



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday May 08, 2024

BONDS COMMENTARY

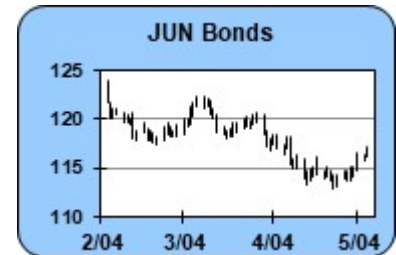
5/8/2024

Long interest moderating with 5-month consolidation low regained

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS +0

Despite a hawkish drift in the latest Fed news (the Minneapolis Fed Pres. Yesterday suggested inflation could remain a problem and prevent a 2024 rate cut) June treasury bonds this morning remain within striking distance of 20 day highs. In retrospect, yesterday's US treasury auction of three year notes resulted in a slide in treasury bonds perhaps because of the sticky inflation musings of the Fed's Kashkari. Today the markets will be presented with a 10 year note auction and another Fed speech which could result in further corrective action. We suspect the general optimism from a pattern of positive US corporate earnings and an extension of the higher high pattern in equities will add a minimal pressure to treasury prices today. While not a definitive impact on treasury prices, US treasuries might find support from daily indications of rate cuts by other foreign central banks. It is also possible that a soft US mortgage applications report could provide temporary support for Treasury prices as that report is the only primary scheduled report today besides wholesale inventories. The North American session will start out with a weekly private survey of mortgage applications but will only have one top-tier US or Canadian economic number, a March reading on US wholesale trade which is expected to have a sizable downtick from February's 0.5% reading. Fed Vice Chair Jefferson and Boston Fed President Collins will speak during morning US trading hours while Fed Governor Cook will speak during the afternoon.



TODAY'S MARKET IDEAS:

Even though the bias remains up, the rally off the late April low saw trading volume fall off after June bonds regained 116-00 indicating the trade may see that level as expensive. Furthermore, with the market view toward Fed policy shifting slightly hawkish yesterday, today's Fed speech from Cook could be a fresh trend setter especially if another hawkish Fed opinion is levied. Downtrend channel resistance in June bonds is well above the market today at 118-10 but initial resistance is pegged at 116-28 in bonds and at 109-09 in June treasury notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/08/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 117-260. The next area of resistance is around 117-100 and 117-260, while 1st support hits today at 116-080 and

below there at 115-210.

10 YR TREASURY NOTES (JUN) 05/08/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 109-160. The next area of resistance is around 109-080 and 109-160, while 1st support hits today at 108-255 and below there at 108-185.

STOCKS COMMENTARY

5/8/2024

Buy breaks as AI infatuation and earnings should underpin

OVERNIGHT CHANGES THROUGH 3:16 AM (CT): S&P 500 +0

Global equity markets overnight were mixed with markets generally soft in Asia and trading higher in the early European trade. While US equities are showing two-sided early trade today the charts still favor the bull camp and so far, 80% of corporate earnings have come in positive! Earnings announcements include Uber Technologies, Anheuser-Busch InBev, Shopify, and Emerson Electric before the Wall Street opening while Airbnb, The Trade Desk and Nutrien report after the close.



S&P 500: As indicated already, corporate earnings continue to be positive, the charts remain in bullish structures, Amazon has apparently positioning to make market share gains in the European 5G market, and the US administration announced a \$3.3 billion Microsoft AI investment in a high-tech data center in Wisconsin which leaves the market with bullish fundamental fuel. In fact, left to its own devices (meaning without Fed headwinds) more gains are expected. Unfortunately for the bull camp key support is very close to the market this morning at 5202.25 with a major failure seen with a violation of 5166.75.

Other US Indexes: As in the S&P, the Dow continues to receive lift from positive corporate earnings reports and from generally positive AI headlines. However, with Boeing encountering yet another investigation into the 787 Dreamliner, positive Amazon and Microsoft AI news is somewhat tempered. On the other hand, US interest rates appear to be drifting lower and the dollar has posted a four-day high which could help large companies see greater windfalls from an expansion of the value of foreign earnings. Key support in the Dow today is 38,834. As indicated already, the tech sector has received five separate positive headline developments overnight with Tesla poised to launch global taxis in China, a possible expansion of Amazon market share in the European 5G market, positive Reddit second quarter revenue expectations, strong earnings forecasts from Lyft and Apple announcing a new AI focused chip in the latest iPad Pro upgrade. Critical support in the NASDAQ is somewhat far off the market down at 18,050.25.

TODAY'S MARKET IDEAS:

The path of least resistance remains up with hawkish Fed dialogue mostly discounted yesterday, 80% of corporate earnings reports posting positive results and ongoing positive AI news.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/08/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 near-term upside target is at 5239.00. The next area of resistance is around 5226.75 and 5239.00, while 1st support hits today at 5202.25 and below there at 5190.00.

MINI-DOW (JUN) 05/08/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 39191. The next area of resistance is around 39105 and 39191, while 1st support hits today at 38955 and below there at 38890.

E-MINI NASDAQ (JUN) 05/08/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 18324.06. The next area of resistance is around 18266.62 and 18324.06, while 1st support hits today at 18151.38 and below there at 18093.57.

