



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday February 22, 2024

### BONDS COMMENTARY

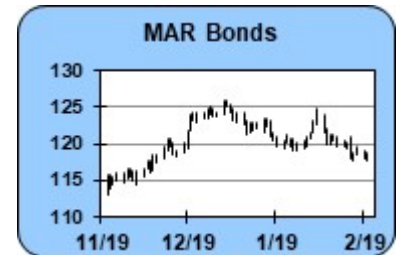
2/22/2024

**Some value has been found with data setting up a key junction today**

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**BONDS +0**

While it could be an overstatement, a poor US treasury auction yesterday (following slumping demand in previous auctions) seems to suggest treasury investors now want/demand higher returns even though current yields are at the highest level since the beginning of December. Furthermore, even though the latest Fed meeting minutes likely pushed back US rate cut timing, using that theme alone as justification for pushing rates significantly higher is suspect with signs of US growth. Not surprisingly, the trade has virtually discounted the potential for rate cuts until June, and even then, the CME Fed watch tool suggests the probability of a rate cut is only 53%. Clearly, the treasury trade continues to look back to higher-than-expected US CPI and PPI readings from last week and that in turn has kept Inflation embers burning. Another longer-term psychological negative for US treasuries is the recent Congressional Budget Office forecast of huge deficits over the next decade running between 5% and 7% of annual GDP! Flipping back a near-term focus today the trade will be presented with the usual heavy avalanche of Thursday US scheduled data with the primary focus on initial claims which fell to the lowest level since early January last week. However, forecasts predict an increase in claims this week but that will likely be offset later following US existing home sales data which is expected to rise. On the other hand, US mortgage rates have spiked higher and mortgage applications fell off sharply last week creating the potential for a surprise dip in home sales. The North American session will start out with December Canadian retail sales which are forecast to have a moderate uptick from November's 1.8% year-over-year rate. A weekly reading on US initial jobless claims is expected to have a modest uptick from the previous 212,000 reading. Ongoing jobless claims are forecast to have a minimal downtick from the previous 1.895 million reading. The Chicago Fed's January national activity index is expected to have a modest downtick from December's -0.15 reading. The February US "flash" manufacturing PMI is forecast to have a minimal downtick from the previous 50.7 reading. January US existing home sales are expected to have a moderate increase from December's 3.78 million annualized rate. Fed Vice Chair Jefferson will speak during morning US trading hours while Philadelphia Fed President Harker, Minneapolis Fed President Kashkari, Fed Governor Cook and Fed Governor Waller will speak during the afternoon.



#### TODAY'S MARKET IDEAS:

While the bias remains down in treasuries, the markets appear to have lost downside momentum as if current consolidation low levels have adequately factored in disappointment over interest rate cut timing. Therefore, the bear camp needs a positive Takeaway from today's US scheduled report slate but given exploding global risk on sentiment from gains in global equity prices, almost anything positive from US data today should result in a downside breakout.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

## BONDS TECHNICAL OUTLOOK:

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**BONDS (MAR) 02/22/2024:** Momentum studies are declining, but have fallen to oversold levels. 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 objective is 116-300. The next area of resistance is around 118-110 and 119-010, while 1st support hits today at 117-100 and below there at 116-300.

**10 YR TREASURY NOTES (MAR) 02/22/2024:** Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 109-060. The next area of resistance is around 109-295 and 110-095, while 1st support hits today at 109-120 and below there at 109-060.

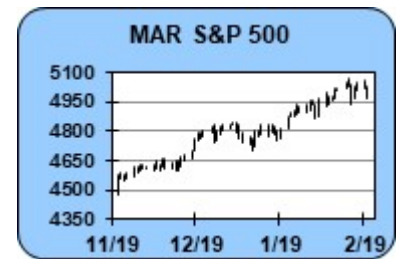
## STOCKS COMMENTARY

2/22/2024

**After skirting FOMC meeting minutes Nvidia news feeds the bulls**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
S&P 500 +55**

Global equity markets overnight were higher again carried by much better-than-expected earnings and revenues from Nvidia. Apparently Nvidia shares have become the darling of the markets with the company expected to ride the crest of a historic wave of profits from AI technology. Given the very lofty expectations for Nvidia results, the "beat" has investors in a mood to chase the market higher. Earnings announcements will include Cheniere Energy and Newmont before the Wall Street opening while Intuit and Booking Holdings report after the close.



