



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Monday November 28, 2016

BONDS COMMENTARY

11/28/16

Overall trend remains down but a bounce is underway

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +210

Global equity markets were mixed to lower overnight but the brunt of the markets were trading weaker and that has provided a slightly positive tilt for Bonds and Notes to start today. Furthermore, the markets overnight saw a slide in Italian Consumer Confidence but that news was offset by a rise in ECB loan activity. While Treasuries are well on their way to extremely poor monthly performance prices are showing some recovery action in the early going today and that might be the result of a quasi-risk off start in US equities. However, the capacity to short cover should not be discounted given the oversold condition into last week's lows. However, the North American session will feature the Dallas Fed's manufacturing business index for November which is forecast to improve from October and climb into positive territory and that might serve to limit December Bonds on the upside. Perhaps a slight slide in the Dollar has allowed for an up-tick in foreign purchases of US Treasuries. While equities have started out lower today we don't get the sense that the equity markets are poised to correct sharply and that might limit December bonds to 155-12 on a further bounce. Like Bonds Notes have shown some initial recovery action on their charts and that could mean a temporary bounce back above 126-00. The economic report slate today is somewhat thin but Tuesday will bring a flurry of important news from US GDP and a private home price survey.



TODAY'S MARKET IDEAS:

While the trend remains down the market has now seen 2 days of rejections of spike down moves that were in turn followed by recovery action. Therefore we see critical pivot point support at 153-04 and then again down at 152-12 in December Bonds. In order to throw off the downward bias we would need to see the December contract rally back above 155-14. Down trend channel resistance is seen at 153-17.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

BONDS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

BONDS (DEC) 11/28/2016: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 151-110. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 153-160 and 154-040, while 1st support hits today at 152-040 and below there at 151-110.

10 YR TREASURY NOTES (DEC) 11/28/2016: The sell-off took the market to a new contract low. 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is 124-180. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 125-160 and 125-235, while 1st support hits today at 124-295 and below there at 124-180.

STOCKS COMMENTARY

11/28/16

Favorable sentiment remains despite initial weakness

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -760

Global equity markets were mixed overnight but the brunt of the markets were trading weaker. However, from a technical perspective it would seem like the bullish tilt generally remains in place. While the US economic report slate today is somewhat thin, the trade did see positive Chinese economic news over the weekend and that combined with a strong kick-off to the US holiday shopping season should help to mitigate early corrective action. Traders should be on the lookout for more private sales estimates on the Black Friday/weekend sales window as that news could prompt some measure of fresh buying. Earnings announcements will include Thor Industries reporting after the Wall Street close.



S&P 500: The tight uptrend pattern remains in place to start today even if the market is showing initial signs of weakness. With slightly lower energy prices and a lack of respect for the potential of an OPEC production agreement we suspect that energy patch shares are contributing to the lower early action. Up-trend channel support in the December E-Mini S&P is seen down at 2198.50 and there might be little in the way of resistance seen until the 2211.75 highs.

Other US Indexes: The December E-Mini Dow has up-trend channel support at 18,974 this morning and that support line rises to 18,935 on Tuesday but closer-in support is seen at 19,032. A more significant support zone might be seen at 19,000 as a slide back below that level might leave a quasi-island top in place. The Mini-Nasdaq futures have managed to respect the recent pattern of higher lows and that could leave buying support today at 4842.75.

TODAY'S MARKET IDEAS:

The path of least resistance remains up as holiday sales dialogue is mostly positive.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

S&P E-MINI (DEC) 11/28/2016: A new contract high was made on the rally. 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 market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 2222.43. The market is approaching

overbought levels with an RSI over 70. The next area of resistance is around 2218.87 and 2222.43, while 1st support hits today at 2204.63 and below there at 2193.94.

MINI-DOW (DEC) 11/28/2016: A new contract high was made on the rally. 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. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 19236. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 19208 and 19236, while 1st support hits today at 19092 and below there at 19004.

E-MINI NASDAQ (DEC) 11/28/2016: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 4891.62. The next area of resistance is around 4882.75 and 4891.62, while 1st support hits today at 4852.25 and below there at 4830.63.

MINI-RUSSELL 2000 (DEC) 11/28/2016: The rally brought the market to a new contract high. 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 1353.0. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1351.1 and 1353.0, while 1st support hits today at 1344.3 and below there at 1339.3.

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										
USAAZ6	152-260	15.70	18.96	9.25	8.83	153.04	153.65	157.12	162.09	163.42
TYAAZ6	125-065	11.85	15.44	7.56	6.83	125.45	125.89	127.51	129.22	129.57
SPAZ6	2211.30	77.68	70.64	96.00	98.46	2201.33	2186.99	2155.35	2146.67	2147.00
EPZ6	2211.75	77.70	70.85	95.83	98.35	2201.94	2187.25	2155.21	2146.52	2146.95
TFEZ6	1347.7	88.48	80.21	97.66	99.20	1342.80	1324.62	1268.92	1240.48	1238.70
ENQZ6	4867.50	60.89	57.42	81.59	89.57	4864.31	4815.61	4779.60	4818.09	4811.25
YMZ6	19150	84.44	77.86	97.08	98.95	19030.75	18930.44	18576.89	18299.18	18273.40

