



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday March 14, 2017

BONDS COMMENTARY

03/14/17

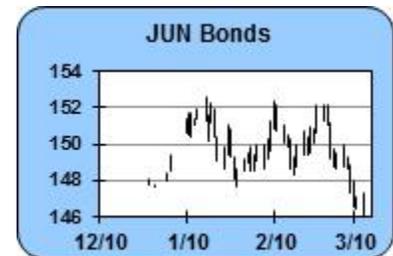
Solid US growth prospects and German Bund 14-month highs

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -120

Treasuries are finding mild pressure early in today's trading, although June Notes have managed to find support at the Friday/Monday lows. While recent US data has not been consistently strong, the market feels that there is an overwhelming likelihood for the Fed to hike rates at Wednesday's meeting.

However, the danger for Treasuries now will come from the FOMC's post-meeting guidance that will feature a press conference from Fed Chair Yellen. Hawkish comments from Fed members (including some "doves") may indicate that there could be two or possibly three more rate hikes by the end of this year, which is in sharp contrast to other G7 economies which are currently in or are just coming out of a dovish stance. This outlook may have encouraged a surge of corporate bond supply reaching the market in recent weeks, and this has added to the pressure on Treasuries in recent sessions. One potential risk event on the horizon would be tomorrow's Dutch election that may provide some measure of safe-haven support, but keep in mind that those results will be coming in as the Fed is having their say on matters during the afternoon. The North American calendar will feature the February producer price index that is forecast to have a modest uptick from January's +1.6% year-over-year rate.



TODAY'S MARKET IDEAS:

While oversold and vulnerable to a corrective bounce, the trend has clearly turned down and German Bund yields have reached a 14-year high. The market may remain cautious in front of Wednesday's FOMC meeting results. We still think that risk to shorts remains fairly high and that traders should implement stop loss buy orders up at 149-01 in June Bonds. Steep downtrend channel resistance is at 146-29 today. Technically, 144-19 is next downside target followed by 142-31. As we suggested in our weekly market letter, watch for signs of a low for June bonds near 144-31 if we see a short-term washout. For June Notes, consider stop loss orders at 123-21 with close-in resistance at 123-02. Use 122-15 and 122-08 as next support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 03/14/2017: The market was pushed to a new contract low. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down and close below the previous day's low is a negative signal. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 145-070. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 146-240 and 147-200, while 1st support hits today at 145-180 and below there at 145-070.

10 YR TREASURY NOTES (JUN) 03/14/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 122-105. The next area of resistance is around 123-000 and 123-120, while 1st support hits today at 122-155 and below there at 122-105.

STOCKS COMMENTARY

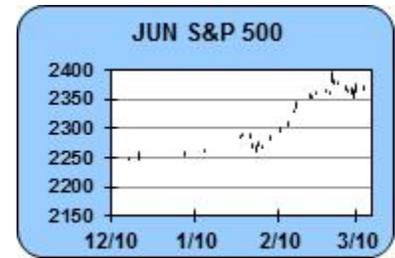
03/14/17

The market in position for resumption of uptrend; wall or worry

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -290

Global markets appeared to be taking a breather before they faced key events later on in the week, as they remained in fairly tight trading range for most of Monday's trading session. There were few economic numbers of note from around the globe, although the Fed's labor market conditions index came in slightly below estimates but remained in positive territory. US equities ended up with mixed results, as the S&P and Dow Jones were unable to shake off mild pressure, while the NASDAQ continued to outperform as it found support from news that Intel was purchasing tech firm Mobileye for \$15 billion. Treasuries were unable to sustain early upside momentum and fell back into negative territory as they reflect concern that Fed guidance on Wednesday will take a more hawkish tone. The Dollar was able to rebound from a new monthly low to climb back towards unchanged levels late in Monday's session although it was unable to sustain upside momentum. While January Chinese industrial production came in slightly better than forecast, January Chinese retail sales at a 9.5% year-over-year rate was well below estimates. Chinese equities were able to post a moderate gain, while Japanese equities were slightly lower. February German CPI was in line with forecasts. European equities were under early pressure with German, French and UK shares posting modest losses. The North American calendar will feature the February producer price index that is forecast to have a modest uptick from January's +1.6% year-over-year rate.



S&P 500: The market may continue to climb a wall of worry, as correction fears clash with an aggressive flow of funds into the market. The COT reports and the uptrend in open interest are showing a risky environment for the bears, and the market may remain in an uptrend over the near term. Post-meeting guidance and forecasts could point towards further hikes later this year, but this is also expected. Support for June E-mini S&P is seen today at the 2364.50 to 2360.25 zone. A close over 2380.00 would open the door for another leg higher, with 2414.90 the as next target.

