



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY
Monday February 06, 2017

BONDS COMMENTARY
02/06/17

The path of least resistance is pointing up off short covering

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
BONDS +280



Global equity markets were mixed overnight while December German Manufacturing orders figures gained sharply over the prior month and the February Sentix index of Euro zone investor sentiment ticked down and therefore the overnight news flow was mostly countervailing for Treasuries. However US Treasuries are showing some initial strength today perhaps because of concerns toward rising legal turmoil in the US regarding executive orders. We also think that Treasuries are set to see some initial short covering from shorts that failed to get noted satisfaction from a much larger than expected payroll reading. However, one has to think that the Non-farm payroll results from last week will provide some measure of overhead resistance for Bonds and Notes as the headline reading on Friday was very much above expectations. As is usually the case the North American session today will be relatively quiet following the monthly payroll release but it will feature the Fed's labor market conditions index. However, Philadelphia Fed President Harker will speak during afternoon US trading hours and that speech could provide some badly needed clarity on the Fed's current policy stance. In retrospect the bull camp appears to have been bailed out because of the countervailing rise in the US unemployment rate for the month. The Commitments of Traders Futures and Options report as of January 31st for U.S. Treasury Bonds showed the Non-Commercial and Non-reportable combined traders held a net short position of 79,022 contracts. The Commitments of Traders Futures and Options report as of January 31st for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders still held a very significant net short position of 526,235 contracts.

TODAY'S MARKET IDEAS:

While prices might be showing some initial strength to start today the non-farm payroll report should eventually provide significant overhead resistance especially with the report also posting an upward revision in prior the month's payroll readings. It should be noted that the March Bonds continue to waffle around both sides of the 50 day moving average at 150-15. Close-in support is seen down at 149-31 and there might be little in the way of resistance seen until the 151-09 level in the March Bond contract. Unlike Bonds, the Note market is holding definitively above its 50 day moving average which comes in down at 124-05 today. Initial resistance is seen up at 124-26 in March Notes.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-33,193	-9,410	79,023	+17,501	-45,829	-8,090
T-Notes	-349,557	-66,458	526,236	+50,160	-176,678	+16,298

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) 02/06/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break 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 149-020. The next area of resistance is around 151-030 and 151-290, while 1st support hits today at 149-220 and below there at 149-020.

10 YR TREASURY NOTES (MAR) 02/06/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 125-055. The next area of resistance is around 124-250 and 125-055, while 1st support hits today at 124-020 and below there at 123-230.

STOCKS COMMENTARY

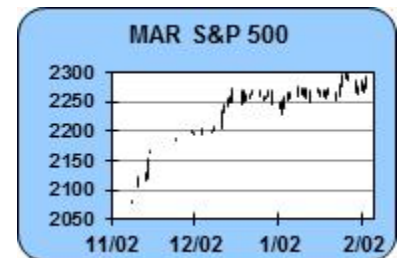
02/06/17

The bias is up as long as Washington stays out of the way

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -110

Global equity markets were mixed overnight with Europe and US markets showing some minimally positive action after the bumpy start in Asia. The US markets come into the new trading week following some very impressive range up action in the prior trading week. One might suggest that the markets have managed to traverse the key payroll report with positive sentiment toward the economy and a lack of distinct rate hike dialogue. Therefore the path of least resistance is up but tempered slightly by the prospect of further legal wrangling on the US visa situation. Earnings announcements will include Newell Brands, Tyson Foods and Sysco before the Wall Street open while 21st Century Fox reports after the close.



S&P 500: The bull camp looks to maintain a technical edge following last week's impressive recovery move but also because US payrolls telegraphed ongoing growth in the US economy. With the E-Mini S&P sitting just under Friday's sharp range up extension highs it is difficult to take control away from the bull camp to start this week. In fact the Commitments of Traders Futures and Options report as of January 31st for the E-Mini S&P 500 showed the Non-Commercial and Non-reportable combined traders held a net long position of only 17,648 contracts. It should be noted that the net long in the E-Mini S&P represented a decrease of 40,077 contracts in the net long position held by these traders relative to the prior week. Therefore the market should not be limited by its technical condition.

