



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday June 06, 2017

## BONDS COMMENTARY

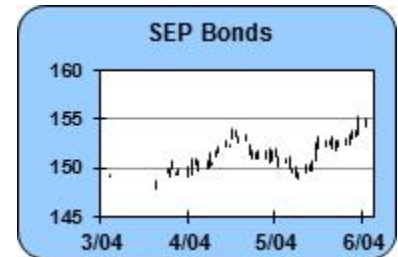
06/06/17

**The path of least resistance remains up off weak data**

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

**BONDS +190**

With global equity markets overnight mostly lower, weakness in the Dollar and residual disappointment toward US economic data of late the bull camp regains control and Treasury prices look to be poised to make higher highs directly ahead. Apparently the markets aren't receptive to the potential reality of a quick infrastructure plan implementation in Washington as that news yesterday was met with a yawn. In fact the White House this morning released its agenda and it would appear that Infrastructure efforts are not at the top of their list and that clearly leaves the US economy on its own. With gold, silver and Yen action very strong overnight it is clear that safe haven markets like Treasuries are back in vogue and for us that is primarily the result of a "trend" of disappointing US data over the last two weeks. Adding into the uncertainty/safe haven buying of Bonds and notes is the escalating economic isolation of Qatar by certain Arab states. However, the focus this morning will temporarily shift to private weekly chain store sales readings before the main event of the morning the JOLTS survey. In the end weakness in equities, disappointment toward US data and the upcoming UK election leaves the Treasury bulls in control. The North American session will start out with a private weekly survey of same-store sales. The April job openings and labor turnover (JOLTS) survey is expected to have a moderate decline from March's 5.743 million reading. The May Canadian Ivey PMI number is expected to have a modest downtick from the previous 62.4 reading.



### TODAY'S MARKET IDEAS:

The bias remains up and the prospect of a fresh higher high is strong. Critical support in the September Bonds moves up 154-11 today, with similar support in September Notes rising to 126-14. In the end economic and political uncertainty remains squarely in the windshield and resistance in bonds is likely to be taken out early today in the wake of the JOLTS report this morning. With the Treasury markets not impacted at all by the surprise Trump offering of hope of Infrastructure spending yesterday it is clear that sentiment is leaning bullish and more gains in prices are due! One has to shift to weekly charts to find resistance 3/4 of a point above the early trade in September Bonds this morning!

### 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 (SEP) 06/06/2017: 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's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 155-120. The next area of resistance is around 154-250 and 155-120, while 1st support hits today at 153-300 and below there at 153-210.

10 YR TREASURY NOTES (SEP) 06/06/2017: 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. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 126-260. The next area of resistance is around 126-195 and 126-260, while 1st support hits today at 126-100 and below there at 126-065.

## STOCKS COMMENTARY

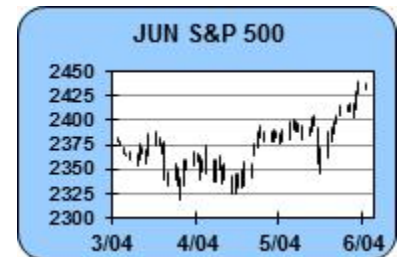
06/06/17

### Control shifts to the bear camp today

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

S&P 500 -440

Global equity markets overnight were mostly lower and weakness in the Dollar suggests that the world's economic engine (the US) is slower than might be necessary to justify stock prices at record levels. With charts shifting negative from last week's highs, economic expectations clearly softening, rising uncertainty toward the coming UK election and several Arab states halting currency trade with Qatar, there are several issues that are undermining investor sentiment and therefore stock prices. Fortunately for the bull camp there doesn't appear to be much anxiety and certainly there isn't any sign of panic in the current downshift in prices! We do think that the US JOLTS report will add to the economic disappointment later this morning. Earnings announcements will include HD Supply Holdings before the Wall Street opening while Keysight Technologies reports after the close.



**S&P 500:** As indicated already the charts signal corrective sentiment is in control to start today and we aren't expecting to see a sudden shift in sentiment given the scheduled report slate today. In fact, the last of definitive optimism in the wake of the White House discussion of infrastructure spending efforts was seemingly "completely ignored" and that would seem to confirm the bearish bias in the marketplace. However, falling Treasury yields are likely to pull some money to equities eventually under the theme that low fixed income yields will force investors toward stocks in the hunt for yield. In the near term we don't expect to see bargain hunting buying until prices are cheaper. Near term downside targeting in the June E-Mini S&P is seen down at 2429.25.

