



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 13, 2017

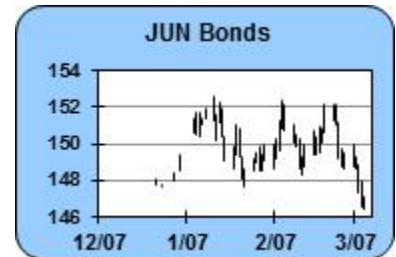
BONDS COMMENTARY

03/13/17

Upside follow-through to start out this week's trading

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +100



Treasuries are finding moderate support at the start of the new trading week, but they still remain in close proximity to the bottom end of this month's downmove. Last Friday's employment situation report produced a sizable gain in non-farm payrolls that was hinted at by the blow-out ADP survey. It also solidified market expectations that the Fed will indeed hike rates at Wednesday's FOMC meeting. However, a less than expected gain in average hourly earnings may have dampened expectations that the Fed will hike two or possibly three more times by the end of this year. Global markets have maintained a generally positive tone through the weekend, which was highlighted by decent gains by Chinese equities. Still, risk sentiment has softened in Europe in front of Wednesday's Dutch general election, and this may lead to some safe-haven flows into Treasuries. The prospect of increased fiscal spending has been a source of pressure on Bonds and Notes, but difficulties with health care reform may put some brakes on legislative progress in other areas. Market focus may start out this morning with a speech by ECB President Draghi given the hints of Euro zone rate hike at their meeting last week. The North American session will be fairly quiet data-wise and will be highlighted by the Fed's February labor market conditions index. The Commitments of Traders Futures and Options report as of March 7th for U.S. Treasury Bonds showed Non-Commercial traders were net short 37,359 contracts, an increase of 15,377 contracts on the week. Non-Commercial and Nonreportable combined traders held a net short position of 68,069 contracts, an increase of 19,529. For US Treasury 10Yr Notes, Non-Commercial traders were net short 287,965 contracts, a decrease of 77,654 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 516,341, a decrease of 34,431.

TODAY'S MARKET IDEAS:

Friday's key reversal for June Bonds would have normally resulted in upside follow-through, but the market may remain cautious in front of Wednesday's FOMC meeting results. There are no top-tier US data points or Fed speakers today for the market to digest, which should keep rate hike expectations at a strong level. Even so, we still think that risk to shorts remains fairly high and that traders should implement stop loss buy orders up at 149-09 in June Bonds and at 123-21 in June Notes. Near-term resistance for June Bonds is at 147-21 with support at 146-21 and a downside target of 142-31 into the FOMC decision.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/28/2017 - 3/7/2017						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-37,359	-15,377	68,068	+19,528	-30,710	-4,152
T-Notes	-287,965	+77,654	516,341	-34,431	-228,376	-43,223

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) 03/13/2017: The market broke to a new contract low. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 146-060. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 147-090 and 147-170, while 1st support hits today at 146-200 and below there at 146-060.

10 YR TREASURY NOTES (JUN) 03/13/2017: Momentum studies are declining, but have fallen to oversold levels. 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. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 122-155. The next area of resistance is around 123-085 and 123-140, while 1st support hits today at 122-255 and below there at 122-155.

STOCKS COMMENTARY

03/13/17

Caution with Fed keeps stocks in tight ranges early this week

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -290

Global markets were able to regain a positive tone at the end of last week's trading, although a "risk on" mood may not fully develop until this week's FOMC meeting results are in the rear-view mirror. While the eagerly-awaited non-farm payroll number came in ahead of early trade forecasts, it may have been somewhat disappointing given the blow-out ADP survey results earlier last week. In addition, a lower-than-expected increase in average hourly earnings helped to improve risk sentiment. US equities had a bumpy ride after the US jobs numbers, but they did finish last Friday in positive territory. The Asian session overnight started out with a much worse than expected reading for Japanese machinery orders, but this was offset by an uptick in Japanese PPI to a 1.0% year-over-year rate. Japanese equities were able to grind out a modest gain that resulted in their highest levels since late 2015, while Chinese and Hong Kong shares posted much stronger gains. The only European economic number of note was a sluggish reading on Italian industrial output. European equities were able to shake off early pressure and climb into positive territory, although the DAX, CAC-40 and FTSE-100 have seen little upside follow-through so far. Market focus may start out this morning with a speech by ECB President Draghi after the hints of euro zone rate hikes that came out of their meeting last week. The North American session will be fairly quiet data-wise and will be highlighted by the Fed's February labor market conditions index.



