



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 28, 2024

BONDS COMMENTARY

3/28/2024

Bullish resiliency faces and inflation test early today

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

Clearly, the chart structure in treasuries favors the bull camp into a very critical fundamental report on US inflation. However, while the rally over the past two weeks has been uniform with higher lows and higher highs, trading volume and open interest has flatlined sideways. In other words, the bull camp has not turned out in solid numbers which could mean the mid-March rally is simply a short covering rally within the downtrend that began back in late December. Fundamentally, US economic data has not displayed as much slowing as was seen in the US starting two weeks ago and seeing the Fed's Waller overnight indicate he needs at least two more months of soft inflation evidence before becoming comfortable with cutting rates, certainly saps buying interest from the treasury trade. Furthermore, seeing treasury prices sagging (yields rising) after yesterday's 7-Year Note auction was labeled a "robust" should be discouraging to the bull camp today. Nonetheless, we detect lingering bullish resiliency in treasuries with as expected PCE and core PCE readings capable of lifting treasury prices. In other words, market sentiment remains in a vigil for lower rates, with the trade discounting data pointing to higher rates, embracing data signaling lower rates and at times shaping negative headlines into positive treasury market headlines. However, while the PCE report will likely be the dominant today the US slate is very active with GDP and initial claims more than capable of taking the attention away from the inflation report. Estimates for GDP are for no revisions while initial claims are expected to tick upward. The North American session will start out with fourth quarter US gross domestic product which is expected to hold steady with the previous 3.2% annualized rate. Fourth quarter core personal consumption expenditures (a key Fed inflation gauge) are forecast to hold steady with the previous 2.1% reading. Initial jobless claims are expected to have a mild weekly uptick from the previous 210,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.807 million reading. January Canadian GDP is expected to have a modest uptick from December's unchanged reading. The March Chicago PMI is forecast to have a modest uptick from February's 44 reading. February US pending home sales are expected to have a sizable uptick from January's -8.8% year-over-year rate. A private survey of March US consumer sentiment is forecast to have a mild downtick from February's 76.9 reading. The Kansas City Fed's March manufacturing index is expected to have a moderate downtick from February's 3 reading.



TODAY'S MARKET IDEAS:

As indicated already we see bullish resiliency lingering in the treasury markets with as expected/unchanged readings from the prior month PCE readings favoring the bull camp. However, as we have also indicated, the March rally still appears to be a short covering rally within a bigger picture downtrend. Unfortunately for the bear camp downtrend channel resistance is so far up on the charts as to be unimportant today at 122-17. On the other hand, a shorter-term downtrend channel resistance line is in play at 120-31 in the June bond contract. Pushed into the market we expect more grinding gains, unless PCE ticks downward which would then ignite a sharp range up move.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 03/28/2024: The market now above the 60-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. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 121-000. The next area of resistance is around 120-250 and 121-000, while 1st support hits today at 119-300 and below there at 119-090.

10 YR TREASURY NOTES (JUN) 03/28/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 111-080. The next area of resistance is around 111-035 and 111-080, while 1st support hits today at 110-225 and below there at 110-135.

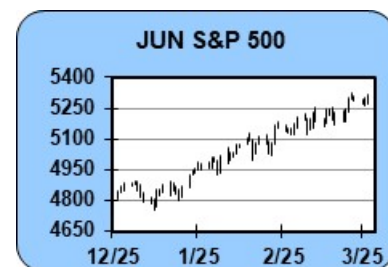
STOCKS COMMENTARY

3/28/2024

The charts remain steadfastly bullish but PCE should rule

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -5

Global equity markets overnight were higher except for the markets in Japan and Russia with the losses in Japan significant at 1.73%. Clearly, the markets are facing a critical junction this morning in the wake of a very influential PCE reading (reportedly the Fed's favorite inflation gauge) as today's data should result in a fresh evaluation and fresh forecasts on the timing of any US rate cut. However, as in the US treasury market we see bullish resiliency remaining in the equity markets unless today's report is judged to be "hot". Earnings announcements will include Walgreens Boots Alliance before the Wall Street opening.



