



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 18, 2024

BONDS COMMENTARY

4/18/2024

We see the market respecting support and bouncing

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

While the US has posted some soft data this week the treasury markets appear to be focused on big picture macroeconomic issues and not the ebb and flow of the US economy. However, today's US initial claims readings will have a temporary impact on treasuries which have shown positive resiliency against a wall of hawkish (less dovish) US central banker dialogue from the IMF meeting over the last 36-hours. Estimates for today's US initial claims call for a slight increase to 215,000 from 211,000 last week. However, it should be noted that US initial claims this year have basically held within a range of 189,000 and 222,000 thereby mitigating the impact of the report on prices. On the other hand, the Philly Fed Manufacturing Survey for April and a March existing home sales report are likely to provide support to treasuries with estimates of softer readings from both reports. Another supportive issue is an ongoing surge in foreign central bank holdings of US Treasuries which posted a record in February, and with the inflows posting a fifth straight month of expansion. Therefore, the ongoing Chinese liquidation of US treasuries has been fully countervailed by other central banks like the Bank of Japan and the central bank of Belgium. Along those lines, this week's 20 year US treasury bond auction demand came in strong which in turn reverses the pattern of very poor interest in US debt supply. The North American session will start out with a weekly reading on initial jobless claims that are expected to have a modest uptick from the previous 211,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.817 million reading. The April Philly Fed manufacturing survey is expected to have a mild downtick from March's 3.2 reading. March existing home sales are forecast to have a moderate downtick from February's 4.38 million annualized rate. The Conference Board's March reading on leading indicators is expected to have a minimal downtick from February's 0.1% reading. Fed Governor Bowman, New York Fed President Williams and Atlanta Fed President Bostic will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

Even though the markets will likely be presented with additional hawkish US central bank dialogue from the IMF meeting, the treasuries appear to have made a temporary bottom. In addition to a vast improvement in demand for the treasury bond auction yesterday, foreign central banks added to their holdings of US treasuries in February and now hold a record amount! Therefore, yields have attracted interest likely solidifying support in June bonds at 114-00 in the near-term!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/18/2024: 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. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 113-070. The next area of resistance is around 115-150 and 115-280, while 1st support hits today at 114-050 and below there at 113-070.

10 YR TREASURY NOTES (JUN) 04/18/2024: 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 market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 107-085. The next area of resistance is around 108-175 and 108-250, while 1st support hits today at 107-255 and below there at 107-085.

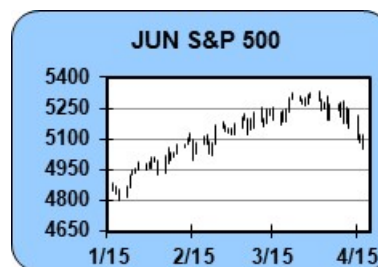
STOCKS COMMENTARY

4/18/2024

Less downside momentum could bring a temporary low

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +13

Global equity markets traded higher overnight with gains largely less than 0.5%. While the situation in the Middle East could suddenly yank the rug out from underneath the equity markets, treasury yields seem to have peaked for the time being and the trade has become deaf to an ongoing wave of US central bank dialogue hammering home the reality of higher rates for longer! Earnings announcements will include Elevance Health, Marsh & McLennan, Blackstone and Infosys before the Wall Street opening while Netflix and Intuitive Surgical report after the close.



S&P 500: While the charts have not given signs of a bottom, economic anxiety has been tempered by a wave of US central bank confidence in the US economy. Certainly, there is a measure of disappointment in the latest delay in cutting US rates, but some bargain hunting buying seemed to surface at 5050 yesterday and soft scheduled data from the US this morning might serve to drop US treasury yields further. However, there is a very active corporate earnings reports slate today with earnings from Infosys and Netflix likely to have the largest impact on the market.

