



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Wednesday April 12, 2017

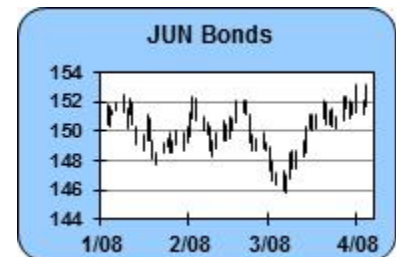
BONDS COMMENTARY

04/12/17

The bulls control but prices are now overdone

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): BONDS -10

While bonds forged another higher high overnight they were initially unable to hold those gains and have fallen back into negative territory in the early going. However with a list of geopolitical concerns and a recent pattern of disappointing US data the bull camp appears to have ongoing justification for this week's strength. On the other hand this week's auction supply has seen anemic demand and the Fed's Williams indicated he still sees 3 to 4 US rate hikes this year. The Fed's Williams also suggested that the Fed will begin to trim its balance sheet later this year. With US scheduled data today restricted to import/export prices, a monthly budget statement and a weekly private mortgage application survey there might not be much of a reaction to US data points. However the bull camp might expect some minimal support from the import/export pricing as expectations call for a decline in import prices. US Treasuries should have garnered a little bit of support from euro zone debt sales action overnight as yields there rose in an effort to distribute the supply. In conclusion Treasuries might be a touch overbought from a short-term perspective but ongoing geopolitical and economic uncertainty leaves the bull camp with more ammunition than the bear camp. The North American session will start out with the March import price index and March export price index, both of which are expected to see modest downticks from their February readings. The Bank of Canada will release the results of their latest monetary policy meeting that is forecast to have no changes to either rates or policy. Dallas Fed President Kaplan will speak during morning US trading hours.



TODAY'S MARKET IDEAS:

With the exception of the overnight high at 152-31 the next layer of resistance for the bond market comes in another point higher off the weekly charts and the top of the October through present consolidation. Unfortunately for the bull camp the sharp range up pulse yesterday on top of the sharp range up pulse last Friday leaves little in the way of support until the 152-13 level basis June bonds. While we doubt import/export pricing will provide a definitive left to prices we suspect that report will cause a minor tick up in prices. While we doubt the capacity for direct upside action we leave the bias pointing upward until there is evidence of positive economic results in the US and/or US/Russian relations improve. Uptrend channel resistance in June bonds is seen today up at 151-15.

NEW RECOMMENDATIONS:

Sell a June Bond 158 call for 47. Use an objective of 0 and risk the position to a print above 62.

PREVIOUS RECOMMENDATIONS:

Long June Bond 152 put from 1-47. Use an objective of 3-00 and risk the trade to a tight stop of 1-29

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) 04/12/2017: 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 short-term trend is positive on the close above the 9-day moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd

swing resistance. The next downside objective is 151-060. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 153-160 and 154-010, while 1st support hits today at 152-030 and below there at 151-060.

10 YR TREASURY NOTES (JUN) 04/12/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is 124-210. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 125-255 and 126-005, while 1st support hits today at 125-040 and below there at 124-210.

STOCKS COMMENTARY

04/12/17

The path of least resistance is pointing downward

OVERNIGHT CHANGES THROUGH 6:06 AM (CT): S&P 500 -180

Global equity markets were mostly mixed but the positive markets might have outnumbered the weak markets. The overnight action was dominated by Russian President's assertions that the US strike in Syria was unjustified because of intelligence that the chemical weapons use was a ploy to inspire US retaliation against the Syrian government. All things considered the performance of global equities overnight was somewhat comforting as some markets were able to discount geopolitical fears and track higher. Unfortunately international uncertainty looks to remain in place at the same time that US policy efforts are mired in the quicksand of Washington. Another issue that promises to leave stocks under pressure is lingering disappointment and concern that the growth trend in the US is faltering. Earnings announcement will include Delta Air Lines before the Wall Street opening while Infosys Limited reports after the close.



S&P 500: The combination of ongoing uncertainty and a lack of optimism clearly justifies a downward sloping chart in the E-mini S&P. In fact the June E-mini S&P this morning sits just above its 50 day moving average of 2345.70 and there might be little in the way of constructive support on the charts until 2338.00. With economic disappointment in place, mixed messages from the Fed, North Korean fears and a war of words taking place between the US and Russia a return to the prior session's low of 2333.25 might not be that difficult today.

