



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 18, 2024

## BONDS COMMENTARY

3/18/2024

**Under mild pressure in front of critical events later this week**

### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

**BONDS -0**

The Treasury markets have maintained a tight coiling price pattern as Bonds and Notes are finding mild pressure early on. With significant market events later this week, there may be little motivation for a sizable move in prices. Global equity markets have a positive tone following better than expected Chinese economic data, and that could weigh on Treasuries. While the CME's Fed Watch tool is projecting only a 1% chance for a rate cut at Wednesday's FOMC meeting, the Fed's quarterly economic projections will provide clues on upcoming policy moves. If The Fed pulls back on their December projection of 75 basis points in rate cuts this year, it could send Treasury prices well below their mid-February lows.



The March 12th Commitments of Traders report showed Bonds Non-Commercial & Non-Reportable traders were net long 4,568 contracts after decreasing their long position by 7,296 contracts. In the T-Notes market Non-Commercial & Non-Reportable traders reduced their net short position by 105,475 contracts to a net short 500,433 contracts.

### TODAY'S MARKET IDEAS:

A mild flare-up of US inflation may outweigh the mixed tone to recent US data, so the prospect of "only" 50 basis points in Fed rate cuts could keep Treasuries under pressure. Near-term resistance for June Bonds is at 119-06 while near-term resistance for June notes is at 110-10.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

| Commitment of Traders - Futures and Options - 3/5/2024 - 3/12/2024 |                |                   |            |                |                   |        |
|--|----------------|-------------------|------------|----------------|-------------------|--------|
| Financials   | Non-Commercial |                   | Commercial | Non-Reportable |                   |        |
|  | Net Position   | Weekly Net Change |            | Net Position   | Weekly Net Change |        |
| <b>Bonds</b>   | -52,834        | -6,301            | -4,567     | +7,298         | 57,402            | -995   |
| <b>T-Notes</b>   | -536,677       | +102,633          | 500,433    | -105,475       | 36,244            | +2,842 |

### BONDS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

BONDS (JUN) 03/18/2024: Momentum studies trending lower at mid-range should accelerate a move lower 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 target is 118-010. The next area of resistance is around 119-020 and 119-160, while 1st support hits today at 118-110 and below there at 118-010.

10 YR TREASURY NOTES (JUN) 03/18/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 109-235. The next area of resistance is around 110-075 and 110-150, while 1st support hits today at 109-280 and below there at 109-235.

## STOCKS COMMENTARY

3/18/2024

### Finding mild support in front of FOMC meeting results later this week

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 +20

Global equity markets have started out an eventful week with a mostly positive tone. A set of critical Chinese economic numbers released overnight were highlighted by better-than-expected readings for industrial production and retail sales. European data included an in-line reading for February Euro zone CPI. The North American session will start out with the February Canadian industrial product price index (IPPI) which is forecast to have a mild uptick from January's -2.9% year-over-year rate. The March NAHB housing market index is expected to hold steady with February's 48 reading.



**S&P 500:** US equity markets have found their footing after their pullback late last week, although gains have been muted in front of Wednesday's FOMC meeting results. Positive Chinese data results have soothed market concern over the strength of their economic rebound. There is a chance that the Fed's quarterly economic projections may adjust their forecast of 75 basis points of cuts in 2024 down to 50, and that may keep S&P gains in check until Wednesday. The March 12th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 149,523 contracts after net selling 24,315 contracts.

**Other US Indexes:** Several Dow components are financial services firms which would be impacted by the Fed pulling back on rate cuts this year. The Nasdaq has found decent early support as Tesla shares have rebounded from Friday's 11-month low while the market has shaken off Adobe's negative guidance from late last week.

The Commitments of Traders report for the week ending March 12th showed mini-Dow Jones Non-Commercial & Non-Reportable traders were net long 17,809 contracts after increasing their already long position by 487 contracts. Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 9,838 contracts after decreasing their long position by 2,147 contracts.

#### TODAY'S MARKET IDEAS:

US equities should maintain a mildly positive tone, but a strong upside move is unlikely until the market digests the FOMC meeting results on Wednesday. The Nasdaq should continue to outperform the other US stock indices as tech stocks should receive positive commentary at Nvidia's conference. Near-term support for the June S&P is at 5,170 while resistance is up at 5,230. Near-term resistance in the June Dow Jones is at 39,250. Near-term support in the June Nasdaq is at 18,050.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

|                   | 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        | -236,347       | -37,313           | 149,522      | +24,313           | 86,824         | +12,998           |

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/18/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 5128.00. The next area of resistance is around 5214.25 and 5254.00, while 1st support hits today at 5151.25 and below there at 5128.00.

