



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday January 22, 2024

BONDS COMMENTARY

1/22/2024

The bias remains down especially with risk on in equities

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

While not a significant bullish signal, treasury bonds have added to the rejection/recovery move off last Friday's spike down move with the strength this morning somewhat surprising in the face of what looks to be a continuation of risk on sentiment flowing from US equities. However, it is likely that US treasuries are benefiting from a small amount of flight to quality buying in the wake of news from late last week that the Chinese central government had ordered heavily indebted local governments to suspend infrastructure projects. The initial strength this morning is also surprising in the wake of hawkish comments from the San Francisco Federal Reserve president last Friday who suggested there is "a lot of work left to do" on bringing inflation to the Fed's goal of 2%. Also limiting the upward track in US treasuries is signs that a noted increase in US treasury supply issuance is unsettling the trade, especially with last week's auctions seeing a significant drop in foreign interest in US securities. At present estimates predict treasury issuance to nearly double this year with a total of \$2 trillion dollars in 2024! In another negative, sentiment in the treasury markets continues to push back rate cut timing into the month of May, with the probability of a March rate cut falling to 46.2% this morning. The January 16th Commitments of Traders report showed Bonds Non-Commercial & Non-Reportable traders are net short 67,202 contracts after net buying 20,390 contracts. For T-Notes Non-Commercial & Non-Reportable traders added 99,706 contracts to their already short position and are now net short 752,664. Global equity markets overnight were generally higher except for the markets in China which traded significantly weaker. Perhaps the Chinese equity markets were disappointed in the lack of a rate cut by the Peoples China overnight especially after Beijing last week instructed some heavily indebted local governments to halt infrastructure spending programs. Apparently, the Chinese were limited in their ability to support their economy without adding significant pressure to an already falling Chinese currency. There were no major economic reports released overnight with the German central bank monthly report scheduled for publication after this publication. The North American session will only have one lower-tier economic number, the Conference Board's December reading on leading indicators which are expected to have a mild uptick from November's -0.5% reading.



TODAY'S MARKET IDEAS:

While we see the downtrend remaining in place in the treasury markets, periodic short covering bounces should be seen as an opportunity to get short at more advantageous levels. Even though our primary bearish argument is clear evidence of resiliency in the US jobs market, the additive weight of expanding treasury new issuance (supply) is likely to limit rallies and exaggerate selling in the wake of positive US data flows. Even though today's US scheduled data is third tier, expectations call for a slight improvement in the conference Board's December leading indicators. Downtrend channel selling resistance in March bonds is 122-05 today falling to 121-13 into Thursday's seven year note auction.

NEW RECOMMENDATIONS:

Sell March Bond at 122-05 with an objective of 118-01.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/9/2024 - 1/16/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-127,431	+18,789	67,202	-20,391	60,229	+1,601
T-Notes	-814,533	-105,767	752,665	+99,706	61,869	+6,061

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/22/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 119-020. The next area of resistance is around 120-270 and 121-030, while 1st support hits today at 119-270 and below there at 119-020.

10 YR TREASURY NOTES (MAR) 01/22/2024: 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 upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 110-220. The next area of resistance is around 111-160 and 111-205, while 1st support hits today at 111-010 and below there at 110-220.

STOCKS COMMENTARY

1/22/2024

The bias is up as the US economy is not too hot not too cold

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +12

Global equity markets overnight were generally higher except for the markets in China which traded significantly weaker. Perhaps the Chinese equity markets were disappointed in the lack of a rate cut by the Peoples bank of China overnight especially after Beijing last week instructed some heavily indebted local governments to halt infrastructure spending programs. At least in the near-term investors are not disappointed with the evaporating prospects of lower US rates which are apparently more than offset by a lack of alternative investments and or fear of missing out.



