



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday January 19, 2024

BONDS COMMENTARY

1/19/2024

The bias remains down despite dovish Bostic dialogue yesterday

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

Fortunately for the bull camp the Fed's Bostic provided a lifeline yesterday as he indicated he was more open to lowering rates sooner than he had "anticipated" as yesterday's claims data showed the US jobs market remains on a very positive track. Unfortunately for the bull camp, the CME Fed watch tool has seen the probability of a March rate cut fall by nearly 50% from levels seen last month and it appears today's US scheduled data will push that probability even lower. While the markets are likely drafting support from positive demand for yesterday's 10-year TIPS auction, demand for 20-year bonds on Wednesday was very poor, with foreign buyers notably absent. While not a front burner/headline force yet, the trade is beginning to grumble about the sharp increase in new US bond issuance, which some analysts project could approach 2 trillion dollars this year. In conclusion, both long term and short-term fundamentals point down, and today's US scheduled data is expected to be positive, and a risk on day in US equities also looks likely and that should result in lower lows on the treasury charts. The North American session will start out with November Canadian retail sales which are expected to have a moderate downtick from October's 2.2% year-over-year rate. December US existing home sales are forecast to have a minimal uptick from November's 3.82 million annualized rate. A private survey of January US consumer sentiment is expected to have a modest uptick from the previous 69.7 reading. The November Treasury International Capital (TIC) report will show net changes for Chinese and Japanese Treasury holdings. San Francisco Fed President Daly and Fed Vice Chair will speak during afternoon US trading hours. Earnings announcements will include Schlumberger, Travelers, State Street and Fifth Third Bancorp before the Wall Street opening.



TODAY'S MARKET IDEAS:

The path of least resistance remains down with lower lows posted overnight, a general global risk on environment in place early and expectations for positive US data. Traders should note that open interest in treasury bonds has reached historically elevated levels again and that should signal a looming volatility event. Nonetheless, the path of least resistance is down and initial targeting in March bonds today is 119-13.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/19/2024: 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is 118-270. The next

area of resistance is around 120-240 and 121-200, while 1st support hits today at 119-120 and below there at 118-270.

10 YR TREASURY NOTES (MAR) 01/19/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. 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 110-260. The next area of resistance is around 111-160 and 111-265, while 1st support hits today at 111-000 and below there at 110-260.

STOCKS COMMENTARY

1/19/2024

The bias is up with the NASDAQ pulling up the broad market

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +19

Global equity markets overnight were generally higher except for the markets in China and Spain which traded moderately lower. With equities showing bullish resiliency again this week and managing the recovery in the face of deteriorating prospects of lower US rates, investors now appear to be comforted by strong US data instead of disappointed by a likely delay in cutting US rates. Earnings announcements will include Schlumberger, Travelers, State Street and Fifth Third Bancorp before the Wall Street opening.



S&P 500: As indicated already, the markets appear to have shifted their focus away from good data is bad for stocks and that could be the result of clear signs of a resilient US economy as that gives the market a classic bullish fundamental argument of better earnings prospects ahead. However, the S&P continues to climb a wall of worry as prices are approaching new highs in the face of a series of disconcerting corporate headlines overnight. Overnight negatives included a mass layoff by Citigroup, news of layoffs at Macy's and this week's disappointing bank profits. Key support in the S&P today is 4817.00 and thin resistance is seen at 4838.00.

Other US Indexes: Like the S&P, Dow futures are also rebounding aggressively in a fashion that reconfirms investor resiliency. In fact, the Dow has managed to discount a one-month upside breakout in US treasury yields, perhaps because the Fed's Bostic yesterday indicated he was becoming more comfortable with the idea of cutting rates. Buying support in the Dow futures today is 37,597 and thin resistance is seen at 37,830. In retrospect, with the shallow and brief correction early in the week rejected aggressively and the NASDAQ in new high ground this morning, the AI miracle continues to drive the bus to higher price levels. Buying support in the March NASDAQ is 17,107 with thin resistance at the early high of 17,244.

TODAY'S MARKET IDEAS:

Once again, the equity markets have displayed very impressive resiliency as the markets appear to have abandoned the rate cut theme and instead have embraced each positive AI story. While the current focus of the trade could shift quickly, we see a continuation of Goldilocks economic news from the US providing equities with buying from a lack of attractive alternative investments.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/19/2024: The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 4855.12. The next area of resistance is around 4839.75 and 4855.12, while 1st support hits today at 4786.25 and below there at 4748.13.

MINI-DOW (MAR) 01/19/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive signal was given by the outside day up. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 37177. The next area of resistance is around 37859 and 37986, while 1st support hits today at 37455 and below there at 37177.

E-MINI NASDAQ (MAR) 01/19/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 17342.62. The next area of resistance is around 17268.00 and 17342.62, while 1st support hits today at 16976.50 and below there at 16759.63.

