



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 04, 2024

BONDS COMMENTARY

4/4/2024

The bull camp is on the rocks and facing key data today

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

In retrospect, yesterday's developments were a mixed bag of bullish and bearish signals for Treasuries. In fact, US scheduled data offered good and bad readings on activity, with two positive jobs related reports (ADP and ISM services employment index) countervailed by a very significant drop in ISM services prices paid. While the ISM services prices paid reading is not a top-tier inflation signal, the precipitous drop in that reading serves to drop inflation concerns modestly. Even this week's Fed dialogue has been mixed with the bull camp in treasuries fighting to spin Fed wording into something definitively positive. In retrospect, the bull camp attempted to play up Fed chairman comments that a US rate cut was likely "this year". However, the vagueness of how soon and how many cuts the Fed sees is obviously up in the air with the Fed waiting on more inflation information and to a lesser degree waiting for more information on the status of the US economy. In fact, in our opinion the Fed is much less concerned with the threat of slowing as the US economy continues to hold together with jobs data is holding together better than other measures. Continuing this week's focus on jobs, today's US Challenger Jobs Cuts report for March and US initial claims will set the tone for the coming 36-hours with any replication of the stronger-than-expected ADP readings likely throwing treasuries back to yesterday's spike low. The North American session will start out with a weekly private survey of mortgage applications followed by the March ADP employment survey which is forecast to have a mild uptick from February's 140,000 reading. The March ISM services PMI is expected to have a minimal uptick from February's 52.6 reading. Fed Governor Bowman will speak during morning US trading hours while Fed Chair Powell, Chicago Fed President Goolsbee, Fed Vice Chair Barr and Fed Governor Kugler will speak during the afternoon.



TODAY'S MARKET IDEAS:

While we see the prevailing trend pointing down in treasuries, the four point decline in bonds from last week's high has the market short-term oversold from technical and fundamental perspectives. However, ongoing chatter that global central bankers are reducing treasury holdings in favor of raising gold holdings, declining prospects of a June rate cut (55% versus 65% last week) should leave the bear camp confident. On the other hand, the bear camp needs positive views toward the job sector from early data today to fully resume this week's slide.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/04/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 116-110. The next area of resistance is around 118-150 and 118-280, while 1st support hits today at 117-070 and below there at 116-110.

10 YR TREASURY NOTES (JUN) 04/04/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 109-050. The next area of resistance is around 110-040 and 110-085, while 1st support hits today at 109-185 and below there at 109-050.

STOCKS COMMENTARY

4/4/2024

Trend junction looms without fresh rate cut hope prices dive

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +15

Global equity markets overnight were higher except for the markets in China and Hong Kong which traded modestly lower. The equity markets remain in a liquidation watch with a surge in interest rates, ongoing negative corporate headline flow, and a lack of definitive rate cut timing undermining sentiment. In fact, over the last 72 hours there has been a minimal shift from expectations of several rate cuts to perhaps only one rate cut this year and that should leave the bear camp in control. Earnings announcements include Con-Agra Brands before the Wall Street opening.



S&P 500: Fortunately for the bull camp in the S&P the correction from the all-time high on Monday was forged on declining open interest and relatively low trading volume, potentially indicating a lack of broad interest in pressing the short side. However, corporate headline flow continues to discourage investors and the markets have not received clear direction from a plethora of Fed speeches this week. While we see potentially strong support at 5244.50, upcoming data has the potential to set the trend in equities for the rest of the second quarter! Uptrend channel support is 5254.10 but given the potential for volatility over the coming 36 hours, traders will need to expand risk parameters to account for surprise wild price swings.

Other US Indexes: The Dow should be relieved with the end of the Disney proxy battle, but it remains to be seen if the board and CEO Bob Iger can revitalize the media giant which is in historical disarray. Furthermore, negative news from Boeing continues to flow following news of a sharp decline in 737 production which is reportedly the result of even more aggressive FAA oversight. However, in today's action the Dow and equities in general will likely take their clues from macroeconomic signals with good jobs data bad for stock prices and bad jobs data good for stock prices. If today were a normal trading session uptrend channel support in the Dow would be 39,403 but the markets are likely to leap to a conclusion on rate cut timing from today's jobs data.

