



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday May 15, 2024

### BONDS COMMENTARY

5/15/2024

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

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**BONDS +0**

The rejection yesterday of the post PPI report slide and the return to 25 day highs in bonds today clearly signals hopes for a 2024 US rate cut has not been snuffed out. Clearly, the treasury markets maintain a bullish bias with the definitively hotter than expected PPI readings yesterday fully discounted by suggestions from the Fed chairman that he still thinks inflation will come down. However, the Fed chairman also qualified his views inflation will come down by suggesting he is less confident in his opinion now! In our opinion, we have a sense that treasuries received some support from an atypical source or money is flowing to treasuries as a flight to quality harbor. In other words, the trade could be sensing a major geopolitical or financial problem ahead and is attracting long interest like gold and silver. On the other hand, we think it is unwise to expect treasuries to perform in the same manner today as yesterday in the face of another "hot" inflation reading. In fact, with producer prices remaining hot and little sign retail prices are coming down, it should be significantly more difficult to explain away a hot CPI today than it was to discount the PPI report yesterday. Furthermore, traders should not ignore the retail sales release included in the 730 report flow. Expectations call for retail sales to increase by 0.4% but the two previous monthly readings have been very strong at +0.7% and +0.9%. The North American session will start out with a weekly private survey of mortgage applications followed by the highlight for global markets, the April US consumer price index which is forecast to hold steady with March's 3.5% year-over-year rate. The April US core consumer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.8% year-over-year rate. April US retail sales are forecast to have a mild downtick from March's 0.7% reading. The New York Fed's May Empire State manufacturing survey is expected to have a moderate uptick from April's -14.3 reading. March US business inventories are forecast to have a moderate downtick from February's 0.4% reading. The May NAHB housing market index is expected to hold steady with April's 51 reading. March Canadian manufacturing sales are forecast to have a sizable downtick from February's 0.7% reading. The March Treasury International Capital (TIC) report will come out during mid-afternoon US trading hours and will show net changes to Japanese and Chinese treasury holdings. Minneapolis Fed President Kashkari and Fed Governor Bowman will speak during afternoon US trading hours.



#### TODAY'S MARKET IDEAS:

It is very difficult to argue against the technical uptrend that seems to be forming in bonds and notes. However, yesterday timely comments from the US Federal Reserve Chairman helped distract and defuse the trade from the obvious evidence that US inflation is not yet slayed. It should also be noted that the prior US PPI reading was revised higher, and it could be less likely that CPI today will soften than it was for PPI to moderate yesterday.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

Long June Bonds at 116-04 with an objective of 118-10. Use a stop on the long June Bond at 115-20.

#### 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) 05/15/2024:** The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. 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. A positive signal was given by the outside day up. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 117-230. The next area of resistance is around 117-120 and 117-230, while 1st support hits today at 116-060 and below there at 115-100.

**10 YR TREASURY NOTES (JUN) 05/15/2024:** The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day up and close above the previous day's high is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 109-170. The next area of resistance is around 109-115 and 109-170, while 1st support hits today at 108-240 and below there at 108-095.

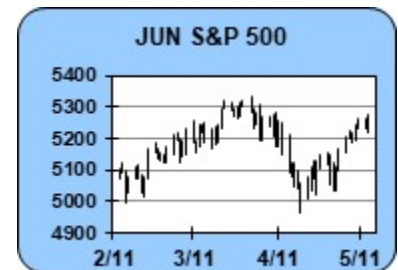
## STOCKS COMMENTARY

5/15/2024

**The markets maintain a bullish speculative bias**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
S&P 500 +1**

Global equity markets overnight were mostly higher except for the markets in China, Japan, and France. The ability to skirt and or discount the threat of inflation and higher interest rates highlights bullish resiliency toward equities. However, discounting today's US CPI report should be more difficult, and the trade will not have the benefit of timely countervailing assurances from the Fed. On the other hand, equity market sentiment continues to remain very positive with speculative interest toward meme stocks a sign of strong speculative interest. Earnings announcements will include Cisco Systems after the Wall Street close.



