



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 17, 2024

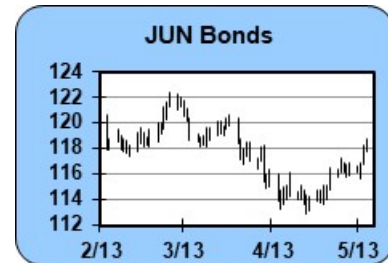
BONDS COMMENTARY

5/17/2024

Signs of softer US data and views inflation is falling is bullish

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

The pendulum of sentiment on the direction of US Federal Reserve policy has swung in both directions this week, with the passage of monthly PPI and CPI resulting in a slight revival of rate cut hopes earlier this week and Fed dialogue yesterday tempering rate cut prospects. However, there has been a sprinkling of softer US economic data points which combined with a dovish spin on inflation, should leave the bulls in control of treasury prices. On the other hand, today the trade will be presented with three Fed speeches, the first of which is the Minneapolis Fed Pres. who has been hawkish. The second and third speeches from the Fed today, from the Fed's Waller and Daly should also favor the hawks following recent comments from the members indicating a preference to "wait to gain confidence that inflation is dropping". While there could be a reaction to the US conference Board's April reading on leading indicators today, little change is expected and any noted reaction in treasuries might require a softer than expected reading. The North American session will start out with the April Canadian new housing price index which is forecast to have a minimal uptick from March's -0.4% reading. The Conference Board's April reading on leading indicators is expected to hold steady with March's -0.3% reading. Fed Governor Waller and San Francisco Fed President Daly will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

While the fundamental bias remains generally bullish (current sentiment sees inflation moving in the right direction and US data has given off slight signs of weakening) the bias in the trade today is corrective with prices taking out yesterday's lows early today. However, other than a minimal technical balancing dip, we think the bullish environment will spark upside action next week. Unfortunately for the bull camp sharp range up moves on Tuesday and Wednesday have left little close in support with first support in June bonds located at 117 - 07.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long June Bonds at 116-04. *Hit objective of 118-20.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/17/2024: 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. The downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 119-000. The next area of resistance is around 118-120 and 119-000, while 1st support hits today at 117-150 and below there at 117-050.

10 YR TREASURY NOTES (JUN) 05/17/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 110-040. The next area of resistance is around 109-230 and 110-040, while 1st support hits today at 109-060 and below there at 109-015.

STOCKS COMMENTARY

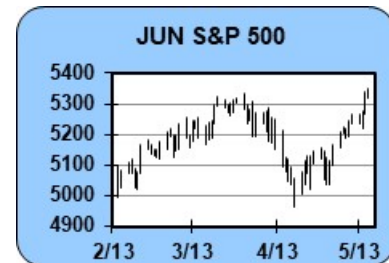
5/17/2024

The markets maintain a bullish speculative bias but are overdone

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -6

Global equity markets overnight were divided evenly between winners and losers with Asian markets generally higher and European markets generally softer. In retrospect, US equity markets have shown very little corrective action even in the face of initial fear of higher US rates earlier this week. However, the trade has embraced a solid earnings environment going forward and many investors are fearful of missing out on significant returns.



S&P 500: Granted, the S&P is significantly short-term overbought with the Tuesday through Thursday low to high rally of 135 points! However, open interest in futures continues to rise and general AI euphoria remains in place. On the other hand, with the S&P last week net spec and fund long 54,683 contracts and the index 137 points above the level where the last positioning report was measured, the net spec and fund long might be the largest since April 2022. In conclusion, the trend is up but the market needs a small measure of temporary corrective action to balance the technical picture. Key support this morning is right on the early trade at 5313.25 with uptrend channel support today at 5284.40.

Other US Indexes: In retrospect, the Dow has seen significant lift from headlines touting the regaining of 40,000, which in turn has sparked talk of a new contract high ahead with a trade above 40,358. Uptrend channel support in the Dow today is 39,724. While the hot speculative buzz toward AI prospects and big tech opportunities has moderated from early in the week, neither influence looks to evaporate. However, overnight headlines are rife with legal and regulatory issues for big tech and the index is seriously short-term overbought from the Tuesday through Thursday low to high rally of nearly 600 points. Uptrend channel support in the NASDAQ today is 18,457.

TODAY'S MARKET IDEAS:

The bull camp looks like it will retain overall control, but corporate headlines overnight were slightly negative, and the markets are short-term overbought. However, bullish resiliency is likely to remain in place with investors very confident.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/17/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 5357.75. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5334.50 and 5357.75, while 1st support hits today at 5302.50 and below there at 5293.75.

MINI-DOW (JUN) 05/17/2024: 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. The market could take on a defensive posture with the daily closing price reversal down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 40250. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 40108 and 40250, while 1st support hits today at 39908 and below there at 39849.

E-MINI NASDAQ (JUN) 05/17/2024: 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. The market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 18795.93. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 18705.87 and 18795.93, while 1st support hits today at 18580.63 and below there at 18545.44.

