



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday May 19, 2017

BONDS COMMENTARY

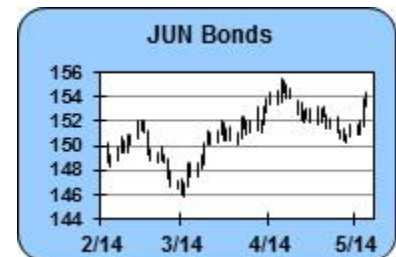
05/19/17

Modest back and fill profit taking today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -30

Global equity markets regained some footing and a lack of fresh news headlines out of Washington overnight has tamped down safe haven interest in Treasuries to start today. Furthermore the markets are fresh off a sweep of positive data in the form of UK retail sales, US jobless claims and the Philly Fed survey yesterday and that should prompt a general corrective setback in US Treasuries. In fact, with the US economic report slate today nearly empty the market should be set to exit the week with a slightly positive economic outlook. Adding into the modest bearish tilt for bonds and notes early today is the latest Fed news as the Fed's Mester yesterday said that the Fed should remain vigilant on falling behind with rate hikes. At least in the short term the market should take its direction from US equities and perhaps some very minimal direction from favorable early earnings news from Deere and Campbell Soup. In other words favorable sales/revenues from macro type stocks could be the most salient US data flow today for Treasuries. Another issue that might impact Treasuries today is a wave of Canadian economic data as those readings will stand out against an empty US report schedule. As suggested the North American session will be relatively quiet data-wise from the US, and will be highlighted by key economic data from Canada. April Canadian CPI is forecast to have a minimal uptick from March's 1.6% year-over-year rate. March Canadian retail sales are expected to have a sizable increase from February's -0.6% reading and climb into positive territory. St. Louis Fed President Bullard will speak during morning US trading hours while San Francisco Fed President Williams will speak during the afternoon.



TODAY'S MARKET IDEAS:

It would appear as if the 154-00 level will become some measure of resistance today as the market won't have US scheduled data to react to in the early trade. However generally positive action in global equity markets overnight combined with a measure of political calm would seem to reduce overall market anxiety and that could favor a slight setback in Treasury prices. However it would be folly to expect the political firestorm engulfing Washington to be snuffed out quickly. While June bonds have entrenched above the 50 day moving average they have forged a fairly significant low to high rally already this week of roughly 3 1/2 points and in the process they have become short-term overbought. As indicated earlier in this coverage US schedule data is missing today and the treasury markets are likely to take some direction from equities and from (cyclical issue) Deere earnings which bested expectations this morning. While we doubt the market will find the information to fall below the Thursday low of 153-06 a closer in targeting could be achieved at 153-17 in the June contract. Similar corrective targeting in the June T-Note contract is seen at 126-00. All things considered we see a mild erosive pattern in prices today.

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) 05/19/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 objective is at 155-000. The next area of resistance is around 154-120 and 155-000, while 1st support hits today at 153-060 and below there at 152-190.

10 YR TREASURY NOTES (JUN) 05/19/2017: 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 puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 126-295. The next area of resistance is around 126-185 and 126-295, while 1st support hits today at 126-010 and below there at 125-260.

STOCKS COMMENTARY

05/19/17

Short covering continues if Washington is background status

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +480

Global equity markets were able to regain their footing overnight as a lack of fresh news headlines out of Washington has helped to soothe risk anxiety. Investors overnight appeared to be willing to bargain hunt and until the Washington Press Mill gets wound up later in the day it is possible that the positive international action will foment a bounce in US stocks. A positive factor for global markets to end the trading week is that economic numbers from UK retail sales, US jobless claims and the Philly Fed survey all came in better than forecast this week and that should help the market get back to fundamentals and away from Washington antics. However the Fed's Mester said that the Fed should remain vigilant on falling behind with rate hikes and that appeared to take some steam out of the markets late in the Thursday session. Earnings announcements today included Deere which had very favorable earnings early on and Campbell Soup before the Wall Street opening.



S&P 500: While the June E-mini S&P has managed some corrective action off the spike down low yesterday it sits just above its 50 day moving average this morning (2365.75) and that would suggest a trend decision directly ahead. The bull camp will cite bargain hunting buying overnight but the bear camp will suggest hawkish Fed commentary yesterday afternoon and parting shots from the president before he leaves on a foreign trip could sour sentiment into the end of the week. From a technical perspective traders could argue that the big spike down, big range down and recovery back above the midpoint in the prior trading session points to the prospect of a 2-3 corrective bounce ahead. Initial support is also seen today at 2361.00 and then again down at 2354.75. In order to turn the tide distinctly in favor of the bull camp early today requires a trade back above 2375.00.

