



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 29, 2024

BONDS COMMENTARY

4/29/2024

Temporary short covering but the bigger trend remains down

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

It seems as if the markets are shifting sentiment in favor of the bull camp, with Reuters overnight suggesting last week's US inflation readings were not concerning which allows for a slightly less hawkish expectation for this week's FOMC meeting. However, weekend credit market chatter and various articles have dredged up the yield curve subject again, with suggestions that the inverted yield curve will correct because of rising longer-term rates potentially because of excess US treasury supply and lingering inflation concern. It is also possible that the pressure on yields (downside pressure on prices) will be reduced as the treasury department is expected to leave the amount of treasury supply offered in the next round of refunding equal to the most recent quantity. In other words, after three straight quarterly increases to auction supply, the treasury will not raise quantities in the next auction. However, the treasury department will give some refunding size details for the next two quarters today and again on Wednesday and we are highly suspicious of their ability to finance surging US debt without incrementally higher supply offerings. More than likely the treasury department will do what it can to disguise the exploding US deficit into the election. Unfortunately, holding supply static will likely result in future auctions exploding! With the nonfarm payroll report looming on Friday and expectations calling for a gain of 243,000 the impact on treasuries could be mixed as expectations call for number 66,000 below last month's major upside surprise. It should be noted that the unusual net spec and fund "long positioning" in bonds remained in place last week in the last COT report which suggests a measure of economic concern remains in place, with that concern potentially erased with another big jobs number. The Commitments of Traders report for the week ending April 23rd showed Bonds Non-Commercial & Non-Reportable traders were net long 15,085 contracts after decreasing their long position by 11,264 contracts. For T-Notes Non-Commercial & Non-Reportable traders net sold 16,311 contracts and are now net short 527,837 contracts. The North American session will only have one top-tier data point, the Dallas Fed's April manufacturing business index which is expected to have a modest uptick from March's -14.4 reading.



TODAY'S MARKET IDEAS:

We get the sense that treasuries are in a "bounce mode" as the June bond contract this morning is trading near four-day highs and has gained nearly 2 points from last Thursday's low. Fortunately for the bull camp the trade remains somewhat skeptical of the US economic condition and more importantly fortunate to see a portion of the markets spin last week's inflation data into views that inflation might have plateaued (albeit at high levels). However, Spain released signs of ongoing inflation pressures overnight and Germany later this morning is expected to produce similar readings. While we do not expect to see a first retracement of the April washout fully regained, that level is 105-24 in June bonds with thin initial resistance at 115-05. On the other hand, the failure to respect support at 113-20 could put the trend back in the bear camp.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/16/2024 - 4/23/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-21,631	-4,005	-15,085	+11,264	36,716	-7,259
T-Notes	-526,010	-4,713	527,837	+16,312	-1,827	-11,598

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 04/29/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 112-240. The next area of resistance is around 114-160 and 114-310, while 1st support hits today at 113-130 and below there at 112-240.

10 YR TREASURY NOTES (JUN) 04/29/2024: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 108-050. The next area of resistance is around 107-285 and 108-050, while 1st support hits today at 107-105 and below there at 107-005.

STOCKS COMMENTARY

4/29/2024

AI profits give investors fresh confidence

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

Global equity markets overnight were higher except for the markets in Russia and Spain which traded fractionally lower. While the higher high overnight was not significant, the charts have clearly shifted positive with a very important renewal of optimism toward AI profitability. In other words, with two big tech companies posting strong earnings associated with AI last week, a key component of the February and March rallies has returned. It is also possible that reports of cease-fire talks in Cairo could help lower tensions in the Middle East which in turn would probably result in renewed investment in equities. Earnings announcements include SBA Communications after the Wall Street markets close.



S&P 500: As indicated already bullish sentiment has returned to the markets with revived hopes of historic AI profits. Furthermore, treasury markets appear to be signaling a slight moderation of interest rate fears, but that force could shift negatively at any given minute. At least at this hour, the markets are seeing a softening of US treasury yields, perhaps because of hope of dovish dialogue from this week's FOMC meeting. However, the S&P is overbought from a positioning perspective at the highest level since January 2022. The April 23rd Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders reduced their net long position by 2,727 contracts to a net long 156,988 contracts. A close-in pivot point in the June S&P is 5022.25 with a moderate failure seen with a trade below 5104.50. On the other hand, a trade above 5150.00 could target 5200.

