



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday May 20, 2024

BONDS COMMENTARY

5/20/2024

Signs of softer US data linger but Fed speeches should dominate

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

Apparently, exploding precious metal prices with all-time highs in gold and a fresh all-time high in copper have not undermined treasuries yet! However, we suspect there is a slight measure of doubt that global central bankers will be able to snuff out inflation with fear of spiraling inflation smoldering just under the surface. In fact, expectations for a June euro zone rate cut are falling and the trade will likely take significant direction from an avalanche of US Federal Reserve speeches this morning. In a minimal negative for US treasury prices China left its benchmark rate unchanged in a sign that the Chinese government is not concerned about the condition of its economy. However, Chinese home prices continue to decline at a very fast pace which sparked a unique reaction from the Chinese government last week when they cleared the way for local governments to buy apartments in struggling areas. Therefore, as in the US policies continue to add to inflationary prospects leaving central bankers to fight an ongoing inflation battle. With a very thin US economic report slate until Wednesday and a bevy of Fed speeches scheduled for the first three days of the week, trade direction could be set for the week this morning by the Takeaway from Fed dialogue. While the net spec and fund long in bonds could rise further, the net long is near the highest level in six years (as of last Tuesday), with bonds into the high last week posting additional gains of two full points! The May 14th Commitments of Traders report showed Bonds Non-Commercial & Non-Reportable traders were net long 53,489 contracts after increasing their already long position by 23,509 contracts. In the T-Notes market Non-Commercial & Non-Reportable traders were net short 388,670 contracts after decreasing their short position by 84,751 contracts. Both the European and North American session will be relatively quiet data-wise. Fed Vice Chair Barr, Fed Vice Chair Jefferson, Fed Governor Waller, and Atlanta Fed President Bostic will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

The charts in treasuries are not giving off definitive direction but they do favor the bear camp initially with a lower low early today. Uptrend channel support today in bonds is 116-17, with uptrend channel support in June treasury notes at 108-30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	10,418	+18,316	-53,488	-23,509	43,071	+5,193
T-Notes	-387,041	+112,796	388,670	-84,750	-1,629	-28,045

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) 05/20/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside objective is now at 116-210. The next area of resistance is around 117-230 and 118-100, while 1st support hits today at 116-290 and below there at 116-210.

10 YR TREASURY NOTES (JUN) 05/20/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 108-275. The next area of resistance is around 109-120 and 109-220, while 1st support hits today at 108-310 and below there at 108-275.

STOCKS COMMENTARY

5/20/2024

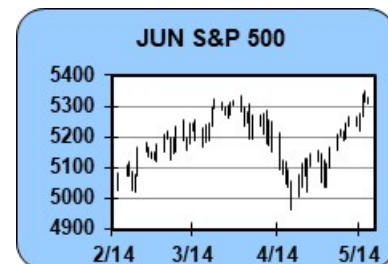
The focus turns to Wednesday's Nvidia earnings report

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 +6

Global equity markets overnight were higher with Tokyo posting the largest with a gain of 0.8%. The bulls retain control despite a plethora of flight to quality developments spooking the markets. Geopolitical events include intense fighting in the Middle East, Russian advances in Ukraine and the death of the Iranian president in a helicopter accident.

Nonetheless, global equity markets continued to charge higher. We suspect the primary underlying theme is fear of missing out on large tech sector gains and a lack of investment alternatives. Earnings announcements include Palo Alto Networks after the Wall Street close.



S&P 500: As indicated already psychology has entrenched in the bull camp with the market betting heavily on a strong earnings report from Nvidia on Wednesday. However, the net spec and fund long in the S&P adjusted for the 80 point rally into last week's high is likely at the highest level since May 2022. The May 14th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders reduced their net long position by 15,147 contracts to a net long 39,536 contracts. On the other hand, largest net spec and fund long in recent trading is 538,151 contracts which suggests the S&P retain significant speculative buying capacity. Uptrend channel support in the S&P today is relatively close at 5307.00 with secondary support at 5302.75.

Other US Indexes: While the Dow has become short-term oversold with large and compacted gains last week, investors remain confident, and a plethora of potential negative issues continue to be discounted. Dow Jones \$5 positioning in the Commitments of Traders for the week ending May 14th showed Non-Commercial & Non-Reportable traders were net long 19,182 contracts after increasing their already long position by 8,409 contracts. With the NASDAQ unable to forge higher highs Friday and posting only minimal gains this morning, investors are concerned about overvaluations and perhaps are anxious about the Wednesday Nvidia earnings report. Uptrend channel support in the NASDAQ today is close at 18,555.10. The Commitments of Traders report for the week ending May 14th showed Nasdaq Mini Non-Commercial & Non-Reportable traders reduced their net long position by 877 contracts to a net long 9,820 contracts.

TODAY'S MARKET IDEAS:

The bull camp is in control and more gains are expected but prices are becoming rich with the US economy over the past several weeks showing a loss of momentum.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	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	-51,494	-9,861	-39,537	+15,146	91,030	-5,286

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) 05/20/2024: 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 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 target is at 5345.12. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5338.50 and 5345.12, while 1st support hits today at 5315.50 and below there at 5299.13.

MINI-DOW (JUN) 05/20/2024: 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 daily closing price reversal up on the daily chart is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 40284. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 40229 and 40284, while 1st support hits today at 40037 and below there at 39900.

E-MINI NASDAQ (JUN) 05/20/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 18765.18. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 18701.87 and 18765.18, while 1st support hits today at 18560.13 and below there at 18481.69.

