



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday May 07, 2024

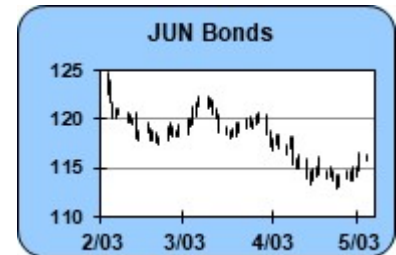
BONDS COMMENTARY

5/7/2024

The bias is up with midday auction volatility possible

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

In retrospect, we remain surprised with the Treasury market's bullish resiliency from the late April low as recent US inflation readings were not definitively indicative of "softening inflation". However, US economic data has been mixed to slightly softer over the last month, with the nonfarm payroll from Friday understandably providing the bull camp with resolve. On the other hand, a Fed comment overnight indicating that the Fed would "eventually" cut rates is open-ended and not necessarily additive to the overnight higher high probe. In fact, the CME Fed watch tool early this week did not have a probability of a rate cut above 50% for any Fed meeting through the end of the year, but now has a 66% probability of a cut in the September meeting. Nonetheless, the bull camp holds an edge perhaps receiving a very minimal lift from the launch of an Israeli offensive against Rafah. The US scheduled report slate today is empty in the morning trade with a potentially critical US consumer credit reading due out later in the session. It should be noted there has been speculation the US consumer has exploded its use of credit and reports of delinquency are rising. The trade will encounter a three year US treasury note auction at midsession with investors likely to step up for the shorter maturity supply at this week's auction cycle. The North American session will start out with a weekly private survey of same-store sales followed by the April Canadian Ivey PMI which is expected to have a mild uptick from March's 57.5 reading. March US consumer credit is forecast to have a moderate uptick from February's \$14.1 billion reading. Minneapolis Fed President Kashkari will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

The bias sits with the bull camp today with an upside breakout overnight, fresh Israeli military attacks overnight, a slightly bullish Fed buzz, and US consumer credit likely to show US consumers are burning through their available credit. Support in June bonds this morning is 115-23 with term resistance and targeting pegged at 117-04.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short June Bonds at 116-02! Exited at 116-07.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/07/2024: 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 116-260. The next area of resistance is around 116-180 and 116-260, while 1st support hits today at 115-290 and below there at 115-150.

10 YR TREASURY NOTES (JUN) 05/07/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. 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 close over the pivot swing is a somewhat positive setup. The next upside objective is 109-065. The next area of resistance is around 109-010 and 109-065, while 1st support hits today at 108-230 and below there at 108-180.

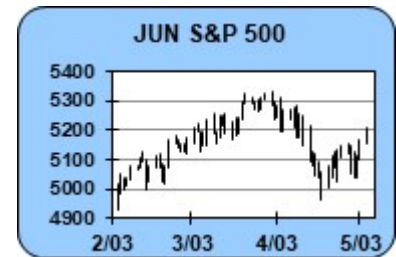
STOCKS COMMENTARY

5/7/2024

The bull camp extends its control off a bullish Fed spin

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 -4

Equity markets overnight were higher except for the Russian market. With a higher high in early US trade the bull camp has extended its control despite fresh negative developments at Boeing, a Tesla layoff announcement, an Israel offensive, and a Spanish regulatory issue for Microsoft. Nonetheless, the trade continues to embrace a slightly more dovish view of upcoming Fed policy decisions. Earnings announcements will include Walt Disney and Duke Energy before the Wall Street opening, while Arista Networks, McKesson, Occidental Petroleum and Suncor Energy report after the close.



S&P 500: With higher global equity market action overnight, the launch of the threatened Israeli offensive has not undermined investment sentiment. We suspect the markets are drafting investor interest from the recently revived dovish view toward the US Fed and from ongoing upbeat sentiment toward anything attached to AI. In fact, overnight Amazon announced they would spend almost \$9 billion to expand cloud infrastructure in Singapore and news that Apple is working to expand its internal chip production to run artificial intelligence software in its data centers. While uptrend channel support in the S&P is too far off the market to be a force today, we see initial support at 5176.50 and see the market working toward resistance up at 5248.75.

Other US Indexes: Even though the Dow could have been held back this morning by yet another safety issue with the Dreamliner, the index should benefit from favorable Amazon and Apple news regarding investments in cloud and AI chip development. Close in uptrend channel support for the June Dow index is 38,834 with near-term resistance pegged at a series of closes starting at 39,226. While the NASDAQ has not posted a fresh higher high overnight it sits just below yesterday's high which was the highest trade since April 15th. As in the Dow index, the NASDAQ should benefit from fresh technology spending from Amazon and from a push by Apple to develop its own chips. Close in support in the NASDAQ is 17,949.00 and initial targeting is at a series of closes starting at 18,311.50.

TODAY'S MARKET IDEAS:

The path of least resistance is up with ongoing dovish sentiment toward future Fed policy and from positive AI and chip news overnight.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/07/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 5245.37. The next area of resistance is around 5231.00 and 5245.37, while 1st support hits today at 5179.00 and below there at 5141.38.

MINI-DOW (JUN) 05/07/2024: Rising stochastics at overbought levels warrant some caution for bulls. 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 39154. The next area of resistance is around 39086 and 39154, while 1st support hits today at 38892 and below there at 38766.

E-MINI NASDAQ (JUN) 05/07/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 18356.00. The next area of resistance is around 18293.25 and 18356.00, while 1st support hits today at 18075.75 and below there at 17921.00.

