



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 22, 2024

## BONDS COMMENTARY

4/22/2024

### A temporary bottom without major headline surprises

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

We think the US economy is in a waffling mode, with the economy fighting to maintain minimal forward motion, and inflation steady or minimally declining. Therefore, the April washout in treasuries was justified especially with the treasury bond market recently holding an unusual net spec and fund long. However, bond spec positioning shifted into a net short last week, suggesting pent-up selling interest has been revived. On the other hand, for bonds to use up a significant portion of the selling fuel probably requires the net short to reach 154,000 contracts. Bond positioning in the Commitments of Traders for the week ending April 16th showed Non-Commercial & Non-Reportable traders net bought 66,234 contracts which moved them from a net short to a net long position of 26,349 contracts. For T-Notes Non-Commercial & Non-Reportable traders are net short 511,526 contracts after net buying 35,508 contracts. Looking ahead to this week's economic report schedule, the markets will see relatively thin news in the first two trading sessions with an auction cycle starting Tuesday with 2-year notes and concluding with seven-year notes on Thursday. While interest in US treasury supply could revert to the anemic levels seen prior to last week's long-end improvement, it is possible the 114-00 level in June bonds could be seen as a value. Late in the week the markets will be presented with durable goods and the ultra-important PCE report will once again be seen as a major signal for timing of the long-awaited US rate cut. The North American session will start out with the Chicago Fed's March national activity index which is expected to have a mild uptick from February's 0.05 reading. The March Canadian industrial product price index (IPPI) is forecast to have a moderate uptick from February's -4.7% reading. The March Canadian new housing price index is expected to have a minimal uptick from February's -0.4% year-over-year rate.



#### TODAY'S MARKET IDEAS:

While generally positive global equity market action and Fresh hopes of improved demand for US treasury supply could increase the chances of June bonds will respect consolidation low support of 113-10, the big picture trend remains down. In general, we expect narrower trading ranges and short side profit taking gains as a chance to get short at higher levels.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/9/2024 - 4/16/2024						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
<b>Bonds</b>	-17,626	+51,987	-26,349	-66,233	43,975	+14,247
<b>T-Notes</b>	-521,297	+33,740	511,525	-35,509	9,771	+1,768

## BONDS TECHNICAL OUTLOOK:

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**BONDS (JUN) 04/22/2024:** 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. The close below the 9-day moving average is a negative short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside objective is 116-250. The next area of resistance is around 115-170 and 116-250, while 1st support hits today at 113-220 and below there at 113-020.

**10 YR TREASURY NOTES (JUN) 04/22/2024:** 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 tilt is slightly negative with the close under the pivot. The next downside objective is 107-035. The next area of resistance is around 108-100 and 108-310, while 1st support hits today at 107-125 and below there at 107-035.

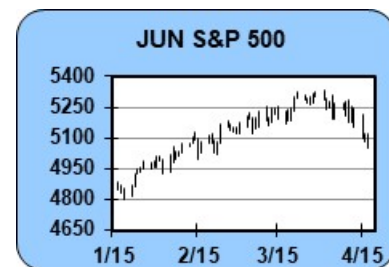
## STOCKS COMMENTARY

4/22/2024

### Short covering limited by lackluster investor sentiment

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +17

Global equity markets overnight were mostly higher with the exceptions in China, and Russia. While the NASDAQ did not confirm a key bottom like the Dow and S&P on Friday, with a large range down and significant recovery (back above the middle of the range) it is possible the rate of declines will slow. However, US political rancor, the decision by the Peoples Bank of China to leave interest rates unchanged and unending bearish corporate news flow from Tesla and reports that Western financial firms are exiting China because of adverse conditions should mitigate short covering buying and fresh buying. Earnings announcements will include Verizon and Truist Financial before the Wall Street opening while Cadence Design Systems reports after the close.



**S&P 500:** As indicated already, the S&P managed a classic bottoming trade on Friday with a large range down rejected and a close above the midpoint of the range. With the S&P following the COT report declining 141 points, the net spec and fund long basis the COT report is likely dramatically overstated. Therefore, the S&P probably has some buying fuel especially if Friday's high of 5058 is regained. The April 16th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders added 149,072 contracts to their already long position and are now net long 159,715.

