



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Friday March 31, 2017

BONDS COMMENTARY

03/31/17

Safe haven support dwindles all week; chop lower ahead

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -20

The market appears to have posted a significant high this week and looks set for a choppy to lower pattern just ahead. Treasuries are coming into this morning's trading under moderate pressure as follow-through selling from yesterday's selloff has put Bond and Note prices near the lower end of the recent consolidation zone. Recent US data has not been consistently strong, but yesterday's GDP and core PCE reading came in higher than expected while a "blow-out" 16-year high in consumer confidence from earlier in the week continues to shadow the market. There is still concern that Washington may not come through with fresh tax reform and fiscal spending measures in a timely fashion after their recent setbacks, but hints that a \$1 trillion infrastructure plan will be announce early in April could end up weighing on Treasury prices fairly soon.



The Fed's Dudley was the latest Fed member to strike an optimistic tone towards the US economy. While there is a difference in opinion between several Fed members on whether there will be two or three more rate hikes this year, the upward trajectory for US rates remains in sharp contrast to other major economies that remain in a neutral or dovish stance. The North American session will start out with February personal income that is forecast to hold steady with January's 0.4% reading. The March Chicago PMI is expected to see a modest downtick from February's 57.4 reading. A private survey of consumer sentiment is forecast to hold steady with the previous 97.6 reading. Minneapolis Fed President Kashkari and St. Louis Fed President Bullard will speak during morning US trading hours.

TODAY'S MARKET IDEAS:

Early this week, the market seemed to price-in a weak economic tone and plenty of uncertainty over possible shifts in government policy. A quicker pace from Washington on pro-growth policy activity may help confirm a trend toward higher rates ahead. June bond selling resistance is at the 150-29 to 151-05 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 on a bounce to resistance. June Note selling resistance is at 124-19 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) 03/31/2017: Momentum studies are trending higher but have entered overbought levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The swing indicator gave a moderately negative reading with the

close below the 1st support number. The next upside objective is 151-270. The next area of resistance is around 151-010 and 151-270, while 1st support hits today at 149-290 and below there at 149-180.

10 YR TREASURY NOTES (JUN) 03/31/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The close below the 1st swing support could weigh on the market. The next upside objective is 124-260. The next area of resistance is around 124-170 and 124-260, while 1st support hits today at 124-045 and below there at 124-005.

STOCKS COMMENTARY

03/31/17

The market continues to climb a wall of worry

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 -640

There is a more negative tilt to global equity markets overnight. A busy overnight session started with a large series of Japanese data points that featured a multi-decade low in unemployment, but also lukewarm inflation and sluggish household spending readings. A highlight was the "official" Chinese manufacturing PMI reading that upticked to 51.8, better than forecast and the highest reading in nearly 5 years. However, the tone of economic data took a negative change when market focus shifted towards Europe as there were weaker than expected readings for German retail sales, UK GDP and the Euro zone CPI. The more negative tilt emerged overnight. Yesterday, an uptick to fourth quarter GDP and a stronger than forecast core PCE reading helped to fuel a risk on mood across many market sectors. US equities found considerable support as the Nasdaq led the way by reaching another new record high.



Treasuries fell back from their recent highs and while they posted sizable losses. The Dollar initially climbed above the key 100.00 level and found additional strength to finish yesterday with a sizable gain and a new 2-week high. The North American session will start out with February personal income that is forecast to hold steady with January's 0.4% reading. The March Chicago PMI is expected to see a modest downtick from February's 57.4 reading. A private survey of consumer sentiment is forecast to hold steady with the previous 97.6 reading. Minneapolis Fed President Kashkari and St. Louis Fed President Bullard will speak during morning US trading hours. Earning announcements will include BlackBerry Ltd before the Wall Street opening.

S&P 500: The market remains in a short-term uptrend. After toughing the lowest level since mid-February early on Monday, the market has seen impressive gains this week as a shift in focus in Washington and some impressive economic news has helped to support. European issues helped to pull the market lower overnight but the better than forecast China PMI release to the highest reading in nearly 5 years may emerged as a bullish force. Both China and India economies seem to be picking up steam. It still looks like we could continue to climb a wall of worry. Close-in support for June E-mini S&P is at the 2353.20 to 2344.90 zone. Consider buying into support with 2366.90 and 2388.70 as next resistance.

