



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday April 25, 2017

BONDS COMMENTARY

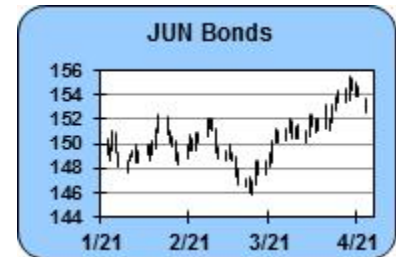
04/25/17

Bearish set-up with market primed for tax cut growth

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -190

While the "risk on" mood that opened this week's trading has eased off a bit, Treasury markets remain under moderate pressure coming into this morning's trade. The shift away from safe haven assets like bonds may continue short-term and could be a powerful bearish force. Although there are still risk events left on the near-term horizon, having the first round of the French Presidential election in the market's rear-view mirror (along with a probable Macron victory in the second round) has led to outflows from safe-haven assets including Treasuries. For now, two more Fed rate hikes this year (three in total) are priced-into the market and will require significant and consistent improvement with US economic data in order to put a fourth hike on the table. Washington may have a stronger impact on Treasuries later this week as tax reforms measures may be formally introduced over the next few days, but it appears for now that the threat of a US government shutdown is subsiding.



The North American session will start out with a February reading for the Case-Shiller home price index that is expected to hold steady with January's 5.7% year-over-year reading. March new home sales are forecast to see a modest downtick from February's 592,000 annualized rate. An April reading for the Conference Board's survey on consumer confidence is expected to have a moderate downtick from March's 125.6 reading. The April Richmond Fed manufacturing index is forecast to have a notable decline from March's 22 reading.

TODAY'S MARKET IDEAS:

On top of the strong bearish influence of US tax cuts and the strong flow away from safe haven assets, the technical signals from the bond market are turning bearish. Gapping below the key uptrend channel of March-April rally is a powerful bearish pattern. Consider selling a minor bounce or consider buying puts or selling calls. Selling resistance for June bonds is at 153-13 and 153-28 with 151-26 and 150-21 as initial support levels. Don't rule out a break to 149.17. Resistance for June T notes is at 125-26 with 124-20 as support.

NEW RECOMMENDATIONS:

* Sell June T-Bond 154-00 call at 1-12 with an objective of zero. Risk a total of 16 points from entry.

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 (JUN) 04/25/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The gap lower price action on the day session chart is a bearish indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 152-050. The next area of resistance is around 153-300 and 154-120, while 1st

support hits today at 152-270 and below there at 152-050.

10 YR TREASURY NOTES (JUN) 04/25/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. More selling pressure is likely given yesterday's gap lower price action on the day session chart. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 125-010. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 126-045 and 126-105, while 1st support hits today at 125-160 and below there at 125-010.

STOCKS COMMENTARY

04/25/17

In position to follow tax cut hopes to fuel growth

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 +440

Traders await US tax cut news for direction and the technical action remains bullish. The sharp rally early yesterday was impressive and holding on to the gains is also a big positive. The market looks set for higher trade ahead. Asian and European stocks held onto a mostly positive tone this morning with the Nikkei continuing to lead the way due to weakness in the Yen. There were few economic numbers of note overnight, although the UK's public sector net borrowing (PSNB) came in much higher than market forecasts. The North American session will start out with a February reading for the Case-Shiller home price index that is expected to hold steady with January's 5.7% year-over-year reading. March new home sales are forecast to see a modest downtick from February's 592,000 annualized rate. An April reading for the Conference Board's survey on consumer confidence is expected to have a moderate downtick from March's 125.6 reading. The April Richmond Fed manufacturing index is forecast to have a notable decline from March's 22 reading. A big day for earnings announcements will feature Coca Cola, Novartis, 3M, McDonald's, Eli Lilly, Dupont, Biogen and Caterpillar before Wall Street opening with AT&T and Texas Instruments reporting after the close.



S&P 500: News that most other candidates endorsed top vote-getter Emmanuel Macron after the results of the French Presidential first round election helped a "risk on" mood take hold around the globe yesterday. US equities could not match robust gains seen by French stocks but all 3 major indices clearly benefited from stronger risk appetites and saw gap-higher opening while the Nasdaq once again posted a new all-time high yesterday. Traders may want to see more tax reform specifics flowing from the White House. If so, this could be the catalyst for another leg higher. June E-Mini S&P charts look bullish after holding most of the gap from Monday morning. Close-in support is at 2365.75 and 2357.50. A continuation of the bullish trend leaves 2397.25 and 2427.60 as next upside targets.

