



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday February 07, 2024

## BONDS COMMENTARY

2/7/2024

### Fed speakers not dovish enough to support

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS -1

While Bonds and Notes lifted clear of Monday's lows yesterday, they were unable to climb back above their 50-day moving average and were under moderate pressure overnight. A private monthly survey of US economic optimism had a surprise downtick, and this had an outsized impact on the markets, as there were no top-tier US data released yesterday. The Treasury's 3-Year Note auction did see decent demand.

Cleveland Fed President Mester said yesterday that US monetary policy is in a "good place" and that the Fed can cut later this year. Minneapolis Fed President Kashkari said that US inflation has come down very quickly, and that while the US is not quite "there" on year-over-year inflation, it is getting there. Later in the day, Philadelphia Fed President Harker said that he sees real progress on getting US inflation back to 2%. These comments were a shift in tone from Fed Chair Powell on Sunday, but they apparently were not dovish enough to boost the market's expectations for a near-term rate cut. With the US economic data calendar remaining light, Bonds and Notes may continue to take direction from Fed speakers, as well as the tone of the 10-Year Note auction today. Today's reports include a weekly private survey of mortgage applications and the December US international trade balance, which is expected to show a minimal decline from November's \$63.2 billion deficit. December Canadian international merchandise trade is forecast to have a mild decline from November's monthly surplus. December US consumer credit is expected to have a sizable downtick from November's \$23.7 billion reading. Fed Governor Kugler, Boston Fed President Collins, and Richmond Fed President Barkin will speak during morning US trading hours, and Fed Governor Bowman will speak during the afternoon.



#### TODAY'S MARKET IDEAS:

The bears have regained the upper hand in Bonds and Notes, and unless there is a surprisingly large increase in the monthly trade deficit, they may need to hear definitively dovish Fed commentary to regain upside momentum, and unless a risk off mood develops, they are likely to remain on the defensive today. Look for support at 119-16 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) 02/07/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market now above the 18-day moving average suggests the intermediate-term trend has

turned up. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 119-210. The next area of resistance is around 121-200 and 122-000, while 1st support hits today at 120-150 and below there at 119-210.

10 YR TREASURY NOTES (MAR) 02/07/2024: The major trend could be turning up with the close back above the 60-day moving average. A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 110-175. The next area of resistance is around 111-210 and 111-270, while 1st support hits today at 111-005 and below there at 110-175.

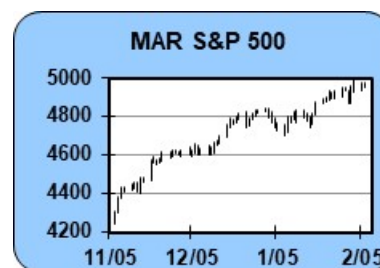
## STOCKS COMMENTARY

2/7/2024

### NASDAQ outperforming Dow and S&P.

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 -3

Global markets have a mildly negative tone this morning, following a second positive day for Chinese equities. European shares are seeing mixed results, as the UK FTSE-100 and German DAX are posting modest losses. German industrial production and Italian retail sales were slightly weaker than expected. Today's reports include a weekly private survey of mortgage applications and the December US international trade balance, which is expected to show a minimal decline from November's \$63.2 billion deficit. December Canadian international merchandise trade is forecast to have a mild decline from November's monthly surplus. December US consumer credit is expected to have a sizable downtick from November's \$23.7 billion reading. Fed Governor Kugler, Boston Fed President Collins, and Richmond Fed President Barkin will speak during morning US trading hours, and Fed Governor Bowman will speak during the afternoon. Uber Technologies, CVS Health, and Emerson Electric will announce earnings ahead of the Wall Street opening, and Walt Disney, McKesson, and PayPal Holdings will report after the close.



**S&P 500:** The S&P has seen coiling action this week, with tighter daily ranges that have held under last Friday's record high. Better than expected earnings and revenue from Chipotle Mexican Grill provided broad-based support yesterday, as that reflected well on consumer demand. The US economic calendar remains light, and there is little change expected in the December trade balance this morning. The market may need to hear some dovish Fed commentary to regain upside momentum. Uptrend channel support in the March S&P comes in at 4917, with close-in support at 4955.

**Other US Indexes:** The Dow Jones might have benefited from stronger than expected results from Amgen yesterday, but that was likely overcome by more concerns about quality control at Boeing. Walt Disney's earnings after the close today could also draw concern over their streaming services. The financial stocks are looking for direction from Fed commentary. Look for support in the March Dow at 38,400. The NASDAQ has outperformed overnight despite yesterday's report that a major investor sold one-quarter of his NVIDIA holdings. Snap's negative guidance put additional pressure on several tech-sector stocks, but Palantir Technology's earnings and progress in their AI developments were a big enough offset. Look for support in March NASDAQ at 17560.

#### TODAY'S MARKET IDEAS:

Coiling action normally leads to a trend decision, but there is no major US data point to provide the catalyst for a strong move. The NASDAQ should continue to outperform the S&P and Dow Jones.

#### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/07/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher but have entered overbought levels. 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 next upside target is 4991.81. The next area of resistance is around 4981.62 and 4991.81, while 1st support hits today at 4957.88 and below there at 4944.32.

MINI-DOW (MAR) 02/07/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 38270. The next area of resistance is around 38705 and 38802, while 1st support hits today at 38439 and below there at 38270.

E-MINI NASDAQ (MAR) 02/07/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 17862.93. The next area of resistance is around 17748.62 and 17862.93, while 1st support hits today at 17540.38 and below there at 17446.44.

