



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday March 05, 2024

BONDS COMMENTARY

3/5/2024

Falling euro zone inflation & softening US data trend bullish

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

With a higher high early today the bull camp extends its control into what will likely be a very volatile trade over the coming four sessions. Overnight the Chinese did not announce a massive stimulus package, the EU posted a very significant decline in January producer prices (-0.9%) and global equities are under pressure again which should provide a general backstop for treasury prices early today. While US ISM services PMI is expected to soften, estimates of a significant contraction in US factory orders in January should get the attention of the trade and propel bonds and notes higher before the US Federal Reserve Chairman begins his testimony to Congress. Traders should take particular interest in today's ISM services prices paid reading as that yields guidance on the status of US inflation, but traders should also acknowledge the release of the ISM services employment index readings for February, as that will shed some light on Friday's payroll reading. In conclusion, the bias is up in treasury prices unless there is a surprise strengthening of factory orders, or the Federal Reserve Chairman is perceived as "mostly hawkish". It should be noted that expectations for today's economic readings (beyond factory orders) call for slight softening. The North American session will start out with a private weekly survey of same store sales followed by services PMI readings for the US and Canada, both of which are expected to show mild downticks from their previous results. The February ISM services index is forecast to have a moderate downtick from January's 53.4 reading. January factory orders are expected to have a sizable downtick from December's 0.2% reading. Fed Vice Chair Barr will speak during morning US trading hours. Earnings announcements will include Target before the Wall Street opening while CrowdStrike Holdings, Ross Stores and Franco-Nevada report after the close.



TODAY'S MARKET IDEAS:

The fundamental and technical bias is up in treasuries as signs of falling global inflation, a lack of aggressive Chinese stimulus and a likely extension of a pattern of soft US data provides the bull camp with plenty of ammunition. Uptrend channel buying support in June bonds today is 119-01 with near-term upside targeting today at 121-23.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long (if filled) June bonds at 119-05 us an objective of 121-22. Risk to 118-05.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/05/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market's

close below the pivot swing number is a mildly negative setup. The next upside objective is 120-130. The next area of resistance is around 120-000 and 120-130, while 1st support hits today at 119-060 and below there at 118-240.

10 YR TREASURY NOTES (JUN) 03/05/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 111-055. The next area of resistance is around 110-305 and 111-055, while 1st support hits today at 110-190 and below there at 110-140.

STOCKS COMMENTARY

3/5/2024

Corrective action to extend through significant fundamental news

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

Global equity markets overnight were lower except for markets in Japan and China which traded less than 1% higher. With some chatter early this week suggesting the current setback could become more significant, overzealous bullish sentiment is being moderated which should ultimately favor the bull camp. In other words, a measure of doubt toward the economy, Fed policy, and valuations is a good thing, as suggested by the age-old theme that equities are set to climb a wall of worry. Certainly, the markets are disappointed by the lack of an aggressive Chinese stimulus package, but there is hope the US Federal Reserve chairman will keep hopes of a June rate cut alive today in his testimony to Congress. Unfortunately for the bull camp the Federal Reserve Chairman is likely to remain as neutral as possible but could cause selling as his testimony fails to clearly "favor" dovish hopes. Earnings announcements will include Target before the Wall Street opening while CrowdStrike Holdings, Ross Stores and Franco-Nevada report after the close.



S&P 500: We see the current corrective setback as healthy and likely to set the table for new records from or after a veritable avalanche of economic developments through Friday's US nonfarm payroll report. Certainly, the markets sentiment is injured by news of a 24% decline in Apple iPhones sales in China and that in turn has added selling interest to already faltering mega tech shares. Unfortunately for the bull camp, uptrend channel support is well off the market today down at 5050.30 but given the amount of important fundamental developments ahead would be buyers should be conservative with long entry points as volatility should expand.

