



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 06, 2017

BONDS COMMENTARY

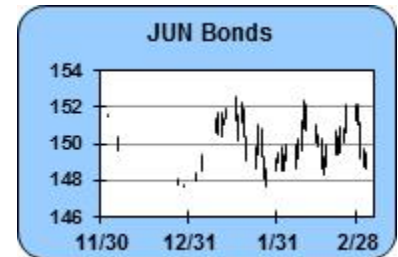
03/06/17

We think the path of least resistance is pointing up to start

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +130

Treasuries started the session on a positive note in the wake of news of a North Korean missile test. The markets might also have drafted some support from initial weakness in European and US equities. Another issue that might lend some support to bonds and notes is news that Greek GDP came in down 1.2%, as that could prompt renewed fears toward the Greek debt situation which in turn might apply fresh pressure to the euro. The trade also expects to see a slight down tick in US factory orders and a decline in that measure could prompt some additional short covering as the market last week was consistently fearful that the March 15th FOMC meeting would bring about the next US rate hike. Sitting just above March bonds this morning is the 50 day moving average at 151-04 and that level could become a key pivot point in the wake of US scheduled data later this morning. As indicated the North American session will feature January factory orders which are forecast to see a slight down tick from December's +1.3% reading. Minneapolis Fed President Kashkari will speak during mid-afternoon US trading hours. The Commitments of Traders Futures and Options report as of February 28th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 48,540 contracts and that reading is probably understated due to the significant slide in prices after the report was measured. In other words, bonds have become partially oversold in COT positioning readings. The Commitments of Traders Futures and Options report as of February 28th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 550,772 contracts.



TODAY'S MARKET IDEAS:

While the treasury markets are short-term technically oversold with the break off the late February highs the fundamental overhang from next week's Fed meeting could limit near term gains. However initial weakness in US equities, evidence of ongoing contraction in the Greek economy and the prospect for weak US factory orders data gives the bull camp the edge for this morning's trade. In fact this morning's high touched the 50 day moving average and a trade above that level into or after the schedule data today could promote short covering of weak handed shorts in the market off rate hike beliefs. However the failure to hold above 150-15 in March bonds following scheduled data this morning could deal the initial bull case a significant blow.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017

	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-21,982	-2,531	48,540	-4,104	-26,558	+6,636
T-Notes	-365,619	-81,014	550,772	+51,313	-185,153	+29,701

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 (JUN) 03/06/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 148-160. The next area of resistance is around 149-290 and 150-030, while 1st support hits today at 149-040 and below there at 148-160.

10 YR TREASURY NOTES (JUN) 03/06/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 123-060. The next area of resistance is around 123-270 and 123-305, while 1st support hits today at 123-150 and below there at 123-060.

STOCKS COMMENTARY

03/06/17

The markets are vulnerable to politics to start today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -600

Global equity markets were mixed overnight with Asian shares showing strength and European markets starting out on a softer tone. The markets might have seen some pressure as a result of a North Korean missile test and the markets might also have seen some pressure as a result of a negative GDP reading in Greece. The markets might also have been undermined by weakness in Deutsche bank shares that appeared to be prompted by news that the bank was planning to reorganize and in the process attempt to raise its capital by 8.5 billion. Earnings announcements will include Casey's General Stores and Korn/Ferry International after the Wall Street close.



S&P 500: With a lower high and lower low in the March E-mini S&P to start today the technical condition at the start of the week favors the bear camp. With the addition of geopolitical uncertainty off North Korean missile tests, a negative track in financial shares due to the Deutsche bank news and signs that Washington will initially focus on political sniping instead of pro-growth legislation gives the bear camp an edge. Also sitting on top of the markets is fear of action from the Fed next week but that potentially bearish force could be tempered this morning if US factory orders show a contraction. Uptrend channel support in March E-mini S&P this morning comes in at 2369.00 with more significant support seen down at 2357.50. The Commitments of Traders Futures and Options report as of February 28th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 54,187 contracts. These traders have gone from a net short to a net long position.

Other US Indexes: Like the S&P the March mini Dow appears to have extended last week's pattern of lower highs and lower lows in the overnight action. However the mini Dow did manage to initially reject the early low that was probably inspired by accusations from the current White House that the prior administration tapped its phones during the last election. As suggested already a lack of focus toward pro-growth policies and legislation and toward political wrangling leaves the bear camp with an edge. The Commitments of Traders Futures and Options report as of February 28th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 59,028 contracts. At least in the early going today the Mini NASDAQ is showing the least negative chart action. However a legal battle between Google and Huber has undermined sentiment toward the tech sector. Uptrend channel support in the March Mini NASDAQ today is seen at 5346.25.

