



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday January 25, 2024

BONDS COMMENTARY

1/25/2024

The trend is down as economic sentiment is improving

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

In addition to this week's improving global economic sentiment (flowing from sustained equity market gains) the treasury markets are undermined by a very poor US five-year treasury note auction yesterday. Apparently, the Treasury's latest 5-year note auction yesterday had the largest tail since September 2022 and a decline in the bid-to-cover ratio, both of which led to higher longer-term yields late yesterday. Furthermore, overnight yields rose on German, Japanese and euro zone bonds with the European Central Bank signaling the markets are getting ahead of their policy views toward a rate cut. It should be noted that earlier in the week an article laid out a case that foreign banks were beginning to question the magnitude of their investment in US treasuries, with some traders expecting/demanding a "risk premium" for taking down ever-expanding US issuance. Therefore, today's seven year note auction will carry added importance despite this morning's extremely active report slate. Looking through today's economic report expectations there appears to be a mixed bag of results in today's news which could provide minimal support for treasury prices. However, some traders might not want to place large bets until additional inflation news is released from the US on Friday. Today presents a very busy North American session will start out with fourth quarter US gross domestic product which is expected to have a moderate downtick from the third quarter's 4.9% annualized rate. December US durable goods are forecast to have a sizable downtick from November's 5.4% reading. A weekly reading on initial jobless claims is expected to see a moderate uptick from the previous 187,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.806 million reading. The Chicago Fed's December national activity index is expected to have a mild uptick from November's 0.03 reading. The December US goods trade balance is forecast to have a modest uptick from November's \$89.3 billion monthly deficit. December US wholesale inventories are expected to have a minimal downtick from November's -0.3% reading. December Canadian manufacturing sales are forecast to have a moderate downtick from November's 1.2% reading. December US new home sales are expected to have a moderate uptick from November's 590,000 annualized rate. The Kansas City Fed's January manufacturing index is forecast to have a sizable downtick from December's -4 reading. Earnings announcements include American Express, Colgate-Palmolive and Norfolk Southern before the Wall Street opening.



TODAY'S MARKET IDEAS:

US treasury bonds posted a lower low for the move this morning with an added pressure seen from higher foreign bond yields. In fact, JGB 40-year bond yields jumped overnight, German 10-year bond yields reached two month highs and Indian bond yields ticked higher.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/25/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 118-020. The next area of resistance is around 120-010 and 121-030, while 1st support hits today at 118-170 and below there at 118-020.

10 YR TREASURY NOTES (MAR) 01/25/2024: 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 outside day down is a negative signal. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 110-140. The next area of resistance is around 111-100 and 111-255, while 1st support hits today at 110-205 and below there at 110-140.

STOCKS COMMENTARY

1/25/2024

Bullish technical momentum and supportive classic fundamentals

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +2

Global equity markets overnight were mixed with gains in the Pacific rim contrasting with weakness in Europe in the early trade. It should be noted that the two primary Chinese equity markets rose by 2% and 3% respectively. While the US equity market yesterday showed signs of a blowoff top with a run to new highs and a poor close, sentiment this morning is generally upbeat despite several bearish company headline developments and a modest amount of interest rate concern. Fortunately for the bull camp, China announced an additional stimulus effort overnight and IBM earnings have managed to offset negative news for Tesla and Boeing. Earnings announcements include American Express, Colgate-Palmolive and Norfolk Southern before the Wall Street opening.



S&P 500: In addition to an overbought technical condition, the S&P trade today faces a potential critical economic junction with an avalanche of important US scheduled data likely to lower the probability of a March rate cut further or potentially modestly revive those hopes. However, Microsoft reached a \$3 trillion market value which provides an offset to the halt of Boeing max production ordered by the FAA. Uptrend channel support in the March S&P is unlikely to be tested today down at 4515.65 with that support increasing to 4821.25 on Friday. In the end, bullish resiliency remains in place, but the focus of the trade today could be undermined if US treasury yields post higher highs for the move.

