



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday April 02, 2024

BONDS COMMENTARY

4/2/2024

The bull camp needs a post data rally or else!

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

In our opinion, the magnitude of the declines in treasury prices yesterday seemed to be outsized relative to the bearish Takeaway from US scheduled data. However, yesterday's data did show positive economic traction and provided fresh signs that inflation continues to bubble in some measures. On the other hand, suspicious chatter in the gold market suggest the historic record-breaking run in gold prices might be the result of global central bankers reducing US treasury holdings as a percentage of their total reserves and raising the percentage of gold holdings! There are also potentially serious developments for the US with talk of de-dollarization, which is something the Chinese and Russians have been fantasizing about for years. From a classic diversification perspective, massive US treasury holdings by central banks could become a major liability after utilizing US treasury holdings for several years as protection against the uncertainty created by Covid. In other words, the reduction of US treasury holdings is justified by the overweighting from a global crisis and some balancing is likely underway. An interesting development is also surfacing in the treasury markets with the bond market net spec and fund long reaching the highest levels since the teeth of the Covid lockdown in the US, and the net short on five-year treasury notes narrowing to the smallest level since October. Seeing the speculative trade net long treasury bonds suggest a portion of the trade sees the current economic condition on a par with the wild uncertainty associated with the zenith of Covid panic in the US! However, the bull camp is also populated by traders expecting the US to slow, which in turn will require the Fed to react aggressively later this year. The North American session will start out with a weekly private survey of same store sales. The February JOLTS survey is expected to have a modest downtick in job openings from January's 8.863 million while "quits" are forecast to have a minimal decline from January's 3.385 million. February factory orders are expected to have a sizable uptick from January's -3.6% reading. Fed Governor Bowman will speak during morning US trading hours while New York Fed President Williams, Cleveland Fed President Mester and



TODAY'S MARKET IDEAS:

With a fresh lower low in bonds today the late March lows are targeted at 118-03 and at 109-24 in June treasury notes. In fact, we suspect a downside breakout is likely in both markets unless today's JOLTS report shows a noted reduction in job openings. However, factory orders are expected to be strong, and Fed Gov. Bowman will speak in the morning trade today. The bias is down, and major losses could be ahead if global central bankers are moving to trim US treasury holdings. On the other hand, the big picture washout potential could be dashed if this week's monthly jobs report cycle shows early signs of a deteriorating job market.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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

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BONDS (JUN) 04/02/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. A bearish signal was triggered on a crossover down in the daily stochastics. 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 117-020. The next area of resistance is around 119-220 and 121-030, while 1st support hits today at 117-220 and below there at 117-020.

10 YR TREASURY NOTES (JUN) 04/02/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 109-050. The next area of resistance is around 110-165 and 111-075, while 1st support hits today at 109-155 and below there at 109-050.

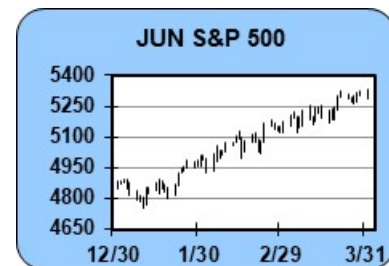
STOCKS COMMENTARY

4/2/2024

Very minimal bearish control but a trend junction looms

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

Global equity markets overnight were split with declining markets holding a minimal edge over those posting gains. Given the unrelenting bullish resiliency in equities since last October's low, the bull camp is now becoming concerned especially with companies producing negative headlines, consistent regulatory problems and decrying high costs of inputs. In a side note, layoffs at United airlines and reduced flight schedules because of delayed Boeing deliveries combined with a layoff of 430 employees at Citi provides additional bearish fodder. In what could be a very major market shattering development US regulators have announced they will probe large asset managers (BlackRock, Vanguard, and State Street) to make sure the managers are not exerting pressure on US banks, thereby violating their passive investment roles. Earnings announcements will include Paychex before the Wall Street opening while Cal-Maine Foods report after the close.



