



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday January 09, 2024

BONDS COMMENTARY

1/9/2024

The bias is down with narrow ranges until CPI tomorrow

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS -1

The treasury markets have been presented with opposing Fed views over the last 24 hours, with the Fed's Bowman seemingly shifting in the direction of the doves while the Fed's Bostic favored the hawks with suggestions yesterday that he does not see a rate cut until the "third quarter". We note that the Fed's Bowman indicated for the Fed to remove its restrictive policy would require lower inflation "overtime" which we see as a signal the Fed is unlikely to move in the first quarter! In the grand scheme of things, the trade is underestimating the staying power of the "on hold" stance at the Fed, especially with inflation clearly trending lower and signs of slowing in the US economy in no way as soft as was feared. In fact, with the latest CME Fed watch tool lowering the probability of a March rate cut to 57.3%, the odds of a first quarter rate cut are nearing a 50/50 proposition. In the near-term, the treasury markets will likely see more impact from the Fed's Barr speech this morning and from the three year note auction than today's US goods and trade balance for November. However, it should be noted that US consumer credit exploded in November reading yesterday which is likely the result of the holiday shopping season kickoff and is a sign of consumer confidence nearly 2 months ago! Looking ahead, the sharp explosion in US consumer credit in November probably results in a hangover of consumer spending likely to surface after the December release. The North American session will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The November US international trade balance is forecast to have a modest increase from October's \$64.3 billion monthly deficit. November Canadian international merchandise trade is expected to have a moderate downtick from October's monthly surplus. Fed Vice Chair Barr will speak during early afternoon US trading hours. Earnings announcements will include Albertsons and Acuity Brands before the Wall Street opening.



TODAY'S MARKET IDEAS:

We give the bear camp the edge from the technical perspective with a pattern of lower highs and lower lows generally remaining in place from the December high. We also see the general take from the latest US monthly jobs report as a bearish overriding influence with inflation needing to fall precipitously to bring forward the prospect of a Fed cut. In other words, we see the focus on inflation at the Fed as more important to the doves than signs of slowing. Therefore, we see slow erosive price action ahead with unreliable support today at 121-20 in March Bonds and significant/failure support pricing at 121-09.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/09/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 121-020. The next area of resistance is around 123-070 and 123-250, while 1st support hits today at 121-280 and below there at 121-020.

10 YR TREASURY NOTES (MAR) 01/09/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support 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 downside objective is 111-040. The next area of resistance is around 112-105 and 112-225, while 1st support hits today at 111-175 and below there at 111-040.

STOCKS COMMENTARY

1/9/2024

The ability to ride through a rate cut delay is bullish

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
S&P 500 -22**

Global equity markets were mostly higher overnight with gains in mere fractions in Asia while European stock markets were mostly lower. With the markets maintaining the very impressive recovery from last Friday's post payroll report washout, the bull camp has regained the technical upper hand. In fact, we think the equity markets are currently not as sensitive/vulnerable to the ebb and flow of US rate cut probabilities especially if US CPI tomorrow comes in as expected as that will leave the markets hopeful of a rate cut even though a US rate cut is not likely to be as early as the market was hoping for into the late December high. Earnings announcements will include Albertsons and Acuity Brands before the Wall Street opening.



S&P 500: As indicated already, the path of least resistance is pointing up with the bullish resiliency yesterday very impressive considering the very negative impact of the latest Boeing debacle. We also note the market's ability to discount the travails of the Chinese ban of the iPhone. Clearly, the markets are not concerned about the prospect of a US government shutdown with reports of progress over the weekend from negotiations. While the US budget issue will loom large later this month, today the trade will focus on the upcoming US inflation reading and the impact on the probability of a first quarter US rate cut. Buying support in the March S&P today is at 4767.00 with thin resistance at 4803.25.