**Other US Indexes:** With a large range down washout and very strong close on Friday, combined with a five-day high early today, the Dow looks to have upside follow-through capacity. However, investors are likely to remain cautious toward large Cap stocks and financial institutions, given recent US interest rate spikes and evidence Western financial institutions are vacating China due to an unlevel playing field with Chinese institutions. Key support in the Dow is 37,900 and near-term upside targeting is seen at 38,472. The Commitments of Traders report for the week ending April 16th showed Dow Jones \$5 Non-Commercial & Non-Reportable traders reduced their net long position by 1,760 contracts to a net long 16,736 contracts. With the NASDAQ failing miserably last Friday and closing miserably, short covering gains today should be hard-fought and difficult to maintain. In fact, Tesla news continues to be negative for the tech sector with the iconic stock expected to remain under significant pressure. The Commitments of Traders report for the week ending April 16th showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 18,202 contracts after increasing their already long position

by 3,031 contracts.

**TODAY'S MARKET IDEAS:**

Technical short covering looks to be the primary catalyst behind today's positive early action. However, investors might feel more confident given what looks to be a pause in Middle East military exchanges between Iran and Israel. It is also possible that the markets will be relieved with the passage of a US aid bill for Ukraine, but with aid also provided for Israel that could be a source of tension for some.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/9/2024 - 4/16/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
E-Mini S&P	54,239	+136,788	-159,714	-149,071	105,476	+12,284

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (JUN) 04/22/2024: 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's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 4912.88. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 5051.25 and 5101.87, while 1st support hits today at 4956.75 and below there at 4912.88.

MINI-DOW (JUN) 04/22/2024: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. 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 near-term upside objective is at 38934. The next area of resistance is around 38643 and 38934, while 1st support hits today at 37763 and below there at 37173.

E-MINI NASDAQ (JUN) 04/22/2024: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 16818.25. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 17403.25 and 17698.25, while 1st support hits today at 16963.25 and below there at 16818.25.

**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	114-190	36.93	37.33	15.29	16.40	114.38	115.20	116.90	118.41	118.92

TYAAM24	107-270	35.10	35.75	14.04	13.36	107.84	108.21	109.15	110.04	110.47
EPM24	5004.00	21.64	29.79	14.08	9.13	5052.00	5132.00	5200.42	5192.19	5150.93
ENQM24	17183.25	21.80	28.89	16.16	7.34	17567.44	17931.08	18153.07	18233.08	18156.10
YMM24	38203	34.27	36.71	12.28	15.41	38067.50	38354.56	38967.61	39236.62	39163.15

Calculations based on previous session. Data collected 04/19/2024

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	113-010	113-210	114-290	115-170	116-250
TYAAM24	10 Yr Treasury Notes	107-030	107-120	108-010	108-100	108-310
EPM24	S&P E-Mini	4912.87	4956.75	5007.37	5051.25	5101.87
ENQM24	E-Mini NASDAQ	16818.25	16963.25	17258.25	17403.25	17698.25
YMM24	Mini-Dow	37172	37762	38053	38643	38934

Calculations based on previous session. Data collected 04/19/2024

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## CURRENCIES COMMENTARY

4/22/2024

Range trading in the \$ and euro, more downside in the pound

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR +1, YEN -5, SWISS -8, CA DOLLAR +105**

### Upcoming International Reports (all times CT)

04/22 Canadian Industrial Product 7:30 AM  
04/22 Canadian New Housing Price I 7:30 AM  
04/23 New Home Sales 9:00 AM  
04/23 API Energy Stocks 3:30 PM



**DOLLAR:** While the decision to hold rates steady in China adds minimal headwinds for the dollar to start today, the ability of Washington legislators to strike a compromise could be seen as supportive of the dollar and surprising to US citizens. Today's US economic reports slate is thin with a Chicago Fed National Activity Index for March the lone report with little in the way of pre-report estimates. Therefore, the dollar is likely to chop within a range defined as 106.18 and 105.57. The April 16th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders are net long 1,286 contracts after net buying 871 contracts.

