



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday March 26, 2024

BONDS COMMENTARY

3/26/2024

Buy a dip off a US durable goods rebound

**OVERNIGHT CHANGES THROUGH 4:10 AM (CT):
BONDS N/A**

The treasury trade continues to see bullish press interpretations of the current Fed stance with yesterday's higher high partially the result of chatter that the Fed would likely cut rates into the election season which in turn would help the case of the incumbent presidential candidate. However, several Fed members remain concerned about stubborn inflation even though most agree that the trend in inflation has shifted down. An example of the divided sentiment within the Fed was provided yesterday as the Fed's Goolsbee stuck with his view of three rate cuts before the end of the year while the Fed's Bostic indicated he saw only one rate cut before the end of the year. At present the CME Fed watch tool pegs the probability of a June rate cut at 64.4% with that probability likely to fluctuate significantly in the face of a very active US economic report scheduled today. However, yesterday's \$66 billion dollar auction of two year treasury notes resulted in an uptick in treasury yields which does not bode well for today's five year note auction. On the other hand, it is possible that the treasury markets will continue to partially discount the importance of the pace of the economy in favor of inflation signals with respect to central bank policy expectations. Therefore, the trade might discount a rebound in today's US durable goods report with the reading today likely higher in a balancing adjustment to the massive decline last month. It should be noted that the markets will be presented with two Price related reports today in the form of US Housing Price Index readings for January and the S&P Case Shiller home price index reading for January. Expectations for the Case Shiller home price reading is for an increase in house prices, but after the reaction to durable goods report we suspect ranges will be very narrow as traders wait for the PCE report on Thursday to establish fresh positions. Critical economic news released overnight included a significant drop in Australian Westpac Consumer Confidence for March, level Japanese corporate services price index readings for February, not as bad as feared German Gfk Consumer Confidence Survey readings for April, and as expected Spanish GDP readings for the fourth quarter. The North American session will start out with a weekly private survey of same store sales followed by February US durable goods which are expected to have a sizable uptick from January's -6.1% reading. The January Case-Shiller home price index is forecast to have a modest uptick from December's 6.1% year-over-year rate. The January FHFA house price index is expected to hold steady with December's 0.1% reading. The Conference Board's March reading on US consumer confidence is forecast to have a mild uptick from February's 106.7 reading. The Richmond Fed's March manufacturing index is expected to have a minimal uptick from February's -5 reading. February Canadian wholesale sales are forecast to have a minimal uptick from January's 0.1% reading. Earnings announcements will include McCormick & Company before the Wall Street opening.



TODAY'S MARKET IDEAS:

As indicated already, we see treasury prices faltering in the wake of a statistical rebound in US durable goods and without noted surprises in today's data or from the midday auction we suspect trading ranges will be narrow as traders' square positions ahead of the PCE report on Thursday. However, if the midday five year note auction shows extremely weak demand that could result in a temporary spike down move, which traders are likely to see as a bargain hunting buying opportunity. Uptrend channel support today in the June Bond contract to is 118-16.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/26/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 118-180. The next area of resistance is around 119-280 and 120-170, while 1st support hits today at 118-290 and below there at 118-180.

10 YR TREASURY NOTES (JUN) 03/26/2024: 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. The downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 111-025. The next area of resistance is around 110-245 and 111-025, while 1st support hits today at 110-100 and below there at 110-050.

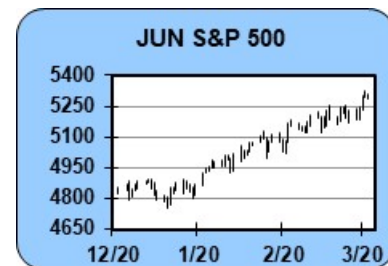
STOCKS COMMENTARY

3/26/2024

Durables likely to balance noted weakness from last month with a gain today

OVERNIGHT CHANGES THROUGH 4:10 AM (CT):
S&P 500 +16

Overnight global equity markets were mixed again with the markets in Asia showing strength while US and European stocks traded around unchanged. In retrospect, the bull camp should be disappointed in the inability to push stock prices higher yesterday as the view in the marketplace continues to favor the prospect of lower US rates. On the other hand, the equity markets have currently lost their capacity to spin Fed news into a distinct positive and instead sentiment continues to be undermined by concerning headlines for Apple, Google, Meta platforms, and Boeing! Another undermine for equities is rising concern of reduced sales by US chip makers following China's restrictions on foreign made chips and foreign database software. Earnings announcements will include McCormick & Company before the Wall Street opening.



