



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday May 22, 2024

BONDS COMMENTARY

5/22/2024

Minimal gains early, a dip off existing home sales & then consolidation

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

While this week's prevailing action in treasuries has been a tight sideways consolidation pattern, today's events are likely to result in a breakout. Overnight interest rate market related developments favor the bear camp with residual heat in UK inflation tamping down Bank of England rate cut prospects and shocking Chinese demand for a new ultra long special Chinese bond offering resulted in a temporary suspension of the offering. Significant demand for Chinese government interest rate instruments signals further outflows of Chinese money from US treasury supply. It should also be noted that after the initial 20% surge in prices and a temporary suspension, the Chinese bonds jumped an additional 25%! In other bearish news from the last 24 hours, dialogue from US Fed officials lean in favor of the Hawks, with a chorus of views suggesting more time and more data are needed to cut rates. On the other end of the spectrum, the Fed's Waller suggested he has seen "progress" on inflation but does not see the need to "hike" rates. In another blow against cutting rates, the Fed's Bostic indicated the Fed needs to guard against "exuberance" as they plan the first rate cut! In other words, the Fed's Bostic fears a rate cut will spark a wave of investor and consumer confidence capable of rekindling inflation. In the early action today, the trade expects to see a slight uptick in US existing home sales which could add to the very minimal early downward bias. Fortunately for the bull camp, the longtime Democratic operative and Chicago Fed Pres. Goolsbee will speak and will campaign for a rate cut to help the administration. The North American session will start out with a weekly private survey of mortgage applications followed by the first top-tier US economic number of the week, an April reading on existing home sales that is forecast to have a minimal uptick from March's 4.19 million annualized rate. The minutes from the early May FOMC meeting will be released during early afternoon US trading hours. Chicago Fed President Goolsbee will speak during morning US trading hours. Earnings announcements will include TJX, Analog Devices and Target before the Wall Street opening while NVIDIA, Synopsys, and Snowflake report after the close.



TODAY'S MARKET IDEAS:

We see a slight rally following a speech from the Fed's Goolsbee, followed by a minimal retrenchment from US existing home sales and then a period of chop following the results of the 20 year US treasury bond auction. However, as indicated already we see the release of the FOMC meeting minutes as the first key signal of the week. On the other hand, with this week's avalanche of Fed speeches from the Atlanta Fed conference we suspect the thunder of the FOMC meeting minutes release has been stolen. Key support in June bonds today is 116-25 and at 108-30 in June treasury notes. Unfortunately for traders the range in treasury prices today is likely to be restrained as traders wait for the most significant US report of the week in the form of tomorrow's US initial claims.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/22/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next downside objective is 116-180. The next area of resistance is around 117-240 and 118-010, while 1st support hits today at 117-010 and below there at 116-180.

10 YR TREASURY NOTES (JUN) 05/22/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 108-275. The next area of resistance is around 109-130 and 109-170, while 1st support hits today at 109-025 and below there at 108-275.

STOCKS COMMENTARY

5/22/2024

Ranges should be narrow as the trade waits for Nvidia earnings

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

Global equity markets overnight were mixed with declining markets outnumbering those posting gains. While today's FOMC meeting minutes release will be an important development, Nvidia earnings after the close are likely to be the most prominent for the equity markets in weeks! Earnings announcements will include TJX, Analog Devices and Target before the Wall Street opening while NVIDIA, Synopsys, and Snowflake report after the close.



S&P 500: With the trading ranges in the S&P narrowing significantly (prompting some technical analysts' interpretation of a bull pennant) a breakout of the last five days trading range is likely to be a "pointer" of near term direction. However, as indicated already Nvidia earnings after the close are likely to be a major junction for investors with the market seeing Nvidia as the foundation of expectations for the chip sector and for AI revenue expectations. Traders should also be prepared for market impacting headlines flowing from a Paris tech sector conference with industry experts likely to tout strong revenue forecast from AI. Certainly, the S&P is overbought with the April low to May high rally of nearly 400 index points, but we detect bullish resiliency but given the magnitude of the gains in the month of May uptrend channel support is far below the market today at 5277.75 with closer in pivot point support seen at 5305.75.

