



**DAILY BONDS, STOCKS, & CURRENCY COMMENTARY**  
 Tuesday May 30, 2017

**BONDS COMMENTARY**  
 05/30/17

**The bull camp starts the week with the edge**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**BONDS +80**



The US Treasury markets start the week on a positive footing with a missile test in North Korea, modest weakness in equities, renewed concerns for the political future of the British Prime Minister and even political concerns toward Greece providing initial buying. In addition to the international headline support, bonds and notes are likely to see some modest weakness from early data but later on minimal downtick's in US scheduled data should put the bull camp back in control. The potential for politically inspired support for bonds and notes is high as US political fires from abroad continue to surface with complaints from South Korea that the US failed to notify them of the latest North Korean missile test. Others will suggest that political tensions are likely to be stoked even further with the US President back in Washington and likely to respond to a plethora of burning issues. The North American session will begin with an April look at personal income and personal spending, both of which are expected to see modest upticks from their March readings. The March Case-Shiller home price index is forecast to see a modest downtick from February's +5.9% year-over-year rate. A May reading for the Conference Board's consumer confidence survey is expected to show a moderate decline from the previous 120.3 reading. The Dallas Fed's May manufacturing business index is forecast to have a modest decline from April's 16.8 reading. The Commitments of Traders Futures and Options report as of May 23rd for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net long position of 23,442 contracts. These traders have gone from a net short to a net long position and that clearly points to deteriorating macroeconomic sentiment. The Commitments of Traders Futures and Options report as of May 23rd for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net long position of 182,766 contracts. This represents an increase of 173,473 contracts in the net long position held by these traders.

**TODAY'S MARKET IDEAS:**

While any given headline from the overnight wire might not be capable of sending Treasury prices sharply higher the combination of events overnight clearly gives the bull camp the edge. With US schedules data this morning expected to be soft and critical data due out at the end of this week, views on whether the Fed will change rate policy will be rampant throughout the headlines in the days and weeks ahead. While the bear camp will cite a recent pattern of lower highs in September bonds seeing an early bid above 153-00 today could spark technical follow-through buying and the highest price since April 21st. Critical support in September bonds is seen early today at 153-03 while similar key support in September notes is seen down at 125-24. Pushed into the market we favor a buy breaks strategy.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**Commitment of Traders - Futures and Options - 5/16/2017 - 5/23/2017**

Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly	Net Position	Weekly	Net Position	Weekly

		Net Change		Net Change		Net Change
<b>Financials</b>						
<b>Bonds</b>	38,610	+44,233	-23,441	-41,986	-15,168	-2,245
<b>T-Notes</b>	365,011	+148,380	-182,766	-173,472	-182,245	+25,093

## 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) 05/30/2017:** Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 154-150. The next area of resistance is around 154-060 and 154-150, while 1st support hits today at 153-230 and below there at 153-160.

**10 YR TREASURY NOTES (JUN) 05/30/2017:** 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. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 126-150. The next area of resistance is around 126-100 and 126-150, while 1st support hits today at 126-025 and below there at 125-315.

## STOCKS COMMENTARY

05/30/17

**Minimal corrective tilt but Nasdaq leadership remains in place**

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

**S&P 500 -440**

Global equity markets overnight were mixed even within geographical areas. With a slight loss of upside momentum at the end of last week and some initial weakness US equities to day we have started the holiday shortened week on a back foot. Political anxieties are numerous this morning with issues seen in the euro zone, Greece, North and South Korea and even in the UK. With the US President returning to Washington many expect political fireworks from the US to re-populate the headlines. Therefore a measure of geopolitical anxiety is weighing on prices to start. While early US scheduled data is expected to show minimal improvement subsequent data today is expected to be soft and that could leave investor appetites wanting. Earning announcements included Bank of Nova Scotia which showed an "earnings-beat" before the Wall Street opening.



**S&P 500:** A weaker early bid would seem to set the stage for some back and fill profit-taking after last week's record run on low trading volume. Initial close in support in the June E-mini S&P is seen today at 2408.00 but more significant support might not be seen until an old high of 2403.75. Weakness in oil patch shares combined with weakness in European markets and more North Korean missile tests leaves the bear camp with more ammunition than the bull camp. However there doesn't appear to be a conclusively bearish mentality operating in the markets early on. The Commitments of Traders Futures and Options report as of May 23rd for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 15,031 contracts. This represents a decrease of 3,266 contracts in the net long position held by these traders.

**Other US Indexes:** Like the E-mini S&P the June mini Dow is showing some modest weakness to start the holiday shortened week but the June mini Dow might have noted support just above 21,000. Unfortunately for the bull camp many traders fear that Washington politics will return to the battles being waged before the President's foreign trip while others are concerned that the US will respond even more aggressively to the latest North Korean missile test. In short the path of least resistance from a fundamental perspective is pointing down even if the charts are still relatively positive. The Commitments of Traders Futures and Options report as of May 23rd for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 45,235 contracts. Like the rest of the market the mini NASDAQ carved out last week's round of new highs on low

trading volumes and that might leave the market susceptible to a wave of back and fill profit-taking. While some investors might be cheered by the first set of US scheduled data points today fears of a slide in a private housing sector price index later on could serve to rekindle the early bearishness. The Commitments of Traders Futures and Options report as of May 23rd for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 69,403 contracts.

