



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 03, 2017

BONDS COMMENTARY

04/03/17

A minor negative tilt to start off foreign data flows

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +30



While global markets were mixed overnight an active flow of global manufacturing PMI data should be seen as a negative to Treasury prices as many readings were very strong. In fact German factory growth reached a fresh 6 year high last month and Euro zone unemployment dropped which would seem to foster positive economic views toward Europe again. However, in order to fully rekindle widespread economic optimism probably requires a return to a more positive US news flow from Washington and that is an extremely difficult undertaking at present as the prospect of tax reform remains mired in confirmation hearings and residual political bickering on Health care. It would appear as if the trade expects US data this morning to be mixed with Construction Spending rising and ISM manufacturing softening. With the trade last week tossing around debate on the number of US rate hikes expected this year today's Fed speeches might take on added importance. In looking at the charts Bonds remain technically weak to start today and seeing a minor upside breakout in the E-Mini S&P or Nasdaq early today might leave Treasury prices in a weak erosive track. The North American session will start out with manufacturing PMI readings from the US and Canada. The US ISM manufacturing index is expected to see a moderate decline from February's 57.7 reading. February construction spending is forecast to have a sizable jump from January's -1.0% reading and climb into positive territory. New York Fed President Dudley will speak during morning US trading hours while Richmond Fed President Lacker will speak during the afternoon. The Commitments of Traders Futures and Options report as of March 28th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 55,032 contracts but that reading represents a fairly large decrease of 31,895 contracts in the net short position. The Commitments of Traders Futures and Options report as of March 28th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 249,558 contracts but that represents a lofty decrease of 46,554 contracts in the net short position on a week over week basis.

TODAY'S MARKET IDEAS:

While the improvement in global economic readings might not have a significant impact on Treasuries to start we do think that news extends a negative chart track from last week. Fortunately for the bull camp the market does expect to see a slight softening of US ISM readings but that news should be more than offset by noted improvement in US Construction Spending results. Down trend channel resistance in June Bonds today is seen at 151-03 but more significant resistance is seen up at 151-09. In order to send Bonds down in a similar fashion as last week probably requires a quasi-upside breakout in the June E-Mini S&P above 2366.75 as we doubt Washington is poised to add anything favorable to economic sentiment this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/21/2017 - 3/28/2017

Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly	Net Position	Weekly	Net Position	Weekly

	Net Change		Net Change		Net Change	
Financials						
Bonds	-24,324	+26,801	55,033	-31,894	-30,708	+5,094
T-Notes	-51,070	+17,492	249,559	-46,553	-198,488	+29,062

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) 04/03/2017: 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 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 next upside objective is 151-170. The next area of resistance is around 151-090 and 151-170, while 1st support hits today at 150-160 and below there at 149-300.

10 YR TREASURY NOTES (JUN) 04/03/2017: 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 upside daily closing price reversal gives the market a bullish tilt. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 124-280. The next area of resistance is around 124-250 and 124-280, while 1st support hits today at 124-135 and below there at 124-045.

STOCKS COMMENTARY

04/03/17

The bulls look to start the week with a slight edge

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 -30

Global markets were mixed overnight with Asian markets showing positive action and European markets starting out a little soft. As indicated in other financial market coverage this morning global ISM manufacturing results pointed to unfolding growth but that supportive news continues to be counter veiled by a lack of positive economic influences from Washington. The markets will be watching interaction between US and Chinese leaders this week and there will also be increased focus on Fed policy prospects because of the week ending US nonfarm payroll report.



S&P 500: The June E-mini S&P appears to have lost the positive momentum seen into last week's high with two days of lower highs. However equity market prospects should be improved as result of favorable international ISM manufacturing readings. However a possible Washington showdown on Trump's Supreme Court nominee could increase investor anxiety as the GOP is expected to pull out all the political stops including a controversy change in filibuster rules. Close in critical support in the June E-mini S&P is seen at 2353.25 while significant resistance is seen relatively close in at 2366.75. In conclusion the E-mini S&P appears to be coiling as if a major trend decision might be seen at some point this week. The Commitments of Traders Futures and Options report as of March 28th for E-Mini S&P 500 showed Non-Commercial and Non-reportable combined traders held a net long position of 125,473 contracts

Other US Indexes: While the mini Dow managed a somewhat impressive recovery bounce last week it is difficult to call for an end to the March erosion in prices without a specifically positive headline development. Unfortunately the mini Dow contract registered a fresh record spec and fund long in the most recent COT report and that would seem to leave the bear camp with a technical edge. The Commitments of Traders Futures and Options report as of March 28th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 79,039 contracts. Close in downtrend channel resistance off the last three weeks action comes in at 20,640 with close in support today seen at 20,570. The June mini NASDAQ enters the new trading week sitting just under a fresh upside breakout and the bull camp might be emboldened by favorable

global ISM manufacturing results and it might also be hopeful of something positive from this week's US and Chinese leadership meetings. In the event of a trade above 5451.00 that could be just enough of a catalyst to turn the entire market higher. The Commitments of Traders Futures and Options report as of March 28th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 86,601 contracts.

