



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday February 27, 2024

## BONDS COMMENTARY

2/27/2024

### Short covering bias boosted by renewed US slowing concerns

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

Despite average demand for US treasury auction supply so far this week, bond prices have rallied (more than 1/2 point) following yesterday's midday supply offerings. The post auction rally was likely fueled by a softer than expected new home sales report earlier in the day with that reaction even more impressive when one considers this week's auctions (and likely all upcoming auctions for the foreseeable future) will offer record supply. The two and five year note auctions yesterday combined offered \$127 billion worth of fresh US debt and it is very clear the Chinese are reducing their holdings of US debt. From a classic fundamental perspective, treasuries should find additional buying interest following what is expected to be a very significant drop in January US durable goods (expectations call for a decline of -4.5%). Limiting the upside are comments overnight from the Kansas City Federal Reserve Bank President who remains concerned about inflation and is in "no rush" to cut interest rates! It should be noted that the Fed Vice chairman will speak after durables and the case Shiller home price indices are released potentially creating volatility. A recent private analysis labeled three Fed members as dovish, four members as neutral and 12 members as hawkish. However, that study labeled the KC Fed President as a "dove", and he has obviously become a hawk. The North American session will start out with a weekly private survey of same-store sales followed by the highlight for global markets, January US durable goods which are expected to have a sizable downtick from December's unchanged reading. The December Case-Shiller home price index is forecast to have a moderate uptick from November's 5.4% year-over-year rate. The December FHFA house price index is expected to have a minimal downtick from November's 0.3% reading. The Conference Board's February reading on US consumer confidence is forecast to have a minimal uptick from January's 114.8 reading. The Richmond Fed's February manufacturing index is expected to have a sizable increase from January's -15 reading. Fed Vice Chair Barr will speak during morning US trading hours.



#### TODAY'S MARKET IDEAS:

We give the edge to the bull camp from the charts with a higher low and higher high pattern unfolding. While the trade has likely factored some of a very soft US durable goods result with the recent recovery off the lows of nearly 2 points, the magnitude of the expected decline in durables is significant enough to breathe a small measure of oxygen to the dying hopes of an early 2024 US rate cut. Uptrend channel support today is 118-21 in March bonds with initial resistance seen at the 21-day moving average of 119-25.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

**BONDS (MAR) 02/27/2024:** The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 120-100. The next area of resistance is around 119-200 and 120-100, while 1st support hits today at 118-100 and below there at 117-210.

**10 YR TREASURY NOTES (MAR) 02/27/2024:** Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. 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 near-term upside objective is at 110-125. The next area of resistance is around 110-015 and 110-125, while 1st support hits today at 109-140 and below there at 109-050.

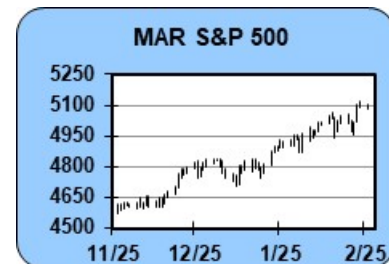
## STOCKS COMMENTARY

2/27/2024

**Overdone but soft durables could resurrect rate cut buying**

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

Global equity markets overnight were higher, with the Chinese markets recovering by more than 1%! While the charts remain supportive of the bulls, some key bellwether stocks have turned negative on the year suggesting the market is seeing some cracks in the bull case. However, the subject of a US rate cut is likely to return to the market's focus today if US durable goods come in as weak as expected! In general, overnight corporate headline flow is negative with the FTC attempting to block the Kroger/Albertsons buyout, Berkshire shares under pressure from threats of liability to wildfire damage, French scrutiny of the Microsoft deal to buy a French AI startup, and reports McDonald's in an Indian Western state will see a government investigation to determine if the restaurants are using cheese alternatives promoted as "real cheese". Earnings announcements will include Lowe's, American Tower, Sempra, AutoZone, and American Electric Power before the Wall Street opening while Republic Services, Agilent Technologies, and Devon Energy report after the close.



