



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday March 20, 2017

BONDS COMMENTARY

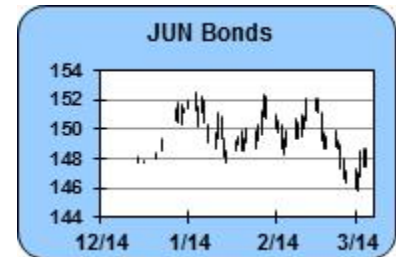
03/20/17

The market feels a little overbought at current levels

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -10

Apparently the G20 meeting has sparked talk of protectionism after that group seemingly removed anti-trade wording from their Statement and that in turn has undermined stocks and dented economic sentiment to start the trading week but that has only given US Treasuries a very slight lift to start today. Apparently weakness in global equity markets and a slight increase of global protectionism fears provided some safe haven lift to US Treasuries with the June bond contract initially forging an upside breakout and the highest trade since March 8th overnight. With weakness in French bonds overnight due to election concerns and evidence at the end of last week of significant outflows from junk bonds that has clearly given the bull camp a series of supportive themes. With 3rd tier Chicago Fed activity index reading the only scheduled US report of consequence today the focus of the trade might center on the early action in equities before the focus shifts to the afternoon speech from the Chicago Fed Pres. Evans. However the North American calendar will start with January Canadian wholesale sales which are expected to have a moderate downtick from December's +0.7% reading. The Chicago Fed's February national activity index is forecast to improve on January's -0.03 reading and climb into positive territory. Chicago Fed President Evans will speak during afternoon US trading hours. The Commitments of Traders Futures and Options report as of March 14th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 87,333 contracts. This represents an increase of 19,264 contracts in the net short position held by these traders. The Commitments of Traders Futures and Options report as of March 14th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 417,877 contracts. With the Treasury bond contract showing a net short position of nearly 90,000 contracts and Notes net short 417,000 contracts it is not surprising to see the magnitude of technical short covering buying in bonds & Notes over the last three trading sessions. While the T note market recently moderated its net spec and fund short it still showed 417,000 net short as of early last week and therefore it isn't surprising to see that market benefiting significantly from short covering buying. However with a modest upside extension today both bonds and notes will return to a thick consolidation zone and the outlook for the US economy remains fairly positive which in turn should begin to limit prices on the upside.



TODAY'S MARKET IDEAS:

While June bonds did manage an upside breakout to start today they were unable to sustain that pulse up move and they might have a critical pivot point just under the market this morning at 148-13. On the other hand the 148-00 level is generally the bottom of the last four months consolidation zone and that level could offer the market an impression of value just under today's trading levels. Another close-in critical pivot point might be seen at 148-09 in June bonds with similar pivot point support in June notes seen at 123-19. We suspect that today's early scheduled data will have a minimally bearish impact on prices early and that the tone of the market later in the session will be set by comments from the Fed's Evans. Conservative traders with long profits should consider tightening profit stops and/or banking profits as the US economy continues to show signs of forward progress.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/7/2017 - 3/14/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
Bonds	-48,314	-10,955	87,334	+19,266	-39,019	-8,309
T-Notes	-197,951	+90,014	417,877	-98,464	-219,926	+8,450

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) 03/20/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 149-130. The next area of resistance is around 149-020 and 149-130, while 1st support hits today at 147-300 and below there at 147-040.

10 YR TREASURY NOTES (JUN) 03/20/2017: The cross over and close above the 60-day moving average indicates 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 intermediate trend could be turning up with the close back above the 18-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 124-060. The next area of resistance is around 124-000 and 124-060, while 1st support hits today at 123-160 and below there at 123-055.

STOCKS COMMENTARY

03/20/17

The trend is pointing downward today as optimism is missing

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -310

Global equity markets were mixed overnight with Chinese stocks higher and most of the G7 markets lower. Perhaps the markets were partially discouraged by evidence that the G20 meeting spawned a protectionism mentality simply with the lack of a protectionism pledge in the press release from that organization. The markets might see some offset to the G20 disappointment from positive US/China dialogue but even that positive story line is expected to be undermined by increasing rancor off the US wiretap accusations. While many markets have seemingly gotten beyond the negative influence of the US rate hike last week, charts across the board seem to favor the bear camp.



S&P 500: As indicated already the chart pattern in the E-mini S&P favors the bear camp with an extending pattern of lower highs and lower lows. The bull camp might take some solace from the fact that recent declines took place on falling open interest. However with the markets in the midst of a March to June contract rollover one can't read too much into the volume and open interest statistics. While a number of other financial markets appear to be relieved that the Fed isn't becoming increasingly more hawkish the reality of three potential rate hikes this year has some investors banking profits and moving to the sidelines. The Commitments of Traders Futures and Options report as of March 14th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 148,447 contracts.

