



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday June 05, 2017

BONDS COMMENTARY

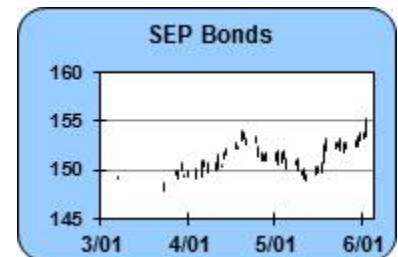
06/05/17

The path of least resistance is up off slack data & Terror fears

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -90

With Treasury prices tracking lower to start today it is clear that last week's spike high factored in a moderate amount of economic uncertainty. However the latest US nonfarm payroll reading clearly rekindles economic uncertainty and more than likely the reading shifts the Fed away from action next week. With the trade expecting US nonfarm productivity to improve later this morning that could also serve to reduce the risk of a rate hike from the US Fed. Some of the corrective back and fill action in bonds and notes this morning is probably the result of favorable French and Chinese PMI readings overnight. However euro zone composite services readings ticked downward which tamps down the recent recovery vibe toward the euro zone. One might also suggest that the latest terrorism incident provides some geopolitical headwinds to the global economy. Another issue that might fan safe haven interest for US Treasuries came from the Middle East with several Arab states breaking diplomatic ties with Qatar and that could foment political strife in the region. In addition to international geopolitical support for US Treasuries the market should garner some additional support from expectations of a slide in the May US ISM nonmanufacturing index and weaker US factory orders data. In short the Treasury markets are short-term overbought but the fundamentals continue to favor the long side. The Commitments of Traders Futures and Options report as of May 30th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net long position of only 20,316 contracts. The Commitments of Traders Futures and Options report as of May 30th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net long position of only 77,230 contracts. The North American session will start out with a first quarter reading for non-farm productivity expected to show modest improvement with unit labor costs that are forecast to see a moderate decline. The May ISM non-manufacturing index is expected to have a moderate downtick from April's 57.5 reading. April factory orders are forecast to have a modest downtick from March's 0.2% and fall into negative territory. The Fed's labor market conditions index and the Markit services PMI number will also be released during morning US trading hours, both of which are expected to improve on their previous readings.



TODAY'S MARKET IDEAS:

While the market is anticipated to see some normal back and fill action from the huge range up move last Friday, the fundamental case remains in the bull camp. However the technical condition of the market is vulnerable with close in corrective targeting in September bonds seen down at 154-15 and then again down at 154-00. Similar corrective targeting in September T-Notes is seen down at 126-11. However with the brunt of US scheduled data this morning expected to reduce the prospects of a June rate hike even further traders should be buyers of 8 to 10 ticks setbacks in bonds and buyers of 4 to 7 tick setbacks in Notes. In conclusion the US nonfarm payroll reading last Friday was clearly disappointing enough to result in more than one strong day in prices. If one adds in the latest terrorism situation into the equation that clearly adds another issue that favors the bull camp.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short September Bonds from 154-15. * Hit risk at 154-23.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	15,248	-23,362	-20,316	+3,125	5,068	+20,236
T-Notes	248,030	-116,981	-77,230	+105,536	-170,800	+11,445

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 (SEP) 06/05/2017: A new contract high was made on the rally. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 156-150. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 156-000 and 156-150, while 1st support hits today at 154-090 and below there at 153-000.

10 YR TREASURY NOTES (SEP) 06/05/2017: A new contract high was made on the rally. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 127-075. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 127-000 and 127-075, while 1st support hits today at 126-110 and below there at 125-290.

STOCKS COMMENTARY

06/05/17

The bull camp generally retains control again today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 -330

Global equity markets were mostly lower overnight with the exceptions the RTS, MICEX and Hang Seng which carved out minimal gains. While equities are trading lower in some measures to start today the lack of a definitive setback off the weekend terror event suggest the markets retain a bullish vibe. Perhaps the markets are cheered by positive Chinese data but the data from the euro zone and Germany clearly moderate the bullish tilt. Another issue that might have undermined sentiment but did not is the severing of diplomatic relations between a group of Middle East countries and Qatar. Perhaps the equity markets have discounted the disappointing US economic data and instead are poised to run even higher off ideas that the Fed will not notch up rates on June 14th. Earnings announcements will include Casey's General Stores and Thor Industries after the Wall Street close.



S&P 500: As indicated already the June E-mini S&P sits just below the latest new all-time high close as if it is poised to extend on the upside. As indicated already it appears that investors and traders have shaped the US nonfarm payroll disappointment from last Friday into a positive with respect to the June FOMC rate decision. Surprisingly net spec and fund long readings for the E-mini S&P have yet to migrate toward overbought levels and that would seem to leave the bull camp with residual buying fuel. Initial support in the June E-mini S&P is seen at 2433.00 and resistance today is seen at 2440.00. The Commitments of Traders Futures and Options report as of May 30th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 17,099 contracts.

