



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday April 10, 2024

### BONDS COMMENTARY

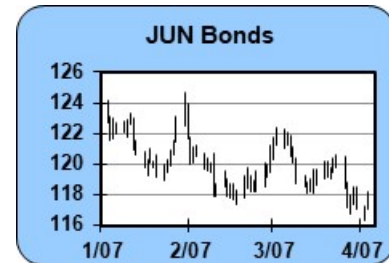
4/10/2024

**Ultimately the trend remains down look to sell modest rallies**

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

**BONDS +0**

With the recovery from the Monday low approaching two points in June bonds, a moderate portion of the oversold technical condition has been moderated and that could set the stage for a sharp washout if CPI is +0.3% or higher. However, the trade has displayed a propensity to keep hope alive on the prospect of early US rate cuts and therefore the trade could rifle through the CPI report today to find something to offset a disappointing (hot) headline reading. It should be noted that the trade will be presented with significant information beyond the CPI report today with a dovish Fed speech expected at midsession, the second leg of this week's treasury auction cycle (10 year notes) and the release of the FOMC meeting minutes. We suspect the "trend" in treasuries will ultimately remain down, but June bonds into the key report this morning are trading near the middle of a wide 2024 downtrend channel and therefore the markets are capable of large, short covering gains before encountering stiff resistance. Downtrend channel resistance today is 120-07 with that resistance line falling to 120-00 on Friday. In a small blow against the bull camp, the overnight Fitch downgrade of the Chinese outlook failed to provide detectable flight to quality interest, perhaps because China has continued to reduce its US treasury holdings and partially because treasuries have lost a portion of their "safe haven" appeal. The difficulty of predicting treasury price action following today's inflation report is justified considering a recent Reuters article suggesting that as many as 10 central bankers are considered "neutral" with one member considered an outright dove and one Fed member labeled an outright hawk. The North American session will start out with a weekly private survey of mortgage applications followed by the highlight for global markets, the March US consumer price index which is expected to have a mild uptick from February's 3.2% year-over-year rate. The March core consumer price index (excluding food and energy) is forecast to have a minimal downtick from February's 3.8% year-over-year rate. The Bank of Canada's latest monetary policy meeting is not expected to result in any change to benchmark Canadian interest rates. The minutes from the March FOMC meeting will be released during afternoon US trading hours. Fed Governor Bowman will speak during morning US trading hours while Chicago Fed President Goolsbee will speak during the afternoon. Earnings announcements include Delta Air Lines before the Wall Street opening.



#### TODAY'S MARKET IDEAS:

As indicated already, the ultimate trend in treasuries should remain down but given bond and note prices are sitting near the middle of a very wide downtrend channel, wild swings and temporary gains are possible without reversing the down trend. However, as indicated already hope of an early US rate cut has been steadily dying in the marketplace and today could present a death knell for those hopes. We suggest those without positions look for a rally to 118-26 in June bonds to get short or wait for a rally to 110-06 in June notes to get short.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

## BONDS TECHNICAL OUTLOOK:

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**BONDS (JUN) 04/10/2024:** The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 118-310. The next area of resistance is around 118-200 and 118-310, while 1st support hits today at 117-160 and below there at 116-220.

**10 YR TREASURY NOTES (JUN) 04/10/2024:** Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is now at 109-020. The next area of resistance is around 109-295 and 110-025, while 1st support hits today at 109-135 and below there at 109-020.

## STOCKS COMMENTARY

4/10/2024

**The charts are bearish with fundamentals at a junction today**

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

**S&P 500 +5**

Global equity markets overnight were mostly higher except for the markets in Japan, Russia, and mainland China which traded moderately lower. Overnight the Fitch credit rating agency lowered the outlook for China citing difficulty over transitioning away from a property centric debt driven economy. Earnings announcements include Delta Air Lines before the Wall Street opening.



