



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday March 06, 2024

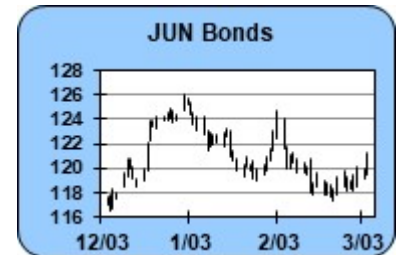
BONDS COMMENTARY

3/6/2024

The bias is up from a trend of softening in US data

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

Like the gold market, the treasury markets have factored in a revitalization of June rate cut hopes. However, a clear emerging pattern of softening US data justifies renewed talk of easing. Unfortunately for the bull camp we suspect the Fed Chairman testimony today will attempt to stay as neutral as possible with views that the economic situation is progressing as was hoped for at the central bank. However, if the Fed chairman were to allude to inflation coming under control, and or acknowledge emerging slowing as a threat, that would propel treasuries sharply higher which in turn could result in the net spec and fund long positioning in bonds reaching the loftiest/highest level since the early days of the pandemic. Therefore, while there is a chance of a significant rally, we suspect that a sharp March rally will leave a major top in place with buying the rumor becoming excessive before selling the fact in June. In conclusion, the bias is up in treasury prices and the trend is for softening US data and without a sprinkling of noted positive jobs related data in the coming three days, a return to the early February highs is likely. In addition to the Fed chair's testimony the trade will see two other Fed speeches and the release of the Fed's Beige Book in the afternoon thereby setting the stage for a volatility expansion. The North American session will start out with a weekly private survey of mortgage applications followed by the February ADP employment survey which is expected to have a sizable uptick from January's 107,000 reading. The Bank of Canada's latest monetary policy meeting is forecast to leave Canadian benchmark rates unchanged. The January US JOLTS survey is expected to have mild downticks from December's 9.026 million job openings reading and December's 3.270 million quits reading. January US wholesale trade is forecast to have a moderate downtick from December's 0.4% reading. Fed Chair Powell will testify in front of the House Financial Services Committee during midmorning US trading hours. The latest Fed Beige Book will be released during early afternoon US trading hours. San Francisco Fed President Daly and Minneapolis Fed President Kashkari will speak during afternoon US trading hours. Earnings announcements will include Campbell Soup before the Wall Street opening.



TODAY'S MARKET IDEAS:

As indicated already the path of least resistance is up in bonds and notes as a pattern of slowing data has emerged and upcoming data from the jobs sector could result in a full revival of June rate cut prospects. Into this morning's trade the CME Fed watch tool has the probability of a June rate cut at only 55% after a 47% probability of a June cut last week and we suspect that probability is due for a significant change. Not only is the trend your friend, (from a chart perspective), the trend in data is also a friend of the bull camp.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long June bonds at 119-05 us an objective of 121-22. Risk to 118-05.

BONDS TECHNICAL OUTLOOK:

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elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

BONDS (JUN) 03/06/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 122-120. The next area of resistance is around 121-230 and 122-120, while 1st support hits today at 119-310 and below there at 118-270.

10 YR TREASURY NOTES (JUN) 03/06/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 111-300. The next area of resistance is around 111-210 and 111-300, while 1st support hits today at 110-295 and below there at 110-145.

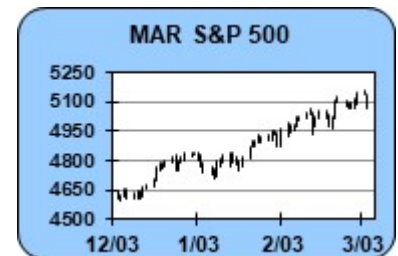
STOCKS COMMENTARY

3/6/2024

Go with the market's initial reaction to Fed testimony

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +18

Global equity markets overnight were higher except for the two markets in Shanghai which closed less than 0.5% lower. While the current setback in prices feels like a normal back and fill corrective setback, there are cracks in the foundation of the markets bull case from the realization that mega tech is not bulletproof. Unfortunately for the bull camp, the markets have not seen recent soft data as a bargain hunting trigger from a revival of June rate cut hopes. However, soft US data directly ahead could become a bullish trigger if the Fed chairman acknowledges US slowing today. Earnings announcements will include Campbell Soup before the Wall Street opening.