S&P 500: While the change in leadership at Boeing has provided a five dollar rally in Boeing shares, it does not appear the move is resulting in a wave of hope that Boeing manufacturing problems are behind the company. Fortunately for the bull camp the S&P saw lift from strength in energy patch shares following a sharp upside extension in crude oil prices yesterday. Uptrend channel support in the June S&P today is well off the market down at 5235.80, with that level a potential long entry price if durable goods come in with a reading slightly below expectations which call for a gain of 1.3% as that in turn will spark rate fresh cut chatter.

Other US Indexes: While Boeing shares have bounced and provided the Dow with some cushion against the current corrective tilt, we feel prices have further corrective action before finding a solid low. Uptrend channel support in the June Dow futures today is 39,364.70 with a trade above 39,855 needed to shift the trend back to the upside. We are surprised the NASDAQ has held up better than other sectors of the market in the face of fresh concerns of soft sales from US AI chip makers and US AI software makers. However, the core of the bull market of the last several months has been unabashed optimism toward future AI revenues and a temporary sales hit from Chinese trade barriers has been widely factored. Uptrend channel buying support in the NASDAQ today is

18,232 with a closer in and more aggressive long entry pricing at 18,414.75.

TODAY'S MARKET IDEAS:

While we expect narrow trading range action to continue into the Thursday PCE report aggressive traders might utilize a post US durable goods release dip to get long!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/26/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 5258.50. The next area of resistance is around 5289.50 and 5303.50, while 1st support hits today at 5267.00 and below there at 5258.50.

MINI-DOW (JUN) 03/26/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 downside target is 39559. The next area of resistance is around 39780 and 39902, while 1st support hits today at 39608 and below there at 39559.

E-MINI NASDAQ (JUN) 03/26/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 18699.50. The next area of resistance is around 18611.25 and 18699.50, while 1st support hits today at 18424.75 and below there at 18326.50.

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	119-120	48.39	48.10	28.19	27.90	119.24	119.06	119.90	119.80	120.48
TYAAM24	110-170	47.59	46.78	29.32	30.62	110.53	110.36	110.80	111.08	111.49
EPM24	5278.25	63.24	63.72	82.40	82.19	5292.94	5251.61	5222.04	5117.59	5050.08
ENQM24	18518.00	58.22	57.61	61.35	69.18	18550.81	18376.58	18377.90	18131.03	17870.74
YMM24	39694	54.55	55.80	69.80	68.36	39937.50	39616.67	39465.28	39194.73	38932.33

Calculations based on previous session. Data collected 03/25/2024

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	118-170	118-280	119-170	119-280	120-170
TYAAM24	10 Yr Treasury Notes	110-045	110-095	110-195	110-245	111-025
EPM24	S&P E-Mini	5258.50	5267.00	5281.00	5289.50	5303.50
ENQM24	E-Mini NASDAQ	18326.50	18424.75	18513.00	18611.25	18699.50
YMM24	Mini-Dow	39558	39608	39730	39780	39902

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CURRENCIES COMMENTARY

3/26/2024

Currencies to remain choppy until Thursday PCE

OVERNIGHT CHANGES THROUGH 4:10 AM (CT):
US DOLLAR N/A, YEN N/A, SWISS N/A, CA DOLLAR +20

Upcoming International Reports (all times CT)

03/26 German GfK Consumer Confiden 2:00 AM
03/26 Adv Durable Goods 7:30 AM
03/26 Consumer Confidence 9:00 AM
03/26 API Energy Stocks 3:30 PM
03/27 UK Nationwide Housing Price 2:00 AM
03/27 France Consumer Confidence 2:45 AM
03/27 Swiss ZEW Investor Sentiment 4:00 AM
03/27 Euro-zone Business and Consu 5:00 AM
03/27 EIA Energy Stocks 9:30 AM



DOLLAR: With the slight setback from a double high (Friday and Monday at 104.19-104.20), an overnight tempering of recent hawkish Bank of Japan views, and the potential for a rebound in US durable goods today should help the dollar find support well above uptrend channel support pricing of 103.12. However, the dollar is likely to remain off balance because of the lingering prospects of intervention by the Bank of Japan to support the yen. Furthermore, the rally in the dollar from the early March lows has been hard fought with the trade not easily pulled into the long side. Key support close in the dollar is 103.605 with the potential for a temporary rally following durable goods. On the other hand, given the very important US PCE report on Thursday the dollar trading range could narrow after today's US data.

