



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 04, 2024

## BONDS COMMENTARY

3/4/2024

The vibe is embracing a trend of slowing US data

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

With treasury prices overnight holding near last Friday's 12 day high and upside breakout, the trade appears to have rekindled June rate cut hopes from several global central banks. Therefore, looming economic data in the form of several global inflation readings and a US monthly jobs report at the end of the week is likely to entrench the bull case especially as US data has clearly softened. In fact, last Friday's US PMI and University of Michigan survey of consumer sentiment depicted weakness thereby extending a developing pattern of weak US data which began two weeks ago. However, an equally important impact on rate cut prospects is inflation and the trade will see a wave of PPI and CPI reports from around the globe this week. Expectations for euro zone producer prices (released on Tuesday) predict another contraction following last month's 0.8% decline! The Friday monthly US payroll is expected to show a gain in jobs of only 200,000 versus a gain of 353,000 in January. Leading indicators for the US jobs report are the ADP job count which is expected to increase versus last month, and the Job Openings and Labor Turnover which is expected to show another decline in job openings of 125,000. Unfortunately for the bull camp a long-held net spec and fund short in bonds (since May 202) has shifted into a net spec and fund long! In fact, with the post COT report rally we suspect the net long is at the highest level since the very beginning of the pandemic! Bonds positioning in the Commitments of Traders for the week ending February 27th showed Non-Commercial & Non-Reportable traders went from a net short to a net long position of 36,538 contracts after net buying 68,452 contracts. For T-Notes Non-Commercial & Non-Reportable traders were net short 560,233 contracts after decreasing their short position by 53,416 contracts. There are no major US or Canadian economic numbers on today's schedule. Philadelphia Fed President Harker will speak during morning US trading hours.



### TODAY'S MARKET IDEAS:

With a pattern of softening US scheduled data beginning two weeks ago, the trade recently interpreting a benign US PCE reading into a softening inflation result, and a very recently revived trade hope for June rate cuts, the path of least resistance in treasury prices is pointing up. However, as indicated already the recent shift into a net spec and fund long position in bonds has been very rare since the initial Covid breakout. Therefore, bullish sentiment in bonds and notes is seemingly running ahead of the Fed with the factoring of a June cut. In fact, the CME Fed watch tool has not registered a significant increase in probability of a June cut over the past week. Nonetheless, the path of least resistance in Treasuries is up with uptrend channel buying support in June bonds at 118-16.

### NEW RECOMMENDATIONS:

Buy June bonds at 119-05 with an objective of 121-10. Risk to 118-05.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024

Non-Commercial

Commercial

Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
<b>Bonds</b>	-14,597	+72,248	-36,538	-68,451	51,135	-3,796
<b>T-Notes</b>	-612,727	+70,823	560,233	-53,417	52,494	-17,407

## BONDS TECHNICAL OUTLOOK:

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**BONDS (JUN) 03/04/2024:** Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 121-060. The next area of resistance is around 120-240 and 121-060, while 1st support hits today at 119-060 and below there at 118-010.

**10 YR TREASURY NOTES (JUN) 03/04/2024:** Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 111-220. The next area of resistance is around 111-135 and 111-220, while 1st support hits today at 110-175 and below there at 109-295.

## STOCKS COMMENTARY

3/4/2024

### Bullish resiliency buy corrections to designated support levels

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

Global equity markets overnight were generally higher with weakness seen in Japan, Australia, and Paris. With a generally positive bias from last week (and particularly from the strong Friday close) the bulls should extend their control into another trading week. Clearly, the revival of global rate cuts has added to a bullish environment created by the undying expectations of massive global profits from AI. However, last week investors pursued value stocks off what appears to be a bargain hunting buying trend.



**S&P 500:** Despite new highs on Friday, the S&P retains short covering buying capacity with the net spec and fund short as of last Tuesday remaining lofty. The February 27th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders reduced their net short position by 17,749 contracts to a net short 138,081 contracts. However, traders should brace for increased volatility as the trade has once again ramped up the focus on central bank policy decisions several months into the future. While the S&P is short-term overbought, we see the uptrend extending and suggest conservative traders utilize long entry pricing at 5060.00.

