



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 07, 2024

BONDS COMMENTARY

3/7/2024

The bias is up from a trend of softening in US data

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

Obviously, the path of least resistance is up in treasuries from both technical and fundamental analysis. In fact, the upside track could accelerate if today's US jobs data follows the last two weeks pattern of disappointing US data, with a soft nonfarm payroll reading tomorrow giving the upside track in treasuries pedigree. Apparently, the markets shaped the Fed testimony yesterday into a distinct positive with the trade mostly discounting suggestions from the Fed that inflation progress was "not assured" yet. So far this week all US jobs related data points to a soft nonfarm reading tomorrow with the range of expectations mostly fluctuating within +180,000 and +200,000. With the current market bias clearly bullish, it is possible a favorable initial claims reading could be largely discounted. However, it should be noted that initial claims last week were the lowest since the second week of January which in turn was the second lowest claims reading since February 2023! The North American session will start out with the February Challenger job cut survey followed by a weekly reading on initial jobless claims which are expected to have a minimal uptick from the previous 215,000 reading. Ongoing jobless claims are forecast to have a minimal weekly decline from the previous 1.905 million reading. The January US international trade balance is expected to have a minimal increase from December's \$62.2 billion monthly deficit. January Canadian international merchandise trade is forecast to have a modest increase from December's monthly deficit. Fourth quarter non-farm productivity is expected to have a moderate downtick from the previous 4.9% reading while fourth quarter unit labor costs are forecast to have a moderate uptick from the previous -1.1% reading. Fed Chair Powell will testify in front of the Senate Banking Committee during mid-morning US trading hours. Cleveland Fed President Mester will speak during late morning US trading hours. January US consumer credit is expected to have a sizable uptick from December's \$1.6 billion reading.



TODAY'S MARKET IDEAS:

Clearly the bias is pointing up with the markets today capable of discounting positive US data. Furthermore, the charts favor the bull camp with a rally above 122-00 in June bonds likely and a move to 123-00 possible tomorrow. However, from a longer-term perspective the treasury markets are becoming significantly overbought in speculative categories with bonds from the last COT report mark off date into the recent highs up 3 1/2 points which likely means the net spec and fund long is approaching the highest levels since the pandemic outbreak fostered severe economic "fear".

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/07/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. 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 close over the pivot swing is a somewhat positive setup. The near-term upside target is at 122-220. The next area of resistance is around 122-070 and 122-220, while 1st support hits today at 120-260 and below there at 119-270.

10 YR TREASURY NOTES (JUN) 03/07/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 112-020. The next area of resistance is around 111-250 and 112-020, while 1st support hits today at 111-050 and below there at 110-255.

STOCKS COMMENTARY

3/7/2024

We see a key junction today but bulls need bad data is good reaction

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 -8**

Global equity markets overnight were mixed with declining markets outnumbering markets trading higher. In retrospect, the bull camp should be disappointed with the markets lack of strength yesterday following the revival of US rate cut hopes. However, the timing of US rate cuts remains undefined, and investors are put off by ongoing negative mega tech developments and therefore have remained on the sidelines. Earnings announcements will include Kroger before the Wall Street opening while Broadcom, Costco Wholesale and Marvell Technology report after the close.



S&P 500: As indicated already the trade has not embraced a slight revival of US rate cut hopes, likely because of mostly negative company headline developments. In fact, seeing the market discount news that banks and other financial institutions may see capital requirements softened in the upcoming release of new Basel rules hints at a lack of bullish resolve. However, less capital requirements should help temper recent US bank sector concerns especially after fresh troubles at a New York bank. While we think the uptrend will revive, we suggest traders remain conservative directly ahead. In other words, wait for a return to uptrend channel support in the S&P to get long, with that support level today at 5070.60 and that support line rising to 5080.70 tomorrow.

Other US Indexes: In addition to concern that the president will announce a plan to raise the corporate tax rate from 15% to 21%, troubles at Boeing continue to undermine that stock and large company shares have not benefited yet from significant weakness in the dollar and falling treasury yields. Like the S&P recommendation, we suggest would be buyers in Dow futures remain conservative with buy orders, using uptrend channel support at 38,548 as an entry point. The NASDAQ continues to be weighed down by negative big tech headlines especially with the US pressing friendly nations to tighten Chinese chip technology access and a changing landscape on the US attempt to subsidize AI chip manufacturing. Nonetheless, we ultimately see the uptrend in the NASDAQ returning but recommend conservative long entry pricing today down at 17,797.25 with that conservative long entry pricing increasing tomorrow to 17,835.80.