MINI-DOW (JUN) 03/18/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 38810. The next area of resistance is around 39327 and 39565, while 1st support hits today at 38949 and below there at 38810.

E-MINI NASDAQ (JUN) 03/18/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 17799.13. The next area of resistance is around 18225.00 and 18432.12, while 1st support hits today at 17908.50 and below there at 17799.13.

## 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>FINANCIAL COMPLEX</b> |          |           |            |                     |                     |             |             |              |              |              |
| USAAM24                  | 118-220  | 36.56     | 41.99      | 56.99               | 39.31               | 119.61      | 120.61      | 119.72       | 120.10       | 121.02       |
| TYAAM24                  | 110-015  | 33.36     | 38.79      | 50.38               | 32.10               | 110.59      | 111.13      | 110.75       | 111.36       | 111.80       |
| EPM24                    | 5182.75  | 52.07     | 56.62      | 77.02               | 69.60               | 5219.31     | 5201.39     | 5176.58      | 5063.45      | 5008.55      |
| ENQM24                   | 18066.75 | 42.66     | 47.85      | 56.58               | 40.73               | 18289.81    | 18302.61    | 18281.68     | 17973.90     | 17745.55     |
| YMM24                    | 39138    | 44.08     | 49.03      | 53.71               | 48.92               | 39374.50    | 39271.11    | 39347.83     | 38968.84     | 38769.07     |

Calculations based on previous session. Data collected 03/15/2024

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> |                      |           |           |          |          |          |
| USAAM24                  | Bonds                | 118-000   | 118-100   | 118-240  | 119-020  | 119-160  |
| TYAAM24                  | 10 Yr Treasury Notes | 109-230   | 109-275   | 110-030  | 110-075  | 110-150  |
| EPM24                    | S&P E-Mini           | 5128.00   | 5151.25   | 5191.00  | 5214.25  | 5254.00  |
| ENQM24                   | E-Mini NASDAQ        | 17799.12  | 17908.50  | 18115.62 | 18225.00 | 18432.12 |
| YMM24                    | Mini-Dow             | 38809     | 38949     | 39187    | 39327    | 39565    |

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## CURRENCIES COMMENTARY

3/18/2024

### Dollar remains well supported in front of FOMC meeting

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
US DOLLAR -54, YEN -5, SWISS +13, CA DOLLAR -5

#### Upcoming International Reports (all times CT)

03/18 Japan BOJ Meeting  
03/18 Japan BOJ Rate 12:00 AM  
03/18 Euro-zone Consumer Price Ind 5:00 AM  
03/18 Euro-zone Foreign Trade 5:00 AM  
03/18 Canadian Industrial Product 7:30 AM  
03/18 Japan Industrial Production 11:30 PM  
03/19 FOMC Meeting  
03/19 Swiss Trade Balance 2:00 AM  
03/19 Euro-zone Labor Cost Index 4:00 AM  
03/19 German ZEW Indicator of Econ 5:00 AM  
03/19 Canadian Consumer Price Inde 7:30 AM  
03/19 Housing Starts 7:30 AM  
03/19 API Energy Stocks 3:30 PM



**DOLLAR:** The Dollar has kept within a tight range for a second session in a row ahead of the FOMC meeting notes Wednesday. The prospect of a rate cut at Wednesday's FOMC meeting has fallen to just 1%, and there is an increasing chance that the Fed may adjust their December projection of cutting 75 basis points this year down to only 50 basis points. Recent US economic data has produced mixed results, but the mild uptick with the latest inflation readings may become the front and center issue for Fed members at this week's meeting. The US economic calendar will be relatively light in front of the FOMC meeting, but today's NAHB housing market index as well as tomorrow's housing starts and building permits readings are all expected to show improvement that should underpin the Dollar. The March 12th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders added 2,408 contracts to their already long position and are now net long 6,374.

**Other Currencies:** The Yen has fallen to a 1 1/2 week low in front of Tuesday's Bank of Japan policy meeting as they have been preparing to shift its policy towards increasing rates, and this could mark a major low for the Yen. The BOJ had not raised rates since early 2007, and they have had a negative interest rate policy in place since February 2016 and a yield curve control (YCC) policy since September 2016. Japanese wage negotiations are projecting the largest increases in more than 30 years, which should give the BOJ added confidence to make a hawkish shift in policy. With the possibility of a rebound in Japanese inflation, a retest of the February lows could be an opportunity to approach the long side of the market. The Euro has shaken off mild early pressure following an in-line Euro zone CPI reading, but further gains should be held in check in front of Wednesday's FOMC meeting. The Canadian dollar has held its ground above last Friday's low and may receive a boost from a likely uptick in Canadian IPPI later this morning. The Commitments of Traders report for the week ending March 12th showed Euro Non-Commercial & Non-Reportable traders net bought 8,914 contracts and are now net long 109,428 contracts.