S&P 500: The bear camp retains an edge as corporate headline flow has been negative for big tech and bargain hunting buying has been limited. Given the aggressive gains in February (300 points), a rising tide of legal and regulatory battles for big tech and a downshift in macroeconomic sentiment from softening US data, traders should be conservative with long entry prices. Conservative long entry pricing in the March S&P today is 5047.60 with that buying support increasing to 5056.50 tomorrow.

Other US Indexes: While the Dow appeared to attract bargain hunting buying on the test and rejection of 38,500 yesterday, the trade today will be intently focused on the US Federal Reserve Chairman testimony to Congress. Fortunately for the bull camp a bullish bias has emerged in treasuries, and we suspect testimony today will either be neutral or supportive of equities, particularly large, capitalized companies in the Dow. Buying support in the Dow futures today is 38,505. As indicated already mega tech shares are under significant scrutiny from valuation, legal, and regulatory forces. In retrospect, Apple and Tesla have seen very negative developments this week and therefore the bull camp in the NASDAQ needs help from the Fed today to respect critical support (yesterday's low) at 17,832.

TODAY'S MARKET IDEAS:

So far, the markets are doing an impressive job of holding together as the market balances very lofty expectations for AI. While soft data could soon become a bullish force, the current corrective bias in the market is accentuated by renewed fears of slowing in the US. In the end, we suggest buyers utilize conservative long entry pricing or utilize stop loss buying type trading using 5110 in the March S&P as a bullish trigger points.

NEW RECOMMENDATIONS:

Buy March S&P at 5060.30 with an objective of 5190.00. Risk the trade to 5052.90.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 03/06/2024: 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. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 5022.00. The next area of resistance is around 5126.00 and 5167.00, while 1st support hits today at 5053.50 and below there at 5022.00.

MINI-DOW (MAR) 03/06/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 38164. The next area of resistance is around 38883 and 39197, while 1st support hits today at 38367 and below there at 38164.

E-MINI NASDAQ (MAR) 03/06/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 17582.25. The next area of resistance is around 18171.00 and 18421.25, while 1st support hits today at 17751.50 and below there at 17582.25.

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	120-270	63.09	56.62	48.66	66.18	119.93	119.17	118.96	120.56	121.13
TYAAM24	111-090	58.64	52.90	35.29	52.16	110.88	110.50	110.59	111.67	111.92
EPH24	5089.75	56.64	59.61	82.39	80.19	5115.88	5098.75	5058.06	4939.86	4895.27
ENQH24	17961.25	51.24	54.34	78.24	75.65	18149.38	18044.83	17931.88	17501.26	17323.70
YMH24	38625	42.76	49.17	69.64	61.49	38927.00	38993.22	38832.00	38384.42	38157.02

Calculations based on previous session. Data collected 03/05/2024

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						
USAAM24	Bonds	118-260	119-300	120-190	121-230	122-120
TYAAM24	10 Yr Treasury Notes	110-140	110-290	111-060	111-210	111-300
EPH24	S&P E-Mini	5022.00	5053.50	5094.50	5126.00	5167.00
ENQH24	E-Mini NASDAQ	17582.25	17751.50	18001.75	18171.00	18421.25
YMH24	Mini-Dow	38163	38366	38680	38883	39197

Calculations based on previous session. Data collected 03/05/2024

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CURRENCIES COMMENTARY

3/6/2024

Key junction today with a trend decision in the dollar

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -133, YEN +4, SWISS -21, CA DOLLAR +30

Upcoming International Reports (all times CT)

03/06 German Foreign Trade 1:00 AM
03/06 Euro-zone Retail Trade 4:00 AM
03/06 Wholesale Trade 7:30 AM
03/06 Canadian Monetary Policy 8:45 AM
03/06 Canadian PMI 9:00 AM
03/06 EIA Energy Stocks 9:30 AM
03/07 Swiss Employment 12:45 AM
03/07 German Manufacturing Orders 1:00 AM
03/07 German Manufacturing Turnove 1:00 AM
03/07 UK Halifax Housing Price Ind 1:00 AM
03/07 Euro-zone Monetary Policy 7:15 AM
03/07 Canadian Building Permits 7:30 AM
03/07 Canadian International Merch 7:30 AM
03/07 Jobless Claims 7:30 AM
03/07 US Trade Balance 7:30 AM
03/07 EIA Gas Storage 9:30 AM
03/07 Consumer Credit 2:00 PM
03/07 Japan Household Spending 5:30 PM
03/07 Japan Leading Indicators 11:00 PM



