



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

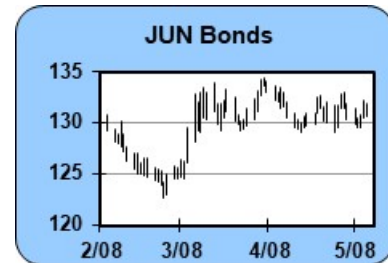
Monday May 15, 2023

## BONDS COMMENTARY

5/15/2023

Today the bias is down but look for a low

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



The treasury trade remains bullish toward prices despite the extension of last week's reversal slide. In fact, many traders feel the treasuries are poised to rally off the end game of the US debt/debt ceiling battle and other smaller traders/investors think treasury prices are poised to rally when the Fed is forced to "cut" rates. In the near term, the path of least resistance is down with the charts pointing to a slide in June bonds to 129-26 and perhaps 129-18 before finding a solid low. Items providing support to treasuries include initial claims weakness (which posted the highest reading since October 2021 last week), the showdown over the debt ceiling deadline, signs of weakness in the Chinese economy and the potential for soft US data from the Fed Empire State manufacturing survey later this morning. In a very minor bullish development German April wholesale prices registered the first year-over-year decline since December 2020 which in turn could minimally temper US Fed inflation fears. In a bullish contrary signal, it should be noted that hedge funds have assumed what a Bloomberg story suggested was a push by the funds to a "bear flattening" positioning from a (bear steepening" positioning. Bonds positioning in the Commitments of Traders for the week ending May 9th showed Non-Commercial & Non-Reportable traders reduced their net short position by 15,707 contracts to a net short 8,456 contracts. The North American session will start out with April Canadian housing starts which are expected to have a modest uptick from March's annualized rate. The New York Fed's May Empire State manufacturing survey is forecast to have a moderate downtick from April's 10.8 reading. March Canadian wholesale sales are expected to have a modest uptick from February's -1.7% reading. The March Treasury International Capital (TIC) reports will be released during mid-afternoon US trading hours and will show net changes to Chinese and Japanese Treasury holdings. Atlanta Fed President Bostic and Minneapolis Fed President Kashkari will speak during morning US trading hours while Richmond Fed President Barkin will speak during the afternoon.

### TODAY'S MARKET IDEAS:

While the initial direction in treasuries looks to be down this morning, soft US scheduled data and nearing support on the charts should result in a halt to the selling soon. In fact, the President and congressional leaders are scheduled to meet tomorrow, with the number of days available for face-to-face debate dwindling quickly. It should be noted that the trade will face two Fed speeches early this morning and that could be a significant junction as the markets are desperately searching for clues on the "next" Fed decision. We see a likely bottom in June bonds at 129-26 or at 129-18.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

Long 4 June Bond 129-00 put options from 0-52, and Long a June Bond futures from 134-03. Use an objective on the long June bond future of 134-15. Hold onto the puts for a long-term position.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023

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>	-80,746	+11,042	8,457	-15,707	72,290	+4,665
<b>T-Notes</b>	-722,675	+23,701	633,168	-56,025	89,507	+32,325

## BONDS TECHNICAL OUTLOOK:

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**BONDS (JUN) 05/15/2023:** The close below the 40-day moving average is an indication the longer-term trend has turned down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 132-090. The next area of resistance is around 131-100 and 132-090, while 1st support hits today at 130-010 and below there at 129-220.

**10 YR TREASURY NOTES (JUN) 05/15/2023:** A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 114-270. The next area of resistance is around 115-265 and 116-135, while 1st support hits today at 115-015 and below there at 114-270.

## STOCKS COMMENTARY

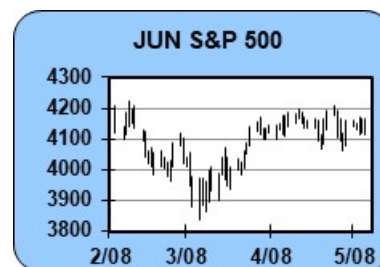
5/15/2023

**A positive start but equity bulls need dovish Fed news today**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**

**S&P 500 +18**

Global equity markets overnight were higher except for the Russian and Spanish markets which traded fractionally lower. Earnings reports scheduled for release today include several medical biomed/biotech companies, a foreign bank, and a computer software company.



**S&P 500:** The S&P is posting a somewhat impressive opening after a weekend, especially in the environment of the last 8 weeks. While the S&P is trading higher than the level at the last COT report measurement, the net spec and fund short registered the most significant bearish sentiment reading since the subprime/financial crisis. E-Mini S&P positioning in the Commitments of Traders for the week ending May 9th showed Non-Commercial & Non-Reportable traders net sold 19,646 contracts and are now net short 412,587 contracts. In other words, the trade is expecting the US economy to falter, mostly off the idea that the Fed overtightened and the economy is currently succumbing to that pressure. However, today the global markets have seemingly shifted to a more optimistic view on the US debt ceiling negotiations. Therefore, we see solid buying support today at 4112.00.

