



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday February 21, 2017

BONDS COMMENTARY

02/21/17

The bear camp has the edge to start the week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -160

Not surprisingly Treasury prices were lower early this morning after being presented with mostly positive Euro zone economic data. The slide in Bonds and Notes this morning isn't out on context following hawkish Fed dialogue from Monday from the Fed's Mester who seemed to suggest that a rate hike could be seen even if the US economy simply maintained its current pace! Adding into the bearish tilt this morning is a wave of news that Euro zone business PMI registered the fastest growth in 5 years while Japanese and German PMI's reached up to their highest levels in 3 years! However, there might be some residual concern of political wrangling in Washington with the focus on appointments and hot point topics instead of a clear focus on pro-growth initiatives. The North American economic schedule will be fairly quiet, with the only data point of note being the "flash" Markit manufacturing PMI number that is expected to see a modest uptick from January's 55.0 reading. There will a busy day of Fed speakers, however, which will include Minneapolis Fed President Kashkari during morning hours while Philadelphia Fed President Harker and San Francisco Fed President Williams will speak during the afternoon. The Commitments of Traders Futures and Options report as of February 14th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 76,972 contracts. The Commitments of Traders Futures and Options report as of February 14th for US Treasury 10 Year Notes showed the Non-Commercial and Non-reportable combined traders held a lofty net short position of 569,493 contracts.



TODAY'S MARKET IDEAS:

While treasuries haven't paid that much attention to international economic activity lately favorable Japanese and euro zone PMI readings overnight certainly point to recovery abroad and that combined with a slight increase in rate hike mongering should leave the bear camp with an edge. If initial support at 150-18 fails early today the next downside targeting in March bonds would be 149-16. In order to alter a slightly bearish bias today probably requires a rally back above 151-15 early. Critical pivot point support in T-notes this morning is seen at 124-11 and then not until 124-06.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-18,488	+23,391	76,971	-8,348	-58,484	-15,044
T-Notes	-348,133	-56,436	569,493	+60,058	-221,360	-3,623

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) 02/21/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 149-310. The next area of resistance is around 152-040 and 152-240, while 1st support hits today at 150-240 and below there at 149-310.

10 YR TREASURY NOTES (MAR) 02/21/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 124-045. The next area of resistance is around 125-010 and 125-080, while 1st support hits today at 124-155 and below there at 124-045.

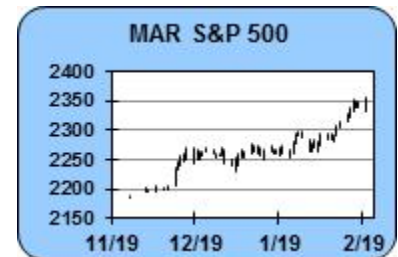
STOCKS COMMENTARY

02/21/17

The bulls control more new highs ahead

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 +620

Global equities were mixed overnight with the brunt of the markets trading higher. The markets were presented with mostly positive economic data this morning but hawkish Fed dialogue from Monday lingers in the marketplace! However, the markets should be cheered by news that Euro zone business PMI registered the fastest growth in 5 years while Japanese and German PMI's reached up to the highest level in 3 years! Despite potential Washington antics the path of least resistance today seems to be pointing upward. Earnings announcements will include Wal-Mart, Home Depot and Medtronic before the Wall Street opening while Newmont Mining and Whiting Petroleum report after the close.



S&P 500: With the E-mini S&P early today forging yet another pulse up move into new all-time high ground the bull camp appears to have regained control. The sideways/corrective dip late last week probably balanced overbought short-term technical measures and that could set the stage for even more new highs. With Home Depot reporting a 5.8% rise in quarterly sales and international economic data very upbeat there would seem to be several bullish themes in place. Uptrend channel support in the March E-mini S&P today is seen at 2335.00 with an upside count off last week's consolidation targeting a move to 2365.75. The Commitments of Traders Futures and Options report as of February 14th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net short position of 17,419 contracts. These traders have gone from a net long to a net short position.

Other US Indexes: The mini Dow has also forged a fresh new all-time high to start today and that might catch a number of bears from last week's slide on the wrong side of the market. As in the E-mini S&P last week's sideways/corrective pattern probably balanced overbought technicals and that could facilitate gains ahead. Targeting from the initial breakout of last week's consolidation is seen up at 20,764. The Commitments of Traders Futures and Options report as of February 14th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 54,728 contracts. As in other measures of the market the mini NASDAQ has also forged a fresh all-time high in the early going and given its impressive uniformity on the upside this month it is difficult to argue against the bull's case. Uptrend channel support today is seen at 5302.40 with an upside count of 5365.30. The Commitments of Traders Futures and Options report as of February 14th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 84,508 contracts.

