



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday January 30, 2024

BONDS COMMENTARY

1/30/2024

The trend has shifted up from several fundamental themes

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

With recent evidence of slowing in US scheduled data, yesterday's tremendous contraction in the Dallas Fed Manufacturing Business Index for January, and expectations of a decline in the JOLTS report today (which takes on added importance because it is the beginning of the monthly jobs report cycle) the bear camp has the edge. If the job openings report comes in as expected that will be the lowest job openings tally since May 2021. Holding back US treasury prices are ongoing fears of ever-expanding US treasury supply especially with Washington extending the deadline for a budget deal. On the other hand, the trade was surprised yesterday with a treasury announcement indicating first quarter US borrowings will be \$55 billion lower than the October estimate, but that reduction was reportedly the result of increased net fiscal flows and a higher beginning of the quarter cash balance! In the near-term, slow, and gradual weakening of US and European data should leave the bull camp with the edge especially with some misguided views the Fed tomorrow will offer distinctly dovish commentary. From a technical perspective, three straight days of higher highs and higher lows leaves the short-term trend pointing up especially with March bonds yesterday and again today taking out a downtrend channel resistance line at 120-18. The North American reports slate today begins with the weekly Redbook Index followed by the S&P Case Shiller Home Price cap indices for November. The trade will also be presented with a Housing Price Index reading, the JOLTS report which is expected to show lower openings and the Conference Board's January reading on consumer confidence is expected to have a moderate uptick from December's 110.7 reading. A busy day of earnings announcements include Danaher, Pfizer, UPS, General Motors, and Marathon Petroleum before the Wall Street opening while Microsoft, Alphabet (Google), AMD, Starbucks and Mondelez report after the close.



TODAY'S MARKET IDEAS:

The bull camp should retain the edge today with rising prospects of a European first quarter recession, ongoing flight to quality interest in US treasuries from Chinese financial concerns and from expectations of a soft US jobs related data point which starts this month's jobs report cycle. In the end, lower treasury supply than previously expected adds to the bull case today. Initial buying support in March bonds today is 120-18 and at 111-12 in March treasury notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 01/30/2024: A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 121-270. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 121-110 and 121-270, while 1st support hits today at 120-020 and below there at 119-080.

10 YR TREASURY NOTES (MAR) 01/30/2024: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. 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 near-term upside objective is at 112-020. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 111-275 and 112-020, while 1st support hits today at 111-100 and below there at 110-305.

STOCKS COMMENTARY

1/30/2024

The trend is up but investor confidence will be tested by earnings

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -3

Global equity markets overnight were mostly higher except for the Chinese and Japanese markets. However, the Chinese markets were under full-scale attack again with declines of 1.83%, 1.78%, and 2.36%! Therefore, the Chinese economy continues to foment trouble especially given the lack of official supportive dialogue and aggressive action from the Chinese government. At least in the early going today US treasury yields are supporting investor optimism, and it is possible a decline in the JOLTS report will increase misguided hopes of a dovish impact from the Fed meeting statement tomorrow. Today is a busy day of earnings announcements including Danaher, Pfizer, UPS, General Motors, and Marathon Petroleum before the Wall Street opening while Microsoft, Alphabet (Google), AMD, Starbucks and Mondelez report after the close.



S&P 500: While the S&P posted another high overnight, the magnitude of the new high was limited perhaps because of ongoing concerning global turmoil in China following another session of big equity market losses. However, it is possible that equities will benefit from a soft job openings report this morning as that will likely rekindle dovish Fed statements tomorrow. On the other hand, today brings very critical earnings from many bellwether companies, particularly from two big tech companies. Fortunately for the bull camp, traders continue to be very upbeat about AI windfalls for Microsoft which could leave the Alphabet earnings results as the trend deciding event for Wednesday. Uptrend channel buying support in the S&P today is 4908.65 and targeting becomes the psychological 5000 level.

