



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday June 09, 2017

BONDS COMMENTARY

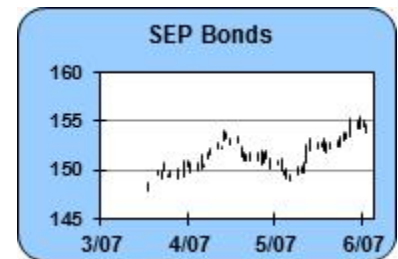
06/09/17

Prices should have strong value just under current levels

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -10

While Treasury prices overnight registered some safe haven buying sensitivity off the turn of events in the UK they were unable to sustain that positive track and look to enter the US Friday trade virtually unchanged from the prior closing values. In fact global equity markets were mostly higher overnight despite the failure to get a UK government in place and that suggests one geopolitical flashpoint is being discounted by the trade. On the other hand it is clear that the US presidential flap is a residual bullish force for Treasuries as the June bond contract yesterday saw a low to high rally from the initial start of the testimony of one point. While short-term influences might pressure prices periodically the sudden return of several geopolitical headwinds and the pattern of mixed to slightly weak US economic data over the prior two weeks should make it difficult for the Fed to raise interest rates next week and that in turn should provide a "put" of sorts underneath Treasury prices. If the Trump obstruction of justice issue is set to remain in a front and center status there may have to be significant progress from the Democrats with respect to congressional charges against the president before political pressures moderate. Scheduled data today from the US is not expected to be overly important and that could leave the action in equities and the Washington political gristmill as the market driving forces. Overnight May Chinese CPI saw an as expected uptick from April's year-over-year rate, while the May Chinese PPI saw a moderate downtick from April's 6.4% year-over-year rate. The European session started out with the April German trade balance that showed a slight contraction. April UK industrial production saw slight gains with April UK manufacturing production also managing a slight uptick. The North American session will start out with May Canadian employment figures, with their unemployment rate expected to uptick from April's 6.5% reading while the trade expects to see a moderate increase in their net employment. April US wholesale inventories are forecast to uptick from March's -0.3% reading and climb into positive territory.



TODAY'S MARKET IDEAS:

Clearly bonds were overdone fundamentally and technically into this week's highs but it is likely that the 153-28 level is set to provide solid support for prices today in September bonds. In fact both the UK government situation and the US political war look to keep geopolitical headwinds in place into next week and that should cushion bond and note prices. As indicated already the totality of US scheduled data of the past two weeks has fostered concern that US growth momentum is suspect again and that combined with calls for the Fed to raise its inflation target should make this week's lows fundamental support. Similar fundamental and technical support in September Notes is seen at 126-00. Pushed into the market we would be a buyer of 1/2 point breaks in Bonds and a buyer of 12 tick breaks in Notes.

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) 06/09/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 next downside target is now at 153-170. The next area of resistance is around 154-220 and 155-020, while 1st support hits today at 153-300 and below there at 153-170.

10 YR TREASURY NOTES (SEP) 06/09/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 126-030. The next area of resistance is around 126-200 and 126-245, while 1st support hits today at 126-095 and below there at 126-030.

STOCKS COMMENTARY

06/09/17

The trend remains up more new all-time highs ahead

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +240

Global equity markets were mostly higher overnight with the exception the Hang Seng as the markets weren't undermined by the surprise failure to get a "government" in the UK. In retrospect seeing equity prices manage to forge a sideways consolidation through this week's geopolitical and economic flashpoints is a testament to the bull's resolve and perhaps the bull's enduring capacity. Furthermore seeing US stocks build consolidation low support in the face of ongoing retail sector fear and noted weakness in oil patch shares suggests the overall bull trend might continue. In fact some market measures this morning appear to be poised to breakout to the upside again and that clearly relegates the political stories to a back burner. Earnings announcements will include Straight Path Communications before the Wall Street opening.



S&P 500: As suggested already the September E-mini S&P sits just below an upside breakout point on its charts as if the market has successfully discounted the political incidents this week. Perhaps the bull camp is cheered by somewhat favorable Chinese economic news items this week and perhaps the markets are sensing recent events and data will leave the Fed on hold next week. Another issue providing support to the bull camp is a series of buyouts announced or expected to be pursued over the last 24 hours. Critical consolidation support in the September E-mini S&P this morning is down at 2421.75 but a more important and closer in pivot point is seen at 2429.05. Pushed into the market we favor the long side and would not be surprised to see another new all-time high today.