DOLLAR: While there is evidence of slowing throughout the world and disappointment from the lack of a Chinese stimulus announcement, weakness in the US economy is clearly emerging and is also ratcheting up and or reviving hope for a June US rate cut. Unfortunately for the bear camp in the dollar Fed Chairman testimony today is unlikely to send a definitive signal on their bias, but it is difficult to argue against the developing pattern of softening US data. The trend from the charts is bearish, US economic data is bearish for the dollar, but an evenhanded testimony today could limit the amount of downside extension in the Dollar until US payrolls are released on Friday morning.

Other Currencies: In addition to an upside breakout in the euro to the highest levels in eight sessions, the euro is benefiting from a Reuters story suggesting global central bankers are starting to see the euro as a challenger to the US dollar. Certainly, recent euro zone data has shown a similar softening pattern as in the US, but with US Fed testimony today, the euro trade will be temporarily dominated by dollar action. However, we see the euro uptrend resuming and a trade above 1.09 ahead. With the dollar near a downside failure price on its charts early today, and the euro breaking out to the upside early today, any acknowledgment of slowing in the US economy by the US Federal Reserve Chairman should result in an upside breakout in the Pound with a target of 1.2755. Adding to the bull case in the Pound is a much better-than-expected GBP S&P global Construction PMI reading for February. Fortunately for the bull camp the Canadian has established respectable consolidation support just above 73.50. However, today's Bank of Canada interest rate decision and policy statement presents a major pivot/junction for the Canadian today. However, a faltering US dollar should add noted fundamental credibility to 73.50 as support.

TODAY'S MARKET IDEAS:

While the US dollar is showing vulnerability, the currency markets have had difficulty establishing sustainable trends. The inability to establish a solid leadership hierarchy is justified by across the board economic uncertainty. Nonetheless, the dollar feels vulnerable unless Fed testimony today is judged to be "hawkish".

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/06/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 103.34. The next area of resistance is around 103.91 and 104.09, while 1st support hits today at 103.54 and below there at 103.34.

EURO (MAR) 03/06/2024: 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 109.0000. The next area of resistance is around 108.8100 and 109.0000, while 1st support hits today at 108.4400 and below there at 108.2600.

JAPANESE YEN (MAR) 03/06/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 67.16. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 67.00 and 67.16, while 1st support hits today at 66.63 and below there at 66.41.

SWISS (MAR) 03/06/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 113.80. The next area of resistance is around 113.63 and 113.80, while 1st support hits today at 113.11 and below there at 112.77.

CANADIAN DOLLAR (MAR) 03/06/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 73.34. The next area of resistance is around 73.72 and 73.89, while 1st support hits today at 73.45 and below there at 73.34.

BRITISH POUND (MAR) 03/06/2024: 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. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 127.70. The next area of resistance is around 127.38 and 127.70, while 1st support hits today at 126.74 and below there at 126.41.

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	103.72	45.06	49.90	44.95	42.51	103.86	103.84	104.03	103.40	103.02
JYAH24	66.81	44.98	41.02	15.44	21.37	66.76	66.68	66.84	68.10	68.79

EU6H24	108.6250	58.99	53.83	68.73	74.53	108.46	108.46	108.16	108.71	108.97
BPAH24	127.06	61.88	56.99	68.09	75.98	126.69	126.70	126.39	126.72	126.72
CAAH24	73.58	34.07	38.29	23.48	17.21	73.67	73.84	73.97	74.32	74.43
SFAH24	113.37	36.08	36.48	28.58	30.24	113.28	113.59	113.79	115.71	116.00
DAAH24	65.07	42.50	43.01	47.49	43.36	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 03/05/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	103.33	103.53	103.71	103.91	104.09
JYAH24	Japanese Yen	66.40	66.62	66.78	67.00	67.16
EU6H24	Euro	108.2600	108.4400	108.6300	108.8100	109.0000
BPAH24	British Pound	126.40	126.73	127.05	127.38	127.70
CAAH24	Canadian Dollar	73.33	73.44	73.61	73.72	73.89
SFAH24	Swiss	112.76	113.11	113.28	113.63	113.80
DAAH24	Australian Dollar	64.60	64.84	65.04	65.29	65.48

Calculations based on previous session. Data collected 03/05/2024

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