



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday May 23, 2024

BONDS COMMENTARY

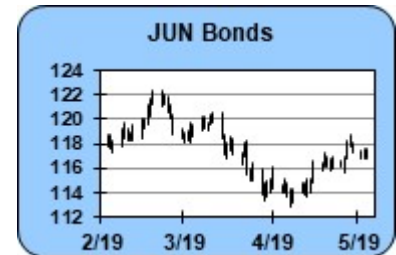
5/23/2024

More sideways trade with treasury notes more vulnerable than bonds

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

BONDS -0

In retrospect, the treasury market was left unfazed by the somewhat hawkish interpretation of the release of the last Fed policy meeting with a portion of the Fed still anticipating rate cuts this year offset by the somewhat surprising revelation that some Fed members debated the idea that US policy might not be restrictive enough. Therefore, we are surprised with the lack of treasury liquidation yesterday and are also surprised by the lack of a reaction to yesterday's 20 year treasury bond auction. Perhaps the markets are locked onto the direction of the US economy which has been mixed to slightly weak. In short, the trade is likely to exhibit sensitivity to today's US claims readings, but trading could be reduced with the next round of US PCE readings looming next week. In our opinion, without significant off-expectations results, we think the trade will become more sensitive to anything related to inflation. The North American session will start out with a weekly reading on initial jobless claims which are expected to have a minimal downtick from the previous 222,000 reading. Ongoing jobless claims are forecast to have a modest weekly increase from the previous 1.794 million reading. The Chicago Fed's April national activity index is expected to have a minimal uptick from March's 0.15 reading. The April Canadian new housing price index is forecast to have a minimal uptick from March's -0.4% year-over-year rate. A May "flash" reading on US manufacturing PMI is expected to hold steady with the previous 50.0 reading. April US new home sales are forecast to have a minimal downtick from March's 693,000 annualized rate. The Kansas City Fed's May manufacturing index is expected to have a mild uptick from April's -13 reading. Atlanta Fed President Bostic will speak during afternoon US trading hours.



TODAY'S MARKET IDEAS:

While not an overly helpful view, the prospect of more consolidation trade is very likely given the markets muted reaction to events this week. However, treasury bonds could break out to a four-day high today if claims increase but resistance could materialize quickly at 118-02 in June bonds and at 109-14 in June treasury notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

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BONDS (JUN) 05/23/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside target is 116-160. The next area of resistance is around 117-240 and 118-010, while 1st support hits today at 117-000 and below there at 116-160.

10 YR TREASURY NOTES (JUN) 05/23/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is now at 108-230. The next area of resistance is around 109-075 and 109-135, while 1st support hits today at 108-285 and below there at 108-230.

STOCKS COMMENTARY

5/23/2024

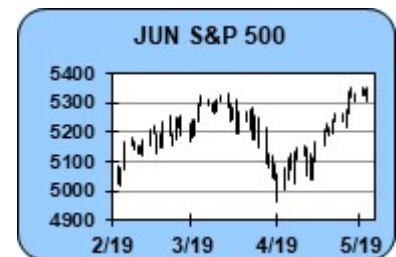
Despite stratospheric optimism from Nvidia/AI the bull's control

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

S&P 500 +27

Global equity markets overnight were mixed with declines generally posted in Asia and the rest of the world trading mostly higher.

After the close, NVIDIA's earnings, revenue and guidance were all higher than Wall Street estimates which gave a fresh boost to risk appetites outside of Asia overnight. Earnings announcements will include Medtronic and NetEase before the Wall Street opening while Intuit and Workday report after the close.



S&P 500: While the relatively muted bullish response to stronger-than-expected Nvidia results from after the close yesterday are probably attributable to "buying the rumor ahead of time", the S&P has posted a new high early today and looks to add to those gains as the regular North American trading session opens and investors jump in to capitalize on further optimism toward chips and AI businesses. Uptrend channel support in the June S&P today is 5321.75 and a consolidation range measuring target is near even numbered 5400.00.

Other US Indexes: With the Dow futures trading minimally higher in the wake of the very positive Nvidia earnings yesterday afternoon, and after a four-day slide of 543 Dow points, the bull camp should be very discouraged. In fact, without ongoing strength in the S&P and NASDAQ, the Dow could languish below a recent double low of 39,919. On the other hand, selling the Dow futures well below the recent high and in the face of strength in the rest of the market is unwise. Not surprisingly, the NASDAQ has posted a fourth higher high and higher low and combined with fresh bullish fuel from Nvidia, a trade above 19,000 should be a low hurdle today.

TODAY'S MARKET IDEAS:

While a sell the fact reaction could surface later today upside momentum looks to extend early. In fact, the overbought status of the S&P and NASDAQ could result in a temporary setback if US scheduled economic data is judged to be positive.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 05/23/2024: 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 downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 5374.75. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5357.75 and 5374.75, while 1st support hits today at 5315.25 and below there at 5289.75.

MINI-DOW (JUN) 05/23/2024: 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 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 next downside objective is now at 39432. The next area of resistance is around 39924 and 40161, while 1st support hits today at 39560 and below there at 39432.

E-MINI NASDAQ (JUN) 05/23/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 19022.56. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 18947.37 and 19022.56, while 1st support hits today at 18740.63 and below there at 18609.07.

