



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday April 11, 2017

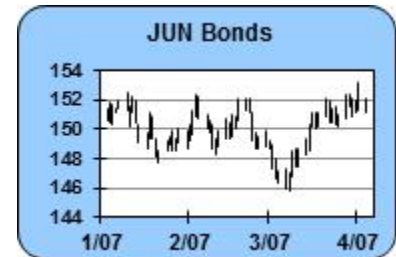
BONDS COMMENTARY

04/11/17

Buy a JOLTS inspired setback of 12-15 ticks

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
BONDS +80

Lingering international geopolitical concerns, mixed global equities and a surprise dip in March euro zone industrial production has given the bull camp a slight edge to start today. However negative economic sentiment in Europe was mostly counter veiled by a surprisingly strong March German ZEW expectations reading. Apparently the latest comments from the Fed's Yellen were seen as somewhat dovish as she seemed to indicate the Fed for now was content to allow the US economy to coast along. While she did suggest the Fed ultimately wanted to be ahead of the curve there were no specific hints as to the timing of the next incremental hike in rates. Yesterday's three year note auction was considered soft with a bid to cover ratio of 2.62 to 1 which was the lowest since July 2009. However seeing slack demand with yields just above the lowest level in nearly 5 months is not surprising. In addition to a pair of weekly chain store sales readings today the Treasury market will also be presented with a job openings and labor turnover survey that is expected to show a minimal improvement over the last month. With a series of geopolitical issues populating the headlines this week and the Fed Chair failing to provide a spark needed for a rekindling of rate hike mongering fears it is possible that this afternoon's comments from the Fed's Kashkari will allow for a weak rally in bond prices. While we doubt the JOLTS report will result in a noted reaction aggressive traders might consider buying a dip to 151-23 looking for a retest of last week's high in June bonds up at 152-13. The North American session will be fairly quiet data-wise and will be highlighted by the February job openings and labor turnover (JOLTS) survey that is forecast to see a modest increase from January's 5.626 million reading. Minneapolis Fed President Kashkari will speak during afternoon US trading hours.



TODAY'S MARKET IDEAS:

We think the path of least resistance remains upward in bonds and notes but a lack of major schedule economic data from the US might allow for choppy two-sided action in prices to start today. While we doubt the markets will see a noted reaction to the job openings and layoffs report minimal Treasury price weakness off that news this morning might be a buy for aggressive traders. Critical support in June bonds to start today is seen at 151-22 and then again down at 151-15. With the Fed's Kashkari last month suggesting he was in favor of raising rates if US data continued to improve we have to think his comments this afternoon will acknowledge that data over the last month has not been stellar and the trade could deduce that it is not time yet to begin to factor in the Fed's next move. While there are periodic headlines regarding the prospect of tax reform and infrastructure spending those pro-growth policy initiatives are not seen as near term prospects and that leaves the bull camp with a minimal edge.

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.

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) 04/11/2017: 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 above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 150-220. The next area of resistance is around 152-080 and 152-210, while 1st support hits today at 151-090 and below there at 150-220.

10 YR TREASURY NOTES (JUN) 04/11/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 124-145. The next area of resistance is around 125-030 and 125-090, while 1st support hits today at 124-220 and below there at 124-145.

STOCKS COMMENTARY

04/11/17

A minimal bullish tilt but the bulls need infrastructure talk

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +60

Global equity markets were mixed overnight with Asian stocks generally showing positive action while European and US markets were under minor pressure. In looking at the charts in stocks it would appear as if the technical conditions favor the bear camp into the second trading session of the week.

However, it will be interesting to see if a business Roundtable at the White House focuses on infrastructure spending as that could provide a wave of buying and it will also be interesting to see if the markets can benefit from a minor uptick in 1/3 tier jobs report this morning. While it is not clear why China turned back shipments of coal from North Korea that action could be a sign of Chinese cooperation against North Korean missile tests and that could be seen as a positive for global equities. Earning announcements will include Bank of the Ozarks before the Wall Street opening.