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	116-070	59.41	52.41	48.08	66.77	115.58	114.64	114.69	117.42	117.75
TYAAM24	108-280	59.66	52.73	46.72	64.78	108.55	108.03	108.02	109.47	109.72
EPM24	5205.00	61.64	56.51	54.90	71.50	5132.81	5119.64	5108.68	5188.50	5169.78
ENQM24	18184.50	60.90	55.77	51.34	68.30	17856.94	17778.75	17767.18	18126.53	18132.42
YMM24	38989	60.25	54.87	64.01	79.43	38655.00	38504.89	38391.00	39035.76	39090.80

Calculations based on previous session. Data collected 05/06/2024

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	115-140	115-280	116-040	116-180	116-260
TYAAM24	10 Yr Treasury Notes	108-175	108-225	108-280	109-010	109-065
EPM24	S&P E-Mini	5141.37	5179.00	5193.37	5231.00	5245.37
ENQM24	E-Mini NASDAQ	17921.00	18075.75	18138.50	18293.25	18356.00
YMM24	Mini-Dow	38766	38892	38960	39086	39154

Calculations based on previous session. Data collected 05/06/2024

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CURRENCIES COMMENTARY

5/7/2024

Fear of US rate cuts and softer US jobs has dissipated

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +201, YEN -11, SWISS -21, CA DOLLAR -145

Upcoming International Reports (all times CT)

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 Turnover 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
05/08 German Industrial Production 1:00 AM
05/08 Wholesale Trade 7:30 AM
05/08 EIA Energy Stocks 9:30 AM



DOLLAR: The dollar index has mounted a modest recovery from last week's spike low trade despite lingering dovish Fed spin by the markets. In fact, the dollar has managed strength this morning despite much stronger-than-expected German exports and imports and stronger-than-expected euro zone retail sales! However, the dollar could be drafting flight to quality buying from the Russian tactical nuclear training announcement and from the launch of the widely threatened Israeli offensive. Key pivot point support in the dollar is at a series of previous closes around 1.0491 with the index expected to run into thick resistance at the underside of the late April consolidation at 105.27.

Other Currencies: As indicated already, euro zone economic data from Germany and the euro zone should have provided the euro with lift but instead the currency is trading lower. Therefore, despite recent disappointment over US payrolls and surprising ongoing expectations of US easing (or perhaps a reduced expectation of a rate hike) the euro has faltered. Therefore, we think the euro and dollar are likely to remain in consolidation patterns until there is a more definitive macroeconomic or interest rate differential edge. Key support in the euro today is 1.0756 with resistance at 1.080. With the US dollar showing modest strength, GBP BRC Like-for-like Retail Sales collapsing in April relative to year ago levels and softer than expected Halifax House Prices in April, the downside tilt in the Pound is fundamentally justified. Furthermore, the charts are bearish with a failure at 1.2532 potentially resulting in stop loss selling. Fortunately for Pound Bulls, the markets lack a definitive leadership currency. Not surprisingly, the Canadian is also posting a very narrow trading range this week and is likely seeing very minimal pressure from the upside breakout in the dollar. However, we expect the Canadian to respect key support at 73.06 this morning from improvement in Canadian Ivey Purchasing Managers Index readings for April.

TODAY'S MARKET IDEAS:

While there is a positive bias in the dollar and minimal negative tracks in nondollar currencies this morning, we think Range trading is the best trading advice for all currencies.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Expire worthless. 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) 05/07/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 104.62. The next area of resistance is around 105.14 and 105.27, while 1st support hits today at 104.82 and below there at 104.62.

EURO (JUN) 05/07/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 108.2462. The next area of resistance is around 108.0425 and 108.2462, while 1st support hits today at 107.6875 and below there at 107.5363.

JAPANESE YEN (JUN) 05/07/2024: 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 66.02. The next area of resistance is around 65.65 and 66.02, while 1st support hits today at 65.13 and below there at 64.98.

SWISS (JUN) 05/07/2024: 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 market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 111.32. The next area of resistance is around 111.06 and 111.32, while 1st support hits today at 110.69 and below there at 110.58.

CANADIAN DOLLAR (JUN) 05/07/2024: 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 73.46. The next area of resistance is around 73.33 and 73.46, while 1st support hits today at 73.08 and below there at 72.94.

BRITISH POUND (JUN) 05/07/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 126.22. The next area of resistance is around 125.90 and 126.22, while 1st support hits today at 125.34 and below there at 125.09.

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	104.98	41.80	47.79	51.45	36.74	105.16	105.46	105.63	104.38	104.21
JYAM24	65.39	51.96	47.61	50.63	67.32	65.26	64.80	65.11	66.50	66.82
EU6M24	107.8650	58.65	52.98	53.97	66.24	107.62	107.41	107.14	108.23	108.30
BPAM24	125.62	58.68	53.27	66.53	75.34	125.54	125.30	124.86	126.11	126.18
CAAM24	73.20	52.34	49.19	59.78	66.56	73.14	73.12	72.97	73.53	73.67
SFAM24	110.87	55.45	49.30	39.08	55.78	110.52	110.25	110.36	111.95	112.69
DAAM24	66.30	66.47	60.97	70.05	80.56	0.66	0.66	0.65	0.66	0.65

Calculations based on previous session. Data collected 05/06/2024

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DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX					

DXAM24	US Dollar	104.61	104.81	104.94	105.14	105.27
JYAM24	Japanese Yen	64.98	65.13	65.50	65.65	66.02
EU6M24	Euro	107.5362	107.6875	107.8912	108.0425	108.2462
BPAM24	British Pound	125.08	125.33	125.65	125.90	126.22
CAAM24	Canadian Dollar	72.93	73.07	73.19	73.33	73.46
SFAM24	Swiss	110.57	110.68	110.94	111.06	111.32
DAAM24	Australian Dollar	65.97	66.14	66.30	66.47	66.63

Calculations based on previous session. Data collected 05/06/2024

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