**Other US Indexes:** With the Dow stocks at times lagging behind the Nasdaq stocks in the new all-time high race, we suspect that a temporary corrective tilt will see the Dow Index fall quicker than other sectors of the market. Near term downside targeting is seen down at 21,125. The June Mini-Nasdaq correction has been fairly shallow so far but the downward bias has not been averted. However, we do expect to see closer-in support on the charts at 5869.80.

#### TODAY'S MARKET IDEAS:

We don't see panic selling but we do expect to see disappointment "selling". Slack data and rising UK geopolitical uncertainty gives the bear camp just enough news to erode prices.

#### 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) 06/06/2017: 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. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 2441.25. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2437.50 and 2441.25, while 1st support hits today at 2431.50 and below there at 2429.25.

MINI-DOW (JUN) 06/06/2017: 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's close below the pivot swing number is a mildly negative setup. The next upside target is 21242. The next area of resistance is around 21208 and 21242, while 1st support hits today at 21152 and below there at 21130.

E-MINI NASDAQ (JUN) 06/06/2017: The market rallied to a new contract high. Rising stochastics at overbought levels warrant some caution for bulls. 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 next upside target is 5900.00. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5890.25 and 5900.00, while 1st support hits today at 5871.75 and below there at 5863.00.

MINI-RUSSELL 2000 (JUN) 06/06/2017: 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. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 1410.8. The next area of resistance is around 1400.0 and 1410.8, while 1st support hits today at 1385.6 and below there at 1381.9.

#### 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>										
USAAU7	154-110	69.67	66.23	88.74	89.31	154.13	153.26	152.16	151.68	150.80
TYAAU7	126-145	67.38	64.90	82.46	85.04	126.40	126.09	125.73	125.36	124.87
SPAM7	2434.50	72.88	68.70	92.74	95.76	2428.23	2416.74	2400.92	2379.10	2374.15
EPM7	2434.50	72.59	68.16	92.48	95.28	2428.88	2417.36	2401.32	2379.21	2374.20
TFEM7	1392.8	55.97	54.16	66.53	72.17	1392.15	1384.40	1380.61	1381.08	1377.88
ENQM7	5881.00	80.30	76.44	95.11	97.37	5848.56	5801.25	5735.78	5592.76	5543.39
YMM7	21180	69.15	65.11	90.48	93.83	21135.75	21066.89	20944.61	20793.42	20774.62

Calculations based on previous session. Data collected 06/05/2017

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>						
USAAU7	Bonds	153-200	153-290	154-160	154-250	155-120
TYAAU7	10 Yr Treasury Notes	126-060	126-095	126-160	126-195	126-260
SPAM7	S&P 500	2430.87	2432.25	2435.37	2436.75	2439.87
EPM7	S&P E-Mini	2429.25	2431.50	2435.25	2437.50	2441.25
TFEM7	Mini-Russell 2000	1381.8	1385.5	1396.3	1400.0	1410.8
ENQM7	E-Mini NASDAQ	5863.00	5871.75	5881.50	5890.25	5900.00
YMM7	Mini-Dow	21130	21152	21186	21208	21242

Calculations based on previous session. Data collected 06/05/2017

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## CURRENCIES COMMENTARY

06/06/17

### Sell Dollar rallies as US economic conditions fade

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

US DOLLAR -46, YEN +830, SWISS -1, CA DOLLAR +90

#### Upcoming International Reports (all times CT)

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  
06/07 Japan Index of Business Cond  
06/07 Japan Leading Indicators 12:00 AM  
06/07 German Manufacturing Orders 1:00 AM  
06/07 German Manufacturing Turnove 1:00 AM  
06/07 UK Halifax Housing Price Ind 2:30 AM  
06/07 Euro-zone GDP 4:00 AM  
06/07 Canadian Building Permits 7:30 AM  
06/07 EIA Energy Stocks 9:30 AM  
06/07 Consumer Credit 2:00 PM



**DOLLAR:** With a fresh range down extension/new low for the move overnight the dollar is facing fresh technical damage and ongoing economic disappointment. While there were some positive readings yesterday from the active US scheduled report slate a sprinkling of weak data seem to pull down the odds of a June US rate hike. If there is an issue providing the bull camp with some hope today it is the fact that the dollar has forged a moderate rejection of the lowest price seen early today. However expectations that the JOLTS report will signal some fresh weakness should leave the fundamental bias in the dollar pointing down. It is possible that the dollar might begin to draft some support from the looming UK election but over the last three weeks the dollar has shown little sustained recovery action even in the face of patently supportive developments. Initial support is seen today at 96.38 and to turn the tide away from the downside probably requires a rally back above 96.70.