Other US Indexes: The June Mini Dow has had a 5-day consolidation, and without a bearish surprise to slow the flow of funds into the market, it seems poised for a continued advance. Financial stocks would be one sector that would benefit from a Fed hike, as they could finally get relief from the low-rate environment. Support for the June Mini Dow today is seen at 20,813, while resistance is at 20,924 and 20,967. A close through resistance leaves 21,245 as next target. The June Mini NASDAQ is hovering right near the highs, and a resumption of the uptrend would leave 5425.40 as next target.

TODAY'S MARKET IDEAS:

The trade remains very worried over hefty valuations and the idea that the market has already priced-in many of the Administration's "possible" pro-growth policies. The bull camp has already factored a rate hike in Wednesday's FOMC results, but it may be the potential for hawkish guidance that is shadowing the market early this week. Strong jobs data is usually a sign of strong growth and optimism, and this factor could provide underlying support this week. Short-term, the market may continue to climb a wall of worry.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (JUN) 03/14/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 2362.82. The next area of resistance is around 2375.37 and 2377.31, while 1st support hits today at 2368.13 and below there at 2362.82.

MINI-DOW (JUN) 03/14/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 20767. The next area of resistance is around 20879 and 20918, while 1st support hits today at 20803 and below there at 20767.

E-MINI NASDAQ (JUN) 03/14/2017: The daily stochastics gave a bullish indicator with a crossover up. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 5417.75. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5411.50 and 5417.75, while 1st support hits today at 5387.50 and below there at 5369.75.

MINI-RUSSELL 2000 (JUN) 03/14/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 1352.3. The next area of resistance is around 1376.2 and 1382.4, while 1st support hits today at 1361.2 and below there at 1352.3.

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	146-050	23.21	31.35	17.15	7.84	146.93	148.16	149.30	149.84	149.45
TYAAM7	122-235	30.10	35.90	18.13	10.80	122.93	123.28	123.78	123.92	123.69
SPAM7	2300.00	64.89	67.24	58.79	49.78	2366.23	2371.82	2362.75	2311.04	2295.92
EPM7	2371.75	66.08	68.15	61.91	54.75	2366.19	2370.89	2362.39	2311.01	2295.88
TFEM7	1368.7	43.27	46.23	22.04	16.93	1363.00	1377.63	1386.61	1372.94	1371.14
ENQM7	5399.50	73.66	73.44	81.19	84.52	5382.00	5373.56	5352.72	5212.46	5141.62
YMM7	20841	65.13	69.08	68.98	60.24	20833.75	20891.44	20772.56	20228.07	20110.55

Calculations based on previous session. Data collected 03/13/2017

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	145-060	145-170	146-130	146-240	147-200

TYAAM7	10 Yr Treasury Notes	122-100	122-150	122-270	123-000	123-120
SPAM7	S&P 500	2328.50	2297.00	2334.50	2303.00	2340.50
EPM7	S&P E-Mini	2362.81	2368.12	2370.06	2375.37	2377.31
TFEM7	Mini-Russell 2000	1352.2	1361.1	1367.3	1376.2	1382.4
ENQM7	E-Mini NASDAQ	5369.75	5387.50	5393.75	5411.50	5417.75
YMM7	Mini-Dow	20766	20803	20842	20879	20918

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CURRENCIES COMMENTARY

03/14/17

Dollar holds upper hand in front of FOMC meeting and Dutch election

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +310, YEN -230, SWISS -15, CA DOLLAR -40

Upcoming International Reports (all times CT)

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
03/15 FOMC Meeting
03/15 France Consumer Price Index 2:45 AM
03/15 Swiss Producer Price Index 3:15 AM
03/15 UK Employment Situation - Cl 4:30 AM
03/15 Business Inventories 7:30 AM
03/15 CPI 7:30 AM
03/15 Real Earnings 7:30 AM
03/15 Retail Sales 7:30 AM
03/15 EIA Energy Stocks 9:30 AM
03/15 Japan BOJ Rate 11:00 PM



DOLLAR: The Dollar has been able to extend this week's recovery move, although it still has some work left to do to regain the losses sustained from the post-US jobs data selloff. There has been some safe-haven support in front of tomorrow's Dutch election and in the wake of fresh UK Brexit anxiety, but the market's focus is squarely on the results of tomorrow's FOMC meeting. While the market has already factored-in a March rate hike, the Fed's post-meeting guidance may be the key factor for the Dollar sustaining upside momentum as they point the way towards two or even three more hikes before year-end. Today's US data will feature the February PPI, which could potentially put some brakes on the Dollar's rebound if it falls short of a 2.0% year-over-year reading. The Dollar should find near-term support at the 1.0125 level, but it will clearly be hoping for a hawkish tone from the Fed tomorrow.

