



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday February 02, 2024

BONDS COMMENTARY

2/2/2024

The trend remains up from a list of bullish fundamentals

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

While the bull camp might be put off by the initial lower trade today, fundamentals are clearly in the bull column with several US jobs related data points earlier this week pointing to softening of US the jobs market.

Furthermore, signs that European inflation is falling faster than expected, news that the Bank of England is reviewing what they call "high rates" and many central bankers singing dovish notes, the bull camp should see an extension of this week's rally in bonds and notes. In fact, we see bullish sentiment entrenched with the markets capable of absorbing a slightly better-than-expected US payrolls reading today. However, the trade might pay attention to wage readings in today's report as a softening of hourly earnings could provide upside momentum for treasury prices and add to the case for a US rate cut at some point in the future. On the other hand, treasury bonds are short-term overbought from the last two weeks' low to high rally of nearly 6 points. It should be noted that the treasury note rally over the last two weeks was a paltry two points which could mean notes have a measure of "catch up" buying potential. Certainly, an as expected or above expectations (+180,000) payroll reading could prompt week-ending profit-taking, but weakness is likely to be met with buying. The North American session will start out with the highlight for global markets, the January US employment situation report. January non-farm payrolls are expected to come in around 175,000 to 180,000 which would be a moderate downtick from December's 216,000 reading. January US unemployment is forecast to hold steady at a 3.7% rate while January average hourly earnings are expected to hold steady at a 4.1% year-over-year rate. December US factory orders are forecast to have a sizable downtick from November's 2.6% reading. A private survey of January US consumer sentiment is forecast to have a sizable uptick from December's 69.7 reading.



TODAY'S MARKET IDEAS:

Clearly, the bull camp retains a firm grip over treasuries with the global slowing mantra enhanced by this week's pattern of soft US jobs data, rising flight to quality interest from increased concerns of a Chinese contagion and from a wave of dovish international central bank developments. Buying support in March bonds is 123-13 but buying support for conservative traders should be lowered to 123-00 because of the potential for post jobs report volatility.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/02/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar

moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 126-010. The next area of resistance is around 125-010 and 126-010, while 1st support hits today at 122-250 and below there at 121-160.

10 YR TREASURY NOTES (MAR) 02/02/2024: 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 positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 113-225. The next area of resistance is around 113-095 and 113-225, while 1st support hits today at 112-130 and below there at 111-290.

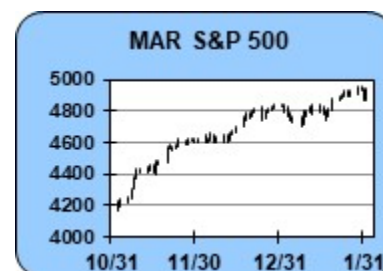
STOCKS COMMENTARY

2/2/2024

Bad economic news is fodder for the bull camp

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +29

Global equity markets overnight were mostly higher except for the markets in China and Russia, with the Chinese markets falling again by more than 1%. Weakness in the Chinese equity markets is beginning to spark concerns of contagion, as margin calls mount from the market rout. However, it appears that the bull market in the US will extend into another session and could accelerate if US interest rates breakout down to the lowest levels since the end of December. Earnings announcements will include Exxon Mobil, AbbVie, Chevron, Regeneron Pharmaceuticals and Bristol-Myers Squibb before the Wall Street opening.



S&P 500: In addition to bullish macro sentiment, equities have managed to exit quarterly earnings results from Apple, Facebook, and Amazon with a net positive vibe. Granted, analysts found some concerning elements from disappointing Apple sales (primarily from China) generally discounted. However, investors can embrace the bull case with layoff announcements seemingly adding to bullish tilt. In the end, fear of too much slowing has not entered the equation yet and the S&P looks headed to psychological even numbers of 5000.

Other US Indexes: While upside momentum in the Dow appears to have stalled this week, the index should have corrected its overbought condition with the high to low setback from the Wednesday all-time high reaching 500 index points. Certainly, news for the tech laden NASDAQ has been more positive than for large, capitalized companies in the Dow, but growing prospects of lower US rates and rising investor confidence should result in higher highs. Buying support in the Dow today is 38,500 with next resistance the old high at 38,720. As indicated already, there were some concerning issues within this week's wave of big tech earnings, but the market remains in a position to shape most fundamentals in favor of the bulls. In fact, we expect the NASDAQ to not only play catch-up to the S&P but should become the leadership market again. Buying support in the NASDAQ today is 17,457.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp with the midweek correction balancing overbought indicators and the market so far absorbing negative Apple sales in China.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/02/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 4851.44. The next area of resistance is around 4982.87 and 5003.93, while 1st support hits today at 4906.63 and below there at 4851.44.

MINI-DOW (MAR) 02/02/2024: 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 daily closing price reversal gives the market a bullish tilt. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 38919. The next area of resistance is around 38787 and 38919, while 1st support hits today at 38367 and below there at 38080.

E-MINI NASDAQ (MAR) 02/02/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 17179.50. The next area of resistance is around 17710.25 and 17793.50, while 1st support hits today at 17403.25 and below there at 17179.50.