Other US Indexes: While the chart set up in the E-mini S&P remains positive, the chart action in the Mini-Dow is patently disconcerting as a huge thrust higher overnight was clearly rejected and prices enter the regular trading

session right on the prior close. Critical support in the September Mini-Dow is seen at 21,125 with more significant support seen down at 21,086. For the bull camp to maintain control straightaway might be a difficult task unless the primary focal point of the trade is an on- hold Fed. The Commitments of Traders Futures and Options report as of May 30th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 45,171 contracts. Not surprisingly the September Mini-NASDAQ sits just under its latest new all-time high and seemingly poised to extend the year-long uptrend pattern. Unfortunately for the bull camp Friday's aggressive post-employment report rally has left the market without solid close in chart support. Therefore initial support is seen at 5881.25 and then down at an old gap of 5873.50. The Commitments of Traders Futures and Options report as of May 30th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 77,463 contracts.

TODAY'S MARKET IDEAS:

For the US markets to have avoided noted corrective action to start today in the wake of the weekend terror incident and perhaps more importantly in the wake of weakness in many international stock market measures highlights the residual bullish control that has consistently dominated equities since the May 18th reversal.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/23/2017 - 5/30/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-10,991	-1,083	13,472	+1,320	-2,480	-236
E-Mini S&P	69,021	+13,814	-17,100	-2,069	-51,922	-11,746

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) 06/05/2017: The market made a new contract high on the rally. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2448.06. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 2443.62 and 2448.06, while 1st support hits today at 2430.88 and below there at 2422.57.

MINI-DOW (JUN) 06/05/2017: The market made a new contract high on the rally. 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. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 21291. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 21254 and 21291, while 1st support hits today at 21152 and below there at 21088.

E-MINI NASDAQ (JUN) 06/05/2017: The market rallied to a new contract high. 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 has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 5934.93. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5918.37 and 5934.93, while 1st support hits today at 5853.63 and below there at 5805.44.

MINI-RUSSELL 2000 (JUN) 06/05/2017: The moving average crossover up (9 above 18) indicates a possible

developing short-term uptrend. 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 next upside target is 1426.5. The next area of resistance is around 1416.1 and 1426.5, while 1st support hits today at 1395.7 and below there at 1385.8.

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										
USAAU7	155-040	79.50	72.43	89.11	94.26	153.95	153.09	151.91	151.57	150.66
TYAAU7	126-215	74.25	68.92	81.17	86.54	126.32	126.02	125.62	125.30	124.81
SPAM7	2437.70	76.51	70.83	91.22	96.06	2422.28	2412.10	2398.63	2377.55	2372.97
EPM7	2437.25	75.52	69.89	91.14	95.79	2423.19	2412.86	2399.01	2377.67	2373.04
TFEM7	1405.9	67.67	60.88	63.56	74.69	1386.53	1382.88	1380.82	1380.85	1377.34
ENQM7	5886.00	81.73	77.32	94.02	97.64	5826.94	5781.53	5724.67	5582.99	5534.96
YMM7	21203	72.04	66.78	88.85	94.02	21097.00	21034.56	20928.44	20782.16	20768.98

Calculations based on previous session. Data collected 06/02/2017

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						
USAAU7	Bonds	152-310	154-080	154-230	156-000	156-150
TYAAU7	10 Yr Treasury Notes	125-285	126-105	126-180	127-000	127-075
SPAM7	S&P 500	2424.60	2432.20	2435.60	2443.20	2446.60
EPM7	S&P E-Mini	2422.56	2430.87	2435.31	2443.62	2448.06
TFEM7	Mini-Russell 2000	1385.7	1395.7	1406.1	1416.1	1426.5
ENQM7	E-Mini NASDAQ	5805.43	5853.62	5870.18	5918.37	5934.93
YMM7	Mini-Dow	21087	21152	21189	21254	21291

Calculations based on previous session. Data collected 06/02/2017

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CURRENCIES COMMENTARY

06/05/17

The Dollar should remain under pressure going forward

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +196, YEN -105, SWISS -22, CA DOLLAR +75**

Upcoming International Reports (all times CT)

06/05 13 and 26 Week Bill Auction
 06/05 UK CIPS/NTC Research Service 3:30 AM
 06/05 Factory Orders 9:00 AM
 06/05 ISM Non-Manufacturing Index 9:00 AM
 06/05 Japan Services PMI 6:35 PM
 06/06 4-Week BILL Auction
 06/06 France Services PMI 2:50 AM
 06/06 German Service PMI 2:55 AM
 06/06 Euro-Zone Services PMI 3:00 AM
 06/06 Euro-zone Retail Trade 4:00 AM
 06/06 Canadian PMI 9:00 AM
 06/06 API Energy Stocks 3:30 PM



DOLLAR: The dollar is showing some corrective bounce this morning but the lack of a definitive flow toward the greenback highlights its residual damaged structure. However the UK terrorist incidents have provided the Dollar with a small measure of safe haven buying. On the other hand the US nonfarm payroll from last week clearly justified the latest downside extension as the data should reduce the prospect of a rate hike next week. In fact expectations for an uptick in US nonfarm productivity should leave the Fed less anxious and therefore capable of taking a wait and see posture. In fact one could clearly argue that terrorism, US data and weak energy prices all favor and on hold Fed stance. Corrective bounce potential in the dollar is probably limited to 96.87 and a key pivot point on the downside this morning is seen at 96.50. Pushed into the market we favor a sell rallies strategy. The Commitments of Traders Futures and Options report as of May 30th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 33,709 contracts.

