



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday April 09, 2024

BONDS COMMENTARY

4/9/2024

Oversold into a major inflation report on Wednesday

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS +0

While treasury bonds spiked lower yesterday and posted the lowest prices since late November, the market continues to show a measure of bullish resiliency as bonds in the early trade today are trading 1 1/2 points above yesterday's low without a clear bullish catalyst. In fact, the London Stock Exchange suggests the probability of a US rate cut in June is now at the lowest level in seven months. Not surprisingly, the Chicago Fed Pres. (a very staunch Democrat) is chirping against the restrictive policy stance of the Fed despite a growing chorus of inflation concerns among other Fed members. While the exact source of the historic rally in gold prices is unclear, the monumental rise in gold prices (from \$1880 last October to \$2390 today) suggest there could be expectations of some type of major negative event about to surface. In our opinion, the US deficit is exploding with the administration hiding the exploding costs of illegal immigration and wrangling for a way around legal barriers to forgive student loans, while Congress reconvenes today to figure out how to give more money to Ukraine. Furthermore, a US government debt problem could quickly get out of control with US government interest rate charges rising and adding to mounting debt! However, without a critical US scheduled report today, the trade will posture for tomorrow's US CPI report which may have to be at +0.3% or higher to keep treasuries down at current levels. The North American session will not have any top-tier US or Canadian economic numbers and will be highlighted by a weekly private survey of same-store sales and a monthly private survey of small business optimism.



TODAY'S MARKET IDEAS:

As indicated already, treasuries seem to fall sharply and bounce as if the bear camp lacks resolve. In fact, given the April slide of four points in bonds, the market is likely set to enter the CPI report window oversold and therefore very sensitive to any kind of a muted inflation result. In the end, the trend is down, but a bounce through and after CPI could result in a significant short covering rally. Downtrend channel resistance in June bonds tomorrow is well above the market at 119-21.

NEW RECOMMENDATIONS:

Buy a June Bond 119-00 call at 1-12.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/09/2024: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 116-010. The next area of

resistance is around 117-190 and 117-300, while 1st support hits today at 116-210 and below there at 116-010.

10 YR TREASURY NOTES (JUN) 04/09/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The gap down on the day session chart is bearish with more selling pressure possible today. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 108-290. The next area of resistance is around 109-140 and 109-195, while 1st support hits today at 109-030 and below there at 108-290.

STOCKS COMMENTARY

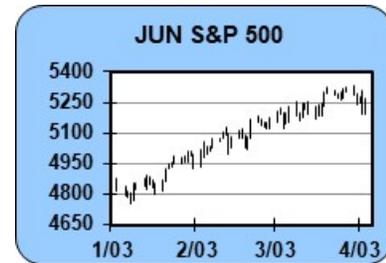
4/9/2024

The bias is down but CPI should narrow ranges today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -3

Global equity markets overnight were divided among winners and losers with the German Market the weakest and the TOPIX the strongest. While the markets appear to have found solid value at last week's double lows, economic information over the coming 24 hours is likely to set the trend in equities for the rest of the quarter. However, market expectations for a June US rate cut have plummeted thereby removing a portion of the speculative bubble in stocks.



S&P 500: As indicated already, the markets have extracted a significant amount of rate cut hope over the last couple weeks and have seen pressure from rising US treasury yields. However, the bull camp is unlikely to avoid ongoing pressure if the inflation report tomorrow confirms the on hold view through another monthly US inflation report cycle. Pushed into the market we favor the bear case with today's action presenting a 4th straight day of lower highs and the headlines lacking bullish fodder. Uptrend channel buying support in the June S&P today is 5209.35 and increases to 5218.30 on Wednesday.

Other US Indexes: The charts in the Dow futures remain bearish with a lower high pattern likely moderating the significant short-term oversold condition from last week's spike down moves. Corporate headlines overnight remain bearish with news that an icon of the banking industry (J.P. Morgan CEO Jamie Dimon) planning his exit and confirming the board is seeking successors to run the banking giant. Another negative for the Dow is reports that surging US air travel this summer could be impeded by a lack of planes. Uptrend channel buying support in the June Dow today is 38,970. The NASDAQ charts are also tipped in favor of the bear camp early today with added fundamental pressure seen from a series of negative tech sector headlines overnight. Uptrend channel buying support in the NASDAQ is 18,115 today.

TODAY'S MARKET IDEAS:

We give the edge to the bear camp as investors wait for what could be the ultimate June rate cut signal from US CPI tomorrow. Fortunately for the bull camp, the markets have partially absorbed the growing possibility US rates will not come down in the first half of this year. On the other hand, with rising treasury yields, crude oil pricing near \$90 and exploding gold prices the bull camp should be unnerved.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/09/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside objective is 5222.19. The next area of resistance is around 5273.37 and 5287.68, while 1st support hits today at 5240.63 and below there at 5222.19.

MINI-DOW (JUN) 04/09/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 39009. The next area of resistance is around 39353 and 39462, while 1st support hits today at 39127 and below there at 39009.

E-MINI NASDAQ (JUN) 04/09/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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 has a slightly positive tilt with the close over the swing pivot. The next downside target is 18171.88. The next area of resistance is around 18383.25 and 18448.87, while 1st support hits today at 18244.75 and below there at 18171.88.

