



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY
 Tuesday January 17, 2017

BONDS COMMENTARY
 01/17/17

The bias is up off geopolitical uncertainty & slack US data

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
BONDS +1040



An exchange of barbs between the US President elect and Euro officials combined with fresh hard exit fears from the UK has fostered some risk off sentiment today in equities and that in turn has fostered a measure of safe haven buying interest in US Treasuries. However, much better than expected German ZEW current conditions readings of 77.3 versus only 63.5 in December should be seen as a slight limiting force in the Treasury markets early today especially since UK inflation was pegged at a 2 year high in the latest monthly readings. In fact, see noted declines in US equities overnight combined with the geopolitical flash points of BREXIT and the looming Trump Administration leaves the path of least resistance pointing upward in Bonds and Notes. In fact, additional knock on declines in stocks and slack US scheduled data potentials later today should increase the odds of a fresh upside breakout in bonds and the highest bond price since November 11th. The North American schedule will be fairly quiet coming out of the holiday weekend, and will be highlighted by the NY Fed's January Empire State survey which is expected to hold steady with December's 9 reading. However, there will be a busy day of Fed speakers that will include NY Fed President Dudley and Fed Governor Brainard during morning US trading hours while San Francisco Fed President Williams will speak during late afternoon hours. The Commitments of Traders Futures and Options report as of January 10th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 89,920 contracts. However, the "combined" spec and fund Net Short position in Notes has hit a new record level at 642,823 contracts and that might provide some short covering buying fuel to the Treasury complex this week.

TODAY'S MARKET IDEAS:

The path of least resistance is pointing upward to start today as uncertainty and anxiety is present and equity market declines confirm that unease. In addition to flight to quality interest in Treasuries we also expect to see some lift off slack US scheduled data and technical short covering off a record "spec and fund" short in Treasury Notes. Critical support in March Bonds rises to 152-25 with similar support in March Notes seen at 124-29. Initial resistance in March Bonds is thin up at 153-31 with similar close-in (thin) resistance in March Notes seen at 125-10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/3/2017 - 1/10/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-40,531	-11,666	89,920	+21,425	-49,389	-9,759
T-Notes	-386,239	-32,670	642,823	+82,927	-256,584	-50,256

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 (MAR) 01/17/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 149-310. The next area of resistance is around 153-040 and 154-160, while 1st support hits today at 150-280 and below there at 149-310.

10 YR TREASURY NOTES (MAR) 01/17/2017: The daily stochastics gave a bearish indicator with a crossover down. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 123-250. The next area of resistance is around 125-040 and 125-225, while 1st support hits today at 124-055 and below there at 123-250.

STOCKS COMMENTARY

01/17/17

The bears control but losses shouldn't be excessive

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -860

Risk off news did not negatively influence Asian equities overnight as the two Shanghai markets managed higher closes. However, the markets did not benefit off much better than expected German ZEW current conditions readings or from a two year high in UK inflation results. An issue that might undermine equities in the coming hours is a speech from the UK Prime Minister that is widely expected to reiterate calls for a hard British exit. We also think that a slightly slack New York Fed Empire State survey could add to the early washout vibe. Furthermore equities were probably a little undermined from the start of World Economic Forum (Davos) as the Chinese President suggested that short term stimulus efforts have been ineffective and that globalization is not the source of many of the world's problems. Earning announcements will include UnitedHealth Group and Morgan Stanley before the Wall Street open while CSX Corp, United Continental Holdings and Interactive Brokers Group after the close.



S&P 500: With the earnings cycle gathering momentum this week and fresh technical damage on the charts to start the trading week the bear camp might expect to see increased downside volatility. Fortunately for the bull camp the Commitments of Traders Futures and Options report as of January 10th for E-Mini S&P 500 showed the Non-Commercial and Non-reportable combined traders already held a net short position of 22,678 contracts as of last Tuesday and that might bring the market to an oversold condition quickly. However, the near term direction of the market is down and there might be little in the way of support on the charts seen until the 2250 level. Even lower critical support in the March contract is seen down at 2248.50.

Other US Indexes: The Mini Dow has started the week out in a washout mode with little in the way of solid support seen until the 19,692 level. In fact, with the Commitments of Traders Futures and Options report as of January 10th for Dow Jones Index \$5 showing the Non-Commercial and Non-reportable combined traders held a net long position of 63,331 contracts that could facilitate a moderate measure of technical stop loss selling. The Mini-Nasdaq has clearly held together better than the rest of the market to start today but that probably won't prevent the Index from a near term slide down to the next critical pivot point of 2255. The Commitments of Traders Futures and Options report as of January 10th for Nasdaq Mini showed the Non-Commercial and Non-reportable combined traders held a net long position of 81,892 contracts.

