



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday May 13, 2024

BONDS COMMENTARY

5/13/2024

While we are suspicious of the bull bias they have the edge today

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

With treasury bonds settling into a trading range roughly 3 points above last month's lows, the trade appears to be poised to settle on a trend decision following tomorrow's US PPI report. While the bull camp holds a slight psychological edge, as signaled by the market's bullish interpretation of mostly neutral data recently, the bull camp urgently "needs" confirmation that inflation moderating as Fed commentary recently has not favored the doves. We see Treasury prices largely directed by a pair of Fed speeches early today, but also think a second or third tier inflation report in the form of the New York Fed's April reading on one year consumer inflation expectations will be given more than usual attention. However, the inflation reading is expected to show an uptick and that could thicken consolidation high resistance in bonds at 116-26. In our opinion, we give the edge to the bull camp with the capability to "spin" mostly neutral price data into the bull column. We also see a bullish bias in the marketplace from the embracing of soft data points with the trade thinking the hawkish bias at the Fed will be tempered if US slowing concerns begin to escalate. In another supportive development the Bank of America noted the largest weekly inflow to bond funds since July 2021. However, with a significant range up extension this week, the net spec and fund long in bonds could reach the highest level of the pandemic era! While not always the case, seeing a large spec and fund long in treasuries is usually the result of flight to quality buying associated with severe economic concern. At present, we do not see severe economic anxiety and therefore a rally through this week's inflation data could offer an attractive short sale from much higher price levels. The Commitments of Traders report for the week ending May 7th showed Bonds Non-Commercial & Non-Reportable traders added 14,252 contracts to their already long position and are now net long 29,980. For T-Notes Non-Commercial & Non-Reportable traders are net short 473,421 contracts after net buying 38,694 contracts. The North American session will start out with a March reading on Canadian building permits which are expected to have a sharp decline from February's 9.3% reading. The New York Fed's April reading on 1-year consumer inflation expectations are forecast to have a minimal uptick from March's 3.0% reading. Fed Vice Chair Jefferson and Cleveland Fed President Mester will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

We see the path of least resistance temporarily pointing up with treasuries having the capacity to spin bearish market sentiment into a dovish posture even without typical bullish evidence or supportive Fed comments. While upcoming inflation data could rekindle aggressive selling, we see the market in a short covering upward tilt this morning. We doubt June bonds will reach downtrend channel resistance levels this week of 118-01 today, and 117-27 on Wednesday, traders should be patient with sell orders as any verification of soft inflation could catapult prices higher.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long June Bonds at 116-04 with an objective of 118-10.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-7,898	+6,698	-29,979	-14,251	37,878	+7,554
T-Notes	-499,837	-9,120	473,420	-38,696	26,416	+47,814

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/13/2024: The major trend has turned down with the cross over back below the 40-day moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 117-060. The next area of resistance is around 116-170 and 117-060, while 1st support hits today at 115-190 and below there at 115-090.

10 YR TREASURY NOTES (JUN) 05/13/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 109-075. The next area of resistance is around 108-295 and 109-075, while 1st support hits today at 108-160 and below there at 108-120.

STOCKS COMMENTARY

5/13/2024

The markets are hell-bent on the idea of lower US rates

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
S&P 500 +5

Global equity markets overnight were mostly lower with declines modest across the board. While the trend looks to remain up the trade will likely encounter speed bumps through Wednesday's US CPI report. Despite the prospect the FTC will step in against the Chevron/Hess buyout, ongoing negative news from Boeing and brewing US trade conflict with China the path of least resistance in equities remains up.



S&P 500: The US markets have generally showed positive early trade despite negative headwinds from global markets overnight and we suspect that is the result of residual AI optimism which has become a fixture in the markets again. However, the trade will be presented with a lower tiered US consumer inflation expectations report early today and that could result in the markets jumping the gun on the Tuesday US PPI report. Unfortunately for the bull camp, expectations for today's inflation expectations report is for an uptick but given the current bullish bias the report might not hold the market's attention for long. Buying support in the S&P today is 5232.75 with initial resistance at 5264.00. The May 7th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders are net long 54,683 contracts after net selling 63,980 contracts.

