



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 11, 2024

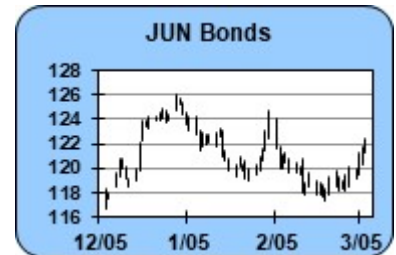
## BONDS COMMENTARY

3/11/2024

### Minimal corrective action but CPI to set the March trend

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

While treasury prices have seemingly posted an interim top, we suspect simple long profit taking and position squaring ahead of the next critical US data point in the form of CPI tomorrow is impacting the trade. In retrospect, the second half of February rally and the upside extension in early March is justified by three weeks of soft US data and somewhat acceptable progress on inflation from various scheduled inflation reports. However, with the rally off the February low exceeding four points in bonds, a minimal upside surprise in CPI tomorrow could be cause for a two point correction in bonds. Certainly, the prospect that US inflation has started to moderate has registered in the CME Fed Watch Tool which saw the probability of a June US rate cut increase by 10% last week. To start the week, the CME Fed, watch tool pegs the probability of a June cut at 57%! It should also be noted that the Bank of Japan is thought to be considering an exit from negative rates this month and for years the Japanese economy has been judged as the weakest large economy undermined by decades of malaise. Therefore, seeing Japan capable of exiting negative rates should mean the global economy is better off and retains forward motion. As indicated last week the net spec and fund positioning in treasuries shifted to net long for the first time since May 2022 which seems to indicate significant bullish sentiment is in place and might suggest concern for the pace of the US economy is building (as it should). Bonds positioning in the Commitments of Traders for the week ending March 5th showed Non-Commercial & Non-Reportable traders reduced their net long position by 24,674 contracts to a net long 11,864 contracts. In the T-Notes market Non-Commercial & Non-Reportable traders are net short 605,908 contracts after net selling 45,675 contracts. The North American session will be relatively quiet data-wise and will only have the New York Fed's February reading on 1-year US consumer inflation expectations which are expected to hold steady with January's 3.0% year-over-year rate. Earning announcements will include Oracle after the Wall Street close.



#### TODAY'S MARKET IDEAS:

Not surprisingly, the March to June contract roll sparked significant trading volume and large swings in open interest with trading volume into the February low reaching the highest level since early in 2022. While we are concerned the market is overdone on the upside with respect to "anticipated slowing" the trade is likely to stubbornly hold onto the prospects of a June cut until the CPI report renders its verdict. However, tomorrow's US CPI report will certainly have a major impact on the timing of a US cut and recent action suggests the 122-00 level in June bonds was initially viewed as "expensive". In other words, Bond prices fell back and lost upside momentum at the end of last week, with open interest and trading volume declining, which can suggest buyers became uncomfortable.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

Long June bonds at 119-05. Hit objective of 121-22.

Commitment of Traders - Futures and Options - 2/27/2024 - 3/5/2024

Non-Commercial

Commercial

Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
<b>Bonds</b>	-46,533	-31,936	-11,865	+24,673	58,397	+7,262
<b>T-Notes</b>	-639,310	-26,583	605,908	+45,675	33,402	-19,092

## BONDS TECHNICAL OUTLOOK:

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**BONDS (JUN) 03/11/2024:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 122-270. The next area of resistance is around 122-070 and 122-270, while 1st support hits today at 121-010 and below there at 120-140.

**10 YR TREASURY NOTES (JUN) 03/11/2024:** 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. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 112-205. The next area of resistance is around 112-080 and 112-205, while 1st support hits today at 111-120 and below there at 110-280.

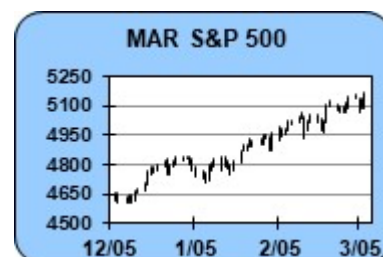
## STOCKS COMMENTARY

3/11/2024

### Consolidation and profit-taking ahead of Tuesday CPI

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -17

Global equity markets overnight were mostly lower except for the markets in China and Russia which posted moderate gains. While the markets have slipped into a corrective track, a pattern of slowing has surfaced which in turn has revitalized hope of a June US rate cut. In fact, despite the Fed's suggestions that they were not "ready yet" to declare inflation on a track lower to allow them to aid the economy, the evidence they need to cut will be on the table this week! Earning announcements will include Oracle after the Wall Street close.



