



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday February 29, 2024

BONDS COMMENTARY

2/29/2024

We favor the downside off further deterioration of rate cut hope

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

While the corrective slow-motion slide in treasuries has given back more than half of last week's recovery, the action this week is merely meandering ahead of what will likely be a near-term trend setting flow of US scheduled data this morning. While a 0.3% gain in US PCE is widely anticipated, it is possible an "as expected" reading could be bearish to treasuries as soft economic data this week has resulted in a pattern of lower highs and lower lows. In other words, the treasury trade has not bought into the deterioration in the US economy signaled by the turn down in data last week. On the other hand, data signals have been mixed, the Fed is clearly in no hurry to act, and it is possible the trade will need to see a "contraction" in PCE to alter the "hawkish bias" at the Fed. In fact, yesterday the Fed's Williams repeated views from earlier in the week from other Fed members that more work was needed to get inflation back to 2% and that hawkish view was seriously amplified by comments from the Fed's Collins suggesting that it is likely rate cuts will begin this "year" as that does not show any urgency. However, the bull camp should be emboldened by the market's ability to take down record US treasury auctions supply this week but hindered by US GDP yesterday which held at somewhat impressive levels. On the other hand, the trade should not forget today's US initial jobless claims release with last week's reading the second lowest claims reading since early October. The North American session will start out with a weekly reading on initial jobless claims which are expected to have a moderate uptick from the previous 201,000 reading. Ongoing jobless claims are forecast to have a mild weekly increase from the previous 1.862 million reading. January US personal income is expected to hold steady with December's 0.3% reading, while January personal spending is forecast to have a sizable downtick from December's 0.7% reading. January US core personal consumption expenditures (a favorite Fed inflation gauge) is expected to have a minimal downtick from December's 2.9% year-over-year rate. Fourth quarter Canadian GDP is forecast to have a sizable uptick from the previous -1.1% annualized rate. The February Chicago PMI is expected to have a modest uptick from January's 46 reading. January pending home sales are forecast to have a modest uptick from December's 1.3% year-over-year rate. The Kansas City Fed's February manufacturing index is expected to have a sizable uptick from January's -17 reading. Atlanta Fed President Bostic and Chicago Fed President Goolsbee will speak during morning US trading hours while Cleveland Fed President Mester and New York Fed President Williams will speak during the afternoon.



TODAY'S MARKET IDEAS:

With a major US inflation reading (PCE) scheduled for release this morning, initial claims near a downside breakout and a flurry of Fed speeches today, the potential for increased volatility is very high. While the feds Goolsbee will clearly present a dovish case (his political bias blinds him from classic economic analysis) we suspect the net vibe from Fed speeches today will favor the bear camp. We suspect Goolsbee is working for a cabinet position if Biden is reelected or if a Democrat is reelected. In the end, we see "as expected" PCE as bearish!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 02/29/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 119-120. The next area of resistance is around 119-050 and 119-120, while 1st support hits today at 118-160 and below there at 118-010.

10 YR TREASURY NOTES (JUN) 02/29/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 110-210. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 110-180 and 110-210, while 1st support hits today at 110-075 and below there at 109-315.

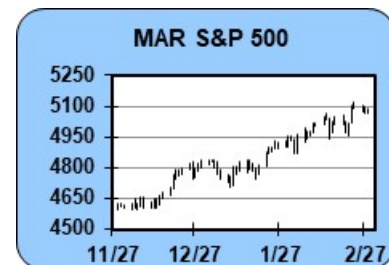
STOCKS COMMENTARY

2/29/2024

Bullish resiliency remains on the sidelines use conservative buy points

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 -15

Global equity markets overnight were higher except for the Hang Seng which traded nearly 1% lower on the session. However, the primary Chinese equity markets overnight posted gains near 2%! In addition to a 90-day warning from the FAA to Boeing to provide a comprehensive safety plan, the market has seen negative AI news overnight with a probe into OpenAI. It is also possible lingering hopes of a first-half US rate cut will be extinguished today. Earnings announcements will include Anheuser-Busch Inbev, NetEast, Best Buy and Hormel Foods before the Wall Street opening while Dell Technologies and Autodesk report after the close.



S&P 500: While the foundation of the bull case (massive future earnings from AI) remains in place, a seed of concern of the difficulty and cost of implementing new technology has emerged. With this week's correction, the near-term technical bias in the S&P is down with uptrend channel support today pegged at 5012.20 which in turn should be considered a long entry point for aggressive traders.

