



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday February 06, 2024

BONDS COMMENTARY

2/6/2024

Jobs data and Fed Chair commentary continue to pressure prices.

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

BONDS +0

The Treasury markets start today at the bottom of their February downdraft, but they are holding above Monday's low and appear to have found their footing this morning. Monday's January US ISM Services Index reading had a surprise uptick, which seems to push a Fed rate cut further into the future. With no top-tier US economic numbers this morning, Treasuries will likely continue to be pressured by last Friday's non-farm payroll reading and Fed Chair Powell's 60 Minutes interview, which quashed expectations for a March rate cut. However, Treasuries could take some direction from comments by several Fed members later today. Yesterday, the Fed's Goolsbee said that a March cut is unlikely, but the Fed's Bostic said that US wage growth is settling into more normal patterns, and Bond and Note prices seemed find support from the latter comments. Today's trading will start out with a weekly private survey of same store sales. The only major North American data point will be a January reading on the Canadian Ivey PMI, which is expected to show a modest downtick from December's 56.3 reading. Cleveland Fed President Mester and Minneapolis Fed President Kashkari will speak during morning US trading hours, and Boston Fed President Collins and Philadelphia Fed President Harker will speak during the afternoon.



TODAY'S MARKET IDEAS:

The bears continue to hold the upper hand in Treasuries, as last Friday's jobs data and Fed Chair Powell's comments continue to be sources of pressure. Unless there are dovish comments from Fed members today, Bonds and Notes are likely to remain on the defensive. Near-term downside targeting and support comes in at 119-22 in March Bonds and at 110-16 in March Notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/06/2024: 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 under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The next downside objective is now at 118-160. The next area of resistance is around 121-030 and 122-170, while 1st support hits today at 119-030 and below there at 118-160.

10 YR TREASURY NOTES (MAR) 02/06/2024: The close below the 60-day moving average is an indication the

longer-term trend has turned down. A bearish signal was triggered on a crossover down in the daily stochastics. 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. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 110-010. The next area of resistance is around 111-085 and 111-305, while 1st support hits today at 110-100 and below there at 110-010.

STOCKS COMMENTARY

2/6/2024

Weighed down by likely postponement in Fed rate cut

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 -4

Global markets shook off early pressure overnight, but they have lost some of their strength coming into this morning's action. Chinese equities broke a six-session losing streak with strong gains, following reports that securities regulators will meet with President Xi. December Euro zone retail sales came in at an -0.8% year-over-year rate, which was slightly better than trade forecasts. Major European equity markets were posting mild losses, except for the Italian MIB, which was modestly higher. Today's trading will start out with a weekly private survey of US same store sales. January Canadian Ivey PMI is expected to have a modest downtick from December's 56.3 reading. Cleveland Fed President Mester and Minneapolis Fed President Kashkari will speak during morning trading hours, and Boston Fed President Collins and Philadelphia Fed President Harker will speak during the afternoon. Earnings announcements include Eli Lilly and Fiserv before the Wall Street opening, and Amgen, Gilead Sciences, Chipotle Mexican Grill and Ford Motors after the close.



S&P 500: The S&P stayed inside a tight range overnight and appeared to find little benefit from the rebound in Chinese equities. Monday's positive ISM Services Index reading was another US data point to push a Fed rate cut further into the future, and it also seems to have put the brakes on the S&P's recent uptrend. With no major US economic numbers today, the market may take direction from several Fed member speeches. Eli Lilly's earnings come out before the open, and they may provide additional insight on the strength of the US pharmaceutical sector. Uptrend channel support in the March S&P comes in at 4904.50, with close-in support at 4938.50.

Other US Indexes: The Dow Jones has been the weakest US equity index this week, as it has faced additional headwinds from Boeing's difficulties. With several major US financial firms in the Index, it may get a boost if there are dovish comments from Fed leaders today. Close-in support in the March Dow comes in at 38,315. The NASDAQ has outperformed the other major US indices, and it is within striking distance of posting a new high. Mega-tech companies continue to benefit from last week's positive earnings results. Near-term support in the March NASDAQ comes in at 17475.

TODAY'S MARKET IDEAS:

The bear camp will start out with the upper hand this morning, as a lack of upside follow-through from China's stock market rebound will weigh on global market sentiment. Unless there are some dovish Fed comments to provide support, the S&P and Dow Jones could have trouble shaking early pressure, and they may extend their pullbacks.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/06/2024: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 4915.63. The next area of resistance is around 4979.50 and 5001.62, while 1st support hits today at 4936.50 and below there at 4915.63.

MINI-DOW (MAR) 02/06/2024: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 38007. The next area of resistance is around 38677 and 38980, while 1st support hits today at 38191 and below there at 38007.

E-MINI NASDAQ (MAR) 02/06/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 17862.31. The next area of resistance is around 17787.87 and 17862.31, while 1st support hits today at 17596.63 and below there at 17479.82.