Other US Indexes: On the one hand, the Dow has seen very little corrective action in the face of weakness in US data and noted weakness in mega tech shares. Perhaps the trade is hopeful of a dovish take away from upcoming US Federal Reserve Chairman testimony to Congress which the trade will utilize to pushback or pull forward US rate cut timing. As in the S&P, we suggest the bull trend will ultimately extend but suggest caution with long entry pricing given the potential for significant volatility through Friday's nonfarm payroll report. Conservative long entry pricing in the Dow futures is 38,780. As indicated several times already mega tech shares remain under significant pressure partly because of significant market share losses of Apple iPhones in China. Furthermore, Google is attempting to head off additional EU regulations with changes to search result programming and it is unclear if the changes will appease EU regulators who are very interested in restricting big tech companies. Like the US, the EU is simply against big tech because they are big. Uptrend channel buying support in the NASDAQ is well below the market today at 17,520 with an aggressive long entry price also far off the market at 17,720.

TODAY'S MARKET IDEAS:

Ultimately, we expect the uptrend to resume but in the short-term further corrective action is likely as the US Federal Reserve Chairman is unlikely to deliver definitively dovish testimony to Congress. Furthermore, big tech shares continue to soften, and EU regulation efforts continue to strengthen which in turn has prompted rotation from equities into flight to quality instruments like gold and crypto currency.

NEW RECOMMENDATIONS:

Buy March S&P at 5060.30 with an objective of 5190.00. Risk the trade to 5052.90.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 03/05/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 5165.43. The next area of resistance is around 5147.37 and 5165.43, while 1st support hits today at 5121.63 and below there at 5113.94.

MINI-DOW (MAR) 03/05/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 39225. The next area of resistance is around 39106 and 39225, while 1st support hits today at 38888 and below there at 38788.

E-MINI NASDAQ (MAR) 03/05/2024: 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 market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 18414.12. The next area of resistance is around 18309.50 and 18414.12, while 1st support hits today at 18168.50 and below there at 18132.13.

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										
USAAM24	119-190	53.54	50.22	39.90	53.95	119.41	118.83	118.96	120.65	121.13
TYAAM24	110-245	50.68	47.62	26.94	38.06	110.64	110.37	110.62	111.72	111.92
EPH24	5134.50	68.86	67.35	83.51	87.23	5110.88	5090.89	5053.94	4934.17	4887.23
ENQH24	18239.00	63.67	62.63	79.47	84.96	18122.88	18016.33	17925.75	17481.77	17291.23
YMH24	38997	57.02	58.51	73.78	73.80	38992.75	38995.22	38841.28	38371.31	38121.27

Calculations based on previous session. Data collected 03/04/2024

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						
USAAM24	Bonds	118-230	119-050	119-180	120-000	120-130
TYAAM24	10 Yr Treasury Notes	110-135	110-185	110-255	110-305	111-055
EPH24	S&P E-Mini	5113.93	5121.62	5139.68	5147.37	5165.43
ENQH24	E-Mini NASDAQ	18132.12	18168.50	18273.12	18309.50	18414.12
YMH24	Mini-Dow	38787	38887	39006	39106	39225

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CURRENCIES COMMENTARY

3/5/2024

We see a failed rally in the dollar today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +42, YEN +6, SWISS -9, CA DOLLAR -75

Upcoming International Reports (all times CT)

03/05 France Industrial Production 1:45 AM
03/05 France Services PMI 2:50 AM
03/05 Euro-Zone Services PMI 3:00 AM
03/05 UK CIPS/NTC Research Service 3:30 AM
03/05 Euro-zone Industrial Produce 4:00 AM
03/05 Factory Orders 9:00 AM
03/05 ISM Services PMI 9:00 AM
03/05 API Energy Stocks 3:30 PM
03/06 German Foreign Trade 1:00 AM
03/06 Euro-zone Retail Trade 4:00 AM
03/06 Wholesale Trade 7:30 AM
03/06 Canadian Monetary Policy 8:45 AM
03/06 Canadian PMI 9:00 AM
03/06 EIA Energy Stocks 9:30 AM



DOLLAR: With Asian traders reportedly responsible for 70% of bitcoin trading volumes (according to Reuters) and gold prices posting record highs, it appears money has migrated away from classic currency instruments. However, the dollar should garner some support from a significant drop in EU producer prices of 0.9%, but that support is being tempered early today by ideas that US data today will present weakness and prompt misguided views that the US Federal Reserve chairman will raise the prospect of a June US rate cut with his testimony in the coming two sessions. In the end, US data is slowing and with the dollar unable to rally last month off positive data, the bias remains down in the dollar.

