



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 21, 2024

BONDS COMMENTARY

3/21/2024

Grinding their way higher following FOMC meeting results

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

The Treasury markets initially returned to a tight trading range after a wide-sweeping hour of price action following the FOMC meeting results, but Bonds and Notes are now grinding their way to the upside coming into this morning's action. No change in rates was a widely expected result, and there was clear relief in the market that the Fed's quarterly economic projections kept a median forecast of 75 basis points in rate cuts for this year. However, there were 25 basis points in cuts taken out of the forecast for 2025 which has moved from 100 basis points in cuts to 75. Fed Chair Powell said that inflation has eased substantially but is still too high and that they need greater confidence inflation is moving down before the rate cuts, which pressured Treasuries. Soon afterwards, Fed Chair Powell said that risks are two-sided now and that the Fed is likely to cut rates at some point this year, which gave a significant boost to Bond and Note prices. After a relatively quiet week of US data, the market will have a large set of economic numbers to digest this morning. Weekly initial jobless claims are expected to have a mild uptick from the previous 209,000. Ongoing jobless claims are forecast to have a minimal increase from the previous 1.811 million. The March Philly Fed manufacturing survey is expected to have a moderate downtick from February's 5.2. The February Canadian new housing price index is forecast to have a moderate uptick from January's -0.1%. February US existing home sales are expected to have a modest downtick from January's 4.00 million annualized rate. The Conference Board's February reading on leading indicators is forecast to have a minimal uptick from January's -0.4%. Fed Vice Chair Barr will speak during afternoon US trading hours.



TODAY'S MARKET IDEAS:

The CME Fed Watch tool now has a 76% chance of a June rate cut, and that should help to underpin Bonds and Notes. Unless jobless claims and the Philly Fed survey have surprisingly strong results, Treasuries should extend their post-FOMC recovery move. Near-term support for June Bonds is at 119-00 while near-term support for June notes is at 110-14.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/21/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing

price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 117-100. The next area of resistance is around 119-160 and 120-110, while 1st support hits today at 118-000 and below there at 117-100.

10 YR TREASURY NOTES (JUN) 03/21/2024: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is now at 109-235. The next area of resistance is around 110-215 and 111-000, while 1st support hits today at 110-015 and below there at 109-235.

STOCKS COMMENTARY

3/21/2024

FOMC results continue to underpin market early in today's action

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 +25

Global markets have maintained a mostly positive tone coming into this morning's trading session. While the Shanghai Composite closed with a modest loss, other major Asian stock indices finished with sizable gains. European equities and US stock index futures are posting mild to moderate gains early in today's action. Australian unemployment had a larger than expected decline while the Swiss National Bank surprised the market by cutting Swiss rates. The Bank of England is forecast to hold UK rates unchanged at today's meeting.



S&P 500: After an hour of whipsaw price action, the June S&P maintained upside momentum to reach a record high early in today's action. The Fed kept 75 basis points in rate cuts in their economic projections which provided broad-based support to many market sectors. The Fed was cautious on the outlook for inflation, however, and that may be keeping further gains in check this morning. A surprise quarterly profit by Micron Technologies came with positive guidance which has also boosted AI-related stocks early today. FedEx and Nike will release their latest earnings after today's close, and their performance could shed further light on the overall performance of the US economy.

Other US Indexes: The Dow Jones may benefit from headlines in mainstream media as it reached a new record high with the cash index approaching the 40,000 level for the first time, and is seeing mild gains this morning. Walt Disney's proxy fight and Nike's earnings late today may result in more caution with the Dow, but it will continue to benefit from Fed rate cut expectations for this year. The Nasdaq has benefited from Micron earnings news as well as the FOMC meeting results, but there are reports that the Department of Justice may file an anti-trust lawsuit against Apple which could lead to headwinds for the Nasdaq.

TODAY'S MARKET IDEAS:

While US equity markets may be near-term overvalued, they have been resilient in the face of several negative factors early this year. The major indices have clearly benefited from the FOMC results as the Fed avoided an overly hawkish shift in policy. Even if US economic data disappoints the market later today, a near-term pullback should provide a fresh opportunity to approach the long side of the market. Near-term support for the June S&P is at 5,275 while resistance is up at 5,320. Near-term support in the June Dow Jones is at 39,875. Near-term support in the June Nasdaq is at 18,530.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/21/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 near-term upside objective is at 5342.18. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5325.87 and 5342.18, while 1st support hits today at 5263.13 and below there at 5216.69.

MINI-DOW (JUN) 03/21/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 40398. The next area of resistance is around 40246 and 40398, while 1st support hits today at 39684 and below there at 39273.

E-MINI NASDAQ (JUN) 03/21/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. A bullish signal was given with an upside crossover of the daily stochastics. 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 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 18772.00. The next area of resistance is around 18689.50 and 18772.00, while 1st support hits today at 18376.00 and below there at 18145.00.

