



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday January 26, 2024

### BONDS COMMENTARY

1/26/2024

**The trend is down but a soft PCE could change market sentiment**

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

**BONDS +0**

With the overnight higher high action in Treasuries not impressive and March bonds remaining below a downtrend channel resistance line of 121-05, the bears retain a just under the surface edge. However, a PCE reading of 0.1% or less could push treasuries back into an upward gear. In retrospect, the seven year note auction yesterday resulted in a rally in treasuries which basically saves the bull camp from further evidence that the trade is growing uncomfortable with the risk and reward of buying US treasuries. The bull camp might draft further lift today from the trade pulling out a lower inflation signal from yesterday's GDP report. While there will be other data points besides the PCE report today, the markets are likely to be more reactionary to PCE because of the Fed meeting next week. Therefore, there could be a low bar for the PCE ready to be seen as dovish. In our opinion, an "as expected" gain of 0.2% in PCE will not rekindle hopes of a cut by the June meeting. After the reaction to the first US data wave, the trade could see minimal pressure from a slight improvement in pending home sales. On the other hand, personal income, and personal spending will not be a noted impact unless both those readings are above expectations. The North American session will start out with December US personal income which is expected to have a minimal downtick from November's 0.4% reading. December personal spending is forecast to have a modest uptick from November's 0.2% reading. December core personal expenditures (a favorite Fed inflation gauge) are expected to hold steady with November's 2.6% year-over-year rate. December Canadian wholesale sales are forecast to have a moderate downtick from November's 0.9% reading. December US pending home sales are expected to have a moderate uptick from November's -5.2% year-over-year rate.



#### TODAY'S MARKET IDEAS:

While we give the bull camp the initial edge today, the market is approaching downtrend channel resistance at 121-05. However there is a lingering pocket of the market still hoping for an early 2024 rate cut, and that could prompt stop loss selling unless PCE is 0.1% or less.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/26/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher

prices. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 118-200. The next area of resistance is around 120-140 and 120-270, while 1st support hits today at 119-110 and below there at 118-200.

10 YR TREASURY NOTES (MAR) 01/26/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up on the daily chart is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 110-220. The next area of resistance is around 111-195 and 111-245, while 1st support hits today at 111-025 and below there at 110-220.

## STOCKS COMMENTARY

1/26/2024

### Bearish technical signals combined with bearish fundamentals

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -18

Global equity markets overnight were generally higher except for the markets in Japan, China, Russia, and Hong Kong. With two lower low trades on the charts this morning and a wave of negative company specific headlines over the last 24 hours we give the bear camp a slight edge. In addition to the lingering negative spillover from travails at Boeing, the market is vulnerable after predictions of softer sales from Tesla, and from Intel forecasts of revenues coming in below estimates. Furthermore, with Visa pointing to softening revenues ahead investors might be concerned about the health of the US consumer. Earnings announcements include American Express, Colgate-Palmolive and Norfolk Southern before the Wall Street opening.



**S&P 500:** As indicated already a developing lower high pattern gives the bear camp a slight edge today but it should also be noted that a higher low pattern has remained in place over the last five days. Unfortunately for the bull camp the very aggressive gains in equities last week and a slight loss of upside momentum since Wednesday presents a potential bearish pivot point today. However, the equity markets have displayed bullish resiliency, but the market is overbought from a short-term perspective and corporate headline news this week has been discouraging. In fact, the trade will be presented with several consumer facing earnings reports today with American Express possibly the most important earnings report of the day. We see critical support in the S&P today after the 7:30 data window down at 4889.

**Other US Indexes:** The charts in the Dow are clearly more bearish than in the S&P and are more in line with the NASDAQ which posted a three-day low early today and that should give the bear camp the edge into the US PCE report. Critical support this morning is yesterday's low of 37,911 especially in the minutes following the release of today's critical inflation report. As indicated already, the NASDAQ has a negative chart set up with the market tremendously overbought from a short-term perspective because of the five-day rally of 110 points. We see a key failure with a trade below 17,470.

#### TODAY'S MARKET IDEAS:

While we give a very slight edge to the bear camp early today, the markets have displayed bullish resiliency since the late October low and it appears that economic data has become less impactful. Nonetheless, today's US PCE reading is thought to be a major input to Fed decisions, and one could say that today's economic data will be the last major readings before the Fed meeting.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/26/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 4948.68. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 4937.62 and 4948.68, while 1st support hits today at 4904.38 and below there at 4882.19.