However seeing an early bid above 5374.50 could signal a return to the March highs. While the NASDAQ may see less impact from the factory orders release today that report could temporarily undermine the index. The Commitments of Traders Futures and Options report as of February 28th for Nasdaq Mini Non-Commercial and Non-reportable combined traders held a net long position of 82,237 contracts.

TODAY'S MARKET IDEAS:

While the markets appear to be under initial pressure this morning there does not appear to be a high level of anxiety accompanying the weaker action. However as mentioned already the focus on Washington politics instead of pro-growth plans gives the bear camp an edge to start the trading session. The White House allegation that its campaign was bugged by the past administration would probably be bearish to stocks if proven true but it might also be negative to stocks if the claims are unfounded.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-12,275	+2,441	11,227	+1,375	1,047	-3,818
E-Mini S&P	85,911	+53,671	-54,186	-86,713	-31,724	+33,043

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) 03/06/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 2370.25. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 2385.75 and 2389.25, while 1st support hits today at 2376.25 and below there at 2370.25.

MINI-DOW (MAR) 03/06/2017: 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 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 lower than the pivot swing number. The next downside objective is 20870. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 21035 and 21091, while 1st support hits today at 20925 and below there at 20870.

E-MINI NASDAQ (MAR) 03/06/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 5335.69. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5385.62 and 5394.18, while 1st support hits today at 5356.38 and below there at 5335.69.

MINI-RUSSELL 2000 (MAR) 03/06/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 1376.3. The next area of resistance is around 1398.2 and 1407.4, while 1st support hits today at 1382.6 and below there at 1376.3.

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										
USAAM7	149-160	41.79	45.03	49.77	39.24	149.86	150.39	150.32	150.07	149.56
TYAAM7	123-210	41.49	44.77	49.01	36.03	123.86	124.22	124.18	123.97	123.75
SPAAM7	2380.50	72.51	73.39	91.18	86.23	2379.68	2370.62	2346.58	2300.03	2288.08
EPH7	2381.00	75.91	75.66	90.31	85.30	2379.75	2370.47	2346.42	2299.96	2288.06
TFEH7	1390.4	49.08	51.56	69.41	56.88	1394.65	1397.77	1394.01	1375.65	1374.61
ENQH7	5371.00	71.71	73.09	89.75	86.66	5363.50	5352.33	5303.11	5152.41	5091.99
YMH7	20980	77.46	77.12	92.70	88.15	20971.25	20857.22	20598.39	20140.93	20041.03

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

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						
USAAM7	Bonds	148-150	149-030	149-090	149-290	150-030
TYAAM7	10 Yr Treasury Notes	123-055	123-145	123-180	123-270	123-305
SPAAM7	S&P 500	2371.12	2376.35	2379.42	2384.65	2387.72
EPH7	S&P E-Mini	2370.25	2376.25	2379.75	2385.75	2389.25
TFEH7	Mini-Russell 2000	1376.2	1382.6	1391.8	1398.2	1407.4
ENQH7	E-Mini NASDAQ	5335.68	5356.37	5364.93	5385.62	5394.18
YMH7	Mini-Dow	20869	20924	20980	21035	21091

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

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CURRENCIES COMMENTARY

03/06/17

Choppy action as there is little leadership to start

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +80, YEN +220, SWISS -5, CA DOLLAR +10**

Upcoming International Reports (all times CT)

03/06 Factory Orders 9:00 AM
 03/07 German Manufacturing Orders 1:00 AM
 03/07 German Manufacturing Turnove 1:00 AM
 03/07 UK Halifax Housing Price Ind 2:30 AM
 03/07 Euro-zone GDP 4:00 AM
 03/07 Canadian International Merch 7:30 AM
 03/07 US Trade Balance 7:30 AM
 03/07 Canadian PMI 9:00 AM
 03/07 Consumer Credit 2:00 PM
 03/07 API Energy Stocks 3:30 PM



DOLLAR: Apparently geopolitical concerns from the Korean missile test have overshadowed the Trump administration's claims that the government was listening to his phone conversations during the last election. It is also possible that the dollar is catching a bid this morning because of the latest evidence of negative growth in Greece as that could rekindle fears toward the EU. While the dollar is showing positive action to start today it did forge a lower low overnight which provides fresh technical damage to the charts. Furthermore some expectations

call for a decline in the US factory orders release due out later this morning. Pushed into the market this morning we favor the bear track. The Commitments of Traders Futures and Options report as of February 28th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 51,223 contracts.

