



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday May 02, 2017

BONDS COMMENTARY

05/02/17

Technical action remains weak and trend turning down

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -10

Treasuries are finding mild pressure coming into this morning's trading, but that has been enough to put Bonds and Notes within striking distance of new lows for the move. While we have had three sessions in a row now that were highlighted by lukewarm US economic numbers, Treasuries have found little lasting support as the market continues to price-in two Fed rate hikes over the rest of this year even if tomorrow's FOMC meeting is unlikely to result in one of them. Global risk events continue to simmer but have been overshadowed by a decent set of US earnings so far, although Apple's numbers after today's close could change that tone quickly if they miss estimates.



A potential government shutdown has been prevented until September at least which has deflated some of the safe-haven support heading towards Treasuries. Potential legislative moves on tax reform and health care remain on the horizon that could put Bonds and Notes under fresh pressure, but the market appears to be focusing on tomorrow's FOMC results and Friday's jobs data. Today's session will be relatively quiet data-wise as the FOMC begins their 2-day meeting, and will be highlighted by April motor vehicle sales figures are forecast to see decent improvement from March's 16.6 million annualized rate.

TODAY'S MARKET IDEAS:

Talk of issuing 50-year bonds has spread in recent days and seems to be a logical approach for infrastructure spending projects. If the idea continues to see traction, the extra supply of long-dated bonds might mean a higher interest rate to move the extra supply. June bonds moving to the lowest level since April 11th after a series of weak economic reports might suggest that traders see better economic news ahead. June T-note resistance is at 125-24 with 125-03 and 124-20 as next support. June T-bond close-in resistance is at 153-04 and 153-18, with 150-21 and then 149-16 as key 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) 05/02/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. The close below the 1st swing support could weigh on the market. The next downside target is 150-250. The next area of resistance is around 152-290 and 153-260, while 1st support hits today at 151-130 and below there at 150-250.

10 YR TREASURY NOTES (JUN) 05/02/2017: 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 could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 125-025. The next area of resistance is around 125-235 and 126-000, while 1st support hits today at 125-090 and below there at 125-025.

STOCKS COMMENTARY

05/02/17

No sign of top but sluggish economic news may pressure

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 -130

After weaker than expected Chinese PMI readings dampened risk sentiment yesterday, US data was disappointing as well with personal income, construction spending and the ISM manufacturing index all failing to match market forecasts. US equity markets were able to shake off post-US data pressure to post moderate gains, with the Nasdaq climbing up to a new record high due to strength in Apple and Facebook before earnings announcements later in the week. Asian equities were mixed as the Japanese Nikkei continued to benefit from a sluggish Yen while Chinese share came under pressure. European manufacturing PMI readings showed mixed results as the Euro zone was slightly below estimates, Germany and France held steady while the UK was well above forecasts. Euro zone unemployment held steady at 9.5%. European stock indices have started their holiday-shortened week with modest early gains today. The North American session will be fairly quiet as the FOMC begins their 2-day meeting, and will be highlighted by April motor vehicle sales figures that are forecast to see decent improvement from March's 16.6 million annualized rate. A big day for earnings announcement will include Pfizer, Merck, Altria, Mastercard, Archer Daniels Midland and ConocoPhillips before the Wall Street with major tech bellwether Apple, Gilead Sciences, Mondelez and Anadarko Petroleum reporting after the close.



S&P 500: With geopolitical risks increasing in the Middle East and North Korea, and the US economic news weak, the market remains in a solid uptrend and experienced strong gains yesterday. A deal to fund the US government through September helped to boost market sentiment in front of major risk events later on this week. Close-in resistance for June E-mini S&P today is seen at 2394.75. Look for pullback to at least initial support levels of 2367.25 and 2358.75.

Other US Indexes: For the Dow, the market remains in a steady uptrend and current four-day sell-off from last week's highs is shallow and leaves the appearance of a bull flag. With the sluggish economic news, the market focus may shift away from tax cuts if traders see the timing as too far in the future. Support for the June mini Dow is at 20,802 and 20,708 with close-in resistance at 20,930 and then 21,106. Our short-term bias is down but there is still no technical sign of a top. The Nasdaq once again climbed to a new record high yesterday and traders await Apple earnings today and Facebook tomorrow for direction. The June Mini NASDAQ pushed to yet another new all-time high with support at 5599.10 and resistance at 5685.10.

