



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday March 12, 2024

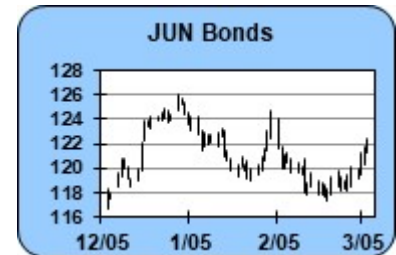
## BONDS COMMENTARY

3/12/2024

**A bullish bias needs only a minimal spark**

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

Obviously, today's US CPI report is widely anticipated by the trade and is likely to set the trend in treasuries for the coming weeks. In our opinion, the trade seems patient with the delay in US rate cuts to June, but today's inflation report could move that timing forward or backward. However, given the market's bullish bias (last week bond funds posted the biggest weekly fund injection since the middle of 2021), the June bonds managed a four week rally of five points suggesting fear of slowing and increased prospects of falling inflation have been priced. Furthermore, the net spec and fund positioning in bonds has returned to rare ground with a net long commensurate with the beginning of the pandemic lockdown when economic uncertainty was fearful of a severe recession or even "depression" in some camps. Therefore, we see treasuries as temporarily overdone on the bull track but recognize the markets capacity to spike sharply higher if US CPI is "below" +0.3%. Over the last 40 years our experience has been that inflation usually requires a slowing economy to come down, but the question today is when the slowing began and was it soon enough to impact "sticky" inflation. On the other hand, with treasury prices falling aggressively off an as expected CPI reading that probably creates a buying opportunity! Yesterday's three year note auction saw solid demand, but today's 10 year note auction of \$39 billion might present a different result if buyers demand a premium to take down the supply after the CPI report is released. In retrospect, short-term maturity auctions have had more interest than longer dated treasury securities. The North American session will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The February US consumer price index is expected to hold steady with January's 3.1% year-over-year rate. The February core consumer price index (which excludes food and energy) is forecast to have a mild downtick from January's 3.9% year-over-year rate.



### TODAY'S MARKET IDEAS:

We see a lingering bullish bias in treasuries with the markets embracing recent slowing data and treasury bond futures building in a very atypical large net spec and fund long positioning. From a longer-term perspective, we think treasuries are trading in rarefied air as the net spec and fund position is nearing the longest position since the initial pandemic panic. In our view, an aggressive long positioning in Treasuries can mean economic concerns are sky rocketing. Nonetheless, we see the potential for another range up move which we think will offer a selling opportunity. In other words, we expect the treasury markets to calm down and settle into a range after the CPI report especially if today's CPI ticks downward. Upside spike targeting is 122-30, with downside spike targeting at 120-09.

### 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 (JUN) 03/12/2024:** 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 market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 122-140. The next area of resistance is around 121-310 and 122-140, while 1st support hits today at 121-050 and below there at 120-250.

**10 YR TREASURY NOTES (JUN) 03/12/2024:** 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 market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 112-035. The next area of resistance is around 111-260 and 112-035, while 1st support hits today at 111-120 and below there at 111-070.

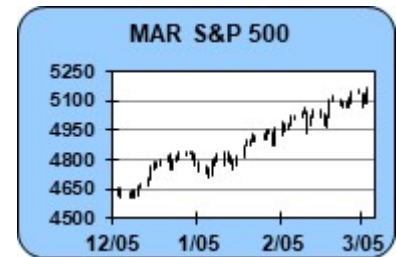
## STOCKS COMMENTARY

3/12/2024

**Go with a breakout of yesterday's ranges**

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

Global equity markets overnight were higher except for the markets in Japan, Shanghai, and Moscow. It goes without saying that today is a major junction for investors as the markets have undyingly embraced the prospects of a June rate cut, even though the Fed has insisted they need more time, and more evidence inflation has turned down. Fortunately for the bull camp, the markets have corrected last week's significant overdone condition with buyers coming in at yesterday's low signaling value might have been found. Earnings announcements will include Archer-Daniels-Midland and International Game Technology before the Wall Street opening.