#### TODAY'S MARKET IDEAS:

The Dollar should remain well supported in front of the FOMC meeting, but it may need surprisingly good US housing data today and tomorrow to extend its recovery move. If the Yen retests its February lows, it would provide an opportunity to approach the long side. Near-term support is at 102.65 as the Dollar should maintain an upward bias early this week. Near-term support in the June Euro is at 1.0890. Near-term support in the Canadian dollar is at 65.65.

### NEW RECOMMENDATIONS:

\* Look to buy a May Japanese Yen 68.50/70.50 bull call spread at 44 or better. \*

### PREVIOUS RECOMMENDATIONS:

None.

### CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/18/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 objective is 103.24. The next area of resistance is around 103.17 and 103.24, while 1st support hits today at 102.98 and below there at 102.87.

EURO (JUN) 03/18/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 109.0213. The next area of resistance is around 109.4275 and 109.5512, while 1st support hits today at 109.1625 and below there at 109.0213.

JAPANESE YEN (JUN) 03/18/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 67.64. The next area of resistance is around 68.30 and 68.66, while 1st support hits today at 67.79 and below there at 67.64.

SWISS (JUN) 03/18/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 113.86. The next area of resistance is around 114.50 and 114.72, while 1st support hits today at 114.08 and below there at 113.86.

CANADIAN DOLLAR (JUN) 03/18/2024: 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 market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 73.75. The next area of resistance is around 74.05 and 74.19, while 1st support hits today at 73.83 and below there at 73.75.

BRITISH POUND (JUN) 03/18/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 127.11. The next area of resistance is around 127.59 and 127.80, while 1st support hits today at 127.25 and below there at 127.11.

### DAILY TECHNICAL STATISTICS

| CLOSE | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|-------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
|-------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|

**CURRENCY COMPLEX**

|        |          |       |       |       |       |        |        |        |        |        |
|--------|----------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| DXAM24 | 103.07   | 51.86 | 49.81 | 34.06 | 43.21 | 102.75 | 102.73 | 103.11 | 103.22 | 102.75 |
| JYAM24 | 68.04    | 43.69 | 44.75 | 61.53 | 53.50 | 68.47  | 68.50  | 68.06  | 68.56  | 69.34  |
| EU6M24 | 109.2950 | 50.62 | 52.02 | 69.80 | 60.32 | 109.54 | 109.57 | 109.20 | 109.00 | 109.41 |
| BPAM24 | 127.42   | 51.23 | 53.42 | 68.45 | 58.88 | 127.76 | 127.83 | 127.26 | 126.90 | 126.96 |
| CAAM24 | 73.94    | 43.88 | 45.35 | 52.32 | 47.61 | 74.13  | 74.14  | 74.06  | 74.24  | 74.51  |
| SFAM24 | 114.29   | 33.23 | 36.23 | 49.12 | 40.67 | 114.65 | 114.79 | 114.79 | 115.94 | 116.83 |
| DAAM24 | 65.78    | 47.07 | 48.55 | 64.24 | 57.89 | 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 |
|-------------------------|-------------------|-----------|-----------|----------|----------|----------|
| <b>CURRENCY COMPLEX</b> |                   |           |           |          |          |          |
| DXAM24                  | US Dollar         | 102.86    | 102.98    | 103.05   | 103.17   | 103.24   |
| JYAM24                  | Japanese Yen      | 67.63     | 67.78     | 68.15    | 68.30    | 68.66    |
| EU6M24                  | Euro              | 109.0212  | 109.1625  | 109.2862 | 109.4275 | 109.5512 |
| BPAM24                  | British Pound     | 127.10    | 127.24    | 127.45   | 127.59   | 127.80   |
| CAAM24                  | Canadian Dollar   | 73.74     | 73.82     | 73.97    | 74.05    | 74.19    |
| SFAM24                  | Swiss             | 113.85    | 114.07    | 114.28   | 114.50   | 114.72   |
| DAAM24                  | Australian Dollar | 65.51     | 65.63     | 65.81    | 65.93    | 66.11    |

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