



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday March 08, 2024

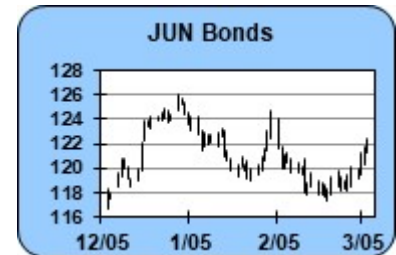
## BONDS COMMENTARY

3/8/2024

**The bias is up from a trend of softening in US data**

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

While a trend of slowing US economic data is entrenching in the treasury markets, we think a portion of the trade remains confident in the resiliency of the US economy and therefore today's US nonfarm payroll report is likely to be a watershed moment for some traders. In fact, expectations for a June US rate cut have yet to grow notably over the last week despite waves of soft US data. Last week, the CME Fed-Watch tool had a rate cut probably around 50% and this morning that probably is only 56.7%. Obviously, a lengthening string of disappointing US data points over the last two weeks suggests today's payroll reading should be soft especially after the massive upside surprise in payrolls last month smacks of a revision. Other intermediate term underpins for treasury prices is the slightly dovish statement from the Fed chairman who indicated the Fed was "not far" from getting enough competence to cut rates and from growing dovish prospects at the ECB. However, overnight several economists have suggested European and US rate cut "paths" are set to diverge with the ECB likely to act before the US Fed. While it is unwise to pin so much focus on a single scheduled data point, evidence of slowing over the last two weeks will be amplified with a disappointing payroll reading today. Normally a 200,000 monthly job gain would be considered slightly positive, especially with a 200,000 gain a middle of the road reading over the last eight months! However, the trade is embracing slowing and discounting the positives this week. The North American session will start out with the highlight for global markets, the February US employment situation report. February non-farm payrolls are expected to have a sizable downtick from January's 353,000 reading. February US unemployment is forecast to hold steady at a 3.7% rate while February average hourly earnings are expected to have a minimal downtick from January's 4.5% year-over-year rate. February Canadian unemployment is forecast to have a minimal uptick from January's 5.7% rate along with a moderate monthly increase in net employment. New York Fed President Williams will speak during morning US trading hours.



### TODAY'S MARKET IDEAS:

Obviously, the path of least resistance remains up from a fundamental perspective, with the tea leaves clearly signaling a slowdown pattern in the US. Furthermore, the bias in the treasury trade is definitively bullish thereby the markets are likely to discount a growth reading and aggressively embrace any number that ramps up slowing and raises the probability of a June cut. Critical support in the June bond market today is 121-08 with initial resistance at yesterday's high of 122-13.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

Long June bonds at 119-05 us an objective of 121-22. Risk to 118-05.

### 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 (JUN) 03/08/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 122-310. The next area of resistance is around 122-120 and 122-310, while 1st support hits today at 121-080 and below there at 120-220.

10 YR TREASURY NOTES (JUN) 03/08/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 112-045. The next area of resistance is around 111-305 and 112-045, while 1st support hits today at 111-150 and below there at 111-050.

## STOCKS COMMENTARY

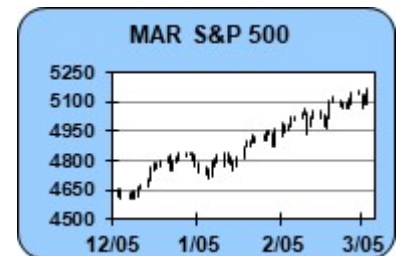
3/8/2024

**The bias is up if February payrolls are "near" expectations**

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

**S&P 500 +5**

Global equity markets overnight were mostly higher except for the markets in Great Britain and Germany which traded fractionally lower. While at times it seems like the markets are benefiting from soft data and at times it appears that bargain hunting buying from those fearful of missing out on big gains, today should be about the prospect of US easing. In other words, the current rally is lacking a list of bullish classic fundamental hallmarks of a bull market, but a lack of other alternatives and ideas that central bankers will prop up the economy, if necessary, gives investors' confidence to buy stocks at record price levels.



**S&P 500:** While softening data at some point will unnerve investors, we see more gains ahead off "soft data is good for stocks" mentality, from falling implied treasury yields and perhaps because of less uncertainty regarding central bank policy changes in the near-term. Uptrend channel buying support in the S&P today is far off the market, down at 5093.90 with closer in and more aggressive buying support pegged at 5134.50.