**S&P 500:** Obviously, the fundamental and technical path of least resistance is up, with Nvidia news feeding speculative interest and likely setting the stage for new all-time highs. Fortunately for the bull camp, the last COT positioning report showed a net spec and fund "short" of 148,070 contracts, which in turn should allow for further short covering buying and more gains before the market becomes overbought. Aggressive long entry pricing today is 5020.50 with more conservative long entry pricing coming from an uptrend channel support line drawn from the October and February lows down at 4969.15.

**Other US Indexes:** While the Dow may not be set to benefit as much from fantastic Nvidia earnings as the NASDAQ and S&P, a rising tide should lift all boats. In fact, Nvidia price action has become the most important mega tech leading indicator. Unfortunately for the bull camp the Dow will likely see some headwinds from higher treasury yields, but the index will likely forge new all-time highs directly ahead. Even though the magnitude of the rally in the NASDAQ from the Nvidia earnings release has not been stellar, the potential for massive earnings from AI has been solidified again. Aggressive long entry pricing in the NASDAQ is 17,725 with very conservative long entry pricing from a six-month-old uptrend channel at 17,411 today which rises to 17,450 on Friday.

### TODAY'S MARKET IDEAS:

Even though optimism from Nvidia feels like it has reached a fever pitch, the potential for massive future AI profits should keep investors in a buying mode.

### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/22/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 4926.69. The next area of resistance is around 5004.87 and 5037.18, while 1st support hits today at 4949.63 and below there at 4926.69.

MINI-DOW (MAR) 02/22/2024: 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 daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 38252. The next area of resistance is around 38800 and 38949, while 1st support hits today at 38452 and below there at 38252.

E-MINI NASDAQ (MAR) 02/22/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 objective is now at 17219.50. The next area of resistance is around 17557.25 and 17710.50, while 1st support hits today at 17311.75 and below there at 17219.50.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAH24	117-260	34.72	38.74	11.40	7.46	118.30	118.76	120.03	121.56	120.83
TYAAH24	109-205	35.23	38.43	11.12	9.11	109.88	110.13	110.86	111.61	111.34
EPH24	4977.25	50.23	55.13	75.10	67.17	5008.00	5012.78	4981.28	4879.67	4822.83
ENQH24	17434.50	40.71	47.56	62.84	46.94	17673.31	17788.28	17697.72	17281.25	17037.49
YMH24	38626	52.72	55.61	66.66	62.71	38701.50	38668.78	38598.83	38142.91	37736.02

Calculations based on previous session. Data collected 02/21/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAH24	Bonds	116-290	117-090	117-310	118-110	119-010
TYAAH24	10 Yr Treasury Notes	109-055	109-115	109-235	109-295	110-095
EPH24	S&P E-Mini	4926.68	4949.62	4981.93	5004.87	5037.18
ENQH24	E-Mini NASDAQ	17219.50	17311.75	17465.00	17557.25	17710.50
YMH24	Mini-Dow	38251	38451	38600	38800	38949

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## CURRENCIES COMMENTARY

2/22/2024

**Without stellar US data more dollar declines ahead**

### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**US DOLLAR -417, YEN -1, SWISS +48, CA DOLLAR +310**

### Upcoming International Reports (all times CT)

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

02/23 German GDP - Detailed 1:00 AM

02/23 German IFO Business Climate 3:00 AM



**DOLLAR:** From a technical perspective, the major range down failure overnight in the dollar clearly extends the washout from the mid-February high and could target a trade below 103.00 before the end of the week. In fact, without positive US economic data today, pressure from another probable delay in rate cut timing from the meeting minutes provides a very bearish fundamental backdrop for the dollar. In our opinion, traders should sell into any post US data rally.