Other US Indexes: In addition to a building consolidation pattern around the 38,000 level, large, capitalized Dow stocks are seeing softening US treasury yields and perhaps lift from the fact that US central bankers remain confident in the ability of the US economy to recover without cutting rates. Therefore, we see key consolidation low support levels today of 37,911 and then at 37,842 as possible solid support prices for June Dow futures. Not surprisingly, the NASDAQ remains the weakest component of the markets with negative headlines for Tesla and Elon Musk only partially offset by a \$6 billion US Grant to Micron technology build domestic Chip factories. Thin and unreliable support in the June NASDAQ today is 17,615.

TODAY'S MARKET IDEAS:

While the bear camp retains an edge, it seems like investor anxiety has moderated and the markets in general have removed some overvaluation concerns. However, the markets continue to be disappointed in the constant barrage of Fed commentary pushing back timing for a US rate cut and the potential for a geopolitical anxiety event from Israeli retaliation against Iran leaves the potential for a sudden downside extension in prices.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/18/2024: 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. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 4998.50. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 5097.00 and 5145.50, while 1st support hits today at 5023.50 and below there at 4998.50.

MINI-DOW (JUN) 04/18/2024: 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. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 37596. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 38179 and 38425, while 1st support hits today at 37765 and below there at 37596.

E-MINI NASDAQ (JUN) 04/18/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 17371.82. The next area of resistance is around 17834.87 and 18078.31, while 1st support hits today at 17481.63 and below there at 17371.82.

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	114-260	35.69	36.68	15.24	14.66	114.82	115.86	117.47	118.58	119.09
TYAAM24	108-055	36.93	37.14	15.33	15.13	108.11	108.59	109.47	110.15	110.60
EPM24	5060.25	26.44	34.01	21.09	9.79	5105.56	5183.06	5229.15	5193.38	5148.55
ENQM24	17658.25	30.38	36.18	26.09	14.12	17899.81	18142.69	18285.25	18262.18	18171.34
YMM24	37972	24.58	31.11	12.35	7.77	38067.50	38606.89	39152.33	39267.62	39173.75

Calculations based on previous session. Data collected 04/17/2024

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	113-060	114-040	114-170	115-150	115-280
TYAAM24	10 Yr Treasury Notes	107-080	107-250	108-005	108-175	108-250
EPM24	S&P E-Mini	4998.50	5023.50	5072.00	5097.00	5145.50
ENQM24	E-Mini NASDAQ	17371.81	17481.62	17725.06	17834.87	18078.31
YMM24	Mini-Dow	37595	37764	38010	38179	38425

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CURRENCIES COMMENTARY

4/18/2024

Temporary dollar retrenchment not a trend shift

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -89, YEN -1, SWISS +17, CA DOLLAR +75

Upcoming International Reports (all times CT)

04/18 Swiss Trade Balance 1:00 AM
04/18 Euro-zone Balance of Payment 3:00 AM
04/18 Jobless Claims 7:30 AM
04/18 Existing Home Sales 9:00 AM
04/18 EIA Gas Storage 9:30 AM
04/18 Japan Consumer Price Index 6:30 PM
04/19 German Producer Price Index 1:00 AM
04/19 UK Retail Sales 1:00 AM



DOLLAR: An avalanche of US Federal Reserve speeches at the IMF meeting have pounded home the idea that the US will not be cutting rates until more evidence of falling inflation is in hand. Another minimally bearish storyline for the dollar is the US Treasury Secretary's acknowledgment that ultra-strong dollar action is increasing the potential for serious currency problems in countries like Japan and South Korea. Adding into the short-term bear track in the dollar are expectations for the US to post weak existing home sales and an uptick in US initial claims. While we do not expect a full retracement of the April rally, first retracement of the April rally is situated down at 105.30. Closer in support is 105.64, and a failure of that level should send the dollar into new lows for the move.