EURO: As mentioned already seeing a noted contraction continue in Greece, seeing negative action in Deutsche shares overnight and seeing a German banking Association fretting over the potential unwinding of stimulus undermines the euro. While the March euro this morning initially managed to climb above its 50 day moving average it rejected that high and has fallen back toward the middle of the last three weeks trading range. The middle of the current trading range is seen down at 1.0565 with really significant support seen down at 1.0531. Euro bulls have to hope that political sniping in the US clouds over the tide of US rate hike talk. The Commitments of Traders Futures and Options report as of February 28th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 52,129 contracts.

YEN: At least in the early going today the March Yen has managed to respect the 50 day moving average down at 87.57 but it is possible that the Yen will see support from the North Korean missile test (global safe haven windfall), fresh political wrangling in the US and from initial weakness in European and US equities. While the market is aware of interaction today between the US commerce secretary and the Japanese trade minister, trade tensions between the US and Japan are not expected to yield conflict.

SWISS: Despite news of rising Swiss deposits and a flare in geopolitical anxiety off the North Korean missile test the Swiss has rejected a minimal rise above last week's close in the early action today. With the Swiss National Bank continuing to formulate policies to battle a rising currency and its chairman suggesting that they have the tools to battle a rising currency it is not surprising to see developing weakness on the charts this morning. Initial support in the March Swiss franc is seen at 98.76 with initial resistance seen at 99.30.

POUND: With the UK Prime Minister attempting to protect auto sector jobs in the UK from the BREXIT situation the outlook for the Pound is negative to start the new trading week. A quasi-triple high around 1.2310 is seen as initial resistance and we can't rule out a trade this week down to the lowest level since January 17th especially if equity markets show developing and ongoing weakness.

CANADIAN DOLLAR: While the March Canadian dollar is oversold after the sharp declines of the last two weeks it could be difficult to pull the currency out of its downward thrust with the March US FOMC meeting looming ahead. Initial resistance today is seen at a quasi-double high of 74.78.

TODAY'S MARKET IDEAS:

Surprisingly the dollar has managed to reject the prior sessions low and has managed that in the wake of yet another Washington political flap over the weekend. While the bull camp would appear to have the technical edge to start in the greenback slack US factory orders data could put the dollar back under pressure later on.

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) 03/06/2017: 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. A negative signal for trend short-term was given on a close under the 9-bar moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 100.73. The next area of resistance is around 101.77 and

102.38, while 1st support hits today at 100.94 and below there at 100.73.

EURO (MAR) 03/06/2017: A bullish signal was given with an upside crossover of the daily stochastics. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 107.1350. The next area of resistance is around 106.8350 and 107.1350, while 1st support hits today at 105.6450 and below there at 104.7550.

JAPANESE YEN (MAR) 03/06/2017: The major trend could be turning up with the close back above the 60-day moving average. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 86.94. The next area of resistance is around 88.15 and 88.38, while 1st support hits today at 87.44 and below there at 86.94.

SWISS (MAR) 03/06/2017: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 98.55. The next area of resistance is around 99.41 and 99.54, while 1st support hits today at 98.91 and below there at 98.55.

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	101.35	53.51	53.56	72.67	70.73	101.62	101.37	101.09	100.99	101.35
JYAH7	87.79	44.39	46.79	49.49	38.91	88.07	88.40	88.39	87.78	87.42
EU6H7	106.2400	52.65	50.00	27.93	34.40	105.67	105.70	106.09	106.43	106.25
BPAH7	122.97	35.86	40.43	24.66	18.52	123.12	124.04	124.48	124.17	124.41
CAAH7	74.74	24.47	32.62	21.30	12.32	74.89	75.59	75.96	75.85	75.67
SFAH7	99.16	43.30	44.51	23.72	21.97	99.12	99.20	99.57	99.61	99.33
DAAH7	75.94	40.31	46.93	47.74	32.85	0.76	0.77	0.77	0.75	0.75

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

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH7	US Dollar	100.72	100.94	101.55	101.77	102.38
JYAH7	Japanese Yen	86.93	87.43	87.65	88.15	88.38
EU6H7	Euro	104.7550	105.6449	105.9450	106.8350	107.1350
BPAH7	British Pound	121.91	122.53	122.77	123.39	123.63
CAAH7	Canadian Dollar	74.31	74.56	74.66	74.91	75.02
SFAH7	Swiss	98.54	98.91	99.04	99.41	99.54
DAAH7	Australian Dollar	75.28	75.67	75.81	76.20	76.34

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

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