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	116-250	63.44	55.35	57.11	75.16	116.02	114.96	114.77	117.36	117.71
TYAAM24	109-005	61.36	53.96	55.29	72.42	108.78	108.17	108.07	109.43	109.68
EPM24	5214.50	62.76	57.34	63.17	79.67	5173.06	5134.64	5107.10	5188.91	5171.68
ENQM24	18209.00	61.49	56.21	59.95	77.16	18040.69	17856.81	17751.86	18120.26	18131.48
YMM24	39030	61.10	55.49	70.89	84.63	38881.00	38552.56	38406.44	39027.13	39089.15

Calculations based on previous session. Data collected 05/07/2024

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	115-200	116-070	116-230	117-100	117-260
TYAAM24	10 Yr Treasury Notes	108-180	108-250	109-010	109-080	109-160
EPM24	S&P E-Mini	5190.00	5202.25	5214.50	5226.75	5239.00
ENQM24	E-Mini NASDAQ	18093.56	18151.37	18208.81	18266.62	18324.06
YMM24	Mini-Dow	38889	38954	39040	39105	39191

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CURRENCIES COMMENTARY

5/8/2024

The dollar bias is up off a less bearish set up

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +195, YEN -26, SWISS +2, CA DOLLAR -130

Upcoming International Reports (all times CT)

05/08 German Industrial Production 1:00 AM
05/08 Wholesale Trade 7:30 AM
05/08 EIA Energy Stocks 9:30 AM
05/09 Japan Index of Business Cond
05/09 Japan Leading Indicators 12:00 AM
05/09 UK Monetary Policy 6:00 AM
05/09 UK Monetary Policy Minutes 6:00 AM
05/09 Jobless Claims 7:30 AM
05/09 EIA Gas Storage 9:30 AM
05/09 Japan Household Spending 6:30 PM



DOLLAR: The dollar remains strong today after Minneapolis Fed Pres. comments yesterday suggesting inflation could remain above Fed targeting which could prevent a rate cut this year and might even result in a Fed rate hike. However, the dollar lacks positive economic sentiment and given a very thin US scheduled report slate today, economic optimism may remain elusive. On the other hand, the dollar is seeing win by default buying from noted weakness in Canadian, Chinese, Russian, Polish, Australian, and Japanese currencies overnight. Unfortunately for the bull camp, the dollar lacks fresh internal fundamental fodder for the bull camp and the index has returned to levels just under the middle of the last 30 days consolidation zone.

Other Currencies: Not surprisingly the euro has posted a lower low trade this morning, as the dollar maintains a minimal upward bias and the bear camp is emboldened by soft German industrial production and Italian retail sales readings for the month of March released yesterday. Uptrend channel support in the euro today is far below the market at 1.069 with that support level increasing to 1.070 on Friday. With the Pound moderately overbought from the late April to early May rally of 338 points, a slight uptick in Bank of England rate cut prospects because of Japanese central bank policy expectations. However, the Pound will be subjected to the meandering of the US dollar given a lack of scheduled data and from undermining political developments. Near-term downside targeting is 1.2469. Obviously, the charts in the Canadian favor the bear camp despite a stronger-than-expected Ivey PMI reading for April today (a 10 month high). Near-term downside targeting is a recent double low beginning at 72.61.

TODAY'S MARKET IDEAS:

The dollar wins by default because of a slight (perhaps temporary) hawkish (or less dovish) Fed headline yesterday. Furthermore, actively traded nondollar currencies have posted fresh chart damage this morning.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/08/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside objective is now at 104.78. The next area of resistance is around 105.46 and 105.60, while 1st support hits today at 105.05 and below there at 104.78.

EURO (JUN) 05/08/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 108.1912. The next area of resistance is around 107.9325 and 108.1912, while 1st support hits today at 107.5375 and below there at 107.4013.

JAPANESE YEN (JUN) 05/08/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 65.53. The next area of resistance is around 65.25 and 65.53, while 1st support hits today at 64.87 and below there at 64.75.

SWISS (JUN) 05/08/2024: 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside objective is 111.06. The next area of resistance is around 110.78 and 111.06, while 1st support hits today at 110.34 and below there at 110.19.

CANADIAN DOLLAR (JUN) 05/08/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 72.54. The next area of resistance is around 73.11 and 73.39, while 1st support hits today at 72.69 and below there at 72.54.

BRITISH POUND (JUN) 05/08/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 125.94. The next area of resistance is around 125.46 and 125.94, while 1st support hits today at 124.78 and below there at 124.57.

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	105.25	49.83	52.56	47.52	39.67	105.08	105.42	105.64	104.43	104.24
JYAM24	65.06	47.40	44.50	55.88	66.31	65.51	64.81	65.06	66.45	66.76
EU6M24	107.7350	55.19	51.12	58.69	67.78	107.72	107.47	107.15	108.20	108.29
BPAM24	125.12	47.72	46.97	67.99	70.93	125.45	125.36	124.83	126.07	126.16
CAAM24	72.90	42.53	43.14	59.65	58.43	73.12	73.11	72.95	73.51	73.64
SFAM24	110.56	48.79	45.28	44.61	55.65	110.72	110.31	110.34	111.86	112.60
DAAM24	66.06	60.08	57.10	73.28	79.73	0.66	0.66	0.65	0.66	0.66

Calculations based on previous session. Data collected 05/07/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.78	105.05	105.19	105.46	105.60
JYAM24	Japanese Yen	64.74	64.86	65.14	65.25	65.53
EU6M24	Euro	107.4012	107.5374	107.7962	107.9325	108.1912
BPAM24	British Pound	124.56	124.77	125.25	125.46	125.94
CAAM24	Canadian Dollar	72.53	72.68	72.96	73.11	73.39
SFAM24	Swiss	110.18	110.34	110.62	110.78	111.06

DAAM24	Australian Dollar	65.58	65.78	66.15	66.34	66.71
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