



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday May 15, 2017

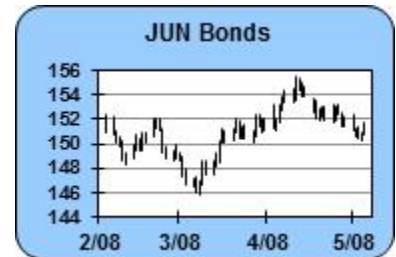
BONDS COMMENTARY

05/15/17

The bulls have regained control but gains should be narrow

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +10



So far a major global cyber-attack and a North Korean missile test have only given a mild safe haven boost to US Treasury instruments at the start of this week. We also think that somewhat slack US economic data from last week and less than stellar industrial production and retail sales figures from China have lent some initial support to both bonds and notes. With global equity markets showing some overt weakness late last week the Treasury markets might take a lot of direction from the meandering track in equities today and they might also take a certain amount of direction from the political ebb and flow in Washington. However, with a series of softer than expected data points released at the end of last week, the market will probably take this morning's somewhat active scheduled report slate more seriously. In other words there is fundamental and technical justification for gains today. However gains might be limited by the New York Fed's empire state manufacturing survey but that report should be offset by a steady to weaker NAHB reading. As indicated the North American session will start out with a May reading for the New York Fed's Empire State manufacturing survey that is forecast to have a mild uptick from April's 5.20 reading. The May NAHB housing market index is expected to hold steady with April's 68 reading. The Commitments of Traders Futures and Options report as of May 9th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 158 contracts. The Commitments of Traders Futures and Options report as of May 9th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 6,884 contracts.

TODAY'S MARKET IDEAS:

While US Treasury bond futures showed a nearly flat spec and fund long position but the market was probably short-term oversold into the lows last week and deserving of a minor bounce this week. A 1 1/2 month old downtrend channel resistance line is seen up at 151-30 today with support seen down at 150-28. The Note market on the other hand has already forged an upside breakout and a move that some suggest is a trend change signal. In other words downtrend channel resistance was broken last Friday with a climb above 125-09 and that might leave little in the way of resistance until the 125-26 area. In conclusion we give the bull camp a very minor edge with ranges expected to be fairly narrow.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	16,378	-3,128	159	-4,018	-16,536	+7,146
T-Notes	209,940	+29,946	6,884	+38,342	-216,824	-68,288

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) 05/15/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 152-100. The next area of resistance is around 152-000 and 152-100, while 1st support hits today at 151-020 and below there at 150-130.

10 YR TREASURY NOTES (JUN) 05/15/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. A bullish signal was given with an upside crossover of the daily stochastics. 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 intermediate trend could be turning up with the close back above the 18-day moving average. 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 next upside objective is 126-005. The next area of resistance is around 125-265 and 126-005, while 1st support hits today at 125-075 and below there at 124-260.

STOCKS COMMENTARY

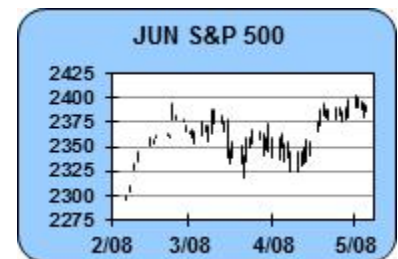
05/15/17

Grinding gains to bring more new highs in the Nasdaq

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +240

Global equity markets were mixed overnight with Chinese, Spanish and Russian stocks higher and Australian and German measures lower. Over the weekend, a major global cyber-attack and a North Korean missile test have given a mild boost to risk-off concerns at the start of this week. Earnings announcements will include Trivago before the Wall Street opening while Vipshot Holdings reports after the close.



S&P 500: Even with the S&P showing a significant increase in the speculative long positioning into May 9th we suspect the overbought position of the E-mini S&P into the May 8th high has been moderated with the declines of the last four trading sessions. So far the global cyber-attack has not registered significant anxiety in major world equity market measures but that issue combined with poor technical action from last week leaves the bear camp with an edge. However a slight down tick in US rate hike fears at the end of last week probably lessens the washout threat in stock prices today. In fact unless scheduled US data from the New York Empire state report comes in stronger-than-expected the rate hike threat might lay dormant until later in the week. Critical support is seen at 2384.25 and resistance is seen at even numbers of 2400.00. The Commitments of Traders Futures and Options report as of May 9th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 83,943 contracts. This represents a large increase of 66,481 contracts in the net long position held by these traders.

