



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday February 08, 2024

BONDS COMMENTARY

2/8/2024

Mixed comments from Fed speakers unable to provide support

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS -1

Bonds and Notes have seen coiling action over the past three sessions, and while they are holding above Monday's lows, they have been unable to regain upside momentum today. There has been a lack of top-tier US data for the market to digest this week. Wednesday's trade balance reading showing a monthly deficit that was in-line with market forecasts and consumer credit that was much lower than expected. The Treasury's record-sized 10-Year Note auction saw a larger than average bid-to-tail and strong international demand that underpinned prices. The 30-year bond auction at midday today could provide a better gauge of demand going forward. Minneapolis Fed President Kashkari said that two or three rate cuts seems appropriate; Fed Governor Kugler said that while she is pleased with the progress on inflation, the job is not done yet; and Boston Fed President Collins said that the Fed is likely to cut rates later this year if the US economy meets expectations. On the other side, Richmond Fed President Barkin said that it makes sense to be patient on rate cuts. Today's trading starts out with a weekly reading on initial jobless claims, which are expected to show a slight decline from the previous 224,000 reading, with ongoing claims expected to be down from 1.898 million last week. December wholesale trade is expected to show an improvement from the previous -0.4% reading. Richmond Fed President Barkin will speak again today during morning US trading hours.



TODAY'S MARKET IDEAS:

The bears have regained the upper hand in Bonds and Notes, as recent Fed commentary has not been dovish enough to sustain a recovery move. Unless a "risk off" mood develops, they are likely to remain on the defensive today. Look for resistance at 121-04 in March Bonds and at 111-16 in March Notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/08/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is 119-260. The next area of resistance is around 121-030 and 121-210, while 1st support hits today at 120-060 and below there at 119-260.

10 YR TREASURY NOTES (MAR) 02/08/2024: The major trend has turned down with the cross over back below

the 60-day moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 110-230. The next area of resistance is around 111-110 and 111-215, while 1st support hits today at 110-280 and below there at 110-230.

STOCKS COMMENTARY

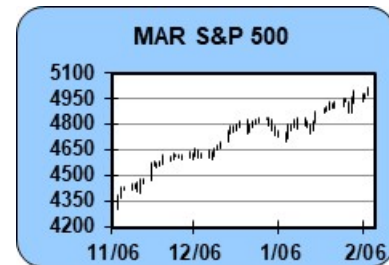
2/8/2024

Rising dollar, weak Chinese inflation pressure stocks.

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
S&P 500 -9**

Global markets started out with a mildly positive tone overnight, but they are showing mixed results this morning. Chinese equities saw a third positive day in a row, and the Japanese Nikkei reached a 34-year high. January Chinese CPI was lower than forecast and PPI was slightly higher than expected, but both were below a year ago. Major European indices were modestly higher early today, led by the French CAC-40.

Today's trading starts out with a weekly reading on initial jobless claims, which are expected to show a slight decline from the previous 224,000 reading, with ongoing claims expected to be down from 1.898 million last week. December wholesale trade is expected to show an improvement from the previous -0.4% reading. Richmond Fed President Barkin will speak again today during morning US trading hours. Earnings announcements will include S&P Global, ConocoPhillips, Duke Energy, Intercontinental Exchange, Thomson Reuters, and Hershey, all before the Wall Street opening.



S&P 500: The S&P was unable to follow-through on Wednesday's updraft overnight, and it may need to receive additional positive news to reach new high ground today. Better than expected earnings from Emerson Electric reflect the overall strength of the US economy that has underpinned the Index this year. In the wake of the sluggish Chinese inflation data, the market may need positive results from key energy firm ConocoPhillips and/or a strong jobless claims reading to regain upside momentum. Uptrend channel support in the March S&P comes in at 4929.50, with close-in support at 4970.

Other US Indexes: The Dow Jones found early support from the better-than-expected results and positive guidance from Walt Disney, but that has not been enough to offset rising yields and the stronger dollar, which have been a source of pressure today. Unless both the dollar and yields turn lower, the Dow will may have trouble regaining upside momentum. Look for resistance in the March Dow at 38,840. The NASDAQ continues to hold its ground just below record highs, but a lack of bullish news from bellwether tech stocks may be keeping further gains in check. Look for support in the March NASDAQ at 17750.

TODAY'S MARKET IDEAS:

Mixed signals from Fed officials and a rising dollar appear to have stalled the rally in US equities. With China going on holiday, the major US indices are vulnerable to profit-taking. We expect NASDAQ to continue to outperform S&P and Dow.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/08/2024: 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 market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 5054.62. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5039.25 and 5054.62, while 1st support hits today at 4989.25 and below there at 4954.63.

MINI-DOW (MAR) 02/08/2024: The daily stochastics gave a bullish indicator with a crossover up. 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 market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 39035. The next area of resistance is around 38930 and 39035, while 1st support hits today at 38634 and below there at 38442.

E-MINI NASDAQ (MAR) 02/08/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 near-term upside target is at 18046.56. The next area of resistance is around 17971.87 and 18046.56, while 1st support hits today at 17726.13 and below there at 17555.07.

