



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday May 29, 2024

## BONDS COMMENTARY

5/29/2024

### Selling off fear of residual inflation and a stable economy

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

With a downside extension in bonds to the lowest levels since May 3rd, the treasury market has suffered fresh technical damage and has provided the bear camp with an edge. Apparently, the primary pressure on treasuries started following anemic demand for yesterday's Treasury auction supply (from the short end of the maturity scale), but we also suspect generally hawkish dialogue from a flurry of Fed speeches continues to embolden sellers. Obviously, there is a measure of concern of level or slightly higher US PCE readings (Thursday and Friday), and perhaps there is a measure of long liquidation taking place ahead of this afternoon's auction and the release of the Fed's Beige Book. Furthermore, global government sovereign debt yields are also rising. From a technical perspective treasury bonds were vulnerable to long liquidation with recent Treasury Bond net spec and fund COT long positioning sitting at the highest level since 2018! The North American session will start out with weekly private surveys of same-store sales and mortgage applications followed by a May reading on the Richmond Fed manufacturing index which is expected to have a moderate uptick from April's -7 reading. The latest Fed Beige Book will be released during early afternoon US trading hours. New York Fed President Williams and Atlanta Fed President Bostic will speak during afternoon US trading hours. Earnings announcements will include Salesforce, HP, and Agilent Technologies after the Wall Street close.



#### TODAY'S MARKET IDEAS:

Obviously, the downside extension in bond prices overnight has probably sparked stop loss selling from what was a six-year high net spec and fund long positioning. However, some fresh selling might be surfacing because of slack demand for US treasury notes yesterday, hawkish Fed speeches today and fear of this afternoon's Beige Book will reiterate more soft inflation data is needed before considering interest rate cuts. Near-term downside targeting in September bonds is 115-06 and then again down at 114-28.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/29/2024: The major trend has turned down with the cross over back below the 40-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down and close below the previous day's low is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 114-220. The next area of resistance is around 116-160 and 117-170, while 1st support hits today at 115-030 and below there at 114-220.

10 YR TREASURY NOTES (JUN) 05/29/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. 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. The outside day down is somewhat negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 107-250. The next area of resistance is around 108-195 and 109-025, while 1st support hits today at 107-310 and below there at 107-250.

## STOCKS COMMENTARY

5/29/2024

**Buy a correction to 18,684 in the NASDAQ**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**S&P 500 -28**

Global equity markets overnight were lower except for the markets in Shanghai which traded fractionally higher. With an upside breakout in several global sovereign bond yields, soft American Airlines guidance and a measure of uncertainty ahead of critical US inflation data tomorrow, the bear camp has an edge today. Earnings announcements will include Salesforce, HP, and Agilent Technologies after the Wall Street close.



**S&P 500:** With the S&P falling below yesterday's low early today and a key pivot point close at 5285.75, the bear camp holds an edge to start today. While the market was disappointed by higher global interest rates, the bull camp should have support from ongoing strength in Nvidia shares which has resulted in its total capitalization value rising toward Apple. Uptrend channel buying support in the S&P today is 5181.75.

**Other US Indexes:** We expect the Dow to continue to lag the rest of the market on upside moves and lead the markets on the downside moves as an upside breakout in global sovereign debt yields hurts the large conglomerates in the Dow. Furthermore, the Dow has failed at a critical uptrend channel support line of 38,823 with that level becoming resistance. The next solid support point in the June Dow is 38,590. With the NASDAQ remaining within the May uptrend channel despite weakness in other sectors this morning it has extended its leadership role. As in the S&P, the NASDAQ should draft support from a record high in Nvidia shares especially after the stock split increases the prospect of an expansion of small investor interest. We see consolidation low support at 18,684 and would become a buyer of the index at that level using a stop at 18,520.

### TODAY'S MARKET IDEAS:

A measure of corrective action is underway despite very positive leadership from Nvidia shares! However, the bearish corporate this morning is an upside breakout in treasury yields and perhaps concerns of further delays in cutting US interest rates from this afternoon's US Fed Beige Book.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/29/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 5278.94. The next area of resistance is around 5345.62 and 5363.43, while 1st support hits today at 5303.38 and below there at 5278.94.

MINI-DOW (JUN) 05/29/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 38523. The next area of resistance is around 39155 and 39419, while 1st support hits today at 38707 and below there at 38523.

E-MINI NASDAQ (JUN) 05/29/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower 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 downside target is now at 18762.88. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 19028.25 and 19084.87, while 1st support hits today at 18867.25 and below there at 18762.88.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	115-250	39.24	44.35	57.88	40.80	116.67	117.15	116.70	116.40	117.29
TYAAM24	108-090	36.97	42.22	48.53	29.28	108.68	109.05	108.95	108.86	109.35
EPM24	5324.50	63.60	61.88	85.55	80.56	5315.69	5323.64	5267.03	5210.11	5213.53
ENQM24	18947.75	73.91	67.81	89.27	88.03	18830.25	18759.06	18461.14	18192.06	18234.02
YMM24	38931	36.32	43.47	63.45	41.90	39236.00	39671.22	39453.56	39080.02	39171.35