TODAY'S MARKET IDEAS:

While the early action showed mixed global equity market performance the prospect of favorable leadership from the NASDAQ should not be discounted especially when one considers positive European PMI results. While political maneuvering on the Supreme Court nominee might undermine investor sentiment a new high in the NASDAQ could pull some investors back into the market.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/21/2017 - 3/28/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-80	+3,306	-12,727	-8,251	12,807	+4,945
E-Mini S&P	153,453	+70,481	-125,472	-57,739	-27,980	-12,742

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/03/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market tilt is slightly negative with the close under the pivot. The next upside target is 2370.25. The next area of resistance is around 2363.75 and 2370.25, while 1st support hits today at 2353.75 and below there at 2350.25.

MINI-DOW (JUN) 04/03/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 20697. The next area of resistance is around 20648 and 20697, while 1st support hits today at 20574 and below there at 20548.

E-MINI NASDAQ (JUN) 04/03/2017: The rally brought the market to a new contract high. A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. 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 could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 5469.56. The next area of resistance is around 5454.62 and 5469.56, while 1st support hits today at 5422.88 and below there at 5406.07.

MINI-RUSSELL 2000 (JUN) 04/03/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 1398.6. The next area of resistance is around 1391.5 and 1398.6, while 1st support hits today at 1376.5 and below there at 1368.5.

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
FINANCIAL COMPLEX										
USAAM7	150-280	59.24	56.88	79.72	80.84	150.85	150.80	149.20	149.66	149.86
TYAAM7	124-190	60.94	58.15	79.37	81.66	124.47	124.48	123.89	123.98	123.98
SPAM7	2359.20	52.88	54.19	43.69	52.95	2358.05	2348.91	2359.62	2339.92	2321.06
EPM7	2358.75	52.79	54.35	44.28	52.99	2358.25	2348.92	2359.53	2339.83	2321.00
TFEM7	1384.0	60.56	55.54	53.51	67.85	1375.65	1361.59	1367.13	1376.06	1371.59
ENQM7	5438.75	67.08	66.14	70.79	81.97	5430.69	5392.89	5394.99	5317.33	5251.71
YMM7	20611	43.75	48.45	34.87	39.41	20624.00	20598.67	20723.83	20518.64	20328.75

Calculations based on previous session. Data collected 03/31/2017

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	149-290	150-150	150-230	151-090	151-170
TYAAM7	10 Yr Treasury Notes	124-040	124-130	124-160	124-250	124-280
SPAM7	S&P 500	2352.10	2355.00	2360.50	2363.40	2368.90
EPM7	S&P E-Mini	2350.25	2353.75	2360.25	2363.75	2370.25
TFEM7	Mini-Russell 2000	1368.4	1376.4	1383.5	1391.5	1398.6
ENQM7	E-Mini NASDAQ	5406.06	5422.87	5437.81	5454.62	5469.56
YMM7	Mini-Dow	20547	20573	20622	20648	20697

Calculations based on previous session. Data collected 03/31/2017

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CURRENCIES COMMENTARY

04/03/17

The Dollar starts out in vogue but data might disappoint

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +260, YEN -120, SWISS -28, CA DOLLAR -340

Upcoming International Reports (all times CT)

04/03 13 and 26 Week Bill Auction
 04/03 Swiss Retail Sales 2:15 AM
 04/03 Swiss PMI 2:30 AM
 04/03 France Manufacturing PMI 2:50 AM
 04/03 German Manufacturing PMI 2:55 AM
 04/03 Euro-Zone Manufacturing PMI 3:00 AM
 04/03 UK CIPS/NTC Research Manufac 3:30 AM
 04/03 Euro-zone Industrial Produce 4:00 AM
 04/03 Euro-zone Unemployment Rate 4:00 AM
 04/03 Construction Spending 9:00 AM
 04/03 ISM Manufacturing Index 9:00 AM
 04/03 Japan Manufacturing PMI 6:35 PM
 04/04 4-Week BILL Auction
 04/04 Euro-zone Retail Trade 4:00 AM
 04/04 Canadian International Merch 7:30 AM
 04/04 US Trade Balance 7:30 AM
 04/04 Factory Orders 9:00 AM
 04/04 API Energy Stocks 3:30 PM



DOLLAR: Despite a sweep of favorable international manufacturing readings overnight the dollar sits just under last week's highs in the early going. Perhaps the dollar is drafting some support from talk that US tax reform might creep back into the spotlight. It is also possible that the dollar is poised to buy the rumor of US/Chinese talks later this week. Uptrend channel support in the June dollar index today is seen at 99.92. However for the dollar to extend its recent pattern of gains might require more definitive improvements in data as the index encounters significant overhead resistance from the late February and early March trade. The Commitments of Traders Futures and Options report as of March 28th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 49,844 contracts. This represents a decrease of 3,150 contracts in the net long position held by these traders.

