



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 14, 2024

BONDS COMMENTARY

3/14/2024

Buy breaks to 119-16 and 110-21 in June bonds and notes

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

Clearly, the treasury markets are gradually pricing in the prospect of lingering inflation issues in the US with a second confirmation of sticky inflation from PPI today likely to pressure prices and bring down the probability of a June US rate cut from 50% - 60%. While there will be many additional key inputs to the fed's policy considerations in the March, May, and June FOMC meetings, as expected and certainly above expectations PPI today would pushback rate cut timing into the July meeting. On the other hand, treasury prices could be supported by soft signals from US initial and ongoing claims or from a much softer than expected retail sales reading for April. However, expectations for the US retail sales are for a significant gain of 0.8% which we think is likely, considering the minimal contraction last week which in the past has resulted in a statistically related rebound in retail sales! In the end, we detect a lingering residual bullish bias in treasuries and unless that favored bias is definitively punctured early today, we seen declines in June bonds limited to 119-16 and to 110-21 in June notes. While yesterday's 30 year bond auction resulted in a low to high rally of 15 ticks, auction generated gains were quickly lost with prices this morning trading below the pre-auction trade. However, the bull camp should not abandon positions as there is a prevailing trend of soft US data and while that could be heavily offset by residual inflation, inflation inspired selling should be countervailed.



Today will present a busy North American report schedule starting out with February US retail sales which are expected to have a sizable uptick from January's -0.8% reading. The February US producer price index is forecast to have a mild uptick from January's 0.9% year-over-year rate. The February core producer price index (which excludes food and energy) is expected to hold steady with January's 2.0% year-over-year rate. A weekly reading on initial jobless claims is forecast to have a minimal uptick from the previous 217,000 reading. The latest ongoing jobless claims reading is expected to have a modest weekly decline from the previous 1.906 million reading. January Canadian manufacturing sales is forecast to have a moderate uptick from the previous -0.7% reading. January US business inventories are expected to have a mild downtick from December's 0.4% reading.

TODAY'S MARKET IDEAS:

We leave the trend with the bull camp given the extending pattern of soft US scheduled data. However, at least this morning's trade will be dominated by the US PPI release with the trade likely to micromanage the results before settling on a current market consensus on US rate cut timing. As indicated already, we see the bull camp remaining currently committed to a rate cut by the June meeting, but a shift toward a July cut is very possible today. Declines in June bonds today could be limited to 119-16 and to 110-21 in June notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/14/2024: The daily stochastics gave a bearish indicator with a crossover down. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 119-150. The next area of resistance is around 120-270 and 121-160, while 1st support hits today at 119-270 and below there at 119-150.

10 YR TREASURY NOTES (JUN) 03/14/2024: A crossover down in the daily stochastics is a bearish signal. 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 tilt is slightly negative with the close under the pivot. The next downside target is 110-195. The next area of resistance is around 111-045 and 111-140, while 1st support hits today at 110-235 and below there at 110-195.

STOCKS COMMENTARY

3/14/2024

Expect a decision signal from the post PPI NYSE opening direction

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 +16

Global equities overnight were mixed with weakness primarily seen in Chinese, Russian, and Australian equities. With the trade shifting to June contracts, we expect a large amount of positions will be rolled forward with a moderate portion of the long contingent deciding to bail if US PPI matches expectations and certainly if the report exceeds expectations of a gain of +0.3%. Certainly, the charts remain bullish but significant weakness in bellwether Tesla shares and the potential for a Chinese backlash against US tech/chip companies because of an attempt to force a divestiture of TikTok could prompt a measure of fundamental selling before the end of this week. However, given the intense focus on US rate cut timing, traders should see today's action as a major signal on upcoming trends. Earnings announcements will include Adobe after the Wall Street close.



S&P 500: The S&P sits poised just under record highs in the early trade suggesting the market's capacity to discount bearish news remains in place and the trade continues to look to a future of less constant focus/uncertainty on central bank policy decisions. However, negative developments from key bellwether shares like Tesla and Boeing certainly discourages some investors. Uptrend channel line buying support in the June S&P is 5187.95 with that buying support at 5198.25 tomorrow.

