



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 01, 2024

BONDS COMMENTARY

4/1/2024

Bullish resiliency remains in place

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

In retrospect, the treasury trade has settled into a bullish bias with the trade shaping scheduled data to their advantage! Clearly, there were some disappointments in March US inflation related reports, but trade perceptions are fixated on a June cut. Two weeks ago, soft data from the US was prominent, while last week the data was more benign. In fact, expectations for three interest rate cuts this year have been reduced with current expectations of a June rate cut at only 65%! However, the US nonfarm payroll report is scheduled for release on Friday with nonfarm payrolls expected to add only 200,000 jobs versus 275,000 last month. In today's action the trade will be presented with US and Canadian global manufacturing PMI readings, US construction spending (including employment index readings) and ISM manufacturing PMI. General expectations for the scheduled data this morning favor the bear camp, but a bullish bias is likely to support bonds and Notes on breaks. Uptrend channel buying support in June bonds is 119-24. However, with the gains since the last COT positioning report was measured, the net spec and fund long position in bonds is likely at or above the levels seen in the early and very anxious Covid breakout in February 2020! Bonds positioning in the Commitments of Traders for the week ending March 26th showed Non-Commercial & Non-Reportable traders are net long 34,526 contracts after net buying 13,680 contracts. For T-Notes Non-Commercial & Non-Reportable traders added 5,890 contracts to their already short position and are now net short 510,508. Global equity markets overnight were mostly higher except for the markets in Spain which traded 0.33% lower. Critical economic news released overnight included a Japanese Tankan Large manufacturing index reading come in better than expectations as did the Japanese Tankan All Industry Capex showed and non-manufacturing index readings improved, the Chinese Caixin cactus in manufacturing PMI came in slightly better than expected. Many European markets and the Canadian market were closed for Easter Monday. Critical US economic data scheduled for release today includes S&P global manufacturing PMI for March, US construction spending for February, which is expected to gain of 0.6%, ISM Manufacturing employment index readings for March, ISM manufacturing new orders index for March, ISM manufacturing PMI, which is expected to be up, and ISM Manufacturing prices paid for March which is also expected to tick higher.



TODAY'S MARKET IDEAS:

The bias remains with the trade continuing to embrace the idea of a June US rate cut. However, some scheduled data has been neutral, some has been bearish to treasuries with the trade seemingly embracing the bull case by default. Uptrend channel support in June bonds is 119-24 with uptrend channel support in June treasury notes at 110-20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/19/2024 - 3/26/2024		
Non-Commercial	Commercial	Non-Reportable
34,526	-510,508	

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-25,335	-1,048	-34,525	-13,679	59,861	+14,728
T-Notes	-552,656	-929	510,508	+5,891	42,148	-4,961

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/01/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 121-020. The next area of resistance is around 120-210 and 121-020, while 1st support hits today at 119-260 and below there at 119-110.

10 YR TREASURY NOTES (JUN) 04/01/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 111-020. The next area of resistance is around 110-280 and 111-020, while 1st support hits today at 110-170 and below there at 110-115.

STOCKS COMMENTARY

4/1/2024

The bull camp retains control

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

Global equity markets overnight were mostly higher except for the markets in Spain which traded 0.33% lower. Clearly, the bull camp retains control with constant hope of a June rate cut seemingly smoothing over potential threats to equity markets. In addition to favorable Chinese manufacturing data overnight, investors are also hopeful of "Goldilocks" US PMI numbers today and hopeful of US jobs data which shows modest growth.



S&P 500: With new all-time highs posted early today despite several negative Tesla headlines and global stocks trading higher in the face of Chinese criticism of US Export rules, the bull camp is apparently solid. While the most recent CME Fed watch tool pegs the prospects of a June rate cut at only 65%, the bull camp seems to think the odds of a June cut are much higher. Fortunately for the bull camp, the latest positioning report shows the S&P still "net spec and fund short" and the charts continue to present very uniform uptrend channel patterns. The March 26th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 86,736 contracts after net buying 27,738 contracts. Uptrend channel buying support today is relatively far off the market at 5265.80 with closer in support seen at 5301.00. Top of the uptrend channel and targeting is seen at 5366.40.

