



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday May 09, 2017

### BONDS COMMENTARY

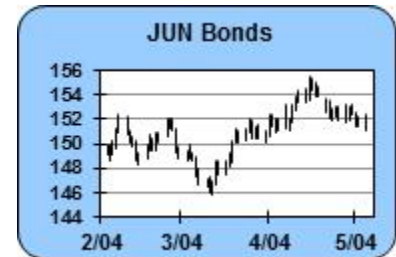
05/09/17

**The market is now factoring the April Payroll improvement**

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

**BONDS -60**

While global equity markets were generally higher overnight the markets were presented with April Swiss unemployment figures that held steady, slightly weaker German exports and German imports that showed significant gains over the prior month. However, US Treasuries might see some pressure from signs of strength in German industrial output and from news that British manufacturers are finally benefiting from favorable exchange rates seen from last October to mid-April. In looking at the action in Treasuries over the last 36 hours of trade it is clear that some form of delayed reaction to last Friday's positive US data is being seen. In fact June bonds this morning have already failed to hold at the 50 day moving average of 151-01 while June notes are sitting just above their 50 day moving average at 124-22. It is our opinion that both bonds and notes need to play catch up to bearish fundamentals released last Thursday and Friday. It would also seem as if the late April and early May downtrend pattern remains in force and that even more declines are expected directly ahead. However the bull camp might need more new all-time highs in US equity market measures, decent scheduled data and perhaps even fresh hawkish dialogue from Fed speeches to send bond and note prices below the April lows. The North American session will start with the March job openings and labor turnover (JOLTS) survey that is forecast to show a moderate decrease from the February reading. March wholesale inventories are expected to hold steady with February's -0.1% reading. Minneapolis Fed President Kashkari will speak during morning US trading hours while Boston Fed President Rosengren and Dallas Fed President Kaplan will speak during the afternoon.



#### TODAY'S MARKET IDEAS:

As indicated already the path of least resistance in the Treasury market remains down this morning especially with key technical levels violated in June bonds and the latest fundamental news flow pointing to ongoing growth in the US economy. One could also suggest that international geopolitical and economic news flow favors the bear camp especially with German industrial output figures overnight depicting growth and British manufacturing exporters seeing evidence of windfalls from their cheap currency. Near term downside targeting in June bonds is seen relatively close in at 151-24 and then again down at 150-27. Initial downside targeting in June notes is seen down at the April low of 124 - 29 and then at the 50 day moving average of 124 - 22.

#### 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) 05/09/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. 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. A negative signal was given by the outside day down. The close below the 1st swing support could weigh on the market. The next downside target is now at 150-020. The next area of resistance is around 151-250 and 152-250, while 1st support hits today at 150-140 and below there at 150-020.

10 YR TREASURY NOTES (JUN) 05/09/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. 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 objective is now at 124-190. The next area of resistance is around 125-060 and 125-175, while 1st support hits today at 124-230 and below there at 124-190.

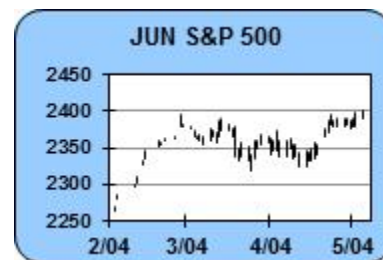
## STOCKS COMMENTARY

05/09/17

**No reason to take control away from the bull camp yet**

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

Global markets were generally higher overnight with the exceptions the All Ordinaries, TOPIX and the CSI 300. With the E-mini S&P and the E-mini NASDAQ forging new all-time highs yesterday and prices remaining within striking distance of those levels in the early going today we have to leave the edge with the bull camp. However the market needs to continue to embrace the idea of positive growth progression without seeing a definitive rekindling of June rate hike talk. With the North American trading session set to present the March job openings and labor turnover survey and estimates calling for a decrease in that survey that should lower the hawkish Fed tilt in the early morning trade. In the end traders need to be on the lookout for a condition where good data is bad for stock prices because of the emergence of rate hike fears for next month. Earnings announcements will include Allergan, Aon and Sempra Energy before the Wall Street opening while Walt Disney, Priceline Group and NVIDIA report after the close.



**S&P 500:** As suggested already the path of least resistance in the June E-mini S&P looks to remain up today especially if the job openings and layoff report shows a slight weakening. Unfortunately for the bull camp uptrend channel support in the June E-mini S&P is seen all the way down at 2374.75 but closer in support is seen at the prior session's low of 2389.75. Initial resistance today is seen at the prior all-time high of 2403.75 and then not until uptrend channel resistance of 2420.50.