Other US Indexes: The June mini NASDAQ is a bit overbought after surge to new all-time highs. Close-in support comes in at 5481.25 with 5532.20 as next upside target. The June E-mini Dow pattern resembles a bull flag with an eventual target of 21,409. Close-in support is at 20,615 with 20,802 as resistance.

TODAY'S MARKET IDEAS:

Traders hope to see a bold and aggressive tax cut plan but one that leaves hope of a quick approval. The market continues to climb a wall of worry. The June E-mini Dow looks poised for a resumption of the uptrend. Another leg up counts to 21,409. Consider buying.

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 (JUN) 04/25/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 2382.12. The next area of resistance is around 2376.00 and 2382.12, while 1st support hits today at 2364.50 and below there at 2359.13.

MINI-DOW (JUN) 04/25/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The gap upmove on the day session chart is a bullish indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 20813. The next area of resistance is around 20762 and 20813, while 1st support hits today at 20630 and below there at 20548.

E-MINI NASDAQ (JUN) 04/25/2017: A new contract high was made on the rally. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The gap up on the day session chart gave a bullish indicator and more follow through could be seen this session. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 5539.68. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5524.87 and 5539.68, while 1st support hits today at 5483.13 and below there at 5456.19.

MINI-RUSSELL 2000 (JUN) 04/25/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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 gap upmove on the day session chart is a bullish indicator for trend. 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 near-term upside objective is at 1411.3. The next area of resistance is around 1404.0 and 1411.3, while 1st support hits today at 1389.0 and below there at 1381.2.

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										
USAAM7	153-120	55.36	58.14	77.91	70.91	154.11	153.89	152.64	150.71	150.49
TYAAM7	125-260	57.41	59.57	77.30	72.35	126.03	125.95	125.39	124.50	124.38
SPAM7	2370.00	63.26	59.24	45.36	56.83	2350.80	2344.98	2350.18	2357.19	2341.98
EPM7	2370.25	62.25	58.68	45.49	56.59	2350.00	2344.67	2350.15	2356.99	2341.90
TFEM7	1396.5	65.02	59.70	61.06	73.72	1380.25	1369.06	1368.68	1373.80	1373.69
ENQM7	5504.00	72.37	67.95	55.72	69.68	5444.81	5411.19	5421.14	5390.72	5342.42
YMM7	20696	58.83	55.77	34.55	45.13	20511.25	20505.44	20557.61	20681.53	20525.17

Calculations based on previous session. Data collected 04/24/2017

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						
USAAM7	Bonds	152-040	152-260	153-080	153-300	154-120
TYAAM7	10 Yr Treasury Notes	125-005	125-155	125-215	126-045	126-105
SPAM7	S&P 500	2358.17	2363.95	2370.27	2376.05	2382.37
EPM7	S&P E-Mini	2359.12	2364.50	2370.62	2376.00	2382.12
TFEM7	Mini-Russell 2000	1381.1	1388.9	1396.2	1404.0	1411.3
ENQM7	E-Mini NASDAQ	5456.18	5483.12	5497.93	5524.87	5539.68
YMM7	Mini-Dow	20547	20629	20680	20762	20813

Calculations based on previous session. Data collected 04/24/2017

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CURRENCIES COMMENTARY

04/25/17

Dollar may benefit from today's US housing numbers

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -48, YEN -560, SWISS +11, CA DOLLAR -295**

Upcoming International Reports (all times CT)

04/25 2-Yr note Auction
04/25 4-Week BILL Auction
04/25 France Business Climate Surv 1:45 AM
04/25 Consumer Confidence 9:00 AM
04/25 New Home Sales 9:00 AM
04/25 API Energy Stocks 3:30 PM
04/26 2-Yr note Auction
04/26 5-Yr note Auction
04/26 France Consumer Confidence 1:45 AM
04/26 Swiss ZEW Investor Sentiment 3:00 AM
04/26 Canadian Retail Trade 7:30 AM
04/26 EIA Energy Stocks 9:30 AM
04/26 Japan BOJ Rate 11:00 PM



DOLLAR: The Dollar is steering clear of Monday's low for the move but remains under mild pressure this morning as it has been unable to fill in the sizable chart gap left by Sunday evening's "nosedive" opening. Safe-haven assets continue to see outflows after the first round of the French Presidential election, and there have been few recent US economic data points that were strong enough for the Dollar to overcome that pressure. Housing has been a strong suit for the US economy lately, however, so decent readings for new home sales and the Case-Shiller index later this morning could help the Dollar regain its footing. Near-term resistance is at 99.24 as the Dollar still needs to see consistently good economic numbers to put together a recovery move.

