



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 23, 2017

## BONDS COMMENTARY

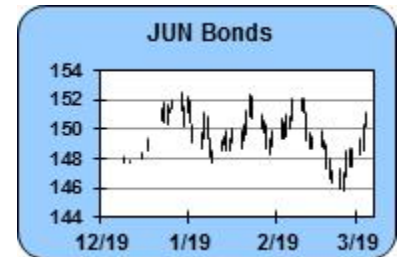
03/23/17

Data to lean bearish especially with Fed inflation fears

### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -100

With the Treasury markets forging very impressive gains over the last 3 weeks, the terrorist incident in London, economic and geopolitical uncertainty in the US on the rise and scheduled data yesterday showing weakness the probe above the 151-00 level in June Bonds was well deserved. With global economic sentiment generally off balance it is difficult to take control away from the bull camp in Treasuries but reports of growing inflation concerns from Fed research could become a key limiting force in the marketplace. In fact there will be 3 Fed speeches today and we assume that the Fed members will be pressed to elaborate on the Fed's work that suggests inflation could overshoot its annual inflation target of 2.0%. We might also suggest that June bonds have returned to a level just under very significant overhead consolidation resistance from the January and February high formations. Given the erosion of the Trump Premium, slack data and this week's sharp slide in equities the fundamentals appear to remain in the bull's favor. However, the North American session will start out with a weekly reading on initial jobless claims that are expected to see a slight downtick from the previous 241,000 reading and February new home sales are forecast to see a modest uptick from January's 555,000 annualized rate and that could foster some long profit taking and a possible setback to 150-08 in June bonds and to 124-08 in June Notes. The March KC Fed manufacturing index is expected to hold steady with February's 11 reading. Fed Chair Yellen will speak during morning US trading hours while Minneapolis Fed President Kashkari and Dallas Fed President Kaplan will speak during the afternoon.



### TODAY'S MARKET IDEAS:

While it is difficult to take control away from the bull camp the mere mention of Fed concerns that inflation might overshoot inflation targets is not something to discount. With a significant range up extension and failure to hold this week's highs one might also suggest that the technical condition hints at a temporary peak. We think the bias is down in a mild corrective tilt and it could take a rally back above 150-26 in June Bonds to quickly put control back into the hands of the bull camp. Traders need to be on the lookout for the vote on the health care bill as that looks to overcome US data and international developments. In the event the bill fails to pass that could extend the financial market efforts to extract the "Trump Premium" and that could rekindle safe haven interest in Treasuries.

### 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) 03/23/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 151-210. The next

area of resistance is around 151-050 and 151-210, while 1st support hits today at 150-050 and below there at 149-200.

10 YR TREASURY NOTES (JUN) 03/23/2017: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 124-280. The next area of resistance is around 124-215 and 124-280, while 1st support hits today at 124-100 and below there at 124-045.

## STOCKS COMMENTARY

03/23/17

**Expect to see a volatility event with the bears holding an edge**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**S&P 500 +570**



Global equity markets were mixed overnight with the Asian markets generally stronger and the European markets weaker. Stocks are lucky to be trading in positive territory to start today given the residual impact of the terrorist action yesterday and a potential trend setting vote in Washington directly ahead. Talk in the press is that a failure to pass the healthcare plan could result in a Trump tantrum on Wall Street which in turn means a volatility event that would clearly favor the bear camp. From a technical perspective, the charts favor the bear camp with a series of lower lows for the move recently. Another issue undermining stocks this week is talk that lower tax rate targets from the Trump administration probably won't be achieved. Earnings announcements will include Accenture and ConAgra Brands before the Wall Street opening while Micron Technology reports after the close.

**S&P 500:** Critical pivot point support in the June E-mini S&P today is seen at 2338.00 and it could take an early print back above 2349.50 to give the bull camp a minimal edge. However as suggested already the 930 Eastern Time vote on the healthcare plan looks to be a trend setting juncture. It should also be noted that the 2350.00 level offers significant resistance in the form of extensive consolidation from mid-February to present. The bull camp might see some benefit from a series of favorable scheduled data points but that information should take a backseat to the news flowing from Washington.

