



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday May 11, 2023

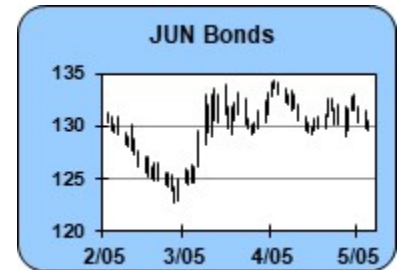
BONDS COMMENTARY

5/11/2023

Smooth sailing now but debt ceiling issues may boost volatility

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS +0

While the Treasury markets were able to extend their recovery move with mild strength coming into this morning's action, they have held within tight trading ranges in front of today's key US data results. The latest results for the US consumer price index and core consumer price index were in-line with estimates, but they extended their longer-term decline from multi-decade highs last year which has strengthened Bond and Note prices late this week. While US inflation is still well above the Fed's 2% target, the trend is heading in the "right direction" and strengthens the case for a "pause" at the June FOMC meeting.



Wednesday's 10-year note auction had a bid to cover of 2.45 to 1, the highest since February as the market may be showing more confidence that the Fed will remain on hold next month. In addition, the latest Chinese CPI and PPI reading came in well below trade forecasts, which dampened global risk sentiment as that may not bode well for Chinese economic growth over the rest of this year. There is additional support for Treasuries coming from flight to quality buying as both sides remain far apart on US debt limit negotiations.

The April US producer price index is forecast to have a modest downtick from March's 2.7% year-over-year rate. The April US core producer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.4% year-over-year rate. A weekly reading on initial jobless claims is forecast to have a minimal uptick from the previous 242,000 reading. Ongoing jobless claims are expected to have a modest weekly increase from the previous 1.805 million reading. Fed Governor Waller will speak during morning US trading hours.

TODAY'S MARKET IDEAS:

The market managed to hold support yesterday and experienced an impressive bounce. This leaves a base of support near 130-00 for June T-Bonds, with short-term resistance at 131-05 and 131-25. Debt ceiling talks and uncertainties for the China economy are factors which could keep the trade choppy. Another close below support would leave 128-19 as longer-term support. Support for the June T-Notes is at 115-16 with 116-19 as next resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long 4 June Bond 129-00 put options from 0-52, and Long a June Bond futures from 134-03. Use an objective on the long June bond future of 134-15. Hold onto the puts for a long-term position.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/11/2023: Momentum studies trending lower at mid-range should accelerate a move lower if

support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 129-060. The next area of resistance is around 131-110 and 131-250, while 1st support hits today at 130-020 and below there at 129-060.

10 YR TREASURY NOTES (JUN) 05/11/2023: The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. 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 114-255. The next area of resistance is around 116-090 and 116-180, while 1st support hits today at 115-130 and below there at 114-255.

STOCKS COMMENTARY

5/11/2023

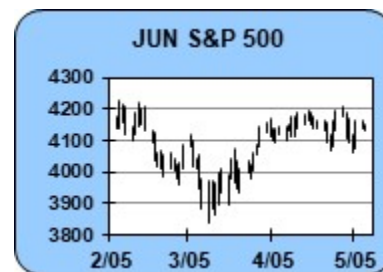
Bull market in high-tech continues but global economy shaky

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

S&P 500 +5

Global equity markets were able to shake off early pressure and regain a mildly positive tone coming into this morning's action. Asian shares mostly finished in negative territory and were led to the downside by the Shanghai Composite.

However, major European shares and US equity index futures are posting moderate gains early in today's action. Walt Disney reported slightly lower than expected earnings and a decline in streaming customers, which dampened global risk sentiment early in the day. The latest readings for Chinese CPI and Chinese PPI came in lower than trade forecasts. The Bank of England's latest monetary policy committee meeting is expected to have a 25 basis point hike in UK rates.



The April US producer price index is forecast to have a modest downtick from March's 2.7% year-over-year rate. The April US core producer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.4% year-over-year rate. A weekly reading on initial jobless claims is forecast to have a minimal uptick from the previous 242,000 reading. Ongoing jobless claims are expected to have a modest weekly increase from the previous 1.805 million reading. Fed Governor Waller will speak during morning US trading hours.

S&P 500: The market starts the session with a moderate uptick as the uncertainty level on inflation moves lower, and this helps boost consumer confidence somewhat. However, there remains plenty of uncertainty on the path forward for the Fed to bring inflation down further. Many seem to believe that a pause will spark strong growth. Consumer spending seems strong but the possibility of more rate hikes from the Fed, and the continued battle on the US debt ceiling are factors which may emerge to slow spending. New Chinese bank loans fell more sharply than expected in April, and this may put pressure on the central bank to ease policy. June E-mini S&P should encounter stiff resistance near 4177.25 and 4190.00, with support back at 4089.50.

