



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday April 17, 2024

BONDS COMMENTARY

4/17/2024

Traders should a sell rally off soft US mortgage approvals

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

Certainly, US treasuries have become oversold, with losses over the three previous sessions very significant. However, overnight global inflation data remained hot, the markets are seeing significant bearish dialogue flowing from several US Fed members. While treasuries might garner brief support from weekly mortgage approvals (which are likely to continue to soften in the face of rising mortgage rates), it is possible the markets will face midday and afternoon volatility following a 20 year bond auction and the release of the Fed's Beige Book. Keep in mind, the last treasury auction saw very dismal demand and the lack of demand for 20 year bonds today (given the surge in rates and the oversold condition of prices) would be a very negative development for treasury bulls. In fact, there is chatter in the market that the explosive rally in gold and the tumultuous slide in treasury prices could indicate the markets are anticipating an event related to US government funding! The North American session will start out with a weekly private survey of mortgage applications. The Fed's latest Beige Book will be released during early afternoon US trading hours, while the February Treasury International Capital (TIC) report will show net changes to Chinese and Japanese Treasury holdings. Cleveland Fed President Mester and Fed Governor Bowman will speak during afternoon US trading hours. Earnings announcements will include Abbott Labs, Prologis, U.S. Bancorp, and Travelers before the Wall Street opening while CSX and Kinder Morgan report after the close.



TODAY'S MARKET IDEAS:

As indicated already, the treasury markets are significantly oversold from an unrelenting April slide but short-term technical measures like stochastics and RSI are not signaling completely sold out markets yet. However, US inflation remains an issue for many Fed members and US economic data has been mixed keeping the "need" to cut rates low. Initial support is yesterday's low of 113-10 in June bonds and at 107-13 in June treasury notes. A failure to hold key support levels today should send June bonds toward the early November lows of 112-22.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/17/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 112-180. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 114-200 and 115-130, while 1st

support hits today at 113-070 and below there at 112-180.

10 YR TREASURY NOTES (JUN) 04/17/2024: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 107-000. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 107-305 and 108-125, while 1st support hits today at 107-085 and below there at 107-000.

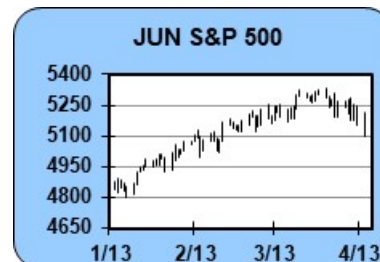
STOCKS COMMENTARY

4/17/2024

Further gains in US treasury yields today rekindles selling

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +10

Global equity markets overnight were higher except for the markets in Japan which traded sharply lower and Australia which traded fractionally lower. While a recovery in equity markets overnight tempered some of the recent investor anxiety, it appears that a smattering of positive corporate earnings reports are not capable of revitalizing the bull camp. Earnings announcements will include Abbott Labs, Prologis, U.S. Bancorp, and Travelers before the Wall Street opening while CSX and Kinder Morgan report after the close.



S&P 500: With the Federal Reserve Chairman overnight reiterating that inflation has not progressed enough on the downside to temper monetary policy, the fear of even higher rates hangs in the marketplace. In fact, with the S&P seeing only fleeting strength in the wake of some favorable financial sector earnings reports yesterday the trade is not looking for positives. Surprisingly, the S&P is trading higher this morning despite job cut announcements from Morgan Stanley, Citi, and HSBC overnight. In our opinion, seeing three major global central bankers cut staff signals weakness in the economy and or pressure from surging interest rates. From our perspective, the S&P doesn't usually forge a quiet bottom on the charts, with a major spike down reversal within the session a stronger sign of a bottom. The next support in the S&P is seen down at 5075.00.

Other US Indexes: As indicated already, many large global financial companies have announced layoffs and another surge in US interest rates today could send the Dow tumbling below important psychological support of 37,975. With a lower low in NASDAQ futures overnight, big picture macroeconomic pressures remain in place, with the NASDAQ also undermined by ASML projections of soft first quarter equipment bookings by chipmakers. Key support in the NASDAQ is 17,841.50 and then again down at 17,770.

TODAY'S MARKET IDEAS:

The bias remains down with the bull camp needing very positive news from earnings reports today, just to slow the decline! In fact, given a continuing wave of hawkish US Federal Reserve comments at an IMF conference.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/17/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 5052.25. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 5114.75 and 5141.25, while 1st support hits today at 5070.25 and below there at 5052.25.

MINI-DOW (JUN) 04/17/2024: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 37615. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 38283 and 38506, while 1st support hits today at 37837 and below there at 37615.

E-MINI NASDAQ (JUN) 04/17/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 17689.75. The next area of resistance is around 17979.50 and 18081.75, while 1st support hits today at 17783.50 and below there at 17689.75.