Other US Indexes: The Mini Dow also enters the trading session within close-proximity to its recent highs and seemingly poised to claw back toward the old high. As suggested already the bulls should come away from last week's payrolls with an edge especially since hawkish Fed dialogue has so far been restricted. The Commitments of Traders Futures and Options report as of January 31st for the Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 55,545 contracts. The Mini NASDAQ also sits just under its recent highs to start the new trading week but it is possible that technology shares might see some minor drag from news that a number of tech sector CEO's sent a letter to the President to alter his executive order on Visa's. The Commitments of Traders Futures and Options report as of January 31st for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 102,478 contracts.

TODAY'S MARKET IDEAS:

Seeing US stocks come through Payrolls with a positive tilt is somewhat impressive but seeing stocks also remain generally positive in the face of rising political battles in Washington suggests that the markets aren't overly sensitive to bearish story lines. Pushed into the market we favor the bull camp but the bull edge could dissipate in the event that the Trump Justice Department comes out swinging on the travel ban this morning

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a March E-Mini S&P 2250 put and long a March E-Mini S&P 2275 call for a net cost of 52.00. Bank a profit on the opening as political headwinds looks to countervail optimism from the payroll report.

Commitment of Traders - Futures and Options - 1/24/2017 - 1/31/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-16,234	+2,624	5,279	-6,594	10,954	+3,970
E-Mini S&P	78,993	+963	-17,649	+40,076	-61,345	-41,040

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) 02/06/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is now at 2263.13. The next area of resistance is around 2302.75 and 2310.12, while 1st support hits today at 2279.25 and below there at 2263.13.

MINI-DOW (MAR) 02/06/2017: The crossover up in the daily stochastics is a bullish signal. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 20164. The next area of resistance is around 20097 and 20164, while 1st support hits today at 19873 and below there at 19716.

E-MINI NASDAQ (MAR) 02/06/2017: 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is now at 5105.63. The next area of resistance is around 5176.50 and 5190.62, while 1st support hits today at 5134.00 and below there at 5105.63.

MINI-RUSSELL 2000 (MAR) 02/06/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The outside day up is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 1398.7. The next area of resistance is around 1391.6 and 1398.7, while 1st support hits today at 1363.9 and below there at 1343.2.

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	45.56	46.31	31.27	30.50	150.55	150.30	151.23	150.39	151.13
TYAAH7	124-135	52.71	50.81	40.37	42.81	124.40	124.22	124.47	124.14	124.55
SPAH7	2294.00	65.06	63.30	66.37	66.51	2278.85	2282.57	2274.01	2256.14	2236.03
EPH7	2291.00	64.51	62.95	65.95	65.56	2279.38	2283.03	2274.13	2256.14	2235.99
TFEH7	1377.8	58.15	56.07	48.48	54.13	1363.13	1366.01	1362.53	1362.89	1349.90
ENQH7	5155.25	67.89	67.42	86.63	85.32	5141.38	5139.17	5094.85	4977.14	4935.67
YMH7	19985	61.36	60.76	61.83	62.80	19860.25	19917.00	19842.11	19737.02	19502.08

Calculations based on previous session. Data collected 02/03/2017

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	149-010	149-210	150-150	151-030	151-290
TYAAH7	10 Yr Treasury Notes	123-225	124-015	124-140	124-250	125-055
SPAH7	S&P 500	2268.60	2283.90	2288.80	2304.10	2309.00
EPH7	S&P E-Mini	2263.12	2279.25	2286.62	2302.75	2310.12
TFEH7	Mini-Russell 2000	1343.1	1363.8	1370.9	1391.6	1398.7
ENQH7	E-Mini NASDAQ	5105.62	5134.00	5148.12	5176.50	5190.62
YMH7	Mini-Dow	19716	19873	19940	20097	20164

Calculations based on previous session. Data collected 02/03/2017

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CURRENCIES COMMENTARY

02/06/17

The Dollar holds a slight edge to start the week

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +118, YEN +375, SWISS -9, CA DOLLAR -10**

Upcoming International Reports (all times CT)

02/06 German Manufacturing Orders 6:00 AM
 02/06 German Manufacturing Turnove 6:00 AM
 02/06 Japan Leading Indicators 11:00 PM
 02/07 Japan Index of Business Cond
 02/07 Swiss Consumer Confidence 12:45 AM
 02/07 German Industrial Production 1:00 AM
 02/07 France Trade Balance 1:45 AM
 02/07 UK Halifax Housing Price Ind 2:30 AM
 02/07 Canadian Building Permits 7:30 AM
 02/07 Canadian International Merch 7:30 AM
 02/07 US Trade Balance 7:30 AM
 02/07 Canadian PMI 9:00 AM
 02/07 Consumer Credit 2:00 PM
 02/07 API Energy Stocks 3:30 PM



DOLLAR: The Dollar remains off its recent highs to start today which is surprising considering the headline results from the monthly payroll report on Friday. So far the black eye off US political wrangling in Washington hasn't definitively undermined the Dollar. Down-trend channel resistance today is seen up at 1.002 and initial support is seen close-in at 99.52. The Commitments of Traders Futures and Options report as of January 31st for US Dollar showed the Non-Commercial and Non-reportable combined traders held a net long position of 55,257 contracts.

