



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday March 01, 2024

BONDS COMMENTARY

3/1/2024

The bull's control soft data and a soft spin on inflation data

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

With evidence of slowing in the US economy extending this week, ongoing concern for the Chinese economy (from a softer than expected official Chinese manufacturing PMI result overnight), and talk that Germany is already in recession, leaves the bull camp with the edge in treasuries. In our opinion, the recent avalanche of US Federal Reserve speeches has favored a delay in cutting rates until more evidence of softening inflation is seen. However, at least two Fed members this week shifted dovish and perhaps most importantly the treasury trade interpreted the widely anticipated and as expected and above last month's PCE report as a sign inflation was moderating. In retrospect, the treasury market showed resiliency following record US treasury auction supply this week and has minimally supportive charts into today's US report slate which is likely to present another wave of offsetting data. The North American session will start out with February manufacturing PMI readings from the US and Canada, both of which are forecast to have mild upticks from their previous results. The February ISM manufacturing index is expected to have a mild uptick from January's 49.1 reading. January US construction spending is forecast to have a moderate downtick from December's 0.9% reading. A private survey of February the Canadian US consumer sentiment is expected to have a moderate uptick from the previous 79.0 reading. Richmond Fed President Barkin, Fed Governor Waller and Dallas Fed President Logan will speak during morning US trading hours while Atlanta Fed President Bostic, San Francisco Fed President Daly, and Fed Governor Kugler will speak during the afternoon.



TODAY'S MARKET IDEAS:

While the bias is up in treasuries, the rate of gain looks to be very modest unless the trade comes away from today's data wave with more disappointing than upbeat results. Obviously today's US ISM manufacturing employment index will be the most important, with the ISM Manufacturing prices paid report also a possible factor influencing Fed policy. If there is a bearish influence in treasuries this week it is the markets lack of noted gains in the face of a lengthening string of weak US data.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/01/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The outside day up is a positive signal. The close over the pivot swing is a somewhat

positive setup. The next upside objective is 120-090. The next area of resistance is around 119-230 and 120-090, while 1st support hits today at 118-130 and below there at 117-200.

10 YR TREASURY NOTES (JUN) 03/01/2024: 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 market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up and close above the previous day's high is a positive signal. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 111-010. The next area of resistance is around 110-245 and 111-010, while 1st support hits today at 110-040 and below there at 109-235.

STOCKS COMMENTARY

3/1/2024

Bullish resiliency buy corrections to designated support levels

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +7

Global equity markets overnight were higher except for the markets in Moscow and Hong Kong which traded fractionally lower. Clearly, bullish resiliency remains in play as equity prices overnight extended the recovery off this week's low and at times threatened contract highs. In our opinion, corporate headline news flow over the last 24 hours favors the bear camp, with Elon Musk suing OpenAI, United Health confirming a ransomware attack, a Toyota recall of 381,000 vehicles, Facebook problems in Australia and troubles with GM's Cruise all tempering the bull's control.



S&P 500: As indicated already, the S&P posted a new high for the week and approached all-time highs overnight in a sign the bulls have extended their control into another session. With many financial markets interpreting yesterday's benign PCE result into a dovish influence and two Fed members offering dovish views this week, the overall environment for stocks remains positive. Uptrend channel buying support in the March S&P today is 5030.00 with stops on longs recommended below 5019.80.

Other US Indexes: With the Dow charts overnight unable to make new highs for the week like the S&P, the Dow looks to lag and or follow the S&P today. However, large, capitalized stocks should benefit from a minimal downside breakout in US treasury yields. Unfortunately for the bull camp Boeing saw another round of negative headlines from global defense contract leaks and from concern toward United Health Group following a cyber-attack yesterday. Nonetheless, the bias is up with uptrend channel buying support in the Dow futures today at 38,827. With an upside breakout to new highs, the NASDAQ has clearly discounted a flurry of negative tech sector corporate headlines overnight perhaps because of signs of confidence for the Disney CEO and from a favorable forecast from Dell on AI server demand. Uptrend channel buying support is just under today's early action at 17,901.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp as resilient price action in the face of negative corporate headline news flow and signs of European and US slowing which in turn did not revive early US rate cut hopes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (MAR) 03/01/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up and close above the previous day's high is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 5149.12. The next area of resistance is around 5129.25 and 5149.12, while 1st support hits today at 5074.75 and below there at 5040.13.

MINI-DOW (MAR) 03/01/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 38717. The next area of resistance is around 39168 and 39288, while 1st support hits today at 38882 and below there at 38717.

E-MINI NASDAQ (MAR) 03/01/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive signal was given by the outside day up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 18303.00. The next area of resistance is around 18213.00 and 18303.00, while 1st support hits today at 17929.50 and below there at 17736.00.

