



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 06, 2017

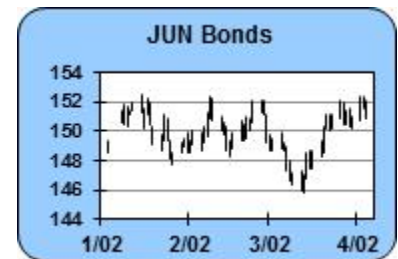
BONDS COMMENTARY

04/06/17

The bears have a slim edge to start today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): BONDS -90

Global equity markets were mostly lower overnight and that might be providing a measure of support to Bonds and Notes. However, Treasuries might be under pressure because of favorable economic results from Germany and the Euro zone overnight. We also think that the markets are anticipating further evidence of improvement in the US jobs sector as the ADP report came in much stronger than most expectations yesterday and the market is also anticipating a modest decline in weekly initial claims later this morning. Just to add to the negative initial focus today the Treasury market has seen a rekindling of talk and efforts toward a fiscal stimulus plan but key legislators also seem to be tying infrastructure spending to tax reform and that could mitigate the negative impact on Treasuries off of a stimulus plan because of the difficulty in passing tax reform itself. In other words a standalone infrastructure/stimulus plan stands a significantly better chance of passing when compared to a combination plan that includes healthcare and tax reform. It is also possible that Treasuries will remain under some pressure until the US Chinese meetings have been concluded and there isn't deterioration in that relationship. Keep in mind the Chinese continue to hold a substantial portfolio of US government debt and it is also possible that a breakdown in US Chinese relations could ramp up safe haven interest of Treasuries but it isn't entirely clear which way the brunt of the treasury trade will favor if there is a souring of relations. While the Fed's Williams overnight indicated that the US economy was doing very well he also suggested that there could be four rate hikes this year if the data were to favor that policy response. However the negative impact of that statement was moderated by the fact that Williams doesn't see the market achieving 2% sustained inflation yet. Williams also moderated the fear of quick balance sheet normalization by suggesting that normalization would happen over many years. In the end the combination of the challenger layoff report and initial claims look to set the tone this morning but information flowing from the US Chinese meeting could dominate the afternoon trade. With the strong ADP reading yesterday and expectations of an 8,000 decline in US initial claims it would not be a good development for the bull camp to see a sharp reduction in layoff figures today. The North American session will start out a March reading for the Challenger job cuts survey, followed by a weekly reading for initial jobless claims which are forecast to have a slight downtick from the previous 258,000 reading. February Canadian building permits will be released during the morning as well. San Francisco Fed President Williams will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

While we won't discount the general bullish edge in place in treasuries over the last month we have to favor the bearish track to start today given the recent "trend" of job sector readings. While we doubt the markets will buy into the fear of a Chinese liquidation of treasuries in the event of souring relationships between the US and China that potential negative might float in the background over the coming 36 hours of trade. We also think that Treasury bond prices are vulnerable and the path of least resistance is pointing downward especially if there is evidence of any improvement in the 630 and 730 numbers today. In the bull's defense the June Treasury bond market this morning is already trading one full point off this week's highs. Close in critical support in the June bond is seen at 151 - 00 and to turn the tide back in favor of the bull camp following the numbers this morning probably requires a trade back above 151 - 28. Similar support in June treasury notes is seen at 124 - 28 and to turn the tide back in favor of the bull camp might require a rally back above 125 - 09.

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) 04/06/2017: 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 daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 152-310. The next area of resistance is around 152-200 and 152-310, while 1st support hits today at 151-130 and below there at 150-160.

10 YR TREASURY NOTES (JUN) 04/06/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 125-215. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 125-160 and 125-215, while 1st support hits today at 124-310 and below there at 124-190.

STOCKS COMMENTARY

04/06/17

Pushed into the market today we would buy dips

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +210

Global equity markets were mostly lower overnight but Asian issues benefited from news that the Chinese government launched a new economic zone around Beijing. Clearly the equity markets yesterday were both lifted as a result of US economic data early but somewhat hawkish tidbits in the FOMC meeting minutes release tripped the market up in the afternoon action. However the markets this morning are somewhat relieved in the wake of the Fed's Williams commentary as he indicated that the current expectation in the marketplace should be for 3 total rate hikes in 2017. However we are a little surprised that equities weren't knocked off balance early this morning by subsequent suggestions from Williams that four rate hikes could be seen if US data required such a policy reaction. Earnings announcement will include Constellation Brands and CarMax before the Wall Street opening.



S&P 500: We expect a choppy trade today in the E-mini S&P especially with the market already sitting 10 handles above the overnight low and the trade poised to be presented with both initial claims and a challenger job cuts report. While there could ultimately be some tension discovered from today's meeting between US and Chinese leaders we doubt the initial headline coverage will detail problems between the two countries. In other words the official face/results will probably have a bullish spin attached to them. We also suspect that a recent trend of favorable U.S. and European data will be extended today but the question will be whether or not favorable data will rekindle talk of the next rate hike. Trend line support in the June E-mini S&P today is seen at 2338.00 with moderately important resistance seen at 2358.75.

