



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday April 05, 2017

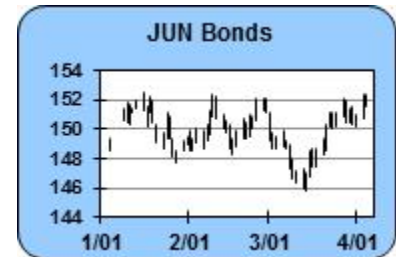
BONDS COMMENTARY

04/05/17

A slight corrective bias is expected today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): BONDS -20

With global equity markets were generally higher overnight and Euro zone growth settling in, the Treasury market appears to be facing a slightly bearish environment to start today. However, global equity markets have not thrown off the choppy to weak action that started at the beginning of March and there could be a certain measure of safe haven in the market today because of the looming US Chinese leadership talks. Another issue that might provide US Treasuries with some minor support today is news that North Korea fired a missile in the direction of Japan yesterday as that puts even more importance the US/China talks. However the key force in the morning trade today could be the ADP national employment report which the trade expects to post a moderate gain but a gain that might pale in comparison to the prior month's reading. As is usually the case private employment readings take on added importance because they precede the US government monthly employment reading. Expectations for this Friday's nonfarm payroll reading also call for a generally positive result but many forecasts place the nonfarm payroll gain at a level moderately below last month's result. In other words it would appear that growth in the US continues but that growth is not seeing any definitive progression. While we expect political and economic uncertainty to remain in place and that could provide lingering support for bonds and notes it should also be noted that tax reform and infrastructure spending were brought back into the headlines yesterday and any sign that those policy efforts will be fully resumed could leave treasury prices moderately overdone from a fundamental perspective. However in order to return to an optimistic environment and send bond prices plummeting back toward the late March consolidation lows clearly requires evidence that Washington is attempting to reach an agreement on those pro-growth policies. The North American session will start with a weekly reading on mortgage applications, which will be followed by the March ADP employment survey which is forecast to show job additional at levels below the February reading of 298,000. The US March ISM non-manufacturing PMI number is expected to have a moderate downtick from February's 57.6 reading. The FOMC will release the meeting minutes from their latest monetary policy gathering during early afternoon hours.



TODAY'S MARKET IDEAS:

As indicated already June Treasury bond prices at and above the 152-00 level would appear to be overdone and somewhat vulnerable to corrective action. However market expectations for private employment readings today generally call for positive but not robust result. Pushed into the market today we would not be surprised to see a setback below 151-00 as the addition of nearly 200,000 jobs should temporarily evoke liquidation by the longs. An issue that might add to the modest corrective bias today is the prospects of positive economic spin from the US/Chinese meeting. We wouldn't be surprised to see an increase in volatility today in the wake of the release of the Fed's last meeting minutes as the market has periodically attempted to rekindle talk of the timing of next interest rate hike and therefore the Fed statement will be parsed aggressively for clues on the timing of the next move. Initial support in June bonds is seen down at 151 - 09 but given the potential for increased volatility we can't rule out a temporary probe of the 150 - 12 level in the coming trading sessions. In order to turn the tide back in favor of the bull camp in treasury bonds today probably requires a print on the charts back above 151 - 31.

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) 04/05/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 152-220. The next area of resistance is around 152-020 and 152-220, while 1st support hits today at 151-060 and below there at 150-290.

10 YR TREASURY NOTES (JUN) 04/05/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 125-155. The next area of resistance is around 125-050 and 125-155, while 1st support hits today at 124-230 and below there at 124-190.

STOCKS COMMENTARY

04/05/17

The bull camp regains a minimal edge today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -220

Global equity markets were generally higher overnight as a private company concluded that Euro zone growth is settling in with PMI Services readings through the 1st quarter confirming some positive progression. While equities garnered some support from a surprise revisiting of pro-growth initiatives of tax reform and infrastructure spending the trade remains skeptical of the capacity and timing of the implementation of those policies. While talk of \$1 trillion in infrastructure spending provided lift to the market yesterday it would seem like the majority of the focus in Washington will remain on the quagmire of healthcare reform and on the confirmation of a Supreme Court nominee. The market might see some support from a buyout of Panera bread by Caribou coffee but that bullish news is being counter veiled by the fact that Washington appears to set to continue to fighting over a very long list of issues. We think it is possible that the US Chinese talks will yield at least a temporary optimism later today as the missile launch by North Korea toward Japan yesterday should result in a more united voice from the US and Chinese leaders. Earnings announcements will include Walgreens Boots Alliance and Monsanto before the Wall Street opening while Bed Bath & Beyond report after the close.