Other US Indexes: Obviously, Boeing and Apple shares will continue to provide headwinds for Dow futures with the Boeing door issue likely to be a major headwind unless Alaskan airline maintenance and not Boeing design or installation is found to be at fault. In other words, if the design of the 737 max nine version is a problem, the situation for Boeing becomes massive again as that would require retooling of a very large number of in-service planes. In a slightly less damaging outcome, improper production will draw significant scrutiny on Boeing production methods which in turn creates relatively more risk in holding long Dow futures than holding long positions in the NASDAQ. Unreliable support in the March Dow today is 37,699 with the bull camp badly in need of a positive big picture macroeconomic distraction. As indicated already, the NASDAQ appears to be the strongest bullish component of the market as it is not as negatively impacted from the Boeing situation as the S&P and Dow. The tech sector is given fresh lift overnight with Hewlett-Packard looking to buy Juniper networks. Furthermore, record Nvidia share pricing rekindles optimism toward future AI chip earnings. Buying support in the NASDAQ is 16,625.

TODAY'S MARKET IDEAS:

The bias is up with the NASDAQ expected to outperform the S&P and Dow and the markets generally less urgent about the need for quick rate cuts. Uptrend channel buying support in the NASDAQ today is 16,420 with buying support on Friday reaching 16,545.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/09/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. 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 next downside objective is now at 4691.88. The next area of resistance is around 4844.50 and 4867.87, while 1st support hits today at 4756.50 and below there at 4691.88.

MINI-DOW (MAR) 01/09/2024: 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 outside day up is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 37338. The next area of resistance is around 38158 and 38290, while 1st support hits today at 37682 and below there at 37338.

E-MINI NASDAQ (MAR) 01/09/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. 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 next downside objective is 16262.13. The next area of resistance is around 17012.00 and 17128.12, while 1st support hits today at 16579.00 and below there at 16262.13.

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										
USAAH24	122-170	47.62	54.14	62.63	45.88	122.88	123.95	123.50	118.96	116.67
TYAAH24	111-300	47.71	53.49	61.08	46.50	112.04	112.48	112.35	110.54	109.59
EPH24	4800.50	59.96	61.77	61.36	53.99	4754.25	4790.39	4781.51	4649.14	4566.96
ENQH24	16795.50	54.41	56.51	50.04	40.54	16563.44	16810.97	16826.14	16320.39	15982.54
YMH24	37920	65.18	68.44	77.41	71.08	37776.00	37890.56	37735.61	36412.18	35736.45

Calculations based on previous session. Data collected 01/08/2024

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						
USAAH24	Bonds	121-010	121-270	122-130	123-070	123-250
TYAAH24	10 Yr Treasury Notes	111-035	111-170	111-290	112-105	112-225
EPH24	S&P E-Mini	4691.87	4756.50	4779.87	4844.50	4867.87

ENQH24	E-Mini NASDAQ	16262.12	16579.00	16695.12	17012.00	17128.12
YMH24	Mini-Dow	37338	37682	37814	38158	38290

Calculations based on previous session. Data collected 01/08/2024

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CURRENCIES COMMENTARY

1/9/2024

The dollar holds a very slim and inconsequential edge

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
US DOLLAR +277, YEN -2, SWISS -66, CA DOLLAR -150

Upcoming International Reports (all times CT)

01/09 Swiss Employment 12:45 AM
 01/09 German Industrial Production 1:00 AM
 01/09 France Trade Balance 1:45 AM
 01/09 Canadian Building Permits 7:30 AM
 01/09 Canadian International Merch 7:30 AM
 01/09 US Trade Balance 7:30 AM
 01/09 API Energy Stocks 3:30 PM
 01/10 France Industrial Production 1:45 AM
 01/10 Wholesale Trade 7:30 AM
 01/10 EIA Energy Stocks 9:30 AM
 01/10 Japan Leading Indicators 11:00 PM



DOLLAR: All things considered, the dollar's capacity to hold within a recent consolidation zone, following the stronger-than-expected nonfarm payroll report is not surprising as the US economy continues to show Goldilocks data. Furthermore, the probability of a US rate cut in the first quarter has declined and may continue to decline unless the US CPI report "contracts" tomorrow. However, limiting the dollar on the upside is a slightly dovish shift by the Fed's Bowman which seems to have discounted the hawkish prediction from the Fed's Bostic of 3rd quarter rate cut timing. On the other hand, today the Fed's vice chairman Barr will speak at midsession, and those statements could set the near-term trend for the dollar. We see generally credible support in the dollar index at 101.77 and somewhat thick resistance at 102.34. In conclusion, the prospect of a trade within the consolidation looks to be higher than a specific trend.

