



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday March 22, 2017

BONDS COMMENTARY

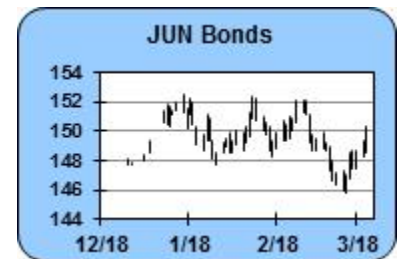
03/22/17

Soft data, weak equities and political angst is bullish

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +200

Global equity markets remained off balance overnight but US equities were only down marginally but that has not tempered the bullish tide in Treasuries early on today. With sentiment seemingly factoring in a derailing of the Trump optimism that has been in place since the election, tensions toward North Korea simmering and doubt on the capacity to get tax reform through Congress has clearly justified ongoing buying of Treasuries. In fact if the trade is content to remove the Trump bump from the economy it is possible that June Bonds could return to the levels seen around the election and that could project a rally in June bonds up to 152-17. In fact expectations for a decline in Existing Home sales figures later this morning should leave the market in an upward track. With the recent Fed rate hike and the level of rates in place last week it is also possible that the weekly mortgage application report will show some softness in that sector of the economy. The North American session will start with a weekly private survey of mortgage applications and the January FHFA housing price index which is forecast to be in-line with December's 0.4% reading. February existing home sales are expected to see a moderate downtick from January's 5.69 million annualized rate.



TODAY'S MARKET IDEAS:

As indicated already we think the path of least resistance is pointing upward and there might be little in the way of resistance seen until the June Bonds and Notes reach back up to the top of the November through March consolidation pattern. Top of the consolidation pattern in June bonds is initially seen at 152-00 with the top of the consolidation zone in June Notes initially seen up at 125-00. Buy dips.

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) 03/22/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 151-180. The next area of resistance is around 151-030 and 151-180, while 1st support hits today at 149-110 and below there at 148-010.

10 YR TREASURY NOTES (JUN) 03/22/2017: 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 124-295. The next area of resistance is around 124-240 and 124-295, while 1st support hits today at 124-030 and below there at 123-190.

STOCKS COMMENTARY

03/22/17

Economic disappointment from #'s & Washington favors the bears

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 -180

Global equity markets were all off moderately overnight in what was probably a catch-up to the US action on Tuesday. The markets don't like uncertainty and there is certainly political uncertainty from Washington and North Korea.

However, we don't detect panic but there are rumblings that the Trump premium is in the process of being removed or that it needs to be removed. We can't argue against more declines ahead but we suspect that the declines will become less severe but the political swamp is clearly dragging the President into the quagmire and Health Care is the "3rd rail" of politics destined to shock those who touch it. In the end the stock market is of a mind that tax reform and infrastructure spending have been pushed back on the agenda behind an issue that might not be solved for months! Earnings announcements will include Cintas after the Wall Street close.



S&P 500: While the market probably became short term oversold with the sharp range down failure yesterday and sentiment was severely damaged in the process further declines might be moderate as the markets are generally disappointed instead of scared. Initial support on the charts is seen down at 2332.00 and it might require a rally back above 2344.25 to shift the bias back to the upside. At this point the market needs something from Health care to be passed so that the focus can return to pro-growth efforts.

Other US Indexes: The June Mini Dow remains under a washout watch to start again today but as suggested already the market might not see aggressive liquidation action today. However, we would expect the market to be undermined in the wake of US existing home sales figures as that news is likely to undermine investor sentiment further. Near term downside targeting in the June Mini-Dow is seen at even numbers of 20,500 and perhaps not until the 20,454 level. The Mini-NASDAQ was the most uniform up-trend pattern within the market prior to the recent washout and its stellar performance would by definition suggest that it has the most corrective need of all the active measures. Near term downside targeting is seen at 5299.25. With a new high in Apple shares yesterday failing to alter bearish sentiment, that is a testament to the dominance of the bear case.