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
FINANCIAL COMPLEX										
USAAH24	120-020	30.37	40.76	22.90	12.10	121.16	121.83	123.07	120.25	118.02
TYAAH24	111-080	36.83	44.47	35.59	22.65	111.77	111.88	112.27	111.12	110.18
EPH24	4813.00	58.20	59.65	67.78	69.11	4798.13	4794.31	4795.63	4707.03	4614.37
ENQH24	17122.25	65.41	63.45	68.58	76.87	16978.81	16879.25	16881.32	16550.84	16178.39
YMH24	37657	50.52	56.30	48.02	39.16	37599.50	37732.44	37799.78	36921.04	36158.47

Calculations based on previous session. Data collected 01/18/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAH24	Bonds	118-260	119-110	120-070	120-240	121-200
TYAAH24	10 Yr Treasury Notes	110-255	110-315	111-100	111-160	111-265
EPH24	S&P E-Mini	4748.12	4786.25	4801.62	4839.75	4855.12
ENQH24	E-Mini NASDAQ	16759.62	16976.50	17051.12	17268.00	17342.62
YMH24	Mini-Dow	37176	37454	37581	37859	37986

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CURRENCIES COMMENTARY

1/19/2024

\$ in control macroeconomic differential edge growing

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -152, YEN +13, SWISS +13, CA DOLLAR +170

Upcoming International Reports (all times CT)

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 the gap up rally to start this week, dollar bulls should be somewhat disappointed as very positive jobs data has failed to result in sustained higher highs. However, the dollar is probably held back by a slight dovish pivot by the Fed's Bostic yesterday who indicated he was becoming more open to the idea of an easing of rates. Nonetheless, the path of least resistance is up in the dollar especially with positive expectations for today's US scheduled data and from very discouraging recession type news flowing from UK retail sales data. In the end, the edge belongs to the bull camp with key support at 101.80 and secondary fresh buying support pricing pegged at 101.40.

Other Currencies: Fortunately for the bull camp in the euro, the dollar is not showing fresh strength this morning in the wake of recessionary type GBP retail sales data and more specifically in the wake of a massive contraction in German producer prices. Yet another indirect bearish development for the euro this morning is a significant drop in Swiss producer and import prices. Downtrend channel selling resistance in the euro is 1.102 with a key failure seen on a trade below 1.0953. As indicated already, the pound has been presented with a disastrous retail sales reading (-3.2%) and that has prompted talk of recession in the UK. However, the Pound has managed to hold up in the face of the initial bearish headline salvo which leaves some bulls confident. On the other hand, the failure to hold uptrend channel support today at 1.267 could send the pound directly to the January low of 1.2617. Fortunately for the bull camp in the Canadian, short-term technical signals are still oversold despite the bounce of the last 24 hours. However, Canadian retail sales readings later this morning could follow very poor UK retail sales results and that should rekindle the January slide. Selling resistance is 75.00 and a failure at key support of 74.45 is likely today.

TODAY'S MARKET IDEAS:

Despite strong fundamental news the dollar has failed to capitalize on very discouraging economic news from Europe and the UK. Nonetheless, the positive pattern of US data should leave the dollar with the edge.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/19/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 103.65. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 103.43 and 103.65, while 1st support hits today at 102.95 and below there at 102.70.

EURO (MAR) 01/19/2024: 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. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 108.4038. The next area of resistance is around 109.2975 and 109.6137, while 1st support hits today at 108.6925 and below there at 108.4038.

JAPANESE YEN (MAR) 01/19/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 67.86. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 68.27 and 68.45, while 1st support hits today at 67.98 and below there at 67.86.

SWISS (MAR) 01/19/2024: 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 tilt is slightly negative with the close under the pivot. The next downside objective is now at 115.19. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 116.30 and 116.83, while 1st support hits today at 115.48 and below there at 115.19.

CANADIAN DOLLAR (MAR) 01/19/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 73.85. The next area of resistance is around 74.33 and 74.43, while 1st support hits today at 74.04 and below there at 73.85.

BRITISH POUND (MAR) 01/19/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 126.38. The next area of resistance is around 127.39 and 127.54, while 1st support hits today at 126.81 and below there at 126.38.

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
CURRENCY COMPLEX										
DXAH24	103.19	71.96	61.88	79.39	87.96	102.95	102.47	101.98	102.54	103.24
JYAH24	68.12	25.80	33.79	14.35	7.05	68.63	69.26	70.19	69.63	69.23
EU6H24	108.9950	36.39	43.04	23.45	15.62	109.23	109.57	110.01	109.57	108.94
BPAH24	127.10	51.01	52.53	47.11	43.04	126.96	127.22	127.16	126.41	125.37
CAAH24	74.18	30.05	39.56	17.73	10.51	74.25	74.57	75.00	74.26	73.87
SFAH24	115.89	27.59	38.21	26.31	13.13	116.78	117.69	118.19	116.45	115.52
DAAH24	65.84	30.01	37.59	20.09	12.62	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
CURRENCY COMPLEX						
DXAH24	US Dollar	102.69	102.94	103.17	103.43	103.65
JYAH24	Japanese Yen	67.86	67.97	68.16	68.27	68.45
EU6H24	Euro	108.4037	108.6925	109.0087	109.2975	109.6137
BPAH24	British Pound	126.38	126.81	126.96	127.39	127.54
CAAH24	Canadian Dollar	73.85	74.04	74.14	74.33	74.43
SFAH24	Swiss	115.18	115.47	116.00	116.30	116.83
DAAH24	Australian Dollar	65.24	65.59	65.73	66.08	66.22

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