S&P 500: We think Jim Kramer's comments last night regarding corrective action as healthy and an opportunity to get long are very applicable to today's action. While history is no indicator for future activity, buying breaks in the S&P since last October's low has been very lucrative. Furthermore, the correction from last week's high should have balanced short-term technical measures and reduced risk to longs into an avalanche of scheduled data. Perhaps the strongest argument to buy breaks is the presence of "FOMO" (fear of missing out) but we also think that two out of three possible outcomes from the PCE report (lower, unchanged, higher) favor the bull camp. Uptrend channel buying support is 5255.80.

Other US Indexes: While the correction from last week's high has likely reduced the level of risk for Dow futures longs into the US PCE report, the report could be an all or nothing proposition for today's trade. In other words, yesterday's sharp rally seems to have factored in a measure of improvement on the inflation fighting front and prices have also returned to the vicinity of all-time highs into what could be a trend setting US data window this morning. In the end, the trend is your friend with uptrend channel buying support well below the market today at 39,558 with closer in and more aggressive long entry pricing seen at 39,853. Clearly, the NASDAQ has lost some bullish resiliency this week in the face of negative headlines from Tesla and GameStop, and also from strength in Bitcoin which appears to be siphoning off investment from tech related shares. Uptrend channel buying support in the NASDAQ today is well below the market at 18,217, but considering the potential for volatility today being

conservative is not a bad idea.

TODAY'S MARKET IDEAS:

Obviously, there is the potential for a trend setting from today's data with the current trend pointing up and a measure of fear of missing out in play. However, we see Jim Kramer's comments last night as indicative of the current market condition as he focused on corrections being a healthy and necessary component of a bull market. In other words, today's view is by a post-report break.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 03/28/2024: A bullish signal was given with an upside crossover of the daily stochastics. 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. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 5345.00. The next area of resistance is around 5333.25 and 5345.00, while 1st support hits today at 5290.25 and below there at 5259.00.

MINI-DOW (JUN) 03/28/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 40509. The next area of resistance is around 40399 and 40509, while 1st support hits today at 39961 and below there at 39632.

E-MINI NASDAQ (JUN) 03/28/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 18688.43. The next area of resistance is around 18611.87 and 18688.43, while 1st support hits today at 18418.63 and below there at 18301.94.

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	120-110	59.07	54.65	31.75	37.82	119.77	119.17	119.94	119.79	120.31
TYAAM24	110-290	55.63	51.69	32.81	37.73	110.70	110.41	110.81	111.03	111.40
EPM24	5311.75	68.22	66.73	82.05	83.50	5288.69	5266.19	5234.54	5133.04	5064.05
ENQM24	18515.25	57.62	57.26	66.14	70.23	18523.25	18419.89	18384.88	18165.76	17912.35
YMM24	40180	65.51	63.26	70.28	74.00	39866.50	39732.78	39517.72	39259.73	38986.58

Calculations based on previous session. Data collected 03/27/2024

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

DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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FINANCIAL COMPLEX

USAAM24	Bonds	119-080	119-290	120-040	120-250	121-000
TYAAM24	10 Yr Treasury Notes	110-130	110-220	110-265	111-035	111-080
EPM24	S&P E-Mini	5259.00	5290.25	5302.00	5333.25	5345.00
ENQM24	E-Mini NASDAQ	18301.93	18418.62	18495.18	18611.87	18688.43
YMM24	Mini-Dow	39631	39960	40070	40399	40509

Calculations based on previous session. Data collected 03/27/2024

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CURRENCIES COMMENTARY

3/28/2024

Dollar bull's control unless PCE softens

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +251, YEN -5, SWISS -8, CA DOLLAR -135

Upcoming International Reports (all times CT)

03/28 German Retail Sales 2:00 AM
03/28 Swiss KOF Leading Indicator 3:00 AM
03/28 German Employment Situation 3:55 AM
03/28 Canadian GDP (By Industry) 7:30 AM
03/28 GDP (Q4 '23) 7:30 AM
03/28 Jobless Claims 7:30 AM
03/28 Chicago PMI^ 8:45 AM
03/28 EIA Gas Storage 9:30 AM
03/28 Japan Unemployment Rate 6:30 PM
03/28 Japan Retail Sales 6:50 PM
03/29 Japan Construction Orders 12:00 AM
03/29 Japan Housing Starts 12:00 AM
03/29 France Consumer Spending 2:45 AM
03/29 France Producer Price Index 2:45 AM
03/29 Personal Income 7:30 AM