EURO: Up-trend channel support in the Euro is seen down at 1.0702 to start today but the market appears to be favoring the downside despite seeing a smart rise in German December manufacturing results. Perhaps the Euro was partially undermined as a result of a decline in Eurozone investor sentiment results. The Commitments of Traders Futures and Options report as of January 31st for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 48,809 contracts. This represents a decrease of 6,389 contracts in the net short position held by these traders.

YEN: The Yen generally remains in an upward track on its charts and it might be drafting some support from news that Japanese average monthly wages last year managed their first rise since 2011. Up-trend channel support in the March Yen is seen down at 88.30 and there might be little in the way of resistance until the 89.33 level.

SWISS: The Swiss is showing some back and fill action on its charts early today perhaps because of the currency's short term overbought condition into last week's highs. We can't rule out a slight setback to up-trend channel support down at 1.0036 today.

POUND: Weak charts and a failure to benefit from a rise in UK car sales overnight suggests that the path of least resistance in the Pound remains down. In fact, a fresh lower low for the move to start today leaves the technical track in favor of the bear camp. Initial support is seen down at 1.2421 and to turn the tide away from the bear tilt might require an early bounce back above 1.2526.

CANADIAN DOLLAR: With an extending pattern of lower highs on the charts and modest initial strength in the Dollar, the bear camp looks to start the new week with an edge in the Canadian Dollar. Close-in support is seen just under the market at 76.65 but a lack of significant data today from both sides of the border could allow for narrow ranges.

TODAY'S MARKET IDEAS:

Thin scheduled data flow today leaves the Dollar with residual support from the Friday US payroll report.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (MAR) 02/06/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down is a negative indicator for prices. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 100.68. The next area of resistance is around 100.14 and 100.68, while 1st support hits today at 99.30 and below there at 98.99.

EURO (MAR) 02/06/2017: 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 positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 106.9488. The next area of resistance is around 108.3975 and 108.6987, while 1st support hits today at 107.5225 and below there at 106.9488.

JAPANESE YEN (MAR) 02/06/2017: Momentum studies are trending higher but have entered overbought levels. 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 89.70. The next area of resistance is around 89.36 and 89.70, while 1st support hits today at 88.44 and below there at 87.86.

SWISS (MAR) 02/06/2017: 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. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 99.91. The next area of resistance is around 101.38 and 101.70, while 1st support hits today at 100.49 and below there at 99.91.

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	99.72	38.04	39.96	16.49	19.20	99.68	100.04	100.51	101.42	101.24
JYAH7	88.90	61.55	57.98	74.50	77.81	88.78	88.22	87.94	87.06	88.23
EU6H7	107.9600	61.66	58.81	81.70	80.24	107.93	107.58	107.18	106.38	106.71
BPAH7	124.89	50.01	51.34	82.64	78.52	125.74	125.70	124.38	124.57	124.66
CAAH7	76.77	65.46	62.80	77.62	81.75	76.77	76.50	76.15	75.49	75.21
SFAH7	100.94	62.48	60.73	83.21	78.72	101.03	100.64	100.11	99.21	99.53
DAAH7	76.76	85.23	76.86	87.80	89.14	0.76	0.76	0.75	0.74	0.74

Calculations based on previous session. Data collected 02/03/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH7	US Dollar	98.98	99.29	99.83	100.14	100.68
JYAH7	Japanese Yen	87.85	88.43	88.78	89.36	89.70
EU6H7	Euro	106.9487	107.5225	107.8237	108.3975	108.6987
BPAH7	British Pound	124.10	124.46	124.96	125.32	125.82
CAAH7	Canadian Dollar	76.21	76.50	76.75	77.04	77.28
SFAH7	Swiss	99.90	100.48	100.80	101.38	101.70
DAAH7	Australian Dollar	75.88	76.38	76.63	77.13	77.38

Calculations based on previous session. Data collected 02/03/2017

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