



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 03, 2024

BONDS COMMENTARY

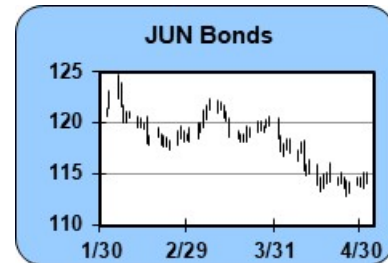
5/3/2024

The trend is for residual inflation signals & mixed economic data

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

Apparently, treasuries have continued to draft support from trade views that the Fed has not drifted toward a rate hike bias! Furthermore, the treasury trade maintains the ability to discount residual signs of inflation perhaps because signs of inflation were not blatant or top tier. The trade has also managed to spin classic economic activity reports into a slight economic softening bias. However, views on the status of the US economy will be given fresh guidance following today's nonfarm payroll report, with added focus on average hourly earnings. Later in the session the trade will be presented with an ISM services prices paid reading for April and that could also have an impact on Treasuries prices if payrolls are nondescript. In our opinion, second and third tier signs of inflation continue to surface and ideas that the Fed will not hike rates are premature. On the other hand, given treasury bond prices early today are trading two full points above the recent low suggest a portion of mediocre jobs data and level inflation results have been factored. Unfortunately for traders' today's data is likely to be offsetting as has been the case repeatedly over the last month. The North American session will start out with the highlight for global markets, the April US employment situation report. April non-farm payrolls are expected to come in around 240,000 which compares to March's 303,000 reading. April US unemployment is forecast to hold steady at a 3.8% reading while April average hourly earnings are expected to hold steady with March's 4.1% year-over-year rate. The April ISM services index is forecast to have a mild uptick from March's 51.4 reading. New York Fed President Williams and Chicago Fed President Goolsbee will speak during late afternoon US trading hours.



TODAY'S MARKET IDEAS:

We remain in a sell rallies posture as we believe the markets have discounted recent inflation data, benefited from mixed data, and have recently spun Fed statements into overly dovish views. While we have not detected flight to quality buying of treasuries off US protests, we suspect some flight to quality buying has surfaced because of Israeli comments earlier in the week announcing their intentions to go ahead with attacks on Hamas even if Hamas agrees to some concessions like the release of hostages. However, monthly jobs report sessions and the day following can see expanded ranges and therefore we suggest traders place conservative sell orders above 116-00.

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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BONDS (JUN) 05/03/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 115-270. The next area of resistance is around 115-150 and 115-270, while 1st support hits today at 114-130 and below there at 113-220.

10 YR TREASURY NOTES (JUN) 05/03/2024: 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 108-240. The next area of resistance is around 108-175 and 108-240, while 1st support hits today at 107-310 and below there at 107-185.

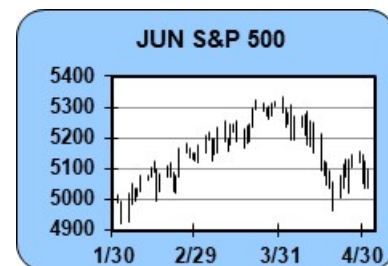
STOCKS COMMENTARY

5/3/2024

The bulls face a fresh judgment on Fed stance from payrolls

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

Global equity markets overnight were mostly higher while Japanese and Chinese markets traded lower. With the trade "fearing" Apple earnings from yesterday afternoon all week and the results beating low bar expectations and the company announcing the largest ever corporate stock buyback (\$110 billion) investor sentiment has improved significantly. However, the markets will likely be given fresh direction on Fed bias after today's US jobs data, making the post report action a potential trend signal. Earnings announcements will include Hershey and Cheniere Energy before the Wall Street opening.



S&P 500: As indicated already, the S&P saw a 180 degree reversal from a clear bearish bias into an optimistic bias following the largest ever corporate share buyback announcement from Apple after the close yesterday. However, the S&P looks to have a slightly dovish Fed bias factored into prices and the onus will be on the bull camp today to spin bearish headlines into bullish fodder again. Critical uptrend channel support in the June S&P today is 5044.30 with a trade above 5128.75 needed to rekindle views that the market shifted back into a bull trend initially started at the end of last month.

Other US Indexes: Given the rush of optimism following the Apple announcement to buyback a record amount of its stock, the seven-day high overnight in the Dow is justified by one fundamental angle. However, in classic fundamental analysis Apple earnings signal trouble for a major leading indicator for the markets. We give the edge to the bull camp early but suggest the Dow needs to respect support of 38,242 after the jobs report to maintain bullish sentiment. Uptrend channel support today is far off the market down at 37,966, but a trade above a recent double high of 38,801 could ignite follow-through buying. While there are other big tech companies to consider, Apple news over the last 14 hours has favored the bull camp in the NASDAQ even if the bull camp benefited from very "favorable Fed spin". Keep in mind, earlier in the week chatter of significant loss of Apple market share in Chinese phones and that is a major a major issue for the bellwether company. Uptrend channel support in the NASDAQ today is far off the market down at 17,415 with a trade back above 17,920 capable of extending the late April early May rally.

TODAY'S MARKET IDEAS:

Certainly, news from Apple has been shaped into a positive and that has inspired fresh investment/long speculation, but the nonfarm payroll report will present a test of the bull case. In fact, we suggest the markets have prematurely benefited from ideas that the Fed will not hike rates.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/03/2024: Momentum studies are trending higher from mid-range, which should support 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 upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next upside objective is 5144.00. The next area of resistance is around 5122.75 and 5144.00, while 1st support hits today at 5058.25 and below there at 5015.00.

