



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 28, 2022

BONDS COMMENTARY

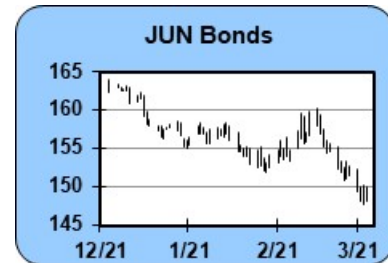
3/28/2022

Oversold but the war, Chinese infections and lower oil supports

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

While treasury bond prices forged lower lows for the move in the early action today, that breakout down was reversed, and bonds were tracking back in positive territory as of this writing. Perhaps the treasury markets drafted support from a \$4 plus decline in crude oil prices, a \$21 decline in gold prices and noted weakness in grain prices. In other words, the fear of inflation has been tamped down early and that might have prompted some shorts to bank profits into the new lows! Furthermore, a rising chorus of yield curve analysts are chirping about recession, while others are suggesting the quantitative easing by the Fed is distorting yield curve action. The Bank of Japan is being forced to defend against higher rates (10-year yields hit 6-year highs) and in the process the central bank made to offers to buy an unlimited amount of Japanese government bonds! While the US central bank has laid out an incremental plan of rising rates, the Federal Reserve does not appear to be as concerned about the pace of rising rates yet. Perhaps the Federal Reserve is less concerned about rising rates given the expanding threat of inflation and perhaps the Federal Reserve wants rates to rise enough to leave them with ammunition in case of another major event. With the bond market in the most recent COT positioning report shifting from a net long to a net short, and bond prices since the COT report falling two points the net spec and fund short has likely grown. However, it should be noted that 13 months ago the net spec and fund short in bonds was a massive 245,436 contracts. Bonds positioning in the Commitments of Traders for the week ending March 22nd showed Non-Commercial & Non-Reportable traders went from a net long to a net short position of 3,691 contracts after net selling 19,384 contracts. In the T-Note market Non-Commercial & Non-Reportable traders added 19,681 contracts to their already short position and are now net short 549,904 contracts. Critical economic news of importance released overnight included a Bank of England speech and a shift of daylight savings time in the UK, Switzerland, and overall, Euro zone. The North American session will start out with the February goods trade balances which is expected to have a modest uptick from January's \$107.3 billion monthly deficit. February wholesale inventories are forecast to have a minimal downtick from January's 0.8% reading. The Dallas Fed's March manufacturing business index is expected to have a moderate downtick from February's 14 reading.



TODAY'S MARKET IDEAS:

The bias is down but a hard recoil from the initial low this morning combined with a very thin economic report slate could take some of the pressure off prices. A critical pivot point is seen at 148-02 in June Bonds and thin support is seen at 146-20. Initial support in June T-Notes is 120-30 and a positive pivot would be seen with a trade above 121-19.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022

Non-Commercial

Commercial

Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	21,779	-9,706	3,692	+19,385	-25,470	-9,678
T-Notes	-348,277	-13,347	549,904	+19,681	-201,627	-6,334

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/28/2022: 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 144-250. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 148-190 and 150-140, while 1st support hits today at 145-250 and below there at 144-250.

10 YR TREASURY NOTES (JUN) 03/28/2022: 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 close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 120-155. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 122-105 and 123-110, while 1st support hits today at 120-290 and below there at 120-155.

STOCKS COMMENTARY

3/28/2022

Positive bias but optimism is very modest to start the new week

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -11

Global equity markets overnight were mixed with general weakness seen in Asia and Pacific rim stocks, with minimal positive action seen throughout the rest of the world. Despite seeing general weakness in global equity markets overnight, a 4-day shutdown of Shanghai for covid testing, periodic fear of recession and a schedule of rising interest rates the equity market has its share of negative forces but that has not discouraged buyers for the last several weeks.



S&P 500: While the upside breakout in the June S&P contract was minimal in scope the higher high pattern was extended overnight and the market continues to show its ability to absorb/deflect negative fundamental developments. Reports of fresh peace talks could provide upside traction if the focus of the negotiations includes Russia taking control of the Donbas in exchange for ending the conflict. From a technical perspective, the S&P maintains a net spec and fund short positioning which will likely continue to provide stop loss buying. The March 22nd Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders went from a net long to a net short position of 55,006 contracts after net selling 181,006 contracts.