EURO: The Euro has followed through on Monday's reversal from a 1-month high and has slid back below its 50-day moving average early in today's trading. Today's European data points included disappointing readings for the German ZEW survey and Euro zone industrial production, along with an in-line reading on German CPI, but market focus remains on tomorrow's Dutch election results. Although there is little chance for Geert Wilders and the PVV to form a government, their performance could lead to a weakened coalition as well as provide an early gauge for the upcoming French election. Near-term resistance will be around the 1.0722 level as the Euro should remain subdued in front of tomorrow's risk events.

YEN: The Yen is finding moderate pressure this morning, and it appears to have fallen out of favor relative to the Dollar and Swiss as a safe-haven destination. The Bank of Japan could show some signs that they are preparing to step away from their current easing measures at this week's meeting, but recent Japanese data has not been

consistently strong enough for that to be on the table yet. Add in the prospect of a hawkish Fed tomorrow, and the Yen looks to heading towards a retest of last Friday's low at 86.95.

SWISS: The Swiss has been unable to punch through the parity level (1.0000) this week, which indicates some skepticism on how long safe-haven support will last beyond Wednesday's Dutch election results. Thursday's SNB meeting is not expected to have any changes to Swiss monetary policy for now, but they will act swiftly to weaken their currency if there is a flare-up of risk anxiety after Wednesday's events. Near-term support is at 0.9956 as the Swiss will continue to have trouble sustaining upside momentum.

POUND: The Pound is back on the defensive, as its Brexit optimism lasted less than 24 hours. Although there will be many more steps to go before there could a second Scottish referendum on independence, yesterday's setback underscores the difficulties ahead before the Brexit process is fully completed. The Pound may find garner some safe-inflows before the Dutch election tomorrow, but it may be difficult to find its footing before the FOMC meeting is out of the way. Near-term resistance is at 1.2200, as the Pound may be heading for a retest of the mid-January lows.

CANADIAN DOLLAR: The Canadian has been able to shake off early pressure and is staying well clear of last week's lows this morning. Stronger crude oil prices early today have provided underlying support, as have some notable improvements in recent jobs data, but the Canadian may be another currency that needs the FOMC meeting out of the way before regaining upside momentum. Near-term support is at 74.27, as the Canadian is showing early signs that it has put in a near-term low.

TODAY'S MARKET IDEAS:

The Dollar should continue to hold the upper hand on most major currencies this morning even if the PPI is disappointing, as the prospect of a hawkish Fed will provide underlying support going into the FOMC results and post-meeting commentary. The Yen will remain a second-choice safe-haven destination to the Dollar and looks to heading towards a fresh 2-month low this week.

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:

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US DOLLAR (JUN) 03/14/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 100.77. The next area of resistance is around 101.44 and 101.54, while 1st support hits today at 101.05 and below there at 100.77.

EURO (JUN) 03/14/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate 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. The market could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 107.7887. The next area of resistance is around 107.3424 and 107.7887, while 1st support hits today at 106.7375 and below there at 106.5788.

JAPANESE YEN (JUN) 03/14/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The close over the pivot swing is a somewhat positive setup. The

next downside target is 87.16. The next area of resistance is around 87.60 and 87.82, while 1st support hits today at 87.28 and below there at 87.16.

SWISS (JUN) 03/14/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 100.35. The next area of resistance is around 100.15 and 100.35, while 1st support hits today at 99.59 and below there at 99.22.

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										
DXAM7	101.24	47.56	50.19	64.25	53.58	101.49	101.60	101.28	100.82	101.29
JYAM7	87.44	36.53	41.48	22.55	17.22	87.53	87.84	88.40	88.39	87.80
EU6M7	107.0400	57.02	53.40	47.29	60.42	106.62	106.37	106.41	107.03	106.65
BPAM7	122.54	38.28	39.87	12.85	14.37	122.19	122.55	123.74	124.33	124.25
CAAM7	74.47	31.65	34.19	9.35	11.45	74.28	74.54	75.38	75.89	75.60
SFAM7	99.87	51.68	49.02	27.48	37.30	99.57	99.52	99.81	100.30	99.90
DAAM7	75.59	46.68	48.24	22.33	23.52	0.75	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/13/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	100.76	101.05	101.15	101.44	101.54
JYAM7	Japanese Yen	87.15	87.27	87.49	87.60	87.82
EU6M7	Euro	106.5787	106.7375	107.1837	107.3424	107.7887
BPAM7	British Pound	121.47	122.06	122.43	123.02	123.39
CAAM7	Canadian Dollar	74.19	74.34	74.45	74.60	74.70
SFAM7	Swiss	99.21	99.58	99.78	100.15	100.35
DAAM7	Australian Dollar	74.97	75.31	75.54	75.88	76.11

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