



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday April 26, 2024

BONDS COMMENTARY

4/26/2024

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

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

While the headlines contain numerous predictions of rising US interest rates and some predictions calling for 5% and even 8% yields, fund buyers are seeing value and are stepping in against the slide in Treasury prices. At present the trade is expecting the 10 year US treasury yield to take out the 16 year high of 5% posted last October.

Some of the bearish sentiment in the market is likely the result of comments from J.P. Morgan CEO Jamie Dimon who suggested the US could be headed back to conditions seen in the 70s with sticky inflation and global turmoil likely to push interest rates higher than expected. However, the US PCE report today will temporarily dominate the market's focus with the markets yesterday gleaming a slight inflationary spin from the preliminary quarterly PCE computation within the quarterly US GDP report. Given today's PCE is a monthly calculation as opposed to a quarterly calculation, there is the potential for material deviation in results between the two reports. However, if today's PCE is in any way perceived as slightly inflationary, pressure on treasuries should result in fresh lower lows! Furthermore, expectations for today's personal income and personal spending reports predict healthy readings which could add to the pressure on bonds and notes. The North American session will start out with March US personal income which is forecast to have a minimal uptick from February's 0.3% reading. March US personal spending is expected to have a modest downtick from February's 0.8% reading. March personal consumption expenditures is forecast to have a minimal uptick from February's 2.5% year-over-year rate. A private survey of April US consumer sentiment is expected to hold steady with the previous 77.9 reading. Earnings announcements include AbbVie, Exxon Mobil, Chevron, Colgate-Palmolive, Phillips 66, and Aon before the Wall Street opening.



TODAY'S MARKET IDEAS:

In our opinion, the bias in treasuries remains down unless today's monthly PCE report surprises the trade and ticks down, as the technical set up in treasuries remains 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 112-27 with a closer in and much less reliable support point seen at 113-06. In the end, without a definitive reversal in inflation expectations, June bonds are likely headed to 112-00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/26/2024: 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. 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 now at 112-010. The next area of resistance is around 114-050 and 115-000, while 1st support hits today at 112-220 and below there at 112-010.

10 YR TREASURY NOTES (JUN) 04/26/2024: The daily stochastics gave a bearish indicator with a crossover down. 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 106-185. The next area of resistance is around 107-260 and 108-120, while 1st support hits today at 106-295 and below there at 106-185.

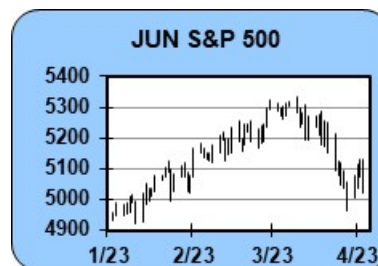
STOCKS COMMENTARY

4/26/2024

AI profits give investors fresh confidence

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +40

Global equity markets overnight were higher except for the All Ordinaries in Australia which traded 1.2% lower! In a major shift of recent patterns corporate earnings news flow overnight was definitively bullish with Google earnings smashing expectations and the company announcing the first ever dividend! Furthermore, Microsoft shares jumped along with Alphabet shares as the trade was presented with evidence of the ability to profit from AI in the near-term. Earnings announcements include AbbVie, Exxon Mobil, Chevron, Colgate-Palmolive, Phillips 66, and Aon before the Wall Street opening.



S&P 500: While today's US PCE reading could thwart what is now a very bullish internal setup, investors should be cheered by proof that AI can produce returns now instead of at some point in the future. Furthermore, besides the big mega tech share strength yesterday, several other AI related company shares jumped sharply with an IPO of Rubrik shares posting a leap of 21%. While the bias is up and confidence in AI driven earnings is high, the markets will face a brief macroeconomic crossroads in the form of today's US monthly PCE release. It should also be noted that US treasury note yields could breakout to fresh 16 year highs thereby producing a conflicted environment for the bull camp trade. Unfortunately for the bull camp the massive range up rally yesterday leaves little in the way of close in support until 5078.75 with thin resistance this morning seen at 5134.75 and a possible upside target of 5150.00.

Other US Indexes: Clearly, the Dow has seen the benefits of early AI profitability wain quickly with the index closing yesterday nearly 300 points off the high and at times trading in negative territory early today. Perhaps the trade is concerned with a series of large company earnings with little connection to AI especially since several companies reporting today are from consumer cyclical companies. Pivot point support and a failure price today is seen at 38,200 while a trade above 38,431 could signal a strong close to the week. We are not surprised with the explosive rally in the NASDAQ yesterday, but we are a little surprised with the early retrenchment today. In other words, yesterday's AI news was very positive as many investors thought positive returns from AI for most companies would be years in the making. In addition to very good earnings from Alphabet and Microsoft several other tech shares exploded for double-digit gains yesterday. Initial buying support is 17,666 with thin resistance at 17,827.

TODAY'S MARKET IDEAS:

The bull's control unless macroeconomic news from the US PCE or an explosion in Middle East fighting derails the bull track!

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/26/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 5211.50. The next area of resistance is around 5181.75 and 5211.50, while 1st support hits today at 5072.25 and below there at 4992.50.

MINI-DOW (JUN) 04/26/2024: 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 close below the 1st swing support could weigh on the market. The near-term upside target is at 39016. The next area of resistance is around 38702 and 39016, while 1st support hits today at 38010 and below there at 37631.

E-MINI NASDAQ (JUN) 04/26/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 18182.75. The next area of resistance is around 18037.25 and 18182.75, while 1st support hits today at 17527.25 and below there at 17162.75.