**EURO:** While the euro appears to be on a back foot to start today a surprisingly strong Sentix index of euro zone investor confidence posted the strongest reading in 10 years and euro zone April retail sales bested expectations this morning with a minimal gain. Therefore classic fundamental/economic news should keep the bull case in control despite some initial corrective chop. Critical support in the September euro is seen down at 1.1295 and then again down at a quasi-side double bottom low of 1.1267. At this point we continue to feel that the upward bias in the euro will continue and that traders should be buyers of breaks.

**YEN:** It is not surprising to see the Yen ranging up sharply and reaching up to the highest level since April 25th given the ongoing disappointment from US data, rising UK political drama and Middle East tensions with respect to Qatar. There might be little in the way of resistance in the September Yen until the bottom of an old gap area that starts at 91.80 and ends up at 91.96. While anxiety and safe haven interest are generally mild the safe haven theme is clearly capable of pushing the Yen above 92.00 at some point this week.

**SWISS:** With the Swiss forging a tight range to start it is clear that the currency has slipped into a following mode with respect to the euro. In the bull's defense the September Swiss spent most of the early action today in positive territory and a measure of technical balancing is probably in order. Initial support in the September Swiss is seen at 1.0421 and then not until 1.0404. In the end we expect the Swiss to be knocked around by the ebb and flow of the euro.

**POUND:** In our opinion the Pound is lucky to be trading within relative proximity to the last two weeks highs given the rising fear of the looming UK election and the residual undermine from the latest wave of terror attacks. Pushed into the market we favor a downside tilt in the Pound as another change in leadership in the UK extends the overhang of the BREXIT process. We see resistance at a quasi-side double high of 1.2980 and a strong possibility of a near term trade back down to the last five weeks low of 1.2814.

**CANADIAN DOLLAR:** In retrospect the Canadian dollar has failed to show definitive windfalls from the breakaway slide in the dollar and that hints at residual weakness in the currency. Perhaps the Canadian proximity to the slowing US economic condition combined with ongoing weakness in energy prices has taken away a large portion of buying interest in the Canadian. Downtrend channel resistance in the September Canadian today is seen at 74.60 and pushed into the market we are a seller of rallies looking for an eventual slide back below 74.00.

**TODAY'S MARKET IDEAS:**

A lack of leadership in the currency markets allows the Yen temporary strength.

**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) 06/06/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 96.49. The next area of resistance is around 96.90 and 97.06, while 1st support hits today at 96.62 and below there at 96.49.

EURO (JUN) 06/06/2017: 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 tilt is slightly negative with the close under the pivot. The next upside target is 113.1387. The next area of resistance is around 112.8725 and 113.1387, while 1st support hits today at 112.3775 and below there at 112.1488.

JAPANESE YEN (JUN) 06/06/2017: 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. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 90.88. The next area of resistance is around 90.72 and 90.88, while 1st support hits today at 90.39 and below there at 90.20.

SWISS (JUN) 06/06/2017: 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. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 104.12. The next area of resistance is around 103.89 and 104.12, while 1st support hits today at 103.49 and below there at 103.32.

**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	96.76	33.49	34.16	13.69	12.12	96.86	97.08	97.53	98.81	99.12
JYAM7	90.55	62.52	58.55	77.04	83.39	90.38	90.04	89.48	90.04	89.87
EU6M7	112.6250	64.10	64.51	87.80	89.83	112.58	112.30	111.47	109.40	109.04
BPAM7	129.11	50.70	52.93	40.97	41.37	128.94	129.03	129.27	128.12	127.14

CAAM7	74.24	60.29	56.53	72.43	69.82	74.11	74.18	73.82	73.99	74.21
SFAM7	103.69	69.37	67.43	89.91	91.67	103.53	103.10	102.18	101.12	101.04
DAAM7	74.86	58.55	54.48	54.95	56.77	0.74	0.74	0.74	0.75	0.75

**Calculations based on previous session. Data collected 06/05/2017**

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	96.48	96.61	96.77	96.90	97.06
JYAM7	Japanese Yen	90.19	90.38	90.53	90.72	90.88
EU6M7	Euro	112.1487	112.3775	112.6437	112.8725	113.1387
BPAM7	British Pound	128.22	128.68	129.07	129.53	129.92
CAAM7	Canadian Dollar	73.97	74.11	74.22	74.36	74.46
SFAM7	Swiss	103.32	103.49	103.72	103.89	104.12
DAAM7	Australian Dollar	73.94	74.47	74.72	75.25	75.50

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