S&P 500: While the markets appear to have lost the "early 2024 rate cut prospect" it appears investors are happier to see the US economy holding together than in need of assistance! In fact, the latest chatter in the treasury markets has the Fed not cutting rates until May and that delay was given credence by hawkish dialogue from the San Francisco Fed President last Friday. Further evidence of bullish control is the market's ability to discount negative corporate headlines this morning involving Tesla, Boeing, and ADM. The Commitments of Traders report for the week ending January 16th showed E-Mini S&P Non-Commercial & Non-Reportable traders net sold 77,130 contracts and are now net short 96,340 contracts. The path of least resistance is up with key support at 4869.75 and logical upside targeting of 4900.

Other US Indexes: Like the S&P, the Dow has posted new highs early despite negative news from several Dow components. Obviously, seeing the investigation of Boeing 737 planes broadened is troublesome but the markets today appear to be focused on the continuation of a "Goldilocks" US economy. With the fresh higher high overnight buying support in the March Dow is 37,597 with upside counts pegging the next resistance level at 37,650. The Commitments of Traders report for the week ending January 16th showed Dow Jones \$5 Non-

Commercial & Non-Reportable traders were net long 17,611 contracts after decreasing their long position by 7,817 contracts. Despite reports of a Tesla price cut and a Tesla production issue in Germany, the NASDAQ has also forged new highs and is likely to extend with next resistance pegged at 17,649. The January 16th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders net sold 4,506 contracts and are now net long 39,395 contracts.

TODAY'S MARKET IDEAS:

The bias is up with a lack of alternative investments, ongoing confidence in the US economy and fear of missing out setting the stage for higher highs this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/9/2024 - 1/16/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
E-Mini S&P	-152,539	-39,891	96,339	+77,129	56,199	-37,239

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/22/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 4921.43. The next area of resistance is around 4902.87 and 4921.43, while 1st support hits today at 4837.13 and below there at 4789.94.

MINI-DOW (MAR) 01/22/2024: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 38498. The next area of resistance is around 38327 and 38498, while 1st support hits today at 37791 and below there at 37426.

E-MINI NASDAQ (MAR) 01/22/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 17724.81. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 17629.87 and 17724.81, while 1st support hits today at 17273.63 and below there at 17012.32.

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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FINANCIAL COMPLEX

USAAH24	120-110	35.48	43.41	19.91	13.93	120.52	121.64	122.86	120.41	118.20
TYAAH24	111-085	38.23	45.21	31.03	21.90	111.43	111.83	112.19	111.19	110.25
EPH24	4870.00	68.20	66.21	71.60	79.60	4812.25	4809.00	4799.63	4715.73	4623.89
ENQH24	17451.75	74.80	70.27	74.25	85.71	17101.81	16988.39	16908.97	16588.67	16220.20
YMH24	38059	63.45	63.98	51.04	57.23	37676.00	37770.67	37818.50	36995.47	36236.22

Calculations based on previous session. Data collected 01/19/2024

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	119-010	119-260	120-020	120-270	121-030
TYAAH24	10 Yr Treasury Notes	110-215	111-005	111-050	111-160	111-205
EPH24	S&P E-Mini	4789.93	4837.12	4855.68	4902.87	4921.43
ENQH24	E-Mini NASDAQ	17012.31	17273.62	17368.56	17629.87	17724.81
YMH24	Mini-Dow	37426	37791	37962	38327	38498

Calculations based on previous session. Data collected 01/19/2024

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CURRENCIES COMMENTARY

1/22/2024

Canadian and Pound keep the euro and dollar off balance

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -39, YEN +2, SWISS +15, CA DOLLAR +25

Upcoming International Reports (all times CT)

01/22 Japan BOJ Meeting

01/22 Japan BOJ Rate 12:00 AM

01/23 Japan BOJ Report 12:00 AM

01/23 API Energy Stocks 3:30 PM

01/23 Japan Trade Balance 5:50 PM



DOLLAR: Apparently, the dollar has encountered moderate resistance above 103.325 with that level restraining the currency index despite bullish US scheduled data last week. Even more surprisingly the dollar has failed to rally despite significant weakness in the Chinese currency and despite almost daily declines in the probability of a US rate cut in the first quarter. Given the lack of bullish sensitivity in the dollar we suspect positive US data later this morning will merely cushion the index around critical support of 102.90. The January 16th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders were net long 1,290 contracts after decreasing their long position by 918 contracts.