Calculations based on previous session. Data collected 11/25/2016

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						
USAAZ6	Bonds	151-100	152-030	152-230	153-160	154-040
TYAAZ6	10 Yr Treasury Notes	124-175	124-290	125-045	125-160	125-235
SPAZ6	S&P 500	2194.52	2204.55	2208.02	2218.05	2221.52
EPZ6	S&P E-Mini	2193.93	2204.62	2208.18	2218.87	2222.43
TFEZ6	Mini-Russell 2000	1339.2	1344.2	1346.1	1351.1	1353.0
ENQZ6	E-Mini NASDAQ	4830.62	4852.25	4861.12	4882.75	4891.62
YMZ6	Mini-Dow	19004	19092	19120	19208	19236

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CURRENCIES COMMENTARY

11/28/16

Wild overnight action doesn't look to alter \$ trend

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR -150, YEN +655, SWISS -5, CA DOLLAR +170

Upcoming International Reports (all times CT)

11/28 UK Nationwide Housing Price 1:00 AM
11/28 Euro-zone Business and Consu 4:00 AM
11/28 Japan Household Spending 5:30 PM
11/28 Japan Unemployment Rate 5:30 PM
11/28 Japan Retail Sales 5:50 PM
11/29 France Consumer Spending 1:45 AM
11/29 France Household Consumption 1:45 AM
11/29 Canadian Economic Accounts 7:30 AM
11/29 GDP (Q3 '16) 7:30 AM
11/29 Consumer Confidence 9:00 AM
11/29 API Energy Stocks 3:30 PM
11/29 Japan Industrial Production 5:50 PM
11/29 Japan Construction Orders 11:00 PM
11/29 Japan Housing Starts 11:00 PM



DOLLAR: The Dollar is showing signs of forging a steeper correction this morning but the bull camp might argue that the sharp washout was quickly rejected. Some suggest that the prospect of vote re-counts undermined the Dollar but it is also possible that part of the weakness in the Dollar was the result of up-beat Chinese economic data from the weekend. Up-trend channel support in the December Dollar index is seen at 1.0124 and with expectations of slightly positive US scheduled data later this morning we think that the Dollar will be able to respect 1.01 as support.

EURO: The euro ranged up overnight but was unable to hold the gains. The market might have been cheered by gains in ECB October loan activity as that suggests building confidence within the Euro zone. However, soft Italian Consumer Confidence results and the prospect of positive US scheduled data later this morning should be expected to thicken overhead resistance at 1.0635 in the December Euro.

YEN: The Yen appears to have become oversold and in need of a bounce and we suspect that favorable Chinese economic news might serve to thicken support under the Yen down at 88.90 especially when one considers the oversold condition of the Yen from the massive November washout of 700 points.

SWISS: The recovery in the Swiss did not have legs as the rise above 99.00 was quickly rejected and that might leave little in the way of support until the 98.50 level. For the time being we see no reason to take control of the Swiss away from the bear camp.

POUND: The recovery in the Pound from the October lows might have run its course and a near term slide back down to 1.2365 might be in order. Declining open interest from the November recovery bounce suggests that bargain hunting buying is waning and that could allow for a slide back down to 1.2315.

CANADIAN DOLLAR: An ongoing pattern of lower highs, weakness in energy prices and the prospect of positive US scheduled data should leave the Canadian in a weak downward track. Down-trend channel resistance is seen up at 74.54 today but that resistance line falls down to 74.46 on Tuesday.

TODAY'S MARKET IDEAS:

The Dollar remains in vogue despite overnight volatility *

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (DEC) 11/28/2016: A new contract high was made on the rally. 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. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 100.86. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 101.90 and 102.30, while 1st support hits today at 101.19 and below there at 100.86.

EURO (DEC) 11/28/2016: The market was pushed to a new contract low. The daily stochastics gave a bullish indicator with a crossover up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 107.0637. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 106.6675 and 107.0637, while 1st support hits today at 105.5725 and below there at 104.8738.

JAPANESE YEN (DEC) 11/28/2016: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 87.26. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 88.99 and 89.59, while 1st support hits today at 87.83 and below there at 87.26.

SWISS (DEC) 11/28/2016: The market made a new contract low on the break. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside objective is 97.86. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 99.18 and 99.54, while 1st support hits today at 98.34 and below there at 97.86.

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										
DXAZ6	101.54	77.83	75.76	93.42	93.23	101.54	101.13	99.67	98.23	97.52
JYAZ6	88.41	9.69	15.98	3.85	3.60	89.35	90.50	93.07	95.52	96.21
EU6Z6	106.1200	28.33	29.12	7.04	7.14	106.13	106.53	108.42	109.97	110.61
BPAZ6	124.61	52.87	50.54	49.28	43.32	124.53	124.47	124.44	124.73	126.60
CAAZ6	73.98	39.07	39.77	32.24	30.43	74.26	74.19	74.39	75.13	75.47
SFAZ6	98.76	24.91	28.98	6.92	5.12	98.82	99.34	100.90	101.59	101.96
DAAZ6	74.22	39.13	39.57	14.96	17.68	0.74	0.74	0.75	0.76	0.76

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DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX					

DXAZ6	US Dollar	100.85	101.18	101.57	101.90	102.30
JYAZ6	Japanese Yen	87.25	87.82	88.42	88.99	89.59
EU6Z6	Euro	104.8737	105.5725	105.9687	106.6675	107.0637
BPAZ6	British Pound	123.63	124.14	124.57	125.07	125.51
CAAZ6	Canadian Dollar	73.60	73.75	74.04	74.20	74.49
SFAZ6	Swiss	97.86	98.34	98.70	99.18	99.54
DAAZ6	Australian Dollar	73.11	73.69	74.16	74.74	75.21

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