Other US Indexes: While technical traders will suggest that the overnight high in the June mini Dow have reversed a five day pattern of lower highs we think additional gains will be needed to fully confirm and solidify that type of argument. Uptrend channel support in the early going today is seen at 20,817 and resistance is seen just under even numbers of 20,987. The Commitments of Traders Futures and Options report as of May 9th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 53,833 contracts. Apparently the Mini NASDAQ is set to benefit from the global hacking story as prices overnight managed yet another new all-time high and they tested even numbers of 5700.00 in the early going. Therefore initial strength in the index is probably the result of interest in security companies especially with some businesses

in Asia negatively impacted by the cyber incursions. A steep uptrend channel support line at 5668.40 in the June mini NASDAQ is seen early today. The Commitments of Traders Futures and Options report as of May 9th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 89,889 contracts.

TODAY'S MARKET IDEAS:

All things considered we are impressed with slightly positive early action in the wake of a couple potentially undermining geopolitical/economic events. However the NASDAQ appears to be garnering support from software security companies and the North Korean missile test has been virtually ignored. Some will suggest that generally weaker than expected growth from the US and China in recent data has effectively tamped down the prospect of a rate hike next month and that in turn provides the impetus for an extension of strength in equities. However the bull camp must take care from the US empire state data later this morning as an ultra-strong reading could rekindle rate hike discussions.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2017 - 5/9/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-11,686	-2,320	12,337	+10,848	-651	-8,528
E-Mini S&P	96,260	-2,132	-83,943	-66,481	-12,317	+68,613

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) 05/15/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is 2381.19. The next area of resistance is around 2392.62 and 2395.68, while 1st support hits today at 2385.38 and below there at 2381.19.

MINI-DOW (JUN) 05/15/2017: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 20798. The next area of resistance is around 20874 and 20902, while 1st support hits today at 20822 and below there at 20798.

E-MINI NASDAQ (JUN) 05/15/2017: The market made a new contract high on the rally. 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 close over the pivot swing is a somewhat positive setup. The next upside target is 5714.31. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5705.62 and 5714.31, while 1st support hits today at 5672.38 and below there at 5647.82.

MINI-RUSSELL 2000 (JUN) 05/15/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 objective is now at 1372.0. The next area of resistance is around 1385.3 and 1391.2, while 1st support hits today at 1375.8 and below there at 1372.0.

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
FINANCIAL COMPLEX										
USAAM7	151-170	46.17	47.51	15.37	18.21	150.86	151.54	152.39	151.39	150.97
TYAAM7	125-170	56.61	54.98	22.47	29.81	125.02	125.20	125.48	124.94	124.69
SPAM7	2388.70	58.16	59.05	84.55	79.35	2392.10	2390.62	2379.97	2364.62	2364.18
EPM7	2389.00	57.75	58.50	82.40	76.63	2391.69	2390.44	2379.65	2364.50	2363.99
TFEM7	1380.6	43.98	47.77	45.86	32.66	1388.20	1390.39	1393.69	1376.67	1379.72
ENQM7	5689.00	79.74	76.57	95.49	96.34	5679.00	5653.47	5585.63	5475.44	5444.11
YMM7	20848	52.92	55.03	78.69	72.51	20872.50	20890.78	20809.56	20712.84	20728.92

Calculations based on previous session. Data collected 05/12/2017

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	150-120	151-010	151-110	152-000	152-100
TYAAM7	10 Yr Treasury Notes	124-255	125-070	125-130	125-265	126-005
SPAM7	S&P 500	2382.02	2385.45	2388.52	2391.95	2395.02
EPM7	S&P E-Mini	2381.18	2385.37	2388.43	2392.62	2395.68
TFEM7	Mini-Russell 2000	1371.9	1375.7	1381.6	1385.3	1391.2
ENQM7	E-Mini NASDAQ	5647.81	5672.37	5681.06	5705.62	5714.31
YMM7	Mini-Dow	20798	20822	20850	20874	20902

Calculations based on previous session. Data collected 05/12/2017

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CURRENCIES COMMENTARY

05/15/17

The Euro, Swiss and Canadian are back in vogue

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR -366, YEN -25, SWISS +40, CA DOLLAR +510

Upcoming International Reports (all times CT)

05/15 13 and 26 Week Bill Auction
 05/15 Swiss Producer Price Index 2:15 AM
 05/16 4-Week BILL Auction
 05/16 France Consumer Price Index 1:45 AM
 05/16 UK Consumer Price Index 3:30 AM
 05/16 UK Producer Price Index 3:30 AM
 05/16 Euro-zone Foreign Trade 4:00 AM
 05/16 German ZEW Indicator of Econ 4:00 AM
 05/16 Housing Starts and Pmts 7:30 AM
 05/16 Capacity Utilization 8:15 AM
 05/16 Industrial Production 8:15 AM
 05/16 API Energy Stocks 3:30 PM
 05/16 Japan Machinery Orders 6:50 PM



DOLLAR: Apparently safe haven interest in the dollar is lacking to start the new trading week as the June dollar index has made a four day low and more importantly has failed to assume the role as a go to currency.