Other US Indexes: Surprisingly the September mini Dow sits relatively close to its all-time highs and is giving off favorable chart signals to start the last trading session of the week. While the bear camp might suggest this week's action is a sign of lost momentum the bull camp might suggest this week's action has corrected the overbought condition seen into the June 5th high which in turn sets the stage for another wave up. Critical consolidation low support in the September mini Dow today is seen at 21,065 but a closer in pivot point is seen at 21,122. With the September Mini NASDAQ forging a fresh new all-time high in the prior trading session and prices sitting just under that all-time high to start today the path of least resistance looks to remain up. With a number of tech sector buyouts in the headlines overnight, the prospect of an on hold Fed and very impressive chart action we suspect the September E-mini NASDAQ is poised to range up again. Possible targeting in the September E-mini NASDAQ is 6000.00.

TODAY'S MARKET IDEAS:

The bulls have come through political headwinds this week with their case intact.

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) 06/09/2017: 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. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 2421.07. The next area of resistance is around 2438.37 and 2444.56, while 1st support hits today at 2426.63 and below there at 2421.07.

MINI-DOW (JUN) 06/09/2017: The rally brought the market to a new contract high. The daily stochastics gave a bearish indicator with a crossover down. 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 close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 21053. The next area of resistance is around 21246 and 21326, while 1st support hits today at 21110 and below there at 21053.

E-MINI NASDAQ (JUN) 06/09/2017: The rally brought the market to a new contract high. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 5925.06. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5908.12 and 5925.06, while 1st support hits today at 5863.88 and below there at 5836.57.

MINI-RUSSELL 2000 (JUN) 06/09/2017: 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 market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 1437.6. The next area of resistance is around 1427.4 and 1437.6, while 1st support hits today at 1400.2 and below there at 1383.1.

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	154-100	62.02	61.96	85.65	80.75	154.51	154.02	152.98	151.97	151.25
TYAAU7	126-145	60.99	61.39	82.18	78.98	126.55	126.38	126.04	125.50	125.08
SPAM7	2432.50	69.61	66.82	93.22	92.99	2432.43	2425.84	2407.59	2384.06	2377.35
EPM7	2432.50	68.64	65.97	92.62	92.20	2432.38	2426.28	2408.01	2384.18	2377.40
TFEM7	1413.8	67.67	62.06	70.84	76.20	1398.43	1391.01	1382.69	1383.68	1379.35
ENQM7	5886.00	76.65	74.38	95.29	95.48	5877.25	5845.72	5768.67	5621.90	5567.65
YMM7	21178	67.12	64.09	91.15	90.30	21169.50	21125.78	20994.00	20830.51	20791.48

Calculations based on previous session. Data collected 06/08/2017

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

DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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FINANCIAL COMPLEX

USAAU7	Bonds	153-160	153-290	154-090	154-220	155-020
TYAAU7	10 Yr Treasury Notes	126-025	126-090	126-135	126-200	126-245
SPAM7	S&P 500	2422.75	2427.50	2432.75	2437.50	2442.75
EPM7	S&P E-Mini	2421.06	2426.62	2432.81	2438.37	2444.56
TFEM7	Mini-Russell 2000	1383.0	1400.1	1410.3	1427.4	1437.6
ENQM7	E-Mini NASDAQ	5836.56	5863.87	5880.81	5908.12	5925.06
YMM7	Mini-Dow	21052	21109	21189	21246	21326

Calculations based on previous session. Data collected 06/08/2017

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CURRENCIES COMMENTARY

06/09/17

The Dollar track looks to be higher today

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +469, YEN -385, SWISS -50, CA DOLLAR -40**

Upcoming International Reports (all times CT)

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: The question for the trade in the currency markets today is whether international geopolitical uncertainty from the UK situation is capable of drowning out US presidential difficulties. The early answer to that question is the dollar does have the chops to extend its recovery in the short term. However US scheduled data of late, declining odds of any progression on US pro-growth legislation and a soon to be confirmed dovish Fed should stop the current rally in its tracks next week. US scheduled data today doesn't look to play a significant role in determining dollar pricing and we would look to downtrend channel resistance early next week up at 97.97 as an overly optimistic upside targeting point. Closer in resistance is seen at 97.28 but the lack of a negative reaction in the dollar to the testimony yesterday suggests that the Dollar has near term upside capacity.