Other Currencies: The recent deterioration in market views toward the European economy was checked overnight with Italian and euro zone unemployment rates dropping as that should temper predictions of a European recession. Unfortunately for euro bulls, German Industrial production readings for November were very soft and that will keep European slowing concerns as a headwind for the euro currency. In the end, we expect Eurozone jobs data to thicken support at 1.0947 with the probability of a range trade between 1.0926 and 1.101 more likely than a specific trend until tomorrow's US CPI reading is released. While GBP BRC Like-for-Like retail sales are not a top-tier economic reading, they came in softer but were still in positive territory thereby providing more support than pressure to the pound. However, less bearish overhang for the dollar following last Friday's US jobs report, concerns in the UK on the risks from private equity in credit markets from rising rates and reports of a slowdown in UK hiring from a recruiting firm give the bear camp a fundamental edge. Furthermore, the charts in the pound favor the bear camp with a quasi-triple top restricting the upside around the overnight high at 1.277 and little in the way of support until consolidation low support down at 1.2663. While the US dollar is showing better respect for support on its charts, tomorrow's US CPI might provide Canadian buying especially with Canadian stocks showing positive action and given support from the overnight recovery in crude oil. Today's Canadian trade readings and building permits are unlikely to provide a major reaction but expectations for today's readings favor the bear camp.

TODAY'S MARKET IDEAS:

We see the dollar with a minimal edge with the trade likely to trade within ranges unless tomorrow's US CPI is off expectations.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/09/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 102.58. The next area of resistance is around 102.26 and 102.58, while 1st support hits today at 101.72 and below there at 101.48.

EURO (MAR) 01/09/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 target is now at 109.2713. The next area of resistance is around 110.1375 and 110.4012, while 1st support hits today at 109.5725 and below there at 109.2713.

JAPANESE YEN (MAR) 01/09/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 69.49. The next area of resistance is around 70.43 and 70.71, while 1st support hits today at 69.83 and below there at 69.49.

SWISS (MAR) 01/09/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 117.88. The next area of resistance is around 119.24 and 119.57, while 1st support hits today at 118.39 and below there at 117.88.

CANADIAN DOLLAR (MAR) 01/09/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 74.59. The next area of resistance is around 75.16 and 75.25, while 1st support hits today at 74.83 and below there at 74.59.

BRITISH POUND (MAR) 01/09/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 126.47. The next area of resistance is around 128.05 and 128.36, while 1st support hits today at 127.11 and below there at 126.47.

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
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CURRENCY COMPLEX

DXAH24	101.99	49.31	45.89	45.90	58.03	102.10	101.55	101.81	102.94	103.65
JYAH24	70.13	42.70	48.25	48.15	35.20	70.15	70.86	70.88	69.45	69.17
EU6H24	109.8550	48.76	51.63	51.24	38.54	109.73	110.29	110.04	109.26	108.56
BPAH24	127.58	58.61	57.97	56.61	55.51	127.11	127.20	126.99	125.75	124.74
CAAH24	74.99	50.70	56.24	61.41	46.28	74.95	75.32	75.06	74.01	73.74
SFAH24	118.81	63.61	64.86	65.38	59.25	118.56	118.89	117.80	115.70	115.02
DAAH24	67.37	47.89	53.58	60.32	46.68	0.67	0.68	0.68	0.66	0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	101.47	101.71	102.02	102.26	102.58
JYAH24	Japanese Yen	69.48	69.82	70.10	70.43	70.71
EU6H24	Euro	109.2712	109.5725	109.8362	110.1375	110.4012
BPAH24	British Pound	126.46	127.10	127.41	128.05	128.36
CAAH24	Canadian Dollar	74.58	74.82	74.91	75.16	75.25
SFAH24	Swiss	117.87	118.39	118.72	119.24	119.57
DAAH24	Australian Dollar	66.72	67.09	67.29	67.66	67.86

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