



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday February 23, 2024

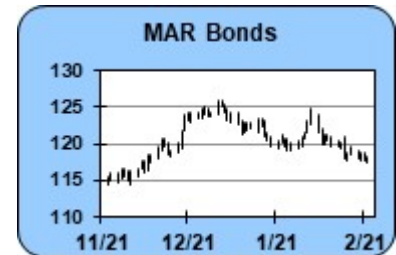
BONDS COMMENTARY

2/23/2024

The US economy remains resilient cell rallies

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS -0

Fortunately for the bull camp, the Fed's Harker overnight countervailed hawkish views from Fed members Waller and Cook yesterday who both indicated they needed more evidence and more time to have the confidence to cut rates. The Fed's Cook indicated that the US economy has become "two-sided" but indicated it was not time to cut rates yet. Another minimal support from the overnight trade came from Germany where GDP contracted which in turn ratchets up concerns of recession in Europe. With the US economic reports slate today devoid of economic reports, softer global data from the German GDP and softer Chinese house price index readings that could increase the odds March bonds will respect close in support at 117-20 today. However, the trend in treasuries from the charts remains down, the Takeaway from this week's US jobs and housing data should leave the bear camp confident despite a modest short-term oversold technical condition. Looking ahead to next week treasuries will face an avalanche of fresh treasury supply, durable goods, GDP and PCE all of which could easily provide a clear signal on the glide path of the US economy into the 2nd quarter. In our opinion, the February slide in treasury prices is partly the result of hot CPI and PPI readings and perhaps more significantly because of the potential shift from soft landing expectations to ideas the US will avoid recession altogether!



TODAY'S MARKET IDEAS:

While the trend is down, short-term technical signals are overdone, and open interest has exploded to 1.48 million contracts which is the highest open interest since the first pandemic panic in the US in early January 2020. Therefore, the next week looks to present a major volatility window with longer-term views on the direction of the US economy likely to be established and the odds growing the outlook will favor the bear camp. On the other hand, given the magnitude of the February slide of nearly 8-points, sellers should be conservative with sell orders placed at downtrend channel resistance of 119-19 today with that sell pricing dropping to 119-13 on Monday.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (MAR) 02/23/2024: 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. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 117-010. The next area of resistance is around 118-180 and 118-280, while 1st support hits today at 117-210 and below there at 117-010.

10 YR TREASURY NOTES (MAR) 02/23/2024: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is 109-030. The next area of resistance is around 109-235 and 109-305, while 1st support hits today at 109-100 and below there at 109-030.

STOCKS COMMENTARY

2/23/2024

Exuberance is becoming excessive exuberance but more gains ahead

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -3

Global equity markets continued to rally with Chinese stocks finishing with nearly two straight weeks of gains! In retrospect, this week has seen several very bullish fundamental developments which have reignited investor interest and seem to set the stage for another wave higher in stock prices ahead.

Obviously, slightly improved expectations for China helps the global economy but the dominating the bullish theme remains Nvidia which is fostering a bubble! Certainly, potential profits and dramatic tectonic changes in the way the world operates justifies such optimism but yesterday's single session \$277 billion capitalization gain in Nvidia shares smacks of excessive exuberance.



S&P 500: The trend is your friend for now and investors are bullishly biased and completely enamored with the capacity of AI to alter the world. Fortunately for the bull camp, the last COT positioning report showed the S&P futures with a moderate net spec and fund short which should leave the market with further short covering buying on top of buying generated by the momentum created by a daily pattern of all-time highs. Unfortunately for the bull camp, yesterday's aggressive range up move leaves little in the way of close in support on the charts, with 5066.50 the first logical value zone.

Other US Indexes: All things considered the Dow has traveled alongside the NASDAQ impressively this week despite a less impressive fundamental set up. However, with large Dow stocks managing to impressively circumvent the latest disappointment regarding the timing of lower US rates, the bull camp retains control and investors should not be easily rattled. Unfortunately for the bull camp the large rally yesterday leaves little in the way of close in credible support until 39,012. Just as the initial Internet phenomenon launched massive investment, the AI phenomenon is now a fully involved three alarm fire for speculators with momentum alone capable of dragging prices significantly higher. However, seeing Nvidia capitalization increase by \$277 billion in a single trading session could be one of those anecdotal signs of an impending blowoff top.

TODAY'S MARKET IDEAS:

In retrospect, the stock markets have traversed another pushback of rate cut timing largely because of the parabolic rise in Nvidia shares. With a lack of US scheduled data and an absence of key earnings reports, bullish sentiment is likely to push prices even higher.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 02/23/2024: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. 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 target is at 5170.25. The next area of resistance is around 5140.25 and 5170.25, while 1st support hits today at 5047.75 and below there at 4985.25.

MINI-DOW (MAR) 02/23/2024: The crossover up in the daily stochastics is a bullish signal. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. 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 next upside objective is 39601. The next area of resistance is around 39408 and 39601, while 1st support hits today at 38828 and below there at 38440.

E-MINI NASDAQ (MAR) 02/23/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is now at 17539.13. The next area of resistance is around 18224.25 and 18361.12, while 1st support hits today at 17813.25 and below there at 17539.13.