Other US Indexes: A potential slowdown Chinese economy is a significant uncertainty for the market, and the Dow rally stalled right at resistance at 33,844. Close in support is at 33,523 and a move under yesterday's low could spark a more significant downside correction over the near term. Better support is back 33,030. The NASDAQ pushed to a new high for the move and after the consolidation ahead of the breakout, the next upside target is at 13,557.50.

TODAY'S MARKET IDEAS:

The Dow stocks and the S&P are showing some signs of a recovery bounce, but the path to a resumption of a bull market may not be in the cards for several more months. Debt ceiling issues and China economic activity are factors which may limit enthusiastic buying.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a June Nasdaq 14,200 Call from 90. Use an objective of 130.00.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/11/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The outside day up and close above the previous day's high is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 4209.00. The next area of resistance is around 4183.75 and 4209.00, while 1st support hits today at 4122.75 and below there at 4087.00.

MINI-DOW (JUN) 05/11/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 34143. The next area of resistance is around 33875 and 34143, while 1st support hits today at 33319 and below there at 33030.

E-MINI NASDAQ (JUN) 05/11/2023: 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. A positive signal was given by the outside day up. 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 near-term upside objective is at 13613.00. The next area of resistance is around 13535.25 and 13613.00, while 1st support hits today at 13291.25 and below there at 13125.00.

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										
USAAM23	130-220	48.73	49.30	41.89	37.15	130.30	130.89	130.72	131.08	129.65
TYAAM23	115-270	55.59	54.67	53.89	51.74	115.48	115.52	115.15	115.08	114.19
EPM23	4153.25	54.01	53.79	50.63	54.38	4147.25	4140.36	4144.99	4086.78	4080.15
ENQM23	13413.25	63.74	61.34	75.92	84.24	13330.25	13248.94	13174.07	12976.85	12821.72
YMM23	33597	46.92	48.86	43.57	43.94	33663.75	33701.44	33802.94	33327.00	33363.23

Calculations based on previous session. Data collected 05/10/2023

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						
USAAM23	Bonds	129-050	130-010	130-150	131-110	131-250
TYAAM23	10 Yr Treasury Notes	114-250	115-125	115-215	116-090	116-180
EPM23	S&P E-Mini	4087.00	4122.75	4148.00	4183.75	4209.00
ENQM23	E-Mini NASDAQ	13125.00	13291.25	13369.00	13535.25	13613.00
YMM23	Mini-Dow	33029	33318	33586	33875	34143

Calculations based on previous session. Data collected 05/10/2023

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CURRENCIES COMMENTARY

5/11/2023

Dollar holds upper hand in front of critical US PPI data

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR +396, YEN -19, SWISS -61, CA DOLLAR -105

Upcoming International Reports (all times CT)

05/11 UK Monetary Policy 7:00 AM

05/11 UK Monetary Policy Minutes 7:00 AM

05/11 Jobless Claims 7:30 AM

05/11 PPI 7:30 AM

05/11 EIA Gas Storage 9:30 AM

05/12 UK Foreign Trade 1:00 AM

05/12 France Consumer Price Index 1:45 AM



DOLLAR: The Dollar has shaken off early pressure and has reached a 1 1/2 week high coming into this morning's action. The latest Chinese CPI and PPI readings came in well below expectations which have rattled global markets and have driven safe-haven inflows towards the Dollar. There will be US PPI data for the market to digest later this morning which should match yesterday's CPI results in extending their longer-term decline. While the Fed remains on-track to pause their rate hikes, they remain far away from a rate cut which will underpin the Dollar late this week. Near-term support is at 101.15 as the Dollar should hold the upper hand on most major currencies even if US PPI is lower than trade forecasts.

EURO: The Euro has fallen back on the defensive and has reached a 3 1/2 week low early in today's action. With no major data from the Euro zone, the Euro has taken direction from sluggish Chinese inflation readings that may give the ECB pause for thought on having rate hikes at their June and July meetings. The ECB's Nagle said that a "meeting by meeting" approach is the right path on rates, which has also weighed on the Euro early today. Near-term resistance is at 1.1020 as the Euro will need to see stronger global risk sentiment to regain upside momentum.

