



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday June 07, 2017

BONDS COMMENTARY

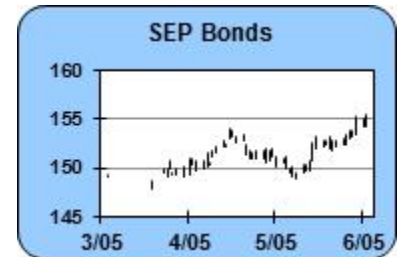
06/07/17

The path of least resistance remains up off geopolitical issues

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +10

While Treasury prices have fallen back from the spike high posted in the prior trading session they remain within striking distance of the recent highs. In looking forward there are a number of geopolitical issues hanging over the markets in a fashion that should keep safe haven interest for markets like Treasuries, gold, silver and Yen running at hot levels. Given a relatively benign US scheduled report slate today the markets are likely to focus intensively on the upcoming former FBI leaders testimony but there will also be intense focus on the UK election. A fresh geopolitical safe haven development was seen overnight in the wake of reports of a possible coup attempt in Iran where the press is reporting shots were fired in the Iranian parliament. Several weeks ago international economic headwinds appeared to be dissipating but now it would appear as if international geopolitical headwinds have settled back into place and that will probably figure into next week's FOMC decision on US rates. Pushed into the market we suspect the upward bias in prices will remain in place and that higher highs are likely in bonds before the end of this week. The North American session will start with an April reading on Canadian building permits, followed by a weekly private survey on US mortgage applications. Later in the day, an April reading on US consumer credit that bis forecast to have a moderate increase on March's \$16.4 billion reading.



TODAY'S MARKET IDEAS:

Critical support in September bonds to start today is seen at 154-27 with more significant support seen down at 154-23. Critical support in September T-Notes is seen close in at 126-20 with more significant support seen down at 126-14. As indicated already we think the path of least resistance remains up and that "new highs for the move" will be seen even if the rate of gain is measured and hard-fought. In other words the bias is up but the absolute level of pricing is rather high for a set up where the US economy is growing and the Fed is desirous of moving rates away from a historical extreme.

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) 06/07/2017: The market rallied to a new contract high. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 155-310. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 155-170 and 155-310, while 1st support hits today at 154-170 and below there at 153-300.

10 YR TREASURY NOTES (SEP) 06/07/2017: The market rallied to a new contract high. 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 127-060. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 127-005 and 127-060, while 1st support hits today at 126-180 and below there at 126-085.

STOCKS COMMENTARY

06/07/17

The bear camp retains control again today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 +80

Global markets were mostly higher overnight with the XETRA DAX, All Ordinaries and IBEX bucking the trend and trading weaker. Typically the stock market does not like uncertainty and the current set up has uncertainty flowing from numerous angles. The issues making investors nervous are the threat of a hung parliament in the UK on Thursday, former FBI Comey testimony on Thursday, an ECB meeting and reports of a coup attempt in Iran. While the fears of a hung parliament in the UK following the Thursday election are operating in the marketplace it is possible that the current prime minister will squeak by with a minimal victory. Despite a US news outlet suggesting that Comey testimony Thursday will not point to obstruction of justice by the President, the actual results of that testimony are completely up in the air. With the additional conflict between several Arab countries and Qatar spreading to an important regional airline (Qatar Airlines) there continues to be uncertainty flowing from the terrorism front and from the Middle East region. Earnings announcement will include Brown Forman and Navistar International before the Wall Street opening.



S&P 500: While investors don't like uncertainty and the current condition is offering uncertainty from many angles it does not appear as if uncertainty selling is poised to translate into panic selling. In short the path of least resistance in the September E-mini S&P is down with critical support early this morning seen at 2426.25. However our pick for a spike down washout low in the coming three trading sessions is 2420.20. Two shift the tide back to the upside quickly would be very surprising given the long list of threats and their diversified natures.

Other US Indexes: In addition to the list of bearish geopolitical issues the September mini Dow is facing news of another significant round of store closings by Sears. Close in critical support in the September mini Dow is seen this morning at 21,076 and then again down at 21,066. With a big range down failure in the prior trading session we suspect that investor and trader sentiment toward the NASDAQ is off balance and therefore the index remains vulnerable to further selling. Fortunately for the bull camp the brunt of the potential negatives facing the equity markets are not specific to the tech laden NASDAQ and many of those issues are international in nature and could be removed before the end of the week. An issue that probably won't be shunted aside easily is the testimony tomorrow from the former FBI chief and that could result in a temporary probe below critical support of 5856.00. Our pick for a spike low in the September Mini NASDAQ in the coming 48 hours is seen at 5845.25.

