



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday May 21, 2024

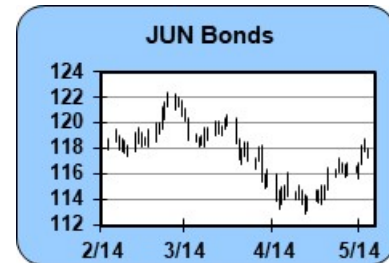
BONDS COMMENTARY

5/21/2024

While a minimal downward bias exists expect narrow ranges

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

While we give a slight edge to the bear camp from chart weakness, the bears will also have a slight edge from recent Fed dialogue. However, Fed views have come down on both sides of the equation with the Cleveland Fed indicating that current policy is restrictive and the Fed's Mester predicting inflation will decline ahead and that the US will see "fewer than three rate cuts this year". We suggest Loretta Mester commentary favors the bull camp, as recent polls suggest the markets recently have questioned the prospects of even one rate cut this year. In fact, global central bank sentiment is also divergent with the Australian central bank considering raising rates because of inflation and rising hope that the Bank of England will cut rates quickly. In a minimally negative development yesterday there were reports of liquidation of government debt and the purchase of corporate debt which could be seen as a slight shift in treasury market sentiment. While the current treasury trade looks to be set to extend a recent pattern of narrow trading ranges, the markets will face four morning Fed speeches and three evening Fed speeches. The North American session will start out with a private weekly survey of same-store sales followed by April Canadian CPI which is expected to have a mild downtick from March's 2.9% year-over-year rate. Another busy day of Fed commentary will include Richmond Fed President Barkin, New York Fed President Williams, Fed Governor Waller and Atlanta Fed President Bostic speaking during morning US trading hours while Fed Vice Chair Barr will speak during the afternoon.



TODAY'S MARKET IDEAS:

While we give a minimal edge to the bear camp to start today, prices could see a temporary measure of support from a private weekly survey of US same-store sales and from an expected decline in April Canadian CPI. Close in support in June bonds is 116-25 but a simple sideways chop could allow for a temporary retest of 116-00 if the initial Fed speeches today are slightly hawkish. First support in June treasury notes is 108-30 and then again down at 108-23.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/21/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 now at 116-110. The next area of resistance is around 117-090 and 117-

240, while 1st support hits today at 116-190 and below there at 116-110.

10 YR TREASURY NOTES (JUN) 05/21/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 under the swing pivot. The next downside objective is now at 108-240. The next area of resistance is around 109-055 and 109-125, while 1st support hits today at 108-275 and below there at 108-240.

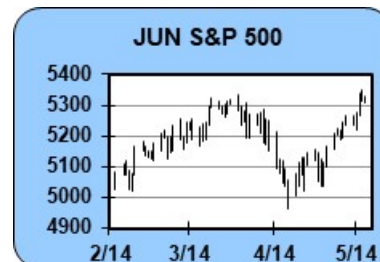
STOCKS COMMENTARY

5/21/2024

The focus turns to Wednesday's Nvidia earnings report

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

Global equities overnight were lower with the Hang Seng the weakest following a loss of 1.4%. With recent Fed dialogue mixed interest rate influences on equities have moderated. However, this morning will see a flurry of Fed speeches and that combined with intense focus on tomorrow's Nvidia earnings suggest volatility could ramp up. Earnings announcements will include Lowe's and AutoZone before the Wall Street opening.



S&P 500: From a technical perspective, the charts remain supportive with recent higher highs and higher lows. On the other hand, it could be suggested that the S&P has lost upside momentum from last Thursday's peak with a general sideways chop. Clearly, the Nvidia earnings report tomorrow are widely anticipated and therefore are a primary driving force for the trade. It goes without saying that the bull camp has had a measure of very upbeat expectations from Nvidia and AI! Uptrend channel support today in the S&P is 5239.75.

Other US Indexes: As opposed to the S&P, Dow futures have posted a minimal breakdown with generally lower lows and a lower high pattern from late last week. However, the Dow futures did post a higher high yesterday which was mitigated by a slide below the May uptrend channel support line in the Dow at 40,089.00. On the other hand, the NASDAQ maintains a very bullish chart set up with higher high yesterday. On the other hand, we see the NASDAQ already pricing "stellar" Nvidia earnings tomorrow. Fortunately for the bull camp, Microsoft announced its Copilot PCs with an AI feature which should broaden demand for chips and expand lofty expectations for overall AI profits. Uptrend channel support in the NASDAQ today is relatively close at 18,652.50.

TODAY'S MARKET IDEAS:

The bull camp remains in control and more gains are expected as the trade buys the rumor of very strong Nvidia earnings tomorrow. However, prices are becoming rich, and the trade will need positive Nvidia earnings and dovish dialogue from a plethora of Fed speeches in the coming 12 hours.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/21/2024: Rising stochastics at overbought levels warrant some caution for bulls. 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 objective is at 5357.62. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5342.50 and 5357.62, while 1st support hits today at 5318.00 and below there at 5308.63.

MINI-DOW (JUN) 05/21/2024: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The outside day down is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 39705. The next area of resistance is around 40073 and 40289, while 1st support hits today at 39781 and below there at 39705.

E-MINI NASDAQ (JUN) 05/21/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 18890.00. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 18824.00 and 18890.00, while 1st support hits today at 18662.50 and below there at 18567.00.