Other US Indexes: There are still many questions regarding how quickly the new administration can shift from health care to tax policy changes. Strong consumer confidence readings should support. The June mini Dow seems to be in a position to move higher but many traders await higher bond yields in order to confirm the stronger 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 and has closed higher for five sessions in a row and posted all-time highs yesterday. The upside break-out leaves 5489.10 as the upside objective. Support is at 5392.90.

TODAY'S MARKET IDEAS:

While there could be some back and fill type action, the market remains in a solid uptrend and the soaring consumer confidence plus the outlook for stimulus from tax cuts, 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) 03/31/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 2375.75. The next area of resistance is around 2371.25 and 2375.75, while 1st support hits today at 2357.75 and below there at 2348.75.

MINI-DOW (JUN) 03/31/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 20768. The next area of resistance is around 20719 and 20768, while 1st support hits today at 20595 and below there at 20521.

E-MINI NASDAQ (JUN) 03/31/2017: The market made a new contract high on the rally. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 5462.75. The next area of resistance is around 5450.00 and 5462.75, while 1st support hits today at 5425.50 and below there at 5413.75.

MINI-RUSSELL 2000 (JUN) 03/31/2017: The major trend could be turning up with the close back above the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 1392.1. The next area of resistance is around 1387.9 and 1392.1, while 1st support hits today at 1373.9 and below there at 1364.2.

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	150-150	55.66	54.61	79.04	80.63	150.98	150.58	149.08	149.60	149.84
TYAAM7	124-105	55.32	54.60	78.14	79.41	124.48	124.41	123.83	123.95	123.96
SPAM7	2398.00	57.68	57.24	39.07	50.01	2352.85	2350.14	2359.84	2338.35	2319.38
EPM7	2364.50	58.89	58.19	39.84	50.26	2353.44	2350.06	2359.71	2338.27	2319.33
TFEM7	1380.9	58.77	54.34	46.23	59.11	1368.98	1361.37	1366.46	1375.58	1371.21
ENQM7	5437.75	67.39	66.30	64.93	76.99	5415.94	5390.14	5390.10	5310.82	5243.25
YMM7	20657	48.55	51.82	32.39	38.40	20599.00	20625.44	20737.78	20504.24	20315.12

Calculations based on previous session. Data collected 03/30/2017

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	149-170	149-280	150-220	151-010	151-270
TYAAM7	10 Yr Treasury Notes	124-000	124-040	124-130	124-170	124-260
SPAM7	S&P 500	2365.87	2391.35	2379.17	2404.65	2392.47
EPM7	S&P E-Mini	2348.75	2357.75	2362.25	2371.25	2375.75
TFEM7	Mini-Russell 2000	1364.1	1373.9	1378.1	1387.9	1392.1
ENQM7	E-Mini NASDAQ	5413.75	5425.50	5438.25	5450.00	5462.75
YMM7	Mini-Dow	20520	20595	20644	20719	20768

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CURRENCIES COMMENTARY

03/31/17

Dollar holds positive tone in front of today's US data

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +130, YEN -205, SWISS -8, CA DOLLAR -210**

Upcoming International Reports (all times CT)

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 built onto overnight strength coming into this morning's trading and remains on-track to climb back above its 50-day moving average for the first time since March 15th, which is in sharp contrast to the 4-month low that was reached early this week. Recent US data has been mixed but has been highlighted by better than expected results for GDP and a multi-year high in consumer confidence. Even if there are continued Washington difficulties with tax cuts and/or fiscal spending, the Fed has been signaling that there will be at least two more rate hikes this year. Today's US data could provide some hurdles for the Dollar, particularly with a private survey of consumer sentiment that could have a moderate downtick. Even so, the Dollar looks to finish the first quarter of 2017 with the upper hand on most major currencies. Near-term support is at 100.18 as the Dollar should maintain a positive tone going into the US data window.

EURO: The Euro appears to have put some brakes on this week's downdraft but continues to hold onto a negative tone coming into this morning's trading. Reports that ECB officials were reluctant to change monetary policy has been borne out by today's sluggish European data points, none more so that a Euro zone CPI reading that was well below forecasts and reached its lowest year-over-year reading in 5 months. A positive turnaround in risk sentiment would clearly help the Euro, but better economic number results from the region will be required in order to sustain any longer-term recovery move. Near-term resistance is at 1.0748 as the Euro is likely to finish the week on the defensive.