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										
USAAM24	118-240	40.21	43.43	32.86	20.46	118.59	119.67	119.76	119.85	120.74
TYAAM24	110-115	43.66	44.25	29.80	21.56	110.10	110.67	110.73	111.17	111.64
EPM24	5294.50	70.51	68.02	77.72	83.94	5233.00	5223.75	5196.65	5089.46	5028.98
ENQM24	18532.75	60.26	58.68	47.84	50.86	18274.31	18304.19	18315.40	18051.44	17806.27
YMM24	39965	69.18	65.01	59.83	73.27	39466.25	39410.67	39379.56	39070.51	38844.70

Calculations based on previous session. Data collected 03/20/2024

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	117-090	117-310	118-260	119-160	120-110
TYAAM24	10 Yr Treasury Notes	109-230	110-010	110-115	110-215	111-000
EPM24	S&P E-Mini	5216.68	5263.12	5279.43	5325.87	5342.18
ENQM24	E-Mini NASDAQ	18145.00	18376.00	18458.50	18689.50	18772.00
YMM24	Mini-Dow	39272	39683	39835	40246	40398

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CURRENCIES COMMENTARY

3/21/2024

Dollar finding mild strength following volatile post-FOMC trading action

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +29, YEN -22, SWISS -6, CA DOLLAR +80

Upcoming International Reports (all times CT)

03/21 Swiss Monetary Policy 2:30 AM
03/21 France Business Climate Surv 2:45 AM
03/21 France Manufacturing PMI Fla 3:15 AM
03/21 France Services PMI Flash 3:15 AM
03/21 Euro-zone Balance of Payment 4:00 AM
03/21 UK Monetary Policy 7:00 AM
03/21 UK Monetary Policy Minutes 7:00 AM
03/21 Jobless Claims 7:30 AM
03/21 Existing Home Sales 9:00 AM
03/21 EIA Gas Storage 9:30 AM
03/21 Japan Consumer Price Index 6:30 PM
03/21 UK Consumer Confidence 7:01 PM
03/22 UK Retail Sales 2:00 AM
03/22 German IFO Business Climate 4:00 AM
03/22 Canadian Retail Trade 7:30 AM



DOLLAR: The Dollar has seen volatile action over the past 24 hours as it started to lose strength in front of the FOMC meeting results, fell sharply after their release, made an overnight recovery move before pivoting back towards unchanged early in today's action. The "dot plot" still shows 75 basis points in 2024 rate cuts and Fed Chair Powell did not have an overly hawkish tone in his post-meeting comments, both of which fueled a sizable pullback in the Dollar. On the other hand, there was enough concern over inflation in the post-meeting comments to help the Dollar avoid a sharp selloff. While recent US data has seen mixed results, the Dollar will have little tolerance for sluggish US economic numbers this morning and could have another downside leg if the Philly Fed survey and jobless claims disappoint the market.

Other Currencies: The Swiss franc rebounded from a 5 1/2 month low but it is still showing heavy losses this morning. The Swiss National Bank surprised the market with a 25-basis point rate cut with guidance that another rate cut may come in June. With the SNB cutting their inflation forecasts as well, the Swiss franc is likely to remain on the defensive this week. The Pound has fallen back from a 1-week high due to profit-taking in front of the Bank of England MPC meeting results. The BOE is unlikely to cut UK rates, and they may take a hawkish tone with their post meeting comments that can help the Pound regain upside momentum. The Euro has been pressured by talk of a June ECB rate cut, and that may limit further upside during today's trading.

TODAY'S MARKET IDEAS:

The Dollar is holding its ground above the overnight lows, but it needs to avoid disappointing US economic numbers later today. If there are no negative surprises, the Dollar should be able to grind out a mild gain today. Near-term support is at 103.50 as the Dollar will start out with a mild upward bias this morning. Near-term resistance in the June Swiss franc is at 1.1330 as it should remain on the defensive after the surprise SNB rate cut.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

DXAM24	103.06	49.20	48.91	51.37	60.09	103.21	102.84	103.07	103.27	102.87
JYAM24	66.98	26.96	32.75	38.32	20.75	67.56	68.24	68.01	68.37	69.12
EU6M24	109.6000	58.35	56.49	56.24	52.10	109.27	109.50	109.29	108.95	109.34
BPAM24	127.89	59.92	58.38	57.21	53.78	127.50	127.81	127.40	126.92	126.99
CAAM24	74.23	55.04	52.27	45.68	46.06	74.00	74.12	74.03	74.20	74.45
SFAM24	113.83	30.98	34.02	30.84	22.59	113.87	114.46	114.59	115.60	116.59
DAAM24	65.99	53.32	52.17	51.99	46.74	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 03/20/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	102.46	102.67	103.24	103.45	104.02
JYAM24	Japanese Yen	66.51	66.73	67.00	67.23	67.49
EU6M24	Euro	108.5249	109.1649	109.3950	110.0350	110.2650
BPAM24	British Pound	126.63	127.38	127.65	128.40	128.67
CAAM24	Canadian Dollar	73.40	73.89	74.08	74.56	74.75
SFAM24	Swiss	112.94	113.45	113.70	114.21	114.47
DAAM24	Australian Dollar	65.06	65.61	65.82	66.36	66.57

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