



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday January 24, 2024

BONDS COMMENTARY

1/24/2024

The trend is down as economic sentiment is improving

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS +1

With major US growth and inflation readings scheduled for later this week, it is not surprising to see treasuries continue to coil in a sideways fashion. However, there should be a slight reduction in flight to quality interest following the Chinese stimulus announcement and from unrelenting new highs in equities. Treasuries might also be undermined by coverage overnight highlighting the idea that foreign central banks are turning away from US treasuries, with foreign central bank holdings dropping in four of the last five monthly reports! The aggressive disinvestment by foreign central banks has been a general rule since July 2021. It should be noted that trade sentiment has now shifted to the idea of a June US rate cut, but Fed officials continue to pour water on ideas of multiple cuts. In today's action US scheduled data is unlikely to be a major market moving force with global PMI data expected to be little changed from the prior month. However, there will be a five-year treasury note auction at midsession with the trade likely to increase interest in US Treasury supply given surging issuance (supply). It should be noted that tomorrow will bring an avalanche of critical US data with initial claims, durable goods, GDP and PCE potentially setting the trend in treasuries for the coming month. The North American session will start out with a weekly private survey of mortgage applications followed by the January US "flash" manufacturing PMI which is forecast to hold steady with the previous 47.9 reading. The Bank of Canada is not expected to change Canadian rates or policy at today's meeting. A busy day of earnings announcements will include Abbott Labs, AT&T, General Dynamics, and Freeport-McMoRan before the Wall Street opening while Tesla, IBM, ServiceNow, Lam Research and CSX report after the close.



TODAY'S MARKET IDEAS:

While treasury prices have not failed under the unending wave of new highs in equities, that force is likely to be thickening resistance above the market with the trade likely to find enough economic evidence tomorrow to set the trend for the next several weeks. Classic fundamental analysis suggests the bear camp has the edge.

NEW RECOMMENDATIONS:

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

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/24/2024: 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. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 118-280. The next area of resistance is around 120-150 and 121-070, while 1st support hits today at 119-

100 and below there at 118-280.

10 YR TREASURY NOTES (MAR) 01/24/2024: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 110-280. The next area of resistance is around 111-135 and 111-215, while 1st support hits today at 111-010 and below there at 110-280.

STOCKS COMMENTARY

1/24/2024

Bullish technical momentum and supportive classic fundamentals

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +19

Global equity markets overnight were higher except for the market in Japan which traded moderately lower. With the Chinese equity markets mounting a second day of gains, global macroeconomic sentiment improving and fear of missing out in a front and center position more gains are expected. However, today will be a busy day of earnings announcements will include Abbott Labs, AT&T, General Dynamics, and Freeport-McMoRan before the Wall Street opening while Tesla, IBM, ServiceNow, Lam Research and CSX report after the close.



S&P 500: While the S&P is overbought from a short-term technical perspective with gains of 171 points in five trading sessions, there is no denying significant bullish momentum. In our opinion, the markets are cheered by the "Goldilocks" pace of the economy which means the bull camp expects the Thursday avalanche of US data to present a mixture of positive and disappointing news. Therefore, the bar for further gains remains low.

Other US Indexes: Large cap stocks in the Dow find the current environment capable of offsetting the unrelenting negative news flowing from Boeing. However, IBM earnings will be released after the close and very favorable Netflix earnings yesterday appear to be carrying the entire market higher early today. Adding into the bullish environment today is a better outlook toward China following a reduction in the country's bank reserve ratio requirements. Key support in the March Dow futures today is 37,976 with thin resistance seen at 38,209. Not surprisingly, the NASDAQ has thrust into new high ground again this morning with the index likely to extend off very positive Netflix earnings news from reports that Tesla will build a new model in 2025. However, it should be noted that several tech related company earnings will be released today but without a dramatic out of line negative result, earnings are unlikely to deter the macro inspired rally today.

TODAY'S MARKET IDEAS:

Favorable tech sector earnings from Netflix, upbeat news from Tesla regarding a new model next year, Chinese stimulus and a belief that the US economy is in a "Goldilocks" trend emboldens investors and sets the stage for all-time highs.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/24/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 4917.81. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 4910.87 and 4917.81, while 1st support hits today at 4885.63 and below there at 4867.32.

MINI-DOW (MAR) 01/24/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 38328. The next area of resistance is around 38214 and 38328, while 1st support hits today at 37982 and below there at 37863.

E-MINI NASDAQ (MAR) 01/24/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 17654.50. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 17608.50 and 17654.50, while 1st support hits today at 17463.00 and below there at 17363.50.

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	119-280	34.43	41.79	17.18	14.89	120.13	121.12	122.43	120.64	118.56
TYAAH24	111-070	39.78	45.29	26.52	22.96	111.26	111.68	112.04	111.30	110.42
EPH24	4898.25	72.19	69.02	80.43	89.79	4864.88	4830.14	4808.10	4730.21	4643.97
ENQH24	17535.75	76.46	71.63	82.65	90.64	17392.81	17142.22	16961.74	16652.25	16309.12
YMH24	38098	62.53	63.41	62.27	72.93	37996.25	37841.89	37854.94	37122.31	36387.40

Calculations based on previous session. Data collected 01/23/2024

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	118-270	119-090	120-010	120-150	121-070
TYAAH24	10 Yr Treasury Notes	110-275	111-005	111-085	111-135	111-215
EPH24	S&P E-Mini	4867.31	4885.62	4892.56	4910.87	4917.81
ENQH24	E-Mini NASDAQ	17363.50	17463.00	17509.00	17608.50	17654.50
YMH24	Mini-Dow	37862	37981	38095	38214	38328