Other US Indexes: We suspect the inability to post a new high in the early going in Dow futures this morning is the result of a desire to "see" Microsoft earnings before adding investments at all-time high pricing. As indicated already, analysts expect Microsoft earnings to be strong because of AI and AI related investments. Uptrend channel buying support in the March Dow futures today is 38,275. It goes without saying that today's earnings sweep will have a pronounced impact on the NASDAQ which is relatively less overbought than other sectors of the market. However, with two big tech companies reporting earnings and a major chip company (AMD) reporting today, classic fundamentals are likely to have a noted impact. In the end, the bias is up from a broad market perspective and that should help cushion the NASDAQ in the face of any disappointing earnings news and accentuate strength in the wake of positive tech sector earnings. Uptrend channel buying support in the NASDAQ today is 17,515.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp from big picture macroeconomic ideas the US will pull the world through the current slowing track. We also think the markets are benefiting from a slight overnight uptick in global easing

prospects and hopefully from positive earnings from many bellwether companies this morning. Uptrend channel buying support in the S&P today is 4908.65 and targeting becomes the psychological 5000 level. Uptrend channel buying support in the March Dow futures today is 38,275. Uptrend channel buying support in the NASDAQ today is 17,515.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 01/30/2024: 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's close above the 2nd swing resistance number is a bullish indication. The next upside target is 4994.81. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 4979.37 and 4994.81, while 1st support hits today at 4925.13 and below there at 4886.32.

MINI-DOW (MAR) 01/30/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 38732. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 38626 and 38732, while 1st support hits today at 38286 and below there at 38051.

E-MINI NASDAQ (MAR) 01/30/2024: The daily stochastics gave a bullish indicator with a crossover up. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up and close above the previous day's high is a positive signal. 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 near-term upside objective is at 17904.43. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 17833.87 and 17904.43, while 1st support hits today at 17575.13 and below there at 17386.94.

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	120-220	48.03	48.45	16.00	20.65	119.82	120.06	121.29	121.02	119.25
TYAAH24	111-185	50.47	50.58	21.84	24.04	111.22	111.26	111.68	111.48	110.73
EPH24	4952.25	78.01	73.45	89.10	92.97	4921.38	4879.67	4831.36	4759.72	4691.05
ENQH24	17704.50	74.61	71.43	86.44	87.34	17604.75	17429.69	17099.56	16781.08	16514.97
YMH24	38456	71.50	68.95	78.09	86.93	38224.50	38038.00	37905.28	37371.80	36723.43

Calculations based on previous session. Data collected 01/29/2024

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

DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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FINANCIAL COMPLEX

USAAH24	Bonds	119-070	120-010	120-170	121-110	121-270
TYAAH24	10 Yr Treasury Notes	110-300	111-095	111-160	111-275	112-020
EPH24	S&P E-Mini	4886.31	4925.12	4940.56	4979.37	4994.81
ENQH24	E-Mini NASDAQ	17386.93	17575.12	17645.68	17833.87	17904.43
YMH24	Mini-Dow	38050	38285	38391	38626	38732

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CURRENCIES COMMENTARY

1/30/2024

Buy a hard Pound break & buy a modest break in the Canadian

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -61, YEN +12, SWISS -2, CA DOLLAR +155

Upcoming International Reports (all times CT)

01/30 FOMC Meeting
01/30 Swiss Trade Balance 1:00 AM
01/30 France Consumer Spending 1:45 AM
01/30 Swiss KOF Leading Indicator 2:00 AM
01/30 Euro-zone Business and Consu 4:00 AM
01/30 Consumer Confidence 9:00 AM
01/30 API Energy Stocks 3:30 PM
01/30 Japan Retail Sales 5:50 PM
01/30 Japan Construction Orders 11:00 PM
01/30 Japan Consumer Confidence Su 11:00 PM
01/30 Japan Housing Starts 11:00 PM
01/31 FOMC Meeting
01/31 German Retail Sales 1:00 AM
01/31 Swiss Retail Sales 1:30 AM
01/31 France Producer Price Index 1:45 AM
01/31 German Employment Situation 2:55 AM
01/31 Canadian GDP (By Industry) 7:30 AM
01/31 Employment Cost Index 7:30 AM
01/31 Chicago PMI 8:45 AM
01/31 EIA Energy Stocks 9:30 AM
01/31 Japan Manufacturing PMI 6:30 PM



DOLLAR: Overnight action in the dollar should be concerning to the bull camp as a flurry of disappointing European data points overnight have sparked fresh talk of a European recession in the first quarter of 2024. Unfortunately for the bull camp in the dollar, US economic data has also slowed but the dollar is likely to see some support from belief that the US Fed will be more conservative in cutting rates. While not a top-tier inflation readings, today the US will see a private home price indices and a US housing pricing index both of which will provide fresh inflation news. However, the dollar is likely to be undermined by a softer JOLTS report. Without a significant surprise from today's third tier US economic data, we expect the dollar to remain in the range bound by 103.54 and 102.91.