Other US Indexes: With the revitalization of big earnings hopes from tech firms with AI prospects the Dow appears to have become a laggard. Fortunately for the bull camp bullishness has returned to the landscape

thereby likely resulting in a rising tide lifting all boats. However, it is possible that a slump in treasury yields could provide the bulls in the Dow futures Index with some added assistance. Close in support is 38,345 with a trade above 38,568 potentially providing a measure of stop loss buying. The Commitments of Traders report for the week ending April 23rd showed Dow Jones \$5 Non-Commercial & Non-Reportable traders net sold 9,009 contracts and are now net long 7,727 contracts. As indicated already the recently reacquired bullish tone has been ignited by evidence that large companies have already managed to profit from very expensive implementation costs of AI. In a slight fresh positive for the tech sector over the weekend Tesla has apparently managed to satisfy Chinese regulatory requirements for self-driving vehicles in China which adds to the positive big tech/AI environment. Fortunately for the bull camp the net spec and fund long in the NASDAQ relatively low leaving the market with substantial speculative buying fuel. Nasdaq Mini positioning in the Commitments of Traders for the week ending April 23rd showed Non-Commercial & Non-Reportable traders reduced their net long position by 321 contracts to a net long 17,881 contracts.

TODAY'S MARKET IDEAS:

The bull's control from residual AI optimism, signs of a drift lower in interest rates and from hope of a cease-fire.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/16/2024 - 4/23/2024							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Financials							
E-Mini S&P	44,399	-9,840	-156,988	+2,726	112,589	+7,113	

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/29/2024: 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 daily closing price reversal down puts the market on the defensive. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 5169.87. The next area of resistance is around 5151.25 and 5169.87, while 1st support hits today at 5109.25 and below there at 5085.88.

MINI-DOW (JUN) 04/29/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 38708. The next area of resistance is around 38589 and 38708, while 1st support hits today at 38297 and below there at 38123.

E-MINI NASDAQ (JUN) 04/29/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 18043.56. The next area of resistance is around 17952.37 and 18043.56, while 1st support hits today at 17719.13 and below there at 17577.07.

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	113-300	36.52	36.77	16.69	16.06	113.95	114.21	115.44	117.94	118.37
TYAAM24	107-195	37.08	36.92	14.75	14.81	107.70	107.79	108.41	109.75	110.10
EPM24	5130.25	49.41	47.68	31.67	41.77	5113.50	5078.94	5148.29	5193.01	5161.49
ENQM24	17835.75	49.55	47.37	28.54	38.97	17704.00	17603.00	17923.32	18188.52	18147.53
YMM24	38443	44.65	43.66	38.25	46.38	38537.50	38324.11	38597.06	39161.89	39146.47

Calculations based on previous session. Data collected 04/26/2024

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	112-230	113-120	113-270	114-160	114-310
TYAAM24	10 Yr Treasury Notes	107-000	107-100	107-185	107-285	108-050
EPM24	S&P E-Mini	5085.87	5109.25	5127.87	5151.25	5169.87
ENQM24	E-Mini NASDAQ	17577.06	17719.12	17810.31	17952.37	18043.56
YMM24	Mini-Dow	38122	38296	38415	38589	38708

Calculations based on previous session. Data collected 04/26/2024

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CURRENCIES COMMENTARY

4/29/2024

The Pound and Canadian to benefit from dollar weakness

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -304, YEN +79, SWISS +18, CA DOLLAR +0**

Upcoming International Reports (all times CT)

04/29 UK Nationwide Housing Price 1:00 AM
 04/29 Euro-zone Business and Consu 4:00 AM
 04/29 Japan Unemployment Rate 6:30 PM
 04/29 Japan Retail Sales 6:50 PM
 04/30 FOMC Meeting
 04/30 Japan Construction Orders 12:00 AM
 04/30 Japan Housing Starts 12:00 AM
 04/30 German Retail Sales 1:00 AM
 04/30 France Consumer Spending 1:45 AM
 04/30 France Producer Price Index 1:45 AM
 04/30 Swiss KOF Leading Indicator 2:00 AM
 04/30 German Employment Situation 2:55 AM
 04/30 German GDP - Flash 3:00 AM
 04/30 Canadian GDP (By Industry) 7:30 AM
 04/30 Employment Cost Index 7:30 AM
 04/30 Chicago PMI 8:45 AM
 04/30 Consumer Confidence 9:00 AM
 04/30 API Energy Stocks 3:30 PM
 04/30 Japan Manufacturing PMI 7:30 PM