Other US Indexes: The charts in the Dow look a little messy as the market last week was unable to hold an upside breakout and prices this morning have not made a higher high as was seen in the S&P contract. Critical support in June Dow futures today is 34,520 and an upside pivot point is seen with a trade above 34,754. Like the S&P, the Dow futures are also net spec and fund "short" in the latest positioning report and that should continue to be a source of stop loss buying and a limiting force for fresh selling. Dow Jones \$5 positioning in the Commitments of Traders for the week ending March 22nd showed Non-Commercial & Non-Reportable traders net sold 1,394 contracts and are now net short 15,532 contracts. News that Tesla suspended Shanghai factory

output (due to Covid infections) is a slight negative toward tech stocks but the trade at this hour is not overly concerned about fresh kinks in the supply chain from the closure of one of the most important Chinese ports. The NASDAQ positioning report also showed a net spec and fund "short" and that should continue to feed a measure of stop loss buying and in turn mitigate fresh selling in the event key support levels are violated. Key support in the June NASDAQ is 14,572 and resistance today is 14,840. Nasdaq Mini positioning in the Commitments of Traders for the week ending March 22nd showed Non-Commercial & Non-Reportable traders went from a net long to a net short position of 16,277 contracts after net selling 21,759 contracts.

TODAY'S MARKET IDEAS:

The bulls retain a thin edge, but investors are being presented with several negative themes in the form of uncertainty from the war, rising interest rates, inflation, deflation, and recession but the market continues to climb a wall of worry. However, in the event of a cease fire prices could explode on the upside and in the event of a settlement prices could really explode.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Financials							
E-Mini S&P	-47,739	-169,369	55,006	+181,006	-7,267	-11,637	

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/28/2022: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 4571.68. The next area of resistance is around 4558.62 and 4571.68, while 1st support hits today at 4512.88 and below there at 4480.19.

MINI-DOW (JUN) 03/28/2022: 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 close over the pivot swing is a somewhat positive setup. The near-term upside target is at 35032. The next area of resistance is around 34905 and 35032, while 1st support hits today at 34587 and below there at 34395.

E-MINI NASDAQ (JUN) 03/28/2022: 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 14996.62. The next area of resistance is around 14884.75 and 14996.62, while 1st support hits today at 14616.75 and below there at 14460.63.

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
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FINANCIAL COMPLEX

USAAM22	147-060	26.57	31.14	10.72	8.65	148.62	150.20	153.29	154.62	155.48
TYAAM22	121-195	20.92	26.12	7.82	5.72	122.61	123.50	125.19	126.27	126.84
EPM22	4535.75	66.58	60.67	86.51	94.09	4501.69	4436.31	4343.00	4381.69	4452.89
ENQM22	14750.75	64.95	58.92	84.01	92.49	14658.06	14328.81	13954.69	14216.01	14596.20
YMM22	34746	63.01	58.13	86.01	91.45	34585.75	34358.22	33722.61	34103.98	34537.55

Calculations based on previous session. Data collected 03/25/2022

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						
USAAM22	Bonds	144-240	145-240	147-190	148-190	150-140
TYAAM22	10 Yr Treasury Notes	120-150	120-285	121-290	122-105	123-110
EPM22	S&P E-Mini	4480.18	4512.87	4525.93	4558.62	4571.68
ENQM22	E-Mini NASDAQ	14460.62	14616.75	14728.62	14884.75	14996.62
YMM22	Mini-Dow	34394	34586	34713	34905	35032

Calculations based on previous session. Data collected 03/25/2022

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CURRENCIES COMMENTARY

3/28/2022

The trend in the Dollar and C\$ are pointing up

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR +428, YEN -116, SWISS -57, CA DOLLAR -120

Upcoming International Reports (all times CT)

03/28 Japan Unemployment Rate 6:30 PM
 03/29 German GfK Consumer Confiden 1:00 AM
 03/29 France Consumer Confidence 1:45 AM
 03/29 Consumer Confidence 9:00 AM
 03/29 API Energy Stocks 3:30 PM
 03/29 Japan Retail Sales 6:50 PM



DOLLAR: With at least two foreign central banks forced to move into the market to stifle surging bond yields, it is clear inflation fears are beginning to get the upper hand on deflation/recession fears. However, at this point the Fed does not appear to be poised to halt the rise in implied interest rates as some Fed members were in favor of a 50-basis point hike in the last meeting and instead the Fed hiked by only 25-basis points. Therefore, the US Fed is likely to be content to allow the "markets" to do their heavy lifting and that should leave US rates of return much more attractive in the early stages of the global "rate lift off". Dollar positioning in the Commitments of Traders for the week ending March 22nd showed Non-Commercial & Non-Reportable traders are net long 33,499 contracts after net buying 1,555 contracts.