MINI-DOW (MAR) 01/26/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 38434. The next area of resistance is around 38341 and 38434, while 1st support hits today at 38033 and below there at 37818.

E-MINI NASDAQ (MAR) 01/26/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 17828.87. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 17695.75 and 17828.87, while 1st support hits today at 17485.75 and below there at 17408.88.

DAILY TECHNICAL STATISTICS

|                   | CLOSE    | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|-------------------|----------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| FINANCIAL COMPLEX |          |              |               |                           |                           |                |                |                 |                 |                 |
| USAAH24           | 119-280  | 38.35        | 43.13         | 14.30                     | 13.19                     | 119.91         | 120.47         | 121.77          | 120.83          | 118.89          |
| TYAAH24           | 111-110  | 44.60        | 47.45         | 22.71                     | 20.75                     | 111.26         | 111.47         | 111.82          | 111.39          | 110.57          |
| EPH24             | 4921.00  | 75.41        | 71.30         | 85.69                     | 90.82                     | 4901.13        | 4851.61        | 4816.83         | 4745.19         | 4667.95         |
| ENQH24            | 17590.75 | 75.35        | 71.40         | 86.42                     | 88.69                     | 17557.31       | 17289.19       | 17018.32        | 16720.27        | 16415.40        |
| YMH24             | 38187    | 64.26        | 64.35         | 70.22                     | 78.65                     | 38129.00       | 37884.33       | 37866.33        | 37246.11        | 36557.87        |

Calculations based on previous session. Data collected 01/25/2024

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 |                      |           |           |          |          |          |
| USAAH24           | Bonds                | 118-190   | 119-100   | 119-230  | 120-140  | 120-270  |
| TYAAH24           | 10 Yr Treasury Notes | 110-215   | 111-020   | 111-070  | 111-195  | 111-245  |
| EPH24             | S&P E-Mini           | 4882.18   | 4904.37   | 4915.43  | 4937.62  | 4948.68  |
| ENQH24            | E-Mini NASDAQ        | 17408.87  | 17485.75  | 17618.87 | 17695.75 | 17828.87 |
| YMH24             | Mini-Dow             | 37818     | 38033     | 38126    | 38341    | 38434    |

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## CURRENCIES COMMENTARY

1/26/2024

**Sell euro rallies, by a post-report dip in the pound or C\$**

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

**US DOLLAR +5, YEN -12, SWISS +17, CA DOLLAR +65**

### Upcoming International Reports (all times CT)

01/26 German GfK Consumer Confiden 1:00 AM

01/26 France Consumer Confidence 1:45 AM

01/26 Swiss ZEW Investor Sentiment 3:00 AM

01/26 Personal Income 7:30 AM

01/26 Japan BOJ Minutes 6:50 PM



**DOLLAR:** While the dollar posted a three-day high overnight, the dollar recently has not shown strength in the wake of US data points that should have lifted the index. Therefore, an upside breakout in the dollar today probably requires a US PCE at or above 0.3%, but even that might not bring in enough buying to trade through the January high up at 103.60. However, in today's action the trade feels like it will embrace a soft PCE over a hotter than expected PCE.

**Other Currencies:** With a new low for the move overnight in the Euro the bearish late December early January chart pattern has been extended. Furthermore, the trade thinks euro zone inflation is falling faster than expected and that has ratcheted upward expectations for an ECB rate cut. Unfortunately for euro bulls the trade is showing even less bullish resiliency than the US dollar. Downtrend channel selling resistance in the euro today is 1.0930. As we indicated yesterday, we think the Pound has found value and is not facing stiff competition from other currencies. Adding to the bull case in the pound is the highest UK consumer confidence reading in two years as that suggests consumers are less deterioration of disposable income from inflation. Uptrend channel support in the pound today is unlikely to be tested at 1.266 with initial resistance at 1.277 potentially failing to hold the pound down in this week's range. From the charts, the Canadian dollar has once again displayed value around the 74.00 level with competition for a leadership role only challenged by the Pound. The Canadian this morning has already climbed above the late December early January downtrend channel resistance line at 74.32 and therefore we remain bullish toward the Canadian unless that level fails to hold following US data.

