



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 27, 2017

BONDS COMMENTARY

04/27/17

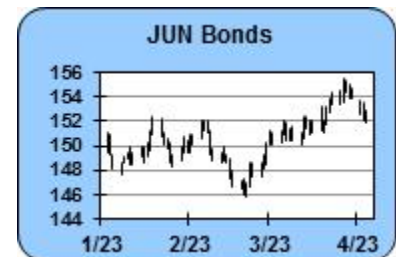
Expanding growth potential long term is bearish bonds

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +10

Treasuries have calmed down after their turbulent trading week so far, but they are holding onto modest strength following yesterday's late rebound. Bonds and Notes had a "sell the rumor, buy the fact" reaction to the announcement of White House tax reform measures, and have held their ground after US officials walked back threats to pull out of the NAFTA agreement. While safe-haven support has been easing since Sunday's French election results, Treasuries are likely to shift their focus back towards the US economy and upcoming Fed policy starting with today's set of data points. Yesterday's 5-year auction showed lukewarm results that were in contrast to a strong 2-year auction on Tuesday, so today's 7-year auction could reflect some uncertainty with potential Fed rate hikes over the rest of this year.

Before then, a highlight for global markets will come with the results of the latest European Central Bank monetary policy meeting and while expectations are for no change in rates or policy, the post-meeting press conference by ECB President Draghi may hint at upcoming policy changes. The North American session starts out with a reading on initial jobless claims that are forecast to see a modest downtick from the previous 243,000 reading. March durable goods are expected to see a moderate downtick from February's 1.8% reading. March pending home sales are forecast to see a sizable decline from February's 5.5% reading. The March goods trade balance, March wholesale inventories and the April KC Fed manufacturing index will also be released during morning US trading hours.



TODAY'S MARKET IDEAS:

The longer-term impact of a significant income tax cut is likely bearish for the bond market as the economy picks up steam. Funding the government, and whether or not the new tax plans are revenue neutral are factors which could provide some short-term support. Safe haven support seems to be slowly eroding which adds to the bear case. Consider selling a minor bounce or consider buying puts or selling calls. Selling resistance for June bonds is at 153-09 and 153-23, with 150-21 as next key support. Resistance for June T notes is at 125-23 and 125.29 with 124-20 and 124-05 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) 04/27/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 151-230. The next

area of resistance is around 153-110 and 153-180, while 1st support hits today at 152-140 and below there at 151-230.

10 YR TREASURY NOTES (JUN) 04/27/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside target is 125-040. The next area of resistance is around 125-265 and 125-295, while 1st support hits today at 125-140 and below there at 125-040.

STOCKS COMMENTARY

04/27/17

Overbought and reversal action adds uncertainty

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 +190

Traders remain skeptical over the possibility of a significant tax cut and the S&P challenged the high and failed yesterday to close slightly lower on the day.

Asian stocks posted mixed results overnight as the Shanghai Composite finished the day with a moderate gain. Both the German GfK consumer confidence survey and a set of Euro zone sentiment readings saw better than expected results. The latest European Central Bank monetary policy meeting is expected to have no change in rates or policy, but a post-meeting press conference by ECB President Draghi may hint at upcoming policy changes. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a modest downtick from the previous 243,000 reading. March durable goods are expected to see a moderate downtick from February's 1.8% reading. March pending home sales are forecast to see a sizable decline from February's 5.5% reading. The March goods trade balance, March wholesale inventories and the April KC Fed manufacturing index will also be released during morning US trading hours. Another busy day of earnings announcements will include Comcast, AbbVie, Celgene, United Parcel Service, Union Pacific, Bristol-Myers Squibb and CME Group before the Wall Street opening while Alphabet (Google), Microsoft, Amazon.com, Intel and Starbucks report after the close.



Global markets may have shook off early pressure, but sentiment turned lukewarm following events in Washington as market attention focused on events at the White House. Before an "official" announcement, there were hints that tax reform measures included a cut in the corporate rate to 15% and a special repatriation rate of 10%. When the actual details came out, however, risk sentiment deteriorated and was further rattled by reports that the White House was considering an executive order to withdraw from NAFTA. While the Nasdaq reached another new record high and the S&P and Dow Jones were within striking distance of new high ground, US stocks eventually turned lower as all 3 major indices finished lower on the day. While the Bank of Japan left policy unchanged at their latest meeting, they upgraded their outlook for the Japanese economy while cutting their core inflation forecast.

S&P 500: The three-day surge leaves the market overbought and traders see a lack of details on the proposal as a reason to suspect that it will take time for consensus. Longer-term, a 15% corporate tax rate would be extremely bullish for stocks but short-term, the market may not be ready for another leg up. Uncertainty could spark some light selling pressures short-term unless economic news comes in very strong. The other obstacle to a short-term correction would be earnings as strong earnings could keep investment flows positive. Breaks are buying opportunities but we cannot rule out a short-term correction. June E-Mini S&P close-in resistance is at 2389.65 with 2365.75 and maybe 2356.25 as short-term downside targets.