S&P 500: While the June E-mini S&P temporarily climbed above the prior days high there doesn't appear to be widespread optimism in the marketplace to start today. While we think ADP numbers will provide a minimal blip up reaction the ultimate impact of those figures might favor the bear camp. Critical downtrend channel resistance in the June E-mini S&P today is seen at 2359.00 and solid support might not be seen until 2344.75. In retrospect the markets seem to be having a difficult time throwing off the liquidated of tilt from the four prior day's trade.

Other US Indexes: While the June mini Dow is trading lower to start today the index has managed to extend a pattern of higher highs this week and the charts appear to be mostly positive. While we can't rule out a temporary rise to 20,694 this morning we don't see the justification for a return to a full-on risk-on environment. We define the potential trading range today as 20,694 and 20,476. Not surprisingly the June mini NASDAQ generally remains in the top portion of the last 40 days trade action and it generally retains bullish classical chart pattern. Perhaps the trade is emboldened by a surprise return of tax reform and infrastructure spending talk to the national headlines. Uptrend channel support in the June mini NASDAQ today is seen at 5421.65 and we would consider

the index to be in an upside breakout mode in the event it can climb above 5451.00.

TODAY'S MARKET IDEAS:

The overall bias in equities is slightly positive but the markets will need to see positive signs from the US Chinese meetings, more talk on tax reform and infrastructure spending and it will also need to see US employment data meet or exceed market expectations. There does appear to be less overall anxiety in the marketplace and a slight tempering of political hostility.

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) 04/05/2017: Momentum studies are rising from mid-range, which could accelerate 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 2367.93. The next area of resistance is around 2363.62 and 2367.93, while 1st support hits today at 2349.88 and below there at 2340.44.

MINI-DOW (JUN) 04/05/2017: Momentum studies are trending higher from mid-range, which should support 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 mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 20739. The next area of resistance is around 20698 and 20739, while 1st support hits today at 20564 and below there at 20471.

E-MINI NASDAQ (JUN) 04/05/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 5474.12. The next area of resistance is around 5463.50 and 5474.12, while 1st support hits today at 5424.50 and below there at 5396.13.

MINI-RUSSELL 2000 (JUN) 04/05/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 1380.8. The next area of resistance is around 1374.8 and 1380.8, while 1st support hits today at 1362.1 and below there at 1355.2.

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	151-200	64.17	60.36	81.77	83.57	151.19	151.09	149.68	149.77	149.89
TYAAM7	124-300	65.37	61.51	81.74	83.05	124.72	124.60	124.11	124.04	124.01
SPAM7	2356.60	50.64	52.72	49.22	53.85	2359.13	2352.01	2358.98	2343.42	2324.20
EPM7	2356.75	50.93	52.98	48.85	52.99	2358.44	2351.86	2358.69	2343.26	2324.11

TFEM7	1368.5	48.76	48.64	59.00	62.85	1375.33	1366.97	1367.88	1376.75	1371.80
ENQM7	5444.00	67.54	66.39	78.25	85.82	5438.56	5412.31	5402.38	5330.37	5266.88
YMM7	20631	48.02	50.60	37.27	40.24	20621.25	20599.33	20699.33	20550.22	20355.60

Calculations based on previous session. Data collected 04/04/2017

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	150-280	151-050	151-250	152-020	152-220
TYAAM7	10 Yr Treasury Notes	124-185	124-225	125-010	125-050	125-155
SPAM7	S&P 500	2343.82	2351.34	2354.32	2361.84	2364.82
EPM7	S&P E-Mini	2340.43	2349.87	2354.18	2363.62	2367.93
TFEM7	Mini-Russell 2000	1355.2	1362.1	1368.0	1374.8	1380.8
ENQM7	E-Mini NASDAQ	5396.12	5424.50	5435.12	5463.50	5474.12
YMM7	Mini-Dow	20471	20564	20605	20698	20739

Calculations based on previous session. Data collected 04/04/2017

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

CURRENCIES COMMENTARY

04/05/17

The Dollar looks to continue to win by default

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -10, YEN -170, SWISS -15, CA DOLLAR +40

Upcoming International Reports (all times CT)

04/05 France Services PMI 2:50 AM
04/05 German Service PMI 2:55 AM
04/05 Euro-Zone Services PMI 3:00 AM
04/05 UK CIPS/NTC Research Service 3:30 AM
04/05 ISM Non-Manufacturing Index 9:00 AM
04/05 EIA Energy Stocks 9:30 AM
04/05 Japan Services PMI 6:35 PM
04/06 Japan Consumer Confidence Su 12:00 AM
04/06 German Manufacturing Orders 2:00 AM
04/06 German Manufacturing Turnove 2:00 AM
04/06 Swiss Consumer Price Index 2:15 AM
04/06 Canadian Building Permits 7:30 AM
04/06 Initial Jobless Claims 7:30 AM
04/06 EIA Gas Storage 9:30 AM



DOLLAR: While some press outlets think the weakness in the dollar over the last 24 hours was the result of the North Korean missile test we think the dollar was merely short-term technically overbought and that schedule data this week has not shown a definitive progression of growth to satisfy the Dollar trade. While the trade isn't giving too much focus on this afternoon's Federal open market committee meeting notes release seeing a slightly more hawkish than expected Fed could result in the dollar reaching up to the highest levels since March 15th. On the other hand to avoid modest corrective action this morning probably requires the ADP readings to show a gain in jobs in excess of 190,000. Critical support in the June dollar index today is seen at 1.0023 and that level should generally hold.

