



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 08, 2024

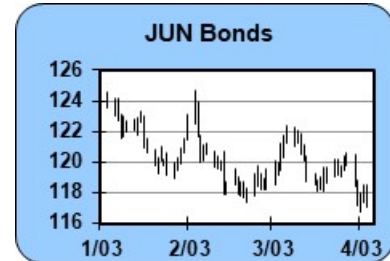
BONDS COMMENTARY

4/8/2024

The trend appears to be down for the rest of April

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS -1

With a downside breakout and the lowest trade since November 30th the downtrend in treasuries has resumed with the bottom of the channel in June Bonds now seen at 115-21. Not surprisingly, dialogue in the markets has shifted into an inflation gear again partly because of the historic rally in gold, Bitcoin and crude oil prices which are nearing \$90.00 per barrel. In fact, two Federal Reserve members at the end of last week deflated the prospect of US rate cuts further by reiterating their fears of "sticky" inflation. We suspect a large portion of increased hawkish mentality is the result of the much hotter than expected US nonfarm payroll report as that gives the Fed cover to err to the side of extending its fight on inflation over supporting the economy. Therefore, today's New York Fed one year consumer inflation expectations report could take on more importance than normal with the markets attuned to anything related to inflation. Not surprisingly, the CME Fed watch tool has seen the probability of a June cut decline to 46% or nearly 20% below last week's highest probability of a June hike. While the bonds saw their net spec and fund long reverse into a net short last week, the market likely retains significant selling capacity. Bonds positioning in the Commitments of Traders for the week ending April 2nd showed Non-Commercial & Non-Reportable traders went from a net long to a net short position of 14,133 contracts after net selling 48,659 contracts. T-Note positioning showed Non-Commercial & Non-Reportable traders added 65,857 contracts to their already short position and are now net short 576,365. The only North American economic number of note is the New York Fed's March reading on 1-year consumer inflation expectations which are expected to have a minimal downtick from February's 3.0% reading. Minneapolis Fed President Kashkari will speak during afternoon US trading hours.



TODAY'S MARKET IDEAS:

With the downside breakout overnight, the trade has moved to factor in the latest hawkish views from the Fed. As indicated already the trade is moving to factor in rate cut disappointment with the 116-00 level in June bonds a near-term target with an intermediate target at the bottom of the 2024 downtrend channel at 115-21. However, aggressive traders might consider selling a post New York Fed one year consumer inflation expectations report bounce looking for lower lows ahead.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/26/2024 - 4/2/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-57,125	-31,790	14,133	+48,658	42,992	-16,869
T-Notes	-611,345	-58,689	576,365	+65,857	34,980	-7,168

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/08/2024: The daily stochastics have crossed over down which is a bearish indication. 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 close below the 1st swing support could weigh on the market. The next downside objective is 116-030. The next area of resistance is around 117-310 and 118-300, while 1st support hits today at 116-180 and below there at 116-030.

10 YR TREASURY NOTES (JUN) 04/08/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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 setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 108-310. The next area of resistance is around 109-270 and 110-115, while 1st support hits today at 109-050 and below there at 108-310.

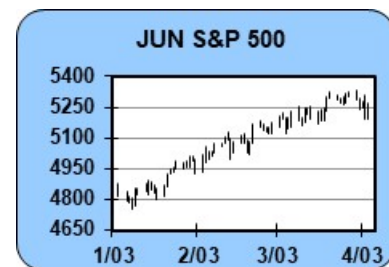
STOCKS COMMENTARY

4/8/2024

Disappointment over rates and bearish corporate headlines

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +2

Global equity markets overnight were higher except for the markets in China which traded nearly 1% lower. Apparently, strength in global equity markets overnight is lost on US markets in the early trade with opening projections calling for unchanged to slightly lower action. Fortunately for the bull camp, the US trade mission to China has been low-key and seemingly producing some constructive interaction thereby (for now) avoiding fears of a trade war. In addition to the constant monitoring of likely Fed monetary policy, the trade will begin to fret over valuations as key earnings reports loom. According to one measure the US stock market is at the most "expensive" level in 23 months.



