



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday May 01, 2024

BONDS COMMENTARY

5/1/2024

Temporary short covering but the bigger trend remains down

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

With a minimal lower low for the move and treasury bonds sitting one point above last week's low (meaning a portion of the oversold condition from April has been moderated) the bear camp holds the edge into the FOMC meeting announcement. Adding into the bear case is additional signs of inflation from yesterday's Employment Cost Index. While soft jobs data ahead could provide support, we think the Fed is firmly on the fence and focused on inflation. In fact, without a noted weakening of US jobs, one could argue that the Fed is closer to a rate hike than a rate cut! Fortunately for the bull camp, the markets have widely anticipated the pushing back of rate cut timing again, especially with the CME Fed watch tool signaling the odds of a rate cut before the end of the year below 50% for each of the upcoming Fed meetings. Therefore, upcoming jobs data will likely have little supportive capacity unless readings are significantly soft! The North American session will start out with a private weekly survey of mortgage applications followed by the April ADP employment survey which is expected to have a mild downtick from March's 184,000 reading. The April S&P Global US manufacturing PMI is forecast to have a mild downtick from March's 51.9 reading while the April S&P Global Canadian manufacturing PMI is expected to have a minimal uptick from March's 49.8 reading. The April ISM manufacturing index is forecast to have a modest downtick from March's 50.3 reading. The March US JOLTS survey is expected to have a minimal downtick in job opening from February's 8.756 million reading, while March quits are forecast to have a mild uptick from February's 3.484 million reading. The highlight for global markets will come during early afternoon US trading hours with the results of the May FOMC meeting. While the Fed is expected to keep rates unchanged, their post-meeting statements and comments from Fed Chair Powell should provide clues for upcoming rate moves and policy measures.



TODAY'S MARKET IDEAS:

The bias is down with sticky inflation hanging over the treasury markets and the Fed today likely to reduce 2024 rate cut prospects to match the markets drastically diminished hope for easing. As indicated already, the Fed is likely to reiterate inflation is a greater risk than the risk of slowing. In fact, the most the bull camp can hope for is a slight tempering of the Fed's economic outlook. Sell jobs related rallies to 114-24 today in June bonds with that sell level rising into the Friday monthly payroll report.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/01/2024: 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 market's short-term trend is negative as the close remains below the 9-day moving average. A negative signal was given by the outside day down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 115-030. The next area of resistance is around 114-130 and 115-030, while 1st support hits today at 113-130 and below there at 113-020.

10 YR TREASURY NOTES (JUN) 05/01/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 108-065. The next area of resistance is around 107-250 and 108-065, while 1st support hits today at 107-055 and below there at 106-310.

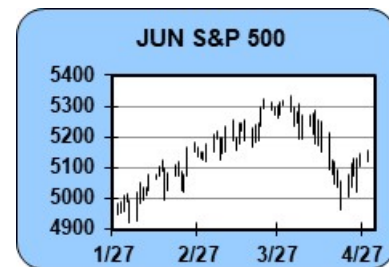
STOCKS COMMENTARY

5/1/2024

A final capitulation of rate cut hopes possible today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -14

Global equity markets overnight continued to slide except for the markets in London and Hong Kong which traded fractions of a percent higher. Earnings announcements will include Mastercard, Pfizer, ADP, CVS Health, Marriott, and Kraft Heinz before the Wall Street opening while QUALCOMM, DoorDash, Allstate and Devon Energy report after the close.



S&P 500: With a lower low overnight, a lack of positive price action following a better-than-expected Amazon result, the trade is not embracing bullish developments. Therefore, the markets remain in a modest rate shock slide and might not see a benefit from soft jobs data which could leave a small vestige of rate cut hope in place. Initial downside targeting today is 5022.25 with a trade back above 5100 needed to reverse bearish sentiment.

Other US Indexes: The Dow remains under noted pressure following fresh chart damage overnight and the inability to spark buying interest following positive Amazon earnings from yesterday. Obviously, large companies have significant risk of rising costs from several inflationary influences and costs are likely to be even higher from increased interest rate costs. Near-term downside targeting in the June Dow is 38,280 with a trade back above 38,500 needed to reverse very bearish sentiment. As indicated in Dow futures coverage today, a downside extension of yesterday's large washout in the NASDAQ today signals a very negative vibe remains especially with the index failing to get support from positive Amazon results. Near-term downside targeting in the June NASDAQ is 17,308 and then down at 17,286.

TODAY'S MARKET IDEAS:

With ongoing pressure in the face of favorable corporate earnings news, evidence that many earnings report "beats" the result of raising prices, the prospect of further inflation concerns remains very high. Fortunately for the bull camp the market has removed a very large portion of rate cut hope and could see a "sell the rumor, buy the fact" recovery after the Fed announcement is digested.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/01/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside objective is 5176.12. The next area of resistance is around 5106.25 and 5176.12, while 1st support hits today at 5008.75 and below there at 4981.13.

MINI-DOW (JUN) 05/01/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside target is at 38752. The next area of resistance is around 38277 and 38752, while 1st support hits today at 37627 and below there at 37451.

E-MINI NASDAQ (JUN) 05/01/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The near-term upside target is at 18055.81. The next area of resistance is around 17744.62 and 18055.81, while 1st support hits today at 17297.88 and below there at 17162.32.

