



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday March 19, 2024

BONDS COMMENTARY

3/19/2024

Holding in tight ranges after BOJ results and in front of FOMC meeting results

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

The Treasury markets continue to have a tight coiling price pattern as Bonds and Notes are finding modest support coming into this morning's action. The Bank of Japan's first rate hike in 17 years finished their era of negative interest rates while they also ended their yield curve control program. Many of today's moves had been telegraphed by the BOJ for several weeks, and that has fueled a "sell the fact" downdraft in the Yen. This has eroded global risk sentiment and in turn has underpinned Bonds and Notes early in today's action. The latest NAHB housing market index reading came in much higher than trade forecasts which provided a mild boost to risk appetites following better than expected Chinese economic data. There will be more data on the US housing sector later today with housing starts and building permits expected to have upticks. While weaker than forecast results could give an additional boost to Treasuries, they should hold in a tight range before tomorrow's FOMC results. If The Fed pulls back on their December projection of cutting 75 basis this year, it could send Treasury prices well below their mid-February lows. Keep in mind that the CME's Fed Watch tool is still projecting a 1% chance for a rate cut at Wednesday's FOMC meeting and less than a 9% chance of a May FOMC rate cut. Later today, the January Treasury International Capital (TIC) report will be scrutinized for net changes to Chinese and Japanese Treasury holdings.



TODAY'S MARKET IDEAS:

Strong US housing data could take Bonds and Notes back towards their daily lows, but there is little motivation to have a strong move in prices before the Fed has their say on matters tomorrow afternoon. The bulls will continue to hold the upper hand in Treasuries, but prices should stay range-bound during today's trading. Near-term support for June Bonds is at 118-06 while near-term support for June notes is at 109-25.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/19/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 117-210. The next area of resistance is around 118-240 and 119-060, while 1st support hits today at 118-000 and below there at 117-210.

10 YR TREASURY NOTES (JUN) 03/19/2024: 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 109-170. The next area of resistance is around 110-025 and 110-105, while 1st support hits today at 109-220 and below there at 109-170.

STOCKS COMMENTARY

3/19/2024

Stocks wait for tomorrow's FOMC meeting notes.

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 -10**

Asian stock indices finished with mixed results and were led to the downside by the Hong Kong Hang Seng while major European equity markets are seeing mild early losses and were led to the downside by the French CAC-40. The Bank of Japan raised interest rates for the first time since 2007 and finished negative rate policy and yield curve control programs. Although the Nikkei finished in positive territory, their action provided little carryover support to other major stock markets. Japanese industrial production and the Swiss trade balance were slightly above market expectations. The European session will also feature March readings for the German ZEW survey and Euro zone ZEW survey. This morning's trading will start out with a weekly private survey of same-store sales followed by February US housing starts which are expected to have a sizable uptick from January's 1.331 million annualized rate. February US building permits are forecast to have a minimal uptick from January's 1.489 million annualized rate. February Canadian CPI is expected to have a modest uptick from January's 2.9% year-over-year rate. Later in the day, the January Treasury International Capital report will show net changes to Chinese and Japanese Treasury holdings.



S&P 500: The June S&P stayed in a tight range in the early going and has been unable to extend Monday's strength. The S&P continues to benefit from strength in the "Magnificent 7" tech stocks which was given an added boost by a sizable rebound in Tesla and a potential hook-up with Apple and Alphabet/Google for AI technology in iPhones. In addition, Adobe's recovery also provided support to the S&P. Global risk sentiment appears to be deteriorating after the BOJ's hawkish policy moves, and that may pressure the S&P.

Other US Indexes: The Dow Jones has also stayed within a very tight early range as it continues to face headwinds from Boeing's plane issues. On the other hand, most of the Dow's financial services firms have found their footing in front of Wednesday's FOMC meeting which should provide underlying support. The Nasdaq saw the strongest performance of major US indices on Monday as it benefited from the positive Apple and Alphabet/Google news. Nvidia's developers conference included the introduction of a new AI chip, but a lukewarm market reception put pressure on the Nasdaq early today.

TODAY'S MARKET IDEAS:

Help for North American equity markets may be close at hand as today will see critical US housing data and critical Canadian inflation data. If US housing starts and building exceed forecast while Canadian CPI comes in lower than expected, it should help to soothe near-term risk concerns and provide support to the market US equity market. Near-term resistance for the June S&P is at 5,230 while support is down at 5,170. Near-term support in the June Dow Jones is at 39,050. Near-term resistance in the June Nasdaq is at 18,300.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/19/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 5153.13. The next area of resistance is around 5241.50 and 5270.12, while 1st support hits today at 5183.00 and below there at 5153.13.

MINI-DOW (JUN) 03/19/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 market has a slightly positive tilt with the close over the swing pivot. The next downside target is 38970. The next area of resistance is around 39346 and 39465, while 1st support hits today at 39098 and below there at 38970.

E-MINI NASDAQ (JUN) 03/19/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. 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 close over the pivot swing is a somewhat positive setup. The next downside target is now at 17901.44. The next area of resistance is around 18378.12 and 18538.93, while 1st support hits today at 18059.38 and below there at 17901.44.