Other US Indexes: A new all-time high and lower close for the June mini NASDAQ is a key reversal from an extreme overbought condition so expect at the very least, a short-term correction. Close-in resistance comes in at 5546.75 with 5480.40 and 5455.00 as short-term targets. June E-mini Dow close-in resistance is at 20,930 with 20,743 as support.

TODAY'S MARKET IDEAS:

Longer-term, a 15% corporate tax rate would be extremely bullish for stocks but short-term, the market may not be ready for another leg up. Uncertainty could spark some selling pressures short-term unless economic news comes in very strong.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/27/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 2398.31. The next area of resistance is around 2389.12 and 2398.31, while 1st support hits today at 2376.38 and below there at 2372.82.

MINI-DOW (JUN) 04/27/2017: 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 daily closing price reversal down is a negative indicator for prices. The close over the pivot swing is a somewhat positive setup. The next upside objective is 21037. The next area of resistance is around 20955 and 21037, while 1st support hits today at 20847 and below there at 20820.

E-MINI NASDAQ (JUN) 04/27/2017: The market rallied to a new contract high. The upside crossover of the 9 and 18 bar moving average is a positive signal. 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. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 5570.12. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5550.75 and 5570.12, while 1st support hits today at 5523.75 and below there at 5516.13.

MINI-RUSSELL 2000 (JUN) 04/27/2017: The market rallied to a new contract high. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 1436.1. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1427.1 and 1436.1, while 1st support hits today at 1408.4 and below there at 1398.6.

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	152-280	50.37	54.17	65.54	53.18	153.22	153.82	152.84	150.83	150.61
TYAAM7	125-200	52.81	55.94	67.30	57.87	125.72	125.96	125.51	124.56	124.44
SPAM7	2382.20	66.95	62.54	61.26	75.69	2371.15	2353.34	2352.72	2358.71	2345.52
EPM7	2382.75	66.66	62.30	60.78	75.11	2370.44	2353.03	2352.61	2358.47	2345.42
TFEM7	1417.8	72.11	65.21	73.80	85.27	1401.35	1379.67	1372.93	1374.44	1375.78
ENQM7	5537.25	73.61	69.68	70.29	83.21	5505.81	5445.44	5432.58	5399.90	5355.66

YMM7 20901 65.92 61.87 54.13 72.81 20758.50 20588.89 20590.33 20696.82 20559.52

Calculations based on previous session. Data collected 04/26/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAM7	Bonds	151-220	152-130	152-200	153-110	153-180
TYAAM7	10 Yr Treasury Notes	125-035	125-135	125-165	125-265	125-295
SPAM7	S&P 500	2372.97	2376.05	2385.27	2388.35	2397.57
EPM7	S&P E-Mini	2372.81	2376.37	2385.56	2389.12	2398.31
TFEM7	Mini-Russell 2000	1398.5	1408.3	1417.3	1427.1	1436.1
ENQM7	E-Mini NASDAQ	5516.12	5523.75	5543.12	5550.75	5570.12
YMM7	Mini-Dow	20819	20846	20928	20955	21037

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CURRENCIES COMMENTARY

04/27/17

Dollar can regain upside momentum with positive US data results

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR -57, YEN +25, SWISS +2, CA DOLLAR +220

Upcoming International Reports (all times CT)

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
 04/28 Japan Construction Orders 12:00 AM
 04/28 Japan Housing Starts 12:00 AM
 04/28 France GDP 12:30 AM
 04/28 German Retail Sales 1:00 AM
 04/28 France Household Consumption 1:45 AM
 04/28 France Producer Price Index 1:45 AM
 04/28 Swiss KOF Leading Indicator 2:00 AM
 04/28 UK Nationwide Housing Price 2:00 AM
 04/28 France Consumer Spending 2:45 AM
 04/28 German Employment Situation 3:00 AM
 04/28 Canadian GDP (By Industry) 7:30 AM
 04/28 Canadian Industrial Product 7:30 AM
 04/28 Employment Cost Index 7:30 AM
 04/28 GDP (Q1 '17) 7:30 AM
 04/28 Chicago PMI 9:00 AM
 04/28 UK Consumer Confidence 6:01 PM



DOLLAR: The Dollar has kept within a tight trading range coming into this morning's activity that puts it firmly in

the middle of what remains an "island" formation below Monday's chart-gap. Yesterday's release of White House tax reform plans turned into a "buy the rumor, sell the fact" moment as the market may need more details before the Dollar can find any long-lasting benefit. Market focus will shift back towards the US economy today with a sizable amount of fresh data points. While recent jobless claims readings have had a positive tone, durable goods could be the key number for the Dollar as it has had some unexpected results in the past. Near-term support is at 98.61 as the Dollar should remain relatively well supported if it can get through the US data window with a mildly positive tone still intact.

