



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday April 16, 2024

BONDS COMMENTARY

4/16/2024

A temporary pause at 114-01 traders should sell rallies

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

While treasuries are significantly oversold from a short-term technical perspective, the markets appear to be in a long-term fundamental adjustment capable of overriding chart signals. In fact, US Federal Reserve dialogue has turned definitively hawkish with the members generally concluding there is no urgency to cut rates which in turn has pushed back probable timing of a Federal Reserve cut deep into the third quarter and in turn has dropped the markets expected number of cuts for 2024. Furthermore, there are rumbles within the market that the US may not see "any" rate cuts this year! Given residual strength in the US economy (particularly the job sector) and unsatisfactory progress on inflation, the Hawks clearly have a strong case! However, with short-term interest rates spiking more than longer-term rates, a bullish faction of the trade continues to hold out hope of a recession from the inverted yield curve argument. The latest CME Fed watch tool sees only a 20% probability of a rate cut in June and only a 39% chance of a rate cut in July! However, today the market may see a temporary bounce from housing data which is likely to be soft considering the jump in mortgage rates over the last 30 days. The North American session will start out with a private weekly survey of same-store sales followed by March US housing starts which are expected to have a minor downtick from February's 1.521 million annualized rate. March US building permits are forecast to have a minimal downtick from February's 1.524 million reading. March Canadian CPI is expected to have a minimal downtick from February's 2.8% year-over-year rate. March Canadian housing starts are forecast to have a mild downtick from February's reading. March US industrial production is expected to have a moderate uptick from February's 0.1% reading while March US capacity utilization is forecast to have a minimal uptick from February's 78.4% reading. Fed Vice Chair Jefferson will speak during morning US trading hours while Fed Chair Powell, New York Fed President Williams, and Richmond Fed President Barkin will speak during the afternoon.



TODAY'S MARKET IDEAS:

With the June bond contract reaching a past consolidation/pivot point junction of 114-00 and US housing data today likely to be a touch weaker, a temporary bounce is possible. However, given the magnitude of the bounce that could create a fresh short entry opportunity for those looking to benefit from further long term fundamental price adjustments.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/16/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 112-190. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 115-160 and 116-260, while 1st support hits today at 113-130 and below there at 112-190.

10 YR TREASURY NOTES (JUN) 04/16/2024: 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 target is 106-310. The next area of resistance is around 108-180 and 109-055, while 1st support hits today at 107-150 and below there at 106-310.

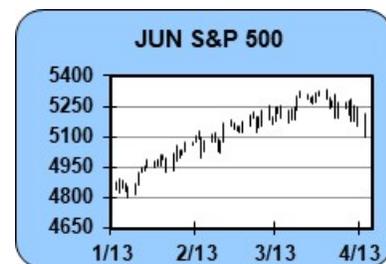
STOCKS COMMENTARY

4/16/2024

Risk continues to rise, with investors retreating to the sidelines

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

Global equity markets overnight were down falling in sync with the US washout on Monday, with the largest losses suffered in Japan. In addition to the residual disappointment from another pushback of US'S rate cut timing, investors are anxious over the potential for a regional war in the Middle East and are also bracing for critical earnings from the financial sector today. Earnings announcements will include UnitedHealth Group, Johnson & Johnson, Bank of America, Morgan Stanley, PNC Financial Services, Bank of New York Mellon, and Northern Trust before the Wall Street opening.



S&P 500: Given the breakdown on the charts, disappointment from a delay in US rate cuts, residual anxiety over Israel and Iran tensions, the bull camp "needs" very positive news from a very active earnings reports slate today. In fact, even a positive sweep of earnings news might not reverse the downside bias which feels macro in scope. Obviously, the 5100 level is a psychological pivot price but that level is not likely to hold up prices for long. Near-term downside targeting is 5075.00 with aggressive traders advised to sell a rally to 5124.25.

Other US Indexes: With interest rates rising unrelentingly, Fed members clearly pushing back rate cut timing, ongoing Boeing headline concerns, and disconcerting news from the health sector this morning that gives the bear camp solid fundamental control. Like the S&P, the Dow has temporarily found psychological support at even number pricing 38,000 but without a sweep of positive earnings news early today the downward bias is unlikely to be reversed. Near-term downside targeting in Dow futures is 37,707. The NASDAQ is also presented with bearish technical and fundamental forces this morning following the Tesla 10% layoff announcement yesterday and news of an investigation of two US EV manufacturers from reports of a loss of brake assist functions. Downside targeting in the NASDAQ is 17,600.

TODAY'S MARKET IDEAS:

The bias is down with the bull camp needing very positive news from a very active earnings report slated today just to slow the decline!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/16/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 5006.82. The next area of resistance is around 5158.12 and 5245.31, while 1st support hits today at 5038.88 and below there at 5006.82.

MINI-DOW (JUN) 04/16/2024: 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 market tilt is slightly negative with the close under the pivot. The next downside target is now at 37395. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 38330 and 38846, while 1st support hits today at 37604 and below there at 37395.

E-MINI NASDAQ (JUN) 04/16/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 17469.44. The next area of resistance is around 18115.87 and 18487.93, while 1st support hits today at 17606.63 and below there at 17469.44.

