



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Wednesday March 29, 2017

### BONDS COMMENTARY

03/29/17

#### Less stock market volatility and strong consumer confidence

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

BONDS +0

Treasuries have been able to bounce off of their overnight lows but are still finding mild pressure coming into this morning's trading. While there have been few major US economic numbers for the market to digest so far this week, Tuesday's consumer confidence reading still made a notable impact as its sharp jump to a new 16-year high underscores the improvement in sentiment since November. However, strong central bank participation in yesterday's 5-year Treasury auction helped to underpin prices before Bonds fell. Recent Fed commentary has pointed towards a "gradual" increase in US rates, but their concern with raising rates too quickly as well as the uncertainty with fiscal policy are guiding the market more towards two more hikes this year rather than the three more that were on the table earlier this month.



The Trump Administration will move forward on tax reform measures later this week but for now, market anxiety from events in Washington are likely to be a backburner issue. It appears that the markets have taken the UK's Article 50 letter in stride so far today, but the Brexit process could boost risk anxiety. The North American session will start out with a weekly reading on mortgage applications, followed by February pending home sales that are forecast to see a moderate increase from their January reading. Chicago Fed President Evans and Boston Fed President Rosengren will speak during morning US trading hours while San Francisco Fed President Williams will speak during the afternoon.

#### TODAY'S MARKET IDEAS:

The very strong Consumer Confidence Index reading and a strong tone for global equity markets clashes with the very low yields for bonds and notes. June bond selling resistance moves down to 151-11 today with initial support back at 149-22 and 148-31. Key resistance is at the 152-03 to 152-17 zone but the market may lack the news for a move back to this level. Watch for a technical sign of a top and consider selling calls and buying puts on a minor bounce. June Note selling resistance is at 124-20 with support back at 123-25 and 123-17.

#### 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) 03/29/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 152-080. The next area of resistance is around 151-090 and 152-080, while 1st support hits today at 149-300 and below there at 149-170.

10 YR TREASURY NOTES (JUN) 03/29/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 124-310. The next area of resistance is around 124-180 and 124-310, while 1st support hits today at 124-010 and below there at 123-285.

## STOCKS COMMENTARY

03/29/17

### Climbing wall of worry and poised for new highs ahead

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

S&P 500 +20

Global markets calmed down after their recent volatile price action and took a more positive risk tone yesterday. The market appears to be more accepting that there will be two more Fed rate hikes in 2017, which in turn helped to improve risk appetites going into quarter-end. While there were few major economic numbers from Asia or Europe, the US had a much better than expected consumer confidence reading that reached its highest level since December of 2000. US equities regained upside momentum to post moderate gains. Treasuries fell back from early highs and ultimately ended with fairly heavy losses, while the Dollar put together a sharp rally. European stocks for the most part have started out with a mildly positive tone, and once again were led by moderate gains in the German DAX index.



There have been few major economic numbers of note in Asia or Europe, with market focus on the UK signing their Article 50 letter which officially begins their "Brexit" process of formally leaving the EU. The North American session will start out with a weekly reading on mortgage applications, followed by February pending home sales that are forecast to see a moderate increase from their January reading. Chicago Fed President Evans and Boston Fed President Rosengren will speak during morning US trading hours while San Francisco Fed President Williams will speak during the afternoon. Earning announcements will include Paychex before the Wall Street opening while Worthington Industries reports after the close.

**S&P 500:** The ability to hold support for the US market this week without panic selling and the firm tone for European stocks to start the Brexit process are positive forces. A continued focus on cutting regulations and a shift in focus to tax cuts and job creation are potentially bullish forces ahead. With China, Europe and the US economies showing signs of strength, the short-term optimism could improve. Close-in support for June E-mini S&P is at 2348.20 and 2340.50 and consider buying into support. Resistance is at 2366.90 and a close through resistance would suggest a resumption of the bull trend with 2427.60 as a longer-term objective.

**Other US Indexes:** The June mini Dow experienced supportive action over the past few sessions but the real test will be if the market can close above 20,731 which is the 50% mark of the March break. Close-in support is at 20,525. Look for a test of key resistance at 20,819 soon. The Mini NASDAQ continues to show significant relative strength compared with other markets. The close over 5392.30 yesterday would suggest another test of the March 21st peak of 5441.00. Don't rule out an eventual target of 5489.10.

#### TODAY'S MARKET IDEAS:

A continued focus on cutting regulations and a shift in focus to tax cuts and job creation are potentially bullish forces ahead. With China, Europe and the US economies showing signs of strength, the short-term optimism could improve. Buy breaks into support.

#### 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) 03/29/2017: A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 2376.37. The next area of resistance is around 2365.25 and 2376.37, while 1st support hits today at 2338.25 and below there at 2322.38.

