



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday June 08, 2017

BONDS COMMENTARY

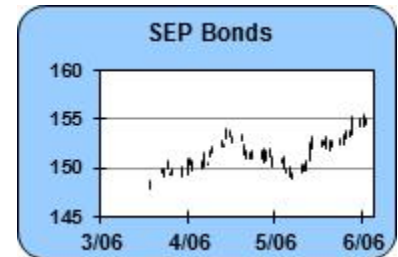
06/08/17

The bear camp temporarily regains the upper hand

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -130

With global equities mostly positive overnight, the Chinese trade balance showing gains in both exports and imports and an April German industrial production reading that bested expectations the global economic condition favors the bear camp in Treasuries to start. With gold prices under pressure, the Yen trading lower and equities generally higher it is clear that uncertainty/safe haven interest in Treasuries is waning to start today especially since it would seem that the prospect of a hung parliament in the UK is less likely and it would also seem as if the FBI director testimony has been preempted by press reports of what will be said today. With the trade also expecting to see a decline in US jobless claims and the failure to hold this week's initial consolidation low support this morning the bear camp seems to have fundamental and technical control to start today. However fortunes in Washington can shift quickly and political posturing by various members of Congress today are sure to provide some incendiary flashpoints that could pull Treasuries off their initial weakness. The North American session will start out with May Canadian housing starts which are forecast to have a modest downtick from April's reading. A weekly reading on initial jobless claims is expected to have a moderate downtick from the previous 248,000 reading. Former FBI Director Comey will begin his congressional testimony during mid-morning US trading hours. After the close, the first exit polls for the UK Parliamentary election will be released at 4 PM CDT (9 PM GMT).



TODAY'S MARKET IDEAS:

The failure to hold consolidation low support at 154-08 in September bonds gives the bear camp the initial technical edge. As indicated already it appears as if geopolitical fires are moderating and that the markets might be presented with a slightly upbeat result from the weekly claims data and that suggests the fundamentals also favor the bear camp. Near term downside targeting in September bonds is seen at 153-28 with initial downside targeting in September notes seen at 126-07. We doubt the bull trend is completely reversed but the bull case has been temporarily reversed.

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) 06/08/2017: A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 153-280. The next area of resistance is around 154-270 and 155-110, while 1st support hits today at 154-040 and below

there at 153-280.

10 YR TREASURY NOTES (SEP) 06/08/2017: A crossover down in the daily stochastics is a bearish signal. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. 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 next downside target is 126-095. The next area of resistance is around 126-220 and 126-280, while 1st support hits today at 126-130 and below there at 126-095.

STOCKS COMMENTARY

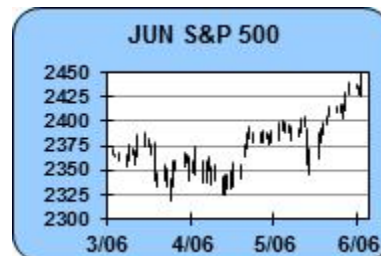
06/08/17

Bearish clouds are dissipating the bulls have an edge today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +400

Global equities were mostly positive overnight with the exceptions the TOPIX, RTS and MICEX trading weaker. As indicated in other financial coverage today it does appear is if the extreme geopolitical threats have moderated over the last 24 hours with the UK election expected to be resolved without a hung parliament. With positive Chinese import and export data raising economic hope in Asia that has seemingly distracted the markets from the upcoming US political sideshow. Earlier this week the FBI director testimony was feared to be extremely damaging to the current administration but that track shifted in the wake of press reports yesterday downplaying the prospect of obstruction of justice charges. However we highly doubt the markets will be able to transverse the actual testimony and political grandstanding today without periodic selling. Earnings announcements will include J M Smucker and Vail Reports before the Wall Street opening.



S&P 500: Given the correction in the E-mini S&P earlier this week and the rather extreme/numerous geopolitical flashpoints in the press we would suggest sentiment probably reached a bearish zenith into the low yesterday. Close in and perhaps critical pivot point pricing in the September E-mini S&P this morning is seen at 2430.00, 2426.25 and then at 2424.00. We think traders can consider buying breaks to the aforementioned support points as the geopolitical threats facing the market at the start of the week look to pass later today.