TODAY'S MARKET IDEAS:

Less anxiety could mean more measured declines but the path of least resistance remain down.

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) 03/22/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies trending lower at mid-range should accelerate a move

lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down is somewhat negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 2309.44. The next area of resistance is around 2362.37 and 2390.93, while 1st support hits today at 2321.63 and below there at 2309.44.

MINI-DOW (JUN) 03/22/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. A negative signal was given by the outside day down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 20376. The next area of resistance is around 20777 and 21004, while 1st support hits today at 20463 and below there at 20376.

E-MINI NASDAQ (JUN) 03/22/2017: The market made a new contract high on the rally. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The outside day down and close below the previous day's low is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 5250.63. The next area of resistance is around 5393.25 and 5472.62, while 1st support hits today at 5282.25 and below there at 5250.63.

MINI-RUSSELL 2000 (JUN) 03/22/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. A negative signal was given by the outside day down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 1308.9. The next area of resistance is around 1368.6 and 1403.4, while 1st support hits today at 1321.4 and below there at 1308.9.

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	150-070	63.85	57.24	38.20	55.98	148.88	147.85	148.85	149.48	149.54
TYAAM7	124-135	65.96	59.31	42.81	62.66	123.94	123.45	123.68	123.86	123.80
SPAM7	2399.00	35.95	45.65	45.22	33.30	2366.70	2368.23	2368.87	2325.23	2307.40
EPM7	2342.00	35.34	45.49	47.79	35.42	2366.56	2368.11	2368.25	2325.14	2307.30
TFEM7	1345.0	33.37	38.96	36.08	31.34	1375.73	1370.59	1378.77	1374.54	1371.80
ENQM7	5337.75	40.79	50.86	73.58	56.51	5394.94	5393.81	5375.93	5260.97	5187.87
YMM7	20620	34.98	47.72	43.53	29.27	20808.25	20827.89	20841.83	20367.64	20216.73

Calculations based on previous session. Data collected 03/21/2017

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	148-000	149-100	149-250	151-030	151-180
TYAAM7	10 Yr Treasury Notes	123-185	124-025	124-080	124-240	124-295
SPAM7	S&P 500	2339.60	2379.40	2378.80	2418.60	2418.00
EPM7	S&P E-Mini	2309.43	2321.62	2350.18	2362.37	2390.93
TFEM7	Mini-Russell 2000	1308.8	1321.3	1356.1	1368.6	1403.4
ENQM7	E-Mini NASDAQ	5250.62	5282.25	5361.62	5393.25	5472.62
YMM7	Mini-Dow	20376	20463	20690	20777	21004

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CURRENCIES COMMENTARY

03/22/17

A lack of leadership today favors the Yen

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR +23, YEN +465, SWISS +12, CA DOLLAR -320

Upcoming International Reports (all times CT)

03/22 Euro-zone Balance of Payment 4:00 AM
03/22 Existing Home Sales 9:00 AM
03/22 EIA Energy Stocks 9:30 AM
03/22 Japan BOJ Minutes 6:50 PM
03/23 10-Yr note Auction
03/23 German GfK Consumer Confiden 2:00 AM
03/23 France Business Climate Surv 2:45 AM
03/23 UK Retail Sales 4:30 AM
03/23 Initial Jobless Claims 7:30 AM
03/23 New Home Sales 9:00 AM
03/23 EIA Gas Storage 9:30 AM



DOLLAR: While the Dollar is showing some modest recovery action to start today that action might be short lived. With Washington fighting over health care a conflict with a long shelf life and US existing home sales figures later this morning expected to come in soft we have to think that the Dollar remains poised to forge lower lows ahead. Near term downside targeting is seen at 99.30 and perhaps down at 99.14. In fact, seeing slack US data and more significant declines in US equities could restart the washout in the Dollar until the Index reaches the lowest level since early November. In other words the Trump Premium is being removed from a number of financial instruments.