Other US Indexes: Fortunately for the bull, camp the Dow is cushioned by IBM and Microsoft headlines which in turn offset negative news for Boeing. Initial support (which could be temporarily violated following the avalanche of scheduled data) is at the even number 38,000 level and again down at 37,950. Uptrend channel buying support is 37,714 today with that support line increasing to 37,796 tomorrow. As in other sectors of the market today, the NASDAQ is presented with a mix of positive and negative news. However, given the NASDAQ is tech based, positive carryover from Netflix, Microsoft capitalization reaching \$3 trillion and good IBM earnings news should underpin the index with close in support seen at 17,500. Unfortunately for the bull camp uptrend channel support is far below the market given the sharp rally over the last two weeks. We will remain bullish if the March NASDAQ manages to respect support at 17,409 on a post-report basis.

TODAY'S MARKET IDEAS:

Favorable tech sector earnings is going a long way in offsetting emerging interest rate fears and an ongoing litany

of bearish Boeing news. An additive negative this morning is Tesla's warning of slowing growth in sales until there new model is released next year.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/25/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 4945.68. The next area of resistance is around 4913.87 and 4945.68, while 1st support hits today at 4869.63 and below there at 4857.19.

MINI-DOW (MAR) 01/25/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 38352. The next area of resistance is around 38149 and 38352, while 1st support hits today at 37847 and below there at 37747.

E-MINI NASDAQ (MAR) 01/25/2024: 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 17873.81. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 17712.87 and 17873.81, while 1st support hits today at 17471.63 and below there at 17391.32.

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	119-090	30.97	39.21	14.99	10.86	119.95	120.80	122.06	120.73	118.72
TYAAH24	110-310	36.22	42.82	23.69	18.02	111.20	111.58	111.91	111.34	110.49
EPH24	4891.75	69.33	67.32	82.59	86.84	4885.88	4838.42	4811.43	4737.24	4655.48
ENQH24	17592.25	77.74	72.62	84.94	89.17	17515.63	17214.61	16988.32	16685.81	16362.38
YMH24	37998	57.78	60.33	65.45	71.73	38083.00	37848.33	37854.89	37180.87	36467.18

Calculations based on previous session. Data collected 01/24/2024

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	118-010	118-160	119-180	120-010	121-030
TYAAH24	10 Yr Treasury Notes	110-135	110-200	111-035	111-100	111-255
EPH24	S&P E-Mini	4857.18	4869.62	4901.43	4913.87	4945.68

ENQH24	E-Mini NASDAQ	17391.31	17471.62	17632.56	17712.87	17873.81
YMH24	Mini-Dow	37746	37846	38049	38149	38352

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CURRENCIES COMMENTARY

1/25/2024

More listless action allows the Dollar to win by default

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -24, YEN -8, SWISS -9, CA DOLLAR -15**

Upcoming International Reports (all times CT)

01/25 France Business Climate Surv 1:45 AM
 01/25 German GDP - Flash 2:00 AM
 01/25 Euro-zone Monetary Policy 7:15 AM
 01/25 Adv Durable Goods 7:30 AM
 01/25 GDP (Q4 '23) 7:30 AM
 01/25 Jobless Claims 7:30 AM
 01/25 New Home Sales 9:00 AM
 01/25 EIA Gas Storage 9:30 AM
 01/25 UK Consumer Confidence 6:01 PM
 01/26 German GfK Consumer Confiden 1:00 AM
 01/26 France Consumer Confidence 1:45 AM
 01/26 Swiss ZEW Investor Sentiment 3:00 AM
 01/26 Personal Income 7:30 AM
 01/26 Japan BOJ Minutes 6:50 PM



DOLLAR: While a mostly positive sweep of US scheduled data today could revitalize bullish interest in the dollar, the dollar has not shown bullish resiliency in the face of supportive fundamental developments this week and major central banks are all in the same boat of attempting to tamp down market expectations for rate cuts. Therefore, the bull camp in the dollar needs more positive than negative US data today to hold in the current consolidation with support levels seen at 102.95 (200-day moving average) and 102.78 which is consolidation low support. On the other hand, foreign central bank interest in US treasury issuance has softened and there is talk US instruments will now need to carry a "risk premium" and that could give the bear camp an added assist at midsession today. In the end, unless there is a very positive report slate the dollar is likely to chop within a range of 102.75 and 103.45.