**S&P 500:** While the S&P appears to have lost the firmly entrenched upside momentum in place at the beginning of this month, the S&P has established technical and perhaps fundamental support/value around 5200.00. Obviously, rate cut signals this morning will likely result in a modest volatility event with some investors potentially basing their second quarter investment strategies on today's news. Unfortunately for the bull camp, classic corporate fundamental headline flow remains bearish with negative news from Boeing unending, Citigroup reportedly facing challenges in overhauling its business, increased taxation threats against Apple in the EU and Norfolk Southern suffering a \$600 million judgment from the Ohio train wreck. Uptrend channel support in the S&P today is 5217.15 with a trade above 5272.50 potentially igniting a resumption of the uptrend.

**Other US Indexes:** In addition to daily negative Boeing news, investors in large Cap Dow stocks are also anxious over what could be a major market timing decision on US easing. Typically, investors do not like uncertainty and given the harsh washout to start this month, a dose of definitively negative news from steady to a higher US inflation could throw the Dow back to a recent collection of lows starting at 38,876. On the other hand, into the low yesterday the June Dow futures were 1494 points below the April high which should have corrected the overbought technical condition and therefore a +0.2% or lower CPI could unleash a major rally.

### TODAY'S MARKET IDEAS:

If it were not for the significant correction over the prior two trading weeks from the steady reduction in rate cut hopes, we would see the market as extremely vulnerable to hard down action today. However, the stock market has shown bullish resiliency since the October low, and the markets have steadily push back US rate cut timing and residually hot inflation might not result in sharp losses.

## NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/10/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend could be turning up with the close back above the 18-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 downside target is now at 5188.25. The next area of resistance is around 5300.25 and 5320.25, while 1st support hits today at 5234.25 and below there at 5188.25.

MINI-DOW (JUN) 04/10/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 38728. The next area of resistance is around 39450 and 39595, while 1st support hits today at 39016 and below there at 38728.

E-MINI NASDAQ (JUN) 04/10/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The outside day up is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 18092.50. The next area of resistance is around 18517.25 and 18585.50, while 1st support hits today at 18270.75 and below there at 18092.50.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	118-020	44.27	44.37	28.84	30.02	117.78	118.42	118.70	119.27	119.68
TYAAM24	109-215	41.06	41.78	27.36	26.03	109.68	109.98	110.16	110.60	111.01
EPM24	5267.25	53.86	56.07	56.05	51.21	5244.25	5268.25	5262.00	5182.64	5121.79
ENQM24	18394.00	52.04	52.59	46.92	44.59	18272.13	18365.44	18378.81	18265.29	18102.29
YMM24	39233	42.38	45.98	35.74	27.44	39160.00	39523.56	39582.00	39377.98	39154.98

Calculations based on previous session. Data collected 04/09/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	116-210	117-150	117-260	118-200	118-310
TYAAM24	10 Yr Treasury Notes	109-015	109-130	109-180	109-295	110-025
EPM24	S&P E-Mini	5188.25	5234.25	5254.25	5300.25	5320.25
ENQM24	E-Mini NASDAQ	18092.50	18270.75	18339.00	18517.25	18585.50
YMM24	Mini-Dow	38727	39016	39161	39450	39595

Calculations based on previous session. Data collected 04/09/2024

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## CURRENCIES COMMENTARY

4/10/2024

**The dollar's failure to rally on bullish news is bearish**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
US DOLLAR -42, YEN -6, SWISS +0, CA DOLLAR +100**

### Upcoming International Reports (all times CT)

04/10 Canadian Building Permits 7:30 AM  
04/10 CPI 7:30 AM  
04/10 Real Earnings 7:30 AM  
04/10 Wholesale Trade 7:30 AM  
04/10 Canadian Monetary Policy 8:45 AM  
04/10 EIA Energy Stocks 9:30 AM  
04/11 Euro-zone Monetary Policy 7:15 AM  
04/11 Jobless Claims 7:30 AM  
04/11 PPI 7:30 AM  
04/11 EIA Gas Storage 9:30 AM  
04/11 Japan Industrial Production 11:30 PM



**DOLLAR:** As in the equity markets, the dollar has forged a moderate correction from the April highs which in turn could cushion the index against a softer than expected US CPI result this morning. However, the dollar has not consistently responded to bullish developments and therefore without a CPI report perceived to be a sign that inflation remains "sticky", the dollar could see further declines. On the other hand, an "as expected" (+0.3%) CPI gain could offer a short entry opportunity above today's early Dollar trade at 104.20.

