



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday February 21, 2024

BONDS COMMENTARY

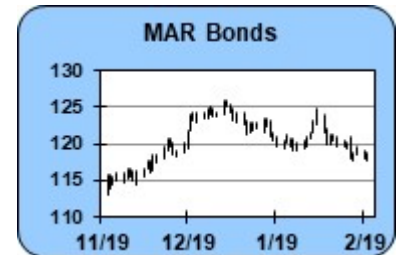
2/21/2024

A major pivot in treasuries today technically cheap fundamentally vulnerable

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

In retrospect, we are surprised in the lack of upside action in US treasuries given reports last week of technical recessions surfacing in the UK and another downgrade of the Japanese economic view overnight. However, seeing several positive economic storylines from China recently and a much higher-than-expected New Zealand inflation report overnight probably thickens resistance over bonds and notes. On the other hand, we think US interest rate cut timing will continue to slip into the future especially after last week's US CPI and PPI data failed to show inflation was "coming down" as needed by some Fed members. In fact, with the end of February approaching and market expectations for a June rate cut at only 50%, the Fed's guidance of 75 basis points of rate cuts this year is under significant questioning. A recent Reuters poll of economists suggested a thin majority expected a later than expected cut rather than earlier than expected rate cut. With a pair of US Fed speeches today it is possible the FOMC meeting minutes release could be preempted, and it is also possible that the mid-day 20-year bond auction could increase the potential of a major volatility event this afternoon. The North American session will start with weekly private surveys of same-store sales and mortgage applications. The January Canadian new housing price index is expected to have a minimal uptick from December's -0.9% year-over-year rate. The minutes from the January FOMC meeting will be released during early afternoon US trading hours. Atlanta Fed President Bostic will speak during morning US trading hours while Fed Governor Bowman speaks during the afternoon. Earnings announcements will include Analog Devices before the Wall Street opening while NVIDIA and Synopsys report after the close.



TODAY'S MARKET IDEAS:

The bias from the down in treasuries with yesterday's downside breakout undermining bargain hunting buyers and in turn eroding respect for 118-00 as solid support price in March bonds. Furthermore, the Fed's Bostic and Bowman have recently indicated it is too soon to consider rate cuts and that should leave the bear camp with the fundamental edge following those speeches.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

BONDS (MAR) 02/21/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 117-070. The next area of resistance is around 118-270 and 119-100, while 1st support hits today at 117-260 and below there at 117-070.

10 YR TREASURY NOTES (MAR) 02/21/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 109-110. The next area of resistance is around 110-065 and 110-145, while 1st support hits today at 109-210 and below there at 109-110.

STOCKS COMMENTARY

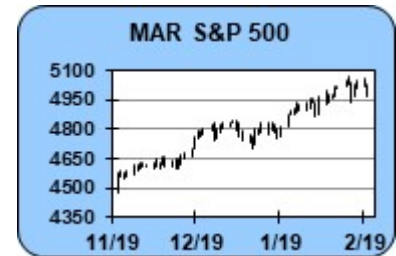
2/21/2024

Vulnerable without dovish rate news and strong Nvidia results

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -14

Global equity markets overnight were mixed with Chinese markets posting a 7th straight daily gain, European markets generally higher, with UK and US markets starting out soft. Today is likely to present several volatility events with a minor reaction to Analog Devices earnings before the opening, two Fed speeches, a mid-day 20-year bond auction, the release of Fed meeting minutes, and most importantly earnings from Nvidia after the close! It should be noted that street expectations for Nvidia earnings and sales call for very stellar results! In our opinion, there are several potential key negatives facing the markets today, thereby the bear camp should have an edge. Earnings announcements will include Analog Devices before the Wall Street opening while NVIDIA and Synopsys report after the close.



S&P 500: Typically, equity markets and therefore investors are adverse to significant uncertainty and the schedule of events today certainly presents the potential for major uncertainty and volatility. In our opinion, the trade continues to hold hope of an early US rate cut despite headline developments to the contrary. Furthermore, we view the markets as fundamentally overvalued with the "AI" rally cry temporarily overdone and potentially deflated given very high expectations for Nvidia earnings after the close today. On the other hand, it should be noted that Nvidia has surprised the markets with surging growth. Historically, the S&P has not performed impressively following sideways chop with the current range trade currently 13 days in duration! Therefore, we suggest conservative traders look to enter bull call spreads on a correction back to 4960.