S&P 500: The June E-mini S&P looks to have put the brakes on its 5-session losing streak, but may have trouble extending its recovery until the FOMC meeting is out of the way. While a Fed rate hike appears to be on the cards after last Friday's jobs data, post-meeting guidance and forecasts could point towards further hikes later this year. There may also be some concerns developing that Washington may push back tax relief and/or fiscal spending until health care reform is dealt with. The bull camp still holds the upper hand for now, but it will need a boost in risk appetites in order to sustain upside momentum. Uptrend channel support in the June E-mini S&P is seen today down at 2356.00, while resistance is up at 2379.50. The Commitments of Traders Futures and Options report as of March 7th for E-Mini S&P 500 showed Non-Commercial traders were net long 136,915 contracts, an increase of 51,004 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 124,724 contracts. This represents an increase of 70,537 contracts in the net long position held by these traders.

Other US Indexes: The June Mini Dow has kept within a tight trading range so far this week, but the market is staying well clear of last Thursday's low for now. Financial stocks would be one sector that would benefit from a Fed hike as they can finally get relief from a multi-year low-rate environment. However, dividend stocks may not be as attractive when rates start going higher again. Uptrend channel support in the June Mini Dow today is seen at 20,786, while resistance is up at 20,942. The Commitments of Traders Futures and Options report as of March 7th for Dow Jones Index \$5 showed Non-Commercial traders were net long 65,694 contracts, an increase of 5,842 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 68,627 contracts. This represents an increase of 9,599 contracts in the net long position held by these traders. The June Mini NASDAQ was a clear outperformer last Friday, coming close to another record high. However, it may be the most vulnerable of the major US indices to a near-term pullback. Given the potential changes with immigration and border adjustments, the tech sector may have some turbulence ahead. Near-term support for the June Mini NASDAQ is at 5359.00 while resistance is at 5400.00. The Commitments of Traders Futures and Options report as of March 7th for Nasdaq Mini showed Non-Commercial traders were net long 73,190 contracts, a decrease of 9,614 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 72,879 contracts. This represents a decrease of 9,358 contracts in the net long position held by these traders.

TODAY'S MARKET IDEAS:

The bull camp has already factored-in Wednesday's rate hike, but it may be the Fed's potential guidance that is shadowing the market early this week. When you add in uncertainty from Washington and risk concerns from Europe, and it may be difficult for stocks to find strong upside momentum today. Even so, strong jobs data is usually a sign of strong growth and optimism, and this factor could provide underlying support for the E-mini S&P and Mini Dow Jones early this week. The Mini Nasdaq may be on shakier ground, however, and could play catch-up with a decent-sized pullback.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a March E-Mini Nasdaq 5350/5290 bear put spread for 17.00. Use a tight stop at 5.00 and a break even objective.

Commitment of Traders - Futures and Options - 2/28/2017 - 3/7/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Financials						
S&P 500	-11,335	+940	9,393	-1,834	1,942	+895
E-Mini S&P	136,915	+51,004	-124,724	-70,538	-12,191	+19,533

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) 03/13/2017: Momentum studies trending lower at mid-range should accelerate a move lower 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 market has a slightly positive tilt with the close over the swing pivot. The next downside target is 2353.75. The next area of resistance is around 2380.25 and 2388.75, while 1st support hits today at 2362.75 and below there at 2353.75.

MINI-DOW (MAR) 03/13/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 20716. The next area of resistance is around 20986 and 21099, while 1st support hits today at 20794 and below there at 20716.

E-MINI NASDAQ (MAR) 03/13/2017: 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 has a slightly positive tilt with the close over the swing pivot. The next downside objective is 5347.94. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5397.37 and 5412.43, while 1st support hits today at 5365.13 and below there at 5347.94.

