



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday April 12, 2024

## BONDS COMMENTARY

4/12/2024

**Ultimately the trend remains down targeting in bonds 114-01**

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

In retrospect, the extension of the April slide in treasuries was justified from a very strong nonfarm payroll reading last Friday, a very poor 1-year auction, residually hot US CPI, a lack of a softening of US PPI and from falling US rate cut hopes which have been partially confirmed by Fed dialogue. While the CME Fed watch tool pegs the probability of a June US rate cut at 23% today, that probability was markedly lower at times earlier this week. Even though the trade has been presented with the primary monthly US inflation measures, today's US import and export pricing will carry some influence this morning. However, treasury prices could suddenly catch an aggressive bid if mounting concerns from the US treasury regarding potential financial problems in developing countries come to fruition with an "event". Apparently, many foreign emerging market central banks are now paying more out than they are receiving in fresh funds and that is obviously an unsustainable situation. Nonetheless, without a notable decline in one or both US trade readings this morning (import and export prices) the path of least resistance in treasuries is likely to remain down even if today's Michigan consumer sentiment index and the University of Michigan five-year consumer inflation expectations reading favor the bull camp. The North American session will start out with March readings for the US import price index and US export price index, both of which are forecast to have sizable increases from their February year-over-year readings. A private monthly survey of April US consumer sentiment is expected to have a minimal downtick from the previous 79.4 reading. Kansas City Fed President Schmid, Atlanta Fed President Bostic and San Francisco Fed President Daly will speak during afternoon US trading hours.



### TODAY'S MARKET IDEAS:

While we see the treasury markets in a definitive downtrend cycle, markets like gold are loudly signaling the potential for a global flight to quality event and that could suddenly turn treasuries around! In other words, the bear camp in treasuries wants to avoid market disrupting events which in turn send equity prices sharply lower. It goes without saying that US treasuries are significantly oversold with this week's sharp declines. In conclusion, the fundamental trend remains down but the technical condition is flashing overdone.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/12/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative.

It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 114-060. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 115-220 and 116-130, while 1st support hits today at 114-190 and below there at 114-060.

10 YR TREASURY NOTES (JUN) 04/12/2024: 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 107-160. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 108-135 and 108-255, while 1st support hits today at 107-250 and below there at 107-160.

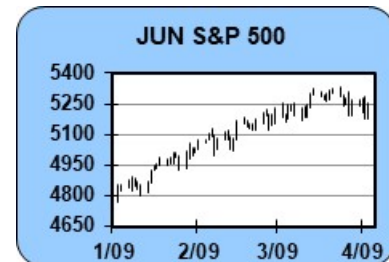
## STOCKS COMMENTARY

4/12/2024

**There appears to be significant uncertainty hanging in the market**

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

Global equity markets overnight were mostly higher except for the Chinese and Australian markets, with the Chinese markets off considerably especially in Hong Kong where prices declined by more than 2%. Even though global equity markets were mostly higher overnight, declines in Chinese equity markets were severe, interest rates are surging, gold prices are exploding, and sharply higher dollar action should leave investors unnerved. Earnings announcements will include J.P. Morgan, Wells Fargo, BlackRock, and Citigroup before the Wall Street opening.



**S&P 500:** It feels as if a bad moon is arising with the situation in China growing more precarious, Iran thought to be poised to strike back against Israel soon, a regulatory investigation launched against a J.P. Morgan unit, and a wave of bank earnings today leaving investors on edge. Fortunately for the bull camp the S&P is significantly oversold from two consecutive large trading range washouts which in turn have produced a quasi-double low starting at 5176.50. Uptrend channel buying support for aggressive traders today is 5181.95.

**Other US Indexes:** Stocks in the Dow remain under liquidation watch in the face of surging costs of borrowing, a surging Dollar (which devalues foreign profits flowing back to the US) and from ending turmoil for Boeing after reports of further declines in deliveries to Southwest airlines. Near-term downtrend channel selling resistance is 38,900 and a failure to hold 38,472 could set a target next week below 38,000. With the NASDAQ clearly holding up better than the rest of the market it is clear the trade sees strong big tech profit potential in upcoming reports, and we suspect AI investors have seen this week's slide as a long-term buying opportunity. Unfortunately for the bull camp, the NASDAQ may have to fight a negative tide from other market measures, but a trade above 18,519 could signal a broad market recovery. However, at this point an upside extension might require very strong big tech earnings gains.

### TODAY'S MARKET IDEAS:

The edge remains in the bear camp with a smattering of favorable corporate headlines discounted by deteriorating global macroeconomic views. In fact, given surging flight to quality instruments there appears to be something nefarious looming under the surface. In conclusion, we expect the markets will derive support from earnings, but that news could be largely discounted in the current environment.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/12/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 5145.50. The next area of resistance is around 5285.50 and 5313.50, while 1st support hits today at 5201.50 and below there at 5145.50.

MINI-DOW (JUN) 04/12/2024: 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 daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 38306. The next area of resistance is around 38955 and 39121, while 1st support hits today at 38547 and below there at 38306.