Other US Indexes: The bias in the Dow remains up despite ongoing troubles for Boeing and Disney. Buying support in June Dow futures today is 39,530 with thin and unreliable resistance at 39,720. The Commitments of Traders report for the week ending May 7th showed Dow Jones \$5 Non-Commercial & Non-Reportable traders were net long 10,773 contracts after increasing their already long position by 4,137 contracts. As indicated already bullish sentiment emanating from all things AI should remain the primary force in the trade once the

markets settled on the status of US inflation. Uptrend channel support in the NASDAQ today is 18,188 but we suspect the NASDAQ could see the most volatility this week.

TODAY'S MARKET IDEAS:

The bull camp retains control with investors discounting the negatives and embracing the positives.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	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	-41,633	-60,924	-54,683	+63,981	96,316	-3,056

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/13/2024: 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 has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 5277.56. The next area of resistance is around 5259.87 and 5277.56, while 1st support hits today at 5228.63 and below there at 5215.07.

MINI-DOW (JUN) 05/13/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 39815. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 39725 and 39815, while 1st support hits today at 39539 and below there at 39442.

E-MINI NASDAQ (JUN) 05/13/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 18418.50. The next area of resistance is around 18329.50 and 18418.50, while 1st support hits today at 18170.00 and below there at 18099.50.

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	116-020	53.87	50.57	72.23	78.35	116.46	115.77	115.03	117.03	117.59
TYAAM24	108-225	52.99	49.99	71.00	77.48	108.91	108.59	108.20	109.25	109.59
EPM24	5244.25	66.56	60.11	80.74	89.66	5226.69	5165.92	5125.44	5192.12	5179.88
ENQM24	18249.75	62.37	56.95	78.16	87.62	18207.19	17974.00	17789.56	18111.45	18138.75
YMM24	39632	71.87	63.73	85.86	93.44	39352.75	38888.56	38633.39	39047.29	39114.32

Calculations based on previous session. Data collected 05/10/2024

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	115-080	115-180	116-070	116-170	117-060
TYAAM24	10 Yr Treasury Notes	108-115	108-155	108-255	108-295	109-075
EPM24	S&P E-Mini	5215.06	5228.62	5246.31	5259.87	5277.56
ENQM24	E-Mini NASDAQ	18099.50	18170.00	18259.00	18329.50	18418.50
YMM24	Mini-Dow	39441	39538	39628	39725	39815

Calculations based on previous session. Data collected 05/10/2024

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CURRENCIES COMMENTARY

5/13/2024

Final inflation ruling looms for the US tomorrow

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -10, YEN -3, SWISS -8, CA DOLLAR -20**

Upcoming International Reports (all times CT)

05/13 Swiss Consumer Confidence 2:00 AM
05/13 Canadian Building Permits 7:30 AM
05/13 Japan Wholesale Prices (CGPI 6:50 PM
05/14 German Consumer Price Index 1:00 AM
05/14 UK Employment Situation - Cl 1:00 AM
05/14 Swiss Producer Price Index 1:30 AM
05/14 German ZEW Indicator of Econ 4:00 AM
05/14 Canadian Wholesale Trade 7:30 AM
05/14 PPI 7:30 AM
05/14 API Energy Stocks 3:30 PM



DOLLAR: We see the dollar lower in the near-term with inflation data ultimately favoring the bear camp. In other words, we think US inflation is mostly holding steady at levels well "off boil" but not at low enough levels to allow for rate cuts until late in the year. However, the dollar has been unable to sustain rallies on bullish information and the charts have clearly settled into a lower high and lower low pattern. Even though today's Fed one year consumer inflation expectations report is not usually an important report, a dollar index rally off the report should be seen as a selling opportunity for aggressive short-term traders. The May 7th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders net bought 1,210 contracts and are now net long 3,375 contracts.