**Other US Indexes:** Clearly, the Dow futures are diverging with the rest of the market, as the S&P and NASDAQ continued to grind out new all-time highs while the Dow has extended a pattern of lower highs and lower lows on a weekly basis. In retrospect, several mega cap companies continue to face serious internal problems and or have posted disappointing revenues, sales, and or profits. Furthermore, investors have not seen lower action from late last month as an opportunity to bargain-hunt. In conclusion without a very positive upside extension in other sectors of the market today, the Dow could fail at a very key uptrend channel support line of 38,613. As in the S&P, the NASDAQ sits just under all-time highs this morning and is poised to extend on the upside if the trade can get beyond the US payroll reading without fireworks in either direction. Uptrend channel buying support in the NASDAQ is far off the market today at 17,835 with closer in and more aggressive buy pricing at 18,174.

### **TODAY'S MARKET IDEAS:**

While the divergence between the Dow and other sectors of the market is somewhat concerning, upside momentum from the charts, the ability to shape headlines into bullish forces and an ongoing measure of "bad data is good for stocks" sentiment leaves the bull camp with the edge. However, traders should keep in mind that massive and compacted gains can result in surprisingly large corrective action. On the other hand, if equities hold up through the post jobs release reaction, the bulls should prevail.

### **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) 03/08/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 5223.75. The next area of resistance is around 5193.00 and 5223.75, while 1st support hits today at 5109.00 and below there at 5055.75.

MINI-DOW (MAR) 03/08/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. 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 objective is 38380. The next area of resistance is around 39004 and 39172, while 1st support hits today at 38608 and below there at 38380.

E-MINI NASDAQ (MAR) 03/08/2024: The daily stochastics have crossed over up which is a bullish indication. 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. A positive signal was given by the outside day up. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 18624.68. The next area of resistance is around 18445.12 and 18624.68, while 1st support hits today at 18000.88 and below there at 17736.19.

## 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>										
USAAM24	121-260	68.84	60.89	66.12	81.76	120.96	119.87	119.19	120.43	121.20
TYAAM24	111-225	64.26	56.86	54.60	73.98	111.31	110.80	110.63	111.59	111.93
EPH24	5151.00	66.60	65.77	82.10	83.35	5122.38	5107.36	5069.67	4954.62	4911.42
ENQH24	18223.00	60.39	60.16	76.75	76.96	18122.81	18078.31	17953.38	17557.92	17386.31
YMH24	38806	50.01	53.22	59.62	50.34	38783.75	38911.78	38832.22	38418.93	38229.98

Calculations based on previous session. Data collected 03/07/2024  
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>						
USAAM24	Bonds	120-210	121-070	121-260	122-120	122-310
TYAAM24	10 Yr Treasury Notes	111-045	111-145	111-205	111-305	112-045
EPH24	S&P E-Mini	5055.75	5109.00	5139.75	5193.00	5223.75
ENQH24	E-Mini NASDAQ	17736.18	18000.87	18180.43	18445.12	18624.68
YMH24	Mini-Dow	38380	38608	38776	39004	39172

Calculations based on previous session. Data collected 03/07/2024  
Data sources can & do produce bad ticks. Verify before use.

## CURRENCIES COMMENTARY

3/8/2024

**The \$ is massively oversold, \$ bears need soft data**

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

**US DOLLAR +33, YEN +14, SWISS +10, CA DOLLAR +105**

### Upcoming International Reports (all times CT)

03/08 Japan Index of Business Cond  
03/08 German Industrial Production 1:00 AM  
03/08 German Producer Price Index 1:00 AM  
03/08 France Trade Balance 1:45 AM  
03/08 France ECRI Future Inflation 3:30 AM  
03/08 German ECRI Future Inflation 3:30 AM  
03/08 UK ECRI Future Inflation Gau 3:30 AM  
03/08 Euro-zone ECRI Future Inflat 4:00 AM  
03/08 Euro-zone GDP 4:00 AM  
03/08 Canadian Industrial Capacity 7:30 AM  
03/08 Canadian Labor Force Survey 7:30 AM  
03/08 Unemployment 7:30 AM



**DOLLAR:** About all that needs to be said about the dollar today is the trend is down because the trend in US data signals softening. A slight cushion for the dollar (which is unlikely to prevent further declines) are growing views that the ECB will need to act quicker than the US in supporting their economy. However, if today presents a downside surprise in US payrolls that will likely result in a strong range down washout in the dollar and a potential gap filling trade down to 102.41.