EURO: The Euro has fallen back from this week's highs, but appears to have put some brakes on profit-taking following better than expected German and Euro zone sentiment readings. The ECB meeting results should leave rates and policy unchanged, which will put more attention on ECB President Draghi's post-meeting comments. If Draghi hints at an upcoming reduction in monetary stimulus measures, the Euro could regain upside momentum in a hurry. Near-term resistance is at the 200-day moving average of 1.0950 as the Euro may need some hawkish ECB commentary to climb up into new high ground.

YEN: The Yen is staying well clear of yesterday's low and its 50-day moving average, but continues to be pressured by safe-haven outflows. Today's Bank of Japan meeting produced mixed results for the Yen as an upgrade of Japanese economic prospects was offset by downgrade of Japanese core inflation prospects. Near-term support is at 89.80 as the Yen should be able to hold its ground as long as potential risk events remain on the horizon.

SWISS: The Swiss is finding mild support this morning and remains in close proximity to its recent highs. While the Swiss monthly trade surplus came in lower than trade forecast, a year-on-year gain for exports indicates that SNB's efforts to weaken their "overvalued" currency through intervention are paying some dividends with their economy. Near-term support will be at 1.0079 early on, but the Swiss should take direction from the Euro's post-ECB meeting reaction.

POUND: The Pound has broken out to the upside after threatening for several sessions as it reached the highest price level since early October. While the CBI distributive trends survey is not a top-tier UK data point, a massive beat (38 versus a forecast of 6) bodes well for UK retail sales figures. Even with Brexit and an upcoming UK election hanging over the Pound, it should start to reflect stronger risk appetites going forward. Near-term support is at 1.2882 as the Pound should remain well supported during today's trading.

CANADIAN DOLLAR: The Canadian has been on a roller-coaster ride over the past 24 hours as it comes into this morning with an outside-day higher from a new 14-month low. The White House "pivot" on their NAFTA withdrawal has clearly benefited the Canadian, even if trade friction between the US and Canada is likely to simmer over the near future. Near-term support is at 73.45 as the Canadian should overcome sluggish energy prices and maintain upside momentum this morning.

TODAY'S MARKET IDEAS:

The Dollar can regain upside momentum if today's US data can generate some positive results, but a move up into Monday's chart-gap may have to wait on better vibes out of Washington. The Euro will be waiting on post-ECB meeting commentary for direction, and could quickly turn back to the upside if there are hints that monetary stimulus measures will be reduced in the near future.

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) 04/27/2017: 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. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 98.27. The next area of resistance is around 99.12 and 99.46, while 1st support hits today at 98.53 and below there at 98.27.

EURO (JUN) 04/27/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. 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 objective is at 110.2800. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 109.8250 and 110.2800, while 1st support hits today at 108.8750 and below there at 108.3800.

JAPANESE YEN (JUN) 04/27/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 target is now at 89.43. The next area of resistance is around 90.52 and 90.74, while 1st support hits today at 89.87 and below there at 89.43.

SWISS (JUN) 04/27/2017: 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. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 101.43. The next area of resistance is around 101.24 and 101.43, while 1st support hits today at 100.74 and below there at 100.42.

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	98.82	33.74	36.86	25.14	15.08	99.11	99.53	100.07	100.45	100.46
JYAM7	90.20	37.01	45.19	57.73	39.07	90.87	91.54	91.07	89.81	89.59
EU6M7	109.3500	72.69	66.34	67.60	82.74	108.85	107.90	107.33	107.24	107.27
BPAM7	128.68	72.89	68.53	78.87	83.49	128.35	127.75	126.31	124.88	125.01
CAAM7	73.49	21.02	27.76	16.69	8.34	73.83	74.35	74.62	74.86	75.27
SFAM7	100.99	65.66	59.57	60.62	73.45	100.81	100.54	100.22	100.25	100.41
DAAM7	74.65	36.58	39.58	35.08	32.51	0.75	0.75	0.75	0.76	0.76

Calculations based on previous session. Data collected 04/26/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	98.26	98.52	98.86	99.12	99.46
JYAM7	Japanese Yen	89.42	89.86	90.08	90.52	90.74
EU6M7	Euro	108.3800	108.8750	109.3300	109.8250	110.2800
BPAM7	British Pound	128.02	128.38	128.60	128.96	129.18
CAAM7	Canadian Dollar	73.14	73.27	73.58	73.71	74.02
SFAM7	Swiss	100.41	100.73	100.92	101.24	101.43
DAAM7	Australian Dollar	73.72	74.08	74.83	75.20	75.95

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