



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Wednesday April 26, 2017

### BONDS COMMENTARY

04/26/17

**Notes holding support better than bonds; trend turning down?**

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**BONDS +20**

Treasuries have found some support overnight after falling well below last week's high for the move as safe haven support continues to dissipate. While there are no major US economic numbers for the market to digest, details of the Trump Administration's tax reform plans are likely to be announced. Hints of steep corporate tax cuts and a special repatriation tax rate have already come out, and have been well received by US equities. Treasuries may not be as receptive, however, as any indication that these tax changes are not "revenue neutral" and will add to the deficit could put Bonds and Notes back on the defensive fairly quickly. Tuesday's 2-year note auction was well received with a bid to cover of 2.85/1 which is the highest level in nearly a year. This would indicate that the shorter end of the yield curve could remain fairly well supported if Bonds and Notes find significant pressure later today. The North American session will start out with a weekly private survey of mortgage applications, followed by March Canadian retail sales that are expected to see a hefty decline from February's 2.2% year-over-year rate.



#### TODAY'S MARKET IDEAS:

Bonds are down nearly 3 full points off of last week's highs so some consolidation of these losses is possible. Funding the government and whether or not the new tax plans are revenue neutral are factors which could provide some short-term support. Gapping below the key uptrend channel of March-April rally is a powerful bearish pattern and could help the market find new sellers on a bounce. Consider selling a minor bounce or consider buying puts or selling calls. Selling resistance for June bonds is at 153-12 with 150-21 as next key support. Resistance for June T notes is at 125-23 and 125.29 with 124-20 as support.

#### 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 (JUN) 04/26/2017:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 150-310. The next area of resistance is around 152-310 and 154-000, while 1st support hits today at 151-150 and below there at 150-310.

**10 YR TREASURY NOTES (JUN) 04/26/2017:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the

intermediate-term trend could be turning down. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 124-280. The next area of resistance is around 125-210 and 126-015, while 1st support hits today at 125-025 and below there at 124-280.

## STOCKS COMMENTARY

04/26/17

### Strong earnings continue to drive stocks higher; tax cuts

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 -140

With focus on tax reform today, it will not take much in the way of positive news to spark renewed buying in the stock market. Keeping focus against headline concerns for trade wars with Canada, government funding or tensions brewing with North Korea, Iran and Russia will be difficult. Strong earnings have been key to the uptrend and some clarity and increased confidence that tax relief is not far away should help energize the market. Talk of an aggressive starting point near 15% corporate tax rate suggests that the Administration will be looking for major reforms. Asian stock indices were generally higher overnight as they played "catch-up" with Tuesday's US gains, with Japanese equities continuing to benefit from the weaker Yen. Most European stock markets are finding mild pressure this morning, with Italy's MIB-30 index down over 0.50%.



The North American session will start out with a weekly private survey of mortgage applications. Another busy day of earnings announcements will include Proctor & Gamble, Pepsico, Boeing, United Technologies and Norfolk Southern before the Wall Street opening while Amgen, PayPal Holdings and Las Vegas Sands report after the close. News headlines concerning fresh trade disputes between the US and Canada did little to erode a positive tone for risk sentiment yesterday when major economic data points mostly came in better than expected. US equities remain in an upward trajectory with the Dow Jones and S&P reaching new 5-week highs while the Nasdaq posted another new all-time high.

**S&P 500:** Details of the administration tax plans will drive price action today and it does appear that an aggressive cut proposal will set the bar low from a stock market impact perspective. Keep in mind; strong earnings and regulation cuts have been key bullish forces so far so investor interest could receive a boost if tax reform looks to be more of a reality. With the weakness in safe haven investments this week and low interest rates, tax reform could be the catalyst for another leg higher. June E-Mini S&P charts continue to hold a bullish tilt. Close-in support is at 2376.75 and 2366.85. A continuation of the bull trend leaves 2397.25 and 2427.60 as next upside targets. Consider buying breaks.

**Other US Indexes:** The June mini NASDAQ is getting very overbought and has exceeded short-term swing targets. Close-in support comes in at 5502.00 with 5568.80 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 20,802 with 21,046 as resistance.

