



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 10, 2017

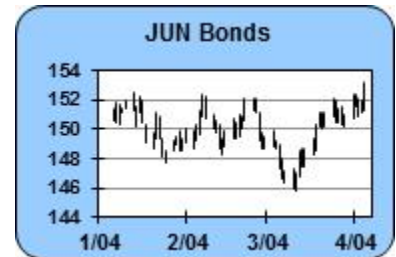
BONDS COMMENTARY

04/10/17

Look to sell a return to the Friday highs

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -50



The most critical issue facing the Treasury market to start the new trading week is recent market chatter that the US Fed might begin to normalize its balance sheet perhaps at the expense of a quick pace of interest rate hikes. Fortunately for the bull camp prices early this week will probably see support from the disappointing headline nonfarm payroll reading from last Friday, downward revisions in prior month's nonfarm payroll results, rising international geopolitical anxieties and news that both bonds and notes are net spec and fund short from the latest commitments of traders positioning report as that could set the stage for short covering. Other issues helping to underpin treasury prices at and above last week's lows on the charts include residual election anxiety in France ahead of the election, anemic UK consumer spending and the potential for US stocks to sag under the theme of Fed rebalancing ahead. Another possible impact on Treasuries this week will be the kickoff to the next US corporate earnings cycle. At least the start today Treasuries look to have some support at 151-00 in June bonds and at 124-16 in June notes. The Commitments of Traders Futures and Options report as of April 4th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 51,612 contracts. The Commitments of Traders Futures and Options report as of April 4th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 207,810 contracts. The North American session will start out with March Canadian housing starts that are expected to see a moderate increase from February's 210,200 annualized rate. A March reading on the Fed's labor market conditions index will be released during morning US trading hours. Fed Chair Yellen will speak during afternoon US trading hours.

TODAY'S MARKET IDEAS:

To start the trading week we have to favor a weak bullish tilt in Treasuries as equities look to be under pressure because of a long list of geopolitical events, the markets are still disappointed with recent US payroll data and the big pulse up trade last Friday should have injured some would-be shorts. However thickening overhead consolidation resistance in June bonds at up 152-12 and hawkish comments from the Fed's Bullard regarding moves to shrink the Fed's balance sheet could make a sharp recovery in prices unlikely. In addition to support at the 151-00 level in June Bonds, the market might see an even lower support level of 150-27. Pushed into the market we suggest buying dips to 151-00 but expecting the June contract to find significant resistance up a 152-00. Support in June Notes to start this week is seen at 124-16 and the market might be hemmed into a range bound by 124-16 to 125-08. We are still interested in buying bond put premium on rallies.

NEW RECOMMENDATIONS:

Buy a June Bond 152 put for 1-47 on a rally today. Use an objective of 3-00 and risk the trade to a tight stop of 1-29.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017

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

	Net Change		Net Change		Net Change	
Financials						
Bonds	-29,989	-5,665	51,612	-2,261	-21,623	+7,925
T-Notes	-16,398	+34,239	207,810	-40,832	-191,412	+6,593

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) 04/10/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 downside target is 149-260. The next area of resistance is around 152-060 and 153-190, while 1st support hits today at 150-100 and below there at 149-260.

10 YR TREASURY NOTES (JUN) 04/10/2017: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down and close below the previous day's low is a negative signal. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 123-300. The next area of resistance is around 125-085 and 126-015, while 1st support hits today at 124-070 and below there at 123-300.

STOCKS COMMENTARY

04/10/17

The path of least resistance to start remains down

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 +50**

Global equity markets were mixed overnight with a number of geopolitical developments tempering investor interest. In addition to concerns that Russia might retaliate against the US airstrike on Syria from last week the markets are also off balance because of talk that the US Fed might begin to shrink its balance sheet by the end of this year. Other issues contributing to a partial risk off psychology to start the new trading week are hints of a looming showdown with North Korea, fresh issues with a Libyan oil field and residual disappointment with last week's US non-farm payroll result. The Asian session featured a February reading on the Japanese current account which bounced back and hit a record in the month of February. The European session was highlighted by an April reading of the Sentix survey of Euro zone investor confidence that was forecast to have a modest downtick from March's 20.7 reading but instead it posted an impressive rise to 23.9. The North American session will start out with March Canadian housing starts that are expected to see a moderate increase from February's 210,200 annualized rate. A March reading on the Fed's labor market conditions index will be released during morning US trading hours. Fed Chair Yellen will speak during afternoon US trading hours.



S&P 500: Typically the stock market does not like uncertainty and in the current set up the markets are facing a measure of economic disappointment and a growing list of geopolitical concerns. With the June E-mini S&P last week forging a pattern of lower highs and lower lows the technical bias to start the week remains bearish. However the markets will see the kickoff to the US corporate earnings cycle with a barrage of financial/bank earnings but energy shares look to be the main benefactors of the quarterly results. The 50 day moving average in the June E-mini S&P this morning is seen at 2342.50 and uptrend channel support from the November and April lows is seen at 2337.90. Pushed into the market we favor a sell rallies approach looking for slow and measured declines. Fortunately spec and fund long positioning in the E-mini S&P moderated in the most recent COT report and has probably moderated further with the action at the end of last week. The Commitments of Traders Futures and Options report as of April 4th for E-Mini S&P 500 showed Non-Commercial and Non-

reportable combined traders held a net long position of 67,468 contracts. This represents a decrease of 58,005 contracts in the net long position held by these traders.