**Other Currencies:** With the euro at yesterday's high 170 points above the early April low, the currency is vulnerable to today's US data from a technical perspective. Fortunately for the bull camp in the euro the dollar has not shown significant bullish sensitivity to supportive data recently and that could limit the damage to euro bulls in the event of an "as expected" US CPI reading. Downtrend channel resistance in the euro today is 1.0940 with that potential short entry price unlikely to present without a soft CPI. While the Pound might be vulnerable to the US CPI report from a technical perspective (given the rally off the early April low) it has recently been the leadership currency as traders see it as middle ground between the euro and dollar. In our opinion, UK specific economic headlines support the long side argument with next resistance in the pound seen at 1.2739. With the Canadian this morning trading 45 ticks above the spike low from last week and expectations of a significant drop in Canadian building permits later this morning we favor a bearish tilt. Optimal downtrend channel selling resistance in the Canadian today is 74.17 but the market is unlikely to trade anywhere near that pricing.

### TODAY'S MARKET IDEAS:

There is the potential for major trend decisions in the currency markets today, but the markets have shown a tendency to consolidate because of the belief that the global economy is waffling.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

Long a May Japanese Yen 68.50/70.50 bull call spread from 28. Use an objective of 176 and risk the entire spread premium on the trade.

## CURRENCIES TECHNICAL OUTLOOK:

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**US DOLLAR (JUN) 04/10/2024:** 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. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 103.52. The next area of resistance is around 104.04 and 104.17, while 1st support hits today at 103.72 and below there at 103.52.

**EURO (JUN) 04/10/2024:** Momentum studies are rising from mid-range, which could accelerate 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 daily closing price reversal down puts the market on the defensive. The close over the pivot swing is a somewhat positive setup. The next upside target is 109.3075. The next area of resistance is around 109.0750 and 109.3075, while 1st support hits today at 108.6950 and below there at 108.5475.

**JAPANESE YEN (JUN) 04/10/2024:** Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 66.44. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 66.67 and 66.76, while 1st support hits today at 66.52 and below there at 66.44.

**SWISS (JUN) 04/10/2024:** 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 above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 112.09. The next area of resistance is around 111.82 and 112.09, while 1st support hits today at 111.29 and below there at 111.01.

**CANADIAN DOLLAR (JUN) 04/10/2024:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 74.04. The next area of resistance is around 73.91 and 74.04, while 1st support hits today at 73.63 and below there at 73.48.

**BRITISH POUND (JUN) 04/10/2024:** The cross over and close above the 60-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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 127.44. The next area of resistance is around 127.13 and 127.44, while 1st support hits today at 126.53 and below there at 126.23.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM24	103.88	50.53	52.74	69.55	60.88	103.94	104.16	103.83	103.58	103.43
JYAM24	66.59	29.15	32.48	8.23	8.00	66.69	66.74	67.05	67.68	68.09
EU6M24	108.8850	53.76	51.09	39.52	49.70	108.79	108.50	108.76	108.77	108.89
BPAM24	126.83	53.13	50.80	32.19	39.97	126.58	126.31	126.65	126.71	126.79
CAAM24	73.77	46.49	46.35	34.46	36.49	73.78	73.80	73.84	74.01	74.12
SFAM24	111.55	34.66	32.78	15.24	17.59	111.56	111.51	112.34	113.99	114.86
DAAM24	66.41	63.65	58.74	53.04	68.82	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 04/09/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	103.51	103.71	103.84	104.04	104.17
JYAM24	Japanese Yen	66.43	66.51	66.59	66.67	66.76
EU6M24	Euro	108.5475	108.6950	108.9275	109.0750	109.3075
BPAM24	British Pound	126.22	126.52	126.83	127.13	127.44
CAAM24	Canadian Dollar	73.47	73.62	73.76	73.91	74.04
SFAM24	Swiss	111.00	111.28	111.54	111.82	112.09
DAAM24	Australian Dollar	65.92	66.18	66.38	66.64	66.83

Calculations based on previous session. Data collected 04/09/2024

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