**Other US Indexes:** With negative divergence in the Dow last Friday versus the S&P and Nasdaq, it appears that bargain hunting buyers are not that interested in big capitalize company shares. Certainly, Dow futures posted a four-day high Friday, but other market measures posted record highs! Furthermore, concentrated investors interest is on AI company shares could mean bulls in Dow futures will need significant upside price gains in treasuries to embrace a June rate cut and allow the Dow to catch up to the S&P. The Commitments of Traders report for the week ending February 27th showed Dow Jones \$5 Non-Commercial & Non-Reportable traders net bought 3,057 contracts and are now net long 21,948 contracts. As indicated already, the bullish buzz in the market continues to emanate from AI related companies and therefore the NASDAQ is likely to remain the key bullish catalyst for the markets. Unfortunately for the bull camp Friday's massive range up results in a conservative long entry price far off the market today down at 18,144. Nasdaq Mini positioning in the

Commitments of Traders for the week ending February 27th showed Non-Commercial & Non-Reportable traders are net long 18,868 contracts after net selling 15,490 contracts.

**TODAY'S MARKET IDEAS:**

Clearly, the bias remains up in equities with newly revived hopes of June rate cuts combining with undying investment interest in anything AI providing a one, two bullish punch. Positive tech sector/NASDAQ news in the market this morning is another successful SpaceX launch, very bullish longer-term views from Morgan Stanley NEW regarding companies involved in extending lifespans and decarbonization. While the bias is firmly entrenched in the bull camp, the S&P and NASDAQ are short-term overbought.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
E-Mini S&P	-214,021	+6,316	138,082	-17,748	75,940	+11,433

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (MAR) 03/04/2024: 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. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 5190.00. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5170.75 and 5190.00, while 1st support hits today at 5110.75 and below there at 5070.00.

MINI-DOW (MAR) 03/04/2024: The daily stochastics gave a bullish indicator with a crossover up. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 39345. The next area of resistance is around 39239 and 39345, while 1st support hits today at 38959 and below there at 38786.

E-MINI NASDAQ (MAR) 03/04/2024: 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 market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 18606.31. The next area of resistance is around 18496.62 and 18606.31, while 1st support hits today at 18153.38 and below there at 17919.82.

**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
<b>FINANCIAL COMPLEX</b>										
USAAM24	119-310	57.76	52.43	32.69	47.75	119.07	118.68	119.04	120.79	121.13
TYAAM24	110-315	54.93	49.86	21.15	32.40	110.45	110.33	110.68	111.79	111.94

EPH24	5140.75	70.36	68.29	81.76	86.29	5100.31	5075.00	5045.04	4927.56	4878.74
ENQH24	18325.00	68.07	65.42	76.78	84.37	18067.13	17943.81	17893.25	17457.21	17255.70
YMH24	39099	61.58	61.22	73.98	75.20	38999.25	38961.67	38819.67	38349.67	38080.40

Calculations based on previous session. Data collected 03/01/2024  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	118-000	119-050	119-190	120-240	121-060
TYAAM24	10 Yr Treasury Notes	109-290	110-170	110-255	111-135	111-220
EPH24	S&P E-Mini	5070.00	5110.75	5130.00	5170.75	5190.00
ENQH24	E-Mini NASDAQ	17919.81	18153.37	18263.06	18496.62	18606.31
YMH24	Mini-Dow	38785	38959	39065	39239	39345

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## CURRENCIES COMMENTARY

3/4/2024

**euro and Pound to "win by default"**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR +6, YEN -11, SWISS +12, CA DOLLAR -50**

### Upcoming International Reports (all times CT)

03/04 Swiss Consumer Price Index 1:30 AM  
03/04 Japan Services PMI 6:30 PM  
03/05 France Industrial Production 1:45 AM  
03/05 France Services PMI 2:50 AM  
03/05 Euro-Zone Services PMI 3:00 AM  
03/05 UK CIPS/NTC Research Service 3:30 AM  
03/05 Euro-zone Industrial Produce 4:00 AM  
03/05 Factory Orders 9:00 AM  
03/05 ISM Services PMI 9:00 AM  
03/05 API Energy Stocks 3:30 PM



**DOLLAR:** While there is an emerging view of global slowing, the trade seems to be penalizing the dollar the most perhaps from disappointment that US growth has obviously tapered off. In fact, a lack of significant bullish reaction in the dollar to positive US data two weeks ago, suggests the dollar is generally out-of-favor and could remain so unless US jobs news for February show some residual strength. Critical uptrend channel support in the March dollar today is 103.61 with a failure of that level projecting a corrective setback down to 103.36. The February 27th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders net bought 197 contracts and are now net long 3,314 contracts