MINI-RUSSELL 2000 (MAR) 03/13/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. 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 objective is 1345.2. The next area of resistance is around 1370.3 and 1379.7, while 1st support hits today at 1353.1 and below there at 1345.2.

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										
USAAM7	146-300	27.85	34.76	22.01	12.56	147.63	148.78	149.48	149.95	149.48
TYAAM7	123-010	34.65	39.09	21.88	14.88	123.11	123.49	123.84	123.95	123.70
SPAH7	2371.80	61.99	65.46	65.81	55.71	2367.15	2373.71	2364.51	2313.39	2299.10
EPH7	2371.50	63.06	66.38	64.55	55.01	2367.13	2373.11	2364.11	2313.24	2298.93
TFEH7	1361.7	36.53	42.17	24.90	13.20	1364.60	1379.70	1390.04	1375.61	1373.90
ENQH7	5381.25	70.12	71.26	77.99	76.48	5366.56	5363.83	5345.01	5203.01	5134.74
YMH7	20890	65.03	68.82	71.94	63.40	20885.50	20928.00	20804.61	20264.62	20154.40

Calculations based on previous session. Data collected 03/10/2017

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	146-050	146-190	146-270	147-090	147-170
TYAAM7	10 Yr Treasury Notes	122-150	122-250	122-305	123-085	123-140
SPAH7	S&P 500	2362.52	2367.05	2372.02	2376.55	2381.52
EPH7	S&P E-Mini	2353.75	2362.75	2371.25	2380.25	2388.75
TFEH7	Mini-Russell 2000	1345.1	1353.0	1362.4	1370.3	1379.7
ENQH7	E-Mini NASDAQ	5347.93	5365.12	5380.18	5397.37	5412.43
YMH7	Mini-Dow	20715	20794	20907	20986	21099

Calculations based on previous session. Data collected 03/10/2017

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CURRENCIES COMMENTARY

03/13/17

Dollar may find upside momentum difficult until FOMC meeting results

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +0, YEN +210, SWISS +15, CA DOLLAR +120**

Upcoming International Reports (all times CT)

03/13 13 and 26 Week Bill Auction
03/14 4-Week BILL Auction
03/14 FOMC Meeting
03/14 German Consumer Price Index 2:00 AM



03/14 Euro-zone Industrial Product 5:00 AM
03/14 German ZEW Indicator of Econ 5:00 AM
03/14 Canadian New Motor Vehicle S 7:30 AM
03/14 PPI 7:30 AM
03/14 API Energy Stocks 3:30 PM

DOLLAR: The Dollar has been able to shake off early pressure and climb back above its 50-day moving average, but it still has work to do in order to fully recover from last Friday's post-US jobs data selloff. While a Fed rate hike on Wednesday looks to be on the cards, a lukewarm increase for average hourly earnings may put into doubt ideas that there will be 2 or 3 more hikes by the end of December. There will be little in the way of fresh US data to digest outside of the Fed's labor market conditions index, so it may be difficult for the Dollar to regain strong upside momentum until the Fed has their say on matter later this week.

Given the hawkish rhetoric from officials recently, there is some chance that Fed guidance could give the Dollar a fresh boost, but for now, upside follow-through may be difficult, while resistance will be found around the 1.0135 level. The Commitments of Traders Futures and Options report as of March 7th for US Dollar showed Non-Commercial traders were net long 51,014 contracts, an increase of 6,209 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 58,473 contracts. This represents an increase of 7,250 contracts in the net long position held by these traders.

EURO: The Euro has fallen back into negative territory after reaching a fresh 1-month high early today. While the likelihood for near-term ECB rate hikes are remote at best, post-meeting hints that this was under consideration appear to have taken fresh ECB rate cuts (as well as additional QE) off the table for now. The Euro zone has a potential volatility event on the horizon with Wednesday's Dutch general election, underscored by rioting in Rotterdam overnight. While Geert Wilders and the Party of Freedom have a decent chance of coming in first place, the chances of their forming a government are microscopic at best. Near-term support is at the 50-day moving average of 1.0695. The Commitments of Traders Futures and Options report as of March 7th for Euro showed Non-Commercial traders were net short 58,766 contracts, an increase of 14,224 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 66,886 contracts. This represents an increase of 14,757 contracts in the net short position held by these traders.