S&P 500: While the S&P appears to have found a shelf of support at 5200.00, the index has not thrown off the April corrective pattern on the charts. In addition to disappointment over the probability of and or timing of US rate cuts, the S&P should see some selling interest from another Boeing in service mechanical problem and from the potential tightening of US data privacy laws as that could restrict big tech revenue sources. Uptrend channel support today from the October low and last week's low is exactly 5200 (which is a surprising coincidence to the shelf of support at 5200) with little in the way of closer in support from classic chart analysis. The Commitments of Traders report for the week ending April 2nd showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 11,787 contracts after net buying 74,949 contracts.

Other US Indexes: It goes without saying that the latest Boeing mechanical problem (737-800 loss of engine cover), deflated rate cut hopes, and fears of inflation from rising oil prices leaves the bear camp in control of Dow futures. Like the S&P, the Dow has double low support far below the market from the end of last week at 39,759. Uptrend channel support in the Dow drawn from last October's low and last week's low is 38,917.65 with little in the way of closer in support. The Commitments of Traders report for the week ending April 2nd showed Dow Jones \$5 Non-Commercial & Non-Reportable traders are net long 19,887 contracts after net selling 4,359 contracts. In addition to negative macroeconomic forces the NASDAQ should see added pressure from news that US lawmakers have moved to restrict consumer data collection by big tech especially with the legislation allowing consumers to reach strict the selling of their information. Uptrend channel support from last October's low and last week's lows is 18,083 another key chart levels seen at last week's double low of 18,055. The April 2nd

Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders added 715 contracts to their already long position and are now net long 2,779.

TODAY'S MARKET IDEAS:

While we do not see "anxiety" in the markets this morning, the bear camp has an edge with the markets pushing back timing of US rate cuts again. However, international equity markets might show stronger action than US markets ahead as many international central banks are thought to be on track for June rate cuts!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/26/2024 - 4/2/2024						
	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	-100,959	+73,025	11,787	-74,948	89,172	+1,924

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/08/2024: 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. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 5160.50. The next area of resistance is around 5291.50 and 5322.50, while 1st support hits today at 5210.50 and below there at 5160.50.

MINI-DOW (JUN) 04/08/2024: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies trending lower at mid-range should accelerate a move lower 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. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 38668. The next area of resistance is around 39481 and 39677, while 1st support hits today at 38977 and below there at 38668.

E-MINI NASDAQ (JUN) 04/08/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 17902.32. The next area of resistance is around 18466.62 and 18615.81, while 1st support hits today at 18109.88 and below there at 17902.32.

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	117-080	34.28	38.28	29.25	25.77	117.79	118.80	119.01	119.50	119.84
TYAAM24	109-160	34.55	38.07	29.55	26.83	109.79	110.21	110.32	110.75	111.12

EPM24	5251.00	50.50	54.04	62.25	50.24	5244.75	5270.94	5259.10	5171.93	5108.56
ENQM24	18288.25	46.64	49.39	51.25	40.57	18273.19	18397.17	18384.28	18244.00	18062.47
YMM24	39229	42.20	45.88	45.24	30.42	39290.25	39631.11	39611.00	39370.91	39122.23

Calculations based on previous session. Data collected 04/05/2024

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	116-020	116-170	117-160	117-310	118-300
TYAAM24	10 Yr Treasury Notes	108-305	109-045	109-210	109-270	110-115
EPM24	S&P E-Mini	5160.50	5210.50	5241.50	5291.50	5322.50
ENQM24	E-Mini NASDAQ	17902.31	18109.87	18259.06	18466.62	18615.81
YMM24	Mini-Dow	38667	38976	39172	39481	39677

Calculations based on previous session. Data collected 04/05/2024

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CURRENCIES COMMENTARY

4/8/2024

Strong US jobs and strong energy prices = a bullish \$

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +24, YEN -16, SWISS -32, CA DOLLAR -5**

Upcoming International Reports (all times CT)

04/08 Swiss Employment 12:45 AM
 04/08 German Foreign Trade 1:00 AM
 04/08 German Industrial Production 1:00 AM
 04/09 Japan Consumer Confidence Su 12:00 AM
 04/09 France Trade Balance 1:45 AM
 04/09 API Energy Stocks 3:30 PM
 04/09 Japan Wholesale Prices (CGPI) 6:50 PM



DOLLAR: While the dollar is not giving off definitive direction in the early trade today subtle shifts in global central banker views favor the bull camp with US rate cut timing pushed back again, the number of US rate cuts this year reduced again and some foreign central banks like the ECB and BOE thought to be poised to cut rates in June. Even though today's New York Fed inflation expectations report is 3rd tier reading and is expected to show a minimal downtick, a dip in the dollar could be seen as a buying opportunity for aggressive short-term traders. Buying support in the June dollar index today is 103.91. Dollar positioning in the Commitments of Traders for the week ending April 2nd showed Non-Commercial & Non-Reportable traders are net long 289 contracts after net selling 707 contracts.