TODAY'S MARKET IDEAS:

Earnings have been the key bullish force and focus is on Apple and Facebook earnings this week. The economic news remains weak and the market seems vulnerable to a significant downside correction but for now, there is still no sign of a top.

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) 05/02/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 2399.06. The next area of resistance is around 2393.62 and 2399.06, while 1st support hits today at 2379.88 and below there at 2371.57.

MINI-DOW (JUN) 05/02/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 20969. The next area of resistance is around 20922 and 20969, while 1st support hits today at 20828 and below there at 20782.

E-MINI NASDAQ (JUN) 05/02/2017: A new contract high was made on the rally. 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 market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 5681.81. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5662.62 and 5681.81, while 1st support hits today at 5598.88 and below there at 5554.32.

MINI-RUSSELL 2000 (JUN) 05/02/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 1420.8. The next area of resistance is around 1416.0 and 1420.8, while 1st support hits today at 1400.8 and below there at 1390.3.

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										
USAAM7	152-050	42.98	49.03	48.24	35.78	152.63	153.27	153.03	150.94	150.77
TYAAM7	125-160	49.15	53.42	56.51	49.06	125.61	125.77	125.63	124.63	124.53
SPAM7	2300.50	66.68	62.90	75.63	83.32	2383.93	2369.32	2357.25	2360.45	2351.27
EPM7	2386.75	65.61	62.17	75.38	83.32	2384.13	2368.89	2357.22	2360.21	2351.10
TFEM7	1408.4	61.01	59.01	78.60	78.92	1409.95	1396.97	1378.51	1375.32	1378.08
ENQM7	5630.75	81.35	76.52	84.73	92.91	5583.31	5517.64	5459.26	5417.06	5378.74
YMM7	20875	63.04	60.08	71.61	79.71	20893.25	20728.89	20636.89	20709.11	20616.33

Calculations based on previous session. Data collected 05/01/2017

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	150-240	151-120	152-090	152-290	153-260
TYAAM7	10 Yr Treasury Notes	125-020	125-085	125-170	125-235	126-000
SPAM7	S&P 500	2329.47	2294.04	2342.37	2306.94	2355.27
EPM7	S&P E-Mini	2371.56	2379.87	2385.31	2393.62	2399.06
TFEM7	Mini-Russell 2000	1390.2	1400.7	1405.5	1416.0	1420.8

ENQM7	E-Mini NASDAQ	5554.31	5598.87	5618.06	5662.62	5681.81
YMM7	Mini-Dow	20781	20828	20875	20922	20969

Calculations based on previous session. Data collected 05/01/2017

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

CURRENCIES COMMENTARY

05/02/17

Coiling action in Dollar may be setting up breakout move later this week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -32, YEN -320, SWISS +11, CA DOLLAR +20

Upcoming International Reports (all times CT)

05/02 4-Week BILL Auction
 05/02 FOMC Meeting
 05/02 Swiss PMI 2:30 AM
 05/02 France Manufacturing PMI 2:50 AM
 05/02 German Manufacturing PMI 2:55 AM
 05/02 Euro-Zone Manufacturing PMI 3:00 AM
 05/02 UK CIPS/NTC Research Manufac 3:30 AM
 05/02 Euro-zone Unemployment Rate 4:00 AM
 05/02 API Energy Stocks 3:30 PM
 05/02 Japan Services PMI 6:35 PM
 05/02 Japan BOJ Minutes 6:50 PM
 05/03 FOMC Meeting
 05/03 German Employment Situation 3:00 AM
 05/03 Euro-zone Industrial Produce 4:00 AM
 05/03 ISM Non-Manufacturing Index 9:00 AM
 05/03 EIA Energy Stocks 9:30 AM



DOLLAR: The Dollar continues to see coiling price action as it has been in a fairly tight trading range early in today's session. Although it remains in the middle of its recent "island" chart formation, the Dollar has overcome lukewarm US data results for three sessions in a row. In addition, the Dollar has the upper hand on the Yen for being a safe-haven destination so there may be some fresh inflows after surprisingly weak Chinese PMI data rattled global risk appetites. With tomorrow's FOMC meeting results and Friday's US jobs on the horizon, however, it may be difficult for the Dollar to work its way up into the late April chart gap until both of those risk events are out of the way. Near-term support is at 98.68 as the Dollar should remain fairly well supported due to safe-haven inflows.

