



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday April 03, 2024

BONDS COMMENTARY

4/3/2024

The bull camp needs a post data rally or else!

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

With the sharp slide in treasury prices this week, waves of US jobs related data ahead and five Fed speeches today volatility in treasuries is likely to remain robust. However, despite Fed commentary yesterday from two Federal Reserve members suggesting three rate cuts would be reasonable this year, treasury prices held at sharply lower levels. In fact, the Cleveland Fed Pres. suggested that US data is likely to support a June rate cut, which makes us wonder if the jobs data on Friday will provide a bullish surprise! While today will present an ADP employment reading (expectations call for 148,000 jobs added 2000) that report could be overshadowed by PMI and ISM readings. In our opinion, traders should pay particular attention to the ISM services prices paid reading as the inflation status appears to be more important to the Fed than the current pace of the US economy. Furthermore, given the aggressive declines of the past three trading sessions the bear camp will need stronger than expected data to extend the slide straightaway. The North American session will start out with a weekly private survey of mortgage applications followed by the March ADP employment survey which is forecast to have a mild uptick from February's 140,000 reading. The March ISM services PMI is expected to have a minimal uptick from February's 52.6 reading. Fed Governor Bowman will speak during morning US trading hours while Fed Chair Powell, Chicago Fed President Goolsbee, Fed Vice Chair Barr and Fed Governor Kugler will speak during the afternoon.



TODAY'S MARKET IDEAS:

As indicated already, we see the treasury markets at a critical junction today as significant selling has resulted in the lowest prices since the beginning of December and the market faces a veritable avalanche of data and Fed commentary over the coming 72 hours. From a technical perspective, the markets are oversold but with the net spec and fund long positioning in bonds reaching levels seen during the initial Covid lockdown, speculators are factoring in significant ongoing economic turmoil at the recent highs. Therefore, the market likely retains technical stop loss selling fuel, but that force could be challenged by any overt signs of weakness in the US economy. On the other hand, reports that global central bankers are moving to reduce exposure to US treasuries and in turn are increasing gold holdings could signal a major watershed moment for US treasuries ahead! In conclusion, those with short profits should implement stops in June bonds at 118-08 and at 110-04 in June treasury notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/03/2024: 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 tilt is slightly negative with the close under the pivot. The next downside objective is now at 116-090. The next area of resistance is around 118-210 and 119-180, while 1st support hits today at 117-010 and below there at 116-090.

10 YR TREASURY NOTES (JUN) 04/03/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 109-045. The next area of resistance is around 110-025 and 110-130, while 1st support hits today at 109-145 and below there at 109-045.

STOCKS COMMENTARY

4/3/2024

Trend junction looms without fresh rate cut hope prices dive

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -9

Global equity markets overnight were evenly divided between winners and losers with most markets posting changes of less than 0.5%. Like the treasury markets, the equity markets appear to be facing a critical junction with the pace and direction of the economy combining with waning hope of a June rate cut likely to result in massive, compacted volatility and a fresh trend signal for the rest of April. In fact, the trade will face five Fed speeches and an avalanche of US scheduled data today which could at any given moment establish the upcoming trend.



S&P 500: While bullish resiliency has been a hallmark of the S&P since the late October low, the current correction is eroding confidence among the bull camp which in turn signals a critical pivot point ahead. Clearly, the equity market has rallied significantly off the idea of the US Fed entering a rate cut regime and it appears investors are becoming impatient with the consistent pushback of timing of the first cut. Furthermore, there appears to be concern of slowing and the corporate headline flow has certainly been discouraging of late. In conclusion, the bull camp "needs" rate cut fever to be revived by data or Fed dialogue today or a retrenchment below 5200 is likely.

Other US Indexes: Obviously, the fear of rising interest rates is a major undermine for the Dow as is the unending uncertainty involving the future of Disney. However, the Disney saga will end today with the company indicating no change in the composition of the Board of Directors. Unfortunately for the bull camp, ending constant negative headline flow is not a reason to buy the shares of the troubled entertainment giant. Key uptrend channel support in the Dow today is at 39,400 and we suggest traders utilize a breakout system as macroeconomic news today is likely to establish the next trend in the Dow today. Unfortunately for the bull camp, the AI miracle is off boil, Tesla shares are under intense scrutiny and investors were not enticed into a "meme" buying mode earlier this week. Therefore, we give the edge in the Nasdaq to the bear camp today.

TODAY'S MARKET IDEAS:

We think time has run out on the long-held hope of a June rate cut and without a noted move in the pendulum toward a June rate cut with today's data and five Fed speeches the recent correction could become more aggressive.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/03/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 5202.88. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 5292.75 and 5324.87, while 1st support hits today at 5231.75 and below there at 5202.88.

MINI-DOW (JUN) 04/03/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 39113. The next area of resistance is around 39730 and 39986, while 1st support hits today at 39294 and below there at 39113.

E-MINI NASDAQ (JUN) 04/03/2024: The daily stochastics gave a bearish indicator with a crossover down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 18040.63. The next area of resistance is around 18498.75 and 18659.62, while 1st support hits today at 18189.25 and below there at 18040.63.