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	117-120	59.50	56.07	76.28	72.04	117.27	117.14	116.38	116.58	117.44
TYAAM24	109-020	52.60	51.75	72.87	65.65	109.14	109.16	108.83	108.99	109.45
EPM24	5336.50	73.08	66.68	93.71	95.07	5335.00	5304.44	5229.79	5209.38	5206.29
ENQM24	18844.00	76.70	68.07	94.11	95.87	18755.56	18587.86	18262.18	18174.48	18209.16
YMM24	39742	58.35	58.55	90.42	86.23	39953.50	39854.56	39311.89	39143.49	39189.65

Calculations based on previous session. Data collected 05/22/2024

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	116-150	116-310	117-080	117-240	118-010
TYAAM24	10 Yr Treasury Notes	108-225	108-280	109-020	109-075	109-135
EPM24	S&P E-Mini	5289.75	5315.25	5332.25	5357.75	5374.75
ENQM24	E-Mini NASDAQ	18609.06	18740.62	18815.81	18947.37	19022.56
YMM24	Mini-Dow	39431	39559	39796	39924	40161

Calculations based on previous session. Data collected 05/22/2024

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CURRENCIES COMMENTARY

5/23/2024

Unless claims jumped the dollar retains an edge

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
US DOLLAR -141, YEN -10, SWISS +5, CA DOLLAR +85

Upcoming International Reports (all times CT)

05/23 France Manufacturing PMI Fla 2:15 AM
05/23 France Services PMI Flash 2:15 AM
05/23 Jobless Claims 7:30 AM
05/23 New Home Sales 9:00 AM
05/23 EIA Gas Storage 9:30 AM
05/23 UK Consumer Confidence 6:01 PM
05/23 Japan Consumer Price Index 6:30 PM
05/24 German GDP - Detailed 1:00 AM
05/24 UK Retail Sales 1:00 AM
05/24 France Business Climate Surv 1:45 AM
05/24 Adv Durable Goods 7:30 AM
05/24 Canadian Retail Trade 7:30 AM



DOLLAR: Even though this week's gains in the dollar have been incremental, there is an upward track entrenched and supported by a hawkish interpretation of the last Fed meeting. However, we remain skeptical of the bull case in the dollar and to takeout the overnight double high at 104.88 will require positive evidence from early US jobs news. Expectations for today's initial claims are for a minimal decline but that take away could be countervailed by expectations for a sweep of unchanged S&P global PMI readings.

Other Currencies: The bearish fundamental environment for the euro clearly justifies the seven-day low this morning as European central bank dovish expectations are magnified by the newfound hawkish US Federal Reserve take away. Near-term downside targeting is the 50 day moving average at 1.080 with that level likely to be pierced if the totality of early US scheduled jobs data is even slightly positive. With the Pound extending a higher high pattern yesterday, following hawkish Fed news and trading higher early today after two out of three soft GBP S&P global PMI readings for May, the bull camp retains an edge. Aggressive buying support is 1.270 and resistance is yesterday's high at 1.2764. In addition to the ongoing favor toward the US dollar, the Canadian is undermined from the technical damage yesterday. However, the Canadian has nearly reached what could be solid consolidation/even number pricing support, especially with Canadian rate cut expectations shifting from June to July with policymakers waiting for more data.

TODAY'S MARKET IDEAS:

The dollar maintains a very slim edge with gains likely to be very measured especially against the Pound. In fact, the Pound has managed to trade positive despite disappointing PMI data and despite uncertainty from the beginning of an election.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 05/23/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 next upside

target is 105.18. The next area of resistance is around 105.05 and 105.18, while 1st support hits today at 104.62 and below there at 104.32.

EURO (JUN) 05/23/2024: 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 negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 107.9788. The next area of resistance is around 108.5925 and 108.9087, while 1st support hits today at 108.1275 and below there at 107.9788.

JAPANESE YEN (JUN) 05/23/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is now at 63.85. The next area of resistance is around 64.17 and 64.37, while 1st support hits today at 63.92 and below there at 63.85.

SWISS (JUN) 05/23/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 next downside objective is 109.06. The next area of resistance is around 109.86 and 110.32, while 1st support hits today at 109.24 and below there at 109.06.

CANADIAN DOLLAR (JUN) 05/23/2024: The major trend has turned down with the cross over back below the 40-day moving average. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The next downside target is now at 72.76. The next area of resistance is around 73.27 and 73.55, while 1st support hits today at 72.88 and below there at 72.76.

BRITISH POUND (JUN) 05/23/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 127.88. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 127.50 and 127.88, while 1st support hits today at 126.88 and below there at 126.63.

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	104.83	49.50	49.24	25.76	31.03	104.55	104.66	105.00	104.90	104.43
JYAM24	64.04	36.90	38.14	35.11	22.55	64.30	64.43	64.66	65.50	66.16
EU6M24	108.3600	53.96	54.17	82.43	76.90	108.64	108.52	108.05	107.94	108.28
BPAM24	127.19	75.04	66.28	86.78	89.19	127.14	126.55	125.96	125.71	126.14
CAAM24	73.07	42.31	45.26	71.99	64.14	73.33	73.34	73.20	73.31	73.48
SFAM24	109.55	32.20	36.51	51.38	35.47	110.10	110.50	110.47	110.87	111.80
DAAM24	66.23	49.23	52.43	79.23	71.02	0.67	0.67	0.66	0.66	0.66

Calculations based on previous session. Data collected 05/22/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM24	US Dollar	104.32	104.62	104.75	105.05	105.18
JYAM24	Japanese Yen	63.85	63.91	64.11	64.17	64.37
EU6M24	Euro	107.9787	108.1275	108.4437	108.5925	108.9087
BPAM24	British Pound	126.62	126.87	127.25	127.50	127.88
CAAM24	Canadian Dollar	72.75	72.87	73.15	73.27	73.55

SFAM24	Swiss	109.06	109.23	109.69	109.86	110.32
DAAM24	Australian Dollar	65.60	65.84	66.37	66.62	67.15

Calculations based on previous session. Data collected 05/22/2024

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