



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 11, 2024

BONDS COMMENTARY

4/11/2024

Ultimately the trend remains down targeting in bonds 115-01

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

While the hot US CPI report yesterday resulted in a 50% decline in trade expectations for a June rate cut, the bearish tilt in the market could be accentuated today if US claims decline as the recent Fed meeting minutes showed the majority opinion in the Fed was neutral and therefore in need of "softening" growth and falling inflation and not steady to slightly higher inflation! Adding into the bear case is a very disappointing US 10 year treasury note auction yesterday, which Rick Santelli gave a grade of "D". On the other hand, bearish sentiment is escalating dramatically and could become overdone soon with some chatter in the market suggesting there might not be any rate cuts this year. Certainly, treasuries are short-term technically oversold but with the net spec and fund long in treasury bonds recently nearing the highest levels since the pandemic panic, the market likely retains some stop loss selling especially without a "softer than expected" US PPI. It should be noted the markets will be presented with at least two Fed speeches today from members thought to be hawkish. The North American session will start out with the March US producer price index which is expected to have a moderate uptick from February's 1.6% year-over-year rate. The March US core producer price index (excluding food and energy) is forecast to have a mild uptick from February's 2.0% year-over-year rate. A weekly reading on initial jobless claims is expected to have a mild downtick from the previous 221,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.791 million reading. New York Fed President Williams will speak during morning US trading hours while Boston Fed President Collins and Atlanta Fed President Bostic will speak during the afternoon.



TODAY'S MARKET IDEAS:

While we think the treasury market retains some bullish resiliency, a very poor 10 year note auction yesterday, a 50% decline in June US rate cut expectations, higher-than-expected CPI yesterday, and severe damage on the charts, the bear camp has significant ammunition. Near-term downside targeting in June bonds becomes 115-01 especially if US PPI is at or above expectations of +0.3%.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/11/2024: The daily stochastics gave a bearish indicator with a crossover down. 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. A negative signal was given by the outside day down. 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 113-130. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 117-050 and 119-060, while 1st support hits today at 114-090 and below there at 113-130.

10 YR TREASURY NOTES (JUN) 04/11/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 107-000. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 109-040 and 110-095, while 1st support hits today at 107-155 and below there at 107-000.

STOCKS COMMENTARY

4/11/2024

The charts are bearish with fundamentals also bearish

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

Global equity markets overnight were mostly lower except for the markets in Tokyo, Shanghai, Hong Kong, and France which managed very modest gains. For now, the fundamental condition has shifted definitively in favor of the bear camp with obvious disappointment from another pushback in US rate cut timing. Furthermore, US bank profit fears are concerning investors, and investors are reportedly adjusting portfolios to more defensive issues. Earnings announcements will include Constellation Brands and Fastenal before the Wall Street opening.



S&P 500: With the lower low yesterday forged on a noted jump in S&P trading volume the downside breakout this week is given added credence. While not a major support point, downtrend channel support today is relatively close at 5172.50, but that support will not hold if US PPI is steady-to-higher in both headline and core readings.

Other US Indexes: Obviously, the surge in interest rates undermines large company shares in the Dow leaving investors heading for the exits. Adding to the bearish concern in the marketplace is the potential for disappointing US bank earnings and the potential for a rekindling of inflation concerns from this morning's PPI report. Downtrend channel support in the June Dow today is relatively close at 38,518.50 with that level unlikely to hold if the markets judge US PPI to be inflationary in any regard. In retrospect, the washout in the NASDAQ yesterday was the least significant of the key index measures but reports of a widespread global hacking attack and news of a \$525 million judgement against Amazon should keep tech investors heading to the exits. For now, not only is the downtrend channel in the NASDAQ less steep than in other markets, trendline support today is very close at 18,053.

TODAY'S MARKET IDEAS:

While the path of least resistance remains down in the equity markets today, the market does not feel to be as vulnerable to rate cut disappointment as yesterday and there is a chance US PPI will countervail some of the inflation concern generated by CPI yesterday. In the end, timing for a US rate cut has been pushed back in the number of 2020 for rate cuts has been reduced, leaving the bear camp with control.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/11/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The outside day down is a negative signal. The close below the 1st swing support could weigh on the market. The next downside objective is now at 5106.25. The next area of resistance is around 5253.00 and 5323.25, while 1st support hits today at 5144.50 and below there at 5106.25.

MINI-DOW (JUN) 04/11/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. 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 outside day down and close below the previous day's low is a negative signal. 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 38079. The next area of resistance is around 39077 and 39588, while 1st support hits today at 38323 and below there at 38079.

E-MINI NASDAQ (JUN) 04/11/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The daily closing price reversal down is a negative indicator for prices. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 17795.07. The next area of resistance is around 18378.12 and 18636.56, while 1st support hits today at 17957.38 and below there at 17795.07.