TODAY'S MARKET IDEAS:

There is a significant amount of uncertainty in the current market and typically investors do not like uncertainty. In fact, better US jobs data today will certainly expand interest rate cut uncertainty especially if the net take away from US jobs is upbeat.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/04/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 5229.69. The next area of resistance is around 5287.37 and 5302.18, while 1st support hits today at 5251.13 and below there at 5229.69.

MINI-DOW (JUN) 04/04/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 objective is 39204. The next area of resistance is around 39640 and 39781, while 1st support hits today at 39352 and below there at 39204.

E-MINI NASDAQ (JUN) 04/04/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 18145.32. The next area of resistance is around 18496.62 and 18583.81, while 1st support hits today at 18277.38 and below there at 18145.32.

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	117-270	35.04	39.47	30.43	26.90	118.61	119.15	119.41	119.68	120.00
TYAAM24	109-270	37.03	40.18	29.87	27.61	110.07	110.38	110.53	110.88	111.21
EPM24	5269.25	54.43	58.28	76.23	69.57	5282.31	5287.56	5255.74	5160.11	5095.98
ENQM24	18387.00	49.08	52.22	63.51	59.35	18423.63	18484.11	18394.65	18217.91	18023.62
YMM24	39496	44.99	49.29	62.04	50.79	39730.50	39845.78	39628.44	39359.47	39093.50

Calculations based on previous session. Data collected 04/03/2024

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	116-100	117-060	117-190	118-150	118-280
TYAAM24	10 Yr Treasury Notes	109-045	109-180	109-225	110-040	110-085
EPM24	S&P E-Mini	5229.68	5251.12	5265.93	5287.37	5302.18
ENQM24	E-Mini NASDAQ	18145.31	18277.37	18364.56	18496.62	18583.81
YMM24	Mini-Dow	39203	39351	39492	39640	39781

Calculations based on previous session. Data collected 04/03/2024

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CURRENCIES COMMENTARY

4/4/2024

Without resilient jobs data the \$ uptrend has been shattered

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -112, YEN -6, SWISS -47, CA DOLLAR +125**

Upcoming International Reports (all times CT)

04/04 Swiss Consumer Price Index 1:30 AM
04/04 France Services PMI 2:50 AM
04/04 German Service PMI 2:55 AM
04/04 Euro-Zone Services PMI 3:00 AM
04/04 UK CIPS/NTC Research Service 3:30 AM
04/04 Euro-zone Industrial Produce 4:00 AM
04/04 Canadian International Merch 7:30 AM
04/04 Jobless Claims 7:30 AM
04/04 US Trade Balance 7:30 AM
04/04 EIA Gas Storage 9:30 AM
04/04 Japan Household Spending 6:30 PM
04/05 Japan Index of Business Cond
04/05 Japan Leading Indicators 12:00 AM
04/05 German Manufacturing Orders 1:00 AM
04/05 German Manufacturing Turnove 1:00 AM
04/05 UK Halifax Housing Price Ind 1:00 AM
04/05 France Industrial Production 1:45 AM
04/05 France ECRI Future Inflation 3:30 AM
04/05 German ECRI Future Inflation 3:30 AM
04/05 UK ECRI Future Inflation Gau 3:30 AM
04/05 Euro-zone ECRI Future Inflat 4:00 AM
04/05 Euro-zone Retail Trade 4:00 AM
04/05 Canadian Labor Force Survey 7:30 AM
04/05 Unemployment 7:30 AM
04/05 Canadian PMI 9:00 AM
04/05 Consumer Credit 2:00 PM



DOLLAR: With yesterday's sharp range down slide extended in today's early action the charts have shifted negative in the dollar. In retrospect, yesterday's US scheduled data offered mixed signals which we think favors the bear camp as the passage of each data point without increasing the odds of a June rate cut should have lifted the Dollar sharply this week. Adding to the downward bias in the dollar early today is a clean sweep of European HCOB composite and services PMI readings for March overnight. Near-term downside targeting in the June dollar becomes 103.71 if today's US jobs data is mixed or offsetting. On the other hand, if the data highlights an ongoing strong US jobs market, 103.78 could become a key bottom.