Other US Indexes: Even though the Dow continues to be held back by unending negative headline flow from Boeing, the bias in the index remains up. However, there are some residual headwinds from anxiety toward big tech shares, AI chip makers and social media platforms. In the end, the Dow is likely to see new all-time highs with an as expected US PPI and a spike to record levels with a 0.1% lower than expected reading. Buying support on temporary macroeconomic disappointment is 39,122 in the Dow today and becomes 39,187 on Friday. So far, the NASDAQ has not been unduly undermined by the brewing trade battle between the US and China regarding the protection of US consumer data at Chinese owned companies. In fact, the Chinese trade office lodging complaints against a forced divestiture/US ban yesterday and that pushes the situation toward a trade battle. Therefore, a negative macroeconomic outcome from US scheduled data today could undermine the NASDAQ the most. Nonetheless uptrend channel buying support in the June NASDAQ today is 18,228.

TODAY'S MARKET IDEAS:

Today has the potential to set the upcoming trends as a second key US inflation reading today should reconfirm a residual US inflation problem or leave the markets guessing on inflation. In the end, the trend is up, and today's inflation news could be quickly digested.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/14/2024: 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 market could take on a defensive posture with the daily closing price reversal down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 5264.25. The next area of resistance is around 5251.00 and 5264.25, while 1st support hits today at 5221.00 and below there at 5204.25.

MINI-DOW (JUN) 03/14/2024: The daily stochastics gave a bullish indicator with a crossover up. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 39821. The next area of resistance is around 39682 and 39821, while 1st support hits today at 39404 and below there at 39265.

E-MINI NASDAQ (JUN) 03/14/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 18144.13. The next area of resistance is around 18456.50 and 18594.12, while 1st support hits today at 18231.50 and below there at 18144.13.

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
FINANCIAL COMPLEX										
USAAM24	120-110	50.66	51.01	73.16	69.50	121.00	120.86	119.67	120.26	121.19
TYAAM24	110-300	46.63	47.41	66.30	62.93	111.36	111.30	110.77	111.46	111.89
EPM24	5236.00	66.68	65.82	81.30	82.10	5215.56	5200.72	5161.08	5048.17	4996.25
ENQM24	18344.00	53.11	55.00	69.13	63.10	18340.69	18382.47	18249.22	17926.27	17709.24
YMM24	39543	61.65	59.90	55.02	59.03	39368.25	39324.22	39330.00	38921.78	38729.27

Calculations based on previous session. Data collected 03/13/2024

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	119-140	119-260	120-150	120-270	121-160
TYAAM24	10 Yr Treasury Notes	110-190	110-230	111-005	111-045	111-140
EPM24	S&P E-Mini	5204.25	5221.00	5234.25	5251.00	5264.25
ENQM24	E-Mini NASDAQ	18144.12	18231.50	18369.12	18456.50	18594.12
YMM24	Mini-Dow	39265	39404	39543	39682	39821

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CURRENCIES COMMENTARY

3/14/2024

We leave the trend pointing down in the dollar

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +94, YEN -6, SWISS -25, CA DOLLAR -20**

Upcoming International Reports (all times CT)

03/14 Swiss Producer Price Index 2:30 AM
03/14 Business Inventories 7:30 AM
03/14 Canadian Monthly Survey of M 7:30 AM
03/14 Jobless Claims 7:30 AM
03/14 PPI 7:30 AM
03/14 Retail Sales 7:30 AM
03/14 EIA Gas Storage 9:30 AM
03/15 France Consumer Price Index 2:45 AM
03/15 Canadian Housing Starts 7:15 AM
03/15 Canadian New Motor Vehicle S 7:30 AM
03/15 Canadian Wholesale Trade 7:30 AM
03/15 Capacity Utilization 8:15 AM
03/15 Industrial Production 8:15 AM



DOLLAR: In general, the dollar has displayed a bearish tendency with typically bullish developments resulting in very modest and ultimately only temporary gains. Furthermore, the dollar has mostly coiled over the prior two weeks, potentially projecting the emergence of the next trend today. However, given record Bitcoin prices this morning and recent massive gains in gold, it appears that the dollar is not a primary flight to quality vehicle in the current trade. Certainly, the trade will be hyper focused on the US PPI report today, but it should be noted that a residual inflation signal from CPI resulted in a failed rally. Pushed into the market we favor a sell Dollar rallies strategy.

