



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 25, 2024

BONDS COMMENTARY

4/25/2024

The bears control unless PCE is judged as a softer inflation signal

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

Clearly market sentiment thinks today's PCE report will be a major junction for financial markets, with the Fed seemingly on hold indefinitely unless clear and sustained evidence of falling inflation is documented. Unfortunately for the bull camp, recent inflation signals have left the Fed in need of several if not many more signs inflation is "coming down" before they downgrade their inflation fear. Therefore, a soft inflation reading today will likely lift bonds and other financial markets temporarily but, in the end, it will take a chain of soft inflation measures to shift Fed sentiment in favor of the doves. Therefore, while a simple downtick in PCE might only shift the pendulum slightly in favor of less restrictive US monetary policy, while a steady or higher reading probably gives rise to views the US will not cut rates at all this year! However, looking at a chart of the PCE it is clear the inflation measure has been declining since June of 2022 with only two upticks in the measure from the June 2023 reading and the reading last month! In fact, PCE is back into the range seen from 2013 to 2021. Perhaps the core rate or the year-over-year rate will be important today as the trade is hyper focused on predicting the Fed. Unfortunately for the bull camp, initial price actions after the two and five year note auctions were negative despite signs of good demand! Today the trade will be presented with the final leg of this week's supply offerings in the form of a seven year note auction and it should be noted that longer-term maturities have typically shown less interest. While the PCE report is the primary focus, initial claims could become a controlling force if claims are below 202,000 or above 220,000. The North American session will start with a reading on first quarter US gross domestic product which is expected to have a moderate downtick from the fourth quarter's 3.4% annualized rate. First quarter core personal consumption expenditures (a favorite Fed inflation gauge) are forecast to have a moderate uptick from the fourth quarter 2% reading. A weekly reading on initial jobless claims are expected to have a minimal uptick from the previous 212,000 reading. Ongoing jobless claims are forecast to have a modest weekly decline from the previous 1.812 million reading. March wholesale inventories are expected to have a mild downtick from February's 0.5% reading. March pending home sales are forecast to have a moderate downtick from February's 1.6% reading. The Kansas City Fed's April manufacturing index is expected to have a mild uptick from March's -9 reading.



TODAY'S MARKET IDEAS:

In our opinion, the bias in treasuries remains down unless today's PCE report ticks down, as the technical set up in treasuries is bearish with a pattern of lower highs and lower lows generally holding since the early March highs. In the event the PCE is at or above last month's reading, we see June bonds failing at key support down at 113-10 with a closer in and much less reliable support point seen at 113-20.

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 commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

BONDS (JUN) 04/25/2024: 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 115-070. The next area of resistance is around 114-180 and 115-070, while 1st support hits today at 113-150 and below there at 113-000.

10 YR TREASURY NOTES (JUN) 04/25/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 108-085. The next area of resistance is around 108-010 and 108-085, while 1st support hits today at 107-195 and below there at 107-130.

STOCKS COMMENTARY

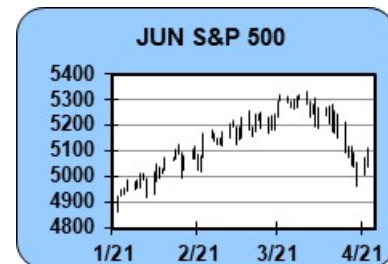
4/25/2024

Key support levels must hold through US scheduled data or else

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 -28

Global equity markets overnight were mixed with Chinese stocks higher and European stocks trading lower. The bullish tilt from earlier this week has been punctured with the markets disappointed by earnings released overnight and by news that Apple lost significant market share in the Chinese smart phone market. It is also possible that investors are moving to the sidelines ahead of a critical US inflation report in the form of PCE. Fortunately for the bull camp, the financial markets have significantly downgraded the potential for US rate cuts in the near-term and therefore a PCE report judged to be hot might not result in a massive and sustained washout. Earnings announcements will include Merck, Caterpillar, Comcast, Union Pacific, Honeywell, Valero Energy and Bristol-Myers Squibb before the Wall Street opening while Microsoft, Alphabet (Google) and Intel report after the close.