Other US Indexes: In addition to somewhat narrow trading ranges this month the slow erosive price action looks set to continue. While there are some negative geopolitical issues weighing on prices the bear case seems to be

built on a lack of a priority focus on fiscal stimulus in Washington. However the bull camp could be in trouble with the news that the "combined" spec and fund Net Long position in the Mini-Dow hit a new record level at 78,766 contracts in the last COT positioning report. Uptrend channel support in the June mini Dow today is seen at 20,817 with more significant support seen down at 20,801. To turn the trend back to the upside this morning might require a rally back above 20,928. Like the rest of the market the June Mini NASDAQ has negative charts and a lack of significant support directly under prices to start the trading week. Initial support is seen at 5386.00 and to turn the trend back to the upside probably requires a trade back above 5431.50. The Commitments of Traders Futures and Options report as of March 14th for the Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 73,760 contracts.

TODAY'S MARKET IDEAS:

Given a record spec and fund long in the mini Dow, the lack of definitive economic optimism and signs of an extension of political wrangling in Washington, the path of least resistance in stocks looks to remain down today. If there is a silver lining for the bull camp today it is the potential for modest erosive declines.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/7/2017 - 3/14/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-13,024	-1,689	4,265	-5,128	8,760	+6,818
E-Mini S&P	158,112	+21,197	-148,448	-23,724	-9,665	+2,526

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) 03/20/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 2366.63. The next area of resistance is around 2379.50 and 2385.62, while 1st support hits today at 2370.00 and below there at 2366.63.

MINI-DOW (JUN) 03/20/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 20807. The next area of resistance is around 20900 and 20950, while 1st support hits today at 20828 and below there at 20807.

E-MINI NASDAQ (JUN) 03/20/2017: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 under the swing pivot. The next downside objective is 5394.88. The next area of resistance is around 5417.00 and 5429.87, while 1st support hits today at 5399.50 and below there at 5394.88.

MINI-RUSSELL 2000 (JUN) 03/20/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 1403.9. The next area of resistance is around 1398.6 and 1403.9, while 1st support hits today at 1382.9 and below there at 1372.4.

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	148-160	50.45	47.85	24.21	31.52	147.88	147.59	148.93	149.55	149.48
TYAAM7	123-240	54.57	51.23	25.73	34.81	123.49	123.24	123.70	123.86	123.75
SPAM7	2399.00	60.63	63.74	52.38	52.76	2374.50	2369.53	2368.99	2321.04	2304.13
EPM7	2374.75	61.46	64.59	55.70	54.67	2374.25	2369.31	2368.47	2320.98	2304.03
TFEM7	1390.8	58.18	55.08	34.25	46.47	1380.03	1371.71	1382.52	1374.25	1371.81
ENQM7	5408.25	68.13	70.04	82.89	80.77	5406.81	5389.92	5371.86	5246.32	5173.60
YMM7	20864	62.09	66.60	54.06	47.36	20861.75	20849.22	20837.94	20323.80	20186.33

Calculations based on previous session. Data collected 03/17/2017

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	147-030	147-290	148-080	149-020	149-130
TYAAM7	10 Yr Treasury Notes	123-050	123-155	123-215	124-000	124-060
SPAM7	S&P 500	2379.87	2394.75	2388.37	2403.25	2396.87
EPM7	S&P E-Mini	2366.62	2370.00	2376.12	2379.50	2385.62
TFEM7	Mini-Russell 2000	1372.3	1382.8	1388.1	1398.6	1403.9
ENQM7	E-Mini NASDAQ	5394.87	5399.50	5412.37	5417.00	5429.87
YMM7	Mini-Dow	20806	20828	20878	20900	20950

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CURRENCIES COMMENTARY

03/20/17

A slow erosion of the Dollar is expected to continue

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -110, YEN -50, SWISS +4, CA DOLLAR +0**

Upcoming International Reports (all times CT)

03/20 13 and 26 Week Bill Auction
 03/20 German Producer Price Index 2:00 AM
 03/20 Euro-zone Labor Cost Index 5:00 AM
 03/20 Canadian Wholesale Trade 7:30 AM
 03/21 4-Week BILl Auction
 03/21 Swiss Trade Balance 2:00 AM
 03/21 UK Consumer Price Index 3:30 AM
 03/21 UK Producer Price Index 4:30 AM
 03/21 Canadian Retail Trade 7:30 AM
 03/21 API Energy Stocks 3:30 PM
 03/21 Japan Trade Balance 6:50 PM



DOLLAR: The Dollar index remains under pressure with a fresh chart failure to start the new trading week. Apparently the currency is set to remain under pressure because of protectionist fears from the current administration. However it does appear as if today's early action is the result of what the G20 failed to say as opposed to what it did say. In other words the lack of an open trade reference in the G20 statement was seen by

some players as a sign of turmoil within the group. We suspect that the US scheduled data will provide some temporary lift to the Dollar but that gains will fail to hold and more minor declines will be seen. The Commitments of Traders Futures and Options report as of March 14th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 54,288 contracts.