**Other US Indexes:** Not surprisingly the blue-chip stocks in the Dow continue to lag behind the rest of the market. Apparently investors continue to think that the best opportunities sit with investments closely associated with the tech sector, shorter-term cyclical developments and with issues that are less sensitive to the prospect of rising interest rates. Unfortunately for the bull camp the June mini Dow sits right above a critical uptrend channel support line of 20,901 and directly above yesterday's low of 20,902. Not surprisingly the June mini NASDAQ comes into the Tuesday trade sitting right at the all-time high forged in the prior trading session and that would seem to leave the bull camp in control. Unfortunately for the bull camp uptrend channel support in the June mini NASDAQ isn't seen until 5597.00 but closer in support is seen at the prior session's low of 5634.50.

### TODAY'S MARKET IDEAS:

As indicated already there is no reason to take control away from the bull camp under current conditions. In fact, mostly favorable international economic data overnight and less intense focus on the prospect of a June interest rate hike should leave the track in prices pointing upward. The biggest threat to the bull camp might be a slow rate of climb in prices. It is possible that the job openings and labor turnover survey might temper bullish sentiment and result in a temporary corrective setback but overall it would appear that the uptrend will remain in place.

### 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) 05/09/2017: 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 market's close above the 9-day moving average suggests the short-term trend remains positive. The downside closing price reversal on the daily chart is somewhat negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 2409.87. The next area of resistance is around 2402.00 and 2409.87, while 1st support hits today at 2388.00 and below there at 2381.88.

MINI-DOW (JUN) 05/09/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 21056. The next area of resistance is around 20994 and 21056, while 1st support hits today at 20886 and below there at 20840.

E-MINI NASDAQ (JUN) 05/09/2017: 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. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 5677.25. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5668.00 and 5677.25, while 1st support hits today at 5642.00 and below there at 5625.25.

MINI-RUSSELL 2000 (JUN) 05/09/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 1373.1. The next area of resistance is around 1400.1 and 1411.2, while 1st support hits today at 1381.1 and below there at 1373.1.

## 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	151-030	35.26	42.35	24.06	13.50	151.86	152.28	153.06	151.14	150.89
TYAAM7	124-305	37.03	44.39	30.47	18.80	125.22	125.44	125.69	124.78	124.60
SPAM7	2395.00	67.94	64.37	86.53	90.04	2390.35	2386.99	2367.87	2362.19	2359.82
EPM7	2395.00	66.12	63.17	86.13	89.29	2390.69	2387.08	2367.64	2362.01	2359.66
TFEM7	1390.6	50.58	52.09	64.87	58.45	1391.25	1400.04	1386.39	1374.94	1380.18
ENQM7	5655.00	79.03	75.49	93.39	96.17	5635.56	5611.06	5518.99	5447.34	5416.70
YMM7	20940	64.69	61.62	82.08	86.52	20914.50	20898.89	20721.56	20711.02	20695.08

Calculations based on previous session. Data collected 05/08/2017

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	150-010	150-130	151-130	151-250	152-250
TYAAM7	10 Yr Treasury Notes	124-185	124-225	125-020	125-060	125-175
SPAM7	S&P 500	2384.97	2389.65	2395.67	2400.35	2406.37
EPM7	S&P E-Mini	2381.87	2388.00	2395.87	2402.00	2409.87
TFEM7	Mini-Russell 2000	1373.0	1381.0	1392.1	1400.1	1411.2
ENQM7	E-Mini NASDAQ	5625.25	5642.00	5651.25	5668.00	5677.25
YMM7	Mini-Dow	20840	20886	20948	20994	21056

Calculations based on previous session. Data collected 05/08/2017

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## CURRENCIES COMMENTARY

05/09/17

**A delayed reaction to favorable April US payrolls ahead**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
US DOLLAR +306, YEN -575, SWISS -45, CA DOLLAR +30**

### Upcoming International Reports (all times CT)

05/09 3-Yr note Auction  
 05/09 4-Week BILl Auction  
 05/09 Swiss Employment 12:45 AM  
 05/09 German Foreign Trade 1:00 AM  
 05/09 German Industrial Production 1:00 AM  
 05/09 Canadian Building Permits 7:30 AM  
 05/09 Wholesale Trade 7:30 AM  
 05/09 API Energy Stocks 3:30 PM  
 05/10 10-Yr note Auction  
 05/10 Japan Index of Business Cond  
 05/10 Japan Leading Indicators 12:00 AM  
 05/10 France Industrial Production 1:45 AM  
 05/10 France Trade Balance 1:45 AM  
 05/10 EIA Energy Stocks 9:30 AM



**DOLLAR:** Dollar action this week appears to be a delayed reaction to last Thursday and Friday's stellar US economic data. Even more surprising is the dollar's residual strength in the face of mostly upbeat European economic data this week. However the June dollar index was oversold with the April and early May washout and some measure of technical balancing was deserved. A normal retracement of the April and May slide gives an initial target of 99.46 but dollar bulls might be faced with a slightly negative JOLTS report this morning. Another critical resistance point in the June dollar Index today is seen at 99.34 and to turn the tide back in favor of the bear camp might require a slide back below 98.93.