Undermining the greenback is the residual disappointment in US data at the end of last week and an ongoing lack of focus in Washington toward pro-growth policy initiatives. Furthermore the emergence of international headwinds may decrease the odds of a June rate hike from the US Federal Reserve and that could put the June dollar index on a track to retest the late April consolidation lows down at 98.56. The Commitments of Traders Futures and Options report as of May 9th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 41,972 contracts.

EURO: Weakness in the US dollar and a little surprise from Italian inflation data leaves the euro in a strong position to retest the May highs up at the 1.1036 level early this week. In fact trade above 1.10 early this week could set the stage for a breakout and the highest exchange rate in the euro since last November. However a critical early test today will be seen in the wake of the US empire state manufacturing survey which is expected to have gained modestly. The Commitments of Traders Futures and Options report as of May 9th for Euro showed Non-Commercial and Non-reportable combined traders held a net long position of 35,586 contracts. These traders have gone from a net short to a net long position.

YEN: With a lower bid to start today the Japanese Yen like the US dollar shows a lack of safe haven interest. Apparently, fresh missile tests in North Korea and the cyber-attack aren't being viewed as sustainable economic and political threats. In fact a quasi-double high in the June Yen at 88.45 and the failure to hold 87.86 later today could set the market up for a retest of an old double bottom down at 87.54. In conclusion the Yen looks to be facing a critical junction early this week and further gains in US equities could provide enough pressure to forge new lows for the month.

SWISS: The June Swiss appears to be catching a wave of buying from weakness in other safe haven instruments like the dollar and Yen. It is also possible that a gradually improving view toward continental Europe is serving to drag the Swiss higher along with the euro. However now that the June Swiss has reached a critical pivot point of the middle of the last six months consolidation range, near term gains might be more difficult to come by. Critical support to start today is seen at 1.0029 and initial resistance is seen at a series of closes up around 1.0050.

POUND: Apparently the Pound is finding benefit from news that Britain's opposition Labour Party if elected will do what is necessary to achieve an exit agreement and it is also possible that renewed strength in certain equity market measures has increased the chance of a June British Pound trade back up to 1.30. In other words conditions look to set the stage for a retest of 7 1/2 month highs.

CANADIAN DOLLAR: As in several other non-dollar currencies the Canadian dollar has clearly forged a reversal and recovery of a magnitude that speaks of even more gains ahead. With energy and metals prices higher and the US dollar knuckling under because of political disarray it is possible that the stage is set for a Canadian rally back to the bottom of the November through April consolidation zone at 74.00. Critical support port in the June Canadian dollar this morning is seen down at 73.34.

TODAY'S MARKET IDEAS:

The Dollar has lost, safe haven, economic and political respect in the near term.

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) 05/15/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the

defensive. The next upside objective is 99.73. The next area of resistance is around 99.33 and 99.73, while 1st support hits today at 98.78 and below there at 98.64.

EURO (JUN) 05/15/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is 108.5250. The next area of resistance is around 109.8900 and 110.1050, while 1st support hits today at 109.1000 and below there at 108.5250.

JAPANESE YEN (JUN) 05/15/2017: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 88.86. The next area of resistance is around 88.67 and 88.86, while 1st support hits today at 88.09 and below there at 87.69.

SWISS (JUN) 05/15/2017: 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. 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 next downside target is now at 99.01. The next area of resistance is around 100.60 and 100.94, while 1st support hits today at 99.64 and below there at 99.01.

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	99.05	45.00	44.29	44.77	55.21	99.42	99.08	99.12	99.81	100.20
JYAM7	88.38	36.69	38.09	8.29	10.73	87.88	88.50	89.62	89.90	89.56
EU6M7	109.4950	58.54	58.43	66.84	56.54	109.03	109.39	109.01	108.07	107.62
BPAM7	128.99	54.50	58.93	78.23	68.69	129.25	129.37	129.01	126.42	125.78
CAAM7	72.94	34.47	33.85	19.15	22.75	73.02	72.99	73.37	74.29	74.58
SFAM7	100.12	46.07	46.75	34.67	25.45	99.57	100.42	100.59	100.49	100.32
DAAM7	73.85	39.58	39.54	16.60	17.93	0.74	0.74	0.75	0.75	0.76

Calculations based on previous session. Data collected 05/12/2017

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	98.63	98.78	99.18	99.33	99.73
JYAM7	Japanese Yen	87.68	88.08	88.27	88.67	88.86
EU6M7	Euro	108.5250	109.1000	109.3150	109.8900	110.1050
BPAM7	British Pound	128.36	128.71	128.91	129.26	129.46
CAAM7	Canadian Dollar	72.56	72.73	72.97	73.14	73.38
SFAM7	Swiss	99.00	99.63	99.97	100.60	100.94
DAAM7	Australian Dollar	73.34	73.58	73.87	74.11	74.40

Calculations based on previous session. Data collected 05/12/2017

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