Other US Indexes: While the Dow continues to show respect for close in support, the lack of upside action following critical cyclical earnings news from Walmart and Home Depot yesterday, suggest stocks are expensive given corporate fundamental conditions. As we suggested in S&P coverage today, we suggest conservative traders wait for a correction to 38,360 to purchase bull call spreads on Dow futures. While Nvidia earnings after the close today will likely set the tone for the next several weeks, the lack of other distinctly upbeat tech company earnings recently and negative charts increases the odds of a downside breakout in the NASDAQ to a key pivot point down at 17,400.

TODAY'S MARKET IDEAS:

While we see the uptrend ultimately reemerging, we see the markets' vulnerability in the near term. In fact, unless Nvidia earnings after the close today surprise on the upside further corrective action may unfold. On the other hand, Nvidia earnings may have their leadership capacity undermined by today's news regarding the timing of a US rate cut.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

S&P E-MINI (MAR) 02/21/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 4931.94. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 5018.12 and 5054.43, while 1st support hits today at 4956.88 and below there at 4931.94.

MINI-DOW (MAR) 02/21/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 under the swing pivot. The next downside target is now at 38410. The next area of resistance is around 38745 and 38858, while 1st support hits today at 38521 and below there at 38410.

E-MINI NASDAQ (MAR) 02/21/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 17250.50. The next area of resistance is around 17758.50 and 17960.50, while 1st support hits today at 17403.50 and below there at 17250.50.

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	118-100	37.75	40.72	13.38	9.99	118.48	119.10	120.14	121.69	120.80
TYAAH24	109-295	38.20	40.43	12.08	11.33	109.96	110.30	110.95	111.67	111.33
EPH24	4987.50	52.35	56.63	78.95	73.16	5017.50	5016.78	4977.92	4874.98	4816.76
ENQH24	17581.00	45.88	51.44	70.76	59.80	17782.75	17835.00	17705.71	17265.86	17017.71
YMH24	38633	53.47	56.11	68.20	64.08	38662.50	38683.11	38571.06	38119.64	37685.92

Calculations based on previous session. Data collected 02/20/2024
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	117-060	117-250	118-080	118-270	119-100
TYAAH24	10 Yr Treasury Notes	109-105	109-205	109-285	110-065	110-145
EPH24	S&P E-Mini	4931.93	4956.87	4993.18	5018.12	5054.43
ENQH24	E-Mini NASDAQ	17250.50	17403.50	17605.50	17758.50	17960.50
YMH24	Mini-Dow	38410	38521	38634	38745	38858

Calculations based on previous session. Data collected 02/20/2024
Data sources can & do produce bad ticks. Verify before use.

CURRENCIES COMMENTARY

2/21/2024

We see the euro and Canadian vulnerable to dollar strength

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR +122, YEN -8, SWISS +2, CA DOLLAR -65

Upcoming International Reports (all times CT)

02/21 API Energy Stocks 3:30 PM
02/22 France Business Climate Surv 1:45 AM
02/22 France GDP 1:45 AM
02/22 France Manufacturing PMI Fla 2:15 AM
02/22 France Services PMI Flash 2:15 AM
02/22 Euro-zone Consumer Price Ind 4:00 AM
02/22 Canadian Retail Trade 7:30 AM
02/22 Jobless Claims 7:30 AM
02/22 Existing Home Sales 9:00 AM
02/22 EIA Gas Storage 9:30 AM
02/22 EIA Energy Stocks 10:00 AM
02/22 UK Consumer Confidence 6:01 PM



DOLLAR: While the US dollar has bounced from yesterday's downside breakout, today's developments are likely to initially favor the bear camp with US Fed news likely to push US rate cut timing further into the future which should then provide a fresh bid for the Dollar later today. However, the Fed was probably not privy to the latest US CPI and PPI readings in their last meeting which would have clearly reiterated the need to wait to cut rates. The dollar should see support from deteriorating views toward the Japanese economy and it is also possible that this week's highest implied treasury yield reading since early December 4th will provide solid demand for today's 20-year bond auction which in turn could underpin the dollar. Uptrend channel support in the dollar is 103.78 and we leave the dollar bulls with a very minimal edge. On the other hand, we suggest dollar buyers utilize conservative entry pricing points below 103.65.

