



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday May 02, 2024

## BONDS COMMENTARY

5/2/2024

**As expected US data today would be bearish**

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

In retrospect, yesterday's recovery rally is highly suspect from a classic fundamental perspective. Granted, there was a measure of interest rate hike fears creeping into a small portion of overall market sentiment recently and a reduction in fears of a rate hike to quell inflation justified a temporary short covering bounce. In fact, today's US scheduled data could be more important than expected with unit labor costs and nonfarm productivity critical inputs to Fed decision making. Unfortunately for the bull camp, expectations for today's nonfarm productivity call for a noted drop in productivity which can reduce the Fed's capacity to remain accommodative. Furthermore, expectations for today's unit labor costs call for a big jump of 3.2% which could rekindle fears of a rate hike for later this year. As indicated several times recently, we think the Fed remains focused on inflation threats and is more confident than not in the US economic situation. The North American session will start out with the April Challenger job cut survey followed by a weekly reading on initial jobless claims which are expected to have a mild uptick from the previous 207,000 reading. Ongoing jobless claims are forecast to have a moderate weekly increase from the previous 1.781 million reading. The March US international trade balance is expected to have a minimal increase from February's \$68.9 billion monthly deficit. March Canadian international merchandise trade is forecast to have a mild uptick from February's monthly surplus. First quarter non-farm productivity is expected to have a sizable downtick from the previous 3.2% reading. First quarter unit labor costs are forecast to have a sizable increase from the previous 0.4% reading. March factory orders are expected to have a modest uptick from February's 1.4% reading. April US vehicle sales are forecast to have a mild uptick from March's 15.5 million annualized rate.



### TODAY'S MARKET IDEAS:

We think yesterday's rally was a gift to the bear camp as fear of a US Fed rate hike has been a relatively recent development in the trade. Certainly, the Fed tempered market fears of a "hike" but fear of a "hike" could be rekindled today if expectations for today's data are realized. However, it is possible a jump in unit labor costs will not be seen as a key development as that report is not a top-tier measure of inflation. On the other hand, given as expected significant softening of US nonfarm productivity that could leave the Fed with less latitude on the leaving rates low. While we would prefer to sell June bonds on a trade above 116-00, volatility from the monthly payroll report tomorrow is likely to expand and could temporarily throw prices significantly above 116-00 perhaps to 116-21.

### NEW RECOMMENDATIONS:

Sell June Bonds at 116-02 with an objective of 113-08. Risk the trade to 117-01.

### PREVIOUS RECOMMENDATIONS:

None.

### BONDS TECHNICAL OUTLOOK:

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elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

**BONDS (JUN) 05/02/2024:** The stochastic indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 115-300. Daily studies suggest buying dips today. The next area of resistance is around 115-060 and 115-300, while 1st support hits today at 113-230 and below there at 112-310.

**10 YR TREASURY NOTES (JUN) 05/02/2024:** Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 108-195. Daily studies suggest buying dips today. The next area of resistance is around 108-065 and 108-195, while 1st support hits today at 107-130 and below there at 107-000.

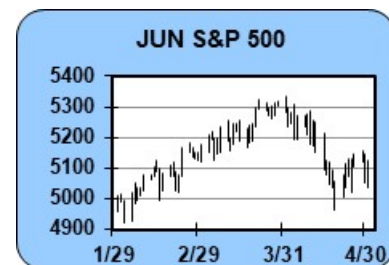
## STOCKS COMMENTARY

5/2/2024

**Relief from "reduced rate hike concerns" will not last**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**S&P 500 +34**

Global equity markets overnight were evenly mixed between winners and losers. Clearly, the markets managed to spin yesterday's Fed meeting results into a positive by discounting the Fed's statement that "progress on inflation had stalled" and instead the trade embraced relief that the Fed was not looking at further rate increases to rekindle progress on inflation. Earnings announcements will include ConocoPhillips, Southern Company, Intercontinental Exchange, and Zoetis before the Wall Street opening while Apple, Amgen and Booking Holdings report after the close.



