



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 10, 2024

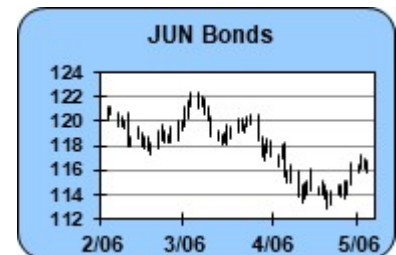
BONDS COMMENTARY

5/10/2024

While we are highly suspicious of the bull bias

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

While the treasury markets are tracking higher with bonds posting a three-day high overnight, the bullish bias is not firmly in control of the markets. In retrospect, yesterday's 30 year bond auction saw a noted low to high rally of 26 ticks in the hour after the auction results were announced but the markets face headwinds from ongoing trade fears of massive US supply coming down the pipe. In fact, overnight analyst suggested the markets are facing a "treasury tsunami" which could be exaggerated by central banks attempting to reduce exposure to sovereign debt. However, there could be a measure of flight to quality buying interest supporting prices today as fear and anxiety toward the global debt issue has sparked some analysts to suggest the largest financial crisis since 2008 might be in the offing. According to the International Monetary Fund, the explosion in sovereign debt supply and less central bank interest in sovereign supply is headed for a showdown with buying support potentially fleeing and treasury prices cratering. On the other hand, historically, prospects of a significant financial, economic, or political meltdown event initially push money toward treasuries, suggesting massive volatility is possible ahead. It should be noted that optimism toward a US rate cut remains in trade sentiment despite a lack of increased odds for a rate cut in the CME Fed watch tool and in the face of a hawkish commentary yesterday afternoon from the San Francisco Fed Pres. The North American session will start out with April Canadian unemployment which is expected to have a minimal uptick from March's 6.1% rate along with a moderate monthly increase in net employment. A private survey of May US consumer sentiment is forecast to have a mild downtick from the previous 77.2 reading. Fed Governor Bowman, Dallas Fed President Logan and Minneapolis Fed President Kashkari will speak during morning US trading hours while Chicago Fed President Goolsbee and Fed Vice Chair Barr will speak during the afternoon.



TODAY'S MARKET IDEAS:

We see the path of least resistance pointing up with treasuries having the capacity to spin bearish market sentiment into a dovish posture even without typical bullish evidence or supportive Fed comments. However, June bonds have now encountered downtrend channel resistance at 117-02 and have seemingly lost upside momentum this week. It should also be noted that the speculative positioning in bonds has likely returned to a net long which can be considered a sign of severe economic, political, or financial market concern.

NEW RECOMMENDATIONS:

buy June Bonds at 116-04 with an objective of 118-10.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/10/2024: The major trend could be turning up with the close back above the 40-day moving

average. Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. 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 near-term upside target is at 117-170. The next area of resistance is around 117-060 and 117-170, while 1st support hits today at 116-050 and below there at 115-140.

10 YR TREASURY NOTES (JUN) 05/10/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 109-140. The next area of resistance is around 109-090 and 109-140, while 1st support hits today at 108-255 and below there at 108-145.

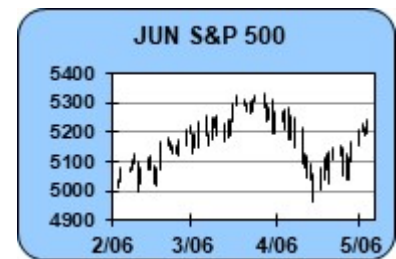
STOCKS COMMENTARY

5/10/2024

The markets are hell-bent on the idea of lower US rates

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +10

Overnight global equity markets were higher with gains reaching near 4% in the Hang Seng index in Hong Kong. Despite rising conflict in the Middle East, the announcement of a US tariff on Chinese electric vehicles, and a hawkish comments from the San Francisco Fed yesterday afternoon, US and global equity prices are tracking higher. Apparently, the propensity to embrace US rate cut hopes remains significant as corporate and regulatory news overnight could have favored the bear camp especially following a negative outlook for the AG sector from low prices and high costs and perhaps most importantly from the prospect of US government export restrictions of domestically developed AI products. Earnings announcements will include Enbridge before the Wall Street opening.



S&P 500: Even though the trend is up, and more gains are likely with an interim target in the S&P at 5308.50, the totality of the bull case is suspicious. Nonetheless, investors remain confident on the potential for historical profits from AI and have also revived hopes of a US rate cut later this year. Key pivot point support today in the S&P is 5226.75.

Other US Indexes: As in the S&P, the markets continue to rise with debatable bullish fundamental arguments and several potentially negative geopolitical developments hanging in the marketplace. On the other hand, the allure of significant wealth generation from investing in AI (which has been labeled as the most significant market opportunity since the initial Internet craze) is enough for investors to discount macro risks. Key support in the June Dow futures this morning is off the market at 39,369 with near-term targeting close in at 39,805. Not surprisingly, the NASDAQ is also extending its recovery off the sharp April washout this morning and is likely to be the strongest sector of the market from investor infatuation with AI. Key support in the NASDAQ today is 18,160 with targeting over the next several sessions seen at 18,518.

TODAY'S MARKET IDEAS:

The bull camp clearly has extended its control with investors discounting the negatives and embracing the positives.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/10/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 5280.81. The next area of resistance is around 5267.12 and 5280.81, while 1st support hits today at 5217.38 and below there at 5181.32.

MINI-DOW (JUN) 05/10/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 39962. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 39826 and 39962, while 1st support hits today at 39320 and below there at 38950.