Other US Indexes: Despite the month long corrective slide in the June mini Dow the net spec and fund long positioning in the index remains at extremely vulnerable levels. The pattern of lower highs and lower lows last week and the market closing in on the 50 day moving average down at 20,539 would seem to favor the bear camp to start the new trading week. The Commitments of Traders Futures and Options report as of April 4th for Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 70,044 contracts. This represents a decrease of 8,995 contracts in the net long position held by these traders. Fortunately for the bull camp in the June E-mini NASDAQ the market has seen a moderation of the net spec and fund long as the erosion in prices from last week's highs suggests prices will slide lower until macroeconomic psychology shifts back into a risk on mentality. Initial downside targeting in the June contract is seen at 5406.75 and possibly not until 5390.00. The Commitments of Traders Futures and Options report as of April 4th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 91,468 contracts.

TODAY'S MARKET IDEAS:

It goes without saying that the edge belongs to the bear camp to start today as both economic and geopolitical anxiety swirls in the backdrop. Perhaps the bull camp will find some support later in the week from favorable financial sector in energy earnings and perhaps the geopolitical issues facing the market last week will moderate. While we don't see panic type selling ahead we do think a return to last week's lows is in order directly ahead.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-4,450	-4,370	-8,790	+3,937	13,240	+433
E-Mini S&P	120,697	-32,537	-67,468	+58,004	-53,229	-25,468

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) 04/10/2017: 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 market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 2374.50. The next area of resistance is around 2364.25 and 2374.50, while 1st support hits today at 2340.25 and below there at 2326.50.

MINI-DOW (JUN) 04/10/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 upside objective is 20788. The next area of resistance is around 20700 and 20788, while 1st support hits today at 20494 and below there at 20375.

E-MINI NASDAQ (JUN) 04/10/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 5362.19. The next area of resistance is around 5448.12 and 5468.68, while 1st support hits today at 5394.88 and

below there at 5362.19.

MINI-RUSSELL 2000 (JUN) 04/10/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 1341.8. The next area of resistance is around 1371.4 and 1379.3, while 1st support hits today at 1352.7 and below there at 1341.8.

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	151-080	57.19	56.65	80.32	75.76	151.53	151.25	150.48	149.91	149.89
TYAAM7	124-235	55.82	56.43	79.93	72.56	124.98	124.76	124.46	124.12	124.05
SPAM7	2352.20	47.59	50.24	52.22	54.57	2352.28	2355.27	2356.14	2348.84	2328.71
EPM7	2352.25	47.92	50.30	52.32	54.77	2352.94	2355.33	2356.04	2348.64	2328.65
TFEM7	1362.1	47.10	47.33	54.10	52.19	1361.05	1368.22	1366.89	1376.57	1371.47
ENQM7	5421.50	55.59	58.76	73.96	69.73	5427.13	5429.06	5407.46	5349.30	5286.29
YMM7	20597	45.39	48.28	40.32	42.15	20607.25	20610.78	20660.83	20606.56	20397.12

Calculations based on previous session. Data collected 04/07/2017
 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	149-250	150-090	151-220	152-060	153-190
TYAAM7	10 Yr Treasury Notes	123-295	124-065	124-315	125-085	126-015
SPAM7	S&P 500	2327.75	2340.80	2350.55	2363.60	2373.35
EPM7	S&P E-Mini	2326.50	2340.25	2350.50	2364.25	2374.50
TFEM7	Mini-Russell 2000	1341.8	1352.6	1360.6	1371.4	1379.3
ENQM7	E-Mini NASDAQ	5362.18	5394.87	5415.43	5448.12	5468.68
YMM7	Mini-Dow	20374	20493	20581	20700	20788

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CURRENCIES COMMENTARY

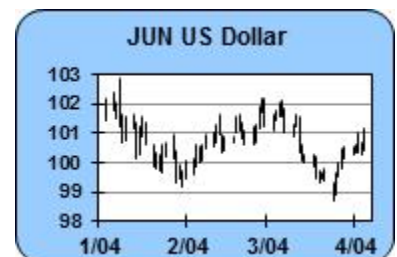
04/10/17

The Dollar continues to win by default

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
 US DOLLAR +40, YEN -100, SWISS -9, CA DOLLAR +145**

Upcoming International Reports (all times CT)

- 04/10 13 and 26 Week Bill Auction
- 04/10 3-Yr note Auction
- 04/10 Canadian New Housing 7:15 AM
- 04/11 10-Yr note Auction
- 04/11 4-Week BILL Auction
- 04/11 UK Consumer Price Index 3:30 AM
- 04/11 UK Producer Price Index 3:30 AM
- 04/11 Euro-zone Industrial Product 4:00 AM



04/11 German ZEW Indicator of Econ 4:00 AM
04/11 API Energy Stocks 3:30 PM
04/11 Japan Machinery Orders 6:50 PM
04/11 Japan Wholesale Prices (CGPI) 6:50 PM

DOLLAR: Another new higher high for the move in the dollar to start the week is seemingly justified by the prospect of a US/Russian showdown over Syria, ideas that the US economy is strong enough for the Fed to consider shrinking its balance sheet and news that the US unemployment rate declined by more than expected. With geopolitical problems in France, the UK, Syria and Korea the dollar seems to be garnering and ongoing measure of safe haven inflow. With the June dollar index managing to climb above the 1.01 level it returns to a consolidation pattern that might allow for a run up to 1.02 in a simple extension of the last week's headline issues. The Commitments of Traders Futures and Options report as of April 4th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 48,359 contracts.

