



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday April 05, 2024

BONDS COMMENTARY

4/5/2024

Today has the potential to set trends for the rest of April

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

In retrospect, the treasury markets have corrected a significant oversold technical condition in place into the Wednesday lows and that could mitigate pressure if the trade sees US jobs "holding together" with a reading at or above expectations of 200,000. However, there appears to be a lack of definitive market opinion on the feds stance on cutting rates perhaps because recent Fed member dialogue has been conflicting. On the one hand, the trade saw a statement suggesting there may not be a "need" to cut rates this year, while another statement suggested rate cuts could not be ruled out. The latest Fed statement came from the Minneapolis Fed which brought up the idea that inflation tracking sideways for several months leaves the chance of rate cuts in place. In our opinion, the trade will ultimately remain focused on inflation, especially with surging crude oil prices becoming an influence. However, in today's action the monthly jobs report will likely dominate the morning trade and given the totality of data released over the last three weeks, one would think the odds of a soft reading are better than a strong reading. Unfortunately, the potential tampering of US scheduled data ahead of the election is a real possibility, given a developing pattern of many downward adjustments from initial readings. It should be noted that ahead of President Clinton's last election, almost all the payrolls leading up to the auction were eventually revised downward. If we remember correctly, the Bureau of Labor Statistics decided to alter the index used to calculate the jobs report and ahead of the election! In today's trade we give the edge to the bull camp, (given the pattern of data), but in the event treasuries fall below this week's low in bonds at 116-24, that could result in a major downside extension.



TODAY'S MARKET IDEAS:

At present the CME Fed watch tool pegs the probability of a June rate cut at 60.7%, which is lower than last week's 65%. As indicated already, we give the edge to the bull camp unless the bureaucrats decide to round up in their calculations. Downtrend channel selling resistance in bonds is well above the market at 120-01, but we suggest traders utilize a breakout system with a trade above 118-17 signaling a buy and a trade below 117-13 a sell signal.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/05/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The

market's close below the 9-day moving average is an indication the short-term trend remains negative. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 119-110. The next area of resistance is around 119-000 and 119-110, while 1st support hits today at 117-280 and below there at 117-020.

10 YR TREASURY NOTES (JUN) 04/05/2024: The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 110-185. The next area of resistance is around 110-130 and 110-185, while 1st support hits today at 109-275 and below there at 109-150.

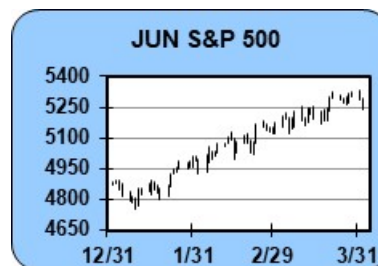
STOCKS COMMENTARY

4/5/2024

Technical signals favor the bull camp fundamentals are a coin flip

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +13

Global equity markets overnight were down hard likely following the lead of the US markets on Thursday heavy losses were noted in Spain and Germany with declines near 1.5. As in many financial markets today the stock could be presented with a key junction for price trends for the remainder of April. Clearly, the trade has been exhibiting the most doubt of the uptrend since the slide last October and that is largely the result of disappointment from a lack of movement toward a Fed rate cut. Earnings announcements include Con-Agra Brands before the Wall Street opening.



S&P 500: As indicated already, the S&P has extended the correction with the setback now the most significant since the late October washout. Clearly, the S&P has become short-term oversold from a technical perspective but justified in the recent slide because of bearish internal and external market issues. In retrospect, most corporate headlines have presented negative news, and investors are beginning to show anxiety from rate cut disappointment. On the other hand, given the 80 point slide from the last COT positioning report, the net spec and fund short in the S&P is likely nearing the largest level since last summer! Looking back to action last summer, the S&P forged a 600 point rally in the second quarter! Pushed into the market we suggest traders purchase moderately above the current market bull call spreads.

Other US Indexes: Obviously, the Dow is the weakest sector of the market and has already posted a slide this week of 1600 points which has likely shifted the net spec and fund positioning from long to short. However, large cap stocks in the Dow will be heavily impacted by today's jobs reading, with softer than expected payrolls likely to result in 39,000 becoming strong support and the market rebounding back above 39,500. On the other hand, "as expected" or strong data might not pound the market given this week's slide.

TODAY'S MARKET IDEAS:

While many times a widely anticipated event or data points fails to result in volatility and that is certainly possible today as the pattern of US data over the last several weeks has been mixed keeping the markets outlook on the economy cloudy and Fed dialogue noncommittal.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/05/2024: 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. A negative signal was given by the outside day down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 5110.32. The next area of resistance is around 5254.87 and 5338.81, while 1st support hits today at 5140.63 and below there at 5110.32.

MINI-DOW (JUN) 04/05/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 38241. The next area of resistance is around 39370 and 40006, while 1st support hits today at 38488 and below there at 38241.

E-MINI NASDAQ (JUN) 04/05/2024: The major trend has turned down with the cross over back below the 40-day moving average. 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 outside day down is somewhat negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 17679.13. The next area of resistance is around 18326.25 and 18703.12, while 1st support hits today at 17814.25 and below there at 17679.13.