TODAY'S MARKET IDEAS:

We don't see panic selling but we do expect to see more disappointment "selling" as there are a number of fear factors in the current headlines.

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) 06/07/2017: 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 2440.37. The next area of resistance is around 2435.50 and 2440.37, while 1st support hits today at 2426.00 and below there at 2421.38.

MINI-DOW (JUN) 06/07/2017: 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 market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 21224. The next area of resistance is around 21193 and 21224, while 1st support hits today at 21123 and below there at 21083.

E-MINI NASDAQ (JUN) 06/07/2017: The market rallied to a new contract high. 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 outside day down is a negative signal. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 5912.06. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5886.12 and 5912.06, while 1st support hits today at 5841.38 and below there at 5822.57.

MINI-RUSSELL 2000 (JUN) 06/07/2017: 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 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 near-term upside target is at 1413.3. The next area of resistance is around 1404.7 and 1413.3, while 1st support hits today at 1385.3 and below there at 1374.4.

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	155-010	73.71	69.19	89.13	89.91	154.42	153.59	152.47	151.80	150.95
TYAAU7	126-250	72.35	68.33	83.99	87.07	126.52	126.23	125.86	125.42	124.94
SPAM7	2430.80	68.65	66.21	93.22	94.18	2433.15	2420.39	2402.89	2380.69	2375.19
EPM7	2430.75	68.02	65.55	92.94	93.73	2433.13	2421.11	2403.35	2380.84	2375.25
TFEM7	1395.0	57.20	54.99	67.95	71.14	1397.80	1385.89	1381.02	1381.66	1378.29
ENQM7	5863.75	74.15	72.73	95.13	95.18	5863.25	5818.22	5746.22	5602.27	5551.33
YMM7	21158	65.84	63.26	91.32	92.84	21168.50	21094.56	20959.78	20805.91	20779.90

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

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	153-290	154-160	154-300	155-170	155-310
TYAAU7	10 Yr Treasury Notes	126-080	126-175	126-230	127-005	127-060
SPAM7	S&P 500	2423.12	2426.85	2431.02	2434.75	2438.92
EPM7	S&P E-Mini	2421.37	2426.00	2430.87	2435.50	2440.37
TFEM7	Mini-Russell 2000	1374.3	1385.2	1393.8	1404.7	1413.3

ENQM7	E-Mini NASDAQ	5822.56	5841.37	5867.31	5886.12	5912.06
YMM7	Mini-Dow	21082	21122	21153	21193	21224

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

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CURRENCIES COMMENTARY

06/07/17

The only confirmed safe haven currency is the Yen for now

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR +318, YEN +85, SWISS -50, CA DOLLAR +15

Upcoming International Reports (all times CT)

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
 06/08 Swiss Employment 12:45 AM
 06/08 German Industrial Production 1:00 AM
 06/08 France Trade Balance 1:45 AM
 06/08 Swiss Consumer Price Index 2:15 AM
 06/08 Euro-zone Monetary Policy 6:45 AM
 06/08 Canadian New Housing 7:15 AM
 06/08 Canadian New Housing Price I 7:30 AM
 06/08 Initial Jobless Claims 7:30 AM
 06/08 EIA Gas Storage 9:30 AM



DOLLAR: It would appear as if the dollar has seen a shift in fortune overnight and that is not surprising considering the expanding list of international geopolitical flashpoints. We do think some of the recovery bounce in the dollar is the result of the short-term oversold condition of the index into the Tuesday lows. In fact with a quasi-double bottom at 96.24 and little in the way of resistance until a 97.05 print the bull camp might be able to push the index higher today. The combination of potential government changes in the UK and Iran is not something to discount as that uncertainty is probably provided the dollar with safe haven buying over the last 16 hours. Unfortunately for the bull camp the US economic report slate today is thin and unlikely to add to the bull tilt.