TODAY'S MARKET IDEAS:

The path of least resistance is pointing downward and there would seem to be some measure of anxiety flowing from the anticipation of talk of a hard exit by Britain and from concerns of political volatility off the incoming Administration. One might also acknowledge the potential for risk-on sentiment in the event that US data later this morning comes in soft.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/3/2017 - 1/10/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-16,688	-6,099	2,297	+7,569	14,390	-1,470
E-Mini S&P	30,869	-61,144	22,679	+35,680	-53,547	+25,465

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 (MAR) 01/17/2017: 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 has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 2280.93. The next area of resistance is around 2277.62 and 2280.93, while 1st support hits today at 2266.88 and below there at 2259.44.

MINI-DOW (MAR) 01/17/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 19724. The next area of resistance is around 19888 and 19936, while 1st support hits today at 19782 and below there at 19724.

E-MINI NASDAQ (MAR) 01/17/2017: A new contract high was made on the rally. 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 slightly positive tilt with the close over the swing pivot. The near-term upside target is at 5083.37. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5075.50 and 5083.37, while 1st support hits today at 5047.50 and below there at 5027.38.

MINI-RUSSELL 2000 (MAR) 01/17/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. The daily stochastics gave a bullish indicator with a crossover up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 1391.3. The next area of resistance is around 1384.0 and 1391.3, while 1st support hits today at 1363.8 and below there at 1350.8.

DAILY TECHNICAL STATISTICS

CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW	14 DAY SLOW	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
-------	-----------	------------	-------------	-------------	-------------	-------------	--------------	--------------	--------------

STOCH D STOCH K

FINANCIAL COMPLEX										
USAAH7	152-000	57.72	54.09	80.27	76.47	152.48	152.02	150.63	151.00	153.75
TYAAH7	124-205	57.48	52.85	75.41	75.21	124.78	124.59	124.04	124.51	125.73
SPA7	2279.00	62.79	63.18	77.71	81.95	2267.55	2265.32	2260.06	2225.99	2198.43
EPH7	2272.25	62.56	62.78	77.42	81.85	2268.00	2265.44	2259.82	2225.92	2198.51
TFEH7	1373.9	55.04	56.14	44.65	50.29	1368.93	1368.37	1368.21	1346.11	1306.72
ENQH7	5061.50	72.85	67.82	87.42	94.53	5045.19	5000.92	4966.21	4884.72	4862.80
YMH7	19835	56.34	61.59	66.04	65.33	19832.25	19835.11	19832.44	19423.76	19066.50

Calculations based on previous session. Data collected 01/13/2017

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						
USAAH7	Bonds	149-300	150-270	152-070	153-040	154-160
TYAAH7	10 Yr Treasury Notes	123-245	124-050	124-235	125-040	125-225
SPA7	S&P 500	2265.00	2274.60	2273.80	2283.40	2282.60
EPH7	S&P E-Mini	2259.43	2266.87	2270.18	2277.62	2280.93
TFEH7	Mini-Russell 2000	1350.7	1363.7	1371.0	1384.0	1391.3
ENQH7	E-Mini NASDAQ	5027.37	5047.50	5055.37	5075.50	5083.37
YMH7	Mini-Dow	19724	19782	19830	19888	19936

Calculations based on previous session. Data collected 01/13/2017

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

CURRENCIES COMMENTARY

01/17/17

The Dollar is probably starting fresh a swing down

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -640, YEN +1115, SWISS +86, CA DOLLAR +440**

Upcoming International Reports (all times CT)

- 01/17 UK Consumer Price Index 3:30 AM
- 01/17 UK Producer Price Index 3:30 AM
- 01/17 German ZEW Indicator of Econ 4:00 AM
- 01/18 German Consumer Price Index 1:00 AM
- 01/18 UK Employment Situation - C1 3:30 AM
- 01/18 CPI 7:30 AM
- 01/18 Real Earnings 7:30 AM
- 01/18 Capacity Utilization 8:15 AM
- 01/18 Industrial Production 8:15 AM
- 01/18 Canadian Monetary Policy 9:00 AM
- 01/18 API Energy Stocks 3:30 PM



DOLLAR: The Dollar has forged a fresh downside breakout on its charts and that pressure is probably the result of several different developments. In addition to very strong German ZEW results the Dollar is probably seeing added selling pressure off a two year high in UK inflation results. In fact for the Dollar to be showing weakness in the wake of hard exit fears it is clear that the safe haven angle is being thrown in the waste can. Perhaps the fears of the incoming administration and fears of a return to US political gridlock are adding into the Dollar vulnerability. Near term downside targeting in the Dollar is seen down at the 1.00 level. The Commitments of Traders Futures and Options report as of January 10th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 59,882 contracts. This represents a decrease of 534 contracts in the net long position held by these traders.