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										
USAAM24	119-020	49.75	47.38	24.64	33.52	118.69	118.46	119.04	120.89	121.09
TYAAM24	110-140	44.96	43.69	15.52	20.67	110.24	110.25	110.70	111.84	111.93
EPH24	5102.00	65.14	64.85	79.57	81.00	5084.81	5061.11	5035.08	4920.61	4870.12
ENQH24	18071.25	60.78	60.49	72.99	77.45	17973.31	17876.83	17858.71	17429.78	17217.91
YMH24	39025	59.30	59.86	73.47	72.74	39001.00	38913.56	38784.17	38323.58	38038.80

Calculations based on previous session. Data collected 02/29/2024

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						
USAAM24	Bonds	117-190	118-120	118-300	119-230	120-090
TYAAM24	10 Yr Treasury Notes	109-230	110-035	110-120	110-245	111-010
EPH24	S&P E-Mini	5040.12	5074.75	5094.62	5129.25	5149.12
ENQH24	E-Mini NASDAQ	17736.00	17929.50	18019.50	18213.00	18303.00
YMH24	Mini-Dow	38716	38882	39002	39168	39288

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CURRENCIES COMMENTARY

3/1/2024

The dollar barely "wins by default"

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -18, YEN -29, SWISS -17, CA DOLLAR -15

Upcoming International Reports (all times CT)

03/01 Japan Consumer Confidence Su 12:00 AM

03/01 UK Nationwide Housing Price 1:00 AM

03/01 Swiss Retail Sales 1:30 AM

03/01 Swiss PMI 2:30 AM

03/01 France Manufacturing PMI 2:50 AM

03/01 German Manufacturing PMI 2:55 AM

03/01 Euro-Zone Manufacturing PMI 3:00 AM

03/01 UK CIPS/NTC Research Manufac 3:30 AM

03/01 Euro-zone Unemployment Rate 4:00 AM

03/01 Construction Spending 9:00 AM

03/01 ISM Manufacturing PMI 9:00 AM



DOLLAR: The bull camp in the dollar should be emboldened by the dollar's capacity to strengthen this week in the face of soft data, especially with the markets yesterday seemingly spinning the as expected PCE result into a dovish development. However, the CME Fed watch tool has not registered a noted increase in the probability of a June rate cut even in the face of an extending wave of soft US data. In other words, the trade sees weakness outside of the US as significant which in turn leaves the US with a macroeconomic differential edge. In our opinion, the currency markets do not see the US Fed cutting rates as soon as the equity and treasury markets. While we attach a low probability to a noted upside extension in the dollar today, we leave the dollar bulls with the edge.

Other Currencies: As in the dollar, the euro trade continues to shape generally neutral headline developments into a euro bearish environment. However, pressure on the euro is justified by overnight talk that Germany has already entered a recession and because of views yesterday that the ECB would cut rates in June. However, the euro does have a measure of solidifying consolidation low support just above 1.08 and could derive support from a higher than anticipated Eurozone harmonized Index of consumer prices for February. While we give the edge to the bear camp in the Pound the currency is nearing potentially solid support on the charts and the dollar is not showing signs of dominating strength. However, UK factory data disappointed some economists and UK factories are cutting jobs at the fastest clip of the pandemic era! Near-term downside targeting in the Pound is 1.260 with targeting next week seen down at 1.2570. Fortunately for the bull camp, the Canadian is significantly short-term oversold with the sharp decline over the last week. Furthermore, Canadian fourth quarter growth was stronger-than-expected (splitting hairs) which has reduced BOC rate cut expectations. The bull camp should also garner confidence from the Canadian's ability to respect and build consolidation support just above 73.50.

TODAY'S MARKET IDEAS:

While the bias in the dollar is up the currency markets continue to lack a definitive direction with suspicion toward all economies back in vogue over the last week. Therefore, the dollar bulls win by default with the most vulnerable currencies the euro and Swiss.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/01/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 103.43. The next area of resistance is around 104.35 and 104.52, while 1st support hits today at 103.80 and below there at 103.43.

EURO (MAR) 03/01/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 puts the market on the defensive. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 108.8287. The next area of resistance is around 108.4225 and 108.8287, while 1st support hits today at 107.8175 and below there at 107.6188.

JAPANESE YEN (MAR) 03/01/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 67.52. The next area of resistance is around 67.18 and 67.52, while 1st support hits today at 66.54 and below there at 66.22.

SWISS (MAR) 03/01/2024: 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 outside day down and close below the previous day's low is a negative signal. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside target is at 114.32. The next area of resistance is around 113.68 and 114.32, while 1st support hits today at 112.82 and below there at 112.58.

CANADIAN DOLLAR (MAR) 03/01/2024: 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 under the swing pivot. The next downside objective is now at 73.39. The next area of resistance is around 73.83 and 74.01, while 1st support hits today at 73.52 and below there at 73.39.

BRITISH POUND (MAR) 03/01/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance 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 near-term upside objective is at 127.05. The next area of resistance is around 126.57 and 127.05, while 1st support hits today at 125.88 and below there at 125.66.

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	104.07	57.16	56.74	49.22	47.69	103.87	103.92	104.07	103.24	103.00
JYAH24	66.86	43.14	39.55	8.86	12.79	66.66	66.73	67.03	68.41	68.90
EU6H24	108.1200	45.61	45.70	61.09	63.85	108.43	108.31	108.02	108.88	108.96
BPAH24	126.23	42.01	45.24	59.11	59.64	126.58	126.48	126.23	126.76	126.67
CAAH24	73.67	35.08	39.24	31.57	24.57	73.82	73.97	74.05	74.46	74.44
SFAH24	113.25	30.12	33.34	26.42	27.86	113.72	113.77	114.10	116.09	116.12
DAAH24	65.00	38.09	40.32	51.85	45.63	0.65	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	103.42	103.80	103.97	104.35	104.52
JYAH24	Japanese Yen	66.21	66.53	66.86	67.18	67.52
EU6H24	Euro	107.6187	107.8175	108.2237	108.4225	108.8287
BPAH24	British Pound	125.65	125.88	126.35	126.57	127.05
CAAH24	Canadian Dollar	73.38	73.51	73.69	73.83	74.01
SFAH24	Swiss	112.57	112.81	113.45	113.68	114.32
DAAH24	Australian Dollar	64.62	64.78	65.06	65.22	65.50

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