**Other Currencies:** Apparently the trade remains fond of the euro as recent scheduled data from the euro zone has not prevented a resurgence of ECB rate cut hopes for June. An indirect positive for the euro came from a much hotter than expected Swiss consumer price index reading for last month overnight and from a slightly favorable Spanish February employment report earlier today. Uptrend channel buying support in the euro is 1.0810 today. The February 27th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders are net long 94,216 contracts after net buying 2,302 contracts. The Pound remains out-of-favor with a pattern of lower highs and lower lows settling into place over the prior two weeks. Unfortunately for the bull camp, the British finance minister has discounted prospects of major tax cuts in the upcoming budget as tax cuts generally stimulate economic activity. With the trade expecting a mostly steady GBP BRC Like-for-Like retail sales reading for February this morning, support should firm for the Pound, but the currency simply looks to

chop within a range defined as 1.2687 and 1.260 until UK PMI data is released tomorrow. While last week's Canadian factory PMI should provide support for the Canadian early this week, an anemic bounce from last week's lows in the wake of positive Canadian data highlights a lack of bullish sentiment. Key support remains 73.50, with downtrend channel resistance at 74.13 suggesting would be shorts hold out for a rally to sell.

**TODAY'S MARKET IDEAS:**

There does not seem to be a current definitive trend like bias in the currency markets. However, the US dollar is partially out-of-favor leaving the euro and Pound in positions to receive minimal win by default lift.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**CURRENCIES TECHNICAL OUTLOOK:**

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US DOLLAR (MAR) 03/04/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 103.48. The next area of resistance is around 104.09 and 104.39, while 1st support hits today at 103.63 and below there at 103.48.

EURO (MAR) 03/04/2024: 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 mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 108.7950. The next area of resistance is around 108.6300 and 108.7950, while 1st support hits today at 108.1700 and below there at 107.8750.

JAPANESE YEN (MAR) 03/04/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 67.07. The next area of resistance is around 66.94 and 67.07, while 1st support hits today at 66.60 and below there at 66.38.

SWISS (MAR) 03/04/2024: 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 113.98. The next area of resistance is around 113.73 and 113.98, while 1st support hits today at 112.94 and below there at 112.38.

CANADIAN DOLLAR (MAR) 03/04/2024: 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 daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside objective is 73.41. The next area of resistance is around 73.90 and 74.03, while 1st support hits today at 73.60 and below there at 73.41.

BRITISH POUND (MAR) 03/04/2024: 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. The daily closing price reversal up on the daily chart is somewhat positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 127.08. The next area of resistance is around 126.87 and 127.08, while 1st support hits today at 126.23 and below there at 125.79.

## 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	103.86	48.59	52.01	48.31	46.21	103.91	103.89	104.06	103.30	103.01
JYAH24	66.77	41.06	38.51	11.49	16.75	66.71	66.72	66.98	68.31	68.87
EU6H24	108.4000	53.89	50.56	62.70	65.82	108.39	108.36	108.06	108.83	108.95
BPAH24	126.55	54.07	52.04	60.58	63.51	126.54	126.54	126.30	126.75	126.68
CAAH24	73.75	38.85	41.30	29.11	24.27	73.75	73.93	74.04	74.41	74.44
SFAH24	113.33	34.54	35.79	27.40	29.36	113.63	113.72	113.99	115.99	116.08
DAAH24	65.28	47.65	46.04	50.51	47.83	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 03/01/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	103.47	103.63	103.93	104.09	104.39
JYAH24	Japanese Yen	66.37	66.59	66.72	66.94	67.07
EU6H24	Euro	107.8749	108.1699	108.3350	108.6300	108.7950
BPAH24	British Pound	125.78	126.22	126.43	126.87	127.08
CAAH24	Canadian Dollar	73.40	73.59	73.71	73.90	74.03
SFAH24	Swiss	112.37	112.93	113.17	113.73	113.98
DAAH24	Australian Dollar	64.76	65.05	65.21	65.50	65.65

Calculations based on previous session. Data collected 03/01/2024

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