S&P 500: The corrective track in the S&P remains in place with bothersome corporate headlines, disappointment on the rate cut hunt, and fears of softening revenues pushing investors to the sidelines. However, the S&P has shown amazing resiliency since last October and aggressive selling could be avoided if the S&P holds at a very critical uptrend channel support line today of 5275.75. Unless the hope for a June rate cut is revived following today's US jobs related data, further corrective action is likely with near-term targeting seen down at 5263.00.

Other US Indexes: With a big range down failure yesterday in the Dow, followed up with early weakness today, the bear camp starts with an early edge. Certainly, yesterday's major washout was heavily attributable to the large jump in US treasury yields and that impact could continue to pressure the Dow today. Like the S&P, the Dow futures this morning sit just above a very critical uptrend channel support line at 39,676.85 and therefore the reaction to the JOLTS report and a Fed speech this morning is likely to set the trend into the Friday jobs report. The NASDAQ also continues to erode on its charts but has already violated term uptrend channel support early today. While not a major impact on the NASDAQ, Trump Media & Technology shares fell sharply after massive gains on their opening trade, and therefore those trading meme stocks are likely discouraged.

TODAY'S MARKET IDEAS:

While we see further erosion in prices, the trade appears to be building toward a trend decision likely from the upcoming cycle of monthly US jobs data. In other words, the hope for multiple rate cuts in the US has been dashed recently and the question in the coming days is will rate cut hopes be rekindled?

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/02/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day down is somewhat negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 5249.19. The next area of resistance is around 5318.62 and 5351.68, while 1st support hits today at 5267.38 and below there at 5249.19.

MINI-DOW (JUN) 04/02/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down and close below the previous day's low is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 39355. The next area of resistance is around 40093 and 40516, while 1st support hits today at 39513 and below there at 39355.

E-MINI NASDAQ (JUN) 04/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside objective is 18703.25. The next area of resistance is around 18597.00 and 18703.25, while 1st support hits today at 18399.50 and below there at 18308.25.

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
FINANCIAL COMPLEX										
USAAM24	118-220	40.93	43.79	35.29	35.01	119.73	119.40	119.86	119.79	120.16
TYAAM24	110-000	37.54	40.94	34.06	31.76	110.58	110.51	110.73	110.97	111.31
EPM24	5293.00	62.36	63.29	82.46	81.76	5294.50	5287.97	5248.15	5147.78	5079.98
ENQM24	18498.25	56.36	56.51	67.44	68.85	18487.25	18493.44	18397.89	18194.22	17966.88
YMM24	39803	53.17	55.12	72.20	71.29	39958.00	39904.33	39597.11	39325.31	39045.12

Calculations based on previous session. Data collected 04/01/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAM24	Bonds	117-010	117-210	119-020	119-220	121-030
TYAAM24	10 Yr Treasury Notes	109-045	109-150	110-060	110-165	111-075

EPM24	S&P E-Mini	5249.18	5267.37	5300.43	5318.62	5351.68
ENQM24	E-Mini NASDAQ	18308.25	18399.50	18505.75	18597.00	18703.25
YMM24	Mini-Dow	39354	39512	39935	40093	40516

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CURRENCIES COMMENTARY

4/2/2024

Dollar strength despite strong euro data is suspicious

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -29, YEN +3, SWISS -35, CA DOLLAR +120

Upcoming International Reports (all times CT)

04/02 UK Nationwide Housing Price 1:00 AM
04/02 Swiss Retail Sales 1:30 AM
04/02 Swiss PMI 2:30 AM
04/02 France Manufacturing PMI 2:50 AM
04/02 German Manufacturing PMI 2:55 AM
04/02 Euro-Zone Manufacturing PMI 3:00 AM
04/02 UK CIPS/NTC Research Manufac 3:30 AM
04/02 Factory Orders 9:00 AM
04/02 API Energy Stocks 3:30 PM
04/02 Japan Services PMI 7:30 PM
04/03 Euro-zone Unemployment Rate 4:00 AM
04/03 ISM Services PMI 9:00 AM
04/03 EIA Energy Stocks 9:30 AM



DOLLAR: Obviously, signs of softening US data have been discounted as the dollar extended yesterday's sharp range up move and has reached the highest level since early November. However, the consistent reduction in US rate cut projections is certainly justification for part of the strength in the dollar, but it is also possible upcoming jobs related data will rekindle rate cut hopes and catch the dollar massively overvalued! On the other hand, given the strong range up action recently we suggest those interested in selling the dollar restrict positions to long puts.

