



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday March 20, 2024

## BONDS COMMENTARY

3/20/2024

### Tight ranges and mild strength in front of FOMC results

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS +0

The Treasury markets have maintained a tight coiling price pattern with mild strength coming into this morning's action, but that will clearly change following the release of the FOMC meeting results. While treasuries have already partially priced in recent hotter than expected inflation readings, it is difficult to believe the Fed will offer up statements, providing the ball camp with fresh confidence. Certainly, US economic data has softened half of the fundamental equation in treasuries in favor of the bull camp. In our opinion, seeing the Fed provide dialogue leaving the bull camp with anything more than a slight "token bone" would surprise the market, and perhaps suggest the economy is even weaker than recent mixed to soft data has suggested. Clearly, treasuries are short term oversold from last week's wash, but a recent unusual net spec and fund long and bonds suggests a moderate portion of the trade has return to the debate over something worse than a soft landing. In retrospect, US inflation readings have not flashed "red", suggesting the house is on fire and cause the Fed to abandon a rate cut this year, but inflation is clearly smoldering, and the fed will err to the hawkish side as has been their posture over the past two years.



#### TODAY'S MARKET IDEAS:

Bonds and Notes should stay in tight ranges and hold mild strength before the FOMC results. There is a good chance that the "dot plot" may still show 75 basis points in cuts this year and will not reflect any change until the June economic forecasts. If Fed Chair Powell has a hawkish tone in his post-meeting comments, however, Bonds and Notes could finish the day with a downside breakout to 4-month lows. Near-term resistance for June Bonds is at 119-16 while near-term resistance for June notes is at 110-21.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/20/2024: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 117-300. The next area of resistance is around 119-060 and 119-150, while 1st support hits today at 118-140 and below there at 117-300.

10 YR TREASURY NOTES (JUN) 03/20/2024: Momentum studies are still bearish but are now at oversold levels

and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 109-230. The next area of resistance is around 110-120 and 110-165, while 1st support hits today at 109-315 and below there at 109-230.

## STOCKS COMMENTARY

3/20/2024

### Subdued start followed by significant reaction to FOMC meeting results

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 +0

Global equity markets started out with a mildly positive tone as Asian stocks closed in positive territory led by gains in the Japanese Nikkei and Shanghai Composite indices. Major European stock indices and US futures are posting mild to moderate losses early today. The People's Bank of China kept benchmark Chinese rates unchanged while the latest reading on UK CPI came in lower than trade forecasts. This morning's trading will start out with a weekly private survey of mortgage applications, but the highlight for global markets will come in the early afternoon with the FOMC meeting results. While the Fed is widely expected to hold rates unchanged, their post-meeting comments should provide clues on the likelihood of rate cuts in May and/or June. More importantly, the Fed's March quarterly economic projections (which include the "dot plot") will show if their median forecast for 2024 rate cuts has shifted from the 75-basis point reduction in their December economic projections. Earnings announcements will include General Mills before the Wall Street opening while Micron Technology reports after the close.



**S&P 500:** The June S&P has been unable to follow through on Tuesday's rebound as it is holding within a tight early range under mild pressure. News that Chipotle Mexican Grill would have a 50 to 1 stock split reinforced Tuesday's optimistic tone for US stocks. The Bank of Japan's rate hike comes as other G7 nations are looking at rate cuts, and that could lead to a pullback in carry trades that would be a source of mild headwinds for US equities. There is clearly more caution in the market in front of the FOMC results, and that could make it difficult for the S&P to regain upside momentum until late in the day.

**Other US Indexes:** The Dow Jones is seeing a modest early pullback as its financial services firms clearly have a vested interest in the FOMC results later today. With Boeing continuing to generate negative headlines, the Dow may have the most to lose if the Fed has a hawkish tone later today. The Nasdaq is grinding out a mild gain early today after a more positive tone from the second day of Nvidia's developers conference. With positive news from several mega-tech companies over the past week, the Nasdaq should continue to outperform the other major US stock indices.