E-MINI NASDAQ (JUN) 04/12/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 18826.68. The next area of resistance is around 18703.87 and 18826.68, while 1st support hits today at 18273.13 and below there at 17965.19.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	115-040	27.39	32.13	21.33	13.14	116.45	117.30	118.32	119.04	119.46
TYAAM24	108-030	25.07	29.98	19.38	11.88	108.80	109.38	109.93	110.44	110.85
EPM24	5243.50	49.45	52.21	47.25	40.91	5242.44	5249.69	5264.47	5191.56	5133.96
ENQM24	18488.50	56.04	54.90	45.12	48.54	18344.25	18332.28	18397.82	18284.56	18140.70
YMM24	38751	32.97	38.90	26.27	17.96	38985.50	39210.89	39525.33	39367.89	39181.75

Calculations based on previous session. Data collected 04/11/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	114-050	114-180	115-090	115-220	116-130
TYAAM24	10 Yr Treasury Notes	107-155	107-245	108-045	108-135	108-255
EPM24	S&P E-Mini	5145.50	5201.50	5229.50	5285.50	5313.50
ENQM24	E-Mini NASDAQ	17965.18	18273.12	18395.93	18703.87	18826.68
YMM24	Mini-Dow	38305	38547	38713	38955	39121

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## CURRENCIES COMMENTARY

4/12/2024

**The dollar has justifiably returned to a leadership role**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR +376, YEN -2, SWISS -37, CA DOLLAR -210**

### Upcoming International Reports (all times CT)

04/12 German Consumer Price Index 1:00 AM  
04/12 UK Foreign Trade 1:00 AM  
04/12 France Consumer Price Index 1:45 AM  
04/12 UK Industrial Production 2:00 AM



**DOLLAR:** Initially we saw the significant dollar gains as a direct function of stronger than expected US economic reports and from falling expectations of a June US rate cut. However, exploding gold prices suggest there is increased flight to quality flow to the US dollar which could be from anticipation of even higher yields, but could also be the result of fears of an emerging market debt crisis, an expansion of the fighting in the Middle East (involving Iranian military strikes) and potentially a financial or economic problem is confirmed inside China. Obviously, the dollar is significantly overbought from this week's low to high rally of 200 points, but it will be difficult to fully eliminate the list of potential flight to quality bull catalysts. Aggressive buying support in the dollar today is 105.32.

**Other Currencies:** While ECB officials want to emphasize independence from US Federal Reserve policy decisions evidence of slowing in the euro zone make it difficult for the ECB to act unilaterally. The euro should also be undermined from an expanding classic US interest rate and economic differential edge with the euro zone. Near-term downside targeting in the euro becomes the October consolidation lows around 1.0645. Negative spillover from the surging US dollar is also dominating the Pound again this morning despite upbeat views toward the UK economy from slightly positive economic data. However, a Bank of England official overnight indicated that rate cuts by the MPC are "a way off"! In fact, the brunt of data from the UK overnight showed ongoing growth despite a GDP reading that barely held in positive territory. Near-term downside targeting in the Pound becomes the mid-November low down at 1.2433. With the Canadian spiking lower again today it is clear no currency is immune to the Dollar surge which produces a near-term downside target in the Canadian at the bottom of the gap from mid-November at 72.71.

### TODAY'S MARKET IDEAS:

Despite an expanding overbought technical condition, the dollar remains king from interest rate and macroeconomic differential returns, but it is also possible the markets are sensing a major flight to quality event and are pushing money to the safety of the dollar.

### 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) 04/12/2024: 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside

target is at 105.55. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 105.30 and 105.55, while 1st support hits today at 104.82 and below there at 104.58.

EURO (JUN) 04/12/2024: Momentum studies are declining, but have fallen to oversold levels. 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 pivot swing number is a mildly negative setup. The next downside target is now at 106.9850. The next area of resistance is around 107.8299 and 108.1249, while 1st support hits today at 107.2600 and below there at 106.9850.

JAPANESE YEN (JUN) 04/12/2024: 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 65.71. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 66.02 and 66.19, while 1st support hits today at 65.79 and below there at 65.71.

SWISS (JUN) 04/12/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. 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 near-term upside objective is at 111.51. The next area of resistance is around 111.14 and 111.51, while 1st support hits today at 110.28 and below there at 109.77.

CANADIAN DOLLAR (JUN) 04/12/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 72.79. The next area of resistance is around 73.31 and 73.46, while 1st support hits today at 72.98 and below there at 72.79.

BRITISH POUND (JUN) 04/12/2024: Momentum studies are declining, but have fallen to oversold levels. 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 slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 124.87. The next area of resistance is around 125.94 and 126.22, while 1st support hits today at 125.26 and below there at 124.87.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM24	105.06	70.24	66.12	73.30	77.42	104.48	104.36	104.06	103.64	103.50
JYAM24	65.90	17.54	24.29	7.73	6.61	66.29	66.54	66.80	67.56	67.95
EU6M24	107.5450	31.20	35.95	35.06	29.03	108.26	108.32	108.58	108.75	108.82
BPAM24	125.60	38.84	41.12	28.92	25.83	126.08	126.11	126.42	126.70	126.74
CAAM24	73.15	30.72	35.56	26.59	19.97	73.42	73.64	73.75	73.97	74.08
SFAM24	110.71	31.68	30.96	14.63	15.25	110.98	111.26	111.92	113.72	114.59
DAAM24	65.51	46.85	47.66	49.50	44.71	0.66	0.66	0.66	0.66	0.66

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	104.57	104.82	105.06	105.30	105.55
JYAM24	Japanese Yen	65.71	65.78	65.95	66.02	66.19
EU6M24	Euro	106.9850	107.2600	107.5550	107.8299	108.1249
BPAM24	British Pound	124.86	125.26	125.54	125.94	126.22
CAAM24	Canadian Dollar	72.78	72.98	73.12	73.31	73.46

SFAM24	Swiss	109.76	110.27	110.63	111.14	111.51
DAAM24	Australian Dollar	64.95	65.26	65.45	65.76	65.96

**Calculations based on previous session. Data collected 04/11/2024**

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