**Other US Indexes:** Like the rest of the market the E-mini Dow remains within a negative chart pattern but the index seems to have garnered some support from the 20,500 level in the last 24 hours. Uptrend channel support in the June mini Dow today is seen at 20,550 with significant resistance seen at 20,735. Since the vote on healthcare is currently too close to call we hesitate to implement a trade ahead of the congressional vote this morning but pushed into the market we favor the downside. The E-mini NASDAQ has clearly outperformed the rest of the market over the last 24 hours as it at times this morning recovered nearly half of the large range down failure on Tuesday. Uptrend channel support in the June Mini NASDAQ today is seen at 5323.40 and that support level rises to 4358.45 on Friday. If there is an index capable of plowing through the first three hours of trade today with a positive track it is the NASDAQ.

### TODAY'S MARKET IDEAS:

A major pivot point for the Trump "market" is seen at 9:30 (eastern) this morning. If there is to be significant tax relief and extensive infrastructure spending and a robust economy the Trump administration has to regain its mojo with the vote today!

### 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) 03/23/2017: 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. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 2325.13. The next area of resistance is around 2351.00 and 2358.12, while 1st support hits today at 2334.50 and below there at 2325.13.

MINI-DOW (JUN) 03/23/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is 20481. The next area of resistance is around 20653 and 20697, while 1st support hits today at 20545 and below there at 20481.

E-MINI NASDAQ (JUN) 03/23/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 5294.69. The next area of resistance is around 5396.87 and 5417.18, while 1st support hits today at 5335.63 and below there at 5294.69.

MINI-RUSSELL 2000 (JUN) 03/23/2017: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 1325.4. The next area of resistance is around 1349.7 and 1356.1, while 1st support hits today at 1334.3 and below there at 1325.4.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM7	150-210	66.71	59.39	47.09	66.15	149.50	148.25	148.76	149.44	149.59
TYAAM7	124-155	67.72	60.59	51.61	70.77	124.14	123.62	123.64	123.85	123.83
SPAM7	2342.60	36.31	45.85	39.25	27.31	2357.58	2365.94	2367.88	2327.13	2308.89
EPM7	2342.75	36.51	46.00	41.37	28.96	2357.13	2365.58	2367.26	2327.03	2308.78
TFEM7	1342.0	32.31	38.15	32.73	25.88	1364.83	1368.79	1376.23	1374.32	1371.17
ENQM7	5366.25	49.39	55.65	65.62	50.20	5381.69	5392.50	5377.10	5268.18	5195.13
YMM7	20599	33.62	46.53	36.92	24.21	20734.25	20800.11	20835.83	20388.47	20229.75

Calculations based on previous session. Data collected 03/22/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM7	Bonds	149-190	150-040	150-200	151-050	151-210
TYAAM7	10 Yr Treasury Notes	124-040	124-095	124-160	124-215	124-280
SPAM7	S&P 500	2326.30	2335.00	2341.50	2350.19	2356.69
EPM7	S&P E-Mini	2325.12	2334.50	2341.62	2351.00	2358.12
TFEM7	Mini-Russell 2000	1325.3	1334.3	1340.7	1349.7	1356.1

ENQM7	E-Mini NASDAQ	5294.68	5335.62	5355.93	5396.87	5417.18
YMM7	Mini-Dow	20481	20545	20589	20653	20697

Calculations based on previous session. Data collected 03/22/2017

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## CURRENCIES COMMENTARY

03/23/17

**Major trend decision this morning use a breakout system**

### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**US DOLLAR +3, YEN -150, SWISS -8, CA DOLLAR +105**

### Upcoming International Reports (all times CT)

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  
 03/24 France Manufacturing PMI Fla 3:00 AM  
 03/24 France Services PMI Flash 3:00 AM  
 03/24 Adv Durable Goods 7:30 AM  
 03/24 Canadian Consumer Price Inde 7:30 AM



**DOLLAR:** While US scheduled data later today might be capable of lending some support to the dollar it could be difficult to throw off the March downtrend pattern without a Trump win on the Obamacare replacement vote. However the dollar will see the brunt of the US schedule data before the vote and that could provide some bounce in the index. We are a little surprised in the dollar's lack of windfall from news that the Fed has compiled research that suggests inflation could overshoot its target and that clearly highlights the prevailing negative attitude toward the Dollar. Downtrend channel resistance in the June Dollar index today is seen at 99.91 and we will assume the trend is down until proven otherwise.

**EURO:** With European data overnight disappointing and a narrow pattern of lower lows and lower highs on the charts the initial path of least resistance in the euro is pointing downward. However as in the dollar the euro should see an extremely critical juncture into the US healthcare vote. Initial US schedule data and a Fed inflation story overnight gives the bear camp in the euro an additional edge in the early going today. A critical pivot point support zone is seen at 1.0789 and to turn the trend back to the upside might only require a trade back above 1.0858.