MINI-DOW (JUN) 05/03/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 38706. The next area of resistance is around 38548 and 38706, while 1st support hits today at 38134 and below there at 37879.

E-MINI NASDAQ (JUN) 05/03/2024: The daily stochastics have crossed over up which is a bullish indication. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 17893.43. The next area of resistance is around 17802.12 and 17893.43, while 1st support hits today at 17502.88 and below there at 17294.94.

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	114-300	49.24	45.37	29.86	41.24	114.59	114.30	114.75	117.58	117.89
TYAAM24	108-080	52.61	47.58	28.56	42.71	107.96	107.83	108.02	109.55	109.81
EPM24	5090.50	45.58	45.10	39.84	42.26	5086.56	5094.53	5113.24	5187.93	5165.76
ENQM24	17652.50	46.07	45.14	36.18	37.55	17637.06	17634.47	17782.57	18139.55	18130.43
YMM24	38341	46.30	44.76	47.26	52.33	38248.25	38405.11	38380.00	39054.69	39094.88

Calculations based on previous session. Data collected 05/02/2024

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	113-210	114-120	114-240	115-150	115-270
TYAAM24	10 Yr Treasury Notes	107-180	107-305	108-050	108-175	108-240
EPM24	S&P E-Mini	5015.00	5058.25	5079.50	5122.75	5144.00
ENQM24	E-Mini NASDAQ	17294.93	17502.87	17594.18	17802.12	17893.43
YMM24	Mini-Dow	37878	38134	38292	38548	38706

Calculations based on previous session. Data collected 05/02/2024

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CURRENCIES COMMENTARY

5/3/2024

We expect a dollar rally off hawkish jobs results

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -63, YEN -8, SWISS +27, CA DOLLAR +0**

Upcoming International Reports (all times CT)

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: With a downside extension in the dollar overnight, the dovish interpretation of this week's Fed dialogue remains a key feature in the dollar trade. However, without a distinct softer than expected job gain in payrolls, the dollar is likely to find support at 105.00. In fact, traders should also take direction from today's average hourly earnings and ISM services prices paid readings as the ebb and flow of inflationary expectations probably impact the dollar over the growth pace influence. Furthermore, at or above expected payroll readings and any sign of price pressures is likely to result in a dollar recovery from a moderately oversold short-term technical condition. We expect the dollar to rally off US scheduled data today but also expected to it quickly give back those gains!

Other Currencies: Fortunately for the bull camp in the euro, overnight manufacturing PMI data throughout the euro zone was offsetting, (but favored growth on the number of entities posting positive PMI readings) but we think the Italian producer price index decline provides a measure of concern to euro bulls. Key support in the euro today is 1.0728, with post US jobs report action a likely near-term trend signal. Pushed into the market we favor selling rallies in the euro. In addition to recent signs of leadership, favorable UK public-sector productivity and positive S&P global composite and services PMI readings for April leaves the Pound bulls with the strongest classic fundamental bull case. Buying support for aggressive traders is 1.2534 while a buy point for conservative traders is 1.2495. As usual monthly US jobs data is likely to dominate the Canadian this morning which is short-term technically overbought from this week's rally. In our opinion, today's US payroll report will prompt profit taking selling in the Canadian.

TODAY'S MARKET IDEAS:

Ultimately, we think the dollar exits today's economic report window with fresh bargain hunting buying!

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) 05/03/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down.

The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 104.74. The next area of resistance is around 105.53 and 105.96, while 1st support hits today at 104.92 and below there at 104.74.

EURO (JUN) 05/03/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 107.9112. The next area of resistance is around 107.7524 and 107.9112, while 1st support hits today at 107.1875 and below there at 106.7813.

JAPANESE YEN (JUN) 05/03/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 66.71. The next area of resistance is around 66.29 and 66.71, while 1st support hits today at 64.93 and below there at 63.99.

SWISS (JUN) 05/03/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 111.24. The next area of resistance is around 110.90 and 111.24, while 1st support hits today at 109.90 and below there at 109.23.

CANADIAN DOLLAR (JUN) 05/03/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 73.47. The next area of resistance is around 73.36 and 73.47, while 1st support hits today at 72.99 and below there at 72.74.

BRITISH POUND (JUN) 05/03/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 125.98. The next area of resistance is around 125.77 and 125.98, while 1st support hits today at 125.05 and below there at 124.54.

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	105.22	45.73	50.78	66.83	52.53	105.59	105.64	105.58	104.32	104.17
JYAM24	65.61	56.23	50.02	30.98	49.88	64.56	64.68	65.18	66.59	66.91
EU6M24	107.4700	51.94	48.27	41.54	53.41	107.27	107.23	107.19	108.27	108.32
BPAM24	125.41	54.05	50.16	56.78	71.44	125.41	124.95	124.90	126.14	126.20
CAAM24	73.17	52.44	49.14	52.70	61.57	73.05	73.12	72.99	73.55	73.71
SFAM24	110.40	49.54	44.36	22.34	31.82	110.00	110.13	110.35	112.10	112.85
DAAM24	65.73	60.10	56.15	59.03	71.78	0.65	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 05/02/2024
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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.73	104.91	105.35	105.53	105.96
JYAM24	Japanese Yen	63.98	64.92	65.34	66.29	66.71
EU6M24	Euro	106.7812	107.1874	107.3462	107.7524	107.9112

BPAM24	British Pound	124.54	125.05	125.26	125.77	125.98
CAAM24	Canadian Dollar	72.73	72.98	73.10	73.36	73.47
SFAM24	Swiss	109.22	109.89	110.23	110.90	111.24
DAAM24	Australian Dollar	65.05	65.44	65.63	66.02	66.21

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