Other US Indexes: Like the S&P, the Dow is also in a short-term corrective track fueled by both fundamental and technical factors. Obviously, big capitalize company shares will see a significant reaction to today's inflation report, with a downside breakout in US initial claims needed reiterate the US economy is still moving forward. In fact, the bull camp needs economic confidence to weather a final decline from the removal of the last vestiges of hope for an early US rate cut. Uptrend channel buying support in the Dow today is 38,579. As indicated already, overnight AI related news favors the bear camp in the Nasdaq with the initial macro tilt this morning adding slightly to the downward bias. Conservative long entry pricing in the NASDAQ today is 17,573.

TODAY'S MARKET IDEAS:

We give a slight edge to the bear camp given this week's established pattern of lower highs and lower lows. While we think a first half rate cut has been largely removed from investor hope, we do not think the market will avoid

additional downside if PCE is at or above expectations of a gain of 0.3%!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/29/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 5045.25. The next area of resistance is around 5083.25 and 5101.25, while 1st support hits today at 5055.25 and below there at 5045.25.

MINI-DOW (MAR) 02/29/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 38672. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 38979 and 39097, while 1st support hits today at 38767 and below there at 38672.

E-MINI NASDAQ (MAR) 02/29/2024: 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 market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 18059.62. The next area of resistance is around 17943.00 and 18059.62, while 1st support hits today at 17786.50 and below there at 17746.63.

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										
USAAM24	118-260	46.57	45.49	20.20	26.72	118.70	118.44	119.20	120.99	121.08
TYAAM24	110-125	43.91	43.10	13.15	16.66	110.25	110.29	110.80	111.90	111.95
EPH24	5069.25	59.83	61.58	78.84	77.23	5082.94	5055.36	5027.89	4913.88	4862.66
ENQH24	17864.75	52.99	55.70	70.82	71.20	17946.63	17864.33	17837.57	17405.22	17187.29
YMH24	38873	54.46	57.01	73.78	71.60	39031.00	38894.33	38767.83	38294.02	37999.28

Calculations based on previous session. Data collected 02/28/2024

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						
USAAM24	Bonds	118-000	118-150	118-220	119-050	119-120
TYAAM24	10 Yr Treasury Notes	109-310	110-070	110-100	110-180	110-210
EPH24	S&P E-Mini	5045.25	5055.25	5073.25	5083.25	5101.25

ENQH24	E-Mini NASDAQ	17746.62	17786.50	17903.12	17943.00	18059.62
YMH24	Mini-Dow	38671	38766	38884	38979	39097

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CURRENCIES COMMENTARY

2/29/2024

With US data favoring dollar bulls producing downside the dollar is vulnerable

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -169, YEN +39, SWISS +10, CA DOLLAR -25

Upcoming International Reports (all times CT)

02/29 German Retail Sales 1:00 AM
 02/29 France Consumer Spending 1:45 AM
 02/29 France Producer Price Index 1:45 AM
 02/29 Swiss GDP 2:00 AM
 02/29 Swiss KOF Leading Indicator 2:00 AM
 02/29 German Employment Situation 2:55 AM
 02/29 Canadian GDP (By Industry) 7:30 AM
 02/29 Jobless Claims 7:30 AM
 02/29 Personal Income 7:30 AM
 02/29 Chicago PMI 8:45 AM
 02/29 EIA Gas Storage 9:30 AM
 02/29 Japan Unemployment Rate 5:30 PM
 02/29 Japan Manufacturing PMI 6:30 PM
 02/29 Japan Consumer Confidence Su 11:00 PM
 03/01 Japan Consumer Confidence Su 12:00 AM
 03/01 UK Nationwide Housing Price 1:00 AM
 03/01 Swiss Retail Sales 1:30 AM
 03/01 Swiss PMI 2:30 AM
 03/01 France Manufacturing PMI 2:50 AM
 03/01 German Manufacturing PMI 2:55 AM
 03/01 Euro-Zone Manufacturing PMI 3:00 AM
 03/01 UK CIPS/NTC Research Manufac 3:30 AM
 03/01 Euro-zone Unemployment Rate 4:00 AM
 03/01 Construction Spending 9:00 AM
 03/01 ISM Manufacturing PMI 9:00 AM



DOLLAR: In retrospect, the dollar has not been able to sustain moves in either direction despite clear cut fundamental news from the US data front or from a generally hawkish bias at the US Federal Reserve. Looking back to action from the mid-February top, the dollar has not been able to sustain gains off signs of growth in the US and decreasing odds of a first-half US rate cut which suggests the bears retain an edge with respect to trend. Therefore, a rally from an "as expected" PCE should be sold, while a below expectation reading should be a market order sell!