Other Currencies: As indicated already, euro zone HCOB composite and services PMI readings released this morning were positive across the board and that should begin to increase bullish sentiment toward the euro. However, a three-day low to high rally of 130 points combined with a market obsessed with US central bank policy suggests significant volatility will be seen in the euro over the coming 36 hours. Pushed into the euro, we favor the short side as the US economy has shown resiliency. While the euro zone posted a wave of positive PMI readings overnight, S&P global/CIPS composite and services PMI readings from the UK were disappointing leaving the pound vulnerable to even slightly positive US jobs data. In fact, a three-day low to high rally in the pound of 140 points leaves the currency vulnerable from a technical perspective. With an upside breakout in the Canadian, forged primarily from the washout in the dollar, the Canadian might avoid the potential volatility of US jobs data and continue to claw toward the middle of the 2024 consolidation zone up at 74.50.

TODAY'S MARKET IDEAS:

We see the potential for a major trend decision in the currency markets in the coming 36 hours! In our opinion, the dollar bulls will need a distinct revival of early rate cut hope following jobs data this morning or dollar declines could accelerate.

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) 04/04/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 103.53. The next area of resistance is around 104.32 and 104.76, while 1st support hits today at 103.71 and below there at 103.53.

EURO (JUN) 04/04/2024: The crossover up in the daily stochastics is a bullish signal. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 109.2350. The next area of resistance is around 109.0400 and 109.2350, while 1st support hits today at 108.3100 and below there at 107.7750.

JAPANESE YEN (JUN) 04/04/2024: Daily stochastics are trending lower but have declined into oversold territory. 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 66.45. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 66.79 and 66.91, while 1st support hits today at 66.57 and below there at 66.45.

SWISS (JUN) 04/04/2024: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 112.26. The next area of resistance is around 112.04 and 112.26, while 1st support hits today at 111.24 and below there at 110.65.

CANADIAN DOLLAR (JUN) 04/04/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The outside day up and close above the previous day's high is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 74.35. The next area of resistance is around 74.19 and 74.35, while 1st support hits today at 73.78 and below there at 73.51.

BRITISH POUND (JUN) 04/04/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 target is 127.29. The next area of resistance is around 127.02 and 127.29, while 1st support hits today at 126.09 and below there at 125.42.

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	54.15	55.30	86.64	83.12	104.40	104.16	103.50	103.51	103.29
JYAM24	66.67	26.47	31.51	7.98	5.94	66.75	66.81	67.54	67.92	68.35
EU6M24	108.6750	49.42	48.20	19.65	24.69	108.17	108.46	108.98	108.78	108.99
BPAM24	126.56	49.40	48.37	18.96	21.16	126.01	126.19	127.00	126.75	126.85
CAAM24	73.98	53.31	50.54	28.93	33.68	73.85	73.79	73.95	74.09	74.20
SFAM24	111.64	32.84	31.47	9.43	10.43	111.48	111.78	113.12	114.54	115.38
DAAM24	65.77	54.81	51.97	23.97	28.23	0.65	0.65	0.66	0.66	0.66

Calculations based on previous session. Data collected 04/03/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.52	103.70	104.14	104.32	104.76
JYAM24	Japanese Yen	66.44	66.56	66.67	66.79	66.91
EU6M24	Euro	107.7750	108.3100	108.5050	109.0400	109.2350
BPAM24	British Pound	125.41	126.08	126.35	127.02	127.29
CAAM24	Canadian Dollar	73.50	73.77	73.93	74.19	74.35
SFAM24	Swiss	110.64	111.23	111.45	112.04	112.26
DAAM24	Australian Dollar	64.97	65.43	65.63	66.10	66.30

Calculations based on previous session. Data collected 04/03/2024

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