Other US Indexes: Like the E-mini S&P the mini Dow is showing very favorable technical action early today. In fact the September mini Dow has managed a three day high early on and may not have significant resistance until the 21,170 level. However the failure to hold 21,101 through the FBI director testimony could reverse the newfound optimism and set the stage for a very poor finish to the trading week. At this junction we think stocks need to see something positive from the US scheduled report front and that is likely from US initial claims this morning. Somewhat surprisingly the Mini NASDAQ is not leading the markets higher this morning. The NASDAQ is positive but it is not showing definitive leadership and that may present the market with somewhat critical resistance this morning at 5893.25. As in other measures today the failure to hold 5863.25 could reverse positive sentiment and set the stage for a resumption of this week slide.

TODAY'S MARKET IDEAS:

Conditions have improved buy breaks off testimony and use tight stops.

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) 06/08/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 2441.62. The next area of resistance is around 2437.25 and 2441.62, while 1st support hits today at 2426.25 and below there at 2419.63.

MINI-DOW (JUN) 06/08/2017: 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. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 21234. The next area of resistance is around 21200 and 21234, while 1st support hits today at 21120 and below there at 21074.

E-MINI NASDAQ (JUN) 06/08/2017: The daily stochastics gave a bullish indicator with a crossover up. 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 upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 5912.00. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5900.25 and 5912.00, while 1st support hits today at 5861.25 and below there at 5834.00.

MINI-RUSSELL 2000 (JUN) 06/08/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 target is at 1406.1. The next area of resistance is around 1400.2 and 1406.1, while 1st support hits today at 1389.6 and below there at 1384.8.

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	154-150	66.25	64.61	88.10	86.05	154.66	153.84	152.76	151.89	151.11
TYAAU7	126-175	64.23	63.41	83.89	83.67	126.61	126.31	125.97	125.46	125.01
SPAM7	2431.90	69.25	66.60	93.34	93.59	2433.73	2423.72	2405.16	2382.38	2376.19
EPM7	2431.75	68.33	65.78	92.86	92.90	2433.63	2424.19	2405.61	2382.55	2376.25
TFEM7	1394.9	57.25	54.99	68.19	69.14	1396.73	1387.28	1381.58	1382.18	1378.80
ENQM7	5880.75	75.95	73.92	95.23	95.49	5877.38	5834.44	5757.82	5612.18	5559.33
YMM7	21160	65.98	63.39	91.53	92.16	21174.50	21112.33	20975.72	20818.71	20785.27

Calculations based on previous session. Data collected 06/07/2017

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	153-270	154-030	154-190	154-270	155-110
TYAAU7	10 Yr Treasury Notes	126-090	126-125	126-185	126-220	126-280
SPAM7	S&P 500	2420.69	2426.89	2430.69	2436.89	2440.69
EPM7	S&P E-Mini	2419.62	2426.25	2430.62	2437.25	2441.62
TFEM7	Mini-Russell 2000	1384.7	1389.5	1395.4	1400.2	1406.1
ENQM7	E-Mini NASDAQ	5834.00	5861.25	5873.00	5900.25	5912.00

CURRENCIES COMMENTARY

06/08/17

The Dollar track looks to be higher today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +144, YEN -240, SWISS -23, CA DOLLAR +90

Upcoming International Reports (all times CT)

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
06/09 German Foreign Trade 1:00 AM
06/09 France Industrial Production 1:45 AM
06/09 UK Foreign Trade 3:30 AM
06/09 UK Industrial Production 3:30 AM
06/09 Canadian Industrial Capacity 7:30 AM
06/09 Canadian Labor Force Survey 7:30 AM
06/09 Wholesale Trade 7:30 AM



DOLLAR: After seeing the dollar gain some safe haven buying interest earlier this week news reports that today's testimony would not completely undermine the presidency has given rise to some hard-fought gains. Traders should expect increased volatility through the midmorning testimony and in particular traders should expect the latter stages of the testimony to result in extreme political infighting which in turn could undermine the dollar. Fortunately for the bull camp US initial claims are expected to show a decline and that combined with initial positive action in equities could leave the dollar in its short covering mode. Initial resistance in the September dollar is seen up at 96.70 and to turn the tide back to the downside probably requires a trade back below 96.44.

EURO: The euro remains under liquidation pressures into the ECB meeting result. Fortunately for the bull camp the trade is not expecting any noted change in policy stance from the ECB. However the trade will be looking closely for hints of the slowing/removal of bond buying activity and that should ultimately be supportive of the currency. However just the news of an on hold decision combined with the negative chart patterns of the last five trading sessions leaves the euro poised for more declines. Near term downside targeting in the September euro is seen today at 1.1263. The best hope for the bull camp is for initial claims from the US to post an increase in claims as that could shift early sentiment away from the bear's case.