TODAY'S MARKET IDEAS:

With favorable global economic news, initial positive traction in a number of key bellwether measures and favorable earnings from cyclical Home Depot early today the path of least resistance is clearly up. As mentioned already last week's sideways consolidation/corrective action probably balanced overbought technicals and could allow for even more gains in the coming trading sessions.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/7/2017 - 2/14/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-19,381	+7,221	16,800	-2,480	2,581	-4,740
E-Mini S&P	45,326	-8,323	17,418	+32,289	-62,745	-23,967

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) 02/21/2017: 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 daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 2357.31. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2353.62 and 2357.31, while 1st support hits today at 2341.38 and below there at 2332.82.

MINI-DOW (MAR) 02/21/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 20670. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 20637 and 20670, while 1st support hits today at 20539 and below there at 20473.

E-MINI NASDAQ (MAR) 02/21/2017: The market rallied to a new contract high. 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. A positive signal was given by the outside day up. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 5355.43. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5344.62 and 5355.43, while 1st support hits today at 5304.88 and below there at 5275.94.

MINI-RUSSELL 2000 (MAR) 02/21/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 lower than the pivot swing number. The next upside objective is 1409.0. The next area of resistance is around 1404.1 and 1409.0, while 1st support hits today at 1389.9 and below there at 1380.6.

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
FINANCIAL COMPLEX										
USAAH7	151-140	52.53	51.45	44.32	40.11	150.70	151.53	150.95	150.73	150.71
TYAAH7	124-240	54.63	53.07	47.14	44.27	124.35	124.69	124.49	124.23	124.30
SPAH7	2347.90	81.41	76.83	93.08	95.80	2345.23	2322.53	2303.21	2277.73	2261.79
EPH7	2347.50	80.67	76.10	92.22	95.08	2344.94	2322.25	2303.26	2277.64	2261.76
TFEH7	1397.0	62.49	59.77	82.16	86.83	1399.33	1385.36	1375.49	1369.18	1363.64
ENQH7	5324.75	84.45	80.24	96.50	97.54	5303.88	5253.53	5199.86	5069.97	5012.40
YMH7	20588	81.35	76.86	93.48	95.84	20573.00	20338.56	20134.83	19938.09	19771.33

Calculations based on previous session. Data collected 02/17/2017

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	150-230	151-110	152-040	152-240
TYAAH7	10 Yr Treasury Notes	124-040	124-150	124-220	125-010	125-080
SPAH7	S&P 500	2333.44	2341.89	2345.44	2353.89	2357.44
EPH7	S&P E-Mini	2332.81	2341.37	2345.06	2353.62	2357.31
TFEH7	Mini-Russell 2000	1380.6	1389.8	1394.8	1404.1	1409.0
ENQH7	E-Mini NASDAQ	5275.93	5304.87	5315.68	5344.62	5355.43
YMH7	Mini-Dow	20472	20538	20571	20637	20670

Calculations based on previous session. Data collected 02/17/2017

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CURRENCIES COMMENTARY

02/21/17

The Dollar is back in vogue

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +550, YEN -540, SWISS -67, CA DOLLAR -195

Upcoming International Reports (all times CT)

02/21 Swiss Trade Balance 1:00 AM
02/21 France Consumer Price Index 1:45 AM
02/21 France Manufacturing PMI Fla 2:00 AM
02/21 France Services PMI Flash 2:00 AM
02/22 Euro-zone Consumer Price Ind 4:00 AM
02/22 Canadian Retail Trade 7:30 AM
02/22 Existing Home Sales 9:00 AM
02/22 API Energy Stocks 3:30 PM



DOLLAR: With the Fed's Mester suggesting rates could be hiked with an extension of current US growth levels it is not surprising to see the dollar gap up and range up sharply. It is a little surprising to see the magnitude of the gains in the dollar in the face of very impressive international PMI results. With private US PMI readings later this morning expected to tick up and FOMC meeting minutes on Wednesday prompting rate hike talk the March dollar index might be poised to retest the February 15th high of 1.0175. Apparently evidence of recovery throughout the globe simply removes another safe haven reason for the Fed to hold rates down. The Commitments of Traders Futures and Options report as of February 14th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 52,916 contracts.