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	117-040	33.28	37.61	28.25	24.66	117.71	118.59	118.82	119.36	119.76
TYAAM24	109-085	31.45	35.92	28.03	23.07	109.71	110.09	110.23	110.66	111.06
EPM24	5257.00	51.63	54.75	58.47	50.25	5244.69	5268.83	5260.36	5177.39	5115.06
ENQM24	18314.00	47.84	50.13	48.12	41.11	18271.25	18375.31	18376.82	18254.74	18082.00
YMM24	39240	42.57	46.11	39.89	28.90	39227.25	39580.67	39599.78	39376.96	39139.28

Calculations based on previous session. Data collected 04/08/2024

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	116-000	116-200	116-310	117-190	117-300
TYAAM24	10 Yr Treasury Notes	108-285	109-025	109-080	109-140	109-195
EPM24	S&P E-Mini	5222.18	5240.62	5254.93	5273.37	5287.68
ENQM24	E-Mini NASDAQ	18171.87	18244.75	18310.37	18383.25	18448.87
YMM24	Mini-Dow	39008	39126	39235	39353	39462

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CURRENCIES COMMENTARY

4/9/2024

The dollar's failure to rally on bullish news is bearish

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +43, YEN -7, SWISS -3, CA DOLLAR -10

Upcoming International Reports (all times CT)

04/09 Japan Consumer Confidence Su 12:00 AM
04/09 France Trade Balance 1:45 AM
04/09 API Energy Stocks 3:30 PM
04/09 Japan Wholesale Prices (CGPI 6:50 PM
04/10 Canadian Building Permits 7:30 AM
04/10 CPI 7:30 AM
04/10 Real Earnings 7:30 AM
04/10 Wholesale Trade 7:30 AM
04/10 Canadian Monetary Policy 8:45 AM
04/10 EIA Energy Stocks 9:30 AM



DOLLAR: With a three-day low in the Dollar in the early trade today, the failure to rally from 3rd tier US inflation readings yesterday and perhaps most importantly the inability to benefit from increased prospects of foreign central bank rate cuts, indicates the dollar is currently out of favor. Initial and unreliable support is last week's spike low of 103.68 and then down again at 103.55.

Other Currencies: The euro continues to win by default against a sluggish/lower US dollar and should see minimal added support from increased French trade figures from February released overnight. However, the euro is facing some headwinds from falling probability of a June US rate but should be supported from moderating dovish sentiment ahead of the Thursday ECB meeting. On the other hand, the euro appears to have caught a bid this morning from headlines indicating the ECB remains concerned about inflation and will probably not cut rates Thursday. Buying support in the euro today is 1.0875. With an upside breakout and the highest trade since March 21st overnight, the Pound appears to have become a leadership currency. The bull camp should be assisted by a much stronger than expected GBP BRC Like for like retail sales reading for March which gained 3.2% over year ago figures. Near-term upside targeting in the Pound becomes 1.2725. The Canadian has managed a higher high relative to the Monday trade in the early action today and given early weakness in the US dollar, the Canadian might be poised to retest downtrend channel resistance pegged at 74.19 today, with that trendline resistance falling to 74.11 on Friday.

TODAY'S MARKET IDEAS:

The path of least resistance is down in the dollar with the pound and euro primary benefactors today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a May Japanese Yen 68.50/70.50 bull call spread from 28. Use an objective of 176 and risk the entire spread premium on the trade.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 04/09/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 103.62. The next area of resistance is around 104.08 and 104.32, while 1st support hits today at 103.73 and below there at 103.62.

EURO (JUN) 04/09/2024: The major trend could be turning up with the close back above the 40-day moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 109.2200. The next area of resistance is around 109.1000 and 109.2200, while 1st support hits today at 108.6900 and below there at 108.4000.

JAPANESE YEN (JUN) 04/09/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 66.44. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 66.63 and 66.73, while 1st support hits today at 66.49 and below there at 66.44.

SWISS (JUN) 04/09/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 111.95. The next area of resistance is around 111.60 and 111.95, while 1st support hits today at 111.03 and below there at 110.82.

CANADIAN DOLLAR (JUN) 04/09/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 73.95. The next area of resistance is around 73.88 and 73.95, while 1st support hits today at 73.62 and below there at 73.44.

BRITISH POUND (JUN) 04/09/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 objective is 127.02. The next area of resistance is around 126.85 and 127.02, while 1st support hits today at 126.35 and below there at 126.01.

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										
DXAM24	103.90	51.07	53.10	73.88	64.95	103.97	104.17	103.75	103.58	103.40
JYAM24	66.56	28.49	32.07	8.16	7.29	66.71	66.76	67.17	67.73	68.15
EU6M24	108.8950	54.08	51.26	34.38	45.22	108.74	108.47	108.82	108.76	108.92
BPAM24	126.60	50.90	49.36	28.29	35.18	126.54	126.26	126.72	126.70	126.80
CAAM24	73.75	45.59	45.83	33.61	35.51	73.84	73.80	73.88	74.03	74.14
SFAM24	111.31	30.90	30.43	14.06	16.50	111.59	111.53	112.53	114.11	114.99
DAAM24	66.16	60.86	56.76	45.15	60.18	0.66	0.66	0.66	0.66	0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.61	103.72	103.97	104.08	104.32
JYAM24	Japanese Yen	66.43	66.48	66.58	66.63	66.73
EU6M24	Euro	108.4000	108.6900	108.8100	109.1000	109.2200
BPAM24	British Pound	126.00	126.34	126.51	126.85	127.02
CAAM24	Canadian Dollar	73.43	73.62	73.69	73.88	73.95

SFAM24	Swiss	110.81	111.03	111.38	111.60	111.95
DAAM24	Australian Dollar	65.56	65.91	66.07	66.41	66.57

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