## 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	121-010	48.48	49.20	43.41	40.86	121.77	121.18	120.98	121.76	120.13
TYAAH24	111-105	46.48	47.80	37.38	30.79	111.66	111.61	111.59	111.77	111.09
EPH24	4969.75	66.05	65.92	87.09	87.26	4965.44	4938.78	4889.13	4803.57	4745.01
ENQH24	17644.50	61.02	62.10	82.58	84.57	17665.56	17575.81	17397.35	16959.89	16738.13
YMH24	38572	60.97	62.29	83.24	81.41	38596.75	38457.56	38155.56	37731.04	37147.45

Calculations based on previous session. Data collected 02/06/2024

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	120-140	120-260	121-200	122-000
TYAAH24	10 Yr Treasury Notes	110-170	111-000	111-060	111-210	111-270
EPH24	S&P E-Mini	4944.31	4957.87	4968.06	4981.62	4991.81
ENQH24	E-Mini NASDAQ	17446.43	17540.37	17654.68	17748.62	17862.93
YMH24	Mini-Dow	38270	38439	38536	38705	38802

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## CURRENCIES COMMENTARY

2/7/2024

**Fed commentary pressures Dollar.**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**US DOLLAR -138, YEN -8, SWISS -25, CA DOLLAR +20**

### Upcoming International Reports (all times CT)

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  
02/08 Jobless Claims 7:30 AM  
02/08 Wholesale Trade 7:30 AM  
02/08 EIA Gas Storage 9:30 AM



**DOLLAR:** A surprise decline in a private survey of US economic optimism yesterday was in sharp contrast to recent data showing strong sentiment. The December US trade balance data this morning is not expected to show any significant change, and this leaves the dollar looking for direction from today's slate of Fed speakers. Yesterday's comments from the Minneapolis Fed President Kashkari and Philadelphia Fed President Harker reiterated the progress reducing inflation. Unless there is a hawkish tone from today's Fed commentary, the dollar will likely stay under pressure. Near-term resistance in the March Dollar Index is at 104.30.

**Other Currencies:** The euro has extended its recovery with mild gains overnight, but it remains close to Tuesday's low for the year. December readings for German industrial production, Italian retail sales, and French trade balance were all weaker than expected, and this may keep the euro from regaining upside momentum today. Look for support in the March Euro at 1.0745. The Swiss franc has fallen back after unadjusted Swiss unemployment rose to 2.5% in January from 2.3% in December, as this may push any Swiss National Bank rate hikes further into the future. Look for resistance in the March Swiss Franc at 1.1550. The Canadian dollar has seen mild follow-through from Tuesday's positive reversal, and it may find additional strength if today's Canadian trade balance data does not show a significant decline in the monthly surplus. Near-term support in the March Canadian Dollar is at 73.95.

### TODAY'S MARKET IDEAS:

The bears will start out with the upper hand in the dollar today, as support from last Friday's US jobs data and Fed Chair Powell's interview on Sunday continues to fade. Unless there are some hawkish comments from Fed speakers, the dollar may extend its pullback. The Canadian dollar can extend its recovery move if the Canadian trade balance data comes in healthy.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### CURRENCIES TECHNICAL OUTLOOK:

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**US DOLLAR (MAR) 02/07/2024:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 104.58. The next area of resistance is around 104.25 and 104.58, while 1st support hits today at 103.81 and below there at 103.68.

**EURO (MAR) 02/07/2024:** 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. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next downside objective is 107.2575. The next area of resistance is around 107.9150 and 108.0575, while 1st support hits today at 107.5150 and below there at 107.2575.

**JAPANESE YEN (MAR) 02/07/2024:** The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 68.41. The next area of resistance is around 68.28 and 68.41, while 1st support hits today at 67.83 and below there at 67.51.

**SWISS (MAR) 02/07/2024:** 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 upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 114.67. The next area of resistance is around 115.79 and 116.01, while 1st support hits today at 115.13 and below there at 114.67.

**CANADIAN DOLLAR (MAR) 02/07/2024:** A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside target is now at 73.75. The next area of resistance is around 74.36 and 74.49, while 1st support hits today at 74.00 and below there at 73.75.

**BRITISH POUND (MAR) 02/07/2024:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 125.13. The next area of resistance is around 126.35 and 126.57, while 1st support hits today at 125.63 and below there at 125.13.

## 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	104.03	65.71	62.54	79.53	81.06	103.76	103.49	103.22	102.62	102.78
JYAH24	68.05	41.25	41.18	21.65	22.73	68.12	68.23	68.36	69.61	69.25
EU6H24	107.7150	32.04	36.20	17.43	15.14	108.07	108.37	108.80	109.29	109.28
BPAH24	125.99	39.51	43.27	40.84	30.96	126.32	126.72	126.89	126.82	126.36
CAAH24	74.18	42.97	44.90	41.91	35.75	74.30	74.41	74.36	74.57	74.23
SFAH24	115.46	36.14	40.20	30.21	26.90	115.98	116.23	116.37	116.90	116.24
DAAH24	65.30	34.98	37.40	22.94	22.85	0.65	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
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	103.67	103.80	104.12	104.25	104.58
JYAH24	Japanese Yen	67.51	67.83	67.95	68.28	68.41
EU6H24	Euro	107.2575	107.5150	107.6575	107.9150	108.0575
BPAH24	British Pound	125.13	125.63	125.85	126.35	126.57
CAAH24	Canadian Dollar	73.74	73.99	74.11	74.36	74.49
SFAH24	Swiss	114.66	115.12	115.34	115.79	116.01
DAAH24	Australian Dollar	64.72	65.06	65.20	65.54	65.67

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