Other Currencies: We are surprised with the euro's ability to respect yesterday's low in the wake of a major deflationary result in EU producer prices overnight. However, as indicated several times over the last three weeks, the currency trade is having extreme difficulty in picking a winner among very slow horses. While the producer price readings undermine the euro, the euro should derive support from mostly stronger-than-expected European HCOB services and composite PMI readings overnight. In fact, the only disappointing European PMI reading overnight came from Italian services PMI. Traders should expect increased volatility through an avalanche of US fundamental information this morning, but we leave the edge with the bull camp, with uptrend channel buying support today pegged at 1.0820. Even though the Pound has likely seen a portion of its gains from "winning by default", waning hope of a stimulating UK spring budget and disappointing GBP services PMI and composite readings for February thicken consolidation resistance at 1.2714 today. While the charts point down in the Canadian, the lack of a definitive leadership currency increases the prospects the Canadian will respect consolidation low support at 73.50. On the other hand, pushed into an opinion the trade sees the Bank of Canada leaning dovish ahead of their rate cut decision tomorrow.

TODAY'S MARKET IDEAS:

As indicated already significant speculative fuel continues to flow to gold and crypto currencies which suggests emerging expectation of global rate cuts is fueling uncertainty and has established a range trade in most currencies!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/05/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 target is 103.56. The next area of resistance is around 103.91 and 104.03, while 1st support hits today at 103.68 and below there at 103.56.

EURO (MAR) 03/05/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. 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 close over the pivot swing is a somewhat positive setup. The next upside target is 108.8875. The next area of resistance is around 108.7600 and 108.8875, while 1st support hits today at 108.4700 and below there at 108.3075.

JAPANESE YEN (MAR) 03/05/2024: 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 downside closing price reversal on the daily chart is somewhat negative. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 66.98. The next area of resistance is around 66.75 and 66.98, while 1st support hits today at 66.43 and below there at 66.33.

SWISS (MAR) 03/05/2024: 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 market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 114.01. The next area of resistance is around 113.55 and 114.01, while 1st support hits today at 112.80 and below there at 112.52.

CANADIAN DOLLAR (MAR) 03/05/2024: 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 market tilt is slightly negative with the close under the pivot. The next downside target is 73.50. The next area of resistance is around 73.77 and 73.90, while 1st support hits today at 73.57 and below there at 73.50.

BRITISH POUND (MAR) 03/05/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. 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. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 127.39. The next area of resistance is around 127.15 and 127.39, while 1st support hits today at 126.61 and below there at 126.31.

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	103.79	45.97	50.42	46.16	42.62	103.89	103.86	104.05	103.36	103.02
JYAH24	66.59	35.64	35.67	12.47	14.43	66.70	66.68	66.90	68.21	68.82

EU6H24	108.6150	58.77	53.68	65.77	71.25	108.42	108.42	108.11	108.76	108.96
BPAH24	126.88	58.71	54.93	63.91	70.57	126.55	126.62	126.35	126.72	126.69
CAAH24	73.67	36.58	39.87	26.84	21.99	73.69	73.90	74.01	74.37	74.44
SFAH24	113.17	31.30	33.84	27.75	28.43	113.44	113.66	113.87	115.84	116.04
DAAH24	65.11	43.70	43.73	49.45	46.47	0.65	0.65	0.65	0.66	0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	103.55	103.67	103.79	103.91	104.03
JYAH24	Japanese Yen	66.33	66.42	66.66	66.75	66.98
EU6H24	Euro	108.3075	108.4700	108.5975	108.7600	108.8875
BPAH24	British Pound	126.31	126.61	126.85	127.15	127.39
CAAH24	Canadian Dollar	73.49	73.56	73.70	73.77	73.90
SFAH24	Swiss	112.51	112.79	113.26	113.55	114.01
DAAH24	Australian Dollar	64.89	64.97	65.17	65.25	65.45

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