Other Currencies: While talk of a European recession and increased expectations of an ECB rate cut should have lifted the dollar and pressured the Euro, the Dollar index continues to trade sloppy and insensitive to supportive data points. However, without precipitous weakness in the dollar and a failure at chart support of 102.93 we think the euro will be unable to win by default following US data and will drift lower today. The primary argument of a first quarter European recession is evidence of ongoing slowing in Germany and zero growth in the EU and France. The 200-day moving average in the March euro today is 102.81. While we suspect the pound is under pressure from a recent series of softer inflation readings, lower inflation could eventually mean the Pound

will get beyond (price in) rate cuts in the UK quicker, which could present a buying opportunity in the Pound on a decline to 1.260. Even though a large measure of gains in the Canadian from last week's lows are the result of signs of weakness outside of Canada, rising energy prices, higher gold, and silver prices, support from surging Canadian equities combine for a bullish fundamental case. Buying support in the Canadian today is 74.40.

TODAY'S MARKET IDEAS:

We see the Japanese Yen and the Canadian dollar as the primary leadership currencies today with the dollar and euro battling to be the most out-of-favor.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 01/30/2024: A bullish signal was given with an upside crossover of the daily stochastics. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 103.78. The next area of resistance is around 103.50 and 103.78, while 1st support hits today at 103.08 and below there at 102.94.

EURO (MAR) 01/30/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 107.9450. The next area of resistance is around 108.8150 and 109.0450, while 1st support hits today at 108.2650 and below there at 107.9450.

JAPANESE YEN (MAR) 01/30/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 68.75. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 68.57 and 68.75, while 1st support hits today at 68.07 and below there at 67.75.

SWISS (MAR) 01/30/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 near-term upside target is at 117.17. The next area of resistance is around 117.00 and 117.17, while 1st support hits today at 116.44 and below there at 116.04.

CANADIAN DOLLAR (MAR) 01/30/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 74.84. The next area of resistance is around 74.76 and 74.84, while 1st support hits today at 74.45 and below there at 74.23.

BRITISH POUND (MAR) 01/30/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market tilt is

slightly negative with the close under the pivot. The near-term upside objective is at 127.60. The next area of resistance is around 127.41 and 127.60, while 1st support hits today at 126.85 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
CURRENCY COMPLEX										
DXAH24	103.29	64.02	59.68	83.58	84.29	103.27	103.24	102.73	102.51	102.92
JYAH24	68.31	37.01	38.90	10.68	12.16	68.21	68.13	68.94	69.66	69.22
EU6H24	108.5400	34.64	40.14	19.01	18.28	108.77	108.92	109.31	109.52	109.20
BPAH24	127.13	48.64	50.89	50.25	50.77	127.09	127.01	127.09	126.79	125.99
CAAH24	74.60	54.31	52.48	25.83	35.94	74.32	74.28	74.52	74.47	74.07
SFAH24	116.72	47.05	47.70	18.76	24.15	116.30	116.02	117.11	116.76	115.87
DAAH24	66.20	45.72	45.53	21.49	26.71	0.66	0.66	0.66	0.67	0.66

Calculations based on previous session. Data collected 01/29/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.93	103.07	103.35	103.50	103.78
JYAH24	Japanese Yen	67.74	68.06	68.25	68.57	68.75
EU6H24	Euro	107.9450	108.2650	108.4950	108.8150	109.0450
BPAH24	British Pound	126.46	126.84	127.03	127.41	127.60
CAAH24	Canadian Dollar	74.22	74.45	74.53	74.76	74.84
SFAH24	Swiss	116.03	116.43	116.60	117.00	117.17
DAAH24	Australian Dollar	65.65	65.97	66.11	66.43	66.57

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