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	118-030	38.32	40.70	10.30	8.39	118.09	118.58	119.94	121.43	120.89
TYAAH24	109-165	33.89	37.53	10.02	7.90	109.71	109.99	110.78	111.54	111.35
EPH24	5094.00	67.94	66.78	78.23	79.88	5029.19	5026.19	4993.64	4887.80	4831.46
ENQH24	18018.75	61.69	61.37	66.18	65.94	17758.13	17836.50	17741.58	17314.12	17071.96
YMH24	39118	65.37	63.78	69.16	73.74	38770.75	38706.00	38648.33	38175.58	37792.87

Calculations based on previous session. Data collected 02/22/2024

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	117-000	117-200	117-300	118-180	118-280
TYAAH24	10 Yr Treasury Notes	109-025	109-095	109-165	109-235	109-305
EPH24	S&P E-Mini	4985.25	5047.75	5077.75	5140.25	5170.25
ENQH24	E-Mini NASDAQ	17539.12	17813.25	17950.12	18224.25	18361.12
YMH24	Mini-Dow	38439	38827	39020	39408	39601

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CURRENCIES COMMENTARY

2/23/2024

No US scheduled data should narrow ranges today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +30, YEN -7, SWISS -5, CA DOLLAR -35

Upcoming International Reports (all times CT)

02/23 German GDP - Detailed 1:00 AM
02/23 German IFO Business Climate 3:00 AM



DOLLAR: We see the dramatic washout and recovery yesterday in the dollar as a sign of a low in the dollar from both technical and fundamental perspectives. Fundamentally, the markets have been presented with clear evidence of lingering inflation in the US and have also been presented with clear evidence of a resilient US economy. Furthermore, the euro zone has seen deterioration of economic prospects with a contraction in German GDP readings overnight fostering the typical chatter of recession. However, the most powerful bullish theme for the dollar is most hawkish views from the US Fed, most of which are based on the need to see further evidence inflation is falling before cutting rates. Unfortunately for the bull camp, the massive 100 points plus rebound from yesterday's low leaves the dollar at unattractive long entry levels for conservative traders this morning and therefore we suggest buy orders at the 200-day moving average down at 103.08 or at a closer in more aggressive buy points from the charts at 103.68.

Other Currencies: Like the dollar, yesterday's massive range and reversal down in the euro complicates getting short the Euro especially with the euro this morning trading 66 ticks below yesterday's high. As indicated already Germany posted a negative quarterly GDP reading overnight and that obviously rekindles concerns of recession in Europe which combined with good US scheduled data this week leaves the Euro very vulnerable to macroeconomic differential strength in the Dollar. However, with the euro in a short-term technical uptrend channel we suggest traders be conservative with short entry pricing positioned above 1.085. We see the Pound benefiting from soft European economic data overnight and from a temporary waffling of the US dollar. However, a disappointing GBP GfK Consumer Confidence reading for February overnight provides some headwinds to what appears to be an initial positive track in the pound early today. Support is the overnight low of 1.2651 with that support bolstered by the 21-day moving average at 1.264. Looking at the charts in the Canadian, it becomes clearer why predicting the direction of the Canadian at present is extremely difficult. In addition to 40 days of sideways chop within a wide 100 points range, the Canadian has seen countless fluctuations above and below its 21-day and 200-day moving averages which signals a trendless market. Fortunately for the bull camp the Canadian has forged a pattern of higher highs this week, Canadian December retail sales beat expectations yesterday and the ability to implement a 20% tax on BC homes sold within two years of purchase highlights a resilient Western Canada housing market. In conclusion, the path of least resistance is pointing up in the Canadian with buying support pegged at 74.08, with resistance and targeting in the March Canadian seen at 74.59.

TODAY'S MARKET IDEAS:

Growing respect for the US economy should make this week's low in the dollar a significant low!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/23/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 102.79. The next area of resistance is around 104.34 and 104.67, while 1st support hits today at 103.41 and below there at 102.79.

EURO (MAR) 02/23/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 109.3037. The next area of resistance is around 108.7525 and 109.3037, while 1st support hits today at 107.8875 and below there at 107.5738.

JAPANESE YEN (MAR) 02/23/2024: 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 market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 66.41. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 66.82 and 67.00, while 1st support hits today at 66.53 and below there at 66.41.

SWISS (MAR) 02/23/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. 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 upside target is 115.06. The next area of resistance is around 114.39 and 115.06, while 1st support hits today at 113.35 and below there at 112.96.

CANADIAN DOLLAR (MAR) 02/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 74.63. The next area of resistance is around 74.41 and 74.63, while 1st support hits today at 73.98 and below there at 73.78.

BRITISH POUND (MAR) 02/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 127.63. The next area of resistance is around 127.12 and 127.63, while 1st support hits today at 126.12 and below there at 125.62.

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	103.87	48.85	53.09	66.37	57.64	103.99	104.20	103.95	102.95	102.93
JYAH24	66.67	29.64	32.54	9.12	7.73	66.83	66.93	67.52	68.88	69.09
EU6H24	108.3200	54.54	49.38	38.09	48.83	108.18	107.90	108.05	109.07	109.09
BPAH24	126.62	56.51	52.45	36.86	43.06	126.31	126.13	126.34	126.79	126.69
CAAH24	74.19	49.02	48.04	34.78	37.22	74.09	74.09	74.25	74.60	74.44
SFAH24	113.87	36.70	37.28	16.62	19.31	113.86	113.88	114.91	116.49	116.28
DAAH24	65.61	53.42	49.04	43.16	53.64	0.66	0.65	0.65	0.66	0.66

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH24	US Dollar	102.78	103.40	103.73	104.34	104.67
JYAH24	Japanese Yen	66.41	66.52	66.70	66.82	67.00
EU6H24	Euro	107.5737	107.8875	108.4387	108.7525	109.3037

BPAH24	British Pound	125.61	126.11	126.62	127.12	127.63
CAAH24	Canadian Dollar	73.77	73.98	74.20	74.41	74.63
SFAH24	Swiss	112.95	113.34	114.01	114.39	115.06
DAAH24	Australian Dollar	65.12	65.34	65.67	65.89	66.22

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