**S&P 500:** While the market has lost its definitive bullish buzz and the charts are showing retrenchment, today's US durable goods result and the market's reaction to that report could set the trend for the rest of this week. In other words, with estimates calling for a precipitous drop in US durable goods, the markets could fret over fears of slowing or prices could rebound sharply off rekindled rate cut hopes. Obviously, the markets were significantly overbought with the S&P over the last two weeks forging a low to high rally of 187 points! Initial support is 5066.50 and then again down at 5059.25. The question for the trade today is the markets "focus", the markets could simply resume AI inspired buying, they could shift the focus back to rate cut inspired buying, or the trade could turn sellers from disappointment toward the US economy.

**Other US Indexes:** As indicated already there are some cracks developing within the magnificent seven, with the cracks resembling overvaluation concerns and not fear of a major top. Therefore, the NASDAQ is threatened with the largest potential correction, but we see fresh long entry pricing at the 21-day moving average of 17,775 (for aggressive traders) and at the late October to present uptrend channel support line at 17,527.10 (for conservative traders). While the trend is your friend in the NASDAQ and the AI story line will not be easily and fully removed from the market, a corrective balancing setback would be healthy for the index over the long term.

### TODAY'S MARKET IDEAS:

If it were not for the market's significant resiliency (which recently has been mirrored by resilient US economic data) we would suggest traders be conservative with buy pricing on upcoming corrective action. However, the magnitude of stock valuation gains in AI associated is eye-popping and historical in magnitude which could result

in a compacted capital/margin related flush. On the other hand, if US durable goods are as weak as expected and equities rally following that report bullish control should extend.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (MAR) 02/27/2024: 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. The close below the 1st swing support could weigh on the market. The next upside target is 5116.18. The next area of resistance is around 5094.12 and 5116.18, while 1st support hits today at 5063.88 and below there at 5055.69.

MINI-DOW (MAR) 02/27/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next upside target is 39361. The next area of resistance is around 39212 and 39361, while 1st support hits today at 38992 and below there at 38921.

E-MINI NASDAQ (MAR) 02/27/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 18114.87. The next area of resistance is around 18032.75 and 18114.87, while 1st support hits today at 17895.25 and below there at 17839.88.

**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	118-310	47.05	45.87	15.28	21.79	118.45	118.41	119.73	121.24	120.98
TYAAH24	109-235	39.40	40.68	11.82	14.16	109.68	109.80	110.58	111.43	111.35
EPH24	5079.00	63.99	64.23	79.38	79.66	5071.44	5036.78	5009.71	4900.34	4847.26
ENQH24	17964.00	59.07	59.62	68.72	71.64	17914.56	17832.28	17783.76	17358.17	17129.65
YMH24	39102	64.03	62.98	74.15	78.75	38998.00	38778.67	38715.06	38234.53	37905.42

Calculations based on previous session. Data collected 02/26/2024

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	117-200	118-090	118-310	119-200	120-100
TYAAH24	10 Yr Treasury Notes	109-045	109-135	109-245	110-015	110-125
EPH24	S&P E-Mini	5055.68	5063.87	5085.93	5094.12	5116.18
ENQH24	E-Mini NASDAQ	17839.87	17895.25	17977.37	18032.75	18114.87
YMH24	Mini-Dow	38921	38992	39141	39212	39361

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## CURRENCIES COMMENTARY

2/27/2024

**Charts give the euro the edge today as does US data**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR -146, YEN +26, SWISS +23, CA DOLLAR +100**

### Upcoming International Reports (all times CT)

02/27 German GfK Consumer Confiden 1:00 AM  
02/27 France Consumer Confidence 1:45 AM  
02/27 Adv Durable Goods 7:30 AM  
02/27 Consumer Confidence 9:00 AM  
02/27 API Energy Stocks 3:30 PM  
02/28 Swiss ZEW Investor Sentiment 3:00 AM  
02/28 Euro-zone Business and Consu 4:00 AM  
02/28 Canadian Economic Accounts 7:30 AM  
02/28 GDP (Q4 '23) 7:30 AM  
02/28 EIA Energy Stocks 9:30 AM  
02/28 Japan Retail Sales 5:50 PM  
02/28 Japan Housing Starts 11:00 PM



**DOLLAR:** Technically, the dollar remains in a downtrend with lower highs and lower lows generally the rule since this month's top. Obviously, a recent developing pattern of soft US data has eroded interest in the dollar after strong data and hotter than expected inflation data early in the month provided a noted rally in the dollar of almost 200 points. Now the tables have turned in the dollar with the resiliency of the US economy in question after soft US new home sales yesterday and into what is expected to be a very soft US durable goods report today. However, US durable goods have been quite volatile since last June with a 4.5% decline today, only the third largest decline in seven months. Nonetheless, we give the edge to the bear camp with aggressive selling resistance today at 103.90.

