings in the world and seeing a serious slowdown in the housing sector could provide massive headwinds for the UK economy. Pushed into the market we are a seller of the pound into US scheduled data but suggest using tight stops at 1.2725. The Canadian looks to remain in a liquidation wave, with minimally positive US scheduled data likely to result in lower lows and a possible return to the early December consolidation lows at 73.59.

### TODAY'S MARKET IDEAS:

Despite funds building shorts in the dollar, we leave the edge with the dollar especially if today's US scheduled data cycle produces one or two positive results. In fact, seeing US initial claims come in below 200,000 should be a death knell of sorts for those looking for a first quarter US rate cut.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## CURRENCIES TECHNICAL OUTLOOK:

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**US DOLLAR (MAR) 01/18/2024:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 103.61. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 103.36 and 103.61, while 1st support hits today at 102.94 and below there at 102.77.

**EURO (MAR) 01/18/2024:** Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 108.5938. The next area of resistance is around 109.2875 and 109.4037, while 1st support hits today at 108.8825 and below there at 108.5938.

**JAPANESE YEN (MAR) 01/18/2024:** Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 67.56. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 68.47 and 68.88, while 1st support hits today at 67.81 and below there at 67.56.

**SWISS (MAR) 01/18/2024:** The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 115.34. The next area of resistance is around 116.92 and 117.45, while 1st support hits today at 115.87 and below there at 115.34.

**CANADIAN DOLLAR (MAR) 01/18/2024:** Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 73.75. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 74.24 and 74.41, while 1st support hits today at 73.91 and below there at 73.75.

**BRITISH POUND (MAR) 01/18/2024:** The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 125.68. The next area of resistance is around 127.34 and 127.68, while 1st support hits today at 126.35 and below there at 125.68.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>CURRENCY COMPLEX</b>										
DXAH24	103.15	70.65	60.84	75.10	84.63	102.66	102.34	101.88	102.54	103.28
JYAH24	68.14	25.15	33.42	18.00	9.10	68.96	69.46	70.33	69.62	69.24
EU6H24	109.0850	37.52	43.86	27.29	18.70	109.47	109.65	110.05	109.54	108.90
BPAH24	126.85	47.74	50.60	49.15	41.00	127.10	127.19	127.13	126.30	125.27
CAAH24	74.07	26.10	37.51	21.33	10.97	74.40	74.66	75.05	74.23	73.86
SFAH24	116.39	30.42	40.71	32.90	18.79	117.34	117.97	118.25	116.37	115.49
DAAH24	65.64	22.03	33.11	23.83	12.22	0.66	0.67	0.67	0.67	0.66

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	102.76	102.93	103.19	103.36	103.61
JYAH24	Japanese Yen	67.55	67.80	68.22	68.47	68.88
EU6H24	Euro	108.5937	108.8825	108.9987	109.2875	109.4037
BPAH24	British Pound	125.68	126.34	126.68	127.34	127.68
CAAH24	Canadian Dollar	73.74	73.90	74.07	74.24	74.41
SFAH24	Swiss	115.33	115.86	116.39	116.92	117.45
DAAH24	Australian Dollar	64.98	65.29	65.68	65.98	66.37

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