EURO: While euro zone investor sentiment stood up against the French election concern the euro has been unable to arrest the slide off the late March highs overnight. Perhaps the June euro contract will be able to find some support at 1.06 but at this point we can't rule out a continued slide down to the consolidation low support of the last three months of 1.0575. An issue that probably undermined the euro is news that Italian industrial output rose less than projected levels. The Commitments of Traders Futures and Options report as of April 4th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 4,823 contracts.

YEN: Surprisingly the Japanese Yen is not garnering safe haven interest in the early going today in the wake of a plethora of geopolitical and economic uncertainties. A sign that the Yen lacks conviction on the part of the bull camp is seen from the lack of a positive reaction in the Yen in the face of news that the Japanese current account bounced back and hit a record in the month of February. While the June Yen might find initial support at the 90.00 level we can't rule out temporary probes to the 89.59 level.

SWISS: As in other non-dollar currencies the Swiss franc starts the trading week with a fresh lower low and the lowest price since March 10th. With the Swiss blue-chip stock index opening weaker and little in the way of support in the June Swiss until a key pivot point of 99.07 we have to leave the edge with the bear camp.

POUND: Fortunately for the bull camp in the pound it seemingly factored in the slight downshift in global recovery hopes in the wake of last week's disappointing US nonfarm payroll result and the negative psychological drag from a series of geopolitical conflicts. We suggest the pound is a recovery currency in that it needs definitive forward progress in the global economy to help it through the process of BREXIT. Initial support is close in at a quasi-double low of 1.2386 and then not until 1.2353.

CANADIAN DOLLAR: Like the US, Canadian employment jobs results were countervailing with payroll jobs positive but the unemployment rate ticking higher. Unfortunately decent Canadian jobs figures appear to be more than counter veiled by residual strength in the US dollar and by a slight downshift in global economic psychology. Initial pivot point support in the June Canadian dollar to start today is seen at 74.63 then again down at 74.41.

TODAY'S MARKET IDEAS:

Apparently the dollar continues to win by default and apparently talk of the US Fed shrinking its balance sheet leaves the dollar in vogue. It would also seem as if the collection of geopolitical issues from last week is being seen as a positive to the dollar but it could take upbeat economic comments and hints at an ongoing hawkish bias by the Fed from the Fed Chairman later today to extend the dollar gain straightaway.

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) 04/10/2017: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside objective is at 101.69. The next area of resistance is around 101.42 and 101.69, while 1st support hits today at 100.64 and below there at 100.13.

EURO (JUN) 04/10/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The next downside objective is 105.4950. The next area of resistance is around 106.8400 and 107.4950, while 1st support hits today at 105.8400 and below there at 105.4950.

JAPANESE YEN (JUN) 04/10/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 89.40. The next area of resistance is around 90.78 and 91.42, while 1st support hits today at 89.77 and below there at 89.40.

SWISS (JUN) 04/10/2017: 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. The close below the 1st swing support could weigh on the market. The next downside objective is now at 99.02. The next area of resistance is around 99.91 and 100.35, while 1st support hits today at 99.25 and below there at 99.02.

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	101.03	67.96	59.58	62.75	78.30	100.64	100.32	100.06	100.67	100.56
JYAM7	90.27	56.64	57.69	75.98	72.01	90.46	90.32	90.01	89.14	88.97
EU6M7	106.3400	32.08	39.71	25.71	13.29	106.81	107.23	107.76	107.11	107.28
BPAM7	123.94	41.46	45.68	60.13	46.05	124.68	124.85	124.76	124.39	124.54
CAAM7	74.69	41.76	42.73	43.93	34.16	74.65	74.87	74.94	75.37	75.59
SFAM7	99.58	30.50	38.38	27.44	14.14	99.90	100.32	100.72	100.35	100.48
DAAM7	74.92	29.02	36.02	28.69	14.56	0.75	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/07/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	100.12	100.63	100.91	101.42	101.69
JYAM7	Japanese Yen	89.39	89.76	90.40	90.78	91.42
EU6M7	Euro	105.4950	105.8400	106.4950	106.8400	107.4950
BPAM7	British Pound	123.11	123.40	124.19	124.48	125.27
CAAM7	Canadian Dollar	74.23	74.44	74.73	74.94	75.23
SFAM7	Swiss	99.01	99.24	99.68	99.91	100.35
DAAM7	Australian Dollar	74.47	74.65	75.01	75.19	75.55

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