



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 05, 2023

### BONDS COMMENTARY

5/5/2023

**The bias is up fears of slowing and bank sector concerns remain**

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS -1

We are surprised with the 3-day low in treasury prices this morning given a wave of definitively soft global economic data released overnight. However, into the high yesterday treasuries were short-term overbought with bonds up 4 points and notes up almost 3 points. In fact, unless US nonfarm payroll reading surprises the trade and registers better than expected readings (estimates also call for an uptick in the unemployment rate) we expect US jobs news to spark fresh buying interest. Certainly, the Fed fostered dialogue on a "pause" but yesterday's sharper than expected jump in unit labor cost index readings and a slight month over month increase in the ISM services prices paid reading on Wednesday argues against a "pause". It should be noted that jobs related data this week has been all over the board with private reports like job openings, ADP, and Challenger readings posting differing views on the state of the US jobs market. ADP payrolls, ongoing claims and the Challenger layoff reports showed positive data while initial claims, the ISM employment index and the Jolts report registered negative signals. However, the JOLTS report could be shaped into a negative for the economy by suggesting companies are paring back their job listings. The striking thing about this week's jobs-related data is the very wide disparity between the various reports. The North American session will start out with the highlight for global markets, the April US employment situation report. April non-farm payrolls are expected to come in around 175,000 to 185,000, which compares with 236,000 in March. The April US unemployment rate is forecast to have a minimal uptick from March's 3.5% rate while April average hourly earnings are expected to hold steady at a 4.2% year-over-year rate. April Canadian unemployment is forecast to have a minimal uptick from March's 5.0% reading along with a moderate monthly increase in their net employment. March US consumer credit is expected to have a mild increase from March's \$15.3 billion reading. Fed Governor Cook and St. Louis Fed President Bullard will speak during afternoon US trading hours.



#### TODAY'S MARKET IDEAS:

While many times the trade sees monthly payroll readings as a possible significant volatility event, we think widespread anticipation of explosive reactions usually result in low volatility because the data fails to provide clear direction on the economy and or matches expectations. In the end, the fundamental bias is up with economic and bank sector flight to quality interest hovering and the brunt of global economic data this week showing signs of softening. Furthermore, the overnight corrective action in bonds and notes should moderate the overbought condition from this week's rallies.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

Long 4 June Bond 129-00 put options from 52. Long June Bond 134-03. Use an objective on the long June bond future of 134-15 today. Hold the puts for a long-term position.

#### BONDS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear

elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

**BONDS (JUN) 05/05/2023:** Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 133-210. The next area of resistance is around 132-240 and 133-210, while 1st support hits today at 131-070 and below there at 130-180.

**10 YR TREASURY NOTES (JUN) 05/05/2023:** Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 117-150. The next area of resistance is around 116-290 and 117-150, while 1st support hits today at 115-285 and below there at 115-135.

## STOCKS COMMENTARY

5/5/2023

### Fundamentals and technical signals favor the bear camp

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

**S&P 500 +15**

Global equity markets were higher overnight in action that was partially the result of strong Apple earnings and from a measure of corrective action following recent steep losses. While the Apple earnings news provides a measure of fundamental confidence among the bull camp, big picture macroeconomic fears combined with constant inspection of the US regional bank sector should leave the bear camp with the edge today. Furthermore, if projections for today's US nonfarm payroll reading materialize US nonfarm payrolls would be at the softest levels since January 2021. Earnings announcements will include Enbridge and Dominion Energy before the Wall Street opening.



**S&P 500:** As indicated already, the trade and press continue to swarm on any possible storyline regarding bank troubles and are also hyper focused on any weakness in regional bank share prices. Certainly, favorable Apple earnings provide some hope for global growth, but today's US nonfarm payroll readings are likely to favor recession, instead of growth views. In fact, the trade also expects the US unemployment rate to tick higher. Unreliable support in the June S&P this morning is 4062.25 and the odds favor a continued trek toward 4200.

**Other US Indexes:** Fortunately for the bull camp in Dow futures, the index reached key psychological support at 33,000 yesterday and recoiled from that level. However, the Dow will not escape a disappointing US jobs report and will certainly be dragged lower if the press finds another bank they can pick on. A close in pivot point support level is 33,173 with the odds favoring a retest of 33,000. Like the Dow futures, the NASDAQ futures yesterday also tested and respected a psychological even number price of 13,000 and the index should draft support from favorable Apple earnings. Unfortunately for the bull camp, favorable Apple earnings will not cushion the market from a weak US nonfarm payroll result.