**EURO:** With fresh technical damage and a downside extension in the early going today the June euro appears to be poised to fall back to recent consolidation low support of 1.0877. The weakness in the euro this morning is somewhat surprising in the wake of favorable European data this morning but the trade is apparently forging a delayed reaction to last week's much better-than-expected US job sector data. To turn the bearish tide around in the June euro today might require a rally back above 1.0949 and/or a much weaker than expected US job opening and layoff report.

**YEN:** It isn't surprising to see the Yen range down sharply again in the wake of an ongoing decline in geopolitical and economic uncertainty. With both US and European data showing improvement, less political anxiety in Europe and signs that a low Pound is benefiting British exporters and the North Korean situation quiet over the last week, we can hardly argue against even more declines in the Yen. Next downside targeting in the June Yen might be 87.71.

**SWISS:** Like the Yen, the June Swiss continues to be hammered in the wake of a noted decline in global geopolitical and economic anxiety. It is also likely that the June Swiss slide below its 50 day moving average overnight has turned the technical picture even more negative and that could project a near term slide down to

99.79.

**POUND:** The gains of the last month in the Pound were probably largely the result of improving global economic sentiment, less domestic political strife in the UK and weakness in a number of other currencies. Another issue that might serve to cushion the June pound against the initial weakness of the past 36 hours is a fresh poll increasing the power of the Prime Minister. At least in the short-term we can't rule out further erosion in the Pound and potentially a retest of recent consolidation low support down at 1.2532.

**CANADIAN DOLLAR:** While the June Canadian dollar was oversold at the Friday low the fundamental picture hardly justifies a key and solid low on the charts. In fact developing and potentially significant strength in the US dollar, residual weakness in crude oil and precious metals prices would seem to leave the bear camp with an edge. A quasi-double top resistance point of 73.34 should present the trade with an obstacle today especially with the dollar poised for a somewhat significant upside extension.

**TODAY'S MARKET IDEAS:**

Strength in the Dollar brings about a very critical junction in the currency markets this morning!

**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) 05/09/2017:** The daily stochastics have crossed over up which is a bullish indication. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 99.53. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 99.33 and 99.53, while 1st support hits today at 98.65 and below there at 98.16.

**EURO (JUN) 05/09/2017:** A crossover down in the daily stochastics is a bearish signal. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. A negative signal was given by the outside day down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 108.7038. The next area of resistance is around 110.0025 and 110.6737, while 1st support hits today at 109.0175 and below there at 108.7038.

**JAPANESE YEN (JUN) 05/09/2017:** 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 87.92. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 88.76 and 89.26, while 1st support hits today at 88.09 and below there at 87.92.

**SWISS (JUN) 05/09/2017:** The close under the 40-day moving average indicates the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 99.48. The next area of resistance is around 100.97 and 101.81, while 1st support hits today at 99.81 and below there at 99.48.

## 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	98.99	43.63	42.12	15.56	18.36	98.80	98.86	99.30	100.01	100.29
JYAM7	88.42	22.24	31.63	11.53	6.21	88.85	89.37	90.52	89.90	89.59
EU6M7	109.5100	58.95	59.48	87.19	86.93	109.72	109.46	108.55	107.81	107.46
BPAM7	129.59	66.51	66.14	89.43	89.26	129.47	129.34	128.34	125.80	125.51
CAAM7	73.07	33.04	32.65	10.95	14.80	72.97	73.13	73.83	74.41	74.81
SFAM7	100.39	42.43	46.61	73.83	63.92	101.12	101.00	100.69	100.47	100.35
DAAM7	73.81	31.51	35.26	22.97	16.41	0.74	0.75	0.75	0.76	0.76

Calculations based on previous session. Data collected 05/08/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	98.15	98.65	98.84	99.33	99.53
JYAM7	Japanese Yen	87.91	88.08	88.59	88.76	89.26
EU6M7	Euro	108.7037	109.0175	109.6887	110.0025	110.6737
BPAM7	British Pound	129.07	129.29	129.66	129.88	130.24
CAAM7	Canadian Dollar	72.59	72.82	73.08	73.31	73.56
SFAM7	Swiss	99.47	99.80	100.64	100.97	101.81
DAAM7	Australian Dollar	73.40	73.57	73.88	74.05	74.36

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