



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 16, 2017

BONDS COMMENTARY

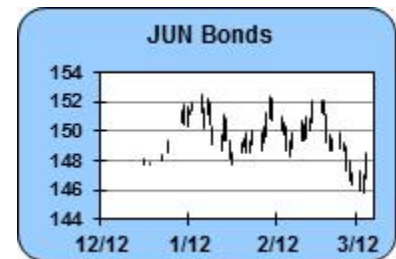
03/16/17

Less hawkish view and plenty of stimulus to keep trend down

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -180

Treasuries have been on a roller coaster ride over the past 24 hours, and they are coming into this morning under moderate pressure. While Fed members had dropped enough hints over the past few weeks that their 0.25% rate hike was all but set in stone, their rhetoric also led the market to believe that there would be 4 hikes over the course of this year. However, the Fed's "dot plot" showed a forecast for 3 hikes, which quickly gave a sharp boost across the long end of the yield. There are also indications that the Fed will let inflation climb above their 2% target while taking a "wait and see" attitude towards upcoming US fiscal measures. After the close, the Dutch election results helped to ease risk anxiety in Europe and around the globe, which in turn helped to reverse the safe-haven flows into Treasuries. Even with the overnight pullback in Treasury prices, they still remain well above their pre-FOMC levels coming into this morning. There could be some early turbulence for Treasuries today as reports indicate that the White House may be rolling out several of their budget measures this morning. The Bank of England will conclude their latest Monetary Policy Committee meeting early today as well, and they are not expected to make any change to UK rates or policy. This morning will start out with a weekly reading on initial jobless claims that are expected to have a modest downtick from the previous 243,000 reading. February housing starts are forecast to show a modest increase from January's annualized reading, while February building permits are expected to see a moderate annualized decline. The March Philly Fed manufacturing survey is forecast to have a notable decline from February's 43.3 reading. The January job openings and labor turnover (JOLTS) survey will be released later during morning US trading hours.



TODAY'S MARKET IDEAS:

The news is "less hawkish" and there is less flight to safety support for bonds. If the Fed takes a wait and see tone toward fiscal policy and also allows some leeway for inflation (last month's CPI up 2.7%), then a continued strong US and global economic path could keep the trend down for the Bonds and Notes. The technical action remains positive for the short term, but rallies look like selling opportunities. Resistance for June bonds comes in at 148-31 and maybe 149-21. Support levels are 146-25 and 145-31 with 144-19 is next downside target. For June Notes, close-in resistance is at 123-28 with 123-00, 122-15 and 122-06 as next support levels.

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) 03/16/2017: The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is positive on the close above the 9-day 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 upside objective is 149-240. The next area of resistance is around 149-060 and 149-240, while 1st support hits today at 147-130 and below there at 146-050.

10 YR TREASURY NOTES (JUN) 03/16/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. 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 upside objective is 124-170. The next area of resistance is around 124-080 and 124-170, while 1st support hits today at 123-085 and below there at 122-175.

STOCKS COMMENTARY

03/16/17

Global economic growth and green light on emerging markets; up

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +600

The news flow opens the door for a resumption of the bull market for equities. While the FOMC meeting resulted in a 0.25% rate hike that was fully expected, the Fed's post-meeting guidance was seen to be more dovish than expected as their forecasts project only 2 more hikes this year instead of the 3 that had been priced into the market. US equities traded sharply to the upside with the NASDAQ able to post a new record high. The Dollar went into a nosedive that resulted in a new 1-month low, while the Eurocurrency found additional benefit from Dutch election results that showed Geert Wilders and the Party of Freedom receiving a lower seat total than forecast. The dollar's move and a much more confident move into emerging markets are seen positive forces for global equities. The People's Bank of China made a modest rate hike, but it also said that this action did not reflect a change in their monetary policy. The Bank of England will conclude their latest Monetary Policy Committee meeting today, and they are not expected to have any change with rates or policy.



This morning will start out with a weekly reading on initial jobless claims that is expected to show a modest downtick from the previous 243,000 reading. February housing starts are forecast to have a modest increase from January's annualized reading, while February building permits are expected to see a moderate annualized decline. The March Philly Fed manufacturing survey is forecast to have a notable decline from February's 43.3 reading. The January job openings and labor turnover (JOLTS) survey will be released later during morning US trading hours. Earning announcements will include Dollar General before the Wall Street opening while Adobe Systems report after the close.

S&P 500: Pro-growth policies of regulation slashing, infrastructure building and lower income taxes, combined with a surge in economic optimism, are factors that could spark a surge in new jobs and a stronger than expected economy. And it appears that the Fed will not get in the way. The market looks set to continue to climb a wall of worry, as correction fears clash with an aggressive flow of funds into the market. As long as economic news remains positive and the market still holds a positive view on new policy, the trend should remain up. Support for the June E-mini S&P is seen today at the 2379.60 to 2374.15 zone. A resumption of the uptrend would leave 2414.90 the as next target.