S&P 500: While a number of geopolitical flashpoints remain in place and the chart pattern in the June E-mini S&P seems to favor the bear camp it would not appear as if overall anxiety levels are high to start the trading session today. Some might suggest that the June E-mini S&P is coiling as if a key decision is ahead and that argument might be given added credence by the fact that the index this morning sits just above its 50 day moving average of 2344.20. While we doubt the market will see a definitive lift off the JOLTS report it is possible that the market will glean some modest support from that report. Uptrend channel support in the June E-mini S&P today is seen at 2340.95 while a trade back above 2360.75 could shift the overall trend back to the upside

Other US Indexes: Like the E-mini S&P the June mini Dow also starts the session today sitting just above its 50 day moving average of 20,555. From a strict technical perspective the charts this morning seem to present an erosive pattern but there doesn't appear to be a noted level of anxiety present to push prices sharply lower. In fact if the markets were to see a favorable third tier jobs report this morning that might provide some cushion to prices. More significant support in the June mini Dow is seen at 20,500 and it could take a rise back above 20,669 to shift the short-term tide away from the bear camp. The charts in the June mini NASDAQ continue to look better than the E-mini S&P and the E-mini Dow. Critical close in support in the June mini NASDAQ this morning is seen at 5411.25 but legal battles between Qualcomm and Apple might serve to leave the index off balance. Uptrend channel support in the June mini NASDAQ today is seen at 5397.30.

TODAY'S MARKET IDEAS:

On one hand there doesn't appear to be a definitive geopolitical issue set to undermine market sentiment but there also doesn't appear to be a bullish theme to pullback a wave of investor buying. However it is possible that a Chinese decision to turn back North Korean coal shipments could be a sign of international cooperation on the Korean situation and it is also possible that infrastructure spending plans will be presented in the headlines today and that could give the bull camp a temporary edge. While the US labor sector news this morning will come from a minor report a slight improvement in that index might be necessary to get the bullish ball rolling.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/11/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 2369.81. The next area of resistance is around 2360.62 and 2369.81, while 1st support hits today at 2344.88 and below there at 2338.32.

MINI-DOW (JUN) 04/11/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market could take on a defensive posture with the daily closing price reversal down. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 20752. The next area of resistance is around 20673 and 20752, while 1st support hits today at 20533 and below there at 20472.

E-MINI NASDAQ (JUN) 04/11/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 5386.13. The next area of resistance is around 5442.50 and 5462.12, while 1st support hits today at 5404.50 and below there at 5386.13.

MINI-RUSSELL 2000 (JUN) 04/11/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day 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 1348.9. The next area of resistance is around 1373.3 and 1383.8, while 1st support hits today at 1355.9 and below there at 1348.9.

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	151-240	63.35	60.20	77.95	72.06	151.62	151.39	150.69	149.99	149.91
TYAAM7	124-285	60.08	58.97	75.37	65.39	124.97	124.82	124.53	124.14	124.06
SPAM7	2352.50	47.92	50.42	53.67	56.57	2351.25	2355.39	2354.58	2350.33	2330.29
EPM7	2352.75	48.29	50.56	53.97	57.00	2351.63	2355.47	2354.61	2350.14	2330.24
TFEM7	1364.6	48.68	48.41	53.88	53.40	1359.70	1368.18	1366.02	1376.64	1371.49

ENQM7	5423.50	55.99	58.93	71.91	67.95	5420.75	5430.69	5407.72	5355.24	5292.70
YMM7	20603	45.53	48.40	42.23	45.47	20598.25	20609.00	20645.33	20621.84	20411.47

Calculations based on previous session. Data collected 04/10/2017

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	150-210	151-080	151-210	152-080	152-210
TYAAM7	10 Yr Treasury Notes	124-140	124-215	124-275	125-030	125-090
SPAM7	S&P 500	2339.62	2345.25	2354.12	2359.75	2368.62
EPM7	S&P E-Mini	2338.31	2344.87	2354.06	2360.62	2369.81
TFEM7	Mini-Russell 2000	1348.8	1355.8	1366.3	1373.3	1383.8
ENQM7	E-Mini NASDAQ	5386.12	5404.50	5424.12	5442.50	5462.12
YMM7	Mini-Dow	20472	20533	20612	20673	20752

Calculations based on previous session. Data collected 04/10/2017

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CURRENCIES COMMENTARY

04/11/17

A slight dip in the Dollar possible today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -160, YEN +265, SWISS +12, CA DOLLAR +50

Upcoming International Reports (all times CT)

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
04/12 30-Yr Auction
04/12 UK Employment Situation - Cl 3:30 AM
04/12 Canadian Monetary Policy 9:00 AM
04/12 EIA Energy Stocks 9:30 AM



DOLLAR: While European data overnight was mixed the US dollar has started the Tuesday trade off on a weaker track perhaps because of ongoing reverberation from talk that the Fed will begin to trim its balance sheet later this year that action looks to replace a series of rate hikes. It is also possible that the trade parsed the data from the euro zone for signs of strength and it found that strength in German investor sentiment. While the June dollar index appears to be in a mini-freefall it should encounter support at 1.0060 and more significantly down at 1.0030. It is also possible that the dollar will garner some fleeting support from a 1/3 tier JOLTS report and it is also possible that the dollar might garner some support from a temporary Washington focus on infrastructure spending.

