



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday March 15, 2024

BONDS COMMENTARY

3/15/2024

The bias favors the bear camp but bullish resiliency remains

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

While there has been a distinct trend of softer US scheduled data, that bullish impact is heavily counter veiled by two critical reports indicating US inflation is anything but "splayed" and more importantly there were several positive US economic readings yesterday. We suspect some of yesterday's large declines were pent up stop loss selling from bulls unwilling to accept signs that inflation lives on. In fact, the current expectation for a June rate cut as measured by the CME Fed watch tool signals a 54% chance of a June cut which suggests some longs continue to stubbornly hold on to their easing hopes. Fortunately for the bull camp, today's US economic report slate looks to offer signs of minimal slowing or a simple loss of forward momentum. Therefore, some treasury bulls will discount positive numbers and embrace those which are soft. Normally, we would expect June bonds to slide below 118-00 today but the bulls have sustained a solid hit this week but open interest has not dropped as if a noted long liquidation has taken place! The North American session will start out with February Canadian housing starts which are expected to have a minimal uptick from January's annualized rate. February readings for the US import price index and US export price index are both forecast to have moderate downticks from their January results. The New York Fed's March Empire State manufacturing survey is expected to have a modest downtick from February's -2.4 reading. February US industrial production is forecast to have a minimal uptick from January's -0.1% reading while February US capacity utilization is expected to hold steady at a 78.5% rate. A private monthly survey of March US consumer sentiment is forecast to hold steady at the previous 76.9 reading.



TODAY'S MARKET IDEAS:

With the treasury market throughout early March showing consistent bullish resiliency, the washout this week has likely removed a moderate amount of stubborn bulls but has probably not rid the market of potential stop loss selling. However, expectations for today's data could temporarily save the bull camp with unchanged or minimally softer data forecast. In our opinion, without a couple softer than expected economic readings yesterday's low 118-22 in June bonds could become the top of an upcoming tight consolidation zone next week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/15/2024: The major trend has turned down with the cross over back below the 40-day moving average. 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.

There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 117-150. The next area of resistance is around 119-220 and 120-300, while 1st support hits today at 117-310 and below there at 117-150.

10 YR TREASURY NOTES (JUN) 03/15/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 109-205. The next area of resistance is around 110-195 and 111-050, while 1st support hits today at 109-275 and below there at 109-205.

STOCKS COMMENTARY

3/15/2024

Bullish resiliency is draining with residual inflation, slowing evidence, and declining rate cut prospects

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 -1

Global equity markets overnight were mixed with early losses in Europe and Australia offset by gains in Japan and China. Like the treasury markets, the equity markets retain some bullish resiliency even if the markets have displayed a loss of upside momentum following last week's spike highs. Nonetheless, unless US treasury yields make higher highs for the move today, we expect stocks to respect uptrend channel support lines. Unfortunately for the bull camp, we sense a brewing trade spat between the US and China as the US has fired off two salvos (the potential ban on TikTok and Biden insisting US steel must remain domestically owned) likely prompting the Chinese to retaliate with trade restrictions of their own.



S&P 500: As indicated already, the stock markets retain bullish resiliency even though some measures have not forged new highs this week. Overnight corporate headline news was bearish with Adobe predicting disappointing second quarter revenues, a SpaceX rocket failure, and a profit miss by Ulta Beauty. Uptrend channel support in the June S&P is 5192.25 and initial resistance is a series of closes and one opening price around 5239.00. The uptrend remains in place, but the macro outlook and the prospects of lower rates have been deflated.

Other US Indexes: The Dow has shown less bullish resiliency than other sectors of the market with uptrend channel support violated several times into contract rollover and large company shares under pressure from the combination of ongoing inflation concerns and reduced prospects of a June US rate cut. Therefore, we will not rule out a test of 39,000 today and suggest traders become defensive in the late afternoon trade. The NASDAQ has shown less resiliency than the S&P but more resiliency than the Dow this week. However, overnight tech related news is bearish with the Adobe forecast disappointing and Microsoft challenging googles competitive edge in generated of AI which could spark regulatory backlash. Pushed into the market today we initially favor the bear camp unless US scheduled data is clearly soft but not so soft to spark soft landing talk. Key support and a failure price is close to the market this morning at 18,161.25 and then again down at one 18,138.

TODAY'S MARKET IDEAS:

While a sense of bullish resiliency remains in place, the bull case is clearly crumbling from a macroeconomic perspective and could be further undermined if China lashes back at the US for moving to ban a Chinese owned social media platform in the US. We suggest those with long place stops at previously listed uptrend channel support levels.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/15/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 5153.75. The next area of resistance is around 5250.50 and 5284.75, while 1st support hits today at 5185.00 and below there at 5153.75.

MINI-DOW (JUN) 03/15/2024: 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. The outside day down is a negative signal. The close below the 1st swing support could weigh on the market. The next upside target is 39942. The next area of resistance is around 39625 and 39942, while 1st support hits today at 39063 and below there at 38819.

E-MINI NASDAQ (JUN) 03/15/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 18011.63. The next area of resistance is around 18396.00 and 18545.62, while 1st support hits today at 18129.00 and below there at 18011.63.