**S&P 500:** In our opinion, the S&P has forged a healthy corrective setback and is approaching uptrend channel buying support at 5090.90. With the net spec and fund short remaining in place at a very lofty level, the S&P likely retains purchasing power. The March 5th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders reduced their net short position by 12,873 contracts to a net short 125,208 contracts. In retrospect, soft jobs related data seemed to prompt profit-taking late in the day Friday which produces a reversal bias with weak handed longs likely to exit prior to tomorrow's likely volatility event.

**Other US Indexes:** With the Dow clearly the weakest component of the market from the end of last month, corporate headline news remaining squarely in the bear camp for the Dow, the bull camp will need a definitive downside breakout in treasury yields tomorrow and signs inflation is coming under control (even if the annual inflation rate is above Fed targeting) to avoid further declines. Unfortunately for the bull camp Boeing remains a drag on the index with Microsoft also facing regulatory problems arising from violations of EU privacy rules. Near-term support and a target today is 38,478. The March 5th Commitments of Traders report showed Dow Jones \$5 Non-Commercial & Non-Reportable traders reduced their net long position by 4,626 contracts to a net long 17,322 contracts. Like the S&P, the NASDAQ is approaching long-term uptrend channel support (drawn from the October and February lows) at 17,874.40 today with investors seemingly seeing AI and tech related shares as

expensive. The March 5th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders are net long 11,985 contracts after net selling 6,883 contracts.

**TODAY'S MARKET IDEAS:**

Obviously, there is a slight corrective tone in place to start the trading week with last week's overbought reversal giving the bear camp a technical edge to start today. In our opinion, the stock market is too optimistic regarding a June US rate cut as the Fed chairman last week favored later rather than sooner and he wanted more evidence of softening inflation before acting. Therefore, tomorrow's US CPI report and Thursdays PPI report are major components of the Fed decision making process. The bull trend is not ending just pausing.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 2/27/2024 - 3/5/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
E-Mini S&P	-199,034	+14,987	125,209	-12,873	73,826	-2,114

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (MAR) 03/11/2024: The daily stochastics gave a bearish indicator with a crossover down. 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. 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 objective is now at 5074.32. The next area of resistance is around 5169.37 and 5216.81, while 1st support hits today at 5098.13 and below there at 5074.32.

MINI-DOW (MAR) 03/11/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 38425. The next area of resistance is around 38976 and 39181, while 1st support hits today at 38598 and below there at 38425.

E-MINI NASDAQ (MAR) 03/11/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 17717.63. The next area of resistance is around 18270.75 and 18565.62, while 1st support hits today at 17846.75 and below there at 17717.63.

**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	121-200	65.44	58.99	71.06	81.43	121.41	120.18	119.28	120.37	121.23
TYAAM24	111-260	64.75	57.19	61.80	76.71	111.54	110.98	110.65	111.56	111.94
EPH24	5133.75	61.24	62.37	81.93	80.87	5123.88	5114.33	5075.47	4963.32	4919.14
ENQH24	18058.75	52.82	55.12	75.81	73.23	18084.06	18093.89	17962.25	17592.29	17413.54
YMH24	38787	49.07	52.58	55.85	47.84	38737.75	38879.44	38828.72	38443.04	38263.25

Calculations based on previous session. Data collected 03/08/2024  
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	120-130	121-000	121-200	122-070	122-270
TYAAM24	10 Yr Treasury Notes	110-275	111-115	111-240	112-080	112-205
EPH24	S&P E-Mini	5074.31	5098.12	5145.56	5169.37	5216.81
ENQH24	E-Mini NASDAQ	17717.62	17846.75	18141.62	18270.75	18565.62
YMH24	Mini-Dow	38425	38598	38803	38976	39181

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## CURRENCIES COMMENTARY

3/11/2024

**Expect some position squaring ahead of US CPI Tuesday**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
US DOLLAR -28, YEN +12, SWISS +17, CA DOLLAR +35**

### Upcoming International Reports (all times CT)

03/11 Canadian New Housing Price I 7:30 AM  
03/11 Japan Wholesale Prices (CGPI) 6:50 PM  
03/12 German Consumer Price Index 2:00 AM  
03/12 UK Employment Situation - C1 2:00 AM  
03/12 CPI 7:30 AM  
03/12 Real Earnings 7:30 AM  
03/12 API Energy Stocks 3:30 PM



**DOLLAR:** With the rejection of last Friday's spike low, the dollar trade balances a portion of what was an extremely oversold technical condition. However, US data is clearly on a trend of softening and an "as expected" (+0.3%) CPI report tomorrow would likely send the March dollar plummeting below 102.00. In short, without sticky inflation and some signs of resiliency from US data this week, the trend in the dollar should remain down. The March 5th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders added 652 contracts to their already long position and are now net long 3,966.