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	116-300	55.07	53.37	80.04	75.65	117.55	116.95	115.95	116.63	117.47
TYAAM24	109-005	52.54	51.52	78.39	73.59	109.35	109.11	108.64	109.02	109.48
EPM24	5330.25	74.42	66.93	91.92	93.27	5326.13	5278.72	5206.54	5204.31	5199.75
ENQM24	18743.25	74.05	66.09	91.92	93.87	18677.44	18447.44	18151.51	18149.05	18189.18
YMM24	39927	67.51	63.67	92.80	92.47	40021.75	39745.00	39147.72	39121.38	39176.17

Calculations based on previous session. Data collected 05/20/2024

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	116-100	116-180	117-010	117-090	117-240
TYAAM24	10 Yr Treasury Notes	108-235	108-270	109-020	109-055	109-125
EPM24	S&P E-Mini	5308.62	5318.00	5333.12	5342.50	5357.62
ENQM24	E-Mini NASDAQ	18567.00	18662.50	18728.50	18824.00	18890.00
YMM24	Mini-Dow	39705	39781	39997	40073	40289

Calculations based on previous session. Data collected 05/20/2024

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CURRENCIES COMMENTARY

5/21/2024

Sideways consolidation action from balanced fundamentals

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR +10, YEN +4, SWISS -5, CA DOLLAR -85

Upcoming International Reports (all times CT)

05/21 Euro-zone Balance of Payment 3:00 AM
05/21 Euro-zone Foreign Trade 4:00 AM
05/21 Canadian Consumer Price Inde 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
05/22 UK Producer Price Index 1:00 AM
05/22 Existing Home Sales 9:00 AM
05/22 EIA Energy Stocks 9:30 AM



DOLLAR: In general, the dollar remains in a sideways consolidation with expectations for US Fed policy to be largely mixed and the outlook for the US economy giving off signs of sluggishness. Therefore, it is not surprising to see rising interest in crypto currencies as the dollar and the euro are not presenting attractive information. In our opinion, the path of least resistance is down in the dollar, with downtrend channel selling resistance today at 104.80 and that resistance level declining to 104.71 tomorrow.

Other Currencies: From a short-term perspective, the euro is showing signs of an intermediate top after piercing the 1.090 level and falling back within striking distance of uptrend channel support of 1.0847. Overnight European economic news was neutral from the inflation front with German producer prices posting a minimal and equal result to last month's gain of 0.2%. On the other hand, the German producer Price Index year-over-year reading showed a larger decline of 3.3% versus last month's decline of 2.9%. Unfortunately for the bull camp euro zone Construction output remained anemic with a gain of only 0.1%. Clearly, the pound remains the leadership currency with trade sentiment holding generally positive views toward the UK because of mostly upbeat economic sentiment and signs of falling inflation. However, a moderate portion of the trade still sees a Bank of England rate cut especially after UK grocery price inflation fell for a 15th straight month and reaching the lowest level since October 2021. However, UK home prices recently hit record highs but were offset by rising concerns toward the UK jobs sector. Uptrend channel support in the pound is far off the market down at 1.2614 with initial pivot point pricing at 1.2691 and key near-term support seen at 1.2683. While the Canadian has tracked sideways over the past five trading sessions, the charts give off a minimally negative vibe. However, it is possible that the Canadian will remain range bound with key support at 73.25 and resistance at a recent double high starting at 73.625.

TODAY'S MARKET IDEAS:

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

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/21/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish

posture. The next downside objective is 104.22. The next area of resistance is around 104.63 and 104.71, while 1st support hits today at 104.39 and below there at 104.22.

EURO (JUN) 05/21/2024: 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 109.0737. The next area of resistance is around 108.8674 and 109.0737, while 1st support hits today at 108.5625 and below there at 108.4638.

JAPANESE YEN (JUN) 05/21/2024: 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 64.01. The next area of resistance is around 64.43 and 64.67, while 1st support hits today at 64.10 and below there at 64.01.

SWISS (JUN) 05/21/2024: 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 109.88. The next area of resistance is around 110.33 and 110.59, while 1st support hits today at 109.97 and below there at 109.88.

CANADIAN DOLLAR (JUN) 05/21/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 73.66. The next area of resistance is around 73.53 and 73.66, while 1st support hits today at 73.32 and below there at 73.25.

BRITISH POUND (JUN) 05/21/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 127.45. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 127.25 and 127.45, while 1st support hits today at 126.89 and below there at 126.72.

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	104.51	38.27	42.96	23.27	19.03	104.34	104.78	105.10	104.84	104.38
JYAM24	64.26	39.61	39.80	46.61	39.18	64.59	64.54	64.67	65.65	66.28
EU6M24	108.7150	65.24	60.44	85.54	87.17	108.84	108.37	107.92	107.96	108.30
BPAM24	127.07	73.41	65.28	82.16	89.38	126.95	126.09	125.72	125.72	126.13
CAAM24	73.42	57.35	53.90	75.82	81.17	73.50	73.30	73.21	73.34	73.51
SFAM24	110.15	42.57	43.32	63.94	59.87	110.69	110.70	110.50	111.05	111.97
DAAM24	66.73	63.02	60.77	83.70	85.83	0.67	0.66	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/20/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.21	104.38	104.46	104.63	104.71
JYAM24	Japanese Yen	64.00	64.09	64.34	64.43	64.67
EU6M24	Euro	108.4637	108.5624	108.7687	108.8674	109.0737
BPAM24	British Pound	126.71	126.88	127.08	127.25	127.45
CAAM24	Canadian Dollar	73.24	73.32	73.45	73.53	73.66

SFAM24	Swiss	109.87	109.97	110.23	110.33	110.59
DAAM24	Australian Dollar	66.34	66.49	66.82	66.96	67.29

Calculations based on previous session. Data collected 05/20/2024

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