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CURRENCIES COMMENTARY

1/24/2024

More listless action allows the pound to win by default

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -392, YEN +39, SWISS +58, CA DOLLAR +120

Upcoming International Reports (all times CT)

01/24 France Manufacturing PMI Fla 2:15 AM
01/24 France Services PMI Flash 2:15 AM
01/24 Canadian Monetary Policy 9:00 AM
01/24 EIA Energy Stocks 9:30 AM
01/25 France Business Climate Surv 1:45 AM
01/25 German GDP - Flash 2:00 AM
01/25 Euro-zone Monetary Policy 7:15 AM
01/25 Adv Durable Goods 7:30 AM
01/25 GDP (Q4 '23) 7:30 AM
01/25 Jobless Claims 7:30 AM
01/25 New Home Sales 9:00 AM
01/25 EIA Gas Storage 9:30 AM
01/25 UK Consumer Confidence 6:01 PM



DOLLAR: The dollar is slightly off balance this morning perhaps in part because of improved sentiment toward the Chinese currency, more record highs in US equities in the early action today, and from strength in the yen. However, we expect the dollar to see cushion from ideas that the US economy is holding together and more importantly from market pricing suggesting the US will not cut rates until at least June. From a technical perspective, the dollar has key support today at its 200-day moving average of 102.76. On the other hand, pushed into the market we think the dollar is likely to breakout down but will likely post a narrow range given the veritable avalanche of important US scheduled data tomorrow.

Other Currencies: Overnight economic news from the euro zone was mostly bearish to the currency, with positive composite manufacturing in France, Germany, and the euro zone positive more than offset by negative manufacturing and services PMI readings in France, Germany, and the euro zone. Nonetheless, the dollar appears to be slightly out of vogue and therefore pressure on the euro could be modest. In the end, the path of least resistance is down in the euro with near-term targeting projected at 1.0935. With the dollar soft, the euro out-of-favor and GBP PMI data overnight registering a positive sweep of results, the pound is our pick for the leadership currency today. The pound should also garner some lift from a news article suggesting a possible bottom in the UK real estate sector might be near. Therefore, we see the Pound climbing above 128 and support moving up to 1.2709. Not surprisingly, the Canadian dollar is coiling and has not benefited from a faltering dollar which suggests the bull camp is not overly confident. While it is possible the currency is marking time on the charts ahead of today's Bank of Canada rate decision, the probability of a change in Canadian rates is very low today. Taking a step back we see solid value in the Canadian at 74.00 but without a dollar failure below the 102.76 level gains in the Canadian could be measured and hard-fought.

TODAY'S MARKET IDEAS:

The pound assumes the leadership position with the in benefiting from prospects of sustained short covering the idea the Bank of Japan is creeping closer to the end of its negative interest rate regime.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/24/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up and close above the previous day's high is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 104.09. The next area of resistance is around 103.76 and 104.09, while 1st support hits today at 102.94 and below there at 102.45.

EURO (MAR) 01/24/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 107.8975. The next area of resistance is around 109.2400 and 109.7975, while 1st support hits today at 108.2900 and below there at 107.8975.

JAPANESE YEN (MAR) 01/24/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day down and close below the previous day's low is a negative signal. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 67.31. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 68.38 and 68.90, while 1st support hits today at 67.59 and below there at 67.31.

SWISS (MAR) 01/24/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down and close below the previous day's low is a negative signal. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 114.61. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 116.07 and 116.69, while 1st support hits today at 115.04 and below there at 114.61.

CANADIAN DOLLAR (MAR) 01/24/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 74.50. The next area of resistance is around 74.41 and 74.50, while 1st support hits today at 74.21 and below there at 74.08.

BRITISH POUND (MAR) 01/24/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance 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 puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 127.97. The next area of resistance is around 127.43 and 127.97, while 1st support hits today at 126.45 and below there at 126.00.

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
CURRENCY COMPLEX										
DXAH24	103.35	69.84	61.77	84.34	86.82	103.23	102.84	102.34	102.50	103.10
JYAH24	67.98	25.13	32.99	8.98	6.47	68.07	68.61	69.67	69.67	69.22
EU6H24	108.7650	34.30	41.09	19.02	16.90	109.02	109.34	109.74	109.60	109.05
BPAH24	126.94	48.86	51.21	46.13	46.81	126.99	127.09	127.14	126.60	125.62
CAAH24	74.31	41.39	45.19	18.56	20.61	74.29	74.40	74.79	74.35	73.94
SFAH24	115.55	25.66	36.22	13.37	7.91	115.70	116.71	117.81	116.59	115.62
DAAH24	65.88	32.87	38.66	16.47	15.59	0.66	0.66	0.67	0.67	0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.44	102.93	103.27	103.76	104.09
JYAH24	Japanese Yen	67.31	67.58	68.11	68.38	68.90
EU6H24	Euro	107.8975	108.2900	108.8475	109.2400	109.7975
BPAH24	British Pound	125.99	126.44	126.98	127.43	127.97
CAAH24	Canadian Dollar	74.07	74.20	74.29	74.41	74.50
SFAH24	Swiss	114.60	115.03	115.65	116.07	116.69
DAAH24	Australian Dollar	65.29	65.57	65.90	66.18	66.51

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