DOLLAR: With the dollar ranging higher and posting the highest trade since the double high on February 13th and 14th a measure of an as expected or slightly higher-than-expected PCE has been factored into prices. The dollar is given added underpin from comments from the Fed's Waller who indicated he needed at least two more months of softening inflation evidence to be comfortable cutting rates as that reduced the probability of a June rate cut by nearly 10% (as per the CME Fed watch tool). However, expectations call for both PCE and core PCE to be unchanged from the prior month and therefore the dollar trade could end up taking its direction from claims or an adjustment to GDP. While we give the edge to the bull camp, we see the risk of adding to Dollar longs at current levels as extremely unattractive.

Other Currencies: The primary undermine for the euro this morning is a very surprising massive contraction in German retail sales for February overnight of 1.9%. Tempering the negative view toward the euro from the ultra-soft German retail sales reading is a modest drop in the number of unemployed in Germany. Granted the euro is now short-term technically oversold, but European fundamentals are still bearish, and the euro should extend on the downside unless US data saves the day with soft prints. Unreliable support is 1.080 with targeting seen down at 1.0780. Fortunately for the bull camp the Pound has carved out moderate consolidation low support around 1.260 as residual strength in the dollar today and an overnight 0.3% contraction in GBP GDP leaves the Pound track pointing down. As in the euro, Pound bulls need US PCE to post something softer than unchanged. The Canadian dollar also remains in a downtrend with respect to chart signals and while the Canadian has forged a consolidation support zone around 73.50 recently, we expect a downside extension unless US PCE actually ticks downward.

TODAY'S MARKET IDEAS:

The strong upside breakout in the dollar early today is primarily the result of very disappointing German retail sales and confirmation of a contraction in the UK economy as measured by GDP. However, the sharp range up action in the dollar has likely factored in PCE holding steady (unchanged) and to extend the dollar rally might require an PCE uptick.

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) 03/28/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 104.27. The next area of resistance is around 104.13 and 104.27, while 1st support hits today at 103.89 and below there at 103.79.

EURO (JUN) 03/28/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 108.3275. The next area of resistance is around 108.7600 and 108.8875, while 1st support hits today at 108.4800 and below there at 108.3275.

JAPANESE YEN (JUN) 03/28/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 66.47. The next area of resistance is around 67.13 and 67.30, while 1st support hits today at 66.71 and below there at 66.47.

SWISS (JUN) 03/28/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 111.02. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 111.77 and 111.96, while 1st support hits today at 111.31 and below there at 111.02.

CANADIAN DOLLAR (JUN) 03/28/2024: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 73.51. The next area of resistance is around 73.91 and 73.97, while 1st support hits today at 73.68 and below there at 73.51.

BRITISH POUND (JUN) 03/28/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 126.02. The next area of resistance is around 126.62 and 126.71, while 1st support hits today at 126.28 and below there at 126.02.

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										
DXAM24	104.01	63.93	60.34	80.36	88.04	104.03	103.62	103.20	103.39	103.11
JYAM24	66.92	30.22	34.02	13.93	8.96	66.88	67.20	67.82	68.14	68.66
EU6M24	108.6200	40.66	43.81	27.64	18.57	108.63	108.95	109.25	108.87	109.12
BPAM24	126.44	39.80	43.32	27.42	19.84	126.27	126.85	127.32	126.85	126.90
CAAM24	73.79	44.81	45.18	28.15	23.10	73.70	73.86	73.99	74.14	74.28
SFAM24	111.54	12.81	19.27	12.27	6.76	111.93	112.85	113.82	115.06	115.93
DAAM24	65.48	43.61	45.51	32.35	23.96	0.65	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 03/27/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.78	103.88	104.02	104.13	104.27
JYAM24	Japanese Yen	66.46	66.70	66.88	67.13	67.30
EU6M24	Euro	108.3275	108.4800	108.6075	108.7600	108.8875
BPAM24	British Pound	126.01	126.27	126.36	126.62	126.71
CAAM24	Canadian Dollar	73.50	73.67	73.74	73.91	73.97
SFAM24	Swiss	111.01	111.30	111.48	111.77	111.96
DAAM24	Australian Dollar	65.16	65.34	65.43	65.61	65.71

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