**S&P 500:** While we see the rally over the last 24 hours as a "false dawn" the markets maintain some optimism from the ability to "shape or spin" yesterday's Fed dialogue into a positive. However, significant anecdotal news suggesting a deterioration in the jobs market and signs of ongoing inflation from wages could shift fears of rate hikes back into position. Furthermore, Apple continues to see a dramatic deterioration of market share in China and many of recent earnings beats were largely the result of price increases and not expanded revenues! In conclusion, we favor the bear camp and expect the S&P to fall below 5000 today.

**Other US Indexes:** While negative news on Apple is widely known, Apple earnings after the close today are likely to confirm falling market share and softer sales in China. However, Apple and therefore the Dow have been supported by a bullish analyst view on Apples shares from earlier this week and have been bolstered by renewed optimism on overall AI industry profit potential returned this week. Nonetheless, we suggest aggressive traders sell the Dow on a rally to 38,315 today. As indicated already, the outlook for "Apple" is still concerning and has been partially offset by a return to favorable AI tech sector news. Furthermore, Microsoft plans to invest \$2.2 billion in cloud and AI services in Malaysia highlighting the potential to expand sales throughout the world and that should help underpin the NASDAQ. Unfortunately, charts in the NASDAQ shifted negatively earlier this week and traders are advised to sell a rally in the NASDAQ to 17,665.

### TODAY'S MARKET IDEAS:

We think gains off the markets take away from yesterday's Fed statements are misguided and the path of least resistance will remain down.

### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/02/2024: A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 4977.13. The next area of resistance is around 5094.50 and 5155.12, while 1st support hits today at 5005.50 and below there at 4977.13.

MINI-DOW (JUN) 05/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 38811. The next area of resistance is around 38435 and 38811, while 1st support hits today at 37775 and below there at 37490.

E-MINI NASDAQ (JUN) 05/02/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 target is 17131.75. The next area of resistance is around 17652.25 and 17919.75, while 1st support hits today at 17258.25 and below there at 17131.75.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	114-140	45.11	42.43	22.69	28.57	114.17	114.20	114.84	117.65	117.98
TYAAM24	107-255	44.05	41.59	19.87	24.85	107.69	107.74	108.06	109.59	109.86
EPM24	5050.00	38.05	40.25	38.49	38.35	5096.00	5084.47	5122.29	5188.74	5164.67
ENQM24	17455.25	38.89	40.44	35.34	34.42	17678.38	17579.78	17818.13	18149.05	18133.82
YMM24	38105	39.31	40.20	44.58	46.48	38270.75	38387.89	38428.72	39075.44	39104.73

Calculations based on previous session. Data collected 05/01/2024

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	112-300	113-220	114-140	115-060	115-300
TYAAM24	10 Yr Treasury Notes	106-315	107-125	107-255	108-065	108-195
EPM24	S&P E-Mini	4977.12	5005.50	5066.12	5094.50	5155.12
ENQM24	E-Mini NASDAQ	17131.75	17258.25	17525.75	17652.25	17919.75
YMM24	Mini-Dow	37489	37774	38150	38435	38811

Calculations based on previous session. Data collected 05/01/2024

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## CURRENCIES COMMENTARY

5/2/2024

**We expect a dollar rally to fail off hawkish results**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
US DOLLAR -33, YEN +68, SWISS +43, CA DOLLAR -10**

### Upcoming International Reports (all times CT)

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  
05/03 France Industrial Production 1:45 AM  
05/03 France ECRI Future Inflation 3:30 AM  
05/03 German ECRI Future Inflation 3:30 AM  
05/03 UK CIPS/NTC Research Service 3:30 AM  
05/03 UK ECRI Future Inflation Gau 3:30 AM  
05/03 Euro-zone Unemployment Rate 4:00 AM  
05/03 Unemployment 7:30 AM  
05/03 ISM Services PMI 9:00 AM



**DOLLAR:** While the US dollar deserved the upside breakout yesterday on the back of fresh US inflation data, the inability to sustain those gains and the markets capacity to discount the threat of "rate hikes" suggest the bull camp is hesitant to remain long the dollar above 106.00. In fact, given recent dollar reactions to bullish US data signaling lingering wage price pressures and from ongoing modestly positive economic data should be disheartening for the bull camp. However, the bull camp could be emboldened today if the Unit Labor Costs report comes in as hot as expected and even more emboldened if US initial claims come in lower than expected. In conclusion, we see the dollar respecting consolidation low support of 105.33 but running into stiff resistance on trades above 106.00.