**Other Currencies:** The dollar is not showing definitive direction this morning and that probably means the euro will also settle in a range with outer edges of 1.07155 and 1.06285. However, the euro could remain under pressure given a lack of confidence in the European economy and ultimately from the rising potential for Russia to win the war because of a lack of tangible support from European countries. In the end, if Ukraine falls, we suspect Europe will see massive capital flight. The April 16th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders were net long 21,484 contracts after decreasing their long position by 29,440 contracts. With the aggressive range down action this morning following aggressive range down action Friday, the Pound has hit an air pocket on the charts and is likely headed below 1.230. While nagging inflation in the form of record asking prices for UK homes could increase the prospects of a Bank of England rate cut, the Pound trade might see fighting inflation as a problem especially with the UK economy waffling. In retrospect, the Canadian dollar appears to have made a solid technical bottom with last week's low especially with short-term technical indicators tremendously oversold and shifting into a buy mode in the second half of last week. However, given a slight upside breakout today, a Canadian New Housing Price Index report for March will likely foster a wave of volatility. While we see the potential to settle in above 73.00, the Canadian lacks distinctly bullish internal fundamentals and could run into heavy resistance at 73.85.

**TODAY'S MARKET IDEAS:**

While we see generally narrower trading ranges again today, ongoing strength in the Canadian and ongoing weakness in the pound are likely to be exceptions to range trade in the dollar and euro.

**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) 04/22/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar 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 target is 106.46. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 106.22 and 106.46, while 1st support hits today at 105.71 and below there at 105.44.

EURO (JUN) 04/22/2024: 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 upside daily closing price reversal gives the market a bullish tilt. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 106.0688. The next area of resistance is around 107.1325 and 107.4187, while 1st support hits today at 106.4575 and below there at 106.0688.

JAPANESE YEN (JUN) 04/22/2024: 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 daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 64.88. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 65.46 and 65.80, while 1st support hits today at 65.01 and below there at 64.88.

SWISS (JUN) 04/22/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 112.22. The next area of resistance is around 111.29 and 112.22, while 1st support hits today at 109.84 and below there at 109.30.

CANADIAN DOLLAR (JUN) 04/22/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 73.18. The next area of resistance is around 73.01 and 73.18, while 1st support hits today at 72.58 and below there at 72.33.

BRITISH POUND (JUN) 04/22/2024: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 122.97. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 124.27 and 125.00, while 1st support hits today at 123.25 and below there at 122.97.

## 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	105.96	72.40	69.53	85.62	86.42	105.94	105.51	104.84	103.91	103.81
JYAM24	65.23	16.17	21.12	5.37	3.74	65.29	65.68	66.23	67.19	67.59
EU6M24	106.7950	34.19	35.65	16.95	15.97	106.73	107.14	107.81	108.56	108.55
BPAM24	123.76	23.93	29.58	12.84	7.88	124.28	124.86	125.56	126.46	126.47
CAAM24	72.79	36.03	36.56	15.59	18.53	72.65	72.86	73.33	73.76	73.91
SFAM24	110.56	37.73	34.80	17.19	20.01	110.48	110.56	111.04	113.07	113.93
DAAM24	64.29	34.31	37.64	19.24	16.35	0.64	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 04/19/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	105.43	105.70	105.94	106.22	106.46
JYAM24	Japanese Yen	64.87	65.00	65.34	65.46	65.80
EU6M24	Euro	106.0687	106.4575	106.7437	107.1325	107.4187
BPAM24	British Pound	122.96	123.25	123.98	124.27	125.00
CAAM24	Canadian Dollar	72.32	72.58	72.75	73.01	73.18
SFAM24	Swiss	109.30	109.83	110.76	111.29	112.22
DAAM24	Australian Dollar	63.47	63.93	64.18	64.64	64.89

Calculations based on previous session. Data collected 04/19/2024

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