



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday March 30, 2017

### BONDS COMMENTARY

03/30/17

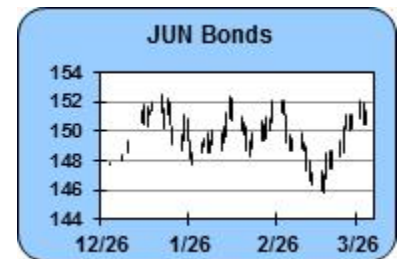
#### Probing for a short-term peak as safe haven demand to ease

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

**BONDS** +50

Treasuries have been able to extend yesterday's recovery move into today's trading, but once again are finding it difficult to sustain upside momentum as they approach this year's high price levels. Safe-haven inflows have started to fade as the official start of the Brexit process was relatively cordial while

Washington's lawmaking difficulties have moved to a background issue for now. The market remains concerned that Trump economic policy measures will be shot down due to missteps on other social and trade issues which will result in a weaker than expected US economy. While there seems to be more acceptance that the Fed will have two more rate hikes by the end of this year, there were comments by Fed officials yesterday that held out some hope of a third hike by the end of 2017 dependent on the strength of US data.



The potential for a significant data "miss" which could boost Treasuries into the quarter-end remains on the table. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a moderate decline from the previous 258,000 reading. The highlight for the North American session will be the final reading on fourth quarter GDP which is expected to see a minimal uptick from the previous 1.9% annualized rate. Market focus will also be on a reading for core personal consumption expenditures (core PCE) which is forecast have a modest increase from the previous 1.9% rate. Cleveland Fed President Mester, Dallas Fed President Kaplan and San Francisco Fed President Williams during morning US trading hours while New York Fed President Dudley will speak during the afternoon.

#### TODAY'S MARKET IDEAS:

The market is clearly concerned that interest rates will stay low and that the economy will sputter without quicker action from Washington on pro-growth policy. June bond selling resistance is at the 151-11 to 152-00 zone. Watch for weakness ahead with initial support back at 149-22 and 148-31. Watch for a technical sign of a top and consider selling the May 153-00 call premium near 42. June Note selling resistance is at 124-23 with support back at 124-03 and 123-27.

#### 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) 03/30/2017:** 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. 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 near-term upside objective is at 152-030.

The next area of resistance is around 151-240 and 152-030, while 1st support hits today at 150-240 and below there at 150-020.

10 YR TREASURY NOTES (JUN) 03/30/2017: 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 up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 124-310. The next area of resistance is around 124-270 and 124-310, while 1st support hits today at 124-130 and below there at 124-025.

## STOCKS COMMENTARY

03/30/17

**Continues to climb a wall of worry; strong Econ policy**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
S&P 500 -360**

Global markets are mostly a bit lower overnight and were able to maintain a mostly positive tone yesterday. A better than expected reading on pending home sales reflected strength in the US housing market, but the main event for global markets occurred when the UK's Article 50 letter officially started the Brexit process. US equity markets ended up with mixed results as the financials-weighted Dow Jones lagged behind the S&P and Nasdaq. Treasuries remained well supported as the market comes to terms with "only" two more Fed rate hikes over the rest of this year, although the Fed's Rosengren and Williams hinted that three more hikes were not totally off the table. The Dollar extended this week's recovery move with a moderate gain while the Euro was pressured from indications that ECB officials are reluctant to make policy changes at their upcoming meeting.



Asian shares were under pressure as the Japanese Nikkei and Shanghai Composite ended with sizable losses. A series of Euro zone sentiment indicators came in with generally weaker than expected results. European stocks have shaken that off as the German DAX and French CAC-40 are grinding out modest gains. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a moderate decline from the previous 258,000 reading. The highlight for the North American session will be the final reading on fourth quarter GDP which is expected to see a minimal uptick from the previous 1.9% annualized rate. Market focus will also be on a reading for core personal consumption expenditures which is forecast have a modest increase from the previous 1.9% rate. Cleveland Fed President Mester, Dallas Fed President Kaplan and San Francisco Fed President Williams during morning US trading hours while New York Fed President Dudley will speak during the afternoon.

**S&P 500:** The US and global economies are doing better than expected and consumer sentiment readings are off the charts. Outside of economic policy, the Trump administration is struggling with other issues which could bleed into trade policy but with the tax policy outlook and plans for further active deregulation and infrastructure spending, the stock market outlook remains positive. Throw in a positive tilt to Asia and Europe and the market looks like we could continue to climb a wall of worry. Will the other political issues outside of the economy cause the new Administration economic policy issues to be watered down or delayed? This is the key question for the market. Close-in support for June E-mini S&P is at 2348.20 and 2340.50. Consider buying into support with 2366.90 and 2388.70 as next resistance.