**S&P 500:** In retrospect, the correction from last Friday's spike high was a healthy development from a technical perspective, but to reignite the uptrend will likely require some tangible evidence consumer inflation is coming "down". It should be noted that the PCE reading on its face did not definitively signal declining inflation, but the trade ultimately interpreted the reading as dovish for interest rates. Unfortunately for the bull camp the outlook for AI remains mixed with broad-based optimism and aggressive bargain hunting buying currently absent. Allowing for increased volatility today we see uptrend channel buying support at 5082.10.

**Other US Indexes:** While the Dow might be less vulnerable to a major washout following today's US CPI report (because of the 11 day drift lower) large companies need lower rate prospects to offset obvious signs of a downshift in the US economy. In fact, negative news for Boeing continues to flow daily, with an FAA audit overnight reportedly finding "dozens" of issues with production! Obvious support today is 38,500 but the Dow is likely to lead the markets downward with a failure of that level. While the NASDAQ should derive support from better-than-expected Oracle quarterly profits from AI demand and should see support from a Bank of America upward revision in its forecast for AI profits the trade might be temporarily distracted today. Uptrend channel support is close in on a potential volatility session at 17,836, with a more conservative long entry price seen down at 17,821.

### TODAY'S MARKET IDEAS:

While we get the impression that today will be a trend setting session, many times a widely anticipated report is a dud. In fact, the odds of an as expected +0.3% CPI gain are high, leaving investors to decide if they are patient enough to wait for a cut beyond June! On the other hand, a downtick in CPI to 0.2% could ignite a large rally in a market recently balanced by corrective action.

### NEW RECOMMENDATIONS:

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (JUN) 03/12/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 downside objective is 5143.50. The next area of resistance is around 5208.00 and 5221.50, while 1st support hits today at 5169.00 and below there at 5143.50.

MINI-DOW (JUN) 03/12/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 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 next downside target is now at 38837. The next area of resistance is around 39401 and 39494, while 1st support hits today at 39073 and below there at 38837.

E-MINI NASDAQ (JUN) 03/12/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 18058.44. The next area of resistance is around 18322.37 and 18401.93, while 1st support hits today at 18150.63 and below there at 18058.44.

**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	121-180	65.90	59.30	74.75	82.11	121.59	120.54	119.48	120.34	121.26
TYAAM24	111-190	61.09	55.33	66.76	76.69	111.62	111.15	110.73	111.53	111.95
EPM24	5188.50	59.54	61.36	80.57	77.53	5195.13	5180.17	5144.92	5029.51	4982.19
ENQM24	18236.50	50.28	53.40	73.50	68.09	18332.31	18337.03	18219.68	17856.08	17661.19
YMM24	39237	50.19	53.32	53.27	46.47	39218.25	39294.33	39282.28	38861.16	38673.82

Calculations based on previous session. Data collected 03/11/2024

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	120-240	121-040	121-190	121-310	122-140
TYAAM24	10 Yr Treasury Notes	111-065	111-115	111-210	111-260	112-035
EPM24	S&P E-Mini	5143.50	5169.00	5182.50	5208.00	5221.50
ENQM24	E-Mini NASDAQ	18058.43	18150.62	18230.18	18322.37	18401.93
YMM24	Mini-Dow	38836	39072	39165	39401	39494

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## CURRENCIES COMMENTARY

3/12/2024

**We leave the trend pointing down in the dollar**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**US DOLLAR +8, YEN -23, SWISS +18, CA DOLLAR +55**

### Upcoming International Reports (all times CT)

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  
03/13 UK Foreign Trade 2:00 AM  
03/13 UK Industrial Production 2:00 AM  
03/13 Euro-zone Industrial Product 5:00 AM  
03/13 EIA Energy Stocks 9:30 AM



**DOLLAR:** With the dollar partially correcting a significant oversold condition, a 0.2% reading from CPI should unleash another wave of aggressive selling. In our opinion, inflation stands a much higher chance of moderating in the face of a softening economy, but the question becomes did US slowing begin soon enough last month to bring down sticky inflation. We suggest traders sell a bounce in the dollar index today to 103.19.