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										
USAAH24	123-290	69.68	63.20	38.87	60.11	122.01	120.80	121.20	121.47	119.77
TYAAH24	112-270	68.18	62.49	40.22	59.33	112.08	111.59	111.71	111.68	110.94
EPH24	4944.75	64.49	64.78	86.22	85.13	4925.00	4912.78	4860.88	4779.79	4718.32
ENQH24	17556.75	60.20	61.42	78.86	74.66	17498.06	17523.86	17256.74	16861.14	16628.74
YMH24	38577	66.43	66.02	83.27	85.33	38477.50	38293.33	38031.50	37557.96	36941.70

Calculations based on previous session. Data collected 02/01/2024

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	121-150	122-240	123-240	125-010	126-010
TYAAH24	10 Yr Treasury Notes	111-285	112-125	112-255	113-095	113-225
EPH24	S&P E-Mini	4851.43	4906.62	4927.68	4982.87	5003.93
ENQH24	E-Mini NASDAQ	17179.50	17403.25	17486.50	17710.25	17793.50
YMH24	Mini-Dow	38079	38367	38499	38787	38919

Calculations based on previous session. Data collected 02/01/2024

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CURRENCIES COMMENTARY

2/2/2024

A complexion change from consolidation to dollar weakness

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -42, YEN -26, SWISS +15, CA DOLLAR +35

Upcoming International Reports (all times CT)

02/02 France Industrial Production 1:45 AM
02/02 France ECRI Future Inflation 3:30 AM
02/02 German ECRI Future Inflation 3:30 AM
02/02 UK ECRI Future Inflation Gau 3:30 AM
02/02 Euro-zone ECRI Future Inflat 4:00 AM
02/02 Unemployment 7:30 AM
02/02 Factory Orders 9:00 AM



DOLLAR: With the dollar likely to post a weekly loss, falling to and below its 200-day moving average for three straight sessions, a procession of soft US jobs readings and the trade unlikely to change is bearish views without a large upside surprise in US payrolls, a downside breakout from weeks of sideways consolidation might be in the offing today. However, cushioning the dollar is equal concerns of slowing in Europe and the potential for a Chinese financial crisis. The obvious bull bear line in the March dollar index today is the 200-day moving average at 102.84 as that level has generally underpinned the dollar since the mid-January gap up. If it were not for a lack of trending capacity throughout the currency markets recently, we would suggest attacking the dollar from the short side today.

Other Currencies: Clearly, the euro is gaining favor with the currency discounting indications from ECB AI driven economic modeling suggesting European inflation is falling faster than expected. Fortunately for the bull camp, the dollar has damaged its charts this morning and French industrial output strength countervailed a 60,000 jump in Spanish unemployment for January. Unfortunately for the bull camp conservative buying support in the euro is down at 1.0835, but a trade above the 200-day moving average at 1.094 is possible and could set the stage for a return to 1.10 next week. As indicated already, indications from the Bank of England calling for the review of "high rates" thickens resistance over the pound to start today. However, initial dollar weakness and an upside breakout in the pound to the highest level since January 24th gives the bull camp a technical edge early on. On the other hand, we must note the propensity in the currency markets to "remain within a consolidation ranges" as most major economies are presenting soft data. The bias is up but the risk and reward of fresh long entry at current levels in the Pound is unappealing. With the Canadian presented with a faltering US dollar, positive "spin" regarding Canadian factory PMI (chatter that the PMI decline was narrower than recent declines) and favorable technical signals from a developing uptrend channel, the Canadian should be poised to trade above 75.00.

TODAY'S MARKET IDEAS:

It appears that the currency markets have finally reached a junction where long-held sideways consolidation pattern look to break down. Apparently, fears of global slowing have resulted in more bearish sentiment toward the dollar than in other currencies. Our pick for today's bullish leadership role is the Canadian followed by the pound.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/02/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market back below the 18-day moving average

suggests the intermediate-term trend could be turning down. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 102.26. The next area of resistance is around 103.30 and 103.88, while 1st support hits today at 102.49 and below there at 102.26.

EURO (MAR) 02/02/2024: The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 109.6512. Short-term indicators suggest buying dips today. The next area of resistance is around 109.3825 and 109.6512, while 1st support hits today at 108.4175 and below there at 107.7213.

JAPANESE YEN (MAR) 02/02/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 69.33. The next area of resistance is around 69.06 and 69.33, while 1st support hits today at 68.49 and below there at 68.18.

SWISS (MAR) 02/02/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 117.99. The next area of resistance is around 117.70 and 117.99, while 1st support hits today at 116.64 and below there at 115.87.

CANADIAN DOLLAR (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. 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 upside objective is 75.20. The next area of resistance is around 75.02 and 75.20, while 1st support hits today at 74.48 and below there at 74.13.

BRITISH POUND (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 128.52. The next area of resistance is around 128.13 and 128.52, while 1st support hits today at 126.83 and below there at 125.91.

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										
DXAH24	102.89	48.48	50.84	77.60	70.02	103.15	103.20	102.90	102.53	102.84
JYAH24	68.77	50.62	46.77	20.58	29.99	68.53	68.31	68.68	69.68	69.25
EU6H24	108.9000	47.14	46.59	20.76	25.33	108.63	108.76	109.14	109.44	109.28
BPAH24	127.48	59.68	56.63	54.46	61.16	127.16	127.11	127.14	126.88	126.22
CAAH24	74.75	59.00	55.45	45.20	59.42	74.65	74.43	74.48	74.55	74.16
SFAH24	117.17	56.63	53.65	31.53	41.74	116.78	116.34	116.85	116.90	116.10
DAAH24	65.82	35.53	39.76	26.79	29.38	0.66	0.66	0.66	0.67	0.66

Calculations based on previous session. Data collected 02/01/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.25	102.48	103.07	103.30	103.88
JYAH24	Japanese Yen	68.17	68.48	68.75	69.06	69.33
EU6H24	Euro	107.7212	108.4175	108.6862	109.3825	109.6512
BPAH24	British Pound	125.90	126.82	127.21	128.13	128.52
CAAH24	Canadian Dollar	74.12	74.48	74.66	75.02	75.20
SFAH24	Swiss	115.86	116.63	116.92	117.70	117.99
DAAH24	Australian Dollar	64.97	65.47	65.67	66.17	66.38

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