**YEN:** The uptrend pattern in the Yen over the last several weeks has correlated tightly with the breakdown in US equities and that in turn would seem to suggest that the misfortunes of the Trump administration has provided the Yen with a safe haven bid. It is possible that the Yen will see some back and fill action through US schedule data early today but traders should consider going with a breakout of 90.64 on the upside and 89.78 on the downside.

**SWISS:** News that the Swiss central bank spent Fr.67.1 billion last year to intervene in the currency markets might be supportive of the currency because that tally is below the prior year. Uptrend channel support in the June Swiss franc today is seen at 1.0098 and initial resistance today is seen at 1.0142. All things considered the uptrend pattern in the Swiss from the last three weeks is set to encounter a major decision point today and it could take a failed vote on healthcare to extend the Swiss rally straightaway.

**POUND:** Despite the unfortunate terrorist incident in London the Pound has continued to show positive traction on its charts. An improvement in February UK retail sales provides support to the bull camp as that shows the BREXIT threat hasn't been all encompassing. Uptrend channel support in the June Pound today is seen at 1.2437 and there might be little in the way of resistance until 1.26 over the coming 36 hours of trade. While we favor the upward tilt the Pound probably needs a global risk on environment to return to and above the 1.26 pricing zone.

**CANADIAN DOLLAR:** The Canadian appears to be mired within a sideways consolidation pattern with the trade bracing for a series of US economic reports and a key vote in the US Congress. We think the onus is on the bull camp to prove it can hold the 75.00 level with potentially critical support seen down at 74.84 early today. Downtrend channel resistance in the June Canadian dollar today is seen at 75.33 and we suspect the trend of the day will be set by US initial claims which are anticipated to tick down.

**TODAY'S MARKET IDEAS:**

A major dollar pivot should unfold in the first three hours of trade today. While US schedule data looks to provide some support to the dollar the failure by the Trump administration to pass and get beyond the healthcare reform effort could result in even more of the Trump optimism premium being extracted from US stocks, the US dollar and various industrial commodity prices.

**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) 03/23/2017:** Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 99.12. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 99.65 and 99.88, while 1st support hits today at 99.28 and below there at 99.12.

**EURO (JUN) 03/23/2017:** 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. 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 objective is 108.9687. The next area of resistance is around 108.7225 and 108.9687, while 1st support hits today at 108.2275 and below there at 107.9788.

**JAPANESE YEN (JUN) 03/23/2017:** A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 near-term upside objective is at 91.11. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 90.74 and 91.11, while 1st support hits today at 89.90 and below there at 89.42.

**SWISS (JUN) 03/23/2017:** 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 102.08. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 101.76 and 102.08, while 1st support hits today at 101.10 and below there at 100.77.

**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
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**CURRENCY COMPLEX**

DXAM7	99.46	27.51	34.22	20.08	10.09	99.86	100.45	101.02	100.68	100.97
JYAM7	90.32	75.90	66.49	63.04	80.09	89.57	88.66	88.46	88.63	88.17
EU6M7	108.4750	66.53	61.72	83.28	90.06	108.21	107.74	106.97	107.20	106.96
BPAM7	125.13	65.55	58.91	58.75	77.67	124.55	123.54	123.29	124.51	124.15
CAAM7	75.11	53.02	48.46	43.47	56.92	75.04	74.83	74.83	75.72	75.60
SFAM7	101.43	70.10	63.29	74.31	83.19	100.98	100.50	100.03	100.45	100.15
DAAM7	76.67	57.06	56.59	69.24	76.83	0.77	0.76	0.76	0.76	0.75

Calculations based on previous session. Data collected 03/22/2017

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**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	99.11	99.27	99.49	99.65	99.88
JYAM7	Japanese Yen	89.41	89.89	90.26	90.74	91.11
EU6M7	Euro	107.9787	108.2275	108.4737	108.7225	108.9687
BPAM7	British Pound	124.19	124.71	125.03	125.55	125.87
CAAM7	Canadian Dollar	74.51	74.86	75.01	75.36	75.51
SFAM7	Swiss	100.76	101.10	101.42	101.76	102.08
DAAM7	Australian Dollar	76.08	76.41	76.59	76.92	77.10

Calculations based on previous session. Data collected 03/22/2017

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