Other US Indexes: Like the E-mini S&P the mini Dow this morning enters the trading session sitting just above the 50 day moving average of 20,572 and it also continues to respect a general pattern of lower highs and lower lows. From our perspective all the bear camp is missing is a catalyst that shifts disappointment and a lack of interest into a wholesale desire to exit investments. In order to turn the tide in the Dow to the upside probably requires a trade back above 20,691. While some might suggest the June mini NASDAQ has held up better than the rest of the market the charts still show a fairly uniform downtrend channel since the April 5th high. The June E-mini NASDAQ sits right on a critical pivot point of 5400.00 and the 50 day moving average today comes in down at 5344.55. Initial support is seen down at 5382.75 and pushed into the market we give the bear camp the ongoing edge.

TODAY'S MARKET IDEAS:

The only thing going against the bear camp to start this morning is the lack of palatable fear and panic. However geopolitical in macroeconomic conditions favor the bear camp again and more slow and erosive price action is to be expected. In most measures a return to an below the prior sessions lows is likely. Traders should be sellers of minor rallies.

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) 04/12/2017: 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 near-term upside target is at 2370.25. The next area of resistance is around 2362.25 and 2370.25, while 1st support hits today at 2339.75 and below there at 2325.25.

MINI-DOW (JUN) 04/12/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 20738. The next area of resistance is around 20679 and 20738, while 1st support hits today at 20505 and below there at 20389.

E-MINI NASDAQ (JUN) 04/12/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 5327.07. The next area of resistance is around 5438.62 and 5469.56, while 1st support hits today at 5367.38 and below there at 5327.07.

MINI-RUSSELL 2000 (JUN) 04/12/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 1394.6. The next area of resistance is around 1388.9 and 1394.6, while 1st support hits today at 1367.9 and below there at 1352.7.

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	152-250	71.90	65.82	77.55	76.59	151.95	151.56	150.96	150.04	149.94
TYAAM7	125-145	70.78	65.95	73.57	69.78	125.07	124.92	124.63	124.17	124.08
SPAM7	2351.10	46.41	49.52	54.85	57.20	2352.38	2354.73	2353.03	2351.88	2331.70
EPM7	2351.00	46.80	49.59	55.50	58.03	2353.44	2355.03	2353.13	2351.73	2331.68
TFEM7	1378.4	56.72	53.65	56.83	62.29	1368.08	1369.03	1365.67	1376.99	1371.99
ENQM7	5403.00	47.45	53.37	69.12	63.08	5418.94	5427.39	5407.18	5360.74	5298.48
YMM7	20592	44.87	48.02	44.00	47.27	20607.50	20610.33	20629.56	20637.38	20425.47

Calculations based on previous session. Data collected 04/11/2017

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	151-050	152-020	152-190	153-160	154-010
TYAAM7	10 Yr Treasury Notes	124-205	125-035	125-105	125-255	126-005
SPAM7	S&P 500	2328.85	2341.79	2347.44	2360.39	2366.04

EPM7	S&P E-Mini	2325.25	2339.75	2347.75	2362.25	2370.25
TFEM7	Mini-Russell 2000	1352.6	1367.9	1373.6	1388.9	1394.6
ENQM7	E-Mini NASDAQ	5327.06	5367.37	5398.31	5438.62	5469.56
YMM7	Mini-Dow	20388	20504	20563	20679	20738

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CURRENCIES COMMENTARY

04/12/17

The Dollar should continue to erode

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

US DOLLAR -30, YEN +75, SWISS -3, CA DOLLAR +70

Upcoming International Reports (all times CT)

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
 04/13 German Consumer Price Index 1:00 AM
 04/13 Swiss Producer Price Index 2:15 AM
 04/13 France Consumer Price Index 2:45 AM
 04/13 Canadian Monthly Survey of M 7:30 AM
 04/13 Canadian New Housing Price I 7:30 AM
 04/13 Initial Jobless Claims 7:30 AM
 04/13 PPI 7:30 AM
 04/13 EIA Gas Storage 9:30 AM



DOLLAR: While the dollar has generally been out-of-favor this week and it mostly tracked under its 50 day moving average of 1.0064 overnight there doesn't appear to be an overly attractive alternative besides the Yen. However ongoing political barbs between US and Russian presidents, residual US economic disappointment and the added impact from the North Korean situation would seem to favor the bear camp in the dollar. The most the bull camp might hope for today would be something hawkish dialogue from the Fed as the US economic report slate doesn't have the type of information capable of shifting the dollar back into an upward track.

EURO: While the euro has seen some recovery action this week the gains have been muted, hard fought and likely not sustainable. With a flood of European debt offerings creating a glut and interest expected to be low due to poor yields we see little upside in the euro unless global equities can shift back into a series of gains on their charts. Initial and perhaps formidable resistance in the June euro is seen at 1.0664. There might be little in the way of support seen until the 1.0613 level.