EURO: The Euro has extended its breakout from last week and it has now reached up to the highest level since

December 8th in a move that is partially the result of positive Euro zone data and partially the result of fears toward the US political environment. As mentioned already the Euro is seeing fresh buying interest off a very sharp increase in German ZEW readings and that has apparently offset the threat of hard exit talk from the UK Prime Minister. The Commitments of Traders Futures and Options report as of January 10th for Euro showed the Non-Commercial and Non-reportable combined traders held a net short position of 67,712 contracts. There might be little in the way of resistance seen until the 1.08 level.

YEN: Not surprisingly the Yen has ranged up sharply overnight in the wake of noted and developing weakness in the Dollar. It is also possible that the Yen is benefiting from increased safe haven sentiment in the wake of the latest UK BREXIT flap and from fear of what the Trump Administration will bring in the wake of the transition of power in the US. There might be little in the way of resistance in the March yen until the 90.00 level.

SWISS: Like the Yen the Swiss is benefiting from an increase in geopolitical anxiety from the US and UK. We also have to think that the Swiss is benefiting from the prospect of a bullish shift in longer term technical conditions on its charts. There might be little in the way of resistance seen in the March Swiss until the 1.01 level.

POUND: The Pound is lucky to have rejected the sharp initial washout in the wake of the latest BREXIT headline frenzy but the hottest UK inflation readings in two years might have saved the day for the bull camp. In fact, the trade might see the prospect of a hard exit as the shortest path to less uncertainty in the UK even if that process results in significant near term volatility. At least in the short term we can't throw off the bearish track in the Pound.

CANADIAN DOLLAR: The March Canadian has forged an extensive range overnight with the general edge favoring the bull camp. Near term upside targeting might be seen up at 77.00 but slack US scheduled data, Washington political fears and strong economic results from Germany would seem to undermine the Dollar and provide a windfall for the Canadian Dollar. Up-trend channel support is seen down at 75.86 but that support level rises to 76.04 on Wednesday.

TODAY'S MARKET IDEAS:

The Dollar is under a washout mode to start and US data later this morning may accentuate that action. Primary benefactors of current conditions are probably the Swiss and Yen as opposed to the Pound and Euro.

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 (MAR) 01/17/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside objective is 100.38. The next area of resistance is around 101.62 and 102.08, while 1st support hits today at 100.78 and below there at 100.38.

EURO (MAR) 01/17/2017: 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 close over the pivot swing is a somewhat positive setup. The next upside objective is 107.4412. The next area of resistance is around 107.0624 and 107.4412, while 1st support hits today at 106.2575 and below there at 105.8313.

JAPANESE YEN (MAR) 01/17/2017: 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 close above the 9-day moving average is a positive short-term indicator for trend. 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 next upside target is 88.37. The next area of resistance is around 88.00 and 88.37, while 1st support hits today at 87.03 and below there at 86.42.

SWISS (MAR) 01/17/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 near-term upside target is at 100.22. The next area of resistance is around 99.75 and 100.22, while 1st support hits today at 98.95 and below there at 98.62.

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										
DXAH7	101.20	37.09	43.74	33.87	23.89	101.58	101.99	102.48	101.55	100.68
JYAH7	87.51	63.62	54.02	64.81	75.46	87.07	86.40	85.99	88.08	90.20
EU6H7	106.6600	61.04	55.00	64.38	74.93	106.24	105.84	105.35	106.39	107.42
BPAH7	121.98	39.18	39.96	26.81	31.47	121.95	122.51	122.92	124.54	124.20
CAAH7	76.23	76.26	67.43	73.78	81.04	76.02	75.62	74.95	74.91	74.93
SFAH7	99.35	61.06	55.44	53.11	61.34	99.05	98.76	98.37	99.17	99.96
DAAH7	74.92	77.29	66.68	72.38	87.37	0.74	0.74	0.73	0.74	0.74

Calculations based on previous session. Data collected 01/13/2017

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						
DXAH7	US Dollar	100.37	100.77	101.22	101.62	102.08
JYAH7	Japanese Yen	86.41	87.02	87.39	88.00	88.37
EU6H7	Euro	105.8312	106.2574	106.6362	107.0624	107.4412
BPAH7	British Pound	120.81	121.41	121.94	122.54	123.07
CAAH7	Canadian Dollar	75.83	76.05	76.20	76.41	76.56
SFAH7	Swiss	98.61	98.94	99.42	99.75	100.22
DAAH7	Australian Dollar	74.20	74.62	74.80	75.22	75.40

Calculations based on previous session. Data collected 01/13/2017

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.