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	113-290	39.39	38.75	19.96	23.38	113.91	114.17	115.02	117.74	118.08
TYAAM24	107-150	37.53	37.39	17.53	19.93	107.59	107.74	108.16	109.64	109.92
EPM24	5057.50	38.93	40.88	38.64	42.29	5117.06	5084.53	5133.86	5191.03	5164.14
ENQM24	17521.25	40.47	41.54	35.91	39.64	17771.63	17589.33	17866.32	18167.12	18141.93
YMM24	37952	34.48	37.11	43.54	46.08	38327.00	38375.11	38491.28	39104.53	39118.90

Calculations based on previous session. Data collected 04/30/2024

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	113-010	113-120	114-020	114-130	115-030
TYAAM24	10 Yr Treasury Notes	106-305	107-050	107-185	107-250	108-065
EPM24	S&P E-Mini	4981.12	5008.75	5078.62	5106.25	5176.12
ENQM24	E-Mini NASDAQ	17162.31	17297.87	17609.06	17744.62	18055.81
YMM24	Mini-Dow	37450	37626	38101	38277	38752

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CURRENCIES COMMENTARY

5/1/2024

More dollar gains but a top possible later today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +150, YEN -15, SWISS -27, CA DOLLAR -50

Upcoming International Reports (all times CT)

05/01 FOMC Meeting
05/01 UK CIPS/NTC Research Manufac 3:30 AM
05/01 Construction Spending 9:00 AM
05/01 ISM Manufacturing PMI 9:00 AM
05/01 EIA Energy Stocks 9:30 AM
05/02 Japan Consumer Confidence Su 12:00 AM
05/02 Swiss Consumer Price Index 1:30 AM
05/02 Swiss Retail Sales 1:30 AM
05/02 Swiss PMI 2:30 AM
05/02 France Manufacturing PMI 2:50 AM
05/02 German Manufacturing PMI 2:55 AM
05/02 Euro-Zone Manufacturing PMI 3:00 AM
05/02 Canadian International Merch 7:30 AM
05/02 Jobless Claims 7:30 AM
05/02 US Trade Balance 7:30 AM
05/02 Factory Orders 9:00 AM
05/02 EIA Gas Storage 9:30 AM
05/02 Japan BOJ Minutes 6:50 PM



DOLLAR: With an upside breakout overnight, the dollar bulls have extended their control. While a large portion of the latest reduction/pushing back of US rate cut hopes has been factored with the rally in April and the overnight upside breakout, the dollar bulls may need strong jobs data over the coming three sessions to extend significantly on the upside. We see a key support/failure price in the dollar at 105.87 and the next resistance point (utilizing monthly charts) sitting 70 points above this morning's high.

Other Currencies: While a holiday in Europe has probably reduced euro selling and stop-loss selling by the longs, fundamentals remain squarely in the bear camp for the Euro. Even though a large portion of reduced US rate cut selling has been embraced by the euro trade, we see a downside extension to 1.0650. With a three-day low failure in the pound overnight a noted downtick/contraction in GBP Nationwide housing prices for April, the Pound is likely to extend this week's downside reversal slide. Initial and unreliable support is 1.2452 with lower targeting seen down at 1.2426. Even though the Canadian at the recent high into the low overnight has already declined 75 ticks and a double low is in place at 72.60, the path of least resistance should remain down in the Canadian. However, solid support is possible at 72.50 and today's Canadian S&P Global Manufacturing PMI reading is projected to be stronger than last month.

TODAY'S MARKET IDEAS:

While we expect the dollar to extend its rally, the markets have fully embraced a significant lowering of US rate cut prospects and today's Fed meeting could bring about a top from "buy the rumor and sell the fact) action after the Fed meeting.

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) 05/01/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is now at 105.39. The next area of resistance is around 106.47 and 106.63, while 1st support hits today at 105.86 and below there at 105.39.

EURO (JUN) 05/01/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next upside objective is 107.7300. The next area of resistance is around 107.2349 and 107.7300, while 1st support hits today at 106.5750 and below there at 106.4100.

JAPANESE YEN (JUN) 05/01/2024: 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 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 near-term upside objective is at 64.73. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 64.19 and 64.73, while 1st support hits today at 63.48 and below there at 63.30.

SWISS (JUN) 05/01/2024: The daily stochastics have crossed over down which is a bearish indication. 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. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 108.51. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 109.90 and 110.73, while 1st support hits today at 108.80 and below there at 108.51.

CANADIAN DOLLAR (JUN) 05/01/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside target is 73.42. The next area of resistance is around 72.97 and 73.42, while 1st support hits today at 72.39 and below there at 72.24.

BRITISH POUND (JUN) 05/01/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The near-term upside target is at 125.86. The next area of resistance is around 125.33 and 125.86, while 1st support hits today at 124.61 and below there at 124.43.

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	106.16	64.40	63.98	76.98	76.83	105.72	105.77	105.42	104.24	104.11
JYAM24	63.84	25.38	25.17	16.89	26.88	64.29	64.77	65.38	66.71	67.05
EU6M24	106.9050	40.70	40.72	31.68	35.88	107.25	107.09	107.34	108.34	108.34
BPAM24	124.97	48.33	46.11	41.60	53.59	125.21	124.63	125.02	126.20	126.21
CAAM24	72.68	36.22	38.21	45.43	48.83	73.12	73.03	73.06	73.59	73.74
SFAM24	109.35	29.35	30.36	16.70	13.77	110.05	110.22	110.51	112.32	113.07
DAAM24	64.85	45.13	45.71	47.71	55.18	0.65	0.65	0.65	0.65	0.65

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	105.38	105.85	106.00	106.47	106.63
JYAM24	Japanese Yen	63.30	63.48	64.02	64.19	64.73
EU6M24	Euro	106.4100	106.5750	107.0700	107.2349	107.7300
BPAM24	British Pound	124.42	124.61	125.14	125.33	125.86
CAAM24	Canadian Dollar	72.23	72.38	72.82	72.97	73.42
SFAM24	Swiss	108.51	108.79	109.62	109.90	110.73
DAAM24	Australian Dollar	64.15	64.38	65.08	65.31	66.00

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