YEN: The Asian economic calendar started out with February Japanese machinery orders that were expected to see a sizable increase and they did post positive results with a gain of 1.5%. Also March Japanese PPI posted an expected uptick from February's +1.0% year-over-year rate and those figures reached the highest level since late 2015. In short economic data from Japan combined with ongoing geopolitical and economic uncertainty leaves the path of least resistance pointing upward in the June Yen. With the highest trade overnight since November 18th and expectations for further political jousting directly ahead there might be little in the way of resistance until the top of an old gap up at 91.93.

SWISS: The charts in the Swiss this morning remain vulnerable to an extension of the slide that started late last month. The looming French election, an avalanche of euro zone debt and international geopolitical headlines leave currencies like the euro and Swiss out-of-favor. Expect the June Swiss to waffle within a trading range bound by 99.84 and 99.40.

POUND: While the pound was justified in a fresh higher high and the highest trade since early April by an uptick in employment that news was counter veiled by weakness in pay growth. However there is currently a lack of

leadership currencies and/or alternatives to the pound. The bull camp will point out the fact that the currency remains above its 50 day moving average of 1.2448 while the bear camp will suggest the currency faces a moderate amount of resistance at 1.2560. We continue to stand by the view that the pound needs favorable global economic conditions to throw off a six month sideways consolidation chop.

CANADIAN DOLLAR: Like the pound the Canadian appears to be partially winning by default and a lack of competition from other currencies. While some might suggest the recent Canadian data is supportive we doubt recent data will justify any change in Bank of Canada policy later today. With residual weakness in the dollar expected to continue we wouldn't be surprised to see the June Canadian claw its way back up to 75.31.

TODAY'S MARKET IDEAS:

In the current environment there doesn't appear to be a clear-cut leadership currency and that might leave a slight edge with the Japanese Yen as a safe haven instrument. However with additional evidence of weak data from the US the dollar might be expected to slide especially since the US appears to be the primary player in both the Syrian conflict and the North Korean showdown.

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) 04/12/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 101.18. The next area of resistance is around 100.87 and 101.18, while 1st support hits today at 100.38 and below there at 100.20.

EURO (JUN) 04/12/2017: 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 close over the pivot swing is a somewhat positive setup. The next downside target is 105.8788. The next area of resistance is around 106.6575 and 106.9087, while 1st support hits today at 106.1425 and below there at 105.8788.

JAPANESE YEN (JUN) 04/12/2017: The crossover up in the daily stochastics is a bullish signal. 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 market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 92.22. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 91.93 and 92.22, while 1st support hits today at 90.90 and below there at 90.14.

SWISS (JUN) 04/12/2017: 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 close over the pivot swing is a somewhat positive setup. The next downside objective is now at 99.31. The next area of resistance is around 99.86 and 100.03, while 1st support hits today at 99.50 and below there at 99.31.

DAILY TECHNICAL STATISTICS

CLOSE 9 DAY 14 DAY 14 DAY 14 DAY 4 DAY 9 DAY 18 DAY 45 DAY 60 DAY

		RSI	RSI	SLOW STOCH D	SLOW STOCH K	M AVG	M AVG	M AVG	M AVG	M AVG
CURRENCY COMPLEX										
DXAM7	100.62	54.16	52.01	72.52	79.48	100.82	100.56	100.10	100.71	100.57
JYAM7	91.41	71.84	67.25	74.23	76.75	90.63	90.44	90.26	89.20	89.07
EU6M7	106.4000	34.99	40.98	17.15	10.53	106.44	106.78	107.57	107.02	107.26
BPAM7	125.13	55.64	54.35	49.71	42.38	124.63	124.87	124.89	124.37	124.62
CAAM7	75.09	57.11	52.08	45.89	51.37	74.86	74.89	74.93	75.29	75.54
SFAM7	99.68	35.58	41.01	18.58	11.36	99.66	100.00	100.60	100.26	100.47
DAAM7	74.87	29.47	36.01	19.52	12.20	0.75	0.76	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/11/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	100.19	100.37	100.69	100.87	101.18
JYAM7	Japanese Yen	90.13	90.89	91.17	91.93	92.22
EU6M7	Euro	105.8787	106.1425	106.3937	106.6575	106.9087
BPAM7	British Pound	124.02	124.68	124.91	125.57	125.80
CAAM7	Canadian Dollar	74.81	74.95	75.07	75.22	75.34
SFAM7	Swiss	99.31	99.50	99.67	99.86	100.03
DAAM7	Australian Dollar	74.46	74.67	74.86	75.07	75.26

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