EURO: The fear that the BREXIT effort will be stalled is accentuated by the developments in the UK and that highlights the uncertainty facing the euro zone ahead. It also appears as if German and French trade news overnight leans bearish for the euro currency. In the end it goes without saying that quick progress won't be seen on the British exit talks and that simply adds to the damage on the euro charts. With the dollar showing residual strength and the turn of events over the last 24 hours we can't rule out a sub 1.12 trade in the September euro today or Monday.

YEN: The bull camp in the Japanese Yen has to come away from this week's action extremely disappointed as a series of flashpoints seem to be extended without safe haven gains in the Japanese Yen. Apparently the trade does not think the UK or US situations will ultimately result in sustained problems for those economies. With US equity market measures poised for new all-time highs later today and the Japanese Yen charts damaged with a fresh lower low for the move we see an initial downside target of 90.73 and a possible target early next week of 90.00.

SWISS: With noted strength continuing in the dollar, indirect economic concerns for continental Europe fanned by this week's developments and fresh damage on the Swiss charts the path of least resistance is down and downside targeting today is seen at 1.0333. A normal retracement of the May and June rally in the Swiss gives a downside target of 1.0279.

POUND: Not surprisingly the turn of events in the UK resulted in a gap down beating in the British pound

overnight. While the market appears to have rejected the brunt of the washout overnight the Pound bulls probably need to see Teresa May ask the Queen to remain on as Prime Minister and they also need the Queen to grant that request. However the extension of the BREXIT cloud could make the 1.28 level in the September Pound difficult to hold. UK data overnight was mixed with construction output weak but overall industrial/manufacturing output positive.

CANADIAN DOLLAR: While the strength in the US dollar appears to be significant the Canadian dollar has held up somewhat impressively in the face of that action and in turn it appears to have carved out some level of consolidation low support around the 74.07 level. However the Canadian dollar will have a series of employment sector economic readings released this morning with expectations for the unemployment rate to notch higher and the over employment change (jobs) expected to show something positive. Therefore economic data might be canceled out today and the Canadian might ultimately see the 74.00 level hold as a value zone.

TODAY'S MARKET IDEAS:

The Dollar looks to continue chop higher today as alternative currencies pave the way for dollar strength.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 06/09/2017: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 97.45. The next area of resistance is around 97.20 and 97.45, while 1st support hits today at 96.64 and below there at 96.32.

EURO (JUN) 06/09/2017: A bearish signal was triggered on a crossover down in the daily stochastics. 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 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 111.5438. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 112.5825 and 113.0337, while 1st support hits today at 111.8375 and below there at 111.5438.

JAPANESE YEN (JUN) 06/09/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside objective is 90.17. The next area of resistance is around 91.37 and 91.83, while 1st support hits today at 90.55 and below there at 90.17.

SWISS (JUN) 06/09/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 102.85. The next area of resistance is around 103.73 and 104.06, while 1st support hits today at 103.13 and below there at 102.85.

DAILY TECHNICAL STATISTICS

CLOSE 9 DAY 14 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	96.92	40.68	38.33	14.99	19.09	96.74	96.91	97.13	98.56	98.90
JYAM7	90.96	63.11	60.04	80.40	79.10	90.98	90.57	90.01	90.09	90.05
EU6M7	112.2100	54.64	58.62	86.72	82.02	112.58	112.43	112.06	109.77	109.32
BPAM7	129.53	56.87	56.41	47.19	53.99	129.29	128.94	129.30	128.40	127.49
CAAM7	74.07	52.55	52.27	66.47	60.13	74.15	74.15	74.00	73.94	74.20
SFAM7	103.43	61.08	62.37	88.47	84.66	103.72	103.42	102.87	101.35	101.24
DAAM7	75.48	67.21	61.04	70.49	81.66	0.75	0.75	0.75	0.75	0.75

Calculations based on previous session. Data collected 06/08/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	96.31	96.63	96.88	97.20	97.45
JYAM7	Japanese Yen	90.16	90.54	90.99	91.37	91.83
EU6M7	Euro	111.5437	111.8375	112.2887	112.5825	113.0337
BPAM7	British Pound	128.79	129.18	129.49	129.88	130.19
CAAM7	Canadian Dollar	73.86	73.97	74.07	74.17	74.27
SFAM7	Swiss	102.84	103.12	103.45	103.73	104.06
DAAM7	Australian Dollar	75.14	75.33	75.43	75.62	75.72

Calculations based on previous session. Data collected 06/08/2017

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