Other Currencies: With the euro sitting in the upper quarter of last week's trading range, US developments bearish for the euro and the trade leaving open the prospect of a June ECB rate cut, we see the euro vulnerable to selling. The Commitments of Traders report for the week ending April 2nd showed Euro Non-Commercial & Non-Reportable traders net sold 19,858 contracts and are now net long 31,824 contracts. As in the euro, we see the path of least resistance pointing down in the Pound partly because of the potential strength in the dollar and partly because of a soft UK pay data report has temporarily raise the hope for rate cuts next month. On the other hand, the trade sees only a 25% chance the Bank of England will cut rates on May 9th. We see thin and unreliable support in the Pound at 1.2580. In retrospect, the Canadian deserved last Friday's massive washout as its economic condition deteriorated in the wake of jobs data with service sector jobs particularly soft. On the other hand, reducing the prospect of a June rate cut is last week's private Canada Ivey PMI index reading which reached a 12 month high. Thin and unreliable support in the Canadian is at 73.51.

TODAY'S MARKET IDEAS:

Last Friday's much stronger-than-expected payroll report should continue to echo in the markets with the dollar also supported by renewed hawkish US central bank dialogue. The latest CME Fed watch tool indicates only a 46% chance of a June US rate cut leaving the dollar bulls with confidence toward the US economy.

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) 04/08/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 103.58. The next area of resistance is around 104.35 and 104.68, while 1st support hits today at 103.80 and below there at 103.58.

EURO (JUN) 04/08/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 109.1625. The next area of resistance is around 108.9600 and 109.1625, while 1st support hits today at 108.3900 and below there at 108.0225.

JAPANESE YEN (JUN) 04/08/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 67.16. The next area of resistance is around 66.87 and 67.16, while 1st support hits today at 66.46 and below there at 66.33.

SWISS (JUN) 04/08/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The next upside target is 112.54. The next area of resistance is around 112.16 and 112.54, while 1st support hits today at 111.26 and below there at 110.74.

CANADIAN DOLLAR (JUN) 04/08/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 74.24. The next area of resistance is around 73.96 and 74.24, while 1st support hits today at 73.38 and below there at 73.07.

BRITISH POUND (JUN) 04/08/2024: 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 positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 127.03. The next area of resistance is around 126.77 and 127.03, while 1st support hits today at 126.03 and below there at 125.54.

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	104.07	55.22	55.84	78.37	70.34	104.13	104.17	103.68	103.57	103.36
JYAM24	66.66	31.05	33.59	8.41	8.55	66.74	66.79	67.29	67.80	68.21
EU6M24	108.6750	49.36	48.18	28.93	38.38	108.52	108.46	108.86	108.77	108.94
BPAM24	126.40	46.89	46.80	24.89	30.62	126.32	126.24	126.79	126.72	126.82
CAAM24	73.67	42.19	43.75	32.66	34.46	73.84	73.80	73.90	74.05	74.16
SFAM24	111.71	34.83	32.76	12.80	16.74	111.50	111.63	112.74	114.26	115.12
DAAM24	65.94	56.39	53.64	37.60	50.77	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 04/05/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.57	103.79	104.13	104.35	104.68
JYAM24	Japanese Yen	66.32	66.45	66.74	66.87	67.16
EU6M24	Euro	108.0225	108.3899	108.5925	108.9600	109.1625
BPAM24	British Pound	125.53	126.02	126.28	126.77	127.03
CAAM24	Canadian Dollar	73.06	73.37	73.65	73.96	74.24
SFAM24	Swiss	110.73	111.25	111.63	112.16	112.54
DAAM24	Australian Dollar	65.45	65.72	65.89	66.15	66.32

Calculations based on previous session. Data collected 04/05/2024

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