**Other Currencies:** Like the dollar, the charts in the euro have forged a channel, with the euro channel pointing up and the dollar channel pointing down. However, the euro could be held back by signs that European nations might send troops into the Ukraine/Russian war. Fortunately for the bull camp German consumer sentiment avoided further weakening as French consumer confidence surprised the trade with slight softening today. In the end, the euro looks to win by default with uptrend channel buying support (for aggressive traders) at 1.083. While the Pound might continue to see win by default buying from dollar weakness, the currency appears to have stalled at 1.270 perhaps because of slower British grocery price inflation. However, despite the slowest pace of gain in shop prices since March 2022, GBP grocery inflation remains lofty at 5.3%, which some traders think will discourage the Bank of England from cutting rates. Key consolidation support in the pound today is 1.2650. While the Canadian appears to have found a measure of value around the 74.00 level, the bull camp will need an assist from a weaker dollar and further strength in oil prices. However, we suggest Canadian bulls exercise caution waiting for the currency to fall back toward the 21 day, and 200 day moving averages (averaging those two together equals 76.00) which in turn generally coincides with uptrend channel support of 76.05.

### TODAY'S MARKET IDEAS:

The dollar bias is down with US durable goods expected to be very soft today. Certainly, it is possible the trade has "factored" a very weak report thereby slightly increasing the prospects of an upside surprise. Nonetheless, chart pattern favor further declines in the dollar and further gains in the euro.

### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/27/2024: 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 103.43. The next area of resistance is around 103.86 and 104.06, while 1st support hits today at 103.55 and below there at 103.43.

EURO (MAR) 02/27/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 108.9975. The next area of resistance is around 108.8350 and 108.9975, while 1st support hits today at 108.3650 and below there at 108.0575.

JAPANESE YEN (MAR) 02/27/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is 66.38. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 66.71 and 66.86, while 1st support hits today at 66.47 and below there at 66.38.

SWISS (MAR) 02/27/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 114.27. The next area of resistance is around 114.07 and 114.27, while 1st support hits today at 113.64 and below there at 113.40.

CANADIAN DOLLAR (MAR) 02/27/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 74.19. The next area of resistance is around 74.13 and 74.19, while 1st support hits today at 73.99 and below there at 73.89.

BRITISH POUND (MAR) 02/27/2024: Momentum studies are trending higher from mid-range, which should support 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 127.27. The next area of resistance is around 127.08 and 127.27, while 1st support hits today at 126.64 and below there at 126.39.

## 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	103.70	43.63	49.98	56.88	46.85	103.84	104.06	104.02	103.04	102.97
JYAH24	66.59	28.43	31.71	7.76	6.08	66.68	66.77	67.34	68.70	69.02
EU6H24	108.6000	61.21	53.63	49.52	61.95	108.39	108.01	108.03	109.01	109.03
BPAH24	126.86	61.00	55.20	48.92	61.98	126.65	126.25	126.32	126.78	126.69

CAAH24	74.06	44.53	45.31	37.90	40.44	74.09	74.03	74.19	74.56	74.45
SFAH24	113.86	35.96	36.78	19.74	23.57	113.81	113.68	114.59	116.35	116.23
DAAH24	65.43	48.37	46.50	53.43	61.74	0.66	0.65	0.65	0.66	0.66

**Calculations based on previous session. Data collected 02/26/2024**  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	103.42	103.54	103.74	103.86	104.06
JYAH24	Japanese Yen	66.37	66.46	66.61	66.71	66.86
EU6H24	Euro	108.0575	108.3650	108.5275	108.8350	108.9975
BPAH24	British Pound	126.39	126.64	126.83	127.08	127.27
CAAH24	Canadian Dollar	73.88	73.98	74.03	74.13	74.19
SFAH24	Swiss	113.39	113.63	113.83	114.07	114.27
DAAH24	Australian Dollar	65.11	65.24	65.48	65.61	65.84

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