



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Tuesday March 28, 2017

### BONDS COMMENTARY

03/28/17

**Not enough news to suspect a turn down in economy; top?**

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

**BONDS +40**

Treasuries have kept within a tight trading range coming into this morning which is reflecting calmer global markets and a relatively quiet news night. The market is nearly a full point under yesterday's monthly high as the March upmove appears to have run out of near-term steam. Risk concerns appear to have calmed down after last week's events as equities have at least found their footing, which in turn has dampened safe-haven inflows into Treasuries. The markets are also showing more acceptance that there will be three Fed hikes this year instead of the four that were potentially on the horizon in mid-March, with the Fed's Evans pointing in that direction Monday afternoon. The Fed's Kaplan also forecast a 2.25% growth rate for the US economy this year and said that would be strong enough for remove slack from the US labor market.



While trading has been subdued overnight, there will be more US economic numbers to digest this morning. The North American session will start out with the February goods trade balance which is forecast to see a modest decline from January's monthly deficit. The January Case-Shiller home price index is expected to see a modest uptick from December's 5.6% year-over-year rate. The Conference Board's March reading on consumer confidence is forecast to see a modest decline from February's 114.8 reading. Fed speakers will include KC Fed President George and Dallas Fed President Kaplan during afternoon US trading hours.

#### TODAY'S MARKET IDEAS:

The stock market rally after the sharply lower opening yesterday could be a signal that the market is not ready to assume a weaker economy ahead. Bonds are back up to the mid-January, early February and late February highs and to expect a further rally suggests a very weak economic outlook. Moving away from health care and back on issues like tax cuts which can boost the economy more quickly may help the market forge a short-term high. June bond key resistance is at the 152-03 to 152-17 zone. Watch for a technical sign of a top with support back at 149-22 and 148-31. Watch for a turn down in June Notes as well with support back at 123-28 and 123-19. Consider selling calls and buying puts.

#### 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) 03/28/2017: 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 close over the pivot swing is a somewhat positive setup. The near-term upside target is at 152-230. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 152-030 and 152-230, while 1st support

hits today at 150-280 and below there at 150-080.

10 YR TREASURY NOTES (JUN) 03/28/2017: 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 near-term upside target is at 125-055. The next area of resistance is around 124-295 and 125-055, while 1st support hits today at 124-140 and below there at 124-060.

## STOCKS COMMENTARY

03/28/17

**More moves to cut regulations and focus on tax cuts; up**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**S&P 500 +120**



Global Trump fears eased overnight and rightfully so as the bark is normally louder than the bite and the US and global economies appear to be on the rise. While there were few US economic numbers for the market to digest, the Dallas Fed's manufacturing index dropped by over 7 points from its previous reading which was in contrast to the latest German IFO survey that came in better than expected and reached a 6-year high. US equities were able to bounce off of early lows yesterday but had trouble climbing out of negative territory, although the Nasdaq continued to outperform the Dow Jones and S&P by ending up with a positive close. Asian equities saw mixed results as the Japanese Nikkei posted a strong gain while the Shanghai Composite was moderately lower. European equities have had a mildly positive tone this morning, led by a moderate gain in the German DAX index. The North American session will start out with the February goods trade balance which is forecast to see a modest decline from January's monthly deficit. The January Case-Shiller home price index is expected to see a modest uptick from December's 5.6% year-over-year rate. The Conference Board's March reading on consumer confidence is forecast to see a modest decline from February's 114.8 reading. Fed speakers will include KC Fed President George and Dallas Fed President Kaplan during afternoon US trading hours. Earnings announcements will include Carnival Corp., McCormick & Co. and Darden Restaurants before the Wall Street opening.

**S&P 500:** The market did not experience a sustained panic washout and the health care failure in Washington was priced in early yesterday. A continued focus on cutting regulations and a shift in focus to tax cuts and job creation are potentially bullish forces. Earnings are already strong and these factors should help improve the economic outlook and would suggest that a significant short-term low could be in place. On top of fundamental forces, the market is technically oversold and poised to see at the very least, a recovery bounce. Key technical support for June E-mini S&P is at 2330.50 and the close back over this level yesterday is a positive development. Look for a recovery rally with close-in resistance at 2357.50 and 2366.80. A resumption of the uptrend leaves 2427.60 as a longer-term objective.