**Other Currencies:** Like the dollar, we expect the euro to continue to chop within a consolidation range bound by 1.0670 and 1.0689 as the prospect of a June ECB rate cut remains 50/50. However, the euro should garner support from favorable Spanish, French, German, and euro zone manufacturing PMI readings for April released earlier today. On the other hand, the positive economic spin from EU data this morning is tempered by soft Swiss and Italian PMIs and by a contraction in Italian producer price index readings for March. Even the Pound looks to settle into a sideways chop as the outlook for US interest rate direction is currently under debate and the Pound is overbought from the late April rally. However, the Pound has built consolidation support above 1.250, but a failure of that level from following hawkish US data could result in a downward pulse to 1.2440. Fortunately for Canadian dollar bulls, other currencies lack direction and the recent flow of disconcerting domestic geopolitical headlines have slowed. We see support at this week's double low of 72.60 but see a return to that level today.

### TODAY'S MARKET IDEAS:

We expect the dollar to rally off US scheduled data today but also expected to quickly give back those gains!

**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) 05/02/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 105.05. The next area of resistance is around 106.09 and 106.63, while 1st support hits today at 105.30 and below there at 105.05.

EURO (JUN) 05/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The daily closing price reversal up is a positive indicator that could support higher prices. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 108.0325. The next area of resistance is around 107.6850 and 108.0325, while 1st support hits today at 106.8450 and below there at 106.3525.

JAPANESE YEN (JUN) 05/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day up is somewhat positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 65.50. The next area of resistance is around 65.23 and 65.50, while 1st support hits today at 64.20 and below there at 63.45.

SWISS (JUN) 05/02/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market tilt is slightly negative with the close under the pivot. The next upside objective is 110.26. The next area of resistance is around 109.98 and 110.26, while 1st support hits today at 109.22 and below there at 108.72.

CANADIAN DOLLAR (JUN) 05/02/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 lower than the pivot swing number. The near-term upside objective is at 73.23. The next area of resistance is around 73.01 and 73.23, while 1st support hits today at 72.60 and below there at 72.39.

BRITISH POUND (JUN) 05/02/2024: Momentum studies are rising from mid-range, which could accelerate 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 125.99. The next area of resistance is around 125.60 and 125.99, while 1st support hits today at 124.76 and below there at 124.30.

**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	105.69	54.73	57.37	74.36	69.75	105.76	105.73	105.51	104.29	104.15
JYAM24	64.71	42.95	38.96	23.84	37.41	64.29	64.72	65.28	66.65	66.98
EU6M24	107.2650	48.21	45.68	35.20	42.62	107.18	107.15	107.26	108.30	108.33
BPAM24	125.18	51.28	48.05	48.40	61.40	125.24	124.73	124.95	126.16	126.20
CAAM24	72.80	40.14	40.76	46.75	48.72	73.02	73.05	73.01	73.56	73.72
SFAM24	109.60	36.80	35.32	17.60	19.07	109.92	110.15	110.40	112.21	112.96
DAAM24	65.25	51.99	50.33	51.90	59.67	0.65	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 05/01/2024  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	105.05	105.30	105.84	106.09	106.63
JYAM24	Japanese Yen	63.44	64.20	64.47	65.23	65.50
EU6M24	Euro	106.3525	106.8450	107.1925	107.6850	108.0325
BPAM24	British Pound	124.29	124.75	125.14	125.60	125.99
CAAM24	Canadian Dollar	72.38	72.59	72.81	73.01	73.23
SFAM24	Swiss	108.71	109.21	109.49	109.98	110.26
DAAM24	Australian Dollar	64.43	64.87	65.18	65.62	65.93

Calculations based on previous session. Data collected 05/01/2024  
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