YEN: With international equity markets generally higher overnight, Chinese imports/exports expanding and the UK political situation steering away from a hung parliament the safe haven track in the Yen is clearly damaged. We would expect to see some periodic safe haven flares in the Yen but that the overall result of today's trade will be a lower pattern. Near term downside targeting in the September Yen is seen at 90.96 and to turn the tide away from the bear case probably requires a trade back above 91.52.

SWISS: As in the Japanese Yen the Swiss is seemingly suffering this morning from a downshift in geopolitical anxiety especially with the outcome of the UK election expected to be less concerning. While the bull camp hopes that a quasi-double bottom around the 1.0403 level will hold up the Swiss we can't rule out a decline to the lowest levels since June 2nd if the FBI director testimony passes this morning without a major bombshell.

POUND: As indicated in several other coverage sections this morning the fear of the UK election outcome has moderated with polls and the press suggesting the current government will come out ahead. With the Pound managing consistent gains off the May 31st lows it would seem as if the markets were already pricing a continuation of the current government. Therefore a Teresa May victory shouldn't mean a sharp upside extension. On the other hand just getting beyond the uncertainty of the election should allow economic sentiment in the UK to improve. In short we can't rule out a rise to 1.3050 but that type of run-up will have to be fueled by renewed weakness in the dollar later today.

CANADIAN DOLLAR: Given the sharp range down washout in the prior trading session it would appear as if the fortunes of the Canadian have shifted back in favor of the bear camp. Significant weakness in energy prices and a short covering bounce in the dollar followed by a possible down tick in US initial claims later this morning could set the stage for a September Canadian trade below 73.97. While we don't expect a sustained run-up in the US dollar it is possible that dollar strength will continue to pressure the Canadian for another trading session.

TODAY'S MARKET IDEAS:

The Dollar looks to chop higher today through the FBI Director testimony.

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) 06/08/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 96.19. The next area of resistance is around 96.89 and 97.15, while 1st support hits today at 96.41 and below there at 96.19.

EURO (JUN) 06/08/2017: 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's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 113.3862. The next area of resistance is around 113.0825 and 113.3862, while 1st support hits today at 112.2875 and below there at 111.7963.

JAPANESE YEN (JUN) 06/08/2017: 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 91.87. The next area of resistance is around 91.42 and 91.87, while 1st support hits today at 90.79 and below there at 90.59.

SWISS (JUN) 06/08/2017: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 next downside target is 103.13. The next area of resistance is around 104.12 and 104.40, while 1st support hits today at 103.48 and below there at 103.13.

DAILY TECHNICAL STATISTICS

CLOSE 9 DAY 14 DAY 14 DAY 4 DAY 9 DAY 18 DAY 45 DAY 60 DAY

		RSI	RSI	SLOW STOCH D	SLOW STOCH K	M AVG	M AVG	M AVG	M AVG	M AVG
CURRENCY COMPLEX										
DXAM7	96.65	32.89	33.70	12.57	12.10	96.67	96.96	97.23	98.64	98.96
JYAM7	91.10	66.14	61.85	81.15	83.26	90.89	90.41	89.87	90.08	90.00
EU6M7	112.6850	62.98	63.85	89.23	90.02	112.77	112.44	111.91	109.66	109.23
BPAM7	129.63	58.42	57.37	44.11	49.96	129.13	128.94	129.27	128.30	127.37
CAAM7	74.01	50.53	51.09	69.91	65.81	74.18	74.17	73.94	73.95	74.20
SFAM7	103.80	65.40	65.12	90.38	89.66	103.82	103.35	102.68	101.28	101.18
DAAM7	75.50	67.38	61.19	65.30	77.28	0.75	0.75	0.74	0.75	0.75

Calculations based on previous session. Data collected 06/07/2017

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	96.18	96.40	96.67	96.89	97.15
JYAM7	Japanese Yen	90.58	90.78	91.23	91.42	91.87
EU6M7	Euro	111.7962	112.2875	112.5912	113.0825	113.3862
BPAM7	British Pound	128.59	129.18	129.51	130.10	130.43
CAAM7	Canadian Dollar	73.56	73.74	74.11	74.29	74.66
SFAM7	Swiss	103.12	103.48	103.76	104.12	104.40
DAAM7	Australian Dollar	74.73	75.16	75.40	75.83	76.07

Calculations based on previous session. Data collected 06/07/2017

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

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