



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday February 05, 2024

BONDS COMMENTARY

2/5/2024

Strong US jobs and even lower March rate cut odds = more down

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

Because of the sharp reversal from last week's high at the end of last week, the magnitude of downside action this morning from the US Federal Reserve chairman speech overnight has been relatively muted. Apparently, last night on "60 minutes" the Federal Reserve Chairman indicated the Fed had the luxury to be "prudent" in deciding its March interest rate decision. In other words, the Fed thinks the US economy is stabilized and inflation is coming down thereby allowing them to gather more data on growth and inflation before committing to a change in rates. Obviously, the much stronger-than-expected US payroll report from Friday justifies the two-day decline of nearly 3 points in bonds as major surprise jobs reports can take several sessions to adequately factor into prices. Indirectly bearish forces also surfaced from the UK and Europe with UK services activity jumping at the fastest rate since last summer, and Japanese and euro zone inflation rising faster than expected last month. With the Fed's Goolsbee speaking this morning, the treasury markets could see fleeting support as he is a staunch supporter of the current administration. With a wave of US PMI and ISM readings later this morning we see the markets embracing strong data and discounting soft data. The Commitments of Traders report for the week ending January 30th showed Bonds Non-Commercial & Non-Reportable traders are net short 62,828 contracts after net selling 2,851 contracts. T-Notes positioning showed Non-Commercial & Non-Reportable traders are net short 719,371 contracts after net selling 55,392 contracts. The North American session will start out with January services PMI readings for the US and Canada, both of which are forecast to see upticks from their previous results. The January ISM services index is forecast to have a mild uptick from December's 50.6 reading. Earnings announcements will include McDonald's, Caterpillar and Tyson Foods before the Wall Street opening while Vertex Pharmaceuticals reports after the close.



TODAY'S MARKET IDEAS:

Control has shifted back to the bear camp with the aggressive bearish shift on the charts, hawkish dialogue from the US Fed chairman last night and most importantly because of the "much" stronger-than-expected US nonfarm payroll release last Friday morning. Near-term downside targeting and support is 120-19 in March bonds and at 111-00 in March notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-123,232	-909	62,828	+2,851	60,404	-1,942
T-Notes	-764,975	-51,328	719,370	+55,390	45,604	-4,064

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/05/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 124-250. The next area of resistance is around 123-050 and 124-250, while 1st support hits today at 120-250 and below there at 120-000.

10 YR TREASURY NOTES (MAR) 02/05/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 113-090. The next area of resistance is around 112-115 and 113-090, while 1st support hits today at 111-005 and below there at 110-185.

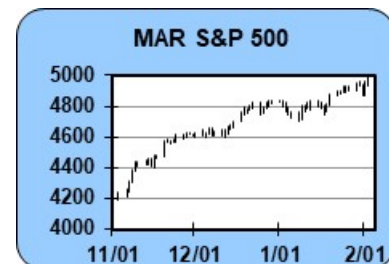
STOCKS COMMENTARY

2/5/2024

With good economic news taken in stride the uptrend should extend

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 -11

Global equity markets overnight were mixed with the Shanghai stock exchange composite trading down 1% and extending last week's significant losses. While a portion of the trade continues to be unnerved by the unfolding situation in China and disappointed in sharply declining odds of a March US rate cut the bull camp has retained control. While we do not expect US markets to become rattled by the situation in China today, the markets were able to discount the "good data is bad for equities" mantra last week, but hawkish Fed dialogue from the Fed chairman on "60 Minutes" last night has prompted some second-guessing of the buying from last Thursday and Friday. We suspect the markets will see today's ISM and PMI readings as signals for the direction of equity prices, but the data is second tier and could be mixed, thereby reducing today's scheduled data impact. Earnings announcements will include McDonald's, Caterpillar and Tyson Foods before the Wall Street opening while Vertex Pharmaceuticals reports after the close.



S&P 500: In retrospect, the S&P last week seemed to anticipate a positive US jobs result but has partially succumbed this morning to the disappointment over a virtual elimination of a March rate cut. Fortunately for the bull camp the S&P saw its net spec and fund short positioning ramp up over the last several reports potentially limiting the amount of stop loss selling from the current minimal reversal down. In fact, the minimal retracement this morning resulted in a slide of only nine points highlighting ongoing bullish control. Uptrend channel support in the March S&P is 4885.50 but we do not see that type of washout. Closer in support is 4951. E-Mini S&P positioning in the Commitments of Traders for the week ending January 30th showed Non-Commercial & Non-Reportable traders added 28,721 contracts to their already short position and are now net short 147,753.