**Other US Indexes:** The June mini Dow held key support at 20,380 yesterday and short-term technical indicators are oversold. Look for recovery rally ahead with 20,642 and 20,731 as short-term targets. The Mini NASDAQ continues to show significant relative strength compared with other markets. A turn back up in market sentiment could attract new buying interest and the market could quickly challenge the highs. Close-in support for the June mini NASDAQ today is at 5360.00 and a close today over 5392.30 would suggest another test of the March 21st peak of 5441.00. Don't rule out an eventual target of 5487.70.

### TODAY'S MARKET IDEAS:

A shift away from health care and to a focus on cutting regulations and a shift in focus to tax cuts and job creation are potentially bullish forces. Look for a turn higher and renewed fear of missing a rally. A resumption of the uptrend leaves 2427.60 as a longer-term objective for the June E-mini S&P. 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) 03/28/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 2310.19. The next area of resistance is around 2350.12 and 2357.68, while 1st support hits today at 2326.38 and below there at 2310.19.

MINI-DOW (JUN) 03/28/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 20296. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 20579 and 20639, while 1st support hits today at 20407 and below there at 20296.

E-MINI NASDAQ (JUN) 03/28/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 5296.25. The next area of resistance is around 5412.25 and 5433.25, while 1st support hits today at 5343.75 and below there at 5296.25.

MINI-RUSSELL 2000 (JUN) 03/28/2017: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 1378.8. The next area of resistance is around 1371.1 and 1378.8, while 1st support hits today at 1343.9 and below there at 1324.5.

## 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	151-150	70.24	62.63	71.58	85.03	150.97	149.71	148.80	149.51	149.75
TYAAM7	124-215	68.43	61.65	72.34	83.71	124.54	124.17	123.68	123.90	123.92
SPAM7	2338.40	35.75	44.29	28.02	24.75	2341.45	2357.02	2362.91	2332.60	2313.45
EPM7	2338.25	34.00	43.73	29.10	24.86	2341.06	2356.53	2362.26	2332.47	2313.32
TFEM7	1357.5	43.39	44.78	32.18	34.42	1351.48	1365.51	1368.88	1375.06	1371.16
ENQM7	5378.00	53.49	57.66	51.62	46.87	5368.56	5385.42	5379.43	5289.12	5216.61
YMM7	20493	27.20	40.37	25.58	20.89	20564.00	20708.00	20786.67	20449.07	20268.13

Calculations based on previous session. Data collected 03/27/2017

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	150-070	150-270	151-150	152-030	152-230
TYAAM7	10 Yr Treasury Notes	124-055	124-135	124-215	124-295	125-055
SPAM7	S&P 500	2310.57	2326.64	2334.07	2350.14	2357.57
EPM7	S&P E-Mini	2310.18	2326.37	2333.93	2350.12	2357.68
TFEM7	Mini-Russell 2000	1324.4	1343.9	1351.6	1371.1	1378.8
ENQM7	E-Mini NASDAQ	5296.25	5343.75	5364.75	5412.25	5433.25
YMM7	Mini-Dow	20295	20407	20467	20579	20639

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## CURRENCIES COMMENTARY

03/28/17

### Dollar grinding its way higher this morning

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**US DOLLAR +133, YEN +20, SWISS -11, CA DOLLAR -190**

#### Upcoming International Reports (all times CT)

03/28 4-Week BILL Auction  
03/28 5-Yr note Auction  
03/28 Consumer Confidence 9:00 AM  
03/28 API Energy Stocks 3:30 PM  
03/28 Japan Retail Sales 6:50 PM  
03/29 2-Yr note Auction  
03/29 7-Yr note Auction  
03/29 UK Nationwide Housing Price 2:00 AM  
03/29 France Consumer Confidence 2:45 AM  
03/29 Swiss ZEW Investor Sentiment 3:00 AM  
03/29 EIA Energy Stocks 9:30 AM



**DOLLAR:** The Dollar has kept within a tight trading range coming into this morning's action, but is only seeing limited upside follow-through from Monday's late rebound. Market disappointment with events in Washington has begun to fade, and there is more acceptance that the Fed is likely to only hike rates two more times this year. There will be more US data for the market to digest this morning, and positive surprises from consumer confidence and the Case-Shiller home price index could provide the Dollar with additional strength later in the session. At this point, however, the Dollar needs to have a positive tone both from Washington and from US data in order to extend any recovery move. Near-term support will be 98.98 as the Dollar should continue to grind out a modest rebound this morning.