**Other US Indexes:** While the net spec and fund short in the Dow futures is not as extreme as the S&P futures, the net short is moderately large versus recent history. Dow Jones \$5 positioning in the Commitments of Traders for the week ending May 9th showed Non-Commercial & Non-Reportable traders reduced their net short position by 1,580 contracts to a net short 24,877 contracts. As indicated already, a slightly positive overnight view creates the potential for a slight bounce today with initial resistance pegged at 33,550. The NASDAQ on the other hand has a residually positive chart set up, with uniform respect of uptrend channel support posted again. Uptrend channel support in the NASDAQ today is 13,221 with that support on Tuesday increasing to 13,253. Nasdaq Mini positioning in the Commitments of Traders for the week ending May 9th showed Non-Commercial & Non-

Reportable traders net bought 10,453 contracts and are now net long 11,215 contracts.

**TODAY'S MARKET IDEAS:**

NASDAQ leadership to extend if there is hope for a US debt ceiling agreement.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

Long a June Nasdaq 14,200 Call from 90. Use an objective of 130.00.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	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	-375,825	-21,081	412,586	+19,643	-36,762	+1,435

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (JUN) 05/15/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 4188.18. The next area of resistance is around 4159.12 and 4188.18, while 1st support hits today at 4106.38 and below there at 4082.69.

MINI-DOW (JUN) 05/15/2023: The major trend has turned down with the cross over back below the 60-day moving average. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 32951. The next area of resistance is around 33499 and 33712, while 1st support hits today at 33119 and below there at 32951.

E-MINI NASDAQ (JUN) 05/15/2023: 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 puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 13572.93. The next area of resistance is around 13467.87 and 13572.93, while 1st support hits today at 13284.13 and below there at 13205.44.

**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
<b>FINANCIAL COMPLEX</b>										
USAAM23	130-210	48.59	49.27	43.57	44.43	130.66	130.99	130.86	131.23	129.79
TYAAM23	115-140	49.85	51.17	53.81	51.64	115.64	115.72	115.30	115.23	114.30
EPM23	4132.75	48.92	50.61	52.54	53.24	4141.50	4130.06	4140.64	4095.86	4079.25
ENQM23	13376.00	59.47	58.90	82.21	86.50	13373.13	13271.56	13199.08	13035.72	12843.71
YMM23	33309	39.50	43.88	38.66	32.76	33477.00	33517.78	33716.33	33368.51	33333.35

Calculations based on previous session. Data collected 05/12/2023  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM23	Bonds	129-210	130-000	130-310	131-100	132-090
TYAAM23	10 Yr Treasury Notes	114-265	115-010	115-200	115-265	116-135
EPM23	S&P E-Mini	4082.68	4106.37	4135.43	4159.12	4188.18
ENQM23	E-Mini NASDAQ	13205.43	13284.12	13389.18	13467.87	13572.93
YMM23	Mini-Dow	32950	33118	33331	33499	33712

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## CURRENCIES COMMENTARY

5/15/2023

**The Dollar to creep higher until debt ceiling threat abates**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
US DOLLAR -169, YEN -18, SWISS +18, CA DOLLAR +290**

### Upcoming International Reports (all times CT)

05/15 Swiss Producer Price Index 1:30 AM  
05/15 Euro-zone Industrial Product 4:00 AM  
05/15 Canadian Housing Starts 7:15 AM  
05/15 Canadian New Motor Vehicle S 7:30 AM  
05/15 Canadian Wholesale Trade 7:30 AM  
05/16 UK Employment Situation - C1 1:00 AM  
05/16 Euro-zone Foreign Trade 4:00 AM  
05/16 German ZEW Indicator of Econ 4:00 AM  
05/16 Business Inventories 7:30 AM  
05/16 Canadian Consumer Price Inde 7:30 AM  
05/16 Canadian Monthly Survey of M 7:30 AM  
05/16 Retail Sales 7:30 AM  
05/16 Capacity Utilization 8:15 AM  
05/16 Industrial Production 8:15 AM  
05/16 API Energy Stocks 3:30 PM  
05/16 Japan GDP 5:50 PM  
05/16 Japan Industrial Production 11:30 PM



**DOLLAR:** With a minimal bullish chart signal from a higher high posted early today, the recovery action in the Dollar from last week looks to have extended. Perhaps the dollar is garnering lift from a downtick in German wholesale prices or there is hope in the trade of positive economic views from a pair of US Fed speeches today. Critical support in the dollar index today is off the market down at 102.19 and targeting for the coming sessions is 103.00. Dollar positioning in the Commitments of Traders for the week ending May 9th showed Non-Commercial & Non-Reportable traders reduced their net long position by 673 contracts to a net long 12,615 contracts.

