



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday April 19, 2024

## BONDS COMMENTARY

4/19/2024

### Temporary back and fill following overnight blow off top

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): BONDS +1

With treasury bond prices up nearly 3 points from this week's low, a temporary key low appears to be in place. However, sustained flight to quality type buying is unlikely in the near-term with the trade thinking military exchanges between Iran and Israel will pause. However, reports from various Fed regions within the latest Fed Beige Book suggested they detected residual upward price pressures, and the Fed has clearly made it known this week at the IMF meeting that inflation risk is higher than US growth risk. However, the bull camp should be emboldened by a development that was lost in the shuffle earlier this week following news that US treasury holdings by foreign entities increased for the fifth straight month in a row and reached all-time highs. While it is difficult to determine the impact on treasury prices today, a Reuters poll of economists showed 72 of 108 economists surveyed hold out hope that the first US Fed rate cut will still take place in the June meeting! However, a bare majority of 54 economists (of those surveyed) projected the first rate cut will be in the September meeting. Another slightly supportive market theme is a wave of complaints from foreign central bankers that the US is "foot dragging" on the rate cut decision. There are no major US or Canadian economic numbers on the schedule. Chicago Fed President Goolsbee will speak during morning US trading hours. Earnings announcements will include Procter & Gamble, American Express and Schlumberger before the Wall Street opening.



#### TODAY'S MARKET IDEAS:

As in the gold market, we think treasuries made a key print overnight with treasuries likely forging a temporary bottom and gold posting a temporary top. However, a largely empty US economic report slate today should narrow trading ranges in treasuries. On the other hand, treasury bonds are short-term technically overbought and the large range up and failure to hold a five-day high overnight smacks of a blowoff top. Furthermore, the rally in treasury bonds this week was forged on very low and consistently falling trading volume! Downtrend channel selling resistance in June bonds becomes 116-05 today and falls to 115-27 on Monday.

#### NEW RECOMMENDATIONS:

Sell June Bonds at 115-22.

#### PREVIOUS RECOMMENDATIONS:

None.

#### BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/19/2024: 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 could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing

number is a mildly negative setup. The next downside objective is 113-130. The next area of resistance is around 114-300 and 115-200, while 1st support hits today at 113-270 and below there at 113-130.

10 YR TREASURY NOTES (JUN) 04/19/2024: 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 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 objective is now at 107-065. The next area of resistance is around 108-040 and 108-180, while 1st support hits today at 107-145 and below there at 107-065.

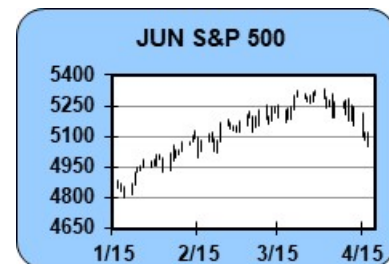
## STOCKS COMMENTARY

4/19/2024

### Short covering limited by lackluster investor sentiment

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -25

Global equity markets overnight were lower except for the Russian and Hong Kong markets which traded fractionally higher. While the equity markets remain skittish about the prospect of a definitive broadening of the war in the Middle East, the bull camp is struggling to find a definitive theme to reignite the uptrend. However, the overall take away from chip sector news has failed to rekindle AI fostered buying. Earnings announcements will include Procter & Gamble, American Express and Schlumberger before the Wall Street opening.



**S&P 500:** While a major spike down new low for the move and aggressive rejection could signal a key low, we define current sentiment among investors as "relieved" with signs Iran and Israeli military exchanges are likely to pause. In other words, the somewhat limited retaliation does not clear the decks of geopolitical anxiety and with a lack of a definitive macroeconomic or company specific optimism, gains are likely to be short covering instead of long position rebuilding. We will remain bearish if the June S&P remains below 5062.60.

**Other US Indexes:** While the Dow futures are trading 400 points above the overnight spike low in the early trade, we do not get the sense that investors feel "an all clear" Middle East situation is in place. On the other hand, the Dow futures are significantly oversold, and US treasury yields have declined throughout this week. However, we remain bearish toward the Dow if it fails to breakout above 38,250 today. While the NASDAQ this morning is trading 1200 points above the overnight spike low, the trade saw Netflix stock fall after the company announced it would publish even less company metrics in upcoming earnings reports. Furthermore, Netflix revenues were softer than projected and Netflix shares at times overnight were trading nearly 6.5% lower. We remain bearish toward the NASDAQ if it remains below 17,600 today.

#### TODAY'S MARKET IDEAS:

While the markets could see further relief rally gains, the market does not appear to have a distinct bullish theme to forge anything other than additional short covering.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/19/2024: 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 under the swing pivot. The next downside target is 5001.19. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 5077.37 and 5114.68, while 1st support hits today at 5020.63 and below there at 5001.19.

MINI-DOW (JUN) 04/19/2024: 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 37640. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 38213 and 38473, while 1st support hits today at 37797 and below there at 37640.

