



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Friday March 17, 2017

BONDS COMMENTARY

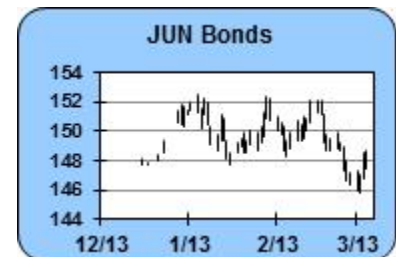
03/17/17

The bear camp maintains an edge especially if data is positive

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -10

Global equity markets were mixed overnight while Euro zone exports declined in the latest monthly readings and that has some players second guessing the talk of economic recovery in Europe but that has not helped to support Treasury bond prices to start this morning. In retrospect the recovery off this week's lows appears to have been the second part of the sell the rumor/buy the fact reaction to the FOMC decision. In fact despite a higher high for the move yesterday the Treasury market early today has spent the brunt of its trade in the lower quarter of the Thursday price range in a track that favors the bear camp. Today's US schedule data looks to foster fresh weakness with three scheduled data points expected to show modest growth. The most prominent scheduled data point of the day will probably be US industrial production which is anticipated to show a modest improvement. However, the University of Michigan sentiment reading is also anticipated to improve moderately and February leading indicators are expected to finish the US data window today with positive progression and therefore the fundamental path of least resistance in Bonds and Notes should remain down. As suggested the North American session will start out with a January reading on Canadian manufacturing sales, followed by February industrial production which is forecast to see moderate improvement from January and it is expected to climb into positive territory. The Conference Board's February reading on leading indicators is expected to gain from January's +0.6% rate. A major private survey on March consumer sentiment is forecast to have a moderate increase from February's 95.7 reading.



TODAY'S MARKET IDEAS:

While Treasury prices have shown some initial bounce this morning the brunt of US schedule data due out later today and the prospect of four interest rate hikes in 2017 still hovering in the background we have to leave the near term edge with the bear camp. Support and a critical pivot point in June bonds is seen this morning at 147-15 and it could take a rally back above 147-27 to take control away from the bear camp. Downtrend channel resistance in June bonds today is seen at 148-10 with that resistance line falling down to 148-01 on Monday. The T-Note market overnight saw a lower low for the move but was able to reject that failure in a fashion that only partially tempers the bearish tilt. In order to throw off the bearish bias in the note market this morning probably requires a rally back above 123-16 in the face of a series of US data points that are anticipated to favor the bear camp.

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) 03/17/2017: 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. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 149-010. The next area of resistance is around 148-080 and 149-010, while 1st support hits today at 147-030 and below there at 146-220.

10 YR TREASURY NOTES (JUN) 03/17/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 123-315. The next area of resistance is around 123-215 and 123-315, while 1st support hits today at 123-085 and below there at 123-050.

STOCKS COMMENTARY

03/17/17

The bulls retain an edge as long as positive US data helps

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +100

Global equity markets were mixed overnight but the markets look to enter the last trading session of the week on a back foot and just above the prior session's lows. All things considered the US equity market performed well in the face of this week's potentially undermining news flow. However one might expect the bull camp to gain some traction this morning if US schedule data comes in positive as is projected by economists. Undermining sentiment slightly this morning is news of a technical glitch at Amazon that temporarily disrupted the cloud. The markets might see some support from the banking and finance sectors after the Fed moved to ease bank merger rules and there was also talk of a further mitigation of Dodd Frank. Earnings announcements will include Tiffany and Co. before the Wall Street opening.



S&P 500: While the June E-mini S&P starts the session just above the prior low it remains well above uptrend channel support from the last month's trade. Initial support today is seen at 2373.50 with uptrend channel support seen further down at 2365.35. As mentioned already talk of further easing of reporting requirements among financial concerns should provide the financial sector with ongoing support today. However the bull camp might be set to benefit from a series of positive US schedule data points which hopefully won't spark the start of mongering over the next move from the Fed.