**S&P 500:** While seeing meme stocks surge highlights investor confidence, that action could also be a sign of excessive optimism and unfettered confidence in the bull case. However, like the treasury markets, the equity markets have bullish resiliency and a legitimate underpin from entrenched belief in massive AI revenues ahead. Uptrend channel support in the S&P today is 5239.30 and we suggest the risk and reward of being long at current or higher levels is becoming less attractive with every uptick.

**Other US Indexes:** Clearly, the Dow has underperformed the S&P and NASDAQ in this week's action perhaps because large global company shares do not offer the size of returns expected by the trade in other indices. Uptrend channel support in the Dow today is 39,576. The NASDAQ should continue to lead the markets on the upside as the index has become the sector of choice for a large portion of speculative and investment money. Obviously, the AI miracle is a major underpin, with rising interest in meme stocks adding an additional bullish element in the NASDAQ trade. Uptrend channel support in the NASDAQ today is 18,262.

### TODAY'S MARKET IDEAS:

The bull camp looks to control again today, but fresh longs should utilize conservative "buy points" to allow for temporary volatility following US CPI today.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## 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) 05/15/2024:** 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. The outside day up and close above the previous day's high is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 5314.12. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5296.50 and 5314.12, while 1st support hits today at 5239.00 and below there at 5199.13.

**MINI-DOW (JUN) 05/15/2024:** 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. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 39953. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 39839 and 39953, while 1st support hits today at 39509 and below there at 39292.

**E-MINI NASDAQ (JUN) 05/15/2024:** 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 outside day up and close above the previous day's high is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 18621.25. The next area of resistance is around 18542.00 and 18621.25, while 1st support hits today at 18274.50 and below there at 18086.25.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM24	116-250	60.42	54.83	77.29	82.80	116.49	116.25	115.26	116.81	117.52
TYAAM24	109-015	58.98	53.85	75.97	81.37	108.92	108.85	108.31	109.13	109.54
EPM24	5267.75	70.06	62.53	86.64	92.48	5248.19	5210.28	5147.58	5194.80	5185.28
ENQM24	18408.25	67.64	60.49	85.34	92.30	18288.69	18163.03	17872.43	18114.49	18147.76
YMM24	39674	71.21	63.76	89.22	92.41	39602.25	39235.11	38812.67	39063.80	39128.40

Calculations based on previous session. Data collected 05/14/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM24	Bonds	115-090	116-050	116-160	117-120	117-230
TYAAM24	10 Yr Treasury Notes	108-090	108-235	108-290	109-115	109-170
EPM24	S&P E-Mini	5199.12	5239.00	5256.62	5296.50	5314.12
ENQM24	E-Mini NASDAQ	18086.25	18274.50	18353.75	18542.00	18621.25
YMM24	Mini-Dow	39291	39508	39622	39839	39953

Calculations based on previous session. Data collected 05/14/2024

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

## CURRENCIES COMMENTARY

5/15/2024

### Final inflation ruling looms for the US today

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

US DOLLAR -132, YEN +16, SWISS +18, CA DOLLAR +105

#### Upcoming International Reports (all times CT)

05/15 France Consumer Price Index 1:45 AM  
05/15 Euro-zone Industrial Product 4:00 AM  
05/15 Canadian Housing Starts 7:15 AM  
05/15 Business Inventories 7:30 AM  
05/15 Canadian Monthly Survey of M 7:30 AM  
05/15 Canadian New Motor Vehicle S 7:30 AM  
05/15 CPI 7:30 AM  
05/15 Real Earnings 7:30 AM  
05/15 Retail Sales 7:30 AM  
05/15 EIA Energy Stocks 9:30 AM  
05/15 Japan GDP 6:50 PM  
05/15 Japan Industrial Production 11:30 PM  
05/16 Housing Starts 7:30 AM  
05/16 Jobless Claims 7:30 AM  
05/16 Capacity Utilization 8:15 AM  
05/16 Industrial Production 8:15 AM  
05/16 EIA Gas Storage 9:30 AM



**DOLLAR:** Not only did the dollar index fail to rally yesterday on what would ordinarily be considered a very bullish inflation reading, the index failed and broke out to the downside in a sign of bearish resiliency in the dollar. Therefore, a large portion of the trade probably expects more of the same type of action following the CPI report today. Apparently, the prospect of a US rate cut will not dissipate even in the face of clear evidence inflation remains an issue. However, with the appearance of flight to quality flows toward gold, silver, and US treasuries, the downside in the dollar could suddenly reverse. On the other hand, the charts are bearish, and the trade is interpreting typical bullish fundamental news into bearish fuel and the dollar index looks to be poised to retest the May low down at 1.0441.