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	114-140	29.43	32.78	17.98	13.60	115.37	116.70	117.98	118.82	119.29
TYAAM24	108-005	30.48	33.10	17.82	15.79	108.25	109.06	109.75	110.30	110.73
EPM24	5098.50	30.10	37.12	33.32	17.62	5178.00	5217.36	5253.96	5194.19	5143.59
ENQM24	17861.25	34.95	39.86	37.42	25.50	18177.94	18242.14	18371.72	18281.23	18167.80
YMM24	37967	22.24	29.95	17.33	8.53	38419.75	38868.22	39383.39	39319.18	39189.35

Calculations based on previous session. Data collected 04/15/2024

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	112-180	113-120	114-220	115-160	116-260
TYAAM24	10 Yr Treasury Notes	106-305	107-145	108-020	108-180	109-055
EPM24	S&P E-Mini	5006.81	5038.87	5126.06	5158.12	5245.31
ENQM24	E-Mini NASDAQ	17469.43	17606.62	17978.68	18115.87	18487.93
YMM24	Mini-Dow	37394	37604	38120	38330	38846

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CURRENCIES COMMENTARY

4/16/2024

While recent action sets trends some markets are overdone

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +82, YEN -9, SWISS +6, CA DOLLAR -30

Upcoming International Reports (all times CT)

04/16 UK Employment Situation - Cl 2:00 AM
04/16 Euro-zone Foreign Trade 4:00 AM
04/16 German ZEW Indicator of Econ 4:00 AM
04/16 Canadian Housing Starts 7:15 AM
04/16 Canadian Consumer Price Inde 7:30 AM
04/16 Housing Starts 7:30 AM
04/16 Capacity Utilization 8:15 AM
04/16 Industrial Production 8:15 AM
04/16 API Energy Stocks 3:30 PM
04/16 Japan Trade Balance 6:50 PM
04/17 UK Consumer Price Index 1:00 AM
04/17 UK Producer Price Index 1:00 AM
04/17 Euro-zone Consumer Price Ind 4:00 AM
04/17 EIA Energy Stocks 9:30 AM



DOLLAR: With another new high in the Dollar overnight, the uptrend has been extended with flight to quality interest in the dollar stoked by the looming potential for an Israeli retaliation strike against Iran. The dollar is also in favor from the latest pushback of US rate cut timing and from ideas the US will see very few if any rate cuts this year. We also suspect the dollar is benefiting from disappointing Chinese economic news especially with reports that Chinese businesses are rushing to hold US dollars versus domestic currency. With the dollar fresh off three straight large range up sessions and US housing data this morning likely to be a little soft, a setback to buying support of 105.80 is possible this morning.

Other Currencies: Not surprisingly, the euro has forged a lower low this morning primarily because of residual strength in the dollar. However, soft Italian consumer price readings and ongoing prospects of a June ECB rate cut leave the bear camp in a confident position. Near-term downside targeting is a past key low down at 106.00 which in turn was aggressively rejected with a gap up trade last October! With the Pound significantly oversold from five days of aggressive selling and GBP jobs news overnight favorable, the spike low at 1.2413 could become a temporary support level. However, UK unemployment jumped more than expected which leaves doubt toward the UK economy in place. Pushed into the market we suggest traders sell the June Pound on a rally to 1.25. Like most nondollar currencies, the Canadian is massively oversold from the first half of April washout with the Canadian falling 200 points from the high. While the Canadian has reached a previous bottom zone of 72.50, today's Canadian inflation data will have to be hot (which is expected to be hot with a gain of +0.7%) just to stand up to residual strength in the US dollar. In the end, the risk and reward of remaining short the Canadian has become very unattractive.

TODAY'S MARKET IDEAS:

The dollar maintains an edge from flight to quality, interest rate differentials and macroeconomic differential prowess.

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) 04/16/2024: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside objective is at 106.32. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 106.20 and 106.32, while 1st support hits today at 105.81 and below there at 105.52.

EURO (JUN) 04/16/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 106.1600. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 106.7400 and 107.0600, while 1st support hits today at 106.2900 and below there at 106.1600.

JAPANESE YEN (JUN) 04/16/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. 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 65.00. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 65.75 and 66.13, while 1st support hits today at 65.19 and below there at 65.00.

SWISS (JUN) 04/16/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 109.95. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 110.59 and 110.69, while 1st support hits today at 110.23 and below there at 109.95.

CANADIAN DOLLAR (JUN) 04/16/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 72.31. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 72.77 and 73.03, while 1st support hits today at 72.41 and below there at 72.31.

BRITISH POUND (JUN) 04/16/2024: 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's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 123.98. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 124.81 and 125.23, while 1st support hits today at 124.19 and below there at 123.98.

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	106.00	78.84	73.16	81.16	89.43	105.48	104.63	104.34	103.74	103.61
JYAM24	65.47	12.94	20.27	7.03	6.27	65.84	66.31	66.59	67.43	67.84
EU6M24	106.5150	22.13	28.42	24.60	13.41	107.12	108.04	108.30	108.68	108.73
BPAM24	124.50	29.27	33.87	21.62	14.20	124.97	125.87	126.10	126.62	126.66
CAAM24	72.59	22.07	28.57	17.24	8.10	72.86	73.39	73.60	73.89	74.02
SFAM24	110.41	29.62	29.55	13.58	12.88	110.40	111.06	111.54	113.47	114.36
DAAM24	64.53	34.66	38.45	34.43	18.40	0.65	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	105.51	105.80	105.92	106.20	106.32
JYAM24	Japanese Yen	64.99	65.18	65.56	65.75	66.13
EU6M24	Euro	106.1600	106.2900	106.6100	106.7400	107.0600
BPAM24	British Pound	123.97	124.18	124.60	124.81	125.23
CAAM24	Canadian Dollar	72.30	72.40	72.66	72.77	73.03
SFAM24	Swiss	109.94	110.22	110.32	110.59	110.69
DAAM24	Australian Dollar	64.09	64.25	64.65	64.81	65.21

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