MINI-DOW (JUN) 03/29/2017: The major trend could be turning up with the close back above the 40-day moving average. The crossover up in the daily stochastics is a bullish signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 20817. The next area of resistance is around 20737 and 20817, while 1st support hits today at 20519 and below there at 20380.

E-MINI NASDAQ (JUN) 03/29/2017: The daily stochastics gave a bullish indicator with a crossover up. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 5461.18. The next area of resistance is around 5436.37 and 5461.18, while 1st support hits today at 5375.13 and below there at 5338.69.

MINI-RUSSELL 2000 (JUN) 03/29/2017: 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 slightly positive tilt with the close over the swing pivot. The next upside target is 1379.7. The next area of resistance is around 1373.5 and 1379.7, while 1st support hits today at 1355.4 and below there at 1343.4.

## 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	150-190	59.32	56.41	75.01	81.86	150.92	149.97	148.88	149.51	149.78
TYAAM7	124-095	56.71	55.09	74.84	79.84	124.48	124.23	123.73	123.90	123.93
SPAM7	2351.40	47.89	51.19	29.77	33.28	2343.65	2353.78	2361.41	2334.71	2315.31
EPM7	2351.75	47.83	51.53	30.97	33.97	2343.88	2353.67	2360.94	2334.64	2315.21
TFEM7	1364.5	48.42	47.78	35.08	40.72	1357.23	1363.79	1367.33	1375.51	1371.16
ENQM7	5405.75	60.56	61.88	53.32	56.00	5379.69	5384.56	5382.08	5296.83	5224.80
YMM7	20628	43.55	49.51	27.50	30.23	20578.75	20681.11	20769.89	20470.60	20283.87

Calculations based on previous session. Data collected 03/28/2017

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	149-160	149-290	150-280	151-090	152-080
TYAAM7	10 Yr Treasury Notes	123-280	124-005	124-135	124-180	124-310

SPAM7	S&P 500	2323.94	2338.89	2348.94	2363.89	2373.94
EPM7	S&P E-Mini	2322.37	2338.25	2349.37	2365.25	2376.37
TFEM7	Mini-Russell 2000	1343.4	1355.3	1361.6	1373.5	1379.7
ENQM7	E-Mini NASDAQ	5338.68	5375.12	5399.93	5436.37	5461.18
YMM7	Mini-Dow	20379	20518	20598	20737	20817

Calculations based on previous session. Data collected 03/28/2017

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

## CURRENCIES COMMENTARY

03/29/17

**Dollar finding mild support but may be closing in on top**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
US DOLLAR +112, YEN +90, SWISS -18, CA DOLLAR +115**

### Upcoming International Reports (all times CT)

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  
 03/30 Swiss KOF Leading Indicator 2:00 AM  
 03/30 Euro-zone Business and Consu 5:00 AM  
 03/30 Canadian Industrial Product 7:30 AM  
 03/30 GDP (Q4 '16) 7:30 AM  
 03/30 Initial Jobless Claims 7:30 AM  
 03/30 EIA Gas Storage 9:30 AM  
 03/30 Japan Industrial Production 6:50 PM  
 03/30 Japan Tankan Survey 6:50 PM  
 03/30 UK Consumer Confidence 7:01 PM



**DOLLAR:** The Dollar has been able to follow-through on this week's recovery move with modest gains this morning, but its upside momentum appears to be running out of steam. US economic data continues to be a source of support, none more so than a consumer confidence reading that reached a 16-year high and was well beyond market forecasts. Fed officials may be setting the stage for further rate hikes that are in sharp contrast to other major economies still in a dovish or neutral stance. However, the Fed's emphasis on "gradual" rate increases as well as showing their uncertainty with upcoming fiscal policy measures is steering the market towards two more hikes by the end of this year. Today's pending home sales number could provide the Dollar with added strength as it is expected to see a decent increase from the previous reading, but the Dollar may have to wait on top-tier US data later this week to regain strong upside momentum. Near-term support will be at 99.34 as the Dollar should still hold the upper hand on most major currencies during today's trading.

**EURO:** The Euro has put some brakes on its descent, but finds itself more than 1 cent below Monday's high for the move coming into this morning's trading. Better than expected readings for German import prices and Italian confidence numbers are providing little in the way of near-term support. There have been hints that Greece and their lenders may be close to reaching a deal on reforms and spending cuts needed to extend their bailout that in turn could relieve some longer-term anxiety on the Euro. However, market focus on the latest Brexit developments could negatively impact the Euro if there is clear friction noted in statements by EU officials after today's events. Near-term support in the June Euro today is seen at 1.0814 with resistance at 1.0872 as the Euro needs to see dampened risk concerns in order to regain upside momentum.