**TODAY'S MARKET IDEAS:**

While the markets lean slightly bearish early on it should be noted that the June many NASDAQ overnight did manage a fresh new all-time high and it has been the leadership market. With the markets generally pleased with the corporate earnings news it is difficult to take control away from the bull camp but the level of political uncertainty remains the wildcard.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 5/16/2017 - 5/23/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
<b>S&amp;P 500</b>	-9,908	+292	12,152	+1,754	-2,244	-2,046
<b>E-Mini S&amp;P</b>	55,207	+13,530	-15,031	+3,267	-40,176	-16,796

**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) 05/30/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 2420.68. The next area of resistance is around 2417.87 and 2420.68, while 1st support hits today at 2410.13 and below there at 2405.19.

MINI-DOW (JUN) 05/30/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 21113. The next area of resistance is around 21095 and 21113, while 1st support hits today at 21039 and below there at 21002.

E-MINI NASDAQ (JUN) 05/30/2017: 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 5808.56. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5802.87 and 5808.56, while 1st support hits today at 5782.13 and below there at 5767.07.

MINI-RUSSELL 2000 (JUN) 05/30/2017: The major trend has turned down with the cross over back below the 40-day moving average. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 1389.5. The next area of resistance is around 1385.0 and 1389.5, while 1st support hits today at 1374.8 and below there at 1369.0.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM7	153-300	65.87	61.40	76.58	83.13	153.65	153.49	152.43	152.45	151.45
TYAAM7	126-060	62.21	60.13	68.21	70.46	126.07	126.09	125.63	125.45	124.98
SPAM7	2413.80	67.30	63.92	79.63	90.25	2406.78	2391.06	2391.54	2370.94	2369.38
EPM7	2414.00	66.53	63.22	79.27	89.16	2407.13	2391.31	2391.74	2370.97	2369.27
TFEM7	1379.9	49.45	49.44	48.36	56.80	1380.33	1374.38	1382.42	1378.78	1376.33
ENQM7	5792.50	72.76	70.76	85.08	92.58	5755.06	5701.39	5682.00	5544.96	5503.99
YMM7	21067	65.94	62.23	76.81	87.87	21008.50	20875.56	20888.00	20735.76	20754.30

Calculations based on previous session. Data collected 05/26/2017

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	153-150	153-220	153-310	154-060	154-150
TYAAM7	10 Yr Treasury Notes	125-310	126-020	126-070	126-100	126-150
SPAM7	S&P 500	2406.30	2410.60	2412.70	2417.00	2419.10
EPM7	S&P E-Mini	2405.18	2410.12	2412.93	2417.87	2420.68
TFEM7	Mini-Russell 2000	1368.9	1374.7	1379.2	1385.0	1389.5
ENQM7	E-Mini NASDAQ	5767.06	5782.12	5787.81	5802.87	5808.56
YMM7	Mini-Dow	21001	21039	21057	21095	21113

Calculations based on previous session. Data collected 05/26/2017

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## CURRENCIES COMMENTARY

05/30/17

**Shifting tides to start with the Euro under pressure**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
US DOLLAR +66, YEN +325, SWISS -31, CA DOLLAR +15**

### Upcoming International Reports (all times CT)

05/30 13 and 26 Week Bill Auction  
 05/30 4-Week BILL Auction  
 05/30 France Consumer Confidence 1:45 AM  
 05/30 France Consumer Spending 1:45 AM  
 05/30 Swiss KOF Leading Indicator 2:00 AM  
 05/30 Euro-zone Business and Consu 4:00 AM  
 05/30 Canadian Industrial Product 7:30 AM  
 05/30 Personal Income 7:30 AM  
 05/30 Consumer Confidence 9:00 AM  
 05/30 Japan Industrial Production 6:50 PM  
 05/31 German Retail Sales 1:00 AM  
 05/31 France Producer Price Index 1:45 AM  
 05/31 German Employment Situation 3:00 AM  
 05/31 Swiss ZEW Investor Sentiment 3:00 AM  
 05/31 Euro-zone Unemployment Rate 4:00 AM  
 05/31 Canadian GDP (By Industry) 7:30 AM  
 05/31 Chicago PMI 9:00 AM  
 05/31 API Energy Stocks 3:30 PM



**DOLLAR:** While it would appear that international political and economic issues clearly favor the long side of the dollar this morning and the dollar did manage a significant range up move, it has relinquished most of those gains. Political wrangling within the euro zone, softer than expected German inflation readings, a North Korean missile test and complaints from the South Korean Pres. that the US failed to inform him of the tests, suggest a number of political issues are set to impact currencies. With initial US scheduled data this morning expected to be positive but subsequent data expected to be soft, we favor a sell rallies strategy in the dollar. The Commitments of Traders Futures and Options report as of May 23rd for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 37,300 contracts. This represents a decrease of 3,100 contracts in the net long position held by these traders.