EURO: Obviously the proximity to the terrorist incidents has undermined the euro but one might also suggest that scheduled data from the region was mixed and therefore a little disappointing relative to sentiment over the prior two weeks. However the headlines are suggesting that the euro zone has maintained forward motion and given weakness in the dollar of late we doubt the uptrend pattern in the euro has run its course. However the euro into the Friday high was clearly overbought technically and some back and fill action to the bottom of the recent consolidation down at 1.1244 can't be ruled out. The Commitments of Traders Futures and Options report as of May 30th for Euro showed Non-Commercial and Non-reportable combined traders held a net long position of 91,226 contracts.

YEN: Not surprisingly the Yen caught a safe haven bid in the wake of the disappointing US nonfarm payrolls last week and it would also appear as if the Yen has benefited minimally from the terror incident over the weekend. However the 91.00 level and more specifically the overnight high of 91.05 looks to be key resistance to start the new trading week. Cushioning the Japanese Yen against a setback to the bottom of the recent consolidation zone is the fact that the Nikkei remains within striking distance of two-year highs.

SWISS: Slack US data and a modest amount of safe haven interest leaves the bias in the Swiss pointing upward. However the September Swiss is short-term technically overdone from the spike up move at the end of last week and there might be little in the way of solid support until the 1.0412 area. The question for the Swiss this week is whether or not it will track global safe haven issues or classic economic recovery hopes from the euro zone.

POUND: The Pound is lucky to be showing positive action this morning following the incident from the weekend as the political uncertainty in the UK has expanded beyond the uncertainty from the BREXIT battle. However seeing the Pound track in positive territory in the face of a contraction in BRC retail sales and a decline in the Markit services PMI readings suggest that the currency isn't as vulnerable as many would have expected. However we think initial resistance is solid at 1.2964 and that the risk of buying strength in the Pound is wholly unacceptable.

CANADIAN DOLLAR: Like a number of non-dollar currencies the Canadian looks to continue to benefit from weakness in the dollar even if weakness in oil prices limits gains. We suspect that the Canadian is benefiting from the favorable Chinese data overnight but weakness in oil prices of late should limit the magnitude of gains in the Canadian dollar. Downtrend channel resistance from the February and May highs comes in up at 74.63 and that downtrend channel resistance line falls to 74.50 by this coming Friday.

TODAY'S MARKET IDEAS:

With reduced prospects of a US rate hike from weak US data and Geo political events classic safe haven currencies like the Swiss and Yen should become leadership markets.

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) 06/05/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 96.12. The next area of resistance is around 96.96 and 97.44, while 1st support hits today at 96.30 and below there at 96.12.

EURO (JUN) 06/05/2017: 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 market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 113.5137. The next area of resistance is around 113.2925 and 113.5137, while 1st support hits today at 112.4875 and below there at 111.9038.

JAPANESE YEN (JUN) 06/05/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. 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. A positive signal was given by the outside day up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 91.49. The next area of resistance is around 91.17 and 91.49, while 1st support hits today at 90.05 and below there at 89.25.

SWISS (JUN) 06/05/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. 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 target is 104.74. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 104.47 and 104.74, while 1st support hits today at 103.45 and below there at 102.71.

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	96.63	30.38	32.25	14.23	11.24	96.96	97.13	97.68	98.89	99.19
JYAM7	90.61	63.20	59.02	74.03	80.56	90.34	89.99	89.32	90.03	89.82
EU6M7	112.8900	69.05	67.57	86.71	89.68	112.41	112.28	111.27	109.28	108.93
BPAM7	128.87	46.75	50.71	40.89	38.34	128.84	129.14	129.29	128.03	127.02
CAAM7	74.12	57.10	54.48	73.74	70.26	74.12	74.16	73.75	74.01	74.21
SFAM7	103.96	73.04	69.77	89.10	92.13	103.29	103.01	101.94	101.05	100.97
DAAM7	74.40	50.53	48.81	54.44	47.63	0.74	0.74	0.74	0.75	0.75

Calculations based on previous session. Data collected 06/02/2017

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	96.12	96.30	96.78	96.96	97.44
JYAM7	Japanese Yen	89.24	90.04	90.36	91.17	91.49
EU6M7	Euro	111.9037	112.4874	112.7087	113.2925	113.5137
BPAM7	British Pound	128.25	128.58	128.83	129.16	129.41
CAAM7	Canadian Dollar	73.70	73.94	74.06	74.30	74.43
SFAM7	Swiss	102.70	103.45	103.72	104.47	104.74
DAAM7	Australian Dollar	73.53	74.05	74.23	74.75	74.93

Calculations based on previous session. Data collected 06/02/2017

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