**Other Currencies:** Fortunately for the bull camp in the euro a widely anticipated EU rate cut is not expected until June according to an ECB official overnight. However, at least two ECB policymakers are very dovish suggesting the need for June and July cuts! On the other hand, the speculative trade has embraced a very bearish posture toward the dollar and that should dampen corrective action in the euro today. Uptrend channel buying support in the March euro today is 1.089 with that uptrend channel support line at 1.0904 tomorrow. The Commitments of Traders report for the week ending March 5th showed Euro Non-Commercial & Non-Reportable traders net bought 6,298 contracts and are now net long 100,514 contracts. With the dollar and euro seemingly battling over which central bank will cut rates first and a Bank of England official indicating a cut in rates is "some way off" that should leave the pound as one of the strongest actively traded currencies. Uptrend channel buying support in the pound today is 1.278. While the US nonfarm payroll report last Friday garnered the market's primary focus, Canadian job gains came in twice the expected jobs gained reading and that should underpin the Canadian above 74.00. Unfortunately for the bull camp Canadian wage growth slowed thereby creating a measure of

suspicion toward last week's Canadian rally.

**TODAY'S MARKET IDEAS:**

Traders might expect Tuesday to bring a trend signal for the rest of March with a +0.2% US CPI likely to restart the precipitous slide seen in the dollar since early February! Therefore, we suspect position squaring in the coming 24 hours resulting in the early March trends becoming temporarily reversed.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**CURRENCIES TECHNICAL OUTLOOK:**

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US DOLLAR (MAR) 03/11/2024: 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 objective is now at 102.09. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 103.00 and 103.21, while 1st support hits today at 102.45 and below there at 102.09.

EURO (MAR) 03/11/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 110.0962. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 109.7075 and 110.0962, while 1st support hits today at 109.0725 and below there at 108.8263.

JAPANESE YEN (MAR) 03/11/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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 setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 68.80. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 68.47 and 68.80, while 1st support hits today at 67.72 and below there at 67.28.

SWISS (MAR) 03/11/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 114.88. The next area of resistance is around 114.41 and 114.88, while 1st support hits today at 113.72 and below there at 113.48.

CANADIAN DOLLAR (MAR) 03/11/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 74.66. The next area of resistance is around 74.37 and 74.66, while 1st support hits today at 73.94 and below there at 73.80.

BRITISH POUND (MAR) 03/11/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 129.43. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 129.00 and 129.43, while 1st support

hits today at 128.08 and below there at 127.59.

### 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	102.72	22.22	33.15	30.67	21.59	103.13	103.54	103.80	103.46	103.00
JYAH24	68.09	72.42	61.17	46.74	70.76	67.42	67.01	66.89	67.86	68.66
EU6H24	109.3900	70.10	62.85	79.50	83.93	109.15	108.76	108.39	108.67	109.02
BPAH24	128.54	79.18	70.28	80.81	87.53	127.77	127.13	126.68	126.80	126.83
CAAH24	74.15	55.90	52.20	39.70	53.83	74.02	73.86	73.94	74.25	74.46
SFAH24	114.06	53.29	46.95	41.53	53.61	113.74	113.63	113.65	115.37	115.93
DAAH24	66.25	67.45	60.32	60.84	71.86	0.66	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 03/08/2024

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### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	102.08	102.44	102.65	103.00	103.21
JYAH24	Japanese Yen	67.27	67.71	68.04	68.47	68.80
EU6H24	Euro	108.8262	109.0725	109.4612	109.7075	110.0962
BPAH24	British Pound	127.59	128.08	128.51	129.00	129.43
CAAH24	Canadian Dollar	73.79	73.93	74.23	74.37	74.66
SFAH24	Swiss	113.47	113.71	114.18	114.41	114.88
DAAH24	Australian Dollar	65.79	65.98	66.33	66.52	66.87

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