Other Currencies: As indicated already, we see the dollar remaining indecisive but favoring the downside, which should help solidify support in the euro at yesterday's low of 1.080. Overnight economic news from the euro zone showed disappointing German retail sales, and disappointing French and German jobs news. While there was a sprinkling of minimally hot inflation readings from Europe, we see the euro trade focusing more on growth and the dollar than inflation. Those long the euro will probably have to risk the position to 1.079 today and or wait and fade a breakout in the March dollar above 104.17 or fade a trade below 103.54. Like other actively traded currencies the Pound has also forged a coiling pattern this week, but it is not a given that today's US inflation data will offer a sustained impact on currency markets today. While the Pound has managed a positive trade with mortgage

approvals and consumer credit signaling positive economic activity, a dip in net lending to individuals highlights a residual lack of confidence in the UK. However, the Pound should benefit from favorable earnings from UK-based companies and from the fact UK mortgage approvals reached the highest level since October 2022. Therefore, we suggest long entry in the pound on a dip to 1.2624. Trading the Canadian today will be a precarious undertaking as dollar strength and or a measure of disappointment toward the Canadian economy have already been factored with yesterday's sharp range down move. However, Canadian equity markets have outperformed world markets on the downside and an as expected 0.2% gain in Canadian GDP is unlikely to prompt bargain hunting buying.

TODAY'S MARKET IDEAS:

While there is not a definitive bias in any currency entering a very critical US inflation data points, we think the odds favor a dollar rally which quickly falters thereby providing the euro and pound post report rally potential.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/29/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 103.50. The next area of resistance is around 104.08 and 104.33, while 1st support hits today at 103.67 and below there at 103.50.

EURO (MAR) 02/29/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 upside objective is 108.8687. The next area of resistance is around 108.7025 and 108.8687, while 1st support hits today at 108.2075 and below there at 107.8788.

JAPANESE YEN (MAR) 02/29/2024: 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 tilt is slightly negative with the close under the pivot. The next downside objective is now at 66.38. The next area of resistance is around 66.66 and 66.79, while 1st support hits today at 66.46 and below there at 66.38.

SWISS (MAR) 02/29/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 114.34. The next area of resistance is around 114.21 and 114.34, while 1st support hits today at 113.80 and below there at 113.53.

CANADIAN DOLLAR (MAR) 02/29/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 73.27. The next area of resistance is around 73.88 and 74.13, while 1st support hits today at 73.46 and below there at 73.27.

BRITISH POUND (MAR) 02/29/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Stochastics are at mid-range but trending higher, which should reinforce a

move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 127.22. The next area of resistance is around 126.93 and 127.22, while 1st support hits today at 126.29 and below there at 125.94.

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	103.87	51.10	53.68	49.99	44.35	103.82	103.93	104.08	103.16	103.00
JYAH24	66.56	30.88	32.92	6.90	6.00	66.62	66.75	67.09	68.51	68.94
EU6H24	108.4550	55.96	51.12	59.62	68.32	108.48	108.28	108.01	108.93	108.98
BPAH24	126.61	53.61	51.56	59.19	68.01	126.75	126.47	126.25	126.78	126.69
CAAH24	73.67	34.59	39.01	35.18	29.83	73.93	74.04	74.09	74.50	74.45
SFAH24	114.00	41.02	39.55	25.70	32.59	113.85	113.85	114.25	116.20	116.17
DAAH24	64.97	38.10	40.34	55.03	52.54	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 02/28/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	103.49	103.66	103.91	104.08	104.33
JYAH24	Japanese Yen	66.37	66.45	66.58	66.66	66.79
EU6H24	Euro	107.8787	108.2075	108.3737	108.7025	108.8687
BPAH24	British Pound	125.93	126.29	126.58	126.93	127.22
CAAH24	Canadian Dollar	73.26	73.45	73.70	73.88	74.13
SFAH24	Swiss	113.52	113.80	113.93	114.21	114.34
DAAH24	Australian Dollar	64.48	64.66	65.10	65.28	65.71

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