**Other Currencies:** The euro is clearly coiling and has only minimally balanced a significantly overbought condition with a slight retrenchment this week. However, overnight consumer price index readings from Germany should provide a cushion for the euro through important US inflation data this morning. In fact, with German consumer prices gaining 0.4% on a month over month basis the euro should have a fundamental underpin. Uptrend channel buying support in the euro is far off the market today down at 1.0864 with that uptrend channel support line increasing to 1.0873 tomorrow. The corrective action in the Pound has become a shift down in the short-term trend with key chart failures overnight and a disappointing increase in the GBP unemployment rate. Fortunately for the bull camp, the claimant count was smaller than expected but above the previous reading. Therefore, the Pound has a corrective tone with as expected US CPI likely to throw the currency down toward a first retracement off the February and March rally at 1.275. Given significant volatility at the end of last week in the Canadian, traders should expect significant volatility this morning with the Canadian vulnerable to an as expected or higher than expected US CPI reading. While we think there is a 50% chance inflation could be hotter and a 50% chance inflation could be cooler, the Canadian risk and reward from the charts favors the bear camp.

### TODAY'S MARKET IDEAS:

Recent softening of US data should increase the prospects of a slight softening of US CPI today. However, it is possible that the softening of the economy did not have time to pull down sticky inflation at the consumer level. Therefore, we suggest selling a dollar rally to 103.12.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 03/12/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 102.49. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 102.97 and 103.09, while 1st support hits today at 102.67 and below there at 102.49.

EURO (MAR) 03/12/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 109.6662. The next area of resistance is around 109.4725 and 109.6662, while 1st support hits today at 109.1275 and below there at 108.9763.

JAPANESE YEN (MAR) 03/12/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 68.46. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 68.27 and 68.46, while 1st support hits today at 67.98 and below there at 67.86.

SWISS (MAR) 03/12/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 114.55. The next area of resistance is around 114.28 and 114.55, while 1st support hits today at 113.77 and below there at 113.52.

CANADIAN DOLLAR (MAR) 03/12/2024: 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 upside daily closing price reversal gives the market a bullish tilt. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 74.38. The next area of resistance is around 74.30 and 74.38, while 1st support hits today at 74.08 and below there at 73.94.

BRITISH POUND (MAR) 03/12/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 128.88. The next area of resistance is around 128.46 and 128.88, while 1st support hits today at 127.80 and below there at 127.55.

## 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	102.82	29.44	37.01	28.46	24.05	102.91	103.44	103.70	103.48	103.02
JYAH24	68.12	72.94	61.64	57.03	77.62	67.75	67.18	66.98	67.82	68.63
EU6H24	109.3000	66.69	61.02	79.83	80.04	109.33	108.85	108.50	108.66	109.04
BPAH24	128.13	66.63	62.91	81.17	81.54	128.04	127.27	126.82	126.82	126.87
CAAH24	74.19	56.49	52.60	45.92	58.36	74.17	73.89	73.97	74.23	74.46
SFAH24	114.02	50.76	45.69	46.85	57.40	113.90	113.63	113.71	115.27	115.91
DAAH24	66.15	63.78	58.21	64.47	71.73	0.66	0.66	0.65	0.66	0.66

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAH24	US Dollar	102.48	102.66	102.79	102.97	103.09

JYAH24	Japanese Yen	67.85	67.97	68.16	68.27	68.46
EU6H24	Euro	108.9762	109.1275	109.3212	109.4725	109.6662
BPAH24	British Pound	127.54	127.79	128.21	128.46	128.88
CAAH24	Canadian Dollar	73.93	74.07	74.16	74.30	74.38
SFAH24	Swiss	113.51	113.76	114.03	114.28	114.55
DAAH24	Australian Dollar	65.83	65.99	66.14	66.30	66.44

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