DOLLAR: While it is possible that a portion of early weakness in the US dollar is result of Bank of Japan intervention to support the yen overnight, intervention can attract vigilantes seeking to test the resolve of intervening central bankers. However, we suspect the dollar will find support later in the week from another round

of positive US jobs data. In the near-term, lower US treasury yields and expectations of neutral commentary from the US Fed could leave the dollar in a lower high and lower low pattern. Critical pivot point/failure pricing in the dollar is 105.27 with the potential for wild swings surfacing later in the week given very high open interest. Dollar positioning in the Commitments of Traders for the week ending April 23rd showed Non-Commercial & Non-Reportable traders added 818 contracts to their already long position and are now net long 2,104.

Other Currencies: Even though the euro might be benefiting from Bank of Japan dollar selling/yen buying, the euro bulls might also benefit from win by default buying from expectations of a coming bounce in US Treasury prices. However, the euro is likely to be held back by disappointing euro zone Economic Sentiment Indicator, industrial confidence and services sentiment readings for April that were released overnight. Uptrend channel support in the euro 1.070. The April 23rd Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders net sold 19,800 contracts and are now net long 1,684 contracts. With the dollar showing signs of weakness, the euro being held back by soft data, and bullish charts, the pound looks to be a leadership currency capable of extending last week's aggressive gains. While the Canadian also looks to be a leadership currency today, we see gains more measured than in the pound. While we do not expect a quick return to a downtrend channel resistance line drawn from the late December and early April highs, that resistance level is 73.79 today. However, with the Canadian approaching the underside of a 45 day consolidation zone at 73.50, it will be important to respect key support at 73.20.

TODAY'S MARKET IDEAS:

The dollar looks to fall notably against the pound, less significantly against the Canadian and be minimally undermined by the euro.

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) 04/29/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. A positive signal was given by the outside day up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 105.00. The next area of resistance is around 106.29 and 106.57, while 1st support hits today at 105.51 and below there at 105.00.

EURO (JUN) 04/29/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 108.0562. The next area of resistance is around 107.5624 and 108.0562, while 1st support hits today at 106.7675 and below there at 106.4663.

JAPANESE YEN (JUN) 04/29/2024: 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 outside day down 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 62.90. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 64.42 and 65.34, while 1st support hits today at 63.21 and below there at 62.90.

SWISS (JUN) 04/29/2024: 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 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 109.48. The next area of resistance is around 110.35 and 110.78, while 1st support hits today at 109.70 and below there at 109.48.

CANADIAN DOLLAR (JUN) 04/29/2024: 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 downside closing price reversal on the daily chart is somewhat negative. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 73.56. The next area of resistance is around 73.39 and 73.56, while 1st support hits today at 73.06 and below there at 72.90.

BRITISH POUND (JUN) 04/29/2024: 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 downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 125.90. The next area of resistance is around 125.43 and 125.90, while 1st support hits today at 124.51 and below there at 124.05.

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	105.90	63.13	63.46	79.37	78.18	105.64	105.81	105.22	104.14	104.05
JYAM24	63.81	6.42	11.83	2.93	1.88	64.67	65.01	65.66	66.86	67.21
EU6M24	107.1650	44.27	42.63	26.98	31.44	107.30	106.99	107.52	108.41	108.40
BPAM24	124.97	49.22	45.68	29.12	39.16	124.80	124.44	125.15	126.27	126.26
CAAM24	73.22	52.04	47.90	38.37	48.31	73.19	72.94	73.16	73.64	73.79
SFAM24	110.02	33.55	32.73	15.94	13.84	110.16	110.34	110.70	112.54	113.32
DAAM24	65.43	58.50	53.25	37.12	47.55	0.65	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 04/26/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.99	105.50	105.78	106.29	106.57
JYAM24	Japanese Yen	62.89	63.20	64.11	64.42	65.34
EU6M24	Euro	106.4662	106.7675	107.2612	107.5624	108.0562
BPAM24	British Pound	124.04	124.50	124.97	125.43	125.90
CAAM24	Canadian Dollar	72.89	73.05	73.23	73.39	73.56
SFAM24	Swiss	109.47	109.69	110.13	110.35	110.78
DAAM24	Australian Dollar	65.06	65.24	65.44	65.61	65.81

Calculations based on previous session. Data collected 04/26/2024

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