**YEN:** The Yen has been able to hold its ground after retesting the key 90.00 level as it is grinding out a modest gain this morning. A mild boost of safe-haven support is helping the Yen find its footing and overcome a lukewarm Japanese retail sales reading. However, the market may be waiting on Friday's large set of key Japanese data points before giving the Yen any benefit of the doubt. Near-term resistance is at 90.70 as the Yen will need more than safe-haven inflows in order to extend this month's recovery move.

**SWISS:** The Swiss is finding mild pressure this morning in spite of positive readings for the UBS consumption indicator and the Swiss ZEW survey. Comments from an SNB official that Switzerland cannot raise their rates unless nations "around us" raise theirs has reinforced their negative interest rate and intervention policies while diminishing any chance that the Swiss will benefit from safe-haven inflows due to Brexit anxiety. Near-term resistance is at 1.0164 as the Swiss is likely to have trouble putting together a recovery move during today's trading.

**POUND:** The Pound was able to bounce sharply off of its overnight lows, but the fact that it remains in negative territory indicates the residual anxiety involved with this official "first step" in the Brexit process. While the Article 50 letter is on its way to the EU, their response later today could trigger another risk event for the Pound if there is clear friction seen between the two sides. Dovish comments from a Bank of England official have produced another set of headwinds for the Pound and have offset any benefit from a decent UK consumer credit reading. There may be another retest of near-term support at the 1.2406 later today, but the Pound will start to benefit more from improving global risk sentiment once the market has a clearer picture on the Brexit process.

**CANADIAN DOLLAR:** The Canadian has seen coiling price action over the past few sessions, but it has held its ground above key support which indicates that it is starting to benefit from the recovery in energy prices this week. BOC Governor Poloz's statement that Canada needs low interest rates to grow was not as damaging to the Canadian as one would think, as Poloz is and will be expected to be a policy "dove". Near-term support is at 74.64 as the Canadian has a chance to extend a recovery move as long as crude oil prices remain well supported.

**TODAY'S MARKET IDEAS:**

The Dollar will have the upper hand on most major currencies early on and should benefit from a decent pending home sales number. However, its lack of upside momentum could indicate that it is approaching a near-term top. Both the Pound and Euro could see volatile two-sided price action as the market reacts to the delivery of the UK's Article 50 letter to the EU as well as the comments from both sides.

**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) 03/29/2017:** The crossover up in the daily stochastics is a bullish signal. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 100.08. The next area of resistance is around 99.85 and 100.08, while 1st support hits today at 99.16 and below there at 98.69.

**EURO (JUN) 03/29/2017:** The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is now at 107.9325. The next area of resistance is around 108.9349 and 109.4125, while 1st support hits today at 108.1950 and below there at 107.9325.

**JAPANESE YEN (JUN) 03/29/2017:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar

moving average. The close below the 1st swing support could weigh on the market. The near-term upside target is at 91.31. The next area of resistance is around 90.73 and 91.31, while 1st support hits today at 89.90 and below there at 89.65.

SWISS (JUN) 03/29/2017: A bearish signal was triggered on a crossover down in the daily stochastics. 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 100.43. The next area of resistance is around 101.82 and 102.55, while 1st support hits today at 100.76 and below there at 100.43.

## 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	99.50	38.40	39.65	12.55	14.43	99.38	99.68	100.55	100.58	100.74
JYAM7	90.31	66.13	62.46	82.98	86.45	90.50	89.90	88.87	88.82	88.46
EU6M7	108.5650	61.26	59.49	85.94	83.77	108.59	108.37	107.52	107.29	107.16
BPAM7	124.85	55.34	54.12	79.44	81.06	125.37	124.84	123.64	124.61	124.30
CAAM7	74.80	43.19	43.01	55.44	57.55	74.89	74.97	74.73	75.66	75.65
SFAM7	101.29	58.33	57.60	81.16	79.37	101.51	101.21	100.43	100.53	100.35
DAAM7	76.22	48.98	50.94	62.91	58.61	0.76	0.77	0.76	0.76	0.76

Calculations based on previous session. Data collected 03/28/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	98.68	99.15	99.38	99.85	100.08
JYAM7	Japanese Yen	89.64	89.89	90.48	90.73	91.31
EU6M7	Euro	107.9325	108.1949	108.6725	108.9349	109.4125
BPAM7	British Pound	123.59	124.07	125.14	125.62	126.69
CAAM7	Canadian Dollar	74.45	74.63	74.80	74.97	75.14
SFAM7	Swiss	100.43	100.76	101.49	101.82	102.55
DAAM7	Australian Dollar	75.48	75.88	76.15	76.55	76.82

Calculations based on previous session. Data collected 03/28/2017

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.