TODAY'S MARKET IDEAS:

The markets continue to chop sideways despite a downside breakout in US treasury yields and renewed hope for US easing later this year. However, expecting rates to fall "later this year" after more proof inflation has declined has left investors skeptical. Therefore, the market's reaction to additional soft jobs data this morning could signal a return to "bad data is good for stock prices" mentality.

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) 03/07/2024: 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 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 downside objective is 5060.44. The next area of resistance is around 5138.62 and 5161.93, while 1st support hits today at 5087.88 and below there at 5060.44.

MINI-DOW (MAR) 03/07/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 38416. The next area of resistance is around 38881 and 39049, while 1st support hits today at 38565 and below there at 38416.

E-MINI NASDAQ (MAR) 03/07/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 now at 17817.44. The next area of resistance is around 18155.87 and 18280.93, while 1st support hits today at 17924.13 and below there at 17817.44.

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
FINANCIAL COMPLEX										
USAAM24	121-160	67.09	59.56	58.04	76.80	120.49	119.56	119.06	120.48	121.15
TYAAM24	111-150	61.37	54.81	44.92	63.99	111.14	110.66	110.60	111.62	111.91
EPH24	5113.25	60.85	62.15	81.48	79.50	5119.38	5101.14	5063.63	4946.57	4903.24
ENQH24	18040.00	54.13	56.20	76.64	72.94	18147.19	18049.11	17943.08	17524.77	17354.32
YMH24	38723	46.67	51.35	64.35	53.73	38853.75	38951.22	38827.67	38401.20	38194.10

Calculations based on previous session. Data collected 03/06/2024

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	119-260	120-250	121-080	122-070	122-220
TYAAM24	10 Yr Treasury Notes	110-250	111-045	111-135	111-250	112-020
EPH24	S&P E-Mini	5060.43	5087.87	5111.18	5138.62	5161.93
ENQH24	E-Mini NASDAQ	17817.43	17924.12	18049.18	18155.87	18280.93
YMH24	Mini-Dow	38415	38564	38732	38881	39049

Calculations based on previous session. Data collected 03/06/2024

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CURRENCIES COMMENTARY

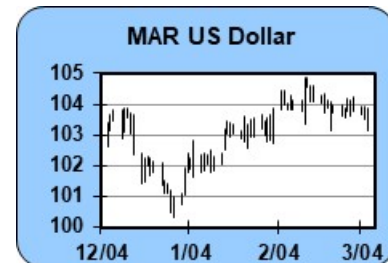
3/7/2024

At least in the near term the trend is down in the dollar

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -101, YEN +62, SWISS +7, CA DOLLAR +20**

Upcoming International Reports (all times CT)

03/07 Swiss Employment 12:45 AM
03/07 German Manufacturing Orders 1:00 AM
03/07 German Manufacturing Turnove 1:00 AM
03/07 UK Halifax Housing Price Ind 1:00 AM
03/07 Euro-zone Monetary Policy 7:15 AM
03/07 Canadian Building Permits 7:30 AM
03/07 Canadian International Merch 7:30 AM
03/07 Jobless Claims 7:30 AM
03/07 US Trade Balance 7:30 AM
03/07 EIA Gas Storage 9:30 AM
03/07 Consumer Credit 2:00 PM
03/07 Japan Household Spending 5:30 PM
03/07 Japan Leading Indicators 11:00 PM
03/08 Japan Index of Business Cond
03/08 German Industrial Production 1:00 AM
03/08 German Producer Price Index 1:00 AM
03/08 France Trade Balance 1:45 AM
03/08 France ECRI Future Inflation 3:30 AM
03/08 German ECRI Future Inflation 3:30 AM
03/08 UK ECRI Future Inflation Gau 3:30 AM
03/08 Euro-zone ECRI Future Inflat 4:00 AM
03/08 Euro-zone GDP 4:00 AM
03/08 Canadian Industrial Capacity 7:30 AM
03/08 Canadian Labor Force Survey 7:30 AM
03/08 Unemployment 7:30 AM



DOLLAR: In retrospect, the dollar trade embraced the prospect of US rate cuts more definitively than other markets. Apparently, the trade is not concerned about the delayed "timing" of a US rate cut as the Fed chairman confirmed the potential for rate cuts but used the term "this year" which seems to mean later rather than earlier. Clearly, an extending pattern of weak US data adds to the fundamental pressure on the dollar which is also seeing pressure from improved sentiment and noted gains in the yen, Indian rupee, and the euro. The technical picture could also shift very bearish today if the dollar closes below its 200 day moving average at 103.12 today.