Other US Indexes: The June mini Dow starts the session just above critical support of 20,843 with uptrend channel support also right on the market at 20,863. On the other hand to turn the technical picture positive in the June mini Dow might only require a rally above 20,893. The June Mini NASDAQ this morning sits right on the two previous closes as if a fresh trend decision is in the offing. While the market would seem to lack the capacity to hold the latest new high it is difficult to take control away from the bull camp given the action of the last three weeks. In fact seeing a clean sweep of positive US scheduled data today should allow for a retest of the all-time highs. Initial resistance is seen at 5431.50.

TODAY'S MARKET IDEAS:

A generally positive track remains in place as long as a sweep of positive US schedule data doesn't foster talk of when the Fed will hike rates next.

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) 03/17/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 next downside target is now at 2364.94. The next area of resistance is around 2386.87 and 2395.43, while 1st support hits today at 2371.63 and below there at 2364.94.

MINI-DOW (JUN) 03/17/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 20759. The next area of resistance is around 20951 and 21035, while 1st support hits today at 20813 and below there at 20759.

E-MINI NASDAQ (JUN) 03/17/2017: The market rallied to a new contract high. 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. The downside closing price reversal on the daily chart is somewhat negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 5456.06. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5434.37 and 5456.06, while 1st support hits today at 5396.63 and below there at 5380.57.

MINI-RUSSELL 2000 (JUN) 03/17/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 1395.4. The next area of resistance is around 1390.8 and 1395.4, while 1st support hits today at 1381.0 and below there at 1375.7.

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	147-210	42.71	42.87	20.16	24.45	147.29	147.63	149.01	149.61	149.47
TYAAM7	123-150	49.07	47.63	20.62	25.91	123.22	123.21	123.71	123.87	123.73
SPAM7	2379.10	64.85	66.45	52.19	52.98	2373.65	2369.18	2367.88	2318.59	2302.13
EPM7	2379.25	67.11	68.13	56.17	55.96	2373.31	2368.44	2367.40	2318.54	2302.03
TFEM7	1385.9	55.43	53.33	28.13	37.78	1374.65	1370.52	1383.32	1374.00	1371.48
ENQM7	5415.50	72.36	72.53	83.90	84.22	5404.56	5384.11	5368.18	5238.28	5165.63
YMM7	20882	65.33	68.47	57.30	51.19	20853.75	20852.44	20824.89	20300.31	20168.10

Calculations based on previous session. Data collected 03/16/2017

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	146-210	147-020	147-270	148-080	149-010
TYAAM7	10 Yr Treasury Notes	123-045	123-080	123-180	123-215	123-315
SPAM7	S&P 500	2366.37	2372.14	2380.27	2386.04	2394.17
EPM7	S&P E-Mini	2364.93	2371.62	2380.18	2386.87	2395.43

TFEM7	Mini-Russell 2000	1375.6	1380.9	1385.5	1390.8	1395.4
ENQM7	E-Mini NASDAQ	5380.56	5396.62	5418.31	5434.37	5456.06
YMM7	Mini-Dow	20759	20813	20897	20951	21035

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CURRENCIES COMMENTARY

03/17/17

Expect the Dollar to continue to slide on its charts

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -10, YEN +30, SWISS -1, CA DOLLAR +5**

Upcoming International Reports (all times CT)

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: With the dollar falling below parity in the early going today it would appear that the sell the fact reaction to the Fed remains in motion. However we would expect the dollar to find some support from what could be a clean sweep of positive US scheduled data. At least in the near term the trade appears to think the next rate hike could be difficult to engineer quickly without a noted progression in US data. Near term downside targeting in the June dollar index is seen at 99.79 and to turn the tide back in favor of the bull camp probably requires a recovery back above 1.0020.

EURO: With the euro set to end the week on a very strong note it would appear that the currency is respecting the usual buy the rumor/sell the fact reaction to the latest Fed action. In fact with another range up extension and the highest euro trade since February 6th sentiment appears to be embracing veiled threats of rising rates in the euro zone. Some might suggest the prospect of a European hike is more a function of a desire to get away from zero/negative rates than a sign of prowess in the European economy. In other words the odds of a mechanical adjustment in European rates are higher than the trade was anticipating two weeks ago. Initial support in the June euro is seen today at 1.0812 and there might not be much in the way of resistance until 1.0835.