EURO: The Euro remains well supported and continues to have an "island" chart-gap formation coming into this morning's trading. A multi-year high for a survey of the French business climate has provide an additional boost, but the Euro continues to benefit from having the first round of the French Presidential election in its rear-view mirror. There are other problem spots (Italy and Greece) that may cause headwinds over the near-term, but the Euro should benefit as long as risk sentiment continues to improve. Near-term support is at 1.0874 as the Euro remains on-course for reaching a new 5-month high over the near future.

YEN: The Yen was able to put together a moderate rebound late Monday, but could not sustain upside momentum and is once again back on the defensive early today. An outside-day down formation to a new 2-week low also reflects the inability to fill in yesterday's chart-gap. Unless there is a revival of risk anxiety, the Yen could see further downside action in front of Thursday's Bank of Japan meeting. Near-term resistance is at 91.05 as the Yen will continue to be pressured by safe-haven outflows.

SWISS: The Swiss remains far below Sunday evening's spike high but remains fairly well supported as it has received some carryover support from calmer Euro zone condition following the French election. As long as Euro

zone trouble spots remain subdued, the Swiss should hold its ground within its current uptrend channel. Near-term support is at 1.0046 as the Swiss will benefit from near-term calm in Europe.

POUND: The Pound is finding moderate support this morning but surprisingly has been unable to break out of a fairly tight consolidation zone. A larger than expected increase in public sector net borrowing (PSNB) may have rattled the market, while the Pound is still pressured by the unwinding of Pound/Euro spread after Sunday's French election. The fact that it is still seeing coiling price action may hint that if a breakout move does occur, it will be towards the upside. Near-term support is at 1.2790 as the Pound should remain well supported during today's trading.

CANADIAN DOLLAR: The Canadian is finding significant pressure this morning as it remains on-track to reach its lowest price level in over a year. Reports that the US will impose tariffs on imported Canadian lumber have sent a chill into the market as it may be the first sign in trade friction between the two nations. Close-in support is at 73.60 as the Canadian could see a sizable downside move before it can find its footing.

TODAY'S MARKET IDEAS:

The Dollar may be able to climb into positive territory after today's US housing data points, but will need to see additional strong US economic numbers to fill in the chart gap above the market. A continued loss of safe-haven support will keep the Yen on the defensive during today's trading.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES 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.

US DOLLAR (JUN) 04/25/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. More selling pressure is likely given yesterday's gap lower price action on the day session chart. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 98.40. The next area of resistance is around 99.17 and 99.47, while 1st support hits today at 98.64 and below there at 98.40.

EURO (JUN) 04/25/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The gap up move on the day session chart is a bullish indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 109.7100. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 109.3350 and 109.7100, while 1st support hits today at 108.5350 and below there at 108.1100.

JAPANESE YEN (JUN) 04/25/2017: 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 gap lower price action on the day session chart is a bearish indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 90.58. The next area of resistance is around 91.66 and 91.84, while 1st support hits today at 91.04 and below there at 90.58.

SWISS (JUN) 04/25/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. 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 market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 101.63. The next area of resistance is

around 101.15 and 101.63, while 1st support hits today at 100.37 and below there at 100.06.

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										
DXAM7	98.90	30.25	35.26	37.16	24.11	99.54	99.95	100.21	100.55	100.49
JYAM7	91.35	53.13	57.15	75.85	68.32	91.75	91.81	91.06	89.75	89.52
EU6M7	108.9350	72.41	65.11	50.42	69.46	107.85	107.29	107.13	107.10	107.21
BPAM7	128.11	69.56	66.12	74.57	78.55	128.17	126.98	125.90	124.71	124.92
CAAM7	74.10	30.87	35.39	25.56	13.04	74.16	74.69	74.79	74.98	75.36
SFAM7	100.76	60.90	56.15	47.09	59.79	100.58	100.22	100.18	100.21	100.41
DAAM7	75.61	52.54	50.03	33.72	42.10	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/24/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	98.39	98.63	98.93	99.17	99.47
JYAM7	Japanese Yen	90.57	91.03	91.20	91.66	91.84
EU6M7	Euro	108.1100	108.5350	108.9100	109.3350	109.7100
BPAM7	British Pound	127.54	127.80	128.16	128.41	128.78
CAAM7	Canadian Dollar	73.58	73.78	74.21	74.41	74.83
SFAM7	Swiss	100.05	100.36	100.84	101.15	101.63
DAAM7	Australian Dollar	75.12	75.38	75.58	75.84	76.04

Calculations based on previous session. Data collected 04/24/2017

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