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	118-260	37.16	42.43	66.06	52.28	120.30	120.72	119.70	120.18	121.10
TYAAM24	110-075	35.67	40.41	59.67	46.42	110.98	111.21	110.77	111.41	111.85
EPM24	5217.75	61.20	62.49	80.72	79.36	5221.38	5202.89	5169.18	5056.54	5002.87
ENQM24	18262.50	49.78	52.79	64.45	54.79	18333.31	18349.44	18266.82	17953.78	17730.00
YMM24	39344	51.99	54.18	56.02	57.80	39401.00	39302.00	39343.83	38948.71	38750.82

Calculations based on previous session. Data collected 03/14/2024
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	117-140	117-300	119-060	119-220	120-300
TYAAM24	10 Yr Treasury Notes	109-200	109-270	110-125	110-195	111-050
EPM24	S&P E-Mini	5153.75	5185.00	5219.25	5250.50	5284.75
ENQM24	E-Mini NASDAQ	18011.62	18129.00	18278.62	18396.00	18545.62
YMM24	Mini-Dow	38818	39063	39380	39625	39942

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CURRENCIES COMMENTARY

3/15/2024

Trends favor dollar bulls but dollar strength is suspect

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR +118, YEN -21, SWISS -18, CA DOLLAR -80

Upcoming International Reports (all times CT)

03/15 France Consumer Price Index 2:45 AM
03/15 Canadian Housing Starts 7:15 AM
03/15 Canadian New Motor Vehicle S 7:30 AM
03/15 Canadian Wholesale Trade 7:30 AM
03/15 Capacity Utilization 8:15 AM
03/15 Industrial Production 8:15 AM



DOLLAR: While the dollar last week fell in the wake of several supportive economic reports and against typically bullish developments, this week's evidence of residually problematic inflation has returned buying interest. However, the CME Fed watch tool suggests over a 50% chance of a June rate cut remains in place thereby signaling some bears have still not given up on steeling the dollar. Unfortunately for the bull camp today's US scheduled data is forecast to be minimally soft or unchanged potentially robbing the Dollar of buying fuel. From a technical perspective, the dollar has already regained the first retracement from the large March and February washout with the 50% retracement now a target up at 103.20. The bias is up but soft data this morning could prompt a week ending long profit taking dip.

Other Currencies: With the dollar rally this week putting consistent pressure on the euro, a hot French consumer price index gain of 0.9% on a year-over-year basis failing to cushion the euro overnight the bias remains down. However, slightly softer than expected second and third tier US data could allow a minimal and temporary bounce in the euro today. With the fresh lower low for the move in the Pound today and a Reuters poll predicting the BOE will not cut rates until the third quarter, a soft tone from US scheduled data could offer a Pound rally to sell. However, the BOE meets next week and while they are not expected to change policy, their concern or lack of concern for inflation will determine if the pound can arrest the second half of March downtrend. Seeing the Canadian forge a lower low for the move and show little bounce following a large washout yesterday the charts favor more downside. Apparently, the slight gain in Canadian factory sales from yesterday failed to alter bearish sentiment toward the Canadian. On the other hand, trade expectations for a slight improvement in Canadian housing starts today and the prospect of soft US data could slow the Canadian slide toward major support down at 73.75.

TODAY'S MARKET IDEAS:

The dollar looks to retain its edge but could see temporary pressure following unchanged or slightly soft US scheduled data this morning.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/15/2024: 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. 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. 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 103.85. The next area of resistance is around 103.67 and 103.85, while 1st support hits today at 103.01 and below there at 102.54.

EURO (MAR) 03/15/2024: The major trend has turned down with the cross over back below the 60-day moving average. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 108.2838. The next area of resistance is around 109.2425 and 109.7737, while 1st support hits today at 108.4975 and below there at 108.2838.

JAPANESE YEN (MAR) 03/15/2024: The major trend has turned down with the cross over back below the 40-day moving average. A crossover down in the daily stochastics is a bearish signal. 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 67.13. The next area of resistance is around 67.67 and 67.98, while 1st support hits today at 67.25 and below there at 67.13.

SWISS (MAR) 03/15/2024: 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. The close below the 18-day moving average is an indication the intermediate-term trend has turned 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 target is now at 112.59. The next area of resistance is around 113.55 and 114.10, while 1st support hits today at 112.80 and below there at 112.59.

CANADIAN DOLLAR (MAR) 03/15/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market is in a bearish position with the close below the 2nd swing support number. The next upside target is 74.44. The next area of resistance is around 74.13 and 74.44, while 1st support hits today at 73.68 and below there at 73.54.

BRITISH POUND (MAR) 03/15/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. A negative signal was given by the outside day down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 126.72. The next area of resistance is around 127.99 and 128.57, while 1st support hits today at 127.07 and below there at 126.72.

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										
DXAH24	103.34	49.50	48.35	30.03	35.41	102.97	103.13	103.51	103.54	103.07
JYAH24	67.46	52.07	49.95	65.21	64.41	67.78	67.49	67.11	67.66	68.45
EU6H24	108.8700	50.13	51.75	74.77	67.55	109.24	109.13	108.75	108.62	109.02
BPAH24	127.53	54.07	55.20	73.19	65.45	127.87	127.72	127.13	126.85	126.91
CAAH24	73.90	45.15	46.11	54.41	54.88	74.11	74.02	73.97	74.18	74.44
SFAH24	113.17	33.94	36.63	52.98	49.98	113.75	113.68	113.70	114.94	115.78
DAAH24	65.83	52.36	51.90	67.43	66.17	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 03/14/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.53	103.01	103.19	103.67	103.85
JYAH24	Japanese Yen	67.12	67.24	67.55	67.67	67.98
EU6H24	Euro	108.2837	108.4975	109.0287	109.2425	109.7737
BPAH24	British Pound	126.71	127.06	127.64	127.99	128.57
CAAH24	Canadian Dollar	73.53	73.67	73.98	74.13	74.44
SFAH24	Swiss	112.58	112.79	113.34	113.55	114.10
DAAH24	Australian Dollar	65.29	65.51	65.91	66.14	66.54

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