



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY
Monday January 30, 2017

BONDS COMMENTARY

01/30/17

Recent data flows favor the bulls to start the new week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -60



Global equity markets were weaker overnight, December Japanese retail trade activity declined by 1.7% and December German CPI posted a decline of 0.8% (negative inflation) and that news could have lent a bullish early tilt for bonds and notes. However, January Euro zone consumer confidence readings were the highest in 5 1/2 years and that clearly tempers the potential lift from the overnight data flow. The March bond and note contracts overnight tested their 50 day moving averages but were unable to sustain a move back above those levels. The 50 day moving average in bonds is seen up at 150-21 while the same average in March Notes is seen at 124-08. An issue that might jump up and support Treasuries later today is news that Greek Bond yields blipped up sharply overnight off fresh fears of IMF participation in their bailout. We suspect that the focus of the market today will shift toward an active slate of US scheduled data which in general look to come in with positive readings. It is also possible that the focus of the trade will begin to shift toward this Friday's monthly non-farm payroll reading that is expected to have posted a gain of 160,000 to 170,000. The North American session will start out with December personal income which is forecast to see notable improvement from November's unchanged reading. December pending home sales reading is expected to see strong improvement from their November readings and climb into positive territory. The January Dallas Fed manufacturing business index is forecast to see a modest downtick from December's 15.5 reading. The Commitments of Traders Futures and Options report as of January 24th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 61,522 contracts which represents a decrease of 8,714 contracts in the net short position held by these traders. The Commitments of Traders Futures and Options report as of January 24th for US Treasury 10 Year Notes showed a Non-Commercial and Non-reportable combined traders held a net short position of 476,075 contracts. Therefore both Notes and Bonds could easily benefit from noted short covering buying in the event of softer than expected US data or from a sudden increase in safe haven demand.

TODAY'S MARKET IDEAS:

We think the path of least resistance is pointing upward after a recent pattern of soft US scheduled data points last week. While today's US data will post some positive results there could also be some mixed readings and therefore we are only minimally positive. In fact we doubt that the trade can come away from scheduled data today with a definitive growth view. In short if there are even a couple of contractionary results that could quickly extend the bounce that was put in place at the end of last week. As mentioned already a move back above 150-21 in Bonds and or above 124-08 in Notes could provide the Treasury markets with a fresh technical lift.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/17/2017 - 1/24/2017

Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly	Net Position	Weekly	Net Position	Weekly

	Net Change		Net Change		Net Change	
Financials						
Bonds	-23,783	-2,157	61,522	-8,714	-37,739	+10,871
T-Notes	-283,099	+63,085	476,076	-94,190	-192,976	+31,106

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) 01/30/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 149-090. The next area of resistance is around 150-260 and 151-020, while 1st support hits today at 149-300 and below there at 149-090.

10 YR TREASURY NOTES (MAR) 01/30/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 123-220. The next area of resistance is around 124-105 and 124-145, while 1st support hits today at 123-305 and below there at 123-220.

STOCKS COMMENTARY

01/30/17

Uncertainty rising & US data is showing a pattern of weakness

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 -630

Global equity markets were weaker overnight with some markets closed for holiday in Asia. While the US economic report slate is expected to be generally positive this morning it is possible that information might be discounted today in the wake of the political firestorm off increased vetting of foreign travelers from 7 specific countries. However, those same 7 countries were cited as a threat in the prior administration. In addition to early chart damage in the markets we also think that a recent pattern of softening US data leaves the market vulnerable to an extension of the early declines.



S&P 500: A gap down washout to start suggests that the political feeding frenzy from the travel restrictions has increased uncertainty enough that investors & longs in futures are moving to the sidelines. Fortunately for the bull camp the net spec and fund long in the E-Mini S&P was relatively small at 57,725 contracts last week and those traders in the last week went from a net short to a net long position. Therefore the market isn't overly vulnerable but the path of least resistance looks to have shifted down to start this week. Near term downside targeting is seen down at 2274.75 and up-trend channel support is seen today down at 2260.25.

Other US Indexes: The Mini Dow has also started out with damaged charts and that might leave little in the way of support until the 19,882 level with a recent up-trend channel support line seen down at 19,813. The Commitments of Traders Futures and Options report as of January 24th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 65,983 contracts. The NASDAQ Mini has close-in critical support at 5139.25 early on and given the sharp rally at the end of last week that could leave it more vulnerable than the rest of the market. In fact the Commitments of Traders Futures and Options report as of January 24th for Nasdaq Mini showed the Non-Commercial and Non-reportable combined traders held a net long position of 86,121 contracts and that reading is probably overstated due to the rally last week that took place after the COT report was compiled.