Other Currencies: While the euro has bounced, overnight scheduled data fails to provide distinct fundamental support for the currency with German consumer confidence survey readings not as bad as expected but still deep in contractionary territory. However, Spanish GDP remained unchanged with a projected gain of 0.6% which is a positive for the euro given such negative economic sentiment in Europe. Obviously, yesterday's double low at 1.0839 is key support with a very modest upside reversal signal seen with a trade above 1.0905. We give a slight edge to the bull camp in the Pound partially because of the dollar's retrenchment from last week's high but traders are likely to hold their fire until tomorrow's central bank meeting minutes release. From a technical perspective the bull camp has an edge given the two successful rejections of the 200 day moving average and two successful rejections of a trade below 1.260. Clearly, the Canadian has won by default this week likely benefiting from noted strength in energy and metals prices. Perhaps the Canadian is benefiting from a thin economic report schedule with the rise in a private February factory sales reading yesterday providing necessary fundamental underpin following last week's sharp range up move. It is also likely that near record high pricing in the Canadian stock index is adding to the bullish tilt in the Canadian.

TODAY'S MARKET IDEAS:

Even though trading ranges this week have been relatively narrow, the Canadian has emerged as a leadership currency along with a suspect bullish view toward the dollar. Obviously, today's US durable goods report will set the tone for the trading session, but we expect a brief rally off the report and a quick give back of those gains.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a May Japanese Yen 68.50/70.50 bull call spread from 28. Use an objective of 176 and risk the entire spread premium on the trade.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/26/2024: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next upside target is 104.31. The next area of resistance is around 104.08 and 104.31, while 1st support hits today at 103.73 and below there at 103.61.

EURO (JUN) 03/26/2024: 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 daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 108.2725. The next area of resistance is around 108.9750 and 109.0925, while 1st support hits today at 108.5650 and below there at 108.2725.

JAPANESE YEN (JUN) 03/26/2024: Daily stochastics are trending lower but have declined into oversold territory. 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 66.71. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 67.00 and 67.13, while 1st support hits today at 66.79 and below there at 66.71.

SWISS (JUN) 03/26/2024: Daily stochastics are trending lower but have declined into oversold territory. 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 under the swing pivot. The next downside target is now at 112.01. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 112.42 and 112.67, while 1st support hits today at 112.10 and below there at 112.01.

CANADIAN DOLLAR (JUN) 03/26/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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 is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 73.44. The next area of resistance is around 73.81 and 73.92, while 1st support hits today at 73.58 and below there at 73.44.

BRITISH POUND (JUN) 03/26/2024: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 125.75. The next area of resistance is around 126.73 and 126.95, while 1st support hits today at 126.13 and below there at 125.75.

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
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CURRENCY COMPLEX

DXAM24	103.90	62.74	59.46	71.67	83.76	103.71	103.33	103.15	103.34	103.03
JYAM24	66.89	28.14	32.98	20.39	10.43	66.95	67.57	67.92	68.23	68.86
EU6M24	108.7700	43.28	45.64	37.50	25.28	108.95	109.16	109.25	108.90	109.21
BPAM24	126.43	40.09	43.66	36.31	23.71	126.72	127.17	127.33	126.88	126.94
CAAM24	73.69	41.18	42.90	34.52	24.35	73.86	73.95	73.99	74.17	74.34
SFAM24	112.26	17.45	23.53	18.32	11.68	112.72	113.53	114.14	115.29	116.23
DAAM24	65.53	44.74	46.25	41.01	32.37	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 03/25/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.61	103.73	103.96	104.08	104.31
JYAM24	Japanese Yen	66.70	66.78	66.92	67.00	67.13
EU6M24	Euro	108.2725	108.5650	108.6825	108.9750	109.0925
BPAM24	British Pound	125.75	126.13	126.35	126.73	126.95
CAAM24	Canadian Dollar	73.43	73.57	73.67	73.81	73.92
SFAM24	Swiss	112.00	112.09	112.33	112.42	112.67
DAAM24	Australian Dollar	65.11	65.34	65.48	65.72	65.86

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