#### TODAY'S MARKET IDEAS:

Earnings continue to beat estimates and adding a more definite tax plan ahead should help boost investor interest. Money manager alternatives do not look that great and they do not want to miss the "tax cut" leg of the bull market. The June E-mini Dow looks poised for another leg up 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) 04/26/2017:** Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term 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 2402.87. The next area of resistance is around 2395.50 and 2402.87, while 1st support hits today at 2374.50 and below there at 2360.88.

**MINI-DOW (JUN) 04/26/2017:** 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 21167. The next area of resistance is around 21087 and 21167, while 1st support hits today at 20807 and below there at 20606.

**E-MINI NASDAQ (JUN) 04/26/2017:** The market rallied to a new contract high. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 5596.81. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5578.12 and 5596.81, while 1st support hits today at 5519.88 and below there at 5480.32.

**MINI-RUSSELL 2000 (JUN) 04/26/2017:** The market rallied to a new contract high. 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 setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 1429.9. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1422.1 and 1429.9, while 1st support hits today at 1401.1 and below there at 1388.0.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM7	152-070	44.19	50.31	71.29	57.75	153.49	153.82	152.70	150.76	150.54
TYAAM7	125-115	47.32	52.54	71.77	60.87	125.79	125.94	125.43	124.53	124.40
SPAM7	2312.00	69.24	64.01	54.04	71.39	2363.63	2348.74	2351.74	2358.11	2343.66
EPM7	2385.00	67.83	63.13	53.86	70.70	2363.06	2348.33	2351.71	2357.89	2343.58
TFEM7	1411.6	70.16	63.66	68.18	82.05	1392.38	1372.81	1370.94	1374.16	1374.85
ENQM7	5549.00	77.51	72.26	63.92	80.49	5483.13	5427.08	5427.35	5395.62	5348.81
YMM7	20947	68.33	63.55	44.89	65.38	20667.00	20544.78	20577.50	20690.82	20541.77

Calculations based on previous session. Data collected 04/25/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM7	Bonds	150-300	151-140	152-150	152-310	154-000
TYAAM7	10 Yr Treasury Notes	124-275	125-020	125-145	125-210	126-015
SPAM7	S&P 500	2329.27	2303.64	2345.97	2320.35	2362.67
EPM7	S&P E-Mini	2360.87	2374.50	2381.87	2395.50	2402.87
TFEM7	Mini-Russell 2000	1387.9	1401.1	1408.9	1422.1	1429.9
ENQM7	E-Mini NASDAQ	5480.31	5519.87	5538.56	5578.12	5596.81
YMM7	Mini-Dow	20605	20806	20886	21087	21167

Calculations based on previous session. Data collected 04/25/2017  
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## CURRENCIES COMMENTARY

04/26/17

### Dollar rebounds in front of US tax reform news

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**US DOLLAR +251, YEN -70, SWISS -15, CA DOLLAR -15**

#### Upcoming International Reports (all times CT)

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  
04/27 7-Yr note Auction  
04/27 Japan BOJ Report 12:00 AM  
04/27 German GfK Consumer Confiden 1:00 AM  
04/27 Swiss Trade Balance 1:00 AM  
04/27 Euro-zone Business and Consu 4:00 AM  
04/27 Euro-zone Monetary Policy 6:45 AM  
04/27 Adv Durable Goods 7:30 AM  
04/27 Initial Jobless Claims 7:30 AM  
04/27 EIA Gas Storage 9:30 AM  
04/27 Japan Consumer Price Index 6:30 PM  
04/27 Japan Household Spending 6:30 PM  
04/27 Japan Unemployment Rate 6:30 PM  
04/27 Japan Industrial Production 6:50 PM  
04/27 Japan Retail Sales 6:50 PM  
04/27 Japan BOJ Meeting 9:50 PM



**DOLLAR:** The Dollar appears to have put some near-term brakes on its recent downdraft, but remains well below the chart-gap at the start of this week's trading. US data continues to show mixed results, as strong readings from the housing sector were offset by a lower than expected consumer confidence number. There are no major US economic numbers today, but market focus will be on the White House as new tax reform measures are announced. As long as those tax cuts do not add too much to the deficit, the Dollar should be able to stay well clear of Tuesday's low for the move. Near-term support is at 98.70 as the Dollar may be able to build on today's recovery move after the market digests the US tax reform plans.