#### TODAY'S MARKET IDEAS:

In our opinion, the equity markets are overvalued and overconfident in first half rate cut, but the bull camp has certainly managed to shape a number of damaging developments, big tech travails, disappointment from the inflation, front, slowing data, a barrage of regulatory challenges, and the threat of a corporate tax hike. However, the equity markets have shown amazing resiliency, and simple bits and pieces of hawkish terminology from the Fed are likely to provide a buying opportunity. In fact, the S&P continues to hold a net spec and fun short position, indicating it retains speculative buying capacity. Near-term resistance for the June S&P is at 5,255 while support is down at 5,218. Near-term resistance in the June Dow Jones is at 39,600. Near-term resistance in the June Nasdaq is at 18,380.

#### NEW RECOMMENDATIONS:

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**STOCKS TECHNICAL OUTLOOK:**

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S&P E-MINI (JUN) 03/20/2024: The crossover up in the daily stochastics is a bullish signal. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 5286.43. The next area of resistance is around 5269.37 and 5286.43, while 1st support hits today at 5210.63 and below there at 5168.94.

MINI-DOW (JUN) 03/20/2024: The crossover up in the daily stochastics is a bullish signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 39875. The next area of resistance is around 39753 and 39875, while 1st support hits today at 39313 and below there at 38994.

E-MINI NASDAQ (JUN) 03/20/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 17983.25. The next area of resistance is around 18385.25 and 18455.25, while 1st support hits today at 18149.25 and below there at 17983.25.

**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	118-260	40.89	43.83	39.30	23.75	118.61	120.01	119.79	119.91	120.83
TYAAM24	110-055	39.36	41.75	34.07	20.25	110.07	110.82	110.74	111.22	111.69
EPM24	5240.00	62.87	62.99	74.65	74.96	5213.88	5215.56	5188.97	5079.63	5021.56
ENQM24	18267.25	50.97	52.80	46.25	38.06	18206.38	18300.44	18297.04	18021.28	17783.36
YMM24	39533	58.87	57.80	53.04	56.70	39310.75	39331.44	39358.11	39022.58	38813.65

Calculations based on previous session. Data collected 03/19/2024

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	117-290	118-130	118-220	119-060	119-150
TYAAM24	10 Yr Treasury Notes	109-225	109-310	110-035	110-120	110-165
EPM24	S&P E-Mini	5168.93	5210.62	5227.68	5269.37	5286.43
ENQM24	E-Mini NASDAQ	17983.25	18149.25	18219.25	18385.25	18455.25
YMM24	Mini-Dow	38993	39312	39434	39753	39875

Calculations based on previous session. Data collected 03/19/2024

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## CURRENCIES COMMENTARY

3/20/2024

### Dollar finding moderate support in front of FOMC results

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR +281, YEN -32, SWISS -35, CA DOLLAR -175

#### Upcoming International Reports (all times CT)

03/20 FOMC Meeting  
03/20 German Producer Price Index 2:00 AM  
03/20 UK Consumer Price Index 2:00 AM  
03/20 UK Producer Price Index 2:00 AM  
03/20 EIA Energy Stocks 9:30 AM  
03/20 Japan Trade Balance 6:50 PM  
03/21 Swiss Monetary Policy 2:30 AM  
03/21 France Business Climate Surv 2:45 AM  
03/21 France Manufacturing PMI Fla 3:15 AM  
03/21 France Services PMI Flash 3:15 AM  
03/21 Euro-zone Balance of Payment 4:00 AM  
03/21 UK Monetary Policy 7:00 AM  
03/21 UK Monetary Policy Minutes 7:00 AM  
03/21 Jobless Claims 7:30 AM  
03/21 Existing Home Sales 9:00 AM  
03/21 EIA Gas Storage 9:30 AM  
03/21 Japan Consumer Price Index 6:30 PM  
03/21 UK Consumer Confidence 7:01 PM



**DOLLAR:** In contrast to many financial markets early today, the Dollar has maintained upside momentum as it reached a 3-week high with moderate gains early today. While the Yen's collapse following this week's BOJ meeting has been a major source of strength, the Dollar is finding decent support against most of the major currencies coming into the Fed window.