EURO: As in the US dollar the euro currency has reversed course and in the process moderately damaged its chart structure. Surprisingly the euro has not benefited from talk that the ECB in its upcoming meeting is likely to discuss a tempering of/or the removal of some bond buying policies as that could be construed as tightening. However euro zone economic news this morning is negative with April German factory orders coming in soft and that could set the stage for a setback toward the bottom of the last three weeks consolidation down at 1.1228.

YEN: Not surprisingly the Japanese Yen remains within striking distance of its recent highs in the wake of an ever extending list of international geopolitical flashpoints. The latest addition to the uncertainty parade came from Iran with reports of a shooting in their parliament. In looking forward the markets will certainly be on edge because of the threat of a hung UK Parliament but that focus might quickly lose status to the former FBI head testimony in the US. While some sources are reporting that Comey will not point to obstruction of justice by President Trump if he were to claim obstruction of justice that would interject an extreme measure of safe haven buying interest to the Yen. Therefore we expect the September Yen to remain well bid with potential long entry points seen at 90.92 and then down at 90.85.

SWISS: Like the euro the Swiss is under a surprising liquidation reversal in the early trade today and that action is somewhat surprising considering that continental Europe (with the exception of the ECB meeting issue) is not the

source of major geopolitical hot points to start today. However it is possible that the Swiss was overbought technically and it is also possible that fears of some minimal measure of tightening from the ECB has fostered concerns toward growth. Near term support in the September Swiss is seen down at 1.0385 and then not until 1.0363.

POUND: All things considered the mild upward track in the British pound over the prior six trading sessions is surprising. While the bull camp is hopeful that the current government will remain intact some suggest the election is too close to call and that a hung parliament cannot be ruled out. It is possible that a UK house price reading overnight is lending some support to the Pound as that reading came in better than expectations. Critical support today is seen at 1.2914 but traders should brace for significant volatility over the coming 24 hours.

CANADIAN DOLLAR: Action in the Canadian over the last four trading sessions is impressive and might hint at a measure of safe haven windfall. In other words the Canadian is outside the direct impact of the UK election flap and it is at arm's length to the looming ex-FBI head testimony and therefore it might be viewed as a safe harbor. Critical support in the September Canadian dollar today is seen at 74.36 and there might be little in the way of resistance until the 74.62 area.

TODAY'S MARKET IDEAS:

Expect significant two-sided volatility in all currencies over the coming 48 hours.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 06/07/2017: 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 96.29. The next area of resistance is around 96.66 and 96.85, while 1st support hits today at 96.39 and below there at 96.29.

EURO (JUN) 06/07/2017: 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 113.1937. The next area of resistance is around 113.0275 and 113.1937, while 1st support hits today at 112.5825 and below there at 112.3038.

JAPANESE YEN (JUN) 06/07/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 target is at 92.30. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 91.94 and 92.30, while 1st support hits today at 90.87 and below there at 90.16.

SWISS (JUN) 06/07/2017: 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. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 104.37. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 104.21 and 104.37, while 1st support hits today at 103.79 and below there at 103.52.

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	96.52	30.04	31.98	12.44	9.98	96.77	97.01	97.36	98.72	99.04
JYAM7	91.40	71.43	65.13	80.38	86.97	90.61	90.24	89.69	90.07	89.94
EU6M7	112.8050	65.75	65.52	88.69	90.52	112.64	112.39	111.69	109.53	109.13
BPAM7	129.12	50.85	53.02	41.93	43.78	128.98	128.96	129.25	128.20	127.25
CAAM7	74.42	64.91	59.61	72.58	72.95	74.20	74.23	73.89	73.97	74.21
SFAM7	104.00	71.98	69.26	90.84	92.70	103.66	103.24	102.45	101.20	101.11
DAAM7	75.08	61.82	56.91	59.38	68.10	0.75	0.75	0.74	0.75	0.75

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

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	96.28	96.38	96.56	96.66	96.85
JYAM7	Japanese Yen	90.15	90.86	91.23	91.94	92.30
EU6M7	Euro	112.3037	112.5824	112.7487	113.0275	113.1937
BPAM7	British Pound	128.36	128.73	129.14	129.51	129.92
CAAM7	Canadian Dollar	74.09	74.28	74.36	74.55	74.63
SFAM7	Swiss	103.51	103.78	103.94	104.21	104.37
DAAM7	Australian Dollar	74.32	74.75	74.98	75.41	75.64

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

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