EURO: Despite fresh peace talks between Ukraine and Russia this morning, the euro forged a fresh downside breakout and 9-day low in a fashion that extends the corrective track of the past 2 weeks. In retrospect, the ECB did not tighten policy in their last meeting and instead maintained a cautious tone. Therefore, those pressing the short side of the euro probably have less fear of intervention than in other currencies. Near term downside targeting is seen at 1.0963 and a reversal of sorts is seen with trade above 1.1040. Euro positioning in the Commitments of Traders for the week ending March 22nd showed Non-Commercial & Non-Reportable traders were net long 47,957 contracts after increasing their already long position by 4,743 contracts.

YEN: With Bank of Japan intervention to hold bond yields down, the sharp washout in the Japanese Yen is not surprising this morning. Apparently, the Bank of Japan acted after Japanese bond yields rose above targeted

levels but the trade saw that as a sign that the Bank of Japan was not in control of its markets. Near term downside targeting in the June Yen is seen at 80.50.

SWISS: Like other nondollar currencies, the Swiss is under fresh pressure this morning with downside targeting seen below 1.070. Apparently, the trade sees the US as a steady rising rate/yield destination at the same time the Yen, Swiss, and euro face regional geopolitical threats which need lower rates to keep forward economic motion in place.

POUND: The Pound has not escaped the spillover pressure from strength dollar, with a 4-day low overnight and an extension of last week's slide. Even though the Bank of England was quick in hiking rates the Pound is out-of-favor this morning possibly because views that US economy is one of the few economies strong enough to stand up to a wave of rising rates. On the other hand, we think the selling in the Pound is at current levels is misguided and a trade down to 1.3110 could be a buying opportunity.

CANADIAN DOLLAR: Clearly, the Canadian is tracking with the dollar instead of other nondollar currencies and that is likely the result of hawkish promises/threats from the Bank of Canada to "act forcefully" to maintain its inflation targets. Certainly, the Canadian is short-term technically overbought with the substantial rally from midmonth, but fundamentals and the charts signal the potential retest of the next upside key point on the charts at 80.25.

TODAY'S MARKET IDEAS:

Dollar and Canadian are in control given the capacity to raise rates without derailing growth.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a May Euro 1.1100/1.1400 bull call spread at 74. Use an objective of 250, and risk it to 24.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/28/2022: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 98.31. The next area of resistance is around 99.08 and 99.19, while 1st support hits today at 98.64 and below there at 98.31.

EURO (JUN) 03/28/2022: Momentum studies are trending higher from mid-range, which should support 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 downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 110.8712. The next area of resistance is around 110.4575 and 110.8712, while 1st support hits today at 109.8825 and below there at 109.7213.

JAPANESE YEN (JUN) 03/28/2022: 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 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 81.28. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 82.41 and 82.97, while 1st support hits today at 81.57 and below there at 81.28.

SWISS (JUN) 03/28/2022: 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 positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. The close over the pivot swing is a somewhat positive setup. The next upside target is 108.52. The next area of resistance is around 108.09 and 108.52, while 1st support hits today at 107.47 and below there at 107.29.

CANADIAN DOLLAR (JUN) 03/28/2022: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 80.58. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 80.40 and 80.58, while 1st support hits today at 79.86 and below there at 79.48.

BRITISH POUND (JUN) 03/28/2022: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 near-term upside target is at 132.51. The next area of resistance is around 132.15 and 132.51, while 1st support hits today at 131.49 and below there at 131.20.

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										
DXAM22	98.86	60.62	60.62	62.37	60.60	98.69	98.57	98.59	97.09	96.72
JYAM22	81.99	9.40	15.39	4.62	3.30	82.42	83.47	84.93	86.26	86.47
EU6M22	110.1700	41.73	41.61	51.89	53.00	110.38	110.53	110.34	112.25	112.66
BPAM22	131.82	47.51	44.55	43.56	53.20	132.02	131.59	131.58	133.62	134.17
CAAM22	80.13	74.14	66.29	83.56	92.14	79.73	79.29	78.81	78.74	78.85
SFAM22	107.78	49.50	46.90	41.12	51.30	107.75	107.37	107.84	108.46	108.73
DAAM22	75.29	72.07	67.31	82.83	91.70	0.75	0.74	0.74	0.72	0.72

Calculations based on previous session. Data collected 03/25/2022

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM22	US Dollar	98.30	98.63	98.75	99.08	99.19
JYAM22	Japanese Yen	81.27	81.56	82.12	82.41	82.97
EU6M22	Euro	109.7212	109.8825	110.2962	110.4575	110.8712
BPAM22	British Pound	131.19	131.49	131.85	132.15	132.51
CAAM22	Canadian Dollar	79.47	79.85	80.03	80.40	80.58
SFAM22	Swiss	107.28	107.47	107.90	108.09	108.52
DAAM22	Australian Dollar	74.85	75.08	75.27	75.50	75.69

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