Other US Indexes: Many analysts continue to warn that the market is due for a significant correction, and this is yet another force that could support buying ahead. The June Mini Dow has seen an 11-day consolidation mostly inside of the March 1st range. Support is seen at 20,881, and a move above 20,967 should be enough to confirm a resumption of the uptrend, with 21,245 as the next target. The June Mini NASDAQ experienced an upside breakout, which leaves 5501.70 as next target.

TODAY'S MARKET IDEAS:

Deregulation, lower taxes and infrastructure spending are positive forces, and unless the market becomes convinced that these plans will not become reality, the trend should remain up. This seems to be a classic wall-of-worry rally. Continue to buy breaks.

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) 03/16/2017: 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 positive on the close above the 9-day 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 objective is 2353.19. The next area of resistance is around 2392.87 and 2402.68, while 1st support hits today at 2368.13 and below there at 2353.19.

MINI-DOW (JUN) 03/16/2017: 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. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 20755. The next area of resistance is around 20957 and 21007, while 1st support hits today at 20831 and below there at 20755.

E-MINI NASDAQ (JUN) 03/16/2017: A new contract high was made on the rally. 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 market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 5463.62. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5444.25 and 5463.62, while 1st support hits today at 5392.75 and below there at 5360.63.

MINI-RUSSELL 2000 (JUN) 03/16/2017: The major trend could be turning up with the close back above the 60-day moving average. A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. 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 1400.1. The next area of resistance is around 1392.6 and 1400.1, while 1st support hits today at 1370.2 and below there at 1355.2.

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	148-090	47.74	46.02	18.01	21.91	147.09	147.80	149.14	149.69	149.46
TYAAM7	123-240	54.70	51.15	18.05	22.34	123.11	123.23	123.75	123.89	123.71
SPAM7	2380.60	66.44	67.47	51.79	49.04	2371.03	2369.03	2365.90	2315.90	2299.97
EPM7	2380.50	67.75	68.53	56.52	54.60	2370.88	2368.36	2365.53	2315.88	2299.90
TFEM7	1381.4	52.79	51.67	23.48	28.83	1368.70	1370.98	1383.94	1373.11	1371.32
ENQM7	5418.50	73.69	73.34	83.96	87.06	5398.00	5379.86	5363.42	5229.80	5157.29
YMM7	20894	67.90	69.96	60.50	54.12	20846.50	20859.44	20805.78	20274.91	20148.97

Calculations based on previous session. Data collected 03/15/2017
 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	146-040	147-120	147-300	149-060	149-240
TYAAM7	10 Yr Treasury Notes	122-170	123-080	123-170	124-080	124-170
SPAM7	S&P 500	2355.05	2369.10	2378.05	2392.10	2401.05
EPM7	S&P E-Mini	2353.18	2368.12	2377.93	2392.87	2402.68
TFEM7	Mini-Russell 2000	1355.1	1370.1	1377.6	1392.6	1400.1
ENQM7	E-Mini NASDAQ	5360.62	5392.75	5412.12	5444.25	5463.62
YMM7	Mini-Dow	20755	20831	20881	20957	21007

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CURRENCIES COMMENTARY 03/16/17

Dollar struggling to rebound after FOMC meeting results

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -130, YEN -60, SWISS +23, CA DOLLAR +75

Upcoming International Reports (all times CT)

- 03/16 Swiss Monetary Policy 3:30 AM
- 03/16 Euro-zone Consumer Price Ind 5:00 AM
- 03/16 UK Monetary Policy 7:00 AM
- 03/16 UK Monetary Policy Minutes 7:00 AM
- 03/16 Housing Starts and Pmts 7:30 AM
- 03/16 Initial Jobless Claims 7:30 AM
- 03/16 EIA Gas Storage 9:30 AM
- 03/16 Japan BOJ Meeting 9:50 PM
- 03/17 Euro-zone Foreign Trade 5:00 AM
- 03/17 Canadian Monthly Survey of M 7:30 AM
- 03/17 Capacity Utilization 8:15 AM
- 03/17 Industrial Production 8:15 AM



DOLLAR: The Dollar appears to have found its footing early today, but it has plenty of work ahead to repair chart damage after a second sharp selloff in less than one week that followed what should have been bullish news. While the 0.25% Fed rate hike is still in contrast to other G7 nations, the hawkish comments by Fed members over the last few weeks had the market fully expecting that event. What was a surprise was the Fed's dot plan showing only 2 more hikes this year (instead of the 3 the market was counting on) as well as letting inflation stay above their target rate and the "wait and see" stance on upcoming fiscal moves. Relief from the Dutch election results is draining safe-haven support, and the Dollar is starting out the day struggling to lift clear of 6-week lows. Today's US data will include jobless claims, which have been down near multi-decade lows, but it will also include a Philly Fed survey that is forecast to see a sizable downtick from the previous reading. It may take consistent strength in US data for the Dollar to sustain a recovery move, and that may be a difficult task over the rest of this week. Near-term support is at the 1.0023 level as the Dollar may remain on the defensive over the rest of today.