EURO: In addition to residual pressure on the dollar because of the protectionist tilt from the current US administration the euro is also garnering support this morning from upwardly revised German growth projections for 2017 from Germany's top economic advisors. The euro is also garnering lift from news that euro zone fourth-quarter labor cost rose by 1.6% as that news increases the prospect of rising euro zone rates. With a pattern of higher lows and the market sitting just below last Fridays highs we would expect to see additional higher highs for the move this week. Traders might consider purchasing the euro on a post US schedule report dip. The Commitments of Traders Futures and Options report as of March 14th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 35,551 contracts.

YEN: Despite a narrower trading range due to a Japanese holiday the Yen looks to have maintained a positive chart set up perhaps because trade relations between Japan and the US are not expected to deteriorate as in other economic zones. However weakness in the US dollar and increased safe haven interest from the G20 meeting has left the Yen with a bid. Initial support in the June Yen today is seen at 88.94.

SWISS: Unlike other Non-dollar currencies this morning the Swiss has spent a lot of time today in the bottom half of the Friday trade and is showing a lack of upside extension interest. However in the event of a modest corrective balancing move in the wake of the stellar rally of the last three weeks the Swiss franc might become a buy. It should also be noted that the 1.01 level does offer some modest resistance from the January and February consolidation highs.

POUND: With the UK Prime Minister thought to be on tour before putting the BREXIT in motion, the June Pound regaining its 50 day moving average, and the currency reaching to a fresh higher high for the move it would appear as if the bull camp starts the trading week with control. Therefore we anticipate the June pound will return to the middle of the October through present consolidation zone up around the 1.2542 level.

CANADIAN DOLLAR: The Canadian dollar appears to have run out of bullish steam. In fact despite initial weakness in the US currency the Canadian dollar has now shown a lack of upside extension action. Critical support in the June Canadian today is seen at 74.95 and to turn the tide back to the upside probably requires a rise back above 75.26.

TODAY'S MARKET IDEAS:

Currency markets come away from G 20 me with the idea that US dollar will remain weak, that the US administration will foster further weakness in the dollar and that it will look to renegotiate or retaliate against a number of its trading partners. In retrospect the failure of the dollar in the wake of the US rate hike seems to have emboldened the bear camp.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (JUN) 03/20/2017: 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 market tilt is slightly negative with the close under the pivot. The next downside target is now at 99.83. The next area of resistance is around 100.31 and 100.45, while 1st support hits today at 100.00 and below there at 99.83.

EURO (JUN) 03/20/2017: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 108.4900. The next area of resistance is around 108.1299 and 108.4900, while 1st support hits today at 107.5900 and below there at 107.4100.

JAPANESE YEN (JUN) 03/20/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 89.68. The next area of resistance is around 89.44 and 89.68, while 1st support hits today at 88.71 and below there at 88.22.

SWISS (JUN) 03/20/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next upside target is 101.27. The next area of resistance is around 100.95 and 101.27, while 1st support hits today at 100.51 and below there at 100.39.

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	100.15	33.74	39.53	37.16	20.35	100.62	101.13	101.23	100.75	101.13
JYAM7	89.07	63.53	57.28	36.32	50.13	88.45	88.01	88.37	88.54	87.96
EU6M7	107.8600	61.48	57.85	71.19	82.60	107.60	107.00	106.62	107.14	106.80
BPAM7	124.25	60.40	54.18	31.22	48.57	123.31	122.70	123.38	124.40	124.12
CAAM7	75.06	51.16	47.03	24.26	35.35	74.88	74.59	75.04	75.81	75.58
SFAM7	100.73	64.22	58.56	58.14	75.39	100.46	99.93	99.84	100.40	100.02
DAAM7	76.88	65.23	61.58	49.49	69.40	0.76	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/17/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.83	100.00	100.14	100.31	100.45
JYAM7	Japanese Yen	88.21	88.70	88.95	89.44	89.68
EU6M7	Euro	107.4099	107.5899	107.9500	108.1299	108.4900
BPAM7	British Pound	123.27	123.84	124.09	124.66	124.91
CAAM7	Canadian Dollar	74.64	74.85	75.05	75.27	75.47
SFAM7	Swiss	100.39	100.51	100.83	100.95	101.27
DAAM7	Australian Dollar	76.27	76.60	76.82	77.15	77.37

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