



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday February 13, 2024

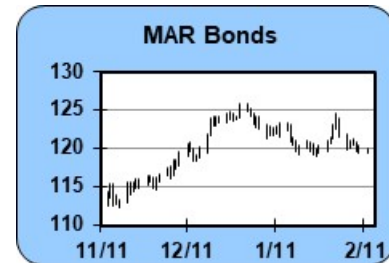
BONDS COMMENTARY

2/13/2024

Tightening coiling action in front of CPI data

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS -0

The Treasury markets are seeing tightening coiling action in front of today's critical US inflation data. One area of consensus among recent Fed speakers has been the decline in US inflation. However, Atlanta Fed President Bostic said on Friday that inflation has been too high for too long, and Fed Governor Bowman said that it is too soon to project when and how much the Fed will cut rates and that she does not expect any in the immediate future. Dallas Fed President Logan said that the US labor market is very tight but loosening, which also tempered chances for a rate cut. The CME's FedWatch shows a pullback in rate cut expectations as well, with March only at a 15.5% probability and May at 58.1%. On the other hand, a lower-than-expected reading for the New York Fed's survey of consumer 1-year US inflation expectations provided a boost to risk appetites yesterday, as that strengthened the case for a rate cut during the first half of the year. Today's trading will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The highlight will be January US consumer price index, which expected to show a moderate decline from December's 3.4% year-over-year rate. The January US Core CPI (excludes food and energy) is expected to show a mild decline from December's 3.9% year-over-year rate.



TODAY'S MARKET IDEAS:

Coiling action can precede a trend decision, and Bonds and Notes could be setting up for major move in reaction to the CPI readings. If long-term downtrends for year-over-year CPI and core CPI are maintained by the January data, it could result in a short-covering rally. Look for support at 119-10 in March Bonds and 110-16 in March 10-Year Notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/13/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 119-020. The next area of resistance is around 120-030 and 120-150, while 1st support hits today at 119-130 and below there at 119-020.

10 YR TREASURY NOTES (MAR) 02/13/2024: 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 close over the pivot swing is a somewhat positive setup. The next downside objective is now at 110-120. The next area of resistance is around 110-270 and 111-005, while 1st support hits today at 110-170 and below there at 110-120.

STOCKS COMMENTARY

2/13/2024

Pressured by profit-taking in front of CPI results

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 -23

Global markets were under pressure overnight. China is still on holiday, but the Japanese Nikkei and South Korean KOSPI returned after a long weekend and had strong gains. UK unemployment had a surprise downtick, and average earnings were higher than expected. The German and Euro zone ZEW surveys were higher than expected. The German DAX, French CAC-40 and US equity index futures are under pressure, and the UK FTSE-100 has climbed back towards unchanged. Today's trading will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The January US consumer price index is expected to have a moderate downtick from December's 3.4% year-over-year rate. The January US core consumer price index (excluding food and energy) is forecast to have a mild downtick from December's 3.9% year-over-year rate. Earnings announcements will include Coca-Cola, Shopify and Zoetis before the Wall Street opening, and Airbnb reports after the close.



S&P 500: The S&P has followed through on Monday's late pullback and is finding moderate pressure early today. The purchase of Endeavor Energy Partners by Diamondback Energy provided support, but that has eroded. With recent comments from Fed officials emphasizing that inflation has been stubbornly high, the trade is wary of a possibly upside surprise in today's CPI report, and this may be encouraging some long liquidation. Uptrend channel support in the March S&P comes in at 4966, with close-in support at 5003.

Other US Indexes: The Dow Jones has stayed in a tight range overnight, but it has outperformed the other major indices. The trade is looking for Coca-Cola's quarterly earnings to indicate continued growth, which would reflect well on other blue-chip companies. Look for support in the March Dow at 38,630. The NASDAQ followed through on Monday's reversal with heavy losses this morning. Disappointing guidance from Cadence Design Systems has cast a shadow over many tech stocks and has added to the profit-taking ahead of CPI. Near-term resistance in the March NASDAQ is at 17,960.

TODAY'S MARKET IDEAS:

The bears will start out with the upper hand in US stock indices, as fears of an upside surprise in the January CPI numbers have rattled the market. If the inflation gauges are inline or lower than expected, it could result in a sharp pivot back to the upside. In that case, we would expect NASDAQ to regain the upper hand on the S&P and Dow.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/13/2024: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 5007.13. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5049.75 and 5075.12, while 1st support hits today at 5015.75 and below there at 5007.13.

MINI-DOW (MAR) 02/13/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 38518. The next area of resistance is around 39021 and 39183, while 1st support hits today at 38689 and below there at 38518.

E-MINI NASDAQ (MAR) 02/13/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 17770.38. The next area of resistance is around 18022.25 and 18172.37, while 1st support hits today at 17821.25 and below there at 17770.38.