EURO: While some traders and press outlets are suggesting that euro zone services data this morning depicts growth the data wasn't definitive enough in our book to call for an end to the late March/early April slide. In fact we think there is a low bar for the US ADP jobs result this morning and that the overnight bounce in the euro provides the bear camp with an opportunity to get short at a better level than was expected over the prior 36 hours of trade.

YEN: While the Yen yesterday seemed to be garnering a moderate flow of safe haven buying and safe haven interest was temporarily stoked by the North Korean missile test, there would seem to be slightly lower geopolitical angst this morning and a slight improvement in global economic views to start today. In short conditions this morning might justify a return to the low levels seen last week around the 89.38 level. In fact if the hints of a return to tax reform and infrastructure spending negotiations from yesterday are realized that could produce several days of declines in the June Yen.

SWISS: Generally positive euro zone services results and the prospect of generally favorable US private employment figures this morning leaves the June Swiss in a downward motion on its charts. Critical pivot point pricing this morning is seen at 1.0006 and the mere presence of hawkish dialogue from the FOMC meeting minutes could set the stage for a decline down to 99.67 in the June Swiss.

POUND: The combination of better-than-expected UK services PMI and analyst suggestions that the BREXIT impact might not be as dire as was originally thought increases the chance that this week's low in the June Pound of 1.2441 will become solid support. Uptrend channel support in the June pound today is seen at 1.246.

CANADIAN DOLLAR: The big range down washout and recovery in the June Canadian dollar yesterday hints at some form of a critical low. Unfortunately minimally hawkish news from this afternoons FOMC release and/or anything at or above expectations for private payroll figures for March for the US could easily restart the washout in the Canadian dollar. Uptrend channel support in the June Canadian dollar today is seen at 74.40 but we don't see really solid support until 74.28.

TODAY'S MARKET IDEAS:

While there appears to be a lack of definitive control by any currency in the marketplace we see today's events favoring the bull camp in the greenback. In fact unless the FOMC meeting minutes produce a decidedly dovish tone and the subjects of tax reform and infrastructure spending remain in focus in Washington it will be difficult to take control away from the bull camp in the dollar.

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) 04/05/2017: 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 close over the pivot swing is a somewhat positive setup. The next upside target is 100.74. The next area of resistance is around 100.58 and 100.74, while 1st support hits today at 100.29 and below there at 100.14.

EURO (JUN) 04/05/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 downside objective is 106.6213. The next area of resistance is around 107.2825 and 107.3912, while 1st support hits today at 106.8975 and below there at 106.6213.

JAPANESE YEN (JUN) 04/05/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 90.12. The next area of resistance is around 90.80 and 91.12, while 1st support hits today at 90.31 and below there at 90.12.

SWISS (JUN) 04/05/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 99.97. The next area of resistance is around 100.35 and 100.46, while 1st support hits today at 100.11 and below there at 99.97.

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	100.43	55.11	50.85	40.97	56.50	100.34	99.86	100.15	100.60	100.59
JYAM7	90.55	65.92	62.74	79.38	78.40	90.23	90.36	89.52	89.05	88.80
EU6M7	107.0900	41.83	46.30	46.65	29.32	107.06	107.85	107.79	107.23	107.27
BPAM7	124.65	50.31	51.33	73.18	68.07	125.05	125.13	124.34	124.50	124.41
CAAM7	74.69	40.13	41.98	60.93	53.37	75.00	74.96	74.89	75.51	75.65
SFAM7	100.22	41.79	46.26	48.49	32.18	100.35	100.92	100.71	100.48	100.46
DAAM7	75.54	34.88	41.42	49.90	36.10	0.76	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/04/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	100.13	100.28	100.44	100.58	100.74
JYAM7	Japanese Yen	90.11	90.30	90.61	90.80	91.12
EU6M7	Euro	106.6212	106.8975	107.0062	107.2825	107.3912
BPAM7	British Pound	123.95	124.26	124.72	125.03	125.49
CAAM7	Canadian Dollar	74.19	74.46	74.65	74.92	75.11
SFAM7	Swiss	99.96	100.10	100.21	100.35	100.46
DAAM7	Australian Dollar	74.92	75.19	75.61	75.88	76.30

Calculations based on previous session. Data collected 04/04/2017

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.