Other Currencies: Typically, the euro might expect support from a lack of interest in the US dollar but in the current condition, the trade is heavily expectant of a June ECB rate cut and expects European data to remain soft. We suggest Range trading with the top of the range at 1.0810 and the bottom of the anticipated range down at 1.0760. Euro positioning in the Commitments of Traders for the week ending May 7th showed Non-Commercial & Non-Reportable traders net bought 14,834 contracts and are now net long 21,326 contracts. With the dollar and euro not expected to show leadership action, the pound becomes the instrument of choice for speculators. Furthermore, the UK has apparently avoided recession and posted the strongest growth in three years, which leaves the Pound with bullish fundamental fuel. Buying support in the June Pound is 1.2504. We see the Canadian caught in a trading range with a short sale recommended on a return to 73.39 and see buying support down at 72.71.

TODAY'S MARKET IDEAS:

We suggest currency traders utilize range trading tactics utilizing the last two weeks' trading ranges.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/13/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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's close below the pivot swing number is a mildly negative setup. The next downside objective is 104.89. The next area of resistance is around 105.30 and 105.42, while 1st support hits today at 105.03 and below there at 104.89.

EURO (JUN) 05/13/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 108.2012. The next area of resistance is around 108.0275 and 108.2012, while 1st support hits today at 107.7225 and below there at 107.5913.

JAPANESE YEN (JUN) 05/13/2024: The daily stochastics gave a bearish indicator with a crossover down. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 64.33. The next area of resistance is around 64.70 and 64.87, while 1st support hits today at 64.43 and below there at 64.33.

SWISS (JUN) 05/13/2024: Momentum studies are rising from mid-range, which could accelerate 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 higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 111.13. The next area of resistance is around 111.00 and 111.13, while 1st support hits today at 110.63 and below there at 110.39.

CANADIAN DOLLAR (JUN) 05/13/2024: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 73.51. The next area of resistance is around 73.33 and 73.51, while 1st support hits today at 73.03 and below there at 72.91.

BRITISH POUND (JUN) 05/13/2024: Momentum studies trending lower at mid-range should accelerate a move lower 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 has a slightly positive tilt with the close over the swing pivot. The next downside target is 124.88. The next area of resistance is around 125.51 and 125.67, while 1st support hits today at 125.11 and below there at 124.88.

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	105.16	47.45	50.68	43.03	40.17	105.25	105.31	105.52	104.58	104.29
JYAM24	64.56	41.22	40.28	57.25	55.70	64.74	64.88	64.91	66.21	66.60
EU6M24	107.8750	57.03	52.82	67.64	72.62	107.82	107.63	107.36	108.10	108.29
BPAM24	125.31	51.63	49.38	66.74	65.94	125.16	125.32	124.95	125.91	126.12
CAAM24	73.18	52.81	49.85	56.23	56.69	73.02	73.05	73.04	73.44	73.59
SFAM24	110.81	53.82	48.93	56.88	64.51	110.69	110.47	110.41	111.60	112.40
DAAM24	66.13	58.87	56.72	75.80	76.61	0.66	0.66	0.65	0.66	0.66

Calculations based on previous session. Data collected 05/10/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.88	105.03	105.15	105.30	105.42
JYAM24	Japanese Yen	64.33	64.43	64.60	64.70	64.87
EU6M24	Euro	107.5912	107.7225	107.8962	108.0275	108.2012
BPAM24	British Pound	124.87	125.11	125.27	125.51	125.67
CAAM24	Canadian Dollar	72.90	73.02	73.21	73.33	73.51
SFAM24	Swiss	110.38	110.62	110.76	111.00	111.13
DAAM24	Australian Dollar	65.87	65.99	66.15	66.26	66.42

Calculations based on previous session. Data collected 05/10/2024

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