Other Currencies: Surprisingly, the euro is not showing positive action today following ECB attempts to tamp down chatter of a cut in European rates. However, the euro trade is likely bracing for today's avalanche of US scheduled data especially with US treasury yields showing signs of breaking out to the upside early on. In the end, if the recent pattern of generally positive US scheduled data continues today, the euro could resume its downward track. Overnight economic news included a sweep of soft German IFO current assessment, business climate, and expectations readings for January. From a technical perspective, the euro needs to climb above the 200-day moving average at 1.095 (which is near this week's high of 1.0956) to reverse the downtrend in place since late December. While the charts in the pound remain generally supportive, the sharpest contraction in UK retail sales in three years is a fresh undermine to what has been the leadership currency over the last week. From a short-term technical perspective, the pound is overbought and vulnerable to a slightly positive interpretation of today's US data. We see fresh buying pricing in the pound at 1.2724. The bull camp in the Canadian should be disappointed in the lack of support from signals the Bank of Canada would like to end quantitative tightening quicker than previously expected. Unfortunately for the bull camp, the trade sees the hawkish Bank of Canada dialogue as misplaced bravado.

TODAY'S MARKET IDEAS:

With recent leadership currencies of the Pound and Canadian showing weakness, disappointing European

economic news overnight and an avalanche of US scheduled data today, could be a trend decision day. However, US economic data expectations call for a mixed bag which increases the prospects of another day of Range trading. In conclusion, the problem of picking a winner in the currency horse race is the lack of forward movement among the horses.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/25/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 102.24. The next area of resistance is around 103.47 and 103.80, while 1st support hits today at 102.70 and below there at 102.24.

EURO (MAR) 01/25/2024: A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 109.9150. The next area of resistance is around 109.4600 and 109.9150, while 1st support hits today at 108.6500 and below there at 108.2950.

JAPANESE YEN (MAR) 01/25/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 69.15. The next area of resistance is around 68.73 and 69.15, while 1st support hits today at 67.93 and below there at 67.54.

SWISS (MAR) 01/25/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. The crossover up in the daily stochastics is a bullish signal. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 117.63. Daily studies suggest buying dips today. The next area of resistance is around 117.15 and 117.63, while 1st support hits today at 115.88 and below there at 115.10.

CANADIAN DOLLAR (MAR) 01/25/2024: A crossover down in the daily stochastics is a bearish signal. 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 outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 73.58. The next area of resistance is around 74.25 and 74.65, while 1st support hits today at 73.72 and below there at 73.58.

BRITISH POUND (MAR) 01/25/2024: The daily stochastics gave a bullish indicator with a crossover up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 128.17. The next area of resistance is around 127.66 and 128.17, while 1st support hits today at 126.78 and below there at 126.40.

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	103.08	60.02	56.62	83.84	82.85	103.17	102.96	102.46	102.50	103.06
JYAH24	68.33	35.12	38.32	9.20	9.66	68.14	68.50	69.50	69.68	69.22
EU6H24	109.0550	41.94	45.06	19.71	21.03	109.03	109.23	109.61	109.60	109.09
BPAH24	127.22	53.41	53.61	47.15	50.26	127.04	127.05	127.09	126.66	125.71
CAAH24	73.98	33.54	39.64	17.66	16.00	74.26	74.30	74.69	74.38	73.97
SFAH24	116.51	44.58	46.69	13.83	15.15	115.88	116.51	117.63	116.65	115.67
DAAH24	65.86	35.42	40.07	16.82	17.52	0.66	0.66	0.67	0.67	0.66

Calculations based on previous session. Data collected 01/24/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.23	102.69	103.01	103.47	103.80
JYAH24	Japanese Yen	67.53	67.92	68.34	68.73	69.15
EU6H24	Euro	108.2950	108.6500	109.1050	109.4600	109.9150
BPAH24	British Pound	126.39	126.77	127.28	127.66	128.17
CAAH24	Canadian Dollar	73.57	73.71	74.11	74.25	74.65
SFAH24	Swiss	115.09	115.88	116.36	117.15	117.63
DAAH24	Australian Dollar	65.39	65.58	65.94	66.13	66.50

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