#### TODAY'S MARKET IDEAS:

The path of least resistance is down with the markets continuing to embrace any negative news ripple from the bank sector and any notable weakness in regional bank shares. Furthermore, the fear of slumping future earnings could be escalated today if the nonfarm payroll reading matches expectations and registers the lowest reading since January 2021!

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

Long a June Nasdaq 14,200 Call at 90. Use an objective of \*130.00.

## STOCKS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

**S&P E-MINI (JUN) 05/05/2023:** The market back below the 60-day moving average suggests the longer-term trend could be turning down. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 4026.32. The next area of resistance is around 4101.87 and 4137.81, while 1st support hits today at 4046.13 and below there at 4026.32.

**MINI-DOW (JUN) 05/05/2023:** The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 32668. The next area of resistance is around 33448 and 33784, while 1st support hits today at 32890 and below there at 32668.

**E-MINI NASDAQ (JUN) 05/05/2023:** 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 12891.07. The next area of resistance is around 13122.87 and 13233.56, while 1st support hits today at 12951.63 and below there at 12891.07.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM23	131-310	55.37	54.09	48.02	58.53	131.23	131.32	131.03	130.60	129.54
TYAAM23	116-125	63.15	59.59	54.51	67.31	115.59	115.39	115.11	114.68	114.04
EPM23	4074.00	37.13	43.19	49.71	33.93	4120.75	4131.56	4145.35	4079.08	4080.91
ENQM23	13037.25	44.51	49.40	62.29	56.65	13146.00	13122.14	13123.40	12894.25	12774.33
YMM23	33169	34.75	41.18	45.47	28.70	33608.75	33745.22	33872.67	33304.49	33403.28

Calculations based on previous session. Data collected 05/04/2023

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>						
USAAM23	Bonds	130-170	131-060	132-030	132-240	133-210
TYAAM23	10 Yr Treasury Notes	115-130	115-280	116-140	116-290	117-150
EPM23	S&P E-Mini	4026.31	4046.12	4082.06	4101.87	4137.81
ENQM23	E-Mini NASDAQ	12891.06	12951.62	13062.31	13122.87	13233.56
YMM23	Mini-Dow	32668	32890	33226	33448	33784

Calculations based on previous session. Data collected 05/04/2023

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

## CURRENCIES COMMENTARY

5/5/2023

**The \$ bias is down unless jobs data surprises on the upside**

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

**US DOLLAR** -119, **YEN** +3, **SWISS** -54, **CA DOLLAR** +180

### Upcoming International Reports (all times CT)

05/05 Swiss Employment 12:45 AM  
05/05 German Manufacturing Orders 1:00 AM  
05/05 Swiss Consumer Price Index 1:30 AM  
05/05 France Industrial Production 1:45 AM  
05/05 German Manufacturing Turnover 2:00 AM  
05/05 France ECRI Future Inflation 3:30 AM  
05/05 German ECRI Future Inflation 3:30 AM  
05/05 UK ECRI Future Inflation Gau 3:30 AM  
05/05 Euro-zone ECRI Future Inflation 4:00 AM  
05/05 Euro-zone Retail Trade 4:00 AM  
05/05 Canadian Labor Force Survey 7:30 AM  
05/05 Unemployment 7:30 AM  
05/05 Consumer Credit 2:00 PM



**DOLLAR:** With a big range down failure in the dollar yesterday pushing the index near a 4-month downside breakout, generally soft US jobs sector indications and expanding expectations of a Fed "pause", fundamental and technical forces favor the bear camp today. As indicated in other financial market coverage today, an as expected nonfarm payroll result will likely see US payrolls at the lowest levels since January 2021 which should turn up selling pressure on the dollar. Thin and unreliable support in the June dollar index is 100.42 and we expect a failure at that level unless US jobs are surprisingly resilient.

**EURO:** Even though the euro saw a preponderance of disappointing data overnight, the euro has only managed minimal early gains. However, unless US jobs surprise the trade with resilient results, we expect the euro to win by default and return to this week's highs of 1.1120. On the other hand, traders should be aware of the potential for a currency market shift in focus if US payrolls are extremely soft, global recession fears expand and traders decide to flight to quality buying of the dollar. In the end, the trend remains up even though the trade faces a critical junction today.