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
FINANCIAL COMPLEX										
USAAM24	118-140	43.08	44.28	31.07	32.36	118.11	119.09	119.24	119.62	119.93
TYAAM24	110-040	44.17	44.35	30.91	33.52	109.89	110.35	110.44	110.83	111.17
EPM24	5197.75	37.79	46.73	68.30	52.48	5255.63	5275.33	5255.81	5164.73	5101.77
ENQM24	18070.25	33.99	42.26	56.55	42.62	18325.06	18427.56	18381.72	18226.13	18041.57
YMM24	38929	33.08	40.20	52.71	33.94	39429.50	39698.67	39612.61	39358.27	39104.25

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

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	117-010	117-270	118-060	119-000	119-110
TYAAM24	10 Yr Treasury Notes	109-145	109-270	110-005	110-130	110-185
EPM24	S&P E-Mini	5110.31	5140.62	5224.56	5254.87	5338.81
ENQM24	E-Mini NASDAQ	17679.12	17814.25	18191.12	18326.25	18703.12
YMM24	Mini-Dow	38240	38487	39123	39370	40006

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

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CURRENCIES COMMENTARY

4/5/2024

Using political math jobs will be strong using economic math jobs will be soft

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +134, YEN -7, SWISS -12, CA DOLLAR -125**

Upcoming International Reports (all times CT)

04/05 Japan Index of Business Cond
04/05 Japan Leading Indicators 12:00 AM
04/05 German Manufacturing Orders 1:00 AM
04/05 German Manufacturing Turnove 1:00 AM
04/05 UK Halifax Housing Price Ind 1:00 AM
04/05 France Industrial Production 1:45 AM
04/05 France ECRI Future Inflation 3:30 AM
04/05 German ECRI Future Inflation 3:30 AM
04/05 UK ECRI Future Inflation Gau 3:30 AM
04/05 Euro-zone ECRI Future Inflat 4:00 AM
04/05 Euro-zone Retail Trade 4:00 AM
04/05 Canadian Labor Force Survey 7:30 AM
04/05 Unemployment 7:30 AM
04/05 Canadian PMI 9:00 AM
04/05 Consumer Credit 2:00 PM



DOLLAR: In retrospect, weakness in the US dollar in the face of fomenting ideas that the US may not need as many, or any rate cuts this year should have resulted in the dollar extending the March rally. However, US scheduled data appears to be disappointing the currency trade and the euro zone posted a sweep of favorable PMI data earlier this week giving fundamental credence to this week's dollar slide. While the dollar is short-term oversold by this week's high to low (compacted) slide of 112 points, it will take a much stronger-than-expected payroll to shift the bias in the dollar up. However, the 104.00 level could become a value zone if today's report offers an "as expected" result.

Other Currencies: Recent gains in the euro were partly short covering from the sharp March slide but were also facilitated by surprisingly positive European data released at midweek. Unfortunately for the bull camp, the ECB is thought to be creeping toward a June rate cut and a portion of the euro rally this week was simply winning by default from the slide in the dollar. In other words, the euro is the tail, and the dollar is the dog set to control the euro today. We give a slight edge to the bear camp in the euro today but suggest stops at yesterday's high of 1.090. Surprisingly, the pound appears to be trading on its own volition and has been unaffected by swings in the dollar and euro this week. In a slight undermine of the currency this morning, GBP Halifax House Prices fell significantly, potentially shifting the bias in the pound to the downside today. Yesterday, the Canadian spiked up to downtrend channel resistance and reversed aggressively suggesting the 2024 downtrend remains intact. As usual, Canadian jobs data will take a backseat to US data but estimates for the Canadian report favor the bear camp. Therefore, minimal dollar strength will likely send the Canadian back to consolidation low support just below 73.55.

TODAY'S MARKET IDEAS:

While the probable reaction to today's US jobs report is two-sided volatility, pressed into a position we give dollar bulls the edge. However, without assistance from those calculating payrolls, the pattern of US data over the last four weeks should result in dollar selling.

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) 04/05/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. 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 103.57. The next area of resistance is around 104.16 and 104.27, while 1st support hits today at 103.81 and below there at 103.57.

EURO (JUN) 04/05/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 109.2199. The next area of resistance is around 108.9049 and 109.2199, while 1st support hits today at 108.4550 and below there at 108.3200.

JAPANESE YEN (JUN) 04/05/2024: The daily stochastics gave a bullish indicator with a crossover up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 67.09. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 66.99 and 67.09, while 1st support hits today at 66.71 and below there at 66.52.

SWISS (JUN) 04/05/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 112.45. The next area of resistance is around 112.24 and 112.45, while 1st support hits today at 111.46 and below there at 110.88.

CANADIAN DOLLAR (JUN) 04/05/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 74.42. The next area of resistance is around 74.13 and 74.42, while 1st support hits today at 73.69 and below there at 73.54.

BRITISH POUND (JUN) 04/05/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 127.02. The next area of resistance is around 126.68 and 127.02, while 1st support hits today at 126.20 and below there at 126.06.

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	103.98	53.51	54.86	82.84	75.41	104.33	104.19	103.59	103.54	103.32
JYAM24	66.84	35.47	36.10	8.27	8.71	66.75	66.82	67.42	67.87	68.28
EU6M24	108.6800	49.48	48.26	24.16	32.98	108.29	108.43	108.92	108.78	108.97

BPAM24	126.44	47.67	47.26	21.59	26.63	126.06	126.18	126.88	126.74	126.83
CAAM24	73.91	50.35	48.79	31.46	36.50	73.84	73.78	73.93	74.08	74.18
SFAM24	111.85	37.47	34.63	11.47	15.55	111.49	111.72	112.94	114.41	115.25
DAAM24	65.99	59.00	54.93	30.00	41.44	0.66	0.65	0.66	0.66	0.66

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

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.57	103.81	103.92	104.16	104.27
JYAM24	Japanese Yen	66.51	66.70	66.80	66.99	67.09
EU6M24	Euro	108.3200	108.4549	108.7699	108.9049	109.2199
BPAM24	British Pound	126.05	126.20	126.54	126.68	127.02
CAAM24	Canadian Dollar	73.53	73.68	73.98	74.13	74.42
SFAM24	Swiss	110.87	111.45	111.66	112.24	112.45
DAAM24	Australian Dollar	65.46	65.71	66.02	66.27	66.58

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