Other Currencies: The euro trade is currently fixated on a win by default theme with weakness in US scheduled data now embraced and soft European data mostly discounted. Surprisingly, recent chatter of recession in Europe has been mostly forgotten and the trade has extended that lack of concern for the European economy this morning as it discounted significant weakness in German factory orders in January. As in the dollar, the euro sits right on its 200 day moving average with a close above that level (1.090) possible technical confirmation of an uptrend. However, given the potential for expanded volatility in the coming two trading sessions we suggest conservative buy orders at 1.0840 today and at 1.0847 tomorrow. The bias is up in the pound with the currency this morning matching yesterday's high in the early going and underpinned by growing expectations a UK budget will be achieved without difficulty which in turn should allow the Bank of England to cut rates which provides economic confidence. Near-term upside targeting is 1.280 and then again up at 1.2833. In retrospect the 73.50 level in the Canadian is a solid low with the bull case fortified by the on hold decision from the Bank of Canada yesterday. However, the fortitude of the bull camp will be tested early today following Canadian imports, exports, building permits, and international merchandise trade readings. However, the bull camp should have the

advantage given the sharp slide in the Canadian Dollar (which should facilitate exports) and given the expectations for a significant improvement in Canadian building permits. Near-term upside targeting in the Canadian is the 200 day moving average up at 74.34.

TODAY'S MARKET IDEAS:

The trend is down in the dollar with most currencies expected to benefit especially if the soft data pattern in the US is extended again today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/07/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. 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. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 102.73. The next area of resistance is around 103.68 and 104.11, while 1st support hits today at 102.99 and below there at 102.73.

EURO (MAR) 03/07/2024: 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 close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 109.6587. The next area of resistance is around 109.3775 and 109.6587, while 1st support hits today at 108.6425 and below there at 108.1888.

JAPANESE YEN (MAR) 03/07/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 67.47. The next area of resistance is around 67.29 and 67.47, while 1st support hits today at 66.85 and below there at 66.59.

SWISS (MAR) 03/07/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 114.11. The next area of resistance is around 113.84 and 114.11, while 1st support hits today at 113.19 and below there at 112.80.

CANADIAN DOLLAR (MAR) 03/07/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 74.46. The next area of resistance is around 74.28 and 74.46, while 1st support hits today at 73.73 and below there at 73.36.

BRITISH POUND (MAR) 03/07/2024: 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. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is

at 128.02. The next area of resistance is around 127.69 and 128.02, while 1st support hits today at 126.98 and below there at 126.59.

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	103.33	32.55	41.76	41.26	33.90	103.66	103.78	103.99	103.43	103.01
JYAH24	67.06	53.05	46.12	22.75	36.94	66.82	66.73	66.83	68.00	68.72
EU6H24	109.0100	67.33	59.47	72.23	79.30	108.68	108.53	108.22	108.68	108.98
BPAH24	127.34	66.54	60.12	71.84	79.68	126.98	126.78	126.46	126.71	126.74
CAAH24	74.00	52.61	49.22	25.14	28.66	73.75	73.82	73.95	74.28	74.44
SFAH24	113.51	40.34	38.88	30.34	33.87	113.34	113.56	113.71	115.57	115.96
DAAH24	65.65	58.19	53.23	49.06	52.19	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 03/06/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.72	102.98	103.41	103.68	104.11
JYAH24	Japanese Yen	66.58	66.84	67.02	67.29	67.47
EU6H24	Euro	108.1887	108.6425	108.9237	109.3775	109.6587
BPAH24	British Pound	126.58	126.98	127.30	127.69	128.02
CAAH24	Canadian Dollar	73.35	73.72	73.91	74.28	74.46
SFAH24	Swiss	112.79	113.18	113.45	113.84	114.11
DAAH24	Australian Dollar	64.62	65.20	65.52	66.10	66.42

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