Other US Indexes: Like the S&P futures, Dow futures have also posted new highs and appear to have extended the second half of March bullish bias into the month of April. While interest rates have not plummeted, the bias for lower rates is entrenched and traders/investors have been willing to embrace virtually unchanged inflation readings into the belief that inflation is coming down. Uptrend channel support in the June Dow is 39,951 with top of the channel targeting today at 40,489. The Commitments of Traders report for the week ending March 26th showed Dow Jones \$5 Non-Commercial & Non-Reportable traders were net long 24,246 contracts after decreasing their long position by 387 contracts. Obviously, the NASDAQ is the laggard in today's action perhaps

because of negative news from Tesla and from trouble for Microsoft regarding AI. Apparently, global regulators have demanded Microsoft separate Teams and Office products because of antitrust concerns. The March 26th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 2,064 contracts after decreasing their long position by 15,386 contracts. Nonetheless, the path of least resistance is up in the NASDAQ as the broad market rally lifts all boats.

TODAY'S MARKET IDEAS:

The path of least resistance is up with the S&P and Dow leadership markets content to embrace the prospect of lower rates later this year and hopeful of large revenues and profits from AI. Furthermore, the markets seem to be generally immune to bubbling US political election wrangling.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/19/2024 - 3/26/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
E-Mini S&P	-173,984	+15,091	86,735	-27,739	87,248	+12,647

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/01/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 5328.87. The next area of resistance is around 5316.75 and 5328.87, while 1st support hits today at 5296.75 and below there at 5288.88.

MINI-DOW (JUN) 04/01/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 40320. The next area of resistance is around 40246 and 40320, while 1st support hits today at 40092 and below there at 40012.

E-MINI NASDAQ (JUN) 04/01/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 18571.43. The next area of resistance is around 18512.87 and 18571.43, while 1st support hits today at 18421.63 and below there at 18388.94.

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	120-070	60.16	55.31	35.43	43.61	119.89	119.34	119.98	119.81	120.25

TYAAM24	110-225	50.86	49.03	34.76	38.96	110.68	110.47	110.80	111.01	111.36
EPM24	5306.75	67.19	66.10	82.97	85.26	5292.06	5279.53	5240.49	5140.79	5071.80
ENQM24	18467.25	54.55	55.57	66.77	68.35	18496.50	18463.58	18382.93	18179.19	17937.73
YMM24	40169	65.37	63.15	72.89	78.69	39943.00	39843.00	39557.33	39298.47	39016.90

Calculations based on previous session. Data collected 03/28/2024

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	119-100	119-250	120-060	120-210	121-020
TYAAM24	10 Yr Treasury Notes	110-110	110-165	110-225	110-280	111-020
EPM24	S&P E-Mini	5288.87	5296.75	5308.87	5316.75	5328.87
ENQM24	E-Mini NASDAQ	18388.93	18421.62	18480.18	18512.87	18571.43
YMM24	Mini-Dow	40012	40092	40166	40246	40320

Calculations based on previous session. Data collected 03/28/2024

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CURRENCIES COMMENTARY

4/1/2024

The dollar continues to win by default

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -14, YEN -1, SWISS +13, CA DOLLAR +40**

Upcoming International Reports (all times CT)

04/01 Construction Spending 9:00 AM
 04/01 ISM Manufacturing PMI 9:00 AM
 04/02 UK Nationwide Housing Price 1:00 AM
 04/02 Swiss Retail Sales 1:30 AM
 04/02 Swiss PMI 2:30 AM
 04/02 France Manufacturing PMI 2:50 AM
 04/02 German Manufacturing PMI 2:55 AM
 04/02 Euro-Zone Manufacturing PMI 3:00 AM
 04/02 UK CIPS/NTC Research Manufac 3:30 AM
 04/02 Factory Orders 9:00 AM
 04/02 API Energy Stocks 3:30 PM
 04/02 Japan Services PMI 7:30 PM



DOLLAR: Apparently, the dollar trade is not buying into the gold market theme of a June US rate cut or embracing the idea that global players are dumping dollars for gold. While the CME Fed watch tool this morning has a June rate cut probability of 65.9%, the dollar is close to five-month highs despite the daily chorus of rate cut chatter. Therefore, the dollar trade looks to be focused on potential investment yield from growth in the US stock market and or from physical US assets and is not focused on interest rate differential returns. Nonetheless, we are very suspicious of the bull case with this week's wave of monthly payroll/jobs data expected to be Goldilocks. The Commitments of Traders report for the week ending March 26th showed Dollar Non-Commercial & Non-Reportable traders are net long 996 contracts after net selling 687 contracts.