YEN: The move by China to hike interest rates combined with the US rate hike earlier this week and talk of the prospect of a hike in European rates has probably stalled the rally in the Yen. In other words the mere capacity of three separate central banks to hike rates would by description point to lower overall safe haven interest in the Yen. Initial support in the June Yen this morning is seen at 88.43 but a rise above 88.75 could put the bull camp right back in control.

SWISS: With another higher high for the move and the highest price since February 8th the bull camp looks to have retained control over the Swiss into the last trading session of the week. In fact with the Swiss managing to plow through hints of rising European rates and the currency easily rising above the top of an old gap area at 1.0136 the path of least resistance looks to be pointing upward.

POUND: Despite potential drag off fresh talk of another Scottish referendum the June pound has extended the recent rally and in turn has returned to the bottom of the late January and February consolidation zone. In fact with a Bank of England official voting to raise interest rates and pressure from other Central Bank action providing pressure to take action, the Pound seems justified in moving away from the ultra-cheap levels seen earlier this month in the Pound. Initial support in the June pound today is seen at 1.2391 with somewhat thick resistance seen at 1.2460. Traders might anticipate some back and fill weakness in the wake of today's US data flow.

CANADIAN DOLLAR: While the June Canadian appears to have found some minimal consolidation support around the 75.00 level over the last 24 hours we expect some weakness through the US schedule data window later this morning with initial support is seen at 74.95. There will be a January reading on Canadian manufacturing

sales but that report isn't expected to have a sustained impact on the currency.

TODAY'S MARKET IDEAS:

We suspect that the dollar will see a slight recovery bounce through the schedule data window but given the reaction to this week's news flow a bounce in the dollar might be seen as a selling opportunity.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/17/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 99.69. The next area of resistance is around 100.34 and 100.71, while 1st support hits today at 99.83 and below there at 99.69.

EURO (JUN) 03/17/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 108.6525. The next area of resistance is around 108.4800 and 108.6525, while 1st support hits today at 107.8400 and below there at 107.3725.

JAPANESE YEN (JUN) 03/17/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 89.17. The next area of resistance is around 88.90 and 89.17, while 1st support hits today at 88.39 and below there at 88.16.

SWISS (JUN) 03/17/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 target is at 101.48. The next area of resistance is around 101.27 and 101.48, while 1st support hits today at 100.65 and below there at 100.23.

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	100.08	33.09	38.98	44.88	25.47	100.86	101.27	101.29	100.76	101.18
JYAM7	88.64	58.00	53.64	29.41	39.42	88.06	87.91	88.34	88.50	87.91
EU6M7	108.1600	66.04	60.68	65.57	82.06	107.39	106.83	106.51	107.11	106.75
BPAM7	123.86	56.85	51.62	22.49	35.31	122.90	122.53	123.43	124.36	124.12
CAAM7	75.14	53.09	48.27	18.95	29.35	74.75	74.55	75.10	75.83	75.58
SFAM7	100.96	66.72	60.02	49.51	69.86	100.23	99.78	99.79	100.37	99.98
DAAM7	76.63	61.83	58.92	39.88	57.62	0.76	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/16/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.68	99.82	100.20	100.34	100.71
JYAM7	Japanese Yen	88.15	88.39	88.66	88.90	89.17
EU6M7	Euro	107.3725	107.8400	108.0125	108.4800	108.6525
BPAM7	British Pound	122.26	123.18	123.62	124.54	124.98
CAAM7	Canadian Dollar	74.73	74.92	75.17	75.36	75.60
SFAM7	Swiss	100.22	100.64	100.85	101.27	101.48
DAAM7	Australian Dollar	76.14	76.34	76.70	76.91	77.26

Calculations based on previous session. Data collected 03/16/2017

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