**YEN:** We see the retrenchment in the Yen early today as a necessary balancing of the sharp gains in the 3 prior sessions. However, after serious IMF concerns toward Bank of Japan easy money policies, a Japanese holiday, and a 6.3 magnitude earthquake in western Japan, the bull camp could decide to bank profits and move to the sidelines today.

**SWISS:** In retrospect, the Swiss was overbought into the high yesterday following a 3-day rally of 230 points, but the setback this morning is seemingly outsized given unchanged Swiss unemployment rate readings and a noted softening of Swiss consumer prices for April. Nonetheless, the trend in the Swiss from the charts remains up, with uptrend channel buying support today at 1.121.

**POUND:** With a definitive upside breakout in the Pound early today the currency appears to have assumed a leadership role. While we suspect the strength in the Pound is the result of win by default buying from recent dollar vulnerability and from noted weakness in the Swiss this morning, it should be noted that GBP S&P global construction PMI readings for April came in stronger than expected and those readings follow better-than-expected GBP global composite and service PMI readings from Thursday. We see the bias pointing up in the Pound today but recognize the short-term overbought status from this week's rally.

**CANADIAN DOLLAR:** Like the Pound, the Canadian appears to be winning by default from dollar and Swiss weakness. Nonetheless, the 10-day upside breakout is a very positive sign especially ahead of Canadian jobs data. However, the Bank of Canada yesterday indicated they will hike rates further if inflation rates linger at

current levels and therefore the path of least resistance is up, but volatility is likely to expand.

**TODAY'S MARKET IDEAS:**

None.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**CURRENCIES TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

US DOLLAR (JUN) 05/05/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 100.19. The next area of resistance is around 101.64 and 101.97, while 1st support hits today at 100.75 and below there at 100.19.

EURO (JUN) 05/05/2023: A bearish signal was triggered on a crossover down in the daily stochastics. 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is 109.4975. The next area of resistance is around 110.9500 and 111.5975, while 1st support hits today at 109.9000 and below there at 109.4975.

JAPANESE YEN (JUN) 05/05/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 75.78. The next area of resistance is around 75.41 and 75.78, while 1st support hits today at 74.64 and below there at 74.25.

SWISS (JUN) 05/05/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 114.39. The next area of resistance is around 113.93 and 114.39, while 1st support hits today at 113.02 and below there at 112.57.

CANADIAN DOLLAR (JUN) 05/05/2023: The market now above the 60-day moving average suggests the longer-term trend has turned up. The daily stochastics gave a bullish indicator with a crossover up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A positive signal for trend short-term was given on a close over the 9-bar 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 74.44. The next area of resistance is around 74.23 and 74.44, while 1st support hits today at 73.62 and below there at 73.22.

BRITISH POUND (JUN) 05/05/2023: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 126.42. The next area of resistance is around 126.12 and 126.42, while 1st support hits today at 125.56 and below there at 125.31.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM23	101.19	43.83	44.15	54.01	51.37	101.49	101.39	101.42	102.34	102.70
JYAM23	75.02	51.53	48.33	24.78	37.61	74.05	74.60	74.99	75.68	75.68
EU6M23	110.4250	53.08	54.69	61.40	59.56	110.43	110.49	110.31	109.03	108.58
BPAM23	125.84	62.39	60.51	67.66	75.46	125.36	125.13	124.85	123.43	122.77
CAAM23	73.92	50.72	50.06	23.44	26.13	73.74	73.68	74.11	73.70	73.83
SFAM23	113.47	65.67	63.38	64.44	67.74	112.94	112.87	112.65	110.90	110.39
DAAM23	67.01	53.56	50.52	32.76	41.58	0.67	0.67	0.67	0.67	0.67

Calculations based on previous session. Data collected 05/04/2023

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM23	US Dollar	100.18	100.74	101.08	101.64	101.97
JYAM23	Japanese Yen	74.24	74.64	75.01	75.41	75.78
EU6M23	Euro	109.4975	109.9000	110.5475	110.9500	111.5975
BPAM23	British Pound	125.30	125.56	125.86	126.12	126.42
CAAM23	Canadian Dollar	73.21	73.61	73.82	74.23	74.44
SFAM23	Swiss	112.56	113.01	113.47	113.93	114.39
DAAM23	Australian Dollar	66.26	66.68	66.92	67.34	67.58

Calculations based on previous session. Data collected 05/04/2023

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.