S&P 500: Apparently, the market's capacity to spin earnings reports in favor of the bull tilt has been undermined by results released after yesterday's close. While the disappointment from Boeing was largely anticipated, a loss of smart phone market share by Apple in China, a disappointing Nestle sales result, concern toward meta-platforms from extensive AI spending and a contraction in first quarter profits at Barclays Bank have punctured this week's bullish vibe. However, the ability to hold key support at 5049 through today's US scheduled data could help the markets stem the downside reversal from yesterday's high.

Other US Indexes: All things considered, the Dow has weathered a sprinkling of disappointing earnings reports overnight, and the bias will remain up if the index can respect support at 38,431 through today's US scheduled data. On the other hand, the Dow will be presented with several key earnings reports before the opening today and the trend could be set before the US PCE is released. While the disappointing loss of smart phone market share by Apple and general disappointment from meta-platforms cast a negative cloud over the NASDAQ to start today, a measure of the disappointment toward big tech was mitigated by slightly better than expected results from IBM and by another US government grant for a chip sector company. Unfortunately for the bull camp close in pivot point/failure support in the NASDAQ is very close to the market this morning at 17,400.

TODAY'S MARKET IDEAS:

The onus is on the bull camp to prove that the recent corrective (bounce) can be extended, and the April entrenched downtrend can be reversed. Fortunately for the bull camp expectations for a PCE reading capable of

rekindling rate cut hopes are very low! We would note that earnings reports earlier in the week provided some optimism.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS 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 commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

S&P E-MINI (JUN) 04/25/2024: 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. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 5142.43. The next area of resistance is around 5103.87 and 5142.43, while 1st support hits today at 5051.63 and below there at 5037.94.

MINI-DOW (JUN) 04/25/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. 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 upside objective is 38909. The next area of resistance is around 38737 and 38909, while 1st support hits today at 38457 and below there at 38348.

E-MINI NASDAQ (JUN) 04/25/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 17871.50. The next area of resistance is around 17653.00 and 17871.50, while 1st support hits today at 17358.50 and below there at 17282.50.

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	114-000	34.04	35.50	18.21	18.69	114.47	114.59	115.95	118.14	118.65
TYAAM24	107-260	36.64	36.82	15.73	16.41	107.91	107.97	108.68	109.87	110.27
EPM24	5077.75	40.69	41.68	21.52	28.63	5060.63	5079.33	5164.50	5192.29	5155.68
ENQM24	17505.75	38.49	39.66	18.70	23.22	17421.38	17646.64	17989.29	18200.99	18139.73
YMM24	38597	47.71	45.51	29.33	42.35	38513.75	38259.44	38735.39	39201.36	39160.52

Calculations based on previous session. Data collected 04/24/2024

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	112-310	113-140	114-030	114-180	115-070
TYAAM24	10 Yr Treasury Notes	107-125	107-190	107-265	108-010	108-085

EPM24	S&P E-Mini	5037.93	5051.62	5090.18	5103.87	5142.43
ENQM24	E-Mini NASDAQ	17282.50	17358.50	17577.00	17653.00	17871.50
YMM24	Mini-Dow	38347	38456	38628	38737	38909

Calculations based on previous session. Data collected 04/24/2024
Data sources can & do produce bad ticks. Verify before use.

CURRENCIES COMMENTARY

4/25/2024

We detect an unusual flight to quality away from the dollar

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -230, YEN -20, SWISS +15, CA DOLLAR +155

Upcoming International Reports (all times CT)

04/25 Japan BOJ Meeting
04/25 Japan BOJ Rate 12:00 AM
04/25 German GfK Consumer Confiden 1:00 AM
04/25 France Business Climate Surv 1:45 AM
04/25 GDP (Q1 '24) 7:30 AM
04/25 Jobless Claims 7:30 AM
04/25 EIA Gas Storage 9:30 AM
04/25 UK Consumer Confidence 6:01 PM
04/26 Japan BOJ Report 12:00 AM
04/26 France Consumer Confidence 1:45 AM
04/26 Personal Income 7:30 AM



DOLLAR: While the downside breakout in the dollar early today is not significant, the second half of April slide has been extended. In retrospect, seeing the dollar slide in the face of positive economic readings earlier this week suggest the fundamental tilt justifies the downside drift. Even though the PCE reading today will likely dominate trade action, US GDP could have only a temporary impact on prices. In fact, disappointing GDP and or soft PCE readings could set the stage for a dollar trade down to 105.00.

