



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 13, 2017

BONDS COMMENTARY

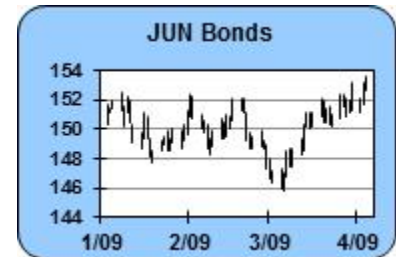
04/13/17

The bulls control but are pricing too much geopolitical concern

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +1050

Global equity markets were mostly lower overnight but the Chinese trade balance showed the largest export tally in 2 years. Another issue adding into the improving Chinese economic vibe is news that Chinese 1st quarter oil demand hit a fresh record high at 12.2 million barrels per day. Therefore one could have seen the Treasury market trade weaker this morning if the trade embraced an exclusive focus on global economic developments! We acknowledge the potential for slack US data later this morning and that might justify some of the strength in prices but traders need to be alert to the prospect of a major trend decision this morning off impending earnings news. You could suggest that Treasuries are trading higher because of flat to slightly soft European inflation readings. Another issue that might be providing Treasuries with a lift is an about face by the US president on China as a currency manipulator. While we doubt there was a distinct fear that China might exit Treasuries in the event of a trade war it is possible that the trade sees recent events as a sign of improving relations between the US and Chinese leadership. The Treasury market might also be drafting support from Presidential calls to keep US rates low and to work toward a weaker Dollar. The last beneficial outside market influence favoring the bull camp to start today is ongoing weakness in US equities and the prospect for a very poor finish to the week if US financial sector earnings this morning disappoint. The North American session will start out with a weekly reading on initial jobless claims that are expected to see a modest uptick from their previous 234,000 reading. The March producer price index is forecast to see a modest uptick from February's 2.2% year-over-year rate. A private survey of April consumer sentiment is expected to have a mild decline from March's 96.9 reading. There will be a big day for earnings announcements in the US financial sector with J.P. Morgan, Wells Fargo, Citigroup and PNC Financial reporting before the Wall Street opening.



TODAY'S MARKET IDEAS:

Clearly Treasuries sense less liquidation concerns from the Chinese, ongoing vulnerability in US stocks and perhaps more importantly efforts to talk down the value of the dollar and treasury yields from the president. One could also suggest that traders fear ongoing geopolitical headwinds. With the upside breakout on the weekly charts and the highest trade since November 14th the Treasury bull camp rekindles control and there might be little in the way of resistance until another point higher in June bonds. Critical support is seen about 23 ticks below the early trade today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Short a June Bond 158 call for 47. *Hit risk the position with the print above 62. 2) Long June Bond 152 put from 1-47. * Hit 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) 04/13/2017: 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 154-080. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 153-300 and 154-080, while 1st support hits today at 153-010 and below there at 152-130.

10 YR TREASURY NOTES (JUN) 04/13/2017: A bullish signal was given with an upside crossover of the daily stochastics. Rising stochastics at overbought levels warrant some caution for bulls. 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 126-055. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 126-005 and 126-055, while 1st support hits today at 125-175 and below there at 125-070.

STOCKS COMMENTARY

04/13/17

The bear camp has the edge to start today

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 -710**

Global equity markets were mostly lower overnight with the exception the Shanghai Stock exchange composite and the CSI 300. While US stocks are showing initial weakness and would seem to remain injured into the last session of the holiday shortened trading week we are surprised that the trade wasn't able to benefit from a series of favorable Chinese economic developments overnight. We acknowledge the potential for slack US data this morning and that might justify some of the weakness but traders need to be alert to the prospect of a major trend decision this morning off impending earnings news especially since the markets came under initial pressure off JP Morgan results. There will be a big day for earnings announcements in the US financial sector with J.P. Morgan, Wells Fargo, Citigroup and PNC Financial reporting before the Wall Street opening.



S&P 500: Residual weakness in the markets to start today is clearly the result of the after effects of this week's political and economic turmoil. However one can't discount the prospect that investors will remain disappointed in the prospect of pro-growth efforts in Washington. In fact the odds of progressing on pro-growth policies seem to have been reduced with the best case scenario now calling for August or later timing. Some in the market are probably concerned that pro-growth policies might not see the light of day at all because of the Trump administration's squandering of its political capital from just after the election. With the June E-mini S&P this morning sitting right on this week's low and a flurry of potentially critical financial sector earnings, traders should be poised to go with the earnings reaction. The failure to get positive earnings could set the stage for a big range down trade today. On the other hand a recovery back above 2337.50 could elicit a week ending short covering balancing.