Other US Indexes: With a big range down washout this week and a 24 hour recovery bounce in motion it is possible that the June mini Dow will manage to regain its 50 day moving average up at 20,717. However the inability to hold above the early low of 20,622 could quickly shift control back to the bear camp. On the other hand given favorable Deere and salesforce news early today the bull camp looks to have the upper hand to start today. With a big range down washout and recovery away from the lows yesterday the June Mini NASDAQ has shifted its outlook from patently bearish to moderately upbeat in less than 24 hours. With the NASDAQ clearly the market leader and positive salesforce news overnight more short covering gains look to be at hand. However the market needs to take out the prior session's high at 5648.50 early today to pierce overhead resistance.

TODAY'S MARKET IDEAS:

At least a temporary bottom has been forged and a normal technical short covering bounce appears to be in motion. Helping the bull camp is favorable early corporate earnings news and a lack of incendiary comments from the White House.

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) 05/19/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 2331.13. The next area of resistance is around 2378.75 and 2392.12, while 1st support hits today at 2348.25 and below there at 2331.13.

MINI-DOW (JUN) 05/19/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 20358. The next area of resistance is around 20773 and 20889, while 1st support hits today at 20507 and below there at 20358.

E-MINI NASDAQ (JUN) 05/19/2017: 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. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 5516.25. The next area of resistance is around 5678.00 and 5712.25, while 1st support hits today at 5580.00 and below there at 5516.25.

MINI-RUSSELL 2000 (JUN) 05/19/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 1335.2. The next area of resistance is around 1368.2 and 1377.1, while 1st support hits today at 1347.2 and below there at 1335.2.

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	153-250	67.95	61.95	43.28	65.43	152.61	151.68	152.05	151.88	151.15
TYAAM7	126-095	68.92	64.01	55.79	73.77	125.93	125.42	125.46	125.19	124.81
SPAM7	2363.60	37.99	44.15	61.03	41.49	2379.15	2386.67	2386.27	2365.34	2366.19
EPM7	2363.50	38.92	44.60	60.36	41.63	2379.31	2386.56	2386.19	2365.28	2365.98
TFEM7	1357.7	34.75	40.51	29.56	21.26	1374.63	1382.77	1392.54	1377.28	1378.10
ENQM7	5629.00	51.49	56.22	79.88	63.11	5658.81	5667.42	5633.25	5498.68	5465.96
YMM7	20640	37.23	43.11	57.06	40.01	20778.50	20839.11	20869.00	20707.07	20740.92

Calculations based on previous session. Data collected 05/18/2017

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

DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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FINANCIAL COMPLEX

USAAM7	Bonds	152-180	153-050	153-250	154-120	155-000
TYAAM7	10 Yr Treasury Notes	125-255	126-005	126-115	126-185	126-295
SPAM7	S&P 500	2332.67	2349.35	2361.17	2377.85	2389.67
EPM7	S&P E-Mini	2331.12	2348.25	2361.62	2378.75	2392.12
TFEM7	Mini-Russell 2000	1335.1	1347.2	1356.1	1368.2	1377.1
ENQM7	E-Mini NASDAQ	5516.25	5580.00	5614.25	5678.00	5712.25
YMM7	Mini-Dow	20357	20507	20623	20773	20889

Calculations based on previous session. Data collected 05/18/2017

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CURRENCIES COMMENTARY

05/19/17

Other than week ending short covering the \$ look negative

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR -412, YEN -15, SWISS +14, CA DOLLAR +265

Upcoming International Reports (all times CT)

05/19 German Producer Price Index 1:00 AM
05/19 Euro-zone Balance of Payment 3:00 AM
05/19 Canadian Consumer Price Index 7:30 AM
05/19 Canadian Retail Trade 7:30 AM



DOLLAR: While the US dollar had a favorable close on Thursday it has relinquished that strength and tracked back toward this week's lows in the early action today. Unfortunately for the bull camp in the dollar the US economic report slate today is empty and that might leave the geopolitical forces in control of price action in the dollar. One might also suggest technical parameters will dictate action in the dollar and that influence clearly looks bearish in the early going. In fact the failure to hold above 97.27 could set the stage for a range down to the 97.00 level.

