



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday January 10, 2024

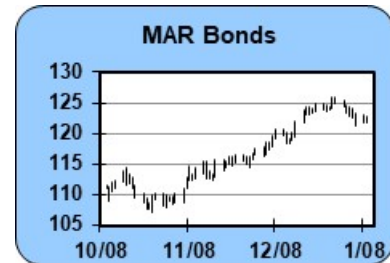
BONDS COMMENTARY

1/10/2024

The bias is down with narrow ranges until CPI tomorrow

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

Like many markets, treasuries have settled into a sideways chop after last week's better than expected US nonfarm payroll report pulled down the prospects of a first quarter US rate cut. However, the other side of the Fed policy decision equation assumed to determine Fed policy, is inflation which takes on a much more important role after views toward the US economy were improved last Friday. Certainly, precipitous slowing of the US economy could cause the Fed to reduce the importance of inflation, but a clear sign of falling inflation would have an outsized bullish influence on bond and note prices given the corrections from the late December rallies. The prospect of further choppy action within a tight range today is increased with very little US scheduled data today and a Fed speech today the key feature of the session. Clearly, the bull camp needs to shift the needle back in favor of a rate cut but the December payroll report increases the need for very clear signs inflation is abating or the bull camp is in trouble again. The treasury markets should see indirect support for fresh concerning economic views flowing from the German construction sector and from an ECB member suggesting a recession in the euro zone is possible. However, it should be noted that US retail pump prices of gasoline remain roughly \$0.44 below the levels seen in September and sharp declines in energy prices should increase the odds of a softer CPI than expected. Critical economic news released overnight included a significant jump in New Zealand ANZ, a significant jump in Australian monthly consumer price index readings for November relative to year ago levels, a much stronger-than-expected French industrial output reading for November, and Italian retail sales which on a month over month basis replicated the previous months +0.4% reading. The North American session will start out with a weekly private survey of mortgage application, followed by a November reading on US wholesale trade which is expected to have a mild uptick from October's -0.4% reading. New York Fed President Williams will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

We suspect the markets will market time on the charts today as traders avoid fresh positions ahead of what is likely to be the second most important US scheduled data point of the new year. The pendulum from the nonfarm payroll reading last Friday leaves current control with the bear camp and increases the potential impact from tomorrow's inflation reading. Keep in mind, treasury bond prices rallied 19 points off the October lows off the idea of an early (perhaps first quarter) US rate cut and if that cut timing is pushed back and or becomes less likely treasury prices could fall sharply. Initial support and a failure price in March treasury bonds is 121-20 with a first retracement from the October through December rally well below the market down at 118-23.

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 (MAR) 01/10/2024: 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 slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 121-130. The next area of resistance is around 122-270 and 123-080, while 1st support hits today at 121-300 and below there at 121-130.

10 YR TREASURY NOTES (MAR) 01/10/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 market tilt is slightly negative with the close under the pivot. The next downside target is now at 111-170. The next area of resistance is around 112-035 and 112-085, while 1st support hits today at 111-240 and below there at 111-170.

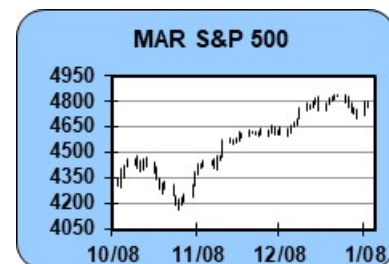
STOCKS COMMENTARY

1/10/2024

Expect the markets to mark time on the charts ahead of the CPI

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +9

Global equity markets overnight were mixed with Chinese equities down, European stock generally higher and the US market starting off with fractional gains. On the one hand, the equity markets have held last week's aggressive recovery bounce which is indicative of a residual bullish bias especially with the markets managing to generally discount very concerning Boeing news, fears of shrinking US bank profits, reduced driving range estimates for Tesla vehicles (due to stricter government testing requirements) and concerns that spring clothing lines could be delayed due to shipping problems in the Middle East and at the Panama Canal.



S&P 500: While classic technical signals leave control with the bull camp, S&P futures historically have not performed well following sideways consolidation. Clearly, the markets have factored in a good fundamental case with the breakneck gains from the fourth quarter and have even managed to rally in the face of a tempering of rate cut optimism. The trend is up but we continue to see risk and reward of fresh longs from current levels as unattractive. Key support in the S&P today is 4767.50, with an upside breakout above 4804.00 possible given the proximity to that key high price in the early trade.