YEN: The Yen is finding moderate early pressure this morning and has received little if any safe-haven inflows following today's disappointing Chinese inflation data. The minutes from April's BOJ meeting said that an uncertain global outlook means that they must continue their current easy monetary policy, which will be difficult for the Yen to overcome. Near-term resistance is at 75.15 as the Yen needs to see stronger Japanese data results in order to sustain upside momentum.

SWISS: The Swiss franc is finding significant early pressure this morning, but continues to hold its ground above its late April and early May lows. While the latest Swiss inflation reading was lower than expected, the SNB's Jordan said that they cannot exclude further tightening of monetary policy, and that has helped to underpin the Swiss franc this week. Near-term support is at 1.1205 as the Swiss franc would be a major beneficiary if US PPI data disappoints the market.

POUND: The Pound has come under moderate early pressure before an eventful morning of trading. The Bank of England is widely expected to hike benchmark UK rates by 25 basis points, but their post-meeting statements and comments from the BOE's Bailey will be scrutinized for any dovish shift in upcoming policy. Near-term resistance is at 1.2660 as the Pound has two more BOE rate hikes priced-in now and could be vulnerable to a sizable downside move if there is a dovish policy shift today.

CANADIAN DOLLAR: The Canadian dollar is finding mild pressure this morning, but continues to hold its ground at the top end of last Friday's post-Canadian jobs data updraft. While lukewarm global risk sentiment will be a source of headwinds, the Canadian dollar should find underlying support from a rebound in energy prices, as well as yesterday's strong Canadian building permits reading. Near-term support is at 74.30 as the Canadian dollar

should remain well supported through today's action.

TODAY'S MARKET IDEAS:

As long as today's US PPI data is in-line with forecasts, the Dollar should be able to extend its recovery move. If there is a negative surprise, however, the Swiss franc would be in the best position to regain and sustain upside momentum.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/11/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 lower than the pivot swing number. The next downside target is now at 100.67. The next area of resistance is around 101.53 and 101.87, while 1st support hits today at 100.93 and below there at 100.67.

EURO (JUN) 05/11/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 109.3813. The next area of resistance is around 110.4075 and 110.6912, while 1st support hits today at 109.7525 and below there at 109.3813.

JAPANESE YEN (JUN) 05/11/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The outside day up is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 75.51. The next area of resistance is around 75.26 and 75.51, while 1st support hits today at 74.51 and below there at 74.02.

SWISS (JUN) 05/11/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 112.16. The next area of resistance is around 113.31 and 113.66, while 1st support hits today at 112.56 and below there at 112.16.

CANADIAN DOLLAR (JUN) 05/11/2023: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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 close over the pivot swing is a somewhat positive setup. The near-term upside target is at 75.26. The next area of resistance is around 75.03 and 75.26, while 1st support hits today at 74.60 and below there at 74.38.

BRITISH POUND (JUN) 05/11/2023: 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 next upside objective is 127.23. The next area of resistance is around 126.77 and 127.23, while 1st support hits today at 126.01 and below there at 125.70.

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										
DXAM23	101.23	46.13	45.50	46.24	44.62	101.20	101.35	101.40	102.03	102.58
JYAM23	74.88	51.29	48.26	44.96	54.20	74.61	74.29	74.74	75.71	75.51
EU6M23	110.0800	48.03	51.20	46.33	35.58	110.17	110.32	110.29	109.34	108.73
BPAM23	126.39	65.21	62.66	80.62	83.57	126.40	125.88	125.21	124.03	123.09
CAAM23	74.81	64.87	60.59	57.01	71.65	74.83	74.25	74.14	73.85	73.82
SFAM23	112.93	55.65	57.29	58.88	55.79	112.91	112.88	112.73	111.35	110.59
DAAM23	67.89	63.10	57.74	64.40	76.46	0.68	0.67	0.67	0.67	0.67

Calculations based on previous session. Data collected 05/10/2023

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM23	US Dollar	100.66	100.92	101.26	101.53	101.87
JYAM23	Japanese Yen	74.01	74.51	74.76	75.26	75.51
EU6M23	Euro	109.3812	109.7525	110.0362	110.4075	110.6912
BPAM23	British Pound	125.69	126.00	126.46	126.77	127.23
CAAM23	Canadian Dollar	74.37	74.59	74.82	75.03	75.26
SFAM23	Swiss	112.15	112.55	112.91	113.31	113.66
DAAM23	Australian Dollar	67.10	67.50	67.89	68.28	68.67

Calculations based on previous session. Data collected 05/10/2023

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