Other Currencies: The slight upward tilt on the euro chart is surprising considering very concerning economic news flow from Germany last week and with the odds of a first quarter US rate cut dropping almost daily. In fact, the euro should be under fresh pressure this morning given significant weakness in German exports to the US and China especially with German producer prices falling by a massive 8.6% last month. However, the euro is overbought in speculative positioning reports and the currency markets simply lack definitive leadership. The January 16th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders were net long 142,797 contracts after decreasing their long position by 19,599 contracts. The best euro bulls can hope for is win by default. While we see no definitive winner in the currency markets, (a race to the bottom continues) the pound could win by default especially if the prospects for tax cuts in the budget become a campaign issue. Buying support is 1.2691 with initial resistance at 1.2771. With a leadership vacuum in the currency markets, favorable chart action and expectations the Bank of Canada will remain on hold on Wednesday, the Canadian qualifies as the leadership currency to start the trading week. Initial upside targeting is 74.65.

TODAY'S MARKET IDEAS:

We see the dollar and euro chopping within trading ranges with the Canadian and Pound clawing out hard-fought gains.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/22/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The near-term upside target is at 103.41. The next area of resistance is around 103.19 and 103.41, while 1st support hits today at 102.89 and below there at 102.79.

EURO (MAR) 01/22/2024: 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 close over the pivot swing is a somewhat positive setup. The next downside target is 108.8138. The next area of resistance is around 109.3525 and 109.4437, while 1st support hits today at 109.0375 and below there at 108.8138.

JAPANESE YEN (MAR) 01/22/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 67.64. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 68.34 and 68.52, while 1st support hits today at 67.91 and below there at 67.64.

SWISS (MAR) 01/22/2024: 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 tilt is slightly negative with the close under the pivot. The next downside target is 115.43. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 116.06 and 116.19, while 1st support hits today at 115.68 and below there at 115.43.

CANADIAN DOLLAR (MAR) 01/22/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is now at 74.03. The next area of resistance is around 74.70 and 74.80, while 1st support hits today at 74.32 and below there at 74.03.

BRITISH POUND (MAR) 01/22/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 126.46. The next area of resistance is around 127.34 and 127.53, while 1st support hits today at 126.80 and below there at 126.46.

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	103.04	64.50	58.09	81.87	86.84	103.17	102.60	102.08	102.52	103.19
JYAH24	68.13	26.24	33.99	11.84	7.08	68.22	69.06	70.02	69.65	69.23
EU6H24	109.1950	41.11	45.50	21.36	16.99	109.09	109.51	109.94	109.61	108.97
BPAH24	127.07	50.24	52.03	45.27	43.45	126.78	127.17	127.16	126.49	125.43
CAAH24	74.51	45.56	48.26	17.40	16.76	74.20	74.52	74.95	74.30	73.89
SFAH24	115.87	29.35	38.77	20.56	9.89	116.19	117.37	118.08	116.52	115.55
DAAH24	66.10	36.30	41.17	18.03	14.81	0.66	0.67	0.67	0.67	0.66

Calculations based on previous session. Data collected 01/19/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.78	102.88	103.10	103.19	103.41
JYAH24	Japanese Yen	67.64	67.91	68.08	68.34	68.52
EU6H24	Euro	108.8137	109.0375	109.1287	109.3525	109.4437
BPAH24	British Pound	126.45	126.80	126.99	127.34	127.53
CAAH24	Canadian Dollar	74.02	74.31	74.41	74.70	74.80
SFAH24	Swiss	115.42	115.67	115.81	116.06	116.19
DAAH24	Australian Dollar	65.66	65.92	66.02	66.28	66.38

Calculations based on previous session. Data collected 01/19/2024

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