**EURO:** The Euro's post-French election rally has run out of steam, but not before it reached a new 5-month high during the overnight session. Given the steep gains since last Friday, the Euro is likely to face notable profit-taking during today's trading. Thursday's ECB meeting is not expected to result in changes to their policy, but there are hints that the next meeting in June could show a reduction in monetary stimulus measures so the Euro may find fresh buyers if this current pullback extends back below the 1.0900 level. Near-term support is at 1.0874 as the Euro should stay well above Monday's chart gap over near future.

**YEN:** The Yen has seen safe-haven outflows ease going into today's trading, but it still has been unable to find its footing as it posted a new monthly low during the overnight session. Thursday's BOJ meeting could result in upgraded forecasts for the Japanese economy, but is unlikely to produce any shift in their accommodative monetary policy. Near-term resistance is at 90.38 as the Yen will need a fresh surge of risk anxiety to regain upside momentum.

**SWISS:** The Swiss is finding carryover pressure from the Euro's pullback, but remains in an inside-day trading range early today. With the Euro/Swiss spread reaching its highest level since early December this week, the

SNB is likely to remain on the sidelines instead of intervening to weaken their currency. Near-term resistance is at 1.0114 as the Swiss is likely to remain on the defensive during today's trading.

**POUND:** The Pound continues to see coiling price action as it has been unable to break out of a tight trading range for a sixth session in a row. The upcoming UK Parliamentary elections appears to have put Brexit negotiations on the backburner, so the Pound may have to rely on stronger UK economic data in order to produce an upside breakout. Near-term support remains at the 1.2790 level as the Pound may also need to see improved risk sentiment to reach new high ground.

**CANADIAN DOLLAR:** The Canadian remains in a tight trading range coming into this morning, but is holding its ground well above Tuesday's 14-month low. It appears that trade friction between the US and Canada may be easing, but the market may need stronger risk sentiment and decent Canadian economic numbers to put together any sizable recovery move. Close-in support is at 73.65 as the Canadian appears to have found its footing after Tuesday's downside breakout.

#### **TODAY'S MARKET IDEAS:**

The Dollar will start the day fairly well supported, but must avoid a negative market reaction to the announcement of US tax reform plans later this morning. The Euro is likely to see continued profit-taking today, but could resume this week's sharp upmove once tomorrow's ECB meeting is out of the way.

#### **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) 04/26/2017:** Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 98.22. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 98.93 and 99.28, while 1st support hits today at 98.40 and below there at 98.22.

**EURO (JUN) 04/26/2017:** Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 110.4450. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 110.1200 and 110.4450, while 1st support hits today at 109.1300 and below there at 108.4650.

**JAPANESE YEN (JUN) 04/26/2017:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 89.16. The next area of resistance is around 90.83 and 91.79, while 1st support hits today at 89.52 and below there at 89.16.

**SWISS (JUN) 04/26/2017:** 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 101.46. The next area of resistance is around 101.26 and 101.46, while 1st support hits today at 100.74 and below there at 100.41.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM7	98.66	26.96	32.66	30.17	16.18	99.30	99.73	100.15	100.51	100.46
JYAM7	90.17	36.82	45.03	66.96	49.57	91.23	91.67	91.05	89.78	89.56
EU6M7	109.6250	76.95	69.05	60.39	80.36	108.41	107.65	107.21	107.16	107.24
BPAM7	128.51	71.81	67.76	76.60	80.85	128.27	127.35	126.11	124.80	124.96
CAAM7	73.75	24.40	30.60	21.17	12.96	74.04	74.54	74.71	74.92	75.32
SFAM7	101.00	67.07	60.31	54.21	68.44	100.68	100.38	100.19	100.23	100.41
DAAM7	75.26	45.97	45.87	36.16	41.94	0.75	0.75	0.75	0.76	0.76

Calculations based on previous session. Data collected 04/25/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	98.21	98.39	98.74	98.93	99.28
JYAM7	Japanese Yen	89.15	89.51	90.47	90.83	91.79
EU6M7	Euro	108.4650	109.1300	109.4550	110.1200	110.4450
BPAM7	British Pound	127.68	128.15	128.40	128.87	129.12
CAAM7	Canadian Dollar	73.09	73.42	73.76	74.08	74.42
SFAM7	Swiss	100.40	100.73	100.93	101.26	101.46
DAAM7	Australian Dollar	74.81	75.00	75.32	75.51	75.83

Calculations based on previous session. Data collected 04/25/2017

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