Other US Indexes: The Dow futures continue to track sideways with a minimally negative chart tilt. However, the Dow is likely to follow the lead of the NASDAQ tomorrow after the trade digests the after the close earnings report from Nvidia. On the other hand, part of the sideways track in Dow futures this week is the result of neutral to slightly disappointing dialogue from the US Federal Reserve. Key pivot point support in the June Dow this morning is 39,907 with uptrend channel support this morning off the market down at 39,446. Not surprisingly, the NASDAQ remains the strongest market sector as it continues to see investment flow toward the tech sector/AI companies. Some of the upward action in the NASDAQ this week has been from very positive earnings projections from a tech conference in Paris. On the other hand, traders should expect significant volatility overnight tonight and into tomorrow's action with analysts suggesting the market value of Nvidia could swing by \$200 billion in the coming 24 hours. Critical pivot point support in the NASDAQ today is 18,633 with uptrend channel support today at 18,547.

TODAY'S MARKET IDEAS:

The bull camp remains in control of the NASDAQ with Dow and S&P futures expected to lag the index on the

upside and lead the index on the downside. However, Nvidia earnings after the close today could be a catalyst for a definitive upside extension or it could provide a temporary corrective setback which is likely to spark bargain hunting buying.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/22/2024: Momentum studies are trending higher but have entered overbought levels. 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. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 5365.00. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5357.50 and 5365.00, while 1st support hits today at 5332.50 and below there at 5315.00.

MINI-DOW (JUN) 05/22/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above 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 downside objective is 39856. The next area of resistance is around 40058 and 40109, while 1st support hits today at 39932 and below there at 39856.

E-MINI NASDAQ (JUN) 05/22/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 18905.31. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 18871.12 and 18905.31, while 1st support hits today at 18740.38 and below there at 18643.82.

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	117-120	59.47	56.06	78.47	74.77	117.41	117.08	116.18	116.61	117.45
TYAAM24	109-075	56.71	54.05	76.48	71.98	109.25	109.16	108.75	109.01	109.47
EPM24	5345.00	76.27	68.29	93.07	95.25	5330.19	5293.89	5218.47	5207.24	5203.21
ENQM24	18805.75	75.67	67.30	93.28	95.97	18705.75	18519.33	18206.58	18161.94	18199.48
YMM24	39995	69.24	64.77	92.52	91.80	40016.00	39834.78	39240.22	39138.91	39184.42

Calculations based on previous session. Data collected 05/21/2024

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	116-170	117-000	117-090	117-240	118-010
TYAAM24	10 Yr Treasury Notes	108-270	109-020	109-060	109-130	109-170

EPM24	S&P E-Mini	5315.00	5332.50	5340.00	5357.50	5365.00
ENQM24	E-Mini NASDAQ	18643.81	18740.37	18774.56	18871.12	18905.31
YMM24	Mini-Dow	39855	39931	39982	40058	40109

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CURRENCIES COMMENTARY

5/22/2024

The Pound bias is bullish from a lack of inflation progress

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +4, YEN -9, SWISS -22, CA DOLLAR -20

Upcoming International Reports (all times CT)

05/22 UK Producer Price Index 1:00 AM
05/22 Existing Home Sales 9:00 AM
05/22 EIA Energy Stocks 9:30 AM
05/23 France Manufacturing PMI Fla 2:15 AM
05/23 France Services PMI Flash 2:15 AM
05/23 Jobless Claims 7:30 AM
05/23 New Home Sales 9:00 AM
05/23 EIA Gas Storage 9:30 AM
05/23 UK Consumer Confidence 6:01 PM
05/23 Japan Consumer Price Index 6:30 PM



DOLLAR: With the general market perception seeing the avalanche of Fed dialogue this week from the Atlanta Fed conference as delaying a US rate cut, the dollar has carved out hard-fought but insignificant gains. We suspect an early Fed speech from the very pro administration Chicago Fed Pres. will result in a Dollar setback to consolidation support at 104.28 in the June dollar index, but it is likely that US existing home sales data released shortly after the first Fed speech will provide a slight bounce. Key pivot point support in the dollar index today is 104.30. However, it should be noted that the June dollar this morning has reached the vicinity of the May downtrend channel resistance line at 104.71.