**Other Currencies:** It is very surprising and somewhat illogical for the trade to see European and UK inflation prospects in a vastly different light than US inflation prospects. In fact, think the trade has maintained a very solid opinion of a June rate cut by the ECB and therefore the euro could be winning by default instead of winning by fundamentals. However, overnight French CPI came in steady to the prior month and at "hot" levels and that in a vacuum should support the euro through today's US inflation readings. Uptrend channel support in the euro is 1.079 and initial resistance is 1.086. While the Pound is also benefiting from win by default flow from the dollar, we see the fundamental bull case in the pound stronger than in the euro. Uptrend channel support in the pound today is 1.2531 and near-term targeting is seen up at 1.2638. Despite a lack of definitively bullish classic fundamentals, the Canadian has posted a higher high overnight and appears to be capable of holding higher levels through what is expected to be soft Canadian housing starts and manufacturing sales readings this morning. Uptrend channel support in the Canadian is 73.16.

#### TODAY'S MARKET IDEAS:

Current sentiment leaves the dollar tracking lower and other currencies receiving most of their lift from dollar weakness and not from economic signals from outside of the US. However, it is possible that a hot US CPI could puncture the trades growing bet that US inflation will be restrained.

#### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## 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) 05/15/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. 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 outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 104.46. The next area of resistance is around 105.16 and 105.54, while 1st support hits today at 104.62 and below there at 104.46.

EURO (JUN) 05/15/2024: 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. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive signal was given by the outside day up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 108.8375. The next area of resistance is around 108.6500 and 108.8375, while 1st support hits today at 108.0400 and below there at 107.6175.

JAPANESE YEN (JUN) 05/15/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 63.98. The next area of resistance is around 64.39 and 64.51, while 1st support hits today at 64.13 and below there at 63.98.

SWISS (JUN) 05/15/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next upside target is 111.31. The next area of resistance is around 111.07 and 111.31, while 1st support hits today at 110.40 and below there at 109.95.

CANADIAN DOLLAR (JUN) 05/15/2024: 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 outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 73.58. The next area of resistance is around 73.45 and 73.58, while 1st support hits today at 73.14 and below there at 72.95.

BRITISH POUND (JUN) 05/15/2024: The daily stochastics have crossed over up which is a bullish indication. 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. A positive signal was given by the outside day up. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 126.57. The next area of resistance is around 126.35 and 126.57, while 1st support hits today at 125.51 and below there at 124.89.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM24	104.89	41.43	46.73	38.94	33.79	105.07	105.11	105.42	104.69	104.33

JYAM24	64.25	37.05	37.54	52.74	47.81	64.46	64.95	64.79	66.00	66.48
EU6M24	108.3450	65.83	58.75	74.49	82.56	108.07	107.87	107.51	108.03	108.29
BPAM24	125.93	62.24	56.18	66.67	67.78	125.52	125.43	125.09	125.79	126.11
CAAM24	73.29	56.39	52.14	59.29	63.65	73.21	73.13	73.10	73.40	73.56
SFAM24	110.73	52.30	48.32	60.69	64.31	110.74	110.71	110.43	111.40	112.26
DAAM24	66.31	62.00	58.73	75.94	76.58	0.66	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/14/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM24	US Dollar	104.45	104.61	104.99	105.16	105.54
JYAM24	Japanese Yen	63.97	64.12	64.24	64.39	64.51
EU6M24	Euro	107.6175	108.0400	108.2275	108.6500	108.8375
BPAM24	British Pound	124.89	125.51	125.73	126.35	126.57
CAAM24	Canadian Dollar	72.94	73.13	73.26	73.45	73.58
SFAM24	Swiss	109.94	110.39	110.62	111.07	111.31
DAAM24	Australian Dollar	65.72	66.07	66.20	66.55	66.69

Calculations based on previous session. Data collected 05/14/2024

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.