



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday May 06, 2024

BONDS COMMENTARY

5/6/2024

A bounce is underway as the trade thinks US data is softening

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



Obviously, the path of least resistance in treasury prices remains up with the recovery off the April spike low reaching 3 1/2 points in bonds. In retrospect, the trade saw a subtle shift (softening) in US inflation and jobs and in turn the trade has embraced the idea of only two rate cuts this year! However, the CME Fed watch tool does not expect a greater than 50% chance of a rate cut in any of the remaining Fed meetings this year. The US treasury markets should be supported from the ECB commentary overnight indicating the case for rate cuts are accumulating with the latest ECB member predicting three rate cuts before the end of the year. However, the US did create 175,000 jobs in April and the March reading was revised higher to a very 315,000! The bull camp was also fueled by a softer than expected average hourly earnings which some traders saw as a softer inflation signal. This week the markets will see a wave of US refunding auctions starting with T-bill auctions today, a three year note auction tomorrow, a 10 year note auction on Wednesday, and a 30 year bond auction on Thursday. The Commitments of Traders report for the week ending April 30th showed Bonds Non-Commercial & Non-Reportable traders added 643 contracts to their already long position and are now net long 15,728. T-Notes positioning showed Non-Commercial & Non-Reportable traders were net short 512,115 contracts after decreasing their short position by 15,722 contracts. The North American session will not have any major US or Canadian economic numbers. New York Fed President Williams and Richmond Fed President Barkin will speak during morning US trading hours.

TODAY'S MARKET IDEAS:

Apparently, the trade is embracing the idea that inflation has topped even if inflation remains at levels unacceptable to the US Federal Reserve. Clearly, the bull camp benefited from a generally bullish spin on last week's inflation US reports and from a softer than expected headline nonfarm payroll reading. Initial and thin resistance is seen at 116-18 in June bonds with a downside reversal signaled by a trade back below 115-21. However, the sharp range up move above 116-00 is likely to be extended straight away as a surprising monthly jobs report usually impacts prices for at least two trading sessions. Near-term upside targeting is seen at 117-01.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short June Bonds at 116-02! Exit at the market to reset at a higher level.

Commitment of Traders - Futures and Options - 4/23/2024 - 4/30/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-14,596	+7,035	-15,728	-643	30,324	-6,392
T-Notes	-490,717	+35,293	512,116	-15,721	-21,398	-19,571

BONDS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

BONDS (JUN) 05/06/2024: 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 117-180. The next area of resistance is around 116-250 and 117-180, while 1st support hits today at 115-010 and below there at 114-010.

10 YR TREASURY NOTES (JUN) 05/06/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 109-285. The next area of resistance is around 109-120 and 109-285, while 1st support hits today at 108-090 and below there at 107-220.

STOCKS COMMENTARY

5/6/2024

The bull camp controls from internal and external developments

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +8

Global equity markets overnight were higher except for the markets in Japan and Russia. Apparently, global equity markets are not unnerved by talk of an impending Israeli offensive and news that Russia is practicing the deployment of tactical nuclear weapons! However, the Apple stock buyback and fresh rate cut hopes have the market's attention. Earnings announcements will include Vertex Pharmaceuticals, Palantir Technologies and Williams Companies after the Wall Street closing bell.



S&P 500: With a higher high overnight, very optimistic Apple AI news, the historic Apple share buyback, and a Goldilocks US payroll report, the bull camp has the upper hand again. However, given the S&P this morning is trading 120 points above the level where the S&P spec and fund long likely reached the higher level since April 2022 the market is becoming overbought from one classic technical indicator. The Commitments of Traders report for the week ending April 30th showed E-Mini S&P Non-Commercial & Non-Reportable traders are net long 118,663 contracts after net selling 38,325 contracts. Uptrend channel support is far below the market today at 5052.40 but climbs to 5084.75 on Friday. Near-term targeting is 5200.