TODAY'S MARKET IDEAS:

A developing pattern of soft data, rising political angst and general uncertainty has shifted the edge to the bear camp. If US data is patently soft today that could serve to accelerate the downward track especially in the Nasdaq which is probably the most overbought from a short term technical perspective.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/17/2017 - 1/24/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Financials						
S&P 500	-18,858	-1,460	11,873	+5,212	6,984	-3,752
E-Mini S&P	78,030	+32,550	-57,725	-74,538	-20,305	+41,987

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) 01/30/2017: 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 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 2300.06. The next area of resistance is around 2293.62 and 2300.06, while 1st support hits today at 2283.88 and below there at 2280.57.

MINI-DOW (MAR) 01/30/2017: The market made a new contract high on the rally. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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 daily closing price reversal down is a negative indicator for prices. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 20093. The next area of resistance is around 20046 and 20093, while 1st support hits today at 19978 and below there at 19958.

E-MINI NASDAQ (MAR) 01/30/2017: 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 daily closing price reversal up on the daily chart is somewhat positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 5186.18. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5176.62 and 5186.18, while 1st support hits today at 5148.38 and below there at 5129.69.

MINI-RUSSELL 2000 (MAR) 01/30/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 target is at 1383.8. The next area of resistance is around 1374.7 and 1383.8, while 1st support hits today at 1360.3 and below there at 1355.0.

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										
USAAH7	150-120	45.02	45.95	37.04	27.33	150.05	151.05	151.55	150.55	152.05
TYAAH7	124-045	46.52	46.79	40.22	31.01	124.04	124.37	124.49	124.20	124.97
SPA7	2289.10	65.83	64.58	81.93	84.53	2287.93	2274.50	2269.91	2247.26	2220.53
EPH7	2288.75	65.50	64.28	80.80	82.96	2288.13	2274.33	2269.81	2247.19	2220.44
TFEH7	1367.5	51.97	52.73	51.90	60.97	1373.10	1360.73	1364.79	1359.66	1334.89
ENQH7	5162.50	82.53	75.65	93.95	94.59	5139.56	5092.58	5046.69	4946.77	4900.45
YMH7	20012	65.50	64.68	68.89	82.50	19979.50	19834.67	19833.89	19642.67	19336.15

Calculations based on previous session. Data collected 01/27/2017

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	149-080	149-290	150-050	150-260	151-020
TYAAH7	10 Yr Treasury Notes	123-215	123-300	124-020	124-105	124-145
SPA7	S&P 500	2281.77	2284.75	2290.47	2293.45	2299.17
EPH7	S&P E-Mini	2280.56	2283.87	2290.31	2293.62	2300.06
TFEH7	Mini-Russell 2000	1355.0	1360.3	1369.4	1374.7	1383.8
ENQH7	E-Mini NASDAQ	5129.68	5148.37	5157.93	5176.62	5186.18
YMH7	Mini-Dow	19957	19978	20025	20046	20093

Calculations based on previous session. Data collected 01/27/2017

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CURRENCIES COMMENTARY

01/30/17

The Dollar has an edge but that edge is questionable

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR +210, YEN +295, SWISS -28, CA DOLLAR -135

Upcoming International Reports (all times CT)

01/30 Japan BOJ Rate
01/30 Swiss KOF Leading Indicator 2:00 AM
01/30 German Employment Situation 2:55 AM
01/30 Personal Income 7:30 AM
01/30 Japan Household Spending 5:30 PM
01/30 Japan Unemployment Rate 5:30 PM
01/30 Japan Industrial Production 5:50 PM
01/30 Japan Construction Orders 11:00 PM
01/30 Japan Housing Starts 11:00 PM
01/31 FOMC Meeting
01/31 Japan BOJ Report 12:00 AM
01/31 France Consumer Spending 1:45 AM
01/31 France Household Consumption 1:45 AM
01/31 France Producer Price Index 1:45 AM
01/31 Euro-zone Unemployment Rate 4:00 AM
01/31 Canadian GDP (By Industry) 7:30 AM
01/31 Canadian Industrial Product 7:30 AM
01/31 Employment Cost Index 7:30 AM
01/31 Chicago PMI 9:00 AM
01/31 Consumer Confidence 9:00 AM
01/31 API Energy Stocks 3:30 PM
01/31 Japan BOJ Meeting 9:50 PM



DOLLAR: While some in the market thought the US travel ban would undermine the dollar it starts the session this morning at the highest levels since January 20th. The dollar might've seen some buying interest off technical short covering given the dollar's oversold condition into the lows last Thursday. We would've expected the dollar to have come under some pressure in the wake of euro zone economic confidence that reached the highest level in five and a half years. While the dollar chart looks bullish this morning to really signal change in trend might require a climb above 1.001 which is a downtrend channel resistance line from the beginning of this month. The Commitments of Traders Futures and Options report as of January 24th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 56,490 contracts. In the end we can't argue against the bullish tilt but we are surprised that the dollar has managed the rally of the last three trading sessions.

