



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 12, 2023

BONDS COMMENTARY

5/12/2023

Consolidation as inflation eases but debt ceiling uncertainty

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

The Treasury markets have once again started out within relatively tight trading ranges as they are finding moderate pressure coming into this morning's action. There has been a mild rebound in global risk sentiment early today which has led to some profit-taking and additional long liquidation in Bond and Notes. Negotiations on the US debt ceiling have made little progress, however, and that has provided safe-haven support to the Treasury markets. The latest US producer price index reading came in lower than expected while the core producer price index was in-line with expectations. While ongoing jobless claims were lower than forecast, initial claims were much higher than expected and reached their highest level since November 2021.



The Fed's Kashkari said that inflation has come down, but it is still above the Fed's target while the Fed's Bowman said that the Fed's policy rate will remain restrictive for some time. There will be April readings for the US import price index and export price index, both of which are expected to have moderate upticks from their March readings. A private survey of May consumer sentiment is forecast to have a minimal downtick from the previous 63.5 reading. San Francisco Fed President Daly and St. Louis Fed President Bullard will speak during afternoon US trading hours.

TODAY'S MARKET IDEAS:

Moving debt ceiling meetings back a week adds some uncertainty to the market. June Treasury Bonds closed right near the 50% mark of the March 15 to present consolidation. There is some support at 131-04 and 130-22, with resistance at 132-12 and close through resistance turns the charts quite bullish. June Treasury Note support is at 115-16 with 117-01 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) 05/12/2023: The major trend could be turning up with the close back above the 40-day moving average. The daily stochastics have crossed over up which is a bullish indication. 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 indicates the intermediate-term trend has turned up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 133-

070. The next area of resistance is around 132-150 and 133-070, while 1st support hits today at 130-250 and below there at 129-260.

10 YR TREASURY NOTES (JUN) 05/12/2023: 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 above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 116-270. The next area of resistance is around 116-145 and 116-270, while 1st support hits today at 115-230 and below there at 115-115.

STOCKS COMMENTARY

5/12/2023

Generally positive trends but traders fear slower economy

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 +16

Global equity markets have regained a generally positive tone coming into this morning's action. Asian stock markets had mixed results with moderate losses for the Shanghai Composite and Hong Kong Hang Seng and a mild gain in the Japanese Nikkei. However, European stocks and US equity index futures are posting mild early gains this morning and were led to the upside by the French CAC-40. While first quarter UK GDP was lower than expected, UK industrial production was higher than trade forecasts. French CPI and Spanish CPI were in-line with estimates. There will be April readings for the US import price index and export price index, both of which are expected to have moderate upticks from their March readings. A private survey of May consumer sentiment is forecast to have a minimal downtick from the previous 63.5 reading. San Francisco Fed President Daly and St. Louis Fed President Bullard will speak during afternoon US trading hours.



S&P 500: The market has consolidated this week as positive forces have offset growing concerns about future earnings. Debt ceiling negotiations were delayed for a week and that relieved some selling pressure. Traders will monitor the consumer sentiment readings closely, as a positive tilt would allow for continued inflows to equities. Technical stocks have seen major inflows recently as the tech sector seems to be a safe haven hotspot for investors. Support levels for the June E-mini S&P include 4134.25 and 4117.25, and a close above 4151.25 will be considered a positive technical development. If so, it would suggest a test of the May 1st highs.

Other US Indexes: More talk that the Fed may be close to ending rate hikes has also helped to provide underlying support. Technically, Dow stocks are not performing well and the Dow index needs a move back over 33,683 in order to suspect a further recovery to the upside. Short-term, the market looks set for a test of support at 33,001, and maybe 32,680. On the other hand, the E-mini NASDAQ 100 has posted new highs for the move for the third session in a row. Support is at 13,370.25, with 13,557.50 as next upside target.

TODAY'S MARKET IDEAS:

Tech stocks remain in a strong uptrend, Dow stocks are struggling and S&P continues to consolidate.

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) 05/12/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 4190.50. The next area of resistance is around 4165.50 and 4190.50, while 1st support hits today at 4118.50 and below there at 4096.50.

MINI-DOW (JUN) 05/12/2023: The major trend has turned down with the cross over back below the 40-day moving average. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 lower than the pivot swing number. The next downside target is now at 32894. The next area of resistance is around 33613 and 33899, while 1st support hits today at 33111 and below there at 32894.

E-MINI NASDAQ (JUN) 05/12/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 near-term upside target is at 13535.56. The next area of resistance is around 13492.12 and 13535.56, while 1st support hits today at 13383.38 and below there at 13318.07.

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
FINANCIAL COMPLEX										
USAAM23	131-200	54.71	53.13	43.40	46.40	130.47	130.88	130.82	131.21	129.72
TYAAM23	116-025	57.85	56.15	55.02	56.79	115.59	115.62	115.25	115.18	114.25
EPM23	4142.00	51.30	52.08	51.94	54.64	4145.38	4134.89	4143.03	4090.91	4079.20
ENQM23	13437.75	64.86	62.09	79.90	88.02	13361.00	13260.92	13188.10	13005.45	12830.78
YMM23	33362	40.86	44.80	41.51	37.68	33567.00	33605.56	33759.78	33345.04	33344.87

Calculations based on previous session. Data collected 05/11/2023

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAM23	Bonds	129-250	130-240	131-160	132-150	133-070
TYAAM23	10 Yr Treasury Notes	115-110	115-225	116-030	116-145	116-270
EPM23	S&P E-Mini	4096.50	4118.50	4143.50	4165.50	4190.50
ENQM23	E-Mini NASDAQ	13318.06	13383.37	13426.81	13492.12	13535.56
YMM23	Mini-Dow	32893	33110	33396	33613	33899

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CURRENCIES COMMENTARY

5/12/2023

Dollar on-track for weekly gain after critical US inflation data

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR +77, YEN -12, SWISS +12, CA DOLLAR -45

Upcoming International Reports (all times CT)

05/12 UK Foreign Trade 1:00 AM

05/12 France Consumer Price Index 1:45 AM



DOLLAR: The Dollar is grinding out a mild gain coming into this morning's action, but it has matched Thursday's 1 1/2 week high and is on-track for a moderate weekly gain. Although Thursday's PPI reading was lower than market expectations, the Fed's Bowman said that Fed policy will remain restrictive for some time which has underpinned the Dollar this morning. This morning's US data includes a private survey on consumer sentiment, but the Dollar has already gotten past this week's critical US inflation reading and has maintained upside momentum. Near-term support is at 101.65 as the Dollar should finish the week with a positive tone.