Other US Indexes: Clearly the Dow is being lifted by Apple shares with the company displaying very lofty AI return potential last week and promising to reduce costs significantly in the pursuit of AI revenues. Obviously, the Dow is also garnering lift from newfound rate cut hopes even if those hopes are in our opinion exaggerated. However, the Dow could post relatively stronger gains than other sectors of the market given its notable liquidation/correction of the net spec and fund long positioning to the lowest level this year. The April 30th Commitments of Traders report showed Dow Jones \$5 Non-Commercial & Non-Reportable traders were net long 6,636 contracts after decreasing their long position by 1,091 contracts. Initial support is a recent double high starting at 38,801 and resistance is pegged at the psychological level of 40,000. With AI optimism back in a front row seat, hope of lower US interest rates and optimism from Apple still echoing in the markets, the path of least resistance is up in the NASDAQ with near-term targeting this week seen at 18,160. Nasdaq Mini positioning in the Commitments of Traders for the week ending April 30th showed Non-Commercial & Non-Reportable traders are net long 15,083 contracts after net selling 2,798 contracts.

TODAY'S MARKET IDEAS:

The bias is up with US domestic macroeconomic sentiment looking for rate cuts again, a focus on big tech and most importantly little fear toward concerning geopolitical developments from Russia and Gaza. Apparently, the

equity markets are not concerned about the Russian announcement to "practice tactical nuclear warfare".

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/23/2024 - 4/30/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
E-Mini S&P	19,291	-25,108	-118,664	+38,324	99,372	-13,217

STOCKS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

S&P E-MINI (JUN) 05/06/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 5214.87. The next area of resistance is around 5195.50 and 5214.87, while 1st support hits today at 5128.00 and below there at 5079.88.

MINI-DOW (JUN) 05/06/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 39197. The next area of resistance is around 39063 and 39197, while 1st support hits today at 38689 and below there at 38450.

E-MINI NASDAQ (JUN) 05/06/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 18284.31. The next area of resistance is around 18187.62 and 18284.31, while 1st support hits today at 17856.88 and below there at 17622.82.

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	115-290	57.10	50.74	38.65	55.21	114.97	114.47	114.65	117.51	117.81
TYAAM24	108-265	58.90	52.16	37.52	55.43	108.18	107.94	107.98	109.51	109.76
EPM24	5161.75	56.32	52.57	46.62	58.57	5095.38	5109.36	5108.63	5188.39	5167.58
ENQM24	18022.25	56.92	52.80	42.82	54.62	17687.19	17719.75	17767.44	18135.06	18130.85
YMM24	38876	58.03	53.22	56.35	70.33	38400.75	38480.00	38376.78	39048.42	39094.68

Calculations based on previous session. Data collected 05/03/2024

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	114-000	115-000	115-250	116-250	117-180
TYAAM24	10 Yr Treasury Notes	107-215	108-085	108-250	109-120	109-285
EPM24	S&P E-Mini	5079.87	5128.00	5147.37	5195.50	5214.87
ENQM24	E-Mini NASDAQ	17622.81	17856.87	17953.56	18187.62	18284.31
YMM24	Mini-Dow	38449	38689	38823	39063	39197

Calculations based on previous session. Data collected 05/03/2024

Data sources can & do produce bad ticks. Verify before use.

CURRENCIES COMMENTARY

5/6/2024

Surprisingly soft US jobs shifts \$, Pound & Euro trends

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +57, YEN -39, SWISS -3, CA DOLLAR +10

Upcoming International Reports (all times CT)

05/06 France Services PMI 2:50 AM
05/06 German Service PMI 2:55 AM
05/06 Euro-Zone Services PMI 3:00 AM
05/06 Euro-zone Industrial Produce 4:00 AM
05/06 Japan Services PMI 7:30 PM
05/07 Swiss Employment 12:45 AM
05/07 German Foreign Trade 1:00 AM
05/07 German Manufacturing Orders 1:00 AM
05/07 German Manufacturing Turnove 1:00 AM
05/07 UK Halifax Housing Price Ind 1:00 AM
05/07 France Trade Balance 1:45 AM
05/07 Euro-zone Retail Trade 4:00 AM
05/07 Canadian PMI 9:00 AM
05/07 Consumer Credit 2:00 PM
05/07 API Energy Stocks 3:30 PM



DOLLAR: Apparently, the currency trade thinks the ECB is more likely to cut rates sooner than the US Fed and expects the ECB to cut rates more than the US Fed this year. However, despite the interest rate differential edge the dollar has suffered significant damage on its charts, and we get the sense that the trade is set to over emphasize the prospect of rate cut hopes from the softer than expected US payroll reading last Friday. On the other hand, in addition to the softer than expected headline reading, US wage gains were softer than expected and the dollar failed at several key support levels potentially fueling an overreaction on the downside last Friday. With the April 30th Commitments of Traders report showing the Dollar Non-Commercial & Non-Reportable traders net long 2,165 contracts, and the dollar from the COT report into the low Friday 170 points lower the dollar was oversold. Furthermore, the dollar aggressively rejected the major spike down failure in a sign that prices below 105.00 are seen as value.