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	120-030	42.78	45.31	44.63	43.61	122.09	120.97	121.04	121.66	120.03
TYAAH24	110-250	39.35	43.00	40.67	33.92	111.91	111.57	111.62	111.74	111.04
EPH24	4958.00	64.06	64.60	86.89	86.54	4940.38	4930.94	4880.69	4795.78	4736.18
ENQH24	17692.25	63.98	64.02	81.49	84.31	17568.13	17573.06	17358.57	16926.73	16703.13
YMH24	38434	57.33	59.95	84.04	81.94	38523.50	38397.22	38119.72	37680.84	37078.93

Calculations based on previous session. Data collected 02/05/2024

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	118-150	119-020	120-160	121-030	122-170
TYAAH24	10 Yr Treasury Notes	110-005	110-095	110-315	111-085	111-305
EPH24	S&P E-Mini	4915.62	4936.50	4958.62	4979.50	5001.62
ENQH24	E-Mini NASDAQ	17479.81	17596.62	17671.06	17787.87	17862.31
YMH24	Mini-Dow	38006	38190	38493	38677	38980

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CURRENCIES COMMENTARY

2/6/2024

Strong US data and hawkish comments from Fed Chair

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR +36, YEN -2, SWISS -29, CA DOLLAR +25

Upcoming International Reports (all times CT)

02/06 German Manufacturing Orders 1:00 AM
02/06 German Manufacturing Turnove 1:00 AM
02/06 Euro-zone Retail Trade 4:00 AM
02/06 Canadian Building Permits 7:30 AM
02/06 Canadian PMI 9:00 AM
02/06 API Energy Stocks 3:30 PM
02/06 Japan Leading Indicators 11:00 PM
02/07 Japan Index of Business Cond
02/07 Swiss Employment 12:45 AM
02/07 German Industrial Production 1:00 AM
02/07 UK Halifax Housing Price Ind 1:00 AM
02/07 France Trade Balance 1:45 AM
02/07 Canadian International Merch 7:30 AM
02/07 US Trade Balance 7:30 AM
02/07 EIA Energy Stocks 9:30 AM
02/07 Consumer Credit 2:00 PM



DOLLAR: The Dollar shook off early pressure overnight and was within striking distance of reaching a new 2 1/2 month high. Monday's positive ISM Services Index result added to the gains from last Friday's strong non-farm payroll reading and Fed Chair Powell's hawkish comments on 60 Minutes Sunday night that seem to have pushed the long-awaited Fed rate cut further into the future. There are no top-tier US economic numbers today, but there are several Fed member speeches that could undercut the dollar if any dovish comments emerge. Most other major central banks are signaling that they will hold off on rate cuts as well, but the dollar has the added advantage of the recent strength in US economic data.

Other Currencies: The euro is finding mild pressure this morning. Euro zone retail sales came in higher than forecast, but the -0.8% year-over-year rate for December was the 15th month in a row with a negative reading. The contrast between strength in US data and lukewarm euro-zone numbers could continue to pressure the euro. Near-term downside targeting in the March Euro comes in at 1.0720. The pound found mild support from a better-than-expected January UK construction PMI that came in at a five-month high, but the 48.8 reading was still below the key 50 level, which is the border between expansion and contraction. The Canadian dollar matched Monday's 8-week low overnight, but it could see a significant rebound if this morning's Canadian Ivey PMI comes in well above December's 56.3 reading.

TODAY'S MARKET IDEAS:

The bulls continue to hold the upper hand in the dollar, but further upside may be limited without fresh US data, and the currency may be vulnerable to a pullback if one of the Fed speakers makes dovish comments today. After a sharp two-day decline, the Canadian dollar could see a rebound if the Canadian Ivey PMI is well received.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/06/2024: The daily stochastics have crossed over up which is a bullish indication. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 104.87. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 104.65 and 104.87, while 1st support hits today at 104.03 and below there at 103.63.

EURO (MAR) 02/06/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 107.0188. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 107.8975 and 108.2887, while 1st support hits today at 107.2625 and below there at 107.0188.

JAPANESE YEN (MAR) 02/06/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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. The market tilt is slightly negative with the close under the pivot. The next downside objective is 67.45. The next area of resistance is around 67.83 and 68.00, while 1st support hits today at 67.56 and below there at 67.45.

SWISS (MAR) 02/06/2024: A crossover down in the daily stochastics is a bearish signal. 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 objective is 114.75. The next area of resistance is around 115.66 and 116.11, while 1st support hits today at 114.98 and below there at 114.75.

CANADIAN DOLLAR (MAR) 02/06/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 73.56. The next area of resistance is around 74.10 and 74.42, while 1st support hits today at 73.68 and below there at 73.56.

BRITISH POUND (MAR) 02/06/2024: The major trend has turned down with the cross over back below the 60-day moving average. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is now at 124.39. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 125.94 and 126.76, while 1st support hits today at 124.76 and below there at 124.39.

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	104.34	72.21	66.58	78.90	82.48	103.52	103.37	103.11	102.59	102.80
JYAH24	67.70	32.70	36.04	21.17	19.71	68.31	68.26	68.44	69.63	69.24
EU6H24	107.5800	29.11	34.42	18.47	15.12	108.24	108.52	108.93	109.33	109.28
BPAH24	125.35	29.02	37.04	45.68	31.56	126.61	126.87	126.98	126.82	126.31
CAAH24	73.89	33.38	38.85	44.68	37.60	74.41	74.39	74.39	74.57	74.20
SFAH24	115.32	34.29	39.01	31.64	28.48	116.31	116.34	116.52	116.90	116.19
DAAH24	64.90	21.09	29.40	22.98	18.50	0.66	0.66	0.66	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	103.62	104.02	104.24	104.65	104.87
JYAH24	Japanese Yen	67.44	67.56	67.72	67.83	68.00
EU6H24	Euro	107.0187	107.2625	107.6537	107.8975	108.2887
BPAH24	British Pound	124.38	124.75	125.57	125.94	126.76
CAAH24	Canadian Dollar	73.55	73.67	73.98	74.10	74.42
SFAH24	Swiss	114.75	114.98	115.43	115.66	116.11
DAAH24	Australian Dollar	64.45	64.64	64.96	65.16	65.47

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