EURO: While the euro showed signs of strength at times overnight it has reversed that course and managed a fresh six day low. Seeing the euro under pressure in the wake of a 5 1/2 year high in euro zone economic confidence suggest that it is faltering in the wake of safe haven flows into the dollar. There might be little in the way of support in the March euro until the 50 day moving average down at 1.063. The Commitments of Traders Futures and Options report as of January 24th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 55,198 contracts. This represents a decrease of 16,077 contracts in the net short position held by these traders.

YEN: While the March Yen did manage a temporary rise above its 50 day moving average of 87.47 a decline in December Japanese retail trade and a pattern of weakness over the past five sessions leans bearish. However one might be cautious in the wake of increased geopolitical anxiety from the US travel ban as that could funnel some money back toward the Yen.

SWISS: While the Swiss also managed to make a four day high overnight it was unable to hold that rally and was trading moderately weaker into the US trade session. With a slight decline in the Swiss KOF survey and a critical support point just under the market at 99.92 it would not take much to see the charts turn patently negative.

POUND: Like other non-dollar currencies the pound is showing some early weakness and is bordering on a chart failure at the 1.2527 level. We think the pound's correlation with global equity markets will continue and that means pound is vulnerable in today's action. In fact we can't argue against a return to the 50 day moving average in the pound at 1.2452 in the event that US stocks come under more significant pressure today.

CANADIAN DOLLAR: With a slide to a four day low initially and the inability to hold above 76.00 the March Canadian dollar looks to continue the corrective pattern from the middle of last week. Like the pound the Canadian dollar would seem to need positive global risk on mentality to avoid a return to the middle of the last three months trading range.

TODAY'S MARKET IDEAS:

While the US dollar might be showing early strength it is a little surprising to see the greenback in favor following the globally unpopular implementation of incoming visitors to the United States. In looking at recent US economic data we also think the macroeconomic differential between the dollar and other currencies favors the bear camp in the greenback. Therefore fairly active US schedule report slate today and the looming nonfarm payroll report on Friday would seem to be factors set to limit the dollar despite its apparent safe haven windfall.

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) 01/30/2017: The daily stochastics have crossed over up which is a bullish indication. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. 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 101.07. The next area of resistance is around 100.83 and 101.07, while 1st support hits today at 100.34 and below there at 100.08.

EURO (MAR) 01/30/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 106.4450. The next area of resistance is around 107.4600 and 107.7850, while 1st support hits today at 106.7900 and below there at 106.4450.

JAPANESE YEN (MAR) 01/30/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 86.33. The next area of resistance is around 87.37 and 87.83, while 1st support hits today at 86.63 and below there at 86.33.

SWISS (MAR) 01/30/2017: Momentum studies are trending higher but have entered overbought levels. 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 next upside target is 100.87. The next area of resistance is around 100.61 and 100.87, while 1st support hits today at 100.01 and below there at 99.66.

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	100.58	42.51	43.62	15.30	17.19	100.31	100.50	101.13	101.59	101.06
JYAH7	87.00	45.77	46.87	72.02	64.20	87.67	87.93	87.16	87.16	88.93
EU6H7	107.1250	54.89	54.05	84.45	80.79	107.34	107.25	106.55	106.25	107.03
BPAH7	125.57	61.34	57.87	83.55	86.85	125.83	124.78	123.65	124.48	124.54
CAAH7	76.07	56.27	56.38	66.19	67.78	76.27	75.90	75.76	75.24	75.05
SFAH7	100.31	64.42	60.20	83.61	85.99	100.24	100.11	99.43	99.03	99.74
DAAH7	75.39	67.53	64.32	88.98	86.04	0.76	0.76	0.75	0.74	0.74

Calculations based on previous session. Data collected 01/27/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH7	US Dollar	100.07	100.33	100.57	100.83	101.07
JYAH7	Japanese Yen	86.32	86.62	87.08	87.37	87.83
EU6H7	Euro	106.4450	106.7900	107.1150	107.4600	107.7850
BPAH7	British Pound	124.74	125.12	125.64	126.02	126.54
CAAH7	Canadian Dollar	75.79	75.88	76.16	76.26	76.54
SFAH7	Swiss	99.65	100.00	100.26	100.61	100.87
DAAH7	Australian Dollar	74.75	75.08	75.37	75.70	75.99

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