Other US Indexes: Like the June E-mini S&P, the June mini Dow this morning sits just above this week's lows and seemingly remains within a weak chart pattern. With big picture issues favoring the bear camp and US schedule data expected to post weakness the impact of the financial/bank sector earnings this morning should not be understated as the tone setting development of the trading session. Critical support in the June mini Dow is close in at 20,448 with little in the way of additional support seen until the 20,356 level. In order to turn the tide around in prices to end the trading week probably requires an early rally back above 20,538. Clearly the June mini NASDAQ is the weakest of the market sector to start the Thursday trading action. In fact the index has already managed a downside breakout on the charts and could be headed to a quasi-side double bottom low down at 5347.25. The Mini NASDAQ needs to be bailed out quickly by US financial sector earnings.

TODAY'S MARKET IDEAS:

The path of least resistance is down in the most positive thing that can be said this morning is the bearish tilt falls short of a panic situation. However as indicated already we expect financial sector earnings results to be the

primary trend setting development for the day.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/13/2017: A crossover down in the daily stochastics is a bearish signal. 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 daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside target is 2324.88. The next area of resistance is around 2350.25 and 2362.87, while 1st support hits today at 2331.25 and below there at 2324.88.

MINI-DOW (JUN) 04/13/2017: A crossover down in the daily stochastics is a bearish signal. 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 could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 20391. The next area of resistance is around 20588 and 20688, while 1st support hits today at 20440 and below there at 20391.

E-MINI NASDAQ (JUN) 04/13/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 5337.44. The next area of resistance is around 5391.87 and 5423.93, while 1st support hits today at 5348.63 and below there at 5337.44.

MINI-RUSSELL 2000 (JUN) 04/13/2017: The major trend has turned down with the cross over back below the 60-day moving average. A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. A negative signal was given by the outside day down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 1336.6. The next area of resistance is around 1369.8 and 1389.5, while 1st support hits today at 1343.4 and below there at 1336.6.

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	153-150	75.99	68.92	79.92	83.58	152.43	151.91	151.25	150.10	149.96
TYAAM7	125-250	75.13	69.22	75.36	78.53	125.25	125.09	124.75	124.20	124.10
SPAM7	2340.80	36.79	43.40	53.83	51.79	2349.15	2352.09	2351.12	2353.16	2333.10
EPM7	2340.75	37.88	43.63	54.51	52.34	2349.88	2352.33	2351.22	2353.04	2333.09
TFEM7	1356.6	44.29	45.71	56.47	55.64	1365.83	1366.30	1363.87	1377.08	1372.07
ENQM7	5370.25	38.10	46.65	63.99	53.46	5406.13	5420.03	5405.25	5365.18	5304.08
YMM7	20514	36.65	42.66	43.63	42.92	20581.00	20592.89	20609.78	20649.71	20439.82

Calculations based on previous session. Data collected 04/12/2017
 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	152-120	153-000	153-100	153-300	154-080
TYAAM7	10 Yr Treasury Notes	125-065	125-170	125-220	126-005	126-055
SPAM7	S&P 500	2327.67	2332.65	2343.97	2348.95	2360.27
EPM7	S&P E-Mini	2324.87	2331.25	2343.87	2350.25	2362.87
TFEM7	Mini-Russell 2000	1336.5	1343.3	1363.0	1369.8	1389.5
ENQM7	E-Mini NASDAQ	5337.43	5348.62	5380.68	5391.87	5423.93
YMM7	Mini-Dow	20390	20439	20539	20588	20688

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CURRENCIES COMMENTARY

04/13/17

The Dollar should continue to erode

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -460, YEN +590, SWISS +41, CA DOLLAR +445

Upcoming International Reports (all times CT)

- 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
- 04/14 Business Inventories 7:30 AM
- 04/14 CPI 7:30 AM
- 04/14 Real Earnings 7:30 AM
- 04/14 Retail Sales 7:30 AM



DOLLAR: The US dollar started out under pressure today because of comments from the US president that the dollar was too strong but it did appear as if the dollar garnered some buying interest in the wake of J.P. Morgan earnings this morning. With US initial claims expected to be softer later this morning, residual weakness in US equities and the appearance of total disarray in Washington the path of least resistance in the dollar should remain down. In order to turn the tide around in the dollar index probably requires a recovery this morning back above 1.0030.