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	120-200	46.21	47.60	41.04	36.42	120.91	121.26	120.86	121.81	120.26
TYAAH24	111-035	44.08	46.10	33.22	25.35	111.21	111.58	111.52	111.78	111.14
EPH24	5014.25	71.95	69.94	88.34	90.62	4979.88	4949.64	4900.50	4811.61	4755.06
ENQH24	17849.00	67.71	66.43	84.38	87.86	17722.19	17606.36	17447.14	16995.99	16778.28
YMH24	38782	65.92	65.53	83.77	84.65	38639.00	38528.56	38204.72	37778.47	37222.90

Calculations based on previous session. Data collected 02/07/2024

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	119-250	120-050	120-230	121-030	121-210
TYAAH24	10 Yr Treasury Notes	110-225	110-275	111-060	111-110	111-215
EPH24	S&P E-Mini	4954.62	4989.25	5004.62	5039.25	5054.62
ENQH24	E-Mini NASDAQ	17555.06	17726.12	17800.81	17971.87	18046.56
YMH24	Mini-Dow	38441	38633	38738	38930	39035

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CURRENCIES COMMENTARY

2/8/2024

Dovish BOJ comments lead to downside breakout in Yen

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR +213, YEN -54, SWISS +1, CA DOLLAR -65

Upcoming International Reports (all times CT)

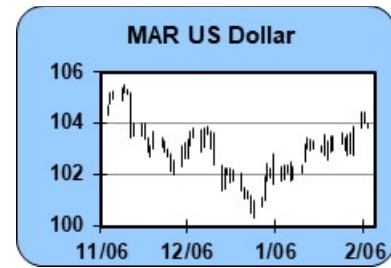
02/08 Jobless Claims 7:30 AM

02/08 Wholesale Trade 7:30 AM

02/08 EIA Gas Storage 9:30 AM

02/09 German Consumer Price Index 1:00 AM

02/09 Canadian Labor Force Survey 7:30 AM



DOLLAR: The Dollar has found its footing after a two-day pullback and is showing moderate strength coming into this morning's action. With few major US economic numbers this week, Fed commentary is having an outsized impact. There have been several dovish comments by Fed members on declining US inflation, but they were not enough to keep the dollar under pressure. A weaker than expected Chinese CPI may have added to anxiety over their economy and underpinned the dollar overnight. Employment has been the "strong suit" in recent US data, and the market may be expecting good results from this morning's weekly jobless claims readings. Near-term support in the March Dollar Index is at 103.85.

Other Currencies: The yen broke out to the downside following comments from a Bank of Japan official that they will not aggressively hike rates, even after ending negative rates. The yen fell to a 2 1/2 month low this morning, but a surprise uptick in the Japanese Eco-Watchers survey could help it find its footing. Look for support in the March Yen at 67.30. The Euro's recovery move has run out of steam, but several ECB members are scheduled to speak later today, which may help the currency regain upside momentum. Look for support in the March Euro at 1.0750. The pound has come under moderate pressure this morning, but it would be a major beneficiary if a "risk on" mood was to reemerge. Look for support in the March Pound at 1.2560.

TODAY'S MARKET IDEAS:

The bulls will start out with the upper hand in the dollar today, as sluggish Chinese inflation data should provide moderate support. While dovish BOJ commentary has put the yen on the defensive, recent positive Japanese economic data should help it to hold above its mid-November lows.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/08/2024: The daily stochastics have crossed over down which is a bearish indication. 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 close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 103.70. The next area of resistance is around 104.01 and 104.13, while 1st support hits today at 103.80 and below there at 103.70.

EURO (MAR) 02/08/2024: A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 108.1825. The next

area of resistance is around 108.0500 and 108.1825, while 1st support hits today at 107.7500 and below there at 107.5825.

JAPANESE YEN (MAR) 02/08/2024: 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 negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 68.25. The next area of resistance is around 68.05 and 68.25, while 1st support hits today at 67.77 and below there at 67.68.

SWISS (MAR) 02/08/2024: 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. A negative signal was given by the outside day down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 114.16. The next area of resistance is around 115.28 and 115.85, while 1st support hits today at 114.44 and below there at 114.16.

CANADIAN DOLLAR (MAR) 02/08/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 74.08. The next area of resistance is around 74.41 and 74.48, while 1st support hits today at 74.21 and below there at 74.08.

BRITISH POUND (MAR) 02/08/2024: 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 over the pivot swing is a somewhat positive setup. The next downside target is 125.80. The next area of resistance is around 126.52 and 126.71, while 1st support hits today at 126.07 and below there at 125.80.

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	103.91	62.04	60.27	78.92	77.68	104.02	103.55	103.32	102.64	102.76
JYAH24	67.91	39.18	39.89	21.75	22.39	67.88	68.20	68.28	69.58	69.25
EU6H24	107.9000	36.48	38.85	17.63	17.93	107.82	108.28	108.68	109.26	109.29
BPAH24	126.30	44.80	46.54	39.00	35.32	126.02	126.64	126.82	126.80	126.42
CAAH24	74.31	46.53	47.20	40.79	38.01	74.19	74.42	74.34	74.58	74.26
SFAH24	114.86	30.18	35.99	26.34	19.14	115.39	116.11	116.18	116.86	116.28
DAAH24	65.27	33.83	36.69	23.37	24.78	0.65	0.66	0.66	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	103.69	103.79	103.91	104.01	104.13
JYAH24	Japanese Yen	67.67	67.76	67.96	68.05	68.25
EU6H24	Euro	107.5825	107.7500	107.8825	108.0500	108.1825
BPAH24	British Pound	125.80	126.07	126.26	126.52	126.71
CAAH24	Canadian Dollar	74.07	74.20	74.28	74.41	74.48
SFAH24	Swiss	114.15	114.43	115.00	115.28	115.85
DAAH24	Australian Dollar	65.07	65.15	65.31	65.39	65.55

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