E-MINI NASDAQ (JUN) 05/10/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 18338.12. The next area of resistance is around 18299.50 and 18338.12, while 1st support hits today at 18163.00 and below there at 18065.13.

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	116-210	62.02	54.98	69.18	80.82	116.50	115.61	114.91	117.15	117.63
TYAAM24	109-010	60.48	53.95	67.44	78.95	108.94	108.50	108.14	109.32	109.62
EPM24	5242.25	66.28	59.92	76.35	88.85	5217.38	5155.33	5117.22	5191.63	5177.10
ENQM24	18231.25	61.77	56.56	73.54	86.50	18193.88	17937.69	17770.40	18117.35	18136.51
YMM24	39573	70.95	62.99	82.12	92.54	39194.25	38770.11	38547.61	39039.16	39102.13

Calculations based on previous session. Data collected 05/09/2024

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	115-130	116-040	116-150	117-060	117-170
TYAAM24	10 Yr Treasury Notes	108-140	108-250	108-300	109-090	109-140
EPM24	S&P E-Mini	5181.31	5217.37	5231.06	5267.12	5280.81
ENQM24	E-Mini NASDAQ	18065.12	18163.00	18201.62	18299.50	18338.12
YMM24	Mini-Dow	38950	39320	39456	39826	39962

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CURRENCIES COMMENTARY

5/10/2024

US rate cut hope and soft data thickens dollar chart resistance

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +6, YEN -10, SWISS -5, CA DOLLAR -30

Upcoming International Reports (all times CT)

05/10 UK Foreign Trade 1:00 AM
05/10 UK Industrial Production 2:00 AM
05/10 Canadian Labor Force Survey 7:30 AM
05/10 Canadian New Housing Price I 7:30 AM



DOLLAR: While the dollar has respected yesterday's low in the early trade today, seeing the UK avoid recession in today's GDP results, undying hope for a US rate cut, and pressure from a US tariff announcement regarding the import of Chinese electric vehicles, fundamental information obviously points to lower dollar action ahead. In retrospect, the weakness in the dollar is justified and may extend following the largest US initial claims reading since last August especially if support at 105.01 fails to hold.

Other Currencies: While the euro charts have shifted in favor of the bull camp with an aggressive rejection of yesterday's five-day low, a three-day high posted this morning and support from renewed US rate cut hopes, European data overnight is a headwind this morning. Noted weakness in Italian industrial output is given added credence by soft European data earlier this week which in turn could leave the euro and dollar caught in ranges and the pound the leadership currency. While the headlines touting the avoidance of a recession in the UK don't appear to be aggressively bullish on their face, the growth pace was the most significant quarterly growth in nearly 3 years. Near-term upside targeting in the Pound is now 1.2573 and then 1.2598. With the euro and dollar potentially locked within trading ranges and the trade anticipating an increase in Canadian jobs, the bull camp has an edge. However, the Canadian unemployment rate is expected to tick higher and that could thicken resistance in the Canadian at 73.30.

TODAY'S MARKET IDEAS:

We see the Pound as the strongest currency, the Canadian the second strongest, and the yen as the weakest.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/10/2024: 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. A negative signal was given by the outside day down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 104.65. The next area of resistance is around 105.36 and 105.79, while 1st support hits today at 104.80 and below there at 104.65.

EURO (JUN) 05/10/2024: The major trend could be turning up with the close back above the 40-day moving average. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive signal was given by the outside day up. Since the close was above the 2nd swing resistance number, the

market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 108.4625. The next area of resistance is around 108.3000 and 108.4625, while 1st support hits today at 107.6900 and below there at 107.2425.

JAPANESE YEN (JUN) 05/10/2024: 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 negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 65.01. The next area of resistance is around 64.86 and 65.01, while 1st support hits today at 64.54 and below there at 64.35.

SWISS (JUN) 05/10/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day up and close above the previous day's high is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 111.28. The next area of resistance is around 111.14 and 111.28, while 1st support hits today at 110.63 and below there at 110.24.

CANADIAN DOLLAR (JUN) 05/10/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is now at 72.75. The next area of resistance is around 73.34 and 73.42, while 1st support hits today at 73.00 and below there at 72.75.

BRITISH POUND (JUN) 05/10/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive signal was given by the outside day up. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 124.28. The next area of resistance is around 125.67 and 125.89, while 1st support hits today at 124.87 and below there at 124.28.

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	105.08	45.85	49.74	44.46	40.86	105.19	105.34	105.57	104.52	104.27
JYAM24	64.70	43.07	41.51	58.02	58.76	64.95	64.89	64.95	66.30	66.66
EU6M24	107.9950	60.14	54.53	65.18	72.18	107.83	107.58	107.28	108.14	108.29
BPAM24	125.27	50.88	48.92	67.17	66.62	125.27	125.36	124.90	125.97	126.12
CAAM24	73.17	52.35	49.54	56.05	54.27	73.04	73.06	73.00	73.47	73.61
SFAM24	110.88	54.68	49.42	53.06	61.79	110.71	110.43	110.39	111.70	112.46
DAAM24	66.27	61.92	58.58	75.42	77.98	0.66	0.66	0.65	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	104.64	104.79	105.21	105.36	105.79
JYAM24	Japanese Yen	64.34	64.53	64.67	64.86	65.01
EU6M24	Euro	107.2425	107.6900	107.8525	108.3000	108.4625
BPAM24	British Pound	124.27	124.86	125.08	125.67	125.89
CAAM24	Canadian Dollar	72.74	73.00	73.08	73.34	73.42
SFAM24	Swiss	110.23	110.62	110.76	111.14	111.28
DAAM24	Australian Dollar	65.59	65.99	66.14	66.54	66.69

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