EURO: As indicated already euro zone, German and French data improved overnight but that news has done nothing to checkup the weakness in the euro from last week. In fact a fresh six year high in German factory activity has seemingly been fully discounted by the trade this morning and that would seem to leave the technical and fundamental bias pointing downward. The failure to hold 1.0689 could set the stage for a return to 1.0600 later this week. The Commitments of Traders Futures and Options report as of March 28th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 6,073 contracts.

YEN: While Japanese manufacturing PMI continued to expand the pace of growth was slower and disappointing to some in the trade. Downtrend channel resistance today is seen at the early high of 90.245 and initial support is pegged down at 89.59. Many traders think the trend has shifted down in the Yen and a return to the middle of the 2017 trading range is expected ahead. The middle of the trading range in the June Yen is seen down at 88.25.

SWISS: The charts in the June Swiss remain definitively negative with yet another lower low for the move overnight and an early extension of the lower high pattern. Apparently Swiss economic data has been unable to discourage a pattern of selling seen over the past four trading sessions. Initial support this week is seen at 1.00 and to shift the tide away from the bear case probably requires a rebound back above 1.0036.

POUND: The June Pound has started the new trading week under some pressure as a result of a decline in British manufacturing momentum. In fact a private entity has interpreted UK manufacturing activity for the first quarter to be in a slowing trend. One might also suggest the Pound is close to expensive levels on its charts again with the Pound last week temporarily reaching the top of the last two months consolidation zone. Some will suggest that the Pound remains under a liquidation watch because of the BREXIT process. Initial support in the June pound to start this week is seen at 1.2455 and to alter the downward tilt probably requires a trade back above 1.2590.

CANADIAN DOLLAR: While the charts in the Canadian are slightly negative the Canadian should draft support from favorable GDP readings last week and it might also expect to draft some support from consolidation low support that comes in just below the early trade. On the other hand it could be difficult for the June Canadian dollar to avoid a temporary slide down to consolidation support of 74.68. In order to alter the pattern of lower highs and lower lows from the prior two session's probably requires favorable Canadian PMI results early today.

TODAY'S MARKET IDEAS:

With the US dollar sitting right on an upside breakout in the early going and the currency managing modest strength in the face of favorable international manufacturing results it would appear as if the bull camp maintains the upper hand.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CURRENCIES TECHNICAL OUTLOOK:

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may appear elsewhere in this report.

US DOLLAR (JUN) 04/03/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 100.73. The next area of resistance is around 100.57 and 100.73, while 1st support hits today at 100.19 and below there at 99.96.

EURO (JUN) 04/03/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 106.6225. The next area of resistance is around 107.2200 and 107.5425, while 1st support hits today at 106.7600 and below there at 106.6225.

JAPANESE YEN (JUN) 04/03/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 89.15. The next area of resistance is around 90.44 and 90.68, while 1st support hits today at 89.68 and below there at 89.15.

SWISS (JUN) 04/03/2017: 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 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 99.94. The next area of resistance is around 100.36 and 100.59, while 1st support hits today at 100.04 and below there at 99.94.

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	100.38	54.25	50.22	27.67	40.52	100.01	99.68	100.32	100.58	100.65
JYAM7	90.06	59.09	58.57	80.54	77.27	90.16	90.28	89.20	88.94	88.67
EU6M7	106.9900	39.87	45.27	64.84	45.47	107.70	108.18	107.69	107.25	107.26
BPAM7	125.52	61.52	58.19	76.42	76.55	124.98	125.19	124.03	124.53	124.38
CAAM7	75.23	59.40	52.60	64.33	71.14	75.09	75.02	74.82	75.58	75.67
SFAM7	100.20	41.43	45.92	63.33	47.61	100.70	101.11	100.60	100.51	100.44
DAAM7	76.25	48.40	50.56	60.50	56.97	0.76	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 03/31/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.95	100.19	100.34	100.57	100.73
JYAM7	Japanese Yen	89.14	89.67	89.91	90.44	90.68
EU6M7	Euro	106.6225	106.7600	107.0825	107.2200	107.5425
BPAM7	British Pound	124.16	124.93	125.32	126.10	126.48
CAAM7	Canadian Dollar	74.70	75.00	75.17	75.47	75.64
SFAM7	Swiss	99.93	100.03	100.26	100.36	100.59
DAAM7	Australian Dollar	75.88	76.05	76.28	76.45	76.68

Calculations based on previous session. Data collected 03/31/2017

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