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	113-130	30.69	33.29	17.19	15.53	114.14	114.27	115.66	118.04	118.51
TYAAM24	107-115	31.60	33.56	14.73	13.32	107.76	107.82	108.53	109.80	110.19
EPM24	5127.00	48.96	47.34	26.46	36.20	5092.00	5075.17	5155.35	5193.44	5158.00
ENQM24	17782.25	48.00	46.25	23.05	31.70	17572.94	17603.64	17949.72	18197.25	18141.14
YMM24	38356	41.59	41.73	34.23	43.94	38552.25	38274.11	38656.83	39186.42	39150.05

Calculations based on previous session. Data collected 04/25/2024

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	112-000	112-210	113-160	114-050	115-000
TYAAM24	10 Yr Treasury Notes	106-180	106-290	107-150	107-260	108-120
EPM24	S&P E-Mini	4992.50	5072.25	5102.00	5181.75	5211.50
ENQM24	E-Mini NASDAQ	17162.75	17527.25	17672.75	18037.25	18182.75
YMM24	Mini-Dow	37630	38009	38323	38702	39016

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CURRENCIES COMMENTARY

4/26/2024

We detect an unusual flight to quality away from the dollar

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -46, YEN -28, SWISS +17, CA DOLLAR +95

Upcoming International Reports (all times CT)

04/26 Japan BOJ Report 12:00 AM

04/26 France Consumer Confidence 1:45 AM

04/26 Personal Income 7:30 AM



DOLLAR: With the dollar failing to rise yesterday in the wake of what should have been a supportive preliminary quarterly PCE reading and posting a lower low for the move this morning ahead of the monthly PCE reading, the bear camp holds sway in the dollar. In fact, even with positive economic growth signals from today's personal income and personal spending readings, the dollar may not regain its footing. It is also possible that widespread US protests in support of Hamas will intensify because of renewed Israeli airstrikes on Gaza and because some protests will now be challenged by authorities which in turn should pressure the dollar. However, renewed weakness in the yen and significant weakness in the Chinese currency should cushion the dollar against wholesale pressure.

Other Currencies: With the US dollar showing weakness in the face of supportive developments, the euro is bailed out from very disappointing Spanish unemployment readings overnight. However, with a higher high and the highest trade since April 11th this morning the euro is winning by default from the very fundamentally discouraging dollar slide. It is also possible that widespread US protests in support of Hamas will intensify because of renewed Israeli airstrikes on Gaza and because some protests will be challenged by authorities which in turn would add to the euro winning by default. Key pivot point support in the euro this morning is 1.0741. With another higher high for the move in the pound and another lower low for the move in the dollar, the uptrend in the pound looks to extend today. Adding into the upward track is a two year high in British consumer sentiment. Initial support today is close at 1.2510, with a key failure seen with a trade below 1.2497 and an upward thrust expected with a trade above 1.2530. Like the euro and Pound, the Canadian has extended the uptrend pattern from the mid-month's spike low in today's early action. However, the primary driving force for the Canadian is weakness in the dollar and not some positive internal economic condition or development. With a series of closes and openings centered around 73.25 in the June Canadian that level becomes a key pivot point this morning especially in the wake of the US PCE release.

TODAY'S MARKET IDEAS:

We see early morning action extending after slight and temporary reversals following the release of today's US CPE report. However, it is possible that money is beginning to flee the US dollar because of escalating internal turmoil arising from protests on the plight of Hamas.

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) 04/26/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 104.98. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 105.70 and 106.05, while 1st support hits today at 105.17 and below there at 104.98.

EURO (JUN) 04/26/2024: Momentum studies are rising from mid-range, which could accelerate 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 outside day up is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 108.0525. The next area of resistance is around 107.8350 and 108.0525, while 1st support hits today at 107.2050 and below there at 106.7925.

JAPANESE YEN (JUN) 04/26/2024: 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is 64.55. 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 64.86 and 65.01, while 1st support hits today at 64.64 and below there at 64.55.

SWISS (JUN) 04/26/2024: 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 daily closing price reversal up is a positive indicator that could support higher prices. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 109.68. The next area of resistance is around 110.47 and 110.63, while 1st support hits today at 109.99 and below there at 109.68.

CANADIAN DOLLAR (JUN) 04/26/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The upside daily closing price reversal gives the market a bullish tilt. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 73.63. The next area of resistance is around 73.51 and 73.63, while 1st support hits today at 73.08 and below there at 72.77.

BRITISH POUND (JUN) 04/26/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 125.84. The next area of resistance is around 125.54 and 125.84, while 1st support hits today at 124.76 and below there at 124.28.

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	105.43	54.42	58.24	79.90	74.98	105.64	105.82	105.15	104.08	103.99
JYAM24	64.75	11.44	17.14	3.35	2.66	65.00	65.19	65.82	66.94	67.31
EU6M24	107.5200	51.43	46.76	24.74	31.79	107.20	106.92	107.56	108.45	108.43
BPAM24	125.15	52.01	47.34	24.16	35.17	124.47	124.38	125.19	126.30	126.30
CAAM24	73.29	54.14	49.27	33.64	44.62	73.17	72.87	73.19	73.66	73.82
SFAM24	110.23	36.67	34.50	16.98	16.02	110.27	110.38	110.75	112.65	113.46
DAAM24	65.29	55.89	51.50	32.12	41.97	0.65	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 04/25/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.97	105.16	105.51	105.70	106.05
JYAM24	Japanese Yen	64.54	64.63	64.78	64.86	65.01
EU6M24	Euro	106.7925	107.2050	107.4225	107.8350	108.0525
BPAM24	British Pound	124.27	124.75	125.05	125.54	125.84
CAAM24	Canadian Dollar	72.76	73.07	73.19	73.51	73.63
SFAM24	Swiss	109.67	109.98	110.15	110.47	110.63
DAAM24	Australian Dollar	64.71	65.02	65.26	65.56	65.80

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