Other US Indexes: In one respect the capacity to remain within a consolidation range in the Dow in the face of major weakness and negative headlines from two major components (Boeing and Apple) suggest the consolidation low support zone at 37,500 will offer credible support. However, it is possible that trading ranges today will be narrow as investors fear new positions ahead of major market moving news scheduled for tomorrow morning. Downtrend channel resistance in the Dow today is 37,862. After months of the NASDAQ lagging the Dow, the tables have been turned with the NASDAQ now leading the Dow on the upside and expected to lag the Dow on the downside. Obviously, sentiment toward big tech has improved with Nvidia's new chips designed for China eliminating the US restriction on sales of chips to China. Nonetheless, we give a slight edge to the bull camp with upside targeting of 16,938 with a failure to hold 16,657 shifting the bias down.

TODAY'S MARKET IDEAS:

The markets have displayed resiliency despite headwinds from macroeconomic readings last week and they have managed to heavily discount troubles at two major US companies (Boeing and Apple), but leadership has shifted from the Dow to the NASDAQ. The trend favors the bull camp but risk and reward of fresh longs at current levels is unattractive.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/10/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 4752.38. The next area of resistance is around 4810.25 and 4825.37, while 1st support hits today at 4773.75 and below there at 4752.38.

MINI-DOW (MAR) 01/10/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market tilt is slightly negative with the close under the pivot. The next downside target is 37455. The next area of resistance is around 37891 and 38044, while 1st support hits today at 37597 and below there at 37455.

E-MINI NASDAQ (MAR) 01/10/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 16586.69. The next area of resistance is around 16937.12 and 17008.18, while 1st support hits today at 16726.38 and below there at 16586.69.

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 | 122-120 | 46.66 | 53.49 | 54.85 | 39.27 | 122.45 | 123.74 | 123.66 | 119.18 | 116.85 |
| TYAAH24 | 111-295 | 47.41 | 53.09 | 55.51 | 43.34 | 111.92 | 112.40 | 112.44 | 110.63 | 109.66 |
| EPH24 | 4792.00 | 57.79 | 60.35 | 59.77 | 56.97 | 4764.44 | 4786.22 | 4786.46 | 4658.22 | 4572.92 |
| ENQH24 | 16831.75 | 55.97 | 57.48 | 48.92 | 46.86 | 16634.00 | 16781.53 | 16838.82 | 16357.69 | 16004.31 |
| YMH24 | 37744 | 56.34 | 62.90 | 72.85 | 64.31 | 37776.00 | 37868.89 | 37776.33 | 36489.64 | 35797.08 |

Calculations based on previous session. Data collected 01/09/2024

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 | 121-120 | 121-290 | 122-100 | 122-270 | 123-080 |
| TYAAH24 | 10 Yr Treasury Notes | 111-165 | 111-235 | 111-285 | 112-035 | 112-085 |
| EPH24 | S&P E-Mini | 4752.37 | 4773.75 | 4788.87 | 4810.25 | 4825.37 |
| ENQH24 | E-Mini NASDAQ | 16586.68 | 16726.37 | 16797.43 | 16937.12 | 17008.18 |
| YMH24 | Mini-Dow | 37454 | 37596 | 37749 | 37891 | 38044 |

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CURRENCIES COMMENTARY

1/10/2024

Traders should be prepared to fade the initial CPI reaction tomorrow

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -144, YEN -17, SWISS +10, CA DOLLAR +150**

Upcoming International Reports (all times CT)

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
01/11 Japan Index of Business Cond
01/11 CPI 7:30 AM
01/11 Jobless Claims 7:30 AM
01/11 Real Earnings 7:30 AM
01/11 EIA Gas Storage 9:30 AM



DOLLAR: Slightly weaker early action in the dollar is discouraging to the bull camp with two separate negative views toward the European economy overnight failing to push the dollar into positive territory. However, the trade continues to mostly favor the dollar with the yuan posting a one month low and other smaller global currencies generally under pressure. In short, a lack of positive US data fosters sideways action in the dollar today and the expectation of soft inflation readings tomorrow should thicken consolidation high resistance at 102.385. While the nonfarm payroll reading last Friday did not result in a fresh trend unfolding in the dollar, the US CPI reading tomorrow should have that capacity. In fact, with the dollar trade this morning sitting nearly 200 points above the late December low, the early US rate cut currently thought to be less likely, the US CPI tomorrow is likely to be either under control or falling and therefore we temporarily favor the downside in the dollar.