EURO: The Euro was a major beneficiary of the Fed's "less hawkish" stance, but it also avoided a major risk hurdle with the Dutch election results. Although a 3 or 4 party ruling coalition is unlikely to be stable, the fact that Geert Wilders and the Party of Freedom made little headway has given hope that populist insurgencies will struggle in the election in France next month and in Germany later this year. Euro zone CPI was in-line with forecasts but at a +2.0% year-over-year, it indicates that they are better off than where they were at the end of 2016. Near-term resistance will be around the 1.0798 level and while ECB rate hikes may still be far in the future, the Euro should remain fairly well-supported over the rest of the week.

YEN: The Yen benefited from regaining safe-haven flows after the FOMC meeting results, but it is quickly running out of steam and it may be heading back towards its recent lows. The Bank of Japan dropped hints that it may adjust policy in the future, but it remains in an accommodative stance. Recent Japanese data has been inconsistent, while inflation remains far below the 2% target rate. Near-term support is at 88.26, with a downside target of 86.95, as the Japanese economy needs to show clearer signs of improvement for the Yen to sustain a recovery move.

SWISS: The Swiss did finally bust through the 1.0000 level after the FOMC results and has managed to follow through to a fresh 1-month high this morning. Although the Swiss National Bank took no new action at today's monetary policy meeting while raising its inflation outlook, it once again threatened to intervene against their "significantly overvalued" currency. Near-term resistance is at the key 1.0100 level as the Swiss may find further gains difficult without strong safe-haven inflows.

POUND: The Pound was unable to sustain a breakout move above its recent consolidation, and it is finding moderate pressure coming into this morning. The Bank of England is unlikely to change UK rates or policy at today's MPC meeting. The Pound is seeing outflows after Dutch election results relieved risk anxiety in the Euro zone. The UK economy appears to be weathering the Brexit process better than expected, which should help keep the Pound well supported. Near-term support is at 1.2264, and the Pound may yet break out of its recent consolidation.

CANADIAN DOLLAR: The Canadian's coiling action in front of the FOMC results pointed towards a breakout move, and its post-meeting upsurge has lifted prices far above their recent lows. A positive turnaround in crude oil prices this week has also provided support, but the Canadian may now need to see stronger economic data at home to sustain its recovery move. Near-term support is at 74.87, and the Canadian has shown some clear signs that a near-term low is in.

TODAY'S MARKET IDEAS:

The Dollar will start the day out on the defensive, and it will likely need a clean sweep of positive results for jobless claims, housing starts, building permits and the Philly Fed in order to sustain a recovery move. While relief with the Dutch election results should help underpin the Euro today, the Yen may have gotten ahead of itself given the BOJ's firmly dovish stance and could return towards its recent lows.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a June Yen 86.00 put for 109 * Hit protective stop at 91 for a loss of 18 ticks *.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/16/2017: The major trend has turned down with the cross over back below the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 99.40. The next area of resistance is around 101.01 and 101.93, while 1st support hits today at 99.74 and below there at 99.40.

EURO (JUN) 03/16/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. 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. 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 108.8837. The next area of resistance is around 108.4975 and

108.8837, while 1st support hits today at 107.1325 and below there at 106.1538.

JAPANESE YEN (JUN) 03/16/2017: The major trend could be turning up with the close back above the 60-day moving average. The daily stochastics have crossed over up which is a bullish indication. Momentum studies are rising from mid-range, which could accelerate 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 objective is 89.67. The next area of resistance is around 89.27 and 89.67, while 1st support hits today at 87.94 and below there at 87.01.

SWISS (JUN) 03/16/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 101.56. The next area of resistance is around 101.20 and 101.56, while 1st support hits today at 100.02 and below there at 99.20.

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	100.37	36.39	41.56	53.29	36.78	101.06	101.40	101.32	100.79	101.23
JYAM7	88.60	57.33	53.23	24.74	31.36	87.78	87.85	88.37	88.46	87.86
EU6M7	107.8150	63.25	58.51	57.14	70.99	107.15	106.67	106.43	107.07	106.70
BPAM7	123.27	50.83	47.44	16.23	22.72	122.46	122.45	123.47	124.32	124.14
CAAM7	75.24	52.48	47.82	13.76	21.35	74.55	74.50	75.17	75.85	75.57
SFAM7	100.61	61.93	56.36	39.34	55.58	99.91	99.64	99.76	100.34	99.94
DAAM7	76.99	64.49	60.70	31.00	45.97	0.76	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/15/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.39	99.74	100.66	101.01	101.93
JYAM7	Japanese Yen	87.00	87.93	88.34	89.27	89.67
EU6M7	Euro	106.1537	107.1325	107.5187	108.4975	108.8837
BPAM7	British Pound	121.29	122.45	122.92	124.08	124.55
CAAM7	Canadian Dollar	73.95	74.71	75.01	75.77	76.06
SFAM7	Swiss	99.20	100.02	100.38	101.20	101.56
DAAM7	Australian Dollar	74.97	76.16	76.61	77.81	78.25

Calculations based on previous session. Data collected 03/15/2017

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