**EURO:** Like the dollar, the euro has made a fresh breakout extension, but the extension is on the downside. The sellers are likely motivated by the contraction of euro zone industrial production and by a decline in German wholesale prices for the first time since December 2020. The Commitments of Traders report for the week ending May 9th showed Euro Non-Commercial & Non-Reportable traders were net long 240,287 contracts after increasing their already long position by 8,608 contracts. Thin and unreliable support is projected at 1.0875 with potential downside targeting in the coming sessions seen down at 1.0835.

**YEN:** With a downside extension in the Yen likely the result of a slightly stronger dollar and a very disappointing downtick in Japanese producer prices the fundamentals favor the bear camp. Near term downside unreliable support is 73.77 with a more likely support/target price of 73.05 this week.

**SWISS:** While the Swiss bulls are somewhat heartened by the quasi-double low this morning, the prospects of further strength in the dollar (until the US debt talks tomorrow) could result in the Swiss extending last week's washout down to 1.1153. Adding minimally to the downward bias in the Swiss is a slight uptick in producer and import prices for April.

**POUND:** Like the Swiss, the Pound has posted a double bottom low early this morning, but the slide late last week violated several uptrend channel support levels. The Pound should draft support from news that UK public sector employers are expected to increase pay by the most since 2012. Initial and somewhat unreliable support is seen at the double low of 1.2454.

**CANADIAN DOLLAR:** Despite the Canadian rejecting a new low for the move overnight, the path of least resistance from the charts remains down. However, the Canadian should be supported as housing starts are expected to be above the prior month which in turn should reduce predictions of Bank of Canada rate cuts later this year. Initial and unreliable support is seen at 73.76.

**TODAY'S MARKET IDEAS:**

The dollar looks like it can extend minimal gains, but no currency looks to be in vogue.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**CURRENCIES TECHNICAL OUTLOOK:**

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**US DOLLAR (JUN) 05/15/2023:** 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 103.13. The next area of resistance is around 102.93 and 103.13, while 1st support hits today at 102.14 and below there at 101.56.

**EURO (JUN) 05/15/2023:** The major trend has turned down with the cross over back below the 60-day moving average. 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 108.0500. The next area of resistance is around 109.1600 and 109.8100, while 1st support hits today at 108.2800 and below there at 108.0500.

**JAPANESE YEN (JUN) 05/15/2023:** Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside objective is 75.00. The next area of resistance is around 74.45 and 75.00, while 1st support hits today at 73.72 and below there at 73.52.

**SWISS (JUN) 05/15/2023:** Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is now at 110.87. The next area of resistance is around 112.29 and 113.13, while 1st support hits today at 111.17 and below there at 110.87.

CANADIAN DOLLAR (JUN) 05/15/2023: The major trend has turned down with the cross over back below the 40-day moving average. A crossover down in the daily stochastics is a bearish signal. 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 73.45. The next area of resistance is around 74.05 and 74.38, while 1st support hits today at 73.59 and below there at 73.45.

BRITISH POUND (JUN) 05/15/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 123.85. The next area of resistance is around 125.07 and 125.76, while 1st support hits today at 124.11 and below there at 123.85.

## 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>										
DXAM23	102.53	67.13	59.37	57.61	72.68	101.76	101.47	101.47	101.93	102.54
JYAM23	74.08	40.27	41.51	49.73	50.78	74.56	74.48	74.66	75.69	75.46
EU6M23	108.7200	31.64	39.81	31.20	15.06	109.51	110.05	110.19	109.44	108.78
BPAM23	124.59	40.39	47.15	68.68	52.69	125.63	125.76	125.29	124.25	123.24
CAAM23	73.82	41.63	45.45	57.35	53.04	74.41	74.27	74.06	73.92	73.80
SFAM23	111.73	37.65	45.82	46.52	31.27	112.47	112.80	112.72	111.50	110.67
DAAM23	66.53	39.16	43.10	61.67	53.95	0.67	0.67	0.67	0.67	0.67

Calculations based on previous session. Data collected 05/12/2023

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM23	US Dollar	101.55	102.14	102.34	102.93	103.13
JYAM23	Japanese Yen	73.51	73.71	74.25	74.45	75.00
EU6M23	Euro	108.0500	108.2800	108.9300	109.1600	109.8100
BPAM23	British Pound	123.84	124.11	124.80	125.07	125.76
CAAM23	Canadian Dollar	73.44	73.58	73.91	74.05	74.38
SFAM23	Swiss	110.86	111.16	112.00	112.29	113.13
DAAM23	Australian Dollar	65.96	66.18	66.66	66.88	67.37

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