In December, the Fed projected 75 basis points in 2024 rate cuts but the latest CME Fed Watch tool indicates that they are unlikely to start cutting rates until June. Recent US data has had mixed results, but an uptick in consumer and wholesale inflation readings since the start of this year has led many in the market to believe that the Fed may reduce their projected rate cuts this year from 75 basis points to 50 basis points. If the "dot plot" still shows 75 basis points in 2024 rate cuts and Fed Chair Powell does not have an overly hawkish tone in his post-meeting comments, the Dollar would be vulnerable to a sizable pullback late in today's action.

**Other Currencies:** The Yen continues to lose ground early today as the market feels that there will be little pullback in carry trades with Japanese rates still at low levels while the BOJ still has an accommodative monetary policy. Given its sharp losses over the past two sessions, the Yen would be a major beneficiary of surprisingly dovish post-FOMC comments. The Euro has been pressured by talk from ECB officials on starting to cut Euro zone rates in June, and could find additional pressure from a hawkish tone from the Fed. The Pound has held its ground above Tuesday's low as the latest UK CPI reading came in slightly below trade forecasts. The Canadian dollar continues to be pressured by yesterday's surprise downtick in Canadian CPI and is close to reaching a 3 1/2 month low.

#### TODAY'S MARKET IDEAS:

The Dollar should remain well supported in front of the FOMC meeting, but it will need the Fed to provide hawkish post-meeting commentary to hold onto those gains. If that does not occur, the Dollar could have a sizable pullback with the Euro and Yen the major beneficiaries. Near-term support is at 103.50 as the Dollar should maintain an upward bias this morning. Near-term resistance in the June Euro is at 109.15.

#### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

Long a May Japanese Yen 68.50/70.50 bull call spread from 28. Use an objective of 176 and risk the entire spread premium on the trade.

### CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/20/2024: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 103.97. The next area of resistance is around 103.72 and 103.97, while 1st support hits today at 103.23 and below there at 102.97.

EURO (JUN) 03/20/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 108.5775. The next area of resistance is around 109.2499 and 109.4175, while 1st support hits today at 108.8300 and below there at 108.5775.

JAPANESE YEN (JUN) 03/20/2024: 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. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 66.48. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 67.65 and 68.34, while 1st support hits today at 66.73 and below there at 66.48.

SWISS (JUN) 03/20/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 113.25. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 113.89 and 114.09, while 1st support hits today at 113.48 and below there at 113.25.

CANADIAN DOLLAR (JUN) 03/20/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 73.36. The next area of resistance is around 74.03 and 74.23, while 1st support hits today at 73.59 and below there at 73.36.

BRITISH POUND (JUN) 03/20/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 126.51. The next area of resistance is around 127.60 and 127.82, while 1st support hits today at 126.94 and below there at 126.51.

### 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>										
DXAM24	103.48	62.19	56.86	47.01	61.30	103.19	102.77	103.09	103.26	102.83
JYAM24	67.19	29.32	34.64	47.19	29.19	67.91	68.43	68.05	68.43	69.21
EU6M24	109.0400	44.16	47.85	58.25	46.33	109.18	109.53	109.24	108.94	109.36

BPAM24	127.27	47.35	50.97	58.84	49.41	127.41	127.84	127.34	126.88	126.98
CAAM24	73.81	39.36	42.47	45.49	37.14	73.94	74.14	74.03	74.20	74.47
SFAM24	113.68	25.65	31.15	34.96	21.17	113.97	114.61	114.64	115.69	116.68
DAAM24	65.49	40.45	44.25	54.74	43.65	0.66	0.66	0.66	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>						
DXAM24	US Dollar	102.97	103.22	103.47	103.72	103.97
JYAM24	Japanese Yen	66.47	66.72	67.40	67.65	68.34
EU6M24	Euro	108.5774	108.8299	108.9974	109.2499	109.4175
BPAM24	British Pound	126.50	126.94	127.16	127.60	127.82
CAAM24	Canadian Dollar	73.35	73.59	73.79	74.03	74.23
SFAM24	Swiss	113.25	113.47	113.67	113.89	114.09
DAAM24	Australian Dollar	64.89	65.18	65.50	65.79	66.10

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