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	119-240	41.78	44.40	28.19	19.57	119.98	121.03	120.56	121.85	120.55
TYAAH24	110-220	40.30	43.20	19.00	10.67	110.80	111.35	111.31	111.77	111.26
EPH24	5032.75	71.90	70.21	90.65	90.03	5026.19	4982.31	4940.00	4839.12	4781.38
ENQH24	17921.75	65.48	65.35	87.77	87.06	17919.13	17734.39	17615.69	17121.52	16881.77
YMH24	38855	66.01	65.55	83.99	83.79	38788.25	38649.56	38406.39	37929.18	37419.38

Calculations based on previous session. Data collected 02/12/2024

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	119-120	119-240	120-030	120-150
TYAAH24	10 Yr Treasury Notes	110-115	110-165	110-220	110-270	111-005
EPH24	S&P E-Mini	5007.12	5015.75	5041.12	5049.75	5075.12
ENQH24	E-Mini NASDAQ	17770.37	17821.25	17971.37	18022.25	18172.37
YMH24	Mini-Dow	38517	38688	38850	39021	39183

Calculations based on previous session. Data collected 02/12/2024

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CURRENCIES COMMENTARY

2/13/2024

Dollar seeing coiling action in front of CPI.

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR -67, YEN +3, SWISS -52, CA DOLLAR +35

Upcoming International Reports (all times CT)

02/13 France Unemployment Situation 12:30 AM
02/13 UK Employment Situation - Cl 1:00 AM
02/13 Swiss Consumer Price Index 1:30 AM
02/13 German ZEW Indicator of Econ 4:00 AM
02/13 CPI 7:30 AM
02/13 Real Earnings 7:30 AM
02/13 API Energy Stocks 3:30 PM
02/14 UK Consumer Price Index 1:00 AM
02/14 UK Industrial Production 1:00 AM
02/14 UK Producer Price Index 1:00 AM
02/14 Euro-zone Industrial Product 4:00 AM
02/14 EIA Energy Stocks 9:30 AM
02/14 Japan GDP 5:50 PM
02/14 Japan Industrial Production 10:30 PM



DOLLAR: The dollar has been in a coiling pattern, and it may be setting up for a breakout move following today's CPI report. Comments over the past week by the Fed's Bostic, Logan, and Bowman all dampened expectations that a rate cut would occur during the first half of the year. This may have ramped up market anxiety over the possibility that the CPI report will come in hotter than the expected. The trade is looking for moderate declines from December's 3.4% year-over-year rate in CPI and 3.9% rate in Core CPI. If the report is at or below trade forecasts, the dollar could break to the downside and fall well below its recent consolidation zone. Look for resistance for the March Dollar Index at 104.30.

Other Currencies: The Swiss franc has seen a sharp break this morning following a much larger than expected decline in the year-over-year Swiss CPI, which reached a 26-month low. Look for resistance in the March Swiss franc at 1.1440. The pound has climbed to a 1 1/2 week high following the surprise downtick in UK unemployment and higher-than-expected average earnings. Look for support in the March British pound at 1.2620. The euro is in a tight consolidation zone following better than expected German and Euro zone ZEW surveys, and it would be a major beneficiary if this morning's US CPI data comes in weaker than forecasts. Look for support in the March euro at 1.0760.

TODAY'S MARKET IDEAS:

The bears will start out with the upper hand in the dollar, as the market awaits the CPI results. If the numbers are in-line with expectations, it would strengthen the case for a May Fed rate hike and put significant pressure on the dollar. The euro would be the main beneficiary of soft US CPI readings, but the pound may be waiting on tomorrow's UK CPI data before making a sharp move.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/13/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving

average. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 103.61. The next area of resistance is around 104.20 and 104.37, while 1st support hits today at 103.83 and below there at 103.61.

EURO (MAR) 02/13/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The next upside objective is 108.4050. The next area of resistance is around 108.1150 and 108.4050, while 1st support hits today at 107.6250 and below there at 107.4250.

JAPANESE YEN (MAR) 02/13/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 67.11. The next area of resistance is around 67.46 and 67.61, while 1st support hits today at 67.21 and below there at 67.11.

SWISS (MAR) 02/13/2024: 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 114.07. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 114.93 and 115.27, while 1st support hits today at 114.33 and below there at 114.07.

CANADIAN DOLLAR (MAR) 02/13/2024: 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 indicates the intermediate-term trend has turned up. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 74.62. The next area of resistance is around 74.49 and 74.62, while 1st support hits today at 74.25 and below there at 74.12.

BRITISH POUND (MAR) 02/13/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 126.81. The next area of resistance is around 126.57 and 126.81, while 1st support hits today at 126.09 and below there at 125.85.

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	104.01	63.59	61.34	77.72	77.28	104.00	103.79	103.52	102.67	102.77
JYAH24	67.33	31.34	34.72	14.74	9.97	67.48	67.91	68.03	69.47	69.25
EU6H24	107.8700	36.92	39.04	20.72	22.44	107.93	108.04	108.46	109.22	109.28
BPAH24	126.33	44.63	46.32	38.59	39.36	126.27	126.39	126.71	126.82	126.57
CAAH24	74.37	48.53	48.43	41.72	43.12	74.33	74.35	74.35	74.61	74.33
SFAH24	114.63	27.60	34.10	15.60	9.25	114.72	115.51	115.78	116.80	116.37
DAAH24	65.38	42.45	41.48	24.97	28.83	0.65	0.65	0.66	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	103.60	103.82	103.98	104.20	104.37

JYAH24	Japanese Yen	67.10	67.20	67.36	67.46	67.61
EU6H24	Euro	107.4250	107.6250	107.9150	108.1150	108.4050
BPAH24	British Pound	125.85	126.09	126.33	126.57	126.81
CAAH24	Canadian Dollar	74.11	74.24	74.37	74.49	74.62
SFAH24	Swiss	114.06	114.32	114.66	114.93	115.27
DAAH24	Australian Dollar	65.05	65.22	65.36	65.53	65.67

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