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	117-290	67.41	60.26	82.65	86.39	117.28	116.80	115.64	116.70	117.52
TYAAM24	109-145	61.95	56.95	81.36	84.38	109.27	109.07	108.51	109.07	109.52
EPM24	5318.50	73.44	66.06	90.53	92.95	5290.19	5252.22	5180.78	5198.65	5194.00
ENQM24	18643.25	71.63	64.22	90.22	93.60	18508.50	18337.56	18028.82	18125.88	18174.14
YMM24	40008	75.65	67.60	92.02	93.82	39818.50	39517.89	38998.56	39086.80	39160.80

Calculations based on previous session. Data collected 05/16/2024

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	117-040	117-140	118-020	118-120	119-000
TYAAM24	10 Yr Treasury Notes	109-010	109-055	109-185	109-230	110-040
EPM24	S&P E-Mini	5293.75	5302.50	5325.75	5334.50	5357.75
ENQM24	E-Mini NASDAQ	18545.43	18580.62	18670.68	18705.87	18795.93
YMM24	Mini-Dow	39848	39907	40049	40108	40250

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CURRENCIES COMMENTARY

5/17/2024

Technical balancing of recent trends not trend changes

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR +260, YEN -24, SWISS -43, CA DOLLAR -125

Upcoming International Reports (all times CT)

05/17 France Unemployment Situatio 12:30 AM

05/17 UK Consumer Price Index 1:00 AM

05/17 Swiss Industrial Production 1:30 AM

05/17 Euro-zone Consumer Price Ind 4:00 AM



DOLLAR: The dollar is showing signs of recovering or more likely simple balancing of an oversold condition. In retrospect, US scheduled data this week favors the bear camp in the dollar which in addition to the dollar's inability to sustain gains on recent bullish developments leaves the trend edge with the bear camp. In fact, with three Fed speeches today from three generally hawkish members, the overnight rally should be an opportunity to sell the dollar.

Other Currencies: Even though the euro is showing corrective weakness early this morning we see the euro zone harmonized Index of consumer prices report released overnight as slightly supportive. Furthermore, as indicated in dollar coverage today, traders should expect a wave of dovish US Federal Reserve speeches and that should at least underpin the Euro. Unfortunately for the bull camp breakneck gains over the prior three trading sessions leave little in the way of solid support in the euro until 1.0835. Clearly, the Pound has lost upside momentum and is also short-term overbought with the mid-week low to high rally of 200 points. Without the presence of scheduled data from the UK today, the pound trade will likely see significant influence from action in the dollar. Thin but unreliable support in the June Pound is seen at 1.2646 this morning. In retrospect, the Canadian posted a quasi-double top and the trade is seemingly banking profits. However, wildfires have apparently moderated before hitting a key oil production area, the TSE has continued to rally and the Canadian is likely to draft support from a weakening of the US dollar later today.

TODAY'S MARKET IDEAS:

We suggest traders sell the dollar on an upside short covering rally today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/17/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 103.79. The next area of resistance is around 104.67 and 104.85, while 1st support hits today at 104.15 and below there at 103.79.

EURO (JUN) 05/17/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 109.2537. The next area of resistance is around 108.9975 and 109.2537, while 1st support hits today at 108.5825 and below there at 108.4238.

JAPANESE YEN (JUN) 05/17/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 64.01. The next area of resistance is around 65.04 and 65.63, while 1st support hits today at 64.23 and below there at 64.01.

SWISS (JUN) 05/17/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The close below the 1st swing support could weigh on the market. The next upside objective is 111.87. The next area of resistance is around 111.20 and 111.87, while 1st support hits today at 110.29 and below there at 110.05.

CANADIAN DOLLAR (JUN) 05/17/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 market tilt is slightly negative with the close under the pivot. The near-term upside target is at 73.75. The next area of resistance is around 73.60 and 73.75, while 1st support hits today at 73.33 and below there at 73.20.

BRITISH POUND (JUN) 05/17/2024: 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 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 near-term upside objective is at 127.29. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 126.98 and 127.29, while 1st support hits today at 126.42 and below there at 126.16.

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	104.41	34.40	40.90	28.97	19.98	104.64	104.94	105.23	104.78	104.35
JYAM24	64.63	46.37	44.00	52.27	52.08	64.55	64.72	64.75	65.83	66.38
EU6M24	108.7900	68.15	61.96	82.59	88.64	108.56	108.16	107.75	107.99	108.29
BPAM24	126.70	71.34	63.31	73.98	81.61	126.28	125.72	125.44	125.74	126.12
CAAM24	73.47	61.40	55.94	68.80	78.21	73.38	73.21	73.17	73.36	73.54
SFAM24	110.74	52.63	49.37	66.15	70.41	110.83	110.77	110.48	111.22	112.12
DAAM24	66.82	68.01	63.29	80.28	84.18	0.67	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/16/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.78	104.14	104.32	104.67	104.85
JYAM24	Japanese Yen	64.00	64.22	64.81	65.04	65.63
EU6M24	Euro	108.4237	108.5825	108.8387	108.9975	109.2537
BPAM24	British Pound	126.15	126.41	126.72	126.98	127.29
CAAM24	Canadian Dollar	73.19	73.32	73.47	73.60	73.75
SFAM24	Swiss	110.04	110.28	110.95	111.20	111.87
DAAM24	Australian Dollar	66.26	66.52	66.86	67.12	67.46

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