Other Currencies: If it were not for distinctly negative views toward the German economy and the euro zone economy from German data and ECB commentary overnight, we would expect the euro to win by default over the Dollar over the coming 24 hours. However, the euro has baggage and is likely to see only a temporary reprieve from the unfolding downtrend started in the final days of 2023. While it is not new news, some views toward the European economy suggest a recession is already started. Fortunately for the bull camp, the euro should be underpinned by favorable European jobs news yesterday, news of positive French industrial output and steady Italian retail sales this morning. In conclusion we see buying support in the March euro at 1.0941. Keep in mind, rallies in the euro should be temporary and could be eliminated if US CPI tomorrow is above 0.2%. Not surprisingly, the pound is also mired in a sideways consolidation with the US CPI pushing some traders to the sidelines. However, Pound bulls could be discouraged by an upcoming speech from the Bank of England Gov. Bailey. On the other hand, the Pound should derive minimal support from recent Bank of England indications that policy will likely be restricted for some time. Like the euro, we see a corrective Pound slide likely to present a temporary failure of 1.2678 as US CPI tomorrow should resurrect the bull case. While the Canadian dollar has managed a sideways consolidation of sorts, the currency has posted lower lows in the three previous sessions and generally maintains a pattern of lower highs. Even though bearish fundamental news for the Canadian has been thin, we leave the bias down today with a failure in the coming 24 hours offering an opportunity get long at key support at 74.69 from temporary Dollar weakness tomorrow.

TODAY'S MARKET IDEAS:

We see the prospect for sideways chop again today, with the potential for a "temporary" dollar selloff tomorrow following CPI.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/10/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 102.73. The next area of resistance is around 102.52 and 102.73, while 1st support hits today at 101.98 and below there at 101.63.

EURO (MAR) 01/10/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 109.0913. The next area of resistance is around 109.8825 and 110.2012, while 1st support hits today at 109.3275 and below there at 109.0913.

JAPANESE YEN (MAR) 01/10/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 69.51. The next area of resistance is around 70.26 and 70.67, while 1st support hits today at 69.69 and below there at 69.51.

SWISS (MAR) 01/10/2024: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 117.39. The next area of resistance is around 118.59 and 119.25, while 1st support hits today at 117.66 and below there at 117.39.

CANADIAN DOLLAR (MAR) 01/10/2024: 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 daily closing price reversal down is a negative indicator for prices. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 74.37. The next area of resistance is around 74.94 and 75.19, while 1st support hits today at 74.54 and below there at 74.37.

BRITISH POUND (MAR) 01/10/2024: 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 close below the 1st swing support could weigh on the market. The next downside objective is now at 126.48. The next area of resistance is around 127.50 and 127.97, while 1st support hits today at 126.76 and below there at 126.48.

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 | | | | | | | | | | |
| DXAH24 | 102.25 | 55.89 | 50.10 | 52.09 | 64.47 | 102.12 | 101.68 | 101.74 | 102.89 | 103.59 |

| | | | | | | | | | | |
|--------|----------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| JYAH24 | 69.97 | 40.15 | 46.41 | 42.66 | 31.41 | 69.98 | 70.73 | 70.89 | 69.49 | 69.19 |
| EU6H24 | 109.6050 | 44.86 | 49.22 | 44.89 | 32.42 | 109.73 | 110.15 | 110.10 | 109.32 | 108.62 |
| BPAH24 | 127.13 | 51.35 | 53.45 | 55.15 | 51.60 | 127.22 | 127.18 | 127.06 | 125.85 | 124.82 |
| CAAH24 | 74.74 | 42.79 | 50.96 | 52.83 | 35.68 | 74.89 | 75.19 | 75.12 | 74.05 | 73.76 |
| SFAH24 | 118.12 | 52.15 | 57.13 | 61.53 | 53.38 | 118.50 | 118.89 | 117.96 | 115.84 | 115.12 |
| DAAH24 | 67.00 | 39.95 | 48.23 | 52.83 | 37.86 | 0.67 | 0.68 | 0.68 | 0.66 | 0.66 |

Calculations based on previous session. Data collected 01/09/2024

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

DAILY SWING STATISTICS

| Contract | | Support 2 | Support 1 | Pivot | Resist 1 | Resist 2 |
|-------------------------|-------------------|-----------|-----------|----------|----------|----------|
| CURRENCY COMPLEX | | | | | | |
| DXAH24 | US Dollar | 101.63 | 101.97 | 102.18 | 102.52 | 102.73 |
| JYAH24 | Japanese Yen | 69.50 | 69.68 | 70.08 | 70.26 | 70.67 |
| EU6H24 | Euro | 109.0912 | 109.3275 | 109.6462 | 109.8825 | 110.2012 |
| BPAH24 | British Pound | 126.47 | 126.75 | 127.22 | 127.50 | 127.97 |
| CAAH24 | Canadian Dollar | 74.36 | 74.53 | 74.78 | 74.94 | 75.19 |
| SFAH24 | Swiss | 117.38 | 117.65 | 118.32 | 118.59 | 119.25 |
| DAAH24 | Australian Dollar | 66.52 | 66.71 | 67.10 | 67.29 | 67.67 |

Calculations based on previous session. Data collected 01/09/2024

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