**EURO:** Data from the euro zone was mixed overnight with German inflation readings disappointing and French consumer confidence reaching up to the vicinity of decade highs. Undermining the euro is talk that Greece may reject the next round of bailout loans just ahead of its July debt repayment and that clearly calls into question the financial condition of the Eurozone. With the added pressure of significant and fresh damage on the charts we can't rule out at least a temporary retest of the 1.1120 area following US schedule data early on. The Commitments of Traders Futures and Options report as of May 23rd for Euro showed Non-Commercial and Non-reportable combined traders held a net long position of 79,713 contracts. This represents an increase of 30,872 contracts in the net long position held by the specs and that along might point to the need of further corrective selling ahead.

**YEN:** With a series of fresh geopolitical issues in the headlines and reports of tightness in the Japanese labor market the Yen looks to be benefiting from both macroeconomic news and safe haven prospects. Critical support is seen at a series of closes at 89.57 with closer in uptrend channel support today seen at 89.87.

**SWISS:** Spillover weakness from the euro and a serious failure on the charts leaves the path of least resistance pointing downward in the Swiss. A normal retracement of the May rally could allow for a decline all the way down to 1.0176 and to turn the tide around today probably requires an early print back above 1.0258.

**POUND:** Surprisingly the Pound has tracked higher this morning despite news that the Prime Minister's lead is shrinking. The Pound is probably drafting some support from political battles within the euro zone and fresh debt concerns toward Greece. However the Pound would appear to have significant overhead resistance from the bottom of the early May consolidation zone especially given residual concerns from the terrorist attack in Manchester. Initial resistance is seen at 1.30 and support in the early going today is seen at 1.2820.

**CANADIAN DOLLAR:** A loss of upside momentum combined with initial strength in the dollar and weak energy prices puts the Canadian in a defensive posture to start today. However the Canadian dollar should see some support from strong quarterly earnings at Scotiabank and from favorable conference board economic views for Alberta. Critical support to start today is seen at 74.13 with key resistance seen at 74.46.

#### **TODAY'S MARKET IDEAS:**

While we see an initial lack of dominance by the dollar it probably wins the early edge in the wake of positive personal income and spending results. However if the political battles/headlines from Washington pick up where they left off before the President's foreign trip that could quickly shift the bias in the dollar back to the downside.

#### **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) 05/30/2017: The daily stochastics gave a bullish indicator with a crossover up. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. 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 97.79. The next area of resistance is around 97.61 and 97.79, while 1st support hits today at 97.12 and below there at 96.79.

EURO (JUN) 05/30/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower from overbought levels is a bearish indicator and would 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 close below the 1st swing support could weigh on the market. The next downside objective is now at 111.2363. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 112.2175 and 112.7062, while 1st support hits today at 111.4825 and below there at 111.2363.

JAPANESE YEN (JUN) 05/30/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 next upside target is 90.68. The next area of resistance is around 90.32 and 90.68, while 1st support hits today at 89.54 and below there at 89.12.

SWISS (JUN) 05/30/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The outside day down and close below the previous day's low is a negative signal. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 103.49. The next area of resistance is around 103.05 and 103.49, while 1st support hits today at 102.37 and below there at 102.14.

## 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	97.36	37.03	36.58	15.97	16.87	97.24	97.34	98.21	99.17	99.58
JYAM7	89.93	59.17	54.70	60.50	65.43	89.64	89.67	89.00	90.04	89.67
EU6M7	111.8500	61.99	63.04	84.93	83.16	112.08	111.90	110.66	108.94	108.52
BPAM7	128.17	34.78	44.36	55.00	38.67	129.24	129.55	129.43	127.70	126.60
CAAM7	74.36	64.62	59.04	77.96	81.30	74.25	73.96	73.50	74.08	74.24
SFAM7	102.71	67.89	65.16	83.88	86.16	102.75	102.56	101.46	100.88	100.71
DAAM7	74.39	48.28	47.01	60.58	65.27	0.75	0.74	0.74	0.75	0.75

Calculations based on previous session. Data collected 05/26/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	96.79	97.11	97.29	97.61	97.79
JYAM7	Japanese Yen	89.11	89.53	89.89	90.32	90.68
EU6M7	Euro	111.2362	111.4825	111.9712	112.2175	112.7062
BPAM7	British Pound	126.74	127.33	128.41	129.00	130.07
CAAM7	Canadian Dollar	73.97	74.19	74.32	74.54	74.67
SFAM7	Swiss	102.13	102.37	102.81	103.05	103.49
DAAM7	Australian Dollar	73.99	74.19	74.38	74.58	74.77

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