YEN: The Yen has been able to follow-through on its post-US jobs data recovery with a moderate gain this morning. Although the latest reading on Japanese machinery orders were much worse than forecast, the market may be taking more substance from an uptick in Japanese PPI that could indicate their nation is finding some relief on the deflation front. Unless there is some consistently good Japanese data, the Yen may remain a second-choice safe-haven destination and may be headed towards a retest of last Friday's low at 86.95.

SWISS: The Swiss is on-course for a third straight positive daily result, as it is the main safe-haven beneficiary of pre-Dutch election jitters. The Swiss National Bank will have their latest monetary policy meeting the day after the Dutch election, however, and they remain an advocate for weakening their "overvalued" currency. A move back above the key 1.0000 resistance level may be on the cards early this week, but further upside may prove to be difficult.

POUND: The Pound has fallen back from its overnight highs, but it is holding onto moderate strength coming into this morning's trading. It appears likely that some progress will be made in the UK Parliament this week on Brexit legislation. While there will be further hurdles to clear, the removal of some Brexit uncertainty has helped to put a near-term bottom on the Pound. In addition, there may be some safe-haven inflows in front of the Dutch election that will help to underpin the Pound as well. Near-term resistance will be at 1.2284.

CANADIAN DOLLAR: The Canadian looks to have put in a near-term bottom after losing nearly 2.50 cents in value since late February. Although sluggish crude oil prices remain a source of pressure, decent Canadian jobs data last Friday does show some improvement with their economy which should help the Bank of Canada to avoid further easing measures over the near future. Near-term resistance is at 74.62.

TODAY'S MARKET IDEAS:

The Dollar should remain well supported and stay well clear of last Friday's lows, but it may have to wait on the FOMC results and post-meeting guidance in order to regain strong upside momentum. Look for the Pound to extend its recovery move if the UK Parliament can remove some legislative uncertainty with Brexit.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a June Yen 86.00 put for 109. Use an objective of 225. Risk to 95.

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) 03/13/2017: The major trend has turned down with the cross over back below the 60-day moving average. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 100.64. The next area of resistance is around 101.69 and 102.23, while 1st support hits today at 100.89 and below there at 100.64.

EURO (MAR) 03/13/2017: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. 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 upside target is 107.8975. The next area of resistance is around 107.5000 and 107.8975, while 1st support hits today at 106.2100 and below there at 105.3175.

JAPANESE YEN (MAR) 03/13/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside objective is 86.38. The next area of resistance is around 87.48 and 87.68, while 1st support hits today at 86.84 and below there at 86.38.

SWISS (MAR) 03/13/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 99.64. The next area of resistance is around 99.35 and 99.64, while 1st support hits today at 98.63 and below there at 98.21.

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	101.29	46.43	49.64	71.89	64.56	101.75	101.70	101.37	100.92	101.40
JYAH7	87.16	38.34	42.56	25.72	18.61	87.33	87.69	88.04	87.98	87.39
EU6H7	106.8550	61.28	56.11	41.33	55.24	105.93	105.81	105.88	106.53	106.16
BPAH7	121.72	27.29	34.23	12.01	9.82	121.82	122.45	123.57	124.06	124.02
CAAH7	74.27	26.79	31.36	8.26	7.67	74.22	74.54	75.41	75.83	75.54
SFAH7	98.99	47.29	46.40	23.25	28.73	98.85	98.97	99.23	99.70	99.29
DAAH7	75.44	37.31	42.37	21.52	16.12	0.75	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/10/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH7	US Dollar	100.63	100.89	101.43	101.69	102.23
JYAH7	Japanese Yen	86.37	86.83	87.03	87.48	87.68
EU6H7	Euro	105.3175	106.2100	106.6075	107.5000	107.8975
BPAH7	British Pound	121.17	121.46	121.68	121.97	122.19
CAAH7	Canadian Dollar	73.73	74.01	74.26	74.53	74.78
SFAH7	Swiss	98.20	98.63	98.92	99.35	99.64
DAAH7	Australian Dollar	74.77	75.15	75.35	75.73	75.93

Calculations based on previous session. Data collected 03/10/2017

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