Other Currencies: With the euro adding to yesterday's sharp range down extension, a "sweep" of favorable European PMI data has been summarily discounted. Apparently, aggressive US dollar buying by funds has left the euro under pressure with internal economic news unimportant for now. However, like the dollar we are uncomfortable fading recent action especially with upcoming US jobs data potentially a major market junction. In a more surprisingly negative reaction to positive data than in the euro, the Pound also remains near yesterday's spike low early today. In addition to UK house prices increasing by the most since December 2022, UK factories showed the first growth in almost 2 years. However, the Pound might be under pressure because of UK shop price gains slowing which in turn increases speculation of a BOE cut. At least in the early action today we see key support holding at 1.2543. So far, the Canadian has avoided the pressure flowing from a strengthening dollar perhaps because of noted strength in energy and metals prices and from an 11 month high in Canadian factory PMI. Close in support in the Canadian today is seen at 73.57, with the Canadian likely the best bet against the dollar.

TODAY'S MARKET IDEAS:

While we are highly suspicious of the dollar rally, it is managing to rally in the face of threats of intervention to support the yen and in the face of an avalanche of favorable European PMI data! On the other hand, the US monthly jobs report cycle kicks off today and precipitous weakness in the jobs market would certainly "catch" the dollar overbought.

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) 04/02/2024: 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. 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 near-term upside objective is at 105.26. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 105.04 and 105.26, while 1st support hits today at 104.38 and below there at 103.92.

EURO (JUN) 04/02/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 107.1863. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 108.0974 and 108.5562, while 1st support hits today at 107.4125 and below there at 107.1863.

JAPANESE YEN (JUN) 04/02/2024: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 66.49. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 66.86 and 67.02, while 1st support hits today at 66.60 and below there at 66.49.

SWISS (JUN) 04/02/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 110.96. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 111.82 and 112.23, while 1st support hits today at 111.19 and below there at 110.96.

CANADIAN DOLLAR (JUN) 04/02/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 73.42. The next area of resistance is around 73.95 and 74.21, while 1st support hits today at 73.56 and below there at 73.42.

BRITISH POUND (JUN) 04/02/2024: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 124.69. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 126.03 and 126.78, while 1st support hits today at 124.99 and below there at 124.69.

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
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CURRENCY COMPLEX

DXAM24	104.71	74.59	68.42	86.79	92.97	104.27	103.93	103.32	103.46	103.20
JYAM24	66.73	27.02	31.96	10.47	7.03	66.83	66.92	67.72	68.03	68.49
EU6M24	107.7550	28.28	34.59	19.02	10.55	108.32	108.68	109.13	108.81	109.05
BPAM24	125.51	29.30	35.59	20.65	12.97	126.11	126.51	127.19	126.79	126.88
CAAM24	73.75	42.68	43.84	27.16	25.58	73.78	73.82	74.00	74.12	74.23
SFAM24	111.50	22.18	24.82	10.47	8.70	111.61	112.34	113.52	114.81	115.66
DAAM24	65.02	33.94	39.13	24.76	16.55	0.65	0.65	0.66	0.66	0.66

Calculations based on previous session. Data collected 04/01/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.92	104.37	104.59	105.04	105.26
JYAM24	Japanese Yen	66.48	66.59	66.75	66.86	67.02
EU6M24	Euro	107.1862	107.4124	107.8712	108.0974	108.5562
BPAM24	British Pound	124.68	124.98	125.73	126.03	126.78
CAAM24	Canadian Dollar	73.41	73.55	73.81	73.95	74.21
SFAM24	Swiss	110.95	111.18	111.59	111.82	112.23
DAAM24	Australian Dollar	64.54	64.72	65.13	65.31	65.72

Calculations based on previous session. Data collected 04/01/2024

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