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	118-120	34.01	40.24	47.54	28.63	119.02	120.34	119.76	120.00	120.93
TYAAM24	109-280	30.49	36.76	40.99	21.89	110.26	110.96	110.73	111.29	111.74
EPM24	5212.25	58.03	60.05	74.33	68.88	5212.75	5208.08	5184.10	5071.21	5014.25
ENQM24	18218.75	49.04	51.63	50.21	37.57	18226.00	18301.33	18296.22	17997.06	17761.88
YMM24	39222	47.74	51.10	51.22	46.11	39316.00	39290.00	39358.56	38989.67	38785.13

Calculations based on previous session. Data collected 03/18/2024

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	117-200	117-310	118-130	118-240	119-060
TYAAM24	10 Yr Treasury Notes	109-165	109-215	109-295	110-025	110-105
EPM24	S&P E-Mini	5153.12	5183.00	5211.62	5241.50	5270.12
ENQM24	E-Mini NASDAQ	17901.43	18059.37	18220.18	18378.12	18538.93
YMM24	Mini-Dow	38969	39098	39217	39346	39465

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CURRENCIES COMMENTARY

3/19/2024

Post-BOJ rate hike selloff in Yen providing Dollar with underlying support

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR +322, YEN -59, SWISS -19, CA DOLLAR -215

Upcoming International Reports (all times CT)

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
03/20 FOMC Meeting
03/20 German Producer Price Index 2:00 AM
03/20 UK Consumer Price Index 2:00 AM
03/20 UK Producer Price Index 2:00 AM
03/20 EIA Energy Stocks 9:30 AM
03/20 Japan Trade Balance 6:50 PM



DOLLAR: After losing mild early support, the Dollar has regained strong upside momentum as it reached a 3-week high with sizable gains early today. The Yen's negative reaction to the first BOJ rate hike in 17 years has underpinned the Dollar this morning as it approaches tomorrow's FOMC meeting results. Today's February US housing starts and building permits results are expected to show upticks from January's readings, and that may strengthen the case for the Fed cutting 50 basis points this year instead of the 75 basis points in their December economic projections. There is still a 1% chance for a rate cut tomorrow and less than a 9% chance for a May rate cut, which is due in part to last week's higher than expected readings for February US CPI and February US PPI. As a result, that should give the Dollar the upper hand over most major currencies during today's pre-FOMC session.

Other Currencies: The Yen has fallen sharply to the downside this morning in a "sell the fact" pullback. The Bank of Japan telegraphed their first rate hike since early 2007 during the past few weeks which also ended their negative rate policy, and they have also confirmed they will end their yield curve control program as well. There are massive amounts of Japanese funds invested overseas that benefit from today's downdraft, but there are also significant amounts of carry trades that utilized Japan's negative rates. While the Yen remains on the defensive, it should find a near-term low soon. The Swiss franc has outperformed the other major currencies early today as it rebounded from a 4-month low into positive territory following an inline February Swiss trade surplus reading. The Canadian dollar has turned back to the downside and reached a 2-week low in front of this morning's February Canadian CPI result. If there is an uptick in the year-over-year rate from January, the Canadian dollar should regain and sustain upside momentum.

TODAY'S MARKET IDEAS:

The Dollar should remain well supported in front of the FOMC meeting, but it will still require good US housing data today to extend its recovery move. Near-term support is at 102.65 as the Dollar should maintain an upward bias early this week. Near-term support in the June Swiss franc is at 1.0890. Near-term resistance in the June Canadian dollar is at 65.65.

NEW RECOMMENDATIONS:

Buy a May Japanese Yen 68.50/70.50 bull call spread at 28 or better.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/19/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 103.50. The next area of resistance is around 103.40 and 103.50, while 1st support hits today at 103.09 and below there at 102.87.

EURO (JUN) 03/19/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The outside day down and close below the previous day's low is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 108.7963. The next area of resistance is around 109.3125 and 109.5862, while 1st support hits today at 108.9175 and below there at 108.7963.

JAPANESE YEN (JUN) 03/19/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 67.80. The next area of resistance is around 68.08 and 68.19, while 1st support hits today at 67.88 and below there at 67.80.

SWISS (JUN) 03/19/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. 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 is in a bearish position with the close below the 2nd swing support number. The next downside objective is 113.07. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 114.10 and 114.67, while 1st support hits today at 113.30 and below there at 113.07.

CANADIAN DOLLAR (JUN) 03/19/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 73.82. The next area of resistance is around 74.06 and 74.13, while 1st support hits today at 73.90 and below there at 73.82.

BRITISH POUND (JUN) 03/19/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 under the swing pivot. The next downside target is now at 127.05. The next area of resistance is around 127.48 and 127.66, while 1st support hits today at 127.18 and below there at 127.05.

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										
DXAM24	103.24	56.45	52.86	39.87	51.48	102.92	102.71	103.09	103.25	102.79
JYAM24	67.97	42.61	44.06	56.18	45.48	68.29	68.52	68.07	68.50	69.28
EU6M24	109.1150	46.06	49.08	64.12	52.69	109.39	109.58	109.22	108.97	109.38
BPAM24	127.33	48.73	51.82	63.45	53.45	127.59	127.86	127.31	126.89	126.96
CAAM24	73.98	45.59	46.36	49.66	44.33	74.07	74.17	74.05	74.22	74.49
SFAM24	113.70	25.77	31.24	41.86	27.34	114.31	114.71	114.71	115.81	116.75
DAAM24	65.75	46.30	48.07	60.40	52.43	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						
DXAM24	US Dollar	102.86	103.08	103.18	103.40	103.50
JYAM24	Japanese Yen	67.79	67.88	67.99	68.08	68.19
EU6M24	Euro	108.7962	108.9175	109.1912	109.3125	109.5862
BPAM24	British Pound	127.04	127.17	127.35	127.48	127.66
CAAM24	Canadian Dollar	73.81	73.90	73.97	74.06	74.13
SFAM24	Swiss	113.06	113.29	113.87	114.10	114.67
DAAM24	Australian Dollar	65.54	65.63	65.77	65.86	65.99

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