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	115-230	29.85	34.11	25.81	20.24	117.09	117.91	118.53	119.17	119.56
TYAAM24	108-095	26.46	31.15	23.60	16.45	109.21	109.69	110.05	110.53	110.93
EPM24	5198.75	39.91	46.32	50.06	38.35	5244.25	5255.89	5260.85	5186.67	5127.35
ENQM24	18167.75	41.38	45.71	43.01	35.48	18293.88	18327.00	18372.88	18270.39	18118.50
YMM24	38700	31.71	38.07	30.25	19.35	39103.00	39362.44	39545.61	39371.84	39165.72

Calculations based on previous session. Data collected 04/10/2024

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	113-120	114-080	116-090	117-050	119-060
TYAAM24	10 Yr Treasury Notes	106-315	107-150	108-205	109-040	110-095
EPM24	S&P E-Mini	5106.25	5144.50	5214.75	5253.00	5323.25
ENQM24	E-Mini NASDAQ	17795.06	17957.37	18215.81	18378.12	18636.56
YMM24	Mini-Dow	38078	38322	38833	39077	39588

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CURRENCIES COMMENTARY

4/11/2024

The dollar has justifiably returned to a leadership role

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -81, YEN -14, SWISS -5, CA DOLLAR +75**

Upcoming International Reports (all times CT)

04/11 Euro-zone Monetary Policy 7:15 AM
04/11 Jobless Claims 7:30 AM
04/11 PPI 7:30 AM
04/11 EIA Gas Storage 9:30 AM
04/11 Japan Industrial Production 11:30 PM
04/12 German Consumer Price Index 1:00 AM
04/12 UK Foreign Trade 1:00 AM
04/12 France Consumer Price Index 1:45 AM
04/12 UK Industrial Production 2:00 AM



DOLLAR: Clearly, the lack of bullish reaction in the dollar to bullish news and data recently has been eliminated and more gains are likely if US PPI today is at or above expectations. However, given the short-term overbought status from this week's low to high Dollar rally of 140 points, the bull camp will need a decline in initial claims to extend the dollar toward the early November highs just under 106. On the other hand, the markets expect the ECB to prepare the markets for a June rate cut and the Japanese Yen continues to fall precipitously allowing the dollar to win by default against several currencies.

Other Currencies: As indicated already, the ECB is widely expected to lay the groundwork for a June rate cut, the dollar has new and distinct fundamental support and European economic data this week has been soft! In fact, with a lower low today in the euro early on the failure to hold close in support at 1.0753 will likely result in the lowest euro trade since early November later today. While the Pound had one of the stronger fundamental backdrops of the actively traded currencies, a Bank of England official overnight suggested UK rate cuts are still a "way off" and the trade did see a slight softening of UK housing prices earlier this week which may be seen as a sign of softening of the UK economy. Critical support today is close to the early trade at 1.252 with a trade below that level targeting a gap which begins at 1.248. Not surprisingly, the Canadian dollar felt the full brunt of the revitalization of long interest in the US dollar and further pressure is likely from a dovish Bank of Canada official statement earlier this week. In fact, despite the Canadian central bank predicating a June cut on further progress on inflation, it is unlikely the Canadian will avoid a trade below 73.00.

TODAY'S MARKET IDEAS:

While we suspect yesterday's action will be extended in today's trade, this week's moves are overdone, and we suggest traders bank profits if US PPI shows any moderation.

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) 04/11/2024: The daily stochastics gave a bullish indicator with a crossover up. 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. 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 target is at 105.98. The next area of resistance is around 105.58 and 105.98, while 1st support hits today at 104.30 and below there at 103.41.

EURO (JUN) 04/11/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 106.6275. The next area of resistance is around 108.4300 and 109.3875, while 1st support hits today at 107.0500 and below there at 106.6275.

JAPANESE YEN (JUN) 04/11/2024: 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. 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 now at 65.62. 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 66.34 and 66.77, while 1st support hits today at 65.77 and below there at 65.62.

SWISS (JUN) 04/11/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 109.13. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 111.09 and 112.12, while 1st support hits today at 109.59 and below there at 109.13.

CANADIAN DOLLAR (JUN) 04/11/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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 is in a bearish position with the close below the 2nd swing support number. The next downside objective is 72.52. The next area of resistance is around 73.57 and 74.11, while 1st support hits today at 72.78 and below there at 72.52.

BRITISH POUND (JUN) 04/11/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 123.93. The next area of resistance is around 126.41 and 127.72, while 1st support hits today at 124.51 and below there at 123.93.

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	104.94	68.95	65.11	70.80	72.84	104.21	104.26	103.94	103.61	103.47
JYAM24	66.05	19.42	25.81	7.53	6.00	66.49	66.65	66.92	67.63	68.01
EU6M24	107.7400	33.45	37.68	38.13	35.45	108.55	108.40	108.68	108.77	108.85
BPAM24	125.46	33.85	37.91	30.47	27.04	126.27	126.19	126.52	126.71	126.75
CAAM24	73.17	30.15	35.44	30.58	24.24	73.57	73.73	73.79	73.99	74.10
SFAM24	110.34	23.10	25.25	14.46	12.90	111.24	111.39	112.12	113.85	114.71

DAAM24 65.27 39.83 42.88 51.90 49.60 0.66 0.66 0.66 0.66 0.66

Calculations based on previous session. Data collected 04/10/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	103.40	104.29	104.69	105.58	105.98
JYAM24	Japanese Yen	65.61	65.76	66.19	66.34	66.77
EU6M24	Euro	106.6275	107.0500	108.0075	108.4300	109.3875
BPAM24	British Pound	123.92	124.51	125.82	126.41	127.72
CAAM24	Canadian Dollar	72.51	72.77	73.31	73.57	74.11
SFAM24	Swiss	109.12	109.59	110.62	111.09	112.12
DAAM24	Australian Dollar	64.20	64.61	65.52	65.93	66.85

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