Other US Indexes: While the Dow continues to get mixed classic fundamental signals from interest rates and exchange rates, large cap stocks remain locked in the impressive recovery rally which began at the middle of last month. In a minor headwind this morning Boeing has apparently encountered another manufacturing issue on the 737 Max and the Dow should see the biggest relative headwind from hawkish Fed dialogue than the rest of the

market. Uptrend channel buying support in the March Dow today is 38,393. Dow Jones \$5 positioning in the Commitments of Traders for the week ending January 30th showed Non-Commercial & Non-Reportable traders net bought 4,797 contracts and are now net long 26,344 contracts. Despite the NASDAQ showing relatively more volatility than other sectors of the market, seeing meta-platforms gain \$196 billion in equity on Friday (apparently from very positive views toward the Vision Pro virtual reality glasses) and seeing Amazon shares jump 7% on Friday (from AI prospects) gives the bull camp significant fundamental momentum. The January 30th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders are net long 47,412 contracts after net buying 9,713 contracts.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp with the markets largely untroubled by a reduction in prospects of a March US rate cut. Therefore, investors sentiment should be bolstered by the much stronger than expected US nonfarm payroll reading as that furthers prospects of a soft landing or better in the US. In the end, the path of least resistance is up with traders likely to buy modest pullbacks.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Financials							
E-Mini S&P	-222,876	-34,712	147,754	+28,723	75,123	+5,991	

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/05/2024: The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher but have entered overbought levels. 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 5042.00. The next area of resistance is around 5014.25 and 5042.00, while 1st support hits today at 4942.25 and below there at 4898.00.

MINI-DOW (MAR) 02/05/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 39172. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 38994 and 39172, while 1st support hits today at 38536 and below there at 38255.

E-MINI NASDAQ (MAR) 02/05/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 17979.00. The next area of resistance is around 17872.50 and 17979.00, while 1st support hits today at 17562.50 and below there at 17359.00.

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
FINANCIAL COMPLEX										
USAAH24	121-310	53.28	52.82	45.27	57.53	122.40	120.95	121.18	121.60	119.93
TYAAH24	111-220	48.54	49.80	44.04	51.20	112.13	111.62	111.69	111.73	111.00
EPH24	4978.25	68.59	67.69	87.34	88.66	4935.63	4925.22	4871.69	4788.22	4727.73
ENQH24	17717.50	64.63	64.48	80.38	82.04	17520.31	17560.94	17312.35	16895.17	16668.27
YMH24	38765	70.22	68.64	85.31	88.60	38571.50	38363.00	38082.33	37625.29	37014.05

Calculations based on previous session. Data collected 02/02/2024

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	119-310	120-240	122-120	123-050	124-250
TYAAH24	10 Yr Treasury Notes	110-180	111-000	111-295	112-115	113-090
EPH24	S&P E-Mini	4898.00	4942.25	4970.00	5014.25	5042.00
ENQH24	E-Mini NASDAQ	17359.00	17562.50	17669.00	17872.50	17979.00
YMH24	Mini-Dow	38254	38535	38713	38994	39172

Calculations based on previous session. Data collected 02/02/2024

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CURRENCIES COMMENTARY

2/5/2024

A complexion change the dollar is king again

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +189, YEN -4, SWISS -34, CA DOLLAR -100**

Upcoming International Reports (all times CT)

02/05 German Foreign Trade 1:00 AM
 02/05 France Services PMI 2:50 AM
 02/05 German Service PMI 2:55 AM
 02/05 Euro-Zone Services PMI 3:00 AM
 02/05 UK CIPS/NTC Research Service 3:30 AM
 02/05 Euro-zone Industrial Produce 4:00 AM
 02/05 ISM Services PMI 9:00 AM
 02/05 Japan Household Spending 5:30 PM
 02/06 German Manufacturing Orders 1:00 AM
 02/06 German Manufacturing Turnove 1:00 AM
 02/06 Euro-zone Retail Trade 4:00 AM
 02/06 Canadian Building Permits 7:30 AM
 02/06 Canadian PMI 9:00 AM
 02/06 API Energy Stocks 3:30 PM
 02/06 Japan Leading Indicators 11:00 PM



DOLLAR: The higher high today in the dollar following the higher high on Friday signals the trade has shifted its focus from fears of a March rate cut to ideas the US economy looks to avoid recession. In fact, the bull camp this morning has fully discounted hawkish dialogue from the US Federal Reserve Chairman last night on the television program "60 Minutes". However, those looking to buy into the uptrend in the dollar could see a slight dip following a speech from the Fed's Goolsbee who remains very dovish, especially with Goolsbee a staunch supporter of the Biden administration. It should be noted he was nominated for the Fed position by the president after four years of economic spinning of data into supportive dialogue for the beginning of Biden's first term. The January 30th

Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders are net long 731 contracts after net selling 1,635 contracts. Look to buy a dip in the dollar down to 103.78.