**EURO:** The Euro has fallen further below Monday's 3 1/2 month high but is only finding modest pressure so far this morning. While the Euro has certainly benefited from calmer risk concerns in the wake of German election results and French election polls, it may take further strength from the region's economic data for the Euro to reach a new high for this move. Uptrend channel support in the June Euro today is seen at 1.0830 with resistance seen at 1.0942 as the Euro should remain fairly well supported this morning.

**YEN:** The Yen is finding mild pressure early today but may be vulnerable to further downside price action as safe-haven inflows start to fade. Japanese economic data has to show much more improvement (particularly on the inflation front) in order for the Yen to sustain a longer-term upmove. Near-term resistance is at 91.10 as the Yen may be setting up for an extended pullback over the next few sessions.

**SWISS:** The Swiss is another currency that while staying in a fairly tight range during the overnight session, is becoming increasingly overvalued as risk concerns start to fade. Recent Swiss economic data has shown some improvement, but continued intervention by the SNB indicates that they still feel their currency is "overvalued". Near-term resistance is at 1.0210 as the Swiss would need to see fresh risk concerns develop in order to regain

upside momentum.

**POUND:** The Pound has held onto recent gains, but has clearly lost some upside momentum as the market approaches key events later this week. The UK will officially trigger "Brexit" by delivering an Article 50 letter to the EU tomorrow, and it will be that letter that may provide the template for negotiations between the UK and EU. The Pound has remained fairly well supported in the face of recent risk events, but there may be some concern if this initial step in the Brexit process goes awry. Near-term resistance is at 1.2634 as the Pound may need to get past tomorrow's events before it can extend its recovery move.

**CANADIAN DOLLAR:** The Canadian has slumped to the bottom end of its recent consolidation zone as it is finding little support from a recovery in energy prices this morning. Bank of Canada Governor Poloz will speak later in the session, and any hints towards a shift towards a more neutral or hawkish policy stance could help to turn the Canadian back to the upside. Near-term resistance is at 74.95 as the Canadian will be focusing on what BOC Governor Poloz has to say later today.

**TODAY'S MARKET IDEAS:**

The Dollar should maintain a mildly positive tone early, but will need to avoid disappointing results from the consumer confidence and Case-Shiller readings to continue grinding to the upside. As risk concerns start to fade, both the Japanese Yen and Swiss Franc look vulnerable to extended downside moves.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**CURRENCIES TECHNICAL OUTLOOK:**

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**US DOLLAR (JUN) 03/28/2017:** 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 gap lower price action on the day session chart is a bearish indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 98.35. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 99.35 and 99.67, while 1st support hits today at 98.70 and below there at 98.35.

**EURO (JUN) 03/28/2017:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. 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 109.8512. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 109.4475 and 109.8512, while 1st support hits today at 108.6825 and below there at 108.3213.

**JAPANESE YEN (JUN) 03/28/2017:** 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 91.46. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 91.06 and 91.46, while 1st support hits today at 90.34 and below there at 90.00.

**SWISS (JUN) 03/28/2017:** 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 over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 102.84. The market is becoming somewhat overbought now that the RSI is over 70.

The next area of resistance is around 102.41 and 102.84, while 1st support hits today at 101.57 and below there at 101.15.

## 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>CURRENCY COMPLEX</b>										
DXAM7	99.02	23.66	30.79	11.61	7.91	99.36	99.80	100.69	100.60	100.80
JYAM7	90.70	76.50	67.94	81.08	89.36	90.53	89.70	88.72	88.79	88.40
EU6M7	109.0650	70.97	65.14	87.04	88.77	108.56	108.29	107.36	107.28	107.12
BPAM7	125.90	70.07	62.79	78.55	87.93	125.44	124.66	123.54	124.63	124.27
CAAM7	74.81	43.42	43.09	54.07	57.90	74.93	75.00	74.73	75.68	75.65
SFAM7	101.99	75.29	67.98	82.05	86.68	101.53	101.12	100.31	100.53	100.31
DAAM7	76.09	46.27	49.33	64.97	59.79	0.76	0.77	0.76	0.76	0.76

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	98.34	98.69	99.01	99.35	99.67
JYAM7	Japanese Yen	89.99	90.33	90.73	91.06	91.46
EU6M7	Euro	108.3212	108.6825	109.0862	109.4475	109.8512
BPAM7	British Pound	124.59	125.27	125.85	126.53	127.11
CAAM7	Canadian Dollar	74.39	74.58	74.86	75.05	75.33
SFAM7	Swiss	101.14	101.56	101.99	102.41	102.84
DAAM7	Australian Dollar	75.73	75.89	76.13	76.29	76.53

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