Other Currencies: From a classic chart perspective, the bias in the euro remains up but uptrend channel buying support today is 1.088 and increases to 1.0891 tomorrow. Given a much softer than expected German wholesale price index reading, and softer than expected euro zone industrial production report yesterday, the bull camp in the euro hopes that the hotter than expected Spanish consumer price index readings for February this morning will help cushion the currency against the initial US PPI reaction. However, with the dollar failing to sustain bullish action, the euro in a sideways to lower track early today and the pound supported by a strengthening UK housing market prices last month the pound has a leadership argument. Buying support in the pound today is 1.2765. The Canadian dollar could also challenge the Pound as the leadership currency today with strengthening oil prices this week providing a cushion along with rising soft landing confidence from the National Bank of Canada. Unfortunately for the bull camp, a significant rally off this week's lows leaves the Canadian overbought and at the top of the last three weeks consolidation range, which naturally expands the risk of fresh long positions at today's levels.

TODAY'S MARKET IDEAS:

While the trade managed to leave hopes of a June US rate cut alive after the seemingly sticky US CPI result on Tuesday, those rate cut hopes could die today with market sentiment pushing out US easing to the July meeting. Pushed into the market we favor a sell rally strategy in the dollar.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/14/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 102.45. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 102.96 and 103.15, while 1st support hits today at 102.61 and below there at 102.45.

EURO (MAR) 03/14/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. 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 downside objective is now at 109.0300. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 109.7200 and 109.9100, while 1st support hits today at 109.2800 and below there at 109.0300.

JAPANESE YEN (MAR) 03/14/2024: 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 slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 68.12. The next area of resistance is around 67.90 and 68.12, while 1st support hits today at 67.54 and below there at 67.39.

SWISS (MAR) 03/14/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 next upside target is 114.22. The next area of resistance is around 114.01 and 114.22, while 1st support hits today at 113.70 and below there at 113.61.

CANADIAN DOLLAR (MAR) 03/14/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. The upside crossover of the 9 and 18 bar moving average is a positive signal. 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 74.43. The next area of resistance is around 74.34 and 74.43, while 1st support hits today at 74.12 and below there at 74.00.

BRITISH POUND (MAR) 03/14/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 127.59. The next area of resistance is around 128.16 and 128.32, while 1st support hits today at 127.80 and below there at 127.59.

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	102.78	29.91	36.74	27.45	26.36	102.81	103.19	103.56	103.51	103.05
JYAH24	67.72	60.07	54.55	65.60	71.33	67.94	67.41	67.07	67.72	68.52
EU6H24	109.5000	70.30	63.57	78.38	77.86	109.38	109.09	108.70	108.64	109.03
BPAH24	127.98	64.08	61.37	77.18	72.82	128.14	127.63	127.05	126.84	126.90
CAAH24	74.23	58.59	54.12	54.17	63.22	74.17	74.00	73.99	74.20	74.46
SFAH24	113.85	47.92	44.33	54.19	60.18	113.96	113.70	113.74	115.05	115.83

DAAH24 66.23 64.91 59.34 68.06 72.24 0.66 0.66 0.66 0.66 0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.44	102.60	102.80	102.96	103.15
JYAH24	Japanese Yen	67.38	67.53	67.75	67.90	68.12
EU6H24	Euro	109.0300	109.2800	109.4700	109.7200	109.9100
BPAH24	British Pound	127.58	127.79	127.95	128.16	128.32
CAAH24	Canadian Dollar	73.99	74.12	74.21	74.34	74.43
SFAH24	Swiss	113.60	113.70	113.91	114.01	114.22
DAAH24	Australian Dollar	65.86	66.05	66.20	66.40	66.55

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