EURO: The Euro was unable to hold onto early strength and has fallen to a 4 1/2 week low this morning. While the latest year-over-year reading for French CPI posted an uptick, the Euro has found little benefit as that result was in-line with trade forecasts. ECB officials have started to pull back on their hawkish rhetoric which has diminished the chances for an ECB rate hike at their July meeting. Near-term resistance is at 1.0965 as the Euro may have to rely on a negative surprise from today's US data to avoid finishing the week on a downbeat note.

YEN: The Yen continues to see downside follow-through from Thursday's reversal as it is finding moderate pressure this morning. There have been few signs from recent Japanese economic data that would indicate the BOJ is ready to shift away from their accommodative monetary policy, which will limit any safe-haven flows toward the Yen. Near-term resistance is at 75.00 as the Yen may have to wait on Monday's Japanese PPI reading in order to regain upside momentum.

SWISS: The Swiss franc has found its footing after Thursday's pullback and is finding moderate strength early in today's trading. Recent Swiss economic data has posted mixed results, but comments from SNB officials that they have not ruled out further tightening of their monetary policy continue to underpin the Swiss franc late this week. Near-term support is at 1.1210 as the Swiss franc is likely to be the main beneficiary if the Dollar is weakened by today's US data.

POUND: The Pound has held within a tight trading range at the bottom of Thursday's downdraft as it has found mild strength early in today's action. While UK GDP fell short of market expectations, the latest UK industrial production reading came in higher than expected. Even so, the market's lackluster reaction to Thursday's BOE rate hike may keep the Pound from making a stronger recovery move. Near-term support is at 1.2480 as the Pound should still benefit from improving risk appetites.

CANADIAN DOLLAR: The Canadian dollar has also kept within a fairly tight trading range, but it is showing few signs of regaining upside momentum late this week. Lukewarm energy prices and a lack of Canadian economic data during today's action may limit the Canadian dollar's ability to rebound from Thursday's pullback. Near-term resistance is at 74.55 as the Canadian dollar will need to see much stronger global risk sentiment to lift clear of this morning's early lows.

TODAY'S MARKET IDEAS:

The Dollar should hold the upper hand on most major currencies unless there is a significantly weak reading on consumer sentiment later today. If the Dollar does have a negative turnaround, the Swiss franc should be in the strongest position to benefit.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/12/2023: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The crossover up in the daily stochastics is a bullish signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 102.57. The next area of resistance is around 102.32 and 102.57, while 1st support hits today at 101.47 and below there at 100.87.

EURO (JUN) 05/12/2023: The major trend has turned down with the cross over back below the 40-day moving average. The downside crossover of the 9 and 18 bar moving average is a negative signal. 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 market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 108.5725. The next area of resistance is around 109.8749 and 110.5324, while 1st support hits today at 108.8950 and below there at 108.5725.

JAPANESE YEN (JUN) 05/12/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 75.43. The next area of resistance is around 75.04 and 75.43, while 1st support hits today at 74.42 and below there at 74.19.

SWISS (JUN) 05/12/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 111.51. The next area of resistance is around 112.73 and 113.31, while 1st support hits today at 111.84 and below there at 111.51.

CANADIAN DOLLAR (JUN) 05/12/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The near-term upside target is at 75.09. The next area of resistance is around 74.54 and 75.09, while 1st support hits today at 73.81 and below there at 73.61.

BRITISH POUND (JUN) 05/12/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 124.05. The next area of resistance is around 125.96 and 126.97, while 1st support hits today at 124.50 and below there at 124.05.

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	101.89	58.57	53.18	50.08	57.26	101.42	101.40	101.41	101.96	102.55
JYAM23	74.72	48.84	46.87	49.11	56.96	74.64	74.38	74.73	75.71	75.50
EU6M23	109.3850	38.44	44.88	39.24	25.07	109.91	110.20	110.27	109.41	108.76

BPAM23	125.22	47.26	51.91	76.67	69.14	126.06	125.81	125.28	124.16	123.17
CAAM23	74.17	48.52	50.29	59.30	63.89	74.66	74.27	74.11	73.89	73.81
SFAM23	112.28	44.06	50.24	54.22	45.04	112.76	112.85	112.75	111.45	110.64
DAAM23	67.09	47.96	48.97	65.56	67.88	0.68	0.67	0.67	0.67	0.67

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM23	US Dollar	100.86	101.46	101.71	102.32	102.57
JYAM23	Japanese Yen	74.18	74.41	74.80	75.04	75.43
EU6M23	Euro	108.5724	108.8949	109.5524	109.8749	110.5324
BPAM23	British Pound	124.05	124.50	125.51	125.96	126.97
CAAM23	Canadian Dollar	73.61	73.80	74.35	74.54	75.09
SFAM23	Swiss	111.50	111.83	112.41	112.73	113.31
DAAM23	Australian Dollar	66.22	66.55	67.30	67.63	68.38

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