EURO: News that Euro zone business PMI registered the fastest growth in 5 years and news that German PMI's reached up to the highest level in 3 years could have provided the Euro with a huge lift today but instead the market is focused on the prospect of a hike in US rates next month. It is also possible that the Euro is being held back slightly by ongoing far-right polling gains in France and it is also possible that the Euro is being undermined

by Greece lending talks. With severe damage on the charts there might not be much in the way of support until the 1.0531 level in the March Euro. The Commitments of Traders Futures and Options report as of February 14th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 49,665 contracts.

YEN: Overt strength in the US dollar has more than offset news overnight that Japanese PMI's reached up to the highest level in 3 years! There might be little in the way of support in the March Yen until 87.54 and possibly not until 87.04 if US data is positive and global equities finish today's action on a high note.

SWISS: As in many other non-dollar currencies the Swiss franc is under significant attack to start the action today. Part of the significant losses in the Swiss are probably the result of last week's compacted overbought technical condition but another portion of the declines are definitively the result of renewed US rate hike speculation. Initial downside targeting in the March Swiss is seen at 98.80 and to turn the tide around probably requires a rally back above 99.81.

POUND: The bull camp in the pound has to be a little discouraged with the lack of strength in the currency this morning in the wake of a risk on psychology in many equity markets. The bull camp also has to be discouraged by the lack of initial support for the currency in the wake of Bank of England testimony. Downtrend channel resistance in the March pound today is seen at 1.2488 and initial support is seen at 1.2392.

CANADIAN DOLLAR: Not surprisingly the Canadian has seen a reversal of fortune from last week's high as strength in the dollar has become more overt and definitive. As in other coverage it is clear that renewed US rate hike prospects are driving many non-dollar currencies down. Initial support in the March Canadian is seen at 75.97 and then not until 75.85.

TODAY'S MARKET IDEAS:

All systems are "Go" for the dollar bulls as risk on psychology shifts its spotlight to North America and the latest wave of hawkish expectations. While US schedule data today is private data of the second or third tier variety the data is expected to be positive and that could add to the dollar's strength.

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) 02/21/2017: Momentum studies are trending higher from mid-range, which should support 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. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 101.30. The next area of resistance is around 101.13 and 101.30, while 1st support hits today at 100.61 and below there at 100.27.

EURO (MAR) 02/21/2017: The major trend has turned down with the cross over back below the 60-day moving average. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next upside target is 107.0850. The next area of resistance is around 106.5950 and 107.0850, while 1st support hits today at 105.8750 and below there at 105.6450.

JAPANESE YEN (MAR) 02/21/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator

for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 87.90. The next area of resistance is around 89.02 and 89.29, while 1st support hits today at 88.33 and below there at 87.90.

SWISS (MAR) 02/21/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 100.65. The next area of resistance is around 100.20 and 100.65, while 1st support hits today at 99.54 and below there at 99.32.

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	100.87	55.91	52.72	66.26	67.41	100.94	100.74	100.37	101.38	101.28
JYAH7	88.68	56.22	54.59	51.45	50.33	88.09	88.40	88.38	87.19	87.50
EU6H7	106.2350	42.44	45.17	29.35	29.87	106.26	106.48	107.04	106.26	106.43
BPAH7	124.26	42.92	46.61	42.34	33.76	124.62	124.92	125.29	124.19	124.64
CAAH7	76.38	52.25	54.28	57.41	53.81	76.46	76.33	76.44	75.66	75.54
SFAH7	99.87	46.70	48.83	34.53	35.76	99.79	99.96	100.36	99.36	99.36
DAAH7	76.67	62.02	63.93	78.94	76.94	0.77	0.77	0.76	0.75	0.75

Calculations based on previous session. Data collected 02/17/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH7	US Dollar	100.26	100.60	100.78	101.13	101.30
JYAH7	Japanese Yen	87.89	88.32	88.59	89.02	89.29
EU6H7	Euro	105.6449	105.8749	106.3650	106.5950	107.0850
BPAH7	British Pound	123.16	123.64	124.39	124.87	125.62
CAAH7	Canadian Dollar	75.99	76.18	76.38	76.57	76.76
SFAH7	Swiss	99.31	99.53	99.98	100.20	100.65
DAAH7	Australian Dollar	76.16	76.38	76.73	76.95	77.30

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