Other Currencies: The chart action in the euro favors the bear camp with the currency seemingly poised to return to the early February lows down around 1.0750. Apparently, the euro is not supported by favorable Greek manufacturing growth last month perhaps because of aggressive infighting within the EU where criticisms and name-calling have surfaced regarding the French and Italian Prime Ministers. Euro positioning in the Commitments of Traders for the week ending March 26th showed Non-Commercial & Non-Reportable traders net sold 22,797 contracts and are now net long 51,682 contracts. While the US dollar is not showing definitive

strength, the pound appears to be out-of-favor and undermined by internal issues. However, dollar dominance is suspect, and the June Pound has solid consolidation low support just under the early trade today at 1.260. Nonetheless, the bias is down with initial targeting and support in the June Pound at 1.2580. Clearly, the Canadian is the most likely to stand up to residual strength in the dollar, with consolidation low support solid around 73.54. However, today's Canadian S&P global manufacturing PMI reading for March probably needs a print above the growth/no growth 50.0 level to avoid a setback to consolidation low support in the Canadian Dollar.

TODAY'S MARKET IDEAS:

The dollar retains an edge, with the Pound and Canadian more likely to hold up better than the euro and the yen.

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) 04/01/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 104.68. The next area of resistance is around 104.50 and 104.68, while 1st support hits today at 104.08 and below there at 103.85.

EURO (JUN) 04/01/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 107.7438. The next area of resistance is around 108.4725 and 108.8137, while 1st support hits today at 107.9375 and below there at 107.7438.

JAPANESE YEN (JUN) 04/01/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 under the swing pivot. The next downside target is 66.69. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 66.94 and 67.04, while 1st support hits today at 66.77 and below there at 66.69.

SWISS (JUN) 04/01/2024: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 110.96. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 112.23 and 112.55, while 1st support hits today at 111.44 and below there at 110.96.

CANADIAN DOLLAR (JUN) 04/01/2024: The daily stochastics gave a bullish indicator with a crossover up. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 74.32. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 74.14 and 74.32, while 1st support hits today at 73.66 and below there at 73.36.

BRITISH POUND (JUN) 04/01/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 125.55. The next area of resistance is around 126.60 and 126.95, while 1st support hits today at 125.90 and below there at 125.55.

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	104.29	68.41	63.60	83.81	90.16	104.07	103.77	103.25	103.42	103.15
JYAM24	66.85	29.38	33.48	12.19	8.71	66.87	67.06	67.78	68.08	68.57
EU6M24	108.2050	33.97	39.02	23.20	14.24	108.57	108.83	109.20	108.84	109.09
BPAM24	126.25	38.18	42.19	24.42	18.41	126.34	126.72	127.28	126.82	126.90
CAAM24	73.90	50.33	48.61	27.96	28.61	73.78	73.85	74.00	74.14	74.26
SFAM24	111.83	24.70	26.62	11.35	9.50	111.80	112.58	113.69	114.93	115.79
DAAM24	65.28	39.30	42.73	28.57	21.59	0.65	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 03/28/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.84	104.08	104.26	104.50	104.68
JYAM24	Japanese Yen	66.68	66.76	66.86	66.94	67.04
EU6M24	Euro	107.7437	107.9375	108.2787	108.4725	108.8137
BPAM24	British Pound	125.55	125.90	126.25	126.60	126.95
CAAM24	Canadian Dollar	73.36	73.66	73.84	74.14	74.32
SFAM24	Swiss	110.95	111.43	111.75	112.23	112.55
DAAM24	Australian Dollar	64.72	65.00	65.28	65.56	65.84

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