**Other US Indexes:** The June mini Dow seems to be in a position to move higher but many traders await higher note or bond yields in order to confirm the strong economy view. It will take a close above 20,731 to expect a resumption of the uptrend. 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 and futures posted all-time highs overnight before setting back to lower on the session this morning. The upside break-out will be confirmed with a higher close today and leaves 5489.10 as the upside objective. Support is at 5392.90.

**TODAY'S MARKET IDEAS:**

Cheaper commodity prices, soaring consumer confidence and the outlook for stimulus from taxes, infrastructure and regulation reform are all seen as supportive forces. 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) 03/30/2017: 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. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 2366.62. The next area of resistance is around 2362.50 and 2366.62, while 1st support hits today at 2351.50 and below there at 2344.63.

MINI-DOW (JUN) 03/30/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 20709. The next area of resistance is around 20656 and 20709, while 1st support hits today at 20556 and below there at 20510.

E-MINI NASDAQ (JUN) 03/30/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 near-term upside objective is at 5461.31. The next area of resistance is around 5452.37 and 5461.31, while 1st support hits today at 5419.63 and below there at 5395.82.

MINI-RUSSELL 2000 (JUN) 03/30/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 1382.2. The next area of resistance is around 1378.1 and 1382.2, while 1st support hits today at 1365.5 and below there at 1356.9.

**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
<b>FINANCIAL COMPLEX</b>										
USAAM7	151-080	64.78	59.98	78.31	84.19	151.15	150.36	149.01	149.55	149.82
TYAAM7	124-200	63.50	59.44	77.74	82.92	124.55	124.35	123.79	123.93	123.95
SPAM7	2357.00	52.26	53.85	33.60	41.25	2347.90	2351.32	2360.25	2336.66	2317.42
EPM7	2357.00	52.70	54.39	34.68	41.84	2348.00	2351.25	2359.86	2336.58	2317.37
TFEM7	1371.8	53.28	50.79	39.76	48.91	1362.38	1362.29	1366.41	1375.40	1371.11
ENQM7	5436.00	67.09	66.10	58.93	69.83	5399.81	5387.00	5385.58	5304.39	5234.43
YMM7	20606	41.83	48.22	29.69	33.88	20579.75	20650.56	20751.78	20488.71	20299.95

Calculations based on previous session. Data collected 03/29/2017

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	150-010	150-230	151-020	151-240	152-030
TYAAM7	10 Yr Treasury Notes	124-020	124-125	124-165	124-270	124-310
SPAM7	S&P 500	2345.12	2351.75	2355.62	2362.25	2366.12
EPM7	S&P E-Mini	2344.62	2351.50	2355.62	2362.50	2366.62
TFEM7	Mini-Russell 2000	1356.8	1365.4	1369.5	1378.1	1382.2
ENQM7	E-Mini NASDAQ	5395.81	5419.62	5428.56	5452.37	5461.31
YMM7	Mini-Dow	20509	20556	20609	20656	20709

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## CURRENCIES COMMENTARY

03/30/17

**Dollar holds moderate strength in front of today's US data**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
US DOLLAR +72, YEN -60, SWISS +9, CA DOLLAR +0**

### Upcoming International Reports (all times CT)

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  
03/31 Japan Construction Orders 12:00 AM  
03/31 Japan Housing Starts 12:00 AM  
03/31 France Consumer Spending 1:45 AM  
03/31 France Household Consumption 1:45 AM  
03/31 France Producer Price Index 1:45 AM  
03/31 German Retail Sales 2:00 AM  
03/31 German Employment Situation 3:00 AM  
03/31 UK GDP 4:30 AM  
03/31 Personal Income 7:30 AM  
03/31 Chicago PMI 9:00 AM



**DOLLAR:** The Dollar has been able to maintain this week's recovery move with a moderate gain this morning that has taken the Dollar index back above the key 100.00 level for the first time in over a week. Comments by several Fed officials yesterday seem to hold out hope that there could be three more rate hikes by the end of the year depending on the strength of US data. There have been few top-tier numbers for the market to digest so far this week, but they have been generally stronger than expected. Today's final set of fourth quarter GDP readings could bring up headwinds for the Dollar if the core PCE stays below 2%, but it may take across the board sluggish data points to put the brakes on the Dollar's quarter-ending uptrend. Near-term support is at 99.72 as the Dollar should maintain a positive tone going into the US data window.