**Other Currencies:** Not surprisingly, the massive failure in the dollar has inspired a significant spike up breakout in the euro. In the current condition, buyers in the euro are focused on dollar vulnerability but should see additional lift from generally favorable euro zone PMI readings overnight and from a stubborn Italian inflation reading. Unfortunately, the aggressive spike up trade has created a short-term overbought technical condition with the early trade sitting more than 40 points above the initial low. Aggressive long entry pricing in the euro is 1.0840. Like the euro, the Pound is winning by default from a breakdown in the dollar but should also be in favor because of favorable GBP S&P global services and composite PMI readings for February. However, the Pound is slightly held back by a disappointing manufacturing PMI reading which remained well below the growth/no growth level of 50.0. While we hesitate to chase the pound with buy orders, aggressive traders might enter on a setback to 1.257. While the Canadian upside extension overnight argues against getting long at this morning's early levels, the bias in the US dollar has shifted down and the Canadian overnight traded above its 200-day moving average thereby projecting more gains. However, the bull camp could see a second stage buying wave later this morning if expectations for Canadian retail sales calling for a lofty gain of 0.8% are realized. Buying support for aggressive traders in the Canadian is 74.25 and next resistance is 74.65.

### TODAY'S MARKET IDEAS:

With the overnight action it appears the currency markets have embarked on fresh trends, with the dollar heading lower and nondollar currencies rising in sync.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/22/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 under the swing pivot. The next downside objective is 103.68. The next area of resistance is around 104.07 and 104.23, while 1st support hits today at 103.79 and below there at 103.68.

EURO (MAR) 02/22/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 108.5712. The next area of resistance is around 108.4425 and 108.5712, while 1st support hits today at 108.0975 and below there at 107.8813.

JAPANESE YEN (MAR) 02/22/2024: The daily stochastics have crossed over down which is a bearish indication. 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 66.59. The next area of resistance is around 66.92 and 67.07, while 1st support hits today at 66.69 and below there at 66.59.

SWISS (MAR) 02/22/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 114.36. The next area of resistance is around 114.19 and 114.36, while 1st support hits today at 113.77 and below there at 113.51.

CANADIAN DOLLAR (MAR) 02/22/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 73.80. The next area of resistance is around 74.14 and 74.24, while 1st support hits today at 73.92 and below there at 73.80.

BRITISH POUND (MAR) 02/22/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 126.69. The next area of resistance is around 126.55 and 126.69, while 1st support hits today at 126.16 and below there at 125.90.

## 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
<b>CURRENCY COMPLEX</b>										
DXAH24	103.93	50.35	54.01	70.82	63.92	104.07	104.22	103.93	102.91	102.91
JYAH24	66.80	31.80	33.84	9.74	9.52	66.90	67.00	67.60	68.99	69.12
EU6H24	108.2700	53.49	48.69	32.53	43.14	108.05	107.85	108.07	109.10	109.11
BPAH24	126.36	51.28	49.38	33.89	37.33	126.16	126.09	126.37	126.80	126.68
CAAH24	74.03	44.90	45.39	33.06	32.63	74.11	74.10	74.26	74.62	74.43
SFAH24	113.98	38.07	38.11	15.30	18.56	113.89	113.99	115.05	116.53	116.29
DAAH24	65.52	51.65	47.87	37.95	48.38	0.65	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 02/21/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	103.67	103.79	103.95	104.07	104.23
JYAH24	Japanese Yen	66.58	66.68	66.83	66.92	67.07
EU6H24	Euro	107.8812	108.0975	108.2262	108.4425	108.5712
BPAH24	British Pound	125.90	126.15	126.29	126.55	126.69
CAAH24	Canadian Dollar	73.79	73.91	74.02	74.14	74.24
SFAH24	Swiss	113.50	113.76	113.93	114.19	114.36
DAAH24	Australian Dollar	65.15	65.32	65.55	65.71	65.94

**Calculations based on previous session. Data collected 02/21/2024**

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