Other Currencies: With the euro charts pointing down from lower highs and lower lows this week and the European Central Bank president indicating she is "really confident" that inflation is under control, the bias in the euro is down. In fact, with a failure at consolidation low support of 1.0849 later today we see the euro sliding to the next support level at 1.0828. With UK inflation declining less than expected and competition from other currencies absent, the Pound should remain the leadership market and should continue what could be a rally to 1.28. Furthermore, despite the less than expected decline in the headline UK inflation reading, core inflation readings barely registered a decline! As in other non-Pound currencies the Canadian charts remain bearish with fresh damage yesterday and yesterday's evidence of softening Canadian inflation adding to the bear case. Initial pivot point support in the Canadian today is 73.18 with a failure of that level setting up a decline to 73.00.

TODAY'S MARKET IDEAS:

The Pound retains a bullish fundamental and technical environment with other actively traded currencies under bearish fundamental and technical conditions.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/22/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 104.23. The next area of resistance is around 104.68 and 104.83, while 1st support hits today at 104.39 and below there at 104.23.

EURO (JUN) 05/22/2024: A crossover down in the daily stochastics is a bearish signal. 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 positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 108.3775. The next area of resistance is around 108.8400 and 109.0175, while 1st support hits today at 108.5200 and below there at 108.3775.

JAPANESE YEN (JUN) 05/22/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 64.00. The next area of resistance is around 64.43 and 64.58, while 1st support hits today at 64.15 and below there at 64.00.

SWISS (JUN) 05/22/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 now at 109.82. The next area of resistance is around 110.31 and 110.52, while 1st support hits today at 109.96 and below there at 109.82.

CANADIAN DOLLAR (JUN) 05/22/2024: Momentum studies are trending higher but have entered overbought levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 73.63. The next area of resistance is around 73.45 and 73.63, while 1st support hits today at 73.13 and below there at 72.98.

BRITISH POUND (JUN) 05/22/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next upside target is 127.50. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 127.31 and 127.50, while 1st support hits today at 126.91 and below there at 126.70.

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	104.53	40.68	44.26	23.02	22.51	104.42	104.68	105.05	104.86	104.40
JYAM24	64.28	40.05	40.07	41.39	30.91	64.44	64.50	64.65	65.57	66.22
EU6M24	108.6800	64.10	59.82	85.29	84.94	108.75	108.48	107.98	107.95	108.29
BPAM24	127.11	74.80	66.10	85.57	91.79	127.04	126.34	125.84	125.71	126.14
CAAM24	73.29	50.98	50.45	76.15	76.26	73.44	73.35	73.21	73.32	73.50
SFAM24	110.13	40.34	41.93	59.56	50.80	110.43	110.65	110.50	110.97	111.89
DAAM24	66.71	60.92	59.56	83.34	82.62	0.67	0.67	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/21/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.22	104.38	104.52	104.68	104.83
JYAM24	Japanese Yen	64.00	64.14	64.28	64.43	64.58
EU6M24	Euro	108.3775	108.5200	108.6975	108.8400	109.0175
BPAM24	British Pound	126.70	126.91	127.10	127.31	127.50
CAAM24	Canadian Dollar	72.97	73.13	73.30	73.45	73.63
SFAM24	Swiss	109.81	109.95	110.17	110.31	110.52
DAAM24	Australian Dollar	66.37	66.55	66.69	66.87	67.01

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