Other US Indexes: While the June mini Dow traded down to the recent lows to start today it has managed to reject that slide and recover back into positive territory. Clearly blue-chip stocks were unable to embrace the sudden reemergence of talk from the GOP of tax reform and infrastructure spending and that appeared to be the result of a temporary flare up of interest rate hike talk following the FOMC meeting minutes release yesterday. We expect a very volatile trade today in the June mini NASDAQ as the market overnight violated critical support even

if it managed to reject that lower probe. It would seem as if Amazon continues to make aggressive moves with the company in the process of buying a fuel cell maker and acquiring streaming rights to Thursday night football. We are not sure of the actual impact of news that the Amazon leader was poised to sell 1 billion of Amazon shares annually to finance a rocket venture. Uptrend channel support in the June mini NASDAQ today is seen below the early low down at 5381.10. Pushed into the market today we have to be a buyer of dips hoping that jobs information is positive but not so positive as to rekindle rate hike predictions.

TODAY'S MARKET IDEAS:

Expect a measure of volatility early in the trading session today with the bull camp needing a not too hot and not too cold flurry of readings from the jobs sector. One might also expect early two-sided chop in equities until there is something tangible from the US Chinese meeting. We think the market will be presented with a generally positive flow of job sector news and the question will be will that rekindle fears of rising rates. While it is difficult to draw a straight line correlation between the FOMC meeting minutes release yesterday it did appear as if stocks faltered off of that event.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/06/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 2383.81. The next area of resistance is around 2361.87 and 2383.81, while 1st support hits today at 2331.13 and below there at 2322.32.

MINI-DOW (JUN) 04/06/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The close below the 1st swing support could weigh on the market. The next upside objective is 20905. The next area of resistance is around 20712 and 20905, while 1st support hits today at 20442 and below there at 20365.

E-MINI NASDAQ (JUN) 04/06/2017: A new contract high was made on the rally. A bearish signal was triggered on a crossover down in the daily stochastics. 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 downside closing price reversal on the daily chart is somewhat negative. The close below the 1st swing support could weigh on the market. The next downside objective is now at 5358.07. Bearish daily studies indicate selling minor rallies this session. The next area of resistance is around 5451.62 and 5502.56, while 1st support hits today at 5379.38 and below there at 5358.07.

MINI-RUSSELL 2000 (JUN) 04/06/2017: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. A negative signal was given by the outside day down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 1318.7. The next area of resistance is around 1365.9 and 1392.8, while 1st support hits today at 1328.9 and below there at 1318.7.

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	152-000	67.16	62.33	83.28	86.19	151.56	151.26	149.97	149.83	149.90
TYAAM7	125-075	71.47	65.47	83.93	87.36	124.96	124.70	124.24	124.07	124.03
SPAM7	2346.60	41.98	47.13	49.80	50.96	2354.63	2352.74	2357.76	2345.14	2325.66
EPM7	2346.50	42.34	47.17	49.82	51.07	2354.31	2352.69	2357.61	2344.94	2325.61
TFEM7	1347.4	36.77	40.93	56.50	50.92	1367.20	1366.66	1367.20	1376.38	1371.43
ENQM7	5415.50	54.27	58.19	77.91	76.72	5433.06	5419.11	5404.14	5336.73	5273.51
YMM7	20577	42.39	46.70	38.37	40.06	20600.75	20597.33	20685.11	20568.87	20369.35

Calculations based on previous session. Data collected 04/05/2017

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	150-150	151-120	151-230	152-200	152-310
TYAAM7	10 Yr Treasury Notes	124-185	124-305	125-040	125-160	125-215
SPAM7	S&P 500	2325.55	2332.60	2353.55	2360.60	2381.55
EPM7	S&P E-Mini	2322.31	2331.12	2353.06	2361.87	2383.81
TFEM7	Mini-Russell 2000	1318.6	1328.8	1355.7	1365.9	1392.8
ENQM7	E-Mini NASDAQ	5358.06	5379.37	5430.31	5451.62	5502.56
YMM7	Mini-Dow	20365	20442	20635	20712	20905

Calculations based on previous session. Data collected 04/05/2017

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CURRENCIES COMMENTARY

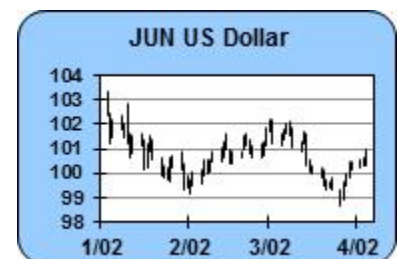
04/06/17

The Dollar looks to hold an edge

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +30, YEN +20, SWISS +13, CA DOLLAR -115**

Upcoming International Reports (all times CT)

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
 04/07 Japan Leading Indicators 12:00 AM
 04/07 Swiss Employment 12:45 AM
 04/07 German Foreign Trade 1:00 AM
 04/07 France Industrial Production 1:45 AM
 04/07 France Trade Balance 1:45 AM
 04/07 German Industrial Production 2:00 AM
 04/07 UK Halifax Housing Price Ind 2:30 AM
 04/07 France ECRI Future Inflation 3:30 AM
 04/07 German ECRI Future Inflation 3:30 AM
 04/07 UK ECRI Future Inflation Gau 3:30 AM
 04/07 UK Foreign Trade 3:30 AM