EURO: While the euro at times this week has been seen as a flight to quality/safe haven instrument it would appear this morning that it is set to correlate positively with global equity market action. In other words the turmoil in the US is expected to continue but favorable European scheduled data throughout most of this week in the form of record euro zone exports and a record euro zone trade surplus should give the euro a classic fundamental foundation to extend the April and May rally. Near term resistance is seen at even numbers of 1.12 in the next significant resistance is seen at 1.1233. As long as the June euro remains above 1.1114 we remain bullish toward the currency.

YEN: With a definitive range up move earlier this week it is clear that the Yen is once again benefiting from safe haven environments. However a recovery in equity markets today and a slight slowdown in incendiary headlines from Washington probably sets the stage for some normal back and fill profit-taking in the Yen. Furthermore the June Yen sits right on its 50 day moving average today at 89.83 and the inability to hold above that level late in the session could elicit a pre-closing slide.

SWISS: Like the euro the Swiss remains out of the line of fire in Washington and it also seems to be catching spillover buying from the upward motion in the euro. One could also suggest that the Swiss economy is benefiting from what has become a definable improvement in the continental European economy. Critical pivot point support today is seen at 1.0223 and initial resistance is seen at 1.025 with the path of least resistance pointing upward.

POUND: With positive early action in the Pound today, favorable international equity market action overnight and the dollar showing ongoing weakness the bull camp retains control. Adding into the bullish control in the Pound is word from the UK CBI that May manufacturing order book balance increased to +9 versus +4 in April. It should be noted that the CBI manufacturing data posted the highest reading since February 2015 and output volume growth was the fastest since December 2013. In conclusion the Pound bulls have definitive data in their court and fairly

positive charts. Uptrend channel support and a possible buy point is seen at 1.2916 and there might be little in the way of resistance until the 1.3059 area.

CANADIAN DOLLAR: The session today will be highlighted by key economic data with April Canadian CPI forecast to have a minimal uptick from March's 1.6% year-over-year rate and March Canadian retail sales that are expected to have a sizable increase from February's -0.6% reading. With ongoing weakness in the US dollar and a fresh upside breakout up in the June Canadian to the highest level since April 27th there are a number of issues that project a near term trade back above 74.00.

TODAY'S MARKET IDEAS:

Declines in the dollar look to slow today in the face of positive equity market action but the overall downtrend in the dollar might not end because of the sticky nature of the US political turmoil. In the near term, the Euro, Pound, Swiss and Canadian look to continue to carve out higher highs.

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) 05/19/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 96.99. The next area of resistance is around 98.08 and 98.37, while 1st support hits today at 97.39 and below there at 96.99.

EURO (JUN) 05/19/2017: 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. The downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 112.2837. The next area of resistance is around 111.7225 and 112.2837, while 1st support hits today at 110.7575 and below there at 110.3538.

JAPANESE YEN (JUN) 05/19/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 91.25. The next area of resistance is around 90.46 and 91.25, while 1st support hits today at 89.24 and below there at 88.80.

SWISS (JUN) 05/19/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 102.99. The next area of resistance is around 102.64 and 102.99, while 1st support hits today at 101.96 and below there at 101.62.

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	97.73	31.59	34.28	29.52	20.02	98.01	98.75	98.79	99.54	100.00
JYAM7	89.85	59.34	54.16	31.55	50.73	89.15	88.51	89.04	90.02	89.59
EU6M7	111.2400	68.14	66.07	76.45	82.72	110.99	109.95	109.71	108.41	107.92
BPAM7	129.50	60.22	61.69	64.62	59.13	129.40	129.34	129.28	127.04	126.07
CAAM7	73.52	53.00	47.57	45.72	61.30	73.48	73.24	73.22	74.20	74.39
SFAM7	102.30	69.28	64.66	60.83	78.38	101.71	100.60	100.83	100.65	100.41
DAAM7	74.17	46.90	44.28	30.16	36.80	0.74	0.74	0.74	0.75	0.75

Calculations based on previous session. Data collected 05/18/2017

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	96.98	97.38	97.67	98.08	98.37
JYAM7	Japanese Yen	88.79	89.23	90.02	90.46	91.25
EU6M7	Euro	110.3537	110.7575	111.3187	111.7225	112.2837
BPAM7	British Pound	128.03	128.69	129.64	130.30	131.25
CAAM7	Canadian Dollar	72.99	73.28	73.47	73.75	73.94
SFAM7	Swiss	101.61	101.95	102.30	102.64	102.99
DAAM7	Australian Dollar	73.66	73.87	74.25	74.46	74.84

Calculations based on previous session. Data collected 05/18/2017

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