EURO: While the Euro is closing in on the top of the last 3 months consolidation zone we doubt that the range up action has fully run its course. However, a portion of the bull case in the Euro was expectations that the Euro zone was going to be pulled into a recovery by the global recovery tide and the global recovery tide is being questioned this morning. Up-trend channel support from the March lows gives support today down at 1.0752 and that support line rises to 1.0772 on Thursday. Closer-in support in the June Euro today is seen at 1.0790.

YEN: With a sharp increase in Japanese exports overnight and a rise in imports the trade sees ongoing improvement in economic sentiment toward Japan and that should help the currency grind out more gains on its charts. Up-trend channel support in the June Yen is replaced by support from the top of the old consolidation at 90.00. The bulls are now targeting an old gap up at 90.76 to 90.85.

SWISS: The Swiss did manage a fresh new high for the move early but it was unable to hold all of the initial gains. However, there is no reason to take control away from the bull camp as economic optimism toward the US wanes and Non-Dollar currencies benefit from the breakdown in the Dollar. Key support in the June Swiss is seen at 1.01 and we would suggest that players buy the Swiss on a dip to 1.0110.

POUND: While we think the Pound could eventually return to the 1.2750 level we think that the Pound is destined to pause and waffle around the 1.2500 area as the world economic view moderates. In other words the UK economy needs global economic tailwinds to charge through the drag from BREXIT and a slight rupturing of macro-economic sentiment could temper the upward bias in the Pound. However, the overall trend is expected to remain up and traders might look to buy a dip back to 1.2435.

CANADIAN DOLLAR: The Canadian appears to have had the rug yanked out from under it to start this morning and that could set the stage for a near term decline back down to 74.56. We have to think that unfolding weakness in crude oil, declining North American economic optimism and strength in the Swiss and Yen are set to contribute to the weakness in the Canadian.

TODAY'S MARKET IDEAS:

Soft US economic data later this morning should restart the slide in the Dollar.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (JUN) 03/22/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. 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 98.96. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 99.89 and 100.39, while 1st support hits today at 99.17 and below there at 98.96.

EURO (JUN) 03/22/2017: 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 outside day up is a positive signal. 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 near-term upside objective is at 109.4000. The next area of resistance is around 109.1100 and 109.4000, while 1st support hits today at 108.1000 and below there at 107.3800.

JAPANESE YEN (JUN) 03/22/2017: 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's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 90.70. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 90.36 and 90.70, while 1st support hits today at 89.31 and below there at 88.60.

SWISS (JUN) 03/22/2017: 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. A positive signal was given by the outside day up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 101.88. The next area of resistance is around 101.58 and 101.88, while 1st support hits today at 100.75 and below there at 100.21.

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										
DXAM7	99.53	28.95	35.39	25.08	13.54	100.04	100.70	101.10	100.71	101.03
JYAM7	89.83	71.78	63.19	55.08	74.49	89.19	88.36	88.43	88.61	88.09
EU6M7	108.6050	68.55	62.93	79.99	89.02	108.13	107.49	106.84	107.19	106.90
BPAM7	125.15	65.60	58.97	49.61	69.97	124.27	123.21	123.29	124.50	124.13
CAAM7	74.97	48.94	45.81	36.40	48.56	75.01	74.71	74.90	75.75	75.58
SFAM7	101.17	66.53	60.62	69.88	81.01	100.87	100.30	99.95	100.44	100.10
DAAM7	76.81	60.40	58.72	65.13	77.86	0.77	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/21/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	98.95	99.17	99.67	99.89	100.39
JYAM7	Japanese Yen	88.59	89.30	89.65	90.36	90.70
EU6M7	Euro	107.3800	108.1000	108.3900	109.1100	109.4000
BPAM7	British Pound	123.28	124.38	124.81	125.91	126.34
CAAM7	Canadian Dollar	74.50	74.68	75.08	75.26	75.66
SFAM7	Swiss	100.21	100.74	101.05	101.58	101.88
DAAM7	Australian Dollar	76.25	76.48	76.92	77.15	77.59

Calculations based on previous session. Data collected 03/21/2017

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