YEN: The Yen has already been pressured this week by a loss of safe-haven support, and was done few favors by last night's broad slate of Japanese economic numbers. While unemployment reached a 22-year low, their CPI has been below a 0.5% year-over-year for nearly 2 years now while their household spending reading was far below forecasts. With the BOJ likely to remain in an accommodative stance, the Yen may extend this downmove before it can find its footing. The Yen will find near-term resistance at the 89.94 level as it is having a sluggish finish to the first quarter.

SWISS: The Swiss is finding mild pressure after losing safe-haven support, but appears to have found some near-term footing just above the key 1.0000 level coming into this morning's trading. Recent Swiss data points have been fairly good, but it will remain difficult to overcome the Swiss National Bank's overt stance to weaken their "overvalued currency". Near-term resistance is at 1.0066 as the Swiss should continue to have a downward bias going into the weekend.

POUND: The Pound may have the official start to the Brexit process in its rear-view mirror now, but it continues to see volatile price action coming into the final trading session of the week. Although there have been several positive UK data points as of late, today's lukewarm GDP result and a drop in UK housing prices will cast a shadow over the Pound going into the weekend. If risk appetites remain subdued, the Pound may be heading for a retest of Wednesday's lows. Near-term resistance is at 1.2524 as the Pound may remain on the defensive this morning.

CANADIAN DOLLAR: The Canadian is finding moderate pressure this morning as it has been weakened by a selloff in energy prices. Today's Canadian GDP reading could be key for turning the market back to the upside as it will follow this week's dovish commentary from BOC Governor Poloz. Near-term support is at 74.79 as the Canadian would be a major beneficiary of a positive turnaround in risk appetites.

TODAY'S MARKET IDEAS:

The Dollar will come into this morning with a positive tone, but will have to avoid any negative surprises from personal income and consumer sentiment reading to extend this week's recovery move. The loss of safe-haven support and lukewarm Japanese economic data is likely to keep the Yen under pressure going into the weekend.

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) 03/31/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 100.82. The next area of resistance is around 100.66 and 100.82, while 1st support hits today at 100.08 and below there at 99.64.

EURO (JUN) 03/31/2017: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 106.4913. The next area of resistance is around 107.6625 and 108.3412, while 1st support hits today at 106.7375 and below there at 106.4913.

JAPANESE YEN (JUN) 03/31/2017: The daily stochastics gave a bearish indicator with a crossover down. Stochastics turning bearish at overbought levels will tend to support lower prices 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 89.13. The next area of resistance is around 90.10 and 90.63, while 1st support hits today at 89.35 and below there at 89.13.

SWISS (JUN) 03/31/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close

below the 18-day moving average is an indication the intermediate-term trend has turned down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 99.90. The next area of resistance is around 100.69 and 101.14, while 1st support hits today at 100.07 and below there at 99.90.

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	100.37	52.57	49.05	21.24	32.35	99.66	99.66	100.39	100.58	100.67
JYAM7	89.72	53.25	55.07	81.74	77.99	90.29	90.16	89.08	88.89	88.59
EU6M7	107.2000	42.04	46.87	74.74	59.43	108.23	108.28	107.64	107.26	107.23
BPAM7	124.92	55.90	54.46	76.13	73.03	125.06	124.99	123.85	124.55	124.35
CAAM7	75.06	53.28	48.96	59.96	64.00	74.97	74.97	74.78	75.61	75.67
SFAM7	100.38	43.96	47.71	70.91	57.84	101.14	101.15	100.54	100.53	100.41
DAAM7	76.38	51.71	52.56	61.76	59.82	0.76	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 03/30/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.63	100.07	100.23	100.66	100.82
JYAM7	Japanese Yen	89.13	89.34	89.88	90.10	90.63
EU6M7	Euro	106.4912	106.7375	107.4162	107.6625	108.3412
BPAM7	British Pound	123.68	124.31	124.89	125.52	126.10
CAAM7	Canadian Dollar	74.74	74.87	75.13	75.26	75.52
SFAM7	Swiss	99.90	100.07	100.52	100.69	101.14
DAAM7	Australian Dollar	76.11	76.21	76.45	76.55	76.79

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