Other Currencies: As the dollar goes the euro goes in the opposite direction. While the euro could see some minimal cushion from recent signs of residual inflation and from favorable French, Italian and German services PMI readings overnight. The euro should also see cushion from favorable composite PMI readings from France, but those readings were countervailed by disappointing German composite PMI readings and very disappointing German import and export figures for December. In conclusion, strength in the dollar should overwhelm the euro in the near term with a downside target projected at 1.0735. The Commitments of Traders report for the week ending January 30th showed Euro Non-Commercial & Non-Reportable traders net sold 2,392 contracts and are now net long 121,796 contracts. While the Pound could show some resistance to pressure from a surging US dollar because of signs of strength into the end of January, from a lower-than-expected UK unemployment rate at the end of last year, better-than-expected composite and services PMI readings for January released this morning, a noted failure on the charts overwhelms the bull case today. We see a near-term target in the pound of 1.2571. Not surprisingly, the Canadian has not been exempted from the expanding bullish wave in the dollar. While we see some support at 74.00, any additional strong data from the US is likely to throw the Canadian to and perhaps below recent consolidation support at 73.91.

TODAY'S MARKET IDEAS:

The bull camp in the dollar has a double measure of bullish fuel from the much stronger-than-expected US nonfarm payroll report released last Friday and from the hawkish dialogue from the US Federal Reserve Chairman in a Sunday night interview on "60 Minutes".

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/05/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next downside target is now at 102.39. The next area of resistance is around 104.35 and 104.70, while 1st support hits today at 103.20 and below there at 102.39.

EURO (MAR) 02/05/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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 daily closing price reversal down puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 107.1675. The next area of resistance is around 108.7049 and 109.5275, while 1st support hits today at 107.5250 and below there at 107.1675.

JAPANESE YEN (MAR) 02/05/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside target is 69.18. The next area of resistance is around 68.42 and 69.18, while 1st support hits today at 67.34 and below there at 67.01.

SWISS (MAR) 02/05/2024: The major trend has turned down with the cross over back below the 60-day moving average. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels

are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down and close below the previous day's low is a negative signal. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 117.98. The next area of resistance is around 116.80 and 117.98, while 1st support hits today at 115.09 and below there at 114.54.

CANADIAN DOLLAR (MAR) 02/05/2024: The major trend has turned down with the cross over back below the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The daily closing price reversal down is a negative indicator for prices. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 75.05. The next area of resistance is around 74.64 and 75.05, while 1st support hits today at 74.03 and below there at 73.83.

BRITISH POUND (MAR) 02/05/2024: The major trend has turned down with the cross over back below the 40-day moving average. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market could take on a defensive posture with the daily closing price reversal down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 125.11. The next area of resistance is around 127.22 and 128.28, while 1st support hits today at 125.64 and below there at 125.11.

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	103.77	65.76	61.70	77.12	76.16	103.24	103.27	102.98	102.57	102.82
JYAH24	67.88	35.02	37.60	21.97	24.06	68.46	68.29	68.56	69.66	69.24
EU6H24	108.1150	34.83	38.66	20.43	19.63	108.52	108.66	109.04	109.39	109.28
BPAH24	126.43	39.86	45.13	52.79	49.45	127.02	127.03	127.07	126.86	126.27
CAAH24	74.33	43.63	46.18	48.22	54.27	74.61	74.43	74.44	74.56	74.18
SFAH24	115.94	39.81	43.02	33.22	36.58	116.64	116.36	116.68	116.91	116.15
DAAH24	65.24	25.18	32.70	25.15	21.97	0.66	0.66	0.66	0.67	0.66

Calculations based on previous session. Data collected 02/02/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.38	103.19	103.54	104.35	104.70
JYAH24	Japanese Yen	67.00	67.33	68.09	68.42	69.18
EU6H24	Euro	107.1675	107.5249	108.3475	108.7049	109.5275
BPAH24	British Pound	125.10	125.63	126.69	127.22	128.28
CAAH24	Canadian Dollar	73.82	74.02	74.44	74.64	75.05
SFAH24	Swiss	114.53	115.08	116.26	116.80	117.98
DAAH24	Australian Dollar	64.37	64.70	65.45	65.78	66.53

Calculations based on previous session. Data collected 02/02/2024

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