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	117-270	35.01	39.57	32.54	28.08	119.24	119.28	119.64	119.74	120.07
TYAAM24	109-245	34.34	38.72	31.25	26.42	110.34	110.45	110.63	110.93	111.26
EPM24	5262.25	52.62	57.33	79.58	73.72	5292.13	5290.58	5253.04	5154.26	5087.95
ENQM24	18344.00	46.18	50.74	65.58	61.89	18453.00	18501.22	18401.11	18207.79	17994.99
YMM24	39512	45.40	49.59	67.66	59.02	39892.75	39898.56	39615.28	39344.36	39068.53

Calculations based on previous session. Data collected 04/02/2024

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	116-080	117-000	117-290	118-210	119-180
TYAAM24	10 Yr Treasury Notes	109-040	109-140	109-245	110-025	110-130
EPM24	S&P E-Mini	5202.87	5231.75	5263.87	5292.75	5324.87
ENQM24	E-Mini NASDAQ	18040.62	18189.25	18350.12	18498.75	18659.62
YMM24	Mini-Dow	39112	39293	39549	39730	39986

Calculations based on previous session. Data collected 04/02/2024

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CURRENCIES COMMENTARY

4/3/2024

The dollar uptrend must be fundamentally reconfirmed today

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -32, YEN -6, SWISS -5, CA DOLLAR -35**

Upcoming International Reports (all times CT)

04/03 Euro-zone Unemployment Rate 4:00 AM
04/03 ISM Services PMI 9:00 AM
04/03 EIA Energy Stocks 9:30 AM
04/04 Swiss Consumer Price Index 1:30 AM
04/04 France Services PMI 2:50 AM
04/04 German Service PMI 2:55 AM
04/04 Euro-Zone Services PMI 3:00 AM
04/04 UK CIPS/NTC Research Service 3:30 AM
04/04 Euro-zone Industrial Produce 4:00 AM
04/04 Canadian International Merch 7:30 AM
04/04 Jobless Claims 7:30 AM
04/04 US Trade Balance 7:30 AM
04/04 EIA Gas Storage 9:30 AM
04/04 Japan Household Spending 6:30 PM



DOLLAR: Apparently, mainstream currency market dialogue has not embraced chatter suggesting global central bankers are working toward de-dollarization as that would be a major tectonic negative for the dollar. In fact, the trade has not given credence to the projections that global central bankers are dumping US treasuries and increasing gold holdings. However, we sense a potential major market junction in the coming 72 hours, especially with the dollar posting almost 300 points in gains in less than 30 trading sessions. In short, dollar bulls need positive US data and signs of inflation from today's ISM data. Certainly, the trend is up from a chart perspective but five Fed speeches and an avalanche of data through Friday morning increases the odds of a fresh trend decision. We think the odds favor the bear camp in the dollar especially if the Fed news today favors the doves over the Hawks.

Other Currencies: Like the dollar, the euro is overdone from the last four weeks dive and should see some support from a wave of favorable PMI data yesterday. However, bull camp is undermined by negative Italian and overall euro zone unemployment readings overnight and the dollar retains some bullish resiliency. We suggest aggressive traders utilize buy stops in the euro above the market at 1.08215. The Pound has posted positive recovery action from this week's early downside breakout and should derive additional support from a 5.4% year-over-year jump in UK supermarket sales and because of the sharp jump in UK house prices from earlier this week. While the charts point down in the pound a critical currency market junction looms and the pound looks to be the best bet against the dollar. Apparently, the Canadian is poised to remain within a range with last week's sharp swings suggesting traders should utilize a breakout system with buys placed above 74.02 and sell orders placed below 73.49. While gold and commodity prices are lending support to the Canadian, that force is unlikely to offset the influence of major macro-economic signals in the coming 72 hours.

TODAY'S MARKET IDEAS:

We see the potential for a major trend decision in the currency markets in the coming 72 hours! In our opinion, the dollar bulls will need to put up or shut up given recent strength in the face of softening data!

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) 04/03/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 105.00. The next area of resistance is around 104.74 and 105.00, while 1st support hits today at 104.33 and below there at 104.17.

EURO (JUN) 04/03/2024: 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 upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 107.3750. The next area of resistance is around 108.2700 and 108.4750, while 1st support hits today at 107.7200 and below there at 107.3750.

JAPANESE YEN (JUN) 04/03/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 now at 66.58. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 66.81 and 66.87, while 1st support hits today at 66.66 and below there at 66.58.

SWISS (JUN) 04/03/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 110.53. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 111.41 and 111.78, while 1st support hits today at 110.79 and below there at 110.53.

CANADIAN DOLLAR (JUN) 04/03/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 73.63. The next area of resistance is around 73.84 and 73.91, while 1st support hits today at 73.71 and below there at 73.63.

BRITISH POUND (JUN) 04/03/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 125.34. The next area of resistance is around 126.01 and 126.11, while 1st support hits today at 125.63 and below there at 125.34.

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	104.53	68.23	64.51	88.39	91.61	104.41	104.05	103.41	103.49	103.25
JYAM24	66.73	27.63	32.24	8.99	6.12	66.80	66.87	67.65	67.98	68.42
EU6M24	107.9950	34.68	38.52	17.03	12.95	108.15	108.56	109.05	108.79	109.02
BPAM24	125.82	36.81	40.17	18.16	13.17	125.98	126.35	127.09	126.76	126.86
CAAM24	73.77	45.59	45.64	26.80	26.06	73.79	73.82	73.98	74.11	74.21
SFAM24	111.10	19.39	22.72	9.07	6.79	111.43	112.04	113.32	114.67	115.52
DAAM24	65.30	43.54	44.68	22.25	17.83	0.65	0.65	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	104.16	104.32	104.58	104.74	105.00
JYAM24	Japanese Yen	66.57	66.66	66.72	66.81	66.87
EU6M24	Euro	107.3750	107.7200	107.9250	108.2700	108.4750
BPAM24	British Pound	125.33	125.62	125.72	126.01	126.11
CAAM24	Canadian Dollar	73.62	73.70	73.77	73.84	73.91
SFAM24	Swiss	110.52	110.78	111.15	111.41	111.78
DAAM24	Australian Dollar	64.82	65.09	65.23	65.51	65.65

Calculations based on previous session. Data collected 04/02/2024

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