**EURO:** The Euro may have avoided a potential hurdle with a relatively smooth start to the Brexit process yesterday, but still remains somewhat on the defensive this morning. There are indications that the ECB is reluctant to make monetary policy changes at their upcoming April meeting as it could result in a spike in yields, which contrasts with the mildly hawkish tone of recent Fed commentary. This morning's Euro zone sentiment readings were mildly disappointing, but the Euro could find its footing quickly if German CPI can come in above a 2% year-over-year rate. Close-in support is at 1.0756 as the Euro should benefit from a positive turnaround in risk appetites.

**YEN:** The Yen is showing signs of turning back to the downside as it is finding moderate pressure this morning. While risk concerns have not been totally subdued, the Dollar is starting to receive safe-haven inflows again following this week's recovery move. The Bank of Japan's Deputy Governor stated that it was "appropriate" to continue with the BOJ's powerful easing measures, which gives a dovish signal for their near-term policy stance. The Yen will find near-term resistance at the 90.39 level as it may be setting up for a sluggish finish to the first quarter.

**SWISS:** The Swiss has bounced back from overnight lows as it has benefited from a KOF leading indicator that was the third strong Swiss data point so far this week. An SNB official commented that the Swiss would be "much stronger" if they did not have negative rates while SNB Chairman Jordan stated that policy normalization is "far away", which sends a strong signal that they will continue to aggressively weaken their currency. Near-term resistance is at 1.0118 as the Swiss should continue to have a downward bias during today's trading.

**POUND:** The Pound is starting to calm down after a volatile few days as it now has a potential risk event in its rear-view mirror. While the Brexit process is likely to be bumpy, the cordial tone from both sides after yesterday's events at least holds out some hope that their upcoming negotiations can go relatively smoothly. If risk appetites can improve later in the session, the Pound may be able to lift further clear of yesterday's weekly low. Near-term support is at 1.2424 as the Pound is looking comparatively strong to its European neighbors.

**CANADIAN DOLLAR:** The Canadian has been unable to shake its recent coiling price action as yesterday's recovery move ran out of steam when crude oil prices turned back to the downside. While dovish commentary from BOC Governor Poloz may not be that surprising, the Canadian will still need to see consistently strong economic data in order to sustain upside momentum. Near-term resistance is at 75.20 as the Canadian will continue to be on the back foot until risk sentiment shows clear improvement.

#### **TODAY'S MARKET IDEAS:**

The Dollar will start out with moderate support, but needs to avoid any negative surprises from today's GDP and jobless claims data in order to build onto this week's recovery move. The Yen is showing signs of turning back to the downside as the BOJ's ongoing easing measures will dampen its safe-haven inflows.

#### **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) 03/30/2017:** 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 close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 100.22. The next area of resistance is around 100.00 and 100.22, while 1st support hits today at 99.54 and below there at 99.28.

**EURO (JUN) 03/30/2017:** Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 107.3150. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 108.5249 and 109.0350, while 1st support hits today at 107.6650 and below there at 107.3150.

**JAPANESE YEN (JUN) 03/30/2017:** 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 upside daily closing price reversal gives the market a bullish tilt. The market tilt is slightly negative with the close under the pivot. The next upside target is 90.86. The next area of resistance is around 90.61 and 90.86, while 1st support hits today at 90.12 and below there at 89.88.

SWISS (JUN) 03/30/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 objective is 100.34. The next area of resistance is around 101.20 and 101.59, while 1st support hits today at 100.58 and below there at 100.34.

## 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	99.77	44.42	43.53	15.69	21.98	99.45	99.64	100.46	100.58	100.69
JYAM7	90.36	66.91	62.94	83.64	84.86	90.51	90.09	89.00	88.86	88.53
EU6M7	108.0950	53.48	54.66	82.41	75.37	108.54	108.36	107.59	107.29	107.20
BPAM7	124.65	53.11	52.69	77.77	74.87	125.15	124.92	123.72	124.59	124.32
CAAM7	75.09	54.67	49.62	57.86	62.36	74.90	74.97	74.76	75.64	75.67
SFAM7	100.89	50.63	52.43	77.44	70.01	101.41	101.20	100.49	100.54	100.38
DAAM7	76.58	56.63	55.55	62.69	62.08	0.76	0.77	0.76	0.76	0.76

Calculations based on previous session. Data collected 03/29/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	99.28	99.53	99.75	100.00	100.22
JYAM7	Japanese Yen	89.87	90.11	90.37	90.61	90.86
EU6M7	Euro	107.3150	107.6650	108.1750	108.5249	109.0350
BPAM7	British Pound	123.58	124.15	124.58	125.15	125.58
CAAM7	Canadian Dollar	74.56	74.87	75.01	75.31	75.45
SFAM7	Swiss	100.33	100.57	100.96	101.20	101.59
DAAM7	Australian Dollar	76.05	76.36	76.50	76.80	76.94

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