Other Currencies: With the euro approaching critical downtrend channel selling resistance yesterday, the recent rally forged on declining open interest, and reduced economic forecasts from the German central bank, we favor short sales of the euro on rallies. While the Pound should draft support from a record monthly budget surplus, the recently bullish tilt toward the pound appears to be losing its footing. However, if the dollar falters through a series of potential flashpoints early today, we see the Pound breaking out above a downtrend channel resistance line of 1.266. With the charts in the Canadian favoring the bear camp, Canadian inflation expected to continue to moderate and comments from the Canadian Prime Minister predicting rate cuts from the Bank of Canada "this year", the bear camp should have a minimal fundamental edge. Downtrend channel selling resistance in the Canadian is 74.28.

TODAY'S MARKET IDEAS:

While the currency markets continue to lack a definitive leadership currency, we give the dollar an edge today but expect currencies to remain within recent trading ranges.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

US DOLLAR (MAR) 02/21/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 1st swing support number suggests a moderately negative setup for today. The next downside target is 103.36. The next area of resistance is around 104.29 and 104.62, while 1st support hits today at 103.66 and below there at 103.36.

EURO (MAR) 02/21/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 108.9287. The next area of resistance is around 108.5774 and 108.9287, while 1st support hits today at 107.8025 and below there at 107.3788.

JAPANESE YEN (MAR) 02/21/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. 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 upside target is 67.28. The next area of resistance is around 67.12 and 67.28, while 1st support hits today at 66.78 and below there at 66.60.

SWISS (MAR) 02/21/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. 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 near-term upside target is at 114.42. The next area of resistance is around 114.03 and 114.42, while 1st support hits today at 113.36 and below there at 113.07.

CANADIAN DOLLAR (MAR) 02/21/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is 73.70. The next area of resistance is around 74.13 and 74.37, while 1st support hits today at 73.80 and below there at 73.70.

BRITISH POUND (MAR) 02/21/2024: The crossover up in the daily stochastics is a bullish signal. Momentum studies are rising from mid-range, which could accelerate 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 127.12. The next area of resistance is around 126.66 and 127.12, while 1st support hits today at 125.78 and below there at 125.35.

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	103.97	51.62	54.80	74.28	68.00	104.14	104.23	103.89	102.87	102.89
JYAH24	66.94	34.36	35.35	9.90	10.82	66.90	67.12	67.67	69.09	69.14
EU6H24	108.1900	51.76	47.57	27.26	36.46	107.84	107.81	108.09	109.14	109.13
BPAH24	126.22	48.32	47.70	32.22	33.57	125.98	126.09	126.40	126.82	126.66
CAAH24	73.96	43.16	44.28	33.28	32.68	74.06	74.13	74.27	74.63	74.41
SFAH24	113.69	33.00	35.02	13.56	15.78	113.70	114.08	115.15	116.59	116.30
DAAH24	65.55	52.36	48.28	32.74	42.74	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 02/20/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	103.36	103.66	103.99	104.29	104.62
JYAH24	Japanese Yen	66.59	66.77	66.93	67.12	67.28
EU6H24	Euro	107.3787	107.8025	108.1537	108.5774	108.9287
BPAH24	British Pound	125.34	125.77	126.23	126.66	127.12
CAAH24	Canadian Dollar	73.69	73.79	74.03	74.13	74.37
SFAH24	Swiss	113.06	113.35	113.74	114.03	114.42
DAAH24	Australian Dollar	64.97	65.26	65.55	65.84	66.13

Calculations based on previous session. Data collected 02/20/2024

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

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*