### TODAY'S MARKET IDEAS:

The dollar looks to continue to coil but could strengthen if PCE is above 0.2%. However, in the face of signs of falling inflation from the PCE report the pound and Canadian should leap higher.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## CURRENCIES TECHNICAL OUTLOOK:

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**US DOLLAR (MAR) 01/26/2024:** The market now above the 60-day moving average suggests the longer-term trend has turned up. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 102.69. The next area of resistance is around 103.60 and 103.83, while 1st support hits today at 103.04 and below there at 102.69.

EURO (MAR) 01/26/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 107.9313. The next area of resistance is around 109.0525 and 109.5612, while 1st support hits today at 108.2375 and below there at 107.9313.

JAPANESE YEN (MAR) 01/26/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. 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 near-term upside objective is at 68.70. The next area of resistance is around 68.45 and 68.70, while 1st support hits today at 68.04 and below there at 67.87.

SWISS (MAR) 01/26/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 116.84. The next area of resistance is around 116.30 and 116.84, while 1st support hits today at 115.49 and below there at 115.22.

CANADIAN DOLLAR (MAR) 01/26/2024: The crossover up in the daily stochastics is a bullish signal. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is positive on the close above the 9-day 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 next upside target is 74.53. The next area of resistance is around 74.44 and 74.53, while 1st support hits today at 74.10 and below there at 73.84.

BRITISH POUND (MAR) 01/26/2024: 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 positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 127.76. The next area of resistance is around 127.44 and 127.76, while 1st support hits today at 126.82 and below there at 126.53.

DAILY TECHNICAL STATISTICS

|                  | CLOSE    | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|------------------|----------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| CURRENCY COMPLEX |          |              |               |                           |                           |                |                |                 |                 |                 |
| DXAH24           | 103.32   | 63.79        | 59.15         | 83.34                     | 82.82                     | 103.22         | 103.08         | 102.59          | 102.51          | 103.01          |
| JYAH24           | 68.24    | 33.02        | 36.97         | 9.75                      | 10.85                     | 68.16          | 68.36          | 69.31           | 69.68           | 69.22           |
| EU6H24           | 108.6450 | 35.59        | 40.94         | 19.26                     | 18.08                     | 108.89         | 109.08         | 109.48          | 109.57          | 109.13          |
| BPAH24           | 127.13   | 51.63        | 52.61         | 49.35                     | 53.00                     | 127.09         | 127.00         | 127.08          | 126.72          | 125.81          |
| CAAH24           | 74.27    | 43.35        | 45.63         | 18.61                     | 19.67                     | 74.22          | 74.26          | 74.62           | 74.41           | 74.00           |
| SFAH24           | 115.89   | 37.68        | 41.91         | 14.32                     | 15.47                     | 115.90         | 116.26         | 117.43          | 116.68          | 115.73          |
| DAAH24           | 65.93    | 35.75        | 40.24         | 17.68                     | 19.41                     | 0.66           | 0.66           | 0.67            | 0.67            | 0.66            |

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DAILY SWING STATISTICS

| Contract         |                 | Support 2 | Support 1 | Pivot    | Resist 1 | Resist 2 |
|------------------|-----------------|-----------|-----------|----------|----------|----------|
| CURRENCY COMPLEX |                 |           |           |          |          |          |
| DXAH24           | US Dollar       | 102.69    | 103.03    | 103.26   | 103.60   | 103.83   |
| JYAH24           | Japanese Yen    | 67.86     | 68.03     | 68.28    | 68.45    | 68.70    |
| EU6H24           | Euro            | 107.9312  | 108.2374  | 108.7462 | 109.0525 | 109.5612 |
| BPAH24           | British Pound   | 126.52    | 126.82    | 127.14   | 127.44   | 127.76   |
| CAAH24           | Canadian Dollar | 73.83     | 74.09     | 74.18    | 74.44    | 74.53    |

|        |                   |        |        |        |        |        |
|--------|-------------------|--------|--------|--------|--------|--------|
| SFAH24 | Swiss             | 115.21 | 115.48 | 116.02 | 116.30 | 116.84 |
| DAAH24 | Australian Dollar | 65.52  | 65.71  | 65.95  | 66.14  | 66.39  |

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