Calculations based on previous session. Data collected 05/28/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	114-210	115-020	116-030	116-160	117-170
TYAAM24	10 Yr Treasury Notes	107-245	107-305	108-135	108-195	109-025
EPM24	S&P E-Mini	5278.93	5303.37	5321.18	5345.62	5363.43
ENQM24	E-Mini NASDAQ	18762.87	18867.25	18923.87	19028.25	19084.87
YMM24	Mini-Dow	38523	38707	38971	39155	39419

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## CURRENCIES COMMENTARY

5/29/2024

## Expect the Pound to lead on the upside

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR +126, YEN +0, SWISS -3, CA DOLLAR -50**

### Upcoming International Reports (all times CT)

05/29 German GfK Consumer Confiden 1:00 AM  
05/29 UK Nationwide Housing Price 1:00 AM  
05/29 France Consumer Confidence 1:45 AM  
05/29 Swiss ZEW Investor Sentiment 3:00 AM  
05/29 API Energy Stocks 3:30 PM  
05/29 Japan Consumer Confidence Su 11:00 PM  
05/30 Swiss Trade Balance 1:00 AM  
05/30 Swiss GDP 2:00 AM  
05/30 Swiss KOF Leading Indicator 2:00 AM  
05/30 Euro-zone Business and Consu 4:00 AM  
05/30 Euro-zone ECRI Future Inflat 4:00 AM  
05/30 Euro-zone Unemployment Rate 4:00 AM  
05/30 Canadian Economic Accounts 7:30 AM  
05/30 GDP (Q1 '24) 7:30 AM  
05/30 Jobless Claims 7:30 AM  
05/30 EIA Gas Storage 9:30 AM  
05/30 EIA Energy Stocks 10:00 AM  
05/30 Japan Unemployment Rate 6:30 PM  
05/30 Japan Retail Sales 6:50 PM



**DOLLAR:** We see the dollar chopping within a range with a negative bias into this afternoon's US Federal Reserve Beige Book release. Unfortunately for dollar bulls several global sovereign yields also broke out to the upside. However, we suspect dovish dialogue will continue to flow from Fed speeches before the release of the Fed economic outlook today. Close in uptrend channel support in the dollar is 104.30 with the top of the range ahead of the PCE report tomorrow pegged at 105.05.

**Other Currencies:** In addition to a slight negative bias in the dollar, the euro should derive support from favorable Italian business and consumer confidence readings released overnight. However, we do not have the benefit knowing the results of this morning's German consumer price index readings which had expectations of a 0.2% reading. In the event German CPI is below 0.2% we see the euro retesting last week's double low down at 1.0816. We see the Pound remaining the leadership currency on the upside, with the currency "winning by default" but seeing headwinds from the upside breakout in US treasury yields. Uptrend channel buying support in the Pound today is 1.271. Like the Dollar and euro, we expect the Canadian to chop within a range (albeit a wide range) ahead of critical US inflation readings tomorrow. With the Canadian economic report slate mostly empty this week, the Canadian will likely take direction from the action in the Pound.

### TODAY'S MARKET IDEAS:

A general consolidation pattern in most currencies until US inflation data tomorrow. However, pressed into the markets we are a seller of the euro.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/29/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 104.76. The next area of resistance is around 104.67 and 104.76, while 1st support hits today at 104.37 and below there at 104.17.

EURO (JUN) 05/29/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 downside target is 108.2425. The next area of resistance is around 108.9350 and 109.2025, while 1st support hits today at 108.4550 and below there at 108.2425.

JAPANESE YEN (JUN) 05/29/2024: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 63.66. The next area of resistance is around 63.95 and 64.13, while 1st support hits today at 63.72 and below there at 63.66.

SWISS (JUN) 05/29/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 109.09. The next area of resistance is around 110.29 and 110.71, while 1st support hits today at 109.48 and below there at 109.09.

CANADIAN DOLLAR (JUN) 05/29/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 73.03. The next area of resistance is around 73.47 and 73.62, while 1st support hits today at 73.18 and below there at 73.03.

BRITISH POUND (JUN) 05/29/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 128.33. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 127.97 and 128.33, while 1st support hits today at 127.31 and below there at 127.00.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM24	104.52	42.10	44.83	36.95	38.47	104.71	104.60	104.80	104.98	104.51
JYAM24	63.84	32.45	35.40	20.29	11.39	63.96	64.27	64.61	65.30	65.98
EU6M24	108.6950	61.48	58.63	73.82	71.46	108.47	108.65	108.26	107.90	108.27
BPAM24	127.64	75.43	68.36	86.87	87.89	127.27	127.12	126.27	125.74	126.18
CAAM24	73.32	53.92	52.01	57.19	54.83	73.10	73.30	73.21	73.25	73.45
SFAM24	109.88	41.35	41.67	30.41	20.28	109.67	110.17	110.44	110.66	111.55
DAAM24	66.55	56.46	56.31	62.26	55.03	0.66	0.67	0.66	0.66	0.66

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## DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>					

DXAM24	US Dollar	104.16	104.37	104.46	104.67	104.76
JYAM24	Japanese Yen	63.65	63.71	63.89	63.95	64.13
EU6M24	Euro	108.2425	108.4550	108.7225	108.9350	109.2025
BPAM24	British Pound	126.99	127.30	127.66	127.97	128.33
CAAM24	Canadian Dollar	73.02	73.17	73.32	73.47	73.62
SFAM24	Swiss	109.08	109.47	109.90	110.29	110.71
DAAM24	Australian Dollar	65.97	66.26	66.55	66.84	67.12

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