Other Currencies: We are surprised with the higher euro action this morning, as ECB officials were very clear on their intentions to cut rates in June! However, an ECB official has tempered the bearish impact on the Euro from the rate cut prospect by indicating further rate cuts are not a given. With the US Treasury Secretary acknowledging the potential for a currency crisis in some Asian currencies from the surging Dollar, the dollar should weaken and in turn take pressure off the euro. In a minimally supportive overnight development euro zone construction output in February rebounded sharply and other EU central bank speeches at the IMF meeting have provided some economic optimism. Buying support in the euro today is 1.068, but long positions should be considered short-term in nature. With the anemic gains in the Pound this morning in the face of the reversal in the dollar, it is clear the trade is not easily enticed into the long side of the Pound. Perhaps some Pound buyers are discouraged by a significant jump in the of short-term liquidity repos offered by the Bank of England. Another limiting force for the Pound is recent signs of softening UK inflation which could limit the upcoming rally in the pound to 1.2506. In addition to a massive short-term oversold technical condition, the Canadian should benefit from a significant tempering of bullish sentiment toward the dollar. However, soft Canadian inflation data has kept hope for a rate cut alive which in turn has thickened chart resistance. While there will be a Canadian unemployment insurance beneficiaries report this morning, that report is unlikely to provide sustained direction. In conclusion, a bounce in the Canadian is technical in nature and likely to be short-lived.

TODAY'S MARKET IDEAS:

We see a temporary corrective tilt in the dollar providing lift to the pound and Swiss, with fundamental headwinds limiting recovery capacity in the euro and Canadian.

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) 04/18/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 106.43. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 106.04 and 106.43, while 1st support hits today at 105.47 and below there at 105.30.

EURO (JUN) 04/18/2024: 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. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 106.1125. The next area of resistance is around 107.3549 and 107.5724, while 1st support hits today at 106.6250 and below there at 106.1125.

JAPANESE YEN (JUN) 04/18/2024: The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 65.62. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 65.51 and 65.62, while 1st support hits today at 65.28 and below there at 65.14.

SWISS (JUN) 04/18/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 111.02. The next area of resistance is around 110.85 and 111.02, while 1st support hits today at 110.39 and below there at 110.10.

CANADIAN DOLLAR (JUN) 04/18/2024: 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 72.20. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 72.88 and 73.01, while 1st support hits today at 72.47 and below there at 72.20.

BRITISH POUND (JUN) 04/18/2024: 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. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 123.91. The next area of resistance is around 124.90 and 125.20, while 1st support hits today at 124.26 and below there at 123.91.

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	105.75	70.22	67.94	84.61	85.76	105.91	105.07	104.63	103.82	103.70
JYAM24	65.39	17.82	22.45	6.61	6.85	65.52	65.99	66.41	67.30	67.71
EU6M24	106.9900	35.06	36.43	18.55	15.66	106.67	107.60	108.02	108.61	108.63
BPAM24	124.58	31.42	35.06	16.91	13.56	124.49	125.40	125.79	126.53	126.57
CAAM24	72.67	29.83	32.87	13.73	12.61	72.59	73.08	73.43	73.81	73.96
SFAM24	110.62	36.07	33.65	15.19	18.14	110.41	110.81	111.25	113.24	114.15
DAAM24	64.48	36.57	39.27	23.86	15.95	0.64	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 04/17/2024

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DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX					

DXAM24	US Dollar	105.29	105.47	105.86	106.04	106.43
JYAM24	Japanese Yen	65.13	65.27	65.37	65.51	65.62
EU6M24	Euro	106.1125	106.6249	106.8425	107.3549	107.5724
BPAM24	British Pound	123.90	124.25	124.55	124.90	125.20
CAAM24	Canadian Dollar	72.19	72.47	72.60	72.88	73.01
SFAM24	Swiss	110.09	110.38	110.55	110.85	111.02
DAAM24	Australian Dollar	63.95	64.25	64.41	64.71	64.87

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