EURO: With the short covering bounce in the euro over the prior 24 hours of trade off efforts to talk the dollar down, the euro might be set to garner a temporary windfall because of geopolitical issues in the United States. However the euro is limited on the upside because of nondescript European inflation results. Thick resistance in the June euro is seen this morning at 1.0707. Given the fundamentals inside Europe the euro could have difficulty avoiding a setback toward the recent consolidation low of 1.0620 next week. The most significant bull argument for the euro today is its windfall from the weak action in the dollar.

YEN: In addition to ongoing weakness in global equities and the geopolitical angst put in place this week the safe haven standing of the Yen leaves the bull camp in control. The bull camp in the Yen is probably drafting some fresh assistance from very favorable Chinese economic news overnight and also from favorable chart action. Uptrend channel support in the June Yen today is seen at 91.55 and therefore there might be in the way of

resistance seen until the 92.50 level. All things considered it is difficult to call for an end to the current safe haven environment.

SWISS: Like other non-dollar currencies the Swiss this morning is the benefactor of ongoing US travails. However the June Swiss probably comes away from this week with fresh confidence in a solid low around the 99.48 level as that level was reiterated on three separate occasions. Initial support in the June Swiss today is seen close-in at 99.82.

POUND: Apparently the travails of the world have temporarily overshadowed the potential troubles in the UK. The UK also isn't seen as the tip of the sword in the Syrian situation and it is also possible that economic expectations for the British economy are in some way and indirectly benefited as a result of the improvement in Chinese economic information overnight. In the end the primary factor lifting the pound this week is the windfall of weakness in the dollar. One could also suggest that a higher high this morning in the June pound gives the bull camp a technical edge. Support in the June pound is seen today at 1.2527.

CANADIAN DOLLAR: While the Canadian could have been held back this week by suggestions that a rate hike was not on the table in the recent Bank of Canada meeting the Canadian is the prime benefactor of the weakness in the US dollar. One could also say that an upside breakout and the highest price since February 28th has given the Canadian a fresh technical catalyst. It is also likely that impressive strength in precious metals and energy prices this week is adding to the upward track. Next resistance in the June Canadian dollar is seen up at 75.72.

TODAY'S MARKET IDEAS:

Unless the totality of US financial sector earnings rekindle optimism toward the US economy and or US initial claims surprised with a decline there would seem to be little reason to call for an end to weakness in the greenback.

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) 04/13/2017: The major trend has turned down with the cross over back below the 60-day moving average. A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 99.56. The next area of resistance is around 100.42 and 100.94, while 1st support hits today at 99.74 and below there at 99.56.

EURO (JUN) 04/13/2017: Momentum studies are still bearish but are now at oversold levels and 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside objective is now at 105.9750. The next area of resistance is around 107.4250 and 107.6550, while 1st support hits today at 106.5850 and below there at 105.9750.

JAPANESE YEN (JUN) 04/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 92.38. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 92.19 and 92.38, while 1st support hits today at 91.54 and below there at 91.07.

SWISS (JUN) 04/13/2017: Momentum studies are still bearish but are now at oversold levels and 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's close above the 2nd swing resistance number is a bullish indication. The next downside target is now at 99.29. The next area of resistance is around 100.43 and 100.62, while 1st support hits today at 99.77 and below there at 99.29.

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	100.08	42.81	44.97	71.97	70.90	100.69	100.54	100.10	100.71	100.55
JYAM7	91.86	75.74	70.21	77.50	84.25	90.96	90.66	90.42	89.25	89.11
EU6M7	107.0050	48.55	48.38	16.87	16.43	106.49	106.76	107.52	107.01	107.24
BPAM7	125.58	60.05	57.25	49.68	49.78	124.77	124.93	124.97	124.37	124.64
CAAM7	75.50	67.75	59.74	52.88	67.05	75.07	74.92	74.95	75.28	75.52
SFAM7	100.10	47.57	47.62	17.69	15.89	99.71	99.96	100.56	100.24	100.46
DAAM7	75.08	36.27	39.79	18.01	15.09	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/12/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.55	99.73	100.24	100.42	100.94
JYAM7	Japanese Yen	91.06	91.53	91.72	92.19	92.38
EU6M7	Euro	105.9750	106.5850	106.8150	107.4250	107.6550
BPAM7	British Pound	124.81	125.26	125.45	125.90	126.09
CAAM7	Canadian Dollar	74.89	75.25	75.39	75.74	75.88
SFAM7	Swiss	99.28	99.76	99.95	100.43	100.62
DAAM7	Australian Dollar	74.52	74.85	74.97	75.30	75.42

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