EURO: We think the gains in the euro this morning are largely the result of a significantly oversold condition into the prior sessions low and not necessarily the result of the favorable German investor sentiment reading overnight. In fact with euro zone industrial output declining there is probably some fundamental headwinds for the June euro to start today. On the other hand there might be little in the way of resistance until the 1.07185 level and support should move up to the 1.0628 level. A normal retracement recovery off the March and April slide in the euro could allow for a rise to 1.0736.

YEN: The June Yen is showing positive action to start today despite developments between China and North Korea that could be seen as a tamping down of geopolitical anxiety in the region. However seeing a US naval task force moving toward the Korean Peninsula should leave a measure of safe haven interest in place. There might be little in the way of resistance in the June Yen until the 91.05 level and support off an uptrend line comes in today down at 89.93.

SWISS: As in the euro the Swiss appears to be technically oversold from the slide off the March high and therefore some measure of balancing is probably in the offing. It is possible that the Swiss is benefiting indirectly from the German investor sentiment improvement and therefore a short covering bounce to the 99.95 level might be seen ahead.

POUND: While the pound is showing signs of modest strength to start today the currency would seem to be held back by a much weaker than expected UK retail sales result and by thick overhead resistance created by the last four weeks consolidation. We see somewhat significant resistance at 1.2504 and at this point we are unwilling to call for an end to the lower high/lower low chart pattern.

CANADIAN DOLLAR: In addition to impressive recent housing starts data the Canadian today is set to benefit from noted weakness in the dollar and from favorable chart action. While the risk of getting long the Canadian after the bounce of the past five days is rather significant there might be little in the way of resistance in the June Canadian until the 75.35 level. Fortunately support in the June Canadian appears to be 74.90.

TODAY'S MARKET IDEAS:

While the path of least resistance in the dollar from a technical perspective is pointing down to start today we would not expect the currency to give significant ground because of minimally hawkish dialogue from the Fed especially if the third tier job sector report this morning manages a positive result.

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) 04/11/2017: 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. The daily closing price reversal down is a negative indicator for prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 101.43. The next area of resistance is around 101.20 and 101.43, while 1st support hits today at 100.82 and below there at 100.65.

EURO (JUN) 04/11/2017: Momentum studies are still bearish but are now at oversold levels and 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 tilt is slightly negative with the close under the pivot. The next downside target is 105.8625. The next area of resistance is around 106.4199 and 106.6025, while 1st support hits today at 106.0500 and below there at 105.8625.

JAPANESE YEN (JUN) 04/11/2017: 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 upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 89.59. The next area of resistance is around 90.59 and 90.85, while 1st support hits today at 89.96 and below there at 89.59.

SWISS (JUN) 04/11/2017: Momentum studies are declining, but have fallen to oversold levels. The market's

short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 99.16. The next area of resistance is around 99.63 and 99.81, while 1st support hits today at 99.31 and below there at 99.16.

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	101.01	64.80	57.92	69.31	82.44	100.79	100.48	100.08	100.70	100.56
JYAM7	90.27	56.45	57.52	72.54	66.21	90.36	90.31	90.10	89.16	89.01
EU6M7	106.2350	30.94	38.86	20.16	9.77	106.57	106.96	107.66	107.06	107.27
BPAM7	124.30	46.05	48.42	53.05	38.41	124.59	124.81	124.82	124.37	124.57
CAAM7	75.07	56.68	51.79	43.06	42.87	74.74	74.89	74.93	75.32	75.56
SFAM7	99.47	32.04	39.18	22.19	11.69	99.73	100.13	100.67	100.31	100.47
DAAM7	74.87	28.87	35.75	22.98	12.25	0.75	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/10/2017

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	100.64	100.81	101.03	101.20	101.43
JYAM7	Japanese Yen	89.58	89.95	90.22	90.59	90.85
EU6M7	Euro	105.8625	106.0499	106.2325	106.4199	106.6025
BPAM7	British Pound	123.61	123.98	124.24	124.61	124.87
CAAM7	Canadian Dollar	74.38	74.79	74.94	75.35	75.51
SFAM7	Swiss	99.15	99.30	99.48	99.63	99.81
DAAM7	Australian Dollar	74.53	74.70	74.84	75.02	75.16

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