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	117-100	59.60	55.96	82.24	81.41	117.52	116.92	115.78	116.67	117.51
TYAAM24	109-055	55.80	53.43	80.72	79.14	109.37	109.10	108.57	109.05	109.50
EPM24	5327.00	74.03	66.64	91.22	92.79	5310.63	5265.50	5192.58	5201.03	5196.83
ENQM24	18631.00	70.88	63.83	90.93	92.44	18593.63	18386.56	18082.71	18133.89	18180.21
YMM24	40133	77.11	68.93	92.95	94.97	39959.75	39643.11	39074.06	39103.87	39170.43

Calculations based on previous session. Data collected 05/17/2024

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	116-200	116-280	117-150	117-230	118-100
TYAAM24	10 Yr Treasury Notes	108-270	108-305	109-085	109-120	109-220
EPM24	S&P E-Mini	5299.12	5315.50	5322.12	5338.50	5345.12
ENQM24	E-Mini NASDAQ	18481.68	18560.12	18623.43	18701.87	18765.18
YMM24	Mini-Dow	39900	40037	40092	40229	40284

Calculations based on previous session. Data collected 05/17/2024

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

CURRENCIES COMMENTARY

5/20/2024

Sideways consolidation chop early this week

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +30, YEN -5, SWISS -22, CA DOLLAR -30**

Upcoming International Reports (all times CT)

05/20 German Producer Price Index 1:00 AM
05/21 Euro-zone Balance of Payment 3:00 AM
05/21 Euro-zone Foreign Trade 4:00 AM
05/21 Canadian Consumer Price Index 7:30 AM
05/21 API Energy Stocks 3:30 PM
05/21 Japan Machinery Orders 6:50 PM
05/21 Japan Trade Balance 6:50 PM



DOLLAR: On the one hand, the dollar has managed to arrest a significant six-day corrective setback which was likely the result of a softening of US data and market views that US inflation has moderated. However, it is also possible that geopolitical uncertainty from Russian advances in Ukraine, the death of the Iranian president over the weekend and hawkish Fed dialogue has temporarily cushioned the dollar. Therefore, today's flurry of US Federal Reserve speeches are likely to set the tone which we believe will result in a test of 104.00 in the June dollar index. The Commitments of Traders report for the week ending May 14th showed Dollar Non-Commercial & Non-Reportable traders net bought 397 contracts and are now net long 3,772 contracts.

Other Currencies: Despite a reduction in trade expectations for a June ECB rate cut, the euro is not showing strength this morning which suggests the dollar and euro will likely remain within the consolidation ranges bound by the last three days trade. Therefore, resistance is at 1.0909 and support is at 1.08495. The May 14th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders are net long 38,601 contracts after net buying 17,275 contracts. In addition to winning by default against the dollar and the euro, the Pound should see buying interest this morning from a hot UK house price reading. However, the Bank of England Deputy Gov. indicated it is possible there will be a rate cut this summer and therefore, the bull camp is hesitant to chase the pound higher. Nonetheless, the pound retains a thin bullish edge with today's range likely to be narrow. Close in uptrend channel support is 1.2677 and then again down at 1.2647. Like the dollar, and euro the Canadian looks to chop within a range as fundamentals in Canada are the conflicted like the fundamental conditions in other currencies. Uptrend channel support today in the Canadian is close at 73.24 with secondary support seen at 73.11.

TODAY'S MARKET IDEAS:

We expect consolidation trade in the dollar, euro, and Canadian, but pushed into a position we would sell the dollar on rallies.

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) 05/20/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 104.03. The next area of resistance is around 104.57 and 104.83, while 1st support hits today at 104.17 and below there at 104.03.

EURO (JUN) 05/20/2024: 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. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 109.1987. The next area of resistance is around 109.0525 and 109.1987, while 1st support hits today at 108.6275 and below there at 108.3488.

JAPANESE YEN (JUN) 05/20/2024: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 64.22. The next area of resistance is around 64.67 and 64.84, while 1st support hits today at 64.36 and below there at 64.22.

SWISS (JUN) 05/20/2024: 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 market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market tilt is slightly negative with the close under the pivot. The next downside target is 109.98. The next area of resistance is around 110.65 and 110.94, while 1st support hits today at 110.18 and below there at 109.98.

CANADIAN DOLLAR (JUN) 05/20/2024: 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 upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 73.70. The next area of resistance is around 73.61 and 73.70, while 1st support hits today at 73.39 and below there at 73.24.

BRITISH POUND (JUN) 05/20/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 127.59. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 127.40 and 127.59, while 1st support hits today at 126.74 and below there at 126.28.

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	104.37	35.14	41.31	25.59	18.83	104.45	104.88	105.17	104.81	104.37
JYAM24	64.51	43.63	42.31	50.30	46.36	64.59	64.62	64.71	65.74	66.33

EU6M24	108.8400	69.05	62.56	84.79	89.05	108.75	108.26	107.84	107.98	108.30
BPAM24	127.07	74.17	65.58	78.37	87.17	126.65	125.87	125.58	125.73	126.13
CAAM24	73.50	62.02	56.35	73.14	81.81	73.46	73.24	73.18	73.35	73.53
SFAM24	110.41	45.06	44.84	65.72	64.88	110.79	110.72	110.49	111.13	112.05
DAAM24	67.02	70.11	64.76	82.54	87.06	0.67	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/17/2024

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	104.02	104.16	104.42	104.57	104.83
JYAM24	Japanese Yen	64.21	64.35	64.53	64.67	64.84
EU6M24	Euro	108.3487	108.6274	108.7737	109.0525	109.1987
BPAM24	British Pound	126.27	126.74	126.93	127.40	127.59
CAAM24	Canadian Dollar	73.23	73.38	73.47	73.61	73.70
SFAM24	Swiss	109.97	110.17	110.46	110.65	110.94
DAAM24	Australian Dollar	66.38	66.75	66.91	67.28	67.43

Calculations based on previous session. Data collected 05/17/2024

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.