04/07 UK Industrial Production 3:30 AM
04/07 Euro-zone ECRI Future Inflat 4:00 AM
04/07 Canadian Labor Force Survey 7:30 AM
04/07 Unemployment 7:30 AM
04/07 Wholesale Trade 7:30 AM
04/07 Canadian PMI 9:00 AM
04/07 Consumer Credit 2:00 PM

DOLLAR: While the US dollar is trading moderately below the high forged in the prior trading session some bulls are disappointed in the lack of sustained strength in the dollar off of the recent flow of jobs news but there appears to be somewhat credible support in the dollar index at 1.0023. It is clear that the dollar benefited yesterday from the FOMC meeting minutes release and it would also seem as if this morning's commentary from the Fed's Williams provided a fresh measure of buying. Therefore the dollar might only need something supportive from the Challenger layoff report and or US initial claims to post another upside breakout.

EURO: With a lower high early trade today and a fresh lower low for the move in the June euro it is clear that negative sentiment remains in place. In addition to increased anxiety off the news flowing from the French election the euro might also be pressured as a result of today's US jobs results. Pushed into the market we would be a seller of a rally in the June euro up to 1.07255 and we think the near term downside targeting in the June euro is seen at 1.0614.

YEN: While geopolitical and economic uncertainty remains high, the Japanese Yen appears to have at least temporarily lost its safe haven bid. Perhaps the trade sees the prospect of an initial positive spin from the US Chinese meetings and the favorable pattern of overall global data as an environment that tamps down economic uncertainty and that has probably contributed to the June Yen lacking any upside momentum. With normal back and fill action today we can't rule out a return to 89.95 but in the end today could see a sell the reality/buy the fact reaction to information flowing from the US.

SWISS: While the June Swiss has clearly rejected yesterday's spike low move it has not disrupted a pattern of lower highs that has been in place since March 27th. While we don't see the US dollar soaring over the coming trading sessions we do think the currency will exhibit enough strength to pressure the Swiss. Critical pivot point support in June Swiss is seen today at 99.92.

POUND: In general the June pound has not showed a definitive direction this week after its initial slide to start the week. As in the Swiss we expect initial strength in the US dollar to apply pressure to the pound and that in turn could see the currency briefly touch the 1.2440 level.

CANADIAN DOLLAR: The charts in the Canadian dollar favor the bear camp to start today and one could also expect early private data and subsequent public data from the US to keep the pressure up on the June Canadian dollar. Initial downside targeting is seen at 74.38 but a breakout to the lowest level since March 15th could be in the cards.

TODAY'S MARKET IDEAS:

We assume that the US dollar will benefit from its data flows this morning as that news could add to the comments from the Fed's Williams overnight that for rate hikes could be seen in 2017 if the data supports. Therefore we see vulnerability in the Swiss, euro and Canadian.

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) 04/06/2017: 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. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 101.19. The next area of resistance is around 100.71 and 101.19, while 1st support hits today at 100.03 and below there at 99.83.

EURO (JUN) 04/06/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 106.4563. The next area of resistance is around 107.3824 and 107.6062, while 1st support hits today at 106.8075 and below there at 106.4563.

JAPANESE YEN (JUN) 04/06/2017: The daily stochastics have crossed over up which is a bullish indication. 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 91.24. The next area of resistance is around 91.02 and 91.24, while 1st support hits today at 90.27 and below there at 89.74.

SWISS (JUN) 04/06/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 99.28. The next area of resistance is around 100.41 and 100.72, while 1st support hits today at 99.69 and below there at 99.28.

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	55.42	51.05	48.16	62.54	100.37	99.95	100.12	100.62	100.57
JYAM7	90.64	67.06	63.47	79.68	79.82	90.44	90.41	89.70	89.08	88.86
EU6M7	107.0950	42.16	46.49	39.41	24.85	107.06	107.72	107.79	107.19	107.28
BPAM7	125.15	55.89	54.79	70.73	65.47	125.10	125.11	124.51	124.47	124.47
CAAM7	74.53	36.27	39.44	53.66	40.10	74.82	74.90	74.90	75.46	75.62
SFAM7	100.05	36.96	42.98	40.86	25.61	100.22	100.78	100.72	100.43	100.47
DAAM7	75.57	36.48	42.17	42.25	27.48	0.76	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/05/2017

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	99.82	100.02	100.50	100.71	101.19
JYAM7	Japanese Yen	89.73	90.26	90.48	91.02	91.24
EU6M7	Euro	106.4562	106.8075	107.0312	107.3824	107.6062
BPAM7	British Pound	124.23	124.77	124.99	125.52	125.74
CAAM7	Canadian Dollar	74.27	74.36	74.59	74.69	74.92
SFAM7	Swiss	99.27	99.68	100.00	100.41	100.72
DAAM7	Australian Dollar	75.29	75.42	75.59	75.72	75.89

Calculations based on previous session. Data collected 04/05/2017

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