Other Currencies: As indicated already we are surprised in the bullish action in the euro given ongoing central bank suggestions of three European rate cuts this year. However, the dollar saw a significant deflating from a softer than expected jobs report as that prompted waves of technically based stop loss selling in the dollar, which in turn provided spill over buying to the euro. We see downtrend channel selling resistance in the euro today at 1.0826. Euro positioning in the Commitments of Traders for the week ending April 30th showed Non-Commercial & Non-Reportable traders are net long 6,492 contracts after net buying 4,808 contracts. Obviously, the path of least resistance has shifted up in the pound with Friday's upside breakout followed by overnight trade mostly in positive territory. Apparently, the trade expects this week's BOE meeting to be supportive of the Pound, with the pound managing to discount a significant defeat four ruling conservatives in local elections. Uptrend channel

support in the June Pound today is 1.2518 and increases to 1.2539 on Tuesday. While the Canadian initially benefited from the softer than expected US payrolls and renewed US rate cut hopes, the currency reversed course, traded 50 points below the Friday high this morning despite a 10 month high in Canadian services PMI last Friday. We see thick resistance in the Canadian at 73.28 with a bottom of the near-term consolidation projected at 72.89.

TODAY'S MARKET IDEAS:

At least temporarily the Dollar is vulnerable to more selling, with the Pound likely to be the biggest benefactors of that weakness.

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:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

US DOLLAR (JUN) 05/06/2024: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 104.04. The next area of resistance is around 105.33 and 105.70, while 1st support hits today at 104.51 and below there at 104.04.

EURO (JUN) 05/06/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 upside objective is 108.7537. The next area of resistance is around 108.2975 and 108.7537, while 1st support hits today at 107.4125 and below there at 106.9838.

JAPANESE YEN (JUN) 05/06/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over 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 objective is 66.66. The next area of resistance is around 66.24 and 66.66, while 1st support hits today at 65.43 and below there at 65.04.

SWISS (JUN) 05/06/2024: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 112.24. The next area of resistance is around 111.66 and 112.24, while 1st support hits today at 110.45 and below there at 109.80.

CANADIAN DOLLAR (JUN) 05/06/2024: 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 market could take on a defensive posture with the daily closing price reversal down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 73.67. The next area of resistance is around 73.36 and 73.67, while 1st support hits today at 72.92 and below there at 72.78.

BRITISH POUND (JUN) 05/06/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving

average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 126.75. The next area of resistance is around 126.06 and 126.75, while 1st support hits today at 125.00 and below there at 124.63.

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	104.92	41.78	47.78	58.80	42.73	105.46	105.53	105.63	104.35	104.19
JYAM24	65.83	58.58	52.15	42.35	64.05	64.89	64.77	65.15	66.55	66.87
EU6M24	107.8550	58.41	52.83	48.06	61.41	107.38	107.34	107.13	108.25	108.31
BPAM24	125.53	55.84	51.36	62.08	72.63	125.38	125.16	124.84	126.13	126.19
CAAM24	73.14	50.33	47.84	56.38	63.76	73.02	73.13	72.96	73.54	73.69
SFAM24	111.05	57.51	50.53	30.74	47.53	110.14	110.20	110.32	112.03	112.77
DAAM24	66.21	64.99	59.83	64.79	76.31	0.66	0.65	0.65	0.65	0.65

Calculations based on previous session. Data collected 05/03/2024

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.03	104.50	104.87	105.33	105.70
JYAM24	Japanese Yen	65.03	65.42	65.85	66.24	66.66
EU6M24	Euro	106.9837	107.4125	107.8687	108.2975	108.7537
BPAM24	British Pound	124.63	125.00	125.69	126.06	126.75
CAAM24	Canadian Dollar	72.77	72.92	73.22	73.36	73.67
SFAM24	Swiss	109.80	110.44	111.02	111.66	112.24
DAAM24	Australian Dollar	65.23	65.71	66.21	66.69	67.19

Calculations based on previous session. Data collected 05/03/2024

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.