**Other Currencies:** The upside extension in the euro this morning is very impressive as it has clearly discounted predictions that the ECB will be quicker to cut rates than the US Fed. Therefore, it is a race to the economic bottom between Europe and the US with that pendulum likely to temporarily see the US economy as the weaker area. Unfortunately for the bull camp in the euro overnight inflation data from Europe was steady in German producer prices and declined sharply in Italian producer price readings. In conclusion, the euro is short-term overbought and is likely to see two-sided volatility following US payrolls, but we see a dip to 1.0920 as a long entry price. With the significant upside extension in the Pound this morning, it is clearly the leadership currency likely to benefit the most from a soft US jobs result. In retrospect, the ability to shrug off turbulence from the UK pre-election budget wrangling highlights a prevailing bullish bias in the Pound with targeting today projected at 1.2850. With 3rd straight day of strong upside action, the Canadian vies with the Pound as the leadership currency. Certainly, the US payroll report will largely overshadow the Canadian jobs release especially if Canadian readings are right on expectations. In the end, we favor buying breaks in the Canadian down to 74.25.

### TODAY'S MARKET IDEAS:

The Pound and Canadian have entered uptrends while the dollar and euro challenge each other and exhibit significant volatility. However, the dollar is significantly oversold from a short-term trading perspective and therefore the dollar bears will need a payroll result on the soft side of neutral.

### 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) 03/08/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 102.36. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 103.05 and 103.47, while 1st support hits today at 102.50 and below there at 102.36.

EURO (MAR) 03/08/2024: 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 110.1287. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 109.9125 and 110.1287, while 1st support hits today at 109.0975 and below there at 108.4988.

JAPANESE YEN (MAR) 03/08/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. 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. 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 target is 68.36. The next area of resistance is around 68.06 and 68.36, while 1st support hits today at 67.26 and below there at 66.77.

SWISS (MAR) 03/08/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 114.56. The next area of resistance is around 114.36 and 114.56, while 1st support hits today at 113.71 and below there at 113.24.

CANADIAN DOLLAR (MAR) 03/08/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. 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. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 74.61. The next area of resistance is around 74.49 and 74.61, while 1st support hits today at 74.10 and below there at 73.83.

BRITISH POUND (MAR) 03/08/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 128.75. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 128.51 and 128.75, while 1st support hits today at 127.63 and below there at 127.00.

## 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
<b>CURRENCY COMPLEX</b>										
DXAH24	102.78	23.30	34.15	35.18	23.02	103.41	103.66	103.92	103.44	103.00
JYAH24	67.66	66.06	55.69	34.63	57.79	67.04	66.84	66.85	67.92	68.68
EU6H24	109.5050	74.68	65.26	77.14	86.56	108.95	108.67	108.30	108.67	109.00
BPAH24	128.07	75.22	66.80	77.44	87.76	127.36	126.93	126.56	126.75	126.78
CAAH24	74.29	61.05	55.09	32.27	46.78	73.88	73.84	73.95	74.27	74.45
SFAH24	114.03	52.88	46.57	35.20	44.93	113.50	113.59	113.68	115.46	115.95
DAAH24	66.19	66.96	59.92	55.34	67.89	0.66	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 03/07/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	102.35	102.49	102.91	103.05	103.47
JYAH24	Japanese Yen	66.76	67.26	67.56	68.06	68.36
EU6H24	Euro	108.4987	109.0975	109.3137	109.9125	110.1287
BPAH24	British Pound	126.99	127.63	127.87	128.51	128.75
CAAH24	Canadian Dollar	73.82	74.09	74.21	74.49	74.61
SFAH24	Swiss	113.23	113.70	113.90	114.36	114.56
DAAH24	Australian Dollar	65.44	65.88	66.07	66.50	66.69

Calculations based on previous session. Data collected 03/07/2024

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.