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	113-290	27.46	31.22	15.42	10.90	114.91	116.25	117.70	118.69	119.19
TYAAM24	107-195	27.49	30.80	15.21	10.93	108.07	108.80	109.59	110.22	110.66
EPM24	5092.50	29.50	36.62	26.64	12.98	5150.81	5198.03	5242.78	5194.06	5146.43
ENQM24	17881.50	35.53	40.28	31.88	20.34	18103.50	18187.33	18335.75	18272.97	18171.31
YMM24	38060	25.30	31.84	14.55	8.81	38257.50	38710.00	39278.22	39295.76	39183.18

Calculations based on previous session. Data collected 04/16/2024
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	112-170	113-060	113-310	114-200	115-130
TYAAM24	10 Yr Treasury Notes	106-315	107-080	107-220	107-305	108-125
EPM24	S&P E-Mini	5052.25	5070.25	5096.75	5114.75	5141.25
ENQM24	E-Mini NASDAQ	17689.75	17783.50	17885.75	17979.50	18081.75
YMM24	Mini-Dow	37614	37837	38060	38283	38506

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CURRENCIES COMMENTARY

4/17/2024

Buy dips in the dollar as the US Fed stays hawkish

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -25, YEN +2, SWISS +19, CA DOLLAR -15

Upcoming International Reports (all times CT)

04/17 UK Consumer Price Index 1:00 AM
04/17 UK Producer Price Index 1:00 AM
04/17 Euro-zone Consumer Price Ind 4:00 AM
04/17 EIA Energy Stocks 9:30 AM
04/18 Swiss Trade Balance 1:00 AM
04/18 Euro-zone Balance of Payment 3:00 AM
04/18 Jobless Claims 7:30 AM
04/18 Existing Home Sales 9:00 AM
04/18 EIA Gas Storage 9:30 AM
04/18 Japan Consumer Price Index 6:30 PM



DOLLAR: The Dollar remains in an upward bias despite the fact the index is trading lower this morning in the wake of a wave of hawkish Bank comments suggesting US rates need to be restrictive for longer. Some traders are beginning to embrace the prospects of some form of global crisis and given the record surge in gold prices and surging US interest rates, it is possible the global crisis could be centered in US treasuries and or in US banks caught in the upward spiral of interest rates like the Silicon Valley Bank failure. However, if the crisis is developing in the US, sharp ongoing gains in the dollar could be reversed sharply at some point in the future. Nonetheless, the path of least resistance in the dollar remains up with a minimal dip from US mortgage applications offering aggressive traders a fresh long entry opportunity.

Other Currencies: Even though the euro has managed to respect and reject yesterday's spike low, US Fed comments overnight indicating US monetary policy will remain restrictive for longer, leaves the fundamental track in the euro pointing down. However, the euro could be drafting temporary support from residually hot euro zone harmonized Index of consumer prices and from residual heat in core harmonized Index of consumer price readings. For aggressive traders we suggest getting short on a rally back above 1.07. Like the euro, the Pound is garnering support from overnight inflation readings, with UK year-over-year consumer price index readings up by 3.2% and core consumer price index readings up 4.2%. While the UK inflation readings were lower than last month on a year-over-year change basis, we see those price measures remaining elevated and restrictive of central bank support. We suggest aggressive traders sell a rally in the Pound to 1.2580. The Canadian is clearly the most oversold currency from a classical technical chart perspective. However, we suspect the Canadian will continue to fall with the Trudeau government proposing fresh taxes on the wealthy to pay for housing for migrants. In fact the markets are beginning to analyze the amount of migrant inflow to Canada with population metrics on the inflows, suggesting Canada is likely to be overwhelmed financially, economically, and politically!

TODAY'S MARKET IDEAS:

The dollar maintains an edge from flight to quality, interest rate differentials and macroeconomic differential prowess.

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) 04/17/2024: 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 near-term upside target is at 106.58. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 106.39 and 106.58, while 1st support hits today at 105.95 and below there at 105.68.

EURO (JUN) 04/17/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 105.9788. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 106.7225 and 107.0287, while 1st support hits today at 106.1975 and below there at 105.9788.

JAPANESE YEN (JUN) 04/17/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 objective is 64.96. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 65.47 and 65.73, while 1st support hits today at 65.08 and below there at 64.96.

SWISS (JUN) 04/17/2024: 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 below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 110.68. The next area of resistance is around 110.47 and 110.68, while 1st support hits today at 110.11 and below there at 109.96.

CANADIAN DOLLAR (JUN) 04/17/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 72.07. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 72.58 and 72.81, while 1st support hits today at 72.21 and below there at 72.07.

BRITISH POUND (JUN) 04/17/2024: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 123.71. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 124.64 and 125.03, while 1st support hits today at 123.98 and below there at 123.71.

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										
DXAM24	106.17	80.15	74.28	84.52	91.25	105.77	104.88	104.52	103.80	103.66
JYAM24	65.27	11.43	18.77	6.46	5.15	65.65	66.16	66.48	67.36	67.78
EU6M24	106.4600	21.70	28.06	20.02	10.77	106.81	107.79	108.13	108.63	108.68
BPAM24	124.31	27.69	32.67	18.10	11.31	124.71	125.61	125.90	126.57	126.61
CAAM24	72.39	19.63	26.47	13.72	6.83	72.68	73.21	73.50	73.84	73.99
SFAM24	110.29	30.56	30.15	13.72	14.00	110.43	110.92	111.35	113.35	114.26
DAAM24	64.15	31.65	36.10	27.82	14.60	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 04/16/2024

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DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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CURRENCY COMPLEX

DXAM24	US Dollar	105.67	105.94	106.13	106.39	106.58
JYAM24	Japanese Yen	64.95	65.08	65.34	65.47	65.73
EU6M24	Euro	105.9787	106.1975	106.5037	106.7225	107.0287
BPAM24	British Pound	123.71	123.98	124.37	124.64	125.03
CAAM24	Canadian Dollar	72.06	72.20	72.43	72.58	72.81
SFAM24	Swiss	109.95	110.10	110.31	110.47	110.68
DAAM24	Australian Dollar	63.66	63.87	64.21	64.42	64.77

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