E-MINI NASDAQ (JUN) 04/19/2024: 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is 17324.25. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 17671.25 and 17853.25, while 1st support hits today at 17406.75 and below there at 17324.25.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	114-120	33.63	35.24	15.14	14.83	114.37	115.51	117.17	118.50	119.00
TYAAM24	107-250	33.18	34.53	14.64	13.35	107.88	108.38	109.30	110.10	110.53
EPM24	5049.00	25.41	33.12	16.60	7.51	5076.50	5160.22	5215.85	5193.81	5150.12
ENQM24	17539.00	27.84	34.12	20.68	9.70	17742.63	18057.44	18228.58	18253.76	18167.40
YMM24	38005	25.77	31.81	10.73	7.43	38012.75	38469.67	39051.44	39251.93	39166.25

Calculations based on previous session. Data collected 04/18/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	113-120	113-260	114-160	114-300	115-200
TYAAM24	10 Yr Treasury Notes	107-060	107-140	107-280	108-040	108-180
EPM24	S&P E-Mini	5001.18	5020.62	5057.93	5077.37	5114.68
ENQM24	E-Mini NASDAQ	17324.25	17406.75	17588.75	17671.25	17853.25
YMM24	Mini-Dow	37639	37796	38056	38213	38473

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## CURRENCIES COMMENTARY

4/19/2024

## No clear dominating currency therefore the \$ wins by default

### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -67, YEN +8, SWISS +48, CA DOLLAR +85

### Upcoming International Reports (all times CT)

04/19 German Producer Price Index 1:00 AM

04/19 UK Retail Sales 1:00 AM



**DOLLAR:** Clearly, the Israeli retaliation against Iran sparked inflows to the US dollar, but it appears the trade expects a pause in direct military exchanges which reduces flight to quality buying of the dollar. However, this week's US Federal Reserve dialogue favors the bear camp in the Dollar with many Fed speeches sending the message that the inflation battle must go on. On the other hand, a Reuters poll shows nearly 75% of 108 economists polled still think the Fed will cut in June. In today's action ranges are likely to be narrow as the US report slate is empty thereby elevating the importance of the lone Fed speech today from the Chicago Fed. Pushed into the market today, we are a seller of minimal rallies.

**Other Currencies:** While the euro appears to have become oversold into the overnight low, the bearish Euro impact from fear of a broadening of Middle East tension is waning for now, and the euro should be held down by market chatter suggesting many central bankers are irritated with the US Federal Reserve for being too slow in cutting rates. Even though German producer price index readings for March came in hotter than expected (+0.2%) last month posted a large drop of 0.4% and part of the month over month price gains could be mere statistical leveling. We suggest selling the June euro on a rally to 1.0710. Not surprisingly, the Pound overnight spiked lower, but it failed to sustain below 1.240 and in the early trade today is already sitting 56 points above the overnight low. Unfortunately for Pound bulls, UK retail sales were deemed soft at unchanged and were therefore retail sales were as a sign inflation was moderating which should leave the bias in the Pound pointing down. We view the Canadian as a currency only capable of short covering or windfall gains from noted dollar weakness. In fact, the prospect Canada will raise capital gains taxes should clearly discourage fresh cash flows into the Canada and could cause funds inside Canada to leave Canada. Downtrend channel selling resistance in the Canadian today is 72.87.

### TODAY'S MARKET IDEAS:

While we see generally narrower trading ranges today, the prospect of a pause in military exchanges between Iran and Israel, macroeconomic measures favor the dollar bulls.

### 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) 04/19/2024: 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 on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next upside objective is 106.32. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 106.20 and 106.32, while 1st support hits today at 105.77 and below there at 105.46.

EURO (JUN) 04/19/2024: 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 downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 106.3300. The next area of resistance is around 106.9450 and 107.2900, while 1st support hits today at 106.4650 and below there at 106.3300.

JAPANESE YEN (JUN) 04/19/2024: 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. A negative signal for trend short-term was given on a close under the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. The close below the 1st swing support could weigh on the market. The next downside target is now at 65.00. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 65.39 and 65.61, while 1st support hits today at 65.09 and below there at 65.00.

SWISS (JUN) 04/19/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 110.99. The next area of resistance is around 110.61 and 110.99, while 1st support hits today at 110.09 and below there at 109.94.

CANADIAN DOLLAR (JUN) 04/19/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 72.92. The next area of resistance is around 72.81 and 72.92, while 1st support hits today at 72.60 and below there at 72.51.

BRITISH POUND (JUN) 04/19/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 124.01. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 124.66 and 125.02, while 1st support hits today at 124.16 and below there at 124.01.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM24	105.98	72.94	69.85	85.21	86.35	105.95	105.28	104.73	103.86	103.76
JYAM24	65.23	16.46	21.34	6.19	5.27	65.36	65.83	66.32	67.25	67.65
EU6M24	106.7050	31.89	34.20	17.52	15.37	106.67	107.38	107.92	108.58	108.59
BPAM24	124.41	29.70	33.86	15.33	12.16	124.46	125.18	125.71	126.50	126.53
CAAM24	72.70	31.18	33.70	14.39	15.64	72.61	72.97	73.38	73.78	73.93
SFAM24	110.35	32.41	31.47	15.75	17.10	110.42	110.65	111.14	113.16	114.05
DAAM24	64.33	34.50	37.78	20.68	14.33	0.64	0.65	0.65	0.66	0.66

Calculations based on previous session. Data collected 04/18/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	105.45	105.76	105.88	106.20	106.32
JYAM24	Japanese Yen	65.00	65.08	65.30	65.39	65.61
EU6M24	Euro	106.3300	106.4650	106.8100	106.9450	107.2900

BPAM24	British Pound	124.00	124.15	124.51	124.66	125.02
CAAM24	Canadian Dollar	72.50	72.60	72.71	72.81	72.92
SFAM24	Swiss	109.93	110.08	110.46	110.61	110.99
DAAM24	Australian Dollar	64.00	64.13	64.40	64.52	64.79

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