EURO: The Euro is staying well clear of last week's highs for the move, but continues to gravitate towards the upside early this week. Although major elections are unlikely to be taken for granted anytime soon after last year, polls for Sunday's French run-off are showing Macron at or above 60% which "should" be beyond the margin of error and is helping to relieve some pre-election anxiety in European markets. With recent Euro zone data avoiding any major negative surprises as well, the Euro should remain fairly well supported over the next few sessions. Near-term support is at 1.0882 as the Euro will also benefit if global risk sentiment takes a positive shift during today's trading.

YEN: The Yen remains squarely on the defensive this morning as it has slumped to its lowest level since mid-March. Although potential risk events such as North Korea are not going away anytime soon, weak Japanese data and what is likely to be an accommodative BOJ going forward is shifting safe-haven flows out of the Yen and into the Dollar. Near-term resistance is at 89.60 as the Yen could find even more pressure if there is a significant uptick in risk sentiment later in today's trading.

SWISS: The Swiss is grinding out a modest gain this morning, but is managing to do so in spite of a SVME manufacturing PMI number that had a sharp drop from its previous reading. Benefiting Swiss export industries has been a major factor with the SNB aggressively weakening their currency, so further negative data results

could lead to a longer-term change in direction for their currency. Near-term resistance is at 1.0114 as the Swiss remains vulnerable to a downside breakout this week.

POUND: The Pound has been able to shake off early pressure and has climbed into positive territory early in today's trading. The UK Markit manufacturing PMI number was well above forecasts and jumped over 3 points from the previous reading to reach a multi-year high, which indicates that sentiment remains fairly strong even with Brexit negotiations underway and with a UK parliamentary election next month. Near-term support is at 1.2886 as the Pound may be heading up towards a new 7-month high over the near future.

CANADIAN DOLLAR: The Canadian is finding mild support this morning but has been unable to decisively lift clear of last Friday's low for the move. Energy prices appear to have found their footing early today but with crude oil prices still below the key \$50.00 level, stronger Canadian economic data later this week may be required before a longer-term recovery move can begin. Near-term support is at 73.06 as the Canadian should avoid a slide down to new low ground as long as global risk sentiment does not deteriorate any further.

TODAY'S MARKET IDEAS:

The Dollar's coiling action may be setting up for a breakout move, but that may not occur until tomorrow's FOMC results are out of the way. A steady erosion of safe-haven support should 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) 05/02/2017: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 98.62. The next area of resistance is around 99.15 and 99.28, while 1st support hits today at 98.83 and below there at 98.62.

EURO (JUN) 05/02/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 109.6725. The next area of resistance is around 109.4500 and 109.6725, while 1st support hits today at 109.0500 and below there at 108.8725.

JAPANESE YEN (JUN) 05/02/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 89.10. The next area of resistance is around 89.87 and 90.26, while 1st support hits today at 89.29 and below there at 89.10.

SWISS (JUN) 05/02/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 101.12. The next area of resistance is around 100.83 and 101.12, while 1st support hits today at 100.45 and below there at 100.35.

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	98.99	34.78	37.40	17.52	14.30	98.93	99.17	99.83	100.31	100.42
JYAM7	89.57	31.01	39.94	31.31	15.64	89.89	90.74	90.97	89.85	89.62
EU6M7	109.2500	68.13	63.88	77.94	83.16	109.18	108.63	107.68	107.43	107.30
BPAM7	129.07	68.52	66.86	86.57	89.64	129.14	128.63	127.02	125.15	125.16
CAAM7	73.14	16.89	24.17	10.25	6.34	73.33	73.74	74.34	74.66	75.09
SFAM7	100.64	55.13	54.16	69.86	72.18	100.87	100.76	100.30	100.32	100.36
DAAM7	75.22	49.95	47.88	31.92	35.31	0.75	0.75	0.75	0.76	0.76

Calculations based on previous session. Data collected 05/01/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	98.61	98.82	98.94	99.15	99.28
JYAM7	Japanese Yen	89.09	89.28	89.67	89.87	90.26
EU6M7	Euro	108.8725	109.0500	109.2725	109.4500	109.6725
BPAM7	British Pound	128.56	128.75	129.19	129.38	129.82
CAAM7	Canadian Dollar	72.92	73.01	73.19	73.27	73.45
SFAM7	Swiss	100.34	100.44	100.73	100.83	101.12
DAAM7	Australian Dollar	74.44	74.88	75.11	75.55	75.78

Calculations based on previous session. Data collected 05/01/2017

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.