Other Currencies: With the dollar showing signs of trending lower and the euro breaking out to another new high for the move, the trend in the euro appears to have shifted upward. However, for the uptrend to be confirmed requires a sustained positive trade after today's important US scheduled data is released. Unfortunately for the bull camp in the euro, European scheduled data this week was mixed leaving the currency with a questionable internal bullish tilt. Clearly, the pound has become a leadership currency against the dollar, as it has surged despite minimal declines in the dollar. Perhaps the pound is benefiting from flight to quality away from the US given broadening student protests and signs of all-out war between US political parties. Near-term upside targeting in the pound becomes 1.2563 with the trend remaining up if the 1.2485 level holds as support. Despite the corrective setback yesterday the bull camp in the Canadian maintains a slim edge. However, key support at 73.00 should be viewed as a critical price in the wake of today's important US data. Perhaps statements from the Bank of Canada regarding gradual rate cuts (if there are rate cuts) has partially undermined bullish sentiment.

TODAY'S MARKET IDEAS:

In our opinion, the question for today's trade is will the dollar fall or fall sharply? In fact, given the lack of bullish sensitivity in the dollar to favorable scheduled data this week, the bull camp needs an unchanged or higher PCE result. However, it is possible that extreme political problems in the US is finally pushing money out of the US currency.

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:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

US DOLLAR (JUN) 04/25/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 105.28. The next area of resistance is around 105.85 and 106.00, while 1st support hits today at 105.49 and below there at 105.28.

EURO (JUN) 04/25/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 107.5675. The next area of resistance is around 107.3950 and 107.5675, while 1st support hits today at 107.0350 and below there at 106.8475.

JAPANESE YEN (JUN) 04/25/2024: 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 is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 64.71. 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 65.05 and 65.25, while 1st support hits today at 64.79 and below there at 64.71.

SWISS (JUN) 04/25/2024: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is now at 109.59. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 110.19 and 110.53, while 1st support hits today at 109.73 and below there at 109.59.

CANADIAN DOLLAR (JUN) 04/25/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 73.47. The next area of resistance is around 73.23 and 73.47, while 1st support hits today at 72.83 and below there at 72.66.

BRITISH POUND (JUN) 04/25/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 125.03. The next area of resistance is around 124.87 and 125.03, while 1st support hits today at 124.41 and below there at 124.10.

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	105.67	61.14	62.59	82.23	78.74	105.77	105.86	105.11	104.04	103.94

JYAM24	64.92	13.12	18.56	3.54	2.31	65.13	65.32	65.93	67.01	67.39
EU6M24	107.2150	44.74	42.40	21.11	25.78	107.02	106.83	107.57	108.48	108.45
BPAM24	124.64	43.79	41.79	18.86	27.00	124.13	124.32	125.21	126.33	126.33
CAAM24	73.03	45.91	43.57	28.19	36.95	73.04	72.80	73.22	73.68	73.84
SFAM24	109.96	29.33	30.09	17.36	13.90	110.36	110.38	110.82	112.76	113.58
DAAM24	65.07	51.51	48.59	27.31	35.58	0.65	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 04/24/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	105.27	105.48	105.63	105.85	106.00
JYAM24	Japanese Yen	64.70	64.78	64.97	65.05	65.25
EU6M24	Euro	106.8475	107.0350	107.2075	107.3950	107.5675
BPAM24	British Pound	124.09	124.40	124.56	124.87	125.03
CAAM24	Canadian Dollar	72.65	72.82	73.06	73.23	73.47
SFAM24	Swiss	109.58	109.72	110.05	110.19	110.53
DAAM24	Australian Dollar	64.65	64.83	65.11	65.30	65.58

Calculations based on previous session. Data collected 04/24/2024

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.